

CMD notes

In its CMD, Vaisala outlined its strategy and updated long-term financial targets. With slight positive estimate adjustments and higher peer multiples, we increase TP to EUR 49.0 (prev. EUR 47.0), recommendation remains at HOLD.

Well positioned in many ways

Vaisala's CMD provided more insights into updated financial targets and the current strategy which focuses on driving sustainable growth and global leadership in its two main segments. The strategy builds on the success elements of the previous strategy. We find that the company continues to be exceptionally well positioned to drive profitable growth aided by several trends. While R&D continues to be a key enabler for the company's competitive advantage, the focus has shifted towards new opportunities, with approximately half of the R&D investments in 2024 allocated to new products, technology, and research. The other half is dedicated to the maintenance and modernization of existing products, which was the primary focus of R&D still in 2019. See the following pages for our comments on the strategy and updated financial targets.

Ready, set, growth

The growth target remains unchanged from the last strategy period and is well in line with the company's historic growth rate. In W&E, Vaisala's legacy business should continue its low single digit growth while the subscription and especially the renewable business drive faster growth. Coupled with this, the strong project backlog boosts volumes for the coming years. For IM, the market outlook remains uncertain, yet we expect that the segment will return to growth in 2025E after two slower years. Vaisala updated its profitability target parameter from EBIT margin to EBITA margin. This change is logical, as the amortization of intangible assets related to the acquired businesses impacts EBIT. Vaisala also made its margin target descriptive (improving vs. prev. 15% EBIT margin), at least partly due to market uncertainty. We are now confident in the sustained margin improvement of W&E, as the company has boosted profitability in its legacy and project businesses, while its more profitable renewable segment has grown significantly.

HOLD with a TP of EUR 49.0 (prev. EUR 47.0)

Vaisala is priced at 27–24x adj. P/E and 21–18x EV/EBITA based on our estimates for 2024–2025E. While high on absolute level, the pricing represents a slight discount to our peer group and the company's own historical valuation multiples. With slight positive estimate adjustments and higher peer group multiples, we increase our TP to EUR 49.0 (prev. EUR 47.0).

Rating

Hold



Share price, EUR (Last trading day's closing price) **46.70**
Target price, EUR 49.0

Latest change in recommendation 23-Jul-24

Latest report on company 12-Nov-24

Research paid by issuer: YES

No. of shares outstanding, '000's 36 285

No. of shares fully diluted, '000's 36 285

Market cap, EURm 1 694

Free float, %

Exchange rate

Reuters code VAIAS.HE

Bloomberg code VAIAS FH

Average daily volume, EUR

Next interim report 18-Feb-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	554.1	72.1	13.0%	62.1	1.53	30.5	2.9	22.7	3.7%	0.84
2025E	606.8	84.5	13.9%	52.9	1.80	26.0	2.7	19.1	3.1%	0.99
2026E	646.8	95.4	14.8%	61.0	2.05	22.7	2.5	16.6	3.6%	1.13
Market cap, EURm		1 694	Gearing 2024E, %			-20.5 %	CAGR EPS 2023–26, %			15.1 %
Net debt 2024E, EURm		-61	Price/book 2024			5.7	CAGR Sales 2023–26, %			6.2 %
Enterprise value, EURm		1 634	Dividend yield 2024E, %			1.8 %	ROE 2024E, %			19.7 %
Total assets 2024E, EURm		468	Tax rate 2024E, %			21.5 %	ROCE 2024E, %			21.0 %
Goodwill 2024E, EURm		46	Equity ratio 2024E, %			63.4 %	PEG, P/E 24/CAGR			2.2

