



# **Aspo's year 2014 and Q4 12.2.2015**

CEO Aki Ojanen

CFO Arto Meitsalo

Group Treasurer Harri Seppälä



## Aspo's strategy

- Aspo is conglomerate that owns and continually develops its business operations and structure without predefined schedules.
- Business operations focusing on B-to-B customers.
- Business operations in northern Europe and growth markets.
- Company brands: ESL Shipping, Leipurin, Telko and Kaukomarkkinat.
- The structure generates Aspo's goodwill.



## Exceptionally good year in 2014

- Net sales increased to EUR 482.9 million (476.3).
- Operating profit increased to a record-level of EUR 23.4 million (10.8).
- Operational cash flow improved to EUR 22 million (16).
- Profit for the period increased to EUR 18.4 million (8.6).
- Earnings per share doubled to EUR 0.57 (0.28).
- Return on equity, ROE, was 17.8% (8.9).

# Aspo's strategy of structural changes

- We strive to make value-producing structural changes.
- The objective was to list Leipurin Plc on the main list at Nasdaq Helsinki during Q4/2014.
- The listing failed as the Russian ruble collapsed at the turn of November to December.
- Investors' uncertainty regarding development of companies operating in Russia increased strongly, affecting investment decisions.
- Aspo had planned to remain a major minority shareholder after the listing, as we believe in the development potential of the company.
- Aspo interrupted the listing process, and will continue to develop Leipurin as part of Aspo.

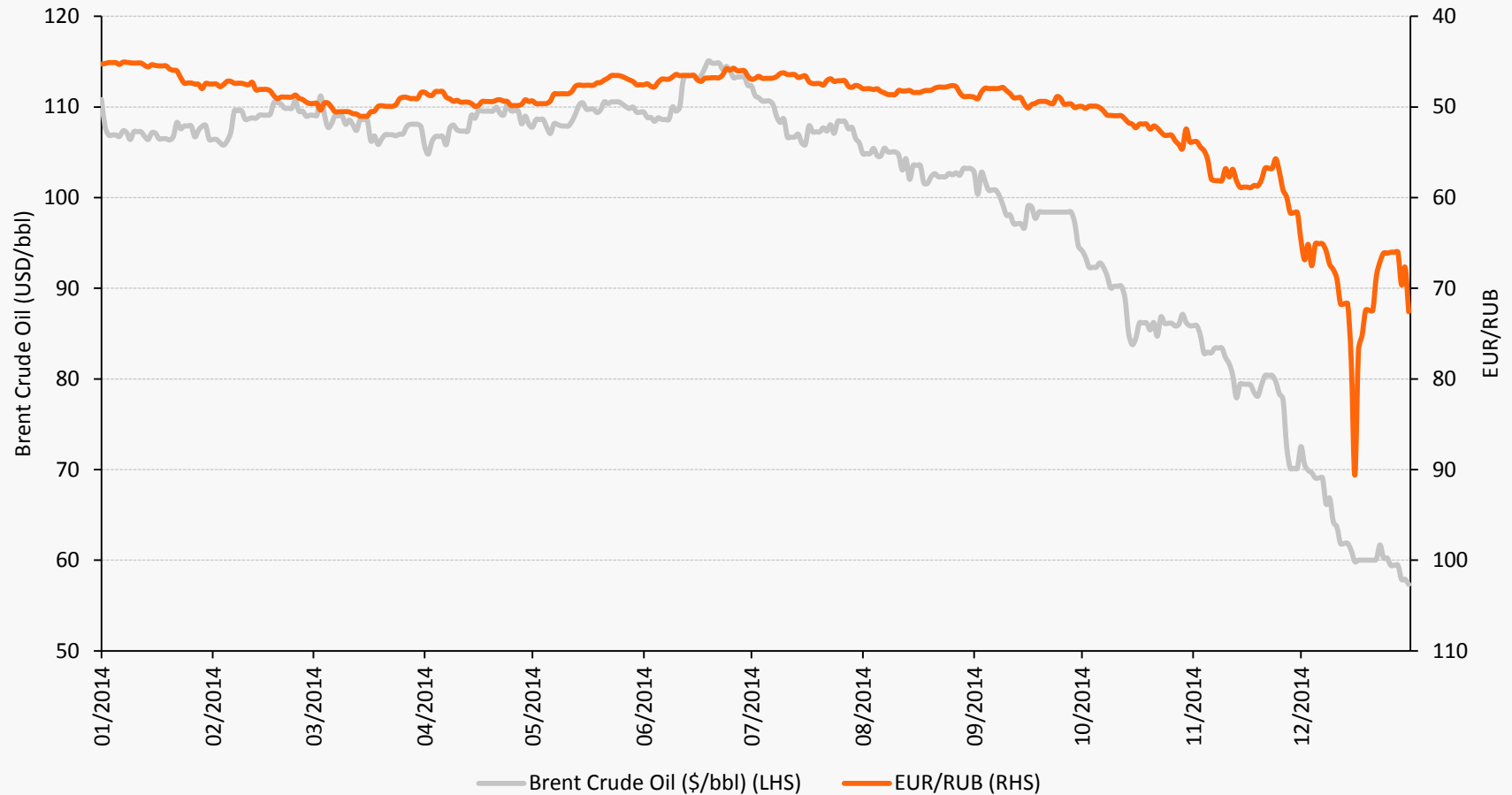




## The financial year of 2014

- Economic recession continued in Finland (GDP declined by 1.5%), and the industrial production continued to decrease.
- The interest rates dropped to a record-low level.
- The crisis between Russia and Ukraine escalated to a military conflict in Crimea and eastern Ukraine.
- The Ukrainian and Russian currencies lost their external value throughout the year, and their values dropped in December. In 2014, the value of the Russian ruble decreased by 60% and that of the Ukrainian hryvnia by 69%.
- The price of crude oil decreased to a low level, ending at USD 57.3/bbl at the end of December.

# Crude oil price and EUR/RUB exchange rate development Jan 1 to Dec 31, 2014



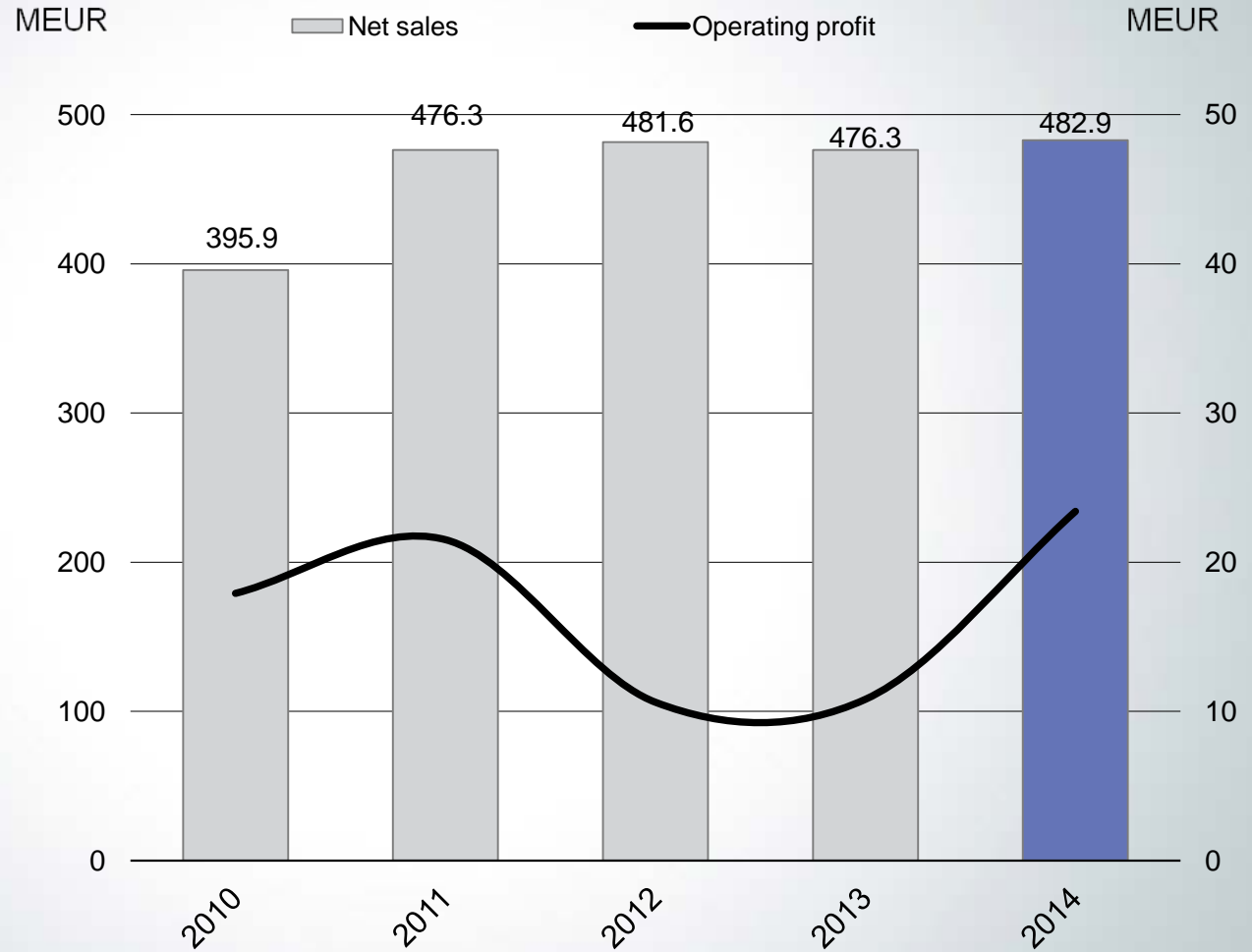
Source: OP-Pohjola

# Aspo – a conglomerate

- Cash flow is accumulated in 14 different countries, and from 4 different business operations.
- The drop in the oil price reduces Telko's net sales, but also lower the fuel costs of ESL Shipping.
- The decrease in the external value of the Russian ruble will weaken the competitiveness of products imported to Russia, but it will lower the costs of the operations of Telko and Leipurin in Russia in euros.
- As the ruble is weakening, the international competitiveness of raw material exported from Russia will improve, since the costs are in rubles and the income in foreign currencies.

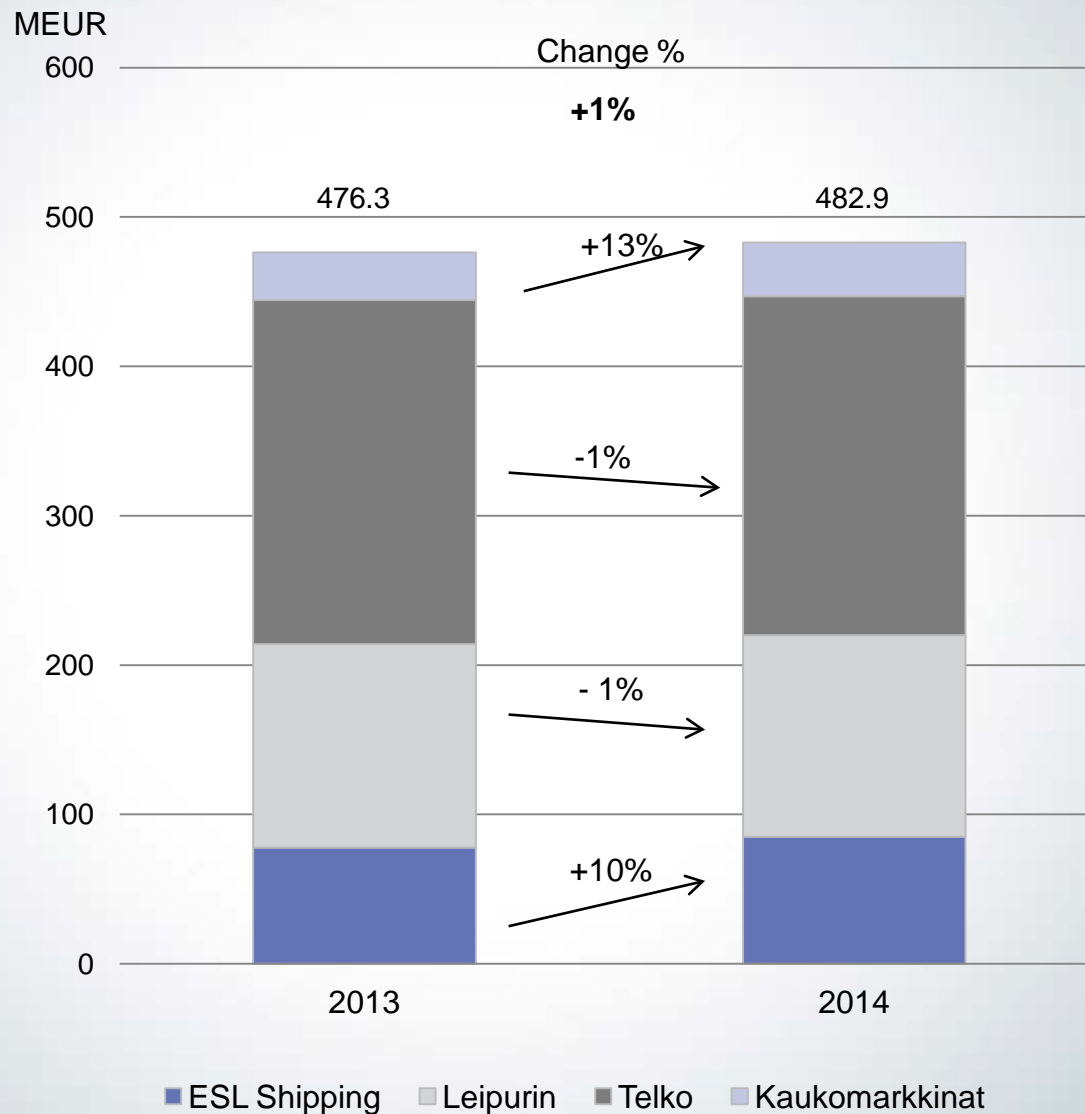


# Net sales and operating profit 2010–2014





# Net sales / segment 2013–2014



# Operating profit / segment

MEUR	2014	2013	Change, %
ESL Shipping	16.0	7.6	111
Leipurin	4.4	5.2	-15
Telko	9.9	5.8	71
Kaukomarkkinat	0.1	-3.6	103
Other operations	-7.0	-4.2	-67
Total	23.4	10.8	117

