



Aspo Q3 2020

October 29, 2020

CEO
Aki Ojanen

Telko segment's record high results balanced the challenging quarter, outlook for shipping business improved

Better-than-expected operating profit in Q3

Telko segment achieved the best quarter in its history.

The decrease in net sales was historically steep until the end of the third quarter

Now there are signs of a rapid market recovery, especially in the operating environments of Telko and ESL Shipping.

Net cash from operating activities has remained strong

Guidance: Aspo's operating profit will be EUR 14–16 million (21.1) in 2020.

(Previous guidance given on September 14, 2020:
Aspo's operating profit will be EUR 12–16 million (21.1) in 2020.)

Q3/2020

Net sales

EUR **118.4** million
(148.0)

Operating profit

EUR **3.6** million
(6.7)

Net cash from operating activities

EUR **9.4** million
(19.0)

1-9/2020

Net sales

EUR **367.2** million
(440.7)

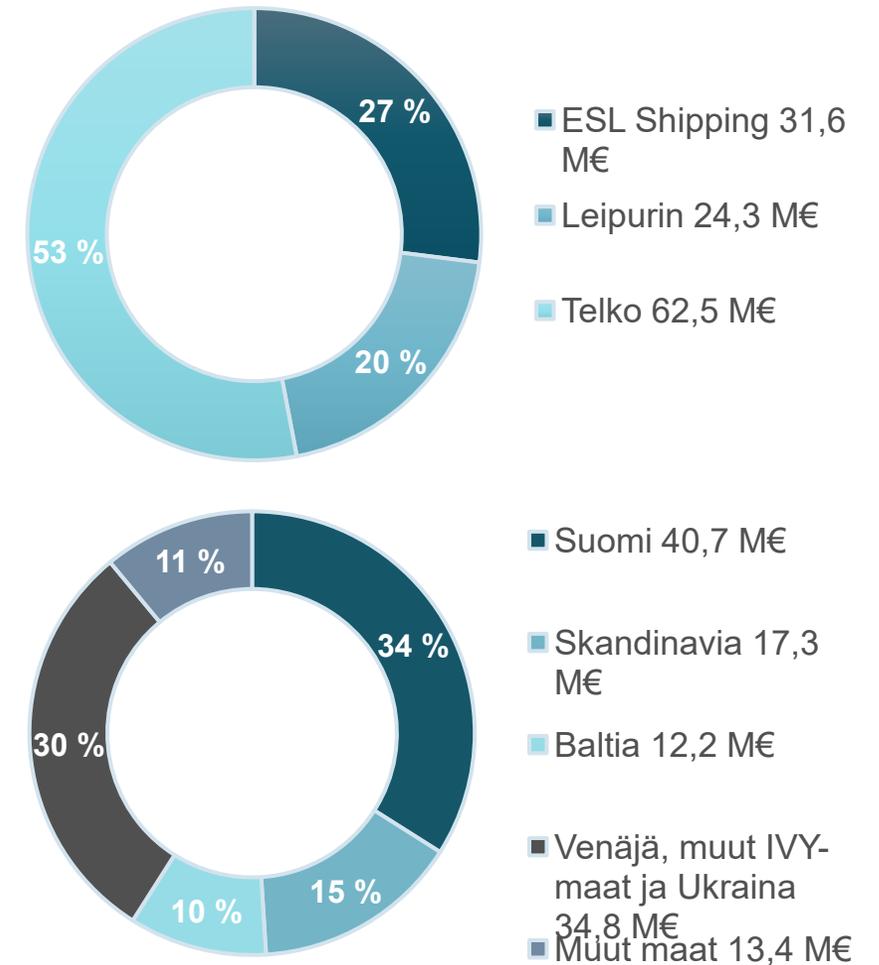
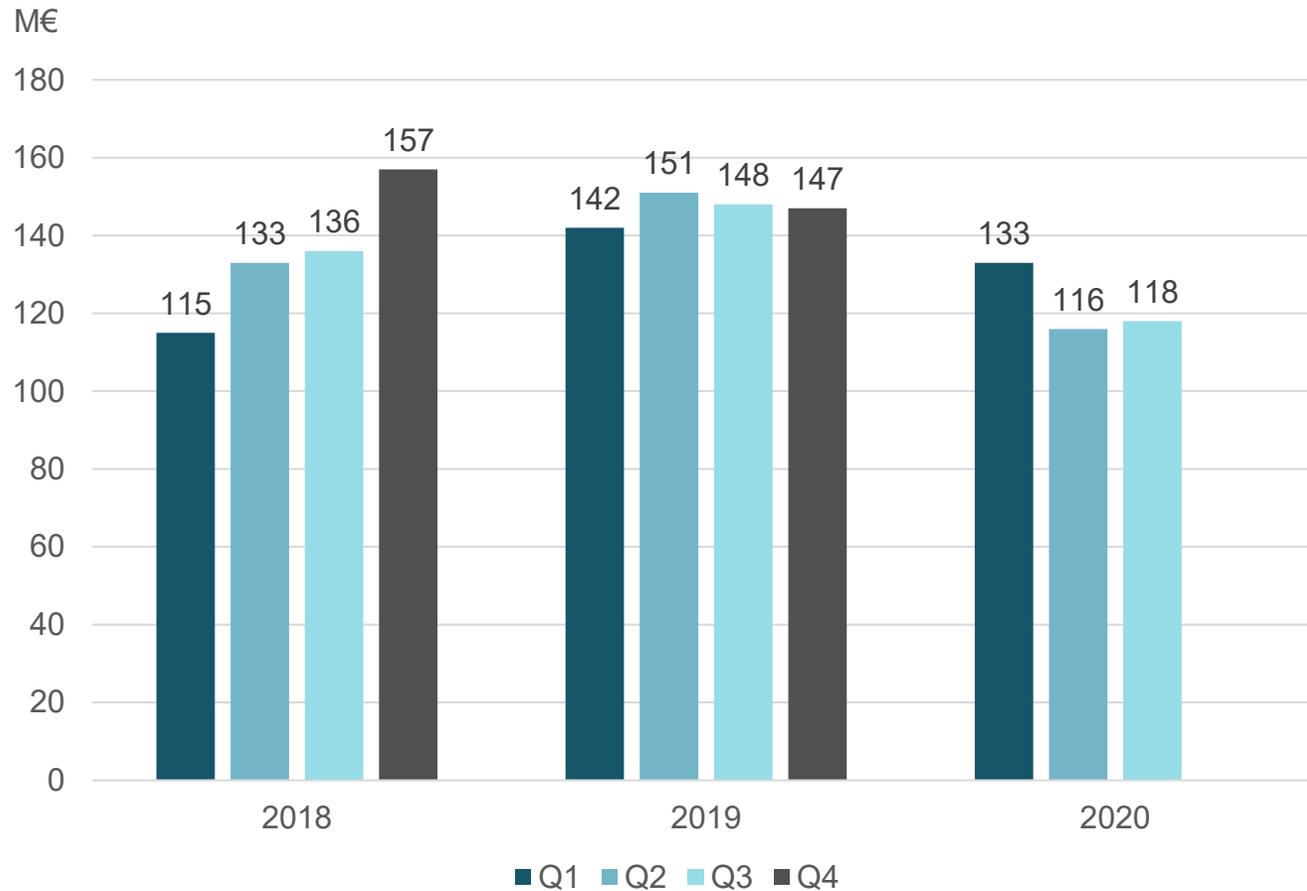
Operating profit

EUR **11.7** million
(15.7)

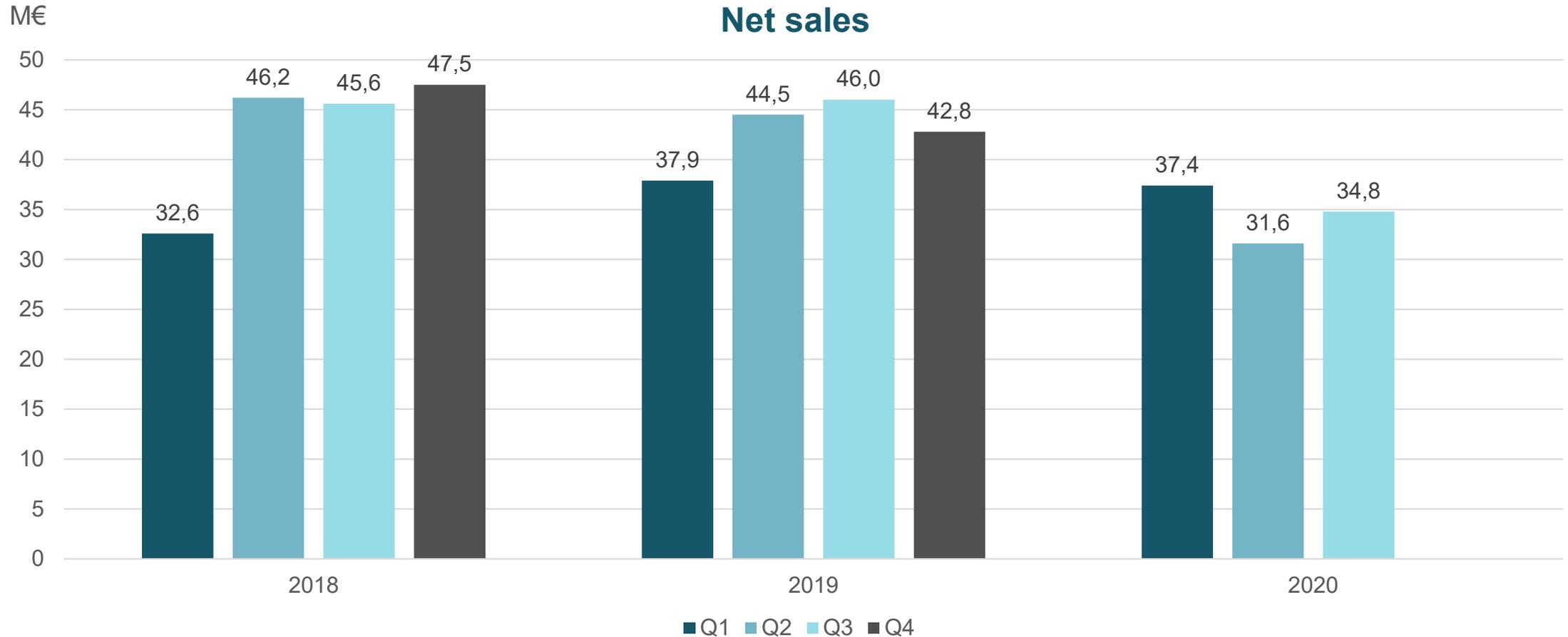
Net cash from operating activities

EUR **39.9** million
(33.6)

