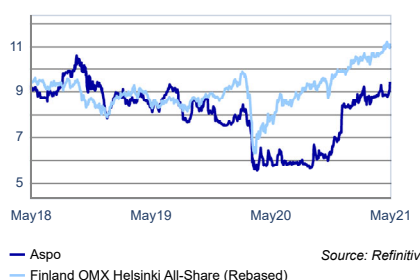


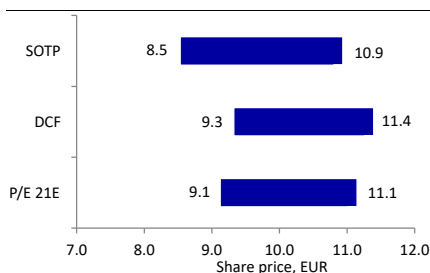
KEY DATA

Stock country	Finland
Bloomberg	ASPO.FH
Reuters	ASPO.HE
Share price (close)	EUR 9.45
Free Float	88%
Market cap. (bn)	EUR 0.30/EUR 0.30
Website	www.aspo.com
Next report date	11 Aug 2021

PERFORMANCE



VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	0%	0%	0%
EBIT (adj)	6%	5%	5%

Source: Nordea estimates

Nordea Markets - Analysts

Pasi Väisänen
Senior AnalystJoni Sandvall
Analyst

Reaching its full potential

After two challenging years, Aspo is finally reaching its potential within its ESL Shipping and Telko segments. Q1 operating profit was a whole 28% above Infront consensus. The Leipurin segment has not yet recovered from the pandemic and full-year EBIT guidance looks modest, but our EBIT forecast for this year is 64% above last year's level; thus, we believe that Aspo will upgrade its guidance this summer. Company-specific risks are coming down, its debt-handling capacity is good, and gearing is nearing the target range of 130%. Based on our new estimates, we calculate a fair value range of EUR 9.0-11.2 (8.0-10.0) per share.

EBIT margin was 6% in Q1 (consensus 4.7%)

Aspo reported Q1 net sales of EUR 132m, in line with Infront consensus, but the 6% EBIT margin was above consensus of 4.7%. Although the operating profit was good for ESL Shipping, the biggest positive surprise came from the Telko segment where EBIT was EUR 1.5m above our expectations. Improved product mix and higher plastic prices favoured the segment in Q1. However, we forecast Telko's operating profit margin to come down closer to 6% during the latter part of this year from the 7.4% achieved in Q1.

Group level EBIT could be easily EUR 32m this year

Full-year guidance indicates over EUR 19m operating profit for this year which looks modest considering the performance in last six months. The key to record-high earnings is utilisation ratios in ESL Shipping, and currently the demand outlook looks very promising. The profitability of ESL Shipping collapsed to 7% (EBIT margin) right after the acquisition of AtoB@C but we forecast an EBIT margin of close to 12% for 2021-22. Even the Supramax vessels were profitable in Q1 2021. However, further improvement will become harder to achieve in the next year as vessels are already operating at full utilisation ratios.

Aspo will reach its profitability target ahead of plan

A weak RUB versus the EUR has burdened the reported figures but we expect Aspo to reach its profitability and gearing targets before end of 2023. Eastern markets continue to be a strategically important area for Aspo but the Russian operations could still weigh down the accepted valuation multiples for the company. Furthermore, the Russian operations could be hard to divest if financial resources would be needed in other areas. We derive our fair value range of EUR 9.0-11.2 (8.0-10.0) by equally weighting our DCF, P/E and SOTP valuations.

SUMMARY TABLE - KEY FIGURES

EURm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	502	541	588	501	545	584	605
EBITDA (adj)	36	38	50	48	61	67	70
EBIT (adj)	24	27	21	19	32	37	39
EBIT (adj) margin	4.7%	4.9%	3.6%	3.9%	5.8%	6.3%	6.5%
EPS (adj, EUR)	0.59	0.58	0.42	0.38	0.72	0.90	1.02
EPS (adj) growth	22.7%	-2.1%	-28.3%	-8.9%	90.5%	24.4%	13.7%
DPS (ord, EUR)	0.43	0.44	0.22	0.35	0.46	0.48	0.50
EV/Sales	0.8	0.8	0.7	0.9	0.9	0.8	0.7
EV/EBIT (adj)	17.9	16.2	20.9	22.5	14.7	12.8	11.6
P/E (adj)	16.8	13.7	18.3	22.1	13.1	10.5	9.2
P/BV	2.8	2.1	2.0	2.3	2.4	2.5	2.2
Dividend yield (ord)	4.3%	5.5%	2.9%	4.2%	4.9%	5.1%	5.3%
FCF Yield bef A&D, lease	-0.1%	-9.1%	13.9%	16.9%	4.5%	10.5%	11.7%
Net debt	117	180	198	170	169	175	155
Net debt/EBITDA	3.3	4.9	4.0	3.5	2.8	2.6	2.2
ROIC after tax	8.9%	8.4%	5.8%	5.6%	9.6%	12.9%	13.8%

