

Pressure on profitability in 2019

Vaisala's dividend proposal was in-line with expectations, but outlook was slightly weaker than expected. Due to increase in R&D and sales & marketing spend, we've cut our EBIT estimates for 2019. We maintain HOLD recommendation with new target price of EUR 18 (prev. 19).

Outlook for 2019

Vaisala expects market for traditional weather solutions to be flat in 2019, while market for industrial measurement solutions is expected to continue to grow in all regions. Increasing investments in R&D and sales & marketing are expected to burden profitability in 2019. Vaisala estimates its full-year 2019 net sales to be in the range of EUR 380–400 million and its operating result (EBIT) to be in the range of EUR 25–35 million including EUR 10–12 million acquisition related amortization and one-off expenses related to a lease contract. The new outlook with an adjusted EBIT range of EUR 35–47m was slightly weaker than what we had expected; our previous EBIT estimate of EUR 45m (46m cons) being in the higher end of the range.

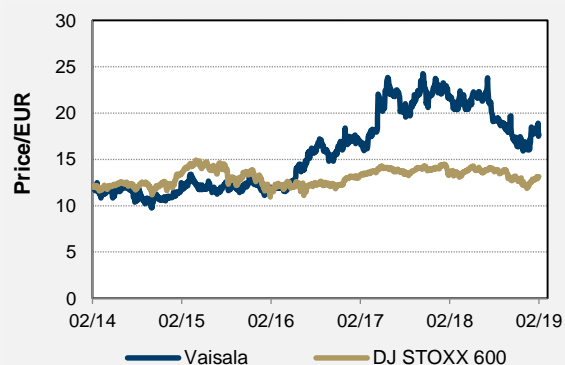
Estimates revised down for 2019

We expect Vaisala's 2019E net sales to be EUR 385m representing +10% growth y/y. Sales growth will be driven by the recent acquisitions, Leosphere and K-Patents, which we estimate to add around 24 MEUR and 12 MEUR to top line in 2019E. We've adjusted our 2019E EBIT estimates downwards to reflect increase in R&D and sales & marketing spend. We estimate 2019E reported EBIT to be EUR 31m (EUR 42m adjusted for EUR 11m PPA and one-off expenses). For 2020-21 we expect 3.6% and 4.3% growth, with operating margin improving to 11.6% and 11.8% respectively.

HOLD maintained with new TP of 18 (prev. 19)

On our revised estimates Vaisala is trading at adj. EV/EBIT and EV/EBITDA multiples that are ~10% lower than our peer group, but we see this as fair given the near-term weaker outlook. We maintain HOLD recommendation with TP of EUR 18 (prev. 19).

Rating

■ HOLD


Share price, EUR (Last trading day's closing price) 17.70

Target price, EUR 18.0

Latest change in 11-Jun-18

Latest report on company 15-Jan-19

Research paid by issuer: YES

No. of shares outstanding, '000's 35,790

No. of shares fully diluted, '000's 35,790

Market cap, EURm 633

Free float, % -

Exchange rate EUR/USD -

Reuters code VAIAS.HE

Bloomberg code VAIAS FH

Average daily volume, EURm -

Next interim report 24-Apr-19

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+ BUY ■ HOLD - SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	333	41	12.3%	38	0.76	29.3	2.1	15.5	17.2	1.05
2018	349	39	11.2%	38	0.83	22.2	1.8	-86.7	16.1	0.58
2019E	385	31	8.0%	31	0.69	25.7	1.6	13.4	19.5	0.60
2020E	399	46	11.6%	46	0.97	18.3	1.5	15.1	13.1	0.65
2021E	416	49	11.8%	49	1.03	17.2	1.4	13.8	12.1	0.70

Market cap, EURm	633	BV per share 2019E, EUR	5.2	CAGR EPS 2018-21, %	7.6
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Net debt 2019E, EURm	-32	Price/book 2019E	3.4	CAGR sales 2018-21, %	6.0
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Enterprise value, EURm	602	Dividend yield 2019E, %	3.4	ROE 2019E, %	13.3
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Total assets 2019E, EURm	356	Tax rate 2019E, %	20.0	ROCE 2019E, %	13.4
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Goodwill 2019E, EURm	55	Equity ratio 2019E, %	52.5	PEG, P/E 19/CAGR	1.3
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All the important disclosures can be found on the last pages of this report.

