

Upgrades outlook on continued good momentum

Vaisala upgraded yesterday its 2019 outlook. The upgrade did not come as a surprise as momentum in both business units have continued strong and as such our estimates were already taking this into account. We've made small upward adjustments to our estimates. We maintain our HOLD recommendation with new TP of 29.5 (prev. 24.5).

Continued good momentum in both business areas

Vaisala cited that strong demand in both business areas has continued. In Q3 Vaisala's orders received YTD was up +34% yoY with bulk of growth being organic, supported by acquired businesses. Strikes in November and December have been a significant risk to production and logistics, but Vaisala has been able to maintain its good delivery capacity also during Q4. The continued strong demand has had a positive impact on gross margin and project margins have also remained at a good level. However, there are still uncertainties related to the rest of the year, like the ongoing strikes in France, and estimating the impact of these is challenging.

Outlook upgrade not a surprise, estimates slightly upwards

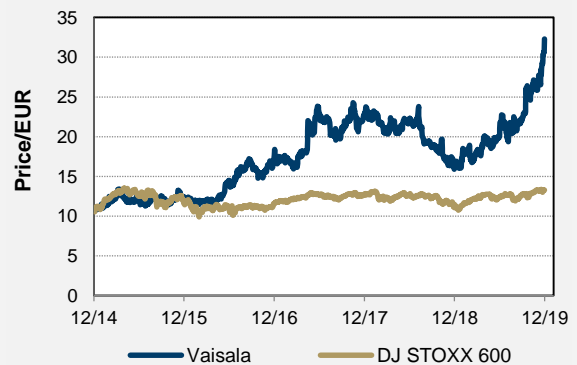
Vaisala now estimates 2019 net sales of 395-405 MEUR and EBIT to be in the range of 36-42 MEUR. Previous outlook was net sales of 380-400 MEUR with EBIT of 25-35 MEUR including 10-12 MEUR acquisition related amortization and one-off expenses. As our 2019E estimates for net sales of 398 MEUR were in the upper range of the previous guidance and our EBIT estimate of 36.4 MEUR was slightly above previous guidance, the outlook upgrade did not come as a surprise. We have slightly adjusted our 2019 and onwards estimates upwards reflecting the continued good momentum. As noted previously, with acquired businesses integrated into Vaisala's sales channel and continued good organic momentum in both W&E and IM, we see targeted 5% sales growth clearly achievable and road to >12% margins progressing well.

Valuation is stretched, but justified

On the back of our raised estimates, we raise our target price to 29.5 euros (prev. 24.5) and maintain our HOLD recommendation.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 32.30

Target price, EUR 29.5

Latest change in recommendation 11-Jun-18

Latest report on company 25-Oct-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 1,159

Free float, % -

Exchange rate EUR/USD -

Reuters code VAIAS.HE

Bloomberg code VAIAS FH

Average daily volume, EURm -

Next interim report 12-Feb-20

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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
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	16.4	-11.3	0.58
2019E	403.5	39.6	9.8%	18.2	0.87	37.3	2.8	28.8	1.6	0.60
2020E	425.8	44.5	10.5%	28.8	0.99	32.6	2.7	25.5	2.5	0.65
2021E	447.1	49.0	11.0%	38.1	1.09	29.6	2.5	22.8	3.3	0.70
Market cap, EURm		1,159	Gearing 2019E, %			-9.1	CAGR EPS 2018-21, %			9.7
Net debt 2019E, EURm		-18	Price/book 2019E			6.0	CAGR sales 2018-21, %			8.6
Enterprise value, EURm		1,141	Dividend yield 2019E, %			1.9	ROE 2019E, %			16.5
Total assets 2019E, EURm		385	Tax rate 2019E, %			20.8	ROCE 2019E, %			16.0
Goodwill 2019E, EURm		55	Equity ratio 2019E, %			50.2	PEG, P/E 19/CAGR			3.6

