EVLI

ASPO

Conglomerates/Finland, October 30, 2019
Company update

Q4 needs to be strong

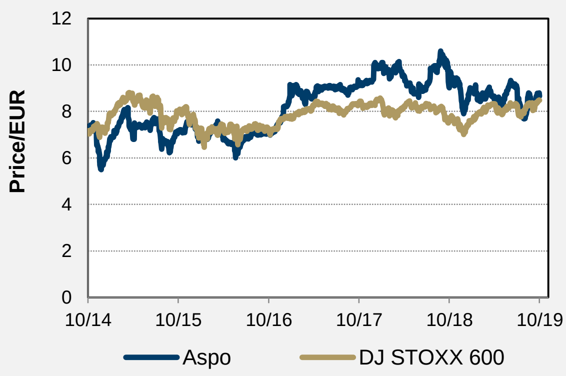
Aspo's EUR 6.7m Q3 EBIT fell short of our EUR 7.6m estimate, yet we see the key segments making progress despite the prolonged series of disappointing earnings. Macro weakness hit both ESL and Telko in Q3; we see the segments positioned to improve despite macro headwinds. Our TP is now EUR 9.25 (9.50); we rate Aspo HOLD (BUY).

ESL's cargo volumes disappointed projections
ESL Shipping's Q3 EBIT of EUR 4.4m is a step forward on the path towards a materially elevated earnings level. However, we expected the dry bulk carrier to achieve a EUR 5.3m EBIT for the quarter and as such view the result disappointing. ESL shipped 4.2 million tonnes of dry cargo in Q3, which according to our view fell almost 10% short of expected levels. The company comments the volume miss was especially due to low Nordic steel industry shipments, although softness was seen also in other cargo categories such as forest products. Besides the weak Q3 cargo development, the report had a silver lining as Aspo says the LNG-powered vessels and AtoB@C are performing strong.

Chemicals prices remained soft, pressuring Telko earnings
Telko's underlying Q3 volumes grew by 8% y/y, yet revenue decreased by 4% as plastics and chemicals prices extended their slide. The cited 16% y/y and 3% q/q chemicals price decreases meant Telko's EUR 74.7m in Q3 revenue and EUR 2.4m EBIT fell short of our respective EUR 81.5m and EUR 2.7m estimates. This led to EBIT margin decreasing by more than 100bps y/y. However, such a comparison is not very meaningful due to the big drop in prices, and we note the 3.2% Q3 EBIT margin a clear improvement relative to Q2 as prices have continued soft. We view the figure as evidence that Telko is making progress in improving working capital management.

We update our TP, rating now HOLD (BUY)
We update our estimates, and now expect Aspo to record EUR 24.0m in FY '19 EBIT. We expect ESL to further improve going forward and see Telko improving materially should markets and plastics and chemicals prices stabilize. Aspo left its FY '19 guidance intact, indicating accelerating performance for Q4 and a minimum of EUR 8.3m in EBIT. Our new TP is EUR 9.25 (9.50), rating now HOLD (BUY).

Rating HOLD



Share price, EUR (Last trading day's closing price)	8.66
Target price, EUR	9.25
Latest change in recommendation	30-Oct-19
Latest report on company	11-Oct-19
Research paid by issuer:	YES
No. of shares outstanding, '000's	31,420
No. of shares fully diluted, '000's	31,420
Market cap, EURm	272
Free float, %	-
Exchange rate EUR/RUB	-
Reuters code	ASPO.HE
Bloomberg code	ASPO FH
Average daily volume, EURm	0.1
Next interim report	13-Feb-20
Web site	www.aspo.com

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BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2017	502.4	23.1	4.6%	-2.1	0.63	16.0	0.9	19.5	-0.7	0.43
2018	540.9	20.6	3.8%	-26.9	0.45	18.7	0.9	22.8	-10.2	0.44
2019E	597.8	24.0	4.0%	4.8	0.57	15.1	0.8	20.6	1.8	0.50
2020E	642.9	38.0	5.9%	30.1	0.91	9.5	0.7	12.6	11.1	0.60
2021E	663.8	45.1	6.8%	51.9	1.13	7.7	0.7	9.9	19.1	0.68

