



# Aspo's year 2017 and Q4

February 15, 2018

CEO Aki Ojanen

Group Treasurer Harri Seppälä

# Aspo's year 2017

**Net sales reached the milestone of EUR 500 million.**

**Net sales increased by 10%.**

**Operating profit was EUR 23.1 million (20.4).**

**Operating profit increased by 13%.**

**Earnings per share increased to EUR 0.56 (0.49).**

**A turn for better in operating environment – especially in Russia and Finland.**

**Board of Director's dividend proposal for 2017 EUR 0.43 (0.42).**

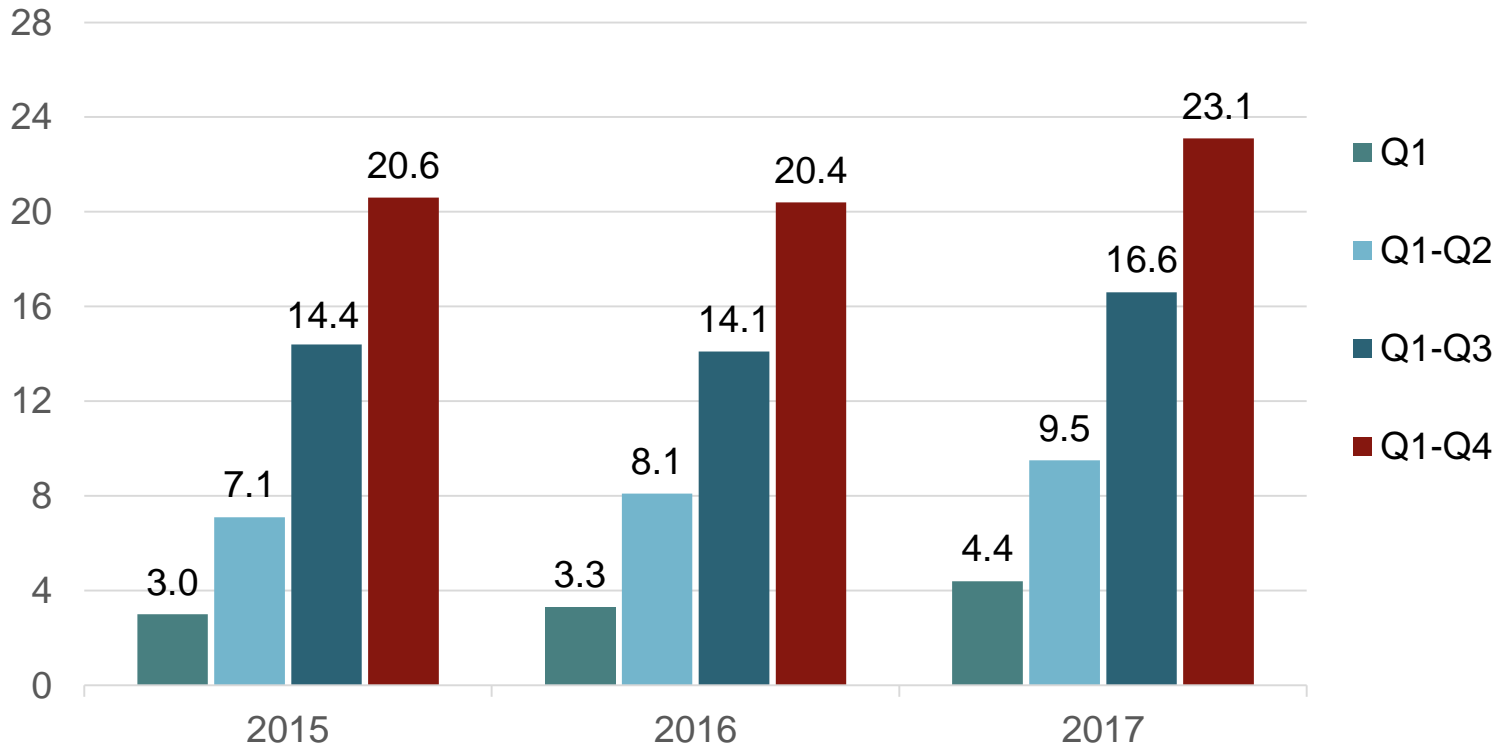
**Guidance for 2018:**

**Aspo's operating profit will be EUR 25-31 million (23.1) in 2018.**

# Operating profit 2017 increased significantly

## Operating profit

MEUR

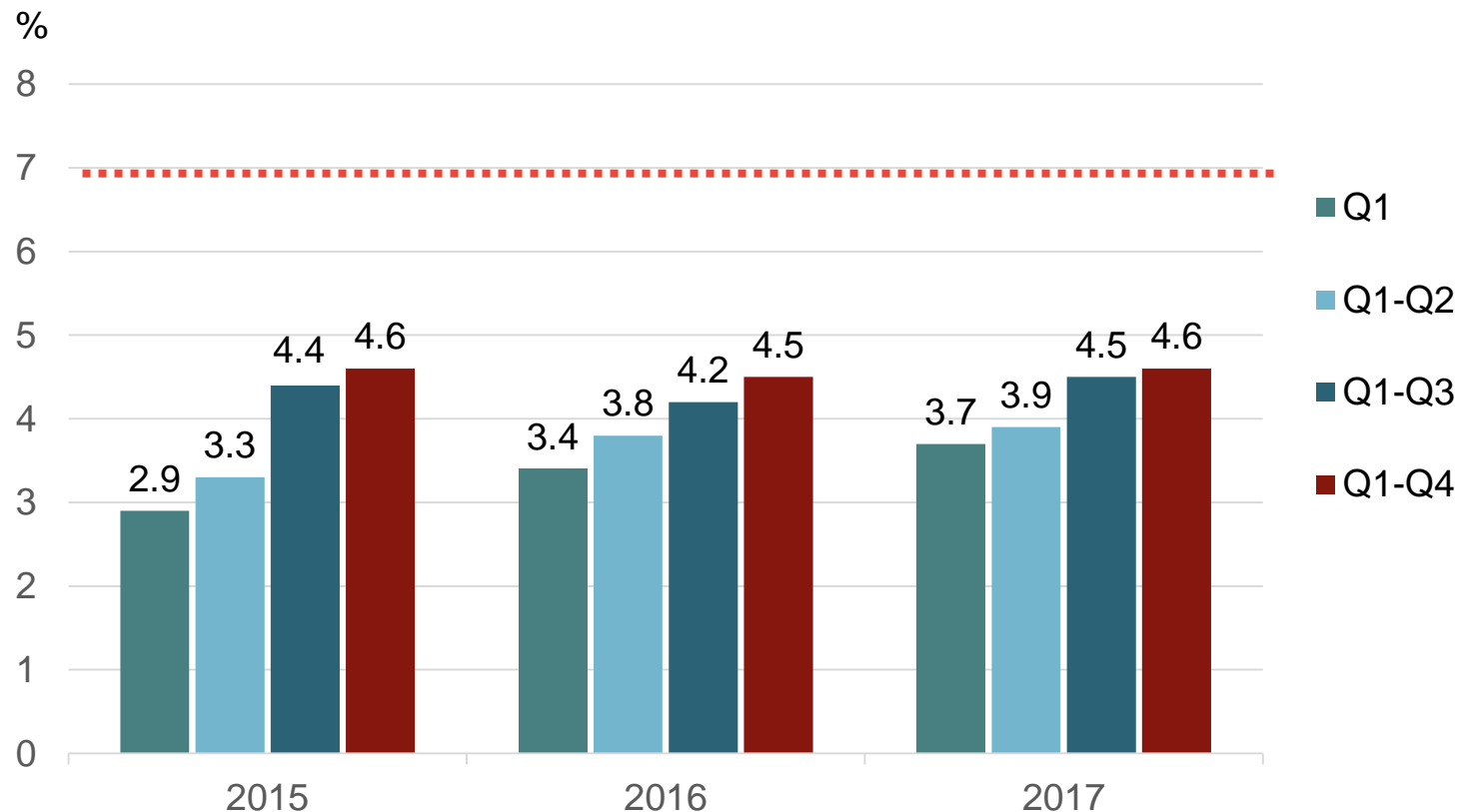


**In 2017, operating profit was EUR 23.1 million (20.4). Items affecting comparability total EUR -1.0 million.**

**In Q4, operating profit was EUR 6.5 million (6.3). Items affecting comparability total EUR -0.7 million.**

# Long-term financial targets

## Operating profit, %



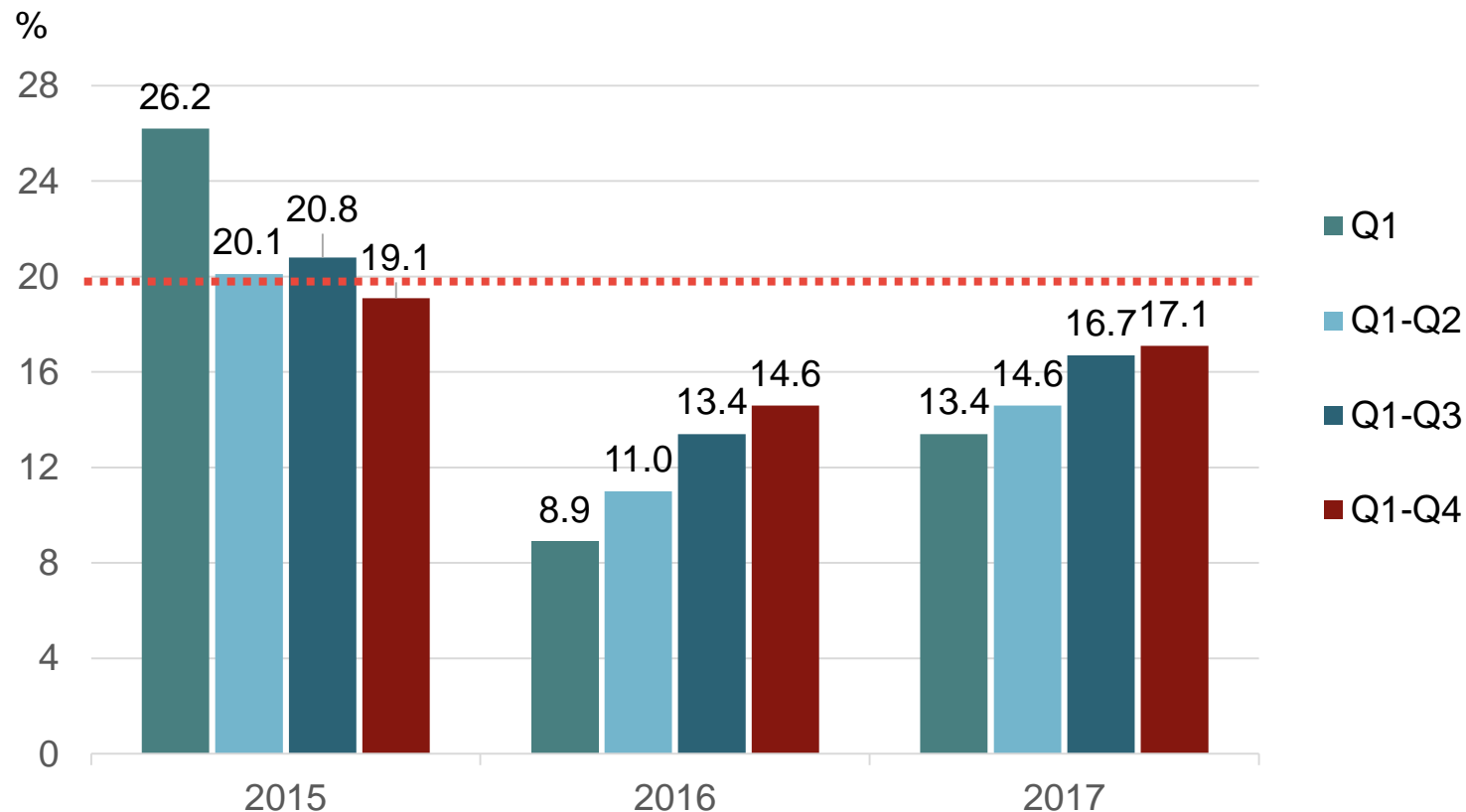
In 2017, operating profit rate improved to 4.6% (4.5).

In Q4, operating profit rate decreased to 4.9% (5.1).

The target level is 7% by 2020.

# Long-term financial targets

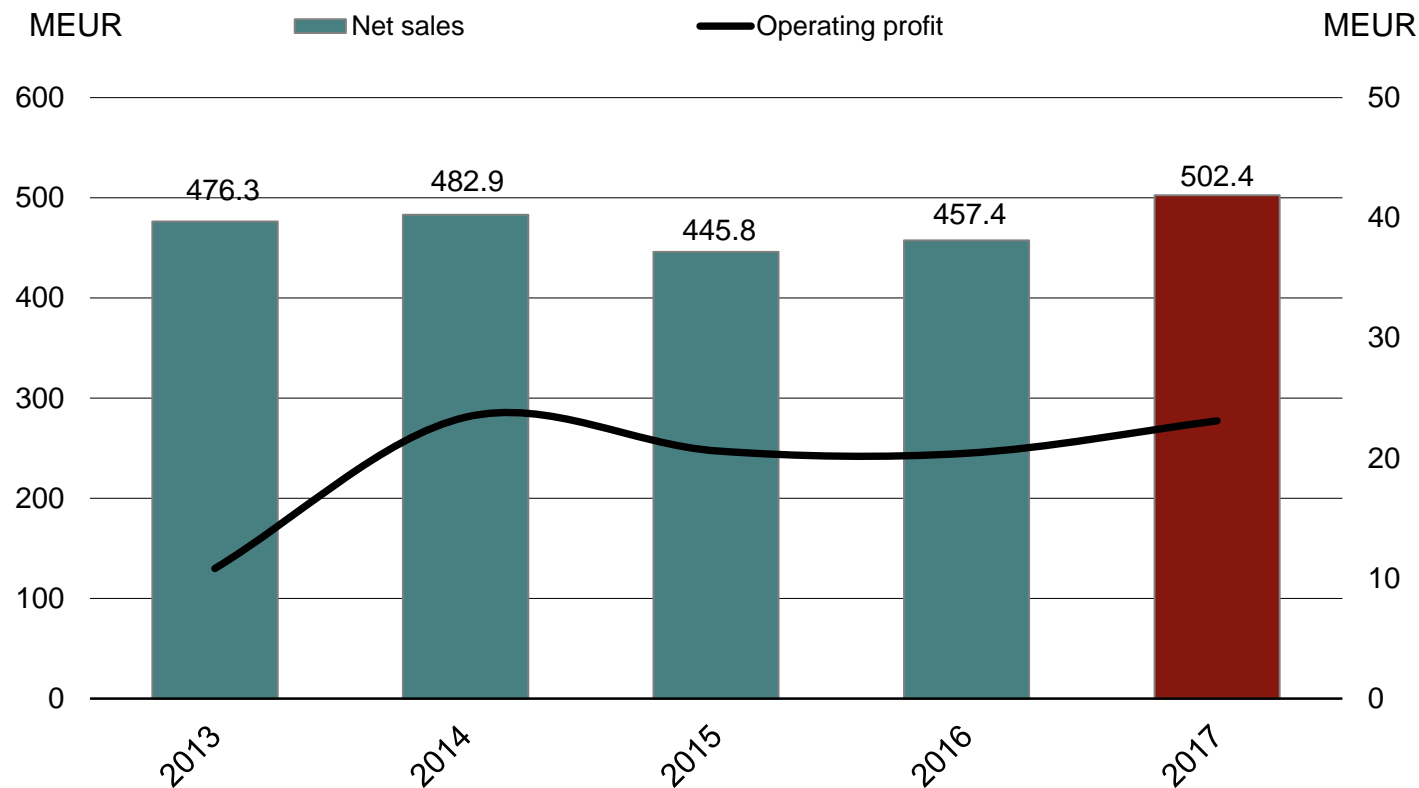
## Return on equity, (ROE)



In 2017, ROE improved significantly from the comparative period and was 17.1% (14.6).

