

Long-term EBIT potential solidifies

ESL and Telko extended recent quarters' strong figures. In our view Aspo now warrants more long-term valuation perspective. Our TP is EUR 10.5 (9.5), rating BUY (HOLD).

Aspo already reached 6% long-term EBIT target in Q1

Aspo's EUR 132m Q1 revenue was in line with estimates while the EUR 7.9m EBIT represented a record high and topped the EUR 6.8m/6.2m Evli/cons. estimates. In our view the positive surprise was for the most part due to ESL, but Telko also once again reached a record high EBIT. ESL managed a record Q1 EBIT despite the cold winter, which caused challenges especially for the smaller vessels. Cargo volumes remained flat y/y while shipping freight rates increased for smaller and larger vessels alike. Supply challenges in plastics and chemicals limited Telko's revenue prospects but contributed to sharp price increases and so helped profitability (in addition to mix improvement). The pandemic continued to limit foodservice as well as machinery potential and thus Leipurin's profitability remained muted.

Vague guidance for now but long-term potential remains

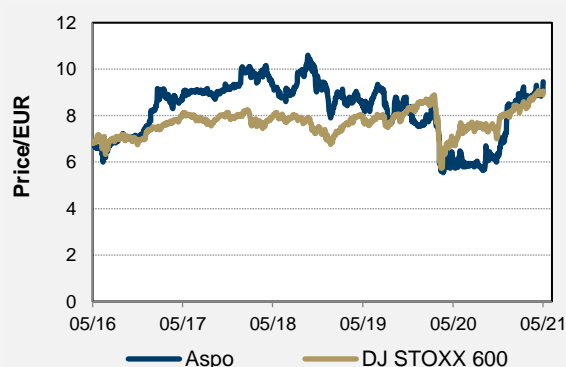
The vague guidance is warranted by the chaotic conditions in the raw materials and logistics markets. Historically H2 has been the more profitable part of the year but now the effect may be more muted. ESL's demand continues to look good for the summer months while high docking levels will have a negative effect on Q2 and Q3 EBIT. We expect Telko to reach a 6% EBIT margin going forward (vs the 7.4% Q1 EBIT margin) as the environment begins to normalize. We are now more confident towards ESL's and Telko's long-term profitability levels and see how Aspo's EUR 7.9m Q1 EBIT hints at some EUR 35m annual potential.

ESL's peer multiples now undervalue the niche carrier

In our view Aspo's SOTP valuation doesn't fully reflect ESL's FV as the dry bulk carrier has a special value chain position compared to a typical peer. In Telko's case the situation is more nuanced as the peers are large global players. It's nonetheless clear Telko's FV has risen a lot in the past few years. Leipurin also has plenty of yet to be realized potential. We saw ESL's EV at ca. EUR 300m before the pandemic and view that figure still relevant. Meanwhile Telko's EV has increased from some EUR 150-175m to above EUR 200m. We see Aspo's EV now at around EUR 500m. Our TP is now EUR 10.5 (9.5), our new rating is BUY (HOLD).

Rating

BUY



Share price, EUR (Last trading day's closing price) 9.45

Target price, EUR 10.5

Latest change in recommendation 06-May-21

Latest report on company 12-Feb-21

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 297

Free float, % -

Exchange rate EUR/RUB -

Reuters code ASPO.HE

Bloomberg code ASPO FH

Average daily volume, EURm 0.1

Next interim report 11-Aug-21

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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 |
|--------------------------|---------------|--------------|-----------|-------------------------|------------|------------|-----------------|-----------------------|----------------|------------|
| 2019 | 587.7 | 21.1 | 3.6% | 25.5 | 0.51 | 16.4 | 0.8 | 21.2 | 9.7 | 0.22 |
| 2020 | 500.7 | 19.3 | 3.9% | 50.1 | 0.43 | 19.7 | 0.8 | 21.8 | 19.0 | 0.35 |
| 2021E | 522.3 | 31.2 | 6.0% | 29.2 | 0.77 | 12.4 | 0.8 | 14.0 | 9.8 | 0.40 |
| 2022E | 538.2 | 34.1 | 6.3% | 40.3 | 0.85 | 11.1 | 0.8 | 11.9 | 13.6 | 0.45 |
| 2023E | 550.2 | 36.8 | 6.7% | 43.8 | 0.95 | 10.0 | 0.7 | 10.3 | 14.8 | 0.50 |
| Market cap, EURm | 297 | | | Gearing 2021E, % | 109.4 | | | CAGR EPS 2020-23, % | 30.4 | |
| Net debt 2021E, EURm | 138 | | | Price/book 2021E | 2.3 | | | CAGR sales 2020-23, % | 3.2 | |
| Enterprise value, EURm | 435 | | | Dividend yield 2021E, % | 4.2 | | | ROE 2021E, % | 20.0 | |
| Total assets 2021E, EURm | 382 | | | Tax rate 2021E, % | 9.6 | | | ROCE 2021E, % | 10.5 | |
| Goodwill 2021E, EURm | 49 | | | Equity ratio 2021E, % | 33.1 | | | PEG, P/E 21/CAGR | 1.5 | |

