

Focus on integration and execution in H2

Vaisala's Q1 missed our estimates, but overall our expectations for full year 2019E remain intact. After two recent acquisitions and subsequent increase in operating expenses, Vaisala needs to succeed in integrating the acquired business. Strong received orders and pick up in larger projects support outlook. We maintain HOLD recommendation with target price of 18 euros.

Q1 miss, but order book and projects support outlook

Vaisala's Q1 result miss was due to lower than expected seasonal net sales in Weather & Environment. W&E net sales were 49.6 MEUR vs. 55 MEUR our expectation, while Industrial Measurements net sales were 34.6 MEUR vs. 33 MEUR our expectation. On Group level, Q1 EBIT came in at 0.0 MEUR vs. our expectation of 2.3 MEUR. Despite Q1 miss, the outlook for both BU's looks supportive with strong orders received (+30%) and recent pick up in larger W&E projects (15 MEUR Argentina and 7 MEUR Sweden deals announced).

Estimates unchanged, OPEX increase to weigh on 19E EBIT

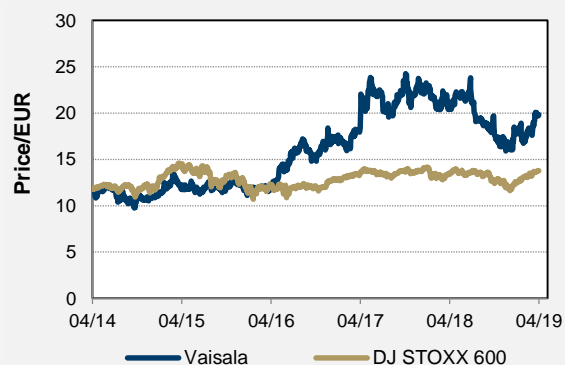
Post Q1, our estimates are unchanged. We expect 2019E net sales to be 382 MEUR (10% growth yoy) and EBIT to be 31 MEUR (41 MEUR adjusted for PPA and one-offs), representing 8.1% EBIT margin (10.8% adj. EBIT margin). Estimated EBIT decline in 2019E is due to acquisitions related increase in operating expenses, which we estimate to increase roughly 16% to 172 MEUR (vs. 148 MEUR 2018).

HOLD maintained with target price of 18 euros

On our estimates, Vaisala is trading at adjusted EV/EBIT and EV/EBITDA multiples of 17x and 14x for 2019E, which is 4-8% lower than our peer group. Looking at 2020E multiples, valuation looks slightly more attractive given our estimated EBIT improvement, but we are not ready to put emphasis on next year due to the on-going process of integrating the acquired businesses. We see current valuation as fair, thus we maintain HOLD and target price of 18 euros.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 19.86

Target price, EUR 18.0

Latest change in 11-Jun-18

Latest report on company 14-Feb-19

Research paid by issuer: YES

No. of shares outstanding, '000's 36,437

No. of shares fully diluted, '000's 36,437

Market cap, EURm 724

Free float, % -

Exchange rate EUR/USD -

Reuters code VAIAS.HE

Bloomberg code VAIAS FH

Average daily volume, EURm -

Next interim report 20-Jul-19

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KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	333	41	12.3%	38	0.76	29.3	2.1	15.5	17.2	1.05
2018	349	39	11.2%	38	0.83	22.2	1.8	-86.7	16.1	0.58
2019E	382	31	8.1%	30	0.66	30.3	1.8	17.8	22.7	0.60
2020E	399	47	11.8%	47	0.97	20.5	1.7	16.5	14.8	0.65
2021E	416	53	12.7%	53	1.09	18.3	1.6	14.9	12.9	0.70
Market cap, EURm		724	BV per share 2019E, EUR			5.1	CAGR EPS 2018-21, %			9.5
Net debt 2019E, EURm		-24	Price/book 2019E			3.9	CAGR sales 2018-21, %			6.0
Enterprise value, EURm		699	Dividend yield 2019E, %			3.0	ROE 2019E, %			12.9
Total assets 2019E, EURm		361	Tax rate 2019E, %			20.0	ROCE 2019E, %			13.3
Goodwill 2019E, EURm		55	Equity ratio 2019E, %			51.5	PEG, P/E 19/CAGR			1.5

