

Telko's value is overlooked

Aspo's Q1 results beat estimates. Uncertainty persists around H2, but we are now more confident towards Telko.

Q1 figures in fact gained from the turbulence

Aspo's Q1 revenue was driven to EUR 160m, compared to the EUR 132m/136m Evli/cons. estimates, by Telko's high EUR 76m top line. We had estimated EUR 58m, and the figure was lifted by the extraordinary inflationary environment created by the war. Telko's markets' normalization is now postponed. Telko's adj. EBIT reached EUR 8.6m, and Aspo's EUR 10.3m EBIT was clearly above the EUR 8.0m/7.6m Evli/cons. estimates while there were EUR -4.9m in items affecting comparability. ESL's performance didn't come as a big surprise as it was known the war will have little direct impact on the dry bulk business.

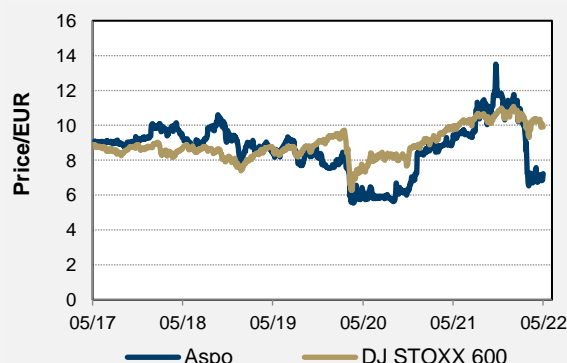
We reckon Telko's long-term potential hasn't diminished

There are many moving parts but Q1 was overall a lot better than was estimated as the environment lifted prices and for that part supported the two raw material distributors. The war thus caused a short-term boost for Telko and Leipurin, but downscaling creates uncertainty particularly around H2. Leipurin will exit Russia, Belarus and Kazakhstan, which account for almost EUR 30m in revenue. Telko is reviewing possibilities to exit Russia, and we understand some 30% of Telko revenue may be affected. The closure is thus significant, but we understand its impact on margins will be modest. Telko's long-term 8% EBIT target should remain relevant. We see Telko's FY '23 revenue down 20% from Q1'22 LTM; uncertainty hangs around the figure for the next few quarters, but we believe it shouldn't take Telko too long to again reach EUR 15m EBIT. Demand for ESL's handysize vessels temporarily softens in Q2 as customers adjust to the Russian situation, but larger vessel demand could compensate for this.

In our opinion valuation neglects Telko's potential

Our estimate revisions are relatively small on an annual level. There are still many questions around Telko's performance going forward, but the Q1 results were encouraging and in our view possibility for a positive guidance revision has increased. We view an EBIT of about EUR 40m a relevant possibility again in the coming years, which would correspond with the roughly EUR 30m and EUR 15m long-term EBIT levels for ESL and Telko. Our new TP is EUR 8.5 (8.0), and our rating is now BUY (HOLD).

Rating + BUY



Share price, EUR (Last trading day's closing price) 7.23

Target price, EUR 8.5

Latest change in recommendation 05-May-22

Latest report on company 07-Apr-22

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 227

Free float, % -

Exchange rate EUR/RUB -

Reuters code ASPO.HE

Bloomberg code ASPO FH

Average daily volume, EURm 0.2

Next interim report 10-Aug-22

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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
2020	500.7	16.7	3.3%	47.5	0.34	24.4	0.8	25.2	18.0	0.35
2021	573.3	36.9	6.4%	9.3	0.90	12.6	0.9	13.8	2.6	0.23
2022E	554.9	29.3	5.3%	44.6	0.68	10.7	0.6	11.7	19.6	0.45
2023E	539.1	35.9	6.7%	50.6	0.92	7.9	0.6	8.5	22.3	0.50
2024E	555.4	44.3	8.0%	58.2	1.16	6.2	0.5	6.0	25.6	0.69
Market cap, EURm	227			Gearing 2022E, %	80.6			CAGR EPS 2021-24, %	8.6	
Net debt 2022E, EURm	116			Price/book 2022E	1.6			CAGR sales 2021-24, %	-1.1	
Enterprise value, EURm	343			Dividend yield 2022E, %	6.2			ROE 2022E, %	15.6	
Total assets 2022E, EURm	391			Tax rate 2022E, %	11.8			ROCE 2022E, %	10.0	
Goodwill 2022E, EURm	40			Equity ratio 2022E, %	36.6			PEG, P/E 22/CAGR	0.4	

