



Capital Markets Day

December 1, 2020



Agenda

Confidently towards capturing our full earnings potential
Aki Ojanen, CEO of Aspo Group

Well positioned for market recovery and sustainable growth
Mikki Koskinen, Managing Director of ESL Shipping

Leipurin - Building on a solid base
Heli Arantola, Managing Director of Leipurin

From increased efficiency to focused growth
Mikko Pasanen, Managing Director of Telko

Long-term financial targets & dividend policy
Aki Ojanen, CEO of Aspo Group

Q&A session
tel. +358 9 8171 0310, PIN: 29047413#




Aki Ojanen

CEO, Aspo Group

Chief Executive Officer since 2009

Confidently towards
capturing our full earnings
potential





Aspo's key objective is to expand and internationalize medium-sized companies specializing in demanding B-to-B customers

Developing and internationalizing businesses

EUR 588 million

Net sales in 2019

EUR 21.1 million

Operating profit in 2019



ESL Shipping

EUR 175 million

Net sales in 2019

LEIPURIN®

EUR 116 million

Net sales in 2019

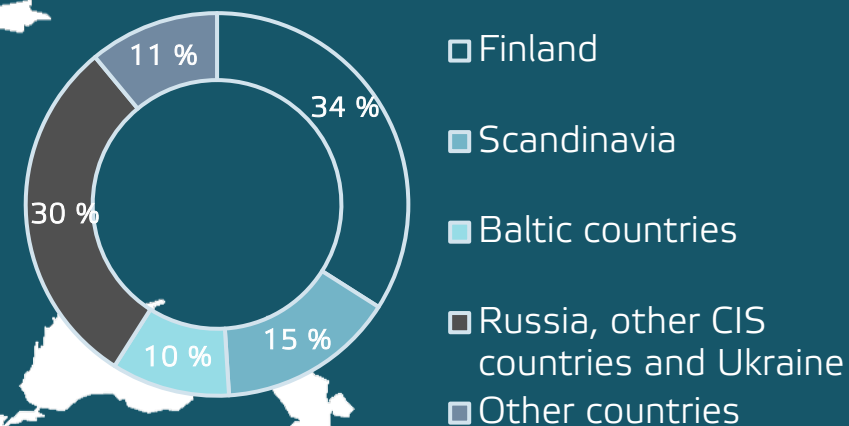


EUR 297 million

Net sales in 2019

Kauko

Net sales by region (Q3 2020)



Creating value through restructuring and investments



Aspo's strengths as a conglomerate



Diversified business
portfolio and cash
flows



Effective use of
capital markets
enabling larger
investments

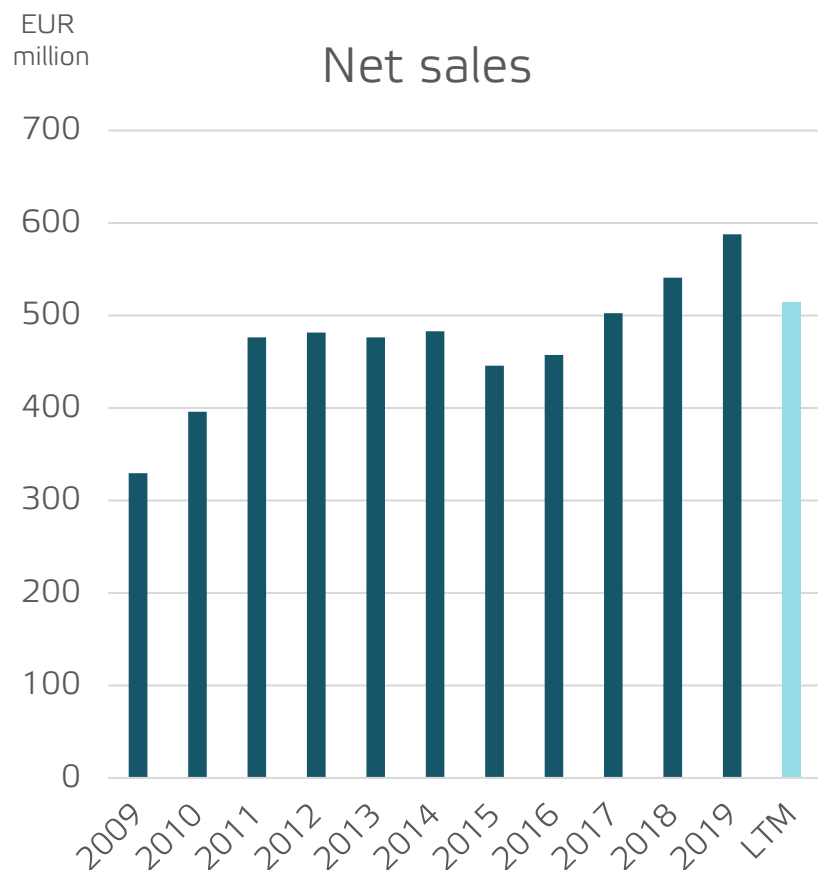


Strategic guidance
and structural
arrangements

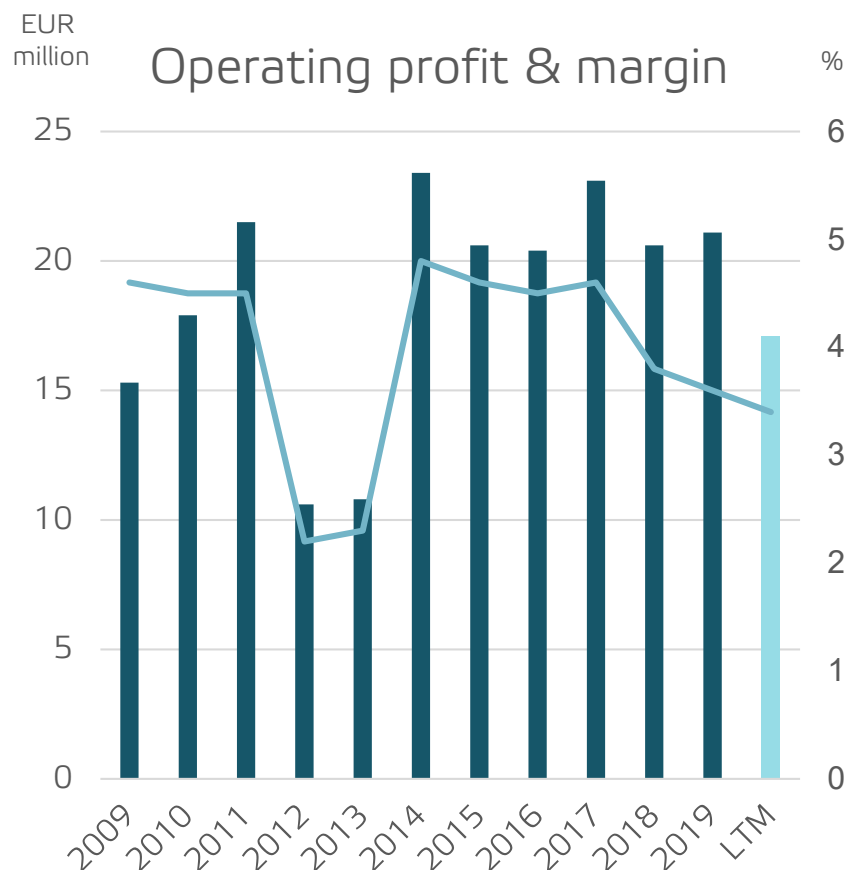


Long-term
development from
generation to
generation

Group net sales and operating profit development

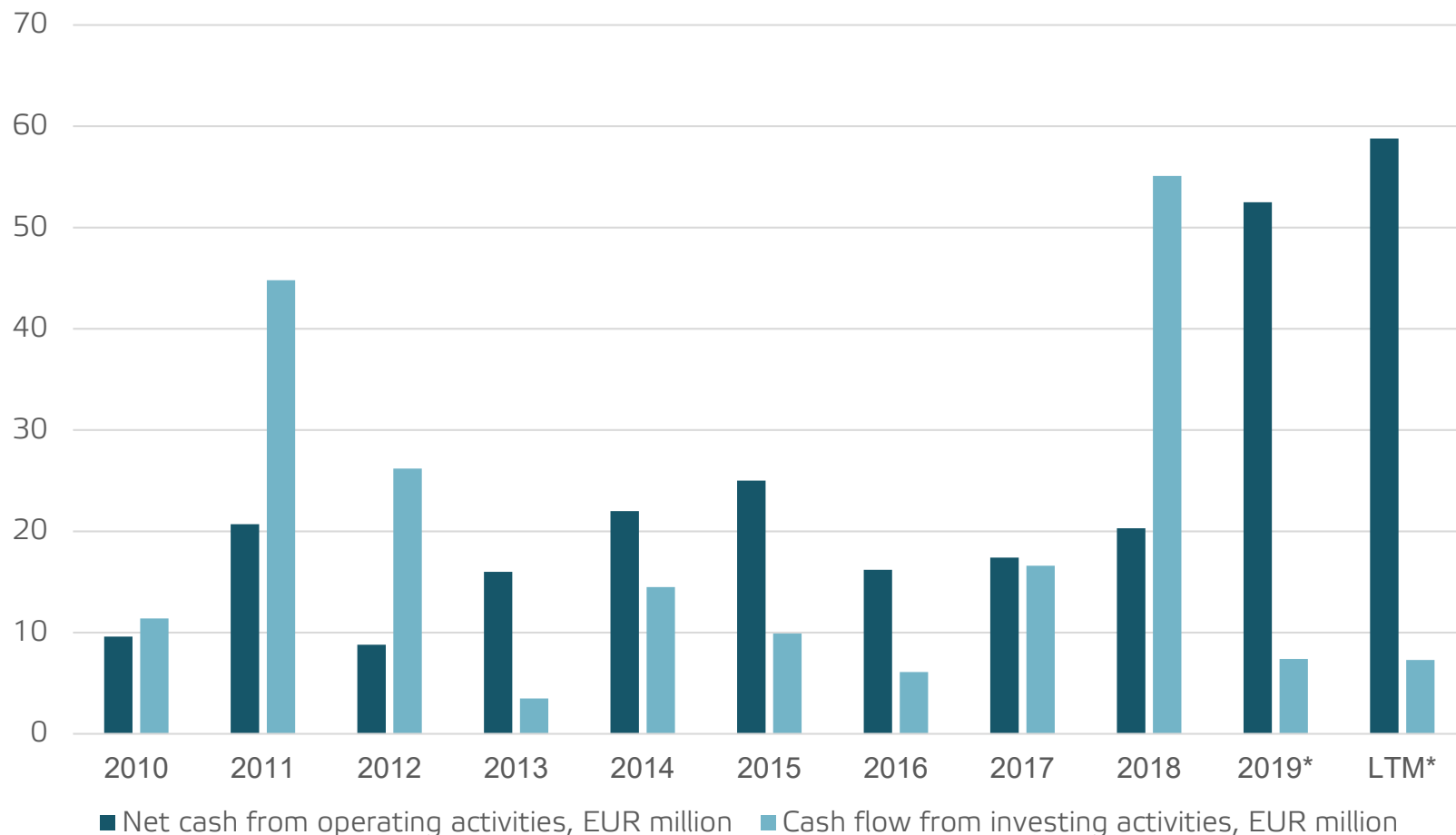


LTM = Last 12 months



- Lower operating rates of customers across all business segments due to Covid-19 affected negatively on net sales and operating profit
- At the end of Q3, we already saw signs of market recovery

Free cash flow strengthened due to improved working capital and low investments

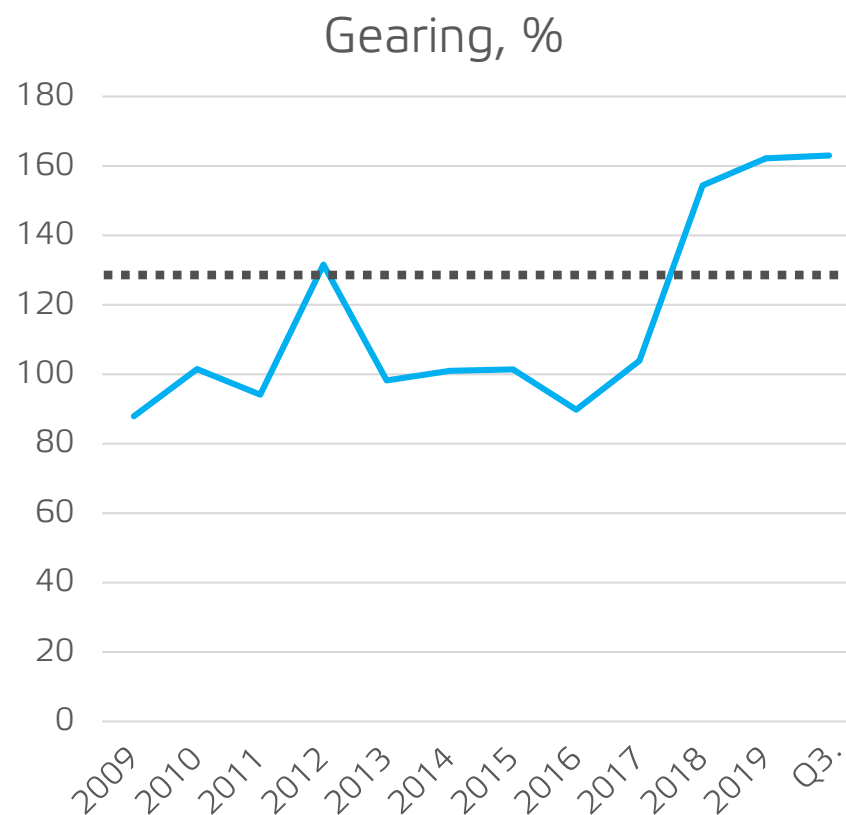
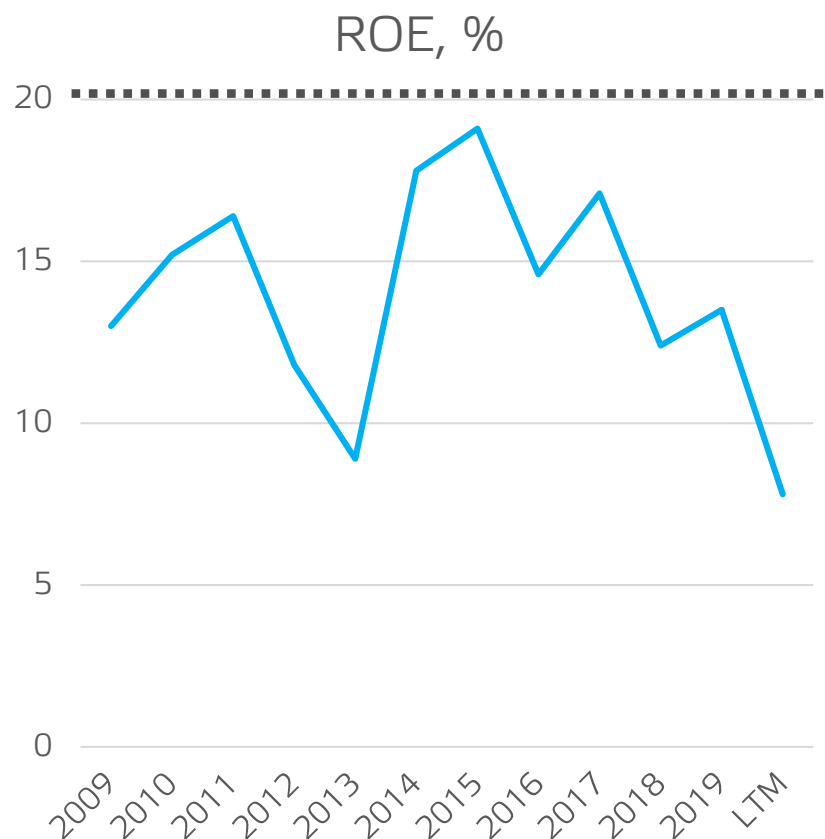


