

8 September 2020 at 9:30

Solidium Oy's half-year report 1 January –30 June 2020 and financial statements:**Six-month period 1 January–30 June 2020**

- The return of Solidium's equity holdings in the review period was -7.0 per cent
- Metso and Outotec merged, and the stake in Neles was agreed to be sold to Valmet

Financial year 1 July 2019–30 June 2020

- The return on equity holdings was -8.3 per cent in the financial year
- Solidium's result for the financial year was EUR 211 million
- Solidium's Board of Directors proposes that a dividend of EUR 168 million be paid to the owner

Solidium's CEO Antti Mäkinen comments:

"Solidium's financial year 2019–2020 was overshadowed by the coronavirus pandemic that broke out in the spring and the resulting restrictions that hit the global economy hard. The state of emergency declared had impacts on the operations of several of Solidium's portfolio companies due to weakened demand, in particular.

During the financial year, Solidium increased its holding in Konecranes, Nokian Tyres and Nokia, and reduced holdings in Kemira and Sampo. There were also significant transactions in the portfolio companies as Tieto and the Norwegian EVRY as well as Metso and Outotec merged.

During the past financial year, we decided to take a more in-depth look into the companies' carbon balance. We launched a project that benchmarks the carbon dioxide intensity of our portfolio companies against companies in the same industries globally.

In accordance with its mandate, Solidium pays to the State the dividends it receives from the portfolio companies. The coronavirus pandemic also affected the dividend payment of listed companies. In the Annual General Meetings in the spring of 2020, dividends were cut and the payments of dividends were postponed. Therefore, the dividends, before taxes, we received during the financial year decreased from the previous financial year's EUR 337 million to EUR 230 million."

SOLIDIUM'S HOLDINGS**Development of holdings and key indicators**

The value of Solidium's all holdings (equity holdings and money market investments) was EUR 6,950 million on 30 June 2020 (EUR 7,701 million on 31 December 2019 and EUR 8,193 million on 30 June 2019). The return on all holdings was -6.7 per cent over the review period of six months, and -7.9 per cent for the past financial year. More detailed information on the investment key indicators are attached.

Equity holdings

The value of Solidium's equity holdings was EUR 6,799 million on 30 June 2020 (EUR 7,541 million on 31 December 2019 and EUR 7,742 million on 30 June 2019). The total return of Solidium's equity holdings was -7.0 per cent during the review period and -8.3 per cent for the past financial year. During the financial year the best returns were generated by Elisa (30%), Valmet (10%) and Outotec (9%).

Money market investments

Solidium's money market investments amounted to EUR 151 million on 30 June 2020 (EUR 160 million on 31 December 2019 and EUR 452 million on 30 June 2019). The return of money market investments was 0.0 per cent during the review period and 0.1 per cent for the past financial year.

Distribution of profit to Solidium

During the financial year, Solidium received a total of EUR 230 million before taxes as dividends distributed by its portfolio companies (1 July 2018–30 June 2019: EUR 337 million) and after taxes EUR 206 million (EUR 300 million). The dividend income received by Solidium was approximately 3.4 per cent proportioned to the value of equity holdings on 30 June 2020. Nokia, Outokumpu, TietoEVRY and SSAB decided not to pay dividend in the spring 2020, but in July 2020, TietoEVRY decided to pay dividend during the summer and autumn.

Participation in nomination boards and board elections

A central aspect of Solidium's corporate governance model is to actively influence the board composition of the portfolio companies. Therefore, Solidium participated actively in the work of nomination boards preparing board elections during the financial year. Solidium's aim is to form a board composition which best serves the goal of shareholder value creation and needs of the company. A total of 11 new members, 4 of whom were women, were elected to the boards of directors of Solidium's portfolio companies.

Representatives of Solidium have served as the chairman of the shareholders' nomination boards of Elisa, Metso, Outokumpu, Outotec and Valmet, and as a member of the shareholders' nomination boards of Kemira, Konecranes, SSAB, Stora Enso and TietoEVRY. The nomination boards prepared proposals for the election and remuneration of board members to the Annual General Meetings in 2020.

In accordance with Solidium's strategy, the long-term objective is to have a seat in the board of each portfolio company. In the AGMs in spring 2020, Solidium's CEO Antti Mäkinen was re-elected to the boards of Metso, Sampo and Stora Enso. Investment Director Annareetta Lumme-Timonen was elected as a new member to the board of SSAB and Investment Director Petter Söderström was elected to the board of Neles, which was demerged from Metso. In addition, among Solidium's board members, Aaro Cantell is a member of the board of Valmet, Jannica Fagerholm is a member of the board of Sampo and Timo Ahopelto in the board of TietoEVRY.

