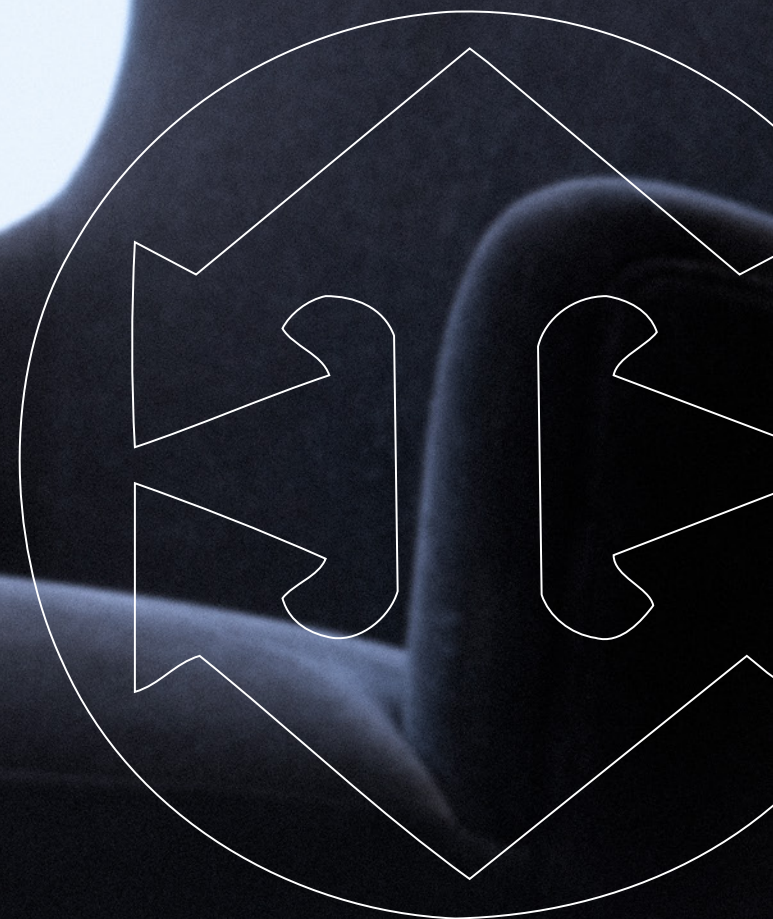


Rettig Group

ANNUAL REPORT

2018



Rettig Group 2018

During 2018, Rettig Group increased its ownership in Terveystalo and eQ.

2018

March

Financial result, January–December 2017: Rettig Group continues expansion into the service sector through investment in Terveystalo.

April

Martti Ala-Härkönen, Tapio Kolunsarka and Pekka Kuusniemi join the Board of Rettig ICC.

Tomas von Rettig is elected as a member of the Board of Terveystalo and as the Board's Vice Chairman.

Rettig Group signs a new committed revolving credit facility of EUR 110 million and issues EUR 90 million notes due 2023.

Rettig ICC Group is organised under a new Finnish entity.

May

Terveystalo signs an agreement to acquire the Finnish healthcare operations of Attendo AB (publ). The combined operations start on 2 January 2019.

João Ney Colagrossi and Raimo Lind join the Board of Nordkalk. Matts Rosenberg elected as Chairman of the Board of Nordkalk.



RETTIG GROUP INCREASES ITS OWNERSHIP IN TERVEYSTALO

May

Rettig Group increases its ownership in Terveystalo from 10.52% to 16.52%, becoming the company's second largest shareholder. Rettig Group was one of the cornerstone investors in the Initial Public Offering of Terveystalo on the Helsinki Stock Exchange in October 2017.

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Rettig Group has reported according to International Financial Reporting Standards (IFRS) as of 2016. This Annual Report according to IFRS includes only an extract of the complete Financial Statements of 2018. The complete Financial Statements of 2018 are available in digital format (pdf) at www.rettig.fi.

June

September

October

Matts Rosenberg appointed
Deputy CEO, Head of Core Investments
of Rettig Group.

Anders Dahlblom joins
the Board of Nordkalk.

Pia Dahlqvist appointed
Head of Communications & HR of Rettig Group.

Thomas Ekström appointed
Chief Financial Officer of Rettig Group.

Roger Lönnberg appointed
Head of Financial Investments of Rettig Group.



RETTIG GROUP INCREASES ITS OWNERSHIP IN EQ

June Anchor, a wholly owned subsidiary of Rettig Group, acquires in total 1,900,000 shares in eQ. Through the transaction, Anchor increases its ownership in eQ from 10.41% to 15.47%.



“Our perspective is much longer than simply one quarter, and that has been, and will always be, one of our strengths.”

Handing over the baton

Business language today is full of buzzwords. One of these is transformation. In my opinion, this word describes well our company's long journey. Let me explain.

My career at Rettig began in 1972 as a trainee at Thun & Company, a subsidiary of Bore, our former shipping company. I was 18 years old then and we lived in Turku, Finland, where the company had its headquarters.

In the 1960s and 1970s, my father had started one of the company's significant periods of transformation by expanding the business beyond its traditional fields, which were tobacco, shipping and limestone (Partek). Rettig acquired, among others, the wine producer Scanwine as well as confectionary producers Merijal and Seres. In the 1980s, the businesses were further expanded into the aluminium industry and brewing with the acquisition of Sinebrychoff in 1984.

In 1988, when I joined the Rettig Board along with my sister Ann and my brothers Tom and Hans, the number of different businesses

the company owned was at an all-time high. My generation's task was to decide which of these businesses to focus on when going forward. Again, it was time to transform Rettig into something new.

One of the promising business areas was our radiator business. In 1970, Rettig had acquired the small Oy Purmo Tuote radiator factory in Pietarsaari, Finland, which first grew through domestic acquisitions. We continued to expand the business further in the Nordics and to many European countries, including Germany, Belgium, the UK, France and Poland. Now, Rettig ICC's turnover is around EUR 700 million, and it is one of Europe's leading suppliers of heat emitters and indoor climate comfort systems.

The fall of the Berlin Wall and the establishment of the European Union in the 1990s changed Europe's political environment, and borders began to open – also for us Finns who joined the EU in 1995. As a result, we understood that difficult decisions could not be avoided if we wanted to be successful in the global competition.

Today, all companies around the world are facing the same challenges as their business environment dramatically changes due to digitalisation, urbanisation and climate change, to mention just a few of the most important global mega-trends. The word 'change' has almost become a mantra. For us, however, change is nothing new. Based on my experience, significant changes have always transformed companies, including ours.

Now, in 2019, Rettig is an investment company with six portfolio companies: Rettig ICC, Nordkalk, Alandia, Terveystalo, eQ and Anchor.

Rettig has always been a family-owned company, now being led by its ninth generation. It goes without saying that our perspective is much longer than simply one quarter, and that has been, and will always be, one of our strengths.

I also believe that the courage to make difficult decisions and the ability to radically transform ourselves when necessary have enabled our existence over the past 200 years – and will do so in the future, too.

Forty-six years have passed since I started my first job as a trainee in this company, and now it is time for me to say thank you and hand over the baton. This letter will be my last as the Chairman of the Board of Rettig Group.

Throughout my long journey with this company, I have had the privilege and the joy of meeting an enormous number of talented employees, loyal customers and interesting business partners, many of whom have become my friends. I wish to thank you all for your continued support and trust in us.

It has truly been a great journey together!

Cyril von Rettig
Chairman of the Board

Active and committed owner

2018 proved to be a volatile year. The optimism we witnessed at the beginning of the year quickly faded as growing concerns over trade wars, slowing global growth and political tensions took hold. Later, it started to impact financial markets and to some extent economic activity.

Rettig Group had an active year with two major transactions with which we significantly increased our ownership in both Terveystalo and eQ. These are both best-in-class companies where we see potential for long-term, sustainable value creation. We also continued to develop our privately held companies and took several important steps that we believe will secure long-term competitiveness, profitability and value creation in our companies.

In 2018, Rettig ICC faced a challenging market environment with a drop in market demand for radiators in several key geographies as well as cost inflation. While results were disappointing, several actions were launched in order to clearly increase cost competitiveness

and profitability. These actions, which are part of a comprehensive performance improvement programme, will be implemented during 2019 with benefits expected from 2020 onwards. During 2018, Rettig ICC completed the acquisition of Sigarth, the world's leading bracket manufacturer. This transaction improves Rettig ICC's cost competitiveness and strengthens the company's product portfolio.

Terveystalo had a good year with strong performance in both growth and profitability. The acquisition of the Finnish healthcare operations of Attendo is an important milestone in strengthening Terveystalo's position as the market leader in the Finnish healthcare market. During the year, we increased our ownership to 16.52 per cent.

Nordkalk's performance in 2018 was on a similar level as in 2017. The development in Nordkalk's markets was mixed with strong performance in the Central European markets and challenges in Scandinavia. In order to secure Nordkalk's long-term competitiveness, a performance improvement programme will be

implemented in 2019 with benefits expected from 2020 onwards.

eQ had another record year. The Group's profit grew by 12 per cent and eQ now has about EUR 9.5 billion assets under its management. The end of 2018 marked eQ's 19th consecutive quarter of profit growth. In June, we increased our ownership to 15.47 per cent.

Alandia had a transformational year and is now clearly focused on marine insurance. During 2018, Alandia continued to grow its premium income, but due to increased insurance claims, profitability was disappointing. With a new sharpened focus and strategy, Alandia is in a good position to improve profitability.

Anchor had a good year and managed to navigate through volatile markets. The performance was supported by successful asset allocation and strong performance from some of the sub-portfolios.

Talent management is one of our key focus areas both at Rettig Group and in our portfolio companies. Last year, we continued

to strengthen the management teams and the boards with several new appointments.

