

Slower growth than expected

Vaisala's growth was slower than we expected as net sales grew 5% to EUR 136.6m (Evli est. EUR 142.3m). With the lower-than-expected net sales, profitability was also below our estimates. Orders were strong as expected.

- **Q3 group result:** Orders received increased 26% y/y while the order book stood at EUR 220.4m, growing 33% compared to last year. Group net sales increased by 5% to EUR 136.6m, falling short of our estimate of EUR 142.3m. Gross margin fell slightly y/y to 57.3% (58.0% Q3/23). EBIT amounted to EUR 24.1m (EUR 28.0/27.8m Evli/cons.), reflecting a margin of 17.7% (19.3%).
- **Industrial measurements (IM):** Orders received increased by 12% y/y while order book grew 7% to EUR 36.8m. Net sales were at EUR 57.4m, growing 6% y/y. Net sales increased in industrial instruments, liquid, as well as in power and energy markets segments. Net sales decreased somewhat in life science market segment. Service sales grew 29% y/y driven by growth in installed base from last year. IM gross margin was at 63.1% (64.0%) and EBIT at EUR 15.5m with a margin of 26.9% (Q3/23 EUR 14.7m, 27.3%).
- **Weather and Environment (W&E):** Orders received increased by 36% y/y while order book was up by 40% y/y. W&E's net sales increased by 4% to EUR 79.2m. Subscription and project sales grew strongly in the quarter. Net sales decreased strongly in renewable energy market segment and somewhat in meteorology market segment. Gross margin decreased to 53.1% (Q3/23 53.7%). EBIT was at EUR 8.8m (Q3/23 EUR 10.4m) with a margin of 11.1% (13.7%).
- **Outlook 2024 (unchanged)** Net sales EUR 540–570m and EBIT EUR 68–78m.

Rating Hold

	Q3'24	Actual	Evli	Consensus*	Q3'23
Net sales		136.6	142.3	142.3	130.4
W&E		79.2	85.4	83.5	76.4
IM		57.4	56.9	58.5	53.9
EBIT reported		24.1	28.0	27.8	25.2
EBIT-margin		17.7%	19.7%	19.5%	19.3%
EPS reported		0.53	0.60	0.60	0.51

* Consensus estimate from Factset (2–4 analysts)

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	18-Oct-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, %	
Exchange rate	
Reuters code	VAIAS.HE
Bloomberg code	VAIAS FH
Average daily volume, EURm	
Next interim report	24-Oct-24
Web site	vaisala.com/en/investors
Analyst	Atte Jortikka
E-mail	atte.jortikka@evli.com
Telephone	+358 400 543 725

+++ 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
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	14.6%	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

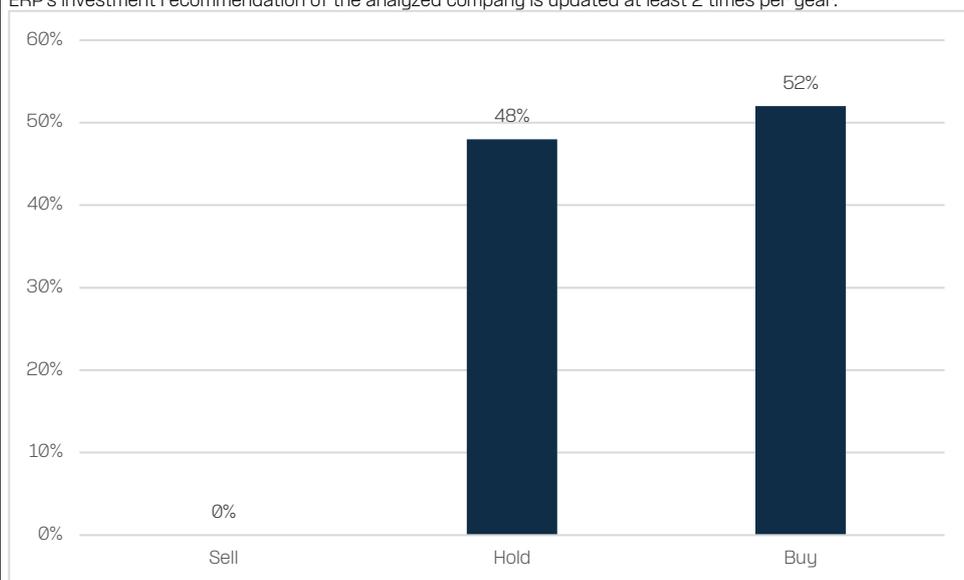
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Investment recommendations are defined as follows:

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 on the 23rd of October, 2024. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Atte Jortikka

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Contact information

SALES, TRADING AND RESEARCH

Equity Sales & Trading

Joachim Dannberg (head)	+358 9 4766 9123
Aleksi Jalava	+358 9 4766 9123
Pasi Väisänen	+358 9 4766 9123

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
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Equity Research

Jerker Salokivi (head)	+358 9 4766 9149
Joonas Ilvonen	+358 44 430 9071
Atte Jortikka	+358 40 054 3725
Atte Pitkäljärvi	+358 44 047 6597

EVLI

EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000