

A perfect storm in many ways

Vaisala's Q1 result beat our and consensus expectations thanks to a better than expected and solid performance in both BU's. The improved market environment and strong order book attributed to net sales growth and profitability improved thanks to higher sales and lower OPEX level due to Covid-19. We have increased our estimates for 2021-23E to reflect the expected market improvement. Based on our renewed estimates and improved outlook, we raise our target price to €33 (prev. €32), our rating is now HOLD (prev. SELL).

Strong start to the year

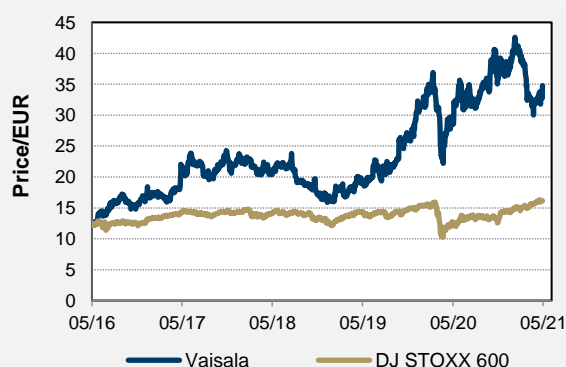
Vaisala's Q1 result beat our and consensus expectations thanks to solid performance in both BU's. Q1 net sales increased by 5% to 92 MEUR (86.5 Evli / 85.7 cons). Q1 EBIT came in at 8.1 MEUR (5.9 Evli / 5.0 cons), resulting in 8,8% EBIT-margin (Q1'20: 5.2 MEUR, 6% EBIT-margin). Orders received grew by 18% to 106.1 MEUR (Q1'20: 88.7 MEUR). As a result of strong order intake, order book was record high at 155.4 MEUR (Q1'20: 141.6 MEUR). IM continued its strong performance; net sales grew 12% to 39.7 MEUR (39.5 MEUR Evli). IM EBIT was 9.4 MEUR (8.9 MEUR Evli), resulting in 23,8% EBIT-margin (Q1'20: 21,4%). IM net sales growth was strong in life science and power industry market segments and good in industrial instruments, but net sales declined in liquid measurements. IM's order intake growth was 22% coming from all market segments and boosted by the economic recovery in China. W&E net sales increased by 1% to 52.2 MEUR (47 MEUR Evli). W&E EBIT was -0.9 MEUR (-2.6 MEUR Evli). W&E net sales grew in renewable energy, ground transportation, and meteorology market segments, but decreased in aviation, where market is still weak due to Covid-19. W&E's orders received grew nicely by 15%. W&E orders received increased in renewable energy and ground transportation market segments, whereas meteorology market segment was flat, and aviation decreased compared to previous year.

Outlook updated, more positive outlook upgrades likely to follow

As a result of strong start to the year, Vaisala raised the lower limits of its business outlook for 2021; net sales are expected to be between 380-400 MEUR and EBIT between of 35-45 MEUR (earlier net sales 370-400 and EBIT 30-45). The outlook update did not come as a surprise given the strong orders received and order book end of last year. We see further positive guidance improvements likely given the strong order intake and order book, improving market environment, and deliveries proceeding well.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 34.80

Target price, EUR 33.0

Latest change in recommendation 30-Apr-21

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 1,253

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

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	396.9	44.6	11.2%	30.4	0.95	36.6	3.2	28.1	2.4	0.63
2022E	416.2	52.5	12.6%	35.3	1.09	31.8	3.0	23.7	2.8	0.65
2023E	433.2	56.0	12.9%	38.4	1.17	29.8	2.8	21.9	3.1	0.67
Market cap, EURm			1,253	Gearing 2021E, %		0.3	CAGR EPS 2020-23, %			8.5
Net debt 2021E, EURm			1	Price/book 2021E		5.8	CAGR sales 2020-23, %			4.5
Enterprise value, EURm			1,256	Dividend yield 2021E, %		1.8	ROE 2021E, %			16.2
Total assets 2021E, EURm			361	Tax rate 2021E, %		20.0	ROCE 2021E, %			17.0
Goodwill 2021E, EURm			55	Equity ratio 2021E, %		60.3	PEG, P/E 21/CAGR			4.2

