

Guides EBIT at the range's low-end

Aspo announced the restructuring of its subsidiary Kauko. Effective in 2019, Aspo will no longer report Kauko as a separate segment. The corporate action does not come as a major surprise, yet Aspo also restated its 2018 EBIT guidance at the lower end of the initial range. We adjust our estimates for Kauko accordingly, while making small adjustments to ESL's estimates due to the new LNG vessels taking longer than initially expected to reach their full operational efficiency.

Kauko plays a minor role in the sum-of-the-parts analysis

According to the plan, Kauko's energy solutions business will be either sold off or terminated, while the offering for mobile knowledge work as well as Kauko's administration will be restructured. The energy solutions business generates approximately one third of Kauko's revenue. It was expected that Aspo might take more concrete measures regarding Kauko as the subsidiary has not been able to reach its targets. We recognize the announced EUR 5m goodwill impairment in Kauko's Q4 EBIT.

We expect ESL's acquisitions to lift 2019 EBIT to EUR 25m

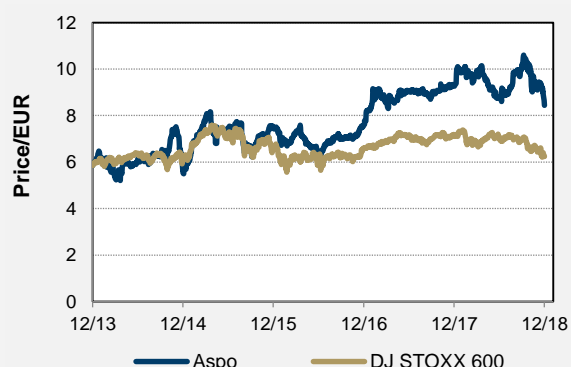
We make slight adjustments to ESL's estimates, reflecting the longer learning curve for the new LNG vessels to reach their full operational efficiency (Q4 EBIT EUR 1.2m lower than previously expected, 2019 EBIT lower by EUR 0.4m). Nevertheless, the new LNG vessels and the acquisition of AtoB@C are expected to be major contributors to next year's EBIT growth. Our EBIT estimates for Telko and Leipurin remain unchanged.

Lower peer multiples cut our target to EUR 9.25 (EUR 10)

Overall, we don't see any significant changes in Aspo's operations. We expect Aspo's 2018 EBIT at EUR 21.9m (including the EUR 5m impairment of Kauko). We retain our HOLD rating but decrease our target price to EUR 9.25 (EUR 10). The change in our target price mainly reflect's Telko's lowered peer multiple, while the write-down of Kauko figures only as a minor loss in the sum-of-the-parts valuation.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 8.44

Target price, EUR 9.25

Latest change in recommendation 26-Oct-18

Latest report on company 22-Nov-18

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 265

Free float, % -

Exchange rate EUR/RUB -

Reuters code ASPO.HE

Bloomberg code ASPO FH

Average daily volume, EURm 0.1

Next interim report 14-Feb-19

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BUY HOLD SELL

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 | 538 | 22 | 4.1% | 18 | 0.48 | 17.6 | 0.8 | 6.6 | 20.8 | 0.45 |
| 2019E | 619 | 41 | 6.6% | 38 | 1.10 | 7.7 | 0.7 | 6.1 | 10.7 | 0.50 |
| 2020E | 651 | 49 | 7.5% | 45 | 1.29 | 6.5 | 0.6 | 4.6 | 8.4 | 0.60 |
| Market cap, EURm | | 265 | BV per share 2018E, EUR | | 2.8 | CAGR EPS 2017-20, % | | 27.3 | | |
| Net debt 2018E, EURm | | 191 | Price/book 2018E | | 3.0 | CAGR sales 2017-20, % | | 9.0 | | |
| Enterprise value, EURm | | 456 | Dividend yield 2018E, % | | 5.3 | ROE 2018E, % | | 17.1 | | |
| Total assets 2018E, EURm | | 386 | Tax rate 2018E, % | | 9.5 | ROCE 2018E, % | | 7.9 | | |
| Goodwill 2018E, EURm | | 42 | Equity ratio 2018E, % | | 23.1 | PEG, P/E 18/CAGR | | 0.5 | | |

