

Vaisala Corporation
Interim Report January–September 2014
October 22, 2014



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January-September 2014 net sales and order book increased. Operating result decreased due to investments in new businesses. Business outlook for 2014 unchanged.

July-September 2014 highlights

- Orders received EUR 68.8 (76.0) million, decrease 10%
- Order book EUR 137.7 (115.1) million, increase 20%
- Net sales EUR 77.9 (61.9) million, increase 26%
- Gross margin 52.7% (48.5%)
- Operating result EUR 12.6 (4.9) million, increase 156%
- Earnings per share EUR 0.62 (0.14)
- Cash and cash equivalents EUR 34.4 (47.0) million
- Business outlook for 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.

January-September 2014 highlights

- Orders received EUR 207.9 (200.2) million, increase 4%
- Net sales EUR 204.0 (192.7) million, increase 6%
- Gross margin 50.4% (49.4%)
- Operating result EUR 11.5 (15.1) million, decrease 24%
- Earnings per share EUR 0.57 (0.50)
- Cash flow from operating activities EUR 8.8 (16.2) million

Vaisala's President and CEO Kjell Forsén comments on the third quarter

“The preceding four consecutive quarters were characterized by strong order intake for Vaisala. In the third quarter of 2014 this turned into net sales showing growth year-on-year with 26% from EUR 61.9 million to EUR 77.9 million. Order intake in the third quarter is slightly down from the previous year to EUR 68.8 million from EUR 76.0 million. The order book, however, remained strong at EUR 137.7 million as compared to EUR 115.1 million at the end of September 2013.

As a result of the increased top line Vaisala's operating result in the third quarter grew from EUR 4.9 million to EUR 12.6 million. This was achieved despite being burdened by integration costs for the acquired companies 3Tier and Second Wind related to Vaisala entering the weather dependent renewable energy market.

Vaisala's Weather Business Area showed a healthy growth of net sales from EUR 42.9 million to EUR 57.3 million, a growth of 34% coming from all geographical areas. The relative share of project business kept growing reaching 42%. The growing topline and improved gross margin increased operating result from EUR 1.6 million to EUR 8.4 million.

In renewable energy the selected focus markets remained active and Vaisala is strengthening its presence in those markets. Also building and renewal of the portfolio for the renewable energy market is progressing as well as gaining of industry acceptance.

Also the Information Service strategy implementation is progressing well with e.g. the first contracts for aircraft deicing optimization signed. Investments in new product development and novel technologies are continuing as planned.

For Vaisala's Controlled Environment Business Area the positive trend from the end of the second quarter carried into the third quarter as net sales grew in all geographical areas with 8% from EUR 19.0 million to EUR 20.6 million year-on-year. The growth was especially strong in Life Science customer group. The growing topline and improved gross margin increased operating result from EUR 3.6 million to EUR 4.5 million.

I want to take the opportunity to thank all of Vaisala's skilled and committed staff for making the good result described above possible. In today's volatile global markets with several severe crises ongoing your agility, speed and professionalism are the best guarantee for the continued success of Vaisala.

True leaders in this field are using their sustainability information to become stronger in businesses and to make better decisions based on what they have learned.

For Vaisala sustainability is more than just reducing our own carbon footprint. It is about giving our customers tools to succeed in their sustainability actions. On a grander scale Vaisala provides means for assessing the state of the environment and climate. Based on this strategic approach Vaisala was awarded a position on CDP's prestigious A list of the Global Climate Performance Leadership Index (Global CPLI) and on the Nordic Climate Disclosure Leadership Index (CDLI). The performance score assesses the level of action on climate change mitigation, adaptation and transparency. Vaisala was assessed under Information technology sector, which is widely understood to be one of the fundamental driving forces of change in the business and consumer societies. Delivering innovation to meet product efficiency regulations is another well-reported opportunity which Vaisala is demonstrating through its technology, solution and product offering.

Despite the increased risk picture on the global markets and a highly competed environment Vaisala holds on to the guidance of net sales in the range of EUR 290-305 million and the operating result (EBIT) in the range of EUR 20-30 million."

Key Figures

	7-9/2014	7-9/2013	1-9/2014	1-9/2013	2013
Orders received, EUR million	68.8	76.0	207.9	200.2	282.9
Order book, EUR million	137.7	115.1	137.7	115.1	122.0
Net sales, EUR million	77.9	61.9	204.0	192.7	273.2
Gross profit, EUR million	41.1	30.0	102.9	95.1	134.3
Gross margin, %	52.7	48.5	50.4	49.4	49.2
Operating expenses, EUR million	28.5	25.4	91.7	82.0	113.6
Operating result, EUR million	12.6	4.9	11.5	15.1	18.1

Operating result, %	16.2	7.9	5.6	7.8	6.6
Profit (loss) before taxes, EUR million	14.6	4.4	13.5	14.3	17.2
Profit (loss) for the period, EUR million	11.1	2.6	10.3	9.1	10.9
Earnings per share, EUR	0.62	0.14	0.57	0.50	0.60
Cash flow from operating activities, EUR million	10.3	10.9	8.8	16.2	28.2
Capital expenditure, EUR million	2.1	1.7	5.8	5.8	7.1
Depreciation, EUR million	3.7	3.8	11.2	11.1	14.8
Return on equity, %			8.7	7.0	6.3
Cash and cash equivalents, EUR million	34.4	47.0	34.4	47.0	45.8

Market situation in July–September 2014

Reasonably good weather observation market conditions continued. Market conditions for industrial measurement and life science solutions developed positively especially in Americas.

