

ILMARINEN JANUARY– SEPTEMBER 2015

Press Conference 23.10.2015 / Timo Ritakallio, President and CEO



ILMARINEN

DROP IN SHARE PRICES FELT IN INVESTMENT RETURNS

January–September 2015

- Investment return **3.1%**
 - Return on equity investments **5.5%**
 - Return on fixed income investments **0.1%**
 - Return on real estate investments **4.3%**
- Long-term return at a good level
 - Nominal return **5.9%**
 - Real return **4.1%**
- Solvency **28.6%**

KEY OBSERVATIONS ABOUT THE OPERATING ENVIRONMENT

January–September 2015

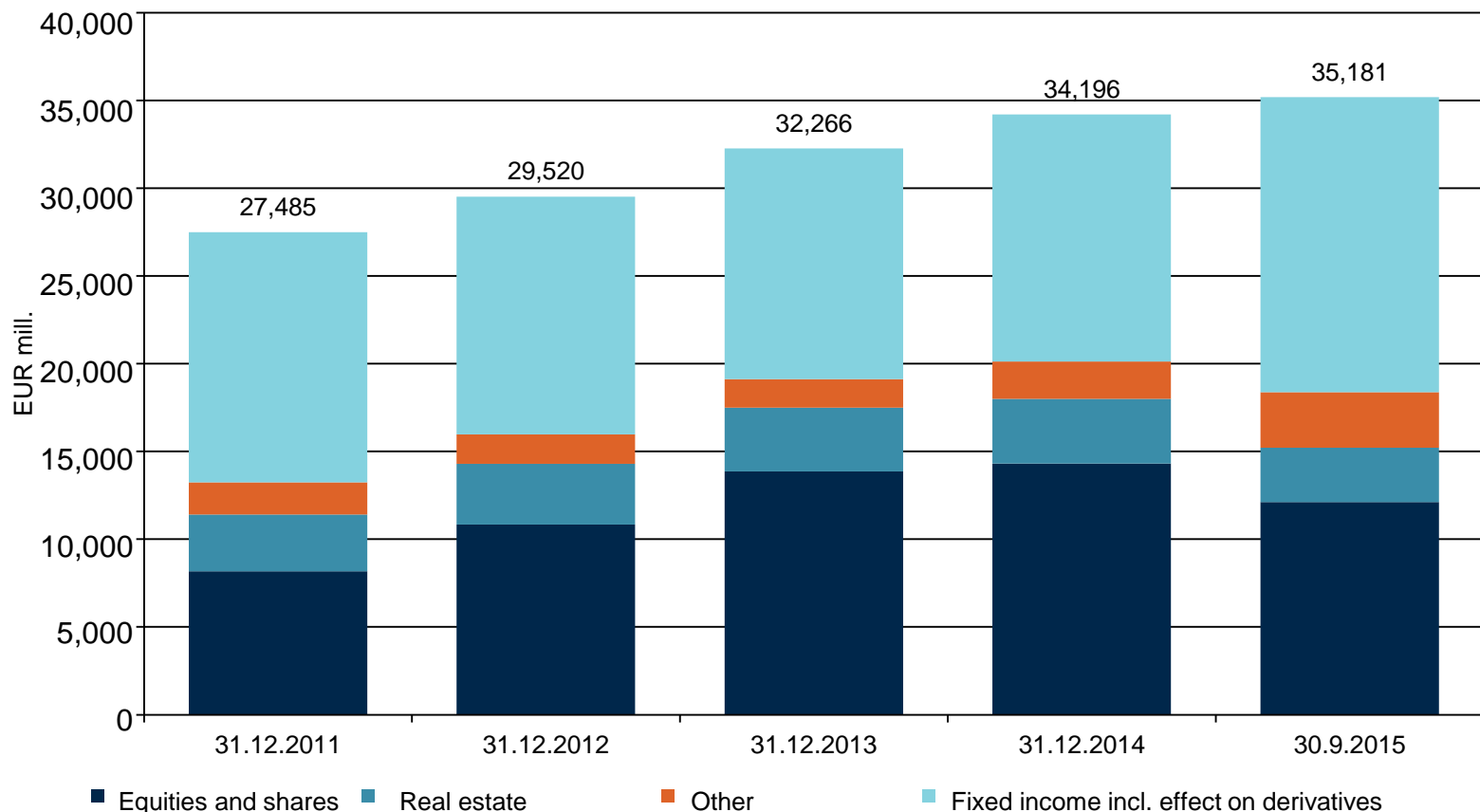
- Equity markets experienced the weakest quarter in four years
- Equity markets were unnerved by concerns over the slowing down of China's economic growth and its repercussions on global economic growth
- Interest rates remained at a low level
- Finland's economic growth remained weak and unemployment rate increased



