

Telko supported earnings

Aspo's EUR 7.4m Q3 EBIT landed well above estimates. The positive surprise seems to have been driven by Telko. Aspo had to cut away the upper half of its previous guidance range as there are still market challenges in the form of soft demand.

- Aspo Q3 revenue from continuing operations was EUR 130.0m vs the EUR 141.5m/136.7m Evli/consensus estimates. Adjusted EBIT from continuing operations amounted to EUR 7.4m, compared to the EUR 6.6m/6.0m Evli/consensus estimates.
- ESL Q3 top line was EUR 43.0m vs our EUR 48.9m estimate, while EBIT amounted to EUR 4.0m vs our EUR 4.5m estimate. Volumes picked up after the summer and ESL was able to optimize transportation flows and capacity utilization. Q4 industrial activity and volumes are seen lower than they were previous year.
- Telko revenue came in at EUR 53.8m, compared to our EUR 55.7m estimate, whereas EBIT landed at EUR 3.1m vs our EUR 2.1m estimate. Market prices, especially those of plastics, stabilized and Telko was able to gain market share. Demand outlook remains somewhat low for Q4.
- Leipuri revenue amounted to EUR 33.2m vs our EUR 36.9m estimate. Adj. EBIT was EUR 1.3m, compared to our EUR 1.3m estimate. Pricing levels flattened out while volumes seem to be stabilizing. Management sees opportunities for organic growth and efficiency improvements, while M&A is also on the agenda.
- Other operations cost EUR 1.0m vs our EUR 1.3m estimate.
- Aspo specifies FY '23 guidance: the new guidance range is for EUR 25-30m in comparable EBIT, whereas the previous was EUR 25-35m.

Rating 🟡 HOLD				
Q3'23	Actual	Evli	Year ago	Q2'23
Revenue	130.0	141.5	142.8	132.6
Adj. EBIT	7.4	6.6	12.4	3.6
Adj. EBIT-%	5.7 %	4.7 %	8.7 %	2.7 %
Share price, EUR (Last trading day's closing price)				5.90
Target price, EUR				7.0
Latest change in recommendation				17-May-23
Latest report on company				11-Aug-23
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				185
Free float, %				-
Exchange rate EUR/RUB				-
Reuters code				ASPO.HE
Bloomberg code				ASPO FH
Average daily volume, EURm				0.1
Next interim report				01-Nov-23
Web site				www.aspo.com
Analyst				Joonas Ilvonen
E-mail				joonas.ilvonen@evli.com
Telephone				+358 44 430 9071

🟢 BUY 🟡 HOLD 🔴 SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2021	573.3	36.9	6.4%	9.2	0.90	12.6	0.9	13.8	2.6	0.45
2022	560.7	33.9	6.0%	17.6	0.75	11.0	0.7	12.2	6.8	0.46
2023E	563.5	28.2	5.0%	32.0	0.62	9.6	0.6	11.4	17.3	0.47
2024E	590.6	36.8	6.2%	38.9	0.83	7.1	0.5	8.1	21.0	0.50
2025E	605.3	42.2	7.0%	72.5	1.06	5.5	0.4	5.7	39.1	0.52
Market cap, EURm	185			BV per share 2023E, EUR		92.5	CAGR EPS 2022-25, %			12.4
Net debt 2023E, EURm	137			Price/book 2023E		1.2	CAGR sales 2022-25, %			2.6
Enterprise value, EURm	323			Dividend yield 2023E, %		8.0	ROE 2023E, %			13.3
Total assets 2023E, EURm	416			Tax rate 2023E, %		3.5	ROCE 2023E, %			8.9
Goodwill 2023E, EURm	47			Equity ratio 2023E, %		35.7	PEG, P/E 23/CAGR			0.4

All the important disclosures can be found on the last pages of this report.

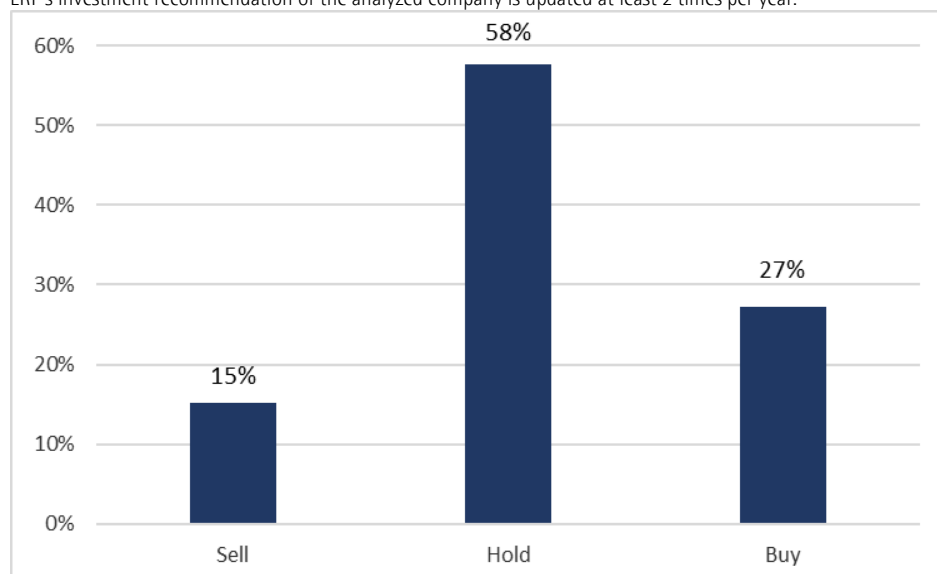
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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Contact information

SALES, TRADING AND RESEARCH

Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Arttu Heikura +358 40 082 8098
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205



EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

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