



Aspo Q4 and full-year 2020

February 11, 2021

CEO

Aki Ojanen

Aspo Q4 and full-year 2020: Strong finish to a challenging year, Q4 operating profit & cash flow record-high

Steep net sales decline eased in Q4

The operating environments of ESL Shipping and Telko started to recover in early autumn. Leipurin suffered from pandemic constraints for most of 2020.

Q4 operating profit highest ever for Aspo Group

Telko segment's operating profit was record high. ESL Shipping's result strengthened due to recovering transport volumes.

Cash flow at a record high

Full-year 2020 net cash from operating activities reached EUR 65 million, the best ever for the Group.

Board's dividend proposal

EUR 0.35 (0.22) per share is distributed in dividends for the 2020 financial year, and the dividend is paid in two installments.

Q4/2020

Net sales

133.5 Me

(147.0)

Operating profit

7.6 Me

(5.4)

Net cash from operating activities

25.1 Me

(18.9)

1-12/2020

Net sales

500.7 Me

(587.7)

Operating profit

19.3 Me

(21.1)

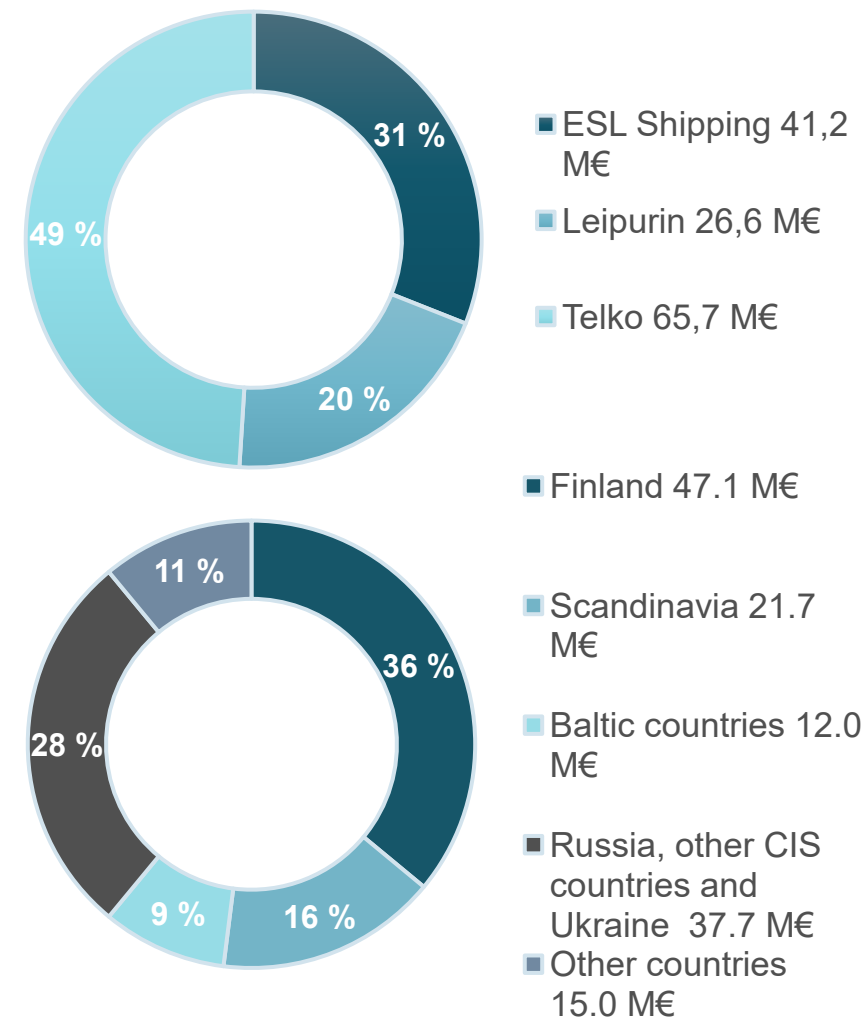
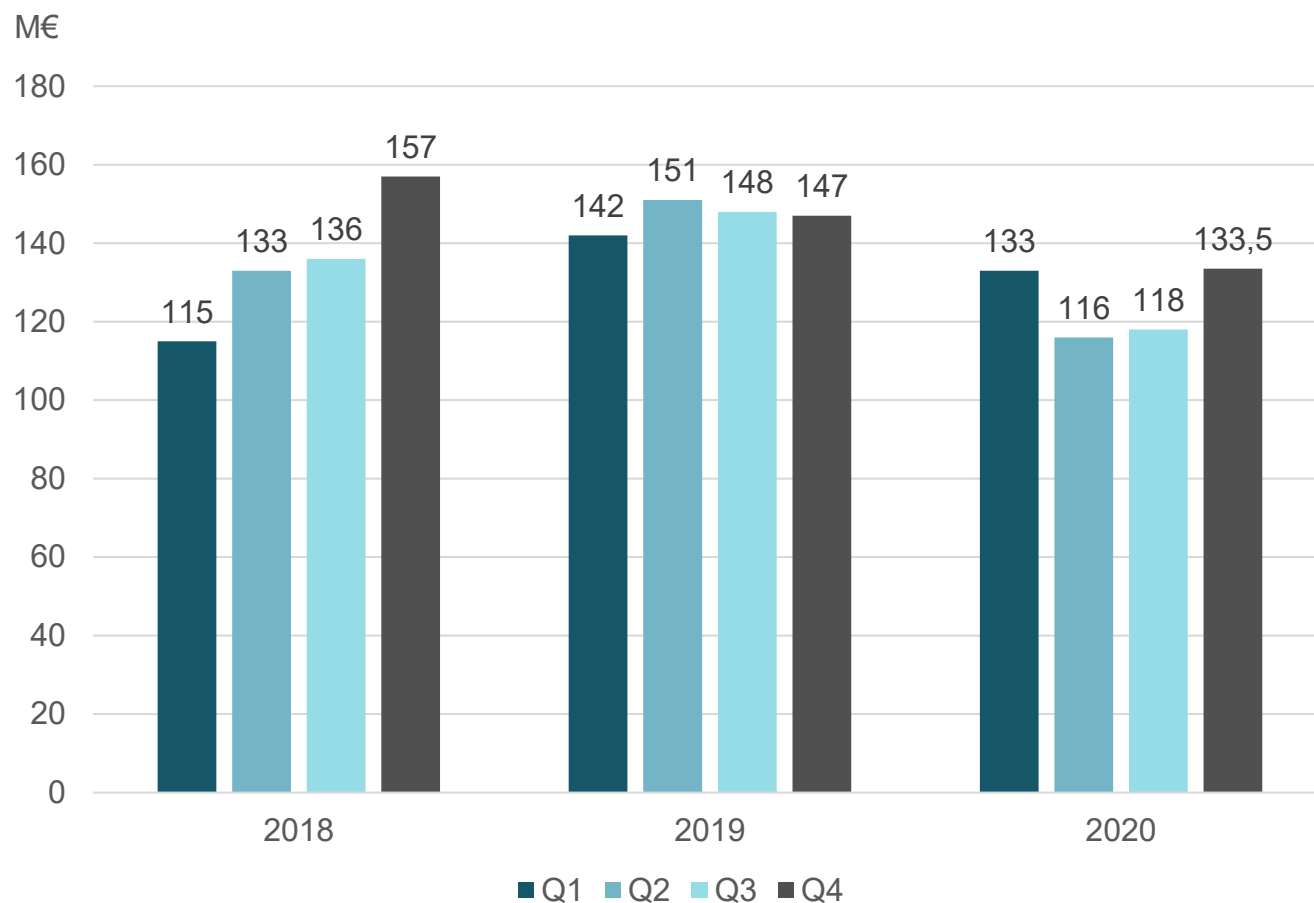
Net cash from operating activities

65.0 Me

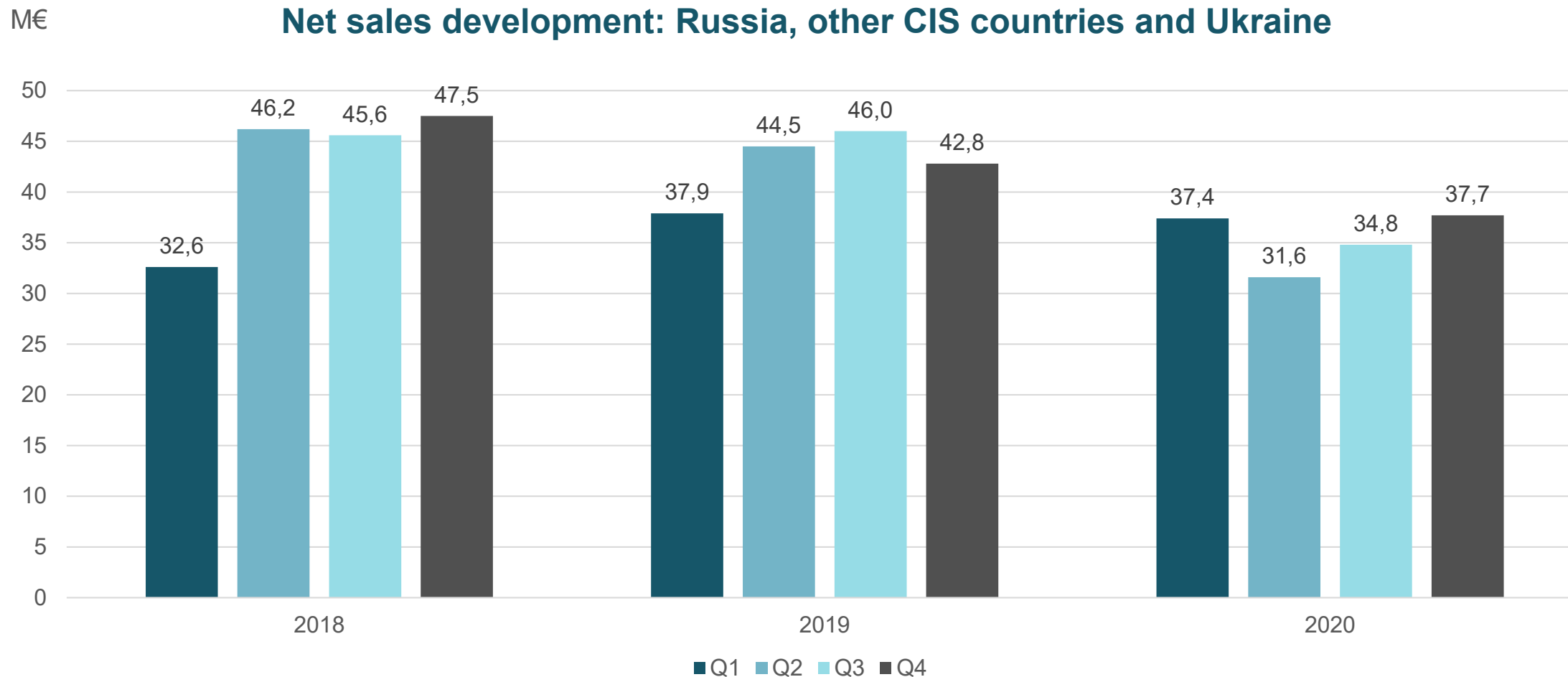
(52.5)

