



Aspo Q4 and full year 2019

February 13, 2020

CEO
Aki Ojanen

Aspo Q4 and full-year 2019

2019 net sales grew 9% and stood at EUR 587.7 (540.9) million

Q4 net sales were EUR 147.0 (156.6) million.

2019 operating profit was EUR 21.1 (20.6) million.

Q4 operating profit was EUR 5.4 (2.6) million.

2019 earnings per share were EUR 0.47 (0.42)

Q4 earnings per share were EUR 0.10 (0.02).

Net cash from operating activities developed very positively in 2019.

The Board of Directors proposes that EUR 0.45 (0.44) per share is distributed in dividends for the 2019 financial year.

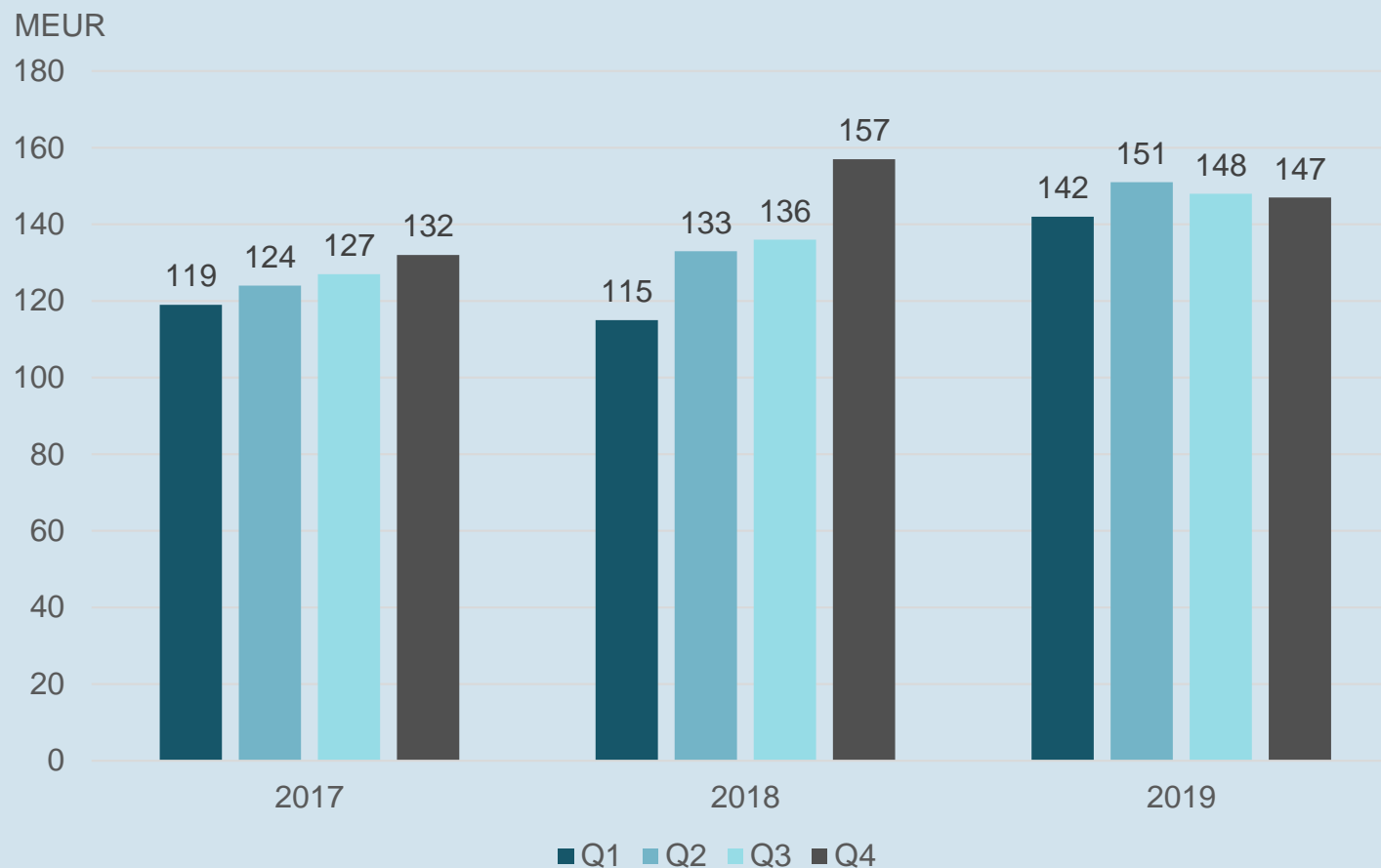
**Guidance for 2020:
Aspo's operating profit in 2020 will be higher than in 2019 (EUR 21.1 million).**

Net sales by quarter

Q4 net sales decreased by 6% and were EUR 147.0 (156.6) million.

In 2019, net sales increased by 9%.

Low price levels in Telko's business and a decline in ESL Shipping's transportation volumes lowered net sales in Q4.

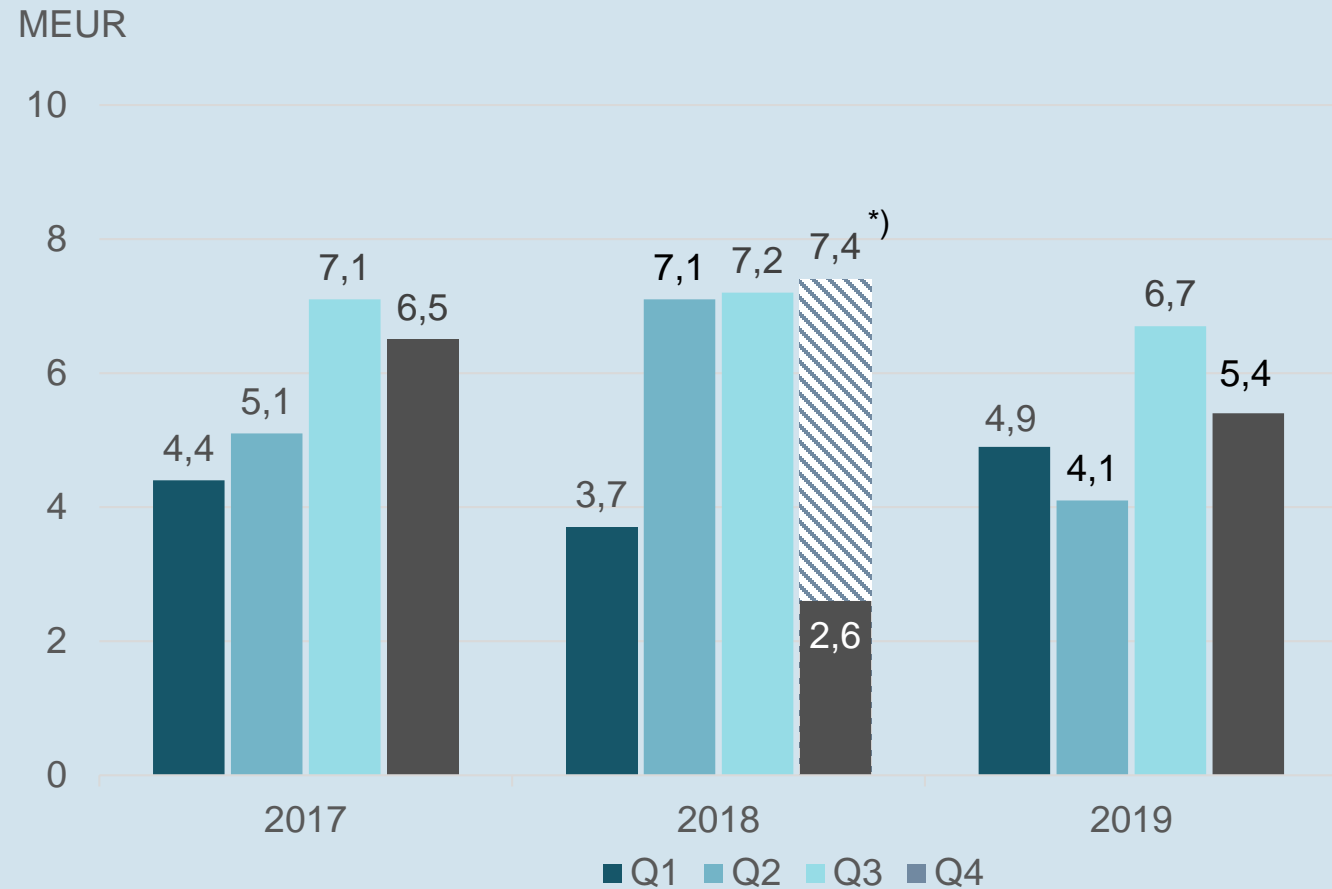


Operating profit by quarter

Operating profit in Q4 was
EUR 5.4 (2.6) million.

2019 operating profit stood at EUR
21.1 (20.6) million.

Figures for 2018 include an
impairment loss of EUR 4.8
million recognized on Kauko's
goodwill



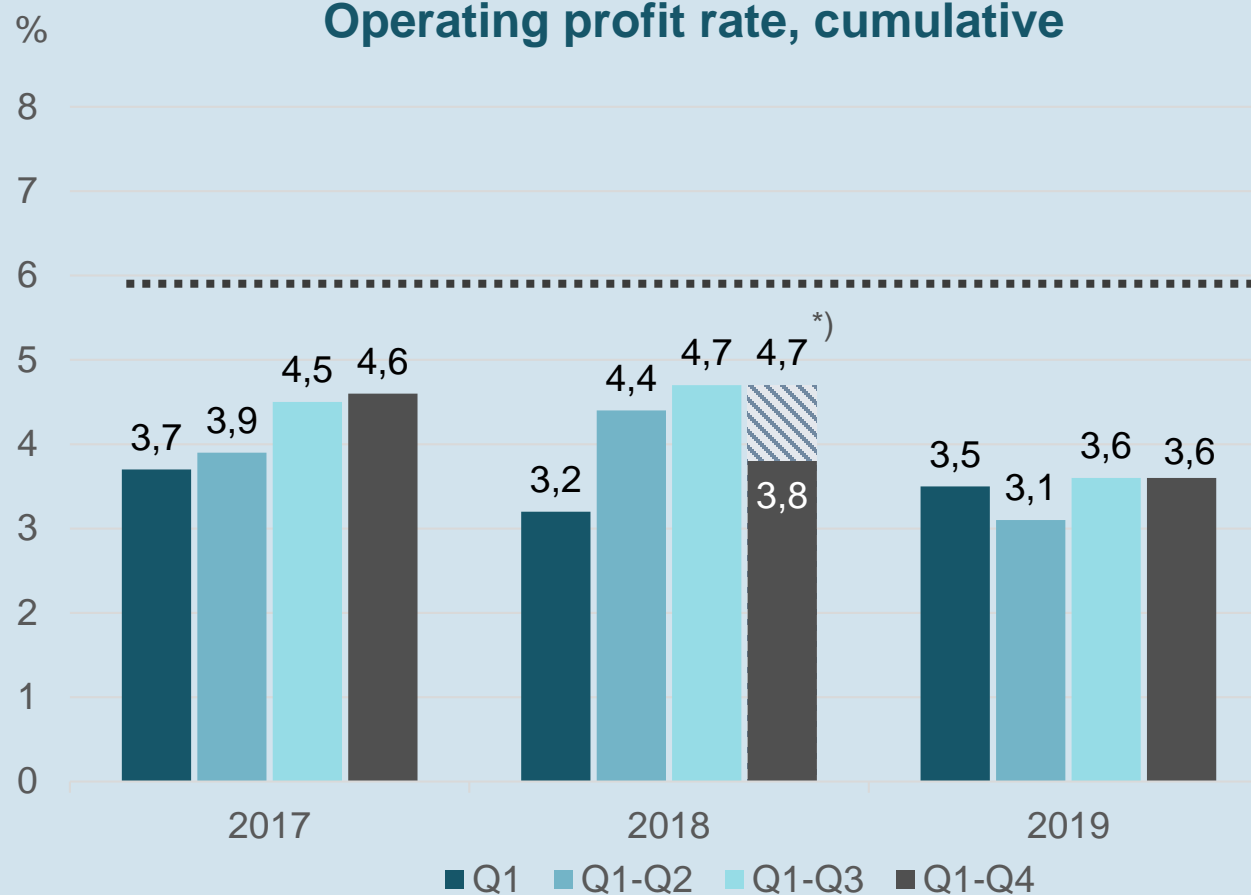
^{*)} Operating profit, adjusted by an impairment loss recognized on goodwill was EUR 7.4 million

Long-term financial targets

2019 operating profit rate was 3.6% (3.8).

