

Growth ingredients in place for 2025

Vaisala's Q3 fell short of our estimates for both net sales and profitability. Despite the miss, we see the company's prospects for 2025E bright with higher project driven backlog for W&E and some early signs of demand pick up in IM. Vaisala will hold its CMD on 11th of November.

Q3 fell short of our expectations yet contained also positives

Group net sales increased by 5% to EUR 136.6m, falling short of our estimate of EUR 142.3m. Gross margin fell slightly y/y to 57.3% (58.0% Q3/23). EBIT amounted to EUR 24.1m (EUR 28.0/27.8m Evli/cons.), reflecting a margin of 17.7% (19.3%). Despite falling short of our expectations for both net sales and EBIT, backlog grew for both IM and W&E. IM backlog ended at EUR 36.8m at the end of the quarter, up 7% y/y while W&E backlog was at EUR 183.5m, growing 40% y/y. The main driver behind W&E backlog growth was the large project order in Spain as expected. Market commentary remained relatively unchanged from the previous quarter, as the company still sees early signs of a pick-up in IM demand in North America. Looking at the end-market outlook for 2024, Vaisala shifted its outlook for renewable energy to stable from growth. According to the management, the underlying long-term growth remains intact despite short-term challenges in wind energy investments.

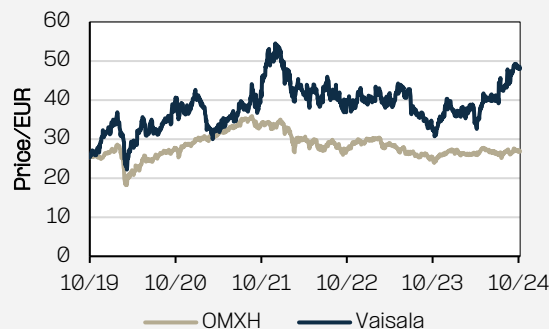
Growth should pick up in 2025E

Vaisala kept its guidance unchanged for 2024 at net sales of EUR 540–570m and EBIT at EUR 68–78m. After adjusting for the Q3 figures and small estimate changes, we model net sales of EUR 554m and EBIT of EUR 72m for 2024E. The growth prospects for 2025E remain positive with large projects driving W&E growth and some early positive signs for IM demand from North America. We now estimate net sales of EUR 612m with growth of 10% for 2025E. For 2025E EBIT, we estimate EUR 83m with a margin of 13.6%. While the company's margins typically scale well with volumes, we estimate that for example the increased portion of project sales for W&E will affect the segments gross margin negatively.

HOLD with a TP of EUR 47.0

Based on our updated estimates for 2024–2025E, Vaisala is priced at 20–18x adj. EV/EBIT. While high on absolute level, we consider the pricing still neutral given the projected profitable growth for the coming years. The company's pricing is also in line with our peer group consisting of R&D-focused electrical equipment and measurement solutions providers.

Rating Hold



Share price, EUR (Last trading day's closing price) **46.05**
Target price, EUR 47.0

Latest change in recommendation 23-Jul-24

Latest report on company 25-Oct-24

Research paid by issuer: YES

No. of shares outstanding, '000's 36 295

No. of shares fully diluted, '000's 36 295

Market cap, EURm 1 671

Free float, %

Exchange rate

Reuters code VAIAS.HE

Bloomberg code VAIAS FH

Average daily volume, EURm

Next interim report Feb-18-25

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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%	68.4	1.35	29.4	2.6	21.2	4.8%	0.75
2024E	554.1	72.1	13.0%	62.1	1.53	30.0	2.9	22.3	3.7%	0.84
2025E	611.7	83.3	13.6%	50.3	1.77	26.0	2.6	19.1	3.0%	0.97
2026E	646.1	95.5	14.8%	63.0	2.06	22.4	2.4	16.4	3.8%	1.13
Market cap, EURm		1 671	Gearing 2024E, %			-20.5 %	CAGR EPS 2023–26, %			15.1 %
Net debt 2024E, EURm		-61	Price/book 2024E			5.6	CAGR Sales 2023–26, %			6.1 %
Enterprise value, EURm		1 610	Dividend yield 2024E, %			1.8 %	ROE 2024E, %			19.7 %
Total assets 2024E, EURm		468	Tax rate 2024E, %			21.5 %	ROCE 2024E, %			21.0 %
Goodwill 2024E, EURm		46	Equity ratio 2024E, %			63.4 %	PEG, P/E 24/CAGR			2.4

