

## Expecting a solid quarter

Vaisala reports its Q1 result on Friday, April 29th. We expect growth to continue, but low component availability to restrict profitability improvement. With our estimates intact, we retain our HOLD rating and TP of 41.0.

### Vaisala faces strong demand in Q1

Vaisala reported strong order book in its Q4'21 financial bulletin. W&E's order book amounted to EUR 127m while IM's order book was on a record level at EUR 33m. Q1 has typically been the quietest quarter for Vaisala, and we expect topline to grow by 18.1% y/y to EUR 108.6m driven by a strong demand for IM's applications and W&E's soft comparison period. In our estimates, W&E reports a revenue of EUR 59.5m (+14% y/y) while after successful Q1 IM achieves a topline of EUR 49.1m (+24% y/y), representing almost half of group net sales.

### EBIT margin to remain flat

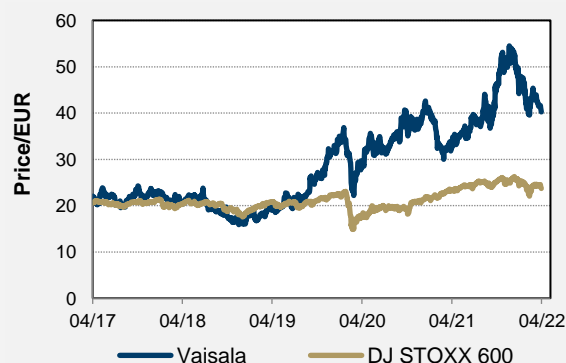
Despite ongoing component shortage, the company has been able to deliver all its orders so far. We expect the company to continue component purchases from spot markets and thereby material costs to stay at elevated level. However, the company has transferred some increased material costs to consumer prices in early 2022 and, hence, we expect gross and EBIT margin to remain approx. flat compared to Q1'21. Our W&E Q1 EBIT estimate lands to EUR -1.5m while we expect IM to report an EBIT of EUR 11.4m. In total, our Q1 EBIT estimate amounts to EUR 9.6m (8.8% margin).

### HOLD with a target price of EUR 41.0

In our view, Vaisala's valuation is quite elevated. Vaisala trades with 22E EV/EBITDA and EV/EBIT multiples of 17.7x and 24.1x while its peer group is valued with corresponding multiples of 16.2x and 18.3x. In short-term, we find no reason for an upside in Vaisala's valuation, but given solid earnings growth, as a long-term investment, we find it reasonable to stay on Vaisala's board ahead of Q1 result. With our estimates intact, we retain our HOLD rating and TP of EUR 41.0.

## Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 40.25  
Target price, EUR 41.0

Latest change in recommendation 30-Apr-21  
Latest report on company 19-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 1,453  
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  
Web site [vaisala.com/en/investors](http://vaisala.com/en/investors)

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■ BUY ■ HOLD ■ SELL

## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
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	0.68
2022E	482.9	59.9	12.4%	40.3	1.28	31.4	2.9	23.6	2.8	0.70
2023E	515.9	71.0	13.8%	45.7	1.54	26.1	2.7	19.6	3.1	0.89
2024E	547.2	77.5	14.2%	52.0	1.70	23.7	2.5	17.7	3.6	0.97
Market cap, EURm			1,453	Gearing 2022E, %		-18.2	CAGR EPS 2021-24, %		16.2	
Net debt 2022E, EURm			-46	Price/book 2022E		5.8	CAGR sales 2021-24, %		7.7	
Enterprise value, EURm			1,411	Dividend yield 2022E, %		1.7	ROE 2022E, %		19.2	
Total assets 2022E, EURm			434	Tax rate 2022E, %		20.0	ROCE 2022E, %		21.0	
Goodwill 2022E, EURm			29	Equity ratio 2022E, %		58.1	PEG, P/E 22/CAGR		2.9	

