



# Aspo Q3

## October 27, 2016

CEO Aki Ojanen  
Group Treasurer Harri Seppälä

# Aspo had good quarter

**Net sales increased to EUR 118.2 (111.5) million.**

**Net sales increased by 6% (-14%).**

**Operating profit decreased to EUR 6.0 (7.3) million.**

**Earnings per share were EUR 0.16 (0.18).**

**Positive net cash from operating activities.**

**Strong net cash from operating activities expected in Q4.**

**Strong growth of 11% in eastern markets and profitability at a good level.**

**ROE improved from Q2 to 13.4% at the end of Q3.**

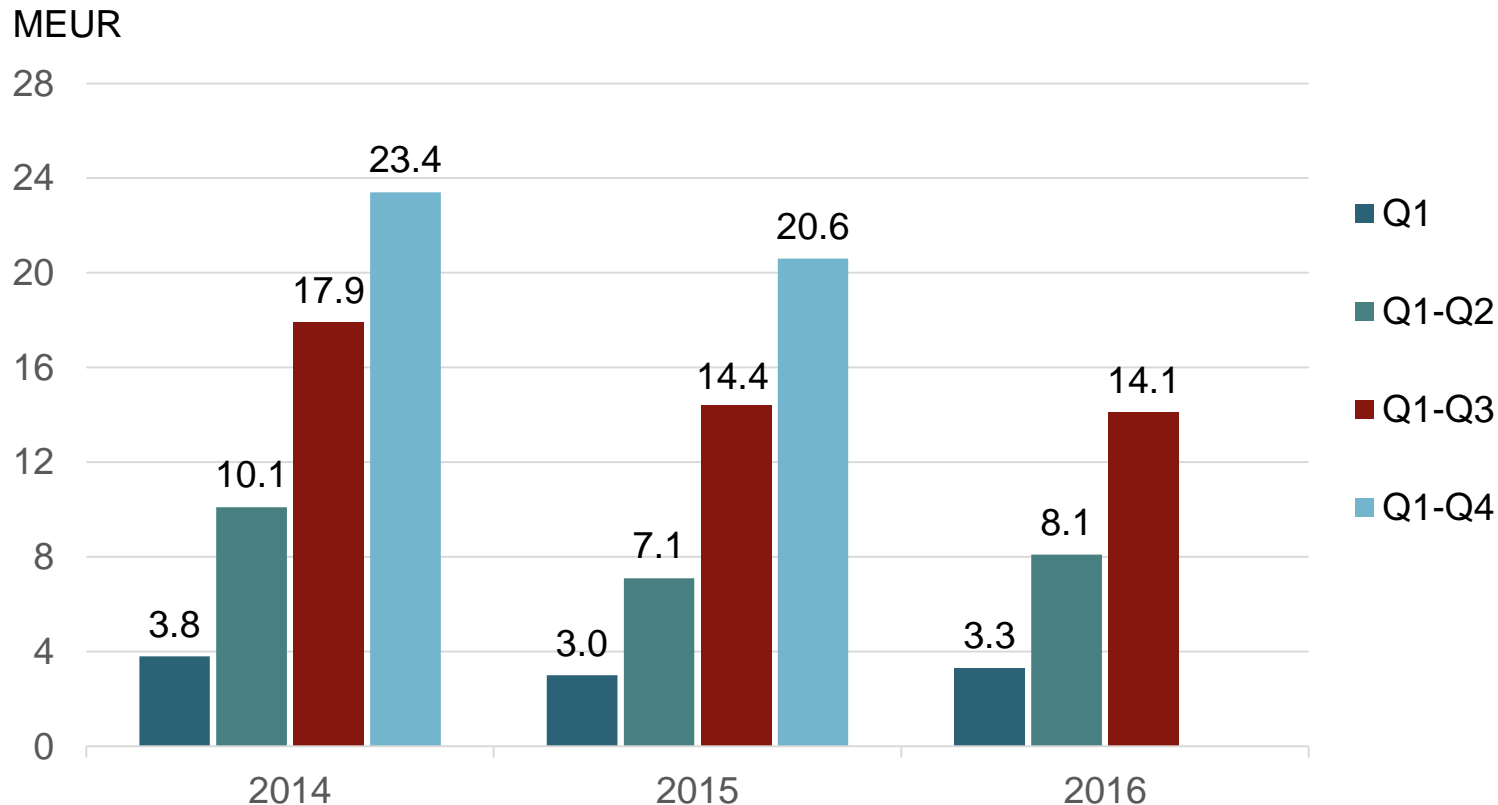
**Comparative period's ROE was improved by the sale of shares.**

**New guidance:**

**Aspo's operating profit will be approximately EUR 19–22 (20.6) million in 2016.**

# Operating profit decreased in Q3 Cumulatively at the comparative period's level

## Operating profit



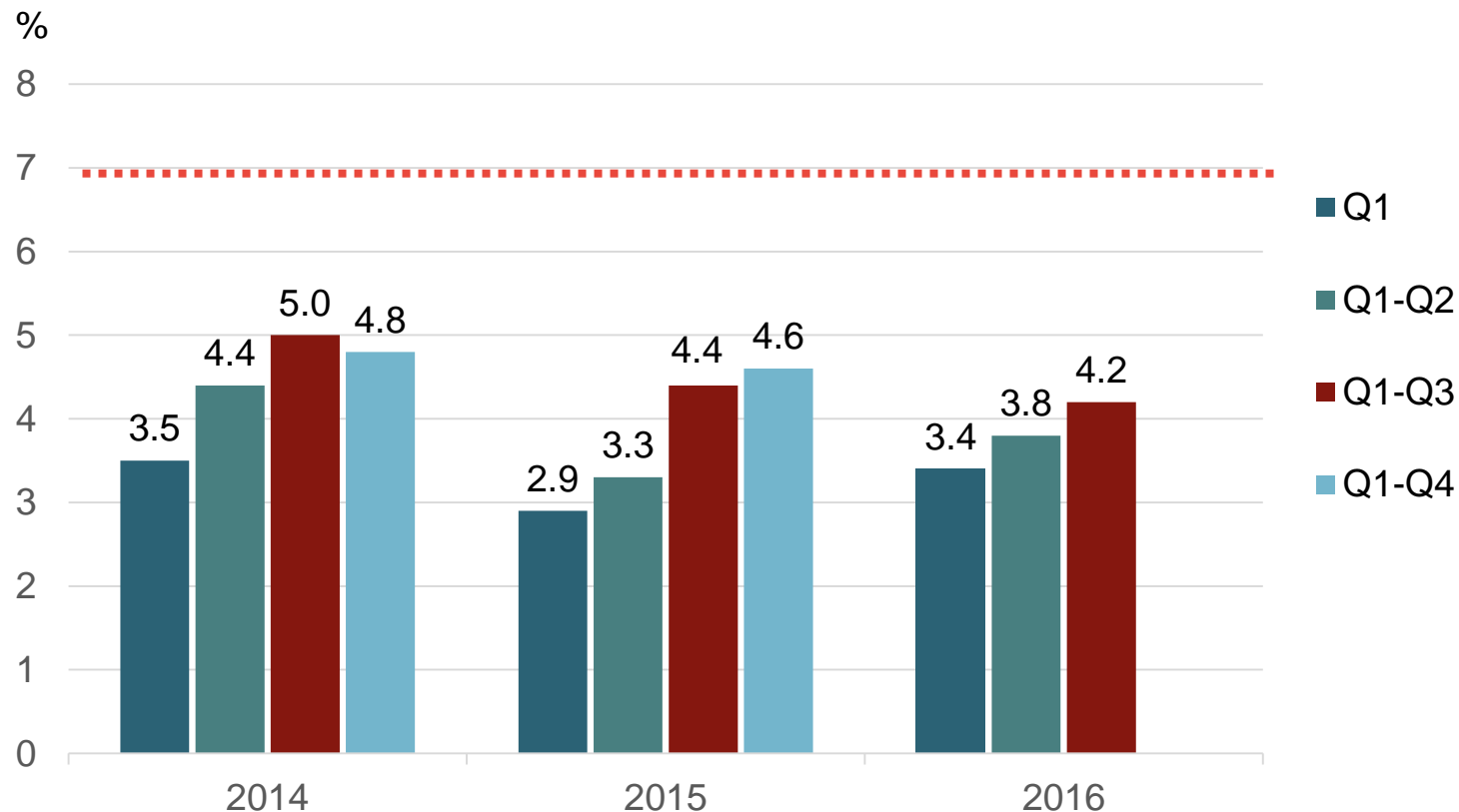
Operating profit decreased in Q3 in ESL Shipping, Leipurin and Telko.

Kauko's operating profit improved.

Cumulative operating profit EUR 14.1 million at the comparative period's level (14.4).

# Long-term financial targets

## Operating profit, %



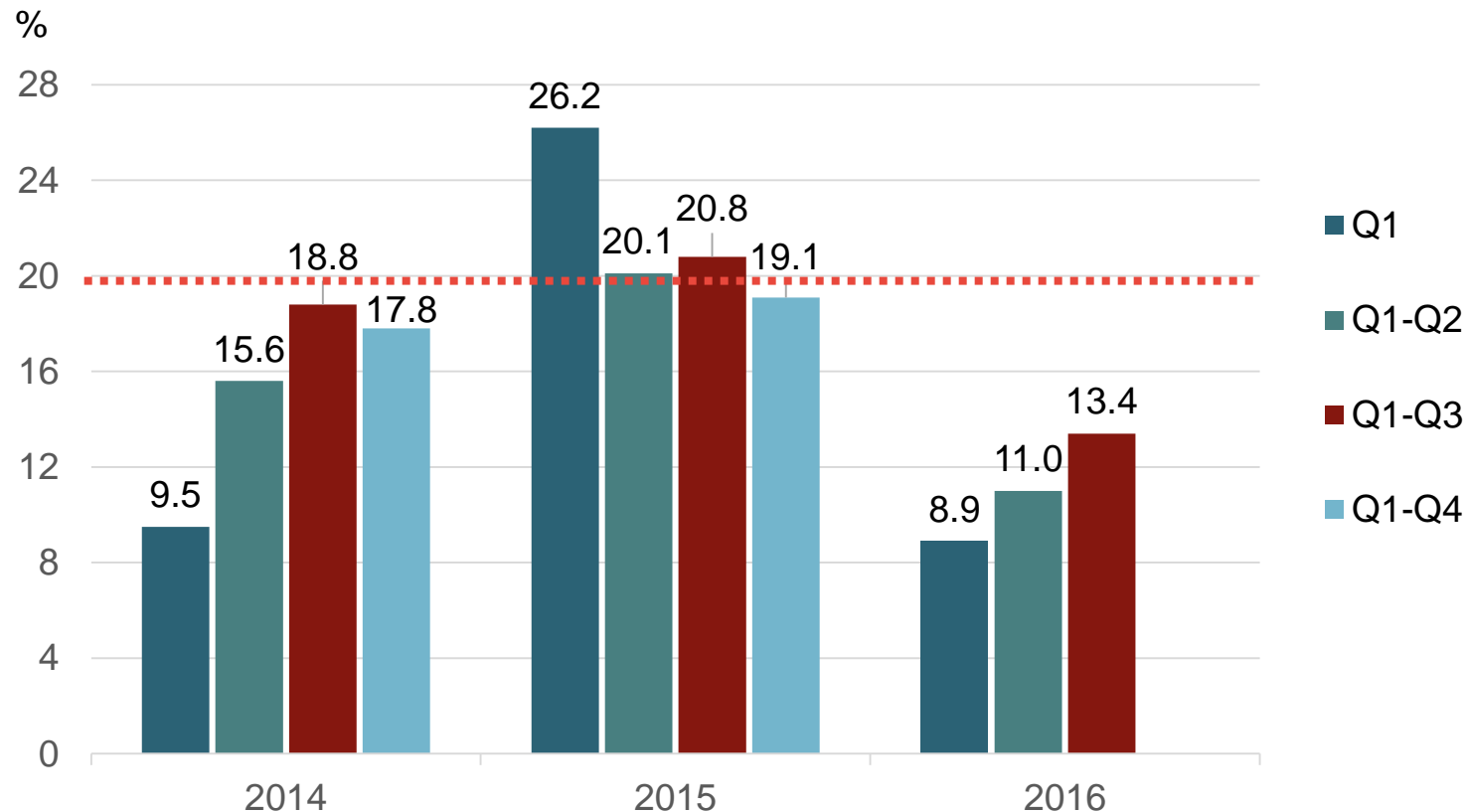
Operating profit rate increased from H1.