Exceptionally steep drop in demand in the spring, recovery started in early autumn

Net sales



Pandemic and the weakening of the ruble decreased net sales in the Eastern market

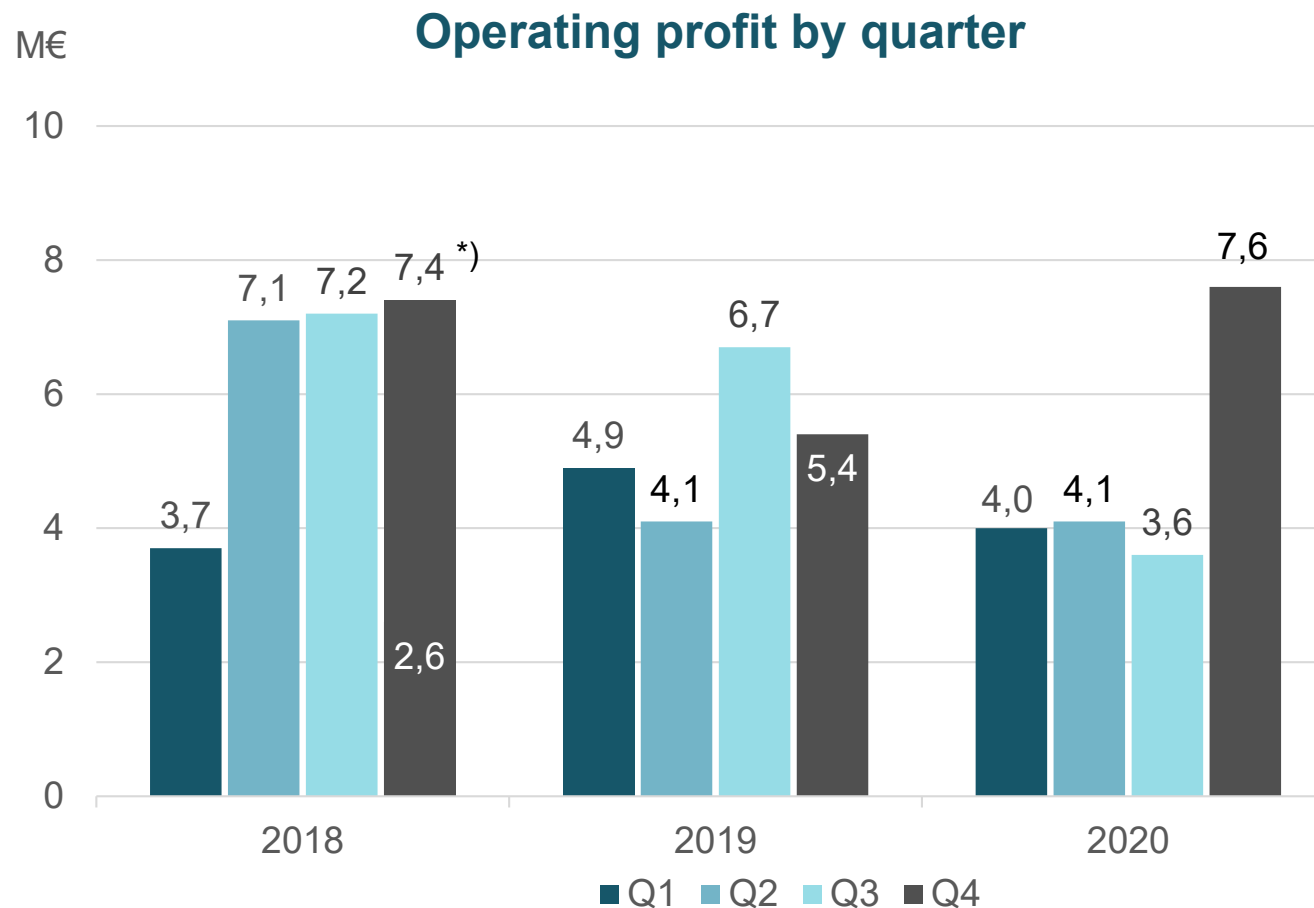


Q4 operating profit at a record high

Q4 operating profit by business:

ESL Shipping	4.8 Me (4.4)
Leipurin	0.2 Me (1.1)
Telko	4.1 Me (0.9)

Q4 operating profit grew to a record high and operating profit rate for the quarter stood at 5.7% (3.7%)

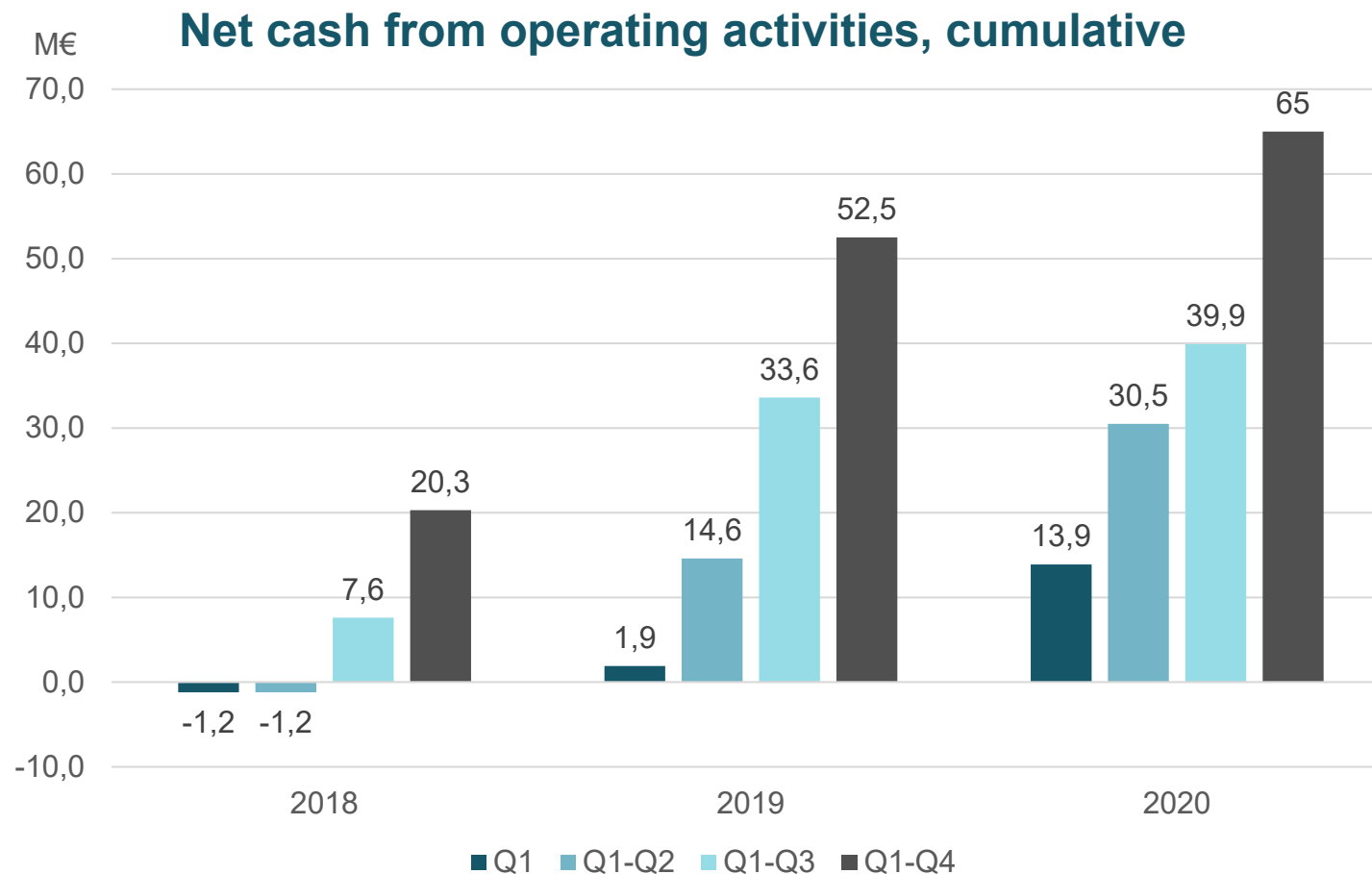


^{*)} Operating profit, adjusted by an impairment loss recognized on goodwill was EUR 7.4 million

Aspo Group's net cash from operating activities highest ever

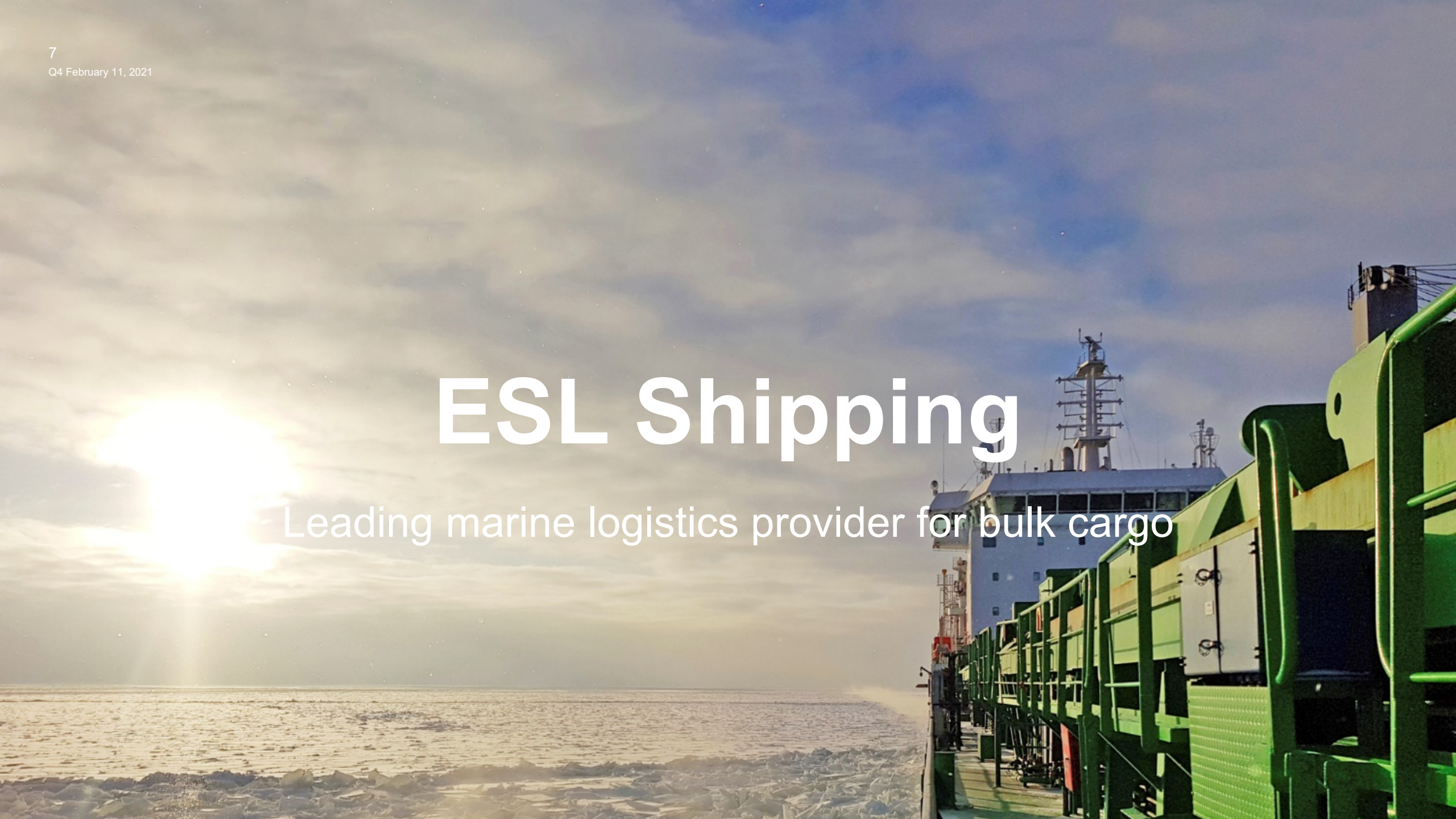
Net cash from operating activities increased to a record high of EUR 65.0 million (52.5), partially due to improved working capital management in the Telko segment.

