

Sailing towards EUR 30m EBIT

Aspo revised FY '20 guidance, which prompts us to update estimates particularly for ESL and Telko. Our TP is now EUR 8.75 (8) per share, BUY rating remains intact.

We raise our total Q4'20 EBIT estimate by EUR 2.9m

Aspo states especially steel and energy industry cargo volumes have developed strong and so ESL has performed better than expected before. The upgrade is thus not due to e.g. additional cost savings but driven by improving business conditions. Aspo previously guided EUR 14-16m in FY '20 EBIT and the revised range is EUR 18-20m. The positive outlook revision was not such a big surprise since the previous guidance seemed to us quite cautious with respect to Telko's development. We now estimate ESL to post EUR 3.2m in Q4 EBIT (prev. EUR 1.7m) and Telko to improve slightly further to EUR 4.3m (prev. EUR 2.8m). The new range suggests Aspo will achieve about EUR 7m in Q4 EBIT, which implies the company is well on track towards more than EUR 30m annually in the coming years.

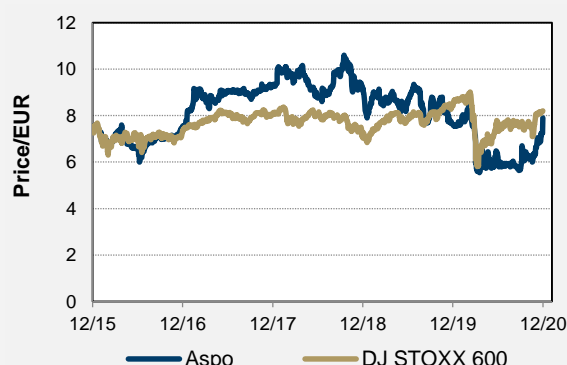
The upgrade is incrementally positive for our overall view

Only last year Aspo's profitability development appeared to rely mostly on ESL. There was potential in Telko that always waited for its materialization. Earlier this year the roles reversed in a way when Telko delivered very strong Q2 and Q3 results while ESL was clearly suffering the pandemic's adverse effects. It has now become more apparent that ESL has not been left nursing any permanent wounds. Given ESL's intact prospects and Telko's gains Aspo's overall development towards long-term financial targets can even be considered positive in 2020 (despite that FY '20 EBIT will likely decline a bit y/y). EBIT thus seems bound towards the EUR 30m ballpark in the coming years, compared to the EUR 20m level before the pandemic.

Current valuation still leaves good upside potential

The recently reaffirmed long-term financial targets now look maybe more relevant than ever. There's strong potential in all three segments, however 2020 also raises macroeconomic uncertainty and thus the operational upside prospects should still be valued somewhat cautiously. In our opinion Aspo's equity value per share could easily top EUR 10 in the future if ESL and Telko continue to perform well next year. Our new TP is EUR 8.75 (8) and we retain our BUY rating.

Rating BUY



Share price, EUR (Last trading day's closing price) 7.90
Target price, EUR 8.75

Latest change in recommendation 15-Sep-20
Latest report on company 02-Dec-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 248
Free float, % -
Exchange rate EUR/RUB -
Reuters code ASPO.HE
Bloomberg code ASPO FH
Average daily volume, EURm 0.2
Next interim report 11-Feb-21
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	496.5	18.7	3.8%	47.5	0.42	18.7	0.8	20.9	19.1	0.44
2021E	515.6	29.2	5.7%	39.3	0.71	11.1	0.7	12.6	15.8	0.45
2022E	531.3	33.1	6.2%	62.4	0.81	9.8	0.6	9.6	25.1	0.46
Market cap, EURm	248			Gearing 2020E, %	112.5			CAGR EPS 2019-22, %	16.3	
Net debt 2020E, EURm	144			Price/book 2020E	1.9			CAGR sales 2019-22, %	-3.3	
Enterprise value, EURm	393			Dividend yield 2020E, %	5.6			ROE 2020E, %	10.6	
Total assets 2020E, EURm	385			Tax rate 2020E, %	9.5			ROCE 2020E, %	6.0	
Goodwill 2020E, EURm	43			Equity ratio 2020E, %	33.3			PEG, P/E 20/CAGR	0.6	

