

Strong Q2 makes up for the slow start

Vaisala's Q2 was strong with solid volume growth, favorable sales mix in IM and continued OPEX discipline which led to doubling of the operating result. Our updated estimates for 2024E sit above the middle point of the narrowed guidance.

Second quarter results came in stronger than expected

Vaisala showed a very strong performance in Q2/24 as its net sales increased by 13% to EUR 148.4m, topping our estimate of EUR 134.4m by a wide margin. EBIT amounted to EUR 23.7m (15.4/15.4m Evli/cons.), reflecting a margin of 15.9% (Q2/23 9.1%). The strong margin was driven by improved gross margin and continued successful cost consciousness. The Industrial Measurement's (IM) gross margin was significantly stronger than we expected driven by stronger than expected volume development and improved sales mix. The W&E performance was slightly boosted by project sales recurring in the second quarter while project sales were on the lower side during Q1.

Our updated estimates sit above narrowed guidance middle

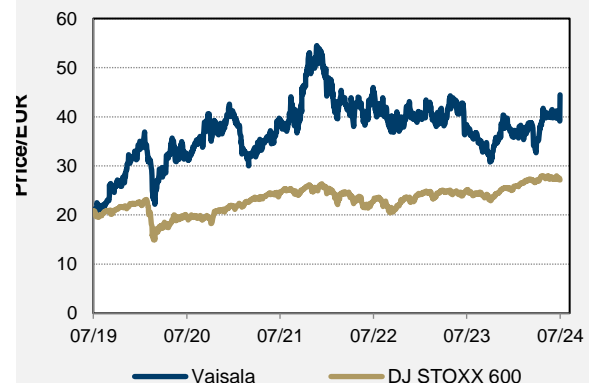
With the strong performance in Q2, Vaisala narrowed its guidance for 2024E. Vaisala estimates that its full-year 2024 net sales will be in the range of EUR 540–570 million and EBIT in the range of EUR 68–78 million (prev. net sales EUR 530–570m and EBIT EUR 63–78m). After adjusting our estimates, we model net sales of EUR 562m and EBIT of EUR 76m for 2024E, our estimates being above the middle point of the narrowed guidance. For IM, we continue to estimate growth in H2 driven mainly by soft comparison period H2/23. We have also increased our estimates for IM service sales going forward. For W&E, we estimate continued growth, yet at a slower rate than in Q2, due to project sales timing. Margin-wise, we model a relatively flat gross margin y/y while we expect that the company will continue to scale its OPEX to match the unpredictable market during the second half.

HOLD with a TP of EUR 46 (EUR 42)

Vaisala is priced at 19-17x adj. EV/EBIT and 25-22x adj. P/E on our updated estimates for 2024-2025E. The company trades close to par compared to our peer group. Our updated DCF yields a fair value of EUR 46. We increase our TP to EUR 46 (prev. EUR 42) while keeping the rating at HOLD.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price)	44.50
Target price, EUR	46.0

Latest change in recommendation	23-Jul-24
Latest report on company	23-Jul-24
Research paid by issuer:	YES
No. of shares outstanding, '000's	36,284
No. of shares fully diluted, '000's	36,284
Market cap, EURm	1,615
Free float, %	
Exchange rate EUR/USD	
Reuters code	VAIAS.HE
Bloomberg code	VAIAS FH
Average daily volume, EURm	
Next interim report	24-Oct-24
Web site	vaisala.com/en/investors

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+ BUY ■ HOLD - SELL

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%	71.0	1.35	29.4	2.6	21.2	4.9	0.75
2024E	562.0	76.4	13.6%	51.1	1.61	27.6	2.8	20.4	3.2	0.89
2025E	592.3	85.6	14.5%	55.1	1.82	24.4	2.6	18.0	3.4	1.00
2026E	620.4	92.0	14.8%	61.7	1.98	22.5	2.4	16.4	3.8	1.09
Market cap, EURm		1,615	Gearing 2024E, %			-17.5	CAGR EPS 2023-26, %			13.7
Net debt 2024E, EURm		-52	Price/book 2024E			5.4	CAGR sales 2023-26, %			4.7
Enterprise value, EURm		1,562	Dividend yield 2024E, %			2.0	ROE 2024E, %			20.6
Total assets 2024E, EURm		472	Tax rate 2024E, %			21.0	ROCE 2024E, %			22.2
Goodwill 2024E, EURm		46	Equity ratio 2024E, %			63.4	PEG, P/E 24/CAGR			3.0

