

25 Jan 2017 at 10.00 a.m.

**Solidium Oy's half-year report for July–December 2016:****EXCELLENT RETURN ON EQUITY HOLDINGS**

- Solidium's return on equity holdings was 24.8% for the six-month review period and 18.0% for the full calendar year 2016
- Solidium's net asset value increased by EUR 981 million due to the increase in the value of the equity holdings during the review period and was EUR 7,109 million at the end of the period
- Solidium's profit distribution to the State for the financial period ending 30 June 2016 was EUR 278 million
- A new Board of Directors of Solidium was elected as of 1 August 2016 and Solidium received new Guidelines on 15 September 2016
- Solidium's Managing Director Kari Järvinen will leave his position in 2017

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

“In the second half of year 2016 the equity markets rebounded clearly, and especially the stock price development in the steel companies Outokumpu and SSAB was strong. The recovery of the steel markets as well as the actions to improve profitability made by these companies were reflected in their value development, which was better than for the peer companies.

Solidium received new Guidelines and a new Board of Directors was elected during the review period. These steps establish a firm basis to continue the valuable work as a Finnish anchor owner.

My task as the Managing Director of Solidium will end on 31 January 2017 after which I will act as an advisor to Solidium until the end of July 2017. The past 8 years as the Managing Director of Solidium have been very interesting and I have had the opportunity to establish and develop a new way to manage Finnish ownership in listed companies. A new phase will be starting in Solidium to which the new Board of Directors and the new Guidelines provide excellent conditions.”

## SOLIDIUM'S HOLDINGS

### Development of holdings and key indicators

The total value of Solidium's holdings (equity holdings and money market investments) was EUR 8,536 million on 31 December 2016 (EUR 6,970 million on 30 June 2016 and EUR 7,296 million on 31 December 2015). The total return on Solidium's holdings was 22.4% for the review period and 16.2% for the last twelve months.

Detailed information on the breakdown and the returns of the holdings are attached to this report.

#### *Equity holdings*

The value of Solidium's equity holdings on 31 December 2016 was EUR 7,848 million (EUR 6,308 million on 30 June 2016 and EUR 6,836 million on 31 December 2015). The total return on the equity holdings was 24.8% for the review period and 18.0% for the last twelve months. The best returns during the review period were generated by Outokumpu and SSAB, whereas the development of Elisa and Telia were among the weakest.

#### *Money market investments*

On 31 December 2016, Solidium's money market investments totalled EUR 688 million (EUR 662 million on 30 June 2016 and EUR 459 million on 31 December 2015). The return on money market investments was 0.2% for the review period and 0.4% for the last twelve months.

### Participation in nomination boards

Solidium actively participates in the work of the nomination boards responsible for preparing board elections and in developing this process further. The board elections of the portfolio companies of Solidium are a fundamental way for Solidium to influence as an owner, and the participation in the board elections through the nomination boards either as a chairperson or a member, an effective way to exercise influence over a company's strategic direction and to increase overall shareholder value.

Managing Director Kari Järvinen has been serving as Solidium's representative in the shareholders' nomination boards of Elisa, Metso, Outokumpu, Outotec, Stora Enso, Talvivaara Mining Company and Valmet as Chairman, as well as in the nomination boards of Kemira, SSAB, Telia Company, and Tieto as a member. These nomination boards prepare proposals for the 2017 Annual General Meetings on the election of board members and their remuneration.

### Sale of shares

In August 2016 Solidium sold class B shares in SSAB to the market for EUR 7.9 million. The shares were subscribed for in June 2016 in the secondary subscription of SSAB's rights issue for EUR 4.1 million. After the sale Solidium holds 17.1 % of the total shares and 11.0 % of the total votes in SSAB.

## **SOLIDIUM OY DURING THE REVIEW PERIOD**

### **General Meetings of Shareholders**

The Extra General Meeting of Shareholders of Solidium was held in Helsinki on 29 July 2016 electing a new Board of Directors of Solidium as of 1 August 2016. To the Board of Directors were elected: Chairman Harri Sailas, Vice Chairman Eija Ailasmaa, and members Aaro Cantell, Markku Hyvärinen, Paula Lehtomäki, and Marjo Miettinen.

