



Vaisala Corporation
Interim Report
January-March 2014

Vaisala Corporation Interim Report April 24, 2014 at 2.00 p.m. (EET)

Vaisala Corporation Interim Report January-March 2014

**January-March 2014 net sales and operating result decreased, order book increased by 47%.
Business outlook unchanged.**

January-March 2014 highlights

- Orders received EUR 68.6 (58.7) million, increase 17%
- Order book EUR 144.7 (98.6) million, increase 47%
- Net sales EUR 57.5 (65.6) million, decrease 12%
- Gross margin 48.1% (48.7%)
- Operating result EUR -3.2 (+5.1) million
- Earnings per share EUR -0.12 (+0.16)
- Cash flow from operating activities EUR -0.9 (-4.9) million
- Cash and cash equivalents EUR 43.3 (70.5) million
- Business outlook for 2014: Vaisala estimates its full year 2014 net sales to be in the range of EUR 290-320 million and the operating result (EBIT) in the range of EUR 20-30 million.

Vaisala's President and CEO Kjell Forsén comments on the first quarter

“During the first quarter of 2014 signs of recovery in weather observation and industrial measurement markets were evident. Vaisala received 17% more orders than during the review period last year. The biggest growth in order intake came from Weather Business Area, as most of the customer groups increased their order intake from last year. Order book increased by 47% compared to the previous year, growth coming mainly from EMEA and APAC.

However, the low order intake during the first half of 2013 is still reflected in Vaisala's net sales that decreased by 12 %. Net sales decreased mainly in Weather Business Area, where volumes were low especially in Meteorology customer group. Also some delivery project revenue recognition was postponed to later quarters. Quality and timeliness of the deliverables of some of our subcontractors' has also caused a strain on Vaisala's delivery capability during the first quarter.

Operating result decreased mainly due to decreased net sales of Weather Business Area and lower production volumes deteriorating the gross margin. Operating expenses increased mainly due to the consolidation of operating expenditures of 3TIER Inc. and Second Wind Systems Inc. which were acquired during the second half of 2013 as well as investments to new product development and novel technologies. The efforts to enter the weather dependent renewable energy market represent a substantial investment for building a growth business founded on Vaisala's core competence in weather observations.

Controlled Environment Business Area net sales were at last year's level. However, noteworthy is Controlled Environment Business Area operating result which increased by 22% from previous year. This was mainly due to improved gross margin.

We expect that continued signs of economic recovery will continue to gradually revive the weather observation and industrial measurement solutions market, typically expressing post-cyclical behavior, and thereby Vaisala's guidance for the full year 2014 remains unchanged. Alongside this we are closely monitoring the market development to identify the risks and uncertainties that may affect our performance. One such risk is the political and economic instability related to the Ukraine crisis."

Key Figures

| | 1-3/2014 | 1-3/2013 | 2013 |
|--|----------|----------|-------|
| Orders received, EUR million | 68.6 | 58.7 | 282.9 |
| Order book, EUR million | 144.7 | 98.6 | 122.0 |
| Net sales, EUR million | 57.5 | 65.6 | 273.2 |
| Gross profit, EUR million | 27.6 | 32.0 | 134.4 |
| Gross margin, % | 48.1 | 48.7 | 49.2 |
| Operating expenses, EUR million | 30.8 | 28.6 | 113.6 |
| Operating result, EUR million | -3.2 | 5.1 | 18.1 |
| Operating result, % | -5.5 | 7.7 | 6.6 |
| Profit (loss) before taxes, EUR million | -3.3 | 5.2 | 17.2 |
| Profit (loss) for the period, EUR million | -2.2 | 2.9 | 10.9 |
| Earnings per share, EUR | -0.12 | 0.16 | 0.60 |
| Cash flow from operating activities, EUR million | -0.9 | -4.9 | 28.2 |
| Capital expenditure, EUR million | 1.7 | 1.7 | 7.1 |
| Depreciation, EUR million | 3.7 | 3.7 | 14.8 |
| Return on equity, % | -5.9 | 6.4 | 6.3 |
| Cash and cash equivalents, EUR million | 43.3 | 70.5 | 45.8 |

Market situation in January–March 2014

During the first quarter of 2014 signs of upturn in weather observation and industrial measurement markets continued. However, increased tendering activity and good order intake was not yet reflected in Vaisala's net sales. Strong euro also continued to negatively impact Vaisala's performance.

In EMEA market conditions for weather observation solutions were reasonably good, supported by gradual revival of Southern European countries. Depreciation of Russian ruble and the political and economic instability related to the Ukraine crisis are affecting market environment. Demand for industrial measurement solutions remained slow in EMEA

In North America market environment for weather observation and industrial measurement solutions remained challenging, in spite of favorable economic outlook and passed increase in US debt ceiling. In Latin America weather observation market has been active.