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	23843	13.8x	12.6x	11.6x	17.8x	16.4x	14.9x	20.7x	18.4x	16.5x
Keysight Tech	24711	19.8x	18.1x		21.8x	19.5x		24.3x	21.4x	
Trimble	13697	16.6x	15.9x	15.5x	17.8x	17.3x	15.6x	22.0x	20.0x	17.5x
Spectris	3041	8.8x	7.2x	6.7x	10.8x	8.8x	8.0x	15.0x	12.8x	11.4x
Itron	4236	16.9x	15.3x	13.2x	20.8x	18.6x	15.5x	22.3x	21.2x	18.3x
FARO Technologies	317	11.1x	9.2x		18.6x	13.1x		29.2x	19.4x	
Oxford Instruments	1466	12.5x	11.8x	10.9x	14.8x	14.0x	12.8x	19.5x	18.6x	17.1x
Sensirion Holding	1090	119.1x	22.7x	17.1x		43.4x	27.8x		53.4x	34.1x
Halma	11179	19.6x	18.4x	17.3x	22.1x	20.6x	19.4x	28.2x	26.2x	24.4x
Peer Group Average	11641	26.5x	14.6x	13.2x	18.0x	19.1x	16.3x	22.7x	23.5x	19.9x
Peer Group Median	8966	16.6x	15.3x	13.2x	18.2x	17.3x	15.5x	22.2x	20.0x	17.5x
Vaisala (Evli est.)	1671	16.9x	15.0x	13.7x	20.4x	18.1x	16.4x	26.8x	23.8x	22.4x

Vaisala prem./disc. to peer median

2 % -2 % 4 % 12 % 5 % 6 % 21 % 19 % 28 %

Source FactSet, Evli Research

Table 2: 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	148.4	136.6	157.0	554.1	611.7
Weather & Environment	288.6	68.8	78.0	76.4	89.8	313.0	64.1	91.9	79.2	94.7	329.9	362.9
Industrial Measurements	225.5	63.0	52.8	53.9	57.6	227.3	48.0	56.5	57.4	62.3	224.2	248.8
Reported EBIT	62.5	13.3	11.9	25.2	16.1	66.7	7.1	23.7	24.1	17.2	72.1	83.3
Weather & Environment	11.1	-1.7	4.9	10.4	7.5	21.1	0.6	11.2	8.8	6.5	27.1	26.7
Industrial Measurements	51.5	15.0	6.8	14.7	8.7	45.2	6.5	12.3	15.5	10.7	44.7	56.5
Other operations	-0.1	0.0	0.2	0.1	0.1	0.4	0.0	0.2	-0.2	0.0	0.0	0.0
Adj. EBIT	70.6	15.4	14.0	27.3	18.0	74.9	8.8	25.4	25.8	18.9	78.9	87.7
Net sales growth	17.4%	10.9%	8.5%	-2.2%	4.2%	5.1%	-14.9%	13.5%	4.8%	6.5%	2.5%	10.4%
Weather & Environment	12.3%	4.7%	18.4%	1.0%	10.5%	8.5%	-6.8%	17.8%	3.6%	5.5%	5.4%	10.0%
Industrial Measurements	24.6%	18.6%	-3.4%	-6.3%	-4.3%	0.8%	-23.8%	7.0%	6.4%	8.1%	-1.4%	11.0%
EBIT margin	12.2%	10.1%	9.1%	19.3%	10.9%	12.3%	6.4%	16.0%	17.6%	10.9%	13.0%	13.6%
Weather & Environment	3.9%	-2.5%	6.3%	13.7%	8.3%	6.8%	1.0%	12.2%	11.1%	6.8%	8.2%	7.4%
Industrial Measurements	22.8%	23.8%	12.9%	27.2%	15.1%	19.9%	13.5%	21.8%	27.0%	17.1%	20.0%	22.7%

