

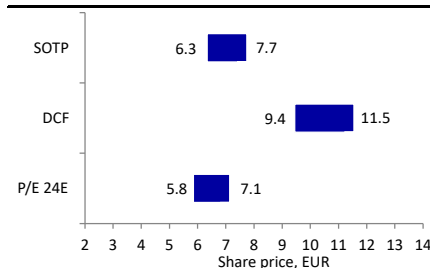
KEY DATA

Stock country	Finland
Bloomberg	ASPO.FH
Reuters	ASPO.HE
Share price (close)	EUR 5.90
Free float	72%
Market cap. (bn)	EUR 0.19/EUR 0.19
Website	www.aspo.com
Next report date	14 Aug 2024

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	0%	5%	5%
EBIT (adj)	-6%	2%	5%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Pasi Väisänen
DirectorJoni Sandvall
Analyst

A year of many changes

Strikes and severe winter ice conditions led to clean EBIT coming in below LSEG Data & Analytics consensus in Q1. However, the company's financial strength has improved, growth is being supported by acquisitions and earnings momentum is turning positive. Valuation is undemanding compared to its declining risks and improved outlook. Our estimates point to a fair value range of EUR 7.3-8.9 per share, based on an equal weighting of our DCF, P/E and SOTP valuations.

One-offs burdened clean EBIT in Q1

Net sales were 3% below consensus in Q1. Group clean EBIT was EUR 4.8m in Q1 (consensus: EUR 6.7m). The ESL Shipping segment would have reported clean EBIT of EUR 6.2m (Q1 2023: EUR 6.0m) instead of EUR 2.7m were it not for the effect of political strikes and exceptionally icy conditions in Q1. The Telko and Leipurin segments reported EUR 0.1-0.5m lower clean EBIT in Q1 than consensus. Full-year guidance for more than EUR 30m EBIT in 2024 is unchanged. We downgrade our estimates slightly for ESL Shipping due to the weaker-than-expected Q1. We also add Swed Handling to our estimates from Q4 2024 onwards. For the full year, we now forecast 7% revenue growth and a 5.8% (previously 6.2%) EBIT margin.

Acquisitions and divestments are reshaping the company

The divestments of Supramax vessels and a minority stake in the ESL Shipping segment free up resources for growth investments. Divestments have taken net gearing down to 74%. We forecast net debt/EBITDA (including hybrid loan) could fall below 2x in 2024. The most recent acquisition in April should offer 6% annualised revenue growth for the Leipurin segment and as much as 21% annualised growth for Telko. The next large medium-term investment could be related to Handysize vessels with fossil-free engines.

P/E 2024E is 10x according to our estimates

A non-controlling interest and a pooling structure in ESL Shipping both increase complexity and could reduce visibility, but it affords the execution of the growth strategy. Lease-adjusted cash flow after investments and before acquisitions could average EUR 45m for 2024-26, according to our estimates. The company's P/E 2024E is 10x, which is why its current valuation does not look overly challenging to us.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	501	583	643	536	573	634	656
EBITDA (adj)	52	77	87	60	88	96	102
EBIT (adj)	19	44	55	27	33	42	47
EBIT (adj) margin	3.9%	7.6%	8.6%	4.9%	5.8%	6.6%	7.1%
EPS (adj, EUR)	0.38	1.07	1.37	0.47	0.59	0.74	0.88
EPS (adj) growth	-8.9%	182.2%	27.4%	-65.5%	25.1%	25.9%	18.4%
DPS (ord, EUR)	0.35	0.45	0.46	0.47	0.48	0.49	0.51
EV/Sales	0.9	0.9	0.7	0.7	0.6	0.5	0.4
EV/EBIT (adj)	22.5	11.9	7.7	13.4	10.6	7.8	6.3
P/E (adj)	22.1	10.6	6.0	12.7	10.0	7.9	6.7
P/BV	2.3	2.8	1.8	1.3	1.6	1.5	1.3
Dividend yield (ord)	4.2%	4.0%	5.6%	7.8%	8.1%	8.3%	8.6%
FCF Yield bef A&D, lease	16.9%	3.8%	12.9%	6.2%	19.4%	23.0%	27.9%
Net debt	170	167	167	165	131	104	68
Net debt/EBITDA	3.3	2.5	2.6	3.8	1.6	1.1	0.7
ROIC after tax	5.5%	13.3%	17.0%	7.9%	10.3%	14.0%	16.6%