Remained almost at the comparative period's level.

Operating profit in H2 usually significantly better than in H1.

# Long-term financial targets

## Return on equity, (ROE)

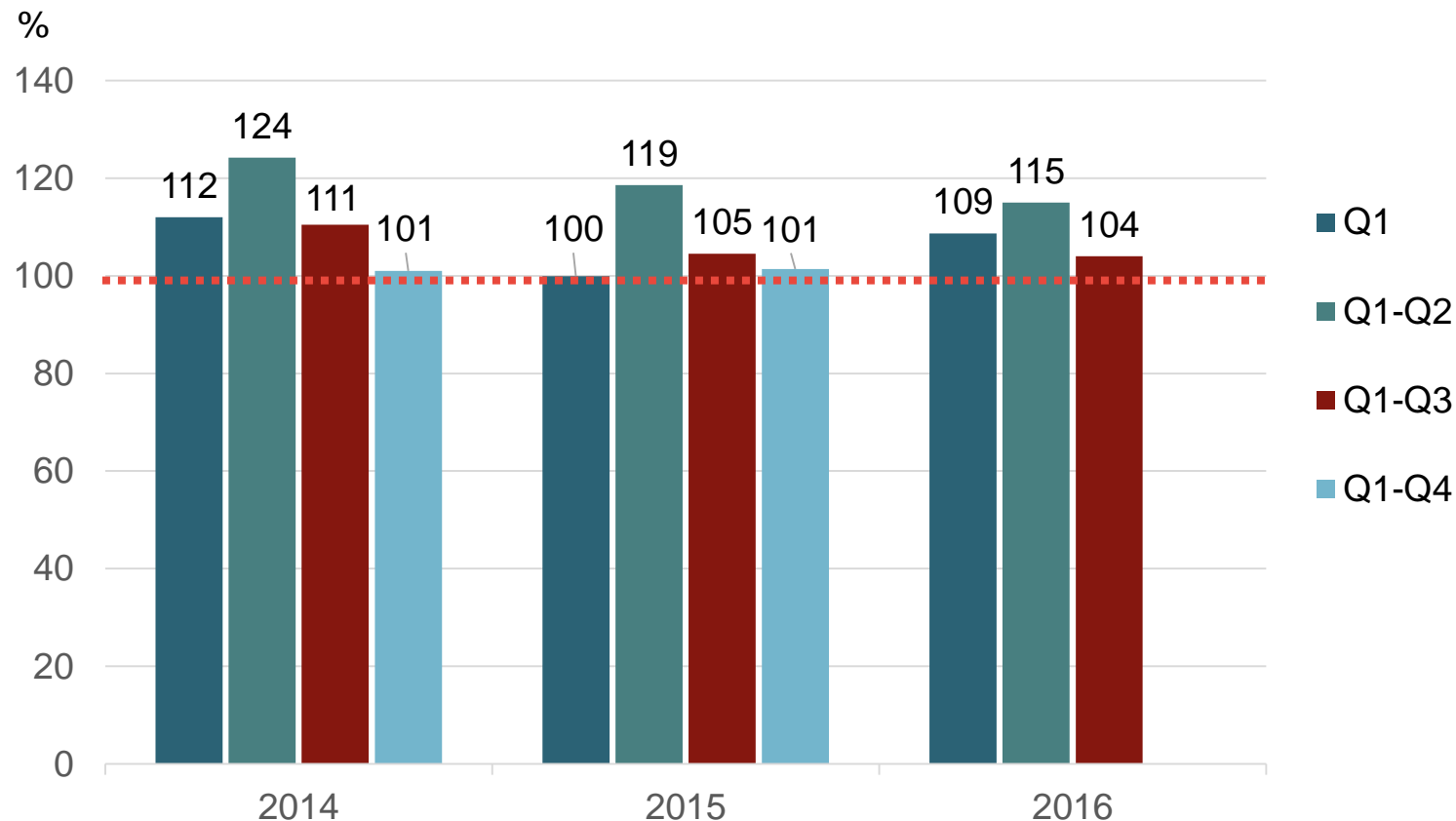


**ROE improved from H1 and was 13.4%.**

**In the comparative period a sales gain from shares increased ROE starting from Q1.**

# Long-term financial targets

## Gearing

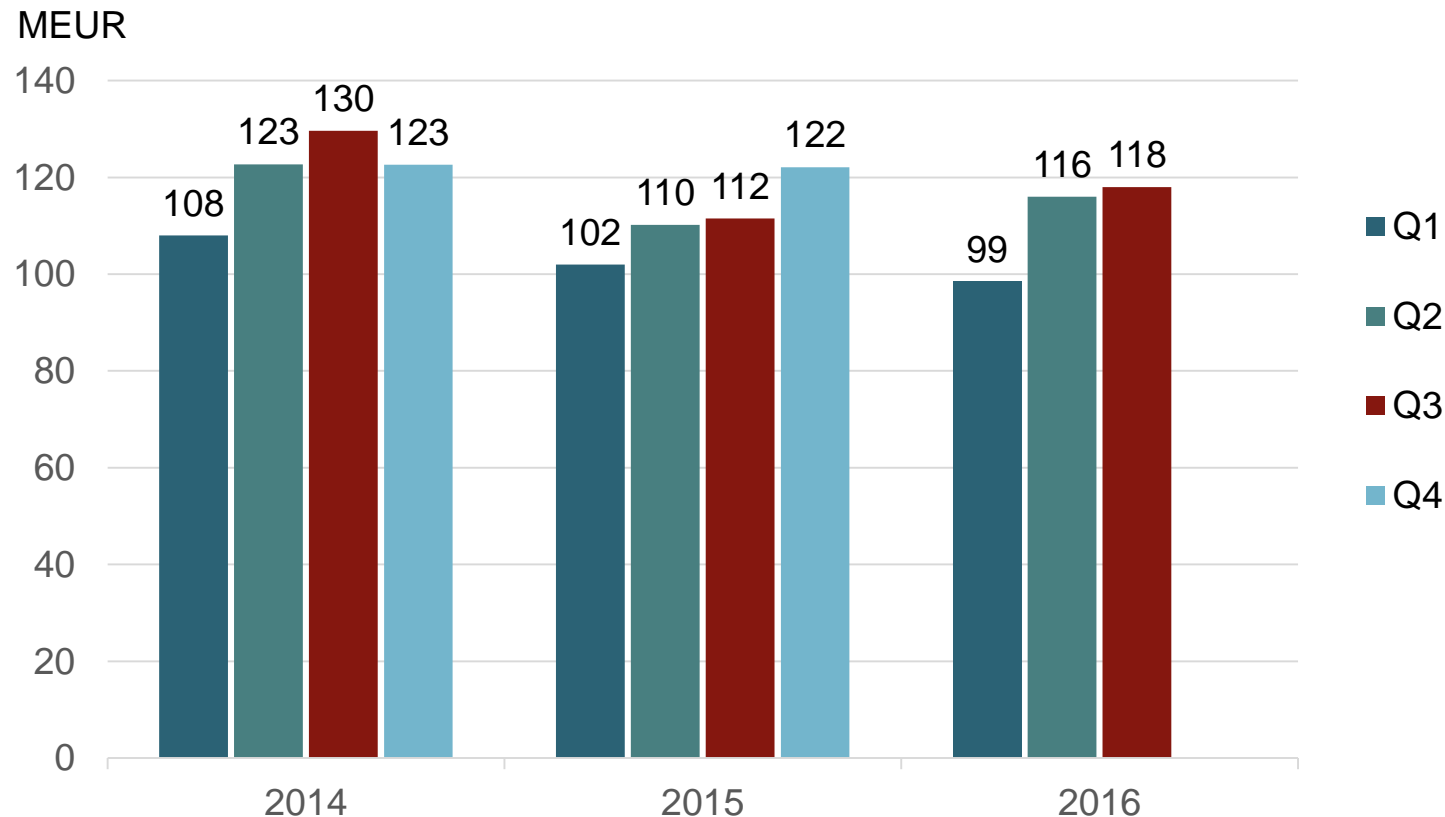


Gearing decreased from Q2 and was 104%.

Gearing is at the comparative period's level and in line with the long-term target.

# Net sales turned to growth

## Net sales by quarter



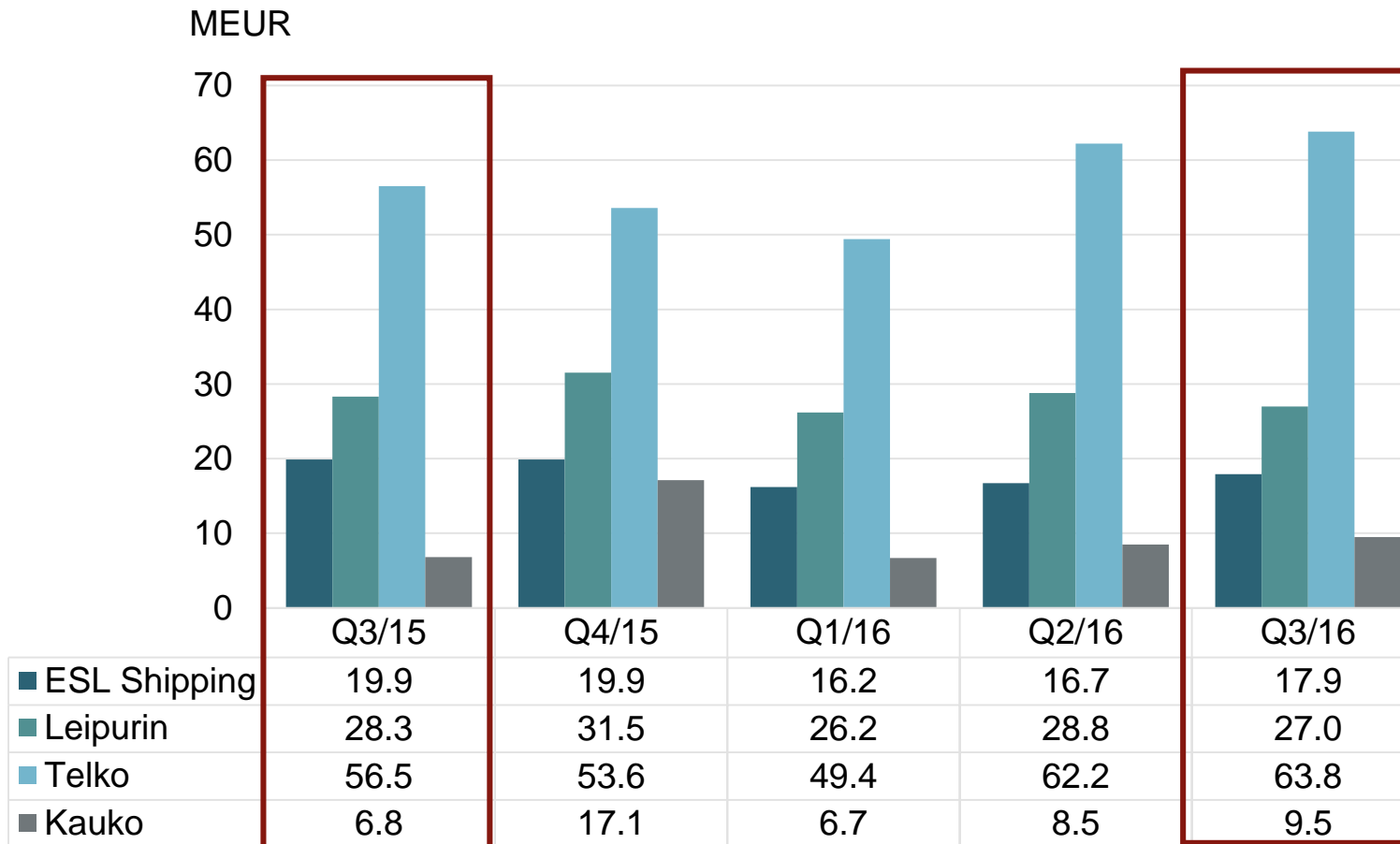
Net sales increased by 6% in Q3.

Q1-Q3 growth was 3%.

Strongest growth from the eastern markets and Finland.

Net sales in Telko and Kauko increased.

