

## **Vaisala Group financial statement bulletin 2011**

### **Good net sales in fourth quarter 2011 and order book at the end of 2011. Full year 2011 net sales and operating profit improved moderately.**

#### **Fourth quarter highlights**

- Orders received: EUR 87.6(89.3) million, decrease 2%.
- Order book EUR 134.3 (129.0) million, increase 4%
- Net sales EUR 90.3 (84.5) million, increase 7%.
- Operating profit EUR 13.0 (16.6) million, decrease 22%.
- Earnings per share EUR 0.49 (0.67), decrease 26%.

#### **Comments on the fourth quarter**

Net sales increased by 7% year-on-year. The growth came from Weather, where multiple customer projects were successfully completed. Controlled Environment net sales were EUR 0.5 million down from previous year.

The order book remained strong, and was 4% higher than at the end of 2010. Orders received during the fourth quarter declined by 2% year-on-year.

Operating profit declined by EUR 3.6 million year-on-year, mainly due to lower gross profit margin from project deliveries.

One off costs of EUR 1.5 million relating to the consolidation of R&D activities were booked in the fourth quarter.

Vaisala received in December 2011 EUR 2.3 million compensation relating to the acquisition of Quixote Transportation Technologies, Inc. (QTT) which was made in December 2009. EUR 1.4 million of this compensation was booked in other operating income and it improved Vaisala's fourth quarter operating profit. EUR 0.8 million was compensation for related legal costs.

#### **Overview of the year 2011**

Net sales EUR 273.6 million was 8% higher than in 2010. Comparable proforma net sales in 2010, including Veriteq acquisition, were EUR 254.6 million. Operating profit improved by EUR 4.3 million or 36% compared to 2010.

Controlled Environment's net sales performance was stable throughout the year whereas Weather had a very strong fourth quarter compared to quite stable first three quarters.

Net sales increased in APAC region by 20% and in Americas by 10%, but EMEA region decreased by 2%.

Orders received improved significantly in the second half of the year, compared to the first half of 2011. High net sales during the fourth quarter increased the full year net sales to 8% above previous year.

Services sales in 2011 grew by 21% to EUR 40.8 million.

Implementation of the company-wide ERP program progressed in 2011 with go-lives in Germany and the USA. Roll-out will continue until the end of 2012.

In 2011, Vaisala launched 39 products. In 2011 R&D spend was EUR 3.4 million below the 2010 level. In 2011 R&D costs were 10.2% of net sales (12.4%) which is the longer term target level for R&D investment.

### Full Year 2011 highlights

- Orders received: EUR 278.8 (286.7) million, decrease 3%.
- Net sales EUR 273.6 (253.2) million, increase 8%. Organic growth of net sales 8% in comparison to proforma\* net sales in 2010.
- Operating profit EUR 16.1 (11.8) million, increase 36%.
- Earnings per share EUR 0.57 (0.56), increase 2%.
- Cash flow from business operations EUR 37.6 (25.3) million.
- Consolidated liquid assets EUR 45.5 (35.3) million.
- Board of Directors proposes a dividend of EUR 0.65 (0.65) per share.

### Key figures

	01-12 2011 (MEUR)	01-12 2010 (MEUR)	Change (%)	10-12 2011 (MEUR)	10-12 2010 (MEUR)	Change (%)
Group net sales	273.6	253.2	8.1%	90.3	84.5	6.8%
Group net sales (proforma**)	273.6	254.6	7.5%	90.3	84.5	6.8%
Weather	201.8	189.8	6.3%	71.8	65.7	9.3%
Controlled Environment	71.7	63.4	13.1%	18.4	18.9	-2.6%
Controlled Environment (proforma*)	71.7	64.8	10.6%	18.4	18.9	-2.6%
Operating result, Group	16.1	11.8	35.8%	13.0	16.6	-21.7%
Weather	5.9	3.8	55.3%	9.9	13.3	-25.3%
Controlled Environment	10.5	8.9	18.0%	1.8	3.0	-38.7%
Eliminations and other	-0.3	-0.9		1.2	0.3	
Result before taxes	16.1	14.0	15.4%	13.9	17.4	-19.9%
Net result for review period	10.4	10.2	1.7%	8.9	12.1	-26.3%
Orders received	278.8	286.7	-2.8%	87.6	89.3	-2.0%
Order book	134.3	129.0	4.1%	134.3	129.0	4.1%
Earnings per share	0.57	0.56	1.7%	0.49	0.67	-26.3%
Return on equity (%)	5.7	5.6	1.1%			