In EMEA weather observation market remained solid, although economic weakness and currency depreciation in Russia and some neighboring countries are weakening demand in the region. Also conflicts in Middle East have had an unfavorable impact on local weather observation market activity. Demand for industrial measurement and life science solutions trended slightly upwards.

In Americas weather observation market continued to pick up, driven by the U.S. governmental customers. Market environment for industrial measurement and life science solutions was favorable.

In APAC weather observation market remained active. Market environment for industrial measurement and life science solutions improved after stagnant first half of the year.

July–September 2014 performance

Orders received

EUR million	7-9/2014	7-9/2013	Change, %	2013
Weather	47.3	56.6	-16	208.3
Controlled Environment	21.5	19.3	11	74.6
Total	68.8	76.0	-10	282.9

Order book

EUR million	7-9/2014	7-9/2013	Change, %	2013
Weather	131.7	109.9	20	116.2
Controlled Environment	6.1	5.2	17	5.8
Total	137.7	115.1	20	122.0

In July–September 2014, orders received were EUR 68.8 (76.0) million and decreased by 10% compared to the previous year and the decline came from Americas and EMEA. Decrease was due to both fewer project orders and large service contracts. Weather Business Area's orders received were EUR 47.3 (56.6) million and decreased by 16%. The decline came from New Weather Markets, Meteorology and Roads and Rail customer groups. Controlled Environment Business Area's orders received were EUR 21.5 (19.3) million and increased by 11%. The growth came from both customer groups.

After strong orders received during the preceding four quarters the order book was EUR 137.7 (115.1) million at the end of September and increased by 20% compared to end of September 2013. The order book

includes EUR 12 million of orders, which were consolidated from 3TIER Inc., acquired in December 2013. Of the order book EUR 86.3 million will be delivered in 2015 or later.

Net sales by business area

EUR million	7-9/2014	7-9/2013	Change, %	2013
Weather	57.3	42.9	34	200.0
Controlled Environment	20.6	19.0	8	73.2
Total	77.9	61.9	26	273.2

Net sales by geographical area

EUR million	7-9/2014	7-9/2013	Change, %	2013
EMEA	29.5	22.5	31	98.6
Americas	28.4	25.2	13	107.8
APAC	20.0	14.1	42	66.9
Total	77.9	61.9	26	273.2

In July-September 2014, Vaisala's net sales were EUR 77.9 (61.9) million and increased by 26% compared to the previous year. Weather Business Area's net sales were EUR 57.3 (42.9) million and increased by 34%. The growth came from all customer groups except Roads and Rail. Weather Business Area's net sales increased in all geographical areas and project revenue recognition was especially strong. Controlled Environment Business Area's net sales were EUR 20.6 (19.0) million and increased by 8%. The growth came mainly from Life Science customer group. Controlled Environment Business Area improved its net sales in all geographical areas.

In July-September 2014, net sales in EMEA was EUR 29.5 (22.5) million and increased by 31% compared to the previous year, in the Americas EUR 28.4 (25.2) million and increased by 13% and in APAC EUR 20.0 (14.1) million and increased by 42%.

At comparable exchange rates the net sales would have been EUR 78.3 (61.9) million and increase would have been EUR 16.4 million or 27% from previous year. The negative exchange rate effect was EUR 0.5 million, which was mainly due to changes in USD and JPY exchange rates.

Gross margin was 52.7% (48.5%). The increase was mainly due to increased net sales and related decrease in unit costs due to improved scale economies.

Operating result

EUR million	7-9/2014	7-9/2013	Change, %	2013
Weather	8.4	1.6	411	14.5
Controlled Environment	4.5	3.6	24	4.0
Eliminations and other	-0.3	-0.4	-17	-0.4
Total	12.6	4.9	156	18.1

In July-September 2014, operating result was EUR 12.6 (4.9) million. The increase was due to improved net sales and gross margins of both business areas. Operating expenses were EUR 28.5 (25.4) million and increased by 12% compared to the previous year. The increase was mainly due to the consolidation of operating expenditures of 3TIER Inc. and Second Wind Systems Inc., which were acquired during the second half of 2013 as well as investments in R&D related to new offering development and renewing instrument portfolio.

Profit (loss) before taxes was EUR 14.6 (4.4) million for the period of July-September 2014. Income taxes were EUR -3.4 (-1.8) million. Net result was EUR 11.1 (2.6) million.

Earnings per share for July-September 2014 were EUR 0.62 (0.14).

