

# INTERIM REPORT JANUARY—MARCH 2018

ILMARINEN

PAREMPAA  
ELÄMÄÄ,  
OLE HYVÄ.

# Q1 IN A NUTSHELL

## January–March 2018

- Integration advancing as planned, new organisation started on 1 March
- Investment return in an unstable market -0.1%
- Solvency at a good level 127.8%
- Measured in premiums written, the customer base grew by EUR 20 million
- Number of pensioners grew to 468,000



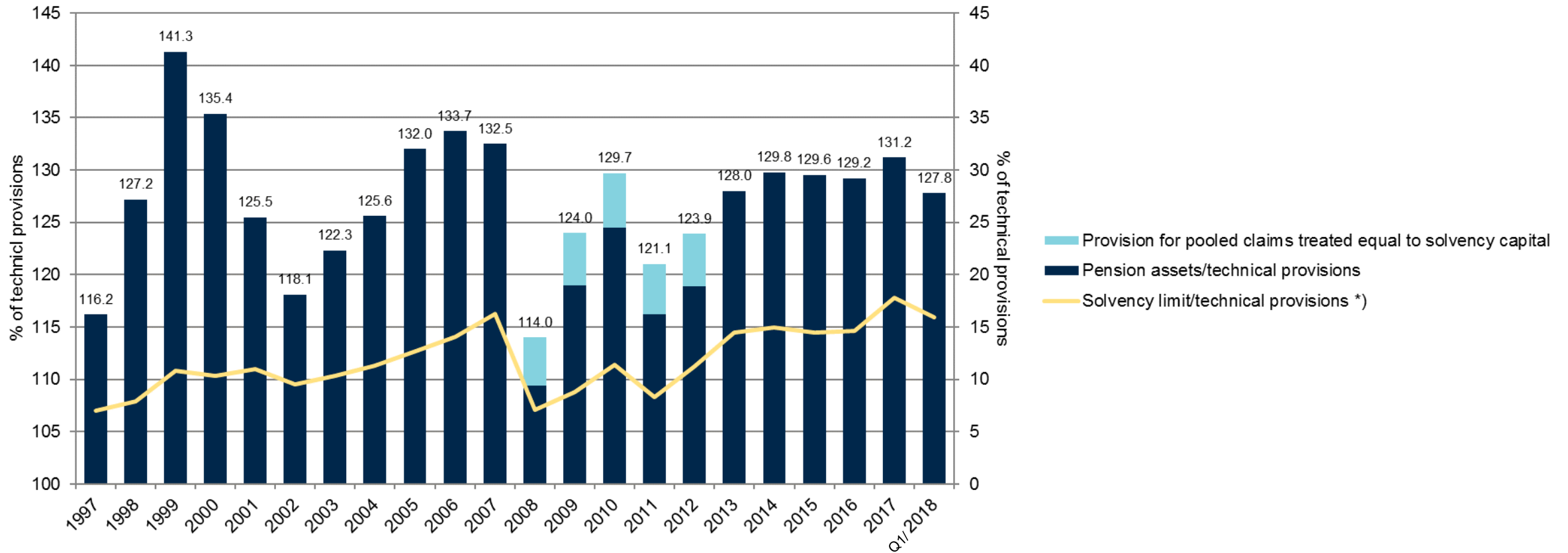
# KEY OBSERVATIONS ABOUT THE OPERATING ENVIRONMENT

January–March 2018

- Global economic growth continued
- Geopolitical uncertainty added to equity market volatility
- No significant changes in interest rate level
- Inflation and inflation expectations remained stable
- Finnish economy going strong



