Aspo Q3

October 29, 2019

CEO Aki Ojanen

ASPO

Aspo Q3

Net sales grew and stood at EUR 148.0 (136.3) million.

Net sales for January-September were EUR 440.7 (384.3) million.

Operating profit for Q3 was EUR 6.7 (7.2) million.

Operating profit for January-September was EUR 15.7 (18.0) million.

Eearnings per share for Q3 were EUR 0.15 (0.18).

Earnings per share for January-September stood at EUR 0.37 (0.40).

Operating profit grew in the shipping business, Group's net cash from operating activities at a strong level.

We expect strong Q4 results.

Guidance for year 2019:

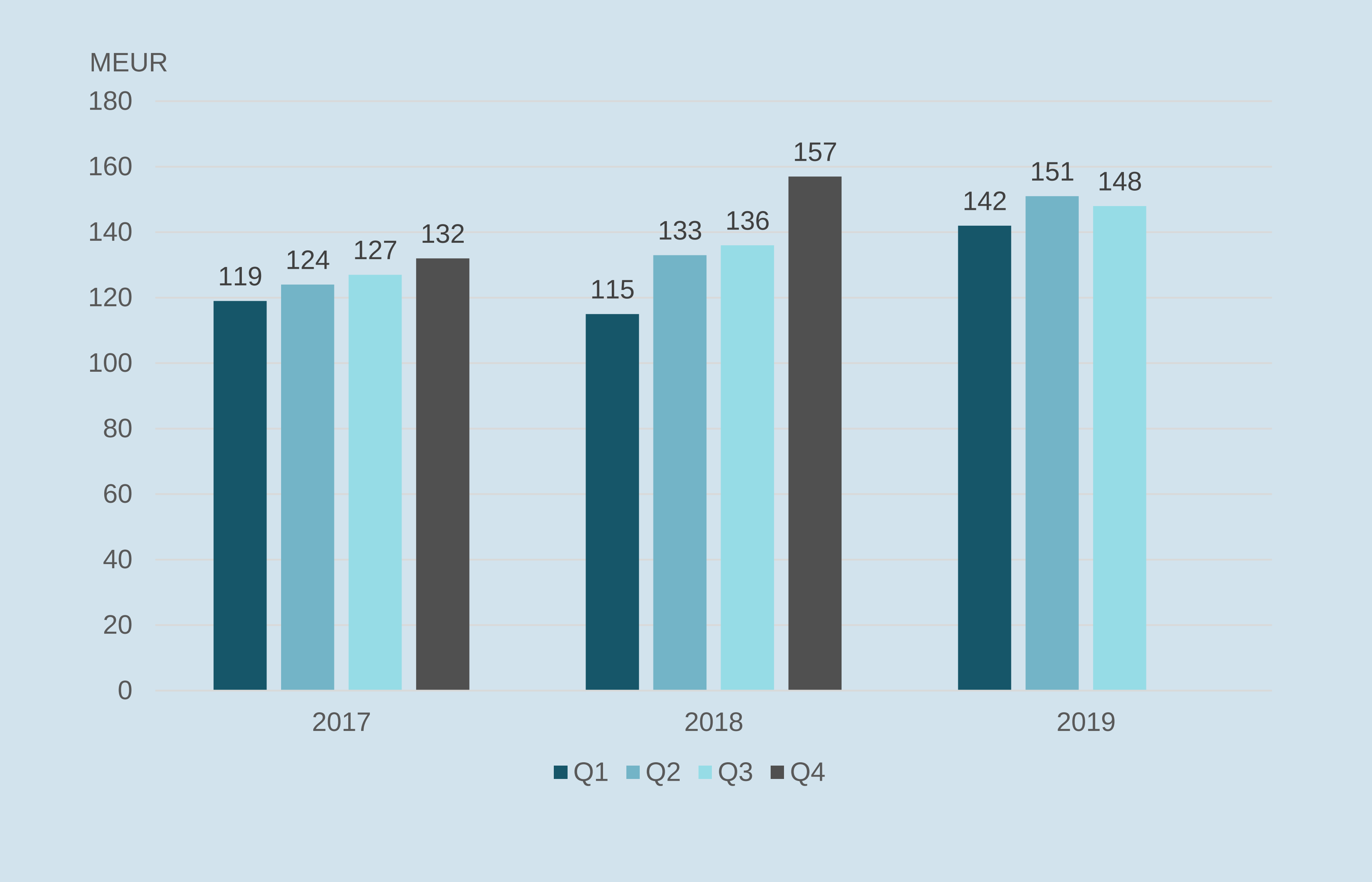
Aspo's operating profit will be EUR 24–30 million (20,6) in 2019.

Net sales by quarter

Net sales increased and were at EUR 148 (136) million.

The increase in net sales was driven especially by the acquisition of AtoB@C.

Strong growth in net sales continued for both Leipurin and Telko in the Eastern markets.



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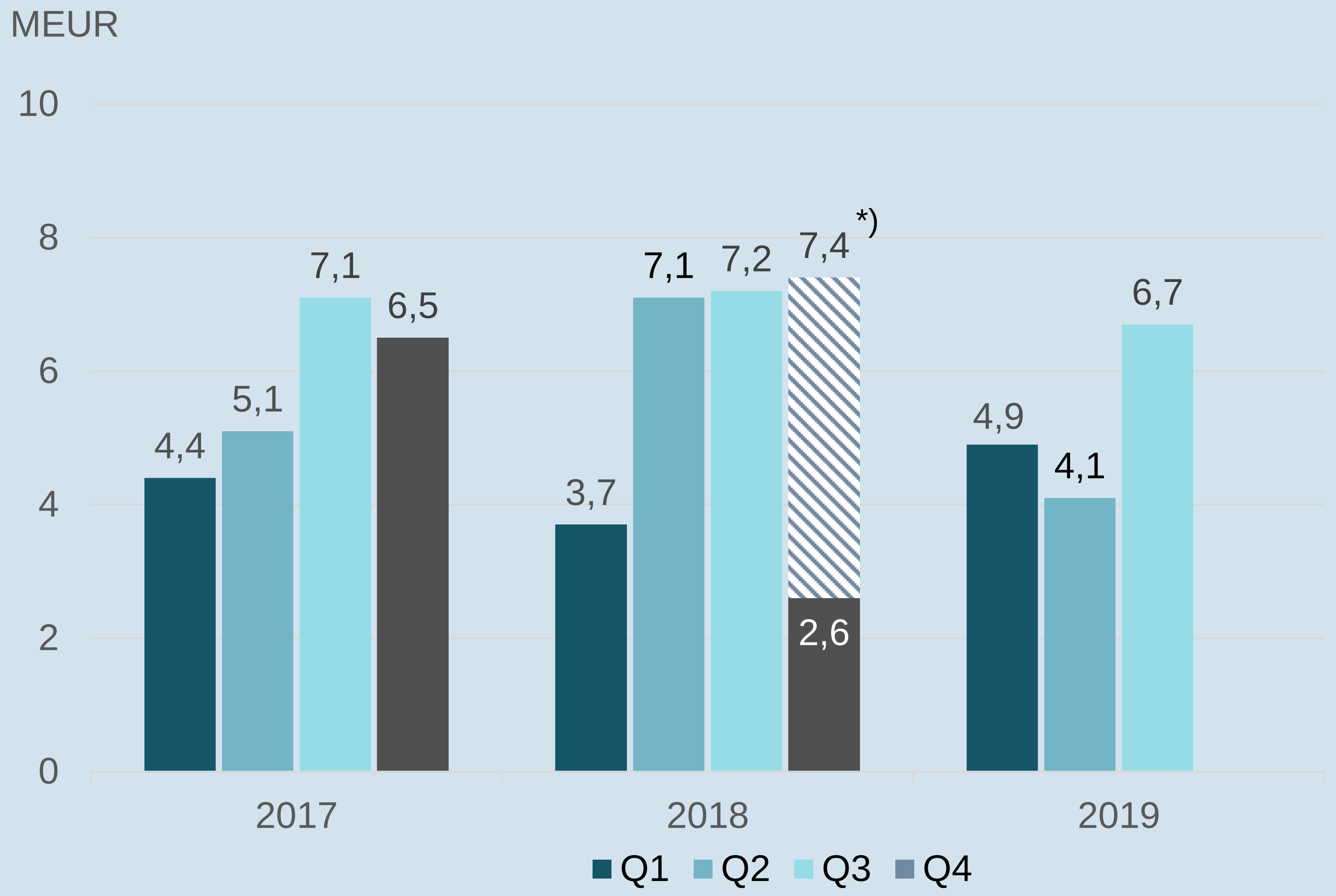
Operating profit by quarter

Operating profit was EUR 6.7 (7.2) million.

ESL Shipping made expected progress, the operating profit of Telko segment was negatively impacted by Kauko’s operating profit which was EUR 0.8 million lower than Q3 2018.

Operating profit for January-September was EUR 15.7 (18.0) million.

We expect a strong Q4 2019.



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

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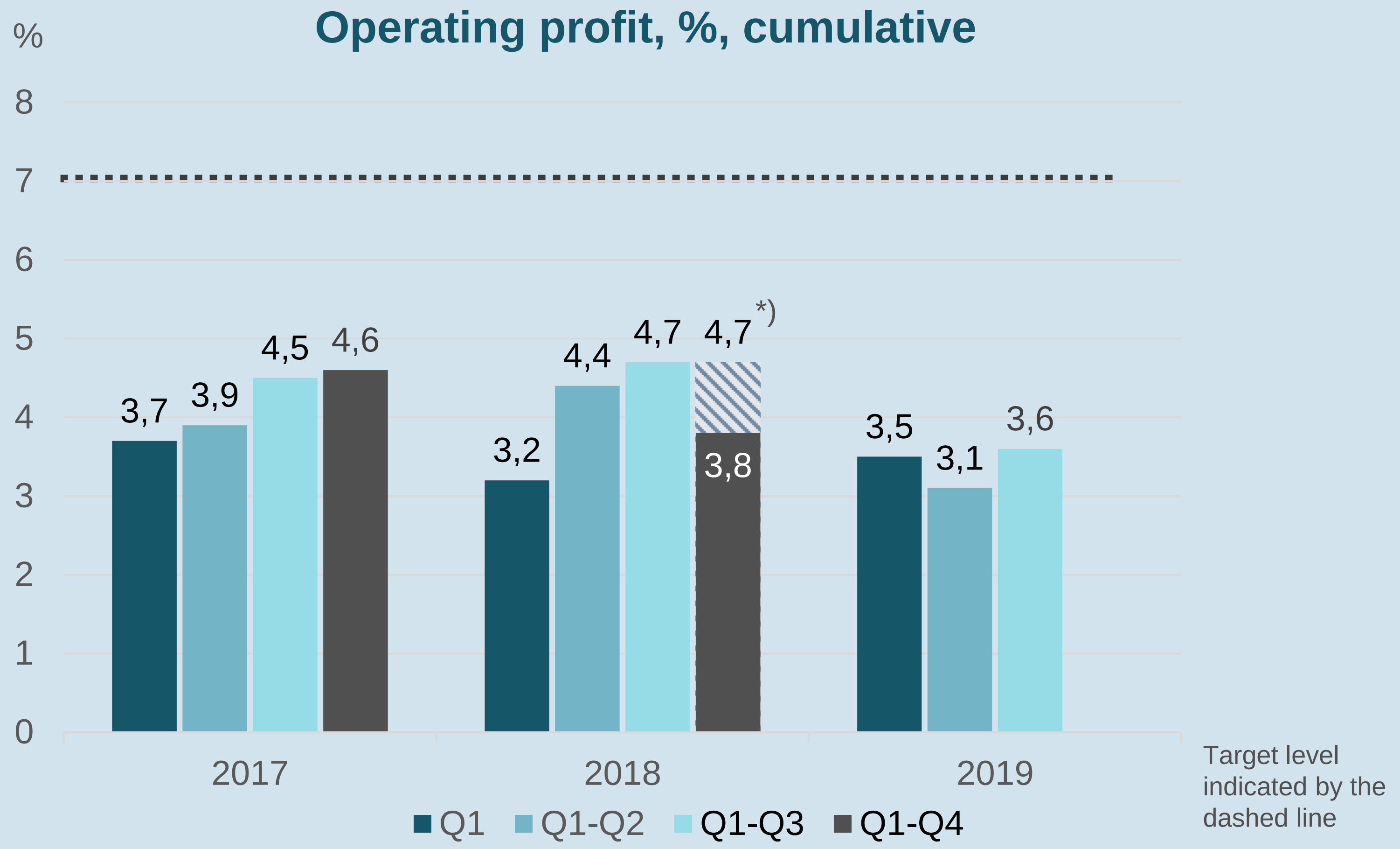
Long-term financial targets

