

## The growth story continues

Vaisala's Q4 revenue grew strongly, but increased costs drove EBIT below the comparison period. Underlying demand was strong and Vaisala managed to deliver all its orders. We retain our HOLD rating and adjust TP to EUR 41 (43).

### Growth was strong, but increased costs tightened margins

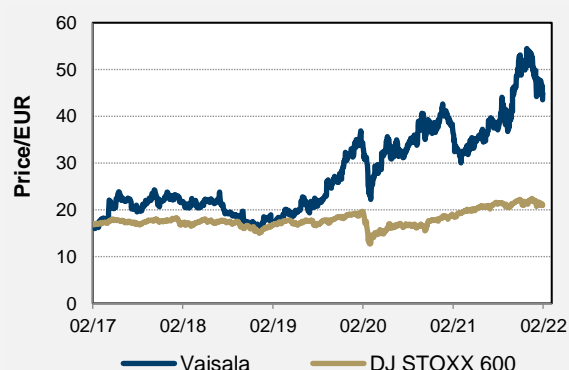
Vaisala delivered strong Q4 figures with orders received totaling EUR 119m and order book at a record level of EUR 160m. Strong order intake was driven by IM, while W&E experience a 14% decline partly due to strong comparison figures. Group net sales grew by 17% y/y to EUR 125 driven by both BUs. IM grew by 26% y/y, driven by all its market segments. W&E experienced a 12% increase in net sales, driven by renewable energy and meteorology. Increased usage of spot-priced components decreased the gross margin to 53%. EBIT decreased by 3% y/y to EUR 11.9m, driven by lower gross margin and increased fixed costs. Q4 EBIT included one-time costs worth EUR 1.1m. EPS declined by 11% y/y to EUR 0.21. Board proposed a dividend of EUR 0.68. Despite losing some margins, Vaisala gained market share and "long-wanted" customers from its competitors with its ability to respond to the demand in a difficult environment.

### We made some adjustments to our estimates

Despite the problems on the supply side, the underlying demand remains strong. We made minor adjustments to our estimates, reflecting a solid outlook, but also risks stemming from the component shortage. The order book is strong and thus we expect both BUs to grow also during 2022. We expect IM to grow by 16% y/y to EUR 209.8m in 2022, driven by all its market segments. In 2022, we estimate W&E to increase by 6.3% y/y to EUR 273.1m, mostly driven by renewable energy. 2022 group revenue amounts to EUR 482.9m, near the mid-point of the guidance. Vaisala's management noted that some price increases have been made in Q1'22, but the visibility to component availability remains weak and we expect material costs to increase and gross margin to be a bit lower than in 2021. In our view, IM suffers less from the component shortage with its pricing power, while W&E's gross margin falls more aggressively. Although the gross margin is a bit softer, we expect EBIT to rise to EUR 59.9m (12.4% margin), driven by scalability. IM contributes the EBIT with EUR 52.4m and W&E with EUR 9m.

