

12 Feb 2018 at 10.00 a.m.

**Solidium Oy's half-year report for July-December 2017:**

- Solidium's return on equity holdings was 4.0% for the six-month period and 12.9% for the full calendar year 2017
- Solidium's net asset value decreased by EUR 39 million due to the profit distribution to the State of EUR 307 million during the review period and was EUR 7,656 million at the end of the period
- The Annual General Meeting of Solidium resolved upon a profit distribution of EUR 307 million and Timo Ahopelto was elected new member of the Board
- In line with the updated strategy, Antti Mäkinen, the CEO of Solidium Oy is proposed to be elected as a new member of the Board of Directors of Metso Corporation, Sampo Plc and Stora Enso Plc

Antti Mäkinen, CEO of Solidium Oy, comments the review period:

"In the second half of 2017, the rise in the stock market bottomed out slightly, affecting also Solidium's holding companies. Regardless, the value of equity holdings grew from EUR 8.2 billion to EUR 8.5 billion during the review period. The delights of the review period included the continued good share price development of Outotec, Stora Enso and SSAB.

During the review period, Solidium completed the work on its strategy update, where the key change concerns a more active role as an owner. As to the events after the review period, the effects of this strategy update are visible among others in candidacies for board members in our holding companies. I am standing for election to the boards of Metso, Sampo and Stora Enso in the annual general meetings during the spring. This is part of our strategic goal that, in the longer term, Solidium will have a representative in the board of directors of each portfolio company.

As part of the renewal of Solidium's portfolio, we have during the last couple of weeks sold shares in SSAB, corresponding to approximately 3.6 per cent of the outstanding shares, resulting in proceeds of EUR 151 million. In addition, we successfully placed all the remaining shares we held in Telia Company, corresponding to approximately 3.2 per cent of the outstanding shares. Proceeds amounted to EUR 517 million.

## **SOLIDIUM'S HOLDINGS**

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

The total value of Solidium's holdings (equity holdings and money market investments) was EUR 8,847 million on 31 December 2017 (EUR 8,930 million on 30 June 2017 and EUR 8,536 million on 31 December 2016). The total return on Solidium's holdings was 3.8% for the review period and 12.2% 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 2017 was EUR 8,538 million (EUR 8,223 million on 30 June 2017 and EUR 7,848 million on 31 December 2016). The total return on the equity holdings was 4.0% for the review period and 12.9% for the last twelve months. The best returns during the review period were generated by Outotec, Stora Enso and SSAB, whereas the development of Metso, Telia Company and Tieto were among the weakest.

#### *Money market investments*

On 31 December 2017, Solidium's money market investments totalled EUR 309 million (EUR 707 million on 30 June 2017 and EUR 688 million on 31 December 2016). 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**

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

Solidium's representatives have been serving as chairpersons in the shareholders' nomination boards of Elisa, Outokumpu, Outotec, Ahtium and Valmet, as well as in the nomination boards of Kemira, Metso, SSAB, Stora Enso, Telia Company and Tieto as members. These nomination boards prepare proposals for the 2018 Annual General Meetings on the election of board members and their remuneration.

### **Sales and purchases of shares**

During the six-month review period, Solidium sold shares in Outokumpu to the market for EUR 36 million, decreasing the ownership interest in Outokumpu from 23.8% to 22.8%.

During the review period Solidium purchased shares in Konecranes for EUR 29 million. Following the share purchase, Solidium's ownership interest in Konecranes increased from 3.2% to 4.2%.

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

### **The Annual General Meeting**

The Annual General Meeting (AGM) of Solidium was held in Helsinki on 26 September 2017. The AGM adopted the company's financial statements for the financial period of 1 July 2016 to 30 June 2017 and discharged the members of the Board of Directors and the CEO from liability. In accordance with the Board's proposal, the AGM resolved upon a profit distribution of EUR 307 million to the owner for the financial period, 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 AGM, Harri Sailas was re-elected as Chairman of the Board, Eija Ailasmaa as Vice Chairman and Timo Ahopelto (new member), Aaro Cantell, Markku Hyvärinen, Paula Lehtomäki and Marjo Miettinen as Board Members.

