



Aspo Q2

August 14, 2018

CEO Aki Ojanen

Aspo Q2

Record-high operating profit in H1 and Q2.

Earnings per share in Q2 increased by 112.5% to EUR 0.17 (0.08).

Net sales increased by 7% to EUR 132.7 (123.8) million.

Operating profit improved by 39% to EUR 7.1 (5.1) million.

ESL Shipping announced that it will acquire AtoB@C, a Swedish shipping company. The acquisition is expected to be completed during August.

ESL Shipping produced a record-high operating profit of EUR 4.3 (3.1) million for Q2.

Telko produced a record-high operating profit of EUR 3.6 (2.4) million in Q2.

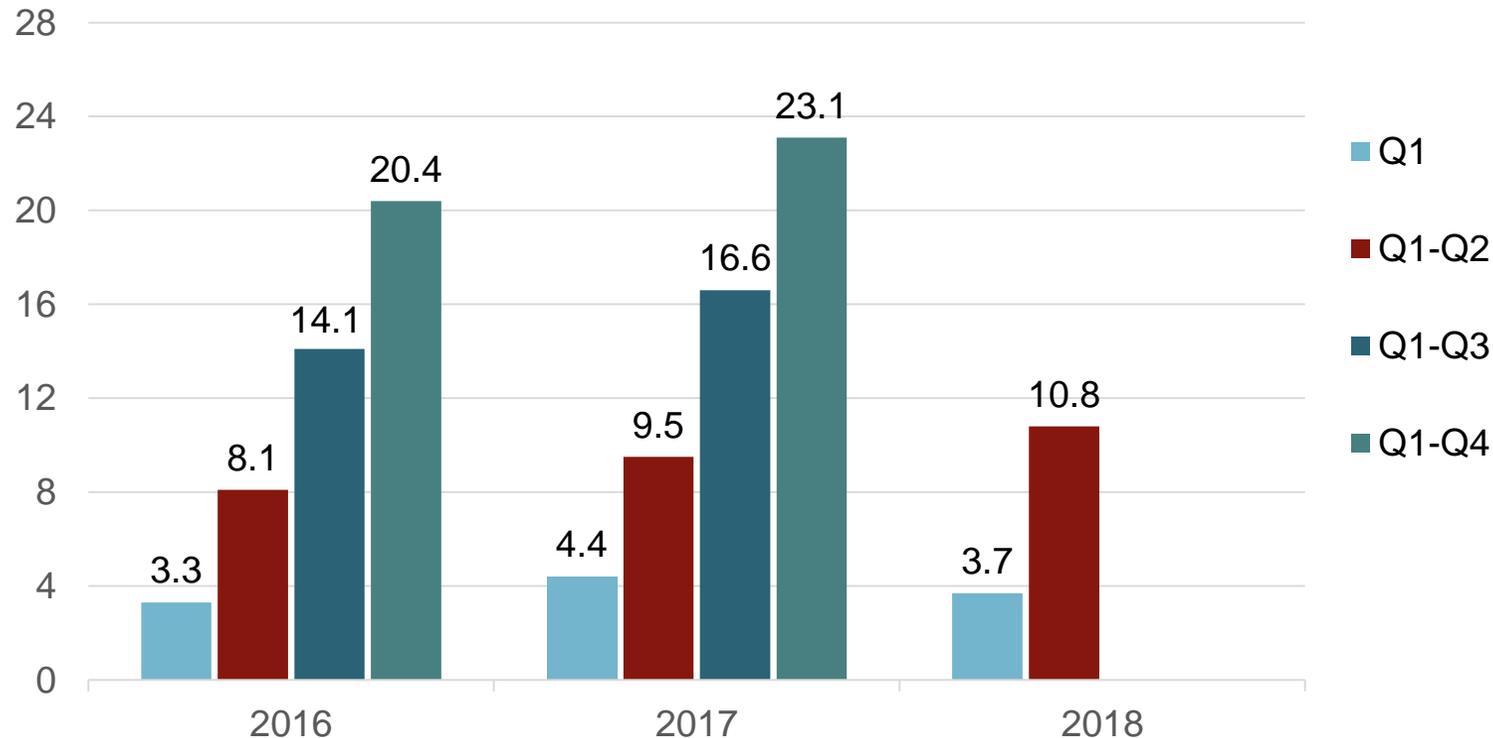
Leipurin has now been improving its operating profit for five consecutive quarters.

Operating profit stood at EUR 0.9 (0.6) million.

Operating profit

Operating profit

MEUR

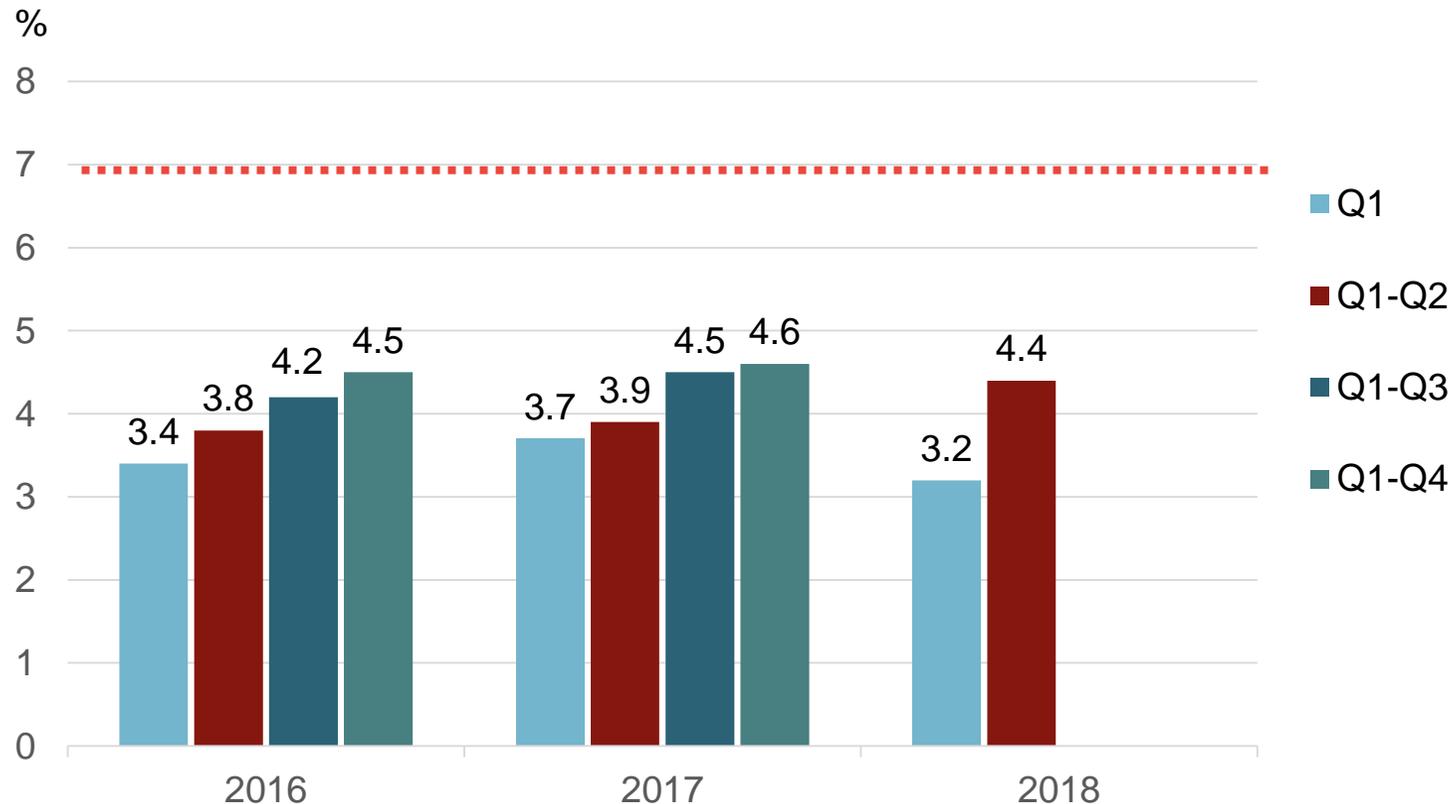


In Q2, operating profit improved by 39% and was EUR 7.1 million (5.1).

All three of our largest businesses improved their operating profit significantly.

Long-term financial targets

Operating profit, %

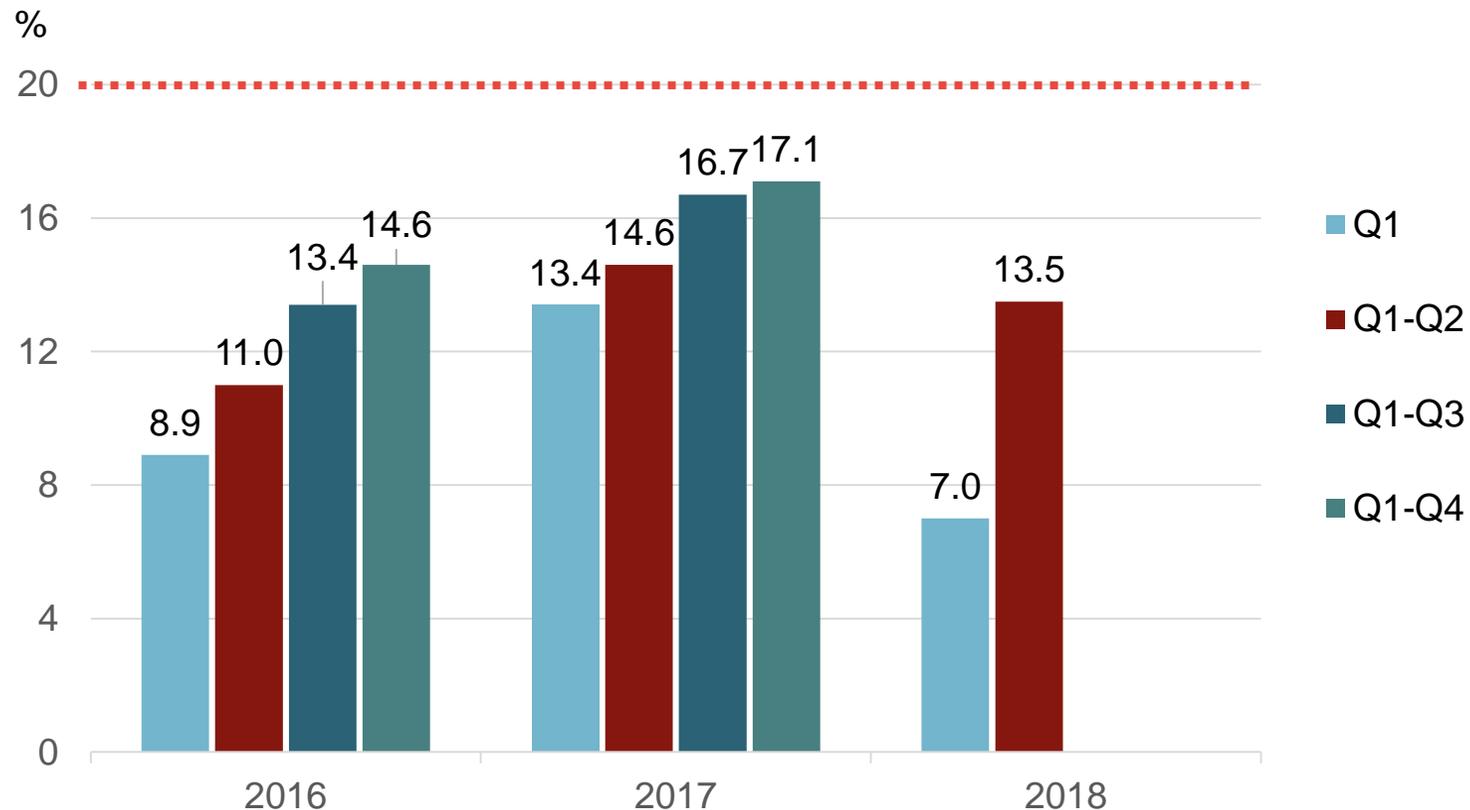


In Q2, operating profit rate improved and was 5.4% (4.1).

Target level is 7% by 2020.