Peer multiples and sum-of-the-parts valuation

ESL PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		P/B	
		20	21	20	21	20	21
Algoma Central	337	5.4x	5.3x	12.5x	11.2x	0.8x	0.8x
Diana Shipping	135	24.5x	8.1x		21.5x	0.4x	0.3x
Eagle Bulk Ship	177	13.0x	7.3x		17.3x	0.5x	0.4x
Genco Shipping & Trading	269	9.5x	6.2x		18.0x	0.4x	0.4x
Golden Ocean Group	505	11.1x	7.6x	305.1x	14.8x	0.4x	0.4x
Navios Maritime Partners	82	7.5x	4.7x	25.7x	8.6x	0.1x	0.1x
Pangaea Logistics	100	7.2x	5.8x	12.9x	9.9x		
Safe Bulkers	97	10.1x	5.6x	62.9x	10.8x	0.3x	0.2x
Scorpio Bulkers	158	37.8x	11.8x		38.0x	0.2x	0.2x
SFL	665					0.8x	0.8x
Star Bulk Carriers	646					0.5x	0.5x
Peer Group Average	288	14.0x	6.9x	83.8x	16.7x	0.4x	0.4x
Peer Group Median	177	10.1x	6.2x	25.7x	14.8x	0.4x	0.4x

TELKO PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		20	21	20	21	20	21
AKR Corporindo	764	10.8x	9.7x	14.7x	13.1x	6.6 %	6.5 %
Ashland Global Holdings	3707	11.2x	10.2x	20.7x	17.8x	12.4 %	13.8 %
Brenntag	9740	11.1x	10.6x	15.4x	14.4x	6.2 %	6.3 %
IMCD	5884	23.1x	19.7x	31.0x	26.0x	7.4 %	8.0 %
Univar Solutions	2573	9.1x	8.8x	15.2x	14.3x	4.6 %	4.7 %
Peer Group Average	4534	13.0x	11.8x	19.4x	17.1x	7.4 %	7.9 %
Peer Group Median	3707	11.1x	10.2x	15.4x	14.4x	6.6 %	6.5 %

LEIPURIN PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		20	21	20	21	20	21
Amsterdam Commodities	489	11.7x	7.3x	14.3x	9.0x	6.1 %	5.9 %
Chefs' Warehouse	784		20.8x		94.7x	-6.0 %	0.9 %
Marr	1005	28.3x	11.1x	155.0x	15.4x	0.7 %	5.1 %
Middleby	6345	19.7x	16.6x	25.7x	20.6x	14.6 %	16.5 %
Orkla	8069	13.1x	12.3x	18.0x	16.5x	11.1 %	11.8 %
Performance Food Group	5272	17.5x	13.0x	31.4x	21.8x	1.0 %	1.3 %
Sysco	32227	18.6x	15.5x	26.7x	20.9x	3.4 %	4.1 %
Tate & Lyle	3375	7.2x	7.1x	10.8x	10.6x	11.4 %	11.5 %
Total Produce	543	11.5x	11.6x	14.4x	14.5x	1.7 %	1.7 %
US Foods Holding	6085	18.0x	11.5x	39.7x	18.3x	1.4 %	2.7 %
Welbilt	1323	19.8x	15.3x	31.7x	22.2x	8.4 %	10.8 %
Peer Group Average	5956	16.5x	12.9x	36.8x	24.0x	4.9 %	6.6 %
Peer Group Median	3375	17.8x	12.3x	26.2x	18.3x	3.4 %	5.1 %

Segment	EBIT '20e	EV/EBIT '20e *	EV	EBIT '21e	EV/EBIT '21e *	EV
ESL	6.0	25.7x	154	16.3	14.8x	241
Telko	15.1	15.4x	232	14.0	14.4x	202
Leipurin	1.8	26.2x	47	2.9	18.3x	53
Other operations	-4.1		-58	-4.0		-56
Total			375			440
Net debt (Evli YE est.)			144			119
Equity value			230			321
Per share			7.3			10.2

*Peer group median (FactSet)

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	7.90 PV of Free Cash Flow	291 Long-term growth, %	1.0 Risk-free interest rate, %
DCF share value	11.12 PV of Horizon value	250 WACC, %	7.4 Market risk premium, %
Share price potential, %	40.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	12.3 Marketable securities	24 Minimum WACC, %	6.9 Equity beta coefficient
Minimum value	10.1 Debt - dividend	-216 Maximum WACC, %	7.9 Target debt ratio, %
Horizon value, %	46.2 Value of stock	349 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	497	516	531	543	554	565	574	582	591	597	603
<i>Sales growth, %</i>	<i>8.7</i>	<i>-15.5</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	19	29	33	37	36	34	34	35	35	36	36
<i>Operating income margin, %</i>	<i>3.6</i>	<i>3.8</i>	<i>5.7</i>	<i>6.2</i>	<i>6.8</i>	<i>6.5</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>
+ Depreciation+amort.	29	29	30	26	22	21	20	19	19	18	19	
EBITDA	50	47	60	59	59	57	54	53	54	54	55	
- Paid taxes	-1	-2	-3	-3	-4	-4	-3	-3	-3	-4	-4	
- Change in NWC	-14	20	-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>7.6</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>	<i>7.8</i>	
+ Change in other liabs	-2	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-7	-5	-11	-13	-22	-21	-20	-21	-21	-20	-20	
<i>opCAPEX / Sales, %</i>	<i>1.2</i>	<i>3.0</i>	<i>2.2</i>	<i>2.6</i>	<i>4.1</i>	<i>3.9</i>	<i>3.6</i>	<i>3.7</i>	<i>3.6</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	61	43	66	31	31	29	27	28	28	30	478
= Discounted FCFF		61	40	57	25	23	20	18	17	16	16	250
= DFCF min WACC		61	40	58	25	23	20	18	17	16	17	283
= DFCF max WACC		61	40	57	25	22	19	17	16	15	15	222

