ASPO PLC INTERIM REPORT October 26, 2017, at 10:00 a.m.

ASPO GROUP INTERIM REPORT, JANUARY 1 TO SEPTEMBER 30, 2017

Aspo Q3: Operating profit increased to EUR 7.1 (6.0) million
(Figures from the corresponding period in 2016 are presented in brackets.)

January–September 2017

- Aspo’s net sales amounted to EUR 370.0 (332.9) million
- Operating profit stood at EUR 16.6 (14.1) million.
- The operating profit of ESL Shipping stood at EUR 9.4 (8.5) million, the operating profit of Leipurin was EUR 2.4 (1.3) million, the operating profit of Telko amounted to EUR 7.8 (7.6) million, and the operating profit of Kauko stood at EUR -0.2 (-0.1) million. The operating result of other operations stood at EUR -2.8 (-3.2) million.
- Profit for the period stood at EUR 13.9 (10.7) million.
- Earnings per share increased by 25% and were EUR 0.40 (0.32).

- Net cash from operating activities during January–September was EUR 5.7 (-2.5) million.

July–September 2017

- Aspo's net sales increased to EUR 127.2 (118.2) million.
- Operating profit improved and stood at EUR 7.1 (6.0) million.
- Profit for the quarter stood at EUR 5.9 (5.0) million.
- The operating profit of ESL Shipping stood at EUR 3.3 (3.4) million. The operating profit of Telko increased to EUR 3.1 (2.3) million. The operating profit of Leipurin improved to EUR 1.4 (0.4) million. The operating profit of Kauko decreased to EUR 0.2 (0.5) million.
- Earnings per share were EUR 0.19 (0.16).

- The second of the two most environmentally friendly dry cargo vessels in the world was named ms Haaga. Both of the vessels named this year can use biogas, liquefied natural gas or diesel in their energy production. The vessels will start operations in the Baltic Sea during the first half of 2018.
- The operating profit of Leipurin improved significantly to EUR 1.4 (0.4) million.
- Telko improved its profitability, and its operating profit stood at EUR 3.1 (2.3) million.

Payment of dividends

- The first installment of the EUR 0.42 dividend decided by the Annual Shareholders’ Meeting, EUR 0.21 per share, was paid in April. The second installment, EUR 0.21 per share, will be paid on November 6, 2017.

Aspo’s guidance remains unchanged

Aspo's operating profit will be EUR 23–26 (20.4) million in 2017.

KEY FIGURES

	7-9/ 2017	7-9/ 2016	Change %	**1-9/ 2017**	1-9/ 2016	Change %	1-12/ 2016
Net sales, MEUR	**127.2**	118.2	7.6	**370.0**	332.9	11.1	457.4
Operating profit, MEUR	**7.1**	6.0	18.3	**16.6**	14.1	17.7	20.4
Operating profit, %	**5.6**	5.1		**4.5**	4.2		4.5
Profit before taxes, MEUR	**6.4**	5.2	23.1	**15.0**	11.7	28.2	17.4
Profit for the period, MEUR	**5.9**	5.0	18.0	**13.9**	10.7	29.9	15.9
Earnings per share, EUR	**0.19**	0.16	18.8	**0.40**	0.32	25.0	0.49
Net cash from operating activities, MEUR	**2.2**	8.5	-74.1	**5.7**	-2.5	328.0	16.2
Equity per share, EUR				**3.54**	3.59		3.75
Return on equity, % (ROE)				**16.7**	13.4		14.6
Equity ratio, %				**33.6**	35.6		37.4
Gearing, %				**109.7**	103.8		89.8
ESL Shipping, operating profit, MEUR	**3.3**	3.4	-2.9	**9.4**	8.5	10.6	12.6
Leipurin, operating profit, MEUR	**1.4**	0.4	250.0	**2.4**	1.3	84.6	2.0
Telko, operating profit, MEUR	**3.1**	2.3	34.8	**7.8**	7.6	2.6	10.1
Kauko, operating profit, MEUR	**0.2**	0.5	-60.0	**-0.2**	-0.1	-100.0	-0.1

General outlook for 2017

General uncertainty in the markets has decreased. Industrial production is expected to increase in the main market areas of Aspo's business operations during 2017. Raw material prices are expected to remain low or strengthen. In Russia, the national economy and industrial production have turned into growth. However, general political risks have increased, which may have a rapid impact on the operating environment or reduce free trade in the long term.

AKI OJANEN, CEO OF ASPO GROUP, COMMENTS ON THE THIRD QUARTER

"Aspo's strong result development continued during the third quarter. I am pleased that all of our businesses did well, and our operating profit increased to EUR 7.1 (6.0) million during the third quarter, even though the Russian market and global sea freight markets, which are important to Aspo, are still on their way to returning to the normal market situation. Our activities aimed at reaching Aspo's long-term financial targets by 2020 are only partially visible. Our financial performance improved notably in January to September, and our earnings per share have grown even stronger than our operating profit.

In spring 2017, Aspo shifted to a practice of paying dividends in two installments. This practice will help Aspo to improve its cash flow management, produce steadier cash flow to our shareholders and reduce volatility of the share price. Aspo will pay the second installment of the dividend for the 2016 financial year, EUR 0.21 per share, in November 2017.

Leipurin made the biggest leap in terms of results. We announced earlier that Leipurin will return to its normal profit level as a result of realigned operations. The significantly improved operating profit of Leipurin during the third quarter is an indication of the ability of the new management and personnel of Leipurin to make determined changes in business and to succeed, for example, in the challenging

Russian markets, as well as the positive turnaround in the profitability of machinery operations.

Of Aspo's businesses, the operating profit of ESL Shipping were close to the comparative period, at EUR 3.3 (3.4) million, and its operating profit rate was 18%. The goal of ESL Shipping is to have an operating profit rate of 20–24% in 2020.

Telko has grown into Aspo's largest business. During the economic recession in the EU and the economic crisis in Russia, Telko focused on its regional strategy in the east, on expanding its operations to new countries with transition economies, on improving its efficiency, and on offering added-value products in the western markets. Telko's net sales have shown a strong increase, while its results have been strained by the company's investments, for example, as a result of increased personnel costs. During the third quarter, Telko's results were already satisfactory, driven by positive development. Its operating profit increased to EUR 3.1 million, including EUR 0.4 million in costs arising from the discontinued terminal project in St. Petersburg, Russia, and Telko's personnel arrangements. Profitability increased, especially in the eastern markets, where Telko has, for example, invested in improving the efficiency of logistics.

