

## Ambitious profitable growth

In its Capital Markets Day, Vaisala presented its revised strategy and financial targets for 2021–2024. Revenue growth and EBIT-margin targets were raised to 7% (5%) and 15% (12%) respectively.

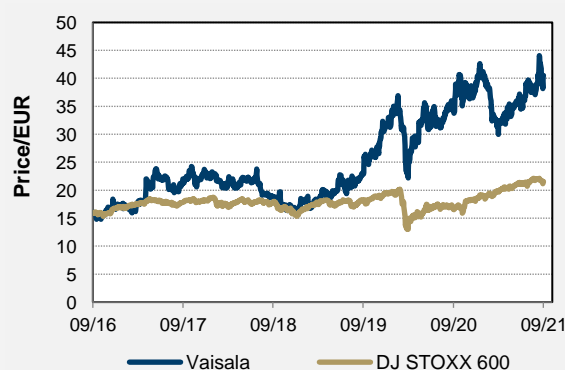
### Continuity by increasing growth ambition

According to the company's management Vaisala's strategy has so far been successful and thus the renewed strategy saw no significant changes. What is new in the strategy, is the increased ambition to grow and scale the businesses. The company will continue investing in R&D, maintain a leading position in flagship markets, grow in growth markets and generate new business in emerging markets. The company's management noted some factors to create synergies between BUs and scale the business such as: units using common software and hardware modules and platforms in their products, continuously developing the company's production system, and improvement of processes, tools, and competences.

### Targets are set relatively high

During 2021–2024, Vaisala aims for an average annual revenue growth rate of 7% (prev. 5%). The profitability target is to achieve a 15% EBIT-margin (prev. 12%) during the strategy period. During 2015–2020 Vaisala has achieved an annual growth rate of ~3% and achieved an EBIT-margin of ~10% on average. The new target is set relatively high, which reflects a higher ambition level. The company's management highlighted that increases in revenue will scale and improve the EBIT-margin. According to the company's management, the target growth rate doesn't include inorganic growth, and thus our focus is on organic performance of IM and W&E's capabilities to generate new businesses such as renewable energy and air quality. In fact, IM has grown relatively well in past few years and there is potential in W&E's new emerging markets and applications, such as renewed energy and Data/Software as a service (DaaS/SaaS). We see the targets to be achievable should the company continue to perform well in its flagship markets and growing and generating new growth/emerging markets.

### Rating

■ HOLD

 Share price, EUR (Last trading day's closing price) **40.50**

 Target price, EUR **38.0**

 Latest change in recommendation **29-Apr-21**

 Latest report on company **26-Jul-21**

 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 **1,476**

 Free float, % **-**

 Exchange rate EUR/USD **0.000**

 Reuters code **VAIAS.HE**

 Bloomberg code **VAIAS FH**

 Average daily volume, EURm **-**

 Next interim report **28-Oct-21**

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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
2019	403.6	41.1	10.2%	4.6	0.93	34.6	2.9	28.1	0.4	0.61
2020	379.5	44.8	11.8%	16.9	0.91	44.2	3.9	32.7	1.2	0.61
2021E	418.4	48.2	11.5%	26.9	1.11	36.4	3.5	30.8	1.8	0.63
2022E	450.6	59.4	13.2%	40.5	1.42	28.6	3.2	24.7	2.7	0.65
2023E	481.3	66.9	13.9%	43.1	1.47	27.6	3.0	21.6	2.9	0.67
Market cap, EURm				1,476	Gearing 2021E, %		1.8	CAGR EPS 2020-23, %		17.1
Net debt 2021E, EURm				4	Price/book 2021E		6.6	CAGR sales 2020-23, %		8.2
Enterprise value, EURm				1,482	Dividend yield 2021E, %		1.6	ROE 2021E, %		18.9
Total assets 2021E, EURm				378	Tax rate 2021E, %		11.7	ROCE 2021E, %		17.9
Goodwill 2021E, EURm				55	Equity ratio 2021E, %		59.3	PEG, P/E 21/CAGR		4.3

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

**HOLD with a TP EUR 38.0 (36.0)**

We increased our estimates for FY 2022 and 23 and expect the company to grow 7.7% and 6.8% respectively. We expect the EBIT-margin to gradually improve towards the long-term target level and estimate a 13.9% EBIT-margin in FY 2023 driven by scalability and revenue growth in both business units. Vaisala's valuation is quite stretched compared to peers. We still accept a premium to Vaisala's valuation due to the company's technology leadership, good market position, and increased growth and profitability outlooks. We retain our HOLD recommendation and increase our target price to EUR 38.0 (36.0).

