

3 September 2015 at 10.00 am

**Solidium Oy's half year report from 1 January to 30 June 2015 and annual financial statements:  
CLEAR IMPROVEMENT IN THE YIELD OF EQUITY INVESTMENTS AFTER A WEAK FIRST HALF OF THE  
FINANCIAL YEAR**

**Six months from 1 January to 30 June 2015**

- Solidium's total investment yield was 9.7 per cent and yield on equity holdings was 10.3 per cent.
- Solidium decreased its ownership stakes in TeliaSonera and Outokumpu and increased its stakes Metso and Outotec.

**Financial year from 1 July 2014 to 30 June 2015**

- During the financial year the total investment yield was 4.3 per cent and the yield on equity holdings was 4.6 per cent.
- Solidium's profit for the period was EUR 217 million. Profit before impairments was EUR 800 million.
- During the financial year, Solidium's profit distribution to the State of Finland totalled EUR 1,527 million. The dividends received from the portfolio companies totalled EUR 275 million.
- Solidium's net asset value decreased from EUR 8.1 billion to EUR 6.9 billion during the financial year mainly due to the profit distribution.
- Solidium's Board of Directors proposes to the general meeting convening later that a dividend amounting to EUR 266 million be paid.

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

"The yield of our equity holdings during the six month period from January to June was 10.3 per cent and the returns of most of our companies were relatively good. For the whole financial year, the yield of our holdings was however only less than five per cent, which is not a satisfactory level, especially considering the rather strong general stock market development during the period. The excellent return during the preceding financial year was not sustained, as especially many of holdings in metals and mining sector suffered from weak cyclical situation and some operative issues.

The State's ownership steering and Solidium's role were topics of keen public debate in the past year. It is welcome that ownership is a topic for discussion. From Solidium's point of view the ownership steering model and our mandate are clear. The owner makes the decisions on Solidium's mandate and assignment – we act consistently and transparently according to those.

During the past financial year we again freed considerable amounts of capital for our owner's needs by divesting part of our holding in TeliaSonera. The divestments of shares

have clearly and permanently reduced our annual dividend income. While the annual cash flow from profit distribution is the most visible aspect of Solidium's value to the State, the value of our work is best manifested in our active role in influencing our portfolio companies."

## **SOLIDIUM'S HOLDINGS**

### **Development of holdings and key indicators**

The total value of Solidium's holdings (equity holdings and money market investments) was EUR 8,423 million on 30 June 2015 (EUR 8,099 million on 31 December 2014 and EUR 9,723 million on 30 June 2014). The yield on Solidium's holdings was 9.7% for the review period of six months and 4.3% for the last twelve months. The total holdings decreased due to the profit distribution, which was partially offset by an increase in the value of holdings. Detailed information on the key investment indicators is attached to this report.

#### *Equity holdings*

The value of Solidium's equity holdings on 30 June 2015 was EUR 7,025 million (EUR 7,616 million on 31 December 2014 and EUR 8,607 million on 30 June 2014). The total yield on the equity holdings was 10.3% for the review period and 4.6% for the last twelve months. The OMX Helsinki Cap Total Return Index increased by 11.9% during the review period and by 14.2% in the last twelve months.

#### *Money market investments*

On 30 June 2015, Solidium's money market investments totalled EUR 1,398 million (EUR 483 million on 31 December 2014 and EUR 1,116 million on 30 June 2014). The return on money market investments was 0.1% for the review period and 0.3% for the last twelve months.

### **Profit distribution to Solidium**

During the period under review, Solidium received profit distribution amounting to EUR 275 million before taxes (EUR 350 million in 1 July 2013 – 30 June 2014). The share divestments during the recent years have clearly and permanently reduced the annual dividend income. The dividend yield of Solidium's holdings was 3.9 per cent in relation to the value of the equity holdings in the end of June 2015.