## Net sales / market area

MEUR	2014	2013	Change, %
Finland	162.0	156.7	3
Scandinavia	47.9	43.4	10
Baltic countries	55.7	49.8	12
Russia, Ukraine + other CIS	153.0	153.0	0
Other countries	64.3	73.4	-12
Total	482.9	476.3	1

# Aspo's countries of operation

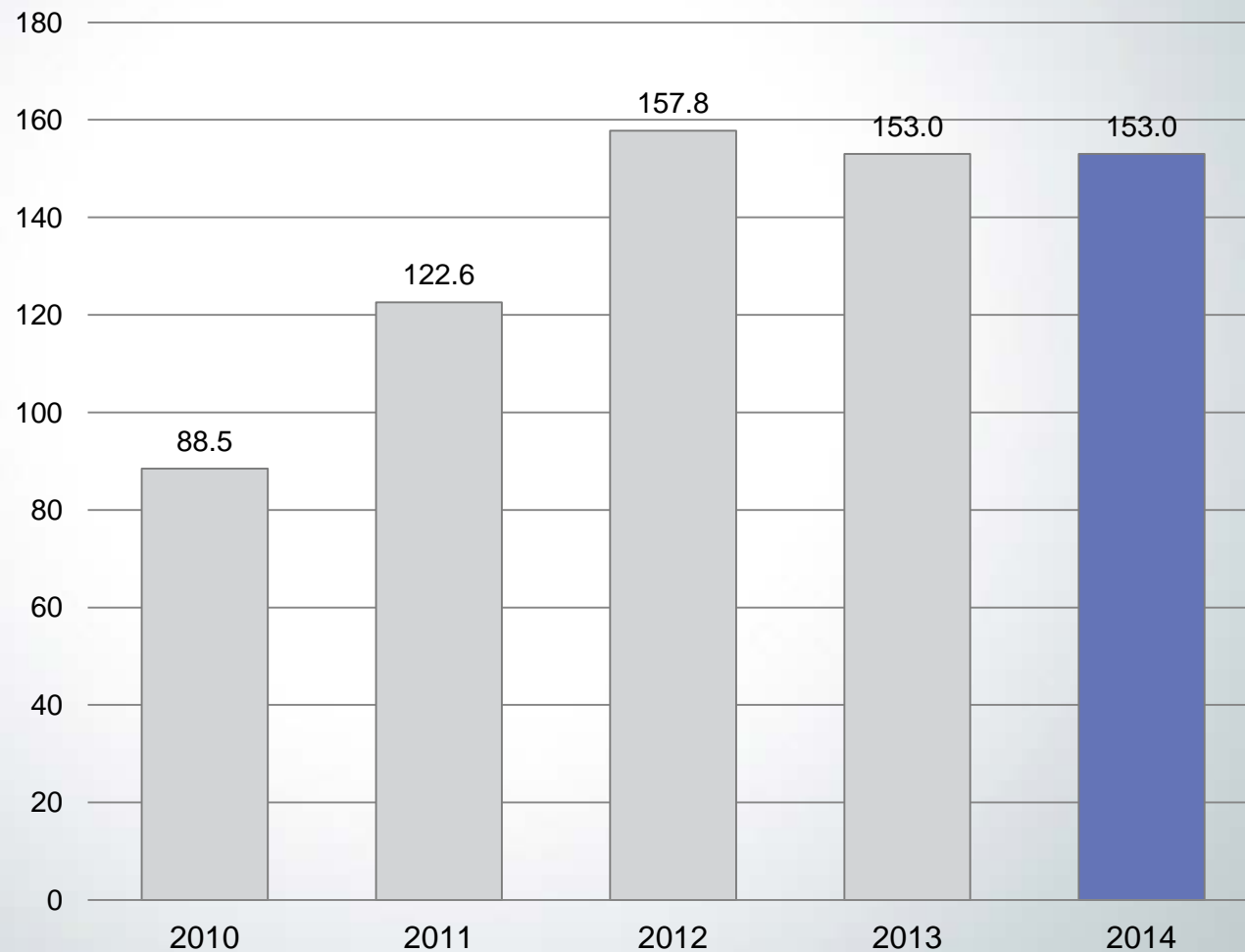




# Net sales 2010–2014

Russia, Ukraine + other CIS countries

MEUR





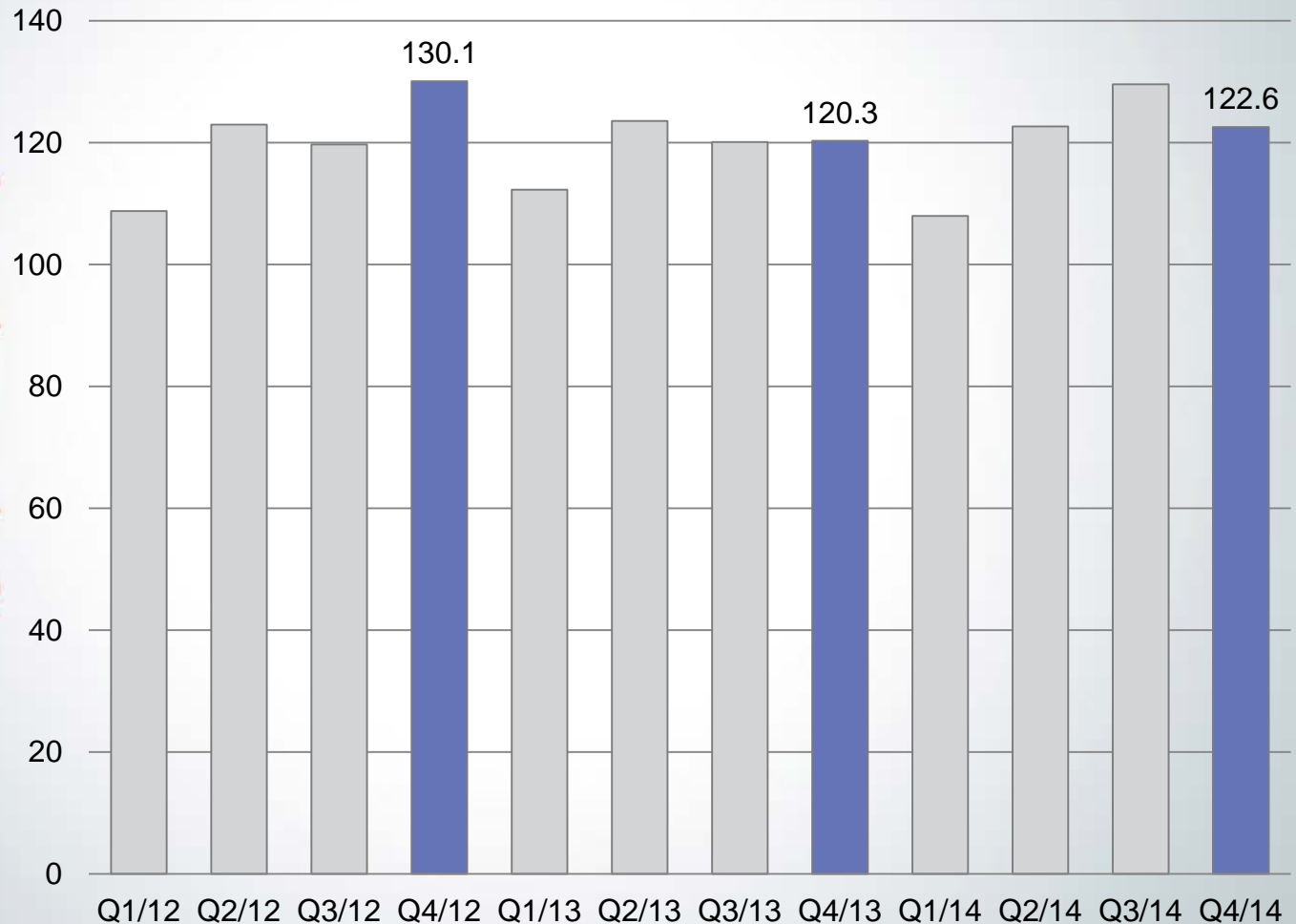


## Highlights in Q4

- Net sales increased to EUR 122.6 million (120.3).
- Operating profit improved to EUR 5.5 million (3.8), including EUR 1.9 million of non-recurring costs.
- Profit for the period amounted to EUR 3.7 million (4.4).
- Earnings per share were EUR 0.11 (0.14).
- Strong cash flow in the fourth quarter.
- Collapse of the Russian ruble caused significant exchange rate losses and translation differences in equity.
- Aspo interrupted the IPO of Leipurin Plc.
- An extraordinary shareholders' meeting of Aspo Plc was organized on December 11, 2014. The Board of Directors did not propose an extra dividend in Leipurin's shares or in cash.

# Groups net sales, quarterly

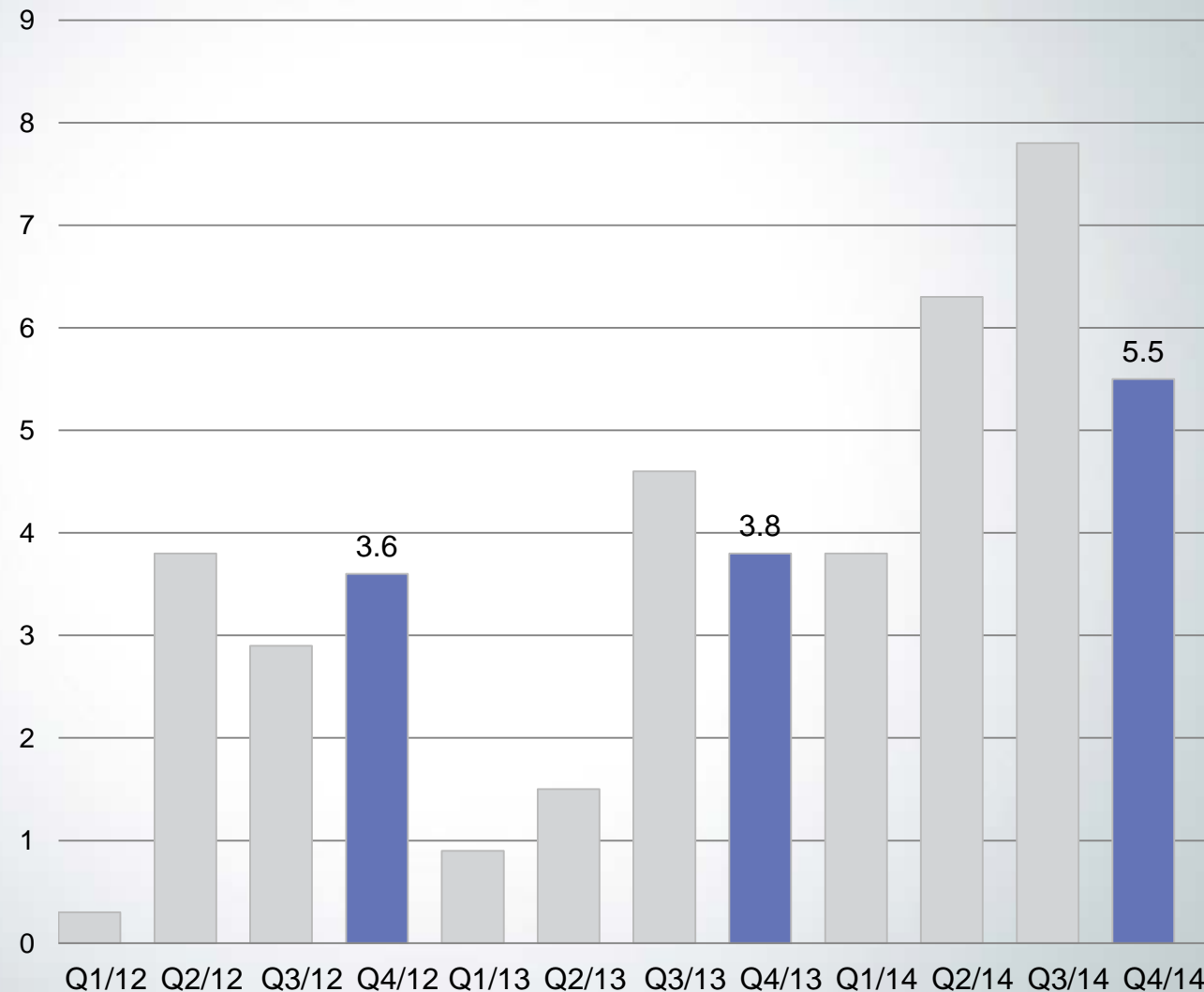
MEUR





# Groups operating profit, quarterly

MEUR



# Net sales and operating profit Q4

2013/2014	Q1	Q2	Q3	Q4	Cum.
Net sales	108.0	122.7	129.6	122.6	482.9
MEUR	112.3	123.6	120.1	120.3	476.3
Operating profit	3.8	6.3	7.8	5.5	23.4
MEUR	0.9	1.5	4.6	38	10.8





