

# Vaisala

## Company report

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**Pauli Lohi**  
+358 45 134 7790  
pauli.lohi@inderes.fi



**Joni Grönqvist**  
+358 40 515 3113  
joni.gronqvist@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Kasvun rakentaminen jatkuu haastavassa ympäristössä” published on 2/21/2022 at 9:46 am

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# Building growth continued in a challenging environment

Profitability in Q4 was affected by the worsening component shortage, which resulted in lower-than-expected earnings despite strong net sales growth. Vaisala has served its customers well and gained market shares in a challenging environment. The 2022 earnings growth outlook is good, even though visibility into component availability is still poor. We reiterate our Reduce recommendation and revise our target price to EUR 43 (prev. EUR 42.5) reflecting negative estimate revisions.

## Profitability suffered from component shortage

Net sales increased by 17% in Q4 from the comparison period and slightly exceeded our and consensus expectations. As expected, growth was driven by the Industrial Measurements business area (+26%), but good growth (+12%) was also seen in the Weather and Environment business area. EBIT fell to EUR 11.9 million, representing 9.5% of net sales (Q4'20: 11.4%). Profitability suffered clearly from the component shortage and was below both our and consensus estimates. Q4 EPS was EUR 0.21 and suffered, e.g., from high tax expenses during Q4. The Board of Directors proposed a dividend of EUR 0.68 to be paid for 2021, which corresponds to 63% of the company's net profit for the whole year (EUR 1.08). The dividend was raised considerably from the previous year's EUR 0.61.

## Order book 16% above 2020 level, guidance promises earnings growth

At Group level, orders received increased by 6% from the comparison period, which raised the order book 16% above the 2020 level. Orders received increased by 42% in the Industrial Measurements business area but decreased by 14% in the Weather and Environment business area. According to the company's guidance, 2022 net sales are expected to increase to EUR 465-495 million (2021: 438 MEUR) and EBIT is expected to be EUR 55-70 million (2021: 50.1 MEUR). In the earnings call, Vaisala stated it had made a conscious choice that customer deliveries are handled as expected, even if it would require purchasing components from the spot market at higher prices. This decreased Q4 gross margins, but on the other hand helped the company win new customers. We believe that this policy will also support net sales growth in 2022. Vaisala has raised prices during 2021 and we believe that it will be able to gradually restore its gross margins to normal levels during 2022. We raised our growth estimates by 5-6% and our EBIT estimates by 3-7% for 2022-23e, thanks to the strong growth outlook.

## A quality company deserves its high valuation, but it is hard to find a clear upside

Persistently managed and financially sound Vaisala that has paid stable dividends is one of the highest-quality companies on the stock exchange. However, the share valuation is still high with our estimates (2022e: adj. P/E 28x, adj. EV/EBIT 22x) and dividend yield is only 1.5% based on the 2021 dividend. We expect the result to develop favorably in coming years, but we believe strong earnings growth is already included in the share price for several years which is why it is hard to find any upside. The company estimates that procurement will be hampered by component shortage at least during 2022, which may result in margin surprises and slight fluctuations in the share price in the short term. In the long term, we see growth in the Industrial Measurements business area as the main value driver. Growth in this business may also over time support the Group's EBIT margin toward the company's target level of 15%.

## Recommendation

### Reduce

(previous Reduce)

### EUR 43.00

(previous EUR 42.50)

### Share price:

43.50



## Key figures

	2021	2022e	2023e	2024e
<b>Revenue</b>	438	479	506	536
<b>growth-%</b>	15 %	9 %	6 %	6 %
<b>EBIT adj.</b>	61.8	69.4	75.9	80.7
<b>EBIT-% adj.</b>	14.1 %	14.5 %	15.0 %	15.1 %
<b>Net Income</b>	41.2	49.8	55.6	60.3
<b>EPS (adj.)</b>	1.45	1.58	1.73	1.92
<b>P/E (adj.)</b>	32.0	27.6	25.1	22.6
<b>P/B</b>	7.4	6.2	5.6	5.0
<b>Dividend yield-%</b>	1.5 %	1.7 %	1.8 %	1.9 %
<b>EV/EBIT (adj.)</b>	26.8	22.0	19.7	18.1
<b>EV/EBITDA</b>	23.1	18.0	16.3	15.0
<b>EV/S</b>	3.8	3.2	2.9	2.7

Source: Inderes

## Guidance

(New guidance)

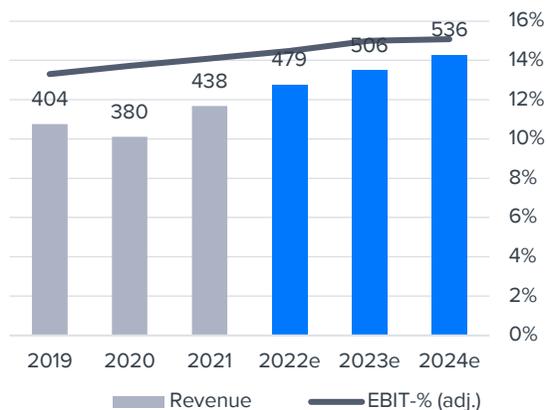
Vaisala estimates that its full-year 2022 net sales will be in the range of EUR 465–495 million and its operating result (EBIT) will be in the range of EUR 55–70 million.

