



Tesi's Performance and Results H1 2018

**Record investments
in growth**

Key figures

Tesi's operations

€87m

New investments and investment commitments

€46m

Profit (after taxes)

Impact on the market

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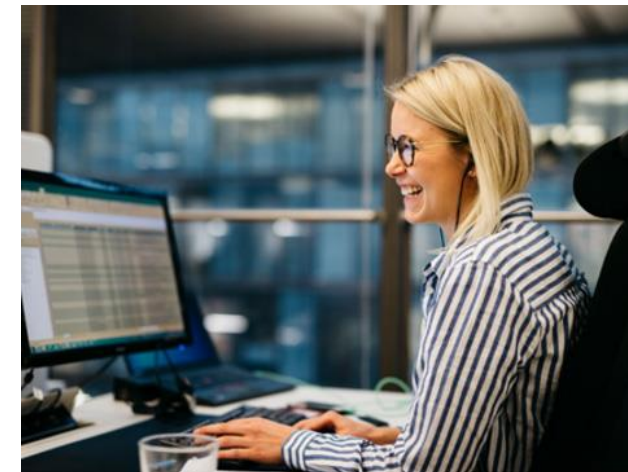
New Finnish fund teams in the market

€327m

Investments in Finland by Tesi and its co-investors

€85m

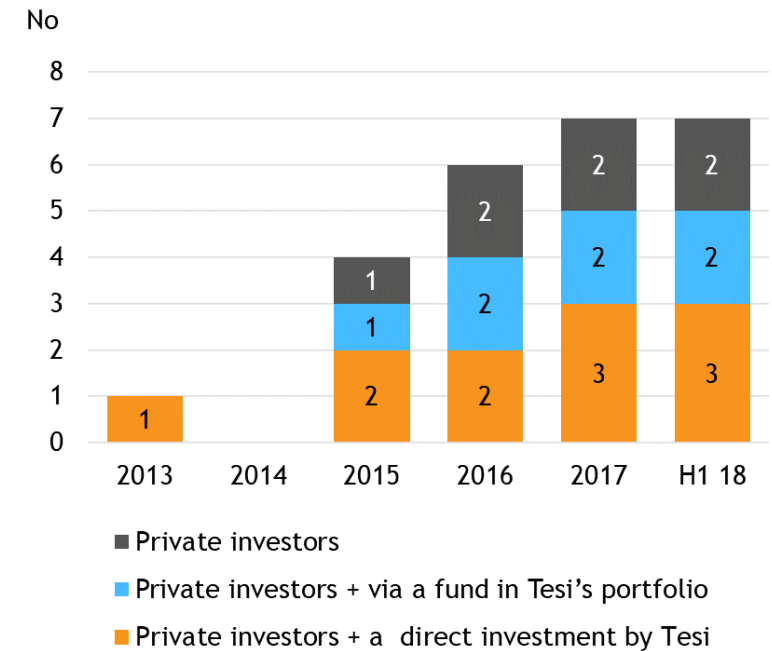
International capital in Finnish growth companies



Development of Finland's VC & PE market

- ◆ Finland's venture capital market continues to internationalise. For example, almost all the country's larger financing rounds were led by international investors.
 - Some 25 sizeable (over €10m) later-stage venture financing rounds have been raised in Finland since 2013. Tesi was involved in 18 of these, either directly or through funds.
 - New funds have also recently entered the domestic venture capital market, to support the risk-taking necessary for earlier-stage growth companies
 - A clear trend in Finland's venture capital deal flow, in the case of Tesi's fund investments, is that investment teams' key personnel have a strong international background
- ◆ A challenge for investors is posed by the rather high valuation levels of companies, which affect both venture capital investment as well as investment in later-stage growth and buyouts. In the prevailing market environment, the need for investors to create value in their investments through their own expertise and networks is of paramount importance. For example:
 - By employing new types of approaches and financing structures to find suitable projects
 - Through board work, strategy enhancement and M&A

Later-stage VC financing rounds of over €10m in size, targeted at Finnish growth companies*