Long-term financial targets

Return on equity, (ROE)

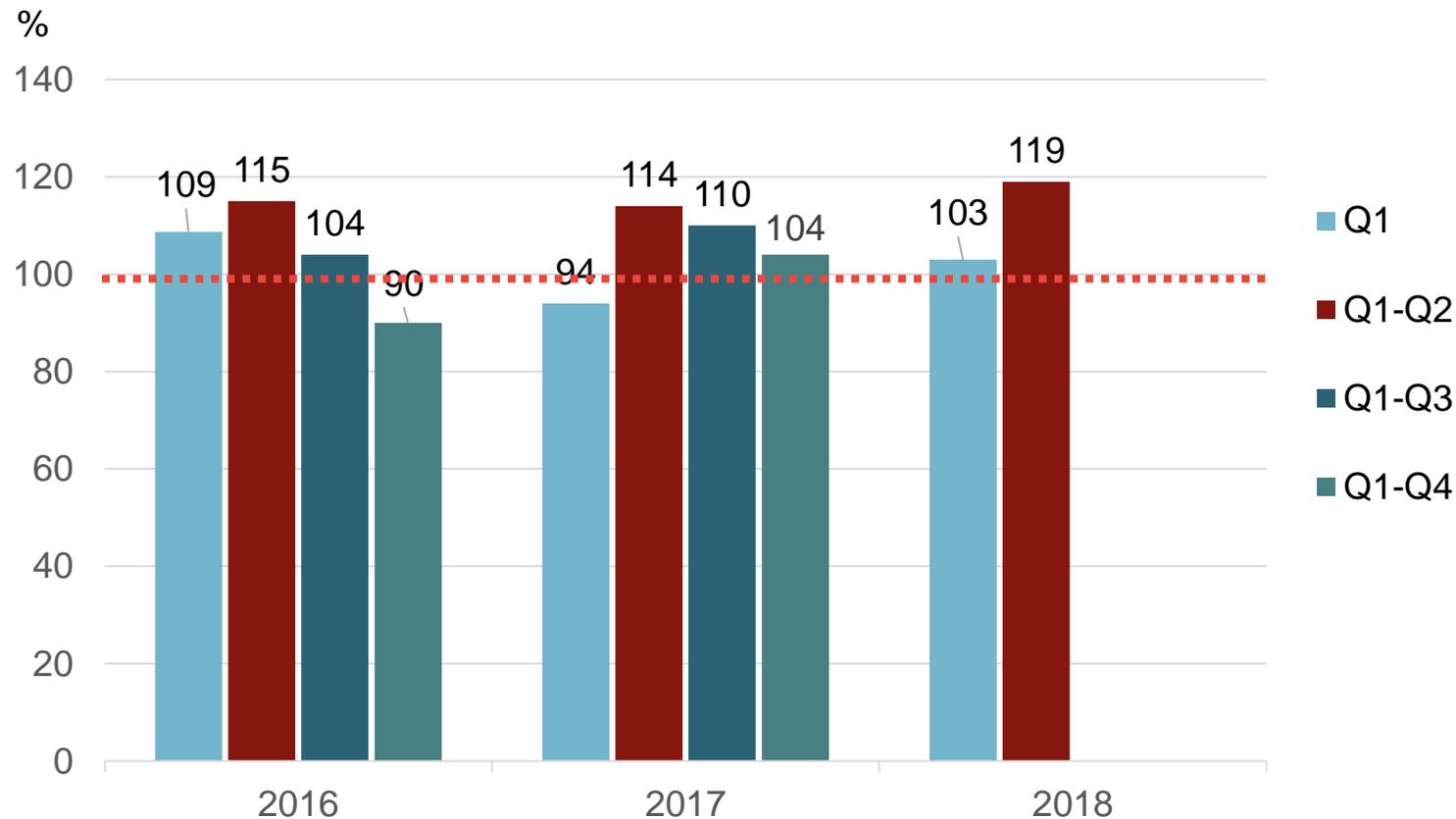


In H1, ROE weakened and was 13.5% (14.6).

Target level is on average over 20% by 2020.

Long-term financial targets

Gearing



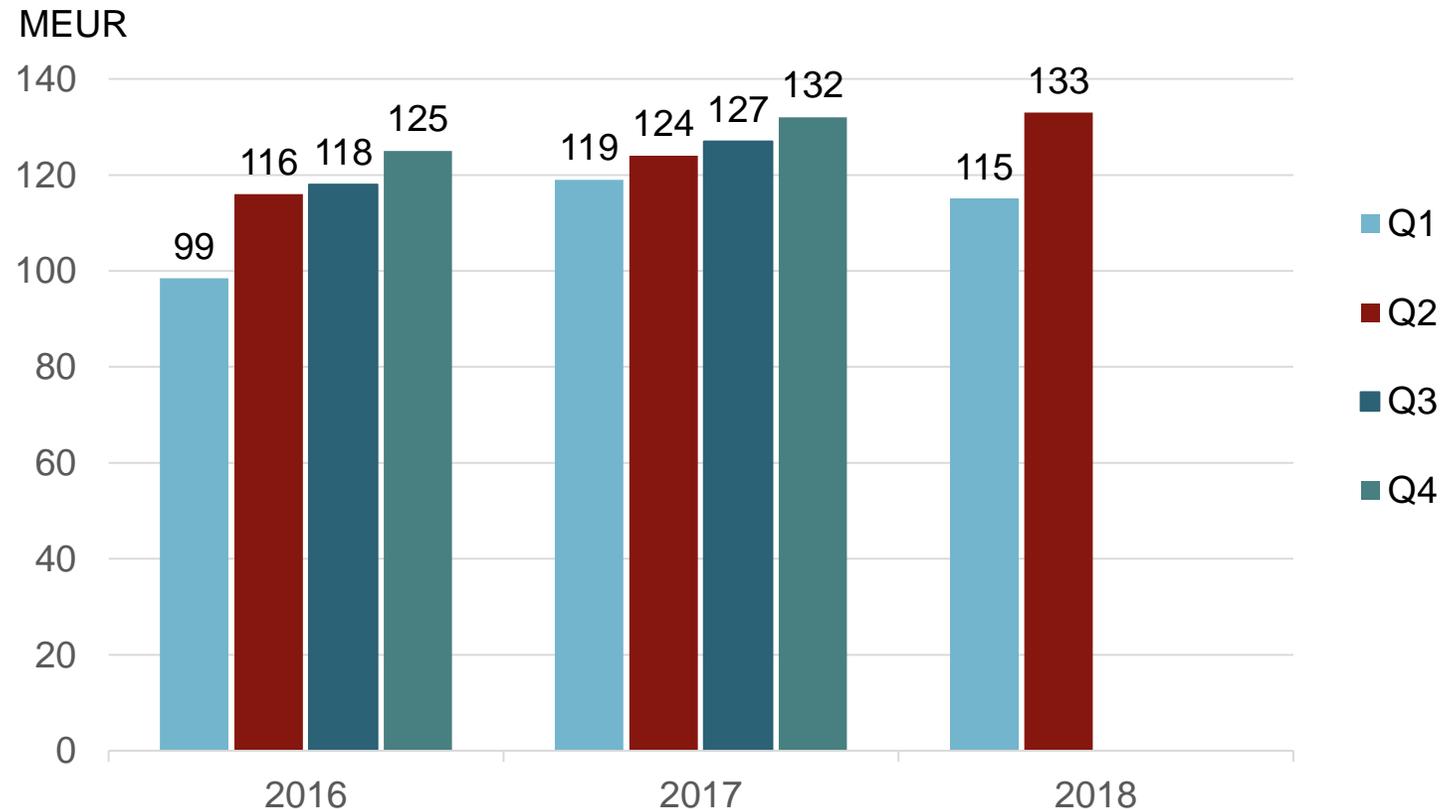
In H1, gearing increased and was 119 % (114).

Target level is up to 100% by 2020.

The target level is indicated by the dashed line.

Net sales by quarter

Net sales by quarter



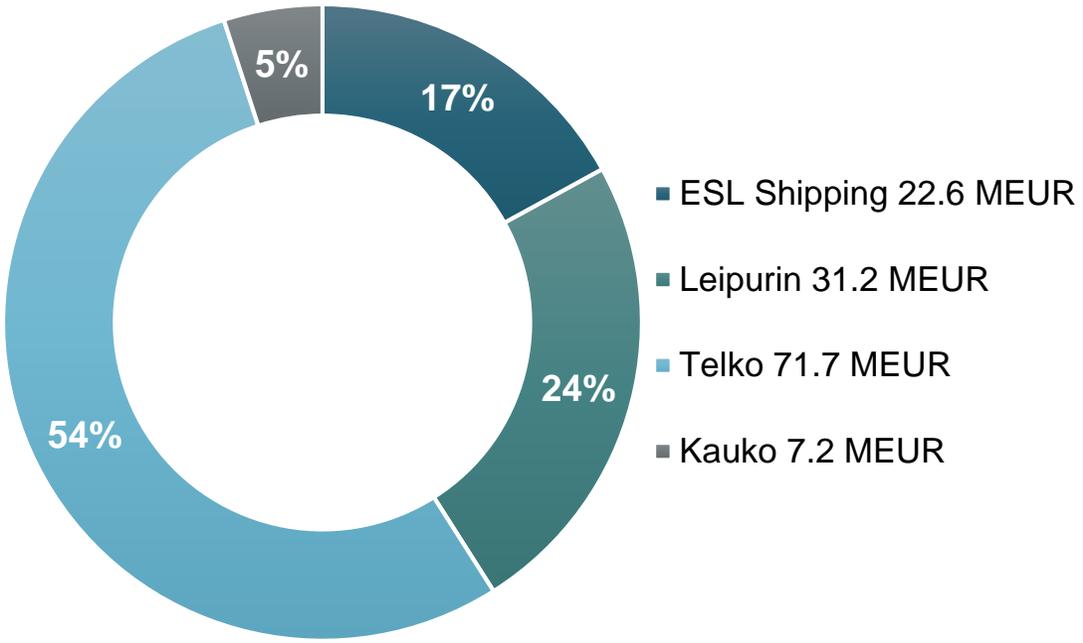
In Q2, net sales increased by 7% and were EUR 133 million (124).

All three of our largest businesses grew. Kauko's net sales decreased.

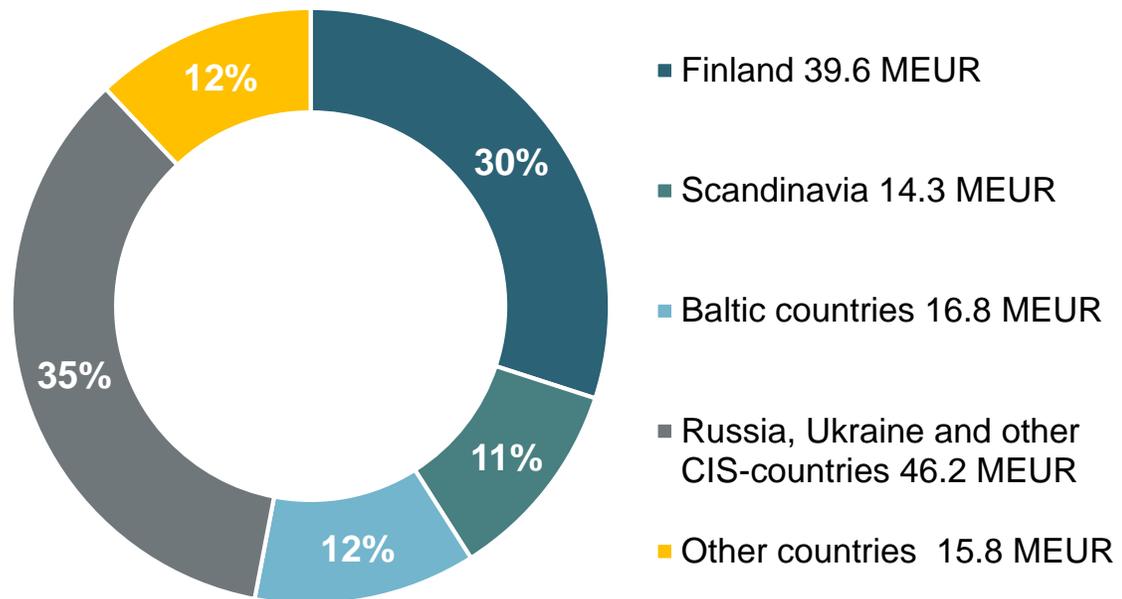
The biggest market area, Russia, Ukraine + other CIS countries, grew by 15%.

