

Improvement outlook unclear

Aspo's operations ran rather normal in Q1, but profitability is under more pressure in Q2 and it's quite uncertain how strong EBIT might rebound in H2'20. We have cut our estimates, our TP is now EUR 6.00 (6.25), rating HOLD.

The segments will perform far short of their potential

The nascent pandemic began to impair ESL's EBIT early on in Q1 as the escalating situation in China had a substantial negative effect on shipping rates. ESL's Q1 EBIT thus fell to EUR 2.3m from EUR 3.2m a year ago. ESL was able to run its operations without interruptions and cargo volumes declined only slightly to 3.5m tonnes (3.6m tonnes a year ago), helped by stable levels for smaller vessels. Demand for larger vessels, however, remains rather weak and this also negatively affects demand for loading services. Q2 is thus set to be worse. Telko's EUR 2.4m EBIT in the face of falling volumes and prices was in our view strong show (revenue down 12% y/y), yet the operational improvements are probably not going to help figures that much in the near-term considering the kind of macroeconomic outlook e.g. vaporizing oil prices are indicating. Leipurin's EBIT improved to EUR 0.6m, but many customers such as restaurants, cafes and small bakeries are suffering. Large industrial bakeries saw demand briefly spike but the situation has since normalized.

We now expect FY '20 EBIT to decline almost 20%

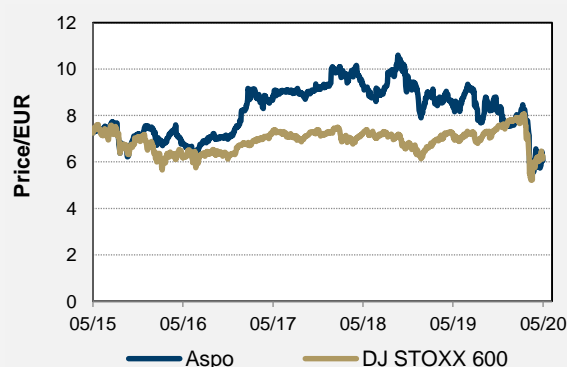
We have cut our estimates especially for Telko. We now expect Telko's FY '20 revenue to decline by 14% and see EBIT down to EUR 6.4m compared to EUR 8.0m last year. For Q2 we see Telko revenue down 22% y/y. We estimate Aspo's FY '20 EBIT at EUR 17.4m (previously estimated EUR 20.7m) as macroeconomic recovery prospects have continued to deteriorate. H2'20 remains particularly uncertain in terms of ESL's cargo volume outlook (on which EBIT improvement mainly relies). In our view Aspo's creditworthiness is not in question (the company also has a EUR 67m liquidity position), but from a shareholder point of view the pace of improvement remains crucial, and right now it's unclear just how quickly profitability could reach more attractive levels.

We see current valuation fair in the present environment

Our view is unchanged in the sense that higher profitability potential remains, but for now it's difficult to rely on long-term estimates. Our TP is EUR 6.00 (6.25), rating still HOLD.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 6.06

Target price, EUR 6.0

Latest change in recommendation 30-Oct-19

Latest report on company 14-Apr-20

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 190

Free float, % -

Exchange rate EUR/RUB -

Reuters code ASPO.HE

Bloomberg code ASPO FH

Average daily volume, EURm 0.1

Next interim report 12-Aug-20

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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
2018	540.9	20.6	3.8%	-54.5	0.45	18.7	0.9	22.8	-20.6	0.44
2019	587.7	21.1	3.6%	25.5	0.51	16.4	0.8	21.2	9.7	0.22
2020E	537.7	17.4	3.2%	39.4	0.39	15.7	0.6	19.7	20.7	0.45
2021E	555.1	26.3	4.7%	40.3	0.62	9.8	0.6	12.1	21.2	0.40
2022E	571.1	32.9	5.8%	50.7	0.79	7.7	0.5	8.5	26.6	0.47
Market cap, EURm	190			Gearing 2020E, %	119.9			CAGR EPS 2019-22, %	15.5	
Net debt 2020E, EURm	153			Price/book 2020E	1.5			CAGR sales 2019-22, %	-1.0	
Enterprise value, EURm	343			Dividend yield 2020E, %	7.4			ROE 2020E, %	9.7	
Total assets 2020E, EURm	400			Tax rate 2020E, %	13.5			ROCE 2020E, %	5.5	
Goodwill 2020E, EURm	43			Equity ratio 2020E, %	31.8			PEG, P/E 20/CAGR	0.4	

