



ASPO – IN TIME 2016

**ASPO IS IN CONSTANT MOTION – TO REACH ITS
DESTINATION, AND STAY UP TO SPEED.**



ASPO – UP TO SPEED, WITH AN EYE TO THE FUTURE

To accomplish a far-reaching vision demands an ability to maintain a strong presence and follow current trends. The impact of choices made today reach far into the future. Aspo's vision is to increase the company's value and expertise in the long term. Thanks to its long history, Aspo has a thorough strategic understanding of the operating environment and changes in it.

The year 2016 was the beginning of a new and more determined four-year period. The solutions we make today lead Aspo towards 2020. The way has been charted to reach set targets. Aspo is in a new era, being ever more rooted to the present day – a unique conglomerate in a changing world.

ASPO IN BRIEF

A RESPECTED SPECIALIST IN ITS BUSINESS FIELDS

Aspo is a conglomerate that specializes in demanding B-to-B customers. It owns and develops its businesses in Northern Europe and in selected growth markets. Aspo’s wholly owned subsidiaries ESL Shipping, Leipurin, Telko and Kauko operate under their own strong brands and provide value for their customers. The objective of the trade and logistics businesses is to be the market leaders in their sectors. Aspo’s value is produced by the entity formed by its businesses.

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.

AN ACTIVE DIVIDEND POLICY

Every year, Aspo distributes at least half of the annual profit in dividends on average. Average dividend yield in 2007–2016:

6.3%



FINANCIAL TARGETS

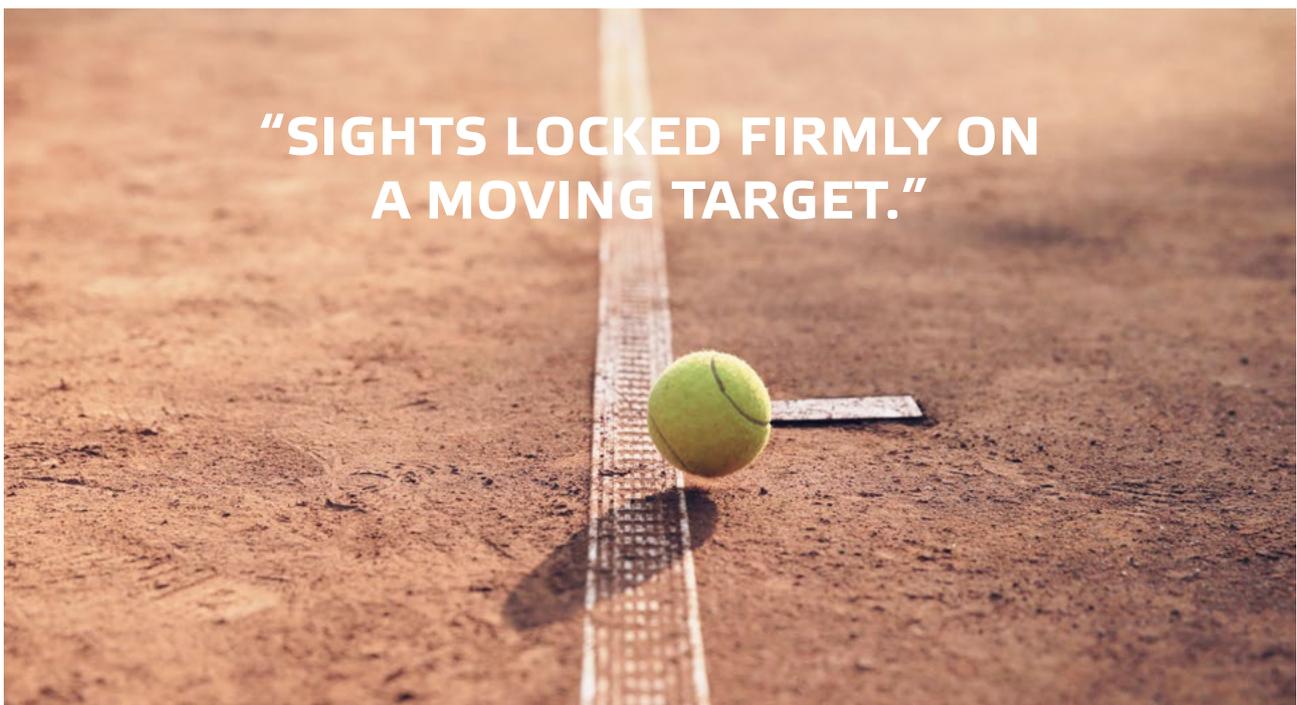
ASPO AIMS TO REACH THE FOLLOWING FINANCIAL TARGETS BY 2020:

