04 May 2022

Commissioned research: Aspo – Russian operations under strategic review

Marketing material commissioned by Aspo

Net sales were 17% above consensus in Q1. Comparable operating profit was even 82% above market (Infront) consensus in Q1. The company booked EUR 4.9m net write downs and other one-offs for Q1 result mainly due to crisis in Ukraine. A very strong performance in Q1 was related to Telko and ESL Shipping segments. ESL reported even a 14% EBIT margin Q1. Net sales in Telko segment was significantly affected by the increase in prices which also supported sales margins. However, the guidance midpoint for 2022 clean EBIT is still EUR 30.5m regardless Q1 EBIT is already 49% from FY guidance midpoint. Aspo's ability to continue its operations in Russia has deteriorated and the company is investigating strategic alternatives for Telko's operations in Russia. Leipurin segment will also investigate strategic alternatives, including the possible divestment of these businesses. Around 25% of Aspo's net sales are currently coming from Russia, Ukraine and other CIS countries.

Q1 key figures

- Net sales was EUR 160m (Infront consensus EUR 137m).
- Group EBIT was EUR 15m without one-offs in Q1 (consensus EUR 8.2m).
- ELS Shipping clean EBIT of EUR 7.9m was above our expectation of EUR 7.2m.
- Leipurin reported -1% revenue growth (Nordea growth forecast -10% y/y).
- Revenue in Telko segment was EUR 78m (Nordea EUR 62m) and clean EBIT EUR 8.6m (Nordea EUR 2.5m).
- In a group level reported EPS was EUR 0.21 (consensus EUR 0.07).
- Group net gearing was 119% in March.
- Cash flow from the operations was EUR 15m (EUR 7m) in Q1.

Full year 2022 guidance

- Aspo guides full year 2022 operating profit to be EUR 27-34m.
- Market consensus (Infront) has expected a -4.7% y/y revenue growth.
- Consensus for 2022 EBIT has been EUR 32m.

ASPO: DEVIATION TABLE											
	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	Q1 2022	Q1 2022E	vs. actual		Q1 2022E	vs. actual		Q4 2021	q/q	Q1 2021	y/y
Sales	160	139	21.4	15%	137	23	17%	160	0%	132	21%
Adj. EBIT	15.0	8.3	6.7	81%	8.2	7	82%	13.8	9%	7.9	90%
Adj. EBIT margin	9.4%	6.0%		3.4pp	6.0%		3.3pp	8.6%	0.7pp	6.0%	3.4pp
EPS	0.22	0.08	0.14	177%	0.07	0.15	214%	0.16	34%	0.19	16%
Divisional											
Sales											
ESL	56.9	51.6	5.3	10%				54.7	4%	43.4	31%
Leipurin	27.7	25.1	2.6	10%				31.7	-13%	27.9	-1%
Telko	75.9	62.2	13.7	22%				73.6	3%	61.0	24%
Adj. EBIT											
ESL	7.9	7.2	0.7	9%				9.8	-19%	4.5	76%
Leipurin	0.7	0.1	0.6	458%				0.7	0%	0.3	133%
Telko	8.6	2.5	6.1	246%				5.2	65%	4.5	91%

Source: Infront, company data and Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	588	501	583	577	595	617
EBITDA (adj)	50	52	77	64	70	75
EBIT (adj)	21	19	44	34	40	43
EBIT (adj) margin	3.6%	3.9%	7.6%	5.9%	6.8%	7.0%
EPS (adj, EUR)	0.42	0.38	1.07	0.82	1.04	1.12
EPS (adj) growth	-28.3%	-8.9%	182.2%	-23.2%	26.5%	7.7%
DPS (ord, EUR)	0.22	0.35	0.45	0.47	0.49	0.51
EV/Sales	0.7	0.9	0.9	0.7	0.7	0.6
EV/EBIT (adj)	20.9	22.5	11.9	11.8	10.0	9.2
P/E (adj)	18.3	22.1	10.6	8.6	6.8	6.3
P/BV	2.0	2.3	2.8	1.9	1.7	1.5
Dividend yield (ord)	2.9%	4.2%	4.0%	6.7%	7.0%	7.2%
FCF Yield bef A&D, lease adj	13.9%	16.9%	3.7%	9.9%	6.3%	10.9%
Net debt	198	170	167	184	185	176
Net debt/EBITDA	4.0	3.3	2.5	3.1	2.6	2.3
ROIC after tax	5.8%	5.6%	13.4%	10.7%	12.2%	12.4%

Source: Company data and Nordea estimates

Completion date: 04 May 2022, 09:44 CET

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