



Aspo Q3

October 26, 2017

CEO Aki Ojanen

Group Treasurer Harri Seppälä

Net sales and operating profit continued growth in Q3

In Q3, net sales increased to EUR 127.2 million (118.2).

In Q3, operating profit improved to EUR 7.1 million (6.0).

Profit for the quarter was EUR 5.9 million (5,0).

Earnings per share were EUR 0.19 (0.16).

In Q1-Q3, earnings per share increased by 25% and were EUR 0.40 (0.32).

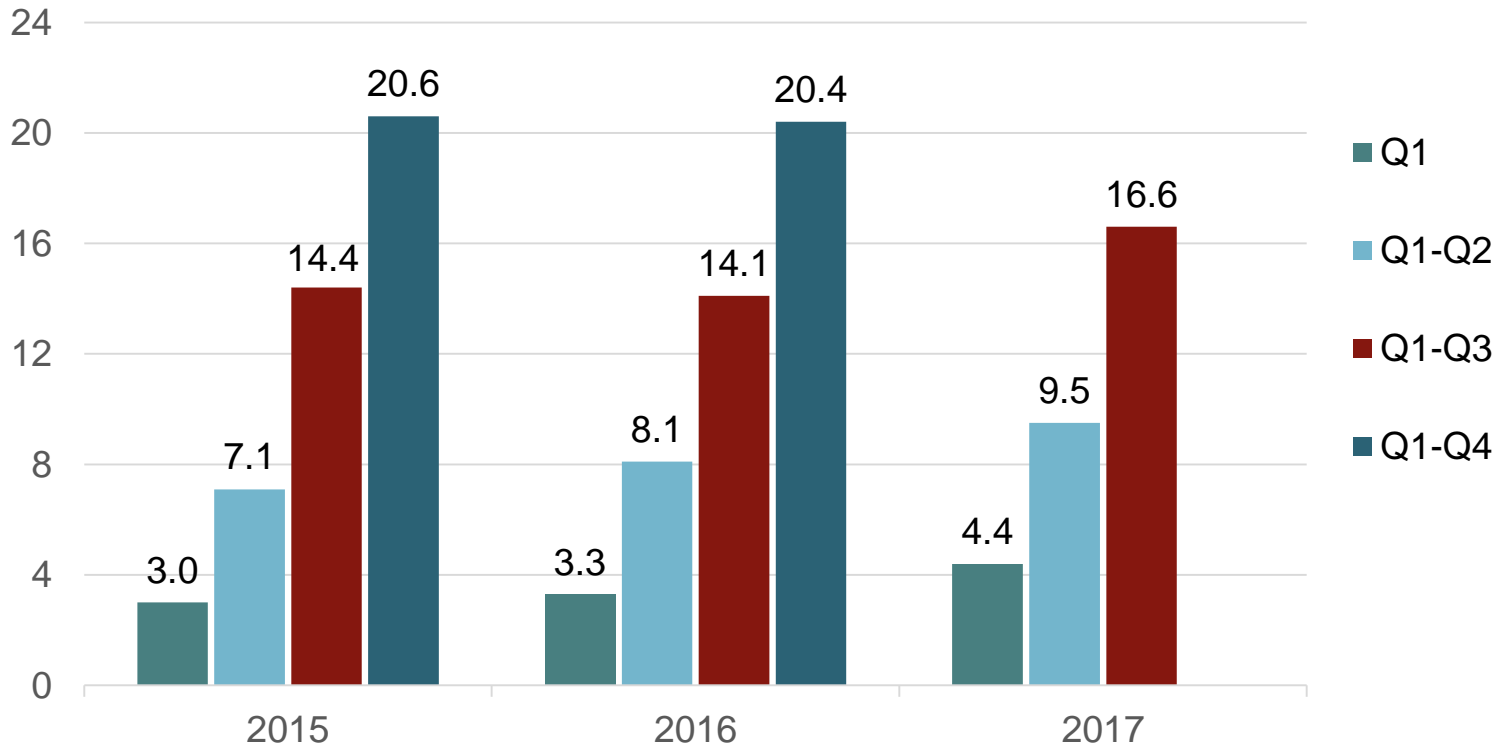
In Q1-Q3, net cash from operating activities improved to EUR 5.7 million (-2.5).

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

Operating profit Q1-Q3 increased by 18%

Operating profit

MEUR

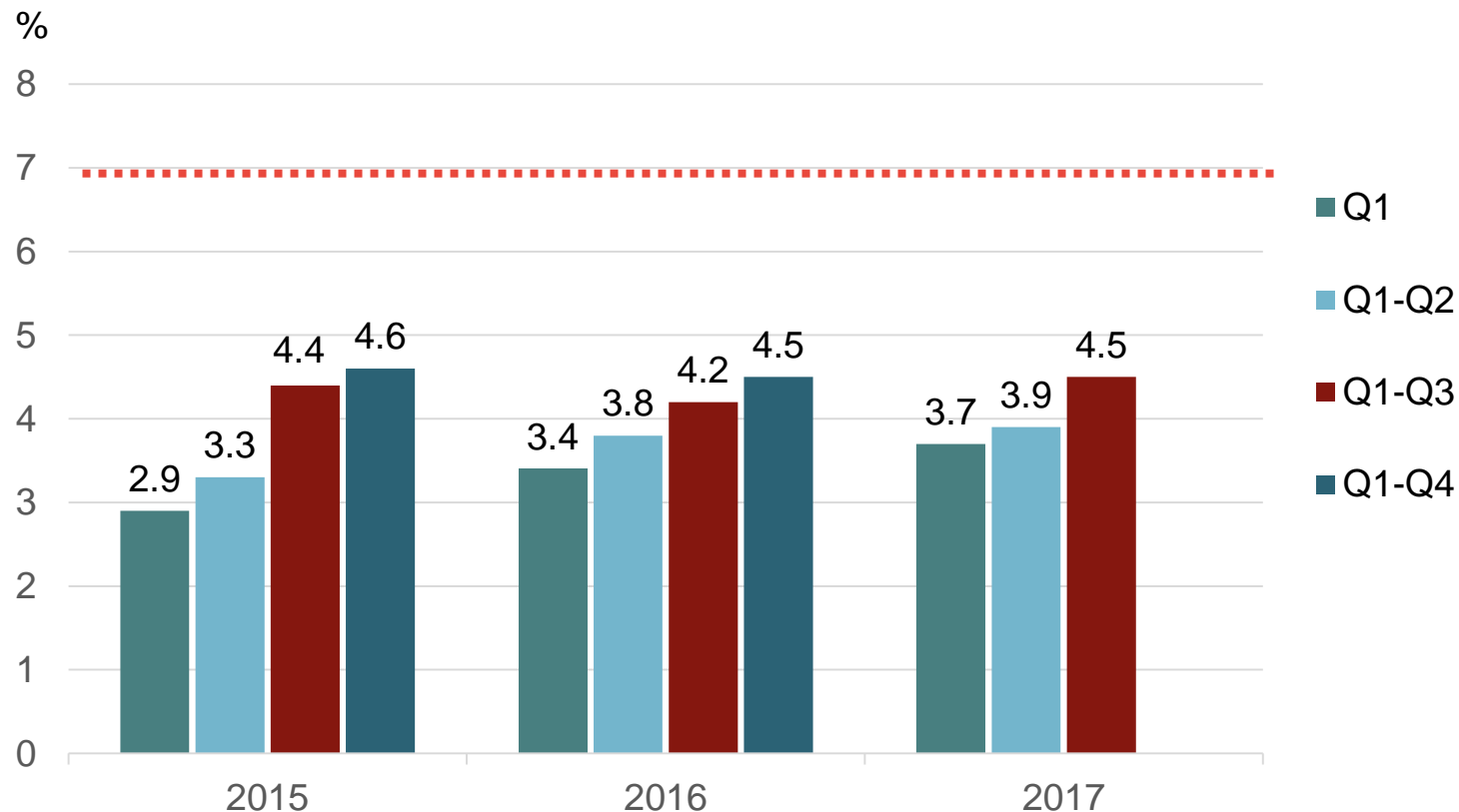


In Q1-Q3, operating profit improved significantly and was EUR 16.6 million (14.1). Growth was 18%.

In Q3, operating profit also increased by 18%.

Long-term financial targets

Operating profit, %



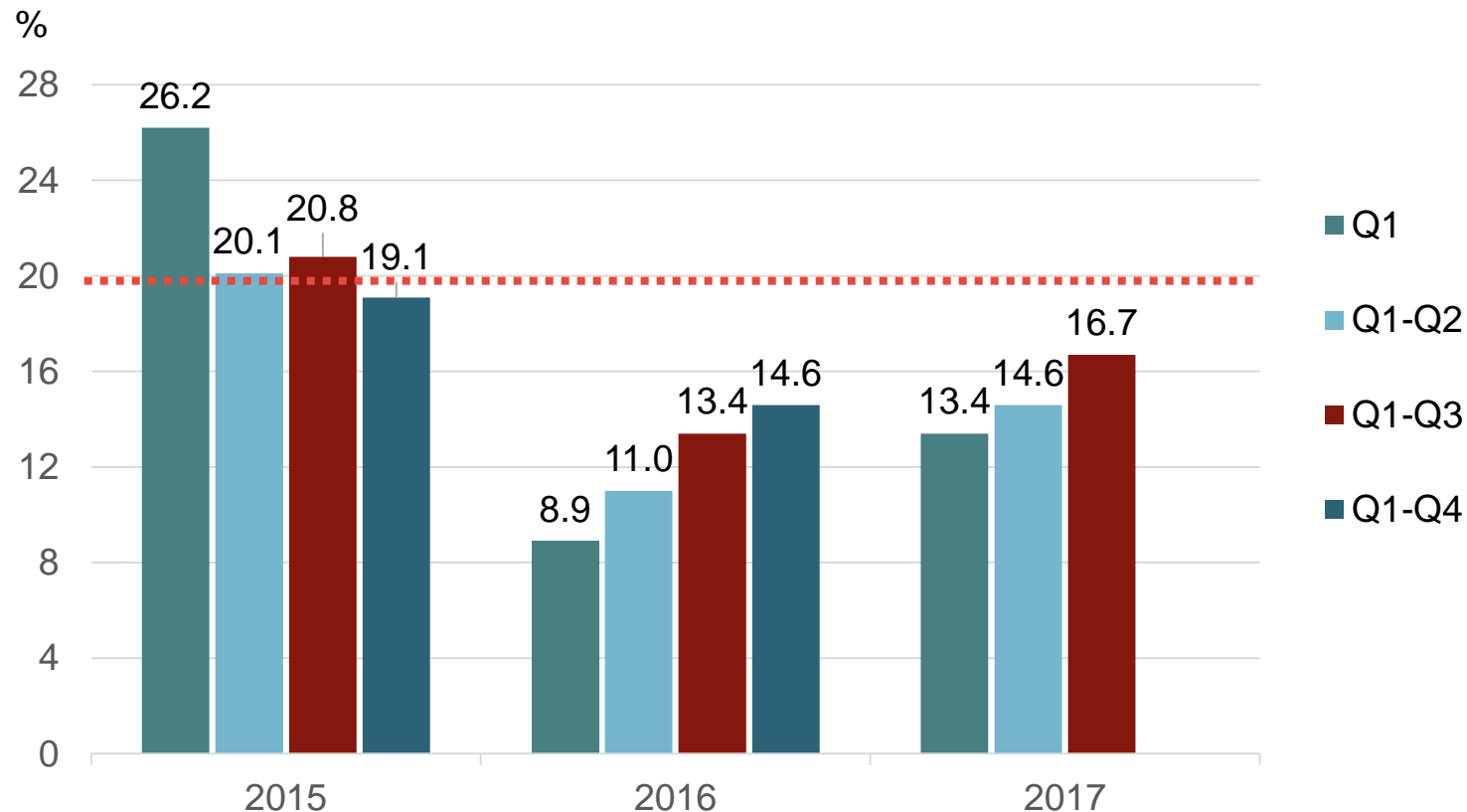
In Q1-Q3, operating profit rate increased to 4.5% (4.2).

In Q3, operating profit rate increased to 5.6% (5.1).

The target level is 7% by 2020.

