



Aspo Q3/2021:

Record performance continued  
in ESL Shipping and Telko business

CEO Rolf Jansson



# Rolf Jansson

CEO, Aspo Group

- Started as a CEO of Aspo Group on August 16, 2021
- Prior professional experience include:
  - CEO and SVP Logistics, VR Group
  - SVP, Nordea Corporate Finance
  - Principal, Booz Allen Hamilton
- Education:
  - M.Sc. in engineering
  - M.Sc. in economics



# Towards a new Aspo Group

- Strengthened general economic development has supported Aspo's performance and the company is in a good shape
- Strong team enables further improvements going forward
- We will revert to the future of Aspo and its strategy during the Capital Markets Day on December 1st
  - Targets
  - Role of Aspo Group
  - Business portfolio perspectives
  - Business outlook
  - Sustainability



# Overall Q3 market development

## **Strong economic development supporting Aspo's performance**

- Strong demand and increasing price levels for ESL Shipping
- Strong demand and growth in sales of higher value-added products for Telko
- Overall increasing, but highly volatile prices of Leipurin's products

## **Post pandemic market disruption continues to cause inefficiencies and weaken predictability**

- Product availability bottlenecks
- Disruptions in international supply chains
- Restrictions and structural market changes

# Aspo Q3/2021:

## Record performance continued

**Net sales growth driven by overall strong market development of ESL and Telko**

### **The Group's operating profit and earnings per share at record level**

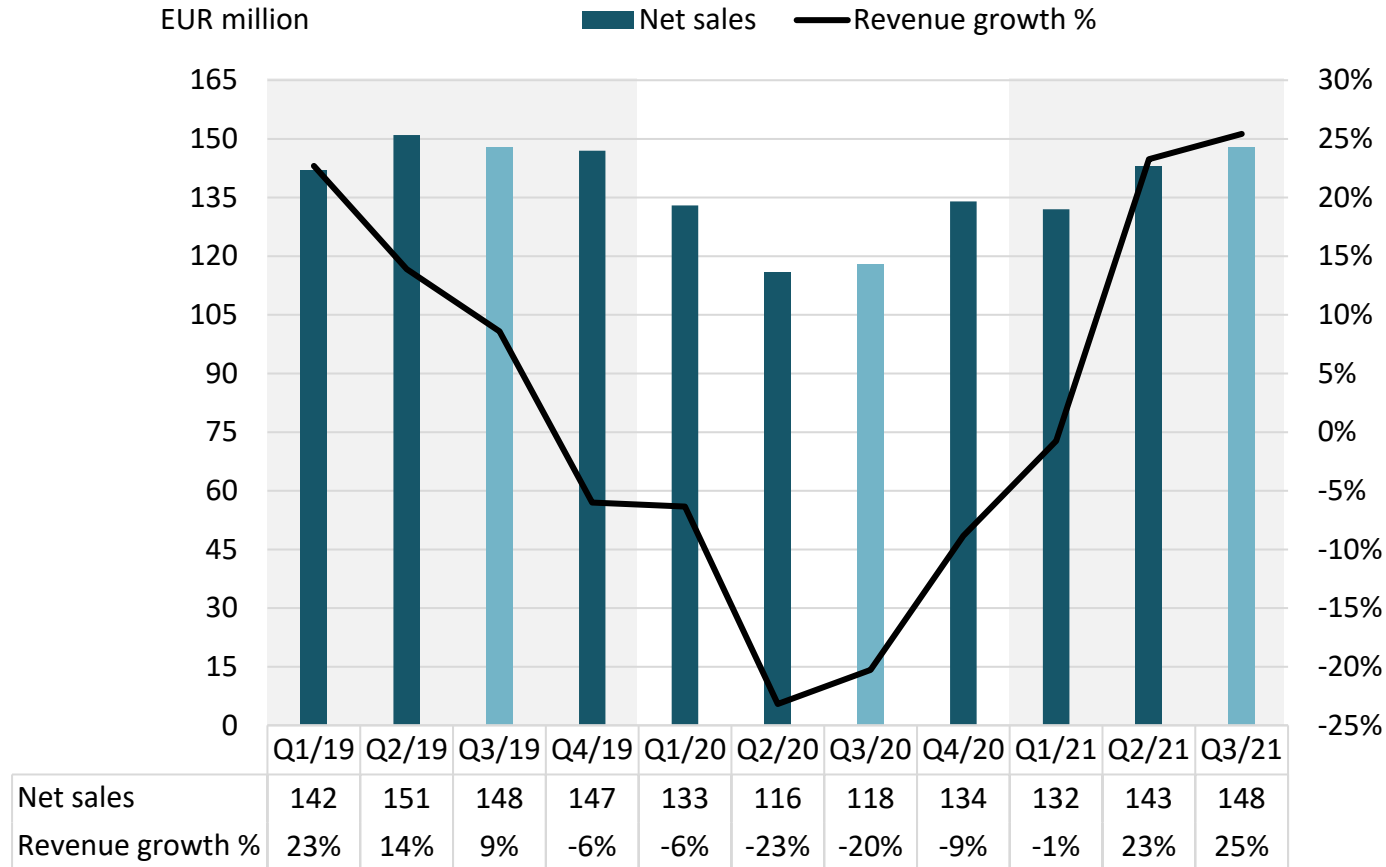
- Operating profit, excl. Kauko 3.4 m€ write-down, tripled to 11.0 (3.6) m€, driven particularly by the strong performance of ESL Shipping and Telko. Operating margin increased to 7.4% (3.0%).
- Operating profit, incl. Kauko 3.4 m€ write-down, over doubled to 7.6 (3.6) m€. Operating margin increased to 5.1% (3.0%).

### **Guidance for 2021**

- Aspo's operating profit in 2021 will be approximately 30 - 36 (19.3) m€. The guidance includes the negative impact of 3.4 m€, caused by the write-down of Kauko's goodwill.

EUR million	Q3/2021	Q1-Q3/2021
Net sales	148.0 (118.4)	423.2 (367.2)
Operating profit excl. Kauko 3.4 m€ write-down	11.0 (3.6)	28.5 (11.7)
Operating profit incl. Kauko 3.4 m€ write-down	7.6 (3.6)	25.1 (11.7)
EPS excl. Kauko 3,4 m€ write-down	0.27 (0.05)	0.70 (0.20)
EPS incl. Kauko 3,4 m€ write-down	0.16 (0.05)	0.59 (0.20)
Net cash from operating activities	11.1 (9.4)	33.3 (39.9)

# Strong net sales growth of Aspo Group, but still somewhat behind 2019 top line

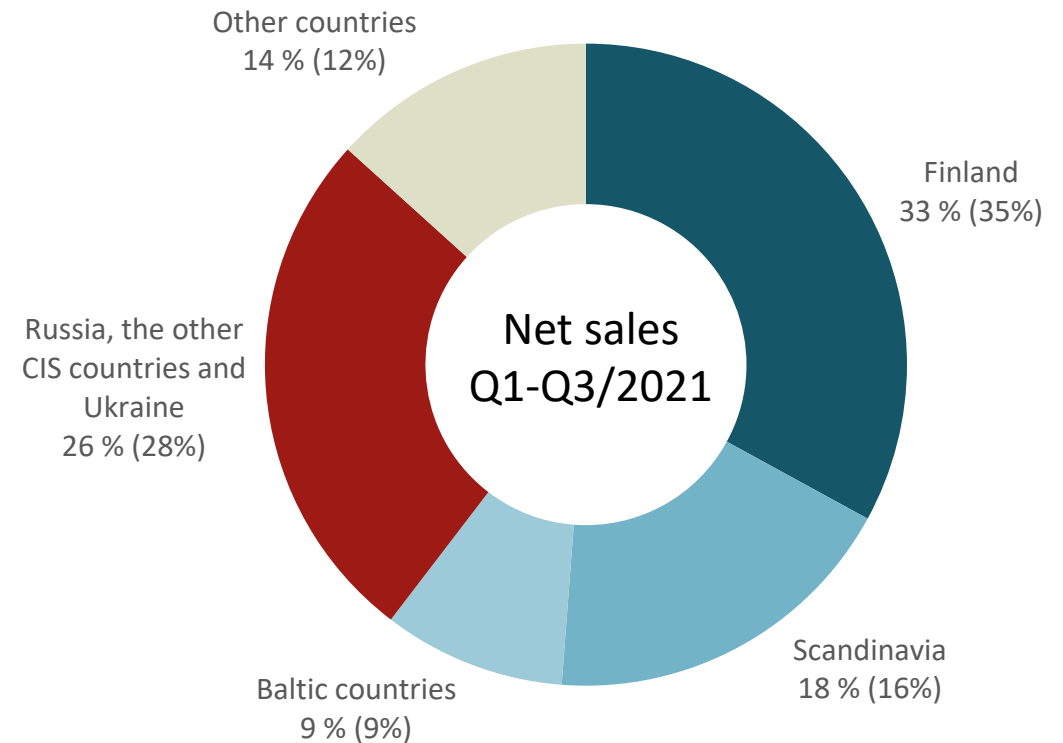


- Q1-Q3/2021 Net sales was 423 m€
  - +15% vs. 2020 (367 m€)
  - -4% vs. 2019 (441 m€)
- All business segments show strong growth during the beginning of the year.
- Net sales growth was especially driven by ESL, which has fully recovered from the dip in 2020 and has already surpassed 2019 net sales levels
- Telko's growth was strong particularly during Q2 and Q3 2021. Also Leipurin net sales have increased in 2021.

