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ASPO GROUP INTERIM REPORT JANUARY 1 TO SEPTEMBER 30, 2013

Aspo: Q3 operating profit grew significantly due to the shipping company and the eastern market

(Figures for the corresponding period in 2012 are presented in brackets. Comparable operating profit was calculated excluding the sales gain of m/s Hesperia from the profit.)

January–September 2013
– Aspo Group's net sales were at the previous year's level, EUR 356.0 million (EUR 351.5 million)
– Comparable operating profit grew to EUR 7.0 million (EUR 4.6 million and the sales gain of EUR 2.4 million from m/s Hesperia)
– Profit before taxes amounted to EUR 4.0 million (EUR 4.7 million)
– Profit for the period stood at EUR 4.2 million (EUR 7.9 million)*
– Earnings per share amounted to EUR 0.14 (EUR 0.26) *

*In the corresponding period of 2012, the profit included EUR 3.4 million and the earnings per share approximately EUR 0.10 (as a retroactive additional portion for the financial year 2011) related to tonnage taxation.

July–September 2013
– Aspo Group's net sales were at the previous year's level, EUR 120.1 million (EUR 119.7 million)
– Operating profit grew to EUR 4.6 million (EUR 2.9 million)
– Profit for the quarter stood at EUR 3.3 million (EUR 1.7 million)
– Earnings per share amounted to EUR 0.11 (EUR 0.06)

The guidance remains unchanged. Aspo aims to increase its operating profit and to achieve the previous year’s level in net sales.

KEY FIGURES

	1-9/2013	1-9/2012	1-12/2012
Net sales, MEUR	356.0	351.5	481.6
Operating profit, MEUR	7.0	7.0	10.6
Share of net sales, %	2.0	2.0	2.2
Profit before taxes, MEUR	4.0	4.7	7.4
Share of net sales, %	1.1	1.3	1.5
Profit for the period, MEUR	4.2	7.9	10.8
Personnel at the end of period	833	829	871
Earnings per share, EUR	0.14	0.26	0.36
EPS adjusted for dilution, EUR	0.16	0.27	0.37
Equity per share, EUR	2.62	2.87	2.95
Equity ratio, %	26.2	29.0	29.2
Gearing, %	165.6	153.3	131.6

AKI OJANEN, CEO OF ASPO:

"Aspo has improved its comparable operating profit year-on-year for three consecutive quarters. The third quarter was the best so far this year. The improvement in profitability primarily results from Aspo's own decisions and measures to enhance efficiency in the west and the continuation of profitable volume growth in Russia and other CIS countries. The market situation in the west was still weak.

We have taken measures to reduce the cost level in Finland in all our business units. The full impact will be seen in the first quarter of 2014. The savings measures taken are estimated to reduce personnel costs by approximately EUR 2 million annually in Finland. In addition, the shipping company has been able to significantly reduce its fuel consumption and Leipurin its real estate costs, which has improved profitability.

Our net sales in the strategically important customs union of Russia, Belarus and Kazakhstan, as well as in the Ukrainian market remained at the level of the comparison period measured in euros, despite the weakening of the Russian ruble in relation to the euro. Profitability in this market area remained good, and operating profit was over 5%.

Of our business units, the shipping company ESL Shipping significantly improved its operating profit, even though the international cargo price level continued to be weak and the market only improved slightly. Profitability was improved by concentrating on reducing fuel consumption, making operations more efficient, and new customers. The transport volumes of the Scandinavian steel industry continued to be low, but coal transport on the Baltic Sea was higher than in the comparison period. Leipurin continued to improve its profitability. The trend results from the stable growth in bakery raw material sales and improved order books for bakery machines, as well as improved efficiency in production. Telko's operating profit fell somewhat from the comparison period, but was good, taking the market situation into account.

As a conglomerate, we have the ability to develop new business operations. In Kaukomarkkinat, which is at a development stage, we are continuing to invest in developing business operations based on energy-efficient property technology. Kaukomarkkinat reduced its loss from the previous quarter. Kaukomarkkinat's share of Aspo's net sales is approximately 5%.

Aspo has launched a financing project, the aim of which is to gather EUR 20 million from the capital market in the form of a hybrid loan. By improving its financial position, the company is preparing for financing the growth of Telko and Leipurin in the east, the refinancing of the convertible capital loan that falls due in 2014, and financing the environmental investments of ESL Shipping.”

ASPO AS A COMPANY

Aspo is a conglomerate that owns and develops business operations in northern Europe and growth markets, focusing on demanding B-to-B customers. Aspo’s strong company brands – ESL Shipping, Leipurin, Telko and Kaukomarkkinat – aim to be market leaders in their sectors. They are responsible for their own operations and customer relationships, and the development of these. Together they generate Aspo’s goodwill. Aspo’s Group structure and business operations are continually developed without any predefined schedule.

Aspo’s operating segments are: ESL Shipping, Leipurin, Telko, and Kaukomarkkinat. Other operations consist of Aspo Group’s administration, the financial and ICT service center, and other operations that do not belong to the business units.

The Group reports its net sales on the basis of the following geographical division: Finland; Scandinavia; the Baltic countries; Russia, Ukraine and other CIS countries; and other countries.

OPERATIONAL PERFORMANCE

The development of the European economic area and particularly that of the production of Finnish industry was weak. The forecasts for the growth of the Russian and other CIS markets were downgraded, but growth is expected to continue to be moderate. Uncertainty concerning developments in the national economies of growth markets, such as Russia, Ukraine, other CIS countries, and China, continued to increase. Raw material prices declined during the first half of the year. The global prices of dry bulk cargo that are important for the Group increased in large vessel classes in the period under review, but remained at the previous low level on the Baltic Sea.

ESL Shipping

ESL Shipping is the leading dry bulk cargo company of the Baltic Sea region. At the end of the review period, the company's fleet consisted of 14 vessels, of which the company owned 12 in full. One was leased and one partially owned.