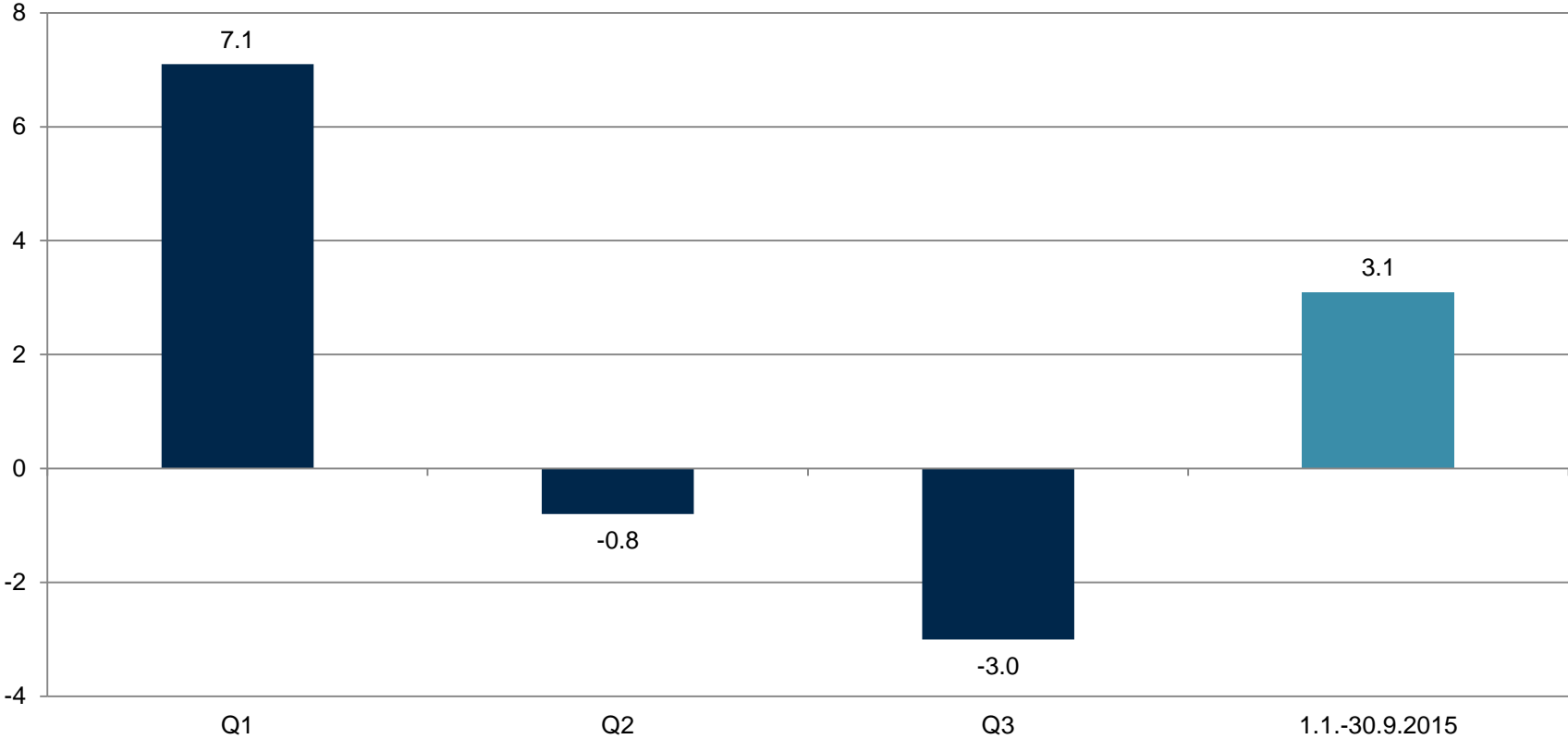
MARKET VALUE OF INVESTMENTS

EUR 35.2 BILLION