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

Electronic Equipment & Instruments/Finland, April 25, 2019
Spot comment

VAISALA PEER GROUP	Security identifier	MCAP MEUR	EBIT %	EBIT %	EBIT %	EBITDA %	EBITDA %	EBITDA %	ROCE %	ROCE %	ROCE %
			19E	20E	21E	19E	20E	21E	19E	20E	21E
Keysight Technologies	KEYS-US	15571	19.7	20.8	20.2	23.7	25.0	22.8	15.0	15.3	
National Instruments Corp.	NATI-US	5655	17.0	18.1	16.1	18.6	19.5	19.4	15.4	15.7	
Spectris	SXS-GB	3710	15.6	16.4	16.7	18.4	19.1	19.6	15.1	15.8	16.5
Oxford Instruments	OXIG-GB	743	15.7	16.0		18.3	18.9	19.0	19.7	19.6	
Trimble	TRMB-US	9251	21.3	21.7	22.7	22.9	23.4	24.4	16.3	16.2	
Hexagon	HEXA.B-SE	18230	25.3	25.9	26.5	32.3	32.9	33.4	12.4	12.7	12.4
Peer Group Average		8860	19.1	19.8	20.4	22.4	23.1	23.1	15.6	15.9	14.4
Peer Group Median		7453	18.4	19.4	20.2	20.7	21.4	21.2	15.2	15.7	14.4
Vaisala (Evli est.)		711	8.1	11.8	12.7	13.2	14.3	15.3	13.3	19.0	20.6
<i>Premium/discount to peer median</i>			<i>-56%</i>	<i>-39%</i>	<i>-37%</i>	<i>-36%</i>	<i>-33%</i>	<i>-28%</i>	<i>-13%</i>	<i>21%</i>	<i>43%</i>

VAISALA PEER GROUP	Security identifier	MCAP MEUR	ROE %	ROE %	ROE %	DIV %	DIV %	DIV %	P/E	P/E	P/E
			19E	20E	21E	19E	20E	21E	19E	20E	21E
Keysight Technologies	KEYS-US	15571	27	25	23	0.0	0.0	0.0	23.4x	21.0x	18.5x
National Instruments Corp.	NATI-US	5655	13	14	15	2.1	2.3	2.5	39.5x	33.5x	29.6x
Spectris	SXS-GB	3710	16	16	16	2.3	2.5	2.6	16.0x	15.0x	13.9x
Oxford Instruments	OXIG-GB	743	18	16	14	1.3	1.3	1.4	17.3x	16.3x	15.9x
Trimble	TRMB-US	9251	17	17	17	0.0	0.0	0.0	19.6x	17.6x	15.7x
Hexagon	HEXA.B-SE	18230	15	15	14	1.3	1.4	1.5	22.2x	20.5x	18.8x
Peer Group Average		8860	17.6	17.1	16.7	1.2	1.3	1.3	23.0x	20.6x	18.7x
Peer Group Median		7453	16.4	16.0	15.5	1.3	1.4	1.5	20.9x	19.0x	17.2x
Vaisala (Evli est.)		711	12.9	18.3	19.1	3.0	3.3	3.5	30.3	20.5	18.3
<i>Premium/discount to peer median</i>			<i>-21%</i>	<i>14%</i>	<i>23%</i>	<i>137%</i>	<i>142%</i>	<i>138%</i>	<i>45%</i>	<i>8%</i>	<i>6%</i>

VAISALA PEER GROUP	Security identifier	MCAP MEUR	EV/S	EV/S	EV/S	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT
			19E	20E	21E	19E	20E	21E	19E	20E	21E
Keysight Technologies	KEYS-US	15571	4.3x	3.9x	3.4x	18.0x	15.4x	15.1x	21.7x	18.5x	17.1x
National Instruments Corp.	NATI-US	5655	4.3x	3.9x	3.5x	22.9x	20.0x	17.9x	25.0x	21.5x	21.6x
Spectris	SXS-GB	3710	2.1x	2.0x	1.8x	11.3x	10.3x	9.3x	13.4x	12.0x	10.9x
Oxford Instruments	OXIG-GB	743	2.0x	1.9x	1.7x	10.7x	9.8x	8.8x	12.5x	11.6x	10.6x
Trimble	TRMB-US	9251	3.4x	3.2x	2.8x	15.1x	13.5x	11.7x	16.2x	14.5x	12.5x
Hexagon	HEXA.B-SE	18230	4.9x	4.5x	4.1x	15.1x	13.6x	12.3x	19.2x	17.3x	15.5x
Peer Group Average		8860	3.5x	3.2x	2.9x	15.5x	13.8x	12.5x	18.0x	15.9x	14.7x
Peer Group Median		7453	3.9x	3.5x	3.1x	15.1x	13.6x	12.0x	17.7x	15.9x	14.0x
Vaisala (Evli est.)		711	1.8x	1.7x	1.6x	13.9x	12.1x	10.7x	17.0x	14.8x	12.9x
<i>Premium/discount to peer median</i>			<i>-53%</i>	<i>-50%</i>	<i>-48%</i>	<i>-8%</i>	<i>-11%</i>	<i>-10%</i>	<i>-4%</i>	<i>-7%</i>	<i>-8%</i>

