

ESL operating profit disappoints

Back in December, Aspo restated its 2018 EBIT guidance. The company announced that the figure will land at the lower end of the initial range. ESL and Telko both topped our Q4 revenue estimates, while ESL's operating profit failed to match our expectations (even after we adjusted our estimate following the December profit warning).

- Group headline figures: Q4 net sales amounted to EUR 156.6m vs our EUR 154.0m estimate. Q4 EBIT stood at EUR 2.6m vs our EUR 3.9m expectation.
- ESL Shipping: Q4 sales recorded at EUR 46.4m vs our EUR 42.2m estimate. Q4 EBIT came in at EUR 4.2m vs our EUR 5.3m estimate.
- Telko: Q4 revenue amounted to EUR 69.5m vs our EUR 68.8m estimate. EBIT stood at EUR 3.4m, exactly as we expected.
- Leipuri: Q4 sales totaled EUR 31.6m vs our EUR 33.0m estimate. EBIT was EUR 0.8m vs our EUR 1.1m estimate.
- Kauko: sales were EUR 9.1m vs our EUR 10.1m estimate. EBIT (including the impairment loss) was EUR -4.4m vs our EUR -4.8m expectation.
- Guidance: Aspo guides 2019 EBIT at EUR 28-33m. This compares to the EUR 25.4m 2018 figure adjusted for the EUR 4.8m impairment loss on Kauko's goodwill. ESL Shipping aims at net sales of more than EUR 200m and an EBIT margin of 12-15% by 2020.
- The BoD proposes 2018 dividend per share at EUR 0.44, to be paid in two installments.

Rating	🟡 HOLD
Share price, EUR (Last trading day's closing price)	9.14
Target price, EUR	9.25
Latest change in recommendation	26-Oct-18
Latest report on company	19-Dec-18
Research paid by issuer:	YES
No. of shares outstanding, '000's	31,420
No. of shares fully diluted, '000's	31,420
Market cap, EURm	287
Free float, %	-
Exchange rate EUR/RUB	-
Reuters code	ASPO.HE
Bloomberg code	ASPO FH
Average daily volume, EURm	0.1
Next interim report	8-May-19
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🟢 BUY 🟡 HOLD 🔴 SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2016	457	20	4.5%	17	0.52	15.7	0.8	15.4	18.5	0.42
2017	502	23	4.6%	21	0.63	16.0	0.9	17.8	19.5	0.43
2018E	538	22	4.1%	18	0.48	19.0	0.9	7.1	21.8	0.45
2019E	619	41	6.6%	38	1.10	8.3	0.7	6.6	11.2	0.50
2020E	651	49	7.5%	45	1.29	7.1	0.7	5.0	8.9	0.60
Market cap, EURm			287	BV per share 2018E, EUR		2.8	CAGR EPS 2017-20, %			27.3
Net debt 2018E, EURm			191	Price/book 2018E		3.2	CAGR sales 2017-20, %			9.0
Enterprise value, EURm			478	Dividend yield 2018E, %		4.9	ROE 2018E, %			17.1
Total assets 2018E, EURm			386	Tax rate 2018E, %		9.5	ROCE 2018E, %			7.9
Goodwill 2018E, EURm			42	Equity ratio 2018E, %		23.1	PEG, P/E 18/CAGR			0.5

All the important disclosures can be found on the last pages of this report.

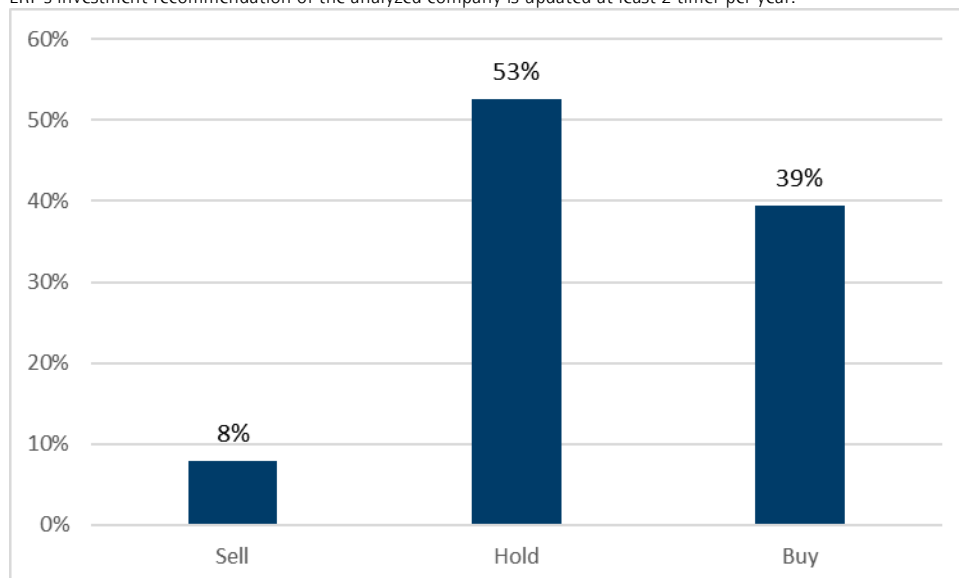
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Ilvonen

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