Operating profit rate was 3.6% (4.7).

The target level is 7% by 2020.



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

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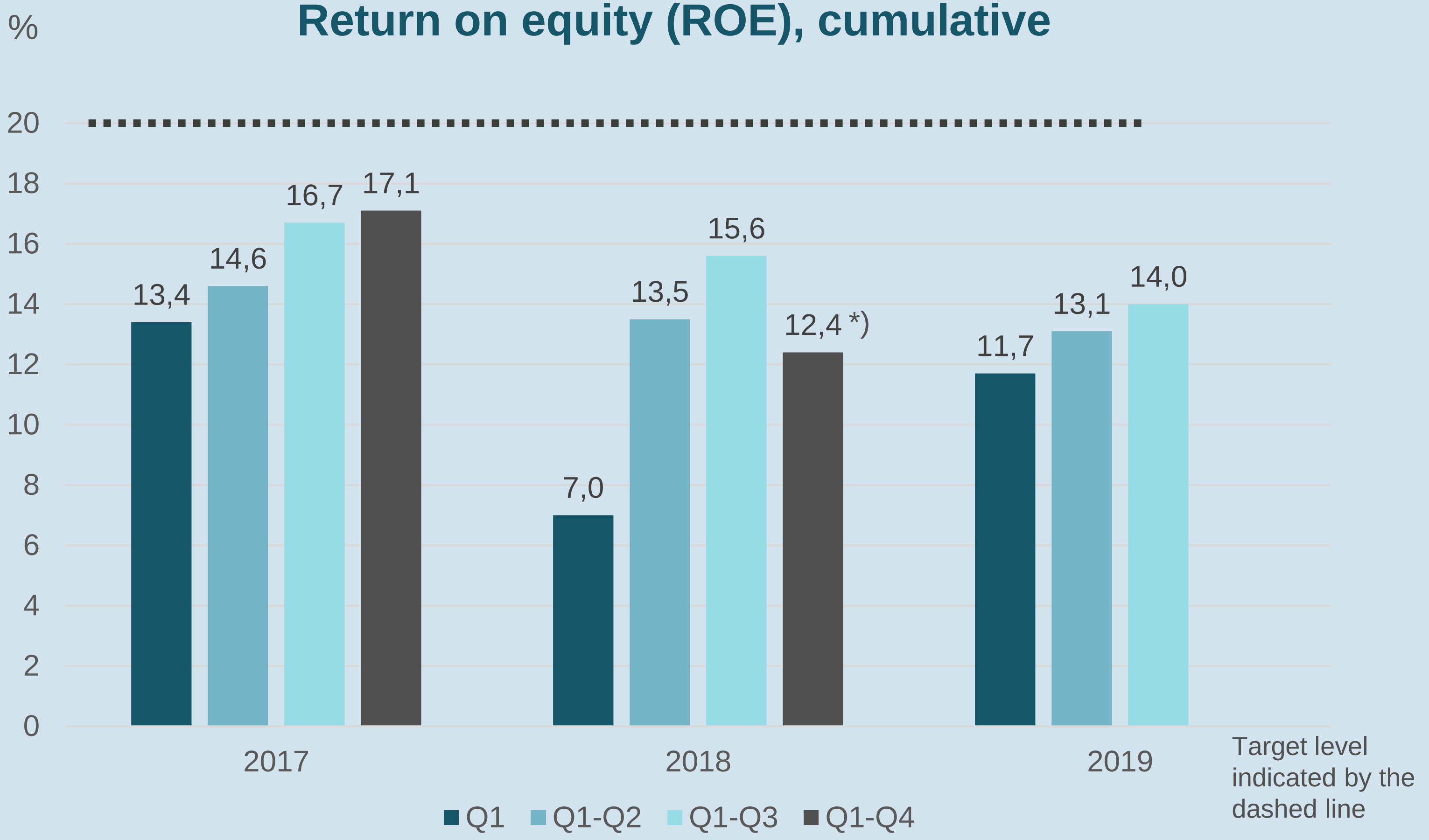
Long-term financial targets

Return on equity was 14.0% (15.6).

Target level is over 20% on average by 2020.

Return on equity (ROE), cumulative



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

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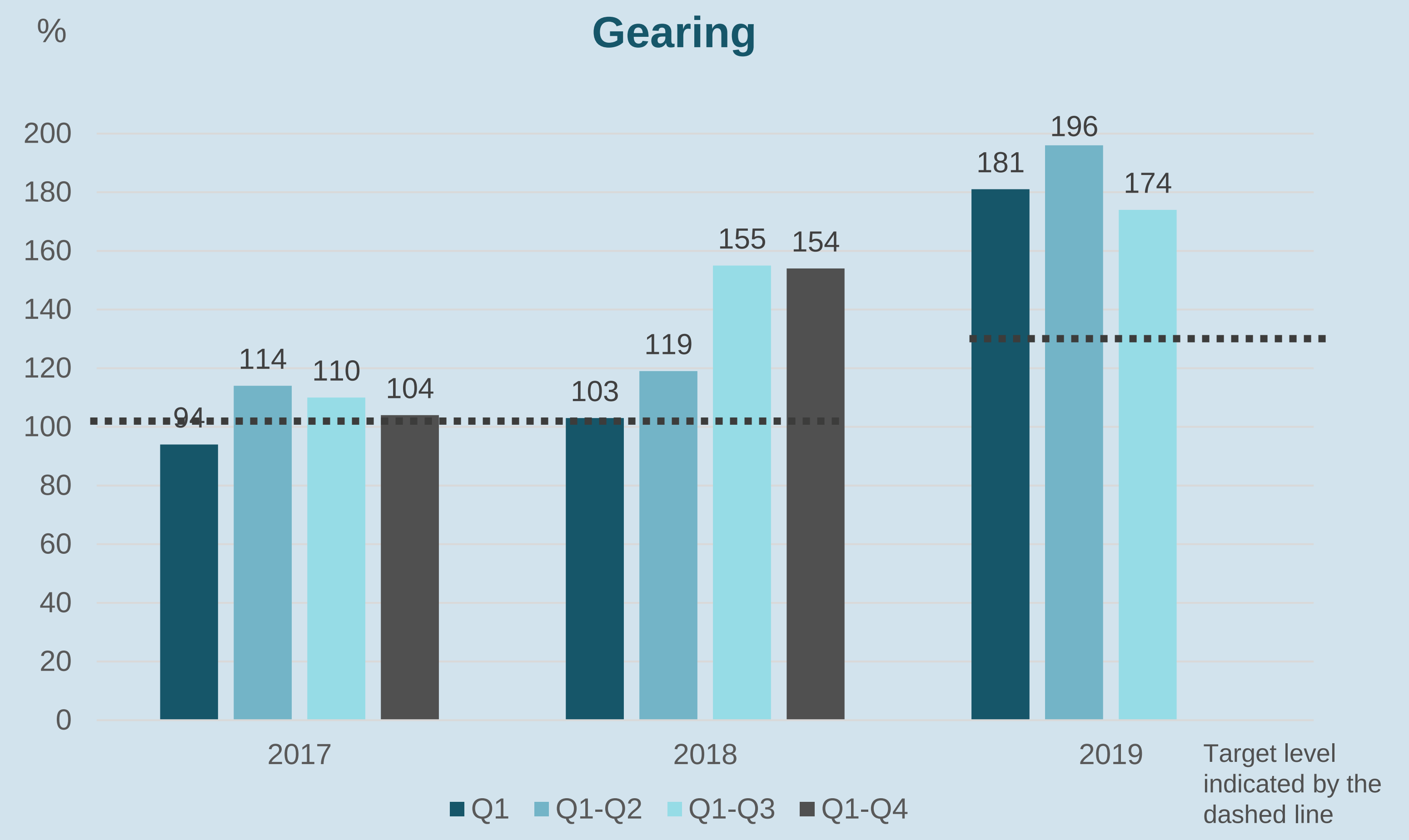
Long-term financial targets

Gearing was at 173.7% (155.2).

Gearing has increased as a result of the investments and acquisition made in 2018.

