

A person stands on a rocky outcrop, holding a large, glowing orange balloon. The background features a sunset over a mountain range, with the sun low on the horizon, casting a warm, golden light. The person is silhouetted against the bright sky. The overall mood is serene and contemplative.

Strong profitability continued, third quarter orders received decreased

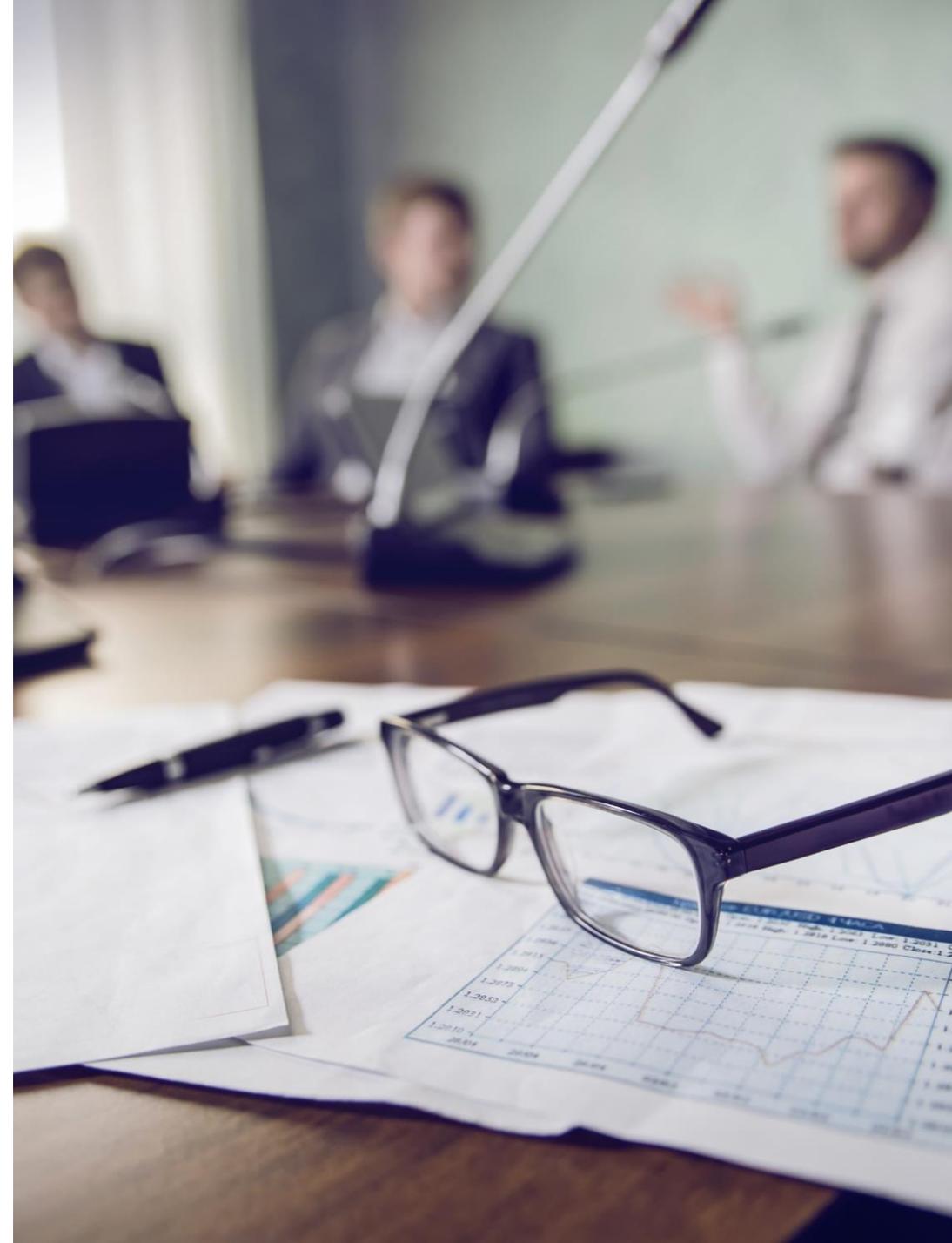
Interim Report January–September 2020

President and CEO Kai Öistämö