Source: Company data and Nordea estimates

Q1 results, revisions and detailed estimates

Aspo reported Q1 EBIT of EUR 7.9m, +28% versus Infront consensus and +25% compared to Nordea estimates. Net sales amounted to EUR 132m, roughly in line with expectations. The cargo market continued to recover in Q1. Telko benefited from increasing plastic prices, while there have been some issues with the availability of plastics in the market. The outlook for the cargo market appears favourable with dry bulk indices gaining momentum which usually has a positive impact on the profitability of Supramax vessels. Operating cash flow stood at EUR 6.6m in Q1 (EUR 13.9m a year ago) with a EUR -7.2m working capital impact. The company reiterated its full year guidance and expects EBIT to improve in 2021 y/y (from EUR 19.3m in 2020). For 2021, consensus was already expecting operating profit of EUR 29m.

Q1 was strong despite plastic availability issues

Aspo reported Q1 net sales of EUR 132m, in line with consensus and 2% below Nordea estimates.

- ESL Shipping net sales were EUR 43.4m, 2% above our estimate of EUR 42.7m. This was a slight increase in revenues y/y but with flat y/y volume development. Demand and transportation volumes among all ESL Shipping's main customers remained strong during the Q1, apart from the energy industry where coal transportation volumes decreased in Finland and in Central Europe.
- Telko's net sales were EUR 61m, 9% below our estimate of EUR 66.8m, and were burdened by raw material (plastics) availability.
- Leipurin net sales were EUR 27.9m, 8% above our estimate of EUR 25.8m. Significant machine deliveries to Russia, transferred from previous years, increased the net sales of the machinery business.

EBIT of EUR 7.9m came 28% above consensus at EUR 6.2m and 25% above our estimate of EUR 6.3m.

- ESL Shipping's EBIT was EUR 4.5m, 10% above our estimate of EUR 4.1m.
- Telko's EBIT was EUR 4.5m, 51% above our estimate of EUR 3.0m and benefited from improved product mix and higher prices.
- Leipurin's EBIT was EUR 0.3m, 43% below our EUR 0.5m estimate and was burdened by machinery unit restructuring and FX changes.

Operating cash flow stood at EUR 6.6m (EUR 13.9m a year ago) and was burdened by EUR 7.2m negative working capital impact.

Guidance reiterated

Aspo reiterated its guidance for 2021 and expects EBIT to improve in comparison to 2020 (EUR 19.3m in 2020). Pre-Q1 Infront consensus is at EUR 29m. Below we summarise the segment outlooks.

ESL Shipping

Forecasts of transportation volumes in different customer segments are looking positive for the second and third quarters. ESL Shipping also expects total transportation volumes to increase from the previous year. The general development of cargo markets will continue to have the highest impact on the performance of the shipping company's largest Supramax vessels. During 2021, significant environmental investments of roughly EUR 6m, according to an updated assessment, will be targeted at a total of 12 vessels. As a result of equipment installation, the shipping company expects there to be more lay-ups in 2021 than normal, especially during the second and third quarters. Dockages will lower the second and third quarters' results.

Telko

The recovery of demand started in autumn 2020, is still ongoing and is expected to continue at least for the second quarter. The coronavirus pandemic continues to restrict

opportunities for normal customer activities. Raw material availability is expected to remain challenging in all business operations, at least during the second quarter. Raw materials prices are expected to continue to increase and then to remain high for the next few months. When the market situation begins to return to normal, prices are expected to start decreasing, and this is predicted to occur during the second half of 2021. A rapid plastics price decline would have a negative impact on Telko's results. Telko's goal is to maintain the relative profitability level achieved during 2020.

Leipurin

In the machinery business, the order book size is moderate, especially considering the company's own machine production. The machinery business is expected to become profitable in 2021. Leipurin is preparing for the post-pandemic period by refining its strategy during 2021. The company will continue to invest in growth, especially in eastern markets.

