

Underlying demand continues strong

Vaisala delivered strong topline growth in Q4. Orders received and order book increased by double-digits which provides a firm foundation for 2023. The company guides solid growth and clear EBIT improvement for 2023. With adjusted estimates, we raise our TP to EUR 44.0 (41.0). Our rating remains at HOLD, reflecting a neutral valuation.

Topline came in above expectations

In Q4, Vaisala grew by 13% (FX adjusted 8%) y/y to EUR 141.6m. The growth was supported by IM's all segments and W&E's aviation and meteorology. Spot component purchases continued, but the group gross margin remained flat. With relatively high growth in fixed costs, EBIT fell short of expectations. Q4 EBIT amounted to EUR 12.6m, reflecting a margin of 8.9%. Vaisala expects the component availability to neutralize during H1'23, and there have emerged signs of improvements already. In our view, this should result in an improved gross margin from H2'23 onwards. For 2022, the BoD proposes a DPS of 0.72.

The hot market supports demand also during 2023-24

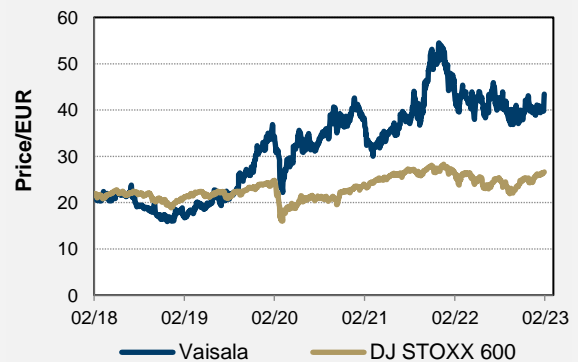
Underlying megatrends provide continuity for Vaisala's growth story. In addition, the company has made the right decisions during the past few years in our view, which has resulted in an expansion of market share. For example, investments in digital and renewable businesses have boosted W&E's topline and we foresee that earlier-known steadily growing and somewhat cyclical business becomes more resilient to economic fluctuation. Moreover, with higher product margins, we see some room for profitability improvement. In addition, the company never halted R&D investments during the hardest times of COVID which enhanced Vaisala's technology leadership position in our view. Vaisala has also benefitted from pent-up demand due to the pandemic which however likely fades away. In other words, achieving annual double-digit growth becomes even harder. We however see Vaisala as an attractive investment case with coming scalability providing EPS growth.

HOLD with a target price of EUR 44.0

With estimate revisions made, our 23E EBIT saw a 5% increase. Vaisala trades approx. in line with its peers. We retain the HOLD rating and adjust TP to EUR 44.0 (41.0), reflecting increased 23-24E estimates.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 43.45

Target price, EUR 44.0

Latest change in recommendation 30-Apr-21

Latest report on company 13-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 1,565

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 05-May-23

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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
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	556.2	74.4	13.4%	56.7	1.59	27.3	2.8	20.7	3.6	0.88
2024E	592.9	91.0	15.3%	59.7	1.97	22.1	2.6	16.6	3.8	1.12
2025E	624.6	96.2	15.4%	63.8	2.10	20.6	2.4	15.5	4.1	1.16
Market cap, EURm			1,565	Gearing 2023E, %		-8.1	CAGR EPS 2022-25, %			18.6
Net debt 2023E, EURm			-23	Price/book 2023E		5.5	CAGR sales 2022-25, %			6.7
Enterprise value, EURm			1,542	Dividend yield 2023E, %		2.0	ROE 2023E, %			21.6
Total assets 2023E, EURm			474	Tax rate 2023E, %		20.0	ROCE 2023E, %			22.7
Goodwill 2023E, EURm			49	Equity ratio 2023E, %		59.5	PEG, P/E 23/CAGR			2.6

Estimates

With continued double-digit growth in orders received and a strong order book, we made some upward revisions in our estimates. In addition, the company's management's comments and growth providing guidance give us a message of the company having solid trust and visibility to 2023. In 2023, Vaisala expects net sales of EUR 530-570m and EBIT of EUR 70-85m. We expect IM's 23E net sales to grow 9% y/y while our 23E growth estimate for W&E accounts for 7%. In total, we expect Vaisala to see 8% y/y growth in 2023, with net sales amounting to EUR 556.2m, landing a bit above the mid-point of guidance. In 2024, we expect Vaisala to continue growth with group net sales increasing by 7% to EUR 592.9m, with the support of both its businesses. Vaisala has made new openings in both businesses which we foresee generating boosted growth while the growth in flagship businesses might smoothen.

