



Investing in competitiveness and profitability

ESL Shipping

Investor Event, November 24, 2016

1. Aspo Group: An active developer of businesses
2. ESL Shipping: The leading carrier of dry bulk cargoes in the Baltic Sea region
3. The investment: Improving competitiveness and profitability
4. Success despite challenging markets
5. Financial impact: Targeting growth and EBIT improvement
6. Q&A

Aspo's value is created by its strong brands

ASPO



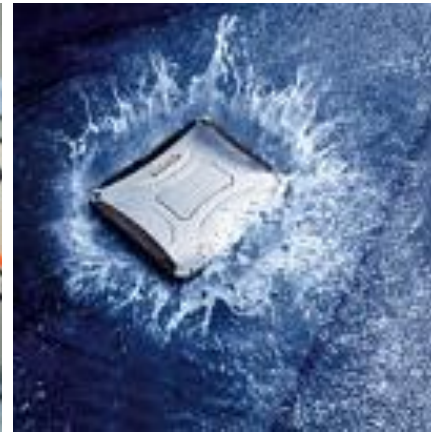
ESL Shipping



Leipurin



Telko



Kauko

Aspo – an active developer of businesses

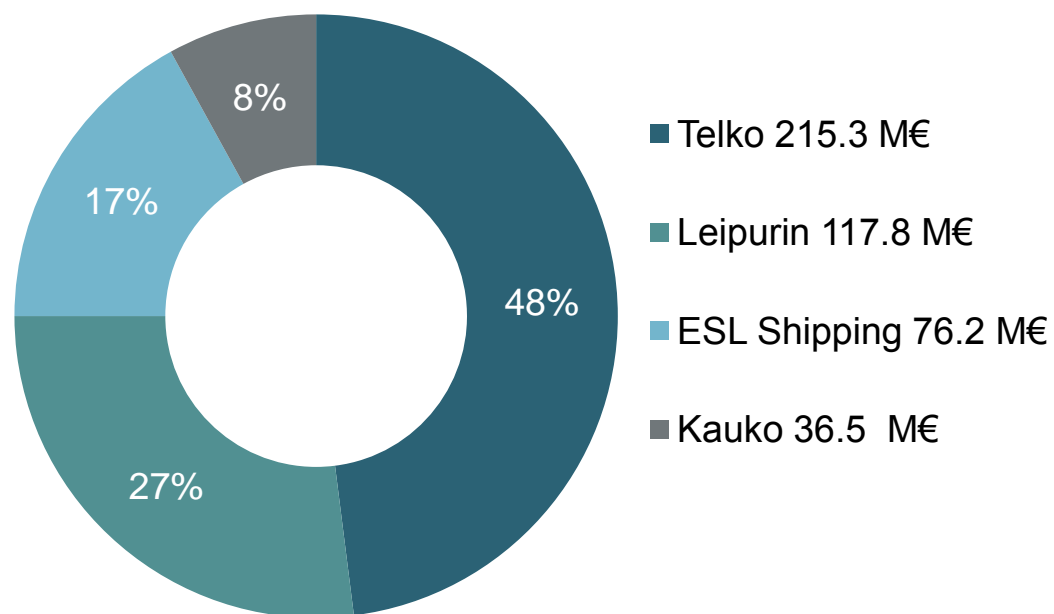
- Net sales 2015 **446 M€**
- Operating profit 2015 **20.6 M€**
- Return on equity 2015 **19.1%**
- Personnel 31.12.2015 **857**
- Market Cap 22.11.2016 **222 M€**

Our expertise is focused on the Baltic Sea region and on the eastern growth markets.

