

## Some catching up to do

Vaisala published preliminary net sales figures for Q1/24, missing our estimates with roughly 15% y/y sales decline. While one-time events and market conditions create short-term pressure, the long-term case remains attractive. The first quarter results will be published 3<sup>rd</sup> of May.

### Q1 was negatively affected by one-time events

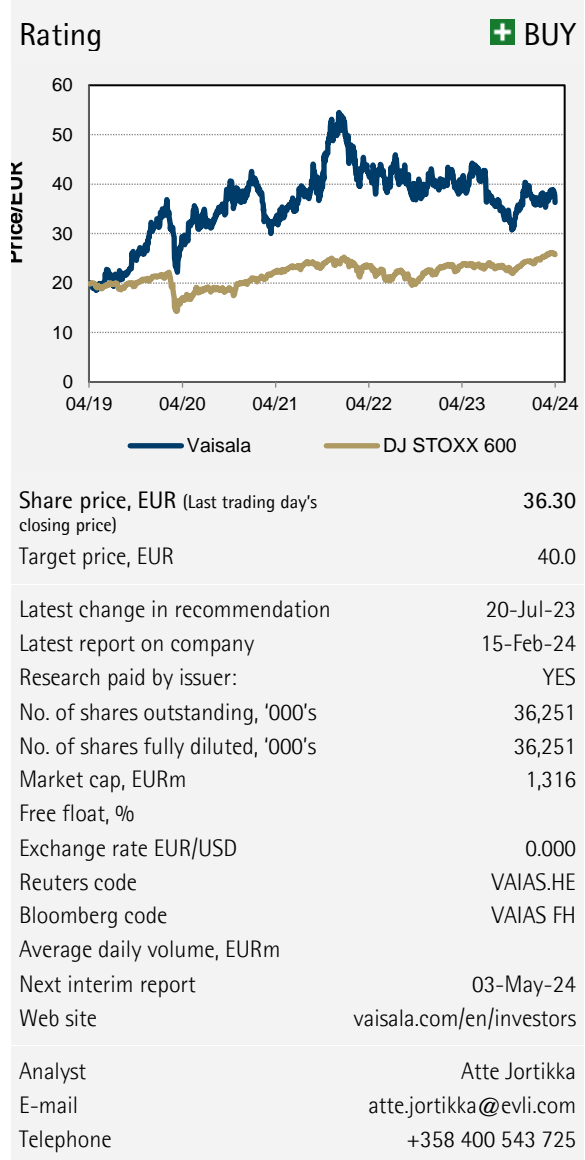
Vaisala published preliminary net sales of Q1/24 yesterday, missing our estimate by a substantial margin. The company's preliminary net sales were EUR 112m (Evli est. EUR 128m), down roughly 15% y/y from EUR 132m Q1/23. Due to lower sales, EBIT is expected to be significantly lower when compared to Q1/23. The reasons for the decline were already known and communicated by the management in connection with the Q4/23 report and pre-silent comments. The industrial actions in Finland and implementation of the new ERP were the main drivers behind the declined sales. While we expected a soft first quarter due to the beforementioned reasons, with a net sales decline of roughly 3%, the negative effects from these one-time events were more substantial than estimated.

### Guidance demands growth for the remainder of the FY

While the Q1 preliminary net sales indicate a decline of roughly 15%, Vaisala reiterated its FY24 outlook where it estimates that net sales will be in the range of EUR 530–570m and EBIT in the range of EUR 63–78m. With the preliminary net sales for Q1, the outlook range implies y/y revenue growth of roughly 2–12% for the remaining nine months of FY. With the preliminary net sales updated to our model in addition to other estimate changes, we now estimate net sales of EUR 542m and EBIT of EUR 68m for FY 2024. Our estimates imply roughly 5% growth for the remaining nine months supported by W&E's backlog and softer comparison for IM during H2. Q1 is now estimated to be exceptionally weak also in terms of profitability driven by the net sales miss and further OPEX investments.

