

Interim Report January–December 2014

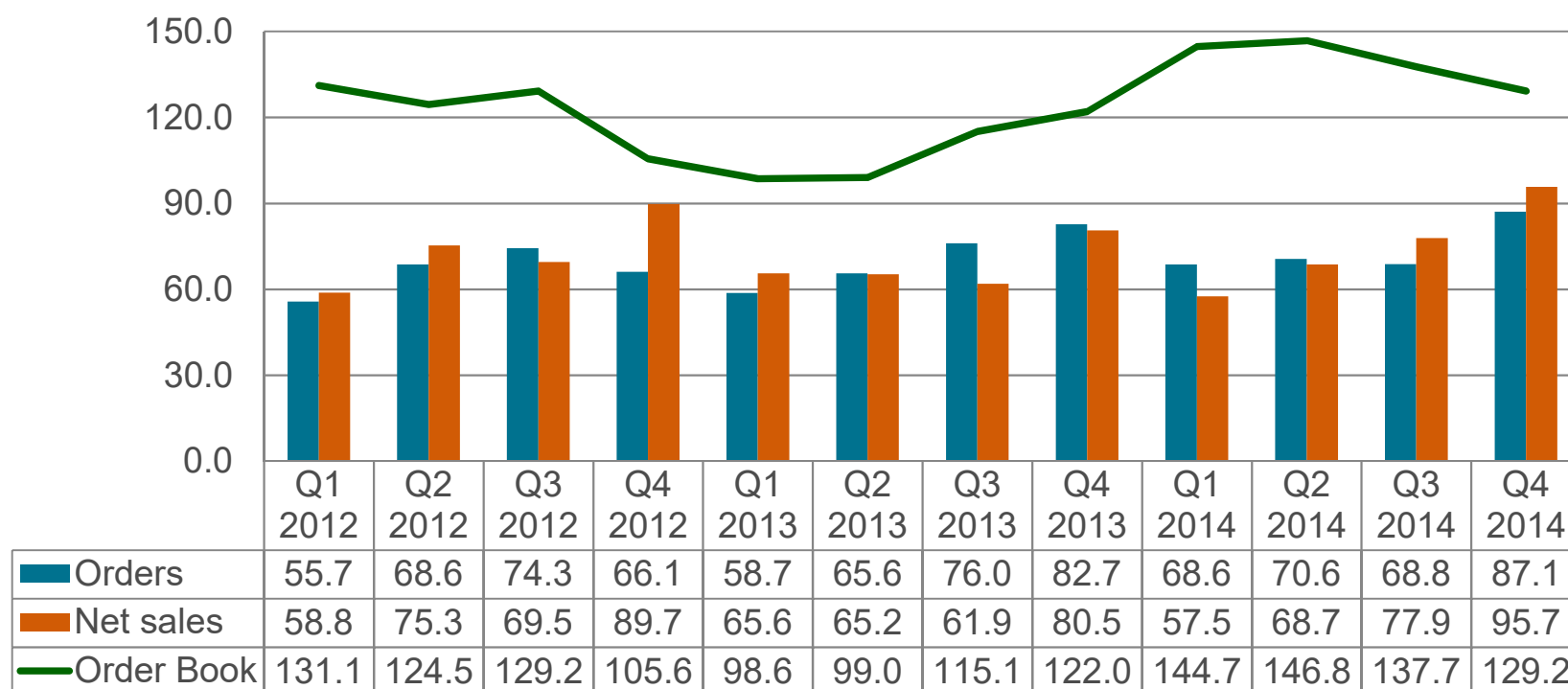
Vaisala Corporation
February 12, 2015

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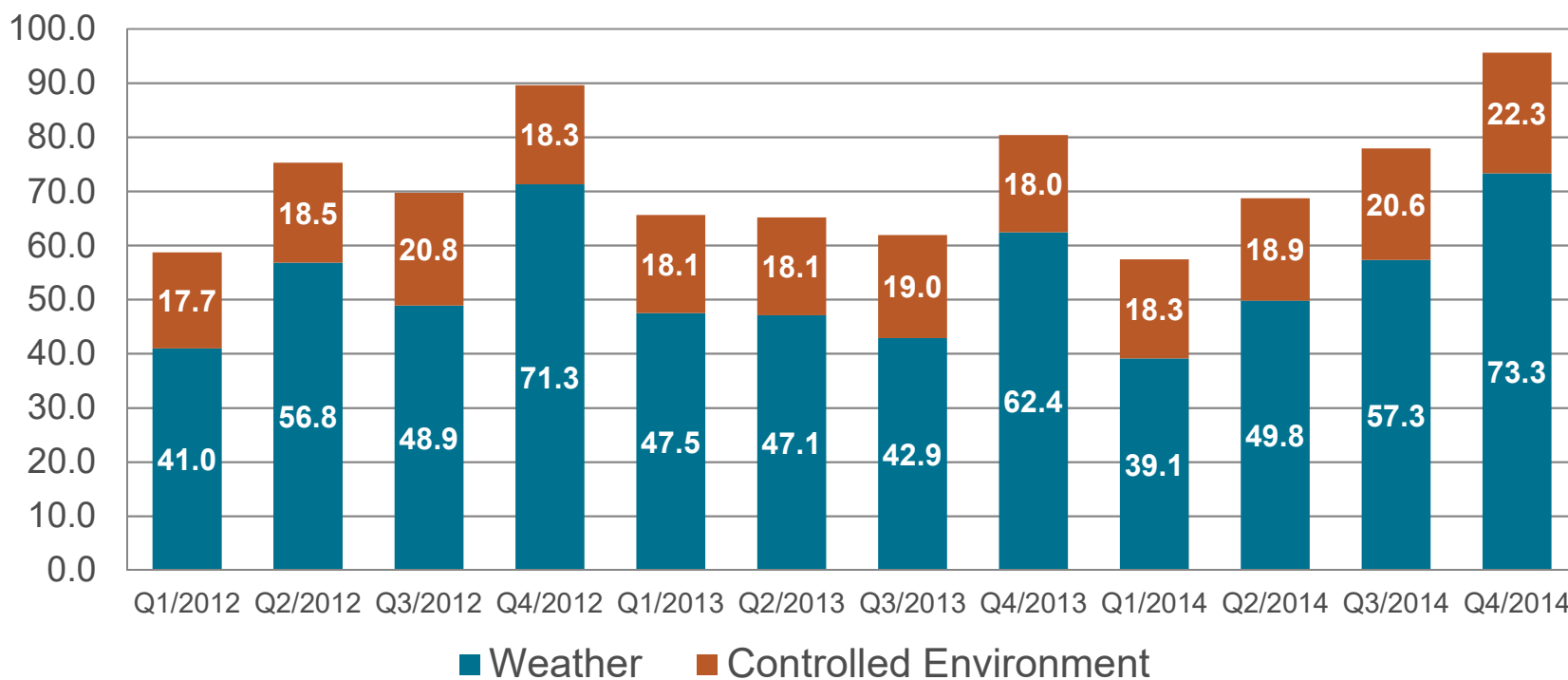
Overview of Q4/2014

- Orders received EUR 87.1 (82.7) million, +5%
- Order book EUR 129.2 (122.0) million, +6%
- Net sales EUR 95.7 (80.5) million, +19%
- Gross margin 52.5% (48.7%)
- Operating result EUR 14.9 (3.1) million, +388%
- Earnings per share EUR 0.73 (0.10)
- Cash and cash equivalents EUR 47.6 (45.8) million

Orders, Net Sales and Order Book (MEUR)



Net Sales by Business Area (MEUR)



Net Sales by Business Type (MEUR)

	10-12/2014	10-12/2013	2014	2013
Weather	73.3	62.4	219.6	200.0
Products	30.3	27.4	92.1	97.3
Delivery projects	29.8	24.3	83.8	70.0
Services	13.3	10.7	43.7	32.7
Controlled Environment	22.3	18.0	80.2	73.2
Products	19.8	15.5	70.7	64.2
Services	2.6	2.5	9.4	9.0
Sales, elimination and others	0.0	0.0	0.0	0.1
TOTAL VAISALA NET SALES	95.7	80.5	299.7	273.2