### Rating

HOLD



Share price, EUR (Last trading day's closing price) **43.50**

Target price, EUR 41.0

Latest change in recommendation 30-Apr-21

Latest report on company 14-Feb-22

Research paid by issuer: YES

No. of shares outstanding, '000's 36,101

No. of shares fully diluted, '000's 36,101

Market cap, EURm 1,570

Free float, % 0.0

Exchange rate EUR/USD 0.000

Reuters code VAIAS.HE

Bloomberg code VAIAS FH

Average daily volume, EURm 0.0

Next interim report 29-Apr-22

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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
2020	379.5	44.8	11.8%	5.6	0.91	44.2	3.9	32.7	0.4	0.61
2021	437.9	50.1	11.4%	58.4	1.08	49.4	4.3	37.9	3.0	0.63
2022E	482.9	59.9	12.4%	36.0	1.28	33.9	3.2	25.6	2.3	0.70
2023E	515.9	71.0	13.8%	48.5	1.57	27.6	2.9	21.2	3.1	0.91
2024E	547.2	77.5	14.2%	54.3	1.72	25.3	2.7	19.2	3.5	0.98
Market cap, EURm		1,570	Gearing 2022E, %			-17.1	CAGR EPS 2021-24, %			16.7
Net debt 2022E, EURm		-44	Price/book 2022E			6.2	CAGR sales 2021-24, %			7.7
Enterprise value, EURm		1,531	Dividend yield 2022E, %			1.6	ROE 2022E, %			19.2
Total assets 2022E, EURm		438	Tax rate 2022E, %			20.0	ROCE 2022E, %			20.8
Goodwill 2022E, EURm		57	Equity ratio 2022E, %			57.9	PEG, P/E 22/CAGR			3.1

Electronic Equipment & Instruments/Finland, February 19, 2022  
Company update**HOLD with a TP of EUR 41 (43)**

Vaisala's valuation is quite stretched compared to its peers. With 22E EV/EBITDA of 19x, Vaisala trades with a ~20% premium. We, however, find a premium justified, given Vaisala's technology leadership, increased market share, and growth outlook. Our new TP values Vaisala at 22-23E EV/EBITDA of 17.6-16.4x. With the acceptable valuation level decreased and uncertainties in component availability, we retain our HOLD rating and adjust our target price to EUR 41 (43).

VAISALA PEER GROUP	Security identifier	EBIT % 21E	EBIT % 22E	EBITDA % 21E	EBITDA % 22E	ROCE % 21E	ROCE % 22E
Keysight Technologies	KEYS-US	27.2	27.8	29.8	30.3	20.7	21.2
National Instruments Corp.	NATI-US	16.0		19.7	22.3	14.1	17.6
Spectris	SXS-GB	15.9	17.2	20.1	21.0	15.3	15.7
Oxford Instruments	OXIG-GB	17.6		21.4	20.6	17.8	16.5
Trimble	TRMB-US	23.4	23.2	25.0	24.4	14.5	14.4
Hexagon	HEXA.B-SE	27.3	29.2	38.4	39.0	10.0	11.5
Peer Group Average		21.2	24.3	25.7	26.3	15.4	16.2
Peer Group Median		20.5	25.5	23.2	23.3	14.9	16.1
Vaisala (Evli est.)		11.4	12.4	16.4	16.9	18.6	20.8
<i>Premium/discount to peer median</i>		-44%	-51%	-29%	-28%	25%	29%

	Security identifier	ROE % 21E	ROE % 22E	DIV % 21E	DIV % 22E	P/E 21E	P/E 22E
Keysight Technologies	KEYS-US	32.9	31.5	0.0	0.0	25.8x	22.8x
National Instruments Corp.	NATI-US	18.1	23.4	2.7	2.8	23.7x	18.6x
Spectris	SXS-GB	13.6	14.6	2.2	2.4	22.1x	19.8x
Oxford Instruments	OXIG-GB	15.9	13.9	1.0	1.0	23.2x	22.6x
Trimble	TRMB-US	17.9	17.3	0.0	0.0	25.7x	23.6x
Hexagon	HEXA.B-SE	14.2	13.1	0.9	1.1	29.6x	26.7x
Peer Group Average		18.8	19.0	1.1	1.2	25.0x	22.4x
Peer Group Median		16.9	15.9	0.9	1.0	24.7x	22.7x
Vaisala (Evli est.)		17.9	19.2	1.4	1.6	40.3x	34.0x
<i>Premium/discount to peer median</i>		6%	20%	53%	54%	63%	49%