## Share price



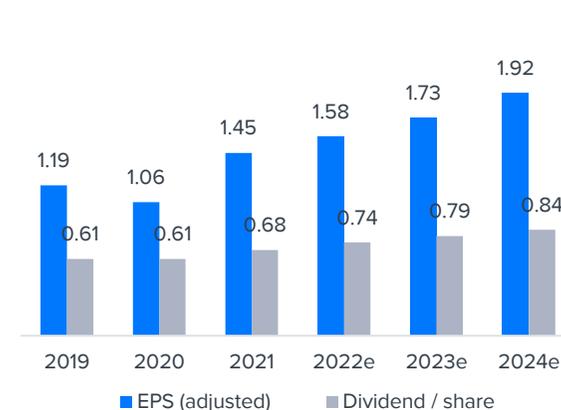
Source: Thomson Reuters

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Strong growth and profitability in the Industrial Measurements business area
- New products, solutions and services
- Increasing scalable business
- Acquisitions
- R&D and high value added products



## Risk factors

- Weather and Environment business area especially affected by macroeconomic uncertainty. Also development of the situation in China.
- Short order backlog provides limited visibility
- Component shortage and rising raw material prices
- Failure in new businesses
- The effects of the COVID pandemic can be stronger than expected on customer demand and/or delivery capacity

Valuation	2022e	2023e	2024e
Share price	43.5	43.5	43.5
Number of shares, millions	36.4	36.4	36.4
Market cap	1585	1585	1585
EV	1524	1493	1464
P/E (adj.)	27.6	25.1	22.6
P/E	31.8	28.5	26.3
P/FCF	32.3	26.7	27.8
P/B	6.2	5.6	5.0
P/S	3.3	3.1	3.0
EV/Sales	3.2	2.9	2.7
EV/EBITDA	18.0	16.3	15.0
EV/EBIT (adj.)	22.0	19.7	18.1
Payout ratio (%)	54%	52%	51%
Dividend yield-%	1.7%	1.8%	1.9%

Source: Inderes

# Component shortage was visible in profitability

## Perky net sales growth-vibe continued in Q4

Q4's net sales increased by 17% from the comparison period and slightly exceeded our and consensus estimates. In the Industrial Measurements business area net sales growth was described as strong in all four sub-segments and overall net sales increased by 26% from Q4'20. In the Weather and Environment business area net sales grew in the renewable energy and meteorology markets but remained at the same level as in 2020 in aviation and ground transportation weather markets. In total, the Weather and Environment business area's net sales increased by 12% during Q4.

## Orders received increased by 6% and order book by 16%

At Group level, orders received increased by 6% from the comparison period, which raised the order book

16% above the 2020 level. Orders received increased by 42% in the Industrial Measurements business area but decreased by 14% in the Weather and Environment business area. 78% of the order book is expected to be realized as net sales during 2022.

## Profitability suffered from component shortage

Reported EBIT was EUR 11.9 million, or 9.5% of net sales, in Q4, which means a clear decline in profitability from the comparison period (11.4%). Reported EBIT was also clearly below our and consensus estimates. Profitability was negatively affected by the component shortage. Vaisala has been forced to use part of its R&D resources to tackle the component shortage, and it has also purchased components at higher prices than usual.

## Dividend proposal 63% of net profit

Vaisala's Board of Directors proposed a dividend of EUR 0.68 to be paid for 2021, which corresponds to 63% of the company's net profit for the whole year. The dividend was raised considerably from the previous year's EUR 0.61.

Estimates MEUR / EUR	Q4'20	Q4'21	Q4'21e	Q4'21e	Consensus		Difference (%)	2021
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	107	125	121	123			3%	468
EBIT (adj.)	14.1	13.7	16.5				-17%	
EBIT	12.2	11.9	14.6	16.1			-18%	50.1
EPS (reported)	0.23	0.21	0.34	0.38			-39%	1.08
DPS	0.61	0.68	0.63	0.62			8%	0.68
Revenue growth-%	-9.5 %	16.9 %	13.2 %	15.1 %			3.8 pp	15.4 %
EBIT-%	11.4 %	9.5 %	12.0 %	13.1 %			-2.5 pp	10.7 %

Source: Inderes & Infront (consensus)

# We raise our growth estimates for the next few years

## Estimate changes 2022e-2023e

- Strong net sales development, the AerisWeather acquisition and the company's success in winning new customers give us reason to raise our net sales estimates. Our net sales estimate rises by 5% for 2022e and by 6% for 2023e.
- At the same time, upward pressure is directed at our EBIT estimates, although in 2022 component shortage and cost inflation will eat away some of the profitability. We raise our EBIT estimate by 3% for 2022e and by 7% for 2023e.