Net sales



Russia, other CIS countries and Ukraine

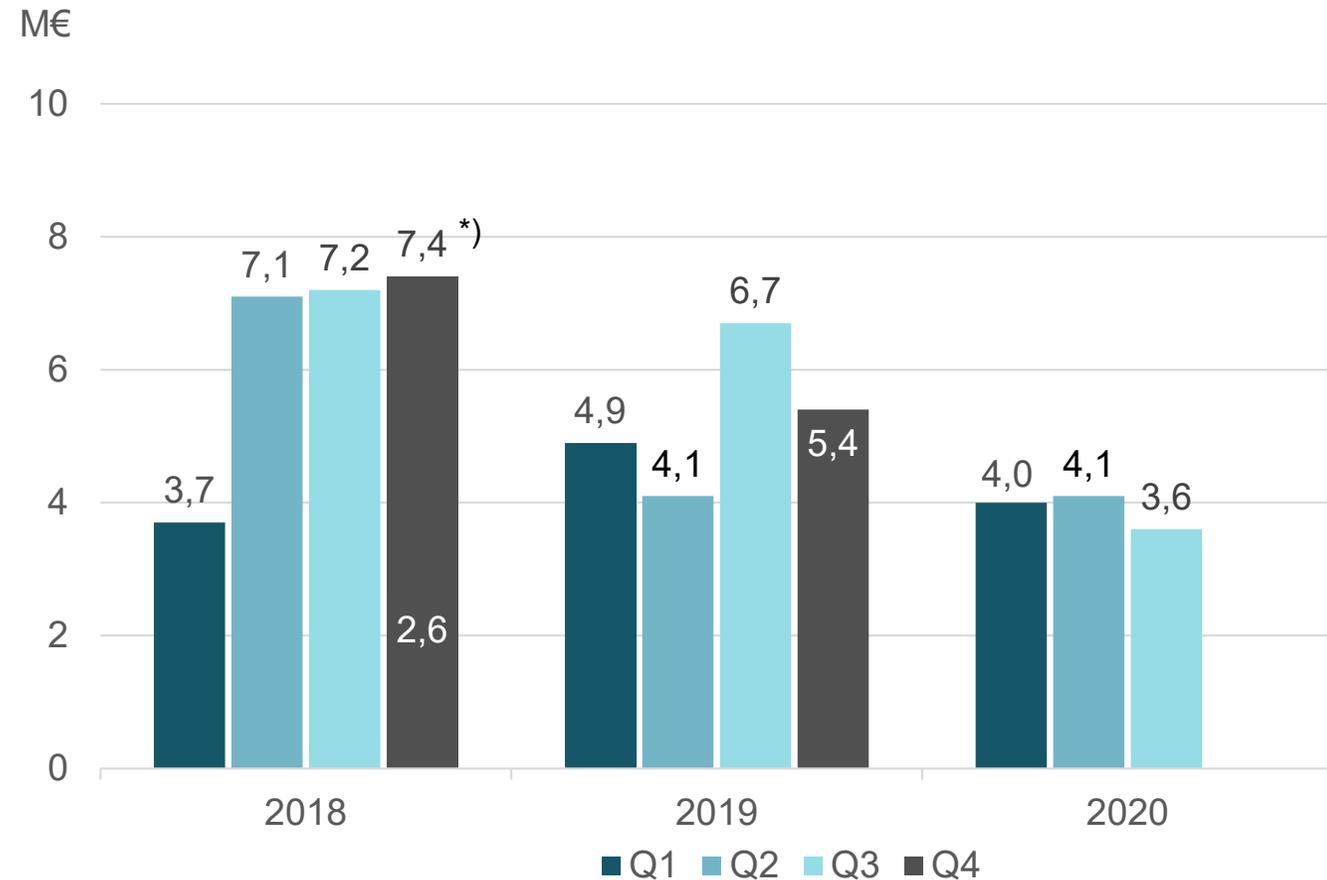


Operating profit by quarter

Q3 operating profit by segment:

ESL Shipping	EUR -0.1 million (4.4)
Leipurin	EUR 0.3 million (0.8)
Telko	EUR 4.2 million (2.4)

Telko segment achieved the best quarter in its history, as both Telko and Kauko significantly improved their operating profit.

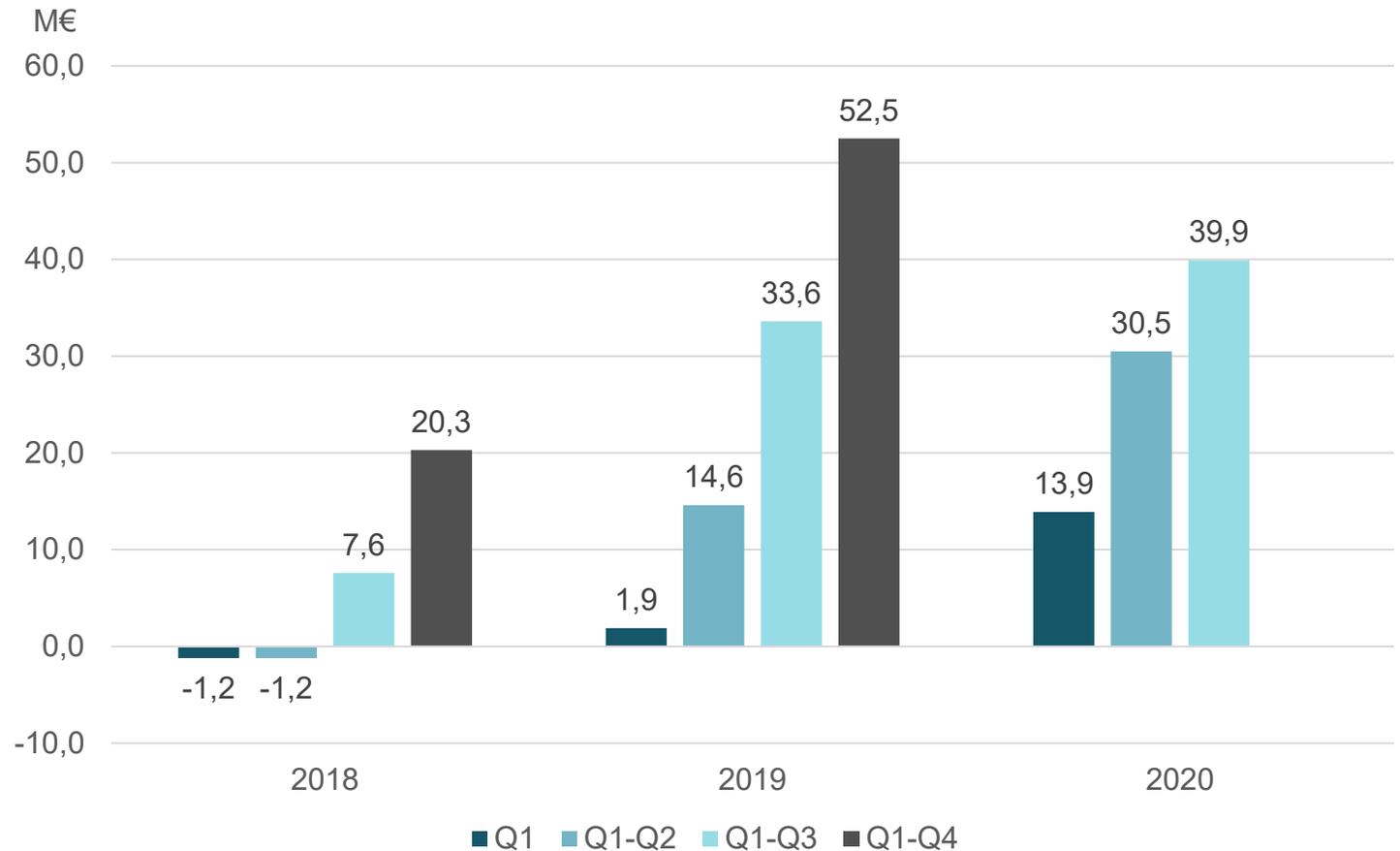


*) Operating profit, adjusted by an impairment loss recognized on goodwill was EUR 7.4 million

Net cash from operating activities, cumulative

Net cash from operating activities increased due to improved working capital management and was EUR 39.9 million (33.6).

Due to low investments, the January-September free cash flow increased to EUR 34.5 million (26.7).