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

Table 1: Estimate summary

ESTIMATES	2 022	Q1'23	Q2'23	Q3'23	Q4'23	2 023	Q1'24	Q2'24	Q3'24E	Q4'24E	2024E	2025E
Net sales	514.1	131.8	130.8	130.4	147.4	540.4	112.1	148.8	141.0	160.1	562.0	592.3
Weather & Environment	288.6	68.8	78.0	76.4	89.8	313.0	64.1	91.9	84.2	97.2	337.4	347.5
Industrial Measurements	225.5	63.0	52.8	53.9	57.6	227.3	48.0	56.9	56.8	62.9	224.6	244.8
Reported EBIT	62.5	13.3	11.9	25.2	16.1	66.7	7.1	23.7	27.8	17.8	76.2	85.6
Weather & Environment	11.1	-1.7	4.9	10.4	7.5	21.1	0.6	11.2	11.8	7.7	31.4	33.8
Industrial Measurements	51.5	15.0	6.8	14.7	8.7	45.2	6.5	12.3	16.0	10.0	44.9	51.8
Other operations	-0.1	0.0	0.2	0.1	0.1	0.4	0.0	0.2	0.0	0.0	0.0	0.0
Adj. EBIT	70.6	15.4	14.0	27.3	18.0	74.9	8.8	25.4	29.5	19.5	83.0	90.0
Net sales growth	17.4%	10.9%	8.5%	-2.2%	4.2%	5.1%	-14.9%	13.8%	8.1%	8.6%	4.0%	5.4%
Weather & Environment	12.3%	4.7%	18.4%	1.0%	10.5%	8.5%	-6.8%	17.8%	10.2%	8.2%	7.8%	3.0%
Industrial Measurements	24.6%	18.6%	-3.4%	-6.3%	-4.3%	0.8%	-23.8%	7.8%	5.2%	9.3%	-1.2%	9.0%
EBIT margin	12.2%	10.1%	9.1%	19.3%	10.9%	12.3%	6.4%	16.0%	19.7%	11.1%	13.6%	14.5%
Weather & Environment	3.9%	-2.5%	6.3%	13.7%	8.3%	6.8%	1.0%	12.2%	14.0%	8.0%	9.3%	9.7%
Industrial Measurements	22.8%	23.8%	12.9%	27.2%	15.1%	19.9%	13.5%	21.7%	28.2%	15.9%	20.0%	21.2%

Source: Vaisala, Evli Research estimates

Acceleration towards the year-end started already during Q2

Vaisala's Q2 figures topped our estimates by a wide margin on both net sales and EBIT. Growth came from a variety of sources while it was strong in project, service and subscription sales. On the Industrial Measurements side, orders received increased by 8% y/y while order book declined to EUR 36.3m (-2%). Net sales were at EUR 56.5m, growing 7% y/y. Service sales grew 43% y/y driven by growth in installed base from last year. IM gross margin jumped to 64.0% (59.7%) and EBIT to EUR 12.3m with a margin of 21.7% (Q2/23 EUR 6.8m, 12.9%). Favorable gross margin development was driven both by increased in volumes and improved sales mix. Vaisala's IM business is sensitive to volume development which was the main driver behind the margin improvement. In addition, especially the geographic sales mix increases the gross margin. On the Weather and Environment side, orders received increased by 18% (FX 19%) y/y while order book was up by 23% y/y. W&E's net sales increased by 18% (FX 16%) to EUR 91.9m. Service and project sales grew strongly in the quarter. Net sales grew in all market segments, very strongly in aviation and roads market segments. Gross margin improved to 52.7% (Q2/23 51.9%). The main driver behind the improved gross margin was higher volumes. Project sales increased especially due to project revenue recognition during the quarter when compared to the first quarter.