Peer multiples and sum-of-the-parts valuation

| ESL PEER GROUP | MCAP MEUR | EV/EBITDA | | EV/EBIT | | P/B | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| | | 20 | 21 | 20 | 21 | 20 | 21 |
| Algoma Central | 436 | 5.0x | 5.8x | | | 1.2x | 1.3x |
| Diana Shipping | 299 | 14.8x | 8.3x | | 26.9x | 0.8x | 0.7x |
| Eagle Bulk Ship | 460 | 11.9x | 4.7x | | 7.8x | 1.1x | 0.9x |
| Genco Shipping & Trading | 567 | 8.1x | 6.2x | 77.6x | 9.6x | 0.9x | 0.9x |
| Golden Ocean Group | 1503 | 11.7x | 5.6x | 45.0x | 8.2x | 1.0x | 0.9x |
| Navios Maritime Partners | 573 | 7.0x | 2.6x | 18.8x | 3.4x | | 0.6x |
| Pangaea Logistics | 145 | 7.3x | 6.3x | 12.9x | 9.9x | | |
| Safe Bulkers | 369 | 10.1x | 5.9x | 61.5x | 10.3x | 0.9x | 0.8x |
| Eneti | 191 | 48.2x | 117.6x | | 47.0x | | 0.5x |
| SFL | 838 | 8.5x | 9.3x | 13.5x | 17.0x | 1.1x | 1.1x |
| Star Bulk Carriers | 1685 | 10.0x | 5.6x | 26.9x | 7.6x | 1.3x | 1.1x |
| Peer Group Average | 642 | 13.0x | 16.2x | 36.6x | 14.8x | 1.0x | 0.9x |
| Peer Group Median | 460 | 10.0x | 5.9x | 26.9x | 9.7x | 1.0x | 0.9x |

| TELKO PEER GROUP | MCAP MEUR | EV/EBITDA | | EV/EBIT | | EBIT-% | |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 20 | 21 | 20 | 21 | 20 | 21 |
| AKR Corporindo | 759 | 11.0x | 9.2x | 14.0x | 11.9x | 6.9 % | 6.5 % |
| Ashland Global Holdings | 4347 | 11.6x | 11.0x | 21.5x | 19.0x | 12.4 % | 14.1 % |
| Brenntag | 11615 | 10.8x | 11.4x | 15.4x | 15.9x | 6.3 % | 6.5 % |
| IMCD | 6947 | 22.2x | 21.0x | 30.7x | 27.3x | 7.2 % | 8.5 % |
| Univar Solutions | 3335 | 8.9x | 10.0x | 14.6x | 15.7x | 4.7 % | 4.8 % |
| Peer Group Average | 5401 | 12.9x | 12.5x | 19.2x | 17.9x | 7.5 % | 8.1 % |
| Peer Group Median | 4347 | 11.0x | 11.0x | 15.4x | 15.9x | 6.9 % | 6.5 % |

