

CMD notes; targets softened

Aspo updated its long-term targets in connection with the CMD yesterday. There were no actual downgrades to long-term EBIT margin targets, however Aspo abandoned the target ranges' upper limits for both ESL and Telko, in addition to pushing the margin target dates further forward into the future for all segments. Our updated TP is EUR 8.25 (8.75), while our rating remains HOLD.

ESL's 12% EBIT margin target left intact, but pushed back

ESL now aims for EUR 200m revenue and 12% EBIT margin in '23. The previous target was EUR 200m revenue and 12-15% margin in '20. A target softening wasn't a big surprise considering the recent cargo weakness, largely attributable to the Nordic steel industry, although in our view the '23 target date should leave ESL with potential for a positive surprise assuming the market challenges are not seriously prolonged. No big news regarding the fleet's current situation were floated. ESL said it is assessing new fleet investments i.e. growth prospects beyond '23. These would be in the form of environmentally friendly coasters (consistent with the acquisition of AtoB@C). Such an evaluation reflects ESL's positive outlook on biofuels volumes. ESL also told it is considering different types of ownership and financing alternatives for the potential new smaller vessels. However, no major investments are likely soon.

Telko and Leipurin margin target dates pushed back

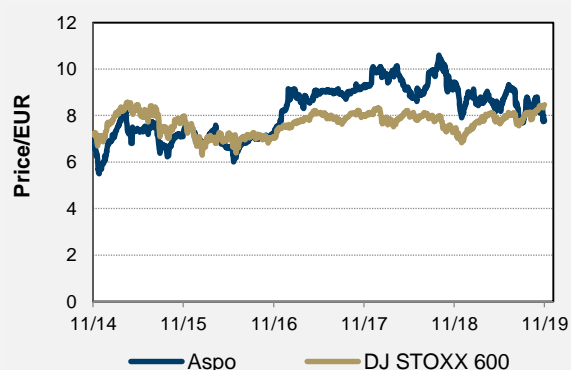
While Telko's volumes have developed well (+10% this year), the focus will be on improving profitability in the coming years, i.e. the story wasn't changed. Telko's profitability in e.g. Ukraine hasn't been developing as hoped. Aspo also said Kauko's annual revenue will decline to EUR 10m effective Jan 1. Telko now targets 6% EBIT margin with EUR 300m revenue (excl. Kauko) in '23 (previously EUR 300-350m revenue and 6-7% margin in '20). Leipurin still targets EUR 140m revenue and 5% EBIT margin, however the date was pushed back by a year to '23.

Full potential will not materialize for a while

We have updated our estimates following the new targets. We revise our estimates down especially beyond '20, but also see next year EBIT some EUR 2.4m lower than previously. Our new TP is EUR 8.25 (8.75). Our rating remains HOLD.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 7.76

Target price, EUR 8.25

Latest change in recommendation 30-Oct-19

Latest report on company 21-Nov-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 244

Free float, % -

Exchange rate EUR/RUB -

Reuters code ASPO.HE

Bloomberg code ASPO FH

Average daily volume, EURm 0.1

Next interim report 13-Feb-20

Web site www.aspo.com

Analyst Joonas Ilvonen

E-mail joonas.ilvonen@evli.com

Telephone +358 44 430 9071

■ BUY ■ HOLD ■ SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2017	502.4	23.1	4.6%	-2.1	0.63	16.0	0.9	19.5	-0.7	0.43
2018	540.9	20.6	3.8%	-26.9	0.45	18.7	0.9	22.8	-10.2	0.44
2019E	591.2	22.1	3.7%	4.2	0.51	15.1	0.8	21.1	1.7	0.50
2020E	594.5	32.1	5.4%	32.7	0.74	10.4	0.8	14.0	13.4	0.55
2021E	613.8	36.9	6.0%	44.9	0.89	8.7	0.7	11.4	18.4	0.58
Market cap, EURm	244		Gearing 2019E, %		164.9		CAGR EPS 2018-21, %		25.5	
Net debt 2019E, EURm	221		Price/book 2019E		2.6		CAGR sales 2018-21, %		4.3	
Enterprise value, EURm	465		Dividend yield 2019E, %		6.4		ROE 2019E, %		17.4	
Total assets 2019E, EURm	436		Tax rate 2019E, %		9.9		ROCE 2019E, %		6.7	
Goodwill 2019E, EURm	43		Equity ratio 2019E, %		27.3		PEG, P/E 19/CAGR		0.5	

