

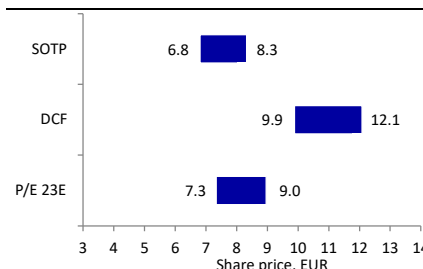
KEY DATA

Stock country	Finland
Bloomberg	ASPO.FH
Reuters	ASPO.HE
Share price (close)	EUR 7.75
Free Float	88%
Market cap. (bn)	EUR 0.24/EUR 0.24
Website	www.aspo.com
Next report date	10 Aug 2023

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	-5%	-2%	-2%
EBIT (adj)	-16%	-5%	-2%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Pasi Väisänen
DirectorJoni Sandvall
Analyst

Visibility for the second half of 2023 is weak

The main reason for Aspo's 2023 EBIT guidance downgrade on 12 May was ESL Shipping, but the outlook is also challenging for the Telko and Leipurin segments. New EBIT guidance is EUR 25-35m for the full year, which is a relatively wide range. We downgrade our EBIT forecast for this year by 16%, to EUR 32m. The exit from Russia went better than anticipated but rising interest rates, inflation and economic uncertainty are taking their toll on the business operations. After updating our estimates, we calculate a new fair value range of EUR 8.0-9.8 (9.1-11.1) per share for Aspo, based on an equal weighting of our DCF, P/E and SOTP valuations.

Yields are low and ESL Shipping volumes could decline y/y

The company's full-year guidance was downgraded nine days after the Q1 earnings release, which suggests that visibility remains weak for H2 2023. The Q1 results were already on the weaker side and positive surprises may be hard to find in the near term. End prices have declined for the Telko segment and Supramax vessels are loss making. Shipping volumes in the steel and forest industries could remain weaker in 2023 than last year. Rental costs for coaster vessels do not reflect the weak yields in the shipping sector, leading to weak profitability in the ESL Shipping segment. If the weakness visible in Q2 continues into Q3-Q4 2023, 2023 EBIT could fall below the guidance midpoint of EUR 30m. Our new EBIT forecast is EUR 32m for 2023, with revenue growth of -13%. We still expect new hybrid vessels to support the group's operating profit when they arrive.

11.4x P/E based on our updated 2023 estimates

Upside in the share could be limited in the near term, until expectations for 2024 start to drive the equity story. We forecast EBITDA of EUR 65m for this year, on par with the average for 2019-22. Lease-adjusted free cash flow could be EUR ~20m in 2023, meaning that the operations are still solid, but positive momentum from ESL Shipping could be missing in the near term. The funding of six handysize hybrid vessels is not a problem, but Aspo will likely try to sell two supramax vessels this year. The company's EV/EBITDA was 8.8x on average during 2000-21, but is 6.0x for 2023E. We argue that its P/E multiples should remain above 10x in 2024E following the Russia exit. Our new fair valuation range of EUR 8.0-9.8 per share indicates an EV/EBIT of 8.9-10.2x 2024E.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	588	501	583	643	562	608	628
EBITDA (adj)	50	52	77	87	65	77	83
EBIT (adj)	21	19	44	55	32	42	47
EBIT (adj) margin	3.6%	3.9%	7.6%	8.6%	5.7%	6.9%	7.5%
EPS (adj, EUR)	0.42	0.38	1.07	1.37	0.68	0.96	1.12
EPS (adj) growth	-28.3%	-8.9%	182.2%	27.4%	-50.3%	42.1%	15.8%
DPS (ord, EUR)	0.22	0.35	0.45	0.46	0.47	0.49	0.51
EV/Sales	0.7	0.9	0.9	0.7	0.7	0.6	0.6
EV/EBIT (adj)	20.9	22.5	11.9	7.7	12.6	9.4	7.9
P/E (adj)	18.3	22.1	10.6	6.0	11.4	8.0	6.9
P/BV	2.0	2.3	2.8	1.8	1.6	1.5	1.3
Dividend yield (ord)	2.9%	4.2%	4.0%	5.6%	6.1%	6.3%	6.6%
FCF Yield bef A&D, lease	13.9%	16.9%	3.8%	12.9%	8.0%	10.3%	16.1%
Net debt	198	170	167	167	157	149	128
Net debt/EBITDA	4.0	3.3	2.5	2.6	2.4	1.9	1.5
ROIC after tax	5.8%	5.6%	13.4%	17.1%	9.6%	12.3%	13.8%