In 2015, ROE was improved by a sales gain from the sale of shares, EUR 4.9 million. The target level is on average over 20% by 2020.

# Net sales and operating profit 2013–2017

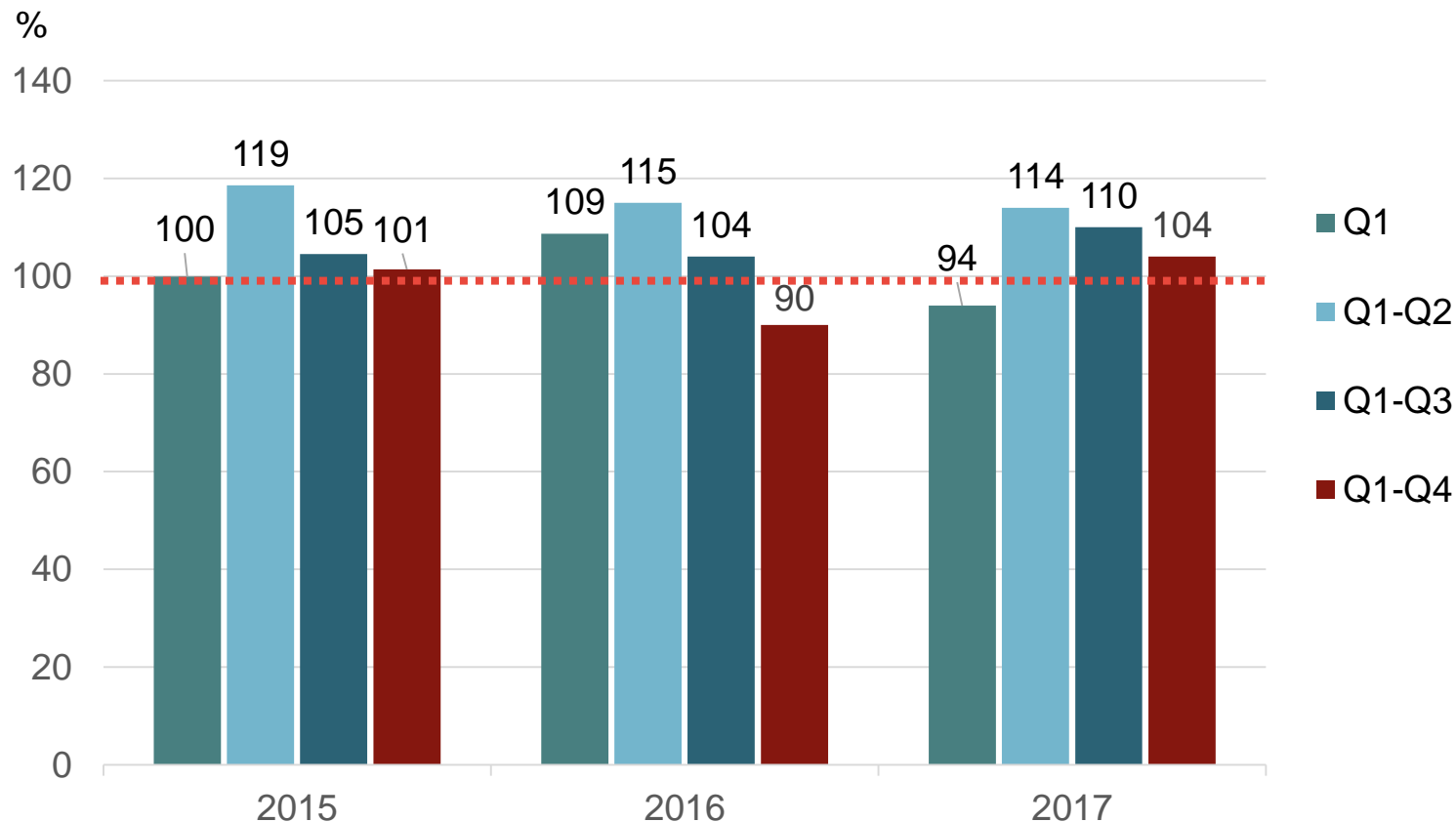


Net sales reached a new record, being EUR 502 million. Net sales grew in all operations. Geographically strongest growth in the Baltic countries and eastern markets.

In 2017, operating profit increased to EUR 23.1 million. ESL Shipping, Leipurin and Telko increased their operating profit.

# Long-term financial targets

## Gearing



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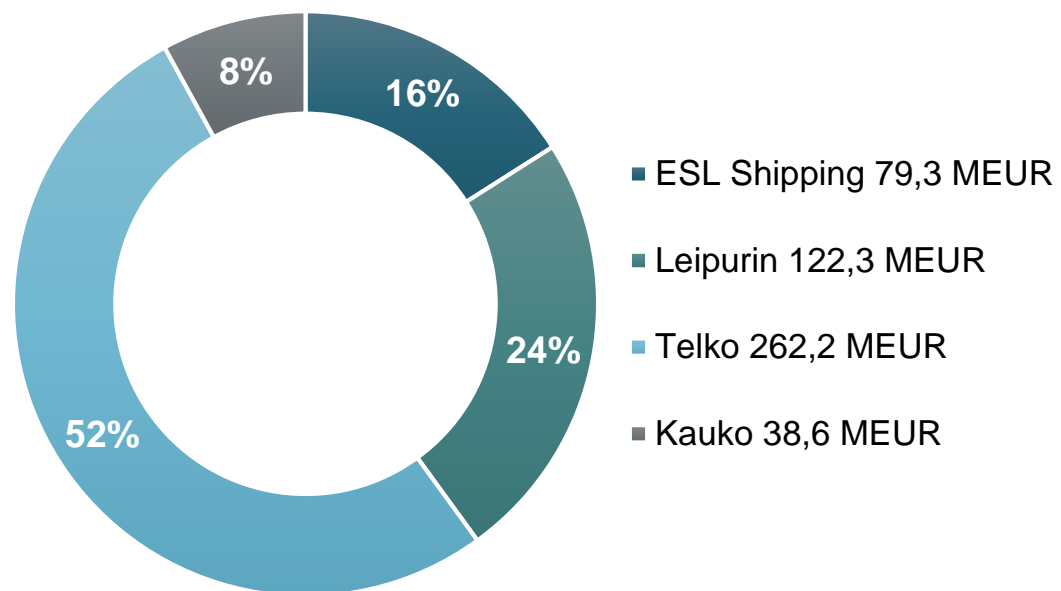
**Gearing increased to 103.9% (89.8).**

**The target level is up to 100% by 2020.**

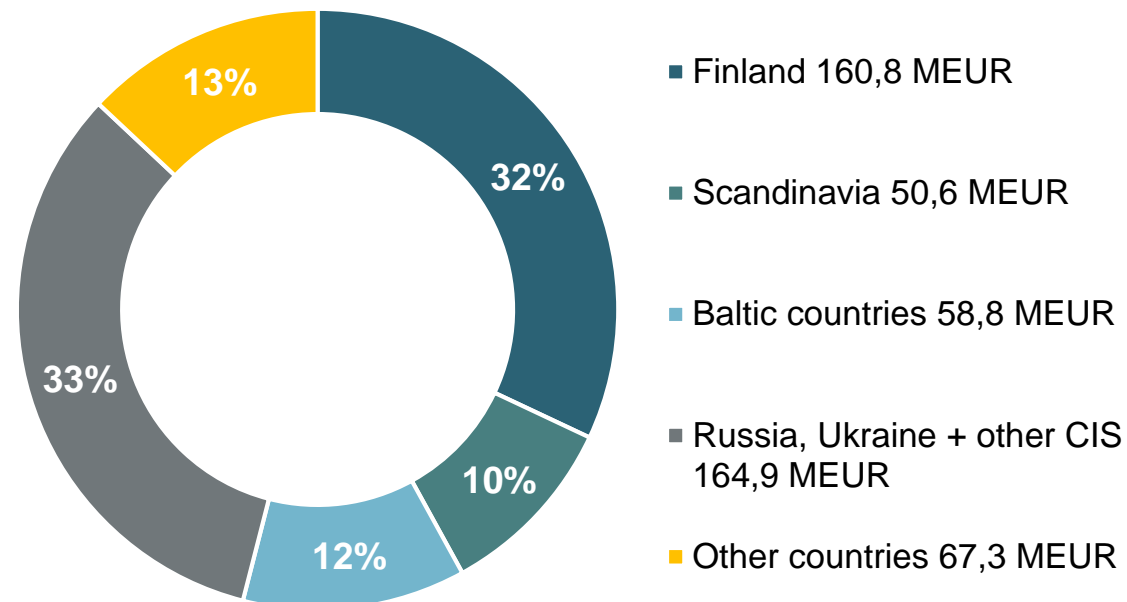
The target level is indicated by the dashed line.

# Aspo represents a balanced entity

Net sales by segment 2017



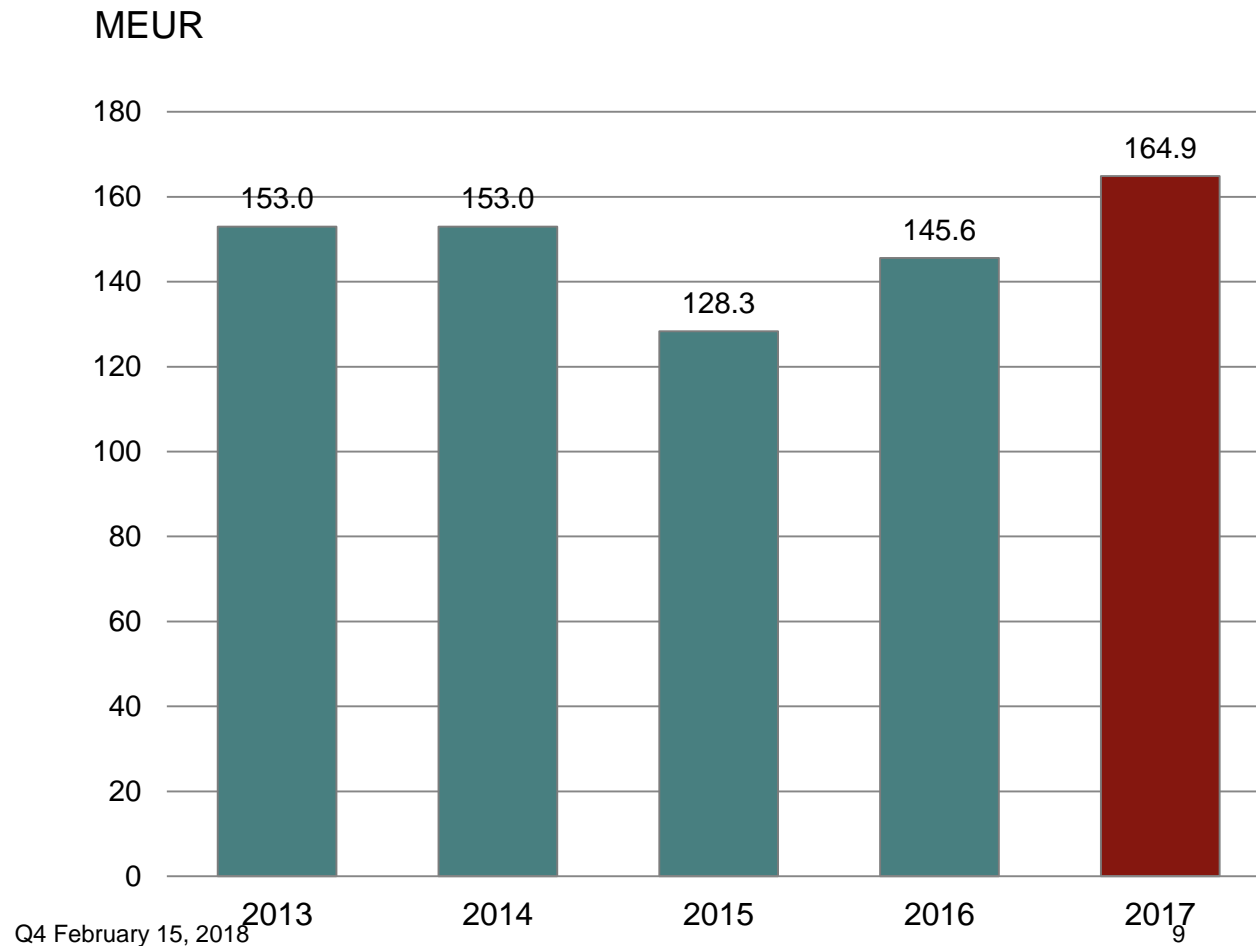
Net sales by market area 2017





# Net sales 2013–2017

Russia, Ukraine + other CIS



The euro-denominated net sales in eastern markets have increased since 2015.