In China demand for weather observation solutions remained favorable, backed up by the China's 12th Five-Year Plan. Positive market conditions also continued in other areas of APAC. Demand for industrial measurement solutions increased in APAC, but it did not yet fully reflect positive development of customer industries.

January-March 2014 performance

Orders received

| EUR million | 1-3/2014 | 1-3/2013 | Change, % | 2013 |
|------------------------|----------|----------|-----------|-------|
| Weather | 50.4 | 40.9 | 23 | 208.3 |
| Controlled Environment | 18.2 | 17.7 | 3 | 74.6 |
| Total | 68.6 | 58.7 | 17 | 282.9 |

Order book

| EUR million | 1-3/2014 | 1-3/2013 | Change, % | 2013 |
|------------------------|----------|----------|-----------|-------|
| Weather | 139.1 | 94.6 | 47 | 116.2 |
| Controlled Environment | 5.6 | 4.0 | 40 | 5.8 |
| Total | 144.7 | 98.6 | 47 | 122.0 |

In January-March 2014, orders received were EUR 68.6 (58.7) million and increased by 17% compared to the previous year. Both Weather and Controlled Environment Business Areas increased their order intake but Weather Business Area's order growth was highest, as most of its customer groups increased their order intake from last year.

At the end of March 2014 the order book was EUR 144.7 (98.6) million and increased by 47% compared to the previous year. The increase in order book was due to good order intake of Weather Business Area since the third quarter of 2013. Further, the order book includes EUR 17 million of orders which were consolidated from 3TIER Inc. and Second Wind Systems Inc., acquired during the second half of 2013. Of the order book EUR 58.3 million will be delivered in 2015 or later.

Net sales by business area

| EUR million | 1-3/2014 | 1-3/2013 | Change, % | 2013 |
|------------------------|----------|----------|-----------|-------|
| Weather | 39.1 | 47.5 | -18 | 200.0 |
| Controlled Environment | 18.3 | 18.1 | 1 | 73.2 |
| Total | 57.5 | 65.6 | -12 | 273.2 |

Net sales by geographical area

| EUR million | 1-3/2014 | 1-3/2013 | Change, % | 2013 |
|-------------|----------|----------|-----------|-------|
| EMEA | 22.1 | 25.3 | -13 | 98.6 |
| Americas | 21.9 | 24.0 | -9 | 107.8 |
| APAC | 13.5 | 16.3 | -17 | 66.9 |
| Total | 57.5 | 65.6 | -12 | 273.2 |

In January-March 2014, Vaisala's net sales were EUR 57.5 (65.6) million and decreased by 12% from the very high level of January–March 2013. The decline was mainly due to decreased net sales of Weather Business Area, where especially Meteorology customer group's net sales decreased and delivery project revenue recognition was postponed to later quarters.

In January-March 2014, net sales in EMEA was EUR 22.1 (25.3) million and decreased by 13% compared to the previous year, in the Americas EUR 21.9 (24.0) million and decreased by 9% and in APAC EUR 13.5 (16.3) million and decreased by 17%.

At comparable exchange rates the net sales would have been EUR 58.8 (65.6) million and decrease would have been EUR 6.9 million or 10% from previous year. The negative exchange rate effect was EUR 1.3 million, which was mainly due to changes in JPY and USD exchange rates.

Operations outside Finland accounted for 98% (98%) of net sales.

Gross margin was 48.1% (48.7%). The decline in gross margin was mainly caused by lower production volumes than in the previous year.

Operating result

| EUR million | 1-3/2014 | 1-3/2013 | Change, % | 2013 |
|------------------------|-------------|------------|-----------|-------------|
| Weather | -4.8 | 2.0 | - | 14.5 |
| Controlled Environment | 2.1 | 1.8 | 22 | 4.0 |
| Eliminations and other | -0.5 | 1.3 | - | -0.4 |
| Total | -3.2 | 5.1 | - | 18.1 |

In January-March 2014, operating result was EUR -3.2 (5.1) million. The decrease was mainly due to decreased net sales of Weather Business Area, lower production volumes deteriorating the gross margin and increase in operating expenses. Operating expenses were EUR 30.8 (28.6) million and increased by 8% compared to the previous year. The increase was mainly due to the consolidation of operating expenditures of 3TIER Inc. and Second Wind Systems Inc. which were acquired during the second half of 2013 as well as investments in R&D related to new offering development and renewing instrument portfolio. The acquisitions and investments in new offering in Weather Business Area are steps in entering the weather dependent renewable energy market and building on Vaisala's core competence in weather observations. Previous year's first quarter operating result also included a net gain of EUR 1.5 million from the sale of three non-weather road transportation product lines.