Operating profit of
7%
with the current structure

Average return on equity of over
20%

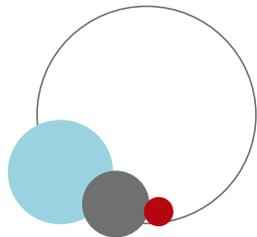
Gearing of up to
100%

“SIGHTS LOCKED FIRMLY ON A MOVING TARGET.”



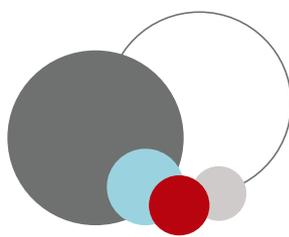
KEY FIGURES IN 2016

2016 NET SALES DISTRIBUTION BY BUSINESS



| | | |
|----------------|----------|-----|
| ○ Telko | 240.3 M€ | 52% |
| ● Leipurin | 112.7 M€ | 25% |
| ● ESL Shipping | 71.4 M€ | 16% |
| ● Kauko | 33.0 M€ | 7% |

2016 NET SALES DISTRIBUTION BY COUNTRY



| | | |
|---|----------|-----|
| ○ Finland | 149.4 M€ | 33% |
| ● Russia, Ukraine + other CIS countries | 145.6 M€ | 32% |
| ● Other countries | 64.5 M€ | 14% |
| ● Baltic countries | 50.4 M€ | 11% |
| ● Scandinavia | 47.5 M€ | 10% |

NET SALES

457.4 M€

445.8 M€ (2015)

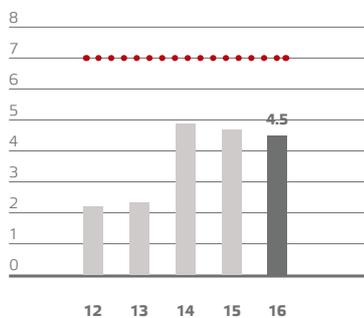
OPERATING PROFIT

20.4 M€

20.6 M€ (2015)

Aspo aims to reach its long-term financial targets by 2020.

OPERATING PROFIT %

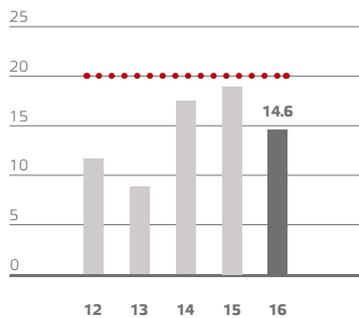


●●● Target 2020

7%

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 %

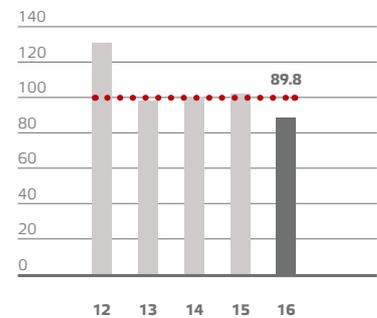


●●● Target 2020

20%

ASPO'S OBJECTIVE IS TO REACH AN EXCELLENT ROE LEVEL OF OVER 20 PERCENT ON AVERAGE.

