Aspo Q2

August 15, 2017

CEO Aki Ojanen
Group Treasurer Harri Seppälä

Net sales and operating profit increased in Q2

Net sales increased to EUR 123.8 million (116.2).

Operating profit improved to EUR 5.1 million (4.8).

Profit for the period was EUR 4.1 million (3.4).

In H1 earnings per share increased by 31% and were EUR 0.21 (0.16).

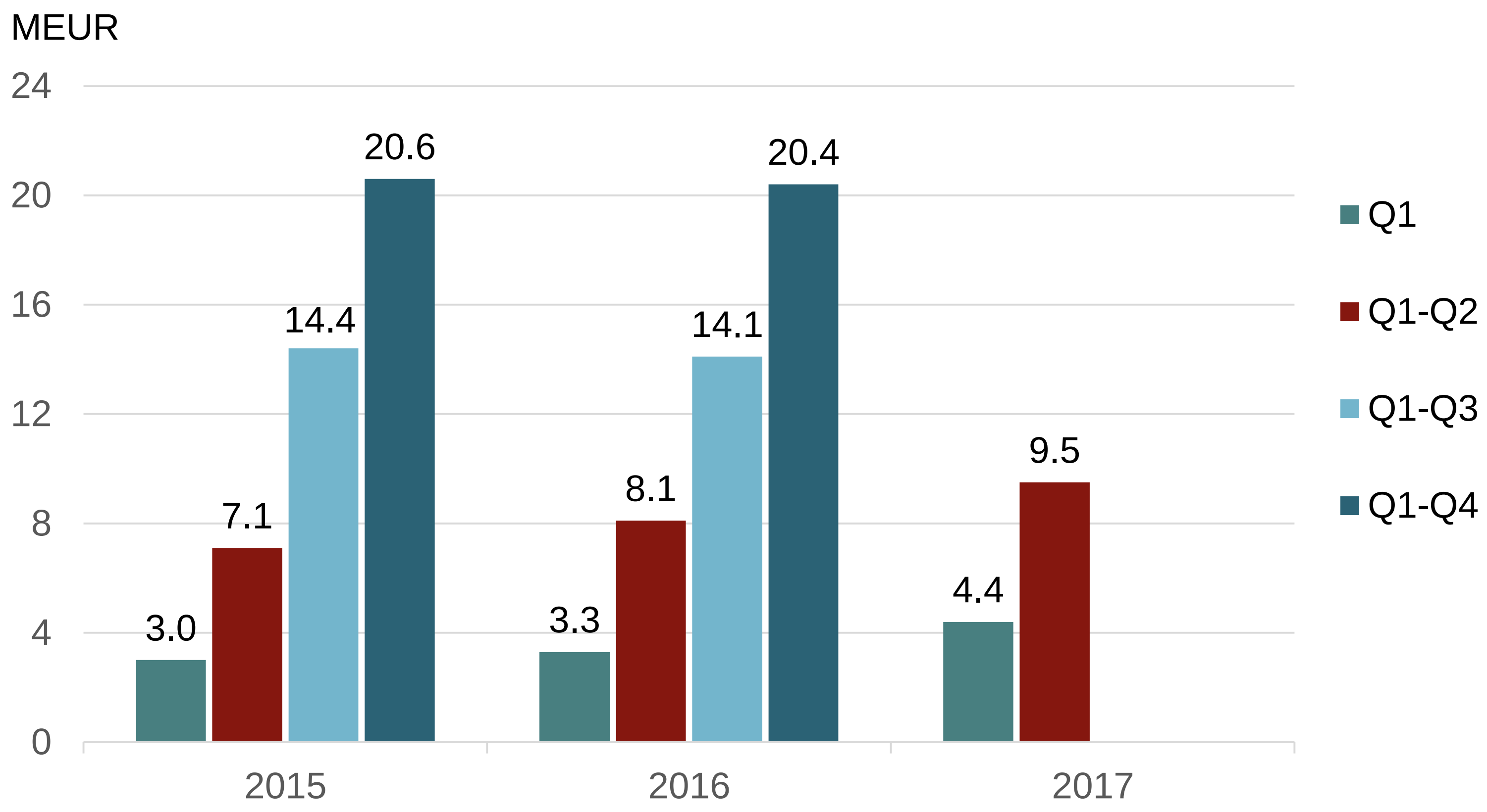
In H1 net cash from operating activities improved significantly to EUR 3.5 million (-11.0).

Aspo specifies its guidance:

Aspo's operating profit will be EUR 23-26 million (20.4) in 2017.

Operating profit H1 increased by 17%

Operating profit



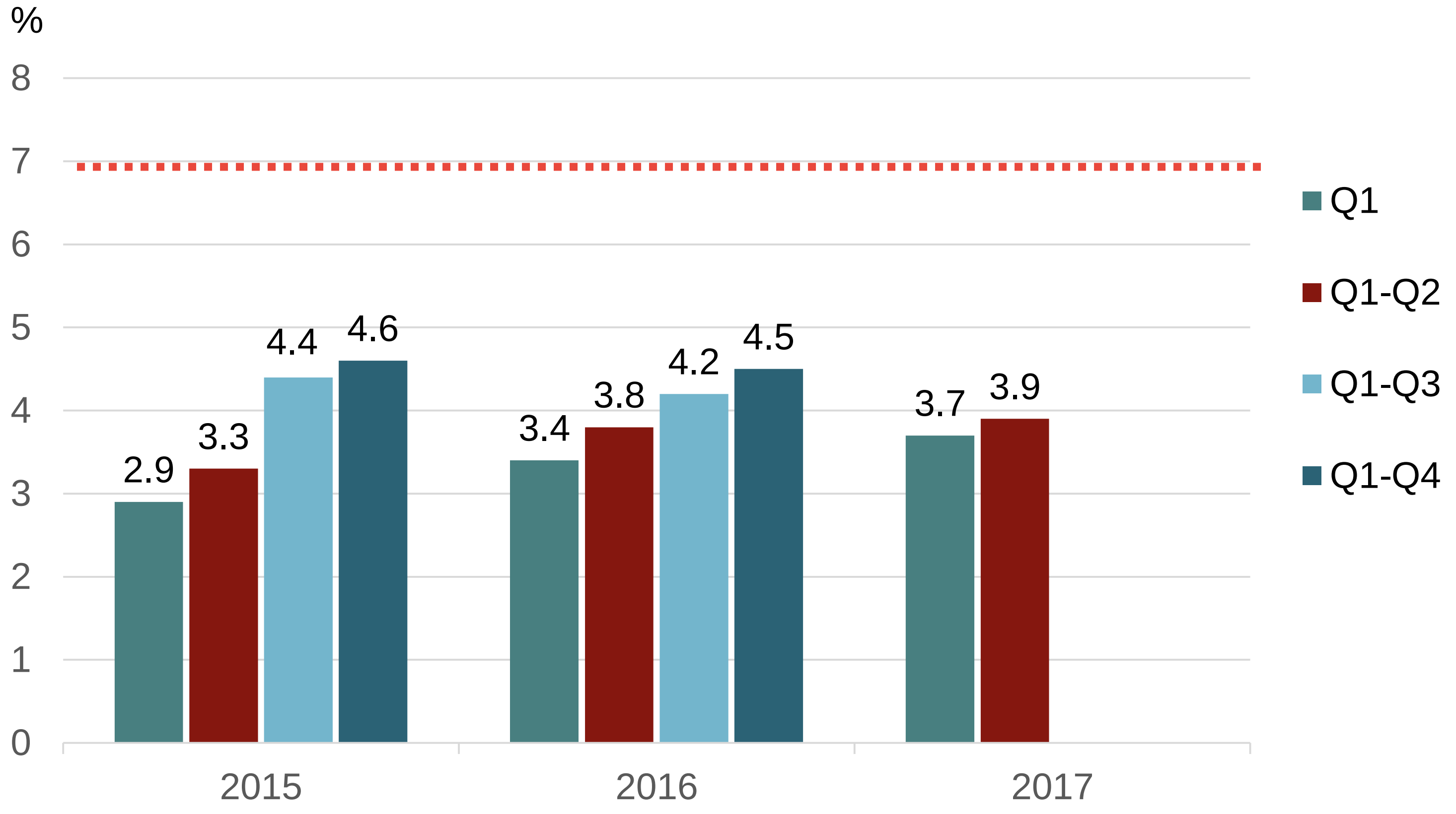
In H1, operating profit improved significantly and was EUR 9.5 million (8.1).

In Q2, operating profit increased by 6%.

H1 is usually lower than H2 due to customers' cycles in business operations.

Long-term financial targets

Operating profit, %



In H1, operating profit rate increased to 3.9% (3.8).

The target level is 7% with the current structure by 2020.

The target level is indicated by the dashed line.

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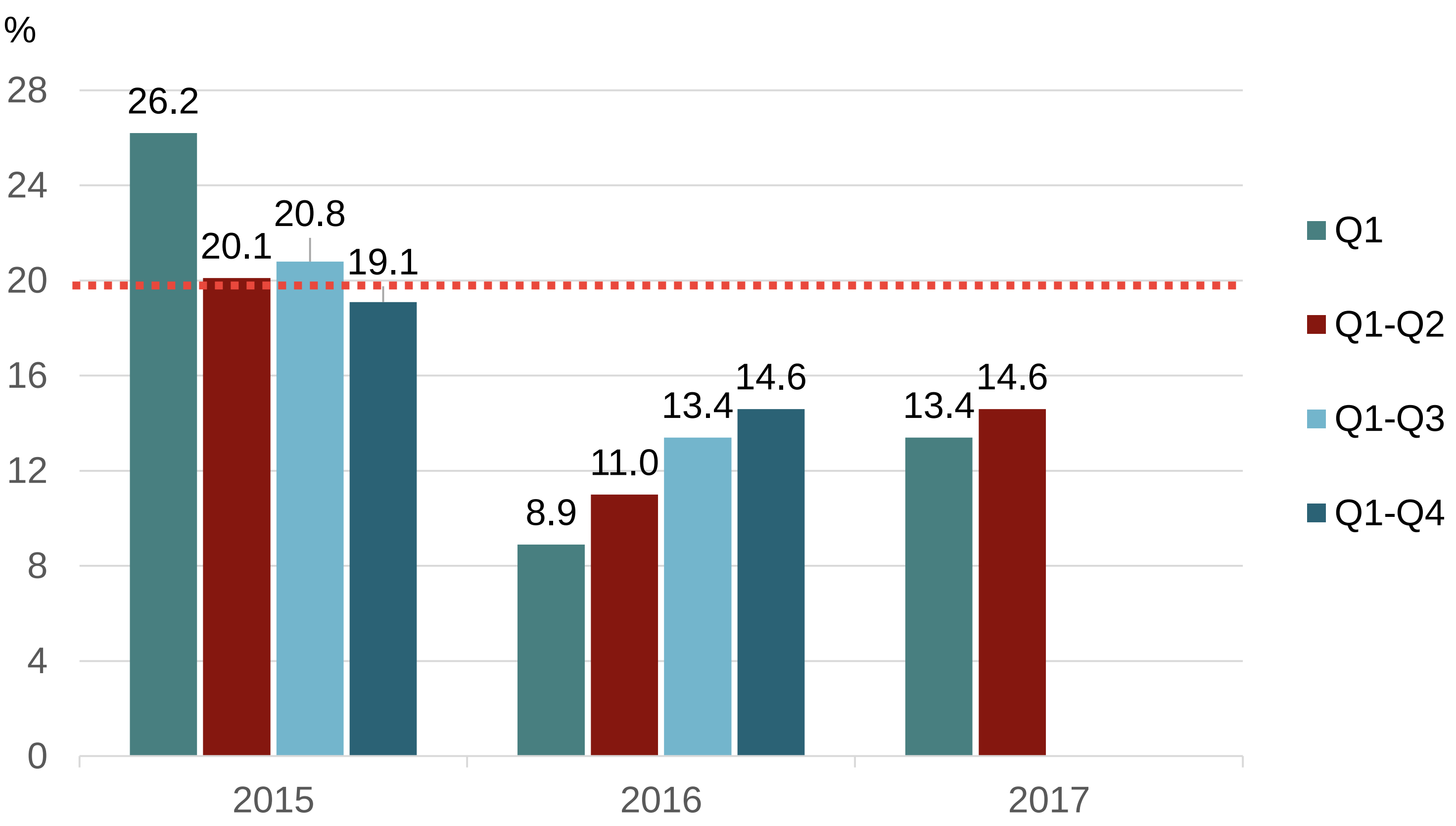
Long-term financial targets

Return on equity, (ROE)



In H1, ROE improved significantly from the comparative period and was 14.6% (11.0).

The target level is on average over 20% by 2020.

The target level is indicated by the dashed line.