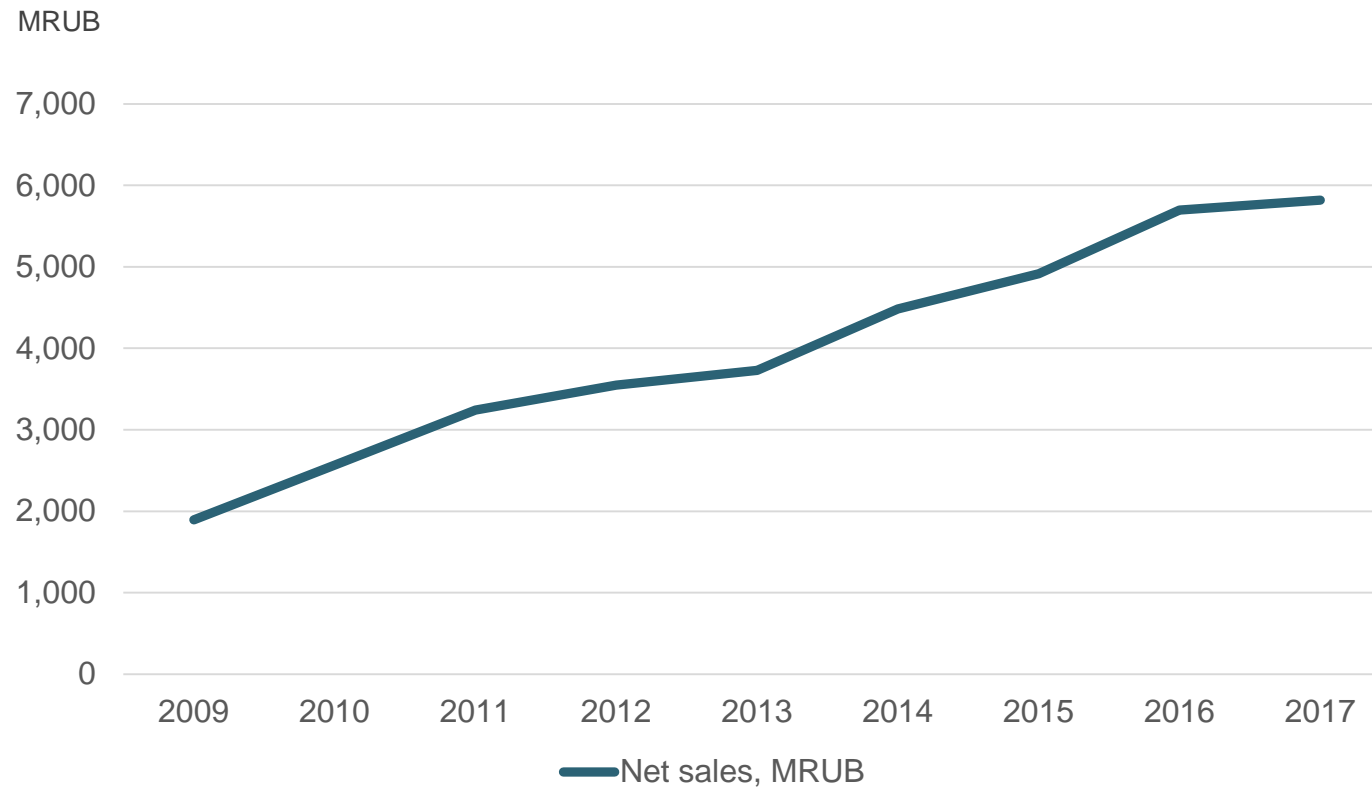
In 2017, growth was 13%.

Market area Russia, Ukraine + other CIS is the largest market area of Aspo.

Leipurin grew by 15% and Telko by 11%.

# Profitable growth in Russia

Net sales of Aspo Russian companies



**Annual net sales  
growth 14% on  
average**

# ESL Shipping

Leading marine logistics provider for bulk cargo

# ESL Shipping

## Q4

**International sea freight rates increased. Cargo price levels are low when examined in the long term.**

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

**Operating profit was at the comparative period's level, EUR 4.1 million (4.1).**

**Strong storms in November-December made operations more difficult.**

**Net sales increased by 10% to EUR 22.6 million (20.6).**

**Net sales increased as a result of growing cargo volumes, stronger US dollar as well as new, smaller vessel class.**

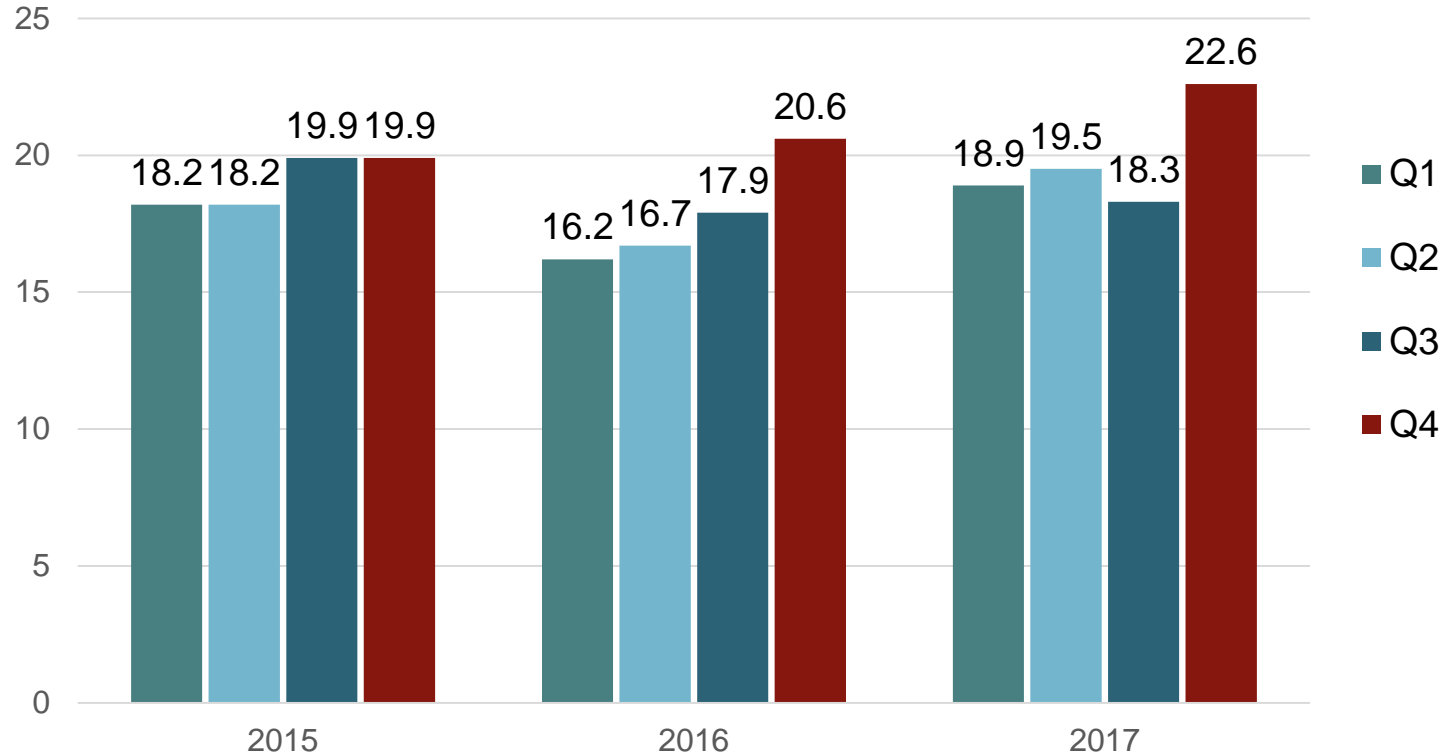
**New LNG-vessels will start operations during H1 2018.**

**ESL Shipping aims to reach an operating profit level of 20-24% by 2020.**

# ESL Shipping key figures Q4

## Net sales

MEUR



**Net sales increased by 10% to 22.6 million (20.6).**

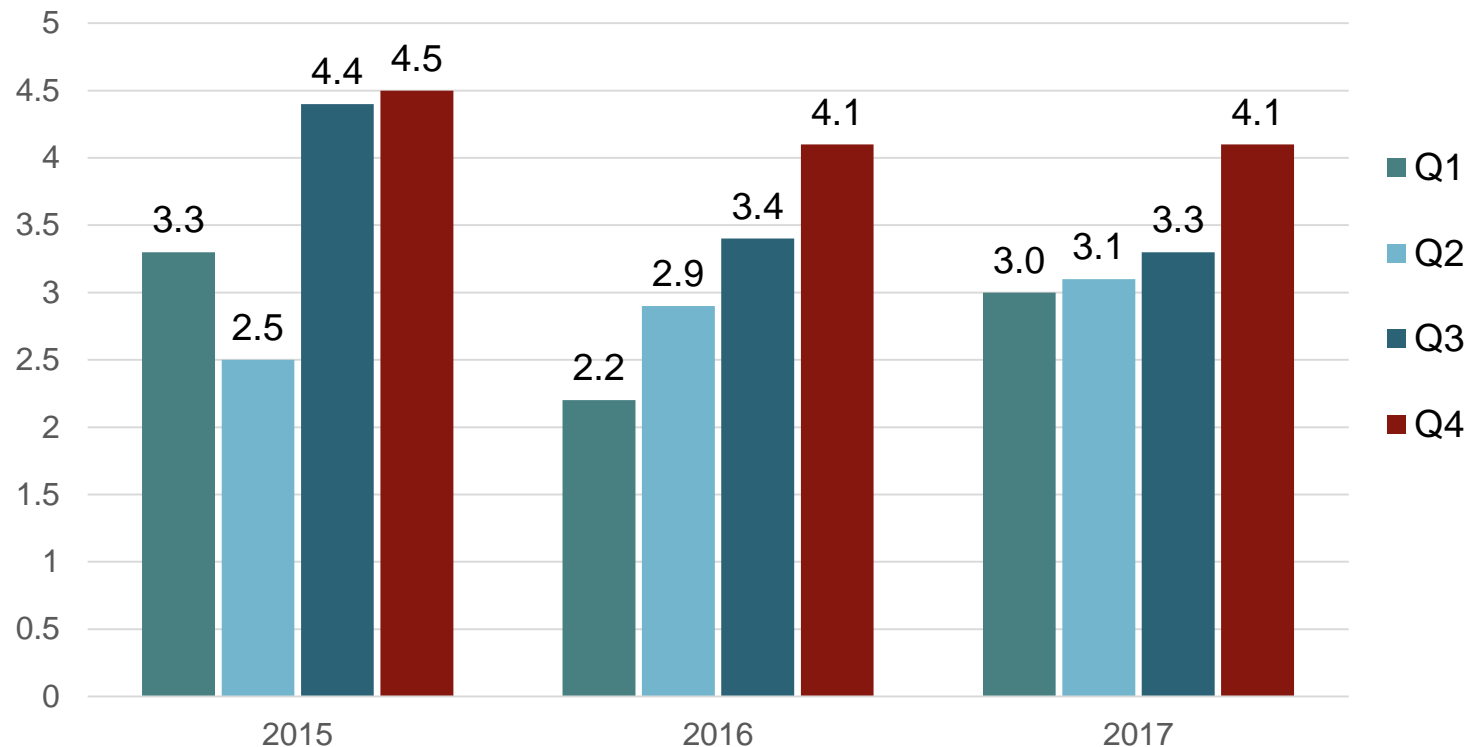
**The growth was mainly due to increased vessel capacity.**

**Transportation volumes in the steel and energy industries decreased. New customer sectors increased considerably.**

# ESL Shipping key figures Q4

## Operating profit

MEUR



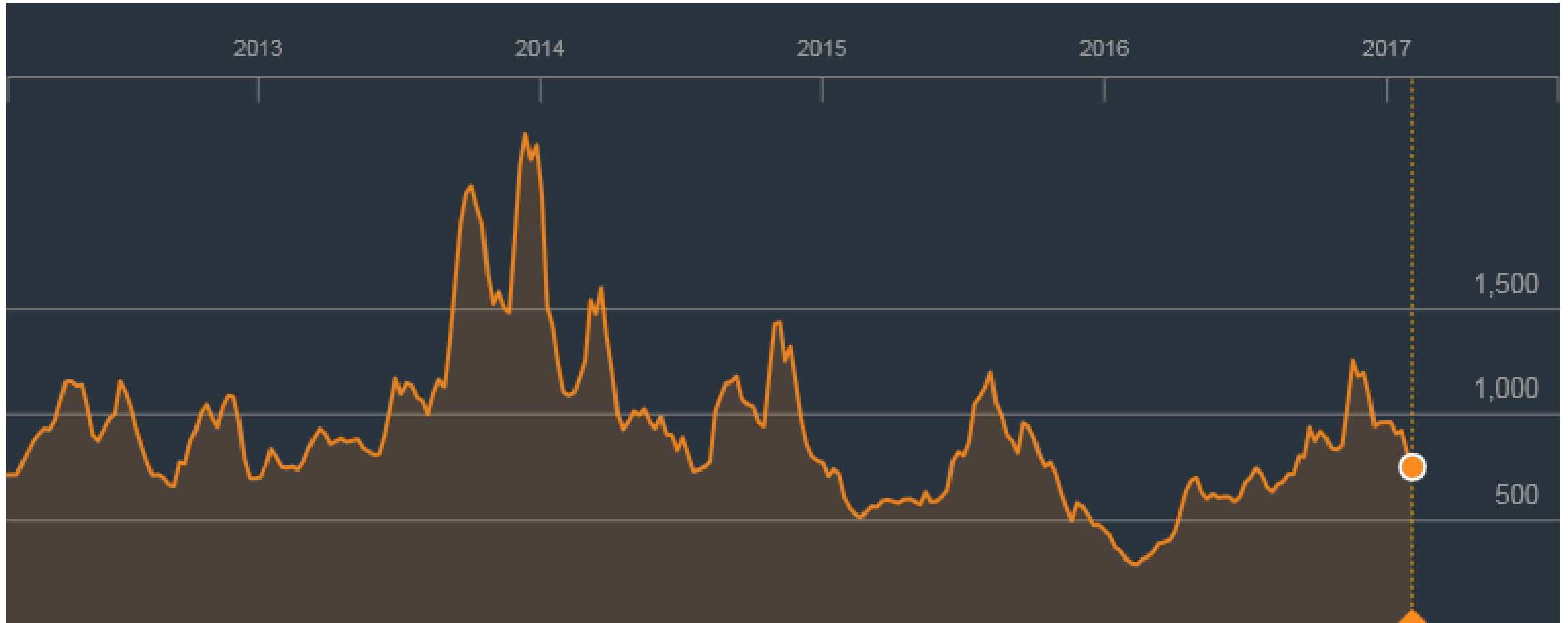
Operating profit was EUR 4.1 million (4.1).

The number of off hire days was exceptionally high.

The loading and unloading operations was particularly busy. Strong winds weakened the profitability of operations considerably.



