

Solid growth and orders, soft profitability

Vaisala's Q4 EBIT missed our estimates at EUR 16.3m (EUR 17.5m Evli). On the other hand, W&E growth and orders were strong.

- Q4 group result:** Orders received were strong and increased by 14% y/y while order book stood at EUR 172.5m (+12%). Group net sales increased by 4% to EUR 147.4m, slightly above our estimates (143.6/142.7m Evli/cons.). As expected, W&E sales were stronger, yet the growth was still stronger than we expected. Gross margin improved to a strong level of 54.3% (53.5% Q4/22) driven by smaller impact from spot component purchases. EBIT amounted to EUR 16.3m (17.5/17.7m Evli/cons.), reflecting a margin of 11.0%. EBIT improvement was mainly driven by the gross margin development.
- Industrial measurements (IM):** Orders decreased by 8% (FX -8%) y/y and order book declined to EUR 35.2m (-16%). Net sales decreased by 4% y/y to EUR 57.6m (FX 1%), below our estimates (Evli: 58.4m). Net sales decreased very strongly in life science and were at previous year's level in industrial instruments market segments and liquid measurements market. On the other hand, net sales in power and energy market segment grew very strongly. IM profitability was clear letdown as even though the segment had no additional costs related to component spot purchases (-4.3% Q4/22), the gross margin improved only 1% y/y due to lower volume and price pressure in China.
- Weather and Environment (W&E):** Orders received increased by 35% (FX 37%) y/y and order book was up by 22% y/y. W&E's net sales grew by 10% (FX 14%) to EUR 89.8m, above our estimates (Evli: 85.2m). Net sales grew in all market segments, very strongly in aviation market segment and strongly in renewable energy market segment. Similarly to IM, improved gross margin due to lower amount of component spot purchases drove EBIT margin to 8.3% (2.2%).
- Outlook 2024:** Net sales EUR 530-570m and EBIT EUR 63-78m

Rating

+ BUY

Q4'23	Actual	Evli	Consensus*	Q4'22
Net sales	147.4	143.6	142.7	141.6
W&E	89.8	85.2	84.8	81.3
IM	57.6	58.4	57.8	60.2
EBIT reported	16.3	17.5	17.7	12.6
EBIT-margin	11.1%	12.2%	12.4%	8.9%
Adj. EPS	0.36	0.37	0.37	0.25

* Consensus estimate from Factset (2-4 analysts)

Share price, EUR (Last trading day's closing price) **35.70**

Target price, EUR **41.0**

Latest change in recommendation **20-Jul-23**

Latest report on company **7-Feb-24**

Research paid by issuer: **YES**

No. of shares outstanding, '000's **36,399**

No. of shares fully diluted, '000's **36,399**

Market cap, EURm **1,299**

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 **14-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
2021	437.9	50.1	11.4%	58.4	1.08	49.4	4.3	37.9	3.0	0.68
2022	514.1	62.5	12.2%	-12.3	1.25	31.6	2.8	23.1	-0.9	0.72
2023E	536.6	67.9	12.7%	56.3	1.36	26.2	2.4	18.8	4.3	0.75
2024E	551.8	76.1	13.8%	55.4	1.61	22.2	2.3	16.4	4.3	0.92
2025E	580.8	80.9	13.9%	51.5	1.72	20.8	2.1	15.2	4.0	0.94
Market cap, EURm		1,299		BV per share 2023E, EUR		-8.2		CAGR EPS 2022-25, %		10.8
Net debt 2023E, EURm		-22		Price/book 2023E		4.7		CAGR sales 2022-25, %		4.2
Enterprise value, EURm		1,277		Dividend yield 2023E, %		2.1		ROE 2023E, %		18.9
Total assets 2023E, EURm		458		Tax rate 2023E, %		22.8		ROCE 2023E, %		20.9
Goodwill 2023E, EURm		49		Equity ratio 2023E, %		59.8		PEG, P/E 23/CAGR		2.2

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

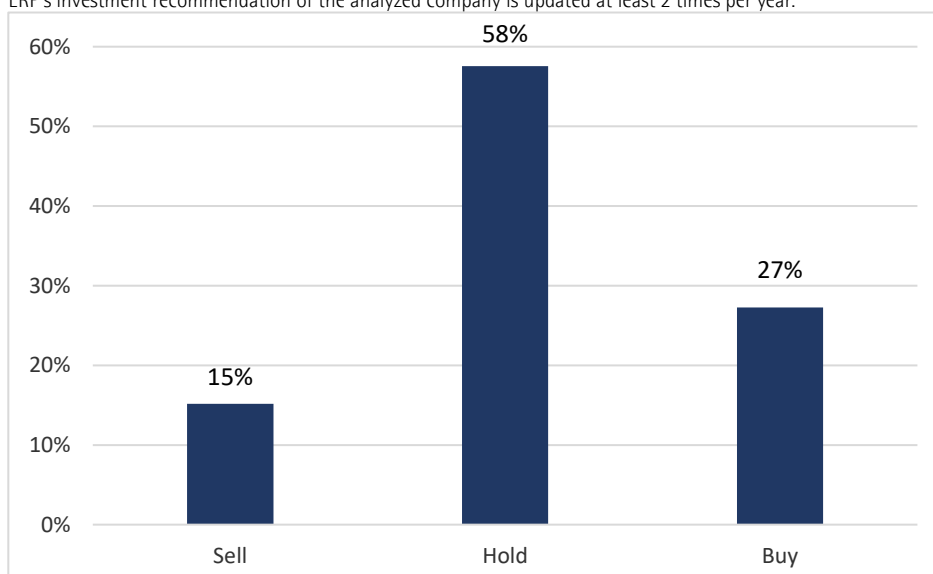
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< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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