# **Aspo's business operations**





ESL Shipping

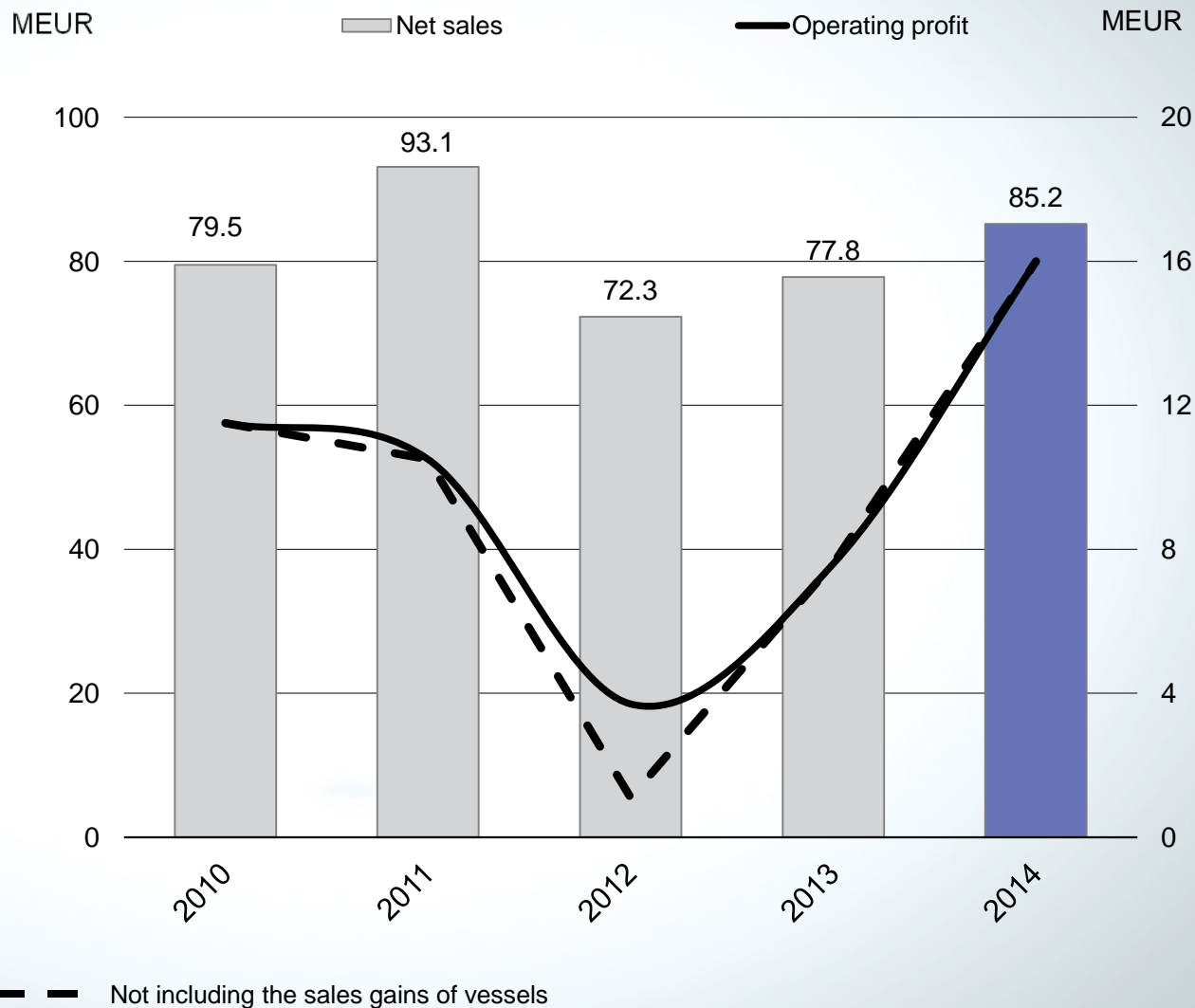
**Integral part of  
Finnish security  
of supply**

# ESL Shipping Q4/2014

- International dry bulk freight rates remained low.
- ESL Shipping's transportation volumes on good level at the Baltic Sea.
- Transportation in new market areas, such as the Russian Arctic areas.
- Unloading and loading services at sea particularly busy.
- Net sales increased to EUR 23.2 million (22.1).
- Operating profit grew to EUR 5.2 million (4.1), including a cost provision of EUR 0.4 million regarding the warranty repair of m/s Alppila.
- The modifications required by the sulphur directive were carried out in all the vessels. Investment amounted to about EUR 100,000 per vessel.
- One ship was time-chartered, and one ship suffered a light bottom contact, which required docking.



# ESL Shipping's net sales and operating profit 2010–2014



# ESL Shipping key figures Q4

	Q4/14	Q4/13	Change, %
Net sales, MEUR	23.2	22.1	5
Operating profit, MEUR	5.2	4.1	27
Personnel	226	210	8





**The bakery specialist**

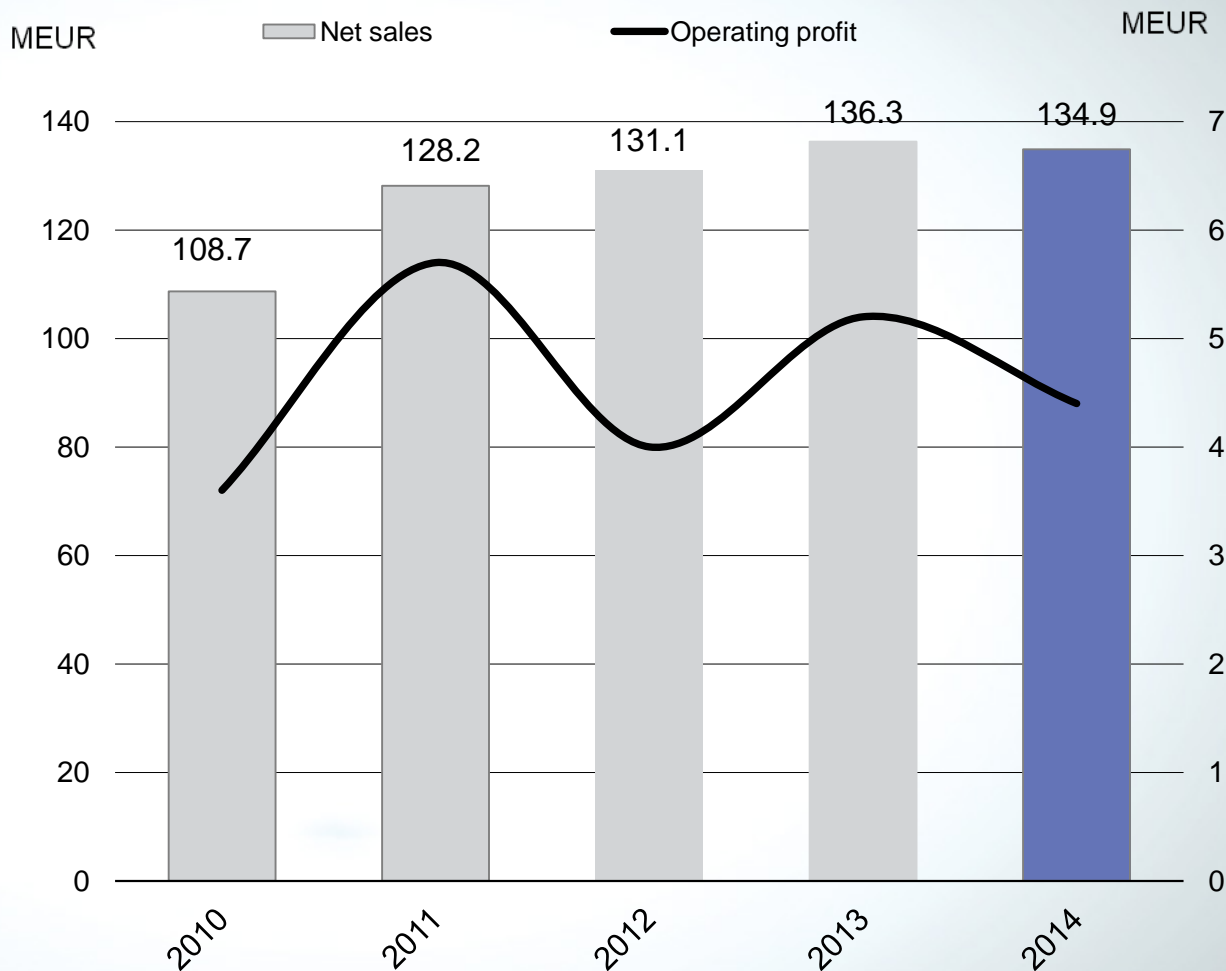


## Leipurin Q4/2014

- The prices of basic ingredients of foodstuffs decreased significantly in 2014.
- Net sales declined to EUR 36.1 million (36.5).
- Operating profit decreased to EUR 0.5 million (1.3), including EUR 0.9 million of exchange rate losses.
- In Russia, the net sales of bakery raw materials calculated in euros decreased exceptionally due to the drop of the value of the ruble.
- Local procurement increased significantly in Russia to about 40%, as the profit margin was better than for imported raw materials.
- Profitability in the Baltic region improved, and in Finland the company focused on the out-of-home market.
- Net sales for bakery machines increased.
- The order book for own machinery production is lower than in the corresponding period in 2013 due to postponement of orders in Russia.



# Leipurin's net sales and operating profit 2010–2014



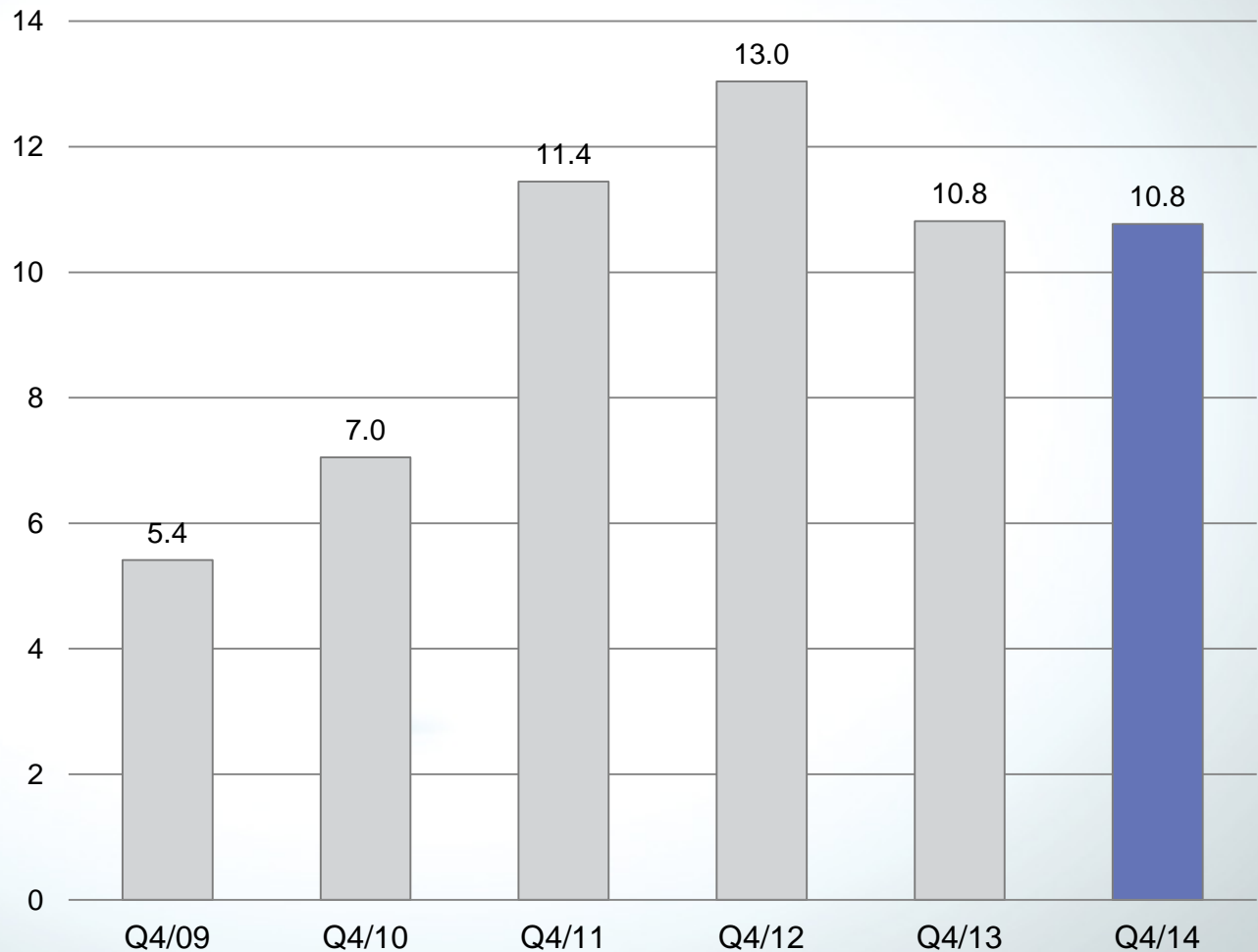
# Leipurin key figures Q4

	Q4/14	Q4/13	Change, %
Net sales, MEUR	36.1	36.5	-1
Operating profit, MEUR	0.5	1.3	-62
Personnel	297	300	-1



