

Interim Report January–March 2016

Vaisala Corporation
April 26, 2016



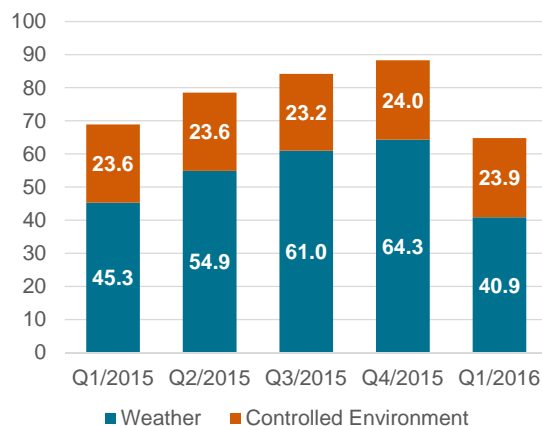
VAISALA

All-time high Q1 net sales

Key Figures	Q1/2016	Q1/2015	Change %
Orders received, EUR million	64.8	68.9	-6
Order book, EUR million	121.9	137.5	-11
Net sales, EUR million	68.7	58.7	17
Gross margin, %	51.0	44.8	
Operating result, EUR million	-1.0	-7.7	
Operating result, %	-1.5	-13.1	

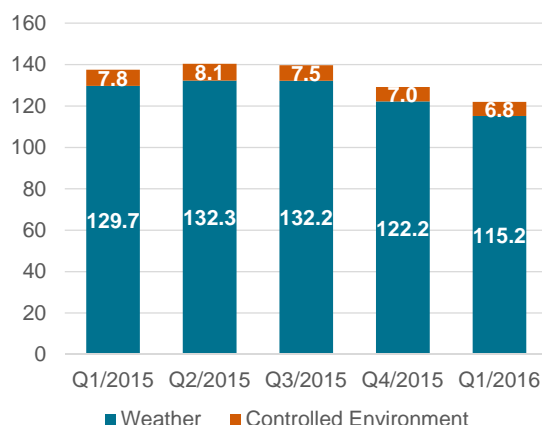
Slow order intake in Q1/2016

- Orders received EUR 64.8 (68.9) million, -6%
 - The decrease came from EMEA and Americas
- Weather Business Area
 - EUR 40.9 (45.3) million, -10%
 - The decrease came from Meteorology Infrastructure and Transportation business units
- Controlled Environment Business Area
 - EUR 23.9 (23.6) million, +1%
 - The increase came from APAC and EMEA



High net sales brought order book down

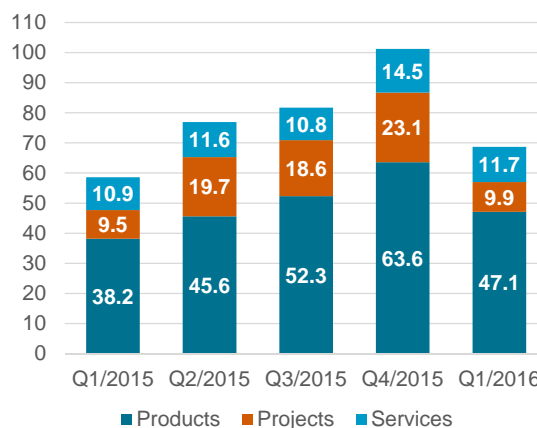
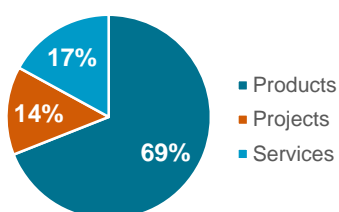
- Order book EUR 121.9 (137.5) million, -11%
 - The decrease came from all geographic areas
- Weather Business Area
 - EUR 115.2 (129.7) million, -11%
 - The decrease came from Meteorology Infrastructure business unit
- Controlled Environment Business Area
 - EUR 6.8 (7.8) million, -13%
 - The decrease came from Americas and EMEA



All-time high Q1 net sales

EUR million	Q1/2016	Q1/2015	Change %
Net sales	68.7	58.7	17
At comparable exchange rates	67.2	58.7	15

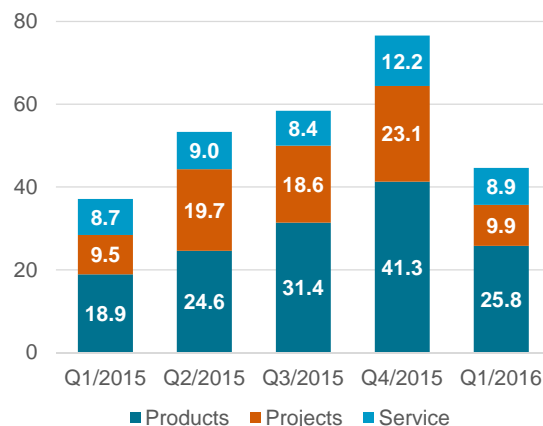
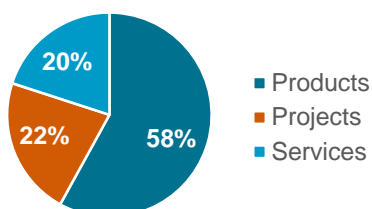
% of net sales in Q1/2016



