

Looking to improve despite headwinds

Vaisala reports its Q2/24 results on Thursday 25th of July. We expect net sales growth and margin improvement y/y after a sluggish start to the year.

Slow start requires acceleration towards the year end

Due to industrial actions in Finland and simultaneous ramp-up of the new ERP system, Vaisala's start to the year was slow in Q1. While net sales declined strongly, the company was able to successfully scale its OPEX in accordance with the lower volumes. Driven by this, Vaisala's EBIT came in slightly better than we had estimated. While the first quarter can be described as a defensive victory, it leaves room for improvement and some acceleration is needed to meet the FY guidance. We have made slight adjustments to our estimates for Q2 and FY 2024E. We estimate net sales of EUR 545.8m and reported EBIT of EUR 70.4m for 2024E, both only slightly below the guidance middle-point. Vaisala's 2024 guidance stands unchanged ahead of the Q2/24 report at net sales of EUR 530-570m and EBIT of EUR 63-78m.

IM market conditions have remained largely unchanged

The ECB delivered its first 25 bps rate cut in June as was expected and the current consensus predicts two more rate cuts of 25 bps during the remainder of the year. The FED is yet to cut rates, while the consensus expects first rate cut during the remainder of the year. Global PMI data shows an improving trend from the lows seen during 2023. Despite a slight improvement in general economic conditions, we expect that the market conditions for Vaisala's Industrial Measurements segment have remained relatively unchanged during Q2/24. For the Weather and Environment segment, we estimate that the strong orderbook development during the last two quarters has translated into sales growth in the second quarter.

HOLD (BUY) with a TP of EUR 42.0 (EUR 40.0)

Vaisala's valuation has normalized since our latest update, and it trades roughly at par to our peer group. With our estimates for 2024-2025E, Vaisala is priced at 18-16x adj. EV/EBIT and 24-21x adj. P/E. Our DCF yields a fair value of EUR 42. We downgrade our rating to HOLD while we adjust TP to EUR 42.



KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	514.1	62.5	12.2%	-12.3	1.25	31.6	2.8	23.1	-0.9	0.72
2023	540.4	66.6	12.3%	68.4	1.35	29.4	2.6	21.2	4.7	0.75
2024E	545.8	70.4	12.9%	48.6	1.48	27.4	2.6	20.2	3.3	0.81
2025E	576.5	78.2	13.6%	47.5	1.66	24.4	2.4	17.9	3.2	0.91
2026E	599.1	86.7	14.5%	59.5	1.87	21.6	2.3	15.9	4.0	1.03
Market cap, EURm		1,470	Gearing 2024E, %			-16.1	CAGR EPS 2023-26, %			11.5
Net debt 2024E, EURm		-47	Price/book 2024E			5.0	CAGR sales 2023-26, %			3.5
Enterprise value, EURm		1,422	Dividend yield 2024E, %			2.0	ROE 2024E, %			19.1
Total assets 2024E, EURm		464	Tax rate 2024E, %			20.2	ROCE 2024E, %			20.6
Goodwill 2024E, EURm		49	Equity ratio 2024E, %			63.4	PEG, P/E 24/CAGR			2.8

All the important disclosures can be found on the last pages of this report.

Table 1: Peer group

Company name	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
Hexagon	26970	14.6x	13.3x	12.2x	19.0x	17.3x	15.8x	22.3x	19.8x	18.0x
Keysight Tech	22490	18.0x	16.0x		19.9x	17.2x		22.9x	19.6x	
Trimble	12855	17.8x	17.1x	15.2x	19.6x	18.7x	16.3x	21.0x	18.8x	16.1x
Spectris	3711	11.5x	10.5x	9.4x	14.2x	12.5x	11.3x	17.7x	15.7x	14.1x
Itron	4391	18.0x	15.8x	13.5x	22.5x	19.3x	15.8x	25.9x	23.1x	19.6x
FARO Technologies	311	11.7x	9.0x		18.2x	11.8x		28.5x	17.2x	
Oxford Instruments	1701	14.6x	13.8x	12.7x	16.8x	15.9x	14.6x	22.5x	21.4x	19.8x
Sensirion Holding	1315	63.4x	27.2x	20.3x		50.6x	33.0x		60.7x	39.9x
Halma	11701	20.8x	19.5x	18.2x	23.5x	22.1x	20.4x	29.8x	27.7x	25.7x
Peer Group Average	11788	21.2x	15.8x	14.5x	19.2x	20.6x	18.2x	23.8x	24.9x	21.9x
Peer Group Median	8623	17.8x	15.8x	13.5x	19.3x	17.3x	15.8x	22.7x	19.8x	19.6x
Vaisala (Evli est.)	1470	15.0x	13.6x	12.2x	18.1x	16.3x	14.6x	23.9x	21.5x	19.4x