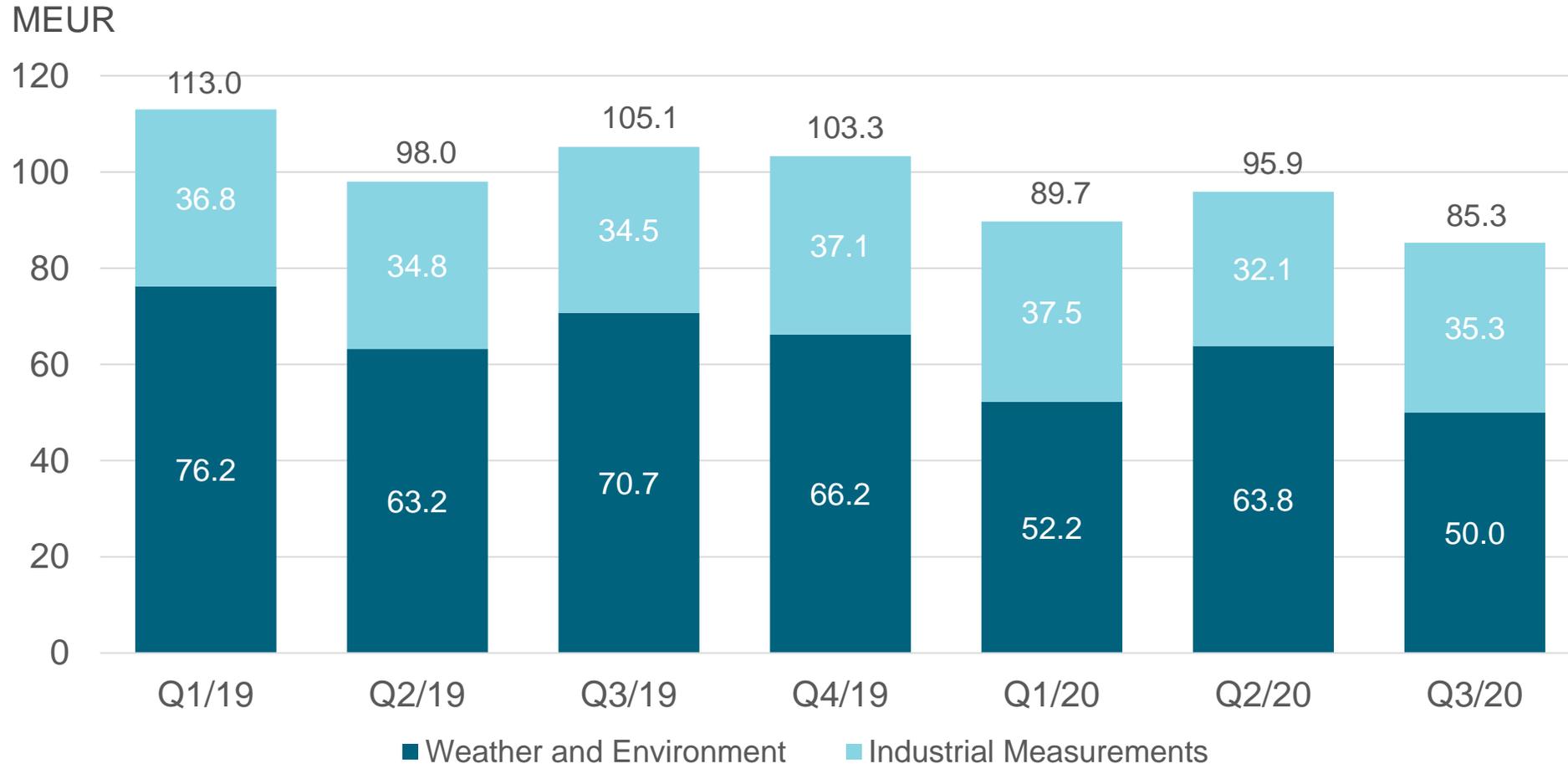
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Third quarter 2020 highlights

- Orders received EUR 85.3 (105.1) million, -19%
- Order book EUR 134.6 (154.4) million, -13%
- Net sales EUR 94.0 (105.2) million, -11%
- Gross margin 57.7 (55.3) %
- Operating result EUR 19.5 (16.3) million, 20.7 (15.5) % of net sales
- Earnings per share EUR 0.40 (0.37)
- Cash flow from operating activities EUR 12.5 (16.1) million