# Baltic Dry Index 2013–2017



Source: Bloomberg

Q4 February 15, 2018



# Leipurin

From bread and recipes to a comprehensive selection



# Leipurin

## Q4

The consumer purchasing power turned to an increase in Russia which improved the demand of high quality bread. In western markets, the demand for packed bread will decrease while the demand for snack products is growing.

Operating profit was EUR 0.7 million (0.7). Operating profit includes compensation for a project delivery completed in 2014, including processing fees, totaling EUR -0.5 million.

Net sales increased by 7% to EUR 32.9 million (30.7).

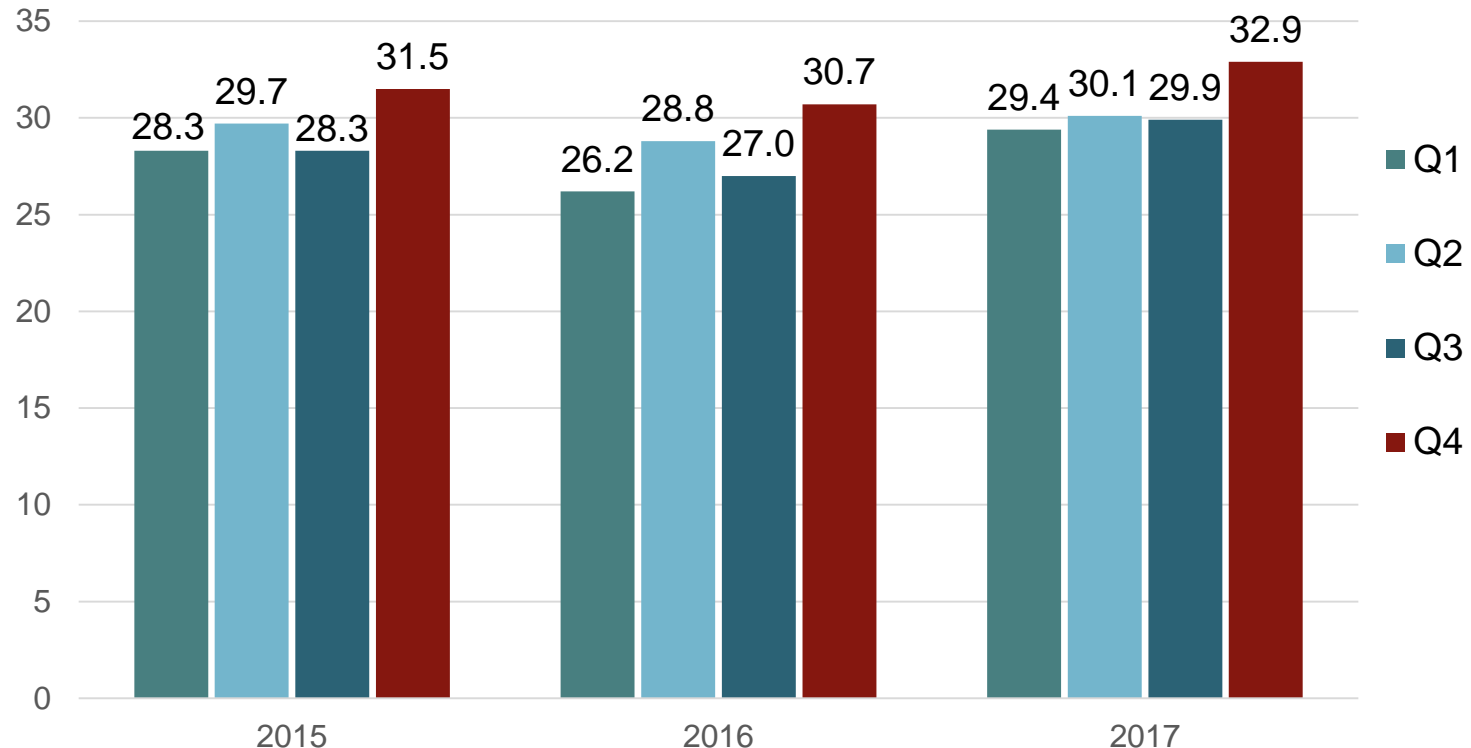
Net sales increased especially in machine operations, in eastern markets and in Baltic countries.

Leipurin's operative result increased significantly and reached a satisfactory level in H2.

# Leipurin key figures Q4

## Net sales

MEUR



**Net sales increased to EUR 32.9 million (30.7).**

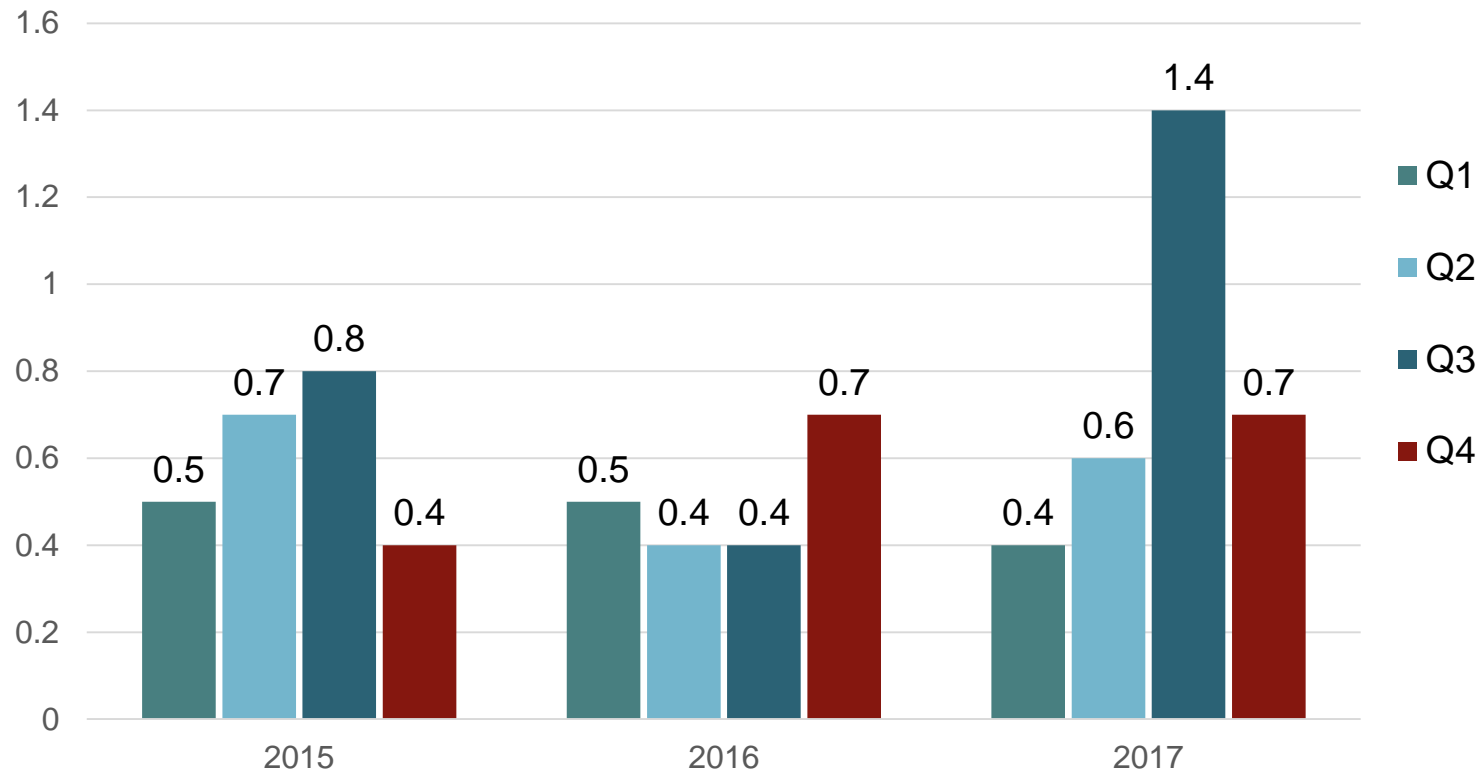
**In eastern markets, net sales increased by 15%.**

**In western markets, net sales were decreased by lower demand for industrial packed bread and a business divestment.**

# Leipurin key figures Q4

## Operating profit

MEUR



Operating profit was EUR 0.7 million (0.7).

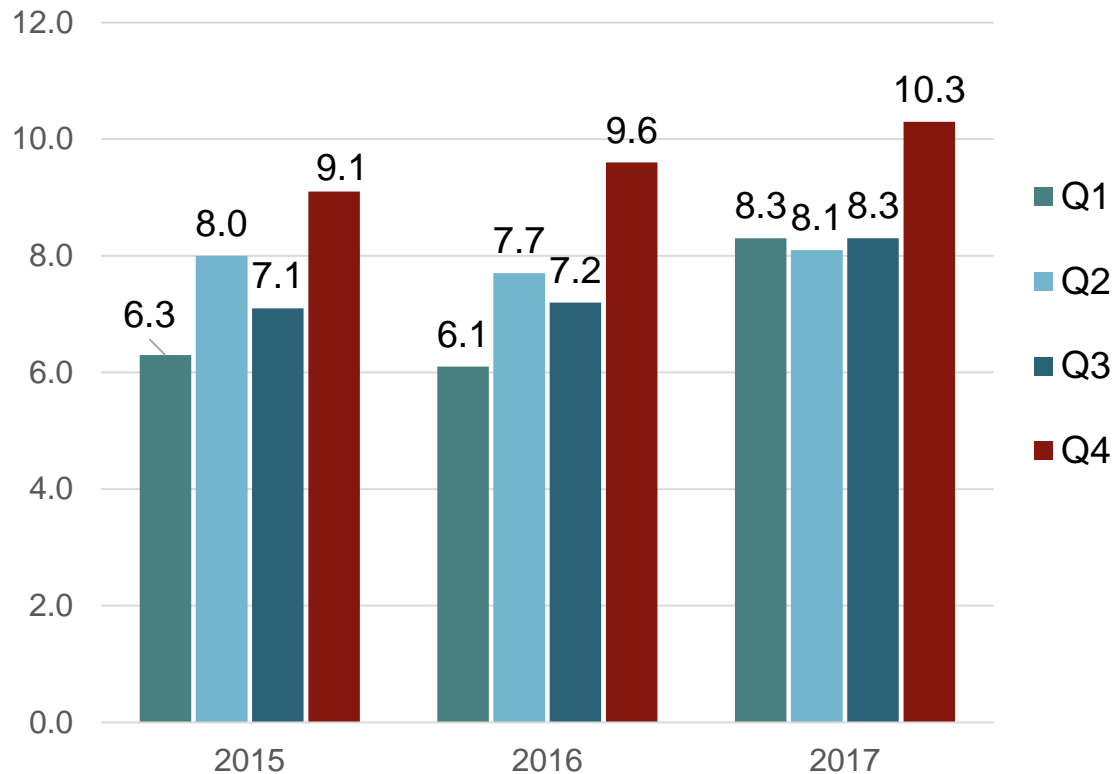
Operating profit includes items affecting comparability, EUR -0,5 million.

The operative profitability has developed well in both machine operations and raw material sales.

# Net sales in Russia, Ukraine and other CIS countries

## Net sales in the market area

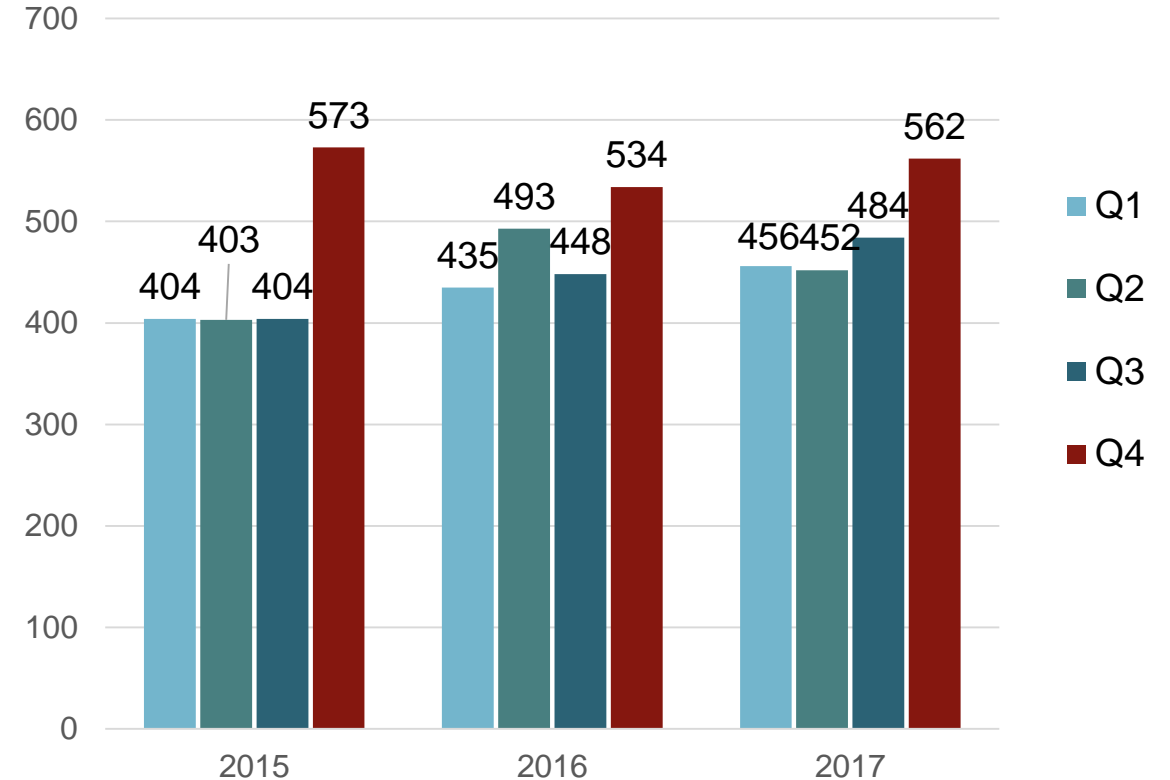
MEUR



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## Net sales of the Russian company

MRUB



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# Telko

Raw material solutions for the industry

# Telko

## Q4

**The general development in the market environment has continued to be positive. Price levels remained stable in general, while that of technical plastics and industrial chemicals were higher than in the comparative period.**

