

17 January 2013 at 12.00

SOLIDIUM OY'S JULY–DECEMBER 2012 HALF YEAR REPORT

- Solidium's investment yield was 8.7 % for the six-month review period and 9.2 % for the last 12 months
- Solidium paid 800 million euros in profit distribution to the State of Finland
- Solidium's net asset value decreased during the review period by 307 million euros, down to 6,550 million euros at the end of the period
- Solidium sold all of its shares in Sponda Plc for approximately 148 million euros
- Solidium increased its holding in Outotec Oyj by acquiring shares for 26 million euros
- Solidium's profit for the review period amounted to 36 million euros

Solidium's Managing Director Kari Järvinen's comments on the review period:

"In the latter half of 2012, equity markets enjoyed strong performance and the value performance of Solidium's portfolio was also positive. The equity markets are becoming more attractive to investors since the yield on many other investments is low and investors' confidence in a controlled solution to the European debt crisis has increased.

During the period under review, Solidium paid EUR 800 million in profit distribution to the State. This brings the total amount of profit distributed by Solidium during the last three years to EUR 1.8 billion. The disposal of all our remaining shares in Sponda is a natural continuation to our executed disposal two years ago when we decreased our holding from 34 per cent to 15 per cent. We are satisfied that, even after the disposals, Sponda's ownership will remain firmly in Finnish hands."

SOLIDIUM'S INVESTMENTS**Sale of Sponda Plc shares**

On 18 October 2012 Solidium sold its entire holding in Sponda Plc to Oy PALS Ab, a Finnish investor group. The owners of Oy PALS Ab are Föreningen Konstsamfundet, Sigrid Juséliuksen Säätiö, Stiftelsen för Åbo Akademi, Veritas Pension Insurance Company Ltd and Svenska litteratursällskapet i Finland. Before the disposal, Solidium owned 42,163,745 shares in Sponda Plc, corresponding to 14.9 per cent of the outstanding shares. The execution price was EUR 3.50 per share, sales proceeds were approximately EUR 148 million and the capital gain before tax was approximately EUR 71 million. The execution price was 14 per cent higher than the volume-weighted average price of the last 6 months and 5 per cent higher than the closing price on 18 October 2012.

Acquisition of Outotec Oyj shares

Solidium increased its holding in Outotec Oyj during the review period from 6.8 per cent to 8.3 per cent by purchasing 700,000 shares from the market for approximately EUR 26 million.

Combination of Outokumpu Oyj with Inoxum

On 7 November 2012, the European Commission approved the transaction in which Outokumpu acquired ThyssenKrupp AG's stainless steel business, Inoxum. The transaction was completed on 28 December 2012 and the new Outokumpu began its operations on 29 December 2012 when it introduced its new corporate structure and announced its new Leadership Team. The new company has around 16,900 employees, a turnover of approximately EUR 9.6 billion (2011 pro forma) and an annual cold rolling capacity of about 2.8 million tonnes.

In connection with the transaction, ThyssenKrupp became a major shareholder in Outokumpu, with a holding of 29.9%, through a directed share issue. Following the combination, Solidium's holding in Outokumpu is 21.8%. ThyssenKrupp's CFO Guido Kerkhoff became a member of Outokumpu's Board of Directors after the completion of the combination.

A condition for the approval of the corporate transaction was the divestment of Inoxum's stainless steel mill in Terni, Italy, and certain European service centres. Outokumpu has already started the divestment process.

Development of the investments and key indicators

The total value of Solidium's investments (equity investments and money market investments) was EUR 7,525 million on 31 December 2012 (EUR 7,673 million on 30 June 2012). The yield of Solidium's investments was 8.7 per cent in the review period and 9.2 per cent over the last 12 months. Detailed information on the key investment indicators is attached to this report.

Equity investments

The value of Solidium's equity investments on 31 December 2012 was EUR 7,176 million (EUR 6,642 million on 30 June 2012). In the review period, the total yield of the equity investments amounted to 9.9 per cent, and the yield for the last 12 months was 9.3 per cent. The OMX Helsinki Cap Total Return Index increased 15.2 per cent in the review period. The index has risen 15.5 per cent over the last twelve months.

Money market investments

On 31 December 2012, Solidium's money market investments stood at a total of EUR 350 million (EUR 1,031 million on 30 June 2012). The amount of money market investments decreased during the review period due to profit distribution and share acquisitions, whereas the sale of the Sponda shares increased cash assets. The return on money market investments was 0.3 per cent in the review period and 0.6 per cent over the last 12 months.