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



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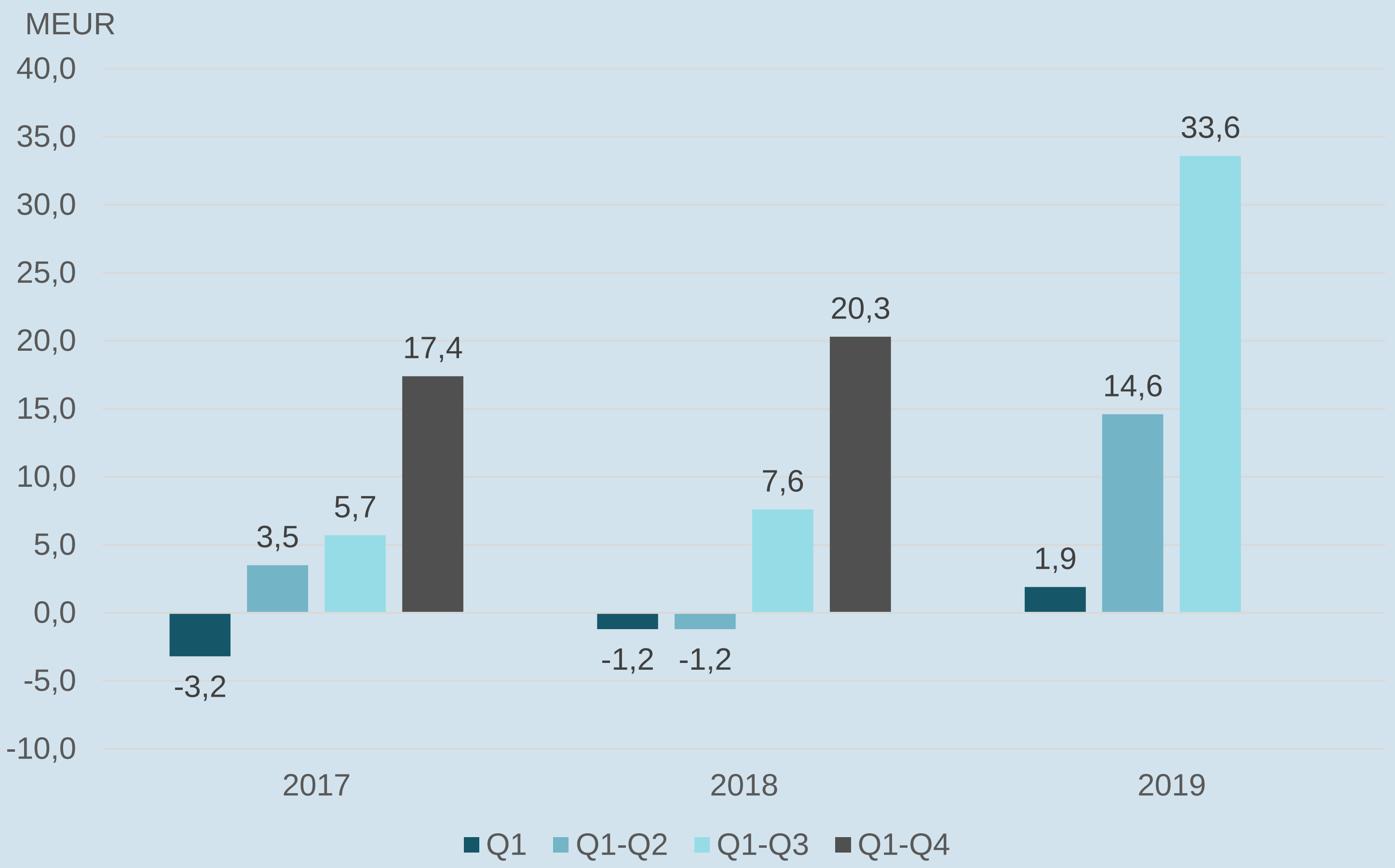
Net cash from operating activities

Net cash from operating activities was EUR 33.6 (7.6) million.

Adoption of IFRS 16 increased the Group's net cash from operating activities by approximately EUR 11 million.



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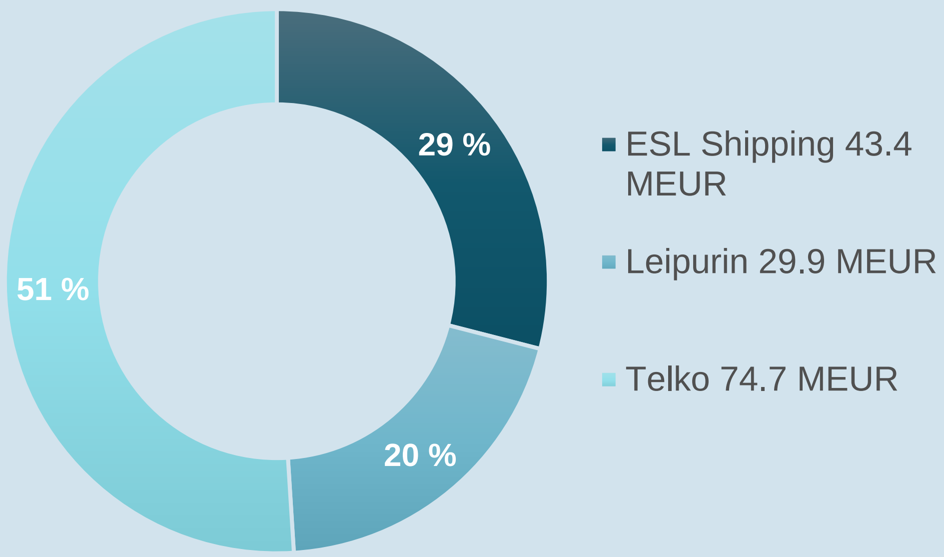
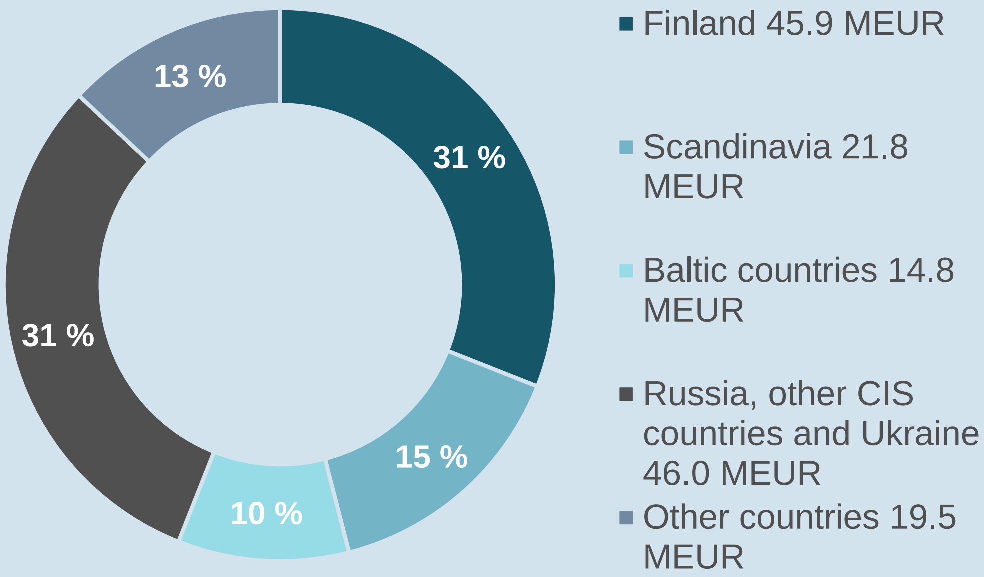
Aspo is a balanced entity

Net sales by segment, Q3 2019



Net sales by market area, Q3 2019



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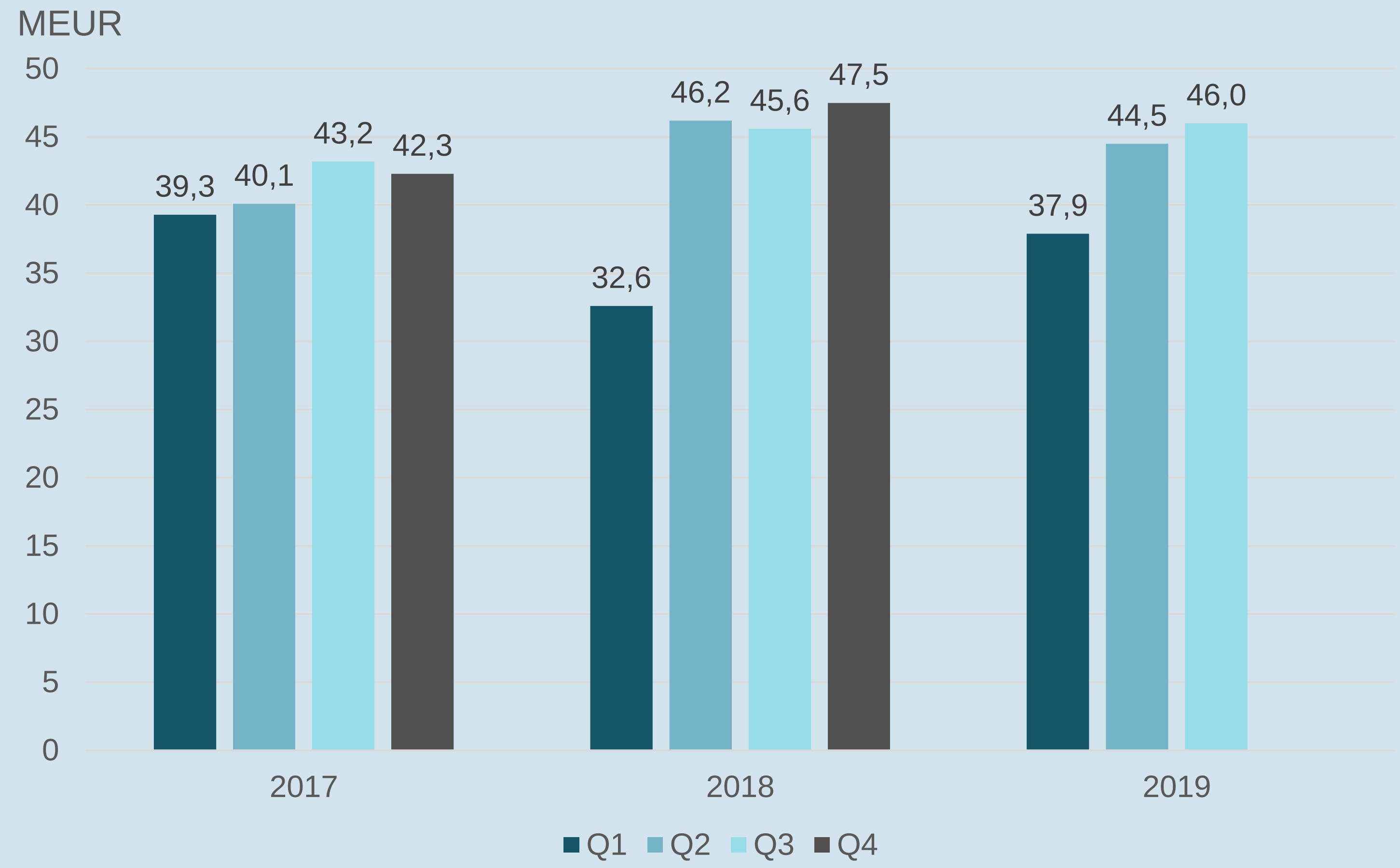
Russia, other CIS countries and Ukraine

In the eastern markets, net sales remained on the same level at EUR 46.0 (45.6) million.

Leipurin's net sales grew by 10% and Telko's by 5% in the eastern markets.

On the group level, the growth was softened by the lack of Russian iron pellet deliveries to Europe.



ESL Shipping

Leading marine logistics provider for bulk cargo

ESL Shipping Q3

Freight rates of dry bulk cargo strengthened in Q3, especially in the largest ship classes.

Steel industry’s transport levels were down from comparative period.

Net sales increased and were at EUR 43.4 (30.6) million.

The growth was mainly due to the acquisition of AtoB@C.

Operating profit increased by 10% in Q3 and was EUR 4.4 (4.0) million.