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

Valuation

SOTP Analysis

| Group company | Metric | Est., EURM | Multiple* | EV |
|--|-----------|------------|-----------|-----|
| ESL | 2019 EBIT | 24.7 | 8.4 | 208 |
| Telko | 2019 EBIT | 16.0 | 10.2 | 163 |
| Leipurin | 2019 EBIT | 4.3 | 12.8 | 54 |
| Kauko | 2019 EBIT | 0.6 | 9.7 | 5.5 |
| Other operations | 2019 EBIT | -4.4 | 9.7 | -43 |
| Total | | | | 388 |
| Net debt (end 2019, Evli est.), including hybrid | | | | 174 |
| Equity value | | | | 213 |
| Per share | | | | 6.8 |

*Peer group median (OMX H 25 for Kauko and other operations), source: FactSet

| ESL SHIPPING PEER GROUP | EV/EBIT |
|------------------------------------|---------|
| | 19 |
| Golden Ocean Group Ltd | 10.3x |
| Ship Finance International Limited | 16.0x |
| Pangaea Logistics Solutions Ltd. | |
| Star Bulk Carriers Corp. | 7.9x |
| Navios Maritime Partners LP | 5.1x |
| Genco Shipping & Trading Ltd | 4.7x |
| Diana Shipping Inc. | 7.5x |
| Scorpio Bulkers, Inc. | 13.5x |
| Safe Bulkers, Inc. | 8.9x |
| Seanergy Maritime Holdings Corp. | |
| Euroseas Ltd. | |
| Peer Group Average | 9.2x |
| Peer Group Median | 8.4x |

Source: FactSet

| TELKO PEER GROUP | EV/EBIT |
|--|---------|
| | 19 |
| Brenntag AG | 9.5x |
| Nexeo Solutions, Inc. | 10.2x |
| IMCD N.V. | 17.9x |
| Univar, Inc. | 9.5x |
| PT AKR Corporindo Tbk | 14.7x |
| Sinochem International Corporation Class A | |
| Peer Group Average | 12.4x |
| Peer Group Median | 10.2x |

Source: FactSet

| VALUATION RESULTS | BASE CASE DETAILS | VALUATION ASSUMPTIONS | ASSUMPTIONS FOR WACC | |
|--------------------------|----------------------------|-------------------------|--------------------------------|------|
| Current share price | 8.44 PV of Free Cash Flow | 212 Long-term growth, % | 2.0 Risk-free interest rate, % | 2.25 |
| DCF share value | 11.70 PV of Horizon value | 311 WACC, % | 7.4 Market risk premium, % | 5.8 |
| Share price potential, % | 38.6 Unconsolidated equity | 0 Spread, % | 0.5 Debt risk premium, % | 2.8 |
| Maximum value | 13.3 Marketable securities | 20 Minimum WACC, % | 6.9 Equity beta coefficient | 1.00 |
| Minimum value | 10.3 Debt - dividend | -175 Maximum WACC, % | 7.9 Target debt ratio, % | 35 |
| Horizon value, % | 59.4 Value of stock | 368 Nr of shares, Mn | 31.4 Effective tax rate, % | 10 |