Long-term financial targets

Return on equity, (ROE)

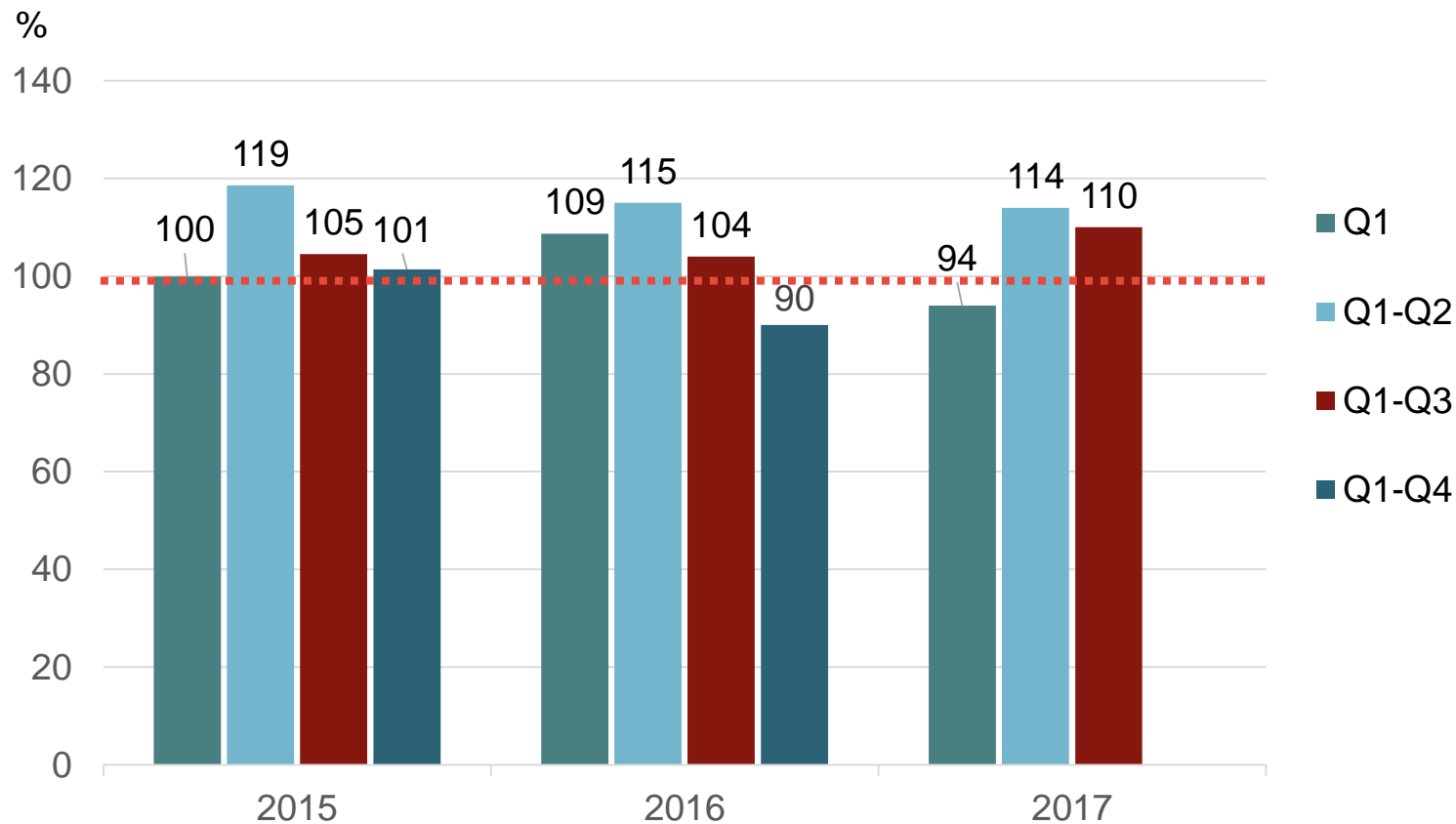


In Q1-Q3, ROE improved significantly from the comparative period and was 16.7% (13.4).

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

Long-term financial targets

Gearing

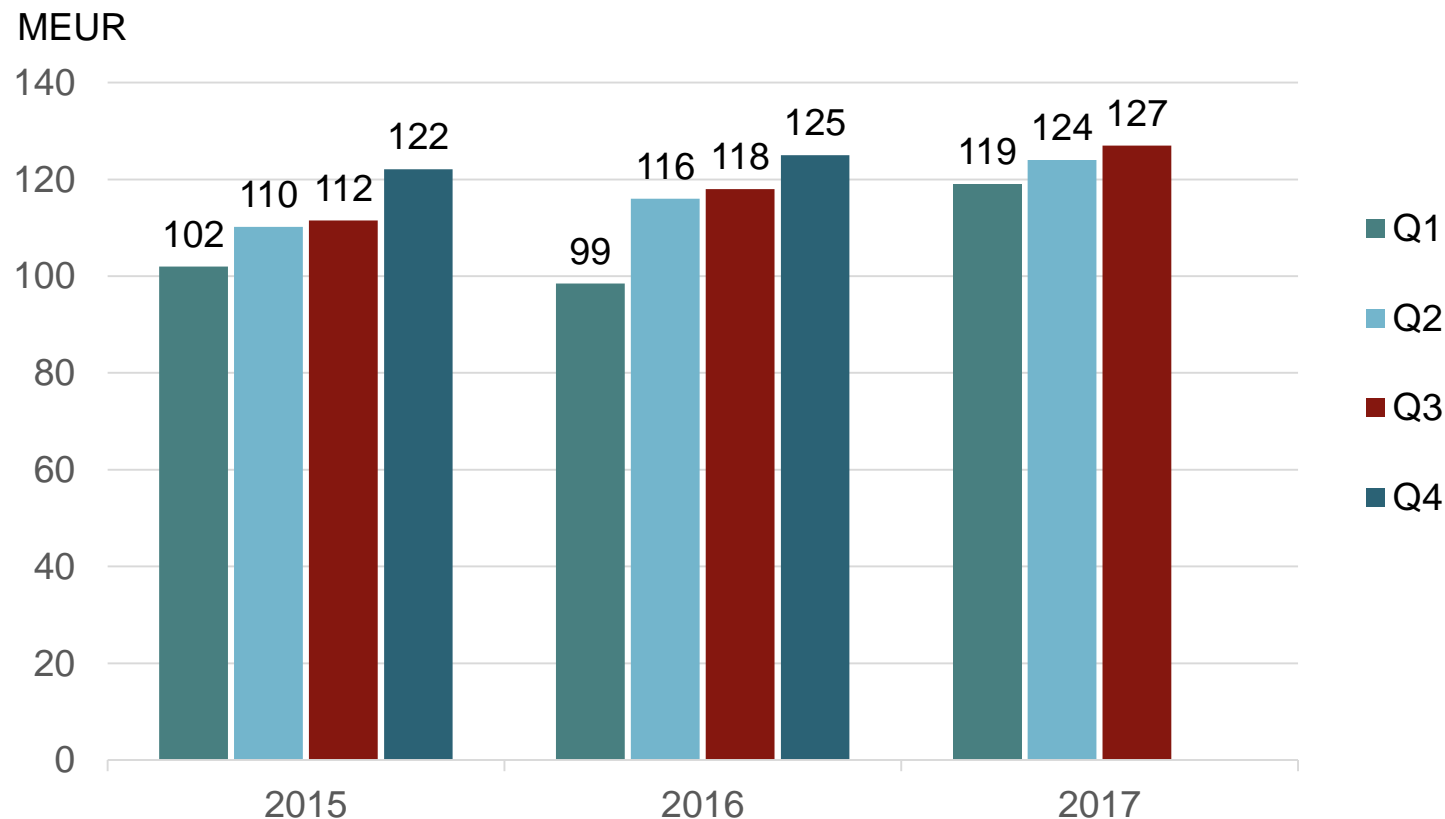


Gearing increased to 109.7% (103.8).

The target level is up to 100% by 2020.

Net sales by quarter

Net sales by quarter

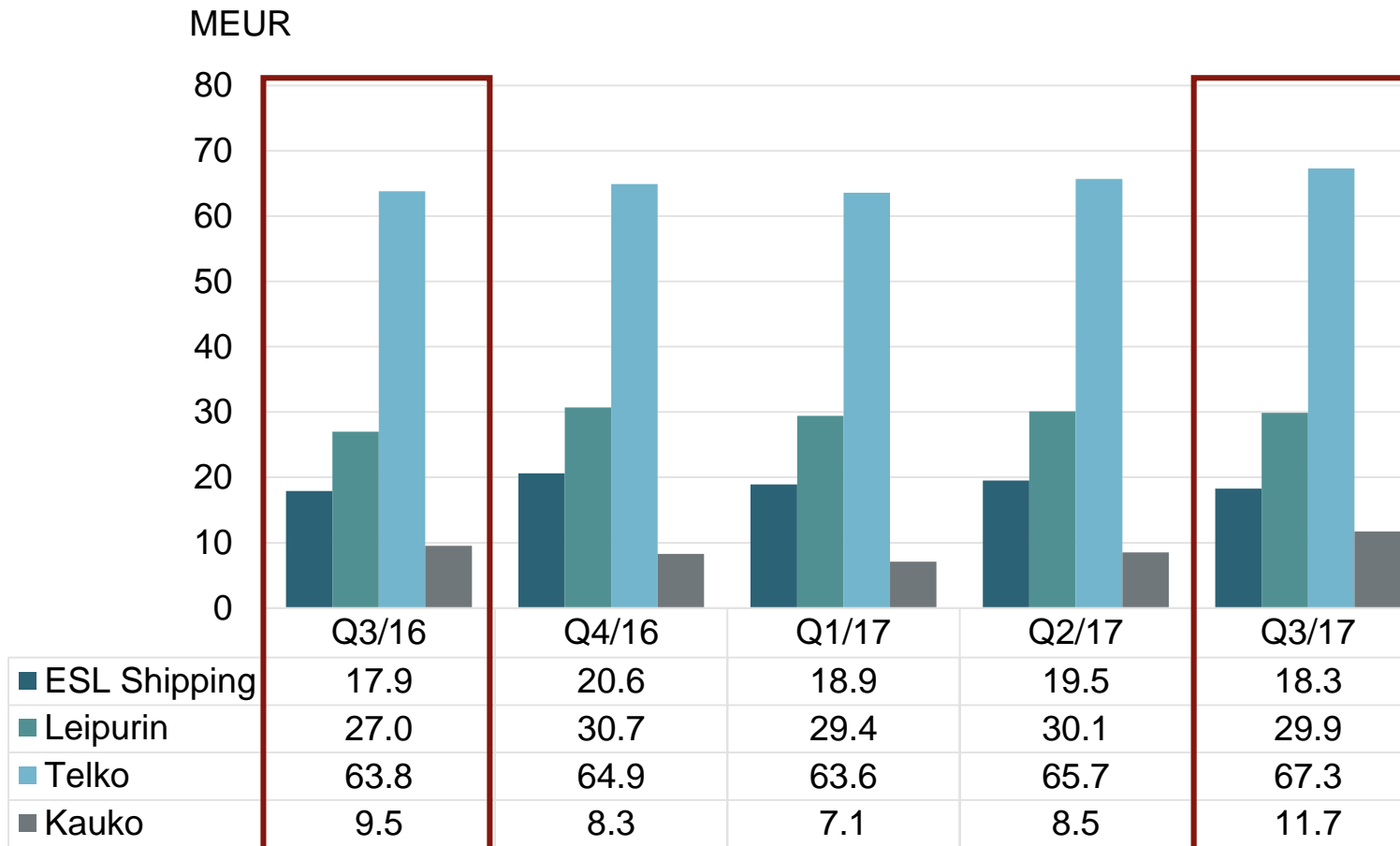


In Q3, net sales increased by 8%.

All businesses increased their net sales.

Net sales increased in all market areas, apart from Scandinavia. ESL Shipping's major customer reduced its stock levels in Q3.

