

Accelerating towards the year-end

Vaisala's Q1/24 was soft as expected yet delivered slight earnings beat vs. our estimate. We expect an upward earnings trend towards the end of the FY for the company.

First quarter was nearly as soft as expected

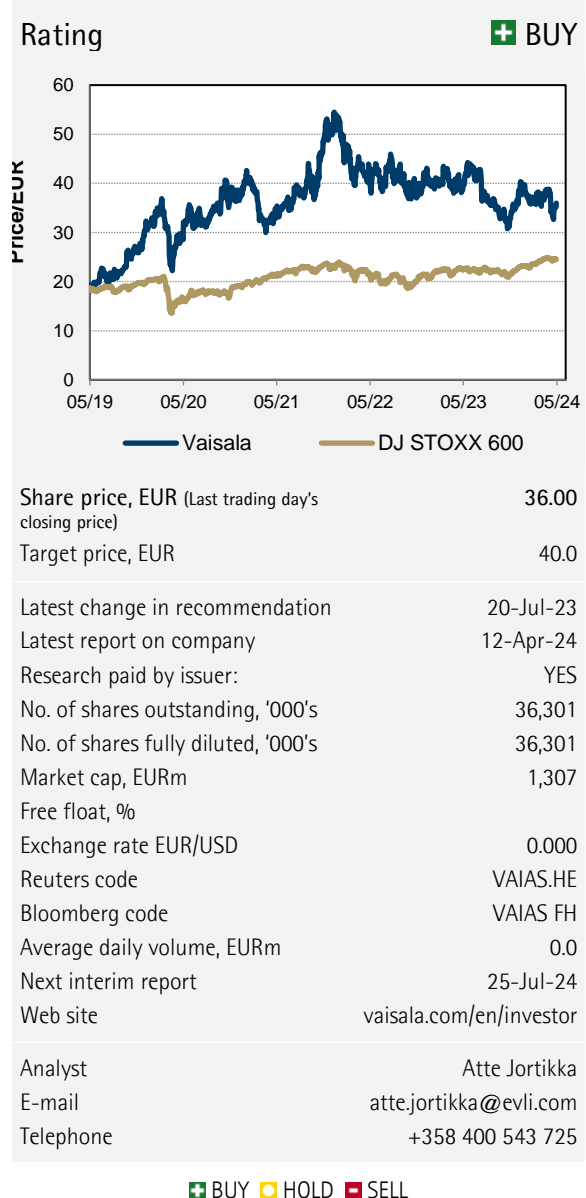
Vaisala's Q1 net sales were in line with the preliminary figures at EUR 112.1m. The sales decline was driven by the industrial actions in Finland and simultaneous ramp-up of the new ERP system as previously communicated by Vaisala. On the positive side, W&E's gross margin developed more favorably than expected with improved business mix. In addition, the company was able to scale its OPEX in accordance with the lower volumes. Driven by these measures, Vaisala's EBIT came in at EUR 7.1 (Evli est. EUR 5.3m/Cons. est. EUR 3.2m), beating our estimates slightly. The company's order book finished up at a record level of EUR 190.4m while order intake decreased 7% as a result of continued subdued market.

Estimating improvement for the remainder of the FY 24

Vaisala's order book remains at a solid level despite the decline in order intake. According to Vaisala, roughly 75% of the order book is scheduled to be delivered in 2024, during recent years, the share has hovered around 75-80%. While the W&E's profitability developed more favorably than we estimated, we expect higher project sales from Q2/24 onwards to mitigate larger short-term margin gains going forward. We continue to forecast revenue growth for the remainder of the FY driven by W&E's strong backlog and IM's softer comparison period, especially for H2. We have made only slight estimate adjustments as Q1 figures were largely in line with our estimates. We now estimate revenue of EUR 546m (prev. EUR 542m) and EBIT of EUR 70m (prev. EUR 68m), both slightly below the guidance middle.

BUY with a TP of EUR 40.0

Vaisala is currently priced at a roughly 5-20% discount when compared to peers on our 2024E estimates. In line with this, our DCF points towards a discount of roughly 10% to fair value. With only slight estimate changes, we keep our TP at EUR 40.0 with our 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	546.3	70.1	12.8%	48.1	1.47	24.5	2.3	18.0	3.7	0.81
2025E	577.1	78.5	13.6%	47.7	1.67	21.6	2.2	15.8	3.6	0.92
2026E	599.7	86.8	14.5%	59.6	1.87	19.2	2.0	14.0	4.6	1.03
Market cap, EURm		1,307	Gearing 2024E, %			-15.9	CAGR EPS 2023-26, %			11.6
Net debt 2024E, EURm		-47	Price/book 2024E			4.4	CAGR sales 2023-26, %			3.5
Enterprise value, EURm		1,260	Dividend yield 2024E, %			2.2	ROE 2024E, %			19.0
Total assets 2024E, EURm		464	Tax rate 2024E, %			20.2	ROCE 2024E, %			20.5
Goodwill 2024E, EURm		49	Equity ratio 2024E, %			63.4	PEG, P/E 24/CAGR			2.4

