

Financial Statement Release 2017

President and CEO Kjell Forsén
February 7, 2018

VAISALA



October–December 2017

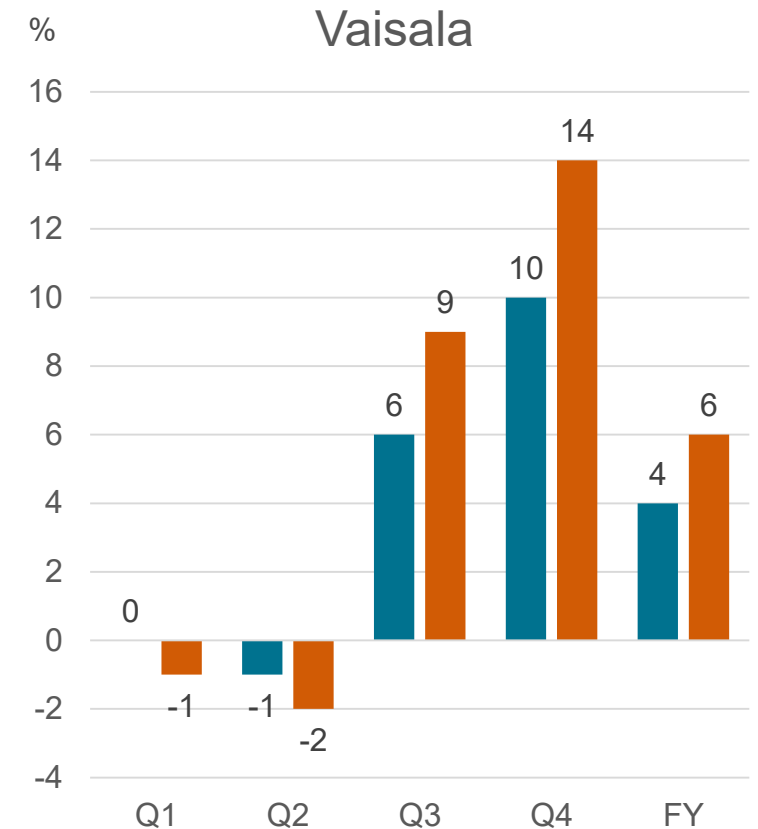
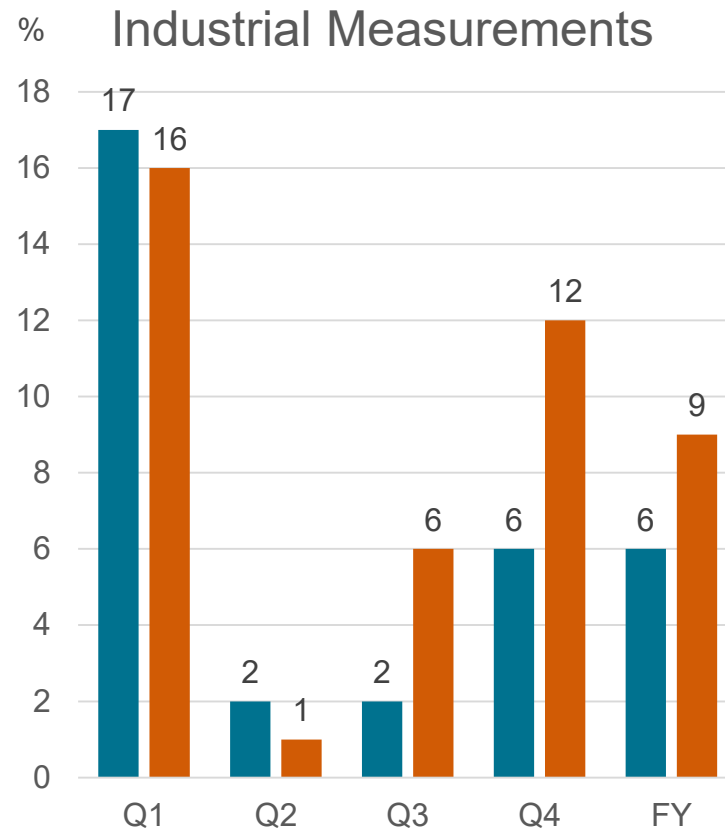
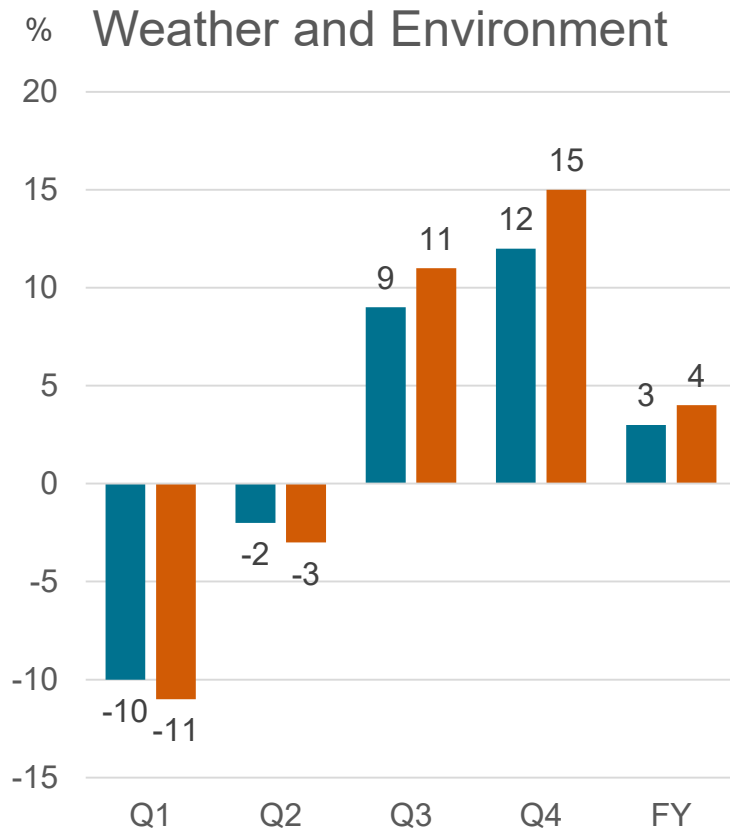
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Fourth quarter 2017 highlights

- Orders received EUR 83.5 (93.0) million, -10%
- Order book EUR 124.8 (118.0) million, +6%
- Net sales EUR 102.3 (93.0) million, +10%
 - With comparable rates +14%
- Gross margin 52.5% (52.1%)
- Operating result EUR 18.5 (14.6) million, 18.1% (15.7%) of net sales
- Earnings per share EUR 0.66 (0.79)
- Cash flow from operating activities EUR 23.0 (24.7) million



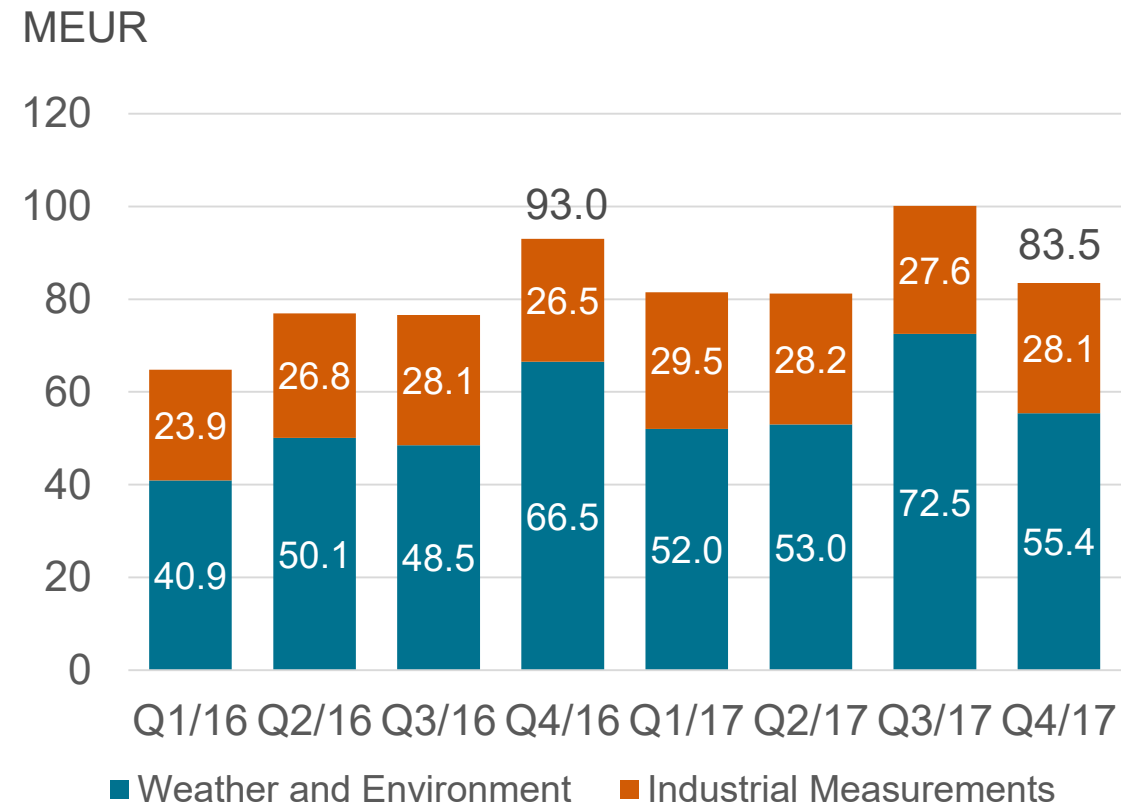
Exchange rate impact on net sales growth in 2017