GEARING %



●●● Target 2020

100%

ASPO'S TARGET IN TERMS OF GEARING IS AT MOST 100 PERCENT. BEING A CONGLOMERATE, ASPO IS MORE RESISTANT TO INDEBTEDNESS THAN COMPANIES BEARING HIGHER RISKS, AND IT UTILIZES LEVERAGE IN ITS OPERATIONS.

IN TIME – EVENTS

March 1, 2016

MIKKO LAAVAINEN APPOINTED MANAGING DIRECTOR OF LEIPURIN

To speed up the development and growth of Leipurin, Mikko Laavainen was appointed the company's new Managing Director. He has a proven track record in the development of solution operations in the international food market. The future development of Leipurin will lean on solid expertise in industrial banking, and also on the Out-of-Home market.

April 7, 2016

DIVIDENDS DISTRIBUTED TWICE A YEAR

Aspo's Board of Directors proposed that a twice-a-year distribution policy be adopted starting from 2017.

May 17, 2016

KAUKOMARKKINAT IS NOW KAUKO

Traditional Kaukomarkkinat changed its name to Kauko. From now on, the company will focus on mobile IT for demanding conditions, healthcare, industry, trade and different logistics tasks. The company specializes, for example, in customized software and hardware solutions for hospitals and healthcare centers.

November 24, 2016

SPECIFICATION TO FINANCIAL TARGETS

Aspo Group specified the time period for reaching its long-term financial targets. The company is looking for an average ROE of over 20 percent, gearing of up to 100 percent and an operating profit rate of 7 percent with the current structure by 2020.

November 24, 2016

POSITIVE OUTLOOK ON ESL SHIPPING

ESL Shipping expects its net sales to grow and its operating profit to increase to a level of 20–24 percent by 2020. The company is looking for growth from the additional capacity offered by its vessel investments, a larger customer base and the opportunities presented by new business areas. The company can improve its profitability, for example, through its energy-efficient vessels.

December 31, 2016

TELKO EXPANDED AND REACHED RECORD-HIGH NET SALES

In 2016, Telko produced the highest net sales in its history. In addition to organic growth, Telko continued to expand geographically by establishing a subsidiary in Azerbaijan. Growth in Finland strengthened by the launch of the Castrol automotive motor oil business.

First half of 2018

NEW LNG-FUELED DRY BULK CARGO VESSELS LAUNCHED

The two new vessels are the most effective large bulk carriers in the world in terms of their fuel economy and level of technology. Their CO₂ emissions are more than 50% lower compared with current vessels.

2020

FINANCIAL TARGETS REACHED

The four-year period that has been set to reach the Group's long-term financial targets ends. With its current structure, the company is looking for an operating profit rate of 7%, ROE of over 20% on average and gearing of up to 100%.

OPERATING ENVIRONMENT IN 2016

Uncertainty over the global economy was reflected in Aspo’s operating environment, particularly in demand for basic raw materials and in low raw material prices. International dry bulk cargo prices remained unusually low in 2016. Despite the challenging circumstances, Aspo was able to produce good results in the eastern market.

EASTERN MARKETS

Aspo has worked hard to reach its current strong position in eastern markets. Understanding the eastern market requires a broad vision, across individual quarters and temporary cycles. Aspo’s growth in the eastern market is generated both from organic expansion into new product and service segments and new market areas. Regardless of the general uncertainty, there were positive signs in the development of the Russian and eastern markets in 2016. The decrease in the Russian economy decelerated, and it is expected to turn towards an increase in 2017.

SHIPPING BUSINESS

The climate change, a carbon-free Helsinki and emphasized environmental sustainability have strongly shaped the operations of ESL Shipping. It is one of the first shipping companies to operate in the Northern Sea Route, and it has also quickly reacted to the crash in coal imports by investing in the transportation of bioenergy. The environmental sustainability of ESL Shipping will rise to a new level when its new LNG-fueled vessels start operating in 2018. Supported by these new vessels, ESL Shipping expects its net sales to grow and its operating profit to increase to a level of 20–24 percent by 2020.

