



Aspo's year 2016 and Q4

February 15, 2017

CEO Aki Ojanen

Group Treasurer Harri Seppälä

Aspo had good year 2016

Net sales turned to growth and amounted to EUR 457.4 million (445.8).

Net sales in H2 increased by 13% from H1.

Operating profit was EUR 20.4 million (20.6).

Operating profit increased in Q4.

Aspo specified its financial targets:

Aspo aims to reach the targets by 2020.

Net sales growth in Russia, Ukraine and other CIS countries almost 14%.

Positive trend in the operating environment.

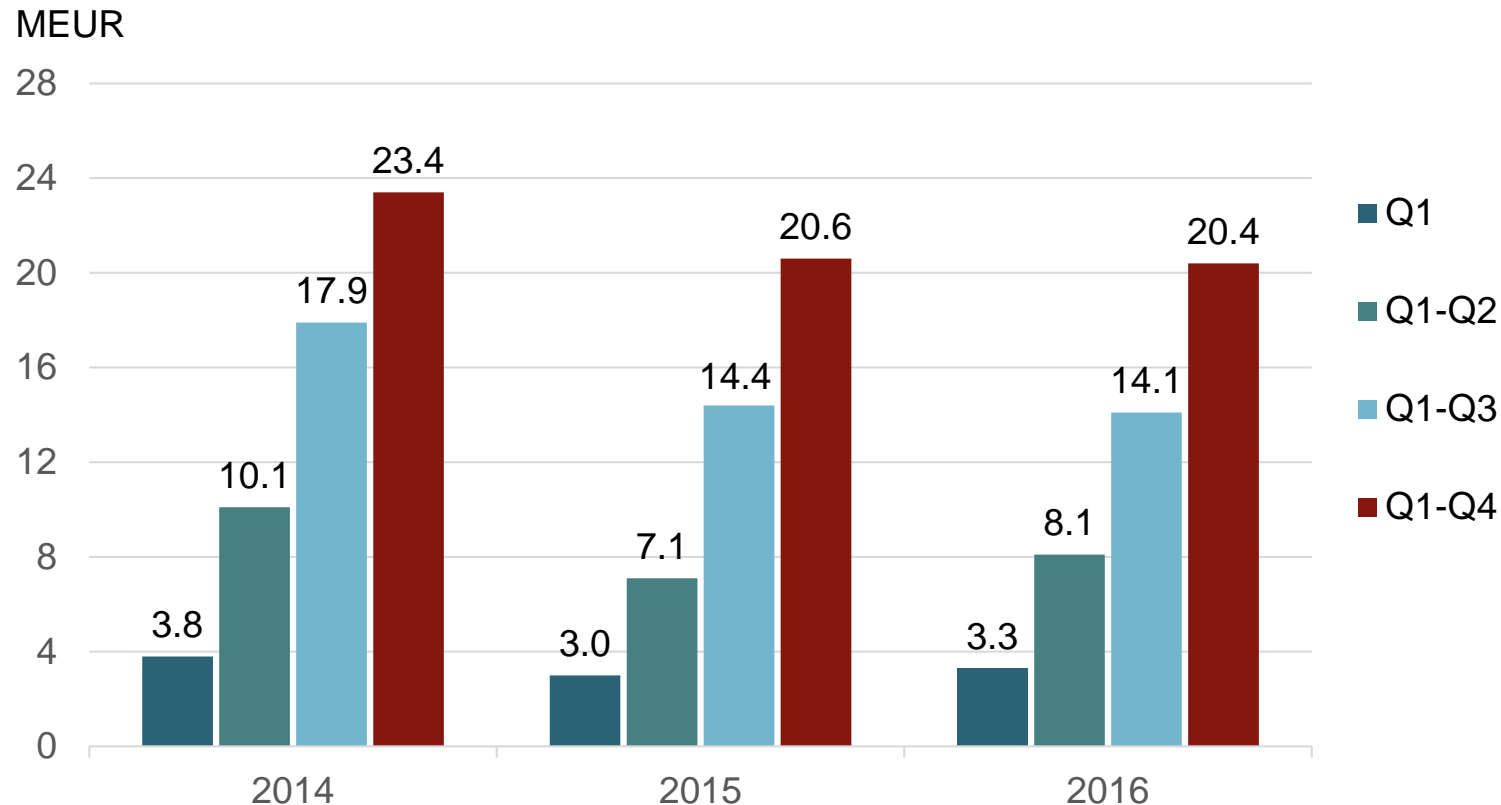
Aspo's administrative costs reached the target level in 2016.

Guidance for 2017:

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

Operating profit Q4 increased

Operating profit



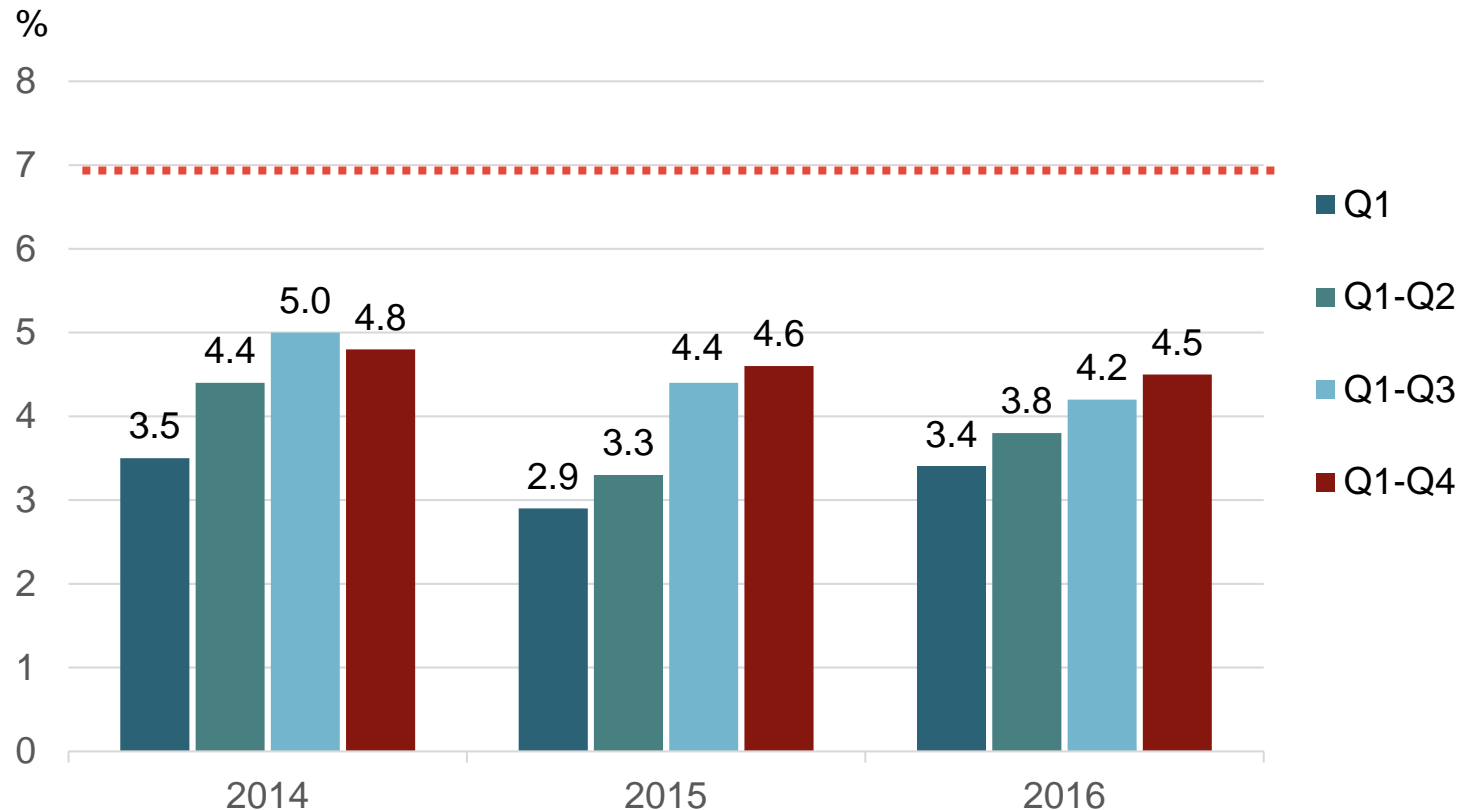
Operating profit Q4 was EUR 6.3 million (6.2).

Telko, Leipurin and Other operations improved their operating profit.

Operating profit of ESL Shipping and Kauko decreased.

Long-term financial targets

Operating profit, %



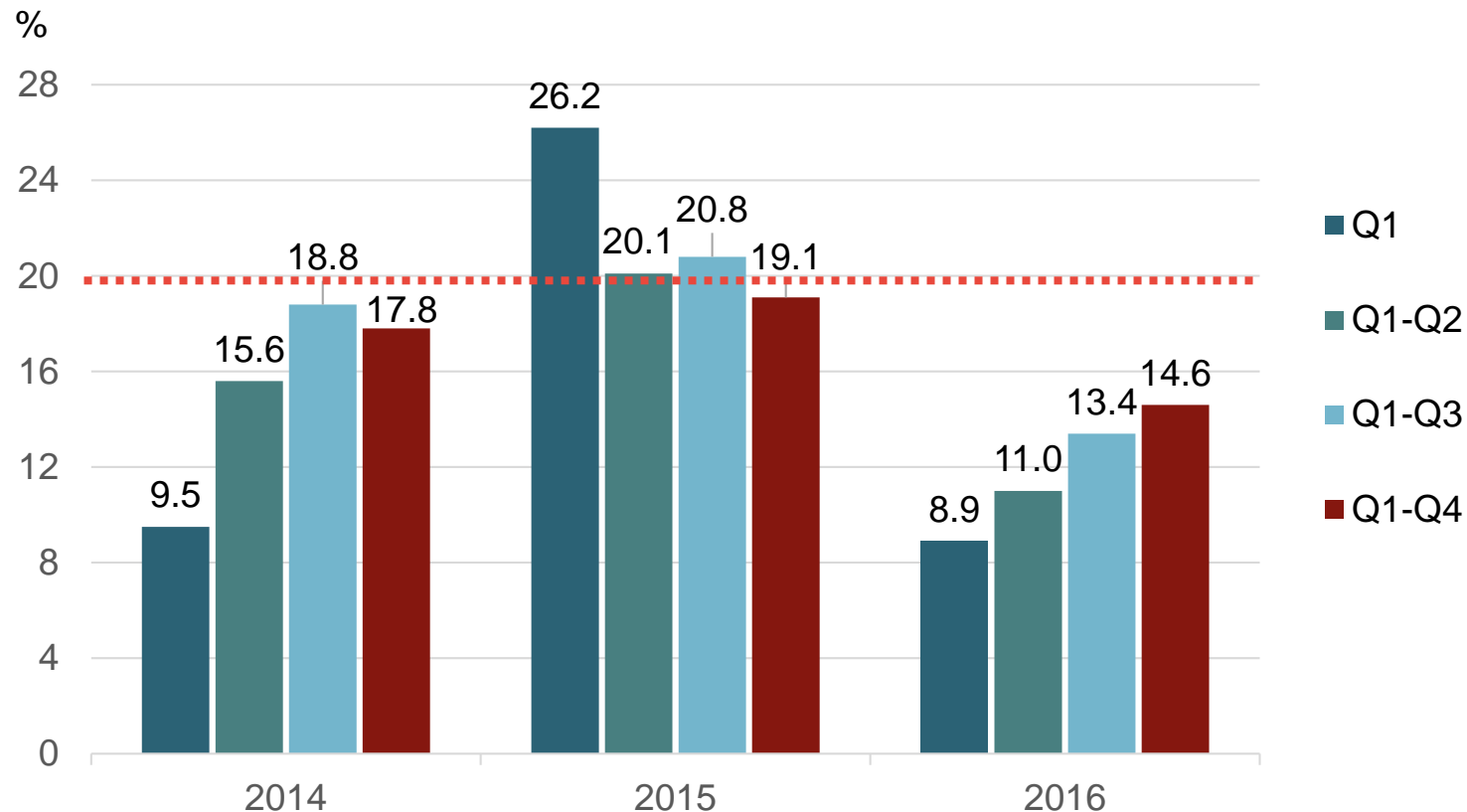
Operating profit rate improved towards the end of the year.

Whole year almost at the comparative period's level.

Target level (2020) is 7%.

Long-term financial targets

Return on equity, (ROE)



ROE improved towards the end of the year and was 14.6% (19.1).

