ASPO

Conglomerates/Finland, October 25, 2018
News Flash

Broadly driven 8% EBIT miss

In Q3'18, Aspo's operating profit misses estimates at EUR 7.2m vs EUR 8.3/7.8m Evli/cons. The miss was driven by the three largest divisions. Aspo maintained its operating profit guidance for 2018.

- **Group headline figures:** Q3'18 net sales were below estimates at EUR 136.3m (+7% y/y) vs. EUR 142/137m Evli/cons estimate. Meanwhile, operating profit came in below expectations at EUR 7.2m (5.3% margin, +1% y/y) vs. EUR 8.3/7.8m Evli/cons. The earnings miss was driven by the three largest divisions.
- **ESL Shipping:** Q3'18 revenue was above estimates at EUR 30.6m (+67% y/y) vs. EUR 28.9m/26.6m Evli/cons. Meanwhile operating profit was below estimates at EUR 4.0m (13.1% margin, +21% y/y) vs. EUR 4.9m/4.2m Evli/cons est. The acquisition of AtoB@C was completed in August and is reflected in ESL's results. The newbuildings, two LNG powered vessels, are on their way to the Baltic Sea.
- **Telko:** Q3'18 net sales were below estimates and amounted to EUR 67.3m (+0% y/y) vs. EUR 72.3m/70.4m Evli/cons. estimate. Operating profit was below estimates at EUR 2.9m (4.3% margin, -6% y/y) vs. EUR 3.7m/3.5m Evli/cons. estimate.
- **Leipurin:** Q3'18 net sales were EUR 28m (-6% y/y) vs. EUR 30.5m/31.2m Evli/cons. estimate. Operating profit was EUR 0.8m (2.9% margin, -43% y/y) vs. EUR 1.0m/1.2m Evli/cons.
- **Kauko:** The company generated EUR 10.4m (-11% y/y) net sales in Q3'18 vs. EUR 10.3m/9.6m Evli/cons. estimate. Operating profit was EUR 0.7m (6.7% margin, 0.2m in Q3'17) vs. EUR -0.2m/0m Evli/cons. estimate.
- **Guidance unchanged:** Aspo expects 2018 operating profit to amount EUR 25–31 (23.1) million.

Rating	BUY
Share price, EUR (Last trading day's closing price)	9.94
Target price, EUR	11.2
Latest change in recommendation	21-Dec-17
Latest report on company	16-Aug-18
Research paid by issuer:	YES
No. of shares outstanding, '000's	30,976
No. of shares fully diluted, '000's	30,976
Market cap, EURm	308
Free float, %	-
Exchange rate EUR/RUB	-
Reuters code	ASPO.HE
Bloomberg code	ASPO FH
Average daily volume, EURm	0.1
Next interim report	25-Oct-18
Web site	www.aspo.com

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BUY HOLD SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2016	457	20	4.5%	17	0.52	15.7	0.8	15.4	18.5	0.42
2017	502	23	4.6%	21	0.63	16.0	0.9	17.8	19.5	0.43
2018E	551	30	5.4%	26	0.72	13.8	0.9	6.6	16.6	0.45
2019E	643	42	6.6%	39	1.15	8.6	0.7	7.1	11.2	0.50
2020E	675	50	7.4%	46	1.36	7.3	0.7	5.3	8.9	0.60

Market cap, EURm	308	BV per share 2018E, EUR	3.1	CAGR EPS 2017-20, %	29.3
Net debt 2018E, EURm	185	Price/book 2018E	3.2	CAGR sales 2017-20, %	10.3
Enterprise value, EURm	493	Dividend yield 2018E, %	4.5	ROE 2018E, %	24.3
Total assets 2018E, EURm	390	Tax rate 2018E, %	9.3	ROCE 2018E, %	10.6
Goodwill 2018E, EURm	42	Equity ratio 2018E, %	24.7	PEG, P/E 18/CAGR	0.6

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

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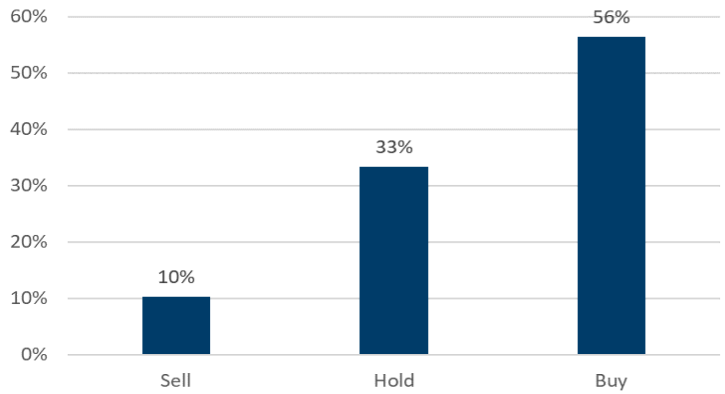
https://research.evli.com/JasperAllModels.action?authParam=key;461&authParam=x;G3rNagWrtf7K&authType=3
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:
http://research.evli.com
Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is in general updated 2 – 4 per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 16th of April 2018. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Pöyhönen

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