

Upside still more likely

Aspo's earnings beat estimates, and even if the guidance doesn't hint at a particularly rapid q/q Q4 EBIT recovery in our view profitability has already bottomed out. We retain our EUR 7.25 TP and BUY rating.

Telko delivered another earnings surprise in a row

Aspo's EUR 3.6m Q3 EBIT clearly beat the EUR 1.7m/1.1m Evli/cons estimates. The surprise was largely due to Telko, which extended its Q2 performance by posting a similar EUR 4.2m in EBIT. Yet Telko's market outlook remains cautious and Aspo's new guidance in our view manages expectations slightly downwards. The results nevertheless do showcase sound long-term potential. ESL fell to red as expected and Leipurin's profitability remained subdued. In terms of Q4 results it should be noted that demand for ESL's larger vessels began to improve in late Q3. We see the implication of the earnings beat and Aspo's specified guidance to be that Q3 marks out the low point in Aspo's profitability, however the q/q dip was relatively small and thus Q4 results are unlikely to recover as sharply q/q as we estimated before.

We now see H2 EBIT EUR 1.2m higher than before

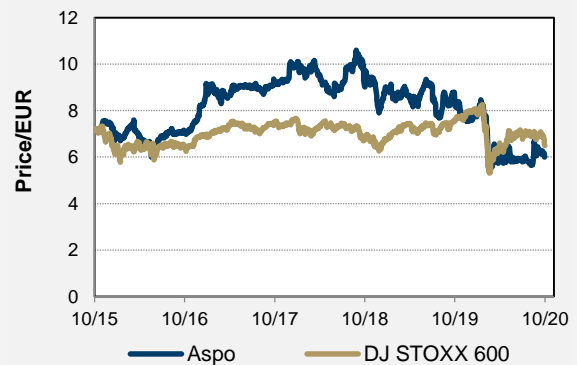
With respect to Q4 EBIT we revise our estimates down for ESL (from EUR 2.8m to EUR 1.7m) and Leipurin (from EUR 0.9m to EUR 0.5m) while we now expect Telko to reach EUR 2.8m (prev. EUR 2.3m). In our view Aspo's guidance seems a bit conservative considering Telko's recent development (that is unless we are overestimating the q/q profitability recovery rates for ESL and Leipurin). Although the pandemic continues to worsen some more, this spring's initial shock is now history and supply chains are better prepared. In this sense we see it highly plausible that Aspo's segments, essentially industrial logistics services providers, can show some meaningful improvement next year as well.

A lot of uncertainty remains but we view upside more likely

We still see Aspo's valuation attractive in terms of SOTP, however we note especially ESL's valuation is hard in such extraordinary times when dry bulk carriers are off their normal earnings levels. Aspo's segments still have plenty to go before reaching their long-term financial targets, but we have grown more confident that this year marks the bottoming out for Aspo's overall profitability. We thus view upside scenarios more likely than downside ones. We retain our EUR 7.25 TP and BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 6.02

Target price, EUR 7.25

Latest change in recommendation	15-Sep-20
Latest report on company	15-Sep-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	189
Free float, %	-
Exchange rate EUR/RUB	-
Reuters code	ASPO.HE
Bloomberg code	ASPO FH
Average daily volume, EURm	0.1
Next interim report	11-Feb-21
Web site	www.aspo.com

