

## Navigation is still challenging

Aspo Q2 was stronger than expected thanks to Telko, but the report and comments painted a cautious short-term picture. Our TP remains EUR 6.0, retain HOLD rating.

### Some beacons of light but still surrounded by thick fog

ESL's top line declined by 23% y/y and at EUR 32.9m was clearly below our EUR 40.1m estimate. Q2 EBIT, at EUR 0.6m, thus didn't meet our EUR 1.6m estimate. Steel industry cargo volumes fell steep and energy industry activity wasn't much better. Smaller vessels continued to perform quite well but many larger ones operated in weak spot markets. ESL managed to shave fixed costs by EUR 0.9m and Aspo says cost measures will be fully realized in Q3, however Q3 outlook is not bright as steel industry volumes will be low with rebound now expected for Q4. Meanwhile Telko posted EUR 4.2m EBIT (vs our EUR 1.1m estimate), a strong show given that revenue declined by 26% y/y to EUR 59.5m (vs our EUR 63.1m estimate). Telko's performance is clearly on an improving trend thanks to efforts addressing e.g. working capital efficiency. It however seems Q2 EBIT margin was exceptionally high and current outlook is challenging especially in Ukraine and Russia. Leipurin Q2 revenue fell by 17% y/y and the EUR 0.3m EBIT didn't meet our EUR 0.6m estimate as certain machinery deliveries bound for Russia were postponed to H2.

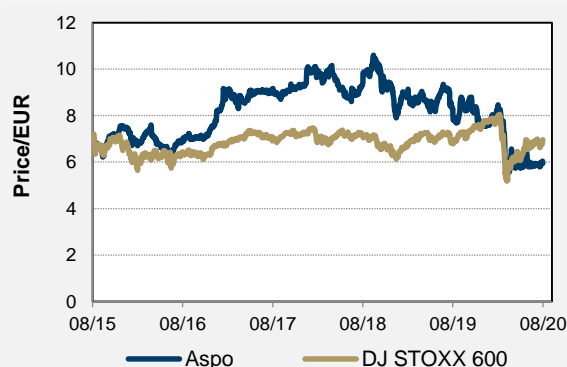
### We cut estimates due to cautious market comments

Aspo's H1 figures already reflected the pandemic shock yet Q3 remains challenging especially for ESL. We now expect ESL EBIT at EUR 0.4m and EUR 2.9m respectively for Q3 and Q4. In our view Aspo's unofficial soft guidance for Telko FY '20 (flat y/y absolute profitability i.e. some EUR 8m) seems a bit conservative given the EUR 6.6m accumulated already in H1. We expect Telko Q3 EBIT at EUR 2.3m. We cut our H2 EBIT estimate all in all by EUR 4.0m to EUR 7.2m, reflecting Aspo's cautious comments.

### Strong rebound remains a possibility yet not imminent

It's clear this year will be quite soft figurewise with ESL only beginning to rebound in Q4. There's thus clear upside relative to long-term estimates, yet in our view given the prolonged pandemic uncertainty it takes a lot of conviction to rely on that outlook. In terms of SOTP there's potential with respect to the '19 and '20 average, however that approach relies on Telko's FY '20 improvement. Our TP remains EUR 6, rating HOLD.

Rating HOLD



Share price, EUR (Last trading day's closing price) 5.94  
Target price, EUR 6.0

Latest change in recommendation 30-Oct-19  
Latest report on company 6-May-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 187  
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-20  
Web site www.aspo.com