ESL Shipping

Leading marine logistics provider for bulk cargo

ESL Shipping Q3 2020

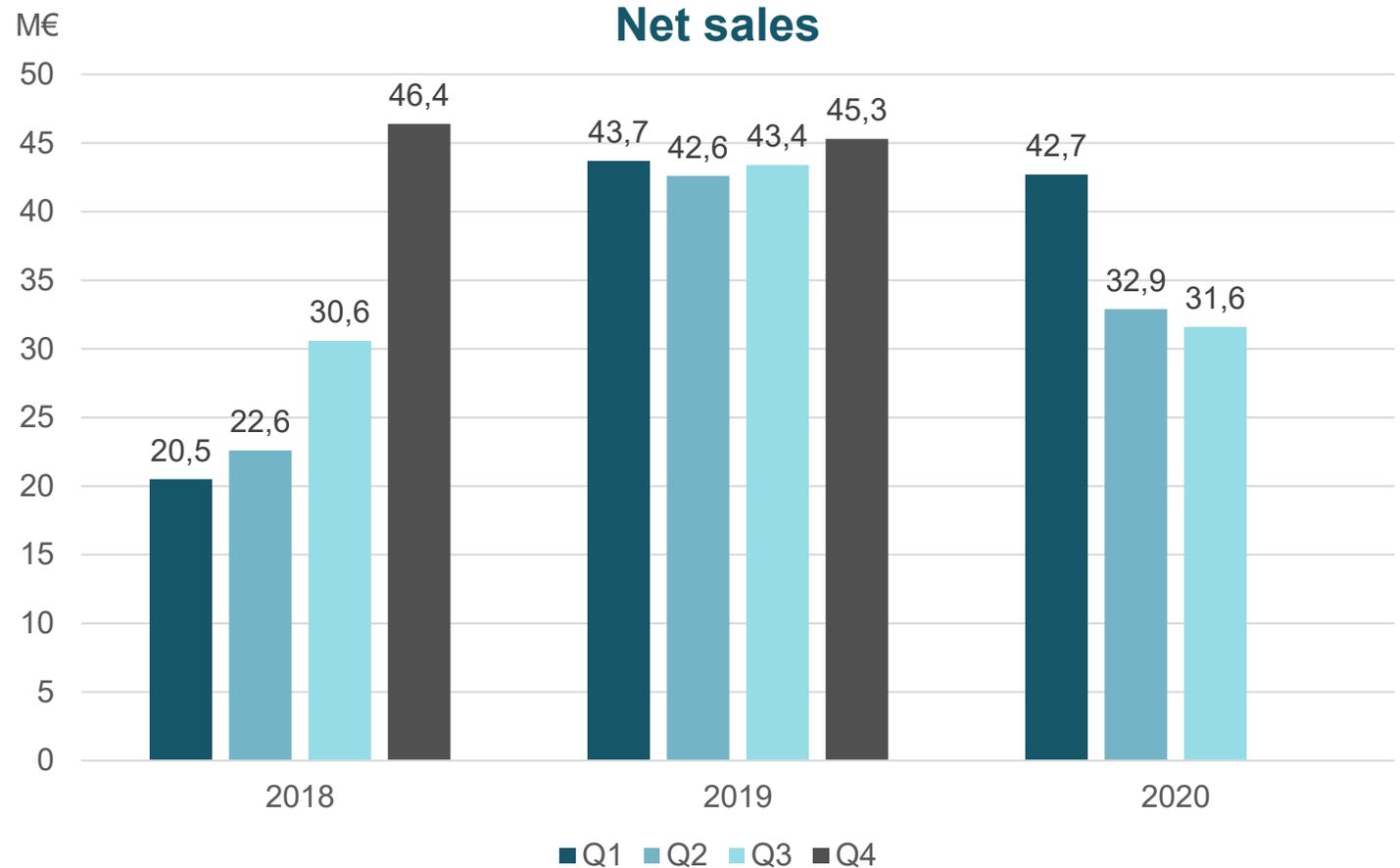


- During Q3 2020, net sales of ESL Shipping decreased by 27% from the comparative period and were EUR 31.6 (43.4) million.
- The operating result was negative at EUR -0.1 (4.4) million.
- Transportation volumes decreased significantly during the third quarter to 3.1 (4.2) million tons.
- Transportation volumes in larger vessel categories started to increase towards the end of the review period, driven especially by the recovery of raw material transportation for the steel industry.
- The final quarter of 2020 is expected to be clearly profitable as a result of ending production stoppages among main customers and growing transportation volumes.

ESL Shipping net sales by quarter

Net sales decreased by 27% in Q3 and were EUR 31.6 (43.4) million.

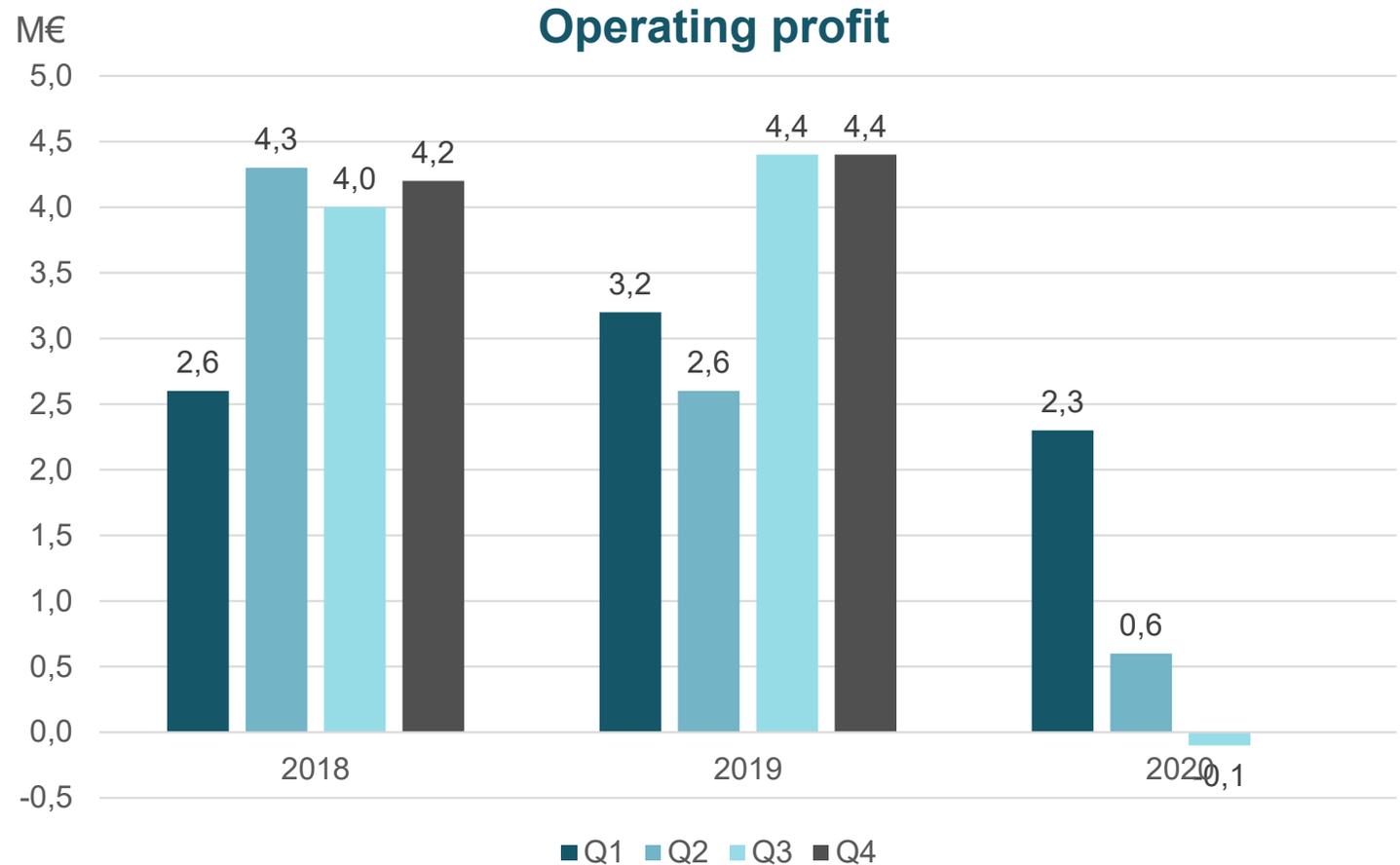
Transportation volumes decreased due to production adaptations in the steel and forest industry and significantly lower demand in the energy sector in Northern Europe.



ESL Shipping operating profit by quarter

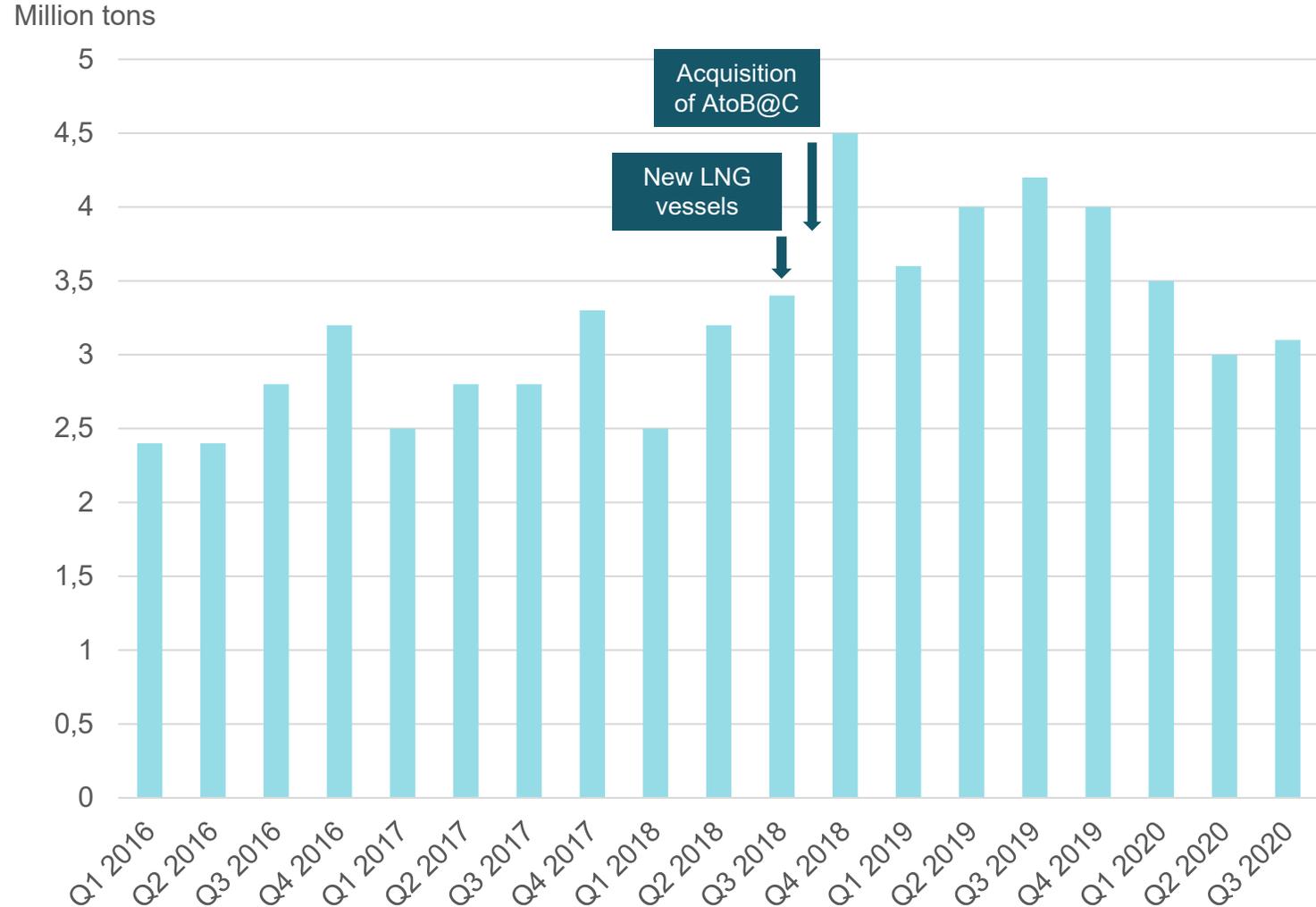
Lower volumes due to challenging market environment and general uncertainty significantly decreased operating profit.

The final quarter of 2020 is expected to be clearly profitable as a result of ending production stoppages among main customers.