# Net sales in Russia, Ukraine + other CIS countries Q4/2009–2014

MEUR





**Leading expert in  
plastic raw materials  
and chemicals**

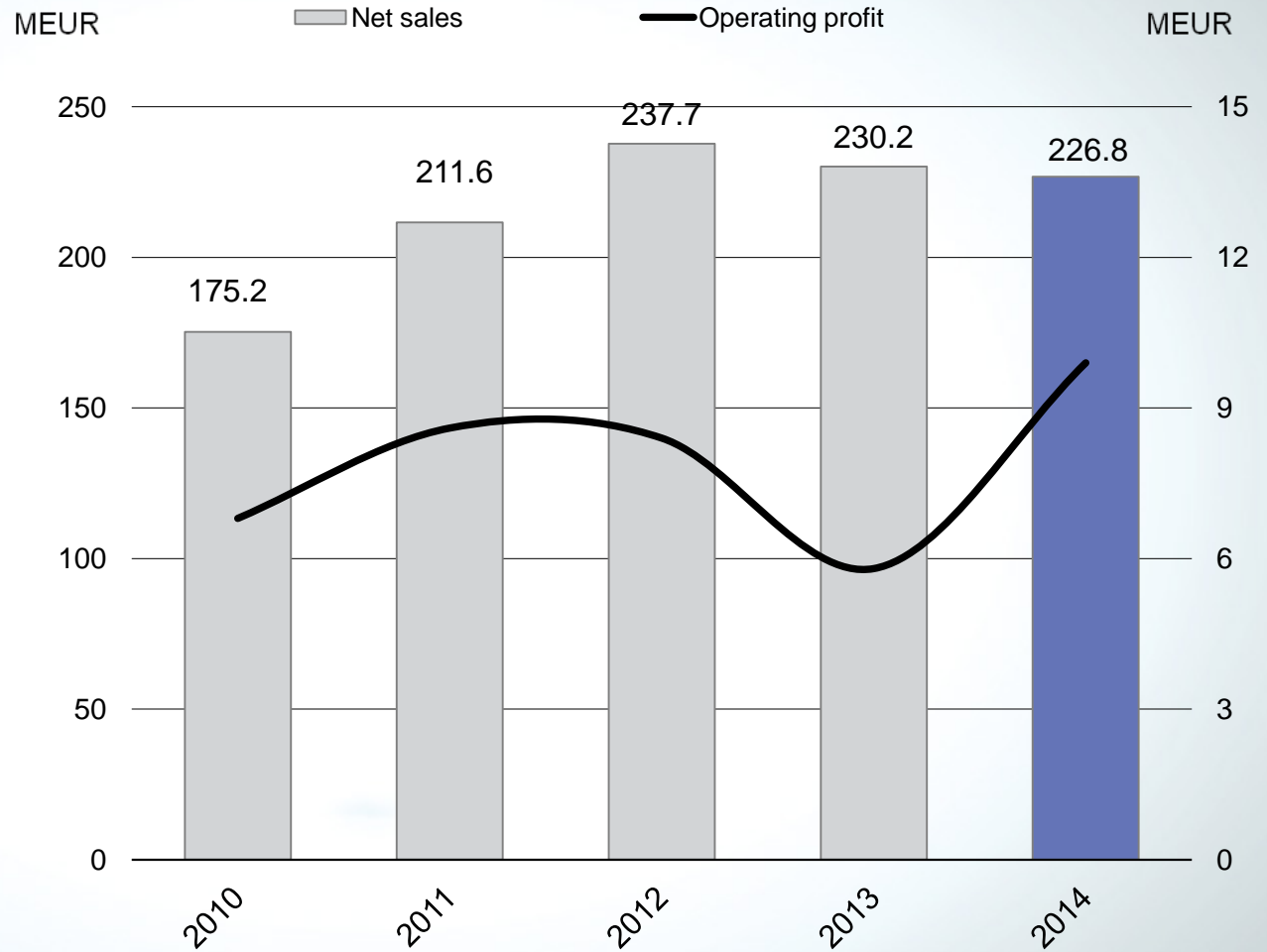


# Telko Q4/2014

- The prices of raw materials sold fell due to the decline in oil price.
- Net sales increased to EUR 55.8 million (53.5).
- Operating profit improved to EUR 2.8 million (0.5).
- The operating profit improved mostly due to improved profitability in the market area of Russia, Ukraine and other CIS countries, and due to cost-efficiency achieved on the western markets.
- Telko's investment in technical plastics and specialty lubricants has reduced the cyclic fluctuation.
- Of the currencies important to Telko, the Russian ruble and the Ukrainian hryvnia weakened strongly.
- Due to good operative readiness, the exchange rate drop did not affect the operating profit significantly.



# Telko's net sales and operating profit 2010–2014



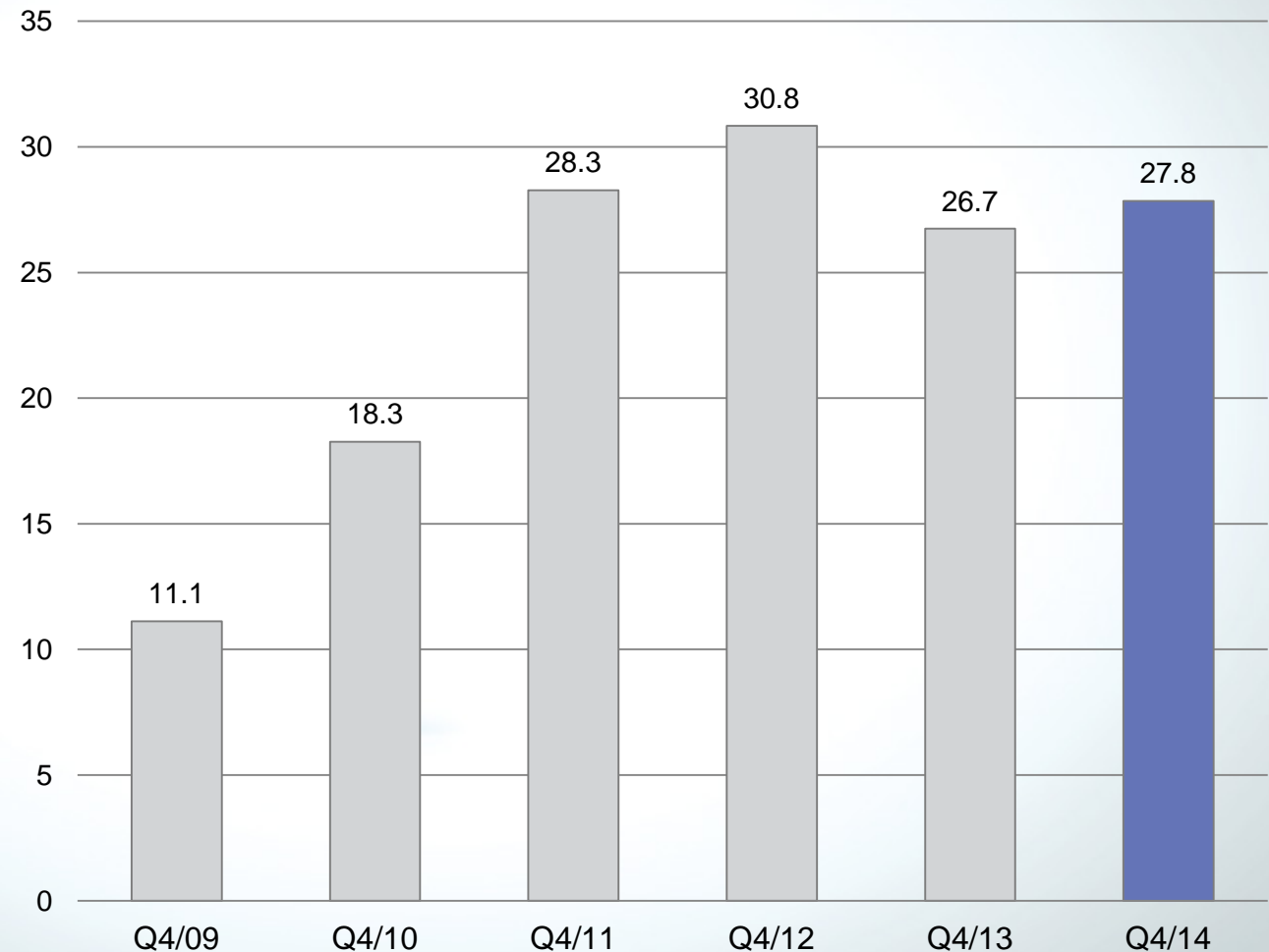
# Telko key figures Q4

	Q4/14	Q4/13	Change, %
Net sales, MEUR	55.8	53.5	4
Operating profit, MEUR	2.8	0.5	460
Personnel	258	249	4



# Net sales in Russia, Ukraine and other CIS countries Q4/2009–2014

MEUR





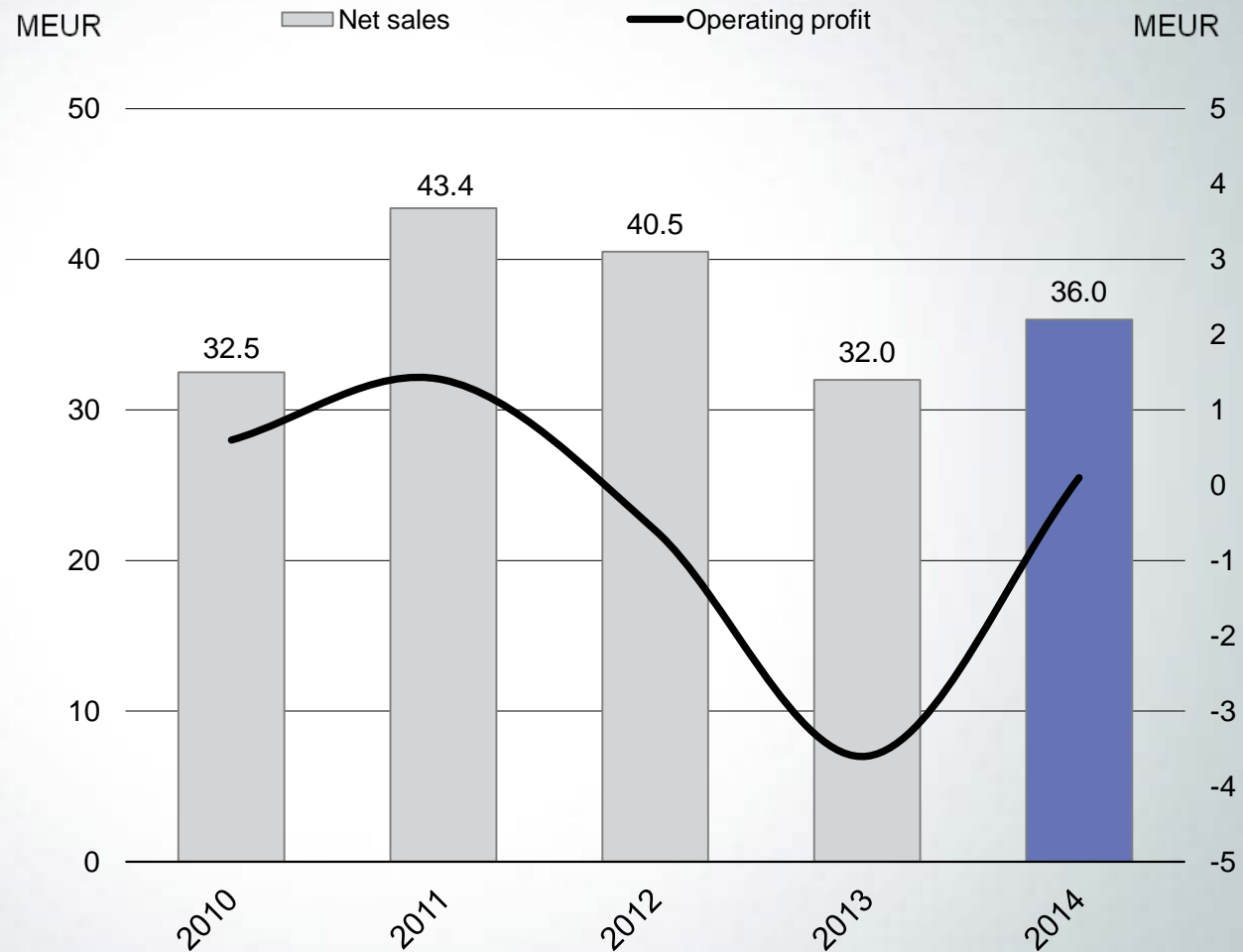
**Expert in energy  
efficiency**



# Kaukomarkkinat Q4/2014

- Net sales decreased to EUR 7.5 million (8.2).
- Operating profit improved and was EUR -0.2 million (-1.2) including EUR 0.2 million of costs due to the change of the Managing Director.
- Profitability improved clearly in Finland, while the foreign operations were unprofitable.
- In Finland, sales of special IT equipment for the healthcare sector grew strongly.
- Net sales of project operations in China decreased, with operations showing a loss.
- Managing Director Jukka Nieminen resigned on October 27, 2014, after which Kaukomarkkinat's former Member of the Board of Directors, Kimmo Liukkonen, has been the acting Managing Director.