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

Table 1: Estimate summary

ESTIMATES	2 022	Q1'23	Q2'23	Q3'23	Q4'23	2 023	Q1'24	Q2'24E	Q3'24E	Q4'24E	2024E	2025E
Net sales	514.1	131.8	130.8	130.4	147.4	540.4	112.1	135.0	141.6	157.7	546.3	577.1
Weather & Environment	288.6	68.8	78.0	76.4	89.8	313.0	64.1	81.1	83.3	94.3	322.8	335.7
Industrial Measurements	225.5	63.0	52.8	53.9	57.6	227.3	48.0	53.9	58.3	63.4	223.5	241.3
Reported EBIT	62.5	13.3	11.9	25.2	16.1	66.7	7.1	15.2	28.0	19.9	70.1	78.5
Weather & Environment	11.1	-1.7	4.9	10.4	7.5	21.1	0.6	5.9	11.6	9.1	27.3	28.9
Industrial Measurements	51.5	15.0	6.8	14.7	8.7	45.2	6.5	9.2	16.4	10.8	42.8	49.6
Other operations	-0.1	0.0	0.2	0.1	0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Adj. EBIT	70.6	15.4	14.0	27.3	18.0	74.9	8.8	17.3	30.1	21.8	78.2	86.6
Net sales growth	17.4%	10.9%	8.5%	-2.2%	4.2%	5.1%	-14.9%	3.2%	8.6%	7.0%	1.1%	5.6%
Weather & Environment	12.3%	4.7%	18.4%	1.0%	10.5%	8.5%	-6.8%	4.0%	9.0%	5.0%	3.1%	4.0%
Industrial Measurements	24.6%	18.6%	-3.4%	-6.3%	-4.3%	0.8%	-23.8%	2.0%	8.0%	10.0%	-1.7%	8.0%
EBIT margin	12.2%	10.1%	9.1%	19.3%	10.9%	12.3%	6.4%	11.2%	19.8%	12.6%	12.8%	13.6%
Weather & Environment	3.9%	-2.5%	6.3%	13.7%	8.3%	6.8%	1.0%	7.3%	14.0%	9.7%	8.5%	8.6%
Industrial Measurements	22.8%	23.8%	12.9%	27.2%	15.1%	19.9%	13.5%	17.1%	28.1%	17.0%	19.2%	20.5%

Source: Vaisala, Evli Research estimates

Expecting improvement especially for H2, IM a swing factor

Vaisala's Q1 figures came in largely as expected, while profitability was slightly better than expected driven by improved profitability for W&E and continued OPEX discipline. There were no significant changes in the market environment during the second quarter and we do not estimate any significant improvement for the remainder of the year either. While the market offers no real tailwind, we expect IM to keep improving during the year mainly as a result of a softer comparison period, especially for H2. While expecting improvement, we note that there is no clear visibility for H2, especially for IM as the order book is considerably shorter and order size smaller when compared to W&E. For W&E, we estimate continued strong performance for the remainder of the year as the business area's profitable growth segments including subscription sales have retained strong pace (W&E subscription sales grew 15% y/y during Q1/24, comprising roughly 15% of total W&E sales when compared to 12% in Q1/23). In addition, the lack of spot component purchases in 2024 will aid margins. On the other hand, while lower margin W&E project sales declined in Q1, we expect projects to bounce back during the remainder of the year as the multi-year project in Kuwait started in February and is likely to start delivering sales starting from Q2/24.