Vaisala prem./disc. to peer median

-16 % -14 % -10 % -6 % -6 % -8 % 5 % 8 % -1 %

Source FactSet, Evli Research

Table 2: Estimate summary

ESTIMATES	2 022	Q1'23	Q2'23	Q3'23	Q4'23	2 023	Q1'24	Q2'24E	Q3'24E	Q4'24E	2024E	2025E
Net sales	514.1	131.8	130.8	130.4	147.4	540.4	112.1	134.4	141.6	157.7	545.8	576.5
Weather & Environment	288.6	68.8	78.0	76.4	89.8	313.0	64.1	81.1	83.3	94.3	322.8	335.7
Industrial Measurements	225.5	63.0	52.8	53.9	57.6	227.3	48.0	53.3	58.3	63.4	222.9	240.8
Reported EBIT	62.5	13.3	11.9	25.2	16.1	66.7	7.1	15.4	28.0	19.9	70.4	78.2
Weather & Environment	11.1	-1.7	4.9	10.4	7.5	21.1	0.6	6.3	11.6	9.1	27.6	28.9
Industrial Measurements	51.5	15.0	6.8	14.7	8.7	45.2	6.5	9.2	16.4	10.8	42.8	49.4
Other operations	-0.1	0.0	0.2	0.1	0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Adj. EBIT	70.6	15.4	14.0	27.3	18.0	74.9	8.8	17.5	30.1	21.8	78.5	86.3
Net sales growth	17.4%	10.9%	8.5%	-2.2%	4.2%	5.1%	-14.9%	2.8%	8.6%	7.0%	1.0%	5.6%
Weather & Environment	12.3%	4.7%	18.4%	1.0%	10.5%	8.5%	-6.8%	4.0%	9.0%	5.0%	3.1%	4.0%
Industrial Measurements	24.6%	18.6%	-3.4%	-6.3%	-4.3%	0.8%	-23.8%	1.0%	8.0%	10.0%	-1.9%	8.0%
EBIT margin	12.2%	10.1%	9.1%	19.3%	10.9%	12.3%	6.4%	11.5%	19.8%	12.6%	12.9%	13.6%
Weather & Environment	3.9%	-2.5%	6.3%	13.7%	8.3%	6.8%	1.0%	7.7%	14.0%	9.7%	8.6%	8.6%
Industrial Measurements	22.8%	23.8%	12.9%	27.2%	15.1%	19.9%	13.5%	17.2%	28.1%	17.0%	19.2%	20.5%

Source: Vaisala, Evli Research estimates

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VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	40.50 PV of Free Cash Flow	509 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	41.93 PV of Horizon value	1,014 WACC, %	7.0 Market risk premium, %	5.8
Share price potential, %	3.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	47.1 Marketable securities	90 Minimum WACC, %	6.5 Equity beta coefficient	0.80
Minimum value	37.8 Debt - dividend	-92 Maximum WACC, %	7.5 Target debt ratio, %	20
Horizon value, %	66.6 Value of stock	1,522 Nr of shares, Mn	36.3 Effective tax rate, %	25

