

DIRECTION

OPERATING PROFIT (2015)

20.6 M€



6

NAVIGATING IN A CHANGING WORLD

Aspo has the character of an explorer and the ability to change course.



RETURN ON EQUITY (ROE) (2015)

19.1%

8

SUCCESS IN CHALLENGING MARKETS

Despite the challenging market situation, Aspo has been able to maintain its profitability at a good level.



EARNINGS PER SHARE (EPS) (2015)

0.61€

12

AN ACTIVE DEVELOPER OF BUSINESSES

Aspo's strategy is to own, lead and develop its businesses in the long term.

DIRECTION

The Aspo Direction sets up the conglomerate on a solid and determined base. We have the will, skills and resources to develop our businesses in the light of our far-reaching strategic vision.

Our success is and will be in our own hands. Our new strategic guidelines prove that we are also ready to boldly implement strategic changes of direction.

Being the only listed conglomerate in Finland, we are in a unique position. Operating in multiple fields enables a steady development of profit and diversified risks.

We have proven that we can succeed despite the challenging market situation. We believe that Aspo will rise to an even higher level in the future.

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Value creation

THE DIRECTION IS UPWARDS.



ASPO IN BRIEF

VISION

ASPO'S VISION IS TO INCREASE THE VALUE AND COMPETENCE OF THE COMPANY OVER THE LONG TERM, FROM GENERATION TO GENERATION.

STRATEGY

ASPO OWNS, LEADS AND DEVELOPS ITS BUSINESS OPERATIONS AND GROUP STRUCTURE FOR THE LONG TERM WITHOUT ANY PREDEFINED SCHEDULES.



Solutions for mobile knowledge work

Biofuel transports

445.8 M€

Net sales (2015)

20.6 M€

Operating profit (2015)

FINANCIAL TARGETS

ASPO IS COMMITTED TO REACHING ITS LONG-TERM FINANCIAL TARGETS:

Operating profit with current structure	7%
Average return on equity of over	20%
Gearing of up to	100%

ACTIVE DIVIDEND POLICY

ASPO DIVIDEND YIELD, AVERAGE 2006–2015
Helsinki Stock Exchange, average 3.7%

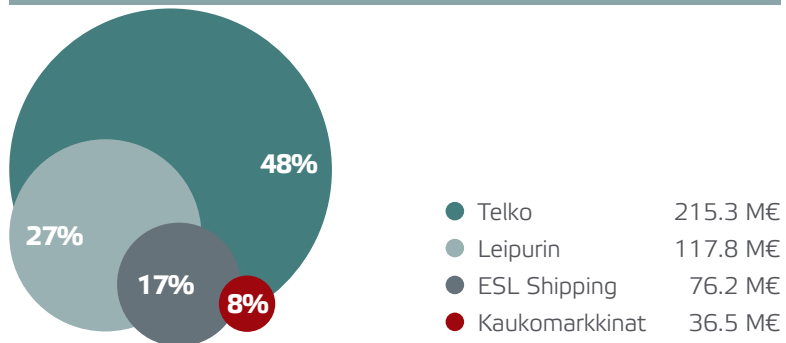
6.4%

At least half of the annual profit distributed in dividends on average.

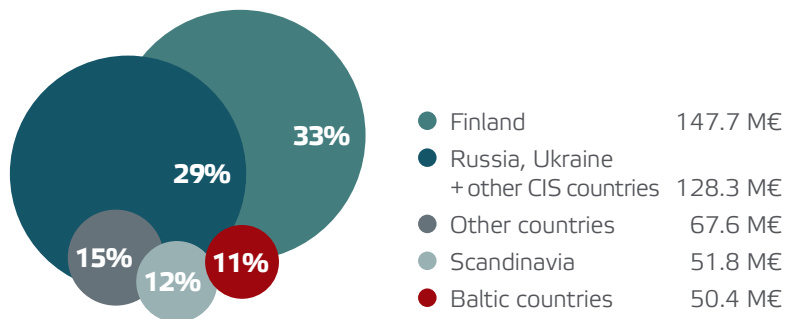
Technical plastics for medical industry

Street food concepts

2015 NET SALES DISTRIBUTION BY BUSINESS



2015 NET SALES DISTRIBUTION BY COUNTRY



A RESPECTED SPECIALIST IN ITS BUSINESS FIELDS

Aspo's wholly owned subsidiaries ESL Shipping, Leipurin, Telko and Kaukomarkkinat operate under their own brands and provide value for their customers. The businesses are engaged in trade and logistics. Aspo's value is created by the entity formed by the subsidiaries.



The leading dry bulk cargo company operating in the Baltic Sea region. ESL Shipping takes care of its customers' vital raw material transportation, even in difficult weather conditions. The company also offers loading and unloading services at sea.

Customers

- Steel industry
- Energy industry
- Mining industry



A concept supplier for the bakery and food industry. Leipurin provides its customers with total concepts, R&D services, raw materials and machinery.