LTM = Last 12 months

* IFRS16 impact on operating cash flow 28.4m (2019) and 13.4m (LTM)

- Net cash from operating activities boosted by improved working capital management
- No major investments expected in the near future supporting free cash flow generation as well as strategic further development of the Group

Investments and pandemic decreased ROE, good debt servicing capacity due to strong free cash flow



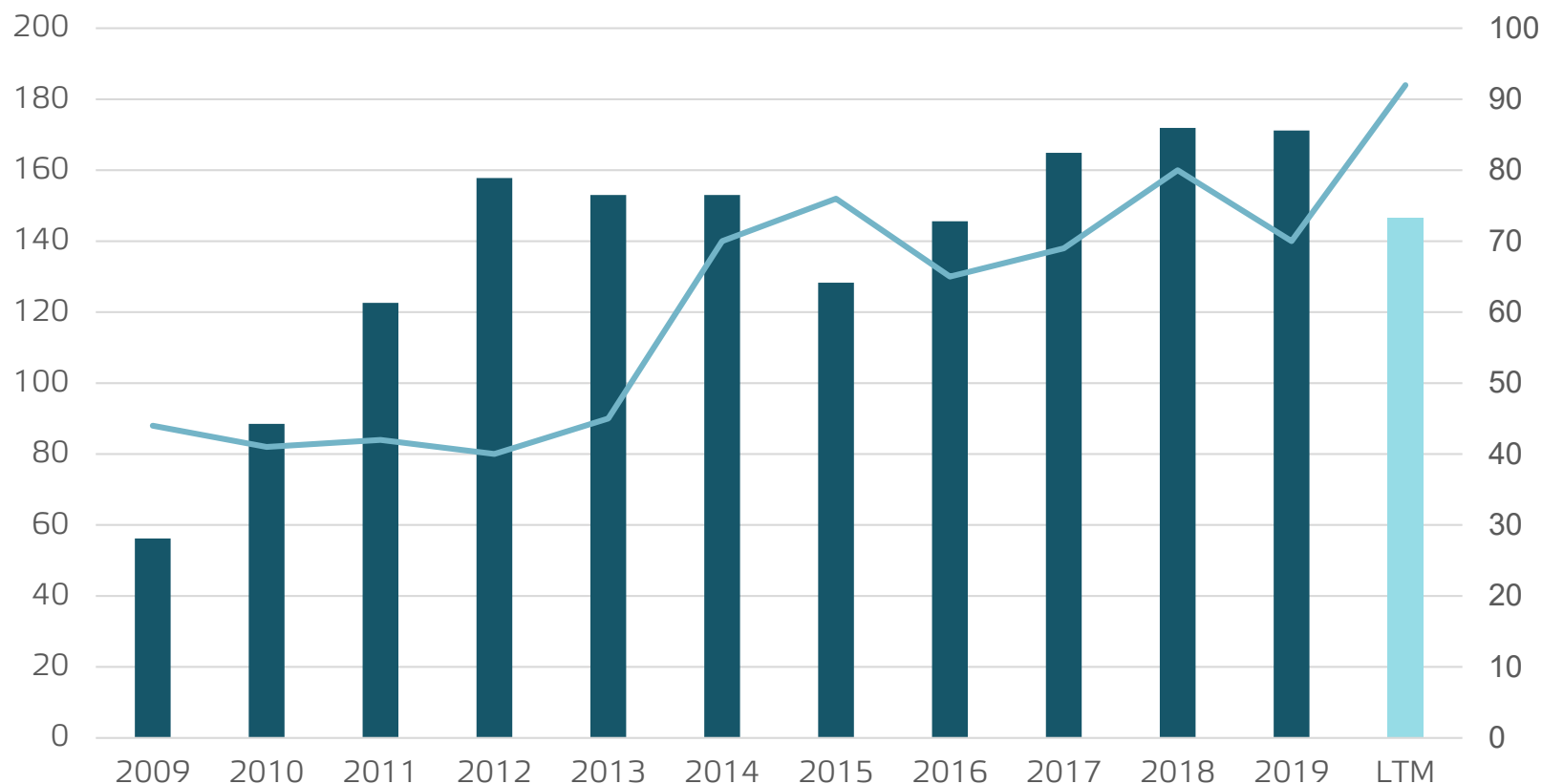
- Major investments executed in 2017-18 not yet visible in ROE
- Gearing is turning towards target level as a result of strong cash flow and low near-term capital expenditure
- Good debt servicing capacity increases Aspo's tolerance to have higher gearing at times

LTM = Last 12 months

..... Financial targets 2023

Organic growth in the Eastern markets remains a strategic cornerstone

Net sales of Russia, other CIS countries and Ukraine,
EUR million



— RUB/EUR exchange rate for the last day each year, Sep 30 for 2020 (European central bank)

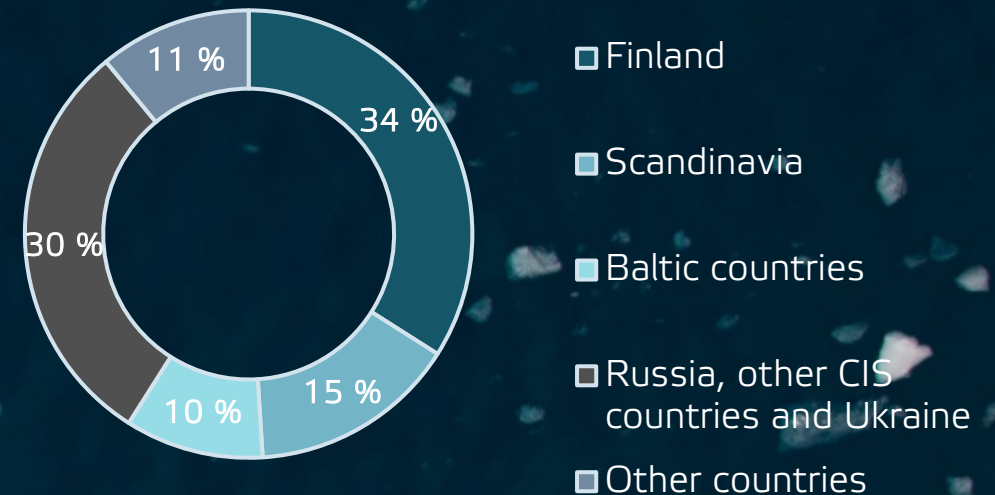
- Aspo has vast experience in doing business in the Eastern markets
- Only organically growing business operations in the Eastern markets – no capital investments made or M&A activity in the region

The Nordics increasing its importance

Several acquisitions and footprint strengthening in Scandinavia during the recent years

- AtoB@C acquisition in 2018
- LNG vessel (Viikki & Haaga) investments in connection to long-term contract with SSAB for ESL Shipping
- Telko acquisitions in Sweden, Denmark and Norway
 - Square Oil and HH Plastikombi (Den) in 2018
 - ILS Nordic (Swe) and Autolubes (Nor) Q4/2020

Q3 2020 net sales by region



Prompt Covid-19 mitigation procedures implemented during the year

Defend



- Ensuring the safety of employees and customers
- Agile & fast-tracked leadership and decision making with intensified reporting cycles
- P/L protection procedures, outlining scenarios, further strengthening of liquidity

Stabilize



- Continuous monitoring of business performance and macro environment
- Increased focus on working capital and managing account receivables

Engage



- Preparation for market recovery
- Focused growth and gaining market share

Group-wide focus areas for the coming quarters



Reach EBIT
potential



Maintain strong
cash flow



Gain market
share



Intensify
sustainability
efforts



Sustainability is a key
to long-term value creation

Aspo Group's long-term ESG target:

**Our businesses are
forerunners in sustainability
in their industries**

ESG = Environmental, Social and Governance factors that are used as determinants for business development and investment decisions

Towards a more sustainable Aspo Group

- From a good corporate citizen to a sustainability forerunner - acceleration of current sustainability work in all businesses
- Increased ESG ambition from both internal and external stakeholders
- Sustainability seen as a competitive advantage & differentiator in many geographical markets

Benchmarking the industry leaders

Increased focus on internal processes

Developing group-wide ESG reporting

Ambitious KPI's and target setting

Implementing the best-in-class practices



Mikki Koskinen

Managing Director, ESL Shipping

Managing Director since 2013

Well positioned for market
recovery and sustainable
growth



ESL SHIPPING

Well positioned for
market recovery and
sustainable growth

Aspo Capital Markets Day

December 1, 2020

The leading carrier of dry bulk cargoes in the Baltic Sea region

Net sales: EUR 175m (2019)
EBIT: EUR 14.6m (2019)

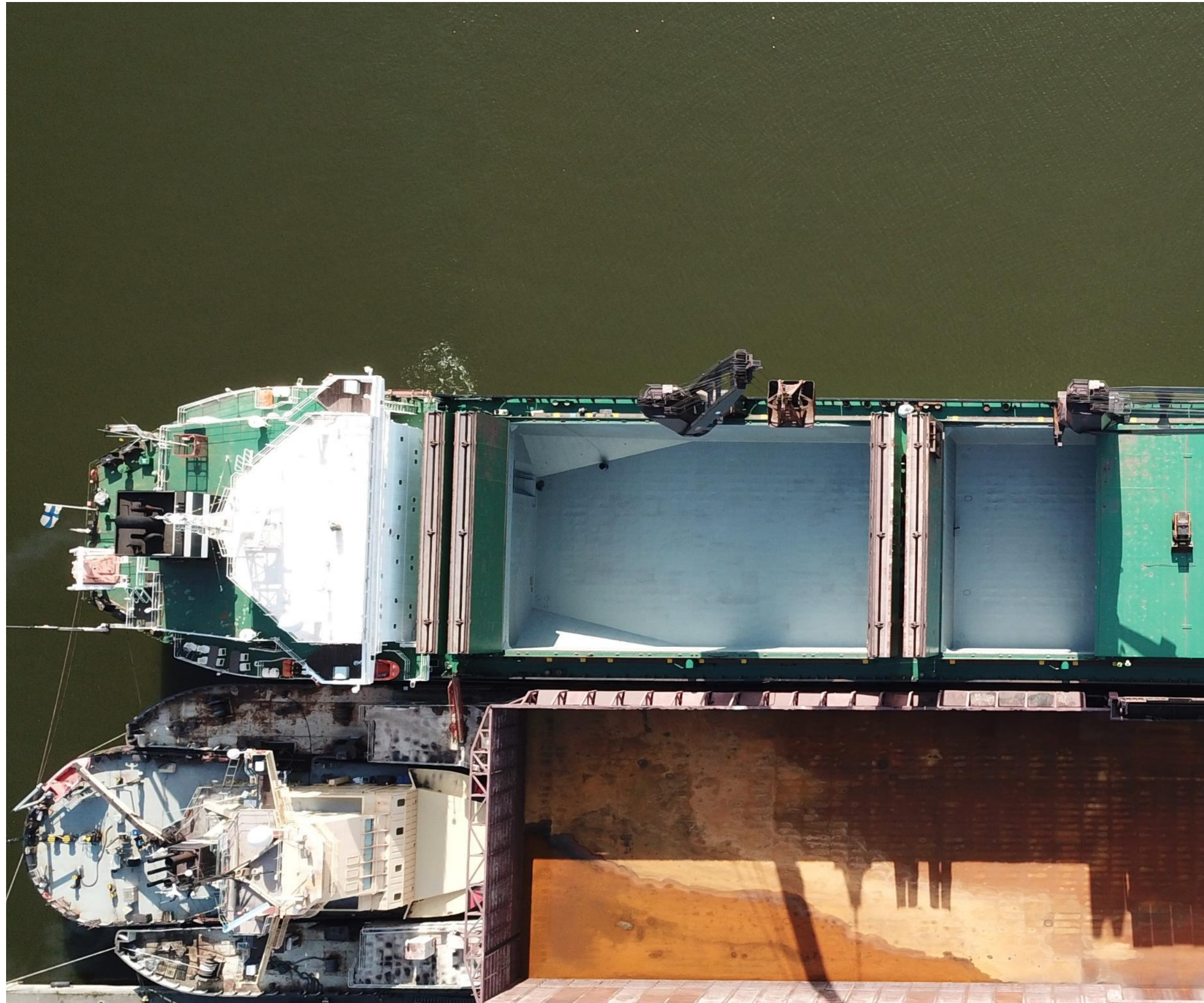
Main clients:
Nordic steel industry, forest
industry, food chain and
energy

