



# Observations for a Better World

Vaisala Capital Markets Day, June 13, 2017

Kjell Forsén

**VAISALA**

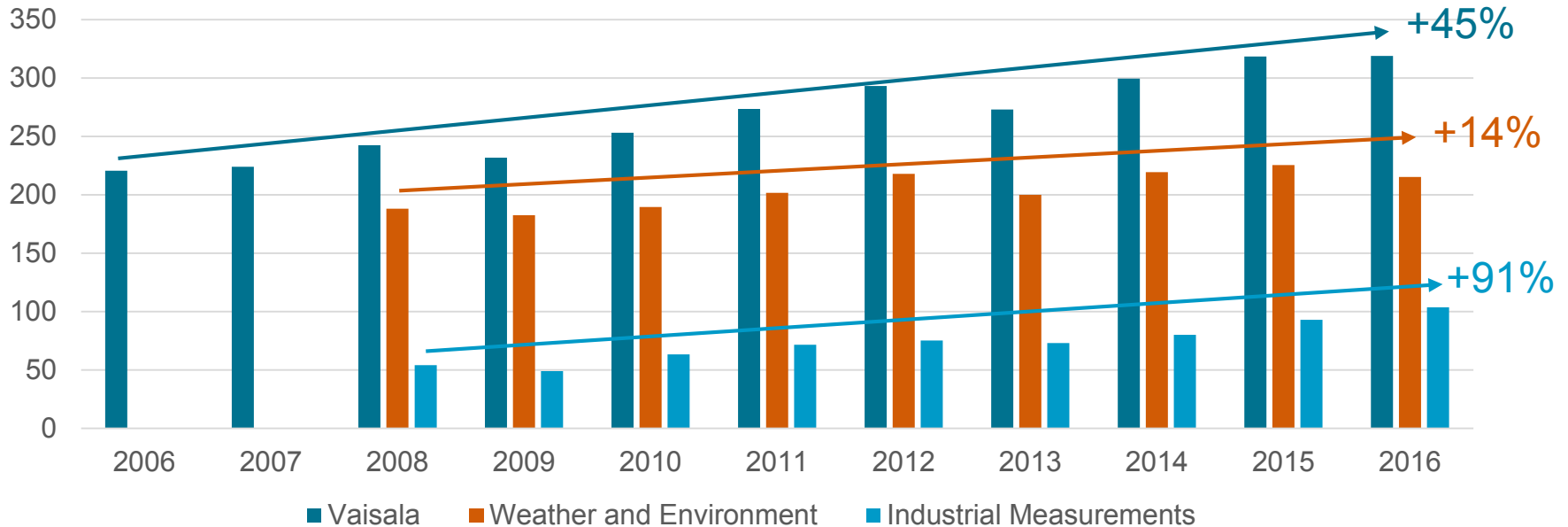
# CEO's Reflections on Vaisala's Ten Years Journey

- From garage to industrial approach
- Customer focus/outside-in view
- Increased ambition for growth
- Development of capabilities
- Management changes
- Importance of compliance
- Simplification in broad scale
- Drive development of services business