## Guidance and market outlook for 2022:

- Vaisala estimates that its full-year 2022 net sales will be in the range of EUR 465–495 million and its operating result (EBIT) will be in the range of EUR 55–70 million.
- The markets for industrial measurements, life science, power industry and liquid measurements are expected to grow.
- The meteorology market and ground transportation weather market are expected to be stable. The aviation weather market is expected to recover toward the pre-pandemic level. The renewable energy market is expected to grow.
- Visibility into component availability remains low and component shortage is expected to continue throughout 2022. The additional material costs from spot purchases of components are expected to remain at a high level in 2022.

Estimate revisions	2021	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	434	438	1%	456	479	5%	478	506	6%
EBITDA	74.6	71.8	-4%	82.9	84.7	2%	86.6	91.7	6%
EBIT (exc. NRIs)	64.5	61.8	-4%	67.6	69.4	3%	71.3	75.9	7%
EBIT	52.8	50.1	-5%	60.0	61.8	3%	63.8	68.4	7%
PTP	51.3	48.5	-6%	59.0	60.8	3%	63.1	67.8	7%
EPS (excl. NRIs)	1.58	1.45	-8%	1.62	1.58	-3%	1.71	1.73	1%
DPS	0.63	0.68	8%	0.65	0.74	14%	0.67	0.79	18%

Source: Inderes

# Valuation

## Valuation multiples

We favor P/E and EV/EBIT ratios in earnings-based valuation due to their better relative comparability. From the point of view of comparability, we adjust amortization of intangible assets related to acquisitions from the result.

Vaisala has historically been valued at relatively high multiples due to the company's position at the top of the value chain and its stable and good earnings capacity. Historically speaking, Vaisala's median P/E has been just under 20x. During the past good 12 months, Vaisala's valuation multiples have been stretched high and at times well above P/E 30x, without corresponding positive changes in the company's business or outlook. We believe, low interest rate expectations have previously supported low-risk shares like Vaisala. However, inflation is now putting upward pressure on the interest-rate environment.

We have calculated an acceptable P/E using the company's historical figures. Historical steady earnings and dividend growth support the use of these parameters. Using the parameters, we consider the 26x P/E ratio (2022e) acceptable for the company.

Vaisala's adjusted P/E and EV/EBIT ratios are 28x and 22x with our 2022 estimates. With 2023 estimates, the corresponding ratios are 25x and 20x and still well above the average 22x and 16x levels of the past 5 years. A key risk to earnings growth is the component shortage and whether customers will continue to postpone large infrastructure investments. If this materializes, earnings growth would slow down and the highish valuation would likely dissolve.

## DCF valuation

In our valuation, we weigh the cash flow valuation model (DCF) higher than normal. Vaisala's business development has been very stable in the long term, which reduces the estimate risks of the DCF model especially in relation to the terminal period.

In our estimate model, the company's net sales will increase by 9% in 2022 and by 4-6% in 2023-2026. Our growth assumption in the terminal period is 3.0% (prev. 2.7%). Our EBIT estimate for Vaisala is 12-14%, which is below the company's 15% strategy target and well above the average 9% of the last 10 years. The cost of capital we use in the DCF model (WACC) is 6.6% (prev. 6.2%). Thus, in our model the cost of capital still reflects the low risk profile despite the rise.

The DCF model indicates Vaisala's value to be EUR 43.1 per share. In the model, the weight of the terminal period is 71%, which is highish, but the steady history and the company's market position partly support this. In the big picture, the parameters are demanding and a higher valuation would require a stronger cash flow.

## Share's expected return in next few years

The expected return on the share in the next few years consisting of 7% earnings growth, 2% dividend yield and the slight downside in the multiples amounts to some 5%. The expected return does not therefore support owning the share at the current share price. We feel investors continue to bear the risk of the valuation normalizing, and the share does not provide sufficient expected return to compensate for this in the form of earnings growth and dividends.

