

Some more results to be accrued

Aspo's Q2 group-level EBIT was known before the report. We make minor upward revisions to our estimates, and we see Aspo on a firm track towards full profitability potential.

H1'21 results display a solid foundation to build on

Aspo's Q2 revenue grew 24% y/y to EUR 142.9m vs the EUR 133.6m/134.5m Evli/cons. estimates. ESL's top line was up 40% y/y; the EUR 5.4m EBIT was a bit above our estimate as utilization and rates continued to improve throughout the fleet. That said, there should be more potential as efficiency obstacles like port congestion, varying loading demand, virus measures and high dockings limited Q2 profitability. We expect ESL's EBIT to decline by EUR 0.9m q/q in Q3 as dockings will be roughly double of those seen in Q2. We believe ESL's EBIT has now reached a firm foundation since cargo volumes were still not abnormally high (some 8% lower than in Q2'19 but up 19% y/y). Meanwhile the Baltic Dry Index has reached multi-year highs and we believe the Supramax vessels' freight rates are now stabilizing. Telko's revenue topped our estimate and the 7.7% EBIT margin also marked another record. Strategy work at Leipurin continues but Q2 figures remained soft compared to our estimates. We understand admin costs were a bit elevated e.g. due to the CEO recruitment; Aspo's long-time CEO Mr Aki Ojanen is retiring and the successor, Mr Rolf Jansson, will begin his work next week.

The EUR 30-36m EBIT guidance moderates H2'21 estimates

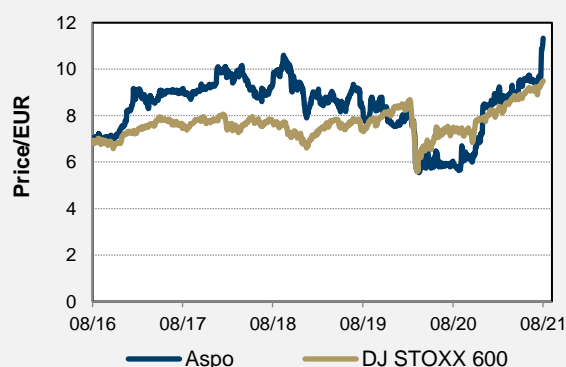
We wouldn't be very surprised to see Aspo top the current EBIT guidance range set for this year. There's still some uncertainty regarding Q4 results, but we believe ESL's contribution will then help Aspo reach another record quarterly EBIT. We make minor revisions to our estimates; we remain at the upper end of the FY '21 range while we now estimate FY '22 EBIT at EUR 39.7m (prev. EUR 38.9m). Telko may find it hard to achieve further margin gains (in our view some softness is to be expected), but growth could help sustain high absolute profitability going forward.

Progression and cash flow generation back up valuation

Aspo is valued around 8x EV/EBITDA and 14x EV/EBIT on our FY '21 estimates. We don't view these levels challenging considering the profitability potential that is not yet quite fully realized. Our TP is now EUR 12.5 (11.5); we retain our BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 11.32

Target price, EUR 12.5

Latest change in recommendation 06-May-21

Latest report on company 05-Aug-21

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 356

Free float, % -

Exchange rate EUR/RUB -

Reuters code ASPO.HE

Bloomberg code ASPO FH

Average daily volume, EURm 0.1

Next interim report 27-Oct-21

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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
2019	587.7	21.1	3.6%	25.5	0.51	16.4	0.8	21.2	9.7	0.22
2020	500.7	19.3	3.9%	50.1	0.43	19.7	0.8	21.8	19.0	0.35
2021E	569.5	35.8	6.3%	22.9	0.91	12.5	0.9	14.0	6.4	0.40
2022E	592.0	39.7	6.7%	44.7	1.01	11.2	0.8	11.8	12.6	0.45
2023E	608.9	42.7	7.0%	48.8	1.11	10.2	0.7	10.2	13.7	0.50
Market cap, EURm	356			Gearing 2021E, %	110.5			CAGR EPS 2020-23, %	37.7	
Net debt 2021E, EURm	145			Price/book 2021E	2.7			CAGR sales 2020-23, %	6.7	
Enterprise value, EURm	500			Dividend yield 2021E, %	3.5			ROE 2021E, %	23.3	
Total assets 2021E, EURm	402			Tax rate 2021E, %	9.5			ROCE 2021E, %	11.8	
Goodwill 2021E, EURm	49			Equity ratio 2021E, %	32.6			PEG, P/E 21/CAGR	1.8	