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	475	5.4x	5.1x	10.6x	12.6x		
Diana Shipping	433	6.2x	3.8x	10.3x	4.8x	1.1x	0.8x
Eagle Bulk Ship	876	3.5x	4.2x	4.0x	5.0x	1.4x	1.1x
Genco Shipping & Trading	927	3.2x	4.1x	3.9x	5.1x	1.1x	1.6x
Golden Ocean Group	2628	4.7x	6.6x	5.8x	8.3x	1.3x	1.3x
Navios Maritime Partners	918	4.4x	2.8x	5.4x	3.7x	0.6x	0.4x
Pangaea Logistics	219	4.6x	4.0x	6.0x	7.2x		
Safe Bulkers	509	3.1x	3.4x	4.1x	4.6x	0.7x	0.7x
Eneti	234	5.7x	2.2x		13.5x		0.4x
SFL	1357	8.9x	9.8x	14.4x	16.3x	1.3x	1.3x
Star Bulk Carriers	3017	3.8x	4.5x	4.6x	5.6x	1.5x	1.5x
Peer Group Average	1054	4.9x	4.6x	6.9x	7.9x	1.1x	1.0x
Peer Group Median	876	4.6x	4.1x	5.6x	5.6x	1.2x	1.1x

TELKO PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		21	22	21	22	21	22
AKR Corporindo	1385	15.5x	10.9x	19.2x	13.1x	5.1 %	5.8 %
Ashland Global Holdings	5633	12.1x	11.6x	22.9x	20.9x	11.4 %	13.4 %
Brenntag	11211	9.7x	8.8x	13.4x	11.5x	5.7 %	7.1 %
IMCD	7835	19.8x	18.0x	27.2x	22.6x	6.5 %	9.4 %
Univar Solutions	4907	9.3x	8.4x	13.5x	10.7x	5.2 %	6.7 %
Peer Group Average	6194	13.3x	11.5x	19.2x	15.8x	6.8 %	8.5 %
Peer Group Median	5633	12.1x	10.9x	19.2x	13.1x	5.7 %	7.1 %

LEIPURIN PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		21	22	21	22	21	22
Amsterdam Commodities	722		9.5x		12.2x		6.7 %
Chefs' Warehouse	1397	26.9x	17.5x	152.8x	31.9x	0.6 %	2.7 %
Marr	986	16.0x	10.2x	24.0x	13.3x	4.0 %	4.9 %
Middleby	8215	18.8x	13.1x	23.9x	15.7x	17.4 %	17.8 %
Orkla	7495	12.9x	10.4x	16.8x	13.8x	12.2 %	12.1 %
Performance Food Group	7332	14.1x	11.1x	20.4x	15.0x	1.4 %	1.5 %
Sysco	41127	18.6x	14.7x	25.5x	18.7x	3.4 %	4.3 %
Tate & Lyle	3723	9.2x	12.0x	16.3x	18.3x	12.3 %	12.7 %
Total Produce							
US Foods Holding	8118	13.0x	11.1x	20.8x	15.9x	2.2 %	2.7 %
Welbilt	3220	17.1x	14.1x	22.1x	16.8x	13.7 %	17.4 %
Peer Group Average	8233	16.3x	12.4x	35.8x	17.2x	7.5 %	8.3 %
Peer Group Median	5528	16.0x	11.6x	22.1x	15.8x	4.0 %	5.8 %

Segment	EBIT '21	EV/EBIT '21 *	EV	EBIT '22e ²⁾	EV/EBIT '22e *	EV
ESL	26.8	5.6x	150	27.0	5.6x	151
Telko	20.4	19.2x	392	13.0	13.1x	170
Leipurin ¹⁾	1.9	22.1x	42	1.0	15.8x	16
Other operations	-7.9		-57	-7.3		-55
Total			527			282
Net debt (Evli YE est.)			153			116
Equity value			374			166
Per share			11.9			5.3

*Peer group median (FactSet)