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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	491.9	15.8	3.2%	45.3	0.33	18.2	0.7	21.2	23.9	0.45
2021E	510.7	25.6	5.0%	39.5	0.60	10.0	0.6	12.1	20.9	0.39
2022E	526.3	30.7	5.8%	57.8	0.74	8.2	0.5	8.6	30.6	0.44
Market cap, EURm		189	Gearing 2020E, %			116.9	CAGR EPS 2019-22, %			12.8
Net debt 2020E, EURm		147	Price/book 2020E			1.5	CAGR sales 2019-22, %			-3.6
Enterprise value, EURm		336	Dividend yield 2020E, %			7.5	ROE 2020E, %			8.4
Total assets 2020E, EURm		383	Tax rate 2020E, %			11.9	ROCE 2020E, %			5.0
Goodwill 2020E, EURm		43	Equity ratio 2020E, %			32.7	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	257	5.2x	5.4x	14.0x	12.9x	0.6x	0.6x
Diana Shipping	102	7.7x	10.9x	17.7x		0.2x	0.3x
Eagle Bulk Ship	130	15.4x	11.3x	120.6x		0.3x	0.3x
Genco Shipping & Trading	237	10.8x	8.4x	211.9x	59.6x	0.3x	0.3x
Golden Ocean Group	399	10.4x	11.4x	19.7x	101.2x	0.3x	0.4x
Navios Maritime Partners	53	5.9x	7.1x	11.2x	28.0x		0.1x
Pangaea Logistics	108	6.4x	13.4x	10.0x	58.3x		0.9x
Safe Bulkers	78	7.2x	9.3x	15.4x	47.5x	0.2x	0.2x
Scorpio Bulkers	115	16.0x	36.2x	73.3x		0.1x	0.2x
SFL	610	12.5x		23.5x		0.6x	0.8x
Star Bulk Carriers	510	11.3x		26.5x		0.4x	0.4x
Peer Group Average	236	9.9x	12.6x	49.4x	51.3x	0.3x	0.4x
Peer Group Median	130	10.4x	10.9x	19.7x	52.9x	0.3x	0.3x

TELKO PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
AKR Corporindo	611	15.5x	9.8x	19.2x	12.9x	5.1 %	6.3 %
Ashland Global Holdings	3624	12.2x	11.4x	23.4x	22.0x	11.2 %	11.6 %
Brenntag	8593	9.7x	10.4x	13.4x	14.7x	5.7 %	6.1 %
IMCD	5685	19.8x	22.8x	27.2x	30.3x	6.5 %	7.4 %
Univar Solutions	2416	9.3x	8.7x	13.5x	14.4x	5.2 %	4.5 %
Peer Group Average	4186	13.3x	12.6x	19.3x	18.8x	6.7 %	7.2 %
Peer Group Median	3624	12.2x	10.4x	19.2x	14.7x	5.7 %	6.3 %

LEIPURIN PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
Amsterdam Commodities	439						
Chefs' Warehouse	437	17.2x		28.1x		3.4 %	-5.6 %
Marr	772	12.2x	21.9x	15.6x	58.4x	5.8 %	1.5 %
Middleby	4762	12.6x	16.0x	15.1x	20.9x	17.8 %	14.4 %
Orkla	8163	14.5x	14.2x	21.6x	19.2x	10.4 %	11.3 %
Performance Food Group	3818	16.2x	13.0x	25.8x	23.8x	1.2 %	1.0 %
Sysco	24277	17.8x	14.8x	24.5x	21.6x	3.9 %	3.3 %
Tate & Lyle	3090	8.3x	7.1x	12.4x	10.9x	11.4 %	10.7 %
Total Produce	441	12.0x	10.6x	12.1x	13.2x	2.2 %	1.7 %
US Foods Holding	4005	11.9x	13.6x	16.8x	26.9x	3.3 %	1.6 %
Welbilt	720	12.3x	15.8x	16.8x	26.6x	13.1 %	7.6 %
Peer Group Average	4629	13.5x	14.1x	18.9x	24.6x	7.3 %	4.7 %
Peer Group Median	3090	12.4x	14.2x	16.8x	21.6x	4.9 %	2.5 %

Segment	EBIT '19	EV/EBIT '19 *	EV	EBIT '20e	EV/EBIT '20e *	EV
ESL	14.6	19.7x	288	4.5	52.9x	240
Telko	8.0	19.2x	154	13.6	14.7x	201
Leipurin	3.0	16.8x	50	1.7	21.6x	37
Other operations	-4.5		-60	-4.1		-58
Total			432			420
Net debt (Evli YE est.)			185			147
Equity value			247			273
Per share			7.8			8.7