Peer multiples and sum-of-the-parts valuation

ESL PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		P/B	
		19	20	19	20	19	20
Algoma Central	347	6.1x	5.7x	15.5x	14.3x	0.7x	0.7x
Diana Shipping	293	7.5x	6.8x	17.6x	20.9x	0.5x	0.5x
Eagle Bulk Ship	310	11.2x	5.5x	39.3x	9.5x	0.6x	0.6x
Genco Shipping & Trading	391	10.0x	5.3x	70.8x	11.0x	0.4x	0.4x
Golden Ocean Group	770	10.3x	8.6x	20.0x	15.2x	0.6x	0.6x
Navios Maritime Partners	180	5.5x	4.1x	9.9x	6.3x		
Pangaea Logistics	126	6.8x	5.3x	11.2x	10.2x		
Safe Bulkers	157	6.9x	5.5x	14.1x	9.8x	0.4x	0.3x
Scorpio Bulkers	383	11.8x	8.4x	53.5x	14.8x	0.6x	0.6x
SFL	1403	12.1x	11.6x	20.3x	18.8x	1.4x	1.4x
Star Bulk Carriers	913	9.7x	5.0x	20.2x	6.8x	0.6x	0.6x
Peer Group Average	479	8.9x	6.5x	26.6x	12.5x	0.7x	0.6x
Peer Group Median	347	9.7x	5.5x	20.0x	11.0x	0.6x	0.6x

TELKO PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
AKR Corporindo	862	11.9x	10.9x	15.9x	14.3x	5.5 %	5.8 %
Ashland Global Holdings	3945	12.9x	12.2x	24.3x	22.6x	11.4 %	12.2 %
Brenntag	7521	9.7x	9.4x	13.3x	12.9x	5.7 %	5.7 %
IMCD	3978	19.4x	17.8x	25.7x	23.1x	6.7 %	7.0 %
Univar Solutions	3642	9.9x	9.2x	14.6x	13.1x	5.1 %	5.5 %
Peer Group Average	3990	12.8x	11.9x	18.8x	17.2x	6.9 %	7.2 %
Peer Group Median	3945	11.9x	10.9x	15.9x	14.3x	5.7 %	5.8 %

LEIPURIN PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
Amsterdam Commodities	491						
Chefs' Warehouse	960	16.2x	14.6x	25.4x	22.0x	3.6 %	3.9 %
Marr	1344	12.4x	12.1x	15.5x	15.0x	5.8 %	5.9 %
Middleby	5901	13.5x	12.4x	16.3x	14.1x	17.6 %	19.6 %
Orkla	8657	14.6x	13.9x	20.2x	18.7x	11.0 %	11.6 %
Performance Food Group	4513	13.1x	11.7x	20.1x	18.2x	1.5 %	1.4 %
Sysco	36975	14.0x	13.2x	18.1x	16.7x	4.6 %	4.8 %
Tate & Lyle	3978	8.3x	8.0x	12.4x	12.1x	11.1 %	11.2 %
Total Produce	568	11.5x	11.3x	14.7x	14.2x	1.8 %	1.9 %
US Foods Holding	7809	11.4x	10.0x	16.0x	14.0x	3.3 %	3.3 %
Welbilt	2186	12.8x	11.6x	16.2x	14.4x	14.4 %	15.7 %
Peer Group Average	6671	12.8x	11.9x	17.5x	15.9x	7.5 %	7.9 %
Peer Group Median	3978	13.0x	11.9x	16.2x	14.7x	5.2 %	5.3 %

Segment	EBIT	EV/EBIT	EV	EBIT	EV/EBIT	EV
	'19e	'19e *		'20e	'20e *	
ESL	14.5	20.0x	290	20.9	11.0x	230
Telko	9.3	15.9x	148	11.4	14.3x	163
Leipurin	2.9	16.2x	47	4.2	14.7x	62
Other operations	-4.6	13.8x	-63	-4.4	13.1x	-58
Total			422			397
Net debt (Evli YE est.)			196			179
Equity value			226			218
Per share			7.2			6.9

*Peer group median (OMXH 25 for other operations)