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

Taking every measure
 for the planet

Vaisala's strategy remains focused on providing customers with measurement instruments and intelligence for climate action. The strategic priorities are to grow in industrial measurements with breakthrough technologies, to expand in energy transition and build recurring revenue in data, to drive profitability as global leader in weather systems and to simplify and scale. Vaisala has built its business model around multiple megatrends that change the world and consuming behavior; climate change being the most influential. Other crucial megatrends, such as AI and process optimization and well-being and health, provide Vaisala with new avenues for applying its technologies and know-how, creating fresh business opportunities. Vaisala places great emphasis on its "handprint", referring to how its solutions can reduce the effects of climate change. The company's main success drivers are customer understanding and application know-how, product and technology leadership, excellence in supply chain, and purpose-driven culture and talent. Vaisala's success relies on research as all its technologies are based on scientific innovations. The company makes significant investments in R&D in order to innovate and create new technologies and defend and grow its market share in selected niche markets ("product and technology leadership"). The company has allocated more R&D resources into new products in the recent years, as the share of new product R&D of total R&D has increased from roughly 1/5th to approximately 1/3rd. Vaisala's high-quality and reliable technologies range from sensors to digital solutions. Digital solutions also enable business models based on recurring revenues. In addition to R&D investments, Vaisala can leverage M&A as a strategic capital allocation tool to drive further growth aided by the company's strong cash flow generation and robust balance sheet. The aim in M&A is to focus on small or mid-sized transactions that give Vaisala access to new markets, competencies or capabilities. Good examples of typical transactions for Vaisala have been the most recent acquisitions of Speedwell Climate and Nevis Technology during this year.

Figure 1: Industrial Measurement markets

Driving growth and reaching new markets



Source: Vaisala

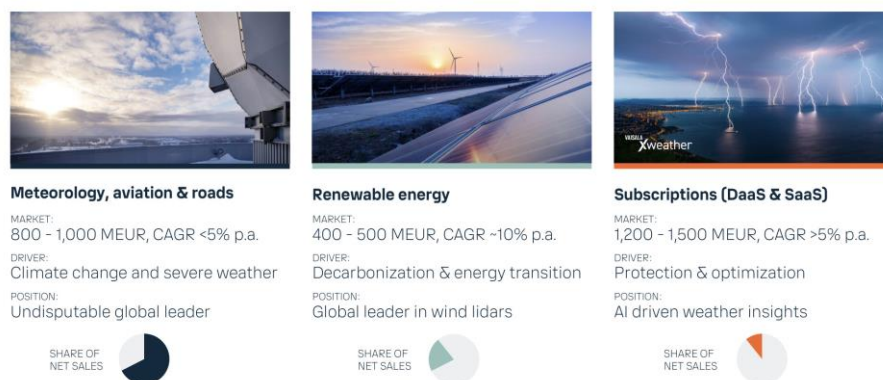
IM ready for profitable
 growth once the market
 allows it

Vaisala's Industrial Measurements segment continues to focus on growth through product leadership. The company's solutions are usually relatively small part of a larger investment yet play a business-critical role. Vaisala's measurement solutions enhance operational visibility, allowing customers to optimize processes and save resources. The main markets remain Industrial (incl. vast number of industries such as pulp & paper, oil & gas, HVAC, battery manufacturing, data centers etc.), Life Science and Power which are all expected to grow at 5-10% CAGR. Megatrends influence markets, but industrial sectors are largely impacted by economic growth and macroeconomic conditions. Due to slower economic activity, segment sales were nearly flat in 2023, and net sales have declined slightly in the first nine months of 2024. We expect growth to pick up next year after two slower fiscal years, driven by slight

economic improvement in Europe while there have been some early signs of market recovery in North America already during 2024. Margin wise, the segment scales well with the volumes which should drive margin improvement going forward.