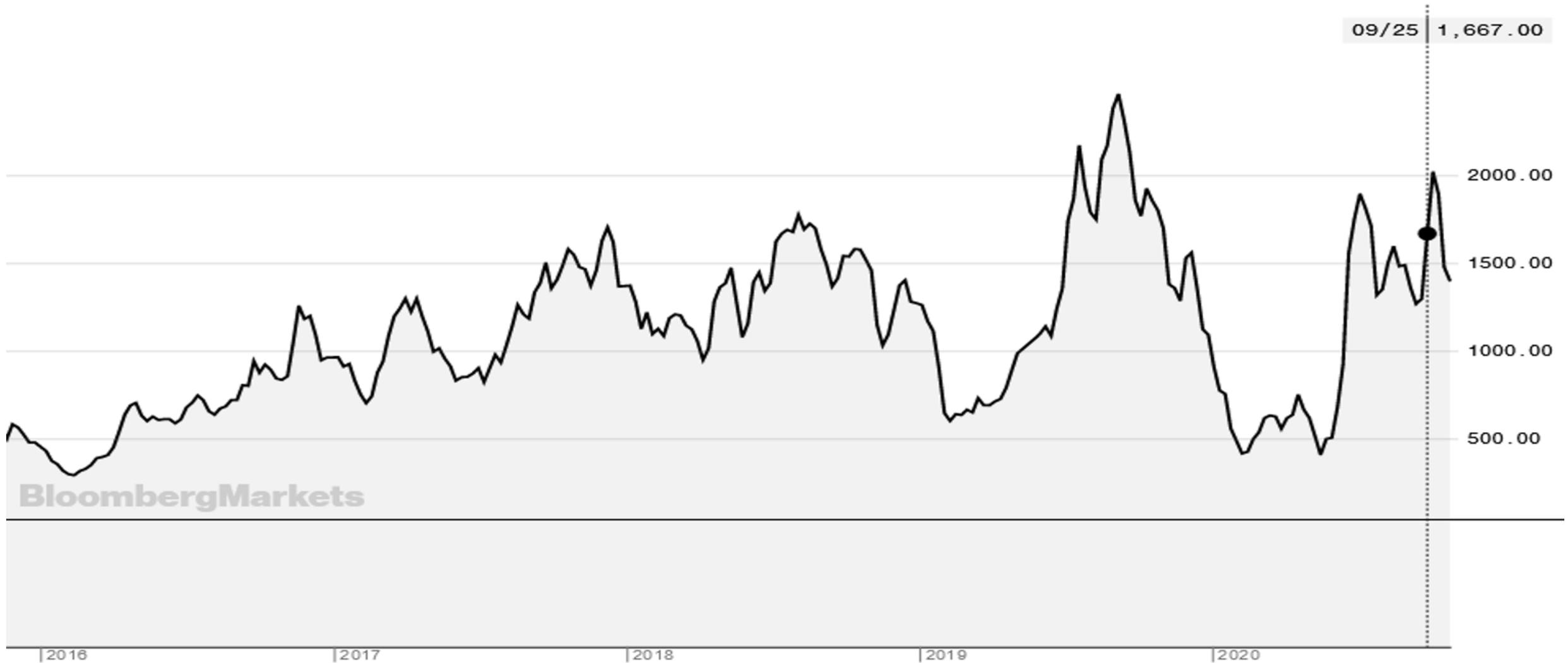


Development of transportation volumes

- Transportation volumes in larger vessel categories started to increase towards the end of the review period, driven especially by the recovery of raw material transportation for the steel industry, with the total transportation volume of these vessels already exceeding the previous quarter's volumes.
- The production capacity of the company's customers in Northern Europe is expected to return to a level higher than during the summer period.
- ESL Shipping expects transportation volumes to increase in several customer segments during the fourth quarter.



Baltic Dry Index 2016-2020



Leipurin

From bread and recipes to a comprehensive selection

Leipurin Q3 2020

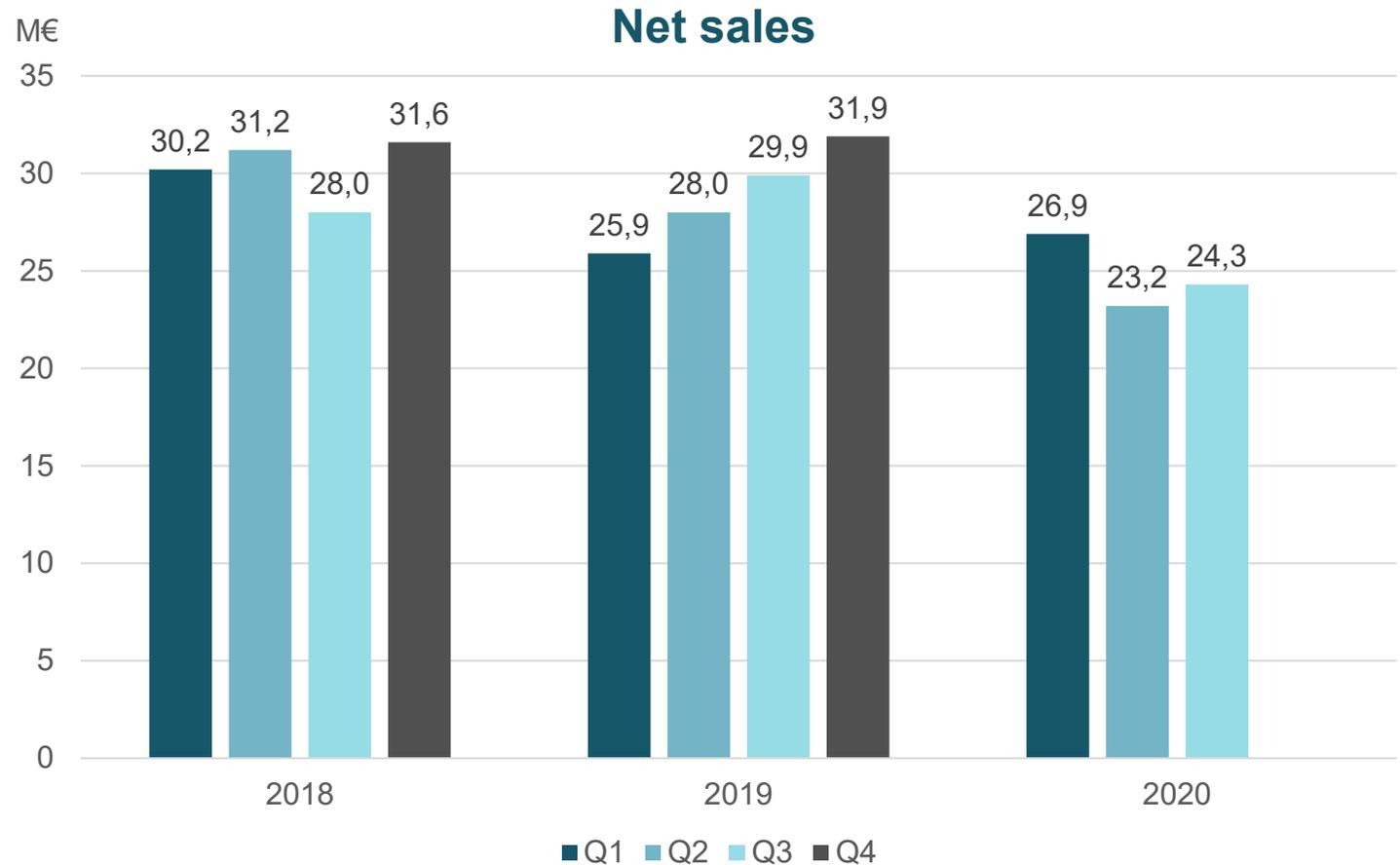


- Leipurin's net sales decreased to EUR 24.3 (29.9) million during the third quarter. The operating profit also decreased from the comparative period to EUR 0.3 (0.8) million.
- In Q3, the market environment for Leipurin's customers improved also in the restaurant and cafeteria sector, as restrictions imposed due to the coronavirus pandemic were lifted in all operating countries.
- During the quarter, Leipurin carried out adaptation measures to cut costs. Leipurin maintained its good operating capacity, and there were no significant disruptions in the supply chain.
- Heli Arantola, D.Sc. (Econ.), started as Leipurin's new managing director on August 17, 2020.

Leipurin net sales by quarter

Net sales in Q3 were EUR 24.3 million (29.9), as pandemic restrictions continued to weigh on demand.

In August-September, the consumer demand in retail returned to normal and slow recovery in the restaurant and cafeteria sector began.



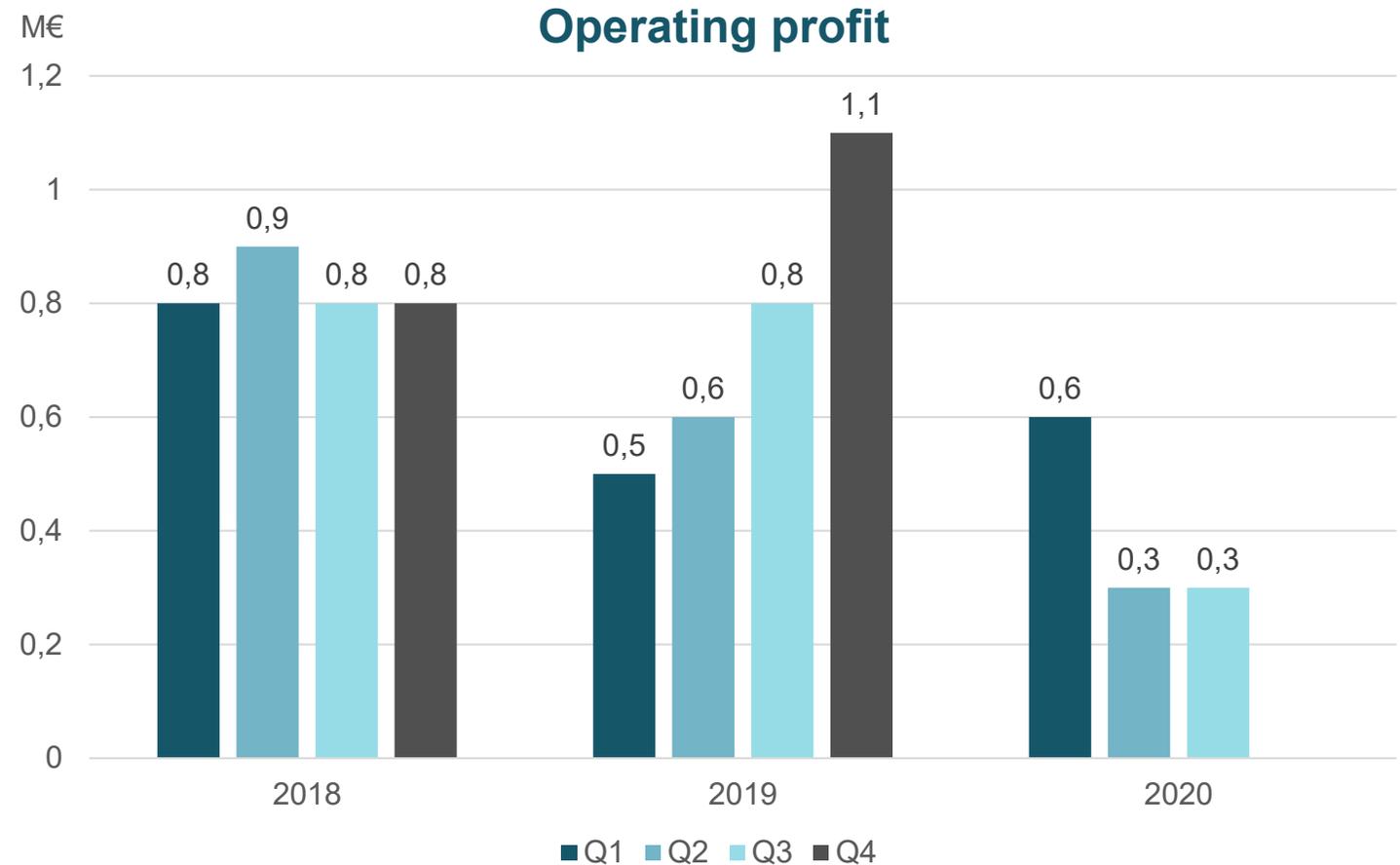
Leipurin operating profit by quarter

Q3 operating profit was
EUR 0.3 million (0.8).