# Net sales by segment



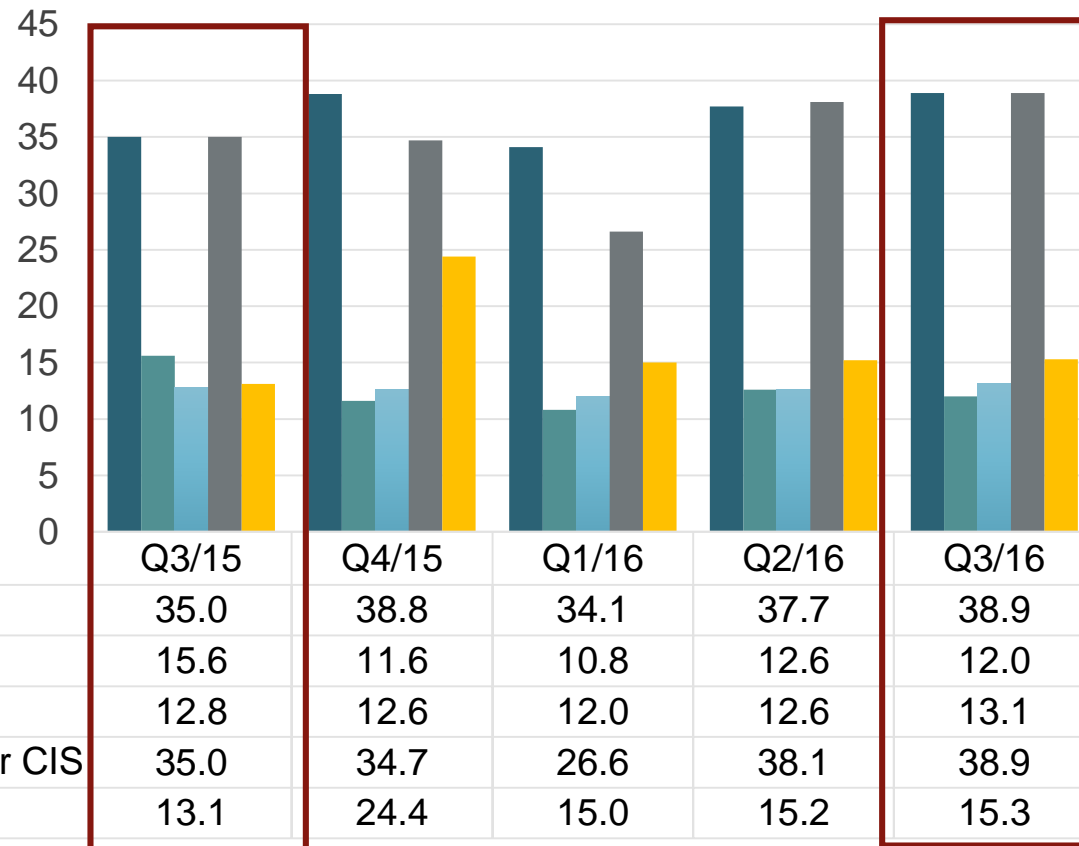
## Distribution of net sales, Q3/2016

ESL Shipping	15%
Leipurin	23%
Telko	54%
Kauko	8%



# Net sales by market area

MEUR



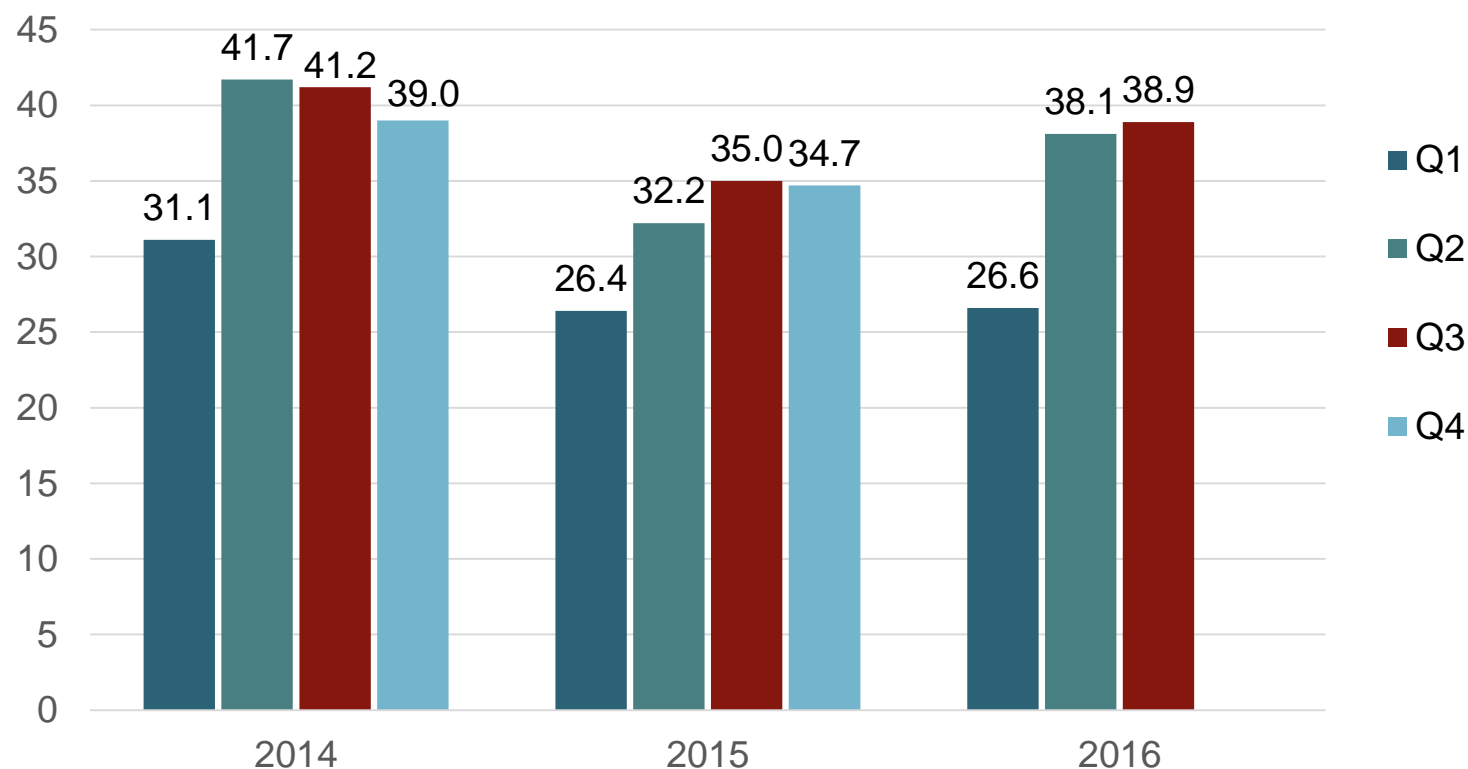
## Distribution of net sales, Q3/2016

Finland	33%
Scandinavia	10%
Baltic countries	11%
Russia, Ukraine and other CIS countries	33%
Other countries	13%

# Russia, Ukraine and other CIS countries

## Net sales

MEUR



Net sales in eastern markets increased by 11% to EUR 38.9 million (35.0). The decrease in the value of RUB stopped.

Telko's overall growth and the increase in Leipurin's bakery raw materials continued to be strong.



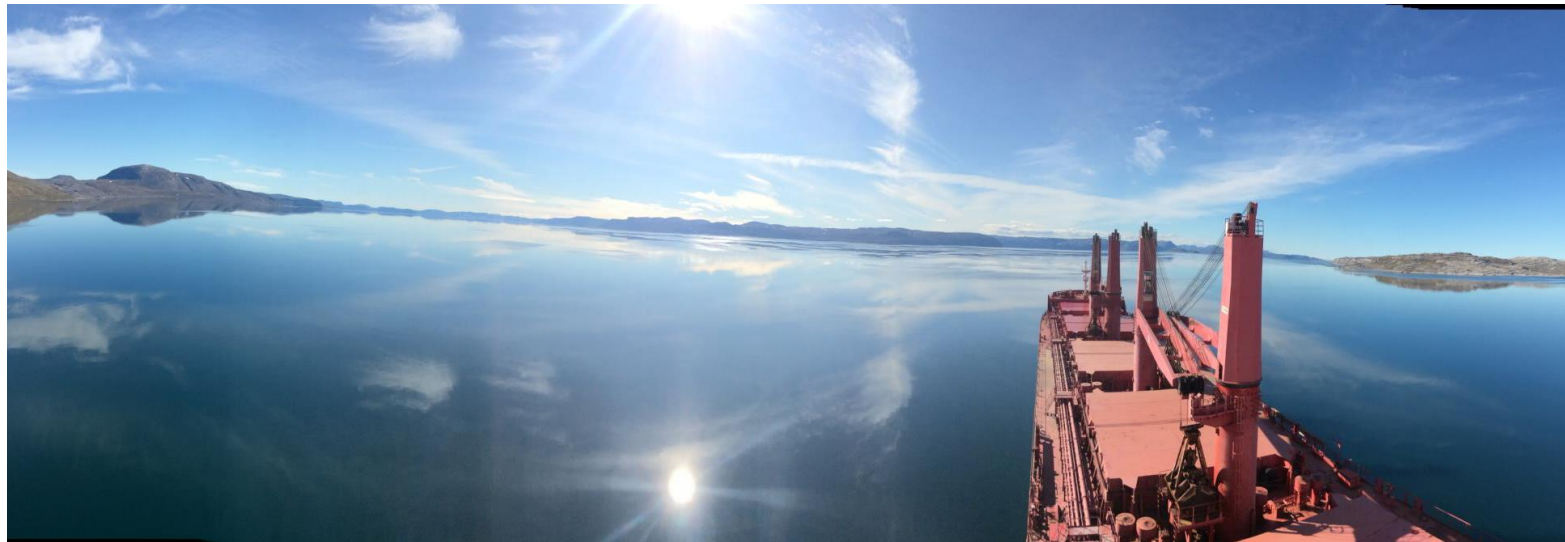
# Aspo's businesses

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# ESL Shipping

**Leading marine logistics  
provider for bulk cargo**



# ESL Shipping

## Quarter in brief and outlook for 2016

**International freight rates are low.**

**Profitability is based on special expertise and unique services.**

**In Q3, operations expanded to the Canadian arctic.**

**Operating in the region offered significant added experience in arctic operations.**

**Operating profit decreased clearly in Q3.**

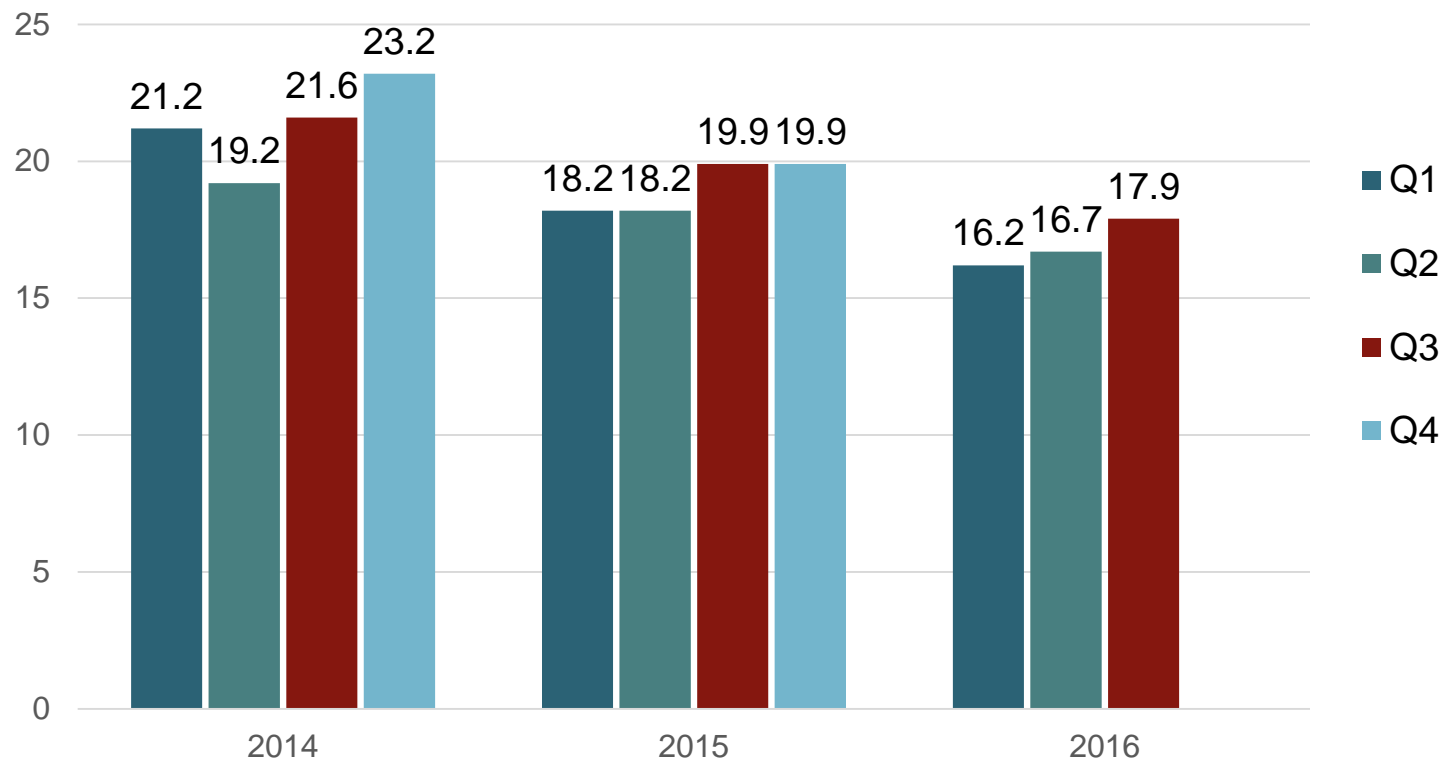
**The operating profit rate decreased from the comparative period but still at a good level, 19%.**