Market cap, EURm	272	Gearing 2019E, %	161.8	CAGR EPS 2018-21, %	35.6
Net debt 2019E, EURm	221	Price/book 2019E	2.8	CAGR sales 2018-21, %	7.1
Enterprise value, EURm	493	Dividend yield 2019E, %	5.8	ROE 2019E, %	19.3
Total assets 2019E, EURm	438	Tax rate 2019E, %	9.0	ROCE 2019E, %	7.2
Goodwill 2019E, EURm	43	Equity ratio 2019E, %	27.6	PEG, P/E 19/CAGR	0.5

Aspo's key segments were affected by macro weakness

We leave our Q4 estimates for ESL intact despite the earnings miss as we see certain positive comments (such as good demand for loading operations) balancing the negatives regarding transportation volume softness. We expect ESL to achieve EUR 5.5m in Q4 EBIT, thus bringing FY '19 EBIT to EUR 15.7m. We update our estimates for Telko to reflect the latest market developments. We now expect Telko to achieve EUR 2.7m in Q4 EBIT (we previously expected EUR 3.0m) and thus see the chemical distributor's FY '19 EBIT at EUR 9.8m. We note the uncertainty is elevated concerning Telko's profitability going forward. On the positive side, we see the company making progress with its efficiency improvement program, and thus in an improved position to post better results should markets stabilize. On the other hand, the market and price outlook stays clouded for now. Leipurin's machinery business continued to strain profitability, and Aspo sees the business line will post an annual loss. A change in schedule for a significant Russian machinery delivery leads us to cut our Q4 EBIT estimate for Leipurin to EUR 1.0m from the previous EUR 1.3m. On the positive side, Aspo's group administration costs only amounted EUR 0.9m (has been previously hovering around EUR 1.3m).

Peer multiples and sum-of-the-parts valuation

	MCAP	EV/EBITDA		EV/EBIT		P/B	
ESL PEER GROUP	MEUR	19	20	19	20	19	20
Algoma Central	349	6.1x	5.7x	14.1x	11.9x	0.7x	0.7x
Diana Shipping	333	7.9x	7.0x	16.7x	16.5x	0.6x	0.5x
Eagle Bulk Ship	310	9.7x	5.1x	31.0x	8.5x	0.7x	0.6x
Genco Shipping & Trading	400	8.7x	4.9x	49.6x	9.9x	0.4x	0.4x
Golden Ocean Group	806	11.2x	8.9x	23.5x	15.9x	0.6x	0.6x
Navios Maritime Partners	204	5.8x	4.4x	11.8x	7.6x		
Pangaea Logistics	130	6.3x	4.9x	9.3x	8.5x		
Safe Bulkers	161	6.9x	5.5x	13.9x	9.7x	0.4x	0.3x
Scorpio Bulkers	465	12.3x	9.0x	50.7x	16.1x	0.9x	0.9x
Ship Finance Intl	1429	12.3x	11.8x	20.2x	19.4x	1.4x	1.4x
Star Bulk Carriers	953	9.9x	4.8x	21.9x	6.5x	0.7x	0.6x
Peer Group Average	504	**8.8x**	**6.5x**	**23.9x**	**11.9x**	**0.7x**	**0.7x**
Peer Group Median	349	**8.7x**	**5.5x**	**20.2x**	**9.9x**	**0.7x**	**0.6x**