Profit (loss) before taxes was EUR -3.3 (5.2) million for the period of January-March 2014. Income taxes were EUR -1.1 (2.3) million. Net result was EUR -2.2 (2.9) million.

Earnings per share for January-March 2014 were EUR -0.12 (0.16).

Statement of financial position and cash flow

Vaisala's financial position remained strong at the end of the March 2014. Cash and cash equivalents amounted to EUR 43.3 (70.5) million at the end of March 2014 and Vaisala did not have any material interest bearing liabilities.

The statement of financial position total was EUR 226.5 (254.1) million. The solvency ratio at the end of the March 2014 was 63% (70%), the decrease was mainly caused by capital return of EUR 22.2 million in August 2013.

In January-March 2014, Vaisala's cash flow from operating activities was EUR -0.9 (-4.9) million. The improvement compared to previous year was mainly related to more favorable development of net working capital.

Capital expenditure and divestments

Gross capital expenditure totaled EUR 1.7 (1.7) million for January-March 2014. Depreciation was EUR 3.7 (3.7) million.

Weather Business Area

| EUR million | 1-3/2014 | 1-3/2013 | Change, % | 2013 |
|------------------|----------|----------|-----------|-------|
| Orders received | 50.4 | 40.9 | 23 | 208.3 |
| Order book | 139.1 | 94.6 | 47 | 116.2 |
| Net sales, total | 39.1 | 47.5 | -18 | 200.0 |
| Products | 19.0 | 24.1 | -21 | 97.3 |
| Projects | 11.0 | 15.5 | -29 | 70.0 |
| Services | 9.1 | 7.9 | 15 | 32.7 |
| Operating result | -4.8 | 2.0 | - | 14.5 |

January-March 2014

In January-March 2014, orders received were EUR 50.4 (40.9) million and increased by 23% compared to the previous year. Orders increased in most Weather Business Area's customer groups. At the end of March 2014 the order book was EUR 139.1 (94.6) million and increased by 47% compared to the previous year. The increase in order book was due to good order intake since the third quarter of 2013. Further, the order book includes EUR 17 million of orders which were consolidated from 3TIER Inc. and Second Wind Systems Inc., acquired during the second half of 2013. Of the order book EUR 57.8 million will be delivered in 2015 or later.

In January-March 2014, Weather Business Area's net sales were EUR 39.1 (47.5) million and decreased by 18% from the very high level of January-March 2013. Net sales decreased in all customer groups except New Weather Market. Especially Meteorology customer group's net sales decreased and delivery project revenue recognition was postponed to later quarters. At comparable exchange rates the net sales would have been EUR 39.7 (47.5) million and decrease would have been EUR 7.9 million or 17% from previous year. The negative exchange rate effect was EUR 0.5 million, which was mainly due to changes in USD and JPY exchange rates.

In January-March 2014, Weather Business Area's operating result was EUR -4.8 (2.0) million. The decline was mainly due to decreased net sales, lower production volumes deteriorating the gross margin and increase in operating expenses. The increase in operating expenses was mainly due to the consolidation of operating expenditures of 3TIER Inc. and Second Wind Systems Inc. which were acquired during the second half of 2013 as well as investments in R&D related to new offering development and renewing instrument portfolio. The acquisitions and investments in new offering are steps in entering the weather dependent renewable energy market and building on Vaisala's core competence in weather observations.

Controlled Environment Business Area

| EUR million | 1-3/2014 | 1-3/2013 | Change, % | 2013 |
|------------------|----------|----------|-----------|------|
| Orders received | 18.2 | 17.7 | 3 | 74.6 |
| Order book | 5.6 | 4.0 | 40 | 5.8 |
| Net sales, total | 18.3 | 18.1 | 1 | 73.2 |
| Products | 16.2 | 16.0 | 2 | 64.2 |
| Services | 2.1 | 2.1 | -1 | 9.0 |
| Operating result | 2.1 | 1.8 | 22 | 4.0 |

January-March 2014

In January-March 2014, orders received were EUR 18.2 (17.7) million and increased by 3% compared to the previous year. Orders received increased in Targeted Industrial Applications customer group. At the end of March 2014 the order book was EUR 5.6 (4.0) million and increased by 40% compared to the previous year. Of the order book EUR 0.5 million will be delivered in 2015 or later.

In January-March 2014, Controlled Environment Business Area's net sales were EUR 18.3 (18.1) million and increased by 1% compared to the previous year. In EMEA net sales increased from previous year. Net sales decreased in Americas and APAC. At comparable exchange rates the net sales would have been EUR 19.1 (18.1) million and increase would have been EUR 1.0 million or 6% from previous year. The negative exchange rate effect was EUR 0.8 million, which was mainly caused by JPY and USD and exchange rate fluctuations.