Peer multiples and sum-of-the-parts valuation

ESL PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		P/B	
		21	22	21	22	21	22
Algoma Central	434	5.9x	5.7x	13.2x	10.9x	1.0x	1.0x
Diana Shipping	346	6.8x	3.7x	12.1x	4.7x	0.8x	0.7x
Eagle Bulk Ship	482	3.4x	4.0x	4.4x	5.3x	0.8x	0.7x
Genco Shipping & Trading	673	4.8x	4.5x	6.8x	6.3x	0.9x	1.6x
Golden Ocean Group	1709	4.5x	5.0x	6.0x	7.1x	1.0x	1.0x
Navios Maritime Partners	473	2.8x	2.2x	3.6x	2.7x	0.4x	0.4x
Pangaea Logistics	194	4.8x	3.5x	6.5x	4.3x	0.9x	0.7x
Safe Bulkers	350	3.4x	3.6x	4.5x	4.8x	0.6x	0.6x
Eneti	171	8.7x	20.1x	10.1x	20.5x		
SFL	780	8.8x	9.0x	15.8x	15.9x	1.0x	1.0x
Star Bulk Carriers	1738	4.6x	4.4x	5.6x	5.6x	1.1x	1.0x
Peer Group Average	668	5.3x	6.0x	8.1x	8.0x	0.9x	0.9x
Peer Group Median	473	4.8x	4.4x	6.5x	5.6x	0.9x	0.8x

TELKO PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		21	22	21	22	21	22
AKR Corporindo	820	8.9x	8.0x	11.2x	9.8x	6.7 %	6.9 %
Ashland Global Holdings	4424	11.3x	10.1x	19.8x	16.8x	13.6 %	15.0 %
Brenntag	13123	12.2x	11.3x	16.6x	15.2x	6.9 %	7.1 %
IMCD	8771	25.0x	23.5x	32.9x	30.5x	8.9 %	9.0 %
Univar Solutions	3530	9.0x	8.6x	12.6x	11.8x	5.7 %	6.0 %
Peer Group Average	6134	13.3x	12.3x	18.6x	16.8x	8.4 %	8.8 %
Peer Group Median	4424	11.3x	10.1x	16.6x	15.2x	6.9 %	7.1 %

LEIPURIN PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		21	22	21	22	21	22
Amsterdam Commodities	723	9.1x	8.8x	11.5x	11.2x	6.8 %	6.7 %
Chefs' Warehouse	978	27.6x	14.4x	227.6x	27.3x	0.4 %	2.9 %
Marr	1421	17.4x	13.4x	30.6x	17.7x	3.7 %	5.3 %
Middleby	9079	16.8x	15.1x	20.0x	17.2x	18.5 %	20.0 %
Orkla	7603	12.3x	11.7x	16.4x	15.6x	11.7 %	11.9 %
Performance Food Group	5251	12.7x	10.5x	19.7x	15.7x	1.4 %	1.6 %
Sysco	34191	16.6x	12.4x	22.2x	15.5x	3.8 %	4.8 %
Tate & Lyle	4008	8.0x	7.9x	12.1x	12.0x	11.5 %	11.3 %
Total Produce		9.8x	9.7x	18.6x	18.3x	1.5 %	1.5 %
US Foods Holding	6467	12.0x	9.2x	19.1x	12.9x	2.4 %	3.3 %
Welbilt	2830	17.5x	14.5x	23.3x	18.2x	13.5 %	16.0 %
Peer Group Average	7255	14.5x	11.6x	38.3x	16.5x	6.8 %	7.8 %
Peer Group Median	4629	12.7x	11.7x	19.7x	15.7x	3.8 %	5.3 %

Segment	EBIT '21e	EV/EBIT '21e *	EV	EBIT '22e	EV/EBIT '22e *	EV
ESL	20.3	6.5x	132	21.8	5.6x	122
Telko	19.5	16.6x	324	18.6	15.2x	282
Leipurin	1.5	19.7x	30	4.1	15.7x	64
Other operations	-5.5		-57	-4.8		-55
Total			428			414
Net debt (Evli YE est.)			145			113
Equity value			284			301
Per share			9.0			9.6