Aspo represents a balanced entity

Net sales by segment Q2 2018

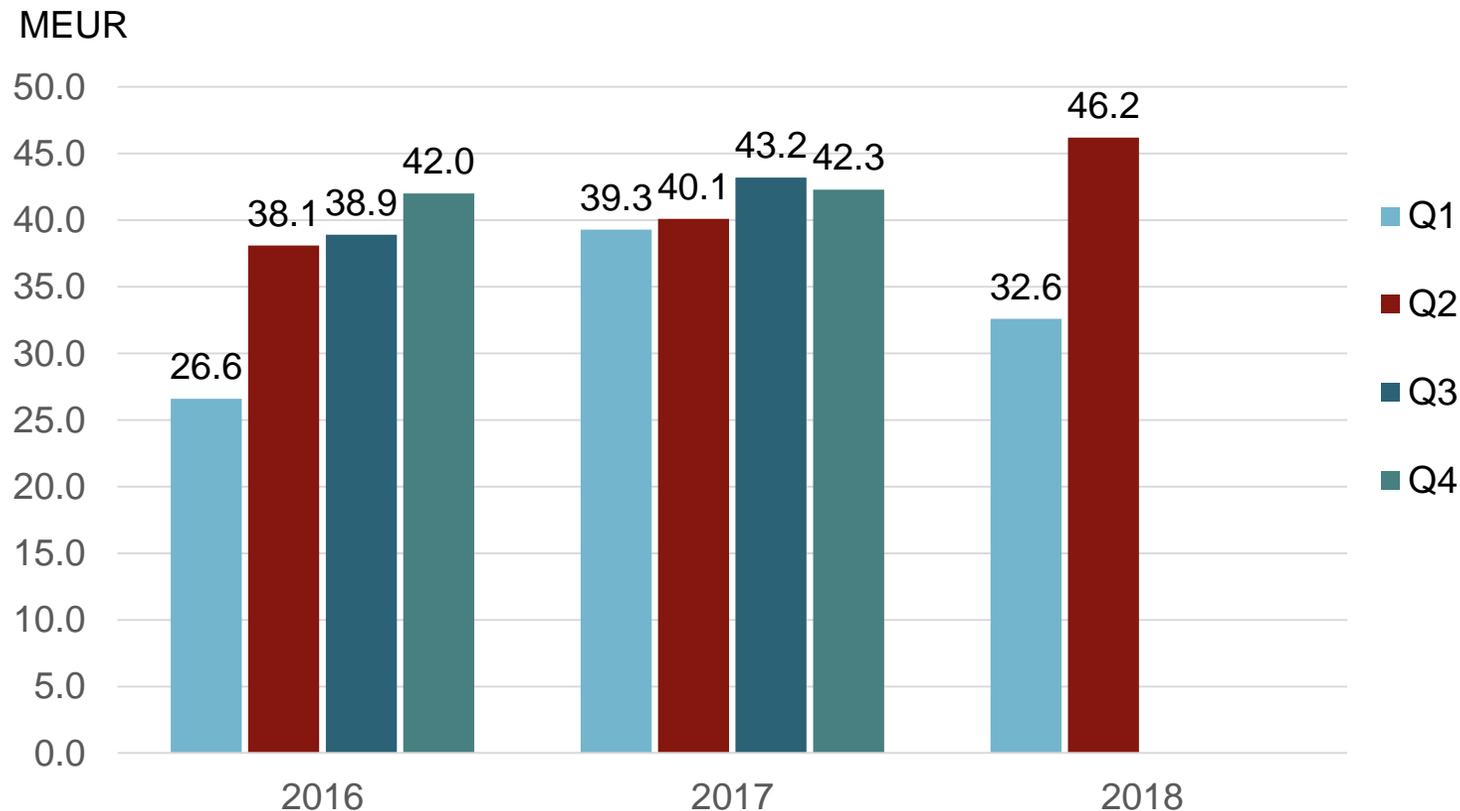


Net sales by market area Q2 2018



Russia, Ukraine and other CIS countries

Net sales



In the eastern markets, net sales increased by 15%.

In Baltic countries, net sales increased by 20%.

In the eastern markets, net sales increased as a result of Telko and of ESL Shipping's transportation for Russian customers.

ESL Shipping

Leading marine logistics provider for bulk cargo

ESL Shipping

The general market prices for dry bulk cargo remained stable in the vessel categories in which the shipping company operates.

Cargo prices were at a relatively low level.

Operating profit increased by 39% to EUR 4.3 (3.1) million.

Operating profit during the second quarter was record high.

Net sales increased by 16% to EUR 22.6 (19.5) million as a result of increases in transport volumes, vessel capacity and fuel prices.

ESL Shipping has agreed on the acquisition of AtoB@C, a Swedish shipping company.

LNG-fueled vessels are expected to be delivered during August-September.

ESL Shipping will acquire AtoB@C, a Swedish shipping company

AtoB@C is engaged in the shipping business with 30 vessels in size of 4,000–5,000 tons.

AtoB@C owns six dry cargo vessels in full, and it has a share of 49% of two vessels. The other 22 vessels are time-chartered.

In 2017, AtoB@C's net sales amounted to EUR 79.3 million and its operating profit was EUR 3.2 million.

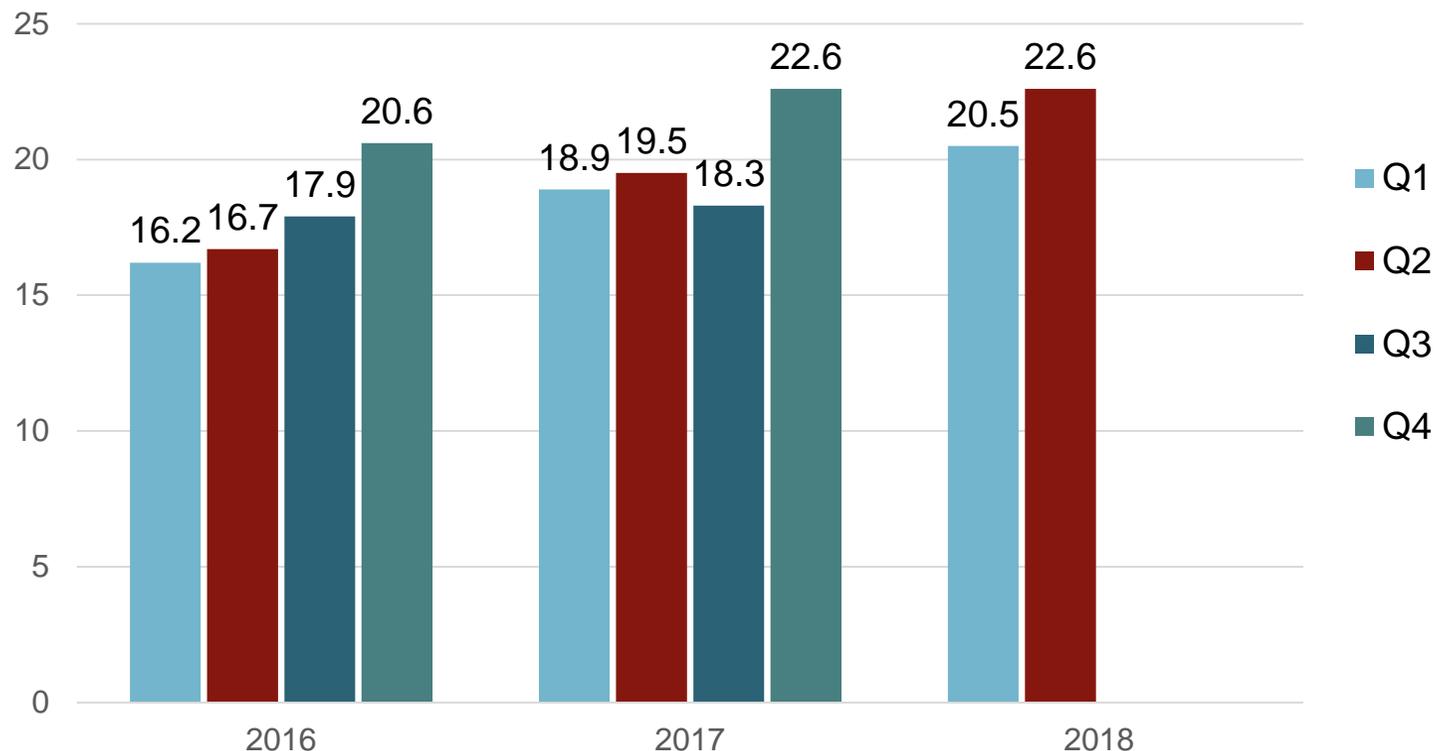
It carries forest industry raw materials and products, steel industry products, fertilizers, recycled material, biofuel and minerals.

The enterprise value (EV) of EUR 30 million will mainly be financed by Aspo's existing financing reserves, and approximately EUR 4.2 million will be covered by new shares issued by Aspo Plc.

ESL Shipping key figures Q2

Net sales

MEUR



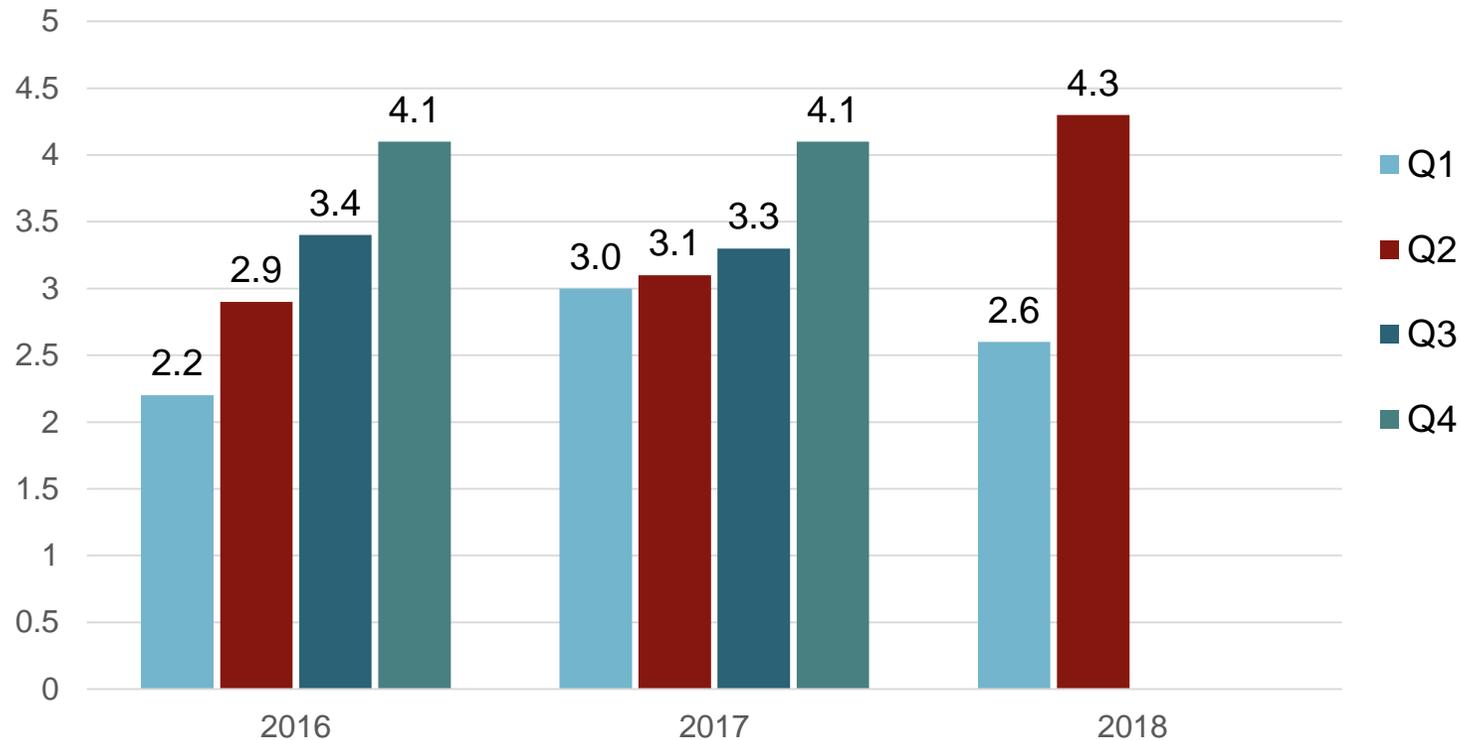
Net sales increased by 16% from the comparative period and was EUR 22.6 million (19.5).

