ASPO PLC INTERIM REPORT May 3, 2018, at 10:00 a.m.

ASPO GROUP INTERIM REPORT, JANUARY 1 TO MARCH 31, 2018

Aspo Q1: Challenging weather conditions decreased operating profit
(Figures from the corresponding period in 2017 are presented in brackets.)

January–March 2018

- Aspo's net sales decreased by 3% and was EUR 115.3 (119.0) million.
- Operating profit decreased by 16% and was EUR 3.7 (4.4) million.
- Profit for the period stood at EUR 2.0 (3.9) million.
- Earnings per share were EUR 0.05 (0.13).
- The operating profit of ESL Shipping stood at EUR 2.6 (3.0) million, the operating profit of Leipurin amounted to EUR 0.8 (0.4) million, the operating profit of Telko stood at EUR 2.2 (2.3) million, and the operating profit of Kauko stood at EUR -0.6 (-0.5) million.
- Net cash from operating activities improved and was EUR -1.2 (-3.2) million.

Guidance for 2018

Aspo's operating profit will be EUR 25–31 (23.1) million in 2018.

General outlook for 2018

General political uncertainty in the markets has increased. However, industrial production is expected to increase in the main market areas of Aspo's business operations during 2018. Raw material prices are expected to remain at their current level or strengthen. In Russia, the national economy and industrial production are growing, while international sanctions have increased uncertainties over economic development. The global economy is expected to continue its growth. General political risks have increased significantly. This may cause rapid changes in the operating environment or weaken free trade, also having an impact on Aspo's business operations.

KEY FIGURES

	1-3/2018	1-3/2017	Change,%	1-12/2017
Net sales, MEUR	**115.3**	119.0	-3.1	502.4
Operating profit, MEUR	**3.7**	4.4	-15.9	23.1
Operating profit, %	**3.2**	3.7		4.6
Profit before taxes, MEUR	**2.5**	4.2	-40.5	21.1
Profit for the period, MEUR	**2.0**	3.9	-48.7	19.4
Earnings per share, EUR	**0.05**	0.13	-61.5	0.56
Net cash from operating activities, MEUR	**-1.2**	-3.2	62.5	17.4
Equity per share, EUR	**3.74**	3.90		3.67
Return on equity , % (ROE)	**7.0**	13.4		17.1
Equity ratio, %	**36.6**	38.3		35.6
Gearing, %	**103.3**	94.0		103.9
ESL Shipping, operating profit, MEUR	**2.6**	3.0	-13.3	13.5
Leipurin, operating profit, MEUR	**0.8**	0.4	100.0	3.1
Telko, operating profit, MEUR	**2.2**	2.3	-4.3	10.8
Kauko, operating profit, MEUR	**-0.6**	-0.5	-20.0	-0.2

AKI OJANEN, CEO OF ASPO GROUP:

"Aspo's net sales and operating profit decreased from the comparative period, and profit for the period under review was only satisfactory. The first quarter is usually the weakest quarter of the year in Aspo. During this review period, Aspo's profit was particularly affected by the exceptional cold in the northern hemisphere. Ice and weather conditions in the Baltic Sea had an impact on the operational efficiency and fuel economy of ESL Shipping. When operating in icy conditions in the Bothnian Bay, vessels reduce their speed to one third, while their fuel consumption triples. The exceptionally long cold period reduced the production volumes of basic industry in Russia and Ukraine, and postponed the start of the summer season in the construction industry, reducing Telko's net sales in the region.

Of Aspo's businesses, Leipurin continued to improve its results as expected. Telko almost reached the comparative period's operating profit, even though it suffered from weather conditions in Russia and Ukraine. ESL Shipping produced good results, considering the difficult ice conditions, falling, however, significantly short of the comparative period. Kauko's operating result continued to be negative. The Group's administrative costs increased from the comparative period when the level of expenses was unusually low.

Aspo has not changed its view of the long-term development potential, even though international politics has had an impact, for example, on relations between Russia and the west and caused uncertainties over continuing free trade. The prices of raw materials have increased and the price of crude oil has strengthened. We estimate that our positive long-term development continues and Aspo's operating profit increases significantly from the comparative year.

In addition, we expect that the new LNG-fueled vessels of ESL Shipping will be finalized at the shipyard in China and delivered to the shipping company. Taking these two vessels into operation in the Baltic Sea will have a positive impact on the profitability of ESL Shipping."

ASPO GROUP

NET SALES

Net sales by segment

	1-3/2018 MEUR	1-3/2017 MEUR	Change %	1-12/2017 MEUR
ESL Shipping	**20.5**	18.9	8.5	79.3
Leipurin	**30.2**	29.4	2.7	122.3
Telko	**57.7**	63.6	-9.3	262.2
Kauko	**6.9**	7.1	-2.8	38.6
Other operations	**0.0**	0.0	-	0.0
Total	**115.3**	119.0	-3.1	502.4

There is no considerable inter-segment net sales.

Net sales by market area

	1-3/2018 MEUR	1-3/2017 MEUR	Change %	1-12/2017 MEUR
Finland	**37.8**	40.2	-6.0	160.8
Scandinavia	**11.8**	13.0	-9.2	50.6
Baltic countries	**15.9**	12.8	24.2	58.8
Russia, Ukraine + other CIS countries	**32.6**	39.3	-17.0	164.9
Other countries	**17.2**	13.7	25.5	67.3
Total	**115.3**	119.0	-3.1	502.4

The Russian ruble that weakened from the comparative period decreased net sales in eastern markets. In addition, cold weather conditions lowered production volumes of customer companies and thus also demand for raw materials in eastern markets. In Finland, net sales decreased as a result of the cold midwinter weather. Net sales also decreased in Scandinavia. On the other hand, net sales increased in the Baltic and other countries.

EARNINGS

Operating profit by segment

	1-3/2018 MEUR	1-3/2017 MEUR	Change %	1-12/2017 MEUR
ESL Shipping	**2.6**	3.0	-13.3	13.5
Leipurin	**0.8**	0.4	100.0	3.1
Telko	**2.2**	2.3	-4.3	10.8
Kauko	**-0.6**	-0.5	-20.0	-0.2
Other operations	**-1.3**	-0.8	-62.5	-4.1
Total	**3.7**	4.4	-15.9	23.1

Earnings per share

In January–March earnings per share were EUR 0.05 (0.13). Equity per share was EUR 3.74 (3.90).

Financial targets

Aspo's objective is to reach an average return on equity of over 20%, gearing of up to 100% and an operating profit of 7% with the current structure by 2020.

The operating profit rate for the January–March was 3.2% (3.7), return on equity was 7.0% (13.4), and gearing was 103.3% (94.0).

OUTLOOK FOR 2018

The global economy is expected to continue its growth. The economies of Russia and eastern markets will grow, while political risks and international sanctions imposed on Russia have increased risks in eastern markets, and the future development is difficult to predict. Exchange rates are expected to continue to fluctuate heavily. Economic growth in the EU, and particularly in Finland, has accelerated, and Finnish export volumes have increased. Industrial production is expected to increase in the main market areas of Aspo’s business operations in Northern Europe. The positive trend is expected to continue, even though the risk of rapid changes in the economic situation has increased.