Figure 2: Weather & Environment markets

Weather & Environment businesses & markets



Source: Vaisala

W&E self-help story has been impressive

Vaisala's W&E segment provides instruments and intelligence for climate action. The company remains the global market leader in its meteorology, aviation and roads legacy business. The market size is relatively steady, growing at a low single-digit rate. The share of the legacy business is currently 70% according to the company compared to 80% in 2021. The share has decreased due to strong growth in both renewable energy and DaaS & SaaS subscription business. Renewable energy now makes up about a quarter of total W&E net sales, with Leosphere growing over three times since its 2018 acquisition. According to management comments, the wind LiDAR market penetration has increased and now accounts for approximately 20% of the total market. Vaisala is a global leader in its field, with one major European competitor and several competitors based in China. The market should continue to grow at a fast pace of roughly 10% p.a. (CAGR). Furthermore, the subscription-based data business presents a significant opportunity for long-term profitable growth. With the fragmented market expanding at a rate exceeding 5% per annum and possessing high potential margins, substantial returns are anticipated during the strategic period following several years of investments.

We see the long-term targets realistic

Vaisala's updated long-term financial targets are the following:

- Average sales growth 7% (prev. strategy period 7%)
- Systematically improving EBITA % (15% EBIT)
- Maintain strong cash conversion over time (new target)

Partly due to the ongoing market uncertainty, the margin target has been updated from a numerical value to a descriptive one. Overall, our estimates are well in line with the updated targets as we forecast 7% CAGR for 2024–2027E net sales and EBITA-margin to improve to 15.5% in 2027E. In the shorter term, we have kept our estimates for Q4 intact and expect net sales of EUR 554m and reported EBIT of EUR 72m for 2024E, roughly at the middle of the guidance range (guidance 2024: net sales EUR 540–570m and EBIT EUR 68–78m). For 2025E, we have increased our margin estimate slightly as we are now more confident in the sustained margin improvement for W&E, as the company has boosted profitability in its legacy and project businesses, while its renewable segment has grown significantly. These developments should alleviate the effect of volume growth in traditionally lower-margin project business.

Table 1: Estimate summary

ESTIMATES	2 022	Q1'23	Q2'23	Q3'23	Q4'23	2 023	Q1'24	Q2'24	Q3'24E	Q4'24E	2024E	2025E
Net sales	514.1	131.8	130.8	130.4	147.4	540.4	112.1	148.4	136.6	157.0	554.1	606.8
Weather & Environment	288.6	68.8	78.0	76.4	89.8	313.0	64.1	91.9	79.2	94.7	329.9	364.7
Industrial Measurements	225.5	63.0	52.8	53.9	57.6	227.3	48.0	56.5	57.4	62.3	224.2	242.1
Reported EBIT	62.5	13.3	11.9	25.2	16.1	66.7	7.1	23.7	24.1	17.2	72.1	84.5
Weather & Environment	11.1	-1.7	4.9	10.4	7.5	21.1	0.6	11.2	8.8	6.5	27.1	30.5
Industrial Measurements	51.5	15.0	6.8	14.7	8.7	45.2	6.5	12.3	15.5	10.7	44.7	53.9
Other operations	-0.1	0.0	0.2	0.1	0.1	0.4	0.0	0.2	-0.2	0.0	0.0	0.0
Adj. EBIT	70.6	15.4	14.0	27.3	18.0	74.9	8.8	25.4	25.8	18.9	78.9	90.5
<i>Net sales growth</i>	<i>17.4%</i>	<i>10.9%</i>	<i>8.5%</i>	<i>-2.2%</i>	<i>4.2%</i>	<i>5.1%</i>	<i>-14.9%</i>	<i>13.5%</i>	<i>4.8%</i>	<i>6.5%</i>	<i>2.5%</i>	<i>9.5%</i>
<i>Weather & Environment</i>	<i>12.3%</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>3.6%</i>	<i>5.5%</i>	<i>5.4%</i>	<i>10.5%</i>
<i>Industrial Measurements</i>	<i>24.6%</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>6.4%</i>	<i>8.1%</i>	<i>-1.4%</i>	<i>8.0%</i>
<i>EBIT margin</i>	<i>12.2%</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>17.6%</i>	<i>10.9%</i>	<i>13.0%</i>	<i>13.9%</i>
<i>Weather & Environment</i>	<i>3.9%</i>	<i>-2.5%</i>	<i>6.3%</i>	<i>13.7%</i>	<i>8.3%</i>	<i>6.8%</i>	<i>1.0%</i>	<i>12.2%</i>	<i>11.1%</i>	<i>6.8%</i>	<i>8.2%</i>	<i>8.4%</i>
<i>Industrial Measurements</i>	<i>22.8%</i>	<i>23.8%</i>	<i>12.9%</i>	<i>27.2%</i>	<i>15.1%</i>	<i>19.9%</i>	<i>13.5%</i>	<i>21.8%</i>	<i>27.0%</i>	<i>17.1%</i>	<i>20.0%</i>	<i>22.3%</i>