In the second quarter, ESL Shipping carried significantly more cargo than in the comparative period, in all 3.2 million tons (2.8) .

ESL Shipping key figures Q2

Operating profit

MEUR



Operating profit for the second quarter increased by 39% and was EUR 4.3 million (3.1).

Operating profit was record-high for Q2.

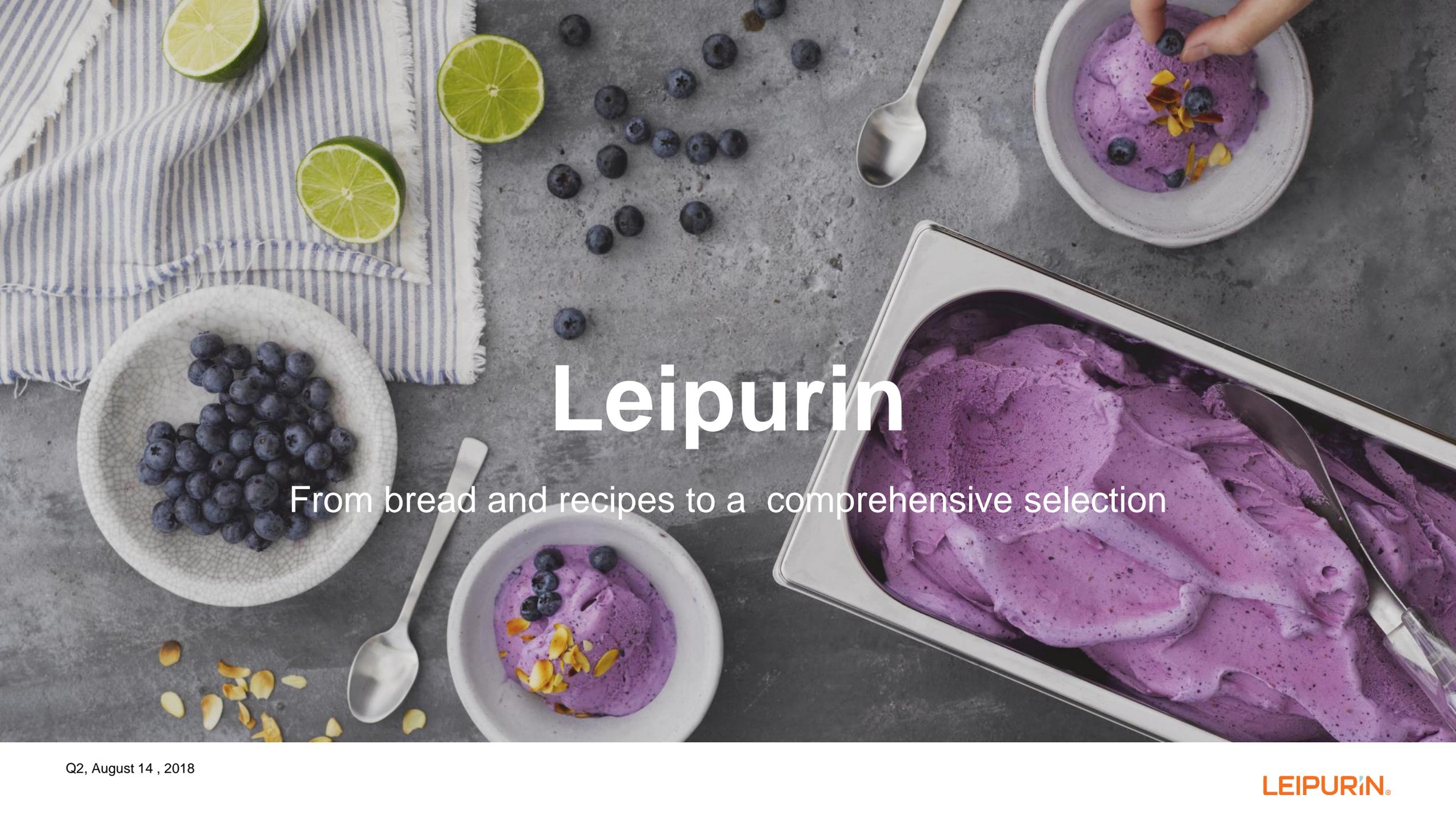
Profitability improved as a result of higher transportation volumes and successful operations, supported partly by more favorable weather conditions.

Baltic Dry Index 2014–2018



Source: Bloomberg

Q2, August 14, 2018



Leipurin

From bread and recipes to a comprehensive selection

Leipurin

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.

Operating profit increased by 50% to EUR 0.9 (0.6) million.

The operating profit rate for Q2 was 2.9% (2.0), still short of the target level for

Net sales increased by 4% to EUR 31.2 (30.1) million.

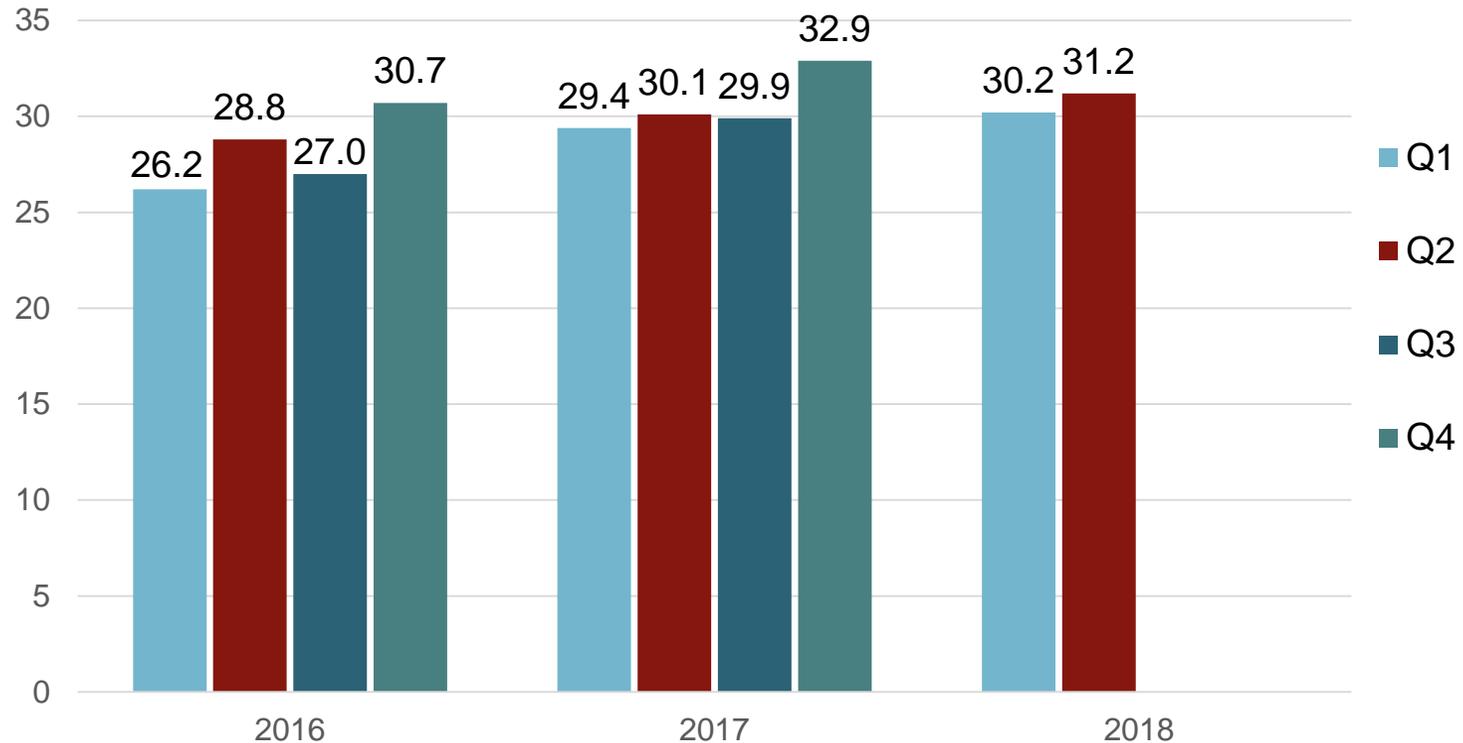
During the second quarter, the sales of machinery operations in Finland and the Baltic countries continued at a good level, and the order book for Russia developed positively.

Profitability was improved by the machinery operations and by raw material operations in the eastern markets.

Leipurin key figures Q2

Net sales

MEUR



Net sales increased and were EUR 31.2 million (30.1).

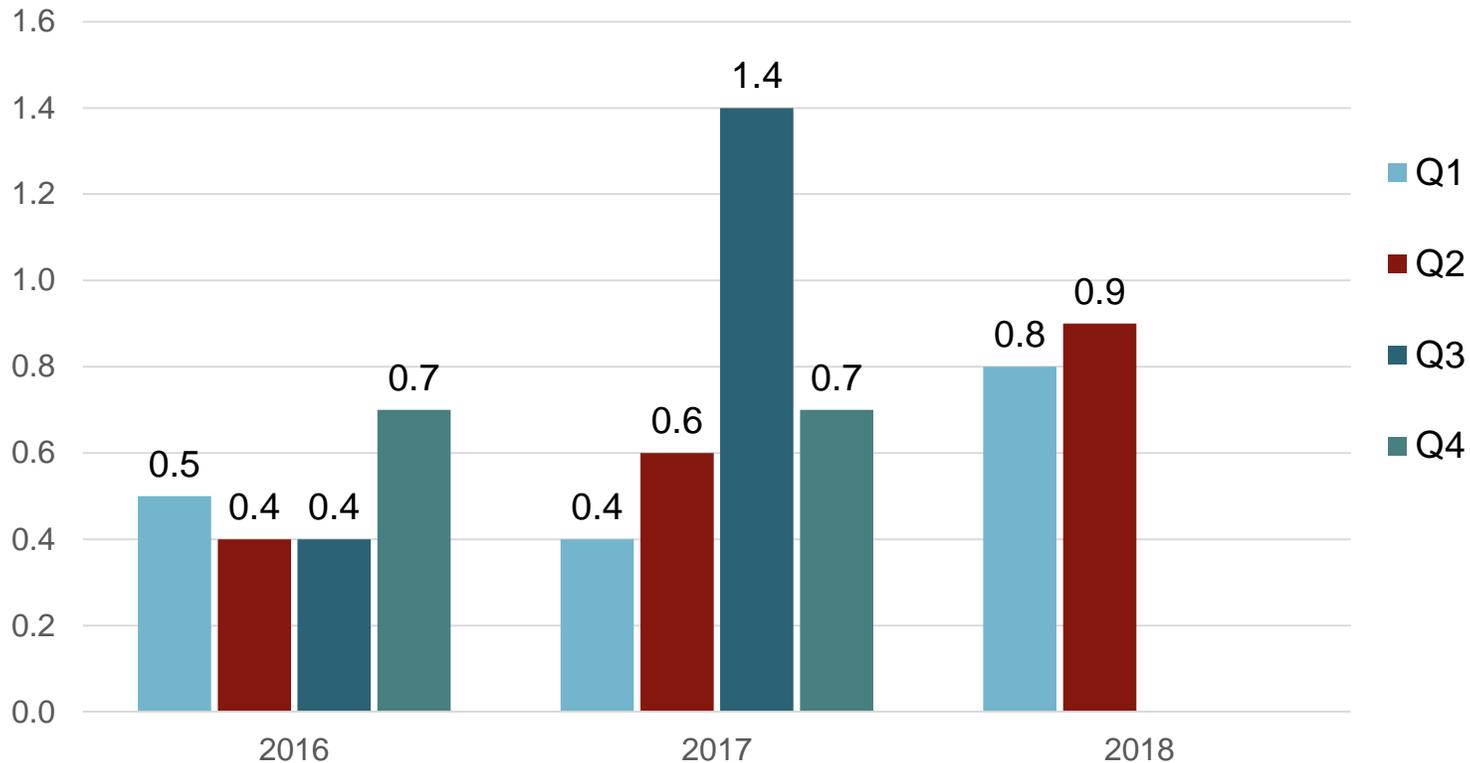
Leipurin's machinery operations was the most significant growth factor.

Net sales of the raw material operations in the western markets decreased. Net sales in the eastern markets increased when denominated in local currencies but decreased when denominated in euro.