| LEIPURIN PEER GROUP | MCAP MEUR | EV/EBITDA | | EV/EBIT | | EBIT-% | |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 20 | 21 | 20 | 21 | 20 | 21 |
| Amsterdam Commodities | 632 | | | | | | |
| Chefs' Warehouse | 994 | | 51.0x | | | -8.6 % | -1.1 % |
| Marr | 1297 | 37.5x | 17.4x | 463.1x | 25.3x | 0.3 % | 4.1 % |
| Middleby | 8254 | 18.2x | 17.3x | 24.0x | 20.9x | 14.4 % | 18.2 % |
| Orkla | 8357 | 13.4x | 12.0x | 18.2x | 16.0x | 11.2 % | 12.0 % |
| Performance Food Group | 6221 | 17.7x | 14.6x | 31.6x | 24.2x | 1.1 % | 1.4 % |
| Sysco | 35286 | 20.1x | 18.0x | 30.0x | 24.5x | 3.0 % | 3.8 % |
| Tate & Lyle | 4280 | 7.1x | 8.3x | 10.5x | 12.5x | 11.8 % | 11.5 % |
| Total Produce | 824 | 10.2x | 13.2x | 10.6x | 12.6x | 2.2 % | 2.3 % |
| US Foods Holding | 7348 | 20.4x | 13.6x | 56.7x | 21.8x | 1.0 % | 2.5 % |
| Welbilt | 2568 | 18.7x | 19.3x | 29.3x | 26.9x | 9.5 % | 12.5 % |
| Peer Group Average | 6914 | 18.1x | 18.5x | 74.9x | 20.5x | 4.6 % | 6.7 % |
| Peer Group Median | 4280 | 18.2x | 16.0x | 29.3x | 21.8x | 2.6 % | 3.9 % |

| Segment | EBIT '20 | EV/EBIT '20 * | EV | EBIT '21e | EV/EBIT '21e * | EV |
|-------------------------|-------------|------------------|-----|--------------|-------------------|-----|
| ESL | 7.6 | 26.9x | 204 | 18.3 | 9.7x | 178 |
| Telko | 14.9 | 15.4x | 229 | 16.2 | 15.9x | 258 |
| Leipurin | 1.4 | 29.3x | 41 | 1.4 | 21.8x | 31 |
| Other operations | -4.6 | | -58 | -4.7 | | -56 |
| Total | | | 417 | | | 410 |
| Net debt (Evli YE est.) | | | 157 | | | 138 |
| Equity value | | | 260 | | | 271 |
| Per share | | | 8.3 | | | 8.6 |

*Peer group median (FactSet)

| VALUATION RESULTS | BASE CASE DETAILS | VALUATION ASSUMPTIONS | ASSUMPTIONS FOR WACC | |
|--------------------------|----------------------------|-------------------------|--------------------------------|------|
| Current share price | 9.45 PV of Free Cash Flow | 265 Long-term growth, % | 1.0 Risk-free interest rate, % | 2.25 |
| DCF share value | 11.67 PV of Horizon value | 269 WACC, % | 7.4 Market risk premium, % | 5.8 |
| Share price potential, % | 23.5 Unconsolidated equity | 0 Spread, % | 0.5 Debt risk premium, % | 2.8 |
| Maximum value | 13.0 Marketable securities | 32 Minimum WACC, % | 6.9 Equity beta coefficient | 1.00 |
| Minimum value | 10.5 Debt - dividend | -200 Maximum WACC, % | 7.9 Target debt ratio, % | 35 |
| Horizon value, % | 50.4 Value of stock | 367 Nr of shares, Mn | 31.4 Effective tax rate, % | 10 |

| DCF valuation, EURm | 2020 | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | Horizon |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|
| Net sales | 501 | 522 | 538 | 550 | 562 | 573 | 582 | 590 | 599 | 608 | 614 | 620 |
| <i>Sales growth, %</i> | -14.8 | 4.3 | 3.0 | 2.2 | 2.1 | 2.0 | 1.5 | 1.5 | 1.5 | 1.5 | 1.0 | 1.0 |
| Operating income (EBIT) | 19 | 31 | 34 | 37 | 38 | 37 | 38 | 38 | 39 | 40 | 40 | 40 |
| <i>Operating income margin, %</i> | 3.9 | 6.0 | 6.3 | 6.7 | 6.8 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| + Depreciation+amort. | 29 | 31 | 26 | 26 | 23 | 20 | 19 | 19 | 19 | 19 | 19 | 17 |
| EBITDA | 48 | 62 | 61 | 63 | 61 | 58 | 57 | 57 | 58 | 59 | 57 | |
| - Paid taxes | -2 | -3 | -3 | -4 | -4 | -4 | -4 | -4 | -4 | -4 | -4 | -4 |
| - Change in NWC | 29 | -11 | -2 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| <i>NWC / Sales, %</i> | 5.7 | 7.4 | 7.5 | 7.6 | 7.6 | 7.7 | 7.7 | 7.7 | 7.8 | 7.8 | 7.8 | |
| + Change in other liabs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Operative CAPEX | -9 | -11 | -11 | -11 | -15 | -20 | -21 | -21 | -21 | -6 | -18 | |
| <i>opCAPEX / Sales, %</i> | 4.2 | 2.9 | 2.1 | 2.0 | 2.8 | 3.6 | 3.7 | 3.6 | 3.5 | 1.0 | 3.0 | |
| - Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + Divestments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Other items | 0 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | 0 |
| = FCFF | 66 | 37 | 44 | 46 | 40 | 32 | 30 | 31 | 31 | 47 | 34 | 538 |
| = Discounted FCFF | | 35 | 39 | 38 | 31 | 23 | 20 | 19 | 18 | 25 | 17 | 269 |
| = DFCF min WACC | | 35 | 39 | 39 | 31 | 23 | 21 | 20 | 19 | 26 | 18 | 305 |
| = DFCF max WACC | | 35 | 38 | 38 | 30 | 22 | 20 | 18 | 17 | 24 | 16 | 239 |