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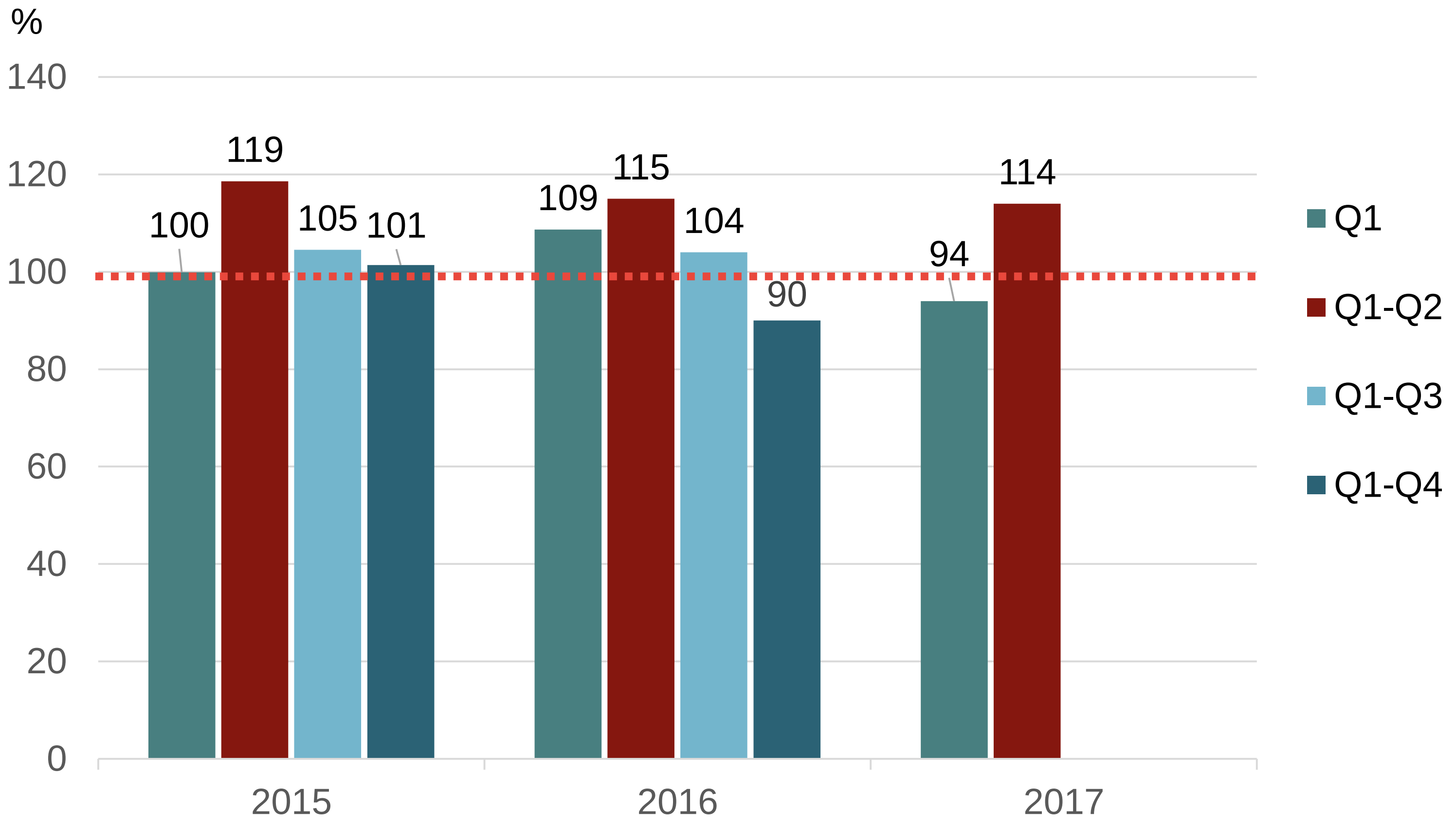
Long-term financial targets

Gearing



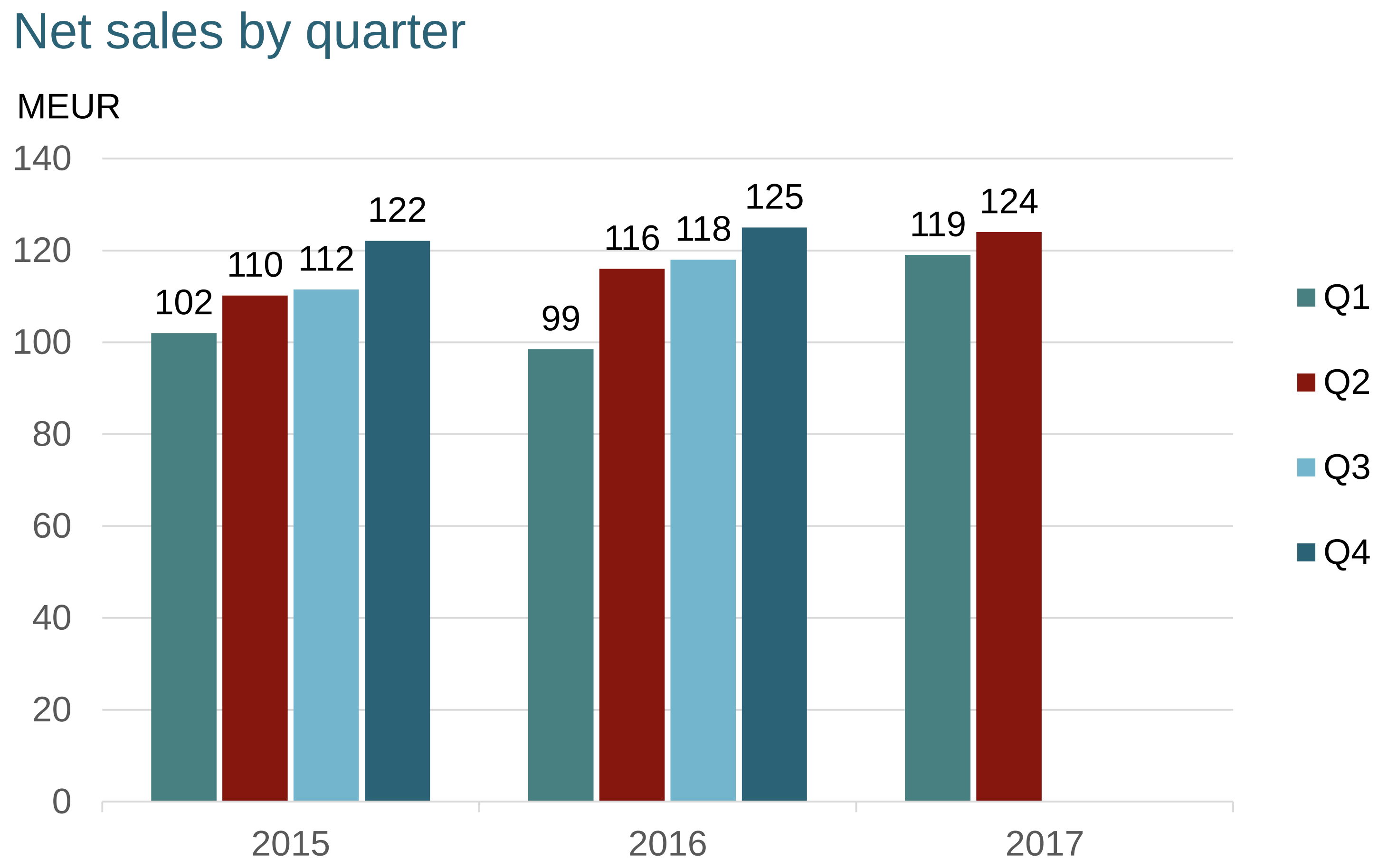
In H1, gearing decreased to 114% (115).

In Q2, equity was decreased by a dividend of EUR 12.9 million, of which EUR 6.4 million was paid.

The target level is up to 100% by 2020.

The target level is indicated by the dashed line.

Net sales by quarter



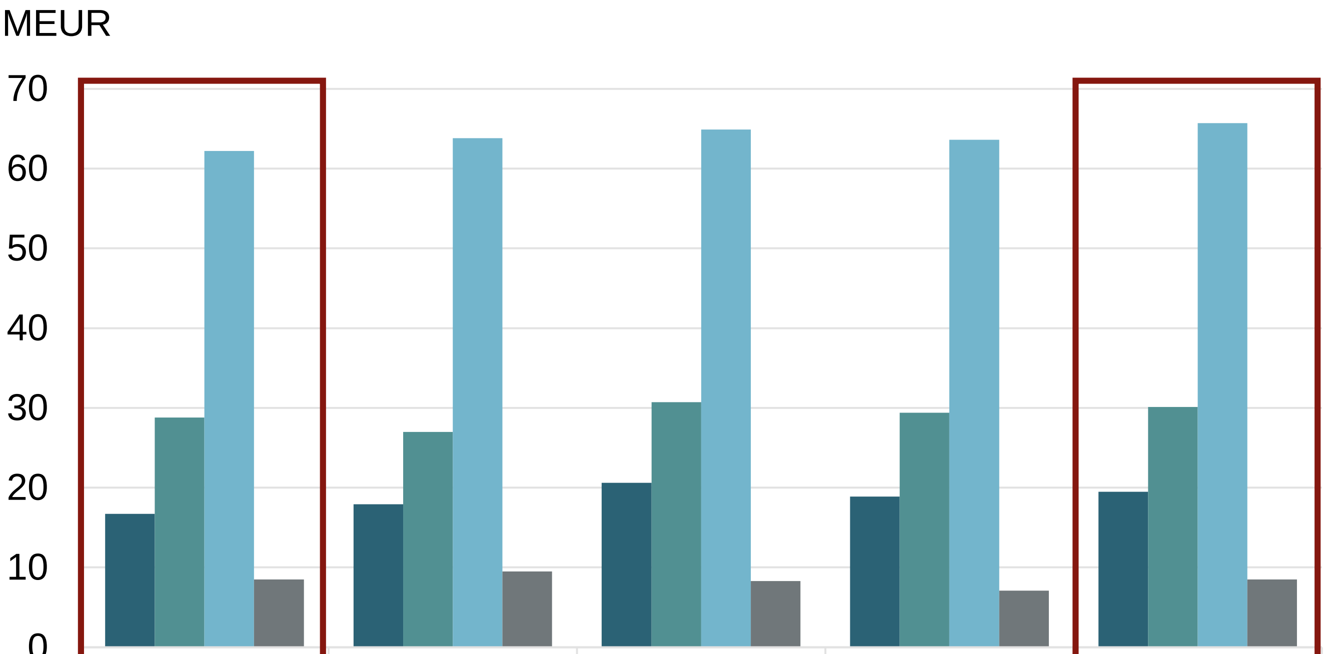
In Q2, net sales increased by 7%.

ESL Shipping, Telko and Leipurin increased their net sales.

All market areas increased their net sales.

Strongest growth in Finland and in Baltic countries.

Net sales by segment

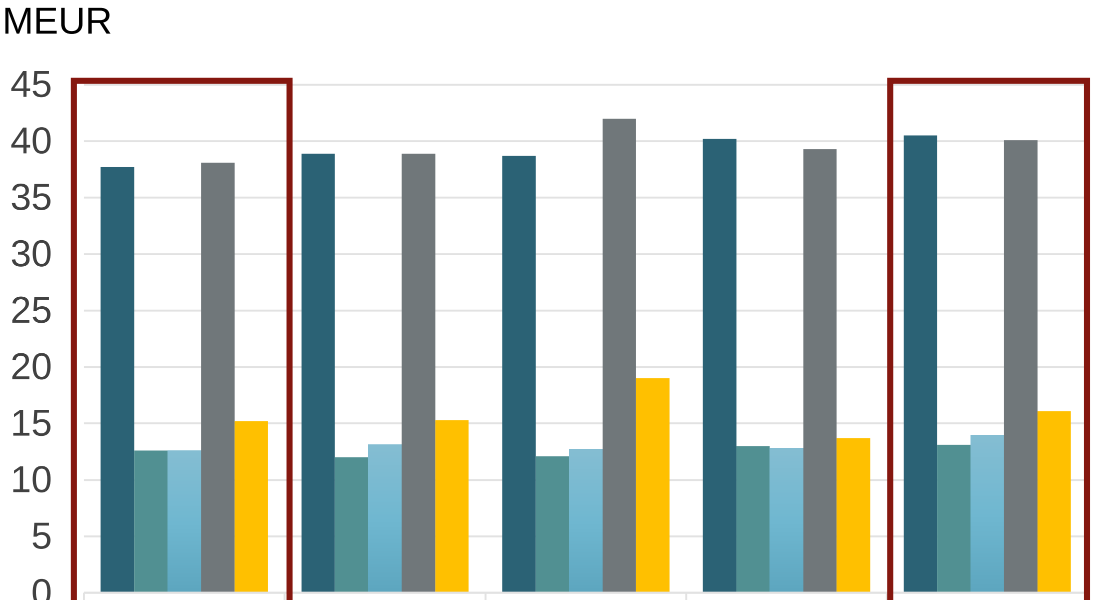


	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17
ESL Shipping	16.7	17.9	20.6	18.9	19.5
Leipurin	28.8	27.0	30.7	29.4	30.1
Telko	62.2	63.8	64.9	63.6	65.7
Kauko	8.5	9.5	8.3	7.1	8.5

