

Foreseeing a firm end for the year

Vaisala reports its Q4 result on Thursday, 16th of Feb. We expect the company to post double-digit growth and EBIT above the comparison period. With W&E estimate upgrades, we adjust our TP to EUR 41.0 (40.0) and retain HOLD-rating.

Expecting strong Q4

Vaisala guides topline between EUR 500-520m and EBIT between EUR 62-72m for 2022. We expect Vaisala to enjoy a strong end for the year 2022. In our estimates, Vaisala faces a 12% growth by its Q4 topline amounting to EUR 140.0m. We expect W&E to experience a 5% y/y growth in Q4. On the other hand, in Q4, we anticipate IM to record a 23% y/y increase. Even though fixed costs face pressures through front-loaded investments and material costs increase with component shortage, we yet foresee Q4 EBIT improving to EUR 15.2m (10.9% margin). In total, we expect Vaisala's topline to land a bit above and EBIT a bit below the mid-point of the guidance. With 22E EPS amounting to EUR 1.30, we estimate the BoD to propose a DPS of EUR 0.70.

Outlook as a main interest

According to PM indices, US and Euro Area manufacturing might face declines in the coming months. However, a large recession in Europe seems much unlikely with energy shortage resolved. Furthermore, Vaisala's positioning provides some protection against the slowing economy with investments in renewable energy. For now, the record high order book provides some foundation for growth in H1'23, but the visibility into H2 is yet somewhat foggy. Vaisala has generally been quite conservative in giving its guidance; with the management's 2023 outlook providing some growth, we foresee the company having good trust/visibility for the full year. Moreover, component availability is set to improve which should provide some lifting support for EBIT.

HOLD with a target price of EUR 41.0

We revised our W&E's near-term estimates, reflecting a better-than-expected market outlook. With our revised estimates, Vaisala trades approx. in line with its peer group, even below by considering 2023-24 figures. With minor estimate changes, we adjust our TP to EUR 41.0 (40.0). Reflecting neutral valuation, we retain our HOLD-rating ahead of the Q4 result.

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	512.6	65.1	12.7%	-36.0	1.30	30.4	2.9	22.6	-2.5	0.70
2023E	531.6	70.9	13.3%	75.6	1.50	26.5	2.7	20.0	5.3	0.83
2024E	562.1	85.3	15.2%	53.9	1.84	21.7	2.5	16.4	3.8	1.05
Market cap, EURm		1,437	Gearing 2022E, %			12.0	CAGR EPS 2021-24, %			19.4
Net debt 2022E, EURm		30	Price/book 2022E			5.7	CAGR sales 2021-24, %			8.7
Enterprise value, EURm		1,471	Dividend yield 2022E, %			1.8	ROE 2022E, %			19.5
Total assets 2022E, EURm		471	Tax rate 2022E, %			23.8	ROCE 2022E, %			21.3
Goodwill 2022E, EURm		49	Equity ratio 2022E, %			53.7	PEG, P/E 22/CAGR			2.9

Rating

 HOLD

Q4'22	Actual	Evli	Consensus*	Q4'21
Net sales		140.0	139.0	125.0
IM		61.4	-	50.1
W&E		78.6	-	74.9
EBIT		15.2	18.3	11.9
EBIT-margin		10.9%	13.2%	9.5%
EPS		0.30	0.42	0.21

*Consensus estimate from FactSet (4 analysts)

Share price, EUR (Last trading day's closing price) 39.90

Target price, EUR 41.0

Latest change in recommendation 30-Apr-21

Latest report on company 14-Nov-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 1,437

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 16-Feb-23

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 BUY  HOLD  SELL

Estimates

ESTIMATE CHANGES									
	2022E			2023E			2024E		
	Old	New		Old	New		Old	New	
Net sales	512.6	512.6	0%	525.2	531.6	1%	550.8	562.1	2%
IM	226.7	226.7	0%	237.2	237.2	0%	252.4	252.4	0%
W&E	285.9	285.9	0%	288.0	294.5	2%	298.4	309.7	4%
EBIT	65.1	65.1	0%	68.4	70.9	4%	80.4	85.3	6%
IM	53.2	53.2	0%	58.4	58.4	0%	66.2	66.2	0%
W&E	12.0	12.0	0%	12.0	14.5	21%	16.3	21.2	31%

We made minor positive adjustments to W&E's 2023-24 estimates. Previously, we expected W&E's growing businesses to also see some softness during 2023. Based on the better-than-expected market outlook, we expect only flagship businesses to fall short of the comparison period. It's worth noting that our estimates for 2023 are still quite conservative. We now expect Vaisala to grow by 3.7% to EUR 531.6m in 2023. With increased topline estimates, our 23E EBIT saw a 4% improvement to EUR 70.9m (13.3% margin).