Peer multiples and sum-of-the-parts valuation

ESL PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		P/B	
		19	20	19	20	19	20
Algoma Central	235	5.2x	4.3x	14.0x	12.1x	0.5x	0.5x
Diana Shipping	144	7.7x	9.6x	17.7x	36.1x	0.3x	0.3x
Eagle Bulk Ship	110	15.4x	7.1x	120.6x	16.3x	0.2x	0.3x
Genco Shipping & Trading	209	10.8x	6.1x	211.9x	21.4x	0.2x	0.2x
Golden Ocean Group	456	10.4x	12.3x	19.7x	42.0x	0.3x	0.3x
Navios Maritime Partners	79	5.9x	5.4x	11.2x	8.3x		
Pangaea Logistics	94	6.4x	6.3x	10.0x	11.1x		
Safe Bulkers	98	7.2x	9.1x	15.4x	33.6x	0.2x	0.2x
Scorpio Bulkers	161	16.0x	13.1x	73.3x	49.1x	0.2x	0.2x
SFL	1135	12.6x	10.5x	22.4x	16.2x	1.0x	1.0x
Star Bulk Carriers	456	11.3x	6.4x	26.5x	10.9x	0.3x	0.3x
Peer Group Average	289	9.9x	8.2x	49.3x	23.4x	0.4x	0.4x
Peer Group Median	161	10.4x	7.1x	19.7x	16.3x	0.3x	0.3x

TELKO PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
AKR Corporindo	563	15.4x	9.0x	19.3x	11.9x	5.1 %	6.6 %
Ashland Global Holdings	3265	12.3x	10.6x	23.8x	21.2x	11.0 %	10.8 %
Brenntag	6188	9.7x	8.9x	13.0x	12.6x	5.8 %	5.5 %
IMCD	4123	19.9x	20.4x	27.5x	27.3x	6.5 %	6.7 %
Univar Solutions	2085	9.3x	7.7x	13.5x	11.0x	5.2 %	5.2 %
Peer Group Average	3245	13.3x	11.3x	19.4x	16.8x	6.7 %	6.9 %
Peer Group Median	3265	12.3x	9.0x	19.3x	12.6x	5.8 %	6.6 %

LEIPURIN PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
Amsterdam Commodities	465		10.0x		11.4x		6.8 %
Chefs' Warehouse	355	17.2x	29.6x	27.7x		3.5 %	-0.4 %
Marr	765	12.4x	12.1x	15.5x	19.4x	5.8 %	3.7 %
Middleby	2677	12.6x	9.4x	15.1x	11.2x	17.8 %	16.7 %
Orkla	7815	14.8x	13.4x	21.6x	18.1x	10.4 %	11.3 %
Performance Food Group	3269	15.2x	12.6x	24.7x	23.3x	1.3 %	1.1 %
Sysco	25075	17.1x	12.7x	22.7x	17.3x	4.1 %	4.0 %
Tate & Lyle	3466	8.4x	7.6x	12.5x	11.6x	11.4 %	10.9 %
Total Produce	402	12.0x	10.7x	12.1x	10.9x	2.2 %	2.0 %
US Foods Holding	4024	11.9x	12.6x	16.8x	27.1x	3.3 %	1.5 %
Welbit	617	12.3x	11.2x	16.8x	18.1x	13.1 %	8.7 %
Peer Group Average	4448	13.4x	12.9x	18.6x	16.8x	7.3 %	6.0 %
Peer Group Median	2677	12.5x	12.1x	16.8x	17.7x	5.0 %	4.0 %

Segment	EBIT '19	EV/EBIT '19 *	EV	EBIT '20e	EV/EBIT '20e *	EV
ESL	14.6	19.7x	288	12.9	16.3x	210
Telko	8.0	19.3x	154	6.4	12.6x	81
Leipurin	3.0	16.8x	50	2.8	17.7x	49
Other operations	-4.5		-60	-4.7		-58
Total			432			282
Net debt (Evli YE est.)			185			153
Equity value			247			129
Per share			7.9			4.1