Distribution of net sales, Q2/2017

ESL Shipping	16%
Leipurin	24%
Telko	53%
Kauko	7%

Net sales by market area



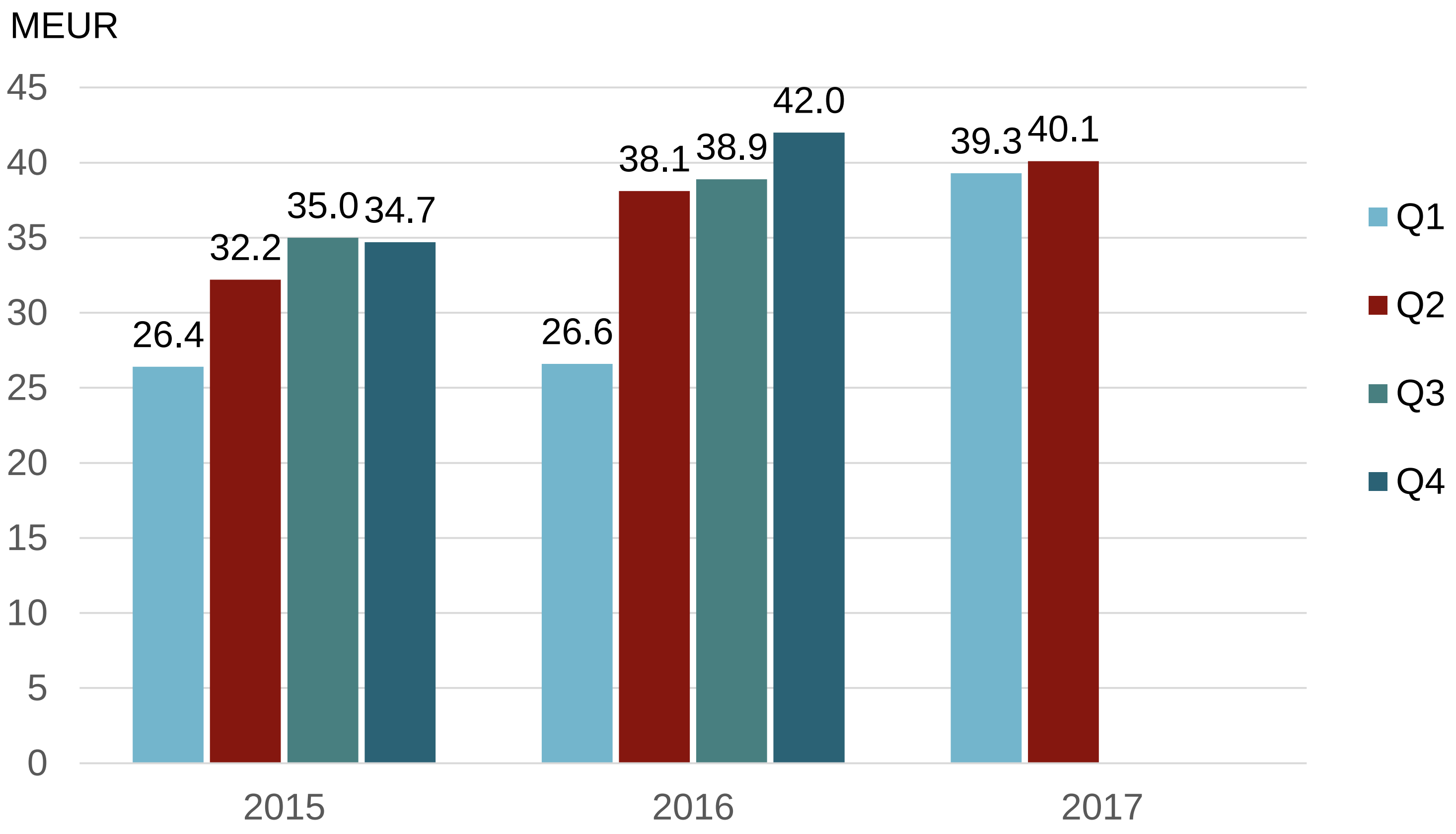
	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17
Finland	37.7	38.9	38.7	40.2	40.5
Scandinavia	12.6	12.0	12.1	13.0	13.1
Baltic countries	12.6	13.1	12.7	12.8	14.0
Russia, Ukraine + other CIS	38.1	38.9	42.0	39.3	40.1
Other countries	15.2	15.3	19.0	13.7	16.1

Distribution of net sales, Q2/2017

Finland	**33%**
Scandinavia	**11%**
Baltic countries	**11%**
Russia, Ukraine and other CIS countries	**32%**
Other countries	**13%**

Russia, Ukraine and other CIS countries

Net sales



In Q2, net sales in eastern markets increased from the comparative period to EUR 40.1 million (38.1).

Net sales growth in eastern markets:

Leipurin raw materials 17%

Telko 6%

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ESL Shipping

Leading marine logistics provider for bulk cargo

ESL Shipping
Q2

International freight rates decreased in Q2.

Profitability is based on special expertise and unique services.

Net sales increased by 17% to EUR 19.5 million (16.7).

Net sales grew expecially as a result of Supramax vessels but also the contract coverage and more efficient operating of all vessels.

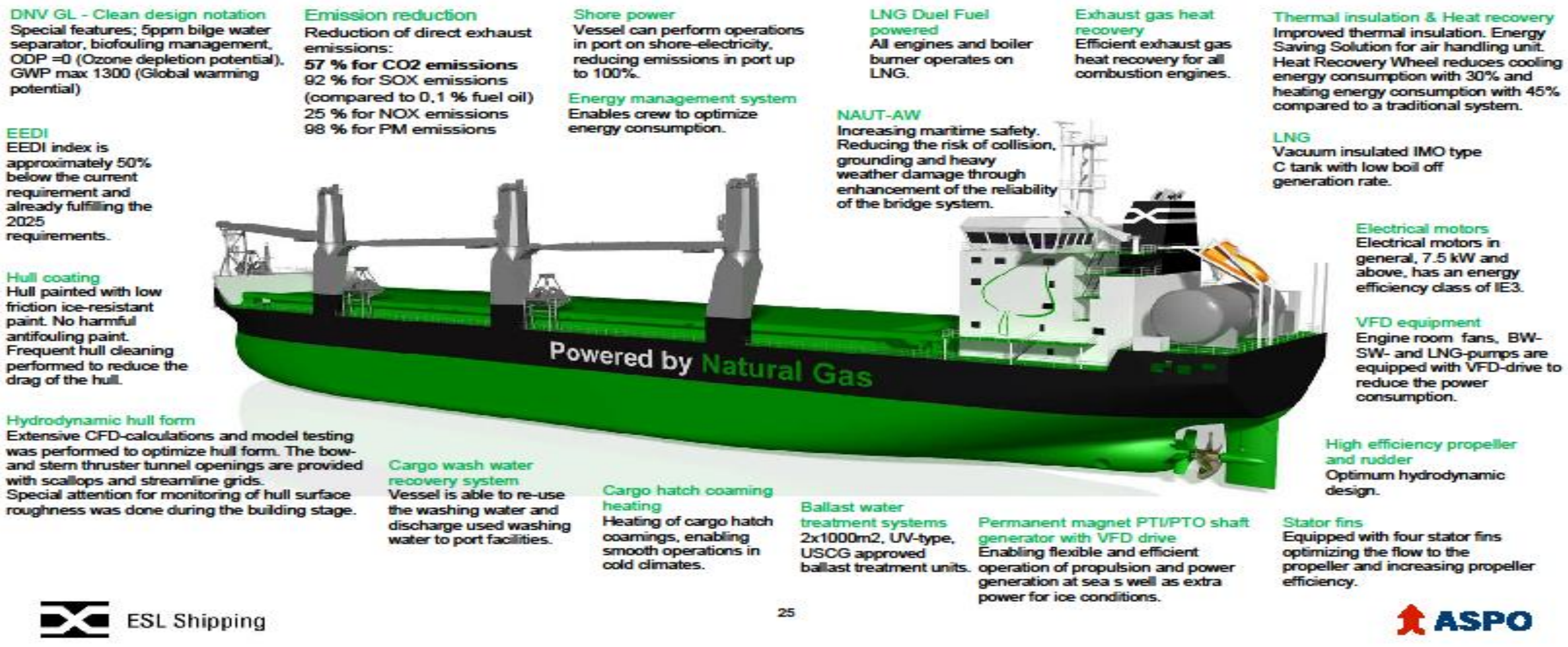
Operating profit increased by 7% to EUR 3.1 million (2.9).

Supramax-vessels were profitable. Loading and unloading of large ocean liners at sea was more active than in the previous year.

The most environmentally friendly dry cargo vessel in the world was named ms Viikki.

The contracts signed for the arctic region and transportation of renewable bioenergy increased.

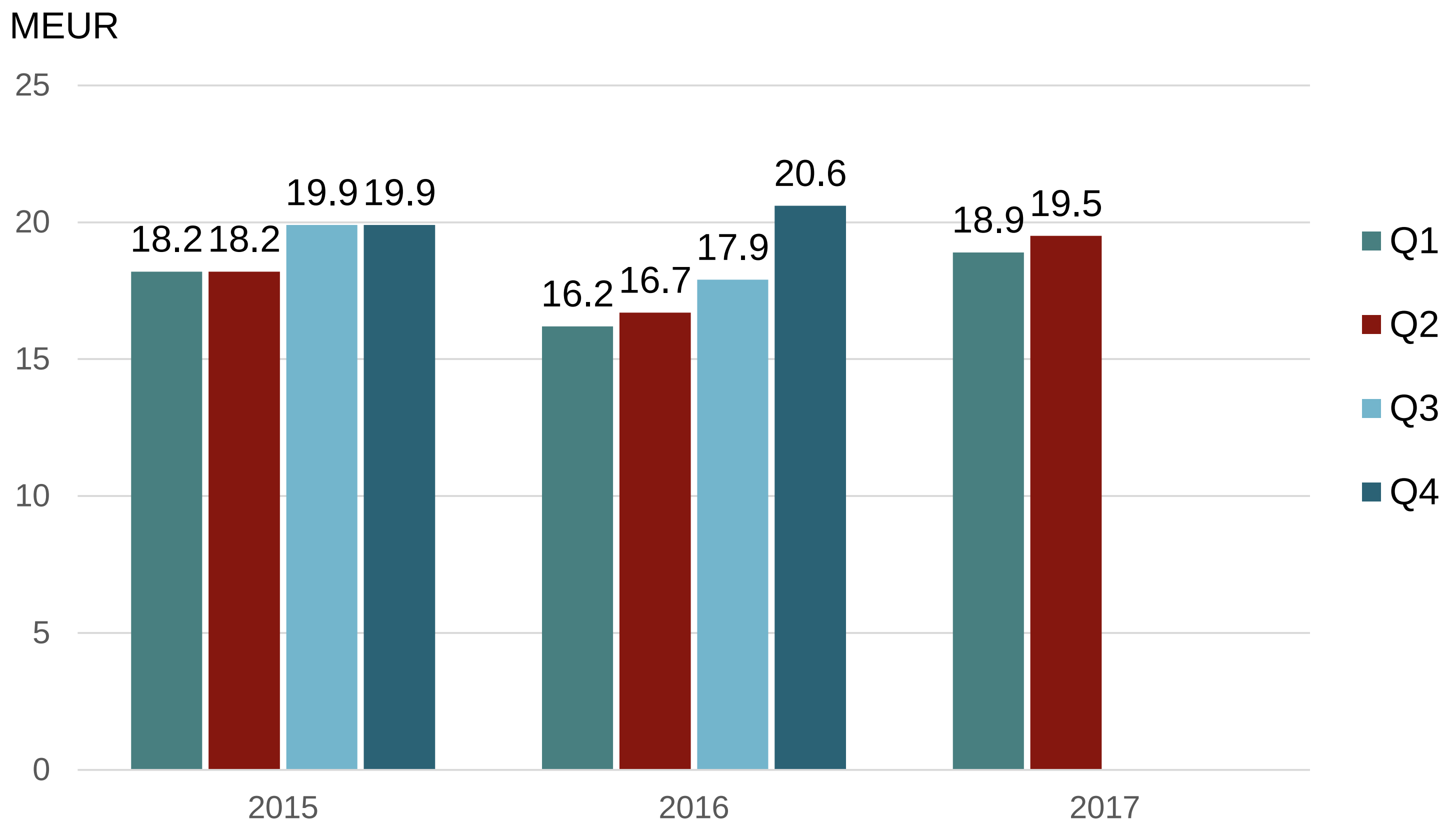
Ms Viikki



DNV GL - Clean design notation
Special features; 5ppm bilge water separator, biofouling management, ODP =0 (Ozone depletion potential), GWP max 1300 (Global warming potential)
Emission reduction
Reduction of direct exhaust emissions:
57 % for CO2 emissions
92 % for SOX emissions
(compared to 0,1 % fuel oil)
25 % for NOX emissions
98 % for PM emissions
Shore power
Vessel can perform operations in port on shore-electricity, reducing emissions in port up to 100%.
Energy management system
Enables crew to optimize energy consumption.
LNG Duel Fuel powered
All engines and boiler burner operates on LNG.
Exhaust gas heat recovery
Efficient exhaust gas heat recovery for all combustion engines.
Thermal insulation & Heat recovery
Improved thermal insulation. Energy Saving Solution for air handling unit. Heat Recovery Wheel reduces cooling energy consumption with 30% and heating energy consumption with 45% compared to a traditional system.
NAUT-AW
Increasing maritime safety. Reducing the risk of collision, grounding and heavy weather damage through enhancement of the reliability of the bridge system.
LNG
Vacuum insulated IMO type C tank with low boil off generation rate.
EEDI
EEDI index is approximately 50% below the current requirement and already fulfilling the 2025 requirements.
Electrical motors
Electrical motors in general, 7.5 kW and above, has an energy efficiency class of IE3.
Hull coating
Hull painted with low friction ice-resistant paint. No harmful antifouling paint. Frequent hull cleaning performed to reduce the drag of the hull.
Powered by Natural Gas
VFD equipment
Engine room fans, BW-SW- and LNG-pumps are equipped with VFD-drive to reduce the power consumption.
Hydrodynamic hull form
Extensive CFD-calculations and model testing was performed to optimize hull form. The bow- and stern thruster tunnel openings are provided with scallops and streamline grids. Special attention for monitoring of hull surface roughness was done during the building stage.
High efficiency propeller and rudder
Optimum hydrodynamic design.
Cargo wash water recovery system
Vessel is able to re-use the washing water and discharge used washing water to port facilities.
Cargo hatch coaming heating
Heating of cargo hatch coamings, enabling smooth operations in cold climates.
Ballast water treatment systems
2x1000m2, UV-type, USCG approved ballast treatment units.
Permanent magnet PTI/PTO shaft generator with VFD drive
Enabling flexible and efficient operation of propulsion and power generation at sea s well as extra power for ice conditions.
Stator fins
Equipped with four stator fins optimizing the flow to the propeller and increasing propeller efficiency.
ESL Shipping
25
ASPO

