

ESL's EBIT set for strong gain in H2

Aspo's Q2 didn't alter the bigger picture much as ESL is still expected to post higher EBIT in H2'19 as investments are paying off. However, Telko's subdued results were a negative. Our TP is now EUR 9.00 (9.25), rating BUY (HOLD).

Q2 weaker than expected as Telko was unable to improve
Aspo's EUR 151m Q2 revenue met our expectations, yet the EUR 4.1m EBIT missed our EUR 5.2m estimate. The miss was largely attributable to Telko's weak 2.9% operating margin (we expected 4.5%), which declined both q/q and y/y. Telko's EUR 80.6m Q2 revenue was in line with our estimate, and improved q/q and y/y, however declining plastic raw materials and chemicals prices continued to hurt profitability as Telko's inventories were high (although have since normalized). The strengthening Russian and Ukrainian currencies had a further negative impact. Leipurin also fell short of our expectations and last year due to the machinery business' weakness. Meanwhile ESL posted EUR 2.6m in EBIT (we cut our estimate to EUR 1.8m after Aspo warned Q2 will be weak due to a challenging market for the Supramax vessels).

ESL's EBIT is set to almost double in H2 compared to H1

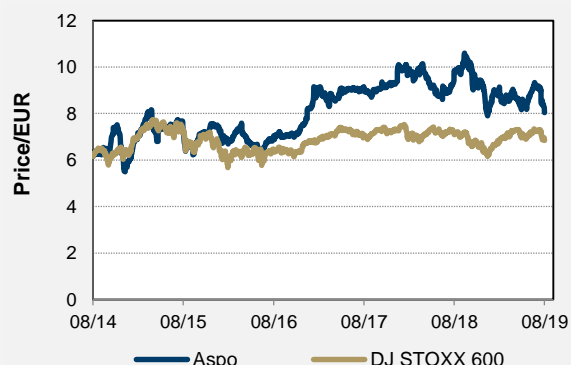
ESL's LNG vessels are expected to reach their full potential in H2'19 as the cranes are now functioning normally. AtoB@C is also contributing. The market for Supramaxes has improved with the Baltic Dry Index rebounding sharply from its early 2019 lows. Steel sector shipments have also normalized after Q2, a period hampered by process challenges in Baltic steel mills as well as heavy traffic at Baltic Sea ports. We thus leave our H2'19 estimates for ESL intact (expect EUR 11m in H2'19 EBIT vs EUR 8m in H2'18). We revise our Telko estimates down as the market outlook in both West and East remains cautious. We previously expected Telko to reach 4.5-5.0% EBIT margins in H2'19 but now expect ca. 3.5%. On a more positive note, Aspo says Telko has managed to improve its inventory turnover recently.

The bulk of Aspo's value continues to tilt towards ESL

Telko's contribution to our SOTP valuation has dropped as we have lowered our estimates for the chemical distributor. We now expect Telko to manage EUR 10m (EUR 14m) in FY '19 EBIT. Our TP is now EUR 9.00 (9.25) due to lower SOTP as we expect FY '19 EBIT at EUR 25m (EUR 28m). Our rating is now BUY (HOLD).

Rating

+ BUY



Share price, EUR (Last trading day's closing price) 8.04

Target price, EUR 9.00

Latest change in recommendation 14-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 253

Free float, % -

Exchange rate EUR/RUB -

Reuters code ASPO.HE

Bloomberg code ASPO FH

Average daily volume, EURm 0.1

Next interim report 29-Oct-19

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+ BUY □ HOLD - SELL

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	606	25	4.2%	23	0.63	12.9	0.8	6.0	18.6	0.50
2020E	641	39	6.1%	35	0.99	8.1	0.7	4.4	11.2	0.60
2021E	662	47	7.0%	42	1.22	6.6	0.6	3.8	8.8	0.73
Market cap, EURm			253	BV per share 2019E, EUR		3.0	CAGR EPS 2018-21, %			39.1
Net debt 2019E, EURm			217	Price/book 2019E		2.7	CAGR sales 2018-21, %			7.0
Enterprise value, EURm			469	Dividend yield 2019E, %		6.2	ROE 2019E, %			21.6
Total assets 2019E, EURm			429	Tax rate 2019E, %		9.2	ROCE 2019E, %			7.4
Goodwill 2019E, EURm			42	Equity ratio 2019E, %		21.8	PEG, P/E 19/CAGR			0.5