Q1 DEVIATION TABLE (EPS IN EUR)

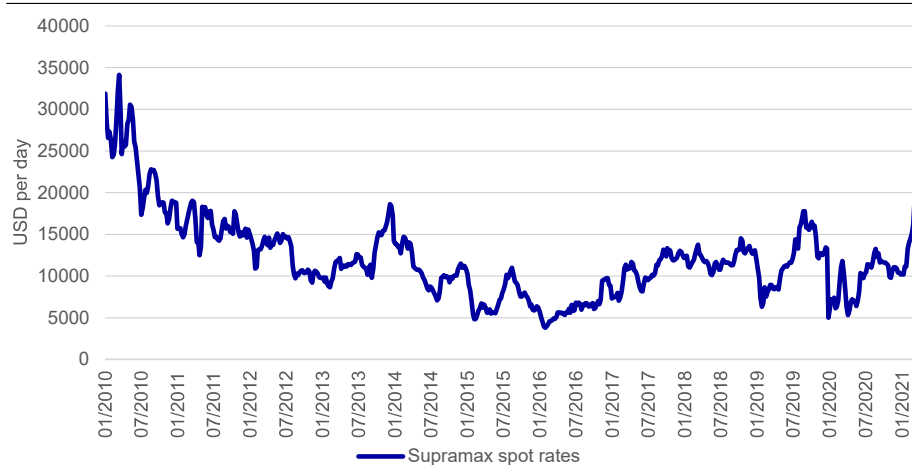
EURm	Actual Q1 2021	NDA est. Q1 2021E	Deviation vs. actual		Consensus Q1 2021E	Deviation vs. actual		Actual Q4 2020	q/q	Actual Q1 2020	y/y
Sales	132	135	-3.0	-2%	132	0	0%	134	-1%	133	-1%
Adj. EBIT	7.9	6.3	1.6	25%	6.2	2	28%	7.9	0%	4.0	98%
Adj. EBIT margin	6.0%	4.7%	1.3pp		4.7%	1.3pp		5.9%	0.1pp	3.0%	3.0pp
EPS	0.19	0.13	0.06	42%	0.14	0.05	36%	0.19	3%	0.07	171%
Divisional											
Sales											
ESL	43.4	42.7	0.7	2%				41.2	5%	42.7	2%
Leipurin	27.9	25.8	2.1	8%				26.6	5%	26.9	4%
Telko	61.0	66.8	-5.8	-9%				65.7	-7%	63.6	-4%
Adj. EBIT											
ESL	4.5	4.1	0.4	10%				5.1	-12%	2.3	96%
Leipurin	0.3	0.5	-0.2	-43%				0.2	50%	0.6	-50%
Telko	4.5	3.0	1.5	51%				4.1	10%	2.4	88%

Source: Company data, Nordea estimates and Infront consensus

Supramax quotes at a strong level

Given the favourable commodity market, dry bulk prices have soared in recent months. The broad Baltic dry index is at 10-year high levels, and the high is visible also in Supramax spot-rates. Aspo's ESL Shipping has two Supramax vessels that from time to time have even been loss making. We see healthy current levels for ESL-Shipping segment, while prices could even rise higher given the strong sentiment in the commodity market.

SUPRAMAX SPOT RATES (USD PER DAY)



Source: Clarksons

Estimate revisions

We raise our 2021-23 EBIT estimates by 5-6% after the Q1 report. We maintain our top line estimates largely intact for 2021-22, and continue to expect a clear sales recovery.

REVISIONS TO OUR ESTIMATES FOLLOWING Q1 RESULTS

EURm	New estimates				Old estimates				Difference %			
	Q2 2021E	2021E	2022E	2023E	Q2 2021E	2021E	2022E	2023E	Q2 2021E	2021E	2022E	2023E
Sales	134	545	584	605	133	547	586	607	1%	0%	0%	0%
Adj. EBIT	7.0	31.6	36.8	39.1	6.5	30.0	35.0	37.2	8%	6%	5%	5%
Adj. EBIT margin	5.2%	5.8%	6.3%	6.5%	4.9%	5.5%	6.0%	6.1%	0.3pp	0.3pp	0.3pp	0.3pp
Adj. EPS	0.15	0.72	0.90	1.02	0.14	0.67	0.84	0.96	10%	9%	7%	6%
Sales												
ESL	41.9	172	189	195	40.9	171	187	193	2 %	1 %	1 %	1 %
Leipurin	25.1	106	113	117	25.1	104	111	115	0 %	2 %	2 %	2 %
Telko	67.2	267	283	293	67.2	272	289	299	0 %	-2 %	-2 %	-2 %
EBIT adj												
ESL	4.0	18.2	21.5	22.8	3.5	17.7	20.9	22.2	14 %	3 %	3 %	3 %
Leipurin	0.4	2.0	2.7	3.1	0.4	2.2	2.9	3.3	0 %	-10 %	-8 %	-7 %
Telko	3.6	16.1	17.4	18.0	3.6	14.6	15.8	16.3	0 %	10 %	10 %	10 %
EBIT adj margin												
ESL	9.5%	10.6%	11.4%	11.7%	8.5%	10.4%	11.2%	11.5%	1.0pp	0.2pp	0.2pp	0.2pp
Leipurin	1.8%	1.9%	2.4%	2.6%	1.8%	2.2%	2.7%	2.9%	0.0pp	-0.3pp	-0.3pp	-0.3pp
Telko	5.4%	6.0%	6.1%	6.1%	5.4%	5.4%	5.5%	5.5%	0.0pp	0.7pp	0.7pp	0.7pp