As an active, committed and long-term owner we always make sure that our companies and Rettig Group are well-positioned to take advantage of any opportunities that uncertainty in the global economy might bring. Many of the actions initiated in 2018 will support this ambition. Taking a long-term view is one of our strengths and I am confident that it will work in our favour.

Finally, I would like to take this opportunity to thank my team at Rettig Group and all the employees in our portfolio companies for their hard work last year and their dedication to us. I also want to thank the customers of our portfolio companies and our business partners for their continued support and trust.

Tomas von Rettig
President and CEO



RETTIG GROUP
AGGREGATE
KEY FIGURES
2018

TURNOVER

~1,800

EUR MILLION

EMPLOYEES

~10,400

COUNTRIES

~30

Rettig Group in brief

A leading Finnish family-owned investment company

MISSION	VISION	STRATEGY
Value for generations	Leading Nordic investment company	Own and develop best-in-class companies

RETTIG

RETTIG ICC
Europe's leading supplier of heat emitters and indoor climate comfort systems

100% Private | Turnover **682**
EBITDA **57**
Employees **3,259**

Nordkalk

NORDKALK
A leading provider of limestone-based products and solutions in Northern Europe

100% Private | Turnover **300**
EBITDA **53**
Employees **1,002**

ALANDIA
INSURANCE

ALANDIA
One of the leading marine insurers in the Nordic and Baltic region

25% Private | Net profit **22**
Net asset value **150**
Combined ratio **110%**

ANCHOR
Financial investments

100% Private | Net asset value **73**

PRIVATE CORE INVESTMENTS

FINANCIAL INVESTMENTS

Terveystalo

TERVEYSTALO
A leading private healthcare service provider in Finland

17% Publicly traded | Turnover **745**
Adjusted EBITA **88**
Market capitalisation **1,254**

EQ

EQ
A Finnish group of companies specialising in asset management and corporate finance

15% Publicly traded | EBIT **22**
AUM **EUR 9.5 billion**
Market capitalisation **287**

LISTED CORE INVESTMENTS

Key figures: 31.12.2018, EUR million; Rettig ICC and Nordkalk are majority-owned by Rettig Group Ltd, and Management Team members and external Board members of the companies are minority shareholders.

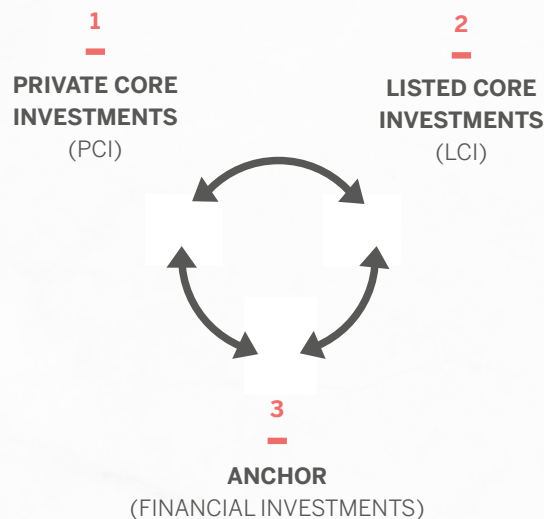
CORPORATE VALUES

Openness | Fairness | Modesty | Trust & respect

Investment strategy

Key objectives

- Increase net asset value
- Diversify risk
- Maintain a strong balance sheet



Strategy enablers

- Best-in-class team and processes
- Strong brand

1 PRIVATE CORE INVESTMENTS (PCI)

- Majority or minority investments in companies with a track record of profitable growth
- New PCIs: EBITDA of MEUR > 10 at entry; headquarters in Finland or Sweden
- Investing across industries in companies with long-term value creation potential
- Target company management as co-investors to align long-term incentives
- Highly selective approach to minority investing; preconditions include sufficient control and exit rights

2 LISTED CORE INVESTMENTS (LCI)

- Significant minority investments in publicly traded companies
- Same investment criteria as for PCIs; however, typically somewhat larger companies
- Aim to be one of the largest owners
- Target board seat in most cases
- A precondition for all LCIs: a proprietary and actionable investment thesis that can justify above-market returns; an ability to influence the company's value creation agenda through owner influence

3 ANCHOR (FINANCIAL INVESTMENTS)

- Global investment mandate; focus on private and listed equities both through funds and direct investments
- Passive investments; no active role in individual investments (e.g. board seats)
- Strong in-house capabilities in private equity fund selection and evaluation and execution of private equity co-investments

We create value as an active owner by

- Developing portfolio company Boards and management teams
- Driving, supporting and monitoring strategy execution through active board work
- Aligning interests between the management and Rettig Group with efficient incentive structures
- Developing corporate governance practices to the standards of listed companies
- Providing expertise and delivering group services* in relation to e.g. M&A, strategy development, financial reporting, treasury, taxation, legal and communications

* In contrast to other investments, Rettig ICC and Nordkalk are majority-owned private companies enabling Rettig Group to deliver group services without restrictions. This is a strong competitive advantage for Rettig Group as an investment company.

Board of Directors

FROM FEBRUARY 2019



**TOMAS
VON RETTIG**

Chairman of the Board
Member since 2015

- » Born 1980
- » BBA, CEFA
- » Chief Executive Officer, Rettig Capital, 2019–

Other board assignments

- » Rettig ICC Ltd (Chairman)
- » Terveystalo Plc (Vice Chairman)
- » Anchor Ltd (Chairman)
- » Roof Productions Oy (Chairman)



**MARIA
SAVOLA**

Member since 2016

- » Born 1978
- » FdA Graphic Design
- » Art Director, photographer



**MATTI
KUIVALAINEN**

Member since 2017

- » Born 1965
- » EMBA and B.Sc. (Eng.)
- » Chief Executive Officer, DYWIDAG-Systems International

Other board assignments

- » DYWIDAG-Systems International (member of the Board)



**TIMO
VÄTTÖ**

Member since 2017

- » Born 1964
- » M.Sc. (Econ.)
- » Managing Director, Cundo Management AG

Other board assignments

- » Altisource Portfolio Solutions S.A. (Chairman)
- » Evalueserve Ltd (Chairman)
- » IHAG Holding AG

Group management

FROM MARCH 2019



**MATTS
ROSENBERG**

Chief Executive Officer
(from March 2019),
Head of Core Investments

Mr Rosenberg (born 1977) joined Rettig Group in 2016. Prior to this, he worked at IK Investment Partners in Stockholm as an investment professional focusing on mid-market buyouts in Finland and Sweden, and as CFO & Deputy CEO of Fortaco Group, a mechanical engineering company with operations across Europe. Mr Rosenberg holds a Ph.D. in Finance from the Hanken School of Economics in Helsinki.



**PIA
DAHLQVIST**

Head of Communications
and HR

Ms Dahlqvist (born 1975) joined the firm in 2017. Prior to Rettig Group, she headed the communications and marketing teams at Castrén & Snellman Attorneys and Evli Bank in Helsinki. Ms Dahlqvist holds a BBA in Communications from Helsinki Business Polytechnic.



**THOMAS
EKSTRÖM**

Chief Financial
Officer

Mr Ekström (born 1967) joined the firm in 2018. Prior to Rettig, he worked as Group CFO of Algol Group, as CFO of Marimekko Corporation, and as Vice President, Group Business Controller of M-Real Corporation (now Metsä Board). His experience also includes various positions in the investment banking sector. Mr Ekström holds an M.Sc. in Finance from the Hanken School of Economics in Helsinki.



**THOMAS
LANDELL**

General
Counsel

Mr Landell (born 1984) joined Rettig Group in 2017. Prior to this, he worked for Castrén & Snellman Attorneys in Helsinki on transactions and a wide range of corporate matters. His experience includes stints in the M&A team of Skadden, Arps, Slate, Meagher & Flom in New York and as legal counsel at a Nordic bank. Mr Landell holds an LL.M. from the University of Helsinki.



**ROGER
LÖNNBERG**

Head of Financial
Investments

Mr Lönnberg (born 1975) joined the firm in 2011. Prior to Rettig, he worked as Partner and Portfolio Manager at Active Hedge Advisors / eQ Bank Plc and as Investment Manager at Norvestia Plc in Helsinki. He holds an M.Sc. with a Major in Finance from the Hanken School of Economics in Helsinki.

Our investments

Rettig ICC | Nordkalk | Alandia | Terveystalo | eQ | Anchor

—
CORE INVESTMENTS
CORPORATE RESPONSIBILITY

Sustainable value creation

Our portfolio companies actively contribute to making the world a better place to live.

BALANCING ECONOMIC REALITIES with issues relating to people and the environment have always been a natural mode of operation throughout Rettig Group's long history. We carefully consider the long-term impacts of our decisions and strive for sustainable value creation.

Together, Rettig Group's portfolio companies provide work for

more than 10,400 people and have activities in about 30 countries. We drive and support the strategic agenda of our portfolio companies through their Boards of Directors. As challenges and opportunities differ between industries, each company identifies and addresses corporate responsibility issues relevant to its operations.

RETTIG ICC



MAKING SUSTAINABLE CHOICES AND ENSURING CLEAN DRINKING WATER

MMA Evobalance valves have received the highest rating in several sustainability and environmental assessments. Read more on page 17 of this annual report.

NORDKALK



NORDKALK'S STRUCTURE LIME CONTRIBUTES TO A CLEANER BALTIC SEA

Structure lime reduces phosphorus runoff while improving the structure of the field and increasing the crop. Now it is being considered for inclusion in the government's water protection programme. Read more on page 23 of this annual report.