### BUY with a TP of EUR 40 (prev. EUR 41)

Based on our updated estimates for 2024–2025, Vaisala trades at roughly 17–14x adj. EV/EBIT, this represents a discount of approximately 12% when compared to the peer group. Supporting this, our DCF indicates an upside of roughly 10%.



## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	514.1	62.5	12.2%	-12.3	1.25	31.6	2.8	23.1	-0.9	0.72
2023	540.4	66.6	12.3%	68.4	1.35	29.4	2.6	21.2	4.7	0.75
2024E	542.4	67.9	12.5%	51.5	1.43	25.4	2.3	18.6	3.9	0.78
2025E	573.0	78.4	13.7%	49.3	1.67	21.8	2.2	15.9	3.7	0.92
2026E	595.5	86.3	14.5%	59.5	1.86	19.5	2.0	14.1	4.5	1.03
Market cap, EURm		1,316	Gearing 2024E, %			-17.2	CAGR EPS 2023-26, %			11.4
Net debt 2024E, EURm		-50	Price/book 2024E			4.5	CAGR sales 2023-26, %			3.3
Enterprise value, EURm		1,266	Dividend yield 2024E, %			2.2	ROE 2024E, %			18.5
Total assets 2024E, EURm		461	Tax rate 2024E, %			20.0	ROCE 2024E, %			19.9
Goodwill 2024E, EURm		49	Equity ratio 2024E, %			63.4	PEG, P/E 24/CAGR			2.3

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

Table 1: Peer group table

VAISALA PEER GROUP	MCAP MEUR	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26	24	25	26
Hexagon	28984	5.6x	5.3x	4.9x	15.1x	13.8x	12.8x	19.6x	17.8x	16.3x	23.1x	20.8x	18.4x
Keysight Tech	25530	5.6x	5.1x	4.7x	20.3x	17.5x	14.9x	22.9x	18.4x	16.2x	25.6x	20.9x	17.3x
Trimble	14076	5.0x	4.8x	4.5x	18.7x	17.7x	16.3x	20.4x	19.4x	17.6x	22.7x	20.3x	17.7x
Spectris	3804	2.3x	2.2x	2.1x	10.9x	10.1x	9.3x	12.8x	12.0x	10.9x	16.8x	15.3x	14.0x
FARO Technologies	352	0.8x	0.8x		10.2x	7.3x			10.3x			19.1x	
Oxford Instruments	1421	2.5x	2.4x	2.3x	12.3x	11.4x	10.6x	13.9x	12.9x	12.1x	18.8x	17.3x	16.4x
Sensirion Holding	1018	3.5x	2.9x	2.6x	50.5x	21.1x	15.8x		39.3x	26.4x	312.2x	43.8x	30.5x
Halma	10041	3.8x	3.2x	4.0x	18.6x	17.4x	16.9x	18.3x	15.0x	19.1x	24.0x	18.1x	23.5x
Peer Group Average	10653	3.7x	3.3x	3.6x	19.6x	14.5x	13.8x	18.0x	18.2x	17.0x	63.3x	22.0x	19.7x
Peer Group Median	6923	3.7x	3.1x	4.0x	16.9x	15.6x	14.9x	19.0x	16.4x	16.3x	23.1x	19.7x	17.7x
Vaisala (Evli est.)	1147	2.3x	2.2x	2.0x	13.7x	12.1x	10.9x	16.7x	14.4x	12.9x	22.0x	19.2x	17.3x

Vaisala prem./disc. to peer median  
Vaisala multiples adj. for PPA amortization  
Source Bloomberg, Evli Research