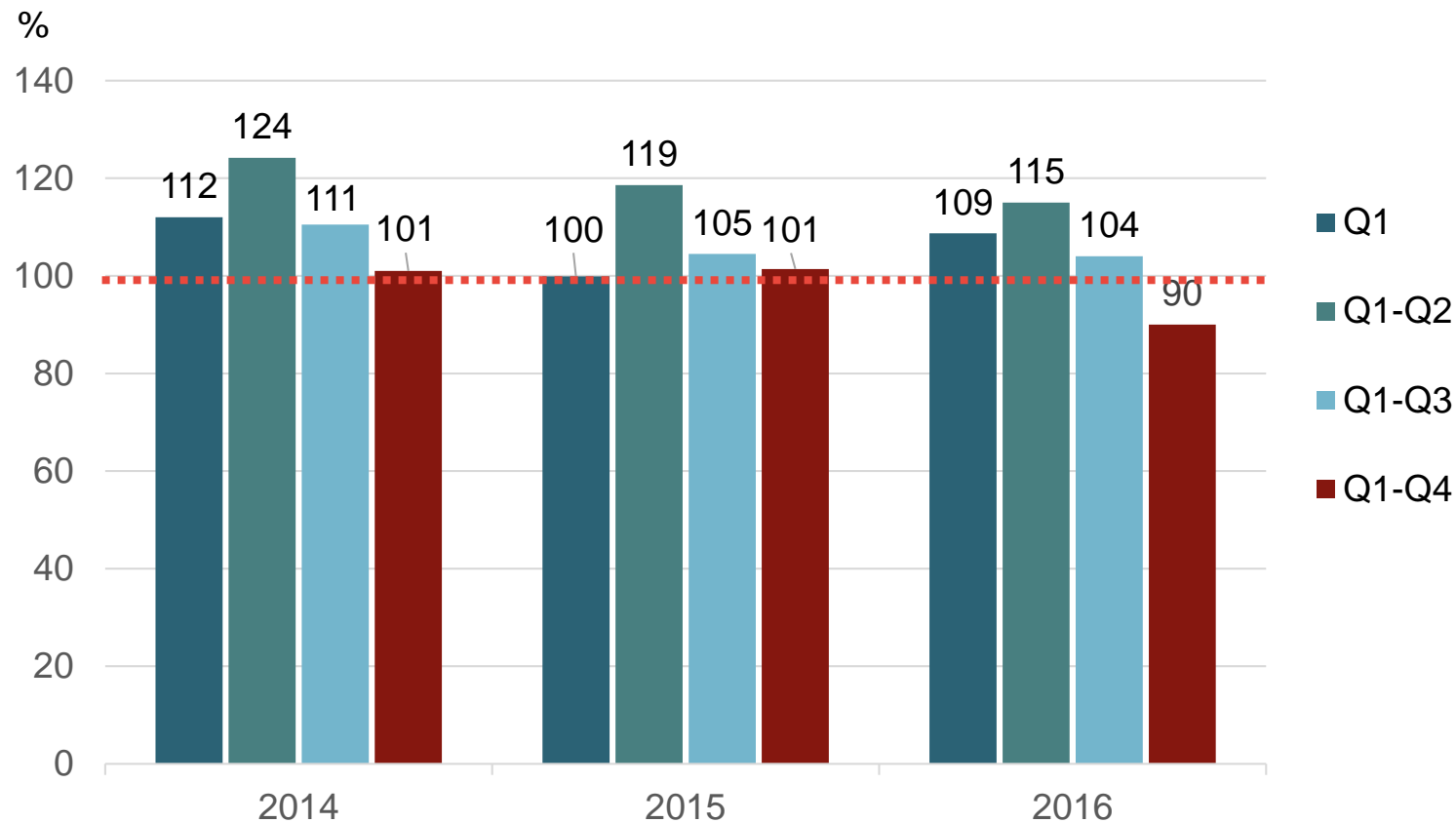
ROE decreased partly due to the strengthening of the capital structure.

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

Target level (2020) is 20%.

Long-term financial targets

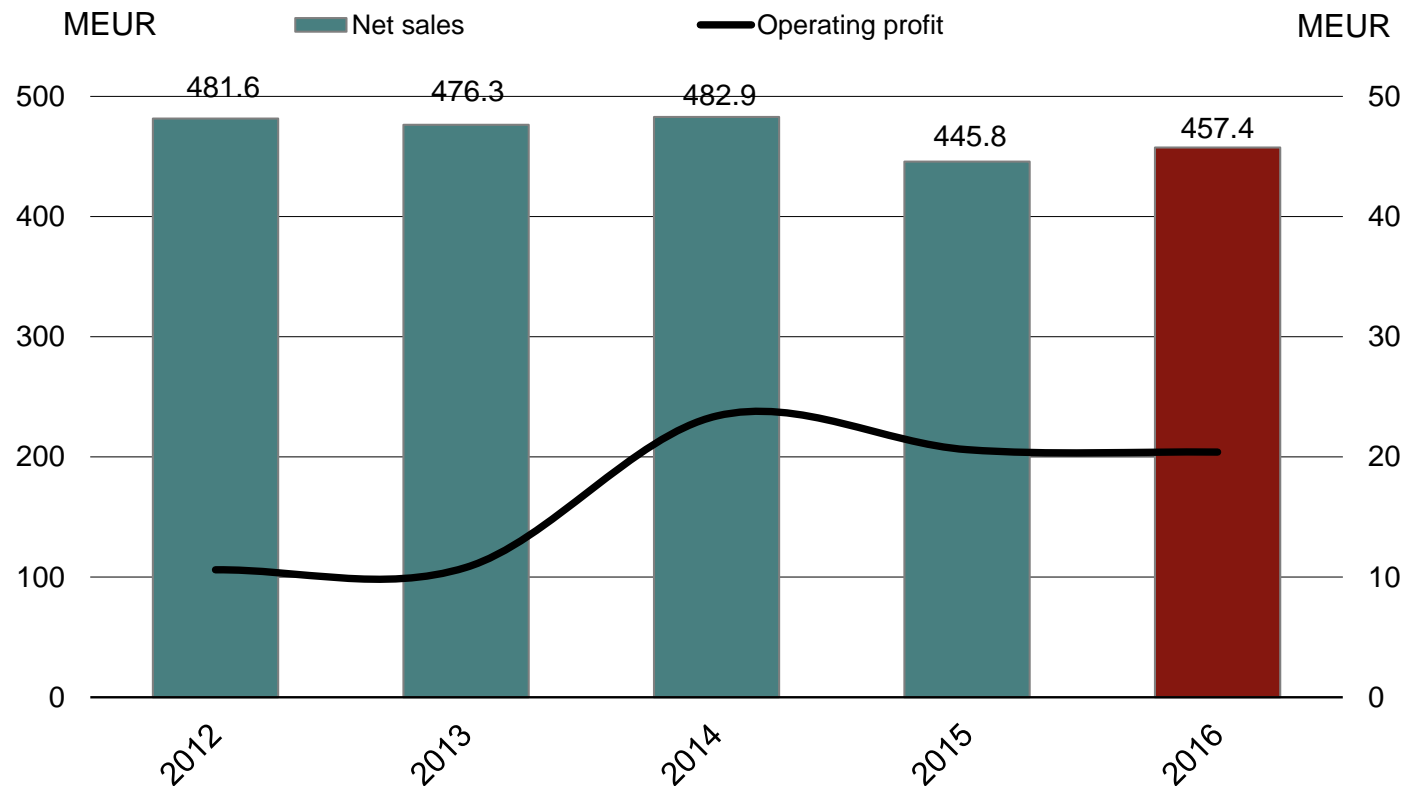
Gearing



Gearing decreased to 90% (101).

Target level (2020) is at most 100%.

Net sales and operating profit 2012–2016

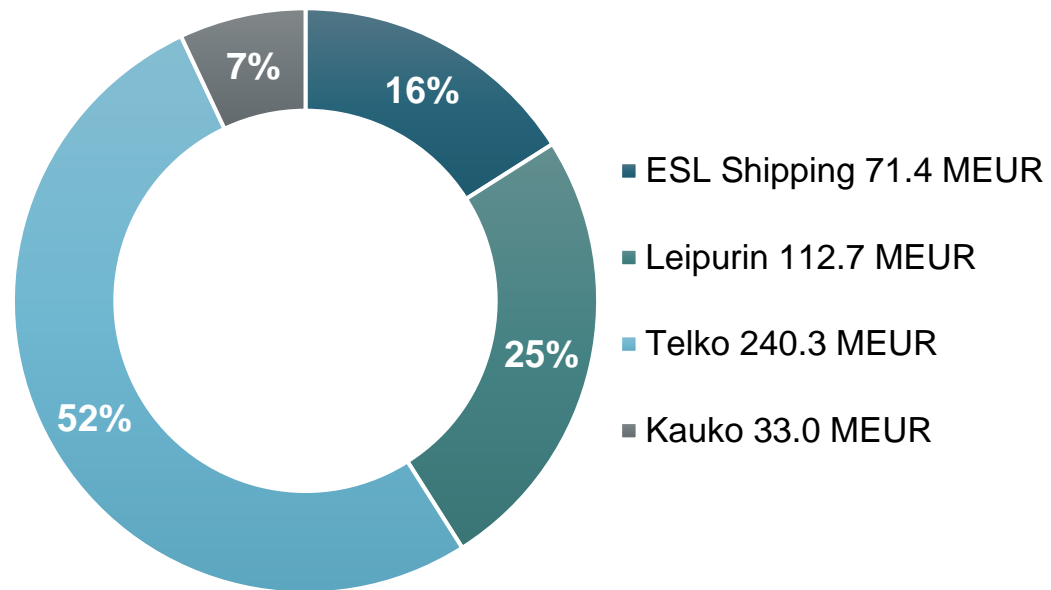


The economic downturn in western markets which started in 2012 has stopped and the economy has turned into growth.

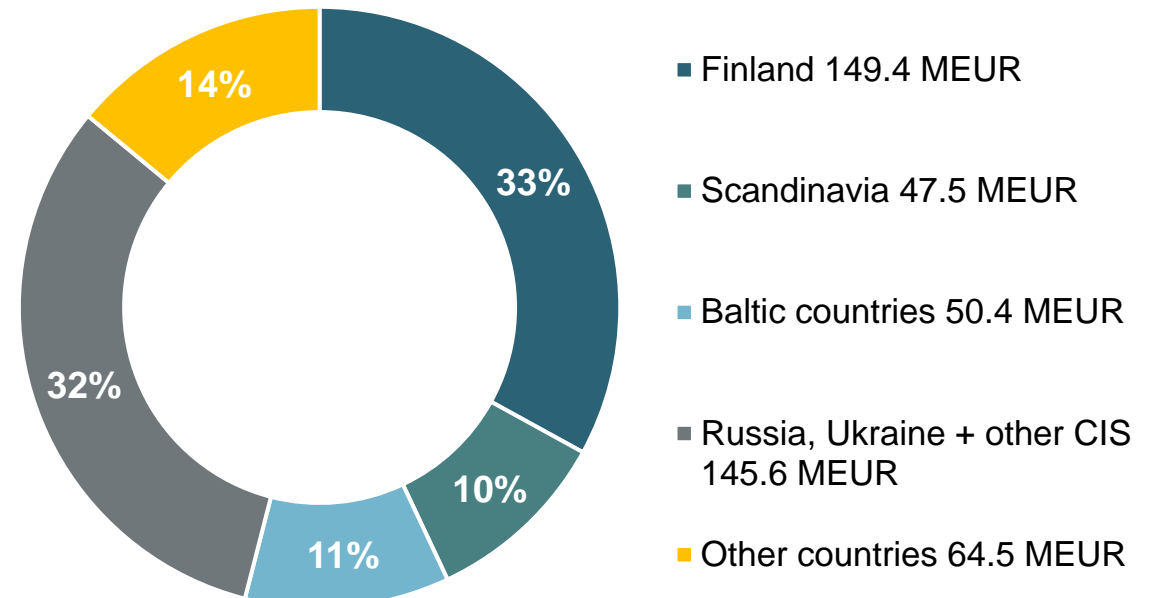
The economic downturn in Russia which started in Q4 2014 has stopped and the economy has turned into growth.

Aspo represents a balanced entity

Net sales by segment 2016



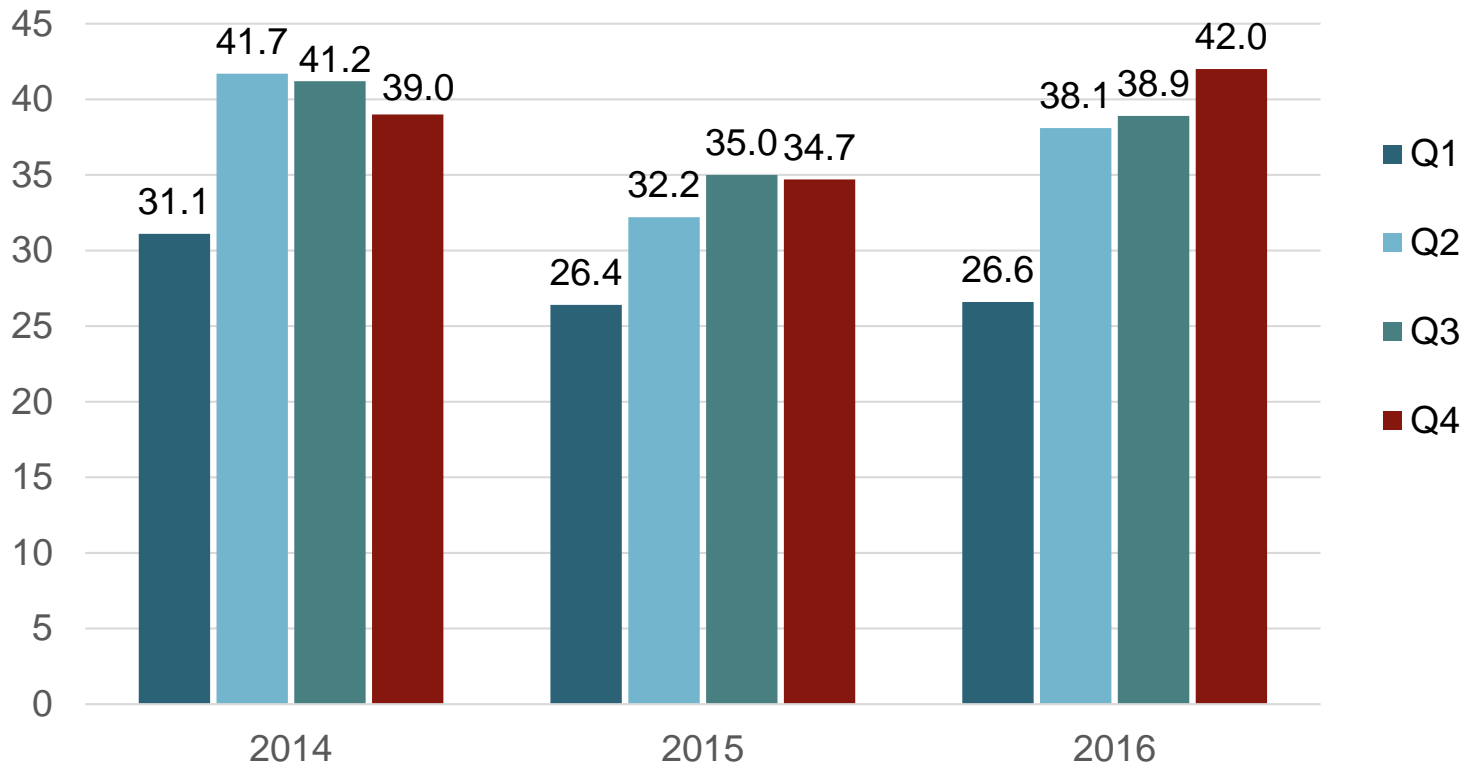
Net sales by market area 2016



Russia, Ukraine and other CIS countries

Net sales

MEUR



Q4 net sales, EUR 42.0 million (34.7), is record high.