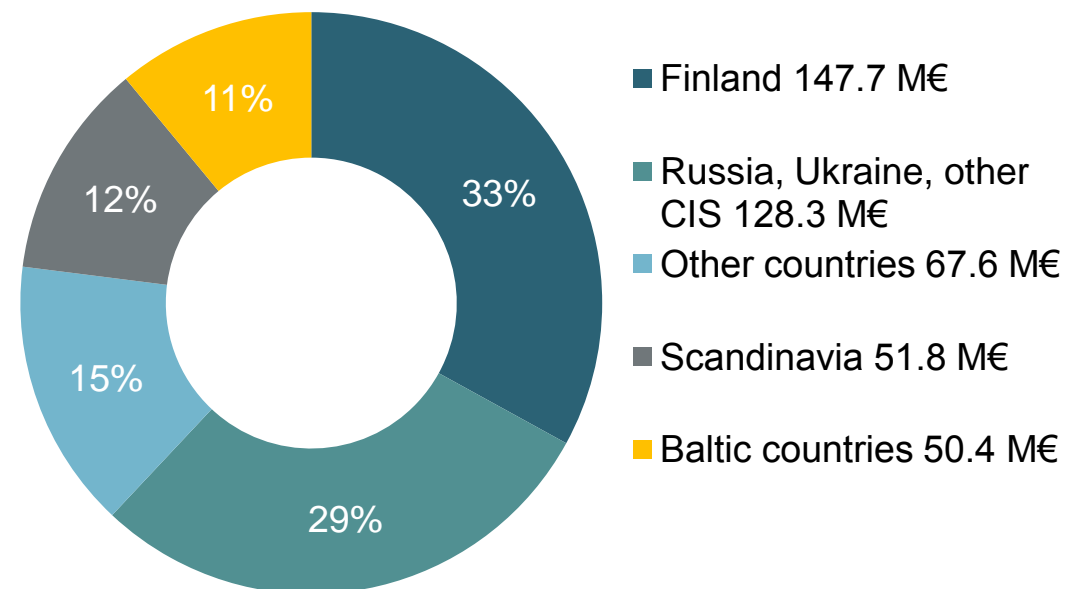


We represent a balanced entity, where risks are diversified

Net sales by segment 2015

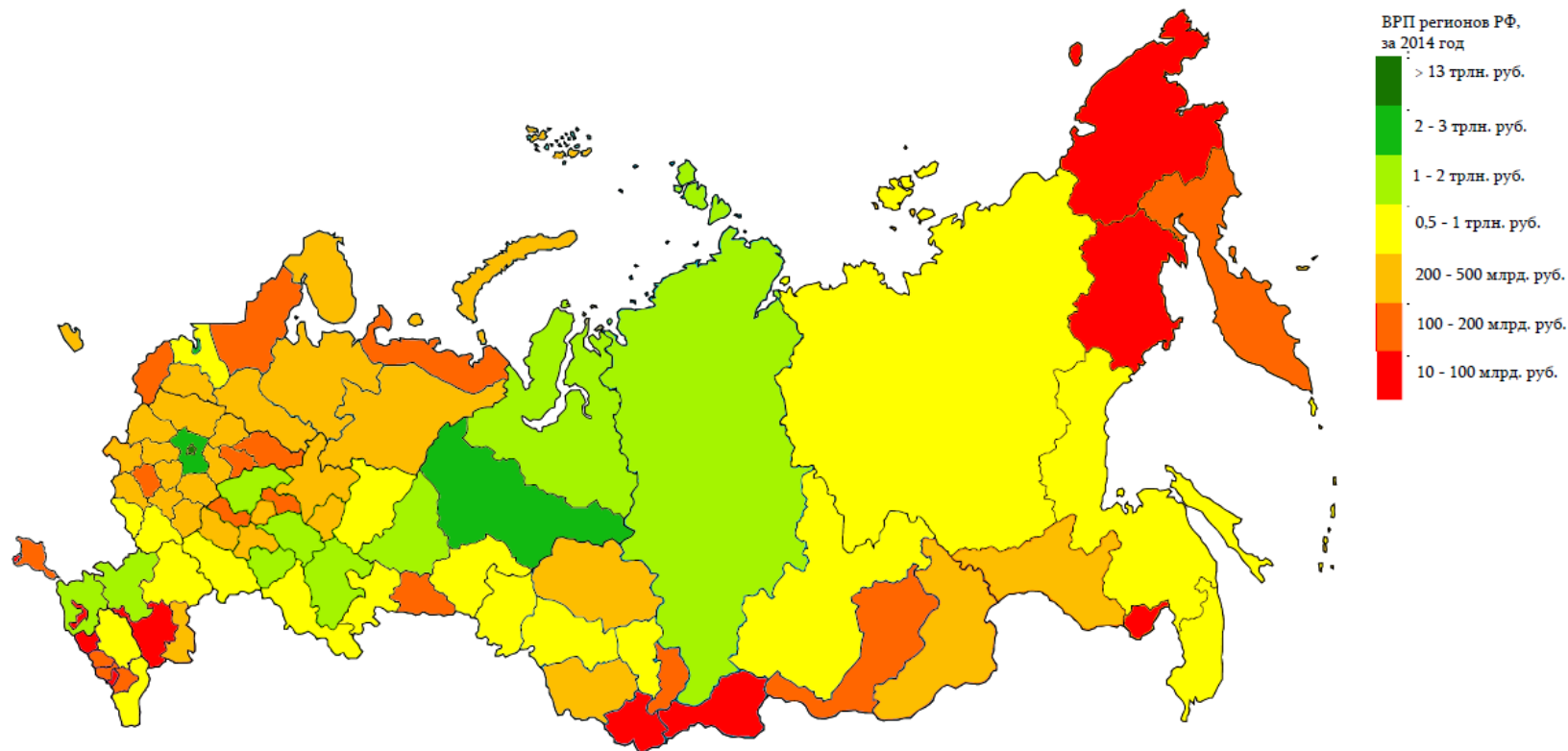


Net sales by market area 2015

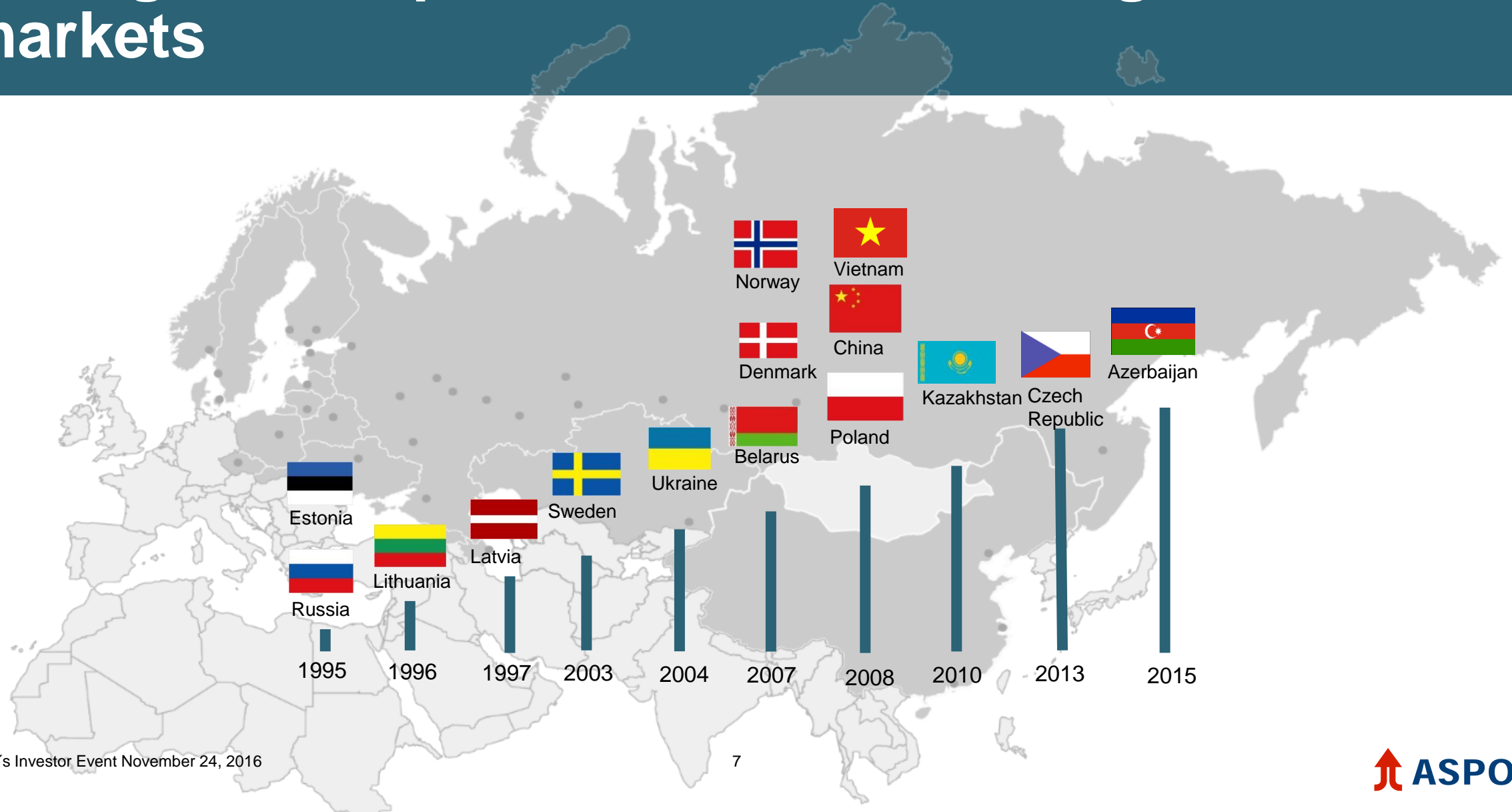


Distribution of GDP in Russia by region in 2014

Including Krim to show its economic position

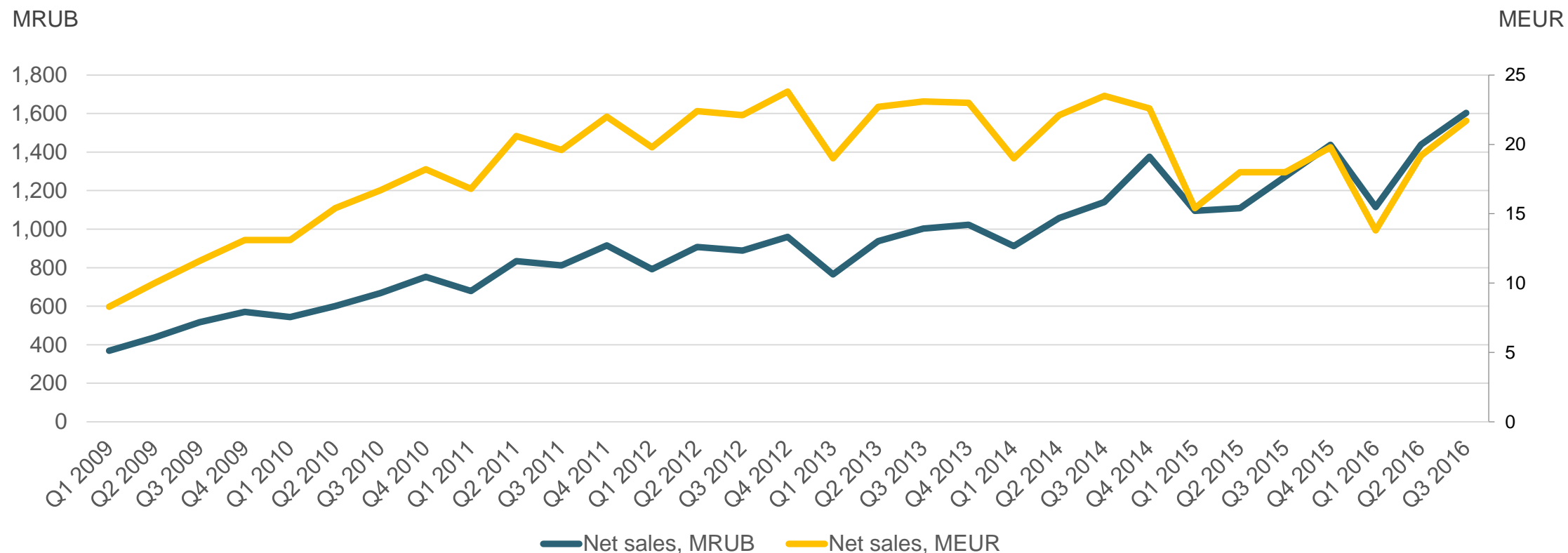


Strong market position in the eastern growth markets



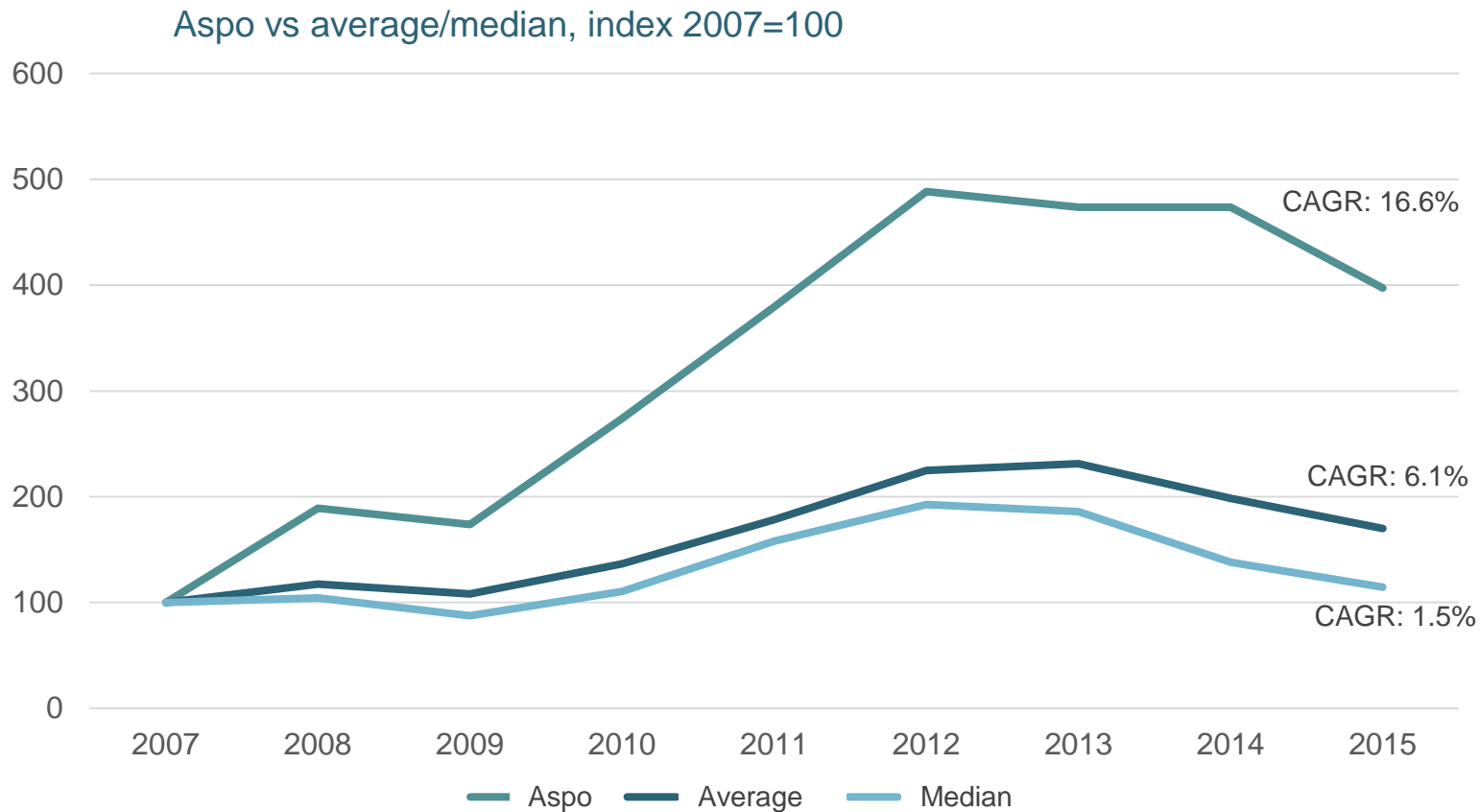
Profitable growth in the challenging Russian markets

Net sales in Russia



Aspo maintains higher growth rates than the market on average

Net sales in Russia of Finnish listed companies (EUR)



Aspo's Investor Event November 24, 2016

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Source: Inderes

*Fortum and Oriola-KD have been in Russia since 2008. Peer group companies have significant business in Russia.

2007

- Aspo
 - Oriola-KD *
 - Tikkurila
 - Nokian Renkaat
 - Stockmann
 - YIT
- Kesko
 - Atria
 - Yleiselektroniikka
 - SRV
 - Fortum *

2015

- Aspo
 - ~~Oriola-KD *~~
 - Tikkurila
 - Nokian Renkaat
 - ~~Stockmann~~
 - YIT
- Kesko
 - Atria
 - Yleiselektroniikka
 - SRV
 - Fortum *

As a conglomerate Aspo is able to make larger investments

2009	2010	2011	2012	2013	2014	2015	2018
TELKO SALE OF HAMINA TERMINAL KAUKO SALE OF METEX DEUTSCHLAND ESL SHIPPING SALE OF M/S KONTULA	LEIPURIN COMPANY ACQUISITION IN LATVIA KAUKO ACQUISITION OF KMS-LÄMPÖTEK- NIIKKA ESL SHIPPING ACQUISITION OF TWO SUPRAMAX VESSELS	LEIPURIN ACQUISITION OF VULGANUS ESL SHIPPING TAKES DELIVERY OF M/S ALPPILA	KAUKO ACQUISITION OF SOMASYR ESL SHIPPING SALE OF M/S HESPERIA SUPRAMAX VESSELS ARE DELIVERED	LEIPURIN REVIEW OF PRE- CONDITIONS FOR STOCK EXCHANGE LISTING	LEIPURIN STOCK EXCHANGE LISTING IS CANCELLED KAUKO SALE OF FREQUENCY CONVERTER BUSINESS ESL SHIPPING ACQUISITION OF M/S CREDO	KAUKO SALE OF INDUSTRIAL BUSINESS ESL SHIPPING SALE OF ALANDIA SHARES	ESL SHIPPING TWO NEW LNG-POWERED SHIPS START OPERATING

Aspo's objective is to create value for its shareholders by developing businesses.