Source: Company data and Nordea estimates

Segment estimates

ESTIMATES BY SEGMENT, QUARTERLY (EURm)

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24E	Q3 24E	Q4 24E
ESL Shipping												
Sales	56.8	60.3	65.0	63.3	52.7	44.0	43.0	49.3	49.9	48.8	49.5	52.8
- sales growth	31%	31%	37%	16%	-7%	-27%	-34%	-22%	-5%	11%	15%	7%
EBIT	7.9	9.2	9.7	10.6	6.0	3.3	4.0	5.0	2.7	5.4	5.8	6.4
EBIT margin	14%	15%	15%	17%	11%	8%	9%	10%	5%	11%	12%	12%
Leipurin												
Sales	27.7	29.3	32.3	41.3	34.6	34.4	33.2	33.9	32.6	35.4	34.4	37.1
- sales growth	-1%	14%	17%	30%	25%	17%	3%	-18%	-6%	3%	3%	9%
EBIT	0.7	0.9	0.6	1.1	1.0	1.1	1.3	0.8	1.1	1.2	1.2	1.3
EBIT margin	3%	3%	2%	3%	3%	3%	4%	2%	3%	4%	4%	4%
Telko												
Sales	75.9	71.8	60.5	59.2	54.3	54.2	53.8	49.0	50.2	57.1	57.8	68.0
- sales growth	24%	1%	-17%	-20%	-28%	-25%	-11%	-17%	-8%	5%	7%	39%
EBIT	8.6	7.2	3.7	1.3	2.7	0.9	3.1	2.3	2.2	3.2	3.4	4.2
EBIT margin	11%	10%	6%	2%	5%	2%	6%	5%	4%	6%	6%	6%
Aspo Group												
Sales	160.4	161.4	157.8	163.8	147.5	136.4	133.3	135.8	132.7	141.3	141.6	157.8
- sales growth	21%	13%	7%	2%	-8%	-15%	-16%	-17%	-10%	4%	6%	16%
EBIT clean	15.0	15.9	13.0	11.3	8.0	3.6	7.9	7.0	4.8	8.6	9.2	10.7
EBIT margin	9.4%	9.9%	8.2%	6.9%	5.4%	2.6%	5.9%	5.2%	3.6%	6.1%	6.5%	6.8%
PTP clean	13.2	14.0	10.9	12.0	6.1	1.4	5.4	4.3	2.6	6.4	7.0	8.5
Net Profit clean	11.9	13.2	10.1	10.7	5.8	1.1	5.1	3.6	2.0	5.6	6.1	7.4
EPS clean, EUR	0.36	0.38	0.31	0.26	0.19	0.03	0.14	0.09	0.09	0.14	0.15	0.19
EPS reported, EUR	0.21	0.31	0.30	-0.21	0.21	-0.21	0.10	-0.13	-0.17	0.14	0.15	0.19

Source: Company data and Nordea estimates

ESTIMATES BY SEGMENT, ANNUAL (EURm)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
ESL Shipping												
Sales	85	76	71	79	120	175	148	191	245	189	201	213
- sales growth	10%	-11%	-6%	11%	51%	46%	-15%	29%	28%	-23%	6%	6%
EBIT	16	15	13	14	17	15	8	27	37	18	20	25
EBIT margin	19%	19%	18%	17%	14%	8%	5%	14%	15%	10%	10%	12%
Leipurin												
Sales	135	118	113	122	121	116	101	113	131	136	139	151
- sales growth	-1%	-12%	-5%	9%	-1%	-4%	-13%	12%	15%	4%	2%	8%
EBIT	4.4	2.4	2.0	3.6	3.3	3.0	1.4	1.9	3.3	4.2	4.9	5.9
EBIT margin	3%	2%	2%	3%	3%	3%	1%	2%	3%	3%	3%	4%
Telko												
Sales	227	215	240	262	266	297	251	279	267	211	233	270
- sales growth	-1%	-5%	12%	9%	2%	12%	-15%	11%	-4%	-21%	10%	16%
EBIT	10	10	10	11	12	8	15	21	21	9	13	16
EBIT margin	4%	5%	4%	4%	5%	3%	6%	8%	8%	4%	6%	6%
Aspo Group												
Sales	483	446	457	502	541	588	501	583	643	536	573	634
- sales growth	1%	-8%	3%	10%	8%	9%	-15%	16%	10%	-17%	7%	11%
EBIT clean	25	21	20	24	27	21	19	44	55	27	33	42
EBIT margin	5.2%	4.6%	4.5%	4.7%	4.9%	3.6%	3.9%	7.6%	8.6%	4.9%	5.8%	6.6%
PTP clean	19	17	17	20	21	17	15	40	49	17	24	33
Net Profit clean	19	15	15	18	18	13	12	34	43	15	19	24
EPS clean, EUR	0.60	0.50	0.48	0.59	0.58	0.42	0.38	1.07	1.37	0.47	0.59	0.74
EPS reported, EUR	0.60	0.60	0.48	0.57	0.42	0.47	0.38	0.75	0.65	-0.06	0.34	0.74