ESL Shipping, key figures

Net sales



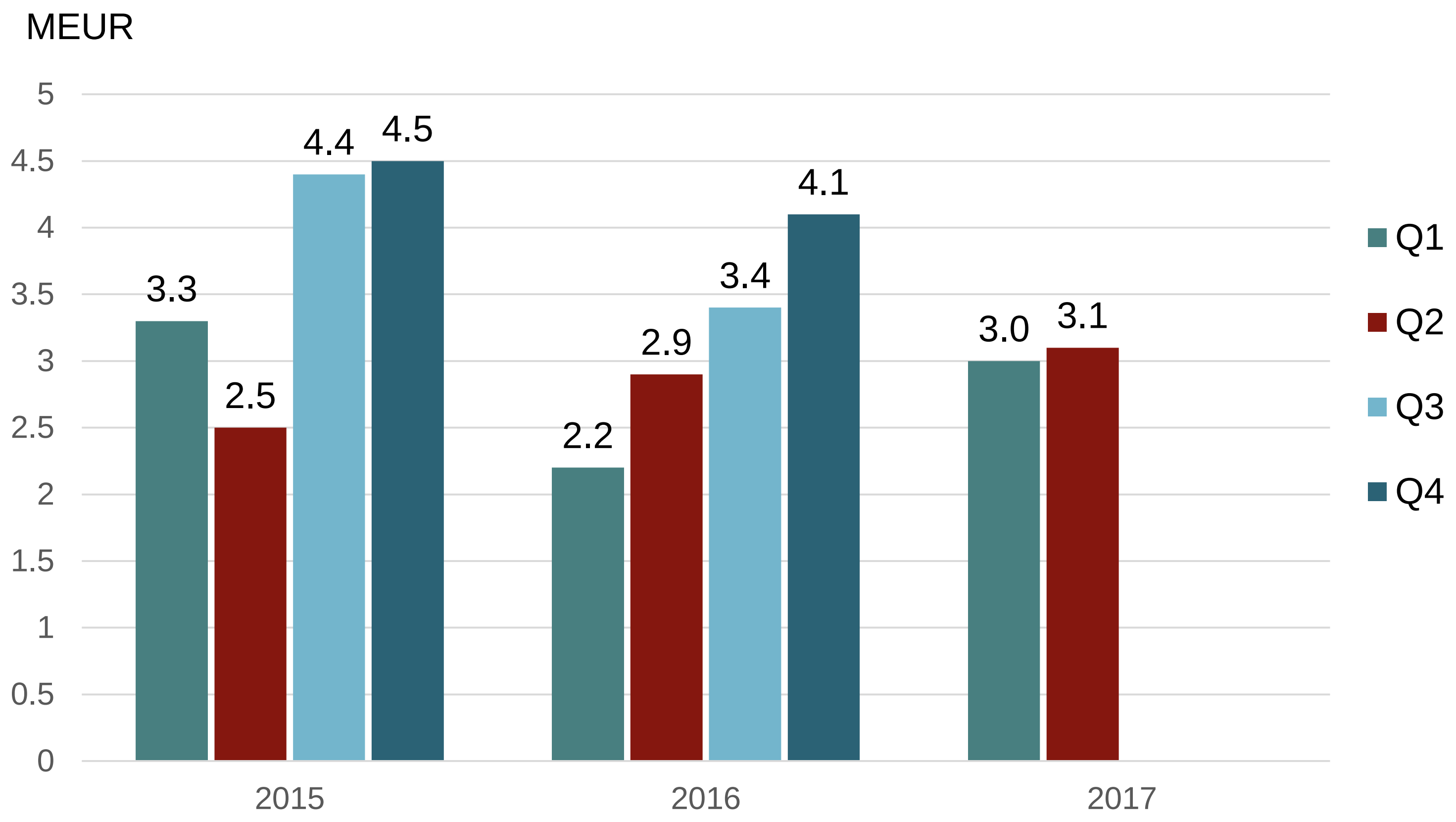
Strong net sales growth continued.

Industrial demand increased from the comparative period.

Transportation volumes increased in all customer segments.

ESL Shipping, key figures

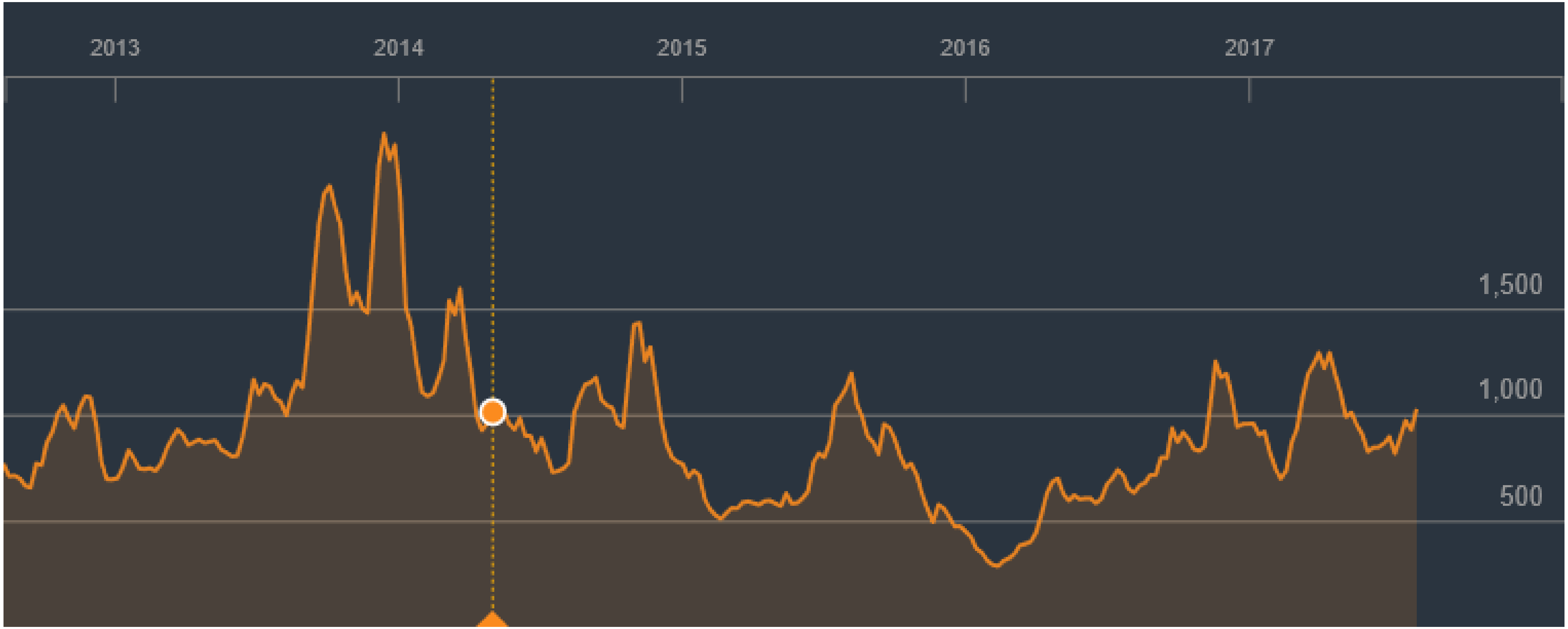
Operating profit



In Q2, operating profit was EUR 3.1 million (2.9).

Supramax vessels operated clearly profitably despite the dockage of one of the two vessels.

Baltic Dry Index 2013–2017



Source: Bloomberg

Leipurin

From breads and recipes to a comprehensive selection

Leipurin
Q2

The prices of raw materials important to Leipurin increased slightly from the comparative period.

In Russia, the prices of bread and bakery products increased by approximately 4%.

Net sales increased by 5% to EUR 30.1 million (28.8).

Net sales increased especially in eastern markets and in machine operations.

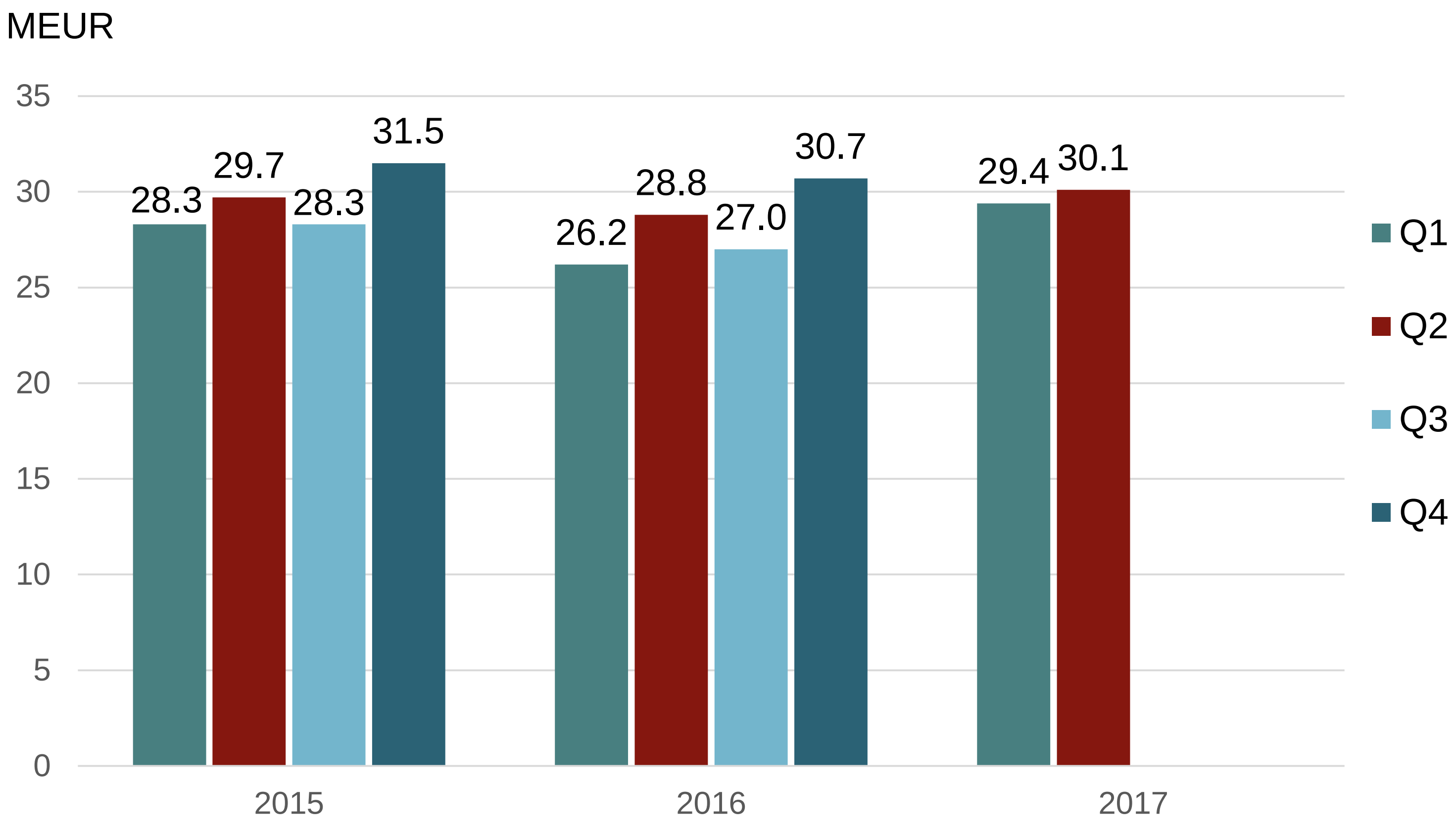
Operating profit improved to EUR 0.6 million (0.4).

Investments in new business operations slowed down the development of the operating profit. The operating profit was clearly below the target level.

Net sales of machine operations increased by 30% and the profitability improved. Good order book for 2017 supports the turn in profitability.

Leipurin, key figures

Net sales



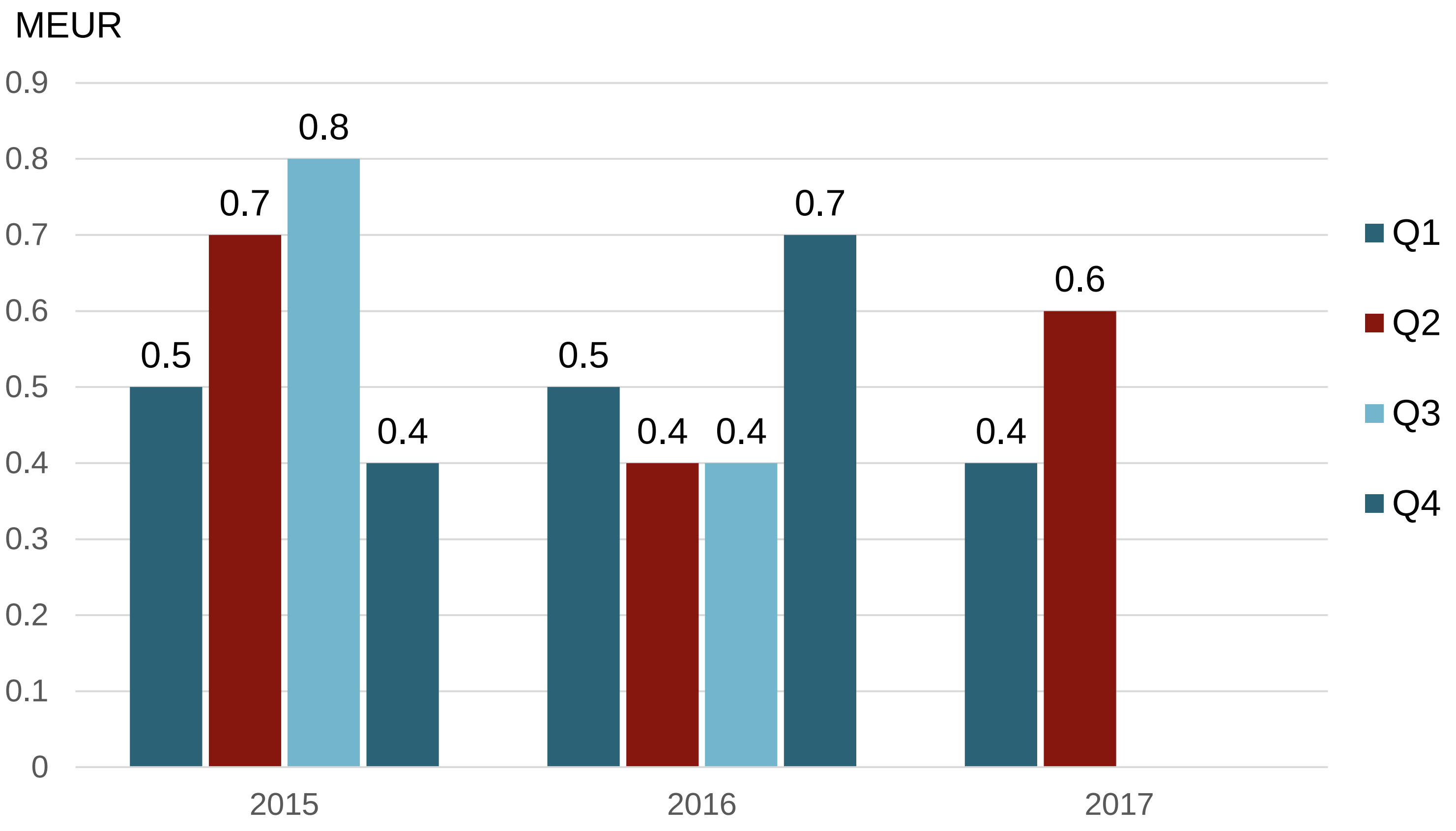
In Q2, net sales increased to EUR 30.1 million (28.8).