The prices of industrial raw materials and oil that are important to Aspo are expected to remain at their current level or strengthen. Dry bulk freight rates in sea transportation that are important to ESL Shipping are expected to remain at their current level or strengthen.

Aspo aims to continue to increase the market shares of its businesses profitably in the strategically important eastern growth markets.

ASPO’S BUSINESS OPERATIONS

ESL SHIPPING

ESL Shipping is the leading dry bulk cargo company in the Baltic Sea region. At the end of the review period, the company's fleet consisted of 18 units, of which the company owned 13. One vessel is operated under a long-term lease agreement and four smaller vessel units have been time-chartered.

	1-3/2018	1-3/2017	Change, %	1-12/2017
Net sales, MEUR	**20.5**	18.9	8.5	79.3
Operating profit, MEUR	**2.6**	3.0	-13.3	13.5
Operating profit, %	**12.7**	15.9		17.0

The competitive edge of ESL Shipping is based on the company’s ability to operate efficiently and reliably in ice regions and to load and unload ships at sea. During the first quarter, the company’s vessels have mainly operated in contract traffic in the Baltic Sea and in Northern Europe, and also performed loading and unloading operations at sea. Transportation operations in the Baltic Sea and the North Sea are based on long-term customer agreements and established customer relationships. One of the shipping company’s two Supramax vessels has been engaged in overseas operations.

The general market prices of dry bulk cargo developed positively at the beginning of the review period, but declined quite steeply at the end of the period after the United States and China announced that they will impose import duties regarding several significant groups of commodities. Cargo price levels are fairly low when examined in the long term.

During the review period, a transportation agreement on the delivery of Russian iron pellets to Central Europe was secured. It was similar to the one signed last year. Deliveries to customers according to the agreement can also be carried out in demanding ice conditions as a result of the Supramax vessels’ ice-strengthening unique in their size category.

ESL Shipping’s net sales in the first quarter increased to EUR 20.5 (18.9) million as a result of increases in the vessel capacity and fuel prices. Rising fuel prices had an impact on the increase in net sales through fuel clauses in cargo agreements. Profitability decreased due to ice conditions being significantly more difficult than in the previous year and resulting increase in fuel consumption and longer travel times. The serious threats of strikes regarding icebreakers and vessels operating under the Finnish flag, combined with preparations for potential strikes, also decreased the operating result. Operating profit for the review period was EUR 2.6 (3.0) million.

Transportation volumes in the Nordic steel industry were at the level of the comparative period, while those in other steel industries decreased. In the energy industry, transportation volumes of coal increased slightly from the comparative period. In the production of bioenergy, challenging weather conditions in the Baltic Sea area had a negative impact on the procurement of raw material by customers and reduced demand for the transportation of wood chips. Instead, transportation volumes of wooden pellets increased significantly as a result of the new smaller vessel category. Transportation volumes in other customer sectors increased. During the first quarter, the cargo volume carried by ESL Shipping equaled that of the comparative period, i.e. 2.5 (2.5) million tons.

Loading and unloading operations for large ocean liners at sea were busier than usual during the first quarter. Several vessels were loaded exceptionally at sea outside the ice area, because large ocean liners were unable to come to port due to ice restrictions.

Operations in a smaller vessel category, launched by the shipping company last fall, have developed in accordance with the internal goals set and have been profitable from the very beginning. These operations support the flexible customer service, regardless of the transportation batch size, and enable the shipping company to expand its portfolio to new customers and material flows. During the first quarter, the most significant new material flows consisted of renewable bioenergy, grain and fertilizers. This business model enables a customer-driven operating method and flexible fleet management. When expanded, the model will increase operating profit, while it will also reduce the operating profit rate.

The shipping company's project to build the world's first two LNG-fueled dry cargo vessels has proceeded as planned, and its cooperation with Sinotrans & CSC Jinling shipyard has been productive. The new vessels are expected to be delivered during the second quarter. The unique autonomous load handling solution of the vessels will improve safety and efficiency at ports further. The building project is part of the Bothnia Bulk project funded partly by the EU.

Outlook for ESL Shipping for 2018

The shipping company's vessel capacity will increase after the completion of the new vessels and their taking into operation in the Baltic Sea. The increase in capacity also allows the shipping company to improve its operational efficiency and profitability during the second half of the year when there has typically been a shortage of vessel capacity. The new vessels will improve the shipping company's profitability and significantly reduce the environmental load of operations. The shipping company has allocated significant resources to secure the high-quality delivery and taking the vessels into operation as planned.

Economic growth in the shipping company's main market areas will continue. However, measures directed at international free trade and increasing political risks may have a significant impact on global material flows. General uncertainty has had a negative impact on international freight markets after the review period. Ship fuel prices are much higher than during the year before. However, this mainly has no impact on profitability as a result of fuel clauses in customer agreements.

The shipping company has secured most of the use of its transportation capacity in the Baltic Sea and Northern Europe through long-term agreements. General demand in the steel industry is good and transport volumes are expected to develop positively and improve from the previous year. Demand for loading and unloading operations for large ocean liners at sea, a segment very important to the shipping company, is expected to remain high.

Transportation volumes in the energy industry are expected to be at least at the previous year's level and possibly increase as a result of the growing need for bioenergy transportation during the heating period at the end of the year. Biofuel transportation markets in the Baltic Sea are expected to increase notably in coming years, and the shipping company is negotiating over several related projects, with transportation operations expected to start during fall 2018.

According to its strategy, the shipping company will continue to expand its customer base, in particular to customer transportation, where both the company's range of different cargos and its operating area can be expanded. The new operations of smaller time-chartered vessels will be developed further during 2018.

In 2018, one vessel will be docked as planned and the pusher barge fleet will undergo the pre-defined maintenance, where the lifecycle of the fleet will be expanded by improving its operating reliability and energy efficiency.

LEIPURIN

Leipurin is a unique provider of solutions for bakery and confectionery products, the food industry and the out of home (OOH) market. The solutions offered by Leipurin range, for example, from product development, recipes, raw materials, training and equipment all the way to the design of sales outlets. As part of its full-range services, Leipurin designs, delivers and maintains production lines for the baking industry, baking units and other machinery and equipment required in the food industry. Leipurin uses leading international manufacturers as its raw material and machinery supply partners. Leipurin operates in Finland, Russia, the Baltic countries, Poland, Ukraine, Kazakhstan and Belarus.

	1-3/2018	1-3/2017	Change, %	1-12/2017
Net sales, MEUR	**30.2**	29.4	2.7	122.3
Operating profit, MEUR *)	**0.8**	0.4	100.0	3.1
Operating profit, %	**2.6**	1.4		2.5

*) 1–12/2017 includes a sales gain of EUR 0.4 million from the divestment of the meat industry raw material business as well as compensation related to Leipurin's project delivery completed in 2014, including processing fees, totaling EUR -0.5 million.

During the first quarter, national economies and the purchasing power of consumers continued to develop positively in Finland and elsewhere in western markets. In eastern markets, the economic situation and private consumption strengthened. In Finland, the consumer price of food continued to increase. In Russia, the rate of inflation remained low and increases in retail volumes continued. The prices of raw materials important to Leipurin showed variation from one raw material group to another. All in all, prices were close to the level of the comparative period. The snack product market is growing in all market areas.