Leipurin key figures Q2

Operating profit

MEUR



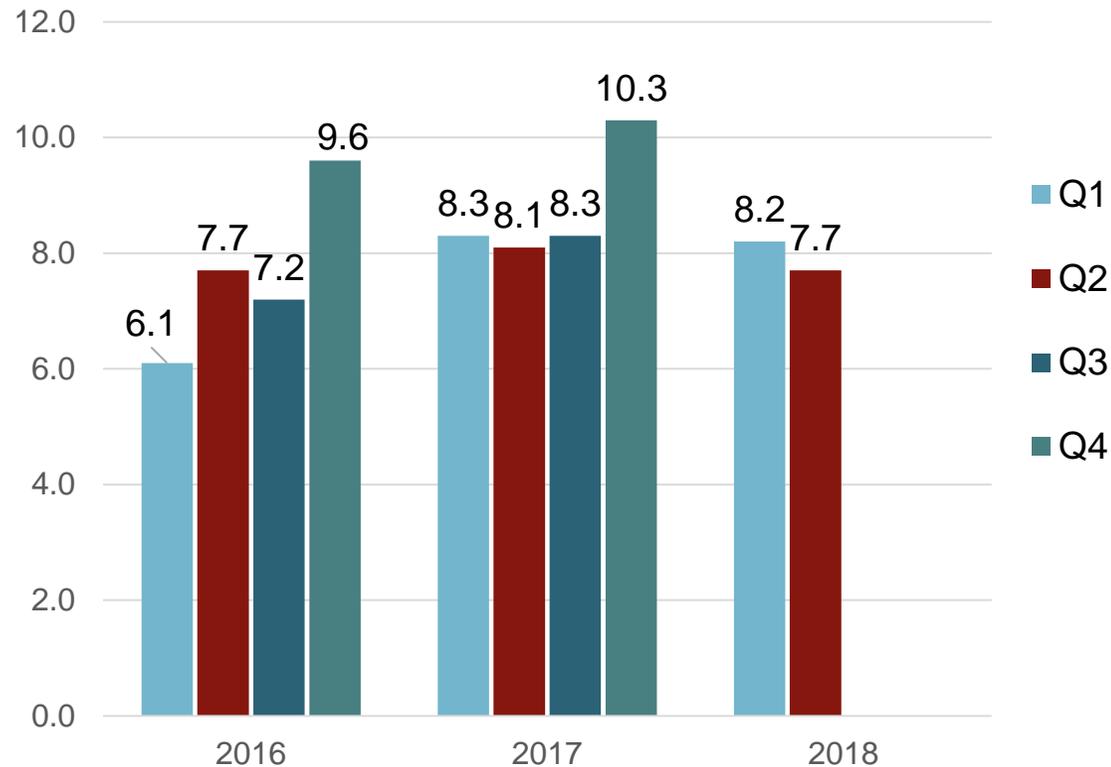
Operating profit increased by 50% and was EUR 0.9 million (0.6).

In eastern markets, operating profit rate of raw material operations was 7% (6).

Net sales in Russia, Ukraine and other CIS countries

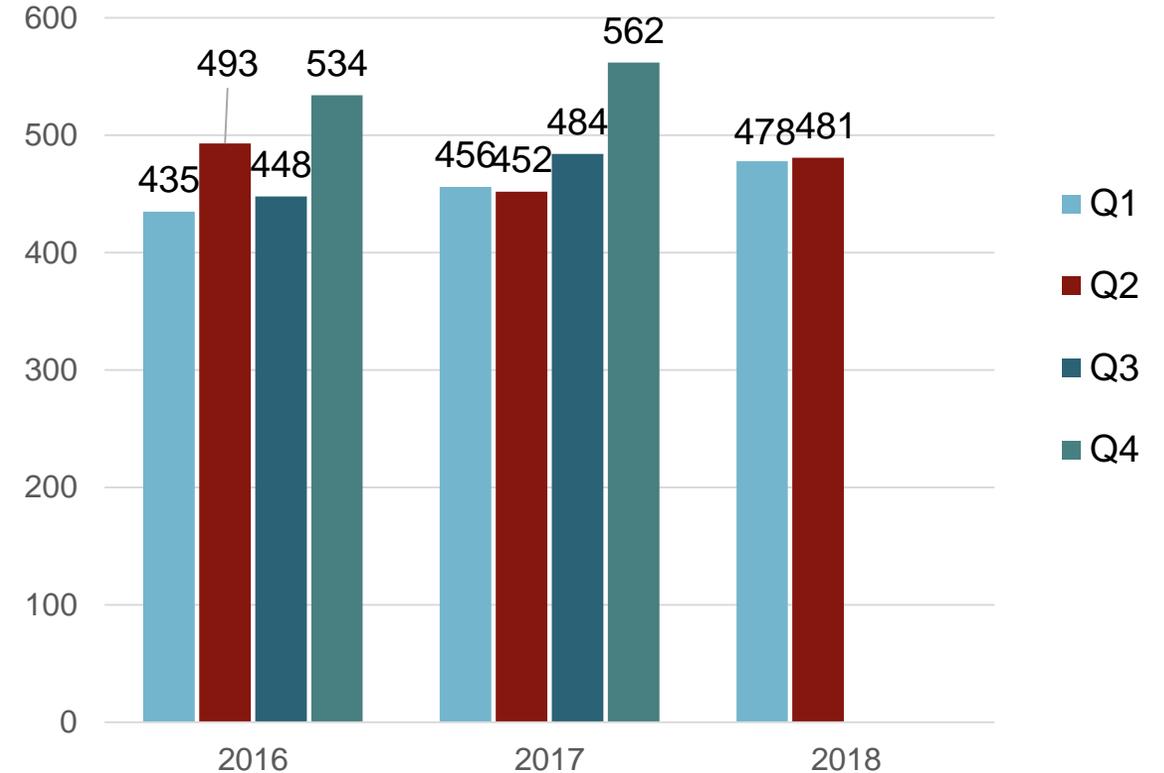
Net sales in the market area

MEUR



Net sales of the Russian company

MRUB





Telko

Raw material solutions for the industry

Telko's operating environment remained unchanged or improved in some countries. In eastern markets, the general economic situation has been characterized by the transition to the low growth phase, while industrial production continued to experience good growth in western markets.

During Q2, Telko's net sales grew by 9% from the comparative period to an all-time high of EUR 71.7 (65.7) million.

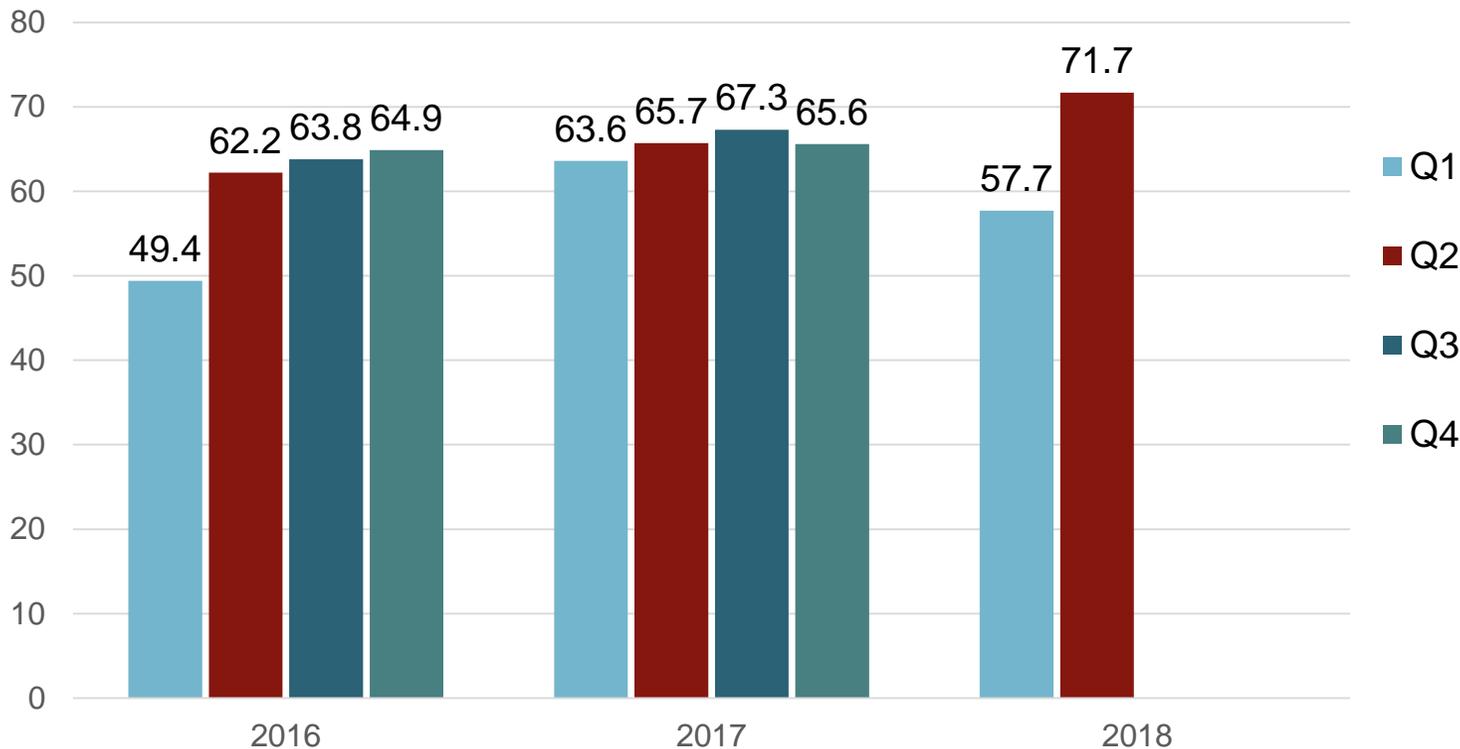
Operating profit for Q2 improved by 50% to EUR 3.6 (2.4) million, a one-quarter record for Telko.

Profitability improved as a result of the increased net sales, while being able to keep costs under control, the improved average margins of products as well as a more profitable product range.

Telko key figures Q2

Net sales

MEUR



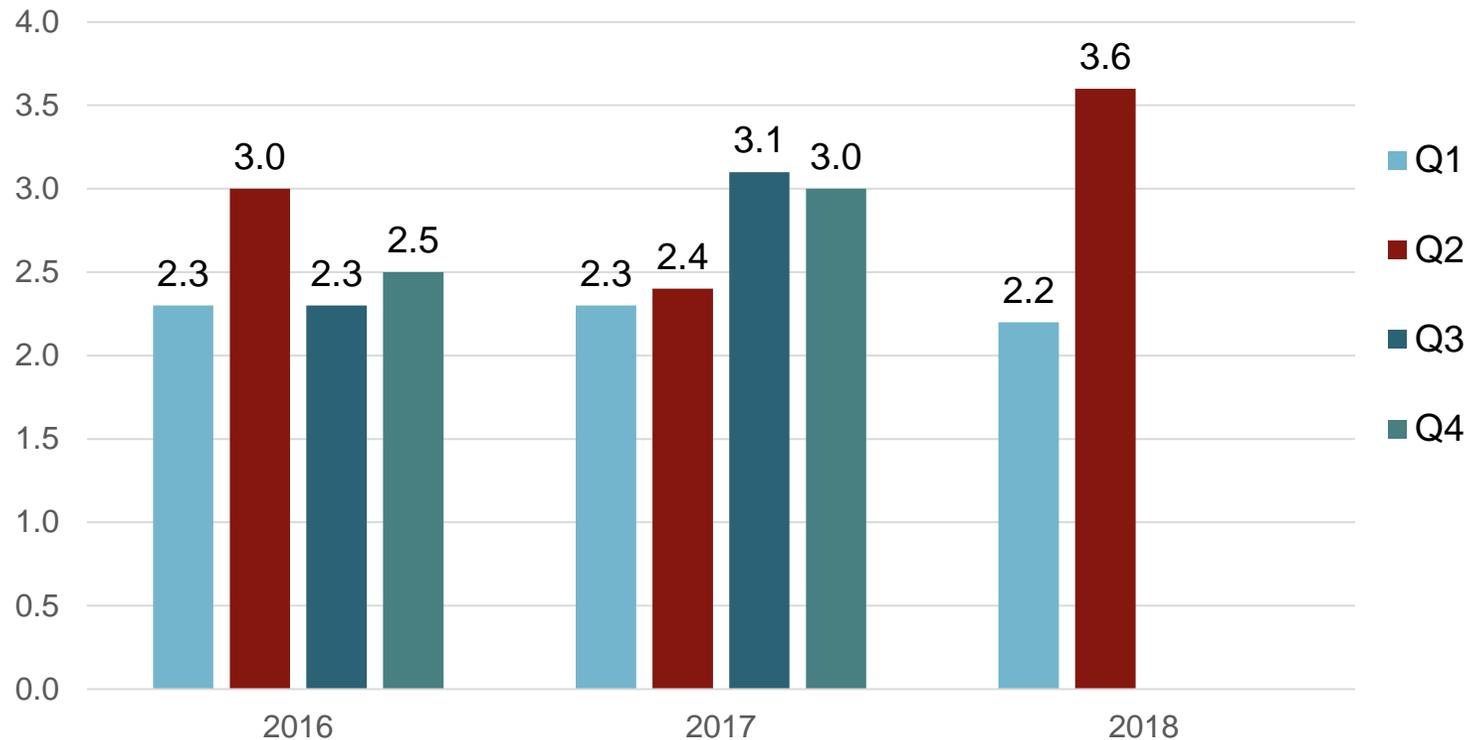
Net sales increased and were EUR 71.7 million (65,7).