	7-9/2013	7-9/2012	Change	1-9/2013	1-9/2012	1-12/2012
Net sales, MEUR	17.5	15.4	2.1	55.7	53.9	72.3
Operating profit, MEUR	1.8	0.0	1.8	3.5	1.7	3.7
Personnel	199	203	-4	199	203	219

Globally, dry bulk cargo prices continued at a historically low level during the period under review. Towards the end of the period, the price level started to rise in the largest vessel classes. ESL Shipping's vessels mainly operated on the Baltic Sea and in European traffic. ESL Shipping's transport in the Baltic Sea area is mainly based on long-term agreements and established customer relationships.

ESL Shipping's net sales for the third quarter clearly increased from the level of the comparison period to EUR 17.5 million (15.4), and operating profit grew significantly to EUR 1.8 million (0.0). In July–September, ESL Shipping transported 2.9 million tonnes (2.3) of cargo. The transport volumes of the steel industry continued to be low in long-term comparison; however, they were higher than in the previous quarter. From the second half of September, after the amounts of transport increased, it was again possible to employ the pusher-barge system that was docked during the summer season.

In the energy industry, the transport volumes of coal were clearly higher than in the corresponding period last year, due to the good price competitiveness of coal in the production of electricity, the prevailing low storage levels, and the low Nordic water resources in view of the time. During the period under review, the Supramax vessels were mainly employed in shipping Russian coal departing from the Baltic Sea and in the transport of ore between Norway and Central European steel mills, where the efficient crane capacity of the vessels is utilized. The cargo price level of both Supramax vessels in the period was satisfactory in view of the general market situation. With regard to smaller vessels, loading operations of large ocean liners taking place on the sea continued to be active. During the period under review, ESL Shipping applied for and received permits from the authorities for operations in the Northern Sea Route. Decisions on shipping in the area and its schedule depend on the progress of customer projects.

The schedule and speed optimization of the vessels and the resulting lower fuel consumption contributed to the improvement in profitability. Likewise, we managed to lower other operational costs of the fleet and the entire shipping company. During the period under review, two vessels underwent planned dry docking. As part of preparations for the implementation of the EU sulphur directive in 2015, the shipping company has applied for subsidies from the government for post-investments to improve the level of environmental protection. In September, the shipping company received positive decisions from the authorities, on the basis of which specifying investment calculations will be made and an implementation plan will be prepared.

Leipurin

Leipurin serves the bakery industry and other food industry by providing product development services, raw materials needed for baking, and equipment from individual machines to full-scale baking lines. Leipurin operates in Finland, Russia, the Baltic countries, Poland, Ukraine, Belarus, and Kazakhstan. In Russia, its operations cover all geographic areas. In its procurement operations, Leipurin operates both internationally and by developing local procurement.

	7-9/2013	7-9/2012	Change	1-9/2013	1-9/2012	1-12/2012
Net sales, MEUR	34.3	32.0	2.3	99.8	94.3	131.1
Operating profit, MEUR	2.0	1.2	0.8	3.9	2.3	4.0
Personnel	283	267	16	283	267	281

The price level of key grain-based raw materials remained moderate due to the good harvest outlook. The net sales of the Leipurin business grew during the third quarter, amounting to EUR 34.3 million (32.0). Operating profit increased significantly to EUR 2.0 million (1.2), which resulted from lower costs in Finland and growth of sales in the east.

The growth of bakery raw material net sales continued to be stable, and the sales of bakery machines and delivery volumes were higher than in the comparison period. The sales of raw materials continued at a good level in all market areas, and order books for the bakery machines and their installations developed as expected. New project agreements for bakery line deliveries were concluded for Russia. They combine the strong product development expertise of Leipurin and its ability to deliver tailored bakery line units.

Net sales in the most important growth market of the Leipurin business (Russia, Ukraine, and other CIS countries) amounted to EUR 10.3 million (8.3), i.e., the growth percentage was 24%. Operating profit in the market area remained at the target level and was more than 5%, despite the strong growth.

With regard to its own manufacturing operations, the Leipurin business has adopted recognition of income according to the percentage of completion. The amount of net sales recognized for unfinished projects according to the percentage of completion in the current financial period is EUR 1.6 million.

Leipurin is continuing to develop its overall product range in accordance with its customer promise. Customers' business operations are developed on the basis of product development and training services, new raw materials, an even more developed baking equipment offering, and investment-related planning. The strengthening of the organization in the eastern growth market, in particular, was consistently continued.

Telko

Telko is the leading expert and supplier of plastic raw materials and industrial chemicals in the Baltic Sea region. The company operates in Finland, the Baltic countries, Scandinavia, Poland, the Czech Republic, Slovakia, Ukraine, Russia, Belarus, Kazakhstan, Uzbekistan, and China. Procurement operations are international. Business is based on representation by the best international principals and on the expertise of the personnel. Telko cooperates with its regional customers to develop their production and competitiveness.

	7-9/2013	7-9/2012	Change	1-9/2013	1-9/2012	1-12/2012
Net sales, MEUR	61.7	62.8	-1.1	176.7	178.3	237.7
Operating profit, MEUR	2.2	2.5	-0.3	5.3	7.0	8.4
Personnel	241	257	-16	241	257	265

The prices of sold raw materials fell during the period under review with the drop in the price of oil used as a raw material. At the end of the period, prices were at the same level as in the comparison period. Basic demand in the industries important to Telko fell in the western market due to the diminished industrial production. In the Russian, Ukrainian, and other CIS area, volume growth slowed down due to the economic uncertainty.

Net sales in the third quarter amounted to EUR 61.7 million (62.8), i.e., it was close to the level of the comparison period. Operating profit lagged behind the comparison period, and stood at EUR 2.2 million (2.5). The fall in operating profit was due to the drop in the prices of sold raw materials at the end of the period and changes in exchange rates, particularly in the growing eastern market.