Net sales by segment

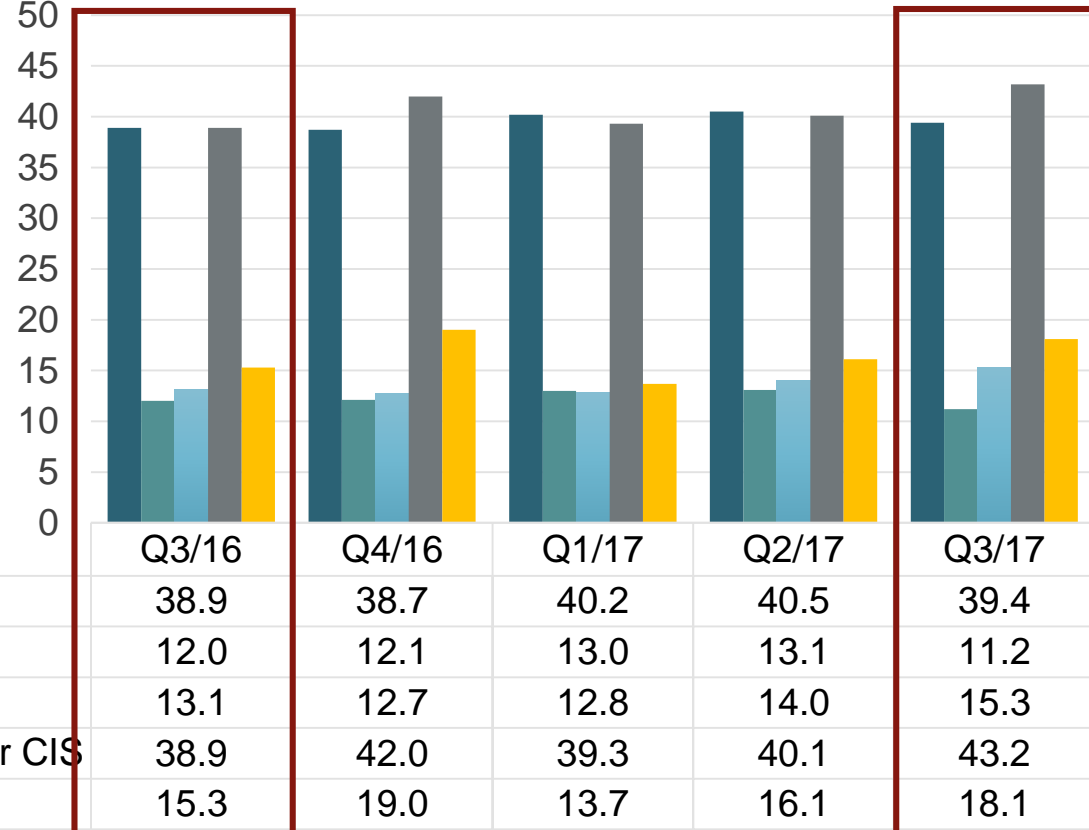


Distribution of net sales, Q3/2017

ESL Shipping	14%
Leipurin	24%
Telko	53%
Kauko	9%

Net sales by market area

MEUR



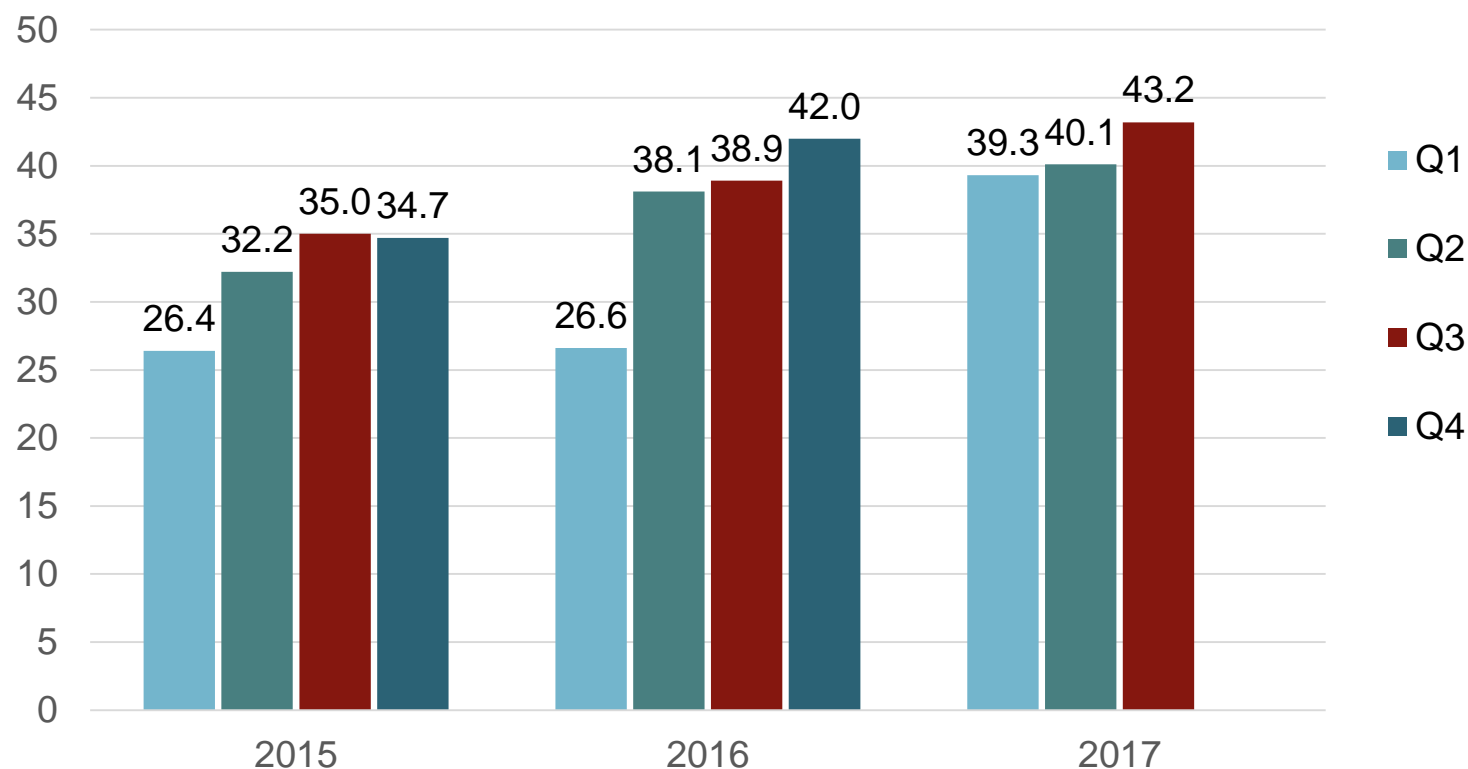
Distribution of net sales, Q3/2017

Finland	31%
Scandinavia	9%
Baltic countries	12%
Russia, Ukraine and other CIS	34%
Other countries	14%

Russia, Ukraine and other CIS countries

Net sales

MEUR



In Q3, net sales in eastern markets increased by 11%.

In Q1-Q3, growth in eastern markets was 18%.

Net sales' growth in eastern markets:

Leipurin raw materials 13%

Telko 7%.

ESL Shipping

Leading marine logistics provider for bulk cargo

ESL Shipping

Q3

International sea freight rates increased.

Profitability is based on special expertise and unique services.

Operating profit was at a similar level as in the comparative period EUR 3.3 million (3.4).

Loading and unloading of large ocean liners at sea was more active than in the previous year.

Net sales increased by 2% to EUR 18.3 million (17.9).

Net sales' growth was limited by decreased transportation volumes, as customers reduced their stock levels.

The second of the two most environmentally friendly dry cargo vessels in the world was named ms Haaga.

New operations regarding a smaller vessel class launched.

Ms Haaga

DNV GL - Clean design notation
Special features; 5ppm bilge water separator, biofouling management, ODP =0 (Ozone depletion potential), GWP max 1300 (Global warming potential)

EEDI
EEDI index is approximately 50% below the current requirement and already fulfilling the 2025 requirements.

Hull coating
Hull painted with low friction ice-resistant paint. No harmful antifouling paint. Frequent hull cleaning performed to reduce the drag of the hull.

Hydrodynamic hull form
Extensive CFD-calculations and model testing was performed to optimize hull form. The bow- and stern thruster tunnel openings are provided with scallops and streamline grids. Special attention for monitoring of hull surface roughness was done during the building stage.

Emission reduction
Reduction of direct exhaust emissions:
57 % for CO₂ emissions
92 % for SO_x emissions (compared to 0,1 % fuel oil)
25 % for NO_x emissions
98 % for PM emissions

Shore power
Vessel can perform operations in port on shore-electricity, reducing emissions in port up to 100%.

Energy management system
Enables crew to optimize energy consumption.

LNG Dual Fuel powered
All engines and boiler burner operates on LNG.

NAUT-AW
Increasing maritime safety. Reducing the risk of collision, grounding and heavy weather damage through enhancement of the reliability of the bridge system.

Exhaust gas heat recovery
Efficient exhaust gas heat recovery for all combustion engines.

Thermal insulation & Heat recovery
Improved thermal insulation. Energy Saving Solution for air handling unit. Heat Recovery Wheel reduces cooling energy consumption with 30% and heating energy consumption with 45% compared to a traditional system.

LNG
Vacuum insulated IMO type C tank with low boil off generation rate.

Electrical motors
Electrical motors in general, 7.5 kW and above, has an energy efficiency class of IE3.

VFD equipment
Engine room fans, BW-SW- and LNG-pumps are equipped with VFD-drive to reduce the power consumption.

High efficiency propeller and rudder
Optimum hydrodynamic design.

Stator fins
Equipped with four stator fins optimizing the flow to the propeller and increasing propeller efficiency.

Permanent magnet PTI/PTO shaft generator with VFD drive
Enabling flexible and efficient operation of propulsion and power generation at sea as well as extra power for ice conditions.

Ballast water treatment systems
2x1000m², UV-type, USCG approved ballast treatment units.

Cargo hatch coaming heating
Heating of cargo hatch coamings, enabling smooth operations in cold climates.

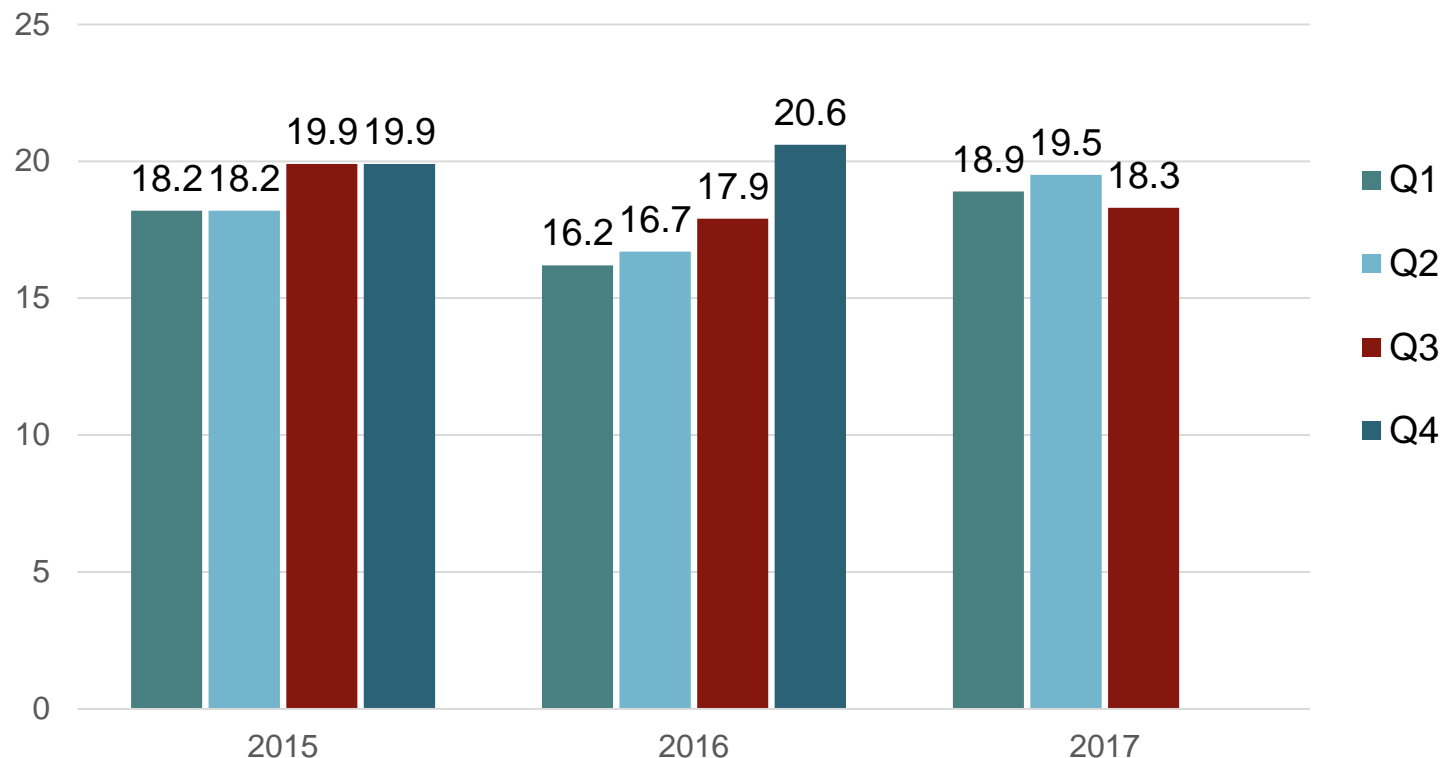
Cargo wash water recovery system
Vessel is able to re-use the washing water and discharge used washing water to port facilities.



ESL Shipping, key figures Q3

Net sales

MEUR



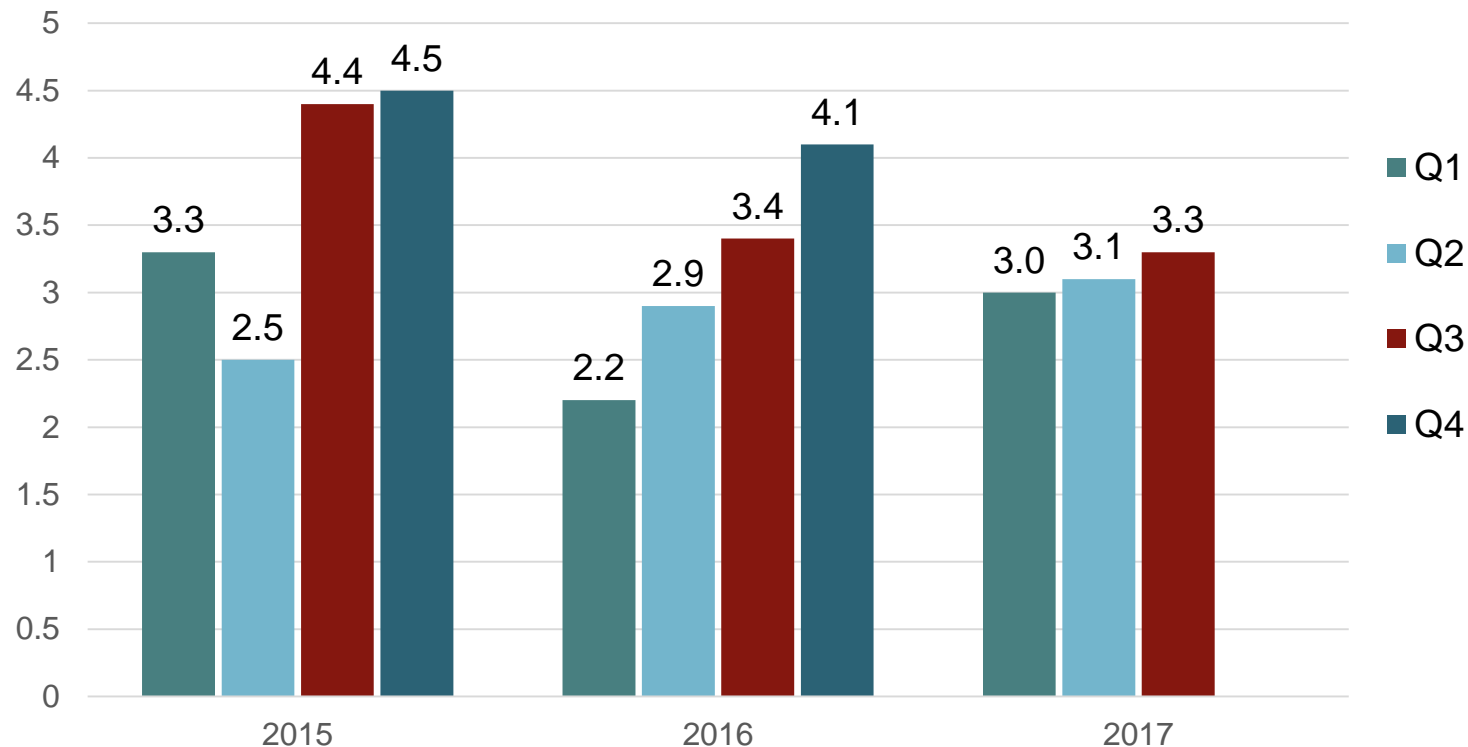
Net sales increased slightly to EUR 18.3 million (17.9).