¹⁾ excl. the impairment loss

²⁾ adjusted for comparability

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	7.23 PV of Free Cash Flow	316 Long-term growth, %	1.0 Risk-free interest rate, %	2.25
DCF share value	14.26 PV of Horizon value	292 WACC, %	7.4 Market risk premium, %	5.8
Share price potential, %	97.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	15.7 Marketable securities	18 Minimum WACC, %	6.9 Equity beta coefficient	1.00
Minimum value	13.0 Debt - dividend	-178 Maximum WACC, %	7.9 Target debt ratio, %	35
Horizon value, %	48.0 Value of stock	448 Nr of shares, Mn	31.4 Effective tax rate, %	10

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	573	555	539	555	566	575	584	592	601	610	616	623
<i>Sales growth, %</i>	<i>14.5</i>	<i>-3.2</i>	<i>-2.8</i>	<i>3.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.0</i>	<i>1.0</i>
Operating income (EBIT)	37	29	36	44	55	43	41	41	42	43	43	44
<i>Operating income margin, %</i>	<i>6.4</i>	<i>5.3</i>	<i>6.7</i>	<i>8.0</i>	<i>9.7</i>	<i>7.5</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
+ Depreciation+amort.	35	29	30	26	20	19	19	18	19	17	17	
EBITDA	71	58	66	70	75	62	60	60	61	59	60	
- Paid taxes	-5	-3	-4	-4	-5	-4	-4	-4	-4	-4	-4	
- Change in NWC	-23	8	2	-2	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>8.9</i>	<i>7.7</i>	<i>7.6</i>	<i>7.7</i>	<i>7.7</i>	<i>7.8</i>	<i>7.8</i>	<i>7.8</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-16	-10	-10	-2	-20	-21	-20	-20	-5	-18	-18	
<i>opCAPEX / Sales, %</i>	<i>5.4</i>	<i>2.4</i>	<i>1.8</i>	<i>0.4</i>	<i>3.5</i>	<i>3.7</i>	<i>3.6</i>	<i>3.5</i>	<i>1.0</i>	<i>3.0</i>	<i>2.9</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	-1	-1	-1	-1	-1	-1	-1	-1	-1	0	
= FCFF	28	52	52	61	48	35	33	33	49	35	37	584
= Discounted FCFF		49	46	50	37	25	22	21	28	19	19	292
= DFCF min WACC		49	47	51	37	26	23	21	29	19	19	331
= DFCF max WACC		49	46	50	36	25	21	20	27	18	18	259