49 vessels
15.9 million tons of cargo
shipped in 2019

Investments made in
environmental-friendliest
technologies



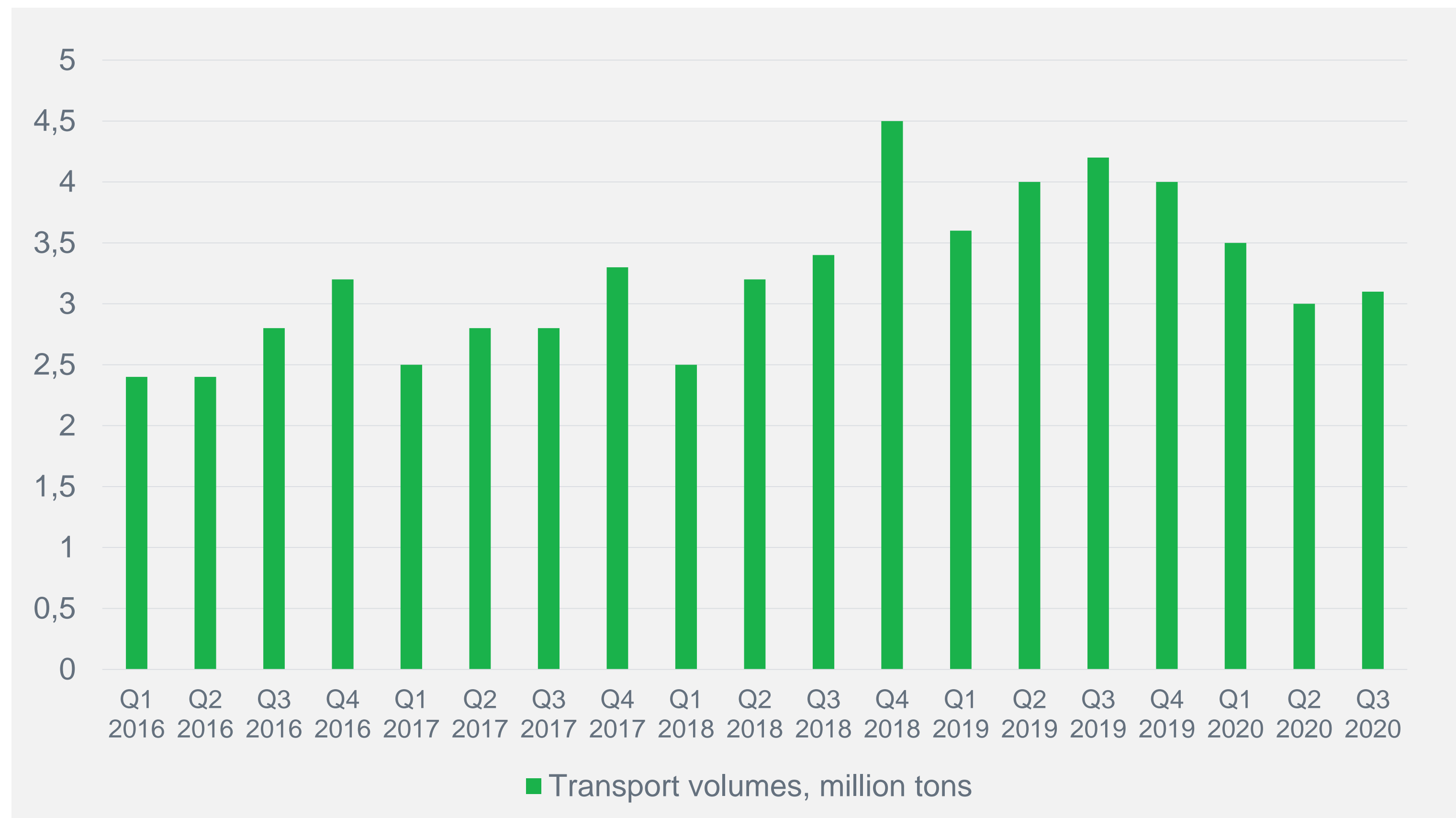
Dramatic market downturn sparked by the Covid-19 pandemic



Lay-ups during summer 2020 due to significantly weakened cargo volumes

We are now seeing signs of market recovery, and full capacity has been in use since late October

Demand currently recovering towards normal levels



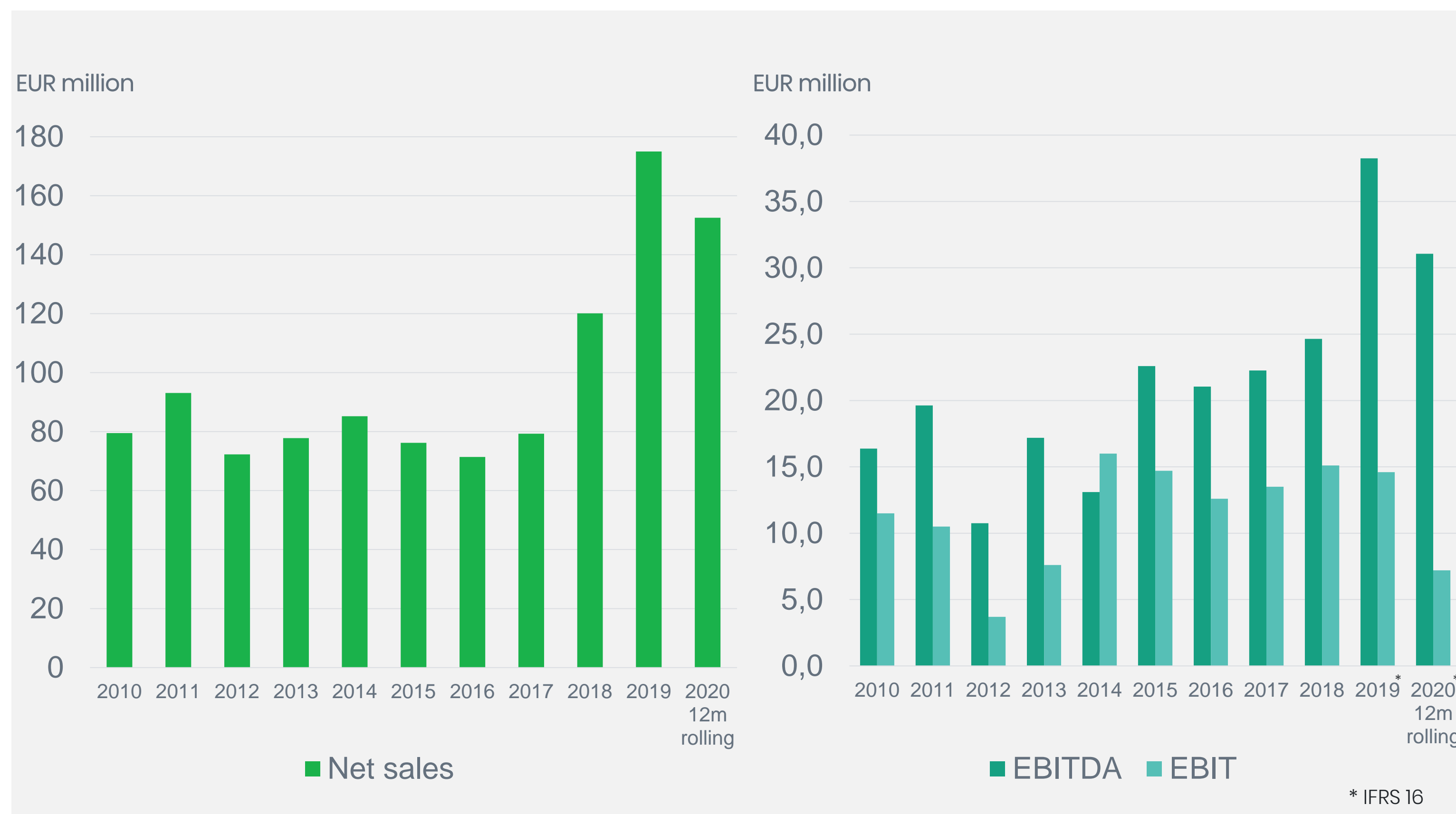
Outlook more upbeat

Transportation volumes in larger vessel categories started to increase towards the end of Q3 2020

AtoB@C displayed resilience to market disruption

Demand for AtoB@C smaller vessels remained more stable throughout the summer

Net sales, EBITDA and EBIT development in 2010–2020



Net sales doubled after the acquisition of AtoB@C in 2018

Solid cash flow generation over the cycle – EUR 237 million of EBITDA in 2010–2020

OUR VALUE PROPOSITION

The most sustainable option for reliable, safe and flexible deliveries regardless of weather and ice conditions.

Strengths of ESL Shipping

Sustainability leadership

Industry forerunner in environmental, safety and governance issues

Long-term customer agreements

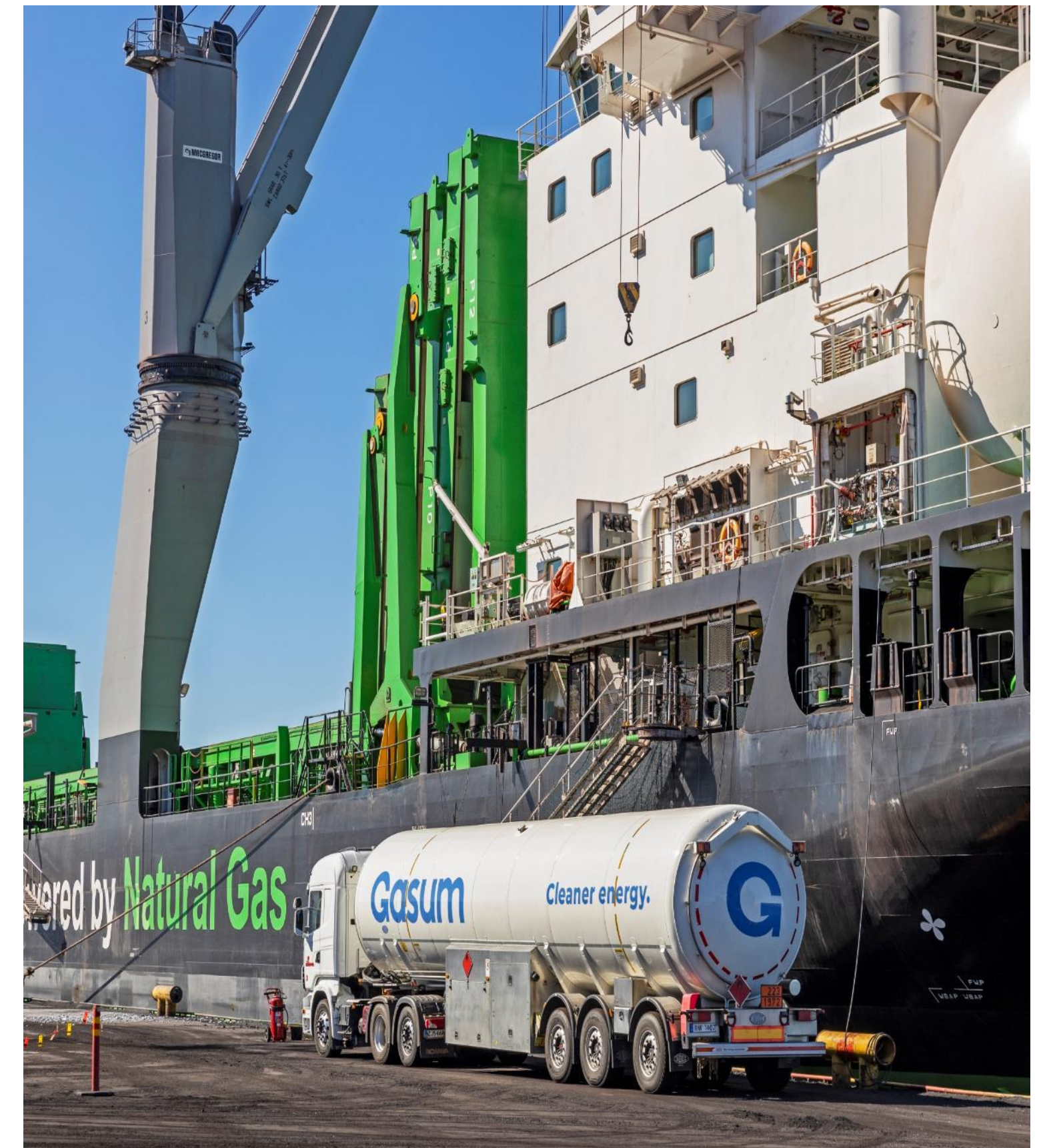
Built on trust and performance

Strong niche player

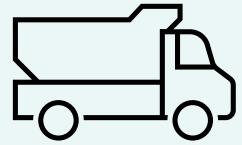
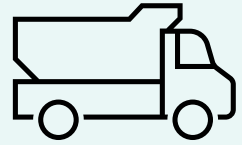
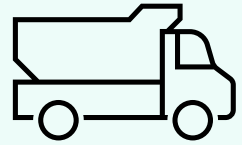
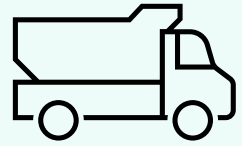
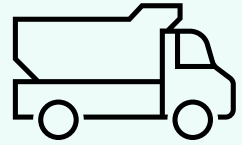
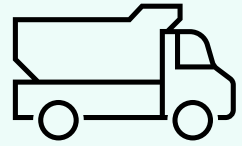
Northern know-how and deep understanding of customer supply chain

Operational excellence

Highly competent staff & efficient operating systems



Competitive and energy efficient fleet

Class	No of vessels
56,000 DWT Supramax	
equals >  x ~ 3,000*	2
26,000 DWT LNG Handysize	
equals >  x ~ 1,400*	2
20,000 DWT Handysize	
equals >  x ~ 1,100*	3
13,000 DWT	
equals >  x ~ 700*	10**
Smaller vessels	
equals >  x ~ 250*	32
Total	
equals >  x ~ 6,700*	49



AtoB@C successfully integrated

Accelerated entry to a market with larger portfolio of cargo types and customers

Strategically important platform for future growth

Resilient operation and solid financial performance in a tough market environment

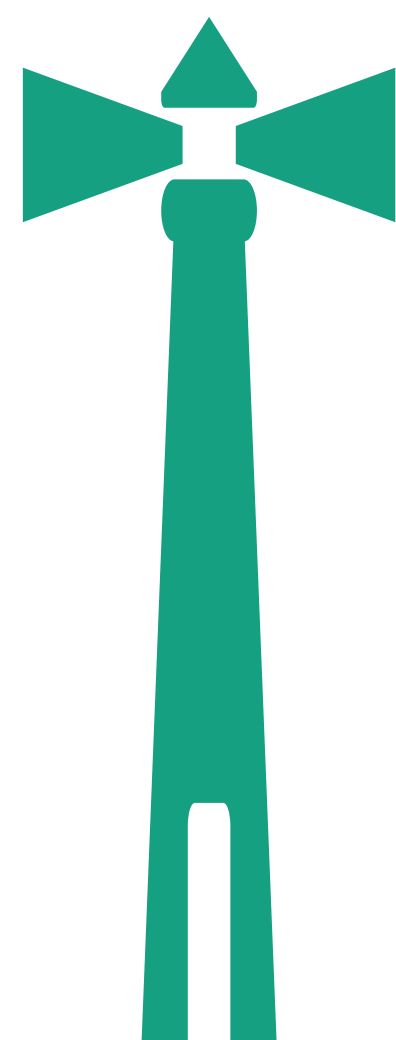
Synergies larger than expected, the full impact on sales and profitability expected when the market recovers





OUR VISION

We are the most sustainable marine logistics partner for selected industries in Northern Europe and Arctic areas.



