

The pandemic stirs the picture more

Aspo withdrew FY '20 guidance as the pandemic is yet another setback for operations. We have cut estimates according to our assumption that business will begin to normalize during Q2 as many governments are reportedly about to ease restrictions. Yet we remain cautious given the uncertainty; our TP is now EUR 6.25 (8.25), rating HOLD.

Q1 was very weak for ESL, Telko performed relatively strong

Aspo disclosed preliminary Q1 figures. ESL operated in challenging conditions as the Chinese situation in the beginning of the year already affected shipping rates. ESL's steel and energy transport volumes decreased in Q1 and the uncertainty means there's no solid view on cargo volume potential for the rest of the year. Aspo says smaller vessels' cargo volumes remained at a normal level. ESL's Q1 top line decreased by 2% y/y to EUR 42.7m (our estimate was EUR 46.7m) and EBIT decreased to EUR 2.3m compared to EUR 3.2m a year ago and our EUR 4.9m expectation. Meanwhile Telko performed relatively good as Q1 revenue amounted to EUR 63.6m i.e. down by 12% y/y but close to our EUR 63.9m estimate. Telko's Q1 EBIT, unchanged y/y at EUR 2.4m, was slightly above our EUR 2.2m estimate. This indicates Telko's profitability measures are having some effect. Leipurin's Q1 revenue amounted to EUR 26.9m, up 4% y/y and in line with our EUR 26.8m estimate. Leipurin's EBIT increased slightly to EUR 0.6m while our estimate was EUR 0.7m.

The H2'20 EBIT improvement slope is very hard to assess

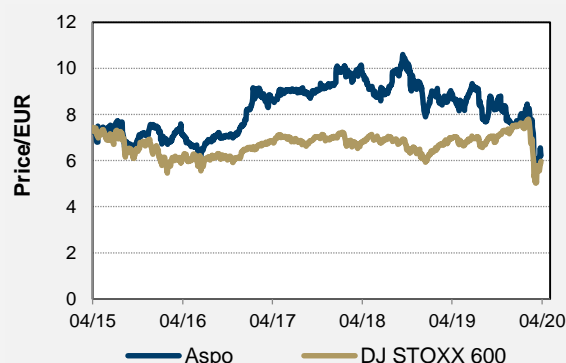
Aspo previously guided FY '20 EBIT to be higher than in '19 (EUR 21.1m). In our view Aspo's profitability for this year is especially difficult to estimate with current information as last year's result doesn't represent a high hurdle as such given the long-term potential. In a scenario closer to normal we would have expected Aspo to reach the guidance easy. Yet the potential is now even more subject to uncertainty as the macro picture is very murky. We expect better results in Q3 but see Q2 EBIT down to EUR 2.6m (we previously estimated Q2 EBIT at EUR 7.0m).

The environment justifies low valuation relative to potential

In our view the potential for higher EBIT remains, however in the current situation it's challenging to rely on long-term estimates. Our TP is now EUR 6.25 (8.25), rating remains HOLD.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 6.22

Target price, EUR 6.25

Latest change in recommendation 30-Oct-19

Latest report on company 14-Feb-20

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 195

Free float, % -

Exchange rate EUR/RUB -

Reuters code ASPO.HE

Bloomberg code ASPO FH

Average daily volume, EURm 0.1

Next interim report 05-May-20

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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
2018	540.9	20.6	3.8%	-54.5	0.45	18.7	0.9	22.8	-20.6	0.44
2019	587.7	21.1	3.6%	25.5	0.51	16.4	0.8	21.2	9.7	0.22
2020E	570.1	20.7	3.6%	37.5	0.50	12.5	0.6	16.9	19.2	0.45
2021E	588.6	30.3	5.1%	43.8	0.73	8.5	0.5	10.6	22.4	0.48
2022E	605.6	35.8	5.9%	46.1	0.87	7.2	0.5	8.1	23.6	0.52
Market cap, EURm			195	Gearing 2020E, %		118.2	CAGR EPS 2019-22, %			19.2
Net debt 2020E, EURm			154	Price/book 2020E		1.5	CAGR sales 2019-22, %			1.0
Enterprise value, EURm			350	Dividend yield 2020E, %		7.2	ROE 2020E, %			12.3
Total assets 2020E, EURm			411	Tax rate 2020E, %		11.9	ROCE 2020E, %			6.4
Goodwill 2020E, EURm			43	Equity ratio 2020E, %		31.8	PEG, P/E 20/CAGR			0.4