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

VAISALA PEER GROUP	Security identifier	EBIT %		EBITDA %		ROCE %	
		22E	23E	22E	23E	22E	23E
Keysight Technologies Inc	KEYS-US	27.9	28.4	30.4	30.8	21.2	21.2
National Instruments Corporation	NATI-US	18.1	18.7	22.2	23.2	17.6	18.3
Spectris plc	SXS-GB	16.7	17.2	20.1	20.6	18.2	18.8
Oxford Instruments plc	OXIG-GB	17.4	17.7	20.6	21.0	18.9	16.4
Trimble Inc.	TRMB-US	23.2	24.2	24.4	25.4	14.2	14.5
Hexagon AB Class B	HEXA.B-SE	28.9	29.6	38.5	39.4	11.5	12.1
Peer Group Average		22.0	22.6	26.0	26.7	17.0	16.9
Peer Group Median		20.6	21.4	23.3	24.3	17.9	17.3
Vaisala (Evli est.)		12.4	13.8	16.9	17.8	21.0	23.7
<i>Premium/discount to peer median</i>		<i>-40%</i>	<i>-36%</i>	<i>-28%</i>	<i>-27%</i>	<i>17%</i>	<i>37%</i>

	Security identifier	ROE %		DIV %		P/E	
		22E	23E	22E	23E	22E	23E
Keysight Technologies Inc	KEYS-US	32.0	29.5	0.0	0.0	20.9x	19.4x
National Instruments Corporation	NATI-US	23.5	25.5	2.8	2.8	18.5x	17.0x
Spectris plc	SXS-GB	13.9	14.4	2.8	2.9	17.4x	16.0x
Oxford Instruments plc	OXIG-GB	15.8	14.2	0.8	0.9	25.7x	24.4x
Trimble Inc.	TRMB-US	17.3	17.1	0.0	0.0	23.7x	20.8x
Hexagon AB Class B	HEXA.B-SE	13.0	13.6	1.0	1.2	27.5x	24.8x
Peer Group Average		19.2	19.0	1.2	1.3	22.3x	20.4x
Peer Group Median		16.6	15.7	0.9	1.0	22.3x	20.1x
Vaisala (Evli est.)		19.2	20.8	1.7	2.2	32.1x	26.7x
<i>Premium/discount to peer median</i>		<i>16%</i>	<i>32%</i>	<i>81%</i>	<i>109%</i>	<i>44%</i>	<i>33%</i>

	Security identifier	EV/S		EV/EBITDA		EV/EBIT	
		22E	23E	22E	23E	22E	23E
Keysight Technologies Inc	KEYS-US	5.0x	4.6x	16.3x	14.9x	17.8x	16.1x
National Instruments Corporation	NATI-US	3.1x	2.9x	13.7x	12.7x	16.9x	15.8x
Spectris plc	SXS-GB	2.2x	2.0x	10.7x	9.8x	12.9x	11.7x
Oxford Instruments plc	OXIG-GB	3.3x	3.1x	16.2x	15.0x	19.1x	17.8x
Trimble Inc.	TRMB-US	4.4x	3.9x	17.9x	15.3x	18.9x	16.0x
Hexagon AB Class B	HEXA.B-SE	7.0x	6.3x	18.1x	15.9x	24.0x	21.2x
Peer Group Average		4.1x	3.8x	15.5x	13.9x	18.3x	16.4x
Peer Group Median		3.8x	3.5x	16.2x	14.9x	18.3x	16.1x
Vaisala (Evli est.)		3.0x	2.8x	17.7x	15.5x	24.1x	20.0x
<i>Premium/discount to peer median</i>		<i>-22%</i>	<i>-22%</i>	<i>9%</i>	<i>4%</i>	<i>31%</i>	<i>24%</i>

	Security identifier	Sales growth		Net debt / EBITDA		Equity ratio	
		22E	23E	22E	23E	22E	23E
Keysight Technologies Inc	KEYS-US	7.0%	5.7%	-0.4x	-0.7x	50.9	54.5
National Instruments Corporation	NATI-US	17.2%	4.5%	0.1x	0.1x	58.6	61.1
Spectris plc	SXS-GB	-0.7%	4.6%	-0.7x	-0.9x	80.1	80.6
Oxford Instruments plc	OXIG-GB	6.0%	4.3%	-0.7x	-0.9x	64.2	61.6
Trimble Inc.	TRMB-US	9.9%	8.0%	0.4x	-0.3x	58.7	61.8
Hexagon AB Class B	HEXA.B-SE	15.3%	8.4%	1.3x	0.8x	62.1	63.5
Peer Group Average		9.1%	5.9%	0.0x	-0.3x	62.4	63.8
Peer Group Median		8.4%	5.1%	-0.2x	-0.5x	60.4	61.7
Vaisala (Evli est.)		10.3%	6.8%	-0.6x	-0.7x	58.5	62.0