*Peer group median

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	6.06 PV of Free Cash Flow	272 Long-term growth, %	1.0 Risk-free interest rate, %	2.25
DCF share value	10.00 PV of Horizon value	235 WACC, %	7.4 Market risk premium, %	5.8
Share price potential, %	65.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	11.2 Marketable securities	24 Minimum WACC, %	6.9 Equity beta coefficient	1.00
Minimum value	9.0 Debt - dividend	-216 Maximum WACC, %	7.9 Target debt ratio, %	35
Horizon value, %	46.3 Value of stock	314 Nr of shares, Mn	31.4 Effective tax rate, %	10

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	588	538	555	571	584	596	607	617	626	635	642	648
<i>Sales growth, %</i>	<i>8.7</i>	<i>-8.5</i>	<i>3.2</i>	<i>2.9</i>	<i>2.2</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.0</i>	<i>1.0</i>
Operating income (EBIT)	21	17	26	33	41	39	36	37	38	35	35	36
<i>Operating income margin, %</i>	<i>3.6</i>	<i>3.2</i>	<i>4.7</i>	<i>5.8</i>	<i>6.9</i>	<i>6.5</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>
+ Depreciation+amort.	29	28	34	32	23	22	19	19	20	20	20	
EBITDA	50	46	60	65	64	61	56	56	57	55	55	
- Paid taxes	-1	-2	-3	-3	-4	-4	-4	-4	-4	-3	-4	
- Change in NWC	-14	16	-2	-2	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>9.7</i>	<i>7.6</i>	<i>7.7</i>	<i>7.7</i>	<i>7.8</i>	<i>7.8</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	<i>8.0</i>	<i>8.0</i>	
+ Change in other liabs	-2	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-7	-5	-11	-4	-23	-21	-19	-21	-21	-22	-21	
<i>opCAPEX / Sales, %</i>	<i>1.2</i>	<i>3.2</i>	<i>2.1</i>	<i>0.8</i>	<i>4.1</i>	<i>3.7</i>	<i>3.2</i>	<i>3.5</i>	<i>3.5</i>	<i>3.5</i>	<i>3.4</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	0	-1	-1	-1	-1	-1	-1	-1	-1	0	
= FCFF	26	54	44	55	34	33	31	29	30	27	30	468
= Discounted FCFF		52	39	45	26	24	21	18	17	15	15	235
= DFCF min WACC		52	39	46	27	24	21	19	18	15	16	266
= DFCF max WACC		52	39	45	26	23	20	18	17	14	14	208