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	240	5.2x	4.4x	14.0x	12.1x	0.6x	0.5x
Diana Shipping	124	7.7x	6.7x	17.7x	28.5x	0.2x	0.2x
Eagle Bulk Ship	125	15.4x	5.5x	120.6x	12.7x	0.3x	0.3x
Genco Shipping & Trading	217	10.8x	5.1x	211.9x	16.7x	0.2x	0.3x
Golden Ocean Group	449	10.4x	8.9x	19.7x	22.9x	0.3x	0.3x
Navios Maritime Partners	70	5.9x	4.2x	11.2x	8.1x		
Pangaea Logistics	80	6.4x	4.4x	10.0x	10.6x		
Safe Bulkers	103	7.2x	7.6x	15.4x	19.6x	0.2x	0.2x
Scorpio Bulkers	128	14.7x	8.5x	73.3x	20.0x	0.2x	0.2x
SFL	1092	12.6x	10.5x	21.4x	16.2x	1.0x	1.0x
Star Bulk Carriers	512	11.3x	5.6x	26.5x	8.7x	0.4x	0.3x
Peer Group Average	285	9.8x	6.5x	49.2x	16.0x	0.4x	0.4x
Peer Group Median	128	10.4x	5.6x	19.7x	16.2x	0.3x	0.3x

TELKO PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
AKR Corporindo	476	15.4x	7.7x	19.3x	10.1x	5.1 %	6.5 %
Ashland Global Holdings	3111	12.3x	10.1x	23.6x	19.7x	11.1 %	11.1 %
Brenntag	5815	9.7x	8.3x	13.0x	11.6x	5.8 %	5.5 %
IMCD	3673	19.9x	19.0x	27.5x	24.3x	6.5 %	6.9 %
Univar Solutions	1873	9.3x	7.3x	13.5x	10.3x	5.2 %	5.2 %
Peer Group Average	2990	13.3x	10.5x	19.4x	15.2x	6.7 %	7.0 %
Peer Group Median	3111	12.3x	8.3x	19.3x	11.6x	5.8 %	6.5 %

LEIPURIN PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
Amsterdam Commodities	444		9.6x		11.0x		6.8 %
Chefs' Warehouse	337	17.2x	9.1x	27.7x	13.5x	3.5 %	3.0 %
Marr	814	12.4x	12.4x	15.5x	19.3x	5.8 %	3.9 %
Middleby	2699	12.6x	9.1x	15.1x	9.6x	17.8 %	18.9 %
Orkla	8024	14.9x	13.6x	21.6x	18.5x	10.4 %	11.4 %
Performance Food Group	2973	14.4x	7.6x	21.4x	11.4x	1.4 %	1.4 %
Sysco	21949	16.2x	10.1x	20.7x	12.4x	4.4 %	4.5 %
Tate & Lyle	3643	8.5x	7.6x	12.7x	11.5x	11.3 %	11.2 %
Total Produce	365	12.0x	9.8x	12.1x	9.8x	2.2 %	2.1 %
US Foods Holding	3633	11.9x	8.5x	16.8x	12.0x	3.3 %	2.7 %
Welbilt	581	12.3x	10.0x	16.8x	13.5x	13.1 %	11.0 %
Peer Group Average	4133	13.2x	9.8x	18.0x	12.9x	7.3 %	7.0 %
Peer Group Median	2699	12.5x	9.6x	16.8x	12.0x	5.1 %	4.5 %

Segment	EBIT '19	EV/EBIT '19 *	EV	EBIT '20e	EV/EBIT '20e *	EV
ESL	14.6	19.7x	288	14.3	16.2x	231
Telko	8.0	19.3x	154	7.8	11.6x	90
Leipurin	3.0	16.8x	50	3.2	12.0x	39
Other operations	-4.5		-60	-4.6		-58
Total			432			302
Net debt (Evli YE est.)			185			155
Equity value			247			148
Per share			7.9			4.7