Source: Nordea estimates

Detailed estimates

QUARTERLY SEGMENT ESTIMATES (EURm)

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21E	Q3 21E	Q4 21E
ESL Shipping												
Sales	43.7	42.6	43.4	45.3	42.7	32.9	31.6	41.2	43.4	41.9	41.8	45.1
- sales growth	113%	88%	42%	-2%	-2%	-23%	-27%	-9%	2%	27%	32%	9%
EBIT	3.2	2.6	4.4	4.4	2.3	0.6	-0.1	5.1	4.5	4.0	4.1	5.7
EBIT margin	7%	6%	10%	10%	5%	2%	0%	12%	10%	10%	10%	13%
Leipurin												
Sales	25.9	28.0	29.9	31.9	26.9	23.2	24.3	26.6	27.9	25.1	26.5	26.9
- sales growth	-14%	-10%	7%	1%	4%	-17%	-19%	-17%	4%	8%	9%	1%
EBIT	0.5	0.6	0.8	1.1	0.6	0.3	0.3	0.2	0.3	0.4	0.7	0.6
EBIT margin	2%	2%	3%	3%	2%	1%	1%	1%	1%	2%	3%	2%
Telko												
Sales	71.9	80.6	74.7	69.8	63.6	59.5	62.5	65.7	61.0	67.2	68.8	69.6
- sales growth	25%	12%	11%	0%	-12%	-26%	-16%	-6%	-4%	13%	10%	6%
EBIT	2.4	2.1	2.4	0.9	2.4	4.2	4.2	4.1	4.5	3.6	3.8	4.2
EBIT margin	3%	3%	3%	1%	4%	7%	7%	6%	7%	5%	6%	6%
Aspo Group												
Sales	141.5	151.2	148.0	147.0	133.2	115.6	118.4	133.5	132.3	134.2	137.1	141.6
- sales growth	23%	14%	9%	-6%	-6%	-24%	-20%	-9%	-1%	16%	16%	6%
EBIT clean	4.9	3.9	6.7	5.4	4.0	4.1	3.6	7.9	7.9	7.0	7.8	8.9
EBIT margin	3.5%	2.6%	4.5%	3.7%	3.0%	3.5%	3.0%	5.9%	6.0%	5.2%	5.7%	6.3%
PTP clean	3.9	3.0	5.4	4.6	2.9	3.0	2.5	6.7	7.0	5.9	6.7	7.7
Net Profit clean	3.5	2.5	4.9	3.8	2.6	2.7	2.0	6.4	6.4	5.3	5.9	6.9
EPS clean, EUR	0.10	0.07	0.15	0.10	0.07	0.08	0.05	0.19	0.19	0.15	0.17	0.20
EPS reported, EUR	0.10	0.12	0.15	0.10	0.07	0.08	0.05	0.19	0.19	0.15	0.17	0.20

Source: Company data and Nordea estimates

YEARLY SEGMENT ESTIMATES (EURm)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
ESL Shipping										
Sales	85	76	71	79	120	175	148	172	189	195
- sales growth	10%	-11%	-6%	11%	51%	46%	-15%	16%	10%	3%
EBIT	16	15	13	14	17	15	8	18	21	23
EBIT margin	19%	19%	18%	17%	14%	8%	5%	11%	11%	12%
Leipurin										
Sales	135	118	113	122	121	116	101	106	113	117
- sales growth	-1%	-12%	-5%	9%	-1%	-4%	-13%	5%	6%	4%
EBIT	4.4	2.4	2.0	3.6	3.3	3.0	1.4	2.0	2.7	3.1
EBIT margin	3%	2%	2%	3%	3%	3%	1%	2%	2%	3%
Telko										
Sales	227	215	240	262	266	297	251	267	283	293
- sales growth	-1%	-5%	12%	9%	2%	12%	-15%	6%	6%	3%
EBIT	10	10	10	11	12	8	15	16	17	18
EBIT margin	4%	5%	4%	4%	5%	3%	6%	6%	6%	6%
Aspo Group										
Sales	483	446	457	502	541	588	501	545	584	605
- sales growth	1%	-8%	3%	10%	8%	9%	-15%	9%	7%	4%
EBIT clean	25	21	20	24	27	21	19	32	37	39
EBIT margin	5.2%	4.6%	4.5%	4.7%	4.9%	3.6%	3.9%	5.8%	6.3%	6.5%
PTP clean	19	17	17	20	21	17	15	27	33	36
Net Profit clean	19	15	15	18	18	13	12	23	28	32
EPS clean, EUR	0.60	0.50	0.48	0.59	0.58	0.42	0.38	0.72	0.90	1.02
EPS reported, EUR	0.60	0.60	0.48	0.57	0.42	0.47	0.38	0.72	0.90	1.02

