

## Improvement ahead in Q4

Aspo reissued guidance for this year. In our view the main takeaway is that improvement will be visible in Q4 figures, albeit there's still long way to reach the targets set for '23. Our TP is EUR 7.25 (6.00), rating BUY (HOLD).

### Q4 will mark the beginning of profitability rebound

Aspo now guides FY '20 EBIT to be in the EUR 12-16m range, compared to EUR 21.1m last year. Aspo says Telko's (including Kauko) development has proved a positive surprise while Leipurin has been able to defend its profitability despite exceptional circumstances. Aspo expects the combined EBIT for Telko and Leipurin segments will be higher this year than in '19 (the combined figure amounted to EUR 11.0m last year). Meanwhile Aspo estimates ESL will post a negative result for Q3 but expects Q4 to be clearly profitable as e.g. steel industry production shutdowns end and cargo volumes will begin to grow.

### Q4 results will still be significantly below target levels

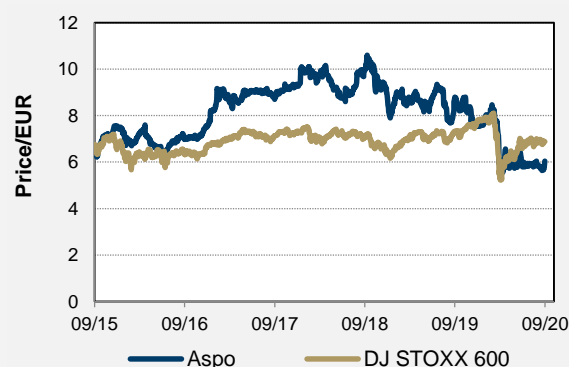
The new range's EUR 14.0m midpoint is lower than our previous EUR 15.3m estimate, the difference being mostly due to ESL's expected negative Q3 result (which we previously estimated at EUR 0.4m). We now expect ESL to post EUR -0.2m in Q3 EBIT. We leave our FY '20 estimates intact for other segments, and so we now expect Aspo to post EUR 14.6m EBIT this year. In our view the guidance reissue is positive news for Aspo shareholders in terms of informational content as it hints at relatively brisk profitability rebound in Q4. On the other hand, Q4 EBIT, which we now estimate at EUR 4.8m, will still be far from Aspo's full potential. According to the long-term targets published at last fall's CMD, Aspo aims for 6% EBIT margin in '23 (vs our 3.9% estimate for Q4). ESL's targets imply EUR 24m in annual EBIT, or some EUR 6m on a quarterly level (vs our EUR 2.8m estimate for Q4). Telko and Leipurin will likewise still be generating EBIT margins clearly below their respective 6% and 5% targets.

### Uncertainty remains, but we see surprises tilting to upside

The guidance pushes away some uncertainty, yet it was previously known this year will fall significantly below long-term potential. Next year's profit gradient is the key question; the main upside driver is found in positive surprises for '21. Although it's early to wait such news, we see valuation attractive already in terms of SOTP. Our TP is EUR 7.25 (6.00), rating BUY (HOLD).

## Rating

BUY



Share price, EUR (Last trading day's closing price) 6.04

Target price, EUR 7.25

Latest change in recommendation	15-Sep-20
Latest report on company	13-Aug-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	190
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