VAISALA PEER GROUP	Security identifier	MCAP MEUR	Sales growth	Sales growth	Sales growth	Net debt / EBITDA	Net debt / EBITDA	Net debt / EBITDA	Equity ratio %	Equity ratio %	Equity ratio %
			19E	20E	21E	19E	20E	21E	19E	20E	21E
Keysight Technologies	KEYS-US	15571	8.9%	7.3%	11.7%	0.7x	0.2x	0.2x	44.0	49.9	
National Instruments Corp.	NATI-US	5655	3.5%	8.1%	10.1%	-1.4x	-1.5x	-1.6x	73.3	72.7	
Spectris	SXS-GB	3710	3.3%	3.0%	3.3%	0.8x	0.4x	0.1x	62.5	65.8	70.5
Oxford Instruments	OXIG-GB	743	3.4%	1.9%		-0.2x	-0.6x	-1.0x	61.8	66.8	
Trimble	TRMB-US	9251	7.7%	7.1%	4.9%	1.6x	1.2x	0.4x	52.2	52.1	
Hexagon	HEXA.B-SE	18230	8.3%	5.5%	5.7%	1.2x	0.7x	0.3x	56.7	58.8	59.7
Peer Group Average		8860	5.8%	5.5%	7.1%	0.5x	0.1x	-0.3x	58.4	61.0	65.1
Peer Group Median		7453	5.6%	6.3%	5.7%	0.8x	0.3x	0.1x	59.2	62.3	65.1
Vaisala (Evli est.)		711	9.6%	4.3%	4.3%	-0.5x	-0.5x	-0.7x	51.5	52.8	55.6
<i>Premium/discount to peer median</i>			<i>72%</i>	<i>-31%</i>	<i>-24%</i>	<i>-163%</i>	<i>-270%</i>	<i>-761%</i>	<i>-13%</i>	<i>-15%</i>	<i>-15%</i>

VAISALA PEER GROUP	Security identifier	MCAP MEUR	P/B	P/B	P/B
			19E	20E	21E
Keysight Technologies	KEYS-US	15571	5.8	4.7	3.9
National Instruments Corp.	NATI-US	5655	4.9	4.6	4.4
Spectris	SXS-GB	3710	2.5	2.3	2.1
Oxford Instruments	OXIG-GB	743	2.9	2.4	2.1
Trimble	TRMB-US	9251	3.2	2.8	2.5
Hexagon	HEXA.B-SE	18230	3.1	2.9	2.6
Peer Group Average		8860	3.7	3.3	2.9
Peer Group Median		7453	3.2	2.8	2.6
Vaisala (Evli est.)		711	3.9	3.9	3.9
<i>Premium/discount to peer median</i>			<i>23%</i>	<i>37%</i>	<i>52%</i>

Source: Factset, Evli Research

Updated on April 25, 2019

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	19.86 PV of Free Cash Flow	262 Long-term growth, %	2.5 Risk-free interest rate, %
DCF share value	21.42 PV of Horizon value	507 WACC, %	7.4 Market risk premium, %
Share price potential, %	7.9 Unconsolidated equity	0 Spread, %	0.0 Debt risk premium, %
Maximum value	21.4 Marketable securities	73 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	21.4 Debt - dividend	-61 Maximum WACC, %	7.4 Target debt ratio, %
Horizon value, %	65.9 Value of stock	780 Nr of shares, Mn	36.4 Effective tax rate, %