Net Sales by Regions

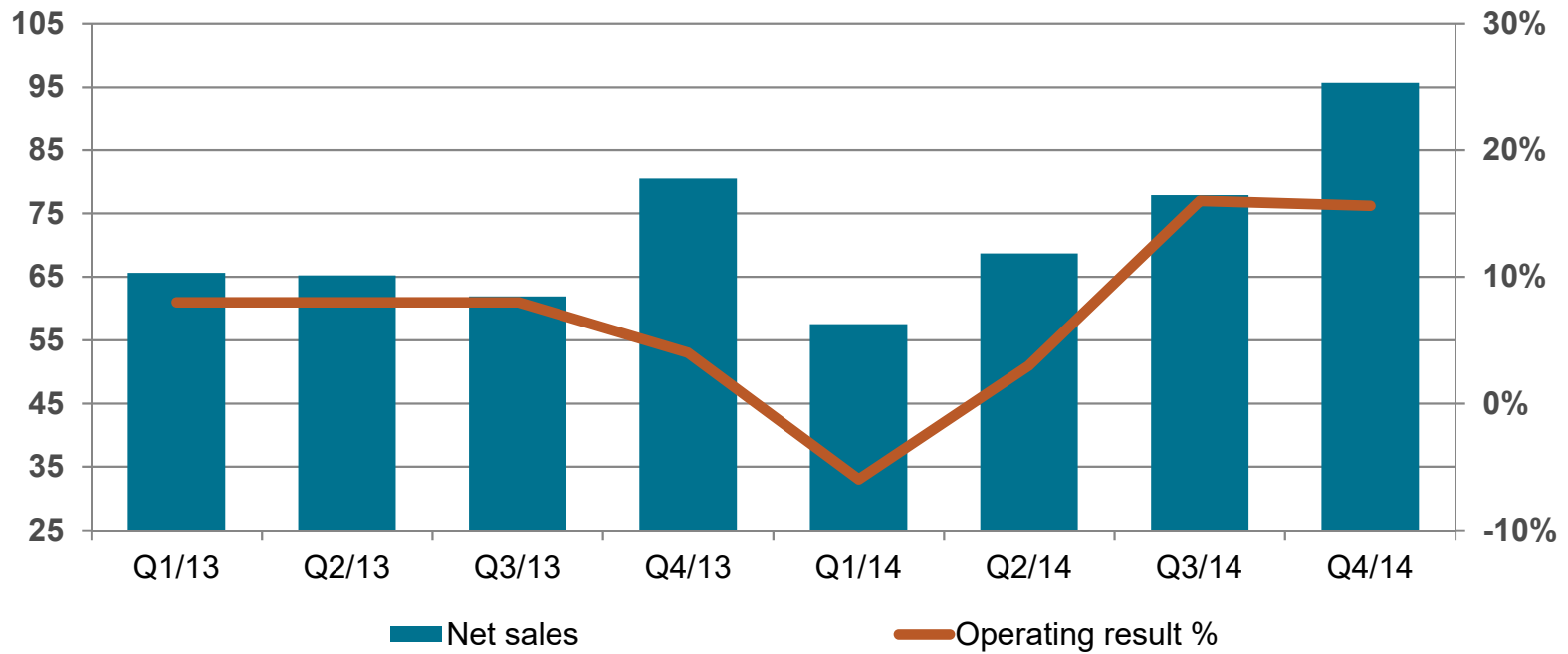
	Americas	EMEA	APAC	MEUR
Q4/2014	36.2	35.8	23.7	
Change Q4/2014 Q4/2013	+7%	+24%	+33%	
Share of net sales	38%	37%	25%	
2014	112.1	111.8	75.9	
Change 2014 2013	+4%	+13%	+14%	
Share of net sales	37%	37%	25%	

Foreign Exchange Rate Effect on Net Sales (MEUR)

- Foreign exchange rate effect mainly from USD/EUR
- Comparable exchange rates: translation impact eliminated

	Q4/2014	Q4/2013	Q4/2014	
	Reported	Reported	At comparable exchange rates	Currency effect
Weather	73.3	62.4	70.9	+2.4
Controlled Environment	22.3	18.0	21.6	+0.8
Total	95.7	80.5	92.5	+3.2

Performance by Quarter



Performance by Quarter

EUR million	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14
Net sales	65.6	65.2	61.9	80.5	57.5	68.7	77.9	95.7
Costs of sales	33.6	32.1	31.9	41.3	29.8	34.5	36.8	45.5
Gross profit	32.0	33.1	30.0	39.2	27.6	34.2	41.1	50.2
Gross margin %	49%	51%	48%	49%	48%	50%	53%	52%
Sales, marketing and administrative costs	20.8	21.0	19.0	23.9	22.5	23.7	20.8	26.1
Research and development costs	7.6	7.0	6.2	8.0	8.2	8.7	7.7	9.4
Other operating income and expense	1.6	0.0	0.1	-4.3	0.0	0.3	0.0	0.1
Operating result	5.1	5.1	4.9	3.1	-3.2	2.1	12.6	14.9
Operating result %	8%	8%	8%	4%	-6%	3%	16%	16%