TERVEYSTALO

MENTAL WELL-BEING IS AN IMPORTANT PART OF OVERALL HEALTH

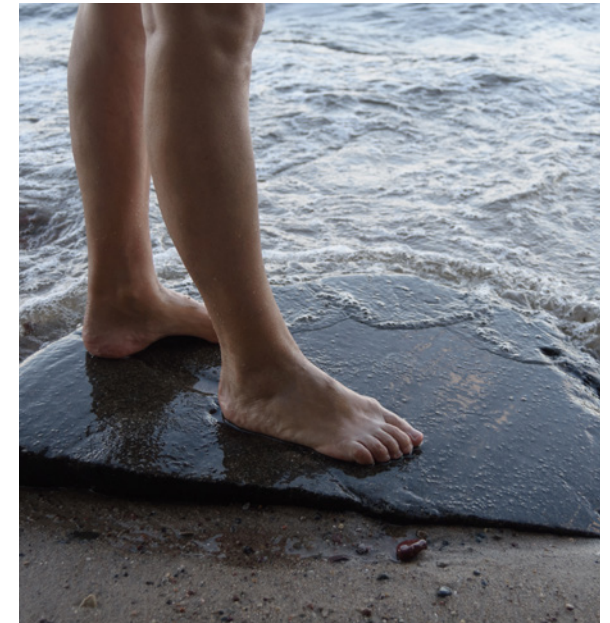
As part of Terveystalo's quality award, it made a donation of EUR 50,000 to the Finnish Association for Mental Health for the prevention of depression and the promotion of young people's mental health. The donation was used to establish 12 new peer support groups in different parts of Finland. Terveystalo has also developed new low-threshold services to its customers, such as Mielen Chat (mental chat) and Mielen Sparri (mental sparring). Read more at www.terveystalo.com.



eQ

A FUND INVESTMENT BECOMES AN INVESTMENT IN A GOOD CAUSE

eQ and the Baltic Sea Action Group (BSAG) launched cooperation to enable Baltic Sea protection combined with fund investing. eQ directly channels 85 per cent of the management fee from investments in the BSAG series of mutual fund eQ Blue Planet to fund the Baltic Sea protection activities of the BSAG. eQ Blue Planet is a sustainable technology fund that invests globally in the stocks of companies strategically positioned to support the sustainable management of natural resources. The fund has one of the lowest CO₂ intensities available in the fund markets. eQ Group is a Finnish group of companies specialising in responsible asset management and corporate finance business. Read more at www.eq.fi.



Rettig ICC

Actively looking for growth opportunities.

THE MARKET IN 2018

In Rettig ICC's main markets, the overall level of construction activity remained good throughout 2018. The high level of activity in large-scale projects created capacity bottlenecks in sectors most beneficial to Rettig ICC, such as renovation and small-scale housing. There was a significant and bigger-than-expected drop in market demand for radiators in a number of countries, such as Germany, China, the Netherlands and Turkey. Rettig ICC managed to hold on to or increase its global market share with gains in some markets, such as Germany, but losses in others, such as China.

Overall, there was a slight decline in the radiator business. The growth in other product categories was enough to compensate for this, but not for Rettig ICC to grow. Net sales decreased slightly in euros but grew in equal manner when measured in local currency. This was not in line with expectations and the goal of continuous growth.

Rettig ICC's profitability was not satisfactory and fell short of expectations. Input costs (salaries, wages, energy, raw materials) increased at a rapid pace. Market dynamics

did not allow for matching of price increases and Rettig ICC was not able to offset cost increases with productivity measures. The strong euro had a significant impact on profitability as Rettig ICC has a larger share of costs than sales within the euro area.

STRATEGY & GROWTH

The radiator industry is crossing an inflection point that will impact all companies active in the industry, and Rettig ICC is committed to strengthening its role as the architect and driver of the industry. The industry will be consolidating around a handful of companies, while weaker players will exit the business. Rettig ICC is committed to capturing market share organically and strengthening its position further through strategic acquisitions.

In November 2018, Rettig ICC acquired Sigarth, the world's leading bracket manufacturer. Sigarth will continue as a standalone company serving all the leading radiator manufacturers in the world.

Construction work for the new Rettig ICC factory in Yangzhou, China, proceeded according

to schedule. The test runs are expected to start in June and full production will follow in July 2019.

Rettig ICC is actively looking for opportunities beyond radiators and heating within the areas of Indoor Climate Comfort to broaden further its earnings base.

In 2019, Rettig ICC will focus on strengthening competitiveness by further enhancing the opportunities in combined offerings and implementing initiatives for cost competitiveness. An internal performance improvement programme aims to harmonise sourcing activities, enabling competitive manufacturing and effective sales and distribution.

INNOVATION & DIGITALISATION

In 2018, Rettig ICC introduced several new products to the market. A vertical low-surface temperature radiator was launched to complete the horizontal range of low-surface temperature products. A full electronic second-generation panel radiator without thermostatic head was also introduced. New variants of tubular hydro-
nic towel warmers were added to the offering. A new towel warmer with a heating foil that

has a limited surface temperature completes the hydronic family with the same design. An easy-to-install, high-performing suspended heating and cooling ceiling was also added to the product portfolio.

Purmo was the first radiator brand introduced in BIMObjects and presented with "The Developers' Choice of BIMObject" award at the BIMObject Live 2018 conference in Malmö, Sweden. Rettig ICC continued to extend the company product portfolio in BIMObjects and also in other local BIM portals.

PERSONNEL AND THE NEW OPERATING MODEL

At Rettig ICC, competent and committed employees are the most valuable asset. This is reflected in a healthy employee turnover of approximately 10 per cent. Rettig ICC also has positive working relationships with the elected employee representatives.

A new operating model with three product divisions was introduced in 2018: (i) Panel Radiators, (ii) Tubular, Electric Radiators & Convector and (iii) Components & Systems. The divisions



Rettig ICC is committed to strengthening its role as the architect and driver of the radiator industry.

are responsible for operations, manufacturing and global product management.

The geographical setup was strengthened with the introduction of a fourth region, Region South. Each region is specifically dedicated to sales, marketing and customer service.

In April, Rettig ICC was reorganised under a new Finnish legal entity, Rettig ICC Ltd, with its domicile in Helsinki, Finland.

OUTLOOK FOR 2019

The outlook for the global economy and Europe is weakening. The same applies to the construction industry across Rettig ICC's main markets. Rettig ICC is taking actions to offset the potential fall in demand, but there are a number of factors that will benefit the company as well. There are indications that the price of the main raw materials, steel being most important, peaked during the second half of 2018 and Rettig ICC expects the average price in 2019 to be below that of 2018. Furthermore, the decline in overall construction activity will increase the level of renovation activity.

The year 2019 will be the third challenging year in a row for Rettig ICC, but the company is convinced that with the actions taken and planned it will be able to grow and improve profitability. Rettig ICC's vision, strategy and operating model form a solid basis for the challenges ahead. There is a need to be capable of driving the company's strategic agenda in parallel with addressing the immediate profitability challenges. This calls for prioritisation and moving quickly with actions that support long-term competitiveness as well as short-term profitability.

STRATEGIC ACTIONS

GROW IN TARGET MARKETS

- » Organic growth across the indoor climate comfort space
- » Production in China
- » Targeted actions to strengthen position as the architect and driver of the radiator industry
- » The Sigarth acquisition

LOWER CAPACITY COSTS

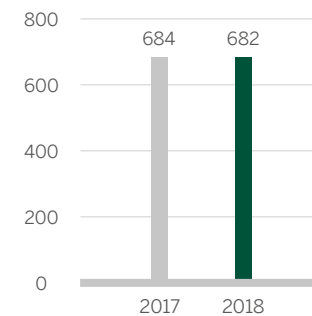
- » Competitiveness of manufacturing network
- » Continuous manufacturing improvement
- » Effectiveness of sales and distribution network

INNOVATE

- » Digital capabilities and tools
- » Product features

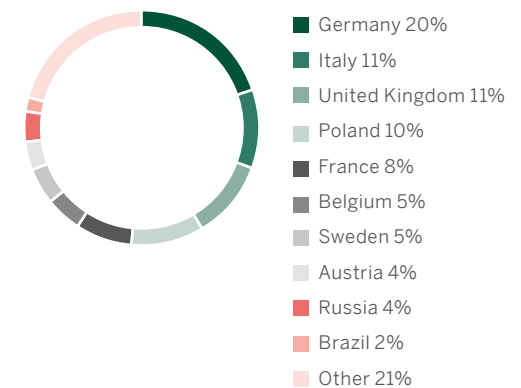


TURNOVER EUR million

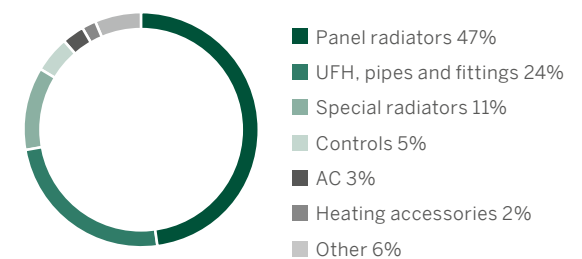


EBITDA	63.4	57.4
EBITDA margin	9.3%	8.4%

TURNOVER BY GEOGRAPHY



TURNOVER BY PRODUCT



OUR PEOPLE

INFO RETTIG ICC'S COMMITMENT to Health and Safety (H&S) is the highest priority, with the target of zero accidents for personnel and anyone visiting the company premises. The employees are active in safety matters, which shows as continuously increasing numbers on reported safety observations (SO) and a clear downward trend on Lost Time Incidents (LTI).

Rettig ICC shares safety observations and monthly Health & Safety reports across different

units. The company has also implemented a detailed severity rating for incidents, which will help achieve a better understanding of the LTIs that take place at Rettig ICC's premises.