■ Reported growth % ■ Growth % with comparable rates

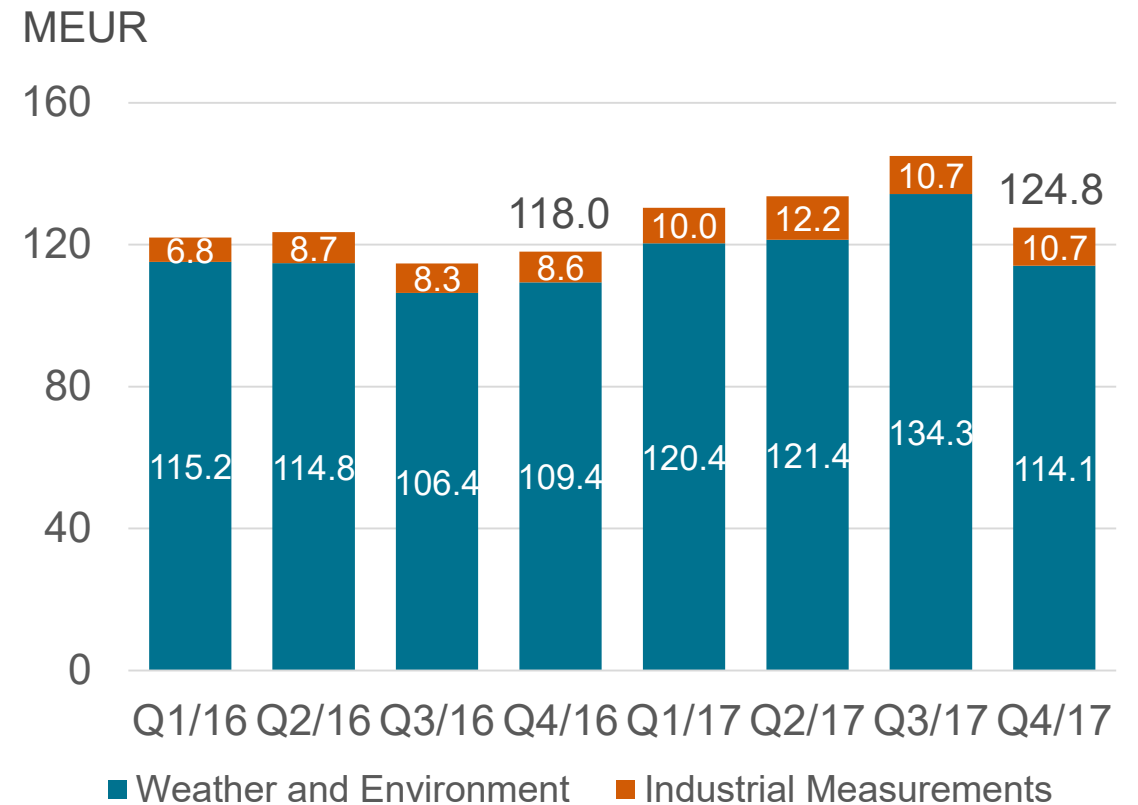
Vaisala Q4 orders received decreased 10% compared to strong previous year

- Orders received EUR 83.5 (93.0) million, -10%
 - Strong comparison period included the USD 18 million Bahamas contract
- Weather and Environment Business Area
 - EUR 55.4 (66.5) million, -17%
 - Orders increased in all regions except in China if the Bahamas contract is excluded
- Industrial Measurements Business Area
 - EUR 28.1 (26.5) million, +6%
 - The increase was strongest in EMEA



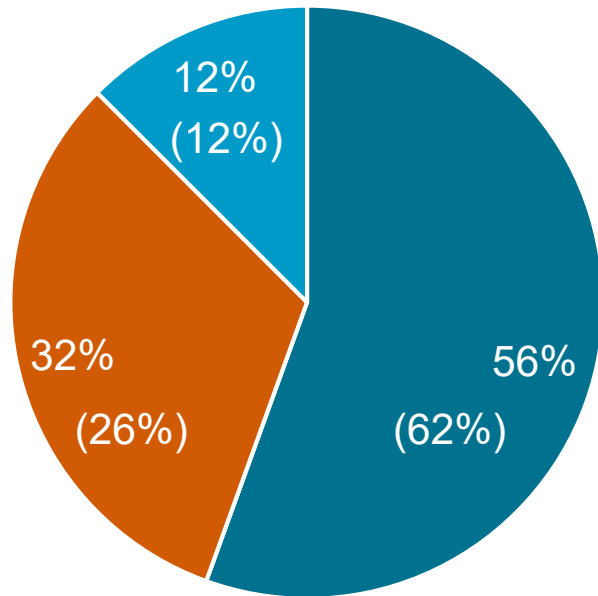
Vaisala order book increased 6%

- Order book EUR 124.8 (118.0) million, +6%
 - The order book increased in Americas and APAC
 - EUR 99.5 (79.3) million of the order book is scheduled to be delivered in 2018
- Weather and Environment Business Area
 - EUR 114.1 (109.4) million, +4%
 - EUR 89.8 (71.5) million of the order book is scheduled to be delivered in 2018
- Industrial Measurements Business Area
 - EUR 10.7 (8.6) million, +25%
 - EUR 9.7 (7.7) million of the order book is scheduled to be delivered in 2018



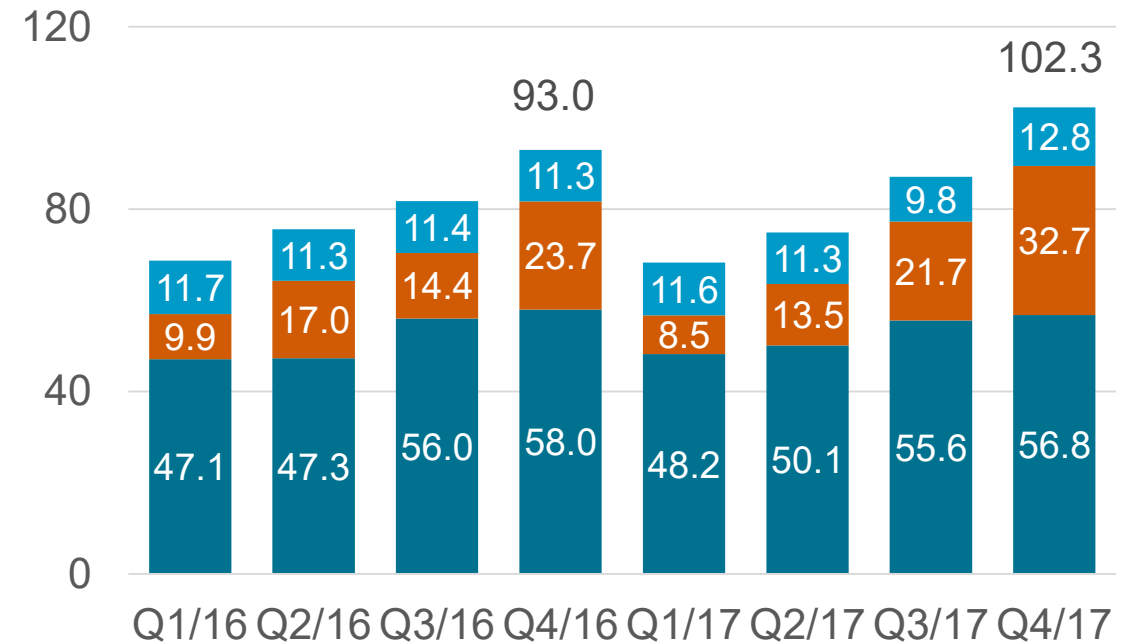
Vaisala Q4 project deliveries increased 38% from previous year

% of net sales Q4/2017



■ Products ■ Projects ■ Services

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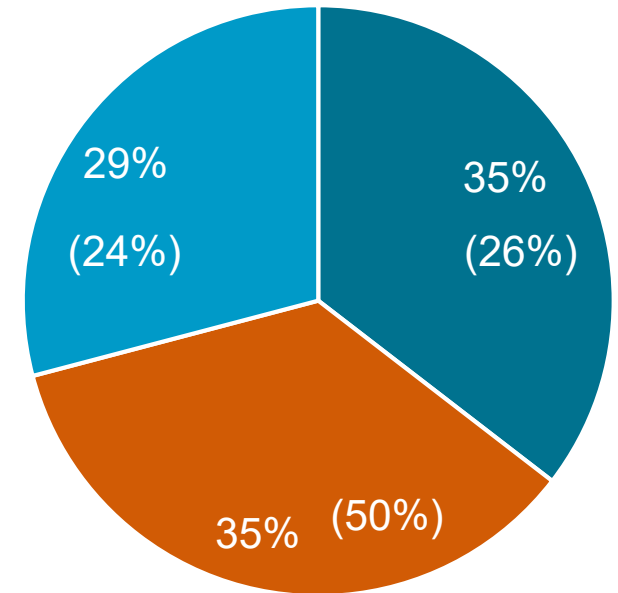