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3	2020Q4E	2020E	2021E	2022E
Net sales	141.5	151.2	148.0	147.0	587.7	133.2	115.6	118.4	129.3	496.5	515.6	531.3
EBITDA	11.8	11.2	14.0	12.7	49.7	11.3	11.3	10.7	14.0	47.3	59.7	59.3
<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>9.0</i>	<i>10.9</i>	<i>9.5</i>	<i>11.6</i>	<i>11.2</i>
EBIT	4.9	4.1	6.7	5.4	21.1	4.0	4.1	3.6	7.0	18.7	29.2	33.1
<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>3.0</i>	<i>5.4</i>	<i>3.8</i>	<i>5.7</i>	<i>6.2</i>
Net financial items	-1.0	0.3	-1.3	-0.9	-2.9	-1.1	-1.1	-1.1	-0.7	-4.0	-3.1	-3.6
Pre-tax profit	3.9	4.4	5.4	4.5	18.2	2.9	3.0	2.5	6.3	14.7	26.1	29.4
Tax	-0.4	-0.4	-0.5	-0.8	-2.1	-0.3	-0.3	-0.5	-0.3	-1.4	-2.6	-2.9
<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>20.0</i>	<i>4.8</i>	<i>9.5</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	2.0	6.0	13.3	22.3	25.3
EPS	0.11	0.13	0.16	0.12	0.51	0.08	0.09	0.06	0.19	0.42	0.71	0.81
EPS adjusted (diluted no. of shares)	0.11	0.13	0.16	0.12	0.51	0.08	0.09	0.06	0.19	0.42	0.71	0.81
Dividend per share	0.00	0.00	0.00	0.00	0.22	0.00	0.00	0.00	0.00	0.44	0.45	0.46
SALES, EURm												
ESL Shipping	43.7	42.6	43.4	45.3	175.0	42.7	32.9	31.6	40.8	148.0	155.4	160.0
Leipurin	25.9	28.0	29.9	31.9	115.7	26.9	23.2	24.3	27.6	102.0	105.1	107.2
Telko	71.9	80.6	74.7	69.8	297.0	63.6	59.5	62.5	60.9	246.5	255.1	264.1
Total	141.5	151.2	148.0	147.0	587.7	133.2	115.6	118.4	129.3	496.5	515.6	531.3
SALES GROWTH, Y/Y %												
ESL Shipping	113.2	88.5	41.8	-2.4	45.7	-2.3	-22.8	-27.2	-10.0	-15.4	5.0	3.0
Leipurin	-14.2	-10.3	6.8	0.9	-4.4	3.9	-17.1	-18.7	-13.4	-11.8	3.0	2.0
Telko	24.6	12.4	11.0	0.4	11.6	-11.5	-26.2	-16.3	-12.7	-17.0	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	-20.0	-12.0	-15.5	3.8	3.0
EBIT, EURm												
ESL Shipping	3.2	2.6	4.4	4.4	14.6	2.3	0.6	-0.1	3.2	6.0	16.3	17.6
Leipurin	0.5	0.6	0.8	1.1	3.0	0.6	0.3	0.3	0.6	1.8	2.9	4.3
Telko	2.4	2.3	2.4	0.9	8.0	2.4	4.2	4.2	4.3	15.1	14.0	15.2
Other operations	-1.2	-1.4	-0.9	-1.0	-4.5	-1.3	-1.0	-0.8	-1.0	-4.1	-4.0	-4.0
Total	4.9	4.1	6.7	5.4	21.1	4.0	4.1	3.6	7.0	18.7	29.2	33.1
EBIT margin, %												
ESL Shipping	7.3	6.1	10.1	9.7	8.3	5.4	1.8	-0.3	7.8	4.1	10.5	11.0
Leipurin	1.9	2.1	2.7	3.4	2.6	2.2	1.3	1.2	2.1	1.7	2.8	4.0
Telko	3.3	2.9	3.2	1.3	2.7	3.8	7.1	6.7	7.0	6.1	5.5	5.8
Total	3.5	2.7	4.5	3.7	3.6	3.0	3.5	3.0	5.4	3.8	5.7	6.2