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	349	382	399	416	433	450	468	484	499	514	527	540
<i>Sales growth, %</i>	<i>4.9</i>	<i>9.6</i>	<i>4.3</i>	<i>4.3</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>3.5</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	39	31	47	53	56	58	61	63	65	67	68	70
<i>EBIT margin, %</i>	<i>11.2</i>	<i>8.1</i>	<i>11.8</i>	<i>12.7</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>
+ Depreciation+amort.	12	20	10	11	11	11	11	11	11	11	11	
- Income taxes	-2	-6	-12	-13	-14	-15	-15	-16	-16	-17	-17	
- Change in NWC	-4	-3	-2	-2	-2	-2	-2	-2	-2	-2	-1	
<i>NWC / Sales, %</i>	<i>10.1</i>	<i>10.1</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>	
+ Change in other liabs	5	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-66	-27	-17	-11	-11	-11	-11	-11	-11	-11	-12	-12
<i>Investments / Sales, %</i>	<i>18.9</i>	<i>7.1</i>	<i>4.3</i>	<i>2.6</i>	<i>2.5</i>	<i>2.5</i>	<i>2.4</i>	<i>2.3</i>	<i>2.2</i>	<i>2.2</i>	<i>2.3</i>	<i>2.3</i>
- Other items	-53	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	-69	14	26	37	40	42	43	45	47	48	49	1,015
= Discounted FCF (DFCF)		13	23	31	31	30	29	28	27	26	24	507
= DFCF min WACC		13	23	31	31	30	29	28	27	26	24	507
= DFCF max WACC		13	23	31	31	30	29	28	27	26	24	507

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	76	80	84	108	349	84	94	97	107	382	399	416
EBITDA	8	7	17	20	51	6	10	15	19	50	57	63
<i>EBITDA margin (%)</i>	<i>10.4</i>	<i>8.5</i>	<i>19.9</i>	<i>18.2</i>	<i>14.7</i>	<i>7.5</i>	<i>10.1</i>	<i>15.7</i>	<i>18.1</i>	<i>13.2</i>	<i>14.3</i>	<i>15.3</i>
EBIT	6	5	15	14	39	0	4	11	15	31	47	53
<i>EBIT margin (%)</i>	<i>7.5</i>	<i>5.9</i>	<i>17.4</i>	<i>12.9</i>	<i>11.2</i>	<i>0.0</i>	<i>4.5</i>	<i>11.6</i>	<i>14.4</i>	<i>8.1</i>	<i>11.8</i>	<i>12.7</i>
Net financial items	-1	0	0	0	-1	0	0	0	0	-1	0	0
Pre-tax profit	5	5	14	14	38	0	4	11	15	30	47	53
Tax	-1	-1	-3	-3	-8	0	-1	-2	-3	-6	-12	-13
<i>Tax rate (%)</i>	<i>22.2</i>	<i>22.0</i>	<i>23.6</i>	<i>18.4</i>	<i>21.3</i>	<i>25.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>25.0</i>	<i>25.0</i>
Net profit	4	4	11	11	30	0	3	9	12	24	35	40
EPS	0.10	0.11	0.30	0.32	0.83	0.00	0.08	0.24	0.33	0.66	0.97	1.09
EPS adjusted (diluted no. of shares)	0.10	0.11	0.30	0.32	0.83	0.00	0.08	0.24	0.33	0.66	0.97	1.09
Dividend per share	0.00	0.00	0.00	0.00	0.58	0.00	0.00	0.00	0.00	0.60	0.65	0.70
SALES, EURm												
Weather and Environment	48	52	55	78	232	50	60	63	72	244	254	262
Industrial Measurements	28	28	30	31	117	35	34	34	35	138	145	154
Total	76	80	84	108	349	84	94	97	107	382	399	416
SALES GROWTH, Y/Y %												
<i>Weather and Environment</i>	<i>19.4</i>	<i>5.5</i>	<i>-6.3</i>	<i>4.3</i>	<i>4.5</i>	<i>3.1</i>	<i>15.8</i>	<i>14.7</i>	<i>-7.8</i>	<i>5.0</i>	<i>4.1</i>	<i>3.1</i>
<i>Industrial Measurements</i>	<i>0.4</i>	<i>10.2</i>	<i>2.4</i>	<i>10.0</i>	<i>5.6</i>	<i>22.7</i>	<i>20.9</i>	<i>16.5</i>	<i>15.1</i>	<i>18.7</i>	<i>4.8</i>	<i>6.3</i>
Total	11.5	7.1	-3.4	5.9	4.9	10.4	17.6	15.3	-1.3	9.6	4.3	4.3
EBIT, EURm												
Weather and Environment	0	0	8	11	18	-4	-1	6	9	11	18	21
Industrial Measurements	6	5	8	6	24	5	5	5	6	21	29	32
Other	0	0	-1	-2	-3	0	0	0	0	0	0	0
Total	6	5	15	14	39	0	4	11	15	31	47	53
EBIT margin, %												
<i>Weather and Environment</i>	<i>0.0</i>	<i>-0.6</i>	<i>13.7</i>	<i>13.5</i>	<i>7.6</i>	<i>-8.7</i>	<i>-0.8</i>	<i>9.5</i>	<i>13.3</i>	<i>4.4</i>	<i>7.1</i>	<i>8.0</i>
<i>Industrial Measurements</i>	<i>20.9</i>	<i>16.7</i>	<i>26.4</i>	<i>18.2</i>	<i>20.6</i>	<i>13.3</i>	<i>13.9</i>	<i>15.4</i>	<i>16.7</i>	<i>14.9</i>	<i>20.0</i>	<i>20.7</i>
<i>Other</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	7.5	5.9	17.4	12.9	11.2	0.0	4.5	11.6	14.4	8.1	11.8	12.7