	Security identifier	EV/S 21E	EV/S 22E	EV/EBITD 21E	EV/EBITDA 22E	EV/EBIT 21E	EV/EBIT 22E
Keysight Technologies	KEYS-US	5.9	5.4	25.6x	17.9x	28.0x	19.5x
National Instruments Corp.	NATI-US	3.6	3.1	19.9x	13.8x	24.5x	16.9x
Spectris	SXS-GB	2.6	2.5	14.6x	11.7x	18.4x	14.3x
Oxford Instruments	OXIG-GB	3.1	2.9	19.8x	14.2x	24.1x	17.0x
Trimble	TRMB-US	5.0	4.4	25.0x	17.9x	26.7x	18.9x
Hexagon	HEXA.B-SE	7.9	6.7	24.2x	17.0x	34.0x	22.8x
Peer Group Average		4.7	4.1	21.5x	15.4x	26.0x	18.2x
Peer Group Median		4.3	3.7	22.0x	15.6x	25.6x	17.9x
Vaisala (Evli est.)		3.5	3.2	21.6x	18.8x	30.8x	25.6x
<i>Premium/discount to peer median</i>		-17%	-15%	-2%	20%	20%	43%

	Security identifier	Sales growth 21E	Sales growth 22E	Net debt / EBITDA 21E	Net debt / EBITDA 22E	Equity ratio % 21E	Equity ratio % 22E
Keysight Technologies	KEYS-US	17.1%	7.0%	-0.2x	-0.4x	48.6	51.0
National Instruments Corp.	NATI-US	14.1%	16.8%	0.0x	0.0x	57.9	58.6
Spectris	SXS-GB	-1.0%	2.1%	-0.6x	-0.9x	69.8	72.6
Oxford Instruments	OXIG-GB	9.5%	5.8%	-0.5x	-0.6x	60.2	63.0
Trimble	TRMB-US	16.2%	9.9%	1.1x	0.4x	55.6	58.6
Hexagon	HEXA.B-SE	15.3%	13.6%	1.4x	0.9x	62.0	63.6
Peer Group Average		11.9%	9.2%	0.2x	-0.1x	59.0	61.2
Peer Group Median		14.7%	8.4%	-0.1x	-0.2x	59.1	60.8
Vaisala (Evli est.)		15.4%	10.3%	-0.4x	-0.5x	56.5	57.9

Source: Factset, Evli Research

Updated on February 19th, 2022

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	43.50 PV of Free Cash Flow	421 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	33.01 PV of Horizon value	744 WACC, %	7.4 Market risk premium, %	5.8
Share price potential, %	-24.1 Unconsolidated equity	-4 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	33.0 Marketable securities	78 Minimum WACC, %	7.4 Equity beta coefficient	0.80
Minimum value	33.0 Debt - dividend	-48 Maximum WACC, %	7.4 Target debt ratio, %	10
Horizon value, %	63.9 Value of stock	1,192 Nr of shares, Mn	36.1 Effective tax rate, %	25

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	438	483	516	547	566	583	601	619	637	657	673	690
<i>Sales growth, %</i>	<i>15.4</i>	<i>10.3</i>	<i>6.8</i>	<i>6.1</i>	<i>3.5</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	50	60	71	77	79	76	78	80	83	85	87	90
<i>Operating income margin, %</i>	<i>11.4</i>	<i>12.4</i>	<i>13.8</i>	<i>14.2</i>	<i>14.0</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.	22	14	15	16	17	17	18	18	19	19	19	19
EBITDA	72	74	86	93	96	93	96	99	101	104	107	
- Paid taxes	-12	-12	-14	-15	-16	-15	-16	-16	-17	-17	-17	
- Change in NWC	17	-4	-3	-3	-2	-2	-2	-2	-2	-2	-2	
<i>NWC / Sales, %</i>	<i>8.6</i>	<i>8.7</i>	<i>8.7</i>	<i>8.7</i>	<i>8.7</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-19	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	
<i>opCAPEX / Sales, %</i>	<i>4.9</i>	<i>4.2</i>	<i>3.9</i>	<i>3.8</i>	<i>3.6</i>	<i>3.6</i>	<i>3.5</i>	<i>3.4</i>	<i>3.3</i>	<i>3.3</i>	<i>3.2</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	5	0	0	0	0	0	0	0	0	0	0	
= FCFF	63	43	54	60	63	61	63	66	68	70	73	1,511
= Discounted FCFF		40	47	49	48	43	42	40	39	37	36	744
= DFCF min WACC		40	47	49	48	43	42	40	39	37	36	744
= DFCF max WACC		40	47	49	48	43	42	40	39	37	36	744