Costs associated with the
change of the managing
director were recognized
during the quarter.

In the coming months, the market
situation in the bakery business is
expected to improve if restrictions
continue to be lifted.

A significant machine delivery in
Russia may be postponed to 2021.



Telko

Raw material solutions for the industry

Telko Q3 2020

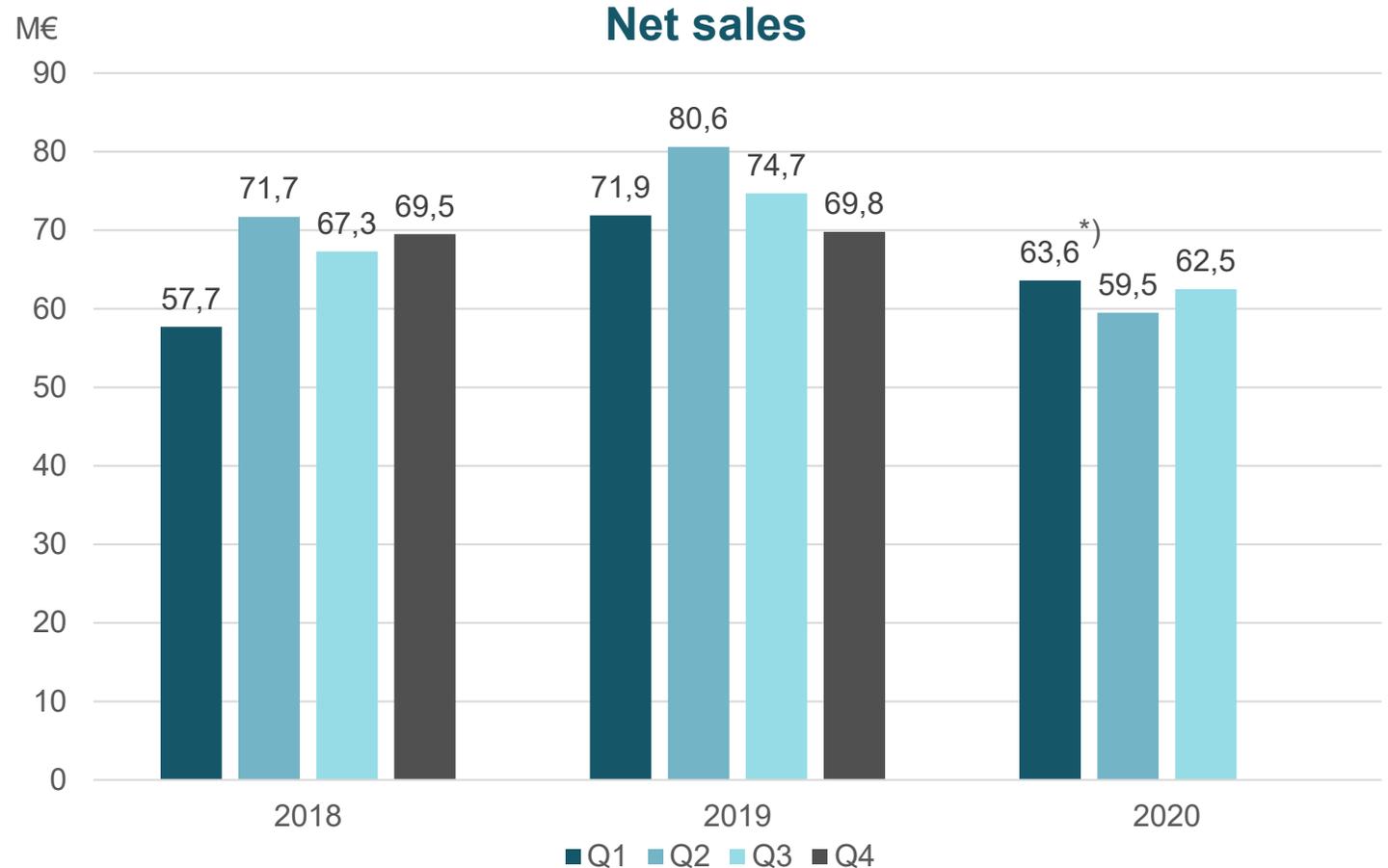


- Net sales of the Telko segment decreased by 16% during the third quarter to EUR 62.5 (74.7) million. Net sales in Q4 2020 are still expected to be significantly lower than in Q4 2019.
- Customers' production restrictions reduced demand for raw material, particularly in eastern markets. However, the decrease in sales volumes stopped and turned to a slight increase towards the end of the period.
- The operating profit of the Telko segment increased significantly during the third quarter to EUR 4.2 (2.4) million. The operating profit rate improved to 6.7% (3.2%). Kauko's operating profit increased driven especially by high-quality protective equipment deliveries to the central government.
- Telko's cost-efficiency has improved and the increase in the proportion of higher added value products will improve relative profitability.

Telko net sales by quarter

Net sales of Telko business decreased significantly due to customers' production restrictions and low raw material prices. However, the proportion of higher added value products and more capital-efficient operations increased clearly.

Kauko's net sales increased driven by IT solutions delivered to customers in the public sector and high-quality protective equipment delivered to the central government.

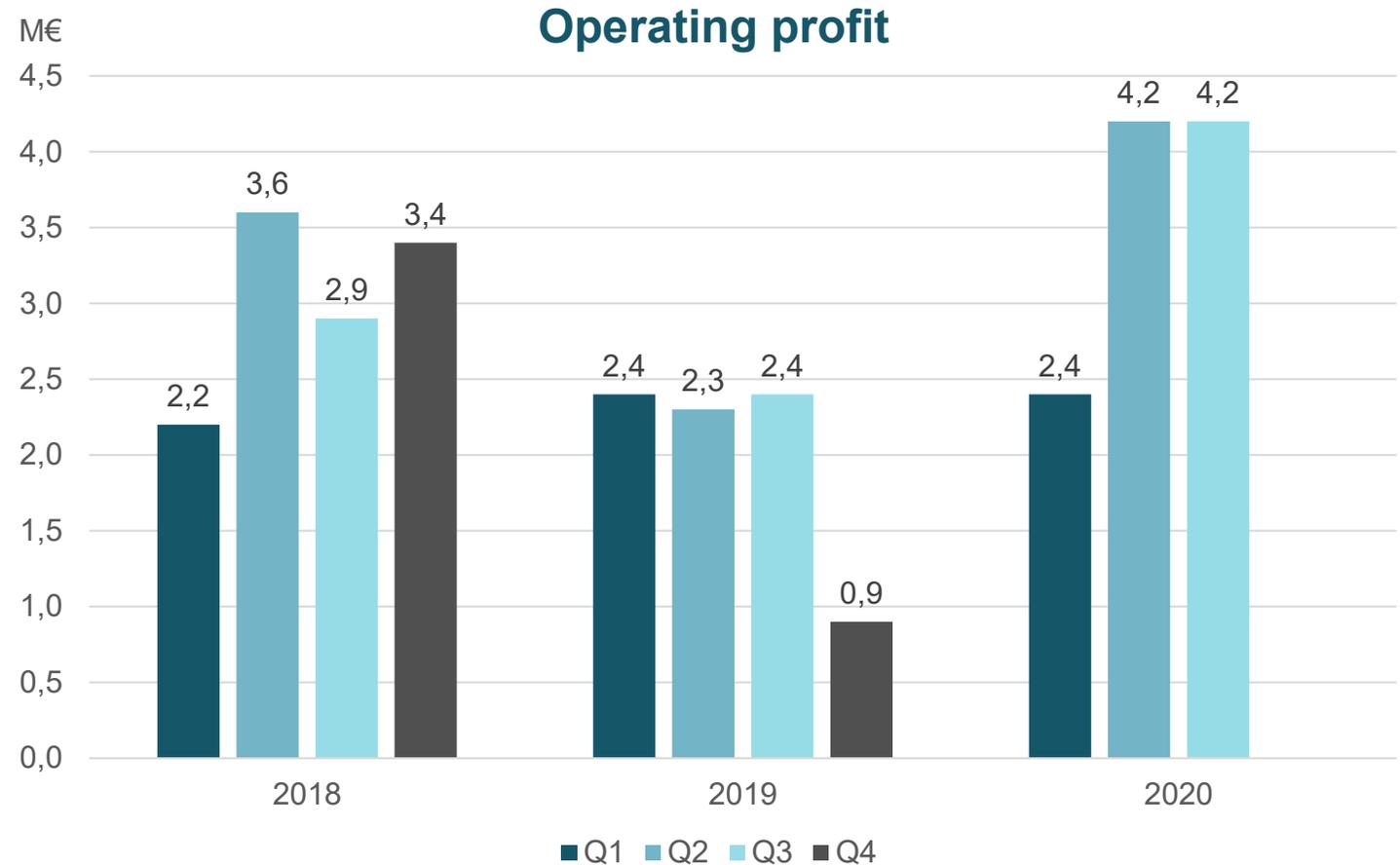


Telko operating profit by quarter

Operating profit for Telko segment increased in Q3 to EUR 4.2 million (2.4).

Operating profit for Telko business in Q3 was EUR 3.5 million (2.5).

Kauko's operating profit in Q3 was EUR 0.7 million (-0.1).



