

## ESL's EBIT not there yet

Aspo's Q3 EBIT, at EUR 6.7m, missed our EUR 7.6m estimate by 12% (the consensus was EUR 7.8m). ESL improved, but still didn't quite reach the level of EBIT we were expecting. Nevertheless, Aspo retains its FY '19 guidance, implying steepening improvement for Q4.

- Aspo booked Q3 revenue at EUR 148.0m, whereas we expected EUR 155.3m.
- EBIT was EUR 6.7m vs our EUR 7.6m estimate.
- ESL Shipping recorded EUR 43.4m in Q3 revenue vs our EUR 43.3m expectation. The dry bulk carrier posted EUR 4.4m in Q3 EBIT, compared to our EUR 5.3m estimate. Aspo says cargo volumes didn't reach the previously estimated levels and this was especially due to steel industry shipments.
- Telko's Q3 revenue was EUR 74.7m compared to our EUR 81.5m estimate. The chemical distributor achieved EUR 2.4m in Q3 EBIT, while we expected EUR 2.7m. The resulting 3.2% operating margin was therefore in line with our 3.3% estimate.
- Leipurin's Q3 revenue stood at EUR 29.9m vs our EUR 30.5m estimate. Leipurin's Q3 EBIT amounted to EUR 0.8m vs our EUR 0.9m expectation. The 2.7% operating margin was slightly below our 3.0% expectation.
- Aspo retains its FY '19 operating profit guidance, according to which the company sees EUR 24-30m in EBIT. As Aspo booked EUR 15.7m in EBIT for the first nine months of '19, the implication is a minimum of EUR 8.3m EBIT for Q4. In our view such a level should still be achievable, although might be a close call.

Rating				BUY
Q3'19	Actual	Evli	Year ago	Q2'19
Revenue	148.0	155.3	136.3	151.2
EBIT	6.7	7.6	7.2	4.1
EBIT-%	4.5 %	4.9 %	5.3 %	2.7 %
PTP	5.4	6.5	6.3	4.4
EPS	0.15	0.20	0.18	0.12
Share price, EUR (Last trading day's closing price)				8.80
Target price, EUR				9.50
Latest change in recommendation				15-Aug-19
Latest report on company				11-Oct-19
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				276
Free float, %				-
Exchange rate EUR/RUB				-
Reuters code				ASPO.HE
Bloomberg code				ASPO FH
Average daily volume, EURm				0.1
Next interim report				29-Oct-19
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
2017	502.4	23.1	4.6%	-2.1	0.63	16.0	0.9	19.5	-0.7	0.43
2018	540.9	20.6	3.8%	-56.9	0.45	18.7	0.9	22.8	-21.5	0.44
2019E	610.2	25.1	4.1%	16.1	0.62	14.1	0.8	19.1	5.8	0.50
2020E	646.4	37.4	5.8%	45.3	0.91	9.7	0.7	12.0	16.4	0.60
2021E	667.4	44.0	6.6%	49.7	1.11	7.9	0.6	9.5	18.0	0.67
Market cap, EURm	276		BV per share 2019E, EUR		208.2		CAGR EPS 2018-21, %		35.0	
Net debt 2019E, EURm	203		Price/book 2019E		2.8		CAGR sales 2018-21, %		7.3	
Enterprise value, EURm	479		Dividend yield 2019E, %		5.7		ROE 2019E, %		20.7	
Total assets 2019E, EURm	424		Tax rate 2019E, %		9.2		ROCE 2019E, %		7.8	
Goodwill 2019E, EURm	43		Equity ratio 2019E, %		28.8		PEG, P/E 19/CAGR		0.5	

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

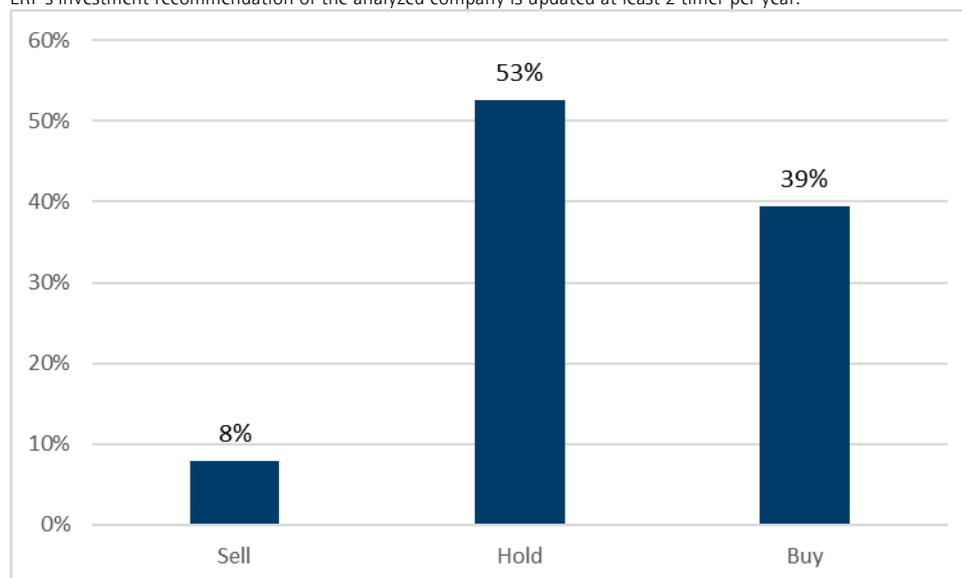
## Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

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.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on [29.10.2019, 10:35]. This report has been published on [29.10.2019, 10:45].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied

directly or indirectly to investment banking transactions or other services performed by Evli Bank Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Bank Plc is supervised by the Finnish Financial Supervision Authority.

**Contact information**

**SALES, TRADING AND RESEARCH**

**Equity Sales**

Ari Laine +358 9 4766 9115  
Lauri Ahokanto +358 9 4766 9117  
Niclas Henelius +358 9 4766 9116

**Trading**

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

**ETFs and Derivatives**

Joachim Dannberg +358 9 4766 9123  
Kimmo Lijja +358 9 4766 9130

**Structured Investments**

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

**Equity Research**

Jonas Forslund +358 9 4766 9314  
Joonas Ilvonen +358 44 430 9071  
Jerker Salokivi +358 9 4766 9149  
Anna-Liisa Rissanen +358 40 157 9919

**Evli Investment Solutions**

Johannes Asuja +358 9 4766 9205  
Markku Reinikainen +358 9 4766 9669



**EVLI BANK PLC**  
Aleksanterinkatu 19 A  
P.O. Box 1081  
FIN-00101 Helsinki, FINLAND  
Phone +358 9 476 690  
Fax +358 9 634 382  
Internet www.evli.com  
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,  
STOCKHOLMSFILIAL**  
Regeringsgatan 67 P.O. Box 16354  
SE-103 26 Stockholm  
Sverige  
stockholm@evli.com  
Tel +46 (0)8 407 8000  
Fax +46 (0)8 407 8001