

Strong start to an uncertain year

Strong performance in the first quarter gave Vaisala a solid start to the FY but the ongoing trade uncertainties will likely challenge it during the rest of the year.

Some negatives, yet Q1 was mainly positive

Vaisala's Q1 net sales came close to our estimate at EUR 135.6m (Evli est. EUR 133.5m) with growth of 21% as the company bounced back from weaker Q1/24 as was expected. On the other hand, the profitability was at significantly higher level than we expected as EBITA climbed to EUR 20.5m (Evli est. EUR 14.2m) with a margin of 15.1%. Industrial Measurements net sales grew 24% y/y while gross margin climbed to 64.4% (58.4% in Q1/24) driven by both volumes and sales mix. Due to the same reasons, Weather & Environment gross margin improved to 51.8% (Q1/24 51.0%). While the gross margin was the major driver behind the stronger than expected profitability, the company was also able to manage its operating expenses well. The main negative from the report was the development in renewable energy where net sales declined very strongly. The wind park investments have slowed down, and, in the US, the market is in a stand still especially on offshore side as the permitting practices for wind projects are under review by the current administration.

A degree of headwind is expected ahead

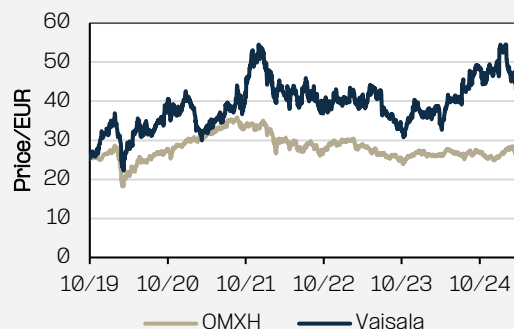
After the Q1 figures and some estimate changes, we now forecast net sales of EUR 602m (prev. EUR 607m) and EBITA of EUR 97m (EUR 95m). Vaisala's guidance remains unchanged as the company expects net sales to land in between EUR 590–620m and EBITA between EUR 90–105m. For W&E, we expect the declining renewable energy market to continue to hurt going forward while we expect strong backlog to continue to drive growth, in addition to subscription sales which are further supported by inorganic growth. In IM, the company expects the industrial and life science markets to continue growing throughout the rest of the year, with also power market expected to grow. We see that the company can pass on the tariffs to prices quite well especially for private customers in the US market. According to our understanding, the strong performance of the Americas market in Q1 was marginally influenced by front-loaded demand ahead of the tariffs.

Underlying fundamentals developing well

After minor estimate revisions we retain our TP at EUR 52 and rating at BUY. We see that the profitable growth story is developing well yet external uncertainties beyond the company's control limit the visibility going forward.

Rating

++ Buy



| | |
|---|--------------------------|
| Share price, EUR (Last trading day's closing price) | 46.00 |
| Target price, EUR | 52.0 |
| Latest change in recommendation | 16-Apr-25 |
| Latest report on company | 25-Apr-25 |
| Research paid by issuer: | YES |
| No. of shares outstanding, '000's | 36 285 |
| No. of shares fully diluted, '000's | 36 285 |
| Market cap, EURm | 1 669 |
| Free float, % | 65.0 % |
| Exchange rate | |
| Reuters code | VAIAS.HE |
| Bloomberg code | VAIAS FH |
| Average daily volume, EURm | |
| Next interim report | 25-Jul-25 |
| Web site | vaisala.com/en/investors |
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++ BUY ++ ACCUMULATE -- REDUCE -- 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 |
|--------------------------|---------------|--------------|-------------------------|-------------|------------|------------|-----------------------|----------------|----------------|------------|
| 2023 | 540.4 | 66.6 | 12.3% | 68.4 | 1.35 | 29.4 | 2.6 | 21.2 | 4.8% | 0.75 |
| 2024 | 564.6 | 82.9 | 14.7% | -48.3 | 1.76 | 27.5 | 3.2 | 21.7 | -2.8% | 0.85 |
| 2025E | 602.2 | 87.1 | 14.5% | 73.7 | 1.80 | 25.5 | 2.8 | 19.1 | 4.4% | 0.95 |
| 2026E | 649.7 | 103.5 | 15.9% | 77.0 | 2.22 | 20.7 | 2.5 | 15.7 | 4.6% | 1.15 |
| 2027E | 685.4 | 113.1 | 16.5% | 92.4 | 2.44 | 18.8 | 2.3 | 13.9 | 5.5% | 1.22 |
| Market cap, EURm | 1 669 | | Gearing 2025E, % | | -0.6 % | | CAGR EPS 2024–27, % | | 11.6 % | |
| Net debt 2025E, EURm | -2 | | Price/book 2025E | | 4.9 | | CAGR Sales 2024–27, % | | 6.7 % | |
| Enterprise value, EURm | 1 667 | | Dividend yield 2025E, % | | 2.1 % | | ROE 2025E, % | | 20.1 % | |
| Total assets 2025E, EURm | 595 | | Tax rate 2025E, % | | 21.0 % | | ROCE 2025E, % | | 19.9 % | |
| Goodwill 2025E, EURm | 98 | | Equity ratio 2025E, % | | 57.7 % | | PEG, P/E 25/CAGR | | 2.0 | |

