

FINANCIAL STATEMENTS 2014: PRELIMINARY INFORMATION

Press conference 30 January 2015

President and CEO Harri Sailas



ILMARINEN

ILMARINEN'S KEY FIGURES FOR 2014

(Preliminary information)

- Return on investments: 6.8 per cent
- Value of investment assets: EUR 34.2 billion
- Long-term investment return:
 - Annual nominal return 5.9 per cent
 - Annual real return 4.1 per cent
- Solvency capital: EUR 7.9 billion
- Solvency ratio: 29.8 per cent
- Solvency position: 2.0 times the solvency limit
- Net sales of pension insurance: EUR 97.6 million
- Client bonuses: EUR 93 million

OPERATING ENVIRONMENT IN 2014

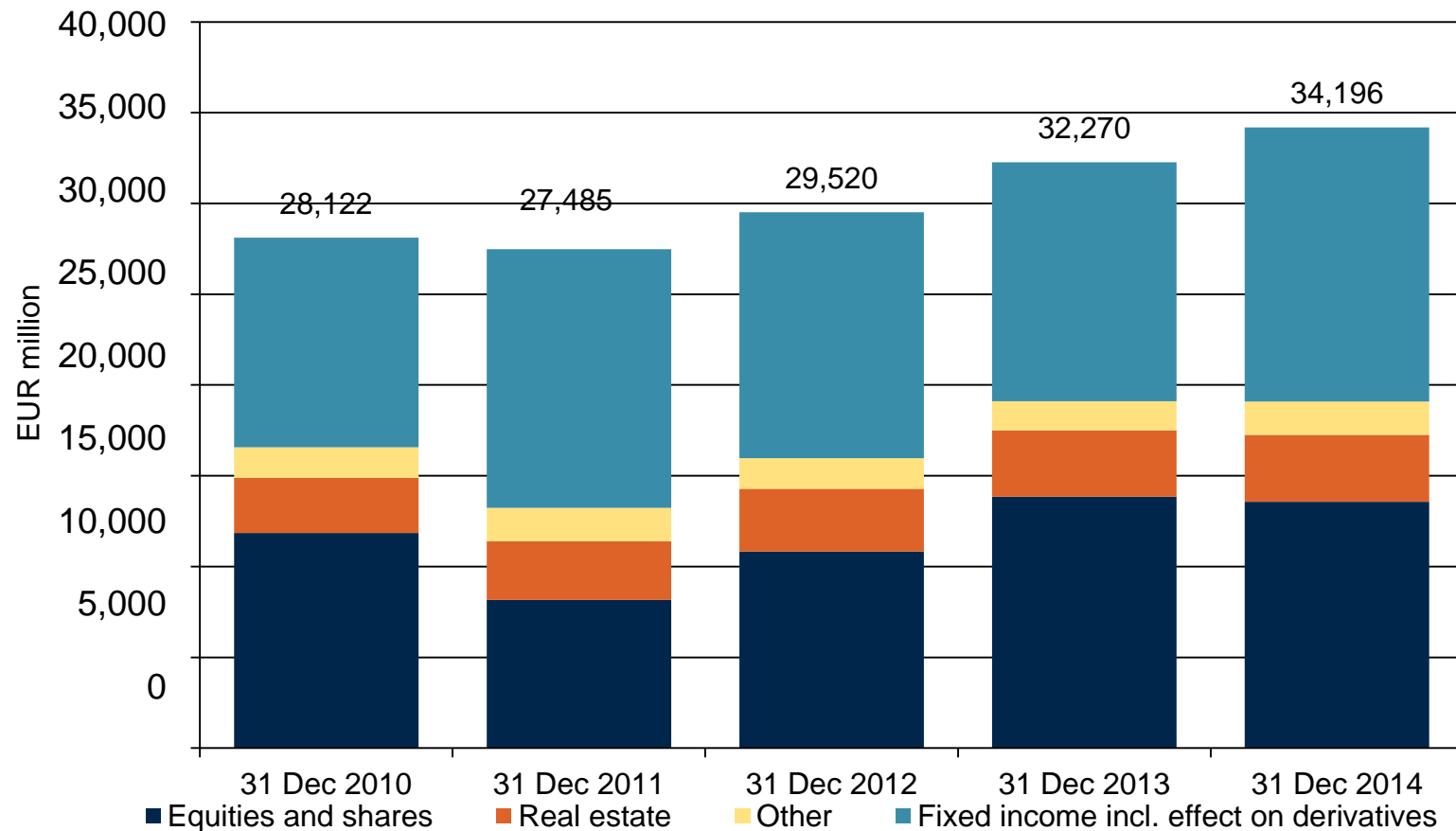
- Global economic growth was weaker than expected. Geopolitical conflicts impacted economic development. Despite this, the year was a good one for pension investors.
- Europe's economic situation remained difficult and the threat of deflation was real. The ECB's quantitative easing measures were welcome and dimensioned correctly.
- Finland continued to suffer from a downturn. Payroll and employment development weakened.
- In the pension negotiations, the labour market organisations came to an agreement on extensive structural reforms that will lengthen careers, improve the sustainability of the earnings-related pension system and help to reduce the public sector sustainability gap.
- Also at Ilmarinen the pension expenditure rose higher than premiums written. This means that the importance of investment returns will be highlighted in the funding of pensions.