\* Vaisala acquired Veriteq as part of its Controlled Environment business area on April 1, 2010. The proforma figures for the full year 2010 presented in this release for comparison purposes include the first quarter 2010 figures of Veriteq. For example, references to organic growth are based on comparisons with Vaisala 2010 proforma figures.

\*\* Vaisala announced on August 31, 2011 that it combines its Meteorology and Weather Critical Operations business areas into one Weather business area starting October 1, 2011. Results for the Weather business area have been calculated from previous reported numbers by combining the results of the previous Meteorology and Weather Critical Operations business areas. See also stock exchange release on February 7, 2012 for further details.

### **President and CEO Kjell Forsén on Vaisala's result:**

The global financial crisis affected our governmental customers' investment capability. The beginning of the year was slow, but demand increased during the second half of the year especially in Weather business area and resulted in significantly increased order intake and sales.

During the year solid revenue growth continued in Asia-Pacific amounting to 20%. Also Americas did well growing by 10% whereas in Europe revenues declined by 2%.

Our delivery capability was good throughout the year, and especially our capacity to deliver complex projects advanced during 2011.

Strong performance in the industrial business continued in 2011. Controlled Environment increased their net sales by 13% and the operating profit by 18%. Roll-out of the Life Science offering in Europe and Asia progressed according to the plan.

Vaisala announced on August 31, 2011 that it combines its Meteorology and Weather Critical Operations business areas into one Weather business area from the fourth quarter 2011 onwards.

Our Service business grew by 21% year-on-year amounting to 15% of our total revenues and increasing the share of recurring revenue.

During the year our R&D spending returned to a level of 10% after two years of higher level spending needed to speed up renewal of our offering. Yet a total of 39 new product launches was achieved.

Our opening backlog for 2012 is strong resulting from the increased order intake during second half of 2011. Also our financial position as well as our position in main business areas is strong. Due to the still ongoing global financial crisis the market is, however, not expected to grow.

### **Market outlook**

Uncertainty in the global economy and shifts in exchange rates are expected to affect Vaisala's business. Based on the structure of Vaisala's customer base and the orders received, the company's market situation is expected to remain materially unchanged in 2012.

### **Financial guidance**

Vaisala expects its net sales in 2012 to stay on the same level as in the preceding year. The operating profit is expected to improve moderately. Net sales in 2011 were EUR 273.6 million and operating profit was EUR 16.1 million.

### **Briefing and webcast**

Briefing for analysts and media will be arranged in Tapahtumatalo Bank, Unioninkatu 22, 00130 Helsinki, starting at 12:00 noon (GMT +2). A light lunch will be served. Please register by email to [helena.marjaranta@vaisala.com](mailto:helena.marjaranta@vaisala.com).

A live webcast of the presentation of Kjell Forsén, President and CEO of Vaisala, will be sent starting at 12:00 am (GMT +2). The webcast will be available at [www.vaisala.com/investors](http://www.vaisala.com/investors). It will be recorded and published at the same address by 2:00 p.m. (GMT +2) on the same day.

Further information:

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Vaisala is a global leader in environmental and industrial measurement. Building on 75 years of experience, Vaisala contributes to a better quality of life by providing a comprehensive range of innovative observation and measurement products and services for chosen weather-related and industrial markets. Headquartered in Finland, Vaisala employs approximately 1400 professionals worldwide and is listed on the NASDAQ OMX Helsinki stock exchange.

Distribution:

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Key media

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