

28 January 2019 at 9:30

**Solidium Oy's half-year report for July-December 2018:**

- The return on equity holdings started to decline in the second half of the year. Solidium's return on equity holdings was -16.9% for the six-month period and -13.1% for the full calendar year 2018
- Solidium's net asset value decreased by EUR 1.4 billion and was EUR 6.6 billion at the end of the period. The decrease in value was affected by the changes in equity holdings and the profit distribution of EUR 351 million to the owner
- The exchangeable bond of EUR 350 million was repaid in September 2018

**Solidium's CEO Antti Mäkinen's comments on the review period:**

"Overall, the return of the portfolio was poor during the calendar year 2018. The year-to-date return on September was still 5.9 per cent until the stock markets turned into an exceptionally sharp decline in the fourth quarter. The tightening monetary policy, the trade war and political worries especially in Europe made investors nervous which resulted in falling share prices around the world (Q4/2018: OMXH Cap -14.4%, Euro STOXX 600 -11.9% and S&P 500 -14.0%)

Due to the market decline, only returns of Valmet and Nokia remained positive during the review period 1 July 2018 – 31 December 2018. Particularly Nokia's return was excellent during the year. The development of Outokumpu and Outotec were among the weakest, and especially Outotec's share price fell sharply due to project-related problems.

Since the beginning of 2019, the equity market has started to rise, and the return on Solidium's equity holdings from 1 January 2019 to 25 January 2019 has been 11.0 per cent. These movements reflect the current state of the market where stock prices are highly volatile and can go sharply up or down over a short period of time.

Despite the difficult stock market conditions, we believe that dividends for the current financial year will grow from EUR 362 million last year to EUR 372 million based on analysts' company-specific estimates.

During the review period, we have used our strong balance sheet and increased our holdings in Konecranes and Nokia. Following the the arrangements, Solidium's holding in Konecranes increased from 6.2 per cent to 7.4 per cent, and in Nokia from 3.3 per cent to 3.7 per cent.

## **SOLIDIUM'S HOLDINGS**

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

The value of Solidium's all holdings (equity holdings and money market investments) was EUR 6,995 million on 31 December 2018 (EUR 9,093 million on 30 June 2018 and EUR 8,847 million on 31 December 2017). The return on all holdings was -16.6 per cent over the review period of six months, and -13.0 per cent for the last twelve months. More detailed information on the investment key indicators are attached.

#### *Equity holdings*

The value of Solidium's equity holdings was EUR 6,842 million on 31 December 2018 (EUR 8,108 million on 30 June 2018 and EUR 8,538 million on 31 December 2017). The total return of Solidium's equity holdings was -16.9 per cent during the review period and -13.1 per cent for the last twelve months. During the six-month period the best returns were generated by Valmet and Nokia whereas the development of Outokumpu and Outotec were among the weakest.

#### *Money market investments*

Solidium's money market investments amounted to EUR 152 million on 31 December 2018 (EUR 985 million on 30 June 2018 and EUR 309 million on 31 December 2017). The return of money market investments was 0.1 per cent during the review period and 0.2 per cent for the past financial year. During the review period Solidium paid a profit distribution of EUR 351 million to the owner. In addition, the exchangeable bond of EUR 350 million was repaid in September 2018.

### **Participation in nomination boards**

A central aspect of Solidium's corporate governance model is to actively influence the composition of the boards of directors of the portfolio companies. Solidium actively participated in the work of the nomination boards responsible for preparing board elections. Solidium pursues board compositions which best serve the needs of the companies and the goal of shareholder value creation.

Solidium's representatives have served as the chairman of the shareholders' nomination boards of Elisa, Metso, Outokumpu, Outotec and Valmet, and as members of the shareholders' nomination boards of Kemira, SSAB, Stora Enso and Tieto. The nomination boards prepare the proposals related to the selection and remuneration of the board members for the 2019 Annual General Meetings.

According to Solidium's strategy the objective for Solidium is to have a representative in the board of each portfolio company. Currently Solidium's CEO Antti Mäkinen is board member of Metso, Sampo and Stora Enso boards. In addition, Solidium's Board member Eija Ailasmaa holds a member position in the board of Outotec, Aaro Cantell is a member of the board of Valmet, and Timo Ahopelto is a member of the board of Tieto.

