

14 May 2024

## Commissioned research: Aspo - Target is to double group net sales by 2028

*Marketing material commissioned by Aspo*

Aspo held a CMD event on 14 May. The company is heading for EUR 1bn in net sales in 2028 which is almost 100% above the last year. Telko and Leipurin segments will use acquisitions to support selected compounder strategy. Around 2/3 of money needed for growth investments of EUR 350-400m could come from operating cash flow. Aspo do not exclude the use of own shares to finance acquisitions but that is not seen as a primary tool. One possibility in the future could be even a demerge or a divestment of its segments. Aspo is a holding company why acquisitions and divestments are used for value creation. In our view, capital allocation, divestments and investments are the true strengths of Aspo and give it its competitive edge. In a scenario where Aspo will reach EUR 1bn in net sales with EBIT margin of 7%, the share price could be EUR 9 by assuming EV/EBIT of 9x and net debt of EUR 330m. Full year guidance was changed from EBIT of EUR 30m-plus to EBITA of EUR 32m-plus in 2024 but market consensus estimates for 2024 could remain unchanged we believe.

### Financial targets remain largely unchanged

The company's long-term annual organic growth target is ~5% and overall annual minimum net sales growth target 5-10%. Return on equity target remains over 20%. Net debt per EBITDA target is under 3x compared to previously gearing target of under 130%. Long term EBIT target of 8% is changed to EBITA target of 8% due to the impact of amortization in future M&A transactions. New dividend policy sets a higher priority for investments and for acquisitions than for dividend payments. Dividend payout policy is 50% of net profit at maximum. ESL Shipping has a revenue target of over EUR 300m by 2028 with EBITA margin of 14%. Telko segment try to reach over EUR 500m in net sales, and having EBITA margin of 8%. Leipurin segment has revenue target of EUR 200m-plus by 2028 and EBITA margin target of 5%.

## SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	583	643	536	573	634	656
EBITDA (adj)	77	87	60	88	96	102
EBIT (adj)	44	55	27	33	42	47
EBIT (adj) margin	7.6%	8.6%	4.9%	5.8%	6.6%	7.1%
EPS (adj, EUR)	1.07	1.37	0.47	0.59	0.74	0.88
EPS (adj) growth	182.2%	27.4%	-65.5%	25.1%	25.9%	18.4%
DPS (ord, EUR)	0.45	0.46	0.47	0.48	0.49	0.51
EV/Sales	0.9	0.7	0.7	0.6	0.5	0.4
EV/EBIT (adj)	11.9	7.7	13.4	10.5	7.8	6.3
P/E (adj)	10.6	6.0	12.7	9.9	7.9	6.6
P/BV	2.8	1.8	1.3	1.5	1.4	1.3
Dividend yield (ord)	4.0%	5.6%	7.8%	8.2%	8.4%	8.7%
FCF Yield bef A&D, lease adj	3.8%	12.9%	6.2%	19.6%	23.3%	28.2%
Net debt	167	167	165	131	104	68
Net debt/EBITDA	2.5	2.6	3.8	1.6	1.1	0.7
ROIC after tax	13.3%	17.0%	7.9%	10.3%	14.0%	16.6%

Source: Company data and Nordea estimates

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