

## Profitable growth ahead

Vaisala reports its Q3/24 results on Thursday 24<sup>th</sup> of October. We expect continued y/y growth driven by the softer comparison for IM while the solid backlog drives growth for W&E.

### Market conditions remain relatively unchanged

The market environment was already weak during the third quarter of last year for IM. According to our understanding, the market environment has stayed relatively stable compared to H2/23 during the first nine months of the fiscal year. For W&E, Vaisala has secured several substantial project agreements over the past twelve months, including a EUR 25m project delivery in Indonesia added during the quarter (will be recognized in order book once the financing agreement has been confirmed). As the agreed projects extend over several years, growth is expected to materialize in the coming years. Furthermore, the company expanded its subscription-based services during the quarter by acquiring Speedwell Climate. Speedwell provides data and software to structure, price, and settle index-based climate risk transfer contracts. The acquisition is small in Vaisala's scale yet provides an interesting opening in the insurance segment.

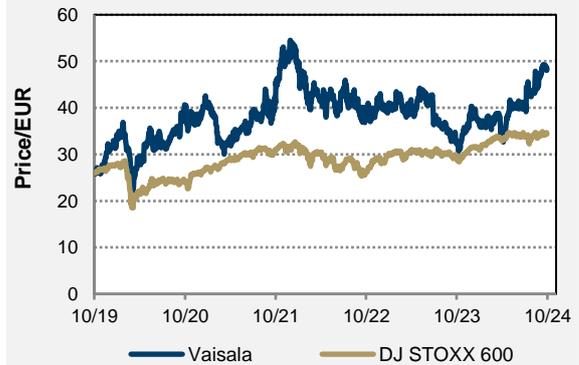
### Growth should pick up in 2025E

We have made minor adjustments to our estimates. We now estimate net sales of EUR 562m and EBIT of EUR 77m for 2024E, at the upper end of the guidance range (net sales 540-570, EBIT EUR 68-78m). We still foresee growth for IM in the second half of the year, primarily due to the easier comparison period from last year. We anticipate that service sales will grow y/y in H2, though at a slower pace than in H1. In W&E, we predict that the robust order book will continue to drive net sales growth in H2. Across the group, we anticipate margins to remain fairly steady compared to last year. We have increased estimates for 2025E, primarily due to higher W&E growth projections. While we anticipate slow growth in mature W&E markets, we foresee stronger growth from projects and data business.

### HOLD with a TP of EUR 47.0 (prev. EUR 46.0)

With the positive estimate adjustments, we increase our TP to EUR 47.0 (prev. EUR 46.0). Based on our estimates for 2024-25E, Vaisala is priced at 20-18x adj. EV/EBIT, in line with the peers.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) **48.05**

Target price, EUR **47.0**

Latest change in recommendation **23-Jul-24**

Latest report on company **26-Jul-24**

Research paid by issuer: **YES**

No. of shares outstanding, '000's **36,295**

No. of shares fully diluted, '000's **36,295**

Market cap, EURm **1,744**

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 **24-Oct-24**

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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
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	4.8	0.75
2024E	562.2	77.1	13.7%	62.5	1.62	29.6	3.0	21.8	3.6	0.89
2025E	627.0	89.7	14.3%	53.1	1.91	25.2	2.7	18.5	3.0	1.05
2026E	661.8	96.3	14.5%	63.5	2.07	23.2	2.5	17.0	3.6	1.14
Market cap, EURm	1,744		Gearing 2024E, %		-20.5		CAGR EPS 2023-26, %		15.4	
Net debt 2024E, EURm	-61		Price/book 2024E		5.8		CAGR sales 2023-26, %		7.0	
Enterprise value, EURm	1,683		Dividend yield 2024E, %		1.9		ROE 2024E, %		20.8	
Total assets 2024E, EURm	473		Tax rate 2024E, %		21.0		ROCE 2024E, %		22.3	
Goodwill 2024E, EURm	46		Equity ratio 2024E, %		63.4		PEG, P/E 24/CAGR		2.6	