The net sales for Russia, Ukraine, and other CIS countries fell due to the weaker exchange rate of the ruble, amounting to EUR 31.8 million (33.0) in the third quarter. Operating profit for this market area remained less than 5% due to the weakening of profitability in Ukraine.

Telko continued the acquisition of a plot for an industrial chemical warehouse in the Kiev area in Ukraine. In addition, Telko continued to search for an area suitable for a terminal in Russia. Logistics terminals would enable the product offering to be broadened and produce added value for industrial chemicals. Telko continues to establish new offices in large cities in Russia. In order to accelerate regional establishment, Juris Avotins, the CEO of the Russian company, has taken responsibility for sales of not only chemicals, but also plastic raw materials in the customs union of Russia, Belarus and Kazakhstan.

In Finland, Telko implemented a reorganization of its customer service and procurement departments, the purpose of which is to enhance efficiency. The personnel impact of the change was eight person-years.

Kaukomarkkinat

Kaukomarkkinat supplies products and systems that improve efficiency for the real estate and industrial sectors, as well as tools for professionals. The goal is to increase the energy efficiency, process efficiency and safety of our customers, as well as the profitability of their operations. The business is based on an in-depth understanding of customer needs, an extensive network of principals, and the ability to combine products and systems into functional entities. Kaukomarkkinat operates in Finland, Poland, Latvia, Russia, China, and Vietnam.

	7-9/2013	7-9/2012	Change	1-9/2013	1-9/2012	1-12/2012
Net sales, MEUR	6.6	9.5	-2.9	23.8	25.0	40.5
Operating profit, MEUR	-0.5	0.1	-0.6	-2.4	-0.3	-0.6
Personnel	78	90	-12	78	90	94

In Finland, the volume of renovation and new building declined from the comparison period, which slowed the development of the market for new energy-efficient products. In China, sales of efficiency projects in the paper industry declined due to diminished industrial investment. However, the long-term estimate is that the amount of energy-efficient building will increase in both new and renovation building due to new building regulations and the increase in the price of energy.

Kaukomarkkinat's net sales amounted to EUR 6.6 million (9.5). Operating profit fell and was negative at EUR -0.5 million (0.1). In Finland, profitability improved compared with the previous quarter as the cost level decreased. Cost savings will have a full-scale impact in the first quarter of 2014. Operations in industrial project sales showed a loss, as no projects were recognized as income in China and basic industrial demand fell.

In Finland, the demand for air-source heat pumps continued to be good, and sales of ground-source heat pumps grew as deliveries increased from the comparison period. Sales of computers and industrial machines were at the previous year's level. Net sales of AV equipment and communications equipment fell from the comparison period.

Kaukomarkkinat discontinued the marketing of biomass boilers, which had been showing a loss. Non-recurring costs were incurred from the discontinuation of the business. Kaukomarkkinat's costs were reduced by enhancing the efficiency of the use of premises in the Helsinki office.

In Poland, the demand for frequency converters was at a good level. The first ground-source heat pumps manufactured in Finland were delivered to Poland. The demand for paper manufacturing equipment weakened clearly. The marketing of water processing equipment to Chinese paper mills was begun according to the cleantech export strategy.

Other operations

Other operations include Aspo Group’s administration, the financial and ICT service center, and other operations that do not belong to the business units.

	7-9/2013	7-9/2012	Change	1-9/2013	1-9/2012	1-12/2012
Net sales, MEUR	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit, MEUR	-0.9	-0.9	0.0	-3.3	-3.7	-4.9
Personnel	32	12	20	32	12	12

The profit of other operations was on a par with the comparison period, EUR -0.9 million (-0.9). The number of personnel employed by other operations has increased, with financial and ICT professionals transferring from the business units and Group administration to the joint service center. The number of personnel in Group administration is seven.

NET SALES

January–September

Aspo Group's net sales in January–September were EUR 356.0 million (351.5), or at the previous year's level. The net sales of ESL Shipping and Leipurin increased slightly, and the net sales of Telko and Kaukomarkkinat remained at the level of the comparison period.

July–September

Aspo Group's net sales in July–September amounted to EUR 120.1 million (119.7). In the third quarter, ESL Shipping and Leipurin increased their net sales, Telko's net sales remained at the level of the comparison period, and Kaukomarkkinat's net sales declined significantly.

Net sales by segment, MEUR

	7-9/2013	7-9/2012	Change	1-9/2013	1-9/2012	1-12/2012
ESL Shipping	17.5	15.4	2.1	55.7	53.9	72.3
Leipurin	34.3	32.0	2.3	99.8	94.3	131.1
Telko	61.7	62.8	-1.1	176.7	178.3	237.7
Kaukomarkkinat	6.6	9.5	-2.9	23.8	25.0	40.5
Other operations	0.0	0.0	0.0	0.0	0.0	0.0
Total	120.1	119.7	0.4	356.0	351.5	481.6

There is no considerable inter-segment net sales.

Net sales by market area, MEUR

	7-9/2013	7-9/2012	Change	1-9/2013	1-9/2012	1-12/2012
Finland	37.5	38.2	-0.7	114.3	116.9	158.9
Scandinavia	11.0	10.9	0.1	32.9	31.4	42.6
Baltic countries	12.5	12.8	-0.3	37.3	36.7	49.4
Russia, Ukraine + other CIS-countries	42.1	41.4	0.7	114.8	113.9	157.8
Other countries	17.0	16.4	0.6	56.7	52.6	72.9
Total	120.1	119.7	0.4	356.0	351.5	481.6

The net sales for the area of Russia, Ukraine, and other CIS countries were at the previous year's level, even though the value of local currencies in relation to the euro decreased considerably. In the third quarter, Leipurin significantly increased its net sales in the area, and Telko's net sales decreased slightly.