Source: Company data and Nordea estimates

Segment estimates

ESTIMATES BY SEGMENT, QUARTERLY (EURm)

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23E	Q3 23E	Q4 23E
ESL Shipping												
Sales	43.4	46.0	47.3	54.7	56.8	60.3	65.0	63.3	52.7	51.3	53.3	56.3
- sales growth	2%	40%	50%	33%	31%	31%	37%	16%	-7%	-15%	-18%	-11%
EBIT	4.5	5.4	7.1	9.8	7.9	9.2	9.7	10.6	6.0	5.6	6.4	6.5
EBIT margin	10%	12%	15%	18%	14%	15%	15%	17%	11%	11%	12%	12%
Leipurin												
Sales	27.9	25.8	27.7	31.7	27.7	29.3	32.3	41.3	34.6	33.0	34.2	35.1
- sales growth	4%	11%	14%	19%	-1%	14%	17%	30%	25%	13%	6%	-15%
EBIT	0.3	0.3	0.6	0.7	0.7	0.9	0.6	1.1	1.0	0.9	0.8	0.9
EBIT margin	1%	1%	2%	2%	3%	3%	2%	3%	3%	3%	2%	3%
Telko												
Sales	61.0	71.1	73.0	73.6	75.9	71.8	60.5	59.2	54.3	50.8	51.6	55.3
- sales growth	-4%	19%	17%	12%	24%	1%	-17%	-20%	-28%	-29%	-15%	-7%
EBIT	4.5	5.5	5.9	5.2	8.6	7.2	3.7	1.3	2.7	2.0	2.6	2.8
EBIT margin	7%	8%	8%	7%	11%	10%	6%	2%	5%	4%	5%	5%
Aspo Group												
Sales	132.3	142.9	148.0	160.0	160.4	161.4	157.8	163.8	147.5	135.1	139.1	146.7
- sales growth	-1%	24%	25%	20%	21%	13%	7%	2%	-8%	-16%	-12%	-10%
EBIT clean	7.9	9.6	12.8	13.8	15.0	15.9	13.0	11.3	8.0	7.0	8.2	8.6
EBIT margin	6.0%	6.7%	8.6%	8.6%	9.4%	9.9%	8.2%	6.9%	5.4%	5.2%	5.9%	5.9%
PTP clean	7.0	8.6	11.8	12.8	13.2	14.0	10.9	12.0	6.2	5.9	7.1	7.5
Net Profit clean	6.4	7.8	10.6	10.7	11.9	13.2	10.1	10.7	5.9	5.2	6.3	6.6
EPS clean, EUR	0.19	0.23	0.32	0.33	0.36	0.38	0.31	0.26	0.19	0.15	0.18	0.19
EPS reported, EUR	0.19	0.23	0.16	0.16	0.21	0.31	0.30	-0.21	0.21	0.15	0.18	0.19

Source: Company data and Nordea estimates

ESTIMATES BY SEGMENT, ANNUAL (EURm)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E
ESL Shipping												
Sales	78	85	76	71	79	120	175	148	191	245	214	238
- sales growth	8%	10%	-11%	-6%	11%	51%	46%	-15%	29%	28%	-13%	11%
EBIT	8	16	15	13	14	17	15	8	27	37	25	31
EBIT margin	10%	19%	19%	18%	17%	14%	8%	5%	14%	15%	11%	13%
Leipurin												
Sales	137	135	118	113	122	121	116	101	113	131	137	142
- sales growth	4%	-1%	-12%	-5%	9%	-1%	-4%	-13%	12%	15%	5%	4%
EBIT	5.2	4.4	2.4	2.0	3.6	3.3	3.0	1.4	1.9	3.3	3.6	3.9
EBIT margin	4%	3%	2%	2%	3%	3%	3%	1%	2%	3%	3%	3%
Telko												
Sales	230	227	215	240	262	266	297	251	279	267	212	228
- sales growth	-3%	-1%	-5%	12%	9%	2%	12%	-15%	11%	-4%	-21%	7%
EBIT	6	10	10	10	11	12	8	15	21	21	10	13
EBIT margin	3%	4%	5%	4%	4%	5%	3%	6%	8%	8%	5%	6%
Aspo Group												
Sales	476	483	446	457	502	541	588	501	583	643	562	608
- sales growth	-1%	1%	-8%	3%	10%	8%	9%	-15%	16%	10%	-13%	8%
EBIT clean	11	25	21	20	24	27	21	19	44	55	32	42
EBIT margin	2.3%	5.2%	4.6%	4.5%	4.7%	4.9%	3.6%	3.9%	7.6%	8.6%	5.7%	6.9%
PTP clean	7	19	17	17	20	21	17	15	40	49	27	37
Net Profit clean	9	19	15	15	18	18	13	12	34	43	21	30
EPS clean, EUR	0.28	0.60	0.50	0.48	0.59	0.58	0.42	0.38	1.07	1.37	0.68	0.96
EPS reported, EUR	0.28	0.60	0.60	0.48	0.57	0.42	0.47	0.38	0.75	0.65	0.74	0.96

