

29 Jan 2014 at 1 p.m.

SOLIDIDIUM OY'S HALF-YEAR REPORT FOR JULY–DECEMBER 2013

- Solididium's investment yield was 17.6% for the six-month review period and 23.3% for the last twelve months
- Solididium paid EUR 800 million in profit distribution to the State of Finland
- Despite the profit distribution, Solididium's net asset value increased during the review period by EUR 319 million and was EUR 7,229 million at the end of the period
- Solididium sold shares in TeliaSonera for EUR 366 million
- Solididium supported the significant restructuring and financing arrangement carried out by Outokumpu
- After the review period, Solididium announced its support to the combination of Rautaruukki and SSAB
- Talvivaara's corporate reorganisation process was launched
- Metso completed its demerger into Metso and Valmet on 31 December 2013
- Solididium's profit before value impairments and reversals for the review period amounted to EUR 98 million

Kari Järvinen, Managing Director of Solididium Oy, comments the review period:

The stock market was strong in the second half of 2013, and also Solididium's portfolio performed favourably. The stock market continued to become more attractive to investors. The yields on many other asset classes are low, and investors' confidence in Europe has increased.

During the review period, Solididium paid EUR 800 million in profit distribution to the State. This brings the total amount of profit distributed by Solididium during the last four years to EUR 2.6 billion.

Outokumpu and Rautaruukki have during the last few months announced significant transformational transactions, where Solididium as an owner has played an active role. The transactions have provided the companies with new strategic opportunities and tools for profit improvement in a situation, where the companies' strategic latitude has been limited. Solididium has been an actively involved in the transactions by enabling their execution.

The transactions have triggered lively discussion concerning Solididium's role and authorisation as an investor and owner. It is, however, not appropriate for Solididium to participate in the discussion around the scope of its authority or the political objectives relating to it. This discussion is a matter for the owner, and Solididium stays focused on acting as a professional and active minority shareholder of significant listed companies, in accordance with the authority granted to it."

SOLIDIDIUM'S INVESTMENTS

Sale of TeliaSonera shares

Solidium sold 68 million shares in TeliaSonera AB in an accelerated bookbuilt offering on 5 September 2013. As a result, Solidium's holding in TeliaSonera decreased from 11.7% to 10.1%. The sales proceeds were approximately EUR 366 million, and the capital gain before tax was approximately EUR 126 million.

Outokumpu announced a significant restructuring and financing arrangement

On 30 November 2013, Solidium announced that it supports Outokumpu Oyj's plan to divest its VDM special alloys business, as well as its Italian Terni mill and smaller related units to ThyssenKrupp in exchange for Outokumpu's loan note of approximately EUR 1.3 billion. As part of the transaction, Outokumpu's balance sheet would be strengthened through a share issue of EUR 650 million, and the company's creditors would be willing to extend the maturities of the existing loans and grant additional financing.

The transaction is subject to the approval of the competition authorities, and the requirements include that ThyssenKrupp sells its shareholding in Outokumpu. For this reason, Solidium and a group of institutional investors have conditionally committed to purchasing all of ThyssenKrupp's shares in Outokumpu and exercising the related subscription rights in the forthcoming share issue. If this transaction is completed, Solidium's holding will increase from the present 21.8% to about 29.9% of Outokumpu's outstanding shares. In conjunction with the arrangement, Solidium has committed to subscribing to new shares in the share issue of EUR 650 million announced by Outokumpu in full proportion to its holding of 29.9% – that is, for a maximum of approximately EUR 195 million – in accordance with the terms of its subscription commitment.

In Solidium's view, the transaction, if executed, will significantly improve Outokumpu's financial position. It will also solve the difficult situation related to the forced divestment of Terni, a condition set by the competitive authorities for the acquisition of Inoxum. The completion of Outokumpu's ferrochrome investment, the ramp-up of its Calvert mill, synergies from its acquisition of Inoxum and its ongoing efficiency programmes are likely to have a positive impact on Outokumpu's profitability over the next few years.

Rautaruukki announced combination with SSAB AB

On 22 January 2014, Rautaruukki Corporation and SSAB AB announced a transaction, whereby the companies intend to combine into a significant Nordic carbon steel company with production also in North America and a strong foothold in special steels globally. The combination will expedite the execution of the special steels focused strategies of Rautaruukki and SSAB and enable the achievement of significant synergies, expected to amount to up to EUR 150 million annually.

Solidium's view is that the transaction is beneficial to Rautaruukki's shareholders, personnel and customers. As a result of the substantial synergy benefits, there is a clear financial ra-

tionale behind the transaction. The shareholders of Rautaruukki receive a significant part of these synergy benefits through the beneficial exchange ratio.