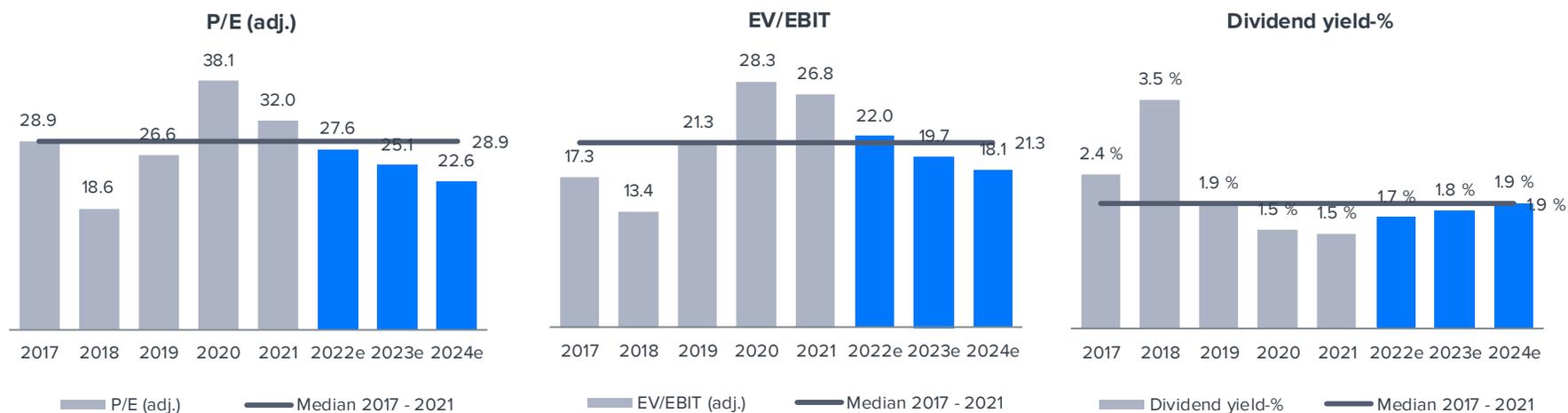
Valuation	2022e	2023e	2024e
Share price	43.5	43.5	43.5
Number of shares, millions	36.4	36.4	36.4
Market cap	1585	1585	1585
EV	1524	1493	1464
P/E (adj.)	27.6	25.1	22.6
P/E	31.8	28.5	26.3
P/FCF	32.3	26.7	27.8
P/B	6.2	5.6	5.0
P/S	3.3	3.1	3.0
EV/Sales	3.2	2.9	2.7
EV/EBITDA	18.0	16.3	15.0
EV/EBIT (adj.)	22.0	19.7	18.1
Payout ratio (%)	54%	52%	51%
Dividend yield-%	1.7 %	1.8 %	1.9 %

Source: Inderes

# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	22.3	16.5	31.8	40.4	46.4	43.5	43.5	43.5	43.5
Number of shares, millions	36.4	36.4	36.4	36.4	36.4	36.4	36.4	36.4	36.4
Market cap	811	601	1157	1470	1689	1585	1585	1585	1585
EV	719	569	1142	1473	1656	1524	1493	1464	1433
P/E (adj.)	28.9	18.6	26.6	38.1	32.0	27.6	25.1	22.6	24.5
P/E	29.7	20.4	34.4	44.8	41.0	31.8	28.5	26.3	25.4
P/FCF	20.3	neg.	>100	>100	30.5	32.3	26.7	27.8	25.5
P/B	4.4	3.3	5.8	7.2	7.4	6.2	5.6	5.0	4.6
P/S	2.4	1.7	2.9	3.9	3.9	3.3	3.1	3.0	2.8
EV/Sales	2.2	1.6	2.8	3.9	3.8	3.2	2.9	2.7	2.6
EV/EBITDA	14.2	11.2	17.7	22.4	23.1	18.0	16.3	15.0	14.0
EV/EBIT (adj.)	17.3	13.4	21.3	28.3	26.8	22.0	19.7	18.1	18.4
Payout ratio (%)	70%	72%	66%	68%	60%	54%	52%	51%	75%
Dividend yield-%	2.4 %	3.5 %	1.9 %	1.5 %	1.5 %	1.7 %	1.8 %	1.9 %	3.0 %