In January-March 2014, Controlled Environment Business Area's operating result was EUR 2.1 (1.8) million and increased by 22% compared to the previous year. This was mainly due to improved gross margin resulting from production consolidation. Operating expenses increased from previous year due to increased investments in R&D related to new product development.

Research and Development

In January-March 2014, research and development expenses totaled EUR 8.2 (7.6) million, representing 14.4% (11.6%) of net sales.

| EUR million | 1-3/2014 | 1-3/2013 | Change, % | 2013 |
|------------------------|----------|----------|-----------|------|
| Weather | 6.1 | 6.0 | 2 | 22.4 |
| Controlled Environment | 2.1 | 1.6 | 31 | 6.5 |
| Total | 8.2 | 7.6 | 8 | 28.9 |

Weather Business Area R&D expenses were 15.6% (12.6%) of net sales. Controlled Environment Business Area R&D expenses were 11.5% (8.8%) of net sales.

Personnel

The average number of personnel employed in Vaisala during January-March 2014 was 1,582 (1,445). The number of employees at the end of March 2014 was 1,585 (1,434). At the end of 2013, the number of employees was 1,563.

At the end of March 2014, 44% (41%) of the personnel was based outside Finland.

Near-term risks and uncertainties

Vaisala's business is exposed to changes in the global economy, politics, policies, regulations, Vaisala's supply chain, and accidents as well as natural disasters, which may affect business e.g. through order cancellations, disturbance in logistics, and loss of market potential. Vaisala's capability to successfully complete investments, acquisitions, divestments and restructurings on a timely basis and to achieve related financial and operational targets represent a risk which may impact revenue and profitability.

The most significant near term risks and uncertainties that may affect both revenue and profitability relate to the company's ability to maintain its delivery capability, availability of critical components, interruptions in manufacturing and associated IT systems, changes in the global economy, expanded western sanctions against Russia, currency exchange rates, customers' financing capability, changes in customers' purchasing or investment behavior, and delays or cancellations of orders. Changes in the competition may affect the volume and profitability of business through introduction of new competitors and price erosion in areas which traditionally have been strong for Vaisala. Changes in subcontractor relations, their operations or

operating environment as well as the quality of the deliverables may have a negative impact on Vaisala's business.

A significant part of Vaisala's business is project business. Project business performance and schedules have dependencies to third parties, which may impact profitability and the timing of revenue recognition. Assumptions regarding new project and service business opportunities constitute a risk for both revenue and profitability.

Further information about risk management in Vaisala is available on the company website at <http://www.vaisala.com/investors>, Corporate Governance.

Decisions by Vaisala Corporation's Annual General Meeting

Annual General Meeting was held on Wednesday, March 26, 2014 at Vaisala's head office in Finland. The meeting approved the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial period January 1–December 31, 2013.

Dividend

The Annual General Meeting decided a dividend of EUR 0.90 per share, corresponding to the total of EUR 16,253,292.60. The record date for the dividend payment was March 31, 2014 and the payment date was April 7, 2014.

Remuneration of the members of the Board of Directors

The Annual General Meeting decided that the annual fee payable to the Board members for the term until the close of the Annual General Meeting in 2015 is: the Chairman of the Board of Directors EUR 45,000 and each Board member EUR 35,000. Approximately 40 percent of the annual remuneration will be paid in Vaisala Corporation's A shares acquired from the market and the rest in cash.

In addition, the Annual General Meeting decided that the compensation per attended meeting for the Chairman of the Audit Committee is EUR 1,500 and EUR 1,000 for each member of the Audit Committee for the term until the close of the Annual General Meeting in 2015. The compensation per attended meeting for the Chairman and each member of the Remuneration and HR Committee and any other committee established by the Board of Directors is EUR 1,000 for the term until the close of the Annual General Meeting in 2015.

Composition of the Board of Directors

The Annual General Meeting confirmed that the number of Board members is seven. Mikko Niinivaara and Raimo Voipio were re-elected for the term until the close of the Annual General Meeting in 2017. Petra Lundström and Pertti Torstila were elected as new members of the Board of Directors. Due to stipulations of the Articles of Association concerning the term of the members of the Board of Directors Petra Lundström was elected for the term until the close of the Annual General Meeting in 2015. Pertti Torstila was elected for the term until the close of the Annual General Meeting in 2017.