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
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	491.1	14.6	3.0%	44.3	0.31	19.5	0.7	23.1	23.4	0.45
2021E	509.9	24.6	4.8%	38.6	0.58	10.5	0.6	12.7	20.4	0.37
2022E	525.4	28.9	5.5%	56.7	0.68	8.9	0.5	9.3	29.9	0.41
Market cap, EURm	190			Gearing 2020E, %	118.2			CAGR EPS 2019-22, %	10.0	
Net debt 2020E, EURm	148			Price/book 2020E	1.5			CAGR sales 2019-22, %	-3.7	
Enterprise value, EURm	337			Dividend yield 2020E, %	7.5			ROE 2020E, %	7.9	
Total assets 2020E, EURm	384			Tax rate 2020E, %	11.0			ROCE 2020E, %	4.7	
Goodwill 2020E, EURm	43			Equity ratio 2020E, %	32.5			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	239	5.2x	5.2x	14.0x	12.5x	0.6x	0.6x
Diana Shipping	104	7.7x	11.0x	17.7x		0.2x	0.3x
Eagle Bulk Ship	172	15.4x	12.2x	120.6x		0.4x	0.4x
Genco Shipping & Trading	245	10.8x	8.0x	211.9x	32.5x	0.3x	0.4x
Golden Ocean Group	437	10.4x	11.3x	19.7x	185.8x	0.3x	0.4x
Navios Maritime Partners	56	5.9x	7.3x	11.2x	28.2x		0.1x
Pangaea Logistics	84	6.4x	121.0x	10.0x			0.7x
Safe Bulkers	89	7.2x	9.9x	15.4x	56.2x	0.2x	0.2x
Scorpio Bulkers	132	16.0x	33.6x	73.3x		0.1x	0.2x
SFL	838	12.5x		23.5x		0.9x	1.1x
Star Bulk Carriers	542	11.3x		26.5x		0.4x	0.4x
Peer Group Average	267	<b>9.9x</b>	<b>24.4x</b>	<b>49.4x</b>	<b>63.0x</b>	<b>0.4x</b>	<b>0.4x</b>
Peer Group Median	172	<b>10.4x</b>	<b>11.0x</b>	<b>19.7x</b>	<b>32.5x</b>	<b>0.3x</b>	<b>0.4x</b>

TELKO PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
AKR Corporindo	635	15.5x	10.7x	19.2x	14.2x	5.1 %	6.6 %
Ashland Global Holdings	3750	12.2x	11.9x	23.4x	23.1x	11.2 %	11.5 %
Brenntag	8528	9.7x	10.6x	13.4x	15.1x	5.7 %	5.9 %
IMCD	4889	19.8x	22.8x	27.2x	29.3x	6.5 %	7.3 %
Univar Solutions	2528	9.3x	8.9x	13.5x	17.4x	5.2 %	3.8 %
Peer Group Average	4066	<b>13.3x</b>	<b>13.0x</b>	<b>19.3x</b>	<b>19.8x</b>	<b>6.7 %</b>	<b>7.0 %</b>
Peer Group Median	3750	<b>12.2x</b>	<b>10.7x</b>	<b>19.2x</b>	<b>17.4x</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	472		10.5x		12.0x		6.8 %
Chefs' Warehouse	540	17.2x		28.1x		3.4 %	-5.0 %
Marr	909	12.2x	24.3x	15.6x	67.5x	5.8 %	1.4 %
Middleby	4541	12.6x	15.7x	15.1x	20.7x	17.8 %	14.1 %
Orkla	8622	14.8x	14.4x	21.6x	19.7x	10.4 %	11.2 %
Performance Food Group	4239	16.2x	14.0x	25.8x	27.0x	1.2 %	1.0 %
Sysco	27066	17.9x	16.0x	24.5x	23.0x	3.9 %	3.5 %
Tate & Lyle	3436	8.3x	8.0x	12.4x	12.3x	11.4 %	10.6 %
Total Produce	451	12.0x	11.2x	12.1x	11.1x	2.2 %	2.0 %
US Foods Holding	4459	11.9x	14.1x	16.8x	24.9x	3.3 %	1.8 %
Welbilt	839	12.3x	16.7x	16.8x	28.5x	13.1 %	7.6 %
Peer Group Average	5052	<b>13.5x</b>	<b>14.5x</b>	<b>18.9x</b>	<b>24.7x</b>	<b>7.3 %</b>	<b>5.0 %</b>
Peer Group Median	3436	<b>12.4x</b>	<b>14.2x</b>	<b>16.8x</b>	<b>21.8x</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	5.5	32.5x	179
Telko	8.0	19.2x	154	11.1	17.4x	194
Leipurin	3.0	16.8x	50	2.5	21.8x	54
Other operations	-4.5		-60	-4.5		-58
Total			432			369
Net debt (Evli YE est.)			185			148
Equity value			247			221
Per share			7.8			7.0