Major shareholders, October 31, 2016

		Number of shares	% of shares			Number of shares	% of shares
1	Oy Havsudden Ab	3,142,941	10.15	16	Laakkonen Mikko	297,143	0.96
2	Varma Mutual Pension Insurance Company	1,438,412	4.64	17	Hollming Ltd	273,969	0.88
3	Vehmas Tapio	1,375,827	4.44	18	Aminoff Maria	262,223	0.85
4	Vehmas Aatos	1,043,394	3.37	19	Ingman Finance Oy Ab	250,000	0.81
5	Ilmarinen Mutual Pension Insurance Company	1,000,676	3.23	20	Estlander Peter	239,241	0.77
6	Vehmas Tatu	943,900	3.05	21	Private Entrepreneur Foundation	215,547	0.70
7	Vehmas Liisa	930,693	3.00	22	Timgren Veronica	215,107	0.69
8	Mandatum Life Unit-Linked	739,547	2.39	23	Rysti Eva Ann-Marie	199,628	0.64
9	Nordea Nordic Small Cap Fund	721,040	2.33	24	Procurator-Holding Oy	197,000	0.64
10	Nyberg Gustav	531,667	1.72	25	Arteva Heidi	184,457	0.60
11	Aspo Plc	396,226	1.28	26	Lehtinen Lassi	174,153	0.56
12	Nordea Bank Finland Plc	393,211	1.27	27	Salo Risto	165,160	0.53
13	Ac Invest Oy	353,700	1.14	28	Arteva Henri	161,400	0.52
14	Svenska folkskolans vänner rf	338,599	1.09	29	Päivikki and Sakari Sohlberg Foundation	160,000	0.52
15	Gadd Joanna	300,000	0.97	30	Fundum Oy	156,000	0.50

Aspo is committed to achieving its financial targets

Operating profit (EBIT)
with current structure

7%

2015: EBIT 4.6%

Average return on equity
(ROE) of over

20%

2015: ROE 19.1%

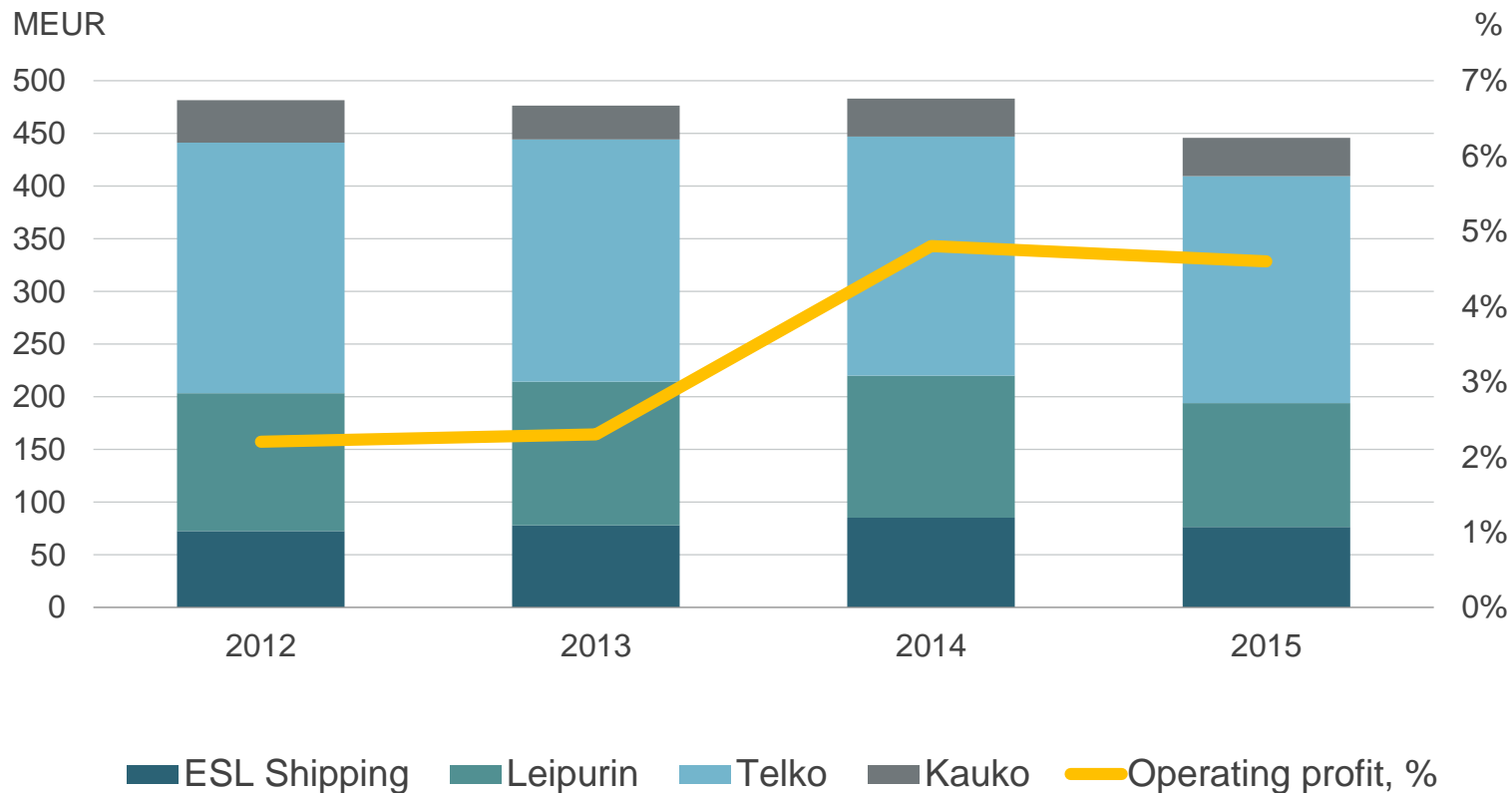
Gearing
of up to

100%

2015: Gearing 101.4%

Significant improvement in profitability since 2012

Net sales and operating profit

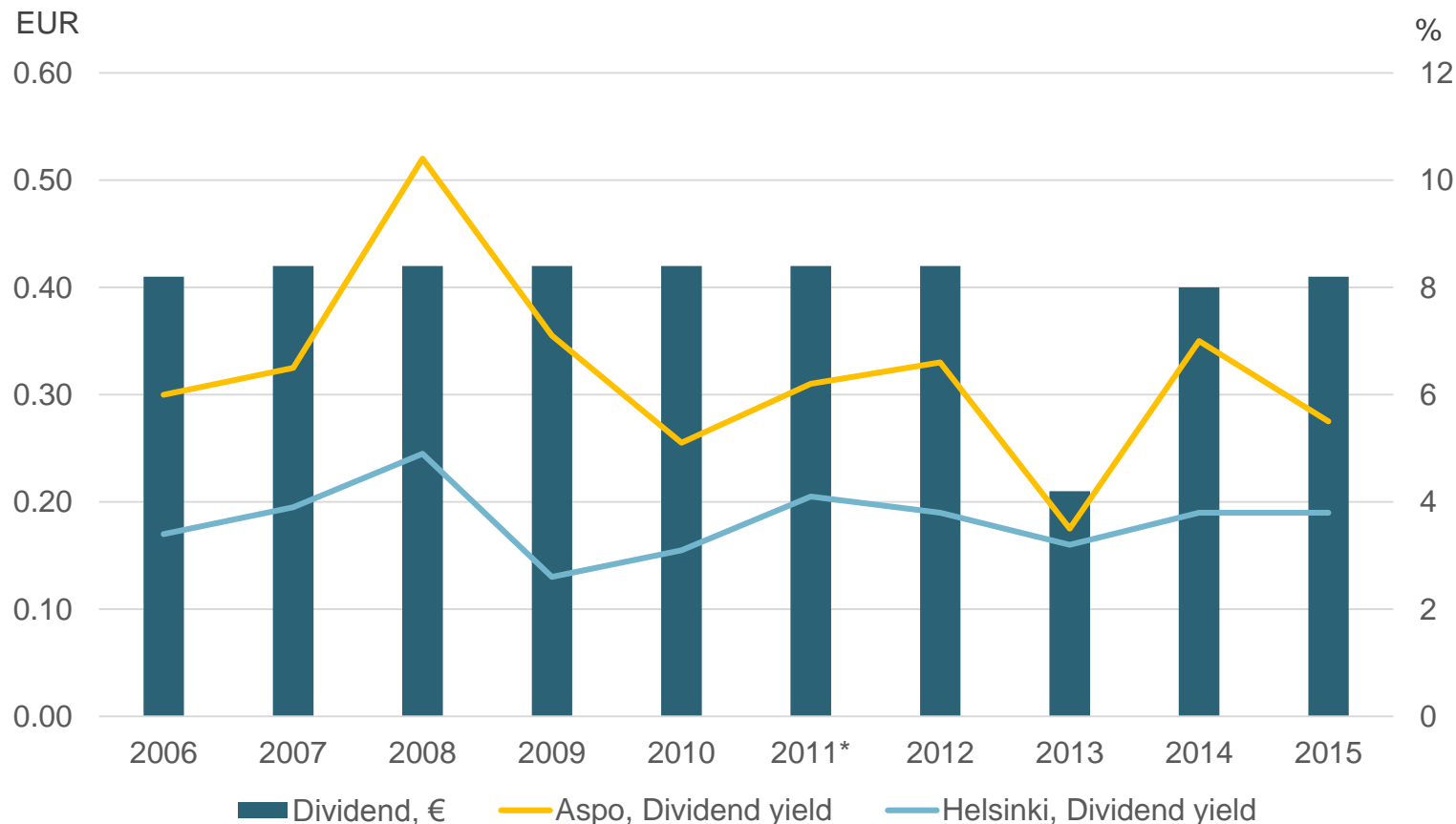


Aspo's structure enables even larger investments.

