



Aspo Q2 2020

August 12, 2020

CEO
Aki Ojanen

Aspo Q2 2020

Q2 net sales were EUR 115,6 million (151.2).

Q2 operating profit was EUR 4.1 million (4.1).

Net cash from operating activities developed strongly, and the Group's free cash flow was EUR 15.1 million (10.8).

Despite a steep decline in net sales the operating profit remained at the comparative period's level.

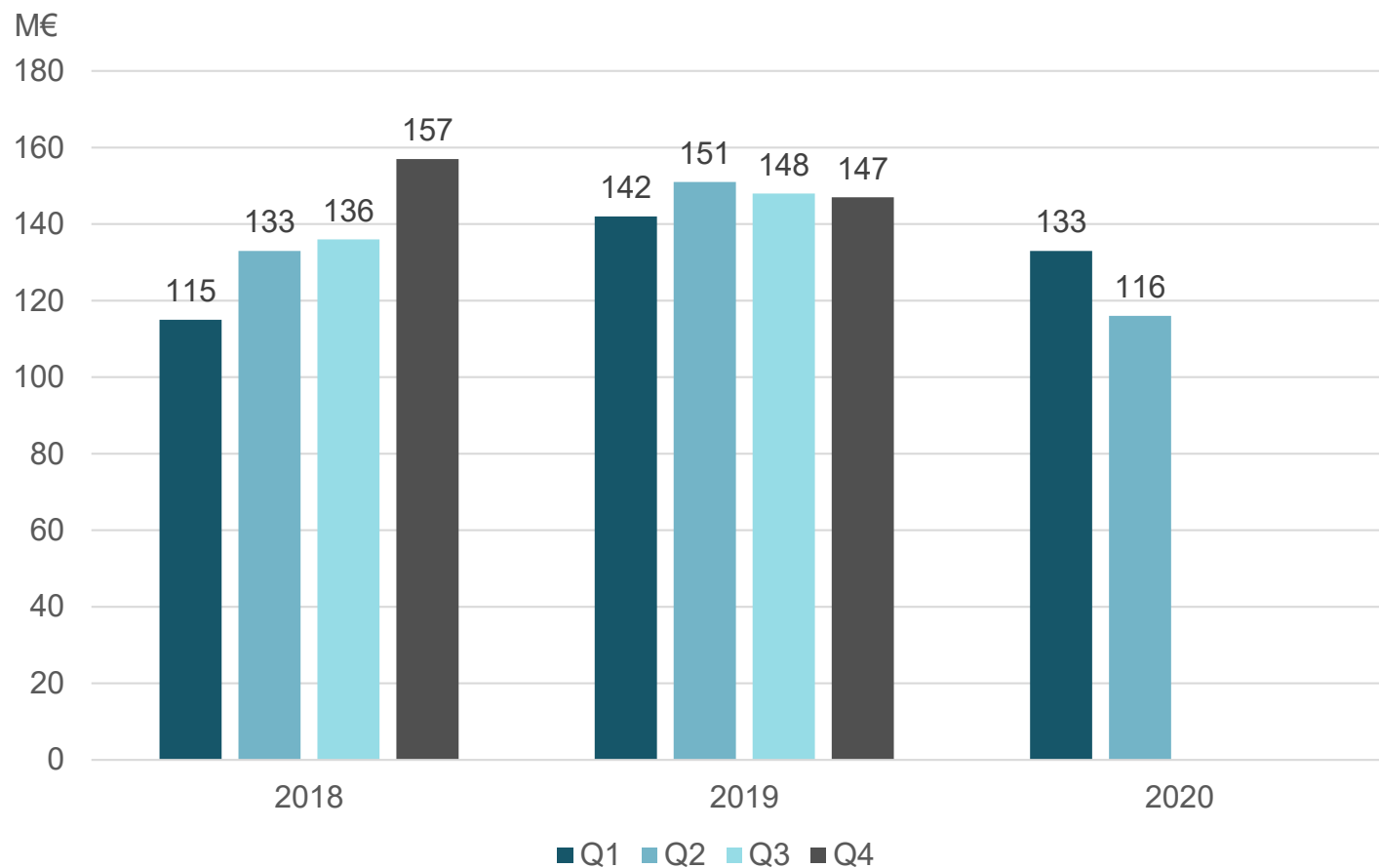
We expect the very challenging market situation to continue at least throughout the third quarter of 2020.

Giving out a financial guidance for full-year 2020 is not possible at the moment.

Net sales by quarter

Q2 net sales decreased 24% and was EUR 115.6 million (151.2).

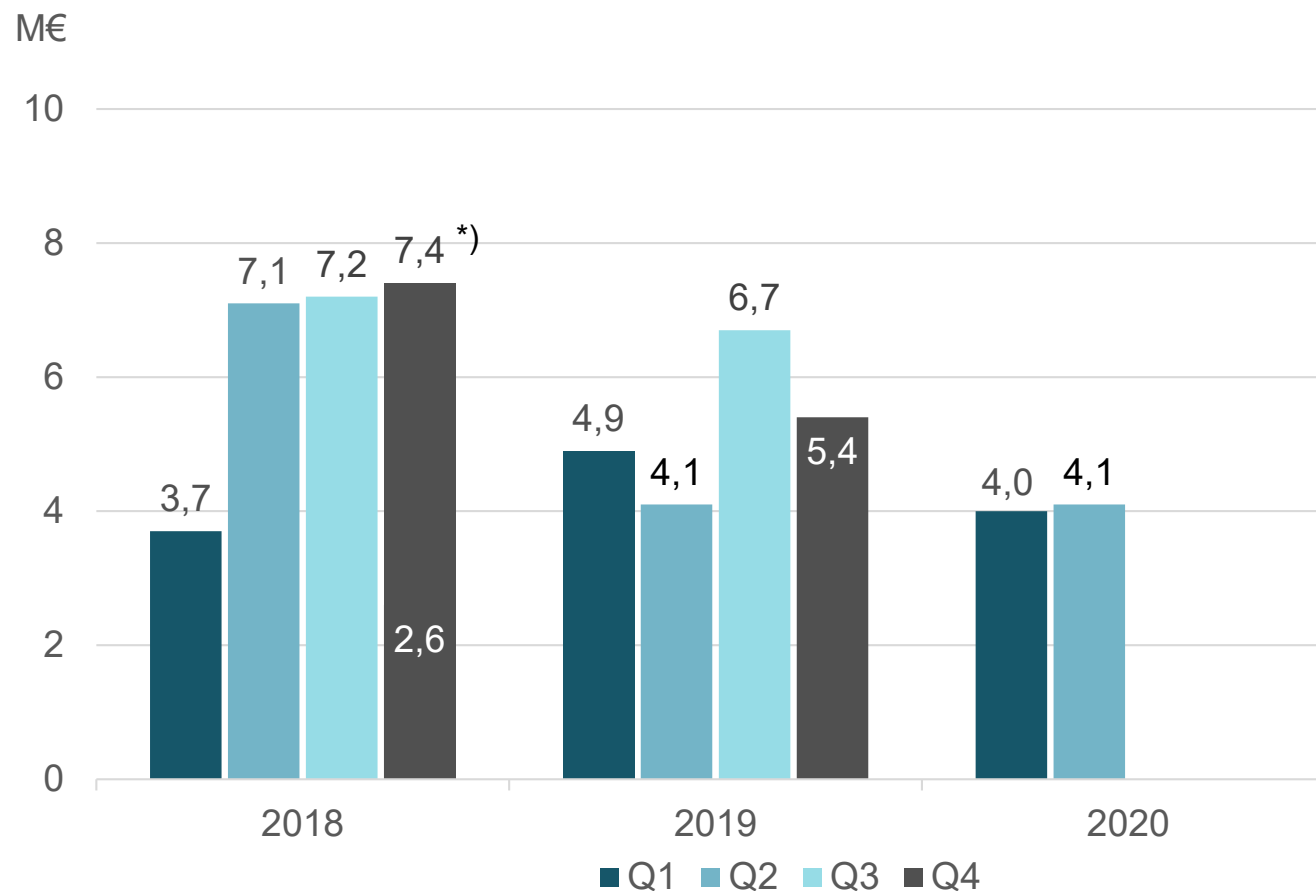
The operations of customer companies decreased in all operating countries and this was reflected in a historically rapid and strong decrease in net sales from March onwards.



Operating profit by quarter

Q2 operating profit was EUR 4.1 million (4.1).

Despite an unusual market environment the operating profit remained at the comparative period's level due to profit improvement in Telko segment.