Since 2012, when Rettig ICC started the incident reporting programme, the number of LTIs has decreased by 49 per cent, with the lowest level of LTIs in 2018. Despite the good progress, Rettig ICC cannot be fully satisfied with safety, as it is an area where companies need to improve on a continuous basis.

PEOPLE	2015	2016	2017	2018
Absence	3.9%	4.3%	4.5%	4.3%
Accident frequency*	9.9	9.3	8.8	8.1

* Accidents at work / Million work hours of own employees. An accident is defined as an incident at work leading to absence for at least one day (LTA1)

OUR ENVIRONMENT

INFO RETTIG ICC HAS IMPLEMENTED several projects with a clear target of energy savings and reduction of CO₂ emissions. Waste separation is standard at all Rettig ICC locations as well as recycling of the most commonly used main materials.

In 2018, Rettig ICC continued the project for replacing the old lighting system used in warehouses and factories with a modern, energy-saving LED system. It has the advantage of a longer life-span as well as a reduction of lighting-related energy consumption by as much as 60 per cent.

ENVIRONMENT	2015	2016	2017	2018
Resource efficiency*	3.1%	3.0%	3.2%	3.3%

*Scrapped steel (kg) / Produced (kg)

HOW DOES RETTIG ICC CREATE VALUE?

CORE COMPETENCE Products and controls for emitting and distributing heat, cool and fresh air.

BUSINESS DRIVERS Construction and housing market: Refurbishment and newbuild.

CUSTOMERS Sanitary and plumbing wholesalers, merchants, installers, architects and specifiers.

MARKETS Europe, China, Russia, Brazil, the USA and Canada.

PRODUCTS AND SERVICES

- Radiators
- Towel warmers
- Underfloor heating
- Convectors
- Valves and controls
- Air conditioning
- Solar panels
- Heat pumps

KEY ACTIVITIES

- R&D
- Design
- Procurement and production
- Logistics
- Sales and marketing

OPERATIONS

Manufacturing and distribution from 21 locations in Austria, Belgium, Finland, France, Germany, Hungary, Ireland, Italy, Poland, Sweden, Turkey and the UK.

BUSINESS CRITICAL INPUT

- People
- Energy
- Steel
- Brass

Rettig ICC leadership team

CORE LEADERSHIP TEAM



**PERTTU
LOUHILUOTO**

Chief Executive Officer



**TAPIO
ARIMO**

Chief Financial Officer
(from May 2019)



**MICHAEL
CONLON**

Vice President, Tubular, Electric
Radiators & Convectors (TEC)
Regional Managing Director, West



**LINDA
CURRIE**

Chief Personnel Officer



**RENE
FINK**

Regional Managing
Director, Central



**MAREK
KISZKA**

Central Operations Director
Operations Director, Panels



**MARCO
MARTIN**

Regional Managing
Director, South



**MARIO
MARTIN**

Vice President,
Components and Systems



**URS
PENNANEN**

Regional Managing
Director, East



**TOMASZ
TARABURA**

Vice President, Panels

Rettig ICC leadership team has a two-tier operative management structure. It consists of core leadership team and full leadership team (valid from May 2019 onwards).

**STIG
BJÖRKQVIST**

Corporate Controlling

**ELINA
NIEMELÄ**

Strategy & Business
Development

**SAARA
SMURA**

Communications

**JOHAN
STRUYF**

Research & Development



PRIVATE CORE INVESTMENTS

RETTIG ICC

MMA EVOBALANCE VALVES ENSURE LEAD-FREE DRINKING WATER

IN 2018, one of Rettig ICC's brands, MMA, introduced a sustainable solution for waterborne indoor climate systems: the Evobalance valve. It complies with the new regulations regarding lead content in drinking water, which is important as these valves are used to ensure the recirculation of hot water.

The World Health Organization (WHO) considers lead exposure to be a major public health concern. Lead is a toxic metal and its extensive use has caused widespread environmental contamination and health issues globally.

The brass used in Evobalance valves contains a minimum amount of lead, which is one of the reasons why they have received the highest rating in several sustainability and environmental assessments. In fact, MMA is one of the very few producers that delivers thermostatic radiator valves, balancing valves and hot water circulation valves in brass with low lead content.

"Our starting point was considering the HVAC industry's responsibility in making sustainable choices. We wanted to create a product that would be manufactured with the lowest possible amount of energy and with environmentally friendly materials. Today, the Evobalance valves are sustainably produced in Sweden," says Niclas Schubert, Sales & Marketing Director for the Nordic region.

In addition to choosing sustainably produced solutions, the right choices can also be made in the installation phase: a well-balanced heating system can reduce energy usage by up to 15 per cent. Rettig ICC does not only supply emitters such as radiators and under-floor heating systems but can also ensure that the chosen solutions are sustainably commissioned, with environmentally friendly products and solutions – ensuring the right indoor climate for our customers.

Nordkalk

Strong core business but, at the same time, significant potential for improvements to create a solid platform for growth.

THE MARKET IN 2018

Nordkalk extracts limestone and processes it for use in several industries, construction, environmental care and agriculture. We operate in the regions North East Europe (NEE), Scandinavia (SCD) and Central Europe (CE) as well as in Turkey.

In Poland (CE), all customer segments performed well. Thanks to favourable economic conditions, road construction projects continued and sales of the granulated agricultural product Nordkalk AtriGran expanded to new market areas.

In NEE and SCD, accelerated competition, particularly in the quicklime and slaked lime (calcium oxide and hydroxide) business, affected Nordkalk's financial development.

Sales decreased especially in the customer segment Metals & Mining while many other segments, such as Agriculture and Environment, performed well and according to our expectations.

In Turkey, Nordkalk operates through the joint venture Nordeka Maden. During 2018, the Turkish economy slowed down and the currency weakened due to political uncertainties. This

had a negative effect on sales to customers in the construction sector, which makes up one tenth of the Turkish economy.

As a result of mixed development in different market areas and customer segments, Nordkalk's turnover and EBITDA slightly decreased compared to the previous year.

STRATEGY

Nordkalk's strategy was sharpened last year, focusing on further developing the limestone business (e.g. AtriGran) and offering highly developed special products such as wollastonite. Both in the granulated and special products, preparations were made in order to increase production.

In the quicklime business, we carefully select growth opportunities and optimise our kiln and supply network. In January 2019, a decision was taken to close the lime kiln at Louhi in East Finland by July.

In Turkey, a new crushing line was inaugurated in November. On Gotland, the harbour was upgraded and preparations are under way for a new packing line in Uddagården in Sweden.

Continued steps for further automation and digitalisation were taken during 2018, including the start of an IoT (Internet of Things) project to improve production and inventory information.

In the fourth quarter of 2018, a comprehensive analysis was conducted to identify improvement needs in order to reduce costs and to increase the throughput and profitability of the whole company. The analysis showed clearly that Nordkalk has a strong core business but, at the same time, significant potential for improvements to create a solid platform for growth. A major improvement programme was started at the beginning of 2019 and a new CEO will be recruited to lead this significant step change in the company.

SECURED RESERVES

Securing access to limestone is the foundation of Nordkalk's business. In 2018, we extracted 13.2 million tonnes of limestone. It represents less than 5 per cent of the company's total reserves, which we aim to secure for a minimum of 20 years. Active drilling programmes, which

were in progress at nine locations last year, are needed to reach that target.

In 2018, expansion of the extraction area was under way at the Lappeenranta site in Finland and in Karinu in Estonia. Preparations for expansion were continued in Miedzianka and Stawno in Poland, and at Klinthagen on Gotland and Ignaberga in Sweden. In Buttle on central Gotland, where Nordkalk owns land, preparations for a future permit process continued.

Regarding the planned Bunge quarry on Gotland, a decision about the continuation of the permit process, which was started in 2006, is expected from the Supreme Court of Sweden during the spring 2019.

RESEARCH & DEVELOPMENT

During 2018, the R&D personnel worked more closely with Nordkalk's customers than before and, as a result, many new and interesting development opportunities were identified. Another new internal action was to start cross-regional segment meetings that bring together sales and R&D experts to develop new concepts.

Nordkalk's strategy was sharpened, focusing on further developing the limestone business and offering highly developed special products.



R&D continued to expand the customer base for E-Series in the coating and adhesive market while developing a dry version of the product and further enhancing E-Series portfolio competitiveness. A novel product for chemical energy storage was developed and produced in cooperation with SaltX for a potentially large energy market in the near future. Projects in circular economy were developed with high expectations of commercialisation going into 2019.

PERSONNEL

Actions to harmonise and improve working methods across the countries continued in 2018 under the One Nordkalk umbrella. Nordkalk's continuous improvement process was updated and a Lean Six Sigma programme launched. A total of 58 employees participated in Lean Six Sigma training, which will continue in 2019.

A personnel survey was conducted in March, showing a satisfactory rating as in the year before. As follow-up, personnel teams have accomplished 113 improvement actions. One of the themes in 2018 was increased internal communications, which was facilitated by the launch of a new intranet at the beginning of the year. An e-learning tool was also brought on stream in 2018.

OUTLOOK FOR 2019

Nordkalk's core business in limestone is expected to continue strongly, and turnover and EBITDA are estimated to increase in 2019. In the quicklime market, the competition will remain challenging. Positive development will be boosted by the performance improvement programme that was launched at the beginning of the year in order to elevate Nordkalk's operational performance and improve profitability over the longer term.

STRATEGIC ACTIONS

GOOD AND SAFE WORKPLACE

- » Increased communications, new intranet
- » Regular survey to measure personnel satisfaction
- » Serious 7 and Safety University introduced

SECURED RESERVES

- » Extraction area expanded at the Lappeenranta site in Finland and in Karinu in Estonia
- » Preparations for expansion in Miedzianka and Stawno in Poland and at Ignaberga and Klinthagen in Sweden

GROWTH IN SELECTED MARKETS

- » New crushing line in Turkey
- » Growing granule production in Poland
- » Nordkalk E-Series dry product developed

UNIFIED PROCESSES

- » IoT project started in production
- » Lean Six Sigma training introduced

HOW DOES NORDKALK CREATE VALUE?