VAISALA PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E			Div. yield		
		22	23	24	22	23	24	22	23	24	22	23	24
Hexagon	28730	16.2x	16.5x	15.2x	21.1x	22.2x	20.3x	24.0x	24.4x	22.2x	1.1 %	1.2 %	1.3 %
Keysight Tech	30690	17.9x	18.7x	17.6x	19.7x	20.3x	19.2x	23.9x	22.8x	21.1x	0.0 %	0.0 %	0.0 %
Trimble	12898	15.4x	15.9x	15.0x	16.6x	17.3x	15.7x	21.2x	20.0x	18.3x	0.0 %	0.0 %	0.0 %
National Instruments	6418	15.8x	17.4x	15.8x	18.1x	19.6x	17.3x	27.3x	21.3x	18.4x	2.1 %	2.2 %	2.2 %
Spectris	3793	13.8x	13.9x	13.0x	16.8x	16.9x	15.8x	21.1x	19.0x	17.5x	2.4 %	2.5 %	2.7 %
FARO Technologies	493	42.4x	17.8x	9.3x	372.8x	33.7x	12.0x	197.0x	56.0x	16.9x	0.0 %	3.6 %	3.6 %
Oxford Instruments	1633	15.6x	16.5x	15.7x	18.3x	19.2x	18.1x	25.9x	24.9x	23.6x	0.8 %	0.8 %	0.9 %
Sensirion Holding	1816	17.1x	22.3x	20.8x	21.2x	29.3x	27.9x	32.4x	37.5x	35.8x	0.0 %	0.0 %	0.0 %
Halma	9642	19.3x	20.0x	18.6x	22.2x	22.9x	21.3x	31.1x	28.6x	26.7x	0.9 %	1.0 %	1.0 %
Peer Group Average	9557	19.3x	17.7x	15.7x	58.5x	22.4x	18.6x	44.9x	28.3x	22.3x	0.8 %	1.2 %	1.3 %
Peer Group Median	3793	16.2x	17.4x	15.7x	19.7x	20.3x	18.1x	25.9x	24.4x	21.1x	0.8 %	1.0 %	1.0 %
Vaisala (Evli est.)	1437	16.7x	15.3x	13.0x	22.6x	20.0x	16.4x	30.4x	26.5x	21.7x	1.8 %	2.1 %	2.6 %

Vaisala prem./disc. to peer median

3% -12% -17% 14% -1% -10% 18% 9% 3% 128% 118% 158%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	39.90 PV of Free Cash Flow	470 Long-term growth, %	2.5 Risk-free interest rate, %
DCF share value	39.82 PV of Horizon value	970 WACC, %	7.4 Market risk premium, %
Share price potential, %	-0.2 Unconsolidated equity	-4 Spread, %	0.0 Debt risk premium, %
Maximum value	39.8 Marketable securities	51 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	39.8 Debt - dividend	-82 Maximum WACC, %	7.4 Target debt ratio, %
Horizon value, %	67.4 Value of stock	1,443 Nr of shares, Mn	36.0 Effective tax rate, %

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	438	513	532	562	582	599	617	636	655	674	691	709
<i>Sales growth, %</i>	<i>15.4</i>	<i>17.0</i>	<i>3.7</i>	<i>5.7</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	65	71	85	81	84	86	89	92	94	97	99
<i>Operating income margin, %</i>	<i>11.4</i>	<i>12.7</i>	<i>13.3</i>	<i>15.2</i>	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>
+ Depreciation+amort.	22	23	22	22	23	24	25	21	21	22	22	
EBITDA	72	88	93	107	105	108	111	110	113	116	119	
- Paid taxes	-12	-16	-14	-17	-16	-17	-17	-18	-18	-19	-19	
- Change in NWC	17	-62	23	-5	-3	-3	-3	-3	-3	-3	-3	
<i>NWC / Sales, %</i>	<i>8.6</i>	<i>19.5</i>	<i>14.6</i>	<i>14.6</i>	<i>14.6</i>	<i>14.6</i>	<i>14.6</i>	<i>14.6</i>	<i>14.6</i>	<i>14.7</i>	<i>14.7</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-19	-37	-18	-24	-22	-23	24	-17	-18	-18	-9	
<i>opCAPEX / Sales, %</i>	<i>4.9</i>	<i>8.5</i>	<i>4.4</i>	<i>5.3</i>	<i>4.9</i>	<i>4.8</i>	<i>-2.8</i>	<i>3.8</i>	<i>3.8</i>	<i>3.8</i>	<i>2.3</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	-27	84	62	63	66	115	72	74	76	88	1,835
= Discounted FCFF		-28	79	54	51	50	81	47	45	43	47	970
= DFCF min WACC		-28	79	54	51	50	81	47	45	43	47	970
= DFCF max WACC		-28	79	54	51	50	81	47	45	43	47	970