Kauko, our smallest business, has streamlined its operations. The mobile knowledge work unit has continued to focus on the development of total solutions, and the separate energy-efficiency equipment unit has grown significantly since Kauko concentrated on an increase in the solar power markets at the correct time. Kauko's structure will be even more streamlined after Chinese operations are discontinued later this year.”

ASPO GROUP

NET SALES

Net sales by segment

	7-9/2017	7-9/2016	Change	**1-9/2017**	1-9/2016	Change	1-12/2016
	MEUR	MEUR	%	**MEUR**	MEUR	%	MEUR
ESL Shipping	**18.3**	17.9	2.2	**56.7**	50.8	11.6	71.4
Leipurin	**29.9**	27.0	10.7	**89.4**	82.0	9.0	112.7
Telko	**67.3**	63.8	5.5	**196.6**	175.4	12.1	240.3
Kauko	**11.7**	9.5	23.2	**27.3**	24.7	10.5	33.0
Other operations	**0.0**	0.0	-	**0.0**	0.0	-	0.0
Total	**127.2**	118.2	7.6	**370.0**	332.9	11.1	457.4

There is no considerable inter-segment net sales.

Net sales by market area

	7-9/2017	7-9/2016	Change	**1-9/2017**	1-9/2016	Change	1-12/2016
	MEUR	MEUR	%	**MEUR**	MEUR	%	MEUR
Finland	**39.4**	38.9	1.3	**120.1**	110.7	8.5	149.4
Scandinavia	**11.2**	12.0	-6.7	**37.3**	35.4	5.4	47.5
Baltic countries	**15.3**	13.1	16.8	**42.1**	37.7	11.7	50.4
Russia, Ukraine + other CIS countries	**43.2**	38.9	11.1	**122.6**	103.6	18.3	145.6
Other countries	**18.1**	15.3	18.3	**47.9**	45.5	5.3	64.5
Total	**127.2**	118.2	7.6	**370.0**	332.9	11.1	457.4

During the third quarter, net sales increased in all Aspo's market areas, apart from Scandinavia. Absolute growth, measured in euros, was highest in Russia, Ukraine and other CIS countries, and relative growth in the “Other countries” market area. In Scandinavia, net sales decreased as a result of lower transportation volumes in the steel industry, as customers reduced the stock levels of their raw materials.

EARNINGS

Operating profit by segment

	7-9/2017 MEUR	7-9/2016 MEUR	Change %	**1-9/2017 MEUR**	1-9/2016 MEUR	Change %	1-12/2016 MEUR
ESL Shipping	**3.3**	3.4	-2.9	**9.4**	8.5	10.6	12.6
Leipurin	**1.4**	0.4	250.0	**2.4**	1.3	84.6	2.0
Telko	**3.1**	2.3	34.8	**7.8**	7.6	2.6	10.1
Kauko	**0.2**	0.5	-60.0	**-0.2**	-0.1	-100.0	-0.1
Other operations	**-0.9**	-0.6	-50.0	**-2.8**	-3.2	12.5	-4.2
Total	**7.1**	6.0	18.3	**16.6**	14.1	17.7	20.4

Earnings per share

Earnings per share were EUR 0.40 (0.32) for January–September. Equity per share was EUR 3.54 (3.59).

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 January–September was 4.5% (4.2), return on equity was 16.7% (13.4), and gearing was 109.7% (103.8).

FUTURE OUTLOOK

The global economy is expected to continue its growth. The general uncertainty and weak economic situation in eastern growth markets that are important to Aspo have been replaced by a positive economic trend. However, it is difficult to predict future development in Russia, Ukraine and other CIS countries. Exchange rates are expected to continue to fluctuate heavily. Economic growth in the EU, and particularly in Finland, has accelerated, and export volumes have increased significantly. This positive trend is expected to continue.

The price of oil is likely to remain at the current level. The prices of production raw materials are expected to remain low. The Group aims to continue to increase its market shares profitably in the strategically important eastern growth markets. Industrial production is expected to increase in the main market areas of Aspo’s businesses. International dry cargo prices are expected to remain low or to increase, and the shipping company has secured the use of its capacity through long-term agreements.

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 review period, the company's fleet consisted of 16 vessels, of which the company owned 13. One vessel is operated under a long-term lease agreement and, starting from the middle of September, two smaller vessels have been time-chartered.

	7-9/2017	7-9/2016	Change %	**1-9/2017**	1-9/2016	Change %	1-12/2016
Net sales, MEUR	**18.3**	17.9	2.2	**56.7**	50.8	11.6	71.4
Operating profit, MEUR	**3.3**	3.4	-2.9	**9.4**	8.5	10.6	12.6
Operating profit, %	**18.0**	19.0		**16.6**	16.7		17.6

The competitive edge of ESL Shipping is based on the company's ability to operate efficiently and reliably in arctic ice regions and to load and unload ships at sea. During the third quarter, the company's vessels have mainly operated in contract traffic in the Baltic Sea and in Northern Europe, and also performed loading and unloading operations at sea. Transportation operations in the Baltic Sea and the North Sea are mainly based on long-term customer agreements and established customer relationships. One of the two Supramax vessels has operated from the Canadian arctic region to Europe.

General market prices of dry bulk cargo increased during the third quarter. However, cargo prices are still on a quite low level compared with the long-term average.

Net sales of ESL Shipping in July–September increased to EUR 18.3 (17.9) million. Transportation volumes in the steel industry decreased significantly from the comparative period, as customers reduced their raw material stock levels. Transportation volumes in other customer sectors increased or remained unchanged. During the third quarter, the cargo volume carried by ESL Shipping was at the same level as in the comparative period, i.e. 2.8 (2.8) million tons.

The operating profit in July–September of EUR 3.3 (3.4) million was at a similar level as in the comparative period. The operating profit rate remained at a good level, at 18% (19). The Supramax vessels produced positive results during the third quarter, while the profitability of one vessel in arctic operations decreased as a result of the weakening of the contractual currency, the US dollar. One vessel unit underwent a scheduled docking in the third quarter. During the review period, two vessels underwent exceptional maintenance at port due to equipment breakage and damage caused by the port operator, as a result of which the number of off hire days was higher than in the comparative period.

Loading and unloading of large ocean liners at sea was significantly more active than in the previous year, and operations succeeded well. In early fall, there have been bottlenecks at loading ports for the energy industry, which have caused longer waiting times than in the comparative period and decreased the efficiency of energy transportation.