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	445.8	457.4	502.4	540.9	587.7	496.5	515.6	531.3
<i>Sales growth (%)</i>	-7.7	2.6	9.8	7.7	8.7	-15.5	3.8	3.0
EBITDA	33.1	32.0	35.0	37.1	49.7	47.3	59.7	59.3
<i>EBITDA margin (%)</i>	7.4	7.0	7.0	6.9	8.5	9.5	11.6	11.2
Depreciation	-12.5	-11.6	-11.9	-11.7	-28.6	-28.6	-30.5	-26.2
EBITA	20.6	20.4	23.1	25.4	21.1	18.7	29.2	33.1
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	18.7	29.2	33.1
<i>EBIT margin (%)</i>	4.6	4.5	4.6	3.8	3.6	3.8	5.7	6.2
Reported EBIT	20.6	20.4	23.1	20.6	21.1	18.7	29.2	33.1
<i>EBIT margin (reported) (%)</i>	4.6	4.5	4.6	3.8	3.6	3.8	5.7	6.2
Net financials	0.7	-3.0	-2.0	-4.2	-2.9	-4.0	-3.1	-3.6
Pre-tax profit	21.3	17.4	21.1	16.4	18.2	14.7	26.1	29.4
Taxes	-1.5	-1.5	-1.7	-2.2	-2.1	-1.4	-2.6	-2.9
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	13.3	22.3	25.3
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	179	159	120
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	55	57	58
Receivables	58	60	70	78	75	65	67	69
Liquid funds	24	23	20	19	24	25	26	27
Total assets	305	310	321	436	410	385	372	338
Liabilities								
Shareholder's equity	83	90	87	92	122	128	137	148
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	151	126	78
Non-interest bearing current liabilities	68	64	68	105	61	70	72	74
Other interest-free debt	2	1	4	8	18	18	18	18
Total liabilities	305	310	321	430	410	385	372	338
CASH FLOW, EURm								
+ EBITDA	33	32	35	37	50	47	60	59
- Net financial items	5	-2	-2	-4	-3	-4	-3	-4
- Taxes	-2	-2	-3	-2	0	-1	-3	-3
- Increase in Net Working Capital	-4	-11	-13	-11	-14	20	-2	-2
+/- Other	-6	-4	-2	0	0	0	-1	-1
= Cash flow from operations	26	13	16	20	33	62	51	50
- Capex	-15	-6	-18	-75	-7	-15	-12	-14
- 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	48	39	62
+/- New issues/buybacks	-9	4	-9	4	28	0	0	0
- Paid dividend	-12	-13	-13	-13	-14	-7	-14	-14
+/- Other	15	1	21	64	-35	-39	-25	-47
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	248	248	248
Net debt (excl. convertibles)	103	117	180	185	144	119	71
Enterprise value	378	451	470	448	393	367	319
Sales	457	502	541	588	497	516	531
EBITDA	32	35	37	50	47	60	59
EBIT	20	23	21	21	19	29	33
Pre-tax	17	21	16	18	15	26	29
Earnings	16	19	14	16	13	22	25
Equity book value (excl. minorities)	90	87	92	122	128	137	148
Valuation multiples							
EV/sales	0.8	0.9	0.9	0.8	0.8	0.7	0.6
EV/EBITDA	11.8	12.9	12.7	9.0	8.3	6.1	5.4
EV/EBITA	18.5	19.5	18.5	21.2	20.9	12.6	9.6
EV/EBIT	18.5	19.5	22.8	21.2	20.9	12.6	9.6
EV/OCF	28.1	29.0	23.2	13.8	6.3	7.2	6.4
EV/FCFF	37.6	564.3	-15.2	17.5	6.4	8.6	4.8
P/FCFE	35.0	-144.8	-4.9	10.3	5.2	6.3	4.0
P/E	15.7	16.0	18.7	16.4	18.7	11.1	9.8
P/B	2.8	3.5	2.9	2.2	1.9	1.8	1.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.9	6.6	5.8
Target EV/EBIT	0.0	0.0	0.0	0.0	22.4	13.5	10.4
Target EV/FCF	0.0	0.0	0.0	0.0	8.8	10.0	5.5
Target P/B	0.0	0.0	0.0	0.0	2.1	2.0	1.9
Target P/E	0.0	0.0	0.0	0.0	20.7	12.3	10.9
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	0.42	0.71	0.81
Operating cash flow per share	0.44	0.50	0.65	1.04	1.98	1.62	1.59
Free cash flow per share	0.23	-0.07	-1.74	0.81	1.51	1.25	1.99
Book value per share	2.93	2.82	2.92	3.88	4.09	4.36	4.71
Dividend per share	0.42	0.43	0.44	0.22	0.44	0.45	0.46
Dividend payout ratio, %	80.8	68.7	97.4	42.9	104.0	63.4	57.1
Dividend yield, %	5.1	4.3	5.2	2.6	5.6	5.7	5.8
FCF yield, %	2.9	-0.7	-20.6	9.7	19.1	15.8	25.1
Efficiency measures							
ROE	18.5	21.9	15.9	15.1	10.6	16.8	17.8
ROCE	8.7	9.5	7.3	6.5	6.0	10.1	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	7.4	7.5	7.6
Operative CAPEX/sales, %	1.4	3.5	13.8	1.2	3.0	2.2	2.6
CAPEX/sales (incl. acquisitions), %	1.4	3.5	13.8	1.2	3.0	2.2	7.4
FCFF/EBITDA	0.3	0.0	-0.8	0.5	1.3	0.7	1.1
Net debt/EBITDA, book-weighted	3.2	3.3	4.9	3.7	3.1	2.0	1.2
Debt/equity, market-weighted	0.5	0.4	0.8	0.8	0.6	0.5	0.3
Equity ratio, book-weighted	37.0	35.0	27.2	29.8	33.3	36.8	43.8
Gearing, %	89.8	103.9	154.3	151.6	112.5	86.9	47.8