■ Products ■ Projects ■ Services

Americas' Q4 share of net sales declined from previous year – Americas and EMEA equal in size

EUR million	Q4/2017	Q4/2016	Change %
EMEA	36.3	24.3	49
Americas	36.3	46.1	-21
APAC	29.8	22.6	31
Total	102.3	93.0	10

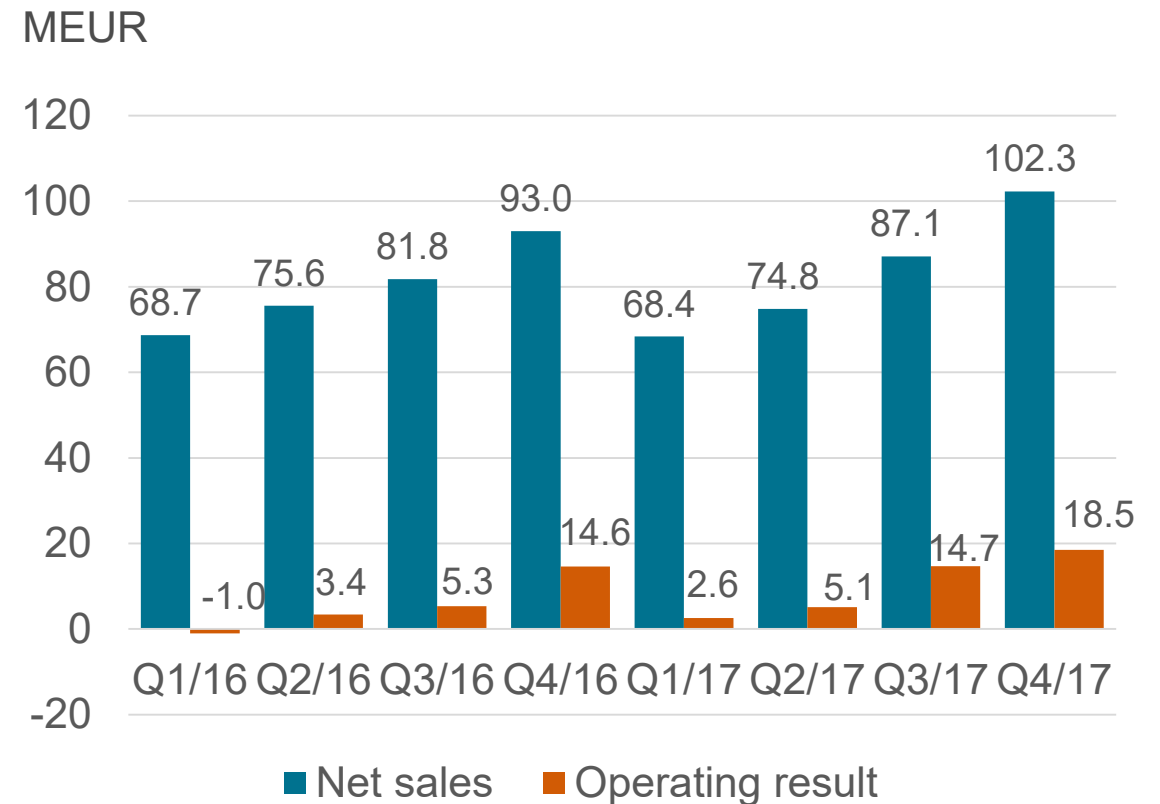
% of net sales Q4/2017



■ EMEA ■ Americas ■ APAC

Vaisala Q4 operating result 18.1% of net sales

	Q4/2017	Q4/2016
Orders received, EUR million	83.5	93.0
Net sales, EUR million	102.3	93.0
Gross margin, %	52.5	52.1
Operating expenses, EUR million	35.5	34.2
Operating result, EUR million	18.5	14.6
Operating result, %	18.1	15.7



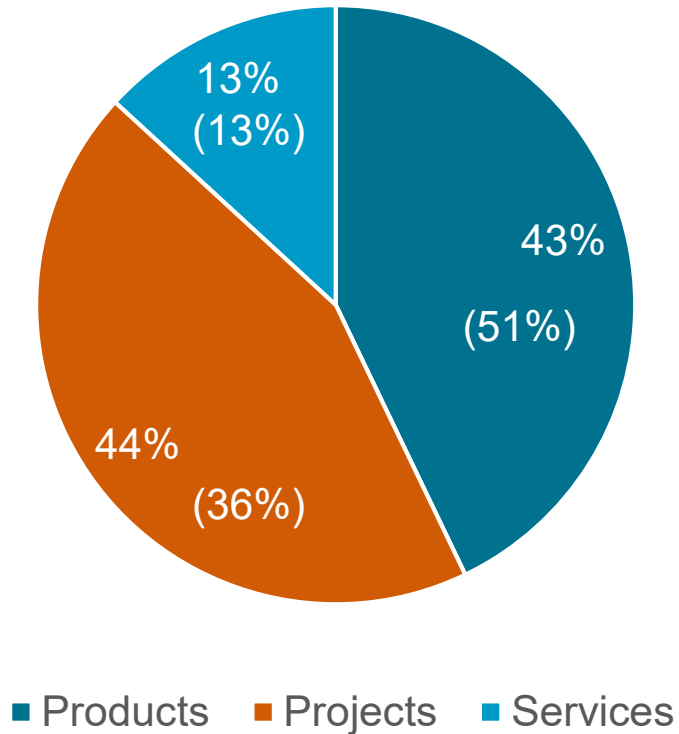
Weather and Environment Q4

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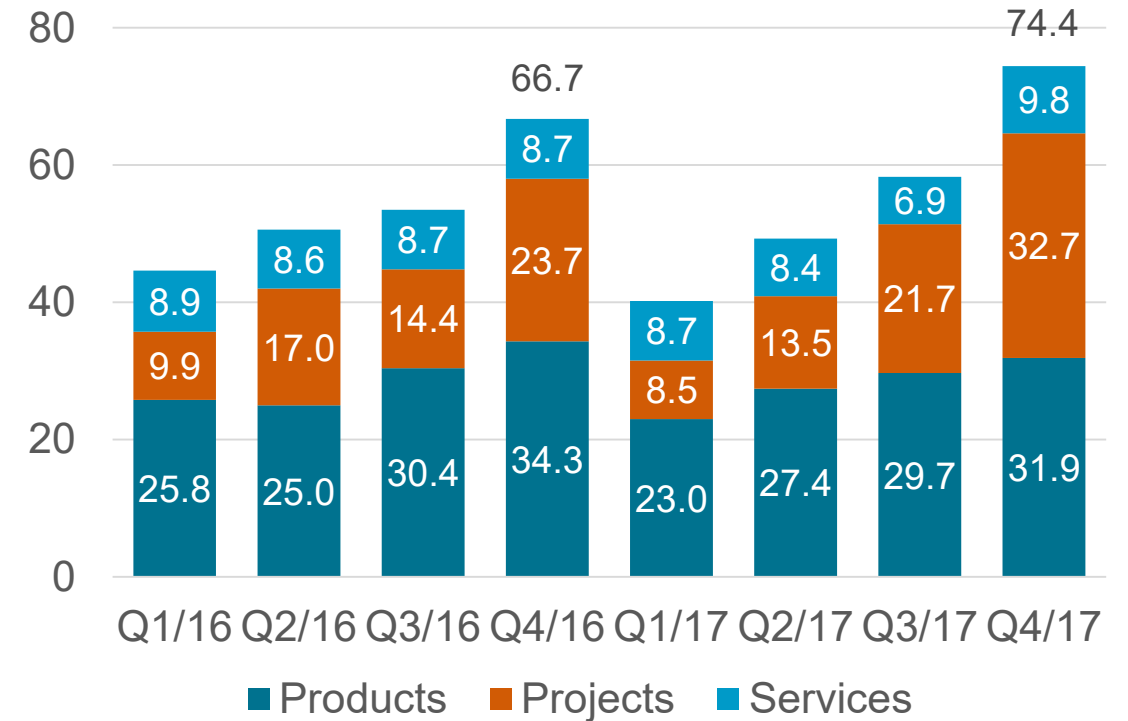