MISSION We deliver limestone-based products to numerous industries, and our solutions contribute to clean air and water as well as the productivity of agricultural land.

CORE COMPETENCE

Purification, neutralisation, filling and stabilisation.

BUSINESS DRIVERS

- Construction market
- Production of metals, pulp, paper and other materials
- Water and flue-gas cleaning
- Agriculture

CUSTOMERS Pulp and paper, construction, chemical, metals and mining industries, environmental care and agriculture.

MARKETS Central Europe (Germany, Poland), North East Europe (Baltic countries, Finland, Russia), Scandinavia (Sweden, Norway), Turkey. Global market for special products.

PRODUCTS AND SERVICES Limestone-based products, solutions and services, including support in technical issues and circular economy.

KEY ACTIVITIES

- Stone extraction and processing
- Supply chain, sales and marketing
- Innovation and development of new applications
- Customer and community relations
- Business development

OPERATIONS Activities in more than 30 locations in Estonia, Finland, Germany, Lithuania, Norway, Poland, Russia, Sweden, Turkey and Ukraine.

BUSINESS CRITICAL INPUT

- People
- Raw material reserves
- Permits
- Energy
- Social acceptance
- Partners

OUR PEOPLE

INFO A GOOD AND SAFE WORKPLACE is one of Nordkalk's strategic focus areas. We work continuously towards our ultimate target of zero accidents. In 2018, the H&S work focused on, for example, developing further the common safety reporting tool to include a new observation type: safety behaviour. Other focus areas were risk management processes and the unification of risk analysis and inspections such as Serious 7 and 5S inspections.

In 2018, accident frequency (LTA1) was 8.8 (7.6 in 2017) and did not reach the 2018 target of 5. The number of

lost working days due to occupational accidents increased by 108 per cent, from 112 in 2017 to 233 in 2018, due to two accidents that caused a longer absence.

To further improve Nordkalk's safety culture and to integrate safety behaviour into our everyday work, a corporate-wide safety training programme, Safety University, with a focus on attitudes started in 2018 at the management and superior levels. Training will continue in 2019, throughout the entire organisation and involving all employees.

PEOPLE	2015	2016	2017	2018
Absence	2.6%	2.9%	3.1%	3.2%
Accident frequency	7.4	6.5	7.6	8.8

OUR ENVIRONMENT

INFO MINING OPERATIONS TAKE UP land areas and change the landscape. This is among Nordkalk's significant environmental aspects. As a result of a mining operation, new environments and mostly new and valuable preconditions for biodiversity are also created.

Biodiversity values are included in Nordkalk's strategy. The target is to have at a minimum one ongoing active biodiversity project per geographical region. In 2018, biodiversity issues were documented in a systematic way for all of Nordkalk's mining sites. This long-term effort will be

on the agenda for some time to come. Several projects to improve the environment for, say bats in Sweden, butterflies on Gotland, Sweden, and frogs in Poland, will be developed further in more detailed project plans and concrete improvement actions.

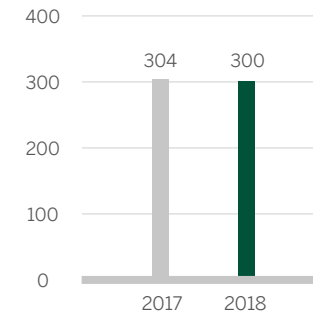
Other focus areas in 2018 were, for example, emissions into the air and resource efficiency. In 2018, Nordkalk's resource efficiency rate increased to 98.5 per cent. The amount of CO₂ emissions relate to the production of quicklime, the rate of 1.1 indicating the tonnes of CO₂ released per tonne of quicklime produced.

ENVIRONMENT	2015	2016	2017	2018
Resource efficiency Utilisation rate of quarried stone	94.3%	96.6%	97.9%	98.5%
Emissions to air: CO ₂ Tonnes/ Tonnes of produced quicklime	1.1	1.1	1.1	1.1

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act (Årsredovisningslagen, ÅRL), Nordkalk Corporation has chosen to establish the legally required Sustainability Report as a separate report available at www.nordkalk.com/sustainability.

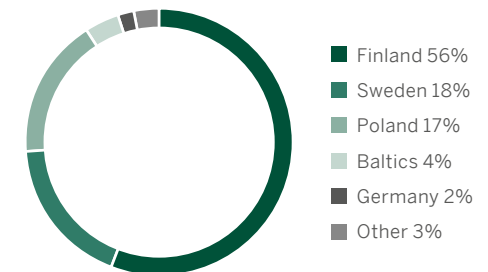


TURNOVER EUR million

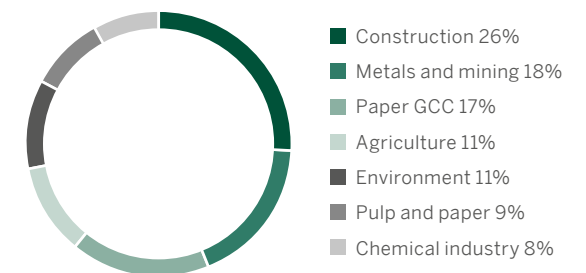


EBITDA	2017	2018
EBITDA margin	17.9%	17.8%

TURNOVER BY GEOGRAPHY



CUSTOMER SEGMENTS



Nordkalk management team



**MARCEL
GESTRANIUS**

Acting Chief
Executive Officer,
Chief Financial Officer



**TOMAS
ERIKSSON**

Chief Commercial Officer



**MIKAEL
FURU**

Chief Supply Chain Officer



**KALLE
JOSEFSSON**

Chief Development Officer



**MARKUS
KIVIMÄKI**

Chief Legal Officer



**TARMO
TUOMINEN**

Deputy CEO, Business
Development & Strategy



**KARI
VYHTINEN**

Chief Operations Officer



**TARU
ÄMMÄLÄ**

Chief Human Resources
Officer



PRIVATE CORE INVESTMENTS

NORDKALK

BENEFITS OF FOSTOP STRUCTURE LIME RECOGNISED BY FINNISH POLITICIANS

THE BALTIC SEA is one of the most threatened marine ecosystems on the planet. Its most severe problem is eutrophication caused by excessive nutrient loading especially from diffuse sources such as agriculture. All coastal countries are to reduce their nutrient loading heavily by 2021.

Nordkalk Fostop® Structure Lime is developed for fields that tend to silt up or have high phosphorus levels. Structure lime is more reactive and therefore it dissolves more quickly than normal agrilime. It improves the structure of the field as well as cuts down the phosphorus runoff from fields to watercourses while increasing the crop. Structure lime is a part of the Fostop concept developed by Nordkalk. The concept also includes other lime applications for agriculture and environmental care.

Fostop is well-acknowledged and gaining great support in Sweden, where already 50,000 hectares have been structure limed. In Finland, on the other hand, the public discussion in the media and in the government was until mid-2018 very much focused on the alternative gypsum-based method.

In the unusually warm summer of 2018, the problems of the Baltic Sea became obvious through an abundance of blue-green algae in the water. Nordkalk together with its experts started raising awareness of the advantages of structure lime by actively contacting the media, educating farmers and agriculture organisations and creating visibility on social media. This woke up also Finnish politicians, and after lively political discussions, structure lime is now proposed to be included in the next water protection programme prepared by the Ministry of the Environment.

Alandia

Alandia is one of the leading marine insurers in the Nordic and Baltic region. It has a strong market share in Hull & Machinery Insurance (H&M) especially in Finland, Sweden and the Baltic states. In addition, Alandia offers yacht insurance in Finland and Sweden.

The company has offices in Mariehamn, Helsinki, Stockholm and Gothenburg, and employs 100 staff.

In 2018, Alandia restructured its organisation in order to focus on marine and yacht insurance, which accounts for 96 per cent of Alandia's premium volume. The Personal Accident and Travel Insurance branches were sold to LokalTapiola Sydskusten, and Försäkrings-

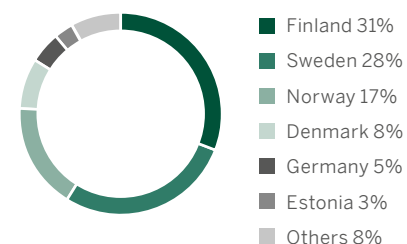
aktiebolaget Pensions-Alandia was merged with Veritas Pension Insurance. Additionally, the life insurance portfolio of Life-Alandia Insurance Ltd was placed into run-off.

Alandia has a strong balance sheet and solvency position: as of 31 December 2018, the group had capital equivalent to 242 per cent of its SCR (Solvency Capital Requirement). In 2018, Alandia experienced strong growth but the financial result was weaker than the previous year. This was due to lower investment return and a weaker technical result due to higher than expected claims costs.

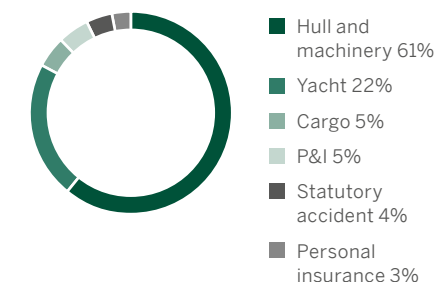
In December 2018, S&P Global Ratings (S&P) affirmed Alandia's credit rating 'A-Outlook Stable'.