Note: revenue growth compared to same quarter previous year.  
2019 strong growth was driven by the acquisition of AtoB@C Shipping

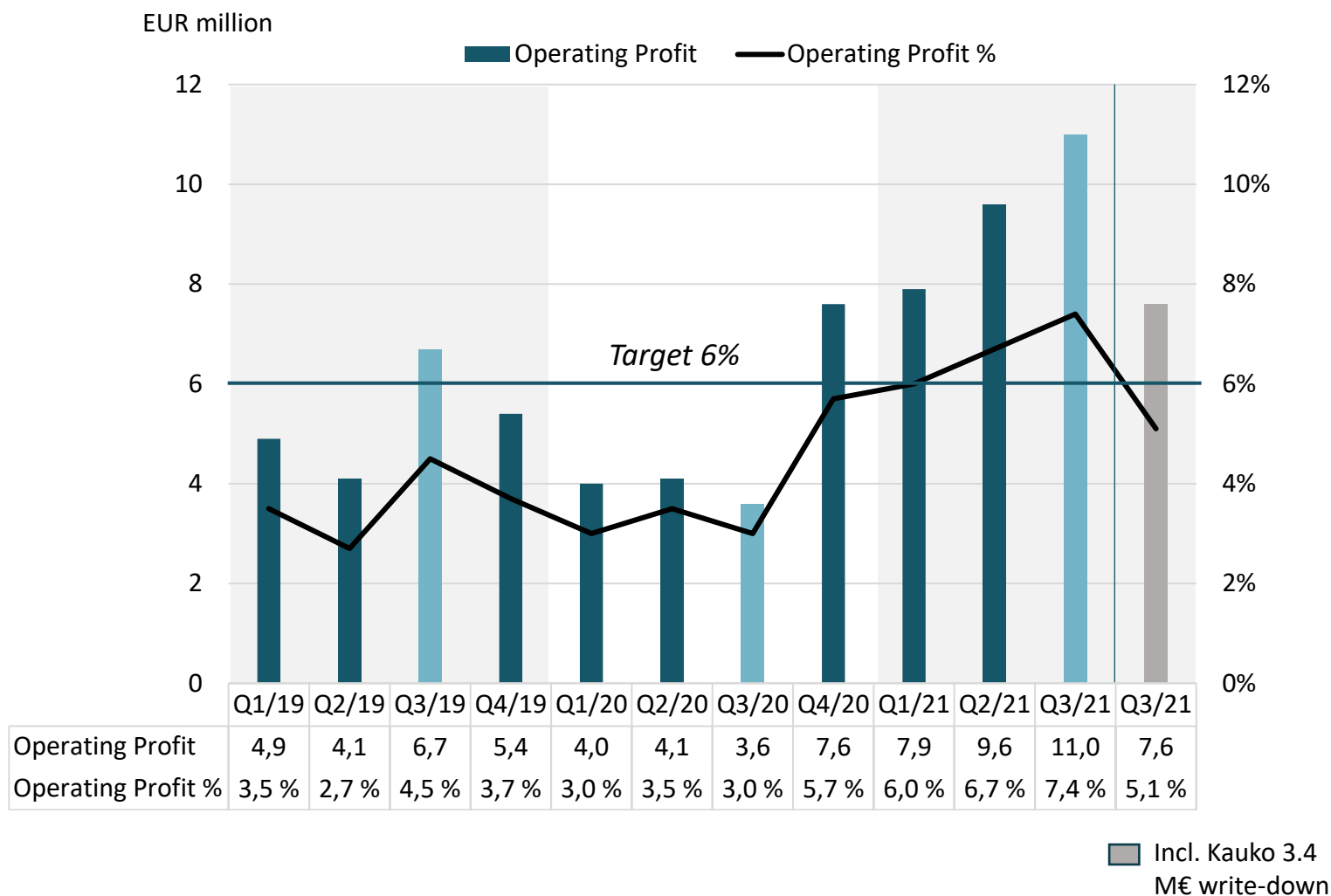
# The relative share of Russia and CIS of Aspo Group net sales continues to decrease

- The relative share of Russia and CIS of Aspo Group net sales continued to decrease. This is mainly due to the following:
  - Strong growth of ESL Shipping
  - Telko M&A activities in western markets (e.g. ILS Nordic Oct 1, 2020)
  - Covid impact on Leipurin's top line in East



1-9/2020 figures in brackets

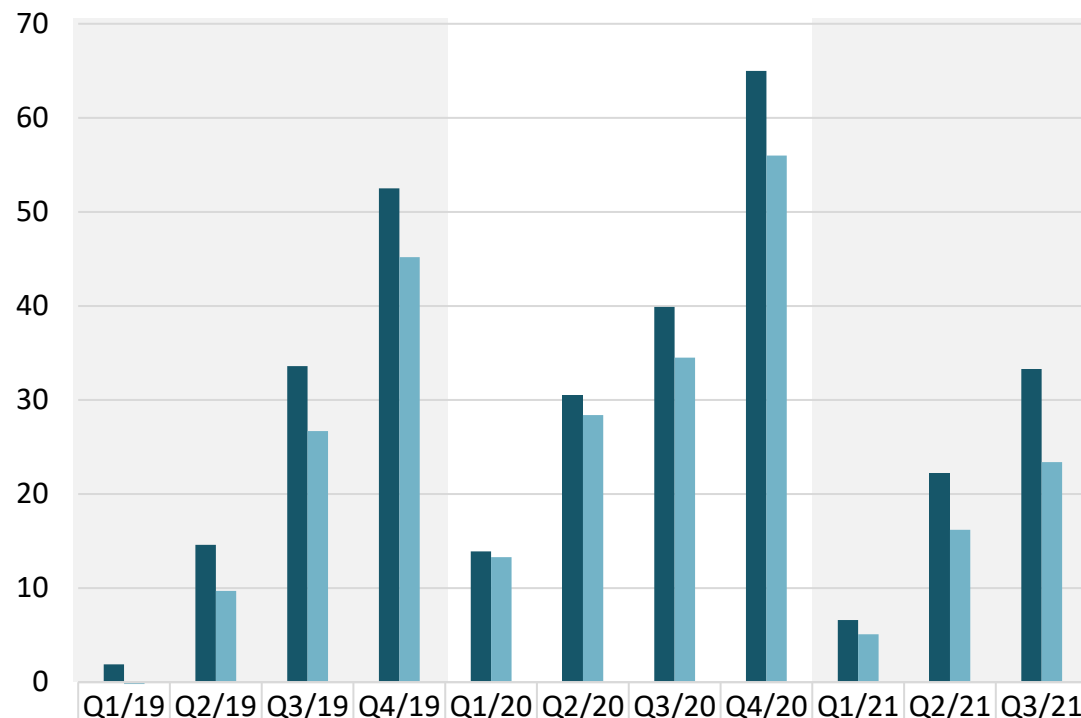
# Very strong operating profit of Aspo Group due to the record performance of ESL and Telko



- Q1-Q3/2021 operating profit was 28.5 m€ (6.7%) excl. Kauko 3.4 m€ write-down and 25.1 m€ (5.9%) incl. Kauko 3.4 m€ write-down vs.
  - 11.7 m€ (3.2%) in 2020
  - 15.7 m€ (3.6%) in 2019
- ESL and Telko business show record high operating margins in Q3/2021
- Also Leipurin's margin has steadily improved during 2021.
- The Q3 result was weakened by 1.75 m€ one-time costs related to the change of CEO
- A 3.4 m€ write-down in Kauko's goodwill was recorded due to Kauko's unsatisfactory performance after the peak in 2020, which was driven by covid related protective equipment business opportunities.

# Strong cash flow generation continued

EUR million



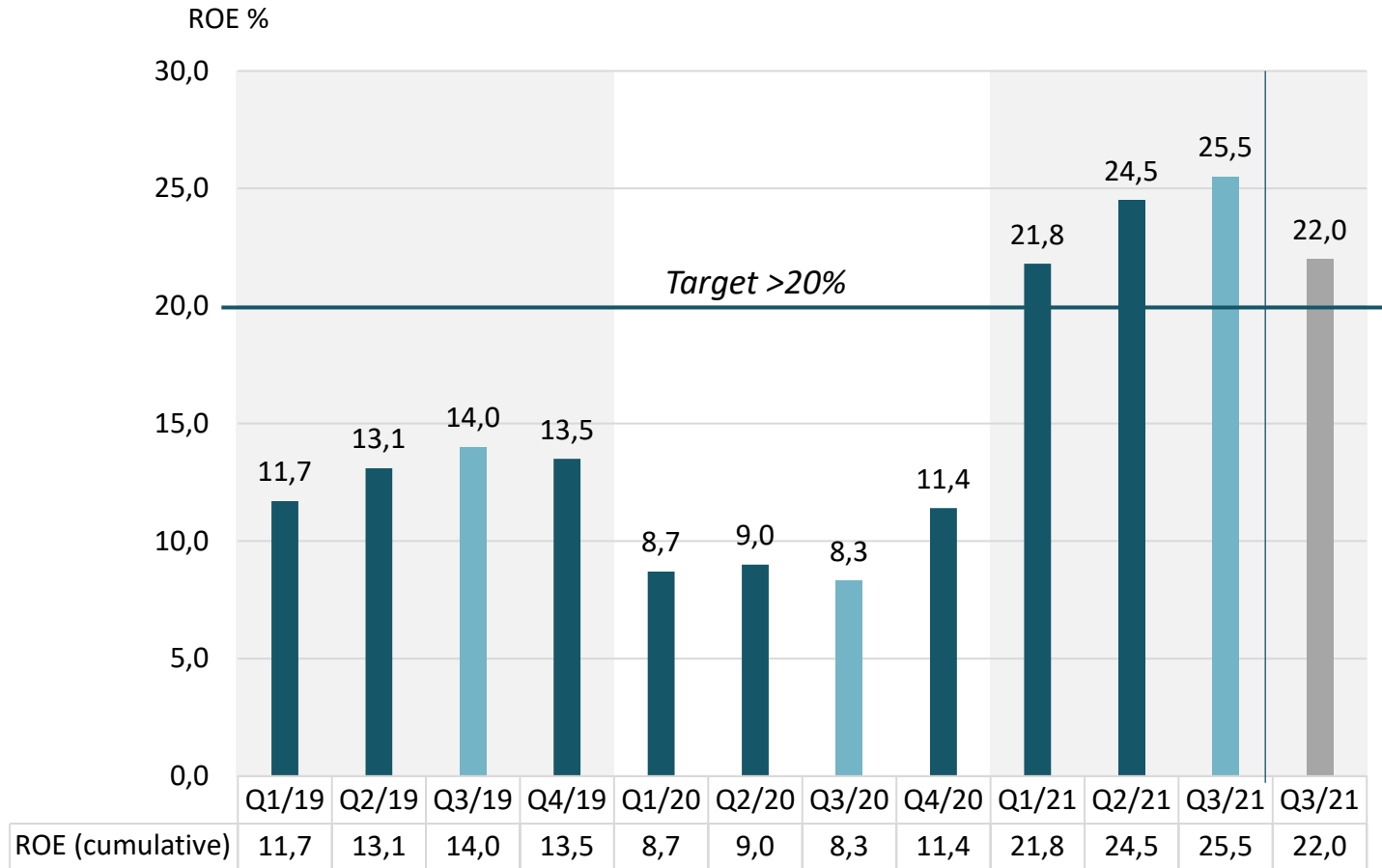
Net cash from operating activities, cumulative	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21
	1,9	14,6	33,6	52,5	13,9	30,5	39,9	65	6,6	22,2	33,3
Free cash flow, cumulative	-1,1	9,7	26,7	45,2	13,3	28,4	34,5	56	5,1	16,2	23,4