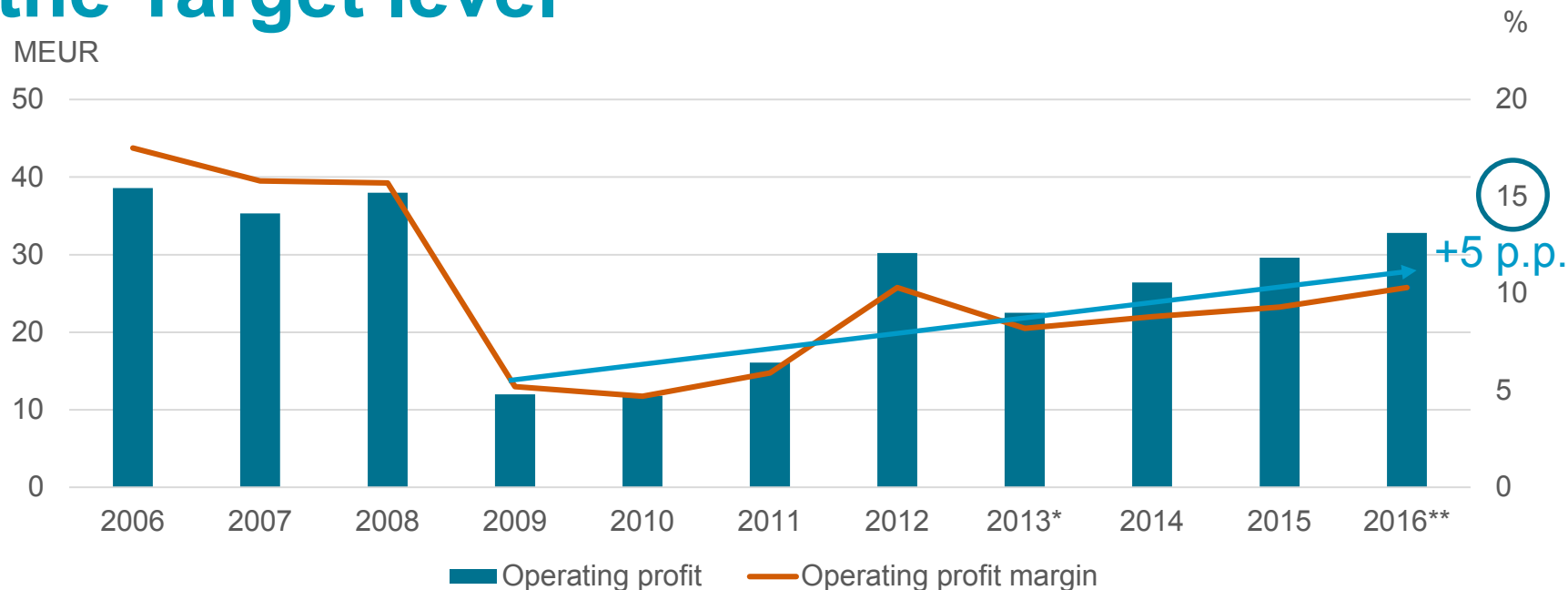


# Vaisala Net Sales Has Grown 4.5% Annually Over the Past Ten Years

MEUR



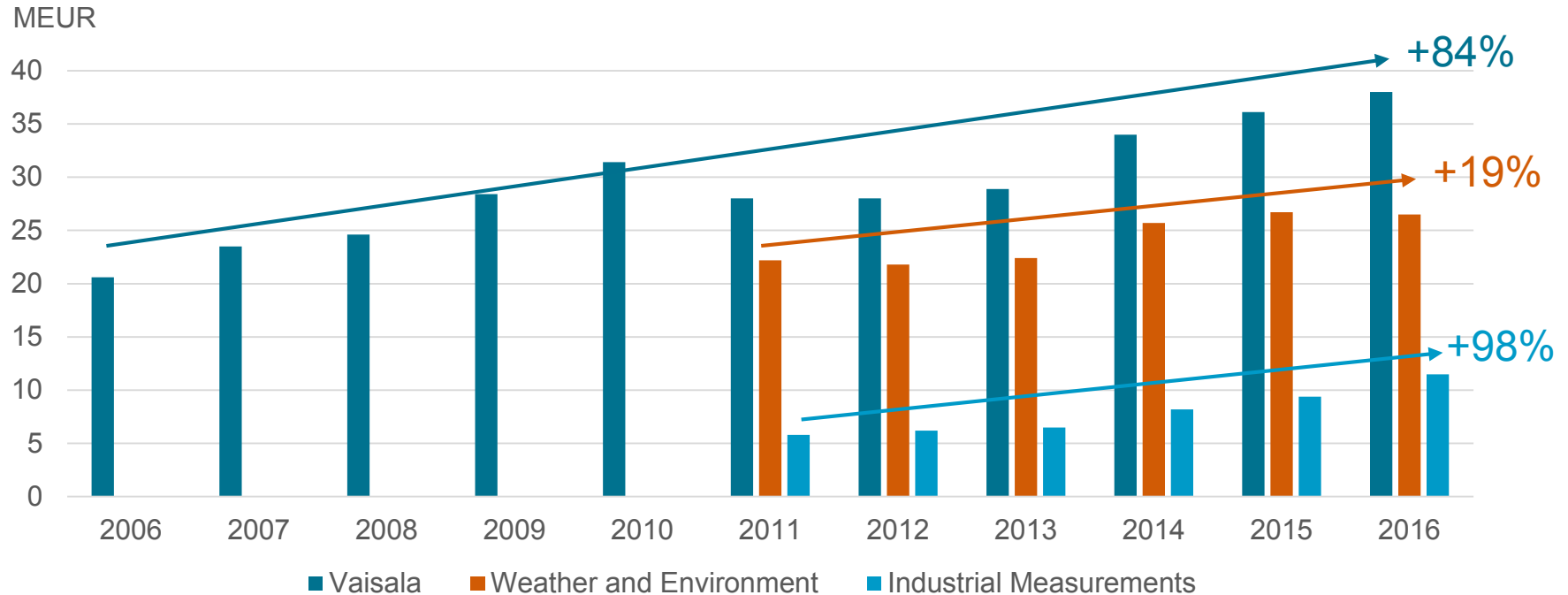
# Operating Profit Margin Improving Towards the Target level