**The profitability of the shipping company's vessels improved from the comparative period, apart from the Supramax vessels which produced a loss in the demanding market situation.**

# ESL Shipping, key figures

## Net sales

MEUR



**Net sales decreased by 10% due to the weak market situation of Supramax vessels.**

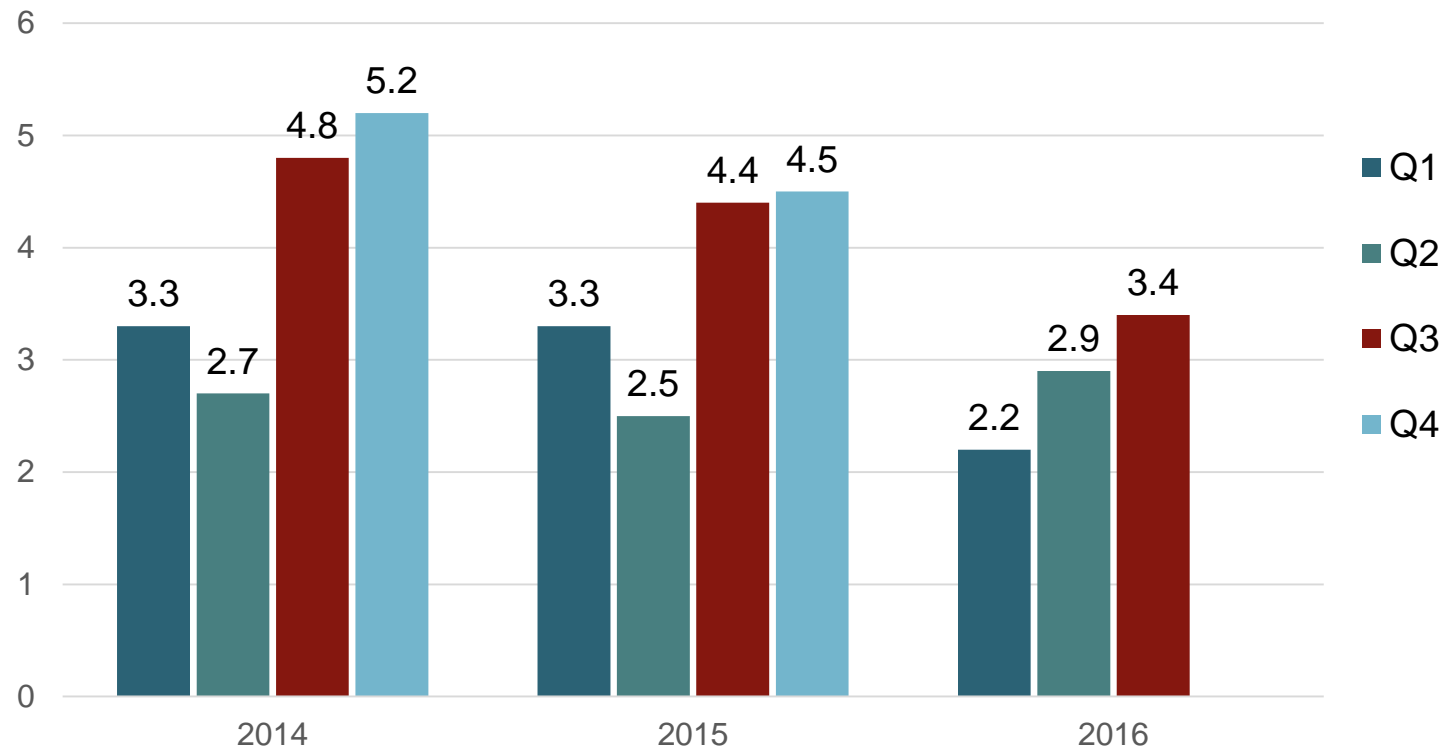
**Freight volumes decreased slightly from the comparative period's level and were 2.8 million tons (3.0). This was caused by the long cargo distances of the Supramax vessels.**



# ESL Shipping, key figures

## Operating profit

MEUR

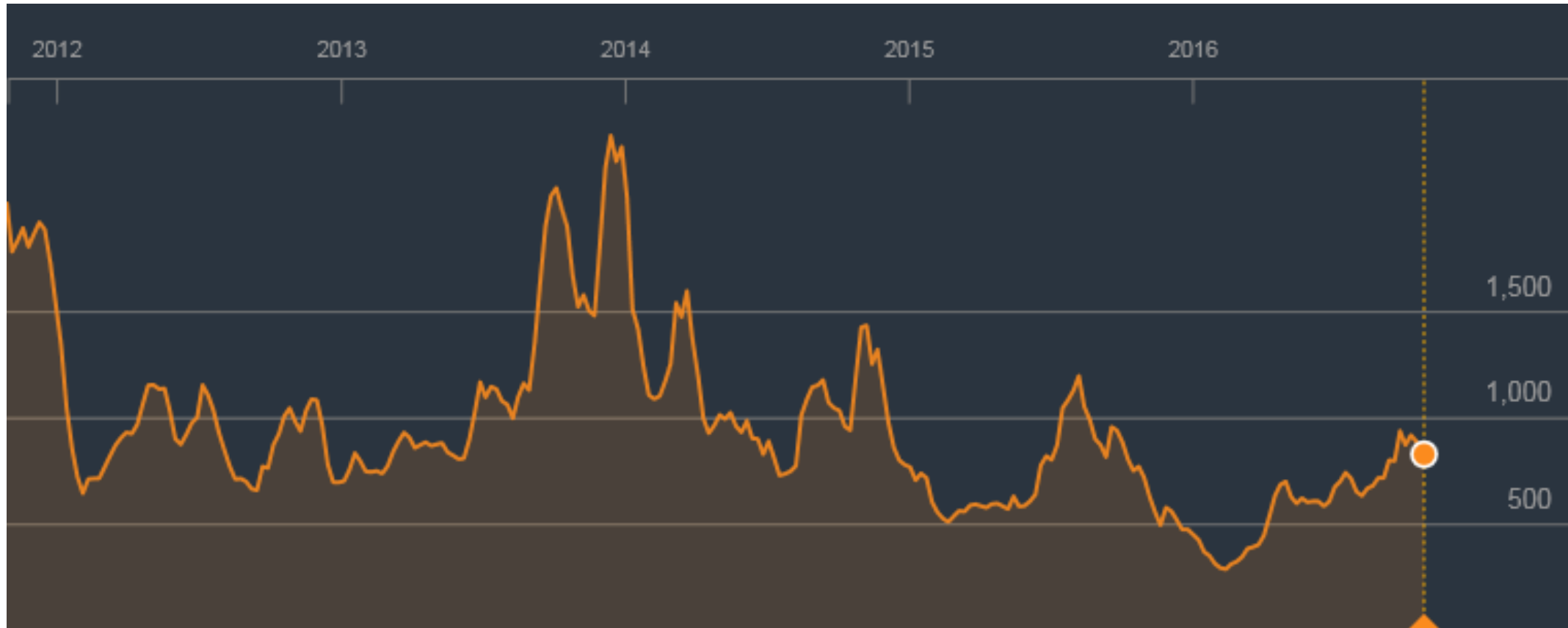


Operating profit decreased by 23% and was EUR 3.4 million (4.4).

Supramax vessels produced a loss.

In H2 operating profit is usually significantly better than in H1.

# Baltic Dry Index 2011–2016



Source: Bloomberg



# ESL Shipping in the arctic in 2016







# Leipurin

From breads and recipes to a comprehensive selection



# Leipurin

## Quarter in brief and outlook for 2016

The prices of key raw materials have been rising.

The market of bakery products is showing a growth thanks to OOH and snack products.

The bakery raw material operations improved its results both in the western and eastern markets. In the eastern markets, the net sales of bakery raw materials continued its positive growth, being 13%. The operating profit was 7%, machinery sales included.

Net sales decreased to EUR 27.0 million (28.3).

Operating profit at a low level EUR 0.4 million (0.8). Machinery operations still produced a loss.

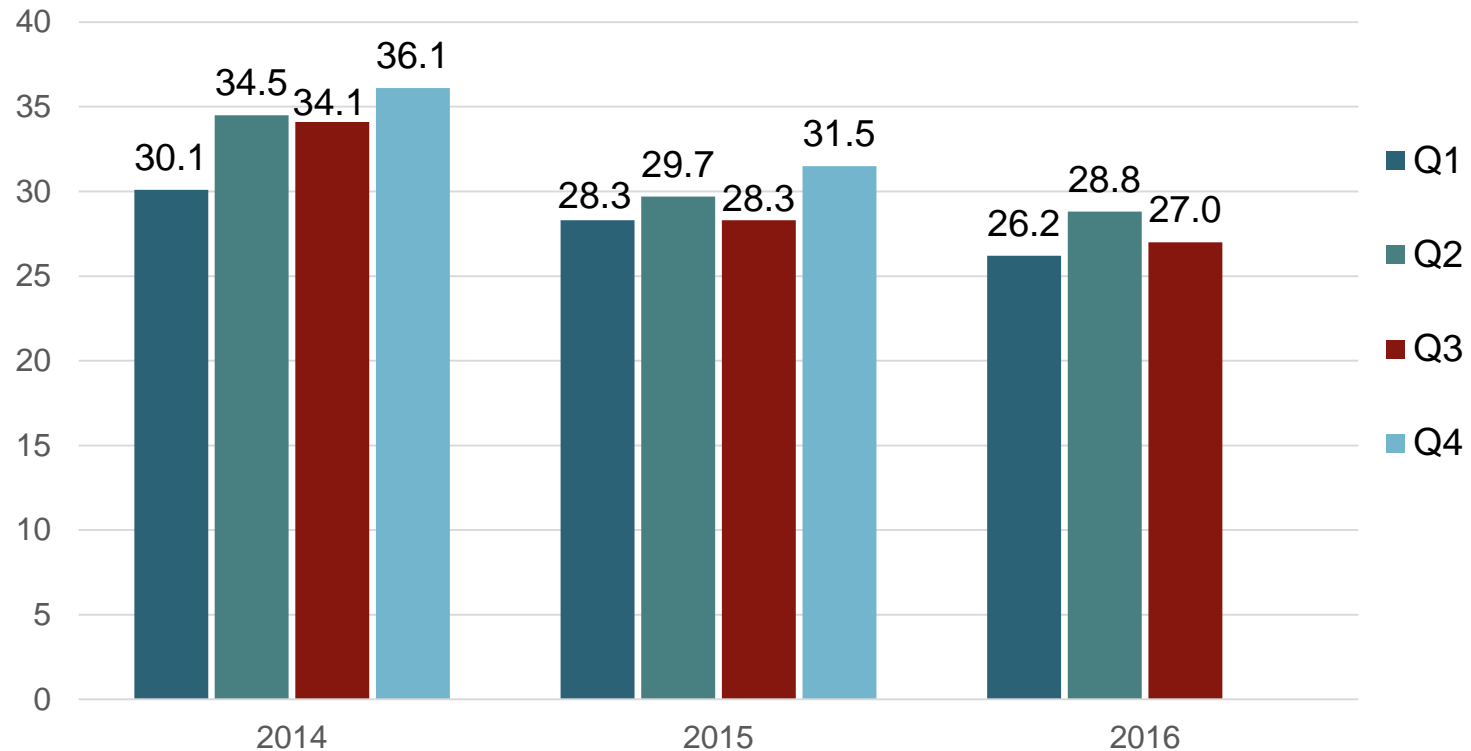
Leipurin is looking for growth by expanding into the OOH market in all market areas.