Due to low investments, the full-year free cash flow increased to EUR 56.0 million (45.2).



ESL Shipping

Leading marine logistics provider for bulk cargo



ESL Shipping Q4 2020:

Strong fourth quarter to conclude a challenging year

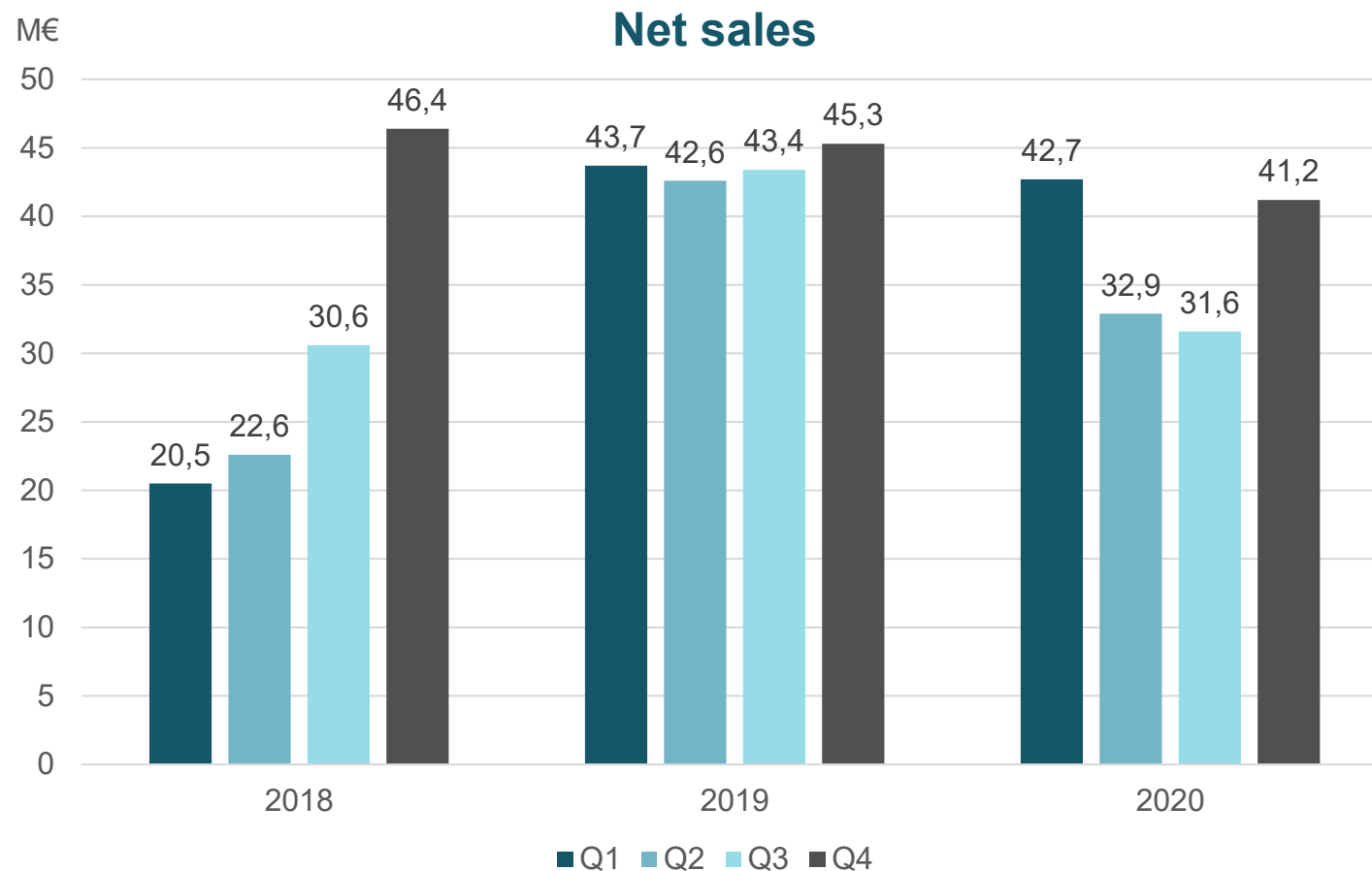


- Q4 operating profit increased to EUR 4.8 million (4.4). Vessel operations succeeded despite challenging wind conditions, and cost efficiency improved.
- ESL Shipping's Q4 net sales decreased 9% and were EUR 41.2 million (45.3).
- After a historically steep net sales decline in Q2-Q3 caused by the pandemic, the market started to recover with demand and transportation volumes increasing especially among the steel industry customers.
- Demand for loading and unloading operations for vessels at sea was very high during the quarter.

ESL Shipping net sales by quarter

Q4 net sales decreased 9% as transport volumes still fell slightly short from comparative period.

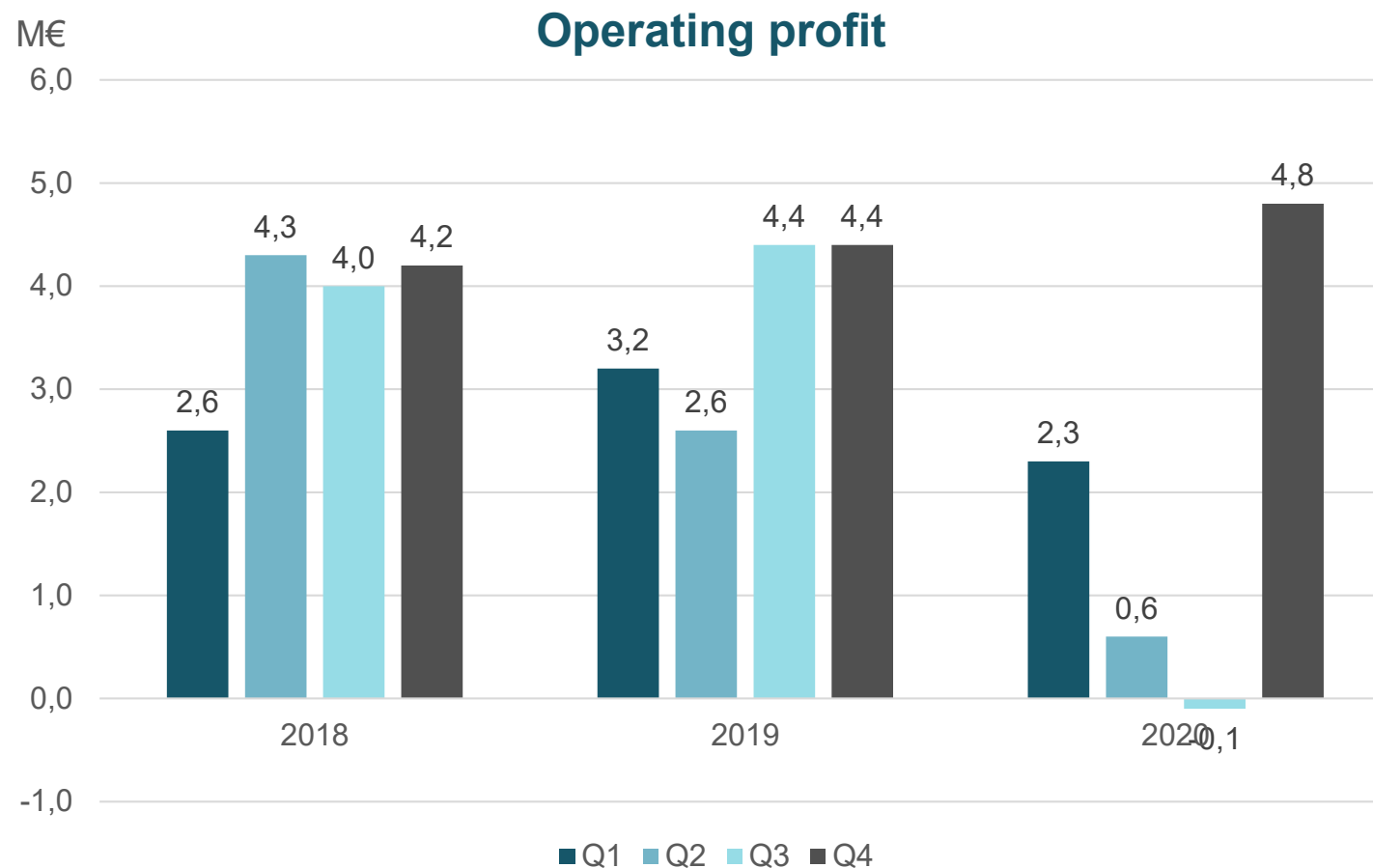
ESL Shipping's fleet was fully utilized since the end of October.



