ASPO Plc FINANCIAL STATEMENT RELEASE February 15, 2017, at 11:00 a.m.

ASPO GROUP FINANCIAL STATEMENT RELEASE, JANUARY 1 TO DECEMBER 31, 2016

Aspo Q4: Net sales increased, operating profit improved
(Figures from the year 2015 are presented in brackets.)

January–December 2016
- Aspo's net sales amounted to EUR 457.4 (445.8) million.
- Operating profit stood at EUR 20.4 (20.6) million.
- Profit for the period was EUR 15.9 (19.8) million.
- Earnings per share were EUR 0.49 (0.61).
- The operating profit of ESL Shipping stood at EUR 12.6 (14.7) million. The operating profit of Leipurin was EUR 2.0 (2.4) million. The operating profit of Telko stood at EUR 10.1 (10.4) million and the operating profit of Kauko was EUR -0.1 (-1.2) million.
- Net cash from operating activities was EUR 16.2 (25.0) million

The 2015 operating profit and profit for the period include items that affect comparability as presented in the table of key figures below.

October–December 2016
- Aspo's net sales amounted to EUR 124.5 (122.1) million.
- Operating profit stood at EUR 6.3 (6.2) million.
- Profit for the quarter was EUR 5.2 (3.7) million.
- Earnings per share were EUR 0.17 (0.11).
- The operating profit of ESL Shipping stood at EUR 4.1 (4.5) million. The operating profit of Leipurin was EUR 0.7 (0.4) million. The operating profit of Telko stood at EUR 2.5 (1.9) million and the operating profit of Kauko was EUR 0.0 (0.6) million.

October-December 2015 operating profit and profit for the period include items that affect comparability as presented in the table of key figures below.

- Net sales in Russia, Ukraine and other CIS countries increased by 21% during the fourth quarter from the comparative period, being record-high at EUR 42.0 (34.7) million.

- Telko's net sales increased by 21% and operating profit improved to EUR 2.5 (1.9) million during the fourth quarter. The most significant reason for this improvement was the general increase in western markets which accelerated towards the end of the year and the improved profitability.

- During the period under review, ESL Shipping received a decision on the EU's funding for energy efficiency and environmental investments of at most EUR 5.9 million, of which the company received EUR 2.1 million during the fourth quarter.

- Aspo specified its financial targets on November 24, 2016, so that the aim is to reach the targets by 2020. ESL Shipping expects to reach an operating profit level of 20–24% by 2020.

Guidance for 2017
Aspo's operating profit will be EUR 22–27 (20.4) million in 2017.

The Board of Directors' dividend proposal
The Board of Directors proposes that EUR 0.42 (0.41) per share be paid in dividends for the 2016 financial year, and that the dividend be paid in two installments, in April and in November.

Further information about the dividend proposal can be found under “Dividend proposal”.

General outlook for 2017

Uncertainty in markets has decreased. Industrial production is expected to grow in the main market areas of Aspo's businesses in 2017. Prices of raw materials are expected to remain low. In Russia, the national economy and industrial production are estimated to turn into growth. Political risks have increased, which may quickly affect the operating environment or decrease free trade in the long term.

KEY FIGURES

	10-12/ 2016	10-12/ 2015	Change %	**1-12/ 2016**	1-12/ 2015	Change %
Net sales, MEUR	**124.5**	122.1	2.0	**457.4**	445.8	2.6
Operating profit, MEUR *)	**6.3**	6.2	1.6	**20.4**	20.6	-1.0
Operating profit, %	**5.1**	5.1		**4.5**	4.6	
Profit before taxes, MEUR **)	**5.7**	3.9	46.2	**17.4**	21.3	-18.3
Profit for the period, MEUR **)	**5.2**	3.7	40.5	**15.9**	19.8	-19.7
Earnings per share, EUR	**0.17**	0.11	54.5	**0.49**	0.61	-19.7
Net cash from operating activities, MEUR	**18.7**	14.3	30.8	**16.2**	25.0	-35.2
Equity per share, EUR				**3.75**	3.36	
Return on equity, % (ROE)				**14.6**	19.1	
Equity ratio,%				**37.4**	33.8	
Gearing, %				**89.8**	101.4	
ESL Shipping, operating profit, MEUR	**4.1**	4.5	-8.9	**12.6**	14.7	-14.3
Leipurin, operating profit, MEUR	**0.7**	0.4	75.0	**2.0**	2.4	-16.7
Telko, operating profit, MEUR *)	**2.5**	1.9	31.6	**10.1**	10.4	-2.9
Kauko, operating profit, MEUR *)	**0.0**	0.6	-100.0	**-0.1**	-1.2	91.7

Items affecting comparability
*) The operating profit 1-12/2015 includes an impairment loss of EUR 1.3 million related to Kauko goodwill**,** and EUR 0.6 million in charges imposed on Telko by Finnish Customs and related advisor fees, of which EUR 0.2 million were recognized in the fourth quarter.

**) The profit 1-12/2015 includes an impairment loss of EUR 1.3 million related to Kauko goodwill, a sales gain of EUR 4.9 million recognized in financial items and EUR 2.0 million in charges imposed by Finnish Customs and related advisor fees, of which EUR 1.6 million were recognized in the fourth quarter.

AKI OJANEN, CEO OF ASPO GROUP, COMMENTS ON THE FOURTH QUARTER AND THE FINANCIAL YEAR:

“All in all, 2016 was a good and dynamic year. The growth of Aspo's net sales and operating profit accelerated during the second half of the year. We expect this positive development to continue and our financial guidance for 2017 estimates the operating profit to be EUR 22–27 (20.4) million in 2017.

We developed the management of our subsidiaries on many levels. Their Boards of Directors were strengthened, Mikko Laavainen was appointed Managing Director of Leipurin Plc, starting from March 1, 2016, Kauko revised its identity in accordance with its strategy, and Telko invested in its regional strategy and both expanded and grew heavily in eastern markets. ESL Shipping received a decision on an EU funding of at most EUR 5.9 million for energy efficiency and environmental investments in vessels. The company carried out extensive groundwork for the future development of its results.

The shipping company faced an exceptionally challenging operating environment in 2016. Unhealthy levels of international cargo prices also reduced the results of ESL Shipping. Even though other vessel categories improved their profitability, the losses produced by Supramax vessels during the spring and summer reduced the full-year results. However, the operating profit of EUR 4.1 (4.5) million produced during the fourth quarter can be regarded as a good achievement, considering the market situation. We estimate that the productivity of Supramax vessels is higher in 2017 than what it was in 2016.

Telko was able to significantly improve its net sales and profitability during the fourth quarter. We already saw in the spring that the decline in the Russian economy had stopped and expected the market situation to improve. Telko's strong investments in growth paid off in the eastern markets in the form of an increase in net sales of 26%. Its operating profit improved during the quarter to EUR 2.5 (1.9) million. Telko improved its profitability, particularly in the western markets.

The profitability of Leipurin is far from its potential, even though its operating profit improved during the fourth quarter to EUR 0.7 (0.4) million. Leipurin continued its strong growth in Russia, where its profitability remained high, with the operating profit rate being approximately 9%. Machine operations produced a loss in 2016. Heavy investments in improving the competitiveness of machine operations and entering new market areas resulted in a record-high order book at the end of the year, which ensures that the result of machine operations can develop positively in 2017.

Aspo's administrative costs reached the target level in 2016. The improved outlook for different businesses and the higher cost efficiency enable us to be determined and move forward in 2017 towards reaching our financial targets by 2020.”