We provide safe, reliable, flexible and sustainable year around logistics services.

We believe that sustainable solutions are the best way to create long term customer and shareholder value.

We develop, test and promote sustainable marine logistics solutions.

We create long-term value for our employees, customers and shareholders.

Strategic market drivers – Sustainability and new technologies

Fossil free society

Carbon free steelmaking









Wood based products

Circular economy

Biofuels

Fossil free energy production

Transportation volume estimates*

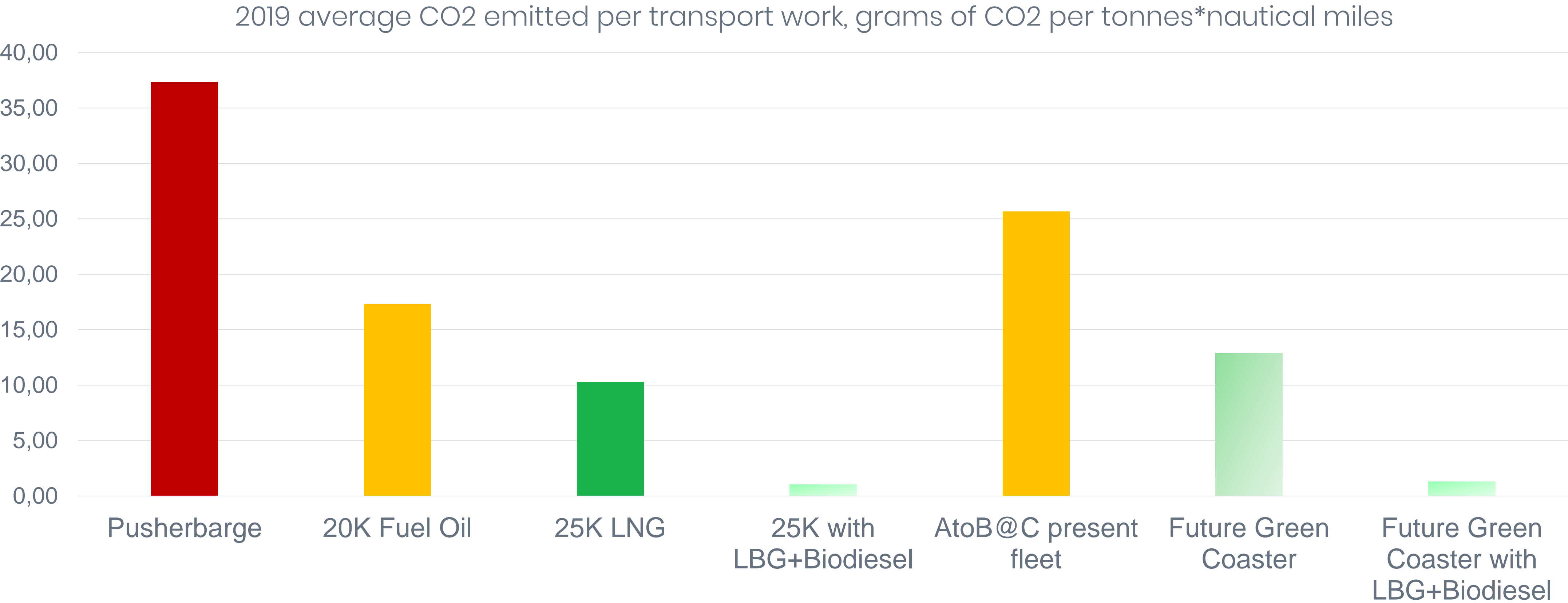
	Next 12 months	Long-term
Steel raw materials		
Steel products		
Scrap metals for steel industry		
Forest industry excluding paper		
Dry biomass		
Energy Coal		
Loading and unloading at sea		
Food chain		
Arctic area freight operations (incl. Russia)		



Our emissions reduction path

ESL fleet emissions reduction path

AtoB@C fleet emissions reduction path

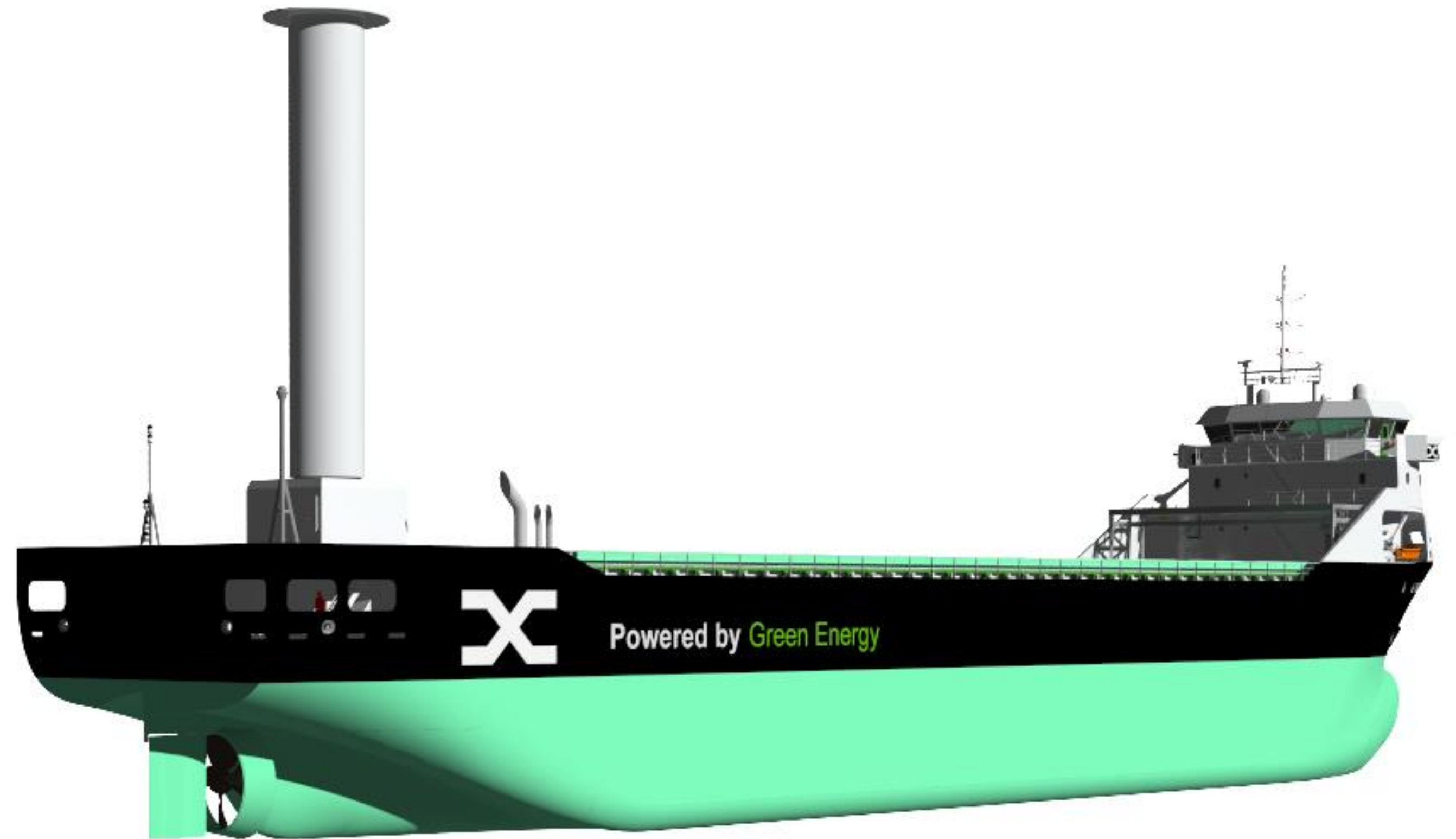


Strategic market drivers – Sustainability and new technologies

Our vision is to offer an option of up to 100% fossil free transports to selected clients

Roadmap to fossil free transports

1. State-of-the-art ship designs and power train technologies
2. Alternative fuels and energy solutions
3. Growing demand from clients



Well positioned for sustainable growth and improving profitability

- ESL Shipping is well positioned for supporting the transition towards fossil free shipping
- Transportation volumes are already recovering from the historical drop caused by Covid-19
- Investments in LNG vessels and AtoB@C acquisition provide solid platform for future growth and earnings improvement