	MCAP	EV/EBITDA		EV/EBIT		EBIT-%	
TELKO PEER GROUP	MEUR	19	20	19	20	19	20
AKR Corporindo	1036	13.6x	12.3x	16.5x	16.2x	5.9 %	5.8 %
Ashland Global Holdings	4257	13.4x	12.3x	24.8x	21.8x	11.6 %	12.9 %
Brenntag	7028	9.5x	9.1x	12.9x	12.4x	5.6 %	5.7 %
IMCD	3713	17.9x	16.8x	23.7x	21.9x	6.8 %	7.1 %
Univar Solutions	3335	9.4x	8.5x	14.9x	12.0x	4.7 %	5.6 %
Peer Group Average	3874	**12.8x**	**11.8x**	**18.6x**	**16.9x**	**6.9 %**	**7.4 %**
Peer Group Median	3713	**13.4x**	**12.3x**	**16.5x**	**16.2x**	**5.9 %**	**5.8 %**

	MCAP	EV/EBITDA		EV/EBIT		EBIT-%	
LEIPURIN PEER GROUP	MEUR	19	20	19	20	19	20
Amsterdam Commodities	477	10.4x	10.0x				
Chefs' Warehouse	1053	17.2x	15.5x	25.2x	22.5x	3.9 %	4.1 %
Marr	1256	12.0x	11.6x	14.5x	14.1x	6.0 %	6.0 %
Middleby	6049	13.4x	12.2x	16.0x	14.3x	17.9 %	19.1 %
Orkla	8438	14.6x	14.0x	20.0x	18.6x	11.1 %	11.6 %
Performance Food Group	4064	11.6x	10.5x	17.7x	16.4x	1.5 %	1.4 %
Sysco	36537	13.7x	12.8x	17.5x	16.2x	4.6 %	4.8 %
Tate & Lyle	3595	7.4x	7.2x	11.1x	10.7x	11.0 %	11.1 %
Total Produce	561	11.4x	11.2x	14.6x	14.1x	1.8 %	1.9 %
US Foods Holding	7909	10.1x	9.0x	14.4x	12.9x	3.2 %	3.3 %
Welbilt	2390	13.4x	12.0x	17.6x	14.9x	14.1 %	16.0 %
Peer Group Average	6575	**12.3x**	**11.5x**	**16.9x**	**15.5x**	**7.5 %**	**7.9 %**
Peer Group Median	3595	**12.0x**	**11.6x**	**16.8x**	**14.6x**	**5.3 %**	**5.4 %**

Segment	EBIT '19e	EV/EBIT '19e *	EV	EBIT '20e	EV/EBIT '20e *	EV
ESL	15.7	20.2x	318	23.4	9.9x	232
Telko	9.8	16.5x	161	14.4	16.2x	233
Leipurin	2.9	16.8x	49	4.2	14.6x	62
Other operations	-4.4	13.6x	-60	-4.0	13.0x	-52
Total			468			475
Net debt (Evli YE est.)			196			181
Equity value			273			294
Per share			8.7			9.3

**Peer group median (OMXH 25 for other operations)*

VALUATION RESULTS		BASE CASE DETAILS		VALUATION ASSUMPTIONS		ASSUMPTIONS FOR WACC	
Current share price	8.66	PV of Free Cash Flow	288	Long-term growth, %	1.0	Risk-free interest rate, %	2.25
DCF share value	11.33	PV of Horizon value	287	WACC, %	7.4	Market risk premium, %	5.8
Share price potential, %	30.8	Unconsolidated equity	0	Spread, %	0.5	Debt risk premium, %	2.8
Maximum value	12.7	Marketable securities	19	Minimum WACC, %	6.9	Equity beta coefficient	1.00
Minimum value	10.2	Debt - dividend	-238	Maximum WACC, %	7.9	Target debt ratio, %	35
Horizon value, %	49.9	Value of stock	356	Nr of shares, Mn	31.4	Effective tax rate, %	10