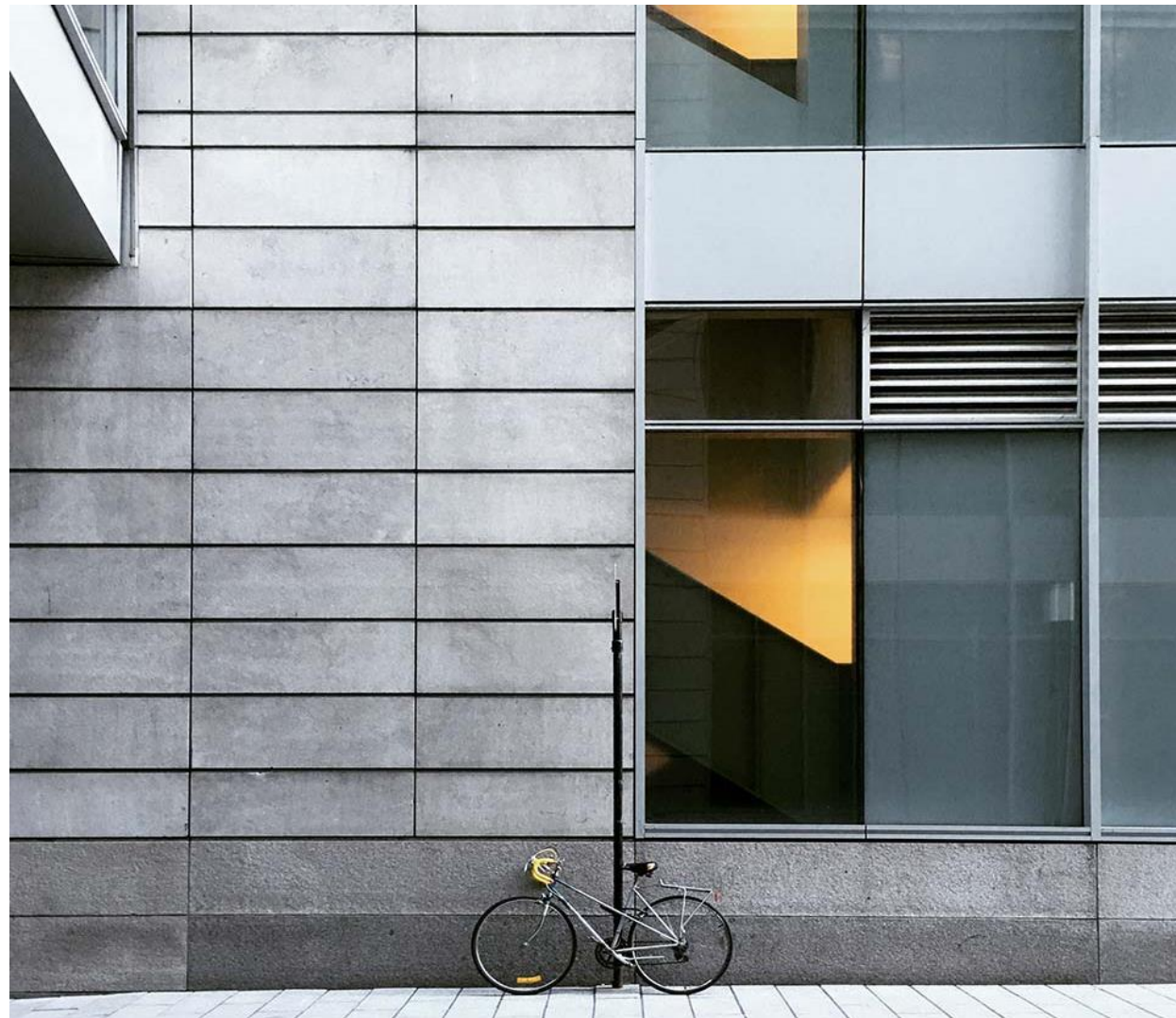
* Only equity investments, calculated in euros
Source: Talouselämä magazine and Tesi