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

Table 1: Peer group

Company name	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
Hexagon	24017	13.9x	12.7x	11.7x	17.9x	16.5x	15.0x	20.8x	18.6x	16.6x
Keysight Tech	25350	20.3x	18.7x		22.4x	20.0x		25.0x	22.0x	
Trimble	13855	16.8x	16.2x	15.8x	18.1x	17.5x	15.9x	22.4x	20.3x	17.8x
Spectris	3011	8.8x	7.2x	6.7x	10.8x	8.8x	8.0x	14.8x	12.6x	11.2x
Itron	4360	17.4x	15.6x	13.9x	21.4x	19.0x	16.1x	23.2x	21.8x	19.0x
FARO Technologies	331	11.6x	9.7x		19.5x	13.7x		30.7x	20.3x	
Oxford Instruments	1442	12.3x	11.6x	10.7x	14.2x	13.5x	12.4x	19.1x	18.2x	16.9x
Sensirion Holding	1093	119.7x	22.9x	17.2x		43.6x	28.0x		53.7x	34.2x
Halma	11290	19.9x	18.7x	17.5x	22.5x	21.1x	19.6x	28.4x	26.5x	24.6x
Peer Group Average	11821	<b>26.7x</b>	<b>14.8x</b>	<b>13.3x</b>	<b>18.4x</b>	<b>19.3x</b>	<b>16.4x</b>	<b>23.1x</b>	<b>23.8x</b>	<b>20.1x</b>
Peer Group Median	9107	<b>16.8x</b>	<b>15.6x</b>	<b>13.9x</b>	<b>18.8x</b>	<b>17.5x</b>	<b>15.9x</b>	<b>22.8x</b>	<b>20.3x</b>	<b>17.8x</b>
Vaisala (Evli est.)	<b>1749</b>	<b>16.9x</b>	<b>14.8x</b>	<b>14.3x</b>	<b>20.1x</b>	<b>17.7x</b>	<b>17.1x</b>	<b>26.6x</b>	<b>23.2x</b>	<b>23.3x</b>
<i>Vaisala prem./disc. to peer median</i>		<i>0 %</i>	<i>-5 %</i>	<i>3 %</i>	<i>7 %</i>	<i>1 %</i>	<i>8 %</i>	<i>17 %</i>	<i>14 %</i>	<i>31 %</i>

Source FactSet, Evli Research

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VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	48.05 PV of Free Cash Flow	604 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	50.56 PV of Horizon value	1,232 WACC, %	7.0 Market risk premium, %	5.8
Share price potential, %	5.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	56.8 Marketable securities	90 Minimum WACC, %	6.5 Equity beta coefficient	0.80
Minimum value	45.6 Debt - dividend	-92 Maximum WACC, %	7.5 Target debt ratio, %	20
Horizon value, %	67.1 Value of stock	1,835 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	562	627	662	690	715	740	762	785	809	829	850
<i>Sales growth, %</i>	<i>5.1</i>	<i>4.0</i>	<i>11.5</i>	<i>5.5</i>	<i>4.2</i>	<i>3.7</i>	<i>3.5</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	77	90	96	103	111	115	118	122	125	128	132
<i>Operating income margin, %</i>	<i>12.3</i>	<i>13.7</i>	<i>14.3</i>	<i>14.5</i>	<i>15.0</i>	<i>15.5</i>						
+ Depreciation+amort.	24	23	19	19	20	21	22	22	23	24	24	
EBITDA	91	100	109	115	123	132	136	140	145	149	153	
- Paid taxes	-15	-16	-19	-20	-22	-23	-24	-25	-26	-26	-27	
- Change in NWC	11	-3	-9	-5	-4	-3	-3	-3	-3	-3	-3	
<i>NWC/Sales, %</i>	<i>12.6</i>	<i>12.7</i>	<i>12.8</i>	<i>12.8</i>	<i>12.9</i>	<i>12.9</i>	<i>12.9</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	
+ Change in other liabs	-3	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-10	-12	-20	-20	-19	-20	-20	-20	-21	-21	-21	
<i>opCAPEX/Sales, %</i>	<i>2.9</i>	<i>2.9</i>	<i>4.2</i>	<i>3.9</i>	<i>3.7</i>	<i>3.6</i>	<i>3.6</i>	<i>3.5</i>	<i>3.5</i>	<i>3.5</i>	<i>3.4</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	69	61	70	78	85	89	92	95	98	102	2,303
= Discounted FCFF		68	56	61	63	64	62	61	58	56	54	1,232
= DFCF min WACC		69	56	61	64	65	64	62	60	58	57	1,446
= DFCF max WACC		68	56	60	62	63	61	59	56	54	52	1,063