| DCF valuation, EURm | 2017 | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | Horizon |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Net sales | 502 | 538 | 619 | 651 | 675 | 699 | 720 | 738 | 756 | 775 | 791 | 807 |
| <i>Sales growth, %</i> | <i>9.8</i> | <i>7.1</i> | <i>15.1</i> | <i>5.1</i> | <i>3.7</i> | <i>3.5</i> | <i>3.0</i> | <i>2.5</i> | <i>2.5</i> | <i>2.5</i> | <i>2.0</i> | <i>2.0</i> |
| Operating income (EBIT) | 23 | 22 | 41 | 49 | 47 | 45 | 43 | 37 | 38 | 39 | 40 | 40 |
| <i>EBIT margin, %</i> | <i>4.6</i> | <i>4.1</i> | <i>6.6</i> | <i>7.5</i> | <i>7.0</i> | <i>6.5</i> | <i>6.0</i> | <i>5.0</i> | <i>5.0</i> | <i>5.0</i> | <i>5.0</i> | <i>5.0</i> |
| + Depreciation+amort. | 12 | 12 | 13 | 15 | 15 | 14 | 13 | 13 | 13 | 13 | 13 | |
| - Income taxes | -3 | -2 | -2 | -3 | -3 | -4 | -3 | -3 | -3 | -3 | -3 | |
| - Change in NWC | -13 | 9 | -8 | -3 | -2 | -2 | -2 | -2 | -2 | -2 | -2 | |
| <i>NWC / Sales, %</i> | <i>12.5</i> | <i>10.0</i> | <i>10.0</i> | <i>10.0</i> | <i>10.0</i> | <i>10.0</i> | <i>10.0</i> | <i>10.0</i> | <i>10.0</i> | <i>10.0</i> | <i>10.0</i> | |
| + Change in other liabs | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| - Capital Expenditure | -18 | -72 | -8 | -7 | -11 | 0 | -14 | -13 | -13 | -17 | -17 | -17 |
| <i>Investments / Sales, %</i> | <i>3.5</i> | <i>13.3</i> | <i>1.3</i> | <i>1.1</i> | <i>1.6</i> | <i>0.0</i> | <i>2.0</i> | <i>1.8</i> | <i>1.8</i> | <i>2.2</i> | <i>2.1</i> | <i>2.1</i> |
| - Other items | -2 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | 0 | |
| = Unlevered Free CF (FCF) | 1 | -33 | 34 | 49 | 44 | 52 | 35 | 31 | 32 | 29 | 32 | 593 |
| = Discounted FCF (DFCF) | | -33 | 32 | 42 | 35 | 39 | 25 | 20 | 19 | 16 | 17 | 311 |
| = DFCF min WACC | | -33 | 32 | 42 | 36 | 40 | 25 | 20 | 20 | 17 | 17 | 357 |
| = DFCF max WACC | | -33 | 31 | 42 | 35 | 39 | 24 | 19 | 18 | 15 | 16 | 273 |