ASPO GROUP

NET SALES

Net sales by segment

	10-12/2016 MEUR	10-12/2015 MEUR	Change %	**1-12/2016 MEUR**	1-12/2015 MEUR	Change %
ESL Shipping	**20.6**	19.9	3.5	**71.4**	76.2	-6.3
Leipurin	**30.7**	31.5	-2.5	**112.7**	117.8	-4.3
Telko	**64.9**	53.6	21.1	**240.3**	215.3	11.6
Kauko	**8.3**	17.1	-51.5	**33.0**	36.5	-9.6
Other operations	**0.0**	0.0	-	**0.0**	0.0	-
Total	**124.5**	122.1	2.0	**457.4**	445.8	2.6

There is no considerable inter-segment net sales.

Net sales by market area

	10-12/2016	10-12/2015	Change	**1-12/2016**	1-12/2015	Change
	MEUR	MEUR	%	**MEUR**	MEUR	%
Finland	**38.7**	38.8	-0.3	**149.4**	147.7	1.2
Scandinavia	**12.1**	11.6	4.3	**47.5**	51.8	-8.3
Baltic countries	**12.7**	12.6	0.8	**50.4**	50.4	0.0
Russia, Ukraine + other CIS countries	**42.0**	34.7	21.0	**145.6**	128.3	13.5
Other countries	**19.0**	24.4	-22.1	**64.5**	67.6	-4.6
Total	**124.5**	122.1	2.0	**457.4**	445.8	2.6

The market area of Russia, Ukraine and other CIS countries increased its net sales by 21% during the fourth quarter, making it the largest market area. At an annual level, net sales grew by 13.5% in the market area. In October–December, net sales in the market area of other countries fell by 22.1%, which can be explained by the timing of Kauko's project deliveries to China in the fourth quarter of 2015.

EARNINGS

Operating profit by segment

	10-12/2016	10-12/2015	Change	**1-12/2016**	1-12/2015	Change
	MEUR	MEUR	%	**MEUR**	MEUR	%
ESL Shipping	**4.1**	4.5	-8.9	**12.6**	14.7	-14.3
Leipurin	**0.7**	0.4	75.0	**2.0**	2.4	-16.7
Telko	**2.5**	1.9	31.6	**10.1**	10.4	-2.9
Kauko	**0.0**	0.6	-100.0	**-0.1**	-1.2	91.7
Other operations	**-1.0**	-1.2	16.7	**-4.2**	-5.7	26.3
Total	**6.3**	6.2	1.6	**20.4**	20.6	-1.0

Earnings per share

Earnings per share were EUR 0.49 (0.61) during the financial year. Equity per share was EUR 3.75 (3.36). The result for the comparative period was significantly improved by a sales gain of EUR 4.9 million recognized in financial items through the sale of shares in Alandia Insurance owned by ESL Shipping. Its effect on earnings per share was approximately EUR 0.16.

Financial targets

Aspo's objective is to reach an average return on equity of over 20%, gearing of up to 100% and an operating profit of 7% with the current structure by 2020.

The operating profit rate for the financial year was 4.5% (4.6), return on equity was 14.6% (19.1), and gearing was 89.8% (101.4).

OUTLOOK FOR 2017

Global economic growth is expected to speed up in 2017. General uncertainty and a poor economic situation in eastern growth markets that are important areas for Aspo have turned into growth.

However, the future development of Russia, Ukraine and other CIS countries is difficult to estimate. The values of currencies are expected to continue to fluctuate heavily.

Oil prices are expected to remain at their low level. In general, prices of production raw materials are expected to remain low. The Group will continue to increase its market share profitably in the strategically important eastern growth markets. Industrial production is expected to grow in the main market areas of Aspo's businesses in 2017. While international dry cargo prices are expected to remain low, the shipping company has secured the use of its capacity mainly through long-term agreements. It has been ensured that one Supramax vessel will operate in the Baltic Sea area in 2017, which significantly reduces the volume of spot traffic. The loss-producing machine operations of Leipurin will turn to produce a profit as a result of the record-high order book.

ASPO’S BUSINESS OPERATIONS

ESL SHIPPING

ESL Shipping is the leading dry bulk cargo company in the Baltic Sea region. At the end of the year, the company's fleet consisted of 14 vessels, of which the company owned 13 in full and one was leased.

	10-12/2016	10-12/2015	Change %	**1-12/2016**	1-12/2015	Change %
Net sales, MEUR	**20.6**	19.9	3.5	**71.4**	76.2	-6.3
Operating profit, MEUR	**4.1**	4.5	-8.9	**12.6**	14.7	-14.3
Operating profit, %	**19.9**	22.6		**17.6**	19.3	

ESL Shipping's service range is based on the company's ability to operate effectively and reliably in Nordic ice regions and to load and unload vessels at sea. During the last quarter, ESL Shipping's vessels mainly operated in the Baltic Sea and Northern Europe, and offered loading and unloading services at sea. Transportation operations in the Baltic Sea and the North Sea are based on long-term customer agreements and established customer relationships.

The general market prices of dry bulk cargo increased at the end of 2016, while they are still low when evaluated in the long term. During the fourth quarter, the shipping company signed an annual agreement with a Russian steel company on the transportation of iron pellets to European markets, using a Supramax vessel. Key factors for the agreement include the excellent ice strengthening of ESL Shipping's vessels and their ability to handle loads independently. The transportation volume of renewable bioenergy was higher than estimated. The results of the Supramax vessels turned to produce a profit during the fourth quarter. One vessel was docked as scheduled during the fourth quarter.

ESL Shipping's net sales in the fourth quarter increased to EUR 20.6 (19.9) million as a result of transportation volumes that were higher than in the comparative period and increased ship fuel prices. The strengthened US dollar increased the euro-denominated prices of fuel. Profitability remained high, considering the market situation, and operating profit was EUR 4.1 (4.5) million.

Loading and unloading operations for large ocean liners at sea were at a normal level during the fourth quarter. The occasionally difficult weather conditions during the period extended the duration of operations and reduced the profitability of loading and unloading operations, compared with the comparative period.

The volume of cargo carried by ESL Shipping in October–December amounted to 3.2 (3.1) million tons. Transportation volumes for the steel industry were at the comparative period's level, whereas transportation volumes for the energy industry increased from the comparative period, both in terms of renewable energy and coal.

ESL Shipping maintained its high profitability in 2016, regardless of the exceptionally challenging market environment at the beginning of the year, with operating profit being EUR 12.6 (14.7) million. The shipping company's net sales decreased in January–December to EUR 71.4 (76.2) million. This decrease was affected heavily by the historically difficult market situation involving large dry bulk cargo vessels at the beginning of the year, which forced the shipping company's Supramax vessels to operate in the loss-producing spot market. On an annual level, the Supramax vessels produced a small loss, regardless of the good fourth quarter. However, their profitability was much higher than on average in the market. The volume of cargo carried by ESL Shipping in 2016 amounted to 10.7 (11.1) million tons. On an annual level, the decrease in volume was mainly caused by the distances traveled by the Supramax vessels, which were longer than in the comparative period.

The shipping company's newbuilding project of two of the world's first LNG-fueled handy-size dry bulk cargo vessels has proceeded according to schedule, and its cooperation with the shipyard of Sinotrans & CSC Jinling has been productive. The new vessels will start operating in the Baltic Sea in the first half of 2018.

The new vessels will operate in the northern Baltic Sea, improving the efficiency of the transportation chain and significantly reducing the environmental load of operations. The EU supports energy-efficiency and environmental investments in ships. ESL Shipping will receive funding of at most EUR 5.9 million in 2016–2019, of which EUR 2.1 million was paid during the fourth quarter. In addition to ESL Shipping, the Bothnia Bulk project involves SSAB Europe Oy, Luleå Hamn AB, Oxelösunds Hamn AB, Raahen Satama Oy and Raahen Voima Oy. The EU funding has been awarded from the Connecting Europe Facility Transport instrument.