Electronic Equipment & Instruments/Finland, April 25, 2019
Spot comment

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	300	319	319	333	349	382	399	416
<i>Sales growth (%)</i>	<i>9.7</i>	<i>6.3</i>	<i>0.2</i>	<i>4.2</i>	<i>4.9</i>	<i>9.6</i>	<i>4.3</i>	<i>4.3</i>
Costs	-258	-274	-273	-282	-298	-332	-342	-352
Reported EBITDA	42	45	46	50	51	50	57	63
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>13.9</i>	<i>14.0</i>	<i>14.5</i>	<i>15.1</i>	<i>14.7</i>	<i>13.2</i>	<i>14.3</i>	<i>15.3</i>
Depreciation	-15	-15	-13	-9	-12	-20	-10	-11
EBITA	27	30	33	41	39	31	47	53
Goodwill amortization / writedown	0	0	-11	0	0	0	0	0
Reported EBIT	26	30	22	41	39	31	47	53
<i>EBIT margin (%)</i>	<i>8.8</i>	<i>9.3</i>	<i>7.0</i>	<i>12.3</i>	<i>11.2</i>	<i>8.1</i>	<i>11.8</i>	<i>12.7</i>
Net financials	3	3	0	-3	-1	-1	0	0
Pre-tax profit	29	33	22	38	38	30	47	53
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	-6	-5	-3	-11	-8	-6	-12	-13
Minority shares	0	0	0	0	0	0	0	0
Net profit	23	27	19	27	30	24	35	40
BALANCE SHEET, EURm								
Assets								
Fixed assets	68	63	46	46	72	79	86	86
<i>% of sales</i>	<i>23</i>	<i>20</i>	<i>14</i>	<i>14</i>	<i>20</i>	<i>21</i>	<i>22</i>	<i>21</i>
Goodwill	14	16	17	16	55	55	55	55
<i>% of sales</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>16</i>	<i>14</i>	<i>14</i>	<i>13</i>
Inventory	34	39	32	29	32	35	37	38
<i>% of sales</i>	<i>11</i>	<i>12</i>	<i>10</i>	<i>9</i>	<i>9</i>	<i>9</i>	<i>9</i>	<i>9</i>
Receivables	72	77	78	84	93	102	107	111
<i>% of sales</i>	<i>24</i>	<i>24</i>	<i>24</i>	<i>25</i>	<i>27</i>	<i>27</i>	<i>27</i>	<i>27</i>
Liquid funds	48	59	72	91	73	80	83	87
<i>% of sales</i>	<i>16</i>	<i>19</i>	<i>23</i>	<i>27</i>	<i>21</i>	<i>21</i>	<i>21</i>	<i>21</i>
Total assets	245	264	255	274	335	361	377	387
Liabilities								
Equity	170	181	179	186	183	186	199	215
<i>% of sales</i>	<i>57</i>	<i>57</i>	<i>56</i>	<i>56</i>	<i>52</i>	<i>49</i>	<i>50</i>	<i>52</i>
Deferred taxes	5	5	0	1	9	9	9	9
<i>% of sales</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>3</i>	<i>2</i>	<i>2</i>	<i>2</i>
Interest bearing debt	0	0	0	0	41	55	54	44
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>12</i>	<i>14</i>	<i>14</i>	<i>11</i>
Non-interest bearing current liabilities	64	75	71	81	89	97	102	106
<i>% of sales</i>	<i>21</i>	<i>23</i>	<i>22</i>	<i>24</i>	<i>25</i>	<i>25</i>	<i>25</i>	<i>25</i>
Other interest free debt	4	3	4	5	9	9	9	9
<i>% of sales</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>2</i>	<i>2</i>	<i>2</i>
Total liabilities	245	264	255	274	335	361	377	387
CASH FLOW, EURm								
+ EBITDA	42	45	46	50	51	50	57	63
- Net financial items	3	3	0	-3	-1	-1	0	0
- Taxes	-4	-7	-9	-7	-1	-6	-12	-13
- Increase in Net Working Capital	-13	2	2	7	-4	-3	-2	-2
+/- Other	-5	-6	3	4	-52	0	0	0
= Cash flow from operations	22	36	42	51	-8	40	44	48
- Capex	-8	-8	-8	-8	-66	-27	-17	-11
- Acquisitions	0	0	0	-2	0	0	0	0
+ Divestments	1	0	1	0	0	0	0	0
= Net cash flow	15	28	36	41	-28	13	26	37
+/- Change in interest-bearing debt	0	0	0	0	41	15	-1	-10
+/- New issues/buybacks	4	0	-4	-2	5	0	0	0
- Paid dividend	-16	-16	-17	-18	-37	-21	-22	-24
+/- Change in loan receivables	0	0	0	0	5	0	0	0
Change in cash	3	12	14	21	-15	7	3	4