Net sales of machine operations increased by 30%.

LEIPURIN

Leipurin, key figures

Operating profit



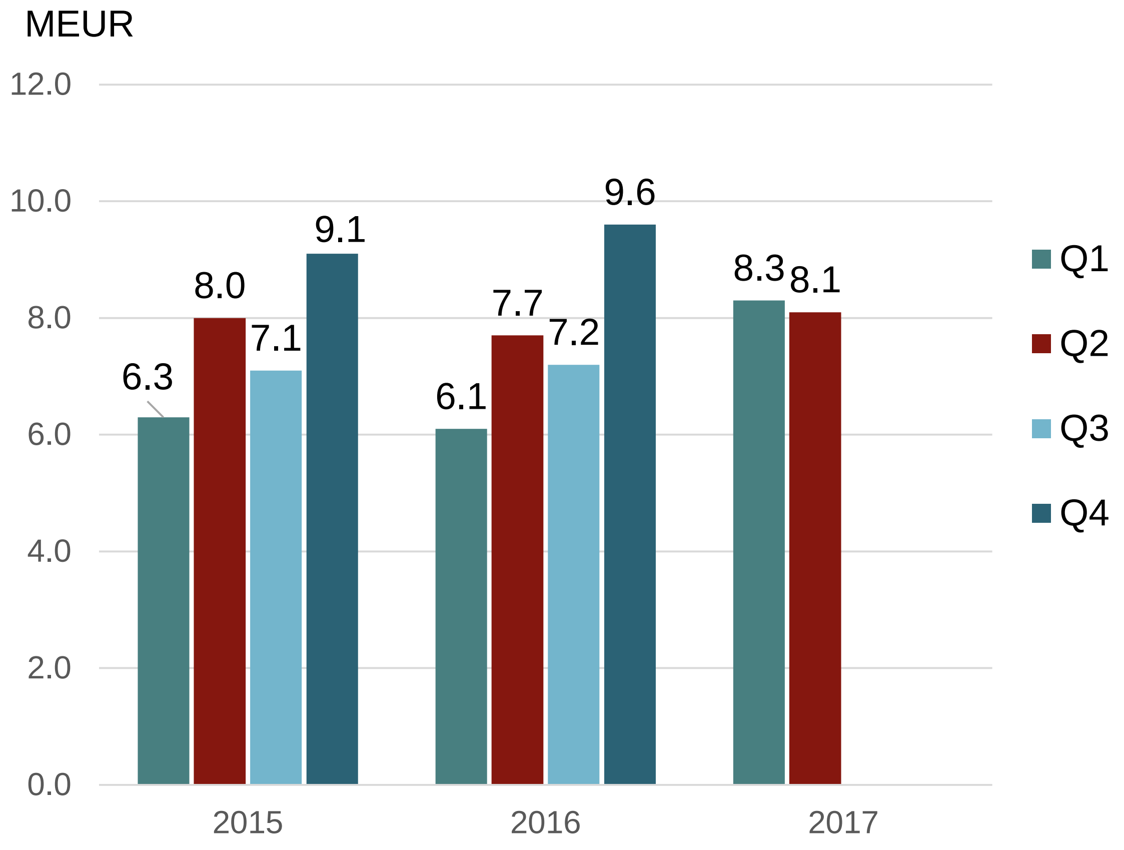
In Q2, operating profit was EUR 0.6 million (0.4).

Operating profit of machine operations turned to be positive.

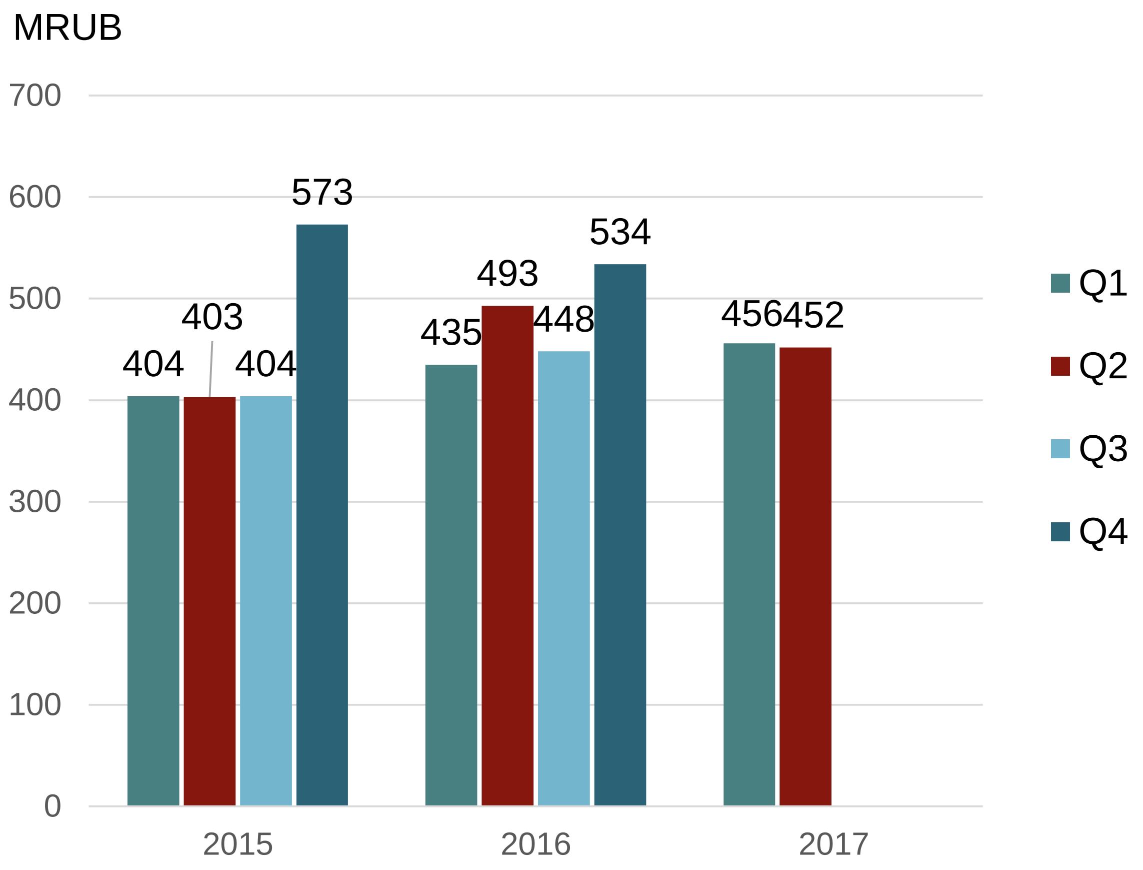
Net sales are expeced to increase and profitability to improve in 2017.

Net sales in Russia, Ukraine and other CIS countries

Net sales in the market area



Net sales of the Russian company



Telko

Raw material solutions for the industry

Telko
Q2

Market environment has improved in the countries where Telko operates.

In Finland, a prominent turn of economic trends. Signs of recovery in Russia.

Net sales increased by 6% to EUR 65.7 million (62.2).

Growth was increased by stronger Russian ruble and weakened by decreasing sales prices.

Operating profit decreased to EUR 2.4 million (3.0).

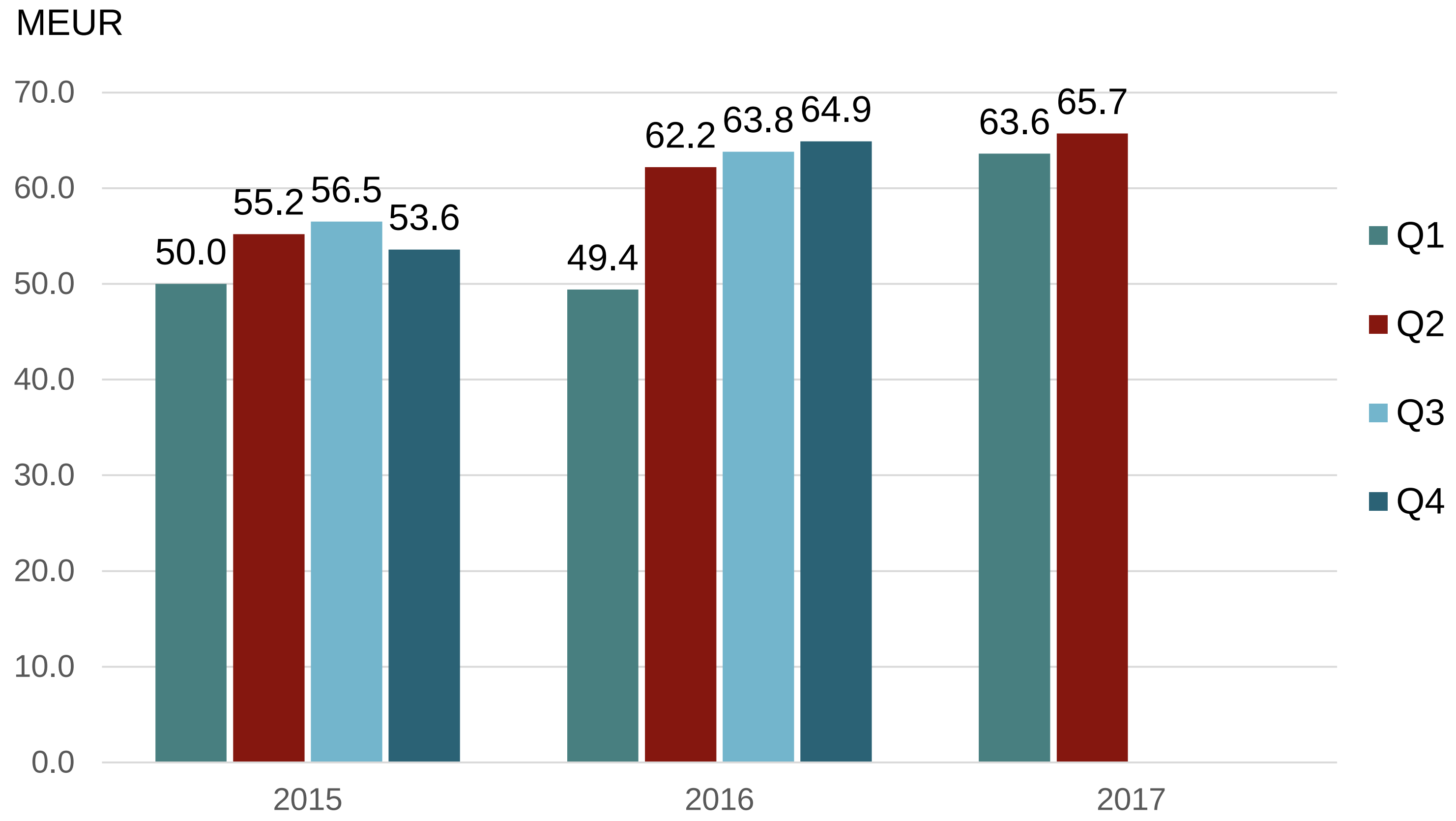
Weakened profitability in Russia. Telko launched a program to lower the costs and the savings will be in full effect from Q4.

Net sales in Russia, Ukraine and other CIS countries increased by 6% to EUR 30.4 million (28.6).

Operating profit rate in eastern markets was below 5%.

Telko, key figures

Net sales



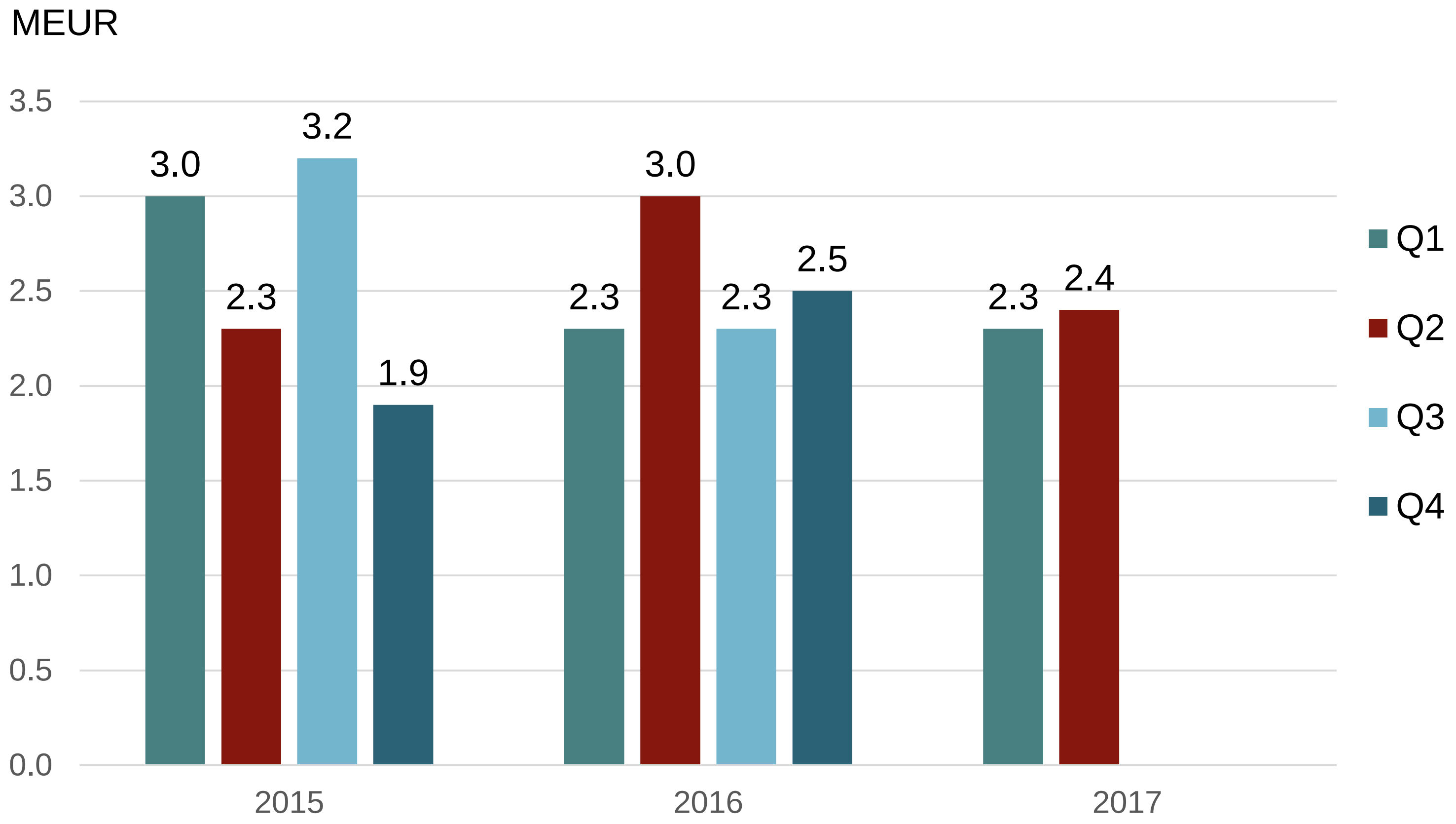
In Q2, net sales increased to EUR 65.7 million (62.2).