- Bakery industry
- Out-of-Home customers
- Retail



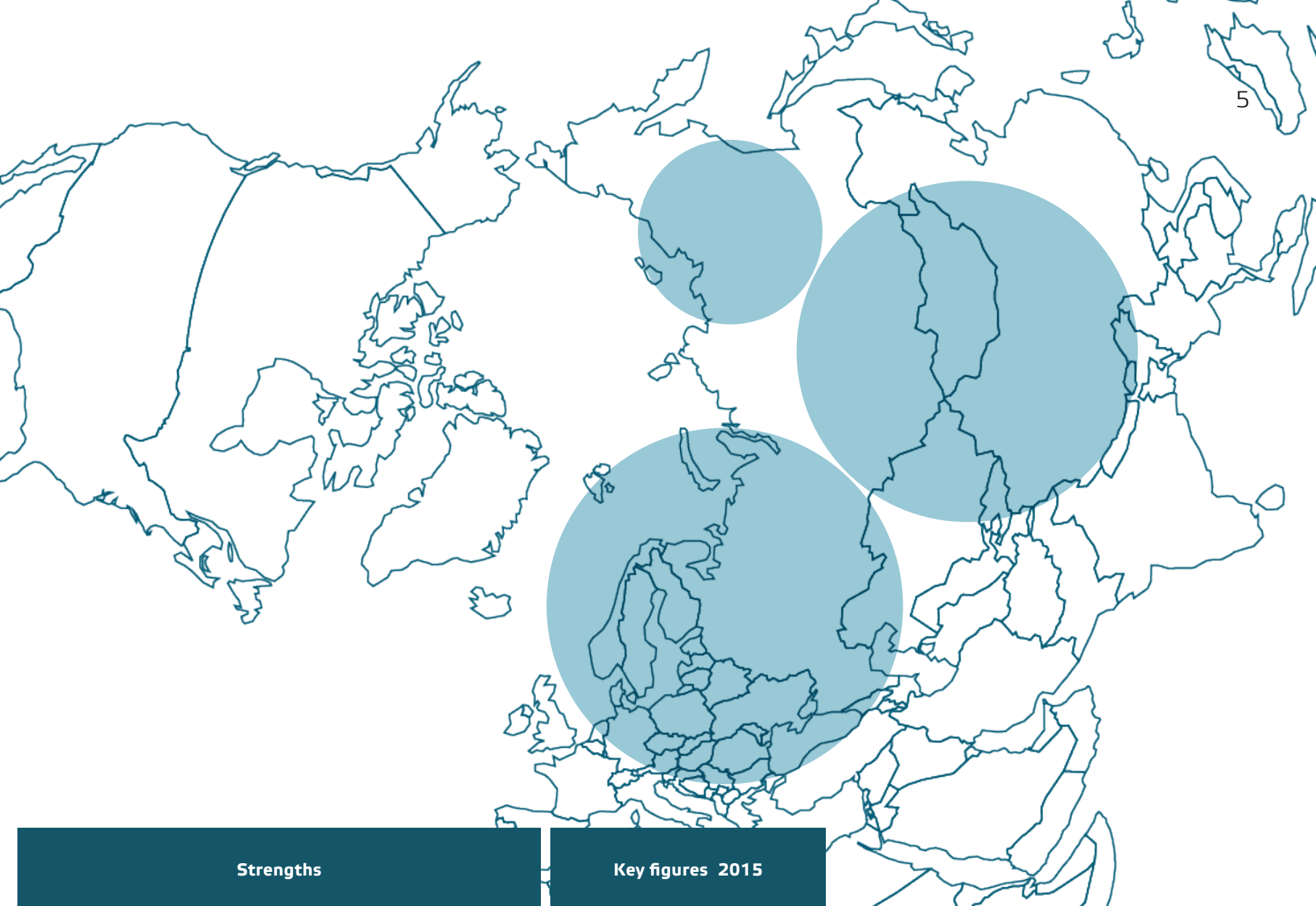
An expert in industrial raw materials. Telko is a supplier of plastic raw materials, industrial chemicals and lubricants to B-to-B customers.

- Plastic industry
- Paint industry
- Printing and packaging industry
- Medical industry



A solution provider for demanding work environments and mobile knowledge work. Kaukomarkkinat provides its customers with tailored hardware and software solutions and life cycle services.

- Healthcare sector
- Industry
- Logistics and trade
- Authorities and safety



Strengths

Key figures 2015

- Superior fleet for ice conditions
- Self-loading and -unloading vessels
- Vessels tailored for customers' ports

NET SALES 76.2 M€
 OPERATING PROFIT 14.7 M€
 PERSONNEL 223

- Leading market position in industrial baking in Northern Europe and Russia
- Extensive geographical coverage
- Extensive test bakery chain

NET SALES 117.8 M€
 OPERATING PROFIT 2.4 M€
 PERSONNEL 299

- Leading principals and extensive product range
- Local sales organizations
- Leading position, particularly in eastern markets
- Solid expertise in the raw materials required in the production processes of customers
- Global procurement organization and local warehouses

NET SALES 215.3 M€
 OPERATING PROFIT 10.4 M€
 PERSONNEL 265

- The ability to create overall solutions for various customer needs
- Extensive references and good relationships with principals
- Effective scalability of solutions

NET SALES 36.5 M€
 OPERATING PROFIT -1.2 M€
 PERSONNEL 46

ASPO'S STRONG BUSINESS BRANDS

- OPERATE IN SECTORS REQUIRING SIGNIFICANT SPECIAL EXPERTISE
- PLAY A PIVOTAL ROLE IN THE VALUE CHAINS OF THEIR CUSTOMERS
- SERVE DEMANDING B-TO-B CUSTOMERS
- HAVE A STRONG PRESENCE IN EASTERN GROWTH MARKETS



NAVIGATING IN A CHANGING WORLD

Aspo has the character of an explorer and the ability to change course.

WILL, SKILLS AND RESOURCES

– according to CEO **Aki Ojanen**, Aspo's importance and role for its subsidiaries are summarized in these three factors.

"Aspo must have the will, skills and resources to develop its businesses more than they would be able to do as independent com-

panies. Being a conglomerate, we are capable of taking controlled risks on the basis of our more extensive strategic vision," Ojanen says.

WHAT IS MORE, being a conglomerate, Aspo's operational risks are lower than on average.

STRENGTHS OF A CONGLOMERATE

- 1 FORMING A BALANCED WHOLE WITH DIVERSIFIED CASH FLOWS ACCORDING TO BOTH BUSINESS AND GEOGRAPHICAL REGION.
- 2 SETTING UP A STRUCTURE WHICH BALANCES FLUCTUATIONS IN ECONOMIC SITUATIONS BECAUSE OF CYCLES THAT DIFFER FROM ONE SUBSIDIARY TO THE NEXT.
- 3 ENABLING LARGER INVESTMENTS WHICH SINGLE BUSINESSES WOULD NOT NECESSARILY HAVE THE PREREQUISITES FOR.
- 4 OFFERING AN EXTENSIVE STRATEGIC UNDERSTANDING OF THE OPERATING ENVIRONMENT.
- 5 PERFORMING LONG-TERM DEVELOPMENT WORK ACROSS GENERATIONS.



Aspo's cash flows are divided between four different businesses with different customers and cycles. In addition, Aspo operates in 17 countries, which also helps to diversify risks.

"We are much more agile in responding to changes and investing resources in the businesses that need them at each time. It is highly valuable that our Group is continuously facing highly varied situations. We are able to annually shift focus from one business to the next," Ojanen says.

GUSTAV NYBERG, Chairman of the Board of Directors, who has long-term experience in Aspo, agrees with Ojanen. Nyberg preceded Ojanen as the CEO of the conglomerate in 1999–2008. According to him, what is exceptional about Aspo is that, several times during its history, the company has sold its main business after it has threatened to grow excessively.

"Such far-reaching thinking is characteristic for us. We believe that operational risks increase

much more if we are overly dependent on a single business. Another indication of our long-term dedication is that the families of Aspo's original founding members are still involved as shareholders, even in the fourth generation," Nyberg says.

AN ABSENCE OF RISKS does not mean there is lower growth. Aspo's superior profit graphs display this clearly.

"During the past decade, we have significantly increased our net sales and operating profit. In terms of operating margin, in particular, we have improved notably. Being a conglomerate, we are able to take such leaps in growth," Ojanen says.

OJANEN AND NYBERG are happy to talk about a renaissance of conglomerates and support their claim by quoting a recent survey. "According to Harvard Business Review, economic growth in Asia is based on companies operating in multiple fields. Those conglomerates that do particularly well

have a governance model similar to that of Aspo where subsidiaries are truly independent and have separate Boards of Directors," Nyberg says.

Ojanen emphasizes the role of each Board of Directors in securing Aspo's competitiveness.

"We have been able to strengthen our subsidiary boards with resources, which globally represent top-level expertise in business development."