Source: Vaisala, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	46.05 PV of Free Cash Flow	590 Long-term growth, %	2.5 % Risk-free interest rate, %
DCF share value	49.41 PV of Horizon value	1 205 WACC, %	7.0 % Market risk premium, %
Share price potential, %	7.3 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %
Maximum value	55.5 Marketable securities	90 Minimum WACC, %	6.5 % Equity beta coefficient
Minimum value	44.5 Debt – dividend	–92 Maximum WACC, %	7.5 % Target debt ratio, %
Horizon value, %	67.1 % Value of stock	1 793 No. of shares, Mn	36.3 Effective tax rate, %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TERMINAL
Net sales	540	554	612	646	673	698	723	744	767	790	809	830
Sales growth (%)	5.1%	2.5%	10.4%	5.6%	4.2%	3.7%	3.5%	3.0%	3.0%	3.0%	2.5%	2.5%
Operating income (EBIT)	67	72	83	96	101	108	112	115	119	122	125	129
Operating income margin %	12.3%	13.0%	13.6%	14.8%	15.0%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
+ Depreciation+amort.	24	23	19	18	19	20	21	22	22	23	24	
EBITDA	91	95	102	114	120	129	133	137	141	146	149	
– Paid taxes	–15	–15	–17	–20	–21	–23	–24	–24	–25	–26	–26	
– Change in NWC	11	–2	–8	–5	–4	–3	–3	–3	–3	–3	–3	
NWC / Sales, %	12.6%	12.7%	12.8%	12.8%	12.9%	12.9%	12.9%	12.9%	13.0%	13.0%	13.0%	
+ Change in other liabs	–3											
– Operative CAPEX	–10	–10	–19	–20	–19	–19	–20	–20	–20	–21	–21	
opCAPEX / Sales, %	2.9%	2.7%	4.1%	3.9%	3.7%	3.6%	3.6%	3.5%	3.5%	3.5%	3.4%	
– Acquisitions												
+ Divestments												
– Other items												
= FCFF	74	68	58	70	77	83	87	90	93	96	99	2 248
= Discounted FCF		67	53	60	62	63	61	59	57	55	53	1 205
= DFCF min WACC		67	54	61	63	64	62	61	59	57	56	1 414
= DFCF max WACC		67	53	59	61	61	59	58	55	53	51	1 039

Sensitivity analysis, EUR

	Terminal WACC				
	5.03 %	6.03 %	7.03 %	8.03 %	9.03 %
Terminal EBIT–%					
13.50 %	76.86	55.80	44.00	36.45	31.18
14.50 %	82.62	59.58	46.71	38.48	32.77
15.50 %	88.38	63.37	49.41	40.51	34.35
16.50 %	94.13	67.15	52.12	42.55	35.93
17.50 %	99.89	70.93	54.82	44.58	37.51