### **Participation in nomination boards**

A key process of Solidium's corporate governance model is actively influencing the composition of the Board of Directors of the portfolio companies. Solidium's representatives participated actively in the work of nomination boards responsible for preparing Board elections during the review period. The annual general meetings during the early part of 2015 decided on several changes in the Boards of Solidium's portfolio companies, including the election of a new Chairman of the Board in two companies. Solidium's objective is to establish Boards of Directors which function optimally in terms of shareholder value creation and meet the companies' needs.

Managing Director Kari Järvinen has been serving as Chairman of the shareholders' nomination boards of Outokumpu, Outotec, Talvivaara Mining Company and Valmet (from 20 April 2015 onwards). In addition, he has been serving as a member of the shareholders' nomination boards of Kemira, Metso, SSAB, TeliaSonera, Tieto and Valmet (until 20 April 2015). Pekka Ala-Pietilä, former Chairman of Solidium's Board of Directors, served as Chairman of the shareholders' nomination board of Stora Enso, and Eija Ailasmaa, former Vice Chairman of Solidium's Board of Directors, served as Chairman of the Shareholders' Nomination Board of Elisa. These nomination boards prepare proposals for the 2015 Annual General Meetings on the election of board members and their remuneration.

### **Share acquisitions**

During the six month review period, Solidium acquired shares for some EUR 77 million (during the financial year 1 July 2014 – 30 June 2015 for some EUR 83 million). During the review period Solidium increased its ownership stake in Metso from 11.7 per cent to 13.0 per cent by acquiring shares from the market for EUR 55 million. In addition, Solidium increased its ownership stake in Outotec from 11.0 per cent to 13.2 per cent by acquiring shares from the market for EUR 22 million.

### **Share divestments**

During the six month review period, Solidium sold shares for EUR 1,164 million in order to secure the ability to distribute profit, prepare for the repayment of the exchangeable bond of EUR 600 million maturing in September 2015, and to finance share acquisitions. On 11 February 2015, Solidium sold 200 million shares in TeliaSonera in an accelerated book-built offering. The sales proceeds were EUR 1,069 million and the pre-tax gain EUR 363 million relative to the book value. As a result of the divestment, Solidium's holding in TeliaSonera decreased from 7.8 per cent to 3.2 per cent of the outstanding shares.

In February – March 2015, Solidium reduced its holding in Outokumpu from 29.8 per cent to 26.2 per cent by selling 15.2 million shares to the market for EUR 95 million. The ownership stake had been increased in 2014 as a part of a broader arrangement and the value of the additional investment had tripled by the time of the divestment. The Outokumpu shares had been valued at the market price (EUR 7.345 per share), in accordance with the accounting principles, in the closing of the accounts on 30 June 2014. This brought Solidium's pre-tax loss to EUR -16 million.

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

### **General Meetings of Shareholders during the review period 1 January – 30 June 2015**

Two Extraordinary General Meetings of Solidium Oy were held during the six month review period. The first of these was held in Helsinki on 4 March 2015. The General Meeting resolved, in accordance with the Board's proposal, that a return of capital of EUR 440 million be paid.

The second Extraordinary General Meeting was held in Helsinki on 21 April 2015. The General Meeting resolved to release Pekka Ala-Pietilä from the membership of the Board of Directors and also from the position of the Chairman of the Board. Heikki Bergholm, who previously was a member of the Board, was elected as the Chairman of the Board (interim). On 22 April 2015, Eija Ailasmaa, Vice Chairperson of the Board, announced her resignation from the company's Board.

### **Assessments of Solidium's operations**

During the financial year, the National Audit Office (NAO) carried out a performance audit on Solidium and issued an auditor's report, which contained recommendations to both the State owner and Solidium. In addition, a working group of civil servants, established by the minister responsible for State ownership steering, compiled a report from the perspective of the State owner on the strengths and weaknesses of Solidium's current operating model and made suggestions for future action.

