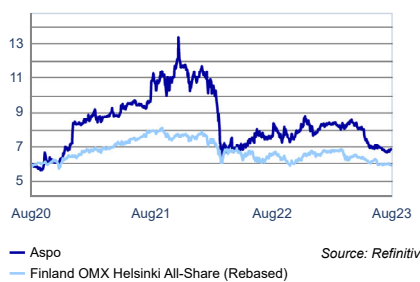


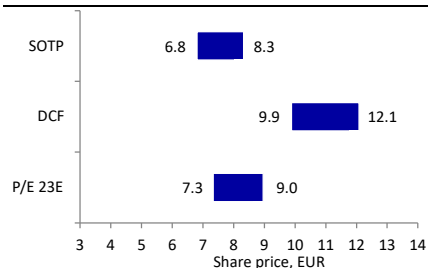
KEY DATA

Stock country	Finland
Bloomberg	ASPO.FH
Reuters	ASPO.HE
Share price (close)	EUR 6.85
Free float	88%
Market cap. (bn)	EUR 0.22/EUR 0.22
Website	www.aspo.com
Next report date	10 Aug 2023

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	-2%	-2%	-1%
EBIT (adj)	-4%	-2%	-1%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Pasi Väisänen
DirectorJoni Sandvall
Analyst

Headwind could continue in Q3

It is difficult to imagine Aspo posting any positive surprises in the near future. Weak markets led the company to downgrade its full-year guidance as recently as May. Shipping volumes in the steel and forest industries for 2023 could remain weaker than last year. In addition, international demand for Supramax vessels is poor. New hybrid vessels will begin arriving in late 2023, which could mean increased pressure on utilisation ratios. ESL Shipping might even adjust its older capacity in H2. Our medium-term estimates are largely unchanged, and thus we keep our fair value range of EUR 8.0-9.8 per share, based on an equal weighting of our DCF, P/E and SOTP valuations.

Q2E adjusted EBIT of EUR 7.1m (consensus: EUR 6.3m)

We forecast a 17% y/y revenue decline in Q2 2023 (Refinitiv consensus: -12%) and an EBIT margin for ESL Shipping of 11.5%. Leipurin should have continued to post EBIT close to EUR 1m in Q2. We think Telko might witness an almost 30% y/y decline in net sales in Q2 due to its exit from Russia and lower sales prices. We estimate a 4% EBIT margin for Telko in Q2. Sale-and-leaseback transactions in Sweden are likely to improve cash flow by EUR 13m and add a EUR 0.4m sales gain to the Q2 result. In April, Aspo received EUR 5.7m for its Telko operations in Russia.

Aspo has guided for EUR 25-35m in operating profit for 2023

We expect the full-year outlook to be unchanged. Our FY 2023 EBIT forecast is EUR 31m. The Baltic Dry Index was 48% y/y lower in Q2. The bearish Supramax market conditions persisted for a second straight quarter, and we expect ESL Shipping's volumes to also be weak in Q3. SSAB has already guided for shipments to be significantly lower q/q in Q3 due to maintenance and a weaker market. Forest companies have suffered from poor demand during the summer. Furthermore, the Supramax market is enduring a lack of activity and slow momentum. Concerns about imbalances in fundamentals could make it hard for ESL Shipping to sell its two Supramax vessels this year.

Upside in the share could be limited in the near term

Valuation does not look challenging, if our estimates for next year ring true. But weak visibility means estimates are riddled with uncertainty. Economic uncertainty is taking its toll on business operations, but the situation is not permanent and the medium-term outlook is relatively good. Our fair valuation range of EUR 8.0-9.8 per share indicates EV/EBIT of 8.8-10.1x for 2024E.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	588	501	583	643	552	598	624
EBITDA (adj)	50	52	77	87	63	76	83
EBIT (adj)	21	19	44	55	31	41	47
EBIT (adj) margin	3.6%	3.9%	7.6%	8.6%	5.6%	6.9%	7.5%
EPS (adj, EUR)	0.42	0.38	1.07	1.37	0.64	0.94	1.11
EPS (adj) growth	-28.3%	-8.9%	182.2%	27.4%	-53.0%	47.0%	17.4%
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	0.5
EV/EBIT (adj)	20.9	22.5	11.9	7.7	11.8	8.6	7.1
P/E (adj)	18.3	22.1	10.6	6.0	10.7	7.3	6.2
P/BV	2.0	2.3	2.8	1.8	1.4	1.3	1.2
Dividend yield (ord)	2.9%	4.2%	4.0%	5.6%	6.9%	7.2%	7.4%
FCF Yield bef A&D, lease	13.9%	16.9%	3.8%	12.9%	9.1%	11.3%	17.8%
Net debt	198	170	167	167	146	139	119
Net debt/EBITDA	4.0	3.3	2.5	2.6	2.2	1.8	1.4
ROIC after tax	5.8%	5.6%	13.4%	17.1%	9.4%	12.6%	14.2%