Auditor and their remuneration

The Annual General Meeting elected Deloitte & Touche Oy, Authorized Public Accountants, as auditor of the Company until the close of the Annual General Meeting in 2015. Deloitte & Touche Oy has informed that APA Merja Itäniemi will act as the auditor with the principal responsibility. The Auditor's fee is paid according to their reasonable invoice presented to the company.

Authorization for directed acquisition of own A shares

The Annual General Meeting authorized the Board of Directors to decide on the directed acquisition of a maximum of 160,000 of the Company's own A shares in one or more instalments with funds belonging to the Company's unrestricted equity. The new authorization replaces the previous one and is valid until the closing of the Annual General Meeting in 2015, however, no longer than September 26, 2015.

Authorization to transfer Company's own shares

The Annual General Meeting authorized the Board of Directors to decide on the transfer of a maximum of 319,150 own A-shares. The transfer of own shares may be carried out in deviation from the shareholders' pre-emptive rights and may be transferred as a directed issue without payment as part of the Company's share based incentive plan. The authorization can also be used to grant special rights entitling subscription of own shares, and the subscription price of the shares can instead of cash also be paid in full or in part as contribution in kind. The new authorization replaces the previous one and is valid until March 26, 2019.

Donations

The Annual General Meeting authorized the Board of Directors to decide on donations of maximum EUR 250,000. The authorization is valid until the close of the Annual General Meeting in 2015.

The organizing meeting of the Board of Directors

At its organizing meeting held after the Annual General Meeting the Board elected Raimo Voipio to continue as the Chairman of the Board of Directors and Yrjö Neuvo to continue as the Vice Chairman.

The composition of the Board committees was decided to be as follows:

Audit Committee

Maija Torkko was elected as the Chairman and Petra Lundström and Mikko Niinivaara as members of the Audit Committee. The Chairman and all members of the Audit Committee are independent both of the Company and of significant shareholders.

Remuneration and HR Committee

Raimo Voipio was elected as the Chairman and Yrjö Neuvo and Maija Torkko as members of the Remuneration and HR Committee. Raimo Voipio is independent of the Company. Yrjö Neuvo and Maija Torkko are independent both of the Company and of significant shareholders.

Vaisala's shares

In January–March 2014, a total number of 425,035 (1,238,821) Vaisala A shares with a value totaling EUR 9.9 (23.7) million were traded on the NASDAQ OMX Helsinki Ltd. On March 31, 2014 the closing price was EUR 22.50 (19.66). The highest quotation during January-March 2014 was EUR 24.98 (22.00) and the lowest EUR 21.06 (16.04).

On March 31, 2014, Vaisala had 18,218,364 shares, of which 3,389,351 are series K-shares and 14,829,013 are series A-shares. The shares have no counter book value. The K-shares and A-shares are differentiated by the fact that each K-share entitles its owner to 20 votes at a General Meeting of Shareholders while each A share entitles its owner to 1 vote. The A-shares represent 81.4% of the total number of shares and 17.9% of the total votes. The K-shares represent 18.6% of the total number of shares and 82.1% of the total votes.

The market value of Vaisala's A-shares on March 31, 2014 was EUR 330.1 (288.4) million, excluding the Company's treasury shares. Valuing the K-shares - which are not traded on the stock market - at the rate of the A-share's closing price on the last day of March, the total market value of all the A- and K-shares together was EUR 406.3 million, excluding the Company's treasury shares.

More information about Vaisala's share and shareholders are presented on the website, www.vaisala.com/investors.

Treasury shares and parent company shares

At the end of March 2014, the Company held a total of 159,150 Vaisala A-shares, which represented 0.9% of the share capital and 0.2% of the votes. The consideration paid for these shares was EUR 2,527,160.

Market outlook

Vaisala expects that continued signs of economic recovery will gradually revive weather observation and industrial measurement solutions market, typically expressing post-cyclical behavior. However, outlook still varies significantly between customer groups and geographical areas and overall expectations do not refer to significant upturn. Within reviving weather observations markets it remains challenging to forecast customers' timing for decision making and acceptance of larger customer projects, having potentially material impact to overall Vaisala weather business.

In EMEA demand for weather observation solutions is expected to remain solid, and also industrial measurement market has showed early signs of revival.

In North America market outlook for weather observation and industrial measurement solutions is unfavorable. In spite of passed increase in US debt ceiling and favorable economic outlook, signs of market upturn have not yet been registered in the market.

Weather observation market in APAC is expected to remain active. Demand for industrial measurement solutions in APAC is expected to continue increasing in local currencies.

Business outlook for 2014

Vaisala estimates its full year 2014 net sales to be in the range of EUR 290-320 million and the operating result (EBIT) in the range of EUR 20-30 million.