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

Electronic Equipment & Instruments/Finland, December 12, 2019
Company update

Vaisala now estimates 2019 net sales of 395-405 MEUR and EBIT to be in the range of 36-42 MEUR. Previous outlook was net sales of 380-400 MEUR with EBIT of 25-35 MEUR including 10-12 MEUR acquisition related amortization and one-off expenses. As our 2019E estimates for net sales of 398 MEUR were in the upper range of the previous guidance and our EBIT estimate of 36.4 MEUR was slightly above previous guidance, the outlook upgrade did not come as a surprise. We have slightly adjusted our 2019 and onwards estimates upwards reflecting the continued good momentum. As noted previously, with acquired businesses integrated into Vaisala's sales channel and continued good organic momentum in both W&E and IM, we see targeted 5% sales growth clearly achievable and road to >12% margins progressing well. The driver for profitability improvement is larger volumes and continued good growth in industrial business. We estimate IM share of Vaisala's EBIT in '20-21E to grow to 66% (vs. 56-57% in '17-'18), driving Vaisala's ~10-12% EBIT growth and EBIT margins of 10.5-11% (12-13% adj. for IAC).

HOLD recommendation
maintained, target price
29.5 EUR

Vaisala's share has rallied +105% YTD, being now at an all-time high. On our raised estimates, Vaisala is trading at PPA amortizations adjusted EV/EBIT multiples of 23x and 21.6x for '19E and '20E, a 30-38% premium to our peer group median despite exhibiting lower profitability profile than our peer group. However, a high valuation and premium are in our view justified due to the current stable outlook for W&E, strong ESG profile and growing dividend, and especially IM's highly profitable growth with possibility of further add-on acquisitions. On the back of our raised estimates, we raise our target price to 29.5 euros (prev. 24.5) and maintain our HOLD recommendation.

Valuation approaches	Implied value
Peer EV/EBIT (FY20E)	23,3
Peer EV/EBITDA (FY20E)	26,0
Peer EV/Sales (FY20E)	39,4
Target price (EUR)	29,5

Source: Evli Research

	EV/EBIT		
	19	20	21
adj. EBIT (Evli est.)	50	53	57
Multiple (peer median)	17,5x	15,6x	13,9x
EV	871	819	795
Net debt (Evli est.)	-18	-18	-18
Value of equity	889	837	812
Per share	24,8	23,3	22,6

Source: Factset, Evli Research

	EV/EBITDA		
	19	20	21
EBITDA (Evli est.)	62	67	71
Multiple (peer median)	15,4x	13,8x	12,1x
EV	947	916	866
Net debt (Evli est.)	-18	-18	-18
Value of equity	965	933	883
Per share	26,9	26,0	24,6

Source: Factset, Evli Research

	EV/Sales		
	19	20	21
Sales (Evli est.)	404	426	447
Multiple (peer median)	3,6x	3,3x	2,9x
EV	1436	1397	1292
Net debt (Evli est.)	-18	-18	-18
Value of equity	1454	1415	1310
Per share	40,5	39,4	36,5

Source: Factset, Evli Research

Electronic Equipment & Instruments/Finland, December 12, 2019
Company update

VAISALA PEER GROUP	Security identifier	MCAP MEUR	EBIT %	EBIT %	EBIT %	EBITDA %	EBITDA %	EBITDA %	ROCE %	ROCE %	ROCE %
			19E	20E	21E	19E	20E	21E	19E	20E	21E
Keysight Technologies	KEYS-US	17186	23,5	24,5	25,2	26,7	28,0	28,7	18,0	16,8	15,6
National Instruments Corp.	NATI-US	4956	18,2	17,9	0,0	22,4	23,4	21,8	18,1	18,1	20,0
Spectris	SXS-GB	3772	15,2	15,5	15,8	20,1	19,3	19,4	16,0	15,2	15,7
Oxford Instruments	OXIG-GB	1006	15,4	15,6		18,6	18,8	19,2	20,6	20,4	19,4
Trimble	TRMB-US	8975	20,3	21,0	22,0	22,6	23,1	23,8	13,8	14,5	14,7
Hexagon	HEXA.B-SE	18328	24,7	25,8	26,5	33,4	34,8	35,0	11,2	11,7	11,7
Peer Group Average		9037	19,5	20,0	22,4	24,0	24,6	24,7	16,3	16,1	16,2
Peer Group Median		6966	19,3	19,4	23,6	22,5	23,2	22,8	17,0	16,0	15,6
Vaisala (Evli est.)		1161	9,8	10,5	11,0	15,3	15,6	16,0	16,0	16,8	17,9