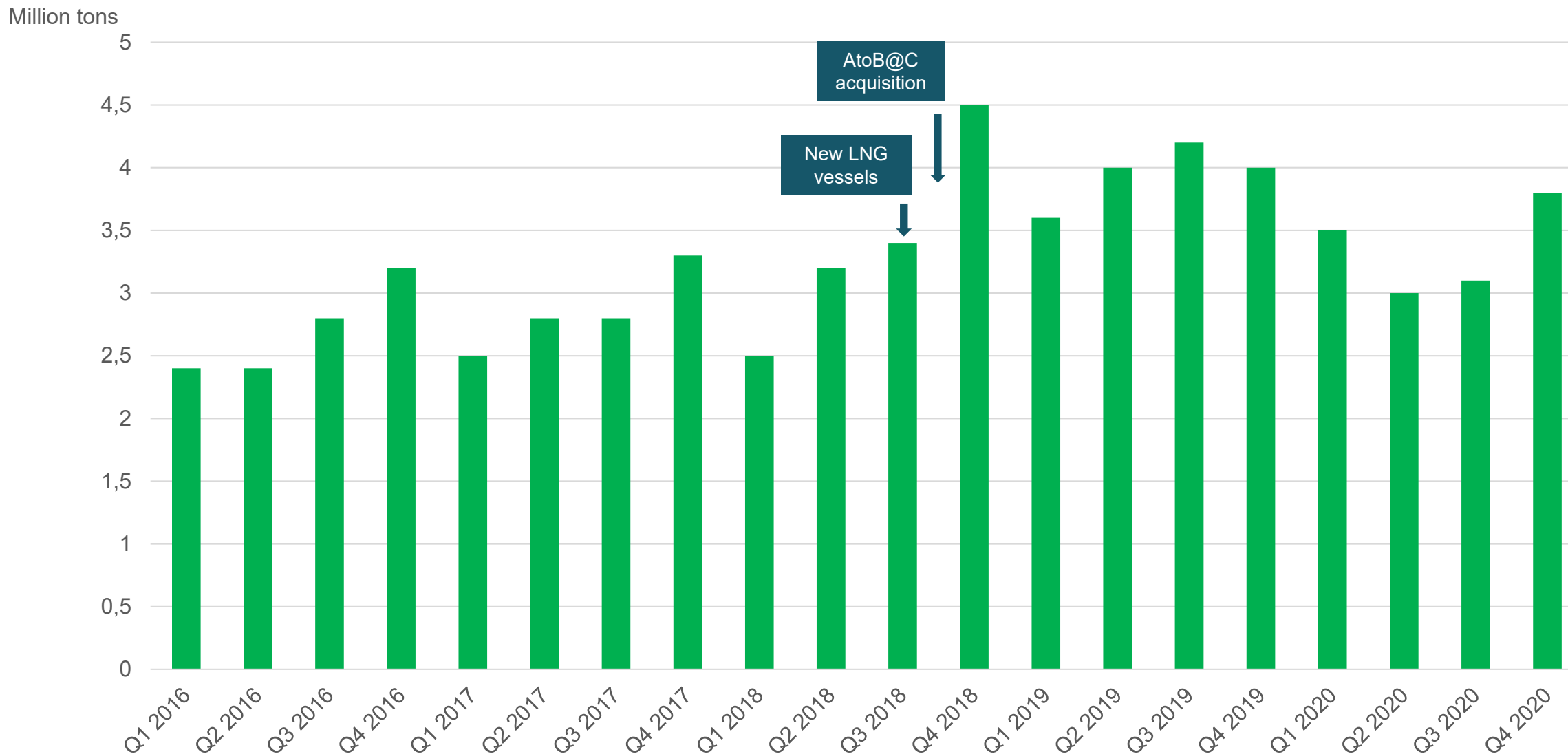
ESL Shipping operating profit by quarter

Strong Q4 with transport volumes recovering after a challenging early part of the year.

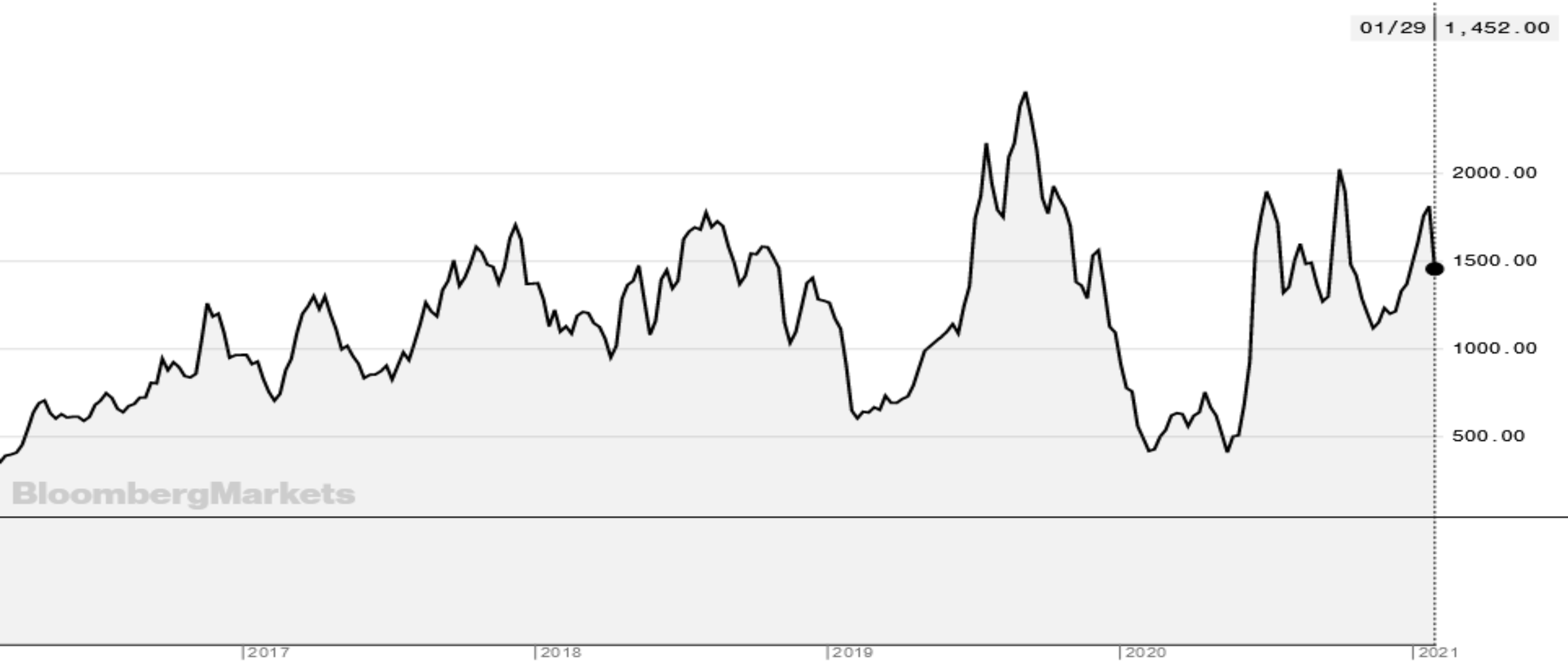
Q4 operating profit rate was 11.7%, approaching the long-term target of 12%.



Development of transport volumes



Baltic Dry Index 2016-2020





Leipurin

From bread and recipes to a comprehensive selection

Leipurin Q4 2020: Challenging operating environment due to the pandemic constraints

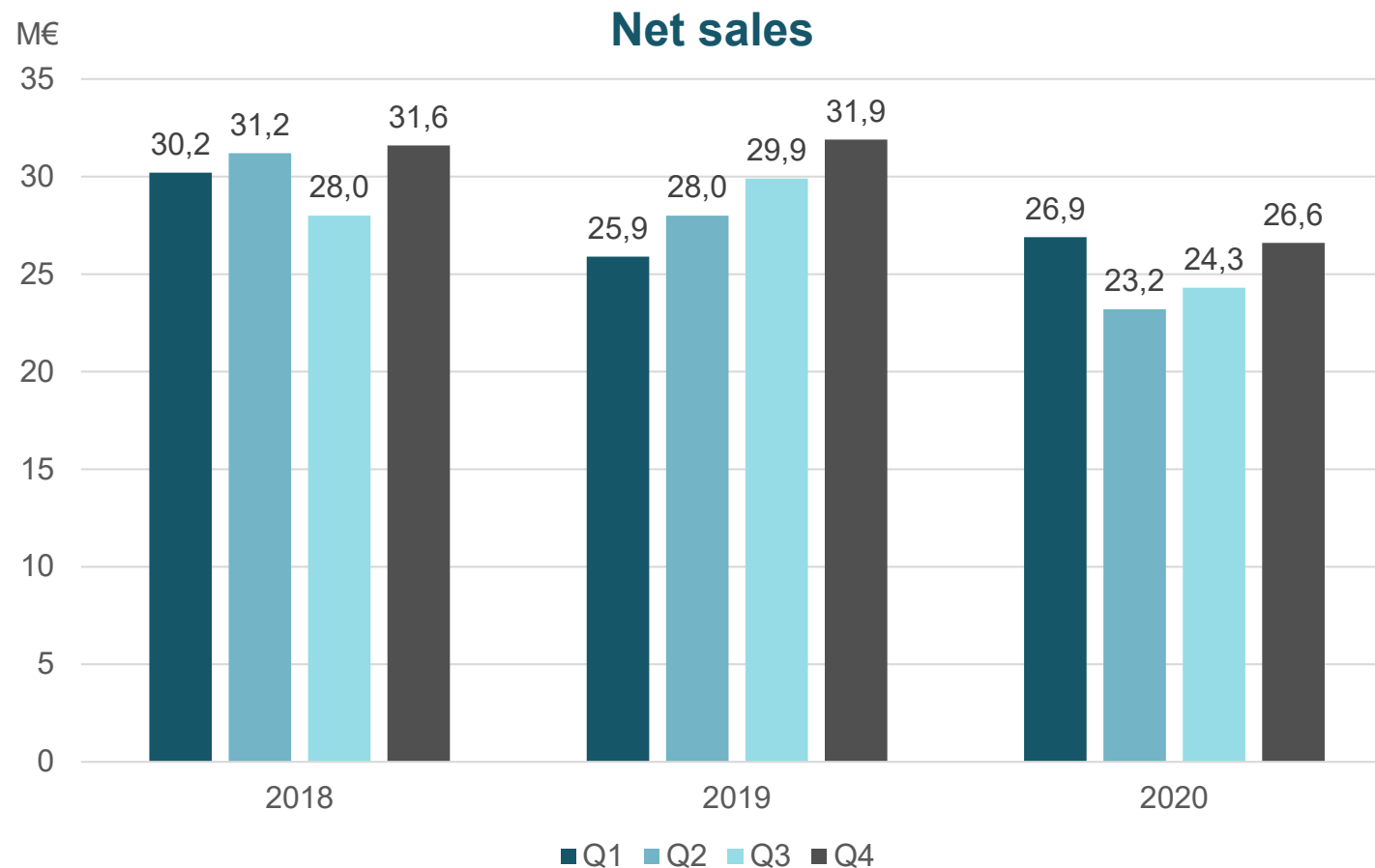


- Leipurin's market environment remained challenging due to the restrictions related to the pandemic. Q4 net sales decreased to EUR 26.6 million (31.9).
- Q4 operating profit decreased to EUR 0.2 million (1.1). Leipurin continued to improve the efficiency of its operations and reduce expenses.
- Bakery raw material trade is returning to normal in western and eastern markets, while regional restrictions have had a significant negative impact on foodservice and machinery operations.

Leipurin net sales by quarter

Leipurin's business was significantly impacted by the pandemic constraints which substantially decreased both net sales and operating profit.

Net sales were also negatively affected by the decrease in the value of the Russian ruble.