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

Electronic Equipment & Instruments/Finland, April 30, 2021
Company update

Target price €33 (prev. €32) with HOLD rating

We have increased our net sales and EBIT estimates for 2021-23E to reflect the expected market improvement. In 2021E, we expect +4,6 net sales growth driven by +7% growth in IM, while we expect W&E growth to be around 3%. We expect EBIT of 44.6 MEUR (11,2 % margin), driven by good performance in IM. Both our net sales and EBIT estimates are at guidance upper range. For 2022-23E we expect similar net sales growth and Vaisala to achieve above 12% EBIT margins as IM continues strong and W&E's profitability improves. On our renewed estimates, Vaisala is still trading at clear premiums compared to our peer group and we continue to see valuation stretched given Vaisala's weaker financial performance compared to peer group. Based on our renewed estimates and improved outlook, we raise our target price to €33 (prev. €32), our rating is now HOLD (prev. SELL). Our TP values Vaisala at 22-23E EV/EBIT multiples of 22x and 21x which is above the peer group, reflecting Vaisala's technology leadership position, strong sustainability profile, healthy dividend, and especially IM's highly profitable growth with possibility of further add-on acquisitions.

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	87.2	91.4	94.0	106.9	379.5	92.0	96.5	98.1	110.3	396.9	416.2	433.2
EBITDA	10.1	13.5	24.7	17.6	65.9	13.4	16.0	16.7	20.3	66.4	74.7	78.7
<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>16.6</i>	<i>17.0</i>	<i>18.4</i>	<i>16.7</i>	<i>17.9</i>	<i>18.2</i>
EBIT	5.2	7.9	19.5	12.2	44.8	8.1	10.5	11.2	14.8	44.6	52.5	56.0
<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>10.9</i>	<i>11.4</i>	<i>13.4</i>	<i>11.2</i>	<i>12.6</i>	<i>12.9</i>
Net financial items	-0.2	-0.9	-1.3	-1.0	-3.4	-0.2	-0.5	-0.5	-0.5	-1.7	0.0	0.0
Pre-tax profit	5.0	7.0	18.2	11.2	41.4	7.9	10.0	10.7	14.3	42.9	52.5	56.0
Tax	-0.9	-1.2	-3.7	-2.7	-8.5	-1.6	-2.0	-2.1	-2.9	-8.6	-13.1	-14.0
<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>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>25.0</i>	<i>25.0</i>
Net profit	4.1	5.8	14.5	8.5	32.9	6.2	8.0	8.5	11.4	34.2	39.4	42.0
EPS	0.11	0.16	0.40	0.24	0.91	0.17	0.22	0.24	0.32	0.95	1.09	1.17
EPS adjusted (diluted no. of shares)	0.11	0.16	0.40	0.24	0.91	0.17	0.22	0.24	0.32	0.95	1.09	1.17
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	58.9	60.9	70.5	242.5	249.4	254.4
Industrial Measurements	35.4	33.8	34.8	39.9	143.9	39.7	37.6	37.2	39.8	154.3	166.8	178.8
Total	87.2	91.4	94.0	106.9	379.5	92.0	96.5	98.1	110.3	396.9	416.2	433.2
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>2.3</i>	<i>2.9</i>	<i>5.2</i>	<i>2.9</i>	<i>2.8</i>	<i>2.0</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>11.2</i>	<i>6.9</i>	<i>-0.3</i>	<i>7.3</i>	<i>8.1</i>	<i>7.2</i>
Total	3.6	-4.9	-10.6	-9.5	-6.0	5.5	5.6	4.4	3.2	4.6	4.9	4.1
EBIT, EURm												
Weather and Environment	-2.4	0.7	11.1	5.2	14.6	-0.9	2.0	3.0	6.0	10.1	15.5	16.5
Industrial Measurements	7.6	7.1	8.6	8.3	31.6	9.4	8.9	8.6	9.2	36.1	39.0	41.5
Other	0.0	0.1	-0.2	-1.3	-1.4	-0.4	-0.4	-0.4	-0.4	-1.5	-2.0	-2.0
Total	5.2	7.9	19.5	12.2	44.8	8.1	10.5	11.2	14.8	44.6	52.5	56.0
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>3.4</i>	<i>4.9</i>	<i>8.5</i>	<i>4.2</i>	<i>6.2</i>	<i>6.5</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>23.7</i>	<i>23.0</i>	<i>23.0</i>	<i>23.4</i>	<i>23.4</i>	<i>23.2</i>
Total	6.0	8.6	20.7	11.4	11.8	8.8	10.9	11.4	13.4	11.2	12.6	12.9

