

# Financial Statement Release 2015

Vaisala Corporation  
February 10, 2016

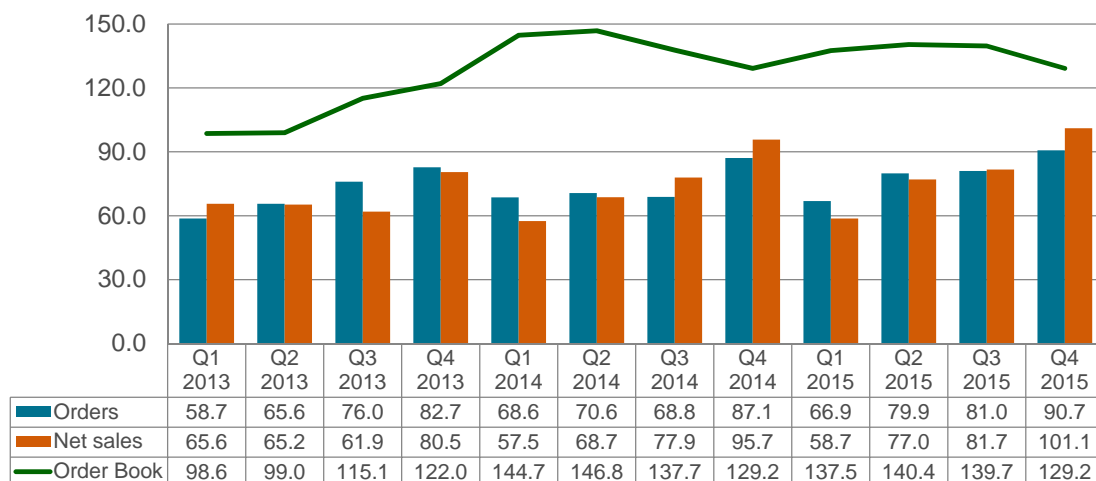


**VAISALA**

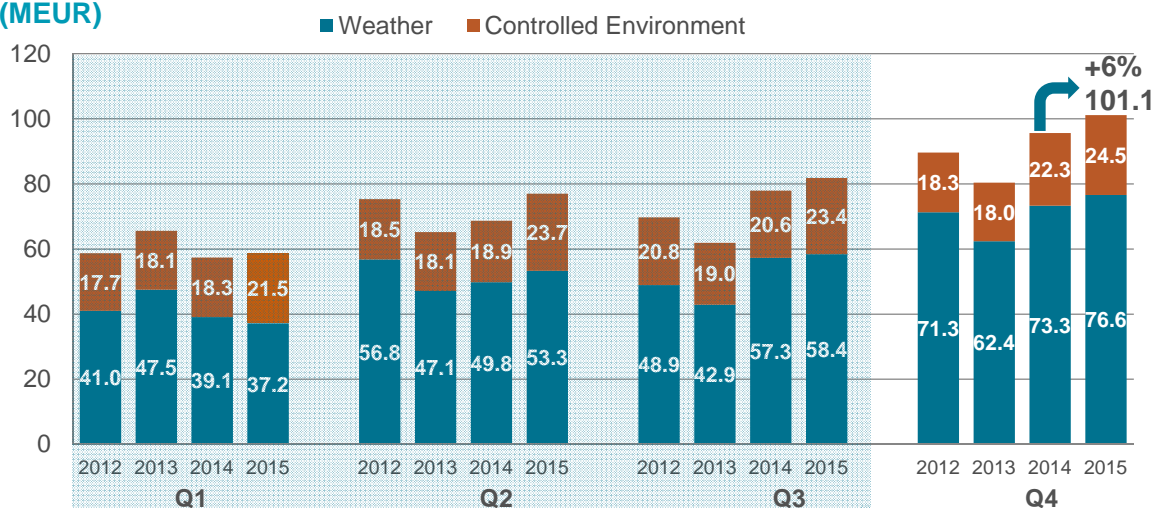
## Overview of Q4/2015

- Orders received EUR 90.7 (87.1) million, +4%
- Order book EUR 129.2 (129.2) million, +0%
- Net sales EUR 101.1 (95.7) million, +6%
- Gross margin 54.1% (52.5%)
- Operating result EUR 19.1 (14.9) million, +28%
- Earnings per share EUR 0.98 (0.73), +35%
- Cash flow from operating activities EUR 29.0 (15.0) million