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	92.0	109.5	111.5	124.9	437.9	118.8	120.5	133.3	140.0	512.6	531.6	562.1
EBITDA	13.4	16.1	24.7	17.5	71.7	23.1	16.1	27.9	20.8	88.0	92.7	107.5
<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>19.5</i>	<i>13.4</i>	<i>20.9</i>	<i>14.9</i>	<i>17.2</i>	<i>17.4</i>	<i>19.1</i>
EBIT	8.1	10.9	19.2	11.9	50.1	17.5	10.3	22.0	15.2	65.1	70.9	85.3
<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>8.6</i>	<i>16.5</i>	<i>10.9</i>	<i>12.7</i>	<i>13.3</i>	<i>15.2</i>
Net financial items	-0.2	-0.8	-0.5	-0.6	-2.1	-0.2	-1.0	-1.3	-0.9	-3.4	-3.2	-2.5
Pre-tax profit	7.9	10.1	18.8	11.3	48.1	17.3	9.3	20.7	14.3	61.7	67.8	82.8
Tax	-1.6	-0.7	-2.8	-3.7	-8.8	-3.6	-3.0	-4.7	-3.4	-14.7	-13.6	-16.6
<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>32.2</i>	<i>22.6</i>	<i>24.0</i>	<i>23.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	6.2	9.2	16.0	7.6	39.0	13.7	6.3	16.1	10.9	47.0	54.2	66.3
EPS	0.17	0.25	0.44	0.21	1.08	0.38	0.18	0.45	0.30	1.30	1.50	1.84
EPS adjusted (diluted no. of shares)	0.17	0.25	0.44	0.21	1.08	0.39	0.18	0.45	0.30	1.31	1.50	1.84
Dividend per share	0.00	0.00	0.00	0.00	0.68	0.00	0.00	0.00	0.00	0.70	0.83	1.05
SALES, EURm												
Weather and Environment	52.2	65.4	64.4	74.9	256.9	65.7	65.9	75.7	78.6	285.9	294.5	309.7
Industrial Measurements	39.7	44.1	47.1	50.1	181.0	53.1	54.7	57.6	61.4	226.7	237.2	252.4
Total	92.0	109.5	111.5	124.9	437.9	118.8	120.5	133.3	140.0	512.6	531.6	562.1
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>0.7</i>	<i>17.5</i>	<i>5.0</i>	<i>11.3</i>	<i>3.0</i>	<i>5.2</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>23.9</i>	<i>22.2</i>	<i>22.6</i>	<i>25.2</i>	<i>4.6</i>	<i>6.4</i>
Total	5.5	19.8	18.6	16.9	15.4	29.2	10.1	19.5	12.1	17.0	3.7	5.7
EBIT, EURm												
Weather and Environment	-0.9	1.0	5.3	2.3	7.7	2.9	-1.0	7.5	2.7	12.0	14.5	21.2
Industrial Measurements	9.4	10.5	14.2	9.8	44.0	14.6	11.5	14.6	12.6	53.2	58.4	66.2
Other	-0.4	-0.6	-0.2	-0.3	-1.5	0.1	-0.1	0.0	-0.1	-0.1	-2.0	-2.1
Total	8.1	10.9	19.2	11.9	50.1	17.5	10.3	22.0	15.2	65.1	70.9	85.3
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>-1.6</i>	<i>9.9</i>	<i>3.5</i>	<i>4.2</i>	<i>4.9</i>	<i>6.9</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>21.0</i>	<i>25.3</i>	<i>20.5</i>	<i>23.5</i>	<i>24.6</i>	<i>26.2</i>
<i>Other</i>						<i>50,000.0</i>		<i>0.0</i>		<i>-</i>		
Total	8.8	10.0	17.3	9.5	11.4	14.8	8.6	16.5	10.9	12.7	13.3	15.2