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	540	546	576	599	620	639	658	678	698	719	737	755
<i>Sales growth, %</i>	<i>5.1</i>	<i>1.0</i>	<i>5.6</i>	<i>3.9</i>	<i>3.5</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	67	70	78	87	90	93	95	98	101	104	107	110
<i>Operating income margin, %</i>	<i>12.3</i>	<i>12.9</i>	<i>13.6</i>	<i>14.5</i>	<i>14.5</i>	<i>14.5</i>	<i>14.5</i>	<i>14.5</i>	<i>14.5</i>	<i>14.5</i>	<i>14.5</i>	<i>14.5</i>
+ Depreciation+amort.	24	24	25	26	27	28	29	30	31	32	33	
EBITDA	91	95	103	113	117	121	124	128	132	136	139	
- Paid taxes	-15	-14	-16	-17	-18	-19	-19	-20	-20	-21	-21	
- Change in NWC	11	-1	-4	-3	-3	-3	-3	-3	-3	-3	-2	
<i>NWC/Sales, %</i>	<i>12.6</i>	<i>12.7</i>	<i>12.7</i>	<i>12.7</i>	<i>12.8</i>	<i>12.8</i>	<i>12.8</i>	<i>12.9</i>	<i>12.9</i>	<i>12.9</i>	<i>12.9</i>	
+ Change in other liabs	-3	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-10	-24	-28	-26	-27	-27	-28	-29	-29	-30	-30	
<i>opCAPEX/Sales, %</i>	<i>2.9</i>	<i>5.2</i>	<i>5.7</i>	<i>5.2</i>	<i>5.2</i>	<i>5.1</i>	<i>5.1</i>	<i>5.1</i>	<i>5.1</i>	<i>5.1</i>	<i>5.0</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	74	56	55	66	70	73	75	77	79	82	85	1,925
= Discounted FCFF		54	50	56	55	54	52	50	48	46	45	1,014
= DFCF min WACC		54	50	57	56	55	53	51	50	48	47	1,191
= DFCF max WACC		54	50	55	54	53	50	48	46	44	43	874

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INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	131.8	130.8	130.4	147.4	540.4	112.1	134.4	141.6	157.7	545.8	576.5	599.1
EBITDA	19.1	18.0	31.4	22.2	90.8	12.8	21.5	34.2	26.0	94.5	102.8	112.7
<i>EBITDA margin (%)</i>	<i>14.5</i>	<i>13.8</i>	<i>24.1</i>	<i>15.1</i>	<i>16.8</i>	<i>11.4</i>	<i>16.0</i>	<i>24.2</i>	<i>16.5</i>	<i>17.3</i>	<i>17.8</i>	<i>18.8</i>
EBIT	13.3	11.9	25.2	16.1	66.6	7.1	15.4	28.0	19.9	70.4	78.2	86.7
<i>EBIT margin (%)</i>	<i>10.1</i>	<i>9.1</i>	<i>19.3</i>	<i>10.9</i>	<i>12.3</i>	<i>6.4</i>	<i>11.5</i>	<i>19.8</i>	<i>12.6</i>	<i>12.9</i>	<i>13.6</i>	<i>14.5</i>
Net financial items	-0.8	-1.4	-1.0	-0.2	-3.4	-0.5	-1.2	-1.0	-0.5	-3.2	-2.9	-1.8
Pre-tax profit	12.5	10.5	24.2	15.9	63.2	6.6	14.2	27.0	19.4	67.2	75.3	84.9
Tax	-2.9	-2.5	-5.7	-3.2	-14.3	-1.4	-2.8	-5.4	-3.9	-13.6	-15.1	-17.0
<i>Tax rate (%)</i>	<i>23.2</i>	<i>23.7</i>	<i>23.5</i>	<i>20.4</i>	<i>22.7</i>	<i>21.8</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.2</i>	<i>20.0</i>	<i>20.0</i>
Net profit	9.6	8.0	18.5	12.7	48.9	5.2	11.4	21.6	15.5	53.7	60.3	67.9
EPS	0.26	0.22	0.51	0.35	1.35	0.14	0.31	0.59	0.43	1.48	1.66	1.87
EPS adjusted (diluted no. of shares)	0.26	0.22	0.51	0.35	1.35	0.14	0.31	0.59	0.43	1.48	1.66	1.87
Dividend per share	0.00	0.00	0.00	0.00	0.75	0.00	0.00	0.00	0.00	0.81	0.91	1.03
SALES, EURm												
Weather and Environment	68.8	78.0	76.4	89.8	313.0	64.1	81.1	83.3	94.3	322.8	335.7	347.5
Industrial Measurements	63.0	52.8	53.9	57.6	227.3	48.0	53.3	58.3	63.4	222.9	240.8	251.6
Total	131.8	130.8	130.4	147.4	540.4	112.1	134.4	141.6	157.7	545.8	576.5	599.1
SALES GROWTH, Y/Y %												
<i>Weather and Environment</i>	<i>4.7</i>	<i>18.4</i>	<i>1.0</i>	<i>10.5</i>	<i>8.5</i>	<i>-6.8</i>	<i>4.0</i>	<i>9.0</i>	<i>5.0</i>	<i>3.1</i>	<i>4.0</i>	<i>3.5</i>
<i>Industrial Measurements</i>	<i>18.6</i>	<i>-3.4</i>	<i>-6.3</i>	<i>-4.3</i>	<i>0.8</i>	<i>-23.8</i>	<i>1.0</i>	<i>8.0</i>	<i>10.0</i>	<i>-1.9</i>	<i>8.0</i>	<i>4.5</i>
Total	10.9	8.5	-2.2	4.2	5.1	-14.9	2.8	8.6	7.0	1.0	5.6	3.9
EBIT, EURm												
Weather and Environment	-1.7	4.9	10.4	7.4	21.1	0.6	6.3	11.6	9.1	27.6	28.9	29.5
Industrial Measurements	15.0	6.8	14.7	8.7	45.2	6.5	9.2	16.4	10.8	42.8	49.4	57.1
Other	0.0	0.2	0.1	0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	13.3	11.9	25.2	16.1	66.6	7.1	15.4	28.0	19.9	70.4	78.2	86.7
EBIT margin, %												
<i>Weather and Environment</i>	<i>-2.5</i>	<i>6.3</i>	<i>13.7</i>	<i>8.3</i>	<i>6.7</i>	<i>1.0</i>	<i>7.7</i>	<i>14.0</i>	<i>9.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.5</i>
<i>Industrial Measurements</i>	<i>23.8</i>	<i>12.9</i>	<i>27.2</i>	<i>15.0</i>	<i>19.9</i>	<i>13.5</i>	<i>17.2</i>	<i>28.1</i>	<i>17.0</i>	<i>19.2</i>	<i>20.5</i>	<i>22.7</i>
<i>Other</i>	<i>0.0</i>			<i>50,000.0</i>	<i>87,500.0</i>	<i>20,000.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>5,000.0</i>	<i>0.0</i>	<i>0.0</i>
Total	10.1	9.1	19.3	10.9	12.3	6.4	11.5	19.8	12.6	12.9	13.6	14.5