Weather net sales boosted by high product deliveries

EUR million	Q1/2016	Q1/2015	Change %
Net sales	44.7	37.2	20
At comparable exchange rates	43.9	37.2	18

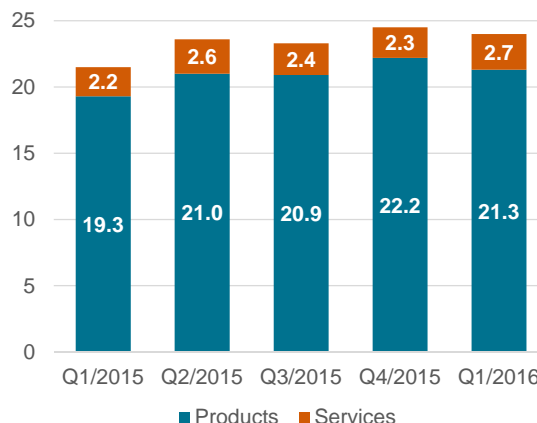
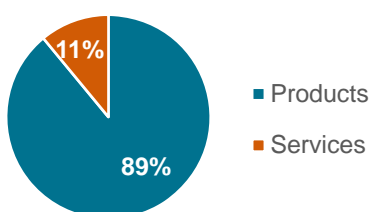
% of net sales in Q1/2016



Controlled Environment net sales growth across all regions, strongest in APAC

EUR million	Q1/2016	Q1/2015	Change %
Net sales	24.0	21.5	12
At comparable exchange rates	23.3	21.5	9

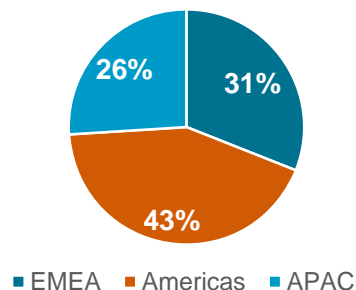
% of net sales in Q1/2016



Exceptional net sales growth in Americas

EUR million	Q1/2016	Q1/2015	Change, %
EMEA	21.6	19.4	11
Americas	29.5	21.4	38
APAC	17.6	17.8	-1
Total	68.7	58.7	17

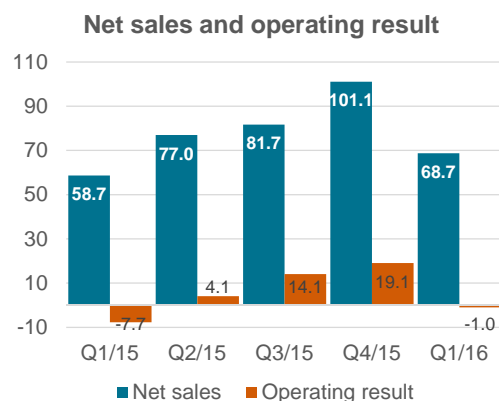
Share of net sales in Q1/2016



Operating result improved by 6.6 MEUR

	Q1/ 2016	Q1/ 2015	Change %
Net sales, EUR million	68.7	58.7	17
Gross margin, %	51.0	44.8	
Operating expenses, EUR million	33.1	32.2	3
Operating result, EUR million	-1.0	-7.7	
Operating result, %	-1.5	-13.1	

- High volumes and good product profitability increased gross margin by 6 %-points
- Operating result was decreased by EUR 3.1 million restructuring expenses of Transportation business unit



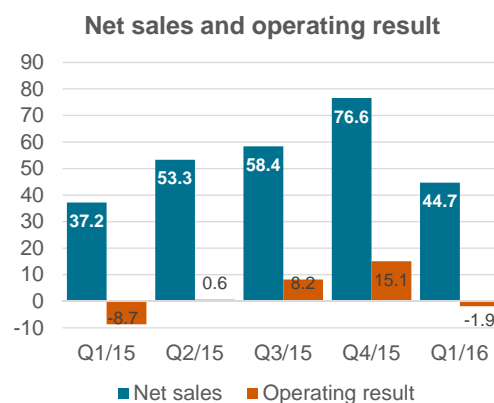
Weather reshapes Transportation

- Transportation business unit will focus on product leadership, delivery capability and expansion of information services in order to drive growth, profitability and customer focus
- Transportation business unit will exit the field service business in all countries except UK and U.S. Automated Weather Observing System (U.S. AWOS) business. Transportation divestment process is currently ongoing and deal closure is expected to take place within 2016
- Impact
 - Reduction of approximately 60 full time equivalents mainly in the United States
 - During the Q1/2016, the reduction of employees was 7
 - Estimated annual cost savings are EUR 6 million
 - The savings are expected to contribute to 2017 profitability
 - EUR 3.1 million expenses were included in Q1/16 Interim Report

Weather operating result improved by 6.8 MEUR

	Q1/ 2016	Q1/ 2015	Change %
Net sales, EUR million	44.7	37.2	20
Gross margin, %	45.8	37.4	
Operating expenses, EUR million	22.4	22.6	-1
Operating result, EUR million	-1.9	-8.7	
Operating result, %	-4.2	-23.5	