MARKET VALUE OF INVESTMENTS OVER EUR 34 BILLION

(Preliminary information)

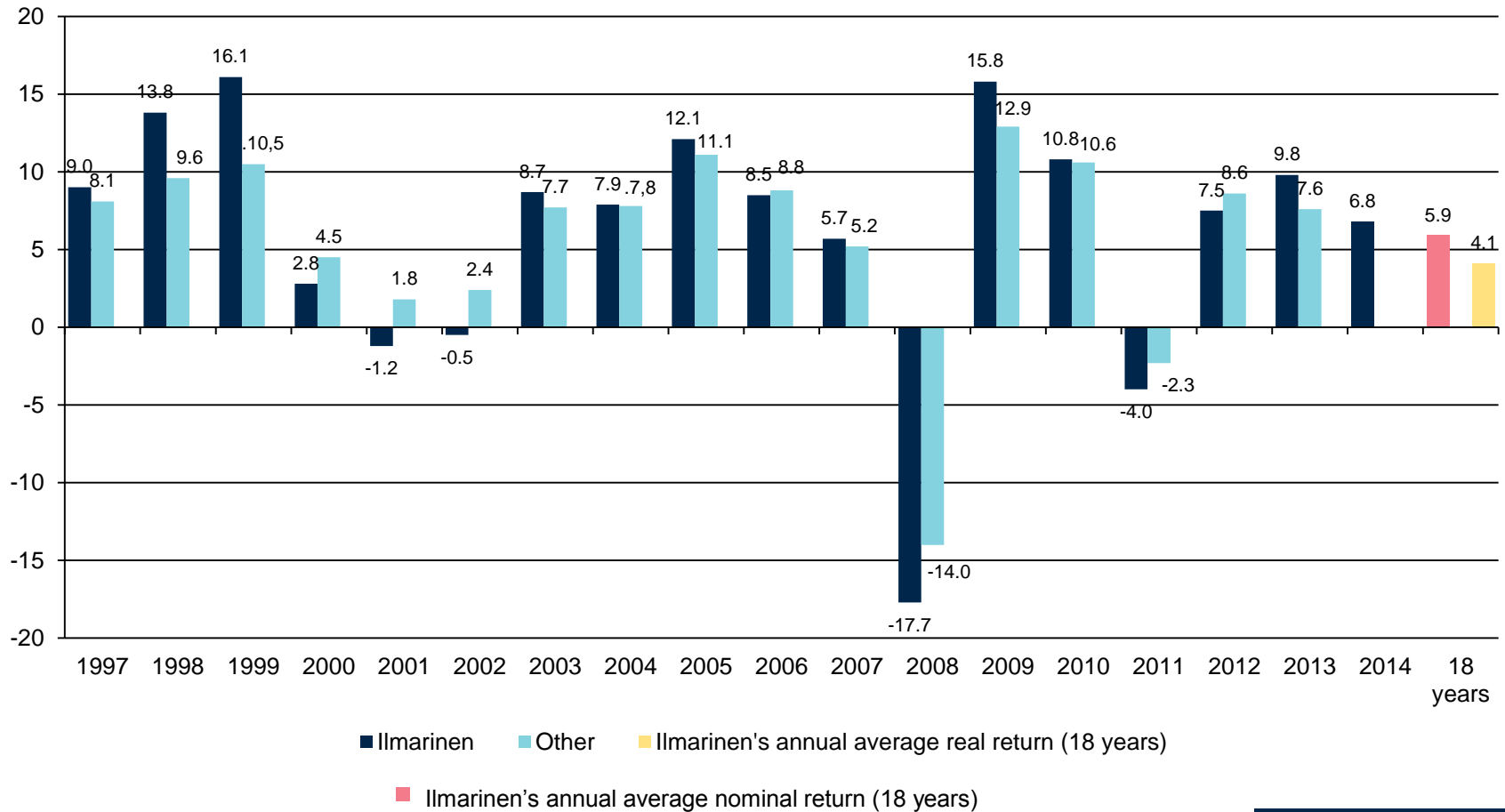
Asset allocation according to risk