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	541	598	643	664	683	700	714	728	739	750	758	766
Sales growth, %	*7.7*	*10.5*	*7.5*	*3.3*	*2.9*	*2.5*	*2.0*	*2.0*	*1.5*	*1.5*	*1.0*	*1.0*
Operating income (EBIT)	21	24	38	45	52	49	46	44	41	41	42	42
Operating income margin, %	*3.8*	*4.0*	*5.9*	*6.8*	*7.6*	*7.0*	*6.5*	*6.0*	*5.5*	*5.5*	*5.5*	*5.5*
+ Depreciation+amort.	16	29	31	31	23	24	23	23	23	23	24	
EBITDA	37	53	69	77	74	73	70	67	64	65	66	
- Paid taxes	-5	-2	-4	-5	-5	-5	-5	-4	-4	-4	-4	
- Change in NWC	20	-16	-5	-2	-2	-2	-1	-1	-1	-1	-1	
NWC / Sales, %	*8.0*	*9.9*	*9.9*	*9.9*	*9.9*	*9.9*	*9.9*	*9.9*	*9.9*	*9.9*	*9.9*	
+ Change in other liabs	3	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-75	-7	-8	-11	-31	-24	-23	-23	-25	-26	-25	
opCAPEX / Sales, %	*13.8*	*4.4*	*3.9*	*1.9*	*4.7*	*3.6*	*3.3*	*3.3*	*3.5*	*3.5*	*3.4*	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	0	
= FCFF	-20	27	52	57	35	41	40	37	32	32	35	553
= Discounted FCFF		26	48	49	28	30	27	24	19	18	18	287
= DFCF min WACC		26	48	50	29	31	28	25	20	19	19	325
= DFCF max WACC		26	47	49	28	30	27	23	19	17	17	255