## Share transactions

During the review period Solidium acquired shares in Konecranes for EUR 29 million and in Nokia for EUR 95 million. Following the the arrangements, Solidium's holding in Konecranes increased from 6.2 per cent to 7.4 per cent, and in Nokia from 3.3 per cent to 3.7 per cent.

## SOLIDIUM OY'S EVENTS

### Annual General Meeting

Solidium's Annual General Meeting was held in Helsinki on 11 September 2018. The Annual General Meeting adopted the company's financial statements for the financial year 1 July 2017–30 June 2018 and discharged the members of the Board of Directors and the CEO from liability. In accordance with the Board's proposal, the Annual General Meeting decided on a profit distribution of EUR 351 million to the owner, which corresponds to the amount of dividends received by Solidium, taking the taxes payable on the dividends into consideration. For a term ending at the end of the next Annual General Meeting, the following persons were elected to the Board of Directors: Harri Sailas was elected as the Chairman, Eija Ailasmaa as the Vice Chairman, and Timo Ahopelto, Aaro Cantell, Markku Hyvärinen, Paula Lehtomäki, and Marjo Miettinen as Board members.

## Financial key indicators

Solidium's operating expenses were EUR 1.7 million for the review period, resulting in a management cost ratio of operations of 0.05% at an annual level. Solidium's net asset value was by the end of the review period EUR 6.6 billion.

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

Attachment: Solidium's holdings as of 31 December 2018

Solidium Oy

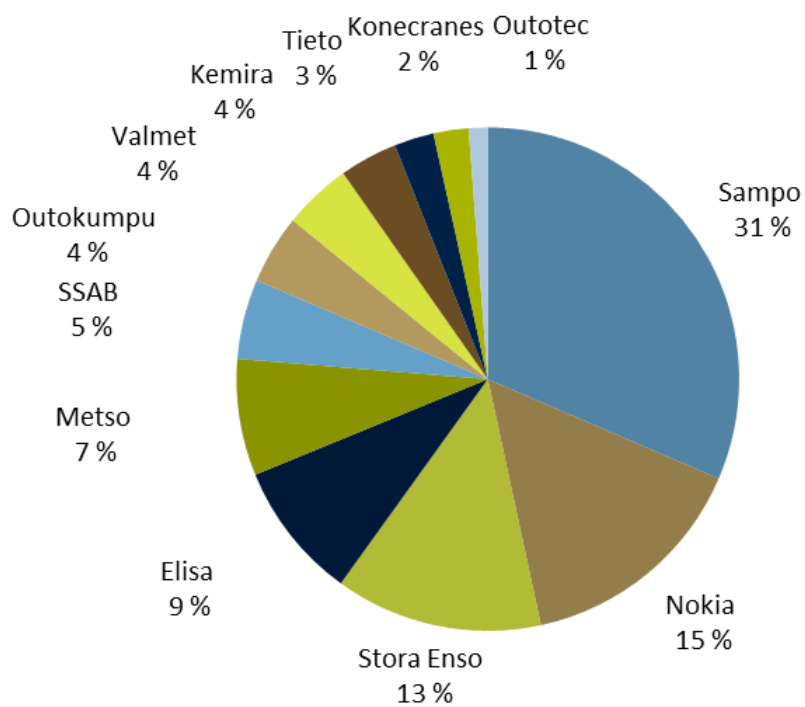
Further information: Antti Mäkinen, CEO, tel. +358 (0)10 830 8905

*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, Konecranes, Metso, Nokia, Outokumpu, Outotec, Sampo, SSAB, Stora Enso, Tieto and Valmet. The market value of Solidium's investments is approximately 7.7 billion euros.*

*Further information: [www.solidium.fi](http://www.solidium.fi)*

**ATTACHMENT: SOLIDIUM'S HOLDINGS AS OF 31 DECEMBER 2018**
**BREAKDOWN OF HOLDINGS**

	EUR million
<b>All equity holdings</b>	<b>6 842.4</b>
Elisa	606.2
Kemira	255.1
Konecranes	153.9
Metso	512.4
Nokia	1036.2
Outokumpu	303.7
Outotec	83.8
Sampo	2 153.2
SSAB	351.3
SSAB A	78.3
SSAB B	273.0
Stora Enso	912.1
Stora Enso A	692.3
Stora Enso R	219.8
Tieto	174.9
Valmet	299.7
Money mkt.inv.	152.1



