

01 December 2021

Commissioned research: Aspo – New long-term EBIT margin target is 8%*Marketing material commissioned by Aspo*

Aspo holds a CMD event today. Its new long-term operating profit target is 8% (previously 6%). The company's ROE target (>20%) and gearing target (<130%) were unchanged. Leipurin machine operations (Vulganus) and Kauko business could be sold in near future. Dividend policy remains unchanged. New long term annual sales growth target is 5-10%. The company's full year 2021 EBIT guidance is still EUR 30-36m (unchanged). Annual EPS could be EUR 1.20, if the company is able to reach its financial targets according to our analysis. Consensus EPS for 2021 is EUR 0.89. We have a fair value range of EUR 11.2-13.8 for the share.

M&A activity could increase in the future

After some challenging years, Aspo is finally reaching its potential within its ESL Shipping and Telko segments. ESL Shipping segment will focus to smaller vessels in the future. New long term EBIT margin target for ESL Shipping is 14% (previously 12%). Telko's new target level for operating profit is 8% (previously 6%). A new CEO Rolf Jansson is also turning the equity story more towards to the ESG brand and to a compounder story. Acquisitions are not excluded in the future but high leverage could restrict a M&A activity we believe.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021E	2022E	2023E
Total revenue	541	588	501	573	612	633
EBITDA (adj)	38	50	52	74	71	73
EBIT (adj)	27	21	19	41	41	43
EBIT (adj) margin	4.9%	3.6%	3.9%	7.1%	6.7%	6.7%
EPS (adj, EUR)	0.58	0.42	0.38	1.00	1.03	1.13
EPS (adj) growth	-2.1%	-28.3%	-8.9%	163.9%	2.4%	9.8%
DPS (ord, EUR)	0.44	0.22	0.35	0.46	0.48	0.50
EV/Sales	0.8	0.7	0.9	0.8	0.8	0.8
EV/EBIT (adj)	16.2	20.9	22.5	11.8	12.2	11.7
P/E (adj)	13.7	18.3	22.1	10.3	10.0	9.1
P/BV	2.1	2.0	2.3	2.5	2.6	2.2
Dividend yield (ord)	5.5%	2.9%	4.2%	4.5%	4.7%	4.8%
FCF Yield bef A&D, lease adj	-9.1%	13.9%	16.9%	7.2%	6.4%	5.4%
Net debt	180	198	170	159	175	172
Net debt/EBITDA	4.9	4.0	3.3	2.3	2.5	2.4
ROIC after tax	8.4%	5.8%	5.6%	12.6%	14.4%	14.2%

Source: Company data and Nordea estimates

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