Vantaa, April 24, 2014

Vaisala Corporation
Board of Directors

The forward-looking statements in this release are based on the current expectations, known factors, decisions and plans of Vaisala's management. Although the management believes that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that these expectations would prove to be correct. Therefore, the results could differ materially from those implied in the forward-looking statements, due to for example changes in the economic, market and competitive environments, regulatory or other government-related changes, or shifts in exchange rates.

Financial information and changes in accounting policies

This interim financial report has been prepared in accordance with IAS 34, Interim Financial Reporting, following the same accounting policies and principles as in the annual financial statements for 2013. All figures in the interim report are Group figures. All presented figures have been rounded and consequently the sum of individual figures may deviate from the sum presented.

The preparation of the financial statements in accordance with IFRS requires Vaisala's management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and the recognition of income and expenses in the statement of income. Although the estimates are based on the management's best knowledge at the date of the interim report, actual results may differ from the estimates.

The interim financial report is unaudited.

| Consolidated Statement of Income | | | |
|---|-----------------|-----------------|------------------|
| EUR million | 1-3/2014 | 1-3/2013 | 1-12/2013 |
| Net sales | 57.5 | 65.6 | 273.2 |
| Costs of sales | -29.8 | -33.6 | -138.9 |
| Gross profit | 27.6 | 32.0 | 134.3 |
| Sales, marketing and administrative costs | -22.5 | -20.8 | -84.7 |
| Research and development costs | -8.2 | -7.6 | -28.9 |
| Other operating income and expense | 0.0 | 1.6 | -2.6 |
| Operating profit (loss) | -3.2 | 5.1 | 18.1 |
| Share of result in associated companies | - | - | 0.1 |
| Financial income and expenses, net | -0.1 | 0.2 | -1.0 |
| Profit (loss) before taxes | -3.3 | 5.2 | 17.2 |
| Income taxes | 1.1 | -2.3 | -6.2 |
| Profit (loss) for the period | -2.2 | 2.9 | 10.9 |
| Earnings per share, EUR | -0.12 | 0.16 | 0.60 |
| Diluted earnings per share, EUR | -0.12 | 0.16 | 0.60 |

| Consolidated Statement of Comprehensive Income | | | |
|--|-----------------|-----------------|------------------|
| EUR million | 1-3/2014 | 1-3/2013 | 1-12/2013 |
| Items that will not be reclassified to profit or loss | | | |
| Actuarial loss on post-employment benefits | 0.0 | 0.0 | -0.1 |
| Total | 0.0 | 0.0 | -0.1 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Currency translation differences | 0.0 | 0.7 | -3.2 |
| Total | 0.0 | 0.7 | -3.2 |
| Total other comprehensive income | 0.0 | 0.7 | -3.3 |
| Total comprehensive income | -2.2 | 3.6 | 7.6 |

Consolidated Statement of Financial Position

EUR million

| Assets | March 31, 2014 | March 31, 2013 | December 31, 2013 |
|---|-------------------|-------------------|----------------------|
| Non-current assets | | | |
| Intangible assets | 35.2 | 31.7 | 35.9 |
| Property, plant and equipment | 45.7 | 48.8 | 46.8 |
| Investments | 0.1 | 0.1 | 0.1 |
| Investment in associated companies | 0.7 | 0.7 | 0.7 |
| Long-term receivables | 0.6 | 1.0 | 0.9 |
| Deferred tax assets | 8.9 | 6.1 | 8.0 |
| Total non-current assets | 91.3 | 88.4 | 92.5 |
| Current assets | | | |
| Inventories | 31.4 | 31.2 | 28.6 |
| Trade and other receivables | 57.0 | 63.4 | 57.4 |
| Income tax receivables | 3.4 | 0.5 | 1.4 |
| Cash and cash equivalents | 43.3 | 70.5 | 45.8 |
| Total current assets | 135.2 | 165.7 | 133.2 |
| Total assets | 226.5 | 254.1 | 225.6 |
| Shareholders' equity and liabilities | | | |
| Shareholders' equity | | | |
| Share capital | 7.7 | 7.7 | 7.7 |
| Share premium | - | 22.3 | - |
| Other reserves | 1.6 | 0.9 | 1.5 |
| Cumulative translation adjustment | -3.6 | 0.2 | -3.6 |
| Treasury shares | -2.5 | -2.5 | -2.5 |
| Retained earnings | 137.4 | 148.2 | 155.9 |
| Total shareholders' equity | 140.5 | 176.8 | 158.9 |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 0.0 | 0.2 | 0.0 |
| Post-employment benefit obligations | 0.7 | 0.4 | 0.7 |
| Deferred tax liabilities | 5.1 | 0.8 | 5.2 |
| Provisions for other liabilities and charges | - | 0.1 | - |
| Other long-term liabilities | 2.2 | 2.5 | 2.1 |
| Total non-current liabilities | 8.0 | 4.0 | 8.0 |
| Current liabilities | | | |
| Interest-bearing liabilities | 0.0 | 0.3 | 0.0 |
| Advances received | 4.0 | 3.1 | 3.7 |
| Income tax liabilities | 0.3 | 2.3 | 0.3 |
| Provisions for other liabilities and charges | - | 0.2 | - |
| Trade and other payables | 73.6 | 67.4 | 54.8 |
| Total current liabilities | 77.9 | 73.3 | 58.7 |
| Total shareholders' equity and liabilities | 226.5 | 254.1 | 225.6 |