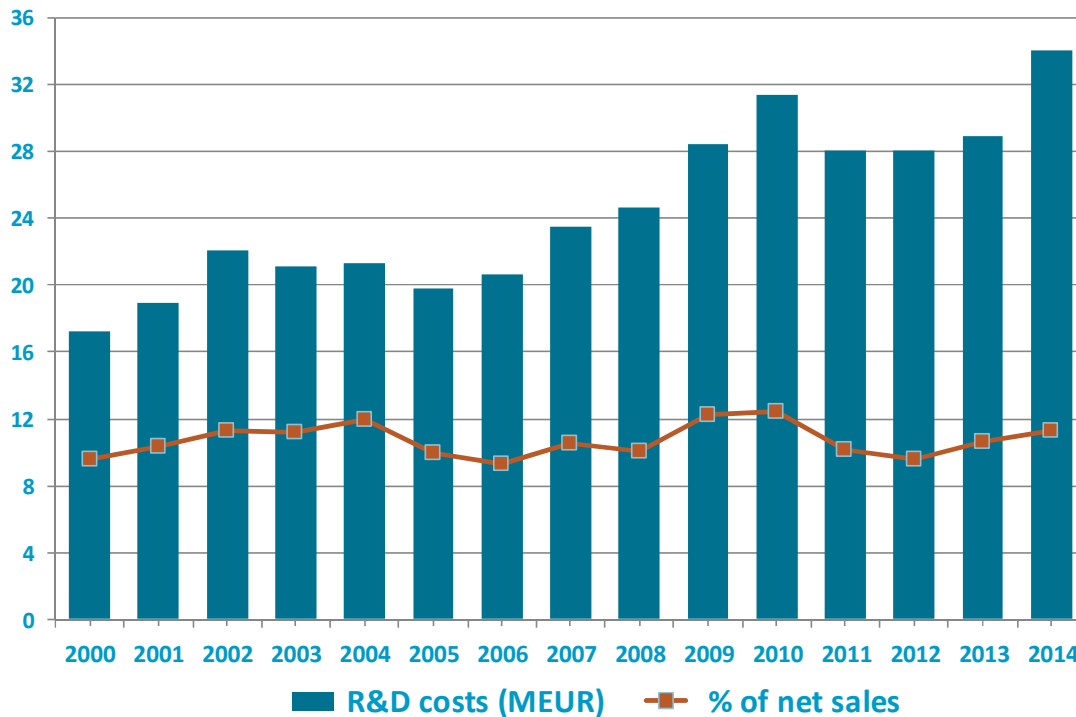
Weather in Q4/2014

- Orders received EUR 65.4 (64.1) million, +2%
 - Growth came from all customer groups except Meteorology and New Weather Markets
- Order book EUR 123.7 (116.2) million, +7%
- Net sales EUR 73.3 (62.4) million, +17%
 - At comparable exchange rates net sales would have increased by 14%
 - Growth came from all customer groups except Airports
 - Net sales increased in all geographical areas except in Americas
- Operating result EUR 12.7 (7.6) million, +66%

Controlled Environment in Q4/2014

- Orders received EUR 21.7 (18.6) million, +17%
 - Growth came from both customer groups
- Order book EUR 5.5 (5.8) million, -5%
- Net sales EUR 22.3 (18.0) million, +24%
 - At comparable exchange rates net sales would have increased by 20%
 - Growth came from both customer groups
 - Net sales improved in all geographical areas
- Operating result EUR 3.9 (-3.5) million, +212%

R&D Costs



- R&D expenses were EUR 34.0 (28.9) million, 11.3% (10.6%) of net sales
 - The increase was mainly due to R&D expenses of the acquired companies, as well as investments in new offering development and renewing instrument portfolio
 - Weather 11.7% (11.2%) of net sales
 - Controlled Environment 10.3% (8.9%) of net sales

Overview 1-12/2014

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Overview of 1–12/2014

- Orders received EUR 295.0 (282.9) million, +4%
- Net sales EUR 299.7 (273.2) million, +10%
- Gross margin 51.1% (49.2%)
- Operating result EUR 26.4 (18.1) million, +46%
- Earning per share EUR 1.30 (0.60)
- Cash flow from operating activities EUR 23.8 (28.2) million
- Dividend paid EUR 16.2 (16.2) million
- Vaisala's Board of Directors is proposing a dividend of EUR 0.90 per share (0.90)

Foreign Exchange Rate Effect on Net Sales (MEUR)

- Foreign exchange rate effect mainly from JPY/EUR and AUD/EUR
- Comparable exchange rates: translation impact eliminated