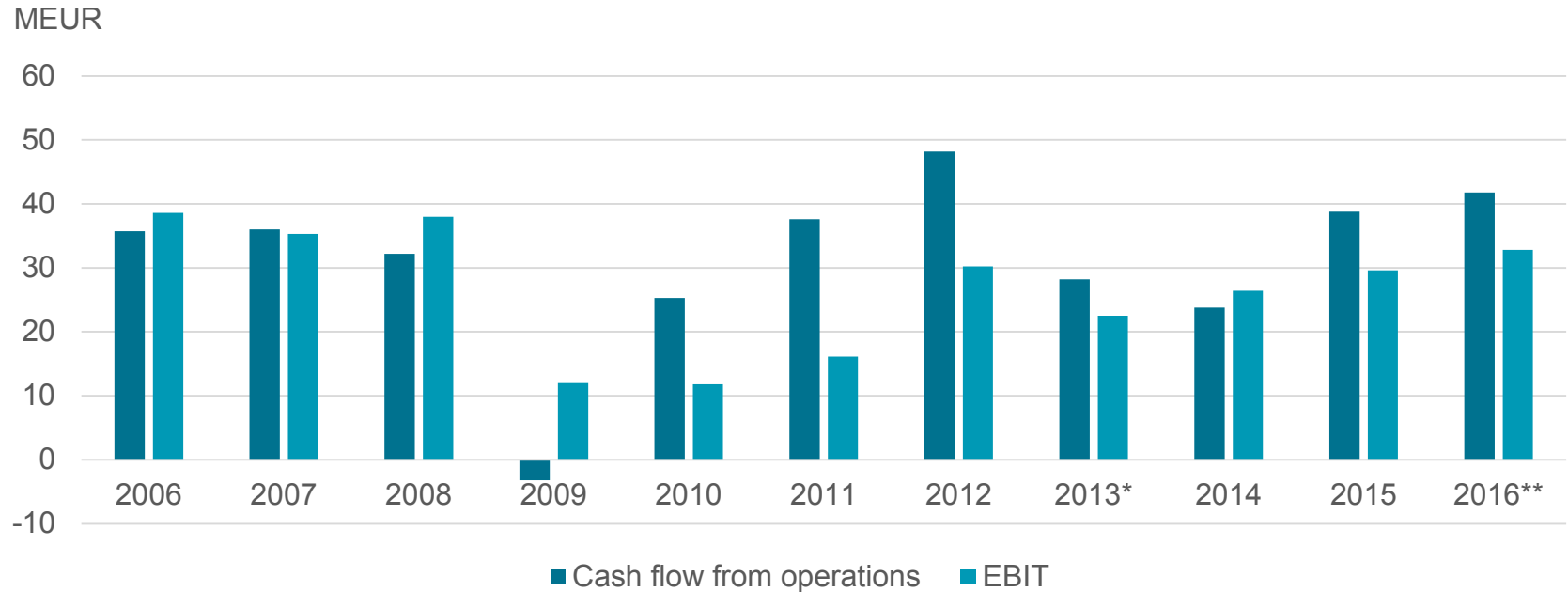
\* Excl. EUR 4.3 million write-down of goodwill and intangible assets from the acquisition of Veriteq Instruments Inc. in 2010.