VAISALA PEER GROUP	Security identifier	MCAP MEUR	EBIT %	EBIT %	EBIT %	EBITDA %	EBITDA %	EBITDA %	ROCE %	ROCE %	ROCE %
			19E	20E	21E	19E	20E	21E	19E	20E	21E
Keysight Technologies	KEYS-US	13124	20.6	21.5	22.3	23.4	24.6	23.1	15.5	14.9	
National Instruments Corp.	NATI-US	5333	17.0	18.1	16.1	20.5	21.6	19.4	15.4	15.7	
Spectris	SXS-GB	3482	15.3	15.8	0.0	17.9	18.2		15.5	15.9	
Oxford Instruments	OXIG-GB	651	15.7	15.9		18.2	18.7	19.0	20.5	20.3	
Trimble	TRMB-US	8680	21.1	21.5	22.8	22.8	23.2	24.5	16.3	16.2	
Hexagon	HEXA.B-SE	16124	25.2	25.9	26.4	32.3	32.8	33.2	12.2	12.5	12.3
Peer Group Average		7899	19.2	19.8	21.9	22.5	23.2	23.8	15.9	15.9	12.3
Peer Group Median		7006	18.8	19.8	22.6	21.6	22.4	23.1	15.5	15.8	12.3
Vaisala (Evli est.)		633	8.0	11.6	11.8	14.8	13.8	14.4	13.4	18.9	19.1
<i>Premium/discount to peer median</i>			<i>-57%</i>	<i>-41%</i>	<i>-48%</i>	<i>-31%</i>	<i>-38%</i>	<i>-38%</i>	<i>-13%</i>	<i>19%</i>	<i>54%</i>

	Security identifier	MCAP MEUR	ROE %	ROE %	ROE %	DIV %	DIV %	DIV %	P/E	P/E	P/E
			19E	20E	21E	19E	20E	21E	19E	20E	21E
Keysight Technologies	KEYS-US	13124	28	27	25	0.0	0.0	0.0	20.8x	18.5x	16.3x
National Instruments Corp.	NATI-US	5333	13	14	15	2.2	2.5	2.6	37.7x	32.0x	28.3x
Spectris	SXS-GB	3482	17	16		2.4	2.6		15.6x	14.5x	
Oxford Instruments	OXIG-GB	651	19	17	15	1.4	1.5	1.6	15.3x	14.5x	14.1x
Trimble	TRMB-US	8680	17	17	17	0.0	0.0	0.0	18.7x	16.7x	14.9x
Hexagon	HEXA.B-SE	16124	15	15	16	1.4	1.6	1.7	19.8x	18.3x	16.8x
Peer Group Average		7899	18.1	17.9	17.5	1.2	1.3	1.2	21.3x	19.1x	18.1x
Peer Group Median		7006	16.7	16.7	15.5	1.4	1.5	1.6	19.2x	17.5x	16.3x
Vaisala (Evli est.)		633	13.3	17.9	17.8	3.4	3.7	4.0	25.7	18.3	17.2
<i>Premium/discount to peer median</i>			<i>-20%</i>	<i>7%</i>	<i>15%</i>	<i>136%</i>	<i>140%</i>	<i>146%</i>	<i>34%</i>	<i>4%</i>	<i>5%</i>

	Security identifier	MCAP MEUR	EV/S	EV/S	EV/S	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT
			19E	20E	21E	19E	20E	21E	19E	20E	21E
Keysight Technologies	KEYS-US	13124	3.7x	3.4x	3.0x	15.7x	13.9x	13.0x	17.8x	16.0x	13.5x
National Instruments Corp.	NATI-US	5333	4.0x	3.7x	3.3x	19.6x	17.0x	17.0x	23.7x	20.3x	20.5x
Spectris	SXS-GB	3482	1.9x	1.8x		10.7x	9.9x		12.6x	11.4x	
Oxford Instruments	OXIG-GB	651	1.7x	1.6x	1.5x	9.5x	8.7x	7.7x	11.0x	10.2x	9.3x
Trimble	TRMB-US	8680	3.3x	3.0x	2.7x	14.3x	12.8x	11.0x	15.4x	13.8x	11.8x
Hexagon	HEXA.B-SE	16124	4.4x	4.0x	3.7x	13.5x	12.2x	11.0x	17.3x	15.5x	13.8x
Peer Group Average		7899	3.2x	2.9x	2.8x	13.9x	12.4x	11.9x	16.3x	14.5x	13.8x
Peer Group Median		7006	3.5x	3.2x	3.0x	13.9x	12.5x	11.0x	16.4x	14.7x	13.5x
Vaisala (Evli est.)		633	1.6x	1.5x	1.4x	10.5x	11.0x	9.9x	19.5x	13.1x	12.1x
<i>Premium/discount to peer median</i>			<i>-55%</i>	<i>-53%</i>	<i>-53%</i>	<i>-24%</i>	<i>-12%</i>	<i>-10%</i>	<i>19%</i>	<i>-11%</i>	<i>-10%</i>