Aspo's H1'19 was subdued, but EBIT should improve considerably in H2'19

ESL's H1'19 was weak with EBIT amounting to EUR 5.8m vs EUR 6.9m previous year. The results were hampered by the two new LNG vessels' crane problems (which have since been fixed) as well as challenging market for the two Supramax vessels. Moreover, Q2 was slow for steel industry shipments as Baltic Sea steel mills' annual maintenance procedures took longer than expected. Baltic Sea ports also faced operational challenges, leading to extended waiting periods for vessels. Meanwhile Telko and Leipurin struggled to improve their profitability in H1'19 due to the former suffering from declining chemicals prices and the latter dragged by slow machinery business. Aspo's H1'19 EBIT stood at EUR 9m (EUR 11m). We expect Aspo's EBIT to improve to EUR 16m in H2'19.

Sum-of-the-parts valuation

ESL PEER GROUP	EV/EBIT	
	19	20
Golden Ocean Group	29.8x	12.1x
Ship Finance Intl	18.6x	18.1x
Pangaea Logistics	7.9x	
Star Bulk Carriers	20.0x	5.8x
Navios Maritime Partners	11.7x	6.8x
Genco Shipping & Trading	34.5x	7.4x
Diana Shipping	14.7x	15.2x
Scorpio Bulkers	33.6x	12.0x
Safe Bulkers	14.5x	8.9x
Seenergy Maritime Hldgs	226.0x	6.8x
Eagle Bulk Ship	26.6x	8.3x
Peer Group Average	39.8x	10.2x
Peer Group Median	20.0x	8.6x

TELKO PEER GROUP	EV/EBIT	
	19	20
Brenntag	12.1x	11.5x
IMCD	22.6x	20.7x
Univar Inc	13.8x	11.2x
AKR Corporindo	15.3x	14.6x
Ashland Global Holdings	23.9x	21.0x
Peer Group Average	17.5x	15.8x
Peer Group Median	15.3x	14.6x

LEIPURIN PEER GROUP	EV/EBIT	
	19	20
Marr	14.2x	13.7x
US Foods Holding	14.2x	13.3x
Total Produce	10.2x	9.8x
Chefs' Warehouse	22.6x	20.2x
Welbilt	15.3x	13.0x
HOSHIZAKI Corp	9.6x	8.8x
Middleby	15.1x	13.4x
Rational	29.8x	27.1x
Peer Group Average	16.4x	14.9x
Peer Group Median	14.6x	13.3x

Segment	EBIT	EV/EBIT	EV	EBIT	EV/EBIT	EV
	'19e	'19e *		'20e	'20e *	
ESL	16.7	20.0x	333	23.5	8.6x	202
Telko	10.3	15.3x	157	15.4	14.6x	225
Leipurin	3.2	14.6x	46	4.9	13.3x	65
Other operations	-4.7	12.5x	-59	-4.4	11.8x	-52
Total			478			440
Net debt (Evli YE est.)			217			187
Equity value			262			253
Per share			8.3			8.1

*Peer group median (OMXH 25 for other operations), source: FactSet

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	8.04 PV of Free Cash Flow	282 Long-term growth, %	1.0 Risk-free interest rate, %	2.25
DCF share value	10.47 PV of Horizon value	289 WACC, %	7.4 Market risk premium, %	5.8
Share price potential, %	30.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	11.9 Marketable securities	27 Minimum WACC, %	6.9 Equity beta coefficient	1.00
Minimum value	9.3 Debt - dividend	-269 Maximum WACC, %	7.9 Target debt ratio, %	35
Horizon value, %	50.6 Value of stock	329 Nr of shares, Mn	31.4 Effective tax rate, %	10