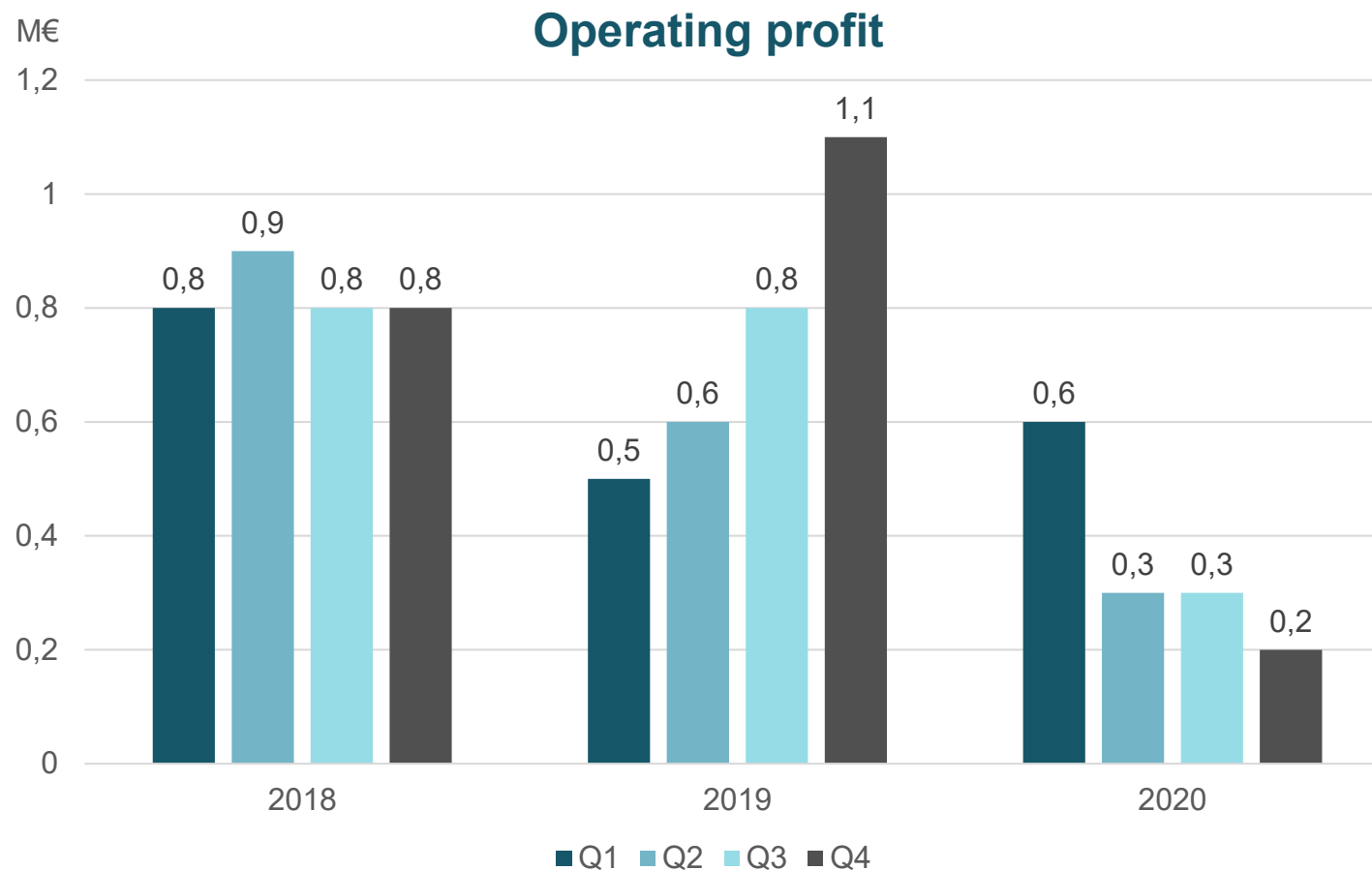


Leipurin operating profit by quarter

Clear decline in operating profit caused by lowered demand due to pandemic related restrictions.

Significant machine deliveries to Russia also further delayed by the constraints.

The order book of the machinery business improved during Q4, and the machinery business is expected to be profitable in 2021.





Telko

Raw material solutions for the industry

Telko Q4 2020: Record results despite a challenging market



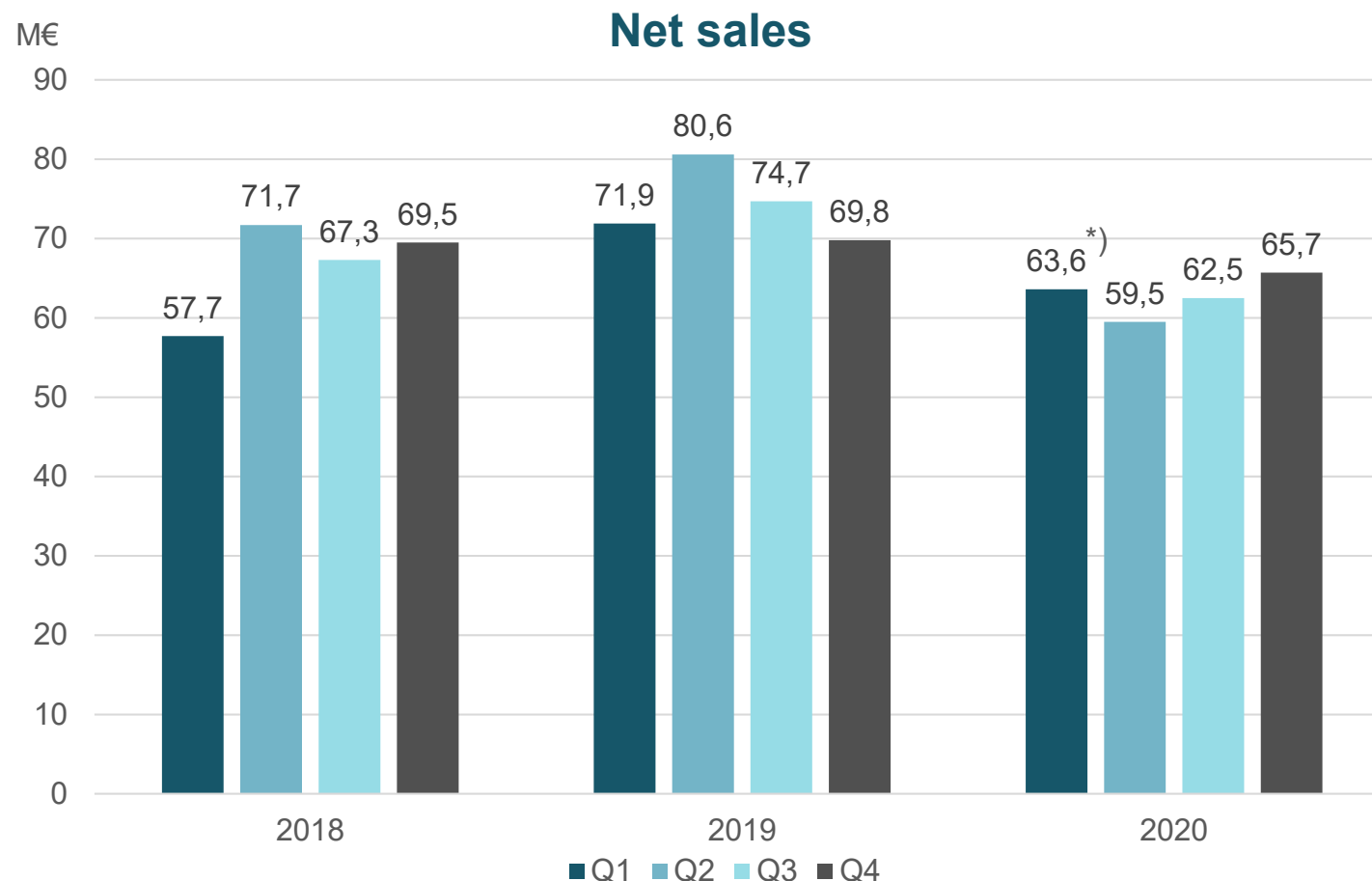
- Telko segment's Q4 net sales decreased by 5.9% and was EUR 65.7 million (69.8).
- Industrial demand, which decreased significantly in spring, started to slowly return to normal during the fourth quarter.
- The operating profit of the Telko segment increased significantly during Q4 to EUR 4.1 (0.9) million. The segment's full-year operating profit grew to a record high of EUR 14.9 million (8.0). The 2020 operating profit rate approached the long-term target of 6%, being 5.9% (2.7%).
- On October 1, 2020, Telko strengthened its position in lubricant markets in Sweden and Norway by acquiring all shares in Swedish ILS Nordic AB and its subsidiary Autolubes Nordic AB. The acquisition will increase Telko's net sales in 2021 by approximately EUR 10 million.

Telko net sales by quarter

Prices of plastic raw materials and chemicals increased from the previous quarter to the comparative period's level.

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 governmental authorities and high-quality protective equipment delivered to the public sector.



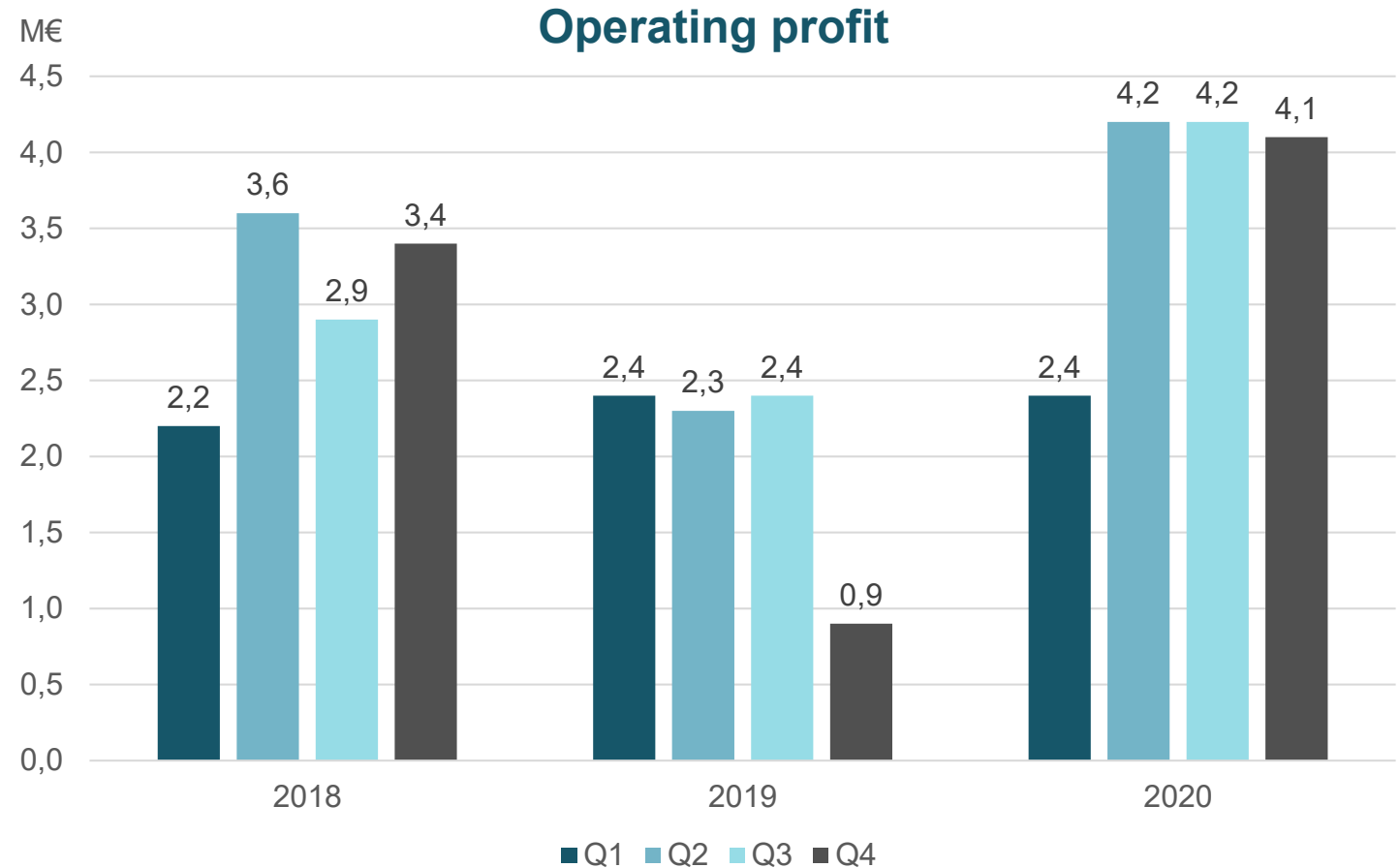
^{*)} As of January 1, 2019 Kauko is reported as part of Telko segment. Kauko's Q4 2020 net sales were EUR 7.9 million (5.9).