OTHER STRENGTHS of a conglomerate include the exchange of accumulated information within the Group and learning from one another.

"This is probably thought to be self-evident, without considering how significant it is compared with single-industry companies that plan their future solely in the light of their own business field," Nyberg says.

ASPO'S EXTENSIVE knowledge has allowed the conglomerate to prepare for changes for example in the Russian markets, and



We are agile in responding to changing situations.

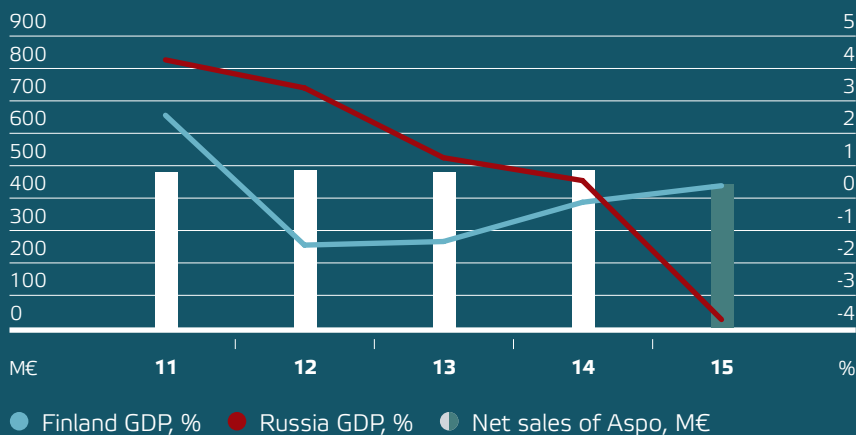
thanks to its expertise in arctic regions, has made an early presence in the Northern Sea Route. "Operating in the long term means, not that we stubbornly maintain our present course, but that we navigate according to up-to-date information. It would be interesting to see where the soon-to-be-90 Aspo will be after another 90 years. What I can say with certainty is that we will be doing something completely different. After all, if there is no change, we make it ourselves," Ojanen says in conclusion.

OPERATING ENVIRONMENT

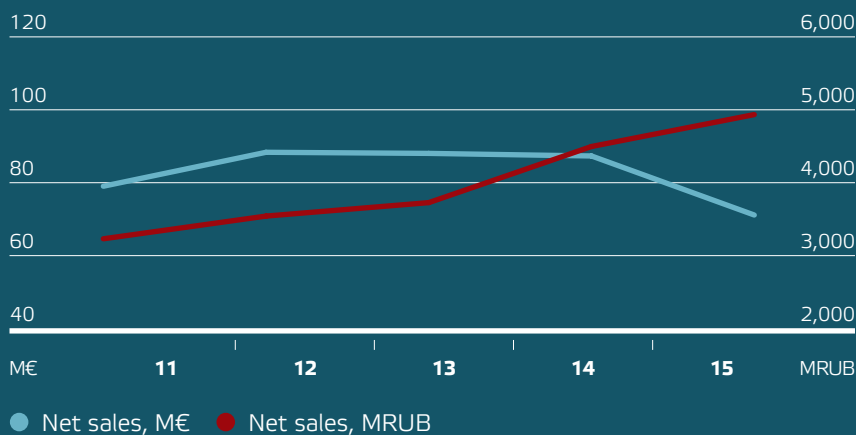
SUCCESS IN CHALLENGING MARKETS

BEING A CONGLOMERATE, ASPO IS READY TO SEEK PROFITABLE GROWTH, DESPITE THE CHALLENGING MARKET SITUATION. CUSTOMER KNOWLEDGE IS THE KEY FOR GROWTH. HAVING EXPANDED TO METROPOLISES IN THE MARKETS OF RUSSIA, UKRAINE AND OTHER CIS COUNTRIES, ASPO'S BUSINESSES ARE INDEPENDENTLY RESPONSIBLE FOR THEIR SUPPLY CHAINS, ALL THE WAY TO THE CUSTOMER. THE SHIPPING COMPANY HAS FOCUSED ON TRUE LONG-TERM PARTNERSHIPS.

NET SALES OF ASPO AND ECONOMIC CYCLES



ASPO NET SALES IN RUSSIA



+9.6%

In Russia, ruble-denominated net sales increased. (2015)

-19.6%

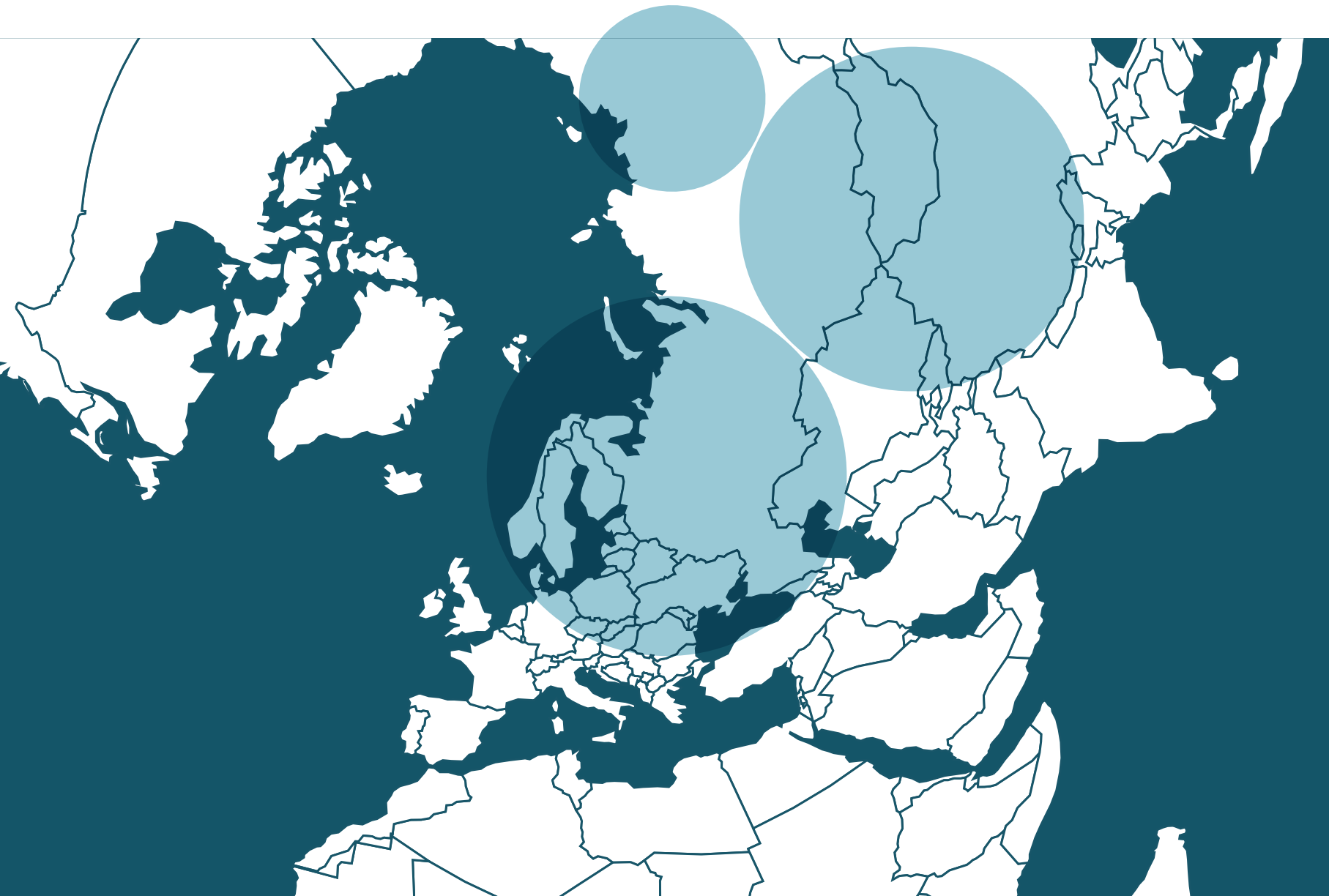
The value of ruble declined. (2015)