Net sales by quarter record high.

Net sales of chemicals increased while net sales of plastics decreased. Eastern market's relative proportion of net sales increased.

Telko, key figures

Operating profit



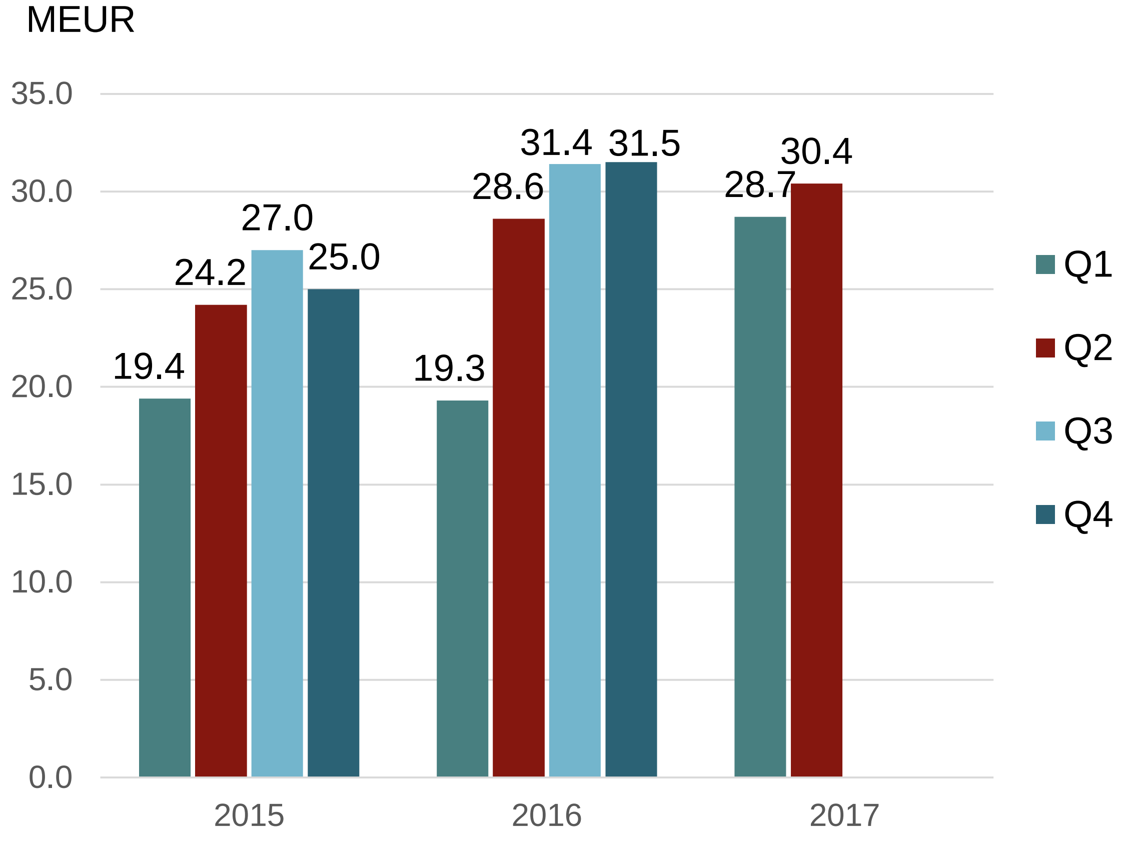
Operating profit was EUR 2.4 million (3.0).

Operating profit rate decreased to 3.7 % (4.8).

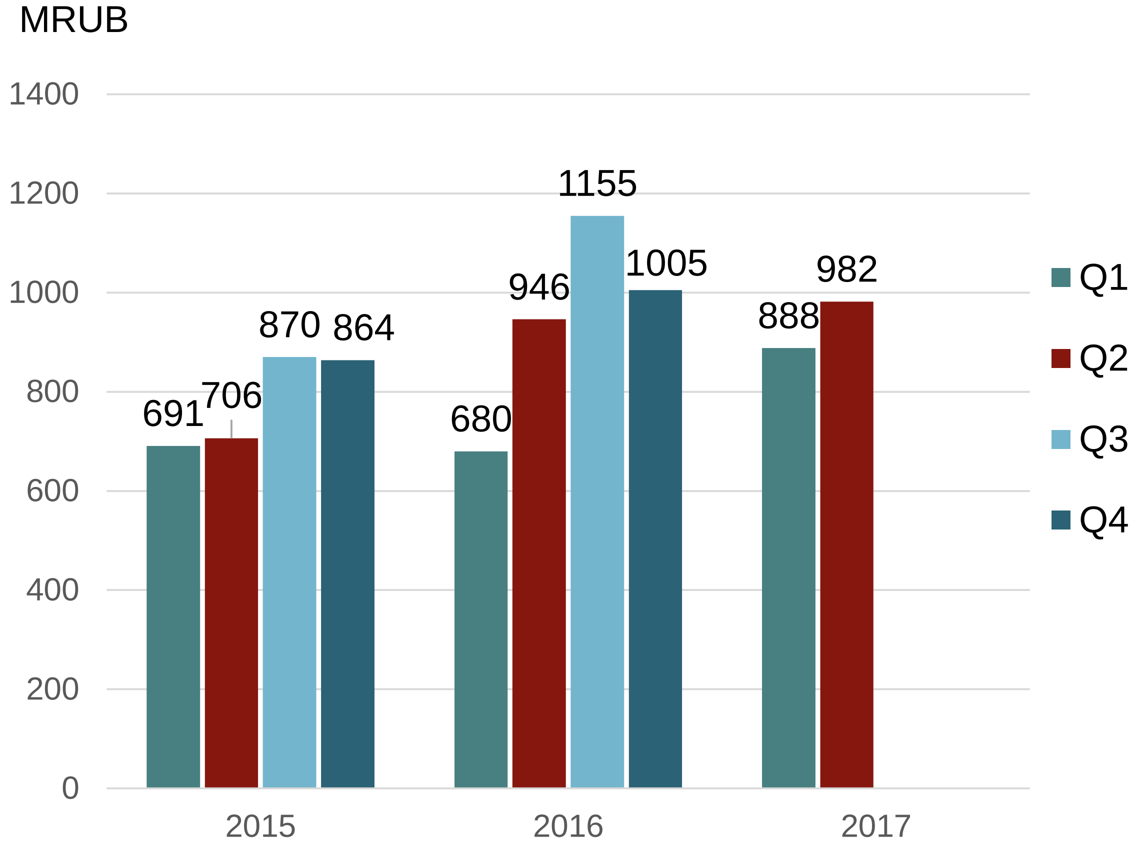
The stronger value of the Russian ruble increased the euro-denominated fixed costs of the Russian company.

Net sales in Russia, Ukraine and other CIS countries

Net sales in the market area



Net sales of the Russian company



Kauko

Best tools for mobile knowledge work

Kauko
Q2

Net sales were EUR 8.5 million (8.5) and totally generated from Finland (project deliveries to China in the comparative period).

Positive operating profit EUR 0.1 million (-0.3).

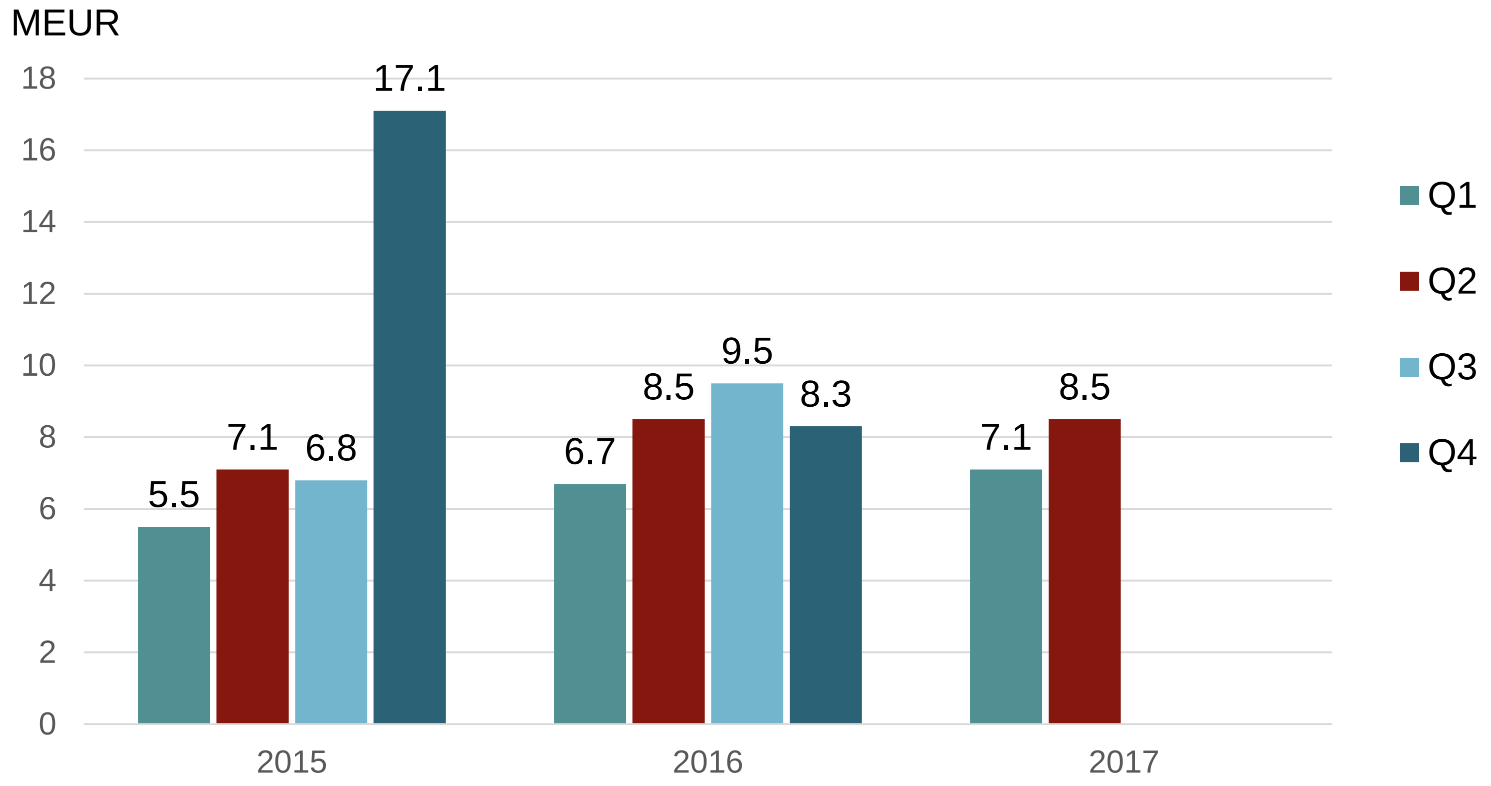
Good progress especially in mobile knowledge work and solar energy.

In mobile knowledge work first customer deliveries of the computer designed for the health care sector.

New agreements in application operations. Application operations and the functions of German subsidiary produced a loss at their set-up stage.