Participation in the activities of nomination committees

Managing Director Kari Järvinen served as Chairman of the Shareholders' Nomination Boards of Metso Corporation, Outokumpu Oyj, Rautaruukki Oyj and Outotec Oyj, and as a member of the Shareholders' Nomination Boards of Kemira Oyj, TeliaSonera AB and Tieto Corporation. Pekka Ala-Pietilä, Chairman of the Board of Directors of Solidium, served as Chairman of the Shareholders' Nomination Committee of Stora Enso Oyj and Eija Ailasmaa, Vice Chairman of the Board of Directors of Solidium, served as the Chairman of the Shareholders' Nomination Committee of Elisa Corporation. The Nomination Committees are charged with preparing the motions to the 2013 Annual General Meetings concerning the election of Board members and their remuneration.

Taxes paid by companies became a corporate responsibility theme

Tax planning and taxes paid by companies have become a topic of public discussion both in Finland and internationally. The balancing of public finances in western countries is seen as an endeavour that requires participation from all operators for strengthening the financing base. The discussion has mostly focused on the income tax paid by companies and the tax planning associated with it. The overall tax footprint of companies, however, is much greater than the taxes they pay. Stakeholders are interested in companies' tax "citizenship", which means comprehensive reporting on the subject may serve as a competitive edge in the current operating environment.

A company's tax strategy can also have an effect on shareholder value through the company's reputation. For this reason, Solidium takes the view that the tasks of a company's board of directors can be seen to include the evaluation of the company's tax strategy from the point of view of transparency and reputation management, in addition to the point of view of compliance with rules.

Cabinet Committee on Economic Policy's statement concerning remuneration

On 13 August 2012, the Cabinet Committee on Economic Policy decided on a statement concerning remuneration in state-owned companies. The basis for the statement was openness and reasonableness. According to the statement, remuneration should be predictable and transparent, so that all parties involved have the opportunity to assess its success. The statement stipulates that the level of remuneration must be set at a sufficiently challenging level and, in particular, that it must be ensured that remuneration systems do not lead to excesses. The board of directors of the company is responsible for decisions concerning management remuneration.

SOLIDIUM OY IN THE REVIEW PERIOD

Annual General Meeting 2012

The Annual General Meeting of Solidium Oy was held in Helsinki on 4 September 2012. The Annual General Meeting adopted the company's financial statements for the financial

period of 1 July 2011 to 30 June 2012 and discharged the members of the Board of Directors and the Managing Director from liability. The Annual General Meeting resolved, in accordance with the proposal of the Board, that a profit distribution of EUR 800 million be paid for the financial period, of which EUR 326 million consisted of dividends and EUR 474 million consisted of returned capital.

It was confirmed that the Board of Directors shall have seven (7) members. The following persons, who gave their consent, were elected to the Board of Directors until the end of the next Annual General Meeting: Chairman Pekka Ala-Pietilä, Vice Chairman Eija Ailasmaa and members Antti Herlin, Markku Hyvärinen, Marketta Kokkonen, Anni Vepsäläinen and Jarmo Väisänen.

The Annual General Meeting confirmed that the Chairman of the Board of Directors shall receive a fee of EUR 5,500 per month, the Vice Chairman EUR 3,000 per month and the members EUR 2,500 per month. In addition, a meeting fee of EUR 600 was confirmed for each meeting.

The firm of authorised public accountants KPMG Oy Ab, with APA Sixten Nyman as the principal auditor, was appointed as Solidium's auditor to serve for a term expiring at the end of the next Annual General Meeting. The Annual General Meeting resolved to remunerate the auditors in accordance with their invoice.

Key financial figures

A capital gain of EUR 71 million on the sale of the shares of Sponda Plc was recorded under other operating income. Solidium's operating expenses during the review period totalled EUR 1.8 million, resulting in an annual expense ratio of operations of 0.05 per cent. Financial expenses include a net impairment of EUR 16 million in accordance with the accounting principles, of which EUR -72 million is related to Talvivaara Mining Company Plc and EUR 55 million is a reversal of an earlier impairment concerning Rautaruukki Oyj.