# Kaukomarkkinat net sales and operating profit 2010–2014



# Kaukomarkkinat key figures Q4

	Q4/14	Q4/13	Change, %
Net sales, MEUR	7.5	8.2	-9
Operating profit, MEUR	-0.2	-1.2	83
Personnel	69	80	-14



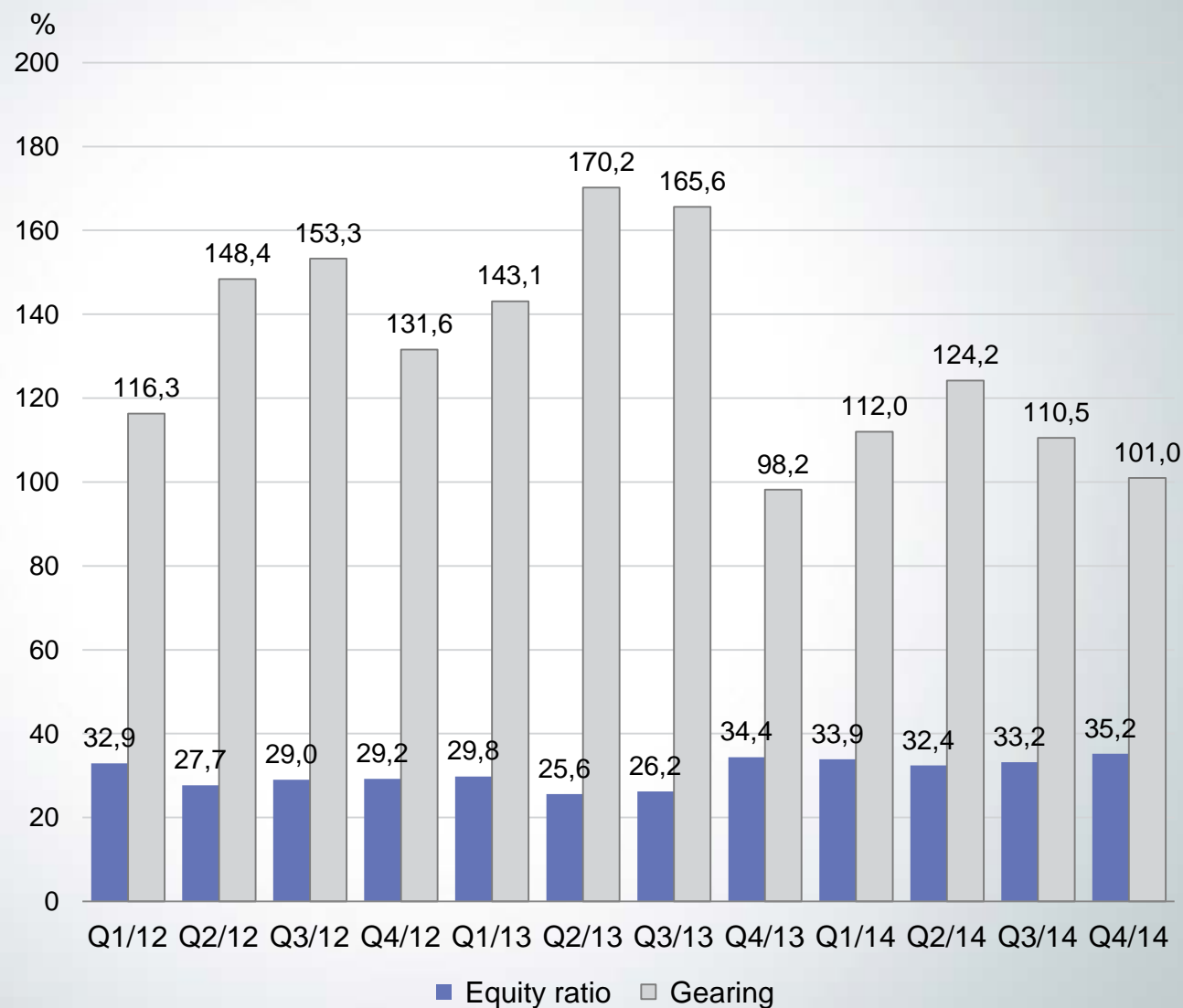
## **Financing**

Harri Seppälä





# Equity ratio and gearing

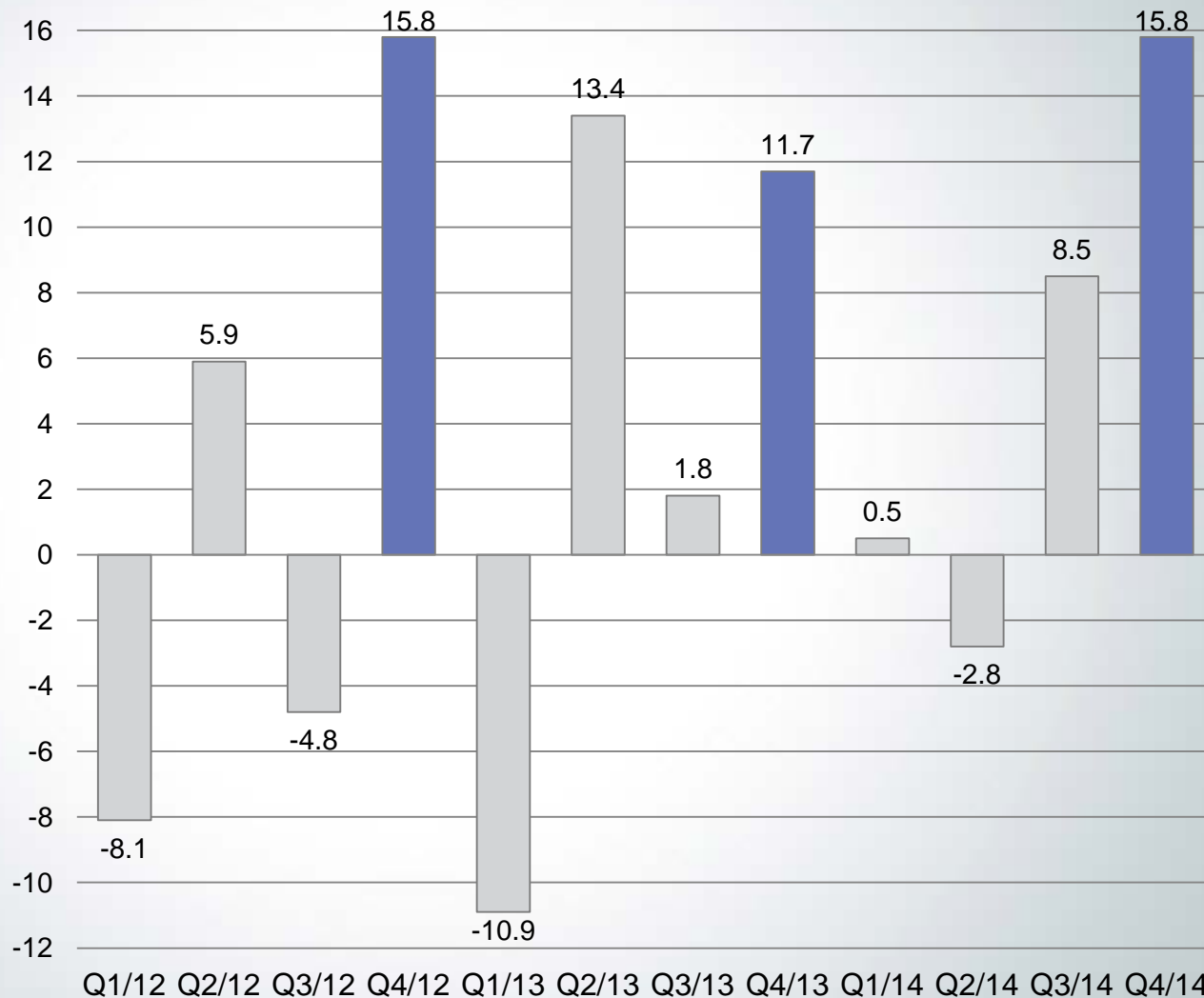






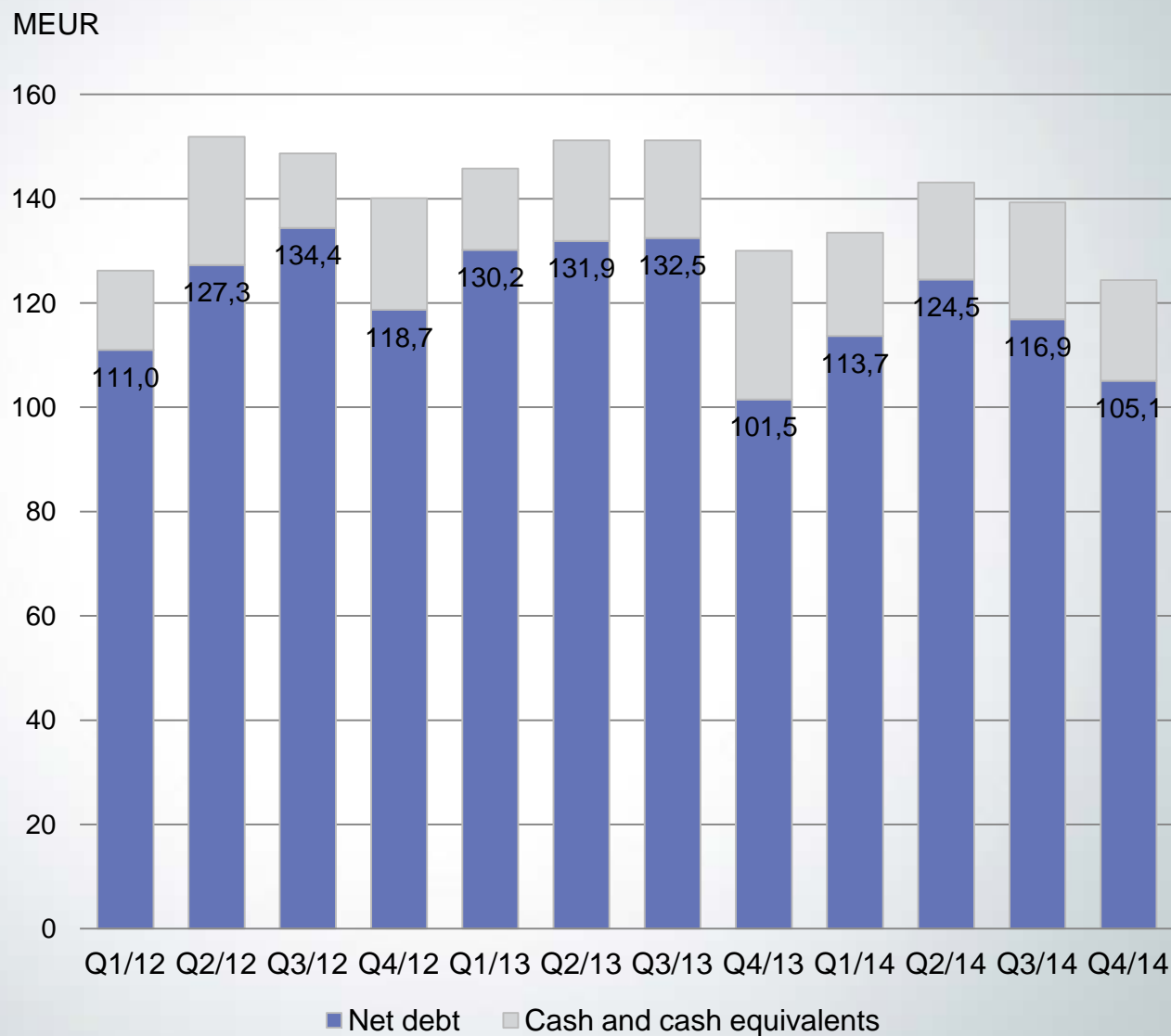
# Operational cash flow

MEUR



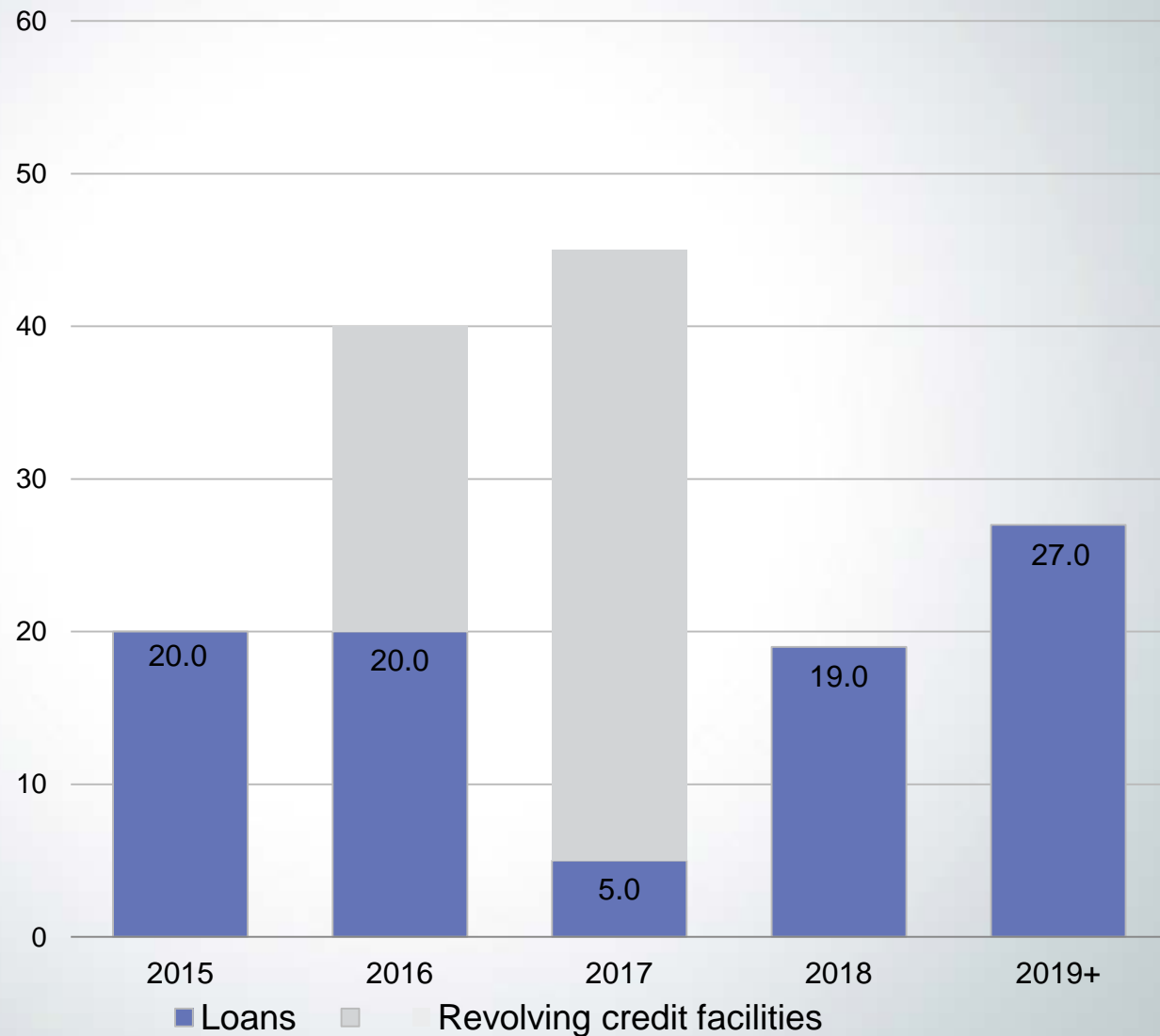


# Interest bearing liabilities and net debt



# Maturity of significant loan agreements

MEUR



Commercial papers, overdraft facilities and financial leasing agreements not included.





## Liquidity Q4/2014

MEUR	Total	In use
Revolving credit facilities	60.0	3.0
Commercial paper program	80.0	23.0