AN EXPERT IN EASTERN MARKETS

Despite the uncertainty, inflation and declining economy that have characterized eastern markets, Aspo has been able to maintain a strong market position, high profitability and a competitive edge in the region. Its success is based on correct strategic decisions and a thorough understanding of how the market operates. Its special expertise also allows Aspo to make rapid changes when needed.

ADVANTAGES OF SPECIALIZATION

The market rates of large dry cargo vessels are lower than ever before since 1985 when the current Baltic Dry Index was introduced. The most significant reasons for this situation are the lower demand for raw materials in China and the oversupply of tonnage. The decline is also reflected in the market of large ice-strengthened vessels. However, ESL Shipping succeeds in the competition, particularly thanks to its unique ice-strengthened vessels, long-term customer agreements, and its special expertise in the Baltic Sea and the Arctic.



-38.5%

Baltic Dry Index drops to all-time low.
(2015)

-3.7%

Russia's GDP declined.
(2015)

A PIONEER IN ENERGY EFFICIENCY

ESL Shipping's new vessels lead the way for more environmentally friendly raw material transportation.

ESL Shipping, a shipping company within Aspo Group, has decided to build two new vessels that will be the world's first Handysize dry cargo vessels powered by liquefied natural gas. These vessels, which will be the most efficient in the world in terms of energy consumption and technology, will raise dry cargo transportation by sea to an entirely new and more sustainable level when it comes to environmental impact. These vessels will start operating in early 2018.

The CO₂ emissions of these new vessels per transported cargo ton will be more than 50 percent less than those of the current fleet. Their emissions fall below all current limits set in environmental regulations. With regard to EEDI (Energy Efficiency Design Index) requirements of IMO (International Maritime Organization), the vessels will, already upon their completion, also fulfill the emission limitations set for 2025.

During the design of the vessels in the concept and contractual phases, ESL Shipping has, for a few years, worked closely with Finnish Deltamarin engineering agency. Special attention has been paid to the effectiveness of cargo handling and to cargo space arrangements.

The vessels will be equipped with LNG dual fuel main and auxiliary engines. Thanks to the fuel solution, energy efficiency and optimized hull shape, the vessels are as environmentally friendly as possible and therefore excellent choices to operate in the sensitive Baltic Sea region. The operating capacity of the vessels both in open water and in 1A-class ice conditions has been tested at leading industrial testing facilities.

The ship investment is based on the contract signed between ESL Shipping and steel manufacturer SSAB on the sea transportation of SSAB's incoming raw materials in the Baltic Sea and from the North Sea. Through improved operational efficiency, the high technology and innovations utilized in the vessels produce cost savings and help to direct raw material logistics in an as environmentally friendly direction as possible following the principle of sustainable development.

In the future, paying attention to the environment and energy efficiency in all operations will be even more emphasized. By investing in new vessels, ESL Shipping is able to respond to tightening environmental standards in advance and further strengthen the company's competitive edge and profitability.