### **Solidium's strategy update**

In the strategy update, Solidium's core task remains unchanged: to strengthen and stabilise Finnish ownership in companies of national importance and grow the value of its holdings in the long term. However, the strategy update resulted in changes in the methods by which the goal is pursued. The key change concerns a more active role as an owner. Solidium applies methods available for a minority owner, to support and challenge the portfolio companies to develop and outperform their peers. The goal is for Solidium to have a representative in the board of directors of every portfolio in the long term.

### **Financial key indicators**

Solidium's operating expenses were EUR 2.3 million for the review period, resulting in a management cost ratio of operations of 0.06% at an annual level. Solidium's net asset value was by the end of the review period EUR 7,656 million.

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 2017

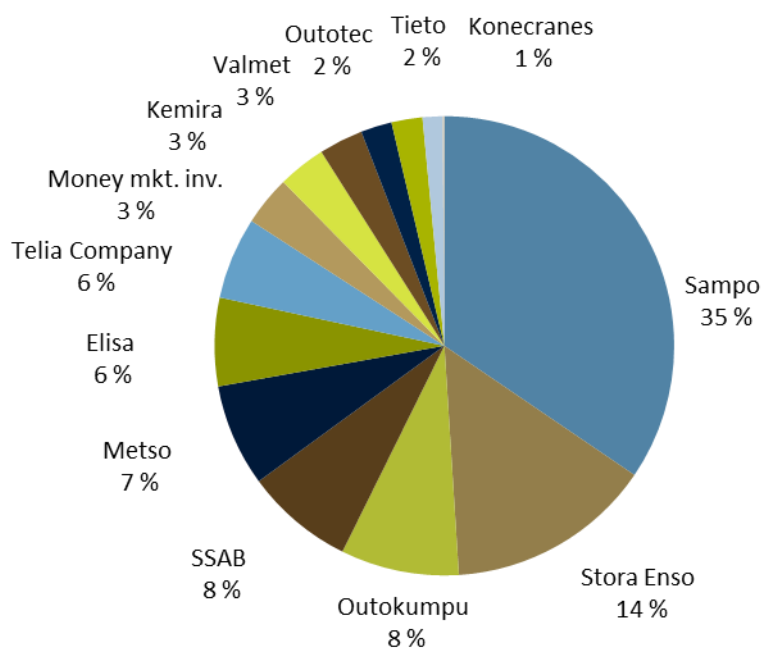
Solidium Oy

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: Ahtium, Elisa, Kemira, Konecranes, Metso, Outokumpu, Outotec, Sampo, SSAB, Stora Enso, Tieto and Valmet. The market value of Solidium's investments is approximately 7.6 billion euros. Further information: [www.solidium.fi](http://www.solidium.fi).*

**ATTACHMENT: SOLIDIUM'S HOLDINGS AS OF 31 DECEMBER 2017**
**BREAKDOWN OF HOLDINGS**

	EUR million
<b>Total</b>	<b>8 846.7</b>
Elisa	549.8
Kemira	297.8
Konecranes	125.1
Metso	637.0
Outokumpu	735.6
Outotec	193.6
Sampo	3 052.9
SSAB	676.7
SSAB A	120.6
SSAB B	556.1
Stora Enso	1 281.7
Stora Enso A	808.6
Stora Enso R	473.2
Ahtium	9.6
Telia Company	510.6
Tieto	192.7
Valmet	274.5
Money mkt. inv.	309.0