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

Table 1: Estimate summary

| ESTIMATES | 2 023 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | 2 024 | Q1'25 | Q2'25E | Q3'25E | Q4'25E | 2025E | 2026E |
|----------------------------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net sales | 540.4 | 112.1 | 148.4 | 136.6 | 167.5 | 564.6 | 135.6 | 153.0 | 143.4 | 170.3 | 602.2 | 649.7 |
| Weather & Environment | 313.0 | 64.1 | 91.9 | 79.2 | 103.0 | 338.2 | 75.9 | 94.0 | 81.5 | 102.3 | 353.6 | 379.2 |
| Industrial Measurements | 227.3 | 48.0 | 56.5 | 57.4 | 64.6 | 226.5 | 59.7 | 59.0 | 61.9 | 68.0 | 248.6 | 270.5 |
| <i>Net sales growth</i> | <i>5.1%</i> | <i>-14.9%</i> | <i>13.5%</i> | <i>4.8%</i> | <i>13.6%</i> | <i>4.5%</i> | <i>20.9%</i> | <i>3.1%</i> | <i>4.9%</i> | <i>1.7%</i> | <i>6.7%</i> | <i>7.9%</i> |
| <i>Weather & Environment</i> | <i>8.5%</i> | <i>-6.8%</i> | <i>17.8%</i> | <i>3.6%</i> | <i>14.6%</i> | <i>8.0%</i> | <i>18.4%</i> | <i>2.2%</i> | <i>2.9%</i> | <i>-0.6%</i> | <i>4.6%</i> | <i>7.2%</i> |
| <i>Industrial Measurements</i> | <i>0.8%</i> | <i>-23.8%</i> | <i>7.0%</i> | <i>6.4%</i> | <i>12.1%</i> | <i>-0.4%</i> | <i>24.3%</i> | <i>4.4%</i> | <i>7.8%</i> | <i>5.4%</i> | <i>9.8%</i> | <i>8.8%</i> |
| Reported EBIT | 66.6 | 7.1 | 23.7 | 24.1 | 28.0 | 82.9 | 18.0 | 20.4 | 24.4 | 24.4 | 87.1 | 103.5 |
| <i>Reported EBIT margin</i> | <i>12.3%</i> | <i>6.4%</i> | <i>16.0%</i> | <i>17.6%</i> | <i>16.7%</i> | <i>14.7%</i> | <i>13.2%</i> | <i>13.3%</i> | <i>17.0%</i> | <i>14.3%</i> | <i>14.5%</i> | <i>15.9%</i> |
| EBITA | 74.7 | 8.8 | 25.4 | 25.8 | 30.3 | 90.3 | 20.5 | 22.9 | 27.0 | 26.9 | 97.2 | 110.0 |
| Weather & Environment | 27.5 | 2.1 | 12.7 | 10.3 | 16.3 | 41.4 | 7.6 | 10.6 | 10.0 | 13.4 | 41.5 | 47.3 |
| Industrial Measurements | 46.8 | 6.7 | 12.5 | 15.7 | 14.0 | 48.8 | 12.9 | 12.3 | 17.0 | 13.5 | 55.9 | 62.7 |
| Other operations | 0.4 | 0.0 | 0.2 | -0.2 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>EBITA-margin</i> | <i>13.8%</i> | <i>7.8%</i> | <i>17.1%</i> | <i>18.9%</i> | <i>18.1%</i> | <i>16.0%</i> | <i>15.1%</i> | <i>15.0%</i> | <i>18.8%</i> | <i>15.8%</i> | <i>16.1%</i> | <i>16.9%</i> |
| <i>Weather & Environment</i> | <i>8.8%</i> | <i>3.3%</i> | <i>13.8%</i> | <i>13.0%</i> | <i>15.8%</i> | <i>12.2%</i> | <i>9.9%</i> | <i>11.2%</i> | <i>12.2%</i> | <i>13.1%</i> | <i>11.7%</i> | <i>12.5%</i> |
| <i>Industrial Measurements</i> | <i>20.6%</i> | <i>13.9%</i> | <i>22.1%</i> | <i>27.4%</i> | <i>21.6%</i> | <i>21.6%</i> | <i>21.7%</i> | <i>20.9%</i> | <i>27.5%</i> | <i>19.8%</i> | <i>22.5%</i> | <i>23.2%</i> |

Source: Vaisala, Evli Research estimates

Renewable energy market expected to decline in 2025, affecting W&E product sales growth