Electronic Equipment & Instruments/Finland, February 14, 2023
Preview

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	332.6	348.8	403.6	379.5	437.9	512.6	531.6	562.1
<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>17.0</i>	<i>3.7</i>	<i>5.7</i>
EBITDA	50.3	51.1	64.7	65.9	71.7	88.0	92.7	107.5
<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>17.2</i>	<i>17.4</i>	<i>19.1</i>
Depreciation	-9.5	-12.1	-23.6	-21.1	-21.6	-22.8	-21.8	-22.2
EBITA	40.8	39.0	41.1	44.8	50.1	65.1	70.9	85.3
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	65.1	70.9	85.3
<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>12.7</i>	<i>13.3</i>	<i>15.2</i>
Reported EBIT	40.8	39.0	41.1	44.8	50.1	65.1	70.9	85.3
<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>12.7</i>	<i>13.3</i>	<i>15.2</i>
Net financials	-2.8	-1.4	-1.0	-3.4	-2.1	-3.4	-3.2	-2.5
Pre-tax profit	38.0	37.6	40.1	41.4	48.1	61.7	67.8	82.8
Taxes	-10.9	-8.0	-6.5	-8.5	-8.8	-14.7	-13.6	-16.6
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	47.0	54.2	66.3
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	124	125	132
Goodwill	16	25	30	30	29	49	49	49
Right of use assets	0	12	12	13	11	13	13	14
Inventory	29	32	40	45	50	72	74	79
Receivables	84	93	105	93	107	154	133	141
Liquid funds	91	73	56	45	78	51	80	84
Total assets	274	347	361	352	408	471	483	507
Liabilities								
Shareholder's equity	185	183	198	205	230	252	281	318
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	13	13	14
Deferred taxes	1	9	8	8	7	7	7	7
Interest bearing debt	0	41	40	45	40	69	46	26
Non-interest bearing current liabilities	81	89	94	76	116	123	128	135
Other interest-free debt	5	9	7	8	7	7	7	7
Total liabilities	274	347	361	352	408	471	483	507
CASH FLOW, EURm								
+ EBITDA	50	51	65	66	72	88	93	107
- Net financial items	-3	-1	-1	-3	-2	-3	-3	-2
- Taxes	-7	-9	-9	-8	-11	-15	-14	-17
- Increase in Net Working Capital	7	-4	-16	-7	17	-62	23	-5
+/- Other	2	11	2	-6	5	0	0	0
= Cash flow from operations	49	48	41	41	80	7	99	84
- Capex	-8	-14	-38	-35	-22	-43	-23	-30
- 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	76	54
+/- New issues/buybacks	-2	5	3	-4	8	0	0	0
- Paid dividend	-18	-37	-21	-22	-22	-25	-25	-30
+/- Other	0	31	-1	9	-12	34	-22	-20
Change in cash	19	-19	-16	-11	33	-27	28	5

