

Weak Q2, but improvement ahead

Aspo's Q2 revenue stood in line with our estimate, however the EUR 4m EBIT fell short of our EUR 5m expectation mostly due to Telko's relatively low 2.9% operating margin. ESL's EBIT came in above our estimate. Aspo had previously warned about subdued Q2 for ESL due to a challenging market for the Supramax vessels.

- Aspo Q2 revenue amounted to EUR 151m vs our EUR 152m estimate.
- Q2 EBIT was EUR 4.1m whereas we expected EUR 5.2m.
- ESL Shipping posted EUR 42.6m in Q2 revenue vs our EUR 39.5m estimate. ESL's EBIT was EUR 2.6m vs our EUR 1.8m expectation. Aspo had previously warned Q2 to be weak as Supramaxes posted losses (EBIT was EUR 4.3m a year ago).
- Telko recorded EUR 80.6m in revenue vs our EUR 80.9m estimate, whereas EBIT came in at EUR 2.3m compared to our EUR 3.6m projection. Operating margin was therefore 2.9% i.e. weaker than the 4.1% recorded previous year and clearly off our 4.5% expectation.
- Leipurin managed EUR 28.0m in Q2 revenue while we expected EUR 31.6m. EBIT stood at EUR 0.6m vs our EUR 0.9m estimate.
- Aspo guides EUR 24-30m operating profit for 2019 (EUR 20.6m in 2018).

Rating				🟡 HOLD
Q2'19	Actual	Evli	Year ago	Q1'19
Revenue	151.2	152.1	132.7	141.5
EBIT	4.1	5.2	7.1	4.9
EBIT-%	2.7 %	3.4 %	5.4 %	3.5 %
PTP	4.4	4.4	6.1	3.9
EPS	0.12	0.12	0.17	0.11
Share price, EUR (Last trading day's closing price)				8.28
Target price, EUR				9.25
Latest change in recommendation				01-Aug-19
Latest report on company				02-Aug-19
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				260
Free float, %				-
Exchange rate EUR/RUB				-
Reuters code				ASPO.HE
Bloomberg code				ASPO FH
Average daily volume, EURm				0.1
Next interim report				14-Aug-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
2017	502	23	4.6%	21	0.63	16.0	0.9	17.8	19.5	0.43
2018	541	21	3.8%	16	0.45	18.7	0.9	6.2	23.9	0.44
2019E	607	28	4.7%	25	0.68	12.1	0.8	5.9	16.7	0.50
2020E	640	40	6.3%	36	1.01	8.2	0.7	4.4	11.0	0.60
2021E	661	46	7.0%	42	1.22	6.8	0.6	4.0	8.9	0.73
Market cap, EURm	260			BV per share 2019E, EUR	3.0			CAGR EPS 2018-21, %	39.1	
Net debt 2019E, EURm	212			Price/book 2019E	2.7			CAGR sales 2018-21, %	6.9	
Enterprise value, EURm	473			Dividend yield 2019E, %	6.0			ROE 2019E, %	23.5	
Total assets 2019E, EURm	427			Tax rate 2019E, %	8.5			ROCE 2019E, %	8.3	
Goodwill 2019E, EURm	42			Equity ratio 2019E, %	22.4			PEG, P/E 19/CAGR	0.5	

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

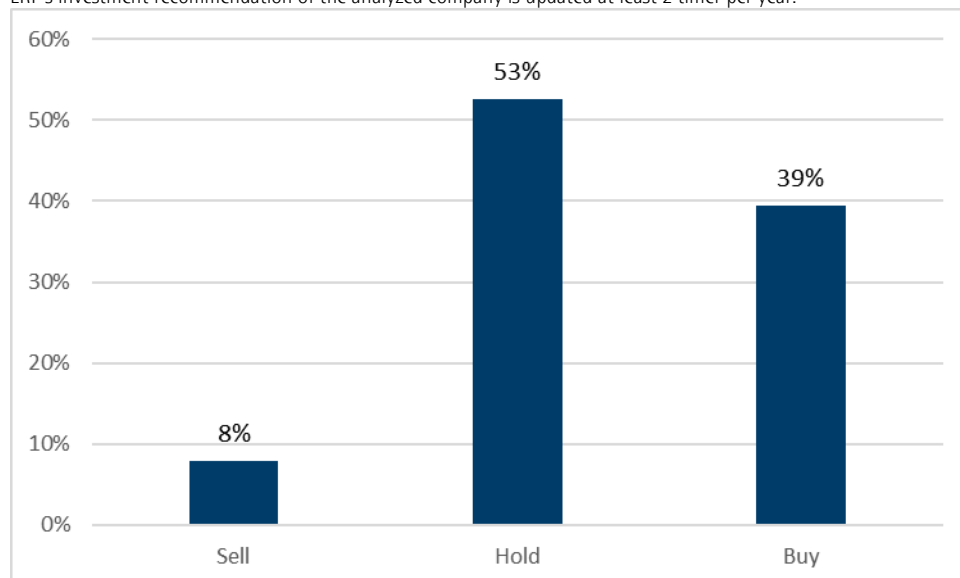
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Investment recommendations are defined as follows:

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 timer 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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