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**Vaisala Group  
Result, 6 months**

**31.7.2002**

**Palace, Helsinki**

**Pekka Ketonen,  
President and CEO**

# Business Idea



## Measuring the Environment

# Purpose of our business

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Vaisala develops, manufactures and markets products and services for environmental and industrial measurement.

The purpose of these measurements is to provide a basis for

- better quality of life,
- cost savings,
- protection of the environment,
- improved safety,
- better performance.



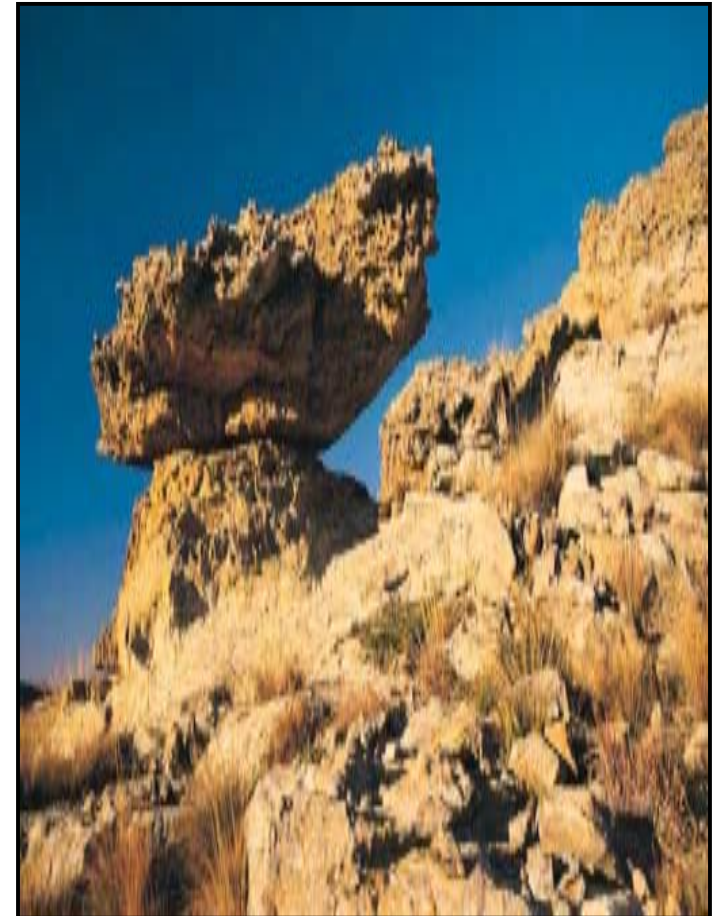
# Market leadership

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Vaisala's target is to be a global market leader.

Currently we are number one in:

- upper air sounding systems
- aviation weather systems
- surface weather observations
- road weather
- relative humidity measurement
- barometric pressure measurement
- wind profiling
- lightning detection



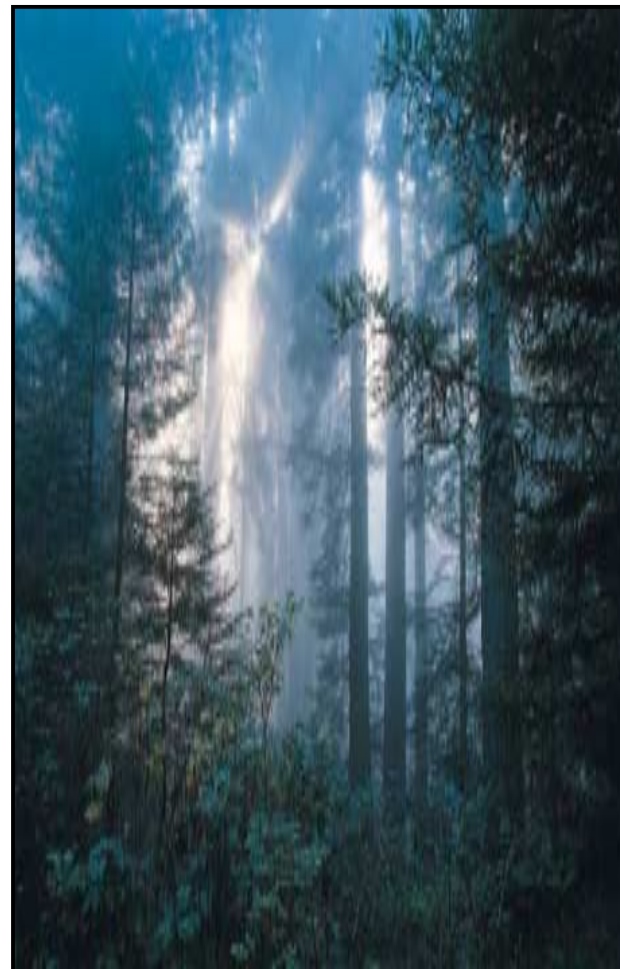
# Strategy

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We focus on businesses, where we can be the world leader, the preferred supplier.