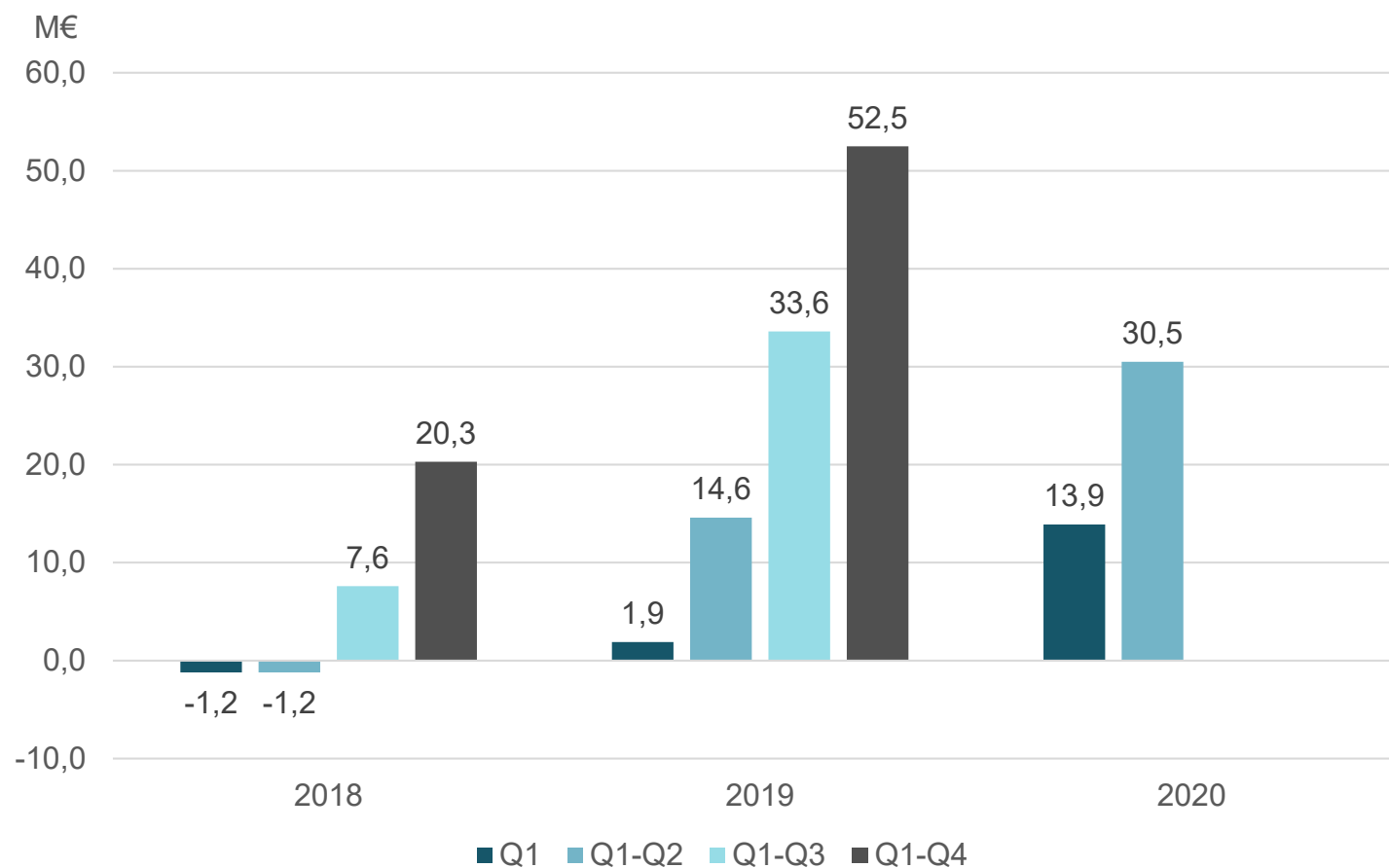
^{*)} Operating profit, adjusted by an impairment loss recognized on goodwill was EUR 7.4 million

Net cash from operating activities

Net cash from operating activities in H1 was EUR 30.5 million (14.6).

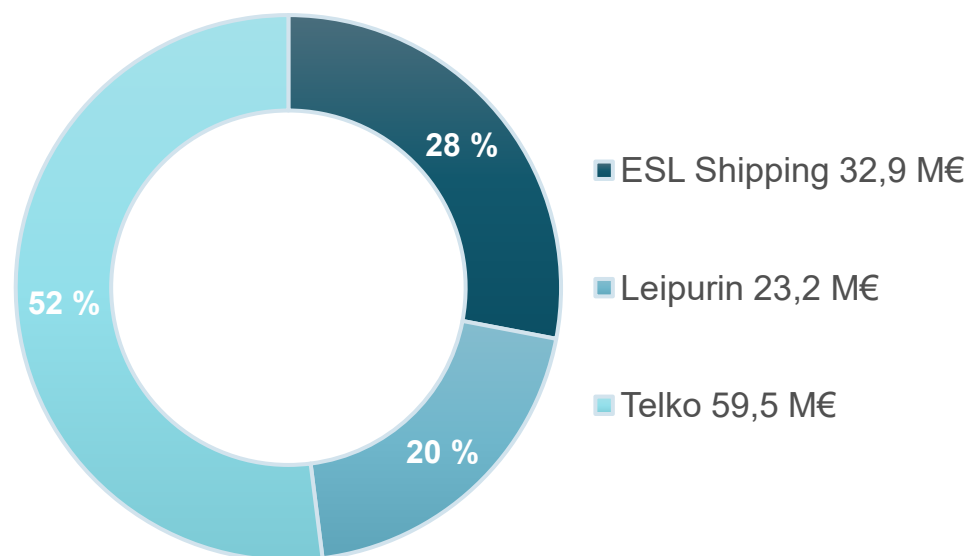
Free cash flow in H1 was EUR 28.4 million (9.7).

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

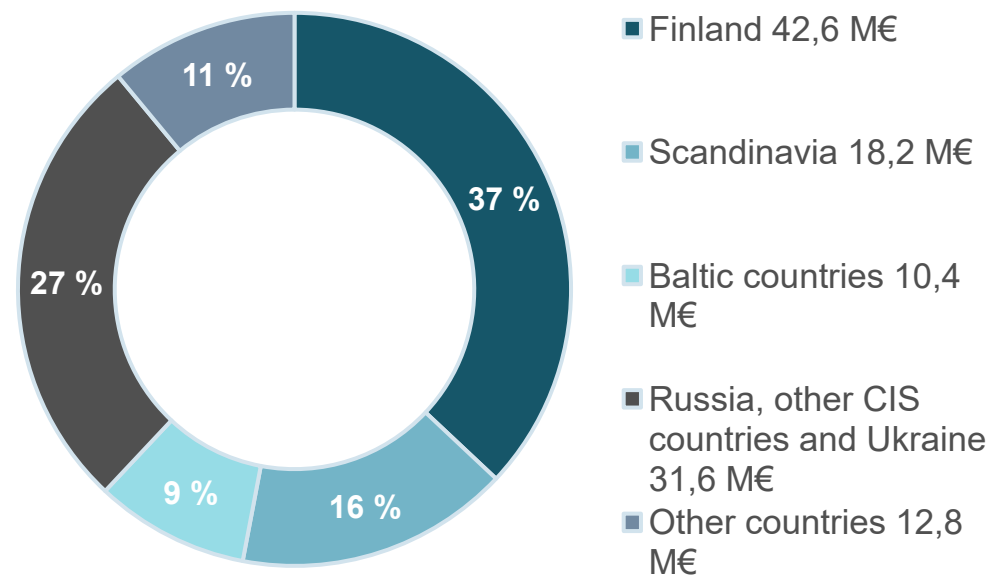


Distribution of net sales

Net sales by segment, Q2 2020



Net sales by market area, Q2 2020

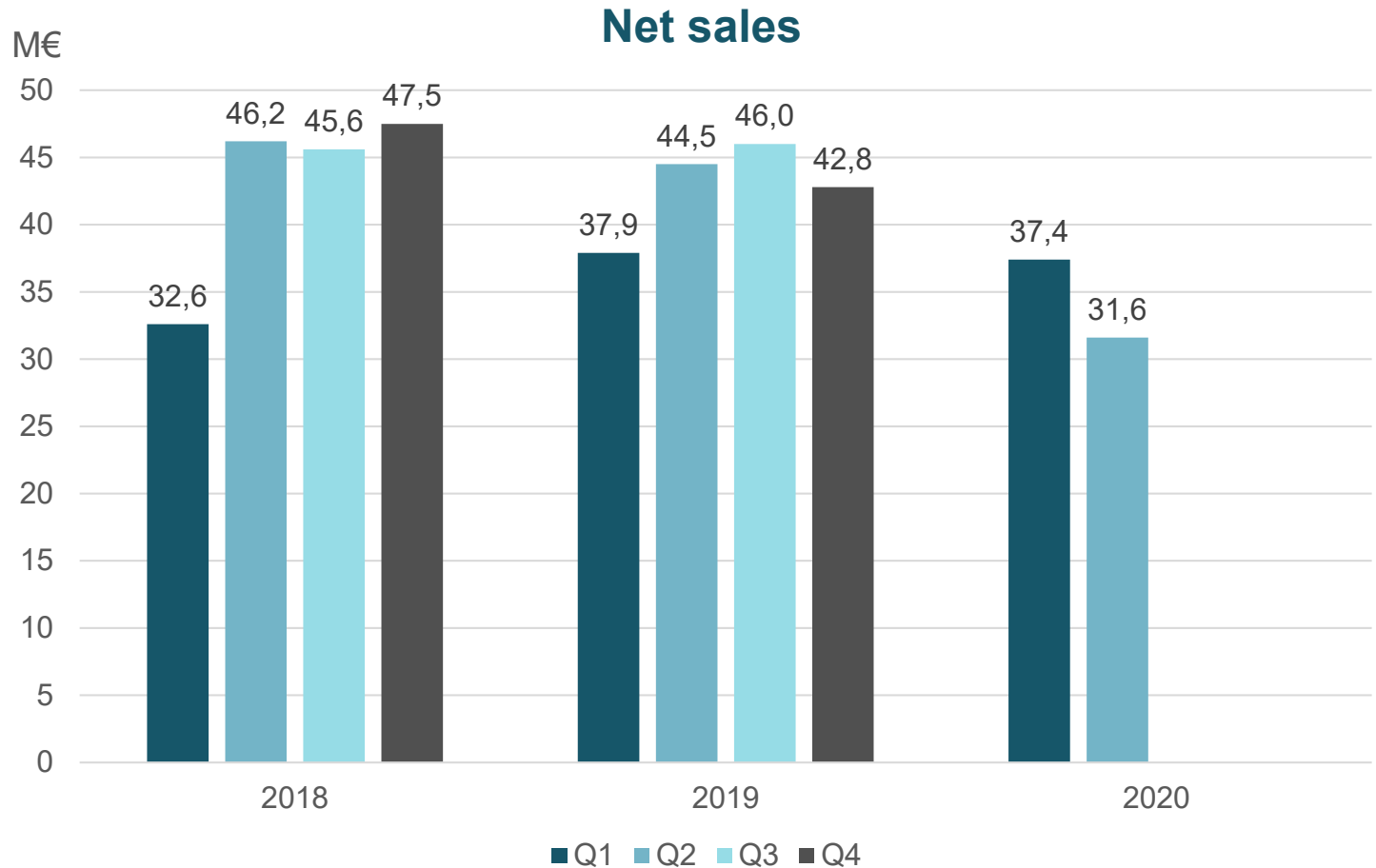


Russia, other CIS countries and Ukraine

Net sales in the eastern markets decreased and were EUR 31.6 million (44.5).

The net sales decline was especially due to Telko whose net sales decrease in the market area was 33% in Q2.

Severe restrictions on movement apply in all countries.



ESL Shipping

Leading marine logistics provider for bulk cargo

ESL Shipping

Q2 net sales were EUR 32.9 million (42.6).

Transportation volumes decreased to 3.0 (4.1) million tons during the second quarter of 2020.

Q2 operating profit decreased to EUR 0.6 million (2.6).

Due to lower demand for transportation and the prevailing low cargo price level, determined adjustment measures were launched.