Table 2: Peer group

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	5.3x	4.9x	4.6x	14.0x	13.0x	11.9x	18.3x	16.7x	15.2x	21.6x	19.3x	17.2x
Keysight Tech	25530	5.3x	4.8x	4.4x	19.0x	16.4x	14.0x	21.5x	17.3x	15.1x	24.0x	19.6x	16.0x
Trimble	14076	4.9x	4.7x	4.3x	18.2x	17.3x	15.7x	19.9x	18.8x	17.0x	22.1x	19.7x	17.2x
Spectris	3804	2.3x	2.2x	2.1x	10.8x	10.1x	9.3x	12.6x	11.9x	10.9x	16.6x	15.2x	14.0x
FARO Technologies	352	0.7x	0.7x		8.7x	6.7x			18.3x			17.5x	
Oxford Instruments	1421	2.7x	2.6x	2.5x	13.6x	12.7x	11.9x	15.5x	14.6x	13.6x	20.8x	19.6x	18.4x
Sensirion Holding	1018	3.4x	2.8x	2.5x	48.9x	20.4x	15.3x		38.0x	25.6x	302.9x	42.5x	29.6x
Halma	10041	3.9x	3.4x	3.9x	18.4x	17.1x	16.7x	18.1x	15.2x	18.9x	26.6x	20.9x	23.2x
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	13.4x	12.0x	10.8x	16.1x	14.3x	12.8x	22.0x	19.2x	17.3x

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

-37% -30% -49% -21% -23% -28% -15% -13% -21% -5% -2% -2%

Electronic Equipment & Instruments/Finland, May 6, 2024
Company update

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	36.00 PV of Free Cash Flow	494 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	40.16 PV of Horizon value	965 WACC, %	7.0 Market risk premium, %	5.8
Share price potential, %	11.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	45.2 Marketable securities	90 Minimum WACC, %	6.5 Equity beta coefficient	0.80
Minimum value	36.2 Debt - dividend	-92 Maximum WACC, %	7.5 Target debt ratio, %	20
Horizon value, %	66.2 Value of stock	1,458 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	546	577	600	621	639	658	678	699	720	738	756
<i>Sales growth, %</i>	<i>5.1</i>	<i>1.1</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	70	78	87	90	93	92	95	98	101	103	106
<i>Operating income margin, %</i>	<i>12.3</i>	<i>12.8</i>	<i>13.6</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	29	30	31	32	33	
EBITDA	91	94	103	113	117	121	121	125	128	132	136	
- Paid taxes	-15	-14	-16	-17	-18	-19	-18	-19	-20	-20	-21	
- Change in NWC	11	-1	-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	-24	-28	-26	-27	-27	-28	-29	-29	-30	-30	
<i>opCAPEX/Sales, %</i>	<i>2.9</i>	<i>5.2</i>	<i>5.7</i>	<i>5.2</i>	<i>5.2</i>	<i>5.1</i>	<i>5.1</i>	<i>5.1</i>	<i>5.1</i>	<i>5.1</i>	<i>5.0</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	55	55	66	70	73	72	74	77	79	82	1,860
= Discounted FCFF		53	49	55	54	53	49	47	46	44	43	965
= DFCF min WACC		53	50	56	55	54	51	49	47	46	45	1,135
= DFCF max WACC		53	49	55	53	52	48	46	44	42	41	831

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	131.8	130.8	130.4	147.4	540.4	112.1	135.0	141.6	157.7	546.3	577.1	599.7
EBITDA	19.1	18.0	31.4	22.2	90.8	12.8	21.3	34.2	26.0	94.2	103.0	112.9
<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>11.4</i>	<i>15.8</i>	<i>24.2</i>	<i>16.5</i>	<i>17.2</i>	<i>17.9</i>	<i>18.8</i>
EBIT	13.3	11.9	25.2	16.1	66.6	7.1	15.2	28.0	19.9	70.1	78.5	86.8
<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>6.4</i>	<i>11.2</i>	<i>19.8</i>	<i>12.6</i>	<i>12.8</i>	<i>13.6</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	6.6	14.0	27.0	19.4	66.9	75.6	85.0
Tax	-2.9	-2.5	-5.7	-3.2	-14.3	-1.4	-2.8	-5.4	-3.9	-13.5	-15.1	-17.0
<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>21.8</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	9.6	8.0	18.5	12.7	48.9	5.2	11.2	21.6	15.5	53.4	60.5	68.0
EPS	0.26	0.22	0.51	0.35	1.35	0.14	0.31	0.59	0.43	1.47	1.67	1.87
EPS adjusted (diluted no. of shares)	0.26	0.22	0.51	0.35	1.35	0.14	0.31	0.59	0.43	1.47	1.67	1.87
Dividend per share	0.00	0.00	0.00	0.00	0.75	0.00	0.00	0.00	0.00	0.81	0.92	1.03
SALES, EURm												
Weather and Environment	68.8	78.0	76.4	89.8	313.0	64.1	81.1	83.3	94.3	322.8	335.7	347.5
Industrial Measurements	63.0	52.8	53.9	57.6	227.3	48.0	53.9	58.3	63.4	223.5	241.3	252.2
Total	131.8	130.8	130.4	147.4	540.4	112.1	135.0	141.6	157.7	546.3	577.1	599.7
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>-6.8</i>	<i>4.0</i>	<i>9.0</i>	<i>5.0</i>	<i>3.1</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>-23.8</i>	<i>2.0</i>	<i>8.0</i>	<i>10.0</i>	<i>-1.7</i>	<i>8.0</i>	<i>4.5</i>
Total	10.9	8.5	-2.2	4.2	5.1	-14.9	3.2	8.6	7.0	1.1	5.6	3.9
EBIT, EURm												
Weather and Environment	-1.7	4.9	10.4	7.4	21.1	0.6	5.9	11.6	9.1	27.3	28.9	29.5
Industrial Measurements	15.0	6.8	14.7	8.7	45.2	6.5	9.2	16.4	10.8	42.8	49.6	57.3
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	7.1	15.2	28.0	19.9	70.1	78.5	86.8
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>1.0</i>	<i>7.3</i>	<i>14.0</i>	<i>9.7</i>	<i>8.5</i>	<i>8.6</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>13.5</i>	<i>17.1</i>	<i>28.1</i>	<i>17.0</i>	<i>19.2</i>	<i>20.5</i>	<i>22.7</i>
<i>Other</i>	<i>0.0</i>			<i>50,000.0</i>	<i>87,500.0</i>	<i>20,000.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>5,000.0</i>	<i>0.0</i>	<i>0.0</i>
Total	10.1	9.1	19.3	10.9	12.3	6.4	11.2	19.8	12.6	12.8	13.6	14.5