As part of its growth strategy, the shipping company launched new operations at the end of the review period in the Baltic Sea and the North Sea regarding a smaller vessel class. These operations support the flexible customer service offered to existing customers, regardless of the transportation batch size, and enable the shipping company to expand its customer portfolio to new customers and material flows. In the operating model that is new to the shipping company, vessels will be chartered from the market for the transportation volumes. The most sought-after volumes include renewable bioenergy, recycled raw materials, such as recycled energy fuel or steel, wood-based products and grain. The new operating model allows ESL Shipping to expand into new vessel classes with no major capital investments. The model enables a customer-driven operating method and flexible fleet management. When expanded, the operating model will tie up less capital and increase the operating profit, while it may decrease the operating profit rate.

At the end of the review period, one of the shipping company's two new dry bulk cargo vessels, which are the most environmentally friendly vessels in the world, was named ms Haaga, following the tradition of naming vessels for places in Helsinki. The 160-meter LNG vessel of 26,000 dwt produces more than 50% less carbon dioxide emissions than the previous vessel generation. These new vessels named this year will improve the shipping company's profitability and, for example, their unique autonomous load-handling solution will improve safety and efficiency at port even further.

The construction of these vessels is proceeding as planned, and they will start operating in the Baltic Sea during the first half of 2018. Cooperation with Sinotrans & CSC Jinling Shipyard has progressed well. The vessel-building project is part of the Bothnia Bulk project, partly funded by the EU, which aims to reduce the environmental impacts of the existing sea route between Luleå, Oxelösund and Raahe. The EU supports energy-efficiency and environmental investments in ships. The vessels have been designed in Finland, and European equipment suppliers account for roughly 60 percent of the total value of the vessel investments.

The shipping company has negotiated the manning of its new vessels and the opportunity to have the vessels under the Finnish flag with shipping trade unions. The parties have negotiated an agreement that enables at least the first vessel to be registered in Finland. In order to secure competitiveness in the long term and the availability of a competent crew, the company has also agreed to expand the mixed crews of its current vessels through natural employee turnover and the new job opportunities offered by the new vessels. The agreed arrangement is expected to improve cost competitiveness in stages, already during this year. During the review period, one vessel was assigned with a mixed crew, in addition to the vessel that received a mixed crew during the previous quarter.

The net sales of ESL Shipping in January–September increased by 12% to EUR 56.7 (50.8) million. The operating profit increased by 11% to EUR 9.4 (8.5) million.

Outlook for ESL Shipping

The market cargo prices of large dry cargo vessels are at a higher level than in the previous year. Economies in the shipping company's main market areas are expected to develop positively.

In the vessel classes operated by ESL Shipping, only a few dry cargo vessels have been ordered from shipyards, as a result of which the balance between supply and demand is expected to improve in the coming years. In the future, the trend will be accelerated by the stricter environmental regulations set for shipping operations, which may reduce the use of older vessels, particularly in the Baltic Sea.

Most of the shipping company's transportation capacity utilization has been secured in the Baltic Sea and Northern Europe through long-term agreements. At the end of the year, demand for loading and unloading operations for large ocean liners at sea, a segment very important to the shipping company, is expected to be higher than in the comparative period. The biofuel transportation market in the Baltic Sea is expected to grow significantly in the next few years, and the shipping company is currently negotiating several related projects. During the rest of the year, total transportation volumes for the energy industry are expected to be higher than during the previous year as a result of the increased demand for the transportation of both biofuels and coal.

Regardless of the high general demand in the steel industry, transportation volumes are expected to decrease at the end of the year from the previous year due to annual maintenance schedules and customers' growing need to optimize their stock levels. In the long term, transportation volumes are expected to return to normal.

According to its strategy, the shipping company will continue to expand its customer base, in particular to customer transportation, where both the company's range of different cargos and its operating area can be expanded. The new operations of smaller time-chartered vessels will be expanded during the rest of the year.

In the final quarter of 2017, one vessel will be docked for maintenance.

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.

	7-9/2017	7-9/2016	Change %	**1-9/2017**	1-9/2016	Change %	1-12/2016
Net sales, MEUR	**29.9**	27.0	10.7	**89.4**	82.0	9.0	112.7
Operating profit, MEUR	**1.4**	0.4	250.0	**2.4**	1.3	84.6	2.0
Operating profit, %	**4.7**	1.5		**2.7**	1.6		1.8

*) 7–9/2017 and 1–9/2017 include a sales gain of EUR 0.4 million from the divestment of the meat industry raw materials business

The consumer price level for food products in Finland remained unchanged during the third quarter, but the price level has gone up in the eastern markets. The prices of raw materials important to Leipurin increased slightly from the comparative period.

The market for industrial packed bread continues to decrease in the west, whereas the market of in-store bakeries and baking units has continued to increase. In the eastern markets, demand for products in the higher price categories remains lower than in the previous years due to the financial crisis. A change has taken place in Russia, as a result of which bakeries are no longer responsible for retail bread wastage; instead, any unsold bread is covered by the retail industry. This change has significantly reduced the manufacture of packed bread. The snack product market is increasing in all market areas. The Russian national economy, which is important to Leipurin, has turned to an upward trend, the rate of inflation has decreased, the decline in consumer purchasing power has stopped, and retail volumes have continued their recovery.

The net sales of Leipurin in July–September increased from the comparative period, to EUR 29.9 (27.0) million. Growth was strongest in the eastern markets and in the bakery machinery operations. The operating profit increased from the comparative period to EUR 1.4 (0.4) million, including a sales gain of EUR 0.4 million from the divestment of the meat industry raw materials business. The operating profit rate during the quarter improved to 4.7% (1.5). Profitability was particularly improved by machinery operations and eastern markets.

The net sales of bakery raw materials in Russia, Ukraine and other CIS countries increased in the third quarter by 13%, to EUR 7.4 (6.5) million. The operating profit rate was 8% (8). Net sales in the eastern markets, including machinery sales, increased by approximately 15% to EUR 8.3 (7.2) million. The operating profit rate was approximately 7% (7).

In the Finnish raw material operations, net sales to artisan and OOH customers continued to increase, while sales to industrial sectors decreased, mainly due to the business divestment completed at the end of August, in which Leipurin divested its meat industry raw materials business to MP Maustepalvelut Oy. This divestment has an impact of approximately EUR 4 million per year on the net sales of Leipurin. On the whole, the net sales of bakery raw materials in Finland increased from the comparative period. In the western markets, sales to the OOH sector increased, while they decreased to the industrial sector. Investments in growth and new business operations slowed down the development of the operating profit of raw material operations in the western markets. During the third quarter, the G'lato Fresco fresh ice cream gelateria was opened at the Forum shopping mall in Helsinki to support the OOH business. G'lato Fresco, together with the two cafés opened previously in Espoo relating to test bakery operations, acts as a conceptual model site for the entire Leipurin operating area.