We expect Vaisala's front-loaded investment to start to generate scalability during 2023-24E. By adding an improvement in gross margin, with component shortage easing, we foresee Vaisala seeing clear EBIT growth during 2023-24E. In 2023, we expect the gross margin to near 56% and the EBIT margin to land at 13.4%, yet below the long-term target of 15%. In 2024, we expect Vaisala to exceed its profitability target with an EBIT margin of 15.3%. However, our profitability estimates rely on continuing topline growth.

ESTIMATE CHANGES

	2023E			2024E		
	Old	New		Old	New	
Net sales	531.6	556.2	5%	562.1	592.9	5%
IM	237.2	246.2	4%	252.4	265.8	5%
W&E	294.5	310.0	5%	309.7	327.1	6%
EBIT	70.9	74.4	5%	85.3	91.0	7%
IM	58.4	60.2	3%	66.2	69.0	4%
W&E	14.5	15.3	6%	21.2	24.0	13%

Valuation

With our revised estimates, Vaisala trades approx. in line with the peer group. Markets value Vaisala with 23-24E EV/EBIT and P/E multiples of 21-17x and 27-22x respectively. We see the current valuation as quite neutral, but with the EPS growth materializing, multiples above the peer median could be justified. With our new TP, we value Vaisala with 23E EV/EBIT and P/E multiples of 21x and 28x.

VAISALA PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E			Div. yield		
		23	24	25	23	24	25	23	24	25	23	24	25
Hexagon	28903	16.6x	15.3x	14.3x	22.3x	20.4x	18.8x	24.5x	22.4x	20.5x	1.2 %	1.3 %	1.4 %
Keysight Tech	31321	19.1x	17.9x		20.7x	19.5x		23.2x	21.5x		0.0 %	0.0 %	
Trimble	12702	15.7x	14.8x	12.9x	17.0x	15.4x	13.6x	19.7x	18.0x	15.3x	0.0 %	0.0 %	0.0 %
National Instruments	6397	17.3x	15.7x	14.7x	19.4x	17.1x	17.2x	21.1x	18.3x	16.4x	2.2 %	2.3 %	2.2 %
Spectris	3781	13.9x	13.0x	12.9x	17.0x	15.9x	14.7x	18.9x	17.5x	16.3x	2.5 %	2.7 %	2.7 %
FARO Technologies	517	21.3x	10.3x		35.5x	15.3x		66.2x	22.3x		3.4 %	3.4 %	
Oxford Instruments	1604	16.4x	15.6x	10.0x	19.0x	18.2x	11.6x	24.6x	23.3x	14.6x	0.8 %	0.9 %	1.3 %
Sensirion Holding	1865	22.1x	20.6x		28.3x	26.7x		35.6x	33.8x		0.0 %	0.0 %	
Halma	9640	20.2x	18.7x	18.5x	23.1x	21.4x	21.1x	28.7x	26.8x	26.2x	0.9 %	1.0 %	1.1 %
Peer Group Average	9659	18.1x	15.8x	13.9x	22.5x	18.9x	16.2x	29.2x	22.7x	18.2x	1.2 %	1.3 %	1.4 %
Peer Group Median	3781	17.3x	15.6x	13.6x	20.7x	18.2x	15.9x	24.5x	22.3x	16.4x	0.9 %	1.0 %	1.3 %
Vaisala (Evli est.)	1565	15.8x	13.6x	12.7x	20.7x	16.6x	15.5x	27.3x	22.1x	20.6x	2.0 %	2.6 %	2.7 %

Vaisala prem./disc. to peer median

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	43.45 PV of Free Cash Flow	561 Long-term growth, %	2.5 Risk-free interest rate, %
DCF share value	43.29 PV of Horizon value	1,007 WACC, %	7.4 Market risk premium, %
Share price potential, %	-0.4 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %
Maximum value	43.3 Marketable securities	56 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	43.3 Debt - dividend	-63 Maximum WACC, %	7.4 Target debt ratio, %
Horizon value, %	64.2 Value of stock	1,559 Nr of shares, Mn	36.0 Effective tax rate, %