Cash and cash equivalents	19.3	

- Interest bearing liabilities which will mature within one (1) year total EUR 47.8 million.
- Cash + committed unutilized revolving credit facilities total EUR 76.3 million.
- The EUR 15.0 million term loan will mature within one (1) year.



## **Financials**

Arto Meitsalo

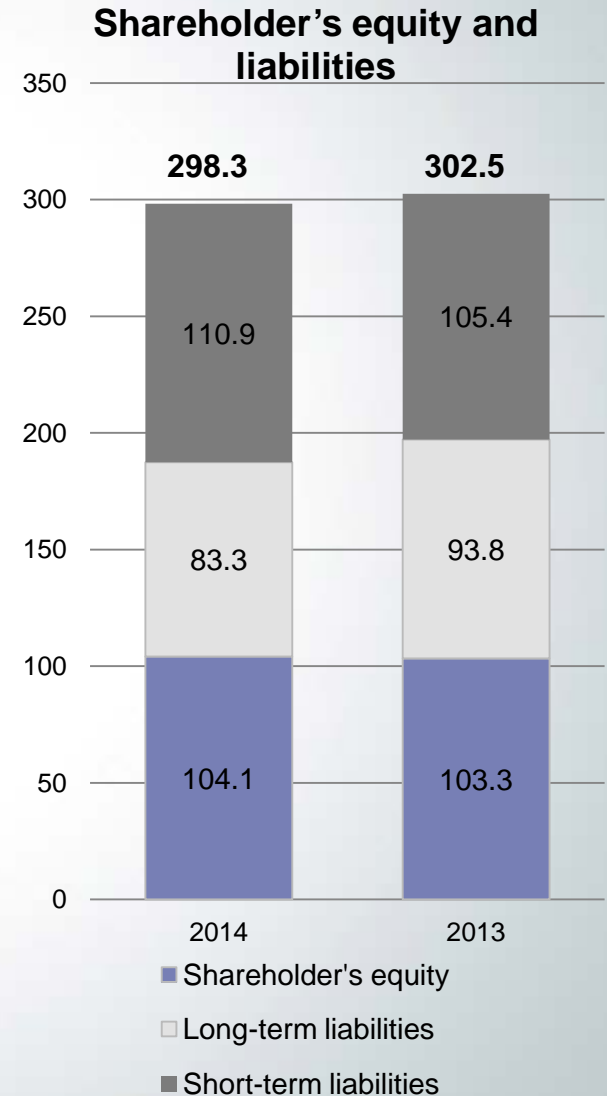
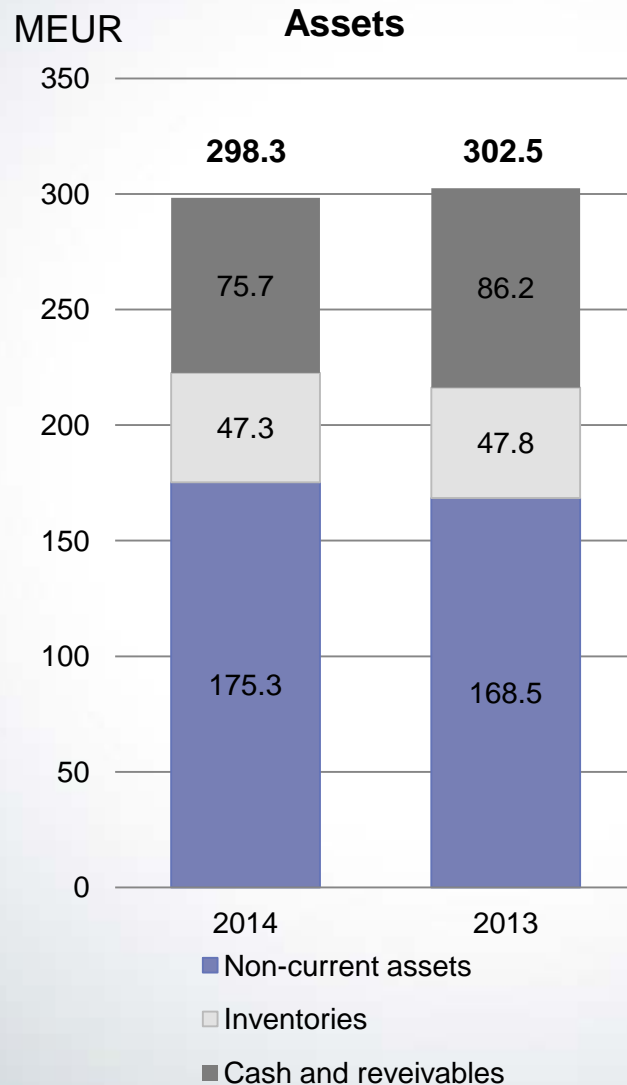


# Income statement and key figures



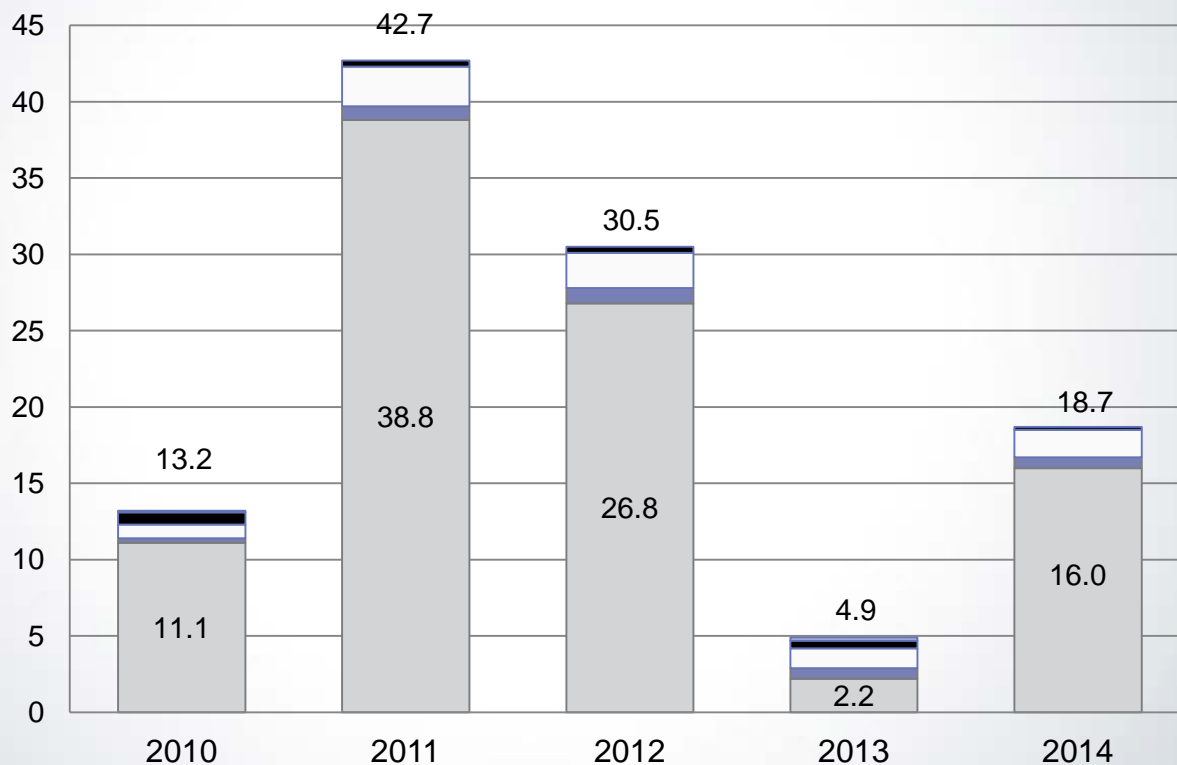
<b>MEUR</b>	<b>2014</b>	<b>2013</b>
Net sales	482.9	476.3
Depreciations	-11.2	-10.8
Operating profit	23.4	10.8
Net financial expenses	-4.4	-4.1
Profit before taxes	19.0	6.6
Profit for the period	18.4	8.6
	<b>2014</b>	<b>2013</b>
Earnings/share, EUR	0.57	0.28
Equity ratio, %	35.2	34.4
Equity/share, EUR	3.42	3.39