The combination will be implemented through a share exchange offer by SSAB to all Rautaruukki's shareholders. Solidium has given its commitment to accept the share exchange offer and to support the execution of the combination. Solidium will become the largest owner of the combined company in terms of the number of shares and the second largest in terms of the votes (holding 16.8 percent of total shares and 10.0 percent of total votes assuming that all Rautaruukki's shareholders accept the share exchange offer).

Corporate reorganisation proceedings of Talvivaara Mining Company was initiated

Talvivaara Mining Company Plc and Talvivaara Sotkamo Ltd filed for corporate reorganisation at the District Court of Espoo on 15 November 2013. The court approved the launch of a corporate reorganisation process at Talvivaara Mining Company on 29 November 2013 and at Talvivaara Sotkamo on 17 December 2013.

In Solidium's view, Talvivaara's situation continues to be alarming. To optimise production costs, the company's metals recovery plant carried out a one-month shutdown at the end of 2013, and its ore production has been discontinued temporarily. Production problems caused by excess water have been more extensive than expected, and it has not been possible to ramp up the production volumes to their target level. In addition, the world market price for nickel has remained low.

Demerger of Metso was completed

Approved by an extraordinary general meeting on 1 October 2013, the execution of the partial demerger of Metso Corporation was entered in the Finnish Trade Register on 31 December 2013. In the partial demerger, all of the assets, liabilities and responsibilities of Metso's Pulp, Paper and Power business were transferred from Metso to Valmet Corporation without liquidation proceedings. Metso retained its Mining and Construction business and Automation business. After the completion of the demerger, Valmet is an independent public limited liability company that is separate from Metso. Solidium has a holding of 11.1% in both Metso and Valmet.

Development of investments and key indicators

The total value of Solidium's investments (equity investments and money market investments) was EUR 8,377 million on 31 December 2013 (EUR 7,876 million on 30 June 2013). The yield on Solidium's investments was 17.6% for the review period and 23.3% for the last twelve 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 2013 was EUR 8,172 million (EUR 7,216 million on 30 June 2013). The total yield on the equity investments was 18.7% for the review period and 24.5% for the last twelve months. The OMX Helsinki Cap Total

Return Index increased by 24.5% during the review period and by 31.6% in the last twelve months.

Money market investments

On 31 December 2013, Solidium's money market investments totalled EUR 204 million (EUR 660 million on 30 June 2013). The amount of money market investments decreased during the review period as a result of profit distribution, whereas the sale of TeliaSonera shares increased liquid assets. The return on money market investments was 0.1% for the review period and 0.3% for the last twelve months.

Participation in nomination committees

Managing Director Kari Järvinen has been serving as Chairman of the Shareholders' Nomination Committees of Outokumpu, Outotec, Rautaruukki and Talvivaara Mining Company. In addition, he has been serving as a member of the Shareholders' Nomination Committees of Kemira, Metso, TeliaSonera and Tieto. Pekka Ala-Pietilä, Chairman of Solidium's Board of Directors, has been serving as Chairman of the Shareholders' Nomination Committee of Stora Enso, and Eija Ailasmaa, Vice Chairman of Solidium's Board of Directors, has been serving as Chairman of the Shareholders' Nomination Committee of Elisa. These nomination committees prepare proposals for the 2014 Annual General Meetings on the election of board members and their remuneration.

SOLIDIDIUM OY DURING THE REVIEW PERIOD

Key figures

The capital gain of EUR 126 million from the sale of TeliaSonera shares is included in the operating profit. Solidium's operating expenses totalled EUR 1.9 million during the review period, resulting in a management cost ratio of operations of 0.05%. Financial income includes a net amount of EUR 67 million relating to value impairments and reversals in accordance with the accounting principles, of which EUR -41 million is related to shares in Outokumpu, EUR -21 million is related to shares in Talvivaara Mining Company and EUR 129 million is a reversal of an earlier impairment on shares in Rautaruukki.

In Solidium's view, the shares it owns should be classified as fixed assets in accordance with Section 12 the Business Income Tax Act. In its decision of 26 January 2012, the Board of Adjustment of the Tax Administration took the same view and deemed that the divestment of Rautaruukki shares by Solidium in June 2010 was a tax-free transaction. However, the Administrative Court of Helsinki revoked the Board of Adjustment's decision after a vote on 22 October 2013. Solidium has appealed to the Supreme Administrative Court.

