

## Performance on track

The underlying demand for Vaisala's applications continued strong. With the robust start of 2022, we upgraded our estimates. We retain our HOLD rating and adjust TP to EUR 45.0 (41.0).

### Revenue growth scaled nicely

With the strong Q4'21 order book, Vaisala's Q1 topline topped our expectations by growing by 29% y/y to EUR 118.8m (Evli: 108.6m). The growth was driven by IM's industrial instruments and life science as well as W&E's renewable energy and meteorology. While aviation saw the demand and orders growing, its Q1 sales yet declined y/y. With improved gross margin, revenue growth scaled nicely and EBIT over doubled from the comparison period. Group EBIT amounted to EUR 17.5m (14.8% margin).

### W&E's aviation took a big step in orders received

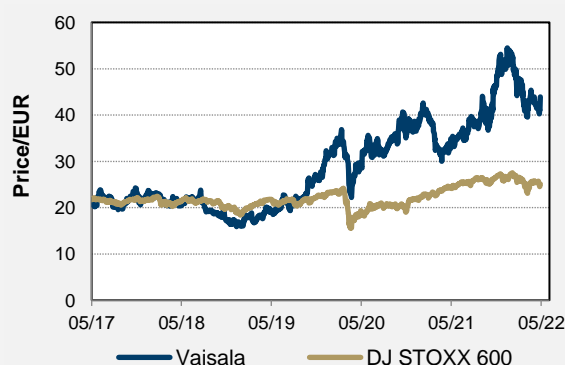
Vaisala's future seems bright as the order book broke another record at EUR 168.5m. Aviation took a big step in recovery towards the pre-pandemic level in terms of orders received. We expect aviation to be one of the revenue growth drivers of W&E during the next quarters. Strong order development continued also in renewable energy, industrial instruments, and life science. Vaisala, once again, managed to deliver all its orders and IM succeed in capturing market share with its delivery reliability. In Q1, freshly acquired SaaS company AerisWeather contributed Vaisala's topline by EUR 0.6m and EBIT by some EUR 0.1m. The acquisition supports execution of W&E's strategy to drive growth in DaaS and SaaS recurring revenue businesses.

### Low visibility of component availability continues

The component shortage had an impact on Vaisala's Q1 gross margin of which impact was eventually offset by revenue scalability. Gross margin impact was smaller than in previous quarters, less than 1%-p. However, in Q1, the company made a commitment on spot component purchases, most of which will be realized later. In our understanding, the gross margin impact might be more visible during the next quarters. In addition, COVID-19 lockdowns in China might cause some extra constraints in Vaisala's supply chains, resulting in postponed product deliveries or forcing the company to place additional spot-component purchases.

## Rating

HOLD



Share price, EUR (Last trading day's closing price) 43.90

Target price, EUR 45.0

Latest change in recommendation	30-Apr-21
Latest report on company	26-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	1,581
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
Web site	vaisala.com/en/investors

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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	31.5	3.1	23.8	2.7	0.70
2023E	529.4	75.1	14.2%	48.1	1.64	26.8	2.9	20.1	3.0	0.95
2024E	551.5	77.1	14.0%	53.4	1.69	25.9	2.7	19.4	3.4	0.96
Market cap, EURm	1,581		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	1,537		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		

**HOLD with a target price of EUR 45.0 (41.0)**

Vaisala held its guidance intact, and with the same performance continuing, we find the guidance quite cautious. However, the market possesses an increasing amount of uncertainty. We have revised our near-term estimates upwards based on the strong Q1 result and record-level order book. Now, we expect 22E revenue to land near the upper bound of the guidance, at EUR 490.4m (+12% y/y). Revenue growth is driven by both business units: we expect IM to grow by 17.7% y/y and W&E to grow by 7.9% y/y in 2022. Our 22E EBIT estimate amounts to EUR 64.5m (13.1% margin). While the Q1 growth pace was rapid, in Q2 we expect the slope of revenue growth to smoothen. On a group level, we expect the topline to grow by 7.9% y/y to EUR 118.1m. In our understanding, Q1 included some seasonality, and hence we expect Q2 revenue to be approx. flat q/q, while in previous years, Q1 has been the calmest quarter, especially in W&E. We expect the gross margin to be a bit softer than in the previous year, but scalability to improve the Q2 profitability y/y to EBIT of EUR 12.5m (10.6% margin). With our upgraded estimates, Vaisala (22E EV/EBITDA ~18x) is still trading with a premium to its peers (22E EV/EBITDA ~16x). We find the premium justified but still remind that valuation stretches. We retain our HOLD rating and raise our TP to EUR 45.0 (41.0).