The renewable energy market outlook was updated from growth to stable in Q3/24. Now the company expects the market to decline during 2025. The renewable energy investments have slowed down, which has negatively affected the company's renewable energy sales and orders received in Q1/25. According to the company, renewable energy sales faced a very strong decline in the quarter. This was notable in W&E's product sales, which declined by 9% in the quarter. The W&E sales grew 18% y/y as the decline in product sales was more than made up for by growth in project sales and subscription sales. Renewable energy has historically been a growth sector for Vaisala as the underlying market has grown at roughly 10% p.a. As a reminder, Vaisala acquired Leosphere in 2018, which is a French manufacturer of remote wind sensing LiDAR instruments for wind energy, aviation, meteorology, and air quality applications. Leosphere had net sales of EUR 27m in 2017 and according to comments made by the management, the topline has grown roughly 3x since the acquisition. While Vaisala doesn't disclose the exact figures, renewable energy was roughly 10–15% of the company's net sales in 2023. In addition to slower wind investment globally, we expect that the slowdown is partly explained by the policy changes in the United States regarding the sector, especially for offshore wind projects. We have lowered our forecasts for W&E product sales to consider this slightly gloomier market outlook. While the renewable energy market slows down, we still see growth drivers for W&E in projects and subscription sales for this year. While the uncertainty is high in the short term and the renewable energy market is expected to decline in 2025, we remain positive on the sector in the long term.

Table 2: Peer group

| VAISALA PEER GROUP | MCAP MEUR | EV/EBITDA | | | EV/EBITA | | | P/E | | |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 25 | 26 | 27 | 25 | 26 | 27 | 25 | 26 | 27 |
| Hexagon | 22395 | 12.2x | 11.2x | 10.4x | 15.1x | 13.6x | 12.5x | 18.8x | 16.7x | 15.1x |
| Keysight Tech | 21848 | 16.7x | 15.0x | | 18.0x | | | 20.1x | 17.8x | |
| Trimble | 13323 | 16.6x | 15.0x | 13.9x | 17.7x | 16.2x | | 21.5x | 18.8x | 16.8x |
| Spectris | 2351 | 8.8x | 8.1x | 7.5x | 10.7x | 9.4x | 8.7x | 12.0x | 10.4x | 9.6x |
| Itron | 4374 | 15.6x | 13.9x | 11.5x | 16.9x | 14.3x | 11.3x | 20.3x | 18.1x | 15.6x |
| FARO Technologies | 528 | 12.5x | 11.3x | | | | | 24.3x | 21.0x | |
| Oxford Instruments | 1145 | 9.8x | 9.2x | | 11.4x | 10.4x | | 15.2x | 13.9x | |
| Sensirion Holding | 1057 | 17.1x | 15.0x | 12.8x | 26.5x | 21.1x | 17.9x | 32.8x | 27.9x | 24.0x |
| Halma | 11940 | 19.8x | 18.5x | 16.7x | 21.6x | 20.2x | | 27.7x | 25.7x | 23.2x |
| Peer Group Average | 9353 | 14.3x | 13.0x | 12.1x | 17.2x | 15.0x | 12.6x | 21.4x | 18.9x | 17.4x |
| Peer Group Median | 4374 | 15.6x | 13.9x | 12.1x | 17.3x | 14.3x | 11.9x | 20.3x | 18.1x | 16.2x |
| Vaisala (Evli est.) | 1669 | 14.6x | 12.9x | 11.5x | 17.1x | 14.8x | 13.2x | 22.1x | 19.2x | 17.6x |

Vaisala prem./disc. to peer med. -4 % -5 % -3 % 1 % 6 % 13 % 12 % 8 % 11 %

Source FactSet, Evli Research

BUY with a TP of EUR
52.0

After only small changes to our estimates, we maintain our TP at EUR 52 and recommendation at BUY. Our valuation of Vaisala is based on Vaisala's peer group, historical valuation levels, and the fair value determined through our DCF model. Vaisala is currently priced at 17–15x EV/EBITA and 22–19x adj. P/E based on our estimates for 2025–2026E. Our target implies EV/EBITA of 18x based on our estimates for 2025–2026E, which we find as more of a neutral level given the company's performance and return figures. Our DCF points towards a fair value of EUR 54.6 per share.

| VALUATION RESULTS | BASE CASE DETAILS | VALUATION ASSUMPTIONS | ASSUMPTIONS FOR WACC |
|--------------------------|------------------------------|-------------------------|----------------------------------|
| Current share price | 46.00 PV of Free Cash Flow | 719 Long-term growth, % | 2.5 % Risk-free interest rate, % |
| DCF share value | 54.64 PV of Horizon value | 1 335 WACC, % | 7.0 % Market risk premium, % |
| Share price potential, % | 18.8 % Unconsolidated equity | 0 Spread, % | 0.5 % Debt risk premium % |
| Maximum value | 61.6 Marketable securities | 89 Minimum WACC, % | 6.5 % Equity beta coefficient |
| Minimum value | 49.1 Debt – dividend | –160 Maximum WACC, % | 7.5 % Target debt ratio, % |
| Horizon value, % | 65.0 % Value of stock | 1 983 No. of shares, Mn | 36.3 Effective tax rate, % |