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## INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	131.8	130.8	130.4	147.4	540.4	112.1	148.4	142.3	159.4	562.2	627.0	661.8
EBITDA	19.1	18.0	31.4	22.2	90.8	12.8	29.4	33.8	24.1	100.2	109.0	115.2
<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>19.8</i>	<i>23.8</i>	<i>15.1</i>	<i>17.8</i>	<i>17.4</i>	<i>17.4</i>
EBIT	13.3	11.9	25.2	16.1	66.6	7.1	23.7	28.0	18.2	77.1	89.7	96.3
<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>16.0</i>	<i>19.7</i>	<i>11.4</i>	<i>13.7</i>	<i>14.3</i>	<i>14.5</i>
Net financial items	-0.8	-1.4	-1.0	-0.2	-3.4	-0.5	-0.5	-1.0	-0.5	-2.5	-2.0	-1.1
Pre-tax profit	12.5	10.5	24.2	15.9	63.2	6.6	23.2	27.0	17.7	74.5	87.7	95.2
Tax	-2.9	-2.5	-5.7	-3.2	-14.3	-1.4	-5.2	-5.4	-3.5	-15.6	-18.4	-20.0
<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>22.6</i>	<i>20.0</i>	<i>20.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>
Net profit	9.6	8.0	18.5	12.7	48.9	5.2	17.9	21.6	14.2	58.9	69.3	75.2
EPS	0.26	0.22	0.51	0.35	1.35	0.14	0.49	0.60	0.39	1.62	1.91	2.07
EPS adjusted (diluted no. of shares)	0.26	0.22	0.51	0.35	1.35	0.14	0.49	0.60	0.39	1.62	1.91	2.07
Dividend per share	0.00	0.00	0.00	0.00	0.75	0.00	0.00	0.00	0.00	0.89	1.05	1.14
<b>SALES, EURm</b>												
Weather and Environment	68.8	78.0	76.4	89.8	313.0	64.1	91.9	85.4	98.4	339.8	384.7	400.0
Industrial Measurements	63.0	52.8	53.9	57.6	227.3	48.0	56.5	56.9	61.0	222.3	242.4	261.7
<b>Total</b>	<b>131.8</b>	<b>130.8</b>	<b>130.4</b>	<b>147.4</b>	<b>540.4</b>	<b>112.1</b>	<b>148.4</b>	<b>142.3</b>	<b>159.4</b>	<b>562.2</b>	<b>627.0</b>	<b>661.8</b>
<b>SALES GROWTH, Y/Y %</b>												
<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>17.8</i>	<i>11.8</i>	<i>9.6</i>	<i>8.6</i>	<i>13.2</i>	<i>4.0</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>7.0</i>	<i>5.4</i>	<i>5.9</i>	<i>-2.2</i>	<i>9.0</i>	<i>8.0</i>
<b>Total</b>	<b>10.9</b>	<b>8.5</b>	<b>-2.2</b>	<b>4.2</b>	<b>5.1</b>	<b>-14.9</b>	<b>13.5</b>	<b>9.2</b>	<b>8.1</b>	<b>4.0</b>	<b>11.5</b>	<b>5.5</b>
<b>EBIT, EURm</b>												
Weather and Environment	-1.7	4.9	10.4	7.4	21.1	0.6	11.2	11.7	8.3	31.9	37.2	40.0
Industrial Measurements	15.0	6.8	14.7	8.7	45.2	6.5	12.3	16.3	9.9	44.9	52.5	56.3
Other	0.0	0.2	0.1	0.1	0.4	0.0	0.2	0.0	0.0	0.2	0.0	0.0
<b>Total</b>	<b>13.3</b>	<b>11.9</b>	<b>25.2</b>	<b>16.1</b>	<b>66.6</b>	<b>7.1</b>	<b>23.7</b>	<b>28.0</b>	<b>18.2</b>	<b>77.1</b>	<b>89.7</b>	<b>96.3</b>
<b>EBIT margin, %</b>												
<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>12.2</i>	<i>13.7</i>	<i>8.5</i>	<i>9.4</i>	<i>9.7</i>	<i>10.0</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>21.8</i>	<i>28.6</i>	<i>16.2</i>	<i>20.2</i>	<i>21.7</i>	<i>21.5</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>55,000.0</i>	<i>0.0</i>	<i>0.0</i>
<b>Total</b>	<b>10.1</b>	<b>9.1</b>	<b>19.3</b>	<b>10.9</b>	<b>12.3</b>	<b>6.4</b>	<b>16.0</b>	<b>19.7</b>	<b>11.4</b>	<b>13.7</b>	<b>14.3</b>	<b>14.5</b>