VAISALA PEER GROUP	Security identifier	EBIT %	EBIT %	EBITDA %	EBITDA %	ROCE %	ROCE %
		21E	22E	21E	22E	21E	22E
Keysight Technologies	KEYS-US	26.9	27.7	29.2	30.2	19.3	18.5
National Instruments Corp.	NATI-US	16.7		21.4	23.3	15.6	17.4
Spectris	SXS-GB	16.1	17.4	19.9	20.8	15.4	16.0
Oxford Instruments	OXIG-GB	18.1		21.1	20.9	18.0	17.0
Trimble	TRMB-US	23.0	23.8	24.5	24.9	13.8	14.2
Hexagon	HEXA.B-SE	27.9	28.5	37.4	37.5	11.6	12.2
Peer Group Average		21.5	24.3	25.6	26.3	15.6	15.9
Peer Group Median		20.6	25.7	22.9	24.1	15.5	16.5
Vaisala (Evli est.)		11.5	13.2	16.6	18.4	17.9	20.8
<i>Premium/discount to peer median</i>		<i>-44%</i>	<i>-49%</i>	<i>-28%</i>	<i>-24%</i>	<i>15%</i>	<i>26%</i>

	Security identifier	ROE %	ROE %	DIV %	DIV %	P/E	P/E
		21E	22E	21E	22E	21E	22E
Keysight Technologies	KEYS-US	31.1	27.9	0.0	0.0	28.8x	26.2x
National Instruments Corp.	NATI-US	9.6	13.5	2.6	2.7	45.0x	30.8x
Spectris	SXS-GB	14.0	15.2	1.8	1.9	27.1x	24.3x
Oxford Instruments	OXIG-GB	15.6	13.7	0.8	0.8	29.4x	28.7x
Trimble	TRMB-US	17.3	13.3	0.0	0.0	34.1x	30.2x
Hexagon	HEXA.B-SE	15.0	14.4	0.8	0.8	37.4x	34.9x
Peer Group Average		17.1	16.3	1.0	1.0	33.7x	29.2x
Peer Group Median		15.3	14.0	0.8	0.8	31.8x	29.5x
Vaisala (Evli est.)		18.9	21.7	1.6	1.6	36.4x	28.6x
<i>Premium/discount to peer median</i>		<i>24%</i>	<i>55%</i>	<i>102%</i>	<i>98%</i>	<i>15%</i>	<i>-3%</i>

	Security identifier	EV/S	EV/S	EV/EBITD	EV/EBITDA	EV/EBIT	EV/EBIT
		21E	22E	21E	22E	21E	22E
Keysight Technologies	KEYS-US	6.4	6.0	22.0x	19.7x	23.9x	21.5x
National Instruments Corp.	NATI-US	3.6	3.3	16.9x	14.2x	21.7x	18.0x
Spectris	SXS-GB	3.3	3.2	16.8x	15.3x	20.7x	18.3x
Oxford Instruments	OXIG-GB	3.8	3.6	18.1x	17.3x	21.1x	20.0x
Trimble	TRMB-US	6.4	5.8	26.2x	23.2x	27.8x	24.2x
Hexagon	HEXA.B-SE	8.9	8.1	23.9x	21.6x	32.0x	28.3x
Peer Group Average		5.4	5.0	20.7x	18.6x	24.6x	21.7x
Peer Group Median		5.1	4.7	20.1x	18.5x	22.8x	20.8x
Vaisala (Evli est.)		3.5	3.2	21.3x	17.7x	30.8x	24.7x
<i>Premium/discount to peer median</i>		<i>-31%</i>	<i>-31%</i>	<i>6%</i>	<i>-4%</i>	<i>35%</i>	<i>19%</i>