The net sales of machinery operations increased by nearly 90% as a result of increased Leipurin’s own machine production and boosted sales of principal equipment. The Russian economic crisis at the end of 2014 cut off machinery sales to Russia. The company turned to new market areas in Europe and outside Europe. At the beginning of 2017, the order book for the company's own production reached a record level, and the machinery operations has stabilized the profitability level of its operations. The number of deliveries increased during the third quarter. At the end of the review period, the order book was at a good level, extending to the first half of 2018.

The net sales of Leipurin in January–September increased by 9%, to EUR 89.4 (82.0) million. The operating profit increased significantly, to EUR 2.4 (1.3) million, including a sales gain of EUR 0.4 million from the divestment of the meat industry raw materials business. Net sales in Russia, Ukraine and other CIS countries increased by 18% to EUR 24.7 (20.9) million. Profitability in this market area remained at the comparative period's level, at 6% (6).

Outlook for Leipurin

The market situation is expected to remain challenging in Leipurin’s key markets. The market position is expected to remain strong in the industrial baking sector in Finland, Russia and the Baltic region. Leipurin’s net sales and operating profit will increase in 2017.

The weakening of the economic situation in Russia is estimated to have stopped, and consumer purchasing power is expected to improve. The local procurement of bakery raw materials has been increased in Russia to replace imported raw materials. The aim is to respond to changes in demand by developing a product range with more competitive prices, and to respond to the domestic food campaign currently in progress in Russia. The aim is to increase the proportion of local raw materials even further. Local procurement has been decentralized and, currently, there are already dozens of significant regional production partners. Leipurin will maintain high profitability in the region, strengthen its market position, and look for growth in the bread and pastry sectors.

The OOH market is a significant area of growth for Leipurin. Leipurin will continue to invest in the OOH market, particularly in Finland and the western markets, where Leipurin is responding to the growing demand of, for example, chain customers, such as cafés.

In machinery operations, equipment investments of bakeries are expected to increase in Finland and the Baltic countries. In addition, a moderate increase in investments is expected in Russia. Leipurin’s machinery operations will continue to strengthen the sales and agent network in Western Europe and the Middle East. Leipurin will continue to develop the profitability and production processes of own machine production. As a result of the improved competitiveness of machinery operations and realigned sales, customers of machinery operations now also come from food industries other than the bakery industry. The increase in Leipurin’s own machine production is significantly driven by the need of customers to cool or freeze products in their production processes.

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, China and Iran.

	7-9/2017	7-9/2016	Change %	**1-9/2017**	1-9/2016	Change %	1-12/2016
Net sales, MEUR	**67.3**	63.8	5.5	**196.6**	175.4	12.1	240.3
Operating profit, MEUR	**3.1**	2.3	34.8	**7.8**	7.6	2.6	10.1
Operating profit, %	**4.6**	3.6		**4.0**	4.3		4.2

The general development in the market environment has continued to be positive in Telko's operating countries. In particular, the Russian economy is growing, and investments have turned to an increase. The prices of plastics increased throughout the third quarter, and those of chemicals remained high. There were problems in the availability of some chemicals, partly due to weather conditions in the southern coastal area of the USA.

The net sales of Telko in July–September grew by 6% from the comparative period, to EUR 67.3 (63.8) million. This increase was affected, for example, by price levels that were higher than in the comparative period. The net sales increased mainly in the western markets and Ukraine. During the third quarter, Telko began the representation of BP-Castrol’s Marine lubricants for shipping companies in Finland.

The operating profit in July–September increased to EUR 3.1 (2.3) million. The operating profit rate was 4.6% (3.6). Profitability improved significantly in the eastern markets, in particular. In the second quarter, Telko launched a program to lower fixed costs and to improve efficiency in its Russian operations. This program already had a partial impact on the results of the third quarter. The operating profit for the third quarter include EUR 0.4 million in costs arising from the discontinued terminal project in St. Petersburg, Russia, and Telko's personnel arrangements. The terminal project will not be carried out as planned previously, as Telko is able to increase its logistical efficiency and capacity by using an external partner. Negotiations with different potential partners are in progress. Of Telko's market areas, the relative proportion of the eastern markets in Telko's net sales remained at the comparative period's level at nearly 50%. Net sales increased in the eastern markets, and the profitability of both plastics and industrial chemicals improved. Net sales in Russia, Ukraine and other CIS countries increased by 7%, to EUR 33.5 (31.4) million. The operating profit rate in this market area was less than 5%, but it improved significantly as a result of activities carried out.

The net sales of Telko in January–September grew by 12%, to EUR 196.6 (175.4) million. This increase was affected by an increase in volumes, and price levels that were higher than in the comparative period. The operating profit in January–September stood at EUR 7.8 (7.6) million, including EUR 0.4 million in costs arising from the discontinued terminal project in St. Petersburg, Russia, and Telko's personnel arrangements. Net sales in Russia, Ukraine and other CIS countries increased by 17%, to EUR 92.6 (79.3) million.

Tomi Tanninen (M.Sc. Econ.) started as the new CFO of Telko on September 1, 2017.

Outlook for Telko

Industrial economic development is expected to continue to be positive in all of Telko's market areas. The increase in industrial production in the western markets is expected to increase the production capacity of Telko's customer companies, which will have a positive impact on Telko's operations. Once the national economies in Russia, Kazakhstan, Belarus and Ukraine have recovered, operating conditions in the market area are expected to improve, which will have a positive impact on customer companies. Telko's regional strategy in Russia and local units in metropolises will enable growth in the forthcoming years. The program to improve the efficiency of operations in Russia will improve Telko's profitability during the second half of the year, and will have a full impact on the operating profit starting from the first quarter of 2018.

The prices of raw materials sold by Telko are expected to remain high, on average, during the rest of the year. Problems with the availability of some chemicals are expected to continue, which may cause a slight decrease in sales during the final quarter.

Telko has shown that it is able to grow quickly and profitably in emerging markets. As planned, Telko has started operations in the Middle East in order to acquire raw materials and start to sell special technical products. The operations of Telko Middle East, Telko's subsidiary in Iran, are expected to start by the end of the year, once the official import and export permit has been obtained. However, the subsidiary is not expected to have any significant impact on the net sales or operating profit of Telko in 2017.

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’s key market areas are Finland and Germany.