Performance and Results H1 2018

OBJECTIVES	RESULTS	2016	2017	H1 2018
We invest in growth	→ New investments €87m 5 funds and 9 direct first-round investments	165 M€	149 M€	87 M€
We develop the Finnish VC/PE market	→ €85m of international capital channelled into Finnish companies through our network	159 M€	72 M€	85 M€
We operate profitably	→ Consolidated net profit €46m → Retained earnings amount to €370m	45 M€	66 M€	46 M€

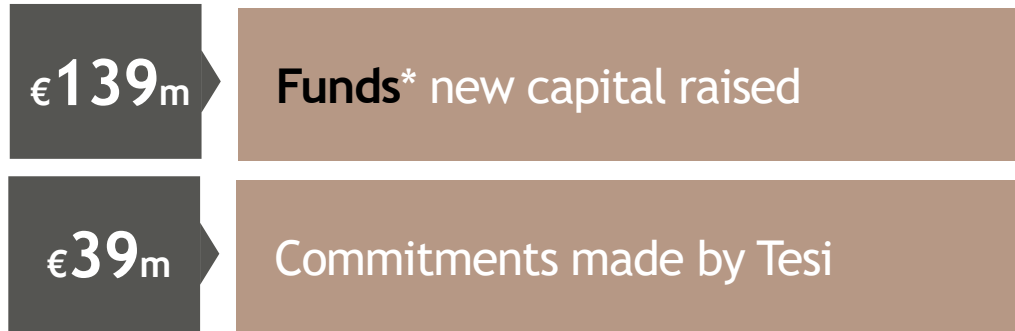


9/27/2018



Investments

Investments and commitments H1 2018



* Finnish funds, with Tesi acting as catalyser H1 2018



* Companies, with Tesi acting as catalyser H1 2018



Venture capital fund (to be announced later)



Two new fund teams enter the market



- ◆ The fund will make majority investments in small and mid-sized conventional service companies with the aim of growing them into sector leaders through focused development of their branding, marketing and digitisation
- ◆ Saari Partners Oy raised EUR 40 million in commitments to the new Saari I Ky fund in the first round
www.saaripartners.fi



- ◆ The fund makes seed round or Series A round investments in promising tech startups
- ◆ Launched in March 2018, the fund has made investment commitments amounting to EUR 76 million
- ◆ The company targets the Nordic countries, but the founders are on the lookout for outstanding teams with the potential to radically reshape markets regardless of geographical base, sector or technology
www.maki.vc

“Saari Partners and Maki.vc are a welcome addition to supporting small startups. Saari brings expertise in companies’ international branding and marketing, while Maki provides companies with its solid technological knowhow and unique networks.”

Matias Kaila, Director, Funds

Tesi has invested altogether €48m in growth companies



- ◆ Viria is an ICT and security service company that combines cyber security, security technology solutions and advanced analytics in its business in a unique way
- ◆ “Our goal is to renew the security industry as a pioneer of the field. The funds we received from this transaction will support the implementation of our strategy, as our goal is to grow our business both organically and through strategic corporate acquisitions,” explains **Mika Vihervuori**, Viria’s CEO
- ◆ Investor partner: LähiTapiola
www.viria.fi



- ◆ SuperPark is a Finnish company specialised in indoor activity parks. SuperPark Hong Kong, which opened in December 2017, was the company’s first step into the international market, followed in 2018 by SuperPark Uppsala (Sweden) and Suzhou (China).
- ◆ “We have been preparing for strong growth and internationalisation by developing the concept, business model and digital solutions. Being on the brink of a leap in growth, it’s great to be joined by investors who can provide us with financial resources and support for scaling the business quickly,” says SuperPark Oy’s CEO **Juha Tanskanen**.
- ◆ Investor partner: Sentic
www.superpark.fi

“Alongside promoting high-quality and profitable business in Finland, it’s also important that we internationalise Finnish expertise in the service sector. I see this as a positive development in Finland’s internationalising service business being built on promising brands.”

