

Solid quarter incoming

Vaisala reports its Q2'22 result on Friday, 22nd of July. With its record high order book and solid outlook, we expect Vaisala to continue its robust revenue growth in Q2.

Expecting solid growth to continue

Vaisala's Q1'22 included some positive seasonality and revenue was on a great level although Q1 has been historically the quietest quarter. We expect Q2'22 to contain less seasonality and revenue amount to EUR 118.1m, reflecting y/y growth of 7.9%. Revenue growth is driven by solid order book of W&E and strong sales development of IM as well as Vaisala's delivery reliability during uncertain times. Our IM's Q2 revenue estimate amounts to EUR 49.8m (+12.9% y/y) while W&E's revenue estimate lands at EUR 68.3m (+4.4% y/y). So far, the company has been able to deliver all its orders without delays despite issues in its supply chain. We remain to wait for the news of the company's order book development and management's comments on the market environment as there have been some signs of slowdowns in the global industrial activity.

Some supply chain disruptions might affect margins

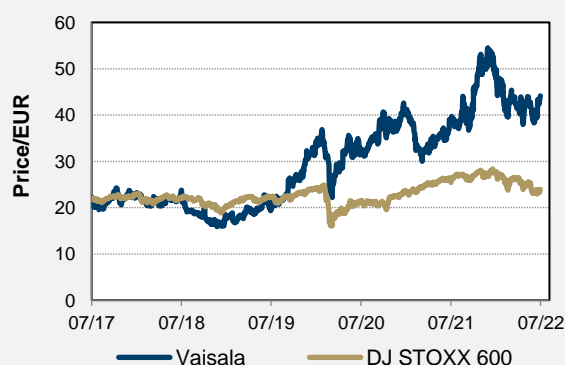
With the lack of crucial components, the company has sourced components from spot markets which have increased material costs during recent quarters. So far, robust topline growth and sales mix have offset the spot component impact on profitability and Q1 EBIT was surprisingly high. However, the company's management pointed out that it's increasingly difficult to purchase spot components. With the revenue growth, we expect Q2 EBIT to also improve y/y to EUR 12.5m but the weaker gross margin to restrict the EBIT margin development to 10.6%. We foresee some increases in the OPEX development y/y. The uncertainty lies in the gross margin development that in turn is associated with the level of spot component purchases and sales mix, and therefore our EBIT estimate include some uncertainty.

Estimates intact, valuation elevated ahead of Q2

We have made no changes to our estimates ahead of Q2. Like before, the company's valuation remains quite elevated which is in our view justified, given Vaisala's technology leadership and delivery reliability, but not providing a reason for a rating upgrade. We retain our HOLD-rating and TP of EUR 45.0.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 44.15

Target price, EUR 45.0

Latest change in recommendation 30-Apr-21

Latest report on company 30-Apr-22

Research paid by issuer: YES

No. of shares outstanding, '000's 36,020

No. of shares fully diluted, '000's 36,020

Market cap, EURm 1,590

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 22-Jul-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	0.68
2022E	490.4	64.5	13.1%	42.8	1.39	31.7	3.2	24.0	2.7	0.70
2023E	529.4	75.1	14.2%	48.1	1.64	27.0	2.9	20.3	3.0	0.95
2024E	551.5	77.1	14.0%	53.4	1.69	26.1	2.7	19.5	3.4	0.96
Market cap, EURm			1,590	Gearing 2022E, %		-19.0	CAGR EPS 2021-24, %			16.2
Net debt 2022E, EURm			-48	Price/book 2022E		6.2	CAGR sales 2021-24, %			8.0
Enterprise value, EURm			1,546	Dividend yield 2022E, %		1.6	ROE 2022E, %			20.6
Total assets 2022E, EURm			438	Tax rate 2022E, %		20.2	ROCE 2022E, %			22.5
Goodwill 2022E, EURm			29	Equity ratio 2022E, %		58.3	PEG, P/E 22/CAGR			3.9