	Security identifier	Sales growth	Sales growth	Net debt / EBITDA	Net debt / EBITDA	Equity ratio %	Equity ratio %
		21E	22E	21E	22E	21E	22E
Keysight Technologies	KEYS-US	16.4%	5.7%	-0.3x	-0.7x	48.8	52.6
National Instruments Corp.	NATI-US	13.2%	8.8%	-0.6x	-0.5x	66.5	69.8
Spectris	SXS-GB	-1.4%	3.3%	-0.5x	-0.7x	69.8	72.6
Oxford Instruments	OXIG-GB	7.3%	5.3%	-1.2x	-1.3x	56.3	58.0
Trimble	TRMB-US	15.0%	8.1%	0.9x	0.2x	56.5	59.2
Hexagon	HEXA.B-SE	14.0%	8.9%	1.2x	0.7x	57.7	59.8
Peer Group Average		10.8%	6.7%	-0.1x	-0.4x	59.3	62.0
Peer Group Median		13.6%	6.9%	-0.4x	-0.6x	57.1	59.5
Vaisala (Evli est.)		10.2%	7.7%	0.1x	-0.2x	59.3	63.3

Source: Factset, Evli Research

Updated on September 22nd, 2021

Electronic Equipment & Instruments/Finland, September 23, 2021  
Company update

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	40.50 PV of Free Cash Flow	373 Long-term growth, %	2.5 Risk-free interest rate, %
DCF share value	28.17 PV of Horizon value	687 WACC, %	7.4 Market risk premium, %
Share price potential, %	-30.4 Unconsolidated equity	-3 Spread, %	0.0 Debt risk premium, %
Maximum value	28.2 Marketable securities	45 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	28.2 Debt - dividend	-76 Maximum WACC, %	7.4 Target debt ratio, %
Horizon value, %	64.8 Value of stock	1,026 Nr of shares, Mn	36.4 Effective tax rate, %

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	380	418	451	481	503	520	536	552	568	585	600	615
<i>Sales growth, %</i>	-6.0	10.2	7.7	6.8	4.4	3.5	3.0	3.0	3.0	3.0	2.5	2.5
Operating income (EBIT)	45	48	59	67	65	68	70	72	74	76	78	80
<i>Operating income margin, %</i>	11.8	11.5	13.2	13.9	12.9	13.0	13.0	13.0	13.0	13.0	13.0	13.0
+ Depreciation+amort.	21	21	23	25	26	27	28	29	30	31	31	
EBITDA	66	69	83	92	91	95	98	101	104	107	109	
- Paid taxes	-7	-6	-8	-13	-13	-14	-14	-14	-15	-15	-16	
- Change in NWC	-6	-6	-5	-5	-3	-3	-2	-3	-3	-3	-2	
<i>NWC / Sales, %</i>	15.2	15.3	15.3	15.4	15.4	15.4	15.4	15.4	15.5	15.5	15.5	
+ Change in other liabs	-5	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-29	-23	-24	-25	-25	-25	-26	-26	-26	-27	-27	
<i>opCAPEX / Sales, %</i>	8.6	6.8	6.6	6.3	6.1	6.0	5.9	5.8	5.8	5.7	5.6	
- 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	19	34	46	49	50	53	56	58	60	62	64	1,336
= Discounted FCFF		34	42	42	39	39	38	37	36	34	33	687
= DFCF min WACC		34	42	42	39	39	38	37	36	34	33	687
= DFCF max WACC		34	42	42	39	39	38	37	36	34	33	687