	2014	2013	2014	
	Reported	Reported	At comparable exchange rates	Currency effect
Weather	219.6	200.0	219.4	+0.2
Controlled Environment	80.2	73.2	81.4	-1.2
Total	299.7	273.2	300.7	-1.0

Weather in 1-12/2014

- Orders received EUR 215.2 (208.3) million, +3%
 - Orders increased in all other customer groups except in Meteorology
- Order book EUR 123.7 (116.2) million, +7%
- Net sales EUR 219.6 (200.0) million, +10%
 - At comparable exchange rates net sales would have increased by 10%
 - Growth came from all customer groups except Airports
 - Net sales improved in project and services businesses and in all geographical areas
- Operating result EUR 17.0 (14.5) million, +17%
 - The increase was due to improved net sales and gross margins

Controlled Environment in 1-12/2014

- Orders received EUR 79.8 (74.6) million, +7%
 - Orders received increased in both customer groups
- Order book EUR 5.5 (5.8) million, -5%
- Net sales EUR 80.2 (73.2) million, +9%
 - At comparable exchange rates net sales would have increased by 11%
 - Net sales increased in both customer groups and in all geographical areas
- Operating result EUR 12.1 (4.0) million, +201%
 - The increase was mainly due to improved net sales and gross margins

Key Ratios in 2014

	2014	2013
Earnings per share, EUR	1.30	0.60
Equity per share, EUR	9.41	8.80
Cash flow from operating activities per share, EUR	1.32	1.55
Solvency ratio	70.6%	71.6%
Return on equity	14.3%	6.3%
Capital expenditure, MEUR	7.9	7.1
Personnel at the end of period	1,613	1,563

Market and Business Outlook

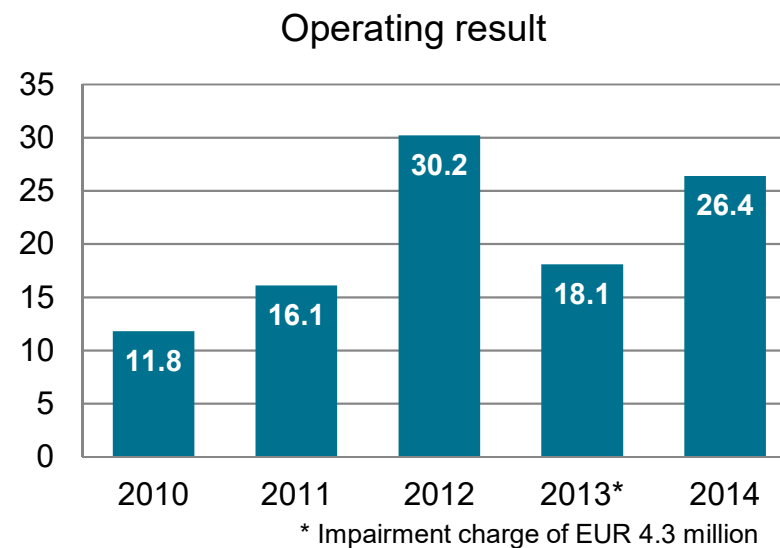
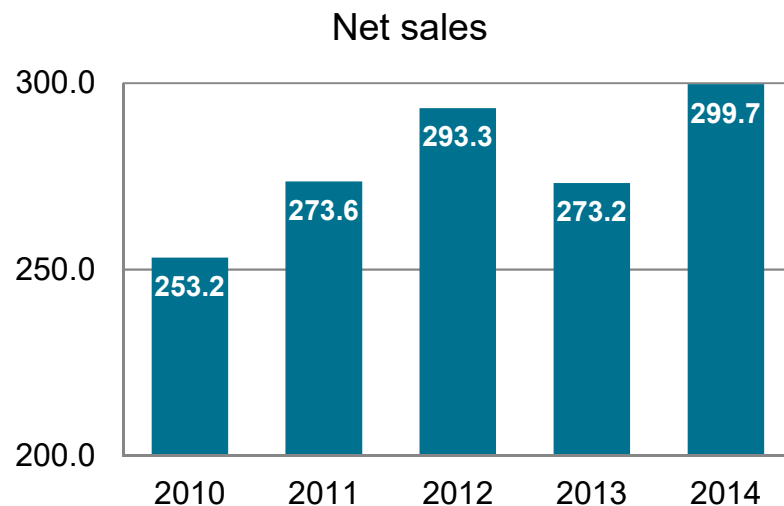
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Market Outlook 2015

- The market conditions that Vaisala faces in different markets vary significantly.
- Competition in weather observation market is expected to continue intensifying.
- The market for industrial measurement and life science solutions is expected to remain favorable in Americas and other markets to continue flat.
- The Russian economy is expected to continue weakening.
- The Chinese market is expected to be somewhat slow during 2015.