VAISALA PEER GROUP	Security identifier	EBIT %	EBIT %	EBITDA %	EBITDA %	ROCE %	ROCE %
		22E	23E	22E	23E	22E	23E
Keysight Technologies Inc	KEYS-US	28.1	28.5	30.7	30.8	22.7	22.6
National Instruments Corporation	NATI-US	17.0	18.2	19.7	21.2	16.1	17.8
Spectris plc	SXS-GB	16.6	17.2	20.1	20.4	16.3	17.0
Oxford Instruments plc	OXIG-GB	18.3	18.4	20.7	21.0	18.7	17.8
Trimble Inc.	TRMB-US	23.5	24.7	25.2	26.2	14.3	14.9
Hexagon AB Class B	HEXA.B-SE	28.2	29.0	37.1	38.4	11.2	11.7
Sensirion Holding AG	SENS-CH	20.2	16.4	25.1	21.4		
Peer Group Average		21.7	21.8	25.5	25.6	16.6	16.9
Peer Group Median		20.2	18.4	25.1	21.4	16.2	17.4
Vaisala (Evli est.)		13.1	14.2	17.6	18.2	22.5	24.8
Premium/discount to peer median		-35%	-23%	-30%	-15%	39%	43%

	Security identifier	ROE %	ROE %	DIV %	DIV %	P/E	P/E
		22E	23E	22E	23E	22E	23E
Keysight Technologies Inc	KEYS-US	33.2	30.9	0.0	0.0	19.7x	18.2x
National Instruments Corporation	NATI-US	21.9	24.7	3.5	3.5	15.9x	14.1x
Spectris plc	SXS-GB	14.4	15.4	2.7	2.8	18.1x	16.5x
Oxford Instruments plc	OXIG-GB	15.8	15.3	0.9	1.0	22.6x	21.2x
Trimble Inc.	TRMB-US	17.3	17.8	0.0	0.0	20.7x	18.1x
Hexagon AB Class B	HEXA.B-SE	13.1	13.4	1.2	1.3	23.9x	21.8x
Sensirion Holding AG	SENS-CH	20.9	15.2	0.0	0.0	26.4x	30.7x
Peer Group Average		19.5	19.0	1.2	1.2	21.1x	20.1x
Peer Group Median		17.3	15.4	0.9	1.0	20.7x	18.2x
Vaisala (Evli est.)		20.6	21.7	1.6	2.2	31.7x	27.0x
Premium/discount to peer median		19%	40%	68%	115%	53%	48%

	Security identifier	EV/S	EV/S	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT
		22E	23E	22E	23E	22E	23E
Keysight Technologies Inc	KEYS-US	4.7x	4.3x	15.3x	14.1x	16.7x	15.2x
National Instruments Corporation	NATI-US	2.6x	2.5x	13.2x	11.6x	15.3x	13.5x
Spectris plc	SXS-GB	2.2x	2.1x	10.9x	10.1x	13.2x	12.1x
Oxford Instruments plc	OXIG-GB	2.9x	2.6x	13.9x	12.6x	15.7x	14.4x
Trimble Inc.	TRMB-US	3.9x	3.5x	15.6x	13.4x	16.7x	14.2x
Hexagon AB Class B	HEXA.B-SE	6.1x	5.5x	16.4x	14.4x	21.6x	19.1x
Sensirion Holding AG	SENS-CH	3.9x	3.6x	15.7x	17.0x	19.5x	22.1x
Peer Group Average		3.8x	3.5x	14.4x	13.3x	16.9x	15.8x
Peer Group Median		3.9x	3.5x	15.3x	13.4x	16.7x	14.4x
Vaisala (Evli est.)		3.2x	2.9x	17.9x	15.8x	24.0x	20.3x
Premium/discount to peer median		-20%	-18%	17%	18%	44%	41%

	Security identifier	Sales growth	Sales growth	Net debt / EBITDA	Net debt / EBITDA	Equity ratio %	Equity ratio %
		22E	23E	22E	23E	22E	23E
Keysight Technologies Inc	KEYS-US	7.9%	5.5%	-0.2x	-0.6x	50.1	53.5
National Instruments Corporation	NATI-US	13.0%	6.3%	0.4x	0.3x	57.8	60.4
Spectris plc	SXS-GB	-3.4%	4.8%	-0.8x	-0.9x	72.2	72.9
Oxford Instruments plc	OXIG-GB	4.0%	4.3%	-1.0x	-1.5x	67.2	69.8
Trimble Inc.	TRMB-US	5.4%	7.8%	0.6x	0.0x	56.6	59.4
Hexagon AB Class B	HEXA.B-SE	18.2%	7.2%	1.3x	0.8x	61.8	63.4
Sensirion Holding AG	SENS-CH	16.7%	5.4%	-1.8x	-2.5x	78.8	82.5
Peer Group Average		8.8%	5.9%	-0.2x	-0.6x	63.5	66.0
Peer Group Median		7.9%	5.5%	-0.2x	-0.6x	61.8	63.4
Vaisala (Evli est.)		12.0%	8.0%	-0.6x	-0.7x	58.3	62.0