Premium/discount to peer median

-49 % -46 % -54 % -32 % -33 % -30 % -6 % 5 % 14 %

VAISALA PEER GROUP	Security identifier	MCAP MEUR	ROE %	ROE %	ROE %	DIV %	DIV %	DIV %	P/E	P/E	P/E
			19E	20E	21E	19E	20E	21E	19E	20E	21E
Keysight Technologies	KEYS-US	17186	33	29	26	0,0	0,0	0,0	21,5x	19,9x	18,1x
National Instruments Corp.	NATI-US	4956							37,7x	37,1x	30,7x
Spectris	SXS-GB	3772	16	15	15	2,4	2,5	2,6	16,6x	17,0x	15,9x
Oxford Instruments	OXIG-GB	1006	19	18	16	1,0	1,1	1,1	20,8x	19,7x	18,6x
Trimble	TRMB-US	8975	16	16	16	0,0	0,0	0,0	20,7x	19,1x	16,5x
Hexagon	HEXA.B-SE	18328	14	13	13	1,2	1,3	1,4	23,8x	21,7x	20,0x
Peer Group Average		9037	19,4	18,2	17,2	0,9	1,0	1,0	23,5x	22,4x	20,0x
Peer Group Median		6966	15,8	15,9	15,9	1,0	1,1	1,1	21,1x	19,8x	18,4x
Vaisala (Evli est.)		1161	16,5	17,8	18,2	1,9	2,0	2,2	37,3	32,6	29,6

Premium/discount to peer median

4 % 12 % 15 % 88 % 91 % 92 % 76 % 65 % 61 %

VAISALA PEER GROUP	Security identifier	MCAP MEUR	EV/S	EV/S	EV/S	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT
			19E	20E	21E	19E	20E	21E	19E	20E	21E
Keysight Technologies	KEYS-US	17186	4,6x	4,3x	4,0x	17,4x	15,4x	13,8x	19,8x	17,6x	15,7x
National Instruments Corp.	NATI-US	4956									
Spectris	SXS-GB	3772	2,0x	2,0x	1,9x	9,9x	10,4x	9,8x	13,0x	12,9x	12,0x
Oxford Instruments	OXIG-GB	1006	2,4x	2,3x	2,2x	12,9x	12,2x	11,7x	15,6x	14,7x	13,9x
Trimble	TRMB-US	8975	3,6x	3,3x	2,9x	15,8x	14,2x	12,1x	17,5x	15,6x	13,1x
Hexagon	HEXA.B-SE	18328	5,1x	4,8x	4,4x	15,4x	13,8x	12,6x	20,8x	18,5x	16,6x
Peer Group Average		9037	3,5x	3,3x	3,1x	14,3x	13,2x	12,0x	17,4x	15,9x	14,3x
Peer Group Median		6966	3,6x	3,3x	2,9x	15,4x	13,8x	12,1x	17,5x	15,6x	13,9x
Vaisala (Evli est.)		1161	2,8x	2,7x	2,5x	18,5x	17,1x	15,7x	28,8x	25,5x	22,8x

Premium/discount to peer median

-21 % -19 % -13 % 20 % 24 % 29 % 65 % 63 % 64 %

VAISALA PEER GROUP	Security identifier	MCAP MEUR	Sales growth	Sales growth	Sales growth	Net debt / EBITDA	Net debt / EBITDA	Net debt / EBITDA	Equity ratio %	Equity ratio %	Equity ratio %
			19E	20E	21E	19E	20E	21E	19E	20E	21E
Keysight Technologies	KEYS-US	17186	10,2%	5,7%	6,3%	0,9x	0,4x	0,1x	45,4	49,7	54,5
National Instruments Corp.	NATI-US	4956	-1,1%	4,4%	0,0%				71,7	71,9	73,0
Spectris	SXS-GB	3772	2,4%	-3,7%	2,3%	0,2x	0,0x	-0,3x	62,1	65,8	71,3
Oxford Instruments	OXIG-GB	1006	5,0%	3,8%		-0,1x	-0,2x	-0,2x	56,3	61,4	62,7
Trimble	TRMB-US	8975	3,1%	4,3%	7,3%	2,1x	1,4x	0,6x	48,9	51,9	55,4
Hexagon	HEXA.B-SE	18328	3,9%	4,6%	5,3%	1,4x	0,9x	0,4x	57,1	58,8	60,7
Peer Group Average		9037	3,9%	3,2%	5,3%	0,9x	0,5x	0,1x	56,9	59,9	62,9
Peer Group Median		6966	3,5%	4,4%	5,8%	0,9x	0,4x	0,1x	56,7	60,1	61,7
Vaisala (Evli est.)		1161	15,7%	5,5%	5,0%	-0,3x	-0,4x	-0,6x	50,2	51,6	54,1