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	514	556	593	625	649	672	692	713	734	756	775	795
<i>Sales growth, %</i>	<i>17.4</i>	<i>8.2</i>	<i>6.6</i>	<i>5.3</i>	<i>4.0</i>	<i>3.5</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)	63	74	91	96	97	94	97	100	103	106	109	111
<i>Operating income margin, %</i>	<i>12.2</i>	<i>13.4</i>	<i>15.3</i>	<i>15.4</i>	<i>15.0</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.	23	23	21	21	22	23	18	19	19	20	21	
EBITDA	85	97	112	117	120	117	115	119	122	126	129	
- Paid taxes	-15	-15	-18	-19	-19	-19	-19	-20	-21	-21	-22	
- Change in NWC	-38	-2	-6	-5	-4	-3	-3	-3	-3	-3	-3	
<i>NWC / Sales, %</i>	<i>15.3</i>	<i>14.5</i>	<i>14.5</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>14.6</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-14	-16	-21	-22	-22	29	-15	-16	-16	-17	-6	
<i>opCAPEX / Sales, %</i>	<i>3.7</i>	<i>3.9</i>	<i>4.4</i>	<i>4.5</i>	<i>4.3</i>	<i>-3.4</i>	<i>3.1</i>	<i>3.1</i>	<i>3.1</i>	<i>3.1</i>	<i>1.7</i>	
- Acquisitions	-23	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	-5	64	67	71	74	124	78	80	82	85	99	2,044
= Discounted FCFF		60	59	58	56	87	51	49	47	45	49	1,007
= DFCF min WACC		60	59	58	56	87	51	49	47	45	49	1,007
= DFCF max WACC		60	59	58	56	87	51	49	47	45	49	1,007

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	118.8	120.5	133.3	141.5	514.1	129.1	133.2	141.6	152.2	556.2	592.9	624.6
EBITDA	23.1	16.1	27.9	18.2	85.4	25.5	17.9	31.3	22.7	97.3	111.6	117.3
<i>EBITDA margin (%)</i>	<i>19.5</i>	<i>13.4</i>	<i>20.9</i>	<i>12.9</i>	<i>16.6</i>	<i>19.7</i>	<i>13.4</i>	<i>22.1</i>	<i>14.9</i>	<i>17.5</i>	<i>18.8</i>	<i>18.8</i>
EBIT	17.5	10.3	22.0	12.6	62.5	19.7	12.2	25.6	17.0	74.4	91.0	96.2
<i>EBIT margin (%)</i>	<i>14.8</i>	<i>8.6</i>	<i>16.5</i>	<i>8.9</i>	<i>12.2</i>	<i>15.3</i>	<i>9.1</i>	<i>18.1</i>	<i>11.1</i>	<i>13.4</i>	<i>15.3</i>	<i>15.4</i>
Net financial items	-0.2	-1.0	-1.3	-0.4	-2.9	-0.7	-0.7	-0.7	-0.6	-2.7	-2.5	-1.4
Pre-tax profit	17.3	9.3	20.7	12.2	59.6	19.0	11.5	24.9	16.4	71.7	88.5	94.8
Tax	-3.6	-3.0	-4.7	-3.2	-14.5	-3.8	-2.3	-5.0	-3.3	-14.3	-17.7	-19.0
<i>Tax rate (%)</i>	<i>20.8</i>	<i>32.2</i>	<i>22.6</i>	<i>26.7</i>	<i>24.4</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	13.7	6.3	16.1	9.0	45.1	15.2	9.2	19.9	13.1	57.4	70.8	75.8
EPS	0.38	0.18	0.45	0.25	1.25	0.42	0.25	0.55	0.36	1.59	1.97	2.10
EPS adjusted (diluted no. of shares)	0.39	0.18	0.45	0.25	1.26	0.42	0.25	0.55	0.36	1.59	1.97	2.10
Dividend per share	0.00	0.00	0.00	0.00	0.72	0.00	0.00	0.00	0.00	0.88	1.12	1.16
SALES, EURm												
Weather and Environment	65.7	65.9	75.7	81.3	288.6	69.6	73.1	79.5	87.8	310.0	327.1	340.2
Industrial Measurements	53.1	54.7	57.6	60.2	225.5	59.5	60.1	62.2	64.4	246.2	265.8	284.5
Total	118.8	120.5	133.3	141.5	514.1	129.1	133.2	141.6	152.2	556.2	592.9	624.6
SALES GROWTH, Y/Y %												
<i>Weather and Environment</i>	<i>25.8</i>	<i>0.7</i>	<i>17.5</i>	<i>8.6</i>	<i>12.3</i>	<i>6.0</i>	<i>11.0</i>	<i>5.0</i>	<i>8.0</i>	<i>7.4</i>	<i>5.5</i>	<i>4.0</i>
<i>Industrial Measurements</i>	<i>33.6</i>	<i>23.9</i>	<i>22.2</i>	<i>20.2</i>	<i>24.6</i>	<i>12.0</i>	<i>10.0</i>	<i>8.0</i>	<i>7.0</i>	<i>9.2</i>	<i>8.0</i>	<i>7.0</i>
Total	29.2	10.1	19.5	13.3	17.4	8.7	10.5	6.3	7.6	8.2	6.6	5.3
EBIT, EURm												
Weather and Environment	2.9	-1.0	7.5	1.8	11.1	3.4	-0.7	9.0	3.6	15.3	24.0	52.4
Industrial Measurements	14.6	11.5	14.6	10.8	51.5	16.8	13.0	16.7	13.6	60.2	69.0	43.8
Other	0.1	-0.1	0.0	0.0	0.0	-0.4	-0.2	-0.2	-0.3	-1.1	-2.1	0.0
Total	17.5	10.3	22.0	12.6	62.5	19.7	12.2	25.6	17.0	74.4	91.0	96.2
EBIT margin, %												
<i>Weather and Environment</i>	<i>4.4</i>	<i>-1.6</i>	<i>9.9</i>	<i>2.2</i>	<i>3.9</i>	<i>4.8</i>	<i>-0.9</i>	<i>11.4</i>	<i>4.1</i>	<i>4.9</i>	<i>7.4</i>	<i>15.4</i>
<i>Industrial Measurements</i>	<i>27.5</i>	<i>21.0</i>	<i>25.3</i>	<i>17.9</i>	<i>22.8</i>	<i>28.2</i>	<i>21.7</i>	<i>26.9</i>	<i>21.1</i>	<i>24.5</i>	<i>26.0</i>	<i>15.4</i>
<i>Other</i>	<i>50,000.0</i>		<i>0.0</i>	<i>0.0</i>	<i>-12,500.0</i>							<i>0.0</i>
Total	14.8	8.6	16.5	8.9	12.2	15.3	9.1	18.1	11.1	13.4	15.3	15.4