Eastern market area became Aspo's largest market area in Q4.

Net sales growth in eastern markets in Q4:

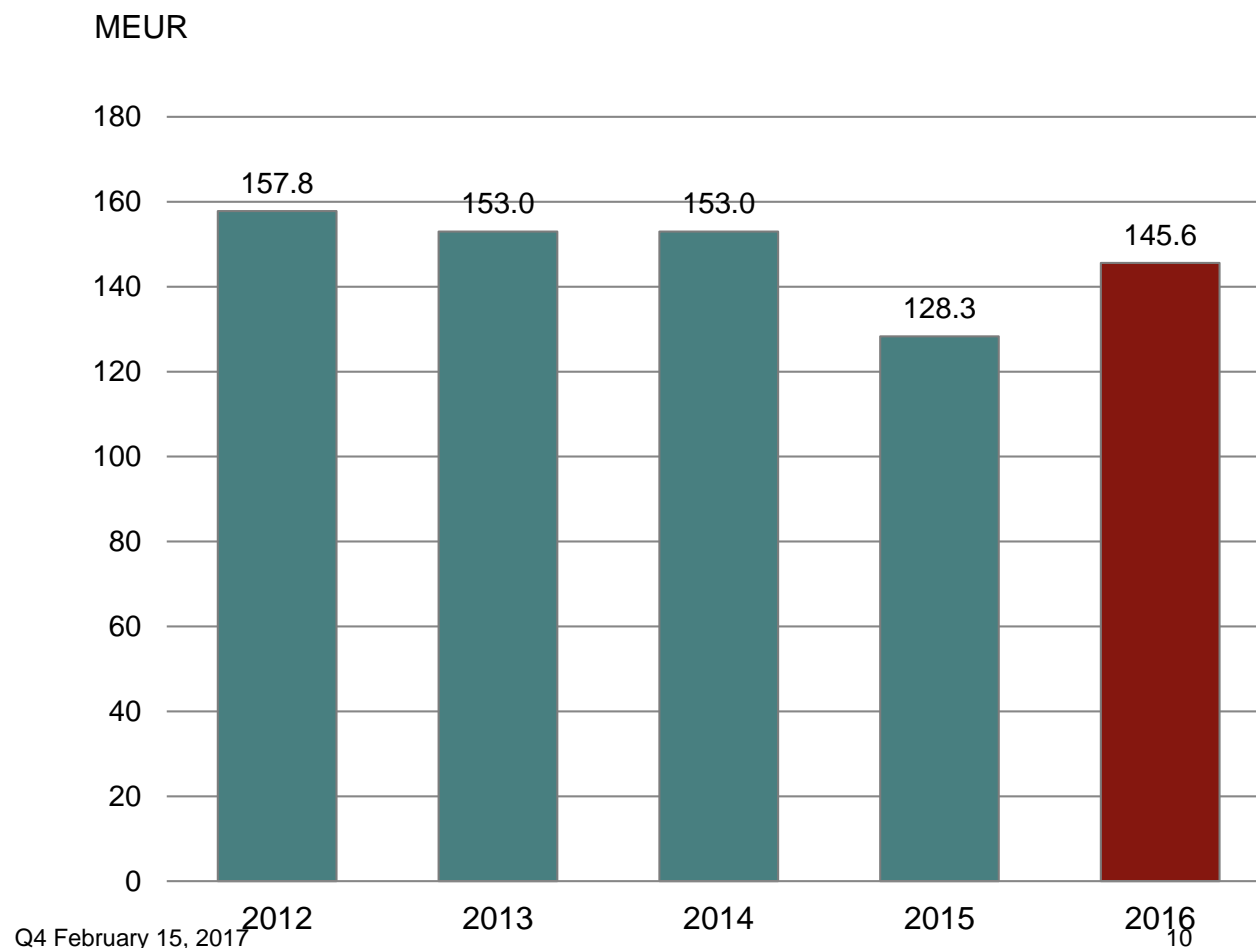
***Telko 26%**

***Leipurin raw materials 18%**

***Leipurin as a whole 5%**

Net sales 2012–2016

Russia, Ukraine and other CIS countries

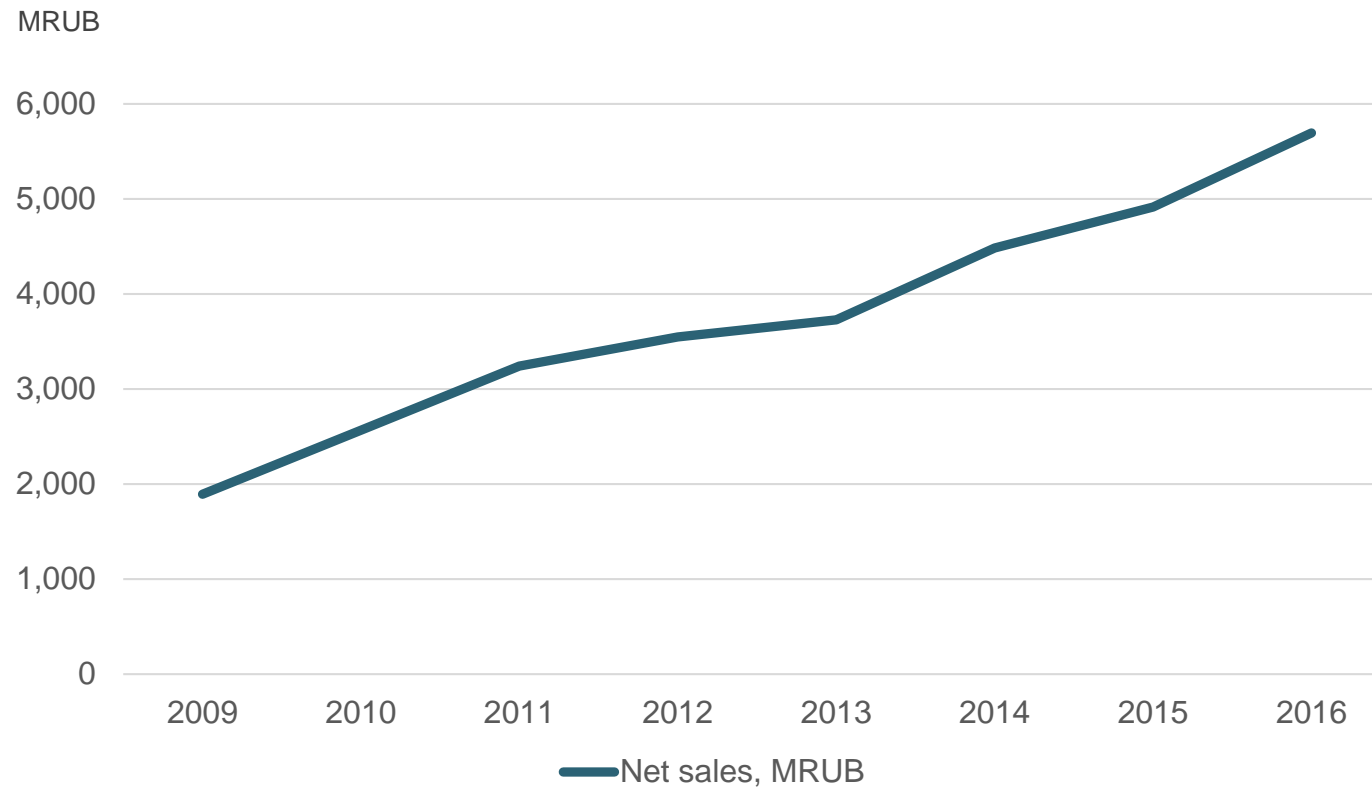


The euro-denominated net sales in eastern markets turned into growth in 2016, which accelerated towards the end of the year.

As of 2014 the net sales' growth in local currencies was not visible in euros due to the weak foreign exchange rates.

Profitable growth in Russia

Net sales of Aspo Russian companies



**Annual net sales
growth 17% on
average**



ESL Shipping

Leading marine logistics provider for bulk cargo

ESL Shipping

Q4

International freight rates are low. Turn for the better occurred.

Profitability is based on special expertise and unique services.

Operating profit decreased to EUR 4.1 million (4.5).

Supramax vessels turned to produce a profit.

Net sales increased to EUR 20.6 million (19.9).

The increase was due to the higher transportation volumes and also the strengthened US dollar which increased ship fuel prices.

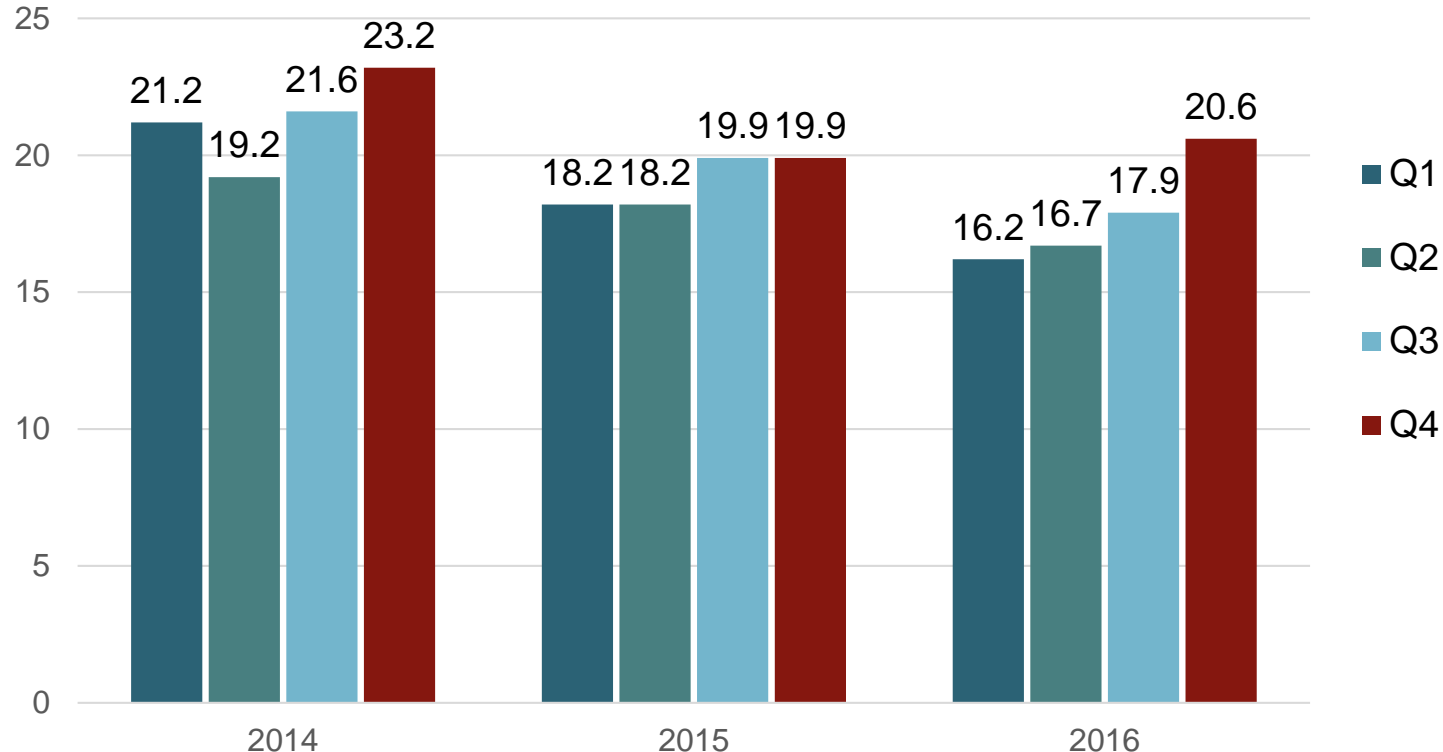
The EU funding for the energy-efficiency and environmental investments in ships in 2016-2019 is at most EUR 5.9 million, of which EUR 2.1 million was paid in Q4.

The target for operating profit rate is 20-24% by 2020.

ESL Shipping, key figures

Net sales

MEUR



Net sales Q4 increased to EUR 20.6 million (19.9).

Freight volumes were higher than in the comparative period.