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	141.5	151.2	148.0	147.0	587.7	133.2	130.5	135.7	138.3	537.7	555.1	571.1
EBITDA	11.8	11.2	14.0	12.7	49.7	11.3	9.1	12.1	13.1	45.7	60.4	64.7
<i>EBITDA margin (%)</i>	<i>8.3</i>	<i>7.4</i>	<i>9.5</i>	<i>8.6</i>	<i>8.5</i>	<i>8.5</i>	<i>7.0</i>	<i>8.9</i>	<i>9.5</i>	<i>8.5</i>	<i>10.9</i>	<i>11.3</i>
EBIT	4.9	4.1	6.7	5.4	21.1	4.0	2.1	5.1	6.1	17.4	26.3	32.9
<i>EBIT margin (%)</i>	<i>3.5</i>	<i>2.7</i>	<i>4.5</i>	<i>3.7</i>	<i>3.6</i>	<i>3.0</i>	<i>1.6</i>	<i>3.8</i>	<i>4.4</i>	<i>3.2</i>	<i>4.7</i>	<i>5.8</i>
Net financial items	-1.0	0.3	-1.3	-0.9	-2.9	-1.1	-0.7	-0.7	-0.7	-3.3	-3.3	-4.1
Pre-tax profit	3.9	4.4	5.4	4.5	18.2	2.9	1.4	4.4	5.4	14.0	22.9	28.9
Tax	-0.4	-0.4	-0.5	-0.8	-2.1	-0.3	-0.4	-0.6	-0.6	-1.9	-2.3	-2.9
<i>Tax rate (%)</i>	<i>10.3</i>	<i>9.1</i>	<i>9.3</i>	<i>17.8</i>	<i>11.5</i>	<i>10.3</i>	<i>29.2</i>	<i>13.7</i>	<i>11.1</i>	<i>13.5</i>	<i>10.0</i>	<i>10.0</i>
Net profit	3.5	4.0	4.9	3.7	16.1	2.6	1.0	3.8	4.8	12.1	19.4	24.8
EPS	0.11	0.13	0.16	0.12	0.51	0.08	0.03	0.12	0.15	0.39	0.62	0.79
EPS adjusted (diluted no. of shares)	0.11	0.13	0.16	0.12	0.51	0.08	0.03	0.12	0.15	0.39	0.62	0.79
Dividend per share	0.00	0.00	0.00	0.00	0.22	0.00	0.00	0.00	0.00	0.45	0.40	0.47
SALES, EURm												
ESL Shipping	43.7	42.6	43.4	45.3	175.0	42.7	40.1	42.5	45.8	171.2	176.3	180.7
Leipurin	25.9	28.0	29.9	31.9	115.7	26.9	27.3	27.2	29.3	110.6	114.0	116.2
Telko	71.9	80.6	74.7	69.8	297.0	63.6	63.1	66.0	63.2	255.9	264.8	274.1
Total	141.5	151.2	148.0	147.0	587.7	133.2	130.5	135.7	138.3	537.7	555.1	571.1
SALES GROWTH, Y/Y %												
<i>ESL Shipping</i>	<i>113.2</i>	<i>88.5</i>	<i>41.8</i>	<i>-2.4</i>	<i>45.7</i>	<i>-2.3</i>	<i>-5.8</i>	<i>-2.1</i>	<i>1.2</i>	<i>-2.2</i>	<i>3.0</i>	<i>2.5</i>
<i>Leipurin</i>	<i>-14.2</i>	<i>-10.3</i>	<i>6.8</i>	<i>0.9</i>	<i>-4.4</i>	<i>3.9</i>	<i>-2.5</i>	<i>-9.1</i>	<i>-8.3</i>	<i>-4.4</i>	<i>3.0</i>	<i>2.0</i>
<i>Telko</i>	<i>24.6</i>	<i>12.4</i>	<i>11.0</i>	<i>0.4</i>	<i>11.6</i>	<i>-11.5</i>	<i>-21.8</i>	<i>-11.6</i>	<i>-9.4</i>	<i>-13.8</i>	<i>3.5</i>	<i>3.5</i>
<i>Kauko</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Total	22.7	13.9	8.6	-6.1	8.7	-5.9	-13.7	-8.3	-5.9	-8.5	3.2	2.9
EBIT, EURm												
ESL Shipping	3.2	2.6	4.4	4.4	14.6	2.3	1.6	4.2	4.8	12.9	16.8	19.0
Leipurin	0.5	0.6	0.8	1.1	3.0	0.6	0.6	0.7	0.9	2.8	4.0	4.6
Telko	2.4	2.3	2.4	0.9	8.0	2.4	1.1	1.3	1.6	6.4	9.9	13.7
Other operations	-1.2	-1.4	-0.9	-1.0	-4.5	-1.3	-1.2	-1.1	-1.1	-4.7	-4.4	-4.4
Total	4.9	4.1	6.7	5.4	21.1	4.0	2.1	5.1	6.1	17.4	26.3	32.9
EBIT margin, %												
<i>ESL Shipping</i>	<i>7.3</i>	<i>6.1</i>	<i>10.1</i>	<i>9.7</i>	<i>8.3</i>	<i>5.4</i>	<i>4.1</i>	<i>9.9</i>	<i>10.4</i>	<i>7.5</i>	<i>9.5</i>	<i>10.5</i>
<i>Leipurin</i>	<i>1.9</i>	<i>2.1</i>	<i>2.7</i>	<i>3.4</i>	<i>2.6</i>	<i>2.2</i>	<i>2.1</i>	<i>2.6</i>	<i>3.0</i>	<i>2.5</i>	<i>3.5</i>	<i>4.0</i>
<i>Telko</i>	<i>3.3</i>	<i>2.9</i>	<i>3.2</i>	<i>1.3</i>	<i>2.7</i>	<i>3.8</i>	<i>1.8</i>	<i>2.0</i>	<i>2.5</i>	<i>2.5</i>	<i>3.8</i>	<i>5.0</i>
Total	3.5	2.7	4.5	3.7	3.6	3.0	1.6	3.8	4.4	3.2	4.7	5.8