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	148.4	136.6	157.0	554.1	611.7	646.1
EBITDA	19.1	18.0	31.4	22.2	90.8	12.8	29.4	29.9	23.1	95.2	102.3	114.0
<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>21.9%</i>	<i>14.7%</i>	<i>17.2%</i>	<i>16.7%</i>	<i>17.6%</i>
EBIT	13.3	11.9	25.2	16.1	66.6	7.1	23.7	24.1	17.2	72.1	83.3	95.5
<i>EBIT margin (%)</i>	<i>10.1%</i>	<i>9.1%</i>	<i>19.4%</i>	<i>11.0%</i>	<i>12.3%</i>	<i>6.4%</i>	<i>16.0%</i>	<i>17.6%</i>	<i>10.9%</i>	<i>13.0%</i>	<i>13.6%</i>	<i>14.8%</i>
Net financial items	-0.8	-1.4	-1.0	-0.2	-3.4	-0.5	-0.6	0.3	-0.5	-1.2	-2.0	-1.1
Pre-tax profit	12.5	10.5	24.2	15.9	63.2	6.6	23.2	24.4	16.7	70.9	81.3	94.5
Tax	-2.9	-2.5	-5.7	-3.2	-14.3	-1.5	-5.2	-5.2	-3.3	-15.2	-17.1	-19.8
<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>21.3%</i>	<i>20.0%</i>	<i>21.5%</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	19.2	13.3	55.6	64.2	74.6
EPS	0.26	0.22	0.51	0.35	1.35	0.14	0.49	0.53	0.37	1.53	1.77	2.06
EPS adj. (diluted)	0.26	0.22	0.51	0.35	1.35	0.14	0.49	0.53	0.37	1.53	1.77	2.06
Dividend per share					0.75					0.84	0.97	1.13
SALES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Weather and Environment	68.8	78.0	76.4	89.8	313.0	64.1	91.9	79.2	94.7	329.9	362.9	377.4
Industrial Measurements	63.0	52.8	53.9	57.6	227.3	48.0	56.5	57.4	62.3	224.2	248.8	268.7
Total	131.8	130.8	130.4	147.4	540.4	112.1	148.4	136.6	157.0	554.1	611.7	646.1
SALES GROWTH, Y/Y%	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Weather and Environment	4.7%	18.4%	1.0%	10.5%	8.5%	-6.8%	17.8%	3.6%	5.5%	5.4%	10.0%	4.0%
Industrial Measurements	18.6%	-3.4%	-6.3%	-4.3%	0.8%	-23.8%	7.0%	6.4%	8.1%	-1.4%	11.0%	8.0%
Total	10.9%	8.5%	-2.2%	4.2%	5.1%	-15.0%	13.5%	4.8%	6.5%	2.5%	10.4%	5.6%
EBIT, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Weather and Environment	-1.7	4.9	10.4	7.4	21.1	0.6	11.2	8.8	6.5	27.1	26.7	37.7
Industrial Measurements	15.0	6.8	14.7	8.7	45.2	6.5	12.3	15.5	10.7	45.0	56.5	57.8
Other		0.2	0.1	0.1	0.4	0.0	0.2	-0.2		0.0		
Total	13.3	11.9	25.2	16.1	66.6	7.1	23.7	24.1	17.2	72.1	83.3	95.5
EBIT margin %	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Weather and Environment	-2.5%	6.3%	13.7%	8.3%	6.7%	1.0%	12.2%	11.1%	6.9%	8.2%	7.4%	10.0%
Industrial Measurements	23.8%	12.9%	27.2%	15.1%	19.9%	13.5%	21.8%	27.0%	17.1%	20.1%	22.7%	21.5%
Other		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-100.0%		100.0%		
Total	10.1%	9.1%	19.4%	11.0%	12.3%	6.4%	16.0%	17.6%	10.9%	13.0%	13.6%	14.8%