Target level is 6% in 2023.

Operating profit rate, cumulative



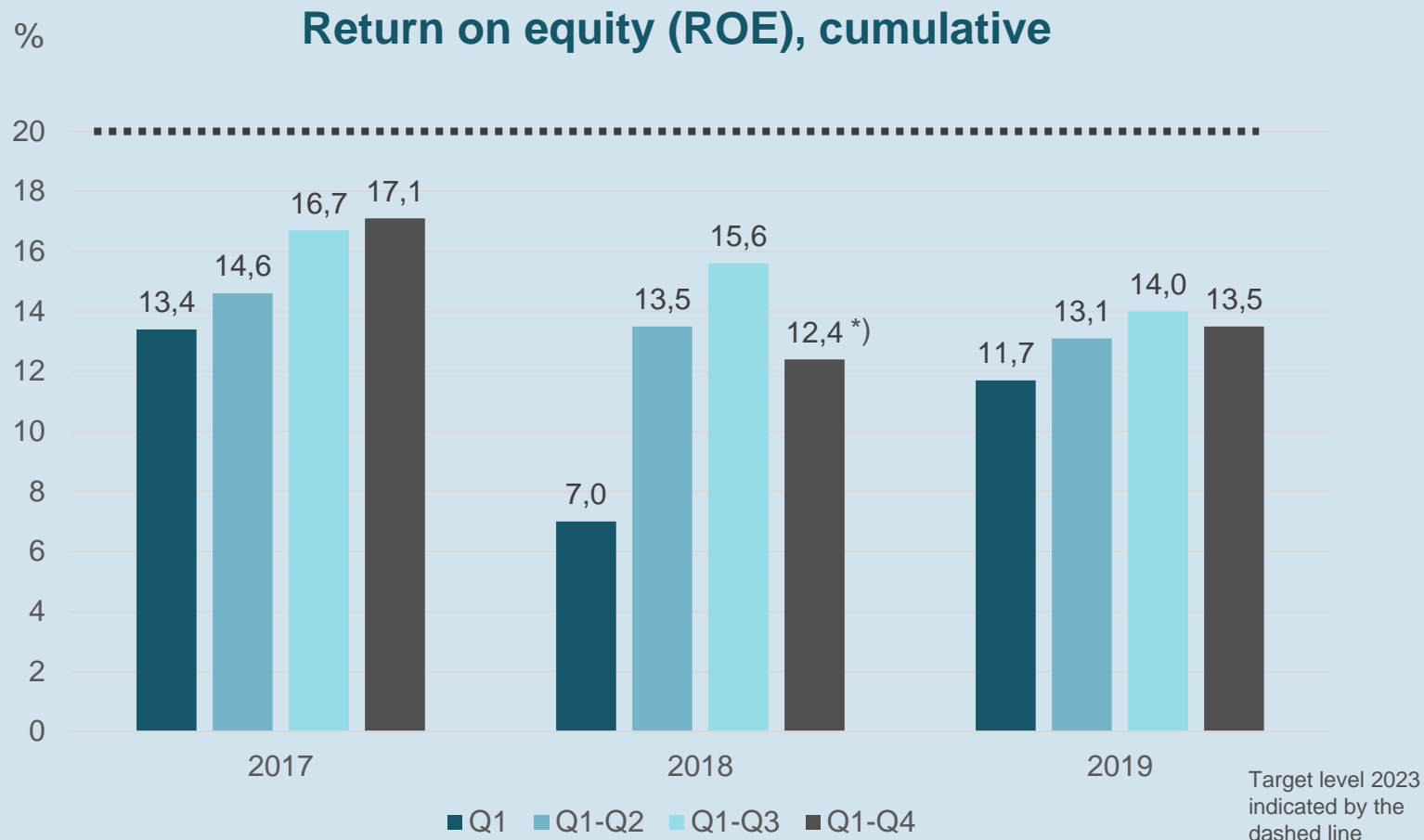
Target level 2023 indicated by the dashed line

*) Operating profit rate, adjusted by an impairment loss recognized on goodwill, was 4.7%.

Long-term financial targets

Return on equity in 2019
was 13.5% (12.4)

Target level is
over 20% on average
in 2023.

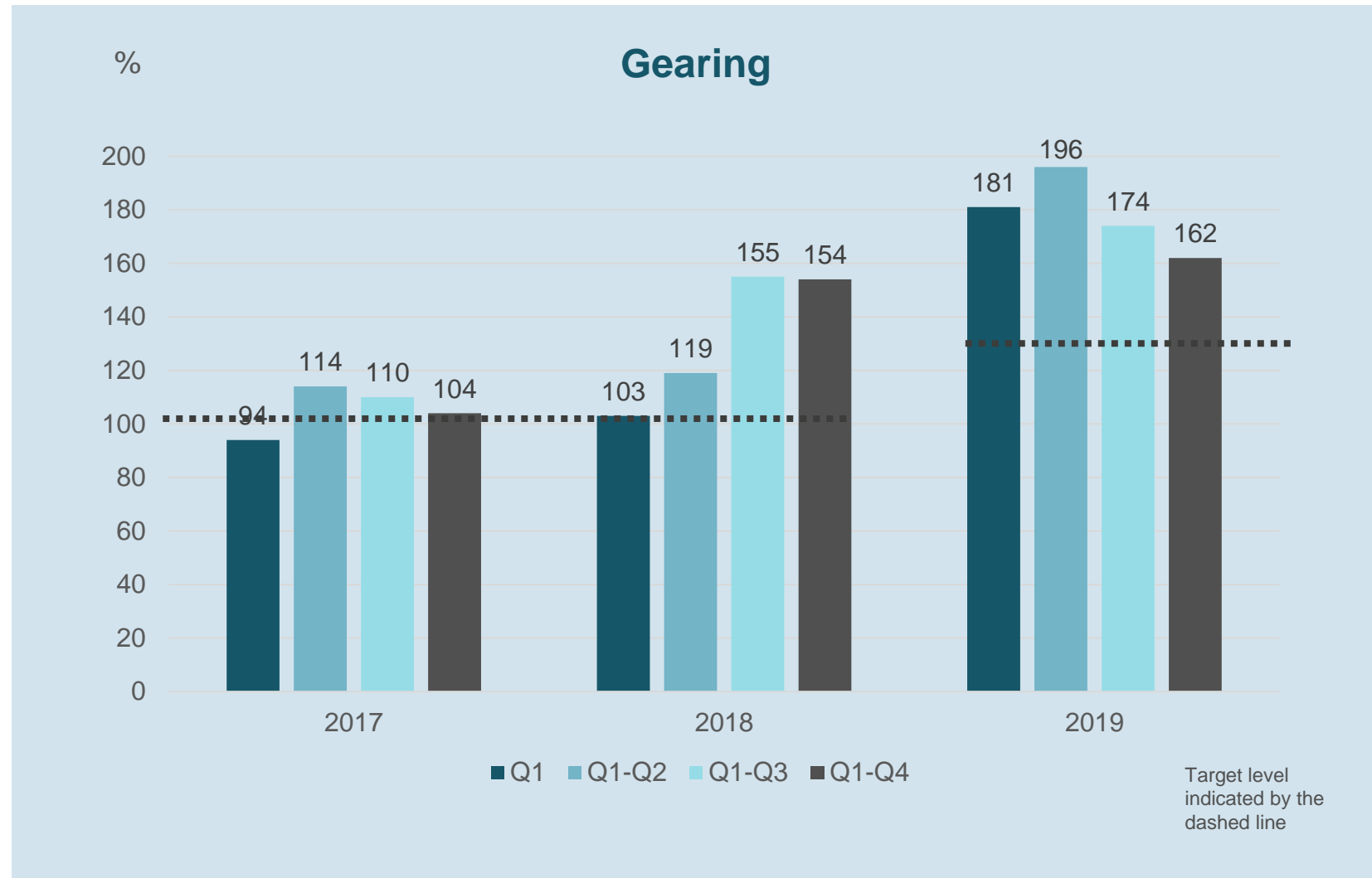


*) ROE, adjusted by an impairment loss recognized on goodwill, was 16.2%.

Long-term financial targets

Gearing was at 162.2% (154.4).

Due to the adoption of the IFRS 16 standard, gearing increased by approximately 30 percentage points on January 1, 2019.

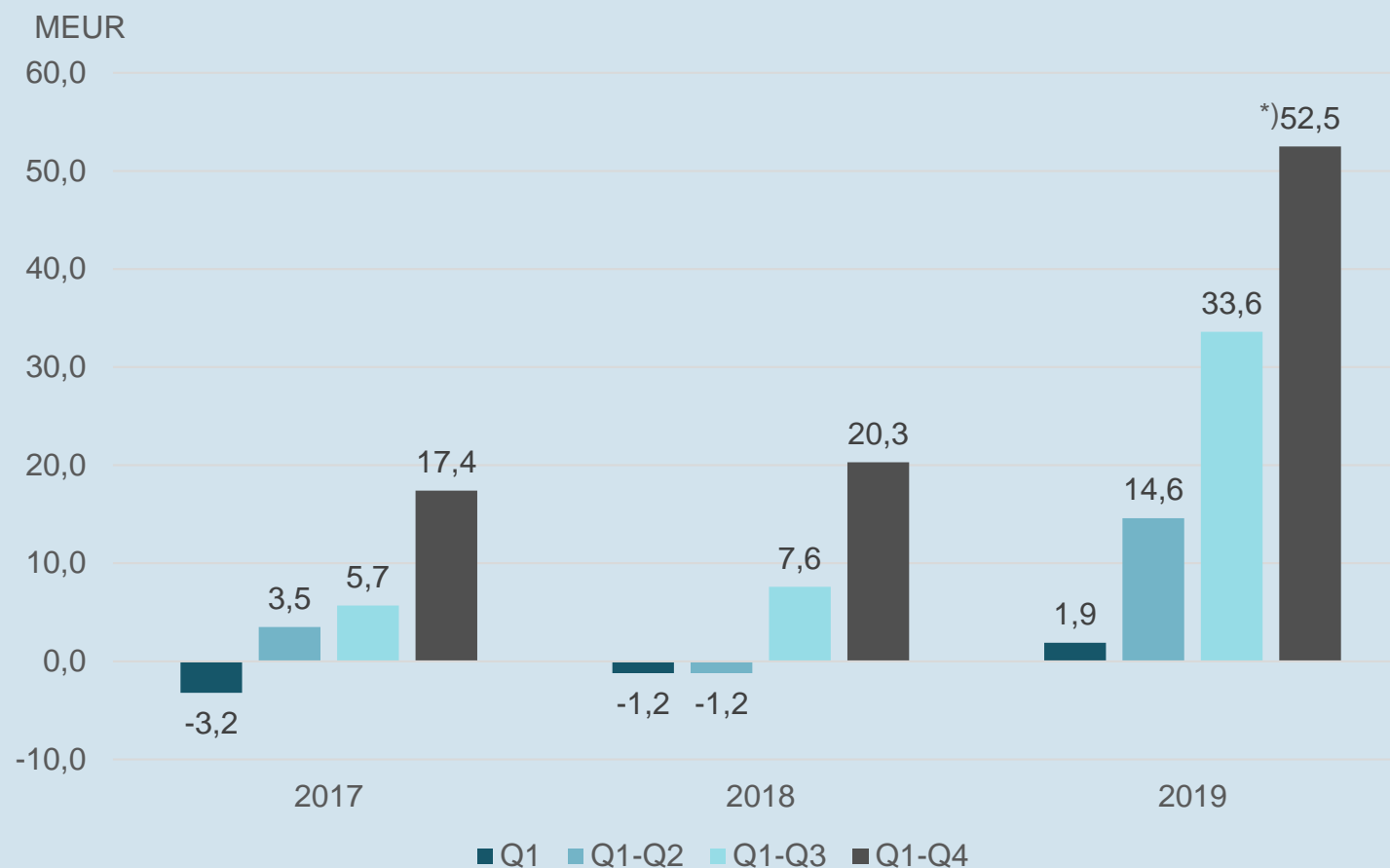


Net cash from operating activities

Net cash from operating activities was EUR 52.5 (20,3) million.