	1 July 2012 – 31 December 2012 (6 months)	1 July 2011 – 31 December 2011 (6 months)	1 July 2011 – 30 June 2012 (12 months)
Operating profit, EUR million	69.6	-1.7	132.1
Profit for the period, EUR million	36.0	7.4	131.2
Return on investment at fair values, %	8.7	-14.9	-14.6
Dividends and capital repayments received, EUR million	0.0	6.7	398.8
Management cost ratio of operations, %	0.05	0.04	0.05
Net asset value, EUR million	6 550.0	6 728.5	6 856.6
Shareholders' equity, EUR million	5 019.1	5 659.2	5 783.1
Interest-bearing liabilities, EUR million	600.0	0.0	600.0
Equity ratio, %	89.0	100,0	90,6
Average number of employees	11	11	11

This half year report is available on the company's website, www.solidium.fi, in the Publications and Media section. This half year report has not been audited.

Attachment: Solidium's investments as at 31 December 2012

Solidium Oy

Further information: Managing Director Kari Järvinen, tel. +358 (0)10 830 8905

Solidium is a limited company wholly owned by the State of Finland. Its mission is to strengthen and stabilise Finnish ownership in nationally important companies and increase the value of its holdings in the long term. Investment activities are based on financial analysis. The basis and core objective of Solidium's investment strategy is proper, value-enhancing asset management of the current holdings. Through its stakes, Solidium is a minority owner in eleven listed companies: Elisa, Kemira, Metso, Outokumpu, Outotec, Rautaruukki, Sampo, Stora Enso, Talvivaara Mining Company, TeliaSonera and Tieto. The market value of Solidium's investments is approximately 7.3 billion euros at the date of this press release. Further information: www.solidium.fi.

ATTACHMENT: SOLIDIUM'S INVESTMENTS AS AT 31 DECEMBER 2012
VALUE OF TOTAL INVESTMENTS


Includes equity investments and money market investments. The equity investments in the portfolio were transferred to Solidium on 11 December 2008, having been previously held directly by the State of Finland.

INDICATORS

	1 month	6 months	YTD	12 months	2 years
Yield, %	1,8	8,7	9,2	9,2	-5,7
Yield of benchmark index, % *)	2,4	15,2	15,5	15,5	-6,9
Volatility, %	-	14,5	-	18,2	23,0
Sharpe	-	1,2	-	0,5	-0,3
Beta	-	-	-	0,8	0,8
Alfa, %	-	-	-	-3,5	0,0
Tracking Error, %	-	-	-	7,1	7,7
Information ratio	-	-	-	-0,9	0,2

(Over-12-month indicators are annual)

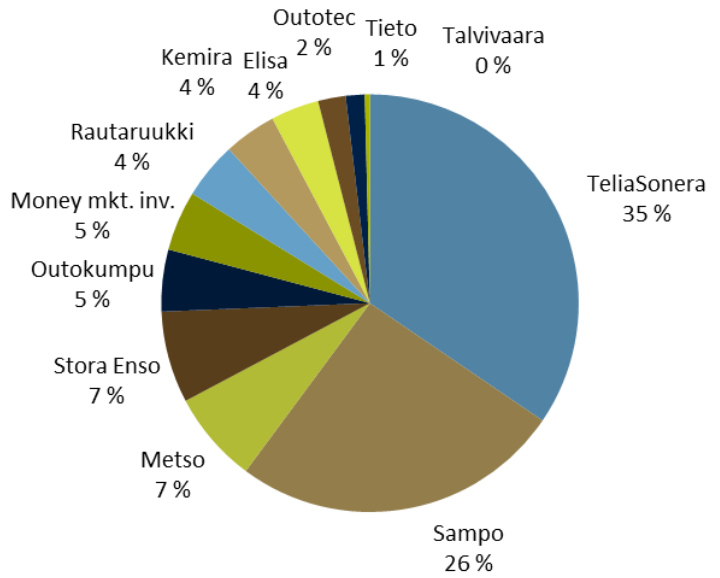
*) OMX Helsinki Cap GI

YTD = year-to-date

Includes equity investments and money market investments.

PORTFOLIO WEIGHTS

	EUR
Total	7 525 358 578
Elisa	281 080 730
Kemira	305 832 787
Metso	534 916 995
Outokumpu	360 318 976
Outotec	161 064 174
Rautaruukki	331 435 047
Sampo	1 929 677 147
Stora Enso	534 477 804
Stora Enso A	316 896 841
Stora Enso R	217 580 963
Talvivaara	30 068 886
TeliaSonera	2 596 335 520
Tieto	110 415 574
Money mkt. inv.	349 734 937



SHARE YIELDS, 1 JANUARY 2012 – 31 DECEMBER 2012