Kauko, key figures

Net sales

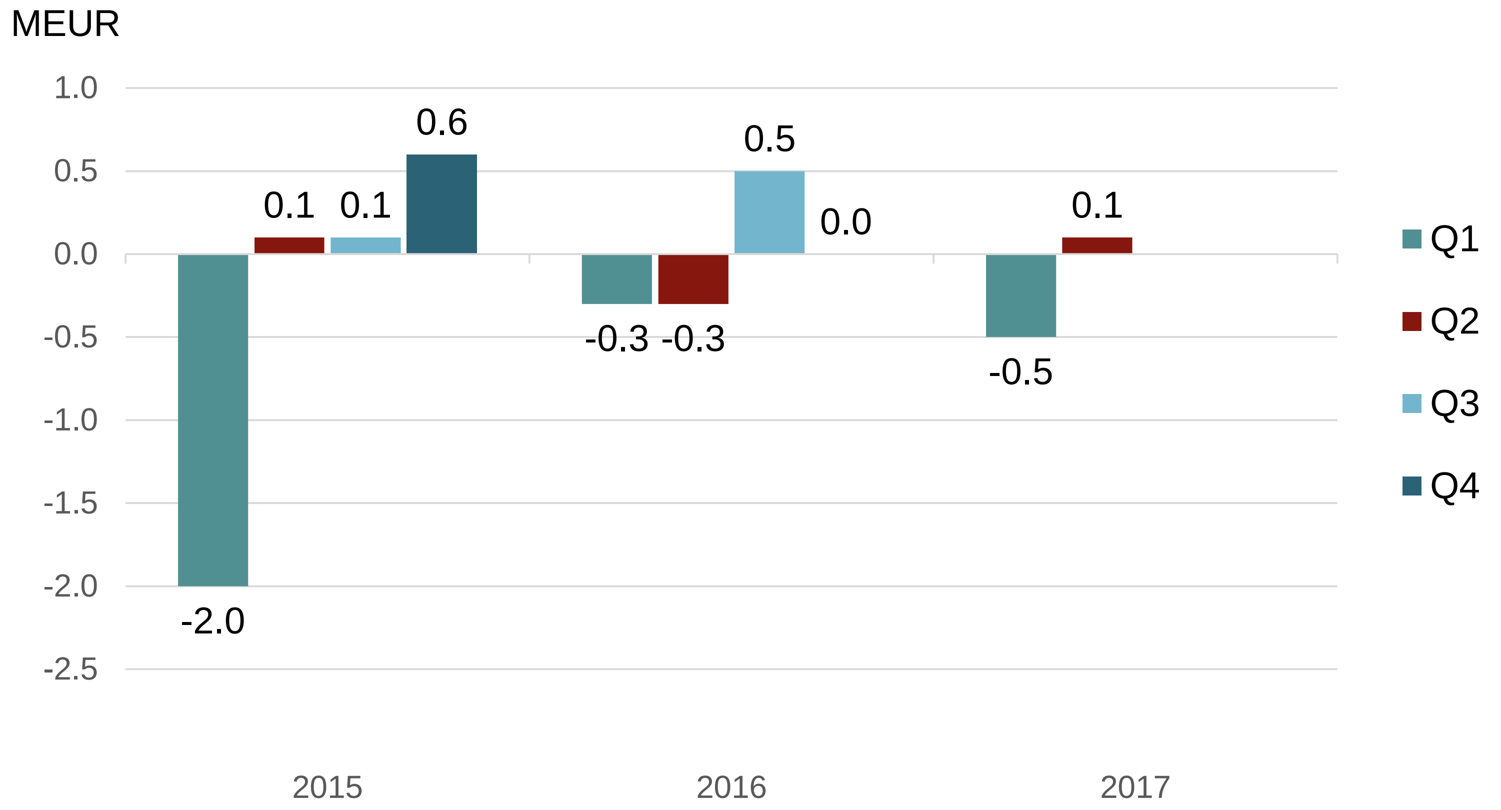


Net sales were EUR 8.5 million (8.5).

Net sales of mobile knowledge work and energy operations increased. In Q2, no revenue was recognized from project deliveries to China, unlike in the comparative period.

Kauko, key figures

Operating profit



Operating profit was EUR 0.1 million (-0.3). In H1, operating profit without the impairment loss of receivables was EUR -0.1 million (-0.6).

Mobile knowledge work and energy operations are expected to improve their profitability.

Financials and financing

Harri Seppälä

Income statement

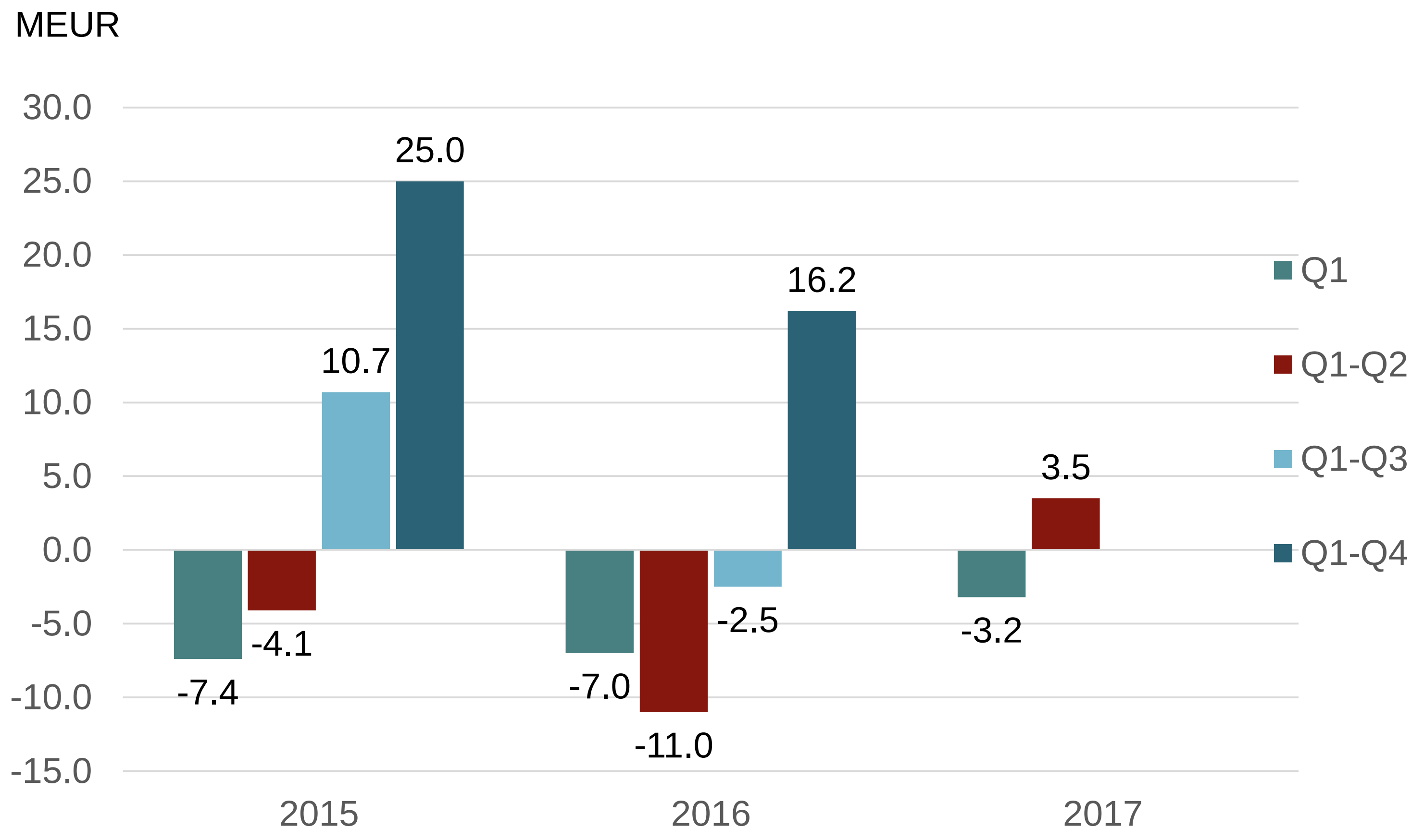
MEUR	Q1-Q2/2017	Q1-Q2/2016
Net sales	242.8	214.7
Ebitda	15.5	13.8
Depreciation, amortization and impairment losses	-6.0	-5.7
Operating profit	9.5	8.1
Financial income and expenses	-0.9	-1.6
Profit before taxes	8.6	6.5
Income taxes	-0.6	-0.8
Profit for the period	8,0	5.7
Earnings per share, EUR	0.21	0.16

Ebitda rate was 6.4% (6.4).

Operating profit rate increased to 3.9% (3.8).

Earnings per share improved significantly to EUR 0.21 (0.16).

Net cash from operating activities

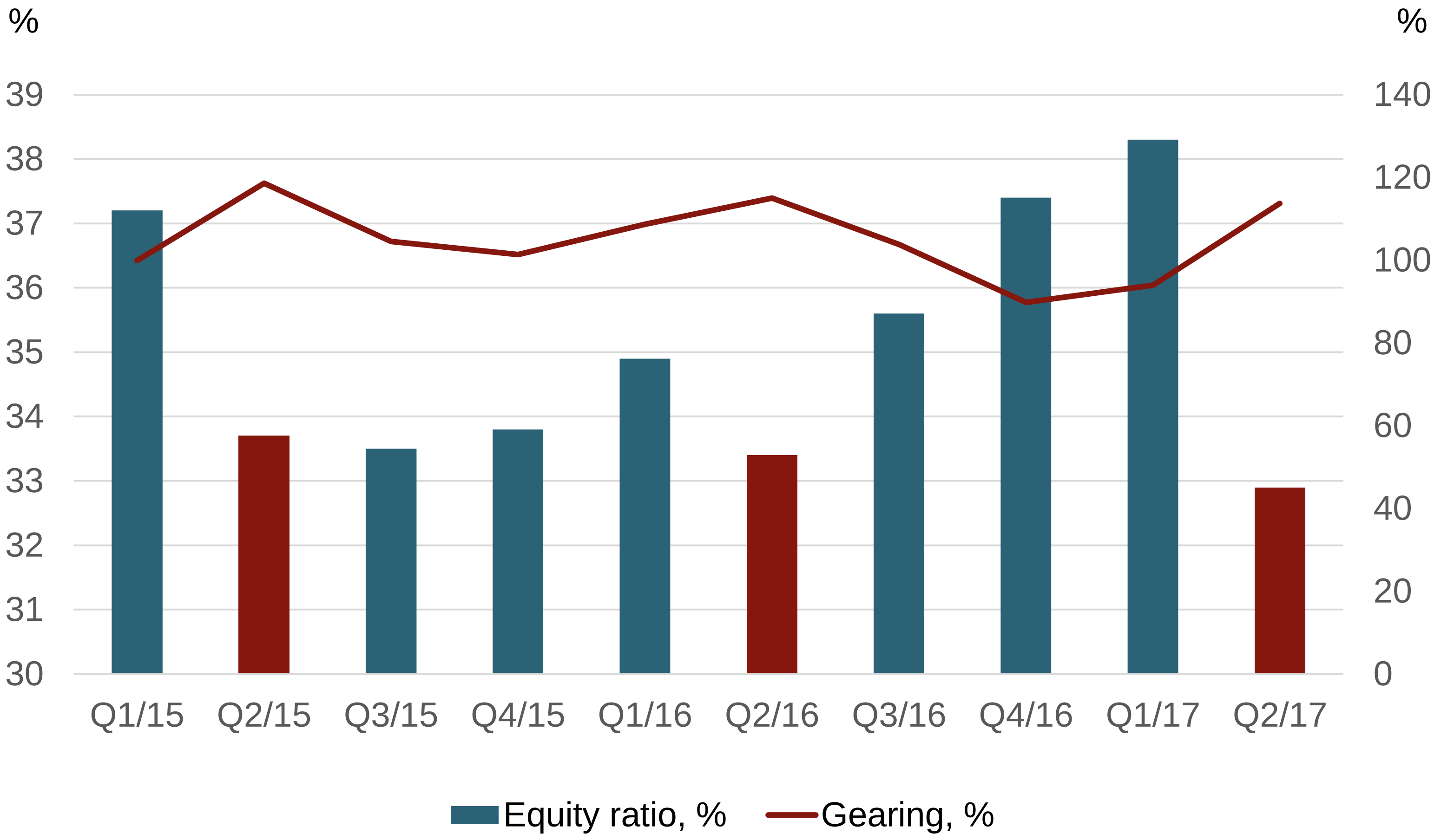


In H1, net cash from operating activities increased from the comparative period to EUR 3.5 million (-11.0).

Change in working capital was EUR -9.4 million (-22.7).

In H1, net cash from operating activities is usually poor.

Equity ratio and gearing



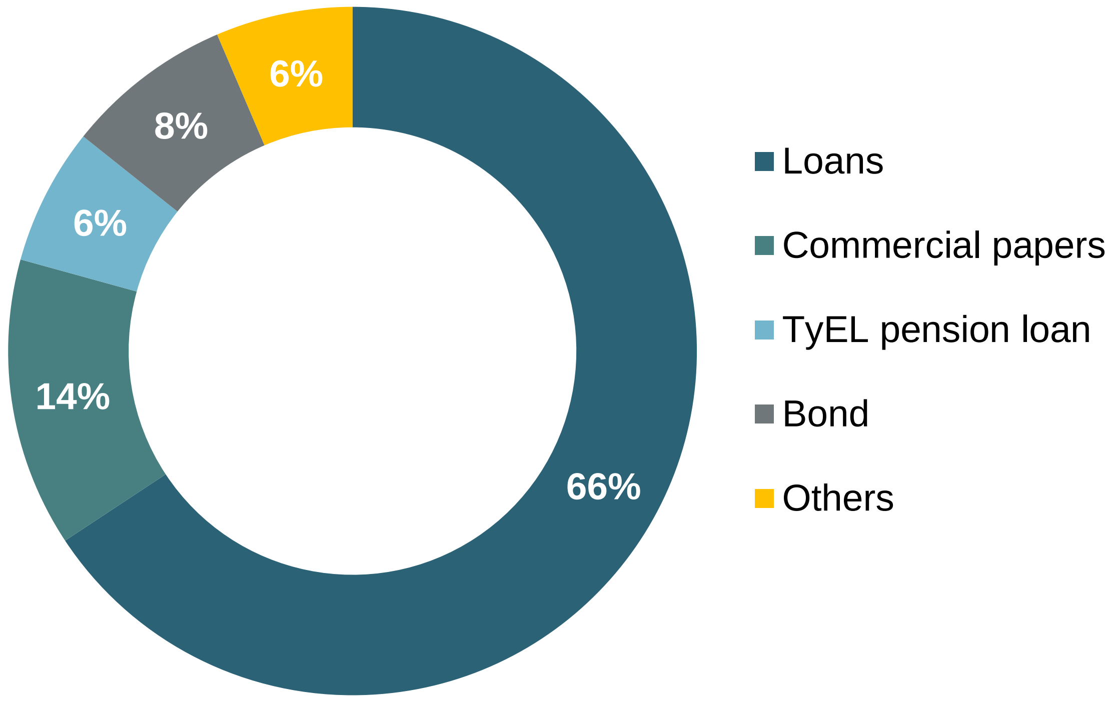
Equity was decreased by a dividend of EUR 12.9 million. In Q2, a dividend of EUR 6.4 millon was paid. Advance payments for vessels of appr. EUR 9 million was made in H1.