January-September 2014 performance

Orders received

EUR million	1-9/2014	1-9/2013	Change, %	2013
Weather	149.8	144.2	4	208.3
Controlled Environment	58.1	56.0	4	74.6
Total	207.9	200.2	4	282.9

Order book

EUR million	1-9/2014	1-9/2013	Change, %	2013
Weather	131.7	109.9	20	116.2
Controlled Environment	6.1	5.2	17	5.8
Total	137.7	115.1	20	122.0

In January-September 2014, orders received were EUR 207.9 (200.2) million and increased by 4% compared to the previous year. The growth came mainly from Europe and China. Weather Business Area's orders received were EUR 149.8 (144.2) million and increased by 4%. The growth came from all other customer groups except Airports and Meteorology. Controlled Environment Business Area's orders received were EUR 58.1 (56.0) million and increased by 4%. Orders received increased in both customer groups.

After strong orders received during the preceding four quarters the order book was EUR 137.7 (115.1) million at the end of September and increased by 20% compared to end of September 2013. However, Weather Business Area's third quarter 2014 orders received decreased by 16% compared to previous year. The order book includes EUR 12 million of orders, which were consolidated from 3TIER Inc., acquired in December 2013. Of the order book EUR 86.3 million will be delivered in 2015 or later.

Net sales by business area

EUR million	1-9/2014	1-9/2013	Change, %	2013
Weather	146.2	137.5	6	200.0
Controlled Environment	57.8	55.2	5	73.2
Total	204.0	192.7	6	273.2

Net sales by geographical area

EUR million	1-9/2014	1-9/2013	Change, %	2013
EMEA	76.0	69.6	9	98.6
Americas	75.8	73.9	3	107.8
APAC	52.2	49.1	6	66.9
Total	204.0	192.7	6	273.2

In January-September 2014, Vaisala's net sales was EUR 204.0 (192.7) million and increased by 6% compared to the previous year. Weather Business Area's net sales were EUR 146.2 (137.5) million and increased by 6%. The growth came mainly from New Weather Markets customer group but net sales increased also in Meteorology and Airports. Weather Business Area improved its net sales in project and services businesses and in all geographical areas. Controlled Environment Business Area's net sales were EUR 57.8 (55.2) million and increased by 5%. The growth came from both customer groups and from all geographical areas.

In January-September 2014, net sales in EMEA was EUR 76.0 (69.6) million and increased by 9% compared to the previous year, in the Americas EUR 75.8 (73.9) million and increased by 3% and in APAC EUR 52.2 (49.1) million and increased by 6%.

At comparable exchange rates the net sales would have been EUR 208.2 (192.7) million and increase would have been EUR 15.5 million or 8% from previous year. The negative exchange rate effect was EUR 4.2 million, which was mainly due to changes in USD, JPY and AUD exchange rates.

Operations outside Finland accounted for 98% (97%) of net sales.

Gross margin was 50.4% (49.4%). The increase was mainly due to decreased unit costs, contributed by increased net sales and related scale economies as well as further optimized supply chain.

Operating result

EUR million	1-9/2014	1-9/2013	Change, %	2013
Weather	4.3	6.9	-37	14.5
Controlled Environment	8.2	7.5	9	4.0
Eliminations and other	-1.0	0.7	-	-0.4
Total	11.5	15.1	-24	18.1

In January-September 2014, operating result was EUR 11.5 (15.1) million. The decrease was mainly due to increase in operating expenses. Operating expenses were EUR 91.7 (82.0) million and increased by 12% compared to the previous year. The increase was mainly due to the consolidation of operating expenditures of 3TIER Inc. and Second Wind Systems Inc., which were acquired during the second half of 2013 as well as investments in R&D related to new offering development and renewing instrument portfolio.

Financial income and expenses were EUR 2.0 (-0.8) million for the period of January-September 2014. The increase is mainly due to foreign exchange gains related to valuation of USD denominated receivables.

Profit (loss) before taxes was EUR 13.5 (14.3) million for the period of January-September 2014. Income taxes were EUR -3.2 (-5.2) million. Effective tax rate for January-September 2014 were 23.5% (36.5%) and reflects the estimated effective tax rate for the financial year 2014. Net result was EUR 10.3 (9.1) million.

Earnings per share for January-September 2014 were EUR 0.57 (0.50).

Statement of financial position and cash flow

Vaisala's financial position remained strong at the end of the September 2014. Cash and cash equivalents amounted to EUR 34.4 (47.0) million at the end of September 2014 and Vaisala did not have any material interest bearing liabilities.

The statement of financial position total was EUR 227.2 (217.3) million. The solvency ratio at the end of the September 2014 was 70% (74%).

In January-September 2014, Vaisala's cash flow from operating activities was EUR 8.8 (16.2) million. The decrease was mainly due to cash tied in working capital but also lower business profitability.

Capital expenditure and divestments

Gross capital expenditure totaled EUR 5.8 (5.8) million for January-September 2014. Depreciation was EUR 11.2 (11.1) million.