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	446	457	502	541	588	501	583	643	562	608	628
Revenue growth	-7.6%	2.5%	9.8%	7.7%	8.7%	-14.8%	16.5%	10.3%	-12.6%	8.1%	3.4%
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	33	32	35	37	50	52	67	65	66	77	83
Depreciation and impairments PPE	-13	-12	-12	-12	-29	-29	-30	-32	-33	-35	-36
of which leased assets	0	0	0	0	-14	-13	-14	-17	-18	-19	-19
EBITA	21	20	23	25	21	23	37	33	34	42	47
Amortisation and impairments	0	0	0	-5	0	-3	-3	0	0	0	0
EBIT	21	20	23	21	21	19	34	33	34	42	47
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	-1	-4	-4	-5	-3	-5	-4	-6	-5	-5	-5
of which lease interest	0	0	0	0	-1	-1	-1	-1	-1	-1	-1
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	20	17	19	15	18	15	30	26	28	37	42
Reported taxes	-2	-2	-2	-2	-2	-1	-5	-4	-3	-4	-5
Net profit from continued operations	18	15	18	13	16	13	25	22	26	33	38
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	18	15	18	13	15	12	23	20	23	30	35
EPS, EUR	0.60	0.48	0.57	0.42	0.47	0.38	0.75	0.65	0.74	0.96	1.12
DPS, EUR	0.41	0.41	0.43	0.44	0.22	0.35	0.45	0.46	0.47	0.49	0.51
of which ordinary	0.41	0.41	0.43	0.44	0.22	0.35	0.45	0.46	0.47	0.49	0.51
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	7.4%	7.0%	7.0%	6.9%	8.5%	10.3%	11.4%	10.1%	11.8%	12.7%	13.2%
EBITA	4.6%	4.5%	4.6%	4.7%	3.6%	4.5%	6.4%	5.1%	6.0%	6.9%	7.5%
EBIT	4.6%	4.5%	4.6%	3.8%	3.6%	3.9%	5.8%	5.1%	6.0%	6.9%	7.5%

Adjusted earnings

EBITDA (adj)	33	32	36	38	50	52	77	87	65	77	83
EBITA (adj)	21	20	24	26	21	23	47	55	32	42	47
EBIT (adj)	21	20	24	27	21	19	44	55	32	42	47
EPS (adj, EUR)	0.50	0.48	0.59	0.58	0.42	0.38	1.07	1.37	0.68	0.96	1.12

Adjusted profit margins in percent

EBITDA (adj)	7.4%	7.0%	7.1%	7.0%	8.4%	10.3%	13.2%	13.6%	11.5%	12.7%	13.2%
EBITA (adj)	4.6%	4.5%	4.7%	4.9%	3.6%	4.5%	8.1%	8.6%	5.7%	6.9%	7.5%
EBIT (adj)	4.6%	4.5%	4.7%	4.9%	3.6%	3.9%	7.6%	8.6%	5.7%	6.9%	7.5%