Transportation volumes in the steel industry decreased. Transportation volumes in other customer sectors increased or remained unchanged.

ESL Shipping, key figures Q3

Operating profit

MEUR

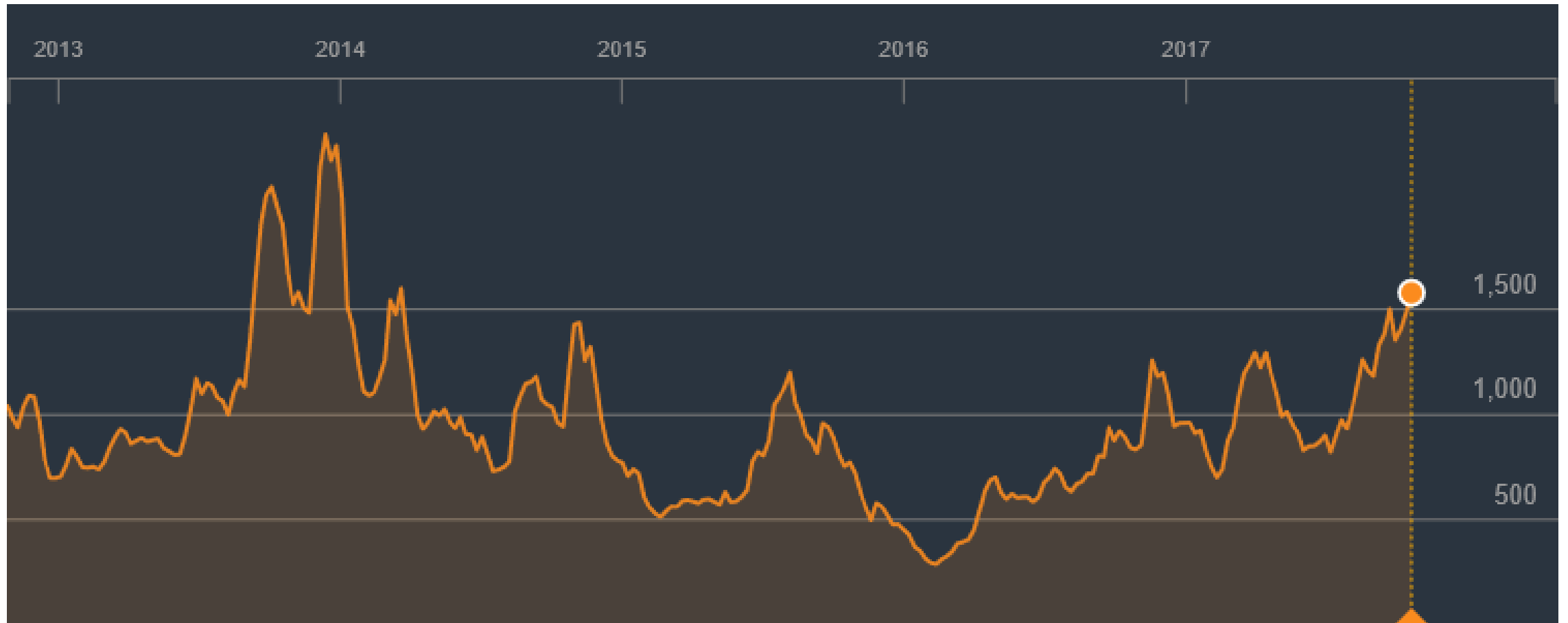


In Q3, operating profit was EUR 3.3 million (3.4).

The number of off hire days was exceptionally high.

Supramax-vessels operated profitably.

Baltic Dry Index 2013–2017



Source: Bloomberg

Q3 October 26, 2017



Leipurin

From breads and recipes to a comprehensive selection

Leipurin

Q3

The prices of raw materials important to Leipurin increased slightly.

The Russian national economy, which is important to Leipurin, has turned to an upward trend, and the decline in consumer purchasing power has stopped.

Operating profit improved to EUR 1.4 million (0.4).

Operating profit Q3 include a sales gain of EUR 0.4 million from the divestment of the meat industry raw materials business.

Net sales increased by 11% to EUR 29.9 million (27.0).

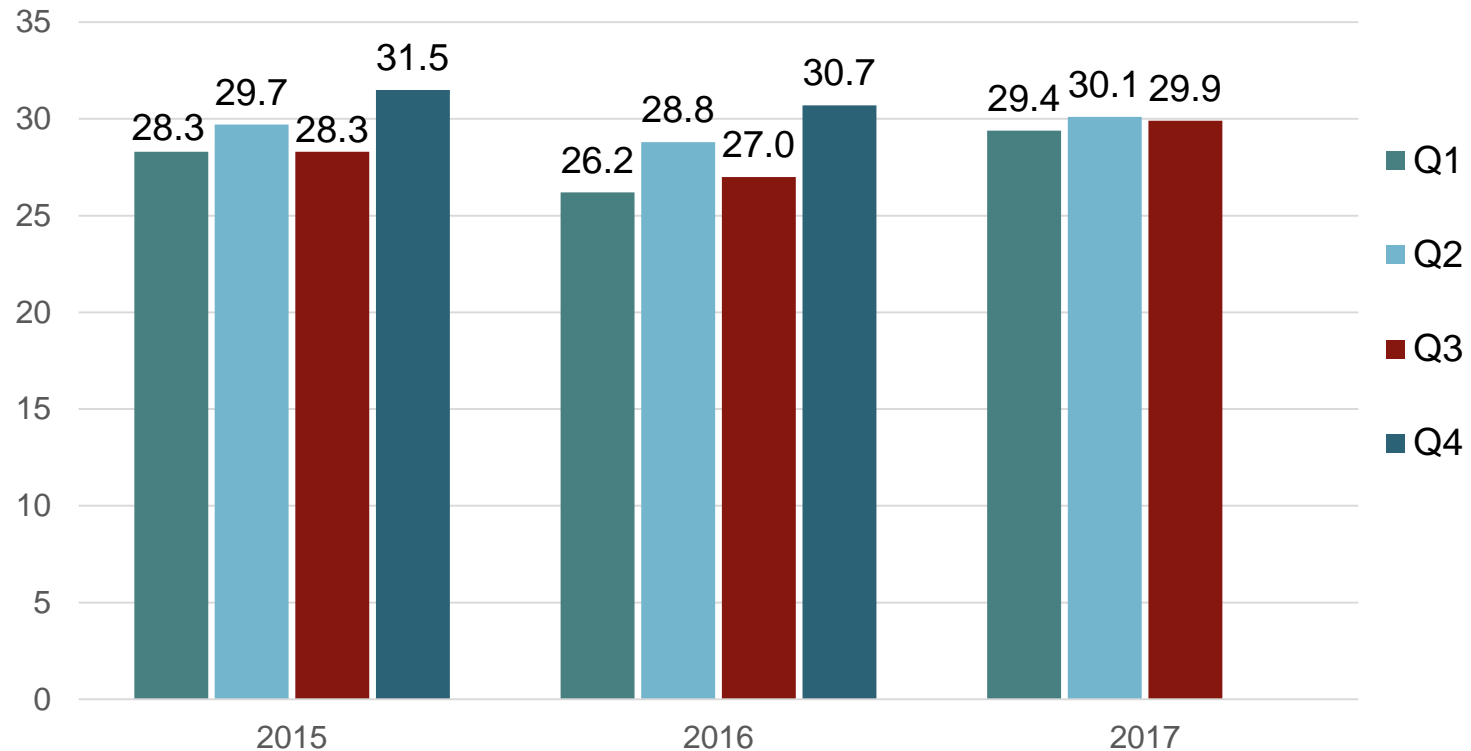
Net sales increased especially in eastern markets and in machinery operations.

Net sales of machinery operations increased by 90% and the profitability improved. At the end of the review period, the order book was good, extending to the first half of 2018.

Leipurin, key figures Q3

Net sales

MEUR



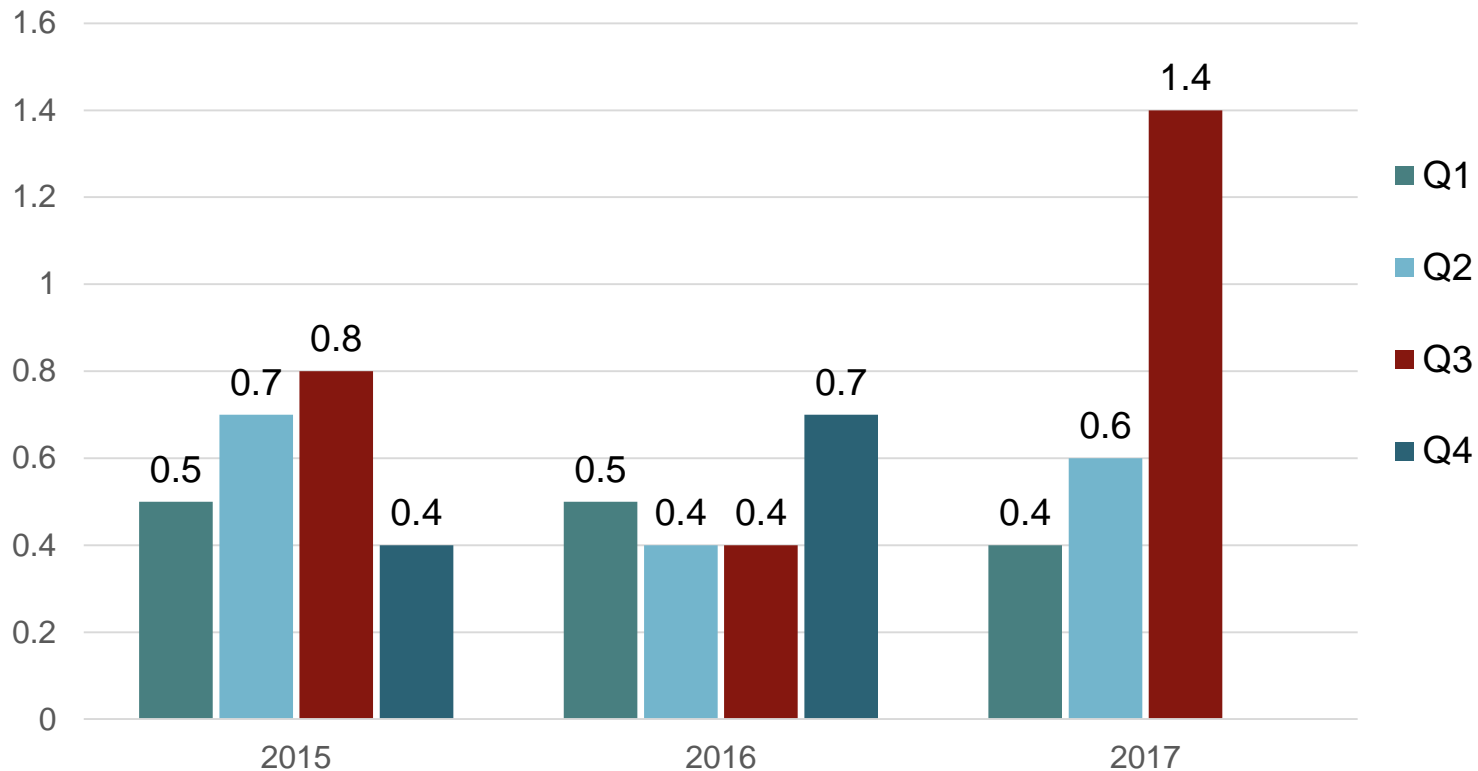
Net sales increased to EUR 29.9 million (27.0).

Net sales of eastern markets and machinery operations increased. Raw material sales in western markets decreased from the comparative period.