-37% -29% -49% -18% -22% -27% -12% -12% -21% -5% -2% -2%

Table 2: Estimate changes

ESTIMATE CHANGES						
	2024E			2025E		
	Old	New	%	Old	New	%
<b>Net sales</b>	<b>553.7</b>	<b>542.4</b>	<b>-2%</b>	<b>579.4</b>	<b>573.0</b>	<b>-1%</b>
IM	228.2	222.5	-2%	244.1	240.3	-2%
W&E	325.5	319.9	-2%	335.3	332.7	-1%
<b>EBIT</b>	<b>71.7</b>	<b>67.9</b>	<b>-5%</b>	<b>80.0</b>	<b>78.4</b>	<b>-2%</b>
IM	46.3	43.3	-7%	52.8	51.8	-2%
W&E	25.4	24.6	-3%	27.2	26.6	-2%

Source: Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	36.30 PV of Free Cash Flow	494 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	39.98 PV of Horizon value	956 WACC, %	7.0 Market risk premium, %	5.8
Share price potential, %	10.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	45.0 Marketable securities	90 Minimum WACC, %	6.5 Equity beta coefficient	0.80
Minimum value	36.0 Debt - dividend	-92 Maximum WACC, %	7.5 Target debt ratio, %	20
Horizon value, %	65.9 Value of stock	1,449 Nr of shares, Mn	36.3 Effective tax rate, %	25

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	540	542	573	595	616	635	654	673	694	714	732	751
<i>Sales growth, %</i>	<i>5.1</i>	<i>0.4</i>	<i>5.6</i>	<i>3.9</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)	67	68	78	86	89	92	92	94	97	100	103	105
<i>Operating income margin, %</i>	<i>12.3</i>	<i>12.5</i>	<i>13.7</i>	<i>14.5</i>	<i>14.5</i>	<i>14.5</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.	24	24	24	25	26	27	28	29	30	31	32	
EBITDA	91	92	102	112	116	119	120	123	127	131	134	
- Paid taxes	-15	-14	-16	-17	-18	-18	-18	-19	-19	-20	-21	
- Change in NWC	11	0	-4	-3	-3	-3	-3	-3	-3	-3	-2	
<i>NWC / Sales, %</i>	<i>12.6</i>	<i>12.6</i>	<i>12.7</i>	<i>12.7</i>	<i>12.8</i>	<i>12.8</i>	<i>12.8</i>	<i>12.9</i>	<i>12.9</i>	<i>12.9</i>	<i>12.9</i>	
+ Change in other liabs	-3	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-10	-20	-26	-25	-26	-26	-27	-28	-28	-29	-29	
<i>opCAPEX / Sales, %</i>	<i>2.9</i>	<i>4.5</i>	<i>5.4</i>	<i>5.1</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>4.9</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	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	74	58	57	66	69	72	72	74	76	79	82	1,851
= Discounted FCFF		56	51	55	54	53	49	47	45	43	42	956
= DFCF min WACC		56	51	56	55	54	50	48	47	45	44	1,125
= DFCF max WACC		56	50	54	53	51	48	46	44	42	40	823