Adoption of IFRS 16 increased the Group's net cash from operating activities by approximately EUR 14 million.

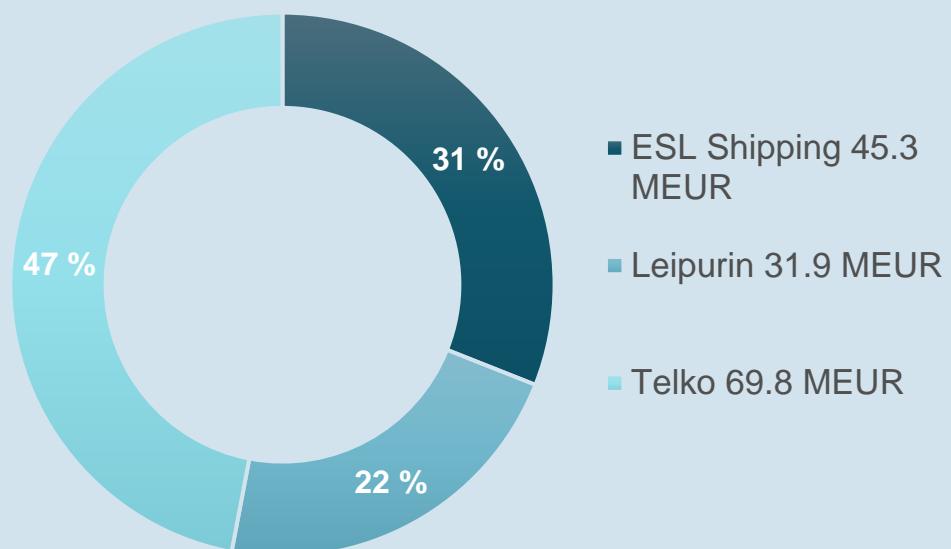
Net cash from operating activities developed very positively in 2019.



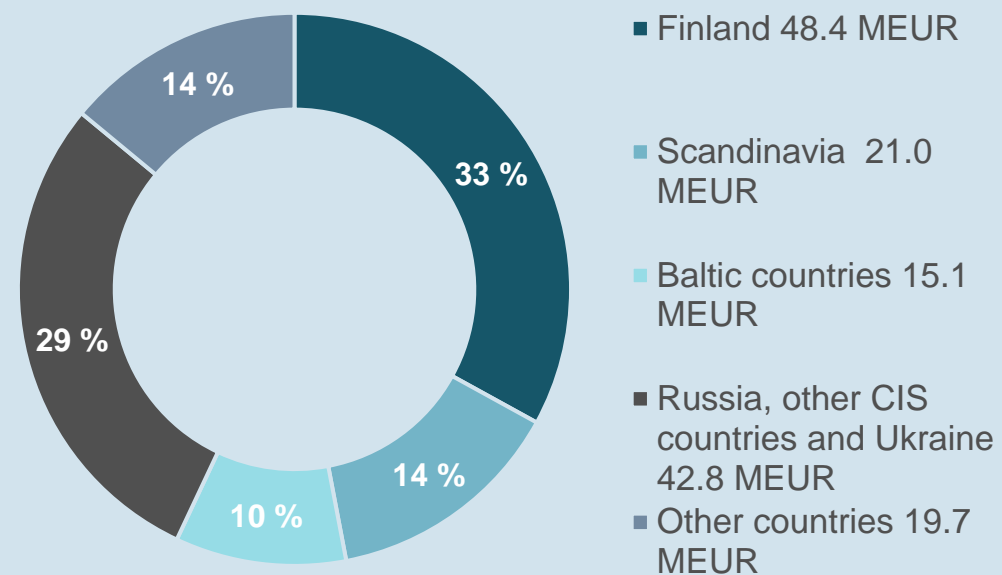
*) Adoption of IFRS 16 increased the Group's net cash from operating activities Q1-Q4 by approximately EUR 14 million.

Aspo is a balanced entity

Net sales by segment, Q4 2019



Net sales by market area, Q4 2019

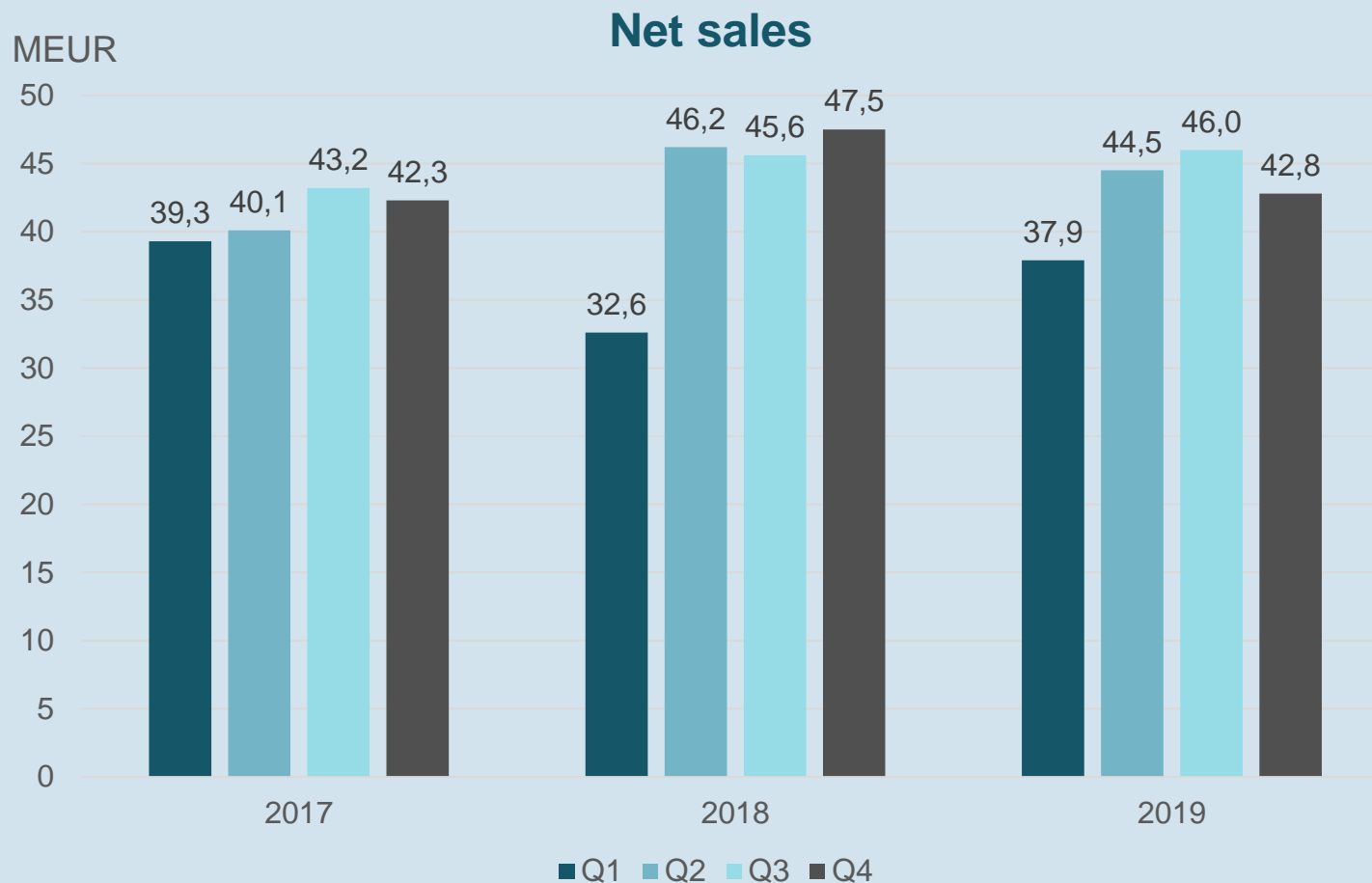


Russia, other CIS countries and Ukraine

Net sales in the eastern markets decreased by 10% in Q4.

This was mainly due to lower price levels in Telko's business and the lack of transportation of iron pellets from Russia to Central Europe in the shipping business.

For full-year 2019, the net sales remained at the previous year's level.



ESL Shipping

Leading marine logistics provider for bulk cargo

ESL Shipping

Q4 net sales were EUR 45.3 (46.4) million.

2019 net sales increased due to the acquisition of AtoB@C and stood at EUR 175.0 Me (120.1).

Q4 operating profit increased to EUR 4.4 (4.2) million. 2019 operating profit was EUR 14.6 (15.1) million.

Steep decline in transportation volumes in the steel industry and strikes negatively impacted Q4 operating profit.

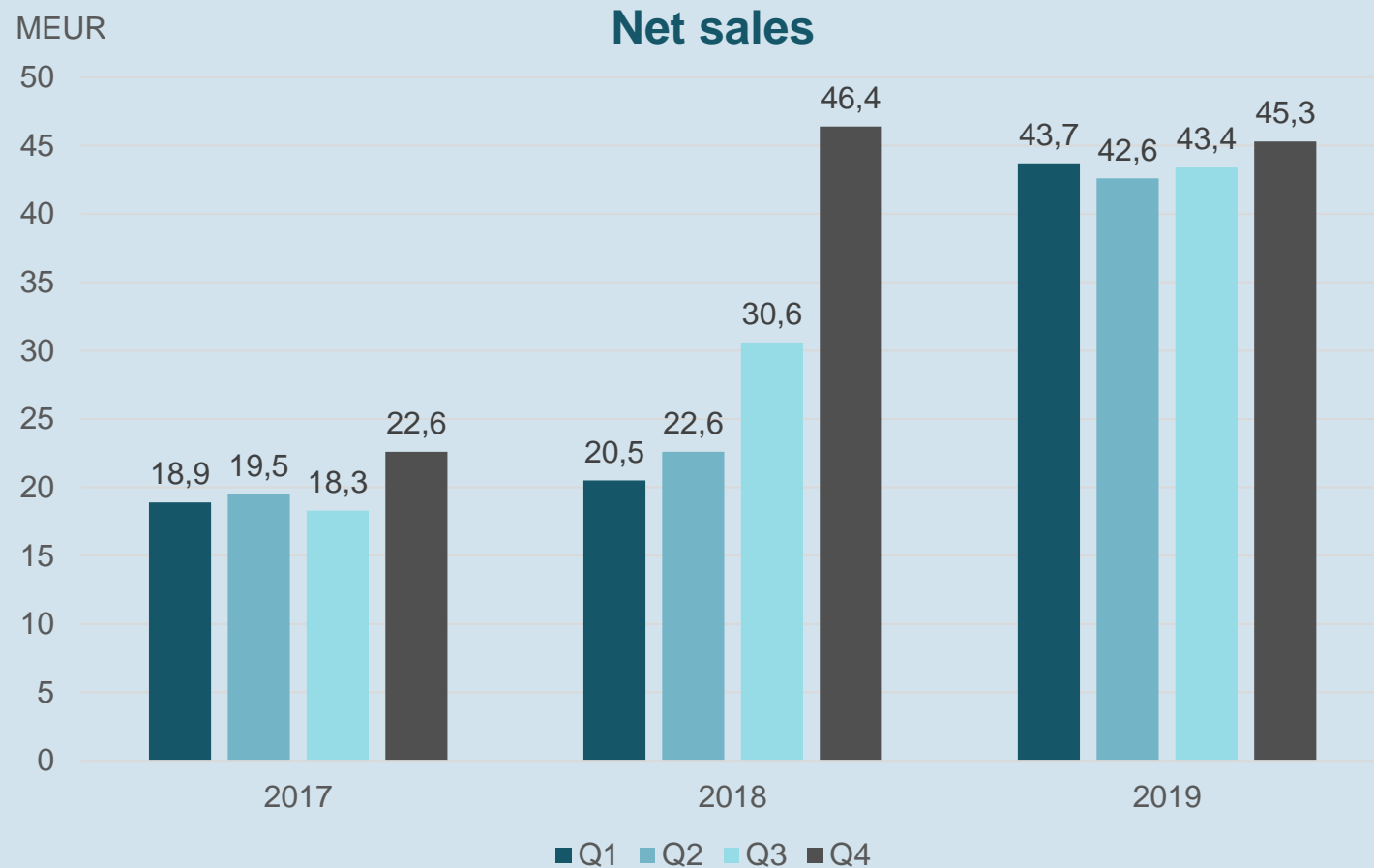
The general outlook for industrial sectors important to ESL Shipping has brightened from the situation at the end of last year.