Source: Factset, Evli Research

Updated on July 19th, 2022

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	44.15 PV of Free Cash Flow	434 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	32.91 PV of Horizon value	754 WACC, %	7.4 Market risk premium, %	5.8
Share price potential, %	-25.5 Unconsolidated equity	-4 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	32.9 Marketable securities	78 Minimum WACC, %	7.4 Equity beta coefficient	0.80
Minimum value	32.9 Debt - dividend	-72 Maximum WACC, %	7.4 Target debt ratio, %	10
Horizon value, %	63.5 Value of stock	1,190 Nr of shares, Mn	36.0 Effective tax rate, %	25

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	438	490	529	552	571	588	606	624	642	662	678	695
<i>Sales growth, %</i>	<i>15.4</i>	<i>12.0</i>	<i>8.0</i>	<i>4.2</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	64	75	77	80	76	79	81	84	86	88	90
<i>Operating income margin, %</i>	<i>11.4</i>	<i>13.1</i>	<i>14.2</i>	<i>14.0</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	23	23	24	25	26	26	27	28	
EBITDA	72	86	96	100	103	101	104	107	110	113	116	
- Paid taxes	-12	-13	-15	-15	-16	-15	-16	-16	-17	-17	-18	
- Change in NWC	17	-5	-4	-2	-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	-19	-23	-22	-23	-23	-23	-23	-23	-24	-24	
<i>opCAPEX / Sales, %</i>	<i>4.9</i>	<i>5.0</i>	<i>5.4</i>	<i>5.1</i>	<i>5.0</i>	<i>4.9</i>	<i>4.8</i>	<i>4.7</i>	<i>4.7</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	50	55	60	63	61	63	66	68	70	73	1,510
= Discounted FCFF		47	49	49	48	44	42	41	39	38	36	754
= DFCF min WACC		47	49	49	48	44	42	41	39	38	36	754
= DFCF max WACC		47	49	49	48	44	42	41	39	38	36	754