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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	491.6	15.3	3.1%	44.9	0.33	18.0	0.7	21.8	24.1	0.45	
2021E	510.5	23.5	4.6%	37.6	0.54	11.0	0.6	13.2	20.1	0.35	
2022E	526.0	29.6	5.6%	57.2	0.70	8.5	0.5	8.9	30.6	0.42	
Market cap, EURm			187	Gearing 2020E, %			117.2	CAGR EPS 2019-22, %			11.1
Net debt 2020E, EURm			147	Price/book 2020E			1.5	CAGR sales 2019-22, %			-3.6
Enterprise value, EURm			334	Dividend yield 2020E, %			7.6	ROE 2020E, %			8.4
Total assets 2020E, EURm			384	Tax rate 2020E, %			10.4	ROCE 2020E, %			4.9
Goodwill 2020E, EURm			43	Equity ratio 2020E, %			32.7	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	258	5.2x	5.4x	14.0x	13.0x	0.6x	0.6x
Diana Shipping	116	7.7x	10.7x	17.7x		0.2x	0.3x
Eagle Bulk Ship	169	15.4x	10.6x	120.6x	86.4x	0.4x	0.4x
Genco Shipping & Trading	271	10.8x	8.3x	211.9x	16.2x	0.3x	0.4x
Golden Ocean Group	504	10.4x	13.3x	19.7x		0.4x	0.5x
Navios Maritime Partners	62	5.9x	7.7x	11.2x	22.5x		
Pangaea Logistics	100	6.4x	18.2x	10.0x	22.3x		
Safe Bulkers	108	7.2x	9.7x	15.4x	48.2x	0.3x	0.3x
Scorpio Bulkers	150	16.0x	27.9x	73.3x		0.1x	0.2x
SFL	954	12.5x	10.9x	23.5x	20.1x	0.9x	1.1x
Star Bulk Carriers	597	11.3x		26.5x		0.4x	0.5x
Peer Group Average	299	<b>9.9x</b>	<b>12.3x</b>	<b>49.4x</b>	<b>32.7x</b>	<b>0.4x</b>	<b>0.5x</b>
Peer Group Median	169	<b>10.4x</b>	<b>10.6x</b>	<b>19.7x</b>	<b>22.3x</b>	<b>0.4x</b>	<b>0.4x</b>

TELKO PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
AKR Corporindo	648	15.5x	10.9x	19.2x	14.5x	5.1 %	6.6 %
Ashland Global Holdings	3994	12.2x	12.5x	23.5x	24.3x	11.2 %	11.4 %
Brenntag	8402	9.7x	10.5x	13.4x	14.9x	5.7 %	5.9 %
IMCD	4810	19.8x	22.8x	27.2x	30.0x	6.5 %	6.9 %
Univar Solutions	2604	9.3x	9.0x	13.5x	17.6x	5.2 %	3.8 %
Peer Group Average	4092	<b>13.3x</b>	<b>13.2x</b>	<b>19.3x</b>	<b>20.3x</b>	<b>6.7 %</b>	<b>6.9 %</b>
Peer Group Median	3994	<b>12.2x</b>	<b>10.9x</b>	<b>19.2x</b>	<b>17.6x</b>	<b>5.7 %</b>	<b>6.6 %</b>

LEIPURIN PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
Amsterdam Commodities	471		10.5x		12.0x		6.8 %
Chefs' Warehouse	470	17.2x		28.1x		3.4 %	-5.0 %
Marr	849	12.2x	23.1x	15.6x	64.1x	5.8 %	1.4 %
Middleby	4931	12.6x	16.9x	15.1x	22.2x	17.8 %	14.1 %
Orkla	8499	14.8x	14.1x	21.6x	19.4x	10.4 %	11.1 %
Performance Food Group	3781	15.6x	14.7x	26.9x	30.5x	1.2 %	0.9 %
Sysco	25780	17.9x	15.3x	24.5x	22.1x	3.9 %	3.5 %
Tate & Lyle	3540	8.3x	8.0x	12.4x	12.4x	11.4 %	10.6 %
Total Produce	410	12.0x	10.6x	12.1x	10.8x	2.2 %	1.9 %
US Foods Holding	4509	11.9x	14.1x	16.8x	25.0x	3.3 %	1.8 %
Welbilt	909	12.3x	17.3x	16.8x	29.4x	13.1 %	7.6 %
Peer Group Average	4923	<b>13.5x</b>	<b>14.5x</b>	<b>19.0x</b>	<b>24.8x</b>	<b>7.3 %</b>	<b>5.0 %</b>
Peer Group Median	3540	<b>12.4x</b>	<b>14.4x</b>	<b>16.8x</b>	<b>22.1x</b>	<b>4.9 %</b>	<b>3.5 %</b>

Segment	EBIT '19	EV/EBIT '19 *	EV	EBIT '20e	EV/EBIT '20e *	EV
ESL	14.6	19.7x	288	6.2	22.3x	138
Telko	8.0	19.2x	154	11.1	17.6x	196
Leipurin	3.0	16.8x	50	2.5	22.1x	55
Other operations	-4.5		-60	-4.5		-58
Total			432			330
Net debt (Evli YE est.)			185			147
Equity value			247			183
Per share			7.8			5.8

\*Peer group median

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	5.94 PV of Free Cash Flow	272 Long-term growth, %	1.0 Risk-free interest rate, %	2.25
DCF share value	9.56 PV of Horizon value	220 WACC, %	7.4 Market risk premium, %	5.8
Share price potential, %	60.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	10.6 Marketable securities	24 Minimum WACC, %	6.9 Equity beta coefficient	1.00
Minimum value	8.6 Debt - dividend	-216 Maximum WACC, %	7.9 Target debt ratio, %	35
Horizon value, %	44.8 Value of stock	300 Nr of shares, Mn	31.4 Effective tax rate, %	10