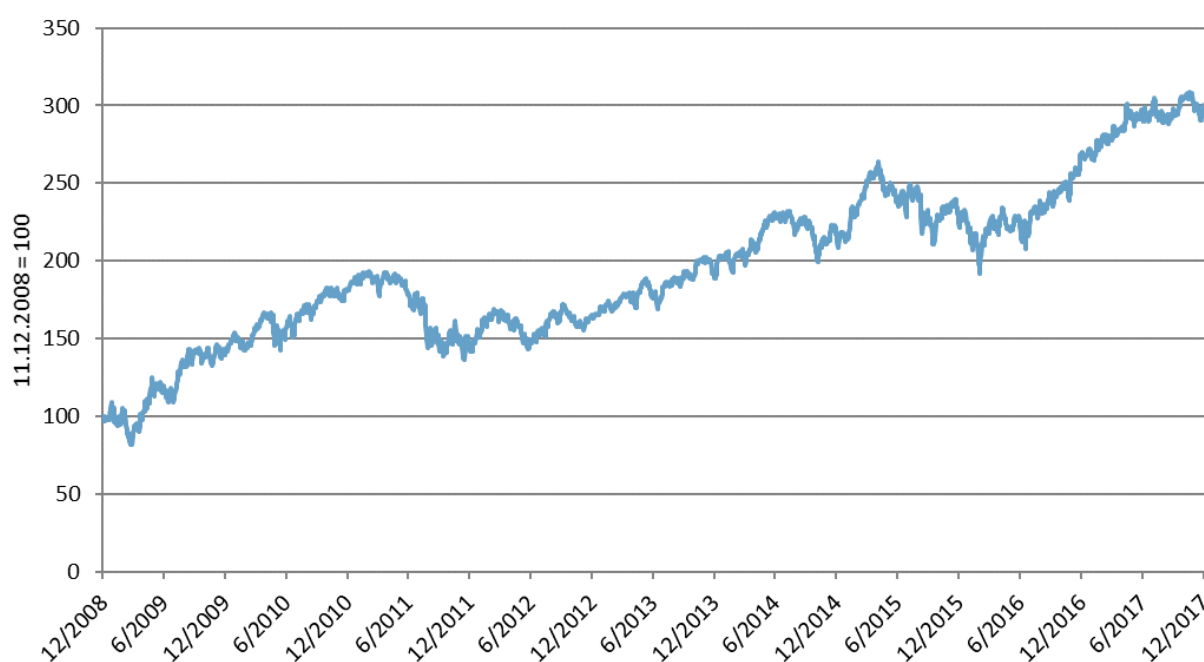
## RETURNS OF SOLIDIUM'S HOLDINGS

	6 months	12 months	5 years	From the establishment of Solidium
Return of total investments, %	3.8%	12.2%	12.8%	12.9%
Return of equity holdings, %	4.0%	12.9%	13.5%	13.3%

(Over-12-month returns are annualised)