The machinery operations is expected to become positive during Q4.

# Leipurin, key figures

## Net sales

MEUR



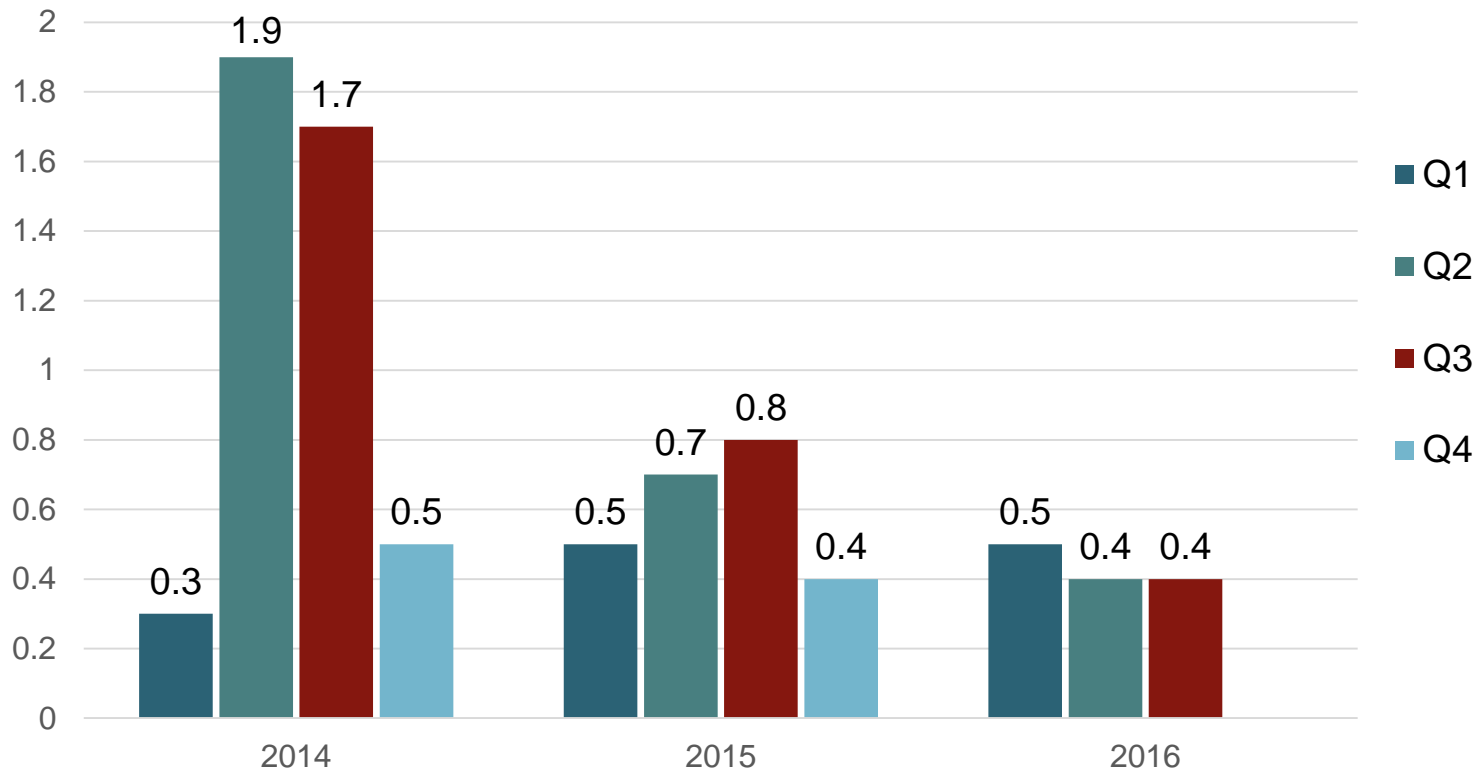
**Net sales decreased to EUR 27.0 million (28.3).**

**Net sales in raw materials increased and decreased in machinery operations.**

# Leipurin, key figures

## Operating profit

MEUR



Operating profit decreased to EUR 0.4 million (0.8).

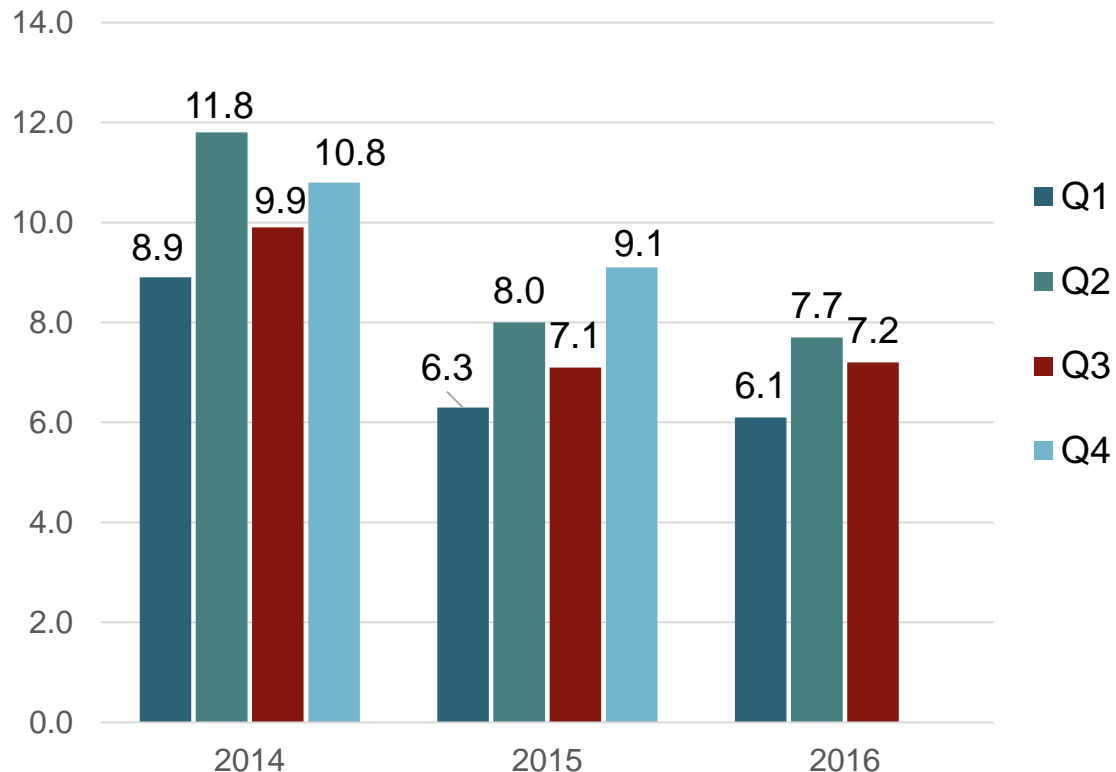
In Russia operating profit rate of raw materials was good, about 10%.

Machinery operations produced a loss.

# Net sales in Russia, Ukraine and other CIS countries

## Net sales in the market area

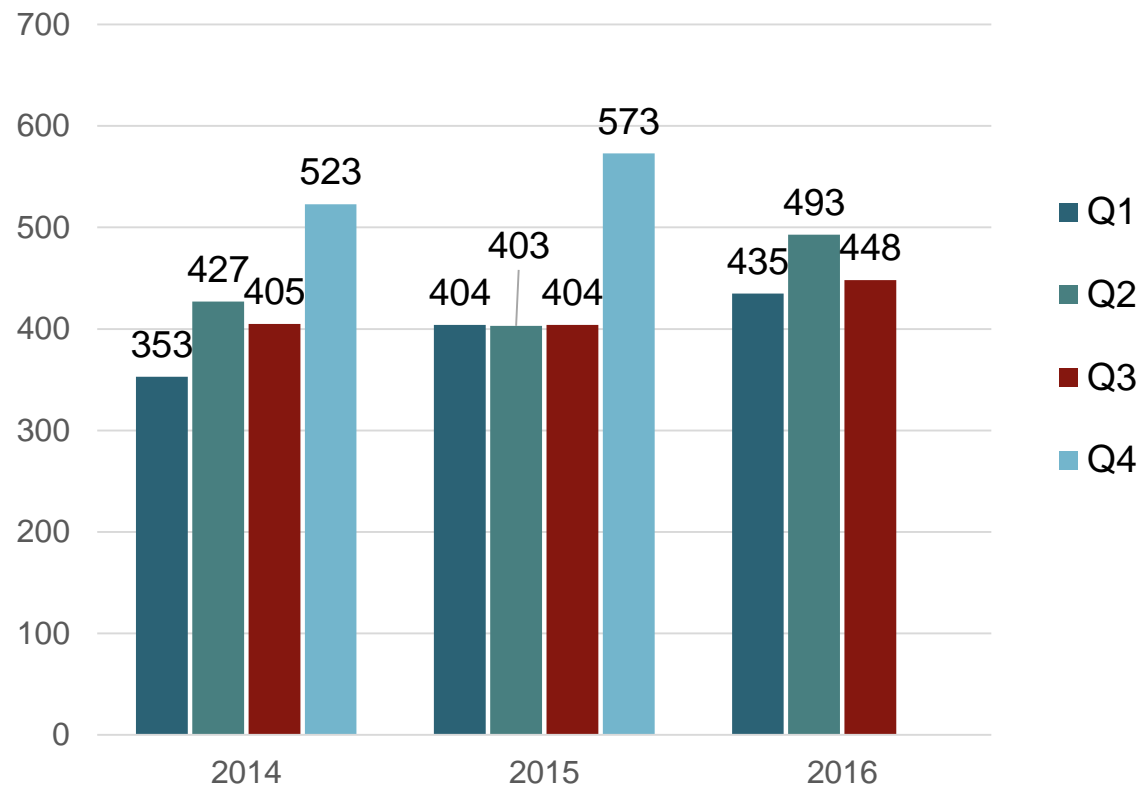
MEUR



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## Net sales of the Russian company

MRUB



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# Telko

Raw material solutions for the industry

# Telko

## Quarter in brief and outlook for 2016

Prices of plastic raw materials decreased from the second quarter. The price level of industrial chemicals remained low.

Industrial demand remained unchanged.

Despite the challenging conditions, eastern markets' relative share of net sales increased.

The temporary decrease in the eastern markets' profitability was caused by the changes in the prices and exchange rates.

Net sales increased significantly.

The highest growth came from the eastern markets.

Prices are expected to remain low.

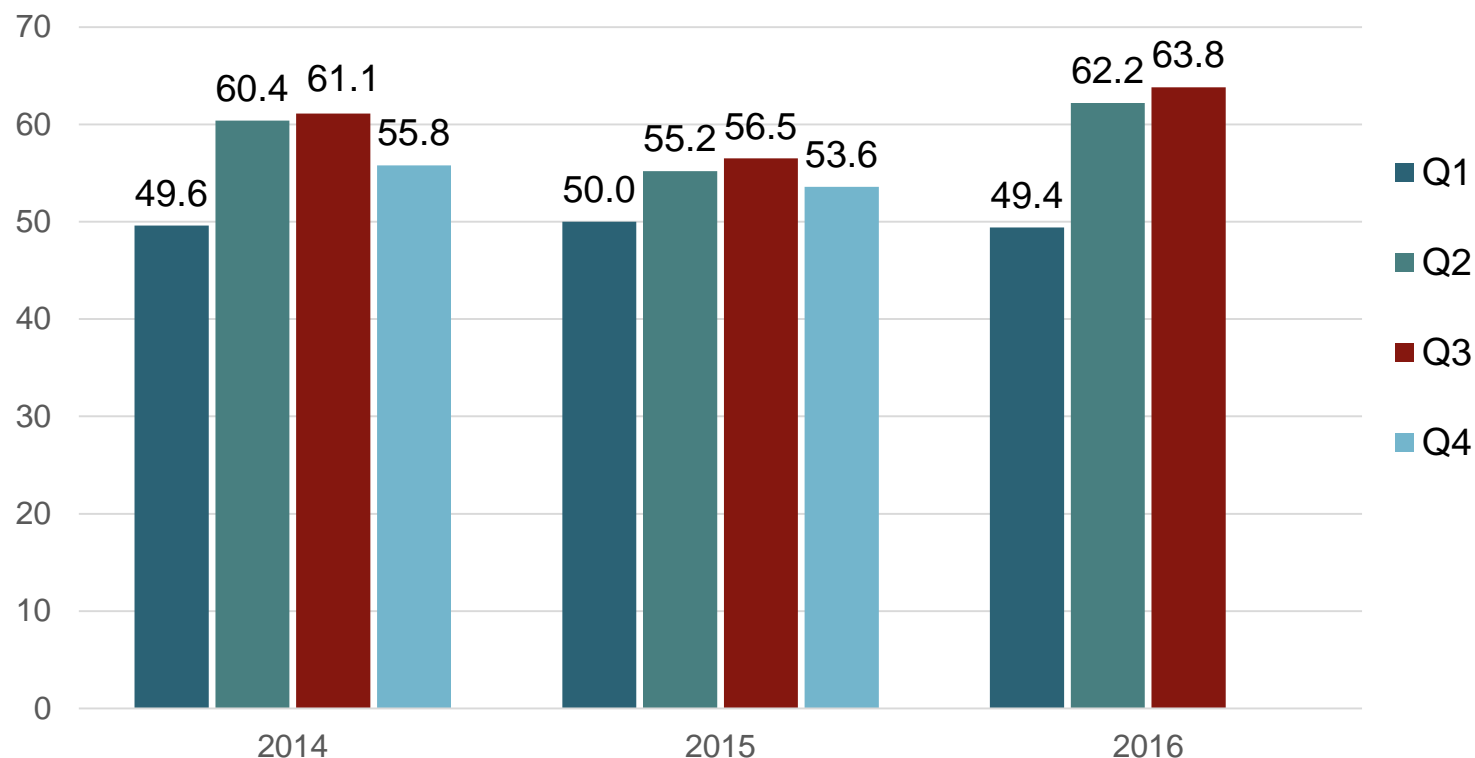
The market will continue to be challenging despite the positive development in the east.