PREMIUM INCOME* BY GEOGRAPHY

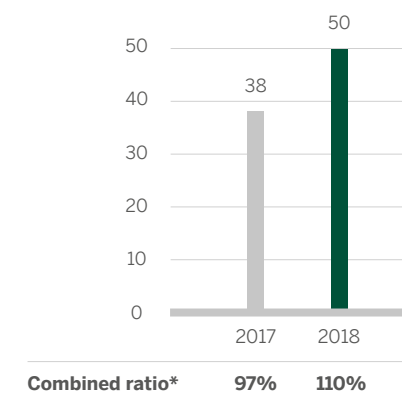


PREMIUM INCOME* BY SEGMENT



KEY FIGURES	2017	2018
Net premium income*, EUR million	37.6	50
Net profit, EUR million (FAS)	19	22
Solvency Capital Requirement (SCR)	265	242
Net asset value (NAV), EUR million	168	150
Net asset value growth	9%	-3%
Dividend, EUR million	10	12
Combined ratio*	97%	110%

NET PREMIUM INCOME* EUR million



Combined ratio* 97% 110%

* Excluding Statutory Pension and Liv-Alandia

Terveystalo

Terveystalo is the leading private healthcare service provider in Finland, offering primary and outpatient secondary healthcare services to corporate, private and public sector customers. Services offered include general practice and specialist medical care, diagnostic services, outpatient surgery, dental services and other adjacent services.

With approximately 180 clinics covering Finland's 20 largest cities and advanced digital platforms, Terveystalo provides nationwide reach regardless of time and place. The company employs about 6,000 staff and is listed on NASDAQ Helsinki.

2018 was Terveystalo's fifth consecutive year of robust growth. The company saw broad scale growth in all customer groups and improved its financial performance in every quarter. Terveystalo's revenue grew by 8 per cent to EUR 745 million and the company generated adjusted EBITA of EUR 87.7 million, corresponding to 11.8 per cent of revenue.

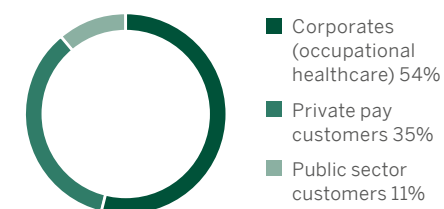
In addition to strong organic growth, the transformative acquisition of Attendo's Finnish health care operations, which was completed at the end of 2018, was a major step in Terveystalo's evolution as Finland's leading private player in providing public healthcare services.



“Our Net Promoter Score increased to 71 in appointments and to 91 in clinic hospitals and customer satisfaction in remote services was record strong.”

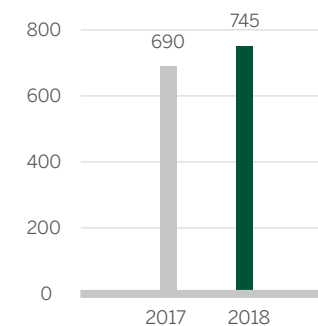
Yrjö Närhinen, CEO, Terveystalo

REVENUES BY SEGMENT



KEY FIGURES	2017	2018
Revenues, EUR million	690	745
Adjusted EBITDA, EUR million	92	109
EBITDA margin	13.4%	14.6%
Adjusted EBITA, EUR million	73	88
EBITA margin	10.6%	11.8%
Earnings per share (EUR)	0.06	0.54
Market capitalisation, EUR million	1,139	1,254
Number of personnel, end of period	4,265	6,018

REVENUES EUR million



Adjusted EBITA	73	88
EBITA margin	10.6%	11.8%

LISTED CORE INVESTMENTS

eQ

eQ

EQ is a Finnish group of companies specialising in asset management and corporate finance. It is one of the largest independent Finnish asset managers, with EUR 9.5 billion of assets under its management.

eQ provides a full range of mutual funds within its traditional asset management and is especially strong within Private Equity (both through mandates and fund of funds) and Real Estate (through own funds).

Corporate finance services are provided under the Advium brand, which is one of the most well-regarded advisory boutiques in the small- and mid-cap segment, with a niche in real estate transactions.

eQ employs 86 staff and is listed on NASDAQ Helsinki.

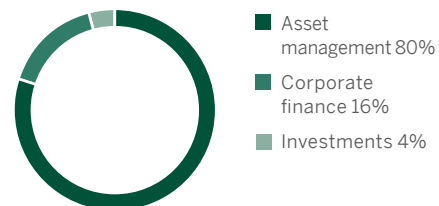
In 2018, eQ increased its net revenue by 12 per cent to EUR 45.4 million and its operating profit to EUR 22.4 million. The Group's profit for the financial period increased by 12 per cent to EUR 17.8 million.

Asset Management's fee and commission income grew by 8 per cent to EUR 36.7 million despite the challenging market situation. The growth was faster than the market due to, above all, the good sales of real estate funds and private equity products.

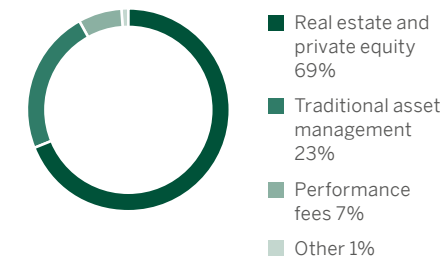
Advium acted as advisor in 12 finalised transactions last year, and its net revenue increased by 35 per cent to EUR 7.1 million.



NET REVENUE BY SEGMENT



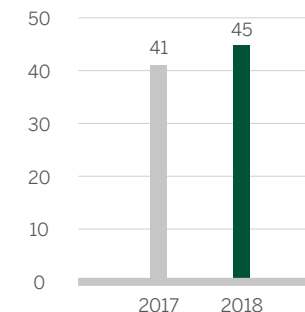
ASSET MANAGEMENT REVENUES



KEY FIGURES

	2017	2018
Net revenue, EUR million	41	45
Operating profit, EUR million	20	22
Profit for the period, EUR million	16	18
Earnings per share, EUR	0.43	0.47
Assets under management, EUR billion	8.4	9.5
Market capitalisation, EUR million	311	287
Number of personnel, end of period	84	86

NET REVENUE EUR million



Operating profit	20.1	22.4
Operating profit margin	49.4%	49.5%

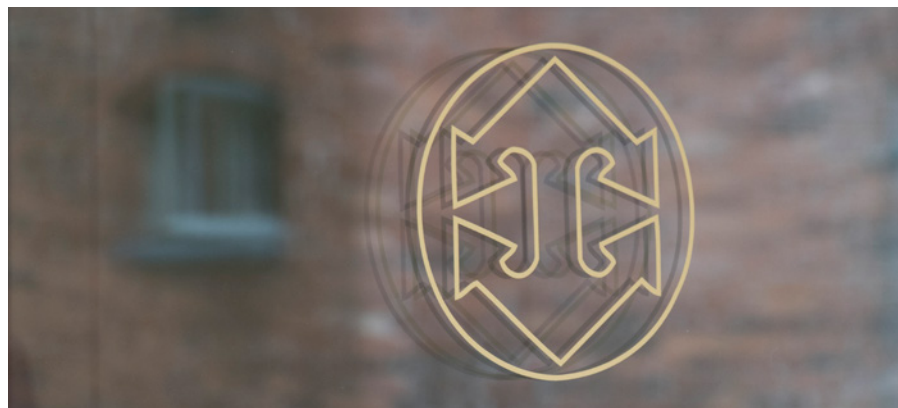
Anchor

Rettig Group's financial investments are managed through Anchor. It targets high-quality investment opportunities with a broad mandate. Anchor's strategic objective is to support the net asset value growth, asset liquidity and risk diversification of Rettig Group. Anchor's investments are typically smaller in size, EUR 1–10 million, and require less active involvement than the core investments of Rettig Group.

Anchor has mostly long-term investments with different liquidity characteristics. It typically invests in private market funds such as private equity, private debt and real

estate funds. Anchor's direct investments in equities and fixed income are mainly in the Nordic region. Outside the Nordic countries, it typically invests through funds. Co-investments are also part of Anchor's strategy.

In 2018, financial markets were challenging, and Anchor's investment return was below the previous year. The return was 4.3 per cent compared to 8.4 per cent in 2017, with private equity investments performing best. The risk level in the portfolio was reduced during the year, and consequently, cash level was high at year end. All sub-portfolios performed well compared to the relevant market benchmarks in 2018.