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	445.8	457.4	502.4	540.9	587.7	537.7	555.1	571.1
<i>Sales growth (%)</i>	-7.7	2.6	9.8	7.7	8.7	-8.5	3.2	2.9
EBITDA	33.1	32.0	35.0	37.1	49.7	45.7	60.4	64.7
<i>EBITDA margin (%)</i>	7.4	7.0	7.0	6.9	8.5	8.5	10.9	11.3
Depreciation	-12.5	-11.6	-11.9	-11.7	-28.6	-28.3	-34.1	-31.8
EBITA	20.6	20.4	23.1	25.4	21.1	17.4	26.3	32.9
Goodwill amortization / writedown	0.0	0.0	0.0	-4.8	0.0	0.0	0.0	0.0
EBIT	20.6	20.4	23.1	20.6	21.1	17.4	26.3	32.9
<i>EBIT margin (%)</i>	4.6	4.5	4.6	3.8	3.6	3.2	4.7	5.8
Reported EBIT	20.6	20.4	23.1	20.6	21.1	17.4	26.3	32.9
<i>EBIT margin (reported) (%)</i>	4.6	4.5	4.6	3.8	3.6	3.2	4.7	5.8
Net financials	0.7	-3.0	-2.0	-4.2	-2.9	-3.3	-3.3	-4.1
Pre-tax profit	21.3	17.4	21.1	16.4	18.2	14.0	22.9	28.9
Taxes	-1.5	-1.5	-1.7	-2.2	-2.1	-1.9	-2.3	-2.9
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	19.8	15.9	19.4	14.2	16.1	12.1	19.4	24.8
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	124	128	185	190	180	157	129
Goodwill	43	43	42	43	43	43	43	43
Right of use assets	0	0	0	37	22	20	20	21
Inventory	48	57	61	71	56	59	61	63
Receivables	58	60	70	78	75	70	72	74
Liquid funds	24	23	20	19	24	27	28	29
Total assets	305	310	321	436	410	400	382	359
Liabilities								
Shareholder's equity	83	90	87	92	122	127	133	145
Minority interest	0	0	0	0	0	0	0	0
Convertibles	20	25	25	25	0	0	0	0
Lease liabilities	0	0	0	0	9	20	20	21
Deferred taxes	5	4	0	0	0	0	0	0
Interest bearing debt	128	125	137	199	200	160	134	96
Non-interest bearing current liabilities	68	64	68	105	61	75	78	80
Other interest-free debt	2	1	4	8	18	18	18	18
Total liabilities	305	310	321	430	410	400	382	359
CASH FLOW, EURm								
+ EBITDA	33	32	35	37	50	46	60	65
- Net financial items	5	-2	-2	-4	-3	-3	-3	-4
- Taxes	-2	-2	-3	-2	0	-2	-2	-3
- Increase in Net Working Capital	-4	-11	-13	-11	-14	16	-2	-2
+/- Other	-6	-4	-2	0	0	0	-1	-1
= Cash flow from operations	26	13	16	20	33	57	52	55
- Capex	-15	-6	-18	-75	-7	-17	-12	-4
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	11	7	-2	-55	25	39	40	51
+/- New issues/buybacks	-9	4	-9	4	28	0	0	0
- Paid dividend	-12	-13	-13	-13	-14	-7	-14	-13
+/- Other	15	1	21	64	-35	-29	-25	-37
Change in cash	5	-1	-3	-1	4	3	1	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	250	310	265	263	190	190	190
Net debt (excl. convertibles)	103	117	180	185	153	126	88
Enterprise value	378	451	470	448	343	317	279
Sales	457	502	541	588	538	555	571
EBITDA	32	35	37	50	46	60	65
EBIT	20	23	21	21	17	26	33
Pre-tax	17	21	16	18	14	23	29
Earnings	16	19	14	16	12	19	25
Equity book value (excl. minorities)	90	87	92	122	127	133	145
Valuation multiples							
EV/sales	0.8	0.9	0.9	0.8	0.6	0.6	0.5
EV/EBITDA	11.8	12.9	12.7	9.0	7.5	5.2	4.3
EV/EBITA	18.5	19.5	18.5	21.2	19.7	12.1	8.5