# SOLVENCY STILL AT A GOOD LEVEL



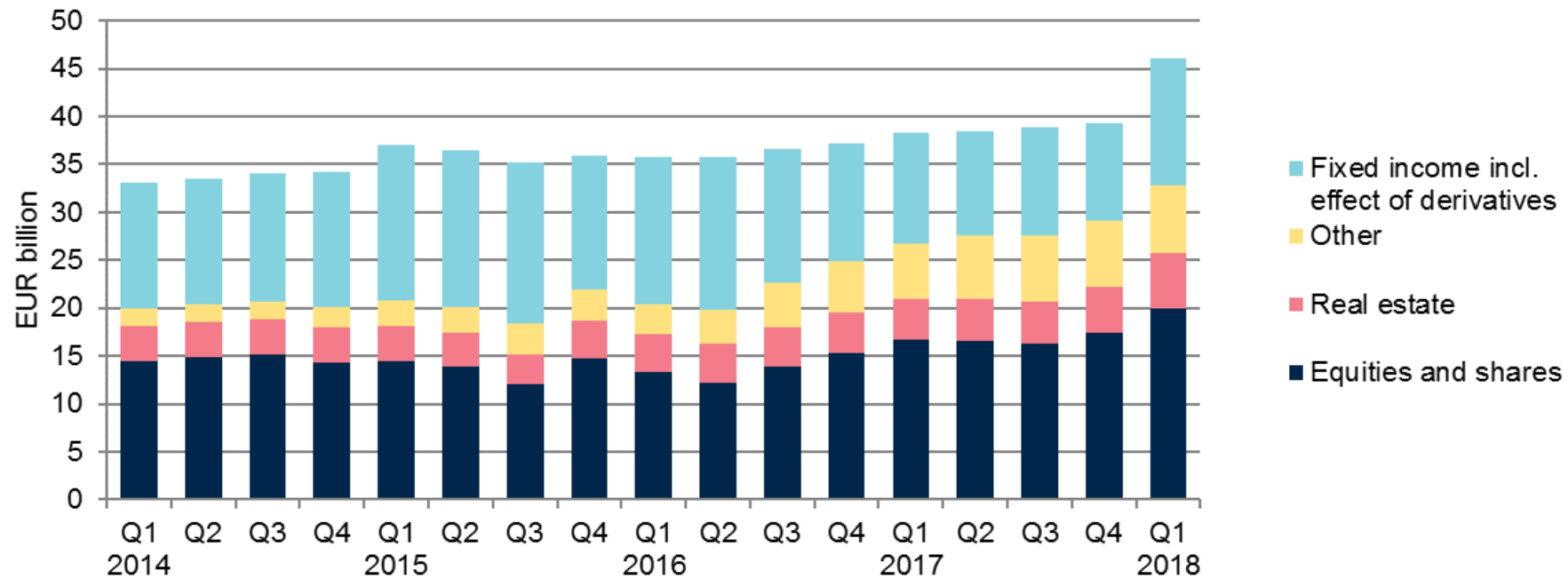
Solvency position was 1.8 (1.8).

Pension assets according to the scale on the left and solvency limit according to the scale on the right.

\*) The solvency limit changed on 1 January 2017 with the introduction of new legislation. The amount of solvency capital remained almost unchanged, but the principles for calculating the solvency limit changed. Consequently, the ratio of solvency capital to the solvency limit, which illustrates the solvency position, decreased.