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1E	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	92.0	109.5	111.5	124.9	437.9	108.6	119.6	119.4	135.3	482.9	515.9	547.2
EBITDA	13.4	16.1	24.7	17.5	71.7	15.0	18.8	27.1	20.7	74.0	86.1	93.3
<i>EBITDA margin (%)</i>	<i>14.6</i>	<i>14.7</i>	<i>22.2</i>	<i>14.0</i>	<i>16.4</i>	<i>13.8</i>	<i>15.7</i>	<i>22.7</i>	<i>15.3</i>	<i>15.3</i>	<i>16.7</i>	<i>17.1</i>
EBIT	8.1	10.9	19.2	11.9	50.1	9.6	13.4	21.7	15.2	59.9	71.0	77.5
<i>EBIT margin (%)</i>	<i>8.8</i>	<i>10.0</i>	<i>17.3</i>	<i>9.5</i>	<i>11.4</i>	<i>8.8</i>	<i>11.2</i>	<i>18.2</i>	<i>11.2</i>	<i>12.4</i>	<i>13.8</i>	<i>14.2</i>
Net financial items	-0.2	-0.8	-0.5	-0.6	-2.1	-0.5	-0.5	-0.5	-0.5	-2.0	0.0	0.0
Pre-tax profit	7.9	10.1	18.8	11.3	48.1	9.1	12.9	21.2	14.7	57.9	71.0	77.5
Tax	-1.6	-0.7	-2.8	-3.7	-8.8	-1.8	-2.6	-4.2	-2.9	-11.6	-14.2	-15.5
<i>Tax rate (%)</i>	<i>20.0</i>	<i>7.1</i>	<i>14.9</i>	<i>32.9</i>	<i>18.3</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	6.2	9.2	16.0	7.6	39.0	7.2	10.3	17.0	11.7	46.3	56.8	62.0
EPS	0.17	0.25	0.44	0.21	1.08	0.20	0.29	0.47	0.32	1.28	1.57	1.72
EPS adjusted (diluted no. of shares)	0.17	0.25	0.44	0.21	1.08	0.20	0.29	0.47	0.32	1.28	1.57	1.72
Dividend per share	0.00	0.00	0.00	0.00	0.63	0.00	0.00	0.00	0.00	0.70	0.91	0.98
<b>SALES, EURm</b>												
Weather and Environment	52.2	65.4	64.4	74.9	256.9	59.5	68.3	66.8	78.5	273.1	284.4	295.6
Industrial Measurements	39.7	44.1	47.1	50.1	181.0	49.1	51.3	52.6	56.8	209.8	231.5	251.6