Net sales in 1–9/2016 increased by 3% compared to the corresponding period in 2015.

Investments increase long-term shareholder value

Generous dividends throughout history



Aspo's Investor Event November 24, 2016

* Repayment of capital

15

Aspo dividend yield,
average 2006–2015

6.4%

Helsinki Stock Exchange
dividend yield,
average 2005–2015

3.7%

Source: Aspo, Factset, OP



ESL Shipping – Profitable growth

Matti-Mikael Koskinen, Managing Director, ESL Shipping



Our value proposition

**Reliable, safe and flexible deliveries regardless
weather and ice conditions as sustainable as
possible**

The leading carrier of dry bulk cargoes in the Baltic Sea region

Founded
1949

Vessels
14

Cargo volume 2015
11.1 MT

Vessel capacity

2016: 266,000 DWT / 340,000 m³

2018: 317,000 DWT / 407,000 m³

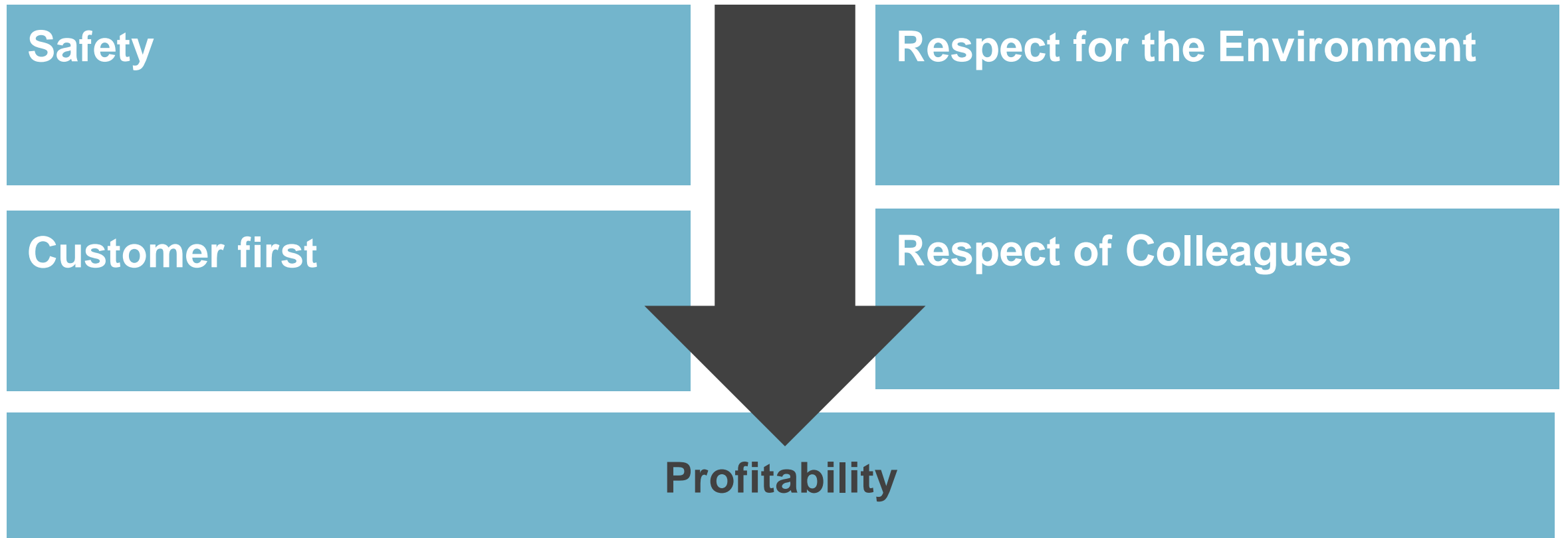
Net sales 2015

76 M€

EBIT-% 2015

19%

Our values enable efficient and profitable operations



ESL Shipping succeeds despite challenging markets

Strong niche player with deep understanding of the flow of goods

Deep knowledge of selected clients, routes and materials

Northern know-how and special expertise in the Baltic Sea and the Arctic

Integrated offering including inhouse knowhow in design and engineering

Long-term customer agreements built on trust, historic benefits and performances

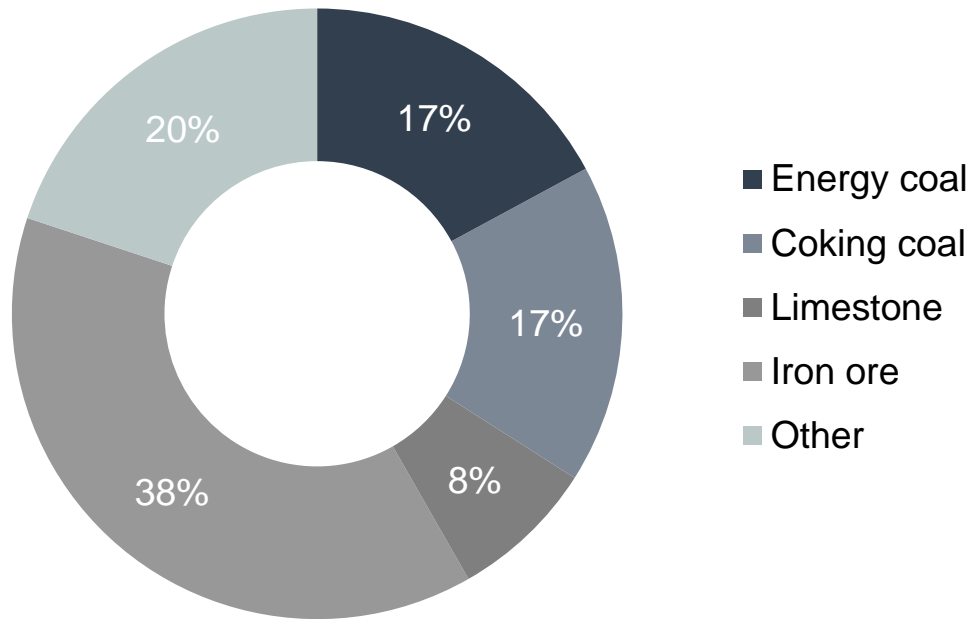
Vessels tailored for customers' ports

Superior fleet for ice conditions

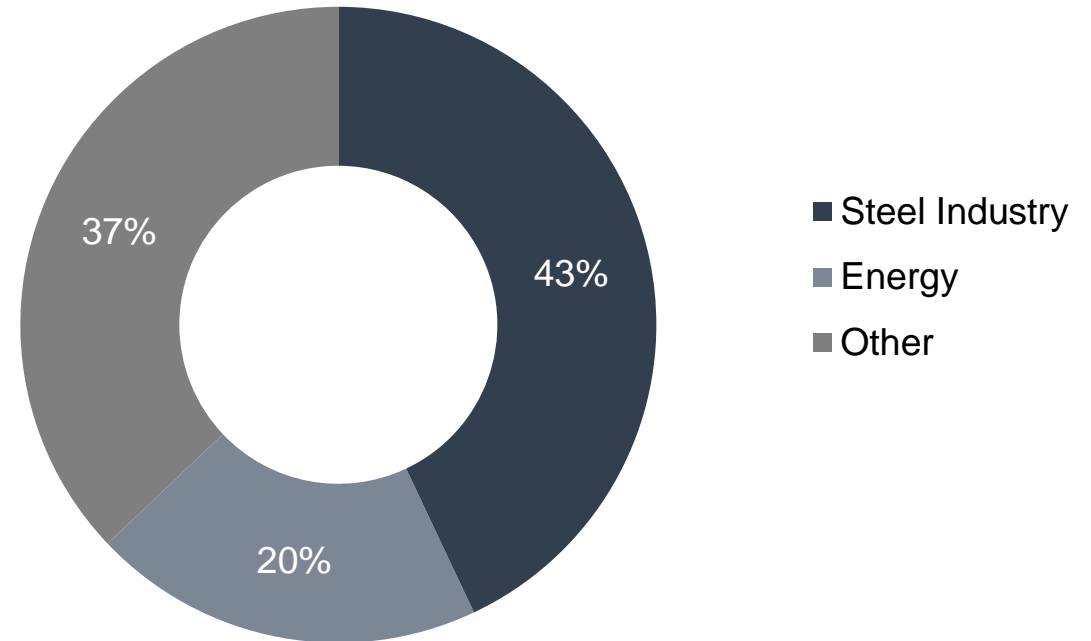
Self-loading and -unloading vessels

Customer distribution

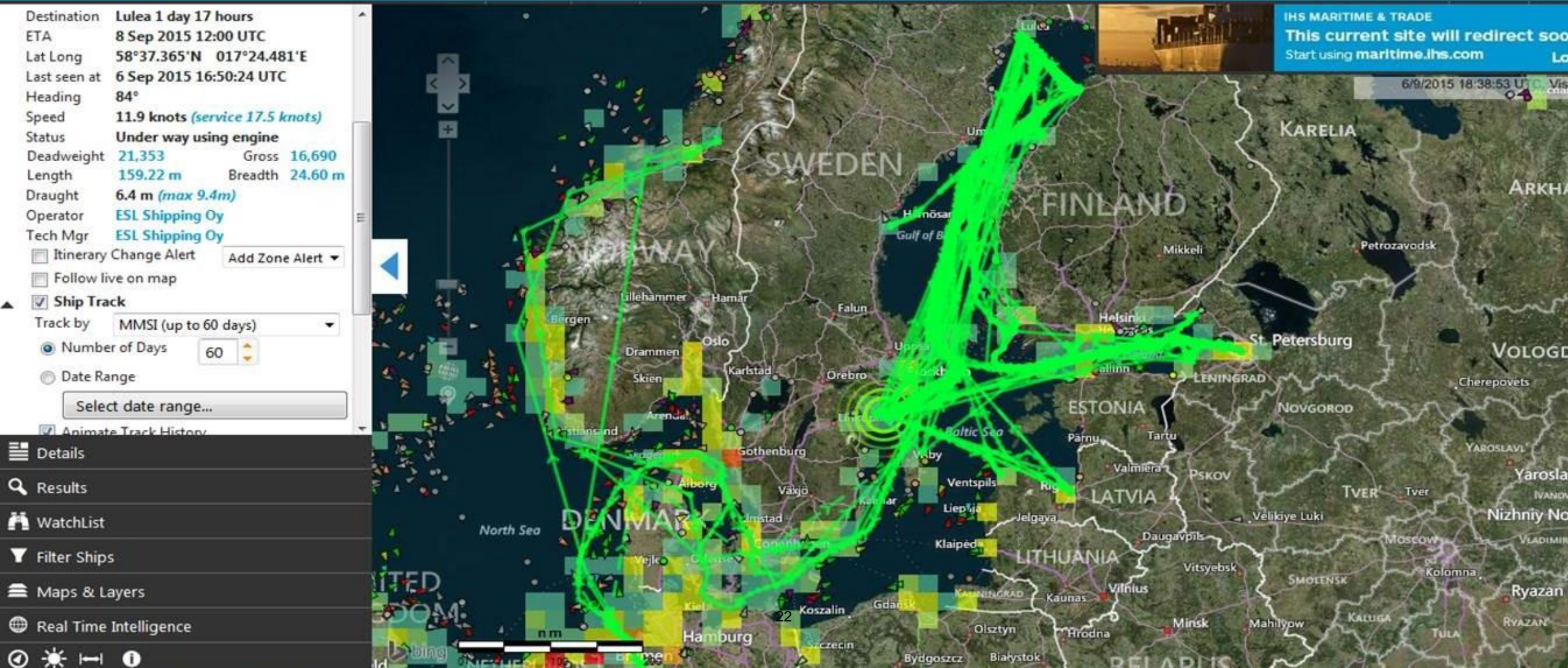
Distribution of cargo volume in tons 2015