VAISALA PEER GROUP	Security identifier	EBIT %	EBIT %	EBITDA	EBITDA %	ROCE %	ROCE %
		21E	22E	21E	22E	21E	22E
Keysight Technologies	KEYS-US	26,2	27,3	28,6	29,6	18,0	17,3
National Instruments Corp.	NATI-US	16,7		21,4	23,0	14,5	15,1
Spectris	SXS-GB	15,2	16,3	19,5	20,5	13,0	13,8
Oxford Instruments	OXIG-GB	17,6		20,6	20,9	18,2	17,0
Trimble	TRMB-US	22,2	23,1	23,8	24,6	12,5	12,9
Hexagon	HEXA.B-SE	27,2	27,9	36,7	36,9	12,0	12,3
Peer Group Average		20,9	23,6	25,1	25,9	14,7	14,7
Peer Group Median		19,9	25,2	22,6	23,8	13,8	14,4
Vaisala (Evli est.)		11,2	12,6	16,7	17,9	17,0	19,5
<i>Premium/discount to peer median</i>		<i>-44 %</i>	<i>-50 %</i>	<i>-26 %</i>	<i>-25 %</i>	<i>23 %</i>	<i>35 %</i>

	Security identifier	ROE %	ROE %	DIV %	DIV %	P/E	P/E
		21E	22E	21E	22E	21E	22E
Keysight Technologies	KEYS-US	28,9	25,6	0,1	0,3	25,5x	23,2x
National Instruments Corp.	NATI-US	8,0	11,8	2,3	2,4	60,2x	39,0x
Spectris	SXS-GB	13,4	15,1	2,2	2,3	23,6x	20,9x
Oxford Instruments	OXIG-GB	20,2	18,3	0,8	0,9	25,5x	24,3x
Trimble	TRMB-US	15,6	11,9	0,0	0,0	35,3x	31,4x
Hexagon	HEXA.B-SE	14,4	14,3	0,9	0,9	34,2x	31,5x
Peer Group Average		16,7	16,2	1,1	1,1	34,1x	28,4x
Peer Group Median		15,0	14,7	0,8	0,9	29,9x	27,8x
Vaisala (Evli est.)		16,2	17,5	1,8	1,9	36,6x	31,8x
<i>Premium/discount to peer median</i>		<i>8 %</i>	<i>18 %</i>	<i>117 %</i>	<i>108 %</i>	<i>22 %</i>	<i>14 %</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	5,5	5,0	19,3x	17,0x	21,0x	18,5x
National Instruments Corp.	NATI-US	4,1	3,8	19,2x	16,7x	24,6x	21,5x
Spectris	SXS-GB	2,8	2,6	14,3x	12,7x	18,3x	16,1x
Oxford Instruments	OXIG-GB	3,1	2,9	15,1x	13,7x	17,6x	16,0x
Trimble	TRMB-US	6,5	5,8	27,1x	23,7x	29,0x	25,3x
Hexagon	HEXA.B-SE	7,9	7,3	21,4x	19,7x	28,9x	26,1x
Peer Group Average		5,0	4,6	19,4x	17,3x	23,2x	20,6x
Peer Group Median		4,8	4,4	19,2x	16,9x	22,8x	20,0x
Vaisala (Evli est.)		3,2	3,0	18,9x	16,6x	28,1x	23,7x
<i>Premium/discount to peer median</i>		<i>-34 %</i>	<i>-33 %</i>	<i>-2 %</i>	<i>-1 %</i>	<i>23 %</i>	<i>18 %</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	14,7%	5,9%	-0,4x	-0,9x	49,7	55,0
National Instruments Corp.	NATI-US	9,7%	6,4%	-0,8x	-0,8x	63,5	68,2
Spectris	SXS-GB	-2,0%	4,1%	-0,5x	-0,8x	67,7	68,0
Oxford Instruments	OXIG-GB	4,9%	5,3%	-1,6x	-1,9x	62,8	62,1
Trimble	TRMB-US	7,5%	7,6%	1,1x	0,3x	55,1	57,8
Hexagon	HEXA.B-SE	8,8%	6,0%	1,2x	0,7x	57,8	59,4
Peer Group Average		7,3%	5,9%	-0,2x	-0,6x	59,4	61,7
Peer Group Median		8,2%	5,9%	-0,5x	-0,8x	60,3	60,7
Vaisala (Evli est.)		4,6%	4,9%	0,0x	-0,2x	60,3	63,1