## Orders, Net Sales and Order Book (MEUR)



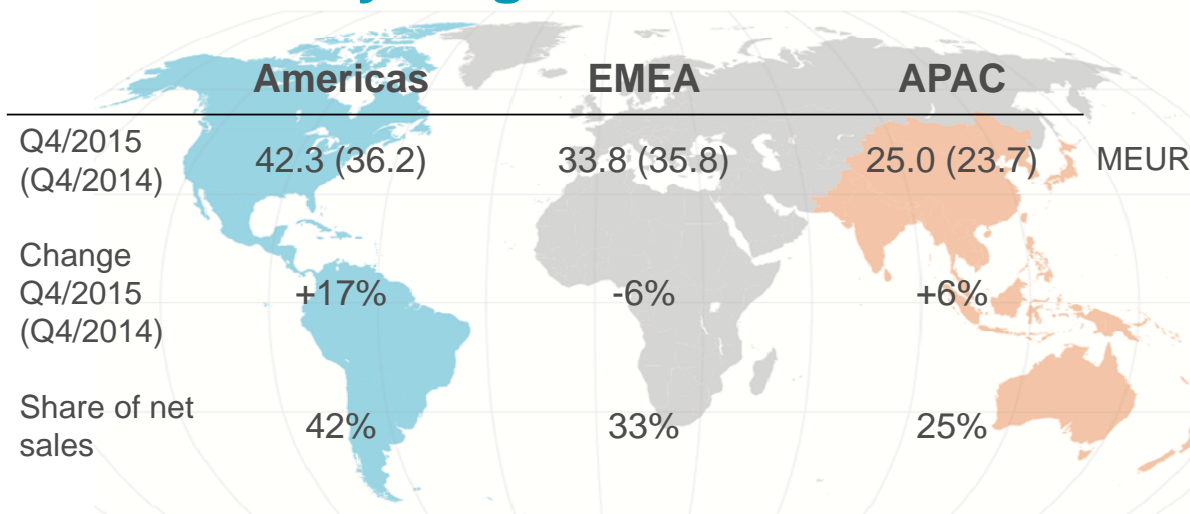
## Quarterly Net Sales by Business Area (MEUR)



## Net Sales by Business Type

MEUR	Q4/2015	Q4/2014
<b>Weather</b>	<b>76.6</b>	<b>73.3</b>
Products	41.3	35.9
Projects	23.1	26.6
Services	12.2	10.9
MEUR	Q4/2015	Q4/2014
<b>Controlled Environment</b>	<b>24.5</b>	<b>22.3</b>
Products	22.2	20.0
Services	2.3	2.4
Sales, other	0.0	0.0
<b>TOTAL VAISALA NET SALES</b>	<b>101.1</b>	<b>95.7</b>

## Net Sales by Regions



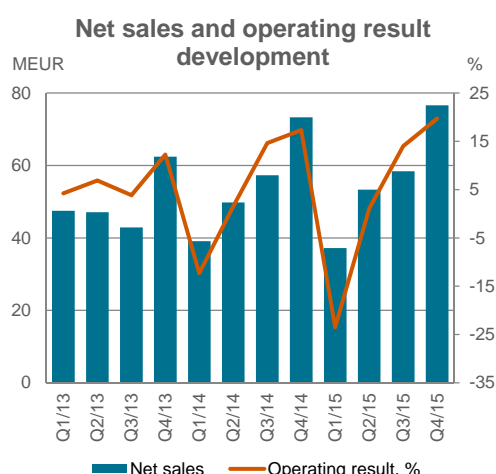
## Foreign Exchange Rate Effect on Net Sales (MEUR)

- Foreign exchange rate effect mainly from USD/EUR
- Comparable exchange rates: translation impact eliminated