Weather Business Area

EUR million	7-9/2014	7-9/2013	Change, %	1-9/2014	1-9/2013	Change, %	2013
Orders received	47.3	56.6	-16	149.8	144.2	4	208.3
Order book	131.7	109.9	20	131.7	109.9	20	116.2
Net sales, total	57.3	42.9	34	146.2	137.5	6	200.0
Products	20.1	20.2	-1	61.7	69.9	-12	97.3
Projects	24.0	15.6	54	54.0	45.7	18	70.0
Services	13.2	7.1	86	30.4	22.0	39	32.7
Operating result	8.4	1.6	411	4.3	6.9	-37	14.5

In January-September 2014, orders received were EUR 149.8 (144.2) million and increased by 4% compared to the previous year. Orders increased in all other customer groups except in Airports and Meteorology.

After strong orders received during the preceding four quarters the order book was EUR 131.7 (109.9) million at the end of September and increased by 20% compared to end of September 2013. However, Weather Business Area's third quarter 2014 orders received decreased by 16% compared to previous year. The order book includes EUR 12 million of orders, which were consolidated from 3TIER Inc., acquired in December 2013. Of the order book EUR 85.2 million will be delivered in 2015 or later.

In January-September 2014, Weather Business Area's net sales was EUR 146.2 (137.5) million and increased by 6% compared to the previous year. The growth came mainly from New Weather Markets customer group but net sales increased also in Meteorology and Airports. Weather Business Area improved its net sales in project and services businesses and in all geographical areas. At comparable exchange rates the net sales would have been EUR 148.4 (137.5) million and increase would have been EUR 10.9 million or 8% from previous year. The negative exchange rate effect was EUR 2.2 million, which was mainly due to changes in USD and AUD exchange rates.

In January-September 2014, Weather Business Area's operating result was EUR 4.3 (6.9) million and decreased by 37% compared to the previous year. The decline was mainly due to increased operating expenses. The increase in operating expenses was mainly due to the consolidation of operating expenditures of 3TIER Inc. and Second Wind Systems Inc., which were acquired during the second half of 2013 as well as investments in R&D related to new offering development and renewing instrument portfolio.

Controlled Environment Business Area

EUR million	7-9/2014	7-9/2013	Change, %	1-9/2014	1-9/2013	Change, %	2013
Orders received	21.5	19.3	11	58.1	56.0	4	74.6
Order book	6.1	5.2	17	6.1	5.2	17	5.8
Net sales, total	20.6	19.0	8	57.8	55.2	5	73.2
Products	18.2	16.9	8	51.0	48.7	5	64.2
Services	2.4	2.1	12	6.9	6.5	6	9.0
Operating result	4.5	3.6	24	8.2	7.5	9	4.0

In January-September 2014, orders received were EUR 58.1 (56.0) million and increased by 4% compared to the previous year. Orders received increased in both customer groups. At the end of September 2014 the

order book was EUR 6.1 (5.2) million and increased by 17% compared to the previous year. Of the order book EUR 1.2 million will be delivered in 2015 or later.

In January-September 2014, Controlled Environment Business Area's net sales was EUR 57.8 (55.2) million and increased by 5% compared to the previous year. Net sales increased in both customer groups and in all geographical areas. At comparable exchange rates the net sales would have been EUR 59.8 (55.2) million and increase would have been EUR 4.6 million or 8% from previous year. The negative exchange rate effect was EUR 2.0 million, which was mainly caused by USD and JPY exchange rate fluctuations.

In January-September 2014, Controlled Environment Business Area's operating result was EUR 8.2 (7.5) million and increased by 9% compared to the previous year. The increase was mainly due to improved net sales and gross margins. Operating expenses increased compared to the previous year mainly due to investments in R&D related to new offering development.

Research and Development

In January-September 2014, research and development expenses totaled EUR 24.6 (20.9) million, representing 12.1% (10.8%) 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.

EUR million	7-9/ 2014	7-9/ 2013	Change, %	1-9/ 2014	1-9/ 2013	Change, %	2013
Weather	5.9	4.9	20	18.5	16.3	13	22.4
Controlled Environment	1.7	1.3	34	6.1	4.6	35	6.5
Total	7.7	6.2	23	24.6	20.9	18	28.9

In January-September 2014, Weather Business Area R&D expenses were 12.6% (11.9%) of net sales. Controlled Environment Business Area R&D expenses were 10.6% (8.3%) of net sales.

In the second quarter 2014, Vaisala launched an entirely new Road Weather Station, RWS200. Combined with software, this new station is able to offer an enhanced Road Weather Information System called iRWIS. The system consists of intelligent roadside hardware, sophisticated decision support software and improved measurement reliability.

Information about Vaisala's products and services can be found at www.vaisala.com.

Personnel

The average number of personnel employed in Vaisala during January-September, 2014 was 1,618 (1,476). The number of employees at the end of September 2014 was 1,616 (1,510). At the end of 2013, the number of employees was 1,563.

At the end of September 2014, 44% (42%) of the personnel was based outside Finland.

Vaisala 2014-2018 strategy and long-term financial targets

Vaisala's Board of Directors confirmed the 2014-2018 strategy in May 12, 2014. Vaisala's goal of profitable growth will be achieved through the implementation of the strategic themes: creation of customer value, reliability, and simplification.