REAL RETURN ON INVESTMENTS IN THE LONG TERM 4.1%

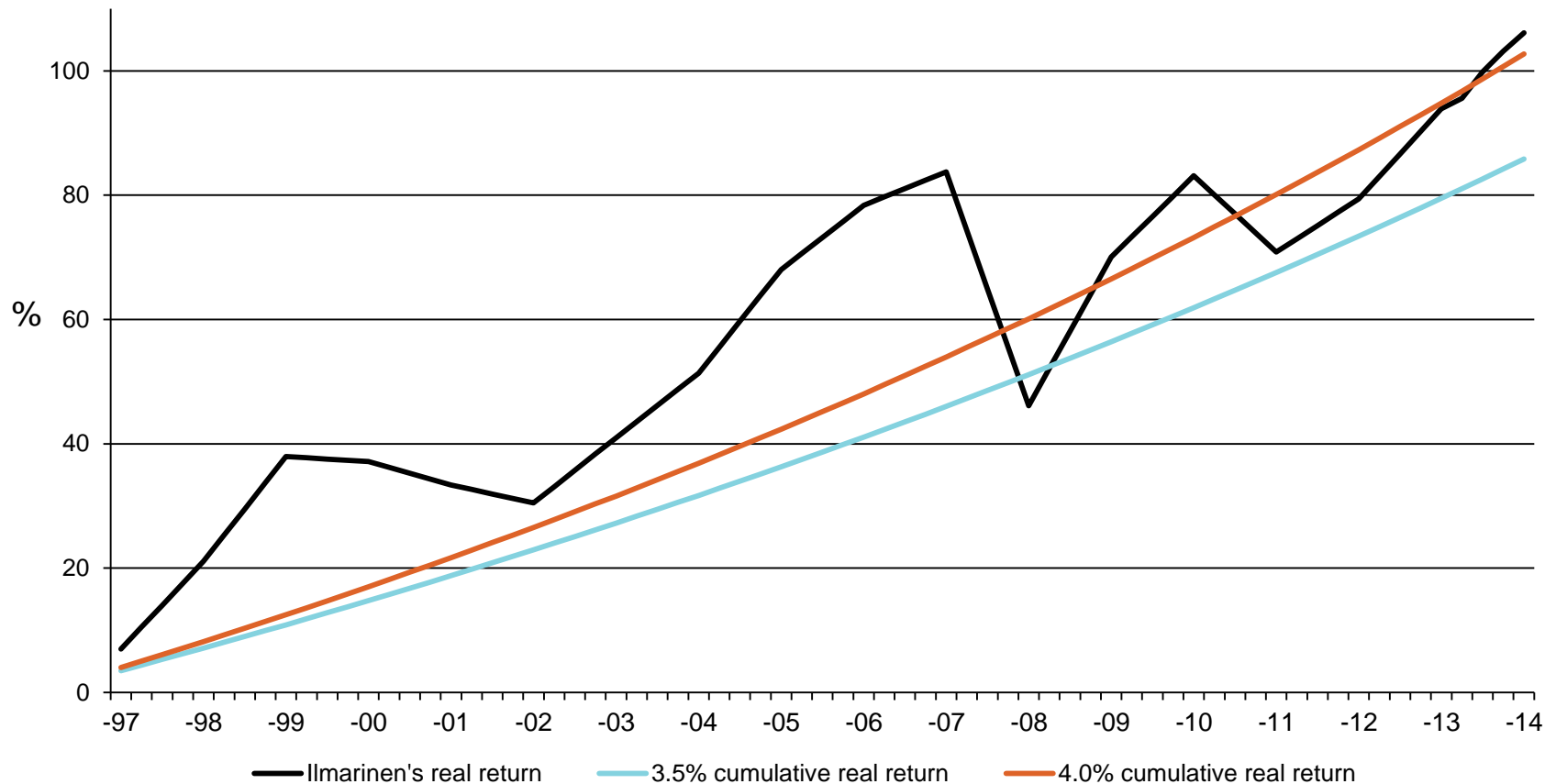
(Preliminary information)