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	541	606	641	662	682	699	713	727	738	749	756	764
<i>Sales growth, %</i>	<i>7.7</i>	<i>12.0</i>	<i>5.9</i>	<i>3.3</i>	<i>2.9</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>	<i>1.0</i>	<i>1.0</i>
Operating income (EBIT)	21	25	39	47	51	49	46	44	41	41	42	42
<i>EBIT margin, %</i>	<i>3.8</i>	<i>4.2</i>	<i>6.1</i>	<i>7.0</i>	<i>7.5</i>	<i>7.0</i>	<i>6.5</i>	<i>6.0</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>
+ Depreciation+amort.	16	26	25	25	22	23	23	23	23	23	24	
- Income taxes	-3	-2	-3	-3	-4	-4	-4	-3	-3	-3	-3	
- Change in NWC	9	-6	-4	-2	-2	-2	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-112	-14	-7	-11	-31	-24	-23	-23	-25	-26	-25	-26
<i>Investments / Sales, %</i>	<i>20.6</i>	<i>2.3</i>	<i>1.1</i>	<i>1.7</i>	<i>4.6</i>	<i>3.4</i>	<i>3.2</i>	<i>3.1</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</i>
- Other items	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	0	
= Unlevered Free CF (FCF)	-69	27	49	53	36	42	40	38	33	33	36	565
= Discounted FCF (DFCF)		26	45	45	28	30	28	24	19	18	18	289
= DFCF min WACC		26	45	46	28	31	28	25	20	19	19	327
= DFCF max WACC		26	44	45	27	30	27	23	19	18	18	256

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	115	133	136	157	541	142	151	156	157	606	641	662
EBITDA	7	10	10	11	37	12	11	14	14	51	64	71
<i>EBITDA margin (%)</i>	<i>5.8</i>	<i>7.3</i>	<i>7.4</i>	<i>6.8</i>	<i>6.9</i>	<i>8.3</i>	<i>7.4</i>	<i>9.0</i>	<i>9.1</i>	<i>8.5</i>	<i>10.0</i>	<i>10.7</i>
EBIT	4	7	7	3	21	5	4	8	8	25	39	47
<i>EBIT margin (%)</i>	<i>3.2</i>	<i>5.4</i>	<i>5.3</i>	<i>1.7</i>	<i>3.8</i>	<i>3.5</i>	<i>2.7</i>	<i>5.1</i>	<i>5.3</i>	<i>4.2</i>	<i>6.1</i>	<i>7.0</i>
Net financial items	-1	-1	-1	-1	-4	-1	0	-1	-1	-2	-5	-4
Pre-tax profit	3	6	6	2	16	4	4	7	7	23	35	42
Tax	0	-1	0	-1	-2	0	0	-1	-1	-2	-2	-3
<i>Tax rate (%)</i>	<i>20.0</i>	<i>11.5</i>	<i>4.8</i>	<i>11.1</i>	<i>10.4</i>	<i>10.3</i>	<i>11.4</i>	<i>8.4</i>	<i>8.0</i>	<i>9.2</i>	<i>7.0</i>	<i>7.0</i>
Net profit	2	5	6	1	14	4	4	7	6	20	31	38
EPS	0.06	0.17	0.19	0.03	0.45	0.11	0.12	0.21	0.18	0.63	0.99	1.22
EPS adjusted (diluted no. of shares)	0.06	0.17	0.19	0.03	0.45	0.11	0.12	0.21	0.18	0.63	0.99	1.22
Dividend per share	0.00	0.00	0.00	0.00	0.44	0.00	0.00	0.00	0.00	0.50	0.60	0.73
SALES, EURm												
ESL Shipping	21	23	31	46	120	44	43	43	46	176	191	196
Leipurin	30	31	28	32	121	26	28	30	33	118	126	129
Telko	58	72	67	70	266	72	81	82	78	312	324	337
	7	7	10	9	34	0	0	0	0	0	0	0
Total	115	133	136	157	541	142	151	156	157	606	641	662
SALES GROWTH, Y/Y %												
<i>ESL Shipping</i>	<i>8.5</i>	<i>15.9</i>	<i>67.2</i>	<i>105.3</i>	<i>51.5</i>	<i>113.2</i>	<i>88.5</i>	<i>41.4</i>	<i>-0.8</i>	<i>46.2</i>	<i>8.6</i>	<i>3.0</i>
<i>Leipurin</i>	<i>2.7</i>	<i>3.7</i>	<i>-6.4</i>	<i>-4.0</i>	<i>-1.1</i>	<i>-14.2</i>	<i>-10.3</i>	<i>8.9</i>	<i>5.5</i>	<i>-2.7</i>	<i>7.4</i>	<i>2.0</i>
<i>Telko</i>	<i>-9.3</i>	<i>9.1</i>	<i>0.0</i>	<i>6.0</i>	<i>1.5</i>	<i>24.6</i>	<i>12.4</i>	<i>21.9</i>	<i>11.6</i>	<i>17.3</i>	<i>3.7</i>	<i>4.0</i>
	<i>-2.8</i>	<i>-15.3</i>	<i>-11.1</i>	<i>-19.5</i>	<i>-13.0</i>	<i>-100.0</i>	<i>-98.6</i>	<i>-99.0</i>	<i>-98.9</i>	<i>-99.1</i>	<i>2.0</i>	<i>2.0</i>
Total	-3.1	7.2	7.1	18.3	7.7	22.7	14.0	14.4	0.3	12.0	5.9	3.3
EBIT, EURm												
ESL Shipping	3	4	4	4	15	3	3	5	5	17	24	26
Leipurin	1	1	1	1	3	1	1	1	1	3	5	5
Telko	2	4	3	3	12	2	2	3	3	10	15	20
	-1	0	1	-4	-5	0	0	0	0	0	0	0
Other operations	-1	-1	-1	-1	-5	-1	-1	-1	-1	-5	-4	-4
Total	4	7	7	3	21	5	4	8	8	25	39	47
EBIT margin, %												
<i>ESL Shipping</i>	<i>12.7</i>	<i>19.0</i>	<i>13.1</i>	<i>9.1</i>	<i>12.6</i>	<i>7.3</i>	<i>6.1</i>	<i>12.5</i>	<i>11.7</i>	<i>9.5</i>	<i>12.3</i>	<i>13.0</i>
<i>Leipurin</i>	<i>2.6</i>	<i>2.9</i>	<i>2.9</i>	<i>2.5</i>	<i>2.7</i>	<i>1.9</i>	<i>2.1</i>	<i>3.1</i>	<i>3.4</i>	<i>2.7</i>	<i>3.9</i>	<i>4.0</i>
<i>Telko</i>	<i>3.8</i>	<i>5.0</i>	<i>4.3</i>	<i>4.9</i>	<i>4.5</i>	<i>3.3</i>	<i>2.9</i>	<i>3.3</i>	<i>3.7</i>	<i>3.3</i>	<i>4.8</i>	<i>6.0</i>
	<i>-8.7</i>	<i>-5.6</i>	<i>6.7</i>	<i>-48.4</i>	<i>-14.0</i>	<i>0.0</i>	<i>2.4</i>	<i>2.4</i>	<i>2.8</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>
Total	3.2	5.4	5.3	1.7	3.8	3.5	2.7	5.1	5.3	4.2	6.1	7.0