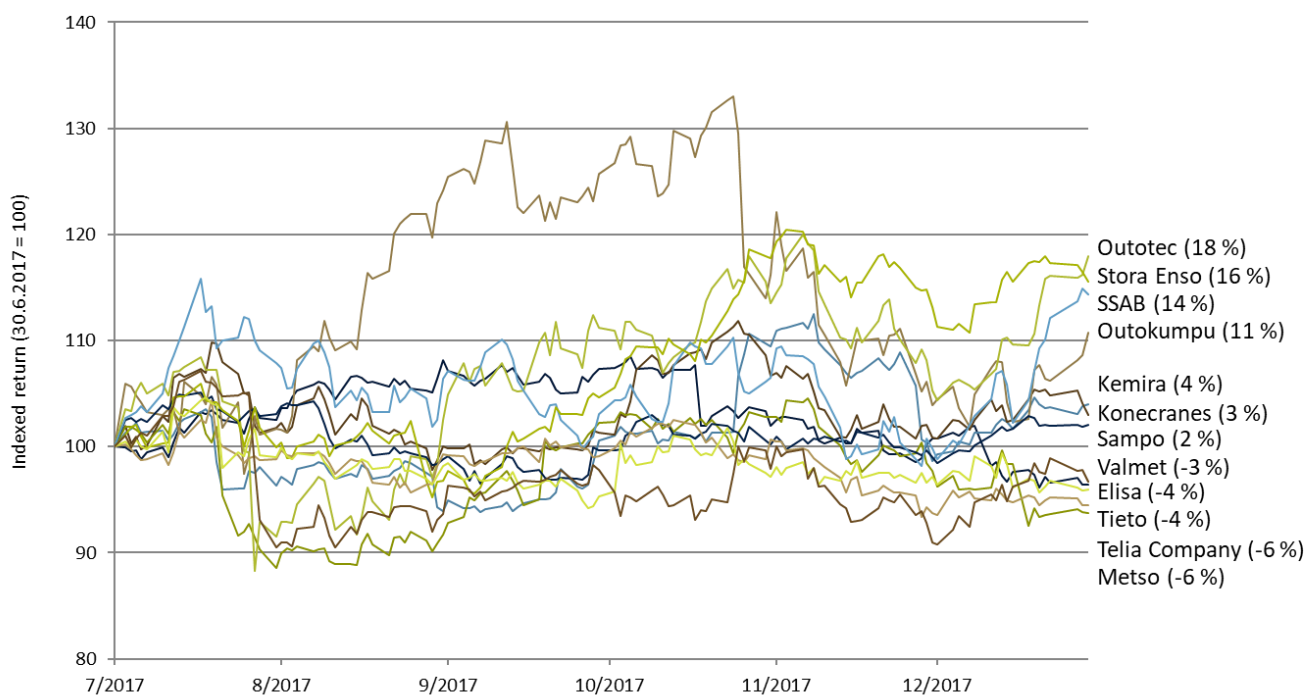
*Includes equity holdings and money market investments. Solidium was established on 11 December 2008.*