■ Net cash from operating activities, cumulative

■ Free cash flow, cumulative

- Cash flow from operating activities in Q1-Q3 was 33.3 m€ (39.9/2020 and 33.6/2019)
- Free cash flow decreased to 23.4 m€ (34.5/2020 and 26.7/2019)
- Drivers of development 2021 vs. 2020:
  - Telko's product range was significantly reduced in 2020, releasing cash. The inventory level of Telko has increased during the last 12 months
  - Improvement in operating cash flow of ESL Shipping in 2021. Postponing maintenance investments partly from 2020 to 2021
  - The impact of the change in working capital on cash flow in Q1-Q3/2021 was - 12.6 (11.4) m€, mainly due to an increase in Telko's inventories.

# ROE has exceeded the target level in each quarter of 2021



- ROE reached 25.5% (exl. Kauko write-down of 3.4 m€) and 22.0% (incl. Kauko write-down) YTD in 2021 compared with 8.3% in 2020 and 14.0% in 2019
- Positive ROE development is driven particularly by the significant improvement of profit and returns for ESL and Telko business

■ Incl. Kauko 3,4 m€ write-down

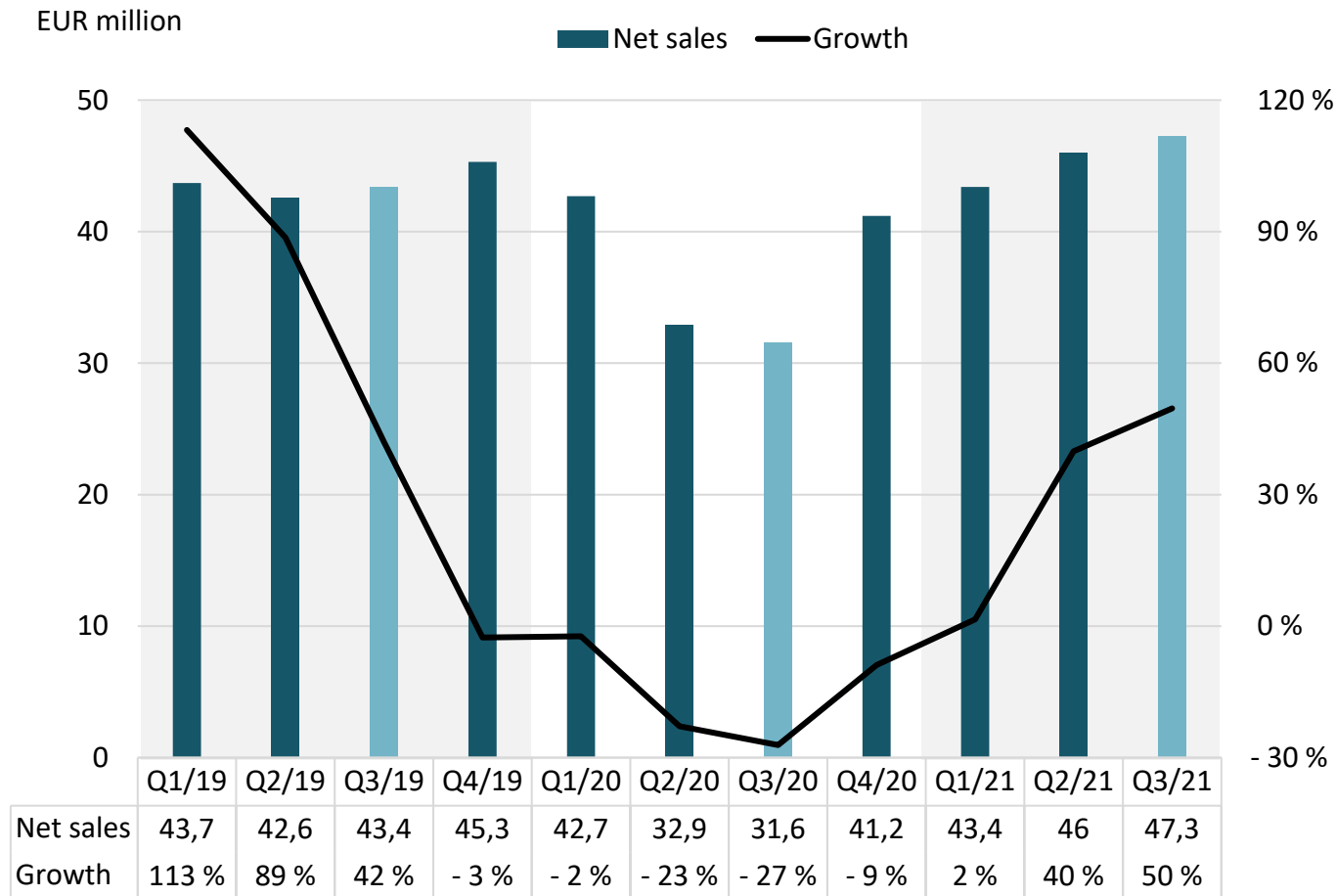


ESL Shipping

**All-time-high operating profit  
boosted by strong demand**



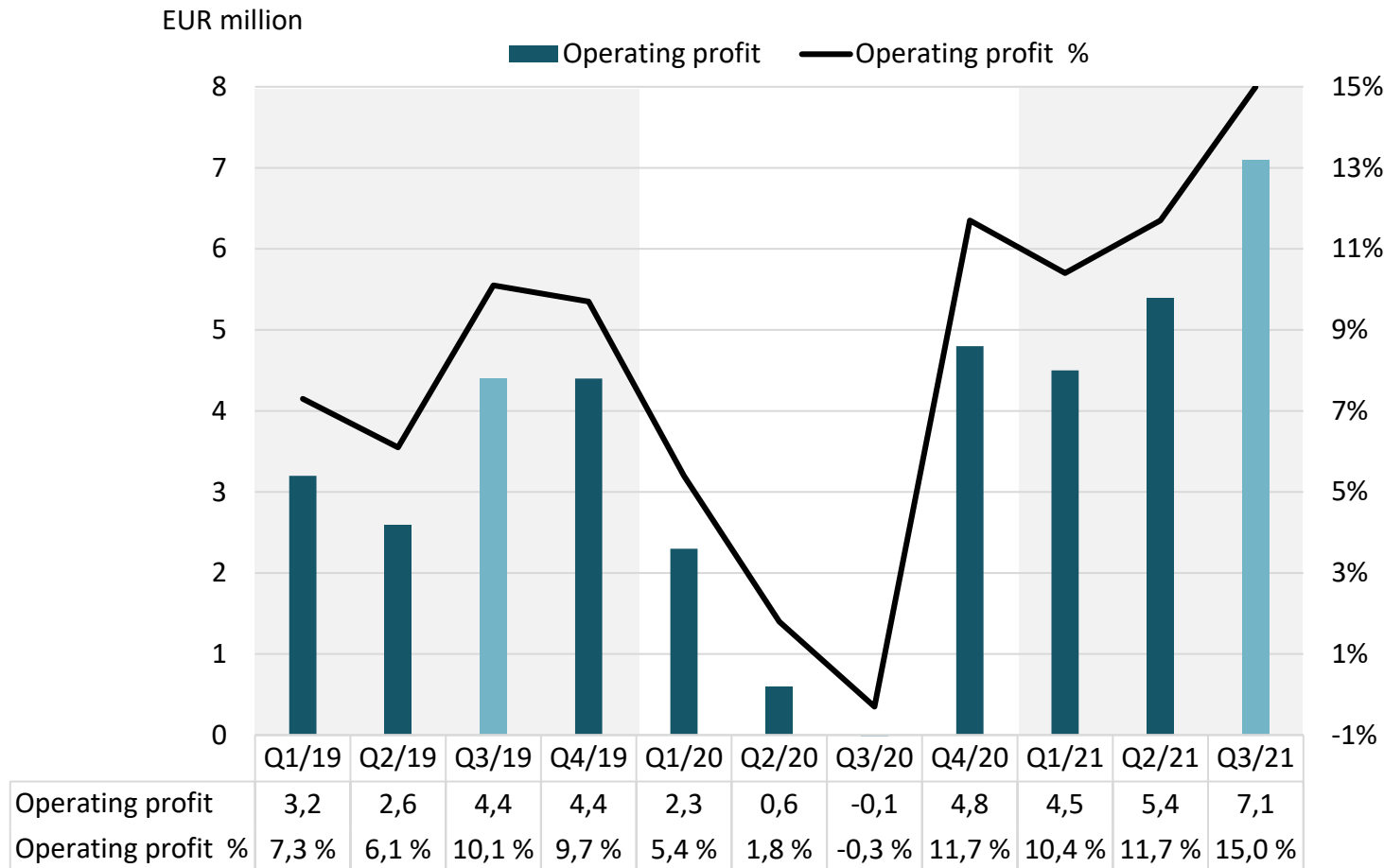
# ESL Shipping's net sales already exceeds pre covid levels



