



Aspo Q1 2020

May 5, 2020

CEO

Aki Ojanen

Aspo Q1 2020

Q1 2020 net sales decreased by 6% and were EUR 133.2 million (141.5).

Q1 2020 operating profit was EUR 4.0 million (4.9).

Earnings per share were EUR 0.07 (0.10).

Net cash from operating activities continued to develop strongly during Q1, with the free cash flow being EUR 13.3 million (-1.1) .

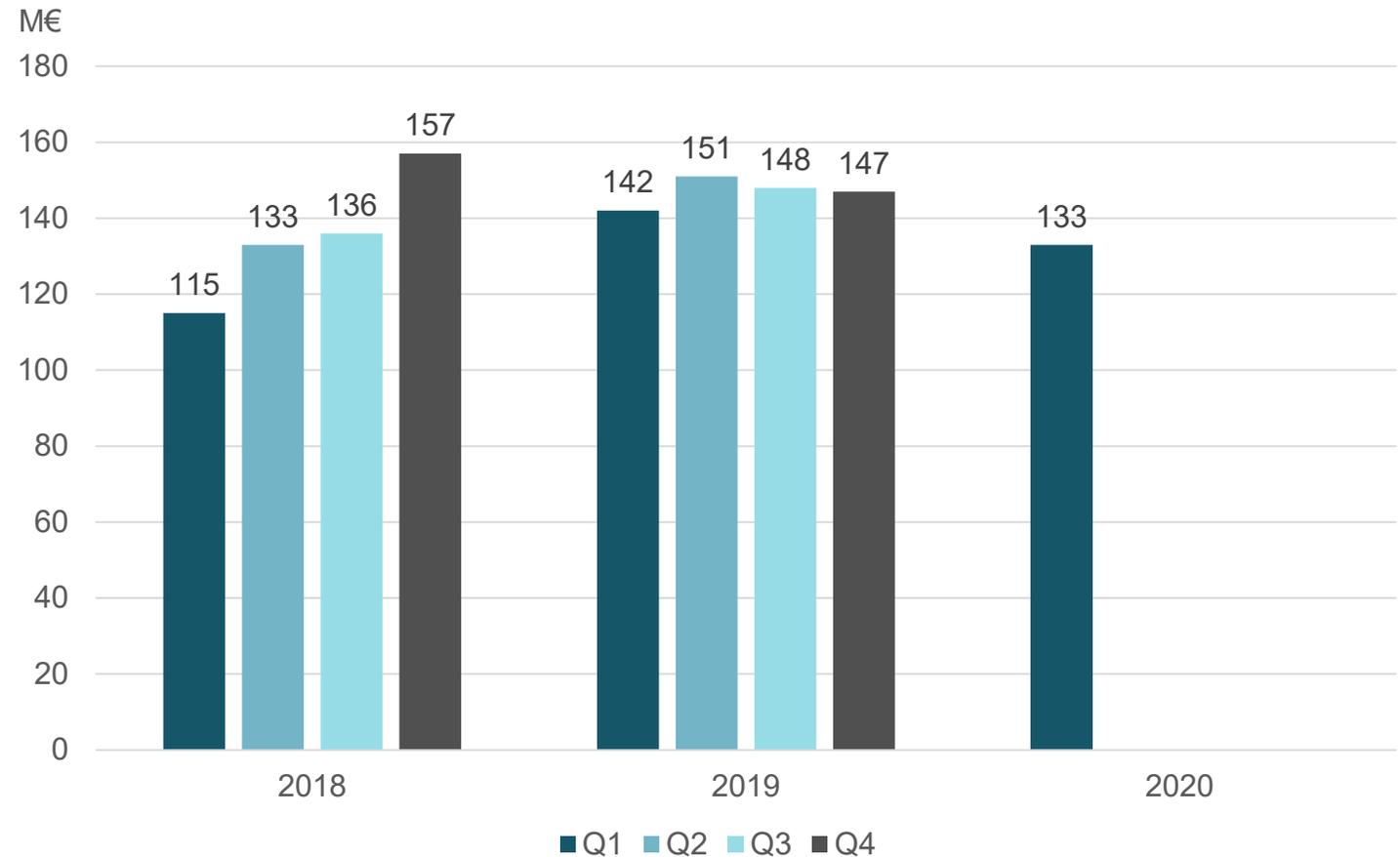
We expect the market situation to weaken in all businesses during the second quarter.

Due to the rapidly changing coronavirus situation, it is not possible, at present, to make justified estimates and provide financial guidance .

Net sales by quarter

Q1 2020 net sales decreased by 6% and were EUR 133.2 million (141.5).

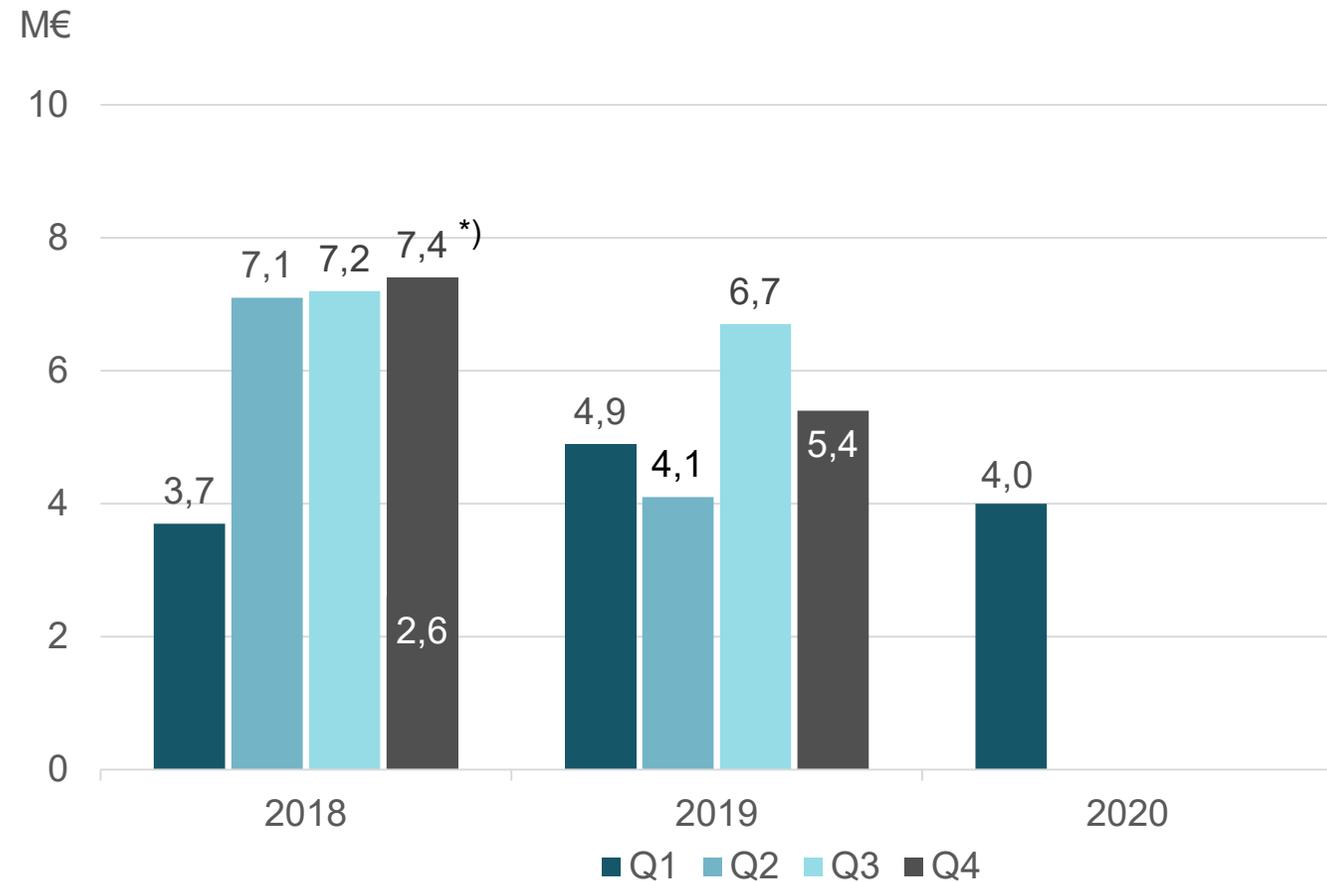
Net sales of Telko and ESL Shipping were weakened by the collapsed price of oil and smaller transportation volumes of industrial customers.



Operating profit by quarter

Q1 2020 operating profit was EUR 4.0 million (4.9).

All in all, the Group's operating profit for Q1 was satisfactory given the unusually challenging market conditions.