Share transactions

During the financial year, Solidium purchased Nokia's shares for EUR 207 million, Nokian Tyres' shares for EUR 55 million, and Konecranes' shares for EUR 25 million. As a result of the share purchases, Solidium's holding in Nokia increased from 3.7 per cent to 4.8 per cent, in Nokian Tyres from 5.1 per cent to 6.8 per cent, and in Konecranes from 7.4 per cent to 8.5 per cent during the financial year. In addition, the merger of Tieto and EVRY momentarily diluted Solidium's shareholding to 6.3 per cent. Through the share sale and purchase agreement signed between Solidium and Apax in December 2019, Solidium purchased TietoEVRY's shares for EUR 123 million, which reverted Solidium's holding to 10 per cent.

In October 2019, Solidium reduced its holding in Kemira from 14.0 per cent to 10.2 per cent by selling 6 million Kemira shares to the market. The proceeds from the divestment were approximately EUR 84 million. In addition, Solidium sold its Nordea shares, which were received as an extra dividend from Sampo, to the market at a sale price of EUR 36 million in the autumn of 2019. In February 2020, Solidium sold approximately 2.0 per cent of Sampo's outstanding shares. The proceeds of approximately EUR 458 million were used for repaying debt facilities and for new share investments. As a result of the share sale, Solidium's holding in Sampo decreased from the previous 10.0 per cent to 8.0 per cent.

Transactions

In June 2019 Tieto Oyj and EVRY ASA announced their cross-border merger arrangement in which the combined company will be called TietoEVRY. Solidium conditionally agreed to purchase approximately 4.4 million Tieto shares from EVRY's largest shareholder Funds advised by Apax Partners LLP. Following the completion of the merger on 5 December 2019, Solidium's shareholding was diluted to 6.3 per cent since EVRY's shareholders held 37.5 per cent of TietoEVRY. Following the share sale and purchase agreement between Solidium and Apax, that was executed on 2.1.2020, Solidium's holding reverted back to 10 per cent.

In the beginning of the review period, July 2019, Metso and Outotec announced their intention to combine Metso Minerals and Outotec while Metso's flow control business Neles would continue as an independent publicly listed company. The necessary competition clearances were received on time and the transaction was completed on 30 June 2020. Starting from 1 July 2020, Metso Outotec continued in the stock exchange from Outotec's listing whereas Neles continued from Metso's listing.

On 17 June 2020 Solidium agreed to sell its entire 14.9 per cent stake in Neles for a price totaling approximately EUR 179 million. The purchase price will be adjusted based on Neles' share price development. In addition, the agreement includes an anti-embarrassment clause, according to which Solidium could be entitled to an additional cash payment in certain circumstances during a three-year period after the closing. Also, the agreement includes a one-year lock-up period.

Events after the reporting period

On 5 August 2020 Sampo and Rand Merchand Investment Holdings Limited (RMI) announced a recommended EUR 1.8 billion cash acquisition of the UK Property & Casualty (P&C) insurance company Hastings Group Holdings PLC (Hastings). Following completion of the offer, Sampo would hold 70 per cent of the jointly owned company while RMI would hold 30 per cent.

SOLIDIUM OY'S EVENTS

Annual General Meeting

Solidium's Annual General Meeting was held in Helsinki on 6 November 2019. The Annual General Meeting adopted the company's financial statements for the financial year of 1 July 2018 – 30 June 2019 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting resolved, in accordance with the proposal of the Board, that a profit distribution of EUR 338 million in total be paid to the owner for the financial year, corresponding to the amount of dividends received by Solidium, taking the taxes payable on these 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, Aaro Cantell as the Vice Chairman, and Timo Ahopelto, Jannica Fagerholm, Marjo Miettinen, Laura Raitio and Kimmo Viertola were elected as members.

Financial key indicators

Solidium's net profit for the financial period was EUR 211 million. Solidium's operating expenses were EUR 3.8 million, resulting in a management cost ratio of operations of 0.05 per cent. Solidium's net asset value decreased as a result of the value changes of equity investments and profit distribution by EUR 0.77 billion and was EUR 6.6 billion at the end of the review period.

	1 July 2019- 30 June 2020	1 July 2018- 30 June 2019
Operating profit, EUR million	-3.8	-3.9
Profit for the period, EUR million	210.6	297.2
Return on investment at fair value, %	-7.9	-2.9
Management cost ratio of operations, %	0.05	0.05
Net asset value, EUR million	6,572.1	7,340.8
Interest-bearing liabilities, EUR million	0.0	205.0
Equity ratio, %	95	90
Distribution of profit, EUR million	168.0*	338.0
Average number of employees	12	12

* The Board of Directors' proposal

Solidium's Annual Report in English is available on Solidium's website at <http://www.solidium.fi/en/publications-and-media/annual-report/>.