Source: Factset, Evli Research

Updated on April 26th, 2022

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	40.25 PV of Free Cash Flow	424 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	32.45 PV of Horizon value	745 WACC, %	7.4 Market risk premium, %	5.8
Share price potential, %	-19.4 Unconsolidated equity	-4 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	32.5 Marketable securities	78 Minimum WACC, %	7.4 Equity beta coefficient	0.80
Minimum value	32.5 Debt - dividend	-72 Maximum WACC, %	7.4 Target debt ratio, %	10
Horizon value, %	63.7 Value of stock	1,172 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	22	21	22	23	24	25	25	26	27	27	
EBITDA	72	82	92	100	102	100	103	106	109	112	115	
- 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	-18	-22	-23	-23	-23	-23	-23	-23	-24	-24	
<i>opCAPEX / Sales, %</i>	<i>4.9</i>	<i>4.9</i>	<i>5.4</i>	<i>5.2</i>	<i>5.0</i>	<i>4.9</i>	<i>4.8</i>	<i>4.7</i>	<i>4.6</i>	<i>4.6</i>	<i>4.5</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	47	52	58	62	60	63	65	67	70	72	1,494
= Discounted FCFF		45	46	48	48	43	42	40	39	37	36	745
= DFCF min WACC		45	46	48	48	43	42	40	39	37	36	745
= DFCF max WACC		45	46	48	48	43	42	40	39	37	36	745

## 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	81.6	91.9	99.5
<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>16.9</i>	<i>17.8</i>	<i>18.2</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	-1.5	-1.0
Pre-tax profit	7.9	10.1	18.8	11.3	48.1	9.1	12.9	21.2	14.7	57.9	69.6	76.5
Tax	-1.6	-0.7	-2.8	-3.7	-8.8	-1.8	-2.6	-4.2	-2.9	-11.6	-13.9	-15.3
<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	55.7	61.2
EPS	0.17	0.25	0.44	0.21	1.08	0.20	0.29	0.47	0.32	1.28	1.54	1.70
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	1.54	1.70
Dividend per share	0.00	0.00	0.00	0.00	0.68	0.00	0.00	0.00	0.00	0.70	0.89	0.97
<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, April 26, 2022  
Preview

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	81.6	91.9	99.5
<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>16.9</i>	<i>17.8</i>	<i>18.2</i>
Depreciation	-9.5	-12.1	-23.6	-21.1	-21.6	-21.7	-20.8	-22.0
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	-1.5	-1.0
Pre-tax profit	38.0	37.6	40.1	41.4	48.1	57.9	69.6	76.5
Taxes	-10.9	-8.0	-6.5	-8.5	-8.8	-11.6	-13.9	-15.3
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	55.7	61.2
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	102	108	120	125	126	132	137
Goodwill	16	25	30	30	29	29	29	29
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	100
Total assets	274	347	361	352	408	434	459	484
<b>Liabilities</b>								
Shareholder's equity	186	183	198	205	230	251	282	311
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	28	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	434	459	484
<b>CASH FLOW, EURm</b>								
+ EBITDA	50	51	65	66	72	82	92	100
- Net financial items	-3	-1	-1	-3	-2	-2	-1	-1
- 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	64	73	80
- Capex	-8	-14	-38	-35	-22	-24	-28	-28
- 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	40	46	52
+/- New issues/buybacks	-2	5	3	-4	8	0	0	0
- Paid dividend	-18	-37	-21	-22	-22	-25	-25	-32
+/- Other	0	31	-1	9	-12	-8	-15	-12
Change in cash	19	-19	-16	-11	33	8	6	8

