

W&E remains in the driver's seat

Vaisala's Q4 EBIT missed our estimates mainly due to weaker than expected gross margin development. With the strong order book, W&E is expected to continue to perform in 2024 while IM waits for the market to pick up in H2.

Price competition and lower volumes led to GM pressure

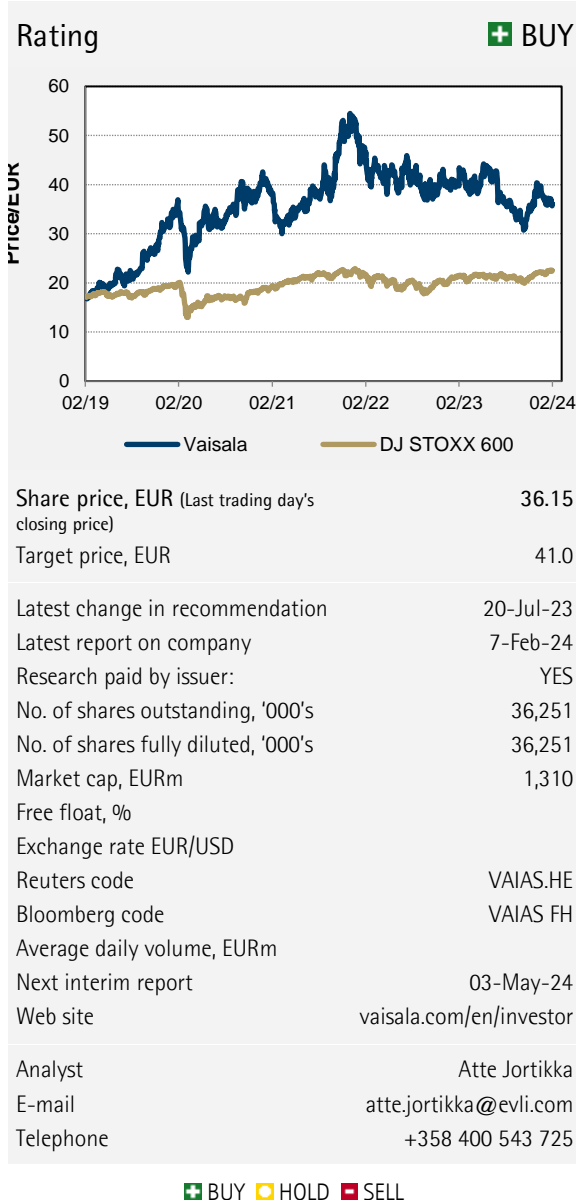
Vaisala's net sales increased by 4% in Q4 to EUR 147.4m, slightly above our estimates (143.6/142.7m Evli/cons.). W&E's growth was strong as the net sales grew 10% y/y (14% excl. FX). IM's sales decline was slightly steeper than expected. On the flip side, the company's profitability missed our estimates as EBIT amounted to EUR 16.3m (17.5/17.7m Evli/cons.), reflecting a margin of 11.0%. While the negative effect from spot purchases was practically non-existent for both segments as expected, price competition and lower volumes affected the gross margin more than we estimated, especially for IM.

W&E's outlook brighter, while IM navigates tough market

W&E's orders received grew 35% y/y to EUR 87.7m aided by the EUR 20m airport surface observation system order in Kuwait. IM's orders declined 8% y/y to EUR 59.4m as the important life science market segment's orders declined especially strongly. Vaisala estimates that its FY24 net sales will be EUR 530-570m and EBIT 63-78m. We have revised our estimate for FY24 net sales to EUR 553.7m (prev. EUR 551.8m) while for EBIT, we decreased our estimate some 6% to EUR 71.7m (prev. EUR 76.1m). The Q1 is now expected to be soft driven by continued weak IM demand, impact from implementation of ERP system and industrial actions in Finland. Revenue growth is expected to be led by W&E backed by the solid order backlog. On the other hand, we estimate that there will be some softness in the margins due to the expected sales mix for W&E. For IM, we estimate growth to pick up slightly in H2 as the comparison periods get softer, the visibility to turn around in demand remains low.