The net sales of Leipurin in the first quarter increased from the comparative period to EUR 30.2 (29.4) million. Especially machinery operations showed growth. Operating profit increased from the comparative period to EUR 0.8 (0.4) million. The operating profit rate during the quarter was 2.6% (1.4). Profitability improved in all business operations, particularly in machinery and eastern raw material operations.

Net sales of bakery raw materials in Russia, Ukraine and other CIS-countries increased during the first quarter by 4% to EUR 7.7 (7.4) million and the operating profit rate was 7% (6). Net sales in the eastern markets, including machinery sales, decreased slightly to EUR 8.2 (8.3) million and the operating profit rate was 7% (6). The market of industrial packed bread continues to decrease in the west, whereas the market of in-store bakeries and baking units has continued to increase. In eastern markets, demand for products in the higher price categories remains lower than during the previous years due to the financial crisis. In 2017, a change took place in Russia, as a result of which bakeries are no longer responsible for retail bread wastage; instead, any unsold bread is covered by the retail industry. This change has significantly reduced the manufacture of packed bread.

In Finnish raw material operations, the net sales of artisan and OOH customer accounts continued to increase during the first quarter, while sales in industrial sectors decreased, mainly due to divestment completed at the end of August 2017, in which Leipurin sold its meat industry raw material business to MP Maustepalvelut Oy. Net sales of bakery raw materials in Finland decreased from the level of the comparative period. In total, net sales of raw material operations in western markets decreased, while operating profit increased, even though the poor development of raw material operations in Poland and investments in new operations and growth reduced the operating profit.

Net sales of the machinery operations increased by 22%, mainly as a result of increases in Leipurin’s own machine production. Sales of principal equipment remained lower than in the comparative period.

The Russian economic crisis at the end of 2014 cut off machinery sales to Russia. The company turned to new market areas in and outside Europe. At the end of the review period, the order book for Leipurin's own production was at a good level.

Outlook for Leipurin for 2018

The market situation is expected to remain challenging in Leipurin's key markets. The market position is expected to remain strong in the industrial baking sector in Finland, Russia and the Baltic region. The net sales and operating profit of Leipurin are expected to increase in 2018.

The Russian economic situation has turned to an increase, and consumer purchasing power is expected to improve. The development of bakery raw material procurement will continue so that Leipurin is better able to respond to any changes in demand. Leipurin will maintain a high profitability in the region, strengthen its market position, and look especially for growth in the bread and pastry sectors, as well as in-store bakeries.

The OOH market is a significant area of growth for Leipurin. Leipurin will continue to invest in the OOH market, particularly in Finland and the western markets, where Leipurin is responding, for example, to the growing demand of chain customers, such as cafés.

In machinery operations, equipment investments of bakeries are expected to increase in Finland and the Baltic countries. A moderate increase in investments is expected in Russia. Leipurin's machinery operations will continue to strengthen the sales and agent network in Western Europe and the Middle East. The expansion of the procurement network for Leipurin's own machine production and the shortening of manufacturing and installation lead times will continue. The increase in Leipurin's own machine production will be driven by increased investments in Leipurin's home markets and elsewhere in Europe.

TELKO

Telko is a leading expert and supplier of plastic raw materials and industrial chemicals. Business is based on representation of the best international principals and on the expertise of the personnel. Telko has subsidiaries in Finland, the Baltic countries, Scandinavia, Poland, Russia, Belarus, Ukraine, Kazakhstan, Azerbaijan, China and Iran.

	1-3/2018	1-3/2017	Change, %	1-12/2017
Net sales, MEUR	**57.7**	63.6	-9.3	262.2
Operating profit, MEUR *)	**2.2**	2.3	-4.3	10.8
Operating profit, %	**3.8**	3.6		4.1

*) 1–12/2017 includes EUR -0.6 million in costs arising from Telko's discontinued terminal project in St. Petersburg, Russia and personnel arrangements

Telko's operating environment mainly remained unchanged or improved in some countries. In eastern markets, the general economic situation was characterized by the transition to the low growth phase, while industrial production continued to increase in western markets. The prices of chemicals sold by Telko increased from the comparative period, being at the same level as in the previous quarter. The prices of technical plastics increased during the review period due to lower availability. The prices of volume plastics were lower than in the comparative period.

Exchange rates that decreased in eastern markets from the comparative period and lower production volumes of customer companies due to exceptionally cold weather conditions reduced Telko's net sales in Russia and Ukraine.In these markets, orders related to the summer season in the construction industry that is important to Telko transferred to the second quarter. In western markets, the low availability of specific raw materials had an impact on the sale of plastics and reduced net sales.

Telko’s net sales during the first quarter fell to EUR 57.7 (63.6) million. In addition to weather conditions in eastern markets, net sales reduced due to the previous decision to discontinue unprofitable customer accounts. In western markets, net sales remained close to the level of the comparative period. Operating profit remained almost unchanged at EUR 2.2 million (2.3). Telko’s relative profitability increased, and the operating profit rate was 3.8% (3.6%).

Net sales in Russia, Ukraine, and other CIS-countries decreased by 16% during the first quarter to EUR 24.0 (28.7) million. Roughly half of the decrease in net sales was attributable to decreased exchange rates and the other half to lower volumes. Relative profitability improved in eastern markets, while the operating profit was less than 5% of net sales.

During the review period, Telko signed new principal agreements on chemical products. These new principals and products are an important part of Telko’s future growth strategy.

Outlook for Telko for 2018

In western markets, strong economic growth is expected to continue, while sales will suffer from the low availability of certain products. In eastern markets, sales are expected to improve as the sale of many seasonal raw materials transferred to the second quarter.

At the beginning of the second quarter, the exchange rate of the Russian ruble decreased as a result of financial sanctions imposed by the USA. If the political situation intensifies, it may have a negative impact on the general economic development of Russia and other CIS countries or the operations of some customer companies.

The prices of chemical raw materials are expected to remain at the level of the first quarter. The increase in the prices of technical plastics is estimated to have stopped. It is expected that there will be downward pressure on the prices of volume plastics during the second quarter. Pressure on prices of volume plastics may be increased by the sale of the new polyolefin capacity from the USA to Europe during the second half of the year. However, this will have a positive impact on the availability of certain plastic raw materials of Telko.

Telko has searched geographic expansion to new potential markets. The plastics operations is negotiating with new principals over new product ranges that will enable Telko to expand to new customer accounts.

Telko aims to expand in its market area and improve its relative profitability. Telko can reach these goals by continuing growth in its current key market areas and by possibly expanding its operations to new geographic areas and by expanding its raw material portfolio.

KAUKO

Kauko is a specialist in demanding mobile knowledge work environments. It supplies the best tools, solutions for improving productivity and services for securing effective use for the needs of industries, logistics, healthcare sector and the authorities. Kauko solutions combine customized applications, devices and services. Its product range also includes products that improve energy efficiency. Kauko’s key market area is Finland.