Our competitive strategy is based on product leadership and operative efficiency.

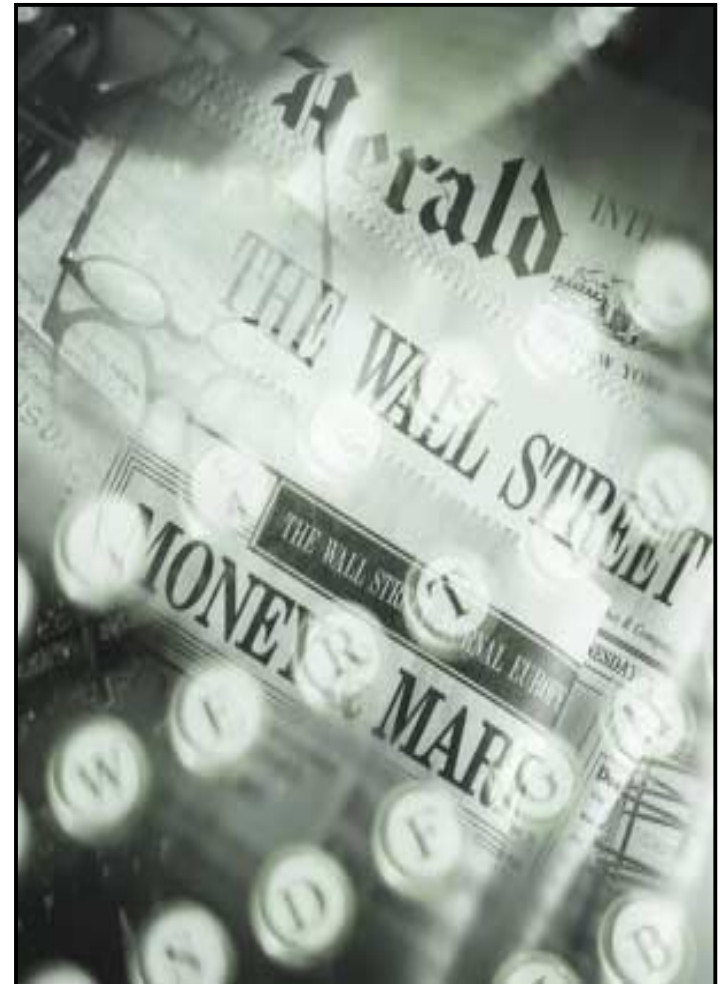
Vaisala brand belongs to the premium class.



# Growth Strategy

## 15 % annual growth through:

- We aim to win more market share in current businesses.
- We aim to provide more comprehensive product range to our existing customers.
- We aim to achieve this by both organic growth and acquisitions.



# Vaisala's four divisions



# Major Customer Groups

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- **Meteorological Institutes**
- **Aviation and Road Authorities**
- **Land and Water Resource Management Agencies**
- **Defense Forces**
- **Industry**

# Shareholders July 25, 2002

	% of votes	% Series K	% Series A
Finnish Academyh of Science and Letters	22,0	25,7	3,6
Novameter Oy	12,3	13,3	7,3
Mikko Voipio	7,7	8,8	2,3
Anja Caspers	7,1	8,2	1,4
Raimo Voipio	5,8	6,6	1,8
Tauno Voipio	4,2	4,6	2,1
Henki-Sampo	4,1	4,0	4,2
Inkeri Voipio	2,7	0	15,6
Jaakko Väisälä estate	1,6	1,8	1,1
Ilmarinen	1,3	0	8,2
Minna Väisälä	1,3	1,5	0,1
Nominee registered	3,0	0	17,7