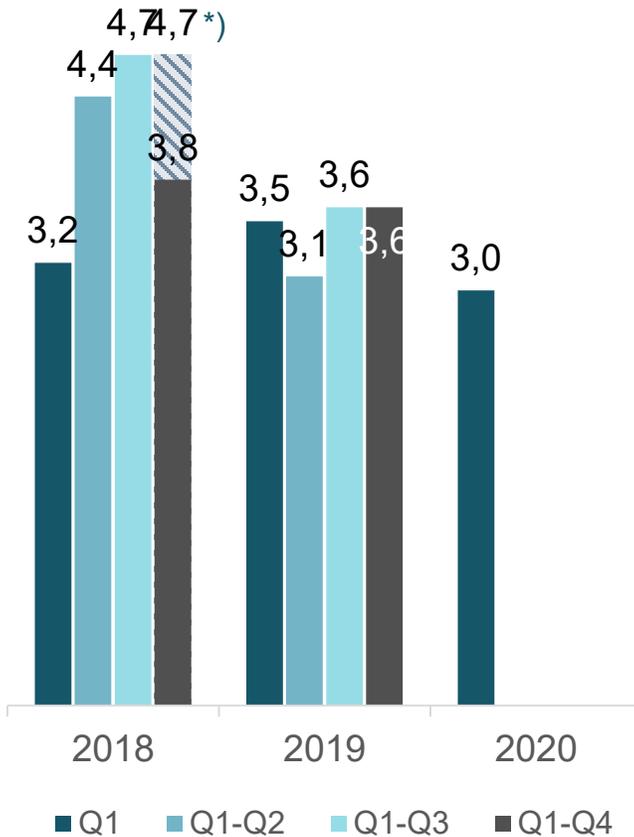


^{*)} Operating profit, adjusted by an impairment loss recognized on goodwill was EUR 7.4 million

Long-term financial targets

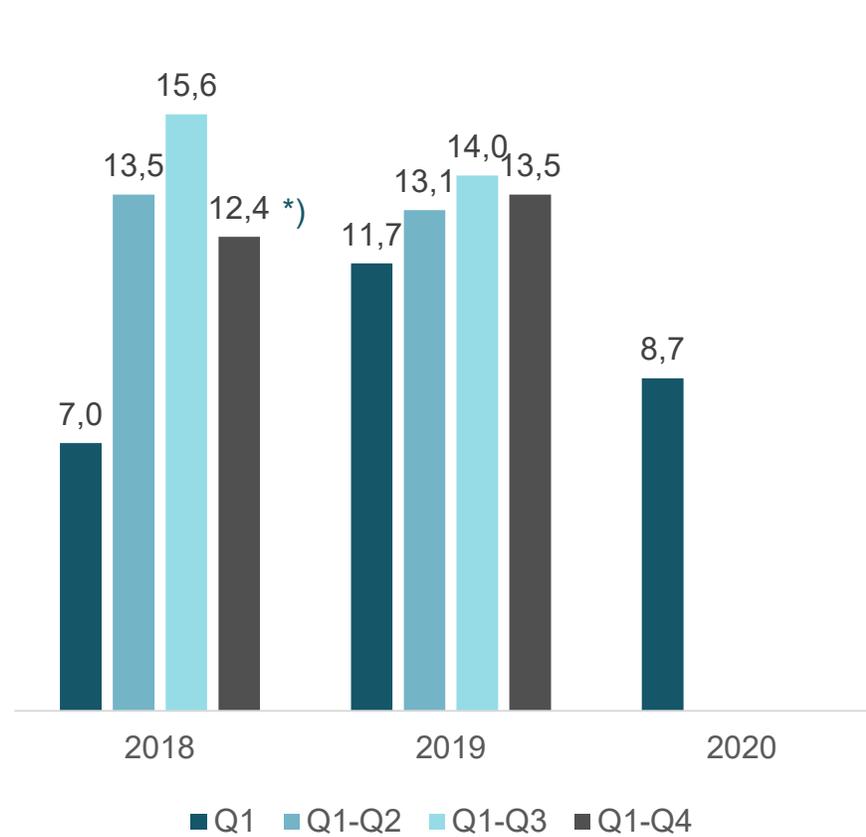
Operating profit rate (cum.)

Target level 6% in 2023



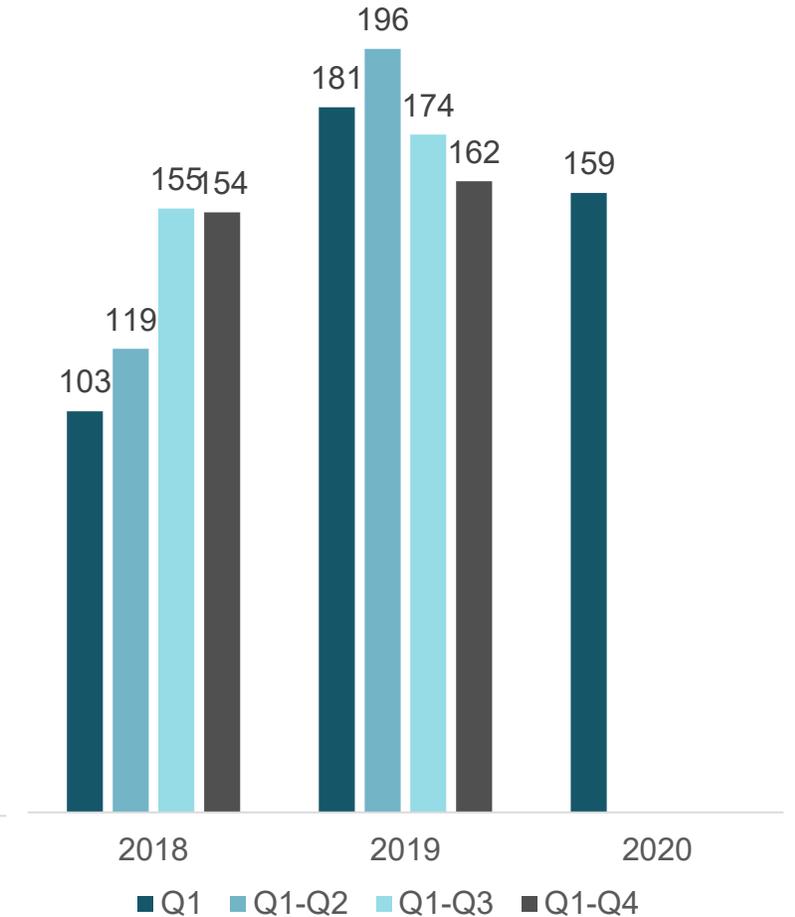
Return on equity (cum.)

Target level > 20% in 2023



Gearing

Target level 130% in 2023



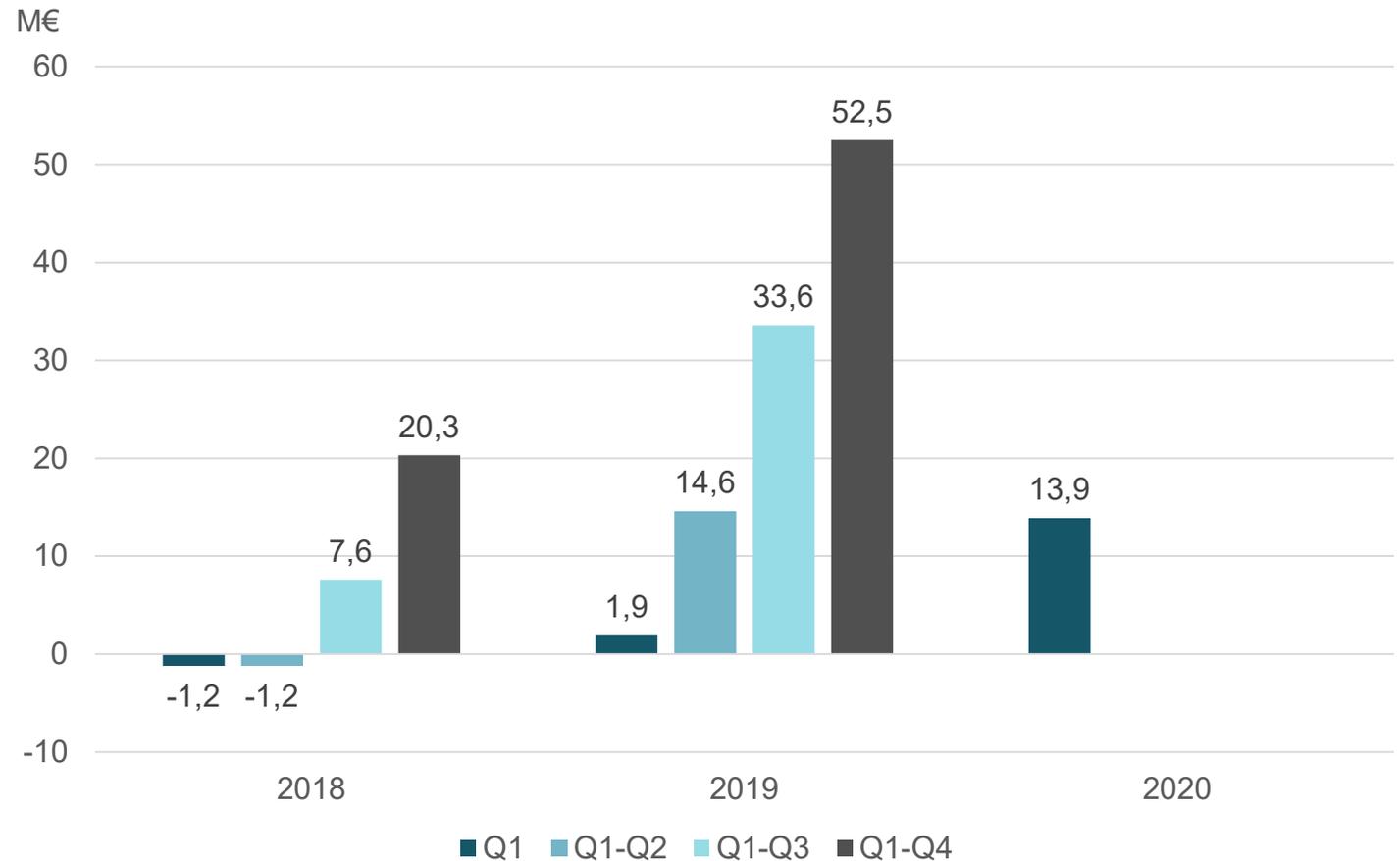
*) Adjusted by an impairment loss recognized on goodwill, the operating profit rate was 4.7% and ROE was 16.2% in 2018 .