*Peer group median (FactSet)

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	6.02 PV of Free Cash Flow	278 Long-term growth, %	1.0 Risk-free interest rate, %	2.25
DCF share value	9.88 PV of Horizon value	224 WACC, %	7.4 Market risk premium, %	5.8
Share price potential, %	64.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	11.0 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, %	44.6 Value of stock	310 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	492	511	526	538	549	560	568	577	585	591	597
<i>Sales growth, %</i>	<i>8.7</i>	<i>-16.3</i>	<i>3.8</i>	<i>3.0</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	16	26	31	36	36	34	34	35	32	33	33
<i>Operating income margin, %</i>	<i>3.6</i>	<i>3.2</i>	<i>5.0</i>	<i>5.8</i>	<i>6.8</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	29	34	32	21	20	18	18	18	18	19	
EBITDA	50	44	60	62	58	56	51	52	53	50	51	
- Paid taxes	-1	-2	-3	-3	-4	-4	-3	-3	-3	-3	-3	
- Change in NWC	-14	21	-2	-2	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>9.7</i>	<i>7.4</i>	<i>7.5</i>	<i>7.5</i>	<i>7.6</i>	<i>7.6</i>	<i>7.7</i>	<i>7.7</i>	<i>7.7</i>	<i>7.8</i>	<i>7.8</i>	
+ Change in other liabs	-2	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-7	-5	-11	5	-21	-20	-17	-19	-20	-20	-20	
<i>opCAPEX / Sales, %</i>	<i>1.2</i>	<i>2.9</i>	<i>2.3</i>	<i>-0.9</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	59	43	62	30	30	28	27	27	25	27	432
= Discounted FCFF		58	40	53	24	22	20	17	16	14	14	224
= DFCF min WACC		58	40	53	25	23	20	18	17	15	15	253
= DFCF max WACC		58	39	52	24	22	19	17	16	13	14	199