Distribution of net sales in 2015



Focus on the Baltic Sea routes





Superior fleet

Tailored fleet for safe and reliable operations

Supramax-class
2 x 56.000 dwt
Iceclass 1A



Eira-class
3 x 20.000 dwt
Iceclass 1A Super



Pasila-class
2 x 13.000 dwt
Iceclass 1A Super



Two pusher vessels
and barges
5 x 9.000 -14.000 dwt
Iceclass 1A Super

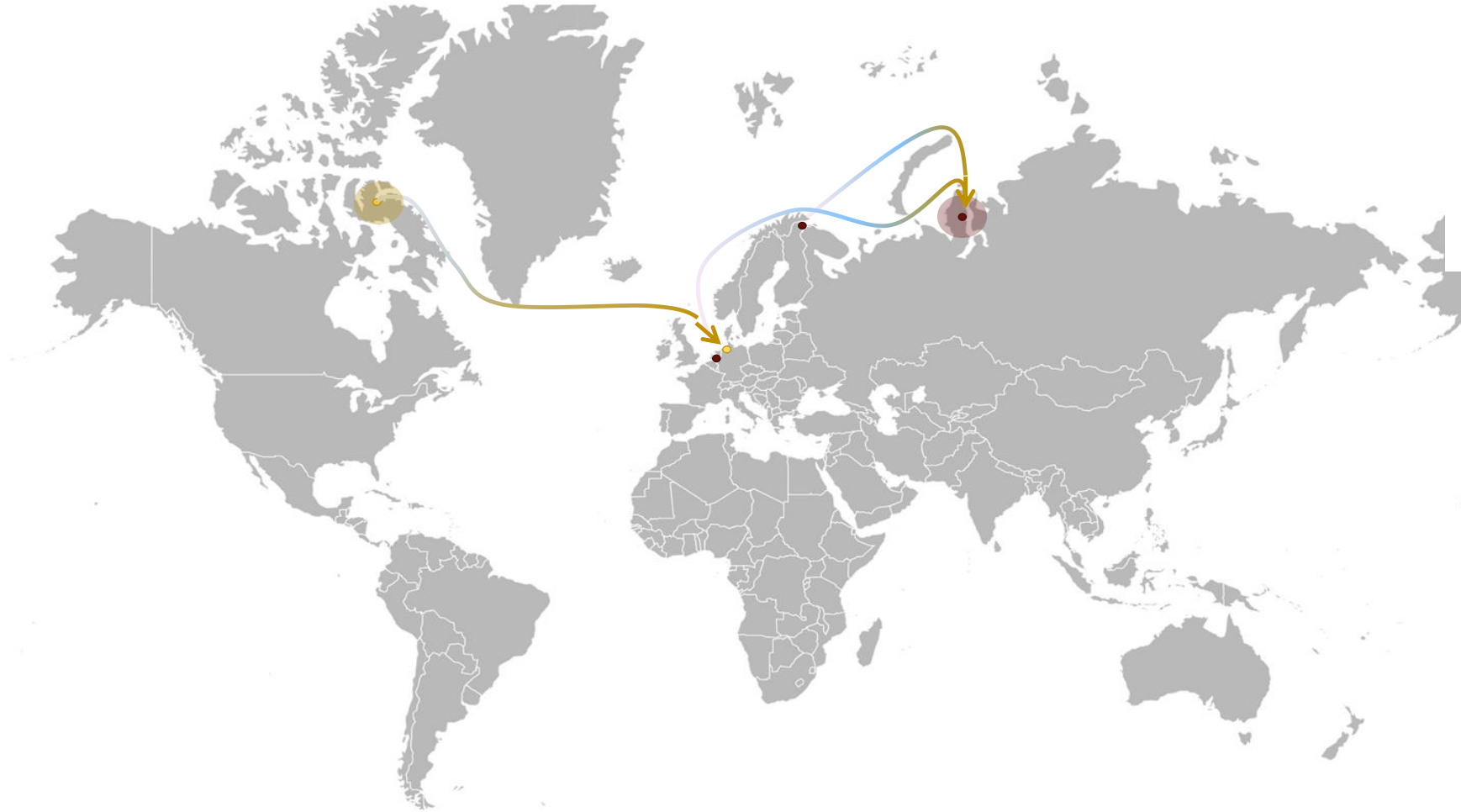




Harri Höckert (on the right),
Captain of M/S Pasila

**Competent experts with northern know-how are
our key strength**

Arctic trade lanes 2014 - 2016



Ship-to-ship operations at sea



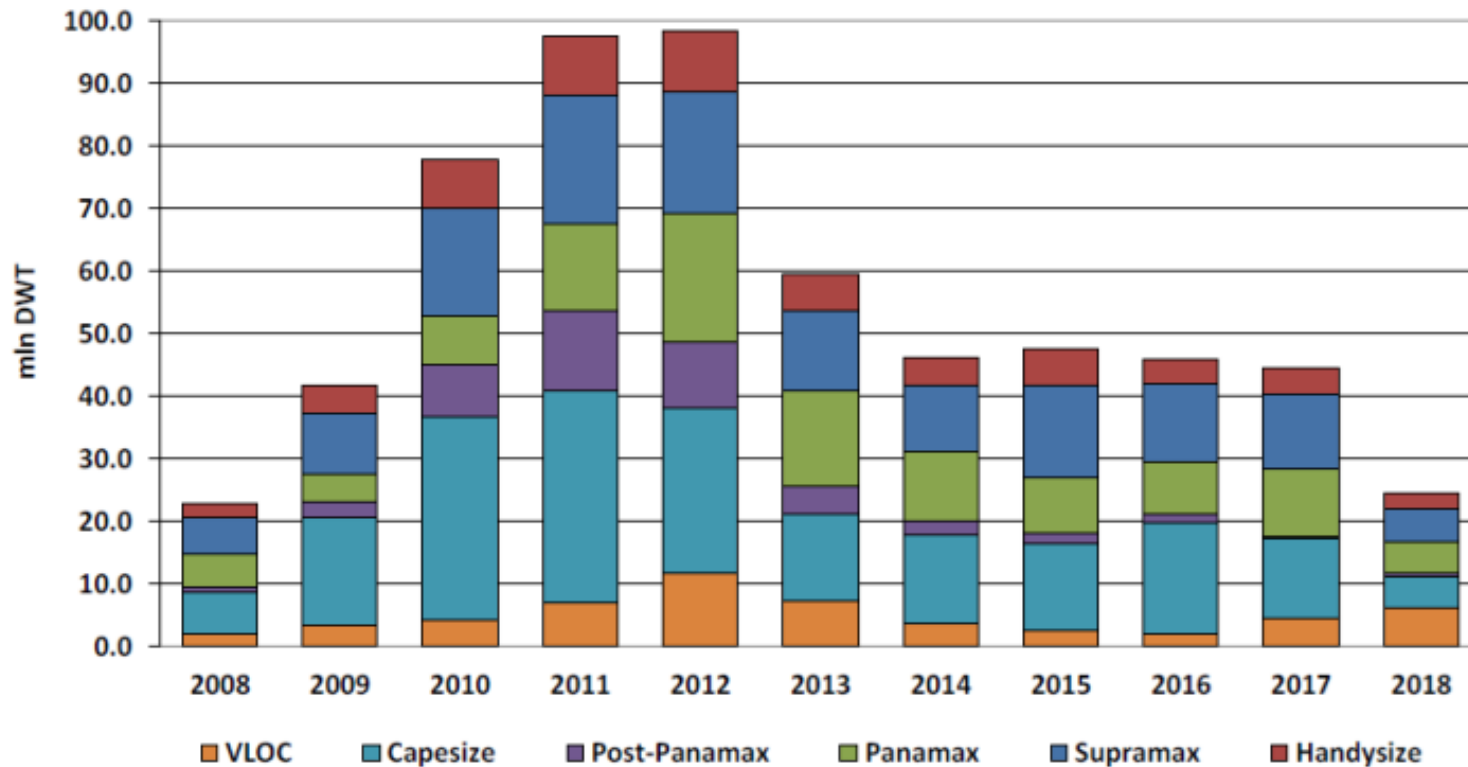


Dry bulk cargo markets

Deliveries and orderbook

Dry Bulk Deliveries + Orderbook in DWT - Annual

(November 2016 ; only units over 20,000 dwt ; assuming slippage)



Dry bulk deliveries are decreasing.