	Security identifier	MCAP MEUR	Sales growth	Sales growth	Sales growth	Net debt / EBITDA	Net debt / EBITDA	Net debt / EBITDA	Equity ratio %	Equity ratio %	Equity ratio %
			19E	20E	21E	19E	20E	21E	19E	20E	21E
Keysight Technologies	KEYS-US	13124	7.7%	7.6%	11.2%	0.6x	0.7x	0.3x	42.8	48.5	
National Instruments Corp.	NATI-US	5333	3.5%	8.1%	10.1%	-1.2x	-1.3x	-1.6x	73.3	72.7	
Spectris	SXS-GB	3482	4.6%	2.8%	0.0%	0.5x	0.1x		64.2	65.8	
Oxford Instruments	OXIG-GB	651	3.5%	3.2%		-0.2x	-0.5x	-1.0x	61.3	65.4	
Trimble	TRMB-US	8680	8.3%	7.5%	3.5%	1.6x	1.2x	0.4x	51.8	51.5	
Hexagon	HEXA.B-SE	16124	7.4%	5.5%	6.5%	1.2x	0.7x	0.3x	56.9	59.0	60.1
Peer Group Average		7899	5.8%	5.8%	7.8%	0.4x	0.2x	-0.3x	58.4	60.5	60.1
Peer Group Median		7006	6.0%	6.5%	8.3%	0.6x	0.4x	0.3x	59.1	62.2	60.1
Vaisala (Evli est.)		633	10.4%	3.6%	4.3%	-0.6x	-0.5x	-0.7x	52.5	52.8	54.9
<i>Premium/discount to peer median</i>			<i>74%</i>	<i>-45%</i>	<i>-48%</i>	<i>-199%</i>	<i>-228%</i>	<i>-323%</i>	<i>-11%</i>	<i>-15%</i>	<i>-9%</i>

	Security identifier	MCAP MEUR	P/B	P/B	P/B
			19E	20E	21E
Keysight Technologies	KEYS-US	13124	5.7	4.6	3.7
National Instruments Corp.	NATI-US	5333	4.6	4.4	4.2
Spectris	SXS-GB	3482	2.5	2.3	
Oxford Instruments	OXIG-GB	651	2.8	2.2	1.9
Trimble	TRMB-US	8680	3.0	2.7	2.4
Hexagon	HEXA.B-SE	16124	2.9	2.6	2.6
Peer Group Average		7899	3.6	3.1	3.0
Peer Group Median		7006	3.0	2.7	2.6
Vaisala (Evli est.)		633	3.4	3.2	3.0
<i>Premium/discount to peer median</i>			<i>15%</i>	<i>19%</i>	<i>15%</i>

Source: Factset, Evli Research

Updated on February 14, 2019

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	17.70 PV of Free Cash Flow	256 Long-term growth, %	2.5 Risk-free interest rate, %
DCF share value	22.17 PV of Horizon value	505 WACC, %	7.4 Market risk premium, %
Share price potential, %	25.3 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %
Maximum value	22.2 Marketable securities	73 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	22.2 Debt - dividend	-40 Maximum WACC, %	7.4 Target debt ratio, %
Horizon value, %	66.4 Value of stock	794 Nr of shares, Mn	35.8 Effective tax rate, %