Net cash from operating activities

Net cash from operating activities was EUR 13.9 million (1.9).

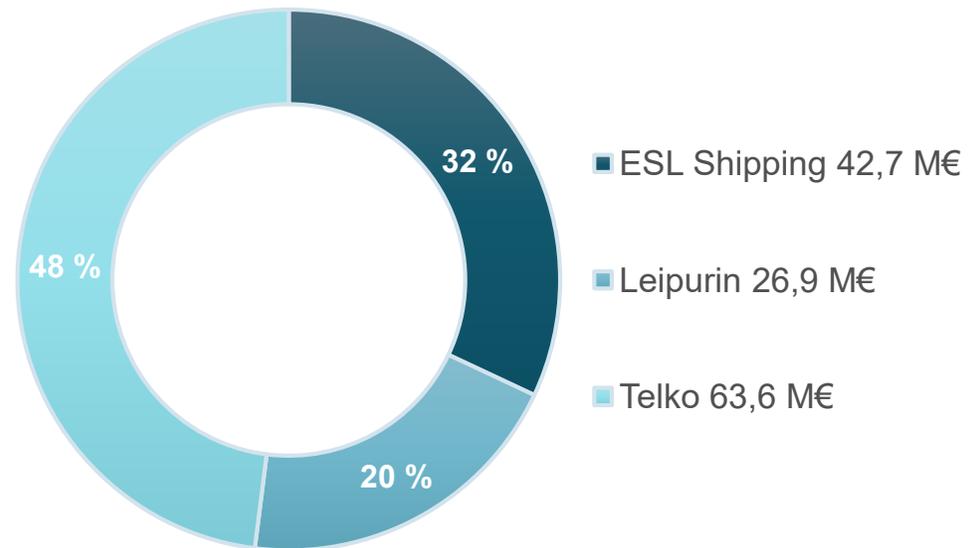
Free cash flow was EUR 13.3 million (-1.1).

Net cash from operating activities increased due to improved inventory management and lower investment levels.

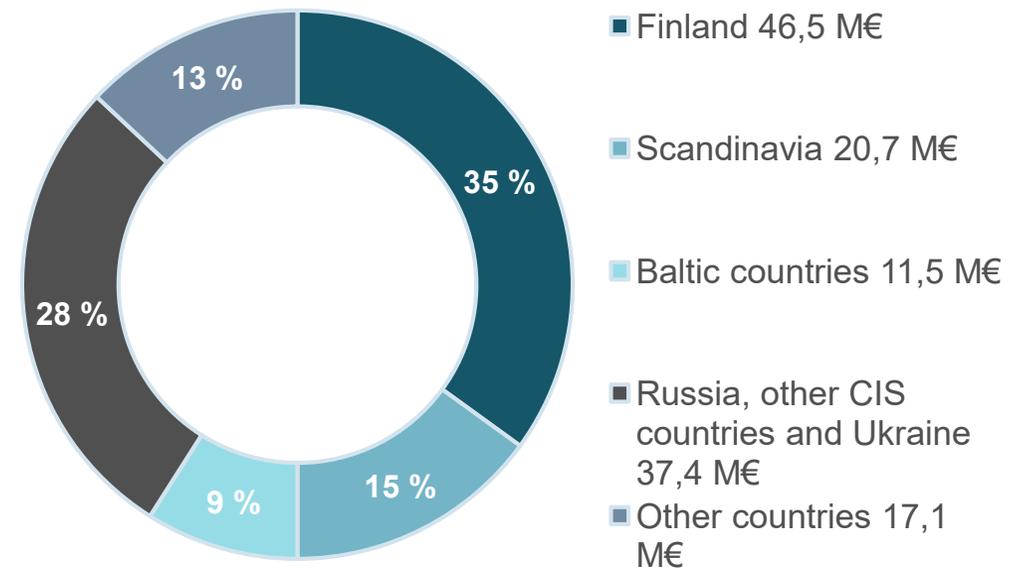


Aspo is a balanced entity

Net sales by segment, Q1 2020



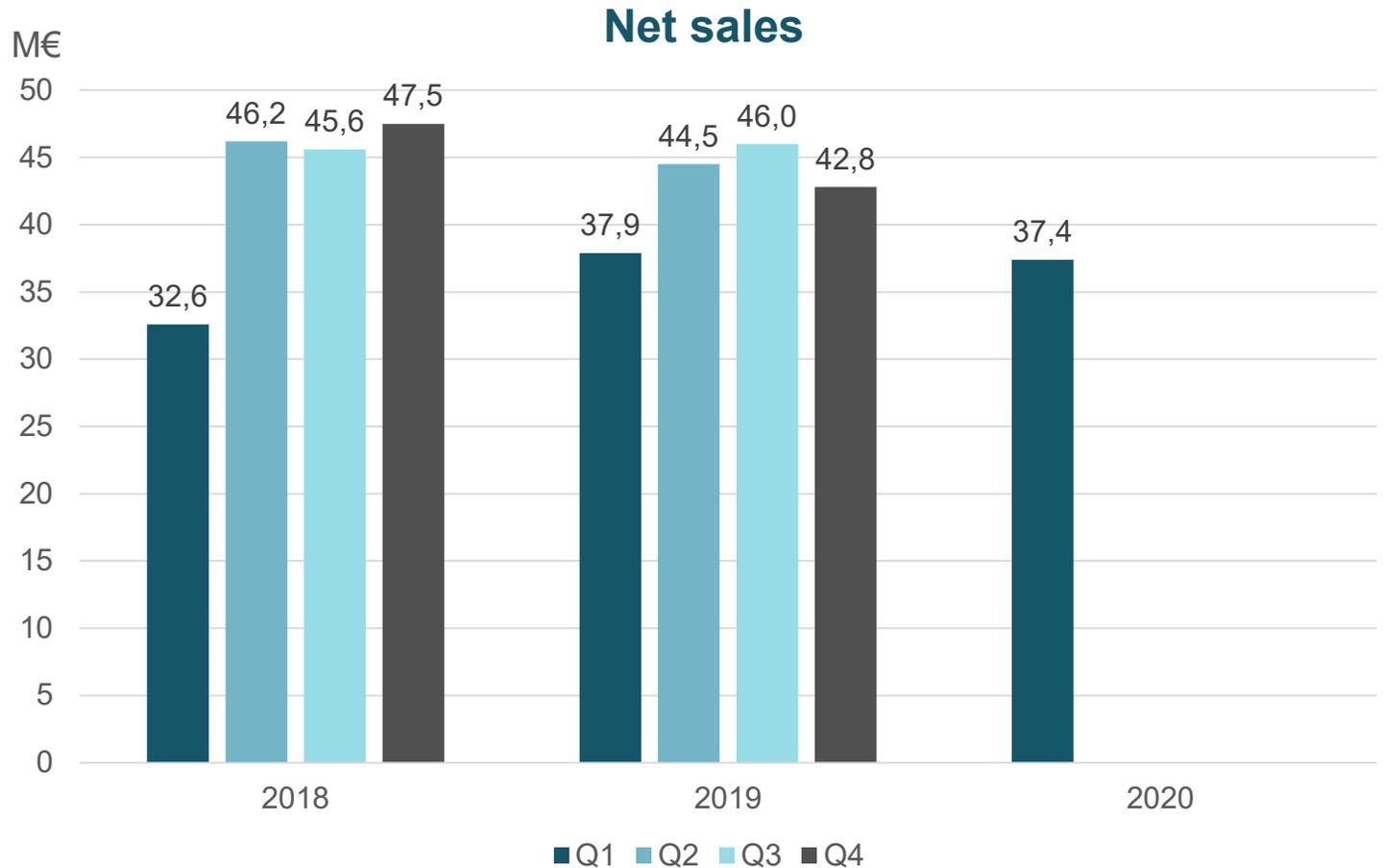
Net sales by market area, Q1 2020



Russia, other CIS countries and Ukraine

Net sales in the eastern markets remained approximately flat at EUR 37.4 million (37.9).

Continued sales growth for Leipurin, Telko's net sales in the eastern markets decreased by 8% due to lower raw material prices.



ESL Shipping

Leading marine logistics provider for bulk cargo

ESL Shipping

Q1 2020 net sales were EUR 42.7 million (43.7).

Restrictions related to the coronavirus pandemic increased uncertainty by lowering the demand and market prices.

Q1 2020 operating profit weakened to EUR 2.3 million (3.2).