Net investment return at current value



RETURN ON INVESTMENTS ON 4 PER CENT TREND

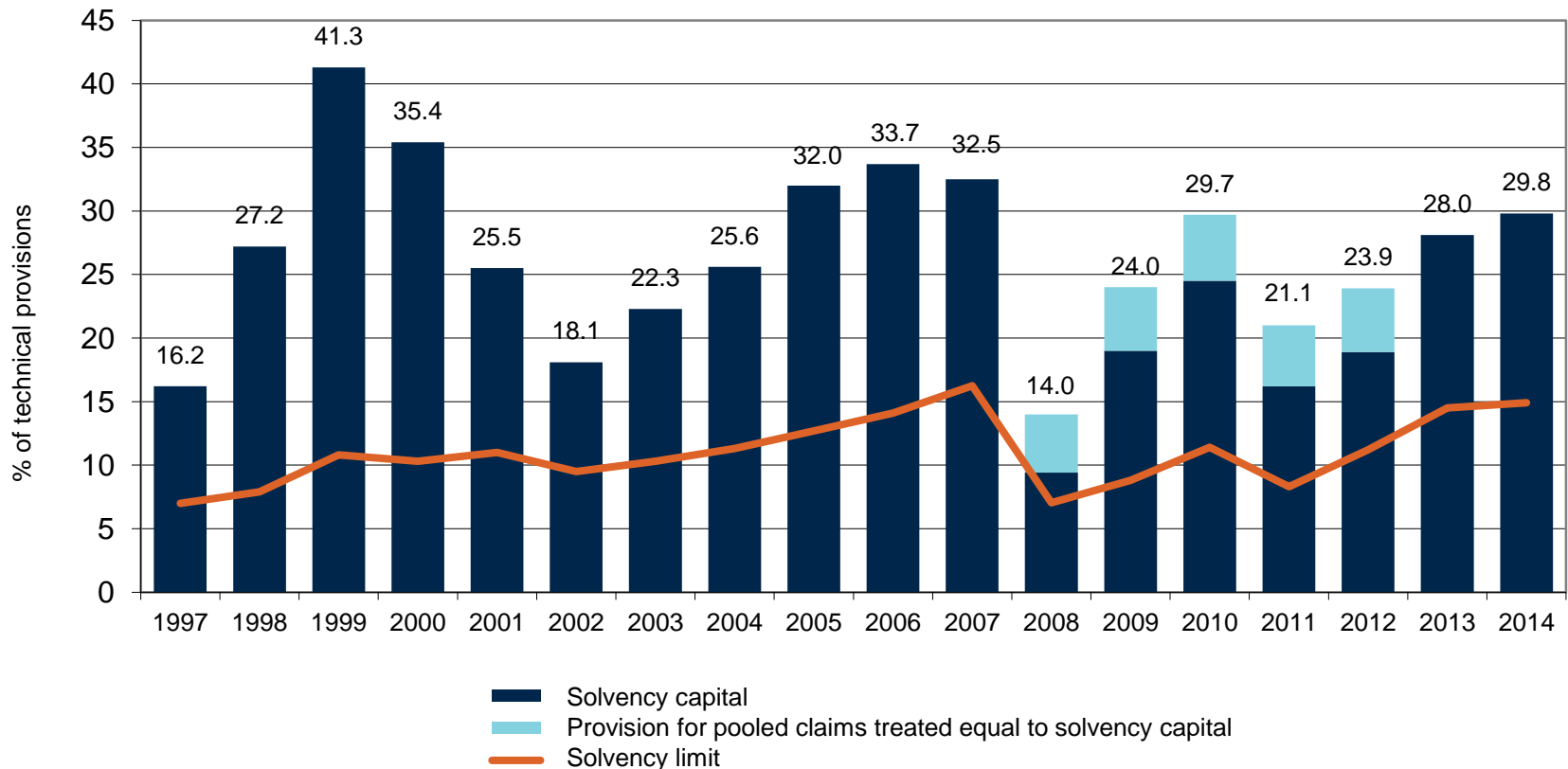
Cumulative net return on investments 1997–2014



SOLVENCY STRENGTHENED

(Preliminary information)

Solvency development



On 31 December 2014, the solvency ratio was 2.0 times the solvency limit (31 Dec. 2013: 1.9).

INVESTMENT RESULT AND MARKET OUTLOOK

Deputy CEO Timo Ritakallio



ILMARINEN

KEY OBSERVATIONS CONCERNING INVESTMENTS IN 2014

- Geopolitical crises created an uncertain investment environment.
- Return on equity investments was good in all key markets.
- Interest rate level and credit risk margins sank to a record-low level.
- Return on domestic real estate investments declined due to an increase in office premise vacancy rates.