	1-3/2018	1-3/2017	Change, %	1-12/2017
Net sales, MEUR	**6.9**	7.1	-2.8	38.6
Operating profit, MEUR *)	**-0.6**	-0.5	-20.0	-0.2
Operating profit, %	**-8.7**	-7.0		-0.5

*) 1-3/2017 and 1–12/2017 includes a EUR 0.3 million impairment loss of receivables related to previously divested business operations.

Net sales of Kauko decreased by 2.8% in the first quarter to EUR 6.9 (7.1) million. Net sales include EUR 1.3 (0.0) million in revenue from the project operations to be discontinued in China. The operating result decreased from the comparative period to EUR -0.6 million (EUR -0.5 million in the comparative period, including EUR -0.3 million in impairment loss of receivables).

With regard to mobile knowledge work, the first quarter is typically the weakest quarter of the year in terms of IT deliveries, as new projects are usually launched during the first quarter. During the period, Kauko signed an agreement on the delivery of more than 100 Panasonic 4K TV production cameras. This delivery will mainly be carried out during the second quarter. The first large project in software operations was delivered to the customer. The organization and product range of the unit making IT deliveries to the healthcare sector have been adapted to better correspond to selected customer segments. The measures taken regarding mobile knowledge work were not yet reflected in the operating result.

Sales of energy-efficiency equipment decreased from the comparative period. Kauko holds a significant market share in solar power systems in the Finnish residential sector. Kauko is especially looking for growth from larger systems.

Sami Koskela, Kauko’s Managing Director, resigned from the company in January 2018. Arto Meitsalo, CFO of Aspo Plc acts as a Managing Director of Kauko.

Outlook for Kauko for 2018

The net sales and profitability of total solutions for mobile knowledge work are expected to improve. Kauko is a provider of integrated and customized total solutions, combining applications, devices and other services. The number of orders for the application business is expected to increase.

Service operations will be expanded by shifting more focus on total solutions. According to long-term estimates, the sale of rugged laptops will decrease and the sale of rugged tablets, a sector important to Kauko, will increase in the markets for rugged computers. Kauko holds a particularly strong market position in the sector of rugged tablets for demanding environments.

Kauko provides the healthcare sector with various mobile IT solutions to improve the working efficiency of the nursing staff. The new computer introduced by Kauko for the healthcare sector allows launching sales to other OEM channels outside Kauko’s regular market area.

In the energy sector, the net sales of solar power products are expected to continue to increase rapidly.

OTHER OPERATIONS

Other operations include Aspo Group's administration, the financial and ICT service center, and a small number of other functions not covered by business units.

	1-3/2018	1-3/2017	Change, %	1-12/2017
Net sales, MEUR	**0.0**	0.0	0.0	0.0
Operating profit, MEUR	**-1.3**	-0.8	-62.5	-4.1

The operating result of other operations during the first quarter stood at EUR -1.3 (-0.8) million. The use of external services and lower rental income weakened the operating result. The reversal of provisions and the unusually low amount of purchased services reduced costs in the comparative period. The cost level of Aspo’s other operations is not expected to differ significantly from the previous year’s level.

FINANCING

The Group's cash and cash equivalents stood at EUR 15.6 (12/2017: 19.9) million at the end of the first quarter. The consolidated balance sheet included a total of EUR 134.1 (12/2017: 136.6) million in interest-bearing liabilities. The average interest rate of interest-bearing liabilities was 1.8% (12/2017: 1.8) at the end of the review period. Non-interest-bearing liabilities totaled EUR 70.6 (12/2017: 72.2) million.

Aspo Group's gearing was 103.3% (12/2017: 103.9) and its equity ratio was 36.6% (12/2017: 35.6). At the end of the first quarter in 2017, the gearing was 94.0% and equity ratio was 38.3%.

The Group’s net cash from operating activities was EUR -1.2 (-3.2) million in the review period. During the review period, the change in net working capital was EUR -6.0 (-8.4) million. Net cash from investing activities totaled EUR -0.4 (-6.7) million. The Group’s free cash flow was EUR -1.6 (-9.9) million.

The amount of committed revolving credit facilities signed between Aspo and its main financing banks was EUR 40 million at the end of the review period. The revolving credit facilities remained fully unused at the end of the review period, EUR 2 million of Aspo’s EUR 80 million commercial paper program were in use. In 2018, a total of approximately EUR 16 million in financing agreements will fall due.

On May 27, 2016, Aspo issued a hybrid bond of EUR 25 million. The fixed coupon rate of the bond is 6.75% per annum. The bond has no specified maturity date, but the company may exercise an early redemption option after four years of its issuance date.

Aspo has hedged its interest rate risk by means of interest rate swaps. Their fair value on March 31, 2018 was EUR -0.3 (12/2017: -0.4) million. The financial instruments are on level 2 of the fair value hierarchy.

Aspo Group has hedged its currency-denominated cash flows associated with the acquisition of new vessels using currency forward agreements, to which hedge accounting is applied. The nominal value of these currency forward agreements was EUR 25.9 million, and their fair value was EUR -1.1

(12/2017: -1.7) million on March 31, 2018. The financial instruments are on level 2 of the fair value hierarchy.

INVESTMENTS

The Group's investments during the first quarter of 2018 stood at EUR 0.6 (7.1) million. Investments mainly consisted of ESL Shipping's advance payments and Telko's equipment investments. Investments during the comparative period mainly consisted of advance payments of ESL Shipping's vessel investments.

Investments by segment, acquisitions excluded

	1-3/2018 MEUR	1-3/2017 MEUR	Change %	1-12/2017 MEUR
ESL Shipping	**0.4**	6.6	-93.9	16.8
Leipurin	**0.0**	0.1	-100.0	0.5
Telko	**0.2**	0.3	-33.3	0.5
Kauko	**0.0**	0.1	-100.0	0.1
Other operations	**0.0**	0.0	-	0.1
Total	**0.6**	7.1	-91.5	18.0

PERSONNEL

Personnel by segment, period-end.

	3/2018	3/2017	Change %	12/2017
ESL Shipping	**235**	232	1.3	235
Leipurin	**322**	323	-0.3	315
Telko	**278**	284	-2.1	288
Kauko	**44**	43	2.3	46
Other operations	**26**	25	4.0	25
Total	**905**	907	-0.2	909

At the end of the review period, Aspo Group had 905 (907) employees.

Rewarding

Aspo Group applies a profit bonus system which was adopted in 2013. The profit bonus system applied to Finnish personnel is linked with the personnel fund so that the bonus can be invested in the personnel fund or withdrawn 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.

Share-based incentive plan 2015–2017

In 2015, the Board of Directors of Aspo Plc approved a share-based incentive plan for about 30 persons. The plan included three earnings periods, the calendar years 2015, 2016 and 2017. The Board of Directors decided on the plan's performance criteria and required performance levels for each criterion at the beginning of each earnings period.

The reward from the earnings period 2017 was based on the Group's earnings per share (EPS). In

March 2018, on the basis of the 2017 earnings period, employees included in the plan received 70,525 treasury shares as a share-based reward, as well as cash equaling the value of the shares, at most, in order to pay taxes.