# Market Situation H1/2002

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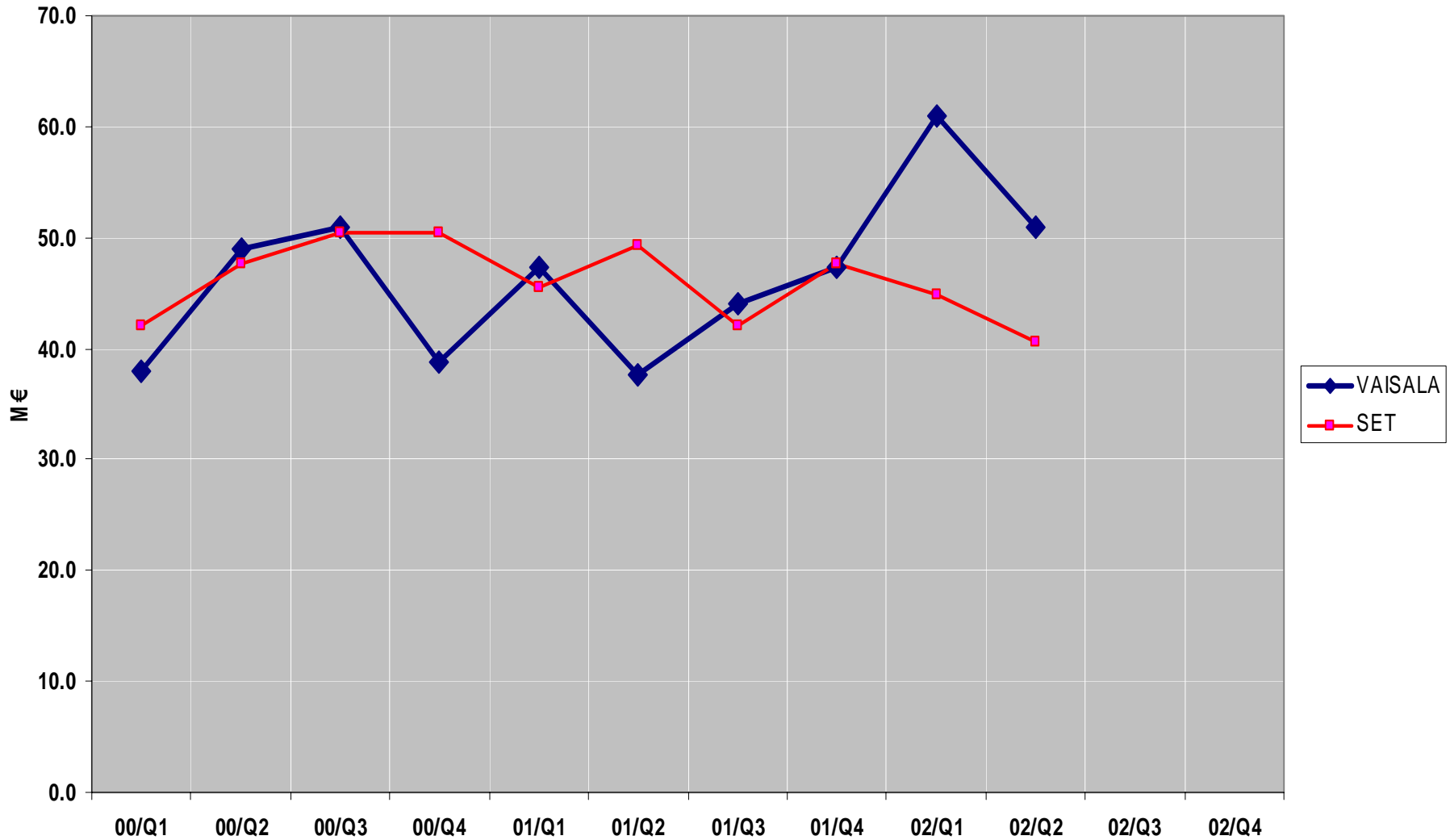
- **The sector started experiencing the effects of the global economic downturn in March 2001.**
  - **Demand rose at the beginning of 2002.**
  - **The rate of growth slackened towards the end of the spring 2002.**
- = > It is difficult to predict the market.**
- **Vaisala has retained its market shares and the company continues to hold a very strong position in the market.**

# Development of Sales

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<b>EUR mio</b>	<b>2002</b>	<b>2001</b>
<b>H1</b>	<b>85,2</b>	<b>85,8</b>
<b>Q2</b>	<b>50,7</b>	<b>45,1</b>
<b>Q1</b>	<b>34,5</b>	<b>40,7</b>

# Orders received in relation to relative SET (Finnish Electronics Industry)



## Events H1/2002

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- Vaisala received an order for an automated airport weather observation solution in April. The contract is worth some EUR 7 million and it is the largest order for an aviation weather system in Vaisala's history. Deliveries under the contract will start in 2003.
- The Vaisala Group signed a contract with the Turkish State Meteorological Service to supply meteorological observation equipment in June. Valued at EUR 2.1 million, the contract covers upper-air sounding systems and equipment, and a data collection and management system. Deliveries under the contract will take place during the current year.
- Vaisala centralizes its USA manufacturing operations in Boulder, Colorado. Most of the Group's radiosonde production in the USA was transferred to Finland and production in Boston was closed down.