Leipurin, key figures Q3

Operating profit

MEUR



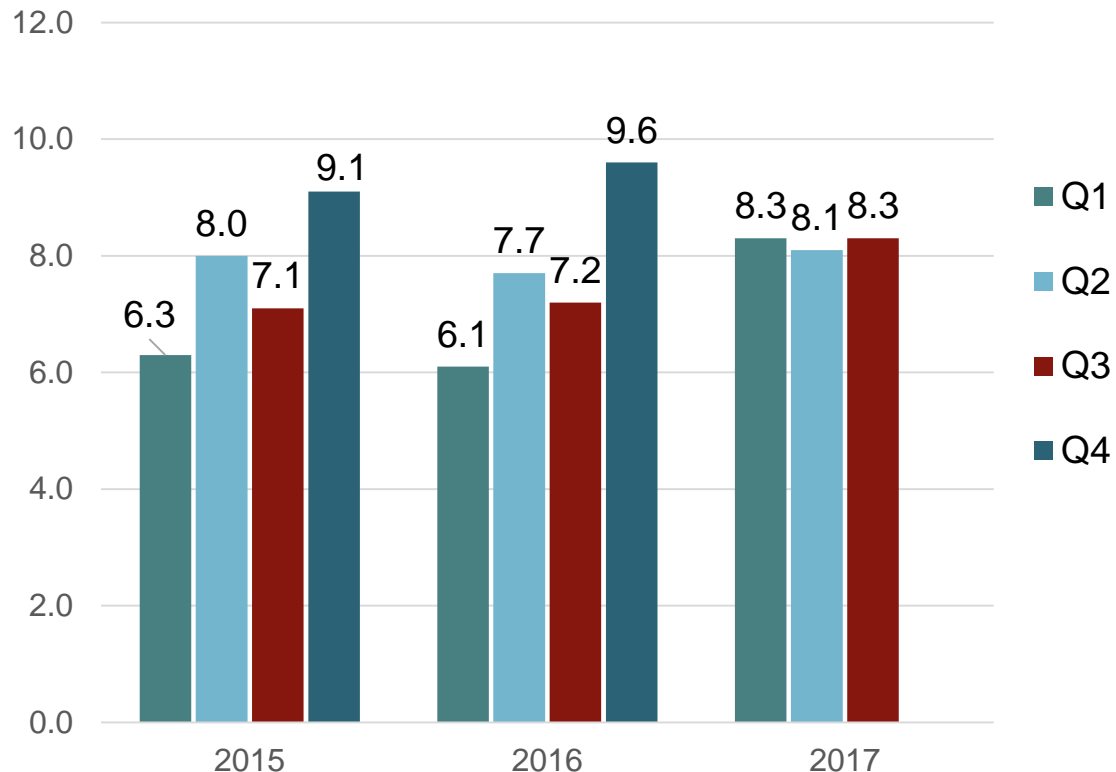
Operating profit was EUR 1.4 million (0.4).

In Q3, increase in profitability accelerated. Operating profit rate improved significantly to 4.7% (1.5).

Net sales in Russia, Ukraine and other CIS countries

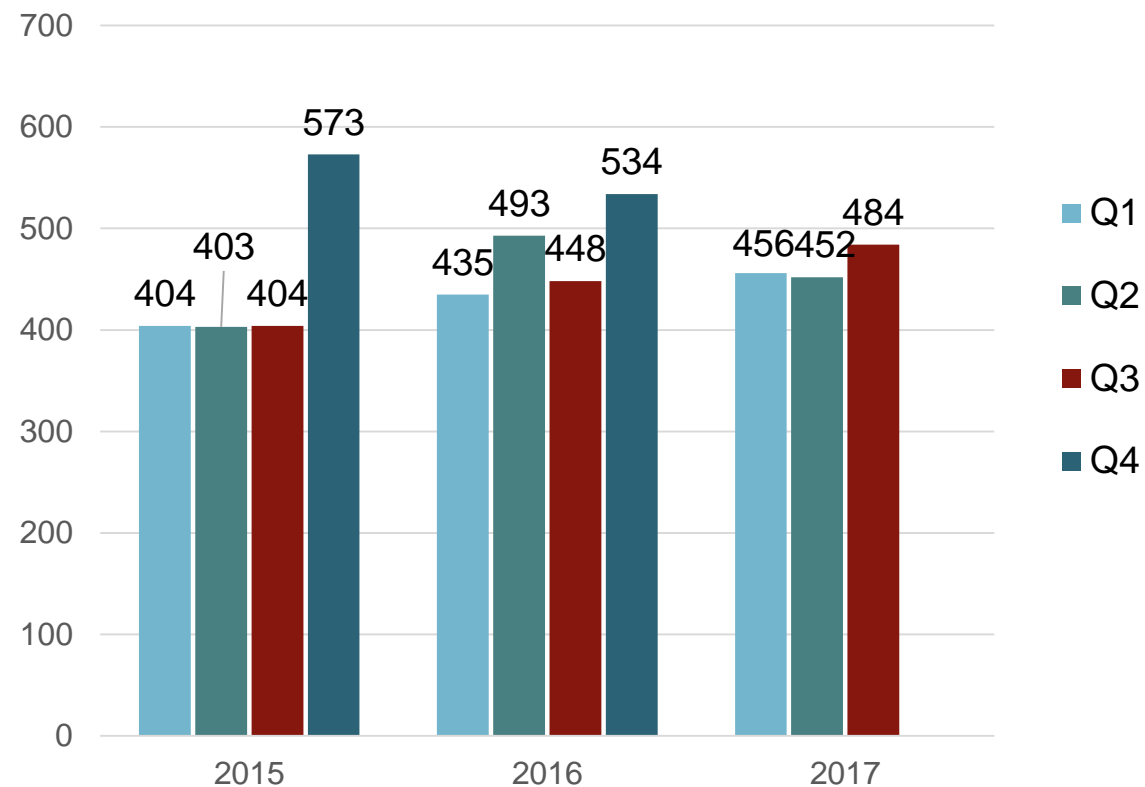
Net sales in the market area

MEUR



Net sales of the Russian company

MRUB





Telko

Raw material solutions for the industry

Telko

Q3

Positive economic turnaround in Finland. In Russia, customers' production turned into growth. The prices of plastics increased, and those of chemicals remained high.

Net sales increased by 6% to EUR 67.3 million (63.8).

Net sales increased mainly in western markets and Ukraine.

Operating profit improved to EUR 3.1 million (2.3) and include EUR 0.4 million in costs arising from the discontinued terminal project and personnel arrangements. A cost savings program in Russia increased profitability in eastern markets.

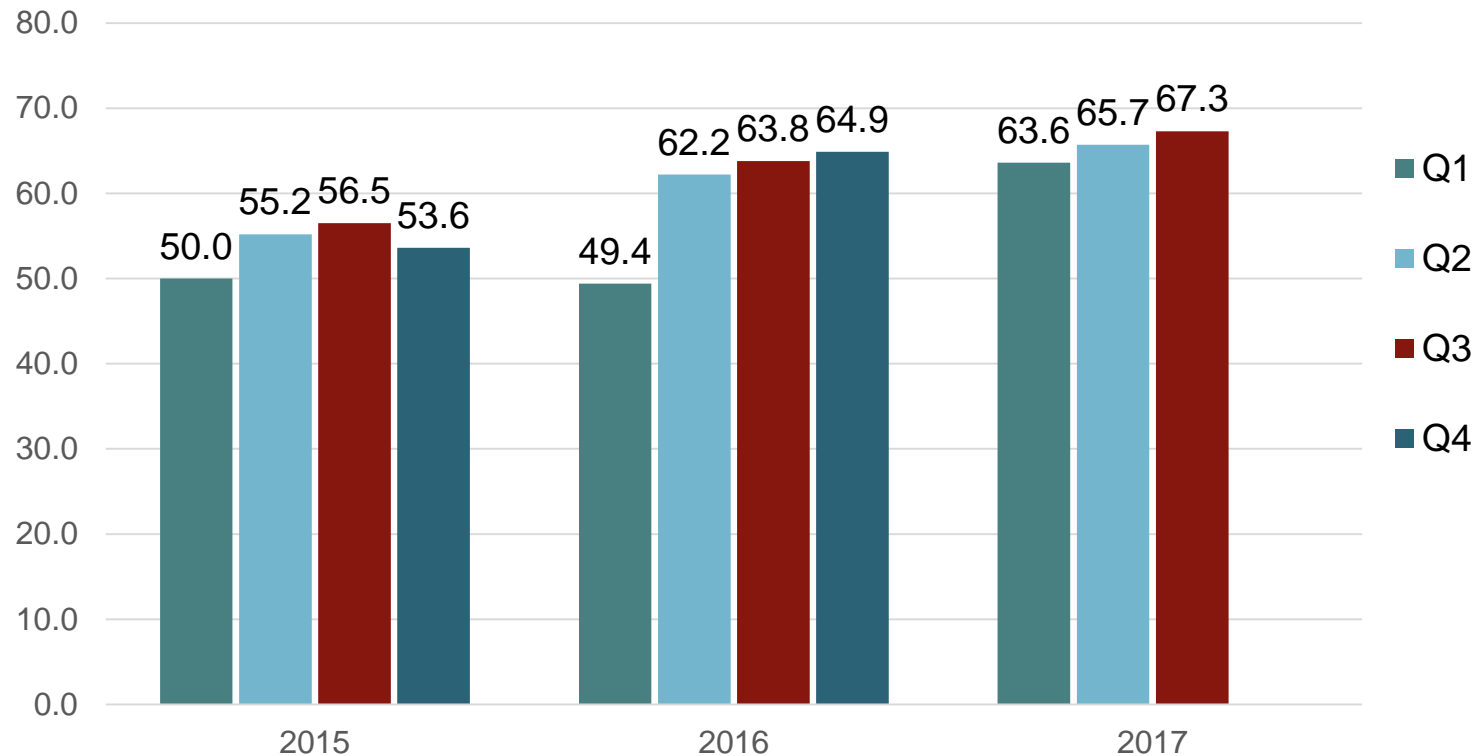
Net sales in Russia, Ukraine and other CIS countries increased by 7% to EUR 33.5 million (31.4).

Operating profit rate in eastern markets was below 5%.

Telko, key figures Q3

Net sales

MEUR



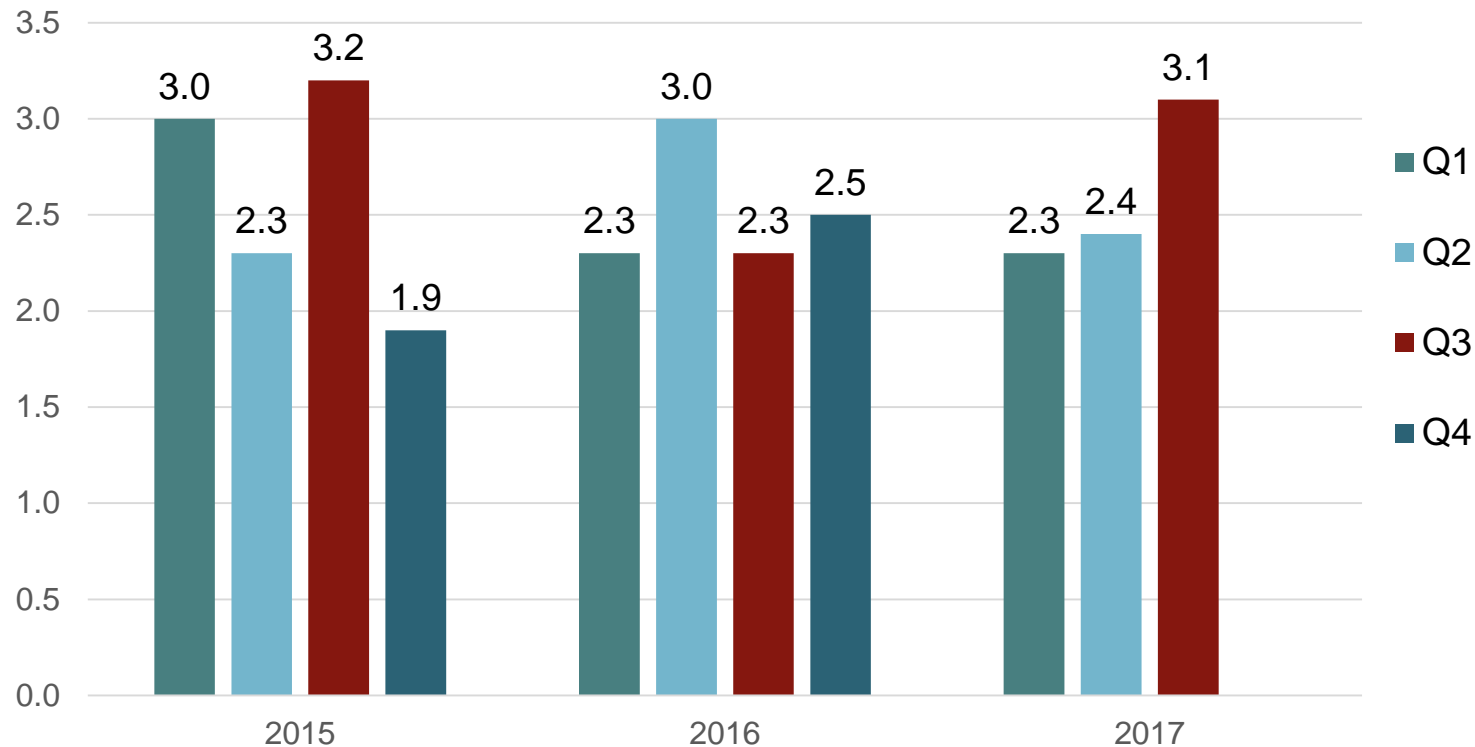
Net sales increased to EUR 67.3 million (63.8).

Increase in net sales was affected by higher price levels and representation of Marine lubricants.

Telko, key figures Q3

Operating profit

MEUR



Operating profit increased to EUR 3.1 million (2.3).

Operating profit was decreased by EUR 0.4 million costs of terminal project and personnel arrangements.