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	349	385	399	416	433	450	468	484	499	514	527	540
<i>Sales growth, %</i>	<i>4.9</i>	<i>10.4</i>	<i>3.6</i>	<i>4.3</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>3.5</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	39	31	46	49	56	58	61	63	65	67	68	70
<i>EBIT margin, %</i>	<i>11.2</i>	<i>8.0</i>	<i>11.6</i>	<i>11.8</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>
+ Depreciation+amort.	12	26	9	11	11	11	11	11	11	11	11	
- Income taxes	-2	-6	-12	-12	-14	-15	-15	-16	-16	-17	-17	
- Change in NWC	-4	-4	-1	-2	-2	-2	-2	-2	-2	-2	-1	
<i>NWC / Sales, %</i>	<i>10.1</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	
+ Change in other liabs	5	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-66	-27	-24	-11	-11	-11	-11	-11	-11	-11	-12	-12
<i>Investments / Sales, %</i>	<i>18.9</i>	<i>7.0</i>	<i>6.0</i>	<i>2.6</i>	<i>2.5</i>	<i>2.5</i>	<i>2.4</i>	<i>2.3</i>	<i>2.2</i>	<i>2.2</i>	<i>2.2</i>	<i>2.2</i>
- Other items	-53	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	-69	20	18	35	40	42	44	45	47	48	49	1,027
= Discounted FCF (DFCF)		19	16	28	31	30	29	28	27	26	24	505
= DFCF min WACC		19	16	28	31	30	29	28	27	26	24	505
= DFCF max WACC		19	16	28	31	30	29	28	27	26	24	505

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1E	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	76	80	84	108	349	87	94	97	107	385	399	416
EBITDA	8	7	17	20	51	9	9	15	24	57	55	60
<i>EBITDA margin (%)</i>	<i>10.4</i>	<i>8.5</i>	<i>19.9</i>	<i>18.2</i>	<i>14.7</i>	<i>10.1</i>	<i>9.7</i>	<i>15.1</i>	<i>22.9</i>	<i>14.8</i>	<i>13.8</i>	<i>14.4</i>
EBIT	6	5	15	14	39	2	3	8	18	31	46	49
<i>EBIT margin (%)</i>	<i>7.5</i>	<i>5.9</i>	<i>17.4</i>	<i>12.9</i>	<i>11.2</i>	<i>2.6</i>	<i>2.7</i>	<i>8.3</i>	<i>16.7</i>	<i>8.0</i>	<i>11.6</i>	<i>11.8</i>
Net financial items	-1	0	0	0	-1	0	0	0	0	0	0	0
Pre-tax profit	5	5	14	14	38	2	3	8	18	31	46	49
Tax	-1	-1	-3	-3	-8	0	-1	-2	-4	-6	-12	-12
<i>Tax rate (%)</i>	<i>22.2</i>	<i>22.0</i>	<i>23.6</i>	<i>18.4</i>	<i>21.3</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>25.0</i>	<i>25.0</i>
Net profit	4	4	11	11	30	2	2	6	14	25	35	37
EPS	0.10	0.11	0.30	0.32	0.83	0.05	0.06	0.18	0.40	0.69	0.97	1.03
EPS adjusted (diluted no. of shares)	0.10	0.11	0.30	0.32	0.83	0.05	0.06	0.18	0.40	0.69	0.97	1.03
Dividend per share	0.00	0.00	0.00	0.00	0.58	0.00	0.00	0.00	0.00	0.60	0.65	0.70
SALES, EURm												
Weather and Environment	48	52	55	78	232	55	60	63	72	249	254	262
Industrial Measurements	28	28	30	31	117	33	34	34	35	136	145	154
Total	76	80	84	108	349	87	94	97	107	385	399	416
SALES GROWTH, Y/Y %												
<i>Weather and Environment</i>	<i>19.4</i>	<i>5.5</i>	<i>-6.3</i>	<i>4.3</i>	<i>4.5</i>	<i>13.6</i>	<i>15.5</i>	<i>14.7</i>	<i>-7.8</i>	<i>7.1</i>	<i>2.0</i>	<i>3.1</i>
<i>Industrial Measurements</i>	<i>0.4</i>	<i>10.2</i>	<i>2.4</i>	<i>10.0</i>	<i>5.6</i>	<i>15.9</i>	<i>20.6</i>	<i>16.5</i>	<i>15.1</i>	<i>17.0</i>	<i>6.3</i>	<i>6.3</i>
Total	11.5	7.1	-3.4	5.9	4.9	14.5	17.3	15.3	-1.3	10.4	3.6	4.3
EBIT, EURm												
Weather and Environment	0	0	8	11	18	-1	-1	2	12	12	20	21
Industrial Measurements	6	5	8	6	24	3	4	6	6	19	26	28
Other	0	0	-1	-2	-3	0	0	0	0	0	0	0
Total	6	5	15	14	39	2	3	8	18	31	46	49
EBIT margin, %												
<i>Weather and Environment</i>	<i>0.0</i>	<i>-0.6</i>	<i>13.7</i>	<i>13.5</i>	<i>7.6</i>	<i>-2.2</i>	<i>-1.6</i>	<i>2.9</i>	<i>16.9</i>	<i>4.7</i>	<i>7.8</i>	<i>8.0</i>
<i>Industrial Measurements</i>	<i>20.9</i>	<i>16.7</i>	<i>26.4</i>	<i>18.2</i>	<i>20.6</i>	<i>10.6</i>	<i>10.4</i>	<i>18.2</i>	<i>16.5</i>	<i>14.0</i>	<i>18.3</i>	<i>18.3</i>
Total	7.5	5.9	17.4	12.9	11.2	2.6	2.7	8.3	16.7	8.0	11.6	11.8