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

# Vaisala Has Invested in R&D Continuously



# Strong Cash Flow Provides Flexibility

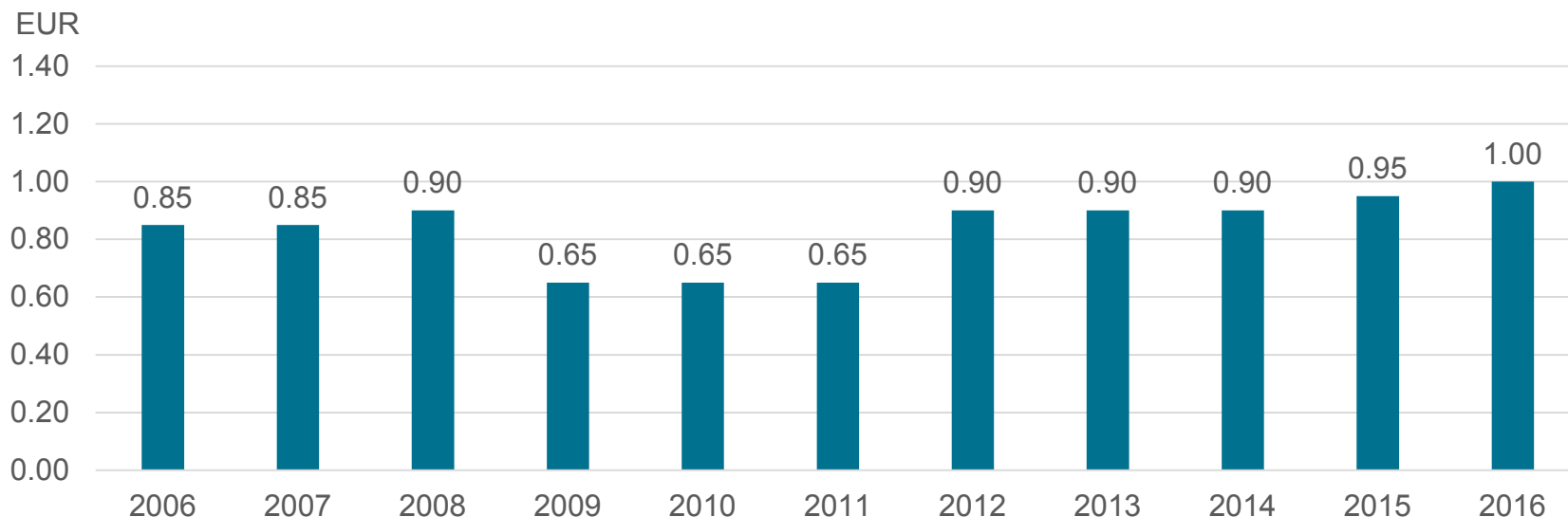


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# Solid Dividend Over the Years

**Dividend policy: Vaisala aims to pay a stable dividend, which will increase in line with net profit development. Vaisala's goal is to maintain high solvency and to take future investment plans into account.**



In 2013, in addition to dividend, EUR 1.23 per share was distributed to the shareholders as a return of capital.