Heli Arantola

Managing Director, Leipurin

Managing Director since 2020

Building on a solid base:
Strategic focusing
& growth initiatives



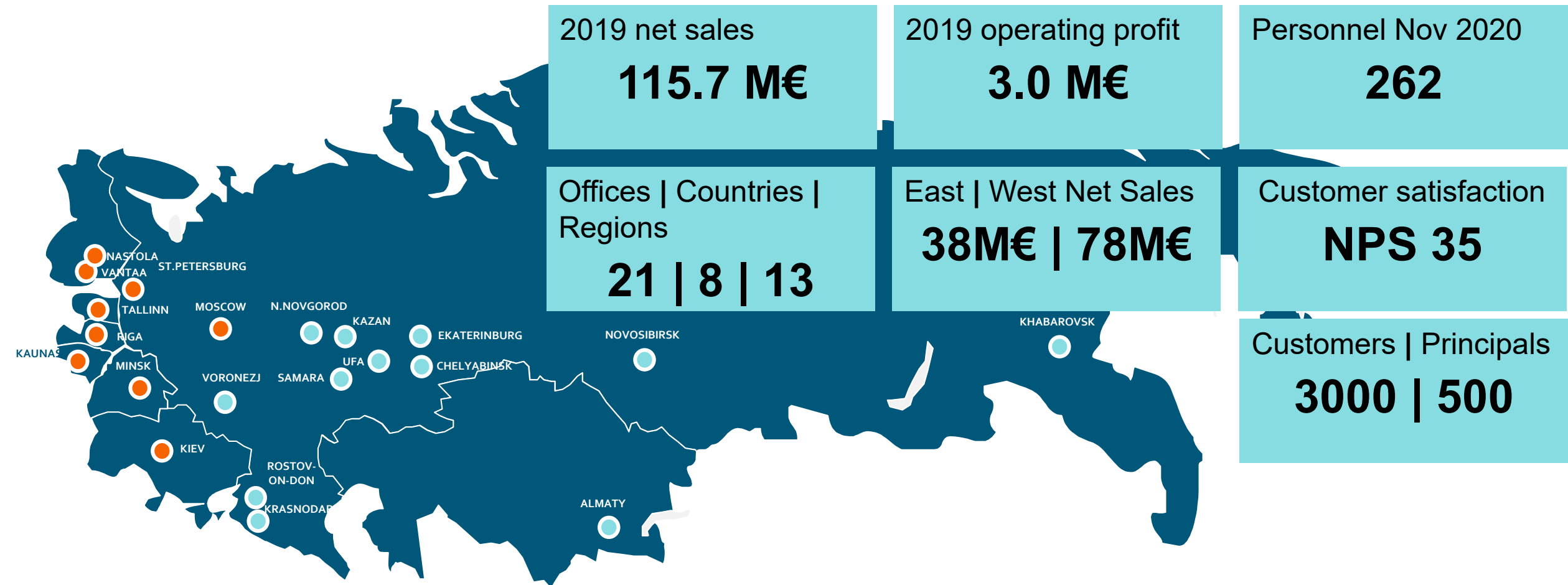


LEIPURIN

BUILDING ON A SOLID BASE: STRATEGIC FOCUSING & GROWTH INITIATIVES

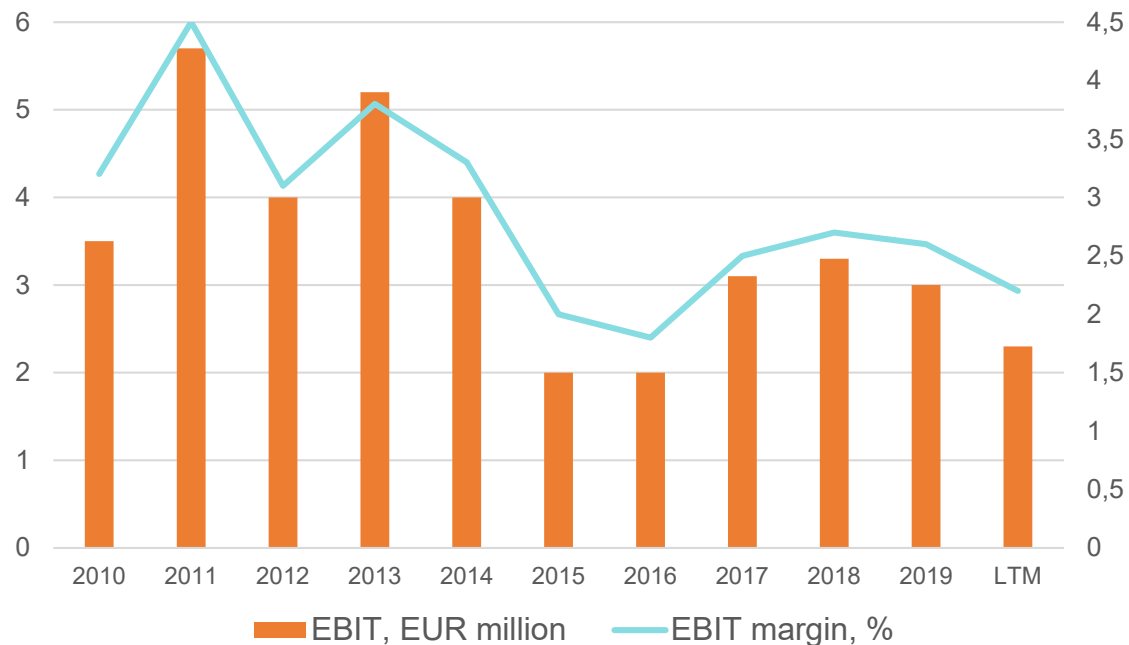
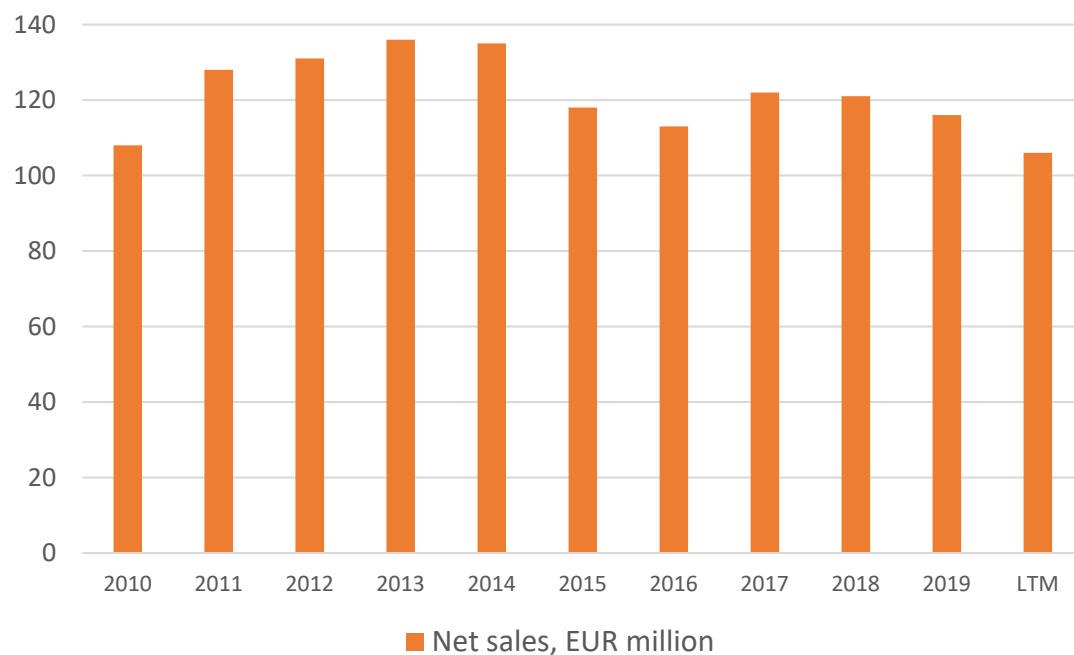
December 1, 2020

LEIPURIN SERVES FOOD INDUSTRIES IN TWO REGIONS: EAST AND WEST

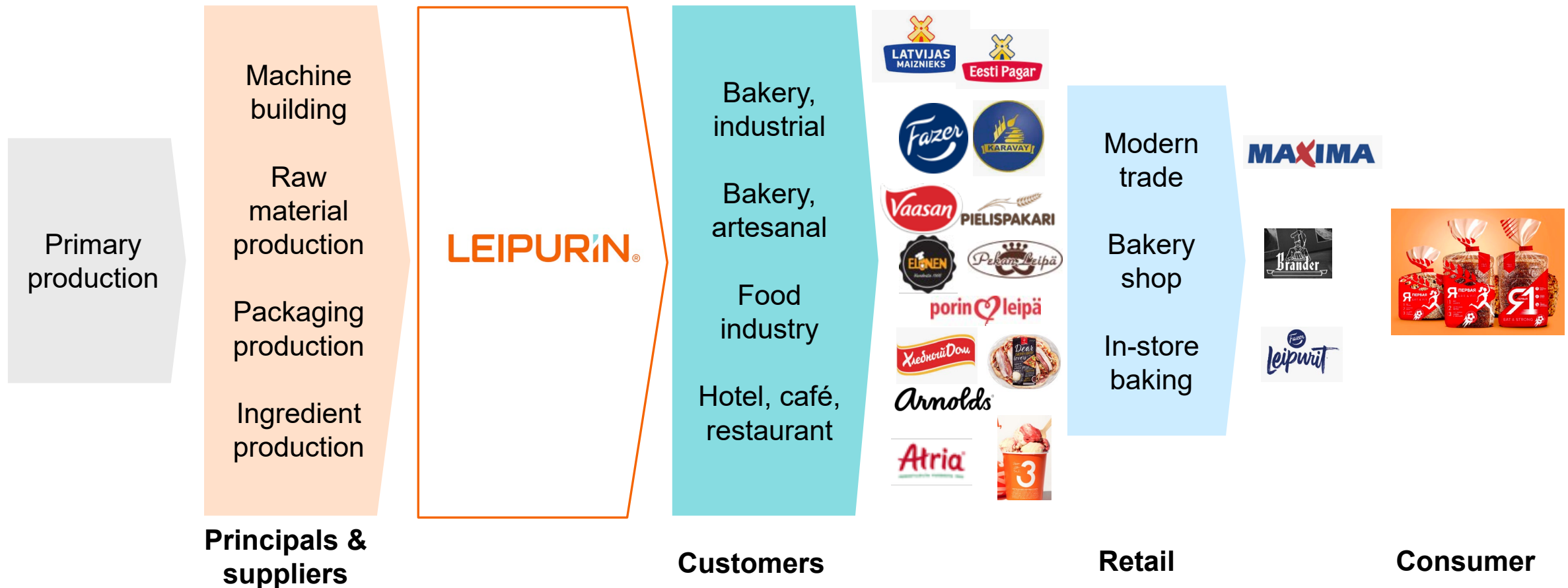


STABLE NET SALES OVER BUSINESS CYCLES

PANDEMIC WEIGHING DOWN DEMAND AND PROFITABILITY IN 2020



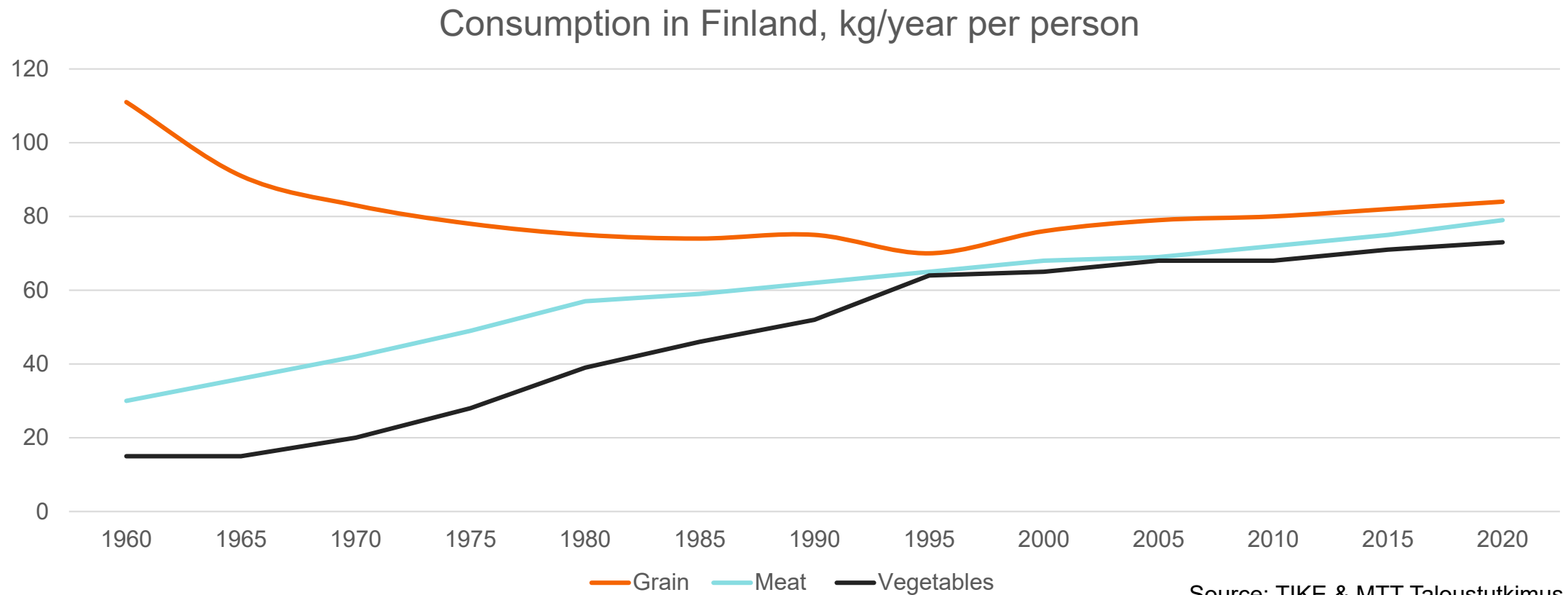
LEIPURIN FULFILLS A KEY FUNCTION IN THE FOOD VALUE CHAIN



A top-down view of a breakfast table. In the top left, a white bowl is filled with a variety of fresh fruits including strawberries, raspberries, blueberries, and blackberries, topped with shredded white coconut. To the right, a white cup of coffee with a latte art design sits on a matching saucer with a spoon. In the bottom center, a hand holds a small round cake decorated with white frosting and a fresh strawberry. The background is a dark, textured wooden surface. A semi-transparent white banner with orange text is overlaid across the middle of the image.

Market development: DEMAND & COVID-19

THE DEMAND TREND FOR GRAIN IN OUR MAIN MARKETS IS SIMILAR TO FINLAND

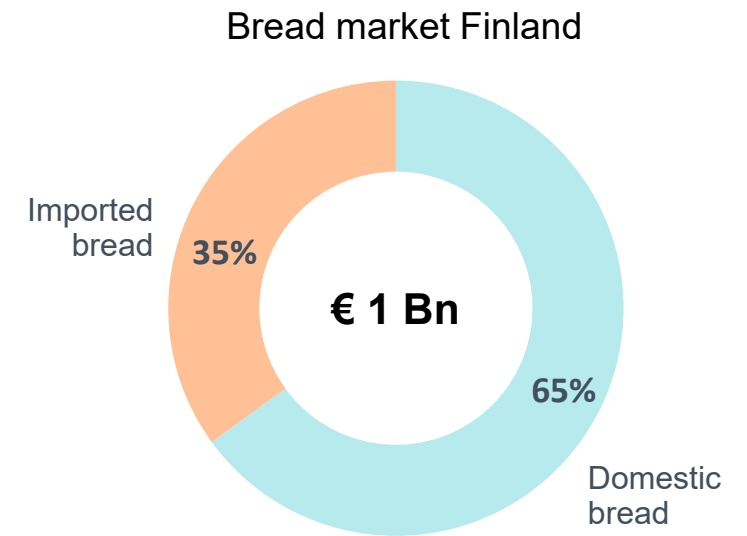


BREAD REMAINS A STAPLE FOOD AND SHIFTS IN DEMAND ARE SLOW

- Packed fresh bread volumes are stable in Leipurin home markets

Example Finland:

- The demand for wheat has been in decades-long decline but is stable at 45 kg/person/p.a. for some years
- Demand for rye is steadily growing towards 25 kg/person/p.a.
- Demand for oats is in strong growth at 10 kg/person/p.a.



UNFORESEEN, FAST CHANGES IN SHOPPING BEHAVIOR IN H1/2020

- March showed a strong **stocking up** in anticipation of lock-downs in the Baltic Sea area
- Massive boost in **online sales** of groceries
 - Still at 2-4% share despite the sudden boost
 - Click & Collect gets an upgrade
- June shows the return to close to **normal shopping** behaviors
- School start Aug/Sept back to **normal product mix**



PRICE POINTS HAVE WAVERED IN ALL LEIPURIN MARKETS

- Lock-down & eCommerce winners are **long-shelf life** and **plastic-wrapped product types**
- Russian cities long trend of trading up: more premium product types. H12020 we saw **trading down**.
- No deliveries to restaurants and cafes
 - bakery sector production focus shift: 2 million kilos **from HoReCa to retail** in the Spring (FI)
- Russian demand is more and more geared towards **local origin** raw materials



KEY TRENDS SHAPING THE FOOD INDUSTRY IN THE MID-TERM UNCHANGED

MACRO TRENDS

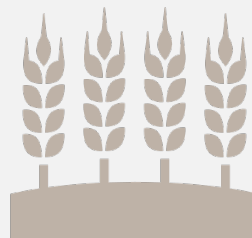


Sustainability



DIGITAL ← COVID-19

INDUSTRY TRENDS



Oats



Local production

CONSUMER TRENDS



Health & Wellness



Convenience

SUSTAINABILITY ROADMAP FOR LEIPURIN

TODAY

Annual reporting of KPIs

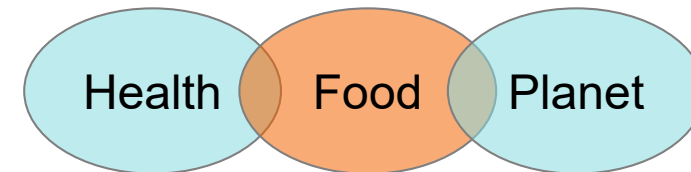
- People
- Energy
- Waste

- Materiality analysis
- Stakeholder analysis
- First Leipurin Sustainability Report
“Leipurin as part of the Food System”

- Ambition defined
- KPIs
- Targets & milestones

Leipurin is a forerunner in its industry

- Proof points of success



Aspo:

Our businesses are forerunners in sustainability in their industries

WE SUPPORT





DEVELOPMENT OF LEIPURIN BUSINESS

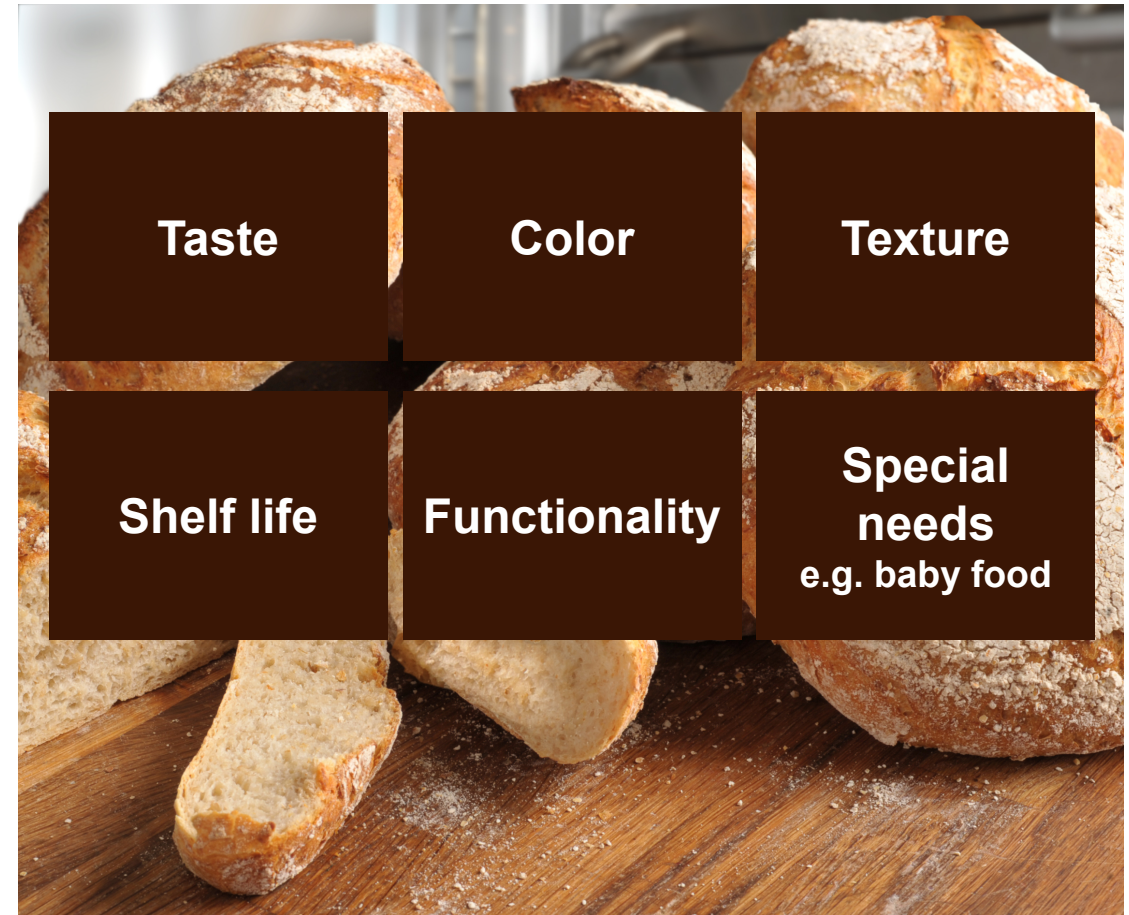
WE HAVE A CLEAR CUSTOMER SEGMENT FOCUS



	Non-core	Core	Growing	Non-core	Stable
	Core	Growing	Growing	Stable	
	Growing	Core	Growing		Local
		Core			

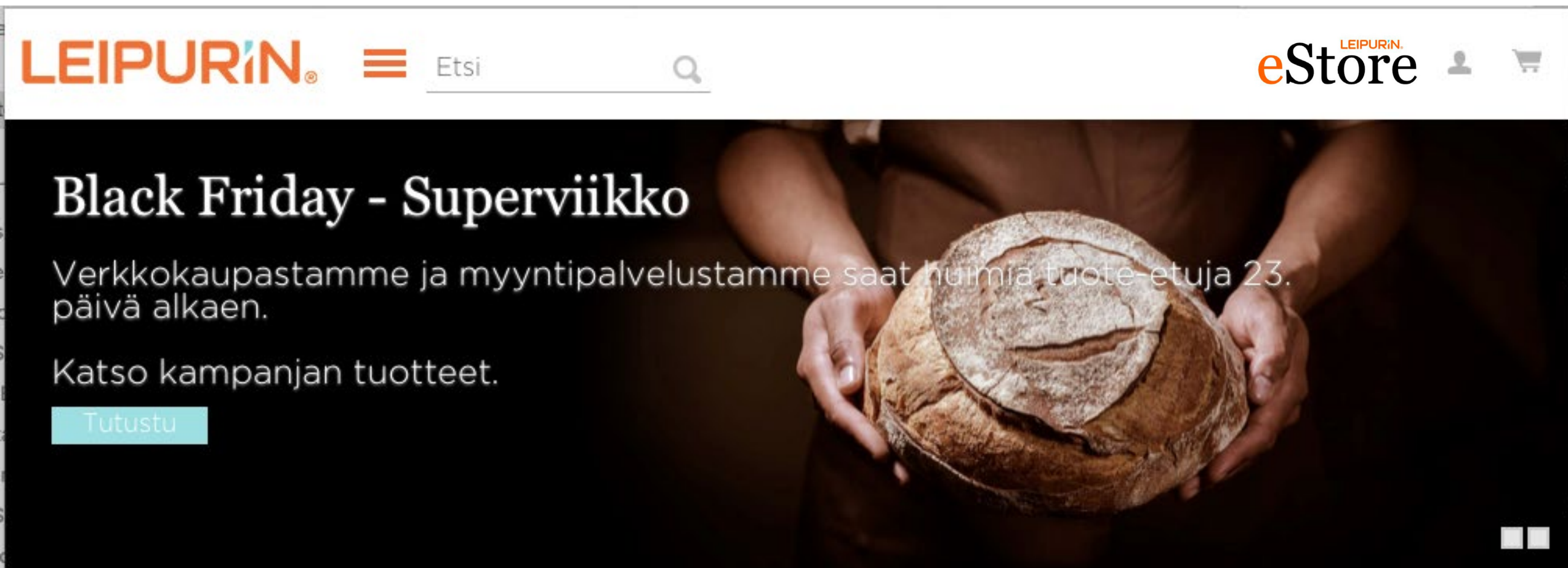
LEIPURIN PRODUCTS HAVE A KEY ROLE IN MANY FOOD INDUSTRY APPLICATIONS

- **Technical products** include enzymes, blends, mixes that can be tailor-made
- **Deep understanding** of the food industry process is required to create a **solution** together with the **customer's product development**



WE ARE STRONG IN DIGITAL

LEIPURINSTORE.COM – WEBINARS – EMAIL MARKETING



The screenshot shows the top navigation bar of the LeipuriN eStore website. On the left is the 'LEIPURiN' logo in orange and blue, followed by a hamburger menu icon and a search bar containing the text 'Etsi' and a magnifying glass icon. On the right is the 'eStore' logo with 'LEIPURiN' in small text above it, and icons for a user profile and a shopping cart. Below the navigation bar is a large banner for 'Black Friday - Superviikko'. The banner features a background image of a person's hands holding a large, round, rustic loaf of bread. The text on the banner reads: 'Black Friday - Superviikko', 'Verkkokaupastamme ja myyntipalvelustamme saat huimia tuote-etuja 23. päivä alkaen.', and 'Katso kampanjan tuotteet.' Below this text is a light blue button with the word 'Tutustu' in white. In the bottom right corner of the banner, there are two small white squares.

LEIPURiN

Etsi

eStore LEIPURiN

Black Friday - Superviikko

Verkkokaupastamme ja myyntipalvelustamme saat huimia tuote-etuja 23. päivä alkaen.

Katso kampanjan tuotteet.

Tutustu

OPERATIONAL FOCUS HAS IMPROVED 2019-2020

- **Machinery trading** business now focuses on Finland and the Baltics
- **Machine building** business now focuses on chilling & freezing
- **Sales and Key Account Management** tools, processes and skills upgraded
- **Digital** sales & marketing
- Pivoting from the Bakers' Story shop concept to digital channels
- Ramping up **production in St. Petersburg**
- Cost-cutting targets set for **Covid-impacts** were reached
- Headcount is now 262 (298)

LEIPURIN MARKET STRENGTHS



ACTIVE INDUSTRY ROLE

Close to the customer: local and knowledgeable player in the food system



SIZE AND SCALE

Leading player with international footprint: 3000 customers and 500 principals in 8 countries



MACHINERY BUSINESS

Supports the core raw material business – strong expertise in food industry processes

- Logistics tailored to bakery industry needs with local adaptations – e.g. we are present in 13 regions in Russia
- Strategic principals with relevant ingredients. Long-term relationships help secure quality.



**BUILDING ON A SOLID BASE,
WORK CONTINUES WITH
STRATEGIC FOCUSING AND
GROWTH INITIATIVES**



Mikko Pasanen

Managing Director, Telko

Managing Director since 2019

From increased efficiency
to focused growth

Telko

From increased efficiency to focused growth



Mikko Pasanen
December 1, 2020

What is Telko

We bridge industrial customers and principals in a sustainable way



Telko is primarily an expert organization, which has the ability to create additional value to customers and principals.

Telko's business is based on sustainable partnerships by creating solutions together with our partners.

Telko is the link in material and information flow between customers and principals.



PLASTICS

Wide range of plastic raw materials and additives for various applications and industries.



CHEMICALS

Broad portfolio of chemicals for different industry segments, such as paints and coatings, personal care and food.



LUBRICANTS

Industrial, marine and automotive lubricants, own production of car chemicals.

Telko at a glance

Sales to over

30

countries

Net sales (2019)

270

mEUR

Personnel

300

employees

Local networks

50

warehouses

FINNISH COMPANY HAVING 24 LOCAL OFFICES IN 16 COUNTRIES

FINLAND | SWEDEN | NORWAY | DENMARK | ESTONIA | LITHUANIA | LATVIA | RUSSIA | UKRAINE
BELARUS | POLAND | CHINA | KAZAKHSTAN | AZERBAIJAN | UZBEKISTAN | ROMANIA

