

Strong Q3 result, clear beat

Vaisala's Q3 net sales grew 25% to 105.2 MEUR vs. 100.4 MEUR our expectation and 99.7 MEUR consensus. Q3 reported EBIT was 16.3 MEUR vs. our expectation of 11 MEUR (13 MEUR consensus). Business outlook is unchanged.

- Group level results: Q3 net sales grew 25% to 105.2 MEUR vs. 100.4 MEUR our expectation and 99.7 MEUR consensus. Q3 EBIT was 16.3 MEUR vs. our expectation of 11 MEUR (cons. 13 MEUR). EPS was 0.37 (0.23 Evli, 0.27 consensus).
- Gross margin was 55.3% vs. 55.9% last year
- Orders received was 105.1 MEUR vs. 76.8 MEUR last year. Orders received increased by 37% and growth without currency impact and acquisitions was 20%.
- Weather & Environment (W&E) net sales grew 27% (14% excl. FX and M&A) to 69.1 MEUR vs. 66.0 MEUR our expectation. EBIT was 9.3 MEUR (5.0 MEUR Evli). Order intake growth 45% in Weather and Environment, 27% growth excl. FX and M&A.
- Industrial Measurements (IM) net sales grew 22% (9% excl. FX and M&A) to 36.1 MEUR vs. 34.5 MEUR our expectation. EBIT was 8.5 MEUR (6 MEUR Evli). Industrial Measurements order intake grew by 23%, 9% excl. FX and M&A.
- **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)	25.85
Target price, EUR	21.0
Latest change in	11-Jun-18
Latest report on company	22-Jul-19
Research paid by issuer:	YES
No. of shares outstanding, '000's	35,881
No. of shares fully diluted, '000's	35,881
Market cap, EURm	928
Free float, %	-
Exchange rate EUR/USD	-
Reuters code	VAIAS.HE
Bloomberg code	VAIAS FH
Average daily volume, EURm	-
Next interim report	-
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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
2017	332.6	40.8	12.3%	39.1	0.76	29.3	2.1	17.2	4.9	1.05
2018	348.8	39.0	11.2%	-74.7	0.83	22.2	1.8	16.1	-11.3	0.58
2019E	392.0	34.9	8.9%	17.5	0.75	34.7	2.3	25.8	1.9	0.60
2020E	408.6	41.6	10.2%	32.0	0.93	27.9	2.2	21.3	3.4	0.65
2021E	429.0	46.5	10.8%	37.3	1.04	24.9	2.0	18.8	4.0	0.70
Market cap, EURm		928	BV per share 2019E, EUR		-15.3	CAGR EPS 2018-21, %				7.8
Net debt 2019E, EURm		-29	Price/book 2019E		4.9	CAGR sales 2018-21, %				7.1
Enterprise value, EURm		898	Dividend yield 2019E, %		2.3	ROE 2019E, %				14.4
Total assets 2019E, EURm		364	Tax rate 2019E, %		20.3	ROCE 2019E, %				15.0
Goodwill 2019E, EURm		55	Equity ratio 2019E, %		51.9	PEG, P/E 19/CAGR				2.4

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

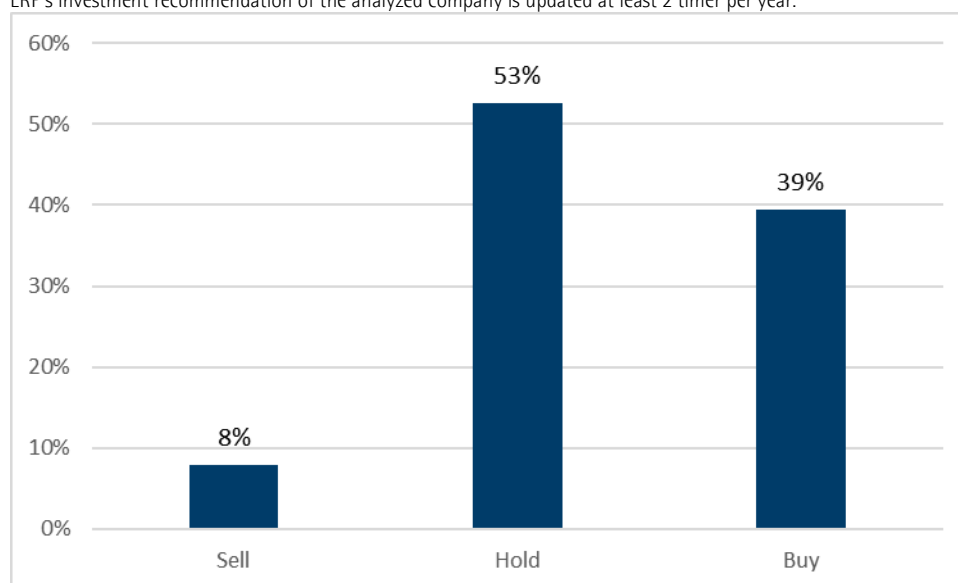
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Investment recommendations are defined as follows:

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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