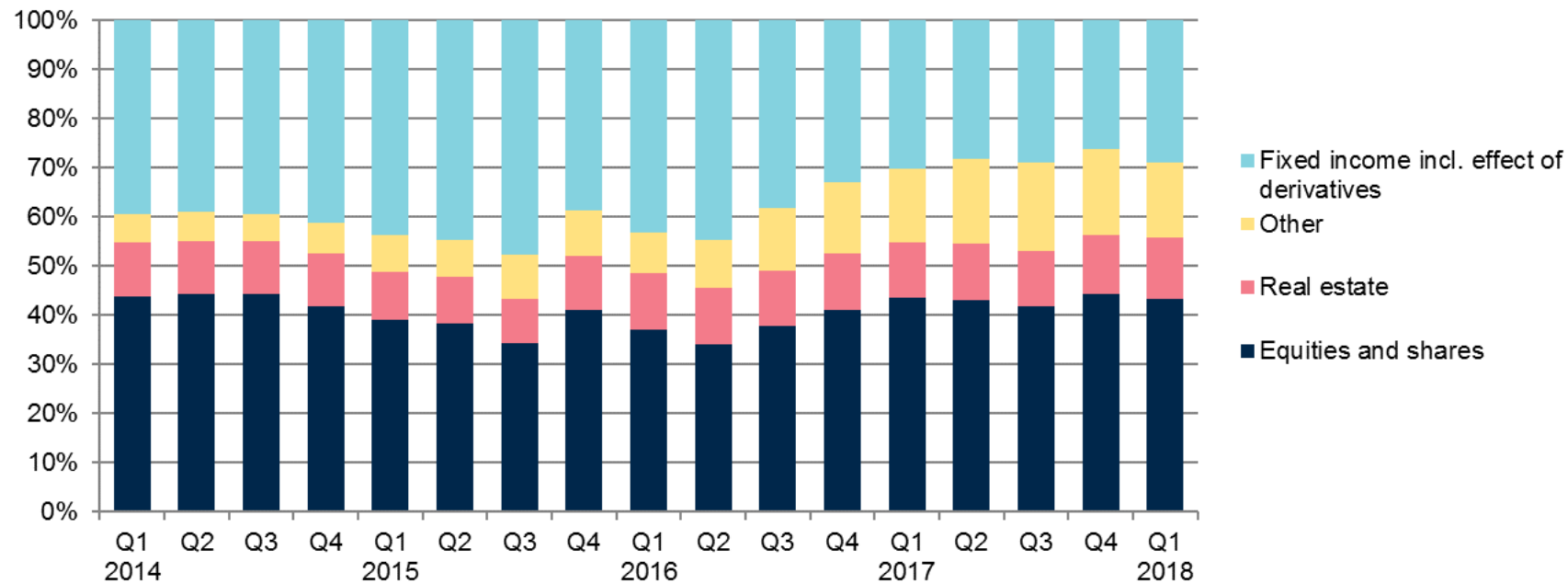
# FOLLOWING THE MERGER, INVESTMENT ASSETS EUR 46 BILLION