# Strong Foundation for Profitable Growth

- Strategy well in line with global mega trends
- Active innovation
- Expanding addressable market
- Strong brand
- Systems and processes in place
- High customer satisfaction
- Competent people
- High employee satisfaction
- Strong cash flow and financial position





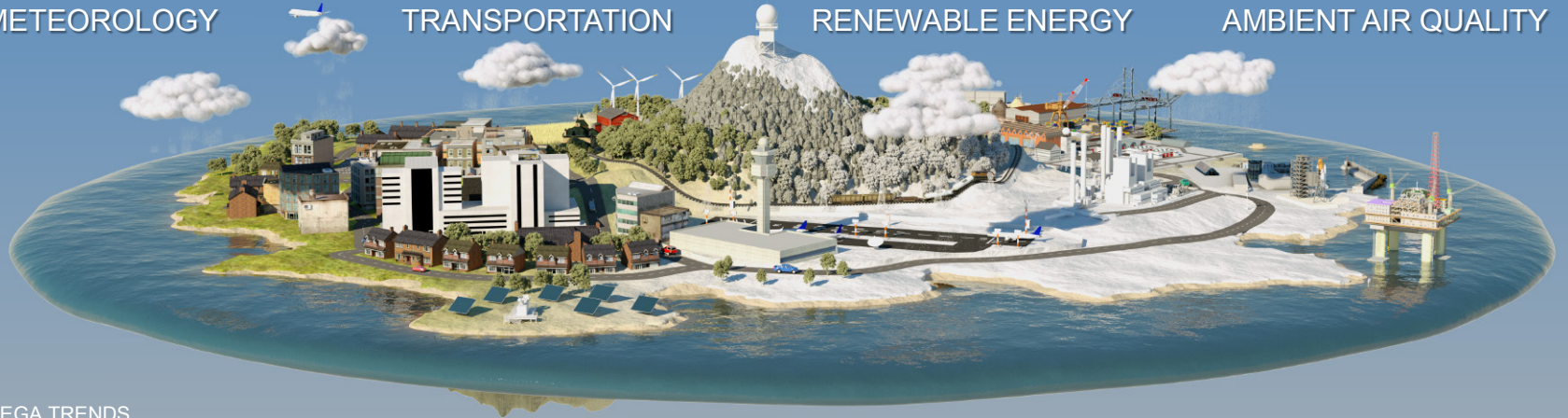
# Weather and Environment Markets

METEOROLOGY

TRANSPORTATION

RENEWABLE ENERGY

AMBIENT AIR QUALITY



MEGA TRENDS



Climate Change



Renewable Energy



Digitalization & Big Data



Future of Mobility



Urbanization



Sustainability Awareness

# Industrial Measurements Markets

HIGH-END HUMIDITY

HIGH-END CARBON DIOXIDE

LIFE SCIENCE

POWER TRANSMISSION



MEGA TRENDS



Energy Efficiency



Well-being & Health



Resource Efficiency



Circular Economy



Urbanization



Sustainability Awareness

# Strategic Priorities

## Weather and Environment

Drive profitability and growth through expansion of industry-leading products and digital solutions

- Improve competitiveness by renewal of product offering
- Grow through meteorological infrastructure improvement projects in developing countries
- Expand digital solutions
- Build new business in environmental measurements

## Industrial Measurements

Further accelerate growth through product leadership

- Achieve strong foothold in power transmission and life science markets
- Continuously create new winning products by discovering customer needs
- Seek new business opportunities in industrial applications

## Operations

Continue to develop excellence in high mix low volume supply chain

- Increase productivity
- Develop core production technologies
- Develop sourcing and product life cycle management processes