| DCF valuation, EURm | 2024 | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | TERMINAL |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------|
| Net sales | 565 | 602 | 650 | 685 | 720 | 756 | 786 | 809 | 834 | 855 | 876 | 898 |
| Sales growth (%) | 4.5% | 6.7% | 7.9% | 5.5% | 5.0% | 5.0% | 4.0% | 3.0% | 3.0% | 2.5% | 2.5% | 2.5% |
| Operating income (EBIT) | 83 | 87 | 104 | 113 | 119 | 125 | 130 | 130 | 133 | 137 | 140 | 144 |
| Operating income margin % | 14.7% | 14.5% | 15.9% | 16.5% | 16.5% | 16.5% | 16.5% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% |
| + Depreciation+amort. | 24 | 27 | 24 | 23 | 22 | 21 | 20 | 19 | 18 | 18 | 17 | |
| EBITDA | 107 | 114 | 128 | 136 | 141 | 146 | 150 | 148 | 152 | 154 | 157 | |
| – Paid taxes | –20 | –18 | –22 | –24 | –25 | –26 | –27 | –27 | –28 | –29 | –29 | |
| – Change in NWC | –1 | –5 | –7 | –5 | –5 | –5 | –4 | –3 | –4 | –3 | –3 | |
| NWC / Sales, % | 12.3% | 12.5% | 12.6% | 12.7% | 12.8% | 12.9% | 12.9% | 13.0% | 13.0% | 13.1% | 13.1% | |
| + Change in other liabs | 5 | | | | | | | | | | | |
| – Operative CAPEX | –119 | –9 | –12 | –11 | –11 | –10 | –10 | –10 | –10 | –9 | –10 | |
| opCAPEX / Sales, % | 23.4% | 2.2% | 3.3% | 2.1% | 2.1% | 1.9% | 1.7% | 1.6% | 1.5% | 1.4% | 1.4% | |
| – Acquisitions | | | | | | | | | | | | |
| + Divestments | | | | | | | | | | | | |
| – Other items | | | | | | | | | | | | |
| = FCFF | –29 | 81 | 87 | 96 | 100 | 104 | 108 | 108 | 110 | 113 | 114 | 2 579 |
| = Discounted FCFF | | 77 | 78 | 80 | 78 | 76 | 73 | 68 | 65 | 63 | 59 | 1 335 |
| = DFCF min WACC | | 78 | 79 | 81 | 80 | 78 | 75 | 71 | 68 | 65 | 62 | 1 571 |
| = DFCF max WACC | | 77 | 77 | 79 | 77 | 74 | 71 | 66 | 63 | 60 | 56 | 1 150 |

Sensitivity analysis, EUR

| | | Terminal WACC | | | | |
|-----------------|---------|---------------|--------|--------|--------|--------|
| | | 5.03 % | 6.03 % | 7.03 % | 8.03 % | 9.03 % |
| Terminal EBIT–% | 14.00 % | 86.75 | 62.56 | 48.99 | 40.28 | 34.20 |
| | 15.00 % | 92.83 | 66.53 | 51.81 | 42.39 | 35.84 |
| | 16.00 % | 98.91 | 70.51 | 54.64 | 44.51 | 37.48 |
| | 17.00 % | 104.99 | 74.49 | 57.47 | 46.63 | 39.12 |
| | 18.00 % | 111.07 | 78.46 | 60.30 | 48.75 | 40.76 |