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	588	492	511	526	538	549	559	568	576	585	591	597
<i>Sales growth, %</i>	<i>8.7</i>	<i>-16.3</i>	<i>3.8</i>	<i>3.0</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	15	23	30	37	36	34	34	35	32	32	33
<i>Operating income margin, %</i>	<i>3.6</i>	<i>3.1</i>	<i>4.6</i>	<i>5.6</i>	<i>6.8</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	29	34	32	21	20	18	18	18	18	19	
EBITDA	50	44	57	61	58	56	51	52	53	50	51	
- Paid taxes	-1	-2	-2	-3	-4	-4	-3	-3	-3	-3	-3	
- Change in NWC	-14	21	-2	-2	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>9.7</i>	<i>7.4</i>	<i>7.5</i>	<i>7.5</i>	<i>7.6</i>	<i>7.6</i>	<i>7.7</i>	<i>7.7</i>	<i>7.7</i>	<i>7.8</i>	<i>7.8</i>	
+ Change in other liabs	-2	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-7	-5	-11	6	-21	-20	-17	-19	-20	-20	-20	
<i>opCAPEX / Sales, %</i>	<i>1.2</i>	<i>3.0</i>	<i>2.3</i>	<i>-0.9</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	58	41	61	31	30	28	27	27	25	27	431
= Discounted FCFF		57	37	52	24	22	19	17	16	14	14	220
= DFCF min WACC		57	38	52	24	23	20	18	17	14	15	250
= DFCF max WACC		57	37	51	24	22	19	17	16	13	13	196

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	141.5	151.2	148.0	147.0	587.7	133.2	115.6	118.3	124.5	491.6	510.5	526.0
EBITDA	11.8	11.2	14.0	12.7	49.7	11.3	11.3	9.3	11.9	43.8	57.5	61.3
<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>8.5</i>	<i>9.8</i>	<i>7.8</i>	<i>9.6</i>	<i>8.9</i>	<i>11.3</i>	<i>11.7</i>
EBIT	4.9	4.1	6.7	5.4	21.1	4.0	4.1	2.3	4.9	15.3	23.5	29.6
<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>3.5</i>	<i>1.9</i>	<i>4.0</i>	<i>3.1</i>	<i>4.6</i>	<i>5.6</i>
Net financial items	-1.0	0.3	-1.3	-0.9	-2.9	-1.1	-1.1	-0.7	-0.7	-3.7	-3.2	-3.8
Pre-tax profit	3.9	4.4	5.4	4.5	18.2	2.9	3.0	1.5	4.2	11.6	20.2	25.8
Tax	-0.4	-0.4	-0.5	-0.8	-2.1	-0.3	-0.3	-0.3	-0.3	-1.2	-2.0	-2.6
<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>10.3</i>	<i>10.0</i>	<i>19.9</i>	<i>7.2</i>	<i>10.4</i>	<i>10.0</i>	<i>10.0</i>
Net profit	3.5	4.0	4.9	3.7	16.1	2.6	2.7	1.2	3.9	10.4	17.0	22.1
EPS	0.11	0.13	0.16	0.12	0.51	0.08	0.09	0.04	0.12	0.33	0.54	0.70
EPS adjusted (diluted no. of shares)	0.11	0.13	0.16	0.12	0.51	0.08	0.09	0.04	0.12	0.33	0.54	0.70
Dividend per share	0.00	0.00	0.00	0.00	0.22	0.00	0.00	0.00	0.00	0.45	0.35	0.42
<b>SALES, EURm</b>												
ESL Shipping	43.7	42.6	43.4	45.3	175.0	42.7	32.9	34.3	38.9	148.8	156.3	160.9
Leipurin	25.9	28.0	29.9	31.9	115.7	26.9	23.2	27.2	29.3	106.5	109.7	111.9
Telko	71.9	80.6	74.7	69.8	297.0	63.6	59.5	56.8	56.4	236.3	244.5	253.1
Total	141.5	151.2	148.0	147.0	587.7	133.2	115.6	118.3	124.5	491.6	510.5	526.0
<b>SALES GROWTH, Y/Y %</b>												
ESL Shipping	113.2	88.5	41.8	-2.4	45.7	-2.3	-22.8	-20.9	-14.2	-15.0	5.0	3.0
Leipurin	-14.2	-10.3	6.8	0.9	-4.4	3.9	-17.1	-9.1	-8.3	-7.9	3.0	2.0
Telko	24.6	12.4	11.0	0.4	11.6	-11.5	-26.2	-24.0	-19.2	-20.4	3.5	3.5
Kauko	-100.0	-100.0	-100.0	-100.0	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	22.7	13.9	8.6	-6.1	8.7	-5.9	-23.5	-20.1	-15.3	-16.3	3.8	3.0
<b>EBIT, EURm</b>												
ESL Shipping	3.2	2.6	4.4	4.4	14.6	2.3	0.6	0.4	2.9	6.2	14.8	16.9
Leipurin	0.5	0.6	0.8	1.1	3.0	0.6	0.3	0.7	0.9	2.5	3.8	4.5
Telko	2.4	2.3	2.4	0.9	8.0	2.4	4.2	2.3	2.3	11.1	9.2	12.7
Other operations	-1.2	-1.4	-0.9	-1.0	-4.5	-1.3	-1.0	-1.1	-1.1	-4.5	-4.4	-4.4
Total	4.9	4.1	6.7	5.4	21.1	4.0	4.1	2.3	4.9	15.3	23.5	29.6
<b>EBIT margin, %</b>												
ESL Shipping	7.3	6.1	10.1	9.7	8.3	5.4	1.8	1.1	7.5	4.1	9.5	10.5
Leipurin	1.9	2.1	2.7	3.4	2.6	2.2	1.3	2.6	3.0	2.3	3.5	4.0
Telko	3.3	2.9	3.2	1.3	2.7	3.8	7.1	4.0	4.0	4.7	3.8	5.0
Total	3.5	2.7	4.5	3.7	3.6	3.0	3.5	1.9	4.0	3.1	4.6	5.6