On the basis of the share-based incentive plan 2015–2017, a total of 185,235 treasury shares were transferred, as well as cash equaling the value of the shares in order to pay taxes. When the decision regarding the 2015-2017 plan was taken the rewards to be paid corresponded to the approximate maximum total value of 900,000 Aspo Plc shares (including also the proportion to be paid in cash).

Share-based incentive plans 2018–2020

The Board of Directors of Aspo Plc has approved three new share-based incentive plans for the Group key employees in April 2018. The aim of the new plans is to combine the objectives of the shareholders and the key employees in order to increase the value of the company in the long-term, to retain the key employees at the company, and to offer them competitive reward plans based on earning and accumulating the company´s shares.

Share-based incentive plan 2018–2020

The share-based incentive plan 2018–2020 includes three earnings periods, calendar years 2018, 2019 and 2020. The Board of Directors of the company will resolve on the plan’s performance criteria and required performance levels for each criterion at the beginning of each earnings period. The potential reward of the plan from the earnings period 2018 will be based on the Group’s earnings per share (EPS).

The share-based incentive plan is directed to approximately 15 people, including the members of the Group Executive Committee, during the earnings period 2018. The rewards to be paid on the basis of the share-based incentive plan 2018–2020 correspond to the value of a maximum total of 500,000 Aspo Plc shares including also the proportion to be paid in cash.

Executive Committee share-based incentive plan 2018–2020

The Executive Committee share-based incentive plan 2018–2020 includes one earnings period, calendar years 2018–2020. The potential reward of the plan from the earnings period 2018–2020 will be based on the Group’s operating profit (EBIT), and the reward payment requires exceptional performance.

The potential reward from the earnings period 2018–2020 will be paid partly in the company´s shares and partly in cash in 2021. The rewards to be paid on the basis of the earnings period 2018–2020 correspond to the value of a maximum total of 200,000 Aspo Plc shares including also the proportion to be paid in cash.

Restricted share-based incentive plan 2018

The reward from the restricted share-based incentive plan 2018 will be based on the participant’s valid employment or service and the continuation of employment during the vesting period. The reward will be paid partly in the company´s shares and partly in cash after the end of a 12–36 month vesting period. The restricted share-based incentive plan is intended solely for individual key employees by a special resolution of the Board of Directors. The rewards to be paid on the basis of restricted share-based incentive plan 2018 correspond to the value of a maximum total of 100,000 Aspo Plc shares including also the proportion to be paid in cash.

RISKS AND RISK MANAGEMENT

Outlook for the global economy and Finland’s national economy has improved. Global trade is growing more rapidly than total global production, and economic growth has also reduced financial risks associated with Aspo’s market areas. Political risks have increased, but they are not expected to have any impact on Aspo’s business operations in the short term. Furthermore, Aspo’s business operations have not been affected by the import duties imposed by the USA and China that restrict free trade in general. Setbacks related to free trade agreements have not had any significant impact on Aspo’s businesses.

In Aspo’s main market areas, private consumption and investments have increased and economic growth has continued in Russia, while western economies are growing strongly. In Russia, inflation continued to slow down. General cargo prices in sea transport decreased throughout the first quarter.

Financial risks in all of Aspo’s businesses have decreased as a result of the improved market development. However, any unexpected changes in international politics, or rapid changes in exchange rates or commodities markets, may have an impact on the demand and competitiveness of the products of Aspo’s companies. Growth in eastern and western markets was still limited by low demand for investment assets. However, it is already showing some growth. Investments have increased in Russia, even though most of them are still targeted at the energy sector. Private consumption has also gone up in Russia, which is expected to increase imports. As there have been no structural economic changes, economic growth is expected to remain at the previous year’s level.

Strategic risks

Russia’s imports and exports have increased, while growth is expected to slow down. The Russian economy has also stabilized and inflation has decelerated. Deteriorated consumption demand in the long term has affected all trade, but the increase in nominal wages and the improved confidence of consumers towards the economy increased consumption. In Ukraine, the economic situation weakened during the first quarter. No signs of decrease were visible any more in the financing market or payments in Russia and Ukraine. Companies are more willing to make investments, even though the sale of investment assets is still slowed down by caution.

The promotion of local production will continue to increase the volume of raw materials and items produced in Russia in industrial production, despite the decrease in quality. This may reduce the position of imported raw materials in the value chain and lower the margin level, but an increase in import volumes may add to the demand of foreign raw materials and, correspondingly, reduce related risks for Aspo.

Political risks have increased globally, which may have a rapid impact on Aspo’s operating environment and reduce free trade in the short and long term. The economic and political situation in Aspo’s market areas may have made it more difficult to make structural changes as part of Aspo’s strategy. The situation may continue unchanged, but, as the economic and political pressure alleviates, it may change completely and rapidly.

Economic sanctions, their increase or other obstacles arising from the economic or political situation in Russia may, in part, reduce transportation volumes originating from Russia and the demand for unloading services for large ocean liners at sea. Protectionist actions may decrease sea transportation in the Russian arctic if Russia set stricter regulations on internal transportation, for example, regarding the transport of energy products. In Finland and the rest of Europe, social pressures to reduce the use of coal in energy production have increased, which will reduce coal transportation volumes in the future. Correspondingly, the transportation volumes of replacement energy products will increase. Due to this change, it is difficult to estimate future transportation volumes. The extended low level of international freight indices and the global increase in the number of vessels, particularly in large size categories, have increased uncertainty over the long-term profitability of shipping companies. Nevertheless, there are signs of a reasonable increase in freight indices and of a decrease in the number of vessels in the long term.

Strategic risks may be caused by deterioration of global economics, the political atmosphere, protectionism and the outlook and production choices of industrial customers. Decisions on energy production structures affected by environmental policy and other political choices cause changes in industry and energy production that may decrease the use of fossil fuels and increase the use of alternative forms of energy. The flow of goods in the Baltic Sea may change as a result of steel production, cost structures, changes in the customer structure, such as centralization of ownership, or for other reasons. These changes may have negative consequences on operations as the need for transportation decreases, but they can also be seen as significant opportunities. As a result of low cargo prices in international shipping, competition over cargoes may also become fiercer in the Baltic Sea. Mild, ice-free winters may also increase competition. In order to improve its competitive position, ESL Shipping is building new, low-emission vessels with better fuel economy for this region and customer base. They will also be able to operate in ice conditions.

Strategic risks are influenced by long-term changes in cargo prices, the building of new ships and the removal of others from the markets, investment trends, and changes in trade structures, especially in western markets. In eastern markets, risks are increased by such factors as political instability, social structures or their lack of reaction to the difficulties encountered by business operations. The accumulation and discharge of investments may cause long-term changes in the competitive situation and customer behavior. Trade between eastern and western markets may suffer from restrictions on free trade, as a result of which there may be a decrease in sales of goods and services.

Rapid changes in economic structures may cause risks due to changes in the customer or principal structure or technologies, and due to unused opportunities that require a quick response. Disruptive changes may be very rapid. Aspo’s strategic risks are evened out by the distribution of business operations over four segments, its engagement in business operations in a broad geographical area, and its ability to react quickly to changing situations.

In addition to western markets, Aspo operates in areas where economic development may turn rapidly positive or negative, which could significantly change the prevailing operating conditions.