Asset allocation according to risk



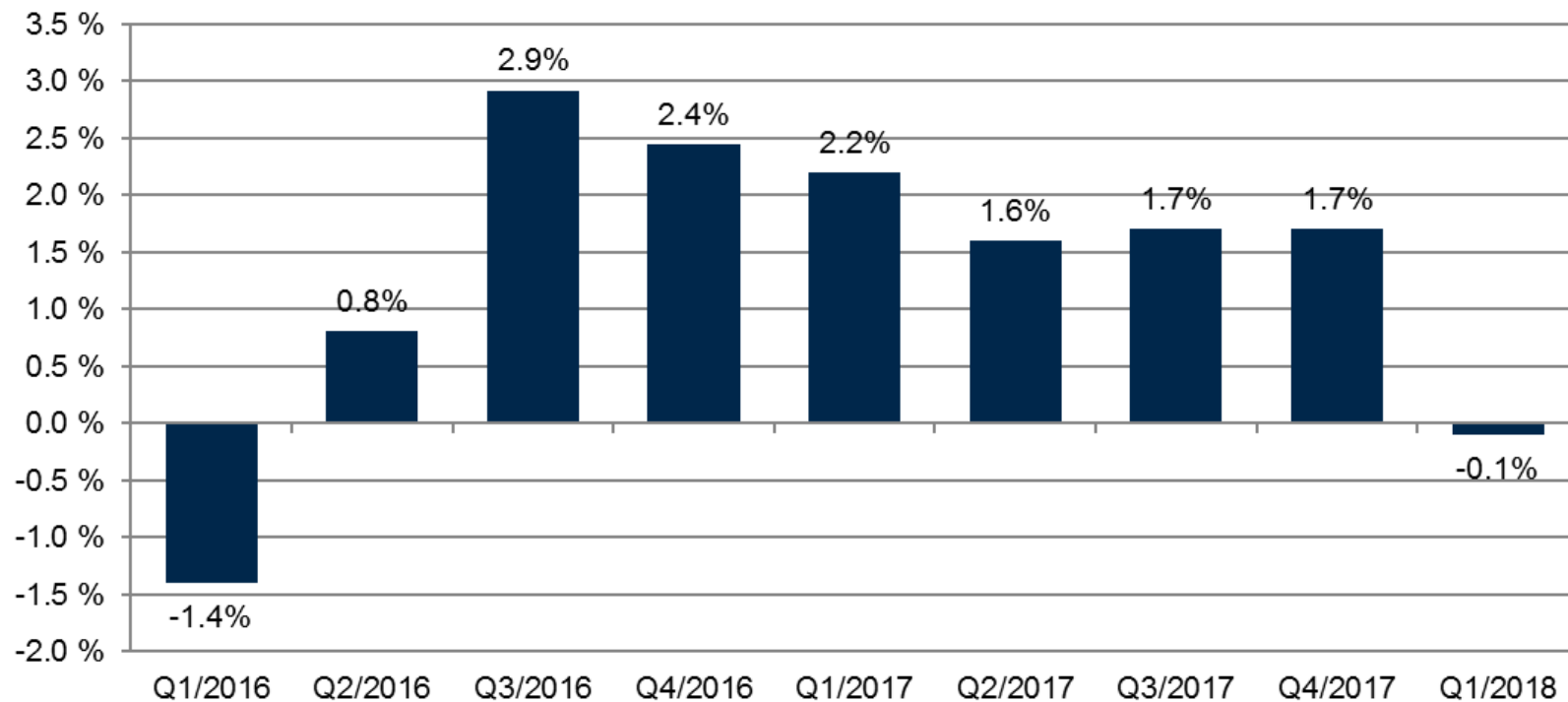
# TOWARDS AN INVESTMENT ALLOCATION IN LINE WITH THE STRATEGY

## Asset allocation development



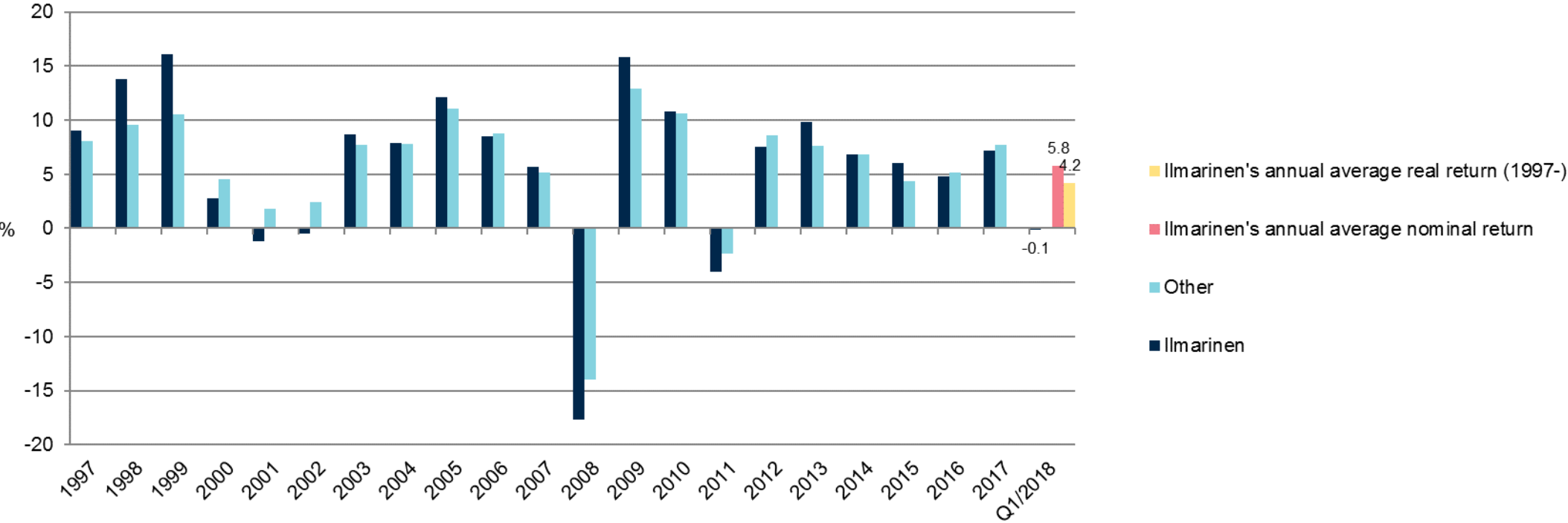
# Q1 RETURN -0.1%, 12-MONTH RETURN 4.8%

## Quarterly investment returns Q1/2016–Q1/2018



# LONG-TERM AVERAGE REAL RETURN 4.2% PER ANNUM

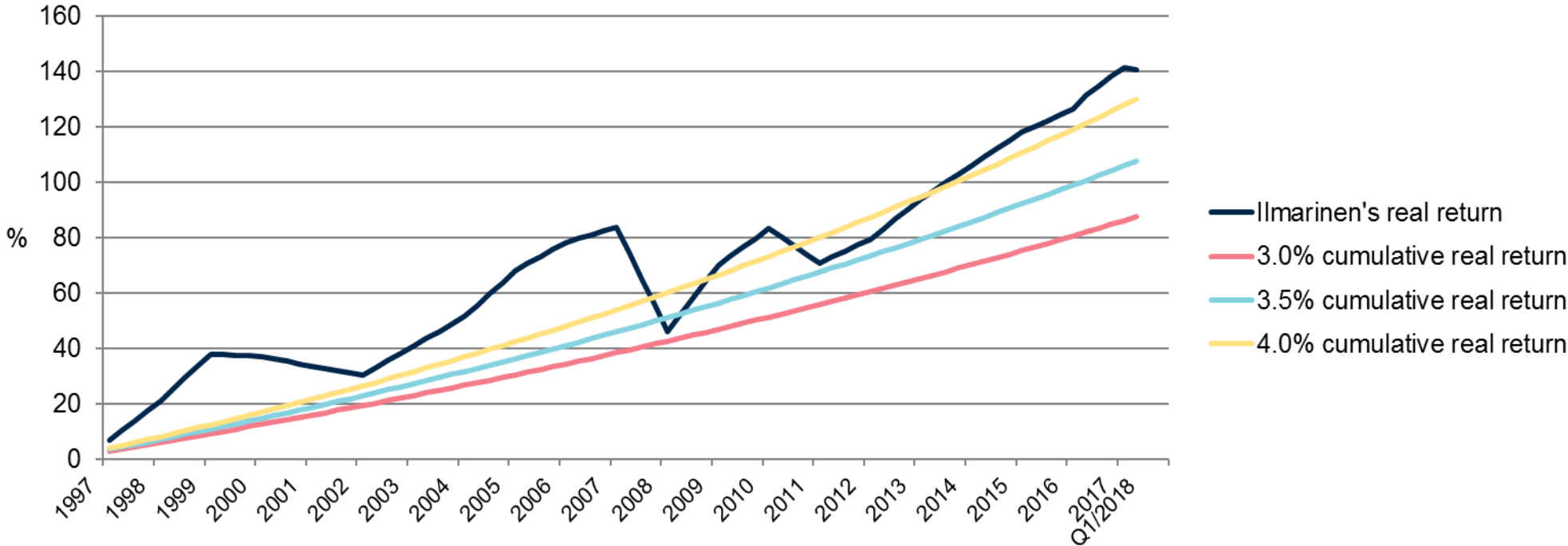
Net investment return at current value





# LONG-TERM REAL RETURN AT A GOOD LEVEL

Cumulative net return on investments 1997–31 March 2018



# COMPARISON BETWEEN ILMARINEN'S AND MARKETS' INVESTMENT RETURNS

## Long-term average returns

%	Ilmarinen	Finnish equities and shares	European equities and shares	Euro government bonds	Euro corporate bonds
Q1/2018	-0.1	3.2	-4.2	1.4	-0.4
2017	7.2	11.5	10.6	0.1	2.4
Average return over 5 years	6.5	15.4	7.7	4.2	3.1
Average return over 10 years	4.7	7.5	5.0	4.7	4.7
Average return since 1997	5.8	10.7	6.9	5.0	4.9
Real average return over 5 years	5.9	14.8	7.1	3.6	2.6
Real average return over 10 years	3.4	6.2	3.7	3.5	3.5
Real average return since 1997	4.2	9.0	5.3	3.4	3.3