+15.9% **+20.3%**

In Russia, ruble-denominated net sales increased (2016)

The value of ruble increased (2016)

+101% **-0.2%**

Baltic Dry Index increased, but remained low (2016)

Russia’s GDP declined (2016)

ROUBLE EXCHANGE RATE



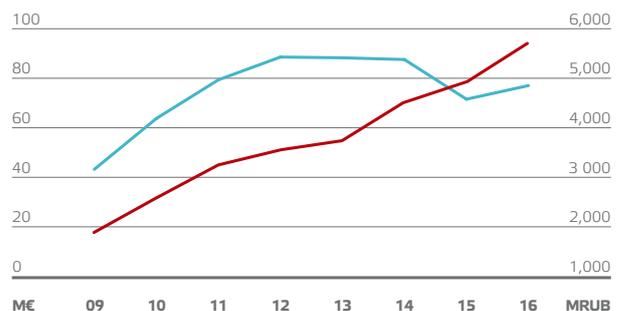
● Rouble monthly average exchange rate, €/RUB

NET SALES OF ASPO AND ECONOMIC CYCLES



◆ Net sales of Aspo, M€ ● Finland GDP, % ● Russia GDP, %
*continued operations

ASPO NET SALES IN RUSSIA



● Net sales, M€ ● Net sales, MRUB

SUBSIDIARIES



ESL SHIPPING

ESL Shipping is the leading carrier of dry bulk cargoes in the Baltic Sea region. Its purpose is to ensure raw materials for the industries and energy production throughout the year, even in difficult climate conditions.

| | |
|-------------------------|---------|
| NET SALES (2016) | 71.4 M€ |
| OPERATING PROFIT (2016) | 12.6 M€ |
| TARGET EBIT | 20–24% |



LEIPURIN

Leipurin produces solutions for bakery and confectionery products, the food industry and Out-of-Home markets. The company provides its customers with total concepts, R&D services, raw materials and machines.

| | |
|-------------------------|----------|
| NET SALES (2016) | 112.7 M€ |
| OPERATING PROFIT (2016) | 2.0 M€ |
| TARGET EBIT | 7% |



TELKO

Telko is a leading expert and supplier of plastic raw materials and industrial chemicals. Its extensive customer service also covers technical support and the development of production processes. Telko represents leading international principals in the industry.

| | |
|-------------------------|----------|
| NET SALES (2016) | 240.3 M€ |
| OPERATING PROFIT (2016) | 10.1 M€ |
| TARGET EBIT | 7% |



KAUKO

Kauko specializes in customized hardware and software solutions for demanding field conditions and critical social functions. The company is also the leading supplier of solutions that improve energy efficiency.

| | |
|-------------------------|---------|
| NET SALES (2016) | 33.0 M€ |
| OPERATING PROFIT (2016) | -0.1 M€ |

ASPO AS A CONGLOMERATE

Aspo has the will, skills and resources to develop its businesses in the light of its far-reaching strategic vision. Aspo's key objective is to increase and internationalize medium-sized companies.

Operating in multiple fields enables a steady development of profit and diversified risks. Operating in several different countries also diversifies risks.

Aspo has 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.

STRENGTHS OF A CONGLOMERATE

1. Offering an extensive strategic understanding of the operating environment.
2. Enabling larger investments which single businesses would not necessarily have the prerequisites for.
3. Setting up a structure which balances fluctuations in economic situations because of cycles that differ from one subsidiary to the next.
4. Forming a balanced whole with diversified cash flows according to both business and geographical region.
5. Performing long-term development work across generations.
6. Enabling structural arrangements. Businesses can be developed in a dynamic and independent way.

FOR FURTHER INFORMATION, CONTACT US

Aki Ojanen

Chief Executive Officer
+358 9 521 4010
aki.ojanen@aspo.com

Harri Seppälä

Group Treasurer
+358 9 521 4035
harri.seppala@aspo.com