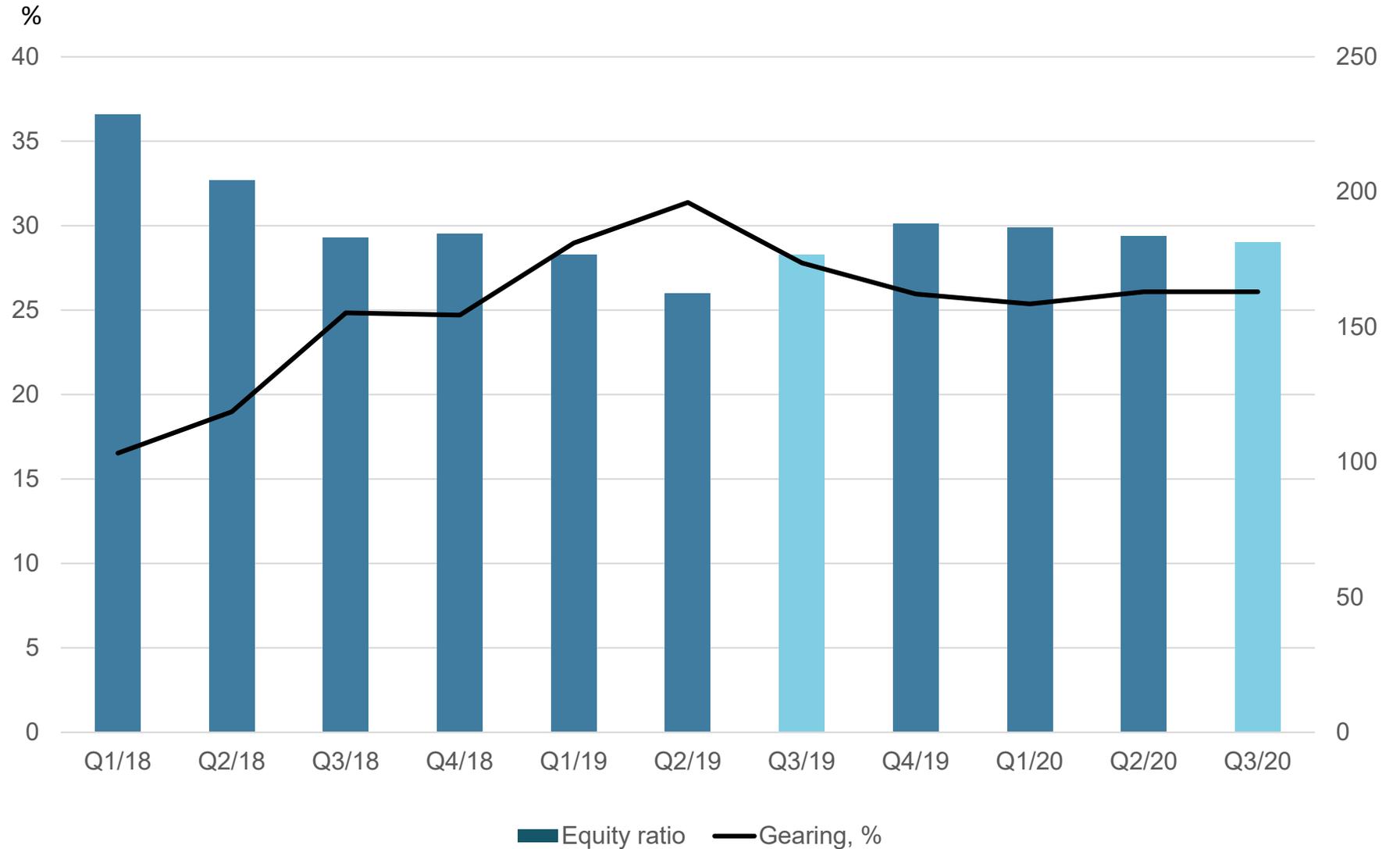
Telko strengthened its position in the Nordic lubricants market by acquiring Swedish ILS Nordic AB



- ILS Nordic is a strategic lubricants distribution partner of BP Castrol in Sweden and Norway.
- The acquisition will increase Telko's net sales in 2021 by approximately EUR 10 million and will improve Telko's relative profitability.
- The acquisition was completed in October 1, 2020, and from now on figures for the lubricants business will be reported as its own entity.
- The acquisition is a continuation of previous acquisitions in Scandinavia and will increase the Nordic countries' share of Telko's net sales to approximately 40%.
- The acquisition is part of Telko's strategic change, where capital is allocated to more profitable and capital-efficient businesses.

Equity ratio and gearing

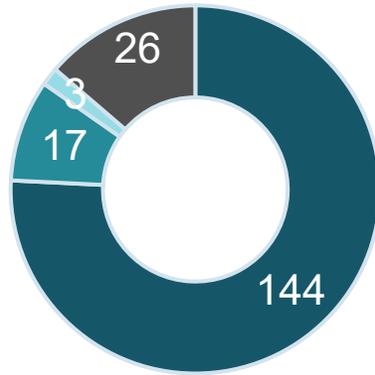
Both gearing and equity ratio improved due to strong cash flow even though the size of the hybrid bond was reduced in Q2.



Liquidity, debt profile and maturities

Interest bearing liabilities without lease liabilities (MEUR)

Average interest rate
1.6%



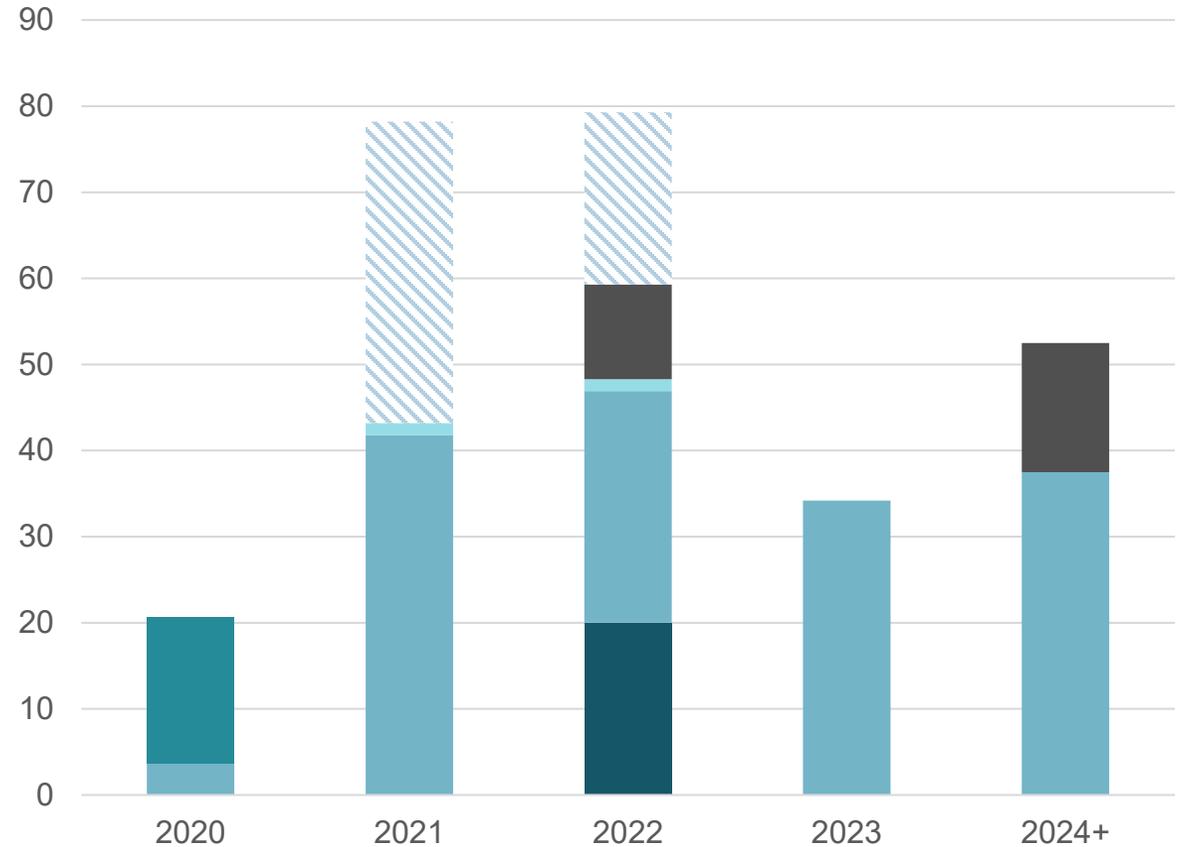
Loans Commercial papers TyEL pension loan Bond

Liquidity position (MEUR)



Cash and cash equivalents Unused revolving credit facilities

Maturity of loan agreements (MEUR)



Hybrid (call) Loans
TyEL pension loan Bond
Commercial papers Revolving credit facilities (unused)

The second distribution of dividend was paid on October 12, 2020



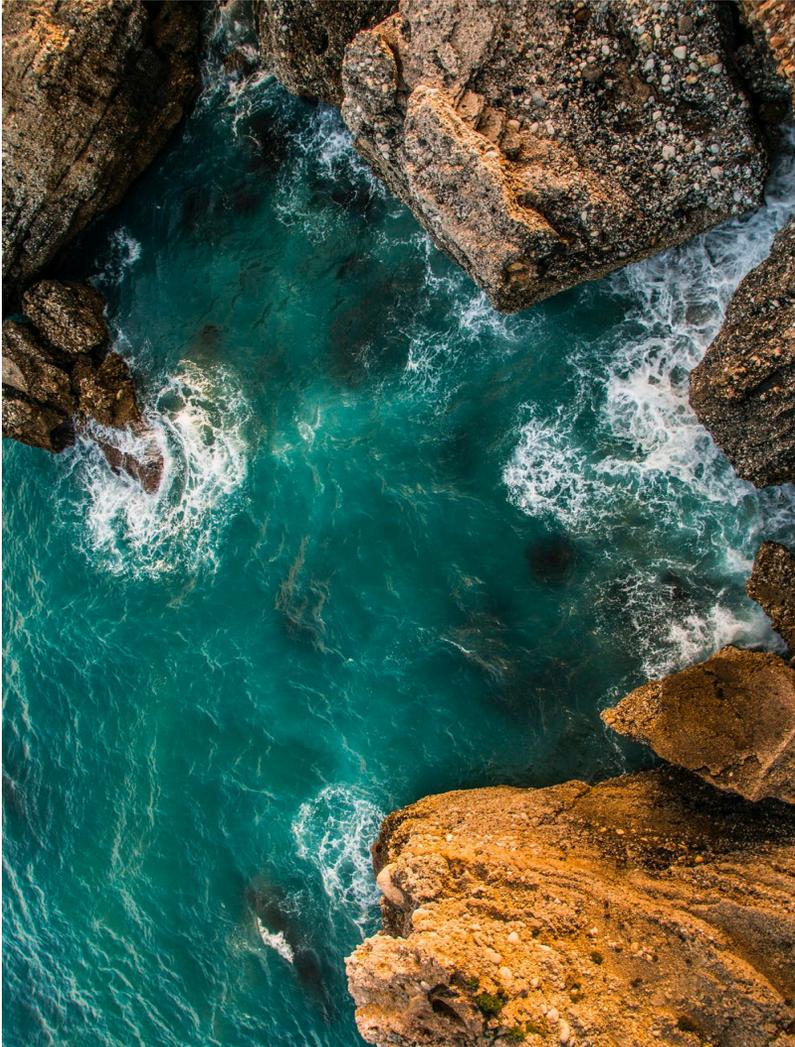
- On October 1, Aspo Plc's Board of Directors decided about the second distribution of dividends, EUR 0.11 per share, on the basis of the decision made at the Annual Shareholders' Meeting on May 4, 2020
- The payment date was October 12, 2020. Following the payment of the second distribution of the dividend, Aspo has distributed a total of EUR 0.22 per share, or EUR 6.9 million, in dividends in 2020.