Operating profit increase supported by the excellent cost-effectiveness of new LNG vessels and AtoB@C’s good progress.

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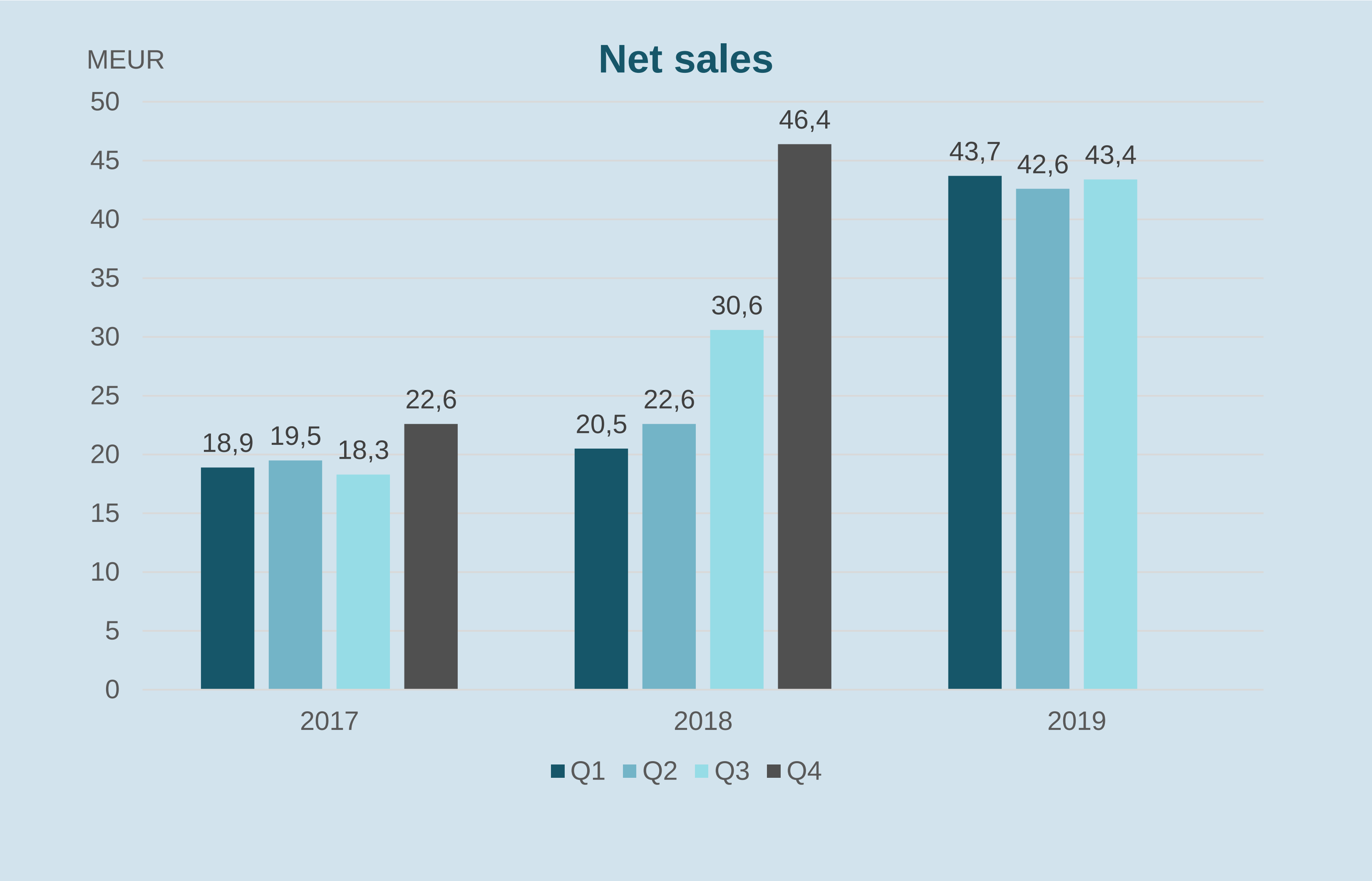
ESL Shipping key figures Q3

Net sales increased by 42% and were EUR 43.4 (30.6) million.

Results of the investment program are starting to show, and the next development phase for the shipping business is being planned.



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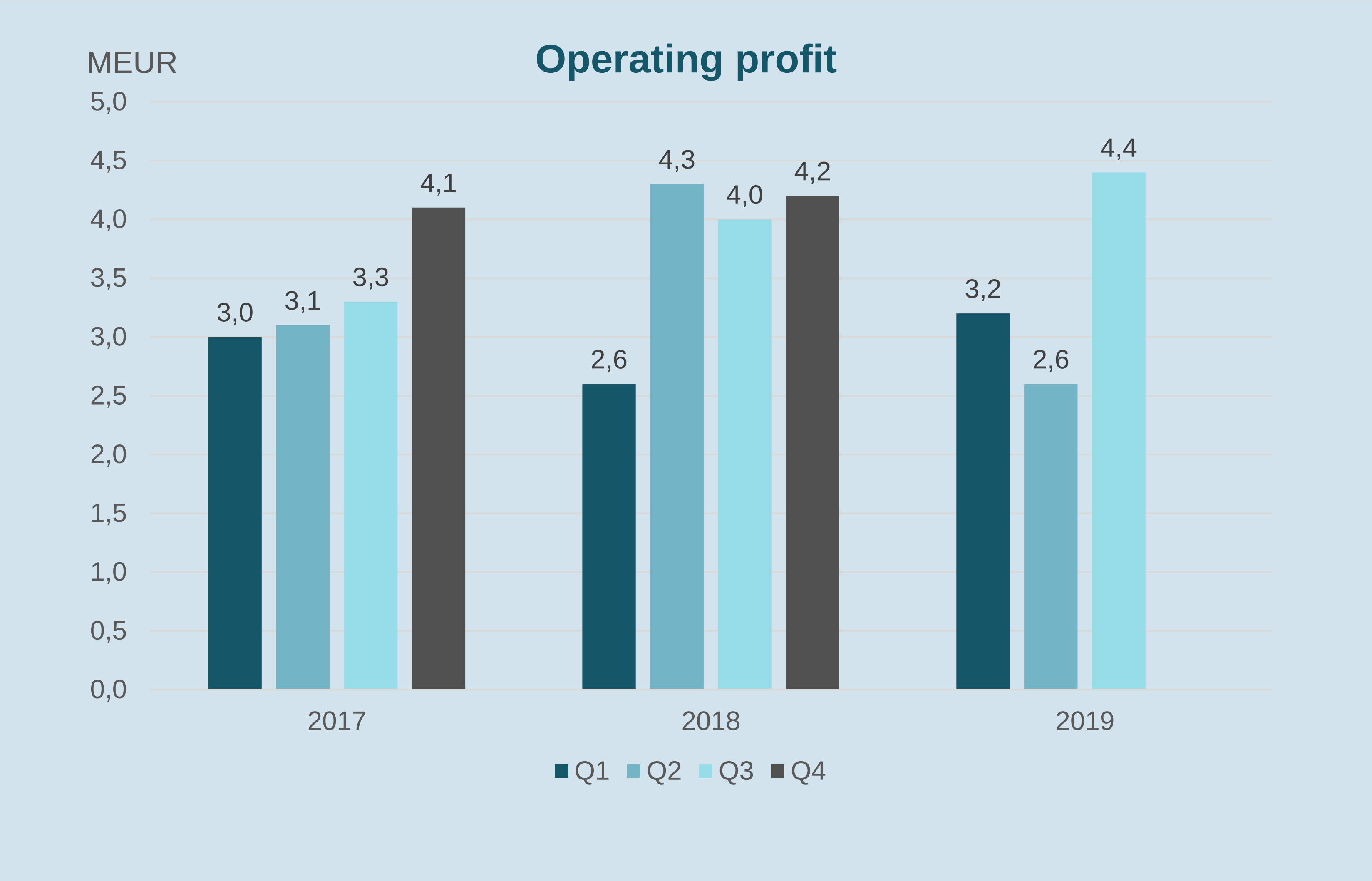
ESL Shipping key figures Q3

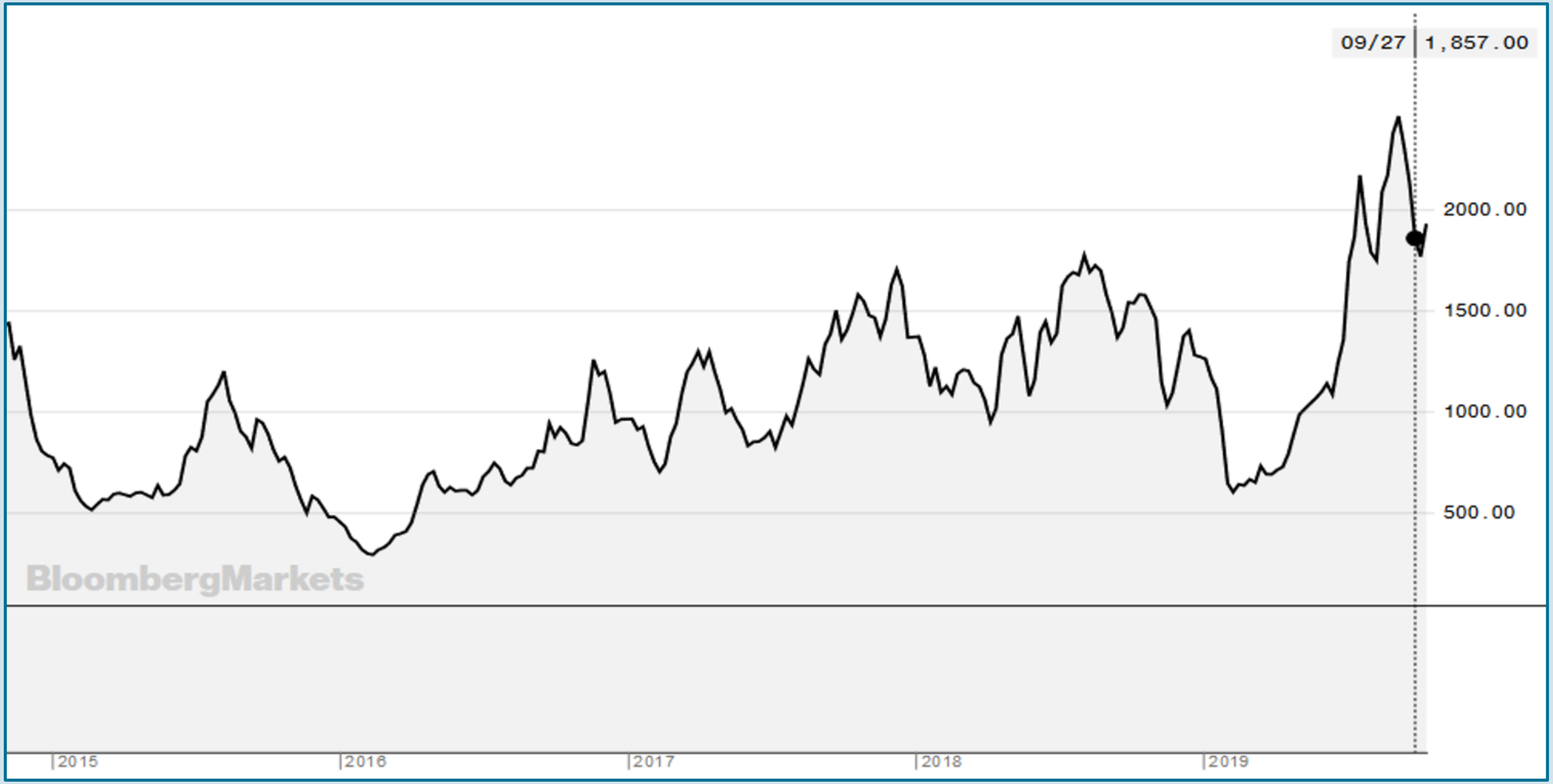
Operating profit increased by 10% and was EUR 4.4 (4.0) million.