**Operating profit increased to EUR 3.0 million (2.5).**

**Profitability improved especially in western markets.**

**Net sales were EUR 65.6 million (64.9).**

**In 2017, net sales reached a new record.**

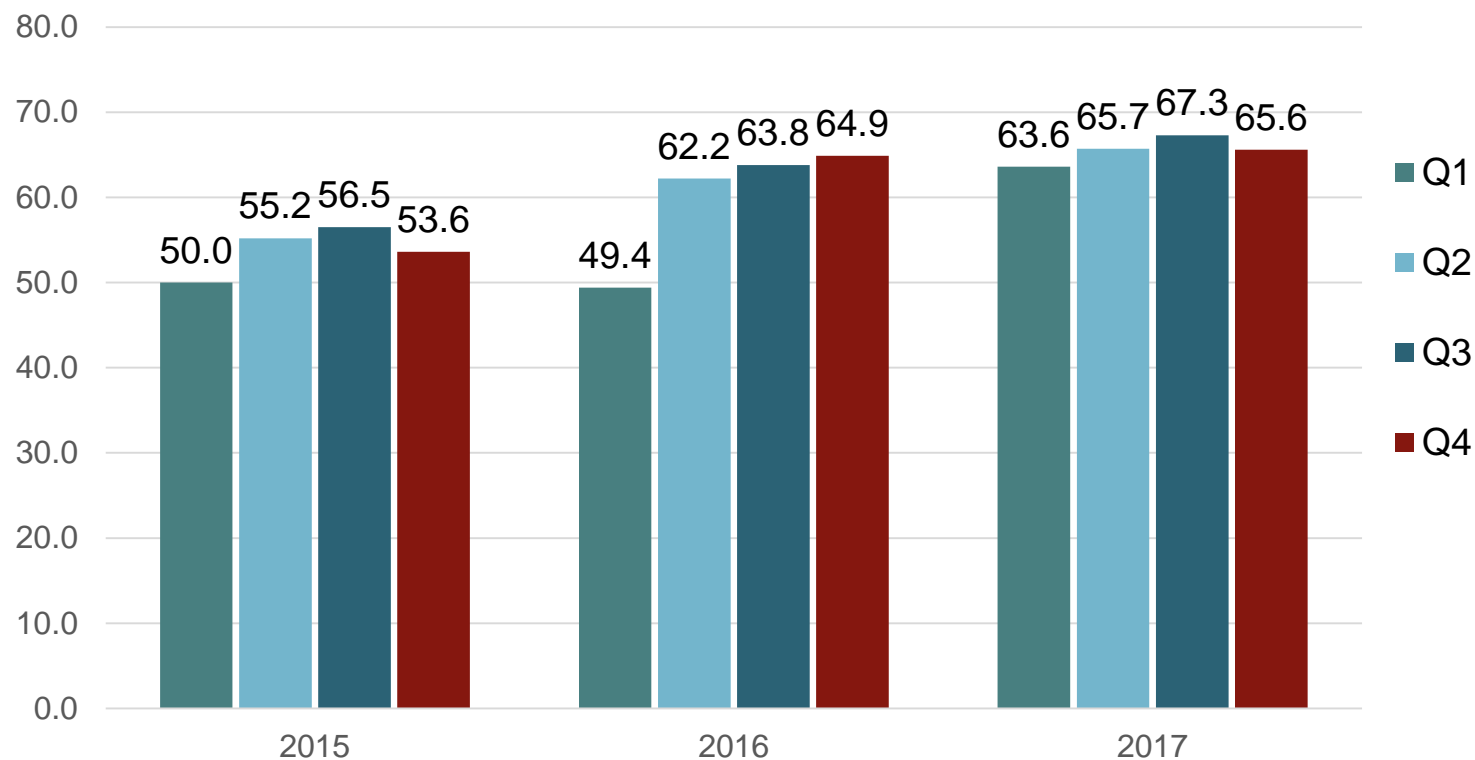
**Net sales in Russia, Ukraine and other CIS countries remained unchanged.**

**The increase in net sales was limited by measures taken to improve profitability.**

# Telko key figures Q4

## Net sales

MEUR



Net sales were at the comparative period's level, EUR 65.6 million (64.9).

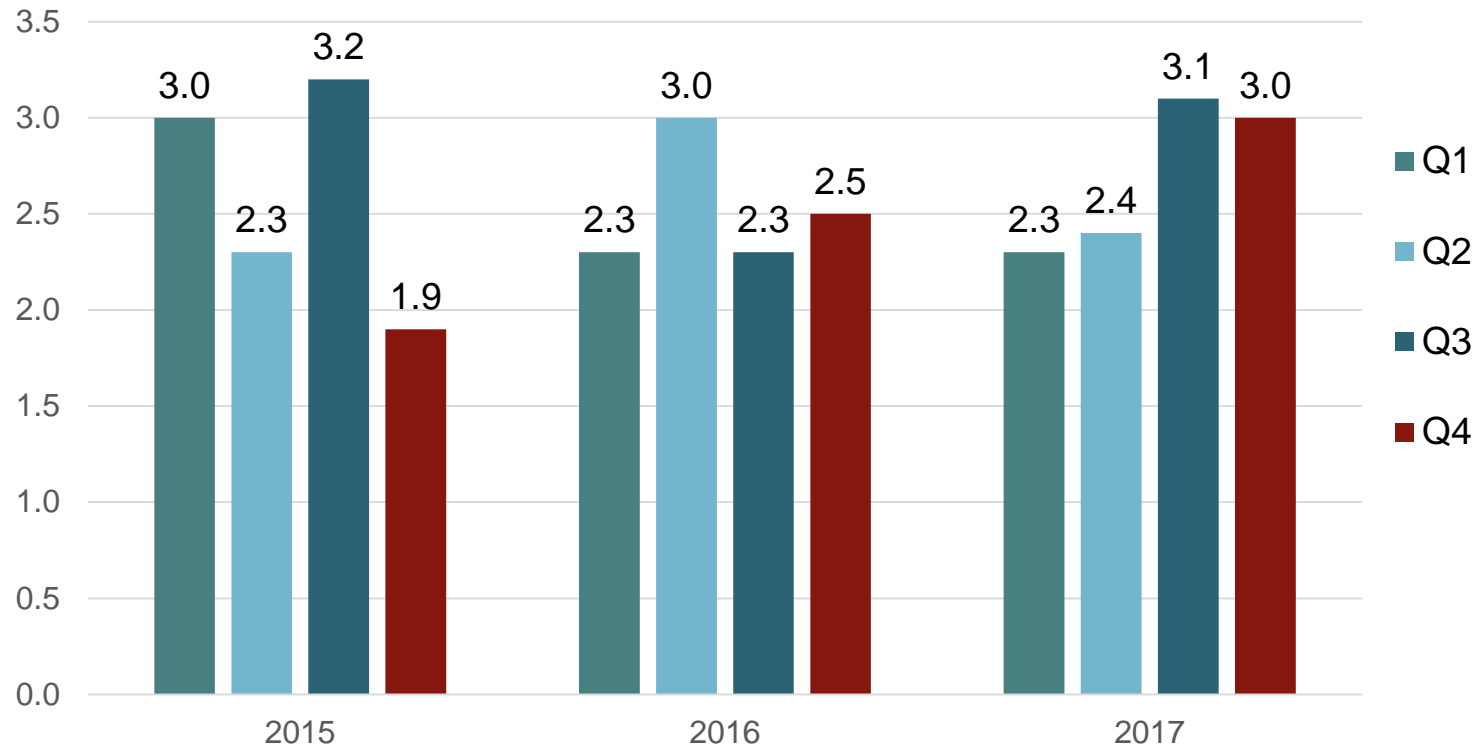
The measures to improve efficiency of operations slowed down the growth. The measures were completed in Q4.



# Telko key figures Q4

## Operating profit

MEUR



**In Q4, operating profit increased by 20% to EUR 3.0 million (2.5).**

**Operating profit increased especially in western markets.**

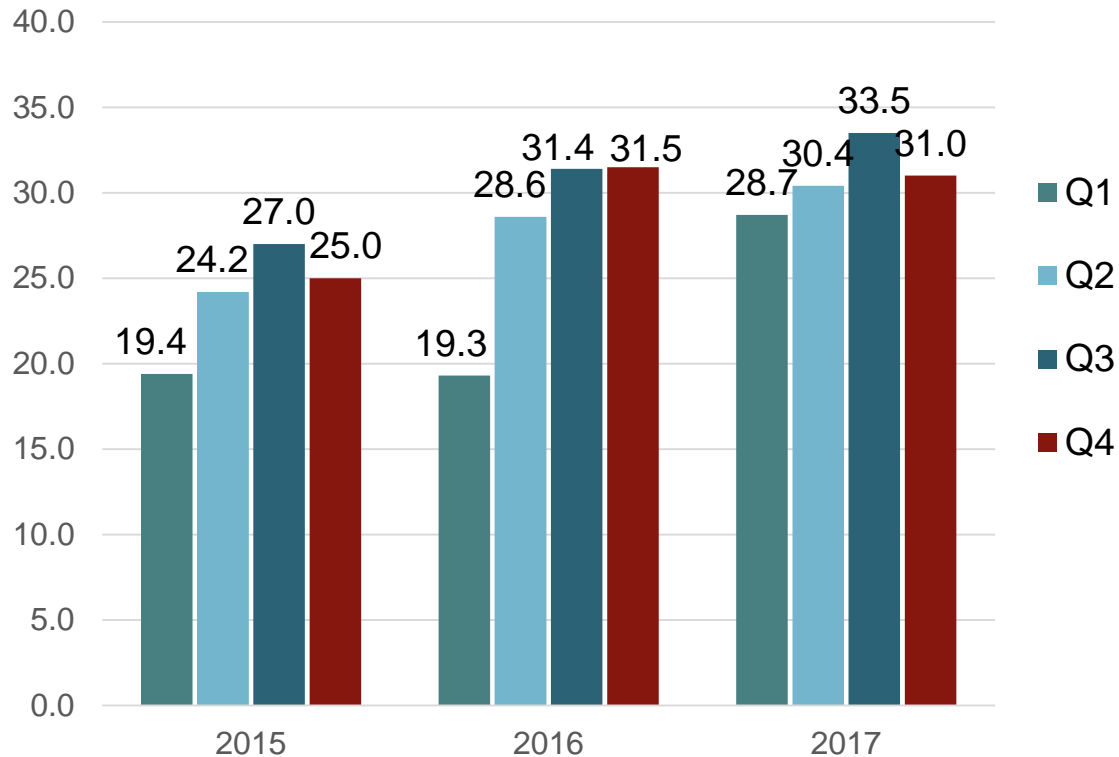
**In 2017, operating profit increased by 7%.**