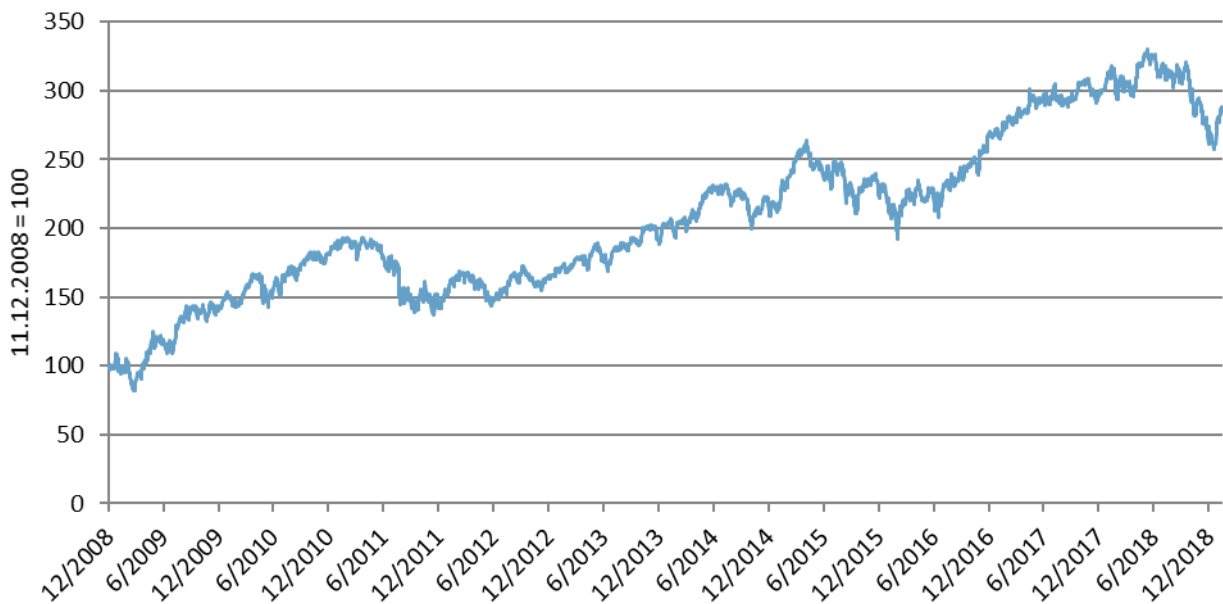
RETURNS OF SOLIDIUM'S HOLDINGS

	6 months	12 months	5 years	From the establishment of Solidium
Return of total investments, %	-16.6 %	-13.0 %	5.2 %	10.0 %
Return of equity holdings, %	-16.9 %	-13.1 %	5.7 %	10.3 %