Jussi Hattula, Director, Growth & Industrial Investments

International capital for Finnish growth companies

ICEYE

- ◆ ICEYE, a Finnish company that manufactures synthetic-aperture radar (SAR) satellites and sells satellite-based data, has raised EUR 29 million in financing to speed the company's growth
- ◆ Finland's first commercial satellite, ICEYE-X1, was launched in January
- ◆ "This funding secures our goal of deploying the world's largest SAR satellite constellation before the end of next year," comments **Pekka Laurila**, co-founder of ICEYE. "A constellation of SAR satellites will have a substantial international market."
- ◆ Investor partner: True Ventures, OTB, Draper Esprit, Promus Ventures
www.iceye.com

OURA

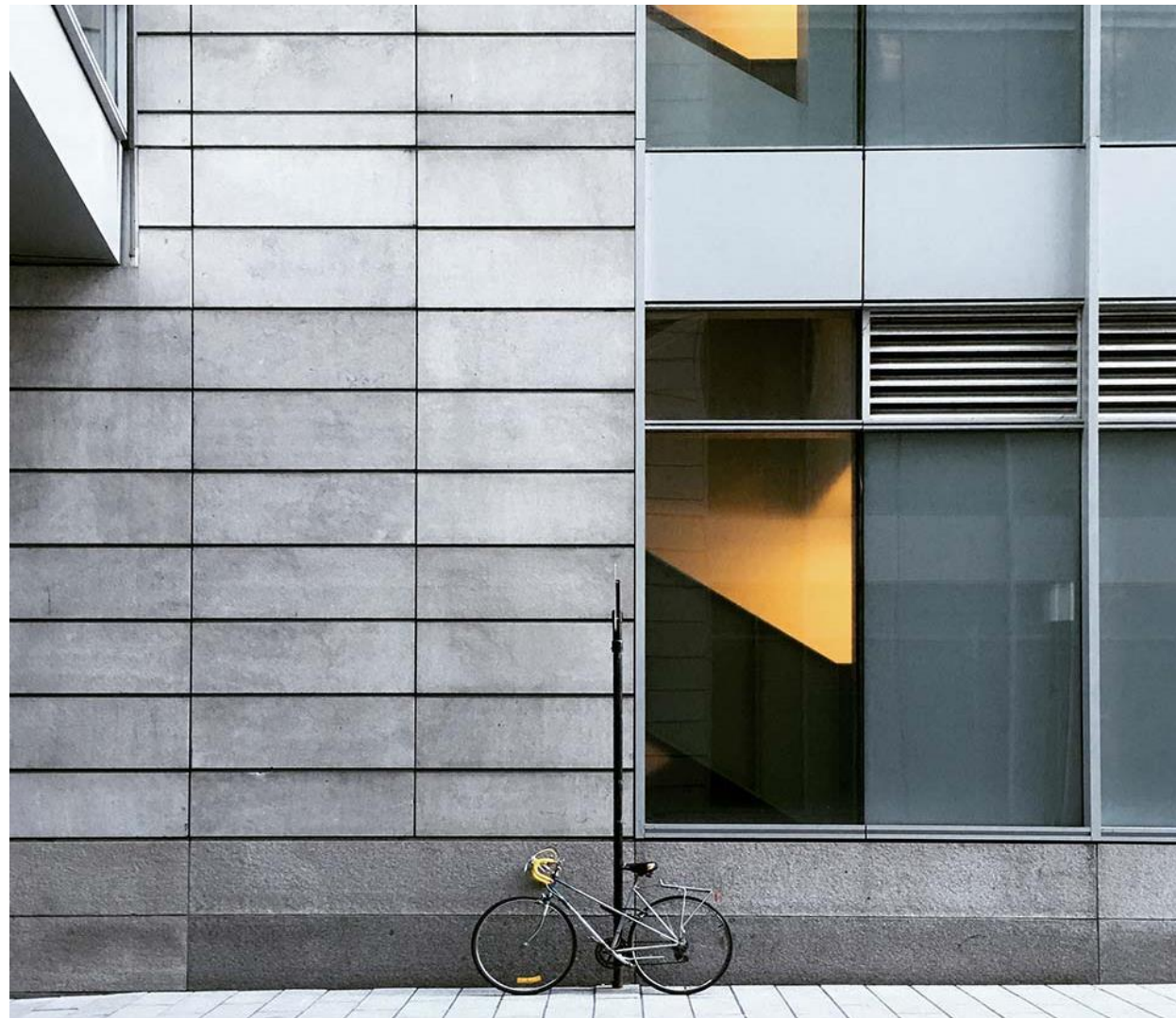
- ◆ Oura Health is a Finnish health & wellbeing technology company established in 2013. The company launched its first smart ring in 2015 and its second-generation ring at the Slush 2017 startup and technology conference.
- ◆ Oura focuses in particular on analysing sleep quality and alertness levels. The technology is of benefit not only to consumers but also to the research needs of sleep clinics and universities.
- ◆ "The successful launch of the new Oura ring shows the level of innovation and craftsmanship that Oura Health is capable of. We will continue to prioritise R&D, but our main goal is to drive awareness and sales in international markets, and especially in the USA," says the company's CEO **Harpreet Rai**.
- ◆ Investor partner: Bold Capital Partners
www.ouraring.com