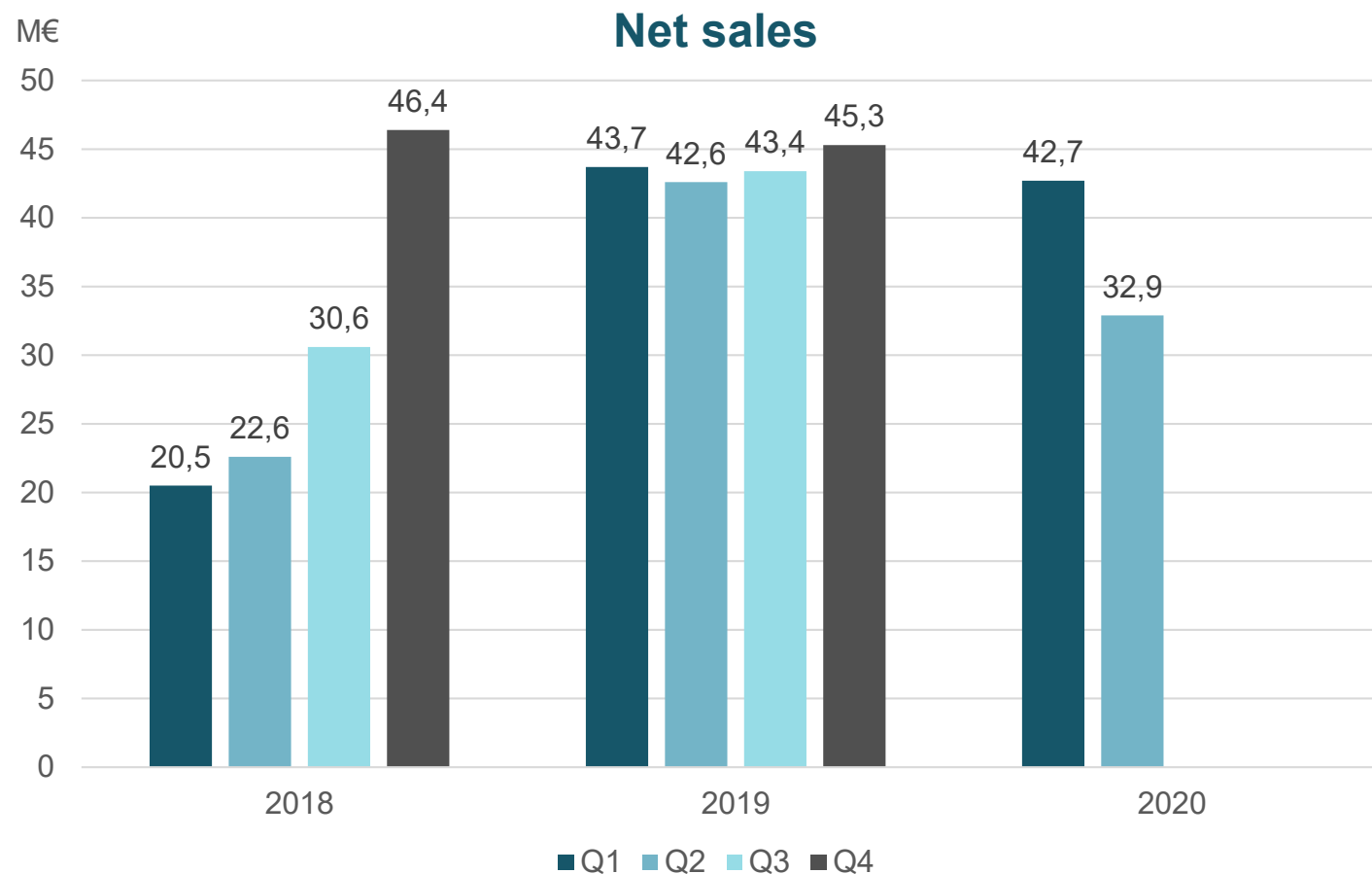
Cost savings will materialize in full during Q3; however, ESL Shipping's Q3 result is expected to be weak.

The impact of the coronavirus pandemic on the shipping company's main customers is expected to be the highest during the third quarter, when some of the main customers will significantly cut their production and carry out maintenance stoppages.

ESL Shipping key figures

**Q2 net sales were
EUR 32.9 million (42.6).**

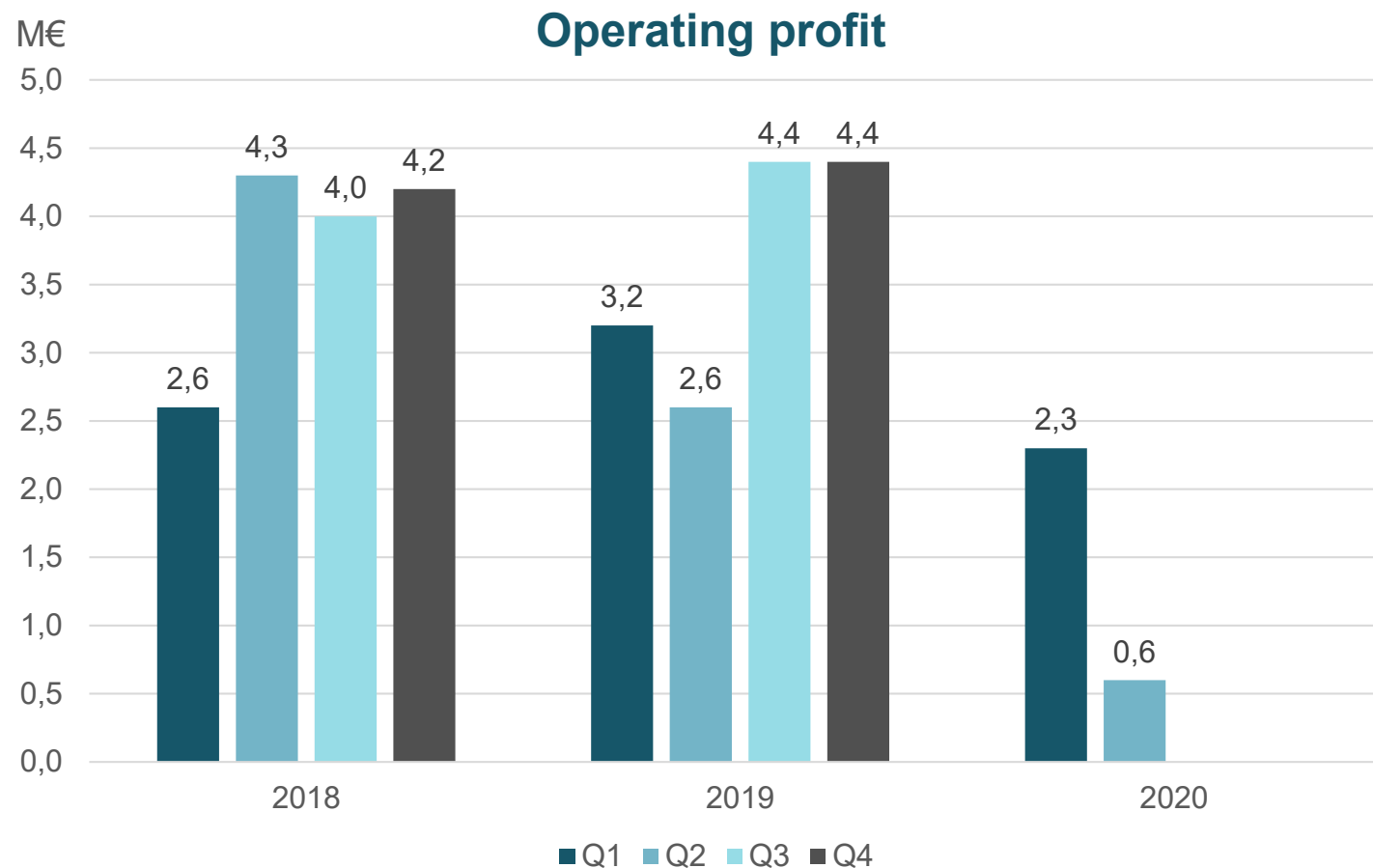
**The decrease in transportation
volumes resulted from
production adaptations in the
steel industry in Northern
Europe and significantly lowered
demand in the energy industry.**



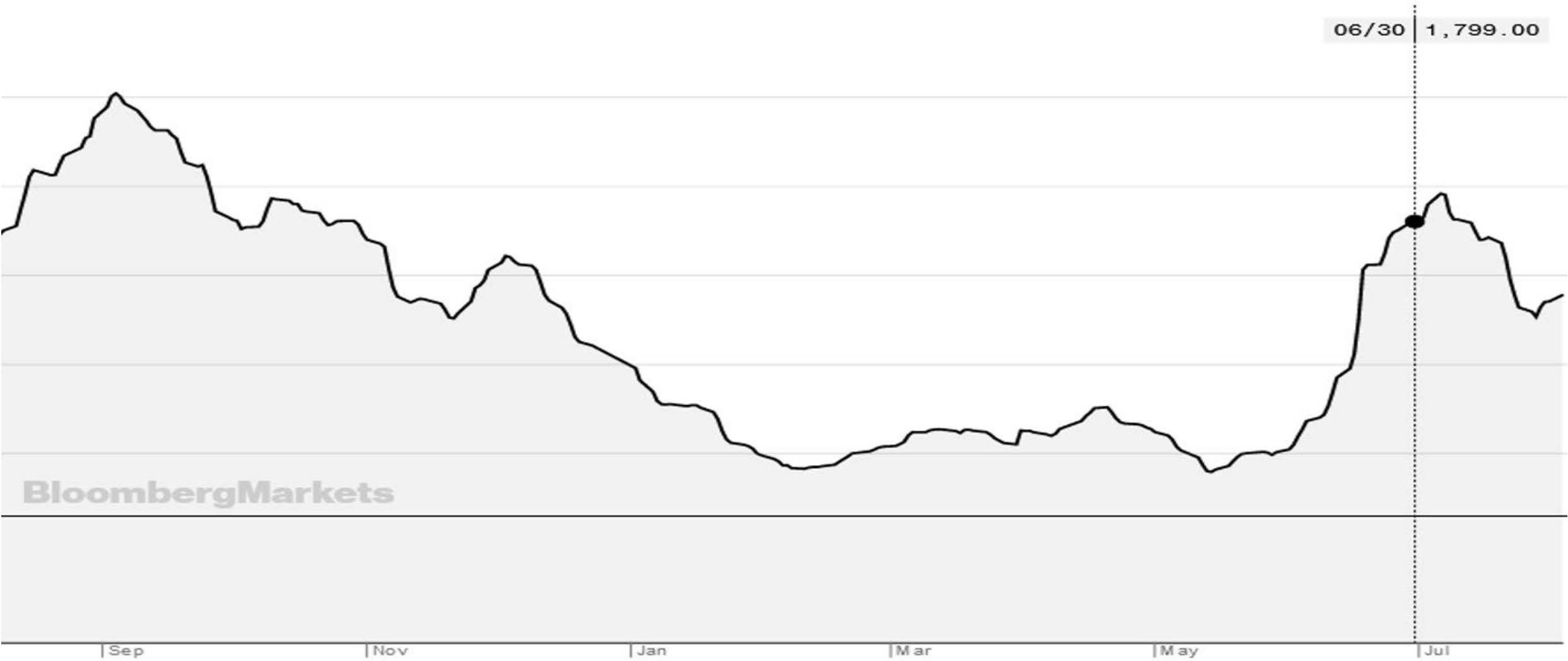
ESL Shipping key figures

**Q2 operating profit
decreased to
EUR 0.6 million (2.6).**

**Lower transportation volumes
due to challenging market
environment and general
uncertainty considerably
decreased the operating profit.**



Baltic Dry Index



Leipurin

From bread and recipes to a comprehensive selection

Leipurin

Q2 net sales were EUR 23.2 million (28.0).