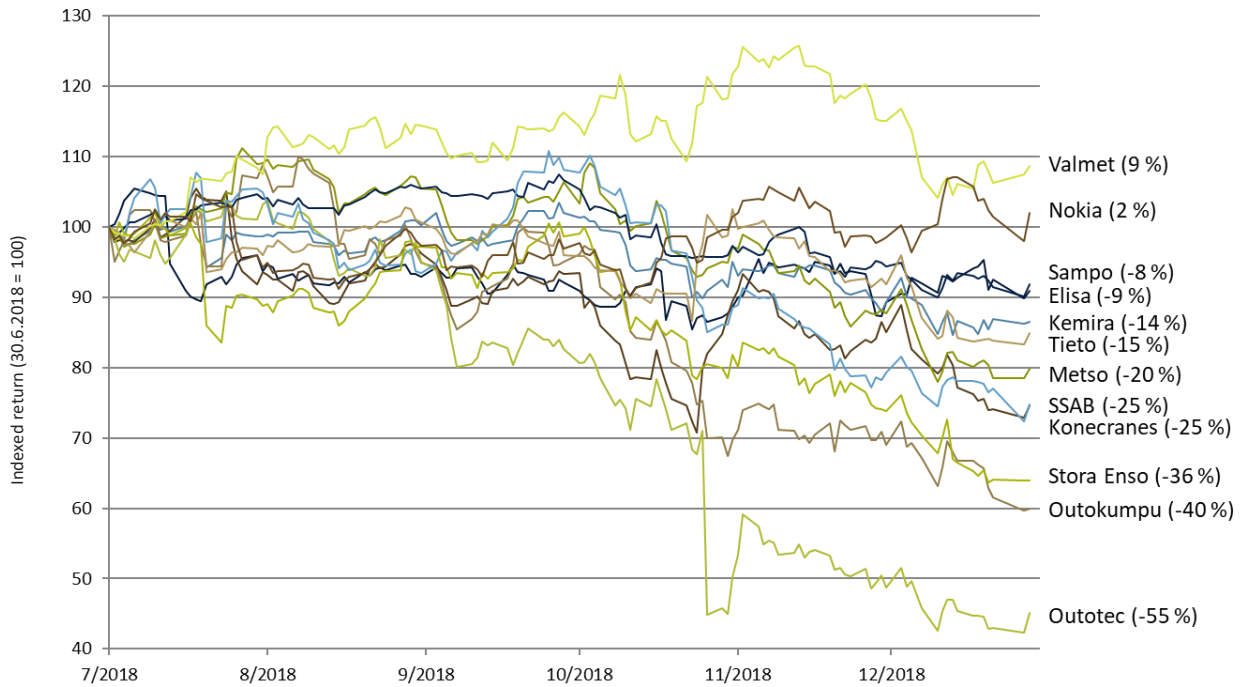
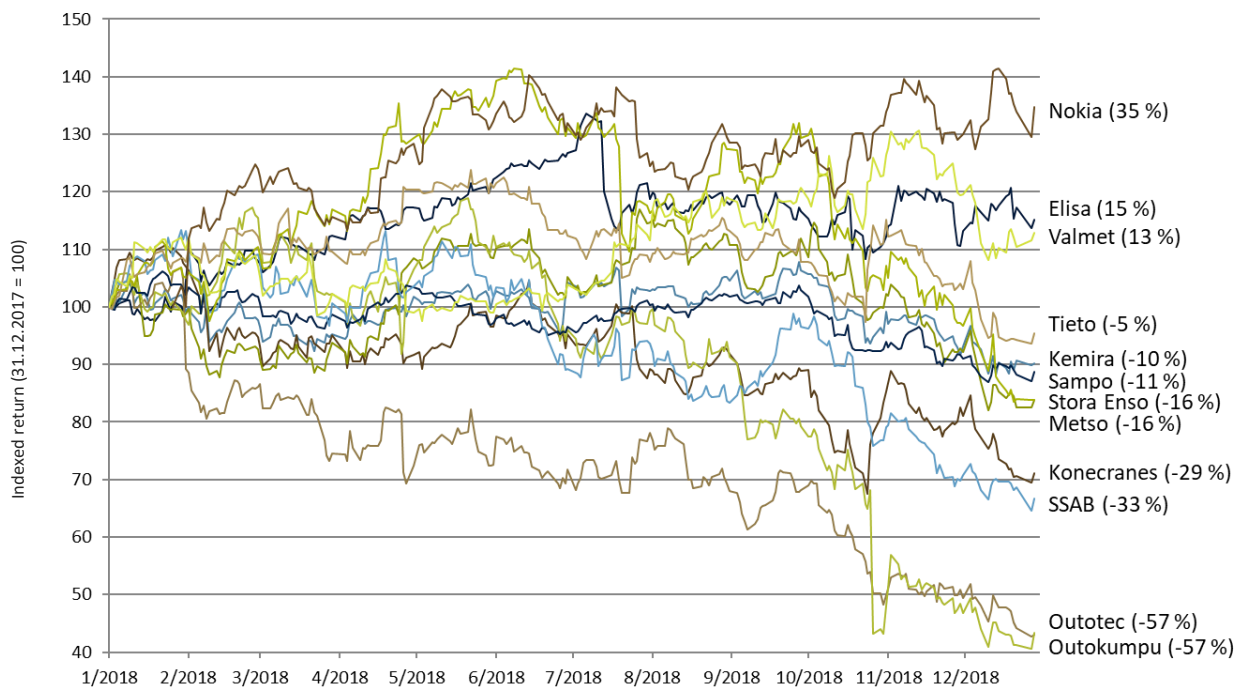
(Over-12-month returns are annualized)