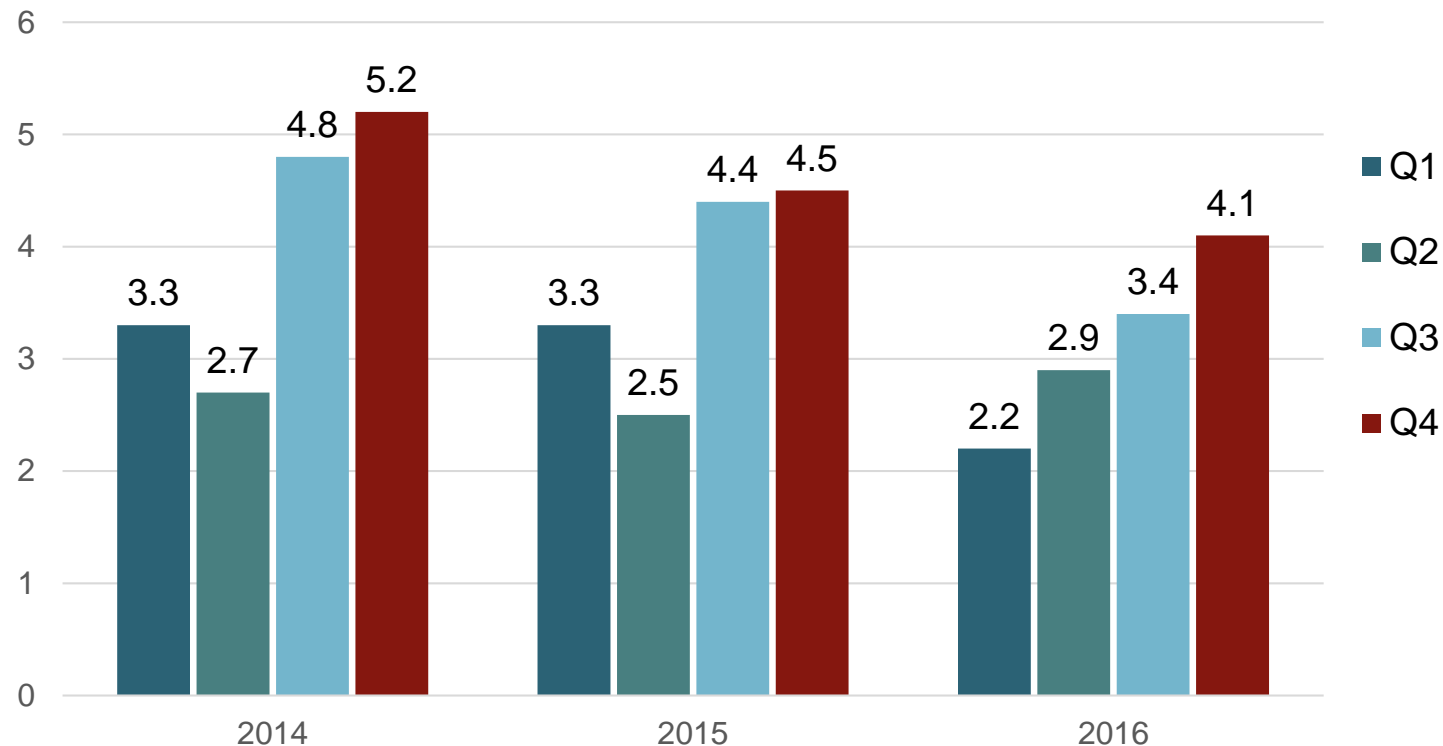
Loading and unloading operations at sea were at a normal level.

The transportation volume of bioenergy increased.

ESL Shipping, key figures

Operating profit

MEUR

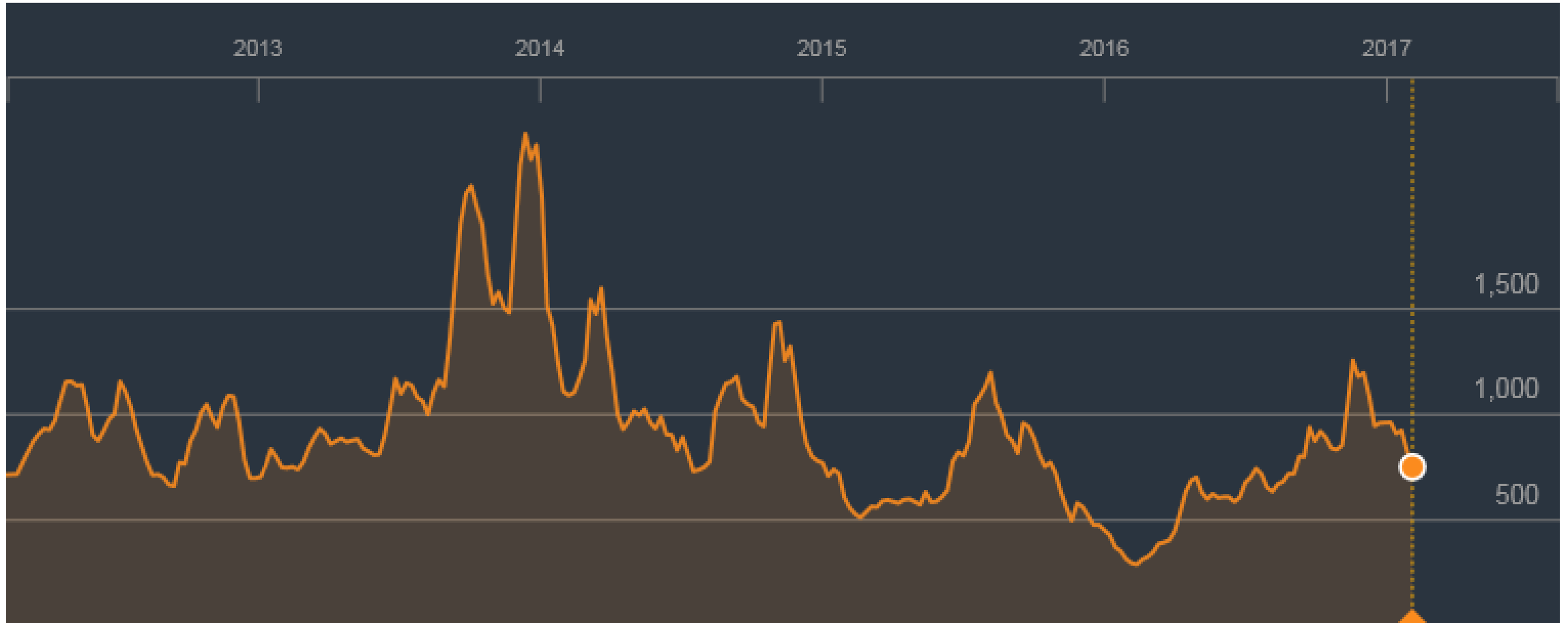


Operating profit Q4 was EUR 4.1 million (4.5).

The profitability was good despite the difficult market situation.

Supramax vessels turned to produce a profit.
Difficult weather conditions reduced the profitability of loading and unloading operations.

Baltic Dry Index 2012–2016



Source: Bloomberg

Q4 February 15, 2017



Leipurin

From bread and recipes to a comprehensive selection

Leipurin

Q4

The prices of raw materials important to Leipurin remained at the comparative period's level.

Operating profit increased to EUR 0.7 million (0.4).

The profitability of Leipurin is below the target level.

Net sales amounted to EUR 30.7 million (31.5). Net sales decreased in bakery machine operations and raw material operations in Poland.

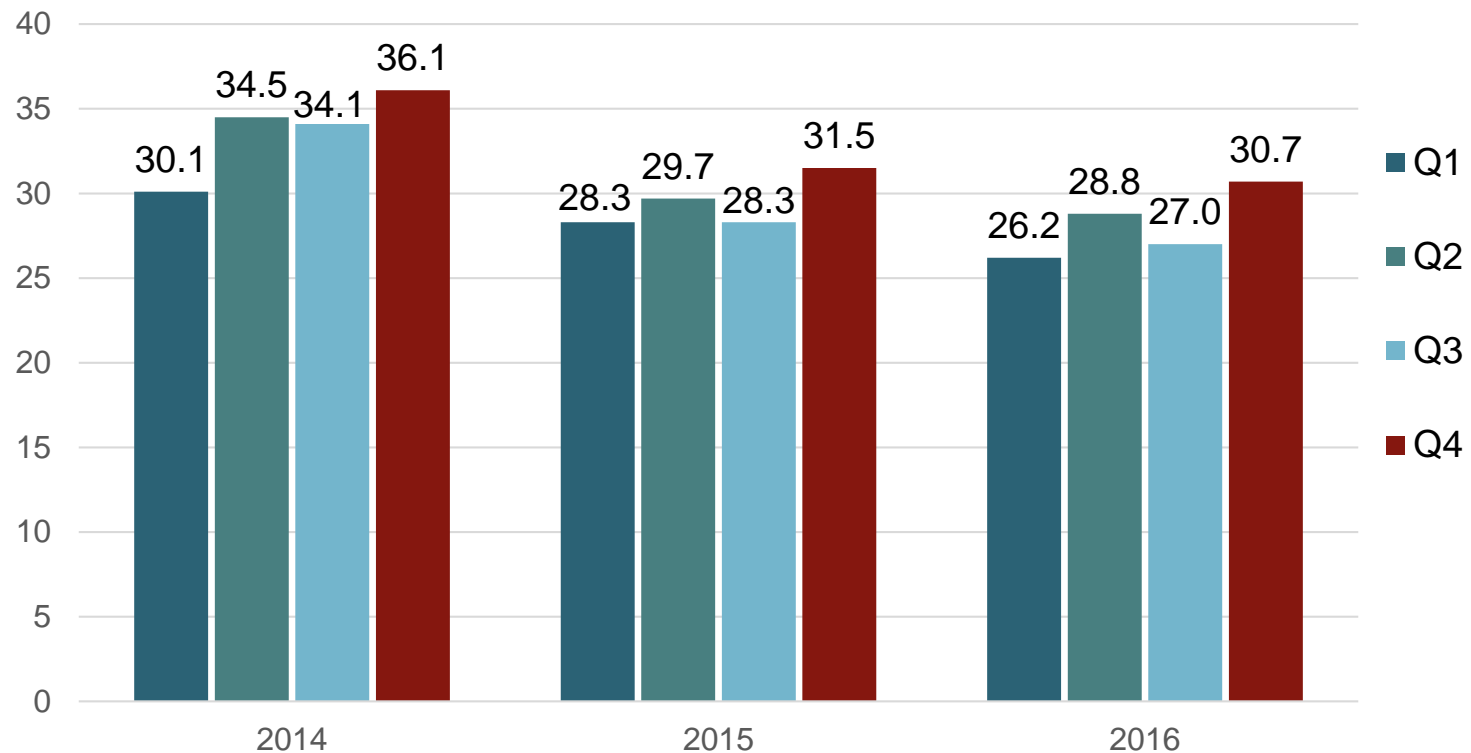
In eastern markets the net sales of bakery raw materials increased by 18%.

Demand for the bakery machines which collapsed at the end of 2014 turned into growth in Q4. Machine operations turned to produce a profit and the order book was record-high.

Leipurin, key figures

Net sales

MEUR



Net sales Q4 decreased to EUR 30.7 million (31.5).

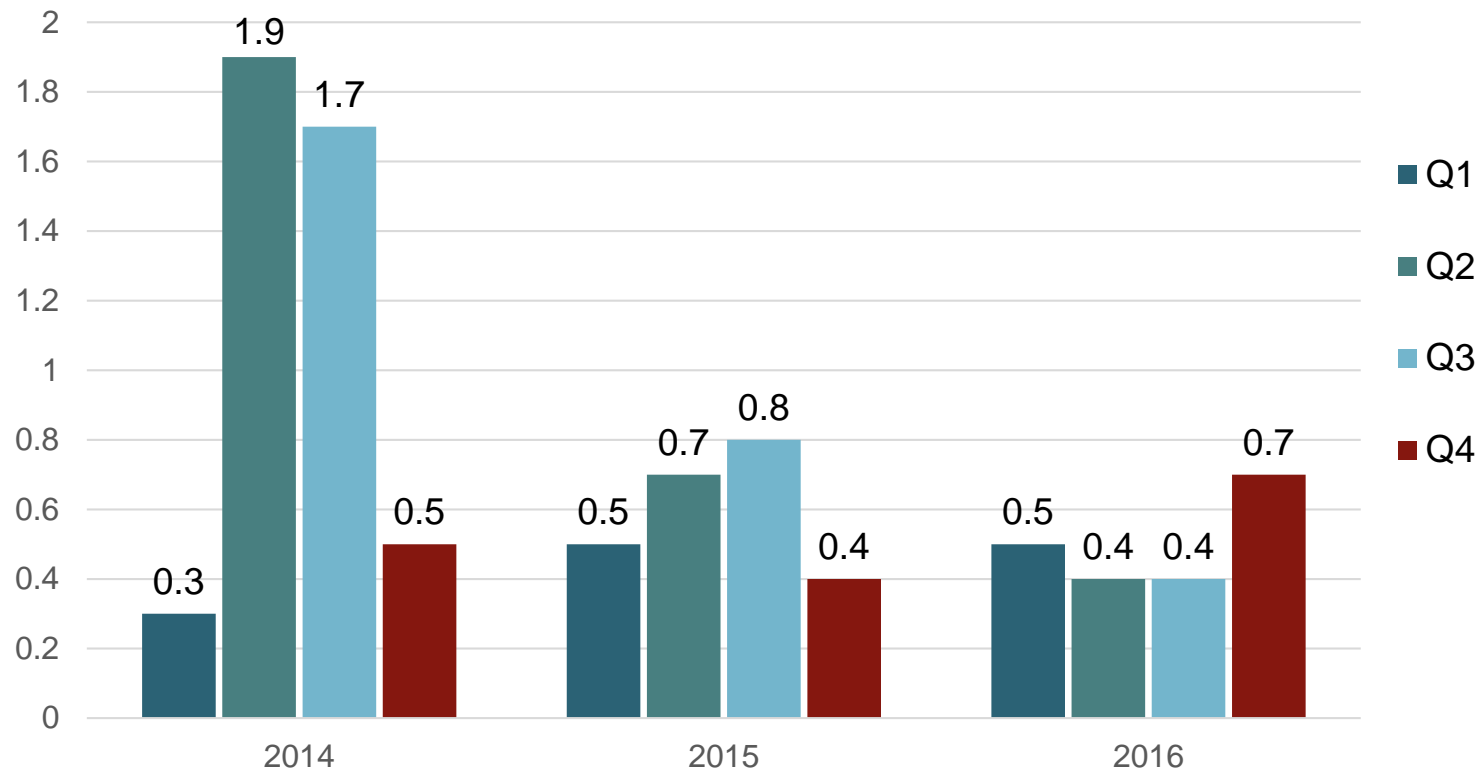
Net sales decreased in every quarter in 2016.