Operating profit rate was 10.1% (13.1).

Supramax vessels made a profit in Q3.



Baltic Dry Index



Leipurin

From bread and recipes to a comprehensive selection

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Leipurin Q3

Q3 net sales increased and were EUR 29.9 (28.0) million.

Net sales growth in the Eastern markets was 10%

Operating profit remained on the same level as in Q3 2018 at EUR 0.8 (0.8) million.

Leipurin's operating profit rate was 2.7% (2.9).

In the Eastern markets, bakery business net sales grew by 16% and the operating profit was approximately 9%.

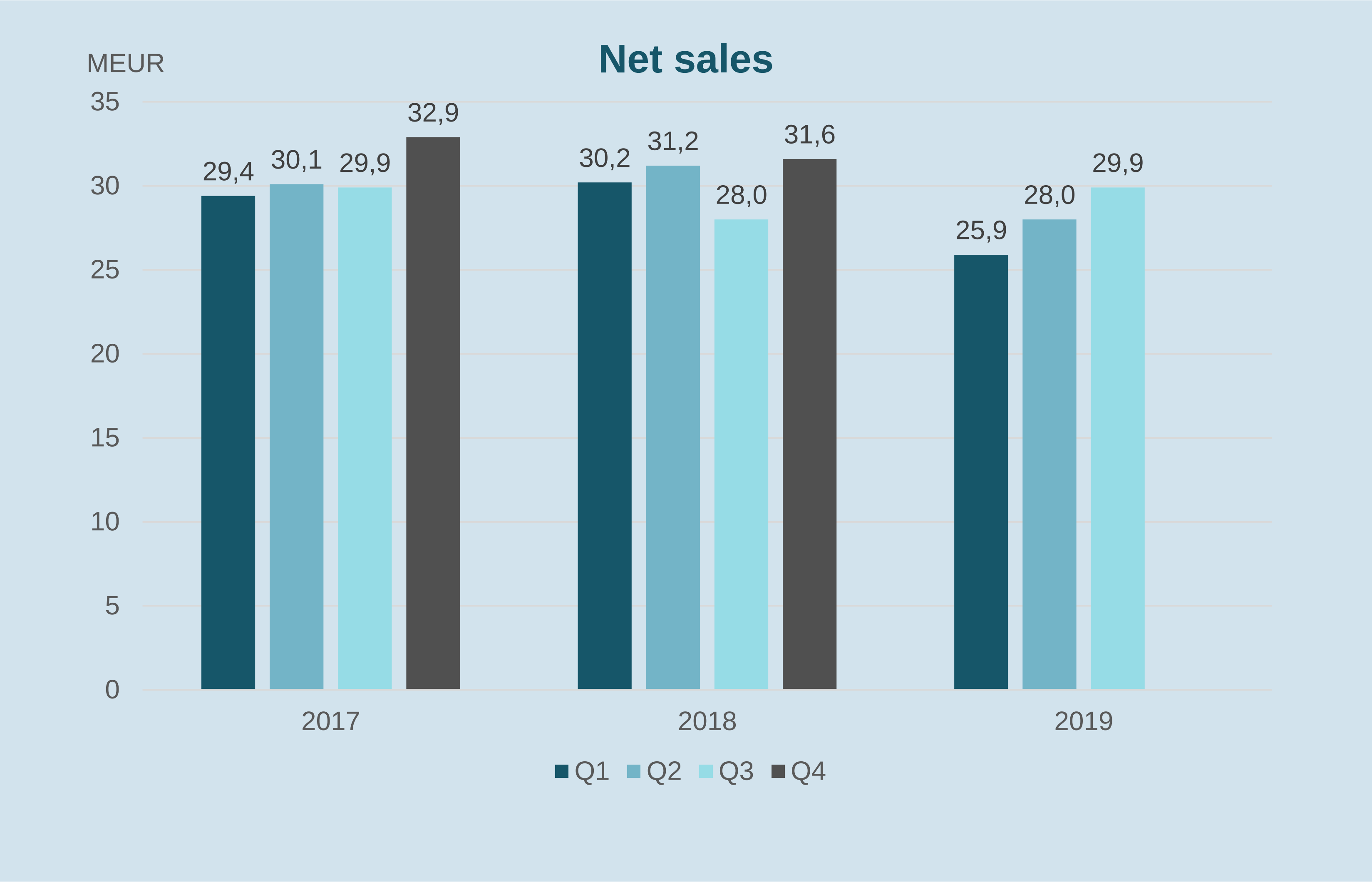
Machinery business made a slight loss compared to a positive operating result in Q3 2018.

Leipurin key figures Q3

Net sales increased and were EUR 29.9 (28.0) million.

Net sales increased especially in Leipurin's bakery business in the Eastern markets.

Machinery business net sales also increased but made a slight operating loss.



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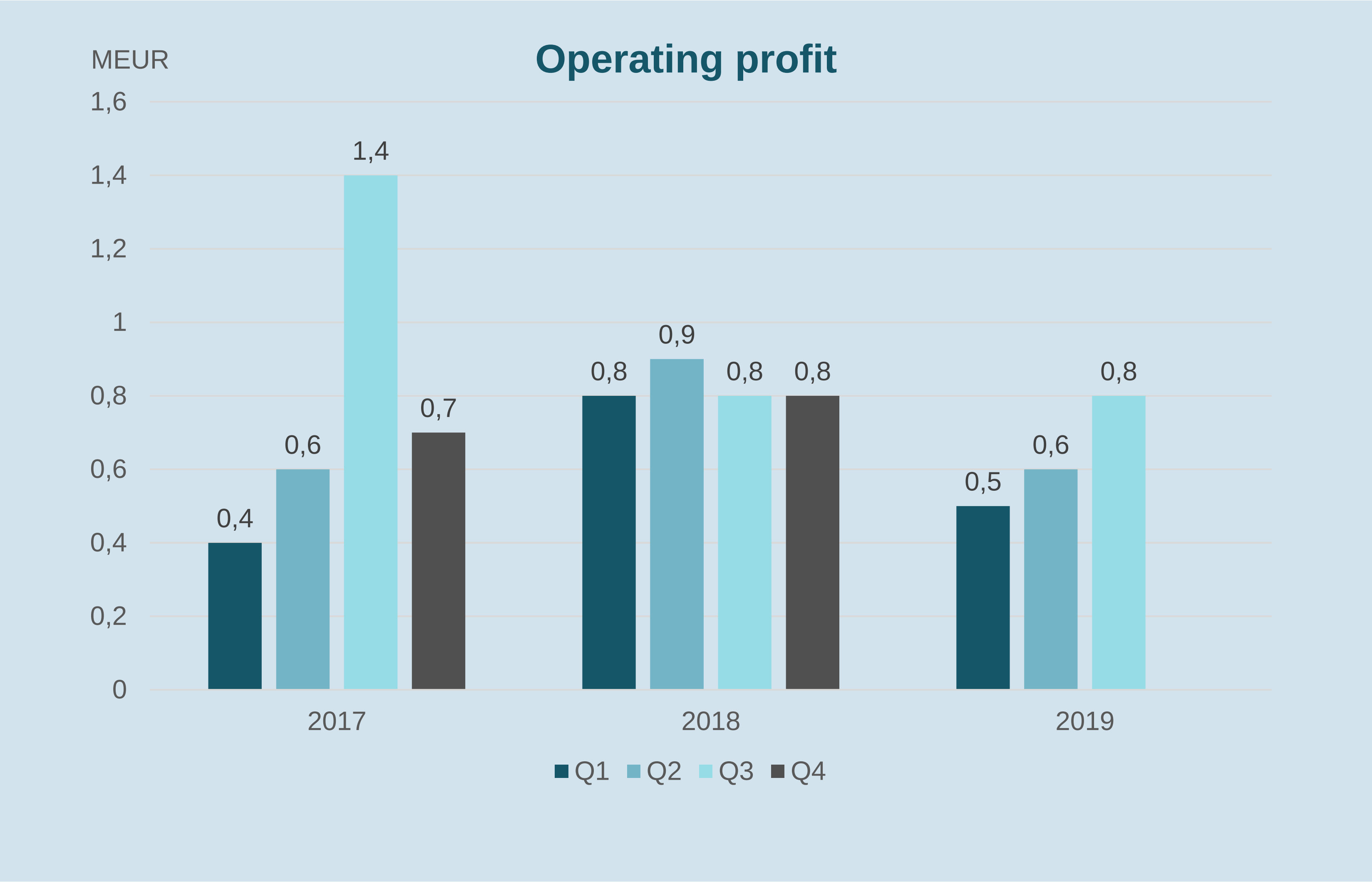
Leipurin key figures Q3