The Annual General Meeting (AGM) of Solidium was held in Helsinki on 7 September 2016. The AGM adopted the company's financial statements for the financial period of 1 July 2015 to 30 June 2016 and discharged the members of the Board of Directors and the Managing Director from liability. The AGM resolved in accordance with the proposal of the Board that a dividend and a capital distribution totaling EUR 278 million will be paid for the financial period. Harri Sailas was re-elected as Chairman of the Board, Eija Ailasmaa as Vice Chairman and Aaro Cantell, Markku Hyvärinen, Paula Lehtomäki and Marjo Miettinen as Board members. The AGM kept the remuneration of the Board unchanged confirming 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 Raija-Leena Hankonen as the principal auditor, was appointed as Solidium's auditor to serve for a term expiring at the end of the next AGM.

### **New Guidelines for Solidium**

The Cabinet Committee on Economic Policy considered the new Guidelines of Solidium on 15 September 2016. According to the Guidelines Solidium is a Finnish anchor owner, which has a national interest in its activity. Solidium has both the right and the obligation to develop its holdings, and both the investments and the divestments have to be economically arguable. The funds from the share sales by Solidium shall be utilized to new investments or to strengthen current ones. In addition, Solidium shall have the readiness, if so decided, to account for the capital management of the portfolio companies and to participate in any rights issues or other financing arrangements in accordance with its ownership share.

### **Solidium's Managing Director**

Solidium's Managing Director Kari Järvinen will leave his position in 2017. Mr. Järvinen's duties will end on 31 July 2017. Järvinen will continue his work as the operative Managing Director of Solidium until 31 January 2017, after which he will act as an advisor to Solidium until the end of July 2017.

## Key figures

Solidium's operating profit for the review period was EUR 0.0 million. Solidium's operating expenses totalled EUR 1.6 million during the review period, resulting in a management cost ratio of operations of 0.05%. The capital gain from the sale of the SSAB shares was EUR 1.6 million.

Financial items include a total amount of EUR 705 million relating to reversal of value impairments in accordance with the accounting principles, of which EUR 449 million is related to shares in Outokumpu, EUR 26 million is related to shares in Outotec and EUR 231 million is related to shares in SSAB. Solidium's net asset value was by the end of the review period EUR 7,109 million. The net asset value increased during the review period despite the profit distribution of EUR 278 million due to the increase in value of the equity holdings by more than EUR 1.5 billion.

	1 Jul 2016– 31 Dec 2016 (6 months)	1 Jul 2015– 31 Dec 2015 (6 months)	1 Jul 2015– 30 Jun 2016 (12 months)
Operating profit, EUR million	0.0	-1.7	-3.5
Profit for the period, EUR million	643.1	-439.8	11.2
Return on investment at fair values, %	22.4	-2.5	-7.4
Management cost ratio of operations, %	0.05	0.05	0.05
Net asset value, EUR million	7,109.2	6,389.6	6,127.9
Shareholders' equity, EUR million	4,200.6	3,384.4	3,835.5
Financial debt, EUR million	350.0	350.0	350.0
Equity ratio, %	85.6	90.6	91.6
Average number of employees	10	12	12

This half-year report is available at <http://www.solidium.fi/en/publications-and-media/half-year-report/>. This report is unaudited.