INTERIM FIGURES

| EVLI ESTIMATES, EURm | 2024Q1 | 2024Q2 | 2024Q3 | 2024Q4 | 2024 | 2025Q1 | 2025Q2E | 2025Q3E | 2025Q4E | 2025E | 2026E | 2027E |
|----------------------------|---------------|---------------|---------------|---------------|--------------|---------------|----------------|----------------|----------------|--------------|--------------|--------------|
| Net sales | 112.1 | 148.4 | 136.6 | 167.5 | 564.6 | 135.6 | 153.0 | 143.4 | 170.3 | 602.2 | 649.7 | 685.4 |
| EBITDA | 12.8 | 29.4 | 29.9 | 34.5 | 106.5 | 25.0 | 27.0 | 31.1 | 31.0 | 114.0 | 128.0 | 136.2 |
| <i>EBITDA margin (%)</i> | <i>11.4%</i> | <i>19.8%</i> | <i>21.9%</i> | <i>20.6%</i> | <i>18.9%</i> | <i>18.4%</i> | <i>17.6%</i> | <i>21.7%</i> | <i>18.2%</i> | <i>18.9%</i> | <i>19.7%</i> | <i>19.9%</i> |
| EBIT | 7.1 | 23.7 | 24.1 | 28.0 | 82.9 | 18.0 | 20.4 | 24.4 | 24.4 | 87.1 | 103.5 | 113.1 |
| <i>EBIT margin (%)</i> | <i>6.4%</i> | <i>16.0%</i> | <i>17.6%</i> | <i>16.7%</i> | <i>14.7%</i> | <i>13.2%</i> | <i>13.3%</i> | <i>17.1%</i> | <i>14.3%</i> | <i>14.5%</i> | <i>15.9%</i> | <i>16.5%</i> |
| Net financial items | -0.5 | -0.6 | 0.3 | -1.4 | -2.1 | -2.7 | -0.5 | -0.5 | -0.5 | -4.2 | -1.5 | -0.8 |
| Pre-tax profit | 6.6 | 23.2 | 24.4 | 26.6 | 80.8 | 15.3 | 19.9 | 23.9 | 23.9 | 82.9 | 102.0 | 112.3 |
| Tax | -1.5 | -5.2 | -5.2 | -5.2 | -17.0 | -3.2 | -4.2 | -5.0 | -5.0 | -17.4 | -21.4 | -23.6 |
| <i>Tax rate (%)</i> | <i>21.8%</i> | <i>22.6%</i> | <i>21.3%</i> | <i>19.4%</i> | <i>21.1%</i> | <i>21.0%</i> | <i>21.0%</i> | <i>21.0%</i> | <i>21.0%</i> | <i>21.0%</i> | <i>21.0%</i> | <i>21.0%</i> |
| Net profit | 5.2 | 17.9 | 19.2 | 21.4 | 63.7 | 12.1 | 15.7 | 18.9 | 18.8 | 65.5 | 80.6 | 88.7 |
| EPS | 0.14 | 0.49 | 0.53 | 0.59 | 1.76 | 0.33 | 0.43 | 0.52 | 0.52 | 1.80 | 2.22 | 2.44 |
| EPS adj. (diluted) | 0.14 | 0.49 | 0.53 | 0.59 | 1.76 | 0.33 | 0.43 | 0.52 | 0.52 | 1.80 | 2.22 | 2.44 |
| Dividend per share | | | | | 0.85 | | | | | 0.95 | 1.15 | 1.22 |
| SALES, EURm | 2024Q1 | 2024Q2 | 2024Q3 | 2024Q4 | 2024 | 2025Q1 | 2025Q2E | 2025Q3E | 2025Q4E | 2025E | 2026E | 2027E |
| Weather and Environment | 64.1 | 91.9 | 79.2 | 103.0 | 338.2 | 75.9 | 94.0 | 81.5 | 102.3 | 353.6 | 379.2 | 400.1 |
| Industrial Measurements | 48.0 | 56.5 | 57.4 | 64.6 | 226.5 | 59.7 | 59.0 | 61.9 | 68.0 | 248.6 | 270.5 | 285.4 |
| Total | 112.1 | 148.4 | 136.6 | 167.5 | 564.6 | 135.6 | 153.0 | 143.4 | 170.3 | 602.2 | 649.7 | 685.4 |
| SALES GROWTH, Y/Y % | 2024Q1 | 2024Q2 | 2024Q3 | 2024Q4 | 2024 | 2025Q1 | 2025Q2E | 2025Q3E | 2025Q4E | 2025E | 2026E | 2027E |
| Weather and Environment | -6.8% | 17.8% | 3.6% | 14.6% | 8.0% | 18.4% | 2.2% | 2.9% | -0.6% | 4.6% | 7.2% | 5.5% |
| Industrial Measurements | -23.8% | 7.0% | 6.4% | 12.1% | -0.4% | 24.3% | 4.4% | 7.8% | 5.4% | 9.8% | 8.8% | 5.5% |
| Total | -15.0% | 13.5% | 4.8% | 13.6% | 4.5% | 21.0% | 3.1% | 4.9% | 1.7% | 6.7% | 7.9% | 5.5% |
| EBIT, EURm | 2024Q1 | 2024Q2 | 2024Q3 | 2024Q4 | 2024 | 2025Q1 | 2025Q2E | 2025Q3E | 2025Q4E | 2025E | 2026E | 2027E |
| Weather and Environment | 0.6 | 11.2 | 8.8 | 14.2 | 34.8 | 5.2 | 8.2 | 7.6 | 11.1 | 32.1 | 41.8 | 66.0 |
| Industrial Measurements | 6.5 | 12.3 | 15.5 | 13.7 | 47.9 | 12.7 | 12.1 | 16.8 | 13.3 | 55.0 | 61.7 | 47.1 |
| Other | 0.0 | 0.2 | -0.2 | 0.1 | 0.1 | | | | | | | |
| Total | 7.1 | 23.7 | 24.1 | 28.0 | 82.9 | 18.0 | 20.4 | 24.4 | 24.4 | 87.1 | 103.5 | 113.1 |
| EBIT margin % | 2024Q1 | 2024Q2 | 2024Q3 | 2024Q4 | 2024 | 2025Q1 | 2025Q2E | 2025Q3E | 2025Q4E | 2025E | 2026E | 2027E |
| Weather and Environment | 1.0% | 12.2% | 11.1% | 13.8% | 10.3% | 6.9% | 8.8% | 9.4% | 10.8% | 9.1% | 11.0% | 16.5% |
| Industrial Measurements | 13.5% | 21.8% | 27.0% | 21.2% | 21.2% | 21.3% | 20.6% | 27.2% | 19.5% | 22.1% | 22.8% | 16.5% |
| Other | 100.0% | 100.0% | -100.0% | 100.0% | 100.0% | | | | | | | |
| Total | 6.4% | 16.0% | 17.6% | 16.7% | 14.7% | 13.2% | 13.3% | 17.1% | 14.3% | 14.5% | 15.9% | 16.5% |