BUY with a TP of EUR 41

Based on our updated estimates for 2024-2025, Vaisala trades at roughly 17-15x adj. EV/EBIT, this represents a discount of 11-15% when compared to the peer group. With slightly higher peer group multiples and long-term case intact, we retain our TP at EUR 41.0 and rating at BUY.



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	553.7	71.7	13.0%	50.5	1.51	23.9	2.3	17.6	3.9	0.83
2025E	579.4	80.0	13.8%	52.4	1.70	21.2	2.1	15.5	4.0	0.94
2026E	602.2	87.4	14.5%	60.3	1.89	19.1	2.0	13.9	4.6	1.04
Market cap, EURm		1,310	Gearing 2024E, %			-16.7	CAGR EPS 2023-26, %			11.9
Net debt 2024E, EURm		-49	Price/book 2024E			4.4	CAGR sales 2023-26, %			3.7
Enterprise value, EURm		1,261	Dividend yield 2024E, %			2.3	ROE 2024E, %			19.5
Total assets 2024E, EURm		467	Tax rate 2024E, %			20.0	ROCE 2024E, %			20.9
Goodwill 2024E, EURm		49	Equity ratio 2024E, %			63.3	PEG, P/E 24/CAGR			2.6

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

Gross margin for IM was on the softer side in Q4

Vaisala's Q4 orders received were strong and increased by 14% y/y while order book stood at EUR 172.5m (+12%). The order growth was driven by W&E as its orders received grew 35% y/y to EUR 87.7m (Q4/22 EUR 64.7m), while IM orders received decreased 8% y/y. The contract for airport surface observation system and airport meteorological system to Kuwait International Airport represented EUR 20m of W&E's new orders. Still, even excluding the Kuwait contract, W&E orders received grew y/y. Group net sales increased by 4% to EUR 147.4m, slightly above our estimates (143.6/142.7m Evli/cons.). As expected, W&E growth was strong, yet the growth was still stronger than we had 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. While the negative effect from spot purchases was practically non-existent for both segments as expected, price competition and lower volumes affected the gross margin more than we estimated. Especially IM was notably affected by lower-than-expected volumes and price competition stemming especially from the Chinese market. The lower volumes were driven by the life science market segment. Vaisala's BoD proposes a dividend of EUR 0.75 EUR per share, in line with our estimate.

2024 Outlook: Revenue EUR 530-570m, EBIT EUR 63-78m

With the Q4 report, Vaisala gave its business outlook for FY 2024, it estimates that net sales will be in the range of EUR 530-570 million and its operating result (EBIT) will be in the range of EUR 63-78 million. Our previous estimate for FY 2024 revenue was EUR 552m and EBIT EUR 76m. While our estimate was close to the guidance middle point, EBIT was at the high end of the given outlook. We have revised our estimates for profitability as we expect that reaching the upper limit of the guidance would require faster recovery on the main IM customer segments, which we do not currently forecast. In addition, we now estimate weakish Q1 2024 driven by IM demand that is expected to stay soft and the company's efforts to implement the new ERP system coupled with industrial actions in Finland. With the estimate changes we now expect net sales of EUR 554m and EBIT of EUR 72m. Revenue growth is expected to be led by W&E backed by the solid order backlog. On the other hand, we estimate that there will be some softness in the margins due to the expected sales mix for W&E. For IM, we expect growth to pick up in H2 partly due to softer comparison period, for the full year, we estimate only slight revenue growth for IM.