# ILMARINEN'S ASSET ALLOCATION AND RETURN

	Basic breakdown		Risk breakdown		Return	Volatility
	EUR mill.	%	EUR mill.	%	%	
<b>Fixed-income investments</b>	<b>18,522.2</b>	<b>40.2</b>	<b>10,332.5</b>	<b>22.4</b>	<b>0.4</b>	
Loan receivables	948.6	2.1	948.6	2.1	0.8	
Bonds	16,349.7	35.5	7,503.1	16.3	0.2	1.2
Public corporation bonds	6,244.3	13.6	2,615.8	5.7	0.7	
Other bonds	10,105.4	21.9	4,887.3	10.6	0.0	
Other money market instruments and deposits (incl. investment receivables and payables)	1,223.9	2.7	1,880.8	4.1	1.4	
<b>Equities and shares</b>	<b>19,533.5</b>	<b>42.4</b>	<b>19,960.1</b>	<b>43.3</b>	<b>-0.8</b>	
Listed equities and shares	15,342.8	33.3	15,769.4	34.2	-1.6	6.3
Private equity investments	3,150.8	6.8	3,150.8	6.8	3.1	
Non-listed equities and shares	1,039.9	2.3	1,039.9	2.3	0.3	
<b>Real estate investments</b>	<b>5,818.9</b>	<b>12.6</b>	<b>5,818.9</b>	<b>12.6</b>	<b>1.3</b>	
Real estate investments	5,187.2	11.3	5,187.2	11.3	0.8	
Real estate funds and joint investments	631.6	1.4	631.6	1.4	5.3	
<b>Other</b>	<b>2,209.0</b>	<b>4.8</b>	<b>6,985.3</b>	<b>15.2</b>	<b>-0.9</b>	
Hedge fund investments	1,242.6	2.7	1,242.6	2.7	-0.4	4.3
Commodity investments	2.7	0.0	71.4	0.2	-	
Other investments	963.7	2.1	5,671.3	12.3	-2.9	
<b>Investments total</b>	<b>46,083.5</b>	<b>100.0</b>	<b>43,096.7</b>	<b>93.5</b>	<b>-0.1</b>	<b>2.2</b>
Effect of derivatives			2,986.8	6.5		
<b>Investments at current value</b>	<b>46,083.5</b>		<b>46,083.5</b>	<b>100.0</b>		

The modified duration of bond investments is 0.9 years.

The open currency position is 23.3% of the market value of the investments.

The total return percentage includes income, expenses and operating expenses not allocated to any investment types.

# ILMARINEN'S INVESTMENTS IN FINLAND

## CLOSE TO EUR 12 BILLION

- Our investments in Finland account for more than 25% of our total investment assets