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	92.0	109.5	111.5	124.9	437.9	118.8	118.1	119.2	134.3	490.4	529.4	551.5
EBITDA	13.4	16.1	24.7	17.5	71.7	23.1	17.8	26.6	19.0	86.5	96.3	99.7
<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>19.5</i>	<i>15.1</i>	<i>22.3</i>	<i>14.1</i>	<i>17.6</i>	<i>18.2</i>	<i>18.1</i>
EBIT	8.1	10.9	19.2	11.9	50.1	17.5	12.5	21.1	13.4	64.5	75.1	77.1
<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>14.8</i>	<i>10.6</i>	<i>17.7</i>	<i>10.0</i>	<i>13.1</i>	<i>14.2</i>	<i>14.0</i>
Net financial items	-0.2	-0.8	-0.5	-0.6	-2.1	-0.2	-0.7	-0.5	-0.5	-1.9	-1.4	-0.9
Pre-tax profit	7.9	10.1	18.8	11.3	48.1	17.3	11.8	20.6	12.9	62.6	73.7	76.2
Tax	-1.6	-0.7	-2.8	-3.7	-8.8	-3.6	-2.4	-4.1	-2.6	-12.6	-14.7	-15.2
<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>20.8</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.2</i>	<i>20.0</i>	<i>20.0</i>
Net profit	6.2	9.2	16.0	7.6	39.0	13.7	9.4	16.5	10.3	49.9	59.0	61.0
EPS	0.17	0.25	0.44	0.21	1.08	0.38	0.26	0.46	0.29	1.39	1.64	1.69
EPS adjusted (diluted no. of shares)	0.17	0.25	0.44	0.21	1.08	0.39	0.26	0.46	0.29	1.39	1.64	1.69
Dividend per share	0.00	0.00	0.00	0.00	0.68	0.00	0.00	0.00	0.00	0.70	0.95	0.96
SALES, EURm												
Weather and Environment	52.2	65.4	64.4	74.9	256.9	65.7	68.3	66.8	76.5	277.3	292.4	299.9
Industrial Measurements	39.7	44.1	47.1	50.1	181.0	53.1	49.8	52.4	57.8	213.1	237.0	251.6
Total	92.0	109.5	111.5	124.9	437.9	118.8	118.1	119.2	134.3	490.4	529.4	551.5
SALES GROWTH, Y/Y %												
<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>25.8</i>	<i>4.4</i>	<i>3.7</i>	<i>2.2</i>	<i>7.9</i>	<i>5.4</i>	<i>2.6</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>33.6</i>	<i>12.9</i>	<i>11.3</i>	<i>15.4</i>	<i>17.7</i>	<i>11.2</i>	<i>6.2</i>
Total	5.5	19.8	18.6	16.9	15.4	29.2	7.9	6.9	7.5	12.0	8.0	4.2
EBIT, EURm												
Weather and Environment	-0.9	1.0	5.3	2.3	7.7	2.9	2.2	5.9	1.7	12.6	17.9	17.7
Industrial Measurements	9.4	10.5	14.2	9.8	44.0	14.6	10.8	15.4	12.1	52.9	59.2	61.5
Other	-0.4	-0.6	-0.2	-0.3	-1.5	0.1	-0.5	-0.2	-0.3	-1.0	-2.0	-2.1
Total	8.1	10.9	19.2	11.9	50.1	17.5	12.5	21.1	13.4	64.5	75.1	77.1
EBIT margin, %												
<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>4.4</i>	<i>3.2</i>	<i>8.8</i>	<i>2.2</i>	<i>4.5</i>	<i>6.1</i>	<i>5.9</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>27.5</i>	<i>21.7</i>	<i>29.4</i>	<i>20.9</i>	<i>24.8</i>	<i>25.0</i>	<i>24.4</i>
<i>Other</i>						<i>50,000.0</i>						
Total	8.8	10.0	17.3	9.5	11.4	14.8	10.6	17.7	10.0	13.1	14.2	14.0

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	332.6	348.8	403.6	379.5	437.9	490.4	529.4	551.5
<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>12.0</i>	<i>8.0</i>	<i>4.2</i>
EBITDA	50.3	51.1	64.7	65.9	71.7	86.5	96.3	99.7
<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>17.6</i>	<i>18.2</i>	<i>18.1</i>
Depreciation	-9.5	-12.1	-23.6	-21.1	-21.6	-22.0	-21.2	-22.5
EBITA	40.8	39.0	41.1	44.8	50.1	64.5	75.1	77.1
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	64.5	75.1	77.1
<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>13.1</i>	<i>14.2</i>	<i>14.0</i>
Reported EBIT	40.8	39.0	41.1	44.8	50.1	64.5	75.1	77.1
<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>13.1</i>	<i>14.2</i>	<i>14.0</i>
Net financials	-2.8	-1.4	-1.0	-3.4	-2.1	-1.9	-1.4	-0.9
Pre-tax profit	38.0	37.6	40.1	41.4	48.1	62.6	73.7	76.2
Taxes	-10.9	-8.0	-6.5	-8.5	-8.8	-12.6	-14.7	-15.2
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	49.9	59.0	61.0
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
BALANCE SHEET, EURm								
Assets								
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	56	60	63
Receivables	84	93	105	93	107	119	129	134
Liquid funds	91	73	56	45	78	87	94	105
Total assets	274	347	361	352	408	438	467	491
Liabilities								
Shareholder's equity	186	183	198	205	230	255	289	316
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	26	9	0
Non-interest bearing current liabilities	81	89	94	76	116	130	141	147
Other interest-free debt	5	9	7	8	7	7	7	7
Total liabilities	274	347	361	352	408	438	467	491
CASH FLOW, EURm								
+ EBITDA	50	51	65	66	72	86	96	100
- Net financial items	-3	-1	-1	-3	-2	-2	-1	-1
- Taxes	-7	-9	-9	-8	-11	-13	-15	-15
- Increase in Net Working Capital	7	-4	-16	-7	17	-5	-4	-2
+/- Other	2	11	2	-6	5	0	0	0
= Cash flow from operations	49	48	41	41	80	67	77	81
- Capex	-8	-14	-38	-35	-22	-24	-29	-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	43	48	53
+/- New issues/buybacks	-2	5	3	-4	8	0	0	0
- Paid dividend	-18	-37	-21	-22	-22	-25	-25	-34
+/- Other	0	31	-1	9	-12	-9	-16	-9
Change in cash	19	-19	-16	-11	33	9	7	10