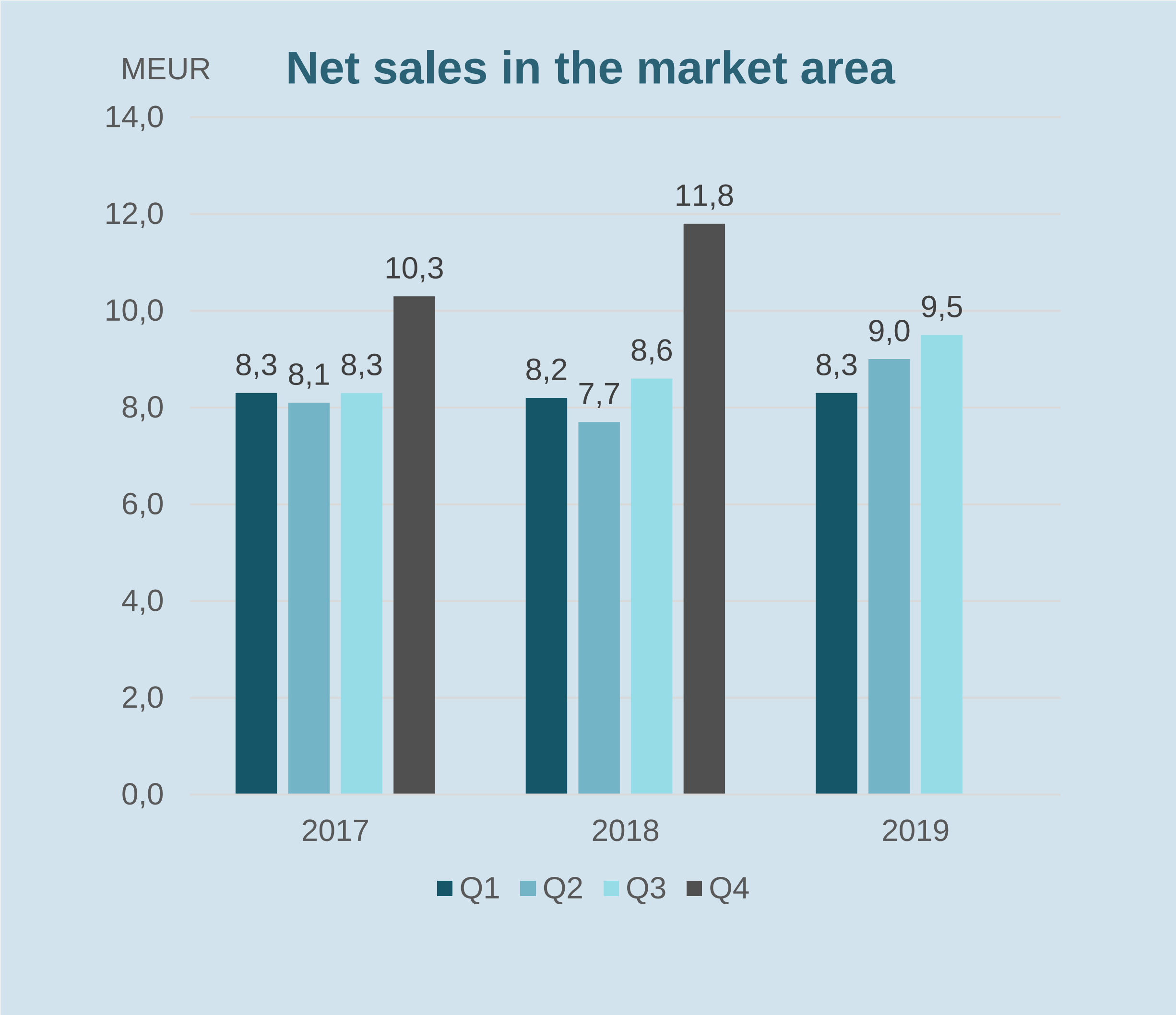
Operating profit was EUR 0.8 (0.8) million.

Operating profit rate was 2.7% (2.9).

At an annual level, the machinery business will produce a loss.



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.

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Telko Q3

Mikko Pasanen appointed Managing Director of Telko.

Economic growth has decelerated in Telko's operating environment and the prices of raw materials were down from the comparative period.

Net sales of Telko segment were EUR 74.7 (77.7) million.

Net sales of Telko operations increased by 2%.

Operating profit of Telko segment decreased and was EUR 2.4 (3.6) million.

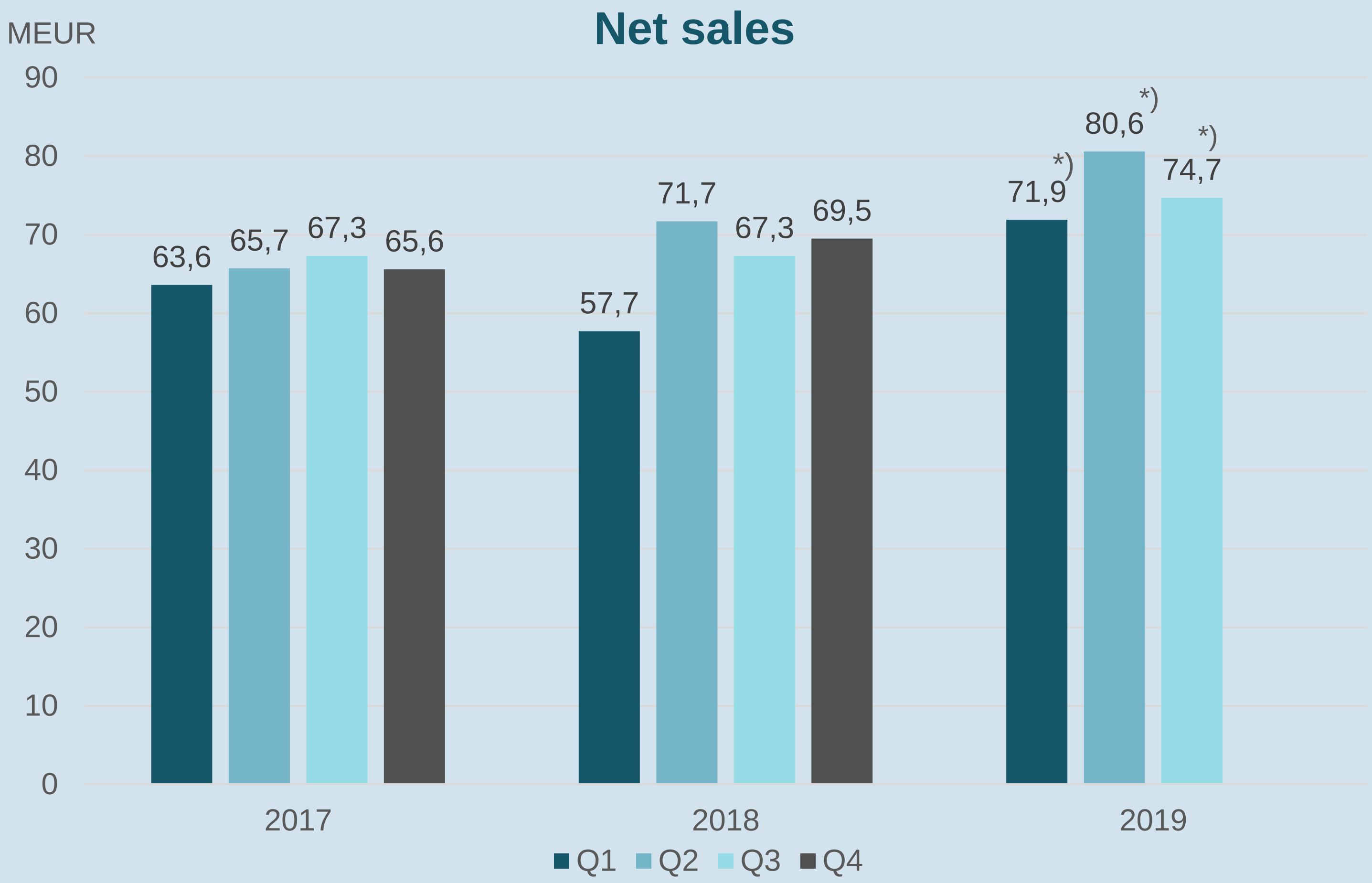
Segment's Q3 operating profit weakened by Kauko's operating result that was EUR 0.8 million weaker than in Q3 2018.

In January-September, net sales of plastic business increased by 6% and net sales of chemical business by 4%.

Telko key figures Q3

Net sales of Telko segment were EUR 74.7 (77.7) million.

Net sales of Telko operations increased by 2% but segment's total net sales were weakened by significant drop in Kauko's net sales.



*) 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 and EUR 6.0 million in Q3 2019.

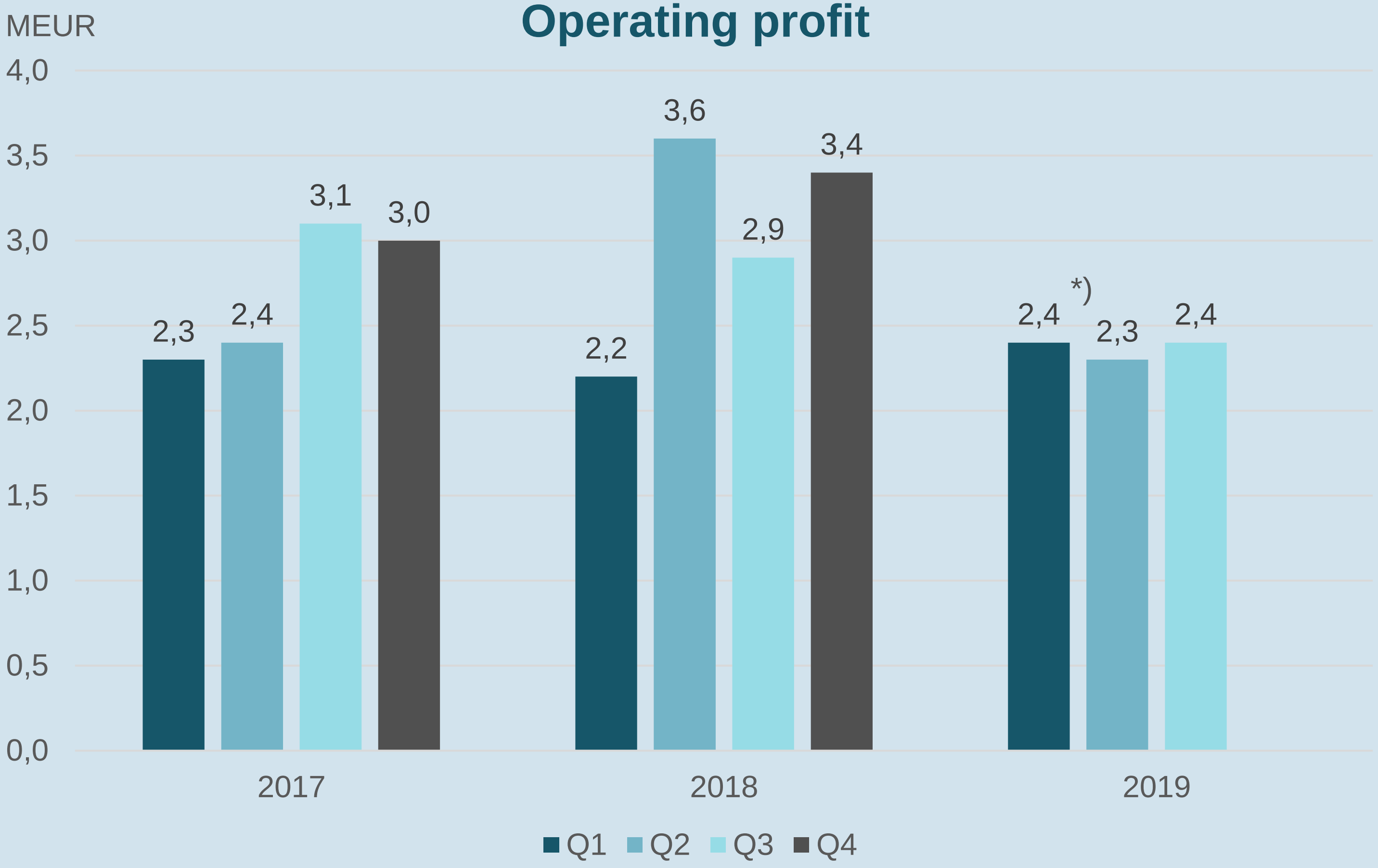
Telko key figures Q3

Operating profit for Telko segment was EUR 2.4 (3.6) million.