*Peer group median (FactSet)

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	11.32 PV of Free Cash Flow	288 Long-term growth, %	1.0 Risk-free interest rate, %
DCF share value	13.49 PV of Horizon value	304 WACC, %	7.4 Market risk premium, %
Share price potential, %	19.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	15.0 Marketable securities	32 Minimum WACC, %	6.9 Equity beta coefficient
Minimum value	12.2 Debt - dividend	-200 Maximum WACC, %	7.9 Target debt ratio, %
Horizon value, %	51.4 Value of stock	424 Nr of shares, Mn	31.4 Effective tax rate, %

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	501	570	592	609	622	634	644	653	663	673	680	687
<i>Sales growth, %</i>	-14.8	13.7	4.0	2.9	2.1	2.0	1.5	1.5	1.5	1.5	1.0	1.0
Operating income (EBIT)	19	36	40	43	43	41	42	42	43	44	44	45
<i>Operating income margin, %</i>	3.9	6.3	6.7	7.0	7.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5
+ Depreciation+amort.	29	30	27	27	24	23	21	21	21	21	19	
EBITDA	48	66	67	70	67	64	63	63	64	65	63	
- Paid taxes	-2	-3	-4	-4	-4	-4	-4	-4	-4	-4	-4	
- Change in NWC	29	-15	-2	-2	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	5.7	7.6	7.7	7.8	7.8	7.9	7.9	7.9	8.0	8.0	8.0	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-9	-11	-11	-11	-25	-22	-23	-23	-23	-6	-20	
<i>opCAPEX / Sales, %</i>	4.2	3.6	2.0	1.9	4.2	3.6	3.7	3.6	3.5	1.0	3.0	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	0	
= FCFF	66	36	48	52	35	35	34	34	35	52	38	595
= Discounted FCFF		35	44	44	27	26	23	22	20	28	19	304
= DFCF min WACC		35	44	44	28	26	23	22	21	30	20	344
= DFCF max WACC		35	44	43	27	25	22	21	20	27	19	270