Attachment: Solidium's holdings as of 31 December 2016

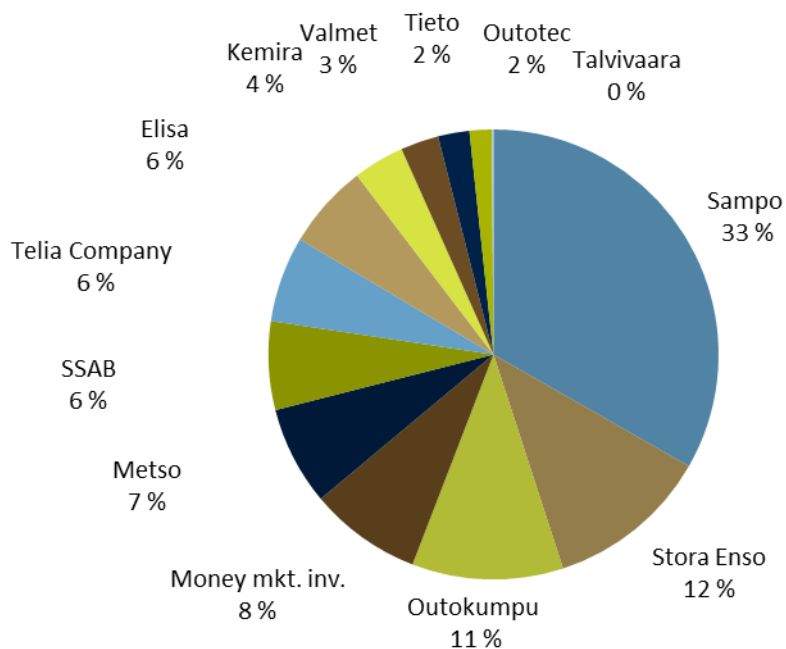
Solidium Oy

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. The basis and core objective of Solidium's 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, Sampo, SSAB, Stora Enso, Talvivaara Mining Company, Telia Company, Tieto and Valmet. The market value of Solidium's equity holdings is approximately 8.0 billion euros at the date of this press release. Further information: [www.solidium.fi/en](http://www.solidium.fi/en)*

**ATTACHMENT: SOLIDIUM'S HOLDINGS AS OF 31 DECEMBER 2016**
**BREAKDOWN OF HOLDINGS**

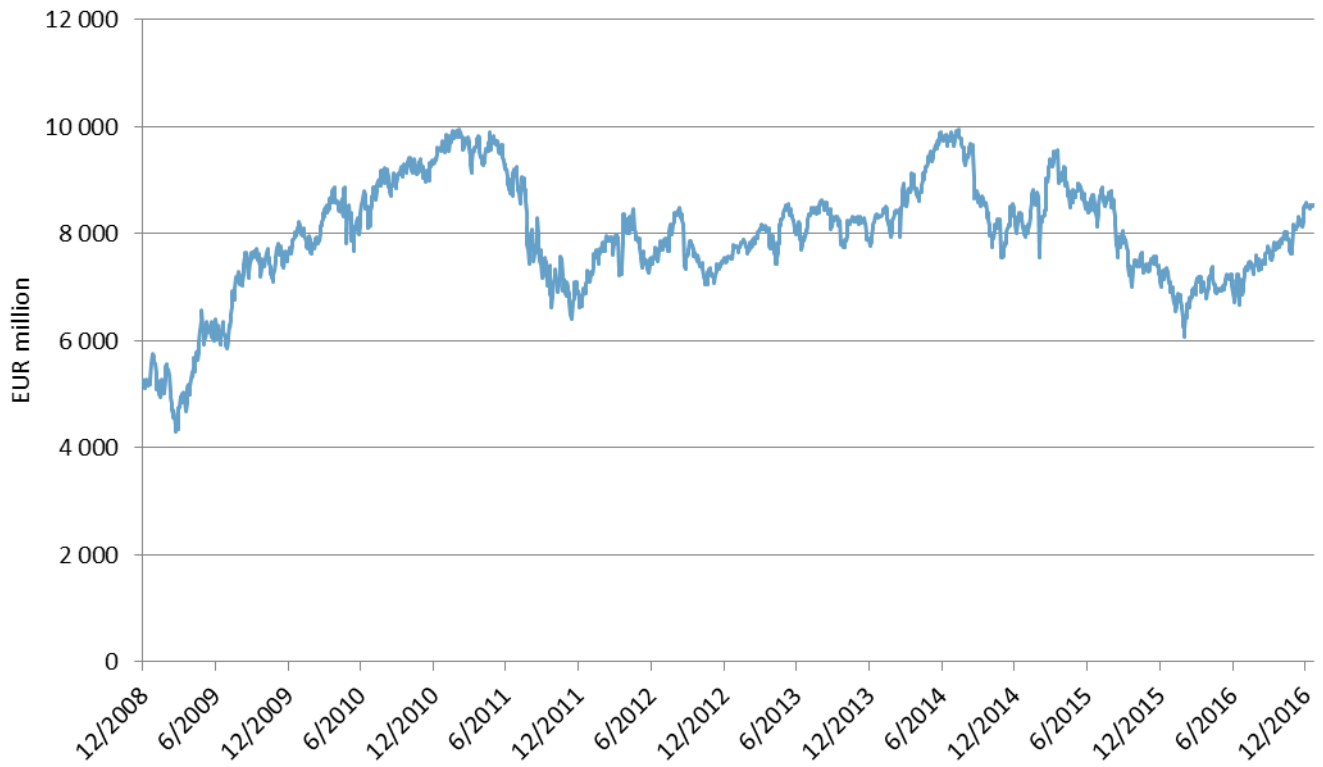
	EUR million
<b>Total</b>	<b>8 536.2</b>
Elisa	519.7
Kemira	314.1
Metso	606.4
Outokumpu	927.6
Outotec	136.1
Sampo	2 838.9
SSAB	542.6
SSAB A	95.5
SSAB B	447.1
Stora Enso	1 001.7
Stora Enso A	578.2
Stora Enso R	423.5
Talvivaara	9.6
Telia Company	525.7
Tieto	192.2
Valmet	233.4
Money mkt. inv.	688.1