This report is unaudited.

Attachment Solidium's holdings on 30 June 2020

Solidium Oy

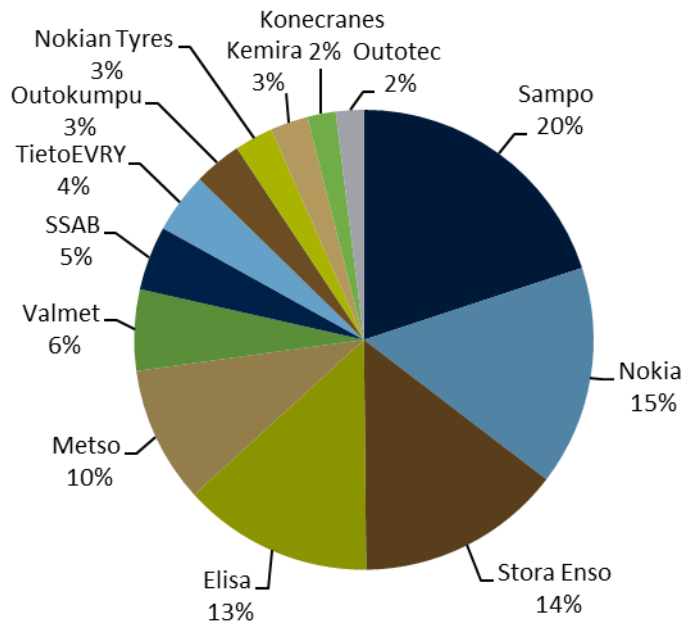
Further information: CEO Antti Mäkinen, tel. +358 10 830 8905

Solidium is a limited liability 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. Through its stakes, Solidium is a minority owner in twelve listed companies: Elisa, Kemira, Konecranes, Metso Outotec, Nokia, Nokian Tyres, Outokumpu, Outotec, Sampo, SSAB, Stora Enso, TietoEVRY and Valmet. The market value of Solidium's total investments is approximately 7.4 billion euros. Further information: www.solidium.fi.

ATTACHMENT: SOLIDIUM'S HOLDINGS AS OF 30 JUNE 2020

BREAKDOWN OF HOLDINGS

	EUR million
All equity holdings	6,799.2
Elisa	909.7
Kemira	180.9
Konecranes	135.7
Metso	652.7
Nokia	1,049.9
Nokian Tyres	183.6
Outokumpu	229.4
Outotec	133.9
Sampo	1,355.8
SSAB	308.3
SSAB A	64.5
SSAB B	243.7
Stora Enso	983.5
Stora Enso A	751.9
Stora Enso R	231.7
TietoEVRY	287.9
Valmet	387.8
Money mkt.inv.	150.8