EARNINGS

January–September

Aspo Group's operating profit in January–September amounted to EUR 7.0 million (EUR 4.6 million and the sales gain of EUR 2.4 million from m/s Hesperia). ESL Shipping's operating profit increased significantly to EUR 3.5 million (EUR -0.7 million and the sales gain of EUR 2.4 million from m/s Hesperia). Leipurin's operating profit increased to EUR 3.9 million (2.3). Telko's operating profit decreased by EUR 1.7 million to EUR 5.3 million (7.0). Kaukomarkkinat's operating profit amounted to EUR -2.4 million (-0.3).

Other operations include Aspo Group's administration, the financial and ICT service center, and a small share of other items not belonging to the business units. The operating profit of other operations improved but was negative at EUR -3.3 million (-3.7).

July–September

Aspo Group’s operating profit in July–September amounted to EUR 4.6 million (2.9). ESL Shipping's operating profit improved to EUR 1.8 million (0.0). Leipurin’s operating profit improved to EUR 2.0 million (1.2). Telko's operating profit decreased to EUR 2.2 million (2.5). Kaukomarkkinat's operating profit weakened and was negative at EUR -0.5 million (0.1). The operating profit of other operations was negative and amounted to EUR -0.9 million (-0.9).

Operating profit by segment, MEUR

	7-9/2013	7-9/2012	Change	1-9/2013	1-9/2012	1-12/2012
ESL Shipping	1.8	0.0	1.8	3.5	1.7	3.7
Leipurin	2.0	1.2	0.8	3.9	2.3	4.0
Telko	2.2	2.5	-0.3	5.3	7.0	8.4
Kaukomarkkinat	-0.5	0.1	-0.6	-2.4	-0.3	-0.6
Other operations	-0.9	-0.9	0.0	-3.3	-3.7	-4.9
Total	4.6	2.9	1.7	7.0	7.0	10.6

Earnings per share

Earnings per share were EUR 0.14 (0.26) and diluted earnings per share were EUR 0.16 (0.27). Equity per share was EUR 2.62 (2.87).

The amendment to the tonnage taxation act, which became effective on March 1, 2012, and is applied retroactively from the beginning of 2011, improved earnings per share by approximately EUR 0.10 in the comparison period. The positive impact of the tonnage tax can be seen in the profit after taxes for the period.

ASSETS AND LIABILITIES BY SEGMENT

The assets and liabilities of the business segments are presented in the tables below.

Segments' assets, MEUR

	9/2013	9/2012	12/2012
ESL Shipping	110.8	117.5	116.9
Leipurin	68.7	69.4	69.4
Telko	79.4	77.8	71.7
Kaukomarkkinat	23.6	23.2	28.0
Unallocated items	26.3	21.2	25.2
Total	308.8	309.1	311.2

Segments' liabilities, MEUR

	9/2013	9/2012	12/2012
ESL Shipping	8.0	5.6	9.4
Leipurin	20.4	21.3	22.0
Telko	30.5	25.5	24.2
Kaukomarkkinat	6.0	7.1	12.2
Unallocated items	163.3	161.9	153.2
Total	228.2	221.4	221.0

INVESTMENTS

The Group's investments amounted to EUR 4.3 million (29.5) in January–September. Most of the investments made in the comparison period consisted of payments for ESL Shipping’s Supramax vessel orders.

Investments by segment, acquisitions excluded, MEUR

	7-9/2013	7-9/2012	Change	1-9/2013	1-9/2012	1-12/2012
ESL Shipping	1.4	0.4	1.0	2.1	26.8	26.8
Leipurin	0.1	0.2	-0.1	0.6	0.4	1.0
Telko	0.4	0.4	0.0	1.0	2.2	2.3
Kaukomarkkinat	0.1	0.1	0.0	0.5	0.1	0.4
Other operations	0.0	0.0	0.0	0.1	0.0	0.0
Total	2.0	1.1	0.9	4.3	29.5	30.5

FINANCING

The Group's financing position remained almost unchanged compared with both the comparison period and the previous quarter. The Group's cash and cash equivalents amounted to EUR 18.7 million (14.3). The consolidated balance sheet included a total of EUR 151.2 million (148.7) in interest-bearing liabilities. Non-interest-bearing liabilities totaled EUR 77.6 million (72.7).

Aspo Group's net gearing was 165.6% (153.3) and its equity ratio 26.2% (29.0). The most significant factor affecting the financing position in January–September was the payment of approximately EUR 13 million in dividends in the second quarter.

The Group's cash flow from operations was positive in the period under review, totaling EUR 4.3 million (-7.0). At the end of the period, the change in working capital stood at EUR -6.7 million (-16.3). In the third quarter, cash flow from operations was EUR 1.8 million positive (-4.8).

Cash flow from investments was EUR -3.0 million (-25.8) in the period; thus, the Group's free cash flow amounted to EUR 1.3 million (-32.8) in the period under review.

The amount of binding revolving credit facilities signed between Aspo and its main financing banks totaled EUR 60 million at the end of the period. At the end of the period under review, the revolving credit facilities remained undrawn. During the period, Aspo increased the amount of the EUR 50 million commercial paper program to EUR 80 million. At the end of the period, EUR 49 million of the commercial paper program was in use.

No significant loan agreements will expire in 2013. In relation to the refinancing of the convertible capital loan that will fall due in 2014, Aspo has launched a financing project, the aim of which is to gather EUR 20 million from the capital market in the form of a hybrid loan. In addition, the revolving credit facility of EUR 20 million that will fall due in 2014 will be renewed during the fourth quarter.

Aspo has hedged its interest rate risk by way of an interest rate swap, which is subject to hedge accounting, and its fair value on September 30, 2013 was EUR -0.8 million. Changes in fair value have been recognized in other comprehensive items, and the financial instrument is at level 2.

Convertible capital loan

On September 30, 2013, Aspo Plc had EUR 10,300,000 in a convertible capital loan issued in 2009. The loan period is from June 30, 2009, to June 30, 2014. The loan will be repaid in one installment on June 30, 2014, assuming that the repayment conditions outlined in Chapter 12 of the Finnish Companies Act and the loan terms are met. The loan has a fixed interest rate of 7%.