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	445.8	457.4	502.4	540.9	587.7	491.6	510.5	526.0
<i>Sales growth (%)</i>	-7.7	2.6	9.8	7.7	8.7	-16.3	3.8	3.0
EBITDA	33.1	32.0	35.0	37.1	49.7	43.8	57.5	61.3
<i>EBITDA margin (%)</i>	7.4	7.0	7.0	6.9	8.5	8.9	11.3	11.7
Depreciation	-12.5	-11.6	-11.9	-11.7	-28.6	-28.5	-34.0	-31.7
EBITA	20.6	20.4	23.1	25.4	21.1	15.3	23.5	29.6
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	15.3	23.5	29.6
<i>EBIT margin (%)</i>	4.6	4.5	4.6	3.8	3.6	3.1	4.6	5.6
Reported EBIT	20.6	20.4	23.1	20.6	21.1	15.3	23.5	29.6
<i>EBIT margin (reported) (%)</i>	4.6	4.5	4.6	3.8	3.6	3.1	4.6	5.6
Net financials	0.7	-3.0	-2.0	-4.2	-2.9	-3.7	-3.2	-3.8
Pre-tax profit	21.3	17.4	21.1	16.4	18.2	11.6	20.2	25.8
Taxes	-1.5	-1.5	-1.7	-2.2	-2.1	-1.2	-2.0	-2.6
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	10.4	17.0	22.1
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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	128	124	128	185	190	179	156	119
Goodwill	43	43	42	43	43	43	43	43
Right of use assets	0	0	0	37	22	18	19	19
Inventory	48	57	61	71	56	54	56	58
Receivables	58	60	70	78	75	64	66	68
Liquid funds	24	23	20	19	24	25	26	26
Total assets	305	310	321	436	410	384	367	335
<b>Liabilities</b>								
Shareholder's equity	83	90	87	92	122	125	128	139
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	18	19	19
Deferred taxes	5	4	0	0	0	0	0	0
Interest bearing debt	128	125	137	199	200	154	130	84
Non-interest bearing current liabilities	68	64	68	105	61	69	71	74
Other interest-free debt	2	1	4	8	18	18	18	18
Total liabilities	305	310	321	430	410	384	367	335
<b>CASH FLOW, EURm</b>								
+ EBITDA	33	32	35	37	50	44	57	61
- Net financial items	5	-2	-2	-4	-3	-4	-3	-4
- Taxes	-2	-2	-3	-2	0	-1	-2	-3
- Increase in Net Working Capital	-4	-11	-13	-11	-14	21	-2	-2
+/- Other	-6	-4	-2	0	0	0	-1	-1
= Cash flow from operations	26	13	16	20	33	60	49	52
- Capex	-15	-6	-18	-75	-7	-15	-12	5
- 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	45	38	57
+/- New issues/buybacks	-9	4	-9	4	28	0	0	0
- Paid dividend	-12	-13	-13	-13	-14	-7	-14	-11
+/- Other	15	1	21	64	-35	-37	-23	-45
Change in cash	5	-1	-3	-1	4	1	1	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	250	310	265	263	187	187	187
Net debt (excl. convertibles)	103	117	180	185	147	124	77
Enterprise value	378	451	470	448	334	310	264
Sales	457	502	541	588	492	511	526
EBITDA	32	35	37	50	44	57	61
EBIT	20	23	21	21	15	23	30
Pre-tax	17	21	16	18	12	20	26
Earnings	16	19	14	16	10	17	22
Equity book value (excl. minorities)	90	87	92	122	125	128	139
<b>Valuation multiples</b>							