INTERIM FIGURES

| EVLI ESTIMATES, EURm | 2020Q1 | 2020Q2 | 2020Q3 | 2020Q4 | 2020 | 2021Q1 | 2021Q2E | 2021Q3E | 2021Q4E | 2021E | 2022E | 2023E |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net sales | 133.2 | 115.6 | 118.4 | 133.5 | 500.7 | 132.3 | 127.5 | 127.7 | 134.8 | 522.3 | 538.2 | 550.2 |
| EBITDA | 11.3 | 11.3 | 10.7 | 15.0 | 48.3 | 15.3 | 14.8 | 15.4 | 16.2 | 61.7 | 60.6 | 63.3 |
| <i>EBITDA margin (%)</i> | <i>8.5</i> | <i>9.8</i> | <i>9.0</i> | <i>11.2</i> | <i>9.6</i> | <i>11.6</i> | <i>11.6</i> | <i>12.1</i> | <i>12.0</i> | <i>11.8</i> | <i>11.3</i> | <i>11.5</i> |
| EBIT | 4.0 | 4.1 | 3.6 | 7.6 | 19.3 | 7.9 | 7.1 | 7.7 | 8.5 | 31.2 | 34.1 | 36.8 |
| <i>EBIT margin (%)</i> | <i>3.0</i> | <i>3.5</i> | <i>3.0</i> | <i>5.7</i> | <i>3.9</i> | <i>6.0</i> | <i>5.6</i> | <i>6.0</i> | <i>6.3</i> | <i>6.0</i> | <i>6.3</i> | <i>6.7</i> |
| Net financial items | -1.1 | -1.1 | -1.1 | -1.2 | -4.5 | -0.9 | -0.9 | -0.9 | -0.9 | -3.6 | -3.0 | -2.5 |
| Pre-tax profit | 2.9 | 3.0 | 2.5 | 6.4 | 14.8 | 7.0 | 6.2 | 6.8 | 7.6 | 27.6 | 31.1 | 34.4 |
| Tax | -0.3 | -0.3 | -0.5 | -0.3 | -1.4 | -0.6 | -0.6 | -0.7 | -0.8 | -2.7 | -3.1 | -3.4 |
| <i>Tax rate (%)</i> | <i>10.3</i> | <i>10.0</i> | <i>20.0</i> | <i>4.7</i> | <i>9.5</i> | <i>8.6</i> | <i>10.0</i> | <i>10.0</i> | <i>10.0</i> | <i>9.6</i> | <i>10.0</i> | <i>10.0</i> |
| Net profit | 2.6 | 2.7 | 2.0 | 6.1 | 13.4 | 6.4 | 5.3 | 5.8 | 6.5 | 24.0 | 26.8 | 29.7 |
| EPS | 0.08 | 0.09 | 0.06 | 0.19 | 0.43 | 0.20 | 0.17 | 0.19 | 0.21 | 0.77 | 0.85 | 0.95 |
| EPS adjusted (diluted no. of shares) | 0.08 | 0.09 | 0.06 | 0.19 | 0.43 | 0.20 | 0.17 | 0.19 | 0.21 | 0.77 | 0.85 | 0.95 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.40 | 0.45 | 0.50 |
| SALES, EURm | | | | | | | | | | | | |
| ESL Shipping | 42.7 | 32.9 | 31.6 | 41.2 | 148.4 | 43.4 | 37.1 | 36.5 | 42.1 | 159.1 | 163.9 | 167.2 |
| Leipurin | 26.9 | 23.2 | 24.3 | 26.6 | 101.0 | 27.9 | 25.2 | 26.7 | 28.6 | 108.4 | 110.6 | 112.8 |
| Telko | 63.6 | 59.5 | 62.5 | 65.7 | 251.3 | 61.0 | 65.2 | 64.5 | 64.1 | 254.8 | 263.7 | 270.3 |