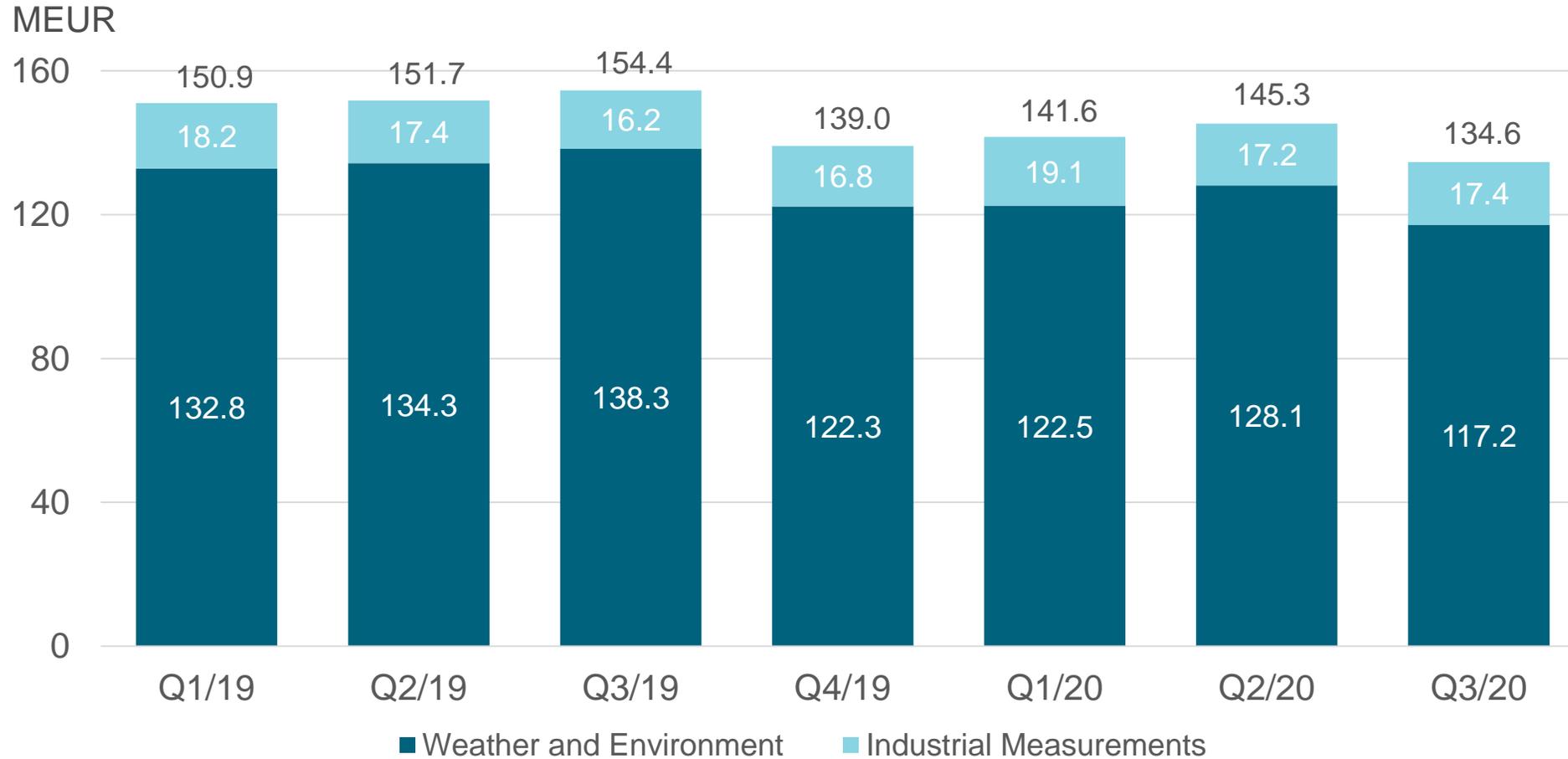
Vaisala Q3 orders received decreased by 19%