## Events after the review period

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- The Vaisala Group received a significant order from the German Weather Service, Deutscher Wetterdienst. Vaisala will deliver them a network of radar wind profilers during the years 2003 - 2005. The contract is valued at more than EUR 5 million
- In addition, the Vaisala Group received an order to supply upper air observation systems to the Bureau of Meteorology of Australia. The total value of the contract is approximately EUR 3.7 million. Deliveries under the contract will be carried out over the next three years.
- Mr Tapio Engström has been appointed Finance Director and Member of the Management Group as of August 1, 2002. Mr Erkki Järvinen has been appointed Director of the Upper Air Division and Member of the Management Group as of September 1, 2002.
- Vaisala Oyj received a claim for compensation related to the use of patented GPS technology in radiosondes. The issue will be settled through arbitration in the United States. The demand for compensation is USD 6.5 million. Vaisala considers the claim to be without justification.

# Vaisala Group H1/2002

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## Goodwill depreciation

- Goodwill depreciation due to acquisitions was EUR 2.6 (2.0) million.
- Goodwill is depreciated in 5 years.

## Other depreciatation

- EUR 3.2 million.

## Balance sheet

- Solvency ratio excellent 83%.
- Cash EUR 28.7 million.

## Capital Expenditure

- Gross investment in non-current assets during the review period was EUR 20.2 (6.9) million
- Capital expenditure include the acquisition of 100% of the stock of the American Global Atmospherics Corporation and investments in IT systems and operating premises.
- Construction of a new cleanroom and extension of the company's premises in Vantaa, Finland, will be started in the second half of the current year. The investment will amount to some EUR 8 million.

## Key figures H1/2002

EUR million	H1/02	H1/01	2001
Net Sales	85,2	85,8	183,5
Operating profit	8,1	13,3	29,7
Profit bef. extraordinary items	7,3	14,3	30,6
Solvency ratio %	83%	82 %	83 %
Personnel (average).	1 202	1 094	1 115
Orderstock	84,5	63,1	57,8
Orders received	112,0	85,4	176,3
EPS (EUR)	0,23	0,56	1,21
Shareholders equity / share (EUR)	7,48	7,41	7,99