Asset allocation according to risk

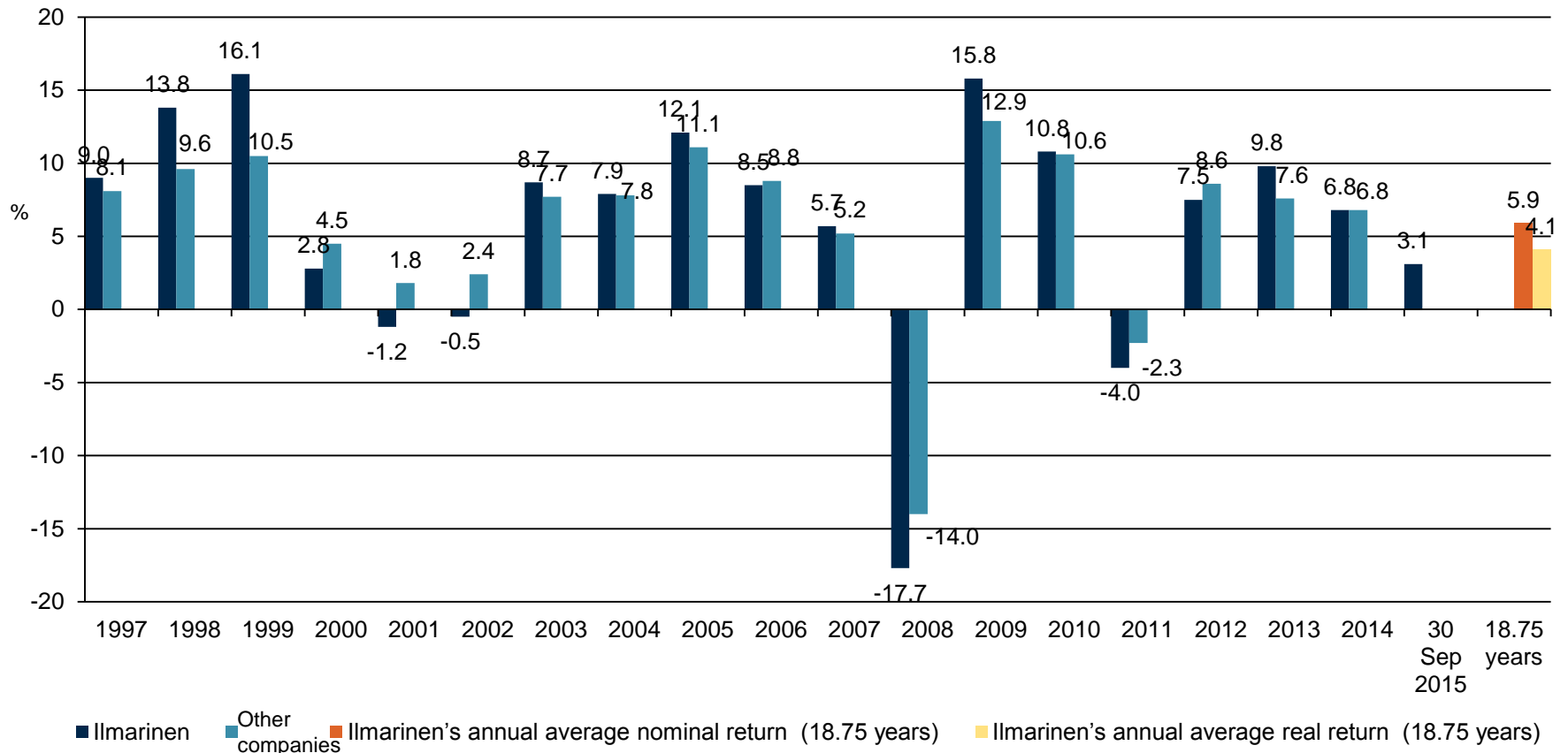


QUARTERLY INVESTMENT RETURNS IN 2015