ESTIMATE CHANGES

	2024E			2025E		
	Old	New	%	Old	New	%
Net sales	551.8	553.7	0%	580.8	579.4	-0%
IM	230.4	228.2	-1%	246.5	244.1	-1%
W&E	321.4	325.5	1%	334.2	335.3	0%
EBIT	76.1	71.7	-6%	80.9	80.0	-1%
IM	49.5	46.3	-6%	53.5	52.8	-1%
W&E	26.6	25.4	-5%	27.4	27.2	-1%

Source: Evli Research

Table 1: Peer group

VAISALA PEER GROUP	MCAP MEUR	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25	23	24	25
Hexagon	27430	5.7x	5.4x	5.0x	15.3x	14.5x	13.3x	19.4x	18.9x	17.2x	23.3x	21.9x	19.6x
Keysight Tech	25054	4.9x	5.0x	4.6x	16.5x	16.4x	15.0x	18.9x	18.0x	16.1x	19.1x	21.5x	18.6x
Trimble	13010	4.4x	4.7x	4.4x	16.6x	17.3x	16.3x	18.1x	18.5x	17.6x	21.0x	20.6x	18.7x
Spectris	4258	2.4x	2.3x	2.2x	11.4x	11.0x	10.3x	13.5x	12.9x	12.0x	18.4x	17.5x	16.0x
FARO Technologies	377	1.0x	0.9x	0.9x	52.5x	11.5x	8.2x		18.3x	11.3x		35.2x	19.2x
Oxford Instruments	1428	2.6x	2.5x	2.4x	13.0x	12.3x	11.4x	14.7x	13.9x	13.0x	19.5x	18.7x	17.3x
Sensirion Holding	1100	3.9x	3.4x	2.8x	50.5x	26.6x	16.0x	660.3x	62.9x	25.4x	2908.7x	84.4x	33.1x
Halma	9699	4.5x	3.7x	3.1x	19.6x	18.2x	16.9x	22.1x	17.7x	14.5x	27.8x	23.1x	17.3x
Peer Group Average	10294	3.7x	3.5x	3.2x	24.4x	16.0x	13.4x	109.6x	22.6x	15.9x	434.0x	30.4x	20.0x
Peer Group Median	6978	4.2x	3.5x	2.9x	16.5x	15.4x	14.1x	18.9x	18.2x	15.3x	21.0x	21.7x	18.6x
Vaisala (Evli est.)	1147	2.6x	2.6x	2.6x	15.6x	13.1x	11.9x	16.8x	15.5x	13.7x	21.8x	19.6x	17.8x

Vaisala prem./disc. to peer median

Vaisala multiples adj. for PPA amortization

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	36.15 PV of Free Cash Flow	495 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	40.78 PV of Horizon value	957 WACC, %	7.0 Market risk premium, %	5.8
Share price potential, %	12.8 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	40.8 Marketable securities	90 Minimum WACC, %	7.0 Equity beta coefficient	0.80
Minimum value	40.8 Debt - dividend	-64 Maximum WACC, %	7.0 Target debt ratio, %	20
Horizon value, %	65.9 Value of stock	1,478 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	554	579	602	623	642	661	681	701	723	741	759
<i>Sales growth, %</i>	<i>5.1</i>	<i>2.5</i>	<i>4.6</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	72	80	87	90	93	93	95	98	101	104	106
<i>Operating income margin, %</i>	<i>12.3</i>	<i>13.0</i>	<i>13.8</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	25	26	27	28	28	29	30	31	32	
EBITDA	91	96	105	113	117	121	121	125	128	132	136	
- Paid taxes	-15	-14	-16	-17	-18	-19	-19	-19	-20	-20	-21	
- Change in NWC	11	-2	-4	-3	-3	-3	-3	-3	-3	-3	-2	
<i>NWC / Sales, %</i>	<i>12.6</i>	<i>12.7</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	-22	-25	-25	-26	-26	-27	-28	-29	-30	-30	
<i>opCAPEX / Sales, %</i>	<i>2.9</i>	<i>4.8</i>	<i>5.2</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	60	67	70	73	73	75	77	80	83	1,872
= Discounted FCFF		54	53	55	54	53	49	47	45	44	42	957
= DFCF min WACC		54	53	55	54	53	49	47	45	44	42	957
= DFCF max WACC		54	53	55	54	53	49	47	45	44	42	957