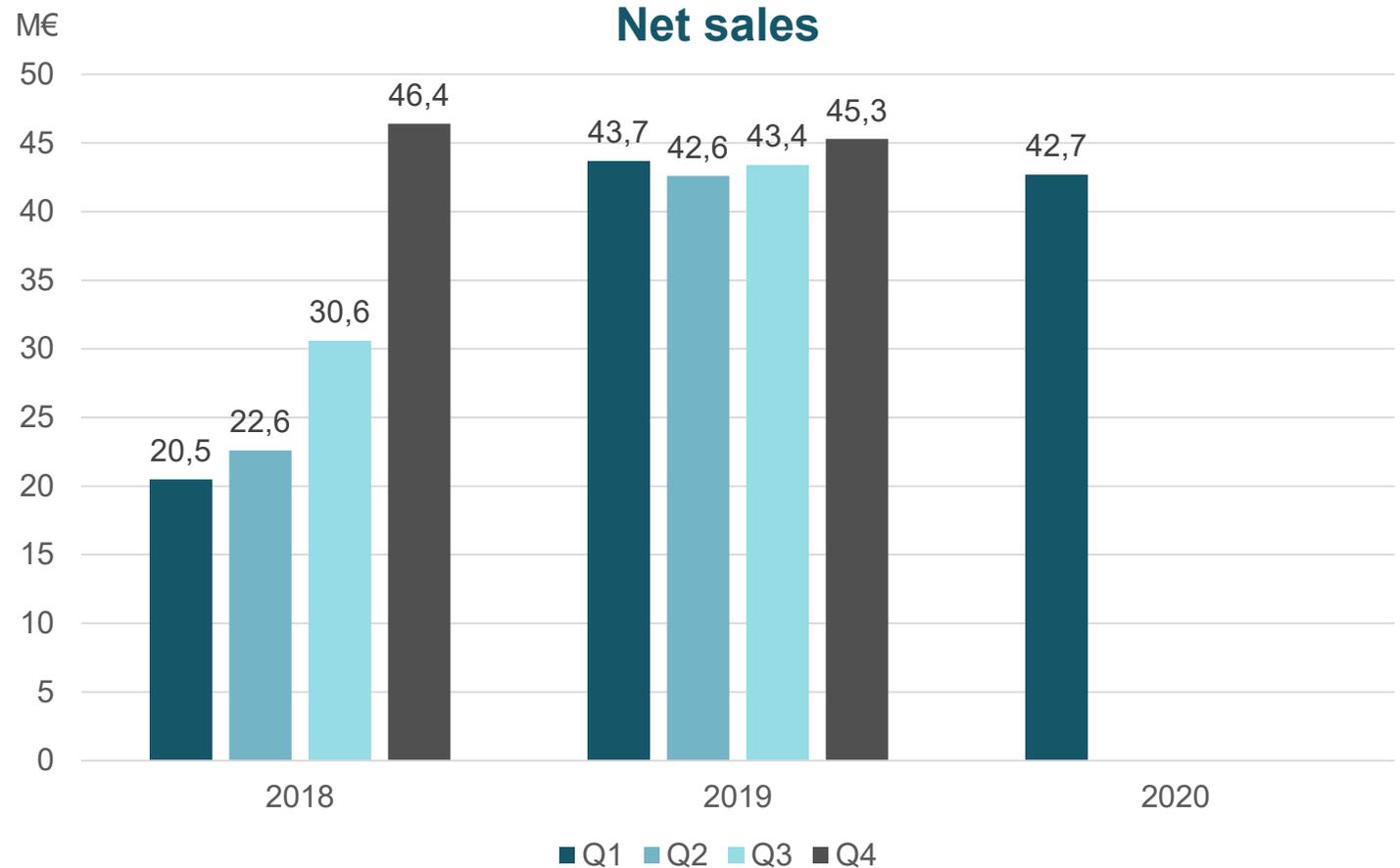
General operating environment weakened significantly during Q1. Due to transportation volumes being lower than estimated, some of the shipping company's vessels of more than 10,000 dwt were forced to operate more than expected in very weak spot markets.

The smaller vessel category reached a good volume and operating profit level as expected.

ESL Shipping key figures

Q1 2020 net sales were EUR 42.7 million (43.7).

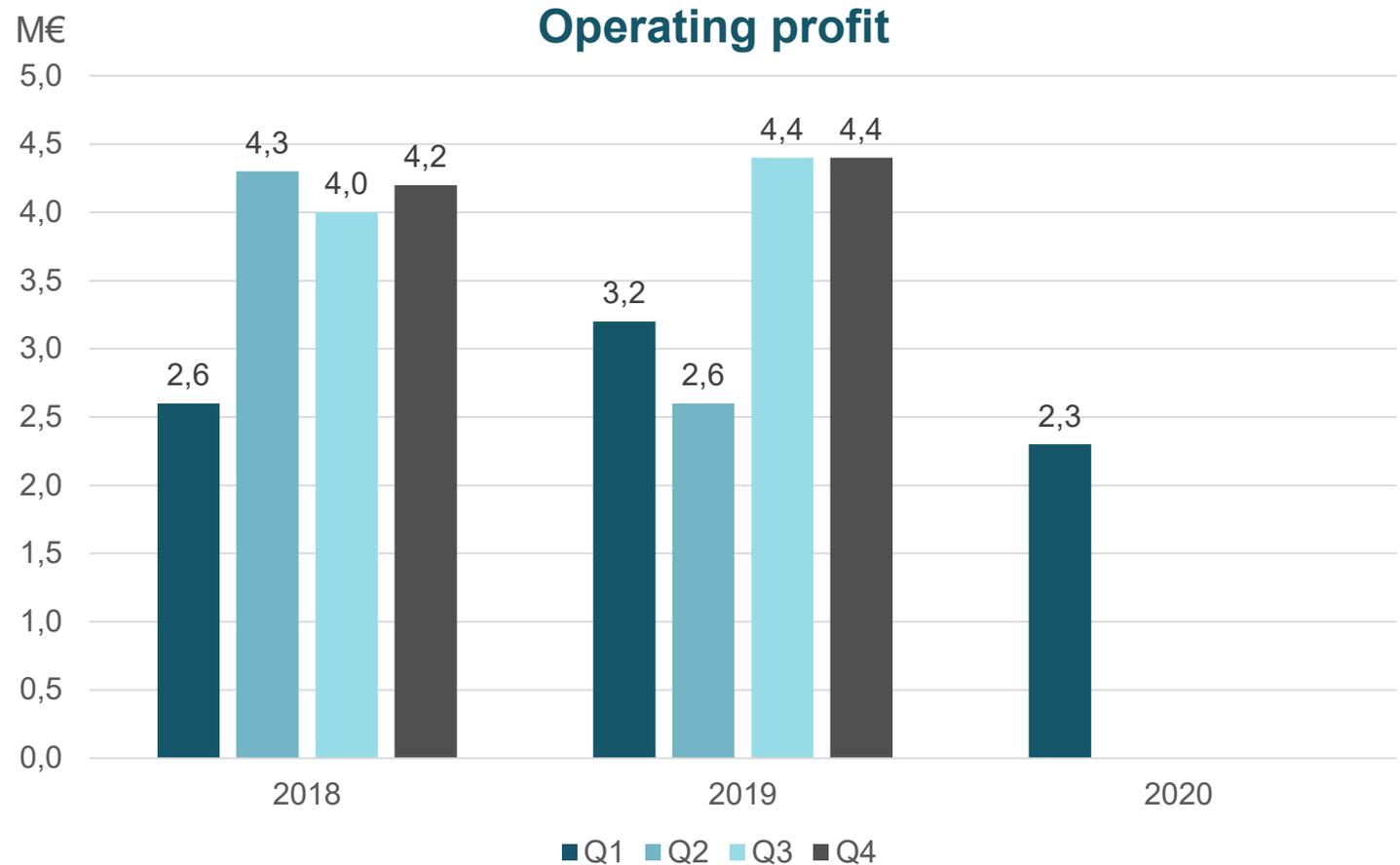
Some customers have already announced production restrictions, which will have a significant negative impact on estimated transportation volumes, at least during the second quarter.



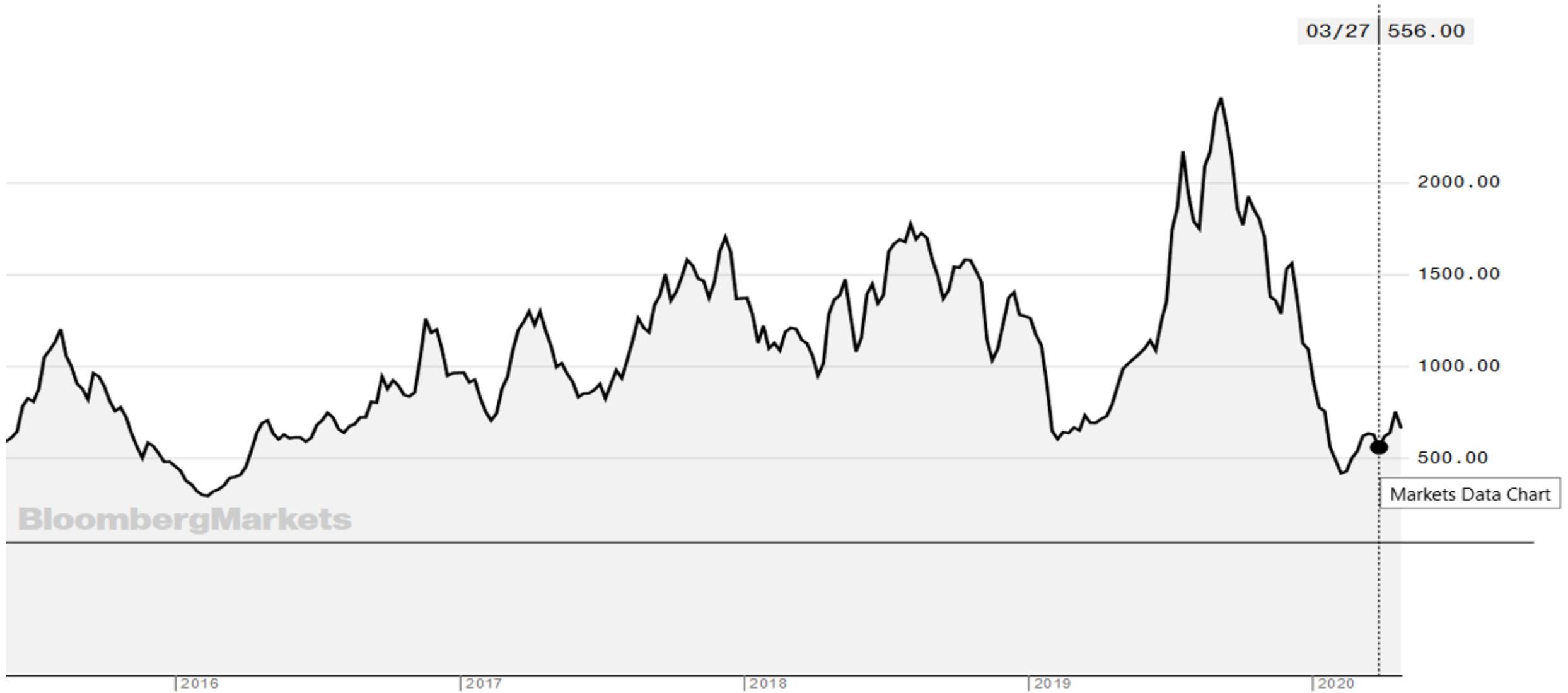
ESL Shipping key figures

Q1 2020 operating profit weakened to EUR 2.3 million (3.2).