Electronic Equipment & Instruments/Finland, April 25, 2019
Spot comment

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	431	602	794	659	724	724	724
Net debt	-59	-72	-91	-32	-24	-29	-43
Enterprise value	372	529	703	626	699	695	681
Sales	319	319	333	349	382	399	416
EBITDA	45	46	50	51	50	57	63
EBIT	30	22	41	39	31	47	53
Pre-tax	33	22	38	38	30	47	53
Earnings	27	19	27	30	24	35	40
Book value	181	179	186	183	186	199	215
Valuation multiples							
EV/sales	1.2	1.7	2.1	1.8	1.8	1.7	1.6
EV/EBITDA	8.3	11.4	14.0	12.3	13.9	12.1	10.7
EV/EBITA	12.4	16.1	17.2	16.1	22.7	14.8	12.9
EV/EBIT	12.6	23.8	17.2	16.1	22.7	14.8	12.9
EV/operating cash flow	10.4	12.6	13.7	-82.4	17.2	15.9	14.0
EV/cash earnings	9.2	14.0	17.4	12.9	16.1	15.3	13.5
P/E	15.8	32.2	29.3	22.2	30.3	20.5	18.3
P/E excl. goodwill	15.5	20.5	29.3	22.2	30.3	20.5	18.3
P/B	2.4	3.4	4.3	3.6	3.9	3.6	3.4
P/sales	1.4	1.9	2.4	1.9	1.9	1.8	1.7
P/CF	12.0	14.3	15.5	-86.7	17.8	16.5	14.9
Target EV/EBIT	0.0	0.0	0.0	0.0	20.5	13.3	11.6
Target P/E	0.0	0.0	0.0	0.0	27.5	18.6	16.6
Target P/B	0.0	0.0	0.0	0.0	3.5	3.3	3.0
Per share measures							
Number of shares	36,054	35,703	35,692	35,790	36,437	36,437	36,437
Number of shares (diluted)	36,054	35,703	35,692	35,790	36,437	36,437	36,437
EPS	0.76	0.52	0.76	0.83	0.66	0.97	1.09
EPS excl. goodwill	0.77	0.82	0.76	0.83	0.66	0.97	1.09
Cash EPS	1.12	1.06	1.13	1.35	1.19	1.25	1.38
Operating cash flow per share	1.00	1.18	1.43	-0.21	1.12	1.20	1.33
Capital employed per share	3.36	2.95	2.61	4.18	4.41	4.65	4.71
Book value per share	5.03	5.00	5.20	5.11	5.11	5.47	5.91
Book value excl. goodwill	4.58	4.54	4.74	3.57	3.59	3.96	4.39
Dividend per share	0.48	0.50	1.05	0.58	0.60	0.65	0.70
Dividend payout ratio, %	62.5	95.5	138.3	70.1	91.6	67.2	64.4
Dividend yield, %	4.0	3.0	4.7	3.2	3.0	3.3	3.5
Efficiency measures							
ROE	15.6	10.4	14.9	16.1	12.9	18.3	19.1
ROCE	16.7	12.4	22.4	19.1	13.3	19.0	20.6
Financial ratios							
Capex/sales, %	2.5	2.0	3.0	18.9	7.1	4.3	2.6
Capex/depreciation excl. goodwill,%	40.1	-34.1	109.5	223.1	138.1	169.2	103.1
Net debt/EBITDA, book-weighted	-1.3	-1.6	-1.8	-0.6	-0.5	-0.5	-0.7
Debt/equity, market-weighted	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Equity ratio, book-weighted	68.6	70.0	67.7	54.7	51.5	52.8	55.6
Gearing	-0.33	-0.41	-0.49	-0.18	-0.13	-0.15	-0.20
Number of employees, average	1,611	1,590	1,592	1,592	1,592	1,592	1,592
Sales per employee, EUR	197,765	200,755	208,920	219,096	240,112	250,542	261,267
EBIT per employee, EUR	18,312	13,962	25,628	24,498	19,385	29,523	33,166