# Net sales in Russia, Ukraine and other CIS countries

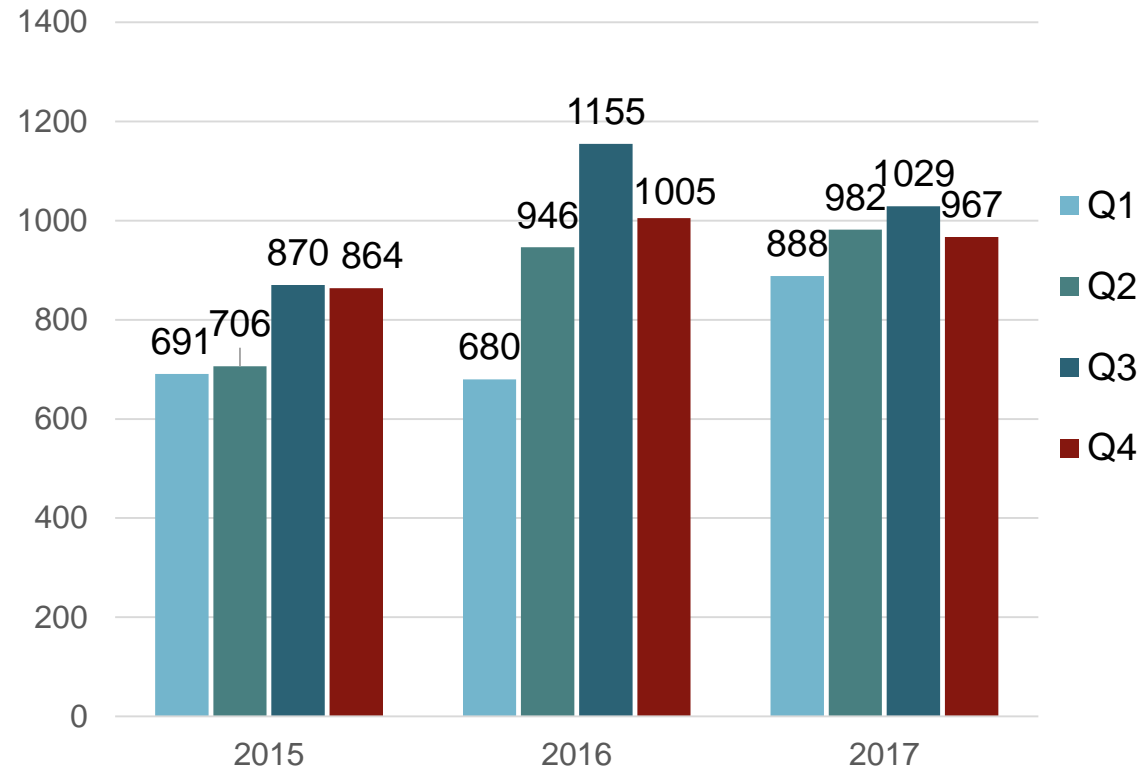
## Net sales in the market area

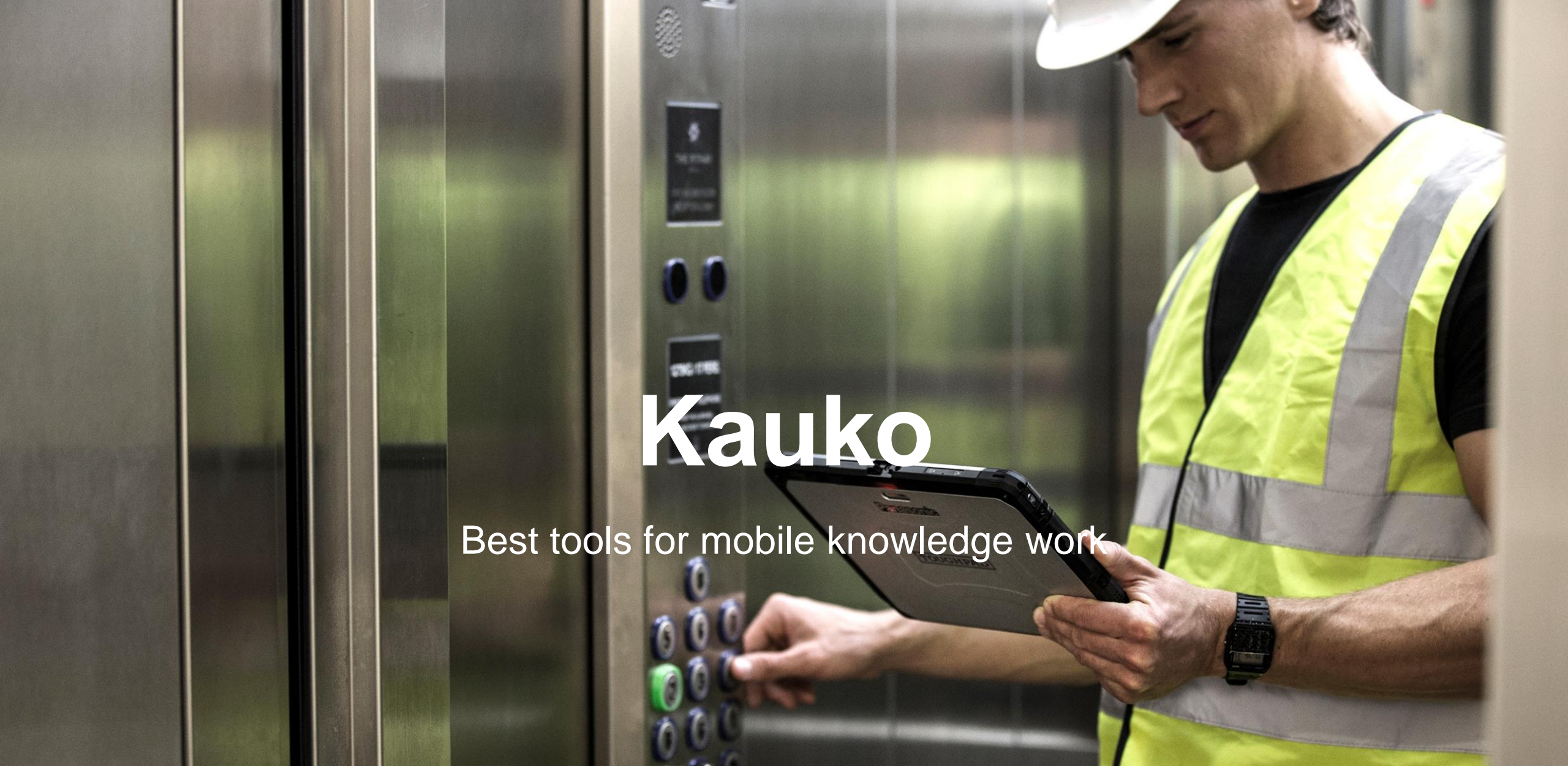
MEUR



## Net sales of the Russian company

MRUB





# Kauko

Best tools for mobile knowledge work

# Kauko

## Q4

In the energy sector, the growth of solar power products was strong.

Special rugged computers and tablets increased their share of sales.

Operating profit was EUR 0.0 million (0,0).

In mobile knowledge work, investments in application solutions and recruitments decelerated profitability.

Net sales increased to EUR 11.3 million (8.3).

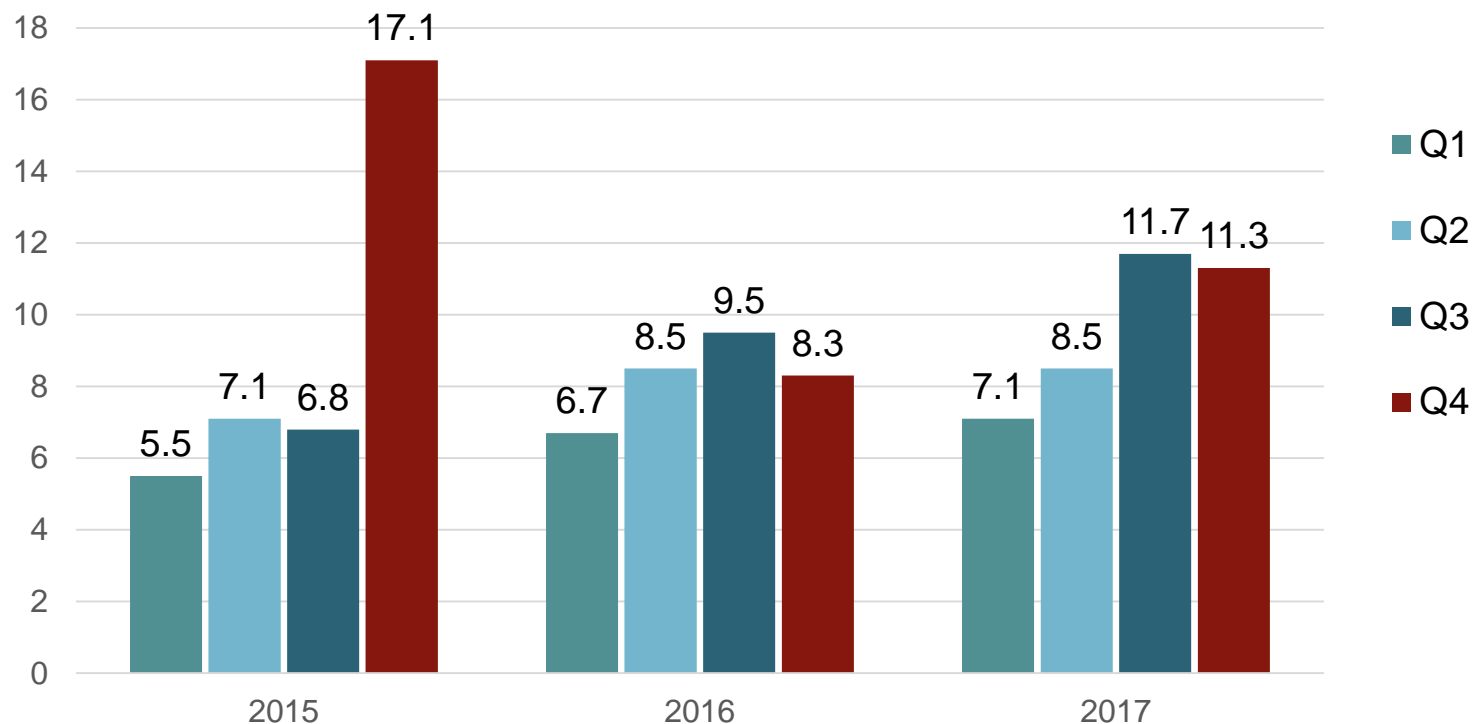
Revenue from project operations to be discontinued in China increased net sales.

After the review period Managing Director Sami Koskela resigned from the company. Arto Meitsalo, CFO of Aspo Plc, appointed acting Managing Director.

# Kaukon key figures Q4

## Net sales

MEUR



Q4 February 15, 2018

**Net sales increased to EUR 11.3 million (8.3).**

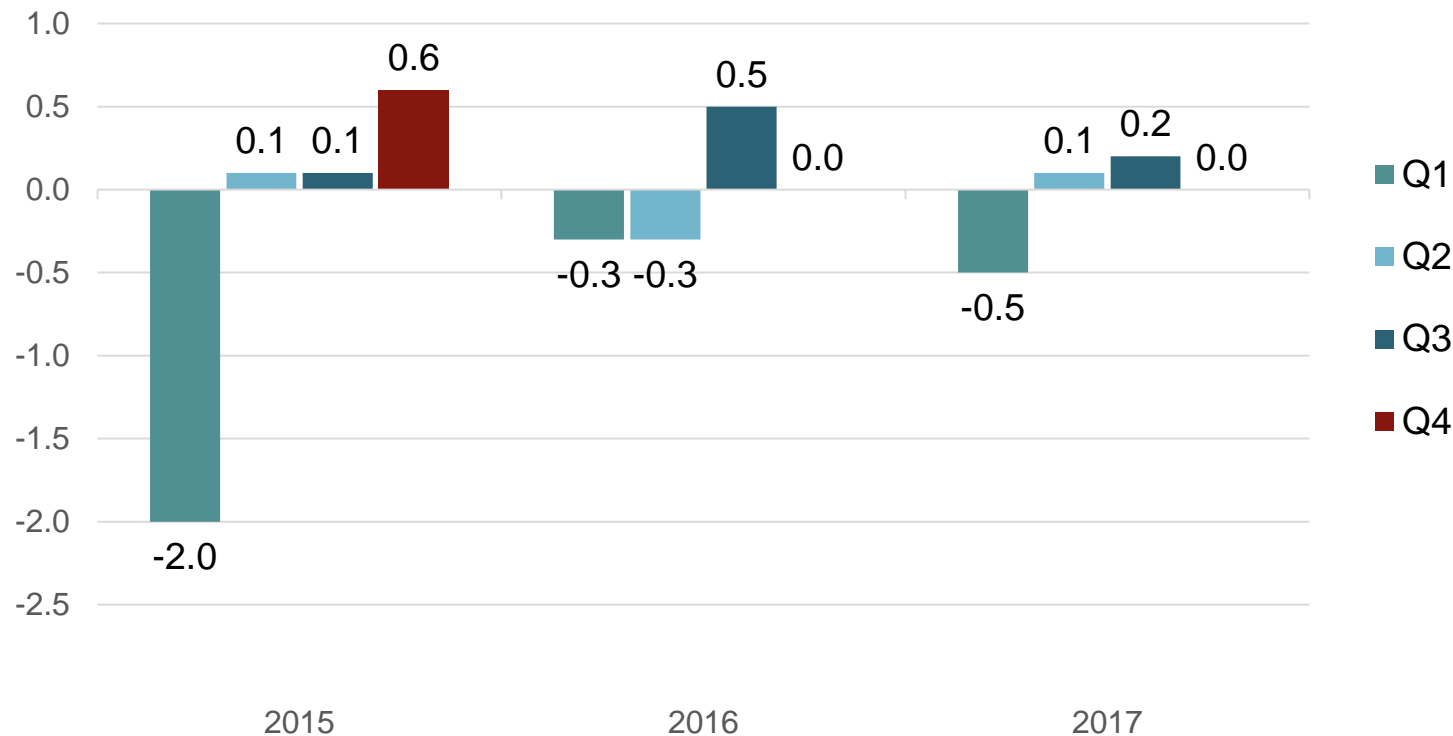
**Revenue from project operations from China increased net sales.**

**Mobile knowledge work and solar power systems increased their net sales.**

# Kaukon key figures Q4

## Operating profit

MEUR



Operating profit was EUR 0.0 million (0.0). In mobile knowledge work, investments in application solutions decelerated the development of operating profit.

In 2017, a EUR 0.3 million impairment loss of receivables related to previously divested business operations decreased the operating profit.





# Financials and financing

Harri Seppälä

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# Income statement 2017

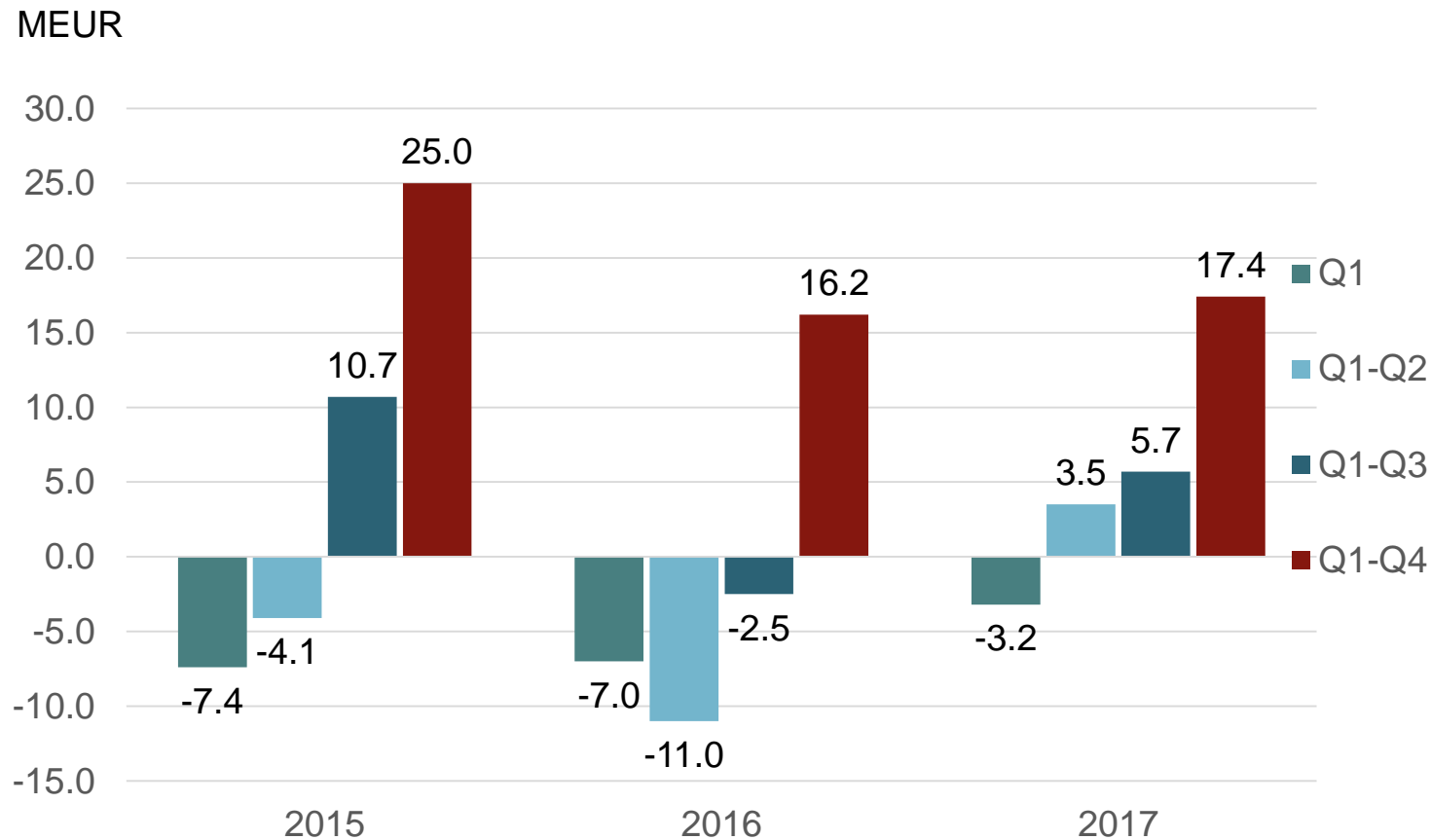
MEUR	Q1-Q4/2017	Q1-Q4/2016
Net sales	502.4	457.4
Ebitda	35.0	32.0
Depreciation, amortization and impairment losses	-11.9	-11.6
Operating profit	23.1	20.4
Financial income and expenses	-2.0	-3.0
Profit before taxes	21.1	17.4
Income taxes	-1.7	-1.5
Profit for the period	19.4	15.9
Earnings per share, EUR	0.56	0.49

Net sales growth of 10% came from all segments and market areas.