In Weather Business Area additional customer value will be created by building new business around decision support services that are offered to renewable energy, aviation and roads customers. Controlled Environment Business Area will focus on enhancing offering and developing the sales channel for life science and industrial customers in order to create value for customers' operations.

Reliability will create customer satisfaction and loyalty. High quality of products and services, well-functioning customer service and on-time actions will deliver reliable customer experience.

Simplification will create operational efficiency. Optimized global networks, streamlined supply chains, common capabilities and continual improvement in all functions will ensure increased efficiency of Vaisala's operations.

Vaisala's long-term financial targets

Growth: Vaisala targets an average annual growth of 5%. In selected growth businesses such as renewable energy and life science the target is to exceed 10% annual growth.

Profitability: Vaisala's objective is profitable growth and the target is to achieve 15% operating profit (EBIT) margin towards the end of the period.

Vaisala does not consider the long-term financial targets as market guidance for any given year.

Near-term risks and uncertainties

Vaisala's business is exposed to changes in the global economy, politics, conflicts, policies, regulations, Vaisala's supply chain, and accidents as well as natural disasters and epidemics, which may affect business e.g. through order cancellations, disturbance in logistics, travel bans, and loss of market potential. Vaisala's capability to successfully complete investments, acquisitions, divestments and restructurings on a timely basis and to achieve related financial and operational targets represent a risk which may impact revenue and profitability.

The most significant near term risks and uncertainties that may affect both revenue and profitability relate to the company's ability to maintain its delivery capability, availability of critical components, interruptions in manufacturing and associated IT systems, changes in the global economy, expanded western sanctions against Russia, spreading of epidemics, continuing conflicts in Middle East and North Africa, currency exchange rates, customers' financing capability, changes in customers' purchasing or investment behavior, and delays or cancellations of orders. Changes in the competition may affect the volume and profitability of business through introduction of new competitors and price erosion in areas which traditionally have been strong for Vaisala. Changes in subcontractor relations, their operations or operating environment as well as the quality of the deliverables may have a negative impact on Vaisala's business.

A significant part of Vaisala's business is project business. Project business performance and schedules have dependencies to third parties, which may impact profitability and the timing of revenue recognition. Assumptions regarding new project and service business opportunities constitute a risk for both revenue and profitability.

Further information about risk management in Vaisala is available on the company website at <http://www.vaisala.com/investors>, Corporate Governance.

Decisions by Vaisala Corporation's Annual General Meeting

Annual General Meeting was held on Wednesday, March 26, 2014 at Vaisala's head office in Finland. The meeting approved the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial period January 1–December 31, 2013.

Dividend

The Annual General Meeting decided a dividend of EUR 0.90 per share, corresponding to the total of EUR 16,253,292.60. The record date for the dividend payment was March 31, 2014 and the payment date was April 7, 2014.

Remuneration of the members of the Board of Directors

The Annual General Meeting decided that the annual fee payable to the Board members for the term until the close of the Annual General Meeting in 2015 is: the Chairman of the Board of Directors EUR 45,000 and each Board member EUR 35,000. Approximately 40 percent of the annual remuneration will be paid in Vaisala Corporation's A shares acquired from the market and the rest in cash.

In addition, the Annual General Meeting decided that the compensation per attended meeting for the Chairman of the Audit Committee is EUR 1,500 and EUR 1,000 for each member of the Audit Committee for the term until the close of the Annual General Meeting in 2015. The compensation per attended meeting for the Chairman and each member of the Remuneration and HR Committee and any other committee established by the Board of Directors is EUR 1,000 for the term until the close of the Annual General Meeting in 2015.

Composition of the Board of Directors

The Annual General Meeting confirmed that the number of Board members is seven. Mikko Niinivaara and Raimo Voipio were re-elected for the term until the close of the Annual General Meeting in 2017. Petra Lundström and Pertti Torstila were elected as new members of the Board of Directors. Due to stipulations of the Articles of Association concerning the term of the members of the Board of Directors Petra Lundström was elected for the term until the close of the Annual General Meeting in 2015. Pertti Torstila was elected for the term until the close of the Annual General Meeting in 2017.

Auditor and their remuneration

The Annual General Meeting elected Deloitte & Touche Oy, Authorized Public Accountants, as auditor of the Company until the close of the Annual General Meeting in 2015. Deloitte & Touche Oy has informed that APA Merja Itäniemi will act as the auditor with the principal responsibility. The Auditor's fee is paid according to their reasonable invoice presented to the company.

Authorization for directed acquisition of own A shares

The Annual General Meeting authorized the Board of Directors to decide on the directed acquisition of a maximum of 160,000 of the Company's own A shares in one or more instalments with funds belonging to the Company's unrestricted equity. The new authorization replaces the previous one and is valid until the closing of the Annual General Meeting in 2015, however, no longer than September 26, 2015.