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	50.0	52.0	55.1
- sales growth	2%	40%	50%	33%	31%	31%	37%	16%	-7%	-17%	-20%	-13%
EBIT	4.5	5.4	7.1	9.8	7.9	9.2	9.7	10.6	6.0	5.8	5.5	6.3
EBIT margin	10%	12%	15%	18%	14%	15%	15%	17%	11%	12%	11%	12%
Leipurin												
Sales	27.9	25.8	27.7	31.7	27.7	29.3	32.3	41.3	34.6	33.0	32.6	35.1
- sales growth	4%	11%	14%	19%	-1%	14%	17%	30%	25%	13%	1%	-15%
EBIT	0.3	0.3	0.6	0.7	0.7	0.9	0.6	1.1	1.0	0.9	0.7	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	50.1	49.2	53.5
- sales growth	-4%	19%	17%	12%	24%	1%	-17%	-20%	-28%	-30%	-19%	-10%
EBIT	4.5	5.5	5.9	5.2	8.6	7.2	3.7	1.3	2.7	2.0	2.5	2.7
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	133.2	133.7	143.7
- sales growth	-1%	24%	25%	20%	21%	13%	7%	2%	-8%	-17%	-15%	-12%
EBIT clean	7.9	9.6	12.8	13.8	15.0	15.9	13.0	11.3	8.0	7.1	7.1	8.4
EBIT margin	6.0%	6.7%	8.6%	8.6%	9.4%	9.9%	8.2%	6.9%	5.4%	5.3%	5.3%	5.8%
PTP clean	7.0	8.6	11.8	12.8	13.2	14.0	10.9	12.0	6.2	6.0	6.0	7.2
Net Profit clean	6.4	7.8	10.6	10.7	11.9	13.2	10.1	10.7	5.9	5.3	5.3	6.4
EPS clean, EUR	0.19	0.23	0.32	0.33	0.36	0.38	0.31	0.26	0.19	0.15	0.15	0.18
EPS reported, EUR	0.19	0.23	0.16	0.16	0.21	0.31	0.30	-0.21	0.21	0.16	0.15	0.18

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	210	235
- sales growth	8%	10%	-11%	-6%	11%	51%	46%	-15%	29%	28%	-14%	12%
EBIT	8	16	15	13	14	17	15	8	27	37	24	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	135	141
- sales growth	4%	-1%	-12%	-5%	9%	-1%	-4%	-13%	12%	15%	4%	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	207	223
- sales growth	-3%	-1%	-5%	12%	9%	2%	12%	-15%	11%	-4%	-23%	7%
EBIT	6	10	10	10	11	12	8	15	21	21	10	12
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	552	598
- sales growth	-1%	1%	-8%	3%	10%	8%	9%	-15%	16%	10%	-14%	8%
EBIT clean	11	25	21	20	24	27	21	19	44	55	31	41
EBIT margin	2.3%	5.2%	4.6%	4.5%	4.7%	4.9%	3.6%	3.9%	7.6%	8.6%	5.6%	6.9%
PTP clean	7	19	17	17	20	21	17	15	40	49	25	36
Net Profit clean	9	19	15	15	18	18	13	12	34	43	20	30
EPS clean, EUR	0.28	0.60	0.50	0.48	0.59	0.58	0.42	0.38	1.07	1.37	0.64	0.94
EPS reported, EUR	0.28	0.60	0.60	0.48	0.57	0.42	0.47	0.38	0.75	0.65	0.71	0.94

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	552	598	624
Revenue growth	-7.6%	2.5%	9.8%	7.7%	8.7%	-14.8%	16.5%	10.3%	-14.2%	8.3%	4.4%
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	76	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	33	41	47
Amortisation and impairments	0	0	0	-5	0	-3	-3	0	0	0	0
EBIT	21	20	23	21	21	19	34	33	33	41	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	27	36	42
Reported taxes	-2	-2	-2	-2	-2	-1	-5	-4	-2	-4	-5
Net profit from continued operations	18	15	18	13	16	13	25	22	25	32	37
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	22	30	35
EPS, EUR	0.60	0.48	0.57	0.42	0.47	0.38	0.75	0.65	0.71	0.94	1.11
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%	11.9%	12.8%	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	63	76	83
EBITA (adj)	21	20	24	26	21	23	47	55	31	41	47
EBIT (adj)	21	20	24	27	21	19	44	55	31	41	47
EPS (adj, EUR)	0.50	0.48	0.59	0.58	0.42	0.38	1.07	1.37	0.64	0.94	1.11