**RETURNS OF SOLIDIUM'S HOLDINGS**

	6 months	12 months	5 years	From the establishment of Solidium
Return of total investments, %	22.4%	16.2%	12.2%	13.0%
Return of equity holdings, %	24.8%	18.0%	12.8%	13.3%

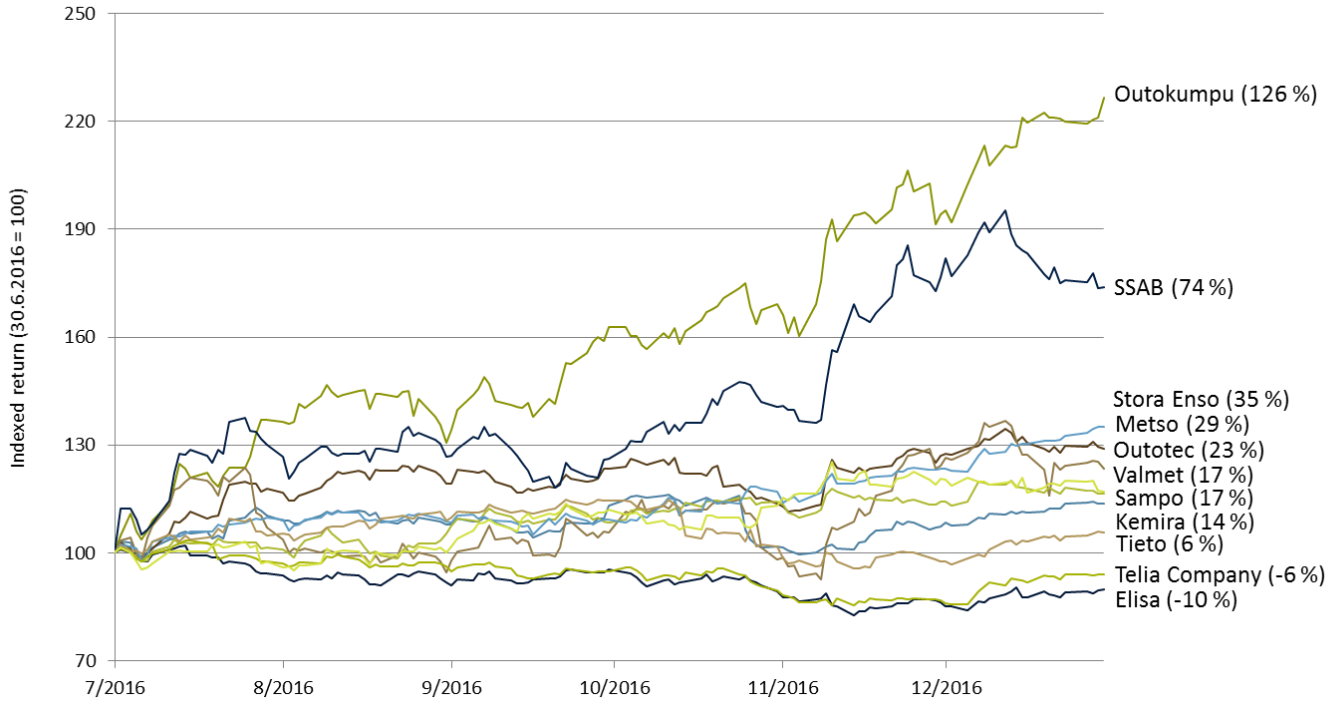
(Over-12-month returns are annualised)