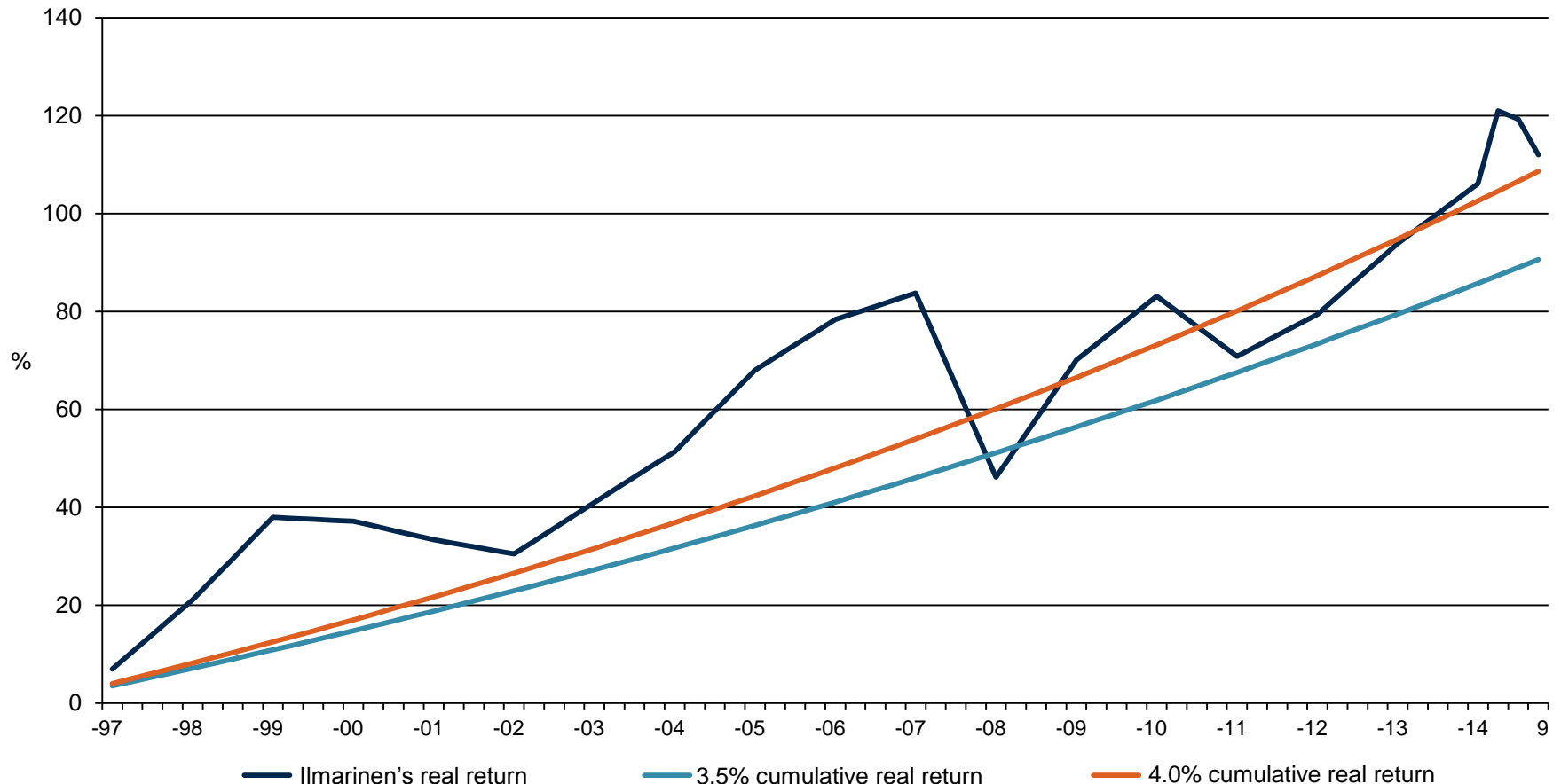
REAL RETURN ON INVESTMENTS IN THE LONG TERM 4.1%

