

# Annual Shareholders' Meeting

## April 9, 2019

### CEO's Review

# 2018 was a year of growth.

Aspo's net sales +8%

**541 M€**

(502 M€)



**Investments and acquisitions made in 2018  
will further strengthen  
our cash flow and results.**

**LNG-fueled  
vessels**

**AtoB@C**

**Organic growth  
in the east**



**Aspo's operating profit, adjusted by an impairment loss, was at a record high and grew by 10%.**

**Operating profit, adjusted by an impairment loss**

**25.4 M€**

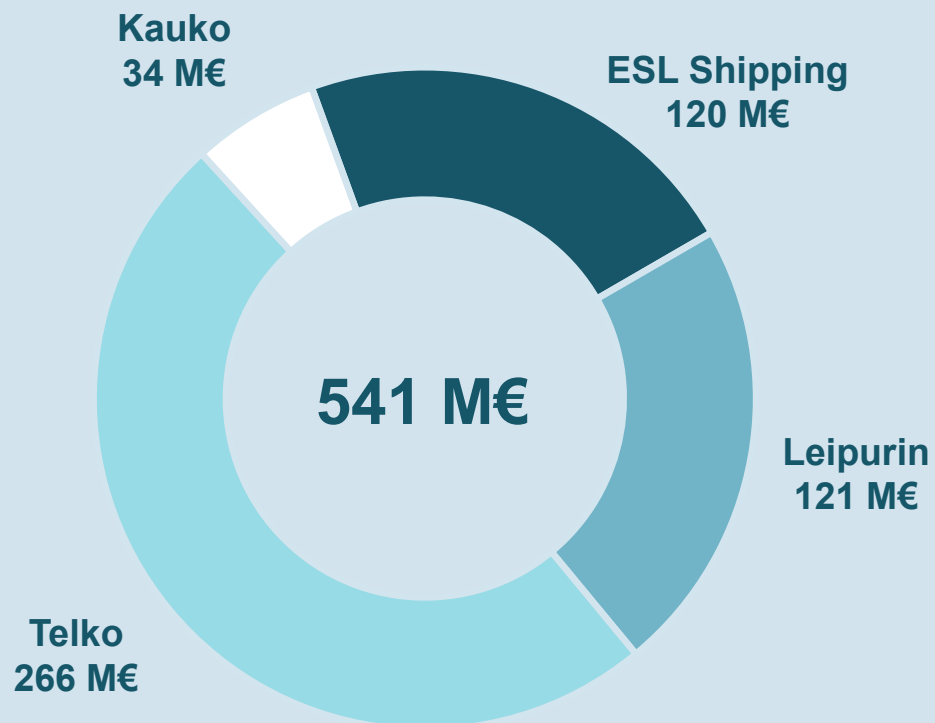
(23.1 M€)