The global market prices of dry bulk cargo remain low.

ESL Shipping key figures

Q4 net sales were EUR
45.3 (46.4) million.

2019 net sales increased due to
the acquisition of AtoB@C
and stood at
EUR 175.0 Me (120.1).

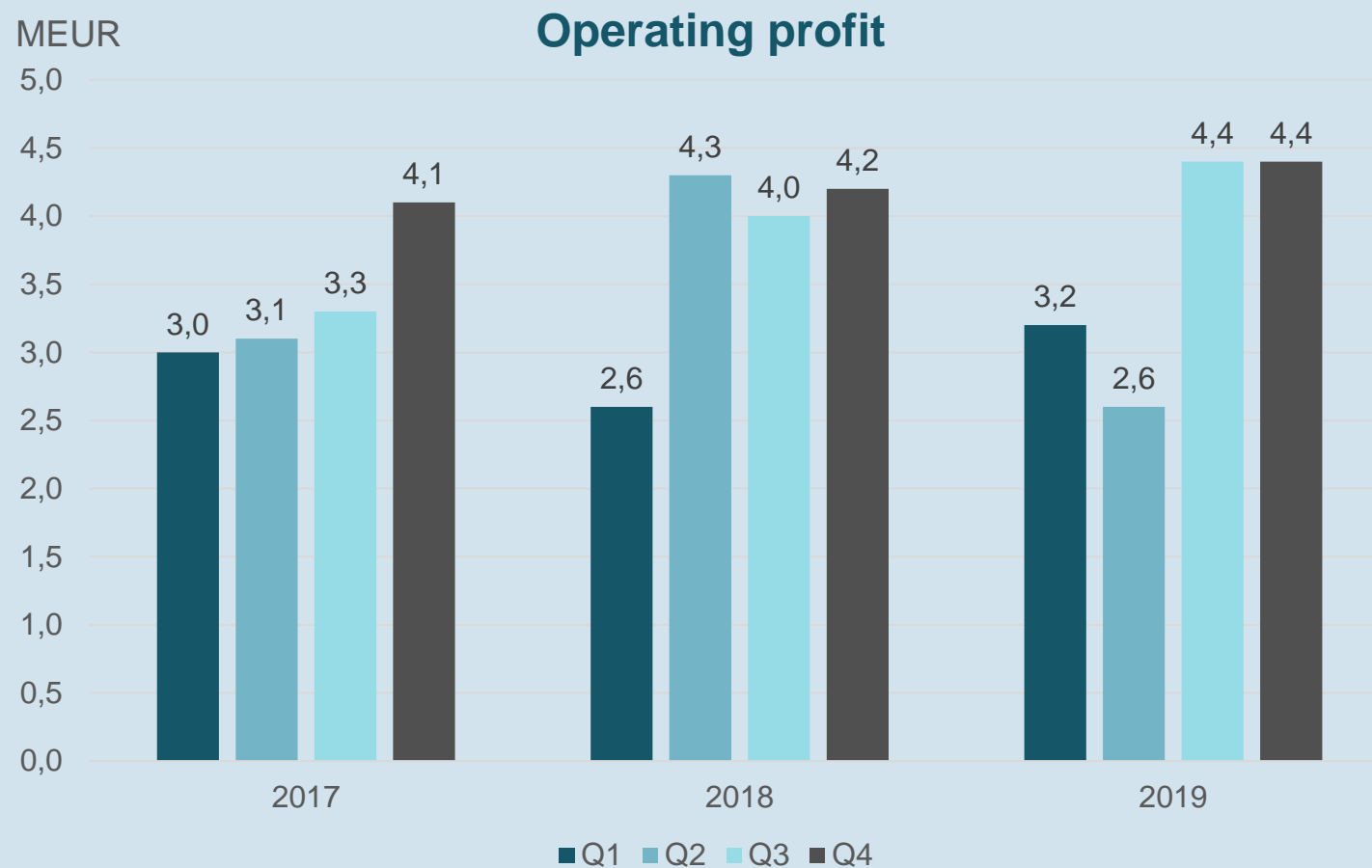


ESL Shipping key figures

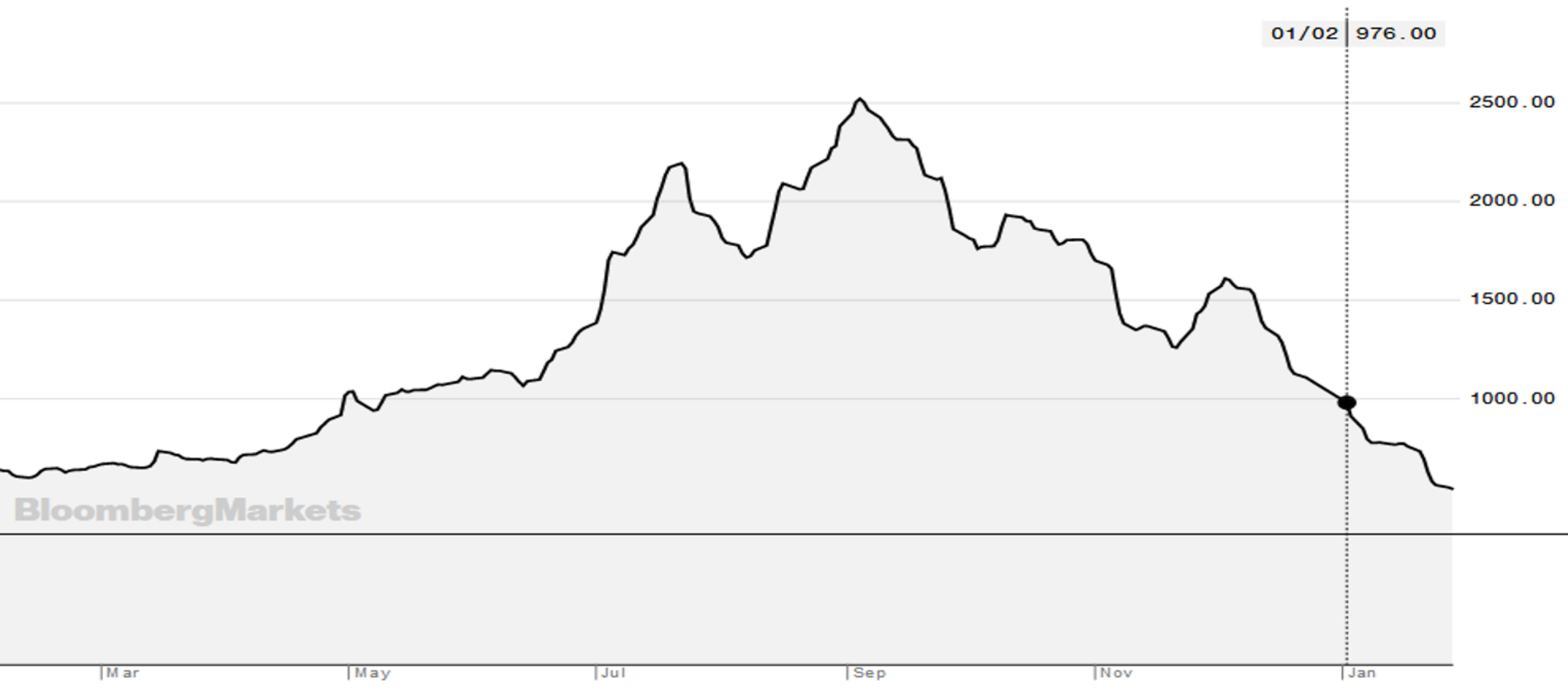
**Q4 operating profit
increased to EUR 4.4 (4.2)
million.**

**Q4 operating profit rate
was 9.7% (9.1).**

**2019 operating profit was
EUR 14.6 (15.1) million.**



Baltic Dry Index



Leipurin

From bread and recipes to a comprehensive selection

Leipurin

Q4 net sales were EUR 31.9 (31.6) million.

2019 net sales stood at EUR 115.7 (121.0) million.

Operating profit increased in Q4 and was EUR 1.1 (0.8) million. Operating profit rate for Q4 stood at 3.4% (2.5).

2019 operating profit was EUR 3.0 (3.3) million.

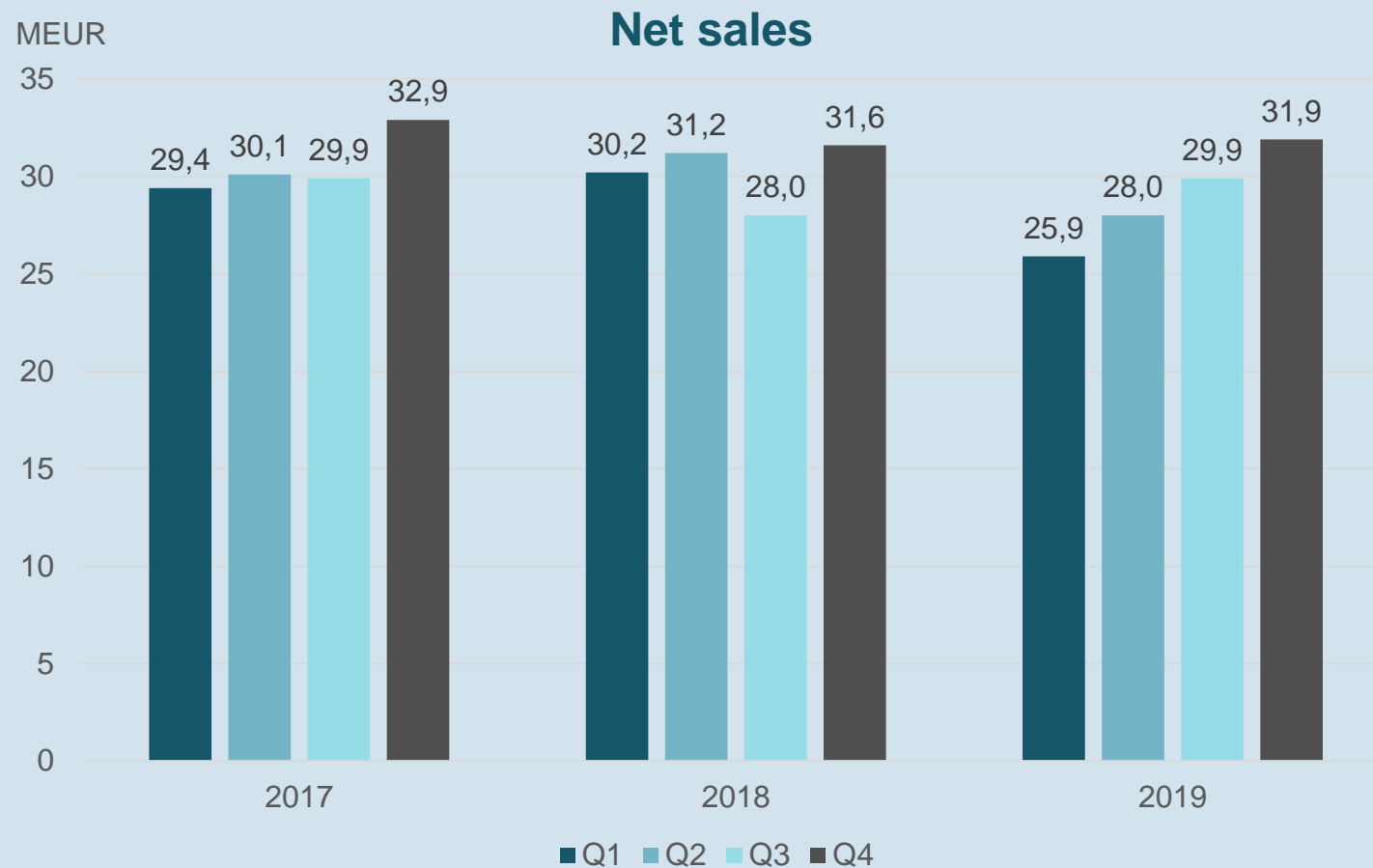
In the eastern markets, bakery business net sales in Q4 grew by 6% and the operating profit rate was approximately 12%.