Electronic Equipment & Instruments/Finland, February 14, 2019
Spot comment

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	300	319	319	333	349	385	399	416
<i>Sales growth (%)</i>	<i>9.7</i>	<i>6.3</i>	<i>0.2</i>	<i>4.2</i>	<i>4.9</i>	<i>10.4</i>	<i>3.6</i>	<i>4.3</i>
Costs	-258	-274	-273	-282	-298	-328	-344	-356
Reported EBITDA	42	45	46	50	51	57	55	60
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>13.9</i>	<i>14.0</i>	<i>14.5</i>	<i>15.1</i>	<i>14.7</i>	<i>14.8</i>	<i>13.8</i>	<i>14.4</i>
Depreciation	-15	-15	-13	-9	-12	-26	-9	-11
EBITA	27	30	33	41	39	31	46	49
Goodwill amortization / writedown	0	0	-11	0	0	0	0	0
Reported EBIT	26	30	22	41	39	31	46	49
<i>EBIT margin (%)</i>	<i>8.8</i>	<i>9.3</i>	<i>7.0</i>	<i>12.3</i>	<i>11.2</i>	<i>8.0</i>	<i>11.6</i>	<i>11.8</i>
Net financials	3	3	0	-3	-1	0	0	0
Pre-tax profit	29	33	22	38	38	31	46	49
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	-6	-5	-3	-11	-8	-6	-12	-12
Minority shares	0	0	0	0	0	0	0	0
Net profit	23	27	19	27	30	25	35	37
BALANCE SHEET, EURm								
Assets								
Fixed assets	68	63	46	46	72	72	87	88
<i>% of sales</i>	<i>23</i>	<i>20</i>	<i>14</i>	<i>14</i>	<i>20</i>	<i>19</i>	<i>22</i>	<i>21</i>
Goodwill	14	16	17	16	55	55	55	55
<i>% of sales</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>16</i>	<i>14</i>	<i>14</i>	<i>13</i>
Inventory	34	39	32	29	32	35	37	38
<i>% of sales</i>	<i>11</i>	<i>12</i>	<i>10</i>	<i>9</i>	<i>9</i>	<i>9</i>	<i>9</i>	<i>9</i>
Receivables	72	77	78	84	93	103	107	111
<i>% of sales</i>	<i>24</i>	<i>24</i>	<i>24</i>	<i>25</i>	<i>27</i>	<i>27</i>	<i>27</i>	<i>27</i>
Liquid funds	48	59	72	91	73	80	83	87
<i>% of sales</i>	<i>16</i>	<i>19</i>	<i>23</i>	<i>27</i>	<i>21</i>	<i>21</i>	<i>21</i>	<i>21</i>
Total assets	245	264	255	274	335	356	379	389
Liabilities								
Equity	170	181	179	186	183	187	200	214
<i>% of sales</i>	<i>57</i>	<i>57</i>	<i>56</i>	<i>56</i>	<i>52</i>	<i>49</i>	<i>50</i>	<i>51</i>
Deferred taxes	5	5	0	1	9	9	9	9
<i>% of sales</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>3</i>	<i>2</i>	<i>2</i>	<i>2</i>
Interest bearing debt	0	0	0	0	41	49	55	47
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>12</i>	<i>13</i>	<i>14</i>	<i>11</i>
Non-interest bearing current liabilities	64	75	71	81	89	98	102	106
<i>% of sales</i>	<i>21</i>	<i>23</i>	<i>22</i>	<i>24</i>	<i>25</i>	<i>25</i>	<i>25</i>	<i>25</i>
Other interest free debt	4	3	4	5	9	9	9	9
<i>% of sales</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>2</i>	<i>2</i>	<i>2</i>
Total liabilities	245	264	255	274	335	356	379	389
CASH FLOW, EURm								
+ EBITDA	42	45	46	50	51	57	55	60
- Net financial items	3	3	0	-3	-1	0	0	0
- Taxes	-4	-7	-9	-7	-1	-6	-12	-12
- Increase in Net Working Capital	-13	2	2	7	-4	-4	-1	-2
+/- Other	-5	-6	3	4	-52	0	0	0
= Cash flow from operations	22	36	42	51	-8	47	42	46
- Capex	-8	-8	-8	-8	-66	-27	-24	-11
- Acquisitions	0	0	0	-2	0	0	0	0
+ Divestments	1	0	1	0	0	0	0	0
= Net cash flow	15	28	36	41	-28	20	18	35
+/- Change in interest-bearing debt	0	0	0	0	41	8	6	-8
+/- New issues/buybacks	4	0	-4	-2	5	0	0	0
- Paid dividend	-16	-16	-17	-18	-37	-21	-21	-23
+/- Change in loan receivables	0	0	0	0	5	0	0	0
Change in cash	3	12	14	21	-15	8	3	4