# Operating profit from main business operations continued to grow

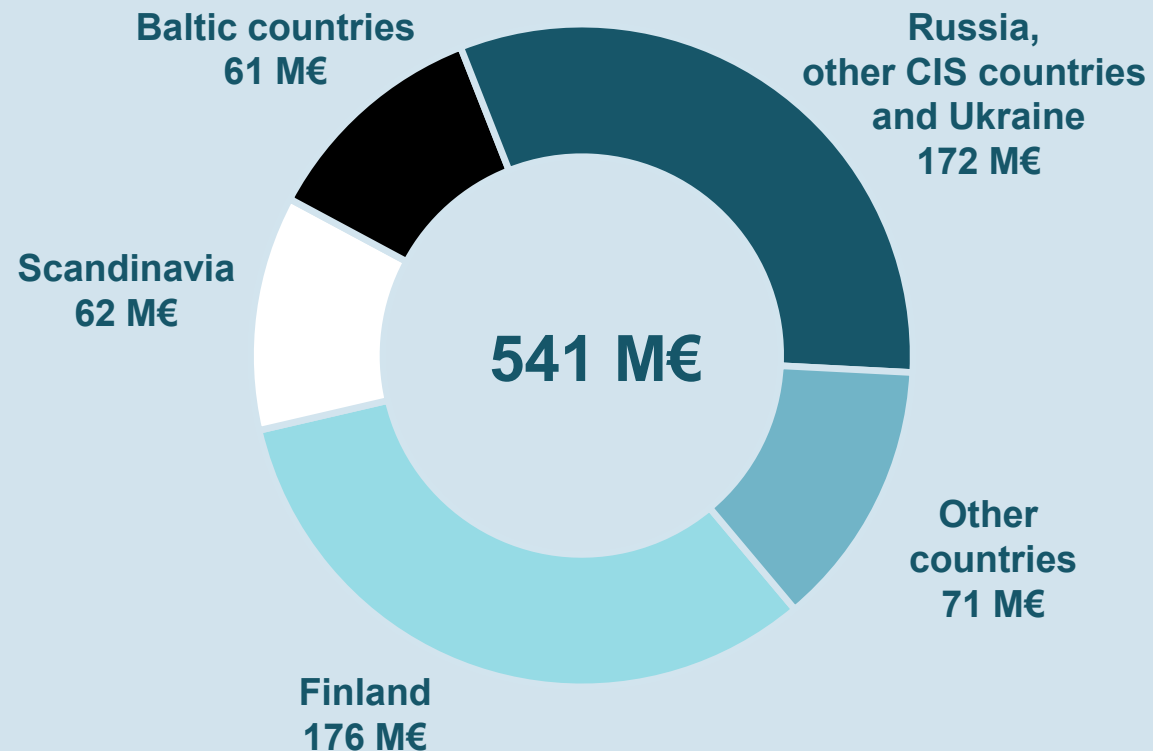


# As a conglomerate, Aspo benefits from a balanced distribution of net sales

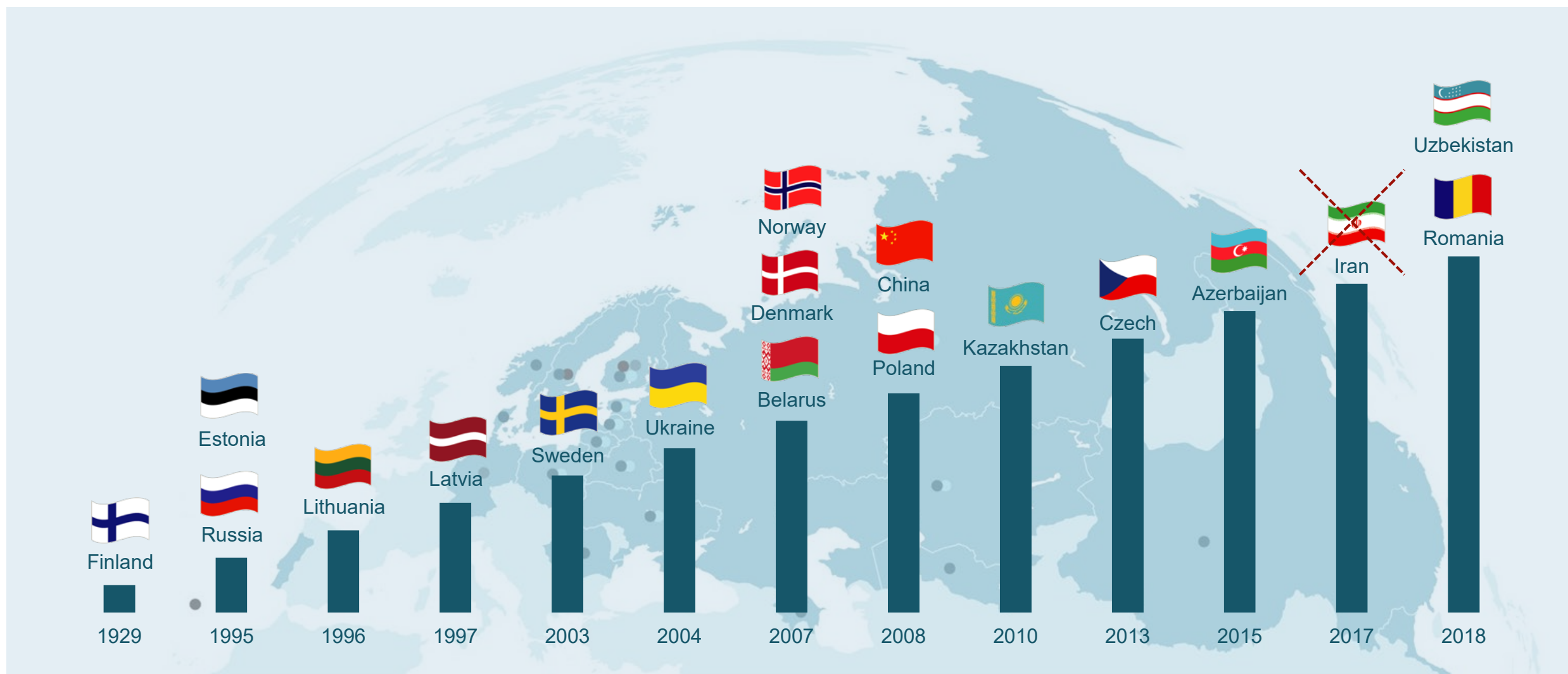
## Net sales by segment, 2018



## Net sales by market area, 2018



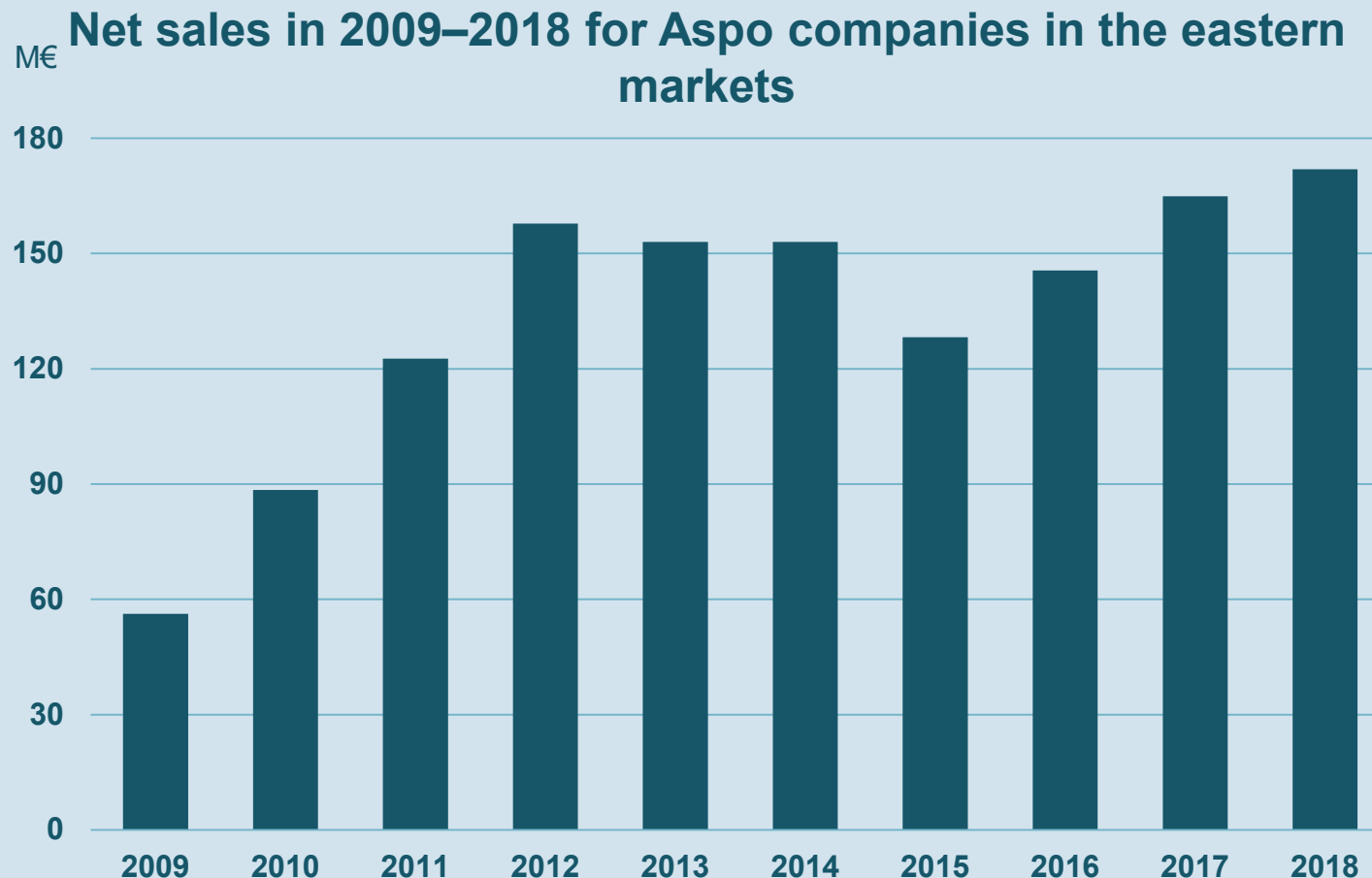
# Operations expanded in the Baltic region and Central Asia



# Stable growth in the eastern markets continued

Euro-denominated net sales in the eastern markets have grown since 2015 and continued to grow by 4% in 2018.

The economy in Russia and the other eastern markets is expected to continue its stable growth in 2019.