Premium/discount to peer median

350 % 27 % -13 % -133 % -183 % -808 % -11 % -14 % -12 %

VAISALA PEER GROUP	Security identifier	MCAP MEUR	P/B	P/B	P/B
			19E	20E	21E
Keysight Technologies	KEYS-US	17186	6,4	5,2	4,2
National Instruments Corp.	NATI-US	4956			
Spectris	SXS-GB	3772	2,6	2,4	2,3
Oxford Instruments	OXIG-GB	1006	3,8	3,4	2,8
Trimble	TRMB-US	8975	3,2	2,9	2,4
Hexagon	HEXA.B-SE	18328	3,0	2,8	2,6
Peer Group Average		9037	3,8	3,3	2,8
Peer Group Median		6966	3,2	2,9	2,6
Vaisala (Evli est.)		1161	6,0	6,0	6,0

Premium/discount to peer median

88 % 108 % 135 %

Source: Factset, Evli Research

Updated on December 11, 2019

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	76.3	80.1	84.1	108.3	348.8	84.2	96.1	105.2	118.0	403.5	425.8	447.1
EBITDA	7.9	6.8	16.7	19.7	51.1	6.3	13.0	21.7	20.6	61.6	65.9	71.4
<i>EBITDA margin (%)</i>	<i>10.4</i>	<i>8.5</i>	<i>19.9</i>	<i>18.2</i>	<i>14.7</i>	<i>7.5</i>	<i>13.5</i>	<i>20.6</i>	<i>17.4</i>	<i>15.3</i>	<i>15.5</i>	<i>16.0</i>
EBIT	5.7	4.7	14.6	14.0	39.0	0.0	7.2	16.3	16.1	39.6	44.5	49.0
<i>EBIT margin (%)</i>	<i>7.5</i>	<i>5.9</i>	<i>17.4</i>	<i>12.9</i>	<i>11.2</i>	<i>0.0</i>	<i>7.5</i>	<i>15.5</i>	<i>13.6</i>	<i>9.8</i>	<i>10.5</i>	<i>11.0</i>
Net financial items	-1.2	0.3	-0.5	0.0	-1.4	0.2	-0.7	0.6	-0.4	-0.3	0.0	0.0
Pre-tax profit	4.5	5.0	14.1	14.0	37.6	0.2	6.5	16.9	15.7	39.3	44.5	49.0
Tax	-1.0	-1.1	-3.3	-2.6	-8.0	0.0	-1.4	-3.6	-3.1	-8.2	-8.9	-9.8
<i>Tax rate (%)</i>	<i>22.2</i>	<i>22.0</i>	<i>23.6</i>	<i>18.4</i>	<i>21.3</i>	<i>25.0</i>	<i>21.5</i>	<i>21.3</i>	<i>20.0</i>	<i>20.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	3.5	3.9	10.8	11.4	29.6	0.2	5.1	13.3	12.5	31.1	35.6	39.2
EPS	0.10	0.11	0.30	0.32	0.83	0.00	0.14	0.37	0.35	0.87	0.99	1.09
EPS adjusted (diluted no. of shares)	0.10	0.11	0.30	0.32	0.83	0.00	0.14	0.37	0.35	0.87	0.99	1.09
Dividend per share	0.00	0.00	0.00	0.00	0.58	0.00	0.00	0.00	0.00	0.60	0.65	0.70
SALES, EURm												
Weather and Environment	48.1	52.0	54.6	77.6	232.3	49.6	60.7	69.1	80.0	259.4	268.5	278.7
Industrial Measurements	28.2	28.1	29.5	30.7	116.5	34.6	35.4	36.1	38.0	144.1	157.4	168.4
Total	76.3	80.1	84.1	108.3	348.8	84.2	96.1	105.2	118.0	403.5	425.8	447.1
SALES GROWTH, Y/Y %												
<i>Weather and Environment</i>	<i>19.4</i>	<i>5.5</i>	<i>-6.3</i>	<i>4.3</i>	<i>4.5</i>	<i>3.1</i>	<i>16.7</i>	<i>26.6</i>	<i>3.1</i>	<i>11.7</i>	<i>3.5</i>	<i>3.8</i>
<i>Industrial Measurements</i>	<i>0.4</i>	<i>10.2</i>	<i>2.4</i>	<i>10.0</i>	<i>5.6</i>	<i>22.7</i>	<i>26.0</i>	<i>22.4</i>	<i>23.8</i>	<i>23.7</i>	<i>9.2</i>	<i>7.0</i>
Total	11.5	7.1	-3.4	5.9	4.9	10.4	20.0	25.1	9.0	15.7	5.5	5.0
EBIT, EURm												
Weather and Environment	0.0	-0.3	7.5	10.5	17.7	-4.3	0.6	9.3	10.0	15.6	16.0	17.5
Industrial Measurements	5.9	4.7	7.8	5.6	24.0	4.6	7.5	8.5	7.6	28.2	31.0	34.0
Other	-0.2	0.3	-0.7	-2.1	-2.7	-0.3	-0.9	-1.5	-1.5	-4.2	-2.5	-2.5
Total	5.7	4.7	14.6	14.0	39.0	0.0	7.2	16.3	16.1	39.6	44.5	49.0
EBIT margin, %												
<i>Weather and Environment</i>	<i>0.0</i>	<i>-0.6</i>	<i>13.7</i>	<i>13.5</i>	<i>7.6</i>	<i>-8.7</i>	<i>1.0</i>	<i>13.5</i>	<i>12.5</i>	<i>6.0</i>	<i>6.0</i>	<i>6.3</i>
<i>Industrial Measurements</i>	<i>20.9</i>	<i>16.7</i>	<i>26.4</i>	<i>18.2</i>	<i>20.6</i>	<i>13.3</i>	<i>21.2</i>	<i>23.6</i>	<i>19.9</i>	<i>19.6</i>	<i>19.7</i>	<i>20.2</i>
Total	7.5	5.9	17.4	12.9	11.2	0.0	7.5	15.5	13.6	9.8	10.5	11.0