Source: Evli Research

Table 2: Peer group

Company name	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
Hexagon	22951	13.5x	12.4x	11.5x	17.7x	16.3x	14.9x	20.4x	18.3x	16.5x
Keysight Tech	26687	21.0x	19.3x		23.2x	20.7x		25.9x	22.8x	
Trimble	16825	19.1x	19.4x	18.3x	20.4x	21.1x	18.8x	25.8x	24.8x	21.5x
Spectris	3149	9.7x	7.9x	7.4x	12.3x	9.8x	8.8x	17.1x	14.7x	12.8x
Itron	5270	19.3x	18.2x	15.7x	23.6x	22.5x	18.5x	23.9x	25.2x	21.6x
FARO Technologies	497	15.5x	14.1x		22.6x	20.0x		32.3x	27.8x	
Oxford Instruments	1494	12.7x	12.0x	11.1x	15.0x	14.2x	13.0x	19.8x	18.8x	17.3x
Sensirion Holding	1060	77.1x	22.2x	16.6x		34.7x	23.8x		52.2x	33.2x
Halma	11749	20.3x	19.1x	17.9x	23.0x	21.5x	20.1x	29.4x	27.4x	25.4x
Peer Group Average	12563	23.1x	16.1x	14.1x	19.7x	20.1x	16.8x	24.3x	25.8x	21.2x
Peer Group Median	11047	19.1x	18.2x	15.7x	21.5x	20.7x	18.5x	24.9x	24.8x	21.5x
Vaisala (Evli est.)	1694	17.2x	15.0x	14.2x	20.7x	17.8x	17.0x	27.1x	23.8x	23.2x
<i>Vaisala prem./disc. to peer median</i>		<i>-10 %</i>	<i>-18 %</i>	<i>-10 %</i>	<i>-4 %</i>	<i>-14 %</i>	<i>-8 %</i>	<i>9 %</i>	<i>-4 %</i>	<i>8 %</i>