| Total | 133.2 | 115.6 | 118.4 | 133.5 | 500.7 | 132.3 | 127.5 | 127.7 | 134.8 | 522.3 | 538.2 | 550.2 |
| SALES GROWTH, Y/Y % | | | | | | | | | | | | |
| <i>ESL Shipping</i> | <i>-2.3</i> | <i>-22.8</i> | <i>-27.2</i> | <i>-9.1</i> | <i>-15.2</i> | <i>1.6</i> | <i>12.8</i> | <i>15.5</i> | <i>2.2</i> | <i>7.2</i> | <i>3.0</i> | <i>2.0</i> |
| <i>Leipurin</i> | <i>3.9</i> | <i>-17.1</i> | <i>-18.7</i> | <i>-16.6</i> | <i>-12.7</i> | <i>3.7</i> | <i>8.6</i> | <i>9.9</i> | <i>7.5</i> | <i>7.3</i> | <i>2.0</i> | <i>2.0</i> |
| <i>Telko</i> | <i>-11.5</i> | <i>-26.2</i> | <i>-16.3</i> | <i>-5.9</i> | <i>-15.4</i> | <i>-4.1</i> | <i>9.6</i> | <i>3.2</i> | <i>-2.4</i> | <i>1.4</i> | <i>3.5</i> | <i>2.5</i> |
| <i>Total</i> | <i>-5.9</i> | <i>-23.5</i> | <i>-20.0</i> | <i>-9.2</i> | <i>-14.8</i> | <i>-0.7</i> | <i>10.3</i> | <i>7.9</i> | <i>1.0</i> | <i>4.3</i> | <i>3.0</i> | <i>2.2</i> |
| EBIT, EURm | | | | | | | | | | | | |
| ESL Shipping | 2.3 | 0.6 | -0.1 | 4.8 | 7.6 | 4.5 | 3.9 | 4.5 | 5.4 | 18.3 | 19.3 | 20.1 |
| Leipurin | 0.6 | 0.3 | 0.3 | 0.2 | 1.4 | 0.3 | 0.3 | 0.4 | 0.4 | 1.4 | 3.9 | 5.4 |
| Telko | 2.4 | 4.2 | 4.2 | 4.1 | 14.9 | 4.5 | 4.0 | 3.9 | 3.8 | 16.2 | 15.8 | 16.2 |
| Other operations | -1.3 | -1.0 | -0.8 | -1.5 | -4.6 | -1.4 | -1.1 | -1.1 | -1.1 | -4.7 | -4.8 | -4.8 |
| Total | 4.0 | 4.1 | 3.6 | 7.6 | 19.3 | 7.9 | 7.1 | 7.7 | 8.5 | 31.2 | 34.1 | 36.8 |
| EBIT margin, % | | | | | | | | | | | | |
| <i>ESL Shipping</i> | <i>5.4</i> | <i>1.8</i> | <i>-0.3</i> | <i>11.7</i> | <i>5.1</i> | <i>10.4</i> | <i>10.5</i> | <i>12.3</i> | <i>12.8</i> | <i>11.5</i> | <i>11.8</i> | <i>12.0</i> |
| <i>Leipurin</i> | <i>2.2</i> | <i>1.3</i> | <i>1.2</i> | <i>0.8</i> | <i>1.4</i> | <i>1.1</i> | <i>1.2</i> | <i>1.5</i> | <i>1.4</i> | <i>1.3</i> | <i>3.5</i> | <i>4.8</i> |
| <i>Telko</i> | <i>3.8</i> | <i>7.1</i> | <i>6.7</i> | <i>6.2</i> | <i>5.9</i> | <i>7.4</i> | <i>6.1</i> | <i>6.0</i> | <i>5.9</i> | <i>6.4</i> | <i>6.0</i> | <i>6.0</i> |
| <i>Total</i> | <i>3.0</i> | <i>3.5</i> | <i>3.0</i> | <i>5.7</i> | <i>3.9</i> | <i>6.0</i> | <i>5.6</i> | <i>6.0</i> | <i>6.3</i> | <i>6.0</i> | <i>6.3</i> | <i>6.7</i> |