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INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	403.6	379.5	437.9	514.1	540.4	545.8	576.5	599.1
<i>Sales growth (%)</i>	<i>15.7</i>	<i>-6.0</i>	<i>15.4</i>	<i>17.4</i>	<i>5.1</i>	<i>1.0</i>	<i>5.6</i>	<i>3.9</i>
EBITDA	64.7	65.9	71.7	85.4	90.8	94.5	102.8	112.7
<i>EBITDA margin (%)</i>	<i>16.0</i>	<i>17.4</i>	<i>16.4</i>	<i>16.6</i>	<i>16.8</i>	<i>17.3</i>	<i>17.8</i>	<i>18.8</i>
Depreciation	-23.6	-21.1	-21.6	-22.8	-24.2	-24.1	-24.5	-26.1
EBITA	41.1	44.8	50.1	62.5	66.6	70.4	78.2	86.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	41.1	44.8	50.1	62.5	66.6	70.4	78.2	86.7
<i>EBIT margin (%)</i>	<i>10.2</i>	<i>11.8</i>	<i>11.4</i>	<i>12.2</i>	<i>12.3</i>	<i>12.9</i>	<i>13.6</i>	<i>14.5</i>
Reported EBIT	41.1	44.8	50.1	62.5	66.6	70.4	78.2	86.7
<i>EBIT margin (reported) (%)</i>	<i>10.2</i>	<i>11.8</i>	<i>11.4</i>	<i>12.2</i>	<i>12.3</i>	<i>12.9</i>	<i>13.6</i>	<i>14.5</i>
Net financials	-1.0	-3.4	-2.1	-2.9	-3.4	-3.2	-2.9	-1.8
Pre-tax profit	40.1	41.4	48.1	59.6	63.2	67.2	75.3	84.9
Taxes	-6.5	-8.5	-8.8	-14.5	-14.3	-13.6	-15.1	-17.0
Minority shares	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0
Net profit	33.5	32.9	39.0	45.1	48.9	53.7	60.3	67.9
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	108	120	125	121	112	116	124	129
Goodwill	30	30	29	49	49	49	49	49
Right of use assets	12	13	11	12	13	13	14	15
Inventory	40	45	50	62	59	59	63	65
Receivables	105	93	107	131	113	114	120	125
Liquid funds	56	45	78	56	90	106	119	106
Total assets	361	352	408	440	443	464	496	495
Liabilities								
Shareholder's equity	198	205	230	251	268	294	325	360
Minority interest	0	0	1	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	11	9	8	11	12	13	14	15
Deferred taxes	8	8	7	4	3	3	3	3
Interest bearing debt	40	45	40	53	52	45	40	0
Non-interest bearing current liabilities	94	76	116	111	97	98	104	108
Other interest-free debt	7	8	7	7	10	10	10	10
Total liabilities	361	352	408	440	443	464	496	495
CASH FLOW, EURm								
+ EBITDA	65	66	72	85	91	95	103	113
- Net financial items	-1	-3	-2	-3	-3	-3	-3	-2
- Taxes	-9	-8	-9	-14	-14	-14	-15	-17
- Increase in Net Working Capital	-16	-7	17	-38	11	-1	-4	-3
+/- Other	2	-6	3	0	0	0	0	0
= Cash flow from operations	41	41	80	30	84	77	81	91
- Capex	-38	-35	-22	-19	-16	-28	-33	-31
- Acquisitions	0	0	0	-23	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	3	6	58	-12	68	49	47	60
+/- New issues/buybacks	3	-4	8	0	-6	0	0	0
- Paid dividend	-21	-22	-22	-25	-26	-27	-30	-33
+/- Other	-1	9	-12	15	-2	-6	-4	-39
Change in cash	-16	-11	33	-22	35	15	14	-13