Weather and Environment Q4 net sales increased by 12%

% of net sales Q4/2017

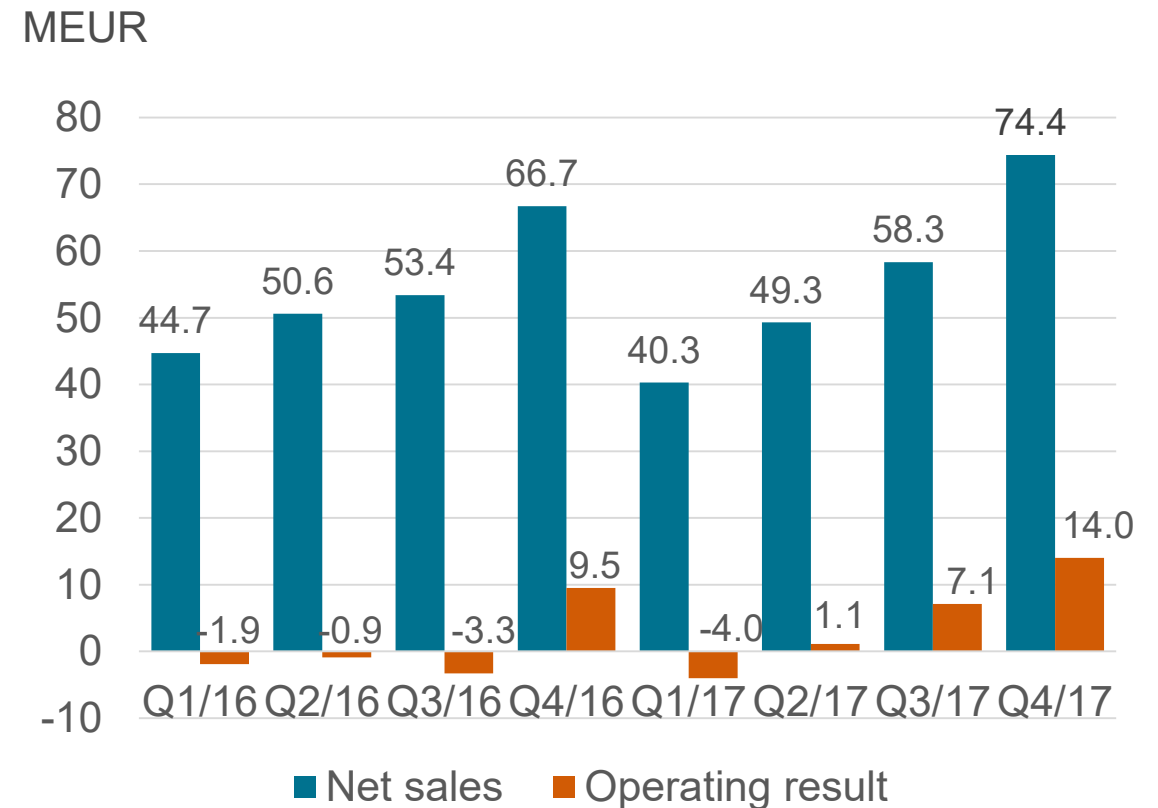


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Weather and Environment Q4 operating result 18.8% of net sales

	Q4/2017	Q4/2016
Orders received, EUR million	55.4	66.5
Net sales, EUR million	74.4	66.7
Gross margin, %	49.2	48.0
Operating expenses, EUR million	22.6	22.5
Operating result, EUR million	14.0	9.5
Operating result, %	18.8	14.2

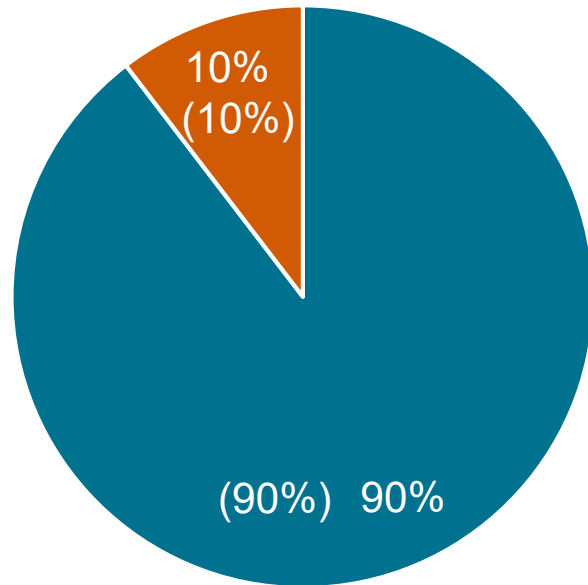


Industrial Measurements Q4

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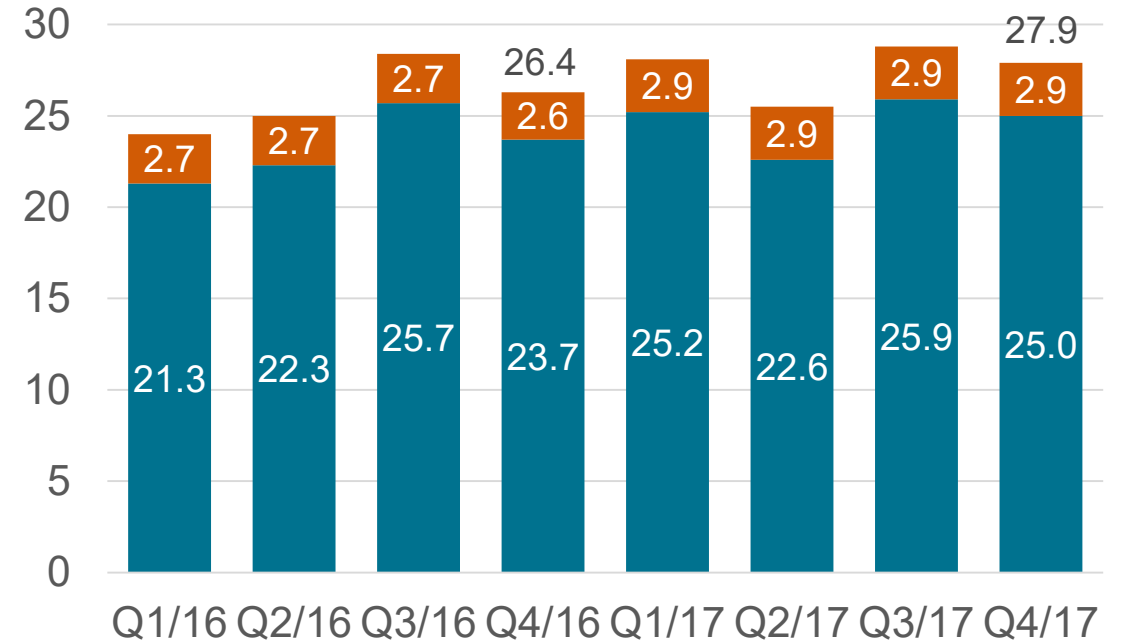
Industrial Measurements Q4 net sales increased by 6%

% of net sales Q4/2017



■ Products ■ Services

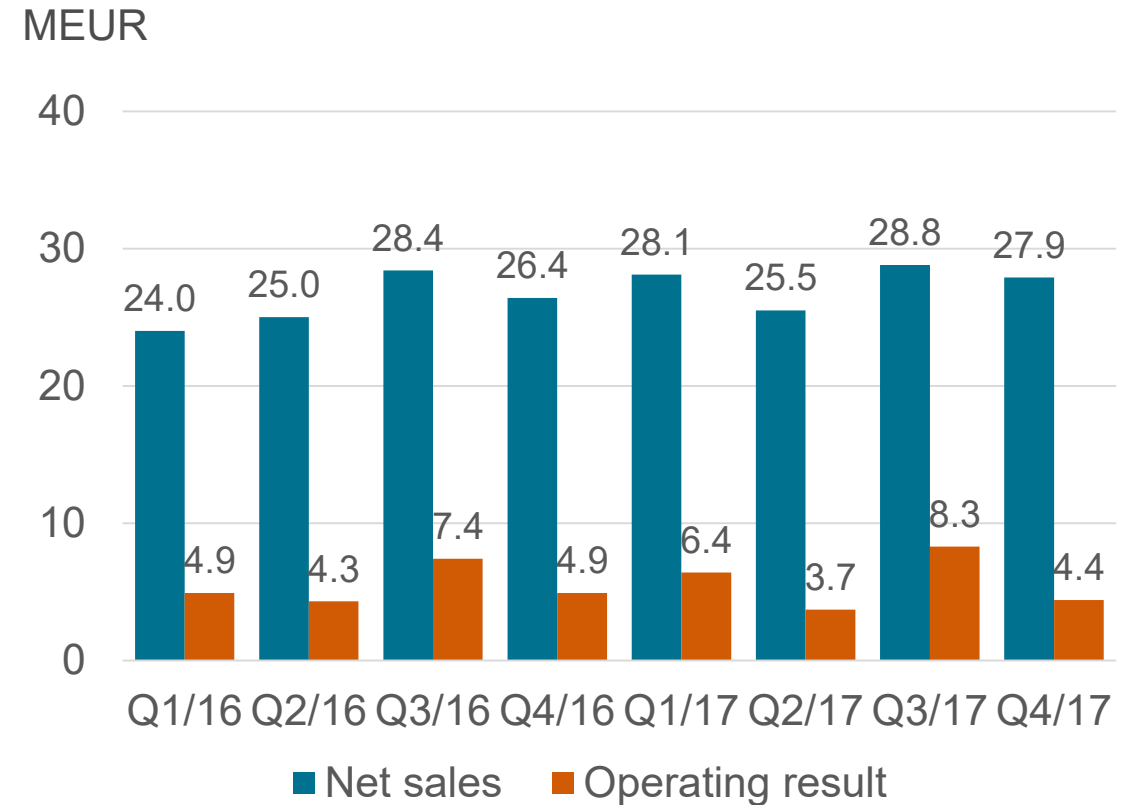
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■ Products ■ Services

Industrial Measurements Q4 operating result 15.7% of net sales

	Q4/2017	Q4/2016
Orders received, EUR million	28.1	26.5
Net sales, EUR million	27.9	26.4
Gross margin, %	61.2	62.2
Operating expenses, EUR million	12.7	11.5
Operating result, EUR million	4.4	4.9
Operating result, %	15.7	18.5