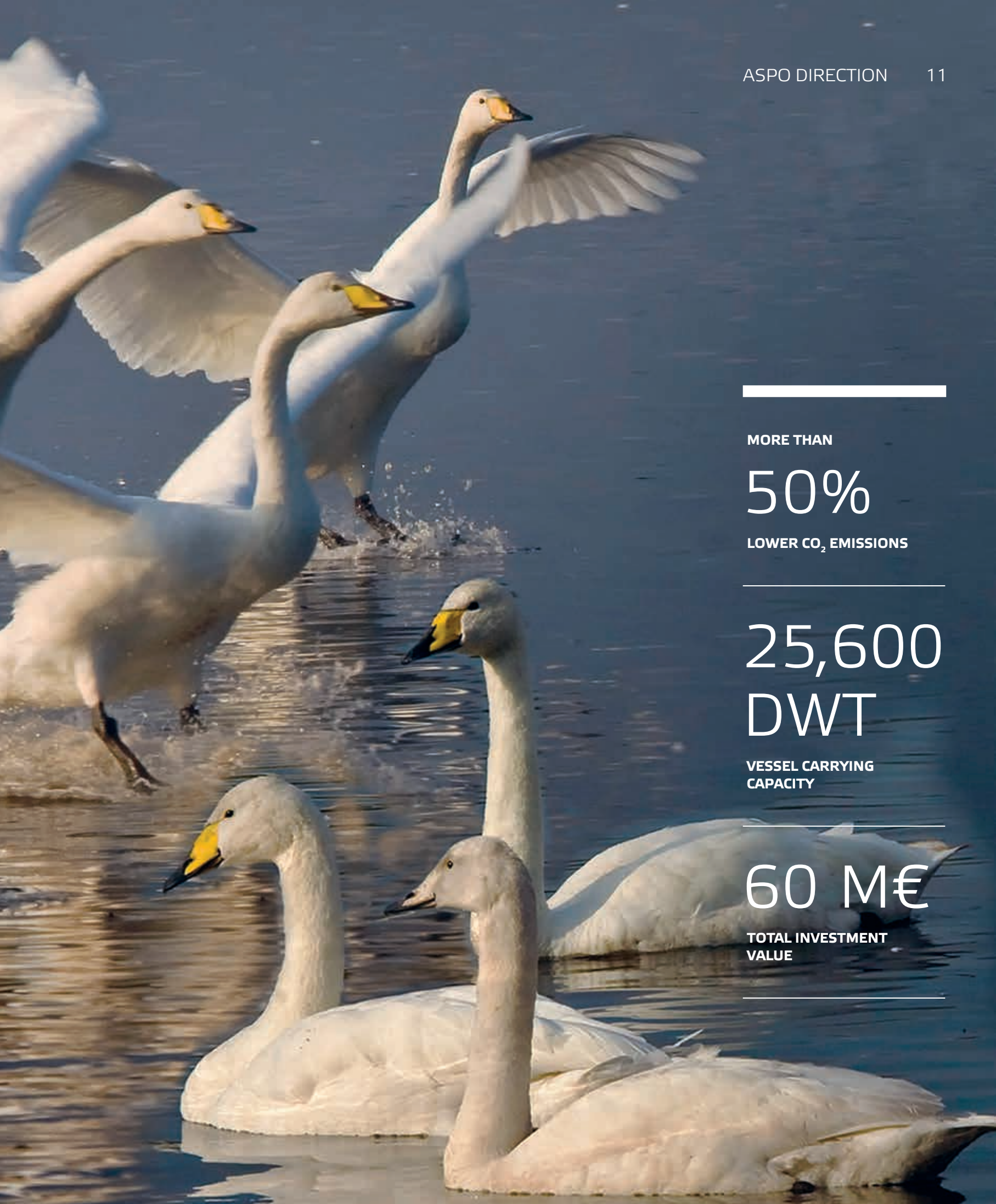


JUSSI VAAHTIKARI

Chief Officer
ESL Shipping

"When designing the new vessels, we took into account that, in the future, we will operate not only in arctic conditions, but also more frequently in changing and unexpected conditions as caused by climate change. This can, for example, be seen in that we simplified deck structures that are sensitive to weather conditions and protected them better against hazardous icing," says **Jussi Vahtikari** who has participated in deck equipping and bridge design of the new vessels.

"With regard to deck equipment, we have stressed operational efficiency, for example, by ensuring that fixed structures are not in the way during unloading. Of course, this also improves safety during operations performed at sea. On the bridge and in the cargo control room, we have taken the fast pace of our operations into account so that all information obtained from equipment can be utilized as quickly and effectively as possible. Our partners are already thanking us for our effectiveness and our active approach to find new solutions for their problems."



MORE THAN

50%

LOWER CO₂ EMISSIONS

25,600
DWT

VESSEL CARRYING
CAPACITY

60 M€

TOTAL INVESTMENT
VALUE

AN ACTIVE DEVELOPER OF BUSINESSES

Aspo's strategy is to own, lead and develop its businesses in the long term.

ASPO HAS SOLID experience in the active development of its businesses. The company's core expertise lies in growing and internationalizing medium-sized companies with net sales of approximately EUR 50–250 million, just like its subsidiaries. Being a conglomerate, Aspo is able to make larger investments that would otherwise be unreachable for single businesses. Aspo decides on the role of each business as part of the whole and, if required, it is also ready to make structural changes: to buy, sell and list businesses. In the future, Aspo is looking for even stronger

growth and higher productivity by heavily developing all of its business fields. Examples of changes include the groundbreaking investment of ESL Shipping in more environmentally friendly vessels and the expansion of Leipurin to the Out-of-Home market.

ASPO'S GOOD performance is the result of years of hard work and is based on correct strategic decisions, successful investments and good management. Future growth objectives are supported by the Group's management system where the Board of Directors of each business play



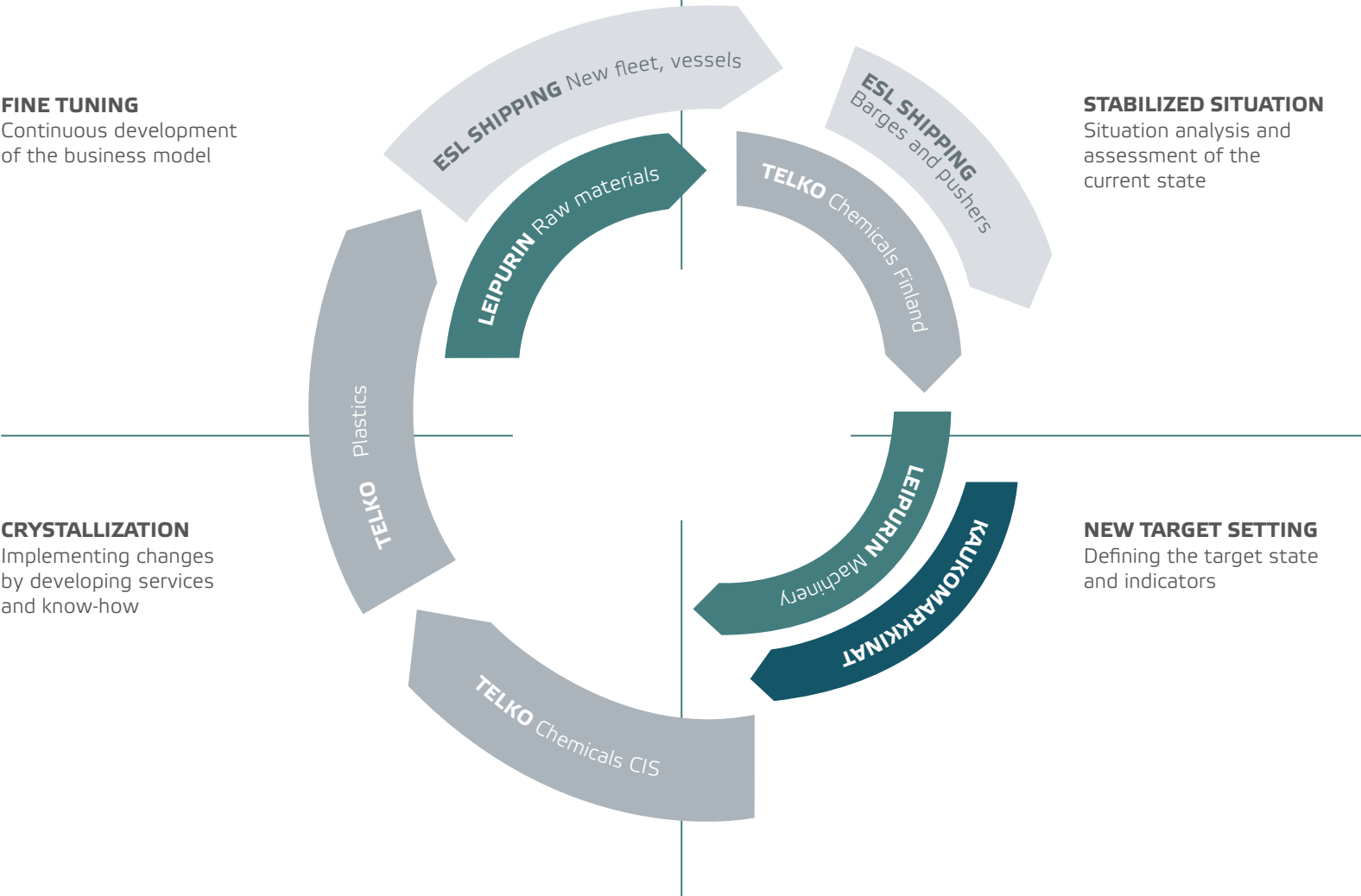
Aspo's core expertise lies in growing and internationalizing medium-sized companies.

a central part. New strategic guidelines have been prepared by the Board of Directors of each business under the leadership of the best experts in specific business fields. Aspo's CEO acts as the Chairman of the Board of Directors of each subsidiary; this best serves the development of the Group as a whole.