# Telko, key figures

## Net sales

MEUR



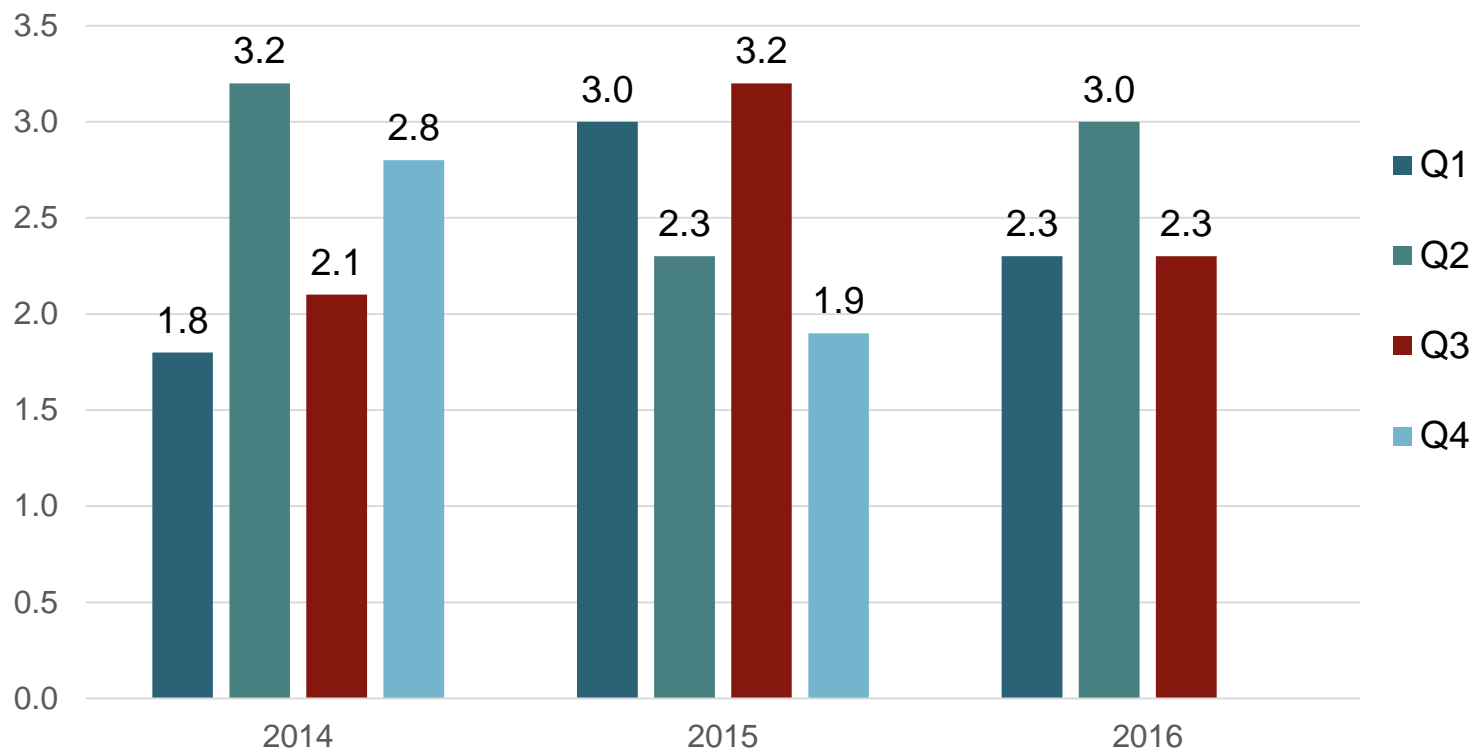
Net sales increased by 13% to EUR 63.8 million (56.5).

Euro-denominated growth in Russia, Ukraine and other CIS countries was 16%. Net sales exceeded the level preceeding the 2014 crisis.

# Telko, key figures

## Operating profit

MEUR



Operating profit rate decreased to 3.6% (5.7).

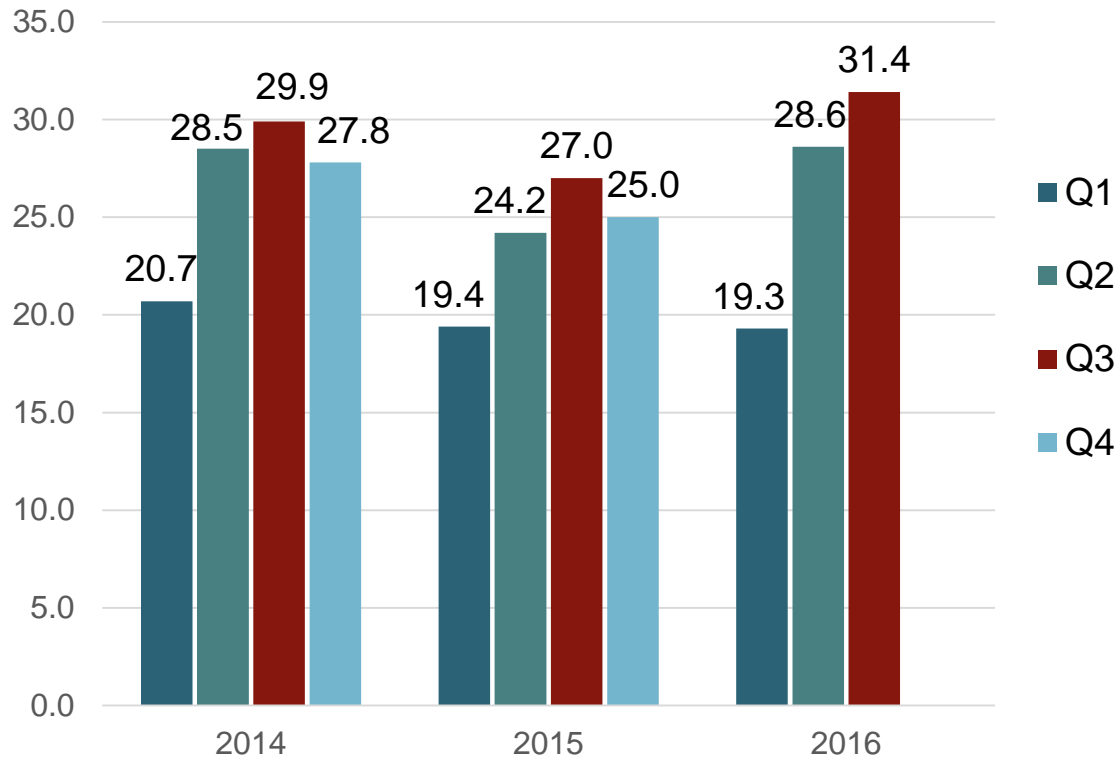
Operating profit decreased in the eastern markets.

Operating profit rate in the eastern markets fell clearly short of 5%.

# Net sales in Russia, Ukraine and other CIS countries

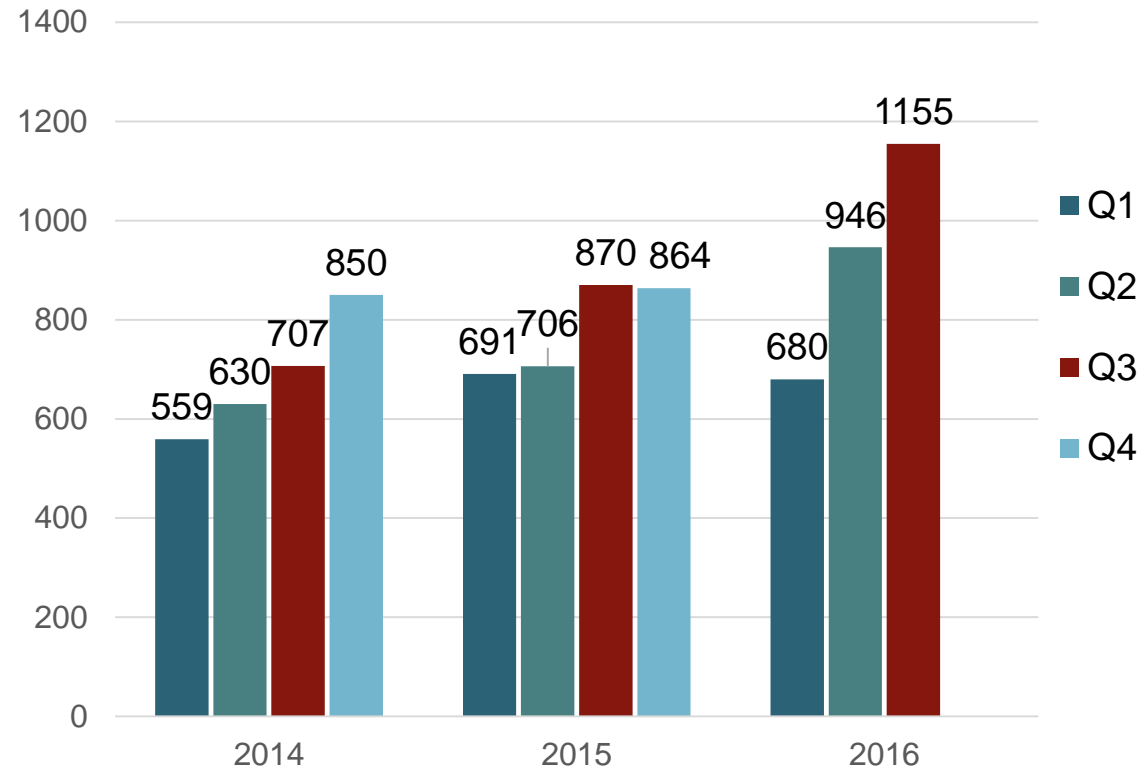
## Net sales in the market area

MEUR



## Net sales of the Russian company

MRUB





# Kauko

The best tools for mobile knowledge work

# Kauko

## Quarter in brief and outlook for 2016

Net sales increased by 40% to EUR 9.5 (6.8) million.

Operating profit increased to EUR 0.5 (0.1) million.

The operations in Germany produce a loss during the initial stages.