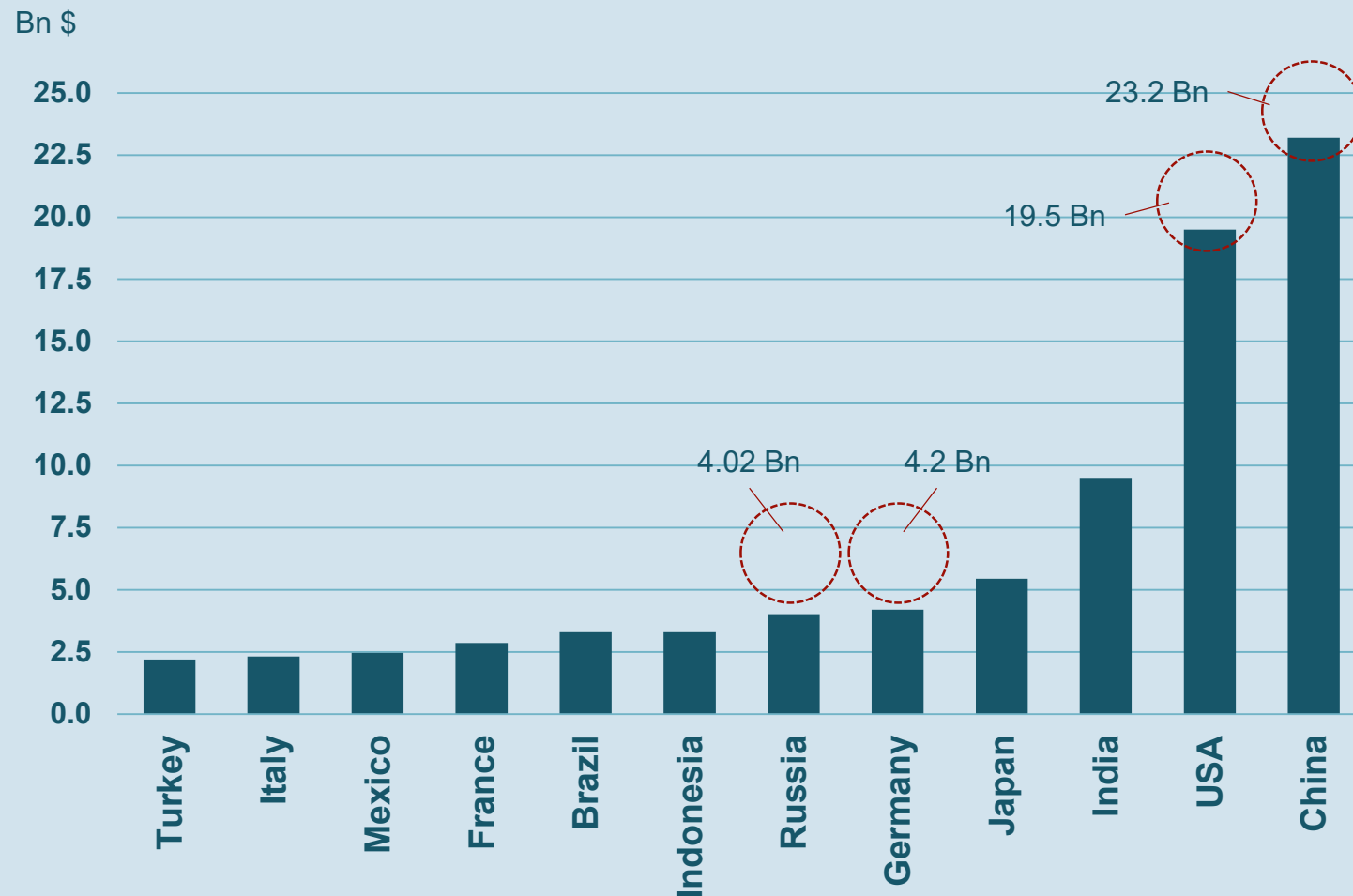




# The biggest economies by GDP (PPP-adjusted) in USD

Russia's economy is among the world's largest by GDP (adjusted for purchasing power parity) and almost as large as that of Germany.

Source: IMF, Macrobond,  
Danske Bank



# The business environment in Russia has evolved significantly

Measured by the ease of doing business, Russia is now the most favorable emerging market and ranks 31<sup>st</sup> globally in 2019 (2012: 111<sup>th</sup>).

Finland ranks 17<sup>th</sup>.

*The ease of doing business score measures, e.g., the ease of starting a business, dealing with construction permits, protecting minority investors, paying taxes, enforcing contracts, and labor market regulation.*

*Source: World Bank Doing Business 2019 report*

Rank	Economy	EODB score	EODB score change
1	New Zealand	86.59	0.00
2	Singapore	85.24	+0.27
3	Denmark	84.64	+0.59
4	Hong Kong SAR, China	84.22	+0.04
5	South Korea	84.14	-0.01

\*  
\*

30	Spain	77.68	+0.07
31	Russia	77.37	+0.61
32	France	77.29	+0.99
33	Poland	76.95	-0.36
34	Portugal	76.55	-0.07
35	Czech	76.10	+0.05
36	The Netherlands	76.04	+0.01
37	Belarus	75.77	+0.72

# Changes in EODB rankings in emerging markets

Russia has improved its ranking the most as measured by the ease of doing business in emerging markets in 2012 and 2019.

Source: World Bank Doing Business 2019 report.



# Aspo achieved its goals for responsible development in 2018



**Joining the  
UN Global Compact  
initiative**



**All employees to  
complete the Code of  
Conduct training**



**Development of Group-  
level responsibility  
reporting**

## **Also achieved in 2018:**

Supplier Code of Conduct for goods and service providers  
Responsibility audits



**Socially, financially, economically, and environmentally responsible operations are a prerequisite for long-term value creation.**

**Social  
responsibility**

**Anti-corruption**

**Environmental  
responsibility**



**Kalle Kettunen**  
Managing Director, Telko

Born 1964,  
M.Sc. (Tech.), MBA  
Managing Director since 2009

Shareholdings in Aspo:  
36,457 shares

# TELKO

Multitalent in materials

## Telko's net sales grew and operating profit increased by 12%

NET SALES

**266.2 M€**

(262.2 M€)

OPERATING PROFIT

**12.1 M€**

(10.8 M€)

Net sales in the eastern markets grew by 4%.

Telko expanded its operations with acquisitions in Denmark and Norway and launched operations in Romania and Uzbekistan.

Telko's profitability was improved by favorable pricing and efficiency improvements in 2018.



# Bridging over 400 principals and 7,000 customers in a sustainable way

Telko's higher margin is based on added customer value:

- Specialty products
- Supply chain knowledge
- Comprehensive technical know-how

## Plastics



## Chemicals & Lubricants



## Life Science

Examples:

- Feed
- Personal care
- Pharma



**Telko's target for 2020:**

**Net sales 300–350 M€**  
**Operating profit 6–7%**



**Mikko Laavainen**  
Managing Director, Leipurin

Born 1973,  
M.Sc. (Econ.)  
Managing Director since 2016

Shareholdings in Aspo:  
15,528 shares





# Leipurin improved its operating profit by 6.5%

NET SALES

**121.1 M€**

(122.3 M€)

OPERATING PROFIT

**3.3 M€**

(3.1 M€)

Net sales in the eastern markets grew by 4%.

Also the machinery and foodservice  
businesses grew.

Net sales decreased from the comparative period  
due to Leipurin selling its meat industry raw  
material business and decreased net sales in the  
western markets.

Profit grew due to measures taken to improve  
operational efficiency during the year.

# Leipurin focuses on developing and expanding its Foodservice offering

## Leipurin services for supply chain solutions

- Assortment development
- Logistics
- Procurement
- Warehousing
- Order portal
- Quality and sustainability solutions





**Leipurin's target for 2022:**

**Operating profit 7 M€  
Operating profit margin 5%**



**Matti-Mikael Koskinen**  
Managing Director,  
ESL Shipping

Born 1972,  
M.Sc. (Econ.)

Managing Director since 2013

Shareholdings in Aspo:  
32,957 shares

# ESL SHIPPING

A pioneer in specific transportation,  
reliability and eco-friendliness





# ESL Shipping grew significantly: net sales grew by 51%, operating profit by 12%

NET SALES

**120.1 M€**

(79.3 M€)

OPERATING PROFIT

**15.1 M€**

(13.5 M€)

MS Viikki and MS Haaga, the world's eco-friendliest dry bulk carriers, started operating in September.