Aspo Capital Markets day on December 1, 2020



- Aspo invites analysts, institutional investors and business media to its virtual Capital Markets Day on Tuesday 1, December at 1 p.m. - 3 p.m (EET).
- The event focuses on Aspo's strategy and outlook and presentations are given by Aspo Group CEO Aki Ojanen and the managing directors of Aspo's businesses. A more detailed agenda will be shared later.
- Capital Markets Day will be streamed live on Aspo's website (www.aspo.fi) from 1 p.m. A recording of the presentations will be made available later on the same day.

Better than expected Q3



- Telko segment's strong results balanced the challenging quarter
- The most significant negative effects resulting from the coronavirus pandemic on the Group's businesses are starting to be behind us. At the end of Q3, we already saw signs of a rapid market recovery.
- Our cash flow has remained strong, which also supports Aspo's strategic further development
- Guidance: Aspo's operating profit will be EUR 14–16 million (21.1) in 2020. (Previous guidance given on September 14, 2020: Aspo's operating profit will be EUR 12–16 million (21.1) in 2020.)



Appendix

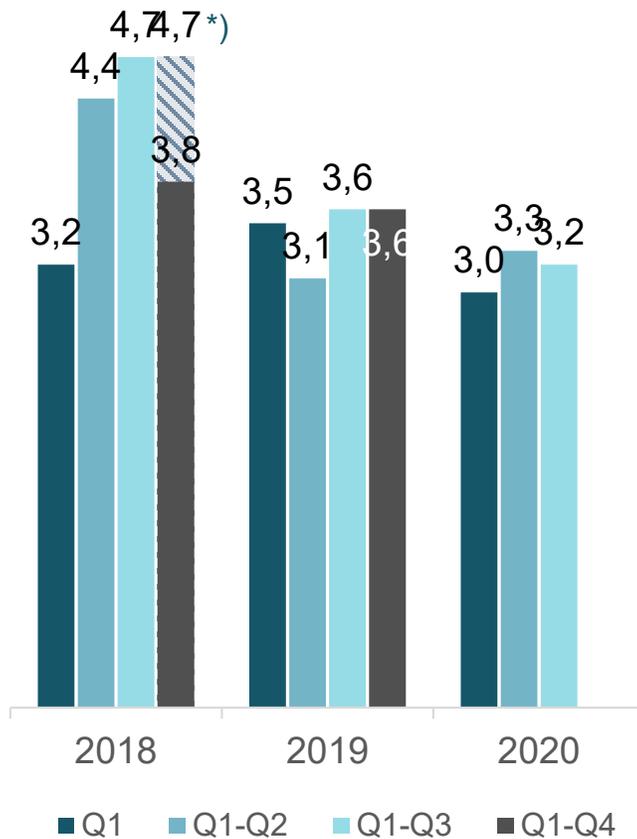
Key figures

	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Net sales, MEUR	118,4	148,0	367,2	440,7	587,7
Operating profit, MEUR	3,6	6,7	11,7	15,7	21,1
Operating profit, %	3,0	4,5	3,2	3,6	3,6
ESL Shipping, operating profit, MEUR	-0,1	4,4	2,8	10,2	14,6
Leipurin, operating profit, MEUR	0,3	0,8	1,2	1,9	3,0
Telko, operating profit, MEUR	4,2	2,4	10,8	7,1	8,0
Earnings per share, EUR	0,05	0,15	0,20	0,37	0,47
Profit before taxes, MEUR	2,5	5,4	8,4	13,7	18,2
Profit for the period, MEUR	2,0	4,9	7,3	12,4	16,1
Net cash from operating activities, MEUR	9,4	19,0	39,9	33,6	52,5
Free cash flow, MEUR	6,1	17,0	34,5	26,7	45,2
Return on equity (ROE), %			8,3	14,0	13,5
Equity ratio, %			29,0	28,3	30,1
Gearing, %			163,0	173,7	162,2
Equity per share, EUR			3,56	3,82	3,92

Long-term financial targets

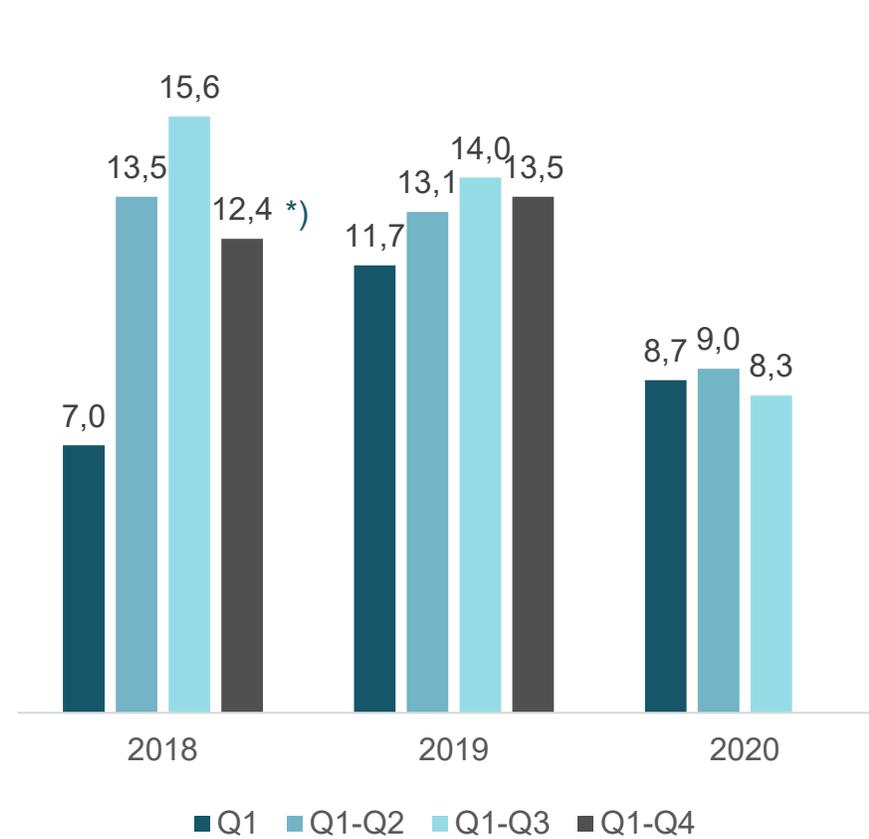
Operating profit rate (cum.)

Target level 6% in 2023



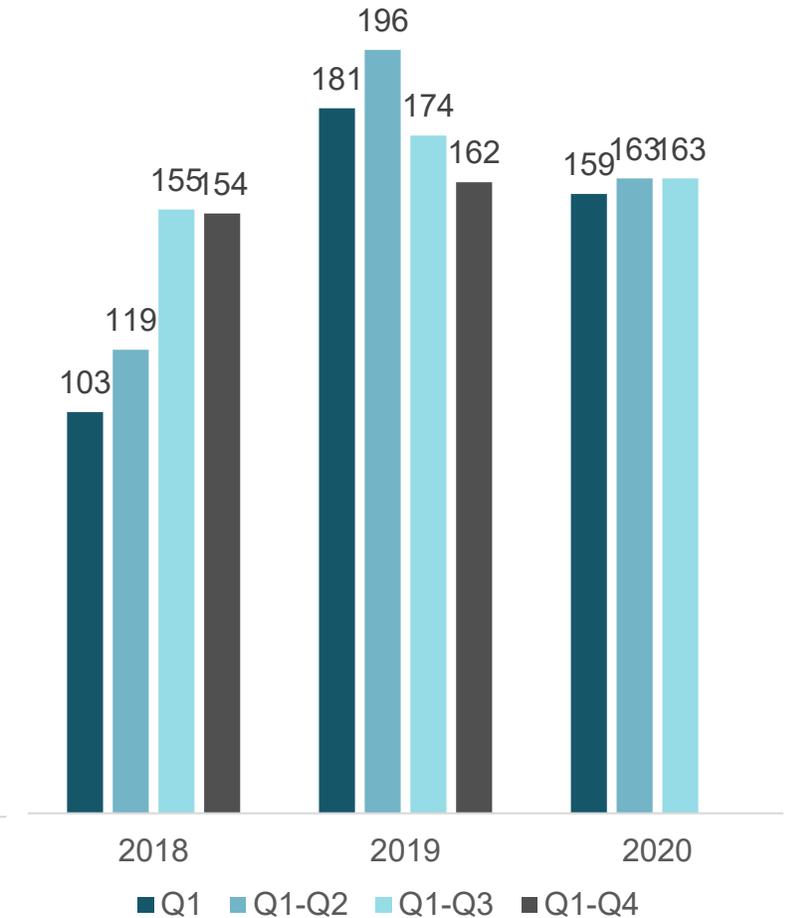
Return on equity (cum.)