Performance metrics

CAGR last 5 years											
Net revenue	2.4%	-0.8%	0.8%	2.6%	4.0%	2.3%	5.0%	5.1%	0.8%	0.7%	4.7%
EBITDA	4.9%	1.5%	10.3%	11.4%	6.6%	9.3%	15.8%	13.1%	12.4%	9.2%	9.9%
EBIT	2.8%	-1.0%	16.9%	13.8%	-3.3%	-1.3%	10.6%	7.2%	10.3%	14.7%	19.6%
EPS	8.8%	0.8%	10.4%	8.1%	-5.0%	-8.7%	9.0%	2.6%	12.1%	15.7%	24.1%
DPS	-0.5%	-0.5%	0.5%	15.9%	-11.3%	-3.1%	1.9%	1.4%	1.3%	17.4%	7.8%
Average last 5 years											
Average EBIT margin	3.7%	3.7%	4.2%	4.5%	4.2%	4.0%	4.3%	4.5%	4.9%	5.6%	6.3%
Average EBITDA margin	6.0%	6.2%	6.7%	7.1%	7.4%	7.9%	8.8%	9.5%	10.4%	11.3%	11.8%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	15.1	16.9	16.8	13.7	18.3	22.1	10.6	6.0	11.4	8.0	6.9
EV/EBITDA (adj)	10.1	11.1	11.9	11.3	8.8	8.4	6.8	4.9	6.2	5.1	4.5
EV/EBITA (adj)	16.2	17.5	17.9	16.4	20.9	19.1	11.1	7.7	12.6	9.4	7.9
EV/EBIT (adj)	16.2	17.5	17.9	16.2	20.9	22.5	11.9	7.7	12.6	9.4	7.9