	7-9/2017	7-9/2016	Change %	**1-9/2017**	1-9/2016	Change %	1-12/2016
Net sales, MEUR	**11.7**	9.5	23.2	**27.3**	24.7	10.5	33.0
Operating profit, MEUR *)	**0.2**	0.5	-60.0	**-0.2**	-0.1	-100.0	-0.1
Operating profit, %	**1.7**	5.3		**-0.7**	-0.4		-0.3

*) 1–9/2017 includes a EUR 0.3 million impairment loss of receivables related to previously divested business operations

In the third quarter, the net sales of Kauko grew by 23% from the comparative period, to EUR 11.7 (9.5) million. This growth is mainly affected by project operations in China and an increase in the net sales of energy-efficiency equipment. The net sales of energy-efficiency equipment particularly increased in solar power deliveries. The net sales of mobile knowledge work decreased, as the net sales in the comparative period included a significant delivery to the state administration. The operating profit for the third quarter stood at EUR 0.2 (0.5) million. The operating profit decreased as a result of investments in mobile knowledge work.

Operations developed as expected, driven by an increase in orders for project sales in the applications business and the positive development of computer sales to the healthcare sector. During the review period, CliniQ XiM, Kauko's first computer model designed and manufactured in Germany for the healthcare sector, fulfilling the product safety requirements set for the EU area, was certified. Sales can be launched during the fourth quarter. Investments in organizational development and additional recruitment for the applications business reduced the development of profitability.

Sales of energy-efficiency equipment developed positively compared with the comparative period. Solar power systems experienced the fastest growth. Kauko holds a significant market share in solar power systems in the Finnish residential sector. Investments for growth are particularly targeted at larger systems, and Kauko has signed partnership agreements, for example, with major energy suppliers.

The net sales of Kauko grew by 11% in January–September to EUR 27.3 (24.7) million. The operating result was EUR -0.2 (-0.1) million, including a EUR -0.3 million impairment of commission receivables related to the previously divested Industrial business.

The net sales of mobile knowledge work in January–September stood at EUR 13.0 (13.8) million. The net sales of energy-efficiency equipment increased by 51% from the comparative period, to EUR 11.5 (7.6) million, with growth coming especially from solar power systems. The net sales of project operations in China stood at EUR 2.8 (3.3) million.

Outlook for Kauko

The net sales and profitability of total solutions for mobile knowledge work are expected to improve. Kauko is a provider of integrated and customized total solutions, combining application, hardware and other services. The number of orders for application business is expected to increase.

Service operations will be expanded by shifting more focus on total solutions. According to long-term estimates, the sale of laptops will decrease and the sale of rugged tablets, a sector important to Kauko, will increase in the markets for rugged computers. Kauko holds a particularly strong market position in the sector of rugged tablet computers for demanding environments.

Kauko provides the healthcare sector with various mobile IT solutions to improve the efficiency of the nursing staff's work. The new computer introduced by Kauko for the healthcare sector allows launching sales also to other OEM channels outside Finland. After the review period, Kauko received certification for the second and more powerful computer model designed for the healthcare sector in accordance with the EU product safety standard.

In the energy sector, the solar power market is expected to continue its strong growth, and Kauko aims to expand its operations to larger solar power systems, in addition to its position as the market leader in residential systems. Kauko has signed partnership agreements with major energy providers.

In 2015, Kauko divested its Industrial business in Shanghai, China. It has also decided to discontinue its project operations in Beijing during the fourth quarter. The termination of the operations is not expected to have any significant impact on the result of Kauko. After discontinuing its operations in China, Kauko will have operations in Finland and Germany.

In spring 2017, Kauko took legal action in civil court against two individuals who worked in leading positions in the mobile knowledge work unit that provides IT solutions for the healthcare sector due to breaches of the non-solicitation and non-compete clauses.

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.

	7-9/2017	7-9/2016	Change %	**1-9/2017**	1-9/2016	Change %	1-12/2016
Net sales, MEUR	**0.0**	0.0	0.0	**0.0**	0.0	0.0	0.0
Operating profit, MEUR	**-0.9**	-0.6	-50.0	**-2.8**	-3.2	12.5	-4.2

The operating profit of other operations was negative and amounted to EUR -0.9 (-0.6) million, being higher than targeted.

FINANCING

The Group's cash and cash equivalents amounted to EUR 19.7 million (12/2016: EUR 22.6 million). The consolidated balance sheet included a total of EUR 138.6 million in interest-bearing liabilities (12/2016: EUR 125.4 million). The average interest rate of interest-bearing liabilities was 1.8% at the end of the review period (12/2016: 1.8%). Non-interest-bearing liabilities totaled EUR 81.2 million (12/2016: EUR 69.8 million).

Aspo Group's gearing was 109.7% (12/2016: 89.8%) and its equity ratio was 33.6% (12/2016: 37.4%). At the end of the third quarter of 2016, gearing was 103.8% and the equity ratio was 35.6%.

The Group’s net cash from operating activities in January–September increased from the comparative period to EUR 5.7 (-2.5) million. During the review period, the change in net working capital was EUR -16.3 (-21.6) million. Net cash from investing activities totaled EUR -13.7 (-3.1) million. Net cash from investing activities was for the most part related to advance payments for vessels. The Group’s free cash flow was EUR -8.0 (-5.6) million.

The total amount of committed revolving credit facilities signed between Aspo and its main financing banks was EUR 40 million at the end of the review period. The revolving credit facilities remained fully unused at the end of the review period. EUR 4 million of Aspo’s EUR 80 million commercial paper program were in use. In 2017, a fully unused revolving credit facility of EUR 20 million will fall due. In 2018, a total of EUR 16 million in financing agreements will fall due.

On May 27, 2016, Aspo issued a hybrid bond of EUR 25 million. 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.

Aspo has hedged its interest rate risk by means of interest rate swaps. Their fair value on September 30, 2017 was EUR -0.5 (-0.7) million. The financial instruments are 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 28.1 million, and their fair value was EUR -1.4 (-0.5) million on September 30, 2017. The financial instruments are on level 2 of the fair value hierarchy.

INVESTMENTS

The Group's investments were EUR 3.1 (1.5) million, consisting mainly of advance payments for new vessels ordered by ESL Shipping, and dockings to be capitalized.