Source: Company data and Nordea estimates

Risk factors

There are several major and minor risks associated with Aspo's investment case. We believe that the biggest risks currently relate to the company's financial position; economic developments in Russia; and steel, pulp and coal shipments in the Baltic Rim. The coronavirus outbreak and weak consumer confidence in Russia are short-term risk factors that could negatively affect growth and profitability. We also note that the recent strength in the shipping market could turn out to be short lived if there is any set back in the economic recovery. Aspo's balance sheet is currently stretched due to investments, but we are confident that the company will survive this challenge even without divestments, due to its healthy cash flows. Furthermore, it has a track record from its operations in Russia and good knowledge of the country, which reduces the risks related to possible market turbulence there.

Net gearing stands at 139%	<p>Financial position and capital needs</p> <p>Interest-bearing net debt was EUR 167.7m in Q1 2021; net debt per EBITDA was 3.2x in Q1 2021. The company's equity ratio is 31% and net gearing at the end of Q1 2021 stood at 139%, including EUR 20m hybrid debt. IFRS 16 accounting standards increased net gearing by around 30 pp, hence the company's target gearing level is 130% (previously 100%). Cash in hand was EUR 30m at the end of Q1 2021, hence we do not expect liquidity to be a problem in the short term.</p> <p>Aspo's short-term capital needs were already secured in May and June 2019 with a new EUR 15m term loan facility and a EUR 20m revolving credit facility. In addition, the company participated in a EUR 40m group bond in September 2019, with a loan unit of EUR 15m and five-year maturity. In 2021, the company will need to renegotiate about EUR 47m worth of loans and revolving credit facilities. Aspo issued a new hybrid bond of EUR 20m (8.75% interest) at the end of April. At the same time, the company repurchased its hybrid of EUR 25m (6.75% interest) at EUR 18.4m. The unpurchased part, EUR 6.6m, was repaid on 27 May. The new EUR 20m hybrid has its first call in May 2022.</p>
High exposure to Eastern European economies	<p>General economy and Russian economy in particular</p> <p>Aspo's companies are highly exposed to general economic developments, and thus rapid changes in the general economic outlook have an impact on demand for their services. In addition, Aspo is highly exposed to Eastern European economies, especially Russia, where consumer confidence has been weakening. Russia, Ukraine and other CIS countries accounted for ~28% of group revenue in 2020.</p> <p>A little more than one year ago, consumer confidence plummeted in Russia and it has remained in the doldrums ever since. In addition, the RUB has weakened heavily after the fall in oil prices, likely leading to a further deterioration of consumer confidence in the country. The RUB is now 11% weaker against the EUR than a year ago.</p>
High investments in shipping company	<p>Expansion strategy</p> <p>Some of Aspo's investments have not turned out to be successful in terms of timing. In hindsight, it is fair to assume that Aspo might not have invested in its two Supramax vessels if the company had known that the vessels would occasionally be loss-making. We hope that the newest EUR 60m investments in two LNG vessels will be more value-creative for equity holders than the Supramax ships. Improving steel shipments from SSAB have most likely improved utilisation ratios for LNG ships and hence reduced short-term uncertainty.</p> <p>Aspo has invested to expand its Telko and ESL Shipping operations to diversify its operations and grow its revenue. The acquisitions of ILS Nordic (Telko), Square Oil (Telko), H H Plastkombi (Telko) and AtoB@C (ESL Shipping) are part of this strategy. Further fleet expansions, however, could lead to lower utilisation rates and debt problems. Aspo may postpone its plans to order smaller LNG ships.</p>

Change in flow of goods

ESL Shipping mainly operates in the Baltic Sea region. Changes to energy production structures may alter the flow of goods in the Baltic Sea, thereby possibly reducing the need for the transportation offered by ESL Shipping.

For ESL Shipping, coal still represents ~10% of total transport tonnage

Coal represents ~10% of ESL Shipping's transport tonnage today. There is a possibility for Aspo to replace coal shipments with wood chips, but this material can already be found in Finland and hence there is no need to transport it from abroad like thermal coal. Steel industry shipments were muted in 2019-20 and there is no certainty that the level of shipments will recover to the previous normal level in the near future.

