

Clear Q2 beat, with good contribution from acquired businesses

Vaisala's Q2 net sales at 96.1 MEUR vs. 94.2 MEUR our expectation and 93.5 MEUR consensus. Q2 EBIT was 7.2 MEUR vs. our expectation of 3.2 MEUR (4.5 MEUR consensus). Adjusted EBIT was 9.4 MEUR vs. our 6.2 MEUR adjusted EBIT expectation.

- Group level results: Q2 net sales at 96.1 MEUR vs. 94.2 MEUR our expectation and 93.5 MEUR consensus. Q2 EBIT was 7.2 MEUR vs. our expectation of 3.2 MEUR (4.5 MEUR consensus). Adjusted EBIT was 9.4 MEUR vs. our 6.2 MEUR adjusted EBIT expectation. EPS was 0.14 (0.06 Evli, 0.08 consensus).
- Gross margin was 54.2% vs. 50.1% last year
- Order received was 98.0 MEUR vs. 71.1 MEUR last year
- Weather & Environment (W&E) net sales was 63.2 MEUR vs. 60.2 MEUR our expectation. EBIT was 0.6 MEUR (-1.5MEUR Evli)
- Industrial Measurements (IM) net sales was 34.8 MEUR vs. 34.0 MEUR our expectation. EBIT was 7.5 MEUR (4.7 MEUR Evli)
- CEO comment: "Vaisala's second quarter orders received and net sales were strong in all geographical areas. Around half of the order growth came from acquired companies. Excellent growth of orders received in Weather and Environment Business Area reached 49%. This growth was generated by medium-sized orders and especially in sounding and wind lidar businesses."
- **Business outlook for 2019 unchanged:** 2019 net sales to be in the range of EUR 380–400 million and operating result (EBIT) to be in the range of EUR 25–35 million including EUR 10–12 million acquisition related amortization and one-off expenses related to a lease contract.

Rating	🟡 HOLD
Share price, EUR (Last trading day's closing price)	19.36
Target price, EUR	20.0
Latest change in	11-Jun-18
Latest report on company	17-Jun-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	705
Free float, %	-
Exchange rate EUR/USD	-
Reuters code	VAIAS.HE
Bloomberg code	VAIAS FH
Average daily volume, EURm	-
Next interim report	24-Oct-19
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🟢 BUY 🟡 HOLD 🔴 SELL

PRE-REPORT 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	390	31	7.9%	30	0.66	29.5	1.7	17.7	22.1	0.60
2020E	407	38	9.3%	38	0.83	23.2	1.7	15.1	17.9	0.65
2021E	424	44	10.4%	44	0.96	20.1	1.6	14.7	15.2	0.70
Market cap, EURm		705	BV per share 2019E, EUR		5.1	CAGR EPS 2018-21, %		5.2		
Net debt 2019E, EURm		-24	Price/book 2019E		3.8	CAGR sales 2018-21, %		6.7		
Enterprise value, EURm		682	Dividend yield 2019E, %		3.1	ROE 2019E, %		12.9		
Total assets 2019E, EURm		365	Tax rate 2019E, %		20.0	ROCE 2019E, %		13.2		
Goodwill 2019E, EURm		55	Equity ratio 2019E, %		50.9	PEG, P/E 19/CAGR		1.6		

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

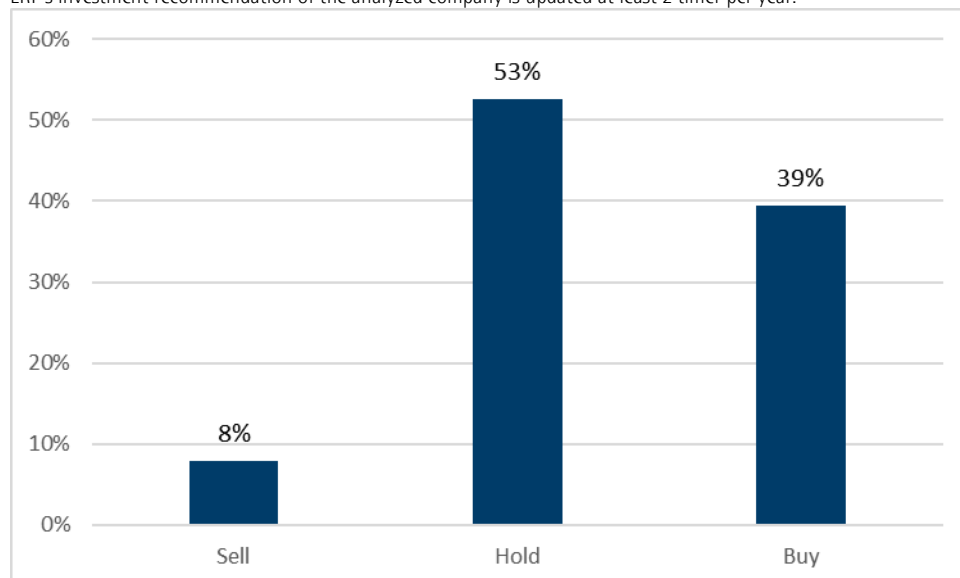
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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