Operating profit rate was 5.4% (7.3).



Baltic Dry Index



BloombergMarkets

Markets Data Chart

Leipurin

From bread and recipes to a comprehensive selection

Leipurin

Q1 2020 net sales were EUR 26.9 million (25.9).

Operating profit increased in Q1 and was EUR 0.6 million (0.5).

Operating profit rate in Q1 was 2.2% (1.9).

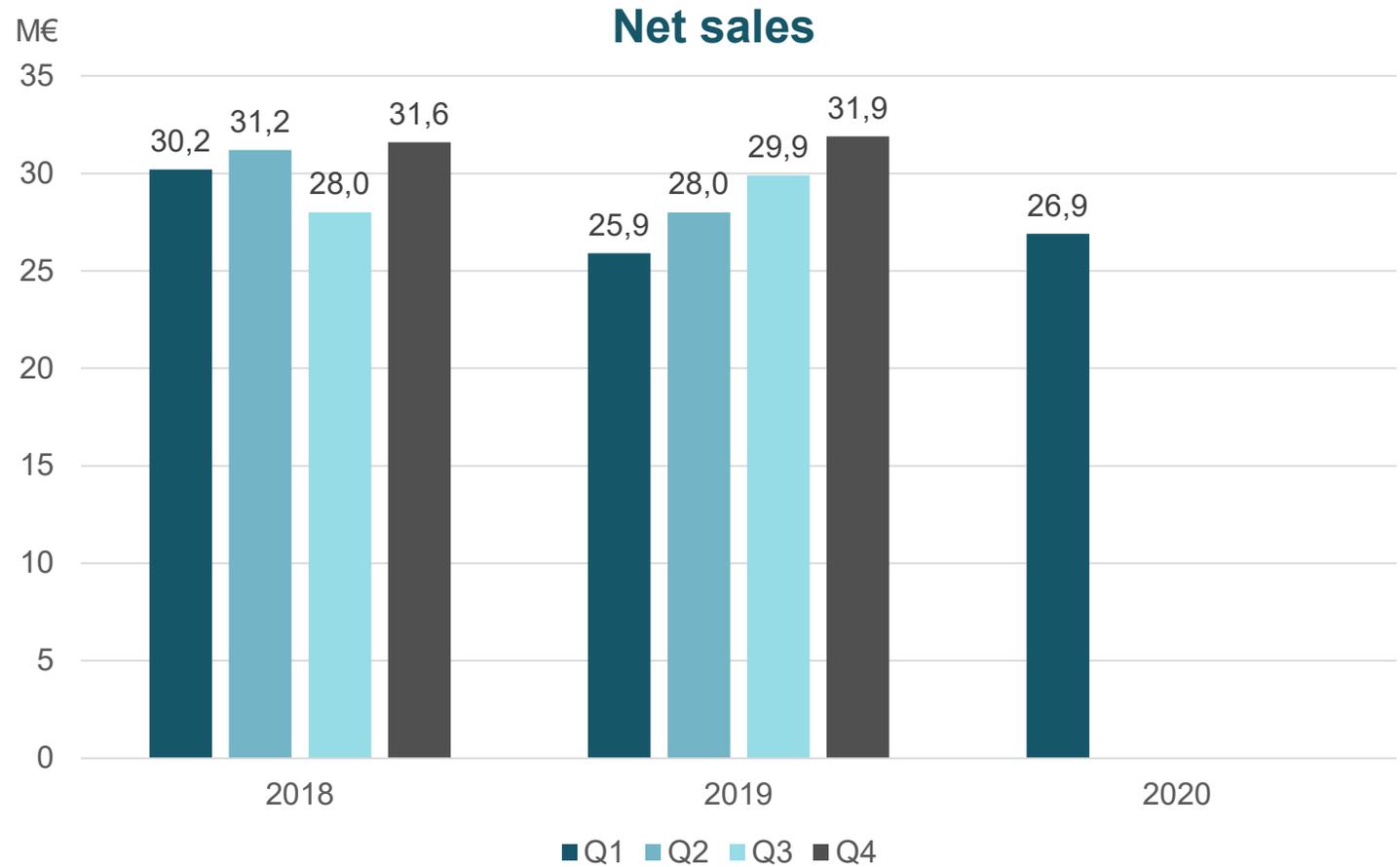
The pandemic had a very rapid and strong impact on Leipurin's customers, although there was significant variation between different customer segments.

Leipurin maintained its good operating capacity, and there were no significant disruptions in the supply chain.

Leipurin key figures

Q1 2020 net sales were
EUR 26.9 million (25.9).

Net sales growth in both bakery
and machinery business.