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3	2020Q4E	2020E	2021E	2022E
Net sales	141.5	151.2	148.0	147.0	587.7	133.2	115.6	118.4	124.7	491.9	510.7	526.3
EBITDA	11.8	11.2	14.0	12.7	49.7	11.3	11.3	10.7	11.1	44.4	59.5	62.4
<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>9.8</i>	<i>9.0</i>	<i>8.9</i>	<i>9.0</i>	<i>11.7</i>	<i>11.8</i>
EBIT	4.9	4.1	6.7	5.4	21.1	4.0	4.1	3.6	4.1	15.8	25.6	30.7
<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>3.5</i>	<i>3.0</i>	<i>3.3</i>	<i>3.2</i>	<i>5.0</i>	<i>5.8</i>
Net financial items	-1.0	0.3	-1.3	-0.9	-2.9	-1.1	-1.1	-1.1	-0.7	-4.0	-3.2	-3.7
Pre-tax profit	3.9	4.4	5.4	4.5	18.2	2.9	3.0	2.5	3.4	11.8	22.4	27.0
Tax	-0.4	-0.4	-0.5	-0.8	-2.1	-0.3	-0.3	-0.5	-0.3	-1.4	-2.2	-2.7
<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>10.0</i>	<i>20.0</i>	<i>8.9</i>	<i>11.9</i>	<i>10.0</i>	<i>10.0</i>
Net profit	3.5	4.0	4.9	3.7	16.1	2.6	2.7	2.0	3.1	10.4	19.0	23.1
EPS	0.11	0.13	0.16	0.12	0.51	0.08	0.09	0.06	0.10	0.33	0.60	0.74
EPS adjusted (diluted no. of shares)	0.11	0.13	0.16	0.12	0.51	0.08	0.09	0.06	0.10	0.33	0.60	0.74
Dividend per share	0.00	0.00	0.00	0.00	0.22	0.00	0.00	0.00	0.00	0.45	0.39	0.44
SALES, EURm												
ESL Shipping	43.7	42.6	43.4	45.3	175.0	42.7	32.9	31.6	37.1	144.3	151.5	156.1
Leipurin	25.9	28.0	29.9	31.9	115.7	26.9	23.2	24.3	27.6	102.0	105.1	107.2
Telko	71.9	80.6	74.7	69.8	297.0	63.6	59.5	62.5	59.9	245.5	254.1	263.0
Total	141.5	151.2	148.0	147.0	587.7	133.2	115.6	118.4	124.7	491.9	510.7	526.3
SALES GROWTH, Y/Y %												
ESL Shipping	113.2	88.5	41.8	-2.4	45.7	-2.3	-22.8	-27.2	-18.0	-17.5	5.0	3.0
Leipurin	-14.2	-10.3	6.8	0.9	-4.4	3.9	-17.1	-18.7	-13.4	-11.8	3.0	2.0
Telko	24.6	12.4	11.0	0.4	11.6	-11.5	-26.2	-16.3	-14.2	-17.3	3.5	3.5
Kauko	-100.0	-100.0	-100.0	-100.0	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	22.7	13.9	8.6	-6.1	8.7	-5.9	-23.5	-20.0	-15.2	-16.3	3.8	3.0
EBIT, EURm												
ESL Shipping	3.2	2.6	4.4	4.4	14.6	2.3	0.6	-0.1	1.7	4.5	14.4	16.4
Leipurin	0.5	0.6	0.8	1.1	3.0	0.6	0.3	0.3	0.5	1.7	2.9	4.3
Telko	2.4	2.3	2.4	0.9	8.0	2.4	4.2	4.2	2.8	13.6	12.7	14.5
Other operations	-1.2	-1.4	-0.9	-1.0	-4.5	-1.3	-1.0	-0.8	-1.0	-4.1	-4.4	-4.4
Total	4.9	4.1	6.7	5.4	21.1	4.0	4.1	3.6	4.1	15.8	25.6	30.7
EBIT margin, %												
ESL Shipping	7.3	6.1	10.1	9.7	8.3	5.4	1.8	-0.3	4.7	3.1	9.5	10.5
Leipurin	1.9	2.1	2.7	3.4	2.6	2.2	1.3	1.2	1.9	1.7	2.8	4.0
Telko	3.3	2.9	3.2	1.3	2.7	3.8	7.1	6.7	4.8	5.6	5.0	5.5
Total	3.5	2.7	4.5	3.7	3.6	3.0	3.5	3.0	3.3	3.2	5.0	5.8