January–December
2017

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January–December 2017 highlights

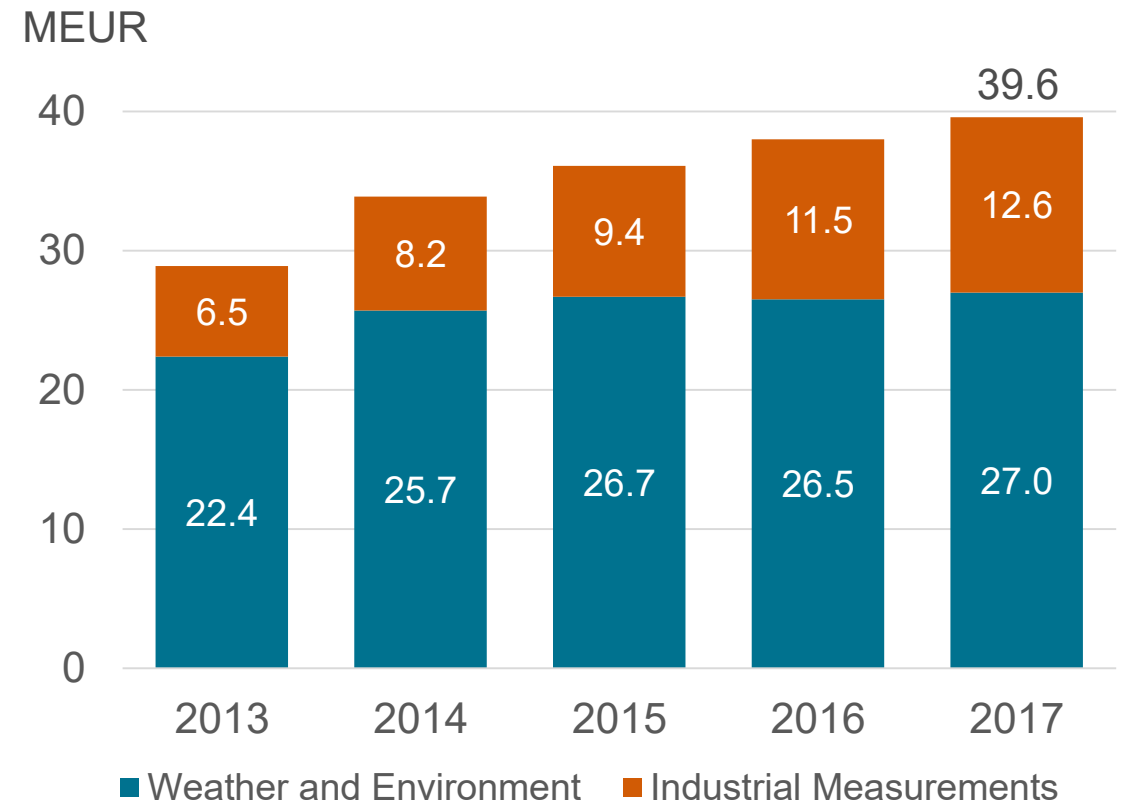
- Orders received EUR 346.3 (311.3) million, +11%
- Net sales EUR 332.6 (319.1) million, +4%
 - With comparable rates +6%
- Gross margin 52.3% (51.6%)
- Operating result EUR 40.9 (22.3*) million
- Earnings per share EUR 1.52 (1.05)
- Cash flow from operating activities EUR 49.2 (41.8) million
- Cash and cash equivalents EUR 91.3 (72.4) million, +26%

* Comparison period included EUR 10.5 million write-down of intangible assets.



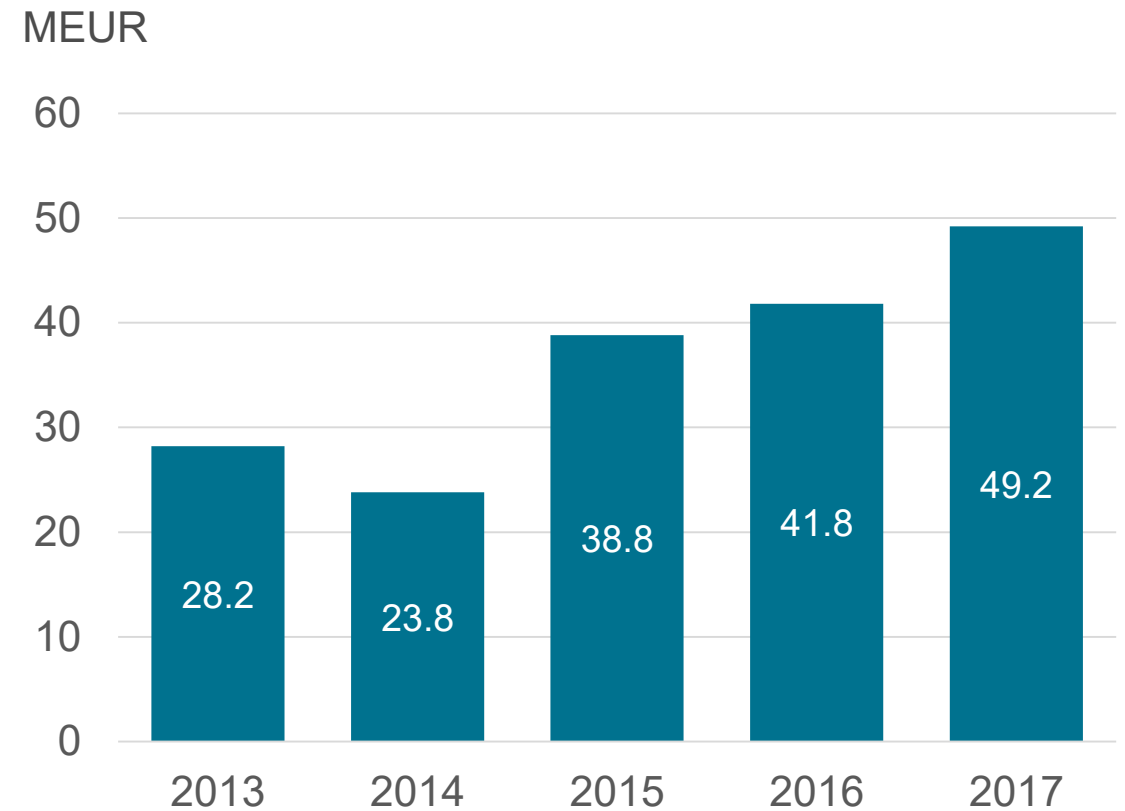
Strong investment in R&D through-out the year

- R&D expenses EUR 39.6 (38.0) million or 11.9% (11.9%) of net sales
 - Weather and Environment 12.1% (12.3%) of net sales
 - Industrial Measurements 11.4% (11.1%) of net sales
- Investments planned to continue strong in 2018



Cash flow from operating activities increased by 18% from previous year

- Cash flow from operations increased to EUR 49.2 (41.8) million mainly due to improved profitability and positive working capital development
- Cash and cash equivalents EUR 91.3 (72.4) million, +26%
- Capital expenditure EUR 8.5 (7.7) million
- Depreciation, amortization and write-downs EUR 9.7 (24.1) million
- Dividend paid EUR 17.8 million
- Purchases of treasury shares EUR 0.8 million during Q1



Market and Business Outlook

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Market Outlook 2018

Weather and Environment

- Market for traditional weather observation solutions is expected to be flat, growth is expected to originate from digital solutions as well as air quality measurement.
- Demand is expected to improve in Americas and somewhat in China. In Asia-Pacific, Middle East and Africa region demand is expected to be stable whereas in Europe demand is expected to decline compared to strong 2017.
- Demand for digital solutions is expected to improve moderately.