<b>Total</b>	<b>92.0</b>	<b>109.5</b>	<b>111.5</b>	<b>124.9</b>	<b>437.9</b>	<b>108.6</b>	<b>119.6</b>	<b>119.4</b>	<b>135.3</b>	<b>482.9</b>	<b>515.9</b>	<b>547.2</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Weather and Environment</i>	<i>0.8</i>	<i>13.5</i>	<i>8.8</i>	<i>11.7</i>	<i>9.0</i>	<i>13.9</i>	<i>4.4</i>	<i>3.7</i>	<i>4.9</i>	<i>6.3</i>	<i>4.1</i>	<i>3.9</i>
<i>Industrial Measurements</i>	<i>12.3</i>	<i>30.5</i>	<i>35.3</i>	<i>25.5</i>	<i>25.8</i>	<i>23.6</i>	<i>16.3</i>	<i>11.7</i>	<i>13.4</i>	<i>15.9</i>	<i>10.3</i>	<i>8.7</i>
<b>Total</b>	<b>5.5</b>	<b>19.8</b>	<b>18.6</b>	<b>16.9</b>	<b>15.4</b>	<b>18.1</b>	<b>9.2</b>	<b>7.1</b>	<b>8.3</b>	<b>10.3</b>	<b>6.8</b>	<b>6.1</b>
<b>EBIT, EURm</b>												
Weather and Environment	-0.9	1.0	5.3	2.3	7.7	-1.5	2.2	5.6	2.6	9.0	14.5	15.0
Industrial Measurements	9.4	10.5	14.2	9.8	44.0	11.4	11.7	16.3	12.9	52.4	58.5	64.6
Other	-0.4	-0.6	-0.2	-0.3	-1.5	-0.4	-0.5	-0.2	-0.3	-1.5	-2.0	-2.1
<b>Total</b>	<b>8.1</b>	<b>10.9</b>	<b>19.2</b>	<b>11.9</b>	<b>50.1</b>	<b>9.6</b>	<b>13.4</b>	<b>21.7</b>	<b>15.2</b>	<b>59.9</b>	<b>71.0</b>	<b>77.5</b>
<b>EBIT margin, %</b>												
<i>Weather and Environment</i>	<i>-1.7</i>	<i>1.5</i>	<i>8.2</i>	<i>3.1</i>	<i>3.0</i>	<i>-2.4</i>	<i>3.2</i>	<i>8.4</i>	<i>3.3</i>	<i>3.3</i>	<i>5.1</i>	<i>5.1</i>
<i>Industrial Measurements</i>	<i>23.7</i>	<i>23.8</i>	<i>30.2</i>	<i>19.6</i>	<i>24.3</i>	<i>23.2</i>	<i>22.9</i>	<i>31.1</i>	<i>22.7</i>	<i>25.0</i>	<i>25.3</i>	<i>25.7</i>
<b>Total</b>	<b>8.8</b>	<b>10.0</b>	<b>17.3</b>	<b>9.5</b>	<b>11.4</b>	<b>8.8</b>	<b>11.2</b>	<b>18.2</b>	<b>11.2</b>	<b>12.4</b>	<b>13.8</b>	<b>14.2</b>