Operational risks

Economic uncertainty in Aspo’s operating environment decreased during the review period. However, operational risks remained unchanged. These include risks related to supply chains, goods and services, and persons. The threat of various external misuse has also increased in the Group as a result of the development of electronic media.

For a long time, the focus of Aspo’s growth has been on emerging market areas, where risks decelerating growth are affected by factors such as exchange rate fluctuations and interest rates, the level of and changes in the global market prices of raw materials, industrial and commercial investments, customer liquidity, changes in legislation and import regulations, and inactivity, bias or corruption among public authorities.

Economic growth and, alternatively, any decrease in production may have an impact on demand for raw materials. Political and economic instability is disturbing commercial activities and, if the situation continues, the growth of Aspo’s business operations may slow down. Consumer behavior and confidence are also reflected in risks associated with B-to-B customers and their risk levels. The growth opportunities presented by emerging markets are encouraging interest among competitors in starting or expanding business operations in these areas. The challenging emerging markets and their escalated situations have also caused competitors to withdraw from these markets, which has created new potential for Aspo's businesses and increased their market shares.

Hedging against exchange rate changes is not possible in all conditions and, especially at all times. Changes in exchange rates may lower the results and equity on the balance sheet as a result of translation differences. Then again, changes in exchange rates may also strengthen the result and balance sheet. As changes in credit loss risks are diversified across businesses and customers, Aspo's businesses have not been subjected to any significant credit losses related to their customers, even though credit loss risks have increased. Principal risks have materialized through unreceived commission returns.

Sales margins may be reduced and financial claims related to deliveries may emerge if Aspo's products are not suited for the customers' production processes or don't have the right technical properties. Operative risks have also been increased by computer-related crime, malware and the increased number of fraud attempts. If realized, these risks may mean financial losses for Aspo. Aspo has appropriate information security and internal training arrangements, but individual cases may occur due to the decentralized structure of operations.

The quantity and probability of the Group's loss risks are regularly assessed. Bidding processes are arranged for general insurance policies and the amounts insured are regularly updated. The amounts insured are sufficient in view of the scope of Aspo's operations, but insurance companies may restrict the validity of insurance policies as a result of risks increasing for various reasons, such as in war areas.

Internal control and risk management

One of the responsibilities of Aspo's Audit Committee is to monitor the efficiency of the Group's internal control, internal audit, 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 control principles approved by the Board of Directors, risk management is part of Aspo's internal control, 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 businesses 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 management of operations. Risk management is managed by Aspo's CFO, who reports to the Group CEO.

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

A more detailed account of the risk management policy and the most significant risks has been published on the company's website. More detailed information on financial risks can be found in the notes to the financial statements.

SHARE CAPITAL AND SHARES

Aspo Plc's share capital on March 31, 2018 was EUR 17,691,729.57 and the total number of shares was 30,975,524 of which the company held 299,961 shares; that is, 1.0% 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 Helsinki Oy's Mid Cap segment under industrial products and services.

During January–March 2018, a total of 477,206 Aspo Plc shares with a market value of EUR 4.7

million were traded on Nasdaq Helsinki, in other words, 1.5% of the stock changed hands. During January–March, the share price reached a high of EUR 10.10 and a low of EUR 9.40. The average price was EUR 9.82 and the closing price at end of March was EUR 9.96. At the end of the review period, the market value excluding treasury shares was EUR 305.5 million.

The number of Aspo Plc shareholders was 9,089 at end of the review period. A total of 989,114 shares, or 3.2% of the share capital, were nominee registered or held by non-domestic shareholders.

DECISIONS AT THE SHAREHOLDERS' MEETING

Dividend

The Annual Shareholders' Meeting of Aspo Plc on April 10, 2018, approved the payment of a dividend totalling EUR 0.43 per share in accordance with the Board of Directors' proposal.

The dividend will be paid in two installments. The payment date for the first installment of EUR 0.21 per share was April 19, 2018.

The second installment of EUR 0.22 per share will be paid in November 2018 to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date. At its meeting to be held on October 25, 2018, the Board of Directors will decide on the record and payment dates of the second instalment, in accordance with the rules of the Finnish book-entry securities system. According to the current system, the dividend record date would be October 29, 2018 and the payment date would be November 5, 2018.

Board of Directors and the Auditors

Mammu Kaario, Mikael Laine, Gustav Nyberg, Salla Pöyry and Risto Salo were re-elected to the Board of Directors and Tatu Vehmas was elected as the new member of the Board. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Gustav Nyberg was elected as Chairman of the Board and Mammu Kaario as Vice Chairman. At the meeting the Board also decided to appoint Mammu Kaario as Chairman of the Audit Committee and Mikael Laine, Salla Pöyry and Tatu Vehmas as committee members.

The Authorized Public Accountant firm Ernst & Young Oy was elected as company auditor. Ernst & Young Oy has announced that Toni Halonen, APA, will act as the auditor in charge.

Board authorizations

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

The Annual Shareholders' Meeting on April 10, 2018 authorized the Board of Directors to decide on the acquisition of no more than 500,000 of the treasury shares using the unrestricted equity of the company representing about 1.6% of all the shares in the company. The authorization includes the right to accept treasury shares as a pledge. The authorization is valid until the Annual Shareholders' Meeting in 2019 but not more than 18 months from the approval at the Shareholders' Meeting.

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

The Annual Shareholders´ Meeting on April 10, 2018 authorized the Board of Directors to decide on a share issue, through one or several instalments, to be executed by conveying treasury shares. An aggregate maximum amount of 900,000 shares may be conveyed based on the authorization. The authorization is valid until the Annual Shareholders' Meeting in 2019 but not more than 18 months from the approval at the Shareholders' Meeting.

Authorization of the Board of Directors to decide on a share issue of new shares

The Annual Shareholders' Meeting on April 10, 2018 authorized the Board of Directors to decide on a share issue of new shares against payment. The authorization includes the right of the Board of Directors to decide on all of the other terms and conditions of the conveyance and thus also includes the right to decide on a directed share issue, in deviation from the shareholders' pre-emptive right, if a compelling financial reason exists for the company to do so. The total number of new shares to be offered for subscription may not exceed 1,500,000. The authorization is valid until the Annual Shareholders' Meeting in 2019 but not more than 18 months from the approval at the Shareholders' Meeting.

LEGAL PROCEEDINGS

On February 27, 2015, the Helsinki District Court announced its judgement in the case between ESL Shipping and the Finnish State regarding fairway dues levied during the years 2001-2004. According to the judgement, the Finnish State will be required to refund to ESL Shipping approximately EUR 3.0 million in accordance with the company's claim, as well as legal expenses and interest. The State lodged an appeal against the District Court's judgement and, in its ruling issued on August 8, 2016, the Court of Appeal overruled the Helsinki District Court's judgement and dismissed ESL Shipping's legal action as time-barred. The company applied for a leave to appeal from the Supreme Court, which rejected the application in February 2018.

The shipping company won legal proceedings against Indian ABG Shipyard concerning the compensation payable for repairs made to m/s Alppila during the warranty period. The vessel was delivered to ESL Shipping in 2011. According to the ruling of the arbitration court, ABG Shipyard was required to refund the repair expenses and interest to ESL Shipping according to the company's claims. The impact of ruling will be taken into account during the financial year over which the imposed payment is received.