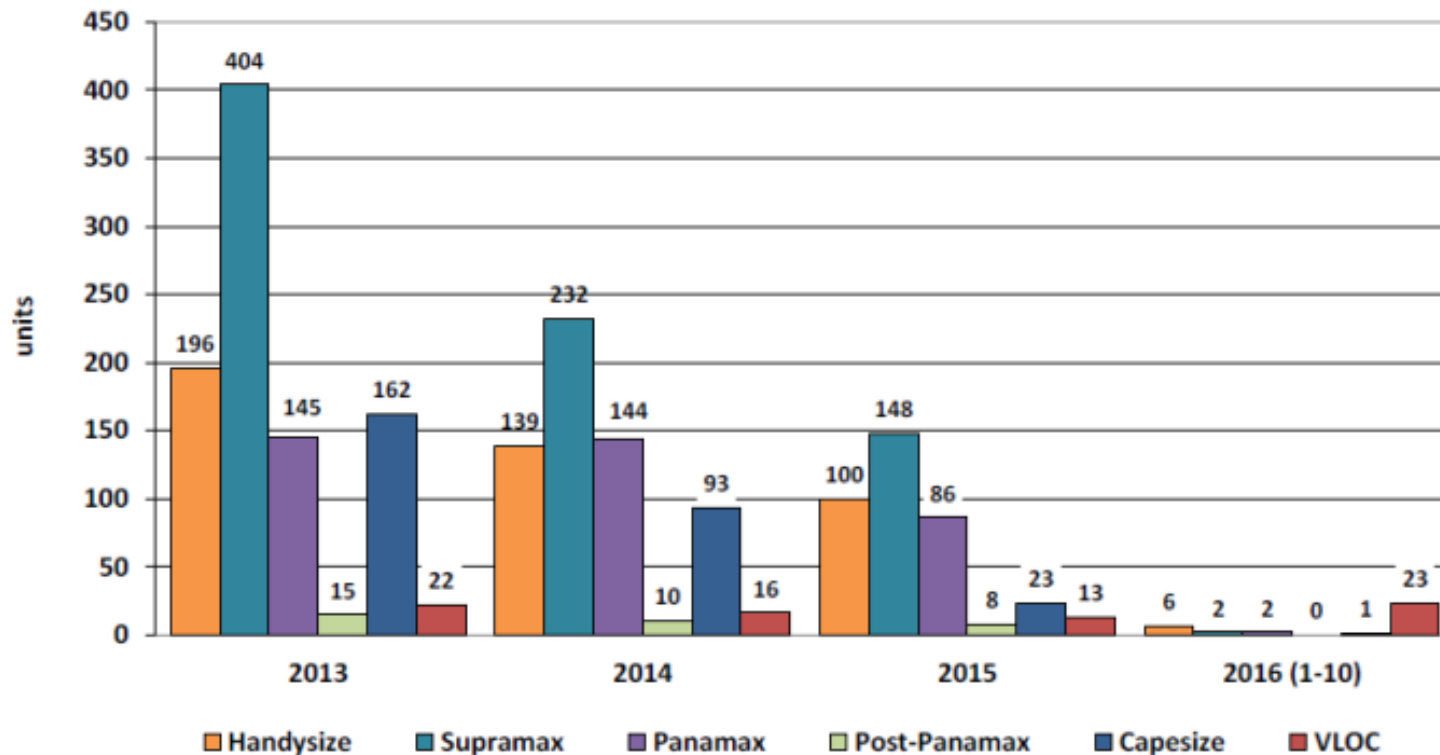
With present low newbuilding activity, supply and demand are expected to be more balanced.

Source: banchero costa

Newbuilding orders

Dry Bulk Newbuilding Orders by Ship Size - Annual

(November 2016 ; all units over 20,000 dwt ; in number of units)



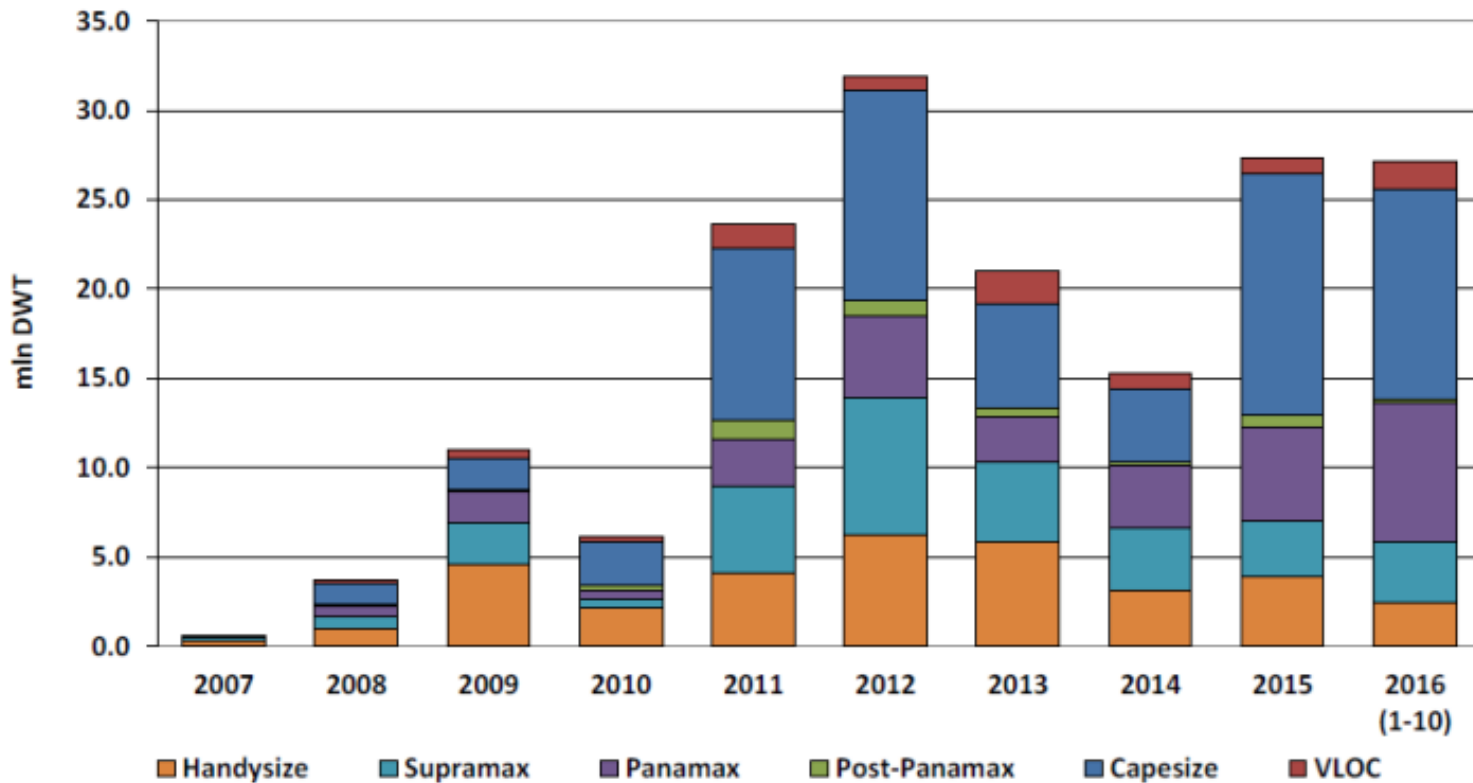
Number of newbuilding orders has decreased significantly

During 10 first month of 2016 just 6 Handysizes, 2 Ultramaxs, 2 Panamaxs, 1 Capesize and 23 Very Large Ore Carriers have been ordered

Demolitions

Dry Bulk Demolitions in DWT - Annual

(November 2016 ; only units over 20,000 dwt ; in million dwt)



Source: banchemo costa

Strong scrapping encouraged by low freights started in 2015 and has continued this year



Key figures and future prospects

New investments lead the way for future growth and excellent profitability.