The increase in net sales during Q2 was supported by the unusually cold weather in Russia and Ukraine during Q1. The spring season in the industrial sector began later than before, and part of sales of raw material postponed to Q2.

Telko key figures Q2

Operating profit

MEUR



In Q2, operating profit improved by 50 % and was EUR 3.6 million (2.4), a one-quarter record for Telko.

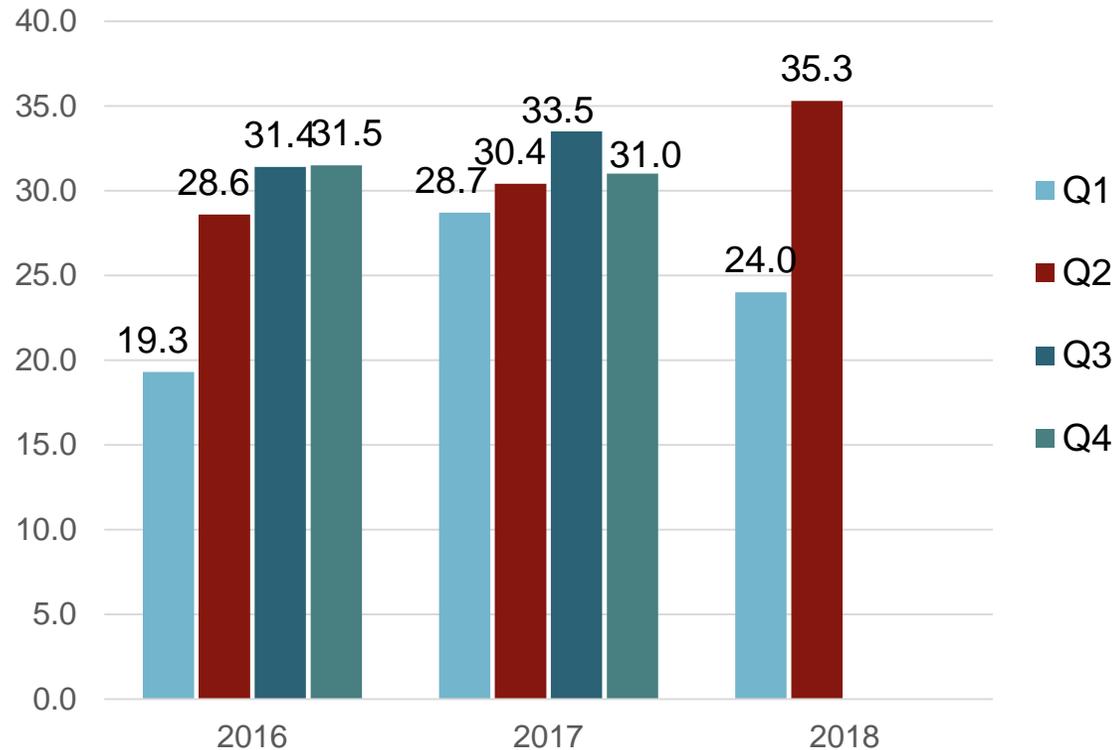
Operating profit rate was 5.0% (3.7).

Profitability improved, for example, as a result of the higher average margin level and a product range with a better profitability.

Net sales in Russia, Ukraine and other CIS countries

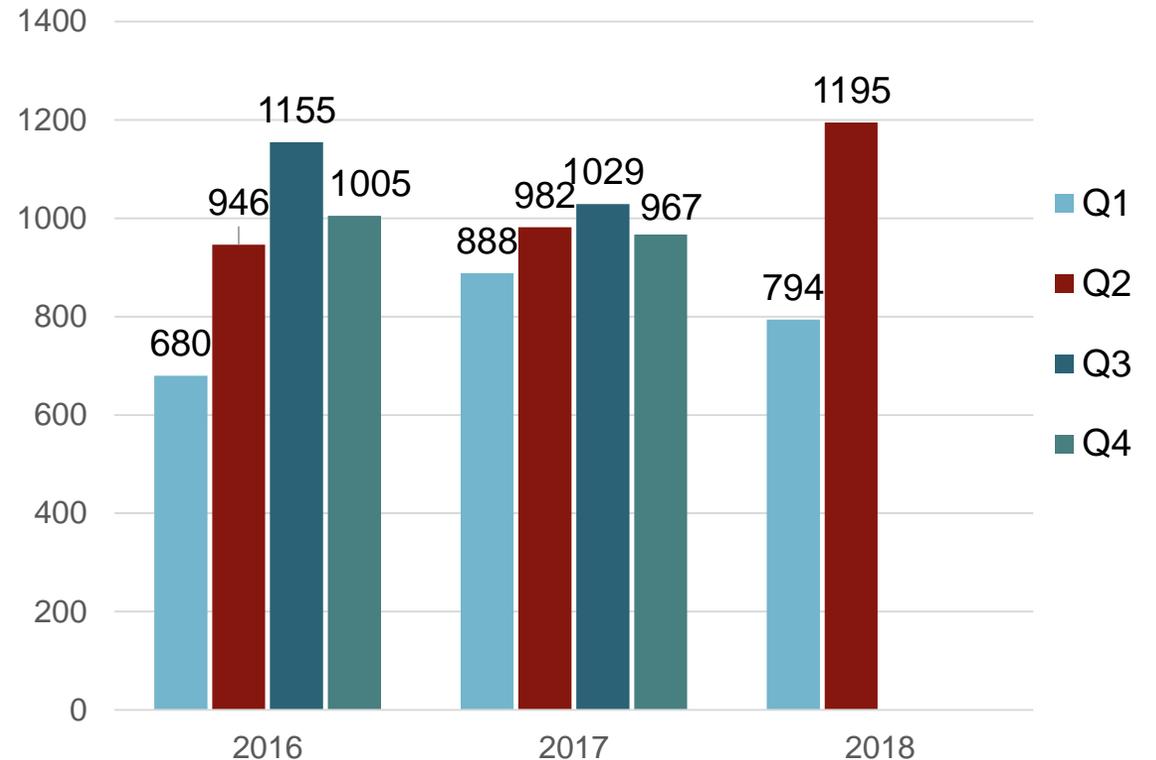
Net sales in the market area

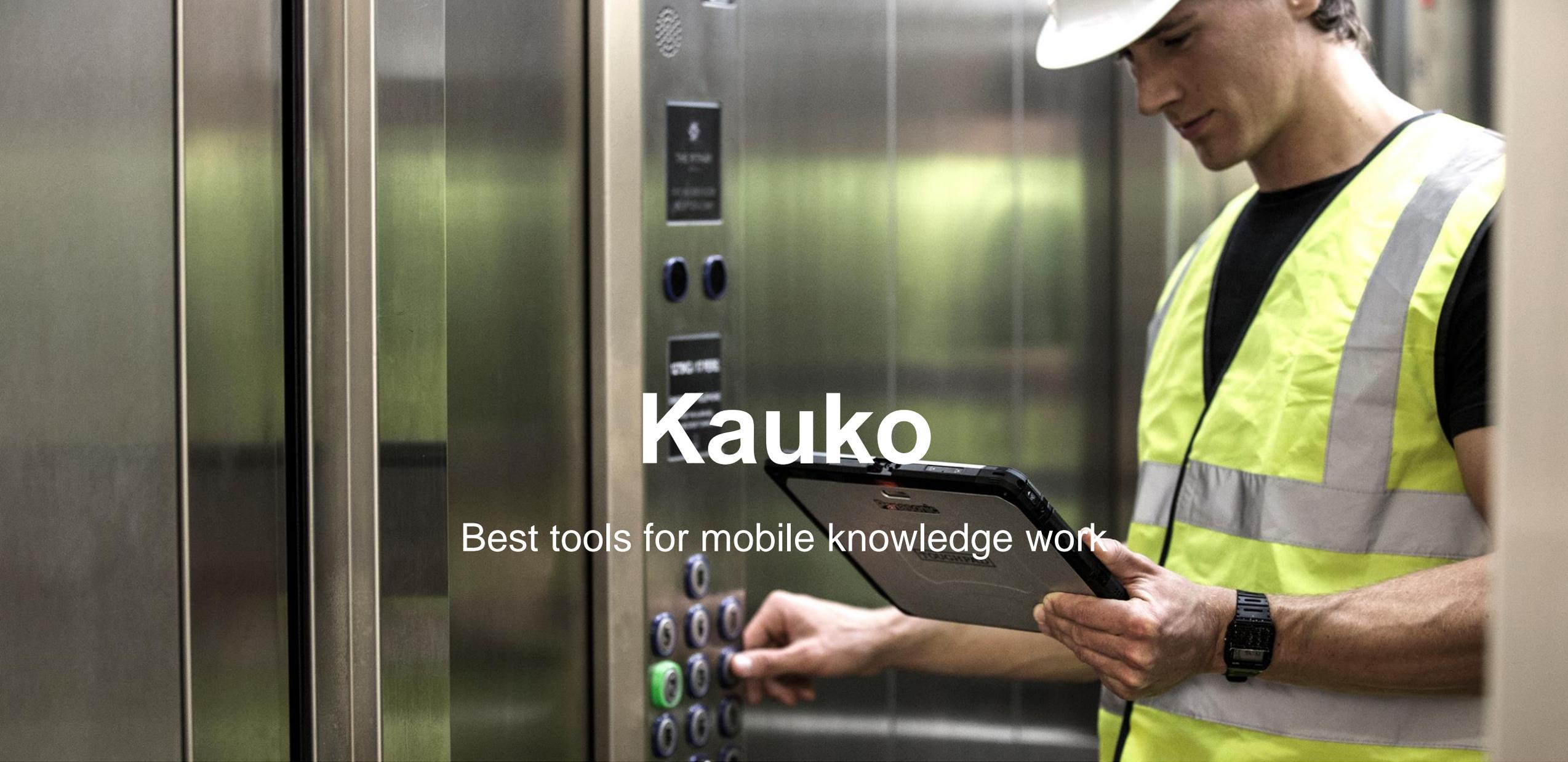
MEUR



Net sales of the Russian company

MRUB





Kauko

Best tools for mobile knowledge work

Net sales decreased by 15% to EUR 7.2 (8.5) million.

The decrease of net sales mainly concerned energy efficiency equipment and healthcare solutions.

Deliveries to key contractual partners will take place during Q3 and Q4.

Hansel selected Kauko's rugged computers as contract hardware.

Operating result stood at EUR -0.4 (0.1) million.