Authorization to transfer Company's own shares

The Annual General Meeting authorized the Board of Directors to decide on the transfer of a maximum of 319,150 own A shares. The transfer of own shares may be carried out in deviation from the shareholders' pre-emptive rights and may be transferred as a directed issue without payment as part of the Company's share based incentive plan. The authorization can also be used to grant special rights entitling subscription of own shares, and the subscription price of the shares can instead of cash also be paid in full or in part as contribution in kind. The new authorization replaces the previous one and is valid until March 26, 2019.

Donations

The Annual General Meeting authorized the Board of Directors to decide on donations of maximum EUR 250,000. The authorization is valid until the close of the Annual General Meeting in 2015.

The organizing meeting of the Board of Directors

At its organizing meeting held after the Annual General Meeting the Board elected Raimo Voipio to continue as the Chairman of the Board of Directors and Yrjö Neuvo to continue as the Vice Chairman.

The composition of the Board committees was decided to be as follows:

Audit Committee

Maija Torkko was elected as the Chairman and Petra Lundström and Mikko Niinivaara as members of the Audit Committee. The Chairman and all members of the Audit Committee are independent both of the Company and of significant shareholders.

Remuneration and Human Resources Committee

Raimo Voipio was elected as the Chairman and Yrjö Neuvo and Maija Torkko as members of the Remuneration and Human Resources Committee. Raimo Voipio is independent of the Company. Yrjö Neuvo and Maija Torkko are independent both of the Company and of significant shareholders.

Vaisala's shares

In January–September 2014, a total number of 751,225 (2,082,898) Vaisala A shares with a value totaling EUR 17.4 (40.8) million were traded on the NASDAQ OMX Helsinki Ltd. On September 30, 2014 the closing price was EUR 20.90 (19.30). The highest quotation during January-September 2014 was EUR 24.98 (22.13) and the lowest EUR 20.45 (16.04).

On September 30, 2014, Vaisala had 18,218,364 shares, of which 3,389,351 are series K shares and 14,829,013 are series A shares. The K shares and A shares are differentiated by the fact that each K share entitles its owner to 20 votes at a General Meeting of Shareholders while each A share entitles its owner to 1 vote. The A shares represent 81.4% of the total number of shares and 17.9% of the total votes. The K shares represent 18.6% of the total number of shares and 82.1% of the total votes.

The market value of Vaisala's A shares on September 30, 2014 was EUR 306.6 (283.1) million, excluding the Company's treasury shares. Valuing the K shares, which are not traded on the stock market, at the rate of the A share's closing price on the last day of September, the total market value of all the A and K shares together was EUR 377.4 (348.5) million, excluding the Company's treasury shares.

More information about Vaisala's share and shareholders are presented on the website, www.vaisala.com/investors.

Treasury shares and parent company shares

At the end of September 2014, the Company held a total of 159,150 (159,150) Vaisala A shares, which represented 0.9% (0.9%) of the share capital and 0.2% (0.2%) of the votes. The consideration paid for these shares was EUR 2,527,160 (2,527,160).

Market outlook

After several consecutive quarters of favorable macroeconomic development, many key cyclical indicators have lately softened especially in Europe. Still, economic forecasts refer to moderate growth and Vaisala is expecting solid short-term outlook for weather observation, industrial measurement and life science markets. Markets are increasingly competitive. In weather observations market it remains challenging to forecast customers' timing for decision making and acceptance of larger customer projects, having potentially material impact on overall Vaisala weather business.

In EMEA demand for weather observation solutions is expected to remain solid overall, supported by European market. Economic weakness and currency depreciation in Russia and some neighboring countries as well as conflicts in Middle East weaken outlook locally. European economic conditions do not indicate significant improvement in market environment for industrial measurement and life science solutions.

In Americas short-term market outlook for weather observation, industrial measurement and life science solutions is favorable, supported by the U.S. customers. In Latin America weakened economic conditions shadow outlook.

Weather observation market outlook in APAC remains solid, although business environment in China is expected to weaken due to ending of current five-year plan next year. Market outlook for industrial measurement and life science solutions in APAC is stable.

Business outlook for 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.

Vantaa, October 22, 2014

Vaisala Corporation
Board of Directors

The forward-looking statements in this release are based on the current expectations, known factors, decisions and plans of Vaisala's management. Although the management believes that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that these expectations would prove to be correct. Therefore, the results could differ materially from those implied in the forward-looking statements, due to for example changes in the economic, market and competitive environments, regulatory or other government-related changes, or shifts in exchange rates.

Financial information and changes in accounting policies

This interim financial report has been prepared in accordance with IAS 34, Interim Financial Reporting, following the same accounting policies and principles as in the annual financial statements for 2013. All figures in the interim report are Group figures. All presented figures have been rounded and consequently the sum of individual figures may deviate from the sum presented.

The preparation of the financial statements in accordance with IFRS requires Vaisala's management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and the recognition of income and expenses in the statement of income. Although the estimates are based on the management's best knowledge at the date of the interim report, actual results may differ from the estimates.

The interim financial report is unaudited.