Investments by segment, acquisitions excluded

	7-9/2017 MEUR	7-9/2016 MEUR	Change %	**1-9/2017 MEUR**	1-9/2016 MEUR	Change %	1-12/2016 MEUR
ESL Shipping	**3.0**	1.0	200.0	**14.2**	2.6	446.2	5.0
Leipurin	**0.0**	0.0	-	**0.2**	0.1	100.0	0.3
Telko	**0.1**	0.3	-66.7	**0.4**	0.8	-50.0	1.4
Kauko	**0.0**	0.0	-	**0.1**	0.0	-	0.0
Other operations	**0.0**	0.2	-100.0	**0.0**	0.2	-100.0	0.2
Total	**3.1**	1.5	106.7	**14.9**	3.7	302.7	6.9

PERSONNEL

Personnel by segment, period-end

	9/2017	9/2016	Change %	12/2016
ESL Shipping	237	225	5.3	226
Leipurin	317	320	-0.9	322
Telko	286	269	6.3	280
Kauko	46	51	-9.8	42
Other operations	25	23	8.7	25
Total	911	888	2.6	895

At the end of the review period, Aspo Group had 911 (888) employees. The number of personnel has increased in ESL Shipping, in Telko's companies in Russia, Ukraine and other CIS countries, and Leipurin's test cafeterias in Finland. The number of personnel in other operations has been increased, for example, to build digitalization solutions.

Rewarding

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, 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 to Aspo due to ended contracts of employment in 2016.

The reward from the 2016 earnings period was based on the Group's earnings per share (EPS). In March 2017, on the basis of the 2016 earnings period, employees included in the plan received

25,740 treasury shares as a share-based reward, as well as cash equaling the value of the shares, at most, in order to pay taxes.

The reward from the 2017 earnings period will be based on the Group's earnings per share (EPS). The possible reward from the 2017 earnings period will be paid in 2018, partly in treasury shares and partly in cash to cover any taxes and tax-related costs arising from the reward. At most 112,000 treasury shares will be granted, and the amount paid in cash will correspond, at most, to the value of the shares on the payment date.

RISKS AND RISK MANAGEMENT

The global economic outlook has improved, and economic growth will reduce financial risks associated with Aspo's market areas. However, political tension has increased globally, and locally in different market areas. Aspo's operating conditions have stabilized, and already taken a turn for the better in some areas. It is positive that the decrease in eastern economies has stopped and the recovery of the Russian economy has continued, while western economies are making good progress. In Russia, inflation has continued to slow down, and consumption demand and investments are growing. Cargo prices of vessels increased throughout the third quarter.

Risks in all of Aspo's businesses have decreased as a result of improved operating conditions. However, any rapid changes in international politics, exchange rates or commodities markets may have an impact on the demand and competitiveness of the products of Aspo's companies. Growth in eastern and western markets was still limited by low demand for investment assets. However, it has already increased. Investments have increased in Russia, although the majority of them are targeted at the energy sector. Private consumption has also gone up in Russia, which is expected to boost imports. As there have been no structural changes in the economy, no rapid growth is expected in Russia.

Strategic risks

Russian exports and imports of goods increased significantly during the first part of the year, and the state of the economy in Ukraine has improved on nearly all counts. The Russian economy has also stabilized and inflation has decelerated. According to estimates, Russian GDP will increase by 1.5% during this year. Deteriorated consumption demand in the long term has affected all trade, but the increase in nominal wages and the improved consumer confidence in the economy predict a rise in consumption. This can already be seen in statistics. No signs of decrease were visible any more in the financing market and payments in Russia and Ukraine. Companies are more willing to make investments, even though the sale of investment assets is still slowed down by caution.

The promotion of local production has increased the volume of raw materials and items produced in Russia in industrial production, despite the decrease in quality. This may reduce the position of imported raw materials in the value chain and lower the margin level, but an increase in import volumes may add to the demand of foreign raw materials and, correspondingly, reduce related risks for Aspo.

Political risks have increased globally, which may have a rapid impact on Aspo's operating environment or reduce free trade in the long term. The economic and political situation in Aspo's market areas may have made it more difficult to make structural changes as part of Aspo's strategy. The situation may continue unchanged, but, as the economic and political pressure alleviates, it may change completely and rapidly.

Economic sanctions or other obstacles arising from the economic or political situation in Russia may, in part, reduce transportation volumes originating from Russia and the demand for unloading services for large ocean liners at sea. In Finland and the rest of Europe, social pressures to reduce the use of coal in energy production have increased, which will reduce coal transportation volumes in the future. Correspondingly, the transportation volumes of replacement energy products will increase. Due to this change, it is difficult to estimate future transportation volumes. The extended low level of international freight indices and the global increase in the number of vessels, particularly in large size categories, have increased uncertainty over the long-term profitability of shipping companies. Nevertheless, there are signs of a reasonable increase in freight indices and of a decrease in the number of vessels in the long term.

Strategic risks may be caused by deterioration of global economics, the political atmosphere, and the outlook and production choices of industrial customers. Decisions on energy production structures affected by environmental policy and other political choices 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 centralization of ownership, or for other reasons. These changes may have negative consequences on operations as the need for transportation decreases, but they can also be seen as significant opportunities. As a result of low cargo prices in international shipping, competition over cargoes may also become fiercer in the Baltic Sea. Mild, ice-free winters may also increase competition. In order to improve its competitive position, ESL Shipping is building new, low-emission vessels with better fuel economy for this region and customer base. These will also be able to operate in ice conditions.

Strategic risks are influenced by long-term changes in cargo prices, the building of new ships and the removal of others from the markets, investment trends, and changes in trade structures, especially in western markets. In eastern markets, risks are increased by such factors as political instability, social structures or their lack of reaction to the difficulties encountered by business operations. The accumulation and discharge of investments may cause long-term changes in the competitive situation and customer behavior. Trade in eastern and western markets may suffer from restrictions on free trade, as a result of which there may be a decrease in sales of goods and services.

Rapid changes in economic structures may cause risks due to changes in the customer or principal structure or technologies, and due to unused opportunities that require a quick response. Disruptive changes may be very rapid. 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.

In addition to western markets, Aspo operates in areas where economic trends may turn rapidly, which could significantly change the prevailing operating conditions.

Operational risks

Economic uncertainty in Aspo's operating environment has decreased during the review period. However, operational risks have remained unchanged. These include risks related to supply chains, goods and services, and persons.

For a long time, the focus of Aspo’s growth has been on emerging market areas, where risks decelerating growth are affected by factors such as exchange rate fluctuations and interest rates, the level of and changes in the global market prices of raw materials, industrial and commercial investments, customer liquidity, changes in legislation and import regulations, and inactivity, bias or corruption among public authorities.

Economic growth and, alternatively, any decrease in production may have an impact on demand for raw materials. Political and economic instability is disturbing commercial activities and, if the situation continues, the growth of Aspo’s business operations may slow down. Consumer behavior and confidence are also reflected in risks associated with B-to-B customers and their risk levels. The growth opportunities presented by emerging markets are encouraging interest among competitors in starting or expanding business operations in these areas. The challenging emerging markets and the escalated situation in Ukraine have also caused competitors to withdraw from these markets, which has created new potential for Aspo's businesses, increased their market shares and, in some business areas, even improved profitability temporarily.