We bridge industrial customers and principals in a sustainable way

PRINCIPALS



400 suppliers

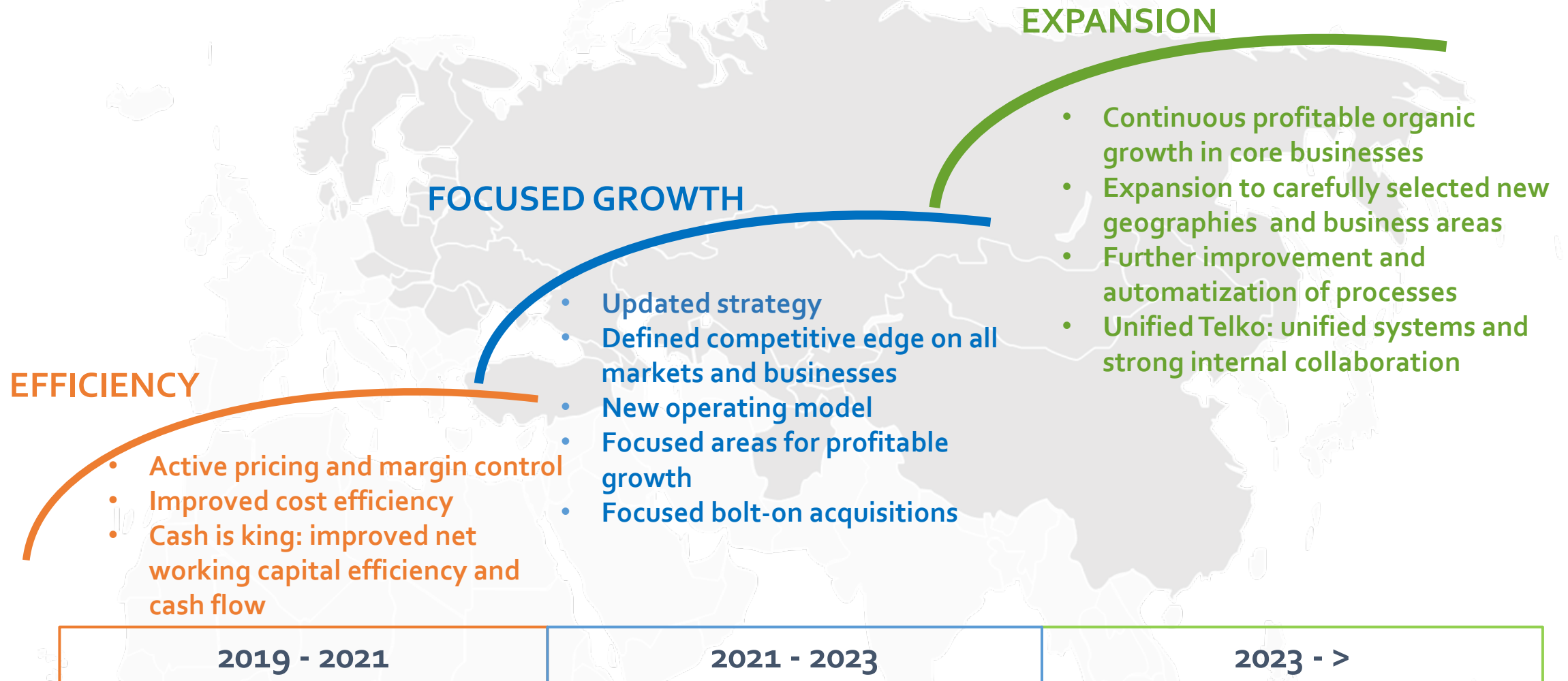
CUSTOMERS



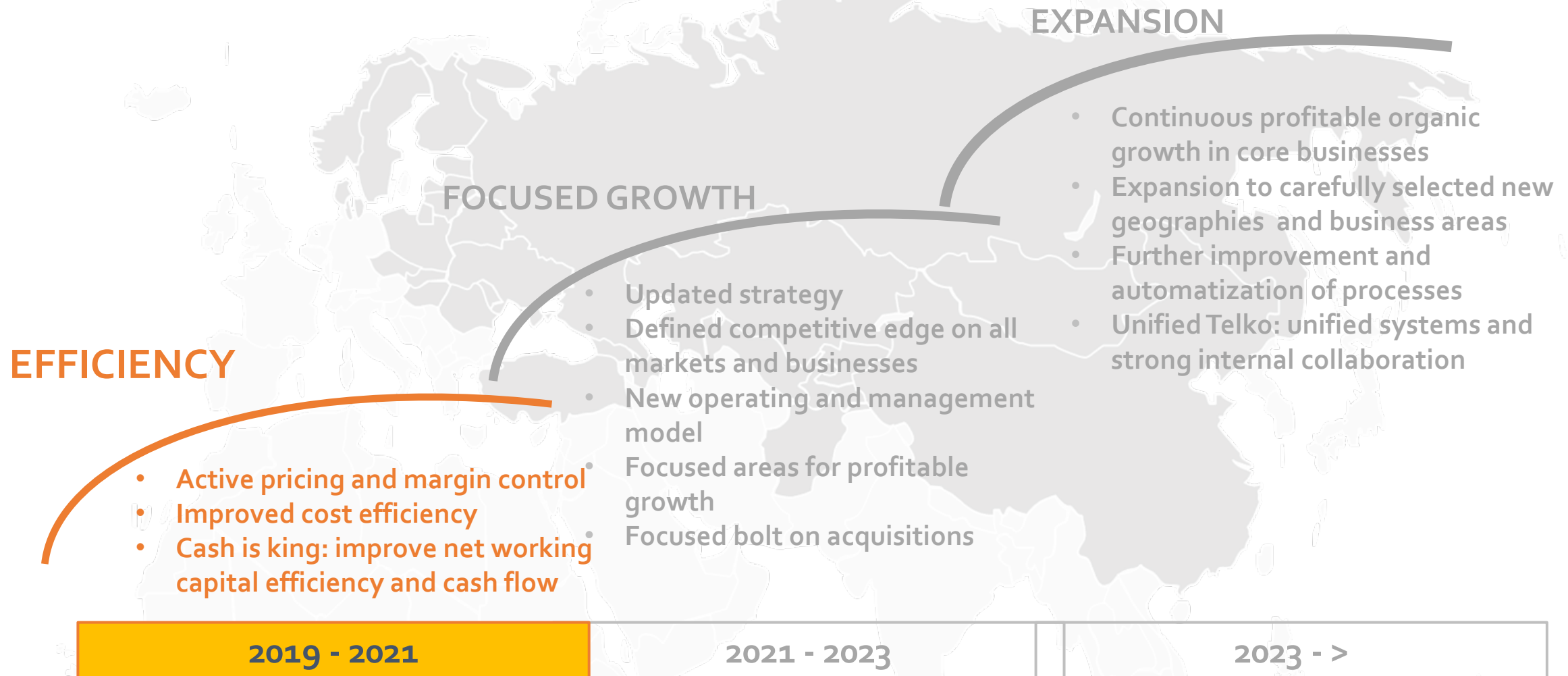
7000 customers



Telko's journey to create value



Improved efficiency



Focus areas of efficiency phase



**CAPITAL
EFFICIENCY**



**ACTIVE PRICING AND
MARGIN CONTROL**



**COST REDUCTION
AND CONTROL**



**HEALTHY
INVENTORIES**



**NEW
MANAGEMENT MODEL**



**HEALTHY
GROWTH**

Clear improvement in profitability

2019-2020

Net Sales (MEUR)
Q1-Q3/2020

167.1 MEUR

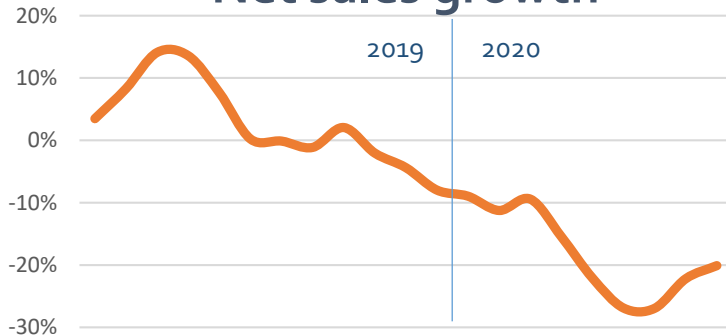
EBIT (MEUR)
Q1-Q3/2020

9.4 MEUR

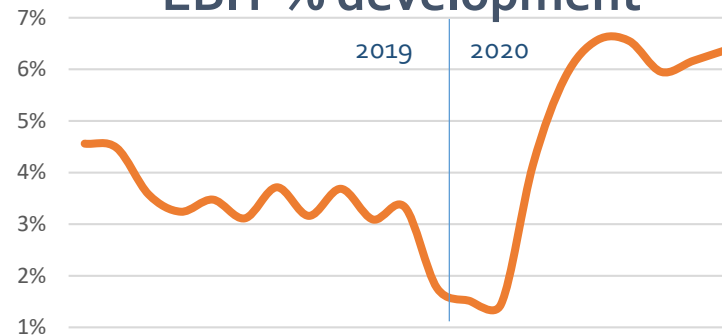
Cash Conversion Cycle
Rolling 3 month in days

57 days

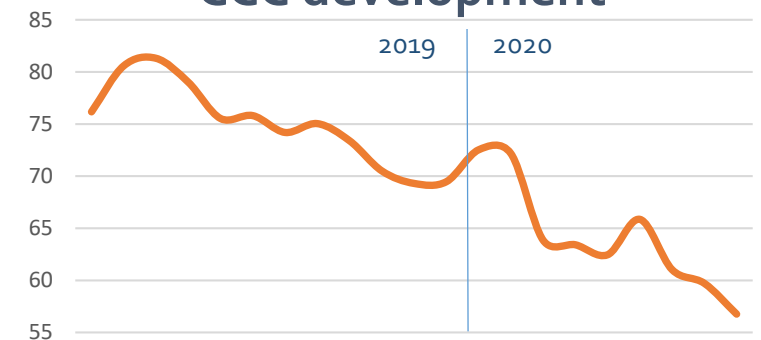
Net sales growth



EBIT % development



CCC development



Net Sales growth
Q1-Q3/2020

-19.0%

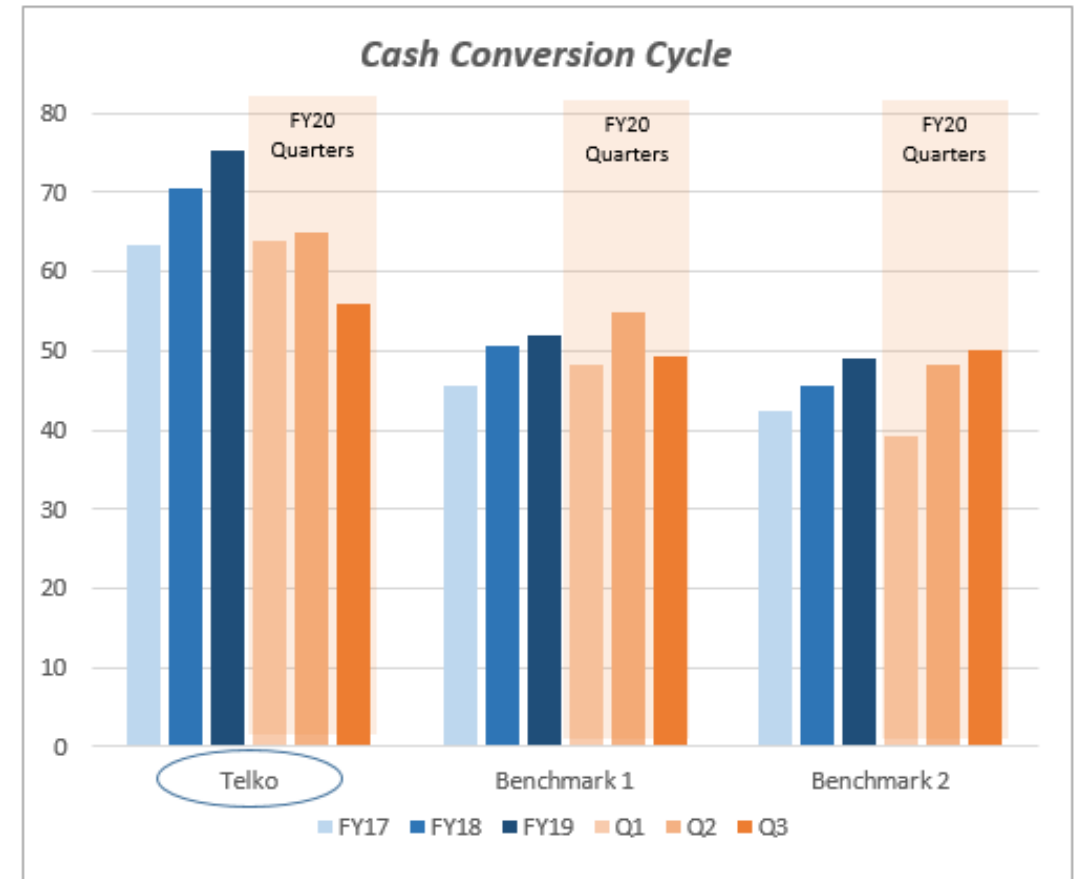
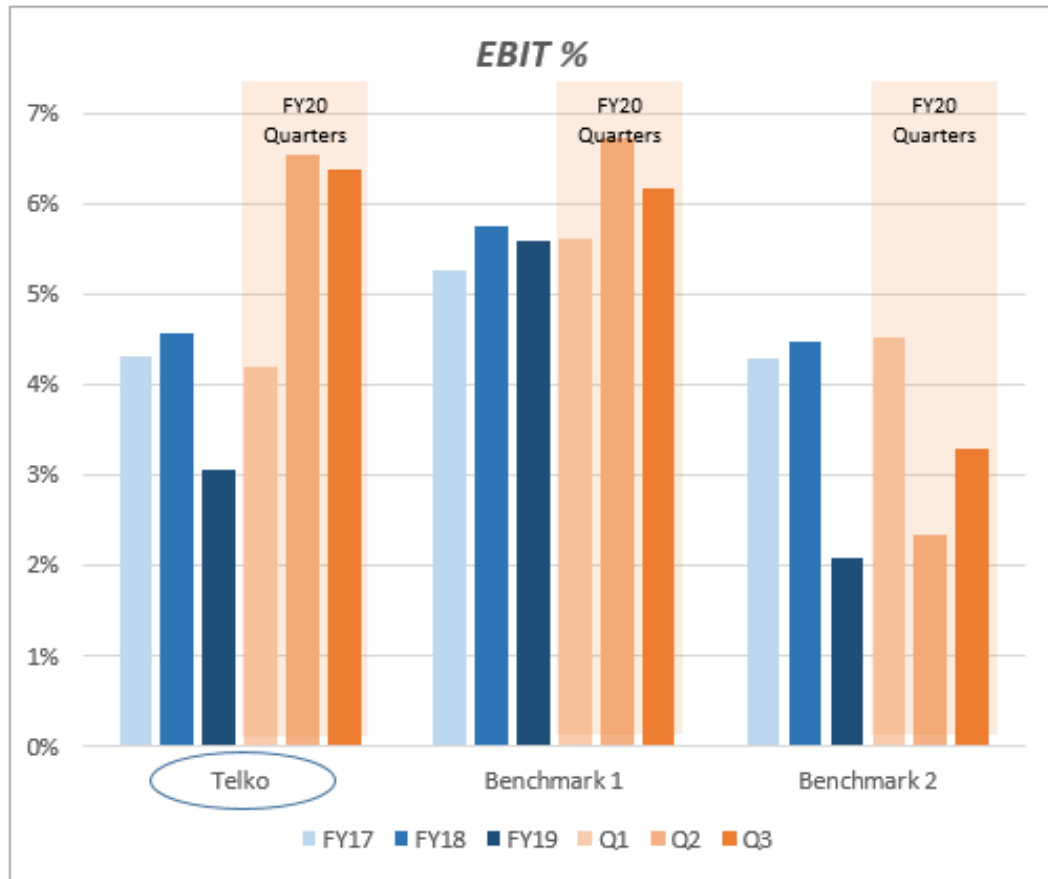
EBIT %
Q1-Q3/2020