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INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	403.6	379.5	437.9	514.1	540.4	562.2	627.0	661.8
<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>4.0</i>	<i>11.5</i>	<i>5.5</i>
EBITDA	64.7	65.9	71.7	85.4	90.8	100.2	109.0	115.2
<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>17.8</i>	<i>17.4</i>	<i>17.4</i>
Depreciation	-23.6	-21.1	-21.6	-22.8	-24.2	-23.1	-19.3	-18.9
EBITA	41.1	44.8	50.1	62.5	66.6	77.1	89.7	96.3
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	77.1	89.7	96.3
<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>13.7</i>	<i>14.3</i>	<i>14.5</i>
Reported EBIT	41.1	44.8	50.1	62.5	66.6	77.1	89.7	96.3
<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>13.7</i>	<i>14.3</i>	<i>14.5</i>
Net financials	-1.0	-3.4	-2.1	-2.9	-3.4	-2.5	-2.0	-1.1
Pre-tax profit	40.1	41.4	48.1	59.6	63.2	74.5	87.7	95.2
Taxes	-6.5	-8.5	-8.8	-14.5	-14.3	-15.6	-18.4	-20.0
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	58.9	69.3	75.2
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>								
Assets								
Fixed assets	108	120	125	121	114	107	113	119
Goodwill	30	30	29	49	46	46	46	46
Right of use assets	12	13	11	12	13	14	15	16
Inventory	40	45	50	62	59	61	68	72
Receivables	105	93	107	131	113	117	131	138
Liquid funds	56	45	78	56	90	120	137	123
Total assets	361	352	408	440	443	473	518	522
Liabilities								
Shareholder's equity	198	205	230	251	268	300	336	374
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	14	15	16
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	101	113	119
Other interest-free debt	7	8	7	7	10	10	10	10
Total liabilities	361	352	408	440	443	473	518	522
<b>CASH FLOW, EURm</b>								
+ EBITDA	65	66	72	85	91	100	109	115
- Net financial items	-1	-3	-2	-3	-3	-3	-2	-1
- Taxes	-9	-8	-9	-14	-14	-16	-18	-20
- Increase in Net Working Capital	-16	-7	17	-38	11	-3	-9	-5
+/- Other	2	-6	3	0	0	0	0	0
= Cash flow from operations	41	41	80	30	84	79	80	89
- Capex	-38	-35	-22	-19	-16	-16	-27	-26
- 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	63	53	63
+/- New issues/buybacks	3	-4	8	0	-6	0	0	0
- Paid dividend	-21	-22	-22	-25	-26	-27	-32	-38
+/- Other	-1	9	-12	15	-2	-6	-3	-39
Change in cash	-16	-11	33	-22	35	30	17	-14