| INCOME STATEMENT, EURm | 2020 | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Sales | 379.5 | 437.9 | 514.1 | 540.4 | 564.6 | 602.2 | 649.7 | 685.4 |
| <i>Sales growth (%)</i> | -6.0% | 15.4% | 17.4% | 5.1% | 4.5% | 6.7% | 7.9% | 5.5% |
| EBITDA | 65.9 | 71.7 | 85.4 | 90.8 | 106.5 | 114.0 | 128.0 | 136.2 |
| <i>EBITDA margin (%)</i> | 17.4% | 16.4% | 16.6% | 16.8% | 18.9% | 18.9% | 19.7% | 19.9% |
| Depreciation | -21.1 | -21.6 | -22.9 | -24.2 | -23.6 | -26.9 | -24.5 | -23.1 |
| Goodwill amortization / writedown | | | | | | | | |
| EBIT | 44.8 | 50.1 | 62.5 | 66.6 | 82.9 | 87.1 | 103.5 | 113.1 |
| <i>EBIT margin (%)</i> | 11.8% | 11.5% | 12.2% | 12.3% | 14.7% | 14.5% | 15.9% | 16.5% |
| Reported EBIT | 44.8 | 50.1 | 62.5 | 66.6 | 82.9 | 87.1 | 103.5 | 113.1 |
| <i>EBIT margin (reported) (%)</i> | 11.8% | 11.5% | 12.2% | 12.3% | 14.7% | 14.5% | 15.9% | 16.5% |
| Net financials | -3.4 | -2.1 | -2.9 | -3.4 | -2.1 | -4.2 | -1.5 | -0.8 |
| Pre-tax profit | 41.4 | 48.1 | 59.6 | 63.2 | 80.8 | 82.9 | 102.0 | 112.3 |
| Taxes | -8.5 | -8.8 | -14.5 | -14.3 | -17.0 | -17.4 | -21.4 | -23.6 |
| Minority shares | | -0.3 | | | | | | |
| Net profit | 32.9 | 39.0 | 45.1 | 48.9 | 63.7 | 65.5 | 80.6 | 88.7 |
| Cash NRIs | | | | | | | | |
| Non-cash NRIs | | | | | | | | |
| BALANCE SHEET, EURm | | | | | | | | |
| Assets | | | | | | | | |
| Fixed assets | 86 | 96 | 99 | 98 | 109 | 105 | 105 | 104 |
| Goodwill | 30 | 29 | 49 | 46 | 98 | 98 | 98 | 98 |
| Right of use assets | 13 | 11 | 12 | 13 | 21 | 21 | 26 | 24 |
| Inventory | 45 | 50 | 62 | 59 | 58 | 62 | 67 | 70 |
| Receivables | 93 | 107 | 131 | 113 | 148 | 158 | 171 | 180 |
| Liquid funds | 45 | 78 | 56 | 90 | 89 | 95 | 102 | 119 |
| Total assets | 352 | 408 | 440 | 443 | 589 | 595 | 617 | 638 |
| Liabilities | | | | | | | | |
| Shareholders' equity | 205 | 230 | 251 | 268 | 309 | 343 | 389 | 436 |
| Minority interest | 0 | 1 | | | | | | |
| Convertibles | | | | | | | | |
| Lease liabilities | 9 | 8 | 11 | 12 | 25 | 21 | 26 | 24 |
| Deferred taxes | 8 | 7 | 4 | 3 | 5 | 5 | 5 | 5 |
| Interest bearing debt | 45 | 40 | 53 | 52 | 105 | 72 | 32 | |
| Non-interest bearing current liabilities | 76 | 116 | 111 | 97 | 124 | 132 | 143 | 151 |
| Other interest-free debt | 8 | 7 | 7 | 10 | 21 | 21 | 21 | 21 |
| Total liabilities | 352 | 408 | 440 | 443 | 589 | 595 | 617 | 638 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 66 | 72 | 85 | 91 | 107 | 114 | 128 | 136 |
| - Net financial items | -3 | -2 | -3 | -3 | -2 | -4 | -2 | -1 |
| - Taxes | -8 | -9 | -15 | -14 | -20 | -17 | -21 | -24 |
| - Increase in Net Working Capital | -8 | 17 | -38 | 11 | -1 | -5 | -7 | -5 |
| +/- Other | -6 | 3 | 0 | | | | | |
| = Cash flow from operations | 41 | 80 | 30 | 84 | 84 | 87 | 98 | 107 |
| - Capex | -35 | -22 | -19 | -16 | -132 | -13 | -21 | -14 |
| - Acquisitions | | | -23 | | | | | |
| + Divestments | | | | | | | | |
| = Free cash flow | 6 | 58 | -12 | 68 | -48 | 74 | 77 | 92 |
| +/- New issues/buybacks | -4 | 8 | 0 | -6 | 4 | | | |
| - Paid dividend | 22 | 25 | 26 | 27 | 31 | 34 | 42 | 44 |
| +/- Other | 9 | -12 | 15 | -2 | 70 | -37 | -35 | -34 |
| Change in cash | -11 | 33 | -22 | 35 | -2 | 6 | 7 | 17 |