Telko operating profit by quarter

Telko segment's full-year operating profit increased to a record level of EUR 14.9 million (8.0).

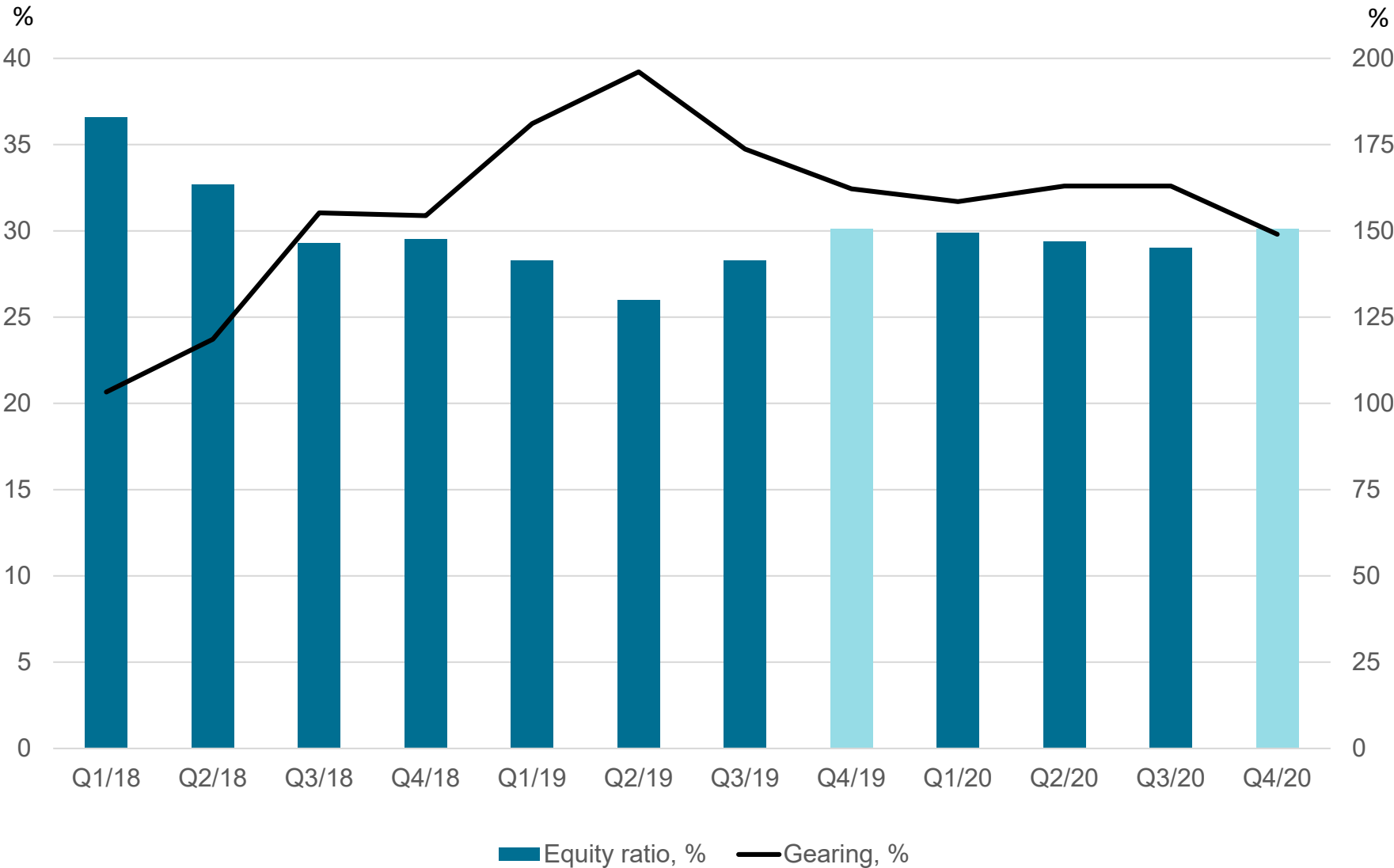
Operating profit of Telko business in Q4 was EUR 3.2 million (1.1).

Kauko's Q4 operating profit was EUR 0.9 million (-0.2).



Equity ratio and gearing

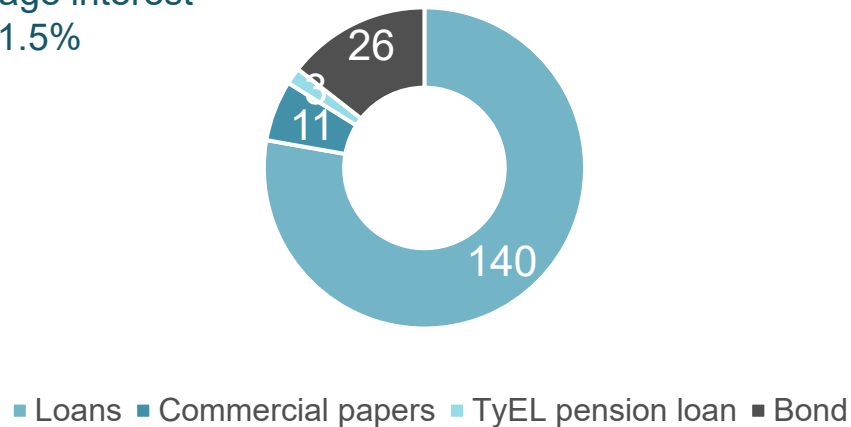
Gearing improved due to strong cash flow even though the size of the hybrid bond was reduced in Q2.



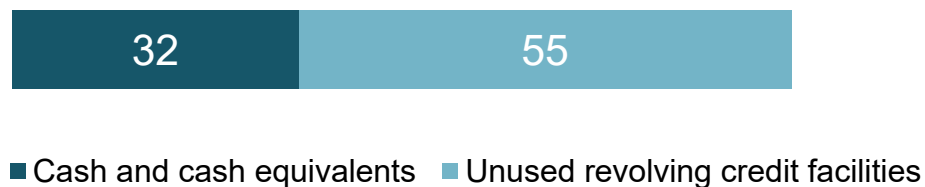
Strong liquidity and a balanced maturity structure

Interest bearing liabilities without lease liabilities (MEUR)