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	445.8	457.4	502.4	540.9	587.7	491.9	510.7	526.3
<i>Sales growth (%)</i>	-7.7	2.6	9.8	7.7	8.7	-16.3	3.8	3.0
EBITDA	33.1	32.0	35.0	37.1	49.7	44.4	59.5	62.4
<i>EBITDA margin (%)</i>	7.4	7.0	7.0	6.9	8.5	9.0	11.7	11.8
Depreciation	-12.5	-11.6	-11.9	-11.7	-28.6	-28.6	-33.9	-31.6
EBITA	20.6	20.4	23.1	25.4	21.1	15.8	25.6	30.7
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	15.8	25.6	30.7
<i>EBIT margin (%)</i>	4.6	4.5	4.6	3.8	3.6	3.2	5.0	5.8
Reported EBIT	20.6	20.4	23.1	20.6	21.1	15.8	25.6	30.7
<i>EBIT margin (reported) (%)</i>	4.6	4.5	4.6	3.8	3.6	3.2	5.0	5.8
Net financials	0.7	-3.0	-2.0	-4.2	-2.9	-4.0	-3.2	-3.7
Pre-tax profit	21.3	17.4	21.1	16.4	18.2	11.8	22.4	27.0
Taxes	-1.5	-1.5	-1.7	-2.2	-2.1	-1.4	-2.2	-2.7
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	10.4	19.0	23.1
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	179	156	119
Goodwill	43	43	42	43	43	43	43	43
Right of use assets	0	0	0	37	22	18	19	19
Inventory	48	57	61	71	56	54	56	58
Receivables	58	60	70	78	75	64	66	68
Liquid funds	24	23	20	19	24	25	26	26
Total assets	305	310	321	436	410	383	367	335
Liabilities								
Shareholder's equity	83	90	87	92	122	125	130	141
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	18	19	19
Deferred taxes	5	4	0	0	0	0	0	0
Interest bearing debt	128	125	137	199	200	153	128	83
Non-interest bearing current liabilities	68	64	68	105	61	69	72	74
Other interest-free debt	2	1	4	8	18	18	18	18
Total liabilities	305	310	321	430	410	383	367	335
CASH FLOW, EURm								
+ EBITDA	33	32	35	37	50	44	60	62
- Net financial items	5	-2	-2	-4	-3	-4	-3	-4
- Taxes	-2	-2	-3	-2	0	-1	-2	-3
- Increase in Net Working Capital	-4	-11	-13	-11	-14	21	-2	-2
+/- Other	-6	-4	-2	0	0	0	-1	-1
= Cash flow from operations	26	13	16	20	33	60	51	53
- Capex	-15	-6	-18	-75	-7	-15	-12	5
- 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	45	39	58
+/- New issues/buybacks	-9	4	-9	4	28	0	0	0
- Paid dividend	-12	-13	-13	-13	-14	-7	-14	-12
+/- Other	15	1	21	64	-35	-37	-24	-45
Change in cash	5	-1	-3	-1	4	1	1	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	250	310	265	263	189	189	189
Net debt (excl. convertibles)	103	117	180	185	147	121	76
Enterprise value	378	451	470	448	336	310	265
Sales	457	502	541	588	492	511	526
EBITDA	32	35	37	50	44	60	62
EBIT	20	23	21	21	16	26	31
Pre-tax	17	21	16	18	12	22	27
Earnings	16	19	14	16	10	19	23
Equity book value (excl. minorities)	90	87	92	122	125	130	141
Valuation multiples							
EV/sales	0.8	0.9	0.9	0.8	0.7	0.6	0.5
EV/EBITDA	11.8	12.9	12.7	9.0	7.6	5.2	4.2
EV/EBITA	18.5	19.5	18.5	21.2	21.2	12.1	8.6
EV/EBIT	18.5	19.5	22.8	21.2	21.2	12.1	8.6
EV/OCF	28.1	29.0	23.2	13.8	5.6	6.1	5.0
EV/FCFF	37.6	564.3	-15.2	17.5	5.7	7.2	4.3
P/FCFE	35.0	-144.8	-4.9	10.3	4.2	4.8	3.3
P/E	15.7	16.0	18.7	16.4	18.2	10.0	8.2
P/B	2.8	3.5	2.9	2.2	1.5	1.5	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.4	5.9	4.9
Target EV/EBIT	0.0	0.0	0.0	0.0	23.7	13.6	9.9
Target EV/FCF	0.0	0.0	0.0	0.0	8.3	8.8	5.2
Target P/B	0.0	0.0	0.0	0.0	1.8	1.7	1.6
Target P/E	0.0	0.0	0.0	0.0	22.0	12.0	9.9
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	0.33	0.60	0.74
Operating cash flow per share	0.44	0.50	0.65	1.04	1.90	1.62	1.69
Free cash flow per share	0.23	-0.07	-1.74	0.81	1.44	1.26	1.84
Book value per share	2.93	2.82	2.92	3.88	3.99	4.15	4.49
Dividend per share	0.42	0.43	0.44	0.22	0.45	0.39	0.44
Dividend payout ratio, %	80.8	68.7	97.4	42.9	136.4	65.0	60.0
Dividend yield, %	5.1	4.3	5.2	2.6	7.5	6.5	7.3
FCF yield, %	2.9	-0.7	-20.6	9.7	23.9	20.9	30.6
Efficiency measures							
ROE	18.5	21.9	15.9	15.1	8.4	14.8	17.0
ROCE	8.7	9.5	7.3	6.5	5.0	8.9	11.8
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	7.4	7.5	7.5
Operative CAPEX/sales, %	1.4	3.5	13.8	1.2	2.9	2.3	-0.9
CAPEX/sales (incl. acquisitions), %	1.4	3.5	13.8	1.2	2.9	2.3	-0.9
FCFF/EBITDA	0.3	0.0	-0.8	0.5	1.3	0.7	1.0
Net debt/EBITDA, book-weighted	3.2	3.3	4.9	3.7	3.3	2.0	1.2
Debt/equity, market-weighted	0.5	0.4	0.8	0.8	0.8	0.7	0.4
Equity ratio, book-weighted	37.0	35.0	27.2	29.8	32.7	35.5	42.1
Gearing, %	89.8	103.9	154.3	151.6	116.9	93.1	53.8