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	46.70 PV of Free Cash Flow	595 Long-term growth, %	2.5 % Risk-free interest rate, % 2.25 %
DCF share value	49.72 PV of Horizon value	1 210 WACC, %	7.0 % Market risk premium, % 5.8 %
Share price potential, %	6.5 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium % 2.8 %
Maximum value	55.8 Marketable securities	90 Minimum WACC, %	6.5 % Equity beta coefficient 0.80
Minimum value	44.8 Debt – dividend	–92 Maximum WACC, %	7.5 % Target debt ratio, % 20 %
Horizon value, %	67.0 % Value of stock	1 804 No. of shares, Mn	36.3 Effective tax rate, % 25 %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TERMINAL
Net sales	540	554	607	647	674	699	723	745	767	790	810	831
Sales growth (%)	5.1%	2.5%	9.5%	6.6%	4.2%	3.7%	3.5%	3.0%	3.0%	3.0%	2.5%	2.5%
Operating income (EBIT)	67	72	84	95	104	108	112	115	119	123	126	129
Operating income margin %	12.3%	13.0%	13.9%	14.8%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
+ Depreciation+amort.	24	23	19	18	20	20	21	22	22	23	24	
EBITDA	91	95	103	114	124	129	133	137	141	146	149	
– Paid taxes	–15	–15	–18	–20	–22	–23	–24	–24	–25	–26	–26	
– Change in NWC	11	–2	–7	–5	–4	–3	–3	–3	–3	–3	–3	
NWC / Sales, %	12.6%	12.7%	12.8%	12.8%	12.9%	12.9%	12.9%	12.9%	13.0%	13.0%	13.0%	
+ Change in other liabs	–3											
– Operative CAPEX	–10	–10	–18	–20	–19	–19	–20	–20	–20	–21	–21	
opCAPEX / Sales, %	2.9%	2.7%	4.0%	4.1%	3.7%	3.6%	3.6%	3.5%	3.5%	3.5%	3.4%	
– Acquisitions												
+ Divestments												
– Other items												
= FCFF	74	68	60	68	79	83	87	90	93	96	99	2 251
= Discounted FCF		67	56	59	64	63	61	60	57	55	53	1 210
= DFCF min WACC		67	56	59	65	64	63	61	59	57	56	1 420
= DFCF max WACC		67	56	58	63	62	60	58	55	53	51	1 044

Sensitivity analysis, EUR

	Terminal WACC				
	5.03 %	6.03 %	7.03 %	8.03 %	9.03 %
13.50 %	77.23	56.12	44.29	36.71	31.43
14.50 %	83.01	59.92	47.00	38.75	33.02
15.50 %	88.79	63.71	49.72	40.80	34.61
16.50 %	94.57	67.51	52.44	42.84	36.21
17.50 %	100.35	71.31	55.15	44.88	37.80

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Net sales	131.8	130.8	130.4	147.4	540.4	112.1	148.4	136.6	157.0	554.1	606.8	646.8
EBITDA	19.1	18.0	31.4	22.2	90.8	12.8	29.4	29.9	23.1	95.2	103.4	113.7
<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>21.9%</i>	<i>14.7%</i>	<i>17.2%</i>	<i>17.1%</i>	<i>17.6%</i>
EBIT	13.3	11.9	25.2	16.1	66.6	7.1	23.7	24.1	17.2	72.1	84.5	95.4
<i>EBIT margin (%)</i>	<i>10.1%</i>	<i>9.1%</i>	<i>19.4%</i>	<i>11.0%</i>	<i>12.3%</i>	<i>6.4%</i>	<i>16.0%</i>	<i>17.6%</i>	<i>10.9%</i>	<i>13.0%</i>	<i>13.9%</i>	<i>14.8%</i>
Net financial items	-0.8	-1.4	-1.0	-0.2	-3.4	-0.5	-0.6	0.3	-0.5	-1.2	-2.0	-1.1
Pre-tax profit	12.5	10.5	24.2	15.9	63.2	6.6	23.2	24.4	16.7	70.9	82.5	94.4
Tax	-2.9	-2.5	-5.7	-3.2	-14.3	-1.5	-5.2	-5.2	-3.3	-15.2	-17.3	-19.8
<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>21.3%</i>	<i>20.0%</i>	<i>21.5%</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	19.2	13.3	55.6	65.2	74.6
EPS	0.26	0.22	0.51	0.35	1.35	0.14	0.49	0.53	0.37	1.53	1.80	2.05
EPS adj. (diluted)	0.26	0.22	0.51	0.35	1.35	0.14	0.49	0.53	0.37	1.53	1.80	2.05
Dividend per share					0.75					0.84	0.99	1.13
SALES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Weather and Environment	68.8	78.0	76.4	89.8	313.0	64.1	91.9	79.2	94.7	329.9	364.7	390.2
Industrial Measurements	63.0	52.8	53.9	57.6	227.3	48.0	56.5	57.4	62.3	224.2	242.1	256.6
Total	131.8	130.8	130.4	147.4	540.4	112.1	148.4	136.6	157.0	554.1	606.8	646.8
SALES GROWTH, Y/Y%	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Weather and Environment	4.7%	18.4%	1.0%	10.5%	8.5%	-6.8%	17.8%	3.6%	5.5%	5.4%	10.5%	7.0%
Industrial Measurements	18.6%	-3.4%	-6.3%	-4.3%	0.8%	-23.8%	7.0%	6.4%	8.1%	-1.4%	8.0%	6.0%
Total	10.9%	8.5%	-2.2%	4.2%	5.1%	-15.0%	13.5%	4.8%	6.5%	2.5%	9.5%	6.6%
EBIT, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Weather and Environment	-1.7	4.9	10.4	7.4	21.1	0.6	11.2	8.8	6.5	27.1	30.5	35.1
Industrial Measurements	15.0	6.8	14.7	8.7	45.2	6.5	12.3	15.5	10.7	45.0	53.9	60.3
Other		0.2	0.1	0.1	0.4	0.0	0.2	-0.2		0.0		
Total	13.3	11.9	25.2	16.1	66.6	7.1	23.7	24.1	17.2	72.1	84.5	95.4
EBIT margin %	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Weather and Environment	-2.5%	6.3%	13.7%	8.3%	6.7%	1.0%	12.2%	11.1%	6.9%	8.2%	8.4%	9.0%
Industrial Measurements	23.8%	12.9%	27.2%	15.1%	19.9%	13.5%	21.8%	27.0%	17.1%	20.1%	22.3%	23.5%
Other		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-100.0%		100.0%		
Total	10.1%	9.1%	19.4%	11.0%	12.3%	6.4%	16.0%	17.6%	10.9%	13.0%	13.9%	14.8%