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	24.987	10.1%
Vehmas Tatu Antti Aleksi	2,306,676	18.223	7.3%
Varma Mutual Pension Insurance Company	1,423,076	11.242	4.5%
Vehmas Tapio	1,375,827	10.869	4.4%
Ilmarinen Mutual Pension Insurance Company	875,226	6.914	2.8%
Nyberg Gustav	851,524	6.727	2.7%
Robinson Joanna	754,259	5.959	2.4%
Nordea Nordic Small Cap Fund	721,040	5.696	2.3%
Procurator-Holding Oy	514,882	4.068	1.6%
Madremar Ab	444,255	3.510	1.4%
Ten largest	12,429,706	98.195	40%
Residual	18,990,073	150.022	60%
Total	31,419,779	248.216	100%

EARNINGS CALENDAR

February 11, 2021	FY 2020 Results
May 05, 2021	Q1 report
August 11, 2021	Q2 report
October 27, 2021	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

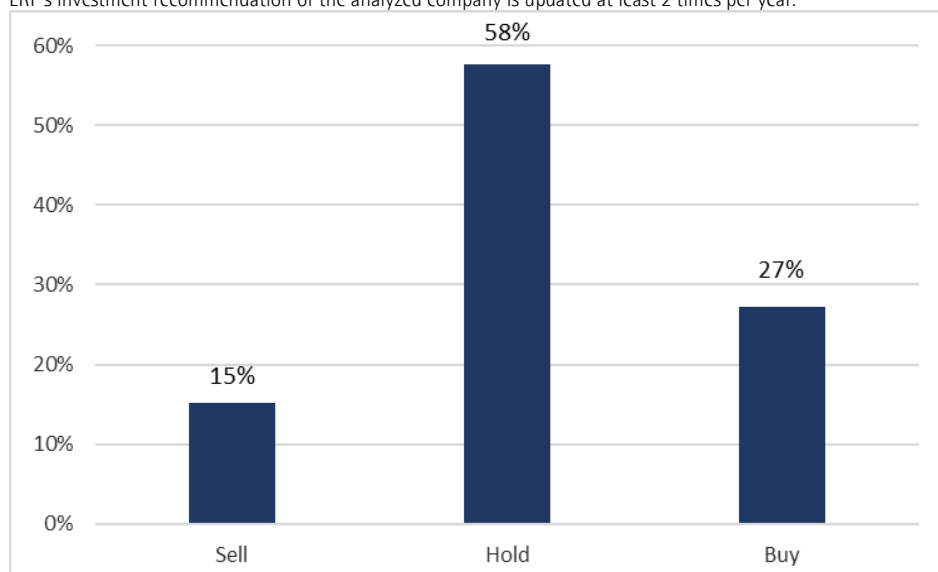
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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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