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	483	446	457	502	541	606	641	662
<i>Sales growth (%)</i>	<i>1.4</i>	<i>-7.7</i>	<i>2.6</i>	<i>9.8</i>	<i>7.7</i>	<i>12.0</i>	<i>5.9</i>	<i>3.3</i>
Costs	-448	-413	-425	-467	-504	-554	-577	-591
Reported EBITDA	35	33	32	35	37	51	64	71
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>7.2</i>	<i>7.4</i>	<i>7.0</i>	<i>7.0</i>	<i>6.9</i>	<i>8.5</i>	<i>10.0</i>	<i>10.7</i>
Depreciation	-11	-12	-12	-12	-12	-26	-25	-25
EBITA	23	21	20	23	25	25	39	47
Goodwill amortization / writedown	0	0	0	0	-5	0	0	0
Reported EBIT	23	21	20	23	21	25	39	47
<i>EBIT margin (%)</i>	<i>4.8</i>	<i>4.6</i>	<i>4.5</i>	<i>4.6</i>	<i>3.8</i>	<i>4.2</i>	<i>6.1</i>	<i>7.0</i>
Net financials	-4	1	-3	-2	-4	-2	-5	-4
Pre-tax profit	19	21	17	21	16	23	35	42
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	-1	-1	-1	-2	-2	-2	-2	-3
Minority shares	0	0	0	0	0	0	0	0
Net profit	18	20	16	19	14	20	31	38
BALANCE SHEET, EURm								
Assets								
Fixed assets	127	128	124	128	223	211	194	181
<i>% of sales</i>	<i>26</i>	<i>29</i>	<i>27</i>	<i>25</i>	<i>41</i>	<i>35</i>	<i>30</i>	<i>27</i>
Goodwill	44	43	43	42	42	42	42	42
<i>% of sales</i>	<i>9</i>	<i>10</i>	<i>9</i>	<i>8</i>	<i>8</i>	<i>7</i>	<i>7</i>	<i>6</i>
Inventory	47	48	57	61	59	67	71	73
<i>% of sales</i>	<i>10</i>	<i>11</i>	<i>12</i>	<i>12</i>	<i>11</i>	<i>11</i>	<i>11</i>	<i>11</i>
Receivables	56	58	60	70	70	79	83	86
<i>% of sales</i>	<i>12</i>	<i>13</i>	<i>13</i>	<i>14</i>	<i>13</i>	<i>13</i>	<i>13</i>	<i>13</i>
Liquid funds	19	24	23	20	27	30	32	33
<i>% of sales</i>	<i>4</i>	<i>5</i>	<i>5</i>	<i>4</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>5</i>
Total assets	298	305	310	321	422	429	422	415
Liabilities								
Equity	84	83	90	87	88	94	109	128
<i>% of sales</i>	<i>17</i>	<i>19</i>	<i>20</i>	<i>17</i>	<i>16</i>	<i>15</i>	<i>17</i>	<i>19</i>
Deferred taxes	6	5	4	0	0	0	0	0
<i>% of sales</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Interest bearing debt	144	148	150	162	255	247	219	190
<i>% of sales</i>	<i>30</i>	<i>33</i>	<i>33</i>	<i>32</i>	<i>47</i>	<i>41</i>	<i>34</i>	<i>29</i>
Non-interest bearing current liabilities	62	68	64	68	76	85	90	93
<i>% of sales</i>	<i>13</i>	<i>15</i>	<i>14</i>	<i>14</i>	<i>14</i>	<i>14</i>	<i>14</i>	<i>14</i>
Other interest free debt	1	2	1	4	4	4	4	4
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Total liabilities	298	305	310	321	422	429	422	415
CASH FLOW, EURm								
+ EBITDA	35	33	32	35	37	51	64	71
- Net financial items	-4	1	-3	-2	-4	-2	-5	-4
- Taxes	-2	-2	-2	-3	-2	-2	-2	-3
- Increase in Net Working Capital	-8	-4	-11	-13	9	-6	-4	-2
+/- Other	2	-2	0	0	0	-1	-1	-1
= Cash flow from operations	22	25	16	17	39	39	52	61