Source: Inderes



# Peer group valuation

Peer group valuation Company	Share price	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2022e
				2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	
Spectris	3213	4282	3993	14.2	13.6	11.7	11.0	2.5	2.3	19.9	18.5	2.2	2.3	2.8
Halma	2286	10436	10755	28.5	25.9	24.1	22.1	6.0	5.6	35.7	32.6	0.8	0.9	6.6
Oxford Instruments	1942	1346	1275	16.8	16.3	14.4	14.2	3.0	2.9	23.2	22.7	0.9	1.0	401.5
Indutrade	208	7144	7621	25.4	24.2	19.3	18.5	3.3	3.2	31.1	28.0	1.3	1.4	6.5
TT Electronics	223	473	603	11.4	9.5	8.3	7.2	1.0	0.9	12.6	10.5	2.4	2.9	1.3
Hexagon	122	29969	32365	22.6	20.6	17.0	15.9	6.6	6.1	27.1	24.5	1.1	1.2	3.3
Hexpol	108	3363	3429	13.2	12.2	11.3	10.5	2.1	2.0	17.8	16.5	3.5	3.0	3.2
Nokia	5.0	28722	24784	8.9	8.2	7.0	6.4	1.1	1.0	13.5	12.2	2.4	2.7	1.5
<b>Vaisala (Inderes)</b>	<b>43.50</b>	<b>1585</b>	<b>1524</b>	<b>22.0</b>	<b>19.7</b>	<b>18.0</b>	<b>16.3</b>	<b>3.2</b>	<b>2.9</b>	<b>27.6</b>	<b>25.1</b>	<b>1.7</b>	<b>1.8</b>	<b>6.2</b>
<b>Average</b>				<b>17.6</b>	<b>16.3</b>	<b>14.1</b>	<b>13.2</b>	<b>3.2</b>	<b>3.0</b>	<b>22.6</b>	<b>20.7</b>	<b>1.8</b>	<b>1.9</b>	<b>53.3</b>
<b>Median</b>				<b>15.5</b>	<b>14.9</b>	<b>13.1</b>	<b>12.6</b>	<b>2.7</b>	<b>2.6</b>	<b>21.5</b>	<b>20.6</b>	<b>1.7</b>	<b>1.9</b>	<b>3.2</b>
<b>Diff-% to median</b>				<b>42%</b>	<b>32%</b>	<b>38%</b>	<b>29%</b>	<b>16%</b>	<b>13%</b>	<b>28%</b>	<b>22%</b>	<b>-3%</b>	<b>-2%</b>	<b>93%</b>

Source: Thomson Reuters / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

# Income statement

Income statement	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
<b>Revenue</b>	<b>404</b>	<b>380</b>	<b>92.0</b>	<b>110</b>	<b>112</b>	<b>125</b>	<b>438</b>	<b>105</b>	<b>120</b>	<b>119</b>	<b>135</b>	<b>479</b>	<b>506</b>	<b>536</b>	<b>557</b>
Weather and Environment business	261	236	52.2	65.4	64.4	74.9	257	55.1	68.8	67.4	78.7	270	281	292	304
Industrial Measurements business	142	144	39.8	44.1	47.1	50.1	181	49.6	50.7	51.8	56.6	209	225	244	253
<b>EBITDA</b>	<b>64.6</b>	<b>65.9</b>	<b>13.9</b>	<b>15.6</b>	<b>24.8</b>	<b>17.5</b>	<b>71.8</b>	<b>16.6</b>	<b>21.4</b>	<b>23.1</b>	<b>23.6</b>	<b>84.7</b>	<b>91.7</b>	<b>97.7</b>	<b>103</b>
Depreciation	-23.5	-21.1	-5.8	-4.7	-5.5	-5.6	-21.6	-5.7	-5.7	-5.7	-5.7	-22.9	-23.3	-23.0	-24.7
<b>EBIT (excl. NRI)</b>	<b>53.7</b>	<b>52.1</b>	<b>10.0</b>	<b>14.2</b>	<b>23.9</b>	<b>13.7</b>	<b>61.8</b>	<b>12.7</b>	<b>17.6</b>	<b>19.2</b>	<b>19.8</b>	<b>69.4</b>	<b>75.9</b>	<b>80.7</b>	<b>78.0</b>