The loan units can be converted into Aspo shares. Each EUR 50,000 loan unit entitles its holder to convert the loan unit into 8,074 new shares in Aspo. The conversion rate is EUR 6.19. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014. In January-September 2013, no new shares were subscribed for.

Related party loans

Aspo Plc has granted a EUR 2.9 million loan to Aspo Management Oy, one of the company's related parties and controlled by the company, as part of a shareholding plan for the Group. The interest on the loan receivable is 3%. The loan receivable falls due on March 31, 2014. It can be extended to March 31, 2016 at the latest. The loan is market-based. Aspo Management Oy may not deposit in pledge or use as security the Aspo Plc shares it holds without Aspo Plc’s written consent. The company has been consolidated in the financial statements.

RISKS AND RISK MANAGEMENT

Despite the improved expectations, a lot of uncertainty factors are related to developments in the global economy, which also maintain Aspo's strategic and operational risks.

Strategic risks are caused by such factors as the outlook for and production solutions of metal industry customers and the structural solutions of the energy industry in the near future. The flows of goods on the Baltic Sea may change as a result of the sulfur directive, changes in the customer structure, or other reasons. Changes may have negative consequences, but they may also be seen as significant opportunities. Despite the increase in the cargo prices of global maritime transport, competition for cargo may become more intense in the Baltic Sea area as well. Strategic risks change due to the effects of cargo prices, investment trends, and changes to commerce structures, especially in the western markets. In the eastern markets, risks are increased by such factors as social structures or the fact that they may not react to the difficulties encountered by business operations. Rapid changes in financial structure may cause risks due to changes in the customer or principal structure or technologies, and due to unutilized opportunities that require a quick response. Strategic risks are reduced at Group level by the business being divided into four segments and business being conducted over a wide geographical area.

Operational risks have remained due to the uncertainty in the business environment. These include risks related to supply chains and persons. The focus of Aspo’s growth is on emerging market areas, where growth risks are affected by factors such as the level of and changes in the global market prices for raw materials, exchange rates, interest rate levels, industrial and commercial investments, customer liquidity, changes in legislation and import regulations, and inactivity by the authorities. Consumer behavior is also reflected in the risks generated through B-to-B customers and risk levels. The growth opportunities presented by emerging markets boost interest among competitors in launching or expanding business in these areas. The challenging environment in emerging markets has led to some competitors exiting these markets, which creates further opportunities for Aspo. The demand for Aspo's products and services in the industry of western countries has decreased in proportion to the developing markets, and macroeconomic factors of uncertainty are keeping risk levels high. The changes in demand in emerging markets are showing an opposite trend, but these changes are more difficult to predict with the slowdown in growth.

Due to the hedging of currency positions and currency flows, we have mostly managed to neutralize the effects of changes to exchange rates. While changes in credit loss risk vary between business areas and customers, credit loss risks in general have grown, and to some extent risks have also been realized.

The quantity and probability of loss risks is assessed regularly. In order to verify the amounts insured, Aspo reviews and renews its insurance policies annually. The amounts insured are sufficient, considering the extent of Aspo's operations.

One of the responsibilities of Aspo's Audit Committee is to monitor the efficiency of the Group's internal supervision, internal audits, and risk management systems. The Audit Committee monitors the risk management process and carries out necessary measures to prevent strategic risks in particular. In accordance with the internal supervision principles approved by the Board of Directors, risk management is part of Aspo's internal supervision, and its task is to ensure the implementation of the Group's strategy, development of financial results, shareholder value, dividend payment ability, and continuity in business operations. The operational management of the business areas is responsible for risk management. The management is responsible for specifying sufficient measures and their implementation, and for monitoring and ensuring that the measures are implemented as part of day-to-day operational control. Risk management is coordinated by Aspo's CFO, who reports to the Group CEO.

Aspo Group's financing and financing risk management are centralized in the parent company in accordance with the financing policy approved by the Board of Directors.

PERSONNEL

Personnel by segment, period-end

	9/2013	9/2012	Change	12/2012
ESL Shipping	199	203	-4	219
Leipurin	283	267	16	281
Telko	241	257	-16	265
Kaukomarkkinat	78	90	-12	94
Other operations	32	12	20	12
Total	833	829	4	871

At the end of the period, Aspo Group had 833 employees (829). The number of personnel has increased in Aspo's growth areas, particularly in Russia, Ukraine, and other CIS countries and, correspondingly, decreased in Finland. The number of personnel employed by other operations has increased due to financial and ICT personnel being transferred from the business units to the joint service center, which correspondingly decreased the number of personnel employed by the business units and Group administration.

Rewarding

Aspo Group has previously applied a profit bonus system, under which part of the Group's profit was paid as a profit bonus to the personnel fund. In the first half of the year, the rewarding system was reformed. The profit bonus system was discontinued and the company adopted a performance bonus program which covers the entire Finnish personnel. Employees may invest the performance bonus in the personnel fund or withdraw the bonus in cash. The long-term goal of the funding system is that the personnel will become a significant shareholder group in the company. All persons working at Aspo Group's Finnish companies are members of the personnel fund.

In 2010, Aspo’s Board decided on a shareholding plan for Aspo Group's management. The purpose of the plan is to enable considerable long-term ownership in Aspo for those involved in the plan. For shareholding purposes, the participants acquired a company called Aspo Management Oy, whose entire stock they own. Aspo Management Oy acquired 114,523 Aspo shares from the participants at market price. In addition, Aspo assigned 322,637 shares at EUR 7.93 per share to the company in a directed share issue. As part of the arrangement, the Board decided to grant Aspo Management Oy a EUR 2,800,000 interest-bearing loan to finance the share purchase. Aspo Management Oy also subscribed to 62,452 shares in Aspo's rights issue and raised an additional loan of EUR 324,750.40 from Aspo to finance the purchases. At the end of the reporting period the loan amounted to EUR 2,934,750.40. The plan is valid until spring 2014, after which it will be dissolved in a manner to be decided upon later. The plan will be extended for one year at a time if Aspo's share price at the beginning of 2014, 2015, or 2016 is below the average price at which Aspo Management Oy acquired the Aspo shares it owns. There are restrictions on the right of disposal of the shares for the duration of the plan. As a rule, the participants' holding in Aspo Management Oy remains valid until the system is dissolved.