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	7.76 PV of Free Cash Flow	276 Long-term growth, %	1.0 Risk-free interest rate, %	2.25
DCF share value	10.30 PV of Horizon value	267 WACC, %	7.4 Market risk premium, %	5.8
Share price potential, %	32.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	11.6 Marketable securities	19 Minimum WACC, %	6.9 Equity beta coefficient	1.00
Minimum value	9.2 Debt - dividend	-238 Maximum WACC, %	7.9 Target debt ratio, %	35
Horizon value, %	49.1 Value of stock	324 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	591	594	614	631	647	660	673	683	694	701	708
<i>Sales growth, %</i>	<i>7.7</i>	<i>9.3</i>	<i>0.6</i>	<i>3.2</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	22	32	37	46	45	43	40	38	38	39	39
<i>Operating income margin, %</i>	<i>3.8</i>	<i>3.7</i>	<i>5.4</i>	<i>6.0</i>	<i>7.3</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	29	31	31	23	22	22	22	21	22	22	
EBITDA	37	51	63	68	69	67	65	62	59	60	61	
- Paid taxes	-5	-2	-3	-4	-5	-5	-4	-4	-4	-4	-4	
- Change in NWC	20	-15	0	-2	-2	-2	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>8.0</i>	<i>9.9</i>	<i>9.9</i>	<i>9.9</i>	<i>9.9</i>	<i>9.9</i>	<i>9.9</i>	<i>9.9</i>	<i>9.9</i>	<i>9.9</i>	<i>9.9</i>	
+ Change in other liabs	3	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-75	-7	-7	-11	-20	-22	-21	-21	-24	-24	-24	
<i>opCAPEX / Sales, %</i>	<i>13.8</i>	<i>4.3</i>	<i>3.5</i>	<i>2.0</i>	<i>3.3</i>	<i>3.6</i>	<i>3.3</i>	<i>3.3</i>	<i>3.5</i>	<i>3.5</i>	<i>3.4</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	0	
= FCFF	-20	25	51	50	42	38	37	34	29	30	33	511
= Discounted FCFF		25	47	43	33	28	25	22	18	17	17	267
= DFCF min WACC		25	48	44	34	29	26	23	18	17	18	302
= DFCF max WACC		25	47	43	33	28	25	22	17	16	16	237

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	115.3	132.7	136.3	156.6	540.9	141.5	151.2	148.0	150.5	591.2	594.5	613.8
EBITDA	6.7	9.6	10.1	10.6	37.1	11.8	11.2	14.0	13.9	50.9	62.8	68.3
<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>9.5</i>	<i>9.2</i>	<i>8.6</i>	<i>10.6</i>	<i>11.1</i>
EBIT	3.7	7.1	7.2	2.6	20.6	4.9	4.1	6.7	6.4	22.1	32.1	36.9
<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>4.5</i>	<i>4.2</i>	<i>3.7</i>	<i>5.4</i>	<i>6.0</i>
Net financial items	-1.2	-1.0	-0.9	-1.1	-4.2	-1.0	0.3	-1.3	-0.8	-2.8	-4.8	-4.4
Pre-tax profit	2.5	6.1	6.3	1.5	16.4	3.9	4.4	5.4	5.6	19.3	27.3	32.5
Tax	-0.5	-0.7	-0.3	-0.7	-2.2	-0.4	-0.4	-0.5	-0.6	-1.9	-2.7	-3.3
<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>9.1</i>	<i>9.3</i>	<i>10.8</i>	<i>9.9</i>	<i>10.0</i>	<i>10.0</i>
Net profit	2.0	5.4	6.0	0.8	14.2	3.5	4.0	4.9	3.8	16.2	23.3	28.1
EPS	0.06	0.17	0.19	0.03	0.45	0.11	0.13	0.16	0.12	0.51	0.74	0.89
EPS adjusted (diluted no. of shares)	0.06	0.17	0.19	0.03	0.45	0.11	0.13	0.16	0.12	0.51	0.74	0.89
Dividend per share	0.00	0.00	0.00	0.00	0.44	0.00	0.00	0.00	0.00	0.50	0.55	0.58
SALES, EURm												
ESL Shipping	20.5	22.6	30.6	46.4	120.1	43.7	42.6	43.4	44.5	174.2	181.8	187.3
Leipurin	30.2	31.2	28.0	31.6	121.0	25.9	28.0	29.9	34.1	117.9	124.5	128.3
Telko	57.7	71.7	67.3	69.5	266.2	71.9	80.6	74.7	71.9	299.1	288.1	298.2
Kauko	6.9	7.2	10.4	9.1	33.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	115.3	132.7	136.3	156.6	540.9	141.5	151.2	148.0	150.5	591.2	594.5	613.8
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>41.8</i>	<i>-4.1</i>	<i>45.0</i>	<i>4.4</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>6.8</i>	<i>7.9</i>	<i>-2.6</i>	<i>5.6</i>	<i>3.0</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>11.0</i>	<i>3.4</i>	<i>12.4</i>	<i>-3.7</i>	<i>3.5</i>
<i>Kauko</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>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>0.0</i>	<i>0.0</i>
Total	-3.1	7.2	7.1	18.3	7.7	22.7	13.9	8.6	-3.9	9.3	0.6	3.2
EBIT, EURm												
ESL Shipping	2.6	4.3	4.0	4.2	15.1	3.2	2.6	4.4	4.3	14.5	20.9	21.5
Leipurin	0.8	0.9	0.8	0.8	3.3	0.5	0.6	0.8	1.0	2.9	4.2	4.9
Telko	2.2	3.6	2.9	3.4	12.1	2.4	2.3	2.4	2.2	9.3	11.4	14.9
Kauko	-0.6	-0.4	0.7	-4.4	-4.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operations	-1.3	-1.3	-1.2	-1.4	-5.2	-1.2	-1.4	-0.9	-1.1	-4.6	-4.4	-4.4
Total	3.7	7.1	7.2	2.6	20.6	4.9	4.1	6.7	6.4	22.1	32.1	36.9
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>10.1</i>	<i>9.6</i>	<i>8.3</i>	<i>11.5</i>	<i>11.5</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>2.7</i>	<i>2.9</i>	<i>2.4</i>	<i>3.4</i>	<i>3.8</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>3.2</i>	<i>3.1</i>	<i>3.1</i>	<i>4.0</i>	<i>5.0</i>
<i>Kauko</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>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Total	3.2	5.4	5.3	1.7	3.8	3.5	2.7	4.5	4.2	3.7	5.4	6.0