COVID-19 impacts

In the event of a further prolonged pandemic, Aspo could be affected further by changes in the flow of goods, increased competition, and lower demand from its business customers. Its conglomerate structure could ease the impact, but COVID-19 might have the same impact on all of Aspo's businesses, thus leading to lower sales and profits. A prolonged situation might also cause changes in debt markets, which could endanger Aspo's financial needs.

Competition

Aspo faces different competition for each of its companies. ESL Shipping may face fiercer competition as ice-free winters become more common and if the flow of goods changes in the Baltic Sea. Telko operates in a highly fragmented market and consolidation could thus intensify competition. Chemical companies such as Dow and BASF could increase their own sales channels, leaving less room for raw material distributors such as Telko.

The Russian rouble has a big impact on Aspo's top line and profitability

Currency exposure

Aspo has operations using 12 different currencies, of which the Russian rouble (RUB) is the most significant. The main currency risks are associated with trade receivables and payables, and translation risks are related to foreign investments and exchange rate changes. A weakening of the RUB would have an impact on Telko and Leipurin, as an increasingly significant share of their net sales originates from Russia. The company does not hedge the translation effects of its subsidiaries abroad.

ESG issues might arise in the shipping and plastic businesses

Environmental issues related to ESL Shipping

ESL Shipping's environmental risks relate to possible accidents, fuel leakages or environmental damage caused by bunkering or washing cargo holds. If any of these environmental risks were to occur, it could lead to compensation liability for ESL Shipping. Stricter environmental legislation could also cause unexpected investment expenditures for ESL Shipping. ESL Shipping's safety standards are very good, however, and accidents per working hours are far lower than for peers or for Finnish industrial companies on average.

Plastic has received bad publicity in Europe. There is a possibility that investors will start to avoid plastic-related companies for sustainability reasons. Telko delivers plastics, and therefore might not look sufficiently sustainable for all investors.

Reported numbers and forecasts

INCOME STATEMENT

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	476	483	446	457	502	541	588	501	545	584	605
Revenue growth	-1.1%	1.4%	-7.6%	2.5%	9.8%	7.7%	8.7%	-14.8%	8.9%	7.1%	3.6%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	22	36	33	32	35	37	50	48	61	67	70
Depreciation and impairments PPE	-11	-11	-13	-12	-12	-12	-29	-29	-30	-30	-30
of which leased assets	0	0	0	0	0	0	-14	-13	-13	-13	-14
EBITA	11	25	21	20	23	25	21	19	32	37	39
Amortisation and impairments	0	0	0	0	0	-5	0	0	0	0	0
EBIT	11	25	21	20	23	21	21	19	32	37	39
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	-4	-6	-1	-4	-4	-5	-3	-5	-4	-3	-3
of which lease interest	0	0	0	0	0	0	-1	-1	-1	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	7	19	20	17	19	15	18	15	27	33	36
Reported taxes	2	-1	-2	-2	-2	-2	-2	-1	-3	-3	-4
Net profit from continued operations	9	19	18	15	18	13	16	13	25	30	32
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	9	19	18	15	18	13	15	12	23	28	32
EPS, EUR	0.28	0.60	0.60	0.48	0.57	0.42	0.47	0.38	0.72	0.90	1.02
DPS, EUR	0.21	0.40	0.41	0.41	0.43	0.44	0.22	0.35	0.46	0.48	0.50
of which ordinary	0.21	0.40	0.41	0.41	0.43	0.44	0.22	0.35	0.46	0.48	0.50
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	4.5%	7.5%	7.4%	7.0%	7.0%	6.9%	8.5%	9.6%	11.2%	11.5%	11.5%
EBITA	2.3%	5.2%	4.6%	4.5%	4.6%	4.7%	3.6%	3.9%	5.8%	6.3%	6.5%
EBIT	2.3%	5.2%	4.6%	4.5%	4.6%	3.8%	3.6%	3.9%	5.8%	6.3%	6.5%

Adjusted earnings

EBITDA (adj)	22	36	33	32	36	38	50	48	61	67	70
EBITA (adj)	11	25	21	20	24	26	21	19	32	37	39
EBIT (adj)	11	25	21	20	24	27	21	19	32	37	39
EPS (adj, EUR)	0.28	0.60	0.50	0.48	0.59	0.58	0.42	0.38	0.72	0.90	1.02

Adjusted profit margins in percent

EBITDA (adj)	4.5%	7.5%	7.4%	7.0%	7.1%	7.0%	8.4%	9.6%	11.2%	11.5%	11.5%
EBITA (adj)	2.3%	5.2%	4.6%	4.5%	4.7%	4.9%	3.6%	3.9%	5.8%	6.3%	6.5%
EBIT (adj)	2.3%	5.2%	4.6%	4.5%	4.7%	4.9%	3.6%	3.9%	5.8%	6.3%	6.5%