	Q4/2015	Q4/2014	Q4/2015	
	Reported	Reported	At comparable exchange rates	Currency effect
Weather	76.6	73.3	72.1	4.5
Controlled Environment	24.5	22.3	22.8	1.7
<b>Total</b>	<b>101.1</b>	<b>95.7</b>	<b>94.9</b>	<b>6.2</b>

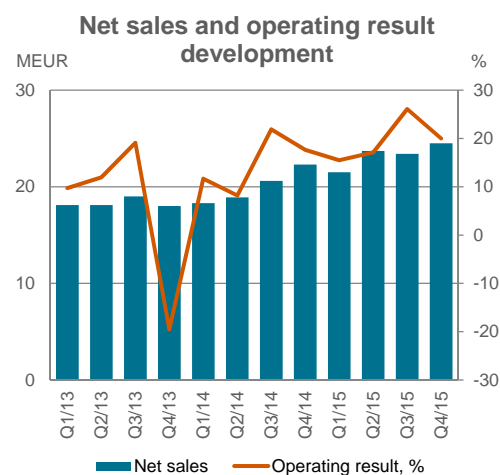
## Weather in Q4/2015

- Orders received EUR 66.7 (65.4) million, +2%
  - The increase came from Energy and Transportation
- Order book EUR 122.2 (123.7) million, -1%
- Net sales EUR 76.6 (73.3) million, +4%
  - The increase came from Transportation and Meteorology Infrastructure
  - At comparable exchange rates -2%
- Operating result EUR 15.1 (12.7) million, +19%
  - Gross margin 51.9% (50.2%)
  - Operating expenses EUR 24.7 (24.2) million, +2%



## Controlled Environment in Q4/2015

- Orders received EUR 24.0 (21.7) million, +10%
  - The increase came from all regions
- Order book EUR 7.0 (5.5) million, +28%
  - The increase came from all regions
- Net sales EUR 24.5 (22.3) million, +10%
  - The growth came from all regions
  - At comparable exchange rates +2%
- Operating result EUR 4.9 (3.9) million, +23%
  - Gross margin 62.5% (59.8%)
  - Operating expenses EUR 10.5 (9.4) million, +11%

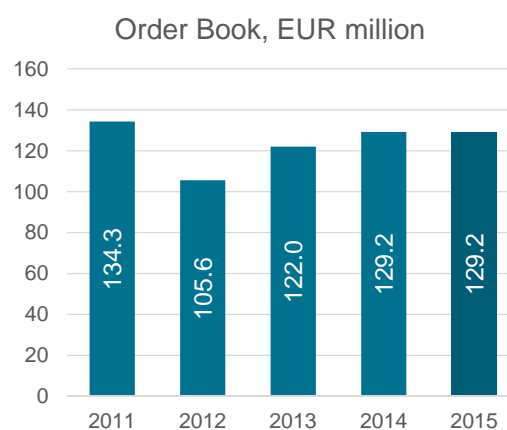
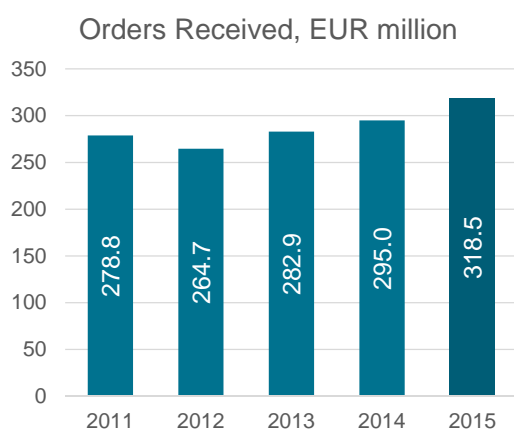