RETURN ON INVESTMENTS 6.8%

Asset allocation and return

	Basic breakdown		Risk breakdown		Return	Volatility
	EUR mill.	%	EUR mill.	%	%	
Fixed-income investments	15,109.9	44.2	13,799.6	40.4	2.4	
Loan receivables						
Bonds	1,473.8	4.3	1,473.8	4.3	4.3	
Public corporation bonds	12,714.1	37.2	4,677.7	13.7	1.7	1.7
Other bonds	5,026.0	14.7	2,829.9	8.3	4.3	
Other money market instruments and deposits (incl. investment receivables and payables)	7,688.1 922.0	22.5 2.7	1,847.8 7,648.1	5.4 22.4	0.0 9.0	
Equities and shares	13,568.3	39.7	14,319.8	41.9	10.9	
Listed equities and shares	10,708.1	31.3	11,459.6	33.5	9.8	8.1
Private equity investments	1,677.6	4.9	1,677.6	4.9	16.3	
Unlisted equities and shares	1,182.6	3.5	1,182.6	3.5	14.0	
Real estate investments	3,681.3	10.8	3,681.3	10.8	5.4	
Real estate investments	3,189.6	9.3	3,189.6	9.3	4.9	
Real estate funds and joint investments	491.8	1.4	491.8	1.4	8.5	
Other	1,836.0	5.4	2,130.1	6.2	17.7	
Hedge fund investments	522.3	1.5	522.3	1.5	6.8	
Commodity investments	-0.2	0.0	59.9	0.2	-	3.7
Other investments	1,313.9	3.8	1,547.9	4.5	-	
Investments total		100.0	33,930.8	99.2	6.8	3.0
Effect of derivatives			264.7	0.8		
Investments at current value	34,195.5		34,195.5	100.0		

The modified duration of bond investments is -0.9 year. The total return percentage includes income, expenses and operating expenses not allocated to any investment types.

REAL RETURN FOR PAST FIVE YEARS **3.9%**

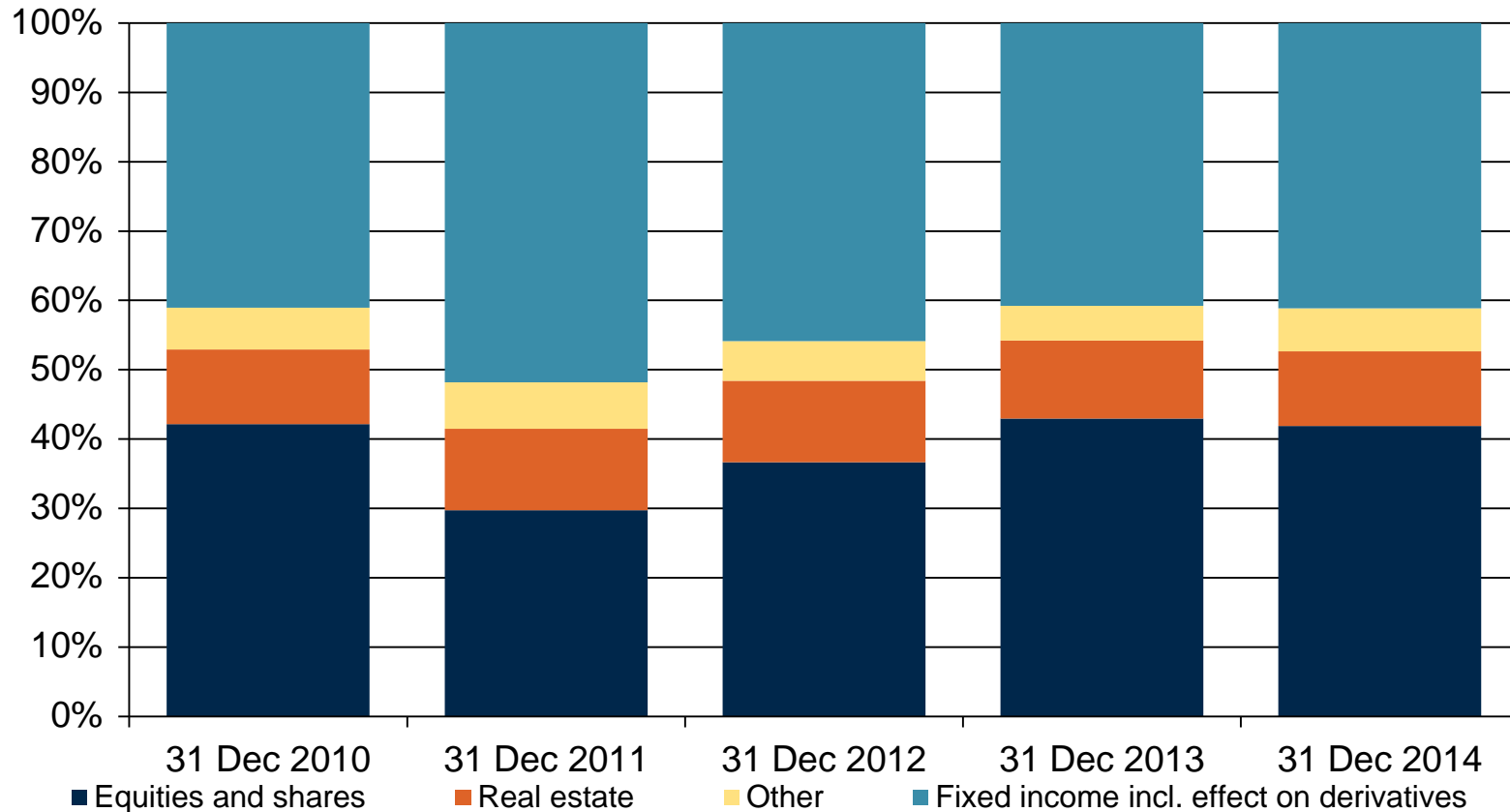
(Preliminary information)