Performance metrics

CAGR last 5 years											
Net revenue	5.9%	8.0%	2.4%	-0.8%	0.8%	2.6%	4.0%	2.3%	3.6%	3.1%	2.3%
EBITDA	-2.8%	8.3%	4.9%	1.5%	10.3%	11.4%	6.6%	7.9%	13.9%	13.8%	13.4%
EBIT	-5.2%	10.2%	2.8%	-1.0%	16.9%	13.8%	-3.3%	-1.3%	9.2%	9.8%	13.7%
EPS	1.2%	12.7%	8.8%	0.8%	10.4%	8.1%	-5.0%	-8.7%	8.4%	9.5%	19.7%
DPS	-12.9%	-1.0%	-0.5%	-0.5%	0.5%	15.9%	-11.3%	-3.1%	2.3%	2.2%	2.6%
Average last 5 years											
Average EBIT margin	3.5%	3.7%	3.7%	3.7%	4.2%	4.5%	4.2%	4.0%	4.3%	4.7%	5.2%
Average EBITDA margin	5.7%	5.8%	6.0%	6.2%	6.7%	7.1%	7.4%	7.8%	8.6%	9.5%	10.5%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E (adj)	21.3	9.5	15.1	16.9	16.8	13.7	18.3	22.1	13.1	10.5	9.2
EV/EBITDA (adj)	13.2	7.8	10.1	11.1	11.9	11.3	8.8	9.0	7.6	7.1	6.5
EV/EBITA (adj)	26.4	11.3	16.2	17.5	17.9	16.4	20.9	22.5	14.7	12.8	11.6
EV/EBIT (adj)	26.4	11.3	16.2	17.5	17.9	16.2	20.9	22.5	14.7	12.8	11.6