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	133.2	115.6	118.4	133.5	500.7	132.3	142.9	143.1	151.2	569.5	592.0	608.9
EBITDA	11.3	11.3	10.7	15.0	48.3	15.3	17.1	16.2	17.5	66.1	66.7	69.8
<i>EBITDA margin (%)</i>	<i>8.5</i>	<i>9.8</i>	<i>9.0</i>	<i>11.2</i>	<i>9.6</i>	<i>11.6</i>	<i>12.0</i>	<i>11.3</i>	<i>11.6</i>	<i>11.6</i>	<i>11.3</i>	<i>11.5</i>
EBIT	4.0	4.1	3.6	7.6	19.3	7.9	9.6	8.5	9.8	35.8	39.7	42.7
<i>EBIT margin (%)</i>	<i>3.0</i>	<i>3.5</i>	<i>3.0</i>	<i>5.7</i>	<i>3.9</i>	<i>6.0</i>	<i>6.7</i>	<i>5.9</i>	<i>6.5</i>	<i>6.3</i>	<i>6.7</i>	<i>7.0</i>
Net financial items	-1.1	-1.1	-1.1	-1.2	-4.5	-0.9	-1.0	-0.9	-0.9	-3.7	-3.2	-2.5
Pre-tax profit	2.9	3.0	2.5	6.4	14.8	7.0	8.6	7.6	8.9	32.1	36.5	40.2
Tax	-0.3	-0.3	-0.5	-0.3	-1.4	-0.6	-0.8	-0.8	-0.9	-3.0	-3.7	-4.0
<i>Tax rate (%)</i>	<i>10.3</i>	<i>10.0</i>	<i>20.0</i>	<i>4.7</i>	<i>9.5</i>	<i>8.6</i>	<i>9.3</i>	<i>10.0</i>	<i>10.0</i>	<i>9.5</i>	<i>10.0</i>	<i>10.0</i>
Net profit	2.6	2.7	2.0	6.1	13.4	6.4	7.8	6.5	7.7	28.5	31.7	35.0
EPS	0.08	0.09	0.06	0.19	0.43	0.20	0.25	0.21	0.25	0.91	1.01	1.11
EPS adjusted (diluted no. of shares)	0.08	0.09	0.06	0.19	0.43	0.20	0.25	0.21	0.25	0.91	1.01	1.11
Dividend per share	0.00	0.00	0.00	0.00	0.35	0.00	0.00	0.00	0.00	0.40	0.45	0.50
SALES, EURm												
ESL Shipping	42.7	32.9	31.6	41.2	148.4	43.4	46.0	43.6	49.5	182.5	189.8	195.5
Leipurin	26.9	23.2	24.3	26.6	101.0	27.9	25.8	27.9	29.2	110.8	116.3	120.4
Telko	63.6	59.5	62.5	65.7	251.3	61.0	71.1	71.6	72.5	276.2	285.9	293.0
Total	133.2	115.6	118.4	133.5	500.7	132.3	142.9	143.1	151.2	569.5	592.0	608.9
SALES GROWTH, Y/Y %												
<i>ESL Shipping</i>	<i>-2.3</i>	<i>-22.8</i>	<i>-27.2</i>	<i>-9.1</i>	<i>-15.2</i>	<i>1.6</i>	<i>39.8</i>	<i>38.0</i>	<i>20.1</i>	<i>23.0</i>	<i>4.0</i>	<i>3.0</i>
<i>Leipurin</i>	<i>3.9</i>	<i>-17.1</i>	<i>-18.7</i>	<i>-16.6</i>	<i>-12.7</i>	<i>3.7</i>	<i>11.2</i>	<i>14.8</i>	<i>9.8</i>	<i>9.7</i>	<i>5.0</i>	<i>3.5</i>
<i>Telko</i>	<i>-11.5</i>	<i>-26.2</i>	<i>-16.3</i>	<i>-5.9</i>	<i>-15.4</i>	<i>-4.1</i>	<i>19.5</i>	<i>14.6</i>	<i>10.4</i>	<i>9.9</i>	<i>3.5</i>	<i>2.5</i>
<i>Total</i>	<i>-5.9</i>	<i>-23.5</i>	<i>-20.0</i>	<i>-9.2</i>	<i>-14.8</i>	<i>-0.7</i>	<i>23.6</i>	<i>20.9</i>	<i>13.3</i>	<i>13.7</i>	<i>4.0</i>	<i>2.9</i>
EBIT, EURm												
ESL Shipping	2.3	0.6	-0.1	4.8	7.6	4.5	5.4	4.5	5.9	20.3	21.8	23.5
Leipurin	0.6	0.3	0.3	0.2	1.4	0.3	0.3	0.4	0.5	1.5	4.1	5.7
Telko	2.4	4.2	4.2	4.1	14.9	4.5	5.5	4.9	4.6	19.5	18.6	18.3
Other operations	-1.3	-1.0	-0.8	-1.5	-4.6	-1.4	-1.6	-1.3	-1.2	-5.5	-4.8	-4.8
Total	4.0	4.1	3.6	7.6	19.3	7.9	9.6	8.5	9.8	35.8	39.7	42.7
EBIT margin, %												
<i>ESL Shipping</i>	<i>5.4</i>	<i>1.8</i>	<i>-0.3</i>	<i>11.7</i>	<i>5.1</i>	<i>10.4</i>	<i>11.7</i>	<i>10.3</i>	<i>11.9</i>	<i>11.1</i>	<i>11.5</i>	<i>12.0</i>
<i>Leipurin</i>	<i>2.2</i>	<i>1.3</i>	<i>1.2</i>	<i>0.8</i>	<i>1.4</i>	<i>1.1</i>	<i>1.2</i>	<i>1.4</i>	<i>1.7</i>	<i>1.4</i>	<i>3.5</i>	<i>4.8</i>