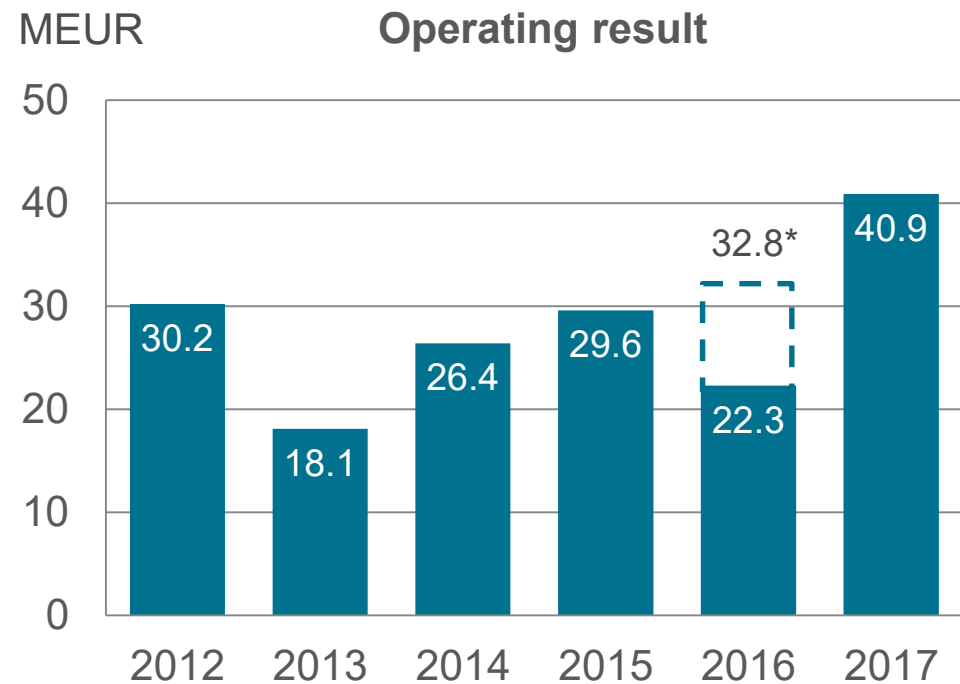
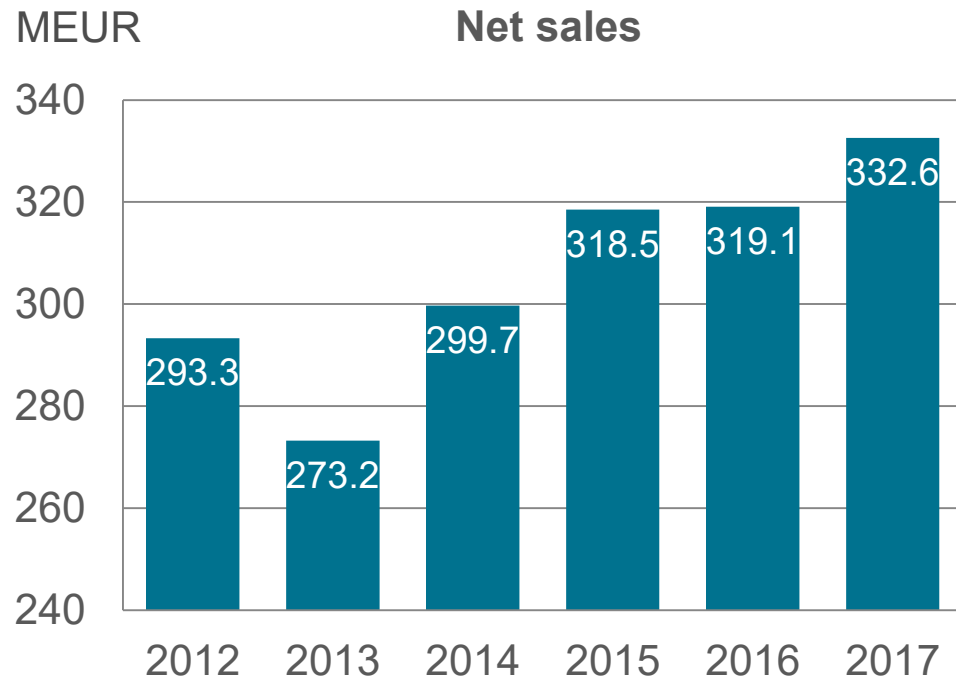
Foreign exchange rates are expected to have a negative impact on reported net sales, assuming they remain at the end of 2017 level.

Industrial Measurements

- Market for industrial measurement solutions is expected to be healthy.
- Underlying demand is expected to grow in all regions.
- Demand for power transmission products is expected to develop positively and continuous monitoring systems to gain speed from the release of next generation system.

Business Outlook 2018

- Vaisala estimates its full year 2018 net sales to be in the range of EUR 330–350 million and its operating result (EBIT) to be in the range of EUR 35–45 million.

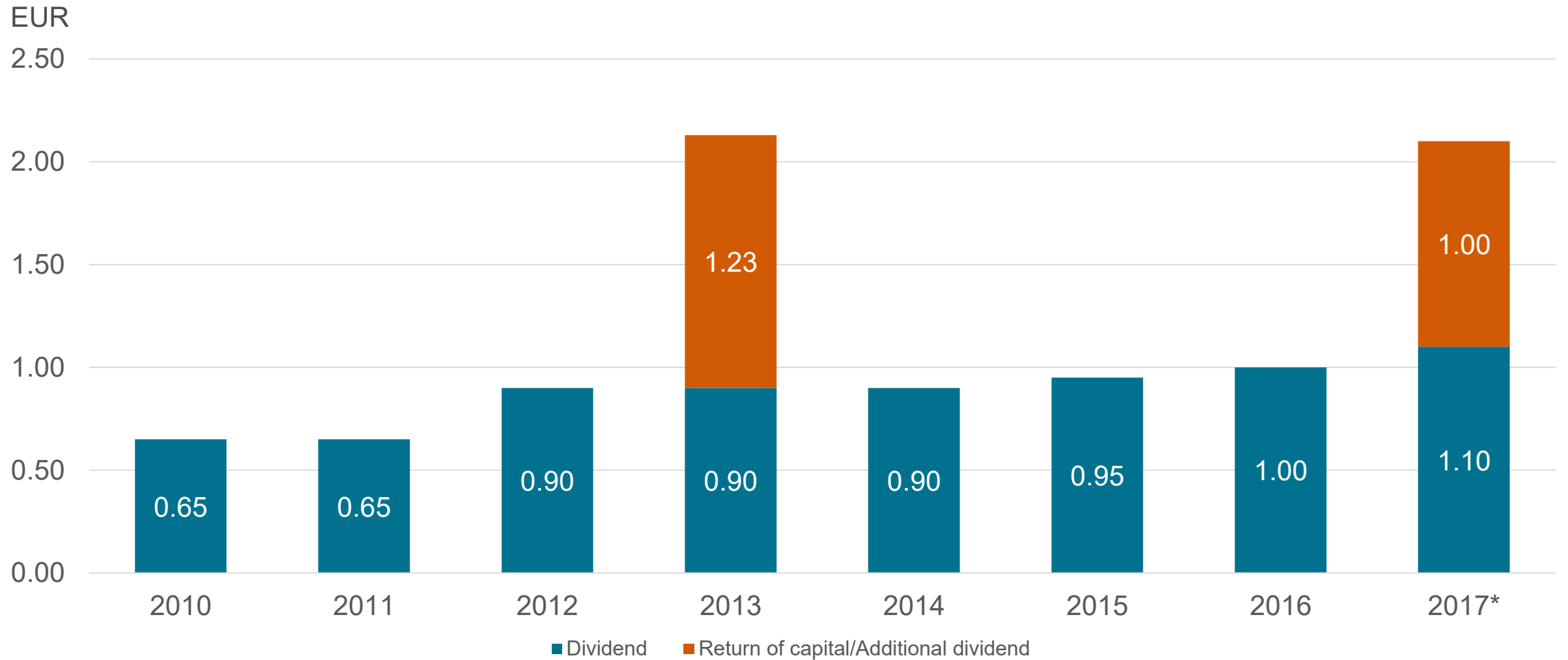


* Excl. EUR 10.5 million write down of intangible assets from the acquisitions of Second Wind Systems Inc. and 3TIER Inc. in 2013.

Board of Directors' proposals to the AGM

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Dividend development 2010–2017



* Boards' proposals

Share issue without payment (share split)

- The Board of Directors proposes to the Annual General Meeting that in order to enhance the liquidity of the company's share, new shares shall be issued to the shareholders without payment in proportion to their holdings.
 - One (1) new share will be issued for each share
- A total of 18,218,364 new shares constituted of 3,389,331 series K and 14,829,033 series A shares will be issued.
- The shares shall be issued to the shareholders who are registered in the list of shareholders maintained by Euroclear Finland Ltd on the record day of the share issue of April 12, 2018.
- The new shares will generate shareholder rights as of April 13, 2018 when they have been registered in the trade register.

→ No actions required by shareholders



Questions Welcome!

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Appendix

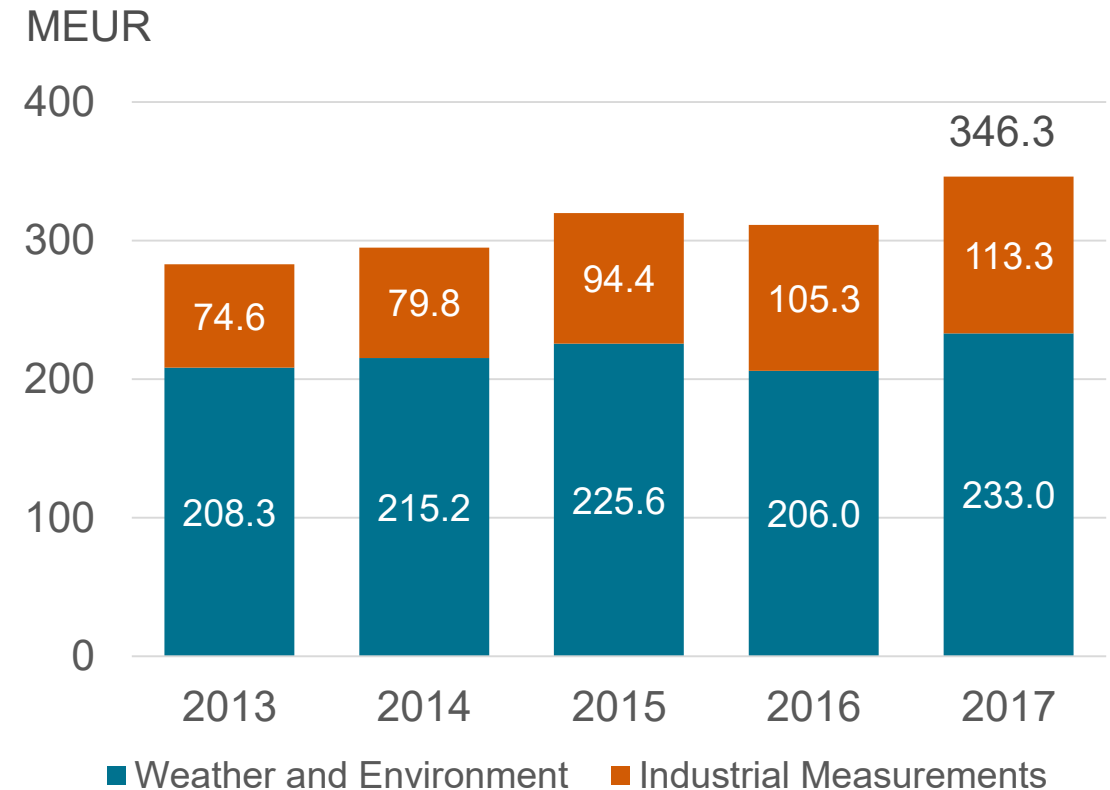
January–December 2017 financials

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Vaisala January–December orders received increased by 11%

