

Expecting strong earnings growth

Vaisala reports its Q4 result on Friday. In Q4, we expect revenue growth to scale till bottom rows and earnings improvement of 60% y/y. We retain our HOLD-rating and TP EUR of 43.

Expecting a clear earnings improvement in Q4'21

We expect solid net sales growth of 17.4% from a weak comparison period, topline totaling EUR 125.5m vs. 123.4m cons. The growth is driven by both BUs (W&E +13.4% & IM +24.1%). We expect group adj. EBIT to improve by 29.6% y/y to EUR 18.3m (14.6% margin) vs. 16.8m cons. In our estimates, W&E contributes the EBIT with EUR 7.8m (10.3% margin) and IM with EUR 10.9m (22% margin) respectively. With the profitability improvement, we expect clear 60% EPS growth. We estimate the BoD to propose a dividend of EUR 0.63 vs. 0.64 cons.

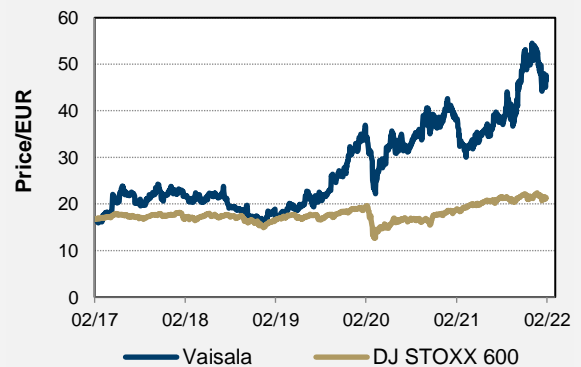
Strategy execution continued, but component shortage disturbs topline growth in 2022

The company has successfully continued its strategy execution by its solid revenue growth in both BUs. The company also acquired software company AerisWeather to strengthen its growth in DaaS and SaaS recurring revenue businesses during Q1'22. Vaisala obtains valuable data-service and software development capabilities through the acquisition in addition to a few million recurring revenue impact. In 2022, we expect the growth pace to slow a bit down to 8.3% mainly due to uncertainties regarding component availability. Despite the supply chain issues, we expect solid 16% earnings growth in 2022.

HOLD with a target price of EUR 43

Vaisala has historically been trading with EV/EBITDA multiple around 20x. Currently, with a 21-22E EV/EBITDA of 22-19x, the company trades with a slight premium compared to its peers, but given Vaisala's quality and lower risk profile, we find the premium justified. With our estimates intact, we retain our HOLD-rating and TP of EUR 43.

Rating HOLD



Share price, EUR (Last trading day's closing price) 46.45

Target price, EUR 43.0

Latest change in recommendation	30-Apr-21
Latest report on company	29-Oct-21
Research paid by issuer:	YES
No. of shares outstanding, '000's	36,101
No. of shares fully diluted, '000's	36,101
Market cap, EURm	1,677
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	18-Feb-22
Web site	vaisala.com/en/investors

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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	438.5	54.7	12.5%	27.7	1.26	36.8	3.8	30.8	1.7	0.63
2022E	475.0	61.0	12.8%	40.9	1.47	31.6	3.5	27.3	2.4	0.65
2023E	507.4	70.5	13.9%	45.6	1.56	29.7	3.2	23.3	2.7	0.67
Market cap, EURm		1,677	Gearing 2021E, %			1.4	CAGR EPS 2020-23, %			19.6
Net debt 2021E, EURm		3	Price/book 2021E			7.3	CAGR sales 2020-23, %			10.2
Enterprise value, EURm		1,683	Dividend yield 2021E, %			1.4	ROE 2021E, %			21.0
Total assets 2021E, EURm		389	Tax rate 2021E, %			13.0	ROCE 2021E, %			20.1
Goodwill 2021E, EURm		55	Equity ratio 2021E, %			58.9	PEG, P/E 21/CAGR			5.5

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

VAISALA PEER GROUP	Security identifier	EBIT %	EBIT %	EBITDA %	EBITDA %	ROCE %	ROCE %
		21E	22E	21E	22E	21E	22E
Keysight Technologies	KEYS-US	27.2	27.9	29.8	30.2	20.7	20.7
National Instruments Corp.	NATI-US	16.0		19.7	22.3	14.1	17.6
Spectris	SXS-GB	15.9	17.2	20.0	21.0	15.3	15.8
Oxford Instruments	OXIG-GB	17.6		21.1	20.4	19.6	18.6
Trimble	TRMB-US	23.4	23.2	25.0	24.4	14.5	14.4
Hexagon	HEXA.B-SE	27.6	29.3	38.5	39.2	10.1	11.5
Peer Group Average		21.3	24.4	25.7	26.2	15.7	16.4
Peer Group Median		20.5	25.5	23.1	23.3	14.9	16.7
Vaisala (Evli est.)		12.5	12.8	17.4	17.9	20.1	20.8
<i>Premium/discount to peer median</i>		<i>-39%</i>	<i>-50%</i>	<i>-25%</i>	<i>-23%</i>	<i>35%</i>	<i>25%</i>