%	Ilmarinen	Finnish equities and shares	European equities and shares	Euro government bonds	Euro corporate bonds
2014	6.8	10.6	7.2	13.0	8.2
2013	9.8	31.6	20.8	2.2	2.2
Average return over five years	6.0	10.4	9.3	6.0	6.0
Average return over 10 years	5.1	8.9	6.2	5.0	4.5
Average return since 1997	5.9	9.5	6.6	5.6	5.3
Real average return over five years	3.9	8.2	7.1	3.9	3.9
Real average return over 10 years	3.1	6.9	4.2	3.1	2.6
Real average return since 1997	4.1	7.7	4.8	3.8	3.5

EQUITIES AND SHARES UNCHANGED

Asset allocation according to risk

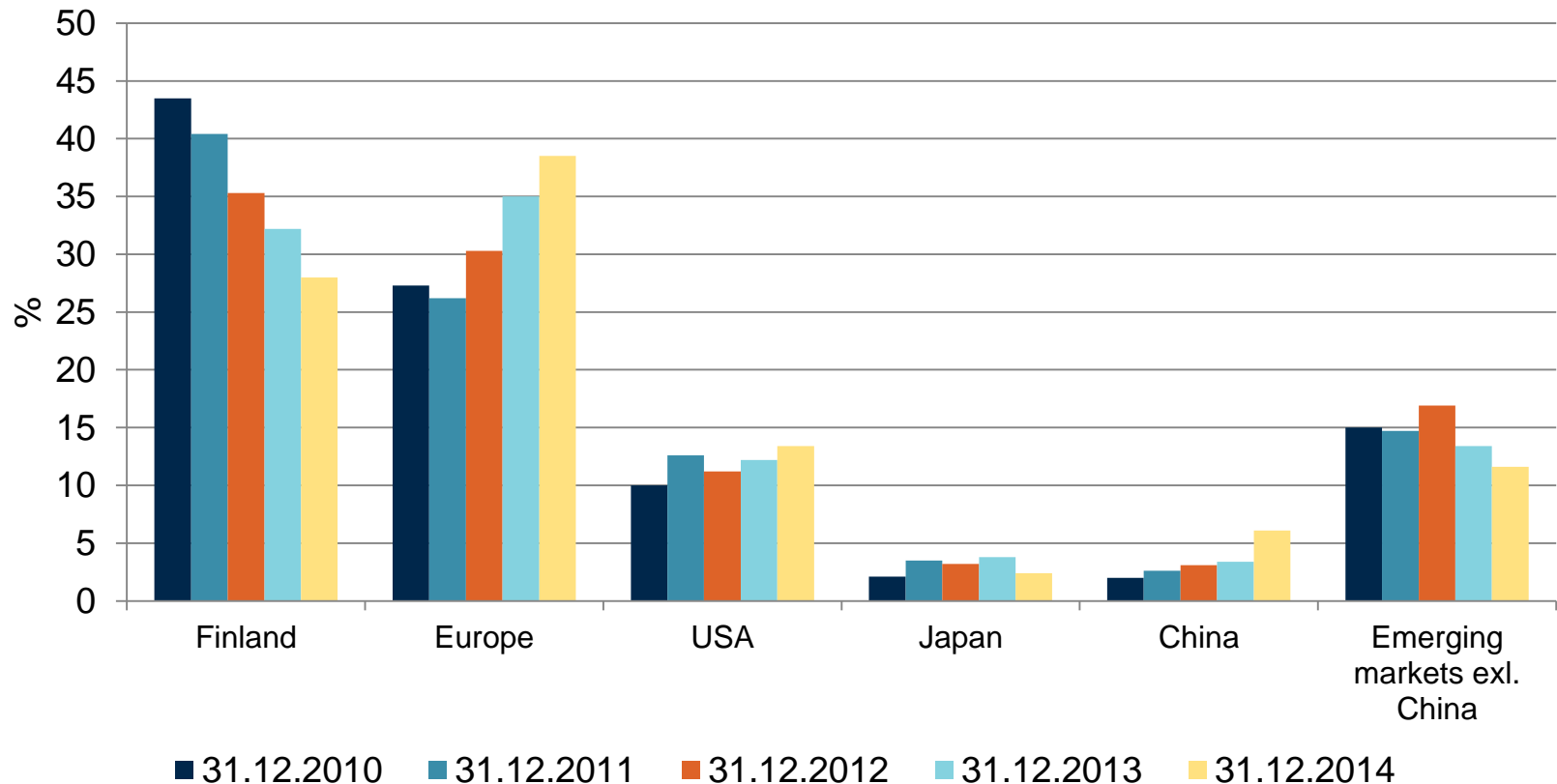
(Preliminary information)