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	482.9	445.8	457.4	502.4	540.9	591.2	594.5	613.8
<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>9.3</i>	<i>0.6</i>	<i>3.2</i>
EBITDA	34.6	33.1	32.0	35.0	37.1	50.9	62.8	68.3
<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>8.6</i>	<i>10.6</i>	<i>11.1</i>
Depreciation	-11.2	-12.5	-11.6	-11.9	-11.7	-28.8	-30.7	-31.3
EBITA	23.4	20.6	20.4	23.1	25.4	22.1	32.1	36.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	-4.8	0.0	0.0	0.0
EBIT	23.4	20.6	20.4	23.1	20.6	22.1	32.1	36.9
<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>3.7</i>	<i>5.4</i>	<i>6.0</i>
Reported EBIT	23.4	20.6	20.4	23.1	20.6	22.1	32.1	36.9
<i>EBIT margin (reported) (%)</i>	<i>4.8</i>	<i>4.6</i>	<i>4.5</i>	<i>4.6</i>	<i>3.8</i>	<i>3.7</i>	<i>5.4</i>	<i>6.0</i>
Net financials	-4.4	0.7	-3.0	-2.0	-4.2	-2.8	-4.8	-4.4
Pre-tax profit	19.0	21.3	17.4	21.1	16.4	19.3	27.3	32.5
Taxes	-0.6	-1.5	-1.5	-1.7	-2.2	-1.9	-2.7	-3.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	18.4	19.8	15.9	19.4	14.2	16.2	23.3	28.1
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	127	128	124	128	185	177	167	147
Goodwill	44	43	43	42	43	43	43	43
Right of use assets	0	0	0	0	37	41	42	43
Inventory	47	48	57	61	71	65	65	68
Receivables	56	58	60	70	78	77	78	80
Liquid funds	19	24	23	20	19	30	30	31
Total assets	298	305	310	321	436	436	427	414
Liabilities								
Shareholder's equity	84	83	90	87	92	94	102	112
Minority interest	0	0	0	0	0	0	0	0
Convertibles	20	20	25	25	25	25	25	25
Lease liabilities	0	0	0	0	0	41	42	43
Deferred taxes	6	5	4	0	0	0	0	0
Interest bearing debt	124	128	125	137	199	184	167	139
Non-interest bearing current liabilities	62	68	64	68	105	83	83	86
Other interest-free debt	1	2	1	4	8	8	8	8
Total liabilities	298	305	310	321	430	436	427	414
CASH FLOW, EURm								
+ EBITDA	35	33	32	35	37	51	63	68
- Net financial items	-7	5	-2	-2	-4	-3	-5	-4
- Taxes	-2	-2	-2	-3	-5	-2	-3	-3
- Increase in Net Working Capital	-8	-4	-11	-13	20	-15	0	-2
+/- Other	1	-6	-4	-2	0	-1	-1	-1
= Cash flow from operations	18	26	13	16	48	30	54	57
- Capex	-20	-15	-6	-18	-75	-26	-21	-13
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-2	11	7	-2	-27	4	33	45
+/- New issues/buybacks	-11	-9	4	-9	4	0	0	0
- Paid dividend	-6	-12	-13	-13	-13	-14	-16	-17
+/- Other	11	15	1	21	36	20	-17	-27