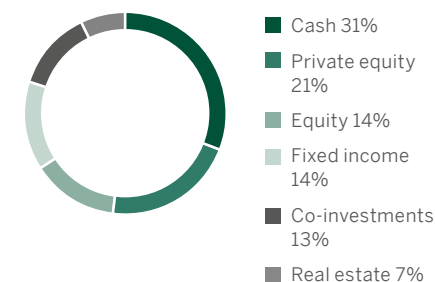


NET ASSET VALUE*

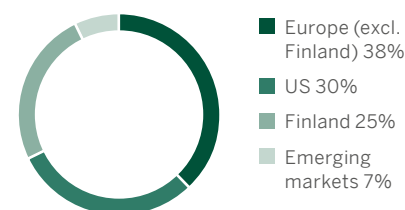
73

EUR million
2017: 70

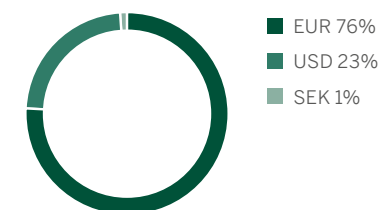
PORTFOLIO ALLOCATION*



GEOGRAPHIC ALLOCATION



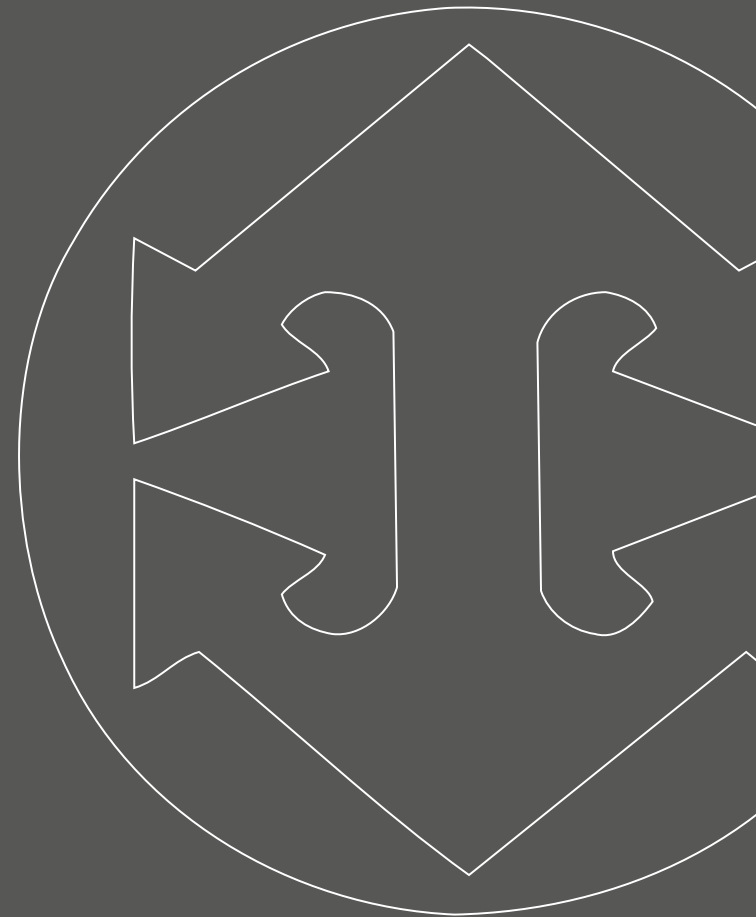
CURRENCY EXPOSURE*



* Excl. eQ Plc

Financial information

IFRS



Board of Director's report

GENERAL INFORMATION

During the latter part of 2018, growth in Europe slowed down. In several sectors, such as the construction sector, activities generally decreased during the second half of the year.

This development in Europe was also reflected in the company's operations during the year. On the industrial side in particular, growth was characterized by the slowdown in the construction sector. Investment operations, on the other hand, were partly affected by global political instability.

GROUP STRUCTURE

Rettig Group Ltd, headquartered in Helsinki, Finland, is the parent company of the Rettig Group (the "Group") and is a wholly-owned subsidiary of Rettig Capital Ltd. Rettig Group Ltd is a Finnish family-held investment company that creates value for generations through active and responsible ownership. The investments include Rettig ICC (indoor climate comfort), Nordkalk (limestone), Alandia (insurance), eQ (asset management and corporate finance), Terveystalo (healthcare services) and Anchor (financial investments). For a full list of subsidiaries see Note 28. Through these businesses, Rettig Group is active in 28 countries globally and employs over 4,000 people.

Rettig ICC manufactures and markets heating solutions and systems for indoor climate comfort.

The products are manufactured for homes and commercial buildings and are mainly sold via sanitary and heating wholesalers. The parent company, Rettig ICC Ltd, is a wholly-owned subsidiary of Rettig Group Ltd and is headquartered in Helsinki, Finland.

Nordkalk is Northern Europe's leading manufacturer of limestone-based products for industry, agriculture and environmental protection. It operates in a number of countries, including Finland, Sweden, Poland, Estonia, Norway and Turkey. Its parent company, Nordkalk Corporation, is a wholly-owned subsidiary of the parent company Rettig Group Ltd. The company has its headquarters in Pargas, Finland.

Anchor Ltd is a wholly-owned subsidiary of Rettig Group Ltd. The company conducts financial investment activities and is headquartered in Helsinki, Finland.

The insurance company Alandia is an associated company within the Rettig Group. The ownership interest was 25 per cent at year-end and the company is headquartered in Mariehamn, Åland.

The ownership interest in eQ Plc was 15.39 per cent at the end of the year. The shares of eQ Plc are publicly traded on Nasdaq Helsinki.

The ownership interest in Terveystalo Plc, which is also a listed company on Nasdaq Helsinki, amounted to 16.52 per cent at the end

of the year. Terveystalo is the largest health service company in Finland.

SALES AND PERFORMANCE

The Group's turnover for the year 2018 amounted to EUR 983 million (2017: 988), which was a decrease of EUR 5 million compared with the previous year. The Group's EBITDA was EUR 103 million (111), the operating profit before interest and taxes (EBIT) amounted to EUR 49 million (53) and net profit to EUR 31 million (37).

Rettig ICC, Nordkalk and Alandia contributed to the deterioration in earnings.

RETTIG ICC

Rettig ICC's turnover amounted to EUR 682 million (684). The operating contribution (EBITDA) amounted to EUR 57 million (63). Increased competition in central markets and higher costs contributed to the reduction in operating contribution.

NORDKALK

Nordkalk's turnover for 2018 amounted to EUR 300 million (304). The decrease in turnover contributed to the lower operating contribution (EBITDA) for 2018, which amounted to EUR 53 million (54).

OTHER BUSINESS

Alandia's result for 2018 was worse than in 2017, mostly as a result of higher claims ratios for ship refunds and a lower return on the investment portfolio. Rettig Group's share of Alandia's net result of EUR -0.5 million (3) is included in the Group's EBIT.

Terveystalo and eQ are included as long-term financial investments in the Group's balance sheet and the change in fair value is recognised in other comprehensive income. Dividend from eQ of approximately EUR 1.7 million is included in the Group's financial items; additionally the Group received an equity repayment of EUR 0.3 million from eQ. Terveystalo did not pay dividend in 2018 but made an equity repayment amounting to EUR 0.8 million.

Anchor's net result for 2018 amounted to EUR 4 million (4).

PAYROLL AND REMUNERATION

The Group's salaries and remuneration during the financial year amounted to EUR 160 million (162).

PERSONNEL

In 2018, the Group had on average 4,207 employees (4,179), of whom 88 per cent (88) worked outside Finland.

FINANCING AND FINANCIAL POSITION

At the end of 2018, the Group's long-term liabilities amounted to EUR 433 million (356) and current liabilities to EUR 337 million (320). The Group's interest-bearing net debt as defined in the loan terms and conditions amounted to EUR 245 million (249). Cash assets amounted to EUR 56 million (39). The Group's equity ratio was 36 per cent (41) and net gearing 91 per cent (64) at year-end.

RISK FACTORS

The largest strategic and operational risks for Rettig ICC's operations are the fluctuating raw material prices, significant changes in the macro economy, changes in the customer structure and the product offering and the availability of raw materials.

Strategic and operational risks that can affect Nordkalk's operations are largely associated with the development of demand in the markets, increased competition, access to raw materials, energy prices and environmental requirements.

Risk factors for other operations are mainly related to the financial and capital markets, where developments have an impact on the value of the Group's assets.

SHARES

The company's share capital is divided into two categories: ordinary shares and A shares. A total of 18,104,862 shares are in circulation of which 25,862 are A shares. One ordinary share carries 20 votes; an A share carries 1 vote.

CAPITAL EXPENDITURE AND INVESTMENTS

Capital expenditure in operations amounted to EUR 56 million (48). Long-term financial investments made in 2018 amounted to EUR 94 million (129).

RESEARCH & DEVELOPMENT

Research & development costs were EUR 7 million (7); these costs consisted mostly of product development costs.

MANAGEMENT AND AUDITORS

At the Annual General Meeting of Rettig Group Ltd, held on 26 February 2018, Cyril von Rettig (Chairman), Tom von Rettig, Tomas von Rettig, Maria Savola, Bjarne Mitts, Matti Kuivalainen and Timo Vättö were elected as members of the Board of Directors.

Tomas von Rettig has been the company's President and CEO since 1 January 2016.

Kim Järvi, Authorised Public Accountant, and KPMG Oy Ab, Authorised Public Accountants, were elected as auditors.

OUTLOOK FOR 2019

Global economic uncertainty has increased and economic growth in Europe and Asia is expected to slow down in 2019. As a result, we do not expect economic conditions to materially help drive profitability in our private core investments. In 2019, we will focus on improving the cost competitiveness and growth prospects of these companies in order to support profitability and cash flow generation.

DIVIDENDS

The distributable funds of Rettig Group Ltd were as follows:

Retained earnings 31 December 2017	EUR	396,394,145
Resolved dividend 2018	EUR	-19,500,000
Fund of invested unrestricted equity	EUR	6,589,845
Retained earnings from the current accounting year	EUR	381,428,505
Total distributable reserves 31 December 2018	EUR	764,912,495

The Extraordinary General Meeting held on 19 December 2018 resolved that a dividend of EUR 19,500,000.00 shall be paid and the remaining distributable funds as of 31 December 2018 be carried forward.