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	129.4	145.8	148.0	150.1	573.3	160.4	138.1	124.3	132.1	554.9	539.1	555.4
EBITDA	15.2	17.2	18.3	20.7	71.4	18.4	11.9	13.3	14.5	58.0	65.7	70.2
<i>EBITDA margin (%)</i>	<i>11.7</i>	<i>11.8</i>	<i>12.4</i>	<i>13.8</i>	<i>12.5</i>	<i>11.5</i>	<i>8.6</i>	<i>10.7</i>	<i>11.0</i>	<i>10.5</i>	<i>12.2</i>	<i>12.6</i>
EBIT	7.8	9.7	7.6	11.8	36.9	10.3	5.0	6.4	7.6	29.3	35.9	44.3
<i>EBIT margin (%)</i>	<i>6.0</i>	<i>6.7</i>	<i>5.1</i>	<i>7.9</i>	<i>6.4</i>	<i>6.4</i>	<i>3.6</i>	<i>5.1</i>	<i>5.8</i>	<i>5.3</i>	<i>6.7</i>	<i>8.0</i>
Net financial items	-0.9	-1.0	-1.0	-0.9	-3.8	-1.8	-0.8	-0.8	-0.8	-4.2	-2.5	-2.6
Pre-tax profit	6.9	8.7	6.6	10.9	33.1	8.5	4.2	5.6	6.8	25.1	33.4	41.8
Tax	-0.6	-0.8	-1.2	-2.1	-4.7	-1.3	-0.4	-0.6	-0.7	-3.0	-3.3	-4.2
<i>Tax rate (%)</i>	<i>8.7</i>	<i>9.2</i>	<i>18.2</i>	<i>19.3</i>	<i>14.2</i>	<i>15.3</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>11.8</i>	<i>10.0</i>	<i>10.0</i>
Net profit	6.3	7.9	5.4	8.8	28.4	7.2	3.5	4.7	5.8	21.2	28.9	36.4
EPS	0.20	0.25	0.17	0.28	0.90	0.23	0.11	0.15	0.19	0.68	0.92	1.16
EPS adjusted (diluted no. of shares)	0.20	0.25	0.17	0.28	0.90	0.23	0.11	0.15	0.19	0.68	0.92	1.16
Dividend per share	0.00	0.00	0.00	0.00	0.23	0.00	0.00	0.00	0.00	0.45	0.50	0.69
SALES, EURm												
ESL Shipping	43.4	46.0	47.3	54.7	191.4	56.8	49.1	48.4	56.5	210.8	217.1	221.5
Leipurin	28.0	25.7	27.7	31.7	113.1	27.7	22.9	21.7	25.5	97.8	92.9	95.7
Telko	58.0	74.1	73.0	63.7	268.8	75.9	66.1	54.2	50.1	246.3	229.1	238.2
Total	129.4	145.8	148.0	150.1	573.3	160.4	138.1	124.3	132.1	554.9	539.1	555.4
SALES GROWTH, Y/Y %												
<i>ESL Shipping</i>	<i>1.6</i>	<i>39.8</i>	<i>49.7</i>	<i>32.8</i>	<i>29.0</i>	<i>30.9</i>	<i>6.7</i>	<i>2.3</i>	<i>3.3</i>	<i>10.1</i>	<i>3.0</i>	<i>2.0</i>
<i>Leipurin</i>	<i>4.1</i>	<i>10.8</i>	<i>14.0</i>	<i>19.2</i>	<i>12.0</i>	<i>-1.1</i>	<i>-10.9</i>	<i>-21.7</i>	<i>-19.6</i>	<i>-13.5</i>	<i>-5.0</i>	<i>3.0</i>
<i>Telko</i>	<i>-8.8</i>	<i>24.5</i>	<i>16.8</i>	<i>-3.0</i>	<i>7.0</i>	<i>30.9</i>	<i>-10.8</i>	<i>-25.8</i>	<i>-21.4</i>	<i>-8.4</i>	<i>-7.0</i>	<i>4.0</i>
Total	-2.9	26.1	25.0	12.4	14.5	24.0	-5.3	-16.0	-12.0	-3.2	-2.8	3.0
EBIT, EURm												
ESL Shipping	4.5	5.4	7.1	9.8	26.8	9.2	5.0	6.4	7.7	28.3	28.2	29.9
Leipurin	0.3	0.3	0.6	-3.6	-2.4	-0.4	0.1	0.1	0.1	-0.1	1.9	3.3
Telko	4.6	5.4	2.5	7.9	20.4	4.0	1.6	1.5	1.3	8.4	11.5	16.7
Other operations	-1.6	-1.4	-2.6	-2.3	-7.9	-2.5	-1.7	-1.6	-1.5	-7.3	-5.6	-5.6
Total	7.8	9.7	7.6	11.8	36.9	10.3	5.0	6.4	7.6	29.3	35.9	44.3
EBIT margin, %												
<i>ESL Shipping</i>	<i>10.4</i>	<i>11.7</i>	<i>15.0</i>	<i>17.9</i>	<i>14.0</i>	<i>16.2</i>	<i>10.2</i>	<i>13.2</i>	<i>13.6</i>	<i>13.4</i>	<i>13.0</i>	<i>13.5</i>
<i>Leipurin</i>	<i>1.1</i>	<i>1.2</i>	<i>2.2</i>	<i>-11.4</i>	<i>-2.1</i>	<i>-1.4</i>	<i>0.4</i>	<i>0.5</i>	<i>0.4</i>	<i>-0.1</i>	<i>2.0</i>	<i>3.5</i>
<i>Telko</i>	<i>7.9</i>	<i>7.3</i>	<i>3.4</i>	<i>12.4</i>	<i>7.6</i>	<i>5.3</i>	<i>2.4</i>	<i>2.8</i>	<i>2.6</i>	<i>3.4</i>	<i>5.0</i>	<i>7.0</i>
Total	6.0	6.7	5.1	7.9	6.4	6.4	3.6	5.1	5.8	5.3	6.7	8.0