Outlook for ESL Shipping for 2017

During the past six months, the market cargoes of large dry cargo vessels have increased notably from the historically low level of a year ago, while they are expected to remain fairly low in 2017. As not many new dry cargo vessels have been ordered, the balance between demand and supply is expected to improve in the next few years. Changes are also accelerated by tighter environmental regulations on shipping that may reduce the availability of the oldest tonnage in the future. Most of the shipping company's transportation capacity has been secured in the Baltic Sea and Northern Europe through long-term agreements. Similarly, the profitable employment of one of the shipping company's two Supramax vessels has already been secured for the current year through a long-term agreement in the Baltic Sea region.

Transportation volumes for the steel industry are expected to improve or remain unchanged. The seasonal variation in demand may require that the capacity of the pusher-barge system be adapted later in spring, similarly to previous years. Demand in the mining and metal industries may increase, partly as a result of increased raw material prices.

Transportation volumes for the energy industry are expected to be higher than in the previous year, which is mainly attributable to the growing demand for the transportation of biofuels. Transportation volume of coal is expected to remain at the previous year's level and its use will focus on the co-production of power and heat, the volumes of which are easier to estimate. The shift is due to the poor profitability of the production of condensate power and the previously announced closings of condensate power plants.

Demand for loading and unloading services for large ocean liners at sea is expected to be high. If required, the shipping company will adapt its capacity in accordance with variation in demand and the needs of any new customer groups by chartering additional external capacity. The company aims to continue its operations in arctic areas, as in previous years.

According to its strategy, the shipping company will continue to expand its customer base, in particular, to customer transportation, where the load range and the company's operating area can be increased while utilizing the independent load handling capability and the exceptionally high ice strengthening of its vessels. In 2017, four ship units will be docked as planned.

LEIPURIN

Leipurin is a unique provider of solutions for bakery and confectionery products, the food industry and the out of home (OOH) market. The solutions offered by Leipurin range, for example, from product development, recipes, raw materials, training and equipment all the way to the design of sales outlets. As part of its full-range services, Leipurin designs, delivers and maintains production lines for the baking industry, baking units and other machinery and equipment required in the food industry. Leipurin uses leading international manufacturers as its raw material and machinery supply partners. Leipurin operates in Finland, Russia, the Baltic countries, Poland, Ukraine, Kazakhstan and Belarus.

	10-12/2016	10-12/2015	Change %	**1-12/2016**	1-12/2015	Change %
Net sales, MEUR	**30.7**	31.5	-2.5	**112.7**	117.8	-4.3
Operating profit, MEUR	**0.7**	0.4	75.0	**2.0**	2.4	-16.7
Operating profit, %	**2.3**	1.3		**1.8**	2.0	

Prices of raw materials that are important to Leipurin remained at the comparative period's level.

The net sales of Leipurin in October–December were short of the comparative period, totaling EUR 30.7 (31.5) million. The operating profit grew to EUR 0.7 (0.4) million. The operating profit rate during the quarter was 2.3% (1.3%).

The net sales decreased in bakery machine operations and significantly in raw material operations in Poland. The net sales of bakery raw materials grew by 18% in Russia, Ukraine and other CIS countries, while the operating profit rate fell to 7%. The net sales of bakery raw materials grew in Finland, mainly because of artisanal and OOH customer accounts.

The increase in operating profit in October–December is mainly attributable to the growth of net sales in eastern markets in terms of bakery raw materials and the improved profitability of machine operations. Machine operations turned to produce a profit after a long loss-producing period which started from the steep decline in the Russian ruble.

During the fourth quarter, net sales in Russia, Ukraine and other CIS countries, including machine sales, increased by 5% to EUR 9.6 (9.1) million, with the operating profit rate being approximately 7% (7%).

The full-year net sales of Leipurin stood at EUR 112.7 (117.8) million, and operating profit was EUR 2.0 (2.4) million. The net sales generated in Russia, Ukraine and other CIS countries totaled EUR 30.6 million (30.6). The net sales of raw material operations remained at the previous year's level. The net sales of machine operations fell, producing a loss in 2016. Investments associated with the implementation of the new strategy reduced the operating profit.

Mikko Laavainen started as the Managing Director of Leipurin Plc on March 1, 2016.

Outlook for Leipurin for 2017

The market situation is expected to remain unchanged in the key markets of Leipurin. The company's market position is expected to remain strong in the industrial baking sector in Finland, the Baltic countries and Russia, and its net sales and operating profit are expected to improve.

Russia's poor economic situation is estimated to turn into growth, and the purchasing power of consumers is expected to improve. The local procurement of bakery raw materials has increased in Russia to replace imported raw materials. This aims to respond to changes in demand by developing a product range with more competitive prices and to the ongoing campaign to favor domestic products in Russia. The aim is to increase the proportion of local raw materials above 50%. Local procurement has been decentralized and there are already dozens of significant local production partners. In this market area, Leipurin will maintain its high profitability, strengthen its market position and seek growth in the bread, confectionery and OOH sectors.

The OOH market is a significant new area for Leipurin, and the company will continue its growth in this sector, particularly in Finland and the western markets.

In machine operations, machine investments are expected to increase in Finland and the Baltic countries. In addition, a moderate increase in investments is expected in Russia. In terms of machine operations, Leipurin will continue to strengthen its agent network in Western Europe and the Middle East.

The company's strong investments in the improved profitability of machine operations and expansion of sales into new market areas produced a record-high order book at the end of the year, which ensures that the result of machine operations will develop positively in 2017.

TELKO

Telko is a leading expert and supplier of plastic raw materials and industrial chemicals. Business is based on representation of the best international principals and on the expertise of the personnel. Telko has subsidiaries in Finland, the Baltic countries, Scandinavia, Poland, Russia, Belarus, Ukraine, Kazakhstan, Azerbaijan and China.

	10-12/2016	10-12/2015	Change %	**1-12/2016**	1-12/2015	Change %
Net sales, MEUR	**64.9**	53.6	21.1	**240.3**	215.3	11.6
Operating profit, MEUR *)	**2.5**	1.9	31.6	**10.1**	10.4	-2.9
Operating profit, %	**3.9**	3.5		**4.2**	4.8	

*) The operating profit of the year 2015 includes EUR 0.6 million in charges imposed by Finnish Customs and related advisor fees, of which EUR 0.2 million were recognized in the fourth quarter.

The prices of plastic raw materials continued to decrease during the fourth quarter, while the prices of chemicals essential to Telko increased during the quarter.

In the fourth quarter, Telko's net sales grew by 21% to EUR 64.9 million (53.6). Operating profit improved to EUR 2.5 million (1.9). The most significant reason for this increase in the operating profit was the improved profitability in western markets. The operating profit rate increased from the corresponding period in the previous year.

In Russia, Ukraine and other CIS countries, net sales increased during the fourth quarter by 26% compared with the comparative period. The operating profit decreased notably, with the operating profit rate being clearly below 5%. The Russian ruble, a currency important to Telko, strengthened by approximately 9% from the previous quarter, which temporarily reduced the profitability of the Russian unit. Main reasons for this poor profitability were the relatively larger proportion of volume products from net sales, compared with the western markets, and decrease in their prices. In addition, changes in exchange rates between the sale and procurement of products temporarily reduced the profitability of products sold in eastern markets. Furthermore, strategic investments in the local sales network covering the whole of Russia increased costs. However, this investment following the regional growth strategy is expected to have a positive impact on net sales and operating result in Russia.

In the eastern markets, the operating environment continued to be a challenging one in 2016, even though the increase in oil prices strengthened the value of the ruble nearly throughout the year and also improved Russia's economic outlook. In the western markets, improvements in the operating environment supported demand, which increased profitability in the area.

In 2016, net sales increased to a record-high level at EUR 240.3 (215.3) million. The increase in the net sales accelerated towards the end of the year and the full-year net sales grew by 12%, regardless of the prices of plastic and industrial chemical raw materials being lower than on average. The increase in the net sales was mainly attributable to new customer accounts, new principals and growth in sales volumes. In 2016, operating profit stood at EUR 10.1 (10.4) million.