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	457	502	541	588	501	583	643	536	573	634	656
Revenue growth	2.5%	9.8%	7.7%	8.7%	-14.8%	16.5%	10.3%	-16.6%	6.9%	10.6%	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	32	35	37	50	52	67	65	43	80	96	102
Depreciation and impairments PPE	-12	-12	-12	-29	-29	-30	-32	-34	-55	-54	-55
of which leased assets	0	0	0	-14	-13	-14	-17	-14	-15	-16	-16
EBITA	20	23	25	21	23	37	33	10	25	42	47
Amortisation and impairments	0	0	-5	0	-3	-3	0	0	0	0	0
EBIT	20	23	21	21	19	34	33	10	25	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	-4	-4	-5	-3	-5	-4	-6	-9	-9	-9	-9
of which lease interest	0	0	0	-1	-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	17	19	15	18	15	30	26	1	16	33	38
Reported taxes	-2	-2	-2	-2	-1	-5	-4	0	-3	-4	-5
Net profit from continued operations	15	18	13	16	13	25	22	0	13	29	33
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	-2	-2
Net profit to equity	15	18	13	15	12	23	20	-2	11	24	29
EPS, EUR	0.48	0.57	0.42	0.47	0.38	0.75	0.65	-0.06	0.34	0.74	0.88
DPS, EUR	0.41	0.43	0.44	0.22	0.35	0.45	0.46	0.47	0.48	0.49	0.51
of which ordinary	0.41	0.43	0.44	0.22	0.35	0.45	0.46	0.47	0.48	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	7.0%	7.0%	6.9%	8.5%	10.3%	11.4%	10.1%	8.1%	13.9%	15.2%	15.5%
EBITA	4.5%	4.6%	4.7%	3.6%	4.5%	6.4%	5.1%	1.8%	4.4%	6.6%	7.1%
EBIT	4.5%	4.6%	3.8%	3.6%	3.9%	5.8%	5.1%	1.8%	4.4%	6.6%	7.1%

Adjusted earnings

EBITDA (adj)	32	36	38	50	52	77	87	60	88	96	102
EBITA (adj)	20	24	26	21	23	47	55	27	33	42	47
EBIT (adj)	20	24	27	21	19	44	55	27	33	42	47
EPS (adj, EUR)	0.48	0.59	0.58	0.42	0.38	1.07	1.37	0.47	0.59	0.74	0.88

Adjusted profit margins in percent

EBITDA (adj)	7.0%	7.1%	7.0%	8.4%	10.3%	13.2%	13.6%	11.2%	15.3%	15.2%	15.5%
EBITA (adj)	4.5%	4.7%	4.9%	3.6%	4.5%	8.1%	8.6%	4.9%	5.8%	6.6%	7.1%
EBIT (adj)	4.5%	4.7%	4.9%	3.6%	3.9%	7.6%	8.6%	4.9%	5.8%	6.6%	7.1%