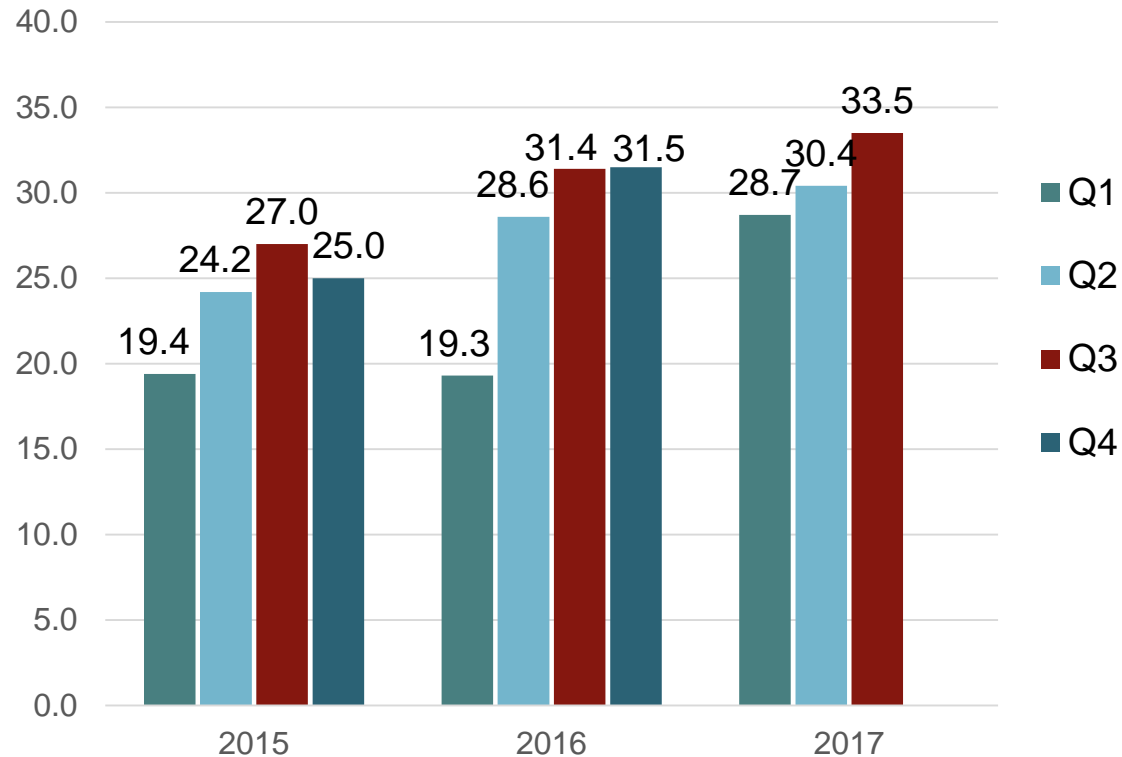
Operating profit rate was 4.6% (3.6).

Especially, in eastern markets the profitability improved significantly.

Net sales in Russia, Ukraine and other CIS countries

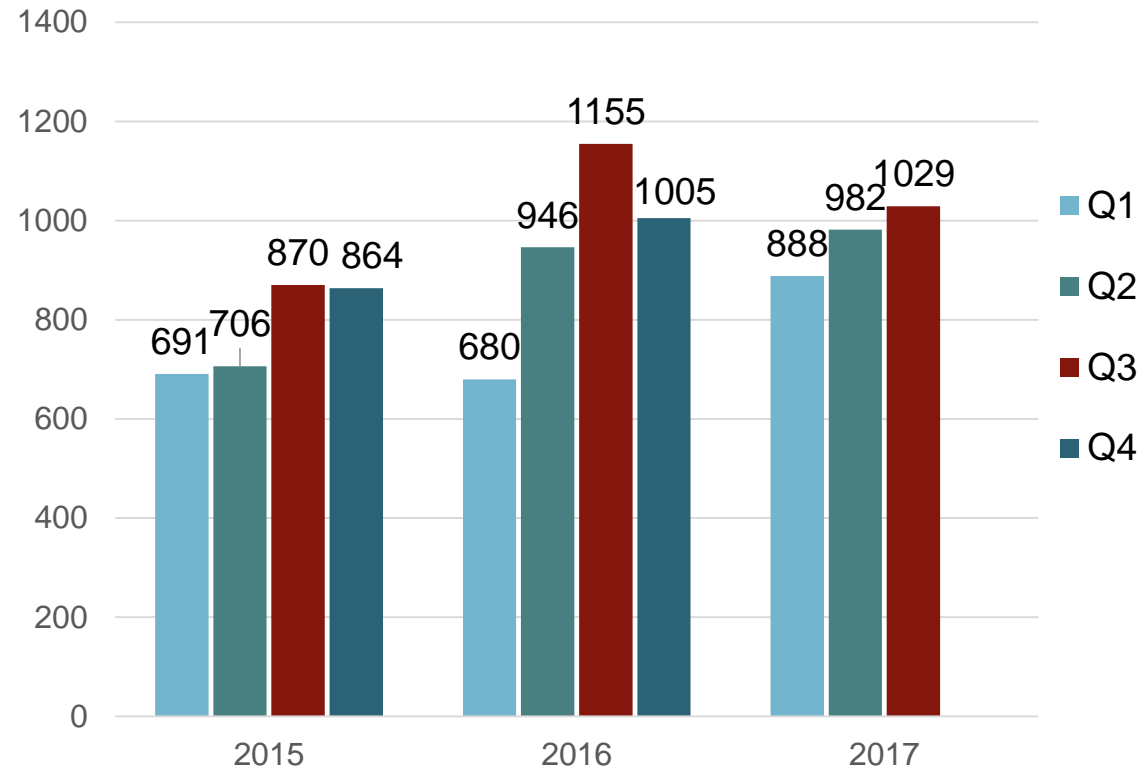
Net sales in the market area

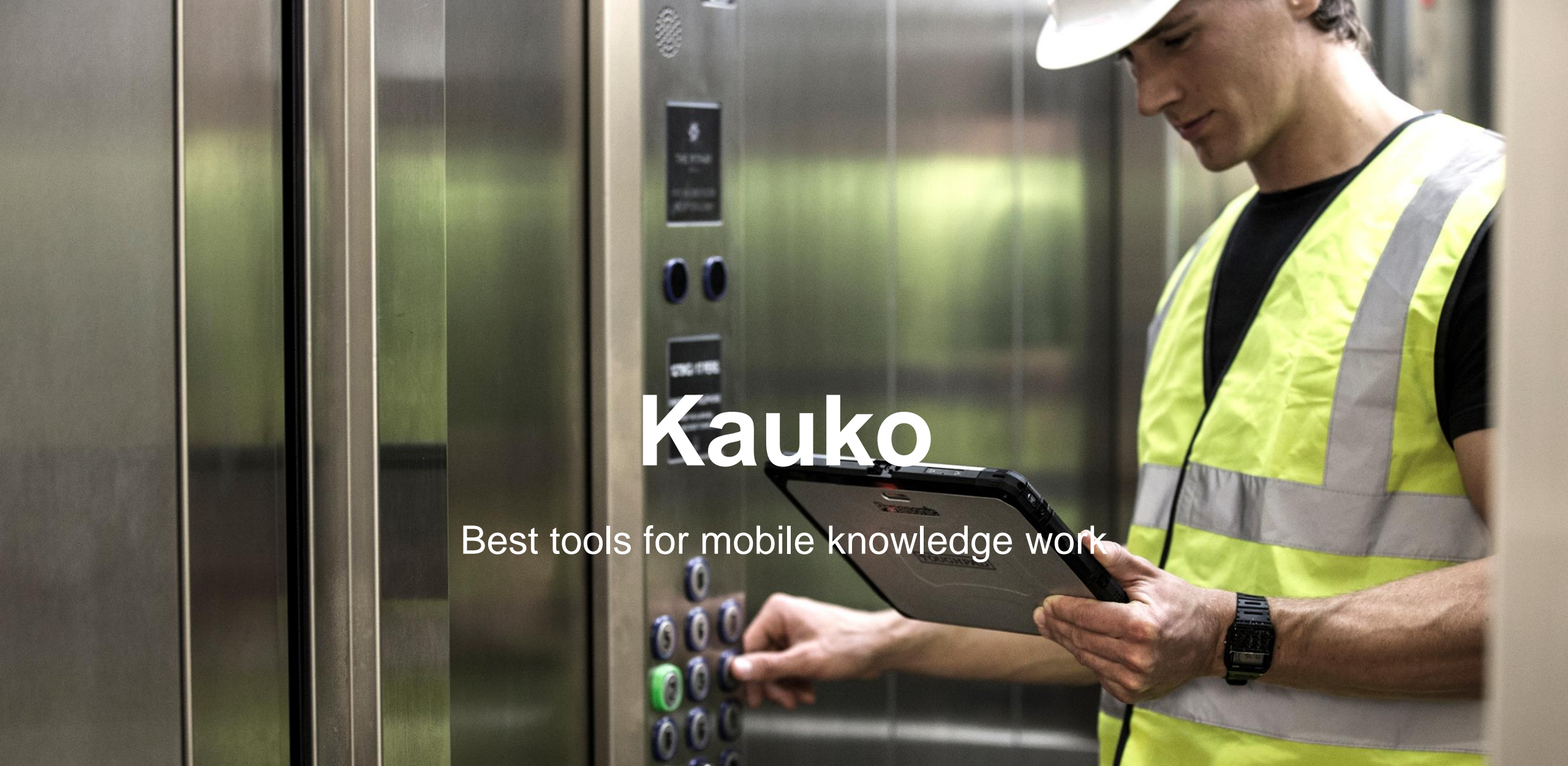
MEUR



Net sales of the Russian company

MRUB





Kauko

Best tools for mobile knowledge work

Kauko

Q3

Net sales increased by 23% to EUR 11.7 million (9.5). Strongest growth from project operations in China and energy-efficiency equipment's solar power deliveries.

Operating profit was EUR 0.2 million (0.5). Investments in total solutions of mobile knowledge work decreased the operating profit.

Operations have been organized in two units: mobile knowledge work and energy-efficiency equipment.

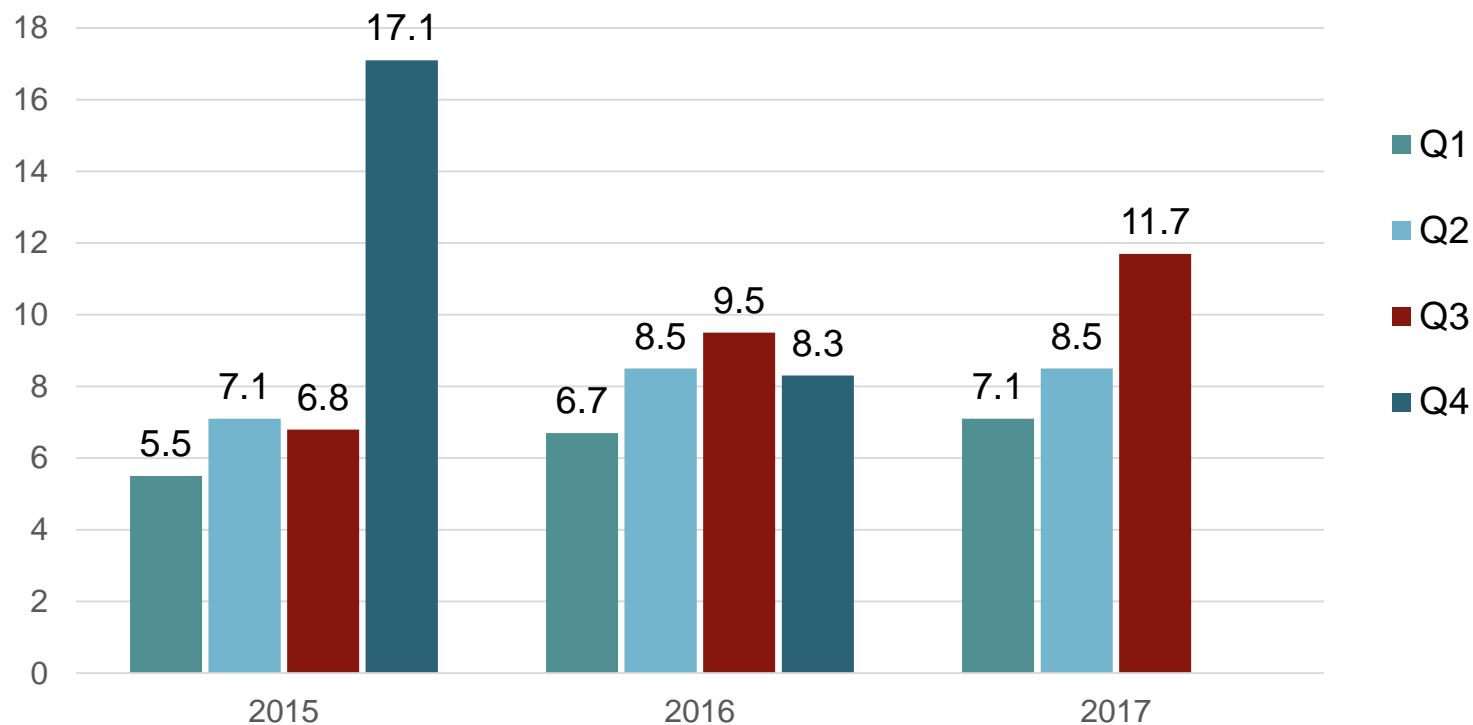
Operations in China will be terminated in 2017.

In energy-efficiency equipment unit especially the sale of solar power systems is expected to increase. In mobile knowledge work unit computer sales for healthcare sector and sale of total solutions are expected to increase.

Kauko, key figures Q3

Net sales

MEUR



Q3 October 26, 2017

Net sales increased to EUR 11.7 million (9.5).