Net sales in the eastern markets grew by 16% in 2016, amounting to EUR 110.8 (95.5) million. Telko's net sales grew by 13% in Russia, by 18% in Ukraine and by 5% in the western markets. Sales volumes of plastics and chemicals grew both in the east and the west. In the western markets, the operating profit and the operating profit rate increased, while they fell in the eastern markets.

Outlook for Telko for 2017

The prices of oil and petrochemical products are expected to remain low. The expected positive recovery of the eastern markets supports Telko's profitability development in the region. Telko's financial development in the western markets is expected to recover during 2017.

In addition to growth, Telko focuses on improving its relative profitability. Increasing the proportion of technical products of a higher value will improve relative profitability, especially in the western markets. Telko will continue to operate in the eastern markets in accordance with its regional strategy by establishing and strengthening its regional units. Telko will investigate possible new operating countries in growth markets in the east and Middle East.

KAUKO

Kauko is a specialist in demanding mobile knowledge work environments. It supplies the best tools, solutions for improving productivity and services for securing effective use for the needs of industries, logistics, healthcare sector and the authorities. Kauko solutions combine customized applications, devices and services. Its product range also includes products that improve energy efficiency. Kauko has companies in Finland and Germany.

	10-12/2016	10-12/2015	Change %	**1-12/2016**	1-12/2015	Change %
Net sales, MEUR	**8.3**	17.1	-51.5	**33.0**	36.5	-9.6
Operating profit, MEUR*)	**0.0**	0.6	-100.0	**-0.1**	-1.2	91.7
Operating profit, %	**0.0**	3.5		**-0.3**	-3.3	

*) In 2015, the operating profit included a EUR 1.3 million goodwill impairment loss recognized in the first quarter.

Total sales of computers decreased in Finland from the comparative period. However, sales of special rugged computers and tablets designed for demanding mobile knowledge work increased during 2016. In terms of decentralized energy production, the sales of solar power systems, in particular, have increased, and this increase is expected to continue.

Kauko's net sales fell by 52% in the fourth quarter, amounting to EUR 8.3 (17.1) million. During the comparative period, the net sales and operating profit were increased by project deliveries in China. Operating profit stood at EUR 0.0 (0.6) million. The net sales of mobile knowledge work fell slightly from the comparative period, while the operating profit, including deliveries to healthcare sector, produced positive results. The net sales of energy-efficiency equipment grew.

IT deliveries to the healthcare sector decreased clearly, net sales fell and the operations produced a loss during the fourth quarter. Key employees resigned from the organization of mobile IT units delivered to hospitals in Finland and Germany. Kauko will investigate and identify whether the non-compete clause has been breached and whether confidential positions have been misused. The organizational changes reduced the net sales of the unit during the fourth quarter. Reorganizations have been made in Finland and Germany.

In 2016, Kauko's net sales fell by 10%, amounting to EUR 33.0 (36.5) million. Operating result stood at EUR -0.1 (-1.2) million. During the comparative period, operating result decreased due to the divestment of the Industrial business, in conjunction with which Aspo assessed the goodwill of the Kauko segment, and recognized an impairment loss of EUR 1.3 million.

In 2016, the sale of energy-efficiency equipment developed well, compared with the comparative period. Solar power systems showed the fastest growth. The sale of air source heat pumps was at the level of the comparative period. Project deliveries in China fell clearly from the comparative period, due to the smaller number of projects.

In the spring, the name Kaukomarkkinat was changed to Kauko, and the company underwent revised its identity and completely changed its customer communications in accordance with the new strategy. According to its new strategy, Kauko continued to expand its service range and invested in the development and sale of solutions for demanding mobile knowledge work. In addition, the company launched new business development projects that required the recruitment of new technical and commercial specialists and the further development of internal operating models.

Outlook for Kauko for 2017

The net sales and profitability of solutions for mobile knowledge work are expected to improve. Kauko offers effectively integrated and customized complete solutions that combine application, hardware and other services. Application operations, in particular, are expected to improve their profitability. Service operations will be expanded by making a stronger shift towards complete solutions. In the markets of rugged computers, the sale of laptops is expected to decrease and the sale of tablets to increase. Kauko offers different mobile IT solutions for healthcare sector to improve the efficiency of the nursing staff. Kauko's German-built computer is expected to be available for sale during the first quarter. This new computer allows sales to other OEM channels, as well.

The market of decentralized energy production solutions is expected to continue its growth, especially with regard to solar power. The order book is at an exceptionally good level.

OTHER OPERATIONS

Other operations include Aspo Group's administration, the financial and ICT service center, and a small number of other functions not covered by business units.

	10-12/2016	10-12/2015	Change %	**1-12/2016**	1-12/2015	Change %
Net sales, MEUR	**0.0**	0.0	0.0	**0.0**	0.0	0.0
Operating profit, MEUR	**-1.0**	-1.2	16.7	**-4.2**	-5.7	26.3

The operating profit of other operations was EUR -1.0 (-1.2) million for the fourth quarter and EUR -4.2 (-5.7) million for the financial year. The cost efficiency of other operations rose to the target level during the financial year.

FINANCING

The Group's cash and cash equivalents amounted to EUR 22.6 (23.9) million. The consolidated balance sheet included a total of EUR 125.4 (127.9) million in interest-bearing liabilities. The average rate of interest-bearing liabilities was 1.8% (1.7%) at the end of the financial year. Non-interest-bearing liabilities totaled EUR 69.8 (74.3) million.

Aspo Group's gearing was 89.8% (101.4%) and its equity ratio was 37.4% (33.8%).

The Group’s net cash from operating activities in January–December stood at EUR 16.2 (25.0) million. During the financial year, the change in working capital was EUR -10.6 (-4.2) million. Working capital was tied, in particular, to the strong growth of Telko. Net cash from investing activities totaled EUR -6.1 (-9.9) million and was affected positively by the EU subsidy of EUR 2.1 million received by ESL Shipping. During the comparative period, the net cash from investing activities was positively affected by a sales gain of EUR 4.9 million from Alandia shares. The Group’s free cash flow (net cash from operating activities + net cash from investing activities) was EUR 10.1 (15.1) million.

In November, ESL Shipping Ltd signed vessel financing agreements of EUR 50 million to finance its newbuilding projects.The loan period of the two separate agreements is seven years, and the repayment schedule includes a grace period of three years and a payback profile corresponding to a loan period of 12 years. The financing agreements will be fully used after the completion of the vessels, no later than in 2018. The new agreements extend the average maturity of Aspo Group's financing and, on their part, reduce the average interest rate of financing. In June, Aspo signed a revolving credit facility agreement of EUR 20 million. Its maturity is three years, and the agreement replaced an expiring revolving credit facility agreement of the same amount.

On May 27, 2016, Aspo issued a new hybrid bond of EUR 25 million, treated as equity in the consolidated balance sheet. The fixed coupon rate of the bond is 6.75% per annum. The bond has no specified maturity date, but the company may exercise an early redemption option after four years of its issuance date. In May 2016, Aspo issued a tender offer to redeem EUR 15.4 million of the EUR 20 million hybrid bond issued in November 2013. The remaining capital of EUR 4.6 million was redeemed on November 18, 2016, in compliance with the terms and conditions of the loan.

The amount of committed revolving credit facilities signed between Aspo and its main financing banks stood at EUR 40 million at the end of the financial year. At the end of the year, the revolving credit facilities remained fully unused. A revolving credit facility EUR 20 million will mature in 2017. Aspo's EUR 80 million commercial paper program remained fully unused.

Aspo has hedged its interest rate risk by means of an interest rate swap. Its fair value on December 31, 2016 was EUR -0.6 (-0.7) million. The financial instrument is on level 2 of the fair value hierarchy.