Electronic Equipment & Instruments/Finland, February 17, 2023
Company update

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	348.8	403.6	379.5	437.9	514.1	556.2	592.9	624.6
<i>Sales growth (%)</i>	<i>4.9</i>	<i>15.7</i>	<i>-6.0</i>	<i>15.4</i>	<i>17.4</i>	<i>8.2</i>	<i>6.6</i>	<i>5.3</i>
EBITDA	51.1	64.7	65.9	71.7	85.4	97.3	111.6	117.3
<i>EBITDA margin (%)</i>	<i>14.7</i>	<i>16.0</i>	<i>17.4</i>	<i>16.4</i>	<i>16.6</i>	<i>17.5</i>	<i>18.8</i>	<i>18.8</i>
Depreciation	-12.1	-23.6	-21.1	-21.6	-22.8	-22.9	-20.6	-21.1
EBITA	39.0	41.1	44.8	50.1	62.5	74.4	91.0	96.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	39.0	41.1	44.8	50.1	62.5	74.4	91.0	96.2
<i>EBIT margin (%)</i>	<i>11.2</i>	<i>10.2</i>	<i>11.8</i>	<i>11.4</i>	<i>12.2</i>	<i>13.4</i>	<i>15.3</i>	<i>15.4</i>
Reported EBIT	39.0	41.1	44.8	50.1	62.5	74.4	91.0	96.2
<i>EBIT margin (reported) (%)</i>	<i>11.2</i>	<i>10.2</i>	<i>11.8</i>	<i>11.4</i>	<i>12.2</i>	<i>13.4</i>	<i>15.3</i>	<i>15.4</i>
Net financials	-1.4	-1.0	-3.4	-2.1	-2.9	-2.7	-2.5	-1.4
Pre-tax profit	37.6	40.1	41.4	48.1	59.6	71.7	88.5	94.8
Taxes	-8.0	-6.5	-8.5	-8.8	-14.5	-14.3	-17.7	-19.0
Minority shares	0.0	0.0	0.0	-0.3	0.0	0.0	0.0	0.0
Net profit	29.6	33.5	32.9	39.0	45.1	57.4	70.8	75.8
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	102	108	120	125	121	119	124	131
Goodwill	25	30	30	29	49	49	49	49
Right of use assets	12	12	13	11	12	13	14	15
Inventory	32	40	45	50	62	67	71	75
Receivables	93	105	93	107	131	133	142	150
Liquid funds	73	56	45	78	56	83	89	94
Total assets	347	361	352	408	440	474	498	522
Liabilities								
Shareholder's equity	183	198	205	230	251	282	321	357
Minority interest	0	0	0	1	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	12	11	9	8	11	13	14	15
Deferred taxes	9	8	8	7	4	4	4	4
Interest bearing debt	41	40	45	40	53	48	24	5
Non-interest bearing current liabilities	89	94	76	116	111	117	125	131
Other interest-free debt	9	7	8	7	7	7	7	7
Total liabilities	347	361	352	408	440	474	498	522
CASH FLOW, EURm								
+ EBITDA	51	65	66	72	85	97	112	117
- Net financial items	-1	-1	-3	-2	-3	-3	-2	-1
- Taxes	-9	-9	-8	-9	-14	-14	-18	-19
- Increase in Net Working Capital	-4	-16	-7	17	-38	-2	-6	-5
+/- Other	11	2	-6	3	0	0	0	0
= Cash flow from operations	48	41	41	80	30	78	86	92
- Capex	-14	-38	-35	-22	-19	-22	-26	-28
- Acquisitions	-52	0	0	0	-23	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-18	3	6	58	-12	57	60	64
+/- New issues/buybacks	5	3	-4	8	0	0	0	0
- Paid dividend	-37	-21	-22	-22	-25	-26	-32	-40
+/- Other	31	-1	9	-12	15	-3	-23	-19