- Capex	-20	-15	-6	-18	-112	-14	-7	-11
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	2	10	10	0	-72	25	45	50
+/- Change in interest-bearing debt	-6	3	3	11	93	-8	-28	-30
+/- New issues/buybacks	-11	-9	4	-9	0	0	0	0
- Paid dividend	-6	-12	-13	-13	-13	-14	-16	-19
+/- Change in loan receivables	3	5	0	1	0	0	0	0
Change in cash	-18	-3	4	-10	7	3	2	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	229	250	310	265	253	253	253
Net debt	124	128	142	228	217	187	157
Enterprise value	353	378	451	493	469	440	409
Sales	446	457	502	541	606	641	662
EBITDA	33	32	35	37	51	64	71
EBIT	21	20	23	21	25	39	47
Pre-tax	21	17	21	16	23	35	42
Earnings	20	16	19	14	20	31	38
Book value	83	90	87	88	94	109	128
Valuation multiples							
EV/sales	0.8	0.8	0.9	0.9	0.8	0.7	0.6
EV/EBITDA	10.7	11.8	12.9	13.3	9.2	6.9	5.8
EV/EBITA	17.1	18.5	19.5	19.4	18.6	11.2	8.8
EV/EBIT	17.1	18.5	19.5	23.9	18.6	11.2	8.8
EV/operating cash flow	14.1	23.3	25.9	11.5	11.1	7.6	6.2
EV/cash earnings	11.4	13.9	14.8	16.1	10.0	7.7	6.4
P/E	11.6	15.7	16.0	18.7	12.9	8.1	6.6
P/E excl. goodwill	11.6	15.7	16.0	14.0	12.9	8.1	6.6
P/B	2.8	2.8	3.5	3.0	2.7	2.3	2.0
P/sales	0.5	0.5	0.6	0.5	0.4	0.4	0.4
P/CF	9.2	15.4	17.8	6.2	6.0	4.4	3.8
Target EV/EBIT	0.0	0.0	0.0	0.0	19.8	11.9	9.4
Target P/E	0.0	0.0	16.5	19.2	14.4	9.1	7.4
Target P/B	0.0	0.0	0.0	0.0	3.0	2.6	2.2
Per share measures							
Number of shares	30,496	30,579	30,976	31,420	31,420	31,420	31,420
Number of shares (diluted)	30,496	30,579	30,976	31,420	31,420	31,420	31,420
EPS	0.65	0.52	0.63	0.45	0.63	0.99	1.22
EPS excl. goodwill	0.65	0.52	0.63	0.60	0.63	0.99	1.22
Cash EPS	1.02	0.89	0.98	0.98	1.49	1.82	2.04
Operating cash flow per share	0.82	0.53	0.56	1.37	1.35	1.84	2.09
Capital employed per share	6.77	7.11	7.39	10.04	9.87	9.43	9.07
Book value per share	2.71	2.93	2.82	2.80	2.98	3.47	4.09
Book value excl. goodwill	1.31	1.53	1.46	1.46	1.64	2.13	2.75
Dividend per share	0.41	0.42	0.43	0.44	0.50	0.60	0.73
Dividend payout ratio, %	63.1	80.8	68.7	97.4	80.0	60.6	60.0
Dividend yield, %	5.5	5.1	4.3	5.2	6.2	7.5	9.1
Efficiency measures							
ROE	23.8	18.5	21.9	16.2	21.6	30.7	32.2
ROCE	9.0	8.7	9.5	7.0	7.4	11.8	14.4
Financial ratios							
Capex/sales, %	3.4	1.4	3.5	20.6	2.3	1.1	1.7
Capex/depreciation excl. goodwill,%	133.5	54.8	154.0	917.2	54.4	29.6	45.3
Net debt/EBITDA, book-weighted	3.7	4.0	4.0	6.1	4.2	2.9	2.2
Debt/equity, market-weighted	0.6	0.6	0.5	1.0	1.0	0.9	0.8
Equity ratio, book-weighted	27.1	28.9	27.2	20.8	21.8	25.9	31.0
Gearing	1.50	1.43	1.62	2.59	2.31	1.72	1.22
Number of employees, average	862	871	909	1,017	1,017	1,017	1,017
Sales per employee, EUR	517,169	525,144	552,695	531,858	595,590	630,464	651,316
EBIT per employee, EUR	23,898	23,421	25,413	20,256	24,826	38,756	45,729