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%	12.8%	13.2%
EBITA (adj)	4.6%	4.5%	4.7%	4.9%	3.6%	4.5%	8.1%	8.6%	5.6%	6.9%	7.5%
EBIT (adj)	4.6%	4.5%	4.7%	4.9%	3.6%	3.9%	7.6%	8.6%	5.6%	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%	0.4%	0.4%	4.5%
EBITDA	4.9%	1.5%	10.3%	11.4%	6.6%	9.3%	15.8%	13.1%	12.1%	9.0%	9.8%
EBIT	2.8%	-1.0%	16.9%	13.8%	-3.3%	-1.3%	10.6%	7.2%	9.8%	14.3%	19.4%
EPS	8.8%	0.8%	10.4%	8.1%	-5.0%	-8.7%	9.0%	2.6%	11.3%	15.2%	23.9%
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%	6.2%
Average EBITDA margin	6.0%	6.2%	6.7%	7.1%	7.4%	7.9%	8.8%	9.5%	10.4%	11.3%	11.9%

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	10.7	7.3	6.2
EV/EBITDA (adj)	10.1	11.1	11.9	11.3	8.8	8.4	6.8	4.9	5.7	4.6	4.0
EV/EBITA (adj)	16.2	17.5	17.9	16.4	20.9	19.1	11.1	7.7	11.8	8.6	7.1
EV/EBIT (adj)	16.2	17.5	17.9	16.2	20.9	22.5	11.9	7.7	11.8	8.6	7.1

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	9.6	7.3	6.2
EV/Sales	0.75	0.78	0.85	0.80	0.74	0.87	0.90	0.66	0.65	0.59	0.54
EV/EBITDA	10.1	11.1	12.2	11.6	8.8	8.4	7.9	6.6	5.5	4.6	4.0
EV/EBITA	16.2	17.5	18.5	16.9	20.7	19.1	14.1	13.0	11.0	8.6	7.1
EV/EBIT	16.2	17.5	18.5	20.9	20.7	22.5	15.5	13.0	11.0	8.6	7.1
Dividend yield (ord.)	5.5%	5.0%	4.3%	5.5%	2.9%	4.2%	4.0%	5.6%	6.9%	7.2%	7.4%
FCF yield	6.7%	3.9%	-0.1%	-13.9%	18.8%	21.1%	7.6%	13.2%	26.0%	20.0%	26.6%
FCF Yield bef A&D, lease adj	4.5%	3.9%	-0.1%	-9.1%	13.9%	16.9%	3.8%	12.9%	9.1%	11.3%	17.8%
Payout ratio	82.6%	84.7%	72.4%	75.7%	52.8%	92.1%	42.0%	33.7%	73.1%	51.9%	46.0%

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	182	184	180
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	231	233	228
Inventory	48	57	61	71	56	42	69	70	61	66	69
Accounts receivable	58	60	66	78	75	63	74	69	61	67	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	37	34	40
Total current assets	131	139	147	168	168	152	177	174	172	181	194
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	403	414	422
Shareholders equity	103	115	112	117	122	114	129	144	149	164	184
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	149	164	184
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	63	68	72
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	91	94	95
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	403	414	422
Balance sheet and debt metrics											
Net debt	104	103	117	180	198	170	167	167	146	139	119
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	59	65	68
Invested capital	212	222	234	304	312	274	285	296	290	297	296
Capital employed	231	240	249	316	344	316	315	332	333	338	342
ROE	17.8%	13.8%	15.6%	11.4%	12.3%	10.1%	19.3%	15.0%	15.3%	18.9%	20.0%
ROIC	8.2%	8.0%	8.9%	8.4%	5.8%	5.6%	13.4%	17.1%	9.4%	12.6%	14.2%
ROCE	11.1%	8.7%	9.7%	9.4%	6.3%	5.9%	14.0%	17.1%	9.2%	12.3%	13.8%
Net debt/EBITDA	3.1	3.2	3.3	4.9	4.0	3.3	2.5	2.6	2.2	1.8	1.4
Interest coverage	6.1	6.8	8.3	4.7	17.6	6.9	15.4	7.1	8.9	13.2	15.5
Equity ratio	33.7%	37.0%	35.0%	29.2%	29.8%	29.5%	31.9%	34.6%	37.1%	39.7%	43.6%
Net gearing	101.4%	89.8%	103.9%	154.5%	162.3%	149.7%	129.4%	116.0%	97.9%	84.7%	64.7%

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	76	83
Paid taxes	-2	-2	-3	-2	-3	-3	-4	-4	-2	-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	56	68	73
Change in NWC	-4	-11	-13	-11	9	23	-22	-7	8	-6	-3
Cash flow from operations (CFO)	25	16	17	20	53	65	44	68	63	62	70
Capital expenditure	-15	-6	-18	-43	-5	-7	-17	-18	-26	-19	-12
Free cash flow before A&D	10	10	0	-23	47	58	27	50	38	43	57
Proceeds from sale of assets	0	0	0	1	1	3	1	2	22	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	56	43	57
Free cash flow bef A&D, lease adj	10	10	0	-23	33	45	13	33	20	24	38
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	15	-3	5
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%	3.2%	2.0%
Key information											
Share price year end (/current)	8	8	10	8	8	8	11	8	7	7	7
Market cap.	229	253	310	250	240	264	357	258	215	215	215
Enterprise value	333	356	426	430	438	434	524	424	362	355	334
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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