Electronic Equipment & Instruments/Finland, February 14, 2019
Spot comment

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	431	602	794	659	633	633	633
Net debt	-59	-72	-91	-32	-32	-28	-40
Enterprise value	372	529	703	626	602	605	594
Sales	319	319	333	349	385	399	416
EBITDA	45	46	50	51	57	55	60
EBIT	30	22	41	39	31	46	49
Pre-tax	33	22	38	38	31	46	49
Earnings	27	19	27	30	25	35	37
Book value	181	179	186	183	187	200	214
Valuation multiples							
EV/sales	1.2	1.7	2.1	1.8	1.6	1.5	1.4
EV/EBITDA	8.3	11.4	14.0	12.3	10.5	11.0	9.9
EV/EBITA	12.4	16.1	17.2	16.1	19.5	13.1	12.1
EV/EBIT	12.6	23.8	17.2	16.1	19.5	13.1	12.1
EV/operating cash flow	10.4	12.6	13.7	-82.4	12.8	14.4	12.9
EV/cash earnings	9.2	14.0	17.4	12.9	11.8	13.9	12.5
P/E	15.8	32.2	29.3	22.2	25.7	18.3	17.2
P/E excl. goodwill	15.5	20.5	29.3	22.2	25.7	18.3	17.2
P/B	2.4	3.4	4.3	3.6	3.4	3.2	3.0
P/sales	1.4	1.9	2.4	1.9	1.6	1.6	1.5
P/CF	12.0	14.3	15.5	-86.7	13.4	15.1	13.8
Target EV/EBIT	0.0	0.0	0.0	0.0	19.9	13.3	12.3
Target P/E	0.0	0.0	0.0	0.0	26.1	18.6	17.5
Target P/B	0.0	0.0	0.0	0.0	3.4	3.2	3.0
Per share measures							
Number of shares	36,054	35,703	35,692	35,790	35,790	35,790	35,790
Number of shares (diluted)	36,054	35,703	35,692	35,790	35,790	35,790	35,790
EPS	0.76	0.52	0.76	0.83	0.69	0.97	1.03
EPS excl. goodwill	0.77	0.82	0.76	0.83	0.69	0.97	1.03
Cash EPS	1.12	1.06	1.13	1.35	1.42	1.21	1.33
Operating cash flow per share	1.00	1.18	1.43	-0.21	1.32	1.17	1.28
Capital employed per share	3.36	2.95	2.61	4.18	4.31	4.77	4.83
Book value per share	5.03	5.00	5.20	5.11	5.22	5.59	5.97
Book value excl. goodwill	4.58	4.54	4.74	3.57	3.68	4.05	4.43
Dividend per share	0.48	0.50	1.05	0.58	0.60	0.65	0.70
Dividend payout ratio, %	62.5	95.5	138.3	70.1	87.1	67.1	68.0
Dividend yield, %	4.0	3.0	4.7	3.3	3.4	3.7	4.0
Efficiency measures							
ROE	15.6	10.4	14.9	16.1	13.3	17.9	17.8
ROCE	16.7	12.4	22.4	19.1	13.4	18.9	19.1
Financial ratios							
Capex/sales, %	2.5	2.0	3.0	18.9	7.0	6.0	2.6
Capex/depreciation excl. goodwill,%	40.1	-34.1	109.5	223.1	102.7	274.4	101.3
Net debt/EBITDA, book-weighted	-1.3	-1.6	-1.8	-0.6	-0.6	-0.5	-0.7
Debt/equity, market-weighted	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Equity ratio, book-weighted	68.6	70.0	67.7	54.7	52.5	52.8	54.9
Gearing	-0.33	-0.41	-0.49	-0.18	-0.17	-0.14	-0.19
Number of employees, average	1,611	1,590	1,592	1,592	1,592	1,592	1,592
Sales per employee, EUR	197,765	200,755	208,920	219,096	241,928	250,542	261,267
EBIT per employee, EUR	18,312	13,962	25,628	24,498	19,361	29,048	30,843