*Peer group median

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	6.22 PV of Free Cash Flow	278 Long-term growth, %	1.0 Risk-free interest rate, %
DCF share value	10.83 PV of Horizon value	248 WACC, %	7.4 Market risk premium, %
Share price potential, %	74.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	12.1 Marketable securities	24 Minimum WACC, %	6.9 Equity beta coefficient
Minimum value	9.8 Debt - dividend	-209 Maximum WACC, %	7.9 Target debt ratio, %
Horizon value, %	47.2 Value of stock	340 Nr of shares, Mn	31.4 Effective tax rate, %

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	588	570	589	606	619	632	644	654	664	674	680	687
<i>Sales growth, %</i>	<i>8.7</i>	<i>-3.0</i>	<i>3.2</i>	<i>2.9</i>	<i>2.2</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.0</i>	<i>1.0</i>
Operating income (EBIT)	21	21	30	36	43	41	39	39	40	37	37	38
<i>Operating income margin, %</i>	<i>3.6</i>	<i>3.6</i>	<i>5.1</i>	<i>5.9</i>	<i>6.9</i>	<i>6.5</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>
+ Depreciation+amort.	29	28	34	32	25	23	21	20	21	21	21	
EBITDA	50	49	65	68	68	64	59	60	61	58	59	
- Paid taxes	-1	-2	-3	-4	-4	-4	-4	-4	-4	-4	-4	
- Change in NWC	-14	13	-2	-2	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>9.7</i>	<i>7.7</i>	<i>7.8</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.1</i>	<i>8.1</i>	
+ Change in other liabs	-2	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-7	-6	-11	-11	-25	-23	-20	-22	-23	-23	-23	
<i>opCAPEX / Sales, %</i>	<i>1.2</i>	<i>3.4</i>	<i>2.0</i>	<i>1.9</i>	<i>4.1</i>	<i>3.7</i>	<i>3.2</i>	<i>3.5</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	0	-1	-1	-1	-1	-1	-1	-1	-1	0	
= FCFF	26	53	48	51	36	35	33	31	32	29	32	497
= Discounted FCFF		51	42	42	28	25	22	19	18	16	16	248
= DFCF min WACC		51	42	42	28	25	22	20	19	16	16	281
= DFCF max WACC		51	42	41	27	24	21	19	18	15	15	220