CREATING shareholder value is the basis of all operations for Aspo. The company develops its businesses and the entire Group structure so that they produce the best possible returns for shareholders.

2008	2009	2010	2011	2012
<p>ASPO: ACQUISITION OF KAUKO-TELKO</p> <p>SALE OF AUTOTANK</p> <p>ESL SHIPPING: REPURCHASE OF M/S EIRA</p> <p>KAUKOMARKKINAT: DIVESTMENT OF SOURCING SERVICES</p> <p>DIVESTMENT OF PACKAGING OPERATIONS</p>	<p>ESL SHIPPING: SALE OF M/S KONTULA</p> <p>LEIPURIN: EXPANSION TO SIBERIA, TATARSTAN AND UKRAINE</p> <p>TELKO: DIVESTMENT OF HAMINA TERMINAL SERVICES OPERATIONS</p> <p>KAUKOMARKKINAT: SALE OF METEX DEUTSCHLAND</p> <p>SALE OF COMPONENT AND MECHATRONICS BUSINESS</p>	<p>ESL SHIPPING: ORDER PLACED FOR TWO SUPRAMAX VESSELS</p> <p>LEIPURIN: EXPANSION IN LATVIA THROUGH ACQUISITION</p> <p>EXPANSION TO KAZAKHSTAN</p> <p>TELKO: EXPANSION TO KAZAKHSTAN AND BELARUS</p>	<p>ESL SHIPPING: ACCEPTANCE OF M/S ALPPILA</p> <p>LEIPURIN: ACQUISITION OF VULGANUS OY</p>	<p>ESL SHIPPING: ACCEPTANCE OF SUPRAMAX VESSELS</p> <p>SALE OF M/S HESPERIA</p> <p>KAUKOMARKKINAT: PURCHASE OF SOMASYR BUSINESS</p>

Direction for successful business



2013

ASPO:
REVIEW OF LISTING LEIPURIN

2014

ASPO:
CANCELLATION OF THE LEIPURIN LISTING PROCESS

ESL SHIPPING:
PURCHASE OF M/S KALLIO

KAUKOMARKKINAT:
DIVESTMENT OF FREQUENCY CONVERTER BUSINESS

2015

ESL SHIPPING:
LONG-TERM TRANSPORTATION CONTRACT WITH SSAB
ORDER PLACED FOR TWO LNG VESSELS

TELKO:
LETTER OF INTENT ON A LOGISTICS TERMINAL LAND PLOT IN ST. PETERSBURG

KAUKOMARKKINAT:
SALE OF INDUSTRIAL BUSINESS

2016

LEIPURIN:
NEW STRATEGY

TELKO:
REPRESENTATION OF CASTROL'S AUTOMOTIVE MOTOR OILS IN FINLAND

TERMINAL INVESTMENT IN ST. PETERSBURG

KAUKOMARKKINAT:
NEW STRATEGY

BAKING A BIGGER PROFIT

Leipurin is looking for a boost to its business operations through changing dining trends.

Leipurin is the leading expert in industrial baking in Northern Europe and Russia. The company's strong market position has been based on its service concept offered to the baking industry, consisting of raw materials, recipes and bakery machines. Thanks to this position and a revised strategy, Leipurin will increase its share in eastern markets, and it is also expanding to the Out-of-Home market. In the future, the company's mission is to be the leading concept supplier for companies that serve the changing eating habits of consumers in baking and other dining markets.

According to its revised strategy, Leipurin has launched bakery operations intended for hotel, restaurant and catering (Horeca) companies relating to Out-of-Home eating also in Russia and other CIS countries. The company's expansion is also supported by the globally increasing trend of Out-of-Home eating.

The Leipurin organization in Russia has been strengthened by a number of new professionals, the company has invested in logistics in freezer operations, and it has a significant training process in progress concerning all sales and purchasing employees. What is more, Leipurin opened its fifth test bakery in Russia at the end of 2015 in St. Petersburg. Test bakeries play an important part in the operations of Leipurin, being strongholds of R&D, product demonstrations and training. Cooperation with food departments of national universities has been essential when operating in eastern markets.

Frozen bakery products were launched as the first product group in the new customer segment. In the Horeca segment, Leipurin aims to deliver sandwiches, pastries and other confectionery products, for example, to service stations in Russia.

In addition to service stations, the objective of Leipurin is to have its frozen pastry products available at in-shop bakeries and freezers of retail chains and, in the long term, to directly supply them to the baking industry. In place of its own production Leipurin manufactures its frozen pastry products in the bakeries of its partners, both in the west and in Russia. If put into practice, such a partnership would be the first of its kind in the baking industry in the Russian Federation.



TATIANA NIKULINA
CEO
Leipurin Russia

"Leipurin stands out from its competitors in terms of its solid expertise in R&D and bakery machine technology. In the future, our objective is to produce more fully western products on the production lines of our industrial partners in Russia. We take part in R&D and supply high-quality raw materials, recipes and, when necessary, machine technology to the production process. In this sense, Leipurin has a completely unique concept."

"I have worked for long in my current position and witnessed both upward trends and crises in Russia. Even though we are currently in an economic slump, we still have the same passion for development. We are making good progress and are investing in new growth and making profit. Our skilled employees are highly motivated and customers are showing increasing trust in our expertise," says **Tatiana Nikulina**, CEO of Leipurin Russia.

IN
16

CITIES

LEIPURIN UNITS
IN RUSSIA

IN
9

COUNTRIES

LEIPURIN GROUP
UNITS

250M

CONSUMERS
IN THE LEIPURIN
MARKET AREA

LONG-TERM DEVELOPMENT

Aspo is committed to reaching its long-term financial targets.

ASPO'S OBJECTIVE is to create value for its shareholders by developing businesses, implementing structural changes and, through its subsidiaries, building long-lasting customer relationships based on strong partnerships and accumulated know-how. The aim of each subsidiary is to be the market leader in their specific business field and to grow faster than the market. Aspo sees significant profit-making potential in all of its businesses.

ASPO'S FINANCIAL targets derived from its strategy are based on calculations made from the company's profit-making capabilities, and they are closely interconnected. Profitability and return on equity are more important indicators for Aspo than the development of net sales, which is more susceptible to external factors.

ASPO IS able to reach its operating profit target of seven percent, above all, by investing

in the development of its customer accounts and setting up a product and service range with a higher margin.

RETURN ON EQUITY has already nearly reached the targeted level of 20 percent. The company continues to aim for excellence, also in the future.

ASPO'S GOAL in terms of gearing is at most 100 percent. Being a conglomerate, Aspo is more resistant to indebtedness

than companies bearing higher operational risks, and it is utilizing leverage in its operations.