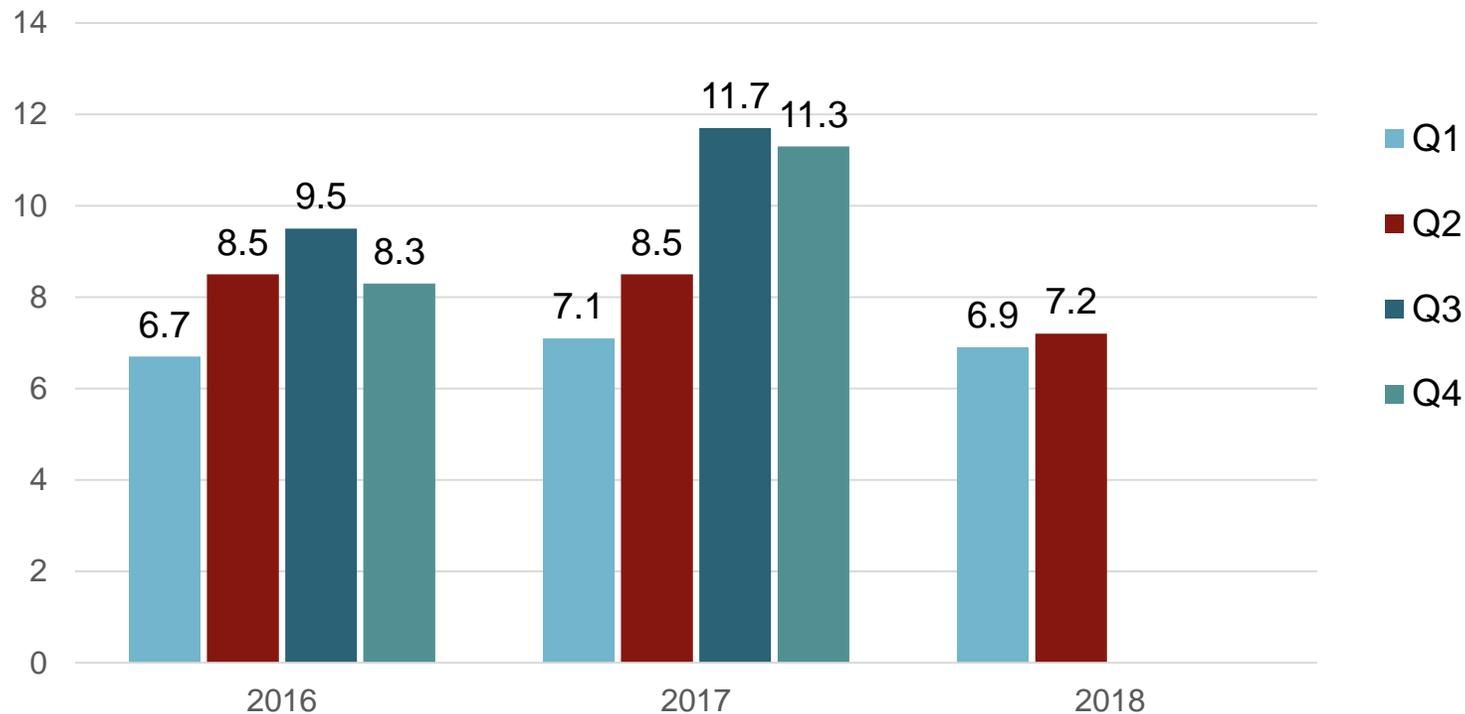
The loss-making application business was discontinued during Q2. Severance pay was paid to the former managing director during Q2.

Kauko will carry out determined actions to improve its profitability.

Kauko key figures Q2

Net sales

MEUR



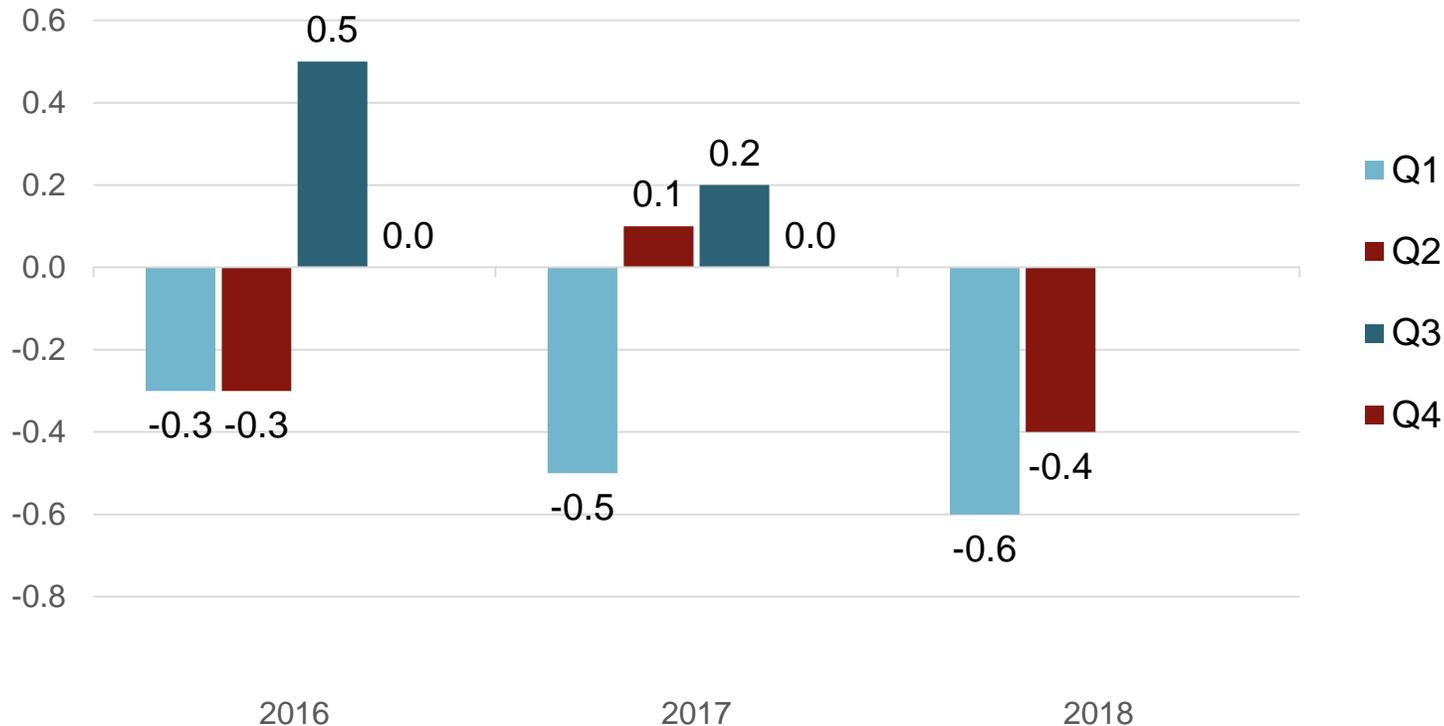
Q2, August 14, 2018

Net sales decreased and were EUR 7.2 million (8.5).

Kauko key figures Q2

Operating profit

MEUR



Operating profit decreased to EUR -0.4 million (0.1).

Operating profit is not at the target level.

General outlook for the markets in 2018

- International economy is expected to continue the growth.
- Industrial production is expected to increase in the main market areas of Aspo's business operations in Northern Europe.
- General political risks may weaken operating environment or prevent free trade.
- The Russian economy is showing moderate growth, but due to international sanctions political risks have increased.
- Aspo will continue to expand in eastern markets.
- No irregular items or claims for compensation are expected.
- Raw material prices and dry cargo price levels are expected to remain at their current level or strengthen.

Industrial production is expected to grow in Aspo's main markets.

Aspo will continue its organic expansion in the eastern markets and speed up its inorganic growth in the western markets.

Guidance for 2018

Remains unchanged:

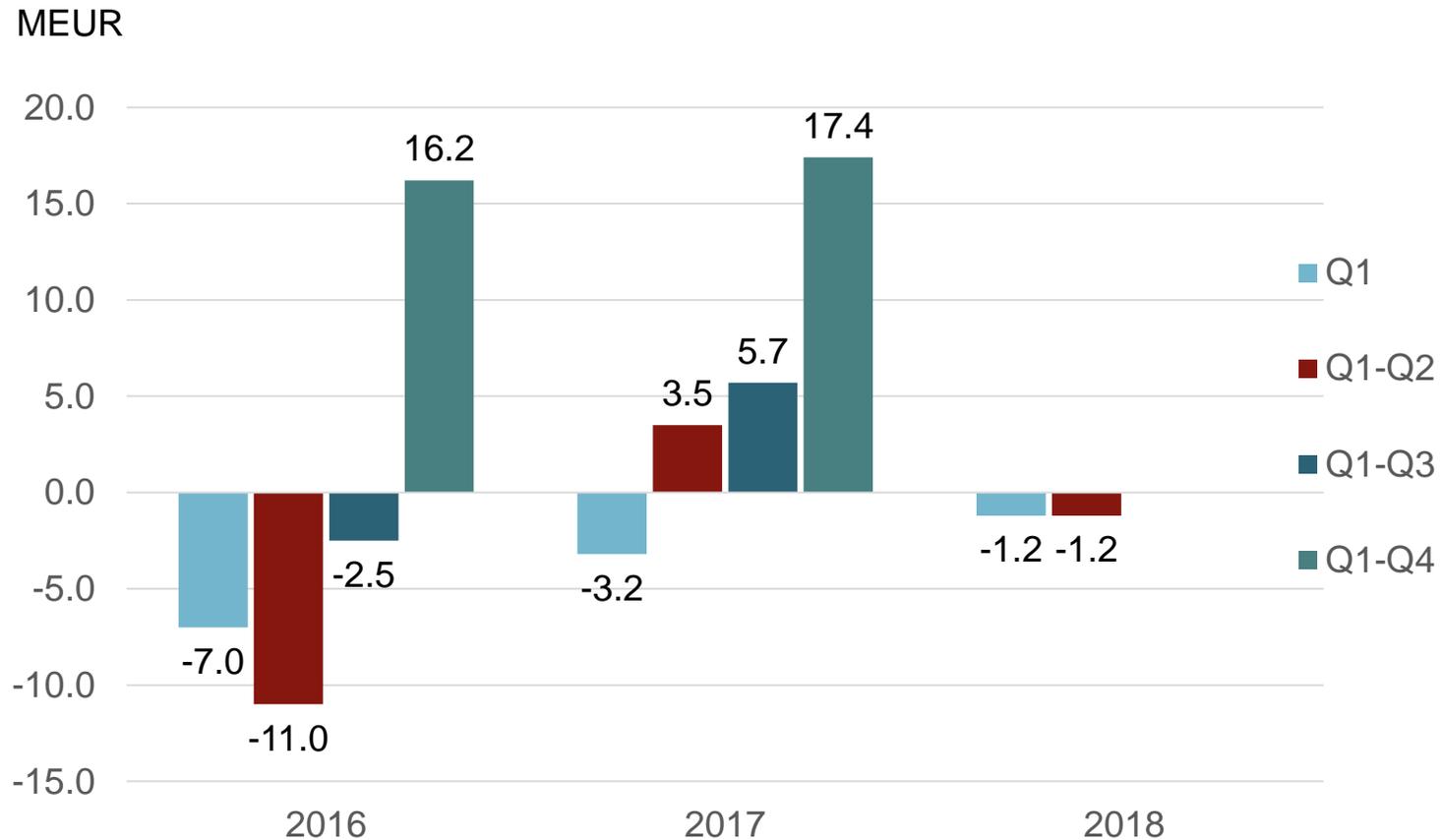
Aspo's operating profit will be EUR 25-31 million (23.1) in 2018.