Profitable despite challenging market situation



Internal efficiency improved through active measures

Developing organization and decision making

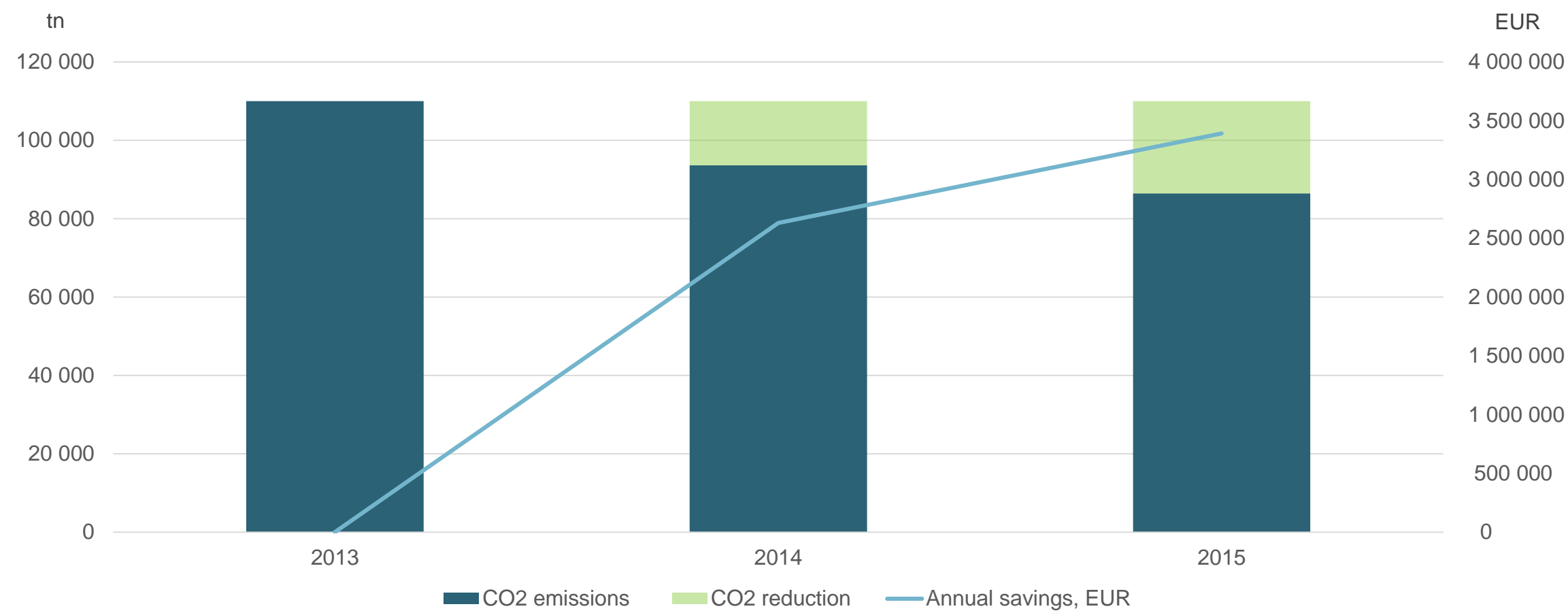
Focusing on leadership and knowhow

Investing in technology

Improving internal operations

Improving fuel efficiency, route optimization and utilization rates

Measurable savings from decreased emissions



Seeking growth from new clients, services and industries

Deep understanding of customers' value chain

Broader customer base

New Cargo types

- Biofuels
- Fertilizers
- Timber

New operational areas

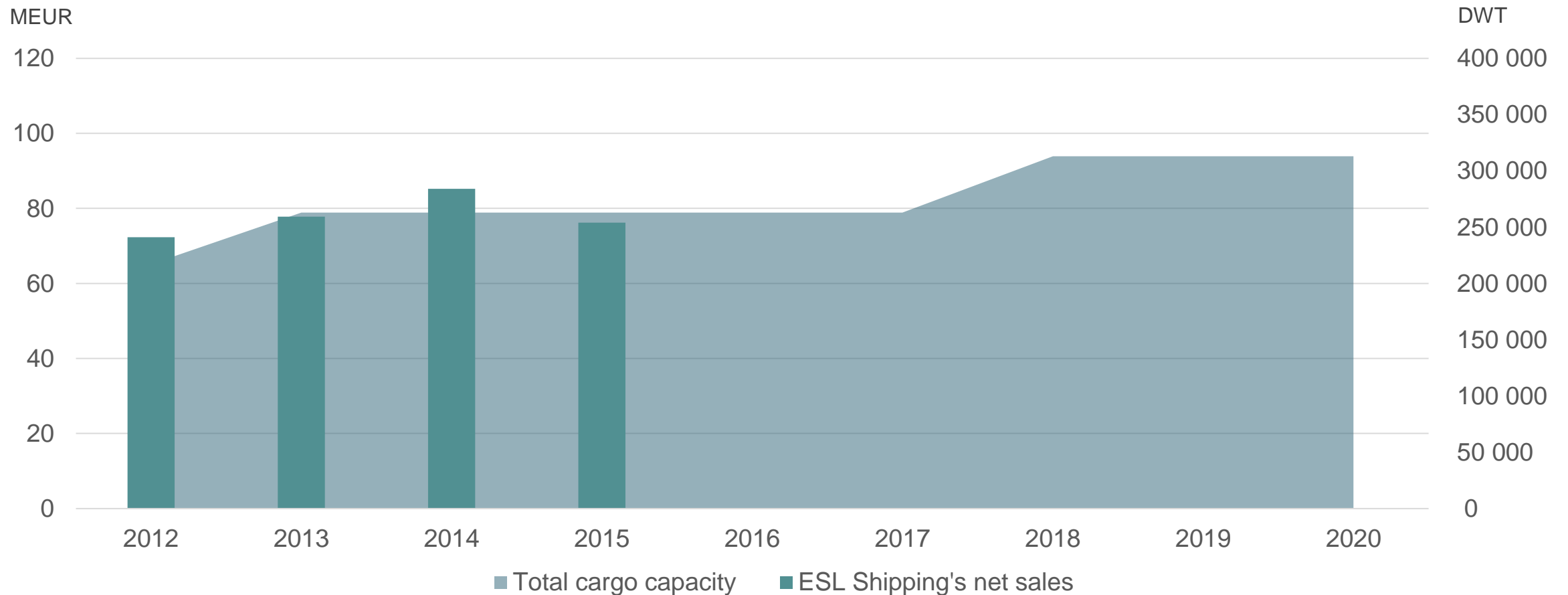
- Infrastructure and mining projects in the arctic areas
- Other ice areas
- Marine loading and unloading services

Transition from coal to biofuels increases the need for transportation significantly

Energy content vs shipping volume requirement



Increased capacity expected to increase net sales 2018 onwards





New investment – Growth, competitiveness and profitability

Investing in superior competitiveness

Long-term agreement for raw material sea transport with SSAB

The world's first natural gas fueled large dry bulk carriers

Designed in Finland in close cooperation with Deltamarin

More than 50% lower CO2 emissions

60 M€ investment value

2015	10 M€
2016	3 M€
2017	12 M€
2018	35 M€

2 x 25,600 DWT vessel carrying capacity

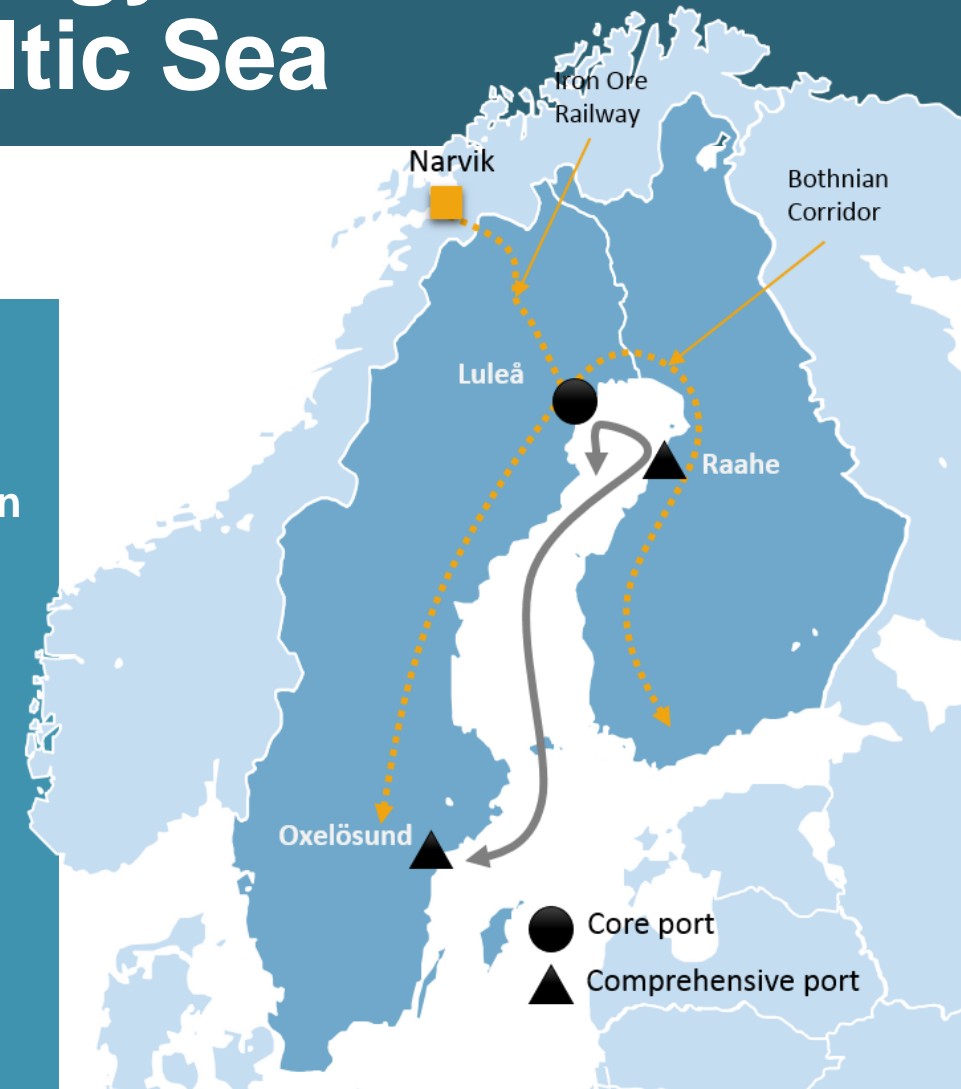
Bothnia Bulk promotes more energy-efficient raw material transportation in the Baltic Sea



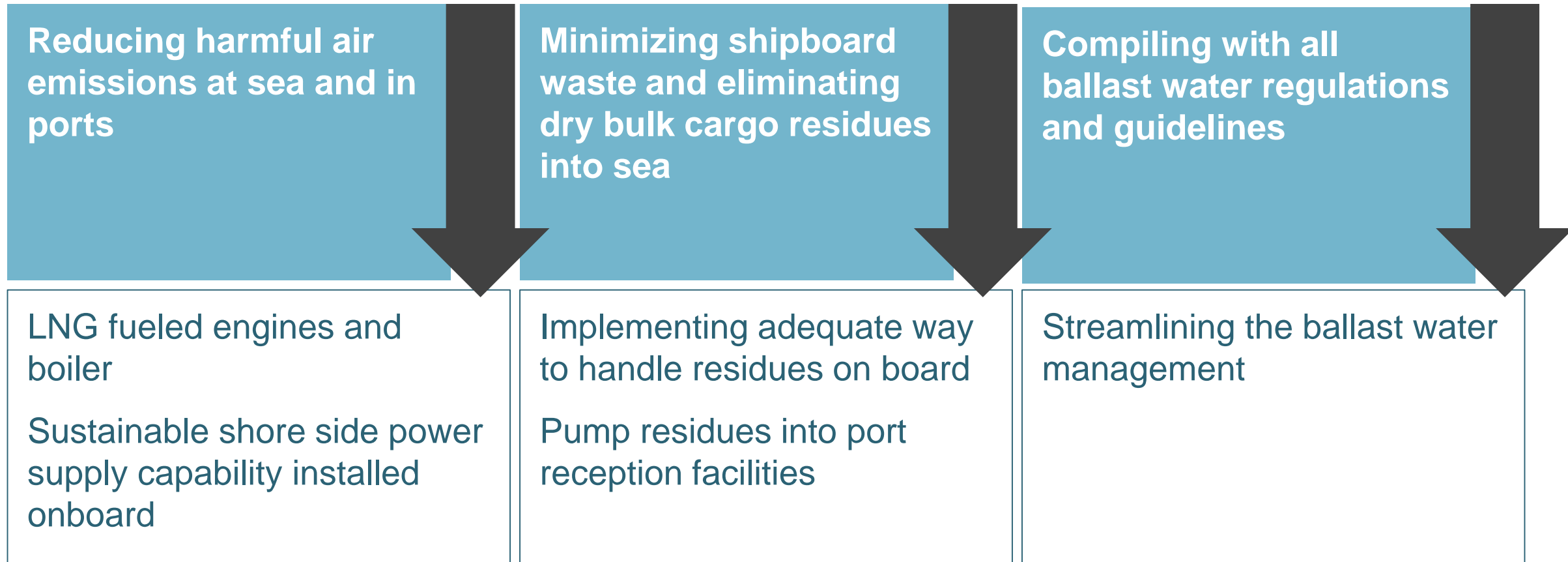
Co-financed by the European Union
Connecting Europe Facility

- The EU supports environmental investments in vessels. ESL Shipping receives a maximum amount of EUR 5.9 million from the Motorways of the Sea programme.
- Implementation 2016-2019
- Partners: ESL Shipping, SSAB, Ports of Raahe, Öxelösund and Luleå, Raahen voima
- Target to reduce CO² emission by 57%.