Our updated estimates stand above the narrowed guidance middle point

With the strong performance in Q2, Vaisala narrowed its guidance for 2024E. Vaisala estimates that its full-year 2024 net sales will be in the range of EUR 540–570 million and EBIT in the range of EUR 68–78 million (prev. net sales EUR 530–570m and EBIT EUR 63–78m). We now model net sales of EUR 562m and EBIT of EUR 76m for 2024E, our estimates are above the middle point of the narrowed guidance. We continue to expect slight growth for IM during H2 mostly due to the soft comparison period of last year. We estimate service sales to grow in H2 albeit at a slower rate when compared to H1. In W&E, we expect that the stronger order book will continue to deliver net sales growth in H2. Our projection for the second half of the year indicates a stable EBIT margin, with an anticipated margin improvement in IM and sustained profitability in W&E, despite a more challenging comparison period. The company has the potential to surpass the upper end of net sales and profitability guidance should, for example, IM recover at a faster rate than we currently expect.

Table 2: Peer group

Company name	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
Hexagon	25381	13.7x	12.5x	11.5x	18.0x	16.3x	15.0x	21.1x	18.8x	17.0x
Keysight Tech	21849	17.5x	15.5x		19.3x	16.7x		22.2x	19.0x	
Trimble	12305	17.6x	16.9x	15.4x	18.8x	18.0x	17.1x	20.1x	17.9x	15.3x
Spectris	3637	11.3x	10.1x	9.0x	13.8x	11.9x	10.7x	17.3x	15.2x	13.6x
Itron	4276	17.5x	15.4x	13.2x	21.8x	18.8x	15.3x	25.2x	22.5x	19.0x
FARO Technologies	302	11.3x	8.7x		17.6x	11.4x		27.6x	16.7x	
Oxford Instruments	1656	14.2x	13.2x	12.2x	16.4x	15.4x	14.1x	22.0x	20.8x	19.1x
Sensirion Holding	1333	63.4x	27.2x	20.3x		50.6x	33.0x		60.7x	39.9x
Halma	11327	20.2x	19.0x	17.6x	22.8x	21.4x	19.8x	28.9x	26.8x	24.8x
Peer Group Average	11292	20.8x	15.4x	14.2x	18.6x	20.1x	17.8x	23.0x	24.3x	21.3x
Peer Group Median	8291	17.5x	15.4x	13.2x	18.4x	16.7x	15.3x	22.1x	19.0x	19.0x
Vaisala (Evli est.)	1615	15.7x	13.9x	12.9x	18.8x	17.1x	15.3x	24.8x	21.8x	20.4x

Vaisala prem./disc. to peer median

-10 % -9 % -2 % 2 % 3 % 0 % 12 % 15 % 7 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	44.50 PV of Free Cash Flow	554 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	46.43 PV of Horizon value	1,132 WACC, %	7.0 Market risk premium, %	5.8
Share price potential, %	4.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	52.2 Marketable securities	90 Minimum WACC, %	6.5 Equity beta coefficient	0.80
Minimum value	41.8 Debt - dividend	-92 Maximum WACC, %	7.5 Target debt ratio, %	20
Horizon value, %	67.1 Value of stock	1,685 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	562	592	620	646	670	694	715	736	758	777	797
<i>Sales growth, %</i>	<i>5.1</i>	<i>4.0</i>	<i>5.4</i>	<i>4.7</i>	<i>4.2</i>	<i>3.7</i>	<i>3.5</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	76	86	92	97	104	108	111	114	118	120	123
<i>Operating income margin, %</i>	<i>12.3</i>	<i>13.6</i>	<i>14.5</i>	<i>14.8</i>	<i>15.0</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>
+ Depreciation+amort.	24	23	24	25	26	27	28	29	30	31	32	
EBITDA	91	100	109	117	123	131	136	140	144	149	153	
- Paid taxes	-15	-16	-18	-19	-20	-22	-23	-23	-24	-25	-25	
- Change in NWC	11	-3	-4	-4	-4	-3	-3	-3	-3	-3	-3	
<i>NWC / Sales, %</i>	<i>12.6</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>	<i>13.0</i>	
+ Change in other liabs	-3	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-7	-23	-25	-26	-26	-27	-28	-28	-29	-30	-30	
<i>opCAPEX / Sales, %</i>	<i>2.4</i>	<i>4.9</i>	<i>5.2</i>	<i>5.1</i>	<i>5.0</i>	<i>4.9</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.7</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	76	58	62	68	73	79	82	86	89	91	95	2,148
= Discounted FCFF		56	56	58	58	59	57	56	54	52	50	1,132
= DFCF min WACC		56	57	58	59	60	59	57	55	54	52	1,330
= DFCF max WACC		56	56	57	57	57	56	54	52	50	48	975