	1/7/2013– 31/12/2013 (6 months)	1/7/2012– 31/12/2012 (6 months)	1/7/2012– 30/6/2013 (12 months)
Operating profit, EUR million	123.9	69.6	65.5
Profit for the period, EUR million	164.5	36.0	-232.3
Return on investment at fair values, %	17.6	8.7	13.9
Dividends and capital repayments received, EUR million	0.0	0.0	397.6
Management cost ratio of operations, %	0.05	0.05	0.09
Net asset value, EUR million	7,228.5	6,550.0	6,909.6
Shareholders' equity, EUR million	4,115.3	5,019.1	4,750.8
Interest-bearing liabilities, EUR million	600.0	600.0	600.0
Equity ratio, %	86.8	89.0	88.5
Average number of employees	11	11	11

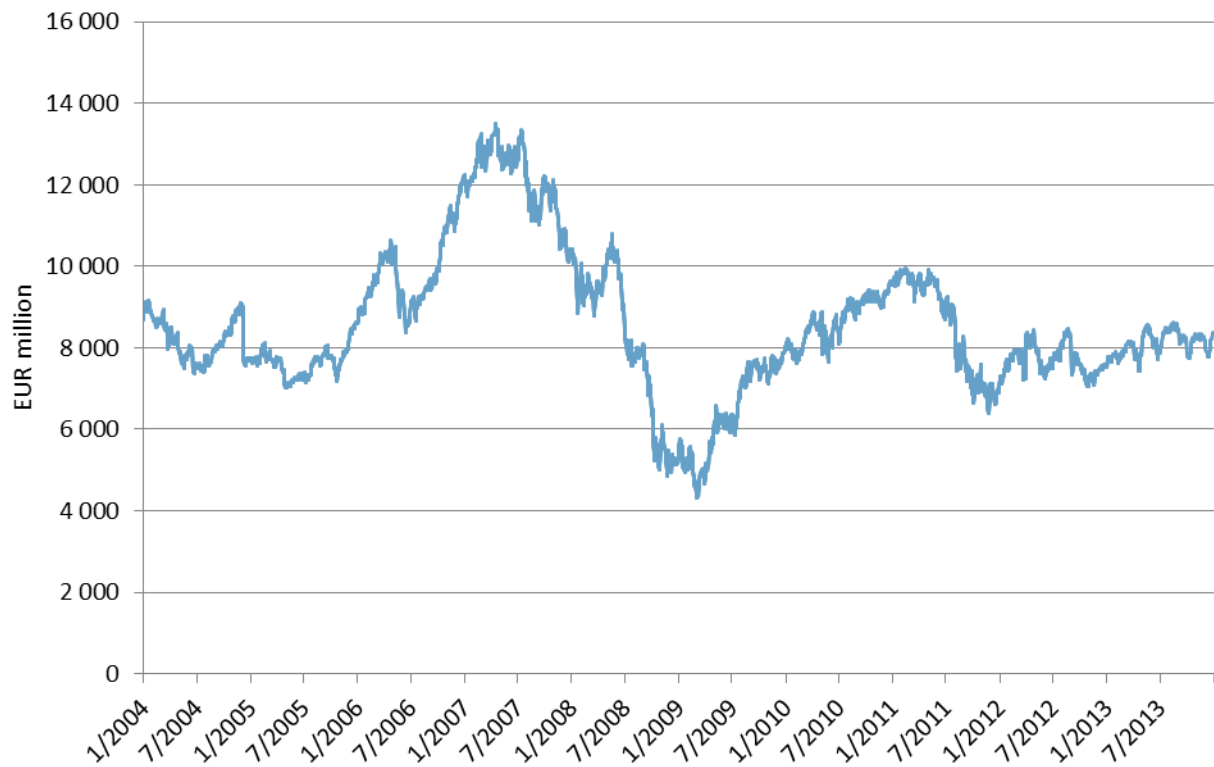
This half-year report is available at www.solidium.fi > Publications and media. This report is unaudited.

Attachment: Solidium's investments as of 31 December 2013

Solidium Oy

Further information: Kari Järvinen, Managing Director, 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. Its investment activities are based on financial analysis. The basis and core objective of Solidium's investment strategy is proper, value-enhancing asset management of its current holdings. Through its stakes, Solidium is a minority owner in twelve listed companies: Elisa, Kemira, Metso, Outokumpu, Outotec, Rautaruukki, Sampo, Stora Enso, Talvivaara Mining Company, TeliaSonera, Tieto and Valmet. The market value of Solidium's investments is approximately EUR 8.1 billion as of the date of this press release. More information: www.solidium.fi.

ATTACHMENT: SOLIDIUM'S INVESTMENTS AS OF 31 DECEMBER 2013
VALUE OF TOTAL INVESTMENTS


Includes equity investments and money market investments. The equity investments in the portfolio were held directly by the State of Finland until their transfer to Solidium on 11 December 2008.