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	403.6	379.5	437.9	514.1	540.4	554.1	611.7	646.1
<i>Sales growth (%)</i>	15.7%	-6.0%	15.4%	17.4%	5.1%	2.5%	10.4%	5.6%
EBITDA	64.7	65.9	71.7	85.4	90.8	95.2	102.3	114.0
<i>EBITDA margin (%)</i>	16.0%	17.4%	16.4%	16.6%	16.8%	17.2%	16.7%	17.6%
Depreciation	-23.6	-21.1	-21.6	-22.9	-24.2	-23.1	-19.0	-18.5
EBITA	41.1	44.8	50.1	62.5	66.6	72.1	83.3	95.5
Goodwill amortization / writedown								
EBIT	41.1	44.8	50.1	62.5	66.6	72.1	83.3	95.5
<i>EBIT margin (%)</i>	10.2%	11.8%	11.5%	12.2%	12.3%	13.0%	13.6%	14.8%
Reported EBIT	41.1	44.8	50.1	62.5	66.6	72.1	83.3	95.5
<i>EBIT margin (reported) (%)</i>	10.2%	11.8%	11.5%	12.2%	12.3%	13.0%	13.6%	14.8%
Net financials	-1.0	-3.4	-2.1	-2.9	-3.4	-1.2	-2.0	-1.1
Pre-tax profit	40.1	41.4	48.1	59.6	63.2	70.9	81.3	94.5
Taxes	-6.6	-8.5	-8.8	-14.5	-14.3	-15.2	-17.1	-19.8
Minority shares			-0.3					
Net profit	33.5	32.9	39.0	45.1	48.9	55.6	64.2	74.6
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	108	120	125	121	114	106	110	116
Goodwill	30	30	29	49	46	46	46	46
Right of use assets	12	13	11	12	13	13	15	16
Inventory	40	45	50	62	59	60	67	70
Receivables	105	93	107	131	113	115	127	135
Liquid funds	56	45	78	56	90	119	135	124
Total assets	361	352	408	440	443	468	508	514
Liabilities								
Shareholders' equity	198	205	230	251	268	296	330	369
Minority interest		0	1					
Convertibles								
Lease liabilities	11	9	8	11	12	13	15	16
Deferred taxes	8	8	7	4	3	3	3	3
Interest bearing debt	40	45	40	53	52	45	40	
Non-interest bearing current liabilities	94	76	116	111	97	100	110	116
Other interest-free debt	7	8	7	7	10	10	10	10
Total liabilities	361	352	408	440	443	468	508	514
CASH FLOW, EURm								
+ EBITDA	65	66	72	85	91	95	102	114
- Net financial items	-1	-3	-2	-3	-3	-1	-2	-1
- Taxes	-9	-8	-9	-15	-14	-15	-17	-20
- Increase in Net Working Capital	-16	-8	17	-38	11	-2	-8	-5
+/- Other	2	-6	3	0				
= Cash flow from operations	41	41	80	30	84	77	75	88
- Capex	-38	-35	-22	-19	-16	-15	-25	-25
- Acquisitions				-23				
+ Divestments								
= Free cash flow	3	6	58	-12	68	62	50	63
+/- New issues/buybacks	3	-4	8	0	-6			
- Paid dividend	22	22	25	26	27	31	35	41
+/- Other	-1	9	-12	15	-2	-6	-4	-39
Change in cash	-16	-11	33	-22	35	29	16	-11

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	1 454	1 924	1 437	1 439	1 671	1 671	1 671
Net debt (excl. convertibles)	9	-30	8	-26	-61	-81	-108
Enterprise value	1 466	1 899	1 445	1 413	1 610	1 591	1 563
Sales	380	438	514	540	554	612	646
EBITDA	66	72	85	91	95	102	114
EBIT	45	50	63	67	72	83	96
Pre-tax	41	48	60	63	71	81	94
Earnings	33	39	45	49	56	64	75
Equity book value (excl. minorities)	205	230	251	268	296	330	369

Valuation multiple	2020	2021	2022	2023	2024E	2025E	2026E
EV/Sales	3.9	4.3	2.8	2.6	2.9	2.6	2.4
EV/EBITDA	22.2	26.5	16.9	15.6	16.9	15.6	13.7
EV/EBITA	32.7	37.9	23.1	21.2	22.3	19.1	16.4
EV/EBIT	32.7	37.9	23.1	21.2	22.3	19.1	16.4
EV/OCF	35.8	23.7	48.5	16.8	21.0	21.1	17.7
EV/FCF	115.8	30.3	-308.4	19.2	23.8	27.5	22.4
P/FCFR	259.7	33.0	-116.8	21.0	26.9	33.2	26.5
P/E	44.2	49.4	31.6	29.4	30.0	26.0	22.4
P/BV	7.1	8.4	5.7	5.4	5.6	5.1	4.5
Target EV/EBITDA					17.3	15.9	14.0
Target EV/EBIT					22.8	19.5	16.7
Target EV/FCFF					26.5	32.3	25.4
Target P/BV					5.8	5.2	4.6
Target P/E, diluted	32.5	34.1	31.2	30.1	30.7	26.6	22.9

Per share measures	2020	2021	2022	2023	2024E	2025E	2026E
Number of shares (million)	36.00	36.10	36.02	36.25	36.30	36.30	36.30
Number of shares (diluted, million)	36.00	36.10	36.02	36.25	36.30	36.30	36.30
EPS	0.91	1.08	1.25	1.35	1.53	1.77	2.06
Operating cash flow per share	1.14	2.22	0.83	2.32	2.12	2.08	2.43
Free cash flow per share	0.16	1.62	-0.34	1.89	1.71	1.39	1.74
Book value per share	5.69	6.36	6.96	7.39	8.16	9.09	10.17
Dividend per share	0.61	0.68	0.72	0.75	0.84	0.97	1.13
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%	1.8%	2.1%	2.5%
FCF yield, %	0.4%	3.0%	-0.9%	4.8%	3.7%	3.0%	3.8%