Electronic Equipment & Instruments/Finland, April 26, 2022  
Preview

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	659	1,159	1,454	1,924	1,453	1,453	1,453
Net debt (excl. convertibles)	-20	-5	9	-30	-46	-66	-86
Enterprise value	638	1,154	1,466	1,899	1,411	1,390	1,370
Sales	349	404	380	438	483	516	547
EBITDA	51	65	66	72	82	92	100
EBIT	39	41	45	50	60	71	77
Pre-tax	38	40	41	48	58	70	77
Earnings	30	34	33	39	46	56	61
Equity book value (excl. minorities)	183	198	205	230	251	282	311
<b>Valuation multiples</b>							
EV/sales	1.8	2.9	3.9	4.3	2.9	2.7	2.5
EV/EBITDA	12.5	17.8	22.2	26.5	17.3	15.1	13.8
EV/EBITA	16.4	28.1	32.7	37.9	23.6	19.6	17.7
EV/EBIT	16.4	28.1	32.7	37.9	23.6	19.6	17.7
EV/OCF	13.2	28.3	35.8	23.7	22.1	18.9	17.0
EV/FCFF	-38.5	141.5	115.8	30.3	29.9	26.6	23.5
P/FCFE	-37.2	413.9	259.7	33.0	36.1	31.8	27.9
P/E	22.2	34.6	44.2	49.4	31.4	26.1	23.7
P/B	3.6	5.8	7.1	8.4	5.8	5.2	4.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	17.6	15.4	14.0
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	35.6	31.0	26.8
Target P/B	0.0	0.0	0.0	0.0	5.9	5.3	4.8
Target P/E	0.0	0.0	0.0	0.0	32.0	26.6	24.2
<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	1.54	1.70
Operating cash flow per share	1.35	1.14	1.14	2.22	1.77	2.04	2.23
Free cash flow per share	-0.49	0.08	0.16	1.62	1.12	1.27	1.44
Book value per share	5.11	5.52	5.69	6.36	6.97	7.81	8.61
Dividend per share	0.58	0.61	0.61	0.68	0.70	0.89	0.97
Dividend payout ratio, %	70.1	65.3	66.8	63.0	54.6	58.0	57.0
Dividend yield, %	3.2	1.9	1.5	1.3	1.7	2.2	2.4
FCF yield, %	-2.7	0.2	0.4	3.0	2.8	3.1	3.6
<b>Efficiency measures</b>							
ROE	16.1	17.6	16.3	17.9	19.2	20.9	20.7
ROCE	18.5	17.0	17.7	18.6	21.0	23.7	24.5
<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	4.9	5.4	5.2
CAPEX/sales (incl. acquisitions), %	-10.7	9.4	9.3	4.9	4.9	5.4	5.2
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	-0.7	-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	58.1	61.6	64.3
Gearing, %	-11.0	-2.5	4.4	-13.1	-18.2	-23.5	-27.6

**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	151.998	10.5%
Nordea Nordic Small Cap Fund	2,030,660	81.734	5.6%
Weisell-Säätiö Sr	1,700,710	68.454	4.7%
Mandatum Life Insurance Company Ltd.	1,358,392	54.675	3.8%
Voipio Mikko	1,268,312	51.050	3.5%
Citibank Europe Plc	1,221,649	49.171	3.4%
Caspers Anja	969,496	39.022	2.7%
Voipio Raimo Hannes	919,288	37.001	2.5%
Ten largest	13,244,865	533.106	37%
Residual	22,856,135	919.959	63%
Total	36,101,000	1,453.065	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



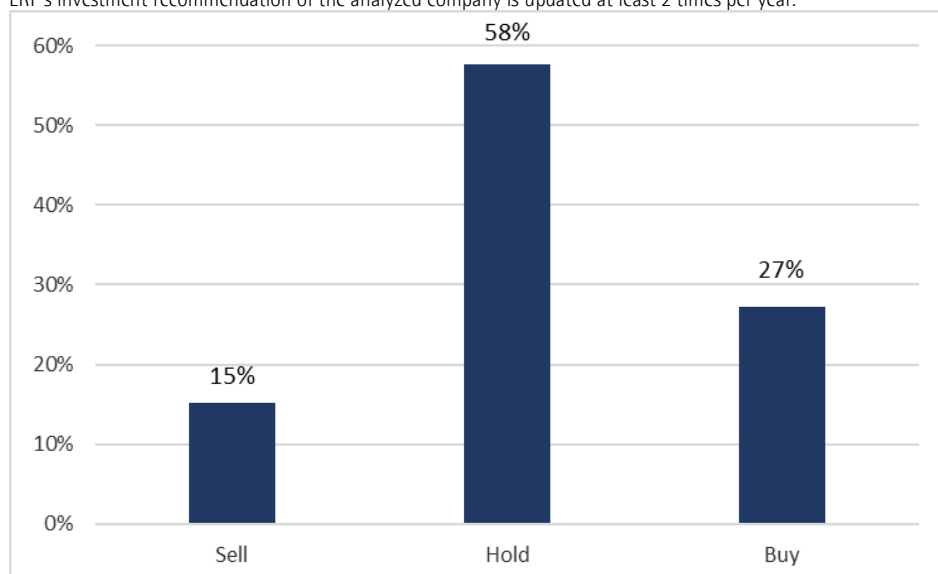
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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