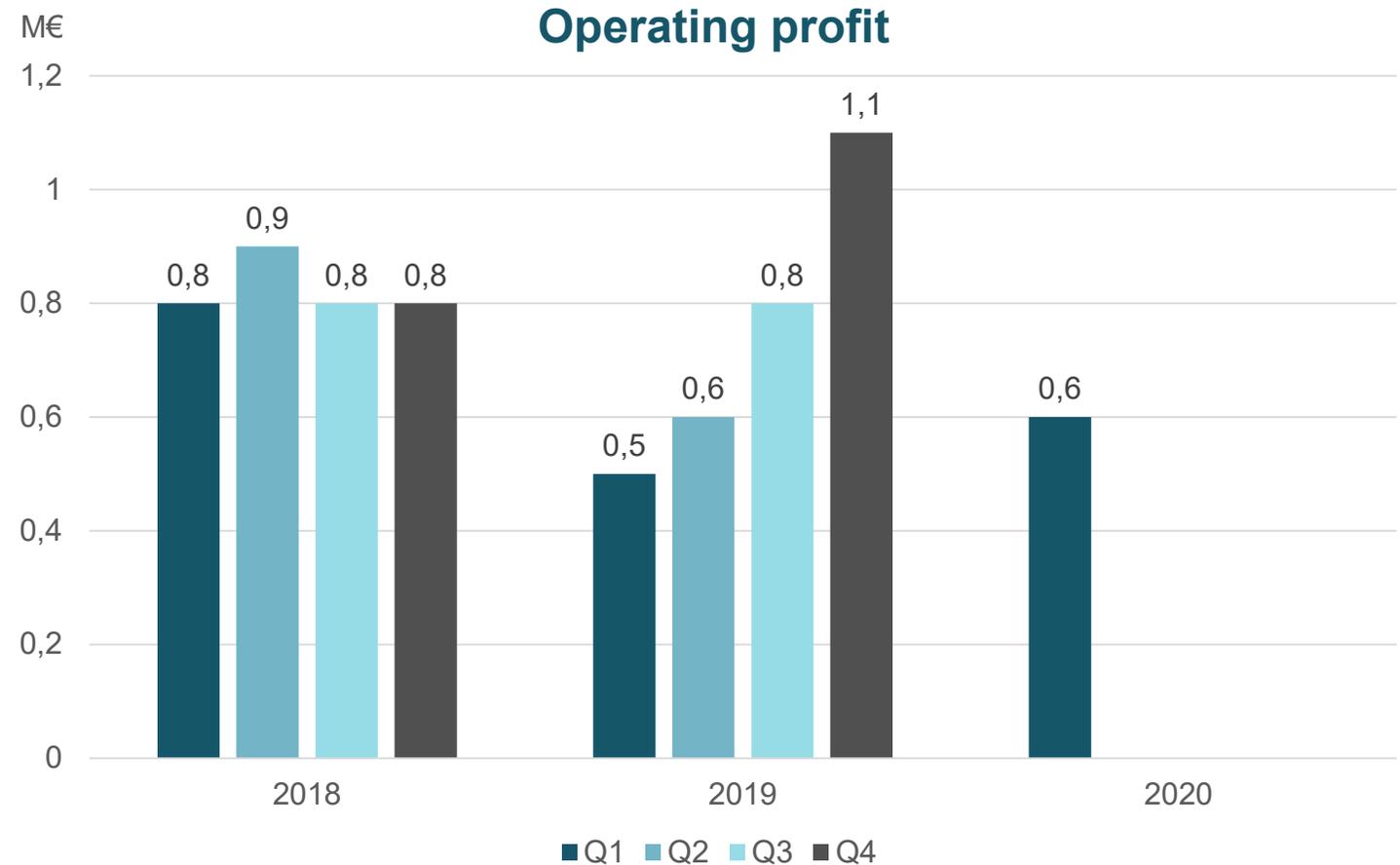


Leipurin key figures

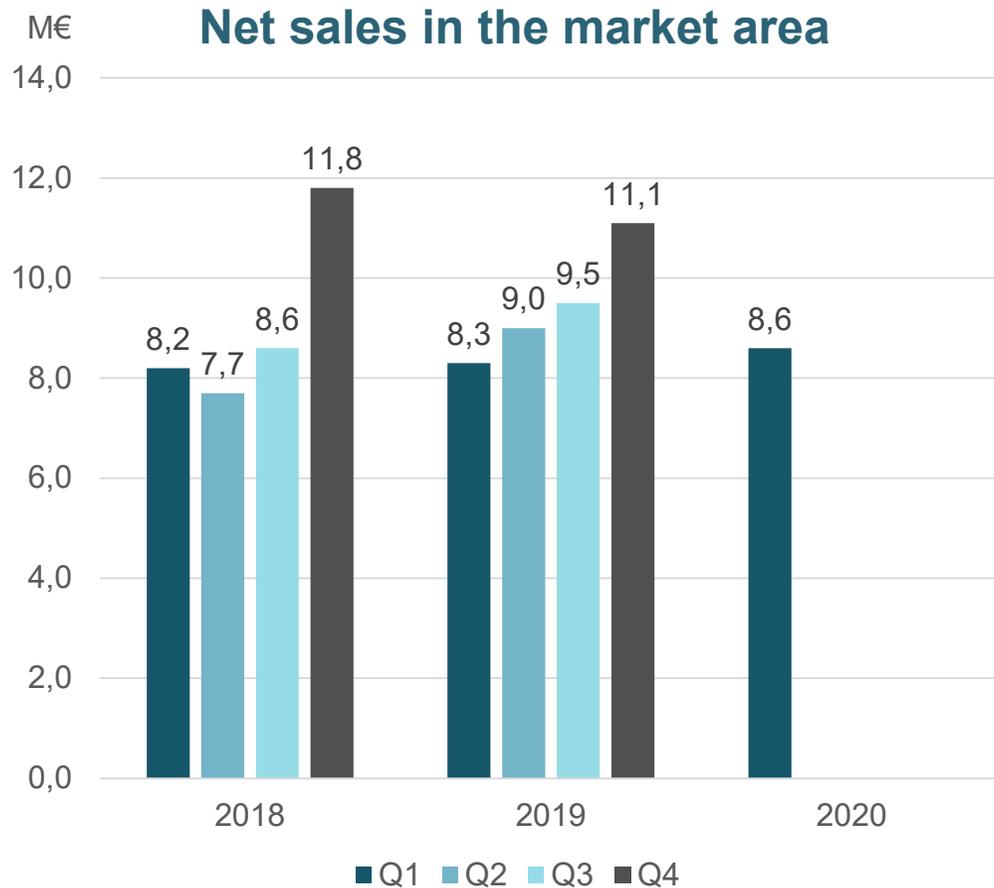
Operating profit increased in Q1 and was EUR 0.6 million (0.5).

Operating profit rate in Q1 was 2.2% (1.9).

Operating profit growth slowed down by weakened sales mix.



Net sales in Russia, other CIS countries and Ukraine



Telko

Raw material solutions for the industry

Telko

Net sales of Telko segment in Q1 decreased and were EUR 63.6 million (71.9).

Sales volume in Telko business decreased by 19% year-on-year.

Operating profit of Telko segment in Q1 was EUR 2.4 million (2.4).

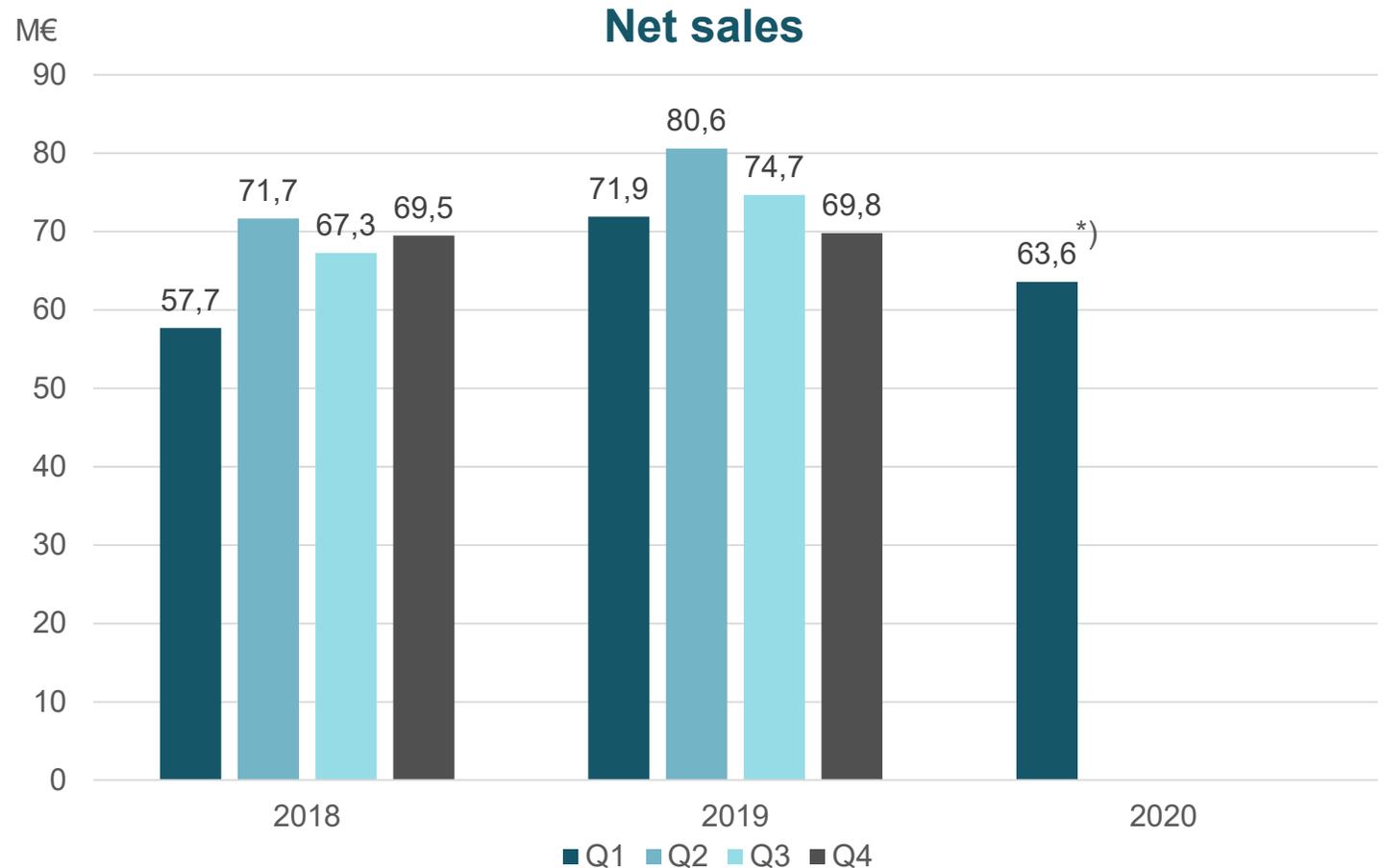
The exceptional conditions and the collapsed price of oil reduced the prices of raw materials sold by Telko, intensified price competition, presented challenges in logistics and made customers more cautious in terms of purchases.

According to its strategy, Telko has continued its measures to improve the efficiency of its working capital and profitability.

Telko key figures

Net sales of Telko segment in Q1 decreased and were EUR 63.6 million (71.9).

The sales volume is expected to decrease towards the end of the year, and the decline is expected to be particularly steep during the second quarter.