EUROPEAN AND CHINESE EQUITIES & SHARES INCREASING

(Preliminary information)

Geographical breakdown of listed equities by market values



FINNISH EQUITY HOLDINGS

EUR 3.0 BILLION

Most significant Finnish equity holdings

EUR million	31 Dec 2014	31 Dec 2013
↑ Nokia Corporation	359.0	351.2
↑ Sampo plc A	222.7	151.4
↑ Kone Corporation B	212.4	196.0
↑ UPM-Kymmene Corporation	176.0	127.3
↑ Wärtsilä Corporation	147.6	111.9
↑ Metso Corporation	124.3	94.3
↑ Citycon Oyj	116.8	101.0
↑ Finnlines plc	87.2	40.9
↓ Fortum Corporation	80.6	122.3
↑ Huhtamäki Oyj	74.5	60.9

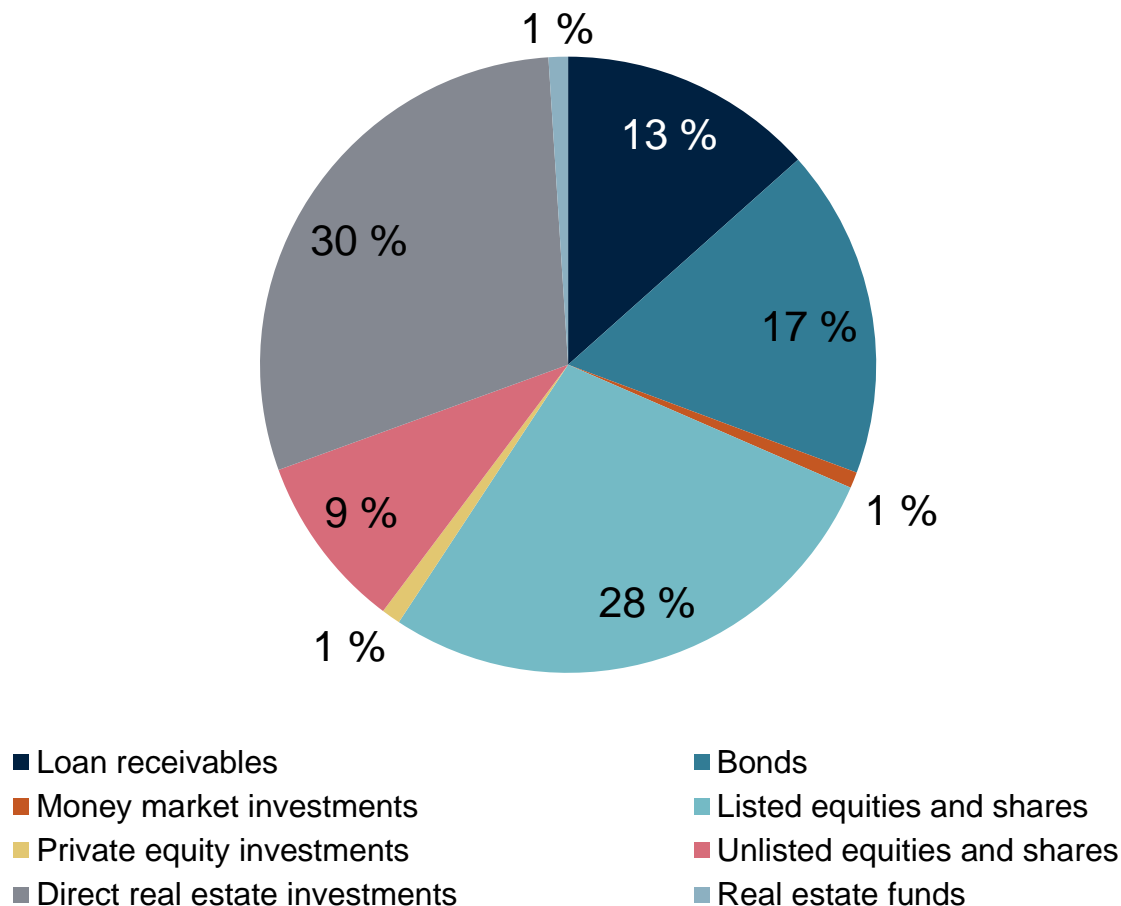
Percentage	31 Dec 2014	31 Dec 2013
↑ Digia Plc	14.58	9.55
↑ PKC Group Plc	12.23	10.97
↓ Basware Corporation	10.70	11.30
Suominen Corporation	10.66	10.66
Finnlines Oyj	10.58	10.58
↓ Technopolis Plc	10.41	10.44
Talentum Plc	9.73	9.73
↓ Tikkurila Oyj	8.75	10.25
↑ Sotkamo Silver Ab	8.72	8.48
↓ CapMan Plc	8.32	8.42