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KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	1,454	1,924	1,437	1,439	1,744	1,744	1,744
Net debt (excl. convertibles)	9	-30	8	-26	-61	-82	-107
Enterprise value	1,466	1,899	1,445	1,413	1,683	1,662	1,637
Sales	380	438	514	540	562	627	662
EBITDA	66	72	85	91	100	109	115
EBIT	45	50	63	67	77	90	96
Pre-tax	41	48	60	63	75	88	95
Earnings	33	39	45	49	59	69	75
Equity book value (excl. minorities)	205	230	251	268	300	336	374
<b>Valuation multiples</b>							
EV/sales	3.9	4.3	2.8	2.6	3.0	2.7	2.5
EV/EBITDA	22.2	26.5	16.9	15.6	16.8	15.2	14.2
EV/EBITA	32.7	37.9	23.1	21.2	21.8	18.5	17.0
EV/EBIT	32.7	37.9	23.1	21.2	21.8	18.5	17.0
EV/OCF	35.8	23.7	48.5	16.8	21.3	20.9	18.3
EV/FCFF	115.8	30.3	-308.4	19.2	24.2	27.3	23.3
P/FCFE	259.7	33.0	-116.8	21.0	27.9	32.9	27.5
P/E	44.2	49.4	31.6	29.4	29.6	25.2	23.2
P/B	7.1	8.4	5.7	5.4	5.8	5.2	4.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	16.4	14.9	13.9
Target EV/EBIT	0.0	0.0	0.0	0.0	21.3	18.1	16.6
Target EV/FCF	0.0	0.0	0.0	0.0	26.3	30.6	25.2
Target P/B	0.0	0.0	0.0	0.0	5.7	5.1	4.6
Target P/E	0.0	0.0	0.0	0.0	29.0	24.6	22.7
<b>Per share measures</b>							
Number of shares	36,000	36,101	36,020	36,251	36,295	36,295	36,295
Number of shares (diluted)	36,000	36,101	36,020	36,251	36,295	36,295	36,295
EPS	0.91	1.08	1.25	1.35	1.62	1.91	2.07
Operating cash flow per share	1.14	2.22	0.83	2.32	2.18	2.20	2.46
Free cash flow per share	0.16	1.62	-0.34	1.89	1.72	1.46	1.75
Book value per share	5.69	6.36	6.96	7.39	8.25	9.27	10.29
Dividend per share	0.61	0.68	0.72	0.75	0.89	1.05	1.14
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	1.9	2.2	2.4
FCF yield, %	0.4	3.0	-0.9	4.8	3.6	3.0	3.6
<b>Efficiency measures</b>							
ROE	16.3	17.9	18.8	18.9	20.8	21.8	21.2
ROCE	17.7	18.6	21.2	20.7	22.3	23.9	24.6
<b>Financial ratios</b>							
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	12.8	12.8
Operative CAPEX/sales, %	9.3	4.9	3.7	2.9	2.9	4.2	3.9
CAPEX/sales (incl. acquisitions), %	9.3	4.9	-0.8	2.9	2.9	4.2	3.9
FCFF/EBITDA	0.2	0.9	-0.1	0.8	0.7	0.6	0.6
Net debt/EBITDA, book-weighted	0.1	-0.4	0.1	-0.3	-0.6	-0.8	-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	63.4	65.0	71.6
Gearing, %	4.4	-13.1	3.2	-9.7	-20.5	-24.4	-28.7

Electronic Equipment & Instruments/Finland, October 18, 2024  
Preview

**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	181.454	10.4%
Nordea Nordic Small Cap Fund	1,689,924	81.201	4.7%
Weisell-Säätiö Sr	1,647,370	79.156	4.5%
Citibank Europe Plc	1,377,027	66.166	3.8%
Voipio Mikko	1,268,312	60.942	3.5%
Caspers Anja	969,496	46.584	2.7%
Voipio Raimo	920,478	44.229	2.5%
Ilmarinen Mutual Pension Insurance Company	889,275	42.730	2.5%
Ten largest	12,538,240	602.462	35%
Residual	23,756,956	1,141.522	65%
Total	36,295,196	1,743.984	100%

**EARNINGS CALENDAR**

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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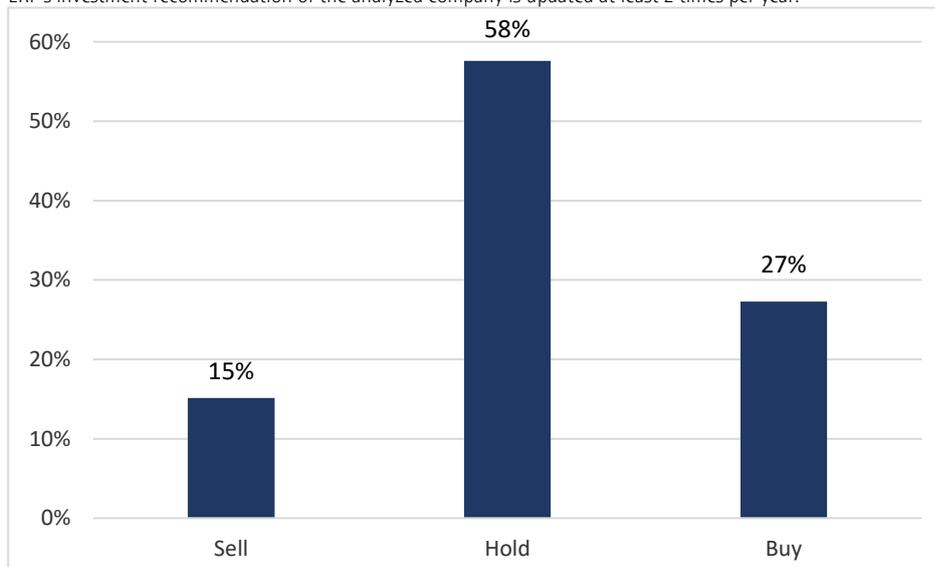
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Investment recommendations are defined as follows:

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

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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): Jortikka

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