INTERIM FIGURES

| EVLI ESTIMATES, EURm | 2017Q1 | 2017Q2 | 2017Q3 | 2017Q4 | 2017 | 2018Q1 | 2018Q2 | 2018Q3 | 2018Q4E | 2018E | 2019E | 2020E |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Net sales | 119 | 124 | 127 | 132 | 502 | 115 | 133 | 136 | 154 | 538 | 619 | 651 |
| EBITDA | 7 | 8 | 10 | 9 | 35 | 7 | 10 | 10 | 7 | 34 | 54 | 64 |
| <i>EBITDA margin (%)</i> | <i>6.2</i> | <i>6.5</i> | <i>7.9</i> | <i>7.1</i> | <i>7.0</i> | <i>5.8</i> | <i>7.3</i> | <i>7.4</i> | <i>4.6</i> | <i>6.2</i> | <i>8.7</i> | <i>9.8</i> |
| EBIT | 4 | 5 | 7 | 7 | 23 | 4 | 7 | 7 | 4 | 22 | 41 | 49 |
| <i>EBIT margin (%)</i> | <i>3.7</i> | <i>4.1</i> | <i>5.6</i> | <i>4.9</i> | <i>4.6</i> | <i>3.2</i> | <i>5.4</i> | <i>5.3</i> | <i>2.5</i> | <i>4.1</i> | <i>6.6</i> | <i>7.5</i> |
| Net financial items | 0 | -1 | -1 | 0 | -2 | -1 | -1 | -1 | -1 | -4 | -3 | -4 |
| Pre-tax profit | 4 | 4 | 6 | 6 | 21 | 3 | 6 | 6 | 3 | 18 | 38 | 45 |
| Tax | 0 | 0 | 0 | -1 | -2 | 0 | -1 | 0 | 0 | -2 | -2 | -3 |
| <i>Tax rate (%)</i> | <i>7.1</i> | <i>6.8</i> | <i>7.8</i> | <i>9.8</i> | <i>8.1</i> | <i>20.0</i> | <i>11.5</i> | <i>4.8</i> | <i>7.0</i> | <i>9.5</i> | <i>5.8</i> | <i>7.0</i> |
| Net profit | 4 | 4 | 6 | 6 | 19 | 2 | 5 | 6 | 2 | 15 | 35 | 41 |
| EPS | 0.13 | 0.13 | 0.19 | 0.18 | 0.63 | 0.06 | 0.17 | 0.19 | 0.05 | 0.48 | 1.10 | 1.29 |
| EPS adjusted (diluted no. of shares) | 0.13 | 0.13 | 0.19 | 0.18 | 0.63 | 0.06 | 0.17 | 0.19 | 0.05 | 0.48 | 1.10 | 1.29 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.43 | 0.00 | 0.00 | 0.00 | 0.00 | 0.45 | 0.50 | 0.60 |
| SALES, EURm | | | | | | | | | | | | |
| ESL Shipping | 19 | 20 | 18 | 23 | 79 | 21 | 23 | 31 | 42 | 116 | 182 | 192 |
| Leipurin | 29 | 30 | 30 | 33 | 122 | 30 | 31 | 28 | 33 | 122 | 125 | 128 |
| Telko | 64 | 66 | 67 | 66 | 262 | 58 | 72 | 67 | 69 | 265 | 288 | 308 |
| Kauko | 7 | 9 | 12 | 11 | 39 | 7 | 7 | 10 | 10 | 35 | 23 | 24 |
| Total | 119 | 124 | 127 | 132 | 502 | 115 | 133 | 136 | 154 | 538 | 619 | 651 |
| SALES GROWTH, Y/Y % | | | | | | | | | | | | |