Net sales of bakery raw materials increased while net sales of machine operations decreased.

Leipurin, key figures

Operating profit

MEUR



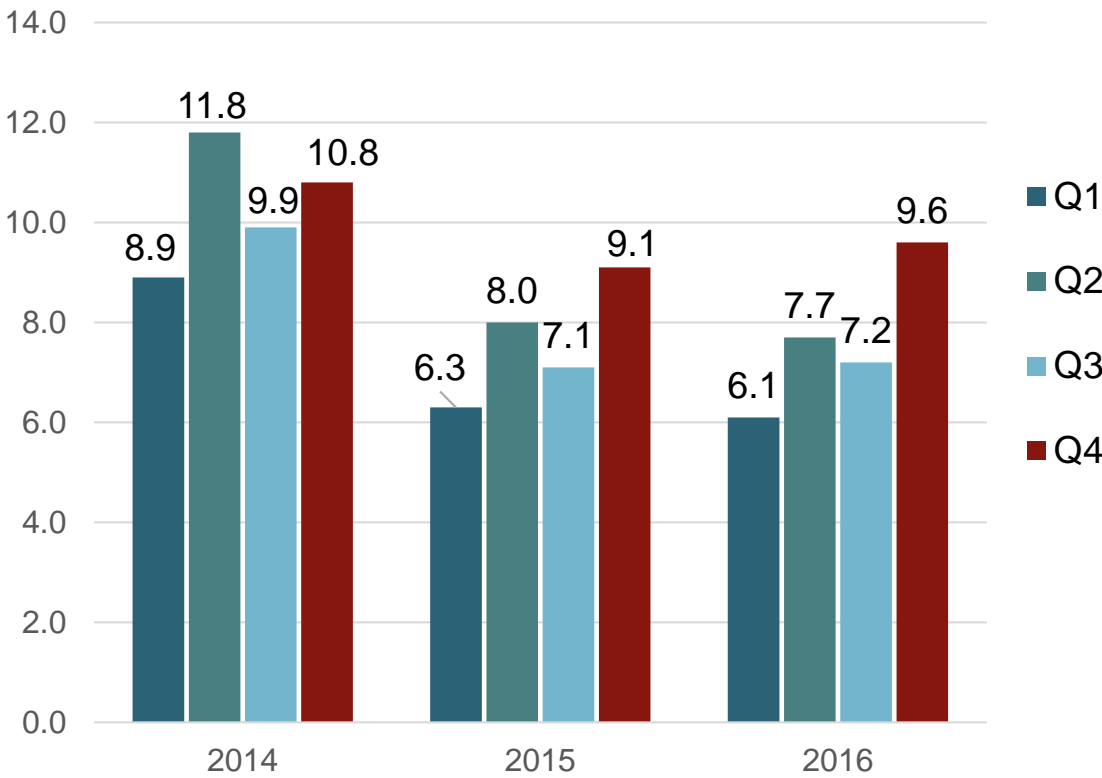
Operating profit Q4 increased to EUR 0.7 million (0.4). Operating profit rate increased to 2.3% (1.3). In Russia the operating profit rate of raw materials was good.

Machine operations turned to produce a profit.

Net sales in Russia, Ukraine and other CIS countries

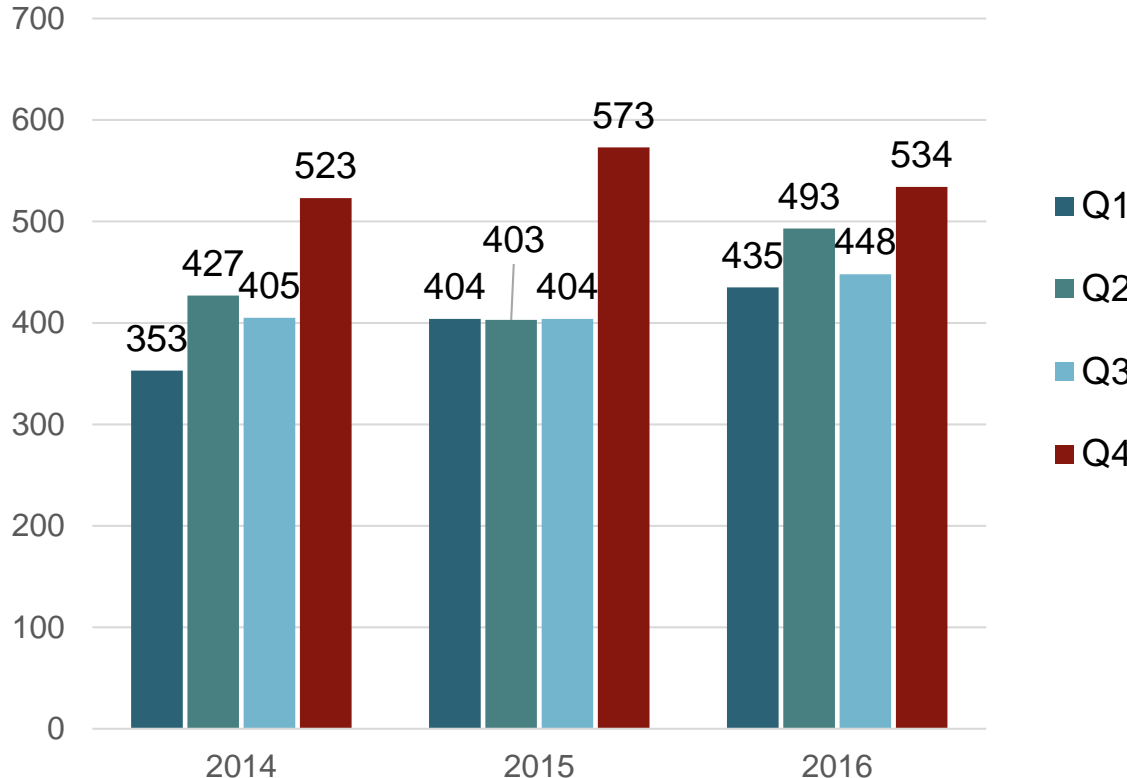
Net sales in the market area

MEUR



Net sales of the Russian company

MRUB





Telko

Raw material solutions for the industry

Telko

Q4

The prices of plastic raw materials decreased and the prices of industrial chemicals increased.

Net sales increased by 21% to EUR 64.9 million (53.6).

Net sales increased in both eastern and western markets.

Operating profit increased to EUR 2.5 million (1.9).

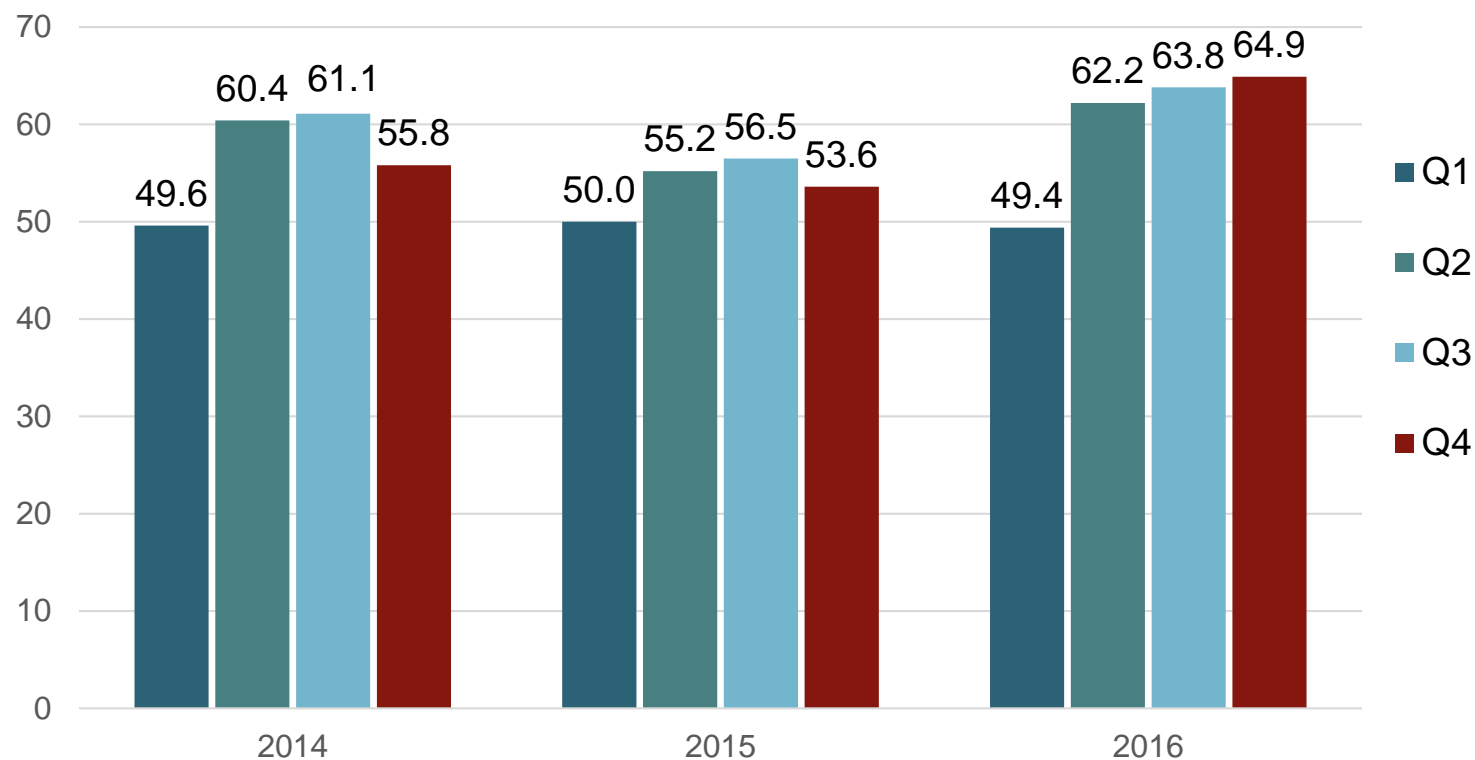
Profitability increased especially in western markets.

Net sales increased by 26% in Russia, Ukraine and other CIS countries.
Russian economy is expected to turn into growth.

Telko, key figures

Net sales

MEUR



Net sales Q4 increased by 21% to EUR 64.9 million (53.6).

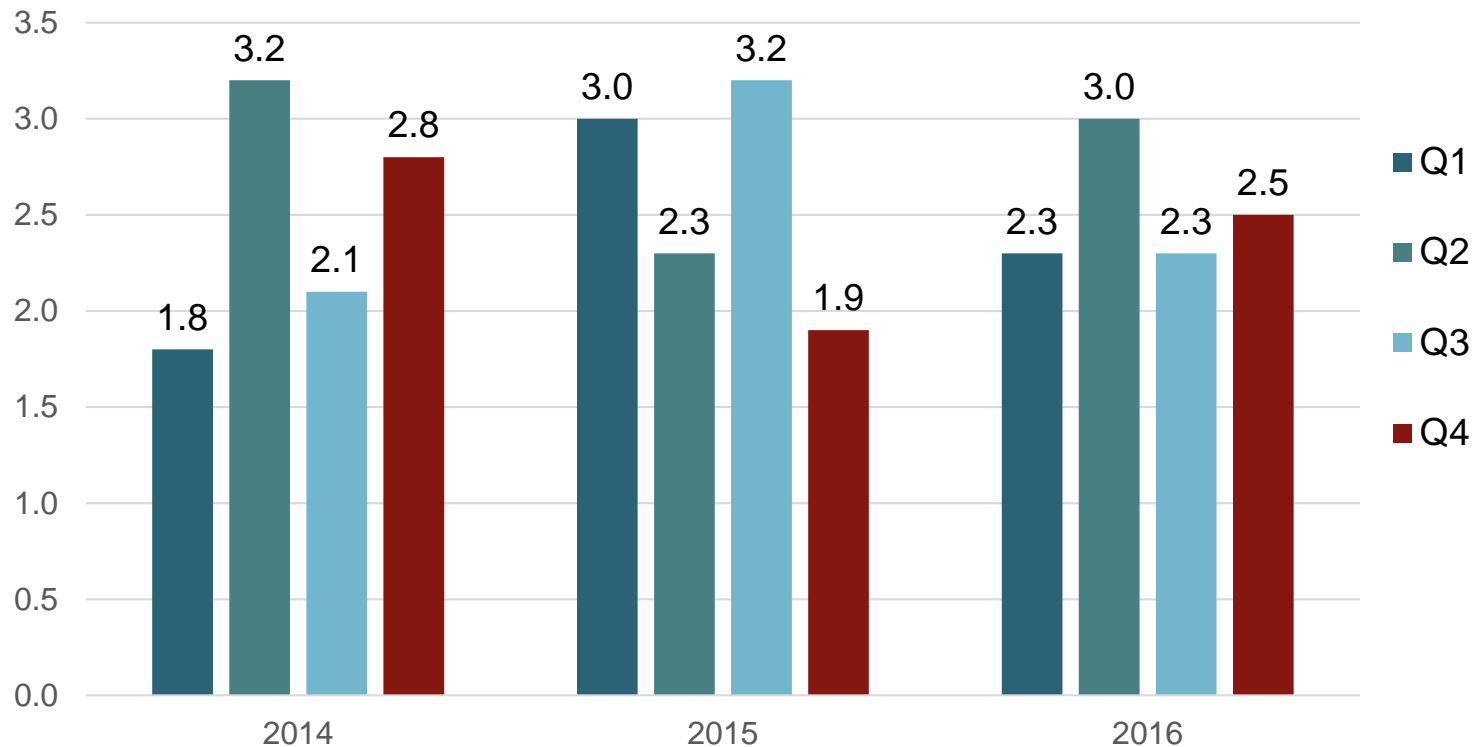
Net sales of the year record-high.