Aspo Group has hedged its currency-denominated cash flows associated with the acquisition of new vessels using currency forward agreements, to which hedge accounting is applied. The nominal value of these currency forward agreements was EUR 36.2 million, and their fair value was EUR 1.7 (0.1) million on December 31, 2016. The financial instrument is on level 2 of the fair value hierarchy.

INVESTMENTS

In 2016, the Group's investments stood at EUR 6.9 (15.1) million, mainly consisting of ESL Shipping's ship docking and maintenance investments, and advance payments for the shipping company's upcoming LNG-fueled dry cargo vessels. The EU supports energy-efficiency and environmental investments in ships. ESL Shipping will receive, at most, EUR 5.9 million in subsidies in 2016–2019, of which EUR 2.1 million was paid during the fourth quarter. In addition, investments were increased by the takeover of Telko's new business operation in Finland.

Investments by segment, acquisitions excluded

	10-12/2016	10-12/2015	Change	**1-12/2016**	1-12/2015	Change
	MEUR	MEUR	%	**MEUR**	MEUR	%
ESL Shipping	**2.4**	9.7	-75.3	**5.0**	13.2	-62.1
Leipurin	**0.2**	0.1	100.0	**0.3**	0.5	-40.0
Telko	**0.6**	0.4	50.0	**1.4**	1.0	40.0
Kauko	**0.0**	0.0	-	**0.0**	0.1	-100.0
Other operations	**0.0**	0.2	-100.0	**0.2**	0.3	-33.3
Total	**3.2**	10.4	-69.2	**6.9**	15.1	-54.3

PERSONNEL

Personnel by segment, year-end

	12/2016	12/2015	Change %
ESL Shipping	**226**	223	1.3
Leipurin	**322**	299	7.7
Telko	**280**	265	5.7
Kauko	**42**	46	-8.7
Other operations	**25**	24	4.2
Total	**895**	857	4.4

At the end of the year Aspo Group had 895 employees (857). The number of personnel has increased as a result of the expansion of Leipurin and Telko in the east.

Rewarding

Aspo Group applies a profit bonus system which was adopted in 2013. The profit bonus system applied to Finnish personnel is linked with the personnel fund so that the bonus can be invested in the personnel fund or withdrawn in cash. The long-term goal of the funding system is that the personnel will become a significant shareholder group in the company. All persons working at Aspo Group's Finnish companies are members of the personnel fund.

In 2015, the Board of Directors of Aspo Plc approved a share-based incentive plan for about 30 persons. The plan includes three earnings periods, the calendar years 2015, 2016 and 2017. The Board of Directors will decide on the plan's performance criteria and required performance levels for each criterion at the beginning of each earnings period.

The reward from the earnings period 2015 was based on the Group's earnings per share (EPS). In 2016, on the basis of the 2015 earnings period, employees included in the plan received 88,970 treasury shares as a share-based reward, as well as cash equaling the value of the shares in order to pay taxes.

The reward from the 2016 earnings period was based on the Group's earnings per share (EPS). On the basis of the 2016 earnings period, employees included in the plan will receive 26,040 treasury shares as a share-based reward, as well as cash equaling the value of the shares at most in order to pay taxes.

In accordance with the rules of incentive plans a total of 5,275 treasury shares, originally granted on the basis of share-based incentive plans, were returned due to ended contracts of employment.

RESEARCH AND DEVELOPMENT

Aspo Group’s R&D focuses, according to the nature of each segment, on developing operations, procedures and products as part of the customer-specific operations, which means that the development inputs are included in normal operational costs and are not itemized.

ENVIRONMENT

Aspo Group’s operations do not have any significant environmental impact. The Group companies follow Aspo’s environmental policy with the main principle of continuously improving operations. Throughout its operations, Aspo supports the principles of sustainable development.

Aspo looks after the environment by taking initiatives and continuously monitoring the laws and recommendations connected to its operation and any revisions to these. Aspo wants to be a pioneer in all of its operations and also anticipates future developments in environmental regulations.

RISKS AND RISK MANAGEMENT

Aspo's operating environment remained a highly challenging one throughout the year. In general, the economy of each of Aspo's operating countries decreased throughout the year, but at the end of the year there were signs of recovery in different areas. In western countries, national economies are growing slowly, while the decline has slowed down in the east. During the fourth quarter, imports in Russia, a country important to Aspo, turned into an increase and the full-year increase in oil prices strengthened the ruble. In Russia, the rate of inflation stopped at the 2012 level during the fourth quarter and, in particular, the prices of food products are increasing more slowly than in previous years.

Cargo prices increased slowly throughout the year. A slow turn for the better can also be seen in decreasing risks in all of Aspo's businesses. Nevertheless, quick changes in international politics, exchange rates or commodities markets may have an impact on demand for and the competitiveness of products of Aspo's companies. Growth in eastern and western markets was still limited by the slow demand for investment assets.

Strategic risks

In addition to the western markets, Aspo operates in areas where financial development may quickly become negative or positive, as a result of which there may be significant changes in business preconditions.

Due to an increase in the prices of imported products in Russia and Ukraine, consumer demand slowed down and the economy contracted. During the fourth quarter, the Russian economy only contracted to a small extent and inflation slowed down significantly. According to estimates, the Russian economy will start growing during 2017. Slower consumption demand has affected trade, but the increase in nominal salaries gives signs of growing consumption. No signs of further decline were visible in the financial markets and payments in Russia and Ukraine. Companies are more eager to make investments, while caution still slows down the sale of investment commodities.

In Russia, the impact of increased prices of imported goods and financial sanctions has been reduced through the means of local procurement and production. An increasing volume of raw materials and goods produced in Russia has been entered into use by the industry, regardless of their lower quality. This may reduce the position of imported raw materials in the value chain and the margin level. However, an increase in import volumes may correspondingly reduce related risks faced by Aspo.

Political risks have increased, which may quickly affect Aspo's operating environment or decrease free trade in the long term. The weaker economic and political situation in Aspo's market areas may have made it more difficult to implement the structural changes defined in Aspo's strategy. This situation may continue unchanged, but, if the economic and political pressure alleviates, it may be reversed fairly quickly.

Financial sanctions or any other obstacles caused by the current situation in Russia may, in part, reduce transportation volumes from Russia and there may be a decrease in unloading services for large ocean liners at sea. The social objective to reduce the consumption of coal in energy production in Finland and the rest of Europe has increased in significance, which may reduce the need to transport coal. Correspondingly, the need for replacement energy products may increase transportation. For these reasons, it is difficult to estimate future transportation volumes. The low level of international cargo indices and a global increase in vessels, especially in larger size categories, have increased uncertainty over the long-term profitability of shipping companies, even though there are signs of stabilization in cargo indices and the number of vessels.

In addition to the internationally poor economic situation and the political atmosphere, strategic risks are caused by the outlook and production solutions of industrial customers. Decisions on energy production structures affected by the environmental policy and other political choices may cause changes in industry and energy production that may decrease the use of fossil fuels and increase the use of alternative forms of energy. The flow of goods in the Baltic Sea may change as a result of steel production, cost structures, changes in the customer structure, such as consolidation, or other reasons. These changes may have negative consequences on operations as the need for transportation decreases, but they may also be seen as significant opportunities. As a result of low cargo prices in international shipping, competition over cargoes may also intensify in the Baltic Sea and also because of mild and iceless winters. To improve its competitive position, ESL Shipping is building new low-emission vessels with a high fuel economy suitable for this area and for customers operating in this area.

Strategic risks are affected by long-term changes in cargo prices, investment trends, and changes in trade structures, especially in western markets. In the eastern markets, risks are increased by such factors as political instability, social structures or the lack of any reaction to the difficulties encountered by business operations. Any accumulation and discharge of investments in the long term may cause changes in the competitive situation and customer behavior.