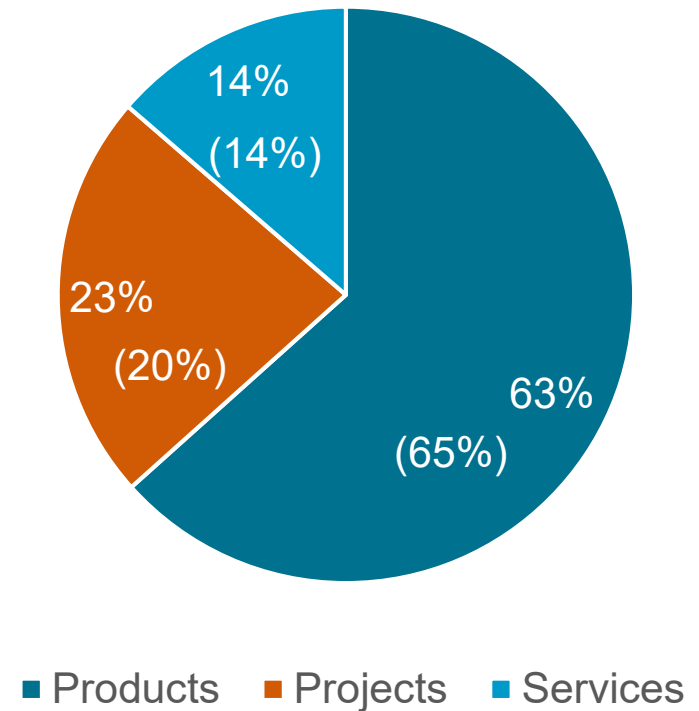
- Orders received EUR 346.3 (311.3) million, +11%
 - The increase came from both business areas and all geographical areas
- Weather and Environment Business Area
 - EUR 233.0 (206.0) million, +13%
 - The increase came mainly from Europe and Asia-Pacific, Middle East and Africa regions
- Industrial Measurements Business Area
 - EUR 113.3 (105.3) million, +8%
 - The increase came from all regions and was strong in APAC and EMEA



January–December sales mix stable

EUR million	2017	2016	Change %
Products	210.7	208.5	1
Projects	76.4	65.0	18
Services	45.4	45.6	0
Net sales, total	332.6	319.1	4
At comparable exchange rates	337.4	319.1	6

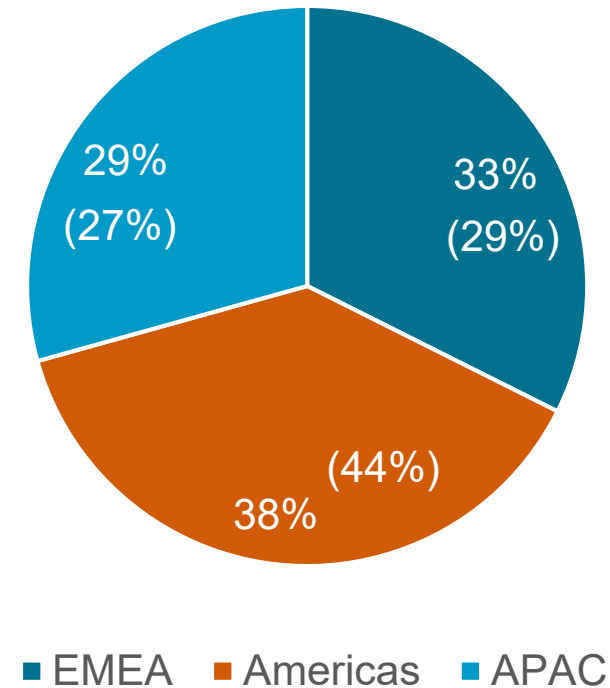
% of net sales 2017



Geographical split of Vaisala January–December net sales more balanced

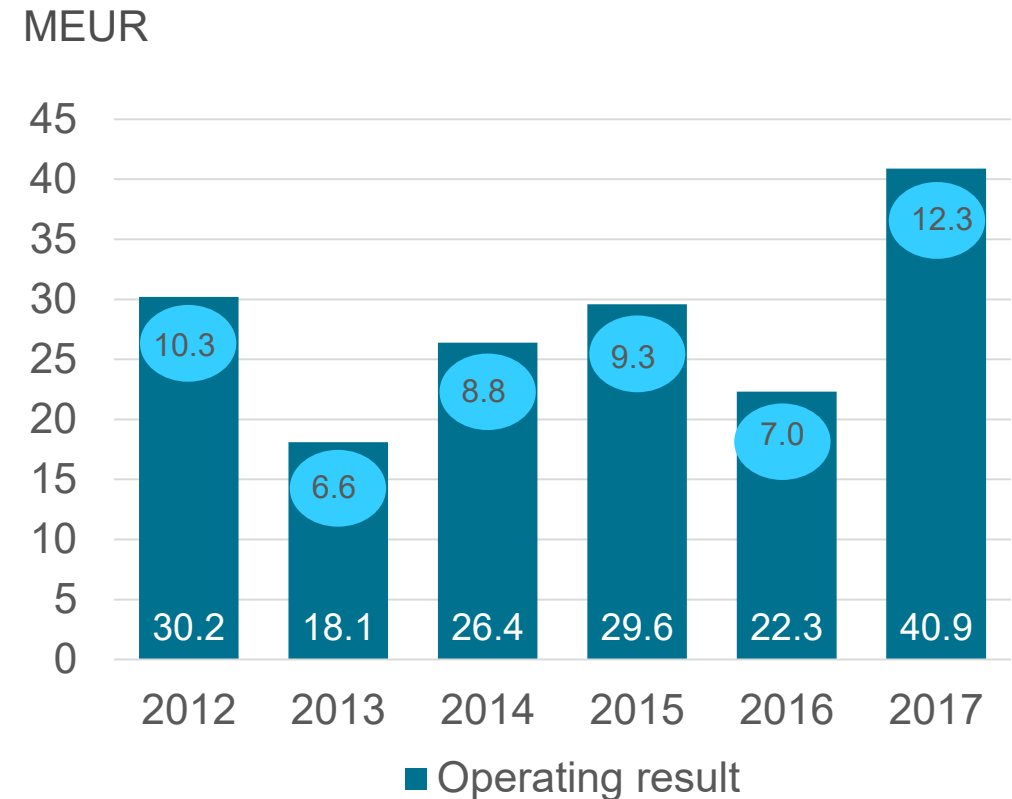
EUR million	2017	2016	Change %
EMEA	107.7	92.0	17
Americas	127.3	140.9	-10
APAC	97.5	86.2	13
Total	332.6	319.1	4

% of net sales 2017



January–December operating result 12.3% of net sales

- Operating result EUR 40.9 (22.3*) million or 12.3% (7.0%*) of net sales
 - Net sales growth in both business areas and improved gross margin in Industrial Measurements increased operating profit
- Operating expenses EUR 133.3 (141.5) million

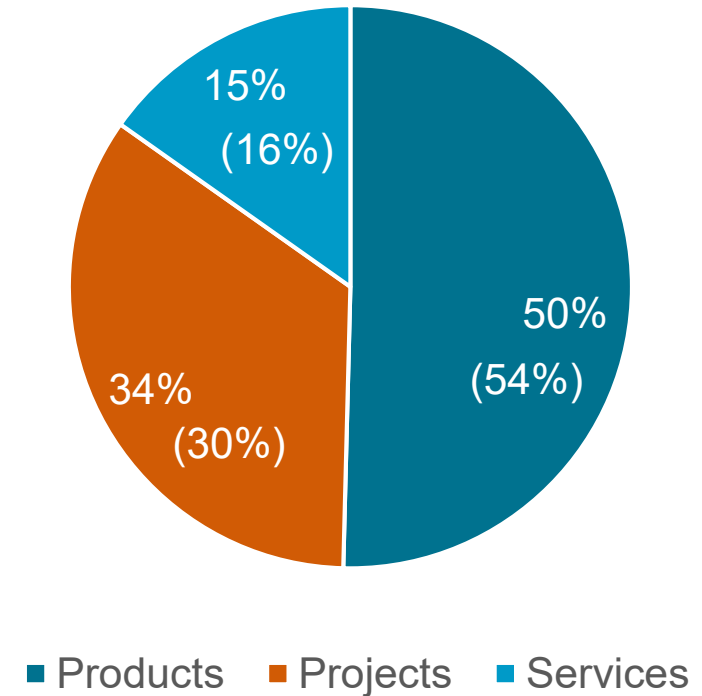


* Comparison period included EUR 10.5 million write-down of intangible assets.