Change in cash	-9	5	-1	-3	-1	10	0	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	229	250	310	265	244	244	244
Net debt (excl. convertibles)	104	103	117	180	196	179	152
Enterprise value	353	378	451	470	465	448	421
Sales	446	457	502	541	591	594	614
EBITDA	33	32	35	37	51	63	68
EBIT	21	20	23	21	22	32	37
Pre-tax	21	17	21	16	19	27	33
Earnings	20	16	19	14	16	23	28
Equity book value (excl. minorities)	83	90	87	92	94	102	112
Valuation multiples							
EV/sales	0.8	0.8	0.9	0.9	0.8	0.8	0.7
EV/EBITDA	10.7	11.8	12.9	12.7	9.1	7.1	6.2
EV/EBITA	17.1	18.5	19.5	18.5	21.1	14.0	11.4
EV/EBIT	17.1	18.5	19.5	22.8	21.1	14.0	11.4
EV/OCF	13.8	28.1	29.0	9.8	15.7	8.3	7.3
EV/FCFF	23.4	37.6	564.3	-23.7	18.3	8.8	8.4
P/FCFE	21.4	35.0	-144.8	-9.8	58.3	7.5	5.4
P/E	11.6	15.7	16.0	18.7	15.1	10.4	8.7
P/B	2.8	2.8	3.5	2.9	2.6	2.4	2.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.4	7.4	6.4
Target EV/EBIT	0.0	0.0	0.0	0.0	21.8	14.4	11.8
Target EV/FCF	0.0	0.0	0.0	0.0	114.9	14.2	9.7
Target P/B	0.0	0.0	0.0	0.0	2.8	2.5	2.3
Target P/E	0.0	0.0	0.0	0.0	16.0	11.1	9.2
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	0.51	0.74	0.89
Operating cash flow per share	0.84	0.44	0.50	1.52	0.94	1.71	1.83
Free cash flow per share	0.35	0.23	-0.07	-0.86	0.13	1.04	1.43
Book value per share	2.71	2.93	2.82	2.92	2.99	3.24	3.58
Dividend per share	0.41	0.42	0.43	0.44	0.50	0.55	0.58
Dividend payout ratio, %	63.1	80.8	68.7	97.4	97.2	74.0	65.0
Dividend yield, %	5.5	5.1	4.3	5.2	6.4	7.1	7.5
FCF yield, %	4.7	2.9	-0.7	-10.2	1.7	13.4	18.4
Efficiency measures							
ROE	23.8	18.5	21.9	15.9	17.4	23.9	26.2
ROCE	9.0	8.7	9.5	7.3	6.7	9.4	11.3
Financial ratios							
Inventories as % of sales	10.9	12.4	12.1	13.2	11.0	11.0	11.0
Receivables as % of sales	13.1	13.1	14.0	14.4	13.1	13.1	13.1
Non-interest bearing liabilities as % of sales	15.2	14.0	13.6	19.4	14.0	14.0	14.0
NWC/sales, %	8.5	11.3	12.5	8.0	9.9	9.9	9.9
Operative CAPEX/sales, %	3.4	1.4	3.5	13.8	4.3	3.5	2.0
CAPEX/sales (incl. acquisitions), %	3.4	1.4	3.5	13.8	4.3	3.5	2.0
FCFF/EBITDA	0.5	0.3	0.0	-0.5	0.5	0.8	0.7
Net debt/EBITDA, book-weighted	3.1	3.2	3.3	4.9	3.9	2.9	2.2
Debt/equity, market-weighted	0.6	0.5	0.4	0.8	0.8	0.7	0.6
Equity ratio, book-weighted	33.7	37.0	35.0	27.2	27.3	29.6	33.2
Gearing, %	101.4	89.8	103.9	154.3	164.9	141.6	110.4