On February 14, 2012, Aspo's Board of Directors decided on a share-based incentive plan for about 30 persons. The plan will last for three years, but the Board of Directors will decide on the performance criteria and participants each year. The potential reward is based on Aspo Group's earnings per share (EPS) key figure for each performance year of the plan (2012 to 2014). The prerequisite for participation in the plan is that the person acquires Aspo shares, or holds Aspo shares or Aspo Management's shares, up to the number predetermined by the Board of Directors, and undertakes to follow the rules of the plan. No share bonus was paid for the 2012 vesting period since Aspo's result remained below the targeted level. The 2013 vesting period is ongoing.

SHARE CAPITAL AND SHARES

Aspo Plc's share capital on September 30, 2013 was EUR 17,691,729.57 and the total number of shares was 30,967,450 of which the company held 183,891 shares; that is, 0.6% of the share capital. Aspo Plc has one share series. Each share entitles the shareholder to one vote at the shareholders' meeting. Aspo's share is quoted on NASDAQ OMX Helsinki Ltd's Mid Cap segment under industrial products and services.

During January-September 2013, a total of 2,505,288 Aspo Plc shares with a market value of EUR 14.4 million were traded on NASDAQ OMX Helsinki, in other words, 8.1% of the stock changed hands. During the period, the stock reached a high of EUR 6.82 and a low of EUR 5.30. The average price was EUR 5.86 and the closing price at period-end was EUR 5.30. At the end of the period, the market value excluding treasury shares was EUR 163.2 million.

The number of Aspo Plc shareholders was 6,964 at period-end. A total of 543,631 shares, or 1.8% of the share capital, were nominee registered or held by non-domestic shareholders.

DECISIONS AT THE ANNUAL SHAREHOLDER'S MEETING

Dividend

The Aspo Plc Annual Shareholders' Meeting on April 10, 2013 adopted the Board of Directors' proposal for payment of a dividend amounting to EUR 0.42 per share. The payment date was April 22, 2013.

Board of Directors and Auditor

The Annual Shareholders' Meeting of Aspo Plc re-elected Matti Arteva, Mammu Kaario, Esa Karppinen, Roberto Lencioni, Gustav Nyberg, Kristina Pentti-von Walzel and Risto Salo to the Board of Directors for a one-year term. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Gustav Nyberg was elected to carry on as Chairman of the Board and Matti Arteva as Vice-Chairman. At the meeting the Board also decided to appoint Roberto Lencioni Chairman of the Audit Committee and Mammu Kaario and Kristina Pentti-von Walzel as committee members.

The authorized public accounting firm Ernst & Young Oy was elected as company auditor.

BOARD AUTHORIZATIONS

Authorization of the Board of Directors to decide on the acquisition of treasury shares

The Annual Shareholders' Meeting on April 10, 2013, authorized the Board of Directors to decide on the acquisition of no more than 500,000 of the treasury shares using the unrestricted shareholders' equity of the company. The authorization includes the right to accept treasury shares as a pledge.

The shares shall be acquired through public trading, for which reason the shares are acquired otherwise than in proportion to the holdings of the shareholders and the consideration paid for the shares shall be the market price of the Aspo's share at the time of repurchase. Shares may also be acquired outside public trading for a price which at most corresponds to the market price in public trading at the time of acquisition. The authorization includes the Board's right to resolve on a directed repurchase or the acceptance of shares as a pledge, if there is a compelling financial reason for the company to do so as provided for in Chapter 15, section 6 of the Finnish Limited Liability Companies Act. The shares shall be acquired to be used for the financing or execution of corporate acquisitions or other transactions, for execution of the company's share-ownership programs or for other purposes determined by the Board.

The Board may not exercise the authorization to acquire treasury shares or to accept them as a pledge if after the acquisition the company or its subsidiary would possess or have as a pledge in total more than ten (10) percent of the company's stock. The authorization is valid until the Annual Shareholders' Meeting in 2014 but not more than 18 months from the approval at the Shareholders' Meeting.

The Board of Directors shall decide on any other matters related to the acquisition of treasury shares.

The authorization will supersede the authorization for the acquisition of treasury shares which was granted to the Board of Directors by the Annual Shareholders' Meeting on April 3, 2012.

Authorization of the Board to decide on a share issue of the treasury shares

The Annual Shareholders' Meeting on April 3, 2012, authorized the Board of Directors to decide on a share issue involving one or more installments, carried out through the transfer of treasury shares. A maximum of 834,529 shares may be transferred on the basis of the authorization. The authorization is valid until September 30, 2015.

Authorization of the Board to decide on a rights issue

The Annual Shareholders' Meeting on April 3, 2012, authorized the Board to decide on a rights issue. The authorization also includes the right to decide on a directed share issue. The total number of new shares to be offered for subscription may not exceed 1,500,000. The authorization is valid until September 30, 2015.

EVENTS AFTER THE PERIOD UNDER REVIEW

Aspo is organizing a Capital Markets Day for analysts, investors, and representatives of the media on Wednesday, November 27, 2013.

OUTLOOK FOR 2013

The difficult financial situation of the international economy, and in particular EU countries , has created uncertainty in the market. It is difficult to estimate future general economic developments and the impact of the economic situation on the operations of customer companies or exchange rates. Of the raw materials sold, we estimate that the prices of food raw materials will remain at a high level, but that the prices of other raw materials important for the Group will decline or remain unchanged. The Group will continue to grow in the strategically important eastern growth markets. The prices of Baltic Sea dry bulk cargo are expected to increase while the international cargo market strengthens and the ice restrictions enter into force in Baltic Sea maritime transport.