COMPANY DESCRIPTION: Vaisala offers a comprehensive range of observation and measurement products and services for environmental and industrial applications. Headquartered in Finland, Vaisala employs approximately 1,600 professionals worldwide and is listed on the Nasdaq Helsinki stock exchange.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Novamator Oy	3,774,792	74.967	10.4%
Nordea Bank Ab (publ), Finnish Branch	3,186,914	63.292	8.7%
Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch	2,247,215	44.630	6.2%
Finnish Academy of Science and Letters	2,130,832	42.318	5.8%
Mandatum Life Insurance Company Ltd.	1,533,300	30.451	4.2%
Nordea Nordic Small Cap Fund	1,475,832	29.310	4.1%
Ilmarinen Mutual Pension Insurance Company	1,470,628	29.207	4.0%
Weisell-Säätiö Sr	1,440,000	28.598	4.0%
Voipio Mikko	1,268,312	25.189	3.5%
Caspers Anja	969,496	19.254	2.7%
Ten largest	19,497,321	387.217	54%
Residual	16,939,407	336.417	46%
Total	36,436,728	723.633	100%

EARNINGS CALENDAR

July 20, 2019

Q2 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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Vanha Nurmijärventie 21, 01670 Vantaa

CFO: Kaarina Muurinen

Tel:

IR: Paula Liimatta

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balancesheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balancesheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balancesheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balancesheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

Important Disclosures

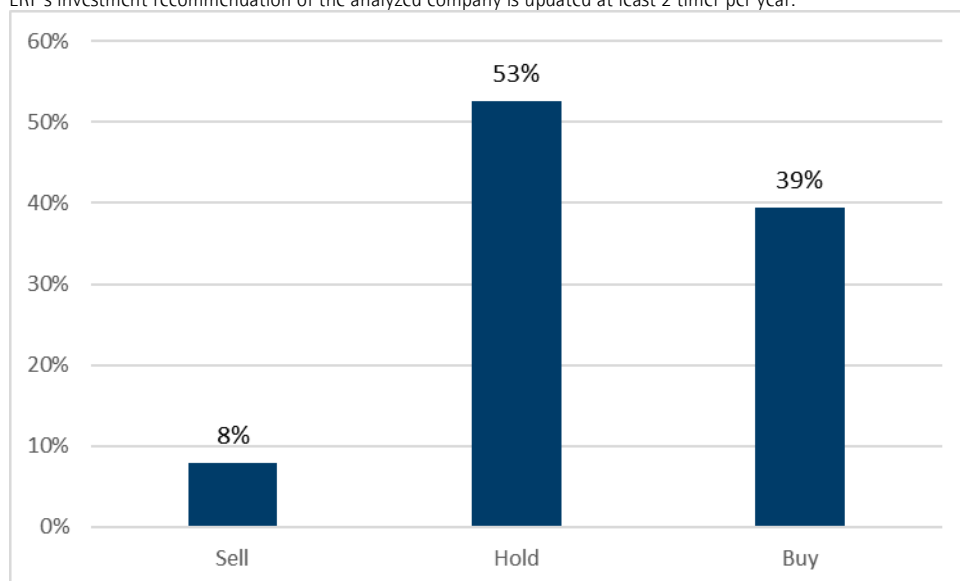
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Forslund

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