17 October 2022

Commissioned research: Aspo - New FY clean EBIT guidance is EUR 52-57m

Marketing material commissioned by Aspo

Aspo sold its Telko Segment's Russian operations for EUR 9.5m. The company also upgraded FY 2022 one-off cost forecast by EUR 5.5m. New group level clean EBIT guidance for this year is EUR 52-57m (Nordea EUR 51m). The development of Aspo's ESL Shipping Segment has been good in 2022. However, the Baltic Dry Index was down by 35% in Q3 q/q. Shipping market has lost a part of its strength but Aspo's ESL Shipping Segment will still report ~30% better clean EBIT in 2022 y/y we forecast. The Baltic Dry index is now 9% lower than 2021-22 average, so it could be difficult for ESL Shipping to improve further in 2023. ESL Shipping represent 2/3 from group level clean EBIT we calculate.

Russian exit could prove easier for Aspo than previously feared

Scaling down the Russian business, added with other extraordinary costs, will lead to EUR 30m of negative one-off items for 2022. Eastern markets account for EUR 70-75m of Telko's annual net sales. Russia, other CIS countries and Ukraine have represented EUR 30-35m of Leipurin's annual net sales. Leipurin segment is 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.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	588	501	583	620	585	614
EBITDA (adj)	50	52	77	84	77	81
EBIT (adj)	21	19	44	51	43	45
EBIT (adj) margin	3.6%	3.9%	7.6%	8.3%	7.4%	7.3%
EPS (adj, EUR)	0.42	0.38	1.07	1.28	1.08	1.14
EPS (adj) growth	-28.3%	-8.9%	182.2%	19.3%	-15.8%	6.0%
DPS (ord, EUR)	0.22	0.35	0.45	0.47	0.49	0.51
EV/Sales	0.7	0.9	0.9	0.6	0.7	0.6
EV/EBIT (adj)	20.9	22.5	11.9	7.8	8.8	8.1
P/E (adj)	18.3	22.1	10.6	5.9	7.1	6.7
P/BV	2.0	2.3	2.8	1.6	1.4	1.3
Dividend yield (ord)	2.9%	4.2%	4.0%	6.2%	6.4%	6.7%
FCF Yield bef A&D, lease adj	13.9%	16.9%	3.7%	11.0%	11.7%	13.1%
Net debt	198	170	167	160	144	125
Net debt/EBITDA	4.0	3.3	2.5	2.4	1.9	1.5
ROIC after tax	5.8%	5.6%	13.4%	15.9%	13.1%	13.5%

Source: Company data and Nordea estimates

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