Hedging against exchange rate changes is not possible in all conditions and, especially, at all times. Changes in exchange rates may lower the results and equity on the balance sheet as a result of translation differences. Then again, changes in exchange rates may also strengthen the result and 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 related to their customers, even though credit loss risks have increased. Principal risks have materialized through unreceived commission returns.

Sales margins may be reduced and financial claims related to deliveries may emerge if Aspo’s products are not suited for the customers’ production processes or don’t have the right technical properties. Operative risks have also been increased by computer-related crime, malware and the increased number of fraud attempts. If realized, these risks may mean financial losses for Aspo. Aspo has appropriate information security and internal training arrangements, but individual cases may occur due to the decentralized structure of operations.

The quantity and probability of the Group’s loss risks are regularly assessed. A bidding process was arranged for general insurance policies 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, such as in war areas.

Internal control and risk management

One of the responsibilities of Aspo's Audit Committee is to monitor the efficiency of the Group's internal control, 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 the businesses 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. Risk update for the Group has been carried out within a year. Risk management is coordinated by Aspo's CFO, who reports to the Group CEO.

Aspo Group's financing and financial 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 has been published on the company's website. More detailed information on financial risks can be found in the notes to the financial statements.

SHARE CAPITAL AND SHARES

Aspo Plc’s share capital on September 30, 2017 was EUR 17,691,729.57 and the total number of shares was 30,975,524 of which the company held 370,486 shares; that is, 1.2% 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–September 2017, a total of 2,309,598 Aspo Plc shares with a market value of EUR 20.4 million were traded on Nasdaq Helsinki, in other words, 7.5% of the stock changed hands. During the review period, the share price reached a high of EUR 9.16 and a low of EUR 8.20. The average price was EUR 8.84 and the closing price at period-end was EUR 8.99. At the end of the review period, the market value excluding treasury shares was EUR 275.1 million.

The number of Aspo Plc shareholders was 9,133 at period-end. A total of 842,279 shares, or 2.7% of the share capital, were nominee registered or held by non-domestic shareholders.

DECISIONS AT THE SHAREHOLDERS' MEETING

Dividend

The Annual Shareholders' Meeting of Aspo Plc on April 5, 2017, approved the payment of a dividend totalling EUR 0.42 per share in accordance with the Board of Directors' proposal.

The dividend will be paid in two installments. The payment date for the first installment of EUR 0.21 per share was April 18, 2017. The second installment of EUR 0.21 per share will be paid on November 6, 2017 to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date October 30, 2017.

Board of Directors and Auditor

The Annual Shareholders' Meeting re-elected LL.M., MBA Mammu Kaario, M.Sc. (Econ.) Mikael Laine, LL.M. Roberto Lencioni, B.Sc. (Econ.), eMBA Gustav Nyberg, D.Sc. (Econ.) Salla Pöyry and M.Sc. (Tech.) Risto Salo to 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 Mammu Kaario Chairman of the Audit Committee and Mikael Laine, Salla Pöyry and Risto Salo as committee members.

The Authorized Public Accountant firm Ernst & Young Oy was elected as company auditor.

Board authorizations

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

The Annual Shareholders' Meeting on April 5, 2017 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 representing about 1.6% of all the shares in 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 2018 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 installments, 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 in 2016 and granted 88,970 treasury shares to employees included in the earnings period 2015 of the share-based incentive plan 2015-2017. On March 27, 2017 the Board of Directors granted 25,740 treasury shares to employees included in the earnings period 2016.

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.

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.

Telko has initiated a process at the Administrative Court concerning the tax increase imposed by Finnish Customs related to batches of material that Telko imported in 2013 and 2014. Telko considers the charges imposed by Finnish Customs to be unfounded. The charges of EUR 1.7 million were recognized as expenses in 2015.

Helsinki October 26, 2017

ASPO PLC

Board of Directors

ASPO GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	7-9/2017		7-9/2016	
	MEUR	%	MEUR	%
Net sales	127.2	100.0	118.2	100.0
Other operating income	0.7	0.6	0.3	0.3
Materials and services	-94.9	-74.6	-88.1	-74.5
Employee benefit expenses	-9.9	-7.8	-9.3	-7.9
Depreciation, amortization and impairment losses	-3.0	-2.4	-2.9	-2.5
Other operating expenses	-13.0	-10.2	-12.2	-10.3
Operating profit	7.1	5.6	6.0	5.1
Financial income and expenses	-0.7	-0.6	-0.8	-0.7
Profit before taxes	6.4	5.0	5.2	4.4
Income taxes	-0.5	-0.4	-0.2	-0.2
Profit for the period	5.9	4.6	5.0	4.2
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	-0.7		-0.4	
Cash flow hedges	-0.8		-0.1	
Income tax on other comprehensive income	0.0		0.0	
Other comprehensive income for the period, net of taxes	-1.5		-0.5	
Total comprehensive income	4.4		4.5	
Profit attributable to shareholders	5.9		5.0	
Total comprehensive income attributable to shareholders	4.4		4.5	
Earnings per share, EUR	0.19		0.16	
Diluted earnings per share, EUR	0.19		0.16	

	1-9/2017		1-9/2016		1-12/2016	
	MEUR	%	MEUR	%	MEUR	%
Net sales	370.0	100.0	332.9	100.0	457.4	100.0
Other operating income	1.7	0.5	0.9	0.3	1.2	0.3
Materials and services	-274.6	-74.2	-243.7	-73.2	-334.7	-73.2
Employee benefit expenses	-30.8	-8.3	-29.9	-9.0	-40.0	-8.7
Depreciation, amortiziation and impairment losses	-9.0	-2.4	-8.6	-2.6	-11.6	-2.5
Other operating expenses	-40.7	-11.0	-37.5	-11.3	-51.9	-11.3
Operating profit	16.6	4.5	14.1	4.2	20.4	4.5
Financial income and expenses	-1.6	-0.4	-2.4	-0.7	-3.0	-0.7
Profit before taxes	15.0	4.1	11.7	3.5	17.4	3.8
Income taxes	-1.1	-0.3	-1.0	-0.3	-1.5	-0.3
Profit for the period	13.9	3.8	10.7	3.2	15.9	3.5
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods:						
Translation differences	-2.1		1.1		3.2	
Cash flow hedges	-3.3		-0.8		1.4	
Income tax on other comprehensive income	0.1		0.0		-0.1	
Other comprehensive income for the period, net of taxes	-5.3		0.3		4.5	
Total comprehensive income	8.6		11.0		20.4	
Profit attributable to shareholders	13.9		10.7		15.9	
Total comprehensive income attributable to shareholders	8.6		11.0		20.4	
Earnings per share, EUR	0.40		0.32		0.49	
Diluted earnings per share, EUR	0.40		0.32		0.49	