*\*Peer group median*

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	6.04 PV of Free Cash Flow	273 Long-term growth, %	1.0 Risk-free interest rate, %
DCF share value	9.64 PV of Horizon value	221 WACC, %	7.4 Market risk premium, %
Share price potential, %	59.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	10.7 Marketable securities	24 Minimum WACC, %	6.9 Equity beta coefficient
Minimum value	8.7 Debt - dividend	-216 Maximum WACC, %	7.9 Target debt ratio, %
Horizon value, %	44.8 Value of stock	303 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	491	510	525	537	548	559	567	576	584	590	596
<i>Sales growth, %</i>	<i>8.7</i>	<i>-16.4</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	25	29	37	36	34	34	35	32	32	33
<i>Operating income margin, %</i>	<i>3.6</i>	<i>3.0</i>	<i>4.8</i>	<i>5.5</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	43	59	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>-1.0</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	42	61	31	30	28	27	27	25	27	431
= Discounted FCFF		57	38	51	24	22	19	17	16	14	14	221
= DFCF min WACC		57	39	52	24	23	20	18	17	14	15	251
= DFCF max WACC		56	38	51	24	22	19	17	16	13	13	197

## 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	117.7	124.5	491.1	509.9	525.4
EBITDA	11.8	11.2	14.0	12.7	49.7	11.3	11.3	8.7	11.8	43.1	58.6	60.6
<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>7.4</i>	<i>9.5</i>	<i>8.8</i>	<i>11.5</i>	<i>11.5</i>
EBIT	4.9	4.1	6.7	5.4	21.1	4.0	4.1	1.7	4.8	14.6	24.6	28.9
<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>1.4</i>	<i>3.9</i>	<i>3.0</i>	<i>4.8</i>	<i>5.5</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	0.9	4.1	10.9	21.4	25.1
Tax	-0.4	-0.4	-0.5	-0.8	-2.1	-0.3	-0.3	-0.3	-0.3	-1.2	-2.1	-2.5
<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>32.0</i>	<i>7.3</i>	<i>11.0</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	0.6	3.8	9.7	18.1	21.4
EPS	0.11	0.13	0.16	0.12	0.51	0.08	0.09	0.02	0.12	0.31	0.58	0.68
EPS adjusted (diluted no. of shares)	0.11	0.13	0.16	0.12	0.51	0.08	0.09	0.02	0.12	0.31	0.58	0.68
Dividend per share	0.00	0.00	0.00	0.00	0.22	0.00	0.00	0.00	0.00	0.45	0.37	0.41
<b>SALES, EURm</b>												
ESL Shipping	43.7	42.6	43.4	45.3	175.0	42.7	32.9	33.8	38.9	148.3	155.7	160.3
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	117.7	124.5	491.1	509.9	525.4
<b>SALES GROWTH, Y/Y %</b>												
<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>-2.3</i>	<i>-22.8</i>	<i>-22.2</i>	<i>-14.2</i>	<i>-15.3</i>	<i>5.0</i>	<i>3.0</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>3.9</i>	<i>-17.1</i>	<i>-9.1</i>	<i>-8.3</i>	<i>-7.9</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>-26.2</i>	<i>-24.0</i>	<i>-19.2</i>	<i>-20.4</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	-5.9	-23.5	-20.5	-15.3	-16.4	3.8	3.0
<b>EBIT, EURm</b>												
ESL Shipping	3.2	2.6	4.4	4.4	14.6	2.3	0.6	-0.2	2.8	5.5	14.8	16.8
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	10.4	12.0
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	1.7	4.8	14.6	24.6	28.9
<b>EBIT margin, %</b>												
<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>5.4</i>	<i>1.8</i>	<i>-0.6</i>	<i>7.2</i>	<i>3.7</i>	<i>9.5</i>	<i>10.5</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>1.3</i>	<i>2.6</i>	<i>3.0</i>	<i>2.3</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>3.8</i>	<i>7.1</i>	<i>4.0</i>	<i>4.0</i>	<i>4.7</i>	<i>4.3</i>	<i>4.8</i>
Total	3.5	2.7	4.5	3.7	3.6	3.0	3.5	1.4	3.9	3.0	4.8	5.5