<b>EBIT</b>	<b>41.1</b>	<b>44.8</b>	<b>8.1</b>	<b>10.9</b>	<b>19.2</b>	<b>11.9</b>	<b>50.1</b>	<b>10.8</b>	<b>15.7</b>	<b>17.3</b>	<b>17.9</b>	<b>61.8</b>	<b>68.4</b>	<b>74.7</b>	<b>78.0</b>
Weather and Environment business	17.7	14.6	-0.9	1.0	5.3	2.3	7.7	-0.5	4.0	4.4	4.8	12.7	16.6	20.4	42.5
Industrial Measurements business	26.1	31.6	9.4	10.5	14.2	9.8	43.9	11.4	11.7	12.9	13.9	49.8	51.9	54.3	35.5
Other operations	-2.7	-1.4	-0.4	-0.6	-0.2	-0.3	-1.5	0.0	0.0	0.0	-0.7	-0.7	0.0	0.0	0.0
Net financial items	-1.1	-3.4	-0.3	-0.5	-0.5	-0.4	-1.6	-0.3	-0.3	-0.3	-0.3	-1.0	-0.6	-0.3	0.0
<b>PTP</b>	<b>40.1</b>	<b>41.3</b>	<b>7.9</b>	<b>10.4</b>	<b>18.8</b>	<b>11.5</b>	<b>48.5</b>	<b>10.6</b>	<b>15.4</b>	<b>17.1</b>	<b>17.7</b>	<b>60.8</b>	<b>67.8</b>	<b>74.5</b>	<b>78.0</b>
Taxes	-6.5	-8.5	-1.5	0.7	-2.8	-3.7	-7.3	-1.9	-2.8	-3.1	-3.2	-10.9	-12.2	-14.2	-15.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>33.6</b>	<b>32.8</b>	<b>6.4</b>	<b>11.1</b>	<b>16.0</b>	<b>7.8</b>	<b>41.2</b>	<b>8.7</b>	<b>12.7</b>	<b>14.0</b>	<b>14.5</b>	<b>49.8</b>	<b>55.6</b>	<b>56.6</b>	<b>60.0</b>
<b>EPS (adj.)</b>	<b>1.19</b>	<b>1.06</b>	<b>0.23</b>	<b>0.39</b>	<b>0.57</b>	<b>0.26</b>	<b>1.45</b>	<b>0.29</b>	<b>0.40</b>	<b>0.44</b>	<b>0.45</b>	<b>1.58</b>	<b>1.73</b>	<b>1.82</b>	<b>1.71</b>
<b>EPS (rep.)</b>	<b>0.92</b>	<b>0.90</b>	<b>0.17</b>	<b>0.30</b>	<b>0.44</b>	<b>0.21</b>	<b>1.13</b>	<b>0.24</b>	<b>0.35</b>	<b>0.38</b>	<b>0.40</b>	<b>1.37</b>	<b>1.53</b>	<b>1.55</b>	<b>1.65</b>
<b>Key figures</b>	<b>2019</b>	<b>2020</b>	<b>Q1'21</b>	<b>Q2'21</b>	<b>Q3'21</b>	<b>Q4'21</b>	<b>2021</b>	<b>Q1'22e</b>	<b>Q2'22e</b>	<b>Q3'22e</b>	<b>Q4'22e</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
<b>Revenue growth-%</b>	15.7 %	-6.0 %	5.5 %	19.8 %	18.6 %	16.9 %	15.4 %	13.9 %	9.2 %	6.9 %	8.2 %	9.3 %	5.7 %	5.8 %	4.0 %
<b>Adjusted EBIT growth-%</b>		-3.1 %	44.9 %	24.6 %	21.5 %	-3.0 %	18.6 %	27.3 %	23.9 %	-19.4 %	45.0 %	12.4 %	9.4 %	6.3 %	-3.4 %
<b>EBITDA-%</b>	16.0 %	17.4 %	15.1 %	14.3 %	22.2 %	14.0 %	16.4 %	15.8 %	17.9 %	19.3 %	17.5 %	17.7 %	18.1 %	18.2 %	18.4 %
<b>Adjusted EBIT-%</b>	13.3 %	13.7 %	10.9 %	13.0 %	21.4 %	10.9 %	14.1 %	12.1 %	14.7 %	16.1 %	14.7 %	14.5 %	15.0 %	15.1 %	14.0 %
<b>Net earnings-%</b>	8.3 %	8.6 %	6.9 %	10.1 %	14.3 %	6.2 %	9.4 %	8.3 %	10.6 %	11.8 %	10.7 %	10.4 %	11.0 %	10.6 %	10.8 %