### **Changes in the Management Team**

Peter Bergström, LL.M., has been appointed as the General Counsel and a member of the Management Team from 1 April 2015. He has previously served among others as Director, Legal, at Deloitte & Touche Oy and as Vice President, Legal Counsel at Metso Corporation. The members of Solidium's Management Team are Managing Director Kari Järvinen, General Counsel Peter Bergström, and Investment Directors Annareetta Lumme-Timonen, Hanna Masala and Petter Söderström.

### **Key figures**

The capital gain of EUR 556 million from the divestments of TeliaSonera shares and the capital loss for EUR 16 million from the divestments of Outokumpu shares are included in the operating profit of Solidium (EUR 534.5 million) for the financial year 1 July 2014 – 30 June 2014. Solidium's operating expenses totalled EUR 5.4 million during the financial year, resulting in a management cost ratio of operations of 0.07 per cent. The net profit for the financial year was EUR 217 million (EUR 800 million before impairments). The Board of Directors of Solidium proposes that a dividend of EUR 266 million be paid for the financial year, which corresponds to the dividends received by Solidium after tax.

Financial expenses includes a total amount of EUR 584 million relating to value impairments in accordance with the accounting principles, of which EUR 308 million is related to shares in Outokumpu, EUR 176 million is related to shares in SSAB, EUR 77 million is related to shares in Outotec and EUR 22 million is related to shares in Talvivaara Mining Company. Solidium's net asset value decreased clearly during the financial year, from EUR 8.1 billion to EUR 6.9 billion mainly due to the profit distribution.

	1 Jul 2014 – 30 Jun 2015	1 Jul 2013 – 30 Jun 2014	1 Jul 2012 – 30 Jun 2015
Operating profit, EUR million	534.5	400.3	65.5
Profit for the period, EUR million	216.6	1,449.9	-232.3
Return on investment at fair values, %	4.3	31.3	13.9
Management cost ratio of operations, %	0.07	0.07	0.09
Net asset value, EUR million	6,853.6	8,094.4	6,909.6
Shareholders' equity, EUR million	4,090.3	5,400.7	4,750.8
Financial debt, EUR million	950.0	950.0	600.0
Equity ratio, %	81.1	83.9	88.5
Average number of employees	12	11	11

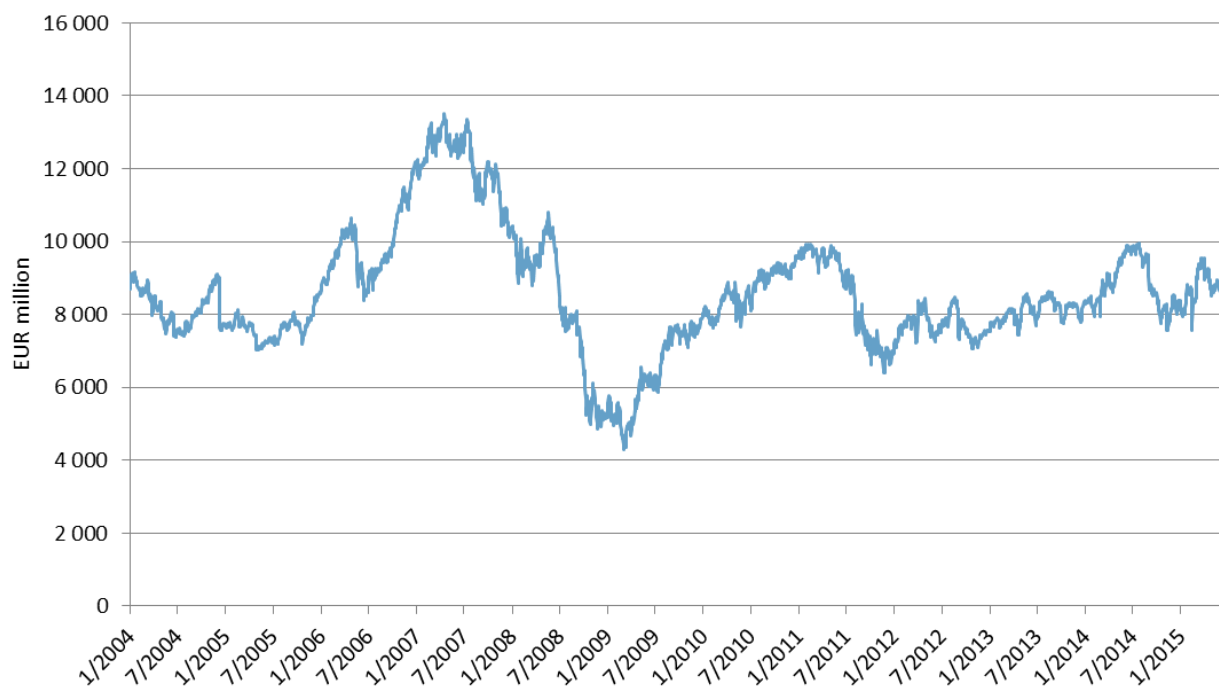
The Finnish language Annual Report of Solidium for the 1 July 2014 – 30 June 2015 financial year has been published today and it is available on Solidium's website. The English and Swedish versions of the Annual Report will be published later. This press release is unaudited.