Electronic Equipment & Instruments/Finland, May 6, 2024
Company update

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	403.6	379.5	437.9	514.1	540.4	546.3	577.1	599.7
<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>1.1</i>	<i>5.6</i>	<i>3.9</i>
EBITDA	64.7	65.9	71.7	85.4	90.8	94.2	103.0	112.9
<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>17.2</i>	<i>17.9</i>	<i>18.8</i>
Depreciation	-23.6	-21.1	-21.6	-22.8	-24.2	-24.1	-24.5	-26.1
EBITA	41.1	44.8	50.1	62.5	66.6	70.1	78.5	86.8
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	70.1	78.5	86.8
<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>12.8</i>	<i>13.6</i>	<i>14.5</i>
Reported EBIT	41.1	44.8	50.1	62.5	66.6	70.1	78.5	86.8
<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>12.8</i>	<i>13.6</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	66.9	75.6	85.0
Taxes	-6.5	-8.5	-8.8	-14.5	-14.3	-13.5	-15.1	-17.0
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	53.4	60.5	68.0
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	108	120	125	121	112	116	124	129
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	59	63	65
Receivables	105	93	107	131	113	114	120	125
Liquid funds	56	45	78	56	90	105	119	106
Total assets	361	352	408	440	443	464	496	496
Liabilities								
Shareholder's equity	198	205	230	251	268	294	325	360
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	98	104	108
Other interest-free debt	7	8	7	7	10	10	10	10
Total liabilities	361	352	408	440	443	464	496	496
CASH FLOW, EURm								
+ EBITDA	65	66	72	85	91	94	103	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	-1	-4	-3
+/- Other	2	-6	3	0	0	0	0	0
= Cash flow from operations	41	41	80	30	84	77	81	91
- Capex	-38	-35	-22	-19	-16	-29	-33	-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	48	48	60
+/- New issues/buybacks	3	-4	8	0	-6	0	0	0
- Paid dividend	-21	-22	-22	-25	-26	-27	-29	-33
+/- Other	-1	9	-12	15	-2	-6	-4	-39
Change in cash	-16	-11	33	-22	35	15	14	-13