Aspo is keeping its guidance unchanged. Aspo aims to increase its operating profit and to achieve the previous year’s level in net sales.

ESL Shipping

The international cargo price level is estimated to increase but remain low. Transport volumes in the steel and energy sectors, important to ESL Shipping, are expected to increase. In Scandinavia, it is assumed that the price of electricity will remain low, which will reduce coal transport. However, impending winter usually increases transport of energy coal on the Baltic Sea compared with the first half of the year as power plants prepare for energy production during the winter. The steel industry has estimated that its production volumes are lower than normal, but no new shutdowns in the Scandinavian steel industry have been announced.

During the rest of the year, ESL Shipping's fleet will be in good balance with the cargo amounts of long-term contract customers and the demand in new market areas. We expect the whole fleet to be in operation and employed. One of the two Supramax vessels has a transport agreement for traffic between South America and Canada until the spring of 2014. ESL Shipping's Supramax vessels are the first 1A ice-strengthened dry bulk cargo vessels in their size category, and they are well suited for the Canadian traffic area. The other vessels of the shipping company will mainly operate on the Baltic Sea and North Sea.

ESL Shipping will continue to conduct investigations into the impact of the EU sulphur directive that will enter into force in 2015. The shipping company will make the alterations required by the directive in all its vessels during 2014 so that all vessels will be able to continue to operate in Baltic Sea traffic from the beginning of 2015.

Leipurin

Organic growth is expected to continue. Demand for the bakery industry will continue to grow in Russia and will remain unchanged in Finland. The prices of raw materials in the bakery industry and other food products are estimated to remain stable or decline during the rest of the year.

The new offices in the east create a good foundation for several years of growth in sales. The order and delivery stock of bakery machine sales is good for the rest of the year. Machine sales are expected to grow in the future, especially in the Russian market, as a result of the structural change in the bakery industry and retail sector. The delivery volumes of bakery machine sales in the rest of 2013 and the beginning of 2014 will be higher than in the previous year's comparison period. The demand for high-quality, healthy bread is expected to continue to grow in Russia, which will increase sales of bakery raw materials and machines. No significant change is expected in sales of bakery raw materials in Finland and the Baltic countries.

Telko

Industrial demand is expected to continue its slower growth in the eastern market. The share of technical plastics in Telko's total sales has significantly increased, which has decreased Telko's cyclicality with regard to the prices of petrochemical products and variations in industrial demand. The efficiency of operations in Finland and Scandinavia has been enhanced, which will lower the cost level and improve profitability from the first quarter of 2014.

Telko will continue to expand in growth markets in accordance with its strategy. The company will open new offices in major Russian cities. Telko will continue its investment in a chemical terminal in Ukraine, and construction is expected to start in 2014. This logistics terminal will enable sales of more refined products to new clients. The total value of the investment is approximately EUR 4 million. Investigations into a comparable investment are continuing in Russia.

Investments in organic growth will continue in the plastics business.

Kaukomarkkinat

Kaukomarkkinat's aim is to increase the supply of energy-efficient technology for properties in Finland. Kaukomarkkinat provides comprehensive solutions for heating with various heat pumps, solar energy, and biofuels, as well as systems for heat storage, distribution, and heating control. The demand for cooling solutions is expected to grow, even though the general construction volume has declined. Demand is expected to grow in a long-term manner in the next few years with the new energy regulations and the forecast increase in long-term energy prices. Kaukomarkkinat will utilize Aspo's expertise and network, especially in the area of Russia and other CIS countries, with the aim of increasing the sales of cleantech energy-efficiency products. In Finland, data sales have developed well, and significant sales agreements have been concluded in rugged tablet computers designed for professional use.

Kaukomarkkinat has enhanced the efficiency of its operations. The lowered costs will have their full impact in the first quarter of 2014.

Helsinki, October 24, 2013

ASPO Plc

Board of Directors

ASPO GROUP INCOME STATEMENT

	7-9/2013		7-9/2012	
	MEUR	%	MEUR	%
Net sales	120.1	100.0	119.7	100.0
Other operating income	0.0	0.0	0.2	0.2
Depreciation and impairment	-2.6	-2.2	-2.8	-2.3
Operating profit	4.6	3.8	2.9	2.4
Financial income and expenses	-1.2	-1.0	-0.8	-0.7
Profit before taxes	3.5	2.9	2.1	1.8
Profit for the period	3.3	2.7	1.7	1.4
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Translation differences	-0.8		0.3	
Cash flow hedges	0.0		-0.2	
Income tax on other comprehensive income	0.0		0.1	
Other comprehensive income for the period, net of taxes	-0.8		0.2	
Total comprehensive income	2.5		1.9	
Profit attributable to shareholders	3.3		1.7	
Non-controlling interest	0.0		0.0	
Total comprehensive income attributable to shareholders	2.5		1.9	
Non-controlling interest	0.0		0.0	
Earnings per share, EUR	0.11		0.06	
EPS adjusted for dilution, EUR	0.12		0.06	

	1-9/2013		1-9/2012		1-12/2012	
	MEUR	%	MEUR	%	MEUR	%
Net sales	356.0	100.0	351.5	100.0	481.6	100.0
Other operating income	0.3	0.1	3.2	0.9	4.1	0.9
Depreciation and write-downs	-8.2	-2.3	-7.9	-2.2	-10.8	-2.2
Operating profit	7.0	2.0	7.0	2.0	10.6	2.2
Financial income and expenses	-3.1	-0.9	-2.2	-0.6	-3.2	-0.7
Profit before taxes	4.0	1.1	4.7	1.3	7.4	1.5
Profit for the period	4.2	1.2	7.9	2.2	10.8	2.2
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Translation differences	-2.0		1.0		0.6	
Cash flow hedges	0.3		-1.5		-1.5	
Income tax on other comprehensive income	-0.1		0.4		0.4	
Other comprehensive income for the period, net of taxes	-1.8		-0.1		-0.5	
Total comprehensive income	2.4		7.8		10.3	
Profit attributable to shareholders	4.2		7.9		10.8	
Non-controlling interest	0.0		0.0		0.0	
Total comprehensive income attributable to shareholders	2.4		7.8		10.3	
Non-controlling interest	0.0		0.0		0.0	
Earnings per share, EUR	0.14		0.26		0.36	
EPS adjusted for dilution, EUR	0.16		0.27		0.37	