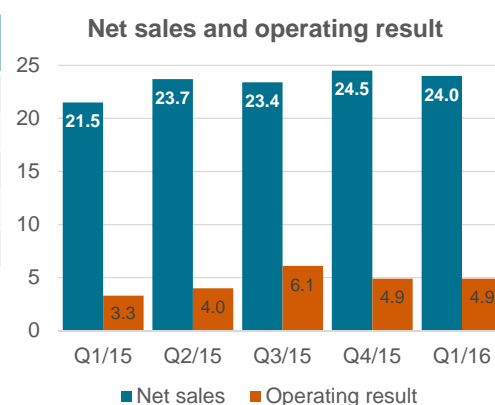
- High volumes and good product profitability increased gross margin by 8%-points



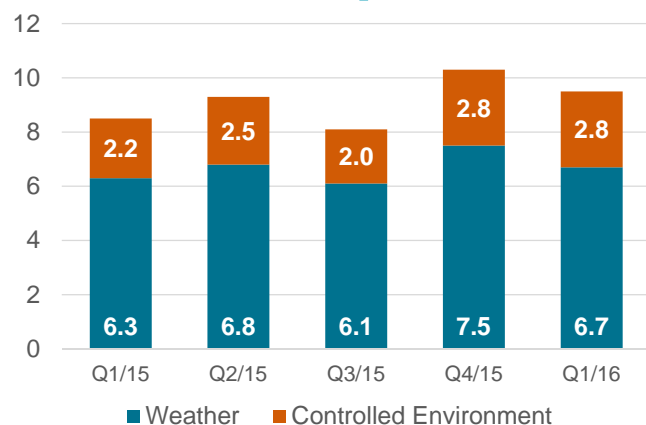
Controlled Environment operating result 21% of net sales

	Q1/ 2016	Q1/ 2015	Change %
Net sales, EUR million	24.0	21.5	12
Gross margin, %	60.8	57.9	
Operating expenses, EUR million	9.6	9.1	6
Operating result, EUR million	4.9	3.3	
Operating result, %	20.6	15.5	

- Gross margin improved by 3%-points
 - Improved profitability in calibration repair services
 - Positive impact of USD and JPY
 - High sales volumes and related scale economies



Consistent investment in R&D enable world class products



- R&D expenses were EUR 9.5 (8.5) million, 13.9% (14.5%) of net sales
- Weather 15.1% (17.0%) of net sales
- Controlled Environment 11.6% (10.1%) of net sales

Cash increased year-on-year

EUR million	Q1/2016	Q1/2015	2015
Cash flows from operating activities	-0.6	6.3	38.8
Cash flows from investing activities	-1.1	-0.9	-8.1
Cash flows from financing activities	0.0	0.0	-20.2
Cash and cash equivalents at the end of period	57.0	54.7	59.2

- The weakening of cash flow compared to the previous year was mainly due to working capital as trade receivables increased following net sales growth.
- Vaisala did not have any material interest bearing liabilities

Earnings per share improved

	Q1/2016	Q1/2015		2015
Earnings per share, EUR	-0.12	-0.15	↑	1.52
Earnings per share, diluted, EUR	-0.12	-0.15	↑	1.51
Equity per share, EUR	9.87	8.51		10.06
Return on equity, %	-4.7	-6.9	↑	15.7
Cash flow from operating activities per share, EUR	-0.03	0.35	↓	2.15
Solvency ratio, %	69.8	61.7		69.7

Market and Business Outlook

Market Outlook 2016

- Market outlook for Vaisala is generally stable.
- However, in many emerging countries situation remains uncertain and this is expected to impact adversely on governmental finances and delay public customers' decision making.
- Business opportunities in oil and gas related businesses are expected to remain weak throughout the year due to low crude oil prices.
- In renewable energy market outlook is positive.
- Also market outlook for industrial measurement solutions is solid.

Business Outlook 2016

Vaisala updates its business outlook for 2016 to include restructuring expenses in the operating result estimate.

- Vaisala continues to estimate its full year 2016 net sales to be in the range of EUR 305–335 million.
- Vaisala estimates its operating result (EBIT) to be in the range of EUR 25–35 million.
- Previous business outlook from February 10, 2016: Vaisala estimates its full year 2016 net sales to be in the range of EUR 305-335 million and the operating result (EBIT) excluding non-recurring items in the range of EUR 28-38 million.

Appendixes

VAISALA

Comparative orders received figures for 2015

- Vaisala's ERP version change which was taken into use in the beginning of 2015 enhanced orders received reporting. These enhanced orders received figures are not fully comparable with the figures published earlier, mostly due to different translation of orders denominated in foreign currency.

EUR million	Q1/2015	Q2/2015	Q3/2015	Q4/2015	2015
Weather	45.3	54.9	61.0	64.3	225.6
Controlled Environment	23.6	23.6	23.2	24.0	94.4
Total	68.9	78.5	84.3	88.4	320.0

VAISALA



Observations for a Better World

Page 21 © Vaisala 2016-4-26

Interim Report January-March 2016

VAISALA