

Interim Report January–June 2014

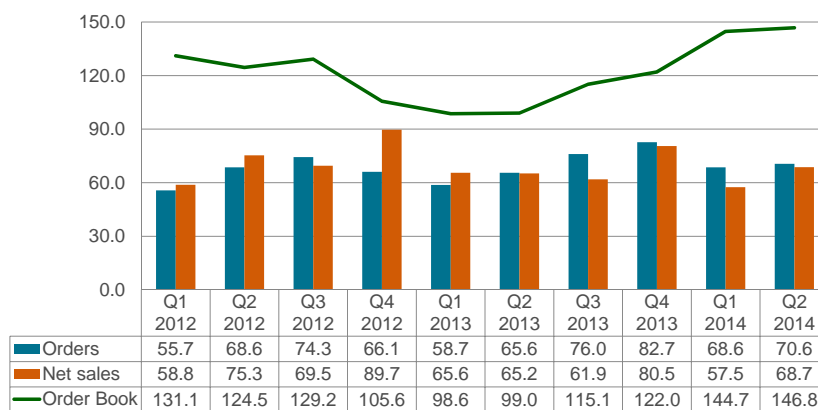
Vaisala Corporation
July 23, 2014

VAISALA

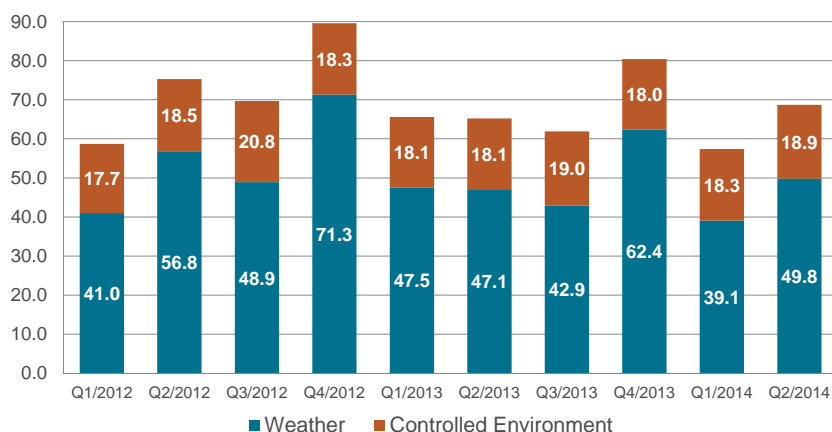
Overview of Q2/2014

- Orders received EUR 70.6 (65.6) million, +8%
- Order book EUR 146.8 (99.0) million, +48%
- Net sales EUR 68.7 (65.2) million, +5%
- Gross margin 49.8% (50.8%)
- Operating result EUR 2.1 (5.1) million
- Earnings per share EUR 0.08 (0.20)
- Cash and cash equivalents EUR 25.6 (61.5) million

Orders, Net Sales and Order Book (MEUR)



Net Sales by Business Area (MEUR)



Net Sales by Business Type (MEUR)

	4-6/2014	4-6/2013	1-6/2014	1-6/2013	2013
Weather	49.8	47.1	89.0	94.7	200.0
Products	22.7	25.5	41.7	49.6	97.3
Delivery projects	19.0	14.6	30.0	30.1	70.0
Services	8.2	7.0	17.3	14.9	32.7
Controlled Environment	18.9	18.1	37.2	36.2	73.2
Products	16.5	15.8	32.7	31.8	64.2
Services	2.4	2.2	4.5	4.4	9.0
Sales, elimination and others	0.0	0.0	0.0	0.0	0.1
TOTAL VAISALA NET SALES	68.7	65.2	126.2	130.9	273.2