Electronic Equipment & Instruments/Finland, July 19, 2022
Preview

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	659	1,159	1,454	1,924	1,590	1,590	1,590
Net debt (excl. convertibles)	-20	-5	9	-30	-48	-71	-91
Enterprise value	638	1,154	1,466	1,899	1,546	1,522	1,503
Sales	349	404	380	438	490	529	552
EBITDA	51	65	66	72	86	96	100
EBIT	39	41	45	50	64	75	77
Pre-tax	38	40	41	48	63	74	76
Earnings	30	34	33	39	50	59	61
Equity book value (excl. minorities)	183	198	205	230	255	289	316
Valuation multiples							
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	17.9	15.8	15.1
EV/EBITA	16.4	28.1	32.7	37.9	24.0	20.3	19.5
EV/EBIT	16.4	28.1	32.7	37.9	24.0	20.3	19.5
EV/OCF	13.2	28.3	35.8	23.7	23.0	19.9	18.4
EV/FCFF	-38.5	141.5	115.8	30.3	31.0	27.7	25.2
P/FCFE	-37.2	413.9	259.7	33.0	37.2	33.1	29.8
P/E	22.2	34.6	44.2	49.4	31.7	27.0	26.1
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	18.2	16.1	15.4
Target EV/EBIT	0.0	0.0	0.0	0.0	24.4	20.6	19.8
Target EV/FCF	0.0	0.0	0.0	0.0	36.8	32.2	28.7
Target P/B	0.0	0.0	0.0	0.0	6.4	5.6	5.1
Target P/E	0.0	0.0	0.0	0.0	32.3	27.5	26.6
Per share measures							
Number of shares	35,790	35,881	36,000	36,101	36,020	36,020	36,020
Number of shares (diluted)	35,790	35,881	36,000	36,101	36,020	36,020	36,020
EPS	0.83	0.93	0.91	1.08	1.39	1.64	1.69
Operating cash flow per share	1.35	1.14	1.14	2.22	1.86	2.13	2.26
Free cash flow per share	-0.49	0.08	0.16	1.62	1.19	1.34	1.48
Book value per share	5.11	5.52	5.69	6.36	7.08	8.02	8.76
Dividend per share	0.58	0.61	0.61	0.68	0.70	0.95	0.96
Dividend payout ratio, %	70.1	65.3	66.8	63.0	50.5	58.0	57.0
Dividend yield, %	3.2	1.9	1.5	1.3	1.6	2.2	2.2
FCF yield, %	-2.7	0.2	0.4	3.0	2.7	3.0	3.4
Efficiency measures							
ROE	16.1	17.6	16.3	17.9	20.6	21.7	20.2
ROCE	18.5	17.0	17.7	18.6	22.5	24.8	24.0
Financial ratios							
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	5.0	5.4	5.1
CAPEX/sales (incl. acquisitions), %	-10.7	9.4	9.3	4.9	5.0	5.4	5.1
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	58.3	62.0	64.5
Gearing, %	-11.0	-2.5	4.4	-13.1	-19.0	-24.6	-28.6

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	166.726	10.5%
Nordea Nordic Small Cap Fund	2,030,660	89.654	5.6%
Weisell-Säätiö Sr	1,700,710	75.086	4.7%
Mandatum Life Insurance Company Ltd.	1,358,392	59.973	3.8%
Voipio Mikko	1,268,312	55.996	3.5%
Citibank Europe Plc	1,221,649	53.936	3.4%
Caspers Anja	969,496	42.803	2.7%
Voipio Raimo Hannes	919,288	40.587	2.6%
Ten largest	13,244,865	584.761	37%
Residual	22,775,135	1,005.522	63%
Total	36,020,000	1,590.283	100%

EARNINGS CALENDAR	
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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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.

Recommendation	Percentage
Sell	15%
Hold	58%
Buy	27%

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

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