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KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	1,454	1,924	1,437	1,439	1,470	1,470	1,470
Net debt (excl. convertibles)	9	-30	8	-26	-47	-65	-92
Enterprise value	1,466	1,899	1,445	1,413	1,422	1,404	1,378
Sales	380	438	514	540	546	576	599
EBITDA	66	72	85	91	95	103	113
EBIT	45	50	63	67	70	78	87
Pre-tax	41	48	60	63	67	75	85
Earnings	33	39	45	49	54	60	68
Equity book value (excl. minorities)	205	230	251	268	294	325	360
Valuation multiples							
EV/sales	3.9	4.3	2.8	2.6	2.6	2.4	2.3
EV/EBITDA	22.2	26.5	16.9	15.6	15.0	13.7	12.2
EV/EBITA	32.7	37.9	23.1	21.2	20.2	17.9	15.9
EV/EBIT	32.7	37.9	23.1	21.2	20.2	17.9	15.9
EV/OCF	35.8	23.7	48.5	16.8	18.5	17.4	15.2
EV/FCFF	115.8	30.3	-308.4	19.2	25.6	25.5	20.8
P/FCFE	259.7	33.0	-116.8	21.1	30.3	30.9	24.7
P/E	44.2	49.4	31.6	29.4	27.4	24.4	21.6
P/B	7.1	8.4	5.7	5.4	5.0	4.5	4.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	15.6	14.2	12.7
Target EV/EBIT	0.0	0.0	0.0	0.0	21.0	18.6	16.5
Target EV/FCF	0.0	0.0	0.0	0.0	30.4	30.7	24.1
Target P/B	0.0	0.0	0.0	0.0	5.2	4.7	4.2
Target P/E	0.0	0.0	0.0	0.0	28.4	25.3	22.4
Per share measures							
Number of shares	36,000	36,101	36,020	36,251	36,287	36,287	36,287
Number of shares (diluted)	36,000	36,101	36,020	36,251	36,287	36,287	36,287
EPS	0.91	1.08	1.25	1.35	1.48	1.66	1.87
Operating cash flow per share	1.14	2.22	0.83	2.32	2.12	2.22	2.50
Free cash flow per share	0.16	1.62	-0.34	1.89	1.34	1.31	1.64
Book value per share	5.69	6.36	6.96	7.39	8.11	8.96	9.92
Dividend per share	0.61	0.68	0.72	0.75	0.81	0.91	1.03
Dividend payout ratio, %	66.8	63.0	57.5	55.6	55.0	55.0	55.0
Dividend yield, %	1.5	1.3	1.8	1.9	2.0	2.3	2.5
FCF yield, %	0.4	3.0	-0.9	4.7	3.3	3.2	4.0
Efficiency measures							
ROE	16.3	17.9	18.8	18.9	19.1	19.5	19.8
ROCE	17.7	18.6	21.2	20.7	20.6	21.4	23.0
Financial ratios							
Inventories as % of sales	11.7	11.4	12.0	10.9	10.9	10.9	10.9
Receivables as % of sales	24.4	24.4	25.5	20.8	20.8	20.8	20.8
Non-interest bearing liabilities as % of sales	20.1	26.6	21.6	18.0	18.0	18.0	18.0
NWC/sales, %	15.2	8.6	15.3	12.6	12.7	12.7	12.7
Operative CAPEX/sales, %	9.3	4.9	3.7	2.9	5.2	5.7	5.2
CAPEX/sales (incl. acquisitions), %	9.3	4.9	-0.8	2.9	5.2	5.7	5.2
FCFF/EBITDA	0.2	0.9	-0.1	0.8	0.6	0.5	0.6
Net debt/EBITDA, book-weighted	0.1	-0.4	0.1	-0.3	-0.5	-0.6	-0.8
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	58.4	56.5	57.0	60.5	63.4	65.5	72.6
Gearing, %	4.4	-13.1	3.2	-9.7	-16.1	-20.1	-25.5