Net sales increased in all market areas.

Telko, key figures

Operating profit

MEUR



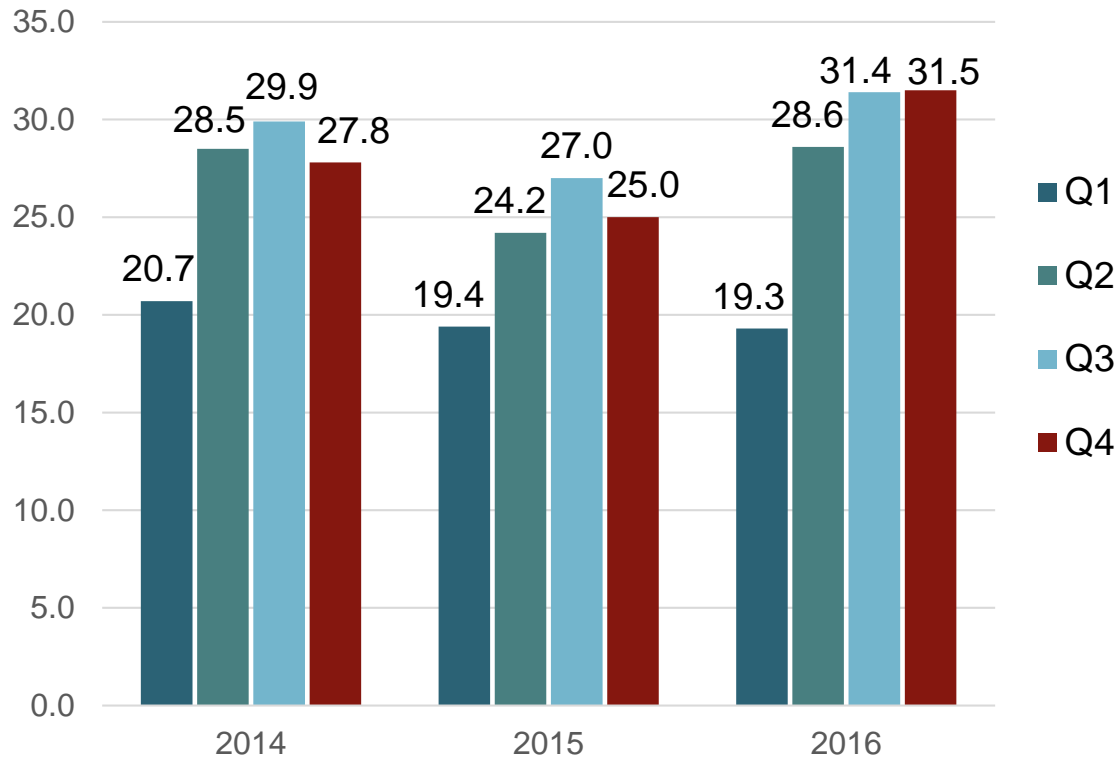
Operating profit Q4 increased to EUR 2.5 million (1.9).
Operating profit rate increased to 3.9% (3.5).
Operating profit improved especially in western markets.

Operating profit rate in eastern markets was clearly below 5%.

Net sales in Russia, Ukraine and other CIS countries

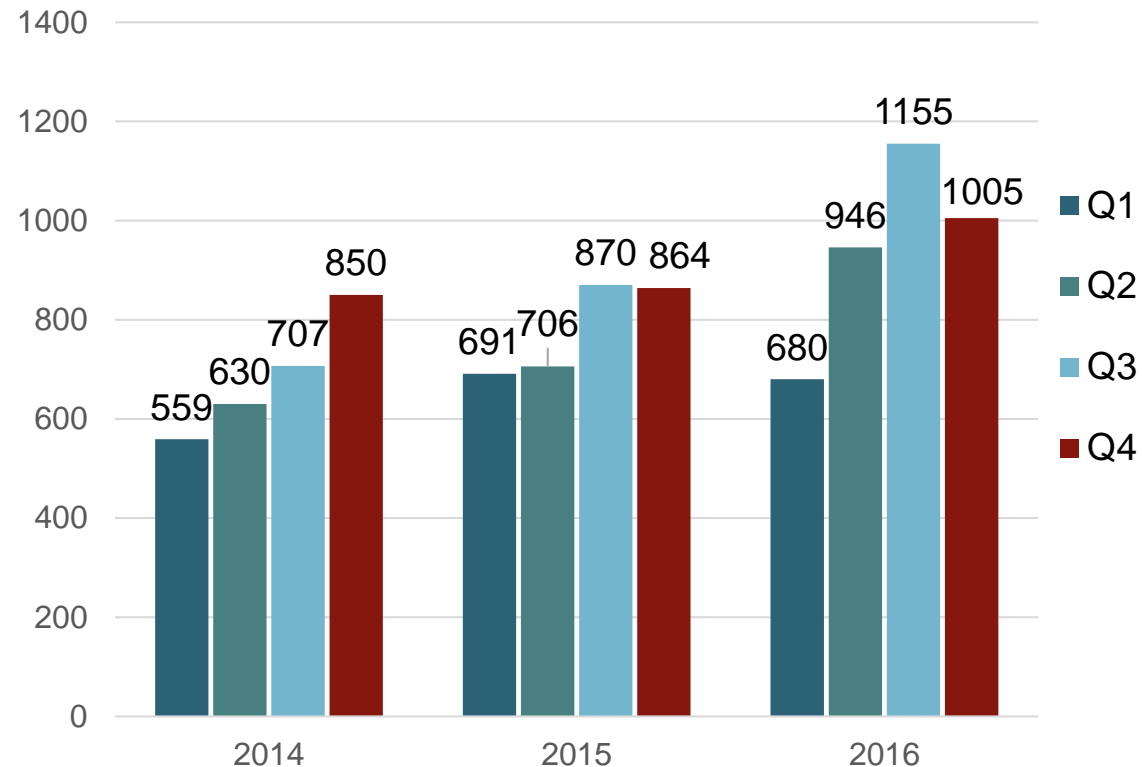
Net sales in the market area

MEUR



Net sales of the Russian company

MRUB





Kauko

The best tools for mobile knowledge work

Kauko

Q4

Total sales of computers decreased in Finland.

Special rugged computers and tablets increased their share of total sales.

Operating profit was EUR 0.0 million (0.6). IT deliveries for the healthcare sector decreased and the operations produced a loss. Kauko investigates whether the non-compete clause has been breached and confidential positions been misused.

Net sales decreased to EUR 8.3 million (17.1).

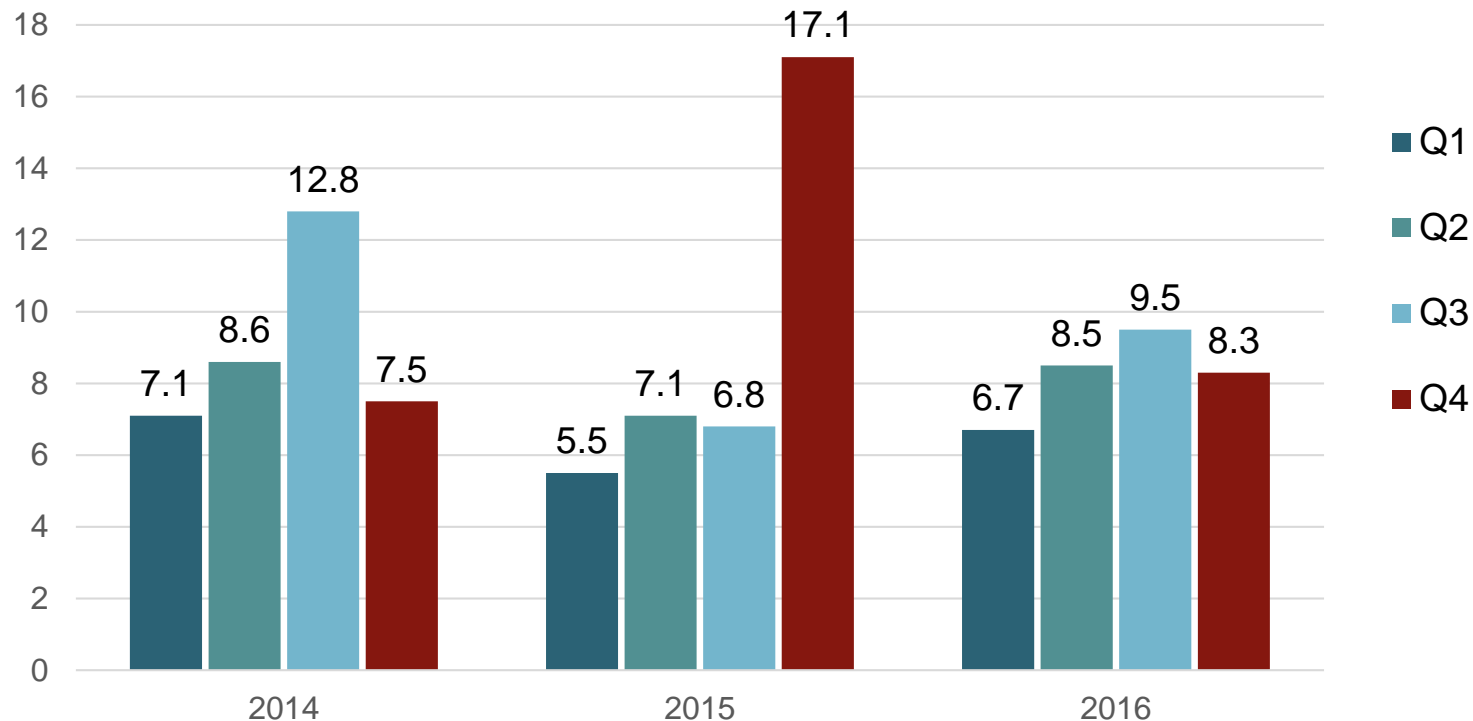
During the comparative period, the net sales were increased by project deliveries in China.

The demand for solar power systems has increased and the order book is good.

Kauko, key figures

Net sales

MEUR



Q4 February 15, 2017

Net sales Q4 decreased to EUR 8.3 million (17.1).

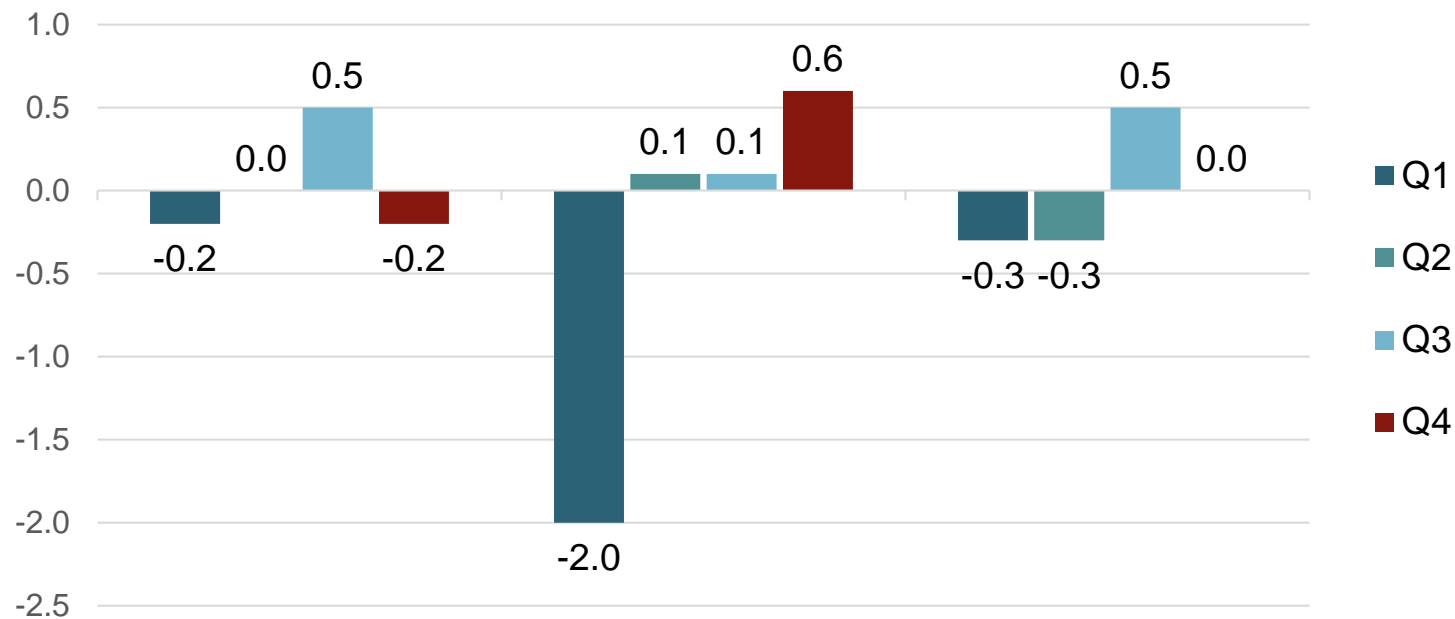
During the comparative period large project deliveries in China.

Sales of energy-efficiency equipment developed well. Net sales of mobile knowledge work decreased due to the decreased IT deliveries to healthcare sector.

Kauko, key figures

Operating profit

MEUR



Operating profit Q4 was EUR 0.0 million (0.6).

Kauko has invested in developing the organization and services of mobile knowledge work.