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	502.4	540.9	587.7	500.7	573.3	554.9	539.1	555.4
<i>Sales growth (%)</i>	<i>9.8</i>	<i>7.7</i>	<i>8.7</i>	<i>-14.8</i>	<i>14.5</i>	<i>-3.2</i>	<i>-2.8</i>	<i>3.0</i>
EBITDA	35.0	37.1	49.7	45.7	71.4	58.0	65.7	70.2
<i>EBITDA margin (%)</i>	<i>7.0</i>	<i>6.9</i>	<i>8.5</i>	<i>9.1</i>	<i>12.5</i>	<i>10.5</i>	<i>12.2</i>	<i>12.6</i>
Depreciation	-11.9	-11.7	-28.6	-29.0	-34.5	-28.7	-29.8	-25.9
EBITA	23.1	25.4	21.1	16.7	36.9	29.3	35.9	44.3
Goodwill amortization / writedown	0.0	-4.8	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	23.1	20.6	21.1	16.7	36.9	29.3	35.9	44.3
<i>EBIT margin (%)</i>	<i>4.6</i>	<i>3.8</i>	<i>3.6</i>	<i>3.3</i>	<i>6.4</i>	<i>5.3</i>	<i>6.7</i>	<i>8.0</i>
Reported EBIT	23.1	20.6	21.1	16.7	36.9	29.3	35.9	44.3
<i>EBIT margin (reported) (%)</i>	<i>4.6</i>	<i>3.8</i>	<i>3.6</i>	<i>3.3</i>	<i>6.4</i>	<i>5.3</i>	<i>6.7</i>	<i>8.0</i>
Net financials	-2.0	-4.2	-2.9	-4.5	-3.8	-4.2	-2.5	-2.6
Pre-tax profit	21.1	16.4	18.2	12.2	33.1	25.1	33.4	41.8
Taxes	-1.7	-2.2	-2.1	-1.4	-4.7	-3.0	-3.3	-4.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	19.4	14.2	16.1	10.8	28.4	21.2	28.9	36.4
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	128	185	190	177	175	161	141	117
Goodwill	42	43	43	49	40	40	40	40
Right of use assets	0	37	22	20	21	20	19	20
Inventory	61	71	56	42	69	61	59	61
Receivables	70	78	75	63	83	81	78	81
Liquid funds	20	19	24	32	18	28	27	28
Total assets	321	436	410	384	406	391	367	348
Liabilities								
Shareholder's equity	87	92	122	113	129	143	158	179
Minority interest	0	0	0	0	0	0	0	0
Convertibles	25	25	0	0	0	0	0	0
Lease liabilities	0	0	9	7	7	20	19	20
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	137	199	200	182	164	123	87	44
Non-interest bearing current liabilities	68	105	61	64	79	78	75	78
Other interest-free debt	4	8	18	18	27	27	27	27
Total liabilities	321	430	410	384	406	391	367	348
CASH FLOW, EURm								
+ EBITDA	35	37	50	46	71	58	66	70
- Net financial items	-2	-4	-3	-4	-4	-4	-2	-3
- Taxes	-3	-2	0	-2	-5	-3	-3	-4
- Increase in Net Working Capital	-13	-11	-14	29	-23	8	2	-2
+/- Other	-2	0	0	0	0	-1	-1	-1
= Cash flow from operations	16	20	33	68	40	58	60	61
- Capex	-18	-75	-7	-21	-31	-14	-10	-2
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-2	-55	25	48	9	45	51	58
+/- New issues/buybacks	-9	4	28	-12	-1	0	0	0
- Paid dividend	-13	-13	-14	-7	-11	-7	-14	-16
+/- Other	21	64	-35	-20	-11	-27	-37	-42
Change in cash	-3	-1	4	9	-15	10	-1	1