- Q1-Q3/2021 Net sales was 136.7 m€
  - +27.5% vs. 2020 (107.2 m€)
  - +5.4% vs. 2019 (129.7 m€)
- Demand and transportation volumes for all ESL Shipping vessel types and across all customer segments, incl. metal, sawn timber, pulp, and chemicals remained at a strong level
- Ship-to-ship operations on a good level throughout Q3/2021
- The strong market is expected to continue during Q4/2021. Possible changes in market development has strongest short-term impact on the spot market and performance of ESL Shipping's Supramax vessels

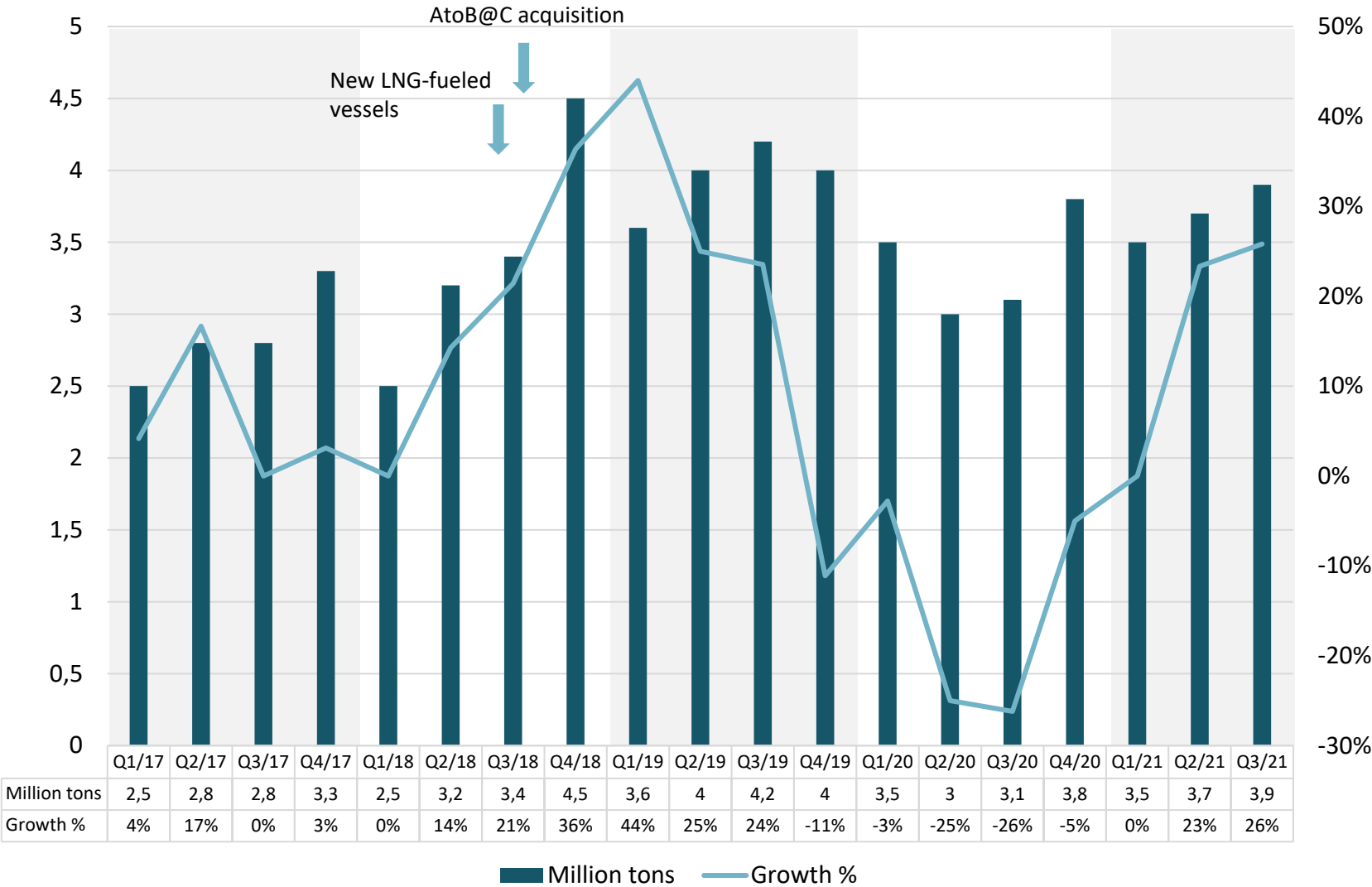
Note: revenue growth compared to same quarter previous year  
 2019 strong growth was driven by the acquisition of AtoB@C Shipping

# ESL Shipping's operating profit was at record level



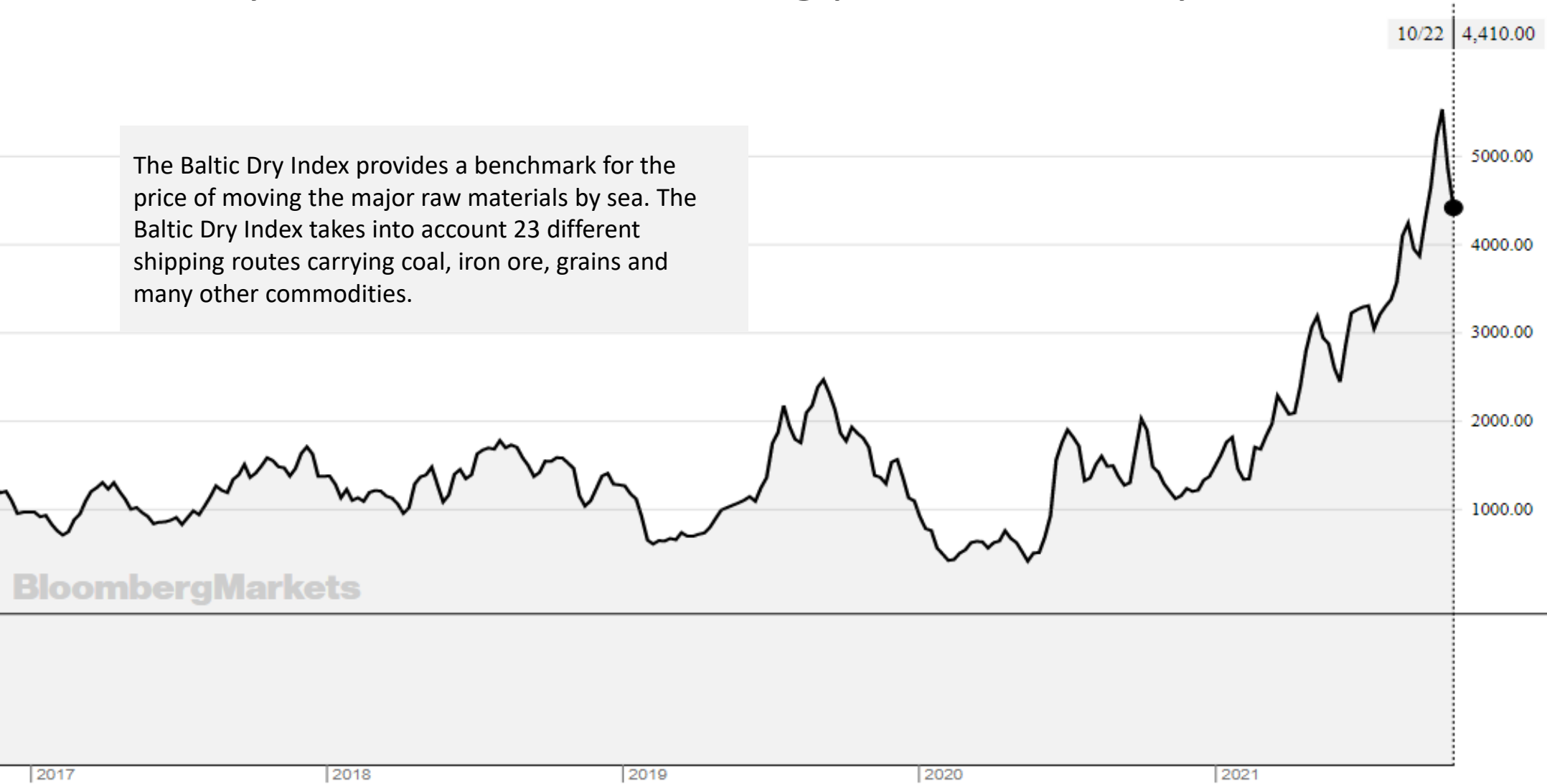
- Q1-Q3/2021 operating profit was 17.0 m€ (12.4%) vs.
  - 2.8 m€ (2.6%) in 2020
  - 10.2 m€ (7.9%) in 2019
- Strong result despite extensive docking days (116 days during Q3/2021). Investments related to dockings transferred from 2020 to 2021 due to covid 19 performance risk
- The market freight rates in all vessel categories continued strong. However, the price levels of new and extended time-chartering contracts in the smaller vessel category are increasing at the same time.
- In a strong market, Covid 19 still caused disruptions in international supply chains, e.g., lack of personnel.

