

Press release

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Oras Invest's year 2018: Building stronger ownership

In 2018, Oras Invest continued focusing on supporting the long-term strategic development of its four industrial companies, Oras Group, Uponor, Kemira and Tikkurila. Before the year-end, Oras Invest increased its ownership in Uponor by 2% points to a total of 24.6%. The combined net sales of the owned companies totalled EUR 4.6 billion and they employed over 13,200 people in 40 countries.

According to CEO **Annika Paasikivi**, in 2018 Oras Invest's companies performed relatively well in the increasingly nervous global economic environment. "The fundamental ability of our companies to perform in the challenging conditions remained mostly intact; despite the fact that the construction market started showing weakening signals."

Oras Invest's net asset value declined by 29%, to EUR 634 million, and its total shareholder return was -29% (-5%). The decline in the net asset value comes from the lower market capitalisation values of Oras Invest's listed companies at year-end, especially Uponor. Oras Group's contribution to the NAV was also lower than last year. Over the last 5-year period, Oras Invest's NAV has on average been approximately EUR 800 million and it has recovered to almost that level in early 2019.

Oras Group had another difficult year. Net sales dropped by -8.7% to EUR 227.7 million, while the comparable operating profit declined to EUR 11.2 million. The company continued to suffer from internal inefficiencies during 2018, but at the same time careful planning for corrective actions took place.

Uponor reported net sales growth of 2.2% at EUR 1,196.3 million, despite divesting some non-core businesses. Comparable operating profit was EUR 99.3 million, in relative terms exactly at the same level as in the previous year. Uponor opened a new production facility in Hutchinson, Minnesota to ensure demanded capacity for the North American markets and launched Phyn Plus, the smart water monitoring and shut-off device.

Kemira achieved a good growth of 4.3% in net sales, reaching EUR 2,592.8 million. Its comparable operating profit came to EUR 173.8 million, in relative terms a small decline compared to previous year. Both business segments – Pulp & Paper and Industry & Water – contributed to the growth.

Tikkurila's net sales declined by -3.6% to EUR 561.5 million, but the comparable operating profit improved to EUR 38.8 million, amounting to 6.9% of net sales. Net sales was impacted by currency development and divestments, but sales volumes grew. The fixed cost savings programme announced in 2017 is visible in the improved operating profit.

According to Annika Paasikivi, Oras Invest's focus in 2019 is on defining the steps to be taken in the medium term to become an even stronger owner. Oras Invest develops its companies patiently, but with a sense of urgency regarding changes in their operating environments and opportunities for opening new avenues of profitable growth.

"While the external environment is getting more complex and uncertain, we are keeping our own operations lean. In addition to current portfolio ownership steering, our focus in 2019 is on seeking

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new investment opportunities and on building our readiness to act when the right opportunity arises. Our organization and competence base have been strengthened accordingly”, Annika Paasikivi says.

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Oras Invest's Annual Review and Financial Statements 2018 are available at www.orasinvest.fi.