# Long-term Financial Targets 2017–2021: Profitable Growth

**Growth**

Average  
annual  
growth **5%**

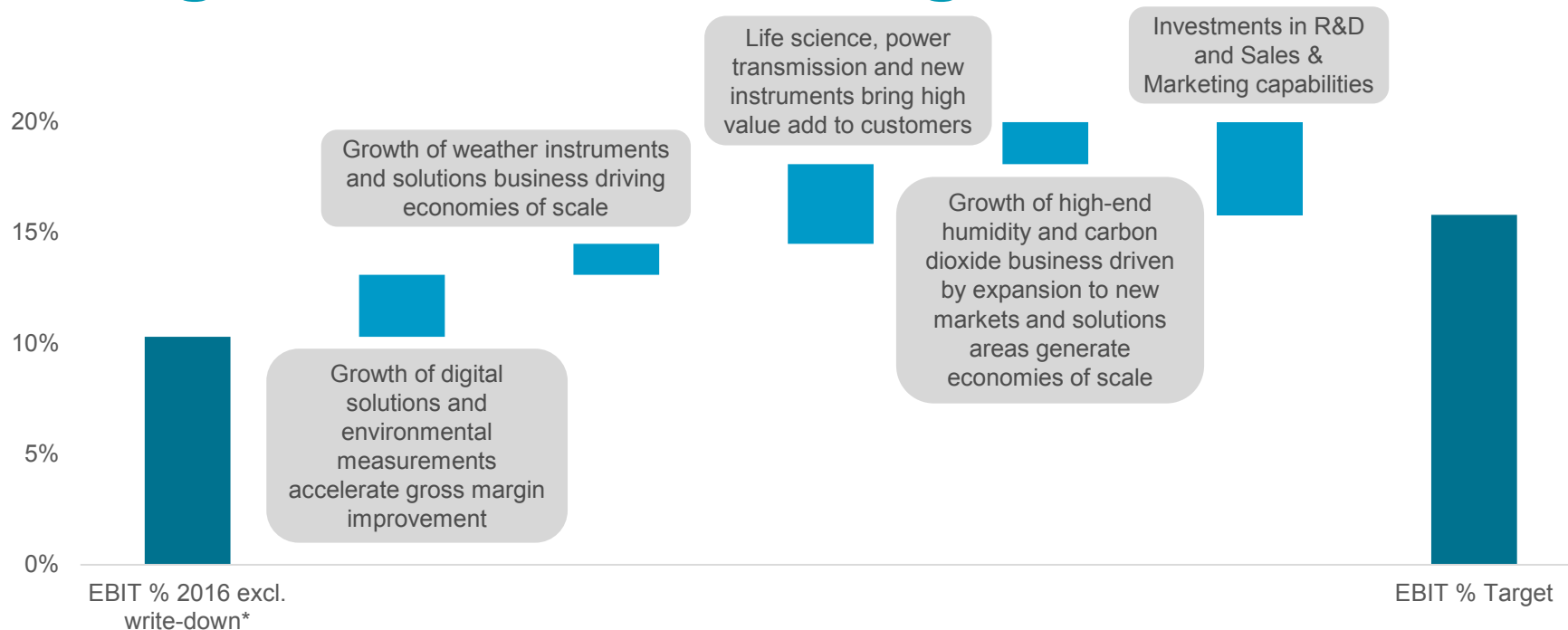
**In selected markets**

Digital solutions  
Life science **>10%**  
Power transmission

**Profitability**

Operating profit margin (EBIT) **15%**

# Long-Term Financial Targets: EBIT 15%

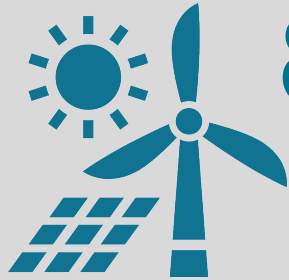


\*EUR 10.5 million write-down of intangible assets in Weather and Environment Business Area. The intangible assets were from the acquisitions of Second Wind Systems Inc. and 3TIER Inc. in 2013.





# Highlights of Values Created for Society, Environment & Employees in 2016



**89%**

of energy consumed  
In 2016 was from  
**Renewable sources**

Committed to use 100% renewable energy by 2020

Carbon Emissions  
Reduced by

**-81%**

compared  
to **2014**

Water efficiency  
at manufacturing  
sites improved by

**67%** in last  
10 years

Waste **recovery** rate  
of the manufacturing  
sites was

**98%**



Employee  
engagement  
index

**4.08** /5

The Vilho, Yrjö and Kalle

**Väisälä fund**

granted  
donations to **75** researchers  
in 2016



# Highlights of Values Created for Customers in 2016



**100,000+**

Installations of **HUMICAP®**  
Humidity and Temperature  
Transmitter Series HMT330

