

Lowered EBIT guidance, preliminary Q2 figures below expectations

Vaisala revised its net sales guidance and reduced its EBIT expectations for 2023. Simultaneously, the company provided preliminary figures for Q2.

- Revised guidance for 2023: net sales of EUR 530-560m (prev. 530-570m) and EBIT of EUR 65-75 (prev. 70-85m). The midpoint implies y/y growth of 6% and an EBIT margin of 12.8%.
- Preliminary Q2 figures show growth and profitability below our expectations: net sales of EUR 130.8m (Evli: 135.6m) and EBIT of EUR 11.9m (Evli: 14.1m).
- IM's orders received declined by 6% y/y, attributed to delayed investments among industrial customers. Meanwhile, W&E's orders received saw a robust increase of 14% due to strong customer demand. Overall, Vaisala's Q2 orders received grew 5% to EUR 129.3m.
- Vaisala's Q2 net sales grew by 9% to EUR 130.8m with W&E's y/y growth of 18%, attributed to strong demand in roads and automotive and renewable energy segments as well as in subscription sales. Meanwhile, IM saw a 3% decline due to soft customer demand.
- Group's Q2 gross margin amounted to 55.1% which was almost in line with the comparison period. The gross margin was negatively impacted by price competition and unfavorable sales-mix in IM, and positively impacted by increased product margins of W&E. The negative impact of spot-components decreased during the quarter, by having no large impact on the gross margin.
- With a softer gross margin, soft sales, and elevated fixed costs, IM's EBIT saw a significant decrease to EUR 6.8m (12.9% margin). Conversely, W&E's Q2 EBIT saw a notable increase, amounting to EUR 4.9m (6.4% margin). Overall, group EBIT improved by 15% to EUR 11.9m in Q2.
- Vaisala reports its official Q2 results on Friday, July 28th. We update our estimates in the coming days before the company's Q2 report.

Rating

HOLD

Preliminary Q2 figures	2023	2022	Growth
Orders received	129.3	123.4	5%
IM	52.6	56.2	-6%
W&E	76.6	67.2	14%
Net sales	130.8	120.5	9%
IM	52.8	54.7	-3%
W&E	78.0	65.9	18%
EBIT	11.9	10.3	15%
IM	6.8	11.5	-41%
W&E	4.9	-1.1	-
Gross margin	55.1%	55.3%	
IM	59.7%	63.2%	
W&E	51.9%	48.8%	
EBIT margin	9.2%	8.4%	
IM	12.9%	20.5%	
W&E	6.4%	-1.6%	

 Share price, EUR (Last trading day's closing price) **41.00**

 Target price, EUR **44.0**

 Latest change in recommendation **12-Jun-23**

 Latest report on company **12-Jun-23**

 Research paid by issuer: **YES**

 No. of shares outstanding, '000's **36,165**

 No. of shares fully diluted, '000's **36,165**

 Market cap, EURm **1,483**

 Exchange rate EUR/USD **0.000**

 Reuters code **VAIAS.HE**

 Bloomberg code **VAIAS FH**

 Average daily volume, EURm **0.0**

 Next interim report **28-Jul-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	564.5	73.2	13.0%	57.7	1.55	26.5	2.6	19.9	3.9	0.85
2024E	605.0	87.9	14.5%	56.2	1.89	21.7	2.4	16.3	3.8	1.08
2025E	637.4	94.6	14.8%	62.5	2.06	19.9	2.2	14.9	4.2	1.13

 Market cap, EURm **1,483** BV per share 2023E, EUR **-8.5** CAGR EPS 2022-25, % **17.7**

 Net debt 2023E, EURm **-24** Price/book 2023E **5.3** CAGR sales 2022-25, % **7.4**

 Enterprise value, EURm **1,459** Dividend yield 2023E, % **2.1** ROE 2023E, % **21.1**

 Total assets 2023E, EURm **474** Tax rate 2023E, % **20.6** ROCE 2023E, % **22.3**

 Goodwill 2023E, EURm **49** Equity ratio 2023E, % **59.2** PEG, P/E 23/CAGR **2.4**

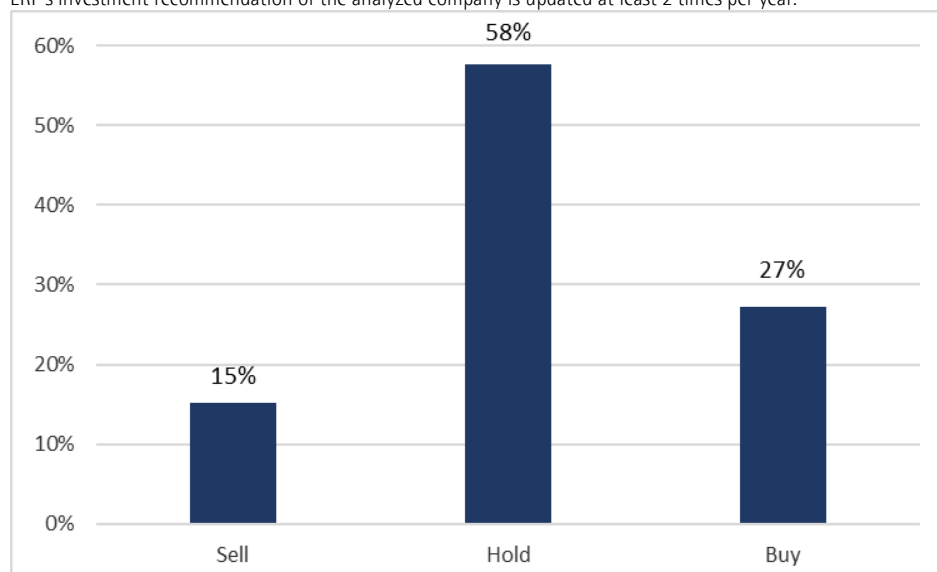
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



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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