Bakery business operating profit increased by EUR 1.4 million in 2019, but the operating profit of machinery business decreased by EUR 1.6 million from a strong previous year and was at a loss in 2019.

Leipurin key figures

Q4 net sales were EUR 31.9 (31.6) million.

2019 net sales stood at EUR 115.7 (121.0) million. Decrease in net sales was mainly due to weaker net sales in the machinery business.

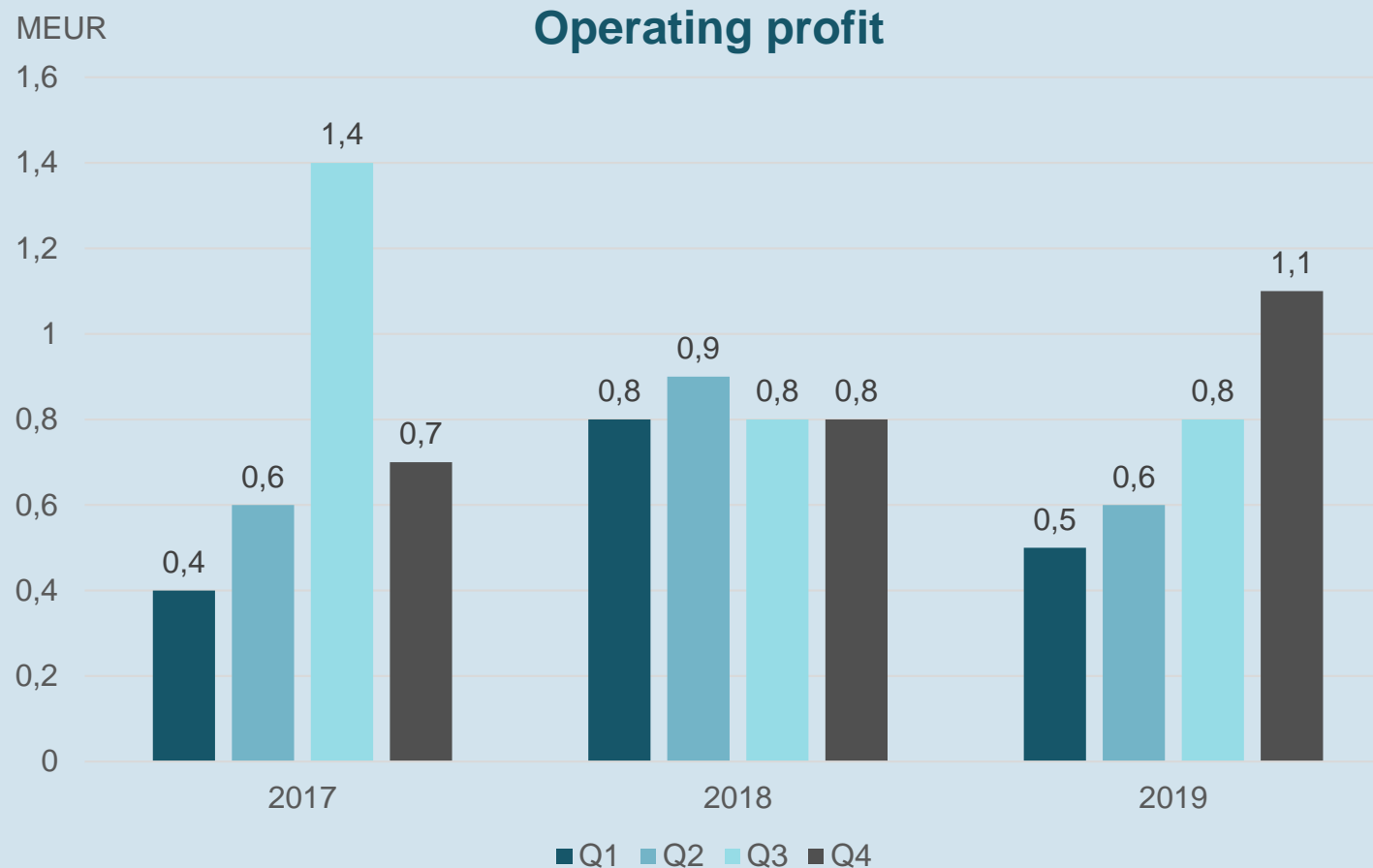


Leipurin key figures

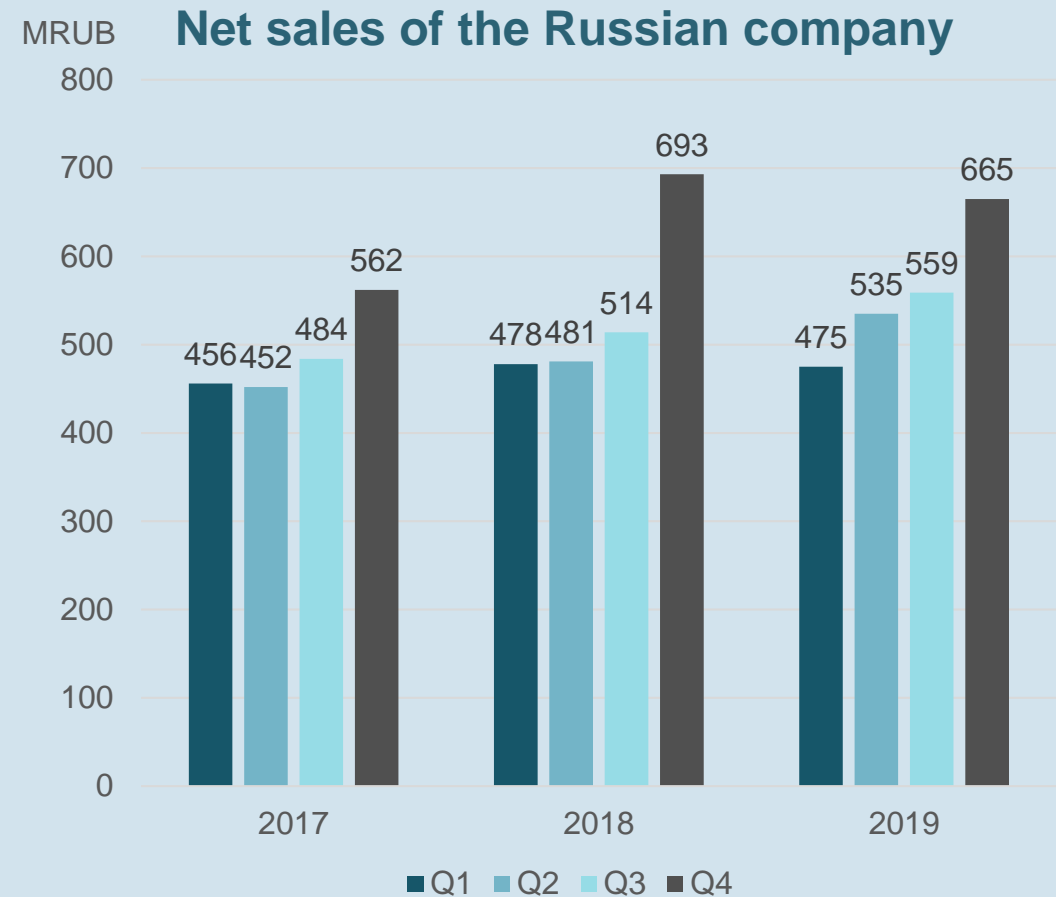
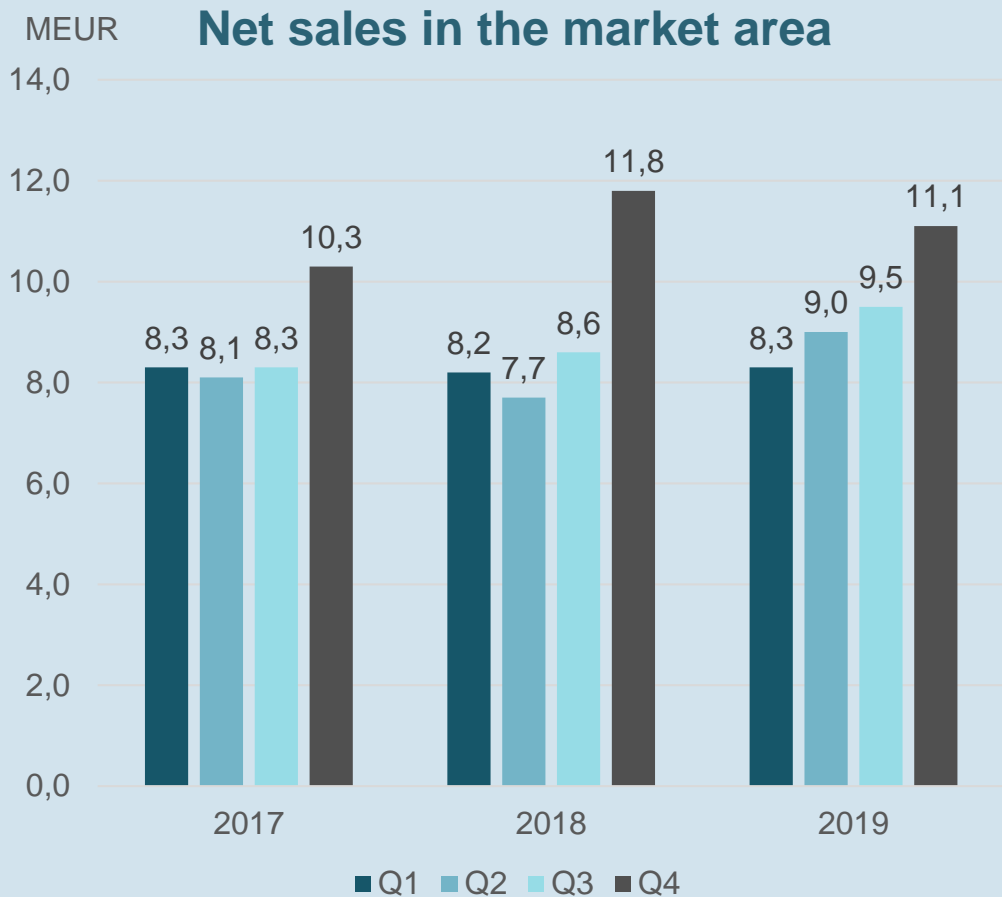
Operating profit increased in Q4 and was EUR 1.1 (0.8) million.

Operating profit rate for Q4 stood at 3.4% (2.5).

Operating profit increased as a result of the improved operational efficiency in bakery business and profitable growth in eastern markets.



Net sales in Russia, other CIS countries and Ukraine



Telko

Raw material solutions for the industry

Aspo has changed its segment reporting so that Kauko is reported as part of the Telko segment starting from January 1, 2019.