## Overview 2015

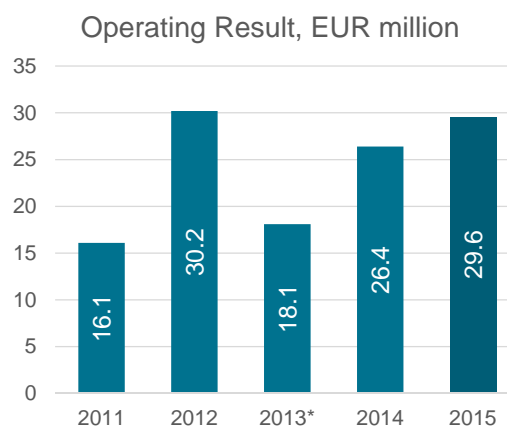
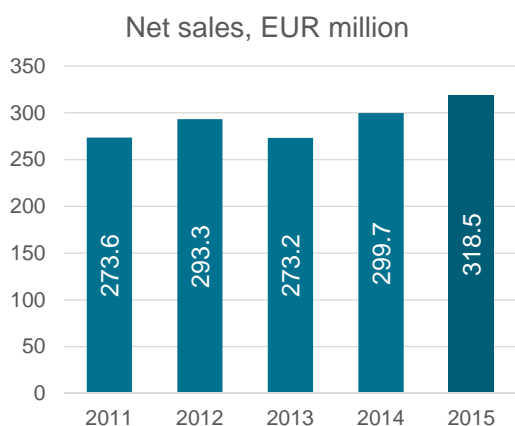
## Overview of 1-12/2015

- Orders received EUR 318.5 (295.0) million, +8%
- Net sales EUR 318.5 (299.7) million, +6%
- Gross margin 51.1% (51.1%)
- Operating result EUR 29.6 (26.4) million, +12%
- Earnings per share EUR 1.52 (1.30), +17%
- Cash flow from operating activities EUR 38.8 (23.8) million
- Cash and cash equivalents EUR 59.2 (47.6) million
- Dividend paid EUR 16.4 (16.2) million
- Vaisala's Board of Directors is proposing a dividend of EUR 0.95 (0.90) per share

## Key Figures



## Key Figures

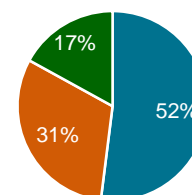


\* Impairment charge of EUR 4.3 million

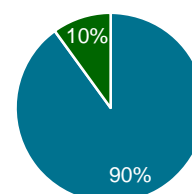
## Net Sales by Business Type

MEUR	2015	2014
<b>Weather</b>	<b>225.5</b>	<b>219.6</b>
Products	116.2	108.1
Projects	71.0	74.7
Services	38.3	36.7
<b>MEUR</b>	<b>2015</b>	<b>2014</b>
<b>Controlled Environment</b>	<b>93.0</b>	<b>80.2</b>
Products	83.5	71.9
Services	9.5	8.3
Sales, other	0.0	0.0
<b>TOTAL VAISALA NET SALES</b>	<b>318.5</b>	<b>299.7</b>