VAISALA PEER GROUP	Security identifier	EBIT %	EBIT %	EBITDA %	EBITDA %	ROCE %	ROCE %
		22E	23E	22E	23E	22E	23E
Keysight Technologies Inc	KEYS-US	27.9	28.4	30.4	30.8	21.2	21.2
National Instruments Corporation	NATI-US	17.1	18.4	19.9	21.6	16.3	18.1
Spectris plc	SXS-GB	16.7	17.2	20.1	20.6	18.3	18.9
Oxford Instruments plc	OXIG-GB	17.4	17.7	20.6	21.0	18.9	16.4
Trimble Inc.	TRMB-US	23.2	24.2	24.4	25.4	14.2	14.5
Hexagon AB Class B	HEXA.B-SE	29.0	29.6	38.5	39.4	11.6	12.1
Peer Group Average		21.9	22.6	25.6	26.4	16.8	16.9
Peer Group Median		20.3	21.3	22.5	23.5	17.3	17.2
Vaisala (Evli est.)		13.1	14.2	17.6	18.2	22.5	24.8
<i>Premium/discount to peer median</i>		-35%	-33%	-22%	-22%	30%	44%

	Security identifier	ROE %	ROE %	DIV %	DIV %	P/E	P/E
		22E	23E	22E	23E	22E	23E
Keysight Technologies Inc	KEYS-US	32.0	29.5	0.0	0.0	20.0x	18.5x
National Instruments Corporation	NATI-US	22.1	25.2	3.1	3.1	17.8x	15.5x
Spectris plc	SXS-GB	14.0	14.5	2.6	2.7	18.7x	17.2x
Oxford Instruments plc	OXIG-GB	15.8	14.2	0.8	0.9	26.3x	25.0x
Trimble Inc.	TRMB-US	17.3	17.1	0.0	0.0	23.0x	20.3x
Hexagon AB Class B	HEXA.B-SE	13.0	13.5	1.0	1.1	28.6x	25.8x
Peer Group Average		19.0	19.0	1.2	1.3	22.4x	20.4x
Peer Group Median		16.6	15.8	0.9	1.0	21.5x	19.4x
Vaisala (Evli est.)		20.6	21.7	1.6	2.2	31.5x	26.8x
<i>Premium/discount to peer median</i>		24%	38%	75%	115%	46%	38%

	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	4.4x	15.5x	14.2x	16.9x	15.4x
National Instruments Corporation	NATI-US	2.9x	2.7x	14.8x	12.7x	17.2x	14.8x
Spectris plc	SXS-GB	2.3x	2.2x	11.6x	10.6x	14.0x	12.6x
Oxford Instruments plc	OXIG-GB	3.4x	3.2x	16.6x	15.4x	19.6x	18.2x
Trimble Inc.	TRMB-US	4.3x	3.8x	17.5x	14.9x	18.4x	15.6x
Hexagon AB Class B	HEXA.B-SE	7.2x	6.5x	18.7x	16.5x	24.9x	22.0x
Peer Group Average		4.1x	3.8x	15.8x	14.0x	18.5x	16.4x
Peer Group Median		3.8x	3.5x	16.1x	14.5x	17.8x	15.5x
Vaisala (Evli est.)		3.1x	2.9x	17.8x	15.7x	23.8x	20.1x
<i>Premium/discount to peer median</i>		-18%	-18%	11%	8%	34%	30%

	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	7.0%	5.7%	-0.4x	-0.7x	50.9	54.5
National Instruments Corporation	NATI-US	13.5%	7.6%	0.4x	0.4x	57.8	60.6
Spectris plc	SXS-GB	-0.4%	4.6%	-0.7x	-0.9x	80.1	80.6
Oxford Instruments plc	OXIG-GB	6.0%	4.3%	-0.7x	-0.9x	64.2	61.6
Trimble Inc.	TRMB-US	9.9%	8.0%	0.4x	-0.3x	58.7	61.8
Hexagon AB Class B	HEXA.B-SE	15.4%	8.4%	1.3x	0.8x	62.1	63.5
Peer Group Average		8.6%	6.4%	0.1x	-0.3x	62.3	63.8
Peer Group Median		8.4%	6.7%	0.0x	-0.5x	60.4	61.7
Vaisala (Evli est.)		12.0%	8.0%	-0.6x	-0.7x	58.3	62.0

Source: Factset, Evli Research

Updated on April 30th, 2022

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	43.90 PV of Free Cash Flow	434 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	33.03 PV of Horizon value	754 WACC, %	7.4 Market risk premium, %	5.8
Share price potential, %	-24.8 Unconsolidated equity	-4 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	33.0 Marketable securities	78 Minimum WACC, %	7.4 Equity beta coefficient	0.80
Minimum value	33.0 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