Electronic Equipment & Instruments/Finland, February 15, 2024
Company update

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	128.3	133.4	139.3	152.7	553.7	579.4	602.2
EBITDA	19.1	18.0	31.4	22.2	90.8	16.4	21.2	33.2	25.2	95.9	104.5	113.1
<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>12.8</i>	<i>15.9</i>	<i>23.8</i>	<i>16.5</i>	<i>17.3</i>	<i>18.0</i>	<i>18.8</i>
EBIT	13.3	11.9	25.2	16.1	66.6	10.6	15.1	27.0	19.1	71.7	80.0	87.4
<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>8.3</i>	<i>11.3</i>	<i>19.3</i>	<i>12.5</i>	<i>13.0</i>	<i>13.8</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	10.1	13.9	26.0	18.6	68.5	77.1	85.6
Tax	-2.9	-2.5	-5.7	-3.2	-14.3	-2.0	-2.8	-5.2	-3.7	-13.7	-15.4	-17.1
<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	8.1	11.1	20.8	14.8	54.8	61.7	68.5
EPS	0.26	0.22	0.51	0.35	1.35	0.22	0.31	0.57	0.41	1.51	1.70	1.89
EPS adjusted (diluted no. of shares)	0.26	0.22	0.51	0.35	1.35	0.22	0.31	0.57	0.41	1.51	1.70	1.89
Dividend per share	0.00	0.00	0.00	0.00	0.75	0.00	0.00	0.00	0.00	0.83	0.94	1.04
SALES, EURm												
Weather and Environment	68.8	78.0	76.4	89.8	313.0	72.2	79.6	82.2	91.6	325.5	335.3	347.0
Industrial Measurements	63.0	52.8	53.9	57.6	227.3	56.1	53.9	57.2	61.1	228.2	244.1	255.1
Total	131.8	130.8	130.4	147.4	540.4	128.3	133.4	139.3	152.7	553.7	579.4	602.2
SALES GROWTH, Y/Y %												
<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>5.0</i>	<i>2.0</i>	<i>7.5</i>	<i>2.0</i>	<i>4.0</i>	<i>3.0</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>-11.0</i>	<i>2.0</i>	<i>6.0</i>	<i>6.0</i>	<i>0.4</i>	<i>7.0</i>	<i>4.5</i>
Total	10.9	8.5	-2.2	4.2	5.1	-2.6	2.0	6.9	3.6	2.5	4.6	3.9
EBIT, EURm												
Weather and Environment	-1.7	4.9	10.4	7.4	21.1	0.2	5.8	11.1	8.3	25.4	27.2	29.5
Industrial Measurements	15.0	6.8	14.7	8.7	45.2	10.4	9.4	15.8	10.8	46.3	52.8	57.9
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
Total	13.3	11.9	25.2	16.1	66.6	10.6	15.1	27.0	19.1	71.7	80.0	87.4
EBIT margin, %												
<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>0.3</i>	<i>7.2</i>	<i>13.5</i>	<i>9.1</i>	<i>7.8</i>	<i>8.1</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>18.5</i>	<i>17.4</i>	<i>27.7</i>	<i>17.6</i>	<i>20.3</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>
Total	10.1	9.1	19.3	10.9	12.3	8.3	11.3	19.3	12.5	13.0	13.8	14.5