Change in cash	-19	-16	-11	33	-22	28	6	5

Electronic Equipment & Instruments/Finland, February 17, 2023
Company update

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	1,159	1,454	1,924	1,437	1,565	1,565	1,565
Net debt (excl. convertibles)	-5	9	-30	8	-23	-51	-74
Enterprise value	1,154	1,466	1,899	1,445	1,542	1,514	1,491
Sales	404	380	438	514	556	593	625
EBITDA	65	66	72	85	97	112	117
EBIT	41	45	50	63	74	91	96
Pre-tax	40	41	48	60	72	89	95
Earnings	34	33	39	45	57	71	76
Equity book value (excl. minorities)	198	205	230	251	282	321	357
Valuation multiples							
EV/sales	2.9	3.9	4.3	2.8	2.8	2.6	2.4
EV/EBITDA	17.8	22.2	26.5	16.9	15.8	13.6	12.7
EV/EBITA	28.1	32.7	37.9	23.1	20.7	16.6	15.5
EV/EBIT	28.1	32.7	37.9	23.1	20.7	16.6	15.5
EV/OCF	28.3	35.8	23.7	48.5	19.7	17.6	16.2
EV/FCFF	141.5	115.8	30.3	-308.4	24.0	22.5	21.1
P/FCFE	413.9	259.7	33.0	-116.8	27.6	26.2	24.5
P/E	34.6	44.2	49.4	31.6	27.3	22.1	20.6
P/B	5.8	7.1	8.4	5.7	5.5	4.9	4.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	16.0	13.7	12.9
Target EV/EBIT	0.0	0.0	0.0	0.0	21.0	16.9	15.7
Target EV/FCF	0.0	0.0	0.0	0.0	27.6	25.7	23.7
Target P/B	0.0	0.0	0.0	0.0	5.6	4.9	4.4
Target P/E	0.0	0.0	0.0	0.0	27.6	22.4	20.9
Per share measures							
Number of shares	35,881	36,000	36,101	36,020	36,020	36,020	36,020
Number of shares (diluted)	35,881	36,000	36,101	36,020	36,020	36,020	36,020
EPS	0.93	0.91	1.08	1.25	1.59	1.97	2.10
Operating cash flow per share	1.14	1.14	2.22	0.83	2.18	2.39	2.56
Free cash flow per share	0.08	0.16	1.62	-0.34	1.57	1.66	1.77
Book value per share	5.53	5.69	6.36	6.96	7.83	8.92	9.91
Dividend per share	0.61	0.61	0.68	0.72	0.88	1.12	1.16
Dividend payout ratio, %	65.3	66.8	63.0	57.5	55.0	57.0	55.0
Dividend yield, %	1.9	1.5	1.3	1.7	2.0	2.6	2.7
FCF yield, %	0.2	0.4	3.0	-0.9	3.6	3.8	4.1
Efficiency measures							
ROE	17.6	16.3	17.9	18.8	21.6	23.5	22.4
ROCE	17.0	17.7	18.6	21.2	22.7	25.9	26.2
Financial ratios							
Inventories as % of sales	9.8	11.7	11.4	12.0	12.0	12.0	12.0
Receivables as % of sales	26.0	24.4	24.4	25.5	24.0	24.0	24.0
Non-interest bearing liabilities as % of sales	23.2	20.1	26.6	21.6	21.0	21.0	21.0
NWC/sales, %	12.7	15.2	8.6	15.3	14.5	14.5	14.6
Operative CAPEX/sales, %	9.4	9.3	4.9	3.7	3.9	4.4	4.5
CAPEX/sales (incl. acquisitions), %	9.4	9.3	4.9	-0.8	3.9	4.4	4.5
FCFF/EBITDA	0.1	0.2	0.9	-0.1	0.7	0.6	0.6
Net debt/EBITDA, book-weighted	-0.1	0.1	-0.4	0.1	-0.2	-0.5	-0.6
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	54.8	58.4	56.5	57.0	59.5	64.5	68.4
Gearing, %	-2.5	4.4	-13.1	3.2	-8.1	-15.8	-20.8