| <i>ESL Shipping</i> | <i>16.7</i> | <i>16.8</i> | <i>2.2</i> | <i>9.7</i> | <i>11.1</i> | <i>8.5</i> | <i>15.9</i> | <i>67.2</i> | <i>86.6</i> | <i>46.1</i> | <i>57.5</i> | <i>5.3</i> |
| <i>Leipurin</i> | <i>12.2</i> | <i>4.5</i> | <i>10.7</i> | <i>7.2</i> | <i>8.5</i> | <i>2.7</i> | <i>3.7</i> | <i>-6.4</i> | <i>0.3</i> | <i>0.1</i> | <i>2.4</i> | <i>2.0</i> |
| <i>Telko</i> | <i>28.7</i> | <i>5.6</i> | <i>5.5</i> | <i>1.1</i> | <i>9.1</i> | <i>-9.3</i> | <i>9.1</i> | <i>0.0</i> | <i>4.9</i> | <i>1.3</i> | <i>8.6</i> | <i>6.7</i> |
| <i>Kauko</i> | <i>6.0</i> | <i>0.0</i> | <i>23.2</i> | <i>36.1</i> | <i>17.0</i> | <i>-2.8</i> | <i>-15.3</i> | <i>-11.1</i> | <i>-11.0</i> | <i>-10.5</i> | <i>-33.0</i> | <i>2.0</i> |
| Total | 20.8 | 6.5 | 7.6 | 6.3 | 9.8 | -3.1 | 7.2 | 7.1 | 16.3 | 7.1 | 15.1 | 5.1 |
| EBIT, EURm | | | | | | | | | | | | |
| ESL Shipping | 3 | 3 | 3 | 4 | 14 | 3 | 4 | 4 | 5 | 16 | 25 | 29 |
| Leipurin | 0 | 1 | 1 | 1 | 3 | 1 | 1 | 1 | 1 | 4 | 4 | 5 |
| Telko | 2 | 2 | 3 | 3 | 11 | 2 | 4 | 3 | 3 | 12 | 16 | 18 |
| Kauko | 0 | 0 | 0 | 0 | 0 | -1 | 0 | 1 | -5 | -5 | 1 | 1 |
| Other operations | -1 | -1 | -1 | -1 | -4 | -1 | -1 | -1 | -1 | -5 | -4 | -4 |
| Total | 4 | 5 | 7 | 7 | 23 | 4 | 7 | 7 | 4 | 22 | 41 | 49 |
| EBIT margin, % | | | | | | | | | | | | |
| <i>ESL Shipping</i> | <i>15.9</i> | <i>15.9</i> | <i>18.0</i> | <i>18.1</i> | <i>17.0</i> | <i>12.7</i> | <i>19.0</i> | <i>13.1</i> | <i>12.5</i> | <i>14.0</i> | <i>13.6</i> | <i>15.2</i> |
| <i>Leipurin</i> | <i>1.4</i> | <i>2.0</i> | <i>4.7</i> | <i>2.1</i> | <i>2.5</i> | <i>2.6</i> | <i>2.9</i> | <i>2.9</i> | <i>3.5</i> | <i>3.0</i> | <i>3.4</i> | <i>3.8</i> |
| <i>Telko</i> | <i>3.6</i> | <i>3.7</i> | <i>4.6</i> | <i>4.6</i> | <i>4.1</i> | <i>3.8</i> | <i>5.0</i> | <i>4.3</i> | <i>5.0</i> | <i>4.6</i> | <i>5.5</i> | <i>6.0</i> |
| <i>Kauko</i> | <i>-7.0</i> | <i>1.2</i> | <i>1.7</i> | <i>0.0</i> | <i>-0.5</i> | <i>-8.7</i> | <i>-5.6</i> | <i>6.7</i> | <i>-48.2</i> | <i>-14.9</i> | <i>2.4</i> | <i>2.5</i> |
| Total | 3.7 | 4.1 | 5.6 | 4.9 | 4.6 | 3.2 | 5.4 | 5.3 | 2.5 | 4.1 | 6.6 | 7.5 |