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1E	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	141.5	151.2	148.0	147.0	587.7	132.9	140.1	146.6	150.5	570.1	588.6	605.6
EBITDA	11.8	11.2	14.0	12.7	49.7	11.0	9.6	13.2	14.8	48.7	64.6	67.7
<i>EBITDA margin (%)</i>	<i>8.3</i>	<i>7.4</i>	<i>9.5</i>	<i>8.6</i>	<i>8.5</i>	<i>8.3</i>	<i>6.8</i>	<i>9.0</i>	<i>9.9</i>	<i>8.5</i>	<i>11.0</i>	<i>11.2</i>
EBIT	4.9	4.1	6.7	5.4	21.1	4.0	2.6	6.2	7.8	20.7	30.3	35.8
<i>EBIT margin (%)</i>	<i>3.5</i>	<i>2.7</i>	<i>4.5</i>	<i>3.7</i>	<i>3.6</i>	<i>3.0</i>	<i>1.9</i>	<i>4.3</i>	<i>5.2</i>	<i>3.6</i>	<i>5.1</i>	<i>5.9</i>
Net financial items	-1.0	0.3	-1.3	-0.9	-2.9	-0.7	-0.7	-0.7	-0.7	-3.0	-3.4	-4.2
Pre-tax profit	3.9	4.4	5.4	4.5	18.2	3.3	1.8	5.5	7.1	17.7	26.9	31.6
Tax	-0.4	-0.4	-0.5	-0.8	-2.1	-0.5	-0.4	-0.6	-0.6	-2.1	-2.7	-3.2
<i>Tax rate (%)</i>	<i>10.3</i>	<i>9.1</i>	<i>9.3</i>	<i>17.8</i>	<i>11.5</i>	<i>15.3</i>	<i>21.7</i>	<i>10.9</i>	<i>8.5</i>	<i>11.9</i>	<i>10.0</i>	<i>10.0</i>
Net profit	3.5	4.0	4.9	3.7	16.1	2.8	1.4	4.9	6.5	15.6	23.0	27.2
EPS	0.11	0.13	0.16	0.12	0.51	0.09	0.05	0.16	0.21	0.50	0.73	0.87
EPS adjusted (diluted no. of shares)	0.11	0.13	0.16	0.12	0.51	0.09	0.05	0.16	0.21	0.50	0.73	0.87
Dividend per share	0.00	0.00	0.00	0.00	0.22	0.00	0.00	0.00	0.00	0.45	0.48	0.52
SALES, EURm												
ESL Shipping	43.7	42.6	43.4	45.3	175.0	42.7	40.1	43.7	48.7	175.2	180.4	184.9
Leipurin	25.9	28.0	29.9	31.9	115.7	26.6	28.5	28.4	30.6	114.1	117.5	119.8
Telko	71.9	80.6	74.7	69.8	297.0	63.6	71.5	74.5	71.2	280.8	290.7	300.8
Total	141.5	151.2	148.0	147.0	587.7	132.9	140.1	146.6	150.5	570.1	588.6	605.6
SALES GROWTH, Y/Y %												
<i>ESL Shipping</i>	<i>113.2</i>	<i>88.5</i>	<i>41.8</i>	<i>-2.4</i>	<i>45.7</i>	<i>-2.4</i>	<i>-5.8</i>	<i>0.6</i>	<i>7.5</i>	<i>0.1</i>	<i>3.0</i>	<i>2.5</i>
<i>Leipurin</i>	<i>-14.2</i>	<i>-10.3</i>	<i>6.8</i>	<i>0.9</i>	<i>-4.4</i>	<i>2.8</i>	<i>1.8</i>	<i>-5.0</i>	<i>-4.2</i>	<i>-1.4</i>	<i>3.0</i>	<i>2.0</i>
<i>Telko</i>	<i>24.6</i>	<i>12.4</i>	<i>11.0</i>	<i>0.4</i>	<i>11.6</i>	<i>-11.5</i>	<i>-11.3</i>	<i>-0.2</i>	<i>2.1</i>	<i>-5.4</i>	<i>3.5</i>	<i>3.5</i>
<i>Kauko</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>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Total	22.7	13.9	8.6	-6.1	8.7	-6.1	-7.3	-1.0	2.4	-3.0	3.2	2.9
EBIT, EURm												
ESL Shipping	3.2	2.6	4.4	4.4	14.6	2.3	1.6	4.6	5.7	14.3	18.9	20.3
Leipurin	0.5	0.6	0.8	1.1	3.0	0.6	0.7	0.8	1.1	3.2	4.1	4.8
Telko	2.4	2.3	2.4	0.9	8.0	2.4	1.4	1.9	2.1	7.8	11.6	15.0
Other operations	-1.2	-1.4	-0.9	-1.0	-4.5	-1.2	-1.2	-1.1	-1.1	-4.6	-4.4	-4.4
Total	4.9	4.1	6.7	5.4	21.1	4.0	2.6	6.2	7.8	20.7	30.3	35.8
EBIT margin, %												
<i>ESL Shipping</i>	<i>7.3</i>	<i>6.1</i>	<i>10.1</i>	<i>9.7</i>	<i>8.3</i>	<i>5.3</i>	<i>4.1</i>	<i>10.6</i>	<i>11.7</i>	<i>8.1</i>	<i>10.5</i>	<i>11.0</i>
<i>Leipurin</i>	<i>1.9</i>	<i>2.1</i>	<i>2.7</i>	<i>3.4</i>	<i>2.6</i>	<i>2.2</i>	<i>2.6</i>	<i>2.9</i>	<i>3.6</i>	<i>2.8</i>	<i>3.5</i>	<i>4.0</i>
<i>Telko</i>	<i>3.3</i>	<i>2.9</i>	<i>3.2</i>	<i>1.3</i>	<i>2.7</i>	<i>3.7</i>	<i>2.0</i>	<i>2.5</i>	<i>3.0</i>	<i>2.8</i>	<i>4.0</i>	<i>5.0</i>
Total	3.5	2.7	4.5	3.7	3.6	3.0	1.9	4.3	5.2	3.6	5.1	5.9