COMPANY DESCRIPTION: Vaisala offers a comprehensive range of observation and measurement products and services for environmental and industrial applications. Headquartered in Finland, Vaisala employs approximately 1,600 professionals worldwide and is listed on the Nasdaq Helsinki stock exchange.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Novameter Oy	3,774,792	66.814	10.5%
Nordea Bank Ab (publ), Finnish Branch	3,186,914	56.408	8.9%
Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch	2,247,215	39.776	6.3%
Finnish Academy of Science and Letters	2,130,832	37.716	6.0%
Mandatum Life Insurance Company Ltd.	1,533,300	27.139	4.3%
Nordea Nordic Small Cap Fund	1,475,832	26.122	4.1%
Ilmarinen Mutual Pension Insurance Company	1,470,628	26.030	4.1%
Weisell-Säätiö Sr	1,440,000	25.488	4.0%
Voipio Mikko	1,268,312	22.449	3.5%
Caspers Anja	969,496	17.160	2.7%
Ten largest	19,497,321	345.103	54%
Residual	16,292,679	288.380	46%
Total	35,790,000	633.483	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Kjell Forsén

CFO: Kaarina Muurinen

IR: Paula Liimatta

Vanha Nurmijärventie 21, 01670 Vantaa

Tel:

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balancesheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balancesheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balancesheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balancesheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

Important Disclosures

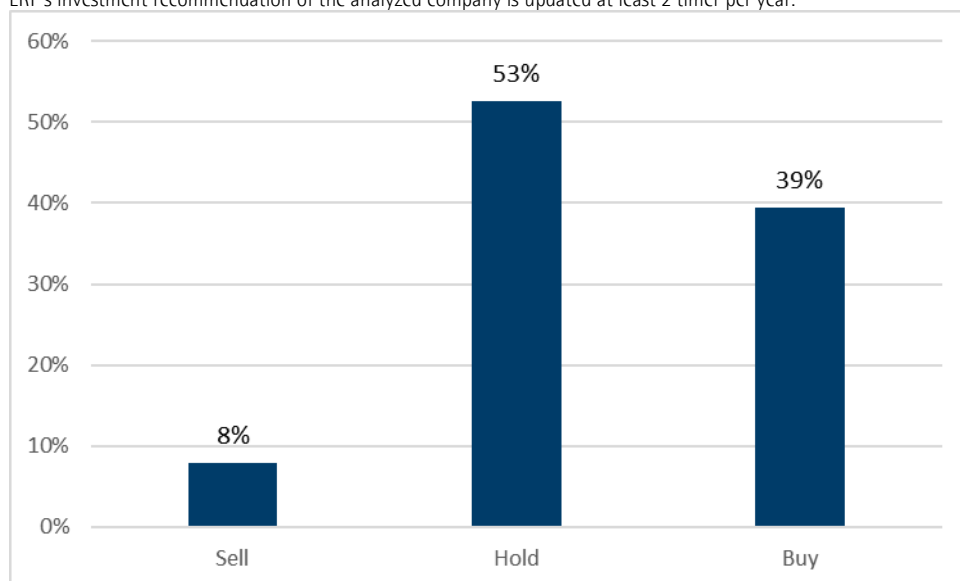
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

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

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