| INCOME STATEMENT, EURm | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|--|------|------|------|------|------|-------|-------|-------|
| Sales | 476 | 483 | 446 | 457 | 502 | 538 | 619 | 651 |
| <i>Sales growth (%)</i> | -1.1 | 1.4 | -7.7 | 2.6 | 9.8 | 7.1 | 15.1 | 5.1 |
| Costs | -455 | -448 | -413 | -425 | -467 | -505 | -566 | -588 |
| Reported EBITDA | 22 | 35 | 33 | 32 | 35 | 34 | 54 | 64 |
| Extraordinary items in EBITDA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>EBITDA margin (%)</i> | 4.5 | 7.2 | 7.4 | 7.0 | 7.0 | 6.2 | 8.7 | 9.8 |
| Depreciation | -11 | -11 | -12 | -12 | -12 | -12 | -13 | -15 |
| EBITA | 11 | 23 | 21 | 20 | 23 | 22 | 41 | 49 |
| Goodwill amortization / writedown | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reported EBIT | 11 | 23 | 21 | 20 | 23 | 22 | 41 | 49 |
| <i>EBIT margin (%)</i> | 2.3 | 4.8 | 4.6 | 4.5 | 4.6 | 4.1 | 6.6 | 7.5 |
| Net financials | -4 | -4 | 1 | -3 | -2 | -4 | -3 | -4 |
| Pre-tax profit | 7 | 19 | 21 | 17 | 21 | 18 | 38 | 45 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxes | 2 | -1 | -1 | -1 | -2 | -2 | -2 | -3 |
| Minority shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit | 9 | 18 | 20 | 16 | 19 | 15 | 35 | 41 |
| BALANCE SHEET, EURm | | | | | | | | |
| Assets | | | | | | | | |
| Fixed assets | 119 | 127 | 128 | 124 | 128 | 188 | 184 | 176 |
| <i>% of sales</i> | 25 | 26 | 29 | 27 | 25 | 35 | 30 | 27 |
| Goodwill | 45 | 44 | 43 | 43 | 42 | 42 | 42 | 42 |
| <i>% of sales</i> | 10 | 9 | 10 | 9 | 8 | 8 | 7 | 6 |
| Inventory | 48 | 47 | 48 | 57 | 61 | 59 | 68 | 72 |
| <i>% of sales</i> | 10 | 10 | 11 | 12 | 12 | 11 | 11 | 11 |
| Receivables | 58 | 56 | 58 | 60 | 70 | 70 | 81 | 85 |
| <i>% of sales</i> | 12 | 12 | 13 | 13 | 14 | 13 | 13 | 13 |
| Liquid funds | 28 | 19 | 24 | 23 | 20 | 27 | 31 | 33 |
| <i>% of sales</i> | 6 | 4 | 5 | 5 | 4 | 5 | 5 | 5 |
| Total assets | 302 | 298 | 305 | 310 | 321 | 386 | 405 | 407 |
| Liabilities | | | | | | | | |
| Equity | 83 | 84 | 83 | 90 | 87 | 89 | 109 | 134 |
| <i>% of sales</i> | 17 | 17 | 19 | 20 | 17 | 17 | 18 | 21 |
| Deferred taxes | 8 | 6 | 5 | 4 | 0 | 0 | 0 | 0 |
| <i>% of sales</i> | 2 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Interest bearing debt | 150 | 144 | 148 | 150 | 162 | 218 | 205 | 177 |
| <i>% of sales</i> | 31 | 30 | 33 | 33 | 32 | 41 | 33 | 27 |
| Non-interest bearing current liabilities | 60 | 62 | 68 | 64 | 68 | 75 | 87 | 91 |
| <i>% of sales</i> | 13 | 13 | 15 | 14 | 14 | 14 | 14 | 14 |
| Other interest free debt | 1 | 1 | 2 | 1 | 4 | 4 | 4 | 4 |
| <i>% of sales</i> | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 |
| Total liabilities | 302 | 298 | 305 | 310 | 321 | 386 | 405 | 407 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 22 | 35 | 33 | 32 | 35 | 34 | 54 | 64 |
| - Net financial items | -4 | -4 | 1 | -3 | -2 | -4 | -3 | -4 |
| - Taxes | -3 | -2 | -2 | -2 | -3 | -2 | -2 | -3 |
| - Increase in Net Working Capital | 0 | -8 | -4 | -11 | -13 | 9 | -8 | -3 |
| +/- Other | 1 | 2 | -2 | 0 | 0 | -1 | -1 | -1 |
| = Cash flow from operations | 16 | 22 | 25 | 16 | 17 | 36 | 39 | 52 |
| - Capex | -4 | -20 | -15 | -6 | -18 | -72 | -8 | -7 |
| - Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + Divestments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| = Net cash flow | 12 | 2 | 10 | 10 | 0 | -36 | 31 | 45 |
| +/- Change in interest-bearing debt | 10 | -6 | 3 | 3 | 11 | 57 | -13 | -28 |
| +/- New issues/buybacks | -3 | -11 | -9 | 4 | -9 | 0 | 0 | 0 |
| - Paid dividend | -13 | -6 | -12 | -13 | -13 | -13 | -14 | -16 |
| +/- Change in loan receivables | 0 | 3 | 5 | 0 | 1 | 0 | 0 | 0 |
| Change in cash | 7 | -18 | -3 | 4 | -10 | 7 | 4 | 2 |