<i>Telko</i>	<i>3.8</i>	<i>7.1</i>	<i>6.7</i>	<i>6.2</i>	<i>5.9</i>	<i>7.4</i>	<i>7.7</i>	<i>6.8</i>	<i>6.3</i>	<i>7.1</i>	<i>6.5</i>	<i>6.3</i>
<i>Total</i>	<i>3.0</i>	<i>3.5</i>	<i>3.0</i>	<i>5.7</i>	<i>3.9</i>	<i>6.0</i>	<i>6.7</i>	<i>5.9</i>	<i>6.5</i>	<i>6.3</i>	<i>6.7</i>	<i>7.0</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	457.4	502.4	540.9	587.7	500.7	569.5	592.0	608.9
<i>Sales growth (%)</i>	<i>2.6</i>	<i>9.8</i>	<i>7.7</i>	<i>8.7</i>	<i>-14.8</i>	<i>13.7</i>	<i>4.0</i>	<i>2.9</i>
EBITDA	32.0	35.0	37.1	49.7	48.3	66.1	66.7	69.8
<i>EBITDA margin (%)</i>	<i>7.0</i>	<i>7.0</i>	<i>6.9</i>	<i>8.5</i>	<i>9.6</i>	<i>11.6</i>	<i>11.3</i>	<i>11.5</i>
Depreciation	-11.6	-11.9	-11.7	-28.6	-29.0	-30.3	-27.1	-27.1
EBITA	20.4	23.1	25.4	21.1	19.3	35.8	39.7	42.7
Goodwill amortization / writedown	0.0	0.0	-4.8	0.0	0.0	0.0	0.0	0.0
EBIT	20.4	23.1	20.6	21.1	19.3	35.8	39.7	42.7
<i>EBIT margin (%)</i>	<i>4.5</i>	<i>4.6</i>	<i>3.8</i>	<i>3.6</i>	<i>3.9</i>	<i>6.3</i>	<i>6.7</i>	<i>7.0</i>
Reported EBIT	20.4	23.1	20.6	21.1	19.3	35.8	39.7	42.7
<i>EBIT margin (reported) (%)</i>	<i>4.5</i>	<i>4.6</i>	<i>3.8</i>	<i>3.6</i>	<i>3.9</i>	<i>6.3</i>	<i>6.7</i>	<i>7.0</i>
Net financials	-3.0	-2.0	-4.2	-2.9	-4.5	-3.7	-3.2	-2.5
Pre-tax profit	17.4	21.1	16.4	18.2	14.8	32.1	36.5	40.2
Taxes	-1.5	-1.7	-2.2	-2.1	-1.4	-3.0	-3.7	-4.0
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	15.9	19.4	14.2	16.1	13.4	28.5	31.7	35.0
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	124	128	185	190	177	164	148	132
Goodwill	43	42	43	43	49	49	49	49
Right of use assets	0	0	37	22	20	23	24	24
Inventory	57	61	71	56	42	63	65	67
Receivables	60	70	78	75	63	74	77	79
Liquid funds	23	20	19	24	32	28	30	30
Total assets	310	321	436	410	384	402	393	382
Liabilities								
Shareholder's equity	90	87	92	122	113	131	150	171
Minority interest	0	0	0	0	0	0	0	0
Convertibles	25	25	25	0	0	0	0	0
Lease liabilities	0	0	0	9	7	23	24	24
Deferred taxes	4	0	0	0	0	0	0	0
Interest bearing debt	125	137	199	200	182	150	118	84
Non-interest bearing current liabilities	64	68	105	61	64	80	83	85
Other interest-free debt	1	4	8	18	18	18	18	18
Total liabilities	310	321	430	410	384	402	393	382
CASH FLOW, EURm								
+ EBITDA	32	35	37	50	48	66	67	70
- Net financial items	-2	-2	-4	-3	-4	-4	-3	-3
- Taxes	-2	-3	-2	0	-2	-3	-4	-4
- Increase in Net Working Capital	-11	-13	-11	-14	29	-15	-2	-2
+/- Other	-4	-2	0	0	0	-1	-1	-1
= Cash flow from operations	13	16	20	33	71	44	56	60
- Capex	-6	-18	-75	-7	-21	-21	-12	-12
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	7	-2	-55	25	50	23	45	49
+/- New issues/buybacks	4	-9	4	28	-15	0	0	0
- Paid dividend	-13	-13	-13	-14	-7	-11	-13	-14
+/- Other	1	21	64	-35	-20	-16	-31	-34
Change in cash	-1	-3	-1	4	9	-4	1	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	310	265	263	264	356	356	356
Net debt (excl. convertibles)	117	180	185	157	145	113	78
Enterprise value	451	470	448	420	500	468	434