All of Aspo's businesses are showing significant profit-making potential.

WHY INVEST IN ASPO?

1

DIVERSIFIED RISK

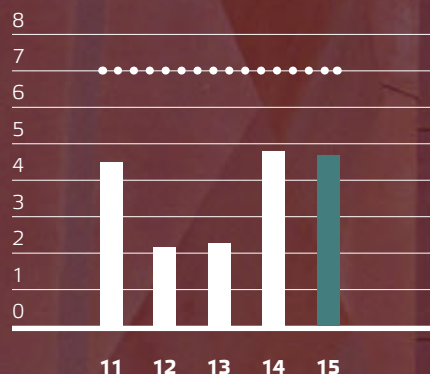
ASPO'S CASH FLOWS ARE DIVIDED BETWEEN FOUR DIFFERENT BUSINESSES WITH DIFFERENT CUSTOMERS AND CYCLES. OPERATING IN SEVERAL DIFFERENT COUNTRIES ALSO DIVERSIFIES RISKS.

2

HIGH RETURN ON EQUITY

ASPO'S OBJECTIVE IS TO REACH AN EXCELLENT ROE LEVEL OF MORE THAN 20 PERCENT.

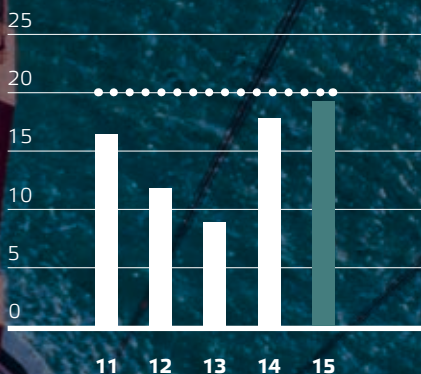
OPERATING PROFIT %



... Target

7%

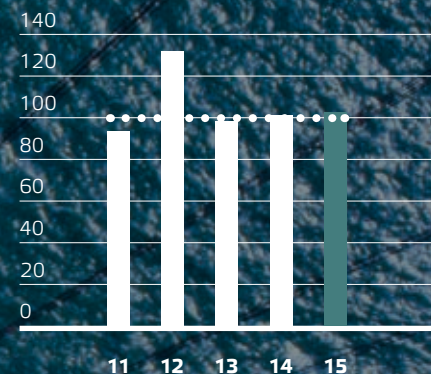
RETURN ON EQUITY %



... Target

20%

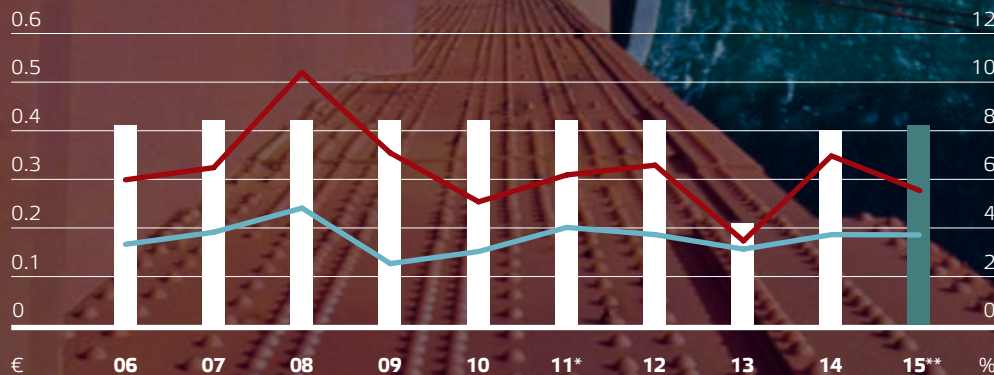
GEARING %



... Target

100%

GENEROUS DIVIDEND PAYER



- Aspo, Dividend yield
- Helsinki Stock Exchange, Dividend yield
- Dividend, €

* Repayment of capital

** Board's proposal

3

GENEROUS DIVIDEND PAYER

ASPO'S AVERAGE DIVIDEND YIELD BETWEEN 2006 AND 2015 IS 6.4 PERCENT, WHILE THE CORRESPONDING AVERAGE OF COMPANIES LISTED ON THE HELSINKI STOCK EXCHANGE OVER THE SAME PERIOD IS 3.7 PERCENT.

4

MARKET LEADER IN ITS BUSINESS FIELDS

THE AIM OF EACH SUBSIDIARY OF ASPO IS TO BE THE MARKET LEADER IN THEIR SPECIFIC BUSINESS FIELD AND TO GROW FASTER THAN THE MARKET.

5

SUCCESS IN EASTERN MARKETS

DESPITE THE CHALLENGING MARKET SITUATION, ASPO HAS BEEN ABLE TO MAINTAIN ITS HIGH PROFITABILITY IN THE EASTERN MARKETS, WITH AN OPERATING PROFIT OF 7 PERCENT. RUSSIA AND EASTERN GROWTH MARKETS CONTINUE TO ENABLE STRONG ORGANIC GROWTH.

6

A UNIQUE CHARACTER

ASPO IS A COMBINATION OF THE CHARACTERISTICS OF A CONGLOMERATE AND A HOLDING COMPANY: IT WHOLLY OWNS ITS THOROUGHLY SELECTED BUSINESSES OPERATING IN DIFFERENT FIELDS, IT RELIES ON EXTERNAL BOARDS OF DIRECTORS IN TERMS OF LEADERSHIP, AND IT PARTLY CHANNELS FUNDING THROUGH THE PARENT COMPANY AND PARTLY DIRECTLY TO SPECIFIC BUSINESSES.

RAW MATERIAL SOLUTIONS FOR THE INDUSTRY

Telko, an expert in industrial raw materials, is an important link between global operators and small manufacturers.

Telko supplies plastic raw materials, industrial chemicals and lubricants to B-to-B customers. The company offers services related to procurement, distribution, technical support and the development of production processes. Thanks to its hard work, Telko has reached a unique position and competitive edge as an expert that serves the plastics and chemical industry in 15 countries.

Telko's vision is to significantly strengthen its leading position as a western distributor of industrial raw materials in its operating countries. Telko will strengthen its market share in the west through acquisitions, whilst expanding to new market areas in the east and in Eastern Europe. In Finland, Telko expanded its operations at the end of 2015 by becoming a representative of the automotive motor oils of Castrol, the Finnish market leader.

The recent investment in a new distribution terminal in St. Petersburg, together with the establishment of a subsidiary in Azerbaijan, support growth in Russia and eastern markets. Despite the challenging operating environment, Telko has been able to improve its operational profitability in Russia. In this, the company's long-term understanding of the local market and its accumulated know-how play an essential part. In Russia, Telko has also tripled the size of its personnel to more than 80 employees over the past five years.