EV/EBIT	18.5	19.5	22.8	21.2	19.7	12.1	8.5
EV/OCF	28.1	29.0	23.2	13.8	6.1	6.1	5.1
EV/FCFF	37.6	564.3	-15.2	17.5	6.3	7.2	5.1
P/FCFE	35.0	-144.8	-4.9	10.3	4.8	4.7	3.8
P/E	15.7	16.0	18.7	16.4	15.7	9.8	7.7
P/B	2.8	3.5	2.9	2.2	1.5	1.4	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.5	5.2	4.3
Target EV/EBIT	0.0	0.0	0.0	0.0	19.6	12.0	8.4
Target EV/FCF	0.0	0.0	0.0	0.0	8.7	7.8	5.5
Target P/B	0.0	0.0	0.0	0.0	1.5	1.4	1.3
Target P/E	0.0	0.0	0.0	0.0	15.5	9.7	7.6
Per share measures							
Number of shares	30,579	30,976	31,420	31,420	31,420	31,420	31,420
Number of shares (diluted)	30,579	30,976	31,420	31,420	31,420	31,420	31,420
EPS	0.52	0.63	0.45	0.51	0.39	0.62	0.79
Operating cash flow per share	0.44	0.50	0.65	1.04	1.80	1.65	1.75
Free cash flow per share	0.23	-0.07	-1.74	0.81	1.25	1.28	1.61
Book value per share	2.93	2.82	2.92	3.88	4.05	4.22	4.60
Dividend per share	0.42	0.43	0.44	0.22	0.45	0.40	0.47
Dividend payout ratio, %	80.8	68.7	97.4	42.9	116.6	65.0	60.0
Dividend yield, %	5.1	4.3	5.2	2.6	7.4	6.6	7.8
FCF yield, %	2.9	-0.7	-20.6	9.7	20.7	21.2	26.6
Efficiency measures							
ROE	18.5	21.9	15.9	15.1	9.7	15.0	17.9
ROCE	8.7	9.5	7.3	6.5	5.5	8.9	12.0
Financial ratios							
Inventories as % of sales	12.4	12.1	13.2	9.5	11.0	11.0	11.0
Receivables as % of sales	13.1	14.0	14.4	12.8	13.0	13.0	13.0
Non-interest bearing liabilities as % of sales	14.0	13.6	19.4	10.4	14.0	14.0	14.0
NWC/sales, %	11.3	12.5	8.0	9.7	7.6	7.7	7.7
Operative CAPEX/sales, %	1.4	3.5	13.8	1.2	3.2	2.1	0.8
CAPEX/sales (incl. acquisitions), %	1.4	3.5	13.8	1.2	3.2	2.1	0.8
FCFF/EBITDA	0.3	0.0	-0.8	0.5	1.2	0.7	0.8
Net debt/EBITDA, book-weighted	3.2	3.3	4.9	3.7	3.3	2.1	1.4
Debt/equity, market-weighted	0.5	0.4	0.8	0.8	0.8	0.7	0.5
Equity ratio, book-weighted	37.0	35.0	27.2	29.8	31.8	34.7	40.2
Gearing, %	89.8	103.9	154.3	151.6	119.9	95.4	61.1

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	3,142,941	19.046	10.0%
Vehmas Tatu Antti Aleksi	2,306,676	13.978	7.3%
Varma Mutual Pension Insurance Company	1,438,412	8.717	4.6%
Vehmas Tapio	1,375,827	8.338	4.4%
Ilmarinen Mutual Pension Insurance Company	952,972	5.775	3.0%
Robinson Joanna	754,259	4.571	2.4%
Nyberg Gustav	731,667	4.434	2.3%
Nordea Nordic Small Cap Fund	721,040	4.370	2.3%
Procurator-Holding Oy	514,882	3.120	1.6%
Mandatum Life Insurance Company Limited	491,952	2.981	1.6%
Ten largest	12,430,628	75.330	40%
Residual	18,989,151	115.074	60%
Total	31,419,779	190.404	100%

EARNINGS CALENDAR

August 12, 2020

Q2 report

October 29, 2020

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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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	8%
Hold	53%
Buy	39%

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

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