## DEVELOPMENT OF THE RETURN OF THE HOLDINGS

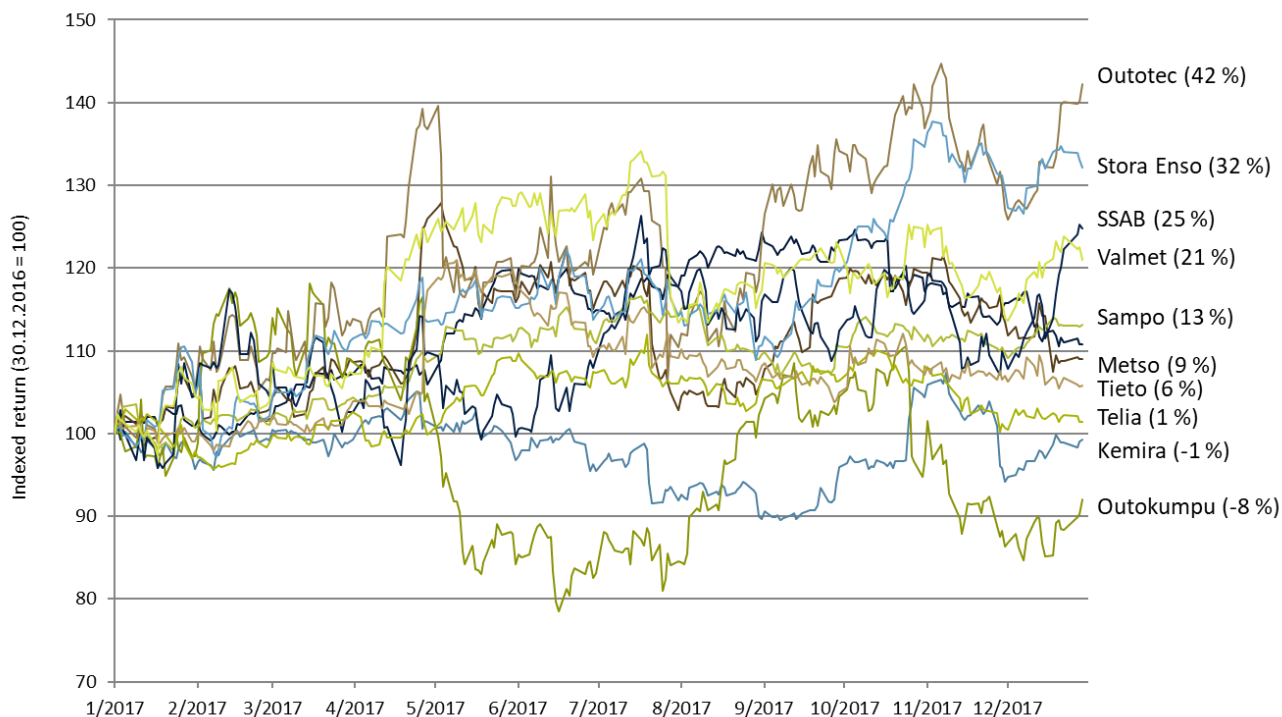


*Includes equity holdings and money market investments. Solidium was established on 11 December 2008.*

# RETURNS OF HOLDINGS TO SOLIDIUM DURING THE REVIEW PERIOD 1 JUL 2017 – 31 DEC 2017



# RETURNS OF HOLDINGS TO SOLIDIUM DURING THE CALENDAR YEAR 2017



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

	<b>6 months</b>	<b>12 months</b>	<b>5 years</b>	<b>10 years</b>
Elisa	-4 %	11 %	21 %	12 %
<i>Peer companies</i>	9 %	14 %	10 %	4 %
<i>DJ STOXX 600 Telecom. Index</i>	-1 %	1 %	9 %	3 %
Kemira	4 %	-1 %	4 %	8 %
<i>Peer companies</i>	11 %	25 %	15 %	12 %
<i>FTSE EUROFIRST 300 Chemicals Index</i>	6 %	14 %	10 %	9 %
Konecranes	3 %	17 %	13 %	9 %
<i>Peer companies</i>	12 %	43 %	18 %	2 %
<i>BI Europe Industrial Machinery Index</i>	10 %	38 %	8 %	9 %
Metso	-6 %	9 %	8 %	5 %
<i>Peer companies</i>	11 %	29 %	5 %	5 %
<i>Bloomberg Europe Mach.-Div. Index</i>	8 %	37 %	8 %	3 %
Outokumpu	11 %	-8 %	2 %	-16 %
<i>Peer companies</i>	5 %	0 %	9 %	-11 %
<i>Bloomberg Europe Steel Index</i>	19 %	19 %	5 %	-6 %
Outotec	18 %	42 %	-6 %	0 %
<i>Peer companies</i>	8 %	25 %	8 %	5 %
<i>Bloomberg Europe Mach.-Div. Index</i>	8 %	37 %	8 %	3 %
Sampo	2 %	13 %	19 %	16 %
<i>Peer companies</i>	2 %	18 %	19 %	7 %
<i>OMX Nordic Financials Index</i>	-4 %	6 %	16 %	15 %
SSAB	17 %	30 %	1 %	-9 %
<i>Peer companies</i>	29 %	33 %	8 %	-1 %
<i>Bloomberg Europe Steel Index</i>	19 %	19 %	5 %	-6 %
Stora Enso	17 %	34 %	25 %	7 %
<i>Peer companies</i>	4 %	11 %	26 %	11 %
<i>Bloomberg W. For. Prod. &amp; Paper Index</i>	13 %	30 %	13 %	4 %
Telia Company	-3 %	5 %	3 %	1 %
<i>Peer companies</i>	1 %	9 %	13 %	4 %
<i>DJ STOXX 600 Telecom. Index</i>	-1 %	1 %	9 %	3 %
Tieto	-4 %	6 %	18 %	11 %
<i>Peer companies</i>	6 %	23 %	24 %	14 %
<i>BE500 Computer Service Index</i>	4 %	19 %	17 %	10 %
Valmet	-3 %	21 %	n/a	n/a
<i>Peer companies</i>	3 %	18 %	n/a	n/a
<i>Bloomberg Europe Mach.-Div. Index</i>	8 %	37 %	n/a	n/a

From the beginning of its listing on 2 January 2014, Valmet's return has been 29%, the median return of the peer companies has been 10% and the return of the benchmark index has been 5%. 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 currency, 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