Telko works with the leading principals of the industry and represents an extensive range of products. The company's competitive edge is based, in particular, on its expert local sales organizations and its solid understanding of the raw materials required in the production processes of its customers. Telko plays an important role between raw material producers and end users of chemicals, being a flexible distributor for small and medium-sized subcontractors that manufacture plastic components. In this, Telko is supported by its global procurement organization, effective logistics and a network of local warehouses.



PER ROSENBERG
Vice President
Lubricants / Telko

"Telko has been engaged in cooperation with Castrol in Finland since 1958 in terms of industrial lubricants. Our close partnership combines Castrol's strong brand and high-quality R&D with Telko's superior solution sales and technical expertise. Through this new agreement, Telko will be fully responsible not only for Castrol's industrial lubricants, but also for its product range of automotive motor oils and its business development," says **Per Rosenberg**, Vice President of Telko Lubricants.

"Castrol's automotive products also offer synergy benefits for the sale of products of the Telko Automotive Products unit. The representation of Castrol's motor lubricants enables future expansion to other market areas as well."

PLASTICS

61%

CHEMICALS

39%

NET SALES DISTRIBUTION
(2015)

85

NUMBER OF PERSONNEL
IN RUSSIA (2015)

+11M€

NET SALES OF CASTROL
AUTOMOTIVE

DISPERSION AND MANAGEMENT OF RISKS

Aspo is a balanced entity in which risks are diversified. Then again, operation in risky eastern markets offers significant profit-making potential. Diversified operations balance the strategic risks of Aspo.

STRATEGIC RISKS	MANAGEMENT
Risks associated with markets and technologies	We are actively looking for new solutions for our customers and principals. We will keep our corporate structure competitive and quickly adaptable to various situations.
Overcapacity in the market	We are looking for market areas that require specialization and which offer a competitive edge over our competitors. We ensure that costs are adapted to the constantly changing competitive situation.
Risk of changes in the production of customers	We are continuously looking for new customers that require services offered by our area of expertise and machinery and equipment in a narrow and demanding segment.
Risks associated with principals and brands	We aim to improve anticipatory long-term cooperation with our principals. We are continuously developing and strengthening our brands.
Risks caused by restrictions on trade	Raw materials and finished products are procured from the internal market (within customs frontiers). We aim to have an influence on the liberation of trade in the long term.
Social and political risks	We aim to reduce the risk of local conflicts by being genuinely present as a local operator. We reduce dependency on exports in Finland.
Risk associated with our financial capacity	We utilize the expertise and resources of our Group to develop smaller potential businesses.
Risk of low growth	We utilize Aspo's resources in the business platforms and in structural changes.

FINANCIAL RISKS	MANAGEMENT
Currency risk	Risk management is based on sufficient diversification between different countries and currencies. In addition, we aim to react quickly to internal and external currency-denominated receivables and liabilities when making and collecting payments. We hedge significant known future cash flows using currency derivatives.
Interest rate risk	The interest rate risk associated with the loan portfolio is diversified by using loans with both variable and fixed rates. In addition, we use interest rate derivatives to reduce the negative impact caused by any increases in short-term market rates.
Liquidity and financing risk	Sources of financing are diversified among a sufficient number of counterparties and several loan instruments. A sufficient number of binding financing agreements and sufficiently long maturities secure current and near-future financing needs.

OPERATIONAL RISKS	MANAGEMENT
Risks associated with supply chains	We use several procurement channels and different logistics options to secure material flows from principals to customers.
Personnel risks	We use Aspo's incentive programs and take care of the wellbeing and insurance cover of our personnel.
Price risks	We utilize several procurement channels and hedge against price fluctuations with sufficient purchasing power offered by the Group.
Credit loss risks	We have knowledge of our customers and markets, and we maintain a sufficient credit insurance cover.
Risks associated with changes in consumer habits	We recognize changes in consumer trends at an early stage and implement corrective actions in advance.
Competition	We have knowledge of our competitors, markets and any changes therein, and we adjust our operating methods proactively.
Risks associated with authorities	We operate in each of our markets in close cooperation with the authorities.
Loss risks	We renew a full insurance cover every year in case of losses.

Business risks are presented in Aspo's Year 2015 report.

VALUE CREATION

WE CREATE VALUE FOR DIFFERENT STAKEHOLDERS

A LARGE PART OF ASPO'S VALUE IS BASED ON ACCUMULATED EXPERTISE AND SOLID CUSTOMER AND PRINCIPAL RELATIONSHIPS. DEVELOPMENT OF THIS INTELLECTUAL CAPITAL IS ONE OF THE KEY PRINCIPLES OF ASPO'S PERSONNEL MANAGEMENT.

INTELLECTUAL CAPITAL

STRUCTURAL CAPITAL

- The structures, systems, and processes we use ensure that vital expertise is not tied to any individual, but is as widely available as possible in the Group, e.g. the Group's shared data systems
- Measurements, e.g. customer satisfaction survey

HUMAN CAPITAL

- Good leadership
- Promotion of personnel competence and professional development
- Satisfaction at work
- Recreational activities
- Rewarding, e.g. personnel fund

RELATIONSHIP CAPITAL

- Expertise associated with customers, principals and other stakeholders
- Long-term partnerships and principal relationships based on solid trust



TANGIBLE ASSETS

THE MAJORITY OF INVESTMENTS AND ASSETS ON THE BALANCE SHEET CONSISTS OF THE VESSELS OWNED BY THE SHIPPING COMPANY. INVESTMENTS ARE ENABLED BY THE SHIPPING COMPANY'S HIGH PROFITABILITY AND STRONG CASH FLOW. INVESTMENTS MADE BY OTHER BUSINESSES ARE MAINLY ALLOCATED TO INVENTORIES AND GROWTH.

OPERATING MODEL

A CONGLOMERATE THAT OWNS, LEADS AND DEVELOPS ITS BUSINESSES AND GROUP STRUCTURE IN THE LONG TERM. THE COMPANY'S BUSINESSES CREATE ADDED VALUE THROUGH SPECIAL EXPERTISE IN THEIR RESPECTIVE FIELDS. THEY SEEK MARKET LEADERSHIP IN SELECTED GEOGRAPHIC AREAS.

ASPO'S IMPACT ON STAKEHOLDERS

SHAREHOLDERS

To offer a stable and profitable investment option and an opportunity for long-term shareholding

CUSTOMERS AND PRINCIPALS

To act as a reliable partner in product development, improving process efficiency, and the delivery of production output

PERSONNEL

To be a motivating employer which improves engagement and satisfaction at work

SOCIETY

To support and develop local industry and society in all of its operating countries

ENVIRONMENT

To be as environmentally friendly as possible, beyond the minimum requirements set out by laws and regulations

DIRECTION



“OPERATING IN THE LONG TERM MEANS NOT THAT WE STUBBORNLY MAINTAIN OUR PRESENT COURSE, BUT THAT WE NAVIGATE ACCORDING TO UP-TO-DATE INFORMATION.”

Aki Ojanen, CEO, Aspo

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