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>174</b>	<b>179</b>	<b>177</b>	<b>176</b>	<b>176</b>
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	63.6	56.9	50.3	43.8	38.8
Tangible assets	83.9	94.1	98.8	104	109
Associated companies	1.1	1.3	1.3	1.3	1.3
Other investments	0.1	0.1	0.1	0.1	0.1
Other non-current assets	13.4	12.0	12.0	12.0	12.0
Deferred tax assets	11.6	14.3	14.3	14.3	14.3
<b>Current assets</b>	<b>178</b>	<b>229</b>	<b>250</b>	<b>277</b>	<b>293</b>
Inventories	44.5	49.9	43.1	45.6	48.2
Other current assets	24.2	28.1	25.0	25.0	25.0
Receivables	64.0	73.5	91.0	93.7	99.1
Cash and equivalents	45.4	77.9	90.6	112	121
<b>Balance sheet total</b>	<b>352</b>	<b>408</b>	<b>426</b>	<b>452</b>	<b>468</b>

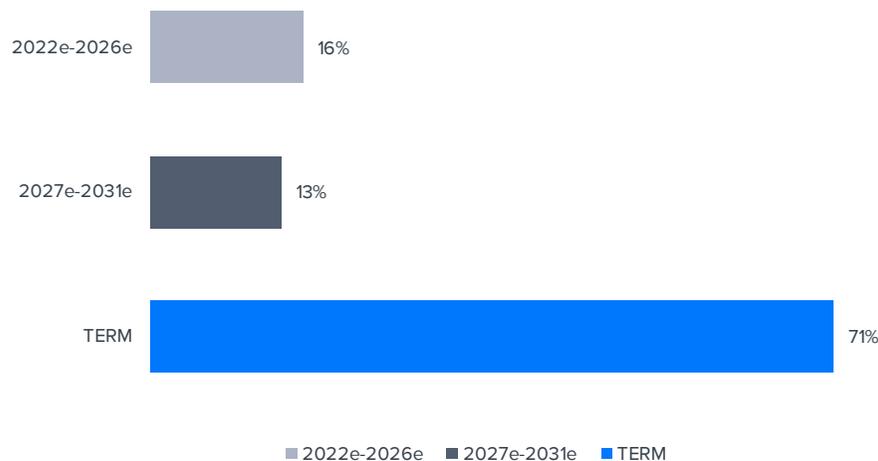
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>205</b>	<b>230</b>	<b>255</b>	<b>283</b>	<b>315</b>
Share capital	7.7	7.7	7.7	7.7	7.7
Retained earnings	201	218	243	272	303
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-2.8	1.7	1.7	1.7	1.7
Other equity	-0.7	2.4	2.4	2.4	2.4
Minorities	0.4	0.7	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>65.1</b>	<b>62.4</b>	<b>52.4</b>	<b>42.4</b>	<b>22.4</b>
Deferred tax liabilities	9.2	8.5	8.5	8.5	8.5
Provisions	1.8	2.3	2.3	2.3	2.3
Long term debt	40.0	40.0	30.0	20.0	0.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	14.1	11.7	11.7	11.7	11.7
<b>Current liabilities</b>	<b>81.3</b>	<b>115</b>	<b>119</b>	<b>126</b>	<b>131</b>
Short term debt	5.2	0.1	0.0	0.0	0.0
Payables	52.3	83.9	91.7	96.9	103
Other current liabilities	23.8	31.4	27.6	29.5	28.5
<b>Balance sheet total</b>	<b>352</b>	<b>408</b>	<b>426</b>	<b>452</b>	<b>468</b>

# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
<b>EBIT (operating profit)</b>	<b>50.1</b>	<b>61.8</b>	<b>68.4</b>	<b>74.7</b>	<b>78.0</b>	<b>81.1</b>	<b>83.5</b>	<b>86.0</b>	<b>88.6</b>	<b>91.3</b>	<b>94.0</b>	
+ Depreciation	21.6	22.9	23.3	23.0	24.7	25.5	25.5	23.8	20.9	20.6	21.0	
- Paid taxes	-10.7	-10.9	-12.2	-14.2	-15.6	-16.2	-16.7	-17.2	-17.7	-18.3	-18.8	
- Tax, financial expenses	-0.2	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	20.3	-3.5	2.0	-3.4	-1.3	-2.1	-1.3	-1.6	-1.5	-1.6	-1.6	
<b>Operating cash flow</b>	<b>81.1</b>	<b>70.0</b>	<b>81.3</b>	<b>80.1</b>	<b>85.8</b>	<b>88.3</b>	<b>91.0</b>	<b>91.0</b>	<b>90.3</b>	<b>92.0</b>	<b>94.6</b>	
+ Change in other long-term liabilities	-2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-23.7	-21.0	-22.0	-23.1	-23.7	-24.4	-24.2	-23.9	-23.7	-23.5	-24.0	
<b>Free operating cash flow</b>	<b>55.4</b>	<b>49.0</b>	<b>59.3</b>	<b>57.1</b>	<b>62.1</b>	<b>63.9</b>	<b>66.9</b>	<b>67.1</b>	<b>66.6</b>	<b>68.5</b>	<b>70.6</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	55.4	49.0	59.3	57.1	62.1	63.9	66.9	67.1	66.6	68.5	70.6	2030
<b>Discounted FCFF</b>		<b>46.4</b>	<b>52.7</b>	<b>47.6</b>	<b>48.5</b>	<b>46.9</b>	<b>46.0</b>	<b>43.4</b>	<b>40.4</b>	<b>39.0</b>	<b>37.6</b>	<b>1083</b>
Sum of FCFF present value		1532	1485	1432	1385	1336	1289	1243	1200	1160	1121	1083
<b>Enterprise value DCF</b>		<b>1532</b>										
- Interesting bearing debt		-40.1										
+ Cash and cash equivalents		77.9										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>1569</b>										
<b>Equity value DCF per share</b>		<b>43.1</b>										

Cash flow distribution



## Wacc

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	5.0 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.0 %
<b>Cost of equity</b>	<b>7.2 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>6.6 %</b>