Rapid changes in financial structures may cause risks due to changes in the customer or principal structure or technologies, and due to unutilized opportunities that require a quick response. Aspo's strategic risks are evened out by the distribution of business operations over four segments, its engagement in business operations in a broad geographical area, and its ability to react quickly to changing situations.

Operational risks

Even though economic uncertainty in Aspo's operating environment decreased during the period under review, operational risks have remained unchanged. These include risks related to supply chains and individuals.

The focus of Aspo’s growth has for long been on emerging market areas, where risks that decelerate growth are affected by factors such as the exchange and interest rates, level of and changes in the global market prices for raw materials, industrial and commercial investments, customer liquidity, changes in legislation and import regulations, and inactivity or non-neutrality of the authorities or corruption.

Economic growth and, alternatively, any decrease in production may have an impact on demand for raw materials in the eastern markets. Political and economic instability makes commercial activities more difficult and, if the situation prolongs, it may also decelerate the growth of Aspo's businesses. Consumer behavior is also reflected in the risks generated through B-to-B customers and their risk levels. The growth opportunities presented by emerging markets boost interest among competitors in launching or expanding business in these areas. The challenging emerging markets and the escalated situation in Ukraine have also caused competitors to withdraw from the area, which has created new potential for Aspo's businesses, increased their market shares and, in some business areas, even improved profitability. The competition has returned to normal level, for example, in Ukraine.

Hedging against exchange rate changes is not possible in all situations, and especially without interruptions. Changes in exchange rates may weaken results and also reduce equity on the balance sheet as a result of translation differences. On the other hand, changes in exchange rates may strengthen results and the balance sheet. As changes in credit loss risks are diversified across businesses and customers, Aspo's businesses have not been subjected to any significant credit losses, even though credit loss risks have increased.

The quantity and probability of the Group's loss risks are assessed regularly. A bidding process was launched for non-life insurance and the amounts insured were updated in 2016. The amounts insured are sufficient in view of the scope of Aspo’s operations, but insurance companies may restrict the validity of insurance policies, as a result of risks increasing for various reasons for example military operations.

Internal control and risk management

One of the responsibilities of Aspo's Audit Committee is to monitor the efficiency of the Group's internal supervision, internal audits, and risk management systems. The Audit Committee monitors the risk management process and carries out necessary measures to prevent strategic risks in particular. In accordance with the internal control principles approved by the Board of Directors, risk management is part of Aspo's internal control, and its task is to ensure the implementation of the Group’s strategy, development of financial results, shareholder value, dividend payment ability, and continuity in business operations. The operational management of each business is responsible for risk management. The management is responsible for specifying sufficient measures and their implementation, and for monitoring and ensuring that the measures are implemented as part of day-to-day management of operations. The risks of Telko and ESL Shipping were re-assessed during the fourth quarter, and those of other businesses will be updated at the beginning of 2017. Risk management is coordinated by Aspo's CFO, who reports to the Group CEO.

Aspo Group's financing and financing risk management are centralized in the parent company in accordance with the treasury policy approved by the Board of Directors.

A more detailed account of the risk management policy and the most significant risks is available on the company's website. More detailed information on financing risks can be found in the notes to the financial statements.

SHARE CAPITAL AND SHARES

Aspo Plc’s share capital on December 31, 2016 was EUR 17,691,729.57 and the total number of shares was 30,975,524 of which the company held 396,226 shares; that is 1.3% of the share capital. Aspo Plc has one share series. Each share entitles the shareholder to one vote at the shareholders’ meeting. Aspo’s share is quoted on Nasdaq Helsinki Oy’s Mid Cap segment under industrial products and services.

During January-December 2016, a total of 2,490,725 Aspo Plc shares with a market value of EUR 17.3 million were traded on Nasdaq Helsinki, in other words, 8.0% of the shares changed hands. During January-December 2016, the share price reached a high of EUR 8.21 and a low of EUR 6.00. The average price was EUR 6.95 and the closing price at year-end was EUR 8.18. At the end of the year, the market value excluding treasury shares was EUR 250.1 million.

The number of Aspo Plc shareholders was 9.236 at year-end. A total of 697.919 shares, or 2.3% of the share capital, were nominee registered or held by non-domestic shareholders.

Aspo Plc’s new trading code (stock symbol) in Nasdaq Helsinki is ASPO. Previously it was ASU1V. The new trading code was effective on June 27, 2016.

Flagging notification

On May 31, 2016 shareholder Tatu Vehmas informed that Aatos Vehmas and Liisa Vehmas have authorized him to use the voting rights of Aspo shares owned by them so that his share of the voting rights in Aspo Plc has increased above five per cent (5%).

DIVIDEND PROPOSAL

The Board of Directors proposes that EUR 0.42 (0.41) per share be paid in dividends for the 2016 financial year and that no dividend be paid for treasury shares held by Aspo Plc. The parent company's distributable funds totaled EUR 31,495,378.54, of which the profit for the financial year amounted to EUR 12,804,309.73. There are a total of 30,579,298 shares entitling to dividends on the publication date of this financial statement release.

The dividend will be paid in two installments. The first installment of EUR 0.21 per share will be paid to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Oy on the record date of April 7, 2017. The Board of Directors proposes that the dividend be paid on April 18, 2017. The second installment of EUR 0.21 per share will be paid in November 2017 to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Oy on the record date. At its meeting to be held on October 26, 2017, the Board of Directors will decide on the record and payment dates of the second installment, in accordance with the rules of the Finnish book-entry securities system. According to the current system, the dividend record date would be October 30, 2017 and the payment date would be November 6, 2017.

If Euroclear Finland Oy adopts the new core system before the meeting of the Board of Directors, the dividend is expected to be paid a few days earlier.

Before the Board of Directors implements the resolution of the Annual Shareholders' Meeting, the Board of Directors must, in accordance with the Finnish Companies Act, assess whether the company's solvency and/or financial position has changed after the resolution of the Annual Shareholders' Meeting so that the requirements for dividend distribution in the Finnish Companies Act are no longer fulfilled. It is a prerequisite for the implementation of the resolution of the Annual Shareholders' Meeting that the requirements in the Finnish Companies Act are fulfilled.

MANAGEMENT AND AUDITORS

In 2016, the Annual Shareholders' Meeting re-elected to the Board of Directors LL.M, MBA Mammu Kaario, LL.M. Roberto Lencioni, B.Sc. (Econ.), eMBA Gustav Nyberg and M.Sc. (Tech.) Risto Salo and M.Sc. (Econ.) Mikael Laine and D.Sc. (Econ.) Salla Pöyry were elected as new members of the Board of Directors. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Gustav Nyberg was elected as Chairman of the Board and Roberto Lencioni as Vice-Chairman. At the meeting the Board also decided to appoint Roberto Lencioni Chairman of the Audit Committee and Mammu Kaario, Mikael Laine and Salla Pöyry as committee members.

In 2016, the Board of Directors arranged 11 meetings, of which four were teleconferences. The average participation rate was 99%.

eMBA Aki Ojanen has acted as the CEO of the company.

The authorized public accountant firm Ernst & Young Oy has been the company's auditor. Harri Pärssinen, APA, has acted as the auditor in charge.

DECISIONS OF THE SHAREHOLDERS' MEETINGS

Dividend

The Annual Shareholders' Meeting of Aspo Plc on April 7, 2016, approved the payment of a dividend totaling EUR 0.41 per share according to the Board's proposal. The dividend's payment date was April 18, 2016.

Shareholders' Nomination Board

The Annual Shareholders' Meeting decided to establish a permanent Shareholders' Nomination Board to prepare proposals to the Annual Shareholders' Meeting for the election and remuneration of the members of the Board of Directors and the remuneration of the Board committees. In addition, the Meeting adopted the Charter of the Shareholders' Nomination Board.