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	445.8	457.4	502.4	540.9	587.7	570.1	588.6	605.6
<i>Sales growth (%)</i>	-7.7	2.6	9.8	7.7	8.7	-3.0	3.2	2.9
EBITDA	33.1	32.0	35.0	37.1	49.7	48.7	64.6	67.7
<i>EBITDA margin (%)</i>	7.4	7.0	7.0	6.9	8.5	8.5	11.0	11.2
Depreciation	-12.5	-11.6	-11.9	-11.7	-28.6	-28.0	-34.3	-31.9
EBITA	20.6	20.4	23.1	25.4	21.1	20.7	30.3	35.8
Goodwill amortization / writedown	0.0	0.0	0.0	-4.8	0.0	0.0	0.0	0.0
EBIT	20.6	20.4	23.1	20.6	21.1	20.7	30.3	35.8
<i>EBIT margin (%)</i>	4.6	4.5	4.6	3.8	3.6	3.6	5.1	5.9
Reported EBIT	20.6	20.4	23.1	20.6	21.1	20.7	30.3	35.8
<i>EBIT margin (reported) (%)</i>	4.6	4.5	4.6	3.8	3.6	3.6	5.1	5.9
Net financials	0.7	-3.0	-2.0	-4.2	-2.9	-3.0	-3.4	-4.2
Pre-tax profit	21.3	17.4	21.1	16.4	18.2	17.7	26.9	31.6
Taxes	-1.5	-1.5	-1.7	-2.2	-2.1	-2.1	-2.7	-3.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	19.8	15.9	19.4	14.2	16.1	15.6	23.0	27.2
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	128	124	128	185	190	181	158	137
Goodwill	43	43	42	43	43	43	43	43
Right of use assets	0	0	0	37	22	21	22	22
Inventory	48	57	61	71	56	63	65	67
Receivables	58	60	70	78	75	74	77	79
Liquid funds	24	23	20	19	24	29	29	30
Total assets	305	310	321	436	410	411	394	378
Liabilities								
Shareholder's equity	83	90	87	92	122	131	140	152
Minority interest	0	0	0	0	0	0	0	0
Convertibles	20	25	25	25	0	0	0	0
Lease liabilities	0	0	0	0	9	21	22	22
Deferred taxes	5	4	0	0	0	0	0	0
Interest bearing debt	128	125	137	199	200	162	133	102
Non-interest bearing current liabilities	68	64	68	105	61	80	82	85
Other interest-free debt	2	1	4	8	18	18	18	18
Total liabilities	305	310	321	430	410	411	394	378
CASH FLOW, EURm								
+ EBITDA	33	32	35	37	50	49	65	68
- Net financial items	5	-2	-2	-4	-3	-3	-3	-4
- Taxes	-2	-2	-3	-2	0	-2	-3	-3
- Increase in Net Working Capital	-4	-11	-13	-11	-14	13	-2	-2
+/- Other	-6	-4	-2	0	0	0	-1	-1
= Cash flow from operations	26	13	16	20	33	57	55	57
- Capex	-15	-6	-18	-75	-7	-19	-12	-11
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	11	7	-2	-55	25	37	44	46
+/- New issues/buybacks	-9	4	-9	4	28	0	0	0
- Paid dividend	-12	-13	-13	-13	-14	-7	-14	-15
+/- Other	15	1	21	64	-35	-26	-29	-30
Change in cash	5	-1	-3	-1	4	5	1	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	250	310	265	263	195	195	195
Net debt (excl. convertibles)	103	117	180	185	154	125	94
Enterprise value	378	451	470	448	350	320	289
Sales	457	502	541	588	570	589	606
EBITDA	32	35	37	50	49	65	68
EBIT	20	23	21	21	21	30	36
Pre-tax	17	21	16	18	18	27	32
Earnings	16	19	14	16	16	23	27
Equity book value (excl. minorities)	90	87	92	122	131	140	152
Valuation multiples							
EV/sales	0.8	0.9	0.9	0.8	0.6	0.5	0.5
EV/EBITDA	11.8	12.9	12.7	9.0	7.2	5.0	4.3
EV/EBITA	18.5	19.5	18.5	21.2	16.9	10.6	8.1
EV/EBIT	18.5	19.5	22.8	21.2	16.9	10.6	8.1
EV/OCF	28.1	29.0	23.2	13.8	6.2	5.8	5.0
EV/FCFF	37.6	564.3	-15.2	17.5	6.5	6.7	5.7
P/FCFE	35.0	-144.8	-4.9	10.3	5.2	4.5	4.2
P/E	15.7	16.0	18.7	16.4	12.5	8.5	7.2
P/B	2.8	3.5	2.9	2.2	1.5	1.4	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.2	5.0	4.3
Target EV/EBIT	0.0	0.0	0.0	0.0	17.0	10.6	8.1
Target EV/FCF	0.0	0.0	0.0	0.0	9.4	7.3	6.3
Target P/B	0.0	0.0	0.0	0.0	1.5	1.4	1.3
Target P/E	0.0	0.0	0.0	0.0	12.6	8.5	7.2
Per share measures							
Number of shares	30,579	30,976	31,420	31,420	31,420	31,420	31,420
Number of shares (diluted)	30,579	30,976	31,420	31,420	31,420	31,420	31,420
EPS	0.52	0.63	0.45	0.51	0.50	0.73	0.87
Operating cash flow per share	0.44	0.50	0.65	1.04	1.80	1.76	1.83
Free cash flow per share	0.23	-0.07	-1.74	0.81	1.19	1.39	1.47
Book value per share	2.93	2.82	2.92	3.88	4.16	4.44	4.83
Dividend per share	0.42	0.43	0.44	0.22	0.45	0.48	0.52
Dividend payout ratio, %	80.8	68.7	97.4	42.9	90.7	65.0	60.0
Dividend yield, %	5.1	4.3	5.2	3.5	7.2	7.7	8.4
FCF yield, %	2.9	-0.7	-20.6	9.7	19.2	22.4	23.6
Efficiency measures							
ROE	18.5	21.9	15.9	15.1	12.3	17.0	18.7
ROCE	8.7	9.5	7.3	6.5	6.4	10.0	12.6
Financial ratios							
Inventories as % of sales	12.4	12.1	13.2	9.5	11.0	11.0	11.0
Receivables as % of sales	13.1	14.0	14.4	12.8	13.0	13.0	13.0
Non-interest bearing liabilities as % of sales	14.0	13.6	19.4	10.4	14.0	14.0	14.0
NWC/sales, %	11.3	12.5	8.0	9.7	7.7	7.8	7.9
Operative CAPEX/sales, %	1.4	3.5	13.8	1.2	3.4	2.0	1.9
CAPEX/sales (incl. acquisitions), %	1.4	3.5	13.8	1.2	3.4	2.0	1.9
FCFF/EBITDA	0.3	0.0	-0.8	0.5	1.1	0.7	0.7
Net debt/EBITDA, book-weighted	3.2	3.3	4.9	3.7	3.2	1.9	1.4
Debt/equity, market-weighted	0.5	0.4	0.8	0.8	0.8	0.7	0.5
Equity ratio, book-weighted	37.0	35.0	27.2	29.8	31.8	35.4	40.1
Gearing, %	89.8	103.9	154.3	151.6	118.2	89.4	61.6