-16%
with comparable
rates

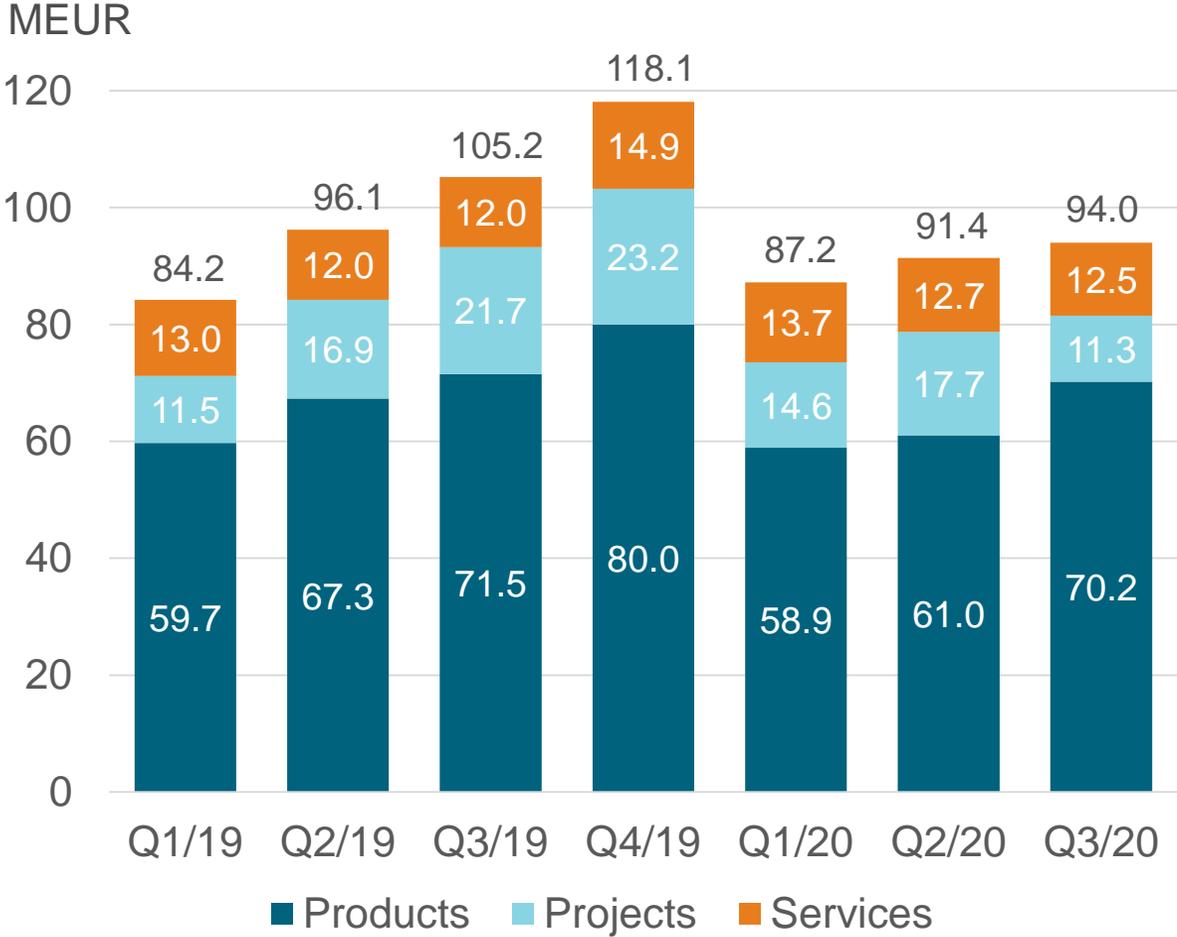
Orders received
increased in
APAC

Vaisala Q3 order book decreased by 13% Y/Y



-7% Q/Q
Book-to-bill 0.9

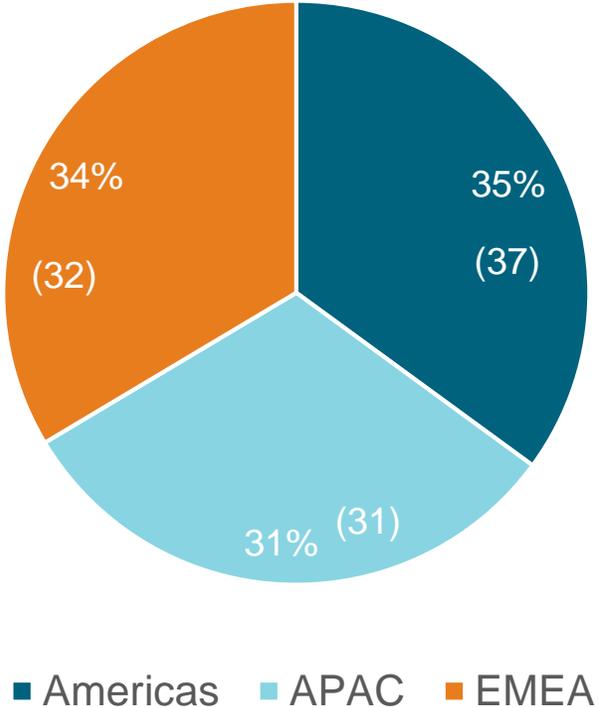
Vaisala Q3 net sales decreased by 11%



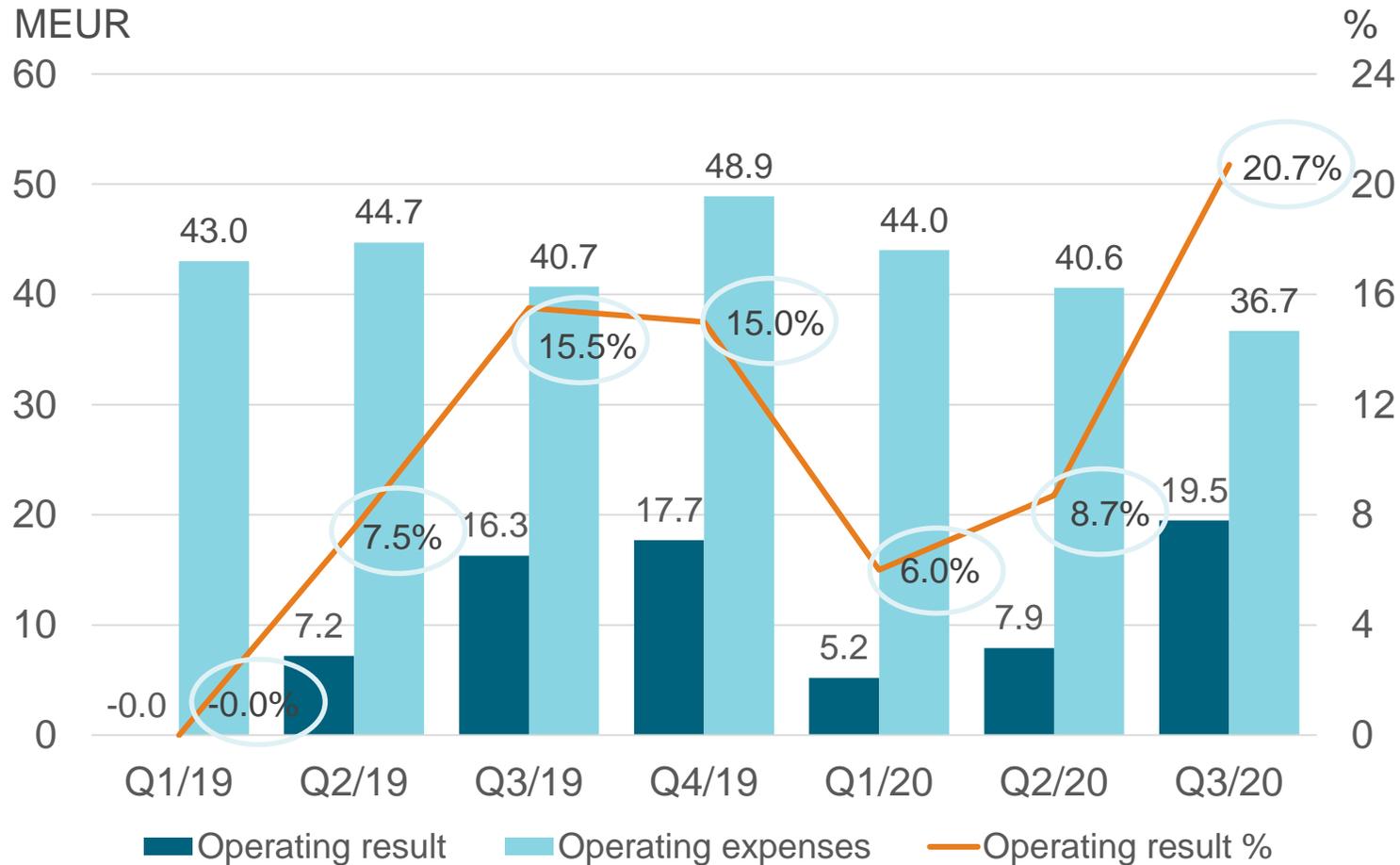
-9% with comparable rates

Net sales decreased in all regions

Net sales by region



Vaisala Q3 operating result improved

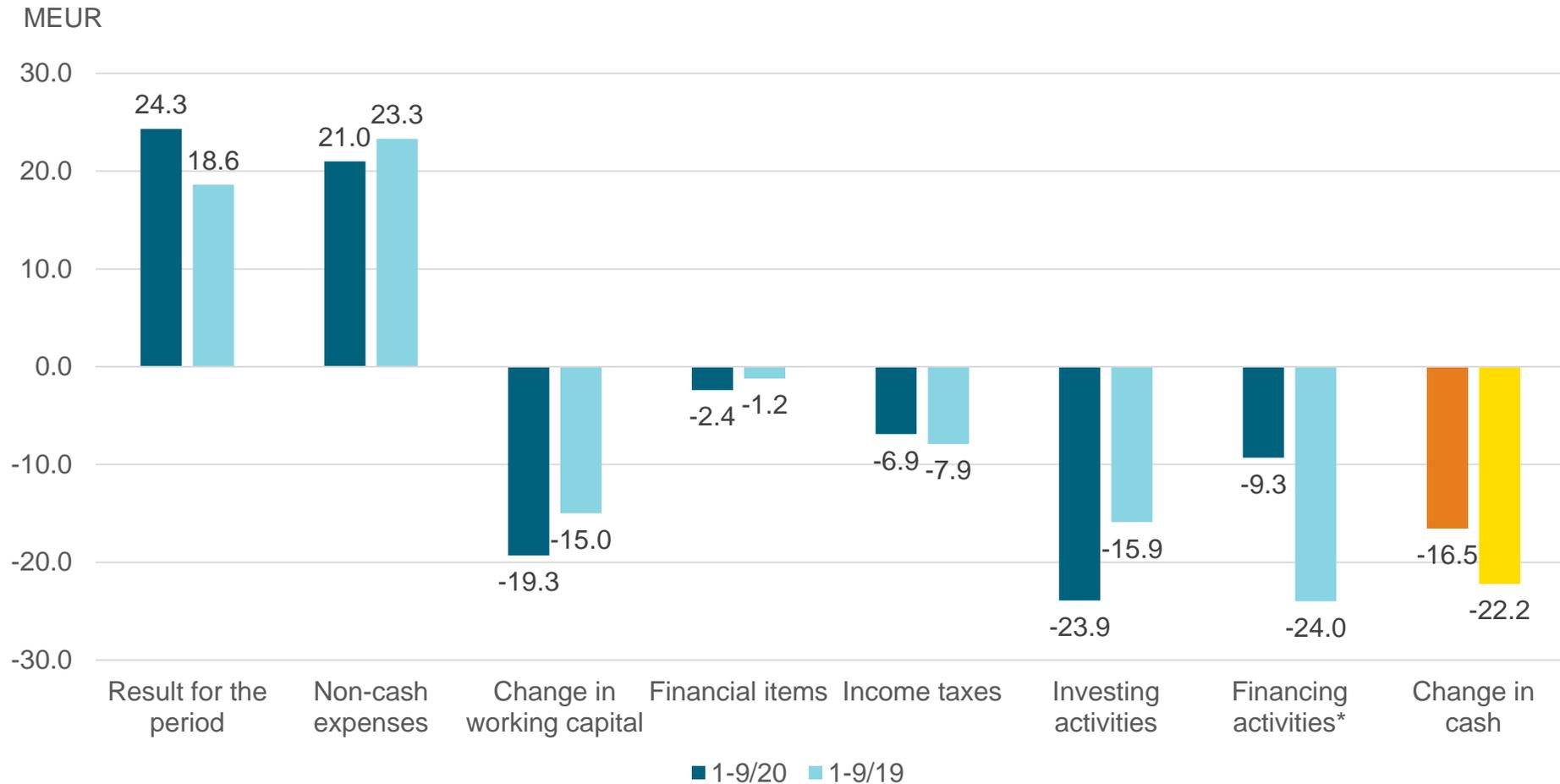


1.9 MEUR
amortization
of intangible
assets

Gross margin
57.7%

OPEX decreased due
to restrictions caused
by COVID-19
pandemic

Q1–Q3 cash flow: CAPEX and dividend payment offset increase in result for the period



Cash and cash equivalents
 End Q3/2020: 39.1 MEUR
 End Q4/2019: 56.4 MEUR
 End Q3/2019: 52.6 MEUR

* Including dividend payment -19.0 MEUR and term loan 40.0 MEUR

Strong financial position

MEUR	1-9/20	1-9/19	2019
Equity per share	5.47	5.10	5.52
Return on equity %	16.4	13.6	17.7
Solvency ratio %	56.3	54.8	55.7
Capital expenditure	24.0	16.3	26.8
Cash and cash equivalents	39.1	52.6	56.4
Interest-bearing liabilities	67.7	50.4	51.5
Gearing %	14.5	-1.2	-2.4



A person is shown from the side, holding a pen and looking at a document titled "BUSINESS REPORT". The document features a bar chart and some numerical data. In the background, there is a laptop, a computer monitor displaying a presentation, and a potted plant. The scene is set in a modern office environment.