# Balance sheet



# Investments excl. acquisitions

MEUR



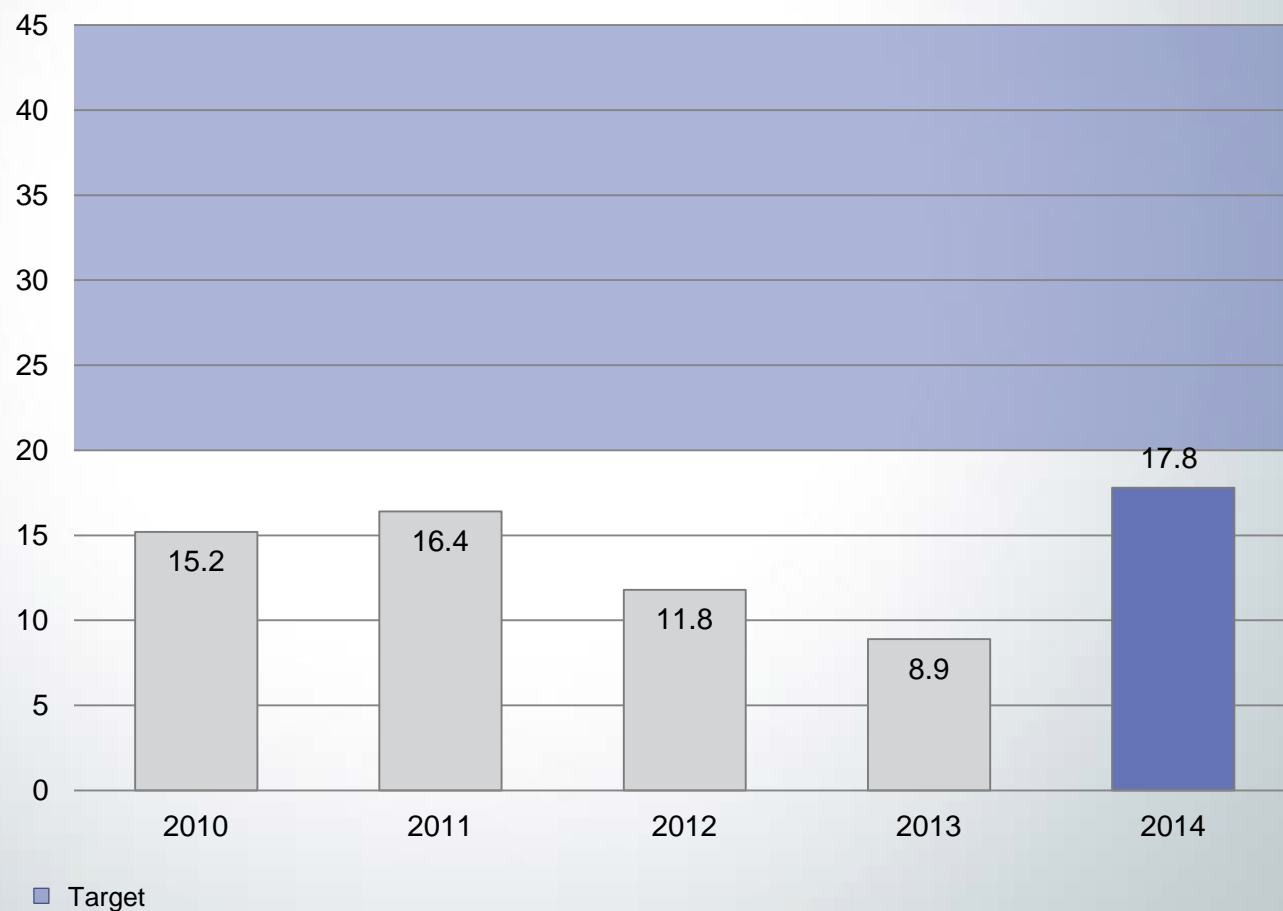
■ ESL Shipping ■ Leipurin ■ Telko ■ Kaukomarkkinat ■ Other operations



# Financial target

## Return on equity

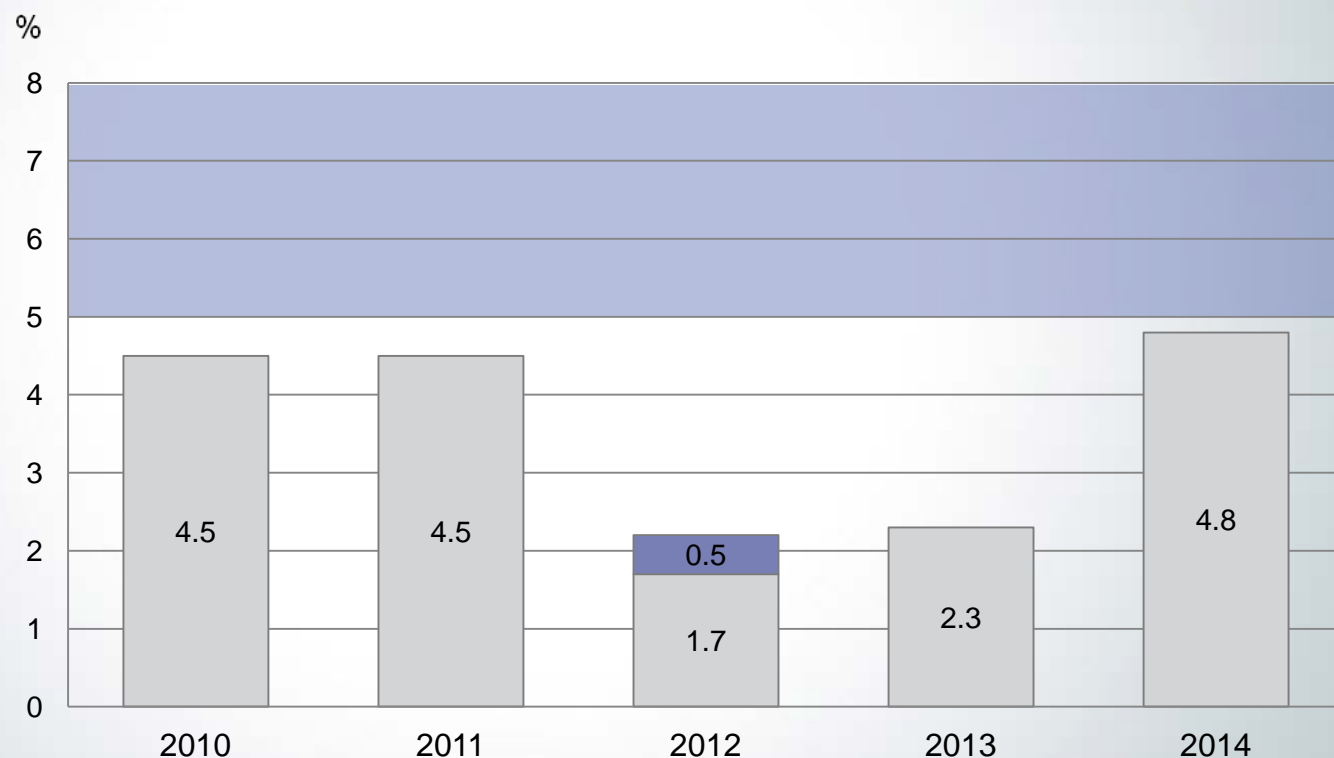
ROE, %





# Financial target

Operating profit, %

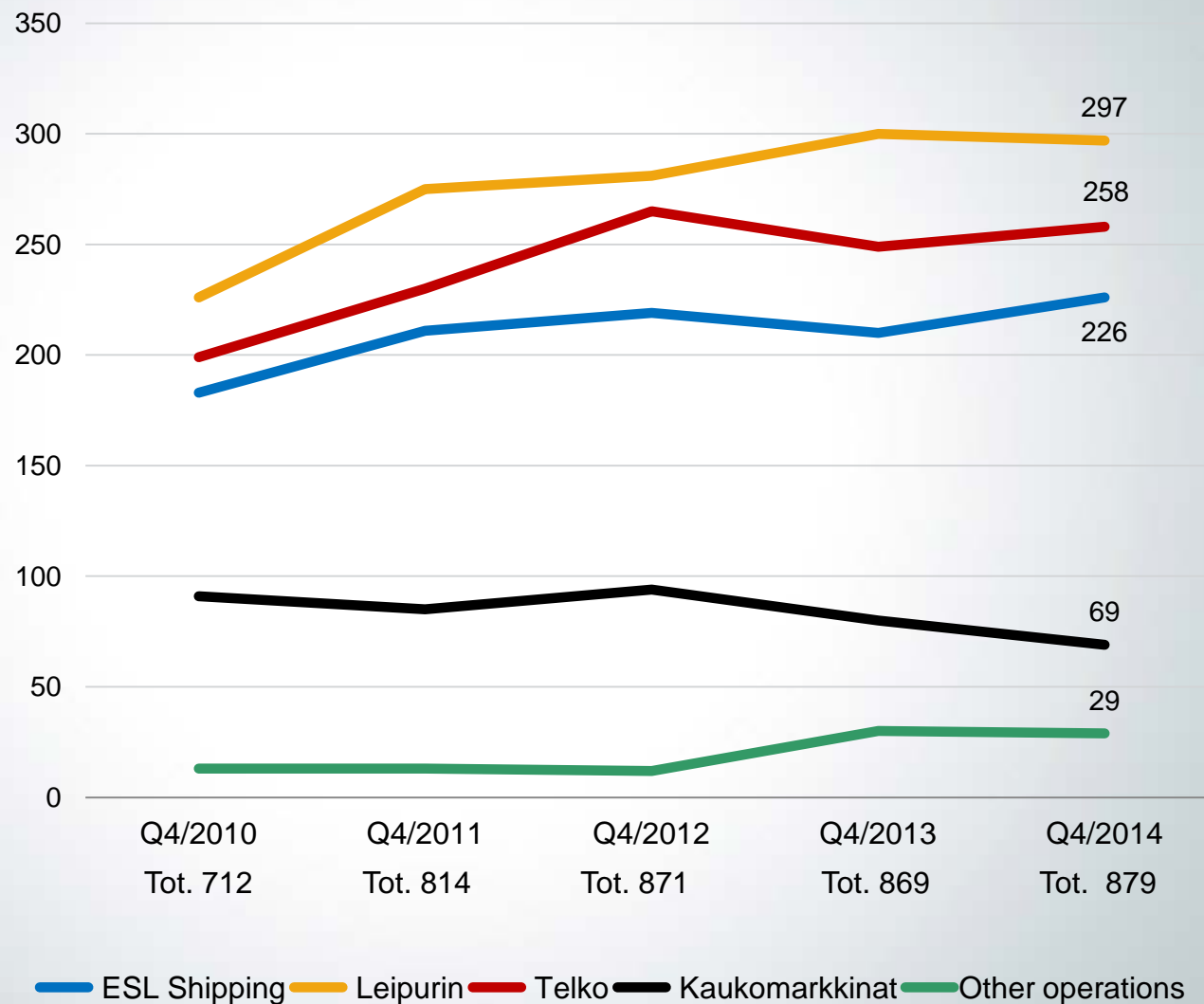


□ Excluding non-recurring sales gains and losses   ■ Non-recurring sales gains and losses  
■ Target