Attachment: Solidium's holdings as of 30 June 2015

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, Sampo, SSAB, Stora Enso, Talvivaara Mining Company, TeliaSonera, Tieto and Valmet. The market value of Solidium's equity holdings is approximately EUR 6.6 billion as of the date of this press release. More information: [www.solidium.fi](http://www.solidium.fi).*

**ATTACHMENT: SOLIDIUM'S INVESTMENTS AS AT 30 JUNE 2015**
**VALUE OF TOTAL INVESTMENTS**


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

**KEY INDICATORS**

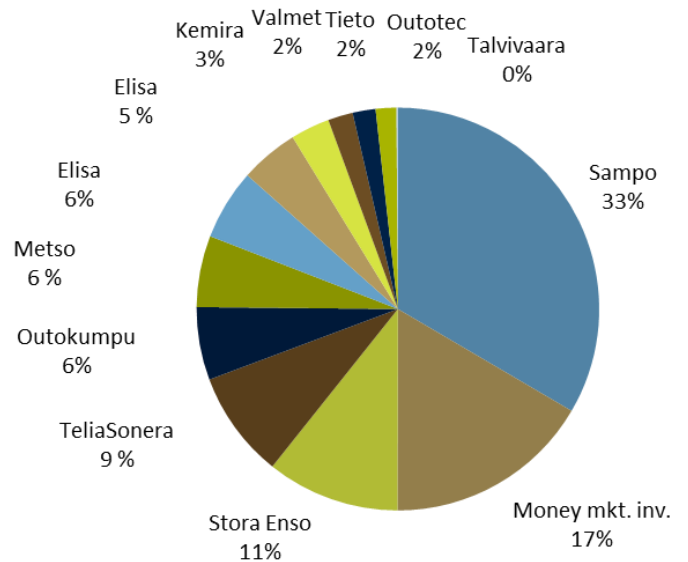
	<b>3 months</b>	<b>6 months</b>	<b>12 months</b>	<b>2 years</b>
Yield of total investments, %	-6.5	9.7	4.3	17.0
Yield of equity holdings, %	-7.7	10.3	4.6	18.4
OMX Helsinki Cap GI, %	-5.5	11.9	10.6	24.2
Volatility, %	-	15.8	15.3	14.1
Sharpe	-	1.3	0.3	1.2
Beta	-	-	0.9	0.9
Alfa, %	-	-	-8.7	-4.1
Tracking Error, %	-	-	5.7	6.5
Information ratio	-	-	-1.7	-1.1

(Over-12-month indicators are annual)