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: Aspo's key segment, ESL, has invested heavily in recent years by commissioning two LNG-powered vessels and acquiring a dry bulk carrier named Ato@B (which specializes in time-chartered smaller vessels suitable for biofuel shipments). Given ESL's stable long-term customer relationships and a fleet tailored for demanding Baltic Sea conditions, we expect the dry bulk carrier will post significantly higher operating profits going forward. We expect Telko, a chemical distributor, to achieve materially higher profitability following its cost efficiency program once the market situation stabilizes. We also see good scope for Leipurin's improvement.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Havsudden Oy Ab	3,142,941	19.549	10.0%
Vehmas Tatu Antti Aleksi	2,306,676	14.348	7.3%
Varma Mutual Pension Insurance Company	1,438,412	8.947	4.6%
Vehmas Tapio	1,375,827	8.558	4.4%
Ilmarinen Mutual Pension Insurance Company	952,972	5.927	3.0%
Robinson Joanna	754,259	4.691	2.4%
Nyberg Gustav	731,667	4.551	2.3%
Nordea Nordic Small Cap Fund	721,040	4.485	2.3%
Procurator-Holding Oy	514,882	3.203	1.6%
Mandatum Life Insurance Company Limited	491,952	3.060	1.6%
Ten largest	12,430,628	77.319	40%
Residual	18,989,151	118.113	60%
Total	31,419,779	195.431	100%

EARNINGS CALENDAR

May 05, 2020	Q1 report
August 12, 2020	Q2 report
October 29, 2020	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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IR: Keränen Keijo	

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

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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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