EV/sales	0.8	0.9	0.9	0.8	0.7	0.6	0.5
EV/EBITDA	11.8	12.9	12.7	9.0	7.6	5.4	4.3
EV/EBITA	18.5	19.5	18.5	21.2	21.8	13.2	8.9
EV/EBIT	18.5	19.5	22.8	21.2	21.8	13.2	8.9
EV/OCF	28.1	29.0	23.2	13.8	5.6	6.3	5.1
EV/FCFF	37.6	564.3	-15.2	17.5	5.7	7.5	4.3
P/FCFE	35.0	-144.8	-4.9	10.3	4.2	5.0	3.3
P/E	15.7	16.0	18.7	16.4	18.0	11.0	8.5
P/B	2.8	3.5	2.9	2.2	1.5	1.5	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.7	5.4	4.3
Target EV/EBIT	0.0	0.0	0.0	0.0	21.9	13.3	9.0
Target EV/FCF	0.0	0.0	0.0	0.0	7.5	8.3	4.7
Target P/B	0.0	0.0	0.0	0.0	1.5	1.5	1.4
Target P/E	0.0	0.0	0.0	0.0	18.1	11.1	8.5
<b>Per share measures</b>							
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	0.33	0.54	0.70
Operating cash flow per share	0.44	0.50	0.65	1.04	1.90	1.56	1.66
Free cash flow per share	0.23	-0.07	-1.74	0.81	1.43	1.20	1.82
Book value per share	2.93	2.82	2.92	3.88	3.99	4.09	4.43
Dividend per share	0.42	0.43	0.44	0.22	0.45	0.35	0.42
Dividend payout ratio, %	80.8	68.7	97.4	42.9	136.1	65.0	60.0
Dividend yield, %	5.1	4.3	5.2	2.6	7.6	5.9	7.1
FCF yield, %	2.9	-0.7	-20.6	9.7	24.1	20.1	30.6
<b>Efficiency measures</b>							
ROE	18.5	21.9	15.9	15.1	8.4	13.4	16.5
ROCE	8.7	9.5	7.3	6.5	4.9	8.2	11.4
<b>Financial ratios</b>							
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	7.4	7.5	7.5
Operative CAPEX/sales, %	1.4	3.5	13.8	1.2	3.0	2.3	-0.9
CAPEX/sales (incl. acquisitions), %	1.4	3.5	13.8	1.2	3.0	2.3	-0.9
FCFF/EBITDA	0.3	0.0	-0.8	0.5	1.3	0.7	1.0
Net debt/EBITDA, book-weighted	3.2	3.3	4.9	3.7	3.4	2.2	1.3
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	32.7	35.0	41.6
Gearing, %	89.8	103.9	154.3	151.6	117.2	96.2	55.6

**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	18.669	10.0%
Vehmas Tatu Antti Aleksi	2,306,676	13.702	7.3%
Varma Mutual Pension Insurance Company	1,438,412	8.544	4.6%
Vehmas Tapio	1,375,827	8.172	4.4%
Ilmarinen Mutual Pension Insurance Company	952,972	5.661	3.0%
Robinson Joanna	754,259	4.480	2.4%
Nyberg Gustav	731,667	4.346	2.3%
Nordea Nordic Small Cap Fund	721,040	4.283	2.3%
Procurator-Holding Oy	514,882	3.058	1.6%
Mandatum Life Insurance Company Limited	491,952	2.922	1.6%
Ten largest	12,430,628	73.838	40%
Residual	18,989,151	112.796	60%
Total	31,419,779	186.633	100%

#### EARNINGS CALENDAR

October 29, 2020

Q3 report

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

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## 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	15%
Hold	58%
Buy	27%

The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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