VALUATION RATIOS - REPORTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	21.3	9.5	12.5	16.9	17.5	19.1	16.4	22.1	13.1	10.5	9.2
EV/Sales	0.60	0.58	0.75	0.78	0.85	0.80	0.74	0.87	0.86	0.81	0.75
EV/EBITDA	13.2	7.8	10.1	11.1	12.2	11.6	8.8	9.0	7.6	7.1	6.5
EV/EBITA	26.4	11.3	16.2	17.5	18.5	16.9	20.7	22.5	14.7	12.8	11.6
EV/EBIT	26.4	11.3	16.2	17.5	18.5	20.9	20.7	22.5	14.7	12.8	11.6
Dividend yield (ord.)	3.5%	7.0%	5.5%	5.0%	4.3%	5.5%	2.9%	4.2%	4.9%	5.1%	5.3%
FCF yield	6.8%	2.7%	6.7%	3.9%	-0.1%	-13.9%	18.8%	21.1%	8.9%	15.0%	16.3%
FCF Yield bef A&D, lease adj	6.6%	2.6%	4.5%	3.9%	-0.1%	-9.1%	13.9%	16.9%	4.5%	10.5%	11.7%
Payout ratio	74.3%	66.6%	68.3%	84.7%	75.2%	105.6%	47.3%	92.1%	63.5%	53.3%	48.8%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	59	57	54	52	50	52	51	55	55	55	55
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	13	12	11	9	8	9	8	8	8	8	8
of which goodwill	45	44	43	43	42	43	43	47	47	47	47
Tangible assets	103	111	116	113	120	175	189	176	173	168	163
of which leased assets	0	0	0	0	0	0	8	7	7	7	6
Shares associates	2	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	4	7	4	5	4	4	2	2	2	2	2
Total non-current assets	169	175	174	170	174	231	242	233	230	225	220
Inventory	48	47	48	57	61	71	56	42	55	58	60
Accounts receivable	58	56	58	60	66	78	75	63	71	76	79
Short-term leased assets	0	0	0	0	0	0	13	13	13	14	14
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Cash and bank	29	19	24	23	20	19	24	32	23	8	17
Total current assets	134	123	131	139	147	168	168	151	162	156	170
Assets held for sale	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	303	298	305	310	321	400	410	384	392	380	390
Shareholders equity	103	104	103	115	112	117	122	114	125	119	136
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	20	20	20	25	25	25	25	20	20	0	0
Minority interest	1	0	0	0	0	0	0	0	0	0	0
Total Equity	103	104	103	115	112	117	122	114	125	119	136
Deferred tax	8	6	5	4	3	0	0	0	0	0	0
Long term interest bearing debt	85	77	116	117	109	171	142	149	142	135	128
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	1	0	1	0	1	7	5	5	5	5	5
Non-current lease debt	0	0	0	0	0	0	9	7	7	7	7
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	94	83	121	121	113	178	155	161	154	147	139
Short-term provisions	0	0	0	1	1	0	0	0	0	0	0
Accounts payable	60	62	68	64	67	76	61	64	70	75	77
Current lease debt	0	0	0	0	0	0	13	13	13	14	14
Other current liabilities	1	1	1	1	0	0	0	0	0	0	0
Short term interest bearing debt	45	48	12	9	27	29	58	33	30	27	24
Total current liabilities	105	111	81	74	96	105	133	110	112	115	115
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	303	298	305	310	321	400	410	384	392	380	390
Balance sheet and debt metrics											
Net debt	101	105	104	103	117	180	198	170	169	175	155
of which lease debt	0	0	0	0	0	0	22	21	21	21	21
Working capital	45	41	38	52	60	73	70	42	56	60	62
Invested capital	213	216	212	222	234	304	312	275	286	285	282
Capital employed	233	229	231	240	249	316	344	316	317	301	308
ROE	9.1%	17.9%	17.8%	13.8%	15.6%	11.4%	12.3%	10.1%	19.1%	23.2%	25.2%
ROIC	4.2%	9.9%	8.2%	8.0%	8.9%	8.4%	5.8%	5.6%	9.6%	12.9%	13.8%
ROCE	5.0%	11.0%	11.1%	8.7%	9.7%	9.4%	6.3%	5.9%	10.0%	11.9%	12.8%
Net debt/EBITDA	4.7	2.9	3.1	3.2	3.3	4.9	4.0	3.5	2.8	2.6	2.2
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	33.9%	34.9%	33.7%	37.0%	35.0%	29.2%	29.8%	29.5%	32.0%	31.3%	34.9%
Net gearing	98.2%	101.0%	101.4%	89.8%	103.9%	154.5%	162.3%	149.7%	135.2%	146.5%	113.6%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
EBITDA (adj) for associates	22	36	33	32	35	37	50	48	61	67	70
Paid taxes	-3	-2	-2	-2	-3	-2	-3	-3	-3	-3	-4
Net financials	-3	-4	-3	-3	-4	-3	-3	-3	-4	-3	-3
Change in provisions	0	0	0	1	1	-1	0	0	0	0	0
Change in other LT non-IB	-2	-3	3	-1	1	7	0	0	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	2	3	-2	1	0	-6	0	0	0	0	0
Funds from operations (FFO)	16	30	29	27	30	31	43	42	54	60	63
Change in NWC	0	-8	-4	-11	-13	-11	9	23	-14	-4	-2
Cash flow from operations (CFO)	16	22	25	16	17	20	53	65	40	56	61
Capital expenditure	-4	-17	-15	-6	-18	-43	-5	-7	-14	-12	-12
Free cash flow before A&D	12	5	10	10	0	-23	47	58	26	44	48
Proceeds from sale of assets	0	0	0	0	0	1	1	3	0	0	0
Acquisitions	0	0	5	0	0	-13	-3	-5	0	0	0
Free cash flow	13	5	15	10	0	-35	45	56	26	44	48
Free cash flow bef A&D, lease adj	12	5	10	10	0	-23	33	45	13	31	35
Dividends paid	-13	-6	-12	-13	-13	-13	-14	-7	-11	-14	-15
Equity issues / buybacks	0	0	0	0	0	0	0	0	0	0	0
Net change in debt	-12	-8	2	1	7	50	-27	-19	-10	-10	-10
Other financing adjustments	0	0	0	0	0	-2	-2	-2	-15	-15	-14
Other non-cash adjustments	-1	1	-1	-4	4	-1	1	-2	0	0	0
Change in cash	7	-9	5	-1	-3	-1	4	9	-9	-15	10
Cash flow metrics											
Capex/D&A	33.9%	n.m.	n.m.	54.3%	n.m.	n.m.	18.9%	24.8%	45.6%	n.m.	n.m.
Capex/Sales	0.8%	3.6%	3.3%	1.4%	3.5%	8.0%	0.9%	1.4%	2.5%	2.0%	2.0%
Key information											
Share price year end (/current)	6	6	8	8	10	8	8	8	9	9	9
Market cap.	186	175	229	253	310	250	240	264	297	297	297
Enterprise value	286	280	333	356	426	430	438	434	466	472	452
Diluted no. of shares, year-end (m)	30.8	30.8	30.5	31.0	31.0	31.4	31.4	31.4	31.4	31.4	31.4

Source: Company data and Nordea estimates

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Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea Markets Division, Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland Tel: +358 9 1651 Fax: +358 9 165 59710 Reg.no. 2858394-9 Satamaradankatu 5 Helsinki	Nordea Markets Division, Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Nordea Markets Division, Research Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark Tel: +45 3333 3333 Fax: +45 3333 1520	Nordea Markets Division, Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway Tel: +47 2248 5000 Fax: +47 2256 8650