Electronic Equipment & Instruments/Finland, July 23, 2024
Preview

COMPANY DESCRIPTION: Vaisala develops, manufactures, and markets products, projects, and services for weather, environmental and industrial measurements. Vaisala's strategy relies on R&D and focusing on technology leadership in its selected segments. Vaisala has two segments: Weather & Environment (W&E), and Industrial Measurement (IM). The W&E customers include meteorological institutes, airports, roads and railroad, defense, and energy industry. IM serves industrial customers in life science, power transmission, and targeted industrial applications offering a broad range of measurement instruments to ensure operational quality and productivity. Headquartered in Finland, Vaisala employs over 2,000 professionals worldwide.

INVESTMENT CASE: Vaisala benefits from its strong R&D based market leadership in both segments, with main profitability drivers being economies of scale and increasing share of IM sales. The healthy business and strong net cash position support ability to pay an increasing dividend. With the current softer market environment for some of the key IM verticals such as health care, the growth is expected to be slower while W&E's strong backlog supports the company.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch	3,776,358	152.942	10.4%
Nordea Nordic Small Cap Fund	1,839,924	74.517	5.1%
Weisell-Säätiö Sr	1,647,370	66.718	4.5%
Citibank Europe Plc	1,288,921	52.201	3.6%
Voipio Mikko	1,268,312	51.367	3.5%
Caspers Anja	969,496	39.265	2.7%
Voipio Raimo	920,478	37.279	2.5%
Ilmarinen Mutual Pension Insurance Company	889,275	36.016	2.5%
Ten largest	12,600,134	510.305	35%
Residual	23,686,595	959.307	65%
Total	36,286,729	1,469.613	100%

EARNINGS CALENDAR

July 25, 2024

Q2 report

October 24, 2024

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Kai Öistämö

Vanha Nurmijärventie 21, 01670 Vantaa

CFO: Heli Lindfors

Tel:

IR: Paula Liimatta

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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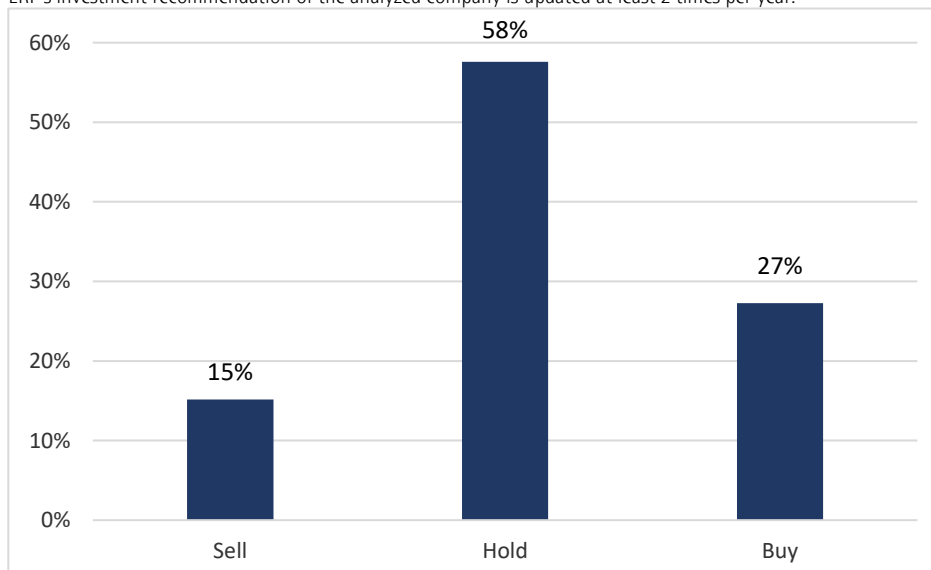
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Jortikka

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