Gearing was 114% and equity ratio 33%.

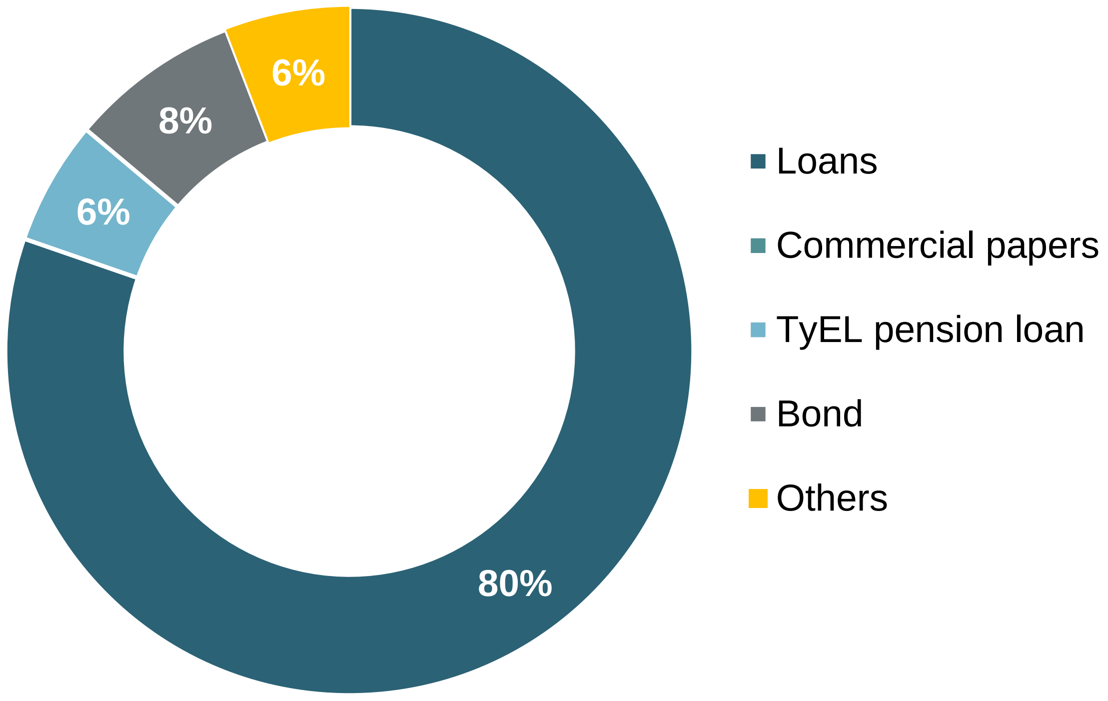
ASPO

Structure of liabilities

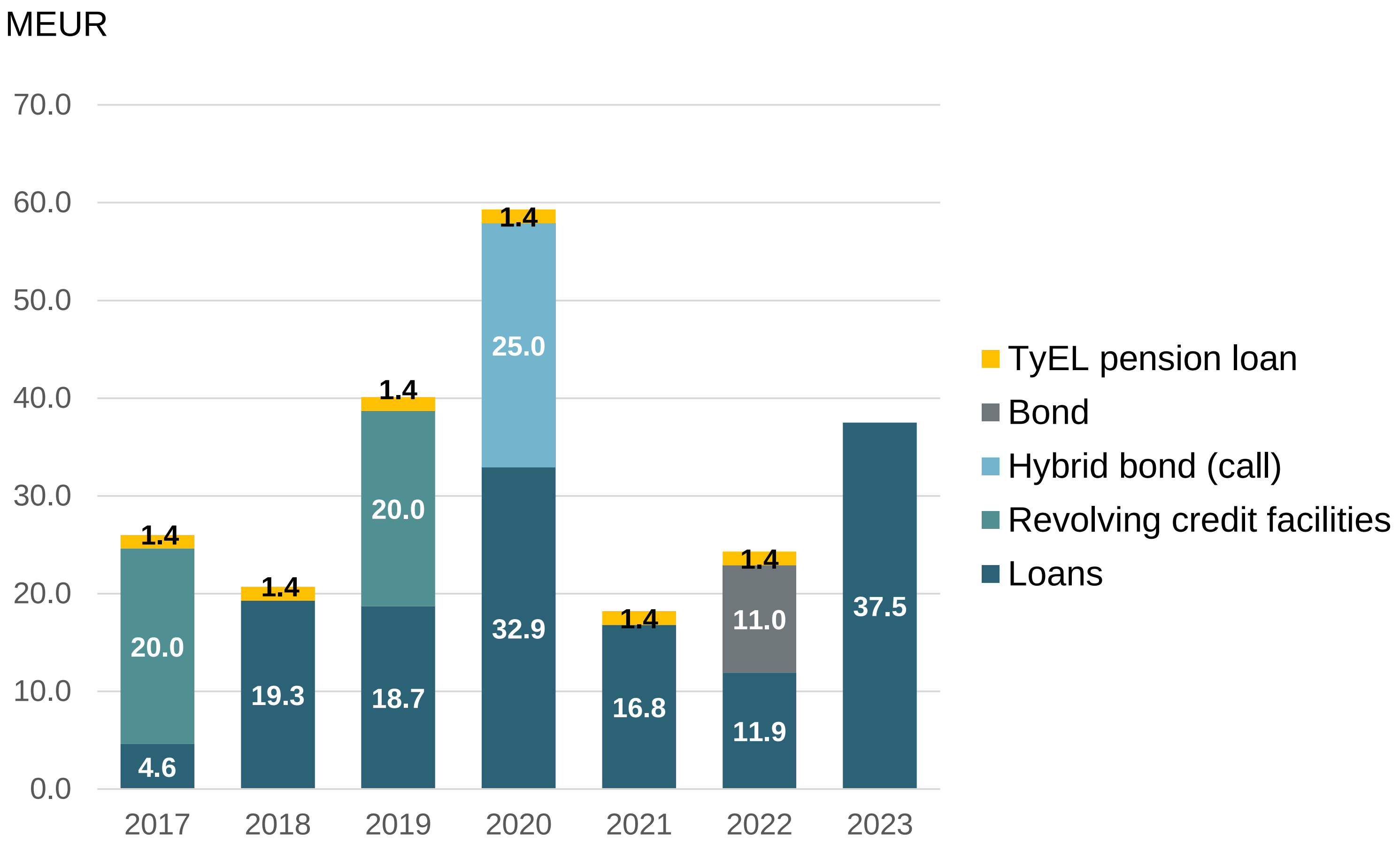
Interest bearing liabilities on June 30, 2016, EUR 140 million



Interest bearing liabilities on June 30, 2017, EUR 137 million



Maturity of significant loan agreements

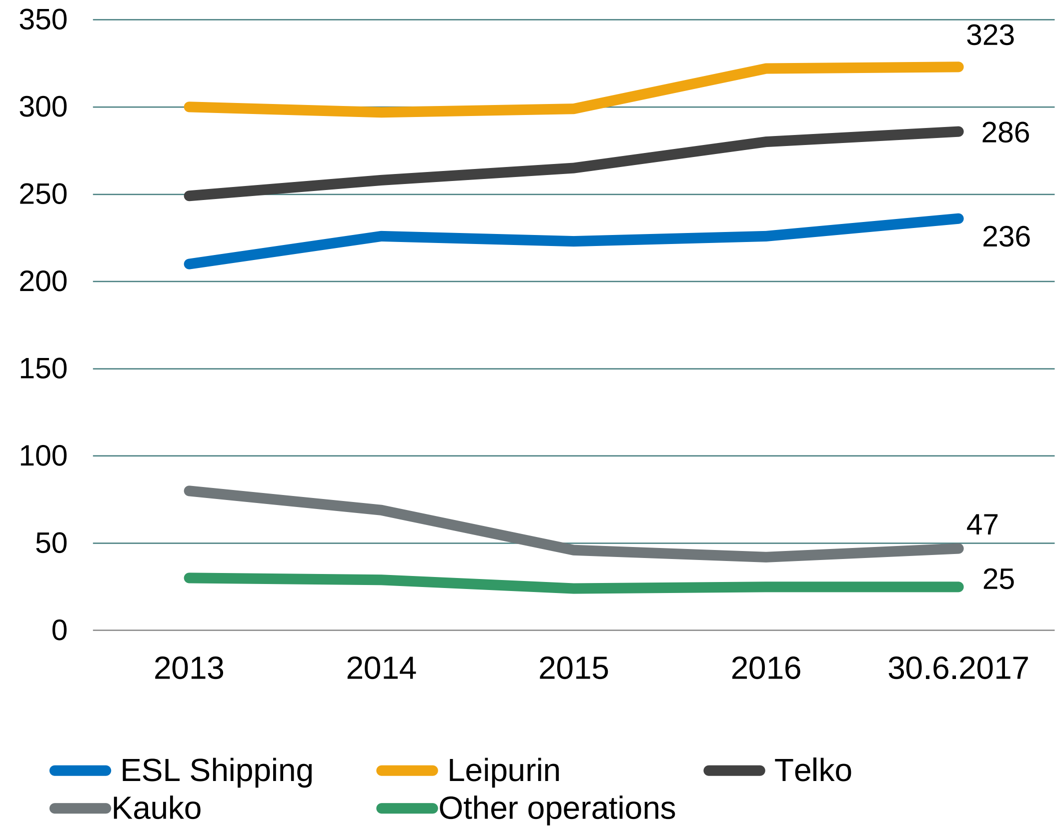


In Q2, the average interest rate of interest bearing liabilities was 1.8% (12/2016: 1.8).

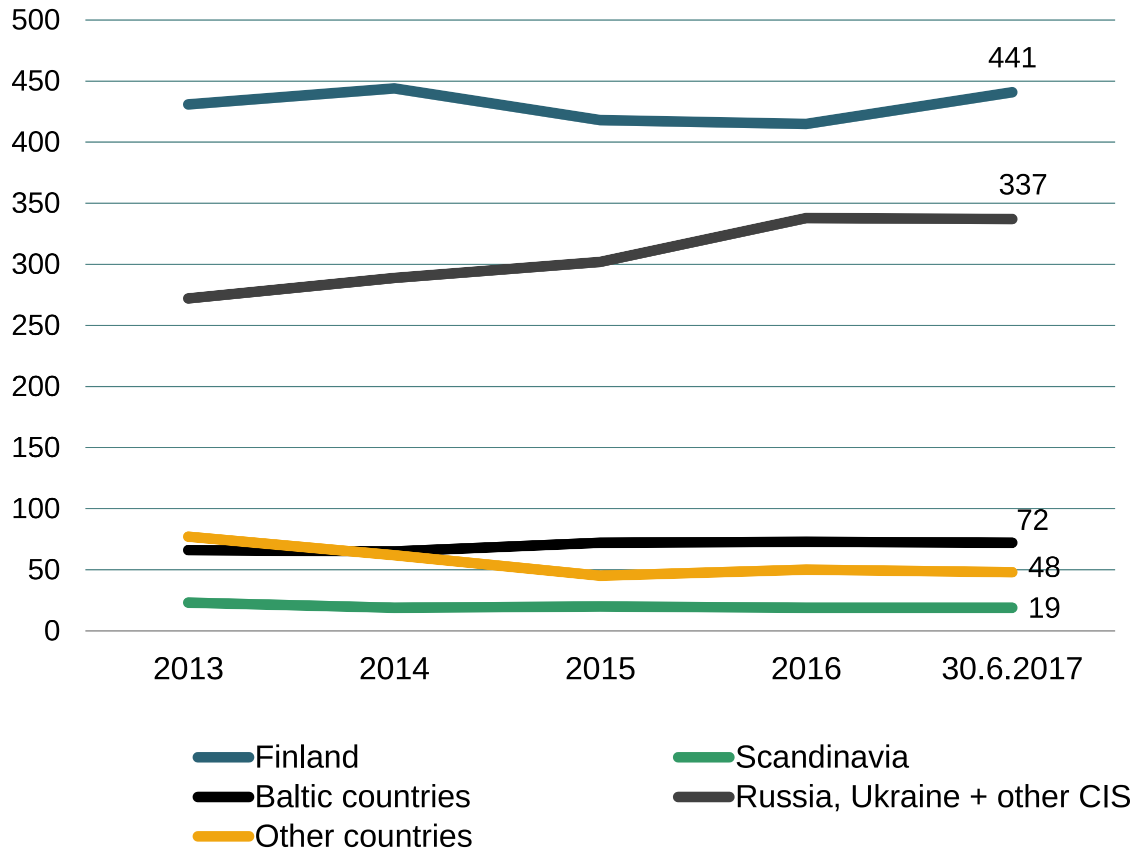
A revolving credit facility of EUR 20 million will mature in 2017.

Personnel, June 30, total 917

Personnel by segment



Personnel by geographical area



General market outlook for 2017

- General uncertainty in the markets has decreased.
- Industrial production is expected to increase in the main market areas of Aspo.
- Raw material prices will remain low.
- Political risks may weaken free trade.
- Poor economic situation in important eastern growth markets has turned into growth.
- Aspo will continue its expansion and growth.
- New operations:
  - ESL Shipping investigates the possibility of launching new operations in a smaller vessel class.
  - Telko has registered a subsidiary in Iran.
  - Leipurin is growing in OOH-markets.

The market situation has improved significantly.

Industrial production is increasing.

In Russia, the national economy is growing.

= general uncertainty has decreased

Aspo specifies its guidance

New guidance: Aspo’s operating profit will be EUR 23-26 million (20.4) in 2017.

Previous guidance: Aspo’s operating profit will be EUR 22-27 million (20.4) in 2017.