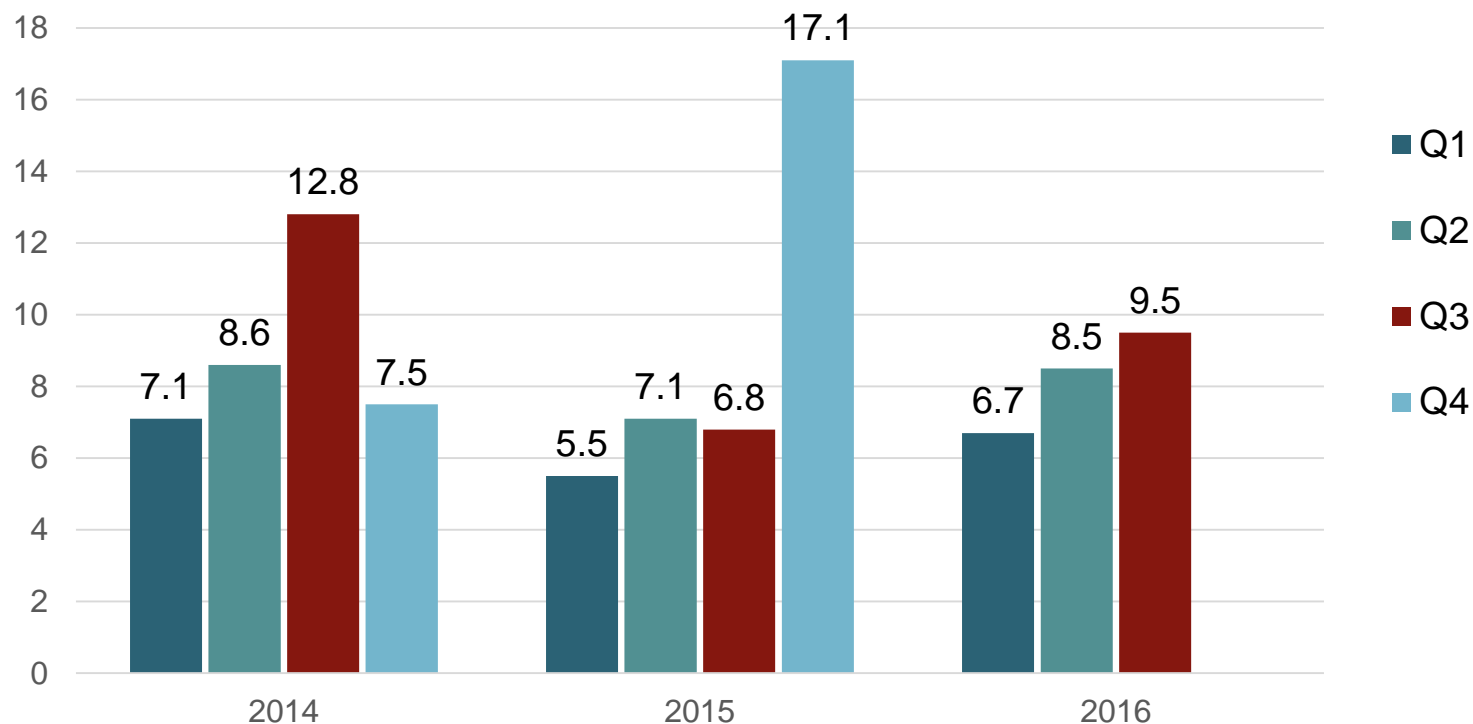
Net sales of mobile knowledge work increased from the comparative period. The major agreement concluded in Q2 resulted to deliveries in Q3. Net sales and profitability of energy-efficiency equipment increased.

Demand for solar power systems is expected to have a clear increase. Order book for 2017 is excellent.

# Kauko, key figures

## Net sales

MEUR



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Net sales of mobile knowledge work and energy efficiency equipment are increasing.

Net sales is increasing in Finland.

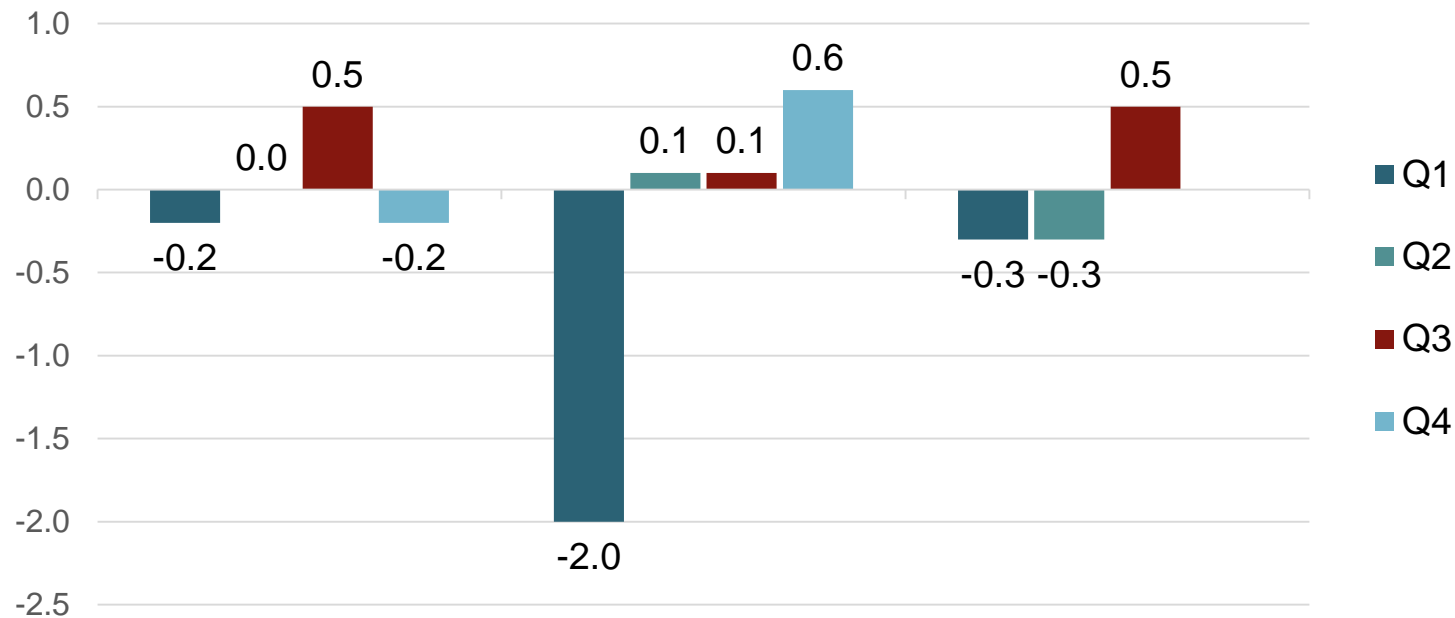
Significant net sales were achieved in China in Q4 2015 thanks to a project delivery.



# Kauko, key figures

## Operating profit

MEUR



Good operating profit in Q3.

The operating profit is expected to have a positive development but still vary from one quarter to the next.



# Financials and Financing

Harri Seppälä

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# Income statement

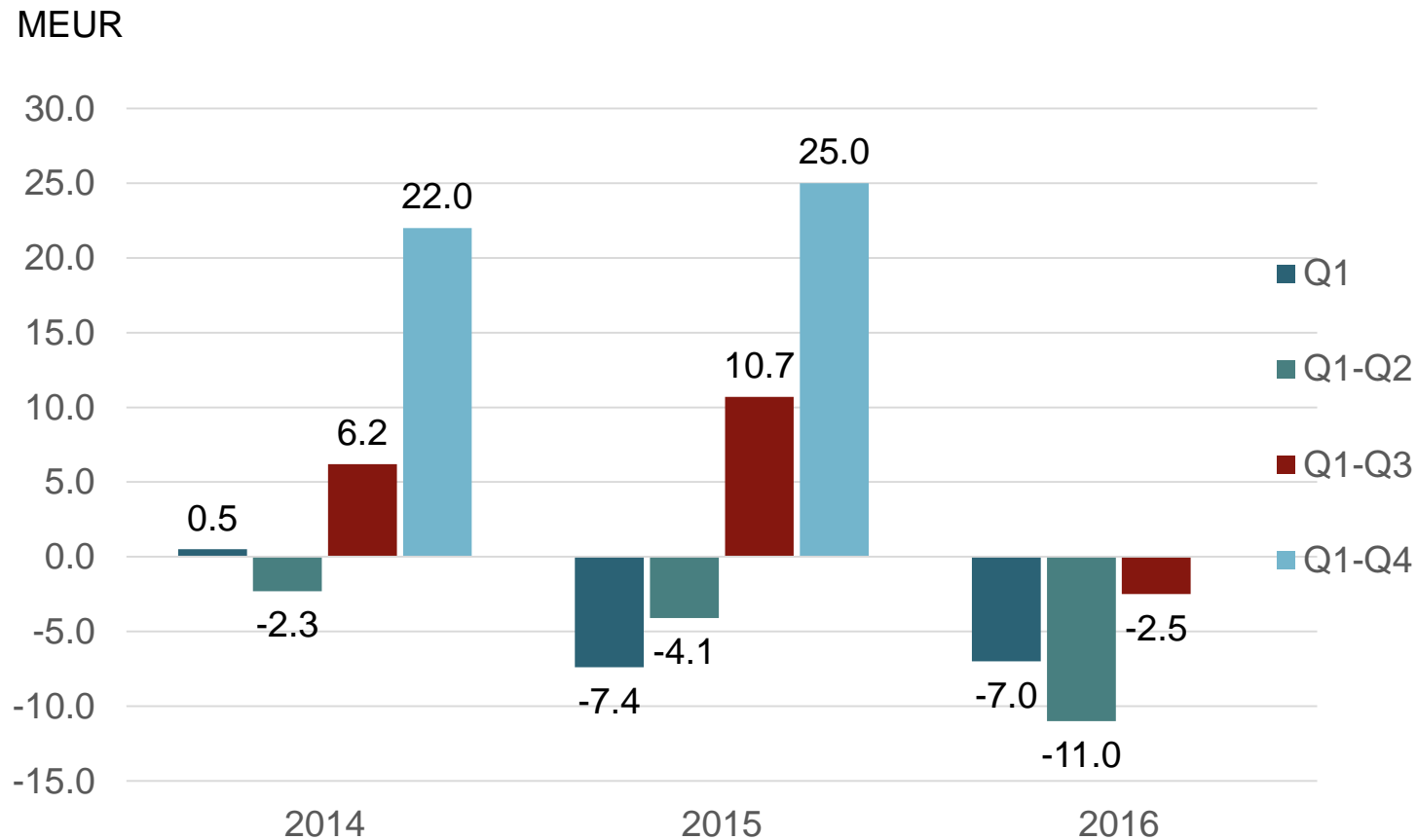
MEUR	Q1-Q3/2016	Q1-Q3/2015
Net sales	332.9	323.7
Ebitda	22.7	24.0
Depreciation, amortization and impairment losses	-8.6	-9.6
Operating profit	14.1	14.4
Financial income and expenses	-2.4	3.0
Profit before taxes	11.7	17.4
Income taxes	-1.0	-1.3
Profit for the period	10.7	16.1
Earnings per share, EUR	0.32	0.50

**Ebitda rate weakened.**

**Operating profit rate decreased to 4.2% (4.4) in Q1-Q3 and to 5.1% (6.5) in Q3.**

**In 2015 operating profit includes a goodwill impairment loss and financial items include a sales gain from the sale of shares.**