Operating profit for Telko operations was EUR 2.5 (2.9) million and operating profit rate was approximately 3.6% (4.3).

Kauko operations made a slight loss in Q3.

Operating profit



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

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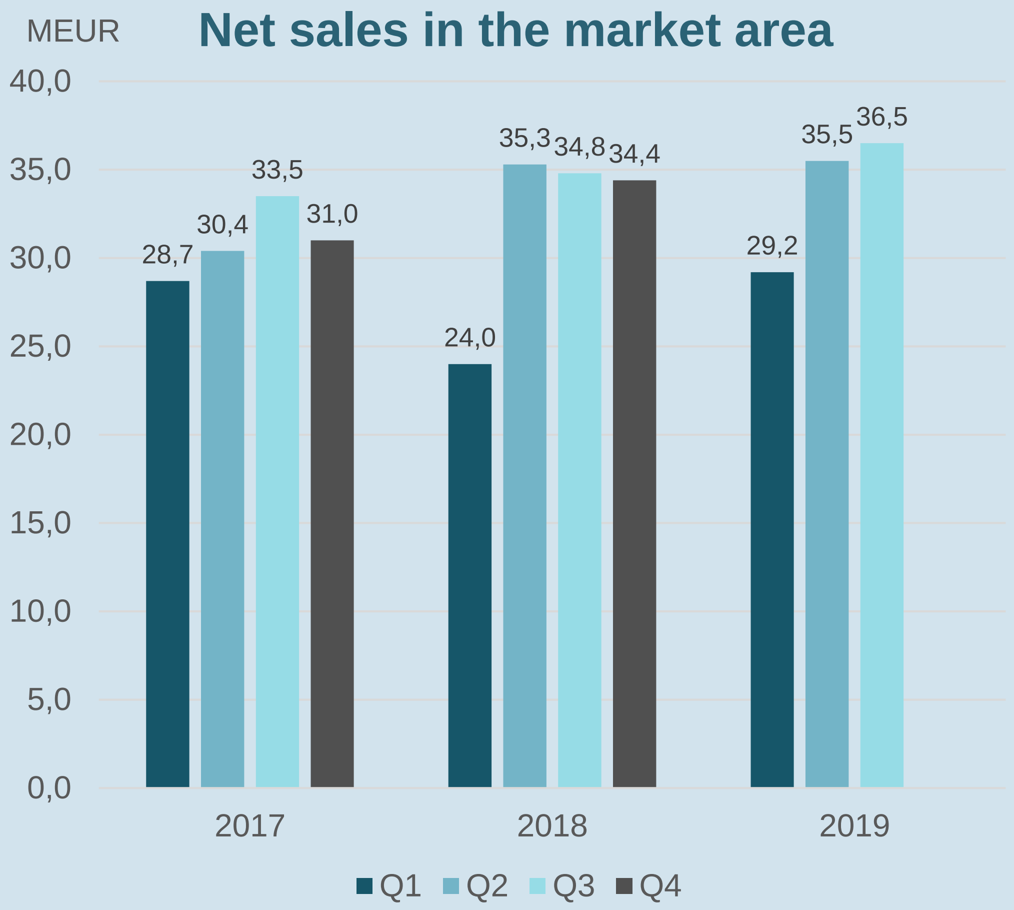
Net sales in Russia, other CIS countries and Ukraine



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Guidance for 2019

Aspo’s operating profit will be EUR 24–30 (20.6) million in 2019.

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Additional material

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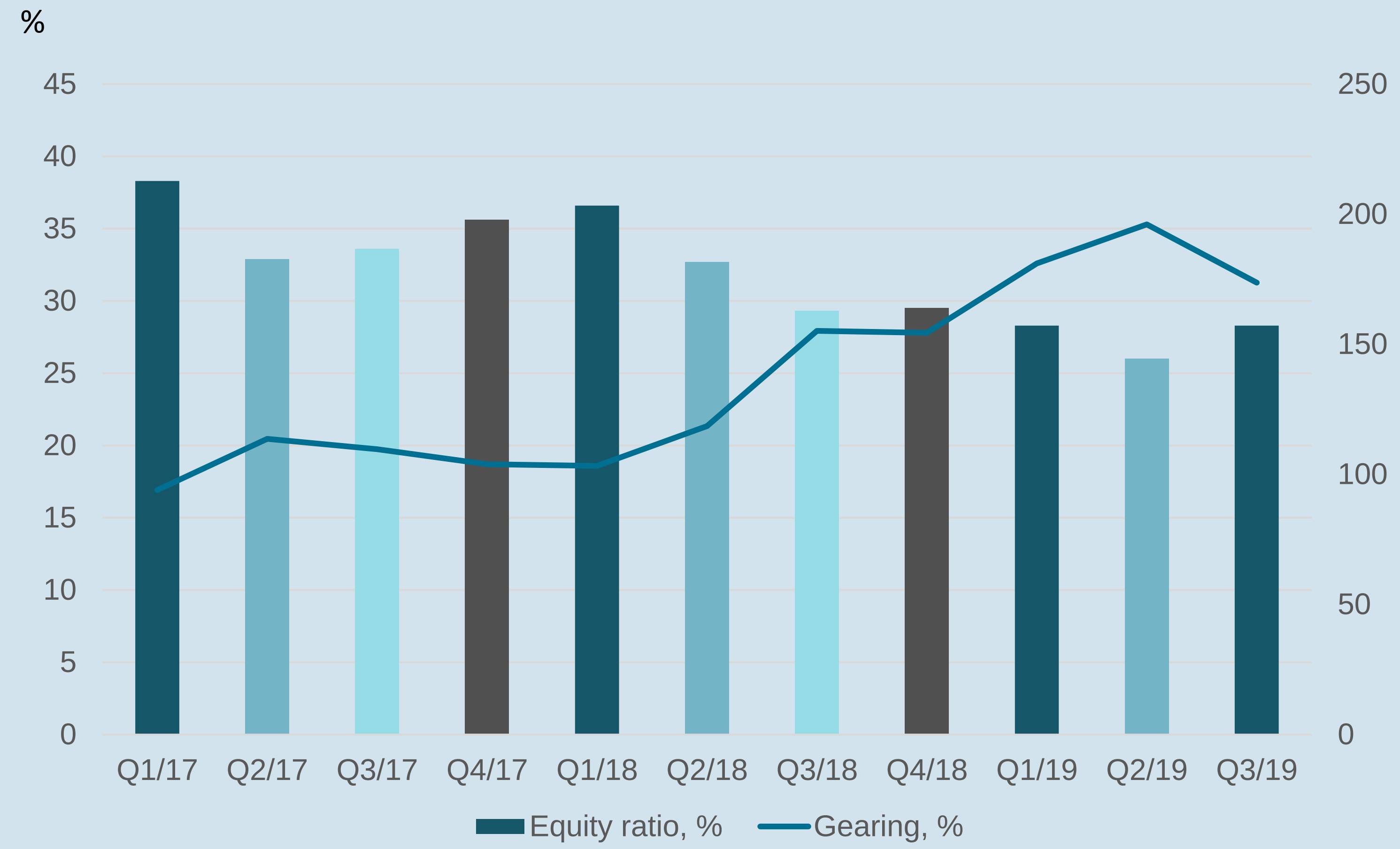
Equity ratio and gearing

Gearing at Aspo Group was 173.7% (155.2).

Equity ratio was 28.3% (29.3).

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.



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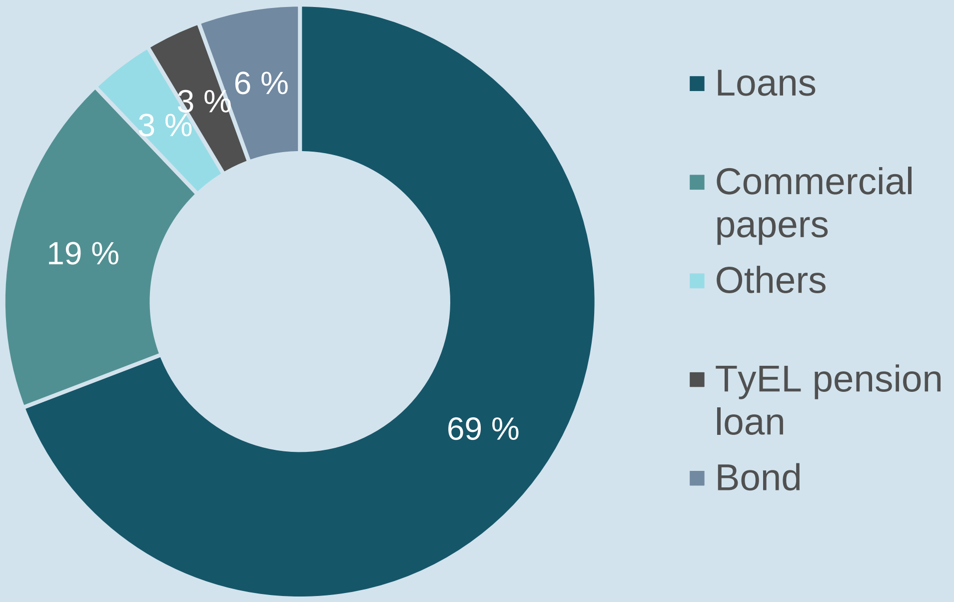
Structure of liabilities

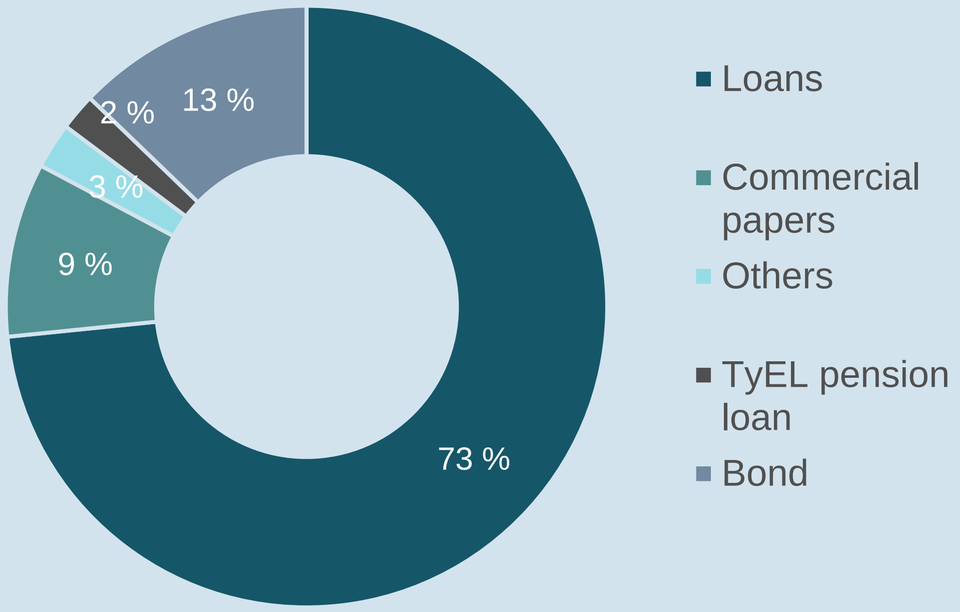
Interest bearing liabilities without lease liabilities