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	445.8	457.4	502.4	540.9	587.7	491.1	509.9	525.4
<i>Sales growth (%)</i>	-7.7	2.6	9.8	7.7	8.7	-16.4	3.8	3.0
EBITDA	33.1	32.0	35.0	37.1	49.7	43.1	58.6	60.6
<i>EBITDA margin (%)</i>	7.4	7.0	7.0	6.9	8.5	8.8	11.5	11.5
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	14.6	24.6	28.9
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	14.6	24.6	28.9
<i>EBIT margin (%)</i>	4.6	4.5	4.6	3.8	3.6	3.0	4.8	5.5
Reported EBIT	20.6	20.4	23.1	20.6	21.1	14.6	24.6	28.9
<i>EBIT margin (reported) (%)</i>	4.6	4.5	4.6	3.8	3.6	3.0	4.8	5.5
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	10.9	21.4	25.1
Taxes	-1.5	-1.5	-1.7	-2.2	-2.1	-1.2	-2.1	-2.5
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	9.7	18.1	21.4
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>								
Assets								
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	25	26
Total assets	305	310	321	436	410	384	367	334
Liabilities								
Shareholder's equity	83	90	87	92	122	125	129	138
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	85
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	334
<b>CASH FLOW, EURm</b>								
+ EBITDA	33	32	35	37	50	43	59	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	59	50	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	44	39	57
+/- New issues/buybacks	-9	4	-9	4	28	0	0	0
- Paid dividend	-12	-13	-13	-13	-14	-7	-14	-12
+/- Other	15	1	21	64	-35	-37	-24	-44
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	190	190	190
Net debt (excl. convertibles)	103	117	180	185	148	123	78
Enterprise value	378	451	470	448	337	313	268
Sales	457	502	541	588	491	510	525
EBITDA	32	35	37	50	43	59	61
EBIT	20	23	21	21	15	25	29
Pre-tax	17	21	16	18	11	21	25
Earnings	16	19	14	16	10	18	21
Equity book value (excl. minorities)	90	87	92	122	125	129	138
<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	7.8	5.3	4.4
EV/EBITA	18.5	19.5	18.5	21.2	23.1	12.7	9.3
EV/EBIT	18.5	19.5	22.8	21.2	23.1	12.7	9.3
EV/OCF	28.1	29.0	23.2	13.8	5.7	6.2	5.2
EV/FCFF	37.6	564.3	-15.2	17.5	5.8	7.4	4.4
P/FCFE	35.0	-144.8	-4.9	10.3	4.3	4.9	3.3
P/E	15.7	16.0	18.7	16.4	19.5	10.5	8.9
P/B	2.8	3.5	2.9	2.2	1.5	1.5	1.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.7	6.0	5.0
Target EV/EBIT	0.0	0.0	0.0	0.0	25.7	14.2	10.6
Target EV/FCF	0.0	0.0	0.0	0.0	8.5	9.1	5.4
Target P/B	0.0	0.0	0.0	0.0	1.8	1.8	1.6
Target P/E	0.0	0.0	0.0	0.0	23.4	12.6	10.6
<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	0.31	0.58	0.68
Operating cash flow per share	0.44	0.50	0.65	1.04	1.88	1.60	1.64
Free cash flow per share	0.23	-0.07	-1.74	0.81	1.41	1.23	1.80
Book value per share	2.93	2.82	2.92	3.88	3.97	4.10	4.41
Dividend per share	0.42	0.43	0.44	0.22	0.45	0.37	0.41
Dividend payout ratio, %	80.8	68.7	97.4	42.9	145.5	65.0	60.0
Dividend yield, %	5.1	4.3	5.2	2.6	7.5	6.2	6.8
FCF yield, %	2.9	-0.7	-20.6	9.7	23.4	20.4	29.9
<b>Efficiency measures</b>							
ROE	18.5	21.9	15.9	15.1	7.9	14.3	16.0
ROCE	8.7	9.5	7.3	6.5	4.7	8.6	11.1
<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	-1.0
CAPEX/sales (incl. acquisitions), %	1.4	3.5	13.8	1.2	3.0	2.3	-1.0
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	2.1	1.3
Debt/equity, market-weighted	0.5	0.4	0.8	0.8	0.8	0.7	0.4
Equity ratio, book-weighted	37.0	35.0	27.2	29.8	32.5	35.1	41.4
Gearing, %	89.8	103.9	154.3	151.6	118.2	95.6	56.4