INDICATORS

	3 months	6 months	YTD	12 months	2 years
Yield, %	7.7	17.6	23.3	23.3	16.0
OMX Helsinki Cap GI, %	6.7	24.5	31.6	31.6	23.3
Volatility, %	-	12.7	-	13.7	16.1
Sharpe	-	3.0	-	1.7	1.0
Beta	-	-	-	0.8	0.8
Alfa, %	-	-	-	-0.9	-2.5
Tracking Error, %	-	-	-	8.3	7.7
Information ratio	-	-	-	-1.0	-0.9

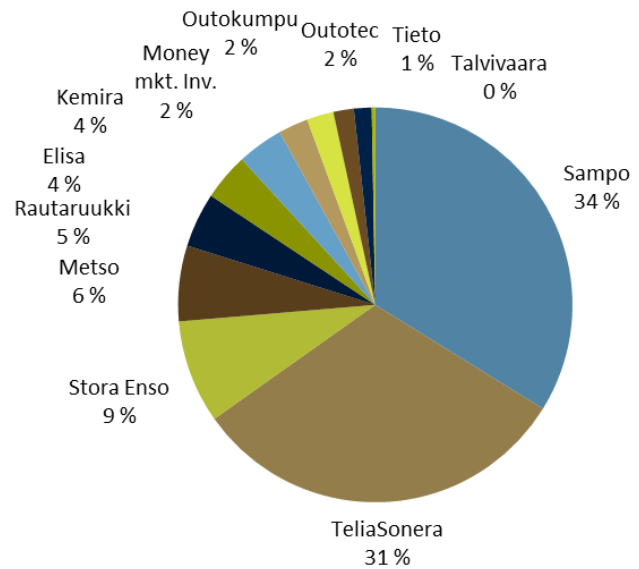
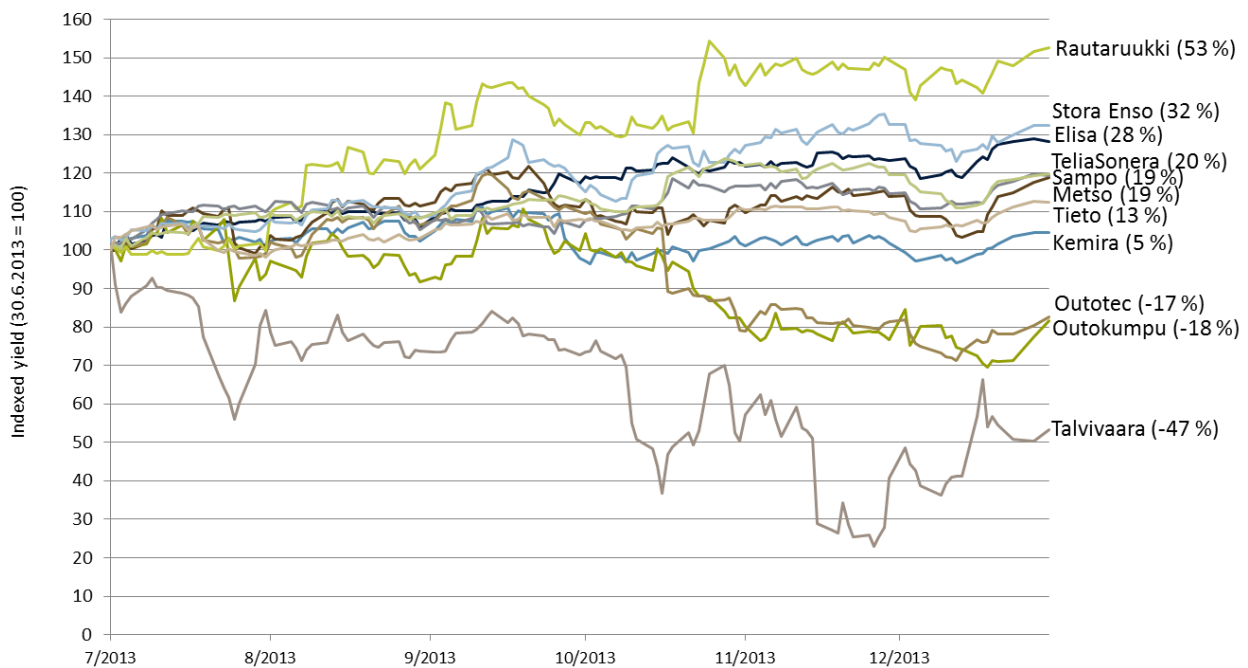
(Over-12-month indicators are annual)

YTD = year-to-date

Includes equity investments and money market investments.

PORTFOLIO WEIGHTS

Samtliga placeringar	8 376 602 227
Elisa	323 587 260
Kemira	314 896 418
Metso	517 887 803
Outokumpu	184 561 370
Outotec	139 791 834
Rautaruukki	375 125 477
Sampo	2 831 884 458
Stora Enso	709 028 439
Stora Enso A	406 406 299
Stora Enso R	302 622 140
Talvivaara	24 224 837
TeliaSonera	2 629 298 707
Tieto	121 909 472
Penningmarknadsplac.	204 406 152


SHARE YIELDS DURING THE FINANCIAL YEAR, 1/7/2013 - 31/12/2013


SHARE YIELDS, 1/1/2013 - 31/12/2013