| KEY FIGURES | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| M-cap | 173 | 229 | 250 | 310 | 265 | 265 | 265 |
| Net debt | 125 | 124 | 128 | 142 | 191 | 174 | 145 |
| Enterprise value | 298 | 353 | 378 | 451 | 456 | 439 | 410 |
| Sales | 483 | 446 | 457 | 502 | 538 | 619 | 651 |
| EBITDA | 35 | 33 | 32 | 35 | 34 | 54 | 64 |
| EBIT | 23 | 21 | 20 | 23 | 22 | 41 | 49 |
| Pre-tax | 19 | 21 | 17 | 21 | 18 | 38 | 45 |
| Earnings | 18 | 20 | 16 | 19 | 15 | 35 | 41 |
| Book value | 84 | 83 | 90 | 87 | 89 | 109 | 134 |
| Valuation multiples | | | | | | | |
| EV/sales | 0.6 | 0.8 | 0.8 | 0.9 | 0.8 | 0.7 | 0.6 |
| EV/EBITDA | 8.6 | 10.7 | 11.8 | 12.9 | 13.6 | 8.2 | 6.4 |
| EV/EBITA | 12.7 | 17.1 | 18.5 | 19.5 | 20.8 | 10.7 | 8.4 |
| EV/EBIT | 12.7 | 17.1 | 18.5 | 19.5 | 20.8 | 10.7 | 8.4 |
| EV/operating cash flow | 13.5 | 14.1 | 23.3 | 25.9 | 11.3 | 10.2 | 7.2 |
| EV/cash earnings | 10.7 | 11.4 | 13.9 | 14.8 | 16.3 | 9.1 | 7.2 |
| P/E | 9.4 | 11.6 | 15.7 | 16.0 | 17.6 | 7.7 | 6.5 |
| P/E excl. goodwill | 9.4 | 11.6 | 15.7 | 16.0 | 17.6 | 7.7 | 6.5 |
| P/B | 2.1 | 2.8 | 2.8 | 3.5 | 3.0 | 2.4 | 2.0 |
| P/sales | 0.4 | 0.5 | 0.5 | 0.6 | 0.5 | 0.4 | 0.4 |
| P/CF | 7.9 | 9.2 | 15.4 | 17.8 | 6.6 | 6.1 | 4.6 |
| Target EV/EBIT | 0.0 | 0.0 | 0.0 | 0.0 | 22.0 | 11.3 | 8.9 |
| Target P/E | 0.0 | 0.0 | 0.0 | 16.5 | 19.2 | 8.4 | 7.2 |
| Target P/B | 0.0 | 0.0 | 0.0 | 0.0 | 3.3 | 2.7 | 2.2 |
| Per share measures | | | | | | | |
| Number of shares | 30,402 | 30,496 | 30,579 | 30,976 | 31,420 | 31,420 | 31,420 |
| Number of shares (diluted) | 30,402 | 30,496 | 30,579 | 30,976 | 31,420 | 31,420 | 31,420 |
| EPS | 0.61 | 0.65 | 0.52 | 0.63 | 0.48 | 1.10 | 1.29 |
| EPS excl. goodwill | 0.61 | 0.65 | 0.52 | 0.63 | 0.48 | 1.10 | 1.29 |
| Cash EPS | 0.92 | 1.02 | 0.89 | 0.98 | 0.89 | 1.54 | 1.81 |
| Operating cash flow per share | 0.72 | 0.82 | 0.53 | 0.56 | 1.28 | 1.38 | 1.82 |
| Capital employed per share | 6.88 | 6.77 | 7.11 | 7.39 | 8.92 | 9.03 | 8.89 |
| Book value per share | 2.77 | 2.71 | 2.93 | 2.82 | 2.83 | 3.48 | 4.28 |
| Book value excl. goodwill | 1.31 | 1.31 | 1.53 | 1.46 | 1.50 | 2.15 | 2.94 |
| Dividend per share | 0.40 | 0.41 | 0.42 | 0.43 | 0.45 | 0.50 | 0.60 |
| Dividend payout ratio, % | 66.1 | 63.1 | 80.8 | 68.7 | 93.6 | 45.5 | 46.4 |
| Dividend yield, % | 7.0 | 5.5 | 5.1 | 4.3 | 5.3 | 5.9 | 7.1 |
| Efficiency measures | | | | | | | |
| ROE | 22.1 | 23.8 | 18.5 | 21.9 | 17.1 | 34.8 | 33.3 |
| ROCE | 10.1 | 9.0 | 8.7 | 9.5 | 7.9 | 13.2 | 15.6 |
| Financial ratios | | | | | | | |
| Capex/sales, % | 4.1 | 3.4 | 1.4 | 3.5 | 13.3 | 1.3 | 1.1 |
| Capex/depreciation excl. goodwill,% | 186.1 | 133.5 | 54.8 | 154.0 | 616.5 | 63.2 | 48.8 |
| Net debt/EBITDA, book-weighted | 3.6 | 3.7 | 4.0 | 4.0 | 5.7 | 3.2 | 2.3 |
| Debt/equity, market-weighted | 0.8 | 0.6 | 0.6 | 0.5 | 0.8 | 0.8 | 0.7 |
| Equity ratio, book-weighted | 28.2 | 27.1 | 28.9 | 27.2 | 23.1 | 27.0 | 33.0 |
| Gearing | 1.49 | 1.50 | 1.43 | 1.62 | 2.15 | 1.59 | 1.08 |
| Number of employees, average | 882 | 862 | 871 | 909 | 909 | 909 | 909 |
| Sales per employee, EUR | 547,506 | 517,169 | 525,144 | 552,695 | 592,204 | 681,408 | 716,498 |
| EBIT per employee, EUR | 26,531 | 23,898 | 23,421 | 25,413 | 24,115 | 45,222 | 53,679 |