Source: Inderes

# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	403.6	379.5	438.0	<b>478.8</b>	<b>506.3</b>	EPS (reported)	0.92	0.90	1.13	<b>1.37</b>	<b>1.53</b>
EBITDA	64.6	65.9	71.8	<b>84.7</b>	<b>91.7</b>	EPS (adj.)	1.19	1.06	1.45	<b>1.58</b>	<b>1.73</b>
EBIT	41.1	44.8	50.1	<b>61.8</b>	<b>68.4</b>	OCF / share	1.29	1.31	2.23	<b>1.92</b>	<b>2.23</b>
PTP	40.1	41.3	48.5	<b>60.8</b>	<b>67.8</b>	FCF / share	0.09	0.34	1.52	<b>1.35</b>	<b>1.63</b>
Net Income	33.6	32.8	41.2	<b>49.8</b>	<b>55.6</b>	Book value / share	5.44	5.63	6.31	<b>6.99</b>	<b>7.78</b>
Extraordinary items	-12.6	-7.3	-11.6	<b>-7.6</b>	<b>-7.5</b>	Dividend / share	0.61	0.61	0.68	<b>0.74</b>	<b>0.79</b>
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	361.4	351.8	408.1	<b>426.5</b>	<b>452.2</b>	Revenue growth-%	16%	-6%	15%	<b>9%</b>	<b>6%</b>
Equity capital	198.4	205.4	230.4	<b>254.8</b>	<b>283.5</b>	EBITDA growth-%	27%	2%	9%	<b>18%</b>	<b>8%</b>
Goodwill	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	EBIT (adj.) growth-%	26%	-3%	19%	<b>12%</b>	<b>9%</b>
Net debt	-16.1	-0.2	-37.8	<b>-60.6</b>	<b>-92.5</b>	EPS (adj.) growth-%	34%	-11%	37%	<b>9%</b>	<b>10%</b>
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	16.0 %	17.4 %	16.4 %	<b>17.7 %</b>	<b>18.1 %</b>
EBITDA	64.6	65.9	71.8	<b>84.7</b>	<b>91.7</b>	EBIT (adj.)-%	13.3 %	13.7 %	14.1 %	<b>14.5 %</b>	<b>15.0 %</b>
Change in working capital	-8.2	-9.5	20.3	<b>-3.5</b>	<b>2.0</b>	EBIT-%	10.2 %	11.8 %	11.4 %	<b>12.9 %</b>	<b>13.5 %</b>
Operating cash flow	46.8	47.6	81.1	<b>70.0</b>	<b>81.3</b>	ROE-%	17.6 %	16.3 %	18.9 %	<b>20.6 %</b>	<b>20.7 %</b>
CAPEX	-50.3	-32.7	-23.7	<b>-21.0</b>	<b>-22.0</b>	ROI-%	17.8 %	18.3 %	19.2 %	<b>22.2 %</b>	<b>23.3 %</b>
Free cash flow	3.1	12.5	55.4	<b>49.0</b>	<b>59.3</b>	Equity ratio	54.9 %	58.4 %	56.5 %	<b>59.8 %</b>	<b>62.7 %</b>
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	-8.1 %	-0.1 %	-16.4 %	<b>-23.8 %</b>	<b>-32.6 %</b>
EV/S	2.8	3.9	3.8	<b>3.2</b>	<b>2.9</b>						
EV/EBITDA (adj.)	17.7	22.4	23.1	<b>18.0</b>	<b>16.3</b>						
EV/EBIT (adj.)	21.3	28.3	26.8	<b>22.0</b>	<b>19.7</b>						
P/E (adj.)	26.6	38.1	32.0	<b>27.6</b>	<b>25.1</b>						
P/E	5.8	7.2	7.4	<b>6.2</b>	<b>5.6</b>						
Dividend-%	1.9 %	1.5 %	1.5 %	<b>1.7 %</b>	<b>1.8 %</b>						

Source: Inderes

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Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Date	Recommendation	Target price	Share price
05-10-18	Accumulate	20.00 €	18.25 €
17-10-18	Reduce	19.00 €	18.40 €
24-10-18	Reduce	19.00 €	18.50 €
13-12-18	Accumulate	18.00 €	16.80 €
15-01-19	Reduce	18.50 €	18.50 €
13-02-19	Reduce	17.50 €	17.40 €
25-04-19	Sell	17.50 €	19.86 €
21-07-19	Reduce	20.00 €	20.25 €
20-09-19	Reduce	22.00 €	23.00 €
25-10-19	Accumulate	28.00 €	26.60 €
12-12-19	Reduce	31.00 €	32.30 €
13-02-20	Reduce	35.00 €	36.50 €
03-04-20	Reduce	27.00 €	26.60 €
29-04-20	Reduce	28.00 €	28.65 €
22-07-20	Reduce	30.00 €	31.70 €
22-10-20	Sell	30.00 €	40.55 €
28-10-20	Sell	30.00 €	36.60 €
04-01-21	Sell	30.00 €	40.35 €
22-02-21	Sell	30.00 €	36.50 €
09-03-21	Reduce	30.00 €	32.70 €
30-04-21	Reduce	32.00 €	34.80 €
24-07-21	Reduce	38.00 €	38.95 €
20-10-21	Reduce	41.00 €	45.70 €
28-10-21	Reduce	42.50 €	46.35 €
20-02-22	Reduce	43.00 €	43.50 €

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### Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

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Mikael Rautanen  
2014, 2016, 2017, 2019



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2012, 2016, 2018, 2019, 2020



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2014, 2015, 2016, 2018, 2019, 2020



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2017, 2019, 2020



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