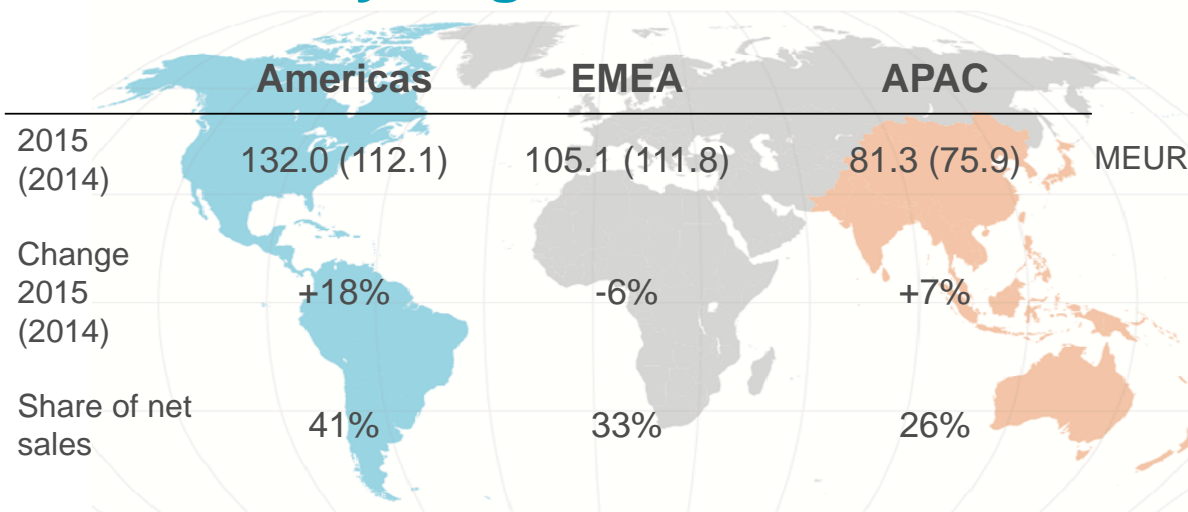
% of net sales 2015



% of net sales 2015



## Net Sales by Regions



## Foreign Exchange Rate Effect on Net Sales (MEUR)

- Foreign exchange rate effect mainly from USD/EUR
- Comparable exchange rates: translation impact eliminated

	2015	2014	2015	
	Reported	Reported	At comparable exchange rates	Currency effect
Weather	225.5	219.6	209.9	15.6
Controlled Environment	93.0	80.2	84.5	8.6
<b>Total</b>	<b>318.5</b>	<b>299.7</b>	<b>294.5</b>	<b>24.0</b>



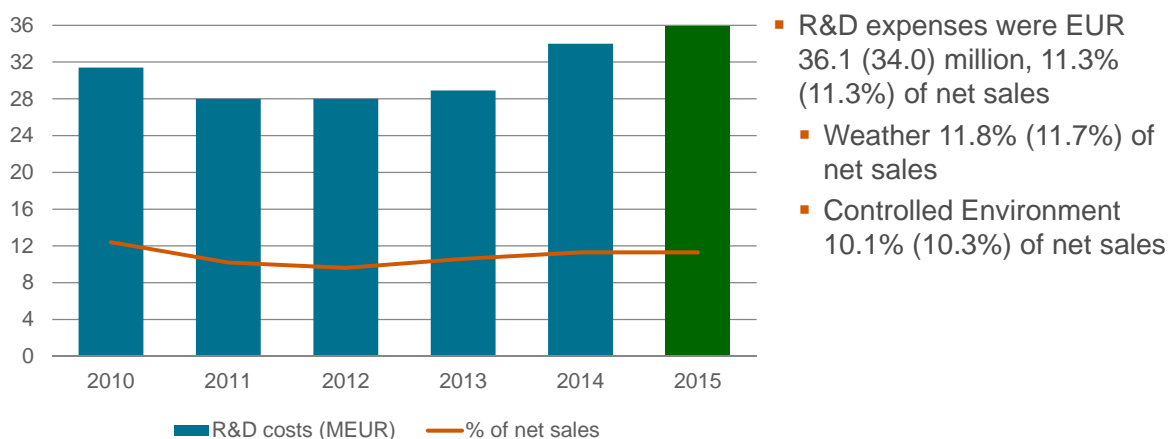
## Weather in 2015

- Orders received EUR 224.0 (215.2) million, +4%
  - The increase came from Energy and Transportation
- Order book EUR 122.2 (123.7) million, -1%
- Net sales EUR 225.5 (219.6) million, +3%
  - The increase came from Meteorology Infrastructure and Transportation, Energy was at last year's level
  - At comparable exchange rates -4%
- Operating result EUR 15.2 (17.0) million, -11%
  - Gross margin 47.4% (48.4%)
  - Operating expenses EUR 91.9 (89.7) million, +2%

## Controlled Environment in 2015

- Orders received EUR 94.5 (79.8) million, +18%
  - The growth came from all regions
- Order book EUR 7.0 (5.5) million, +28%
- Net sales EUR 93.0 (80.2) million, +16%
  - The growth came from all regions
  - At comparable exchange rates +5%
- Operating result EUR 18.3 (12.1) million, +51%
  - Gross margin 60.4% (58.4%)
  - Operating expenses EUR 37.9 (34.7) million, +9%