Performance metrics

CAGR last 5 years											
Net revenue	-0.8%	0.8%	2.6%	4.0%	2.3%	5.0%	5.1%	-0.2%	-0.5%	4.8%	2.4%
EBITDA	1.5%	10.3%	11.4%	6.6%	9.3%	15.8%	13.1%	3.1%	9.9%	13.3%	8.8%
EBIT	-1.0%	16.9%	13.8%	-3.3%	-1.3%	10.6%	7.2%	-13.8%	3.7%	16.9%	6.6%
EPS	0.8%	10.4%	8.1%	-5.0%	-8.7%	9.0%	2.6%	n.m.	-6.2%	14.4%	3.3%
DPS	-0.5%	0.5%	15.9%	-11.3%	-3.1%	1.9%	1.4%	1.3%	16.9%	7.0%	2.5%
Average last 5 years											
Average EBIT margin	3.7%	4.2%	4.5%	4.2%	4.0%	4.3%	4.5%	4.1%	4.3%	4.8%	5.1%
Average EBITDA margin	6.2%	6.7%	7.1%	7.4%	7.9%	8.8%	9.5%	9.7%	10.8%	11.8%	12.7%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E (adj)	16.9	16.8	13.7	18.3	22.1	10.6	6.0	12.7	10.0	7.9	6.7
EV/EBITDA (adj)	11.1	11.9	11.3	8.8	8.4	6.8	4.9	5.9	4.0	3.4	2.9
EV/EBITA (adj)	17.5	17.9	16.4	20.9	19.1	11.1	7.7	13.4	10.6	7.8	6.3
EV/EBIT (adj)	17.5	17.9	16.2	20.9	22.5	11.9	7.7	13.4	10.6	7.8	6.3