COMPANY DESCRIPTION: Aspo is a conglomerate operating mainly in Northern and Eastern Europe through subsidiaries ESL Shipping, Telko, Leipurin and Kauko. Two thirds of Aspo's revenue is attributable to Finland, Russia, Ukraine and other CIS countries.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Havsudden Oy Ab	3,142,941	25.269	10.0%
Vehmas Tatu Antti Aleks	2,306,676	18.546	7.3%
Varma Mutual Pension Insurance Company	1,438,412	11.565	4.6%
Vehmas Tapio	1,375,827	11.062	4.4%
Ilmarinen Mutual Pension Insurance Company	966,685	7.772	3.1%
Robinson Joanna	754,259	6.064	2.4%
Nyberg Gustav	731,667	5.883	2.3%
Nordea Nordic Small Cap Fund	721,040	5.797	2.3%
Mandatum Life Unit-Linked	516,952	4.156	1.6%
Procurator-Holding Oy	514,882	4.140	1.6%
Ten largest	12,469,341	100.254	40%
Residual	18,950,438	152.362	60%
Total	31,419,779	252.615	100%

EARNINGS CALENDAR

October 29, 2019

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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P.O. Box 499, Mikonkatu 13 A, FI-00101 Helsinki

CFO: Meitsalo Arto

Tel: +358 ,9 5,211

IR:

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

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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.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

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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