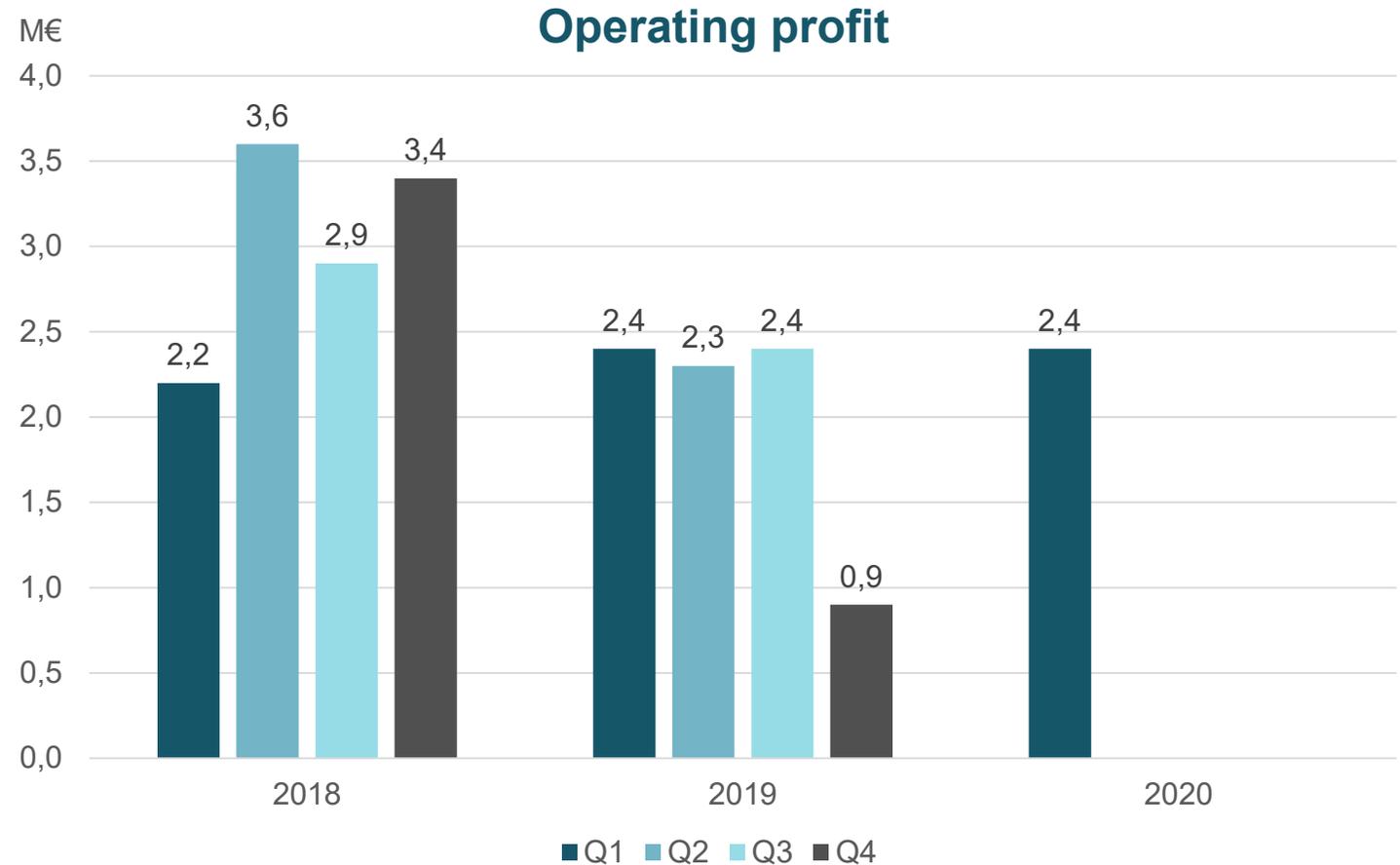
^{*)} As of January 1, 2019 Kauko is reported as part of Telko segment. Kauko's Q1 2020 net sales were EUR 4.0 million (6.1).

Telko key figures

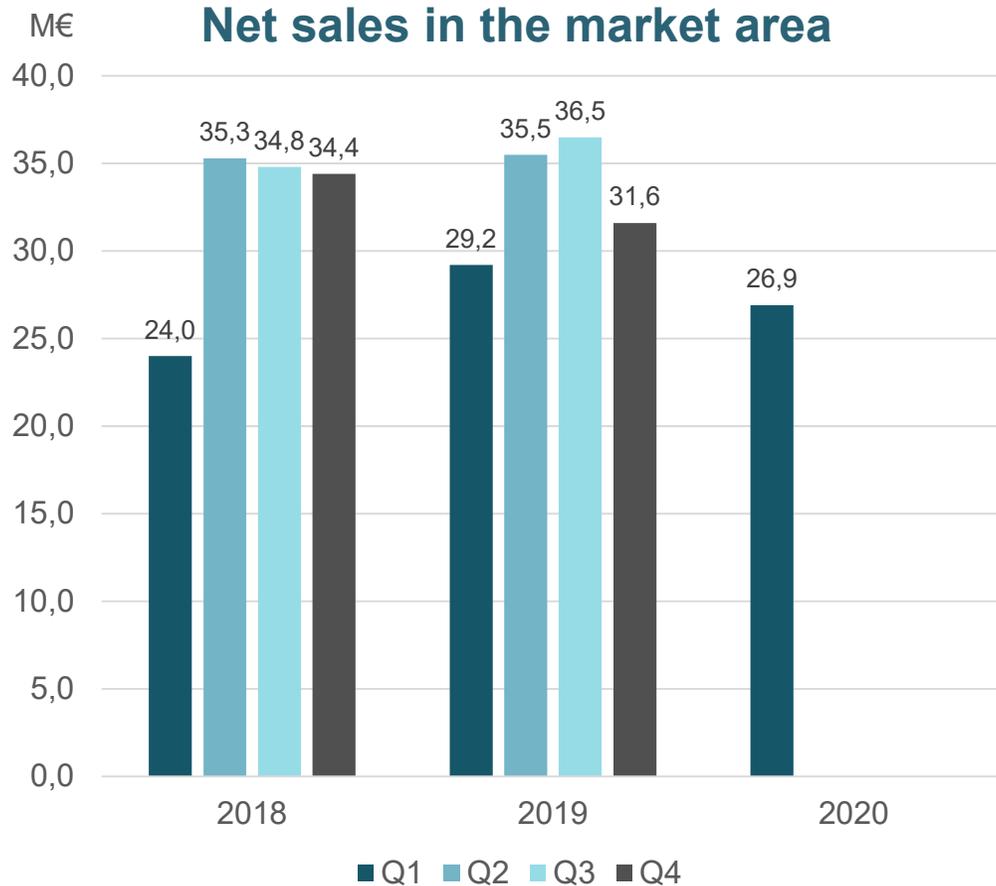
Operating profit of Telko segment in Q1 was EUR 2.4 million (2.4).

Operating profit of Telko business in Q1 was EUR 2.5 million (2.3).

Kauko's Q1 2020 net sales were EUR 4.0 million, and operating loss was EUR -0.1 million.



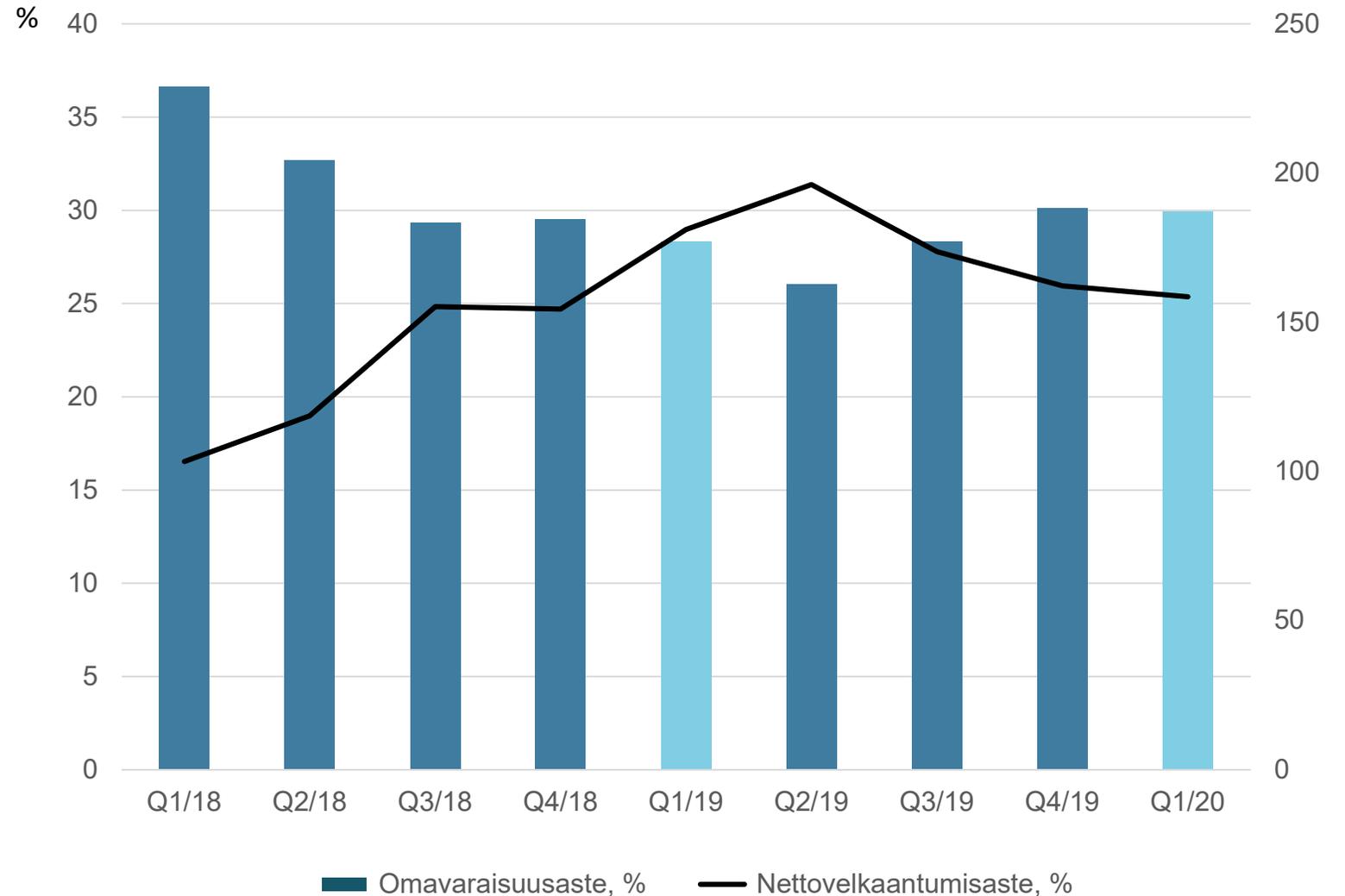
Net sales in Russia, other CIS countries and Ukraine



Equity ratio and gearing

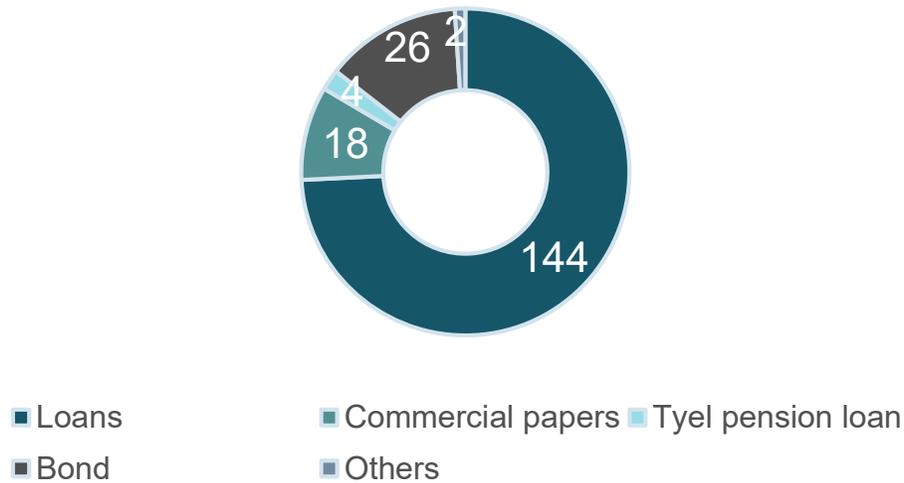
Gearing continued to decrease due to strong net cash from operating activities and lower investments.