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Company update

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	87.2	91.4	94.0	106.9	379.5	92.0	109.5	103.4	113.5	418.4	450.6	481.3
EBITDA	10.1	13.5	24.7	17.6	65.9	13.4	16.1	20.4	19.5	69.5	82.8	91.8
<i>EBITDA margin (%)</i>	<i>11.6</i>	<i>14.8</i>	<i>26.3</i>	<i>16.5</i>	<i>17.4</i>	<i>14.6</i>	<i>14.7</i>	<i>19.8</i>	<i>17.2</i>	<i>16.6</i>	<i>18.4</i>	<i>19.1</i>
EBIT	5.2	7.9	19.5	12.2	44.8	8.1	10.9	15.0	14.1	48.2	59.4	66.9
<i>EBIT margin (%)</i>	<i>6.0</i>	<i>8.6</i>	<i>20.7</i>	<i>11.4</i>	<i>11.8</i>	<i>8.8</i>	<i>10.0</i>	<i>14.5</i>	<i>12.4</i>	<i>11.5</i>	<i>13.2</i>	<i>13.9</i>
Net financial items	-0.2	-0.9	-1.3	-1.0	-3.4	-0.2	-0.8	-0.5	-0.5	-2.0	0.0	0.0
Pre-tax profit	5.0	7.0	18.2	11.2	41.4	7.9	10.1	14.5	13.6	46.2	59.4	66.9
Tax	-0.9	-1.2	-3.7	-2.7	-8.5	-1.6	-0.7	-1.6	-1.5	-5.4	-7.7	-13.4
<i>Tax rate (%)</i>	<i>18.0</i>	<i>17.1</i>	<i>20.3</i>	<i>24.5</i>	<i>20.6</i>	<i>20.0</i>	<i>7.1</i>	<i>11.0</i>	<i>11.0</i>	<i>11.7</i>	<i>13.0</i>	<i>20.0</i>
Net profit	4.1	5.8	14.5	8.5	32.9	6.2	9.2	12.9	12.1	40.5	51.7	53.5
EPS	0.11	0.16	0.40	0.24	0.91	0.17	0.25	0.35	0.33	1.11	1.42	1.47
EPS adjusted (diluted no. of shares)	0.11	0.16	0.40	0.24	0.91	0.17	0.25	0.35	0.33	1.11	1.42	1.47
Dividend per share	0.00	0.00	0.00	0.00	0.61	0.00	0.00	0.00	0.00	0.63	0.65	0.67
<b>SALES, EURm</b>												
Weather and Environment	51.8	57.6	59.2	67.0	235.6	52.2	65.4	62.4	70.0	250.0	268.8	284.9
Industrial Measurements	35.4	33.8	34.8	39.9	143.9	39.7	44.1	41.0	43.5	168.3	181.8	196.4
<b>Total</b>	<b>87.2</b>	<b>91.4</b>	<b>94.0</b>	<b>106.9</b>	<b>379.5</b>	<b>92.0</b>	<b>109.5</b>	<b>103.4</b>	<b>113.5</b>	<b>418.4</b>	<b>450.6</b>	<b>481.3</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Weather and Environment</i>	<i>4.4</i>	<i>-5.1</i>	<i>-14.3</i>	<i>-18.1</i>	<i>-9.8</i>	<i>0.8</i>	<i>13.5</i>	<i>5.4</i>	<i>4.5</i>	<i>6.1</i>	<i>7.5</i>	<i>6.0</i>
<i>Industrial Measurements</i>	<i>2.3</i>	<i>-4.5</i>	<i>-3.6</i>	<i>10.1</i>	<i>1.1</i>	<i>12.3</i>	<i>30.5</i>	<i>17.8</i>	<i>9.0</i>	<i>17.0</i>	<i>8.0</i>	<i>8.0</i>
<b>Total</b>	<b>3.6</b>	<b>-4.9</b>	<b>-10.6</b>	<b>-9.5</b>	<b>-6.0</b>	<b>5.5</b>	<b>19.8</b>	<b>10.0</b>	<b>6.2</b>	<b>10.2</b>	<b>7.7</b>	<b>6.8</b>
<b>EBIT, EURm</b>												
Weather and Environment	-2.4	0.7	11.1	5.2	14.6	-0.9	1.0	7.0	5.0	12.1	19.0	22.0
Industrial Measurements	7.6	7.1	8.6	8.3	31.6	9.4	10.5	8.4	9.5	37.8	42.4	46.9
Other	0.0	0.1	-0.2	-1.3	-1.4	-0.4	-0.6	-0.4	-0.4	-1.7	-2.0	-2.0
<b>Total</b>	<b>5.2</b>	<b>7.9</b>	<b>19.5</b>	<b>12.2</b>	<b>44.8</b>	<b>8.1</b>	<b>10.9</b>	<b>15.0</b>	<b>14.1</b>	<b>48.2</b>	<b>59.4</b>	<b>66.9</b>
<b>EBIT margin, %</b>												
<i>Weather and Environment</i>	<i>-4.6</i>	<i>1.2</i>	<i>18.8</i>	<i>7.8</i>	<i>6.2</i>	<i>-1.7</i>	<i>1.5</i>	<i>11.2</i>	<i>7.1</i>	<i>4.8</i>	<i>7.1</i>	<i>7.7</i>
<i>Industrial Measurements</i>	<i>21.4</i>	<i>21.0</i>	<i>24.7</i>	<i>20.8</i>	<i>22.0</i>	<i>23.7</i>	<i>23.8</i>	<i>20.5</i>	<i>21.8</i>	<i>22.5</i>	<i>23.3</i>	<i>23.9</i>
<b>Total</b>	<b>6.0</b>	<b>8.6</b>	<b>20.7</b>	<b>11.4</b>	<b>11.8</b>	<b>8.8</b>	<b>10.0</b>	<b>14.5</b>	<b>12.4</b>	<b>11.5</b>	<b>13.2</b>	<b>13.9</b>