Consolidated Statement of Income					
EUR million	7-9/ 2014	7-9/ 2013	1-9/ 2014	1-9/ 2013	1-12/ 2013
Net sales	77.9	61.9	204.0	192.7	273.2
Costs of sales	-36.8	-31.9	-101.1	-97.6	-138.9
Gross profit	41.1	30.0	102.9	95.1	134.3
Sales, marketing and administrative costs	-20.8	-19.0	-67.1	-60.9	-84.7
Research and development costs	-7.7	-6.2	-24.6	-20.9	-28.9
Other operating income and expense	0.0	0.1	0.3	1.7	-2.6
Operating profit (loss)	12.6	4.9	11.5	15.1	18.1
Share of result in associated companies	-	-	-	-	0.1
Financial income and expenses, net	2.0	-0.5	2.0	-0.8	-1.0
Profit (loss) before taxes	14.6	4.4	13.5	14.3	17.2
Income taxes	-3.4	-1.8	-3.2	-5.2	-6.2
Profit (loss) for the period	11.1	2.6	10.3	9.1	10.9
Earnings per share, EUR	0.62	0.14	0.57	0.50	0.60
Diluted earnings per share, EUR	0.61	0.14	0.56	0.50	0.60

Consolidated Statement of Comprehensive Income

EUR million	7-9/ 2014	7-9/ 2013	1-9/ 2014	1-9/ 2013	1-12/ 2013
Items that will not be reclassified to profit or loss					
Actuarial loss on post-employment benefits	0.0	0.0	0.0	0.0	-0.1
Total	0.0	0.0	0.0	0.0	-0.1
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	2.1	-1.3	2.5	-2.3	-3.2
Total	2.1	-1.3	2.5	-2.3	-3.2
Total other comprehensive income	2.1	-1.3	2.5	-2.3	-3.3
Total comprehensive income	13.2	1.4	12.8	6.9	7.6

Consolidated Statement of Financial Position

EUR million	September 30, 2014	September 30, 2013	December 31, 2013
Assets			
Non-current assets			
Intangible assets	37.4	31.8	35.9
Property, plant and equipment	45.3	47.6	46.8
Investments	0.1	0.1	0.1
Investment in associated companies	0.8	0.7	0.7
Long-term receivables	0.3	1.0	0.9
Deferred tax assets	9.1	5.3	8.0
Total non-current assets	93.0	86.4	92.5
Current assets			
Inventories	36.7	34.2	28.6
Trade and other receivables	61.7	48.6	57.4
Income tax receivables	1.3	1.0	1.4
Cash and cash equivalents	34.4	47.0	45.8
Total current assets	134.1	130.9	133.2
Total assets	227.2	217.3	225.6
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	7.7	7.7	7.7
Other reserves	2.2	1.4	1.5

Cumulative translation adjustment	-1.1	-2.8	-3.6
Treasury shares	-2.5	-2.5	-2.5
Retained earnings	149.9	154.3	155.9
Total shareholders' equity	156.1	158.1	158.9
Non-current liabilities			
Interest-bearing liabilities	0.0	0.1	0.0
Post-employment benefit obligations	0.7	0.4	0.7
Deferred tax liabilities	5.2	1.4	5.2
Provisions for other liabilities and charges	-	0.1	-
Other long-term liabilities	3.4	2.4	2.1
Total non-current liabilities	9.3	4.3	8.0
Current liabilities			
Interest-bearing liabilities	0.0	0.4	0.0
Advances received	5.3	3.7	3.7
Income tax liabilities	0.9	0.7	0.3
Trade and other payables	55.5	50.2	54.8
Total current liabilities	61.7	54.9	58.7
Total shareholders' equity and liabilities	227.2	217.3	225.6

Consolidated Statement of Changes in Shareholders' Equity

EUR million	Share capital	Share premium	Other reserves	Treasury shares	Translation adjustment	Retained earnings	Total
Balance at Jan 1, 2013	7.7	22.3	0.7	-2.5	-0.5	161.4	189.2
Profit (loss) for the period						9.1	9.1
Other comprehensive income					-2.3		-2.3
Dividend paid						-16.2	-16.2
Reclassification		-22.3	22.3				0.0
Return of capital			-22.2				-22.2
Share-based payment			0.5				0.5
Balance at September 30, 2013	7.7		1.4	-2.5	-2.8	154.3	158.1
EUR million	Share capital		Other reserves	Treasury shares	Translation adjustment	Retained earnings	Total
Balance at Jan 1, 2014	7.7		1.5	-2.5	-3.6	155.9	158.9
Profit (loss) for the period						10.3	10.3
Other comprehensive income			0.0		2.5		2.5
Dividend paid						-16.3	-16.3
Share-based payment			0.7				0.7
Balance at September 30, 2014	7.7		2.2	-2.5	-1.1	149.9	156.1