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	403.6	379.5	437.9	514.1	540.4	554.1	606.8	646.8
<i>Sales growth (%)</i>	15.7%	-6.0%	15.4%	17.4%	5.1%	2.5%	9.5%	6.6%
EBITDA	64.7	65.9	71.7	85.4	90.8	95.2	103.4	113.7
<i>EBITDA margin (%)</i>	16.0%	17.4%	16.4%	16.6%	16.8%	17.2%	17.1%	17.6%
Depreciation	-23.6	-21.1	-21.6	-22.9	-24.2	-23.1	-19.0	-18.3
EBITA	41.1	44.8	50.1	62.5	66.6	72.1	84.5	95.4
Goodwill amortization / writedown								
EBIT	41.1	44.8	50.1	62.5	66.6	72.1	84.5	95.4
<i>EBIT margin (%)</i>	10.2%	11.8%	11.5%	12.2%	12.3%	13.0%	13.9%	14.8%
Reported EBIT	41.1	44.8	50.1	62.5	66.6	72.1	84.5	95.4
<i>EBIT margin (reported) (%)</i>	10.2%	11.8%	11.5%	12.2%	12.3%	13.0%	13.9%	14.8%
Net financials	-1.0	-3.4	-2.1	-2.9	-3.4	-1.2	-2.0	-1.1
Pre-tax profit	40.1	41.4	48.1	59.6	63.2	70.9	82.5	94.4
Taxes	-6.6	-8.5	-8.8	-14.5	-14.3	-15.2	-17.3	-19.8
Minority shares			-0.3					
Net profit	33.5	32.9	39.0	45.1	48.9	55.6	65.2	74.6
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	108	120	125	121	114	106	109	116
Goodwill	30	30	29	49	46	46	46	46
Right of use assets	12	13	11	12	13	13	15	16
Inventory	40	45	50	62	59	60	66	70
Receivables	105	93	107	131	113	115	126	135
Liquid funds	56	45	78	56	90	119	138	124
Total assets	361	352	408	440	443	468	508	515
Liabilities								
Shareholders' equity	198	205	230	251	268	296	331	370
Minority interest		0	1					
Convertibles								
Lease liabilities	11	9	8	11	12	13	15	16
Deferred taxes	8	8	7	4	3	3	3	3
Interest bearing debt	40	45	40	53	52	45	40	
Non-interest bearing current liabilities	94	76	116	111	97	100	109	116
Other interest-free debt	7	8	7	7	10	10	10	10
Total liabilities	361	352	408	440	443	468	508	515
CASH FLOW, EURm								
+ EBITDA	65	66	72	85	91	95	103	114
- Net financial items	-1	-3	-2	-3	-3	-1	-2	-1
- Taxes	-9	-8	-9	-15	-14	-15	-17	-20
- Increase in Net Working Capital	-16	-8	17	-38	11	-2	-7	-5
+/- Other	2	-6	3	0				
= Cash flow from operations	41	41	80	30	84	77	77	87
- Capex	-38	-35	-22	-19	-16	-15	-24	-26
- Acquisitions				-23				
+ Divestments								
= Free cash flow	3	6	58	-12	68	62	53	61
+/- New issues/buybacks	3	-4	8	0	-6			
- Paid dividend	22	22	25	26	27	31	36	41
+/- Other	-1	9	-12	15	-2	-6	-4	-39
Change in cash	-16	-11	33	-22	35	29	19	-14