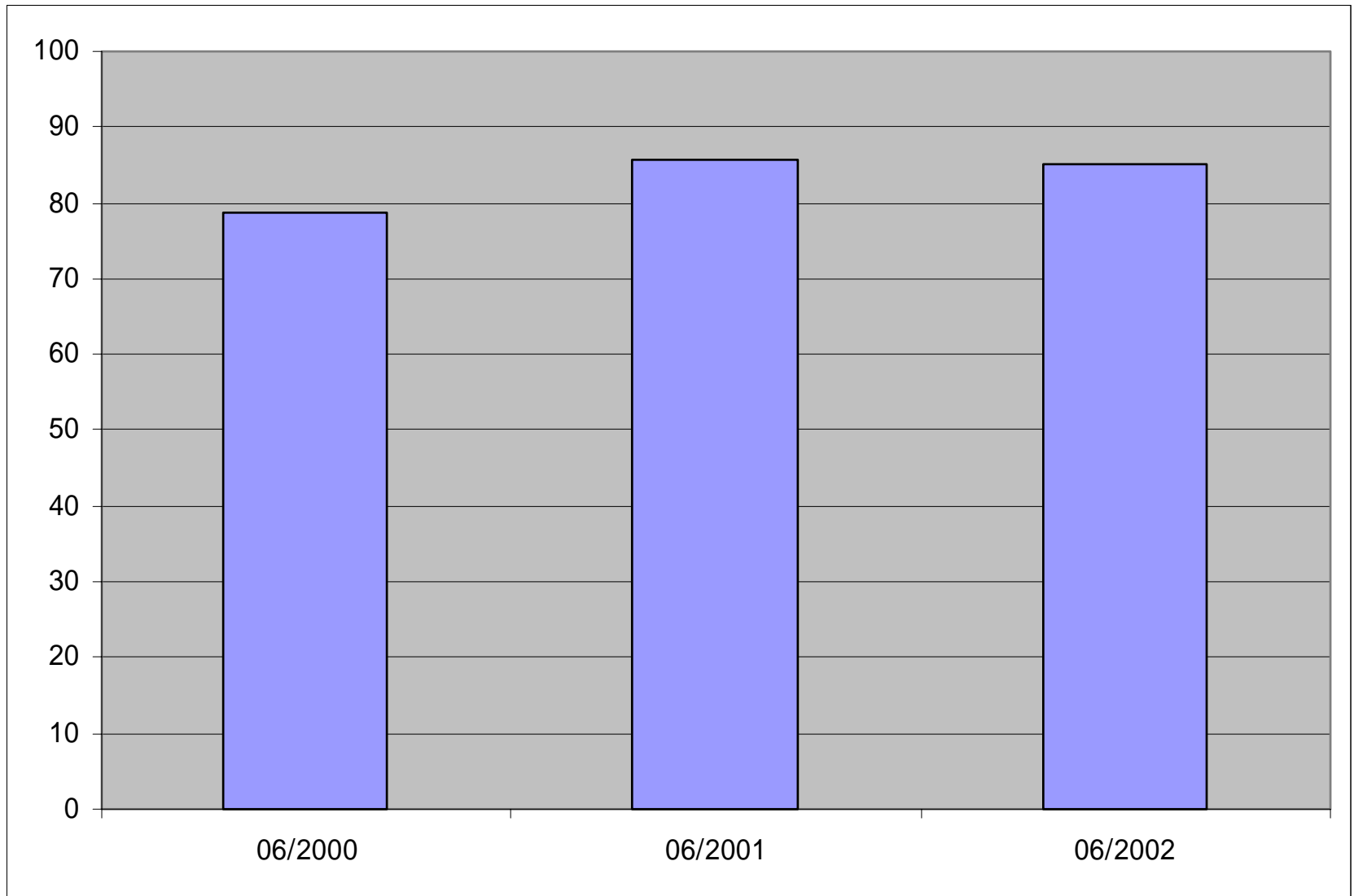
# Vaisala Group 6/2002

<b>EUR mio</b>	<b>6/2002</b>	<b>6/2001</b>	<b>Change-%</b>
<b>NET SALES</b>	<b>85.2</b>	<b>85.8</b>	<b>-1%</b>
<b>Costs</b>	<b>76.2</b>	<b>70.6</b>	<b>8%</b>
<b>Goodwill depreciation</b>	<b>2.6</b>	<b>2.0</b>	<b>28%</b>
<b>Other operating income (net)</b>	<b>1.7</b>	<b>0.1</b>	<b>1370%</b>
<b>OPERATING PROFIT</b>	<b>8.1</b>	<b>13.3</b>	<b>-39%</b>
	<b>9.5%</b>	<b>15.5%</b>	
<b>FINANCIAL INCOME</b>	<b>-0.7</b>	<b>1.0</b>	<b>-173%</b>
<b>PROFIT BEFORE EXTRAORDINARY ITEMS</b>	<b>7.3</b>	<b>14.3</b>	<b>-49%</b>
	<b>8.6%</b>	<b>16.7%</b>	
<b>EXTRAORDINARY ITEMS</b>	<b>0.0</b>	<b>0.0</b>	<b>0%</b>
<b>TAXES</b>	<b>3.3</b>	<b>4.8</b>	<b>-31%</b>
<b>NET PROFIT</b>	<b>4.1</b>	<b>9.6</b>	<b>-58%</b>
	<b>4.8%</b>	<b>11.2%</b>	