	Security identifier	ROE %	ROE %	DIV %	DIV %	P/E	P/E
		21E	22E	21E	22E	21E	22E
Keysight Technologies	KEYS-US	32.9	30.7	0.0	0.0	26.5x	23.8x
National Instruments Corp.	NATI-US	18.1	23.4	2.7	2.8	23.8x	18.6x
Spectris	SXS-GB	13.6	14.6	2.1	2.3	23.1x	20.7x
Oxford Instruments	OXIG-GB	22.0	27.7	0.9	0.9	24.7x	24.2x
Trimble	TRMB-US	17.9	17.3	0.0	0.0	25.0x	22.9x
Hexagon	HEXA.B-SE	14.2	13.1	0.9	1.1	30.3x	27.3x
Peer Group Average		19.8	21.1	1.1	1.2	25.6x	22.9x
Peer Group Median		18.0	20.3	0.9	1.0	24.8x	23.4x
Vaisala (Evli est.)		21.0	21.8	1.4	1.4	36.8x	31.6x
<i>Premium/discount to peer median</i>		<i>17%</i>	<i>7%</i>	<i>51%</i>	<i>41%</i>	<i>48%</i>	<i>35%</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	6.1	5.6	25.6x	18.4x	28.0x	20.0x
National Instruments Corp.	NATI-US	3.6	3.1	19.9x	13.8x	24.5x	16.9x
Spectris	SXS-GB	2.7	2.6	14.7x	12.3x	18.5x	15.0x
Oxford Instruments	OXIG-GB	3.3	3.1	19.8x	15.2x	23.8x	18.0x
Trimble	TRMB-US	4.8	4.3	25.0x	17.4x	26.7x	18.3x
Hexagon	HEXA.B-SE	8.0	6.8	24.1x	17.3x	33.6x	23.2x
Peer Group Average		4.7	4.2	21.5x	15.8x	25.9x	18.6x
Peer Group Median		4.2	3.7	22.0x	16.3x	25.6x	18.2x
Vaisala (Evli est.)		3.8	3.5	22.1x	19.6x	30.8x	27.3x
<i>Premium/discount to peer median</i>		<i>-9%</i>	<i>-5%</i>	<i>1%</i>	<i>20%</i>	<i>20%</i>	<i>50%</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	17.1%	6.7%	-0.2x	-0.5x	48.6	50.8
National Instruments Corp.	NATI-US	14.1%	16.8%	0.0x	0.0x	57.9	58.6
Spectris	SXS-GB	-1.0%	2.2%	-0.6x	-0.8x	69.8	72.5
Oxford Instruments	OXIG-GB	10.4%	5.2%	-0.6x	-0.7x	63.6	66.3
Trimble	TRMB-US	16.2%	9.9%	1.1x	0.4x	55.6	58.6
Hexagon	HEXA.B-SE	15.3%	13.6%	1.4x	0.9x	62.0	63.6
Peer Group Average		12.0%	9.1%	0.2x	-0.1x	59.6	61.7
Peer Group Median		14.7%	8.3%	-0.1x	-0.2x	59.9	61.1
Vaisala (Evli est.)		15.5%	8.3%	0.0x	-0.2x	58.9	62.9

Source: Factset, Evli Research

Updated on February 14th, 2022

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	46.45 PV of Free Cash Flow	396 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	30.06 PV of Horizon value	730 WACC, %	7.4 Market risk premium, %	5.8
Share price potential, %	-35.3 Unconsolidated equity	-3 Spread, %	0.0 Debt risk premium, %	2.8
Maximum value	30.1 Marketable securities	45 Minimum WACC, %	7.4 Equity beta coefficient	0.80
Minimum value	30.1 Debt - dividend	-76 Maximum WACC, %	7.4 Target debt ratio, %	10
Horizon value, %	64.8 Value of stock	1,092 Nr of shares, Mn	36.1 Effective tax rate, %	25