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	115.3	132.7	136.3	156.6	540.9	141.5	151.2	148.0	157.1	597.8	642.9	663.8
EBITDA	6.7	9.6	10.1	10.6	37.1	11.8	11.2	14.0	15.8	52.8	68.9	76.5
EBITDA margin (%)	*5.8*	*7.3*	*7.4*	*6.8*	*6.9*	*8.3*	*7.4*	*9.5*	*10.0*	*8.8*	*10.7*	*11.5*
EBIT	3.7	7.1	7.2	2.6	20.6	4.9	4.1	6.7	8.3	24.0	38.0	45.1
EBIT margin (%)	*3.2*	*5.4*	*5.3*	*1.7*	*3.8*	*3.5*	*2.7*	*4.5*	*5.3*	*4.0*	*5.9*	*6.8*
Net financial items	-1.2	-1.0	-0.9	-1.1	-4.2	-1.0	0.3	-1.3	-0.8	-2.8	-4.9	-4.4
Pre-tax profit	2.5	6.1	6.3	1.5	16.4	3.9	4.4	5.4	7.5	21.2	33.1	40.7
Tax	-0.5	-0.7	-0.3	-0.7	-2.2	-0.4	-0.4	-0.5	-0.6	-1.9	-3.3	-4.1
Tax rate (%)	*20.0*	*11.5*	*4.8*	*11.1*	*10.4*	*10.3*	*9.1*	*9.3*	*8.0*	*9.0*	*10.0*	*10.0*
Net profit	2.0	5.4	6.0	0.8	14.2	3.5	4.0	4.9	5.7	18.1	28.6	35.4
EPS	0.06	0.17	0.19	0.03	0.45	0.11	0.13	0.16	0.18	0.57	0.91	1.13
EPS adjusted (diluted no. of shares)	0.06	0.17	0.19	0.03	0.45	0.11	0.13	0.16	0.18	0.57	0.91	1.13
Dividend per share	0.00	0.00	0.00	0.00	0.44	0.00	0.00	0.00	0.00	0.50	0.60	0.68
SALES, EURm												
ESL Shipping	20.5	22.6	30.6	46.4	120.1	43.7	42.6	43.4	46.0	175.7	195.5	201.4
Leipurin	30.2	31.2	28.0	31.6	121.0	25.9	28.0	29.9	34.1	117.9	124.5	128.3
Telko	57.7	71.7	67.3	69.5	266.2	71.9	80.6	74.7	76.9	304.1	322.9	334.2
	6.9	7.2	10.4	9.1	33.6	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Total	115.3	132.7	136.3	156.6	540.9	141.5	151.2	148.0	157.1	597.8	642.9	663.8
SALES GROWTH, Y/Y %												
ESL Shipping	*8.5*	*15.9*	*67.2*	*105.3*	*51.5*	*113.2*	*88.5*	*41.8*	*-0.8*	*46.3*	*11.3*	*3.0*
Leipurin	*2.7*	*3.7*	*-6.4*	*-4.0*	*-1.1*	*-14.2*	*-10.3*	*6.8*	*7.9*	*-2.6*	*5.6*	*3.0*
Telko	*-9.3*	*9.1*	*0.0*	*6.0*	*1.5*	*24.6*	*12.4*	*11.0*	*10.6*	*14.2*	*6.2*	*3.5*
	-2.8	*-15.3*	*-11.1*	*-19.5*	*-13.0*	*-100.0*	*-100.0*	*-100.0*	*-98.9*	*-99.7*	*-99.6*	*0.0*
Total	*-3.1*	*7.2*	*7.1*	*18.3*	*7.7*	*22.7*	*13.9*	*8.6*	*0.3*	*10.5*	*7.5*	*3.3*
EBIT, EURm												
ESL Shipping	2.6	4.3	4.0	4.2	15.1	3.2	2.6	4.4	5.5	15.7	23.4	26.2
Leipurin	0.8	0.9	0.8	0.8	3.3	0.5	0.6	0.8	1.0	2.9	4.2	4.9
Telko	2.2	3.6	2.9	3.4	12.1	2.4	2.3	2.4	2.7	9.8	14.4	18.0
	-0.6	-0.4	0.7	-4.4	-4.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operations	-1.3	-1.3	-1.2	-1.4	-5.2	-1.2	-1.4	-0.9	-0.9	-4.4	-4.0	-4.0
Total	3.7	7.1	7.2	2.6	20.6	4.9	4.1	6.7	8.3	24.0	38.0	45.1
EBIT margin, %												
ESL Shipping	*12.7*	*19.0*	*13.1*	*9.1*	*12.6*	*7.3*	*6.1*	*10.1*	*11.9*	*8.9*	*12.0*	*13.0*
Leipurin	*2.6*	*2.9*	*2.9*	*2.5*	*2.7*	*1.9*	*2.1*	*2.7*	*2.9*	*2.4*	*3.4*	*3.8*
Telko	*3.8*	*5.0*	*4.3*	*4.9*	*4.5*	*3.3*	*2.9*	*3.2*	*3.5*	*3.2*	*4.5*	*5.4*
	-8.7	*-5.6*	*6.7*	*-48.4*	*-14.0*	*0.0*	*0.0*	*0.0*	*2.8*	*2.8*	*0.0*	*0.0*
Total	*3.2*	*5.4*	*5.3*	*1.7*	*3.8*	*3.5*	*2.7*	*4.5*	*5.3*	*4.0*	*5.9*	*6.8*