The acquisition of AtoB@C Shipping was completed in August.

Net sales also increased due to higher transportation volumes and increases in fuel prices.

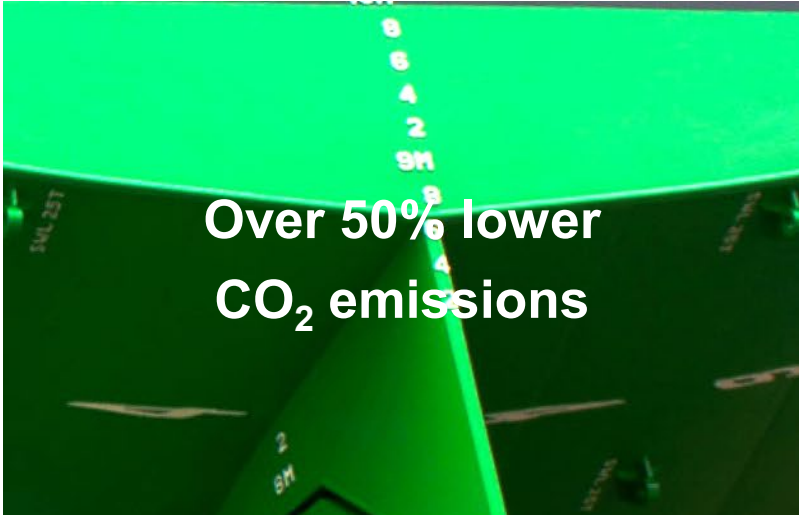
# Investing in superior competitiveness: environmentally friendly LNG-fuelled vessels




**Value of investment  
60 M€**



**2 x 25,600 DWT vessel  
carrying capacity, M/S  
Viikki & Haaga**



**Over 50% lower  
CO<sub>2</sub> emissions**



**Long-term agreement  
for raw material sea  
transport with SSAB**



**The LNG vessels will  
improve profitability due  
to lower operating costs**




**Designed with Finnish  
Deltamarin  
60% of vessel systems  
by European suppliers  
Built in China**



# The AtoB@C acquisition – in line with ESL's growth strategy




28 dry cargo vessels  
with 4,000–5,000 ton  
capacity



New customers and  
cargo types



Acquisition value 32 M€



7 fully owned  
2 partially owned  
19 time-chartered



Forest industry raw  
materials and products,  
steel industry products,  
fertilizers, recycled  
materials, biofuels and  
minerals