Net Sales by Regions

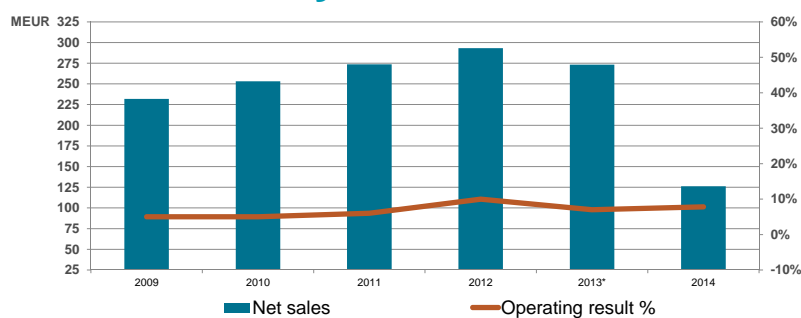
	Americas	EMEA	APAC	
Q2/2014	25.6	24.4	18.7	MEUR
Change Q2/2014 Q2/2013	+4%	+12%	0%	
Share of net sales	37%	36%	27%	
H1/2014	47.5	46.5	32.2	MEUR
Change H1/2014 H2/2013	-2%	-1%	-8%	
Share of net sales	38%	37%	26%	

Foreign Exchange Rate Effect on Net Sales (MEUR)

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

	Q2/2014	Q2/2013	Q2/2014	
	Reported	Reported	At comparable exchange rates	Currency effect
Weather	49.8	47.1	51.2	1.4
Controlled Environment	18.9	18.1	19.8	0.9
Total	68.7	65.2	71.0	2.3

Performance by Quarter



EUR million	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14
Net sales	65.6	65.2	61.9	80.5	57.5	68.7
Costs of sales	33.6	32.1	31.9	41.3	29.8	34.5
Gross profit	32.0	33.1	30.0	39.2	27.6	34.2
Gross margin %	49%	51%	48%	49%	48%	50%
Sales, marketing and administrative costs	20.8	21.0	19.1	23.9	22.5	23.7
Research and development costs	7.6	7.0	6.2	8.0	8.2	8.7
Other operating income and expense	1.6	0.0	0.1	4.3	0.0	0.3
Operating result	5.1	5.1	4.9	3.1	-3.2	2.1
Operating result %	8%	8%	8%	4%	-6%	3%

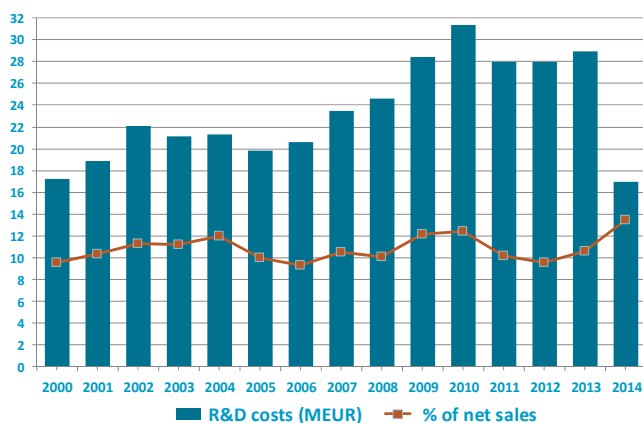
Weather in Q2/2014

- Orders received EUR 52.1 (46.7) million, +12%
 - The growth came mainly from Meteorology and New Weather Markets customer groups
- Order book EUR 141.7 (94.1) million, +51%
- Net sales EUR 49.8 (47.1) million, +6%
 - At comparable exchange rates net sales would have increased by 9%
 - The growth came mainly from Meteorology and New Weather Markets customer groups
 - Weather Business Area improved its net sales in project and services business
- Operating result EUR 0.8 (3.2) million

Controlled Environment in Q2/2014

- Orders received EUR 18.4 (18.9) million, -3%
 - The decline came from both customer groups
- Order book EUR 5.2 (4.9) million, +7%
- Net sales EUR 18.9 (18.1) million, +4%
 - At comparable exchange rates net sales would have increased by 10%
 - The growth came from both customer groups
 - Net sales increased in Americas and EMEA
- Operating result EUR 1.5 (2.2) million

