

29 April 2024

Commissioned research: Aspo – EUR 42m acquisition in Sweden

Marketing material commissioned by Aspo

Aspo expands its operations in Sweden by acquiring Swed Handling. Transaction is in-line with Aspo's strategy and includes distribution of chemicals (Telko segment) and specialty ingredients of food industry (Leipurin segment). EV/EBIT valuation of the deal, including a possible EUR 0-11m earn out, is 8.1-10.2x compared to Aspo's 2024E EV/EBIT of 8.3x. The industrial lubricants distribution business was expanded by an acquisition already in March 2024, when transaction was made with EV/EBIT of 6.2x. Acquisition of Swed Handling will increase personnel by ~100 and increase annual net sales by ~10% meanwhile annualised clean EBIT margin (2024E) could improve from 6.2% to 6.4%. The company received EUR 34m in cash by divesting two Supramax vessels why financing of the deal is not an issue. Closing of the transaction could happen in Q3 2024. We expected a bit smaller acquisitions but Swed Handling looks to fit for Aspo's strategy. Aspo could concentrate on most recent acquisitions at its CMD on 14 May.

Our Q1 EBIT forecast for ESL Shipping is below consensus

Aspo's Q1 report could be weak for ESL Shipping owing to severe winter ice conditions and strikes in Finland. We forecast Q1 EBIT of EUR 3.3m for ESL Shipping (LSEG consensus: EUR 3.9m), reflecting strikes and weather. We expect the Telko segment to report clean EBIT of EUR 2.8m for Q1, while Leipurin could reach close to EUR 1m. We also believe the company's full-year EBIT guidance could be even upgraded by EUR 2-3m (7-10%).

SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	583	643	536	574	606	627
EBITDA (adj)	77	87	60	71	79	83
EBIT (adj)	44	55	27	35	41	44
EBIT (adj) margin	7.6%	8.6%	4.9%	6.2%	6.8%	7.1%
EPS (adj, EUR)	1.07	1.37	0.47	0.61	0.75	0.86
EPS (adj) growth	182.2%	27.4%	-65.5%	29.0%	22.5%	15.9%
DPS (ord, EUR)	0.45	0.46	0.47	0.48	0.49	0.51
EV/Sales	0.9	0.7	0.7	0.5	0.5	0.4
EV/EBIT (adj)	11.9	7.7	13.4	8.7	7.1	6.2
P/E (adj)	10.6	6.0	12.7	9.5	7.7	6.7
P/BV	2.8	1.8	1.3	1.2	1.1	1.0
Dividend yield (ord)	4.0%	5.6%	7.8%	8.3%	8.5%	8.9%
FCF Yield bef A&D, lease adj	3.8%	12.9%	6.2%	20.8%	17.6%	20.4%
Net debt	167	167	165	124	109	90
Net debt/EBITDA	2.5	2.6	3.8	1.9	1.4	1.1
ROIC after tax	13.4%	17.0%	7.9%	11.0%	13.6%	15.0%

Source: Company data and Nordea estimates

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