Telko

Net sales of Telko segment decreased in Q4 and were EUR 69.8 (78.6) million. In terms of sales volume, the decrease was 1% from the comparative period.

2019 net sales were EUR 297.0 (299.8) million.

Telko segment's Q4 operating profit was EUR 0.9 (-1.0) million.

2019 operating profit for the segment was EUR 8.0 (7.4) million.

The decrease in prices has considerably slowed down the net sales growth of Telko business. The prices of plastic raw materials were 10% lower than during the comparative period and the average prices of chemicals were 15% lower.

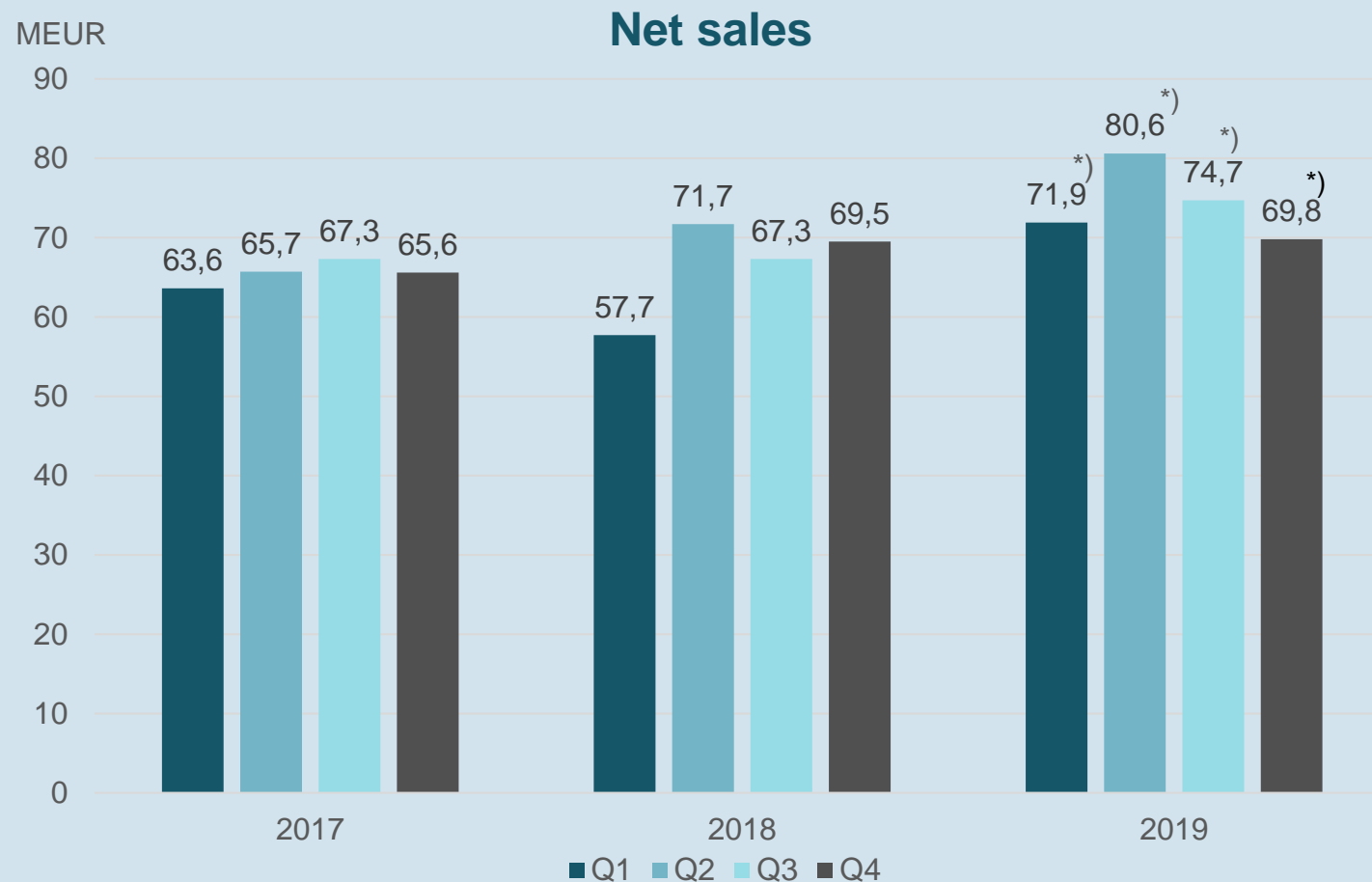
Q4 operating profit was negatively impacted by the actions taken to optimize stock levels, and due to decreased volumes and raw material prices, as well as changes in exchange rates.

Telko key figures

Q4 net sales of Telko segment decreased and were EUR 69.8 (78.6) million.

2019 net sales stood at EUR 297.0 (299.8) million.

Weak price levels negatively impacted the net sales development.



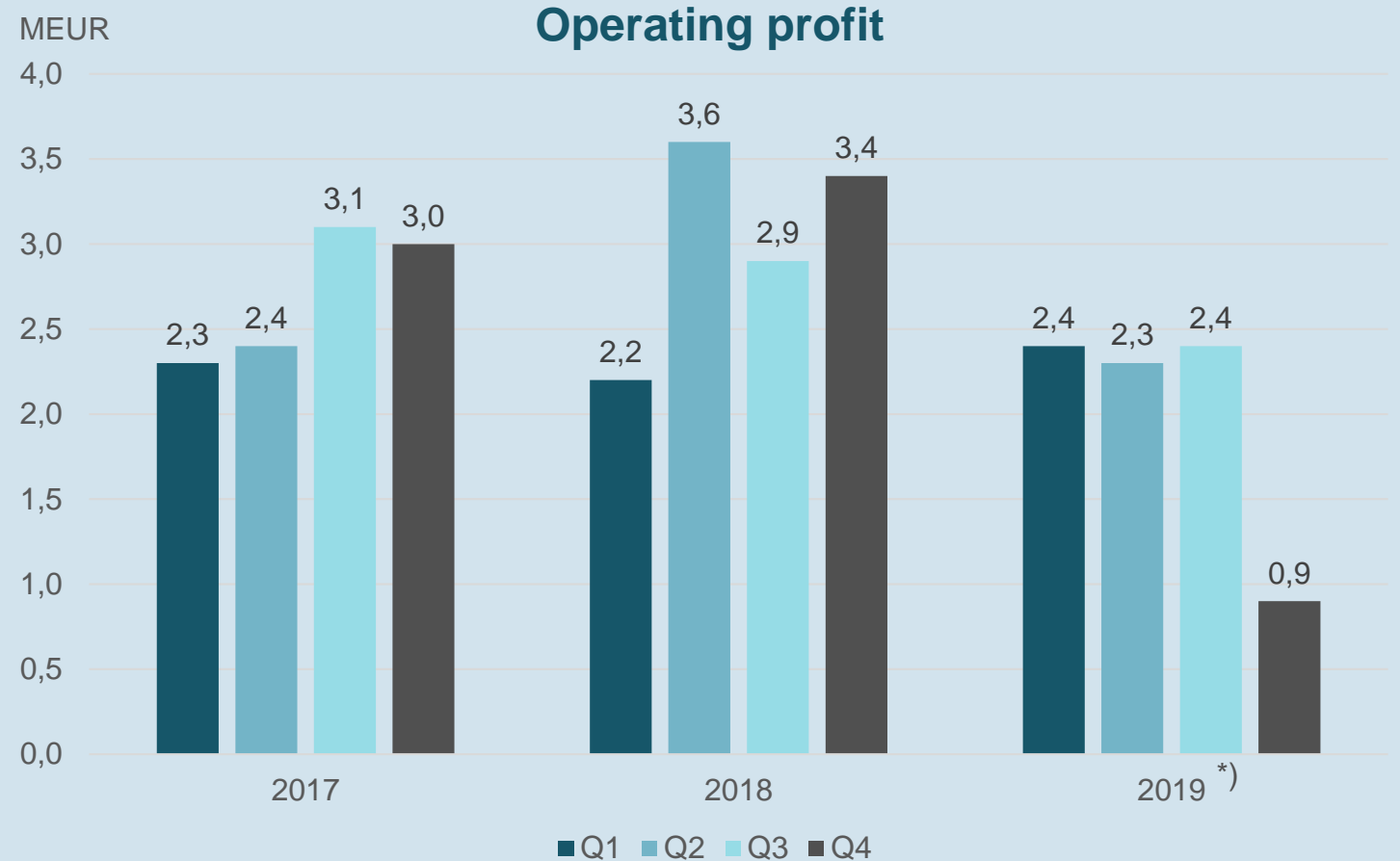
*) As of January 1, 2019 Kauko is reported as part of Telko segment. Kauko's Q1 2019 net sales were EUR 6.1 million, EUR 8.7 million in Q2 2019, EUR 6.0 million in Q3 2019, and EUR 5.9 million in Q4 2019.

Telko key figures

Telko segment Q4 operating profit was EUR 0.9 (-1.0) million.