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Company update

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	403.6	379.5	437.9	514.1	540.4	553.7	579.4	602.2
<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>2.5</i>	<i>4.6</i>	<i>3.9</i>
EBITDA	64.7	65.9	71.7	85.4	90.8	95.9	104.5	113.1
<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>17.3</i>	<i>18.0</i>	<i>18.8</i>
Depreciation	-23.6	-21.1	-21.6	-22.8	-24.2	-24.2	-24.5	-25.6
EBITA	41.1	44.8	50.1	62.5	66.6	71.7	80.0	87.4
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	71.7	80.0	87.4
<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>13.0</i>	<i>13.8</i>	<i>14.5</i>
Reported EBIT	41.1	44.8	50.1	62.5	66.6	71.7	80.0	87.4
<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>13.0</i>	<i>13.8</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	68.5	77.1	85.6
Taxes	-6.5	-8.5	-8.8	-14.5	-14.3	-13.7	-15.4	-17.1
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	54.8	61.7	68.5
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	108	120	125	121	112	114	119	124
Goodwill	30	30	29	49	49	49	49	49
Right of use assets	12	13	11	12	13	13	14	15
Inventory	40	45	50	62	59	60	63	66
Receivables	105	93	107	131	113	115	121	125
Liquid funds	56	45	78	56	90	108	125	112
Total assets	361	352	408	440	443	467	499	498
Liabilities								
Shareholder's equity	198	205	230	251	268	295	327	362
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	15
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	100	104	108
Other interest-free debt	7	8	7	7	10	10	10	10
Total liabilities	361	352	408	440	443	467	499	498
CASH FLOW, EURm								
+ EBITDA	65	66	72	85	91	96	105	113
- Net financial items	-1	-3	-2	-3	-3	-3	-3	-2
- Taxes	-9	-8	-9	-14	-14	-14	-15	-17
- Increase in Net Working Capital	-16	-7	17	-38	11	-2	-4	-3
+/- Other	2	-6	3	0	0	0	0	0
= Cash flow from operations	41	41	80	30	84	77	83	91
- Capex	-38	-35	-22	-19	-16	-27	-30	-31
- 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	50	52	60
+/- New issues/buybacks	3	-4	8	0	-6	0	0	0
- Paid dividend	-21	-22	-22	-25	-26	-27	-30	-34
+/- Other	-1	9	-12	15	-2	-6	-4	-39
Change in cash	-16	-11	33	-22	35	17	18	-13

Electronic Equipment & Instruments/Finland, February 15, 2024
Company update

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	1,454	1,924	1,437	1,439	1,310	1,310	1,310
Net debt (excl. convertibles)	9	-30	8	-26	-49	-71	-98
Enterprise value	1,466	1,899	1,445	1,413	1,261	1,239	1,213
Sales	380	438	514	540	554	579	602
EBITDA	66	72	85	91	96	105	113
EBIT	45	50	63	67	72	80	87
Pre-tax	41	48	60	63	69	77	86
Earnings	33	39	45	49	55	62	68
Equity book value (excl. minorities)	205	230	251	268	295	327	362
Valuation multiples							
EV/sales	3.9	4.3	2.8	2.6	2.3	2.1	2.0
EV/EBITDA	22.2	26.5	16.9	15.6	13.1	11.9	10.7
EV/EBITA	32.7	37.9	23.1	21.2	17.6	15.5	13.9
EV/EBIT	32.7	37.9	23.1	21.2	17.6	15.5	13.9
EV/OCF	35.8	23.7	48.5	16.8	16.3	15.0	13.3
EV/FCFF	115.8	30.3	-308.4	19.2	21.8	20.7	18.1
P/FCFE	259.7	33.0	-116.8	21.1	26.0	25.0	21.7
P/E	44.2	49.4	31.6	29.4	23.9	21.2	19.1
P/B	7.1	8.4	5.7	5.4	4.4	4.0	3.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	15.0	13.5	12.3
Target EV/EBIT	0.0	0.0	0.0	0.0	20.0	17.7	15.9
Target EV/FCF	0.0	0.0	0.0	0.0	28.5	27.0	23.0
Target P/B	0.0	0.0	0.0	0.0	5.0	4.5	4.1
Target P/E	0.0	0.0	0.0	0.0	27.1	24.1	21.7
Per share measures							
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	1.51	1.70	1.89
Operating cash flow per share	1.14	2.22	0.83	2.32	2.13	2.28	2.51
Free cash flow per share	0.16	1.62	-0.34	1.89	1.39	1.44	1.66
Book value per share	5.69	6.36	6.96	7.39	8.15	9.02	9.97
Dividend per share	0.61	0.68	0.72	0.75	0.83	0.94	1.04
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	2.1	2.3	2.6	2.9
FCF yield, %	0.4	3.0	-0.9	4.7	3.9	4.0	4.6
Efficiency measures							
ROE	16.3	17.9	18.8	18.9	19.5	19.8	19.9
ROCE	17.7	18.6	21.2	20.7	20.9	21.8	23.1
Financial ratios							
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	12.7	12.7	12.7
Operative CAPEX/sales, %	9.3	4.9	3.7	2.9	4.8	5.2	5.1
CAPEX/sales (incl. acquisitions), %	9.3	4.9	-0.8	2.9	4.8	5.2	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	63.3	65.6	72.6
Gearing, %	4.4	-13.1	3.2	-9.7	-16.7	-21.8	-27.0