*Includes equity holdings and money market investments.*

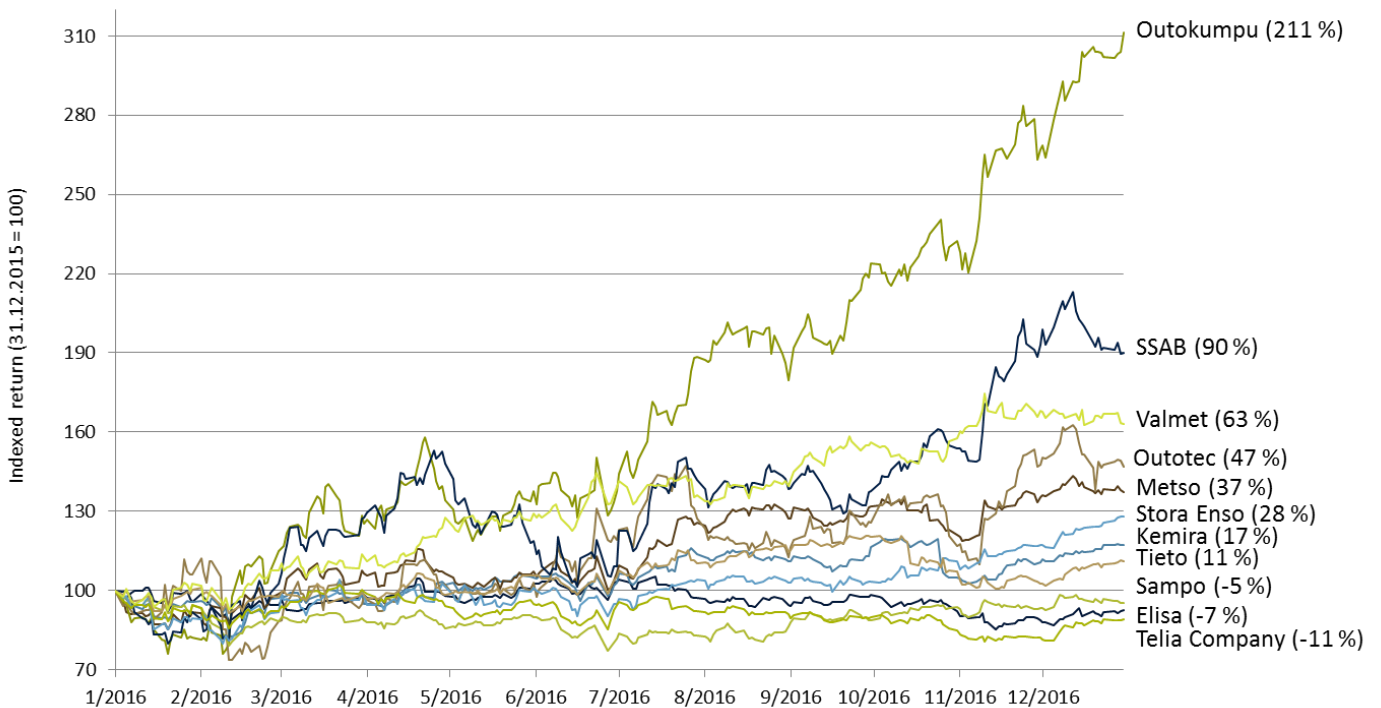
**VALUE OF THE HOLDINGS**

**DEVELOPMENT OF THE RETURN OF THE HOLDINGS**


*Includes equity holdings and money market investments. Solidium was established on 11 December 2008.*