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	482.9	445.8	457.4	502.4	540.9	597.8	642.9	663.8
Sales growth (%)	*1.4*	*-7.7*	*2.6*	*9.8*	*7.7*	*10.5*	*7.5*	*3.3*
EBITDA	34.6	33.1	32.0	35.0	37.1	52.8	68.9	76.5
EBITDA margin (%)	*7.2*	*7.4*	*7.0*	*7.0*	*6.9*	*8.8*	*10.7*	*11.5*
Depreciation	-11.2	-12.5	-11.6	-11.9	-11.7	-14.9	-16.8	-31.4
EBITA	23.4	20.6	20.4	23.1	25.4	24.0	38.0	45.1
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	-4.8	0.0	0.0	0.0
EBIT	23.4	20.6	20.4	23.1	20.6	24.0	38.0	45.1
EBIT margin (%)	*4.8*	*4.6*	*4.5*	*4.6*	*3.8*	*4.0*	*5.9*	*6.8*
Reported EBIT	23.4	20.6	20.4	23.1	20.6	24.0	38.0	45.1
EBIT margin (reported) (%)	*4.8*	*4.6*	*4.5*	*4.6*	*3.8*	*4.0*	*5.9*	*6.8*
Net financials	-4.4	0.7	-3.0	-2.0	-4.2	-2.8	-4.9	-4.4
Pre-tax profit	19.0	21.3	17.4	21.1	16.4	21.2	33.1	40.7
Taxes	-0.6	-1.5	-1.5	-1.7	-2.2	-1.9	-3.3	-4.1
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	18.4	19.8	15.9	19.4	14.2	18.1	28.6	35.4
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	127	128	124	128	185	177	168	148
Goodwill	44	43	43	42	43	43	43	43
Right of use assets	0	0	0	0	37	42	45	46
Inventory	47	48	57	61	71	66	71	73
Receivables	56	58	60	70	78	78	84	87
Liquid funds	19	24	23	20	19	30	32	33
Total assets	298	305	310	321	436	438	445	433
Liabilities								
Shareholder's equity	84	83	90	87	92	96	109	125
Minority interest	0	0	0	0	0	0	0	0
Convertibles	20	20	25	25	25	25	25	25
Lease liabilities	0	0	0	0	0	42	45	46
Deferred taxes	6	5	4	0	0	0	0	0
Interest bearing debt	124	128	125	137	199	184	168	135
Non-interest bearing current liabilities	62	68	64	68	105	84	90	93
Other interest-free debt	1	2	1	4	8	8	8	8
Total liabilities	298	305	310	321	430	438	445	433
CASH FLOW, EURm								
+ EBITDA	35	33	32	35	37	53	69	77
- Net financial items	-7	5	-2	-2	-4	-3	-5	-4
- Taxes	-2	-2	-2	-3	-5	-2	-3	-4
- Increase in Net Working Capital	-8	-4	-11	-13	20	-16	-5	-2
+/- Other	1	-6	-4	-2	0	-1	-1	-1
= Cash flow from operations	18	26	13	16	48	31	55	65
- Capex	-20	-15	-6	-18	-75	-26	-25	-13
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-2	11	7	-2	-27	5	30	52
+/- New issues/buybacks	-11	-9	4	-9	4	0	0	0
- Paid dividend	-6	-12	-13	-13	-13	-14	-16	-19
+/- Other	11	15	1	21	36	20	-12	-32
Change in cash	-9	5	-1	-3	-1	11	2	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	229	250	310	265	272	272	272