Electronic Equipment & Instruments/Finland, December 12, 2019
Company update

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	299.6	318.6	319.2	332.6	348.8	403.5	425.8	447.1
<i>Sales growth (%)</i>	<i>9.7</i>	<i>6.3</i>	<i>0.2</i>	<i>4.2</i>	<i>4.9</i>	<i>15.7</i>	<i>5.5</i>	<i>5.0</i>
EBITDA	41.5	44.6	46.3	50.3	51.1	61.6	65.9	71.4
<i>EBITDA margin (%)</i>	<i>13.9</i>	<i>14.0</i>	<i>14.5</i>	<i>15.1</i>	<i>14.7</i>	<i>15.3</i>	<i>15.5</i>	<i>16.0</i>
Depreciation	-15.0	-14.7	-13.5	-9.5	-12.1	-22.0	-21.4	-22.4
EBITA	26.5	29.9	32.8	40.8	39.0	39.6	44.5	49.0
Goodwill amortization / writedown	-0.2	-0.4	-10.6	0.0	0.0	0.0	0.0	0.0
EBIT	26.3	29.5	22.2	40.8	39.0	39.6	44.5	49.0
<i>EBIT margin (%)</i>	<i>8.8</i>	<i>9.3</i>	<i>7.0</i>	<i>12.3</i>	<i>11.2</i>	<i>9.8</i>	<i>10.5</i>	<i>11.0</i>
Reported EBIT	26.3	29.5	22.2	40.8	39.0	39.6	44.5	49.0
<i>EBIT margin (reported) (%)</i>	<i>8.8</i>	<i>9.3</i>	<i>7.0</i>	<i>12.3</i>	<i>11.2</i>	<i>9.8</i>	<i>10.5</i>	<i>11.0</i>
Net financials	2.7	3.4	-0.2	-2.8	-1.4	-0.3	0.0	0.0
Pre-tax profit	29.0	32.9	22.0	38.0	37.6	39.3	44.5	49.0
Taxes	-5.7	-5.5	-3.3	-10.9	-8.0	-8.2	-8.9	-9.8
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	23.3	27.4	18.7	27.1	29.6	31.1	35.6	39.2
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	68	63	46	46	72	81	85	83
Goodwill	14	16	17	16	55	55	55	55
Right of use assets	0	0	0	0	12	10	11	11
Inventory	34	39	32	29	32	37	39	41
Receivables	72	77	78	84	93	108	114	120
Liquid funds	48	59	72	91	73	84	89	93
Total assets	245	264	255	274	347	385	402	413
Liabilities								
Shareholder's equity	170	181	179	186	183	193	207	223
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	12	10	11	11
Deferred taxes	5	5	0	1	9	9	9	9
Interest bearing debt	0	0	0	0	41	56	53	42
Non-interest bearing current liabilities	64	75	71	81	89	103	109	114
Other interest-free debt	4	3	4	5	9	9	9	9
Total liabilities	245	264	255	274	347	385	402	413
CASH FLOW, EURm								
+ EBITDA	42	45	46	50	51	62	66	71
- Net financial items	48	59	13	20	-1	0	0	0
- Taxes	-4	-7	-9	-7	-1	-8	-9	-10
- Increase in Net Working Capital	-13	2	2	7	-4	-6	-2	-2
+/- Other	-48	-59	-10	-21	-53	0	0	0
= Cash flow from operations	24	39	42	49	-9	47	55	59
- Capex	-8	-8	-8	-8	-66	-29	-26	-21
- Acquisitions	0	0	0	-2	0	0	0	0
+ Divestments	1	0	1	0	0	0	0	0
= Free cash flow	17	31	35	39	-75	18	29	38
+/- New issues/buybacks	4	0	-4	-2	5	0	0	0
- Paid dividend	-16	-16	-17	-18	-37	-21	-22	-23
+/- Other	-3	-3	-1	0	88	14	-3	-10
Change in cash	2	12	13	19	-19	11	5	4