| KEY FIGURES | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|--|--------|--------|-------|-------|-------|--------|--------|
| M-cap | 1 924 | 1 437 | 1 439 | 1 756 | 1 669 | 1 669 | 1 669 |
| Net debt (excl. convertibles) | -30 | 8 | -26 | 41 | -2 | -45 | -95 |
| Enterprise value | 1 899 | 1 445 | 1 413 | 1 797 | 1 667 | 1 624 | 1 574 |
| Sales | 438 | 514 | 540 | 565 | 602 | 650 | 685 |
| EBITDA | 72 | 85 | 91 | 107 | 114 | 128 | 136 |
| EBIT | 50 | 63 | 67 | 83 | 87 | 104 | 113 |
| Pre-tax | 48 | 60 | 63 | 81 | 83 | 102 | 112 |
| Earnings | 39 | 45 | 49 | 64 | 65 | 81 | 89 |
| Equity book value (excl. minorities) | 230 | 251 | 268 | 309 | 343 | 389 | 436 |
| Valuation multiple | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
| EV/Sales | 4.3 | 2.8 | 2.6 | 3.2 | 2.8 | 2.5 | 2.3 |
| EV/EBITDA | 26.5 | 16.9 | 15.6 | 16.9 | 14.6 | 12.7 | 11.6 |
| EV/EBIT | 37.9 | 23.1 | 21.2 | 21.7 | 19.1 | 15.7 | 13.9 |
| EV/OCF | 23.7 | 48.5 | 16.8 | 21.5 | 19.2 | 16.5 | 14.8 |
| EV/FCF | 30.3 | -308.4 | 19.2 | -61.8 | 20.6 | 18.6 | 16.3 |
| P/FCFR | 33.0 | -116.8 | 21.0 | -36.4 | 22.6 | 21.7 | 18.1 |
| P/E | 49.4 | 31.6 | 29.4 | 27.5 | 25.5 | 20.7 | 18.8 |
| P/BV | 8.4 | 5.7 | 5.4 | 5.7 | 4.9 | 4.3 | 3.8 |
| Target EV/EBITDA | | | | | 16.5 | 14.4 | 13.2 |
| Target EV/EBIT | | | | | 21.6 | 17.8 | 15.8 |
| Target EV/FCFF | | | | | 25.6 | 23.9 | 19.4 |
| Target P/BV | | | | | 5.5 | 4.8 | 4.3 |
| Target P/E, diluted | 34.1 | 31.2 | 30.1 | 31.6 | 28.8 | 23.4 | 21.3 |
| Per share measures | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
| Number of shares (million) | 36.10 | 36.02 | 36.25 | 36.28 | 36.28 | 36.28 | 36.28 |
| Number of shares (diluted, million) | 36.10 | 36.02 | 36.25 | 36.28 | 36.28 | 36.28 | 36.28 |
| EPS | 1.08 | 1.25 | 1.35 | 1.76 | 1.80 | 2.22 | 2.44 |
| Operating cash flow per share | 2.22 | 0.83 | 2.32 | 2.31 | 2.40 | 2.71 | 2.94 |
| Free cash flow per share | 1.62 | -0.34 | 1.89 | -1.33 | 2.03 | 2.12 | 2.55 |
| Book value per share | 6.36 | 6.96 | 7.39 | 8.50 | 9.46 | 10.73 | 12.02 |
| Dividend per share | 0.68 | 0.72 | 0.75 | 0.85 | 0.95 | 1.15 | 1.22 |
| Dividend payout ratio, % | 63.0% | 57.5% | 55.6% | 48.4% | 52.6% | 51.8% | 50.0% |
| Dividend yield, % | 1.3% | 1.8% | 1.9% | 1.8% | 2.1% | 2.5% | 2.7% |
| FCF yield, % | 3.0% | -0.9% | 4.8% | -2.8% | 4.4% | 4.6% | 5.5% |
| Efficiency measures | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
| ROE | 17.9% | 18.8% | 18.9% | 22.1% | 20.1% | 22.0% | 21.5% |
| ROCE | 18.6% | 21.2% | 20.7% | 21.5% | 19.9% | 23.5% | 24.9% |
| Financial ratios | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
| Inventories as % of sales | 11.4% | 12.0% | 10.9% | 10.2% | 10.2% | 10.2% | 10.2% |
| Receivables as % of sales | 24.4% | 25.5% | 20.8% | 26.3% | 26.3% | 26.3% | 26.3% |
| Non-int. bearing liabilities as % of sales | 26.6% | 21.6% | 18.0% | 22.0% | 22.0% | 22.0% | 22.0% |
| NWC/sales, % | 8.6% | 15.4% | 12.6% | 12.3% | 12.5% | 12.6% | 12.7% |
| Operative CAPEX/Sales, % | 4.9% | 3.7% | 2.9% | 23.4% | 2.2% | 3.3% | 2.1% |
| CAPEX/sales (incl. acquisitions), % | 4.9% | -0.8% | 2.9% | 23.4% | 2.2% | 3.3% | 2.1% |
| FCFF/EBITDA | 0.9 | -0.1 | 0.8 | -0.3 | 0.7 | 0.7 | 0.7 |
| Net Debt/EBITDA, book-weighted | -0.4 | 0.1 | -0.3 | 0.4 | 0.0 | -0.3 | -0.7 |
| Debt/equity, market-weighted | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | |
| Equity ratio, book-weighted | 0.6 | 0.6 | 0.6 | 0.5 | 0.6 | 0.6 | 0.7 |
| Gearing, % | -13.1% | 3.2% | -9.7% | 13.2% | -0.6% | -11.5% | -21.9% |