*Includes equity holdings and money market investments.*

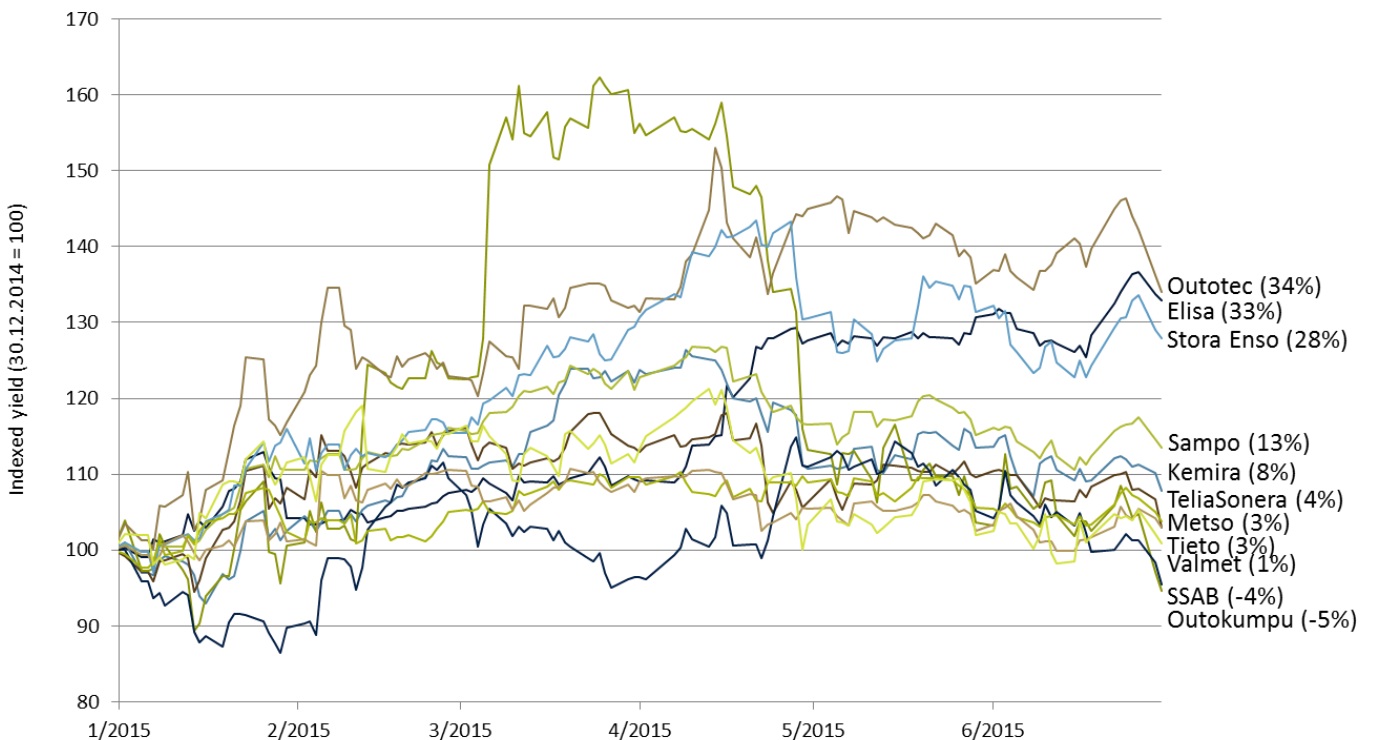
BREAKDOWN OF HOLDINGS

	EUR
<b>Total</b>	<b>8 423 035 704</b>
Elisa	477 652 430
Kemira	263 881 127
Metso	482 777 434
Outokumpu	492 774 935
Outotec	139 656 912
Sampo	2 816 273 460
SSAB	395 724 091
SSAB A	124 305 671
SSAB B	271 418 420
Stora Enso	899 723 242
Stora Enso A	516 208 275
Stora Enso R	383 514 967
Talvivaara	9 645 369
TeliaSonera	723 327 212
Tieto	155 278 853
Valmet	168 288 493
Money mkt. inv.	1 398 032 149