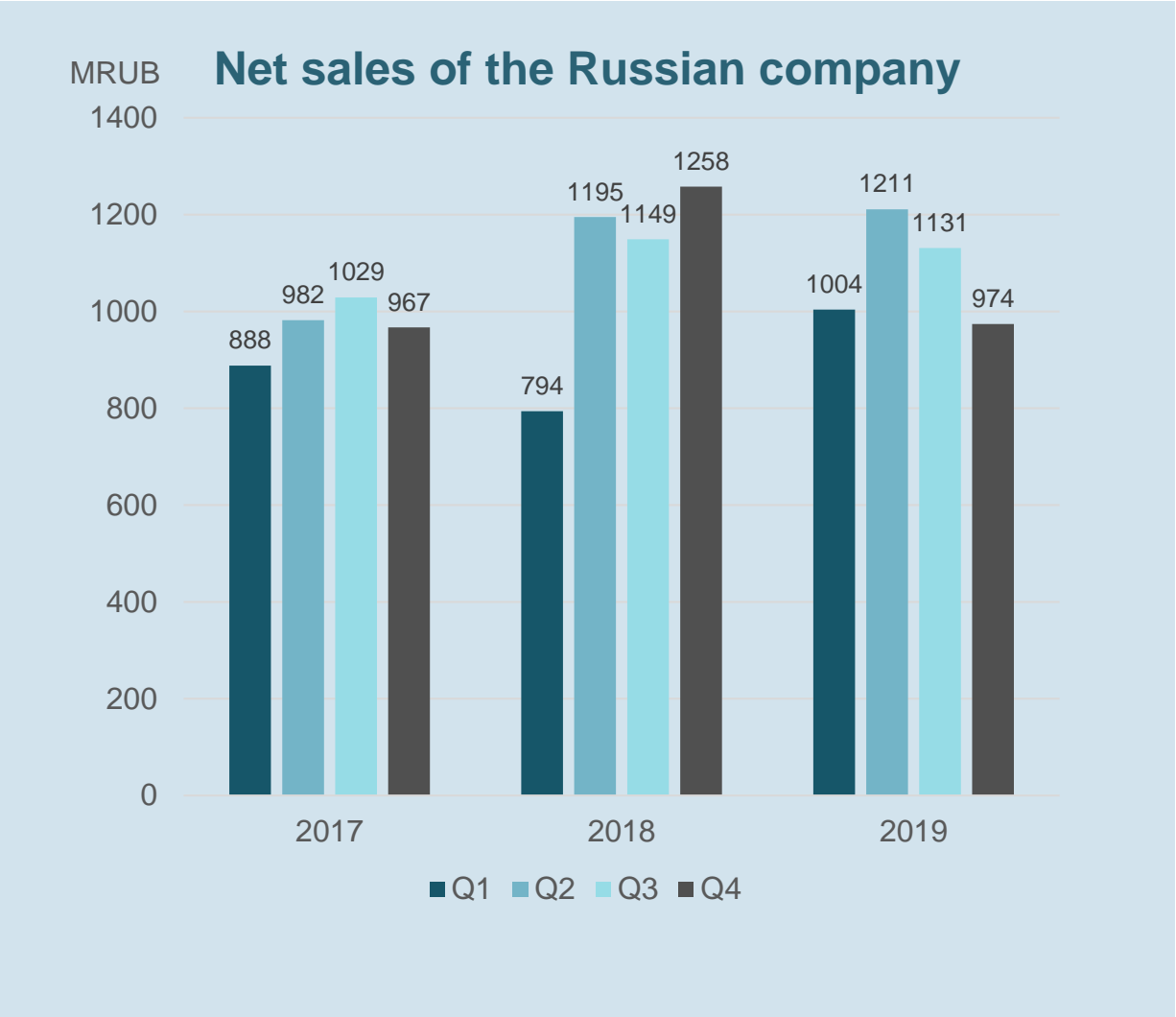
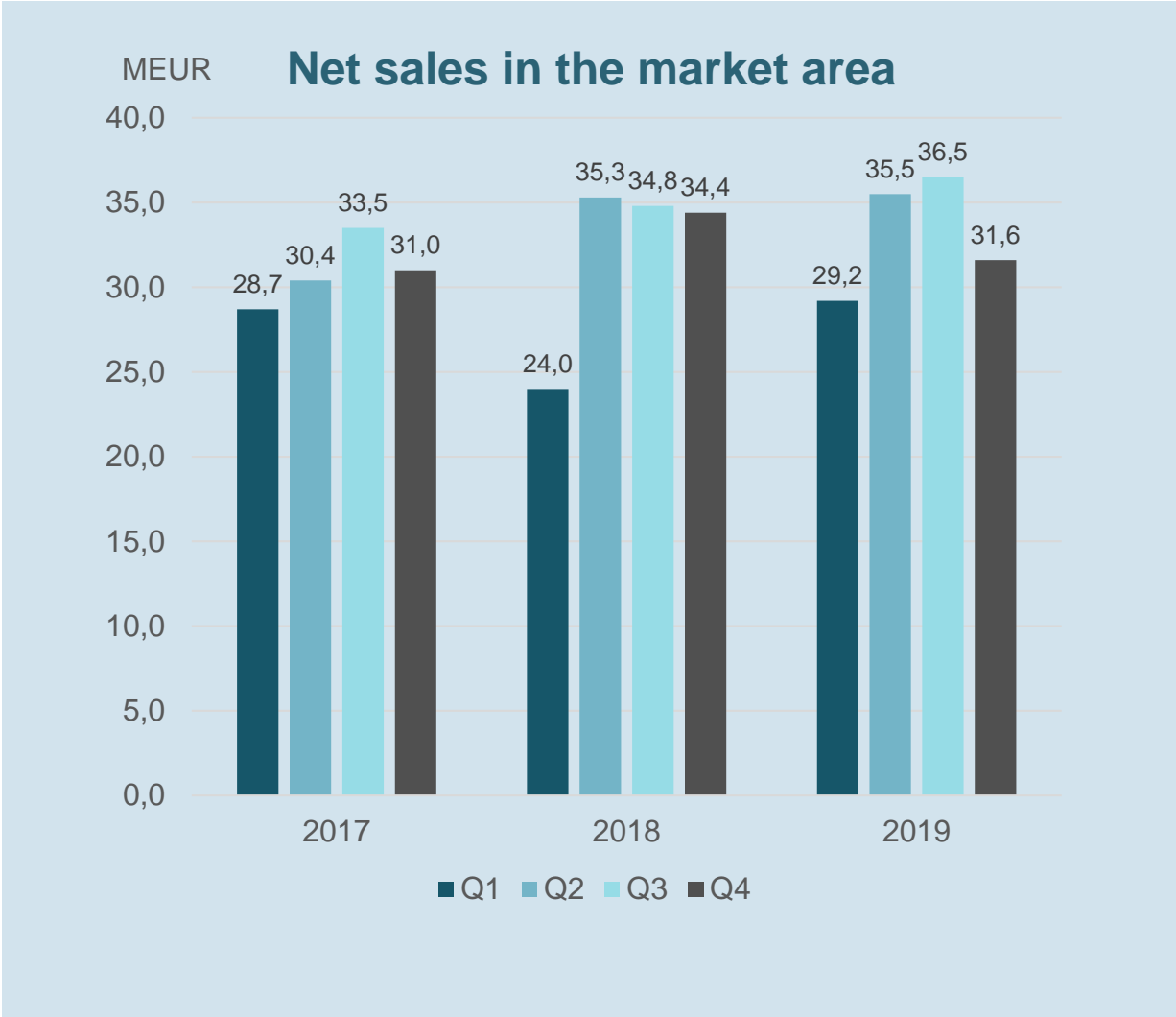
Operating profit of Telko business in 2019 was EUR 8.2 (12.1) million.

Net sales of Kauko business in 2019 were EUR 26.7 million and the operating loss EUR -0.2 million.



*) As of January 1, 2019 Kauko is reported as part of Telko segment

Net sales in Russia, other CIS countries and Ukraine





Guidance for 2020

Aspo's operating profit in 2020 will be higher than in 2019 (EUR 21.1 million).



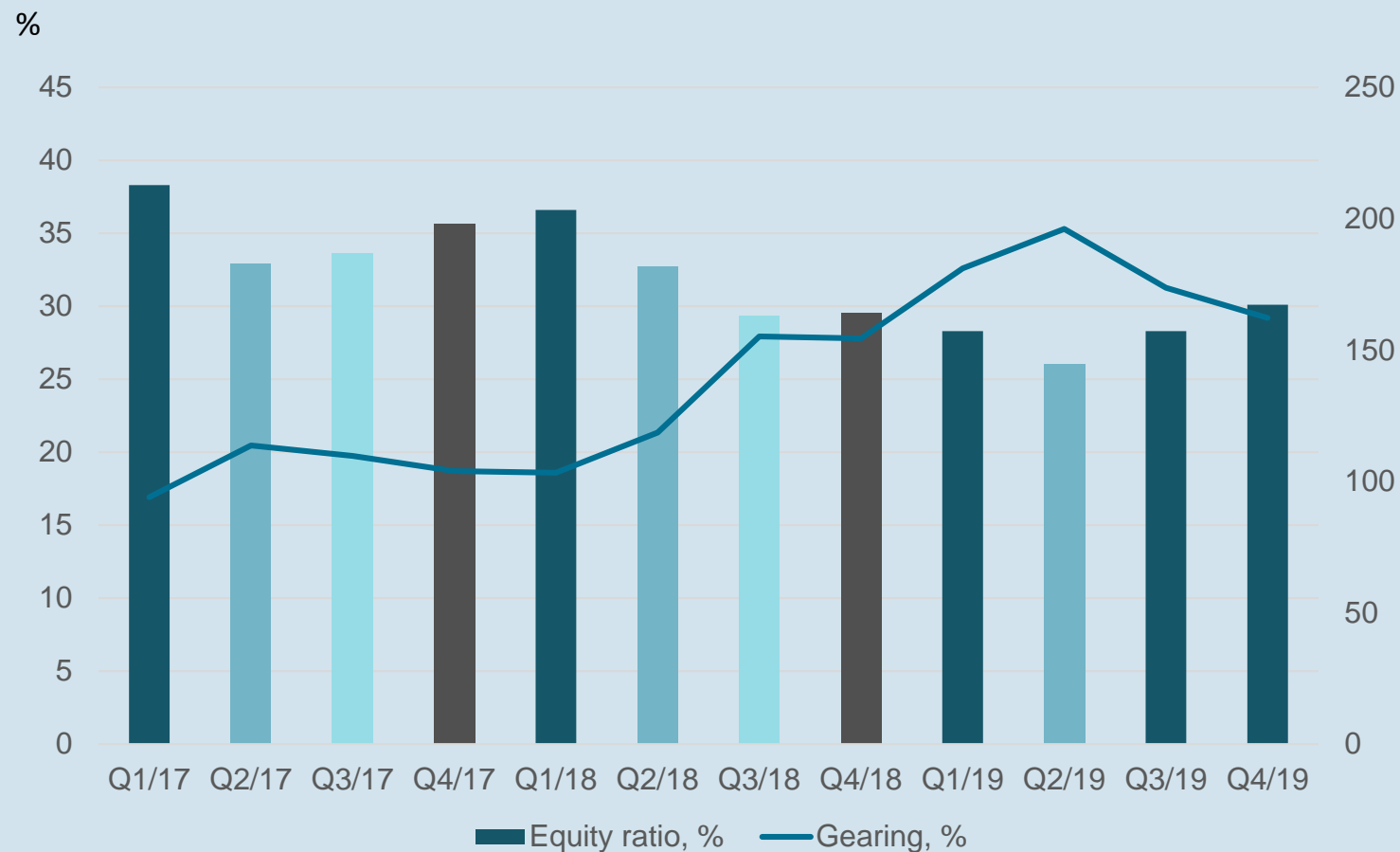
Additional material

Equity ratio and gearing

Gearing at Aspo Group was 162.2% (154.4).

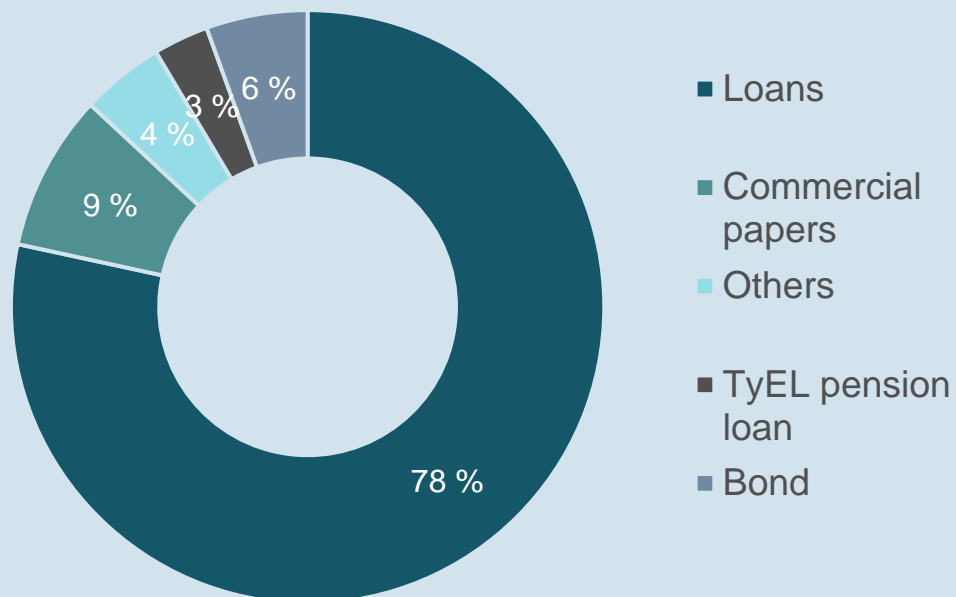
Equity ratio was 30.1% (29.5).

As a result of the adoption of IFRS 16, gearing increased by approximately 30 percentage points and the equity ratio decreased by one percentage point.