Target level > 20% in 2023



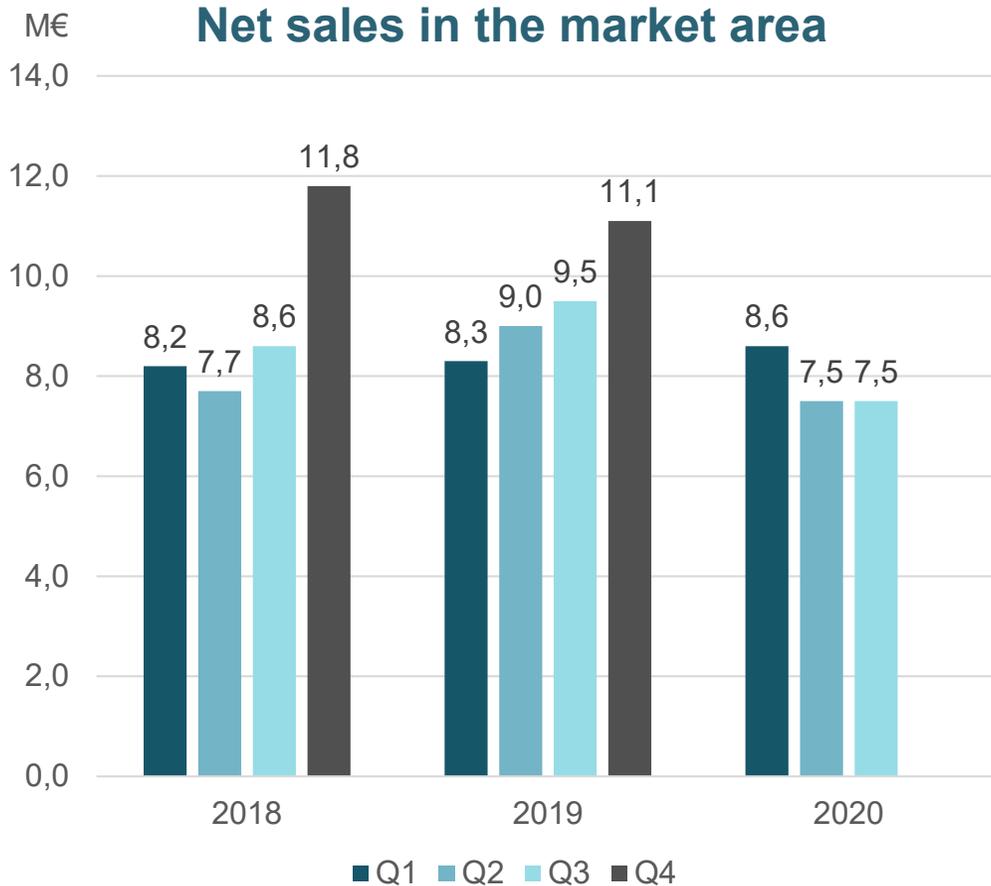
Gearing

Target level 130% in 2023

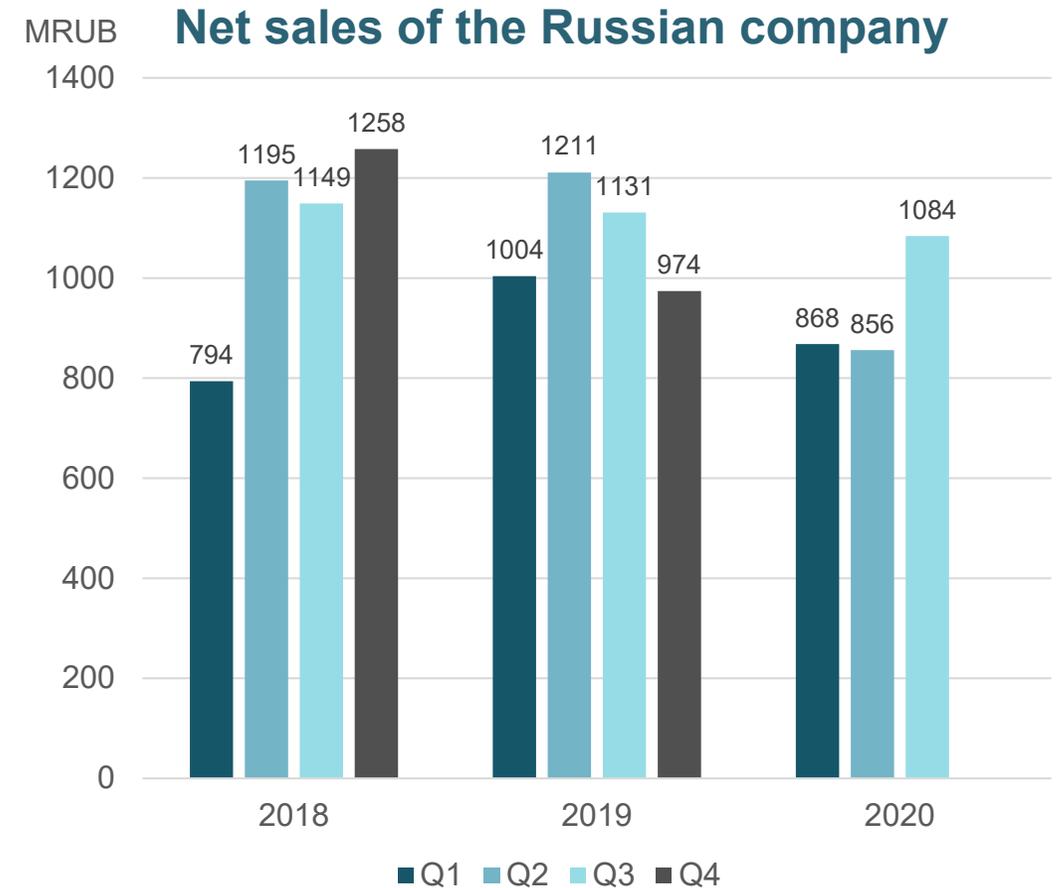
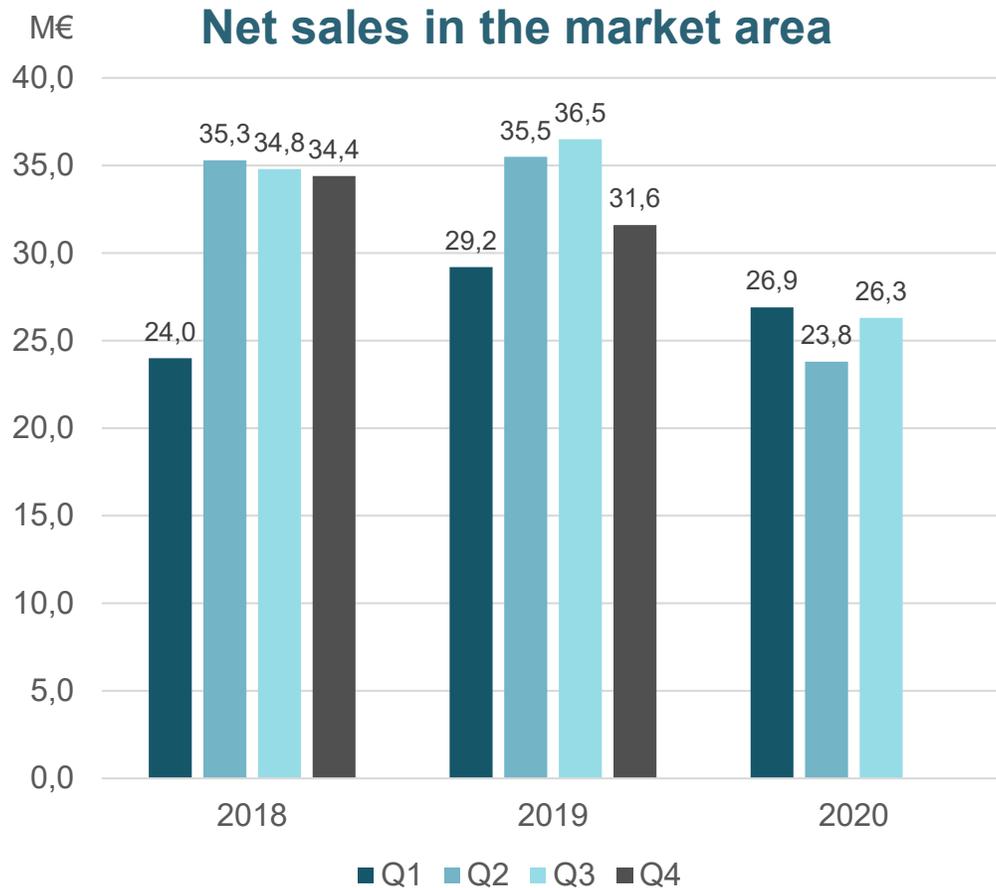


*) Adjusted by an impairment loss recognized on goodwill, the operating profit rate was 4.7% and ROE was 16.2% in 2018 .

Leipurin net sales in Russia, other CIS countries and Ukraine

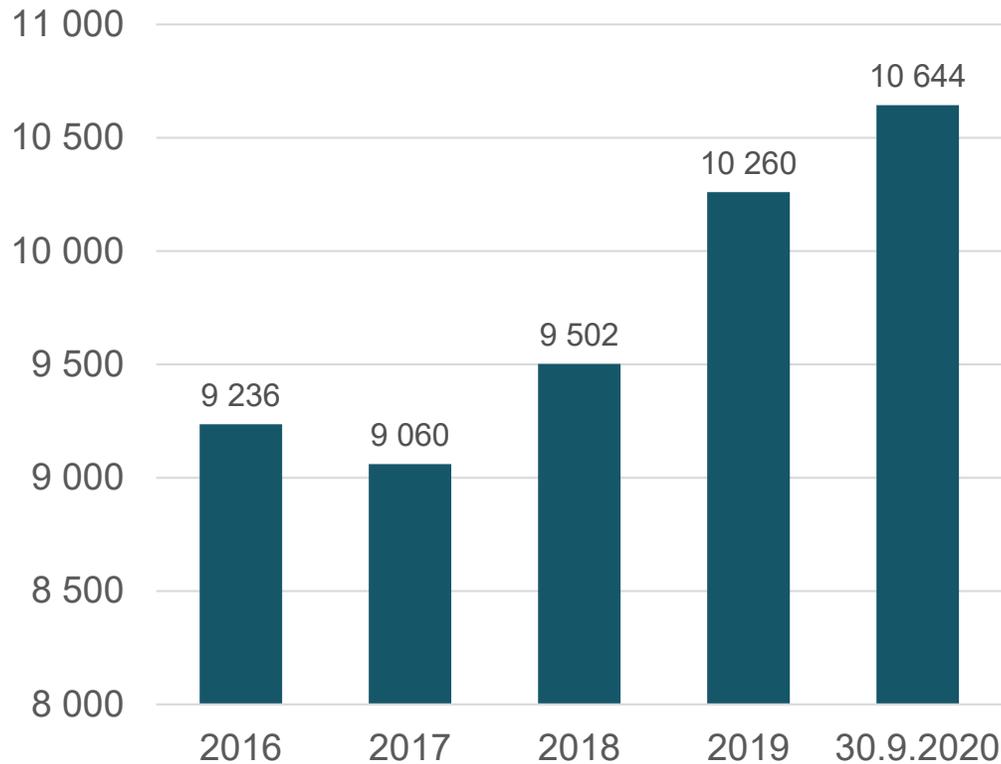


Telko net sales in Russia, other CIS countries and Ukraine



Number of shareholders

Number of shareholders



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