Electronic Equipment & Instruments/Finland, September 23, 2021  
Company update

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	319.2	332.6	348.8	403.6	379.5	418.4	450.6	481.3
<i>Sales growth (%)</i>	<i>0.2</i>	<i>4.2</i>	<i>4.9</i>	<i>15.7</i>	<i>-6.0</i>	<i>10.2</i>	<i>7.7</i>	<i>6.8</i>
EBITDA	46.3	50.3	51.1	64.7	65.9	69.5	82.8	91.8
<i>EBITDA margin (%)</i>	<i>14.5</i>	<i>15.1</i>	<i>14.7</i>	<i>16.0</i>	<i>17.4</i>	<i>16.6</i>	<i>18.4</i>	<i>19.1</i>
Depreciation	-13.5	-9.5	-12.1	-23.6	-21.1	-21.3	-23.4	-24.9
EBITA	32.8	40.8	39.0	41.1	44.8	48.2	59.4	66.9
Goodwill amortization / writedown	-10.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	22.2	40.8	39.0	41.1	44.8	48.2	59.4	66.9
<i>EBIT margin (%)</i>	<i>7.0</i>	<i>12.3</i>	<i>11.2</i>	<i>10.2</i>	<i>11.8</i>	<i>11.5</i>	<i>13.2</i>	<i>13.9</i>
Reported EBIT	22.2	40.8	39.0	41.1	44.8	48.2	59.4	66.9
<i>EBIT margin (reported) (%)</i>	<i>7.0</i>	<i>12.3</i>	<i>11.2</i>	<i>10.2</i>	<i>11.8</i>	<i>11.5</i>	<i>13.2</i>	<i>13.9</i>
Net financials	-0.2	-2.8	-1.4	-1.0	-3.4	-2.0	0.0	0.0
Pre-tax profit	22.0	38.0	37.6	40.1	41.4	46.2	59.4	66.9
Taxes	-3.3	-10.9	-8.0	-6.5	-8.5	-5.4	-7.7	-13.4
Minority shares	0.0	0.0	0.0	0.0	0.0	-0.3	0.0	0.0
Net profit	18.7	27.1	29.6	33.5	32.9	40.5	51.7	53.5
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>								
<b>Assets</b>								
Fixed assets	46	46	72	83	94	100	105	110
Goodwill	17	16	55	55	55	55	55	55
Right of use assets	0	0	12	12	13	14	15	16
Inventory	32	29	32	40	45	49	53	56
Receivables	78	84	93	105	93	102	110	117
Liquid funds	72	91	73	56	45	50	54	58
Total assets	255	274	347	361	352	378	399	420
<b>Liabilities</b>								
Shareholder's equity	179	186	183	198	205	224	252	282
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	12	11	9	14	15	16
Deferred taxes	0	1	9	8	8	8	8	8
Interest bearing debt	0	0	41	40	45	40	26	9
Non-interest bearing current liabilities	71	81	89	94	76	84	91	97
Other interest-free debt	4	5	9	7	8	8	8	8
Total liabilities	255	274	347	361	352	378	399	420
<b>CASH FLOW, EURm</b>								
+ EBITDA	46	50	51	65	66	69	83	92
- Net financial items	0	-3	-1	-1	-3	-2	0	0
- Taxes	-9	-7	-9	-8	-6	-5	-8	-13
- Increase in Net Working Capital	2	7	-4	-16	-6	-6	-5	-5
+/- Other	3	2	11	0	0	0	0	0
= Cash flow from operations	42	49	48	40	50	56	70	74
- Capex	-8	-8	-14	-35	-33	-29	-30	-30
- Acquisitions	0	-2	-52	0	0	0	0	0
+ Divestments	1	0	0	0	0	0	0	0
= Free cash flow	35	39	-18	5	17	27	40	43
+/- New issues/buybacks	-4	-2	5	3	-4	0	0	0
- Paid dividend	-17	-18	-37	-21	-22	-22	-23	-24
+/- Other	-1	0	31	-3	-2	0	-14	-16
Change in cash	13	19	-19	-16	-11	5	4	4