Financials and financing

Harri Seppälä

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Income statement

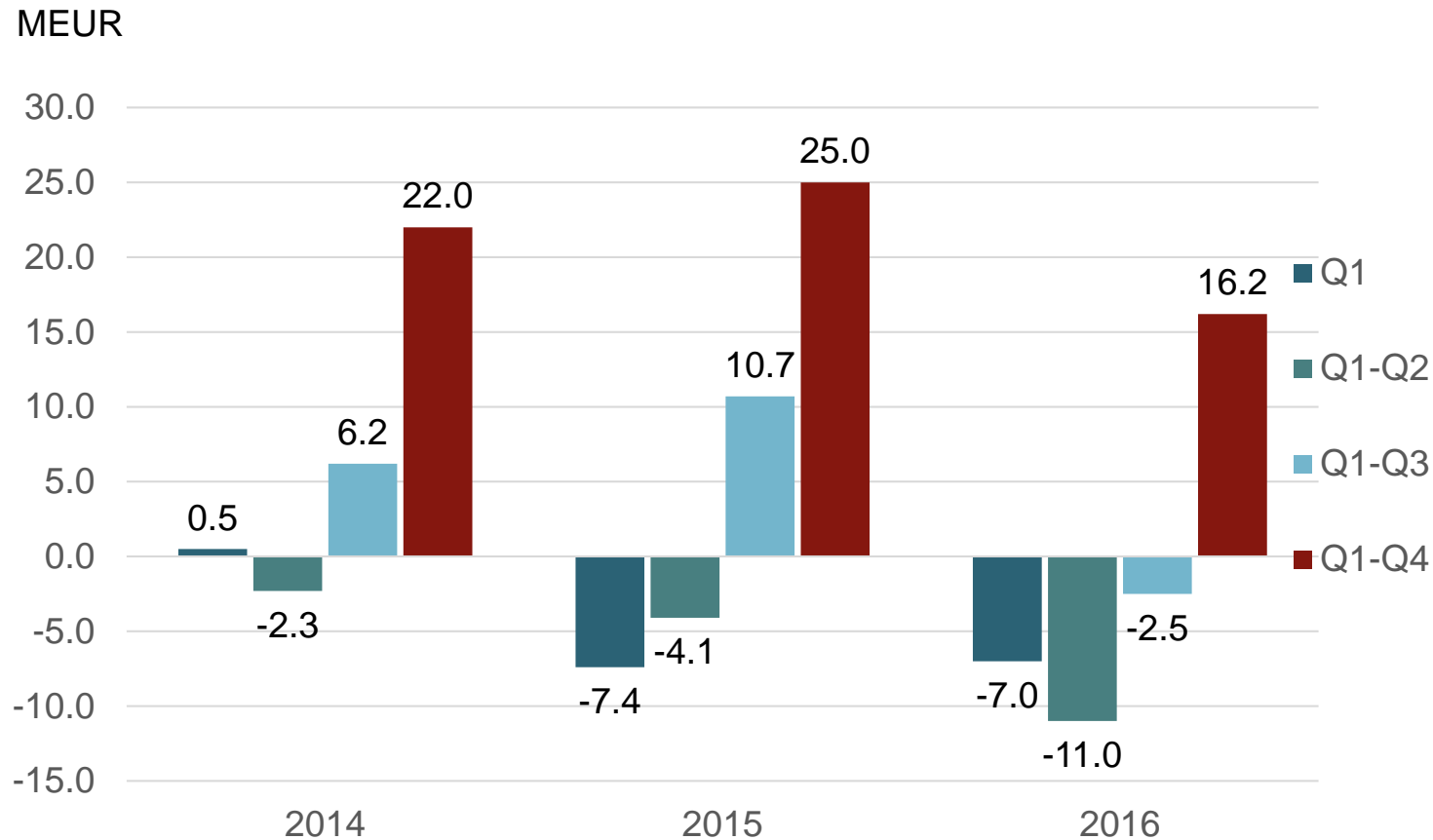
MEUR	Q1-Q4/2016	Q1-Q4/2015
Net sales	457.4	445.8
Ebitda	32.0	33.1
Depreciation, amortization and impairment losses	-11.6	-12.5
Operating profit	20.4	20.6
Financial income and expenses	-3.0	0.7
Profit before taxes	17.4	21.3
Income taxes	-1.5	-1.5
Profit for the period	15.9	19.8
Earnings per share, EUR	0.49	0.61

Ebitda rate weakened.

Operating profit rate decreased to 4.5% (4.6) in Q1-Q4 and remained unchanged in Q4.

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

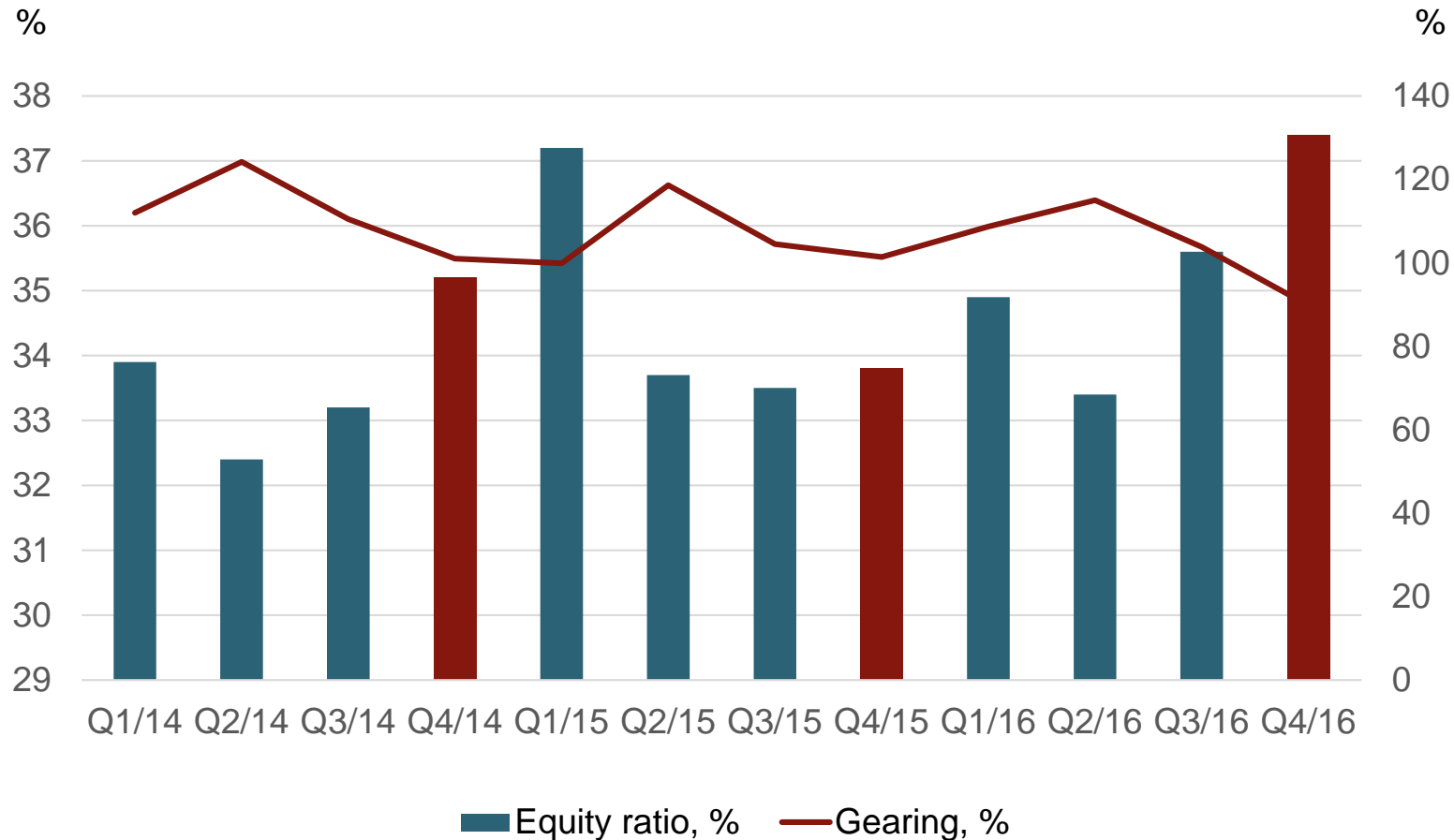


Net cash from operating activities Q4 was strong, EUR 18.7 million (14.3).

Cumulative net cash from operating activities was EUR 16.2 million (25.0).

Change in working capital was EUR -10.6 million (-4.2) in Q1-Q4 and tied mainly to the strong growth of Telko.

Equity ratio and gearing



Capital structure strengthened.

**Gearing 90% (101).
Equity ratio 37% (34).**

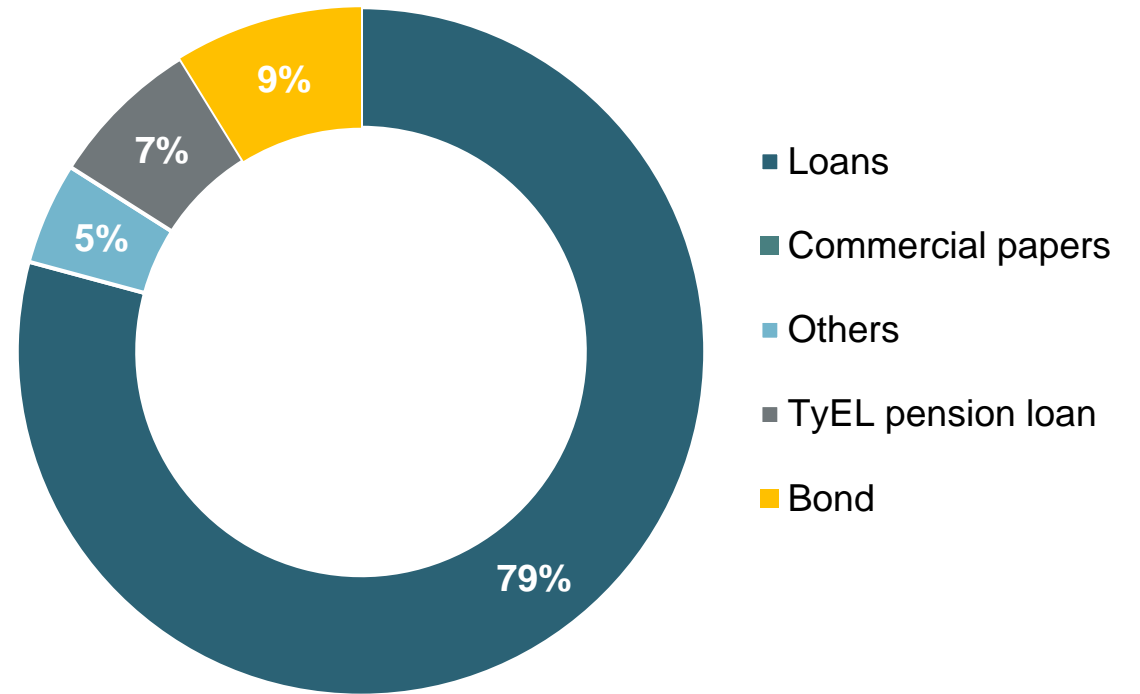
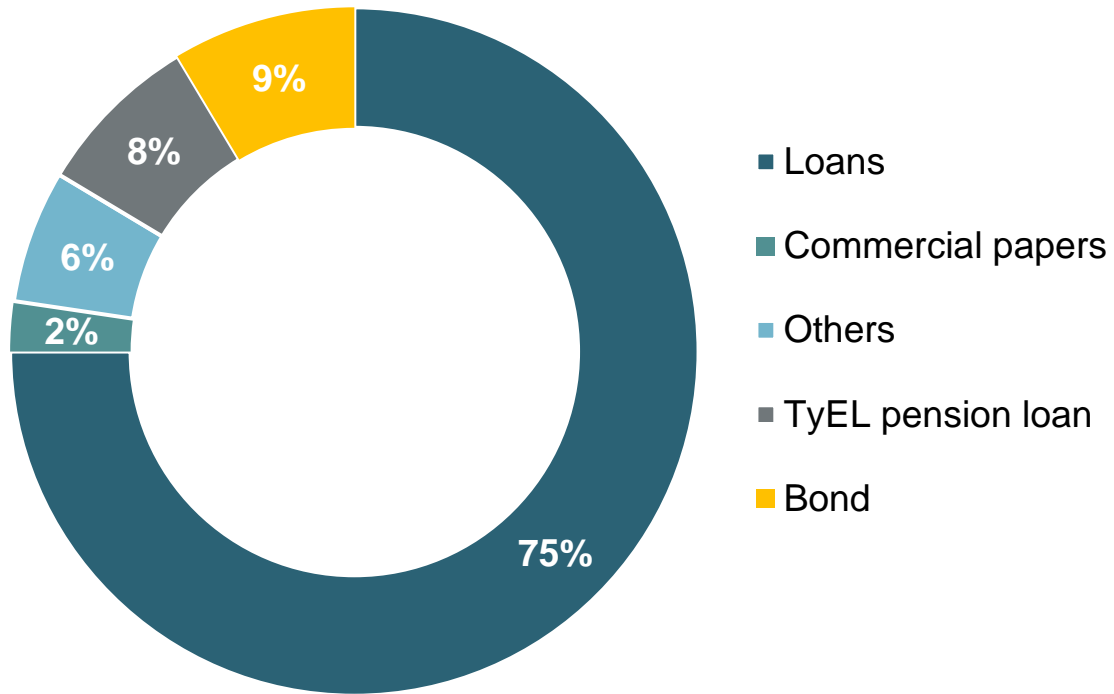
Payments related to vessel investments will total about EUR 12 million in 2017.