| INCOME STATEMENT, EURm | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|--|------------|------------|------------|------------|--------------|-------------|-------------|-------------|
| Sales | 457.4 | 502.4 | 540.9 | 587.7 | 500.7 | 522.3 | 538.2 | 550.2 |
| <i>Sales growth (%)</i> | <i>2.6</i> | <i>9.8</i> | <i>7.7</i> | <i>8.7</i> | <i>-14.8</i> | <i>4.3</i> | <i>3.0</i> | <i>2.2</i> |
| EBITDA | 32.0 | 35.0 | 37.1 | 49.7 | 48.3 | 61.7 | 60.6 | 63.3 |
| <i>EBITDA margin (%)</i> | <i>7.0</i> | <i>7.0</i> | <i>6.9</i> | <i>8.5</i> | <i>9.6</i> | <i>11.8</i> | <i>11.3</i> | <i>11.5</i> |
| Depreciation | -11.6 | -11.9 | -11.7 | -28.6 | -29.0 | -30.5 | -26.4 | -26.5 |
| EBITA | 20.4 | 23.1 | 25.4 | 21.1 | 19.3 | 31.2 | 34.1 | 36.8 |
| Goodwill amortization / writedown | 0.0 | 0.0 | -4.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 20.4 | 23.1 | 20.6 | 21.1 | 19.3 | 31.2 | 34.1 | 36.8 |
| <i>EBIT margin (%)</i> | <i>4.5</i> | <i>4.6</i> | <i>3.8</i> | <i>3.6</i> | <i>3.9</i> | <i>6.0</i> | <i>6.3</i> | <i>6.7</i> |
| Reported EBIT | 20.4 | 23.1 | 20.6 | 21.1 | 19.3 | 31.2 | 34.1 | 36.8 |
| <i>EBIT margin (reported) (%)</i> | <i>4.5</i> | <i>4.6</i> | <i>3.8</i> | <i>3.6</i> | <i>3.9</i> | <i>6.0</i> | <i>6.3</i> | <i>6.7</i> |
| Net financials | -3.0 | -2.0 | -4.2 | -2.9 | -4.5 | -3.6 | -3.0 | -2.5 |
| Pre-tax profit | 17.4 | 21.1 | 16.4 | 18.2 | 14.8 | 27.6 | 31.1 | 34.4 |
| Taxes | -1.5 | -1.7 | -2.2 | -2.1 | -1.4 | -2.7 | -3.1 | -3.4 |
| Minority shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit | 15.9 | 19.4 | 14.2 | 16.1 | 13.4 | 24.0 | 26.8 | 29.7 |
| 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 | 124 | 128 | 185 | 190 | 177 | 160 | 145 | 129 |
| Goodwill | 43 | 42 | 43 | 43 | 49 | 49 | 49 | 49 |
| Right of use assets | 0 | 0 | 37 | 22 | 20 | 21 | 22 | 22 |
| Inventory | 57 | 61 | 71 | 56 | 42 | 57 | 59 | 61 |
| Receivables | 60 | 70 | 78 | 75 | 63 | 68 | 70 | 72 |
| Liquid funds | 23 | 20 | 19 | 24 | 32 | 26 | 27 | 28 |
| Total assets | 310 | 321 | 436 | 410 | 384 | 382 | 372 | 360 |
| Liabilities | | | | | | | | |
| Shareholder's equity | 90 | 87 | 92 | 122 | 113 | 127 | 141 | 156 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Convertibles | 25 | 25 | 25 | 0 | 0 | 0 | 0 | 0 |
| Lease liabilities | 0 | 0 | 0 | 9 | 7 | 21 | 22 | 22 |
| Deferred taxes | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest bearing debt | 125 | 137 | 199 | 200 | 182 | 144 | 116 | 86 |
| Non-interest bearing current liabilities | 64 | 68 | 105 | 61 | 64 | 73 | 75 | 77 |
| Other interest-free debt | 1 | 4 | 8 | 18 | 18 | 18 | 18 | 18 |
| Total liabilities | 310 | 321 | 430 | 410 | 384 | 382 | 372 | 360 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 32 | 35 | 37 | 50 | 48 | 62 | 61 | 63 |
| - Net financial items | -2 | -2 | -4 | -3 | -4 | -4 | -3 | -2 |
| - Taxes | -2 | -3 | -2 | 0 | -2 | -3 | -3 | -3 |
| - Increase in Net Working Capital | -11 | -13 | -11 | -14 | 29 | -11 | -2 | -1 |
| +/- Other | -4 | -2 | 0 | 0 | 0 | -1 | -1 | -1 |
| = Cash flow from operations | 13 | 16 | 20 | 33 | 71 | 44 | 52 | 55 |
| - Capex | -6 | -18 | -75 | -7 | -21 | -15 | -11 | -11 |
| - Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + Divestments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| = Free cash flow | 7 | -2 | -55 | 25 | 50 | 29 | 40 | 44 |
| +/- New issues/buybacks | 4 | -9 | 4 | 28 | -15 | 0 | 0 | 0 |
| - Paid dividend | -13 | -13 | -13 | -14 | -7 | -11 | -13 | -14 |
| +/- Other | 1 | 21 | 64 | -35 | -20 | -24 | -27 | -29 |
| Change in cash | -1 | -3 | -1 | 4 | 9 | -6 | 1 | 1 |