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	265	263	264	357	227	227	227
Net debt (excl. convertibles)	180	185	157	153	116	79	37
Enterprise value	470	448	420	510	343	306	264
Sales	541	588	501	573	555	539	555
EBITDA	37	50	46	71	58	66	70
EBIT	21	21	17	37	29	36	44
Pre-tax	16	18	12	33	25	33	42
Earnings	14	16	11	28	21	29	36
Equity book value (excl. minorities)	92	122	113	129	143	158	179
Valuation multiples							
EV/sales	0.9	0.8	0.8	0.9	0.6	0.6	0.5
EV/EBITDA	12.7	9.0	9.2	7.1	5.9	4.7	3.8
EV/EBITA	18.5	21.2	25.2	13.8	11.7	8.5	6.0
EV/EBIT	22.8	21.2	25.2	13.8	11.7	8.5	6.0
EV/OCF	23.2	13.8	6.2	12.7	5.9	5.1	4.4
EV/FCFF	-15.2	17.5	6.7	18.2	6.6	5.9	4.3
P/FCFE	-4.9	10.3	5.6	38.4	5.1	4.5	3.9
P/E	18.7	16.4	24.4	12.6	10.7	7.9	6.2
P/B	2.9	2.2	2.3	2.8	1.6	1.4	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.6	5.3	4.3
Target EV/EBIT	0.0	0.0	0.0	0.0	13.1	9.6	6.9
Target EV/FCF	0.0	0.0	0.0	0.0	8.6	6.8	5.2
Target P/B	0.0	0.0	0.0	0.0	1.9	1.7	1.5
Target P/E	0.0	0.0	0.0	0.0	12.6	9.2	7.3
Per share measures							
Number of shares	31,420	31,420	31,420	31,420	31,420	31,420	31,420
Number of shares (diluted)	31,420	31,420	31,420	31,420	31,420	31,420	31,420
EPS	0.45	0.51	0.34	0.90	0.68	0.92	1.16
Operating cash flow per share	0.65	1.04	2.17	1.28	1.85	1.92	1.93
Free cash flow per share	-1.74	0.81	1.51	0.30	1.42	1.61	1.85
Book value per share	2.92	3.88	3.61	4.12	4.56	5.03	5.69
Dividend per share	0.44	0.22	0.35	0.23	0.45	0.50	0.69
Dividend payout ratio, %	97.4	42.9	101.8	25.4	66.6	54.4	60.0
Dividend yield, %	5.2	2.6	4.2	2.0	6.2	6.9	9.6
FCF yield, %	-20.6	9.7	18.0	2.6	19.6	22.3	25.6
Efficiency measures							
ROE	15.9	15.1	9.2	23.4	15.6	19.2	21.6
ROCE	7.3	6.5	5.3	12.3	10.0	13.0	17.5
Financial ratios							
Inventories as % of sales	13.2	9.5	8.5	12.0	11.0	11.0	11.0
Receivables as % of sales	14.4	12.8	12.6	14.4	14.5	14.6	14.5
Non-interest bearing liabilities as % of sales	19.4	10.4	12.8	13.8	14.0	14.0	14.0
NWC/sales, %	8.0	9.7	5.7	8.9	7.7	7.6	7.7
Operative CAPEX/sales, %	13.8	1.2	4.2	5.4	2.4	1.8	0.4
CAPEX/sales (incl. acquisitions), %	13.8	1.2	4.2	5.4	2.4	1.8	0.4
FCFF/EBITDA	-0.8	0.5	1.4	0.4	0.9	0.8	0.9
Net debt/EBITDA, book-weighted	4.9	3.7	3.4	2.1	2.0	1.2	0.5
Debt/equity, market-weighted	0.8	0.8	0.7	0.5	0.5	0.4	0.2
Equity ratio, book-weighted	27.2	29.8	29.5	31.8	36.6	43.1	51.4
Gearing, %	154.3	151.6	137.9	118.2	80.6	50.1	20.6

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	23.591	10.4%
Aev Capital Holding Oy	3,213,535	23.234	10.2%
Varma Mutual Pension Insurance Company	1,423,076	10.289	4.5%
Vehmas Tapio	1,275,827	9.224	4.1%
Ilmarinen Mutual Pension Insurance Company	875,226	6.328	2.8%
Nyberg Gustav	851,524	6.157	2.7%
Nordea Nordic Small Cap Fund	721,040	5.213	2.3%
Procurator-Holding Oy	514,882	3.723	1.6%
Nordea Bank ABP	462,710	3.345	1.5%
Mandatum Life Insurance Company Limited	426,946	3.087	1.4%
Ten largest	13,027,707	94.190	41%
Residual	18,392,072	132.975	59%
Total	31,419,779	227.165	100%

EARNINGS CALENDAR

August 10, 2022

Q2 report

November 02, 2022

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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IR: Keränen Keijo

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.

Recommendation	Percentage
Sell	15%
Hold	58%
Buy	27%

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

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