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	131.8	130.8	130.4	147.4	540.4	112.1	148.8	141.0	160.1	562.0	592.3	620.4
EBITDA	19.1	18.0	31.4	22.2	90.8	12.8	29.4	33.6	23.7	99.5	109.4	117.1
<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>19.8</i>	<i>23.9</i>	<i>14.8</i>	<i>17.7</i>	<i>18.5</i>	<i>18.9</i>
EBIT	13.3	11.9	25.2	16.1	66.6	7.1	23.7	27.8	17.8	76.4	85.6	92.0
<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>16.0</i>	<i>19.7</i>	<i>11.1</i>	<i>13.6</i>	<i>14.5</i>	<i>14.8</i>
Net financial items	-0.8	-1.4	-1.0	-0.2	-3.4	-0.5	-0.5	-1.0	-0.5	-2.5	-2.0	-1.0
Pre-tax profit	12.5	10.5	24.2	15.9	63.2	6.6	23.2	26.8	17.3	73.9	83.7	91.0
Tax	-2.9	-2.5	-5.7	-3.2	-14.3	-1.4	-5.2	-5.4	-3.5	-15.5	-17.6	-19.1
<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>22.6</i>	<i>20.0</i>	<i>20.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>
Net profit	9.6	8.0	18.5	12.7	48.9	5.2	17.9	21.5	13.8	58.4	66.1	71.9
EPS	0.26	0.22	0.51	0.35	1.35	0.14	0.49	0.59	0.38	1.61	1.82	1.98
EPS adjusted (diluted no. of shares)	0.26	0.22	0.51	0.35	1.35	0.14	0.49	0.59	0.38	1.61	1.82	1.98
Dividend per share	0.00	0.00	0.00	0.00	0.75	0.00	0.00	0.00	0.00	0.89	1.00	1.09
SALES, EURm												
Weather and Environment	68.8	78.0	76.4	89.8	313.0	64.1	91.9	84.2	97.2	337.4	347.5	359.7
Industrial Measurements	63.0	52.8	53.9	57.6	227.3	48.0	56.9	56.8	62.9	224.6	244.8	260.7
Total	131.8	130.8	130.4	147.4	540.4	112.1	148.8	141.0	160.1	562.0	592.3	620.4
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>17.8</i>	<i>10.2</i>	<i>8.2</i>	<i>7.8</i>	<i>3.0</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>7.8</i>	<i>5.2</i>	<i>9.3</i>	<i>-1.2</i>	<i>9.0</i>	<i>6.5</i>
Total	10.9	8.5	-2.2	4.2	5.1	-14.9	13.8	8.1	8.6	4.0	5.4	4.7
EBIT, EURm												
Weather and Environment	-1.7	4.9	10.4	7.4	21.1	0.6	11.2	11.8	7.7	31.4	33.8	36.0
Industrial Measurements	15.0	6.8	14.7	8.7	45.2	6.5	12.3	16.0	10.0	44.9	51.8	56.1
Other	0.0	0.2	0.1	0.1	0.4	0.0	0.2	0.0	0.0	0.2	0.0	0.0
Total	13.3	11.9	25.2	16.1	66.6	7.1	23.7	27.8	17.8	76.4	85.6	92.0
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>12.2</i>	<i>14.0</i>	<i>8.0</i>	<i>9.3</i>	<i>9.7</i>	<i>10.0</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>21.7</i>	<i>28.2</i>	<i>15.9</i>	<i>20.0</i>	<i>21.2</i>	<i>21.5</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>55,000.0</i>	<i>0.0</i>	<i>0.0</i>
Total	10.1	9.1	19.3	10.9	12.3	6.4	16.0	19.7	11.1	13.6	14.5	14.8