Consolidated Statement of Changes in Shareholders' Equity

| EUR million | Share capital | Share premium | Other reserves | Treasury shares | Translation adjustment | Retained earnings | Total |
|----------------------------------|---------------|---------------|----------------|-----------------|------------------------|-------------------|--------------|
| Balance at Jan 1, 2013 | 7.7 | 22.3 | 0.7 | -2.5 | -0.5 | 161.4 | 189.2 |
| Profit (loss) for the period | | | | | | 2.9 | 2.9 |
| Other comprehensive income | | | | | 0.7 | 0.0 | 0.7 |
| Dividend paid | | | | | | -16.3 | -16.3 |
| Share-based payment | | | 0.2 | | | | 0.2 |
| Balance at March 31, 2013 | 7.7 | 22.3 | 0.9 | -2.5 | 0.2 | 148.2 | 176.8 |
| EUR million | Share capital | | Other reserves | Treasury shares | Translation adjustment | Retained earnings | Total |
| Balance at Jan 1, 2014 | 7.7 | | 1.5 | -2.5 | -3.6 | 155.9 | 158.9 |
| Profit (loss) for the period | | | | | | -2.2 | -2.2 |
| Other comprehensive income | | | 0.0 | | 0.0 | 0.0 | 0.0 |
| Dividend paid | | | | | | -16.3 | -16.3 |
| Share-based payment | | | 0.2 | | | | 0.2 |
| Balance at March 31, 2014 | 7.7 | | 1.6 | -2.5 | -3.6 | 137.4 | 140.5 |

| Consolidated Cash Flow Statement | | | |
|--|-----------------|-----------------|------------------|
| EUR million | 1-3/2014 | 1-3/2013 | 1-12/2013 |
| Cash flows from operating activities | | | |
| Cash receipts from customers | 69.6 | 68.0 | 282.8 |
| Other income from business operations | 0.0 | 0.0 | 0.2 |
| Cash paid to suppliers and employees | -68.9 | -72.3 | -246.3 |
| Financials paid, net | 0.3 | 0.8 | -0.8 |
| Income taxes paid, net | -2.0 | -1.4 | -7.7 |
| Cash flow from operating activities | -0.9 | -4.9 | 28.2 |
| Cash flows from investing activities | | | |
| Acquisition of subsidiary, net of cash acquired | - | - | -12.3 |
| Capital expenditure on fixed assets | -1.7 | -1.7 | -7.1 |
| Divestments | 0.3 | 2.5 | 2.6 |
| Cash flow from investing activities | -1.3 | 0.8 | -16.8 |
| Cash flows from financing activities | | | |
| Return of capital | - | - | -22.2 |
| Dividends paid | - | - | -16.2 |
| Change in loan receivables | 0.0 | 0.0 | -0.1 |
| Change in leasing liabilities | 0.0 | 0.0 | -0.6 |
| Cash flow from financing activities | 0.0 | 0.0 | -39.1 |
| Cash and cash equivalents at the beginning of period | 45.8 | 74.8 | 74.8 |
| Net increase (+) / decrease (-) in cash and cash equivalents | -2.3 | -4.1 | -27.7 |
| Effect from changes in exchange rates | -0.2 | -0.1 | -1.3 |
| Cash and cash equivalents at the end of period | 43.3 | 70.5 | 45.8 |

Notes for Interim Report

Orders Received by Business Area

| EUR million | 1-3/2014 | 1-3/2013 | 1-12/2013 |
|------------------------|-------------|-------------|--------------|
| Weather | 50.4 | 40.9 | 208.3 |
| Controlled Environment | 18.2 | 17.7 | 74.6 |
| Total | 68.6 | 58.7 | 282.9 |