Telko has initiated a process at the Administrative Court concerning the tax increase imposed by Finnish Customs related to batches of material that Telko imported in 2013 and 2014. Telko considers the charges imposed by Finnish Customs to be unfounded. The charges of EUR 1.7 million were recognized as expenses in 2015.

In spring 2017, Kauko took legal action in civil court against two individuals who worked in leading positions in the mobile knowledge work unit that provides IT solutions for the healthcare sector due to breaches of the non-solicitation and non-compete clauses. On February 2018, the District Court has decided the matter for the benefit of the defendants and Kauko has appealed against the judgement to the Court of Appeal. The decision has no effect on the result of Aspo Group.

Helsinki May 3, 2018

ASPO PLC

Board of Directors

ASPO GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-3/2018 MEUR	%	1-3/2017 MEUR	%	1-12/2017 MEUR	%
Net sales	115.3	100.0	119.0	100.0	502.4	100.0
Other operating income	0.6	0.5	0.3	0.3	2.0	0.4
Materials and services	-83.8	-72.7	-88.1	-74.0	-370.5	-73.7
Employee benefit expenses	-10.5	-9.1	-10.3	-8.7	-41.6	-8.3
Depreciation, amortization and impairment losses	-2.9	-2.5	-3.0	-2.5	-11.9	-2.4
Other operating expenses	-15.0	-13.0	-13.5	-11.3	-57.3	-11.4
Operating profit	3.7	3.2	4.4	3.7	23.1	4.6
Financial income and expenses	-1.2	-1.0	-0.2	-0.2	-2.0	-0.4
Profit before taxes	2.5	2.2	4.2	3.5	21.1	4.2
Income taxes	-0.5	-0.4	-0.3	-0.3	-1.7	-0.3
Profit for the period	2.0	1.7	3.9	3.3	19.4	3.9
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods:						
Translation differences	-0.2		1.3		-3.0	
Cash flow hedges	0.9		-0.6		-3.7	
Income tax on other comprehensive income	0.0		0.0		0.2	
Other comprehensive income for the period, net of taxes	0.7		0.7		-6.5	
Total comprehensive income	2.7		4.6		12.9	
Profit attributable to shareholders	2.0		3.9		19.4	
Total comprehensive income attributable to shareholders	2.7		4.6		12.9	
Earnings per share, EUR	0.05		0.13		0.56	
Diluted earnings per share, EUR	0.05		0.13		0.56	

ASPO GROUP CONSOLIDATED BALANCE SHEET

	3/2018 MEUR	3/2017 MEUR	Change %	12/2017 MEUR
Assets				
Intangible assets	7.6	9.2	-17.4	8.0
Goodwill	42.0	42.6	-1.4	42.0
Tangible assets	117.9	117.4	0.4	119.9
Other non-current assets	3.6	4.4	-18.2	4.0
Total non-current assets	171.1	173.6	-1.4	173.9
Inventories	64.6	60.1	7.5	60.9
Accounts receivable and other receivables	68.1	65.8	3.5	66.4
Cash and cash equivalents	15.6	16.6	-6.0	19.9
Total current assets	148.3	142.5	4.1	147.2
Total assets	319.4	316.1	1.0	321.1
Equity and liabilities				
Share capital	17.7	17.7	0.0	17.7
Other equity	97.0	101.6	-4.5	94.6
Total equity	114.7	119.3	-3.9	112.3
Loans and overdraft facilities	108.7	114.7	-5.2	109.5
Other liabilities	3.6	4.9	-26.5	3.8
Total non-current liabilities	112.3	119.6	-6.1	113.3
Loans and overdraft facilities	25.4	14.0	81.4	27.1
Accounts payable and other liabilities	67.0	63.2	6.0	68.4
Total current liabilities	92.4	77.2	19.7	95.5
Total equity and liabilities	319.4	316.1	1.0	321.1

ASPO GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share Capital
B = Share Premium
C = Fair Value Reserve
D = Other Reserves
E = Treasury Shares
F = Translation Differences
G = Retained Earnings
H = Total

MEUR	A	B	C	D	E	F	G	H
Equity January 1, 2018	17.7	4.3	-2.5	37.0	-2.1	-21.6	79.5	112.3
Comprehensive income:								
Profit for the period							2.0	2.0
Translation differences						-0.2		-0.2
Cash flow hedges*			0.9					0.9
Total comprehensive income			0.9			-0.2	2.0	2.7
Transactions with owners:								
Interest on hybrid instrument							-0.4	-0.4
Share-based incentive plan					0.4		-0.3	0.1
Total transactions with owners					0.4		-0.7	-0.3
Equity March 31, 2018	17.7	4.3	-1.6	37.0	-1.7	-21.8	80.8	114.7
Equity January 1, 2017	17.7	4.3	1.0	37.0	-2.3	-18.6	75.4	114.5
Comprehensive income:								
Profit for the period							3.9	3.9
Translation differences						1.3		1.3
Cash flow hedges*			-0.6					-0.6
Total comprehensive income			-0.6			1.3	3.9	4.6
Transactions with owners:								
Share-based incentive plan					0.2		0.0	0.2
Total transactions with owners					0.2		0.0	0.2
Equity March 31, 2017	17.7	4.3	0.4	37.0	-2.1	-17.3	79.3	119.3

* net of taxes

ASPO GROUP CONSOLIDATED CASH FLOW STATEMENT

	1-3/2018 MEUR	1-3/2017 MEUR	1-12/2017 MEUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit	3.7	4.4	23.1
Adjustments to operating profit	2.3	3.5	13.6
Change in working capital	-6.0	-8.4	-12.6
Interest paid	-0.9	-2.5	-5.1
Interest received	0.2	0.3	1.0
Income taxes paid	-0.5	-0.5	-2.6
Net cash from operating activities	-1.2	-3.2	17.4
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in tangible and intagible assets	-0.2	-0.6	-4.0
Advance payments on vessels	-0.2	-6.2	-13.7
Proceeds from sale of tangible assets		0.1	0.3
Proceeds from sale of other non-current assets			0.2
Sale of business operations			0.6
Net cash from investing activities	-0.4	-6.7	-16.6
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in current loans	-1.7	5.2	3.7
Proceeds from non-current loans		0.6	15.6
Repayments of non-current loans	-0.9	-2.2	-7.8
Hybrid instrument, interests			-1.7
Dividends distributed			-12.9
Net cash from financing activities	-2.6	3.6	-3.1
Change in cash and cash equivalents	-4.2	-6.3	-2.3
Cash and cash equivalents January,1	19.9	22.6	22.6
Translation differences	-0.1	0.3	-0.4
Cash and cash equivalents at period-end	15.6	16.6	19.9