**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:** 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	3,162,941	19.104	10.1%
Vehmas Tatu Antti Aleksi	2,306,676	13.932	7.3%
Varma Mutual Pension Insurance Company	1,423,076	8.595	4.5%
Vehmas Tapio	1,375,827	8.310	4.4%
Ilmarinen Mutual Pension Insurance Company	875,226	5.286	2.8%
Nyberg Gustav	851,524	5.143	2.7%
Robinson Joanna	754,259	4.556	2.4%
Nordea Nordic Small Cap Fund	721,040	4.355	2.3%
Procurator-Holding Oy	514,882	3.110	1.6%
Madremar Ab	444,255	2.683	1.4%
Ten largest	12,429,706	75.075	40%
Residual	18,990,073	114.700	60%
Total	31,419,779	189.775	100%

**EARNINGS CALENDAR**

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



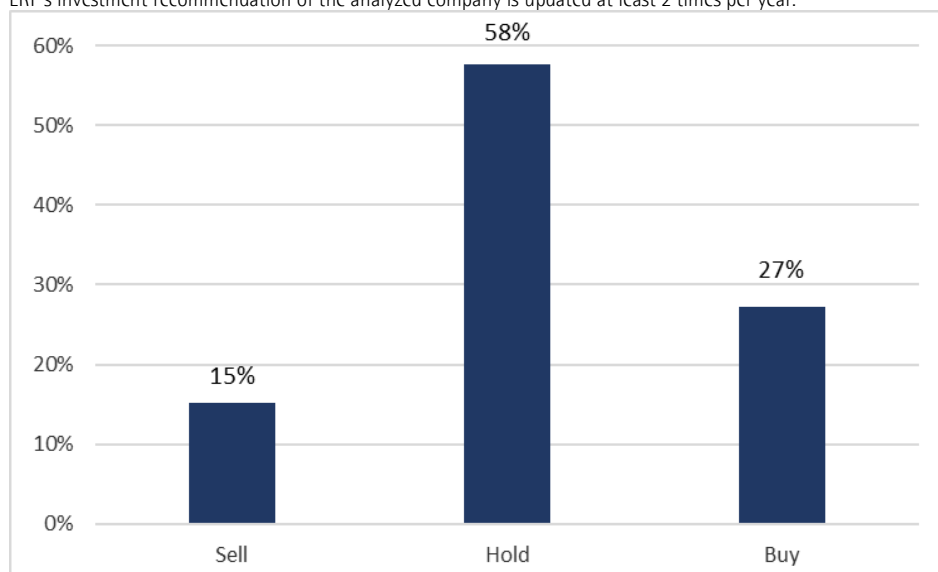
## Important Disclosures

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 11th of May 2020. 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 [15.9.2020, 9:10]. This report has been published on [15.9.2020, 9:25].

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](http://www.evli.com)  
E-mail [firstname.lastname@evli.com](mailto:firstname.lastname@evli.com)

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