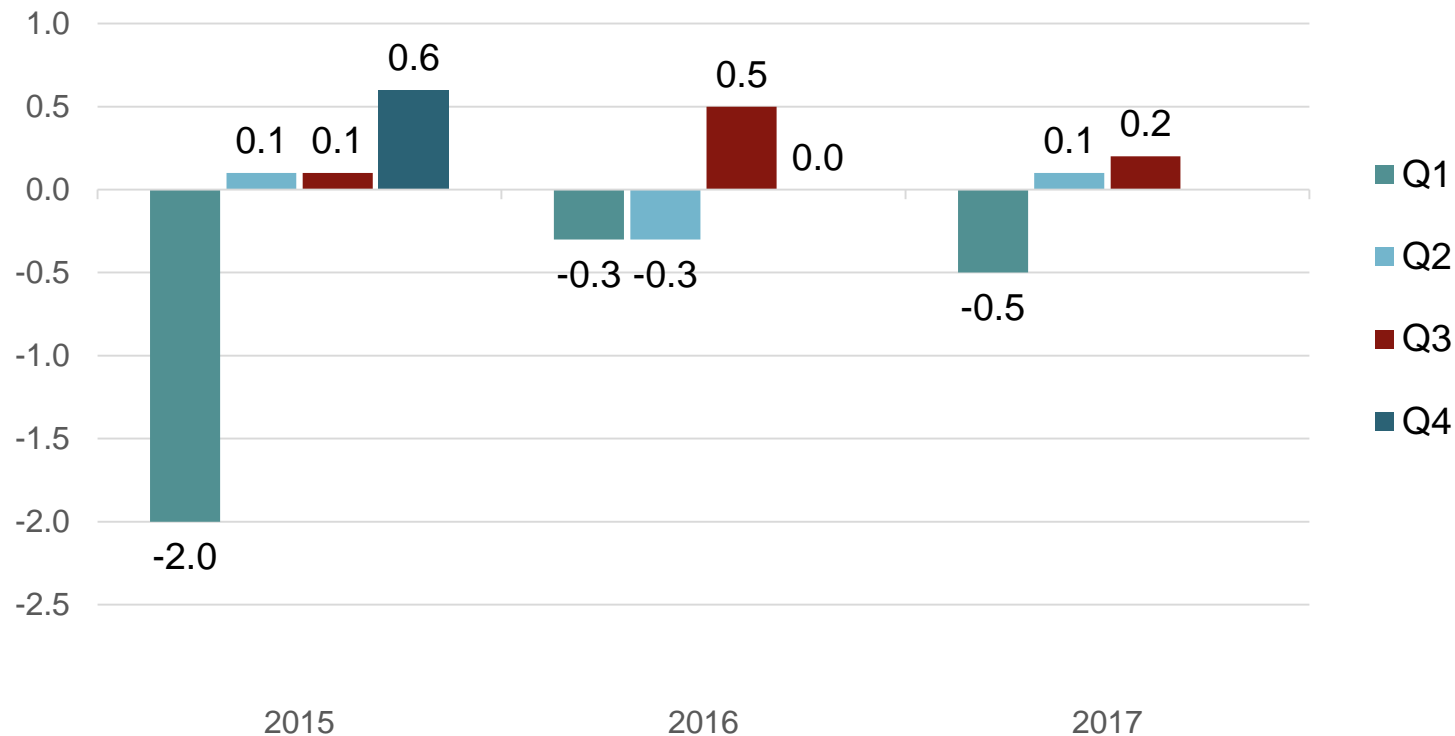
In Q3, net sales increased by 23% and in Q1-Q3 by 11%.

Energy-efficiency equipment unit grew strongly.

Kauko, key figures Q3

Operating profit

MEUR



Operating profit was EUR 0.2 million (0.5). Operating profit development was slowed down as a result of investments in total solutions.

In Q1-Q3, operating profit was EUR 0.1 million without EUR 0.3 million impairment loss of receivables related to previously divested business operations in Q1.



Financials and financing

Harri Seppälä

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Income statement

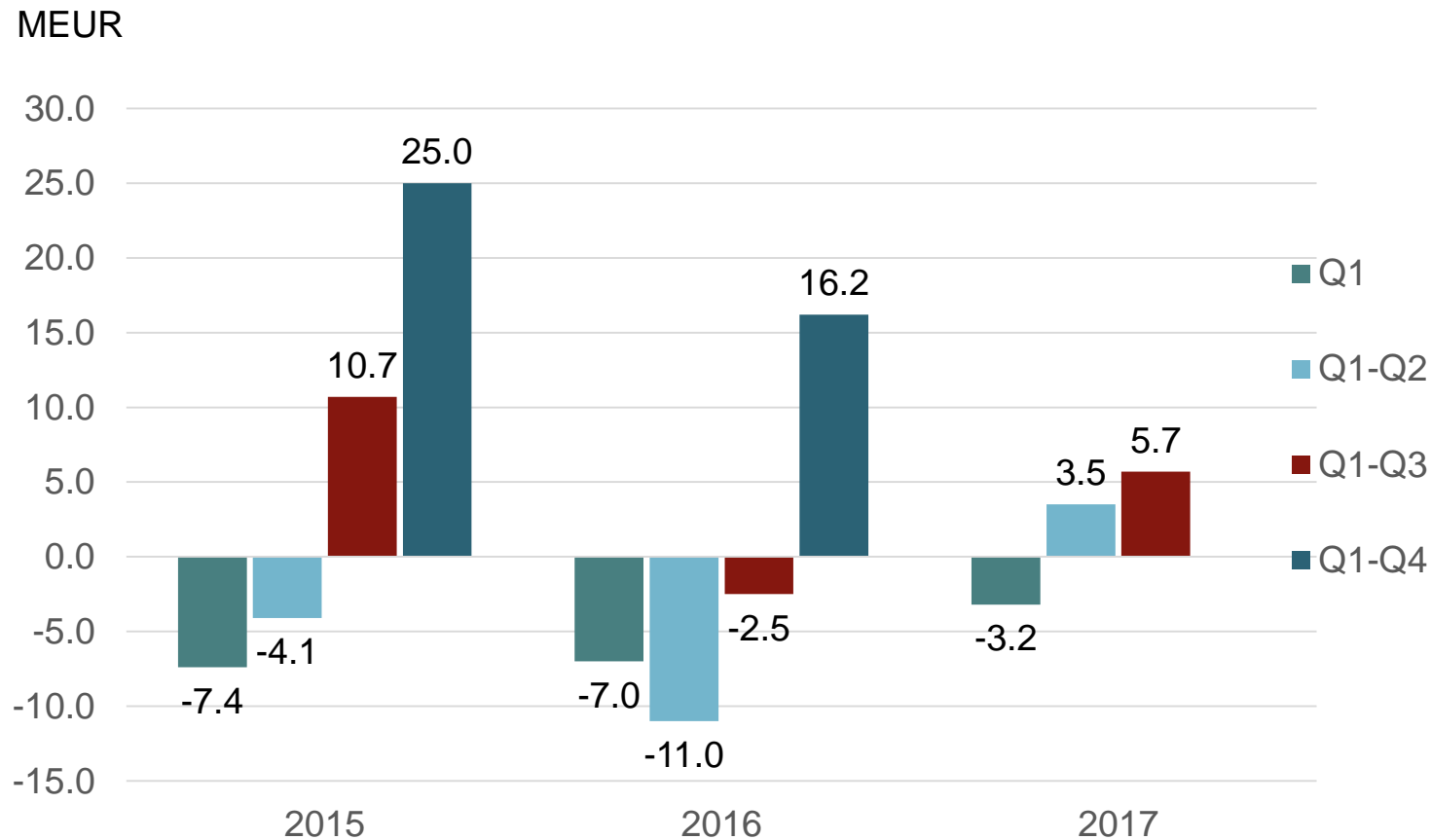
MEUR	Q1-Q3/2017	Q1-Q3/2016
Net sales	370.0	332.9
Ebitda	25.6	22.7
Depreciation, amortization and impairment losses	-9.0	-8.6
Operating profit	16.6	14.1
Financial income and expenses	-1.6	-2.4
Profit before taxes	15.0	11.7
Income taxes	-1.1	-1.0
Profit for the period	13.9	10.7
Earnings per share, EUR	0.40	0.32

Ebitda rate was 6.9% (6.8).

Operating profit rate improved to 4.5% (4.2).

Earnings per share improved significantly to EUR 0.40 (0.32).

Net cash from operating activities

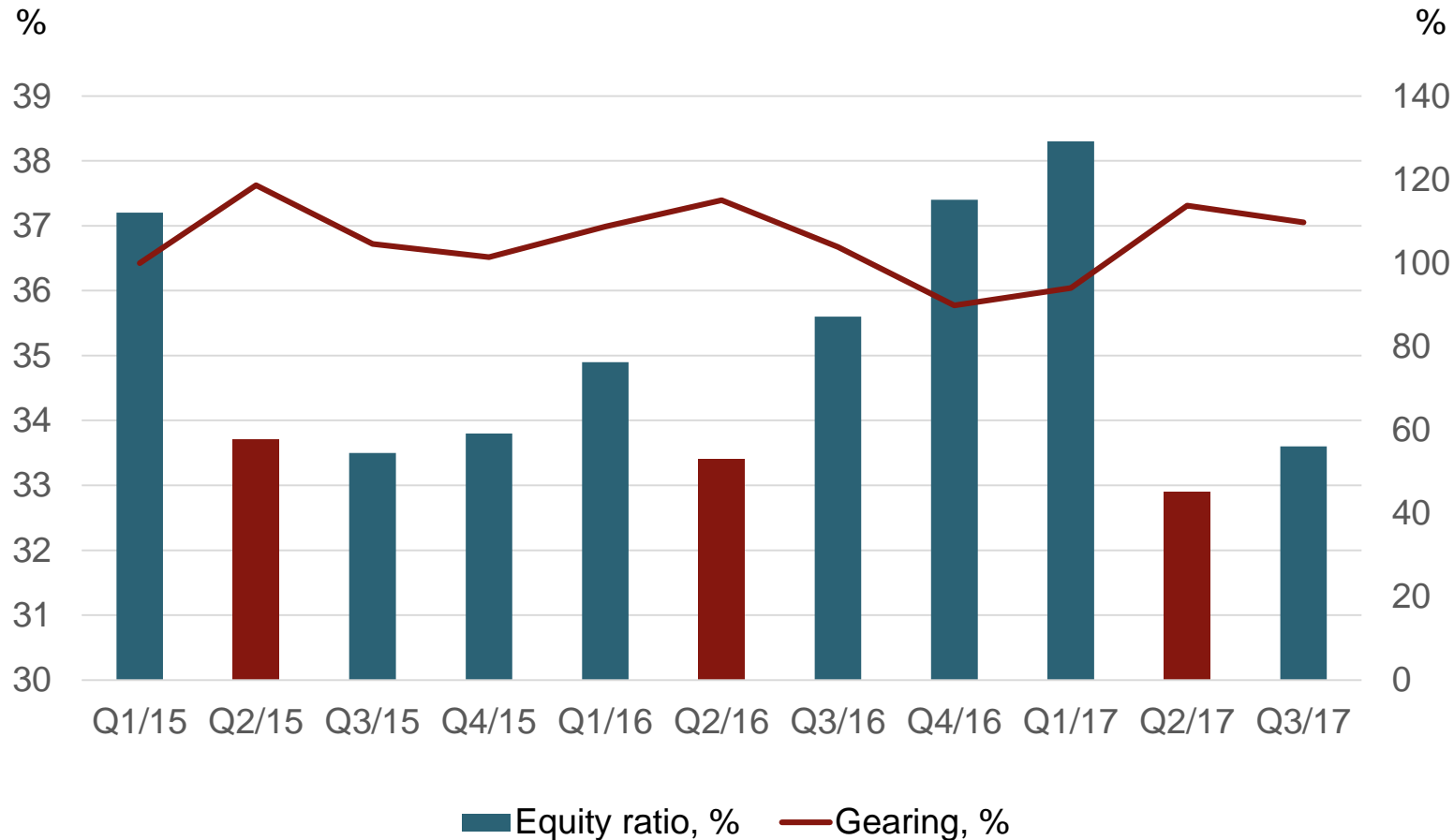


Net cash from operating activities increased from the comparative period to EUR 5.7 million (-2.5).

Change in working capital was EUR -16.3 million (-21.6).

In H2, net cash from operating activities is usually stronger than in H1.

Equity ratio and gearing



In Q1-Q3, cash flow from investing activities was EUR 14 million mostly consisting of advance payments for vessels.