# ESL Shipping's transportation volumes back at normal after covid



- Strong 26% growth in tons transported: 3.9 mTons in Q3/2021 vs. 3.1 mTons in Q3/2020
- The transportation volume forecasts for the various customer segments for the rest of the year remain good and are expected to be significantly higher than in the previous year
- Total transportation volumes per year:
  - 2017: 11.4 mTons
  - 2018: 13.6 mTons
  - 2019: 15.8 mTons
  - 2020: 13.4 mTons
  - 2021 Q1-Q3: 11.1 mTons

# The Baltic Dry Index shows increasing prices driven by demand



ESL Shipping decided on a 70 m€ growth investment in a series of six highly energy-efficient hybrid vessels



### MAIN PARTICULARS

Length	90 m
Breadth	16 m
Draft	6 m
DWT	5,350 tons
Cubic capacity	7,650 m <sup>3</sup>
Deliveries	Q3/2023 -



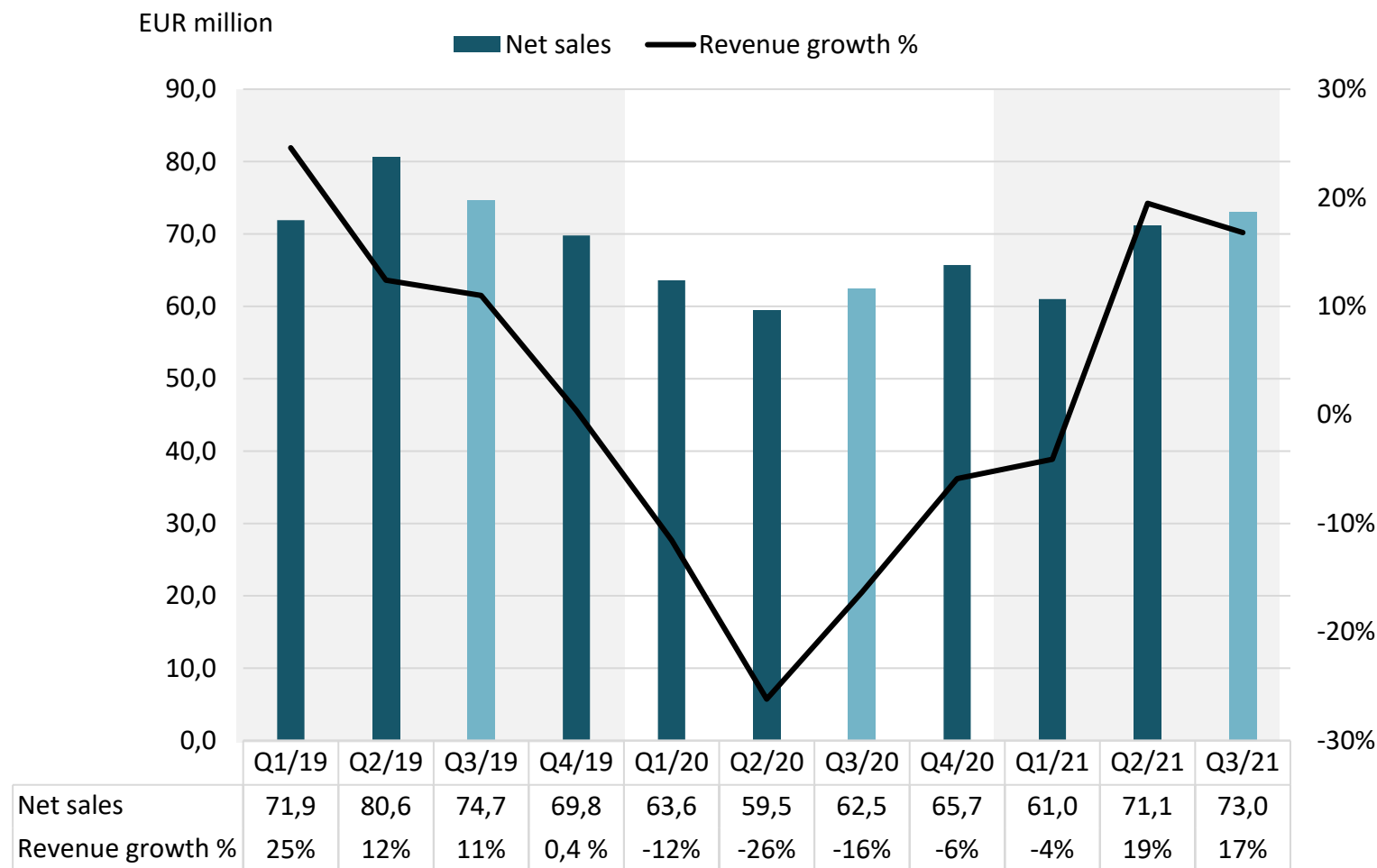
# Highlights of Green Coaster vessel investment

- 1 70 m€ growth investment into key customer segment
- 2 Most efficient and environmentally friendly vessels in the world in their size class
- 3 Six new vessels mainly operating in the Baltic Sea and the North Sea. The first vessel will arrive in Q3/2023. All ships in service from 2025
- 4 The CO2 emissions of the green coaster hybrid vessels will decrease by appr. 50% per commercial cargo transported compared to current vessels.
- 5 New technology enables emission-free and noise-free port calls. Possibility to also utilize biodiesel and connect to shore-side electricity.
- 6 Vessels are built efficiently and sustainably in India by Chowgule Shipbuilding who has strong experience from building and designing vessels for the European market.
- 7 Possibilities of using various ship ownership and financing solutions to accelerate business growth and expand the service will be explored.



**Another record quarter  
characterised by strong demand  
combined with high price levels**

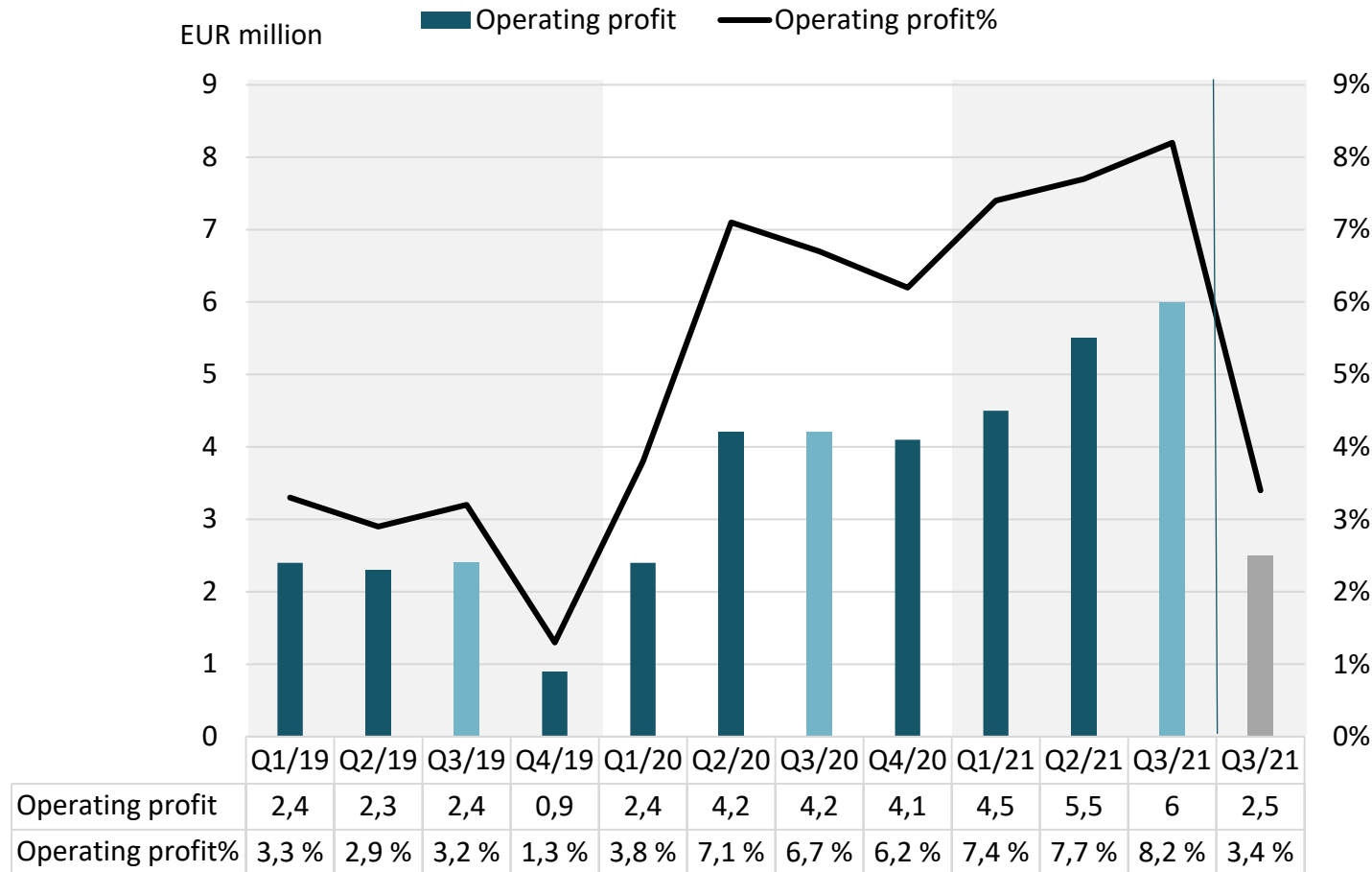
# Telko's strong Q2 growth continued in Q3



Note: revenue growth compared to same quarter previous year

- Q1-Q3/2021 Net sales was 205 m€
  - +10.5% vs. 2020 (186 m€)
  - -9.7% vs. 2019 (227 m€)
- Growth continued during Q3 with +17% compared with last year. Q3 net sales exceeded the pre covid level in 2019
- Strong market demand combined with growth in sales of higher value-added products drove top line development. Problems in availability had a negative impact on growth
- Strongest growth in lubricants and plastics, strong volume growth for chemicals already during 2020
- Market expected to remain unchanged during Q4/2021
- Kauko's Q1-Q3 net sales decreased by 46% amounting to 9.9 m€ (18.5). The covid pandemic drove strong net sales growth in 2020, which did not recur in 2021.