Electronic Equipment & Instruments/Finland, February 15, 2024
Company update

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	136.515	10.4%
Nordea Nordic Small Cap Fund	1,839,924	66.513	5.1%
Weisell-Säätiö Sr	1,700,710	61.481	4.7%
Citibank Europe Plc	1,325,547	47.919	3.7%
Voipio Mikko	1,268,312	45.849	3.5%
Caspers Anja	969,496	35.047	2.7%
Voipio Raimo	920,053	33.260	2.5%
Ilmarinen Mutual Pension Insurance Company	889,275	32.147	2.5%
Ten largest	12,689,675	458.732	35%
Residual	23,561,577	851.751	65%
Total	36,251,252	1,310.483	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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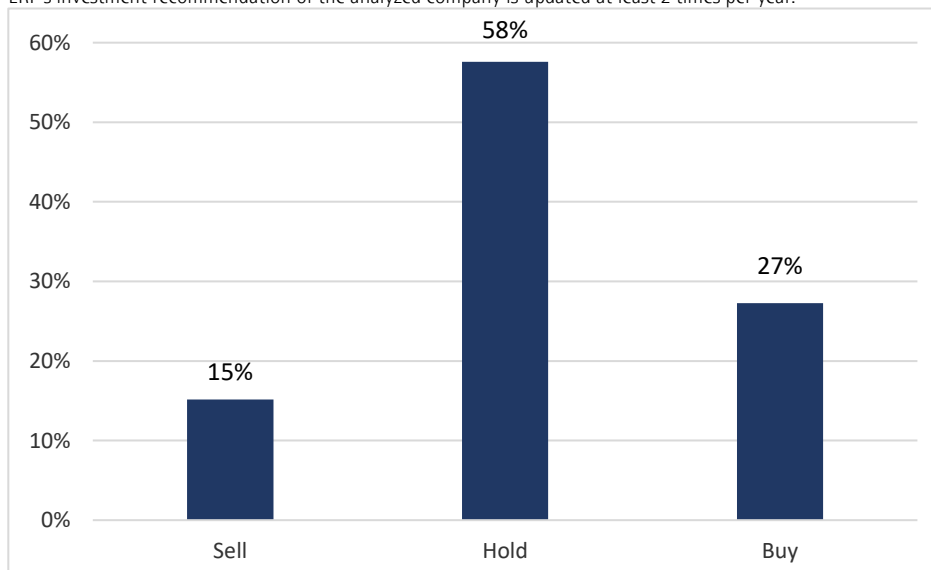
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Investment recommendations are defined as follows:

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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Electronic Equipment & Instruments/Finland, February 15, 2024
Company update

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