"As investee companies, ICEYE and Oura are good examples of how research-based, in-depth technological expertise is commercialised and brought to international markets. These projects, with such a high level of ambition, require that the investment syndicate possesses not only sufficient financial resources but also solid knowhow. We're delighted that the availability of international capital for Finnish growth companies is still improving."

Juha Lehtola, Director, Venture Capital



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Profit and balance sheet

Investment generating consistent profit

- ◆ Net profit €63m
 - **Net gains of €42m from funds** were derived fairly equally from venture capital funds and later stage funds. A major contribution to profitability was the listing of Spotify at the start of the year, which had a strong impact on boosting Creandum fund's valuation. The sale of foreign buyout funds also produced a non-recurring increase in net gains.
 - **€22m net gains from direct investments** were almost completely derived from unrealised gains in fair value, generated by the strong growth of many portfolio companies and developments in implementing business strategy.
- ◆ Profit after taxes amounted to **€46m** and retained earnings to **€370m** at the end of the review period

Consolidated statement of comprehensive income			
EUR thousands	1-6/2018	1-6/2017	1-12/2017
Net gains from funds	41 877	33 756	53 363
Net gains from direct investments	21 567	15 037	15 386
Net gains from investments, total	63 444	48 792	68 748
Net gains from financial securities	-1 364	10 841	18 282
Income from fund management	300	208	372
Other operating income, total	-1 064	11 049	18 654
Personnel expenses	-2 359	-2 279	-4 470
Depreciation and impairment	-114	-96	-228
Other operating expenses	-1 904	-1 515	-2 519
Operating profit	58 003	55 953	80 185
Financial income and expenses	-79	-45	-129
Profit before taxes	57 924	55 907	80 056
Income Taxes	-11 585	-11 181	-14 387
Profit after taxes	46 339	44 726	65 669
Total comprehensive income for year	46 339	44 726	65 669