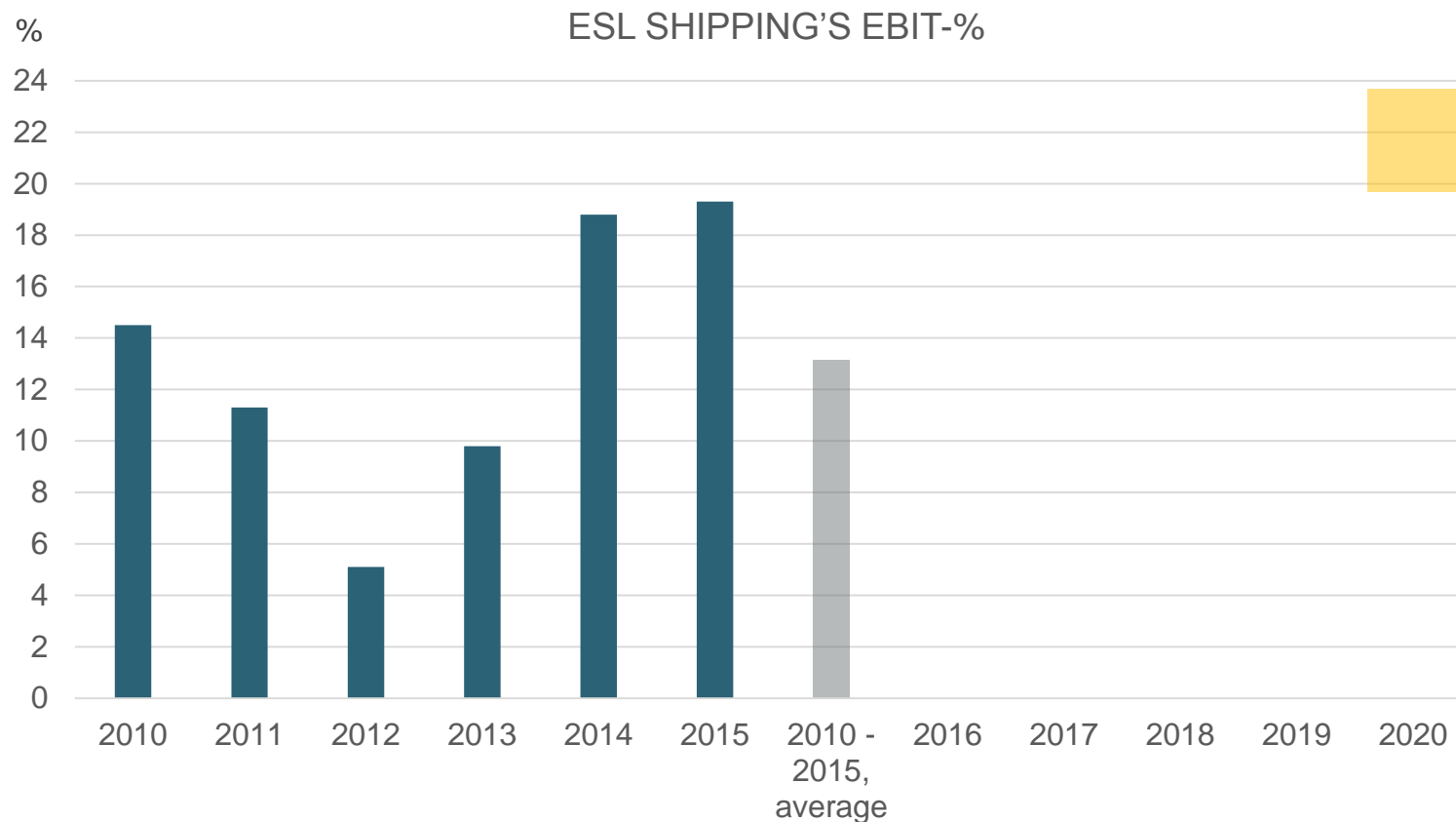
- Environmental upgrade of an existing maritime link. More energy efficient, sustainable and low emission supply chain of dry bulk in the Baltic Sea.
- Procurement of additional environmental efforts for new vessels, including LNG technology for main and auxiliary engines and boilers
- Infrastructure and efficiency development in ports



Towards greener shipping of commodities



Targeting profitable growth by 2020



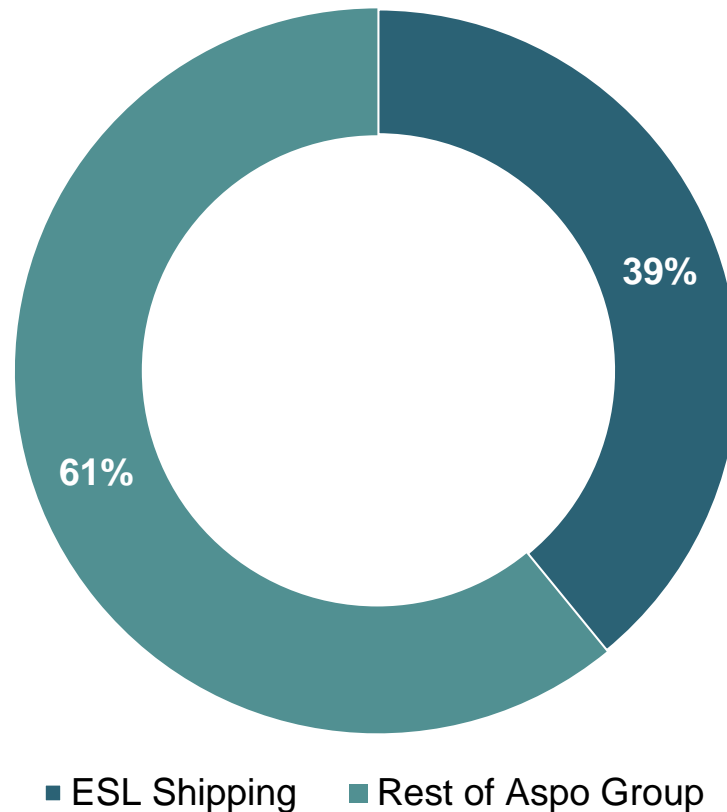
ESL Shipping is targeting growth in net sales and an EBIT margin of 20-24%

Average EBIT-% 2010-2015
13%



Financing the investment

Interest-bearing liabilities and new financing



Loan agreements worth 50 M€

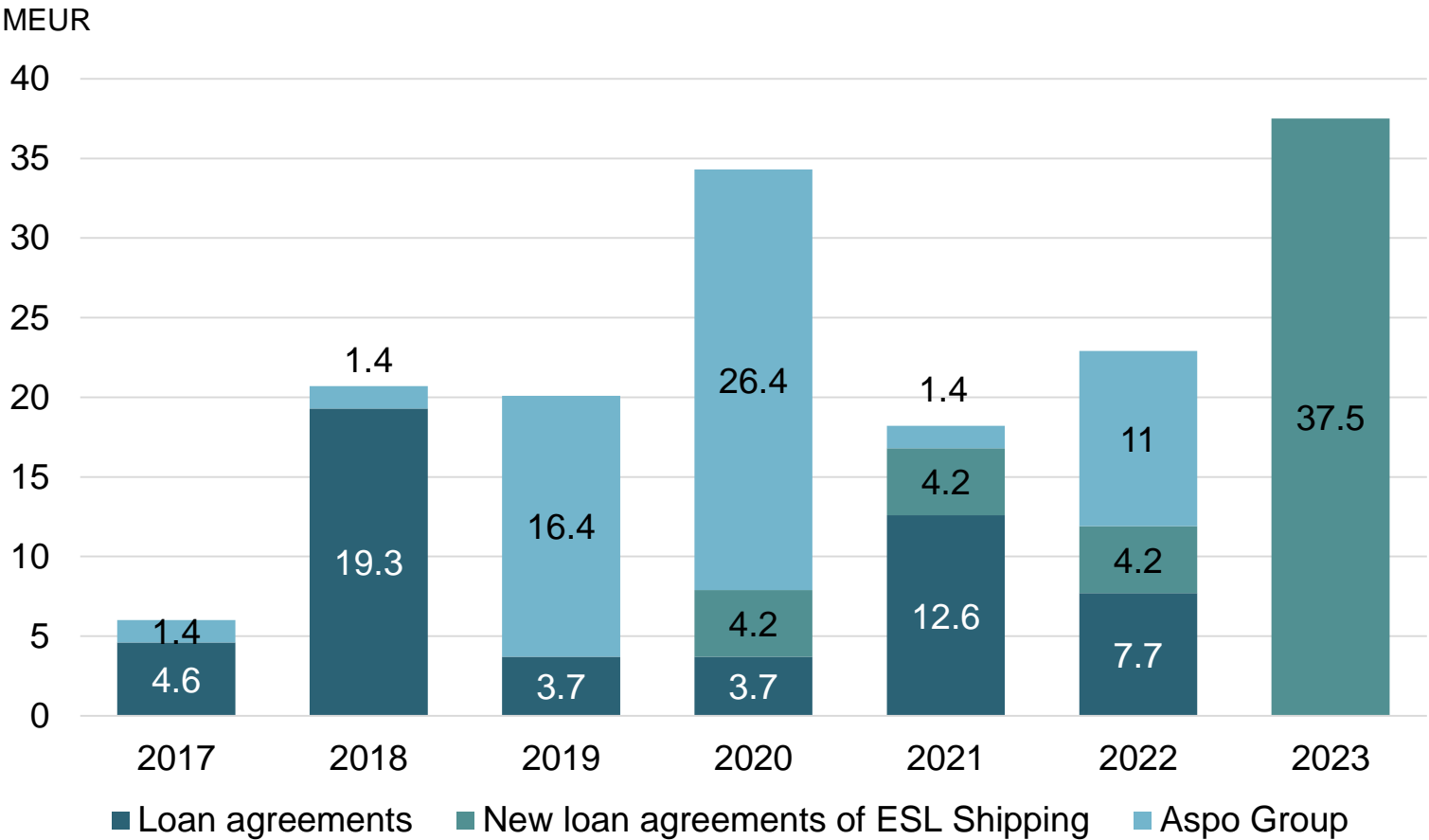
Loan maturity 7 years

Grace period of 3 years and
payback profile of 12 years

Average interest rate in
Q3/2016: 1.7%

Investment agreements lower
Aspo Group's average interest
rate

Maturity of Aspo Group's significant loan agreements



Average maturity in Q3/2016 was 3.9 years

New investment agreements lengthen the average of maturity

ESL Shipping's financial targets by 2020

Growth in net sales

Larger tonnage enables increase in net sales

EBIT margin of 20-24%

New energy efficient vessels
Decreasing fuel costs
Optimal usage of capacity

Targeting EBIT margin improvement by 2020

Aspo's guidance for 2016 (specified in Q3 interim report) will remain unchanged:

- Aspo estimates that its operating profit will be approximately EUR 19-22 million in 2016.

Aspo's financial targets remain unchanged, but the company specifies that the goal is to achieve following targets by 2020:

- Average return on equity of over 20%
- Gearing of up to 100%
- Operating profit of 7% with the current structure.

ESL Shipping is looking for an increase in net sales and operating profit:

- The company aims to grow its net sales and improve its EBIT margin to the level of 20–24% by 2020.



Q&A

Thank you!