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	380	438	475	507	530	549	565	582	600	618	633	649
<i>Sales growth, %</i>	-6.0	15.5	8.3	6.8	4.5	3.5	3.0	3.0	3.0	3.0	2.5	2.5
Operating income (EBIT)	45	55	61	71	69	71	73	76	78	80	82	84
<i>Operating income margin, %</i>	11.8	12.5	12.8	13.9	13.1	13.0	13.0	13.0	13.0	13.0	13.0	13.0
+ Depreciation+amort.	21	21	24	26	27	28	29	30	31	32	32	
EBITDA	66	76	85	96	96	100	103	106	109	112	115	
- Paid taxes	-7	-7	-8	-14	-14	-14	-15	-15	-16	-16	-16	
- Change in NWC	-6	-9	-6	-5	-4	-3	-3	-3	-3	-3	-2	
<i>NWC / Sales, %</i>	15.2	15.3	15.4	15.4	15.4	15.4	15.5	15.5	15.5	15.5	15.5	
+ Change in other liabs	-5	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-29	-24	-25	-25	-26	-26	-26	-27	-27	-27	-28	
<i>opCAPEX / Sales, %</i>	8.6	6.8	6.4	6.2	6.0	5.9	5.8	5.7	5.6	5.5	5.5	
- 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	36	47	52	53	56	59	61	63	66	68	1,411
= Discounted FCFF		35	43	44	42	42	41	39	38	36	35	730
= DFCF min WACC		35	43	44	42	42	41	39	38	36	35	730
= DFCF max WACC		35	43	44	42	42	41	39	38	36	35	730

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3	2021Q4E	2021E	2022E	2023E
Net sales	87.2	91.4	94.0	106.9	379.5	92.0	109.5	111.5	125.5	438.5	475.0	507.4
EBITDA	10.1	13.5	24.7	17.6	65.9	13.4	16.1	24.7	21.8	76.1	85.0	96.2
<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>22.2</i>	<i>17.4</i>	<i>17.4</i>	<i>17.9</i>	<i>19.0</i>
EBIT	5.2	7.9	19.5	12.2	44.8	8.1	10.9	19.2	16.4	54.7	61.0	70.5
<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>17.3</i>	<i>13.1</i>	<i>12.5</i>	<i>12.8</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	18.8	15.9	52.7	61.0	70.5
Tax	-0.9	-1.2	-3.7	-2.7	-8.5	-1.6	-0.7	-2.8	-1.8	-6.9	-7.9	-14.1
<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>14.9</i>	<i>11.0</i>	<i>13.0</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	16.0	14.2	45.6	53.1	56.4
EPS	0.11	0.16	0.40	0.24	0.91	0.17	0.25	0.44	0.39	1.26	1.47	1.56
EPS adjusted (diluted no. of shares)	0.11	0.16	0.40	0.24	0.91	0.17	0.25	0.44	0.39	1.26	1.47	1.56
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
SALES, EURm												
Weather and Environment	51.8	57.6	59.2	67.0	235.6	52.2	65.4	64.4	76.0	258.0	277.4	294.0
Industrial Measurements	35.4	33.8	34.8	39.9	143.9	39.7	44.1	47.1	49.5	180.4	197.6	213.4
Total	87.2	91.4	94.0	106.9	379.5	92.0	109.5	111.5	125.5	438.5	475.0	507.4
SALES GROWTH, Y/Y %												
<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>8.8</i>	<i>13.4</i>	<i>9.5</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>35.3</i>	<i>24.1</i>	<i>25.4</i>	<i>9.5</i>	<i>8.0</i>
Total	3.6	-4.9	-10.6	-9.5	-6.0	5.5	19.8	18.6	17.4	15.5	8.3	6.8
EBIT, EURm												
Weather and Environment	-2.4	0.7	11.1	5.2	14.6	-0.9	1.0	5.3	6.3	11.7	16.5	22.0
Industrial Measurements	7.6	7.1	8.6	8.3	31.6	9.4	10.5	14.2	10.5	44.6	46.5	50.5
Other	0.0	0.1	-0.2	-1.3	-1.4	-0.4	-0.6	-0.2	-0.4	-1.6	-2.0	-2.0
Total	5.2	7.9	19.5	12.2	44.8	8.1	10.9	19.2	16.4	54.7	61.0	70.5
EBIT margin, %												
<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>8.2</i>	<i>8.3</i>	<i>4.5</i>	<i>5.9</i>	<i>7.5</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>30.2</i>	<i>21.2</i>	<i>24.7</i>	<i>23.5</i>	<i>23.7</i>
Total	6.0	8.6	20.7	11.4	11.8	8.8	10.0	17.3	13.1	12.5	12.8	13.9