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	131.8	130.8	130.4	147.4	540.4	112.0	135.8	139.3	155.3	542.4	573.0	595.5
EBITDA	19.1	18.0	31.4	22.2	90.8	11.1	21.3	33.2	26.5	92.1	102.4	111.6
<i>EBITDA margin (%)</i>	<i>14.5</i>	<i>13.8</i>	<i>24.1</i>	<i>15.1</i>	<i>16.8</i>	<i>9.9</i>	<i>15.7</i>	<i>23.8</i>	<i>17.1</i>	<i>17.0</i>	<i>17.9</i>	<i>18.7</i>
EBIT	13.3	11.9	25.2	16.1	66.6	5.3	15.2	27.0	20.4	67.9	78.4	86.3
<i>EBIT margin (%)</i>	<i>10.1</i>	<i>9.1</i>	<i>19.3</i>	<i>10.9</i>	<i>12.3</i>	<i>4.7</i>	<i>11.2</i>	<i>19.3</i>	<i>13.1</i>	<i>12.5</i>	<i>13.7</i>	<i>14.5</i>
Net financial items	-0.8	-1.4	-1.0	-0.2	-3.4	-0.5	-1.2	-1.0	-0.5	-3.2	-2.9	-1.8
Pre-tax profit	12.5	10.5	24.2	15.9	63.2	4.8	14.0	26.0	19.9	64.7	75.5	84.5
Tax	-2.9	-2.5	-5.7	-3.2	-14.3	-1.0	-2.8	-5.2	-4.0	-12.9	-15.1	-16.9
<i>Tax rate (%)</i>	<i>23.2</i>	<i>23.7</i>	<i>23.5</i>	<i>20.4</i>	<i>22.7</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	9.6	8.0	18.5	12.7	48.9	3.8	11.2	20.8	15.9	51.7	60.4	67.6
EPS	0.26	0.22	0.51	0.35	1.35	0.11	0.31	0.57	0.44	1.43	1.67	1.86
EPS adjusted (diluted no. of shares)	0.26	0.22	0.51	0.35	1.35	0.11	0.31	0.57	0.44	1.43	1.67	1.86
Dividend per share	0.00	0.00	0.00	0.00	0.75	0.00	0.00	0.00	0.00	0.78	0.92	1.03
<b>SALES, EURm</b>												
Weather and Environment	68.8	78.0	76.4	89.8	313.0	61.6	81.9	82.2	94.3	319.9	332.7	344.4
Industrial Measurements	63.0	52.8	53.9	57.6	227.3	50.4	53.9	57.2	61.1	222.5	240.3	251.1
<b>Total</b>	<b>131.8</b>	<b>130.8</b>	<b>130.4</b>	<b>147.4</b>	<b>540.4</b>	<b>112.0</b>	<b>135.8</b>	<b>139.3</b>	<b>155.3</b>	<b>542.4</b>	<b>573.0</b>	<b>595.5</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Weather and Environment</i>	<i>4.7</i>	<i>18.4</i>	<i>1.0</i>	<i>10.5</i>	<i>8.5</i>	<i>-10.5</i>	<i>5.0</i>	<i>7.5</i>	<i>5.0</i>	<i>2.2</i>	<i>4.0</i>	<i>3.5</i>
<i>Industrial Measurements</i>	<i>18.6</i>	<i>-3.4</i>	<i>-6.3</i>	<i>-4.3</i>	<i>0.8</i>	<i>-20.0</i>	<i>2.0</i>	<i>6.0</i>	<i>6.0</i>	<i>-2.1</i>	<i>8.0</i>	<i>4.5</i>
<b>Total</b>	<b>10.9</b>	<b>8.5</b>	<b>-2.2</b>	<b>4.2</b>	<b>5.1</b>	<b>-15.0</b>	<b>3.8</b>	<b>6.9</b>	<b>5.4</b>	<b>0.4</b>	<b>5.6</b>	<b>3.9</b>
<b>EBIT, EURm</b>												
Weather and Environment	-1.7	4.9	10.4	7.4	21.1	-1.8	5.5	11.1	9.7	24.6	26.6	29.3
Industrial Measurements	15.0	6.8	14.7	8.7	45.2	7.1	9.6	15.8	10.8	43.3	51.8	57.0
Other	0.0	0.2	0.1	0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>13.3</b>	<b>11.9</b>	<b>25.2</b>	<b>16.1</b>	<b>66.6</b>	<b>5.3</b>	<b>15.2</b>	<b>27.0</b>	<b>20.4</b>	<b>67.9</b>	<b>78.4</b>	<b>86.3</b>
<b>EBIT margin, %</b>												
<i>Weather and Environment</i>	<i>-2.5</i>	<i>6.3</i>	<i>13.7</i>	<i>8.3</i>	<i>6.7</i>	<i>-2.9</i>	<i>6.8</i>	<i>13.5</i>	<i>10.3</i>	<i>7.7</i>	<i>8.0</i>	<i>8.5</i>
<i>Industrial Measurements</i>	<i>23.8</i>	<i>12.9</i>	<i>27.2</i>	<i>15.0</i>	<i>19.9</i>	<i>14.0</i>	<i>17.9</i>	<i>27.7</i>	<i>17.6</i>	<i>19.5</i>	<i>21.6</i>	<i>22.7</i>
<i>Other</i>	<i>0.0</i>			<i>50,000.0</i>	<i>87,500.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<b>Total</b>	<b>10.1</b>	<b>9.1</b>	<b>19.3</b>	<b>10.9</b>	<b>12.3</b>	<b>4.7</b>	<b>11.2</b>	<b>19.3</b>	<b>13.1</b>	<b>12.5</b>	<b>13.7</b>	<b>14.5</b>