Electronic Equipment & Instruments/Finland, February 19, 2022  
Company update

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	332.6	348.8	403.6	379.5	437.9	482.9	515.9	547.2
<i>Sales growth (%)</i>	<i>4.2</i>	<i>4.9</i>	<i>15.7</i>	<i>-6.0</i>	<i>15.4</i>	<i>10.3</i>	<i>6.8</i>	<i>6.1</i>
EBITDA	50.3	51.1	64.7	65.9	71.7	74.0	86.1	93.3
<i>EBITDA margin (%)</i>	<i>15.1</i>	<i>14.7</i>	<i>16.0</i>	<i>17.4</i>	<i>16.4</i>	<i>15.3</i>	<i>16.7</i>	<i>17.1</i>
Depreciation	-9.5	-12.1	-23.6	-21.1	-21.6	-14.1	-15.1	-15.8
EBITA	40.8	39.0	41.1	44.8	50.1	59.9	71.0	77.5
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	40.8	39.0	41.1	44.8	50.1	59.9	71.0	77.5
<i>EBIT margin (%)</i>	<i>12.3</i>	<i>11.2</i>	<i>10.2</i>	<i>11.8</i>	<i>11.4</i>	<i>12.4</i>	<i>13.8</i>	<i>14.2</i>
Reported EBIT	40.8	39.0	41.1	44.8	50.1	59.9	71.0	77.5
<i>EBIT margin (reported) (%)</i>	<i>12.3</i>	<i>11.2</i>	<i>10.2</i>	<i>11.8</i>	<i>11.4</i>	<i>12.4</i>	<i>13.8</i>	<i>14.2</i>
Net financials	-2.8	-1.4	-1.0	-3.4	-2.1	-2.0	0.0	0.0
Pre-tax profit	38.0	37.6	40.1	41.4	48.1	57.9	71.0	77.5
Taxes	-10.9	-8.0	-6.5	-8.5	-8.8	-11.6	-14.2	-15.5
Minority shares	0.0	0.0	0.0	0.0	-0.3	0.0	0.0	0.0
Net profit	27.1	29.6	33.5	32.9	39.0	46.3	56.8	62.0
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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	46	72	83	94	96	101	106	110
Goodwill	16	55	55	55	57	57	57	57
Right of use assets	0	12	12	13	11	12	13	14
Inventory	29	32	40	45	50	55	59	62
Receivables	84	93	105	93	107	118	126	133
Liquid funds	91	73	56	45	78	86	92	102
Total assets	274	347	361	352	408	438	461	487
<b>Liabilities</b>								
Shareholder's equity	186	183	198	205	230	253	285	314
Minority interest	0	0	0	0	1	1	1	1
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	12	11	9	8	12	13	14
Deferred taxes	1	9	8	8	7	7	7	7
Interest bearing debt	0	41	40	45	40	30	12	0
Non-interest bearing current liabilities	81	89	94	76	116	128	137	146
Other interest-free debt	5	9	7	8	7	7	7	7
Total liabilities	274	347	361	352	408	438	461	487
<b>CASH FLOW, EURm</b>								
+ EBITDA	50	51	65	66	72	74	86	93
- Net financial items	-3	-1	-1	-3	-2	-2	0	0
- Taxes	-7	-9	-9	-8	-11	-12	-14	-15
- Increase in Net Working Capital	7	-4	-16	-7	17	-4	-3	-3
+/- Other	2	11	2	-6	5	0	0	0
= Cash flow from operations	49	48	41	41	80	56	69	75
- Capex	-8	-14	-38	-35	-22	-20	-20	-21
- Acquisitions	-2	-52	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	39	-18	3	6	58	36	49	54
+/- New issues/buybacks	-2	5	3	-4	8	0	0	0
- Paid dividend	-18	-37	-21	-22	-22	-23	-25	-33
+/- Other	0	31	-1	9	-12	-5	-17	-11
Change in cash	19	-19	-16	-11	33	8	6	10