Ebitda rate remained unchanged. Operating profit rate increased to 4.6% (4.5).

Earnings per share increased by 14%.

# Net cash from operating activities



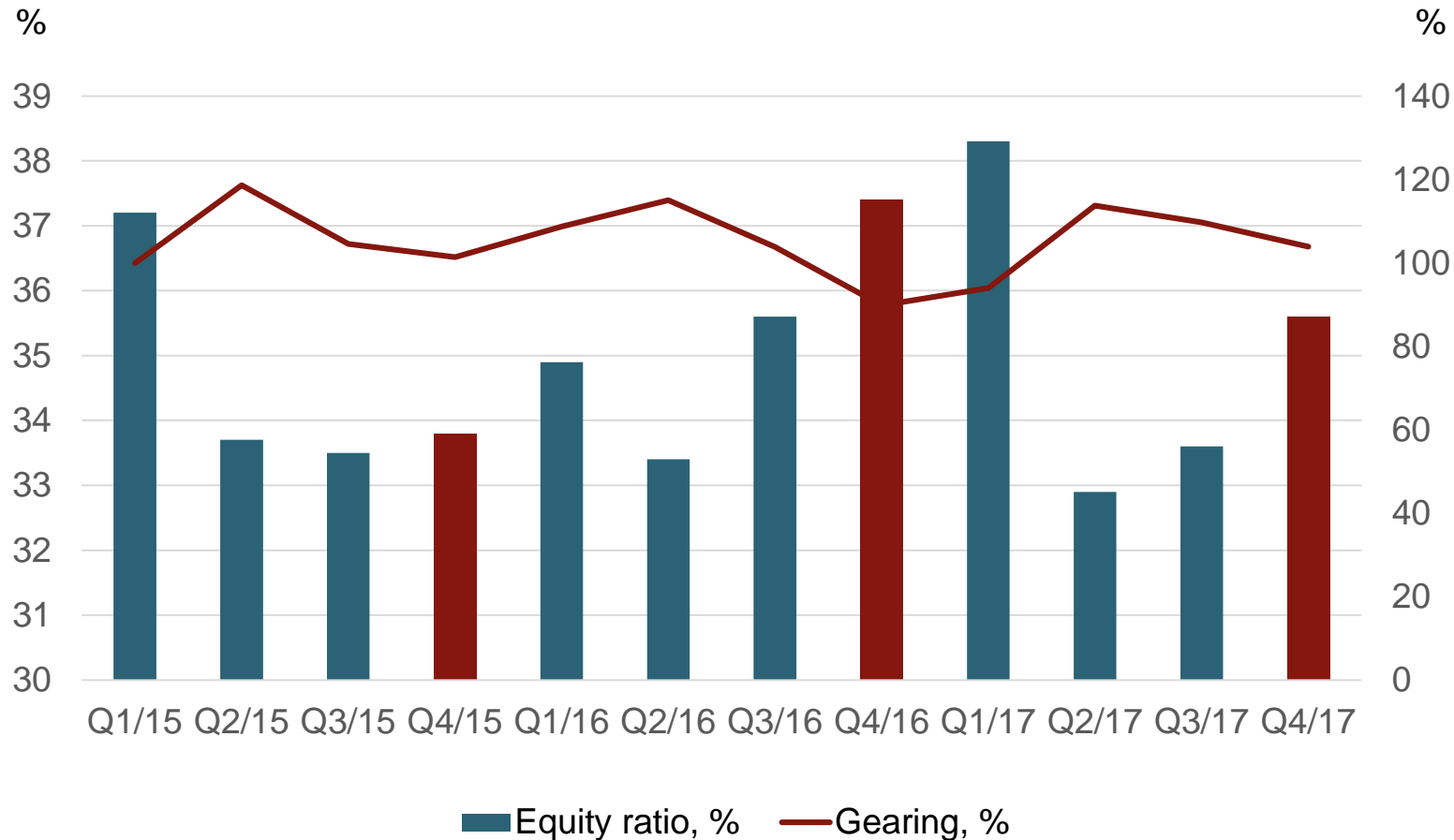
Net cash from operating activities increased from the comparative period to EUR 17.4 million (16.2).

Change in working capital was EUR -12.6 million (-10.6).

In H2, net cash from operating activities is usually stronger than in H1.



# Equity ratio and gearing



**Gearing was 104% and equity ratio was 36%.**

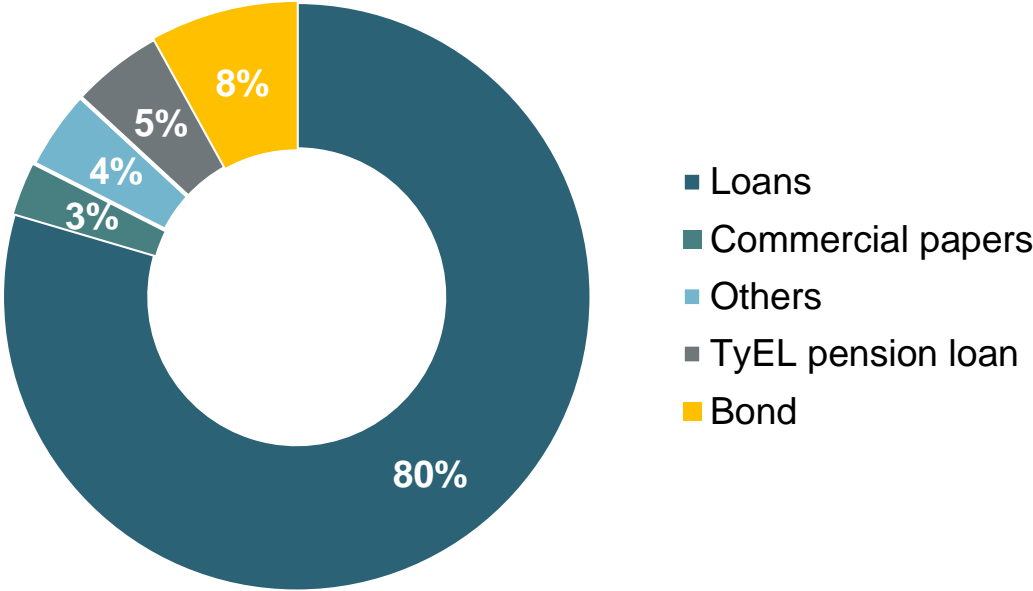
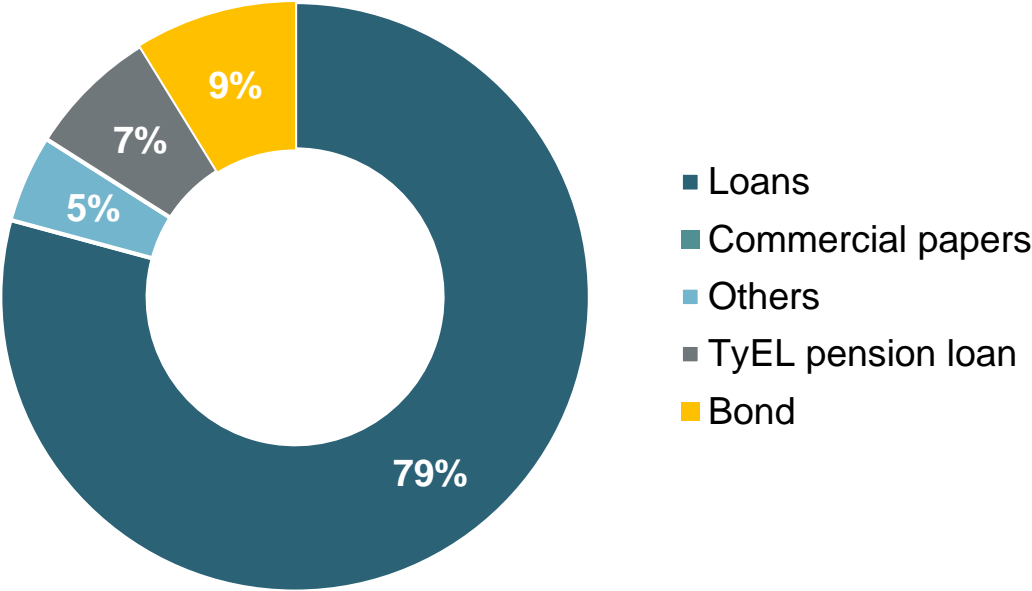
**Cash flow from investing activities was EUR -16.6 million (-6.1) mostly consisting of advance payments for vessels.**

# Structure of liabilities

Interest bearing liabilities  
December 31, 2016: 125 MEUR

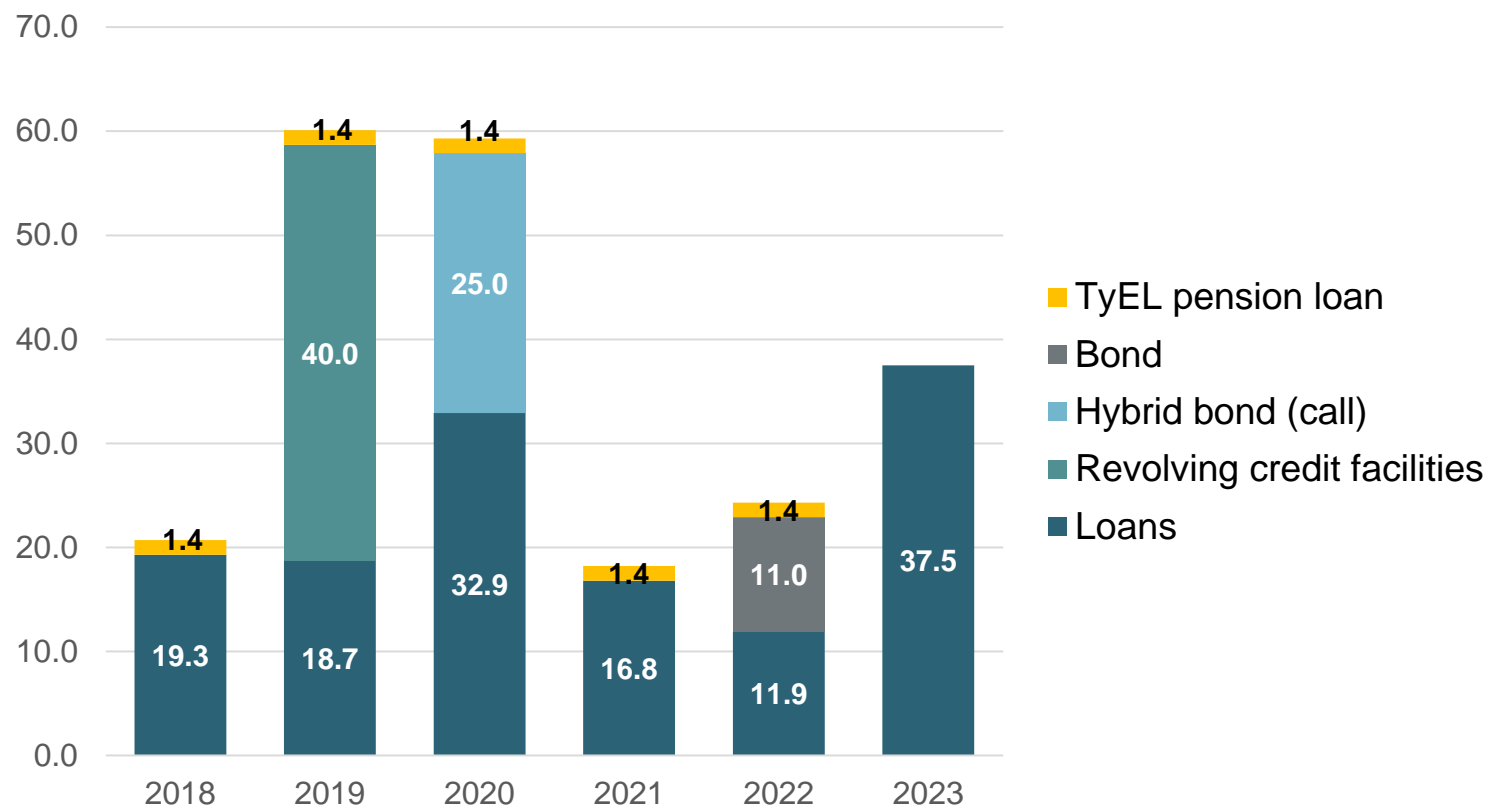


Interest bearing liabilities  
December 31, 2017: 137 MEUR



# Maturity of significant loan agreements

MEUR

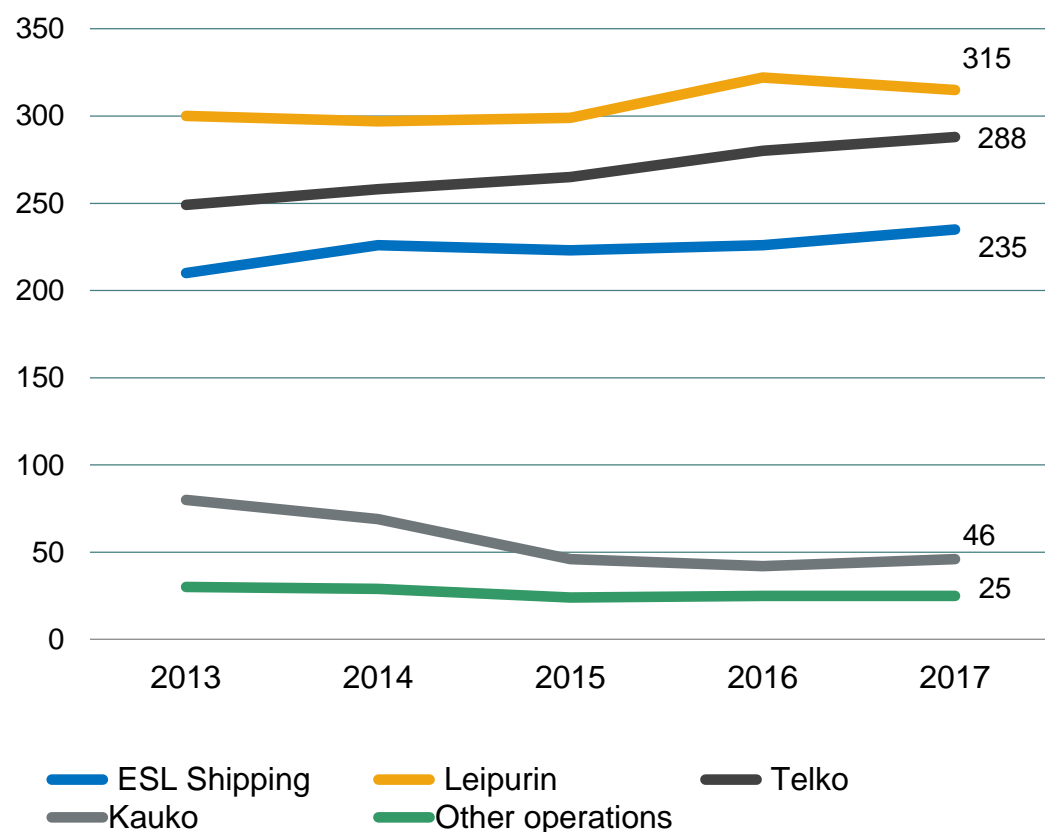


The average interest rate of interest bearing liabilities was 1.8% (12/2016: 1.8).