HELSINKI, 12 FEBRUARY 2019

Cyril von Rettig, Chairman
Tomas von Rettig, President and CEO
Tom von Rettig
Maria Savola
Bjarne Mitts
Matti Kuivalainen
Timo Vättö

Consolidated income statement

	NOTES	2018	2017
EUR thousand			
Turnover	7	982,898	988,218
Cost of sales	8	-788,428	-806,779
GROSS PROFIT		194,470	181,439
Sales and marketing expenses	8	-69,971	-71,481
Administrative & ICT expenses	8	-63,956	-59,128
Research and development expenses	8	-8,138	-8,078
Impairment loss on trade receivables and contract assets	26	-510	-1,196
Other income	8	16,753	31,489
Other expenses	8	-19,993	-22,152
		-145,816	-130,546
Share of profit (-loss) of equity-accounted investees, net of tax	19	74	1,781
EBIT		48,728	52,674
Finance income	9	26,407	23,699
Finance expenses	9	-33,399	-29,551
NET FINANCIAL ITEMS	9	-6,992	-5,852
PROFIT BEFORE TAX		41,736	46,822
Income tax expense	12	-10,918	-10,020
PROFIT		30,818	36,802

	NOTES	2018	2017
EUR thousand			
PROFIT ATTRIBUTABLE TO:			
Owners of the company		27,796	33,859
Non-controlling interests		3,023	2,942

Consolidated statement of other comprehensive income

	NOTES	2018	2017
EUR thousand			
Profit		30,818	36,802
Other comprehensive income			
ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS			
Re-measurement of defined benefit liability (asset)	10	1,600	4,912
Equity investments at FVOCI - net change in fair value	19	-29,873	0
Related tax	12	-164	-288
ITEMS THAT ARE OR MAY BE RECLASSIFIED TO PROFIT OR LOSS			
Foreign operations – foreign currency translation differences		-5,958	878
Equity accounted investees – share of other comprehensive income	19	469	-995
Cash flow hedges – effective portion of changes in fair value		4,894	1,497
Cash flow hedges – reclassified to profit or loss		-497	15
Available-for-sale financial assets – net change in fair value		0	-10,369
Related tax	12	-895	1,445
OTHER COMPREHENSIVE INCOME, NET OF TAX		-30,424	-2,905
TOTAL COMPREHENSIVE INCOME		394	33,897

	NOTES	2018	2017
EUR thousand			
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the company		-2,629	30,954
Non-controlling interests		3,023	2,942

Consolidated balance sheet

	NOTES	31 DECEMBER 2018	31 DECEMBER 2017
EUR thousand			
Assets			
Consolidated goodwill	17, 18	159,237	156,084
Other intangible assets	17	18,386	18,976
Property, plant and equipment	16	309,490	309,634
Equity-accounted investees	19	36,709	39,327
Other investments	20, 27	215,540	162,066
Trade and other receivables, including derivatives	14	14,455	16,653
Deferred tax assets	12	23,826	25,450
Employee benefits	10	523	656
NON-CURRENT ASSETS		778,166	728,847
Inventories	13	154,371	150,949
Trade and other receivables, including derivatives	14	165,582	160,609
Other investments	20, 27	51,212	54,339
Current tax asset	12	2,749	2,039
Cash and cash equivalents	15	56,082	39,468
CURRENT ASSETS		429,995	407,405
TOTAL ASSETS		1,208,162	1,136,251

	NOTES	31 DECEMBER 2018	31 DECEMBER 2017
EUR thousand			
Equity			
Share capital	21	3,011	3,011
Fund of invested unrestricted equity	21	8,921	5,500
Reserves	21	-38,790	-10,107
Retained earnings	21	454,201	451,398
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		427,343	449,802
NON-CONTROLLING INTERESTS	29	12,625	10,882
TOTAL EQUITY		439,968	460,684
Liabilities			
Loans and borrowings	23	368,263	287,146
Employee benefits	10	29,236	31,308
Trade and other payables, including derivatives	24	1,516	1,717
Provisions	25	13,562	14,441
Deferred tax liabilities	12	20,841	21,211
TOTAL NON-CURRENT LIABILITIES		433,417	355,822
Loans and borrowings	23	103,021	88,695
Trade and other payables, including derivatives	24	229,779	229,206
Current tax liabilities	12	1,975	1,844
TOTAL CURRENT LIABILITIES		334,775	319,745
TOTAL LIABILITIES		768,193	675,567
TOTAL EQUITY AND LIABILITIES		1,208,161	1,136,251

Consolidated statement of cash flows

	NOTES	2018	2017
EUR thousand			
CASH FLOW FROM OPERATING ACTIVITIES			
EBIT		48,728	52,674
ADJUSTMENTS:			
Depreciation		44,358	64,640
Share of profit of equity accounted investees, net of tax		74	-1,781
Gain on sale of property plant and equipment		-632	-298
Other expenses		1,322	-16,471
		45,122	46,090
CHANGES IN:			
Inventories		-4,351	-11,948
Trade and other receivables		2,218	-4,208
Trade and other payables		295	20,960
Provision and employee benefits		-3,100	-3,286
		-4,939	1,518
Dividend income, equity accounted investees		2,975	2,560
Net finance costs		-7,534	-5,400
Tax expenses		-10,900	-14,258
NET CASH FROM OPERATING ACTIVITIES		73,452	83,184
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property plant and equipment		3,176	17,842
Acquisition of property plant and equipment		-36,810	-48,437
Acquisition of Group companies, net of cash		-5,993	0
Financial investments		-86,867	-129,016
NET CASH FROM (USED IN) INVESTING ACTIVITIES		-126,493	-159,611

	NOTES	2018	2017
EUR thousand			
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from new borrowings	23	120,169	225,416
Repayment of borrowings	23	-20,775	-103,636
Payment of lease liability	23	-4,760	-2,676
Increase in equity		3,421	0
Dividends paid		-23,440	-22,685
Change in other loans and receivables		-3,670	-11,836
Group contribution		-1,000	0
NET CASH FROM (USED IN) FINANCING ACTIVITIES		69,946	84,583
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		16,905	8,156
Cash and cash equivalents at 1 January		39,468	32,078
Cash movement		16,905	8,156
Currency rate impact		-291	-766
Cash and cash equivalents at 31 December		56,082	39,468

Five-year review

	IFRS 2018	IFRS 2017	IFRS 2016	FAS 2015	FAS 2014
EUR million					
Turnover	983	988	944	851	933
outside Finland, %	83	81	82	81	80
EBITDA	103	111	123	119	131
EBIT	49	53	73	76	43
Profit from continuing operations	31	37	58	44	28
Balance sheet total	1,208	1,136	1,003	1,152	923
Free cash flow	-41	-39	224	59	103
Capital employed	878	783	692	837	710
Return on capital employed, %	5.7	7.2	9.5	9.7	5.8
Net debt*	245	249	178	305	247
Net gearing, %	91	64	39	67	59
Equity ratio, %	36	41	45	40	45
Net debt / EBITDA*	2.4	2.3	1.4	2.6	1.9
Gross investments	148	177	64	85	31
Number of personnel, end of period	4,281	4,105	4,092	4,255	4,074

Calculation of financial ratios

Free cash flow = EBITDA +/- change in net working capital - investments + divestments +/- adjustments

Return on capital employed, % = $\frac{\text{EBIT}}{\text{Capital employed, annual average}} \times 100$

Net gearing, % = $\frac{\text{Interest-bearing liabilities} - \text{interest-bearing assets}}{\text{Total equity}}$

Equity ratio, % = $\frac{\text{Total equity}}{\text{Balance sheet total} - \text{advances received}} \times 100$

Net debt to EBITDA = $\frac{\text{Interest-bearing liabilities} - \text{interest-bearing assets}}{\text{EBITDA}}$

* 'Net Debt' and 'Net Debt / EBITDA' are since Q2/2017 reported including certain adjustments as defined in Rettig Group's loan terms and conditions to the calculation of financial covenants, among others a partial inclusion in 'Interest-bearing assets' of 'Equity investments through other comprehensive income' (prior to adaption of IFRS 9 on 1 January 2018 classified as 'Financial investments available for sale'). Said adjustments to the calculation of financial covenants were amended in April 2018 and 'Net debt' and 'Net debt / EBITDA' are reported pursuant to the amended adjustments since Q2/2018. If reported pursuant to the amended adjustments, Rettig Group's 'Net debt' and 'Net debt / EBITDA', respectively, as of 31 December 2017 would have amounted to EUR 187 million and 1.73.

Our story from an industrial conglomerate...

In 1845 Pehr Cerelius Rettig moved from Sweden to Finland and started a tobacco factory in Turku. Right from its early years, the company was also involved in shipping, later diversifying into other industrial businesses such as limestone production. In the 1970s Rettig stepped into the heating and confectionery industries and moved its head office to Espoo.



1970
Purmo, now Rettig ICC



2003
Nordkalk

1800–1900



1845–1995
Tobacco

1900–1970



1907–1994
Partek

1970–1980



1971–1992
Merijal

1980–1990



1984–2000
Sinebrychoff

1990–2000



1992–2000
Marli

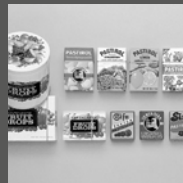
2000–2010



1897–2016
Bore



1967–2002
Scanwine



1975–1992
Seres

1986–2001
Galvano

1987–2004
UWE

1989–2004
Jukova

In the 1980s and 1990s Rettig moved its head office again, this time to Helsinki, and diversified further into the beverage and aluminium industries. By 2004, Rettig had divested all businesses other than heating, shipping and real estate and was back in the lime business.

...into a leading investment company



2015
Alandia



2016
eQ



2017
Terveystalo

2010

2015

2016

2017

Rettig's journey from being an industrial conglomerate to becoming a leading investment company began in the 2010s. Having owned the shipping company Bore for more than 100 years, it was divested in 2016. In the same year, Rettig invested in eQ and the next year in Terveystalo. The insurance business originally came to Rettig Group through Bore. Today Rettig is Alandia's largest owner.

RETTIG 

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RETTIG GROUP

Helsinki, Finland

P.O. Box 115 (Bulevardi 46)
FI-00121 Helsinki, Finland
Tel. +358 (0)9 618 831

Stockholm, Sweden

Kungsgatan 56, 2 tr
SE-111 22 Stockholm, Sweden

www.rettig.fi

firstname.lastname@rettig.fi
LinkedIn: Rettig Group Ltd
Twitter: @RettigGroupLtd

RETTIG ICC

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