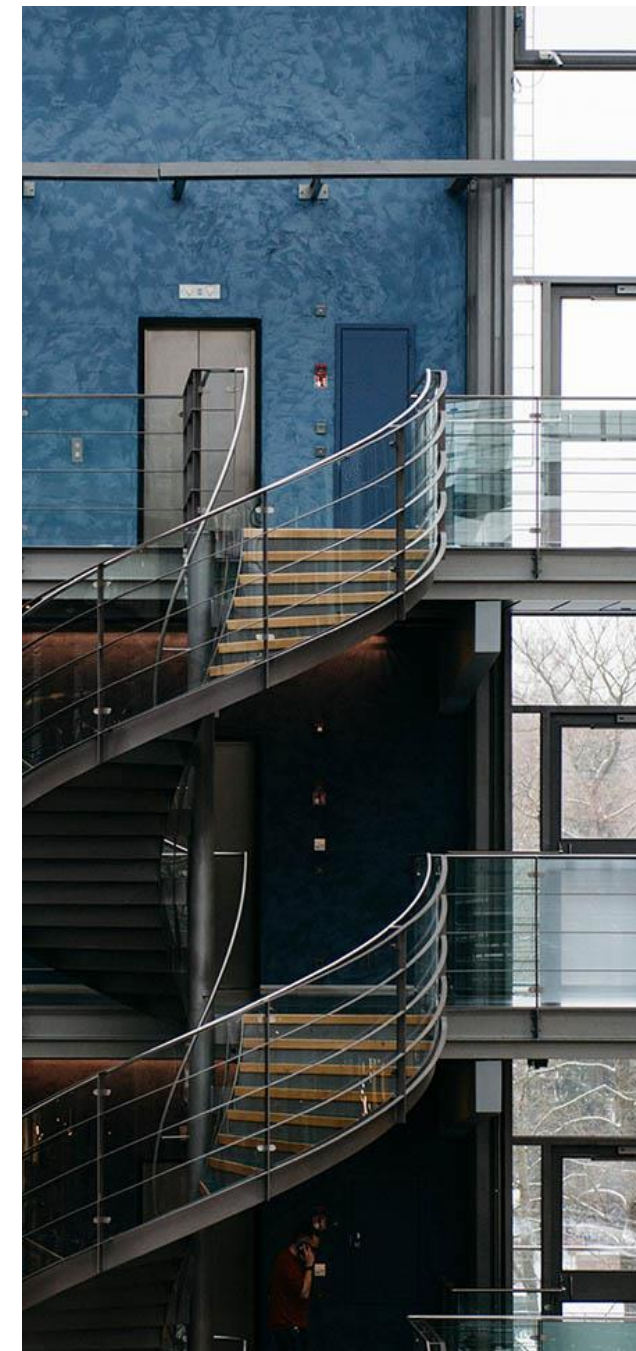
Consolidated statement of financial position

- ◆ The balance sheet value of funds, **€397m**, increased by €26m since start of year
 - Capital calls €-42m
 - Capital distributions €58m
 - Realised and unrealised changes in fair value recognised as a gain €42m
- ◆ The balance sheet value of direct investments, **€251m**, increased by €63m since start of year
 - Payments for investments €-48m
 - Exits €7m
 - Realised and unrealised changes in fair value recognised as a gain €22m
- ◆ Current assets, **€412m**, mainly comprise financial securities, the amount of which decreased during the review period by €40m due to active ownership operations
- ◆ Off balance sheet unpaid commitments and capital reserved for investment programmes totalled **€410m**

Consolidated balance sheet IFRS			
EUR thousands	30.6.2018	31.12.2017	Change
Assets			
Non-current assets			
VC & PE funds	397 165	371 500	25 664
Direct investments	251 149	188 558	62 592
VC & PE investments, total	648 314	560 058	88 256
Other non-current assets	8 375	8 489	-114
Short-term assets	412 054	451 774	-39 721
Assets, total	1 068 743	1 020 321	48 422
			0
Equity, total	1 024 494	978 155	46 339
Non-current liabilities	30 578	30 578	0
Current liabilities	13 671	11 588	2 083
Liabilities, total	44 249	42 166	2 083
Equity and liabilities, total	1 068 743	1 020 321	48 422