Additional material

Q2, August 14 , 2018

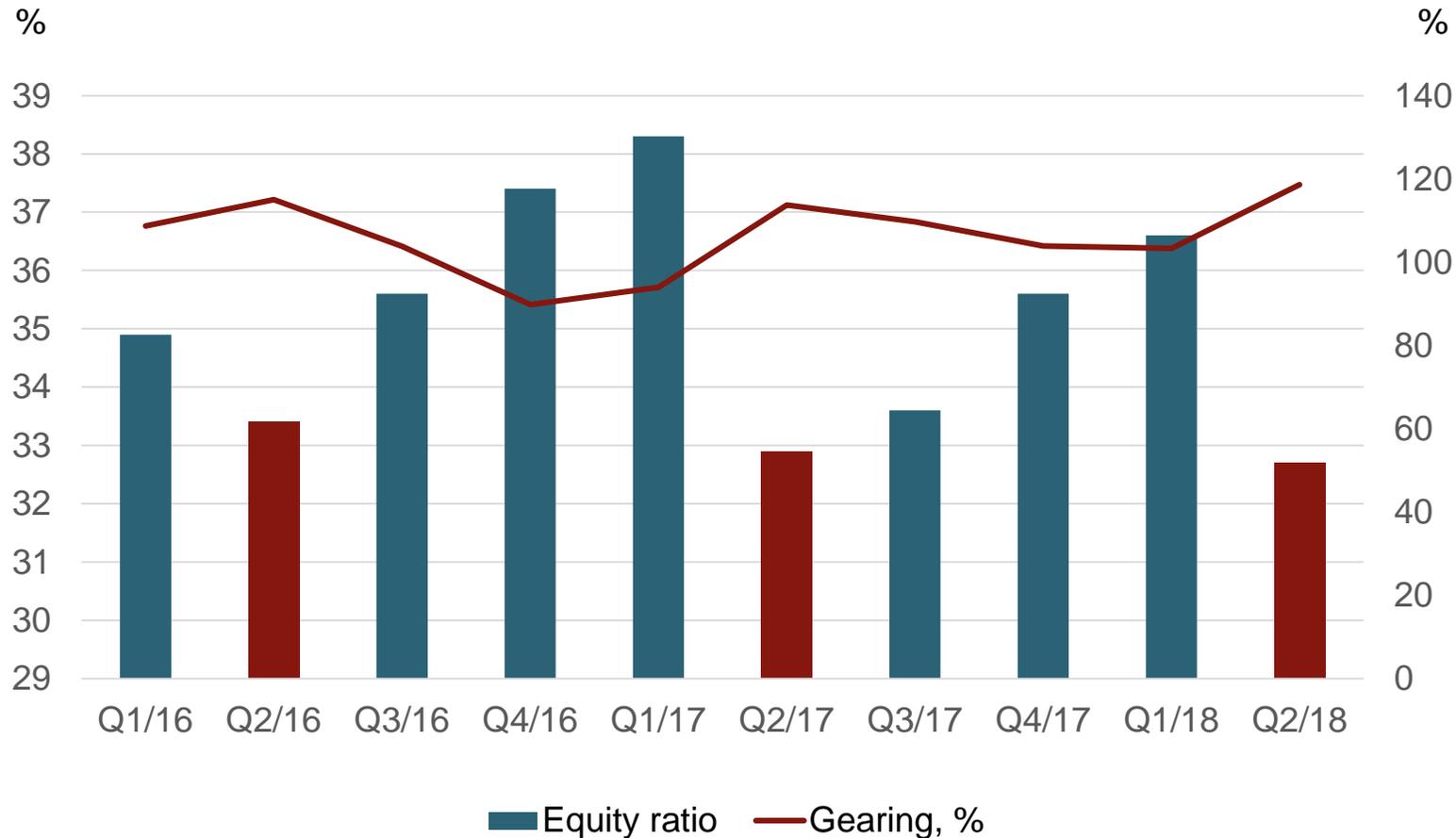
Net cash from operating activities



Net cash from operating activities weakened to EUR -1.2 million (3.5).

Working capital was mainly tied in the growth of Telko's business.

Equity ratio and gearing



Gearing at Aspo Group was 118.6%.

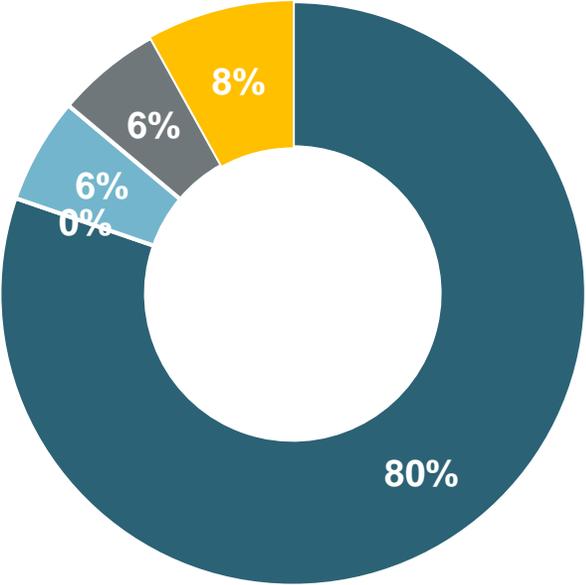
During H2, the capital structure of the Aspo Group will be impacted both by the shipping company's investment in two new dry bulk carriers and by the acquisition of the Swedish shipping company AtoB@C.

Structure of liabilities

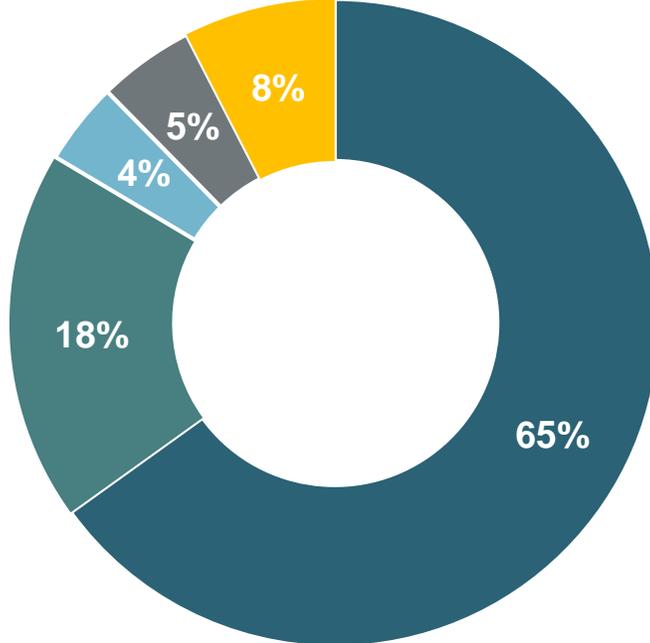
Interest bearing liabilities
June 30, 2017: 137 MEUR



Interest bearing liabilities
June 30, 2018: 146 MEUR



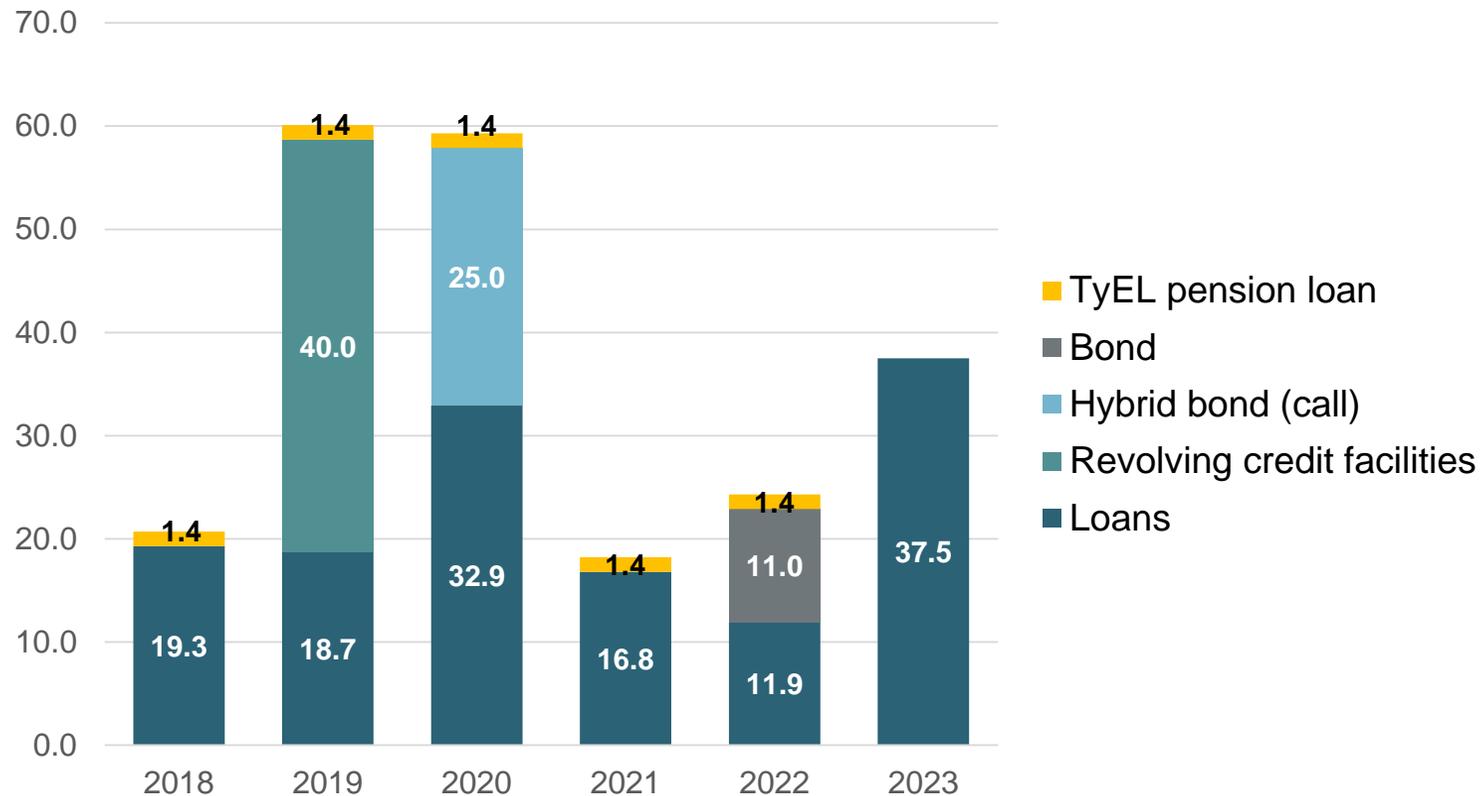
- Loans
- Commercial papers
- Others
- TyEL pension loan
- Bond



- Loans
- Commercial papers
- Others
- TyEL pension loan
- Bond

Maturity of significant loan agreements

MEUR

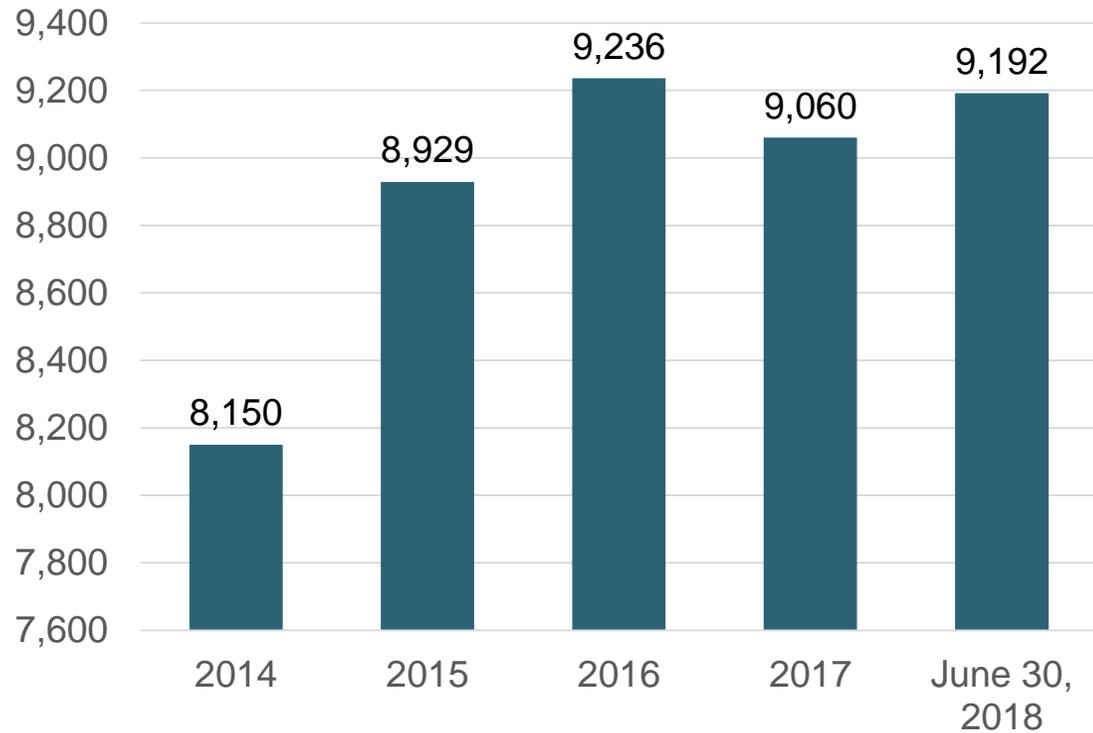


At the end of the review period, the average interest rate of interest bearing liabilities was 1.6%.

In 2018, financing agreements of approximately EUR 16 million will fall due.

Shareholders / allocation

Number of shareholders



Distribution of ownership on June 30, 2018 by ownership group, %