**Every flight**  
around the world  
will at some point  
**use weather observations**  
by **Vaisala** equipment



**97.9%**

of surveyed customers were  
**satisfied or**  
**very satisfied**  
with Vaisala's products

**8**<sub>/10</sub>

of the world's  
top 10 **electric**  
**utility companies**

rely on data from Vaisala  
manufactured lightning  
detection networks

**Space-proof**  
**sensors**

Vaisala technology has  
a long history in space:  
from 1950's to today's  
missions to

**Mars**

**1,800+**

wind and solar energy  
project assessments to date



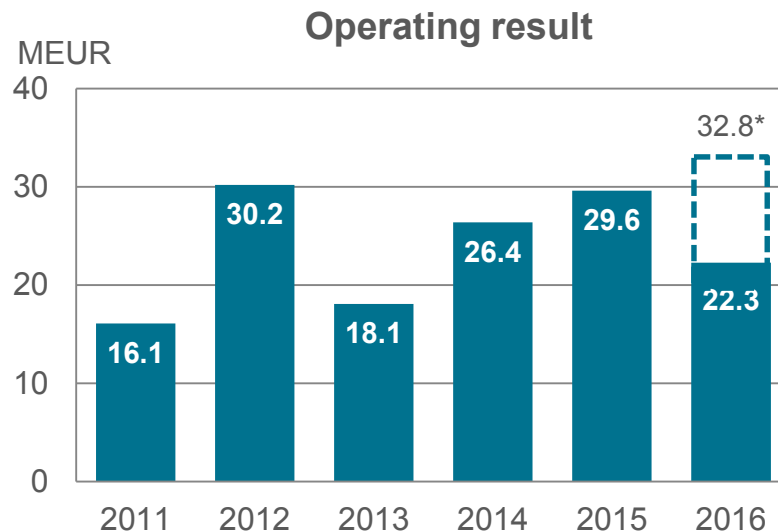
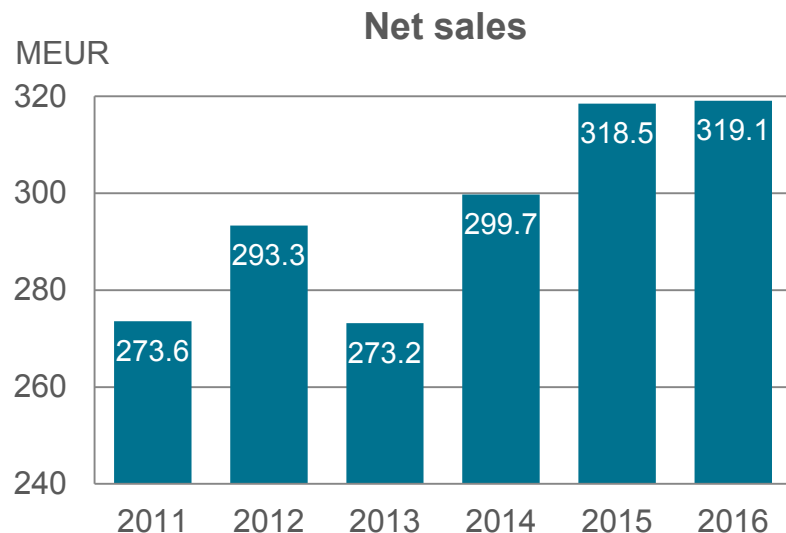
# Market Outlook 2017

- Global economic growth improved in Q1 2017, and latest forecasts refer to a moderate outlook. Increase in commodity prices, especially in crude oil, is expected to improve outlook of several emerging economies. During Q1, also performance of global manufacturing industry improved, reflecting positively especially on Controlled Environment Business Area's outlook.
- Weather observation market outlook for 2017 is slightly more favorable than in 2016.
- Industrial measurement market outlook for 2017 continues to be favorable.



# Business Outlook 2017 unchanged

- Vaisala estimates its full year 2017 net sales to be in the range of EUR 310–340 million and its operating result (EBIT) to be in the range of EUR 32–42 million.



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



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