Electronic Equipment & Instruments/Finland, February 19, 2022  
Company update

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	659	1,159	1,454	1,924	1,570	1,570	1,570
Net debt (excl. convertibles)	-20	-5	9	-30	-44	-67	-88
Enterprise value	638	1,154	1,466	1,899	1,531	1,507	1,485
Sales	349	404	380	438	483	516	547
EBITDA	51	65	66	72	74	86	93
EBIT	39	41	45	50	60	71	77
Pre-tax	38	40	41	48	58	71	77
Earnings	30	34	33	39	46	57	62
Equity book value (excl. minorities)	183	198	205	230	253	285	314
<b>Valuation multiples</b>							
EV/sales	1.8	2.9	3.9	4.3	3.2	2.9	2.7
EV/EBITDA	12.5	17.8	22.2	26.5	20.7	17.5	15.9
EV/EBITA	16.4	28.1	32.7	37.9	25.6	21.2	19.2
EV/EBIT	16.4	28.1	32.7	37.9	25.6	21.2	19.2
EV/OCF	13.2	28.3	35.8	23.7	27.2	21.9	19.8
EV/FCFF	-38.5	141.5	115.8	30.3	35.7	28.0	24.8
P/FCFE	-37.2	413.9	259.7	33.0	43.6	32.4	28.9
P/E	22.2	34.6	44.2	49.4	33.9	27.6	25.3
P/B	3.6	5.8	7.1	8.4	6.2	5.5	5.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	19.4	16.4	14.9
Target EV/EBIT	0.0	0.0	0.0	0.0	24.0	19.9	18.0
Target EV/FCF	0.0	0.0	0.0	0.0	39.9	29.2	25.6
Target P/B	0.0	0.0	0.0	0.0	5.8	5.2	4.7
Target P/E	0.0	0.0	0.0	0.0	32.0	26.0	23.9
<b>Per share measures</b>							
Number of shares	35,790	35,881	36,000	36,101	36,101	36,101	36,101
Number of shares (diluted)	35,790	35,881	36,000	36,101	36,101	36,101	36,101
EPS	0.83	0.93	0.91	1.08	1.28	1.57	1.72
Operating cash flow per share	1.35	1.14	1.14	2.22	1.56	1.91	2.08
Free cash flow per share	-0.49	0.08	0.16	1.62	1.00	1.34	1.51
Book value per share	5.11	5.52	5.69	6.36	7.02	7.89	8.69
Dividend per share	0.58	0.61	0.61	0.63	0.70	0.91	0.98
Dividend payout ratio, %	70.1	65.3	66.8	58.4	54.6	58.0	57.0
Dividend yield, %	3.2	1.9	1.5	1.4	1.6	2.1	2.3
FCF yield, %	-2.7	0.2	0.4	3.0	2.3	3.1	3.5
<b>Efficiency measures</b>							
ROE	16.1	17.6	16.3	17.9	19.2	21.1	20.7
ROCE	18.5	17.0	17.7	18.6	20.8	23.4	24.3
<b>Financial ratios</b>							
Inventories as % of sales	9.2	9.8	11.7	11.4	11.4	11.4	11.4
Receivables as % of sales	26.7	26.0	24.4	24.4	24.4	24.4	24.4
Non-interest bearing liabilities as % of sales	25.5	23.2	20.1	26.6	26.6	26.6	26.6
NWC/sales, %	10.1	12.7	15.2	8.6	8.7	8.7	8.7
Operative CAPEX/sales, %	4.1	9.4	9.3	4.9	4.2	3.9	3.8
CAPEX/sales (incl. acquisitions), %	-10.7	9.4	9.3	4.9	4.2	3.9	3.8
FCFF/EBITDA	-0.3	0.1	0.2	0.9	0.6	0.6	0.6
Net debt/EBITDA, book-weighted	-0.4	-0.1	0.1	-0.4	-0.6	-0.8	-0.9
Debt/equity, market-weighted	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	52.8	54.9	58.4	56.5	57.9	61.9	64.5
Gearing, %	-11.0	-2.5	4.4	-13.1	-17.1	-23.4	-28.0

**COMPANY DESCRIPTION:** Vaisala develops, manufactures and markets products and services for environmental and industrial measurement. 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 around 1,850 professionals worldwide.

**INVESTMENT CASE:** Vaisala should continue to profitably grow due to continued good growth in IM, with possible additional organic and non-organic opportunities in other niche areas supporting growth, and a more stable outlook for W&E. 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.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch	3,776,358	164.272	10.5%
Nordea Nordic Small Cap Fund	2,030,660	88.334	5.6%
Weisell-Säätiö Sr	1,700,710	73.981	4.7%
Mandatum Life Insurance Company Ltd.	1,326,000	57.681	3.7%
Citibank Europe Plc	1,307,803	56.889	3.6%
Voipio Mikko	1,268,312	55.172	3.5%
Caspers Anja	969,496	42.173	2.7%
Voipio Raimo Hannes	969,288	42.164	2.7%
Ten largest	13,348,627	580.665	37%
Residual	22,752,373	989.728	63%
Total	36,101,000	1,570.394	100%

EARNINGS CALENDAR	
April 29, 2022	Q1 report
July 22, 2022	Q2 report
October 28, 2022	Q3 report
OTHER EVENTS	

COMPANY MISCELLANEOUS	
CEO: Kai Öistämö	Vanha Nurmijärventie 21, 01670 Vantaa
CFO: Kaarina Muurinen	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
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



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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): Heikura

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