Sales	502	541	588	501	570	592	609
EBITDA	35	37	50	48	66	67	70
EBIT	23	21	21	19	36	40	43
Pre-tax	21	16	18	15	32	37	40
Earnings	19	14	16	13	28	32	35
Equity book value (excl. minorities)	87	92	122	113	131	150	171
Valuation multiples							
EV/sales	0.9	0.9	0.8	0.8	0.9	0.8	0.7
EV/EBITDA	12.9	12.7	9.0	8.7	7.6	7.0	6.2
EV/EBITA	19.5	18.5	21.2	21.8	14.0	11.8	10.2
EV/EBIT	19.5	22.8	21.2	21.8	14.0	11.8	10.2
EV/OCF	29.0	23.2	13.8	5.9	11.5	8.3	7.2
EV/FCFF	564.3	-15.2	17.5	6.4	14.0	9.7	8.4
P/FCFE	-144.8	-4.9	10.3	5.3	15.6	8.0	7.3
P/E	16.0	18.7	16.4	19.7	12.5	11.2	10.2
P/B	3.5	2.9	2.2	2.3	2.7	2.4	2.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.1	7.6	6.7
Target EV/EBIT	0.0	0.0	0.0	0.0	15.0	12.7	11.0
Target EV/FCF	0.0	0.0	0.0	0.0	23.5	11.3	9.6
Target P/B	0.0	0.0	0.0	0.0	3.0	2.6	2.3
Target P/E	0.0	0.0	0.0	0.0	13.8	12.4	11.2
Per share measures							
Number of shares	30,976	31,420	31,420	31,420	31,420	31,420	31,420
Number of shares (diluted)	30,976	31,420	31,420	31,420	31,420	31,420	31,420
EPS	0.63	0.45	0.51	0.43	0.91	1.01	1.11
Operating cash flow per share	0.50	0.65	1.04	2.26	1.39	1.80	1.92
Free cash flow per share	-0.07	-1.74	0.81	1.59	0.73	1.42	1.55
Book value per share	2.82	2.92	3.88	3.61	4.17	4.78	5.44
Dividend per share	0.43	0.44	0.22	0.35	0.40	0.45	0.50
Dividend payout ratio, %	68.7	97.4	42.9	82.1	44.2	44.6	44.9
Dividend yield, %	4.3	5.2	2.6	4.2	3.5	4.0	4.4
FCF yield, %	-0.7	-20.6	9.7	19.0	6.4	12.6	13.7
Efficiency measures							
ROE	21.9	15.9	15.1	11.4	23.3	22.5	21.8
ROCE	9.5	7.3	6.5	6.1	11.8	13.3	14.9
Financial ratios							
Inventories as % of sales	12.1	13.2	9.5	8.5	11.0	11.0	11.0
Receivables as % of sales	14.0	14.4	12.8	12.6	13.0	13.0	13.0
Non-interest bearing liabilities as % of sales	13.6	19.4	10.4	12.8	14.0	14.0	14.0
NWC/sales, %	12.5	8.0	9.7	5.7	7.6	7.7	7.8
Operative CAPEX/sales, %	3.5	13.8	1.2	4.2	3.6	2.0	1.9
CAPEX/sales (incl. acquisitions), %	3.5	13.8	1.2	4.2	3.6	2.0	1.9
FCFF/EBITDA	0.0	-0.8	0.5	1.4	0.5	0.7	0.7
Net debt/EBITDA, book-weighted	3.3	4.9	3.7	3.2	2.2	1.7	1.1
Debt/equity, market-weighted	0.4	0.8	0.8	0.7	0.4	0.3	0.2
Equity ratio, book-weighted	35.0	27.2	29.8	29.5	32.6	38.2	44.7
Gearing, %	103.9	154.3	151.6	137.9	110.5	75.0	45.6

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	3,262,941	36.936	10.4%
Aev Capital Holding Oy	3,213,535	36.377	10.2%
Varma Mutual Pension Insurance Company	1,423,076	16.109	4.5%
Vehmas Tapio	1,275,827	14.442	4.1%
Ilmarinen Mutual Pension Insurance Company	875,226	9.908	2.8%
Nyberg Gustav	851,524	9.639	2.7%
Nordea Nordic Small Cap Fund	721,040	8.162	2.3%
Nordea Bank ABP	534,456	6.050	1.7%
Procurator-Holding Oy	514,882	5.828	1.6%
Mandatum Life Insurance Company Limited	415,058	4.698	1.3%
Ten largest	13,087,565	148.151	42%
Residual	18,332,214	207.521	58%
Total	31,419,779	355.672	100%

EARNINGS CALENDAR

October 27, 2021

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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