Business areas

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Weather and Environment Q3 – weak orders received in large projects resulted in declining net sales

- Orders received decreased by 29%
 - Decrease with comparable FX rates 27%
 - Orders received weak in MEA and Latin America
- Order book decreased by 15% Y/Y
 - EUR 52.5 (62.4) million scheduled to be delivered in 2020
- Net sales decreased by 14%
 - Decrease with comparable FX rates 13%
- Operating result improved
 - Restrictions related to the COVID-19 pandemic lowered operating expenses
 - EUR 1.8 million from valuation of contingent considerations related to acquired businesses
 - R&D expenditure 12.3 (11.4) of net sales
 - EUR 1.5 (1.6) million of amortization of intangible assets related to acquired businesses

Order book -8%
Q/Q
Book-to-bill 0.8

Gross margin improved to
53.8%

MEUR	Q3/20	Q3/19	Change
Orders received	50.0	70.7	-29%
Order book	117.2	138.3	-15%
Net sales	59.2	69.1	-14%
Products	39.0	38.6	1%
Projects	11.3	21.7	-48%
Services	8.9	8.9	1%
Gross margin %	53.8	51.0	
Operating expenses	22.7	26.0	-13%
Operating result	11.1	9.3	
Operating result %	18.7	13.5	

Industrial Measurements Q3 – operating result excellent 25% despite decrease in net sales

- Orders received increased by 2%
 - Increase with comparable FX rates 6%
 - Orders received strong in APAC, +19%
- Order book increased by 7%
 - EUR 14.0 (12.4) million scheduled to be delivered in 2020
- Net sales decreased by 3%
 - Decrease with comparable FX rates -1%
- Operating result at previous year's level
 - Restrictions related to the COVID-19 pandemic lowered operating expenses
 - R&D expenditure 12.2 (11.6) % of net sales
 - EUR 0.4 (0.4) million of amortization of intangible assets related to acquired business

Order book increased following strong APAC

Gross margin strong 64.2%

MEUR	Q3/20	Q3/19	Change
Orders received	35.3	34.5	2%
Order book	17.4	16.2	7%
Net sales	34.8	36.1	-3%
Products	31.2	32.9	-5%
Services	3.6	3.2	13%
Gross margin %	64.2	63.6	
Operating expenses	13.8	14.4	-4%
Operating result	8.6	8.5	
Operating result %	24.7	23.6	



January–
September 2020

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Key figures

	Vaisala			Weather and Environment			Industrial Measurements		
MEUR	1-9/20	1-9/19	Change	1-9/20	1-9/19	Change	1-9/20	1-9/19	Change
Orders received	270.9	316.1	-14%	166.1	210.0	-21%	104.9	106.1	-1%
Order book	134.6	154.4	-13%	117.2	138.3	-15%	17.4	16.2	7%
Net sales	272.6	285.5	-4%	168.5	179.4	-6%	104.1	106.0	-2%
Gross margin, %	56.2	54.3		50.9	48.6		64.9	64.0	
Operating result	32.6	23.5		9.4	5.6		23.3	20.6	
Operating result margin, %	11.9	8.2		5.6	3.1		22.4	19.5	
Earnings per share, EUR	0.68	0.52	31%						
Cash flow from operating activities	16.7	17.8	-6%						

2020

Market outlook
and business
outlook

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Market outlook 2020

Market outlook is affected by the COVID-19 pandemic and related economic downturn. For weather observation solutions, market in developed countries is expected to remain relatively stable while in developing countries the negative impact of the COVID-19 pandemic will be more significant. The restrictions imposed by governments and authorities on people and businesses as well as travel, will cause delays or interruptions globally in project and service deliveries.