Electronic Equipment & Instruments/Finland, April 12, 2024  
Preview

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	403.6	379.5	437.9	514.1	540.4	542.4	573.0	595.5
<i>Sales growth (%)</i>	<i>15.7</i>	<i>-6.0</i>	<i>15.4</i>	<i>17.4</i>	<i>5.1</i>	<i>0.4</i>	<i>5.6</i>	<i>3.9</i>
EBITDA	64.7	65.9	71.7	85.4	90.8	92.1	102.4	111.6
<i>EBITDA margin (%)</i>	<i>16.0</i>	<i>17.4</i>	<i>16.4</i>	<i>16.6</i>	<i>16.8</i>	<i>17.0</i>	<i>17.9</i>	<i>18.7</i>
Depreciation	-23.6	-21.1	-21.6	-22.8	-24.2	-24.2	-24.0	-25.4
EBITA	41.1	44.8	50.1	62.5	66.6	67.9	78.4	86.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	41.1	44.8	50.1	62.5	66.6	67.9	78.4	86.3
<i>EBIT margin (%)</i>	<i>10.2</i>	<i>11.8</i>	<i>11.4</i>	<i>12.2</i>	<i>12.3</i>	<i>12.5</i>	<i>13.7</i>	<i>14.5</i>
Reported EBIT	41.1	44.8	50.1	62.5	66.6	67.9	78.4	86.3
<i>EBIT margin (reported) (%)</i>	<i>10.2</i>	<i>11.8</i>	<i>11.4</i>	<i>12.2</i>	<i>12.3</i>	<i>12.5</i>	<i>13.7</i>	<i>14.5</i>
Net financials	-1.0	-3.4	-2.1	-2.9	-3.4	-3.2	-2.9	-1.8
Pre-tax profit	40.1	41.4	48.1	59.6	63.2	64.7	75.5	84.5
Taxes	-6.5	-8.5	-8.8	-14.5	-14.3	-12.9	-15.1	-16.9
Minority shares	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0
Net profit	33.5	32.9	39.0	45.1	48.9	51.7	60.4	67.6
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>								
Assets								
Fixed assets	108	120	125	121	112	112	118	122
Goodwill	30	30	29	49	49	49	49	49
Right of use assets	12	13	11	12	13	13	14	14
Inventory	40	45	50	62	59	59	62	65
Receivables	105	93	107	131	113	113	119	124
Liquid funds	56	45	78	56	90	108	125	112
Total assets	361	352	408	440	443	461	495	494
Liabilities								
Shareholder's equity	198	205	230	251	268	292	324	359
Minority interest	0	0	1	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	11	9	8	11	12	13	14	14
Deferred taxes	8	8	7	4	3	3	3	3
Interest bearing debt	40	45	40	53	52	45	40	0
Non-interest bearing current liabilities	94	76	116	111	97	98	103	107
Other interest-free debt	7	8	7	7	10	10	10	10
Total liabilities	361	352	408	440	443	461	495	494
<b>CASH FLOW, EURm</b>								
+ EBITDA	65	66	72	85	91	92	102	112
- Net financial items	-1	-3	-2	-3	-3	-3	-3	-2
- Taxes	-9	-8	-9	-14	-14	-13	-15	-17
- Increase in Net Working Capital	-16	-7	17	-38	11	0	-4	-3
+/- Other	2	-6	3	0	0	0	0	0
= Cash flow from operations	41	41	80	30	84	76	80	90
- Capex	-38	-35	-22	-19	-16	-24	-31	-30
- Acquisitions	0	0	0	-23	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	3	6	58	-12	68	51	49	59
+/- New issues/buybacks	3	-4	8	0	-6	0	0	0
- Paid dividend	-21	-22	-22	-25	-26	-27	-28	-33
+/- Other	-1	9	-12	15	-2	-6	-4	-39
Change in cash	-16	-11	33	-22	35	18	17	-13