Net investment return at current value



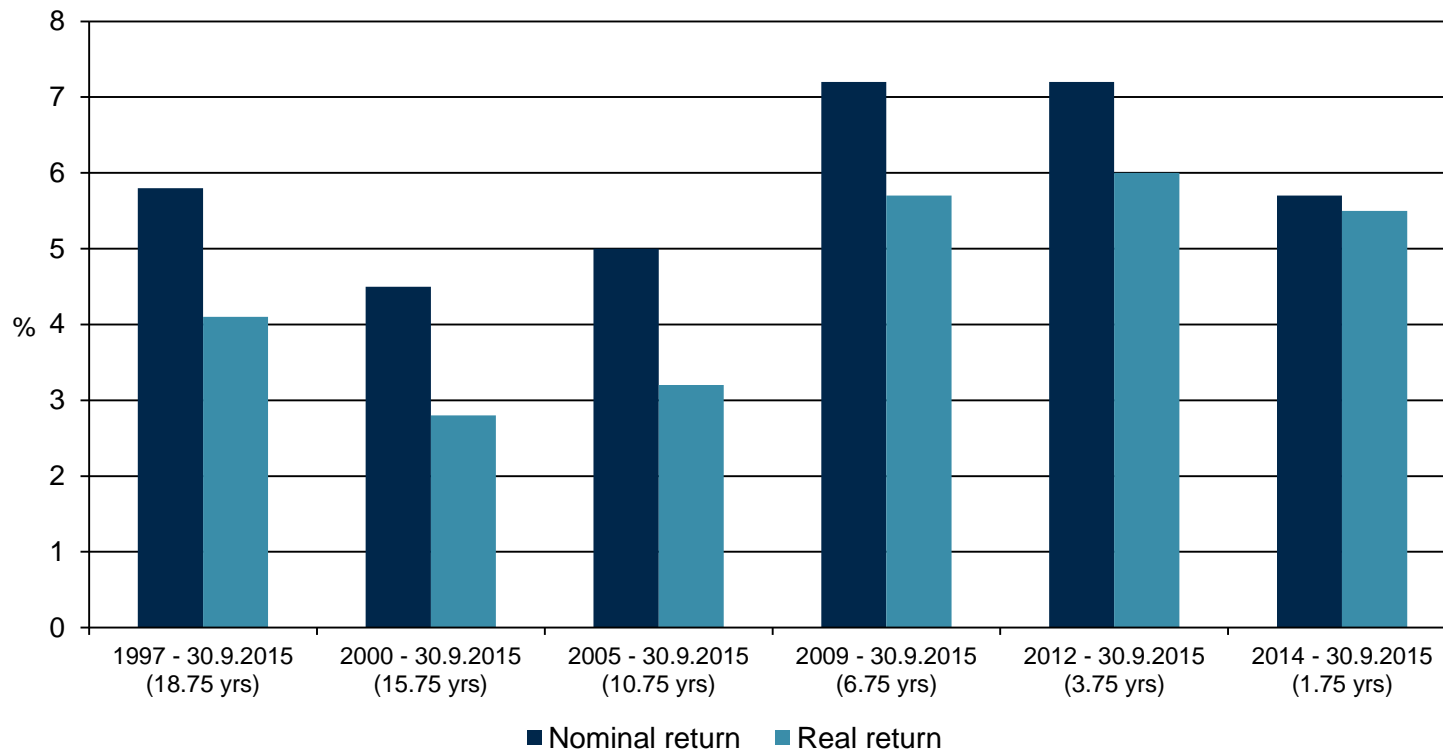
LONG-TERM REAL RETURN REMAINED GOOD

Cumulative return on investments 1997–30 September 2015



VARYING INVESTMENT RETURNS DEPENDING ON PERIOD

Cumulative return on investments 1997–30 September 2015



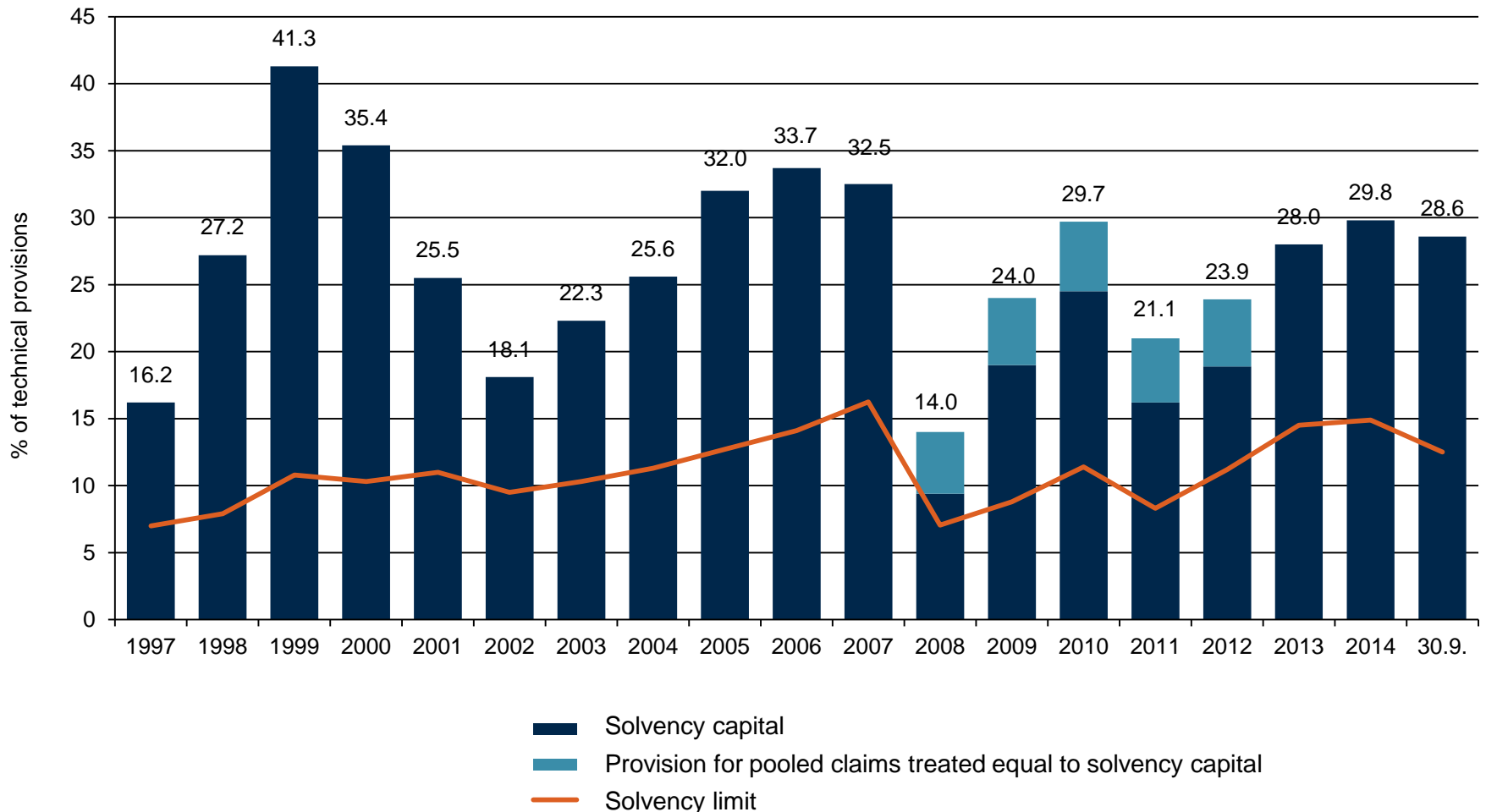
LONG-TERM AVERAGE RETURN

5.9%

%	Ilmarinen	Finnish equities and shares	European equities and shares	Euro government bonds	Euro corporate bonds
9/2015	3.1	3.1	3.9	1.2	-1.9
2014	6.8	10.6	7.2	13.0	8.2
Average return over 5 years	5.2	7.1	9.1	5.3	4.3
Average return over 10 years	4.4	6.2	4.5	4.6	3.8
Average return since 1997	5.9	9.3	6.5	5.4	5.0
Real average return over five years	3.5	5.3	7.3	3.6	2.6
Real average return over 10 years	2.6	4.4	2.7	2.8	2.0
Real average return since 1997	4.1	7.5	4.8	3.7	3.2

SOLVENCY REMAINED GOOD

Solvency development



On 30 Sep 2015, the solvency ratio was 28.6 per cent (ratio of solvency capital to technical provisions). The solvency position was 2.3 times the solvency limit.