Weather and Environment

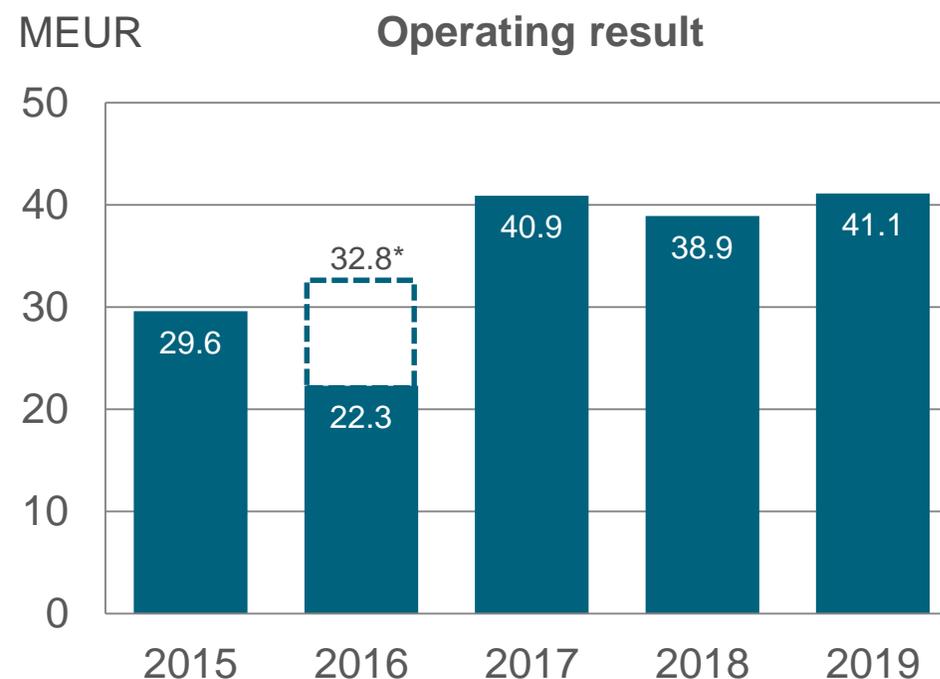
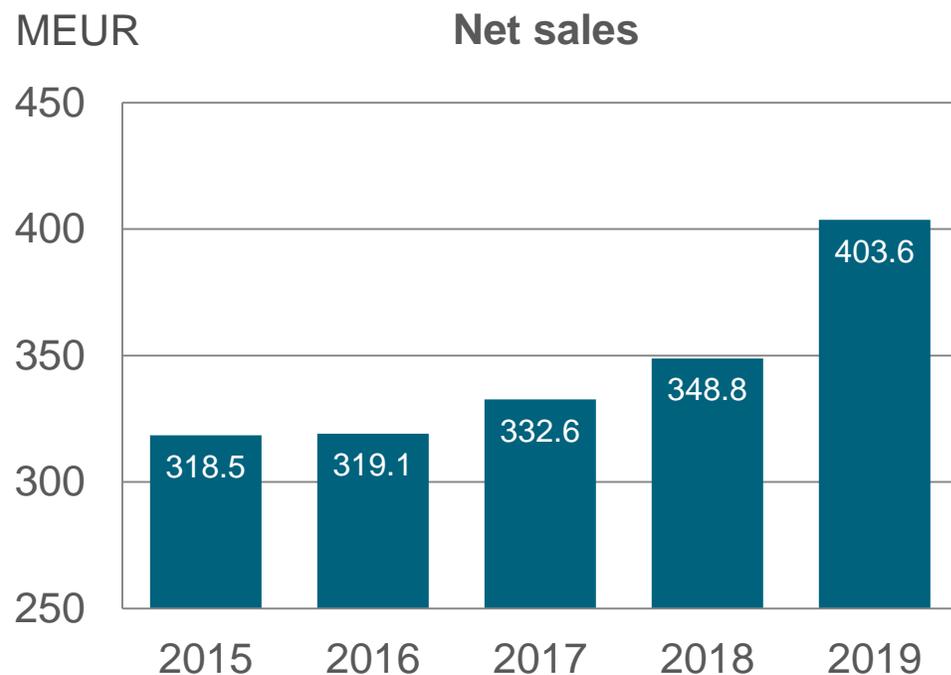
- Climate change and severe weather events drive need for continued replacement and enhancement of weather observation and forecasting capabilities. However, due to the economic impact and constraints caused by COVID-19 pandemic, decisions on larger meteorology infrastructure projects may be postponed.
- In aviation, market for weather observation solutions is expected to suffer due to the steep decline in air traffic and consequent fall in aviation revenues. Ground transportation and road surface state modelling market is expected to be more stable.
- The renewable energy market is generally expected to continue to grow, but short-term investments in wind and solar energy capacity may suffer from increased market uncertainty and financing constraints.

Industrial Measurements

- In industrial measurements, increasing focus on energy and operations efficiency as well as increasing regulations and requirements for high-quality and security drive need for high-end industrial instruments and systems.
- Industrial instruments and liquid measurements markets are expected to suffer from implications of the COVID-19 pandemic. Continuous monitoring systems and power industry markets' growth is expected to continue.

Business outlook 2020

- Vaisala estimates that its full-year 2020 net sales will be in the range of EUR 370–390 million and its operating result (EBIT) will be in the range of EUR 40–48 million.



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



**Questions
welcome!**

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