Board authorizations

Authorization of the Board of Directors to decide on the acquisition of treasury shares

The Annual Shareholders' Meeting on April 7, 2016 authorized the Board of Directors to decide on the acquisition of no more than 500,000 of the treasury shares using the unrestricted equity of the company. The authorization includes the right to accept treasury shares as a pledge. The authorization will remain in force until the Annual Shareholders' Meeting in 2017 but not more than 18 months from the approval at the Shareholders' Meeting. The Board of Directors has not used the authorization.

Authorization of the Board of Directors to decide on a share issue of treasury shares

The Annual Shareholders' Meeting on April 9, 2015 authorized the Board of Directors to decide on a share issue, through one or several instalments, to be executed by conveying treasury shares. An aggregate maximum amount of 900,000 shares may be conveyed based on the authorization. The authorization will remain in force until September 30, 2018.

The Board of Directors has used the authorization on March 18, 2016 and granted 88,970 treasury shares to employees included in the earnings period 2015 of the share-based incentive plan 2015-2017.

Authorization of the Board of Directors to decide on a rights issue

The Annual Shareholders' Meeting on April 9, 2015. authorized the Board of Directors to decide on a rights issue for consideration. The authorization is proposed to include the right of the Board of Directors to decide on all of the other terms and conditions of the conveyance and thus also includes the right to decide on a directed share issue, in deviation from the shareholders' pre-emptive right, if a compelling financial reason exists for the company to do so. The total number of new shares to be offered for subscription may not exceed 1,500,000. The authorization will remain in force until September 30, 2018. The Board of Directors has not used the authorization.

PROPOSALS OF THE NOMINATION BOARD TO THE SHAREHOLDERS' MEETING

The Shareholders' Nomination Board consists of the representatives of the four largest shareholders. According to the list of shareholders as of August 31, 2016, the following representatives of the largest shareholders were members of the Nomination Board which prepared proposals for the Annual Shareholders' Meeting 2017: Tatu Vehmas, Chairman (Vehmas family); Veronica Timgren (Nyberg family, including Oy Havsudden Ab); Reima Rytsölä (Varma Mutual Pension Insurance Company); and Mikko Mursula (Ilmarinen Mutual Pension Insurance Company). In addition, Gustav Nyberg, Chairman of Aspo Board of Directors, has acted as an expert member of the Nomination Board.

The Nomination Board of Aspo Plc's shareholders proposes to the Annual Shareholders´ Meeting of Aspo Plc to be held on April 5, 2017 that the Board of Directors will have six members.

Members of the Board

The Nomination Board proposes that Mammu Kaario, Mikael Laine, Roberto Lencioni, Gustav Nyberg, Salla Pöyry and Risto Salo, current members of the company's Board of Directors, be re-elected as members of the Board of Directors for the term closing at the end of the Annual Shareholders' Meeting 2018.

Remuneration paid to the members of the Board

The Nomination Board proposes that members of the Board of Directors receive the following monthly remuneration:

- EUR 2,700 per month for members of the Board of Directors (EUR 2,400 per month in 2016)
- 1.5 × the remuneration paid to ordinary members, i.e. EUR 4,050 per month, for the Vice Chairman (EUR 3,600 per month in 2016)
- 2 × the remuneration paid to ordinary members, i.e. EUR 5,400 per month, for the Chairman (EUR 15,500 per month for the full-time Chairman in 2016)

The Nomination Board proposes that the meeting fees paid to members of the Audit Committee remain unchanged, i.e. EUR 700 per meeting. However, the Nomination Board proposes that 1.5 × the meeting fee paid to members of the Audit Committee be paid to the Chairman of the Audit Committee, i.e. EUR 1,050 per meeting (EUR 700 per meeting in 2016). If the Chairman of the Audit Committee is also the Vice Chairman or the Chairman of the Board of Directors, the Nomination Board proposes that the fee paid to the Chairman of the Audit Committee is the same as that paid to members of the Audit Committee. Board members having a full-time position in an Aspo Group company are not paid a fee.

LEGAL PROCEEDINGS

On February 27, 2015, the Helsinki District Court announced its judgement in the case between ESL Shipping and the Finnish State regarding fairway dues levied during the years 2001-2004. According to the judgement, the Finnish State will be required to refund to ESL Shipping approximately EUR 3,0 million in accordance with the company's claim, as well as legal expenses and interest. The State lodged an appeal against the District Court's judgement and, in its ruling issued on August 8, 2016, the Court of Appeal overruled the Helsinki District Court's judgement and dismissed ESL Shipping's legal action as time-barred. The company has applied for a leave to appeal from the Supreme Court.

The shipping company won legal proceedings against Indian ABG Shipyard concerning the compensation payable for repairs made to m/s Alppila during the warranty period. The vessel was delivered to ESL Shipping in 2011. According to the ruling of the arbitration court, ABG Shipyard was required to refund the repair expenses and interest to ESL Shipping according to the company's claims. The impact of ruling will be taken into account during the financial year over which the imposed payment is received.

Helsinki February 15, 2017

ASPO Plc

Board of Directors

ASPO GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	10-12/2016 MEUR	%	10-12/2015 MEUR	%
Net sales	124.5	100.0	122.1	100.0
Other operating income	0.3	0.2	0.2	0.2
Materials and services	-91.0	-73.1	-88.7	-72.6
Employee benefit expenses	-10.1	-8.1	-10.4	-8.5
Depreciation, amortization and impairment losses	-3.0	-2.4	-2.9	-2.4
Other operating expenses	-14.4	-11.6	-14.1	-11.5
Operating profit	6.3	5.1	6.2	5.1
Financial income and expenses	-0.6	-0.5	-2.3	-1.9
Profit before taxes	5.7	4.6	3.9	3.2
Income taxes	-0.5	-0.4	-0.2	-0.2
Profit for the period	5.2	4.2	3.7	3.0
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	2.1		-2.8	
Cash flow hedges	2.2		0.2	
Available-for-sale financial assets			0.0	
Reclassification			0.0	
Income tax on other comprehensive income	-0.1		0.0	
Other comprehensive income for the period, net of taxes	4.2		-2.6	
Total comprehensive income	9.4		1.1	
Profit attributable to shareholders	5.2		3.7	
Total comprehensive income attributable to shareholders	9.4		1.1	
Earnings per share, EUR	0.17		0.11	
Diluted earnings per share, EUR	0.17		0.11	

	1-12/2016 MEUR	%	1-12/2015 MEUR	%
Net sales	457.4	100.0	445.8	100.0
Other operating income	1.2	0.3	1.2	0.3
Materials and services	-334.7	-73.2	-318.2	-71.4
Employee benefit expenses	-40.0	-8.7	-41.0	-9.2
Depreciation, amortization and impairment losses	-11.6	-2.5	-12.5	-2.8
Other operating expenses	-51.9	-11.3	-54.7	-12.3
Operating profit	20.4	4.5	20.6	4.6
Financial income and expenses	-3.0	-0.7	0.7	0.2
Profit before taxes	17.4	3.8	21.3	4.8
Income taxes	-1.5	-0.3	-1.5	-0.3
Profit for the period	15.9	3.5	19.8	4.4
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	3.2		-5.8	
Cash flow hedges	1.4		0.3	
Available-for-sale financial assets			1.8	
Reclassification			-4.9	
Income tax on other comprehensive income	-0.1		0.6	
Other comprehensive income for the period, net of taxes	4.5		-8.0	
Total comprehensive income	20.4		11.8	
Profit attributable to shareholders	15.9		19.8	
Total comprehensive income attributable to shareholders	20.4		11.8	
Earnings per share, EUR	0.49		0.61	
Diluted earnings per share, EUR	0.49		0.61	