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. We also see multiple profitable growth drivers for W&E including the ongoing improvement in the legacy product and project business, increasing share of renewable product sales and growth in SaaS/DaaS business backed by recently made acquisitions and goal to turn to profit in the business during the current strategy period. The healthy business and strong balance sheet position supports the ability to pay an increasing dividend.

| OWNERSHIP STRUCTURE | SHARES | EURm | % |
|--|------------|----------|--------|
| Skandinaviska Enskilda Banken Ab | 3 776 358 | 173.712 | 10.4 % |
| Weisell-Säätiö Sr | 1 654 370 | 76.101 | 4.6 % |
| Voipio Mikko | 1 440 000 | 66.240 | 4.0 % |
| Citibank Europe Plc | 1 231 315 | 56.640 | 3.4 % |
| Ilmarinen Mutual Pension Insurance Company | 1 124 000 | 51.704 | 3.1 % |
| Caspers Anja | 969 496 | 44.597 | 2.7 % |
| Voipio Raimo Hannes | 920 478 | 42.342 | 2.5 % |
| Voipio Tauno | 837 824 | 38.540 | 2.3 % |
| Ten largest | 11 953 841 | 549.877 | 32.9 % |
| Residual | 24 330 738 | 1119.214 | 67.1 % |
| Total | 36 284 579 | 1669.091 | 100% |

EARNINGS CALENDAR

| | |
|------------------|-----------|
| July 25, 2025 | Q2 report |
| October 23, 2025 | 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 $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$ | 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 rate per year |
| ROE, % $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$ | |

Important Disclosures

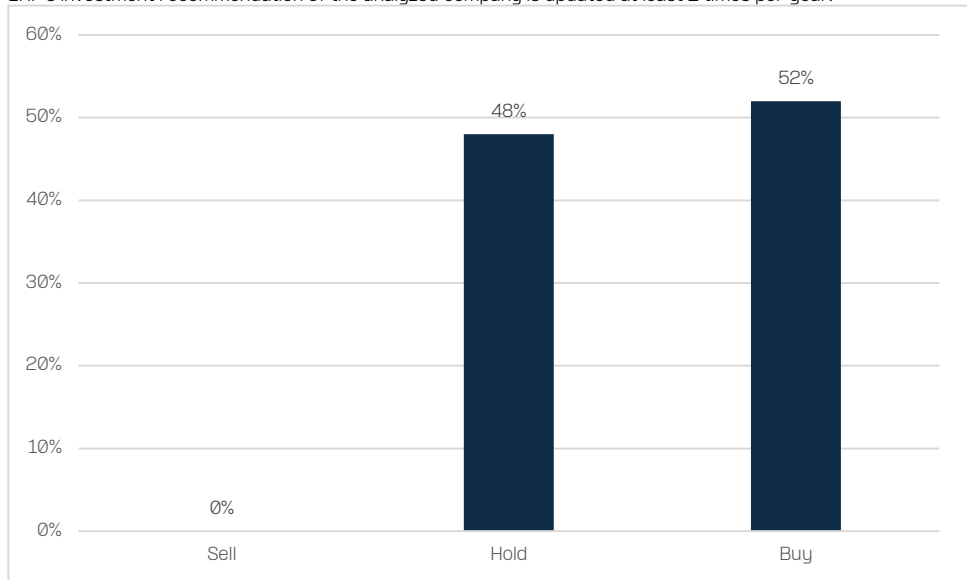
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| Target price compared to share price | Recommendation |
|--------------------------------------|----------------|
| < -10 % | SELL |
| -10 - 0 % | RECUDE |
| 0 - (+10) % | ACCUMULATE |
| > 10 % | BUY |

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

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