*Includes equity holdings and money market investments. Solidium was established 11.12.2008*

DEVELOPMENT OF THE RETURN OF THE HOLDINGS



*Includes equity holdings and money market investments. Solidium was established 11.12.2008*

**RETURNS OF HOLDINGS TO SOLIDIUM DURING THE REVIEW PERIOD 1 JUL 2018 – 31 DEC 2018**

**RETURNS OF HOLDINGS TO SOLIDIUM DURING THE CALENDAR YEAR 2018**


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

	<b>6 months</b>	<b>12 months</b>	<b>5 years</b>	<b>10 years</b>
Elisa	-9 %	15 %	19 %	19 %
<i>Peer companies</i>	6 %	-1 %	7 %	7 %
<i>DJ STOXX 600 Telecom. Index</i>	0 %	-8 %	1 %	6 %
Kemira	-14 %	-10 %	1 %	16 %
<i>Peer companies</i>	-16 %	-15 %	6 %	15 %
<i>FTSE EUROFIRST 300 Chemicals Index</i>	-14 %	-14 %	3 %	12 %
Konecranes	-25 %	-28 %	4 %	13 %
<i>Peer companies</i>	-30 %	-28 %	2 %	9 %
Vinx	-13 %	-16 %	6 %	15 %
Metso	-20 %	-16 %	4 %	19 %
<i>Peer companies</i>	-21 %	-12 %	0 %	10 %
<i>Bloomberg Europe Mach.-Div. Index</i>	-18 %	-19 %	-1 %	10 %
Nokia	2 %	34 %	1 %	-3 %
<i>Peer companies</i>	13 %	17 %	5 %	8 %
<i>Stxe 600 Tech Eur Nrt</i>	-16 %	-10 %	8 %	12 %
Outokumpu	-40 %	-57 %	-1 %	-15 %
<i>Peer companies</i>	-28 %	-34 %	-3 %	1 %
<i>Bloomberg Europe Steel Index</i>	-29 %	-37 %	-5 %	-2 %
Outotec	-55 %	-57 %	-16 %	3 %
<i>Peer companies</i>	-21 %	-16 %	4 %	13 %
<i>Bloomberg Europe Mach.-Div. Index</i>	-18 %	-19 %	-1 %	10 %
Sampo	-8 %	-11 %	7 %	17 %
<i>Peer companies</i>	0 %	-5 %	6 %	15 %
<i>OMX Nordic Financials Index</i>	-3 %	-10 %	7 %	16 %
SSAB	-28 %	-31 %	-3 %	-4 %
<i>Peer companies</i>	-30 %	-39 %	-3 %	-1 %
<i>Bloomberg Europe Steel Index</i>	-29 %	-37 %	-5 %	-2 %
Stora Enso	-40 %	-22 %	10 %	10 %
<i>Peer companies</i>	-20 %	-17 %	14 %	21 %
<i>Bloomberg W. For. Prod. &amp; Paper Index</i>	-27 %	-20 %	2 %	10 %
Tieto	-15 %	-5 %	13 %	18 %
<i>Peer companies</i>	-24 %	-11 %	14 %	16 %
<i>BE500 Computer Service Index</i>	-22 %	-14 %	7 %	14 %
Valmet	9 %	13 %	25 %	n/a
<i>Peer companies</i>	-12 %	-12 %	14 %	n/a
<i>Bloomberg Europe Mach.-Div. Index</i>	-18 %	-19 %	-1 %	n/a

The returns are calculated in local currency for the company's most liquid share class and benchmark index, and the gross dividends are reinvested in the company's shares (if available). Over-12-month returns are annualised. The total return to Solididium may differ from the company's share return due to transactions, taxes, and because Solididium has not reinvested the dividends received, but has paid them to its owner, the Finnish State. Peer companies' return is the median of the peer companies. Data source: Bloomberg and Nasdaq