Structure of liabilities

Interest bearing liabilities on
December 31, 2015: 128 M€

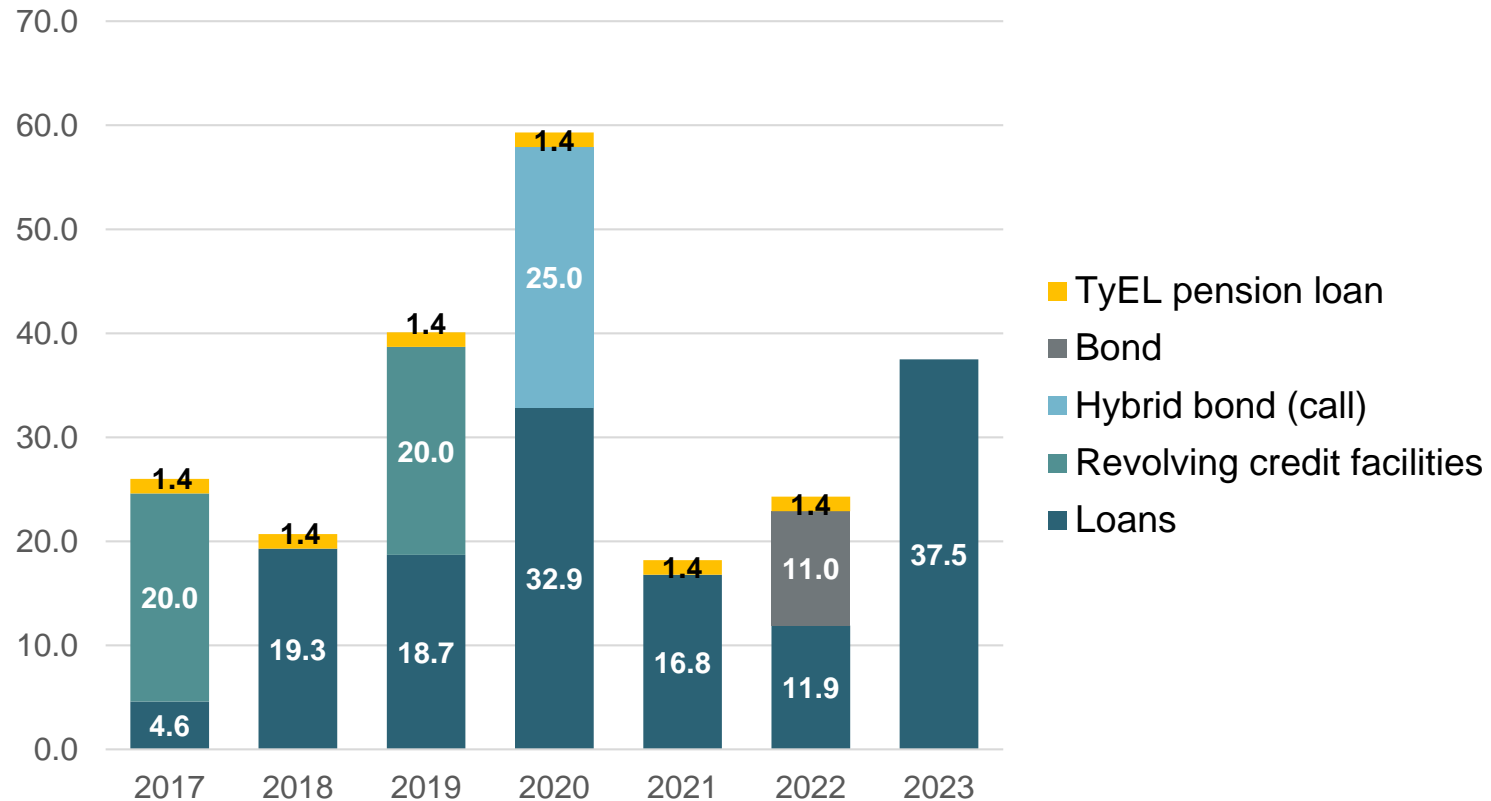


Interest bearing liabilities on
December 31, 2016: 125 M€



Maturity of significant loan agreements

MEUR

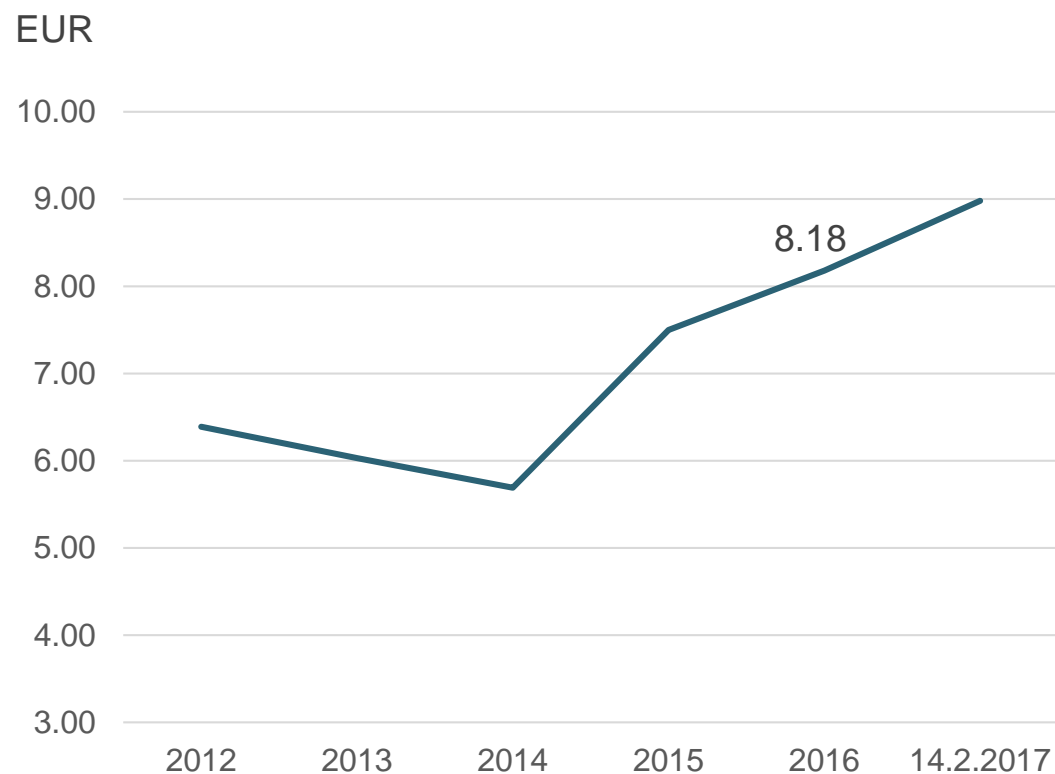


In Q4 financing agreements totaling EUR 50 million were signed to finance the vessel investment.

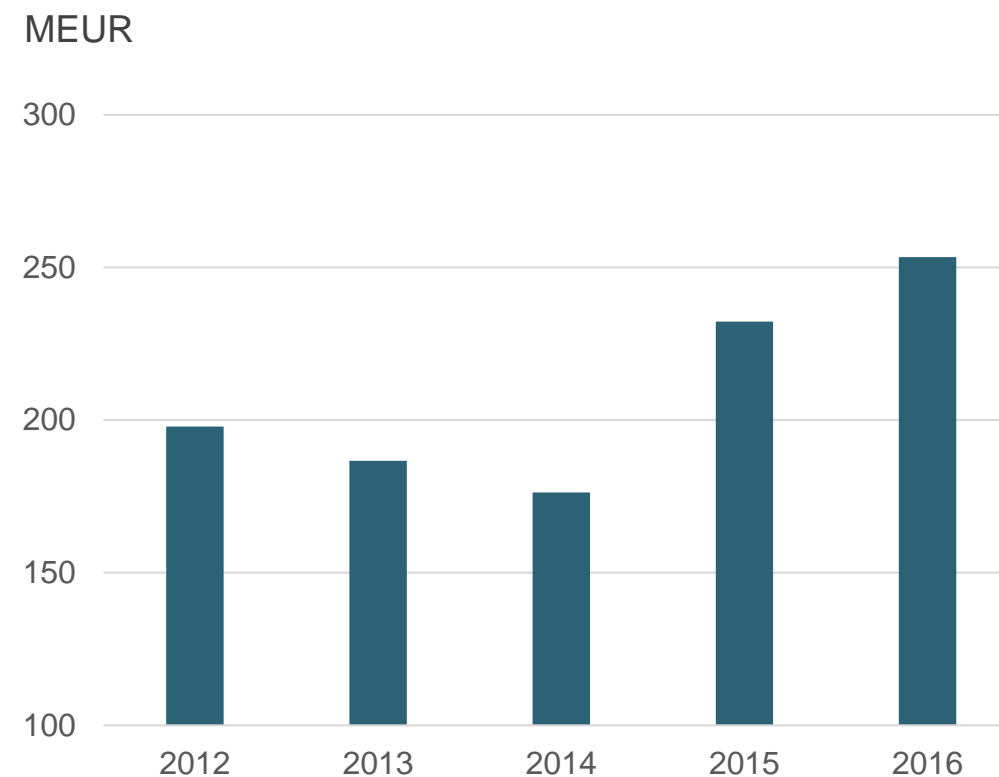
EUR 20 million revolving credit facility will mature in 2017.

Aspo market value

Share price development (closing price)



Market value of shares



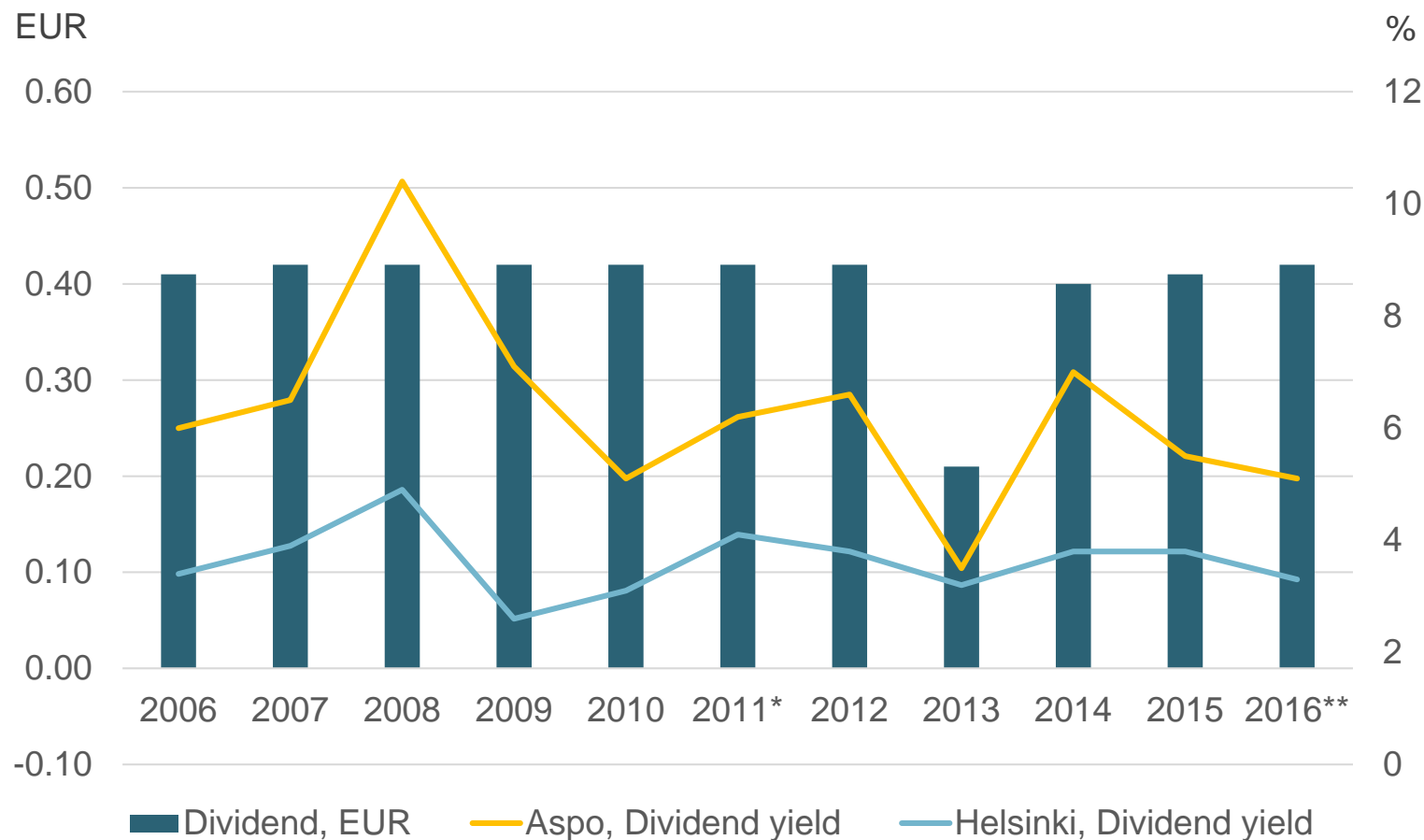
Dividend proposal 2016

**The Board of Directors'
dividend proposal:
EUR 0.42 / share**

**Dividend will be paid
in two installments:
EUR 0.21 / share in
April
EUR 0.21 / share in
November**

**Dividend distribution
policy:
At least half of the
annual profit
distributed in
dividends on average.**

Dividend and dividend yield



* Repayment of capital ** Dividend proposal, EUR 0.42

**Dividend yield of Aspo,
average
2006–2016
6.3 %**

**Dividend yield of
Helsinki Stock
Exchange, average
2006–2016
3.6 %**

Source: Aspo, Factset, OP

General market outlook for 2017

- Uncertainty in markets has decreased.
- Industrial production is expected to grow in Aspo's main market areas.
- Prices of raw materials will remain low.
- Political risks may decrease free trade.
- Poor economic situation in the important eastern growth markets has turned into growth.
- Aspo will continue to increase its market share in eastern markets.
- Dry cargo prices are expected to remain low. The use of the capacity has mainly been secured through long-term agreements. It has been ensured that one Supramax vessel will operate in the Baltic Sea area in 2017.

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

Profitability of Supramax vessels and Leipurin machine operations is expected to increase.

Guidance 2017

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