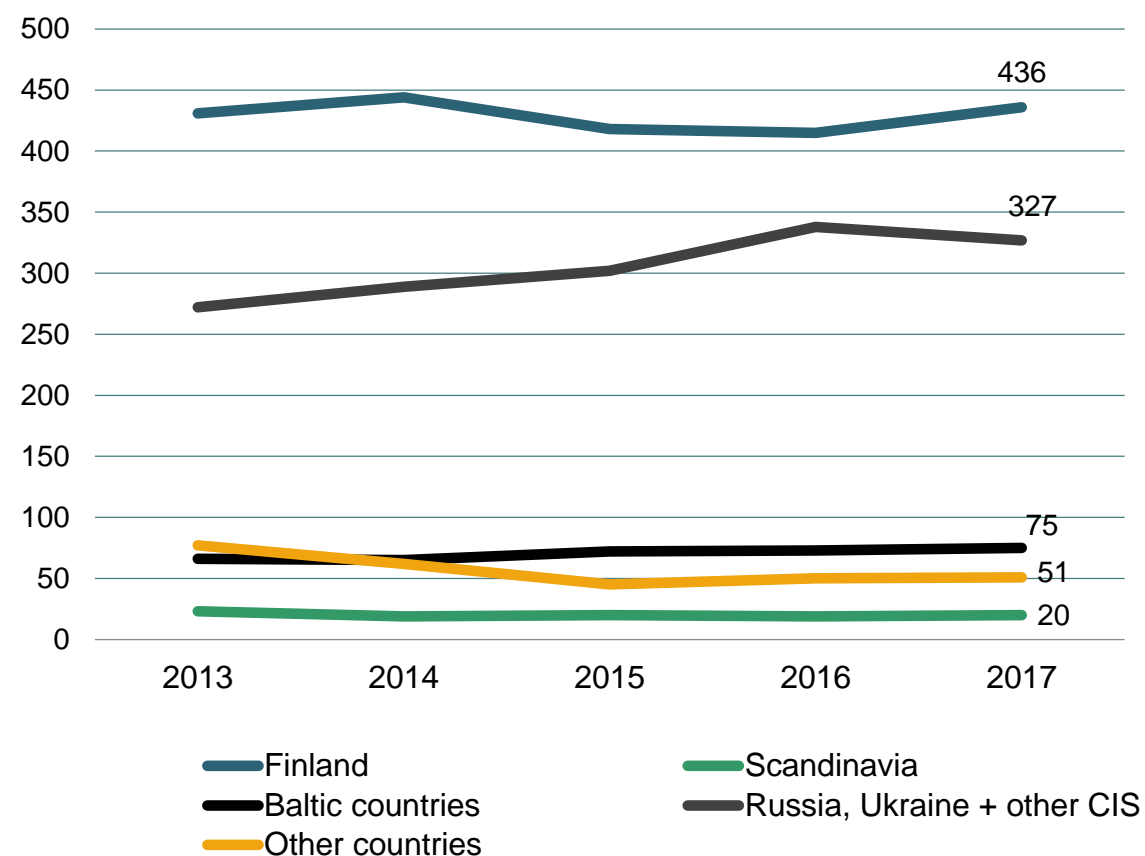
In 2018, financing agreements of approximately EUR 16 million will fall due.

# Personnel, December 31, 2017, total 909

## Personnel by segment

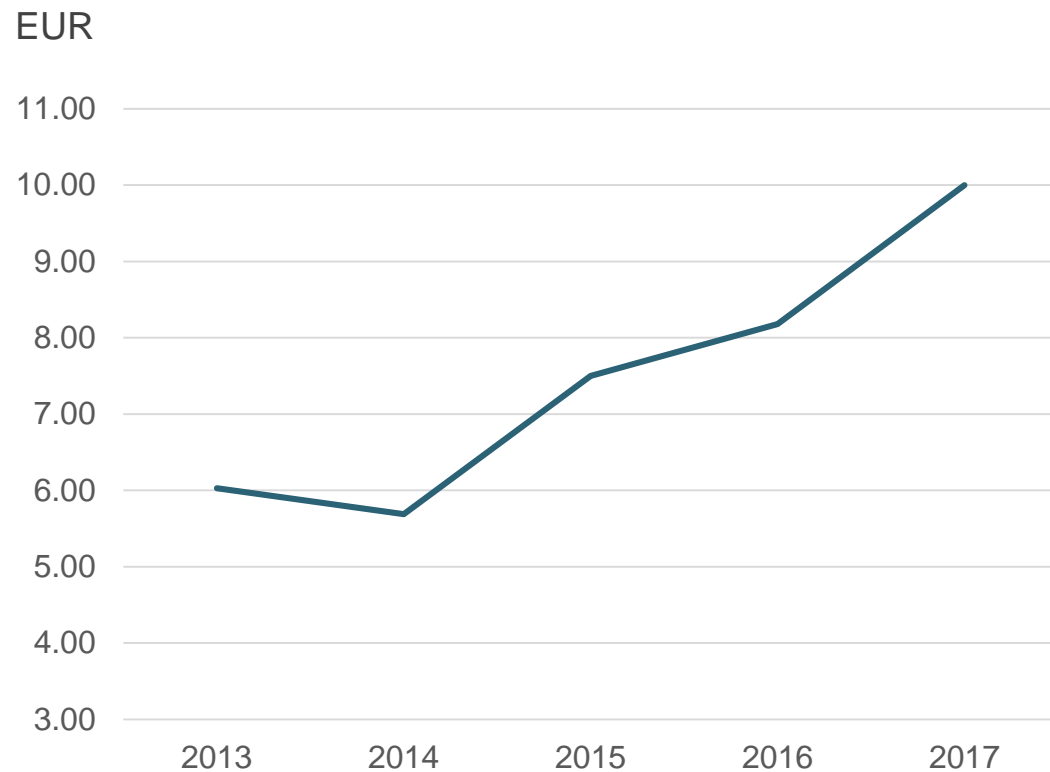


## Personnel by geographical area

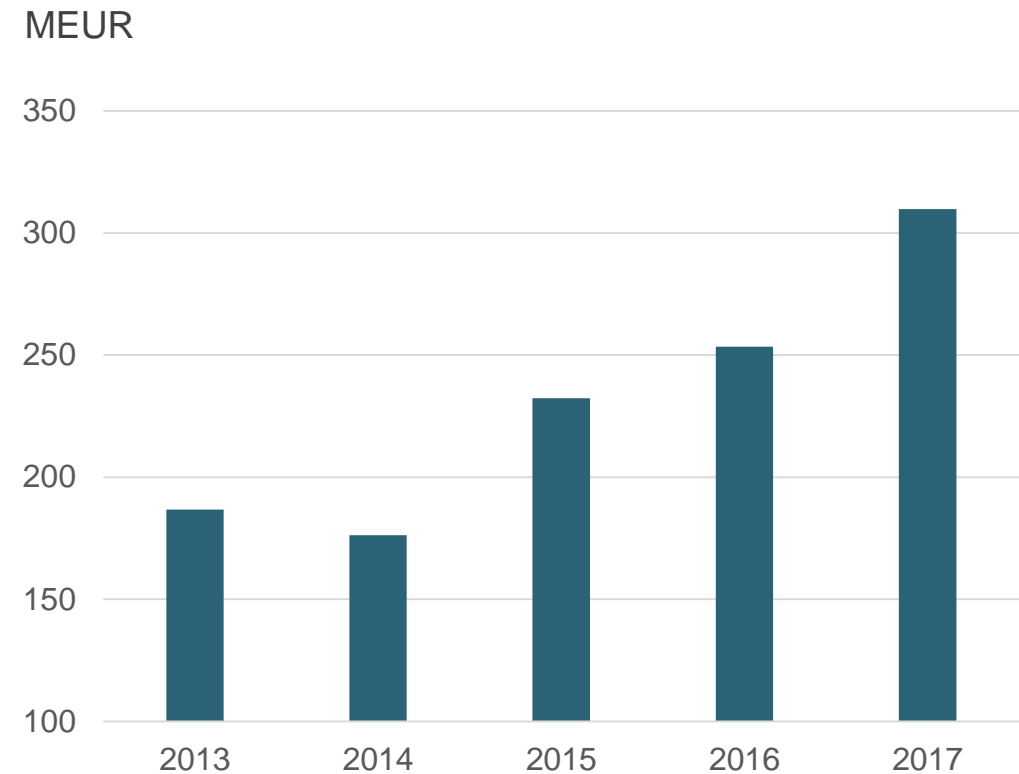


# Aspo market value

## Share price development (closing price)



## Market value of shares



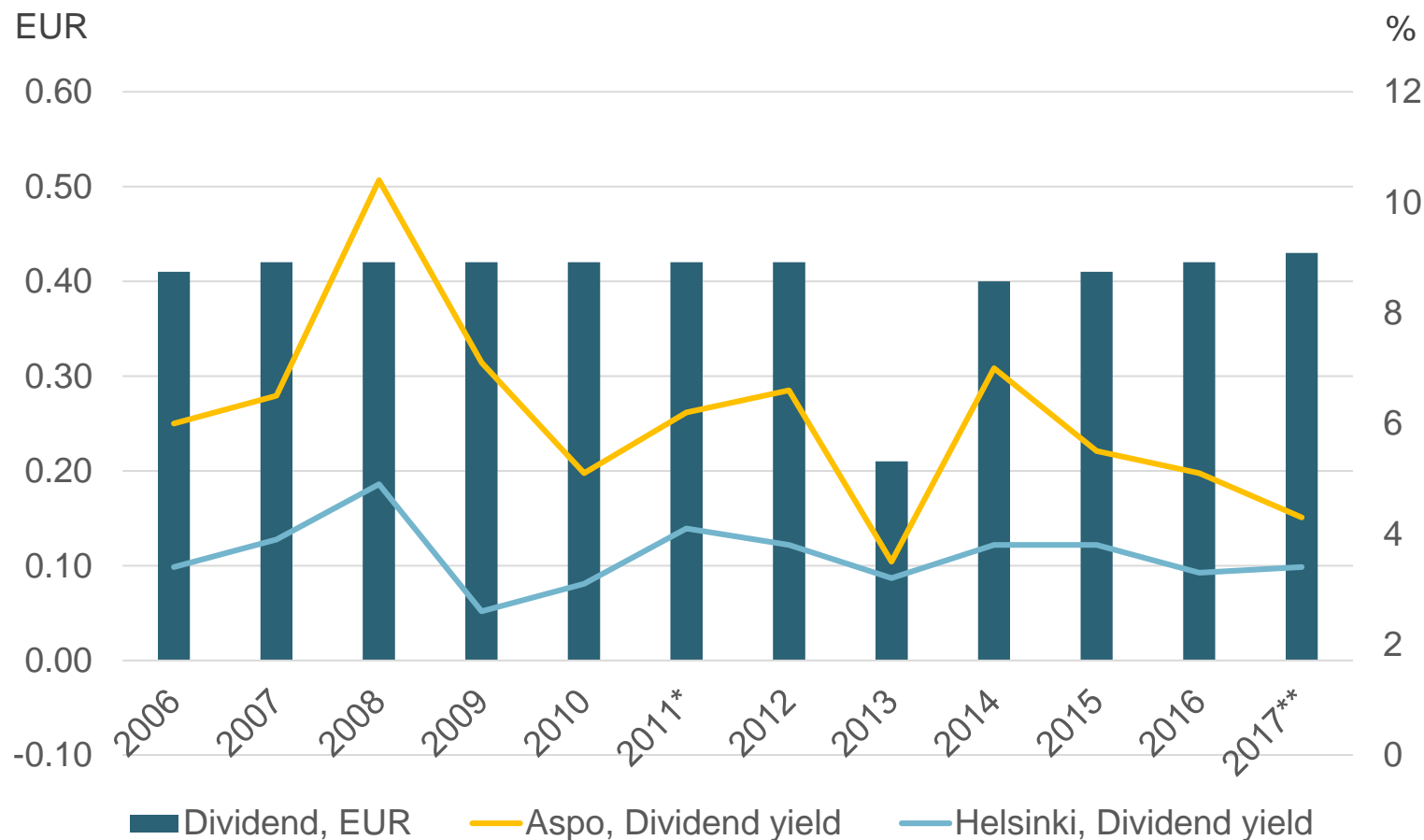
# Dividend proposal 2017

**The Board of Directors'  
dividend proposal:  
EUR 0.43 / share**

**Dividend will be paid  
in two installments:  
EUR 0.21 / share in  
April  
EUR 0.22 / share in  
November**

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

# Dividend and dividend yield



**Dividend yield of Aspo,  
average  
2006–2017  
6.1 %**

**Dividend yield of  
Helsinki Stock  
Exchange, average  
2006–2017  
3.6 %**

# General outlook for markets in 2018

- General uncertainty in the markets has decreased.
- Industrial production is expected to increase in Aspo's main market areas.
- The prices of raw materials are expected to strengthen.
- Political risks may make free trade more difficult.
- The Russian economy is showing moderate growth.
- Aspo will continue to expand in the eastern markets.
- No irregular items or claims for compensation are expected.
- Dry cargo prices strengthened during 2017 and are expected to strengthen even further. The shipping company's capacity will increase during H1.

**Positive trend and growing industrial production in Aspo's main markets.**

**Aspo expects its results to develop strongly in 2018.**



# Guidance for 2018

Aspo's operating profit will be EUR 25-31 million (23.1) in 2018.