| KEY FIGURES | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|--|--------|--------|--------|--------|--------|--------|--------|
| M-cap | 310 | 265 | 263 | 264 | 297 | 297 | 297 |
| Net debt (excl. convertibles) | 117 | 180 | 185 | 157 | 138 | 111 | 81 |
| Enterprise value | 451 | 470 | 448 | 420 | 435 | 408 | 378 |
| Sales | 502 | 541 | 588 | 501 | 522 | 538 | 550 |
| EBITDA | 35 | 37 | 50 | 48 | 62 | 61 | 63 |
| EBIT | 23 | 21 | 21 | 19 | 31 | 34 | 37 |
| Pre-tax | 21 | 16 | 18 | 15 | 28 | 31 | 34 |
| Earnings | 19 | 14 | 16 | 13 | 24 | 27 | 30 |
| Equity book value (excl. minorities) | 87 | 92 | 122 | 113 | 127 | 141 | 156 |
| Valuation multiples | | | | | | | |
| EV/sales | 0.9 | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | 0.7 |
| EV/EBITDA | 12.9 | 12.7 | 9.0 | 8.7 | 7.1 | 6.7 | 6.0 |
| EV/EBITA | 19.5 | 18.5 | 21.2 | 21.8 | 14.0 | 11.9 | 10.3 |
| EV/EBIT | 19.5 | 22.8 | 21.2 | 21.8 | 14.0 | 11.9 | 10.3 |
| EV/OCF | 29.0 | 23.2 | 13.8 | 5.9 | 9.9 | 7.9 | 6.9 |
| EV/FCFF | 564.3 | -15.2 | 17.5 | 6.4 | 11.9 | 9.3 | 8.1 |
| P/FCFE | -144.8 | -4.9 | 10.3 | 5.3 | 10.2 | 7.4 | 6.8 |
| P/E | 16.0 | 18.7 | 16.4 | 19.7 | 12.4 | 11.1 | 10.0 |
| P/B | 3.5 | 2.9 | 2.2 | 2.3 | 2.3 | 2.1 | 1.9 |
| Target EV/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 7.6 | 7.3 | 6.5 |
| Target EV/EBIT | 0.0 | 0.0 | 0.0 | 0.0 | 15.0 | 12.9 | 11.2 |
| Target EV/FCF | 0.0 | 0.0 | 0.0 | 0.0 | 16.1 | 10.9 | 9.4 |
| Target P/B | 0.0 | 0.0 | 0.0 | 0.0 | 2.6 | 2.3 | 2.1 |
| Target P/E | 0.0 | 0.0 | 0.0 | 0.0 | 13.7 | 12.3 | 11.1 |
| Per share measures | | | | | | | |
| Number of shares | 30,976 | 31,420 | 31,420 | 31,420 | 31,420 | 31,420 | 31,420 |
| Number of shares (diluted) | 30,976 | 31,420 | 31,420 | 31,420 | 31,420 | 31,420 | 31,420 |
| EPS | 0.63 | 0.45 | 0.51 | 0.43 | 0.77 | 0.85 | 0.95 |
| Operating cash flow per share | 0.50 | 0.65 | 1.04 | 2.26 | 1.40 | 1.64 | 1.75 |
| Free cash flow per share | -0.07 | -1.74 | 0.81 | 1.59 | 0.93 | 1.28 | 1.39 |
| Book value per share | 2.82 | 2.92 | 3.88 | 3.61 | 4.03 | 4.48 | 4.98 |
| Dividend per share | 0.43 | 0.44 | 0.22 | 0.35 | 0.40 | 0.45 | 0.50 |
| Dividend payout ratio, % | 68.7 | 97.4 | 42.9 | 82.1 | 52.3 | 52.7 | 52.8 |
| Dividend yield, % | 4.3 | 5.2 | 2.6 | 4.2 | 4.2 | 4.8 | 5.3 |
| FCF yield, % | -0.7 | -20.6 | 9.7 | 19.0 | 9.8 | 13.6 | 14.8 |
| Efficiency measures | | | | | | | |
| ROE | 21.9 | 15.9 | 15.1 | 11.4 | 20.0 | 20.1 | 20.0 |
| ROCE | 9.5 | 7.3 | 6.5 | 6.1 | 10.5 | 12.0 | 13.6 |
| Financial ratios | | | | | | | |
| Inventories as % of sales | 12.1 | 13.2 | 9.5 | 8.5 | 11.0 | 11.0 | 11.0 |
| Receivables as % of sales | 14.0 | 14.4 | 12.8 | 12.6 | 13.0 | 13.0 | 13.0 |
| Non-interest bearing liabilities as % of sales | 13.6 | 19.4 | 10.4 | 12.8 | 14.0 | 14.0 | 14.0 |
| NWC/sales, % | 12.5 | 8.0 | 9.7 | 5.7 | 7.4 | 7.5 | 7.6 |
| Operative CAPEX/sales, % | 3.5 | 13.8 | 1.2 | 4.2 | 2.9 | 2.1 | 2.0 |
| CAPEX/sales (incl. acquisitions), % | 3.5 | 13.8 | 1.2 | 4.2 | 2.9 | 2.1 | 2.0 |
| FCFF/EBITDA | 0.0 | -0.8 | 0.5 | 1.4 | 0.6 | 0.7 | 0.7 |
| Net debt/EBITDA, book-weighted | 3.3 | 4.9 | 3.7 | 3.2 | 2.2 | 1.8 | 1.3 |
| Debt/equity, market-weighted | 0.4 | 0.8 | 0.8 | 0.7 | 0.5 | 0.4 | 0.3 |
| Equity ratio, book-weighted | 35.0 | 27.2 | 29.8 | 29.5 | 33.1 | 37.9 | 43.5 |
| Gearing, % | 103.9 | 154.3 | 151.6 | 137.9 | 109.4 | 78.6 | 51.8 |