Electronic Equipment & Instruments/Finland, December 12, 2019
Company update

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	431	602	794	659	1,159	1,159	1,159
Net debt (excl. convertibles)	-59	-72	-91	-20	-18	-25	-40
Enterprise value	372	529	703	638	1,141	1,134	1,119
Sales	319	319	333	349	404	426	447
EBITDA	45	46	50	51	62	66	71
EBIT	30	22	41	39	40	45	49
Pre-tax	33	22	38	38	39	45	49
Earnings	27	19	27	30	31	36	39
Equity book value (excl. minorities)	181	179	186	183	193	207	223
Valuation multiples							
EV/sales	1.2	1.7	2.1	1.8	2.8	2.7	2.5
EV/EBITDA	8.3	11.4	14.0	12.5	18.5	17.2	15.7
EV/EBITA	12.4	16.1	17.2	16.4	28.8	25.5	22.8
EV/EBIT	12.6	23.8	17.2	16.4	28.8	25.5	22.8
EV/OCF	9.6	12.7	14.3	-73.4	24.1	20.7	18.9
EV/FCFF	13.3	14.9	17.1	-9.3	55.3	35.6	27.1
P/FCFE	28.0	34.0	40.6	-8.8	63.7	40.3	30.4
P/E	15.8	32.2	29.3	22.2	37.3	32.6	29.6
P/B	2.4	3.4	4.3	3.6	6.0	5.6	5.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	16.9	15.7	14.3
Target EV/EBIT	0.0	0.0	0.0	0.0	26.3	23.2	20.8
Target EV/FCF	0.0	0.0	0.0	0.0	57.2	35.9	26.8
Target P/B	0.0	0.0	0.0	0.0	5.5	5.1	4.7
Target P/E	0.0	0.0	0.0	0.0	34.0	29.7	27.0
Per share measures							
Number of shares	36,054	35,703	35,692	35,790	35,881	35,881	35,881
Number of shares (diluted)	36,054	35,703	35,692	35,790	35,881	35,881	35,881
EPS	0.76	0.52	0.76	0.83	0.87	0.99	1.09
Operating cash flow per share	1.08	1.17	1.38	-0.24	1.32	1.52	1.65
Free cash flow per share	0.85	0.99	1.10	-2.09	0.51	0.80	1.06
Book value per share	5.03	5.00	5.20	5.11	5.39	5.78	6.22
Dividend per share	0.48	0.50	1.05	0.58	0.60	0.65	0.70
Dividend payout ratio, %	62.5	95.5	138.3	70.1	69.2	65.5	64.1
Dividend yield, %	4.0	3.0	4.7	3.2	1.9	2.0	2.2
FCF yield, %	7.1	5.9	4.9	-11.3	1.6	2.5	3.3
Efficiency measures							
ROE	15.6	10.4	14.9	16.1	16.5	17.8	18.2
ROCE	16.7	12.4	22.4	18.5	16.0	16.8	17.9
Financial ratios							
Inventories as % of sales	12.2	10.1	8.6	9.2	9.2	9.2	9.2
Receivables as % of sales	24.0	24.3	25.3	26.7	26.7	26.7	26.7
Non-interest bearing liabilities as % of sales	23.5	22.2	24.4	25.5	25.5	25.5	25.5
NWC/sales, %	12.8	12.1	9.5	10.1	10.2	10.2	10.2
Operative CAPEX/sales, %	2.6	2.4	2.5	18.9	7.2	6.1	4.8
CAPEX/sales (incl. acquisitions), %	2.6	2.4	1.9	18.9	7.2	6.1	4.8
FCFF/EBITDA	0.6	0.8	0.8	-1.3	0.3	0.5	0.6
Net debt/EBITDA, book-weighted	-1.3	-1.6	-1.8	-0.4	-0.3	-0.4	-0.6
Debt/equity, market-weighted	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Equity ratio, book-weighted	68.6	70.0	67.7	52.8	50.2	51.6	54.1
Gearing, %	-32.7	-40.5	-49.2	-11.0	-9.1	-12.0	-17.7