Q2 operating profit decreased to EUR 0.3 million (0.6).

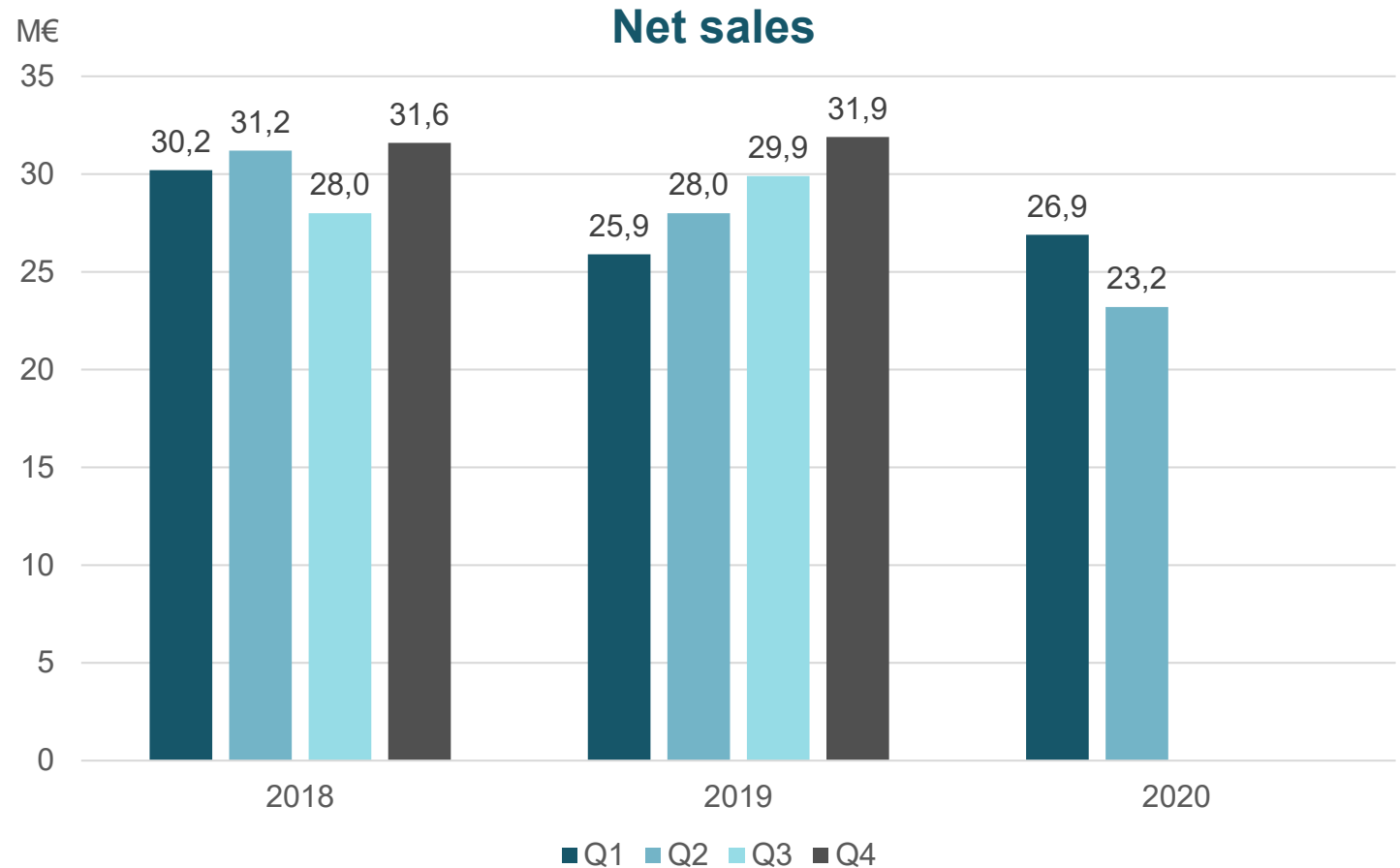
The coronavirus pandemic and resulting restrictions had a significant impact on Leipurin's operating environment in all operating countries.

During June, the general situation involving Leipurin's customers and markets started to improve but it is still too early to assess the long-term impact of the pandemic.

Leipurin key figures

**Q2 net sales were
EUR 23.2 million (28.0).**

**Restrictions have had the most
severe impacts in the
restaurant and cafeteria sector,
which has been reflected in
Leipurin's foodservice
customers, as well as in bakery
customers.**