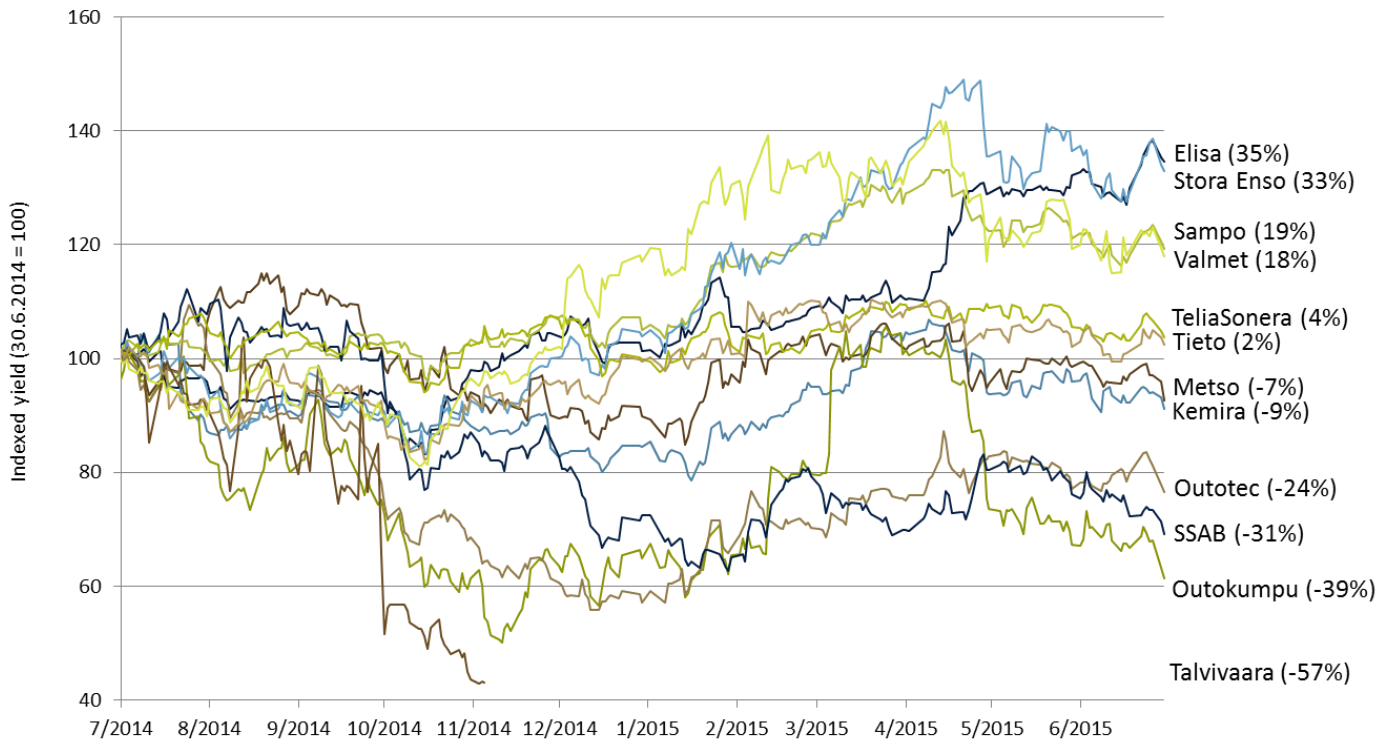
COMPANY-SPECIFIC YIELDS

1 Jan 2015 – 30 June 2015



Note: Trading with Talvivaara's shares has been suspended since 6 November 2014

COMPANY-SPECIFIC YIELDS DURING THE FINANCIAL YEAR  
1 July 2014 – 30 June 2015



Note: SSAB = Rautaruukki until 31 July 2014