Electronic Equipment & Instruments/Finland, September 23, 2021  
Company update

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	794	659	1,159	1,453	1,476	1,476	1,476
Net debt (excl. convertibles)	-91	-20	-5	9	4	-13	-33
Enterprise value	703	638	1,154	1,464	1,482	1,464	1,445
Sales	333	349	404	380	418	451	481
EBITDA	50	51	65	66	69	83	92
EBIT	41	39	41	45	48	59	67
Pre-tax	38	38	40	41	46	59	67
Earnings	27	30	34	33	40	52	54
Equity book value (excl. minorities)	186	183	198	205	224	252	282
<b>Valuation multiples</b>							
EV/sales	2.1	1.8	2.9	3.9	3.5	3.2	3.0
EV/EBITDA	14.0	12.5	17.8	22.2	21.3	17.7	15.7
EV/EBITA	17.2	16.4	28.1	32.7	30.8	24.7	21.6
EV/EBIT	17.2	16.4	28.1	32.7	30.8	24.7	21.6
EV/OCF	14.3	13.2	28.9	29.5	26.7	20.9	19.6
EV/FCFF	17.1	-38.5	141.1	78.1	43.2	31.9	29.5
P/FCFE	40.6	-37.2	250.6	86.0	54.8	36.5	34.2
P/E	29.3	22.2	34.6	44.2	36.4	28.6	27.6
P/B	4.3	3.6	5.8	7.1	6.6	5.9	5.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	20.0	16.6	14.7
Target EV/EBIT	0.0	0.0	0.0	0.0	28.8	23.1	20.2
Target EV/FCF	0.0	0.0	0.0	0.0	51.6	33.9	31.3
Target P/B	0.0	0.0	0.0	0.0	6.2	5.5	4.9
Target P/E	0.0	0.0	0.0	0.0	34.2	26.8	25.9
<b>Per share measures</b>							
Number of shares	35,692	35,790	35,881	36,000	36,437	36,437	36,437
Number of shares (diluted)	35,692	35,790	35,881	36,000	36,437	36,437	36,437
EPS	0.76	0.83	0.93	0.91	1.11	1.42	1.47
Operating cash flow per share	1.38	1.35	1.11	1.38	1.53	1.92	2.02
Free cash flow per share	1.10	-0.49	0.13	0.47	0.74	1.11	1.18
Book value per share	5.20	5.11	5.52	5.69	6.13	6.92	7.74
Dividend per share	1.05	0.58	0.61	0.61	0.63	0.65	0.67
Dividend payout ratio, %	138.3	70.1	65.3	66.8	56.7	45.8	45.6
Dividend yield, %	4.7	3.2	1.9	1.5	1.6	1.6	1.7
FCF yield, %	4.9	-2.7	0.4	1.2	1.8	2.7	2.9
<b>Efficiency measures</b>							
ROE	14.9	16.1	17.6	16.3	18.9	21.7	20.0
ROCE	22.4	18.5	17.0	17.7	17.9	20.8	22.3
<b>Financial ratios</b>							
Inventories as % of sales	8.6	9.2	9.8	11.7	11.7	11.7	11.7
Receivables as % of sales	25.3	26.7	26.0	24.4	24.4	24.4	24.4
Non-interest bearing liabilities as % of sales	24.4	25.5	23.2	20.1	20.1	20.1	20.1
NWC/sales, %	9.5	10.1	12.7	15.2	15.3	15.3	15.4
Operative CAPEX/sales, %	2.5	4.1	8.7	8.6	6.8	6.6	6.3
CAPEX/sales (incl. acquisitions), %	1.9	-10.7	8.7	8.6	6.8	6.6	6.3
FCFF/EBITDA	0.8	-0.3	0.1	0.3	0.5	0.6	0.5
Net debt/EBITDA, book-weighted	-1.8	-0.4	-0.1	0.1	0.1	-0.2	-0.4
Debt/equity, market-weighted	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	67.7	52.8	54.9	58.4	59.3	63.3	67.3
Gearing, %	-49.2	-11.0	-2.5	4.4	1.8	-5.3	-11.7