Electronic Equipment & Instruments/Finland, July 26, 2024
Company update

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	403.6	379.5	437.9	514.1	540.4	562.0	592.3	620.4
<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>4.0</i>	<i>5.4</i>	<i>4.7</i>
EBITDA	64.7	65.9	71.7	85.4	90.8	99.5	109.4	117.1
<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>17.7</i>	<i>18.5</i>	<i>18.9</i>
Depreciation	-23.6	-21.1	-21.6	-22.8	-24.2	-23.1	-23.8	-25.1
EBITA	41.1	44.8	50.1	62.5	66.6	76.4	85.6	92.0
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	76.4	85.6	92.0
<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>13.6</i>	<i>14.5</i>	<i>14.8</i>
Reported EBIT	41.1	44.8	50.1	62.5	66.6	76.4	85.6	92.0
<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>13.6</i>	<i>14.5</i>	<i>14.8</i>
Net financials	-1.0	-3.4	-2.1	-2.9	-3.4	-2.5	-2.0	-1.0
Pre-tax profit	40.1	41.4	48.1	59.6	63.2	73.9	83.7	91.0
Taxes	-6.5	-8.5	-8.8	-14.5	-14.3	-15.5	-17.6	-19.1
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	58.4	66.1	71.9
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	122	127
Goodwill	30	30	29	49	46	46	46	46
Right of use assets	12	13	11	12	13	14	14	15
Inventory	40	45	50	62	59	61	64	68
Receivables	105	93	107	131	113	117	123	129
Liquid funds	56	45	78	56	90	111	130	116
Total assets	361	352	408	440	440	472	507	509
Liabilities								
Shareholder's equity	198	205	230	251	268	299	333	369
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	14	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	101	107	112
Other interest-free debt	7	8	7	7	10	10	10	10
Total liabilities	361	352	408	440	443	472	507	509
CASH FLOW, EURm								
+ EBITDA	65	66	72	85	91	100	109	117
- Net financial items	-1	-3	-2	-3	-3	-3	-2	-1
- Taxes	-9	-8	-9	-14	-14	-16	-18	-19
- Increase in Net Working Capital	-16	-7	17	-38	11	-3	-4	-4
+/- Other	2	-6	3	0	0	0	0	0
= Cash flow from operations	41	41	80	30	84	79	86	93
- Capex	-38	-35	-22	-19	-13	-27	-31	-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	71	51	55	62
+/- New issues/buybacks	3	-4	8	0	-6	0	0	0
- Paid dividend	-21	-22	-22	-25	-26	-27	-32	-36
+/- Other	-1	9	-12	15	-4	-3	-4	-39
Change in cash	-16	-11	33	-22	35	21	19	-14

Electronic Equipment & Instruments/Finland, July 26, 2024
Company update

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	1,454	1,924	1,437	1,439	1,615	1,615	1,615
Net debt (excl. convertibles)	9	-30	8	-26	-52	-75	-101
Enterprise value	1,466	1,899	1,445	1,413	1,562	1,539	1,514
Sales	380	438	514	540	562	592	620
EBITDA	66	72	85	91	100	109	117
EBIT	45	50	63	67	76	86	92
Pre-tax	41	48	60	63	74	84	91
Earnings	33	39	45	49	58	66	72
Equity book value (excl. minorities)	205	230	251	268	299	333	369
Valuation multiples							
EV/sales	3.9	4.3	2.8	2.6	2.8	2.6	2.4
EV/EBITDA	22.2	26.5	16.9	15.6	15.7	14.1	12.9
EV/EBITA	32.7	37.9	23.1	21.2	20.4	18.0	16.4
EV/EBIT	32.7	37.9	23.1	21.2	20.4	18.0	16.4
EV/OCF	35.8	23.7	48.5	16.8	19.9	18.0	16.3
EV/FCFF	115.8	30.3	-308.4	18.5	26.9	24.8	22.2
P/FCFE	259.7	33.0	-116.8	20.3	31.6	29.3	26.2
P/E	44.2	49.4	31.6	29.4	27.6	24.4	22.5
P/B	7.1	8.4	5.7	5.4	5.4	4.8	4.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	16.2	14.6	13.4
Target EV/EBIT	0.0	0.0	0.0	0.0	21.1	18.6	17.0
Target EV/FCF	0.0	0.0	0.0	0.0	31.7	28.9	25.4
Target P/B	0.0	0.0	0.0	0.0	5.6	5.0	4.5
Target P/E	0.0	0.0	0.0	0.0	28.6	25.3	23.2
Per share measures							
Number of shares	36,000	36,101	36,020	36,251	36,284	36,284	36,284
Number of shares (diluted)	36,000	36,101	36,020	36,251	36,284	36,284	36,284
EPS	0.91	1.08	1.25	1.35	1.61	1.82	1.98
Operating cash flow per share	1.14	2.22	0.83	2.32	2.16	2.36	2.57
Free cash flow per share	0.16	1.62	-0.34	1.96	1.41	1.52	1.70
Book value per share	5.69	6.36	6.96	7.39	8.24	9.18	10.16
Dividend per share	0.61	0.68	0.72	0.75	0.89	1.00	1.09
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	2.4
FCF yield, %	0.4	3.0	-0.9	4.9	3.2	3.4	3.8
Efficiency measures							
ROE	16.3	17.9	18.8	18.9	20.6	20.9	20.5
ROCE	17.7	18.6	21.2	20.7	22.2	23.0	23.9
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	12.8
Operative CAPEX/sales, %	9.3	4.9	3.7	2.4	4.9	5.2	5.1
CAPEX/sales (incl. acquisitions), %	9.3	4.9	-0.8	2.4	4.9	5.2	5.1
FCFF/EBITDA	0.2	0.9	-0.1	0.8	0.6	0.6	0.6
Net debt/EBITDA, book-weighted	0.1	-0.4	0.1	-0.3	-0.5	-0.7	-0.9
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	65.7	72.5
Gearing, %	4.4	-13.1	3.2	-9.7	-17.5	-22.6	-27.3