Electronic Equipment & Instruments/Finland, April 30, 2022  
Company update

## 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
<b>SALES, EURm</b>												
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
<b>Total</b>	<b>92.0</b>	<b>109.5</b>	<b>111.5</b>	<b>124.9</b>	<b>437.9</b>	<b>118.8</b>	<b>118.1</b>	<b>119.2</b>	<b>134.3</b>	<b>490.4</b>	<b>529.4</b>	<b>551.5</b>
<b>SALES GROWTH, Y/Y %</b>												
<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>
<b>Total</b>	<b>5.5</b>	<b>19.8</b>	<b>18.6</b>	<b>16.9</b>	<b>15.4</b>	<b>29.2</b>	<b>7.9</b>	<b>6.9</b>	<b>7.5</b>	<b>12.0</b>	<b>8.0</b>	<b>4.2</b>
<b>EBIT, EURm</b>												
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
<b>Total</b>	<b>8.1</b>	<b>10.9</b>	<b>19.2</b>	<b>11.9</b>	<b>50.1</b>	<b>17.5</b>	<b>12.5</b>	<b>21.1</b>	<b>13.4</b>	<b>64.5</b>	<b>75.1</b>	<b>77.1</b>
<b>EBIT margin, %</b>												
<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>						
<b>Total</b>	<b>8.8</b>	<b>10.0</b>	<b>17.3</b>	<b>9.5</b>	<b>11.4</b>	<b>14.8</b>	<b>10.6</b>	<b>17.7</b>	<b>10.0</b>	<b>13.1</b>	<b>14.2</b>	<b>14.0</b>

Electronic Equipment & Instruments/Finland, April 30, 2022  
Company update

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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
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
<b>Liabilities</b>								
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
<b>CASH FLOW, EURm</b>								
+ 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, April 30, 2022  
Company update

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	659	1,159	1,454	1,924	1,581	1,581	1,581
Net debt (excl. convertibles)	-20	-5	9	-30	-48	-71	-91
Enterprise value	638	1,154	1,466	1,899	1,537	1,513	1,494
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
<b>Valuation multiples</b>							
EV/sales	1.8	2.9	3.9	4.3	3.1	2.9	2.7
EV/EBITDA	12.5	17.8	22.2	26.5	17.8	15.7	15.0
EV/EBITA	16.4	28.1	32.7	37.9	23.8	20.1	19.4
EV/EBIT	16.4	28.1	32.7	37.9	23.8	20.1	19.4
EV/OCF	13.2	28.3	35.8	23.7	22.9	19.7	18.3
EV/FCFF	-38.5	141.5	115.8	30.3	30.8	27.6	25.0
P/FCFE	-37.2	413.9	259.7	33.0	37.0	32.9	29.6
P/E	22.2	34.6	44.2	49.4	31.5	26.8	25.9
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
<b>Per share measures</b>							
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
<b>Efficiency measures</b>							
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
<b>Financial ratios</b>							
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

Electronic Equipment & Instruments/Finland, April 30, 2022  
Company update

**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	165.782	10.5%
Nordea Nordic Small Cap Fund	2,030,660	89.146	5.6%
Weisell-Säätiö Sr	1,700,710	74.661	4.7%
Mandatum Life Insurance Company Ltd.	1,358,392	59.633	3.8%
Voipio Mikko	1,268,312	55.679	3.5%
Citibank Europe Plc	1,221,649	53.630	3.4%
Caspers Anja	969,496	42.561	2.7%
Voipio Raimo Hannes	919,288	40.357	2.6%
Ten largest	13,244,865	581.450	37%
Residual	22,775,135	9,99.828	63%
Total	36,020,000	1,581.278	100%

**EARNINGS CALENDAR**

July 22, 2022	Q2 report
October 28, 2022	Q3 report

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

CEO: Kai Öistämö

CFO: Kaarina Muurinen

IR: Paula Liimatta

Vanha Nurmijärventie 21, 01670 Vantaa

Tel:



## 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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

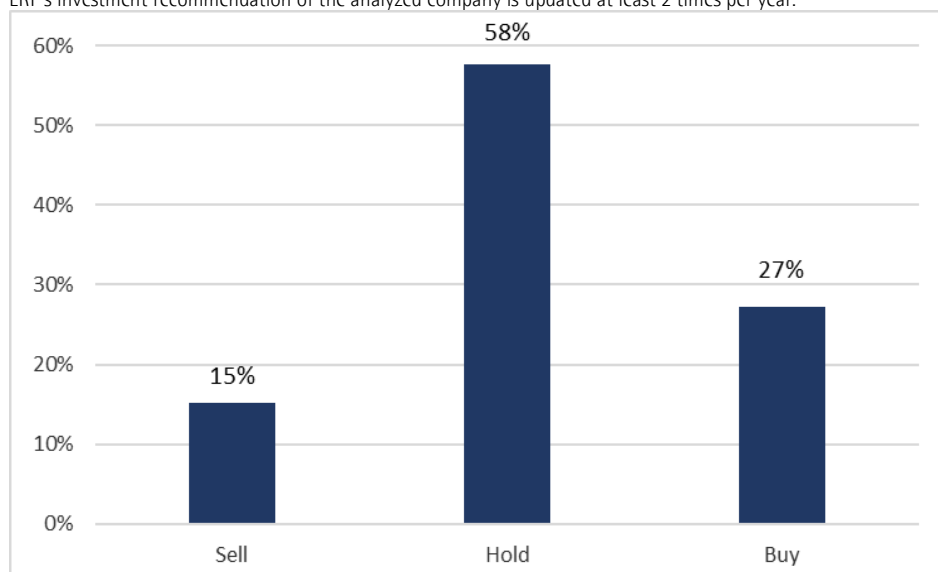
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Investment recommendations are defined as follows:

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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