R&D Costs in 1-6/2014



- R&D expenses were EUR 17.0 (14.7) million, 13.5% (11.2%) of net sales.
- The increase was mainly due to R&D expenses of the acquired companies
- Weather 14.1% (12.1%) of net sales
- Controlled Environment 11.9% (9.0%) of net sales

Overview 1-6/2014

Overview of 1–6/2014

- Orders received EUR 139.1 (124.2) million, +12%
- Net sales EUR 126.2 (130.9) million, -4%
- Gross margin 49.0% (49.8%)
- Operating result EUR -1.1 (10.2) million
- Earning per share EUR -0.05 (0.36)
- Cash flow from operating activities EUR -1.5 (5.3) million

Foreign Exchange Rate Effect on Net Sales (MEUR)

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

	1-6/2014	1-6/2013	1-6/2014	
	Reported	Reported	At comparable exchange rates	Currency effect
Weather	89.0	94.7	91.0	2.0
Controlled Environment	37.2	36.2	38.9	1.7
Total	126.2	130.9	129.9	3.7

Weather in 1-6/2014

- Orders received EUR 102.5 (87.6) million, +17%
 - Orders increased in all other customer groups except in Airports
- Order book EUR 141.7 (94.1) million, +51%
- Net sales EUR 89.0 (94.7) million, -6%
 - At comparable exchange rates net sales would have decreased by 4%
 - Net sales decreased in all customer groups except in New Weather Market
- Operating result EUR -4.0 (5.2) million
 - The decline was mainly due to increased operating expenses and decreased net sales

Controlled Environment in 1-6/2014

- Orders received EUR 36.6 (36.7) million, -0%
 - Orders received increased in Targeted Industrial Applications customer group
- Order book EUR 5.2 (4.9) million, +7%
- Net sales EUR 37.2 (36.2) million, +3%
 - At comparable exchange rates net sales would have increased by 8%
 - Net sales increased in both customer groups
 - In EMEA and Americas net sales increased from previous year. In APAC net sales decreased.
- Operating result EUR 3.7 (3.9) million, -6%
 - The decline was mainly due to increased operating expenses

Key Ratios in 1-6/2014

	1-6/2014	1-6/2013	2013
Earnings per share, EUR	-0.05	0.36	0.60
Equity per share, EUR	7.90	9.91	8.80
Cash flow from operating activities per share, EUR	-0.08	0.29	1.55
Solvency ratio	68.1%	77.5%	71.6%
Return on equity	-1.1%	7.1%	6.3%
Capital expenditure, MEUR	3.7	4.1	7.1
Personnel at the end of period	1,659	1,502	1,563

Market and Business Outlook

Market Outlook

- Vaisala expects that decent macroeconomic conditions, customers' activity and good order book indicate increasing weather observation and industrial measurement solutions market.
- In EMEA demand for weather observation solutions is expected to remain solid. Enquiries from industrial measurement customers have showed a slightly positive trend, but European economic conditions do not indicate significant improvement in market conditions.
- In Americas market outlook for weather observation and industrial measurement solutions has been improving, supported by the U.S. governmental and industrial customers.
- Weather observation market in APAC is expected to remain active. Market outlook for industrial measurement solutions in APAC is expected to be stable.

Business Outlook 2014

- Vaisala estimates its full year 2014 net sales to be in the range of EUR 290-305 million and the operating result (EBIT) in the range of EUR 20-30 million.
- In January-December 2013, Vaisala's net sales were EUR 273.2 million and operating result (EBIT) was EUR 18.1 million.

Financial Calendar

▪ January-September Interim Report

- Vaisala will publish its January-September Interim Report on Wednesday, October 22, 2014 at approximately 2:00 p.m. Finnish time

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