VALUATION RATIOS - REPORTED EARNINGS

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E	16.9	17.5	19.1	16.4	22.1	15.2	12.6	n.m.	17.4	7.9	6.7
EV/Sales	0.78	0.85	0.80	0.74	0.87	0.90	0.66	0.66	0.62	0.52	0.45
EV/EBITDA	11.1	12.2	11.6	8.8	8.4	7.9	6.6	8.2	4.4	3.4	2.9
EV/EBITA	17.5	18.5	16.9	20.7	19.1	14.1	13.0	36.1	13.9	7.8	6.3
EV/EBIT	17.5	18.5	20.9	20.7	22.5	15.5	13.0	36.1	13.9	7.8	6.3
Dividend yield (ord.)	5.0%	4.3%	5.5%	2.9%	4.2%	4.0%	5.6%	7.8%	8.1%	8.3%	8.6%
FCF yield	3.9%	-0.1%	-13.9%	18.8%	21.1%	7.6%	13.2%	14.2%	34.3%	31.1%	36.1%
FCF Yield bef A&D, lease adj	3.9%	-0.1%	-9.1%	13.9%	16.9%	3.8%	12.9%	6.2%	19.4%	23.0%	27.9%
Payout ratio	84.7%	72.4%	75.7%	52.8%	92.1%	42.0%	33.7%	99.6%	81.3%	65.9%	58.0%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	52	50	52	51	55	46	47	52	63	63	63
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	9	8	9	8	8	1	0	0	11	11	11
of which goodwill	43	42	43	43	47	45	47	52	52	52	52
Tangible assets	113	120	175	189	176	172	185	181	141	117	93
of which leased assets	0	0	0	8	7	3	7	12	12	12	11
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	5	4	4	2	2	2	2	3	3	3	3
Total non-current assets	170	174	231	242	233	220	233	235	206	183	159
Inventory	57	61	71	56	42	69	70	59	64	71	73
Accounts receivable	60	66	78	75	63	74	69	74	80	88	91
Short-term leased assets	0	0	0	13	14	17	9	10	11	11	11
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Cash and bank	23	20	19	24	32	18	22	31	45	52	68
Total current assets	139	147	168	168	152	177	170	174	200	222	244
Assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	8	12	n.a.	n.a.	n.a.	n.a.
Total assets	310	321	400	410	385	406	416	410	405	404	402
Shareholders equity	115	112	117	122	114	129	144	141	124	133	145
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	25	25	25	25	20	22	22	30	30	30	30
Minority interest	0	0	0	0	0	0	0	0	28	31	33
Total Equity	115	112	117	122	114	129	144	141	152	163	178
Deferred tax	4	3	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	117	109	171	142	149	142	154	139	129	112	95
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	0	1	7	5	5	6	8	6	6	6	6
Non-current lease debt	0	0	0	9	7	7	5	8	13	13	12
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	113	178	155	161	155	167	153	148	130	113
Short-term provisions	1	1	0	0	0	0	0	0	0	0	0
Accounts payable	64	67	76	61	65	78	72	67	71	79	82
Current lease debt	0	0	0	13	13	14	12	15	11	11	11
Other current liabilities	1	0	0	0	0	0	0	0	0	0	0
Short term interest bearing debt	9	27	29	58	33	21	18	34	24	21	18
Total current liabilities	74	96	105	133	111	114	102	116	106	111	111
Liabilities for assets held for sale	0	0	0	0	0	7	4	0	0	0	0
Total liabilities and equity	310	321	400	410	385	405	416	410	405	404	402
Balance sheet and debt metrics											
Net debt	103	117	180	198	170	167	167	165	131	104	68
of which lease debt	0	0	0	22	21	21	16	24	24	24	24
Working capital	52	60	73	70	41	65	67	66	73	80	83
Invested capital	222	234	304	312	274	285	300	302	279	262	241
Capital employed	240	249	316	344	316	315	332	336	328	319	314
ROE	13.8%	15.6%	11.4%	12.3%	10.1%	19.3%	15.0%	-1.3%	8.1%	19.0%	20.8%
ROIC	7.9%	8.8%	8.3%	5.7%	5.5%	13.3%	17.0%	7.9%	10.3%	14.0%	16.6%
ROCE	8.7%	9.7%	9.4%	6.3%	5.9%	14.0%	17.1%	7.9%	10.0%	13.0%	14.7%
Net debt/EBITDA	3.2	3.3	4.9	4.0	3.3	2.5	2.6	3.8	1.6	1.1	0.7
Interest coverage	6.8	8.3	4.7	17.6	6.9	15.4	7.1	1.3	3.5	5.7	6.5
Equity ratio	37.0%	35.0%	29.2%	29.8%	29.5%	31.9%	34.6%	34.3%	30.6%	32.8%	36.1%
Net gearing	89.8%	103.9%	154.5%	162.3%	149.7%	129.4%	116.0%	117.6%	86.0%	63.8%	38.1%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EBITDA (adj) for associates	32	35	37	50	52	67	65	43	80	96	102
Paid taxes	-2	-3	-2	-3	-3	-4	-4	-3	-3	-4	-5
Net financials	-3	-4	-3	-3	-3	-4	-4	-8	-9	-9	-9
Change in provisions	1	1	-1	0	0	0	0	0	0	0	0
Change in other LT non-IB	-1	1	7	0	0	1	2	-3	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	1	0	-6	0	-3	6	15	14	-13	0	0
Funds from operations (FFO)	27	30	31	43	42	66	74	43	55	83	88
Change in NWC	-11	-13	-11	9	23	-22	-7	4	19	-7	-3
Cash flow from operations (CFO)	16	17	20	53	65	44	68	48	74	76	86
Capital expenditure	-6	-18	-43	-5	-7	-17	-18	-22	-21	-16	-16
Free cash flow before A&D	10	0	-23	47	58	27	50	26	53	60	70
Proceeds from sale of assets	0	0	1	1	3	1	2	12	34	0	0
Acquisitions	0	0	-13	-3	-5	-1	-18	-11	-20	0	0
Free cash flow	10	0	-35	45	56	27	34	27	66	60	70
Free cash flow bef A&D, lease adj	10	0	-23	33	45	13	33	12	38	45	54
Dividends paid	-13	-13	-13	-14	-7	-11	-14	-14	-15	-16	-16
Equity issues / buybacks	0	0	0	0	0	0	0	0	0	0	0
Net change in debt	1	7	50	-27	-31	-30	-10	-15	-20	-20	-20
Other financing adjustments	0	0	-2	-2	-2	-2	0	0	-17	-18	-18
Other non-cash adjustments	-4	4	-1	1	-2	-1	-6	4	0	0	0
Change in cash	-1	-3	-1	4	9	-15	4	9	14	7	16
Cash flow metrics											
Capex/D&A	54.3%	n.m.	n.m.	18.9%	22.2%	51.4%	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	1.4%	3.5%	8.0%	0.9%	1.4%	2.9%	2.8%	4.1%	3.6%	2.5%	2.4%
Key information											
Share price year end (/current)	8	10	8	8	8	11	8	6	6	6	6
Market cap.	253	310	250	240	264	357	258	189	194	194	194
Enterprise value	356	426	430	438	434	524	424	354	353	328	295
Diluted no. of shares, year-end (m)	31.0	31.0	31.4	31.4	31.4	31.4	31.4	31.4	32.8	32.8	32.8

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	Nordea IB & Equity Division, Equity Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden	Nordea IB & Equity Division, Equity Research Visiting address: Grønjordsvej 10 DK-2300 Copenhagen S Denmark	Nordea IB & Equity Division, Equity Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway
Tel: +358 9 1651 Fax: +358 9 165 59710	Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Tel: +45 3333 3333 Fax: +45 3333 1520	Tel: +47 2248 5000 Fax: +47 2256 8650
Reg.no. 2858394-9 Satamaradankatu 5 Helsinki			