Electronic Equipment & Instruments/Finland, February 14, 2023
Preview

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	659	1,159	1,454	1,924	1,437	1,437	1,437
Net debt (excl. convertibles)	-20	-5	9	-30	30	-20	-44
Enterprise value	638	1,154	1,466	1,899	1,471	1,420	1,396
Sales	349	404	380	438	513	532	562
EBITDA	51	65	66	72	88	93	107
EBIT	39	41	45	50	65	71	85
Pre-tax	38	40	41	48	62	68	83
Earnings	30	34	33	39	47	54	66
Equity book value (excl. minorities)	183	198	205	230	252	281	318
Valuation multiples							
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	16.7	15.3	13.0
EV/EBITA	16.4	28.1	32.7	37.9	22.6	20.0	16.4
EV/EBIT	16.4	28.1	32.7	37.9	22.6	20.0	16.4
EV/OCF	13.2	28.3	35.8	23.7	197.9	14.4	16.6
EV/FCFF	-38.5	141.5	115.8	30.3	-53.9	17.0	22.5
P/FCFE	-37.2	413.9	259.7	33.0	-39.9	19.0	26.7
P/E	22.2	34.6	44.2	49.4	30.4	26.5	21.7
P/B	3.6	5.8	7.1	8.4	5.7	5.1	4.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	17.1	15.7	13.3
Target EV/EBIT	0.0	0.0	0.0	0.0	23.1	20.5	16.8
Target EV/FCF	0.0	0.0	0.0	0.0	-41.9	19.3	26.6
Target P/B	0.0	0.0	0.0	0.0	5.9	5.3	4.6
Target P/E	0.0	0.0	0.0	0.0	31.2	27.2	22.3
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	1.30	1.50	1.84
Operating cash flow per share	1.35	1.14	1.14	2.22	0.21	2.74	2.33
Free cash flow per share	-0.49	0.08	0.16	1.62	-1.00	2.10	1.50
Book value per share	5.11	5.53	5.69	6.36	7.00	7.81	8.82
Dividend per share	0.58	0.61	0.61	0.68	0.70	0.83	1.05
Dividend payout ratio, %	70.1	65.3	66.8	63.0	53.7	55.0	57.0
Dividend yield, %	3.2	1.9	1.5	1.3	1.8	2.1	2.6
FCF yield, %	-2.7	0.2	0.4	3.0	-2.5	5.3	3.8
Efficiency measures							
ROE	16.1	17.6	16.3	17.9	19.5	20.3	22.1
ROCE	18.5	17.0	17.7	18.6	21.3	21.0	24.4
Financial ratios							
Inventories as % of sales	9.2	9.8	11.7	11.4	14.0	14.0	14.0
Receivables as % of sales	26.7	26.0	24.4	24.4	30.0	25.0	25.0
Non-interest bearing liabilities as % of sales	25.5	23.2	20.1	26.6	24.0	24.0	24.0
NWC/sales, %	10.1	12.7	15.2	8.6	19.5	14.6	14.6
Operative CAPEX/sales, %	4.1	9.4	9.3	4.9	8.5	4.4	5.3
CAPEX/sales (incl. acquisitions), %	-10.7	9.4	9.3	4.9	8.5	4.4	5.3
FCFF/EBITDA	-0.3	0.1	0.2	0.9	-0.3	0.9	0.6
Net debt/EBITDA, book-weighted	-0.4	-0.1	0.1	-0.4	0.3	-0.2	-0.4
Debt/equity, market-weighted	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	52.8	54.8	58.4	56.5	53.7	58.4	62.8
Gearing, %	-11.0	-2.5	4.4	-13.1	12.0	-7.1	-13.9

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 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 increased share of digital business of 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	150.677	10.5%
Nordea Nordic Small Cap Fund	1,936,354	77.261	5.4%
Weisell-Säätiö Sr	1,700,710	67.858	4.7%
Mandatum Life Insurance Company Ltd.	1,405,717	56.088	3.9%
Voipio Mikko	1,268,312	50.606	3.5%
Citibank Europe Plc	1,125,200	44.895	3.1%
Caspers Anja	969,496	38.683	2.7%
Voipio Raimo Hannes	919,656	36.694	2.6%
Ten largest	13,101,803	522.762	36%
Residual	22,918,197	914.436	64%
Total	36,020,000	1,437.198	100%

EARNINGS CALENDAR	
February 16, 2023	FY 2022 Results
May 05, 2023	Q1 report
July 28, 2023	Q2 report
October 27, 2023	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

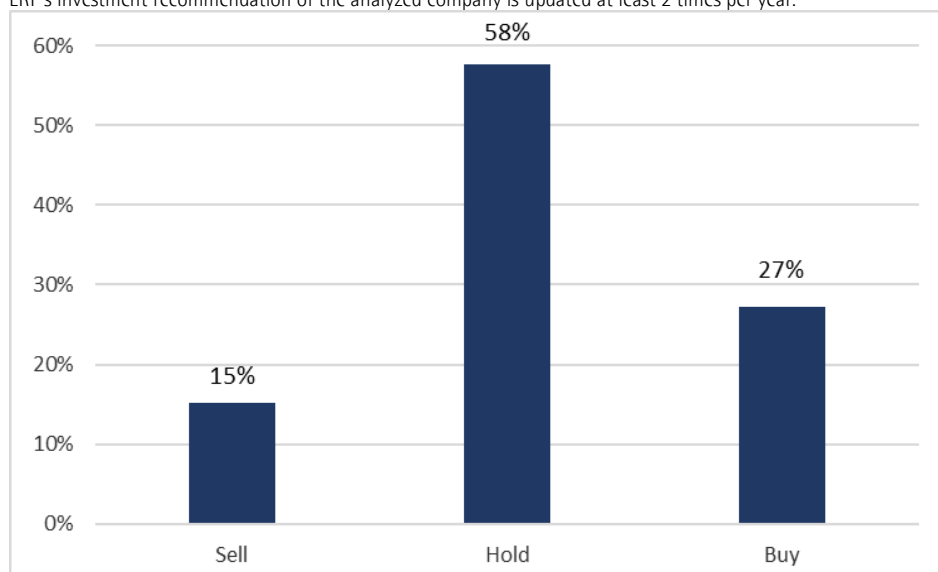
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Investment recommendations are defined as follows:

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

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

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