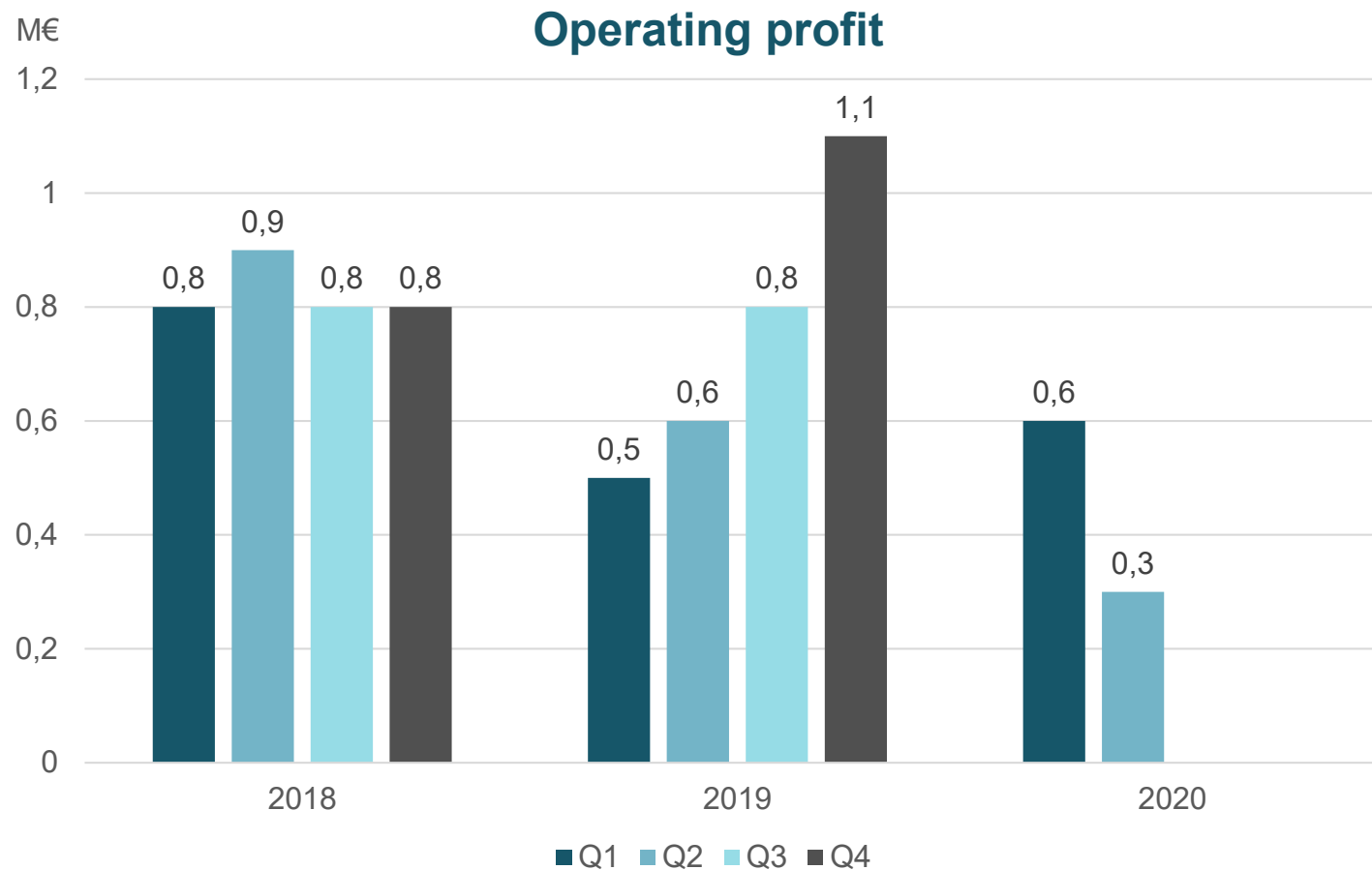


Leipurin key figures

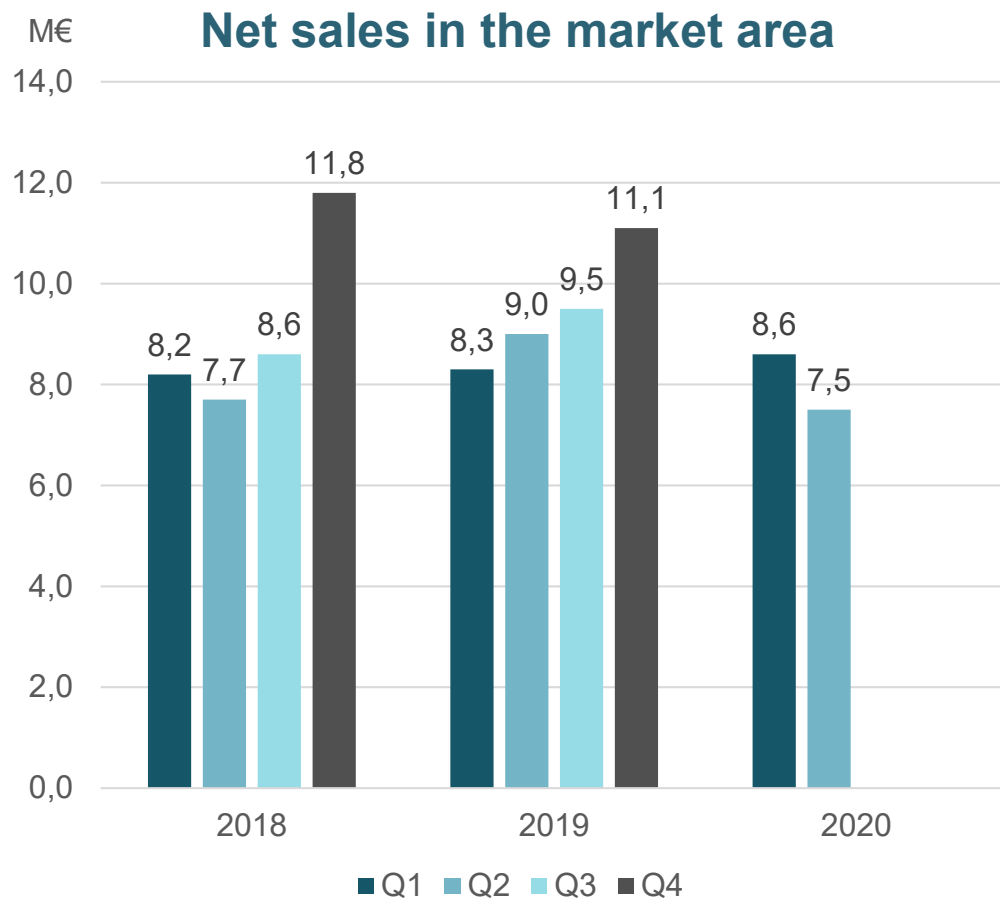
Q2 operating profit decreased
to EUR 0.3 million (0.6).

Operating profit rate was
1.3% (2,1).

Leipurin is actively monitoring
the development of demand and
profitability and is prepared to
improve the efficiency of its
operations and reduce
expenses.



Net sales in Russia, other CIS countries and Ukraine



Telko

Raw material solutions for the industry

Telko

Telko segment net sales decreased in Q2 and were EUR 59.5 million (80.6).

Telko segment operating profit increased in Q2 and stood at EUR 4.2 million (2.3).

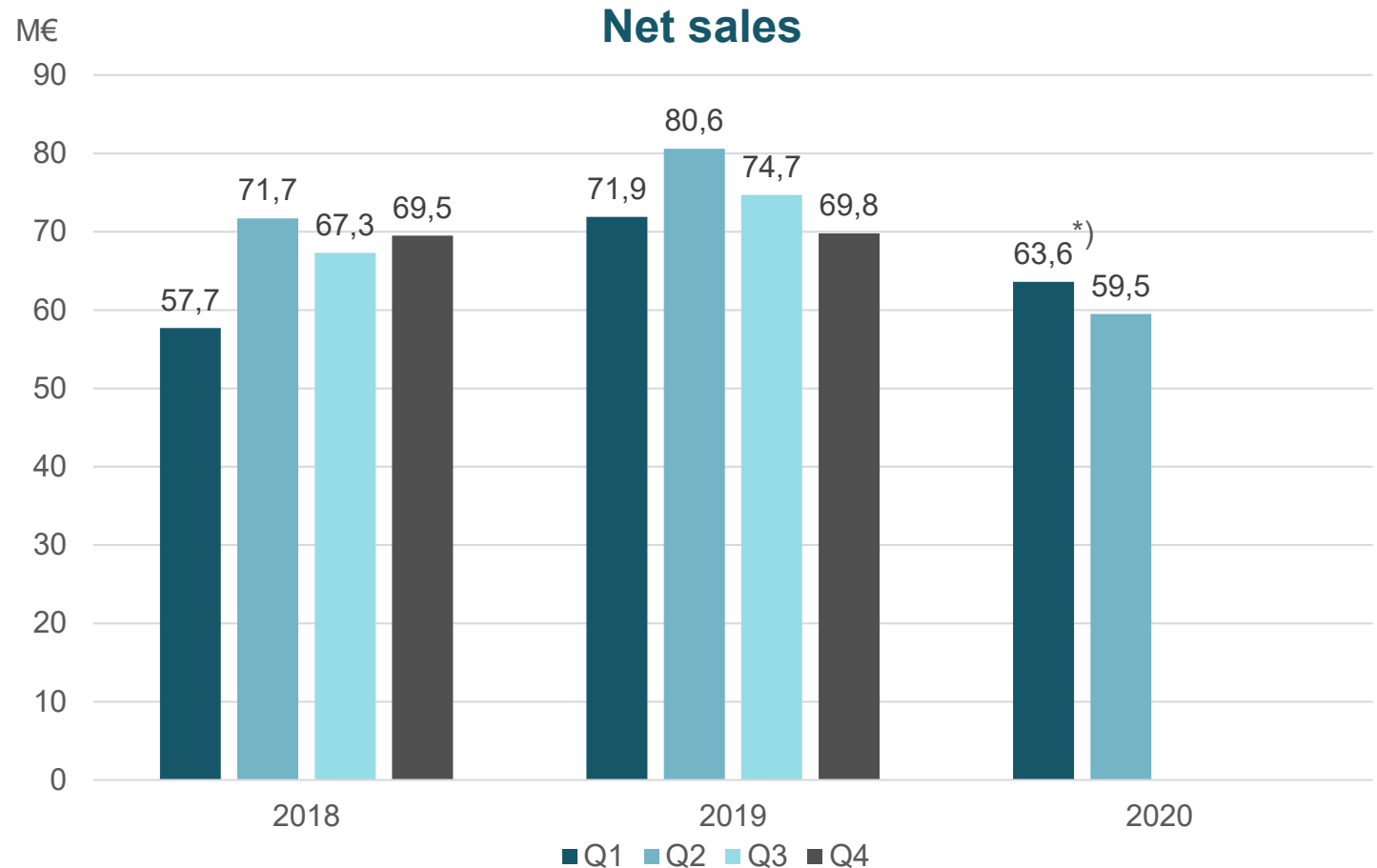
Net sales fell due to lower demand as a result of coronavirus restrictions, decreases in raw material prices and Telko's own measures to cut unprofitable operations.

Telko's sales margin and operating profit rate increased clearly during the second quarter.

Telko key figures

Telko segment net sales decreased in Q2 and were EUR 59.5 million (80.6).

The sales fell steeply in all markets due to the pandemic.



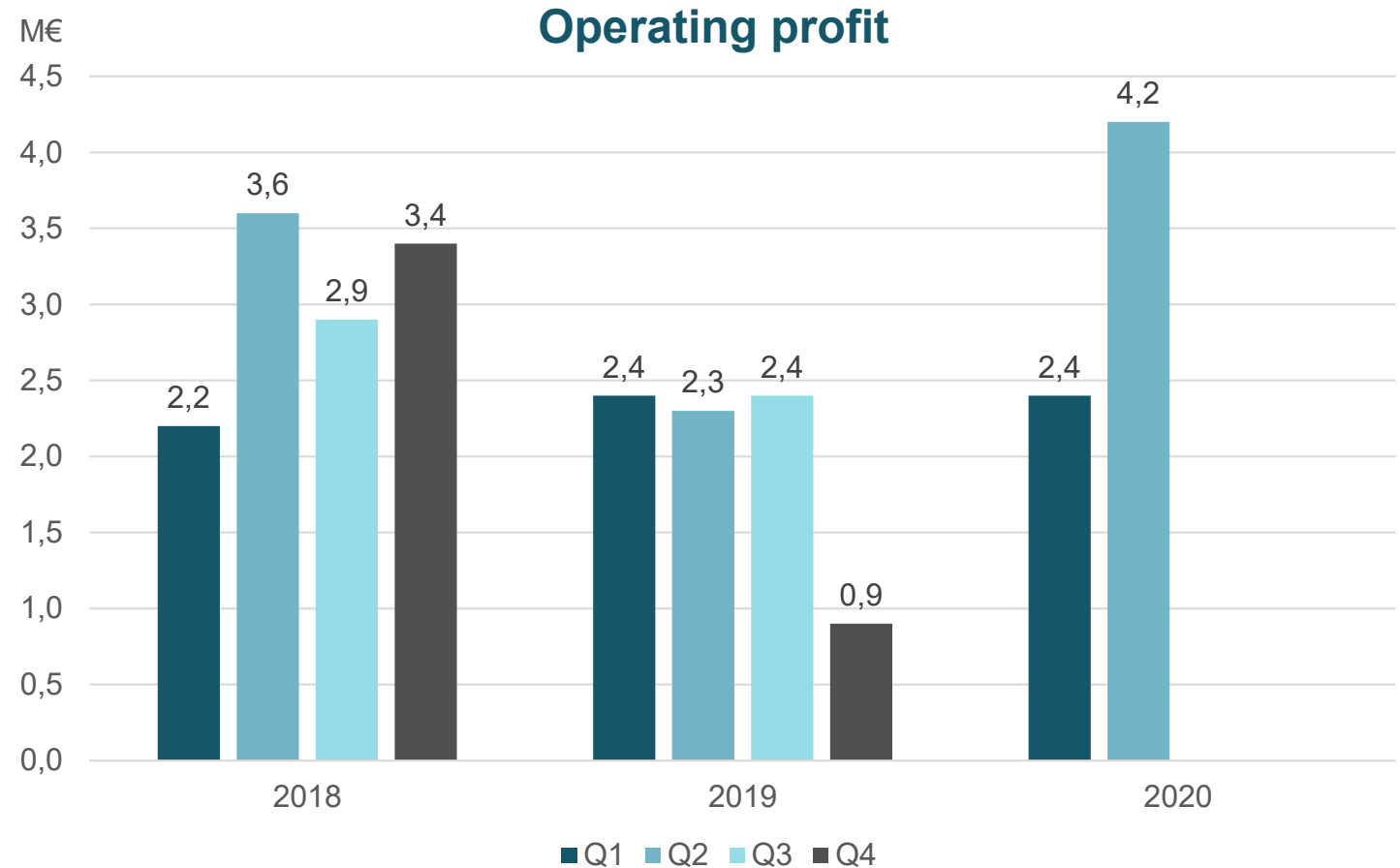
^{*)} As of January 1, 2019 Kauko is reported as part of Telko segment. Kauko's Q2 net sales were EUR 6.9 million (8.7).