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	1 454	1 924	1 437	1 439	1 694	1 694	1 694
Net debt (excl. convertibles)	9	-30	8	-26	-61	-83	-108
Enterprise value	1 466	1 899	1 445	1 413	1 634	1 611	1 586
Sales	380	438	514	540	554	607	647
EBITDA	66	72	85	91	95	103	114
EBIT	45	50	63	67	72	84	95
Pre-tax	41	48	60	63	71	82	94
Earnings	33	39	45	49	56	65	75
Equity book value (excl. minorities)	205	230	251	268	296	331	370

Valuation multiple	2020	2021	2022	2023	2024E	2025E	2026E
EV/Sales	3.9	4.3	2.8	2.6	2.9	2.7	2.5
EV/EBITDA	22.2	26.5	16.9	15.6	17.2	15.6	13.9
EV/EBITA	32.7	37.9	23.1	21.2	22.7	19.1	16.6
EV/EBIT	32.7	37.9	23.1	21.2	22.7	19.1	16.6
EV/OCF	35.8	23.7	48.5	16.8	21.3	20.9	18.2
EV/FCF	115.8	30.3	-308.4	19.2	24.1	26.7	23.4
P/FCFR	259.7	33.0	-116.8	21.0	27.3	32.0	27.8
P/E	44.2	49.4	31.6	29.4	30.5	26.0	22.7
P/BV	7.1	8.4	5.7	5.4	5.7	5.1	4.6
Target EV/EBITDA					18.0	16.4	14.7
Target EV/EBIT					23.8	20.1	17.5
Target EV/FCFF					27.7	32.0	27.3
Target P/BV					6.0	5.4	4.8
Target P/E, diluted	32.5	34.1	31.2	30.1	32.0	27.3	23.8

Per share measures	2020	2021	2022	2023	2024E	2025E	2026E
Number of shares (million)	36.00	36.10	36.02	36.25	36.28	36.28	36.28
Number of shares (diluted, million)	36.00	36.10	36.02	36.25	36.28	36.28	36.28
EPS	0.91	1.08	1.25	1.35	1.53	1.80	2.05
Operating cash flow per share	1.14	2.22	0.83	2.32	2.12	2.12	2.41
Free cash flow per share	0.16	1.62	-0.34	1.89	1.71	1.46	1.68
Book value per share	5.69	6.36	6.96	7.39	8.17	9.12	10.19
Dividend per share	0.61	0.68	0.72	0.75	0.84	0.99	1.13
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%	1.8%	2.1%	2.4%
FCF yield, %	0.4%	3.0%	-0.9%	4.8%	3.7%	3.1%	3.6%