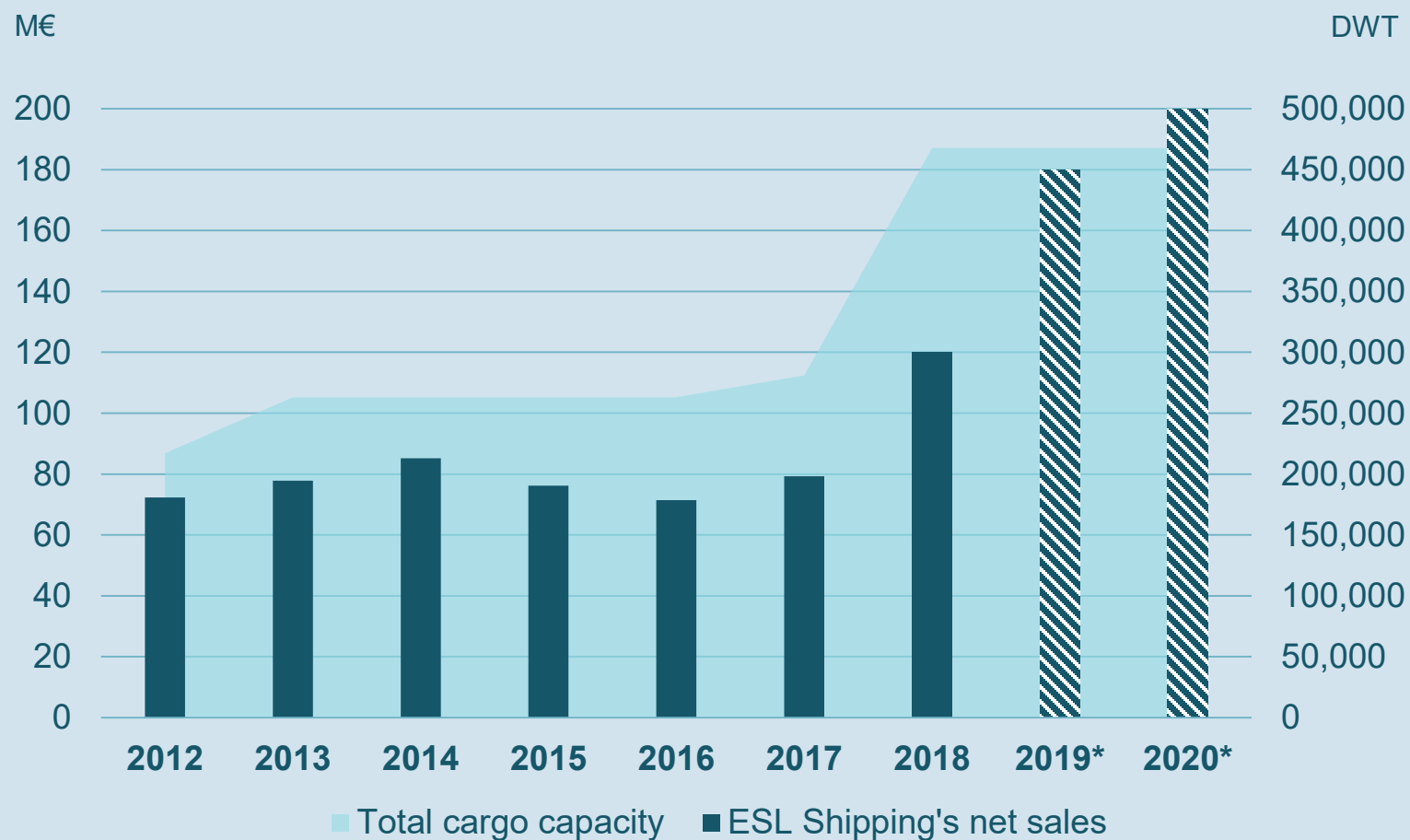


2017 net sales: 80 M€  
2017 operating profit: 3.2 M€  
(4% of net sales)

# Capacity and net sales increased significantly; in 2018, the impact is seen only in Q4 figures

The position of ESL has improved significantly due to acquisitions and new vessels

The increase in capacity enables ESL to improve its operational efficiency and profitability



# ESL Shipping is now a more balanced and versatile shipping company



Total cargo volume increased from 11–12 to 16–17 million tonnes, net sales roughly doubled



Position in the smaller vessel category strengthened



Expanded service range for existing and new customers



EBIT higher but margin lower due to larger share of time-chartered vessels





**ESL Shipping's target for 2020:**

**Net sales 200 M€**

**Operating profit 12–15%**



# **Financial statements, balance sheet, annual report and dividend proposal**



**Aki Ojanen**  
Aspo Plc  
CEO

Born 1961, eMBA  
CEO since 2009

Shareholdings in Aspo:  
47,377 shares

**ARTO MEITSALO**

CFO, Aspo Plc, 2009–  
Managing Directors, Aspo Services Ltd,  
2013–  
M.Sc. (Econ.)

**Responsibilities:**

corporate finance, internal control, ICT,  
administration and HR

**Shareholdings in Aspo:**

37,696 shares

**JAAKKO KOSKINEN**

Communications Manager, Aspo Plc,  
2019–  
M.Sc. (Econ.)

**Responsibilities:**

corporate communications

**JOHANNA SUHONEN**

Executive Assistant,  
Aspo Plc, 2018–

**TONI SANTALAHTI**

Director, Legal Affairs, Aspo Plc,  
2008–, LL.M.

**Responsibilities:**

corporate legal affairs and corporate  
governance

**Shareholdings in Aspo:**

10,427 shares

**HARRI SEPPÄLÄ**

Group Treasurer,  
Aspo Plc, 2008–  
eMBA

**Responsibilities:**

corporate financing and investor  
relations

**Shareholdings in Aspo:**

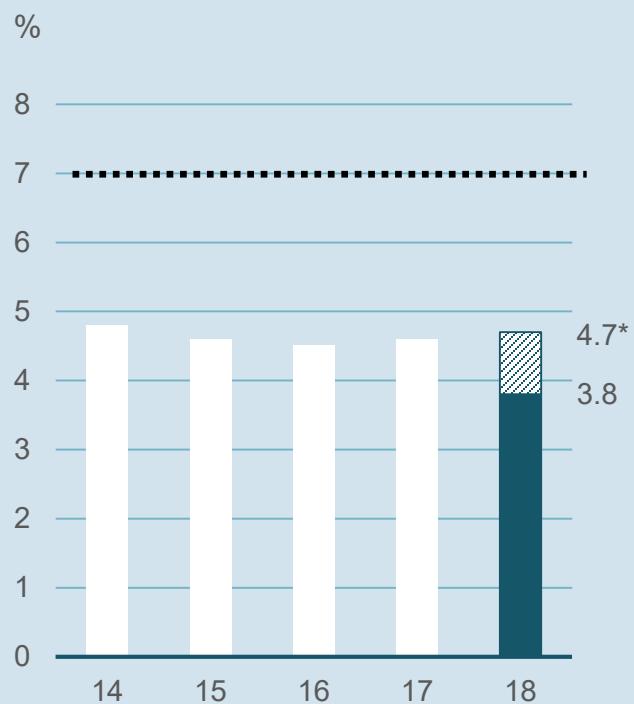
67,528 shares

**PIA KORTELAINE**

Treasury Analyst,  
Aspo Services Ltd, 2009–

# Financial targets

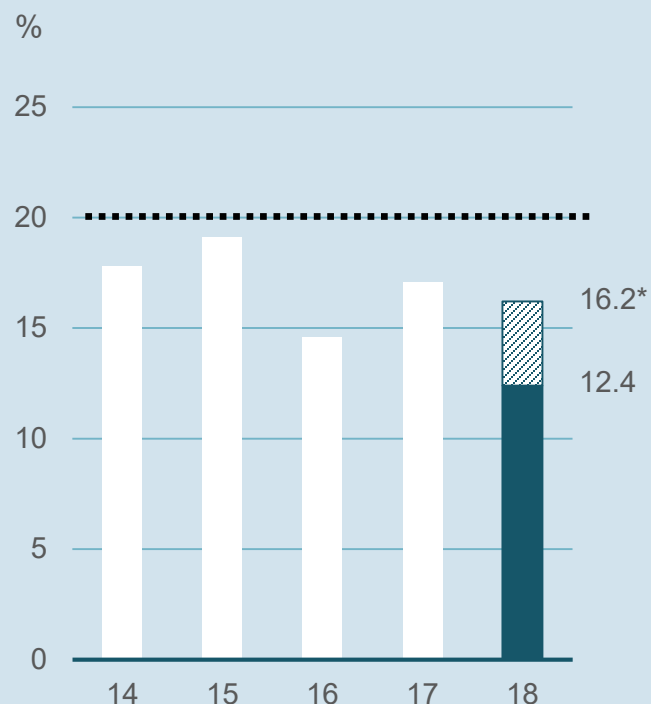
## OPERATING PROFIT



\*) The operating profit rate adjusted by the impairment loss recognized on goodwill was 4.7%.

