

Strong start to the year and outlook update

Vaisala's Q1 result beat our and consensus expectations. Both Bu's performed better than expected thanks to good market environment. As a result of strong start to the year, Vaisala raises lower limit of its business outlook for 2021: net sales will be in the range of 380–400 MEUR and EBIT in the range of 35–45 MEUR (earlier was net sales 370–400 and EBIT 30–45). Outlook update did not come as a surprise and our 2021e estimates were already within new guidance.

- **Group level results:** Q1 net sales increased by 5% to 92 MEUR (86.5 Evli / 85.7 cons). Q1 EBIT came in at 8.1 MEUR (5.9 Evli / 5.0 cons), resulting in 8,8% EBIT-margin (Q1'20: 5.2 MEUR, 6% EBIT-margin)
- Gross margin was 54,8% vs. 56,4% last year.
- Orders received were 106.1 MEUR vs. 88.7 MEUR last year. Orders received grew by 18%; 15% in W&E and 22% in IM. Order book was 155.4 MEUR vs. 141.6 MEUR in Q1'20.
- **Weather & Environment (W&E)** net sales increased by 1% to 52.2 MEUR vs. 47 MEUR our expectation. W&E EBIT was – 0.9 MEUR (–2.6 MEUR Evli). W&E's orders received grew by 15%. Orders received increased in renewable energy and ground transportation market segments, whereas orders received in meteorology market segment were at previous year's level. Aviation market improvement has stalled, and orders received in this segment decreased compared to previous year.
- **Industrial Measurements (IM)** net sales grew 12% to 39.7 MEUR vs. 39.5 MEUR our expectation. IM EBIT was 9.4 MEUR (8.9 MEUR Evli), resulting in 23,8% EBIT-margin (Q1'20: 21,4%). IM order intake growth was 22%. Increase in orders received was strong in all market segments. Relative growth was strongest in power industry applications, although its share of orders received was still below 10%.
- As a result of strong start to the year, Vaisala raises lower limit of its **business outlook for 2021**: net sales will be in the range of 380–400 MEUR and EBIT in the range of 35–45 MEUR (earlier was net sales 370–400 and EBIT 30–45).

Rating	SELL
Share price, EUR (Last trading day's closing price)	32.70
Target price, EUR	32.0
Latest change in recommendation	27-Oct-20
Latest report on company	22-Feb-21
Research paid by issuer:	YES
No. of shares outstanding, '000's	36,000
No. of shares fully diluted, '000's	36,000
Market cap, EURm	1,177
Free float, %	-
Exchange rate EUR/USD	-
Reuters code	VAIAS.HE
Bloomberg code	VAIAS FH
Average daily volume, EURm	-
Next interim report	23-Jul-21
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BUY HOLD SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
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	385.4	41.0	10.6%	29.9	0.87	37.7	3.1	28.8	2.5	0.63
2022E	407.2	51.5	12.6%	34.0	1.07	30.5	2.9	22.7	2.9	0.65
2023E	428.2	55.0	12.8%	36.8	1.15	28.5	2.7	21.0	3.1	0.67
Market cap, EURm			1,177	BV per share 2021E, EUR		0.5	CAGR EPS 2020-23, %			7.8
Net debt 2021E, EURm			1	Price/book 2021E		5.5	CAGR sales 2020-23, %			4.1
Enterprise value, EURm			1,180	Dividend yield 2021E, %		1.9	ROE 2021E, %			14.9
Total assets 2021E, EURm			355	Tax rate 2021E, %		20.0	ROCE 2021E, %			15.7
Goodwill 2021E, EURm			55	Equity ratio 2021E, %		60.5	PEG, P/E 21/CAGR			3.2

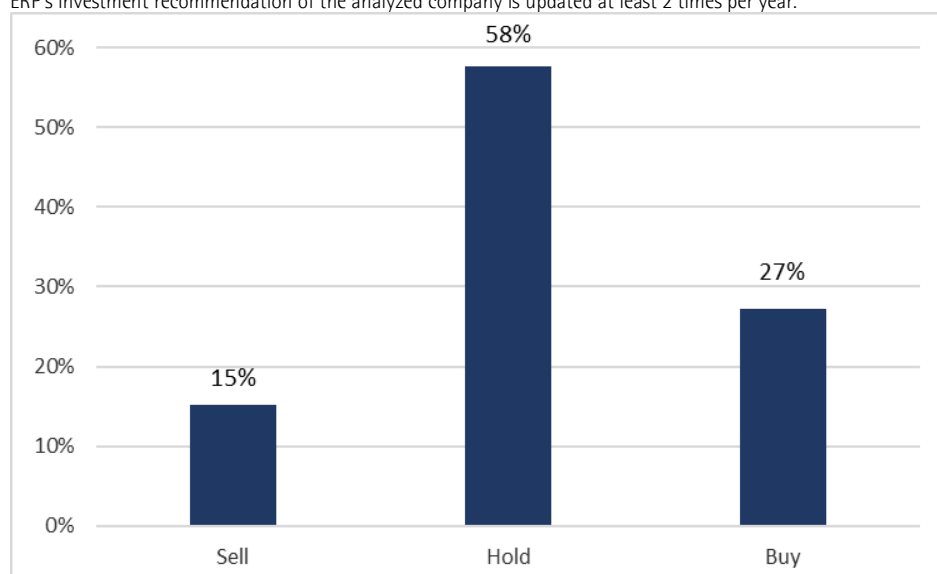
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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