September 30, 2018: 198 MEUR



Interest bearing liabilities without lease liabilities

September 30, 2019: 203 MEUR



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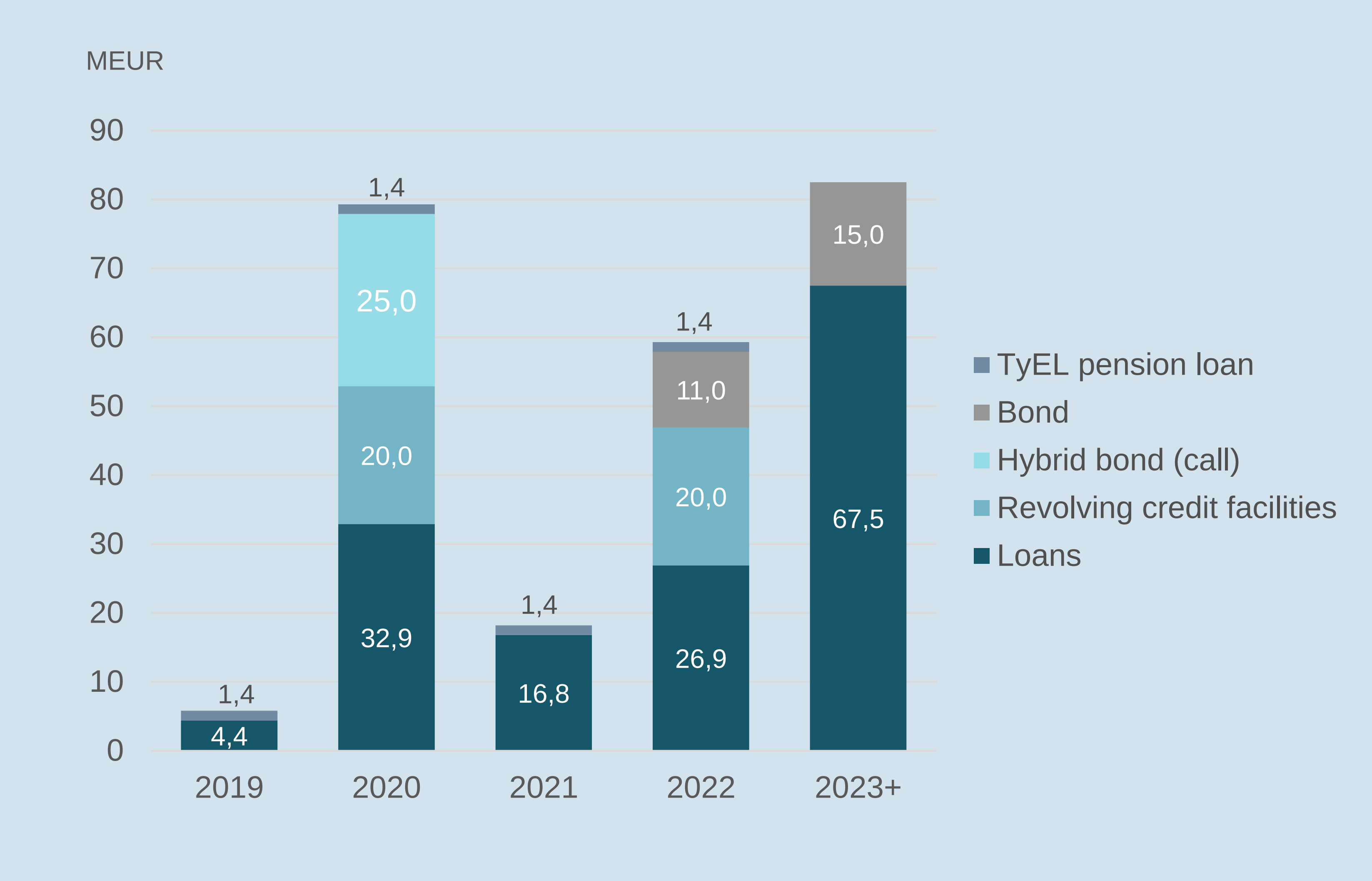
Maturity of significant loan agreements

The average interest rate of interest-bearing liabilities, excluding lease liabilities, was 1.5% (1.6% 12/2018).

During Q3, Aspo participated in group bond with a loan unit of EUR 15 million.

M/s Alppila was acquired.



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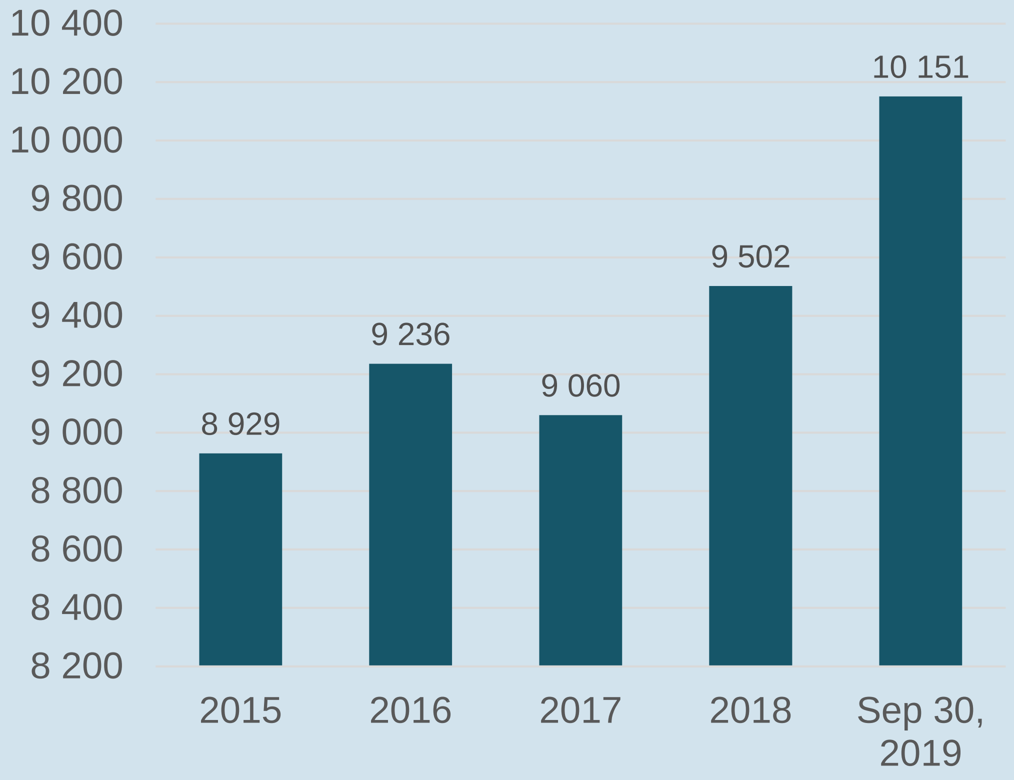
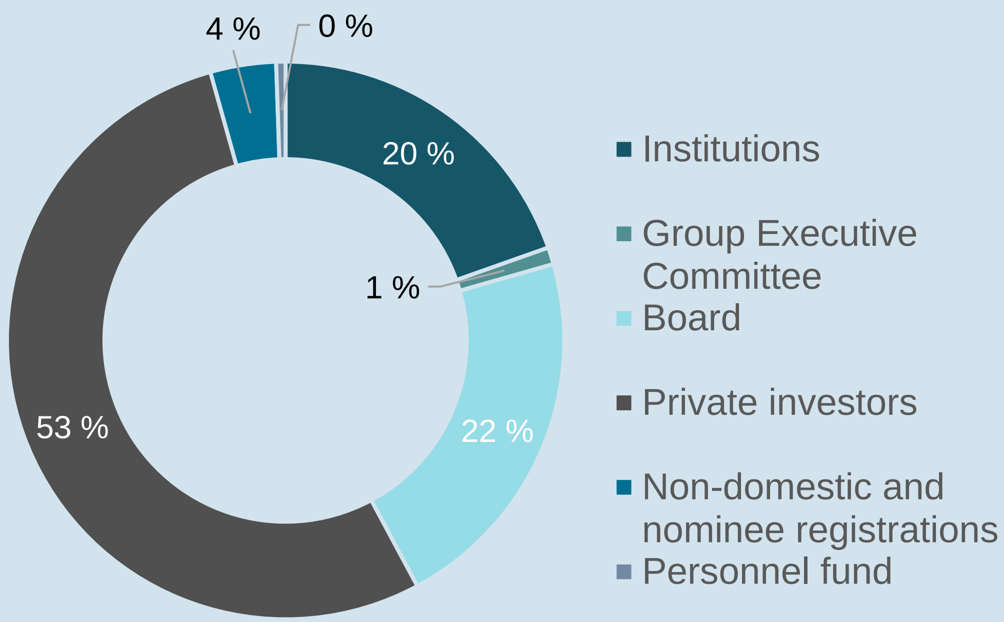
Shareholders / allocation

Number of shareholders



Distribution of ownership on September 30, 2019 by ownership group, %



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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.

Leases to decrease.

Depreciation and interests to increase.

Total cash flow to remain unchanged.

Lease liabilities to be classified as debt that is recognized *in interest-bearing liabilities in the balance sheet.*

Right-of-use assets related to lease agreements are *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, leases will decrease but depreciation and impairment losses 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

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Amount of leases reduces.

EBITDA increases.

Depreciation and impairment losses increase.

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

Other impacts minor.

Aspo Group consolidated statement of comprehensive income
1-9/2019, MEUR

Net sales and other income	441.1
Materials and services	-292.8
Fixed costs incl. leases	-111.3
EBITDA	37.0
Depreciation and impairment losses, right-of-use assets	-10.4
Depreciation, amortization and impairment losses, other	-10.9
Operating profit	**15.7**
Interest expenses on lease liabilities	-0.6
Financial income and expenses, other	-1.4
Profit before taxes	**13.7**

IFRS 16 impact on balance sheet on September 30, 2019

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Assets:

Right-of-use assets related to lease agreements

Equity and liabilities:

Lease liabilities as interest-bearing debt

Main new balance sheet specifications:

- Right-of-use assets related to lease agreements
- Current and non-current lease liabilities
- Further minor changes to finance leases

Intangible assets and goodwill	51.2	Total equity	118.8
Tangible assets	183.5	Non-current liabilities	182.4
Right-of-use assets	21.7	Non-current lease liabilities	9.0
Other non-current assets	4.4	Current liabilities	102.6
Current assets	164.9	Current lease liabilities	12.9
Total assets	**425.7**	**Total equity and liabilities**	**425.7**