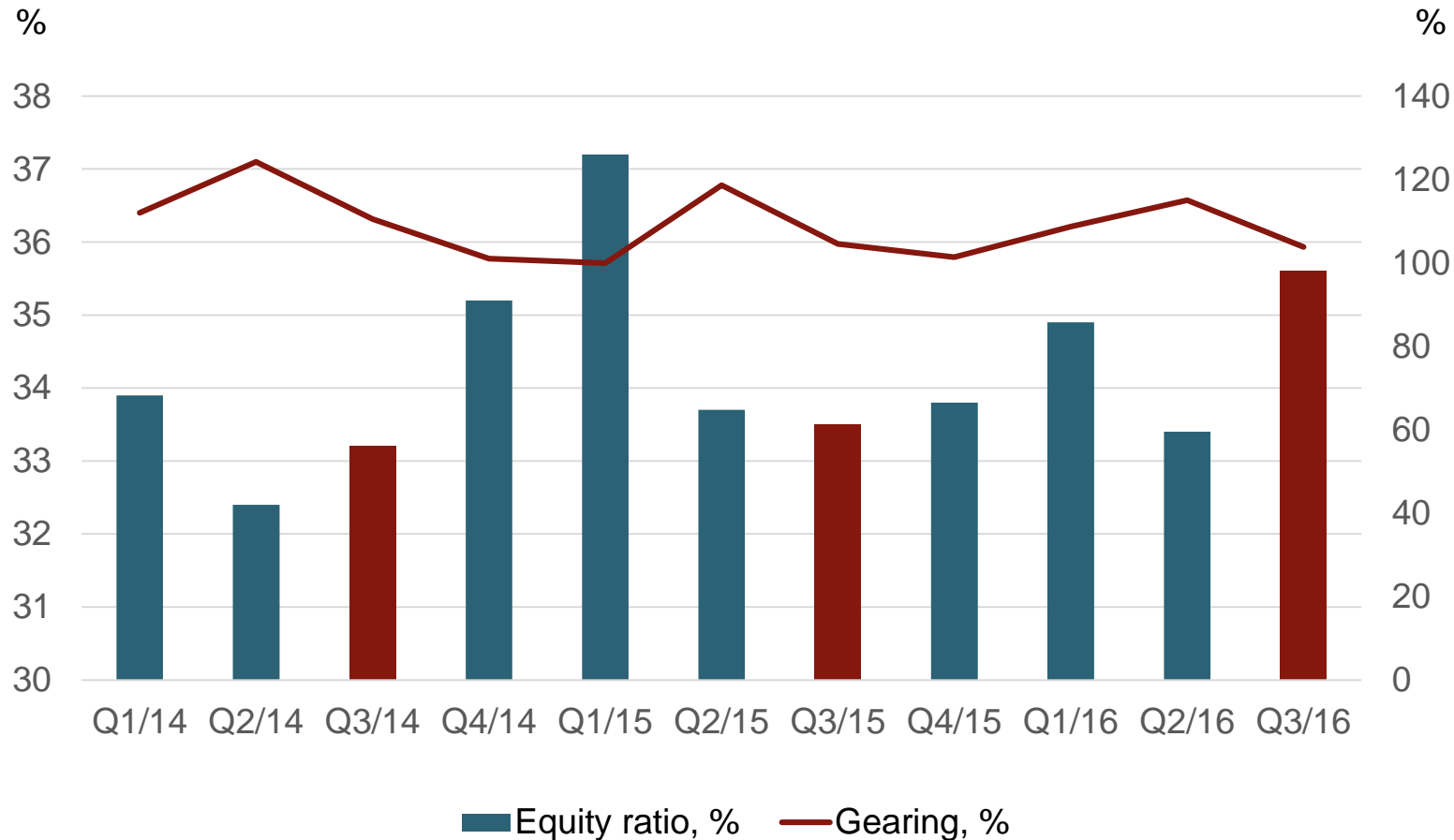
# Net cash from operating activities



Net cash from operating activities improved in Q3 and was EUR 8.5 million. Cumulative net cash from operating activities was EUR -2.5 million (-10.7).

Change in working capital was EUR -21.6 (-10.3) million in Q1-Q3 and tied mainly to the growth of Telko.

# Equity ratio and gearing



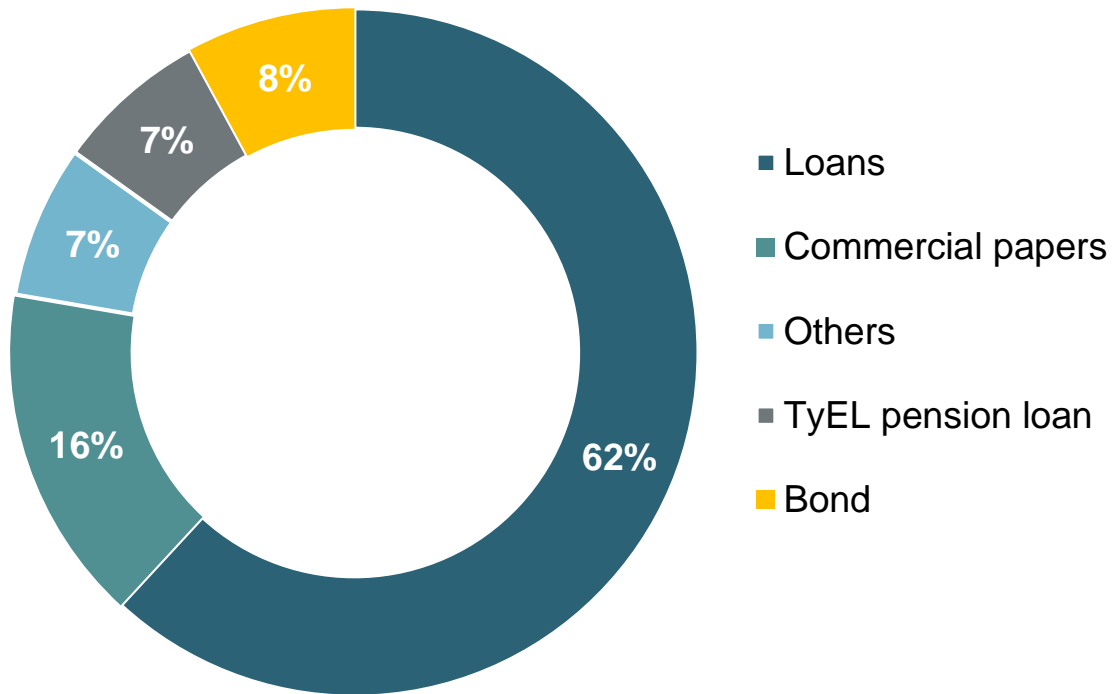
**Gearing 104 %.**

**Equity ratio 36%.**

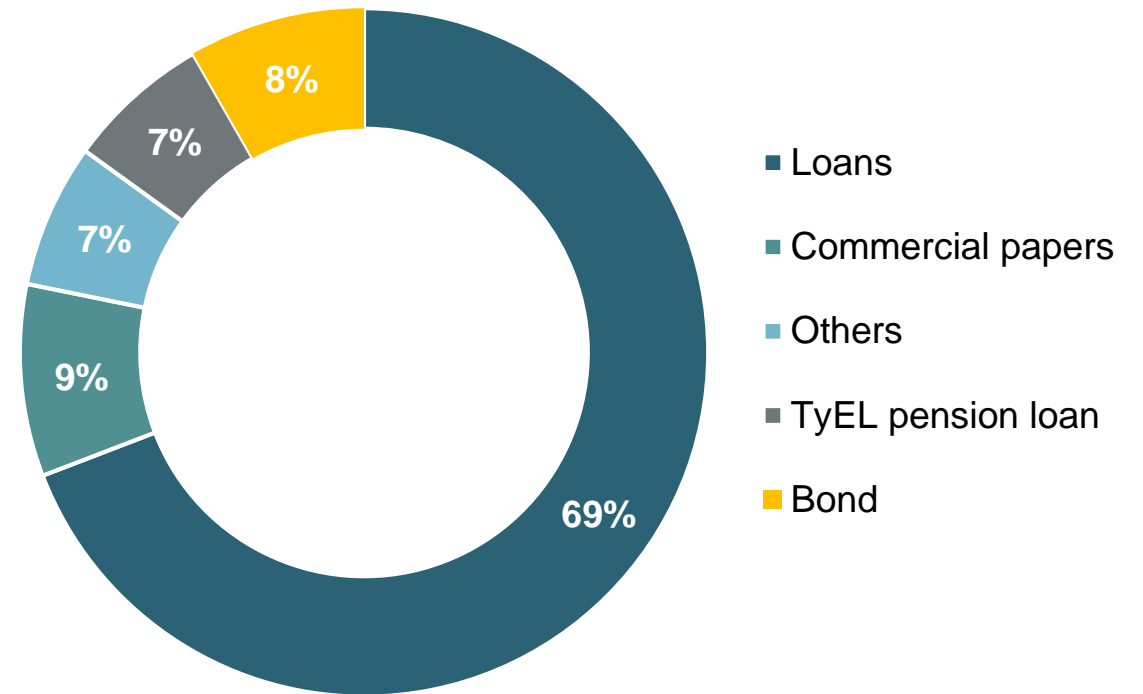
Payments related to vessel investments will total about EUR 5 million in Q4. EUR 4.6 million of the 2013 hybrid bond will be redeemed on Nov. 18th.

# Structure of liabilities

Interest bearing liabilities on  
September 30, 2015: EUR 139 million

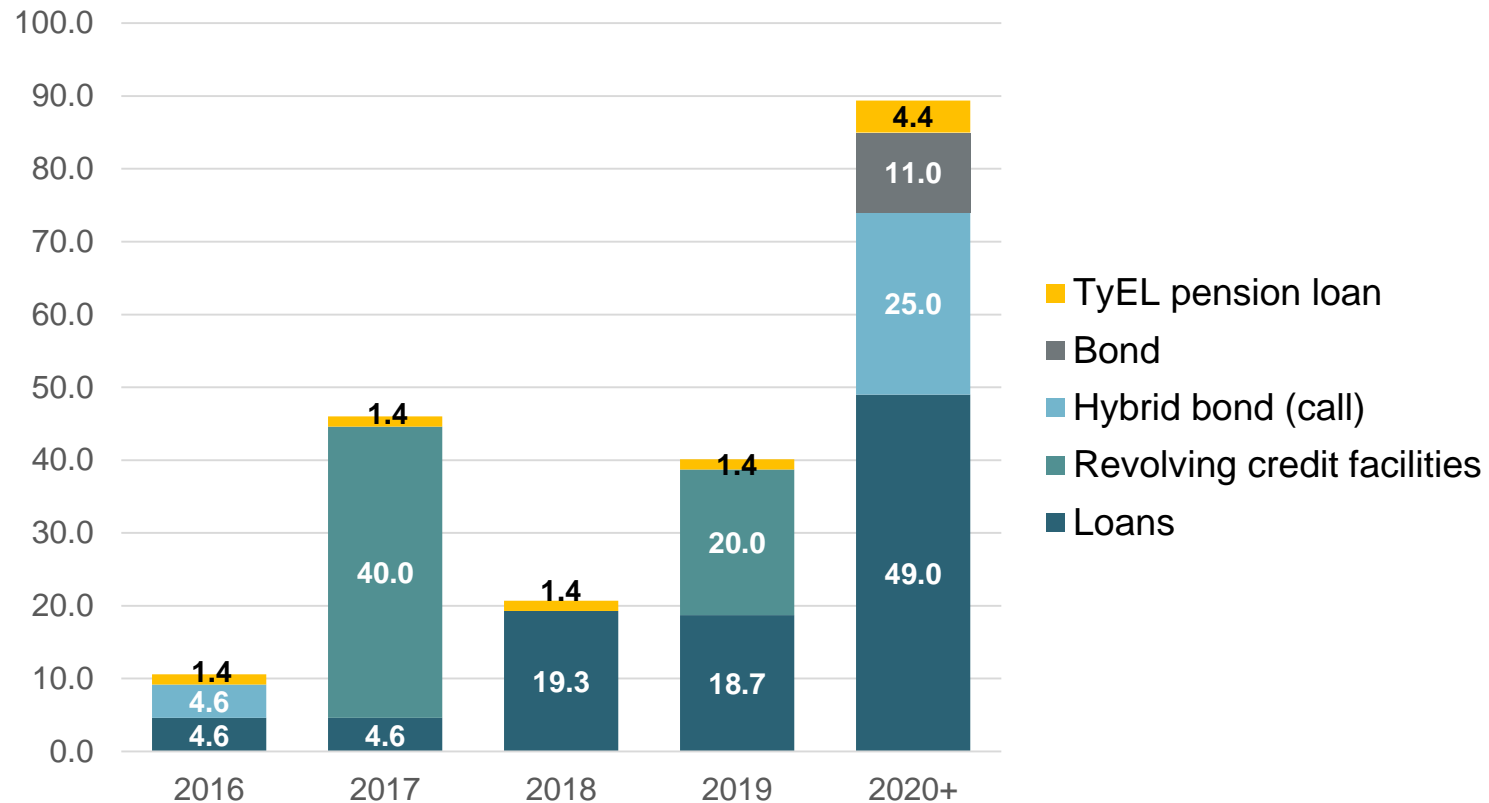


Interest bearing liabilities on  
September 30, 2016: EUR 133 million



# Maturity of significant loan agreements

MEUR



Redemption of the hybrid bond of about EUR 4.6 million (call) 11/2016.

No significant credit agreements will mature in 2016.

# General market outlook for 2016

- Despite the uncertainty in Russia and the eastern markets, business operations are expected to develop positively in the market area. The Russian GDP is expected to grow.
- International dry bulk freight rates are low. The utilization rate of the shipping company's vessels is high in the Baltic Sea and the North Sea, apart from one Supramax vessel which operates in international traffic.
- Industrial production in the EU countries where Aspo operates is expected to recover.

**Uncertainty in the eastern markets may strongly influence to the currency rates.**

**Spot market for dry bulk vessels will remain low.**

# Guidance for 2016

- Aspo specifies its guidance.
- New guidance: Aspo's operating profit will be approximately EUR 19–22 (20.6) million in 2016.
- Previous guidance: Aspo's operating profit will be EUR 17–24 million (20.6) in 2016.