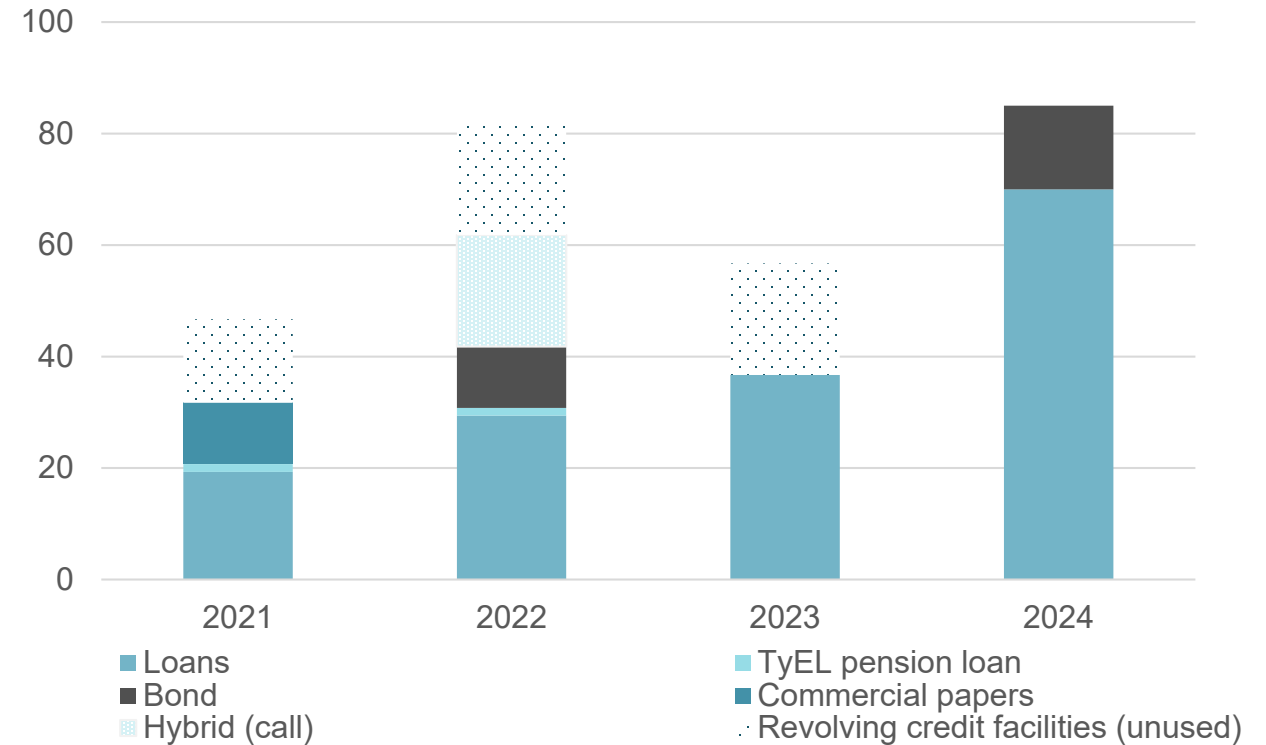
Average interest rate 1.5%



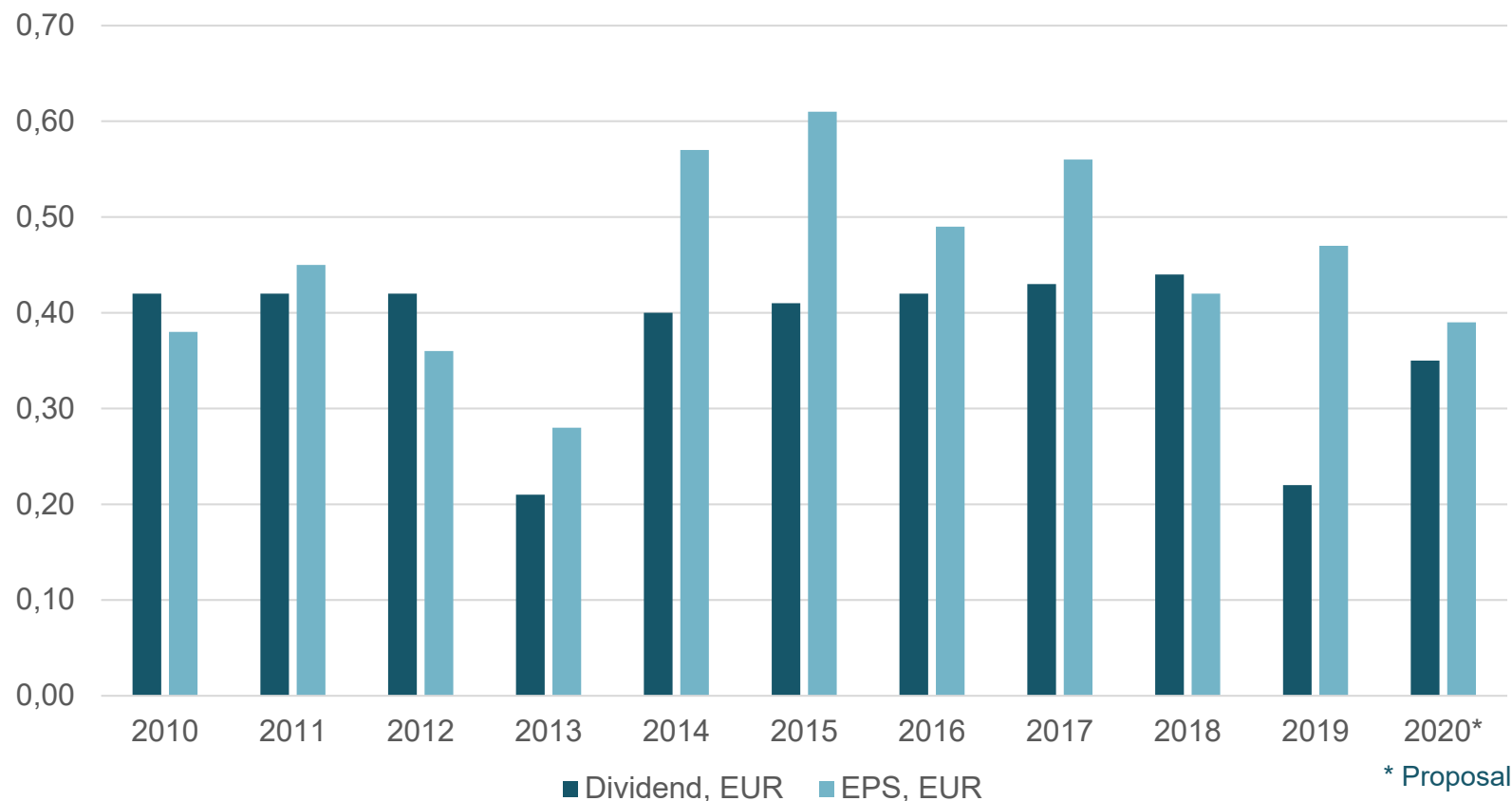
Liquidity position (MEUR)



Maturity of loan agreements (MEUR)



Dividend proposal EUR 0.35 per share



The Board of Directors proposes that EUR 0.35 (0.22) per share is distributed in dividends for the 2020 financial year, and that the dividend is paid in two installments.

Furthermore, the Board of Directors proposes that the first installment of EUR 0.18 per share is paid in April and the second installment of EUR 0.17 per share is paid in November.

From a good position to 2021

- During the year, we successfully managed to protect our results despite the challenging operating environment.
- ESL Shipping's and Telko's customer demand began to recover strongly already at the end of 2020, and we estimate that Aspo's operating conditions will improve as a whole during 2021.
- Strong cash flow forms an excellent platform for the Group's development.
- Towards the end of the year, Aspo's Board of Directors outlined the Group's new long-term sustainability target, according to which Aspo's businesses are to be forerunners in sustainability in their industries.



Guidance for 2021

Aspo's operating profit in 2021 will be higher than in 2020 (EUR 19.3 million).



Appendix

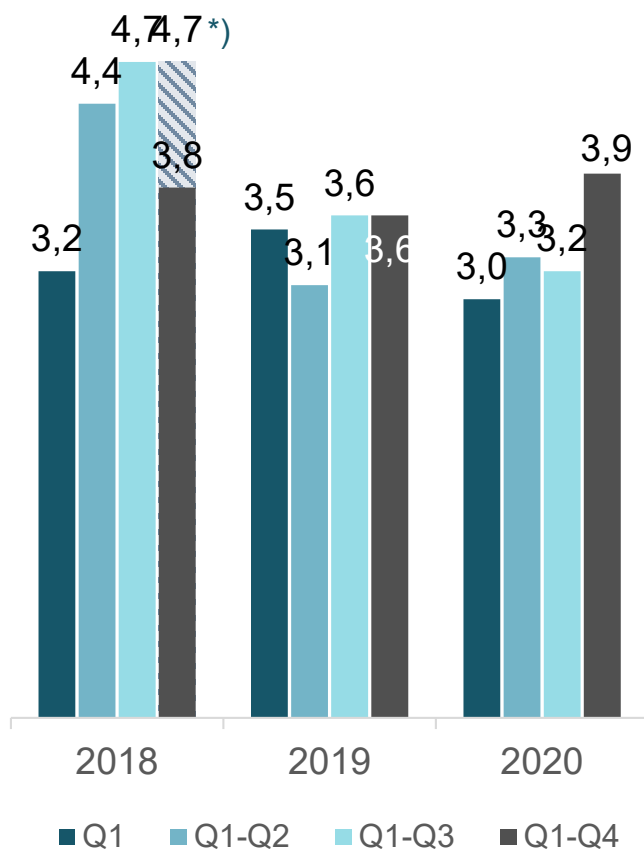
Key figures

	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Net sales, MEUR	133.5	147.0	500.7	587.7
Operating profit, MEUR	7.6	5.4	19.3	21.1
Operating profit, %	5.7	3.7	3.9	3.6
ESL Shipping, operating profit, MEUR	4.8	4.4	7.6	14.6
Leipurin, operating profit, MEUR	0.2	1.1	1.4	3.0
Telko, operating profit, MEUR	4.1	0.9	14.9	8.0
Earnings per share, EUR	0.19	0.10	0.39	0.47
Profit before taxes, MEUR	6.4	4.5	14.8	18.2
Profit for the period, MEUR	6.1	3.7	13.4	16.1
Net cash from operating activities, MEUR	25.1	18.9	65.0	52.5
Free cash flow, MEUR	21.5	18.5	56.0	45.2
Return on equity (ROE), %			11.4	13.5
Equity ratio, %			30.1	30.1
Gearing, %			149.0	162.2
Equity per share, EUR			3.63	3.92

Long-term financial targets

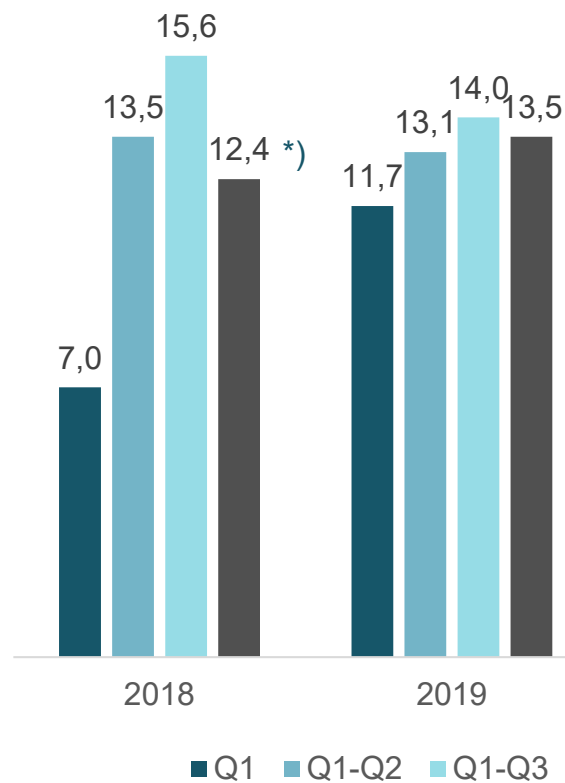
Operating profit rate (cum.)

target 6% in 2023



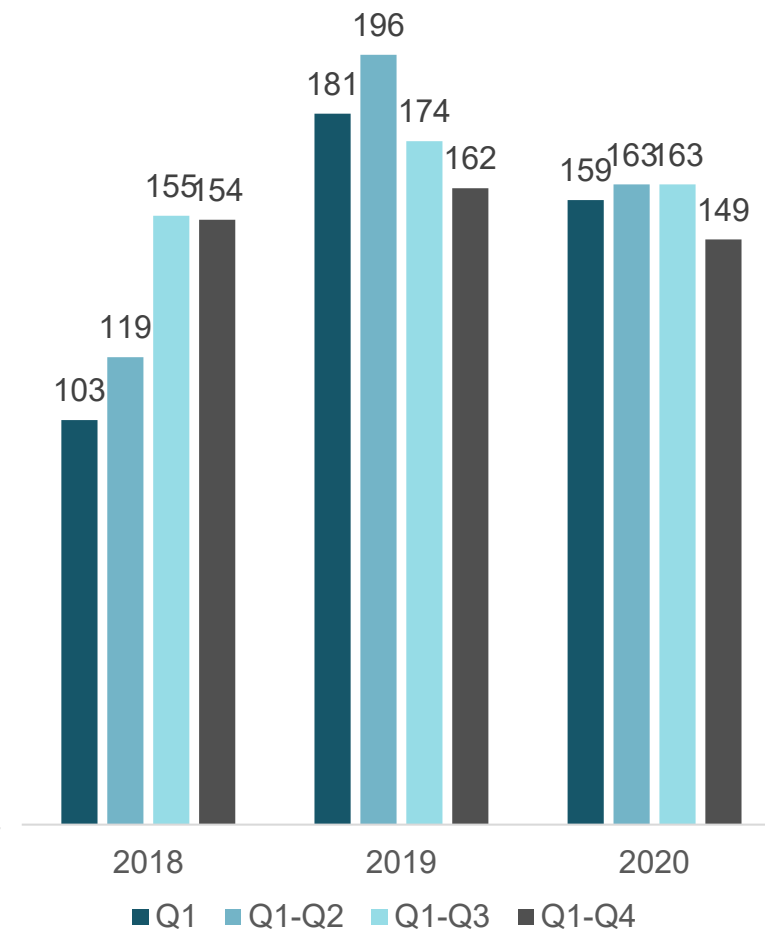
ROE (cum.)