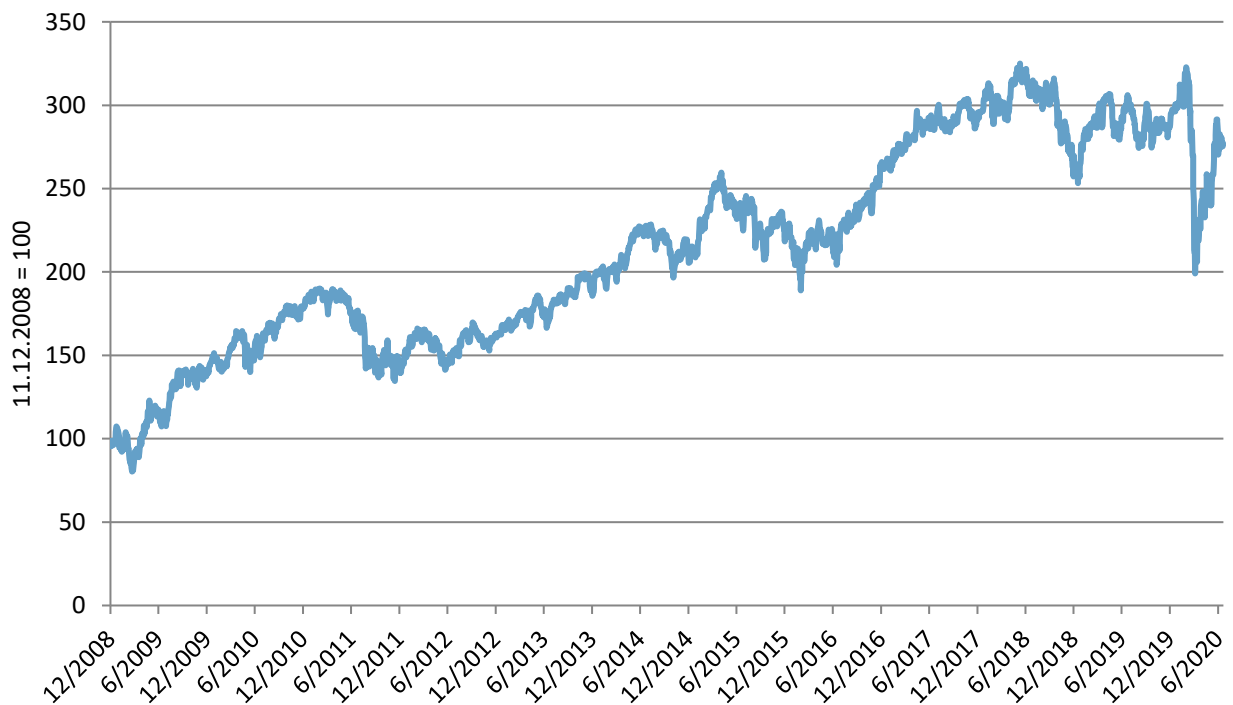
RETURNS OF SOLIDIUM'S HOLDINGS

	6 months	12 months	5 years	From the establishment of Solidium
Return of total investments, % *	-6.7%	-7.9%	3.5%	9.3%
Return of equity holdings, %	-7.0%	-8.3%	3.6%	9.6%

(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 THE COMPANIES OWNED BY SOLIDIDIUM, PEER COMPANIES AND THEIR BENCHMARK INDICES

	6 months	12 months	5 years	10 years
Elisa	14%	30%	19%	21%
<i>Peer companies</i>	-10%	-9%	0%	4%
<i>DJ STOXX 600 Telecom. Index</i>	-11%	-7%	-6%	5%
Kemira	-11%	-9%	7%	7%
<i>Peer companies</i>	-11%	-9%	3%	9%
<i>FTSE EUROFIRST 300 Chemicals Index</i>	-3%	5%	4%	10%
Konecranes	-24%	-38%	-2%	3%
<i>Peer companies</i>	-30%	-27%	-3%	2%
Vinx	-6%	6%	8%	11%
Metso	-13%	-10%	8%	8%
<i>Peer companies</i>	-18%	-4%	-3%	2%
<i>Bloomberg Europe Mach.-Div. Index</i>	3%	7%	6%	8%
Nokia	18%	-10%	-6%	-2%
<i>Peer companies</i>	3%	-1%	5%	4%
<i>Stxe 600 Tech Eur Nrt</i>	6%	15%	12%	13%
Nokian Tyres	-20%	-26%	-3%	4%
<i>Peer companies</i>	-25%	-28%	-9%	9%
<i>STOXX Europe 600 Autos & Parts</i>	-22%	-19%	-6%	8%
Outokumpu	-9%	-15%	-9%	-21%
<i>Peer companies</i>	-19%	-5%	-5%	-1%
<i>Bloomberg Europe Steel Index</i>	-39%	-41%	-16%	-11%
Outotec	-12%	9%	-3%	-1%
<i>Peer companies</i>	-13%	-10%	8%	8%
<i>Bloomberg Europe Mach.-Div. Index</i>	0%	7%	6%	8%
Sampo	-18%	-22%	-1%	12%
<i>Peer companies</i>	-14%	-11%	1%	11%
<i>OMX Nordic Financials Index</i>	-9%	3%	3%	12%
SSAB	-22%	-21%	-4%	-10%
<i>Peer companies</i>	-30%	-33%	-12%	-5%
<i>Bloomberg Europe Steel Index</i>	-39%	-41%	-16%	-11%
Stora Enso	-17%	4%	6%	10%
<i>Peer companies</i>	-4%	15%	5%	16%
<i>Bloomberg W. For. Prod. & Paper Index</i>	-15%	-6%	0%	6%
TietoEVRY	-12%	-7%	8%	11%
<i>Peer companies</i>	-16%	-15%	10%	13%
<i>BE500 Computer Service Index</i>	0%	12%	9%	14%
Valmet	13%	10%	22%	n/a
<i>Peer companies</i>	-16%	-2%	10%	n/a
<i>Bloomberg Europe Mach.-Div. Index</i>	0%	7%	6%	n/a

From the beginning of its listing on 2 January 2014, Valmet's return has been 25%, median return of the peer companies has been 9% and the return of the benchmark index has been 3%. Over-12-month returns are annualised. 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). 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. Peer companies' return is the median of the peer companies. Data source: Bloomberg and Nasdaq