Net Sales by Business Area

| EUR million | 1-3/2014 | 1-3/2013 | 1-12/2013 |
|--------------------------------|-------------|-------------|--------------|
| Weather | | | |
| Products | 19.0 | 24.1 | 97.3 |
| Projects | 11.0 | 15.5 | 70.0 |
| Services | 9.1 | 7.9 | 32.7 |
| Total | 39.1 | 47.5 | 200.0 |
| Controlled Environment | | | |
| Products | 16.2 | 16.0 | 64.2 |
| Services | 2.1 | 2.1 | 9.0 |
| Total | 18.3 | 18.1 | 73.2 |
| Sales, eliminations and others | 0.0 | 0.0 | 0.1 |
| Total Sales | 57.5 | 65.6 | 273.2 |

Operating Result by Business Area

| EUR million | 1-3/2014 | 1-3/2013 | 1-12/2013 |
|------------------------|-------------|------------|-------------|
| Weather | -4.8 | 2.0 | 14.5 |
| Controlled Environment | 2.1 | 1.8 | 4.0 |
| Eliminations and other | -0.5 | 1.3 | -0.4 |
| Total | -3.2 | 5.1 | 18.1 |

Net Sales by Geographical Area

| EUR million | 1-3/2014 | 1-3/2013 | 1-12/2013 |
|--------------|-------------|-------------|--------------|
| EMEA | 22.1 | 25.3 | 98.6 |
| Americas | 21.9 | 24.0 | 107.8 |
| APAC | 13.5 | 16.3 | 66.9 |
| Total | 57.5 | 65.6 | 273.2 |

| Personnel | | | |
|--------------------------------|-----------------|-----------------|------------------|
| | 1-3/2014 | 1-3/2013 | 1-12/2013 |
| Average personnel | 1,582 | 1,445 | 1,485 |
| Personnel at the end of period | 1,585 | 1,434 | 1,563 |

| Financial Instruments | | | |
|--|-----------------|-----------------|------------------|
| | 1-3/2014 | 1-3/2013 | 1-12/2013 |
| Nominal value of financial derivatives, EUR million | 19.3 | 20.4 | 19.7 |
| Fair values of financial derivatives, assets, EUR million | 0.2 | 0.0 | 0.6 |
| Fair values of financial derivatives, liabilities, EUR million | 0.1 | 0.5 | 0.0 |

Financial derivatives consist solely of foreign currency forwards and they are measured based on price information derived from active markets and commonly used valuation methods (Fair value hierarchy 2). Financial contracts are executed only with counterparties that have high credit ratings.

| Share Information | | | |
|--|-----------------|-----------------|------------------|
| | 1-3/2014 | 1-3/2013 | 1-12/2013 |
| Number of shares outstanding, thousand | 18,059 | 18,059 | 18,059 |
| Number of treasury shares, thousand | 159 | 159 | 159 |
| Number of shares, diluted, thousand | 18,187 | 18,209 | 18,187 |
| Number of shares, weighted average, thousand | 18,059 | 18,059 | 18,059 |
| Number of shares traded, thousand | 425 | 1,239 | 2,877 |
| Share price, highest, EUR | 24.98 | 22.00 | 23.47 |
| Share price, lowest, EUR | 21.06 | 16.04 | 16.04 |

| Key Ratios | | | |
|---|-----------------|-----------------|------------------|
| | 1-3/2014 | 1-3/2013 | 1-12/2013 |
| Earnings per share, EUR | -0.12 | 0.16 | 0.60 |
| Earnings per share, diluted, EUR | -0.12 | 0.16 | 0.60 |
| Equity per share, EUR | 7.78 | 9.79 | 8.80 |
| Cash flows from operating activities per share, EUR | -0.05 | -0.27 | 1.55 |
| Solvency ratio, % | 63.2 | 70.4 | 71.6 |
| Return on equity, % | -5.9 | 6.4 | 6.3 |

Further information

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 Vaisala Corporation

Briefing and Audiocast

Briefing for analysts and media will be arranged in Hotel Kämp, Paavo Nurmi meeting room, Pohjoisesplanadi 29, Helsinki starting at 4 p.m. (EEST) today. The presentation of Kjell Forsén, President and CEO, at the briefing will be audiocast live at www.vaisala.com/investors starting at 4 p.m. A recording of the audiocast will be published at the same address at 6 p.m.

Second quarter results bulletin

Vaisala will publish its Q2/2014 results bulletin on Wednesday, July 23, 2014 at approximately 2:00 p.m. Finnish time.

Capital Markets Day 2014

Vaisala will organize its Capital Markets Day in Vaisala's head office on Monday, May 26, 2014 from 11:30 a.m. till 5 p.m. At the event, Vaisala's top management will provide an update on the company's strategic direction, development projects and near-term business priorities. A more detailed program of the Capital Markets Day will be available on Vaisala's website at www.vaisala.com and sent to the participants by May 12, 2014.

Distribution:

NASDAQ OMX Helsinki

Key media

www.vaisala.com

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