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	319.2	332.6	348.8	403.6	379.5	438.5	475.0	507.4
<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>15.5</i>	<i>8.3</i>	<i>6.8</i>
EBITDA	46.3	50.3	51.1	64.7	65.9	76.1	85.0	96.2
<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>17.4</i>	<i>17.9</i>	<i>19.0</i>
Depreciation	-13.5	-9.5	-12.1	-23.6	-21.1	-21.4	-24.0	-25.7
EBITA	32.8	40.8	39.0	41.1	44.8	54.7	61.0	70.5
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	54.7	61.0	70.5
<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>12.5</i>	<i>12.8</i>	<i>13.9</i>
Reported EBIT	22.2	40.8	39.0	41.1	44.8	54.7	61.0	70.5
<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>12.5</i>	<i>12.8</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	52.7	61.0	70.5
Taxes	-3.3	-10.9	-8.0	-6.5	-8.5	-6.9	-7.9	-14.1
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	45.6	53.1	56.4
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	46	46	72	83	94	101	106	111
Goodwill	17	16	55	55	55	55	55	55
Right of use assets	0	0	12	12	13	14	16	17
Inventory	32	29	32	40	45	51	56	60
Receivables	78	84	93	105	93	107	116	124
Liquid funds	72	91	73	56	45	52	57	61
Total assets	255	274	347	361	352	389	412	434
Liabilities								
Shareholder's equity	179	186	183	198	205	229	259	292
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	16	17
Deferred taxes	0	1	9	8	8	8	8	8
Interest bearing debt	0	0	41	40	45	41	26	7
Non-interest bearing current liabilities	71	81	89	94	76	88	96	102
Other interest-free debt	4	5	9	7	8	8	8	8
Total liabilities	255	274	347	361	352	389	412	434
CASH FLOW, EURm								
+ EBITDA	46	50	51	65	66	76	85	96
- Net financial items	0	-3	-1	-1	-3	-2	0	0
- Taxes	-9	-7	-9	-8	-6	-7	-8	-14
- Increase in Net Working Capital	2	7	-4	-16	-6	-9	-6	-5
+/- Other	3	2	11	0	0	0	0	0
= Cash flow from operations	42	49	48	40	50	58	71	77
- Capex	-8	-8	-14	-35	-33	-30	-30	-31
- 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	28	41	46
+/- New issues/buybacks	-4	-2	5	3	-4	0	0	0
- Paid dividend	-17	-18	-37	-21	-22	-22	-23	-23
+/- Other	-1	0	31	-3	-2	1	-14	-18
Change in cash	13	19	-19	-16	-11	7	4	4