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 Leipuri's improvement.

| OWNERSHIP STRUCTURE | SHARES | EURm | % |
|--|------------|---------|-------|
| Havsudden Oy Ab | 3,262,941 | 30.835 | 10.4% |
| Aev Capital Holding Oy | 3,160,935 | 29.871 | 10.1% |
| Varma Mutual Pension Insurance Company | 1,423,076 | 13.448 | 4.5% |
| Vehmas Tapio | 1,275,827 | 12.057 | 4.1% |
| Nordea Bank ABP | 941,721 | 8.899 | 3.0% |
| Ilmarinen Mutual Pension Insurance Company | 875,226 | 8.271 | 2.8% |
| Nyberg Gustav | 851,524 | 8.047 | 2.7% |
| Nordea Nordic Small Cap Fund | 721,040 | 6.814 | 2.3% |
| Procurator-Holding Oy | 514,882 | 4.866 | 1.6% |
| Mandatum Life Insurance Company Limited | 415,058 | 3.922 | 1.3% |
| Ten largest | 13,442,230 | 127.029 | 43% |
| Residual | 17,977,549 | 169.888 | 57% |
| Total | 31,419,779 | 296.917 | 100% |

EARNINGS CALENDAR

| | |
|------------------|-----------|
| August 11, 2021 | Q2 report |
| October 27, 2021 | Q3 report |

OTHER EVENTS

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 |

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.

| Recommendation | Percentage |
|----------------|------------|
| Sell | 15% |
| Hold | 58% |
| Buy | 27% |

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

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