Source: Factset, Evli Research

Updated on April 29th, 2021

Electronic Equipment & Instruments/Finland, April 30, 2021
Company update

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	319.2	332.6	348.8	403.6	379.5	396.9	416.2	433.2
<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>4.6</i>	<i>4.9</i>	<i>4.1</i>
EBITDA	46.3	50.3	51.1	64.7	65.9	66.4	74.7	78.7
<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>16.7</i>	<i>17.9</i>	<i>18.2</i>
Depreciation	-13.5	-9.5	-12.1	-23.6	-21.1	-21.8	-22.2	-22.7
EBITA	32.8	40.8	39.0	41.1	44.8	44.6	52.5	56.0
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	44.6	52.5	56.0
<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>11.2</i>	<i>12.6</i>	<i>12.9</i>
Reported EBIT	22.2	40.8	39.0	41.1	44.8	44.6	52.5	56.0
<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>11.2</i>	<i>12.6</i>	<i>12.9</i>
Net financials	-0.2	-2.8	-1.4	-1.0	-3.4	-1.7	0.0	0.0
Pre-tax profit	22.0	38.0	37.6	40.1	41.4	42.9	52.5	56.0
Taxes	-3.3	-10.9	-8.0	-6.5	-8.5	-8.6	-13.1	-14.0
Minority shares	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0
Net profit	18.7	27.1	29.6	33.5	32.9	34.2	39.4	42.0
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	95	95	96
Goodwill	17	16	55	55	55	55	55	55
Right of use assets	0	0	12	12	13	13	14	14
Inventory	32	29	32	40	45	47	49	51
Receivables	78	84	93	105	93	97	101	106
Liquid funds	72	91	73	56	45	47	50	52
Total assets	255	274	347	361	352	361	371	381
Liabilities								
Shareholder's equity	179	186	183	198	205	217	234	253
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	13	14	14
Deferred taxes	0	1	9	8	8	8	8	8
Interest bearing debt	0	0	41	40	45	35	24	10
Non-interest bearing current liabilities	71	81	89	94	76	80	84	87
Other interest-free debt	4	5	9	7	8	8	8	8
Total liabilities	255	274	347	361	352	361	371	381
CASH FLOW, EURm								
+ EBITDA	46	50	51	65	66	66	75	79
- Net financial items	0	-3	-1	-1	-3	-2	0	0
- Taxes	-9	-7	-9	-8	-6	-9	-13	-14
- Increase in Net Working Capital	2	7	-4	-16	-6	-3	-3	-3
+/- Other	3	2	11	0	0	0	0	0
= Cash flow from operations	42	49	48	40	50	53	58	62
- Capex	-8	-8	-14	-35	-33	-23	-23	-24
- 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	30	35	38
+/- 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	-6	-10	-13
Change in cash	13	19	-19	-16	-11	2	2	2