target > 20% in 2023



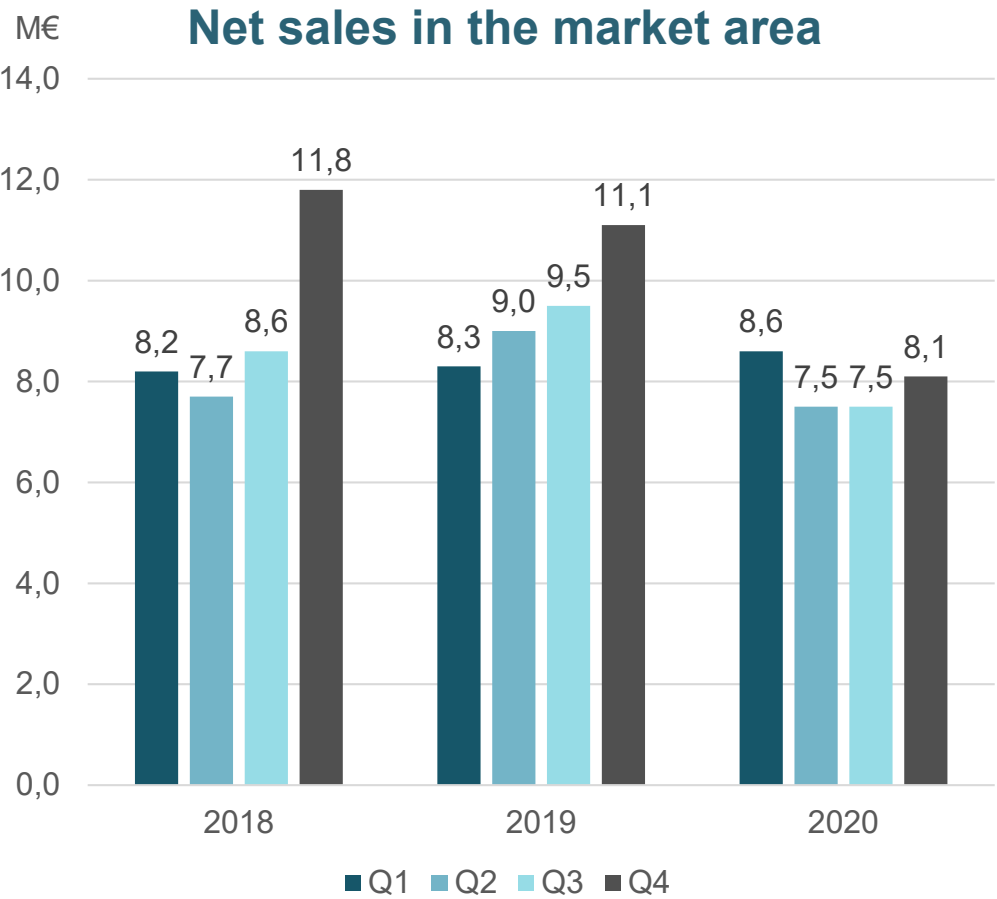
Gearing

target 130% in 2023

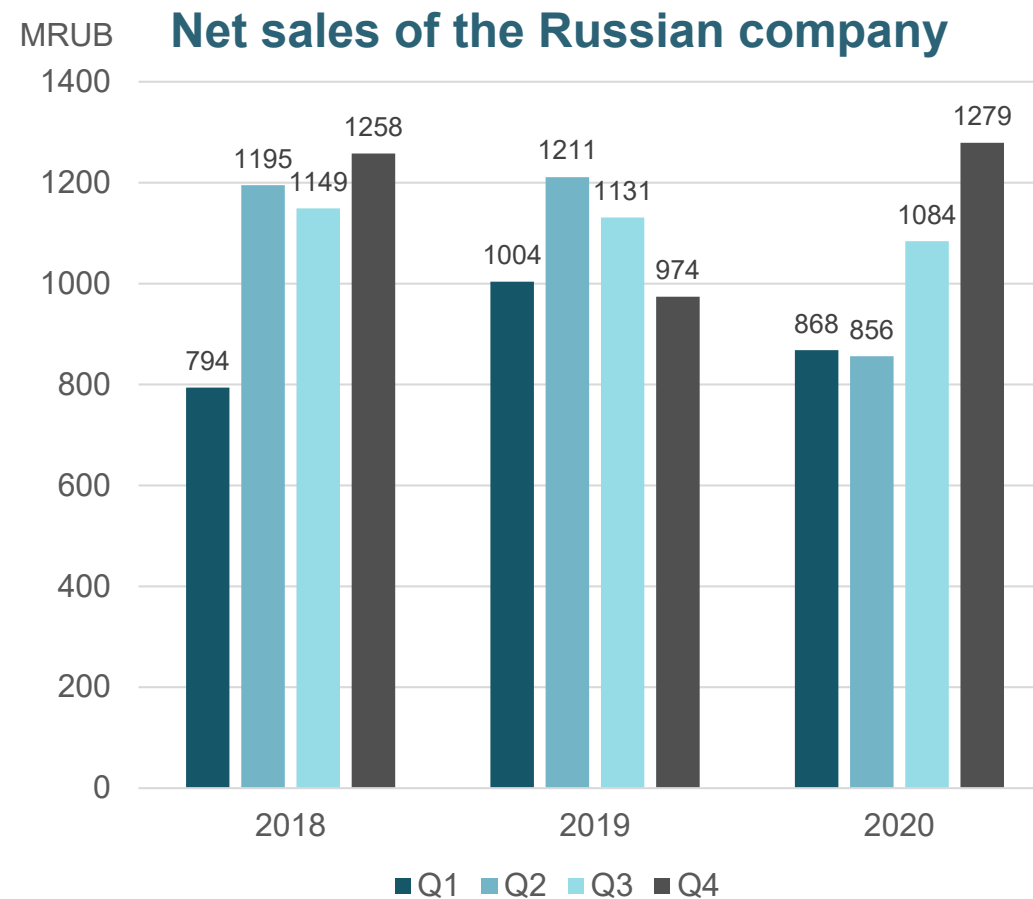
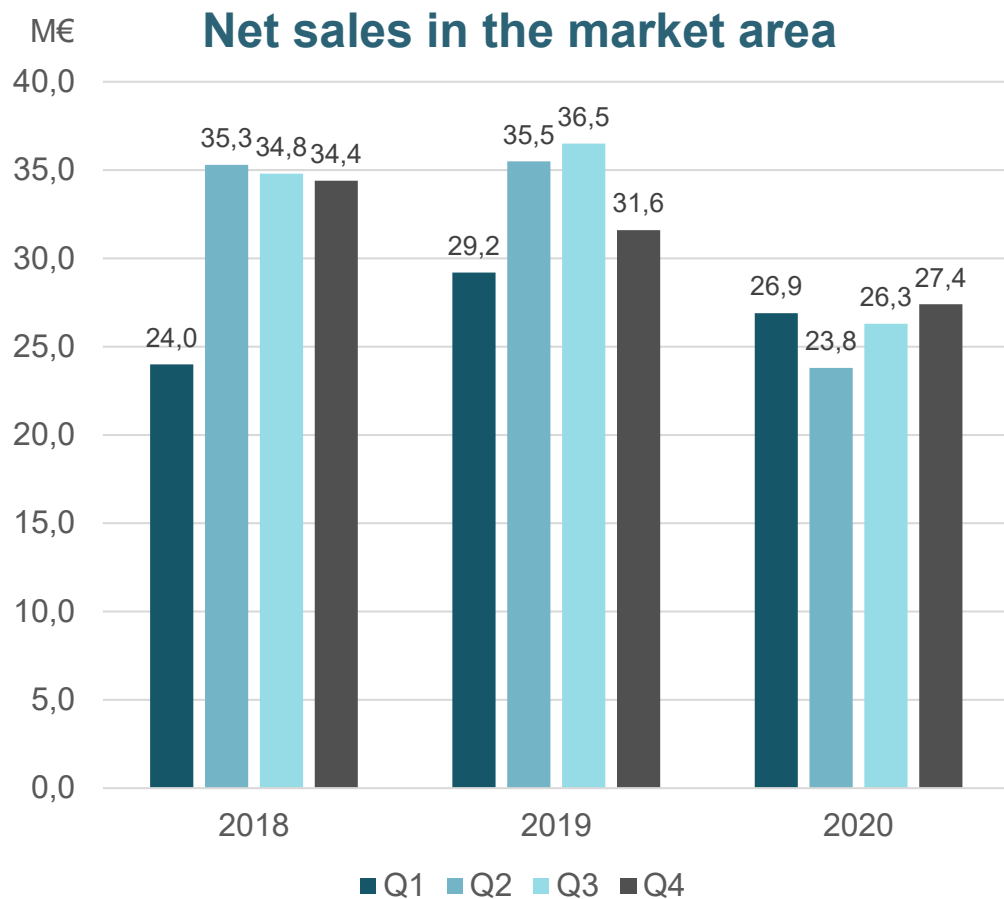


*) Adjusted by an impairment loss recognized on goodwill, the operating profit rate was 4.7% and ROE was 16.2% in 2018 .

Leipurin net sales in Russia, other CIS countries and Ukraine

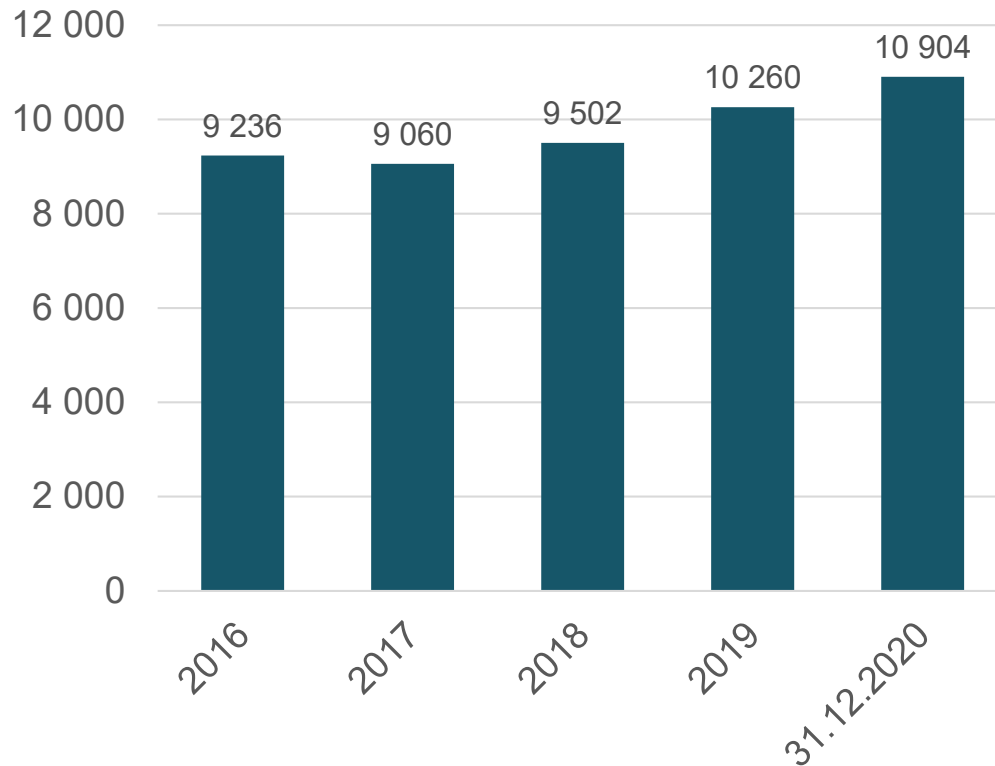


Telko net sales in Russia, other CIS countries and Ukraine



Shareholders / allocation

Number of shareholders



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