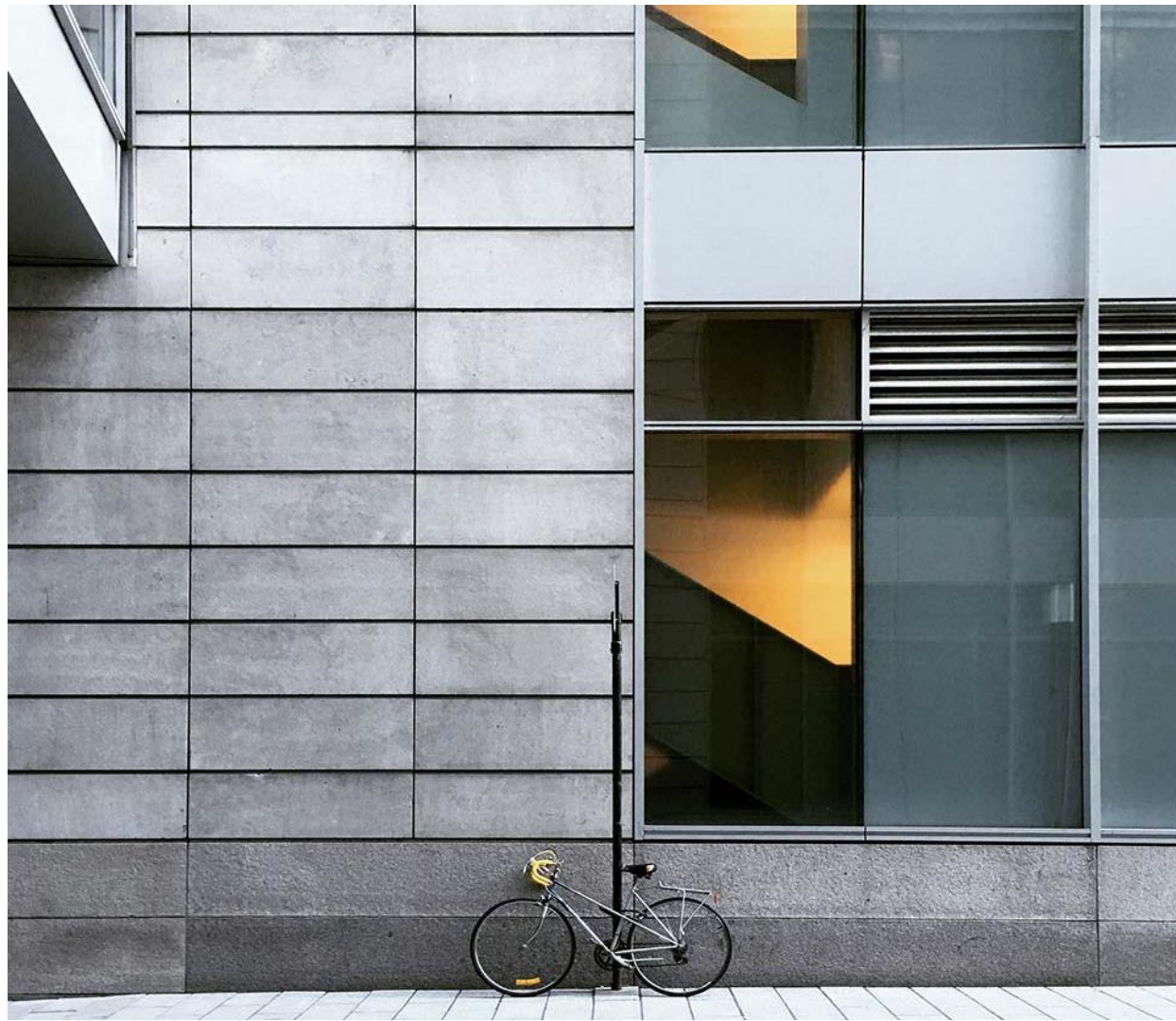
Events after review period and prospects for year end

- ◆ The European Investment Bank (EIB) and Tesi agreed upon a programme for channelling financing from the EU's European Fund for Strategic Investment (EFSI) into Finnish companies' growth. **The €100m financing will be managed by Tesi and is targeted at SMEs and Midcap companies.** One-half of this sum will come from the EIB and one-half from Tesi. A requirement for the new financing model is that private investors participate to an equal extent in the funding vehicles. A €200m financing package is thus available for companies' investments, growth and internationalisation.
- ◆ Finland's Ministry of Employment and the Economy has decided to **concentrate the state's holdings in the mining sector in the Finnish Minerals Group.** As a consequence, Tesi will exit from its investments in Keliber Oy, Ferrovan Oy and Sotkamo Silver Ab during the second half of 2018.
- ◆ **Tesi sold its share in eight foreign buyout funds to a fund managed by Cubera Private Equity** at the end of August.
- ◆ The non-recurring items posted for the sale of foreign fund units combined with exits from funds contributed to the good profit for the first half of the year. A more moderate profit is expected for the second half of the year.