Telko key figures

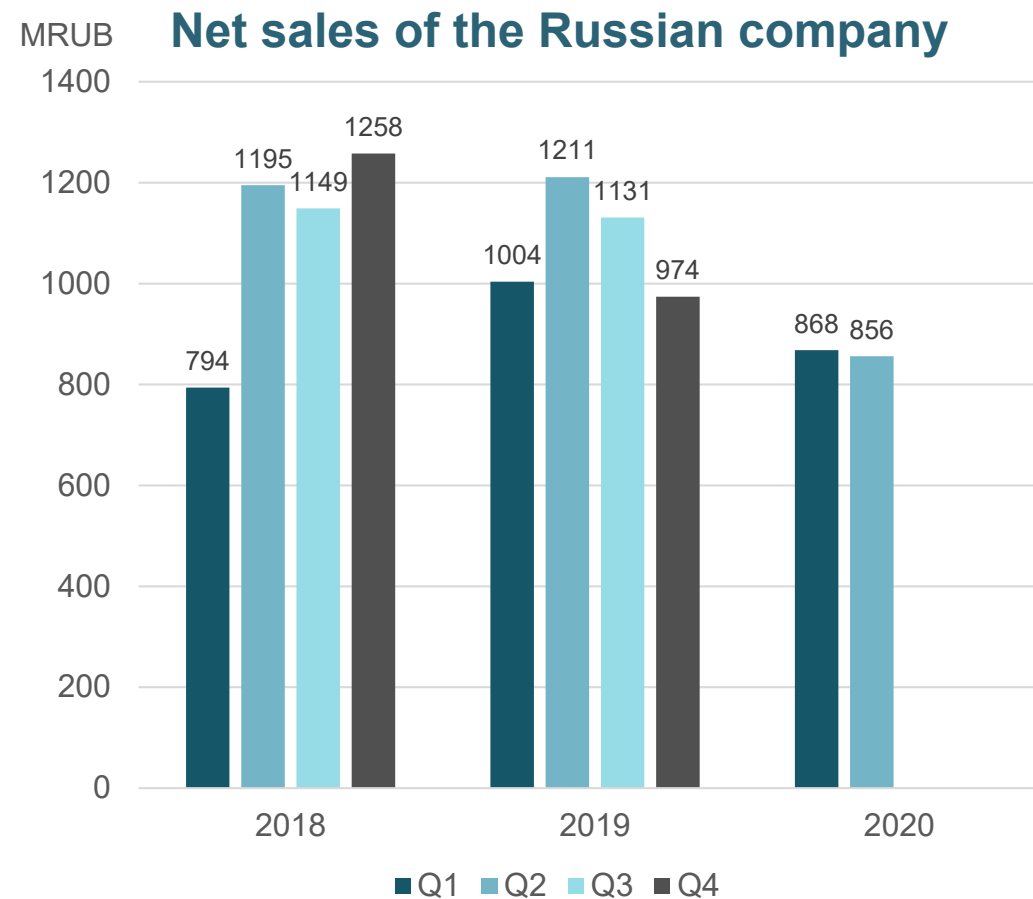
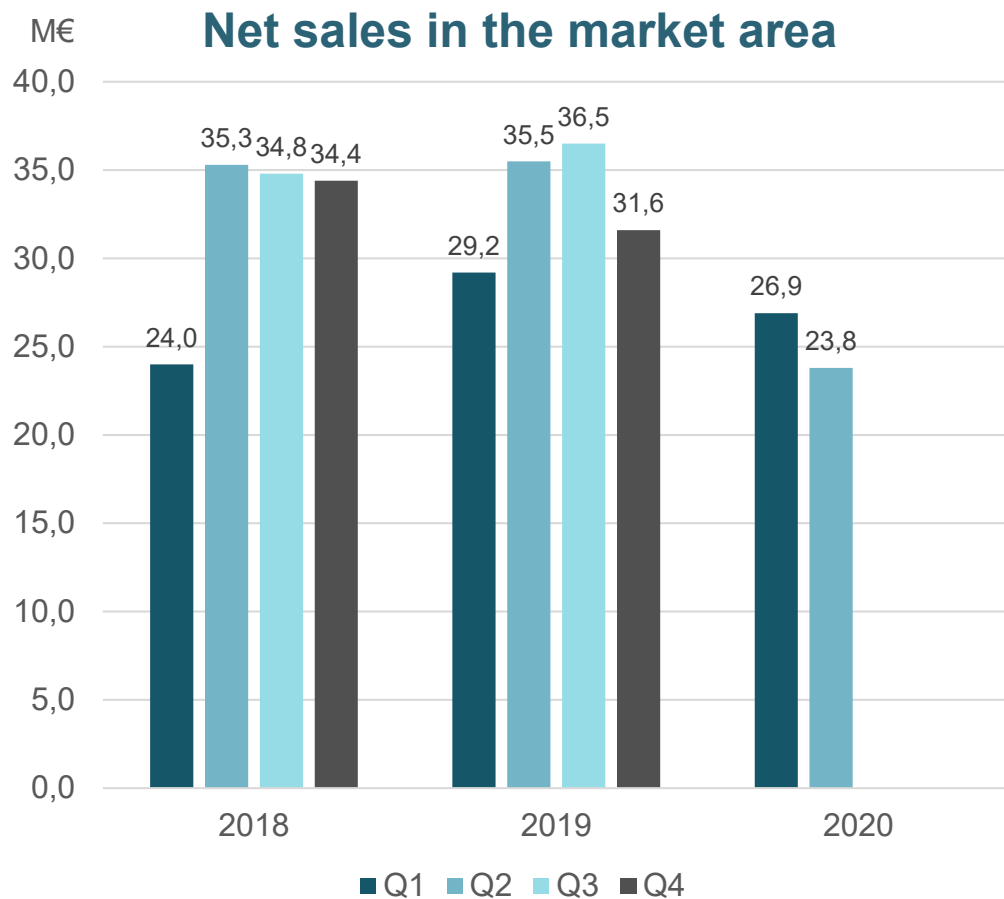
Telko segment operating profit increased in Q2 and stood at EUR 4.2 million (2.3).

The operating profit of Telko business was EUR 3.4 million (2.2) in Q2.

Kauko's net sales in Q2 were EUR 6.9 million and operating profit EUR 0.8 million. Deliveries of protective equipment to public administration improved the operating profit.



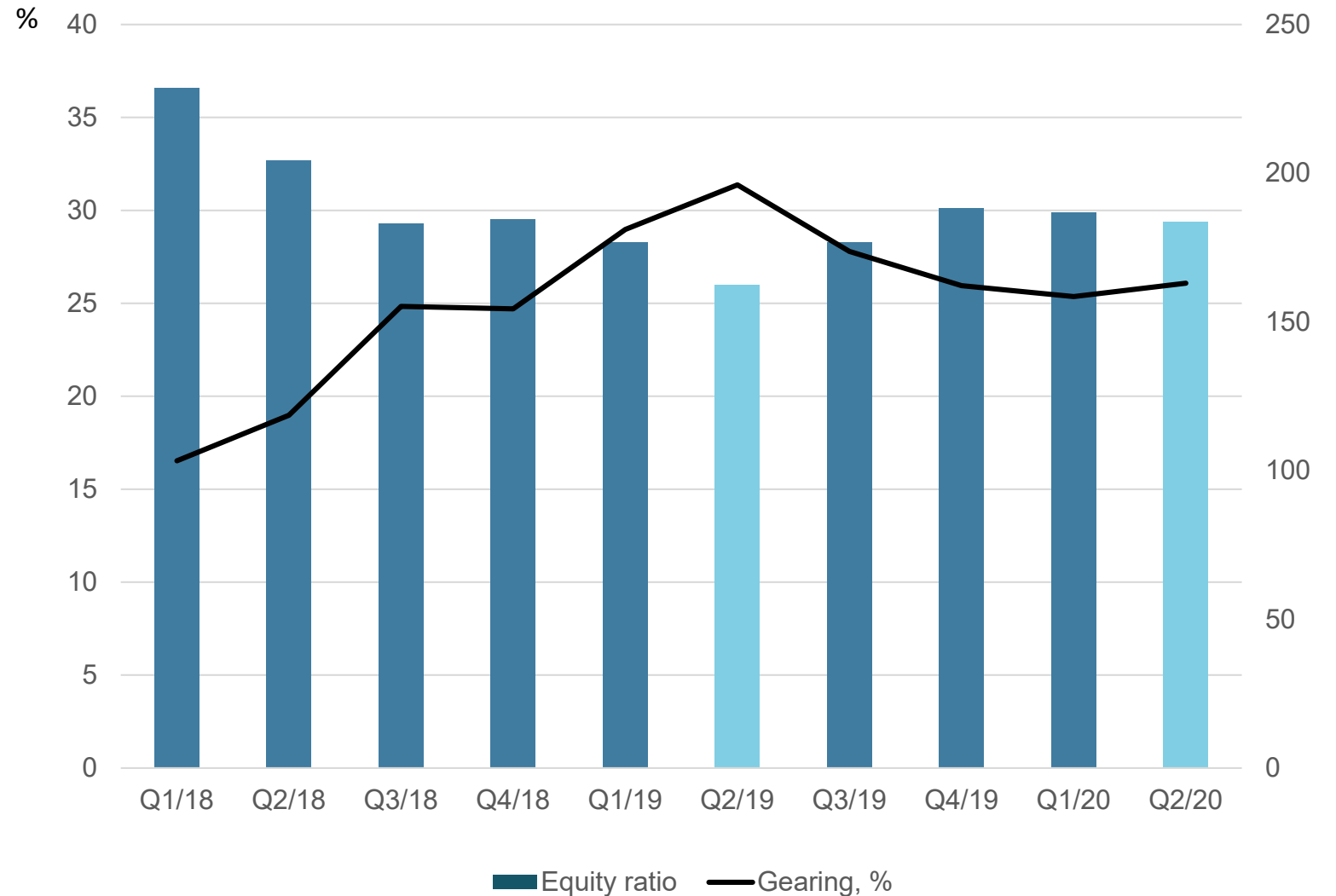
Net sales in Russia, other CIS countries and Ukraine