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	3,774,792	121.926	10.5%
Nordea Bank Ab (publ), Finnish Branch	3,186,914	102.937	8.9%
Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch	2,247,215	72.585	6.3%
Finnish Academy of Science and Letters	2,130,832	68.826	5.9%
Mandatum Life Insurance Company Ltd.	1,533,300	49.526	4.3%
Nordea Nordic Small Cap Fund	1,475,832	47.669	4.1%
Ilmarinen Mutual Pension Insurance Company	1,470,628	47.501	4.1%
Weisell-Säätiö Sr	1,440,000	46.512	4.0%
Voipio Mikko	1,268,312	40.966	3.5%
Caspers Anja	969,496	31.315	2.7%
Ten largest	19,497,321	629.763	54%
Residual	16,383,679	529.193	46%
Total	35,881,000	1,158.956	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Kjell Forsén

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

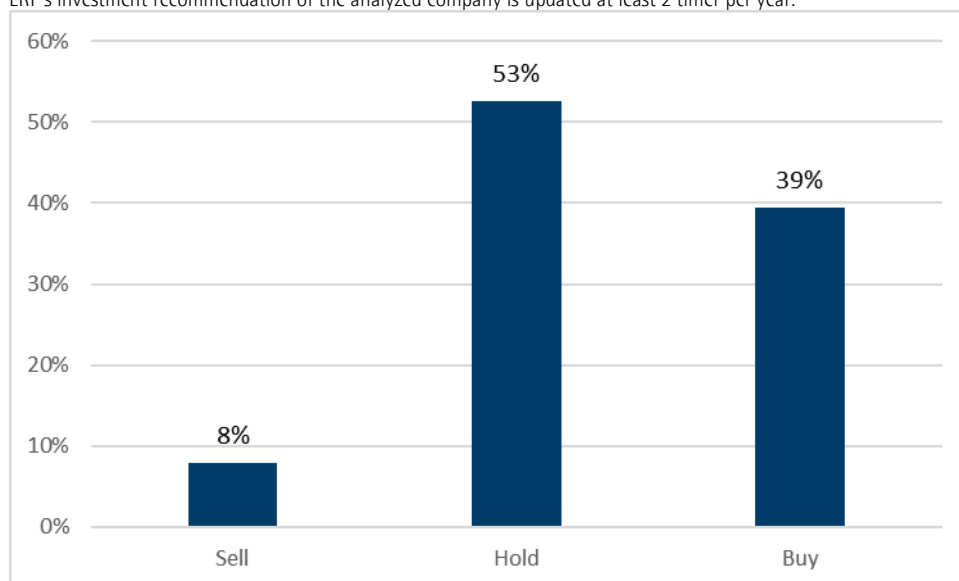
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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