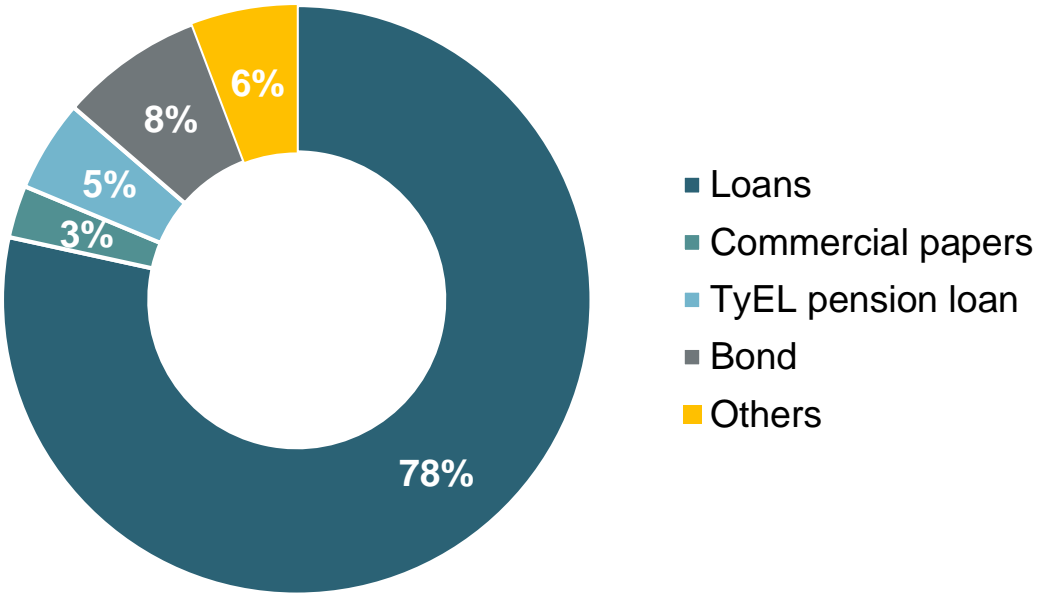
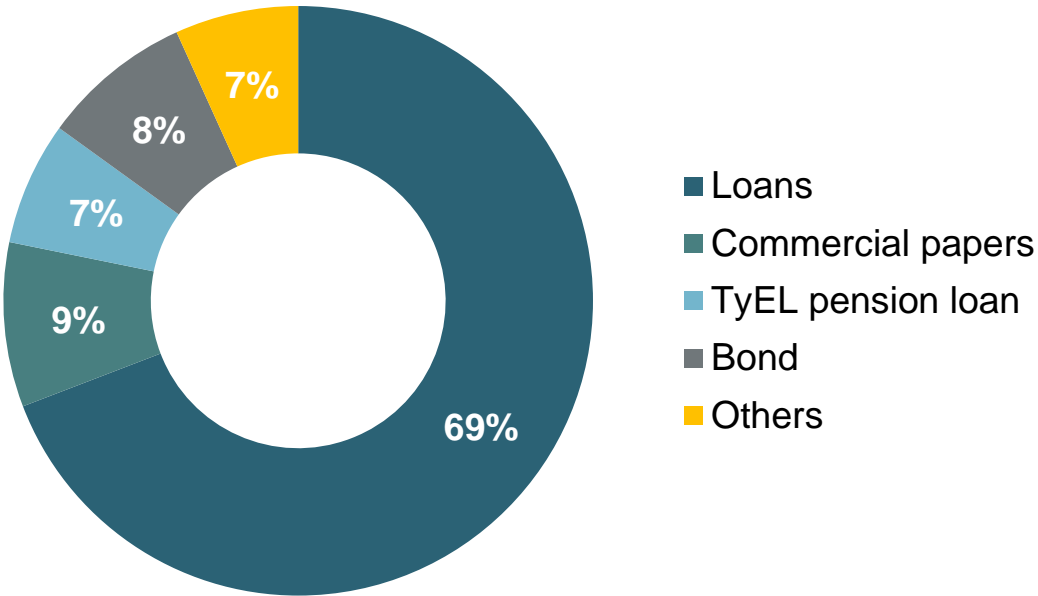
Gearing was 110% and equity ratio was 34%.

Structure of liabilities

Interest bearing liabilities
September 30, 2016, EUR 133 million

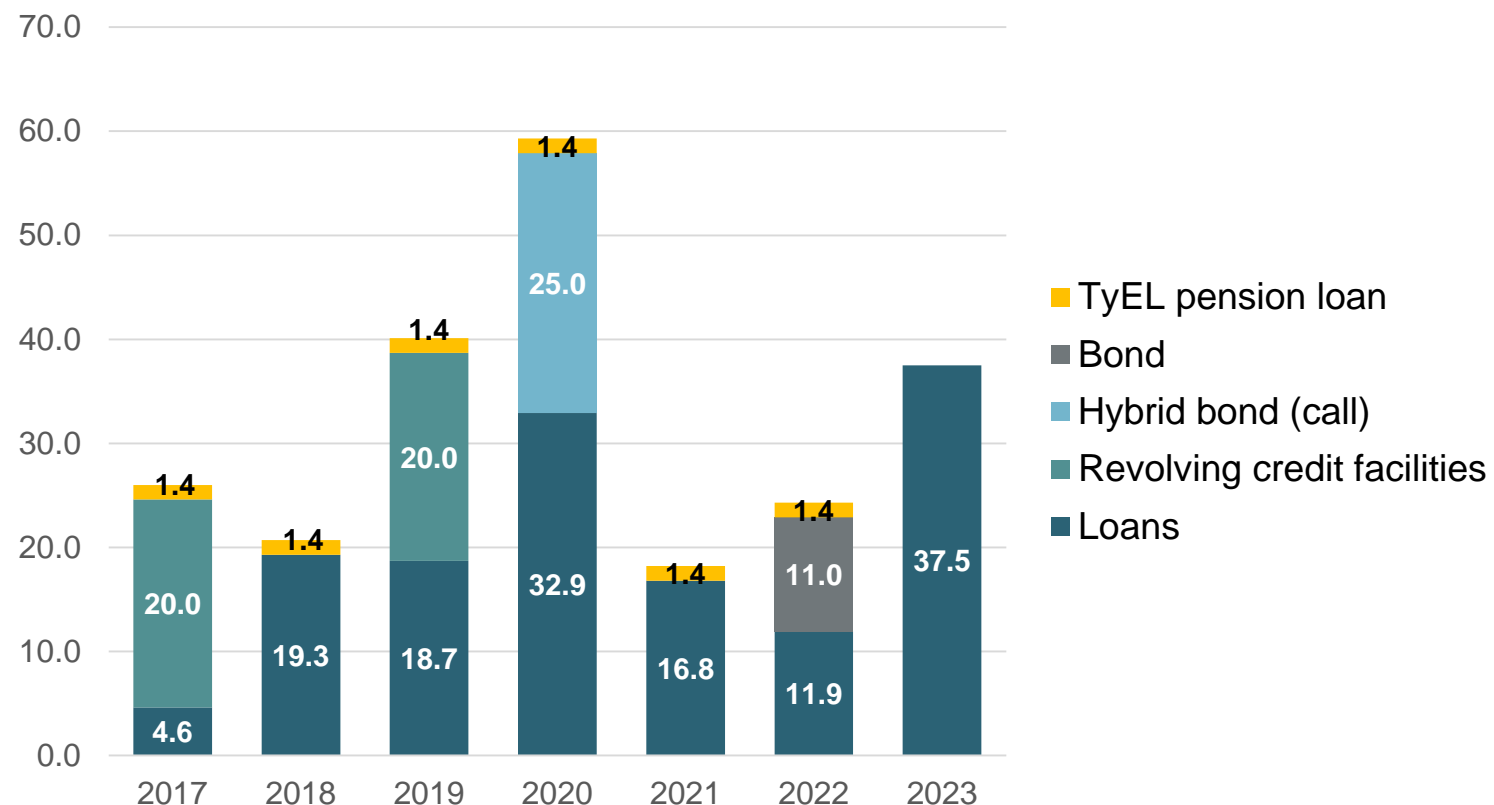


Interest bearing liabilities
September 30, 2017, EUR 139 million



Maturity of significant loan agreements

MEUR

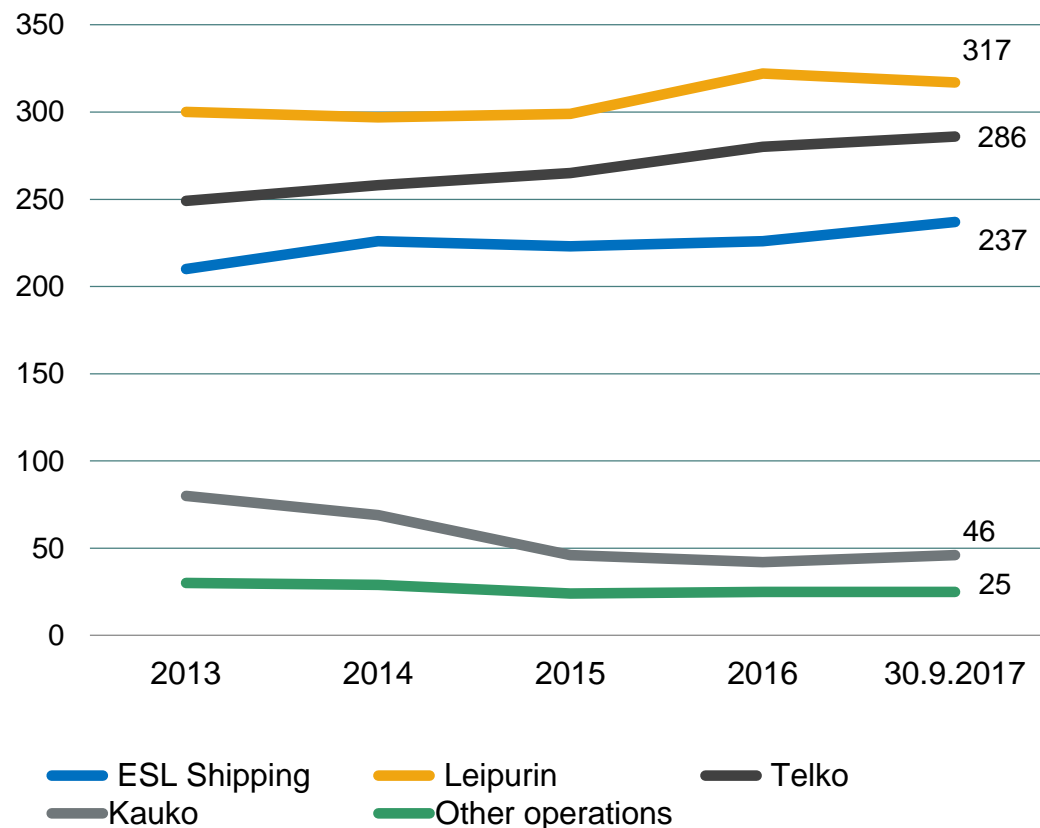


In Q3, the average interest rate of interest bearing liabilities was 1.8% (12/2016: 1.8).

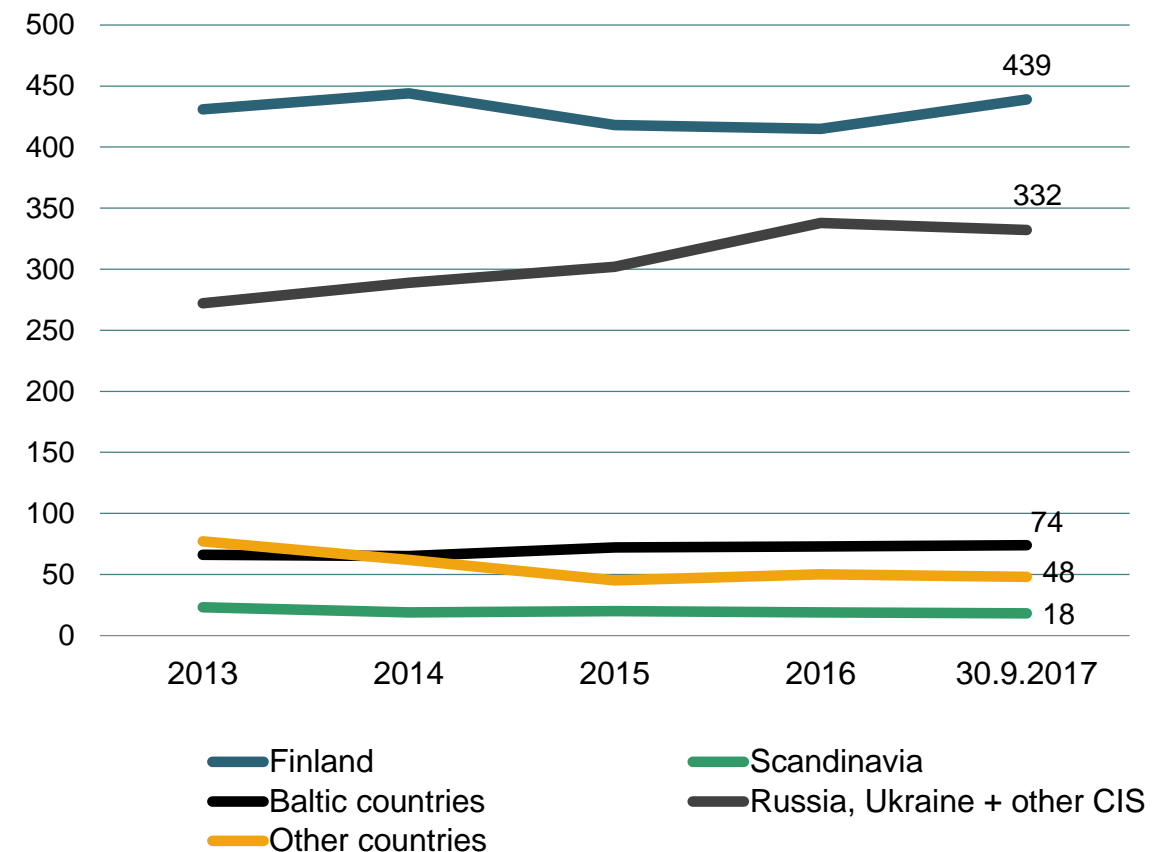
A revolving credit facility of EUR 20 million will mature in 2017. In 2018, financing agreements of approximately EUR 16 million will fall due.

Personnel, September 30, total 911

Personnel by segment



Personnel by geographical area



General market outlook

- General uncertainty in the markets has decreased.
- Industrial production is expected to increase in the main market areas of Aspo.
- Raw material prices will remain low or increase.
- Political risks may weaken free trade.
- Weak economic situation in important eastern growth markets has turned into growth.
- Aspo will continue its expansion and growth.
- New operations:
 - ESL Shipping launched new operations in a smaller vessel class.
 - New LNG vessels are on schedule and will start operating in H1 2018
 - Telko's subsidiary in Iran has obtained an operating license.

The general market situation of operations has improved and will improve further.

Growth in eastern markets continued (Russia, Ukraine, Kazakhstan and Belarus). In Finland, industrial production is growing quickly.

Aspo's guidance remains unchanged

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