RETURNS OF HOLDINGS TO SOLIDIUM DURING THE REVIEW PERIOD 1 JUL 2016 – 31 DEC 2016



RETURNS OF HOLDINGS TO SOLIDIUM DURING THE CALENDAR YEAR 2016



**RETURNS OF THE COMPANIES OWNED BY SOLIDIDIUM AND THEIR BENCHMARK INDICES**

	<b>6 months</b>	<b>12 months</b>	<b>5 years</b>	<b>10 years</b>
Elisa	-10 %	-7 %	22 %	13 %
<i>Peer companies</i>	-2 %	-4 %	2 %	4 %
<i>DJ STOXX 600 Telecom. Index</i>	-2 %	-12 %	8 %	5 %
Kemira	14 %	17 %	11 %	6 %
<i>Peer companies</i>	6 %	9 %	20 %	11 %
<i>FTSE EUROFIRST 300 Chemicals Index</i>	16 %	7 %	12 %	10 %
Metso	29 %	37 %	10 %	5 %
<i>Peer companies</i>	23 %	31 %	8 %	8 %
<i>Bloomberg Europe Mach.-Div. Index</i>	5 %	6 %	11 %	5 %
Outokumpu	126 %	211 %	-6 %	-17 %
<i>Peer companies</i>	36 %	44 %	9 %	-2 %
<i>Bloomberg Europe Steel Index</i>	46 %	63 %	1 %	-5 %
Outotec	23 %	47 %	-10 %	1 %
<i>Peer companies</i>	27 %	31 %	8 %	5 %
<i>Bloomberg Europe Mach.-Div. Index</i>	5 %	6 %	11 %	5 %
Sampo	17 %	-5 %	23 %	14 %
<i>Peer companies</i>	23 %	13 %	20 %	6 %
<i>OMX Nordic Financials Index</i>	20 %	9 %	21 %	13 %
SSAB	74 %	94 %	-6 %	-10 %
<i>Peer companies</i>	35 %	53 %	7 %	-4 %
<i>Bloomberg Europe Steel Index</i>	46 %	63 %	1 %	-5 %
Stora Enso	42 %	27 %	23 %	3 %
<i>Peer companies</i>	38 %	27 %	29 %	8 %
<i>Bloomberg W. For. Prod. &amp; Paper Index</i>	24 %	12 %	17 %	4 %
Telia Company	-6 %	-10 %	0 %	2 %
<i>Peer companies</i>	1 %	-3 %	5 %	4 %
<i>DJ STOXX 600 Telecom. Index</i>	-2 %	-12 %	8 %	5 %
Tieto	6 %	11 %	25 %	6 %
<i>Peer companies</i>	18 %	23 %	26 %	9 %
<i>BE500 Computer Service Index</i>	12 %	7 %	22 %	5 %
Valmet	17 %	63 %	n/a	n/a
<i>Peer companies</i>	18 %	21 %	n/a	n/a
<i>Bloomberg Europe Mach.-Div. Index</i>	5 %	6 %	n/a	n/a

From the beginning of its listing on 2 January 2014, Valmet's return has been 32 %, median return of the peer companies has been 12 % and the return of the benchmark index has been 5%. Over-12-month returns are annualised. The returns are euro-nominated for the company's most liquid share class and benchmark index, and the gross dividends are reinvested in the company's shares (if available). The total return to Solidium may differ from the company's share return due to transactions, taxes, and because Solidium has not reinvested the dividends received, but has paid them to its owner, the Finnish State. Data source: Bloomberg and Nasdaq