..... Target 2020

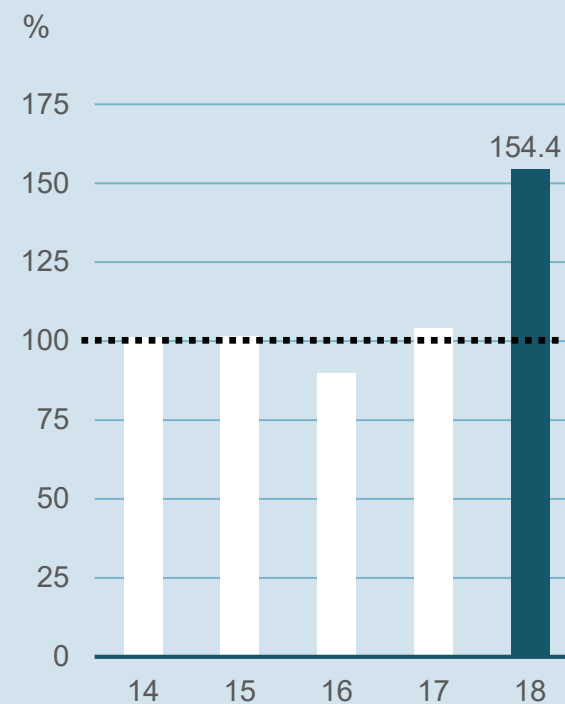
## RETURN ON EQUITY (ROE)



\*) Return on equity, adjusted by an impairment loss recognized on goodwill, was 16.2%.

..... Target 2020

## GEARING

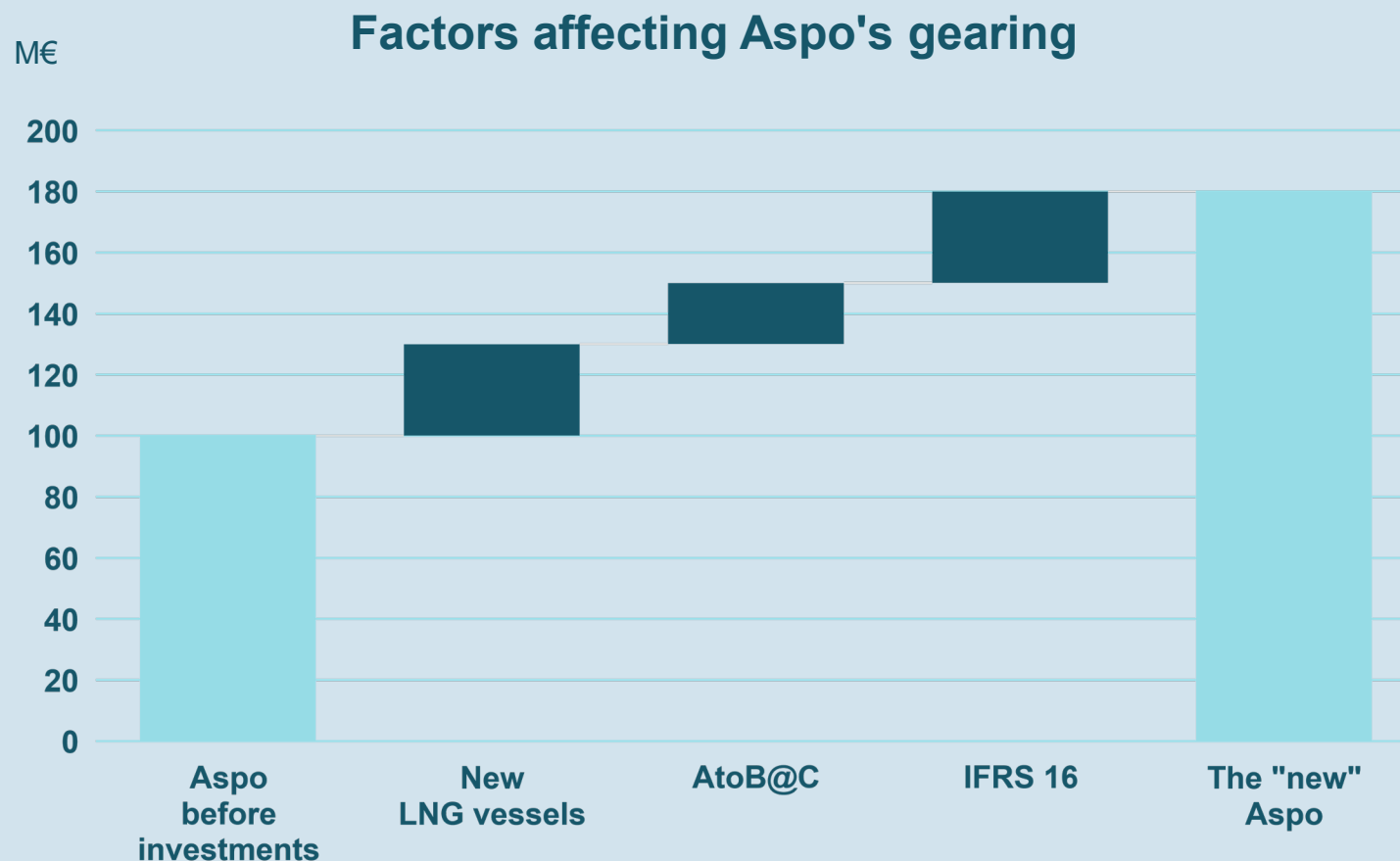


..... Target 2020

# Under the new IFRS 16 standard, all significant leases will be recognized in Aspo's balance sheet, increasing Aspo's indebtedness