Equity ratio and gearing

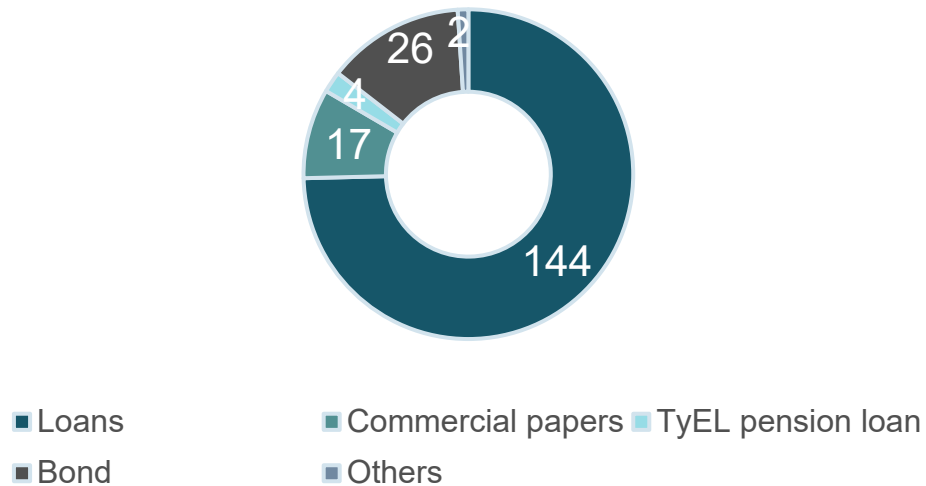
Both gearing and equity ratio improved due to strong cash flow even though the size of the hybrid bond was reduced in Q2.

Dividends of EUR 0.11 per share, totaling approximately EUR 3.4 million, were paid during the quarter.

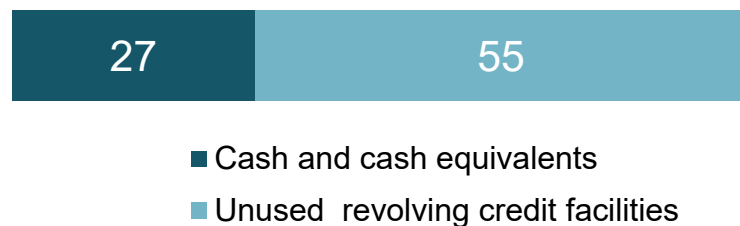


Debt profile and maturities

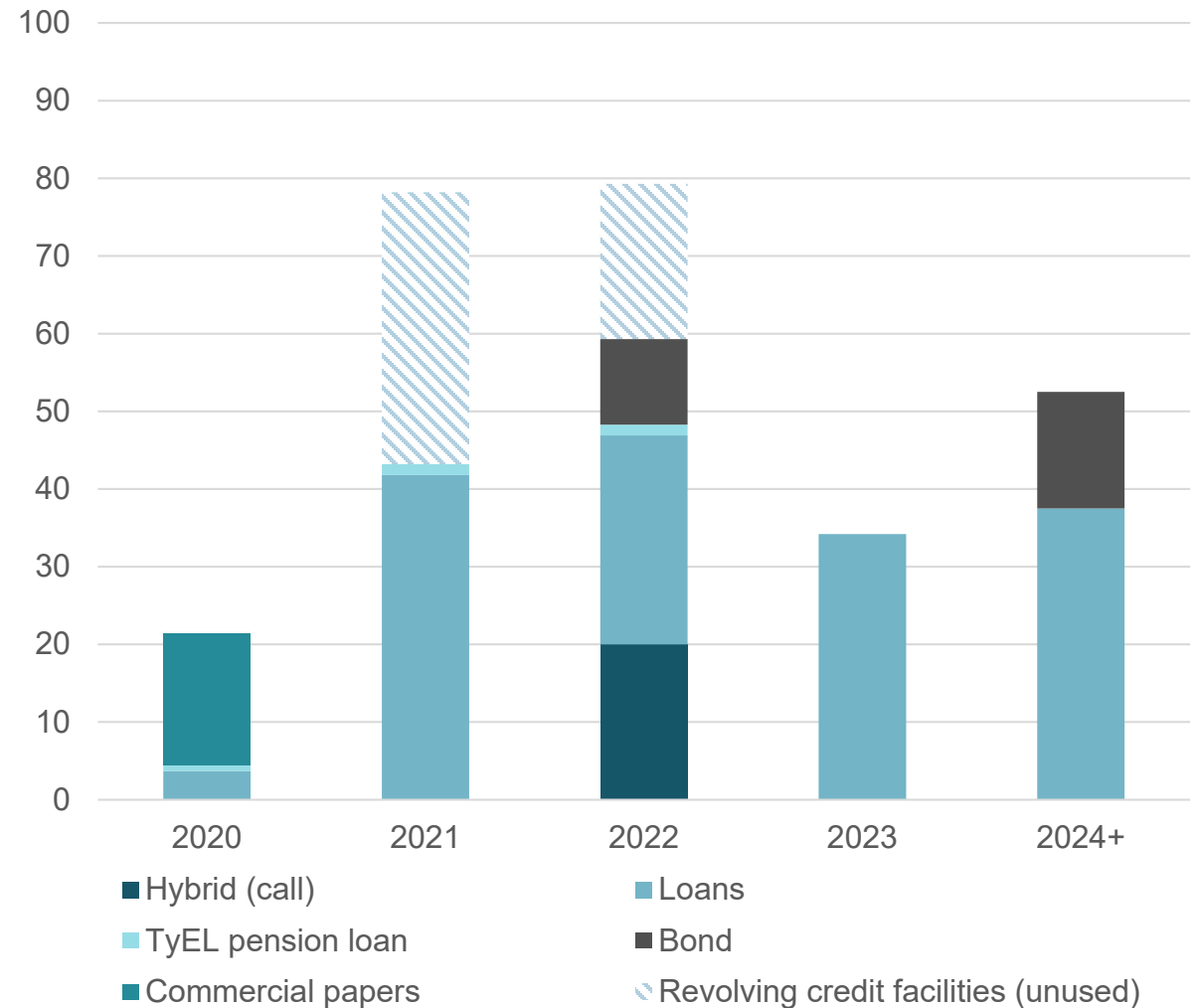
Interest bearing liabilities without lease liabilities (MEUR)



Liquidity position (MEUR)



Maturity of loan agreements (MEUR)

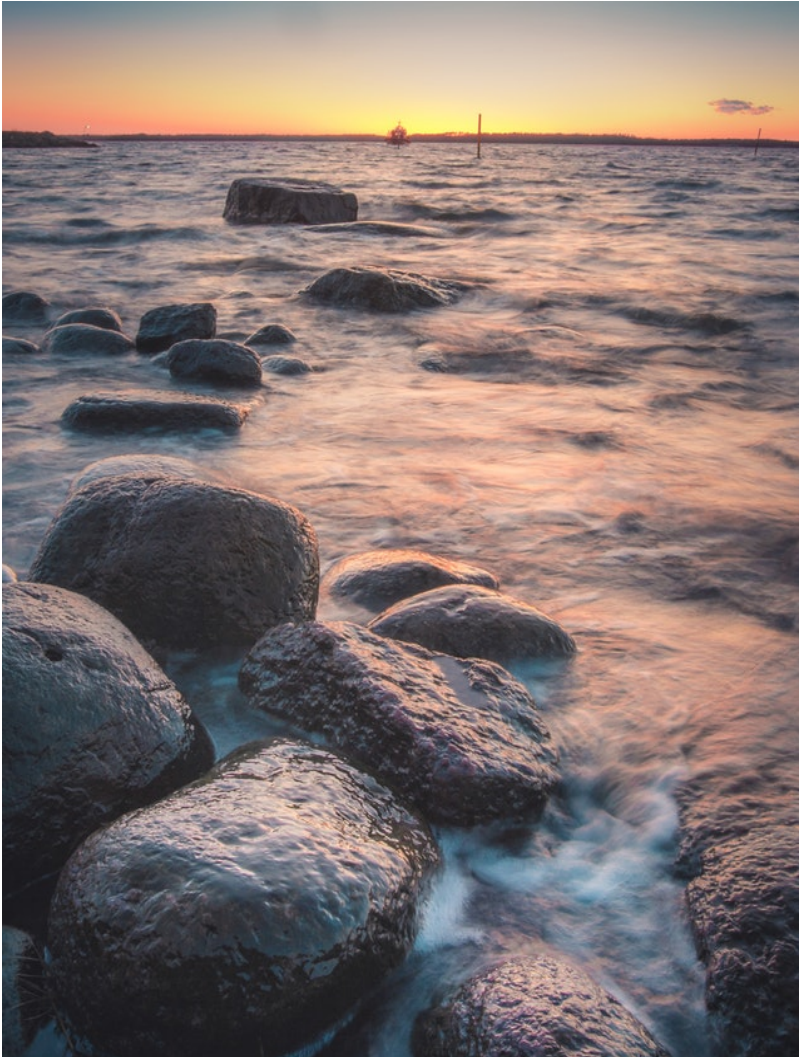


Market remains challenging, strong cash flow provides backbone



- The pandemic has had a significant impact in the operations of our customer companies and it has led to a substantial decrease in Aspo's net sales.
- Determined measures to secure profitability have paid off and are still ongoing.
- The development of Aspo's net cash from operating activities and liquidity position have remained strong.
- We expect the market situation to remain challenging for at least during Q3. We are cautiously optimistic regarding market development during Q4.

Participate in the development of Aspo's sustainability work



Sustainability is an important part of Aspo's value creation, and we regularly seek to survey the views of our stakeholders on the subject.

We want to invite our stakeholders to share ideas and opinions on how we as a conglomerate should develop our sustainable operations. Our goal is to ensure that we focus our development work on responsibility issues that are relevant to our stakeholders.

Participate in the development of Aspo's sustainability work by answering our survey at: <https://ir.solutions/questionnaire?id=aspo-autumn-2020>

The answers to the survey are confidential and will be treated anonymously. It takes about five minutes to complete the survey.