VALUATION RATIOS - REPORTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	12.5	16.9	17.5	19.1	16.4	22.1	15.2	12.6	10.5	8.0	6.9
EV/Sales	0.75	0.78	0.85	0.80	0.74	0.87	0.90	0.66	0.71	0.65	0.59
EV/EBITDA	10.1	11.1	12.2	11.6	8.8	8.4	7.9	6.6	6.0	5.1	4.5
EV/EBITA	16.2	17.5	18.5	16.9	20.7	19.1	14.1	13.0	11.9	9.4	7.9
EV/EBIT	16.2	17.5	18.5	20.9	20.7	22.5	15.5	13.0	11.9	9.4	7.9
Dividend yield (ord.)	5.5%	5.0%	4.3%	5.5%	2.9%	4.2%	4.0%	5.6%	6.1%	6.3%	6.6%
FCF yield	6.7%	3.9%	-0.1%	-13.9%	18.8%	21.1%	7.6%	13.2%	18.6%	17.9%	23.9%
FCF Yield bef A&D, lease adj	4.5%	3.9%	-0.1%	-9.1%	13.9%	16.9%	3.8%	12.9%	8.0%	10.3%	16.1%
Payout ratio	82.6%	84.7%	72.4%	75.7%	52.8%	92.1%	42.0%	33.7%	69.2%	50.8%	45.6%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	54	52	50	52	51	55	46	47	47	47	47
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	11	9	8	9	8	8	1	0	0	0	0
of which goodwill	43	43	42	43	43	47	45	47	47	47	47
Tangible assets	116	113	120	175	189	176	172	181	193	195	191
of which leased assets	0	0	0	0	8	7	3	3	2	2	2
Shares associates	0	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	5	4	4	2	2	2	2	2	2	2
Total non-current assets	174	170	174	231	242	233	220	229	241	243	239
Inventory	48	57	61	71	56	42	69	70	62	67	70
Accounts receivable	58	60	66	78	75	63	74	69	62	68	71
Short-term leased assets	0	0	0	0	13	14	17	13	14	14	14
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Cash and bank	24	23	20	19	24	32	18	22	26	24	30
Total current assets	131	139	147	168	168	152	177	174	164	173	186
Assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8	12	n.a.	n.a.	n.a.
Total assets	305	310	321	400	410	385	406	416	405	417	424
Shareholders equity	103	115	112	117	122	114	129	144	151	166	186
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	20	25	25	25	25	20	22	22	22	22	22
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	103	115	112	117	122	114	129	144	151	166	186
Deferred tax	5	4	3	0	0	0	0	0	0	0	0
Long term interest bearing debt	116	117	109	171	142	149	142	154	152	145	133
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	7	5	5	6	8	8	8	8
Non-current lease debt	0	0	0	0	9	7	7	5	3	2	2
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	121	121	113	178	155	161	155	167	163	155	143
Short-term provisions	0	1	1	0	0	0	0	0	0	0	0
Accounts payable	68	64	67	76	61	65	78	72	64	70	73
Current lease debt	0	0	0	0	13	13	14	12	14	14	14
Other current liabilities	1	1	0	0	0	0	0	0	0	0	0
Short term interest bearing debt	12	9	27	29	58	33	21	18	15	12	9
Total current liabilities	81	74	96	105	133	111	114	102	92	95	96
Liabilities for assets held for sale	0	0	0	0	0	0	7	4	0	0	0
Total liabilities and equity	305	310	321	400	410	385	405	416	405	417	424
Balance sheet and debt metrics											
Net debt	104	103	117	180	198	170	167	167	157	149	128
of which lease debt	0	0	0	0	22	21	21	16	16	16	16
Working capital	38	52	60	73	70	41	65	67	60	66	68
Invested capital	212	222	234	304	312	274	285	296	301	309	307
Capital employed	231	240	249	316	344	316	315	332	334	340	344
ROE	17.8%	13.8%	15.6%	11.4%	12.3%	10.1%	19.3%	15.0%	15.7%	19.2%	20.0%
ROIC	8.2%	8.0%	8.9%	8.4%	5.8%	5.6%	13.4%	17.1%	9.6%	12.3%	13.8%
ROCE	11.1%	8.7%	9.7%	9.4%	6.3%	5.9%	14.0%	17.1%	9.6%	12.4%	13.8%
Net debt/EBITDA	3.1	3.2	3.3	4.9	4.0	3.3	2.5	2.6	2.4	1.9	1.5
Interest coverage	6.1	6.8	8.3	4.7	17.6	6.9	15.4	7.1	9.2	13.5	15.6
Equity ratio	33.7%	37.0%	35.0%	29.2%	29.8%	29.5%	31.9%	34.6%	37.1%	39.9%	43.8%
Net gearing	101.4%	89.8%	103.9%	154.5%	162.3%	149.7%	129.4%	116.0%	104.2%	89.8%	68.9%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
EBITDA (adj) for associates	33	32	35	37	50	52	67	65	66	77	83
Paid taxes	-2	-2	-3	-2	-3	-3	-4	-4	-3	-4	-5
Net financials	-3	-3	-4	-3	-3	-3	-4	-4	-5	-5	-5
Change in provisions	0	1	1	-1	0	0	0	0	0	0	0
Change in other LT non-IB	3	-1	1	7	0	0	1	2	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	1	0	-6	0	-3	6	15	-2	0	0
Funds from operations (FFO)	29	27	30	31	43	42	66	74	57	68	74
Change in NWC	-4	-11	-13	-11	9	23	-22	-7	7	-5	-3
Cash flow from operations (CFO)	25	16	17	20	53	65	44	68	63	63	71
Capital expenditure	-15	-6	-18	-43	-5	-7	-17	-18	-26	-19	-13
Free cash flow before A&D	10	10	0	-23	47	58	27	50	38	44	58
Proceeds from sale of assets	0	0	0	1	1	3	1	2	11	0	0
Acquisitions	5	0	0	-13	-3	-5	-1	-18	-4	0	0
Free cash flow	15	10	0	-35	45	56	27	34	45	44	58
Free cash flow bef A&D, lease adj	10	10	0	-23	33	45	13	33	19	25	39
Dividends paid	-12	-13	-13	-13	-14	-7	-11	-14	-14	-15	-15
Equity issues / buybacks	0	0	0	0	0	0	0	0	0	0	0
Net change in debt	2	1	7	50	-27	-31	-30	-10	-5	-10	-15
Other financing adjustments	0	0	0	-2	-2	-2	-2	0	-21	-21	-22
Other non-cash adjustments	-1	-4	4	-1	1	-2	-1	-6	0	0	0
Change in cash	5	-1	-3	-1	4	9	-15	4	5	-2	6
Cash flow metrics											
Capex/D&A	n.m.	54.3%	n.m.	n.m.	18.9%	22.2%	51.4%	n.m.	n.m.	n.m.	n.m.
Capex/Sales	3.3%	1.4%	3.5%	8.0%	0.9%	1.4%	2.9%	2.8%	4.6%	3.1%	2.0%
Key information											
Share price year end (/current)	8	8	10	8	8	8	11	8	8	8	8
Market cap.	229	253	310	250	240	264	357	258	244	244	244
Enterprise value	333	356	426	430	438	434	524	424	401	393	372
Diluted no. of shares, year-end (m)	30.5	31.0	31.0	31.4	31.4	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 IB & Equity Division, Equity 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 IB & Equity Division, Equity Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Nordea IB & Equity Division, Equity Research Visiting address: Grønlandsvej 10 DK-2300 Copenhagen S Denmark Tel: +45 3333 3333 Fax: +45 3333 1520	Nordea IB & Equity Division, Equity Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway Tel: +47 2248 5000 Fax: +47 2256 8650