Electronic Equipment & Instruments/Finland, July 26, 2024
Company update

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	168.048	10.4%
Nordea Nordic Small Cap Fund	1,839,924	81.877	5.1%
Weisell-Säätiö Sr	1,647,370	73.308	4.5%
Citibank Europe Plc	1,288,921	57.357	3.6%
Voipio Mikko	1,268,312	56.440	3.5%
Caspers Anja	969,496	43.143	2.7%
Voipio Raimo	920,478	40.961	2.5%
Ilmarinen Mutual Pension Insurance Company	889,275	39.573	2.5%
Ten largest	12,600,134	560.706	35%
Residual	23,683,945	1,053.936	65%
Total	36,284,079	1,614.642	100%

EARNINGS CALENDAR

October 24, 2024

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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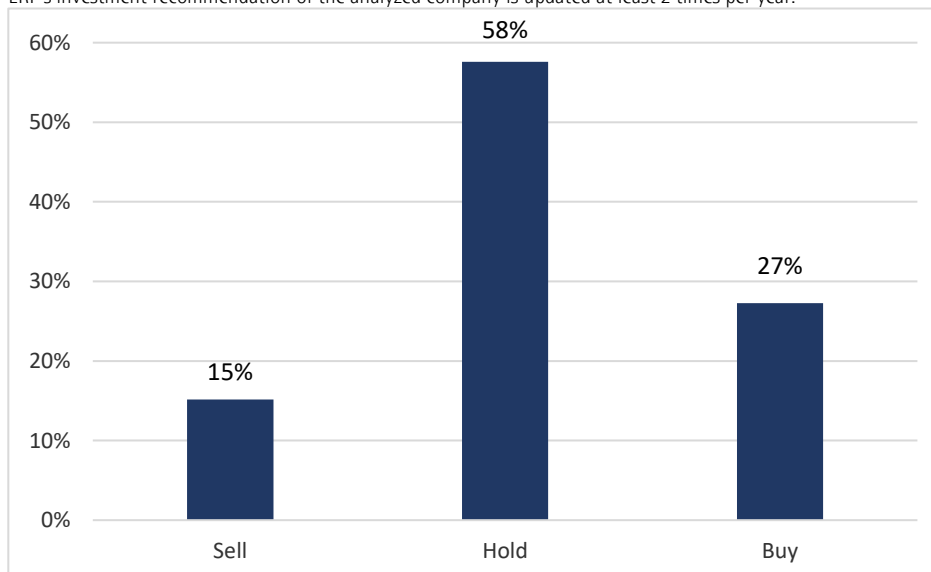
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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