Appendix

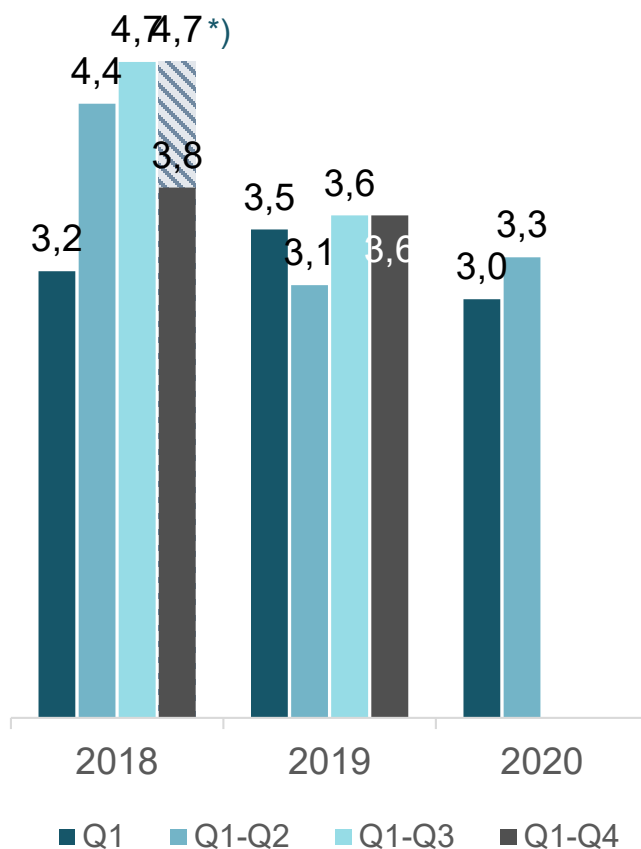
Key figures

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Net sales, MEUR	115,6	151,2	248,8	292,7	587,7
Operating profit, MEUR	4,1	4,1	8,1	9,0	21,1
Operating profit, %	3,5	2,7	3,3	3,1	3,6
ESL Shipping, operating profit, MEUR	0,6	2,6	2,9	5,8	14,6
Leipurin, operating profit, MEUR	0,3	0,6	0,9	1,1	3,0
Telko, operating profit, MEUR	4,2	2,3	6,6	4,7	8,0
Earnings per share, EUR	0,08	0,12	0,15	0,22	0,47
Profit before taxes, MEUR	3,0	4,4	5,9	8,3	18,2
Profit for the period, MEUR	2,7	4,0	5,3	7,5	16,1
Net cash from operating activities, MEUR	16,6	12,7	30,5	14,6	52,5
Free cash flow, MEUR	15,1	10,8	28,4	9,7	45,2
Return on equity (ROE), %			9,0	13,1	13,5
Equity ratio, %			29,4	26,0	30,1
Gearing, %			163,0	196,1	162,2
Equity per share, EUR			3,64	3,61	3,92

Long-term financial targets

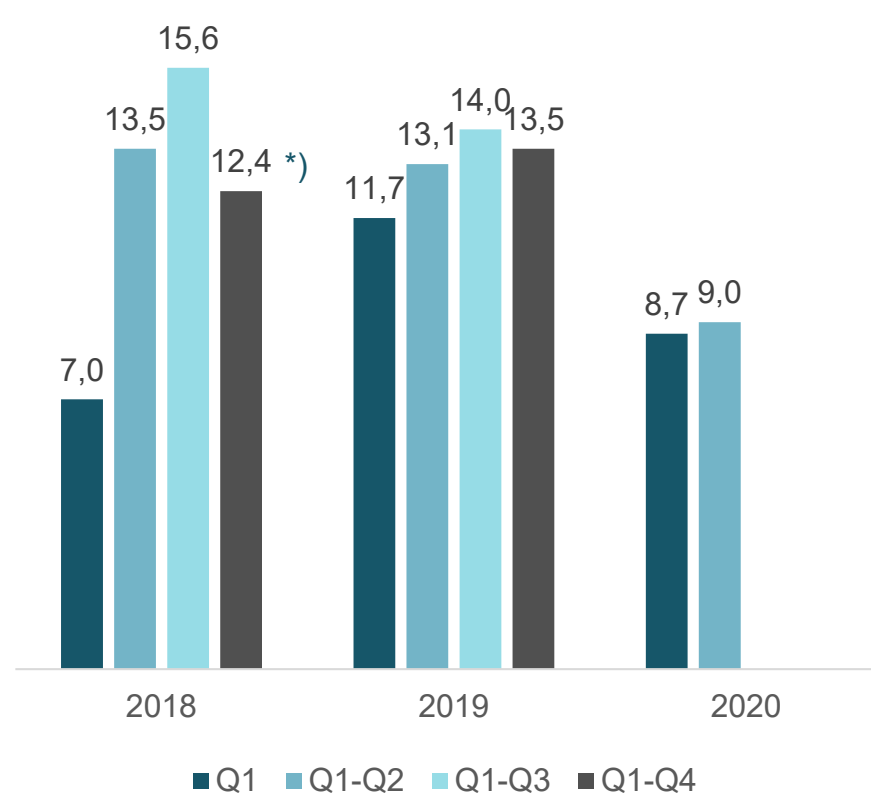
Operating profit rate (cum.)

Target level 6% in 2023



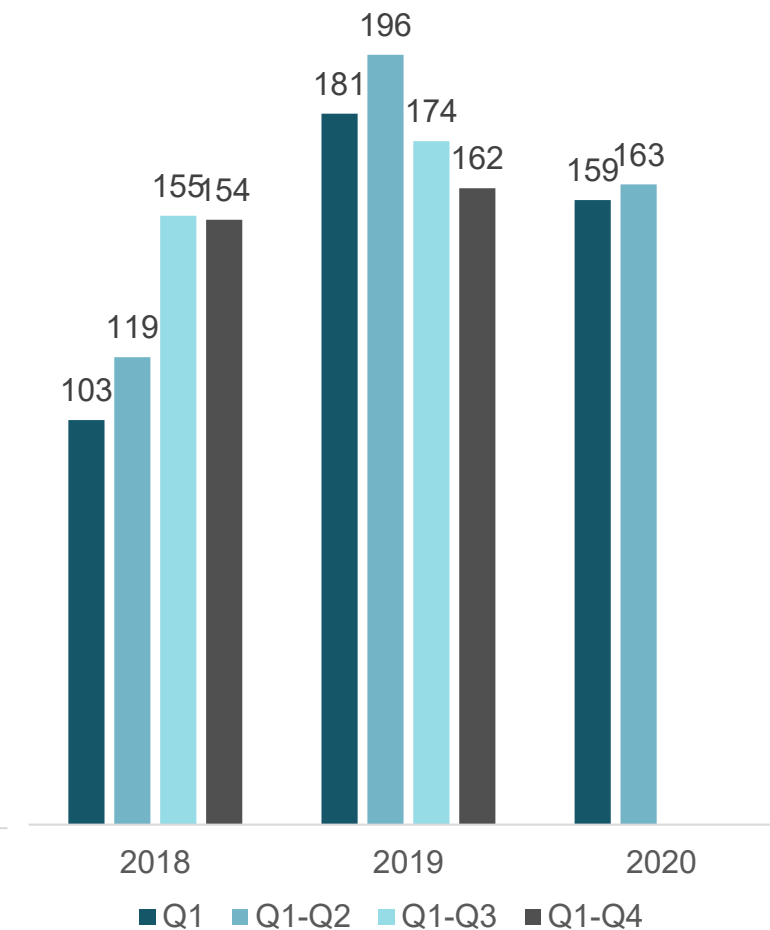
Return on equity (cum.)

Target level > 20% in 2023



Gearing

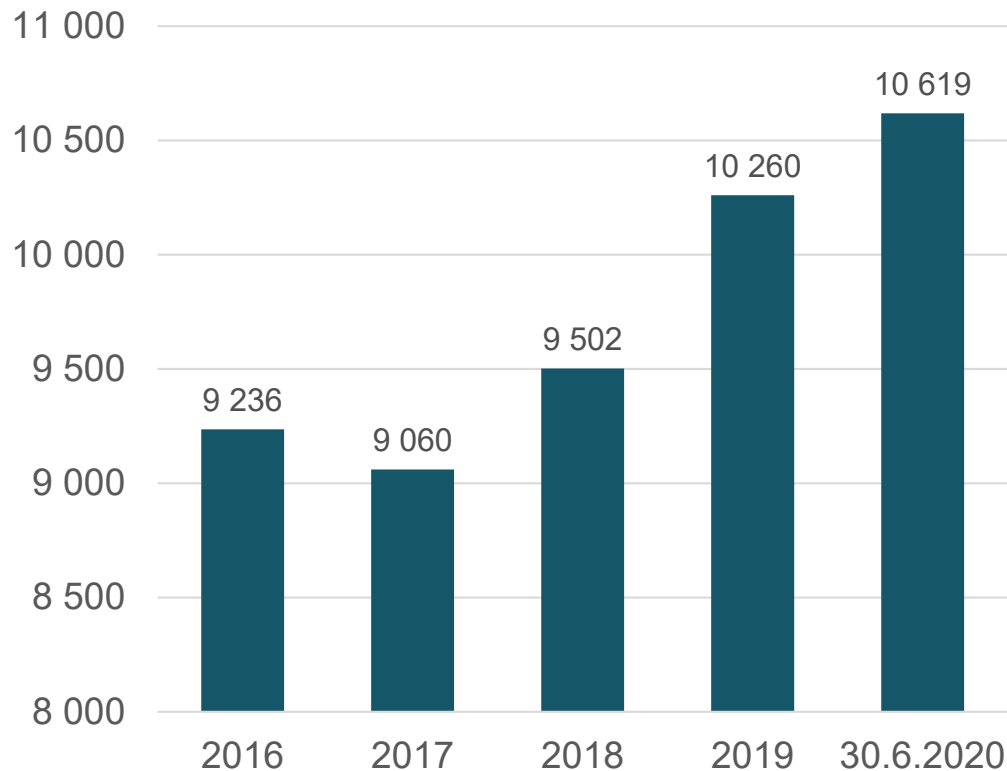
Target level 130% in 2023



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

Shareholders / allocation

Number of shareholders



Distribution of ownership on June 30, 2020 by ownership group, %