Net debt (excl. convertibles)	104	103	117	180	196	181	148
Enterprise value	353	378	451	470	493	478	445
Sales	446	457	502	541	598	643	664
EBITDA	33	32	35	37	53	69	77
EBIT	21	20	23	21	24	38	45
Pre-tax	21	17	21	16	21	33	41
Earnings	20	16	19	14	18	29	35
Equity book value (excl. minorities)	83	90	87	92	96	109	125
Valuation multiples							
EV/sales	0.8	0.8	0.9	0.9	0.8	0.7	0.7
EV/EBITDA	10.7	11.8	12.9	12.7	9.3	6.9	5.8
EV/EBITA	17.1	18.5	19.5	18.5	20.6	12.6	9.9
EV/EBIT	17.1	18.5	19.5	22.8	20.6	12.6	9.9
EV/OCF	13.8	28.1	29.0	9.8	15.9	8.7	6.9
EV/FCFF	23.4	37.6	564.3	-23.7	18.6	9.2	7.8
P/FCFE	21.4	35.0	-144.8	-9.8	56.2	9.0	5.2
P/E	11.6	15.7	16.0	18.7	15.1	9.5	7.7
P/B	2.8	2.8	3.5	2.9	2.8	2.5	2.2
Target EV/EBITDA	*0.0*	*0.0*	*0.0*	*0.0*	*9.7*	*7.2*	*6.1*
Target EV/EBIT	*0.0*	*0.0*	*0.0*	*0.0*	*21.3*	*13.1*	*10.3*
Target EV/FCF	*0.0*	*0.0*	*0.0*	*0.0*	*105.5*	*16.5*	*8.9*
Target P/B	*0.0*	*0.0*	*0.0*	*0.0*	*3.0*	*2.7*	*2.3*
Target P/E	*0.0*	*0.0*	*0.0*	*0.0*	*16.1*	*10.2*	*8.2*
Per share measures							
Number of shares	30,496	30,579	30,976	31,420	31,420	31,420	31,420
Number of shares (diluted)	30,496	30,579	30,976	31,420	31,420	31,420	31,420
EPS	0.65	0.52	0.63	0.45	0.57	0.91	1.13
Operating cash flow per share	0.84	0.44	0.50	1.52	0.98	1.75	2.06
Free cash flow per share	0.35	0.23	-0.07	-0.86	0.15	0.96	1.65
Book value per share	2.71	2.93	2.82	2.92	3.05	3.46	3.99
Dividend per share	0.41	0.42	0.43	0.44	0.50	0.60	0.68
Dividend payout ratio, %	63.1	80.8	68.7	97.4	87.0	65.9	60.0
Dividend yield, %	5.5	5.1	4.3	5.2	5.8	6.9	7.8
FCF yield, %	4.7	2.9	-0.7	-10.2	1.8	11.1	19.1
Efficiency measures							
ROE	23.8	18.5	21.9	15.9	19.3	27.9	30.2
ROCE	9.0	8.7	9.5	7.3	7.2	11.0	13.3
Financial ratios							
Inventories as % of sales	10.9	12.4	12.1	13.2	11.0	11.0	11.0
Receivables as % of sales	13.1	13.1	14.0	14.4	13.1	13.1	13.0
Non-interest bearing liabilities as % of sales	15.2	14.0	13.6	19.4	14.0	14.0	14.0
NWC/sales, %	8.5	11.3	12.5	8.0	9.9	9.9	9.9
Operative CAPEX/sales, %	3.4	1.4	3.5	13.8	4.4	3.9	1.9
CAPEX/sales (incl. acquisitions), %	3.4	1.4	3.5	13.8	4.4	3.9	1.9
FCFF/EBITDA	0.5	0.3	0.0	-0.5	0.5	0.8	0.8
Net debt/EBITDA, book-weighted	3.1	3.2	3.3	4.9	3.7	2.6	1.9
Debt/equity, market-weighted	0.6	0.5	0.4	0.8	0.7	0.6	0.5
Equity ratio, book-weighted	33.7	37.0	35.0	27.2	27.6	30.0	34.7
Gearing, %	101.4	89.8	103.9	154.3	161.8	135.4	98.5