5.6%

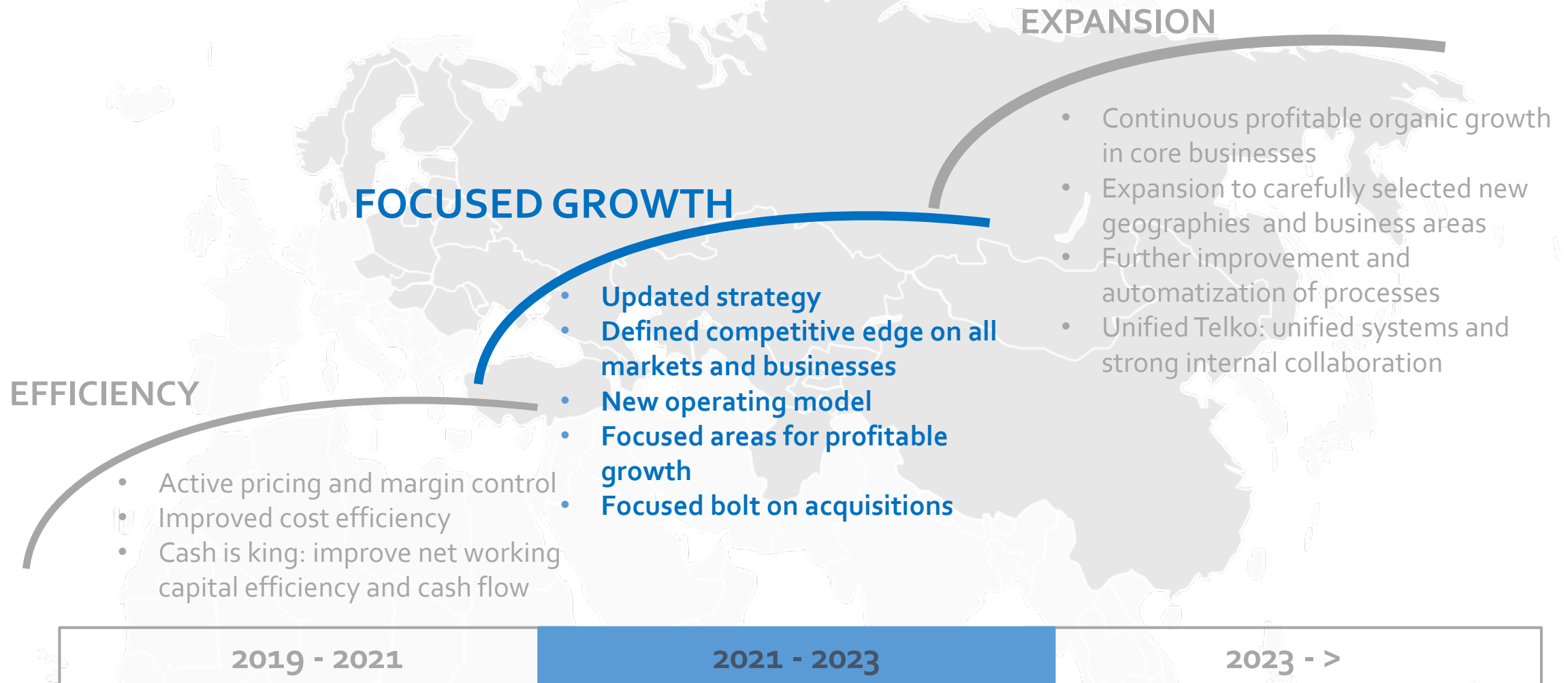
Operative Cash Flow (MEUR)
Q1-Q3/2020

19.3 MEUR

Telko has reached the level of the main benchmark competitors



Focused growth



New focus areas



**Maintaining
HIGH EFFICIENCY**



**Passionate and Skilled
PERSONNEL**



**Focused and Profitable
GROWTH**



**Enabling Success for
CUSTOMERS**

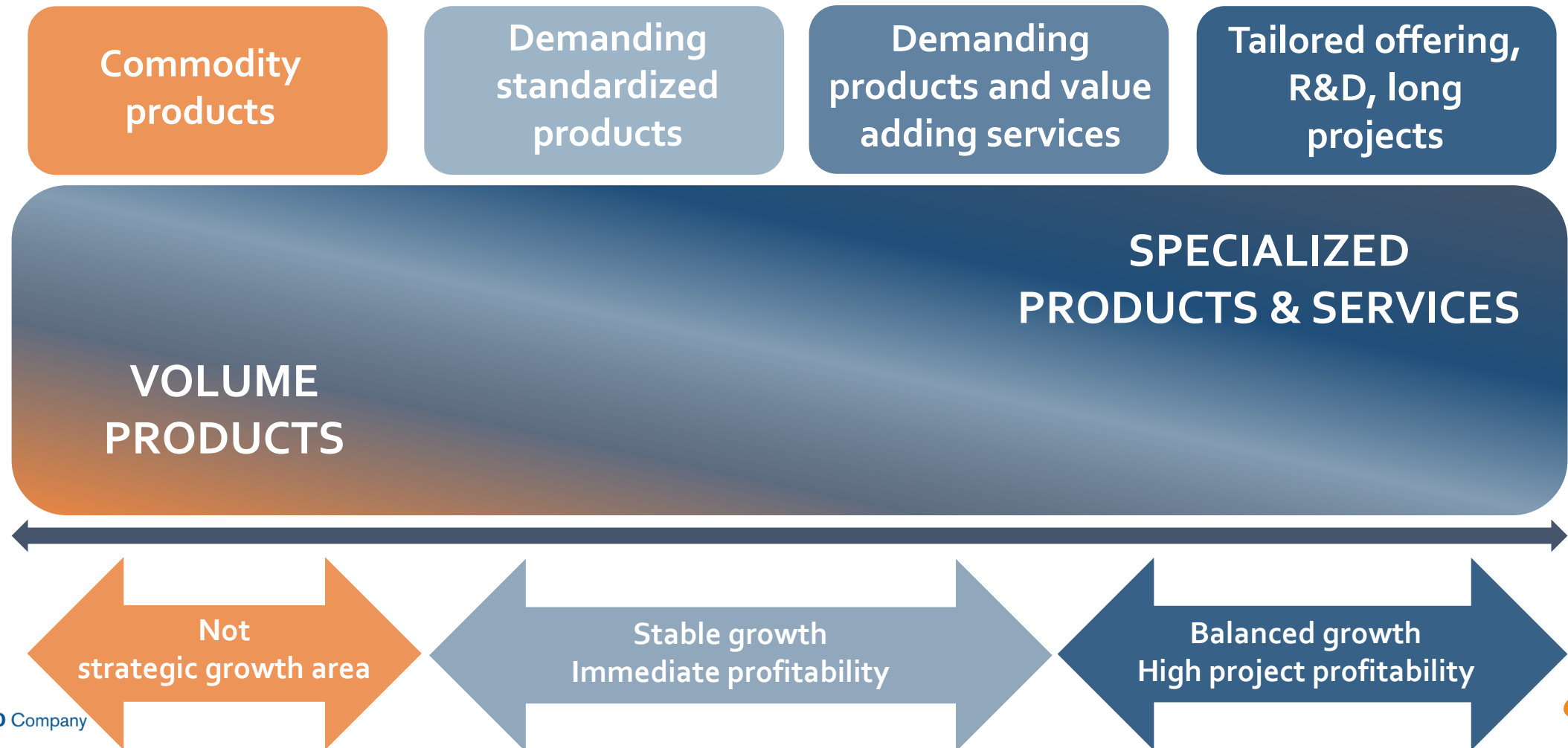


**The most capable partner for
PRINCIPALS**



**One Common and
UNIFIED TELKO**

Focus on more demanding products and solutions



Sustainable impacts on the whole value chain

To customers

Our offering and partnership with suppliers enables our customers to make more environmentally friendly decisions and improve their competitive advantage.

To principals

Our principals can rely that cooperation with Telko always meets all legal requirements and enables them to achieve their own commitments.

To owners

Telko operates in businesses that are closely monitored by regulators. We are present also in countries where sustainability culture is not strong. Mastering the complex products in challenging, unsaturated markets, creates unique competitive advantage and provides growth opportunities.



Our commitments

- The Aspo Code of Conduct
- UN Global Compact
- Responsible Care program
- ISCC certificate
- FECC ethical and business principles
- EcoVadis

Key takeaways



We bridge industrial customers and principals
in a sustainable way

TELKO

is now more
efficient and
profitable than
ever before

TELKO'S strategy:

Stronger role in
value chain
through
partnerships

TELKO'S strategy:

Focused growth
supporting
ambitions for
higher margin and
profitability

TELKO

aims to become a
forerunner in
sustainability in
its industry



Aki Ojanen

CEO, Aspo Group

Chief Executive Officer since 2009

Long-term financial targets
& dividend policy

Creating shareholder value
remains the basis of all
operations



Financial targets 2023 unchanged



6%

Operating
profit rate



over
20%
on average

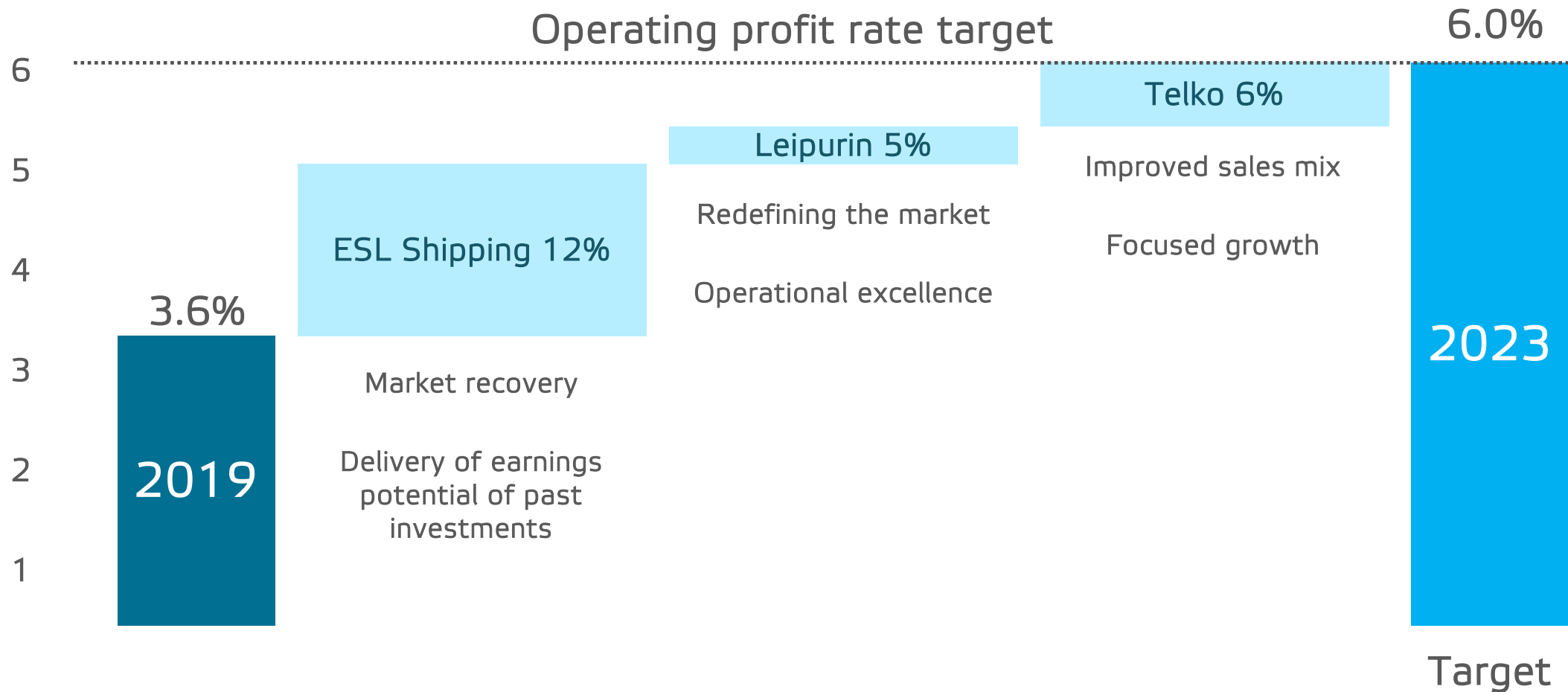
Return on
equity



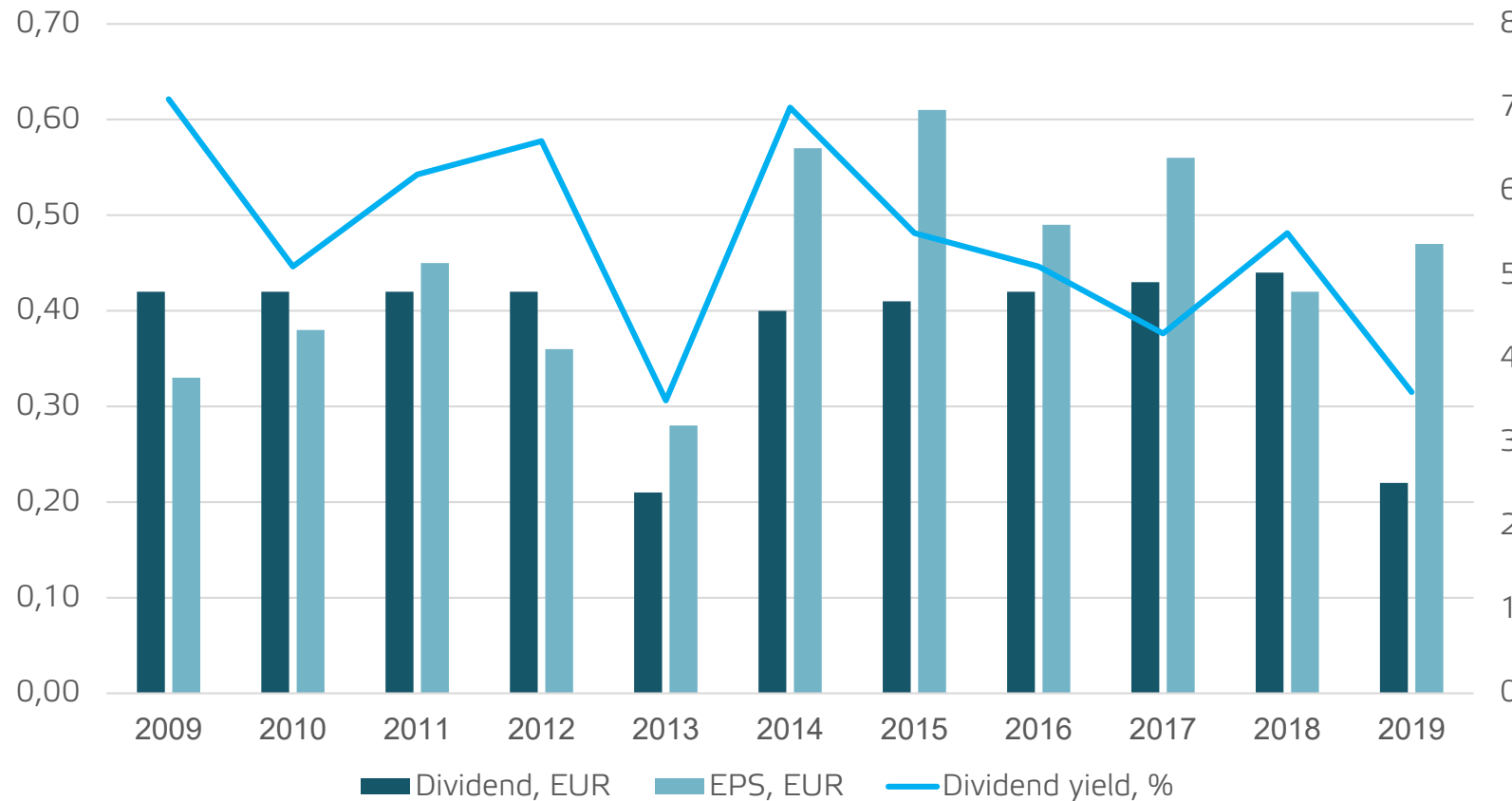
130%
at most

Gearing

Current structure has significant earnings potential



Dividend policy unchanged: Aspo's goal is to annually increase the amount of dividends



Aspo Group's dividend policy

Aspo's goal is to return to pre-pandemic dividend level and annually increase the amount of dividends

EUR 130 million of dividends distributed to shareholders during 2009-2019

Aspo's average dividend yield 2009-2019 is 5.4%

Q & A

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Confidently towards the future

- Our current Group structure has significant earnings potential
- Diversified business portfolio with strong cash flow provides stability and defensiveness during exceptional times
- Generous dividend plays a major role in value creation
- Aspo's long-term target is that the Group's businesses are forerunners in sustainability in their industries

Thank you!

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