Equity investments in  
Finnish companies

- Listed **EUR 3.8 bill.**
- Non-listed **EUR 1.2 bill.**



Real estate investments  
in Finland **EUR 4.7 bill.**



Loans to Finnish  
companies **EUR 0.9 bill.**

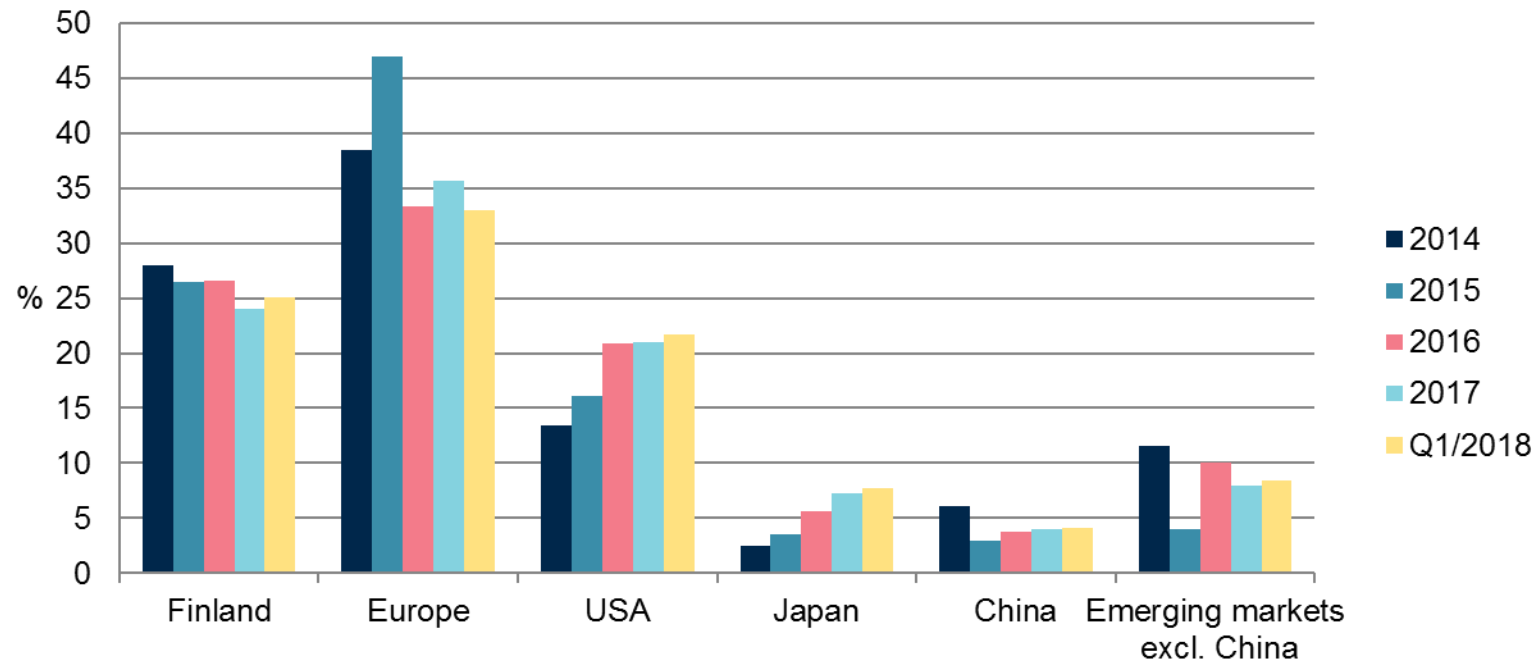


Bonds  
**EUR 1.0 bill.**



# 25% OF EQUITY INVESTMENTS IN FINLAND

## Geographical breakdown of listed equities



# HOLDINGS IN FINNISH LISTED COMPANIES

## EUR 3.8 BILLION

Most significant Finnish listed equity holdings

EUR million	31 March 2018	31 Dec 2017
Stora Enso Oyj	307	246
UPM-Kymmene Corporation	284	182
Neste Corporation	248	250
Wärtsilä Corporation	211	157
Sampo Plc	188	169
Kone Corporation	186	187
Nokia Corporation	162	123
Fortum Corporation	124	102
Nokian Tyres Plc	124	111
Citycon Oyj	116	136

Percentage	31 March 2018	31 Dec 2017
Nurminen Logistics Plc	19.84	19.84
Talenom Plc.	17.19	0.00
Digia Plc	14.59	14.59
QT Group Plc	10.98	14.28
Consti Yhtiöt Plc	9.93	3.96
Panostaja Oyj	8.11	0.00
Martela Corporation	8.07	8.07
Incap Corporation	7.61	7.61
CapMan Plc	7.45	7.48
Glaston Corporation	7.15	0.00