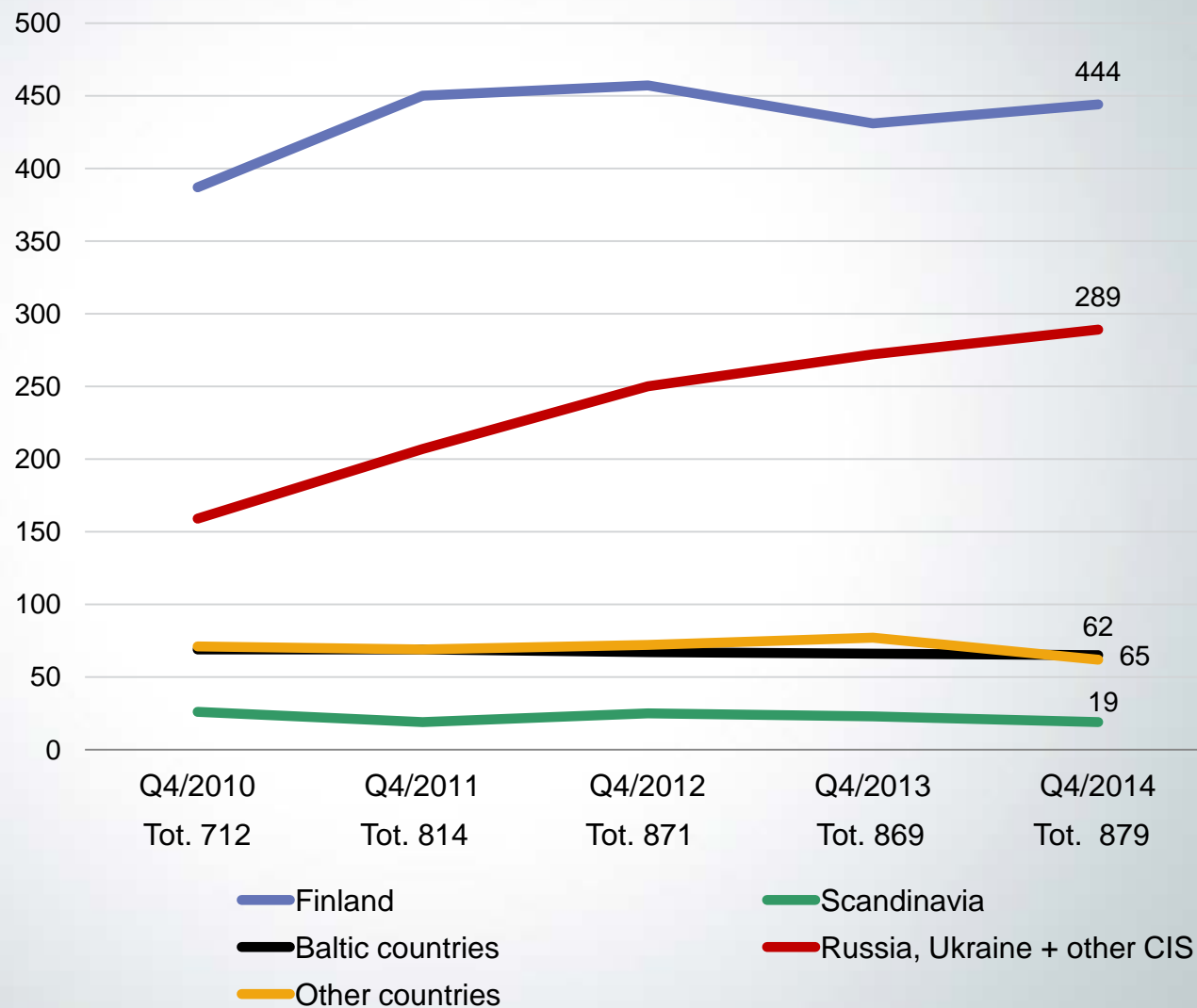


## Personnel / segment Q4



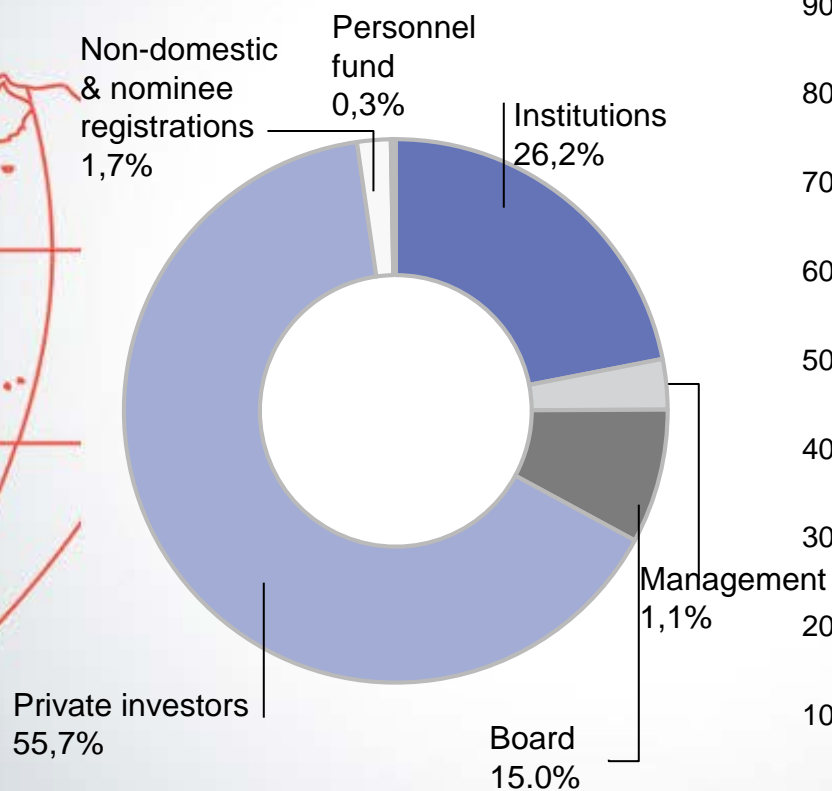


## Personnel / market area Q4

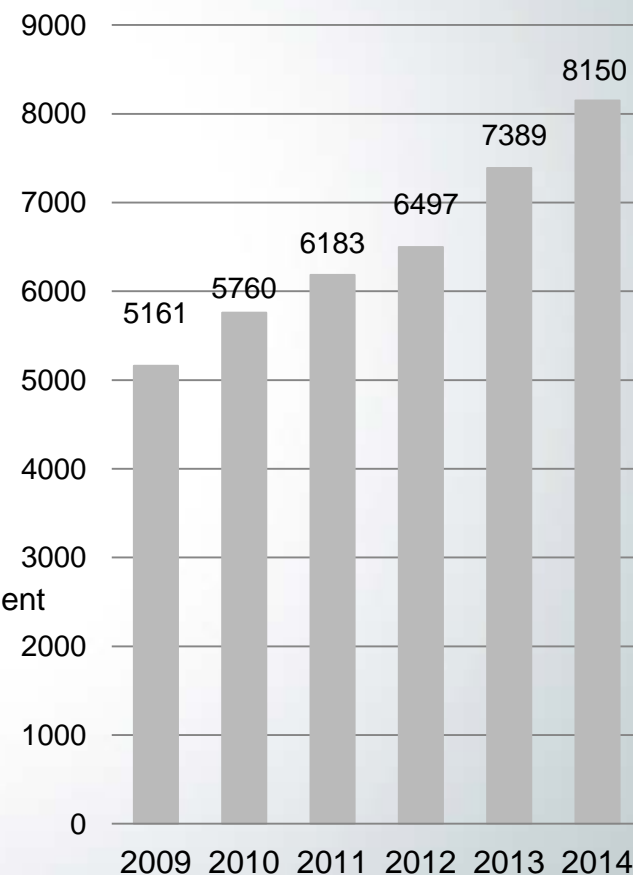


# Shareholders / allocation

Share Q4/2014



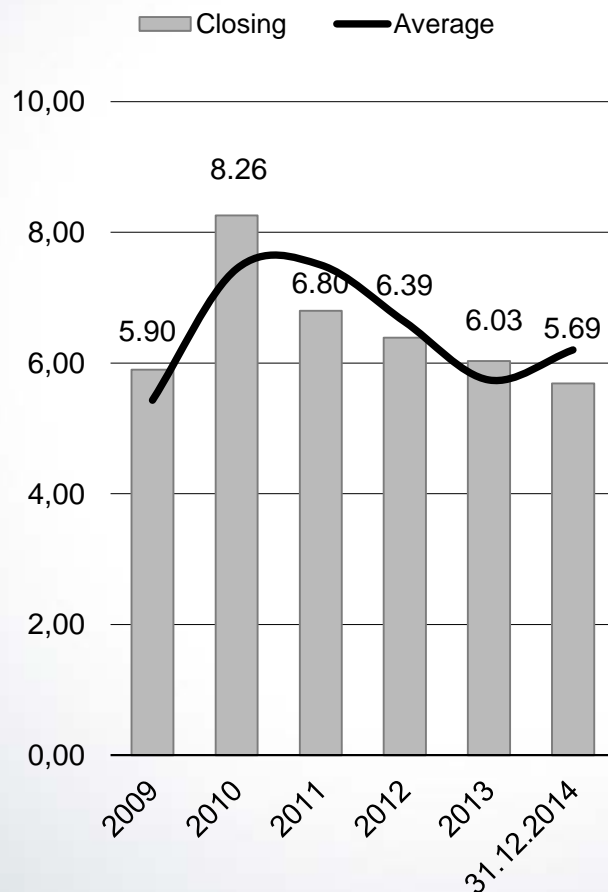
Number of shareholders



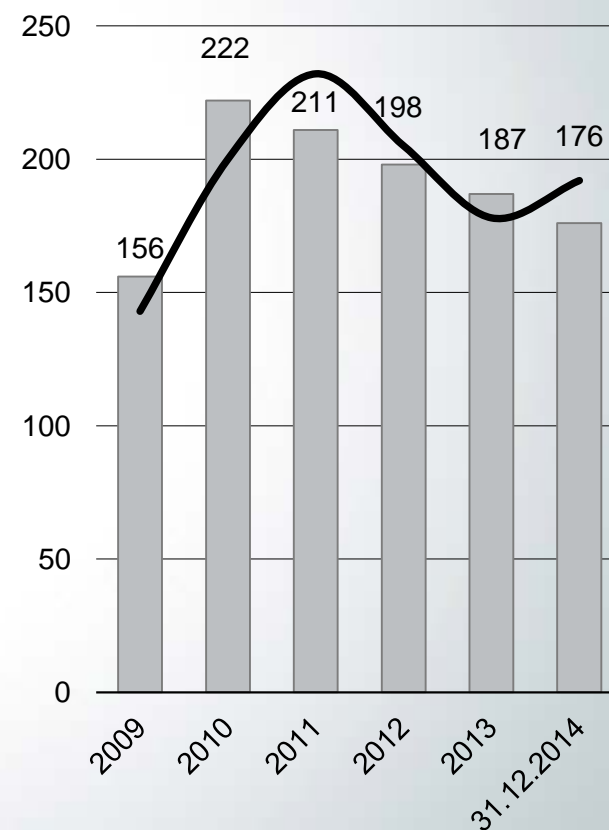


# Market value

**Share price, EUR**



**Market value, MEUR**  
(incl. own shares)



Aspo started its right issue on April 6, 2011. Share prices before this date are historical prices (not adjusted).



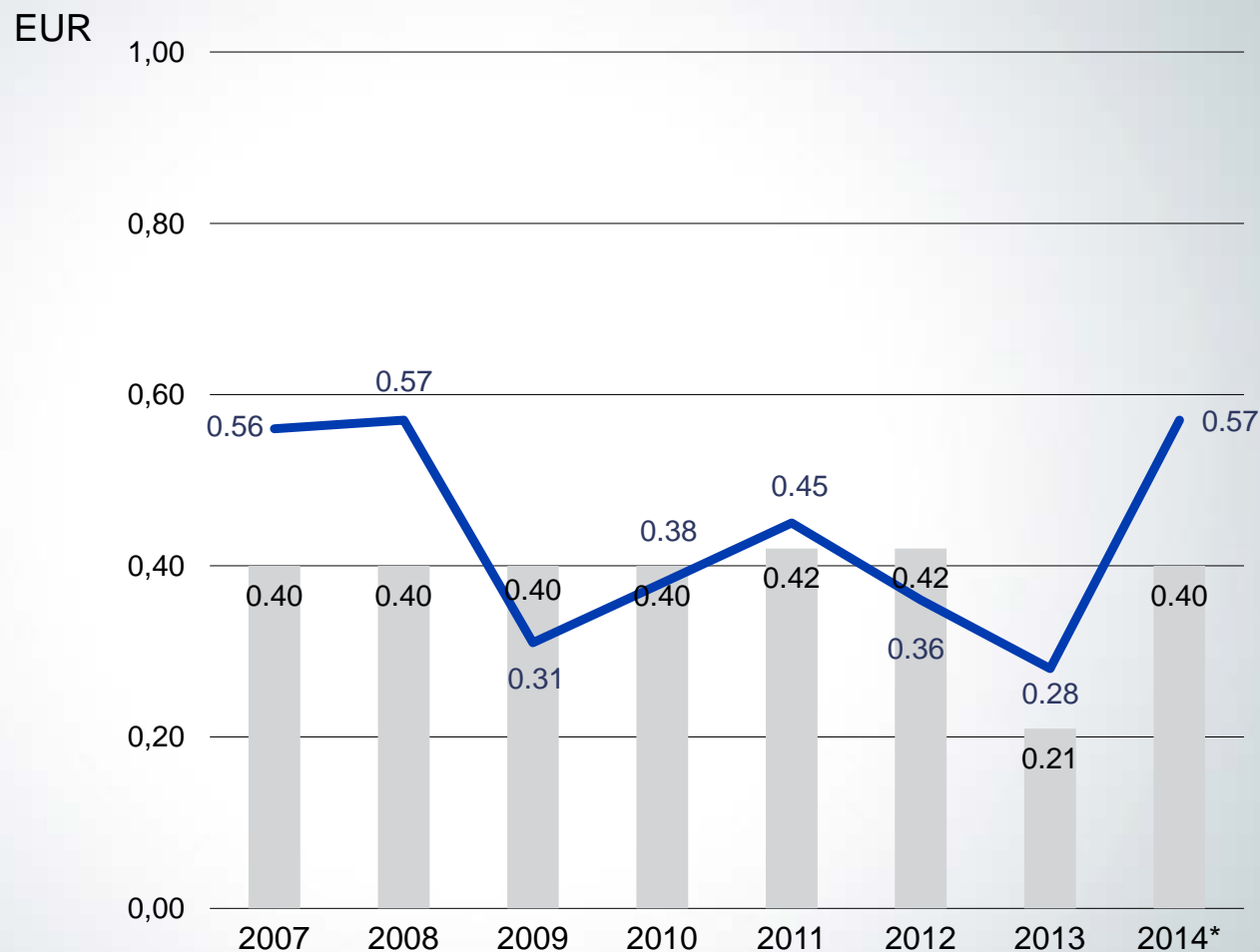
## Dividend proposal 2014

- Dividend policy:  
" On average, Aspo will pay approximately at least half of its earnings as dividends."
- "The aim is to increase shareholder value."
- The Board of Directors proposes to the Annual Shareholders' Meeting that EUR 0.40 per share be distributed as dividends.



# Dividend / earnings

## Adjusted for rights issue



Effective dividend yield    6.5 %    10.4 %    7.1 %    5.1 %    6.2 %    6.6 %    3.5 %    7.0 %

■ Dividend (2011 repayment of capital) — Earnings per share

\* Board proposal



## **Outlook for 2015**

# Outlook for Aspo Group in 2015



- Good preconditions for improving growth and profitability in the long run.
- Great uncertainty related to the Russian, Ukrainian and other CIS markets due to the conflict between Russia and the Ukraine. Economic sanctions continue.
- Industrial transport volumes are expected to grow at the Baltic Sea. Transport volumes in the energy sector will depend on the demand for energy, the price of electricity, and the water resources.
- Leipurin will improve its efficiency in Finland, and increase local procurement in the Russian Customs Union area. Machinery sales in Russia are expected to decrease.
- Telko will improve cost-efficiency and continue expanding on growth markets.
- In Finland, Kaukomarkkinat will focus on operations in line with its strategy, evaluating the suitability of international operations for Kaukomarkkinat.

# Guidance for 2015

"Aspo expects to reach a good result."

- We expect the operating environment for Aspo's business operations to remain stable.
- Risks in the operating environment on the eastern markets have increased.
- We will be prepared for notable currency fluctuation, possible problems in the Russian banking system, and the deepening of the financial crisis.
- In Russia, Ukraine, and other CIS countries Aspo's euro-denominated costs are expected to decrease significantly due to tight cost control as well as due to the devaluation of local currencies.
- In Finland, annual costs are expected to decrease by about EUR 2.5 million.







**Next interim report  
Q1 May 6, 2015**





**Thank you!**