Electronic Equipment & Instruments/Finland, April 30, 2021
Company update

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	794	659	1,159	1,453	1,253	1,253	1,253
Net debt (excl. convertibles)	-91	-20	-5	9	1	-12	-27
Enterprise value	703	638	1,154	1,464	1,256	1,243	1,228
Sales	333	349	404	380	397	416	433
EBITDA	50	51	65	66	66	75	79
EBIT	41	39	41	45	45	53	56
Pre-tax	38	38	40	41	43	53	56
Earnings	27	30	34	33	34	39	42
Equity book value (excl. minorities)	186	183	198	205	217	234	253
Valuation multiples							
EV/sales	2.1	1.8	2.9	3.9	3.2	3.0	2.8
EV/EBITDA	14.0	12.5	17.8	22.2	18.9	16.6	15.6
EV/EBITA	17.2	16.4	28.1	32.7	28.1	23.7	21.9
EV/EBIT	17.2	16.4	28.1	32.7	28.1	23.7	21.9
EV/OCF	14.3	13.2	28.9	29.5	23.6	21.3	19.8
EV/FCFF	17.1	-38.5	141.1	78.1	34.4	31.0	28.3
P/FCFE	40.6	-37.2	250.6	86.0	41.2	35.5	32.6
P/E	29.3	22.2	34.6	44.2	36.6	31.8	29.8
P/B	4.3	3.6	5.8	7.1	5.8	5.4	5.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	17.9	15.8	14.7
Target EV/EBIT	0.0	0.0	0.0	0.0	26.6	22.4	20.7
Target EV/FCF	0.0	0.0	0.0	0.0	39.1	33.3	30.2
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	34.7	30.2	28.3
Per share measures							
Number of shares	35,692	35,790	35,881	36,000	36,000	36,000	36,000
Number of shares (diluted)	35,692	35,790	35,881	36,000	36,000	36,000	36,000
EPS	0.76	0.83	0.93	0.91	0.95	1.09	1.17
Operating cash flow per share	1.38	1.35	1.11	1.38	1.48	1.62	1.72
Free cash flow per share	1.10	-0.49	0.13	0.47	0.84	0.98	1.07
Book value per share	5.20	5.11	5.52	5.69	6.04	6.50	7.02
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	66.2	59.4	57.4
Dividend yield, %	4.7	3.2	1.9	1.5	1.8	1.9	1.9
FCF yield, %	4.9	-2.7	0.4	1.2	2.4	2.8	3.1
Efficiency measures							
ROE	14.9	16.1	17.6	16.3	16.2	17.5	17.3
ROCE	22.4	18.5	17.0	17.7	17.0	19.5	20.4
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	15.2	15.3	15.3
Operative CAPEX/sales, %	2.5	4.1	8.7	8.6	5.8	5.6	5.5
CAPEX/sales (incl. acquisitions), %	1.9	-10.7	8.7	8.6	5.8	5.6	5.5
FCFF/EBITDA	0.8	-0.3	0.1	0.3	0.5	0.5	0.6
Net debt/EBITDA, book-weighted	-1.8	-0.4	-0.1	0.1	0.0	-0.2	-0.3
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	60.3	63.1	66.5
Gearing, %	-49.2	-11.0	-2.5	4.4	0.3	-5.2	-10.7

Electronic Equipment & Instruments/Finland, April 30, 2021
Company update

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	131.363	10.5%
Nordea Bank Ab (publ), Finnish Branch	3,186,914	110.905	8.9%
Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch	2,247,215	78.203	6.2%
Finnish Academy of Science and Letters	2,130,832	74.153	5.9%
Mandatum Life Insurance Company Ltd.	1,533,300	53.359	4.3%
Nordea Nordic Small Cap Fund	1,475,832	51.359	4.1%
Ilmarinen Mutual Pension Insurance Company	1,470,628	51.178	4.1%
Weisell-Säätiö Sr	1,440,000	50.112	4.0%
Voipio Mikko	1,268,312	44.137	3.5%
Caspers Anja	969,496	33.738	2.7%
Ten largest	19,497,321	678.507	54%
Residual	16,502,679	574.293	46%
Total	36,000,000	1,252.800	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Kai Öistämö

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

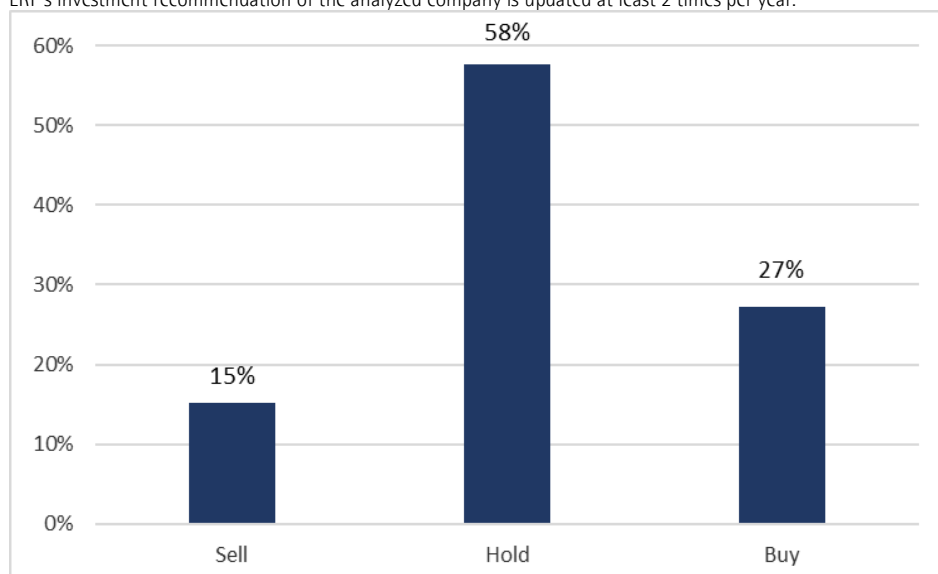
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Investment recommendations are defined as follows:

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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