Electronic Equipment & Instruments/Finland, April 12, 2024  
Preview

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	1,454	1,924	1,437	1,439	1,316	1,316	1,316
Net debt (excl. convertibles)	9	-30	8	-26	-50	-71	-97
Enterprise value	1,466	1,899	1,445	1,413	1,266	1,245	1,218
Sales	380	438	514	540	542	573	595
EBITDA	66	72	85	91	92	102	112
EBIT	45	50	63	67	68	78	86
Pre-tax	41	48	60	63	65	76	84
Earnings	33	39	45	49	52	60	68
Equity book value (excl. minorities)	205	230	251	268	292	324	359
<b>Valuation multiples</b>							
EV/sales	3.9	4.3	2.8	2.6	2.3	2.2	2.0
EV/EBITDA	22.2	26.5	16.9	15.6	13.7	12.2	10.9
EV/EBITA	32.7	37.9	23.1	21.2	18.6	15.9	14.1
EV/EBIT	32.7	37.9	23.1	21.2	18.6	15.9	14.1
EV/OCF	35.8	23.7	48.5	16.8	16.7	15.5	13.6
EV/FCFF	115.8	30.3	-308.4	19.2	21.6	21.9	18.4
P/FCFE	259.7	33.0	-116.8	21.1	25.6	26.7	22.1
P/E	44.2	49.4	31.6	29.4	25.4	21.8	19.5
P/B	7.1	8.4	5.7	5.4	4.5	4.1	3.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	15.2	13.5	12.1
Target EV/EBIT	0.0	0.0	0.0	0.0	20.6	17.6	15.7
Target EV/FCF	0.0	0.0	0.0	0.0	27.2	28.0	22.8
Target P/B	0.0	0.0	0.0	0.0	5.0	4.5	4.0
Target P/E	0.0	0.0	0.0	0.0	28.0	24.0	21.5
<b>Per share measures</b>							
Number of shares	36,000	36,101	36,020	36,251	36,251	36,251	36,251
Number of shares (diluted)	36,000	36,101	36,020	36,251	36,251	36,251	36,251
EPS	0.91	1.08	1.25	1.35	1.43	1.67	1.86
Operating cash flow per share	1.14	2.22	0.83	2.32	2.09	2.21	2.48
Free cash flow per share	0.16	1.62	-0.34	1.89	1.42	1.36	1.64
Book value per share	5.69	6.36	6.96	7.39	8.07	8.95	9.90
Dividend per share	0.61	0.68	0.72	0.75	0.78	0.92	1.03
Dividend payout ratio, %	66.8	63.0	57.5	55.6	55.0	55.0	55.0
Dividend yield, %	1.5	1.3	1.8	1.9	2.2	2.5	2.8
FCF yield, %	0.4	3.0	-0.9	4.7	3.9	3.7	4.5
<b>Efficiency measures</b>							
ROE	16.3	17.9	18.8	18.9	18.5	19.6	19.8
ROCE	17.7	18.6	21.2	20.7	19.9	21.5	23.0
<b>Financial ratios</b>							
Inventories as % of sales	11.7	11.4	12.0	10.9	10.9	10.9	10.9
Receivables as % of sales	24.4	24.4	25.5	20.8	20.8	20.8	20.8
Non-interest bearing liabilities as % of sales	20.1	26.6	21.6	18.0	18.0	18.0	18.0
NWC/sales, %	15.2	8.6	15.3	12.6	12.6	12.7	12.7
Operative CAPEX/sales, %	9.3	4.9	3.7	2.9	4.5	5.4	5.1
CAPEX/sales (incl. acquisitions), %	9.3	4.9	-0.8	2.9	4.5	5.4	5.1
FCFF/EBITDA	0.2	0.9	-0.1	0.8	0.6	0.6	0.6
Net debt/EBITDA, book-weighted	0.1	-0.4	0.1	-0.3	-0.5	-0.7	-0.9
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	58.4	56.5	57.0	60.5	63.4	65.6	72.7
Gearing, %	4.4	-13.1	3.2	-9.7	-17.2	-21.9	-27.1