Business Outlook 2015

- Vaisala estimates its full year 2015 net sales to be in the range of EUR 285–315 million and the operating result (EBIT) in the range of EUR 20–30 million.



Restructuring for Growth

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Key Objectives for Planned Changes

Objective

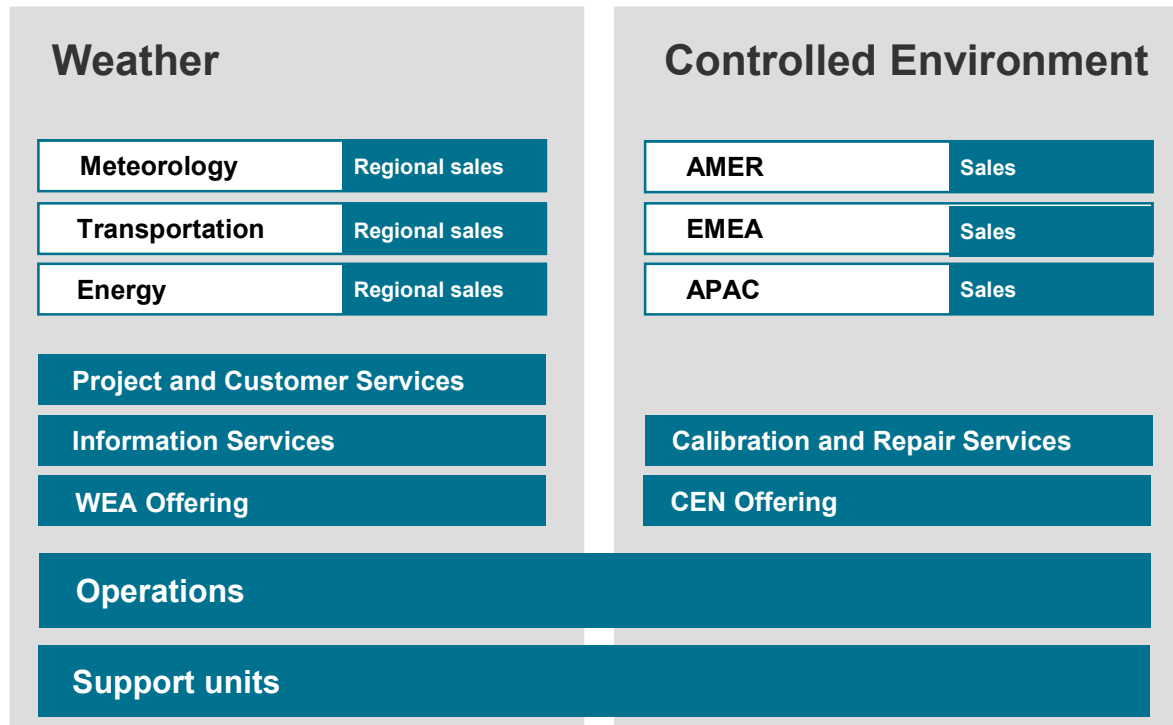
- Improved ability to execute growth strategies.
- Stronger alignment between business and functions, including services creation and delivery.
- Improved operational efficiency enabling long-term investments in growth.



Planned action

- Optimize segment and regional structure to best serve the needs of each business area.
- Integrate Service into relevant BAs business management.
- Simplify structure, reduce coordination points, enhance decision making and clarify roles.

Planned Vaisala Structure



- Better support for future growth of business areas
- Improved efficiency
- Simplified operating model

The organizational changes are planned to be effective as of April 1, 2015.

Vaisala Values



- **Customer focus**
We strive for deep understanding of our customers' needs and aim at meeting them in everything we do.
- **Innovation and Renewal**
We embrace pioneering innovation and drive change through continuous improvement and learning.
- **Strong Together**
We excel by sharing, learning and working together with each other and our stakeholders.
- **Integrity**
We are honest, respectful and reliable. We promote sustainable and ethical behavior.

Next Report

- **January-March Interim Report**

- Vaisala will publish its January–March Interim Report on Tuesday, April 28, 2015 at approximately 2:00 p.m. Finnish time

- www.vaisala.com/investors