Electronic Equipment & Instruments/Finland, September 23, 2021  
Company update

**COMPANY DESCRIPTION:** Vaisala develops, manufactures and markets products and services for environmental and industrial measurement. 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 around 1,850 professionals worldwide.

**INVESTMENT CASE:** Vaisala should continue to profitably grow due to continued good growth in IM, with possible additional organic and non-organic opportunities in other niche areas supporting growth, and a more stable outlook for W&E. 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.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Novameter Oy	3,776,358	152.942	10.4%
Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch	3,259,185	131.997	8.9%
Nordea Bank Ab (publ), Finnish Branch	2,311,285	93.607	6.3%
Finnish Academy of Science and Letters	2,041,605	82.685	5.6%
Nordea Nordic Small Cap Fund	1,772,713	71.795	4.9%
Mandatum Life Insurance Company Ltd.	1,470,900	59.571	4.0%
Weisell-Säätiö Sr	1,440,000	58.320	4.0%
Citybank Europe	1,345,593	54.497	3.7%
Voipio Mikko	1,268,312	51.367	3.5%
Caspers Anja	969,496	39.265	2.7%
Ten largest	19,655,447	796.046	54%
Residual	16,781,281	679.642	46%
Total	36,436,728	1,475.687	100%

## EARNINGS CALENDAR

## OTHER EVENTS

## COMPANY MISCELLANEOUS

CEO: Kai Öistämö

CFO: Kaarina Muurinen

IR: Paula Liimatta

Vanha Nurmijärventie 21, 01670 Vantaa

Tel:



## 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
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

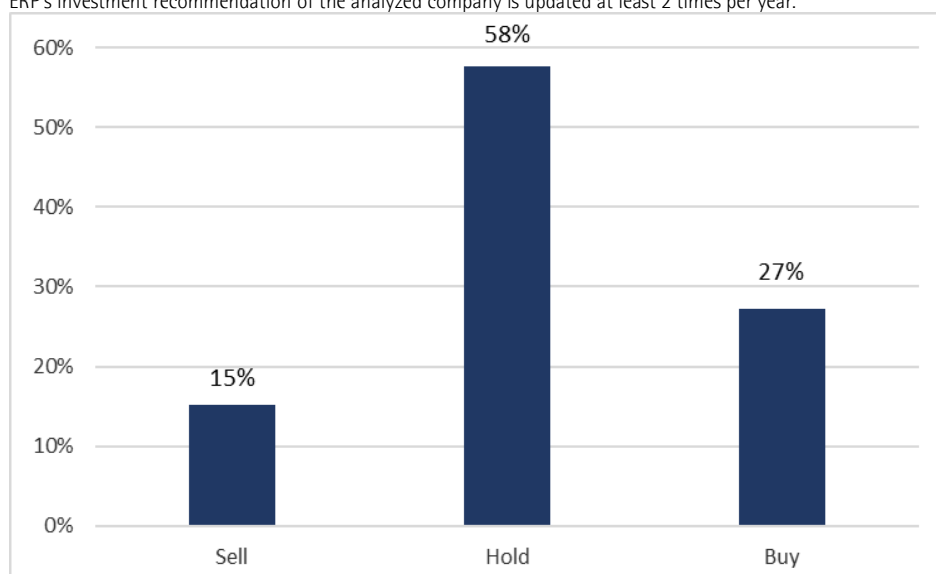
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Salokivi, Heikura

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Electronic Equipment & Instruments/Finland, September 23, 2021  
Company update

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