ASPO GROUP CONSOLIDATED BALANCE SHEET

	12/2016 MEUR	12/2015 MEUR	Change %
Assets			
Other intangible assets	9.4	11.1	-15.3
Goodwill	42.6	42.7	-0.2
Tangible assets	113.3	116.4	-2.7
Available-for-sale financial assets	0.2	0.2	0.0
Receivables	4.9	3.8	28.9
Total non-current assets	170.4	174.2	-2.2
Inventories	56.7	48.4	17.1
Accounts receivable and other receivables	60.0	58.3	2.9
Cash and cash equivalents	22.6	23.9	-5.4
Total current assets	139.3	130.6	6.7
Total assets	309.7	304.8	1.6
Equity and liabilities			
Share capital	17.7	17.7	0.0
Other equity	96.8	84.9	14.0
Total equity	114.5	102.6	11.6
Non-current liabilities	121.2	121.1	0.1
Current liabilities	74.0	81.1	-8.8
Total equity and liabilities	309.7	304.8	1.6

ASPO GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
B = Share premium
C = Fair value reserve
D = Other reserves
E = Treasury shares
F = Translation differences
G = Retained earnings
H = Total

MEUR	A	B	C	D	E	F	G	H
Equity Jan. 1, 2016	17.7	4.3	-0.3	31.9	-2.7	-21.8	73.5	102.6
Comprehensive income:								
Profit for the period							15.9	15.9
Translation differences						3.2		3.2
Cash flow hedges*			1.3					1.3
Total comprehensive income			1.3			3.2	15.9	20.4
Transactions with owners:								
Dividend payment							-12.5	-12.5
Change in hybrid instruments				5.0			-1.2	3.8
Share-based incentive plan					0.4		-0.2	0.2
Transfer of reserves				0.1			-0.1	0.0
Total transactions with owners				5.1	0.4		-14.0	-8.5
Equity Dec. 31, 2016	17.7	4.3	1.0	37.0	-2.3	-18.6	75.4	114.5
Equity Jan. 1, 2015	17.7	4.3	1.9	32.0	-3.4	-16.0	67.6	104.1
Comprehensive income:								
Profit for the period							19.8	19.8
Translation differences						-5.8		-5.8
Cash flow hedges*			0.3					0.3
Available-for-sale financial assets*			-2.5					-2.5
Total comprehensive income			-2.2			-5.8	19.8	11.8
Transactions with owners:								
Dividend payment							-12.2	-12.2
Interest on hybrid instrument							-1.4	-1.4
Share-based incentive plan					0.7		-0.4	0.3
Transfer of reserves				-0.1			0.1	0.0
Total transactions with owners				-0.1	0.7		-13.9	-13.3
Equity Dec. 31, 2015	17.7	4.3	-0.3	31.9	-2.7	-21.8	73.5	102.6

* net of taxes

ASPO GROUP CONSOLIDATED CASH FLOW STATEMENT

	1-12/2016 MEUR	1-12/2015 MEUR
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	20.4	20.6
Adjustments to operating profit	11.6	13.4
Change in working capital	-10.6	-4.2
Interest paid	-3.7	-3.1
Interest received	0.4	0.6
Income taxes paid	-1.9	-2.3
Net cash from operating activities	16.2	25.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in tangible and intagible assets	-5.0	-5.5
Advance payments for vessels	-1.3	-9.2
Proceeds from sale of tangible assets	0.2	0.1
Proceeds from available-for sale financial assets		4.9
Subsidiaries acquired, contigent consideration		-0.3
Business operations and subsidiaries sold		0.1
Net cash from investing activities	-6.1	-9.9
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in current loans	-3.5	-21.9
Proceeds from non-current loans	7.2	61.0
Repayments of non-current loans	-6.7	-35.4
Repayments of hybrid instrument	-20.3	
Hybrid instrument, interests	-0.9	-1.4
Proceeds from hybrid instrument issue	24.8	
Dividends distributed	-12.5	-12.2
Net cash from financing activities	-11.9	-9.9
Change in cash and cash equivalents	-1.8	5.2
Cash and cash equivalents Jan. 1	23.9	19.3
Translation differences	0.5	-0.6
Cash and cash equivalents at year-end	22.6	23.9

ASPO GROUP ASSETS AND LIABILITIES BY SEGMENT

Segments' assets, MEUR

	12/2016	12/2015
ESL Shipping		
Leipurin	121.1	123.8
Telko	62.8	61.8
Kauko	78.1	65.7
Unallocated items	20.0	26.8
Total	27.7	26.7
	309.7	304.8

Segments' liabilities, MEUR

	12/2016	12/2015
ESL Shipping	9.2	11.0
Leipurin	14.3	14.9
Telko	32.0	27.1
Kauko	5.4	12.6
Unallocated items	134.3	136.6
Total	195.2	202.2

ASPO GROUP CONTINGENT LIABILITIES

	12/2016 MEUR	12/2015 MEUR
Collateral for own debt:		
Mortgages given	104,5	104.5
Guarantees	40.3	45.9
Other contingent liabilities	38.1	37.2
Operating lease rentals payable	23.6	24.8
Guarantees given on behalf of joint ventures		0.2
Derivative contracts, fair values, net		
-Currency forwards	1.7	0.1
-Interest rate swaps	-0.6	-0.7

ACCOUNTING PRINCIPLES

Aspo Plc's financial statement release has been prepared in accordance with the principles of IAS 34 *Interim Financial Reporting*. As of January 1, 2016, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2015 financial statements. The adoption of these new or amended standards has not had any substantial impact on the reported figures. In other respects, the same accounting principles have been adopted as in the consolidated financial statements on December 31, 2015. The information in this report is unaudited.

Aspo Plc has adopted the guidance on alternative key figures issued by the European Securities and Market Authority (ESMA). In addition to IFRS figures, the company releases other commonly used key figures which are mainly derived from the statement of comprehensive income and balance sheet. According to the management, key figures clarify the picture drawn by the statement of comprehensive income and balance sheet of Aspo's financial performance and financial position. The calculation formulas of key figures have been described on page 70 of the Year 2015 report.

SEGMENT REPORTING

Aspo Group's operational segments are ESL Shipping, Leipurin, Telko and Kauko. Other operations consists of Aspo Group's administration, the financial and ICT service center, and a small number of other functions not covered by business units.

The Group reports its net sales on the basis of the following geographical division: Finland; Scandinavia; the Baltic countries; Russia, Ukraine and other CIS countries; and other countries.

PRESS AND ANALYST CONFERENCE

A press and analyst conference will be arranged today, Wednesday February 15, 2017 at 14.00 at the Paavo Nurmi cabinet at Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki.

ANNUAL SHAREHOLDERS' MEETING

The Aspo Plc Annual Shareholders' Meeting is scheduled to be held on Wednesday, April 5, 2017, at 14.00 in Helsinki.

FINANCIAL INFORMATION IN 2017

Aspo's financial statement will be published on March 15, 2017 at the latest in Finnish and in English. You can read and order the report on our website at www.aspo.com.

In 2017, Aspo Plc will publish two interim reports and a half year financial report:
- interim report for January-March on Tuesday, May 9, 2017
- half year financial report for January-June on Tuesday, August 15, 2017
- interim report for January-September on Thursday, October 26, 2017.

Helsinki, February 15, 2017

ASPO Plc

Aki Ojanen	Arto Meitsalo
CEO	CFO

For more information: Aki Ojanen, 09 521 4010, 0400 106 592, aki.ojanen (a)aspo.com

DISTRIBUTION:
Nasdaq Helsinki
Key media
www.aspo.com

Aspo is a conglomerate that owns and develops businesses in Northern Europe and growth markets focusing on demanding B-to-B customers. The aim of our strong corporate brands – ESL Shipping, Leipurin, Telko and Kauko – is to be the market leaders in their sectors. They are responsible for their own operations, customer relationships and the development of these. Together they generate Aspo's goodwill. Aspo's Group structure and business operations are developed persistently without any predefined schedules.