COMPANY DESCRIPTION: Aspo is a conglomerate featuring three independent wholly-owned business-to-business segments each operating in regions surrounding the Baltic Sea. The three segments engage in providing logistics solutions, such as maritime transportation and raw materials wholesale distribution. Aspo's goal is to help each of its operating segments to build long-lasting customer relationships. Aspo aims to create value by developing and internationalizing its subsidiary businesses while proactively considering potential acquisitions and divestitures.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Havsudden Oy Ab	3,142,941	24.389	10.0%
Vehmas Tatu Antti Aleksi	2,306,676	17.900	7.3%
Varma Mutual Pension Insurance Company	1,438,412	11.162	4.6%
Vehmas Tapio	1,375,827	10.676	4.4%
Ilmarinen Mutual Pension Insurance Company	952,972	7.395	3.0%
Robinson Joanna	754,259	5.853	2.4%
Nyberg Gustav	731,667	5.678	2.3%
Nordea Nordic Small Cap Fund	721,040	5.595	2.3%
Procurator-Holding Oy	514,882	3.995	1.6%
Mandatum Life Insurance Company Limited	491,952	3.818	1.6%
Ten largest	12,430,628	96.462	40%
Residual	18,989,151	147.356	60%
Total	31,419,779	243.817	100%

EARNINGS CALENDAR

February 13, 2020	FY 2019 Results
May 05, 2020	Q1 report
August 12, 2020	Q2 report
October 29, 2020	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Ojanen Aki	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	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

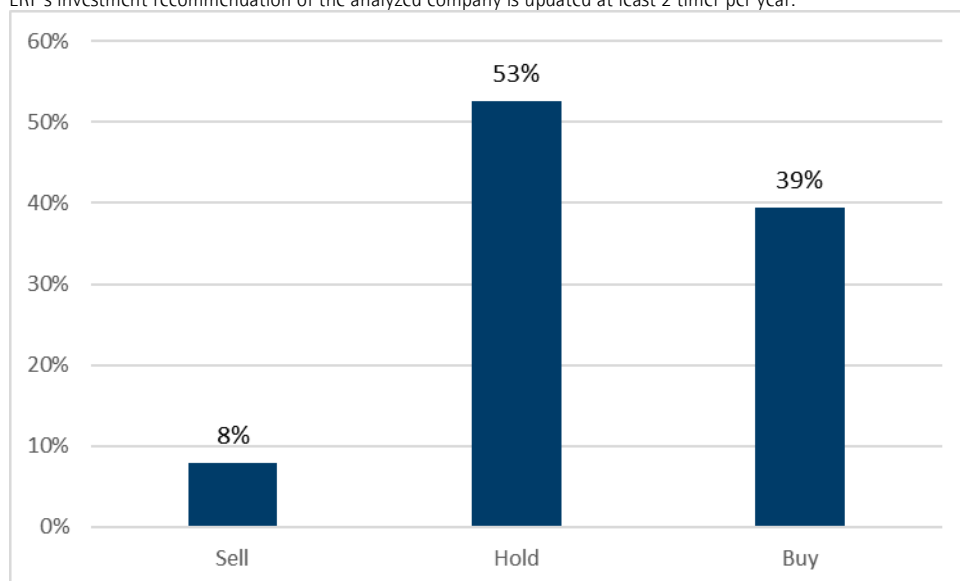
Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on [27.11.2019, 9:00]. This report has been published on [27.11.2019, 9:15].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment

Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Bank Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Bank Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity Sales**

Ari Laine +358 9 4766 9115
 Lauri Ahokanto +358 9 4766 9117
 Niclas Henelius +358 9 4766 9116

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
 Pasi Väisänen +358 9 4766 9120
 Antti Kässi +358 9 4766 9120
 Miika Roankanen +358 9 4766 9120

ETFs and Derivatives

Joachim Dannberg +358 9 4766 9123
 Kimmo Lijja +358 9 4766 9130

Structured Investments

Heikki Savijoki +358 9 4766 9726
 Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
 Joonas Ilvonen +358 44 430 9071
 Jerker Salokivi +358 9 4766 9149
 Anna-Liisa Rissanen +358 40 157 9919

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
 Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
 Aleksanterinkatu 19 A
 P.O. Box 1081
 FIN-00101 Helsinki, FINLAND
 Phone +358 9 476 690
 Fax +358 9 634 382
 Internet www.evli.com
 E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
 STOCKHOLMSFILIAL**
 Regeringsgatan 67 P.O. Box 16354
 SE-103 26 Stockholm
 Sverige
 stockholm@evli.com
 Tel +46 (0)8 407 8000
 Fax +46 (0)8 407 8001