Efficiency measures	2020	2021	2022	2023	2024E	2025E	2026E
ROE	16.3%	17.9%	18.8%	18.9%	19.7%	20.8%	21.3%
ROCE	17.7%	18.6%	21.2%	20.7%	21.0%	22.8%	24.8%

Financial ratios	2020	2021	2022	2023	2024E	2025E	2026E
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-int. 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%	15.4%	12.6%	12.7%	12.8%	12.8%
Operative CAPEX/Sales, %	9.3%	4.9%	3.7%	2.9%	2.7%	4.0%	4.1%
CAPEX/sales (incl. acquisitions), %	9.3%	4.9%	-0.8%	2.9%	2.7%	4.0%	4.1%
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	-1.0
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	0.6	0.6	0.6	0.6	0.6	0.7	0.7
Gearing, %	4.4%	-13.1%	3.2%	-9.7%	-20.5%	-25.1%	-29.3%

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	176.356	10.4 %
Finnish Academy of Science and Letters	1 647 370	76.932	4.5 %
Weisell-Säätiö Sr	1 646 162	76.876	4.5 %
Citibank Europe Plc	1 373 333	64.135	3.8 %
Voipio Mikko	1 268 312	59.230	3.5 %
Caspers Anja	969 496	45.275	2.7 %
Voipio Raimo	920 478	42.986	2.5 %
Ilmarinen Mutual Pension Insurance Company	889 275	41.529	2.5 %
Ten largest	12 490 784	583.320	34.4 %
Residual	23 793 795	1111.170	65.6 %
Total	36 284 579	1694.490	100%

EARNINGS CALENDAR

April 24, 2025	Q1 report
July 25, 2025	Q2 report
October 23, 2025	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Kai Öistämö	Vanha Nurmijärventie 21, 01670 Vantaa
OFO: 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 $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	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 rate per year
ROE, % $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

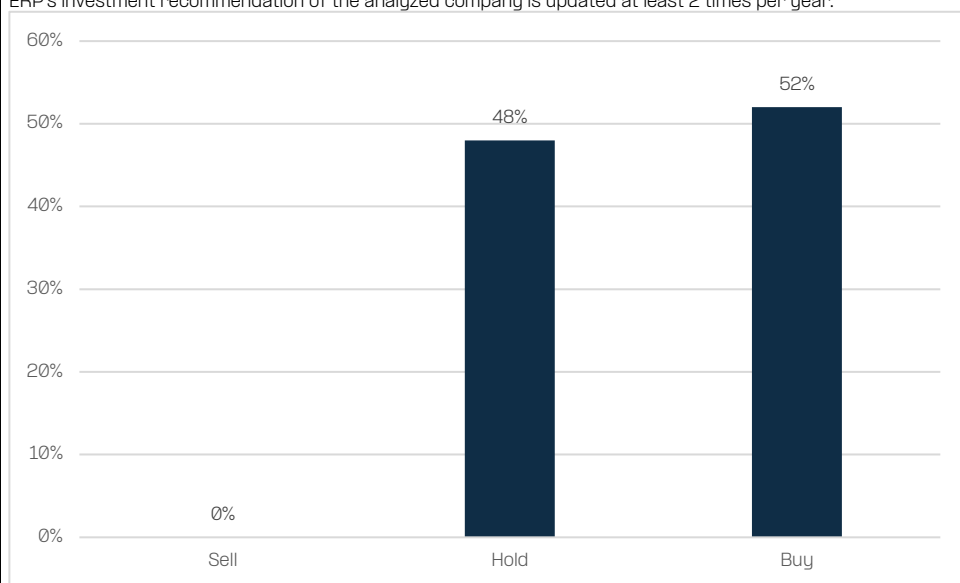
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Target price compared to share price < -10 % -10 - (+10) % > 10 %	Recommendation SELL HOLD BUY
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Name(s) of the analyst(s): Atte Jortikka

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