ASPO GROUP CONSOLIDATED BALANCE SHEET

	9/2017 MEUR	9/2016 MEUR	Change %	12/2016 MEUR
Assets				
Intangible assets	8.3	9.7	-14.4	9.4
Goodwill	42.0	42.6	-1.4	42.6
Tangible assets	119.7	112.8	6.1	113.3
Available-for-sale financial assets	0.2	0.2	0.0	0.2
Receivables	4.2	3.7	13.5	4.9
Total non-current assets	174.4	169.0	3.2	170.4
Inventories	66.5	59.4	12.0	56.7
Accounts receivable and other receivables	67.6	64.3	5.1	60.0
Cash and cash equivalents	19.7	18.6	5.9	22.6
Total current assets	153.8	142.3	8.1	139.3
Total assets	328.2	311.3	5.4	309.7
Equity and liabilities				
Share capital	17.7	17.7	0.0	17.7
Other equity	90.7	92.1	-1.5	96.8
Total equity	108.4	109.8	-1.3	114.5
Loans and overdraft facilities	114.6	109.5	4.7	116.6
Other liabilities	4.3	5.1	-15.7	4.6
Total non-current liabilities	118.9	114.6	3.8	121.2
Loans and overdraft facilities	24.0	23.1	3.9	8.8
Accounts payable and other liabilities	76.9	63.8	20.5	65.2
Total current liabilities	100.9	86.9	16.1	74.0
Total equity and liabilities	328.2	311.3	5.4	309.7

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, 2017	17.7	4.3	1.0	37.0	-2.3	-18.6	75.4	114.5
Comprehensive income:								
Profit for the period							13.9	13.9
Translation differences						-2.1		-2.1
Cash flow hedges*			-3.2					-3.2
Total comprehensive income			-3.2			-2.1	13.9	8.6
Transactions with owners:								
Dividend payment							-12.9	-12.9
Interest on hybrid instrument							-2.2	-2.2
Share-based incentive plan					0.2		0.2	0.4
Total transactions with owners					0.2		-14.9	-14.7
Equity Sept. 30, 2017	17.7	4.3	-2.2	37.0	-2.1	-20.7	74.4	108.4
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							10.7	10.7
Translation differences						1.1		1.1
Cash flow hedges*			-0.8					-0.8
Total comprehensive income			-0.8			1.1	10.7	11.0
Transactions with owners:								
Dividend payment							-12.5	-12.5
Change in hybrid instruments				9.6			-1.1	8.5
Share-based incentive plan					0.4		-0.2	0.2
Transfer of reserves				0.1			-0.1	0.0
Total transactions with owners				9.7	0.4		-13.9	-3.8
Equity Sept. 30, 2016	17.7	4.3	-1.1	41.6	-2.3	-20.7	70.3	109.8

* net of taxes

ASPO GROUP CONSOLIDATED CASH FLOW STATEMENT

	1-9/2017 MEUR	1-9/2016 MEUR	1-12/2016 MEUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit	16.6	14.1	20.4
Adjustments to operating profit	10.6	8.7	11.6
Change in working capital	-16.3	-21.6	-10.6
Interest paid	-4.3	-2.7	-3.7
Interest received	0.8	0.3	0.4
Income taxes paid	-1.7	-1.3	-1.9
Net cash from operating activities	5.7	-2.5	16.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in tangible and intagible assets	-3.1	-3.1	-5.0
Advance payments on vessels	-11.4	-0.1	-1.3
Proceeds from sale of tangible assets	0.2	0.1	0.2
Proceeds from sale of available-for-sale financial assets	0.2		
Sale of business operations	0.4		
Net cash from investing activities	-13.7	-3.1	-6.1
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in current loans	5.2	10.8	-3.5
Proceeds from non-current loans	15.6	0.1	7.2
Repayments of non-current loans	-7.2	-6.7	-6.7
Repayments of hybrid instrument		-15.7	-20.3
Hybrid instrument, interests	-1.7	-0.6	-0.9
Proceeds from hybrid instrument issue		24.8	24.8
Dividends distributed	-6.4	-12.5	-12.5
Net cash from financing activities	5.5	0.2	-11.9
Change in cash and cash equivalents	-2.5	-5.4	-1.8
Cash and cash equivalents Jan. 1	22.6	23.9	23.9
Translation differences	-0.4	0.1	0.5
Cash and cash equivalents at period-end	19.7	18.6	22.6

ASPO GROUP ASSETS AND LIABILITIES BY SEGMENT

Segments' assets, MEUR

	9/2017	9/2016	12/2016
ESL Shipping	128.9	120.2	121.1
Leipurin	60.7	59.9	62.8
Telko	87.7	83.2	78.1
Kauko	25.8	23.4	20.0
Unallocated items	25.1	24.6	27.7
Total	328.2	311.3	309.7

Segments' liabilities, MEUR

	9/2017	9/2016	12/2016
ESL Shipping	10.1	9.3	9.2
Leipurin	15.0	12.3	14.3
Telko	33.3	32.0	32.0
Kauko	9.3	7.6	5.4
Unallocated items	152.1	140.3	134.3
Total	219.8	201.5	195.2

ACCOUNTING PRINCIPLES

Aspo Plc's interim report has been prepared in accordance with the principles of IAS 34 *Interim Financial Reporting*. As of January 1, 2017, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2016 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, 2016. The information in this report is unaudited.

Aspo Plc adopts 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 2016 report.

Aspo has continued its preparations for the adoption of the new IFRS 15 and IFRS 9 standards, starting from January 1, 2018. The estimated impact of these standards on the consolidated financial statements is described in more detail on pages 40–41 of the 2016 financial statements. On the basis of analyses conducted during adoption projects, the adoption of these standards will not have any significant impact on the consolidated statement of comprehensive income or the consolidated balance sheet, compared with currently valid standards. Regarding the adoption of the IFRS 15 standard, Aspo will apply a fully retrospective approach applying practical expedients allowed by the standard. The adoption will not have any significant impact on figures already reported for 2017. However, net sales will be reported in more diverse ways in the future, also regarding comparative information from 2017.

SEGMENT REPORTING

Aspo Group's operating 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, Thursday October 26, 2017 at 14.00 at the Eino Leino cabinet at Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki.

Helsinki, October 26, 2017

ASPO PLC

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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.