COMPANY DESCRIPTION: Aspo is a conglomerate featuring three independent wholly-owned business-to-business segments each operating in regions surrounding the Baltic Sea. The three segments engage in providing logistics solutions, such as maritime transportation and raw materials wholesale distribution. Aspo's goal is to help each of its operating segments to build long-lasting customer relationships. Aspo aims to create value by developing and internationalizing its subsidiary businesses while proactively considering potential acquisitions and divestitures.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Havsudden Oy Ab	3,142,941	27.218	10.0%
Vehmas Tatu Antti Aleksi	2,306,676	19.976	7.3%
Varma Mutual Pension Insurance Company	1,438,412	12.457	4.6%
Vehmas Tapio	1,375,827	11.915	4.4%
Ilmarinen Mutual Pension Insurance Company	952,972	8.253	3.0%
Robinson Joanna	754,259	6.532	2.4%
Nyberg Gustav	731,667	6.336	2.3%
Nordea Nordic Small Cap Fund	721,040	6.244	2.3%
Procurator-Holding Oy	514,882	4.459	1.6%
Mandatum Life Insurance Company Limited	491,952	4.260	1.6%
Ten largest	12,430,628	107.649	40%
Residual	18,989,151	164.446	60%
Total	31,419,779	272.095	100%

EARNINGS CALENDAR	
February 13, 2020	FY 2019 Results
May 05, 2020	Q1 report
August 12, 2020	Q2 report
October 29, 2020	Q3 report
OTHER EVENTS	

COMPANY MISCELLANEOUS	
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IR:	

DEFINITIONS

P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS $\frac{\text{Profit before extraord. items and taxes– income taxes + minority interest}}{\text{Number of shares}}$
P/BV $\frac{\text{Price per share}}{\text{Shareholders' equity + taxed provisions per share}}$	DPS Dividend for the financial period per share
Market cap Price per share * Number of shares	OCF (Operating cash flow) EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value) Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow) Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales $\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, % $\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales $\frac{\text{Capital expenditure – divestments – acquisitions}}{\text{Sales}}$
EV/EBIT $\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital Current assets – current liabilities
Net debt Interest bearing debt – financial assets	Capital employed/Share $\frac{\text{Total assets – non-interest bearing debt}}{\text{Number of shares}}$
Total assets Balance sheet total	Gearing $\frac{\text{Net debt}}{\text{Equity}}$
Div yield, % $\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, % $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity + minority interest + taxed provisions}}$
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes – income taxes + minority interest}}$	Equity ratio, % $\frac{\text{Shareholders' equity + minority interest + taxed provisions}}{\text{Total assets – interest-free loans}}$
ROCE, % $\frac{\text{Profit before extraordinary items + interest expenses+ other financial costs}}{\text{Balance sheet total – non-interest bearing debt (average)}}$	CAGR, % Cumulative annual growth rate = Average growth per year
ROE, % $\frac{\text{Profit before extraordinary items and taxes – income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	

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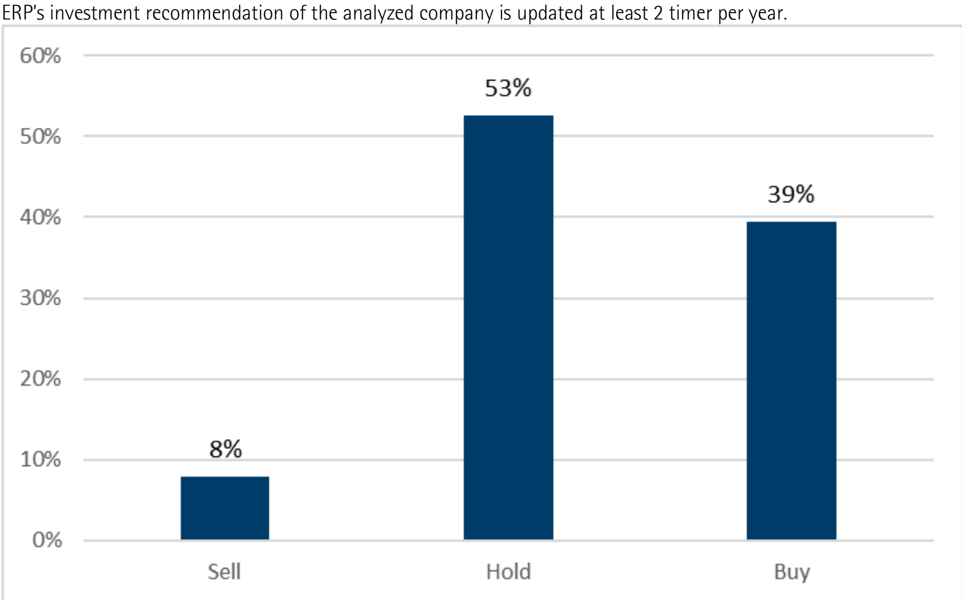
Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

ERP's investment recommendation of the analyzed company is updated at least 2 timer per year.



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Name(s) of the analyst(s): Ilvonen

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