INVESTMENT OPERATIONS Q3

Mikko Mursula, CIO

RETURN ON INVESTMENTS

JANUARY–SEPTEMBER 2015 3.1%

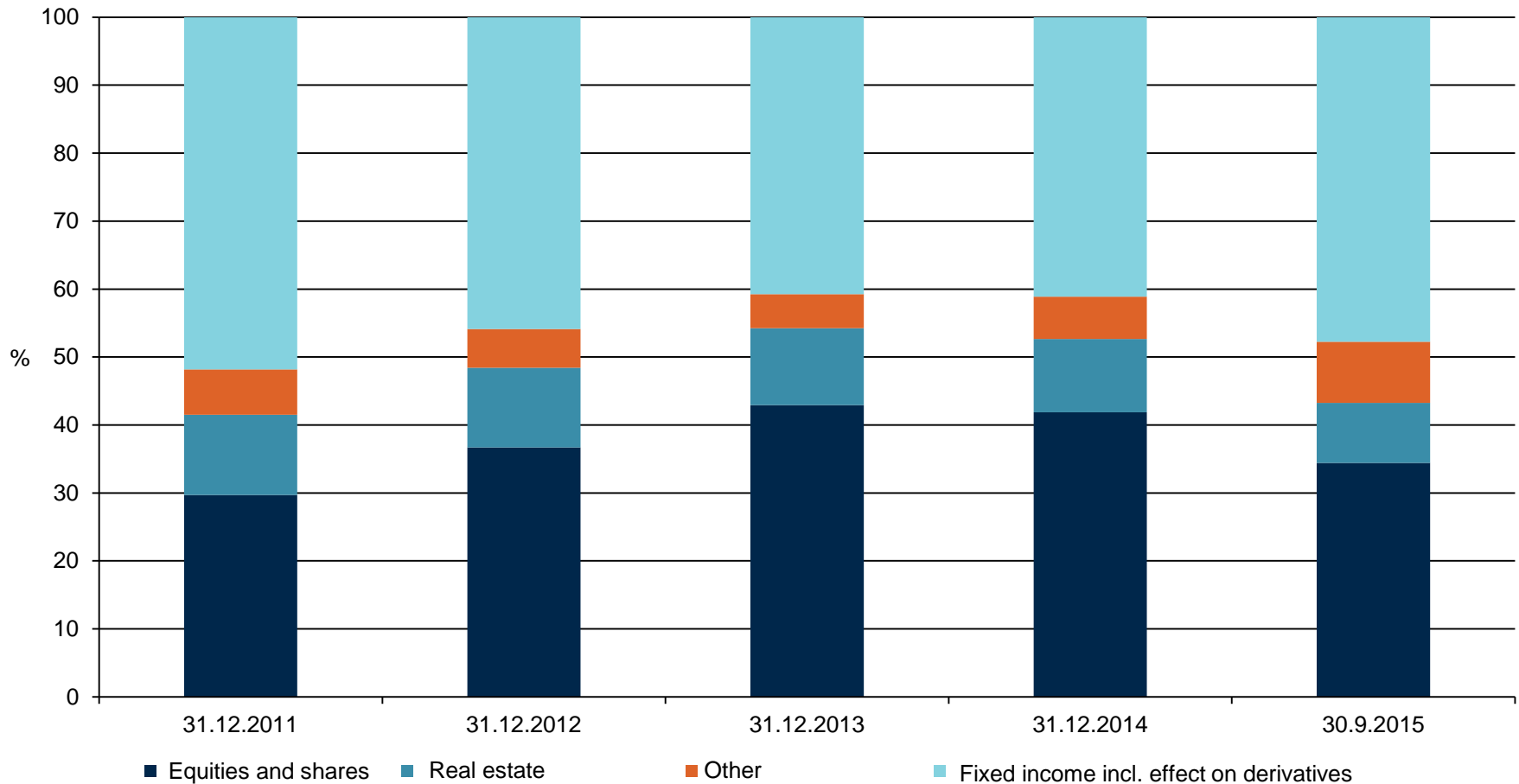
Asset allocation and return

	Basic breakdown		Risk breakdown		Return	Volatility
	EUR mill.	%	EUR mill.	%	%	
Fixed-income investments	17,692.8	50.3	15,664.5	44.5	0.1	
Loan receivables	1,519.8	4.3	1,519.8	4.3	3.2	
Bonds	15,005.8	42.7	11,547.5	32.8	-0.4	1.6
Public corporation bonds	5,093.1	14.5	4,738.4	13.5	-0.9	
Other bonds	9,912.7	28.2	6,809.1	19.4	-0.2	
Other money market instruments and deposits (incl. investment receivables and payables)	1,167.2	3.3	2,597.2	7.4	3.2	
Equities and shares	12,563.4	35.7	12,113.7	34.4	5.5	
Listed equities and shares	9,418.0	26.8	8,968.4	25.5	3.7	12.0
Private equity investments	2,001.7	5.7	2,001.7	5.7	18.7	
Non-listed equities and shares	1,143.7	3.3	1,143.7	3.3	1.4	
Real estate investments	3,103.3	8.8	3,103.3	8.8	4.3	
Real estate investments	2,603.3	7.4	2,603.3	7.4	3.7	
Real estate funds and joint investments	500.0	1.4	500.0	1.4	7.9	
Other	1,821.1	5.2	3,157.8	9.0	13.1	
Hedge fund investments	633.1	1.8	628.4	1.8	10.1	6.7
Commodity investments	-11.2	-0.0	74.9	0.2	-	
Other investments	1,199.2	3.4	2,454.6	7.0	17.3	
Investments total		100.0	34,039.4	96.8	3.1	4.2
Effect of derivatives			1,141.2	3.2		
Investments at current value	35,180.5		35,180.5	100.0		

The modified duration of bond investments is 1.0 year. The total return percentage includes income, expenses and operating expenses not allocated to any investment types.