## R&D Costs



## Key Ratios

	2015	2014
Earnings per share, EUR	1.52	1.30
Equity per share, EUR	10.06	9.41
Cash flow from operating activities per share, EUR	2.15	1.32
Return on equity, %	15.7	14.3
Capital expenditure, MEUR	8.3	7.9
Personnel at the end of period	1,588	1,613

# Market and Business Outlook

**VAISALA**

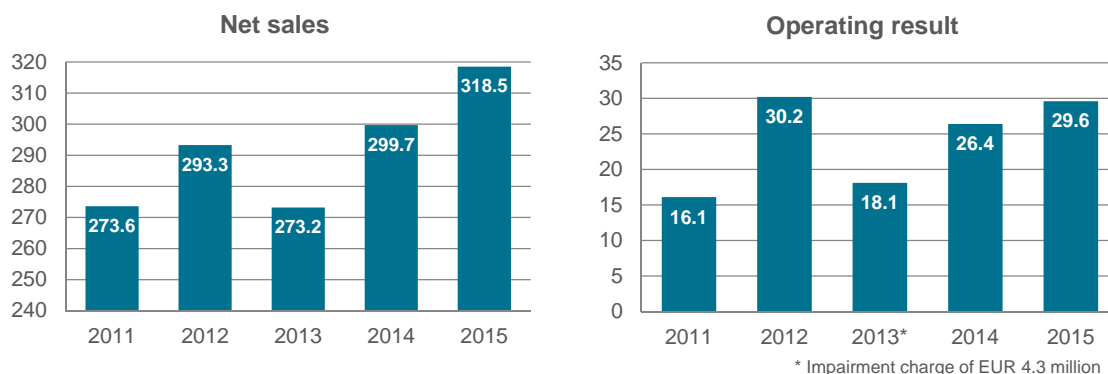
## Market Outlook 2016

- Even though global economy has recently slightly decelerated, the latest forecasts still predict moderate development for 2016 and Vaisala is expecting stable weather observation and industrial measurement market conditions. However, differences in business conditions between customer groups and regions are expected to remain.
- In weather observation market especially weather radars have favorable market outlook, and also demand from renewable energy industry is expected to increase. Heavy decline in commodity prices, especially in crude oil and natural gas, is affecting market conditions in offshore business and commodity exporting economies. Competition in weather observation market is expected to continue intensifying.
- In industrial measurement market especially power transmission and life science are expected to grow faster than other targeted markets.

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## Business Outlook 2016

- Vaisala estimates its full year 2016 net sales to be in the range of EUR 305–335 million and the operating result (EBIT) in the range of EUR 28–38 million.



## EUR 20 million contract

- Vaisala has signed a EUR 20 million contract with National Hydro-Meteorological Service of Vietnam.
- The contract, that has been prepared over the past four years will come in force when the customer has given final approval for the technical design.
- Vaisala will report the contract in the order book after this approval.
- The deliveries will start after the contract has entered into force, and are scheduled to be completed within two years.
- The funding of the contract is arranged through the Finnish Concessional Credit instrument provided to National Hydro-Meteorological Service of Vietnam.
- This instrument is part of Finland's development cooperation portfolio, governed by the Ministry for Foreign Affairs of Finland.

## 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.
- Vaisala will apply this dividend policy for the first time to the dividend distributed in 2016.

## Reshape of Transportation business unit

- Vaisala will reshape Transportation business unit within Weather Business Area to simplify structure and improve profitability.
- 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 as Vaisala's field service offering is no longer competitive in the market due to increasing price pressure.
  - U.S. Automated Weather Observing System (U.S. AWOS) business which is based on unique technology designed solely for the U.S. Federal Aviation Administration (FAA) regulated small airport markets and it differs from Vaisala's common technology platform
- Impact
  - Reduction of approximately 60 full time equivalents mainly in the United States
  - Estimated annual cost savings are EUR 6 million
  - The savings are expected to contribute to 2017 profitability.
  - One-time costs reported in Q1 2016 estimated to be EUR 3 million



# Observations for a Better World