ASPO GROUP BALANCE SHEET

	9/2013 MEUR	9/2012 MEUR	Change %	12/2012 MEUR
Assets				
Non-current assets				
Intangible assets	13.7	15.2	-9.9	14.7
Goodwill	45.3	45.3	0.0	45.3
Tangible assets	105.0	110.3	-4.8	108.3
Available-for-sale assets	0.2	0.2	0.0	0.2
Long-term receivables	3.0	1.6	87.5	3.1
Shares in associated companies	2.0	1.9	5.3	2.2
Total non-current assets	169.2	174.5	-3.0	173.8
Current assets				
Inventories	52.5	54.0	-2.8	50.8
Sales and other receivables	68.4	66.3	3.2	65.2
Cash and bank deposits	18.7	14.3	30.8	21.4
Total current assets	139.6	134.6	3.7	137.4
Total assets	308.8	309.1	-0.1	311.2
Shareholders' equity and liabilities				
Shareholders’ equity				
Share capital	17.7	17.7	0.0	17.7
Other shareholders’ equity	61.6	69.3	-11.1	71.8
Shareholders’ equity attributable to equity holders of the parent	79.3	87.0	-8.9	89.5
Non-controlling interest	0.7	0.7	0.0	0.7
Long-term liabilities	100.6	120.9	-16.8	96.3
Short-term liabilities	128.2	100.5	27.6	124.7
Total shareholders' equity and liabilities	308.8	309.1	-0.1	311.2

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

A = Share capital
B = Premium fund
C = Fair value fund
D = Other funds
E = Repurchased shares
F = Translation difference
G = Retained earnings
H = Total
I = Non-controlling interest
J = Total shareholders' equity

MEUR	A	B	C	D	E	F	G	H	I	J
Balance at 31.12.2012	17.7	4.3	-0.8	13.7	-4.2	-0.5	59.3	89.5	0.7	90.2
Comprehensive income:										
Profit for the period							4.2	4.2		
Translation difference						-2.0		-2.0		
Cash flow hedge, net of taxes			0.2					0.2		
Total comprehensive income			0.2			-2.0	4.2	2.4		
Transactions with owners:										
Dividend payment							-12.7	-12.7		
Share-based payment							0.1	0.1		
Total transactions with owners							-12.6	-12.6		
Balance at 30.9.2013	17.7	4.3	-0.6	13.7	-4.2	-2.5	50.9	79.3	0.7	80.0
Balance at 31.12.2011	17.7	4.3	0.3	26.2	-5.1	-1.1	49.5	91.8	0.7	92.5
Comprehensive income:										
Profit for the period							7.9	7.9		
Translation difference						1.0		1.0		
Cash flow hedge, net of taxes			-1.1					-1.1		
Total comprehensive income			-1.1			1.0	7.9	7.8		
Transactions with owners:										
Repayment of capital				-12.7				-12.7		
Share-based payment				0.2	0.9		-1.0	0.1		
Conversion of convertible capital loan				0.0						
Total transactions with owners				-12.5	0.9		-1.0	-12.6		
Balance at 30.9.2012	17.7	4.3	-0.8	13.7	-4.2	-0.1	56.4	87.0	0.7	87.7

ASPO GROUP CASH FLOW STATEMENT

	1-9/2013 MEUR	1-9/2012 MEUR	1-12/2012 MEUR
OPERATIONAL CASH FLOW			
Operating profit	7.0	7.0	10.6
Adjustments to operating profit	8.5	5.7	7.9
Change in working capital	-6.7	-16.3	-6.2
Interest paid	-2.8	-3.3	-4.0
Interest received	0.2	1.0	1.1
Taxes paid	-1.9	-1.1	-0.6
Total operational cash flow	4.3	-7.0	8.8
INVESTMENTS			
Investments in tangible and intangible assets	-3.0	-28.9	-29.8
Gains on the sale of tangible and intangible assets	0.3	3.3	4.0
Purchases of subsidiary shares	-0.3	-0.2	-0.2
Purchases of business operations			-0.3
Associated companies acquired			0.1
Total cash flow from investments	-3.0	-25.8	-26.2
FINANCING			
Change in short-term borrowings	-4.8	30.7	42.3
Change in long-term borrowings	13.9	14.5	-5.4
Dividend payment	-12.7		
Repayment of capital		-12.7	-12.7
Total financing	-3.6	32.5	24.2
Increase / Decrease in liquid funds	-2.3	-0.3	6.8
Liquid funds in beginning of year	21.4	14.5	14.5
Translation difference	-0.4	0.1	0.1
Liquid funds at period end	18.7	14.3	21.4

ACCOUNTING PRINCIPLES AND FINANCIAL REPORTING

Aspo Plc's interim report has been prepared in accordance with the principles of IAS 34 Interim Financial Reporting. As of 1 January 2013, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2012 financial statements. The adoption of these new or amended standards has not had any substantial impact on the reported figures. In other respects, the same accounting principles have been adopted in the interim report as in the Financial Statements on December 31, 2012. The calculation principles of key figures are explained on page 98 of the 2012 Annual report. The information in this report is unaudited.

PRESS AND ANALYST CONFERENCE

A press and analyst conference will be arranged today, Thursday October 24, 2013 at 13.30 at the Gallen-Kallela cabinet at Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki.

Helsinki, October 24, 2013

ASPO Plc

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