Weather and Environment January–December net sales increased by 3%

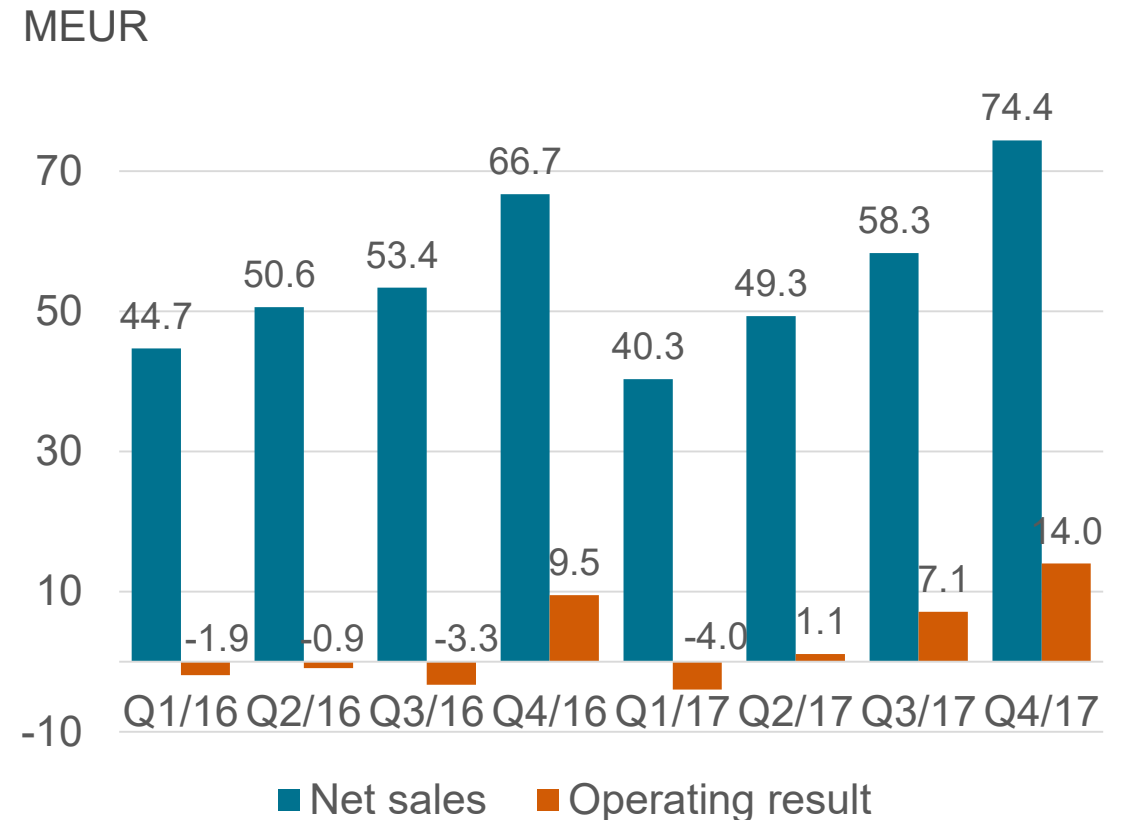
EUR million	2017	2016	Change %
Products	112.0	115.5	-3
Projects	76.4	65.0	18
Services	33.8	34.9	-3
Net sales, total	222.2	215.4	3
At comparable exchange rates	224.9	215.4	4

% of net sales 2017



Weather and Environment January–December operating result 8.2% of net sales

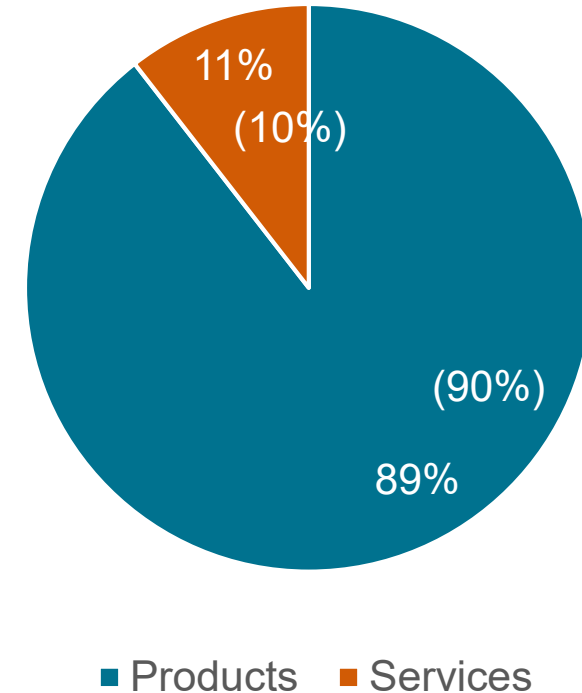
	2017	2016
Orders received, EUR million	233.0	206.0
Net sales, EUR million	222.2	215.4
Gross margin, %	47.3	47.3
Operating expenses, EUR million	87.3	98.4
Operating result, EUR million	18.2	3.4
Operating result, %	8.2	1.6



Industrial Measurements January–December net sales increased by 4%

EUR million	2017	2016	Change %
Products	98.7	93.0	6
Services	11.6	10.7	8
Net sales, total	110.3	103.7	6
At comparable exchange rates	112.6	103.7	9

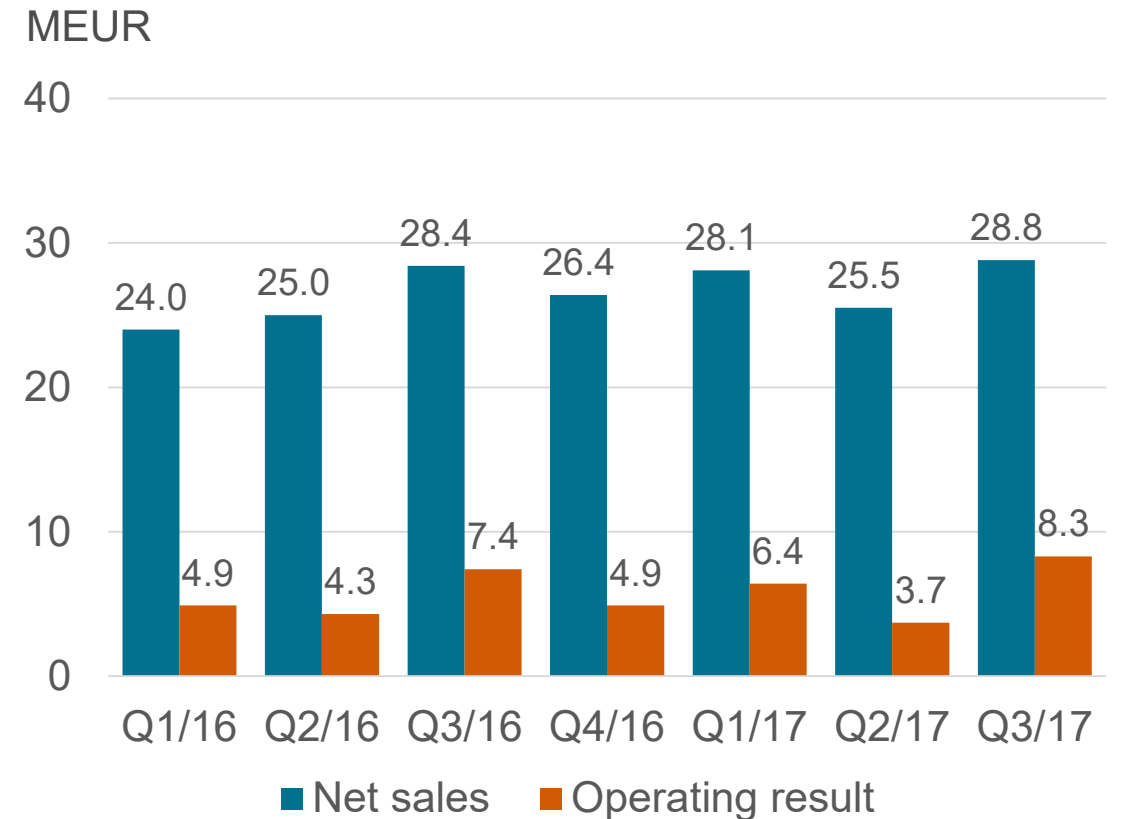
% of net sales 2017



Industrial Measurements January–December

operating result 20.7% of net sales

	2017	2016
Orders received, EUR million	113.3	105.3
Net sales, EUR million	110.3	103.7
Gross margin, %	62.4	60.8
Operating expenses, EUR million	46.0	41.5
Operating result, EUR million	22.8	21.6
Operating result, %	20.7	20.8



Observations for a Better World

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