# Telko's strong operating profit was driven by focused growth in higher value-added products



- Q1-Q3/2021 operating profit was 16 m€ (7.8%) excl. Kauko 3.4 m€ write-down and 12,5 m€ (6.1%) incl. Kauko 3.4 m€ write-down vs.
  - 10.8 m€ (5.8%) in 2020
  - 7.1 m€ (3.1%) in 2019
- Telko has succeeded in increasing the share of higher value-added products, which has positively driven margin improvement
- The positive price development stagnated for most of the products toward end of the quarter. In some product segments, e.g. in selected chemicals, price levels continues to grow
- Increasing transportation costs had a negative impact on profitability
- Kauko's Q1-Q3 operating profit was -3.4 m€ (incl. write-down) and 0.0 m€ (excl. write-down) compared with 1.4 m€ in previous year.
- A 3.4 m€ write-down in Kauko's goodwill was recorded due to Kauko's unsatisfactory performance after the peak in 2020 due to covid related protective equipment business opportunities.



# Telko Ltd has agreed to acquire shares of Estonian company Mentum AS

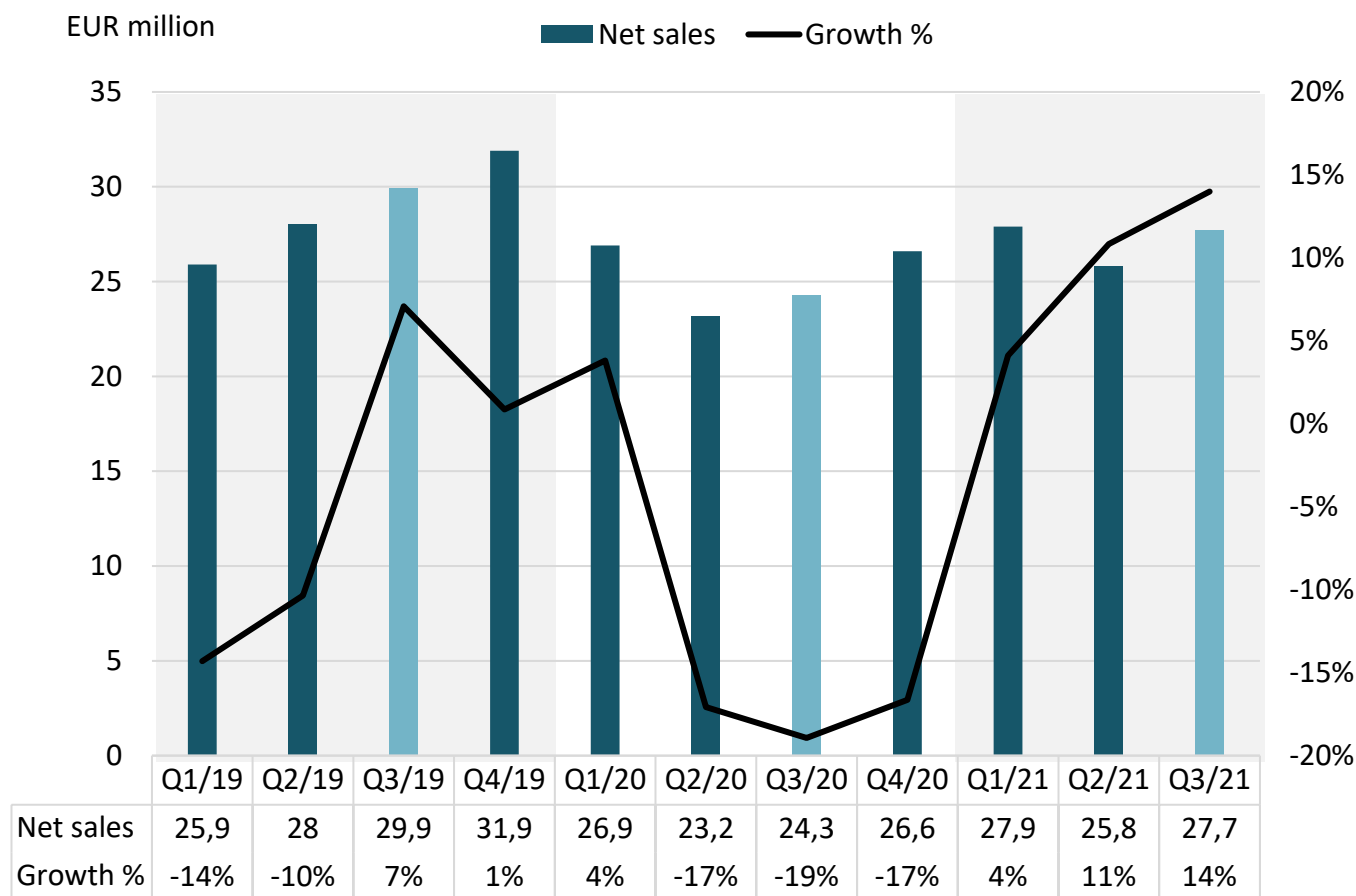
- After the review period Aspo announced that Telko will acquire all shares of Estonian company Mentum AS.
- Mentum is a Castrol ambassador, and it operates in the premium lubricants business in automotive, industrial and marine business in the Baltic countries.
- The acquisition will increase Telko's sales by 10 million euros. The transaction will not significantly affect Telko's profitability in 2022.
- The acquisition is subject to the approval of the competition authorities. The transaction is expected to close during 2021.



# LEIPURIN®

Net sales and operating profit  
showing positive trend in an  
increasing, but volatile pricing  
environment

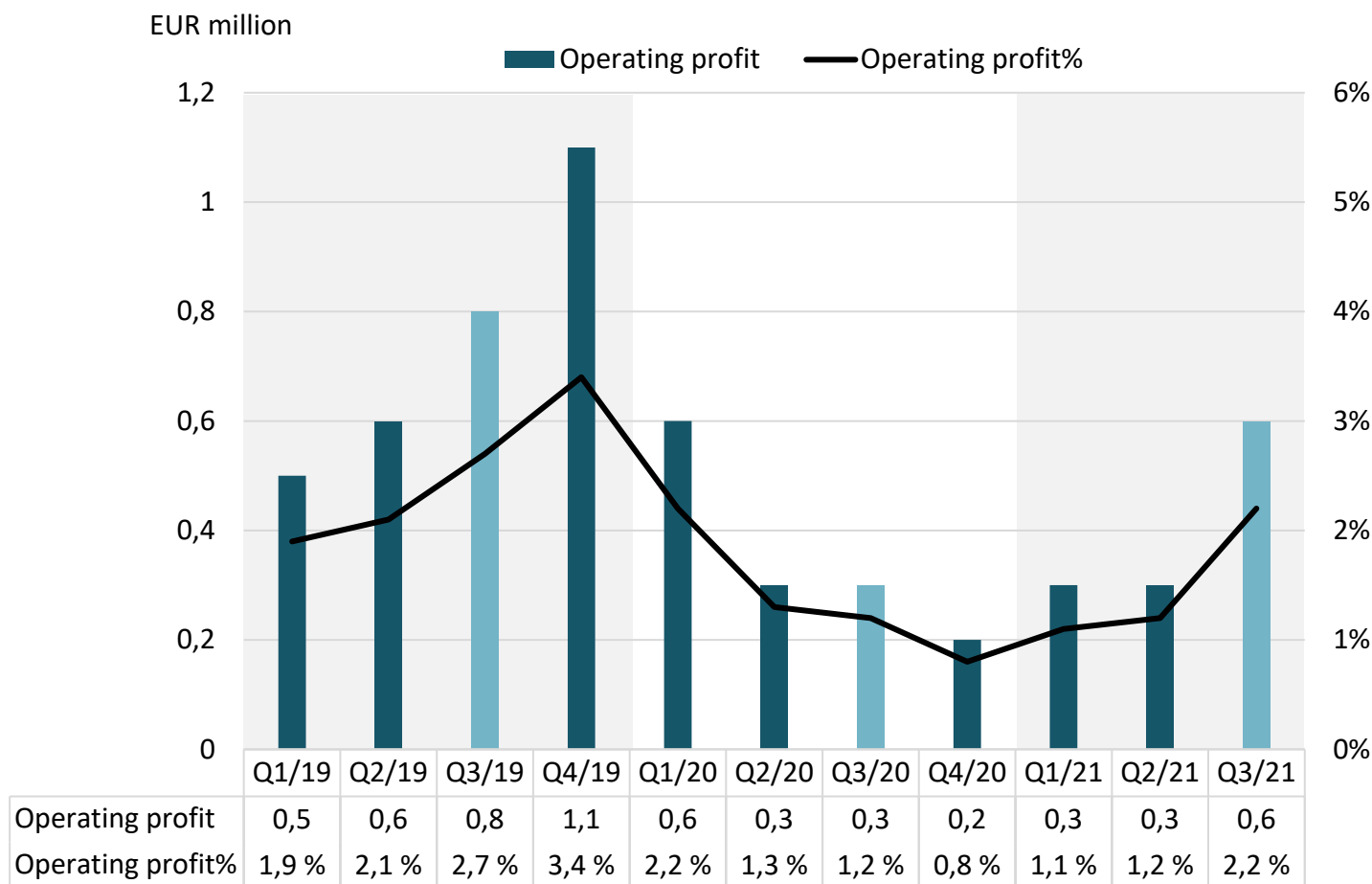
# Leipurin's net sales growth has picked-up during 2021, but top line still lags 2019 levels