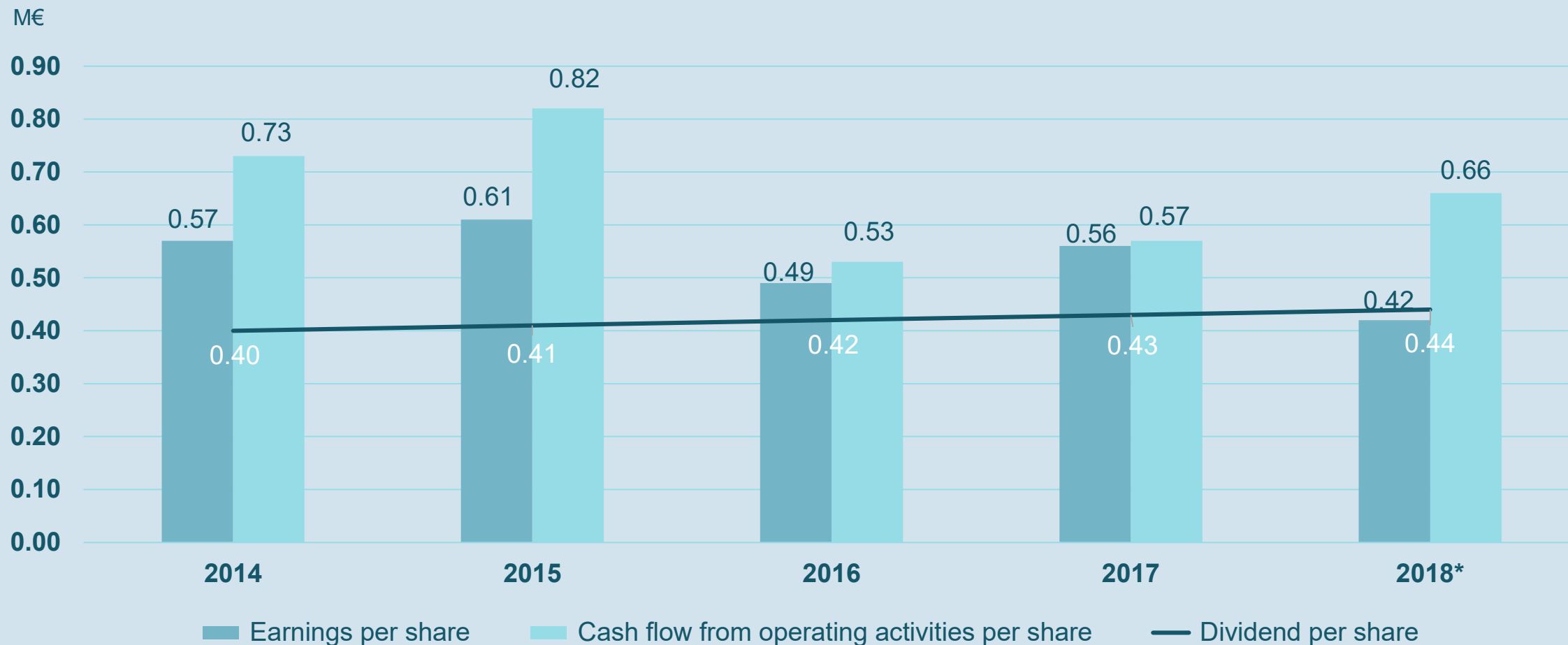
A large number of AtoB@C Shipping's vessels are time chartered.

The new IFRS 16 standard changes the way these vessels are recognized in the balance sheet.





# The impact of the impairment loss recognized on Kauko's goodwill on earnings per share was EUR -0.16.



\* Dividend proposal 2018 by Board of Directors



# Dividend proposal by the Board of Directors

**Aspo develops its businesses and company structure to yield the best possible result to its shareholders.**

**9,500**

shareholders

**99.7%**

domestic ownership

**95%**

household  
ownership

New dividend policy

**Aspo's goal is to annually  
increase the amount of  
dividends.**

# Dividend proposal 2018

Proposal by the Board of Directors to the Annual Shareholders' Meeting:

**EUR 0.44 per share (0.43)**

The dividend will be paid in two installments:

**EUR 0.22 in April 2019**

**EUR 0.22 in November 2019**



# Average dividend yield in 2014–2018 5.5%

Average dividend yield at the Helsinki Stock Exchange in 2014–2018 3.7%



**Work towards achieving  
Aspo's financial targets proceeds  
according to plans.**

**Guidance for 2019:**  
**Aspo's operating profit will be**  
**EUR 28–33 (20.6) million in 2019.**



**Aspo now has  
a solid foundation on which  
to build the next steps on  
its way toward growth.**



**SUSTAINABLE CHOICES,  
VALUE FROM ONE GENERATION TO THE NEXT**