**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 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. With the current softer market environment for some of the key IM verticals such as health care, the growth is expected to be slower while W&E's strong backlog supports the company.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch	3,776,358	137.082	10.4%
Nordea Nordic Small Cap Fund	1,839,924	66.789	5.1%
Weisell-Säätiö Sr	1,700,710	61.736	4.7%
Citibank Europe Plc	1,325,547	48.117	3.7%
Voipio Mikko	1,268,312	46.040	3.5%
Caspers Anja	969,496	35.193	2.7%
Voipio Raimo	920,053	33.398	2.5%
Ilmarinen Mutual Pension Insurance Company	889,275	32.281	2.5%
Ten largest	12,689,675	460.635	35%
Residual	23,561,577	855.285	65%
Total	36,251,252	1,315.920	100%

**EARNINGS CALENDAR**

May 03, 2024	Q1 report
July 25, 2024	Q2 report
October 24, 2024	Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

CEO: Kai Öistämö	Vanha Nurmijärventie 21, 01670 Vantaa
CFO: Heli Lindfors	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



<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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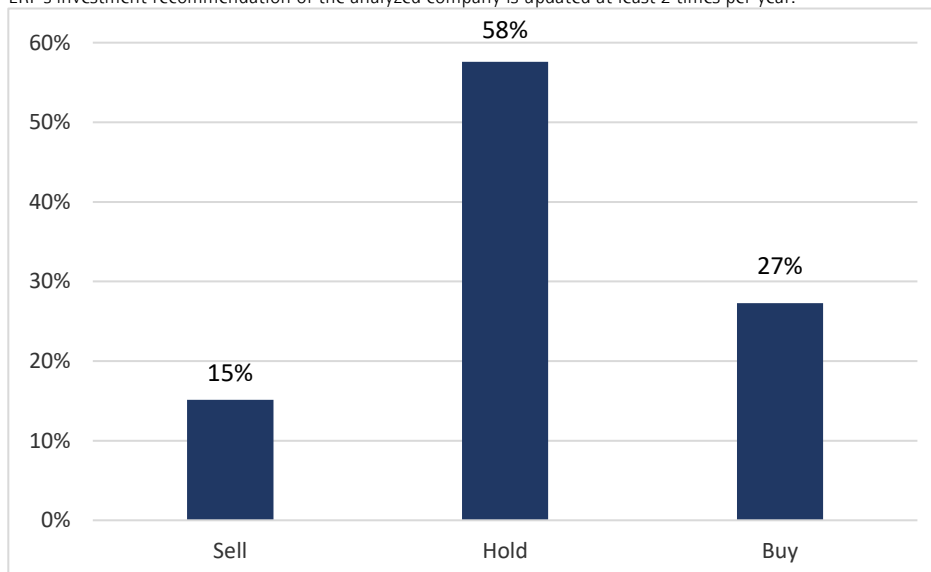
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Investment recommendations are defined as follows:

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

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

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