10 August 2022

Commissioned research: Aspo - Good Q2 result, FY guidance unchanged

Marketing material commissioned by Aspo

Nordea is acting as a Joint Lead Manager and Bookrunner in the new issue of Hybrid Capital securities for Aspo Oyj as announced 31 May

Net sales were 11% above our expectations meanwhile clean EBIT came 33% over our forecast in Q2. Full year guidance was unchanged and the company feels very confident about full-year performance in 2022. One-off items were EUR -7.3m in H1 2022. Negative one-off items will be EUR 15-20m in FY 2022 according to the guidance. Majority of extra costs and write downs are related to Russia exit. Telko and Leipurin segments are still exploring options to make Russia exit and no new information regarding a possible divestment price available. Overall, the company looks to survive relatively well from its Russia exit - at least better than feared in the spring 2022. Replacing revenue for Leipurin segment is coming from Kobia acquisition. Aspo is also looking for suitable acquisition opportunities in Telko Segment.

Q2 key figures

- Net sales was EUR 161m (Refinitiv consensus EUR 149m).
- Group EBIT was EUR 16m without one-offs in Q2 (consensus EUR 9.5m, Nordea EUR 12.1m).
- ELS Shipping clean EBIT of EUR 9.0m was above our expectation of EUR 8.6m. Freight rates in the spot market were at a high level in Q2.
- Leipurin segment reported even 20% higher net sales than we expected in Q2. Segment's sales were supported by high raw material prices.
- Revenue in Telko segment was EUR 72m (Nordea EUR 64m) and clean EBIT even EUR 6.8m (Nordea estimate EUR 4.5m) in Q2.
- In a group level reported EPS was EUR 0.35 (consensus EUR 0.24).
- Group net gearing was 93% in June (119% in March 2022).
- Cash flow from the operations was EUR 19m (EUR 15m) in Q2.

Full year 2022 guidance

- Aspo guides full year 2022 clean operating profit to be over EUR 42.4m (unchanged).
- Consensus (Refinitiv) for 2022 EBIT has been EUR 34m. Consensus could partly include one-off items we believe. Our forecast for full year 2022 clean EBIT is EUR 45m.

ASPO: DEVIATION TABLE

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	**Q2 2022**	**Q2 2022E**	**vs. actual**		**Q2 2022E**	**vs. actual**		**Q1 2022**	**q/q**	**Q2 2021**	**y/y**
Sales	161	146	15.9	11%	149	12	8%	160	1%	143	13%
Adj. EBIT	16.0	12.1	3.9	33%	9.5	7	68%	15.0	7%	9.6	67%
Adj. EBIT margin	9.9%	8.3%		1.6pp	6.4%		3.5pp	9.4%	0.6pp	6.7%	3.2pp
EPS	0.35	-0.13	0.48	-377%	0.24	0.11	46%	0.21	68%	0.23	49%
Divisional											
Sales											
ESL	60.3	57.0	3.3	6%				56.8	6%	46.0	31%
Leipurin	29.3	24.5	4.8	20%				27.7	6%	25.8	14%
Telko	71.8	64.0	7.8	12%				75.9	-5%	71.1	1%
Adj. EBIT											
ESL	9.0	8.6	0.4	5%				7.9	14%	5.4	67%
Leipurin	0.4	0.6	-0.2	-32%				0.7	-43%	0.3	33%
Telko	6.8	4.5	2.3	52%				8.6	-21%	5.5	24%

Source: Refinitiv, company data and Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	588	501	583	603	568	596
EBITDA (adj)	50	52	77	75	72	78
EBIT (adj)	21	19	44	45	41	44
EBIT (adj) margin	3.6%	3.9%	7.6%	7.4%	7.2%	7.3%
EPS (adj, EUR)	0.42	0.38	1.07	1.16	1.06	1.16
EPS (adj) growth	-28.3%	-8.9%	182.2%	8.4%	-8.5%	8.7%
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	9.2	9.6	8.7
P/E (adj)	18.3	22.1	10.6	6.6	7.2	6.6
P/BV	2.0	2.3	2.8	1.7	1.5	1.3
Dividend yield (ord)	2.9%	4.2%	4.0%	6.1%	6.4%	6.6%
FCF Yield bef A&D, lease adj	13.9%	16.9%	3.7%	8.3%	10.4%	12.3%
Net debt	198	170	167	166	153	136
Net debt/EBITDA	4.0	3.3	2.5	3.0	2.1	1.8
ROIC after tax	5.8%	5.6%	13.4%	13.8%	12.3%	12.9%

Source: Company data and Nordea estimates

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