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	3,162,941	19.041	10.1%
Vehmas Tatu Antti Aleksi	2,306,676	13.886	7.3%
Varma Mutual Pension Insurance Company	1,423,076	8.567	4.5%
Vehmas Tapio	1,375,827	8.282	4.4%
Ilmarinen Mutual Pension Insurance Company	875,226	5.269	2.8%
Nyberg Gustav	851,524	5.126	2.7%
Robinson Joanna	754,259	4.541	2.4%
Nordea Nordic Small Cap Fund	721,040	4.341	2.3%
Procurator-Holding Oy	514,882	3.100	1.6%
Madremar Ab	444,255	2.674	1.4%
Ten largest	12,429,706	74.827	40%
Residual	18,990,073	114.320	60%
Total	31,419,779	189.147	100%

EARNINGS CALENDAR

February 11, 2021	FY 2020 Results
May 05, 2021	Q1 report
August 11, 2021	Q2 report
October 27, 2021	Q3 report

OTHER EVENTS

December 1, 2020	CMD
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COMPANY MISCELLANEOUS

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CFO: Meitsalo Arto	Tel: +358,9 5,211
IR: Keränen Keijo	

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

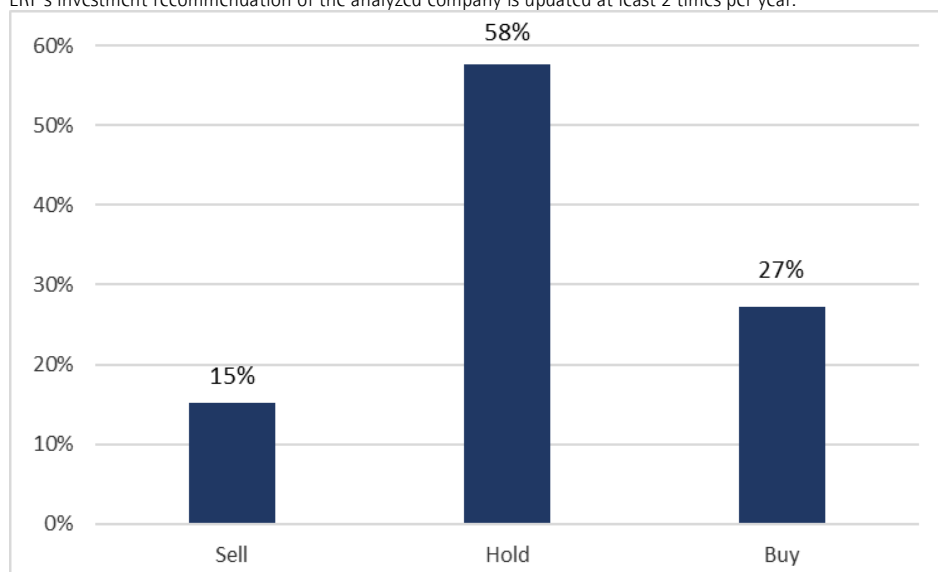
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Investment recommendations are defined as follows:

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

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

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