Electronic Equipment & Instruments/Finland, February 14, 2022
Preview

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	794	659	1,159	1,453	1,677	1,677	1,677
Net debt (excl. convertibles)	-91	-20	-5	9	3	-15	-37
Enterprise value	703	638	1,154	1,464	1,683	1,664	1,642
Sales	333	349	404	380	438	475	507
EBITDA	50	51	65	66	76	85	96
EBIT	41	39	41	45	55	61	71
Pre-tax	38	38	40	41	53	61	71
Earnings	27	30	34	33	46	53	56
Equity book value (excl. minorities)	186	183	198	205	229	259	292
Valuation multiples							
EV/sales	2.1	1.8	2.9	3.9	3.8	3.5	3.2
EV/EBITDA	14.0	12.5	17.8	22.2	22.1	19.6	17.1
EV/EBITA	17.2	16.4	28.1	32.7	30.8	27.3	23.3
EV/EBIT	17.2	16.4	28.1	32.7	30.8	27.3	23.3
EV/OCF	14.3	13.2	28.9	29.5	29.2	23.3	21.4
EV/FCFF	17.1	-38.5	141.1	78.1	47.2	35.6	31.7
P/FCFE	40.6	-37.2	250.6	86.0	60.5	41.0	36.7
P/E	29.3	22.2	34.6	44.2	36.8	31.6	29.7
P/B	4.3	3.6	5.8	7.1	7.3	6.5	5.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	20.4	18.1	15.8
Target EV/EBIT	0.0	0.0	0.0	0.0	28.4	25.2	21.5
Target EV/FCF	0.0	0.0	0.0	0.0	56.1	37.6	33.2
Target P/B	0.0	0.0	0.0	0.0	6.8	6.0	5.3
Target P/E	0.0	0.0	0.0	0.0	34.1	29.3	27.5
Per share measures							
Number of shares	35,692	35,790	35,881	36,000	36,101	36,101	36,101
Number of shares (diluted)	35,692	35,790	35,881	36,000	36,101	36,101	36,101
EPS	0.76	0.83	0.93	0.91	1.26	1.47	1.56
Operating cash flow per share	1.38	1.35	1.11	1.38	1.59	1.97	2.13
Free cash flow per share	1.10	-0.49	0.13	0.47	0.77	1.13	1.26
Book value per share	5.20	5.11	5.52	5.69	6.33	7.17	8.09
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	49.9	44.2	42.9
Dividend yield, %	4.7	3.2	1.9	1.5	1.4	1.4	1.4
FCF yield, %	4.9	-2.7	0.4	1.2	1.7	2.4	2.7
Efficiency measures							
ROE	14.9	16.1	17.6	16.3	21.0	21.8	20.5
ROCE	22.4	18.5	17.0	17.7	20.1	20.8	22.8
Financial ratios							
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	15.4	15.4
Operative CAPEX/sales, %	2.5	4.1	8.7	8.6	6.8	6.4	6.2
CAPEX/sales (incl. acquisitions), %	1.9	-10.7	8.7	8.6	6.8	6.4	6.2
FCFF/EBITDA	0.8	-0.3	0.1	0.3	0.5	0.5	0.5
Net debt/EBITDA, book-weighted	-1.8	-0.4	-0.1	0.1	0.0	-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	58.9	62.9	67.4
Gearing, %	-49.2	-11.0	-2.5	4.4	1.4	-5.8	-12.7

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	175.412	10.5%
Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch	3,317,783	154.111	9.2%
Nordea Bank Ab (publ), Finnish Branch	2,338,055	108.603	6.5%
Finnish Academy of Science and Letters	2,041,605	94.833	5.7%
Nordea Nordic Small Cap Fund	1,750,710	81.320	4.8%
Mandatum Life Insurance Company Ltd.	1,471,000	68.328	4.1%
Weisell-Säätiö Sr	1,440,000	66.888	4.0%
Citybank Europe	1,347,083	62.572	3.7%
Voipio Mikko	1,268,312	58.913	3.5%
Caspers Anja	969,496	45.033	2.7%
Ten largest	19,720,402	916.013	55%
Residual	16,380,598	760.879	45%
Total	36,101,000	1,676.891	100%

EARNINGS CALENDAR

February 18, 2022	FY 2021 Results
April 29, 2022	Q1 report
July 22, 2022	Q2 report
October 28, 2022	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Kai Öistämö	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	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

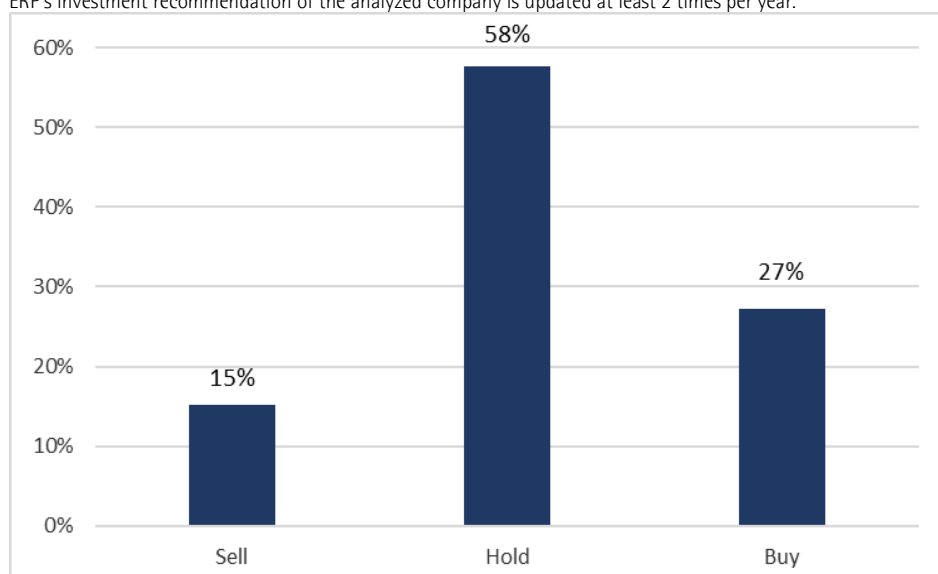
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Investment recommendations are defined as follows:

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

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

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