Equity ratio remained at the year-end's level and was 29.9%

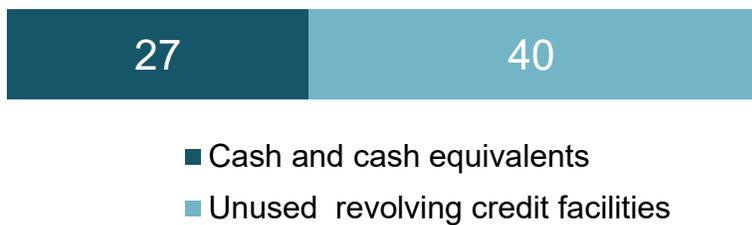


Debt profile and maturities

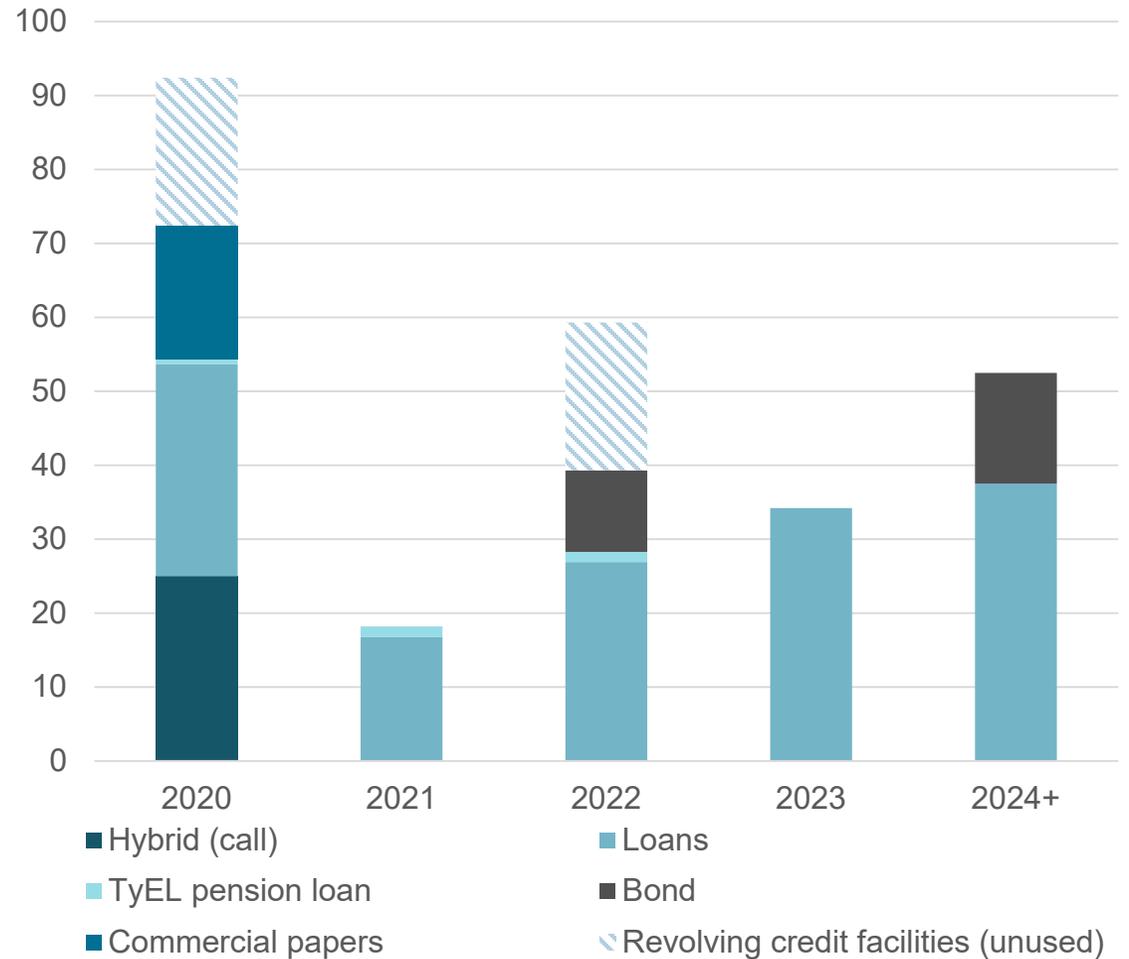
Interest bearing liabilities without lease liabilities (MEUR)



Liquidity position (MEUR)



Maturity of loan agreements (MEUR)



Hybrid loan restructuring

- On April 30, 2020, , Aspo issued a new hybrid bond of EUR 20 million with a fixed interest rate of 8.75 percent. The hybrid bond does not have a specified maturity date, but the company is entitled to redeem it for the first time on May 2, 2022.
- At the same time, Aspo repurchased its hybrid bond of EUR 25 million (with an interest rate of 6.75%) at EUR 18.4 million. The repurchase was conditional on the issuance of a new hybrid bond.
- The unpurchased part, EUR 6.6 million, will be repaid on May 27, 2020.

Decisions of the Aspo Annual Shareholders' Meeting

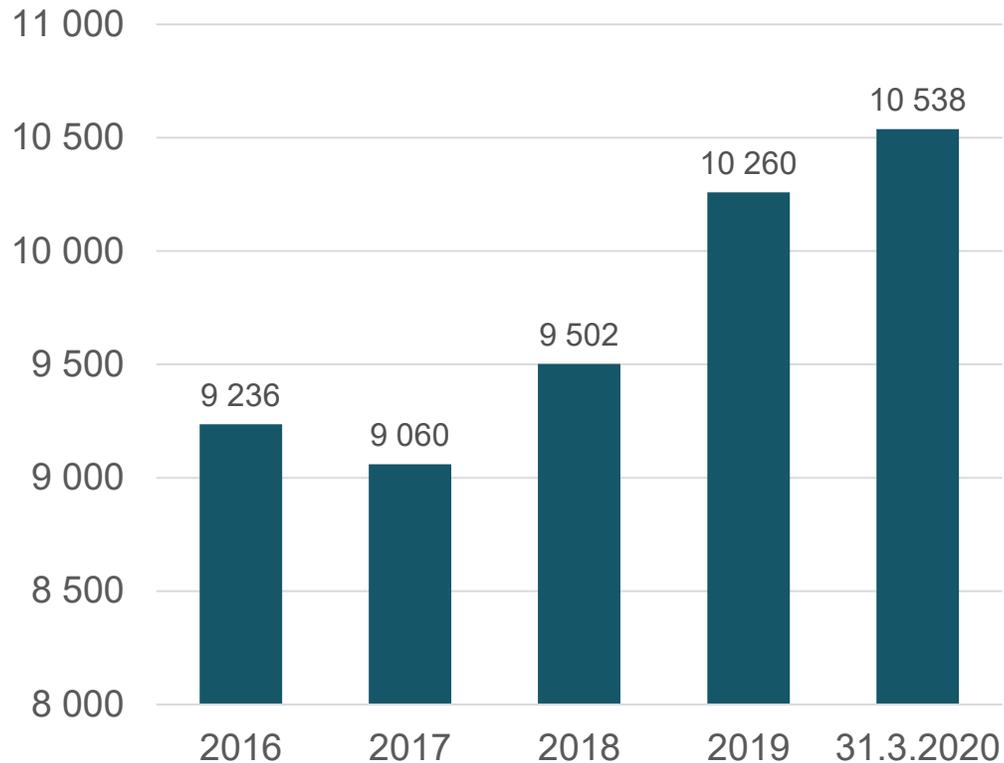
- The Annual Shareholders' Meeting of Aspo Plc held on May 4, 2020, approved the company's and consolidated financial statements 2019 and discharged the members of the Board of Directors and the CEO from the liability.
- The shareholders approved the payment of a dividend totalling EUR 0.11 per share. The dividend will be paid to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Oy on the record date of May 6, 2020. The dividend is paid on May 13, 2020.
- In addition, the Annual Shareholders' Meeting authorized the Board of Directors to decide on a payment of dividend in the maximum amount of EUR 0.11 per share, through one or several installments, at a later time when Aspo can more precisely estimate the effects of COVID-19 pandemic to the company's business.



Additional material

Shareholders / allocation

Number of shareholders



Distribution of ownership on March 31, 2020 by ownership group, %