Electronic Equipment & Instruments/Finland, May 6, 2024
Company update

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	1,454	1,924	1,437	1,439	1,307	1,307	1,307
Net debt (excl. convertibles)	9	-30	8	-26	-47	-65	-91
Enterprise value	1,466	1,899	1,445	1,413	1,260	1,242	1,215
Sales	380	438	514	540	546	577	600
EBITDA	66	72	85	91	94	103	113
EBIT	45	50	63	67	70	78	87
Pre-tax	41	48	60	63	67	76	85
Earnings	33	39	45	49	53	60	68
Equity book value (excl. minorities)	205	230	251	268	294	325	360
Valuation multiples							
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	13.4	12.1	10.8
EV/EBITA	32.7	37.9	23.1	21.2	18.0	15.8	14.0
EV/EBIT	32.7	37.9	23.1	21.2	18.0	15.8	14.0
EV/OCF	35.8	23.7	48.5	16.8	16.4	15.4	13.4
EV/FCFF	115.8	30.3	-308.4	19.2	22.8	22.5	18.3
P/FCFE	259.7	33.0	-116.8	21.1	27.2	27.4	21.9
P/E	44.2	49.4	31.6	29.4	24.5	21.6	19.2
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	14.9	13.5	12.1
Target EV/EBIT	0.0	0.0	0.0	0.0	20.0	17.7	15.7
Target EV/FCF	0.0	0.0	0.0	0.0	29.2	29.1	22.8
Target P/B	0.0	0.0	0.0	0.0	4.9	4.5	4.0
Target P/E	0.0	0.0	0.0	0.0	27.2	24.0	21.3
Per share measures							
Number of shares	36,000	36,101	36,020	36,251	36,301	36,301	36,301
Number of shares (diluted)	36,000	36,101	36,020	36,251	36,301	36,301	36,301
EPS	0.91	1.08	1.25	1.35	1.47	1.67	1.87
Operating cash flow per share	1.14	2.22	0.83	2.32	2.11	2.23	2.51
Free cash flow per share	0.16	1.62	-0.34	1.89	1.33	1.31	1.64
Book value per share	5.69	6.36	6.96	7.39	8.10	8.96	9.91
Dividend per share	0.61	0.68	0.72	0.75	0.81	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	2.9
FCF yield, %	0.4	3.0	-0.9	4.7	3.7	3.6	4.6
Efficiency measures							
ROE	16.3	17.9	18.8	18.9	19.0	19.5	19.9
ROCE	17.7	18.6	21.2	20.7	20.5	21.5	23.0
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	5.2	5.7	5.2
CAPEX/sales (incl. acquisitions), %	9.3	4.9	-0.8	2.9	5.2	5.7	5.2
FCFF/EBITDA	0.2	0.9	-0.1	0.8	0.6	0.5	0.6
Net debt/EBITDA, book-weighted	0.1	-0.4	0.1	-0.3	-0.5	-0.6	-0.8
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	65.5	72.6
Gearing, %	4.4	-13.1	3.2	-9.7	-15.9	-20.0	-25.4

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	135.949	10.4%
Nordea Nordic Small Cap Fund	1,839,924	66.237	5.1%
Weisell-Säätiö Sr	1,647,370	59.305	4.5%
Citibank Europe Plc	1,321,267	47.566	3.6%
Voipio Mikko	1,268,312	45.659	3.5%
Caspers Anja	969,496	34.902	2.7%
Voipio Raimo	920,053	33.122	2.5%
Ilmarinen Mutual Pension Insurance Company	889,275	32.014	2.4%
Ten largest	12,632,055	454.754	35%
Residual	23,669,129	852.089	65%
Total	36,301,184	1,306.843	100%

EARNINGS CALENDAR

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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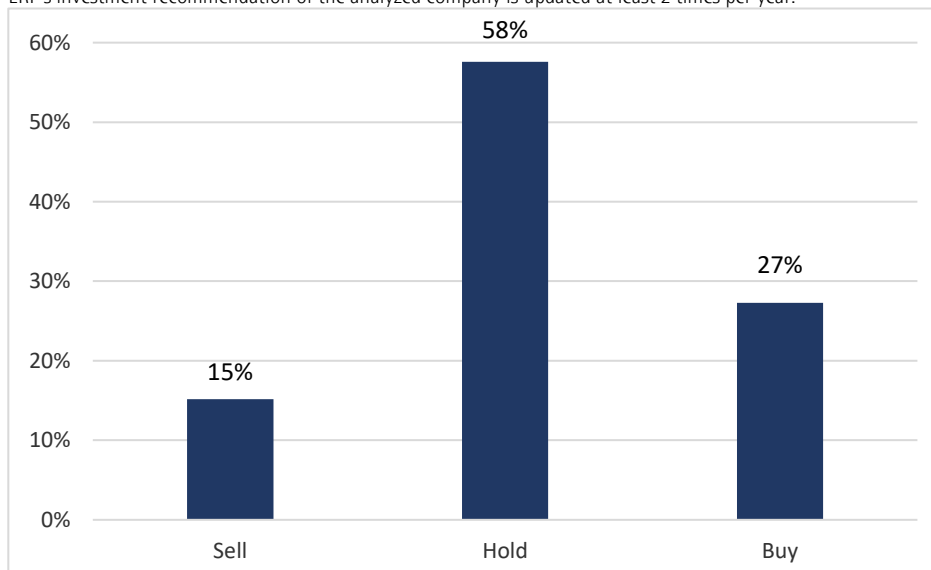
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Investment recommendations are defined as follows:

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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