Consolidated Cash Flow Statement

EUR million	1-9/2014	1-9/2013	1-12/2013
Cash flows from operating activities			
Cash receipts from customers	205.2	205.1	282.8
Other income from business operations	0.3	0.2	0.2
Cash paid to suppliers and employees	-194.9	-181.8	-246.3
Financials paid, net	1.4	-0.9	-0.8
Income taxes paid, net	-3.2	-6.3	-7.7
Cash flow from operating activities	8.8	16.2	28.2
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	-	-1.2	-12.3
Capital expenditure on fixed assets	-5.8	-5.8	-7.1
Divestments	1.1	2.5	2.6
Cash flow from investing activities	-4.7	-4.5	-16.8
Cash flows from financing activities			
Return of capital	-	-22.2	-22.2
Dividends paid	-16.2	-16.2	-16.2
Purchase of treasury shares	-	-	-
Change in loan receivables	0.0	0.0	-0.1
Change in leasing liabilities	0.0	0.0	-0.6
Cash flow from financing activities	-16.2	-38.5	-39.1
Cash and cash equivalents at the beginning of period	45.8	74.8	74.8
Net increase (+) / decrease (-) in cash and cash equivalents	-12.2	-26.8	-27.7
Effect from changes in exchange rates	0.8	-1.0	-1.3
Cash and cash equivalents at the end of period	34.4	47.0	45.8

Notes for Interim Report

Orders Received by Business Area

EUR million	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Weather	47.3	56.6	149.8	144.2	208.3
Controlled environment	21.5	19.3	58.1	56.0	74.6
Total	68.8	76.0	207.9	200.2	282.9

Net Sales by Business Area

EUR million	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Weather					
Products	20.1	20.2	61.7	69.9	97.3
Projects	24.0	15.6	54.0	45.7	70.0
Services	13.2	7.1	30.4	22.0	32.7
Total	57.3	42.9	146.2	137.5	200.0
Controlled environment					
Products	18.2	16.9	51.0	48.7	64.2
Services	2.4	2.1	6.9	6.5	9.0
Total	20.6	19.0	57.8	55.2	73.2
Sales, eliminations and others	0.0	0.0	0.0	0.0	0.1
Total Sales	77.9	61.9	204.0	192.7	273.2

Operating Result by Business Area

EUR million	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Weather	8.4	1.6	4.3	6.9	14.5
Controlled environment	4.5	3.6	8.2	7.5	4.0
Eliminations and other	-0.3	-0.4	-1.0	0.7	-0.4
Total	12.6	4.9	11.5	15.1	18.1

Net Sales by Geographical Area

EUR million	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
EMEA	29.5	22.5	76.0	69.6	98.6
Americas	28.4	25.2	75.8	73.9	107.8
APAC	20.0	14.1	52.2	49.1	66.9
Total	77.9	61.9	204.0	192.7	273.2

Personnel					
	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Average personnel	1,640	1,515	1,618	1,476	1,485
Personnel at the end of period	1,616	1,510	1,616	1,510	1,563

Financial Instruments					
	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Nominal value of financial derivatives, EUR million	19.5	20.1	19.5	20.1	19.7
Fair values of financial derivatives, assets, EUR million	0.0	0.5	0.0	0.5	0.6
Fair values of financial derivatives, liabilities, EUR million	1.3	0.0	1.3	0.0	0.0

Financial derivatives consist solely of foreign currency forwards and they are measured based on price information derived from active markets and commonly used valuation methods (Fair value hierarchy 2). Financial contracts are executed only with counterparties that have high credit ratings.

Share Information					
	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Number of shares outstanding, thousand	18,059	18,059	18,059	18,059	18,059
Number of treasury shares, thousand	159	159	159	159	159
Number of shares, diluted, thousand	18,249	18,197	18,249	18,197	18,187
Number of shares, weighted average, thousand	18,059	18,059	18,059	18,059	18,059
Number of shares traded, thousand	129	341	751	2,083	2,877
Share price, highest, EUR	24.20	22.13	24.98	22.13	23.47
Share price, lowest, EUR	20.45	18.22	20.45	16.04	16.04

Key Ratios					
	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Earnings per share, EUR	0.62	0.14	0.57	0.50	0.60
Earnings per share, diluted, EUR	0.61	0.14	0.56	0.50	0.60
Equity per share, EUR	8.65	8.75	8.65	8.75	8.80
Cash flow from operating activities per share, EUR	0.57	0.60	0.49	0.89	1.55
Solvency ratio, %	70.4	74.0	70.4	74.0	71.6
Return on equity, %			8.7	7.0	6.3

Further information

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 Vaisala Corporation

Briefing and Audiocast

Briefing for analysts and media will be arranged in Hotel Kämp, Paavo Nurmi meeting room, Pohjoisesplanadi 29, Helsinki starting at 4 p.m. (EEST) today. The presentation of Kjell Forsén, President and CEO, at the briefing will be audiocast live at www.vaisala.com/investors starting at 4 p.m. A recording of the audiocast will be published at the same address at 6 p.m.

Distribution:

NASDAQ OMX Helsinki

Key media

www.vaisala.com

Vaisala is a global leader in environmental and industrial measurement. Building on 78 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 1,500 professionals worldwide and is listed on the NASDAQ OMX Helsinki stock exchange. www.vaisala.com www.twitter.com/VaisalaGroup