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More about Tesi

Tesi in figures

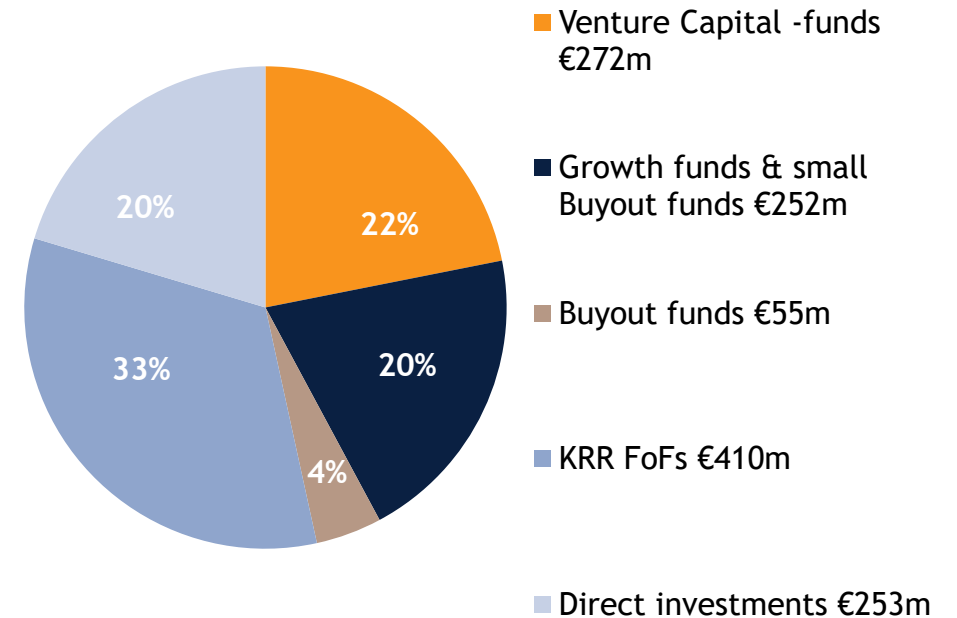
48 Direct portfolio companies
3 Funds of funds
89 Funds

€100-150m New investments per year
20+ Years' experience of developing Finland's VC&PE market

300 Years' experience of VC&PE investment and corporate financing

34 Employees in Helsinki
100% State-owned

Investments under management
€1.2 Billion
(6/30/2018)



* The FoF Growth funds managed by Tesi (altogether 3 of them) include a total €151m of pension funds' capital

INPUTS

CAPITAL
Investments under management
€1,2 mrd

EXPERTISE
35 professionals with over 300 years of experience in investments and corporate finance.

NETWORKS
Extensive partner network of Finnish and international investors.



OUR BUSINESS

INVESTMENTS AND COMMITMENTS
€149 M (2017)

RESULT
€66 M

FOCUS AREAS

AI Cleantech

Healthtech

Circular Economy Bioeconomy

Digitalisation Marine Cluster

Impact Investing

Mittelstand

BRAVE RESULTS TOGETHER



IMPACTS

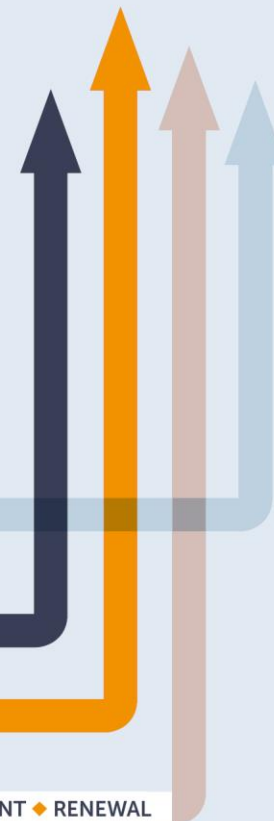
ACCELERATING INTERNATIONALISATION

ENHANCING ACTIVE OWNERSHIP

CREATING SUSTAINABLE GROWTH

VISION

Tesi helps Finland to the next level of growth and internationalisation.



STRATEGIC THEMES 2018 DEVELOPING THE FINNISH VENTURE CAPITAL AND PRIVATE EQUITY MARKET ♦ ACTIVE OWNERSHIP ♦ CORPORATE RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT ♦ RENEWAL



TESI

tesi.fi

dtg.tesi.fi

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