

Net sales came in strong, EBIT below expectations

Vaisala posted Q4 net sales roughly in line with our estimates. Orders continued in a trend of growth. EBIT however came in below our expectations with higher fixed costs. Guidance implies growth to continue also in 2023.

- Group result:** Order received continued in a growing trend with y/y increase of 17%. Order book was strong at EUR 181.5m, but declined q/q. Driven by both businesses, net sales topped our estimates, by increasing by 13% to EUR 141.6m (140.0/139.0m Evli/cons.). Gross margin remained flat. With volumes high, EBIT also improved to EUR 12.6m, but fell short of our and cons. estimates (15.2/18.3m Evli/cons.). Profitability was harmed by higher fixed costs. EBIT margin was 8.9% (Q4'21: 9.5%). EPS amounted to EUR 0.25 (0.3/0.42 Evli/cons.).
- Industrial measurements (IM):** Orders received increased by 11%. Order book was yet again record high, at EUR 41.8m. 27% y/y growth in order book was supported by good sales in industrial instruments, life science, and power. Net sales amounted to EUR 60.2m (Evli: 61.4m), representing y/y growth of 20%. Growth was good in all market segments. Q4 EBIT improved and amounted to EUR 10.8m (Evli: 12.6m), reflecting a margin of 17.9%.
- Weather and Environment (W&E):** Orders received grew strongly by 24%. Order book was also strong, at EUR 139.6m, but below Q3'22. 10% y/y change in order book was driven by renewable energy and road weather. Net sales amounted to EUR 81.3m (Evli: 78.6m) and grew by 9% y/y. EBIT amounted to EUR 1.8m (Evli: 2.7m) and was affected by higher fixed costs. EBIT margin was 2.2%.
- 22 DPS:** The BoD proposes EUR 0.72 (0.7/0.71 Evli/cons.) dividend per share for FY'22 with a payout rate of ~60%.
- Market outlook:** Industrial instruments, life science, power and energy and liquid measurements to grow. Renewable energy, road weather and automotive to grow. Aviation to remain flat or grow. Meteorology to remain flat.
- 23 guidance:** Net sales of EUR 530-570m, mid-point implying ~7% growth. EBIT is estimated to reach EUR 70-85m, mid-point indicating a ~14% margin.

Rating

HOLD

Q4'22	Actual	Evli	Consensus*	Q4'21
Net sales	141.6	140.0	139.0	125.0
IM	60.2	61.4	-	50.1
W&E	81.3	78.6	-	74.9
EBIT	12.6	15.2	18.3	11.9
EBIT-margin	8.9%	10.9%	13.2%	9.5%
EPS	0.25	0.30	0.42	0.21

*Consensus estimate from FactSet (4 analysts)

Share price, EUR (Last trading day's closing price) **42.00**

Target price, EUR **41.0**

Latest change in recommendation **30-Apr-21**

Latest report on company **14-Feb-23**

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 **1,513**

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

PRE-REPORT 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	32.0	3.0	23.7	-2.4	0.70
2023E	531.6	70.9	13.3%	75.6	1.50	27.9	2.8	21.1	5.0	0.83
2024E	562.1	85.3	15.2%	53.9	1.84	22.8	2.6	17.2	3.6	1.05
Market cap, EURm		1,513	BV per share 2022E, EUR		12.0	CAGR EPS 2021-24, %		19.4		
Net debt 2022E, EURm		30	Price/book 2022E		6.0	CAGR sales 2021-24, %		8.7		
Enterprise value, EURm		1,547	Dividend yield 2022E, %		1.7	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		3.0		

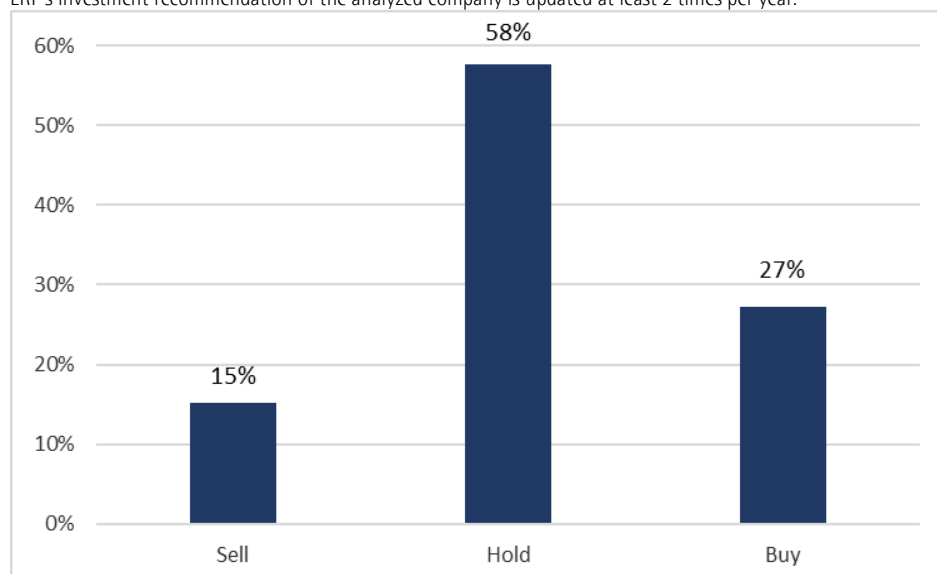
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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