ASPO GROUP DISAGGREGATION OF NET SALES

Net sales by market area

	1-3/2018	1-3/2017	1-12/2017
ESL Shipping	MEUR	MEUR	MEUR
Finland	7.0	7.3	29.1
Scandinavia	3.9	4.4	15.8
Baltic countries	2.8	1.0	5.5
Russia, Ukraine + other CIS countries	0.4	2.3	6.3
Other countries	6.4	3.9	22.6
Total	20.5	18.9	79.3
Leipurin			
Finland	12.1	12.6	48.2
Scandinavia	0.1	0.4	0.8
Baltic countries	8.3	6.9	32.1
Russia, Ukraine + other CIS countries	8.2	8.3	35.0
Other countries	1.5	1.2	6.2
Total	30.2	29.4	122.3
Telko			
Finland	13.2	13.6	52.4
Scandinavia	7.7	8.2	33.9
Baltic countries	4.8	4.8	20.7
Russia, Ukraine + other CIS countries	24.0	28.7	123.6
Other countries	8.0	8.3	31.6
Total	57.7	63.6	262.2
Kauko			
Finland	5.5	6.7	31.1
Scandinavia	0.1	0.0	0.1
Baltic countries	0.0	0.1	0.5
Russia, Ukraine + other CIS countries	0.0	0.0	0.0
Other countries	1.3	0.3	6.9
Total	6.9	7.1	38.6
Total			
Finland	37.8	40.2	160.8
Scandinavia	11.8	13.0	50.6
Baltic countries	15.9	12.8	58.8
Russia, Ukraine + other CIS countries	32.6	39.3	164.9
Other countries	17.2	13.7	67.3
Total	115.3	119.0	502.4

Net sales by timing of recognition

	1-3/2018	1-3/2017	1-12/2017
ESL Shipping	MEUR	MEUR	MEUR
Over time	20.5	18.9	79.3
Total	20.5	18.9	79.3
Leipurin			
At a point of time	27.2	28.3	114.7
Over time	3.0	1.1	7.6
Total	30.2	29.4	122.3
Telko			
At a point of time	57.5	63.4	261.3
Over time	0.2	0.2	0.9
Total	57.7	63.6	262.2
Kauko			
At a point of time	6.8	7.1	38.4
Over time	0.1	0.0	0.2
Total	6.9	7.1	38.6
Total			
At a point of time	91.5	98.8	414.4
Over time	23.8	20.2	88.0
Total	115.3	119.0	502.4

Net sales by product category

	1-3/2018	1-3/2017	1-12/2017
	MEUR	MEUR	MEUR
ESL Shipping total	20.5	18.9	79.3
Raw materials	24.6	24.8	103.3
Machinery	5.6	4.6	19.0
Leipurin total	30.2	29.4	122.3
Plastics	33.4	37.8	150.7
Chemicals	24.3	25.8	111.5
Telko total	57.7	63.6	262.2
Mobile knowledge work	3.1	3.9	17.6
Energy-efficiency equipment	2.5	3.2	14.5
Other	1.3	0.0	6.5
Kauko total	6.9	7.1	38.6
Total	115.3	119.0	502.4

ASPO GROUP ASSETS AND LIABILITIES BY SEGMENT

Segments' assets, MEUR	3/2018	3/2017	12/2017
ESL Shipping	130.7	127.1	132.9
Leipurin	62.2	62.0	63.5
Telko	84.3	85.1	76.4
Kauko	21.9	19.8	23.6
Unallocated items	20.3	22.1	24.7
Total	319.4	316.1	321.1

Segments' liabilities, MEUR	3/2018	3/2017	12/2017
ESL Shipping	10.0	8.5	11.0
Leipurin	16.3	14.9	17.9
Telko	31.2	32.5	29.7
Kauko	5.9	5.3	6.6
Unallocated items	141.3	135.6	143.6
Total	204.7	196.8	208.8

ACCOUNTING PRINCIPLES

Aspo Plc's interim report has been prepared in accordance with the principles of IAS 34 *Interim Financial Reporting*. As of January 1, 2018, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2017 consolidated financial statements. In other respects, the same accounting principles have been adopted as in the consolidated financial statements of December 31, 2017. The information in this report is unaudited.

Aspo Plc applies the guidance on alternative key figures issued by the European Securities and Market Authority (ESMA). In addition to IFRS figures, the company releases other commonly used key figures which are mainly derived from the statement of comprehensive income and balance sheet. According to the management, key figures clarify the view drawn by the statement of comprehensive income and balance sheet of Aspo's financial performance and financial position. The calculation principles of key figures are explained on page 79 of the Financial Statements and Responsibility Report 2017.

Adoption of new or amended standards:

IFRS 15 – Revenue from Contracts with Customers. Aspo adopted the standard on January 1, 2018, by using a fully retrospective method, and also by using practical expedients that are allowed by the standard. The impact of the new standard on Aspo's revenue recognition principles are explained in more detail in notes to the financial statements or in the section describing the application of amended standards and IFRIC interpretations (page 47 of the Financial Statements and Responsibility Report 2017). Because the impact of the application of the standard's revenue recognition principles, considering materiality, is minor, the 2017 comparative information has not been adjusted. Aspo specifies revenue from contracts with customers according to market areas, product categories and timing of revenue recognition.

IFRS 9 – Financial Instruments. The adoption of the standard starting from January 1, 2018 is explained in more detail in notes to the financial statements (page 49 of the Financial Statements and

Responsibility Report 2017). When measuring accounts receivable, Aspo applies the simplified segment-specific model to the determination of expected credit losses as allowedby the standard. The impact of the changes resulting from the standard on the opening balance sheet and the figures of the quarter was immaterial compared to the previous provision practice and, therefore, the figures on the opening balance sheet have not been adjusted.

Changes to IFRS 2 – Share-based Payment. Aspo will adopt the changes in its Half Year Financial Report. The changes do not have any significant impact on the Group's financial statements.

IFRS 16 – Leases. In 2017, Aspo launched a project to prepare for the adoption of the standard. The expected impact of the adoption of the standard is explained in more detail in notes to the financial statements (page 49 of the Financial Statements and Responsibility Report 2017). As a provisional estimate, Aspo will adopt the new standard by using a simplified transition method, starting from January 1, 2019. As the project proceeds, Aspo will specify its estimate of the impact of the standard.

SEGMENT REPORTING

Aspo Group's operating segments are ESL Shipping, Leipurin, Telko and Kauko. Other operations consists of Aspo Group's administration, the financial and ICT service center, and a small number of other functions not covered by 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.

PRESS AND ANALYST CONFERENCE

A press and analyst conference will be arranged today, Thursday May 3, 2018 at 14.00 at Hotel Kämp's Akseli Gallen-Kallela conference room, Pohjoisesplanadi 29, 00100 Helsinki.

FINANCIAL INFORMATION IN 2018

In 2018, Aspo Plc will publish the following Reports:
- Half Year Financial Report for January-June on Tuesday August 14, 2018
- Interim Report for January-September on Thursday, October 25, 2018.

Helsinki May 3, 2018

ASPO PLC

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Aspo is a conglomerate that owns and develops businesses in Northern Europe and growth markets focusing on demanding B-to-B customers. The aim of our strong corporate brands – ESL Shipping, Leipurin, Telko and Kauko – is to be the market leaders in their sectors. They are responsible for their own operations, customer relationships and the development of these. Together they generate Aspo's goodwill. Aspo's Group structure and business operations are developed persistently without any predefined schedules.