COMPANY DESCRIPTION: Aspo is a conglomerate operating mainly in Northern and Eastern Europe through subsidiaries ESL Shipping, Telko, Leipurin and Kauko. Two thirds of Aspo's revenue is attributable to Finland, Russia, Ukraine and other CIS countries.

INVESTMENT CASE:

| OWNERSHIP STRUCTURE | SHARES | EURm | % |
|--|------------|---------|-------|
| Havsudden Oy Ab | 3,142,941 | 26.526 | 10.0% |
| Vehmas Tatu Antti Aleks | 2,306,676 | 19.468 | 7.3% |
| Varma Mutual Pension Insurance Company | 1,438,412 | 12.140 | 4.6% |
| Vehmas Tapio | 1,375,827 | 11.612 | 4.4% |
| Ilmarinen Mutual Pension Insurance Company | 1,000,676 | 8.446 | 3.2% |
| Robinson Joanna | 754,259 | 6.366 | 2.4% |
| Nyberg Gustav | 731,667 | 6.175 | 2.3% |
| Nordea Nordic Small Cap Fund | 721,040 | 6.086 | 2.3% |
| Mandatum Life Unit-Linked | 515,000 | 4.347 | 1.6% |
| Procurator-Holding Oy | 470,969 | 3.975 | 1.5% |
| Ten largest | 12,457,467 | 105.141 | 40% |
| Residual | 18,962,312 | 160.042 | 60% |
| Total | 31,419,779 | 265.183 | 100% |

EARNINGS CALENDAR

| | |
|-------------------|-----------------|
| February 14, 2019 | FY 2018 Results |
| May 08, 2019 | Q1 report |
| August 14, 2019 | Q2 report |
| October 29, 2019 | Q3 report |

OTHER EVENTS

COMPANY MISCELLANEOUS

| | |
|--------------------|---|
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| CFO: Meitsalo Arto | Tel: +358 ,9 5,211 |
| IR: Seppälä Harri | |

DEFINITIONS

| | | | |
|-----------------------|--|------------------------|---|
| P/E | $\frac{\text{Price per share}}{\text{Earnings per share}}$ | EPS | $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$ |
| P/Sales | $\frac{\text{Market cap}}{\text{Sales}}$ | DPS | Dividend for the financial period per share |
| P/BV | $\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$ | CEPS | $\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$ |
| P/CF | $\frac{\text{Price per share}}{\text{Operating cash flow per share}}$ | EV/Share | $\frac{\text{Enterprise value}}{\text{Number of shares}}$ |
| EV (Enterprise value) | Market cap + net debt + minority interest at market value – share of associated companies at market value | Sales/Share | $\frac{\text{Sales}}{\text{Number of shares}}$ |
| Net debt | Interest bearing debt – financial assets | EBITDA/Share | $\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$ |
| EV/Sales | $\frac{\text{Enterprise value}}{\text{Sales}}$ | EBIT/Share | $\frac{\text{Operating profit}}{\text{Number of shares}}$ |
| EV/EBITDA | $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$ | EAFI/Share | $\frac{\text{Pretax profit}}{\text{Number of shares}}$ |
| EV/EBIT | $\frac{\text{Enterprise value}}{\text{Operating profit}}$ | Capital employed/Share | $\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$ |
| Div yield, % | $\frac{\text{Dividend per share}}{\text{Price per share}}$ | Total assets | Balance sheet total |
| Payout ratio, % | $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$ | Interest coverage (x) | $\frac{\text{Operating profit}}{\text{Financial items}}$ |
| Net cash/Share | $\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$ | Asset turnover (x) | $\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$ |
| ROA, % | $\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$ | Debt/Equity, % | $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$ |
| ROCE, % | $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$ | Equity ratio, % | $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$ |
| ROE, % | $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$ | CAGR, % | Cumulative annual growth rate = Average growth per year |

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<https://research.evli.com/JasperAllModels.action?authParam=key;461&authParam=x;G3rNagWrtf7K&authType=3>

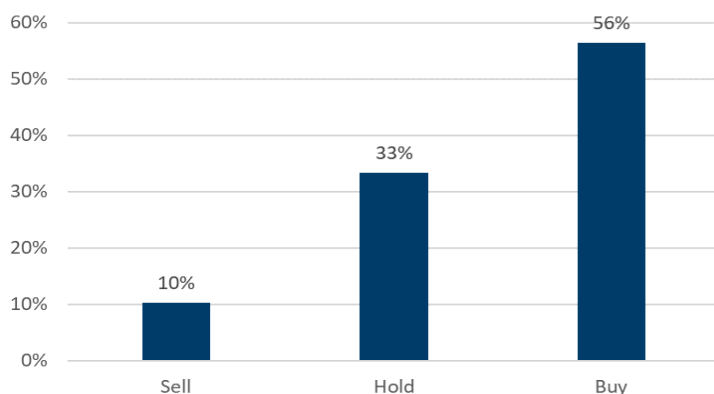
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is 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): Ilvonen

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