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	164.083	10.5%
Nordea Nordic Small Cap Fund	1,936,354	84.135	5.4%
Weisell-Säätiö Sr	1,700,710	73.896	4.7%
Mandatum Life Insurance Company Ltd.	1,405,717	61.078	3.9%
Voipio Mikko	1,268,312	55.108	3.5%
Citibank Europe Plc	1,125,200	48.890	3.1%
Caspers Anja	969,496	42.125	2.7%
Voipio Raimo Hannes	919,656	39.959	2.6%
Ten largest	13,101,803	569.273	36%
Residual	22,918,197	995.796	64%
Total	36,020,000	1,565.069	100%

EARNINGS CALENDAR

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

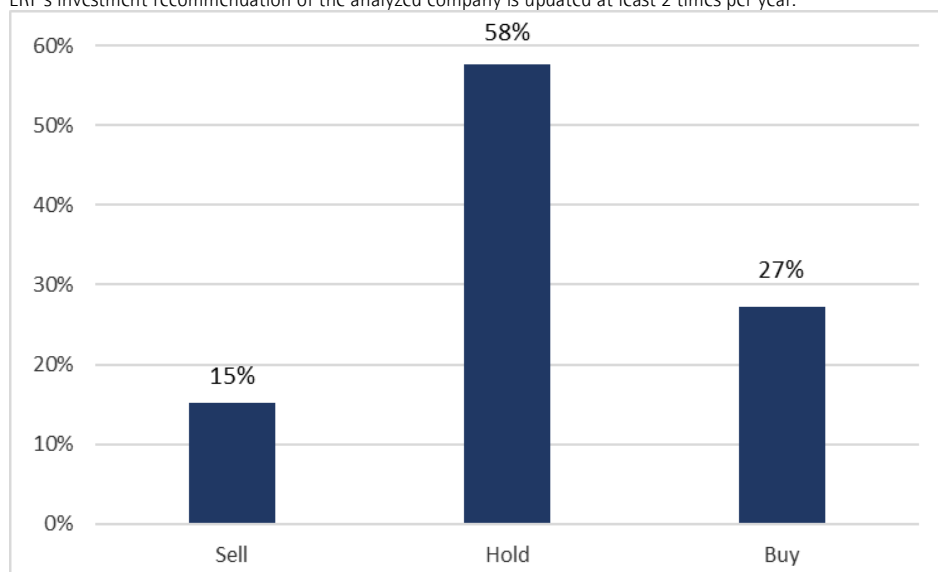
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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