Note: revenue growth compared to same quarter previous year

- Q1-Q3/2021 Net sales was 81.4 m€
  - +9.4% vs. 2020 (74.4 m€)
  - -2.9% vs. 2019 (83.8 m€)
- Leipurin's sales development was good in the third quarter, despite the still challenging market situation due to the coronavirus pandemic.
- The structural changes accelerated by the coronavirus pandemic affect Leipurin's net sales. Industrial bakeries are still strong in a difficult market situation.
- Leipurin's net sales grew especially in Finland and the Baltics compared to the weak sales level in 2020. In Russia, where there have been structural changes in sales to the grocery stores' in-shop bakeries, Leipurin's revenue development has been more moderate.
- The coronavirus pandemic still had a significant impact on Leipurin's sales in the Baltic countries but also in Russia and CIS countries.

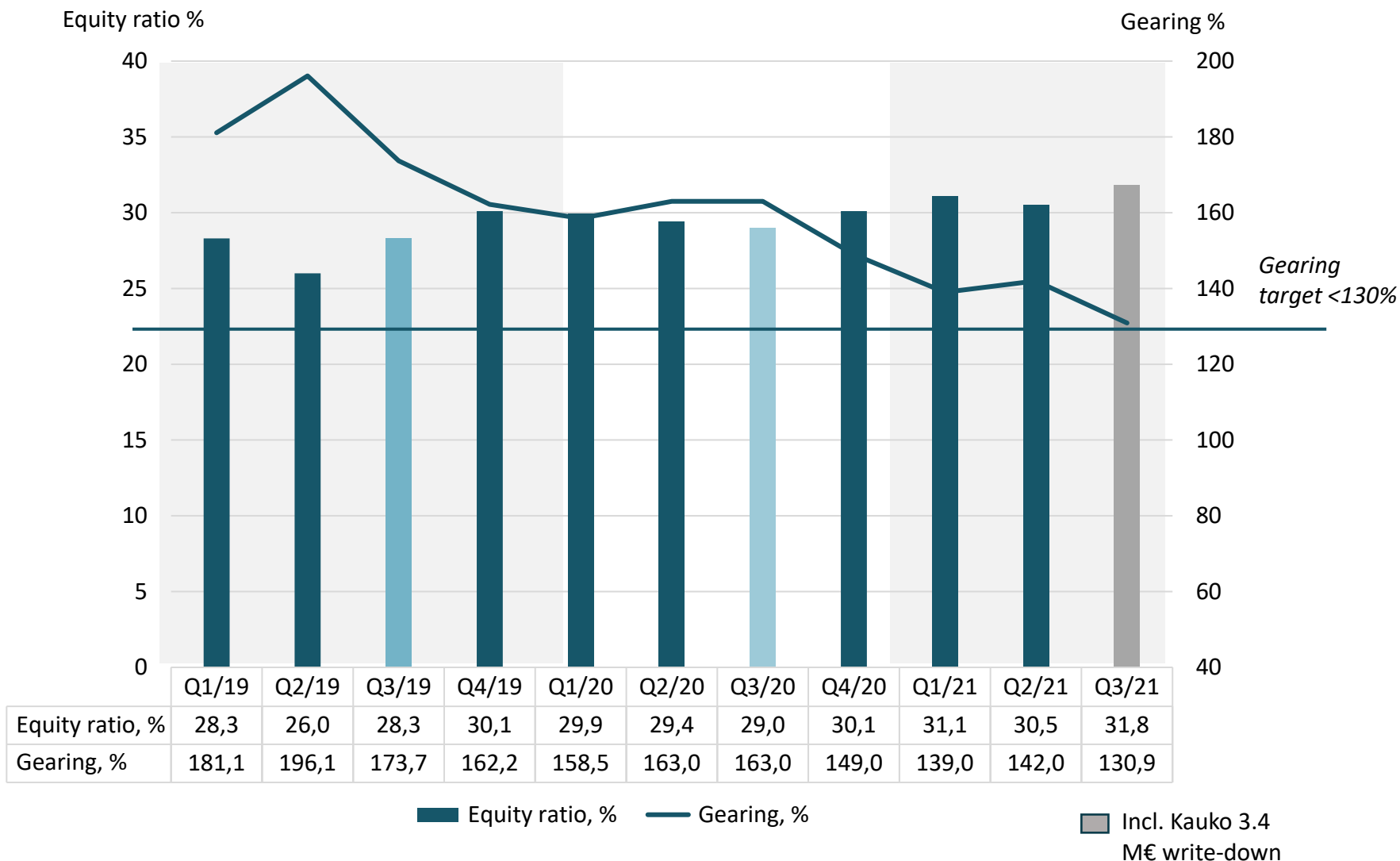
# Leipurin's operating profit showing a positive trend during 2021



- Q1-Q3/2021 operating profit was 1.2 m€ (1.5%) vs.
  - 1.2 m€ (1.6%) in 2020
  - 1.9 m€ (2.3%) in 2019
- The operating profit margin reached 2.2% in Q3.
- Overall increasing, but at the same time volatile prices of raw materials.
- The share of technical products has decreased, and the relative sales of basic products have increased.
  - Consumer demand has shifted to lower priced product groups.
  - The restrictions continue to make it difficult to complete product development projects.
- The machinery business was loss making ytd 2021, but performance is expected to improve in Q4/2021, and especially during 2022 due to a strong orderbook.

# Financial position and guidance

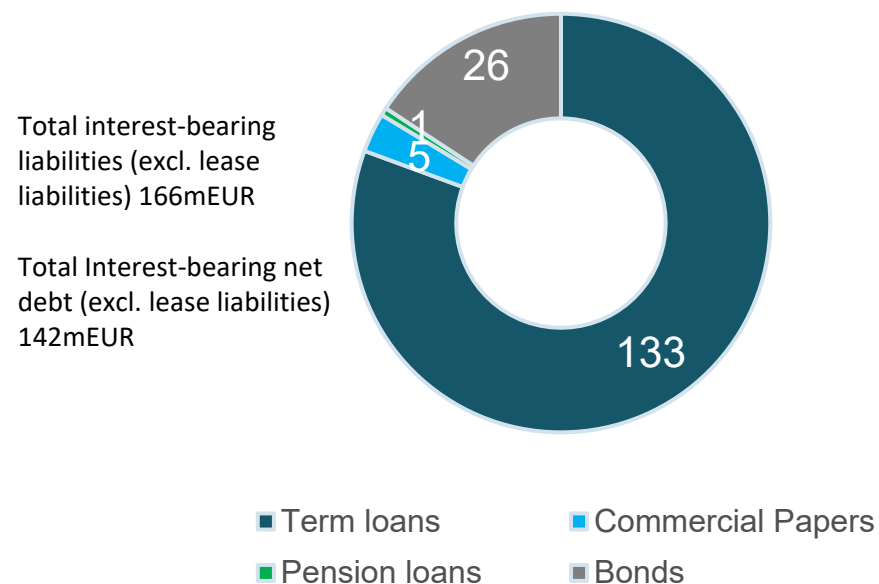
# Gearing lowered close to the 130% target level



- The equity ratio and gearing continued to improve during Q3/2021
- The second dividend installment of 0.17 eur/share will be made on Nov 5, 2021.

# Liquidity and debt profile as of Q3/2021

Interest-bearing debt excl. lease liabilities (mEUR)