Efficiency measures	2020	2021	2022	2023	2024E	2025E	2026E
ROE	16.3%	17.9%	18.8%	18.9%	19.7%	20.5%	21.3%
ROCE	17.7%	18.6%	21.2%	20.7%	21.0%	22.5%	24.8%

Financial ratios	2020	2021	2022	2023	2024E	2025E	2026E
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-int. 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%	15.4%	12.6%	12.7%	12.8%	12.8%
Operative CAPEX/Sales, %	9.3%	4.9%	3.7%	2.9%	2.7%	4.1%	3.9%
CAPEX/sales (incl. acquisitions), %	9.3%	4.9%	-0.8%	2.9%	2.7%	4.1%	3.9%
FCFF/EBITDA	0.2	0.9	-0.1	0.8	0.7	0.6	0.6
Net Debt/EBITDA, book-weighted	0.1	-0.4	0.1	-0.3	-0.6	-0.8	-1.0
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	0.6	0.6	0.6	0.6	0.6	0.6	0.7
Gearing, %	4.4%	-13.1%	3.2%	-9.7%	-20.5%	-24.4%	-29.3%

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	173.901	10.4 %
Nordea Nordic Small Cap Fund	1 689 924	77.821	4.7 %
Weisell-Säätiö Sr	1 647 370	75.861	4.5 %
Citibank Europe Plc	1 377 027	63.412	3.8 %
Voipio Mikko	1 268 312	58.406	3.5 %
Caspers Anja	969 496	44.645	2.7 %
Voipio Raimo	920 478	42.388	2.5 %
Ilmarinen Mutual Pension Insurance Company	889 275	40.951	2.5 %
Ten largest	12 538 240	577.386	34.5 %
Residual	23 756 956	1094.008	65.5 %
Total	36 295 196	1671.394	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Kai Öistämö
CFO: Heli Lindfors
IR: Paula Liimatta

Vanha Nurmijärventie 21, 01670 Vantaa
Tel:

DEFINITIONS

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

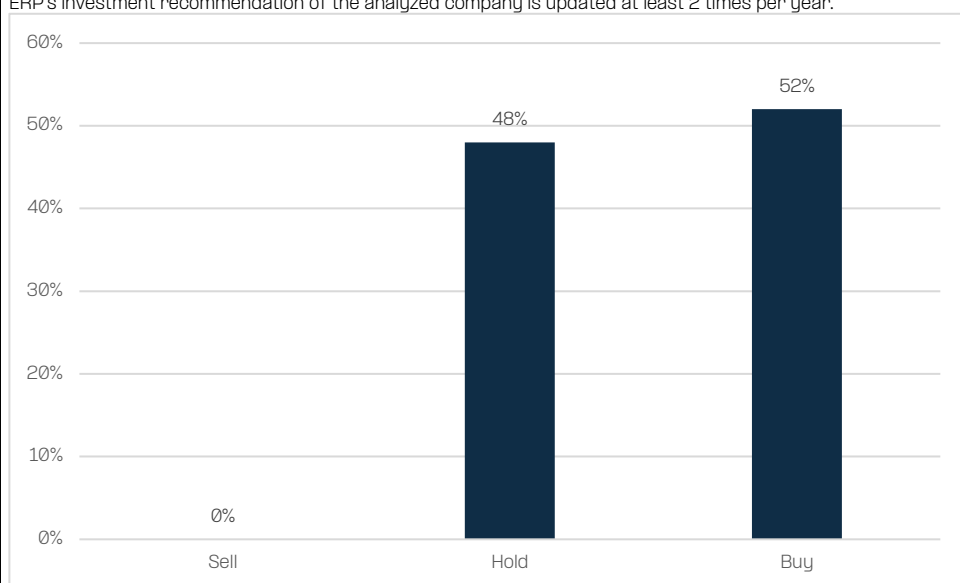
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Target price compared to share price < -10 % -10 - (+10) % > 10 %	Recommendation SELL HOLD BUY
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Name(s) of the analyst(s): Atte Jortikka

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