INVESTMENTS IN FINLAND

EUR 10.8 BILLION

EUR mill.	Finland	Total	%
Loan receivables	1,448.5	1,473.8	98.3%
Bonds	1,867.3	12,714.1	14.7%
Money market investments	90.8	922.0	9.8%
Listed equities and shares	2,994.9	10,708.1	28.0%
Private equity investments	107.8	1,677.6	6.4%
Unlisted equities and shares	993.7	1,182.6	84.0%
Direct real estate investments	3,189.6	3,189.6	100.0%
Real estate funds	110.3	491.8	22.4%
Other investments		1,836.0	0.0%
Total	10,803.0	34,195.6	31.6%

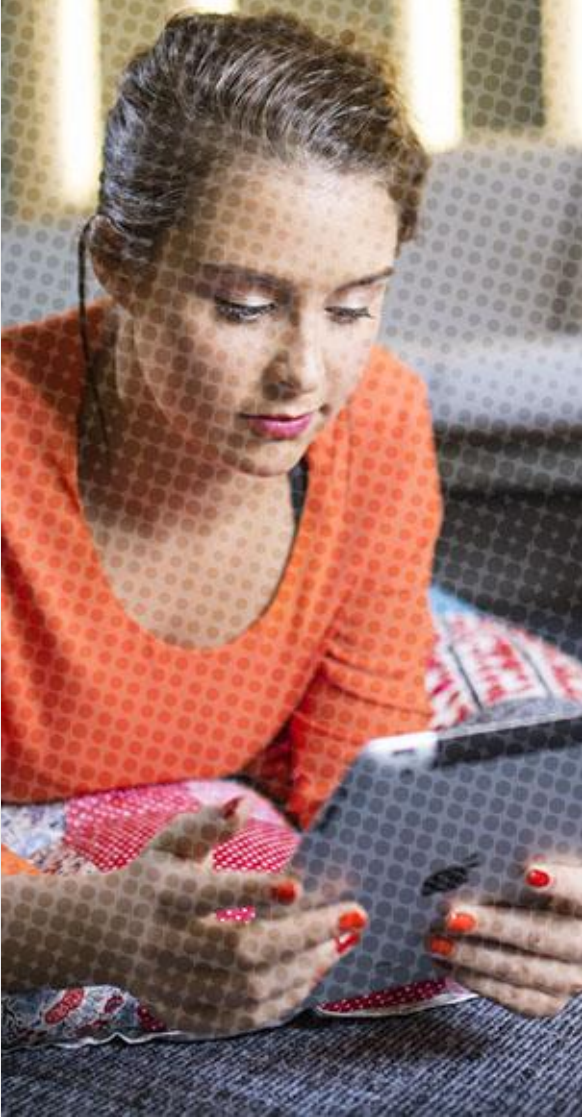
ALMOST 40% OF FINNISH INVESTMENTS IN EQUITIES AND SHARES





Investment markets and economic outlook

CURRENT MARKET TOPICS



- Negative news concerning European economic development continues. Also the growth outlook for the Finnish economy remains poor.
- Geopolitical crises have remained a focal area (especially Ukraine).
- Sharp drop in oil prices
- Share prices have begun to rise again due to the ECB's stimulus measures.
- Interest rates have remained record-low, even falling slightly.

INVESTMENT OUTLOOK FOR 2015

- Short-term interest rates continue at a record-low level and long-term interest rates are not expected to rise rapidly.
- The outlook for the equity markets has become more uncertain and the risk of fluctuating share prices has clearly increased. The ECB's stimulus measures will, however, serve to strengthen the equity market outlook in Europe.



FINANCIAL STATEMENTS 2014

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