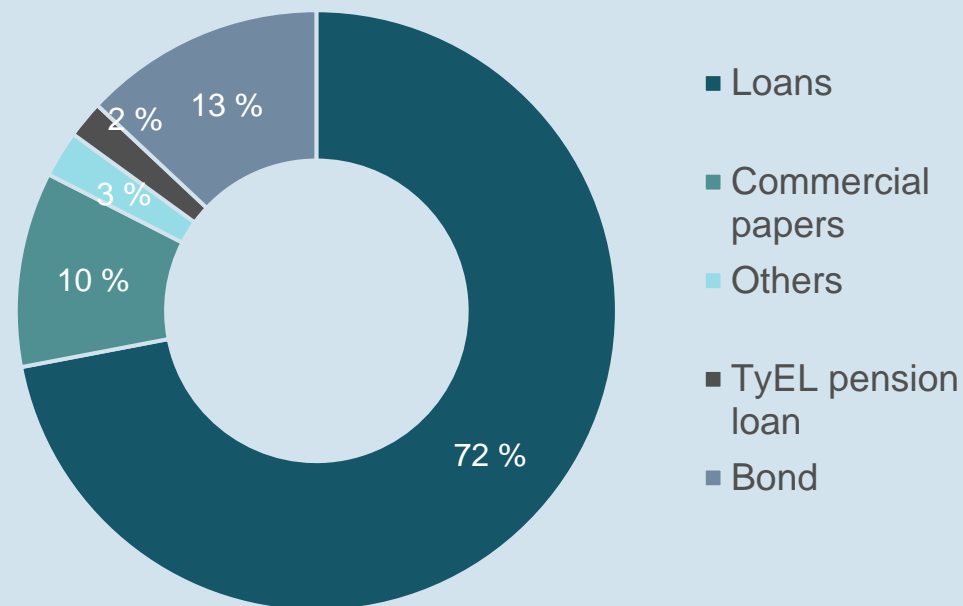


Structure of liabilities

**Interest bearing liabilities
without lease liabilities**
December 31, 2018: 199 MEUR



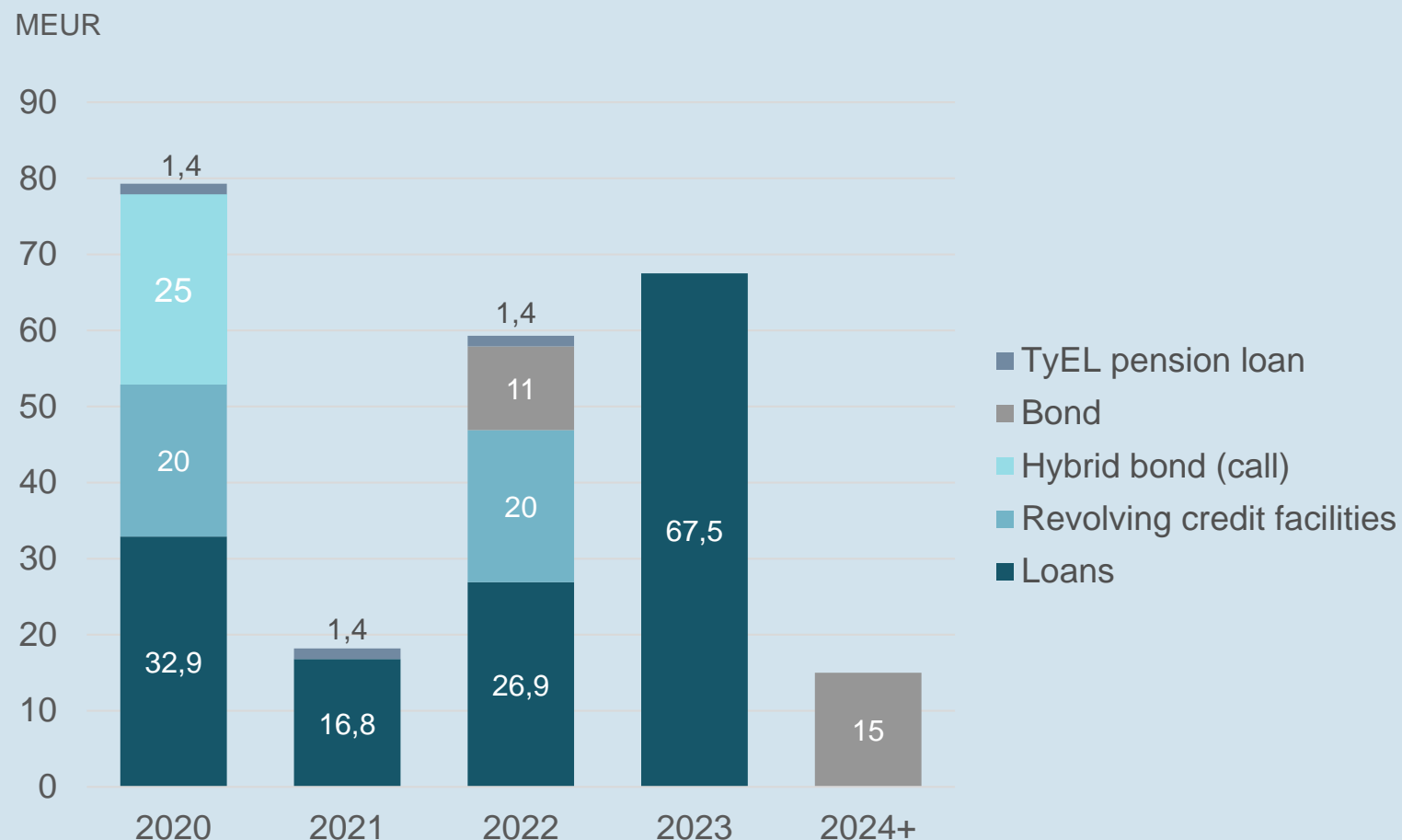
**Interest bearing liabilities
without lease liabilities**
December 31, 2019: 200 MEUR



Maturity of significant loan agreements

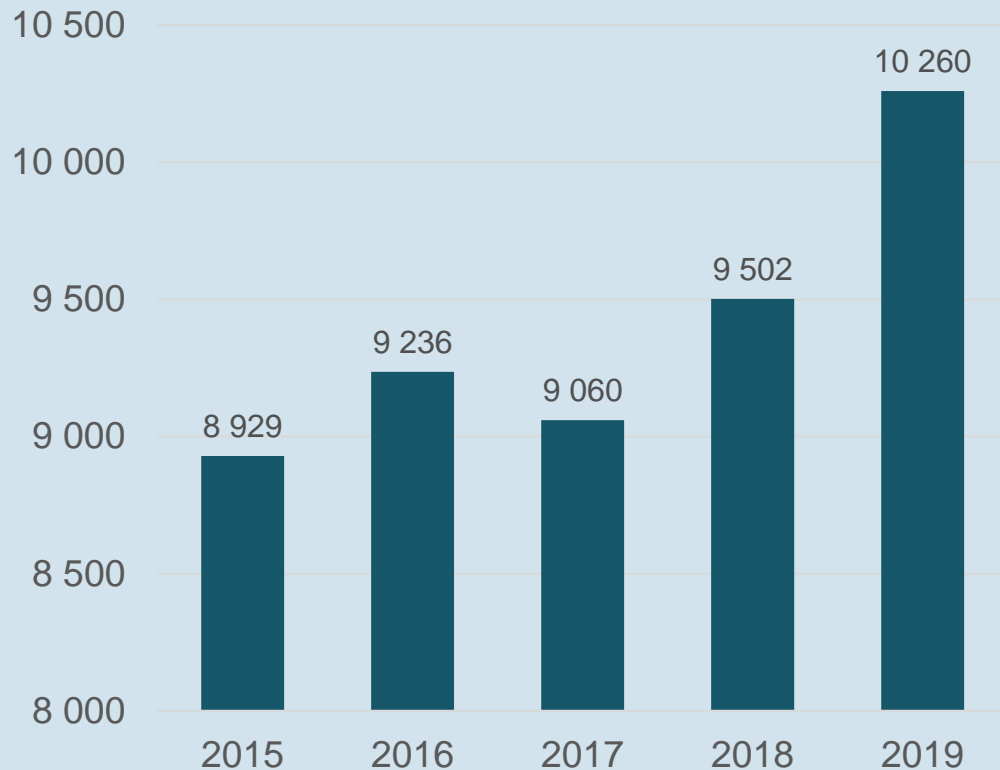
The average interest rate of interest-bearing liabilities, excluding lease liabilities, was 1.4% (1.6 12/2018).

During 2020, a revolving credit facility of EUR 20 million and a term loan EUR 25 million will fall due.

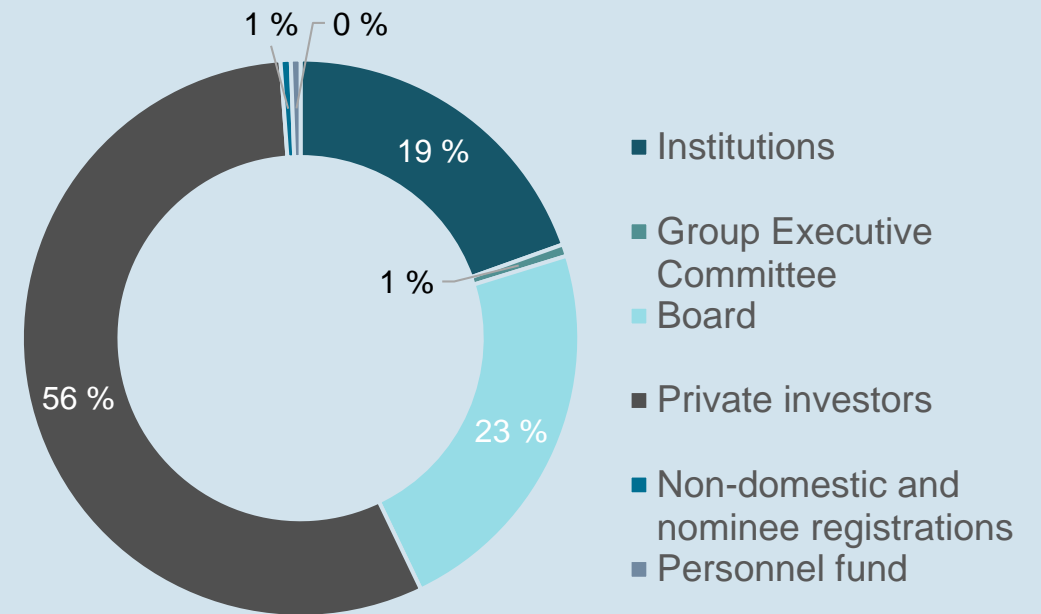


Shareholders / allocation

Number of shareholders



Distribution of ownership on December 31, 2019 by ownership group, %



IFRS 16 Leases standard, as of January 1, 2019

Interest-bearing debt (-)
and right-of-use assets (+)
recognized in balance
sheet for a total increase
of approximately EUR 37
million.

Gearing ratio increased by
approximately 30 percentage points.
Lease expenses to decrease.
Depreciation and interest expenses
to increase.
Total cash flow to remain unchanged.

Lease liabilities, classified as debt have been recognized *in interest-bearing liabilities in the balance sheet.*

Right-of-use assets related to lease agreements have been *recognized in the balance sheet.*

The adoption of the IFRS 16 standard increased Aspo's *gearing ratio* by approximately 30 percentage points.

In the statement of comprehensive income, lease expenses will decrease but depreciation and interest expenses will correspondingly increase.

In the cash flow statement, *cash flow from operating activities* will increase whereas *cash flow from financing activities* will decrease, keeping the total cash flow unchanged.

IFRS 16: The impact on the statement of comprehensive income in brief

Lease expenses reduces.
EBITDA increases.
Depreciation increases.

Operating profit increases
by the amount of interest
expenses on lease liabilities,
as these are recognized as
financial expenses.
Other impacts are minor.

Aspo Group consolidated statement of comprehensive income 1-12/2019, MEUR

Net sales and other income	588.6
Materials and services	-389.1
Fixed costs incl. leases	-149.8
EBITDA	49.7
Depreciation, right-of-use assets	-13.7
Depreciation, amortization and impairment losses, other	-14.9
Operating profit	21.1
Interest expenses on lease liabilities	-0.7
Financial income and expenses, other	-2.2
Profit before taxes	18.2

IFRS 16 impact on balance sheet on December 31, 2019

Assets:

Right-of-use assets related
to lease agreements

Equity and liabilities:

Lease liabilities as
interest-bearing debt

New balance sheet line items:

- Right-of-use assets related to lease agreements
- Current and non-current lease liabilities

Intangible assets and goodwill	51.2	Total equity	122.0
Tangible assets	180.2	Non-current liabilities	146.6
Right-of-use assets	21.5	Non-current lease liabilities	8.8
Other non-current assets	2.0	Current liabilities	119.5
Current assets	155.0	Current lease liabilities	13.0
Total assets	409.9	Total equity and liabilities	409.9