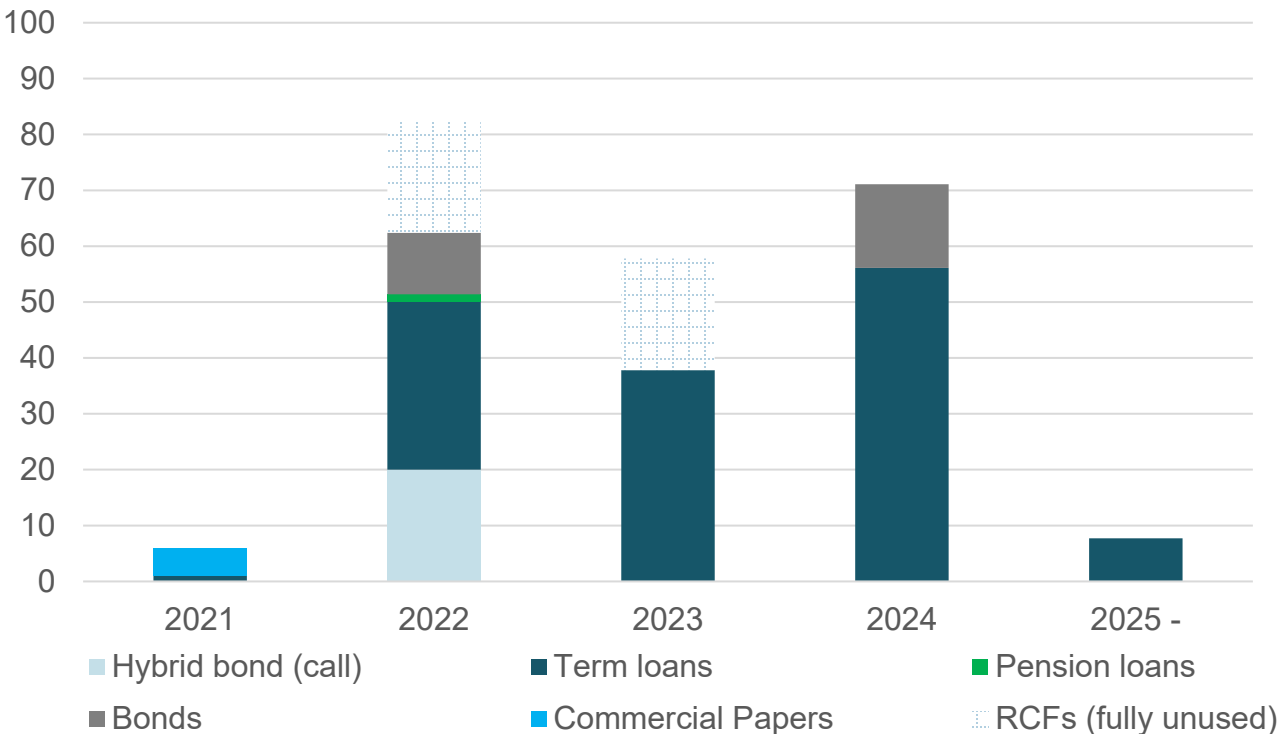


Liquidity (mEUR)



Cash and cash equivalents    Unused revolving credit facilities

Maturity profile (mEUR)





## Guidance for 2021

Aspo's operating profit in 2021 will be approximately 30–36 (19.3) m€

The guidance includes the negative impact of 3.4 m€, caused by the write-down of Kauko's goodwill



## Aspo Q3/2021: Summary

- The Group's operating profit and earnings per share on record level
- Strong economic development supports Aspo Group's performance while post pandemic market disruption continues to cause inefficiencies and weakens predictability
- Aspo Group's strategy and outlook of the businesses will be discussed in more detail in Aspo Capital Markets Day on December 1, 2021

# Coming events •

Aspo Group's Capital Markets Day  
December 1, 2021

Aspo Group's Financial Statements release  
February 16, 2022

[www.aspo.com](http://www.aspo.com)  
Twitter: @AspoPlc

# Q & A

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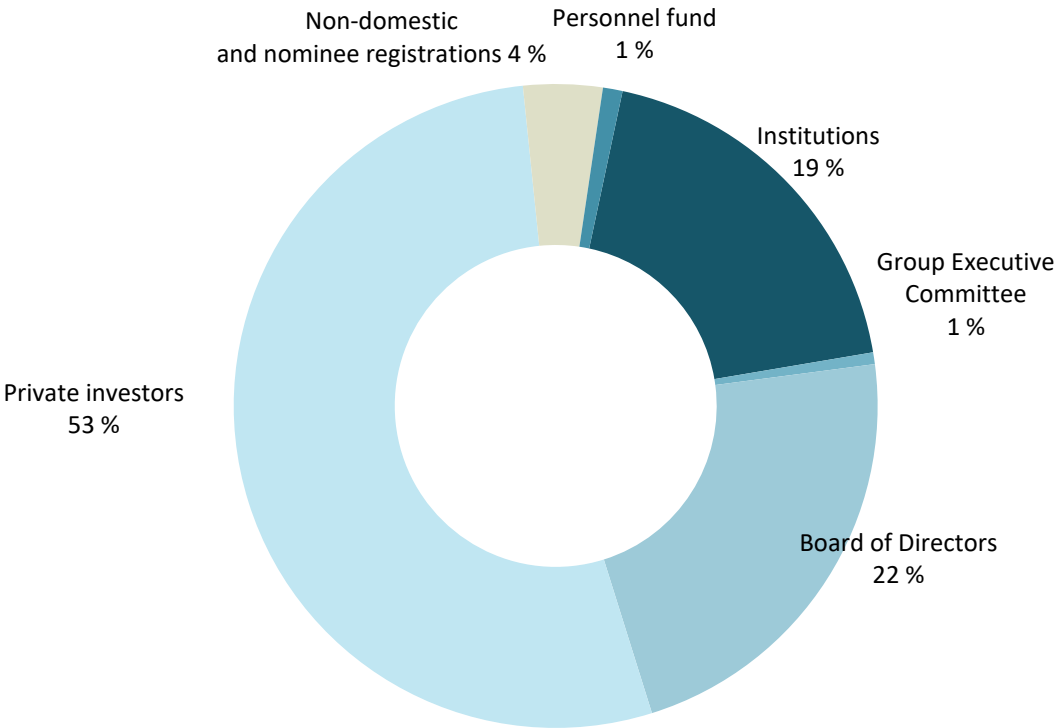
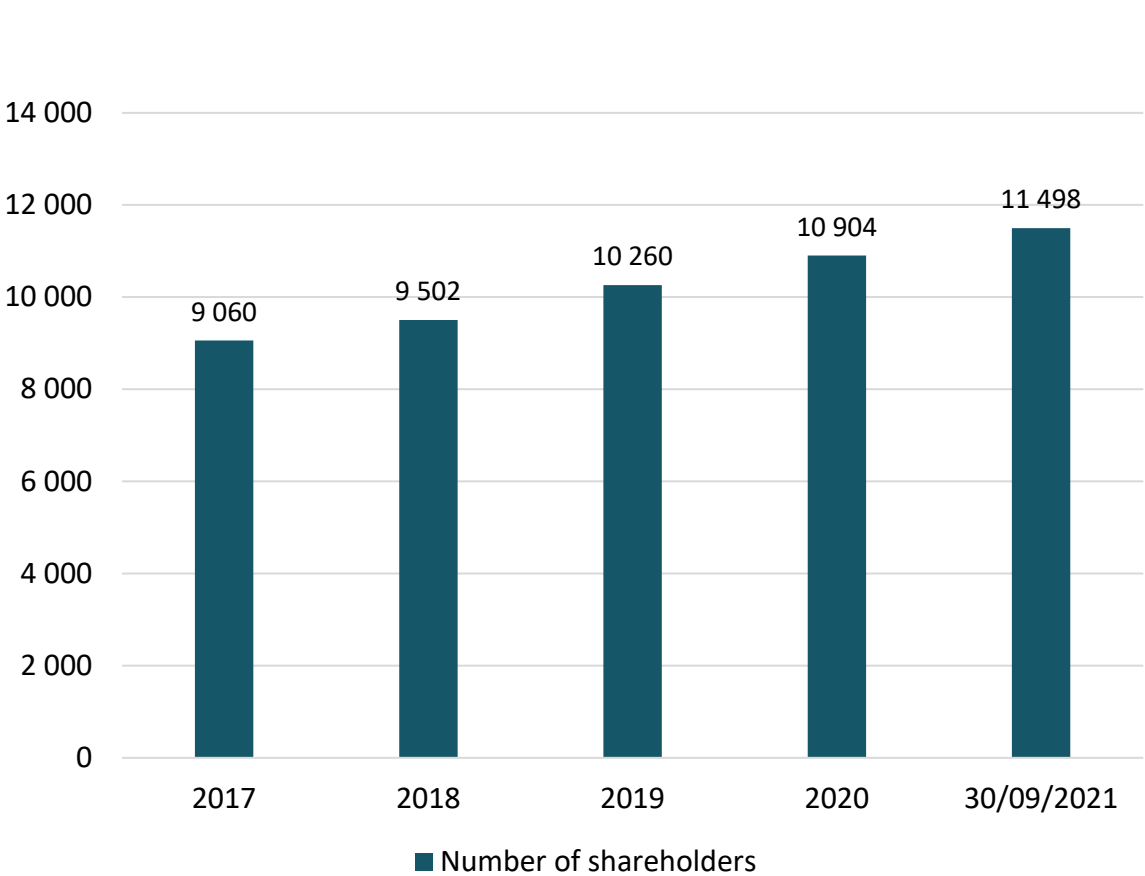
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# Appendix

# Key figures

	Q3/2021	Q3/2020	1-9/2021	1-9/2020
Net sales, m€	<b>148.0</b>	118.4	<b>423.2</b>	367.2
Operating profit, m€	<b>7.6</b>	3.6	<b>25.1</b>	11.7
Operating profit, %	<b>5.1</b>	3.0	<b>5.9</b>	3.2
ESL Shipping, operating profit, m€	<b>7.1</b>	-0.1	<b>17.0</b>	2.8
Telko, operating profit, MEUR	<b>2.5</b>	4.2	<b>12.5</b>	10.8
Leipurin, operating profit, MEUR	<b>0.6</b>	0.3	<b>1.2</b>	1.2
Earnings per share (EPS), EUR	<b>0.16</b>	0.05	<b>0.59</b>	0.20
Profit before taxes, m€	<b>6.6</b>	2.5	<b>22.2</b>	8.4
Profit for the period, m€	<b>5.4</b>	2.0	<b>19.6</b>	7.3
Net cash from operating activities, m€	<b>11.1</b>	9.4	<b>33.3</b>	39.9
Free cash flow, m€	<b>7.2</b>	6.1	<b>23.4</b>	34.5
Return on equity (ROE), cumulative, %			<b>22.0</b>	8.3
Equity ratio, cumulative, %			<b>31.8</b>	29.0
Gearing, %			<b>130.9</b>	163.0
Equity per share, EUR			<b>3.97</b>	3.56

# Shareholders



Distribution of shareholding on September 30, 2021, shares (%)