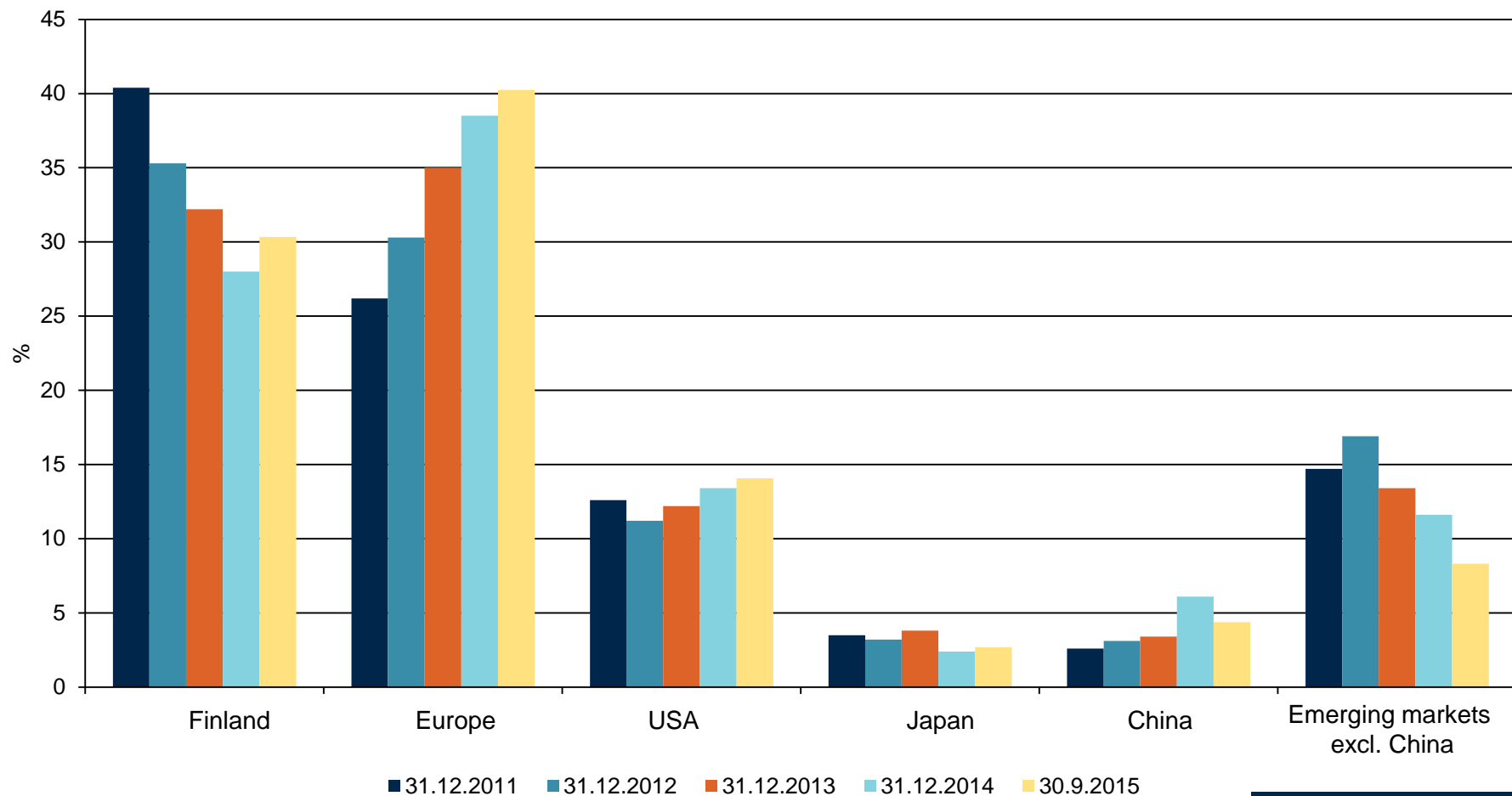
PROPORTION OF EQUITIES AND SHARES DECLINED

Asset allocation development



FINNISH EQUITIES AND SHARES INCREASED

Geographical breakdown of equity investments



FINNISH EQUITY HOLDINGS

EUR 2.9 BILLION

Most significant Finnish equity holdings

EUR mill.	30 Sep 2015	31 Dec 2014
↓ Sampo plcj A	217	223
↓ Nokia Corporation	184	359
↓ Kone Corporation	168	212
↓ Wärtsilä Corporation	141	148
↑ Citycon Oyj	140	117
↑ Neste Corporation	131	73
↑ Stora Enso Oyj	126	79
↓ UPM-Kymmene Corporation	119	176
↑ Nokian Tyres Plc	111	64
↑ Fortum Corporation	85	81

Percentage	30 Sep 2015	31 Dec 2014
Digia Plc	14.58	14.58
↓ PKC Group Oyj	12.19	12.23
↑ Basware Corporation	10.76	10.70
Finnlines Oyj	10.58	10.58
Technopolis Plc	10.41	10.41
Talentum Oyj	9.73	9.73
Sotkamo Silver AB	8.72	8.72
CapMan Plc	8.32	8.32
Martela Corporation	8.07	8.07
↑ Munksjö Oyj	8.03	5.98



*Investment markets and
economic outlook*

CURRENT MARKET TOPICS



- Companies' Q3 net sales and results
 - Pace of economic growth
 - Low interest rate level
 - Low commodity prices
 - Impacts of changes in exchange rates
- Pace of economic deceleration in China
- Central banks' willingness and need for stimulus



PROSPECTS FOR THE REST OF 2015

- The first interest rate hike by the US Federal Reserve will be delayed until 2016
- The European central bank is continuing with its asset-purchase programme. Interest rates will remain low
- Share price volatility will continue, driven by macroeconomic news
- The share price level cannot withstand disappointing earnings or a drastic weakening of global economic growth
- In an environment of low interest rates, real assets continue to be a focus of interest

FOR A BETTER LIFE.

www.ilmarinen.fi/communications

Twitter: [ilmarinen_tweet](https://twitter.com/ilmarinen_tweet)

Blog: www.parempaaelamaa.org