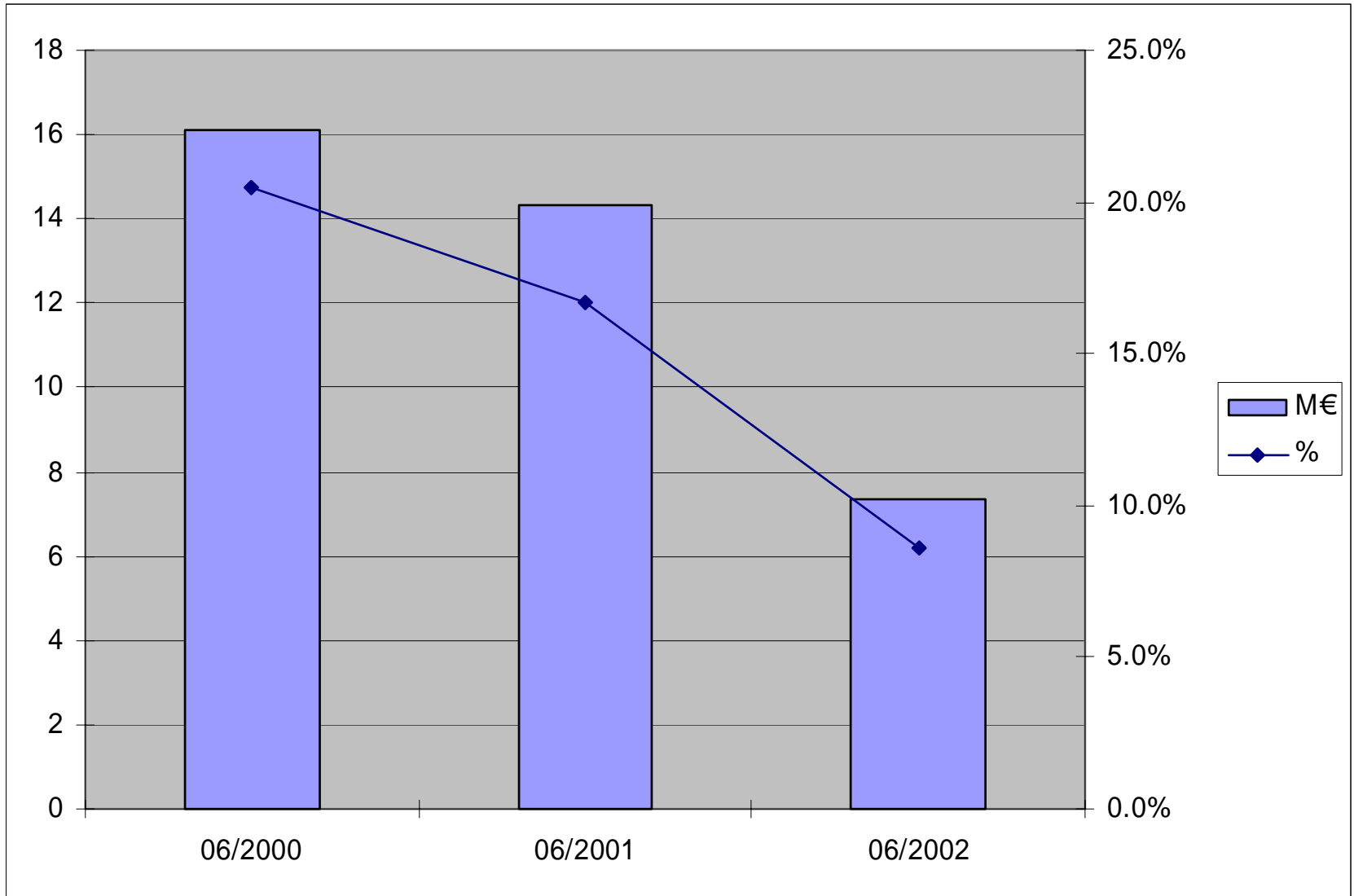
# Vaisala Group 6/2002

<b>MEUR</b>	<b>6/2002</b>	<b>6/2001</b>	<b>Change-%</b>
<b>Fixed assets</b>	<b>59.3</b>	<b>48.1</b>	<b>23%</b>
<b>Inventories</b>	<b>26.3</b>	<b>23.6</b>	<b>12%</b>
<b>Receivables</b>	<b>48.9</b>	<b>44.2</b>	<b>11%</b>
<b>Cash</b>	<b>28.7</b>	<b>43.4</b>	<b>-34%</b>
<b>Shareholders' equity</b>	<b>130.1</b>	<b>127.6</b>	<b>2%</b>
<b>Obligatory reserves</b>	<b>2.0</b>	<b>3.4</b>	<b>-40%</b>
<b>Liabilities</b>	<b>31.1</b>	<b>28.1</b>	<b>11%</b>
<b>Balance sheet total</b>	<b>163.2</b>	<b>159.3</b>	<b>2%</b>
<b>Capital expenditure</b>	<b>20.2</b>	<b>6.9</b>	<b>194%</b>
<b>New orders received</b>	<b>112.0</b>	<b>85.4</b>	<b>31%</b>
<b>Orderstock</b>	<b>84.6</b>	<b>63.1</b>	<b>34%</b>
<b>Personnel (average)</b>	<b>1 202</b>	<b>1 094</b>	<b>10%</b>
<b>Solvency ratio (%)</b>	<b>83%</b>	<b>82%</b>	

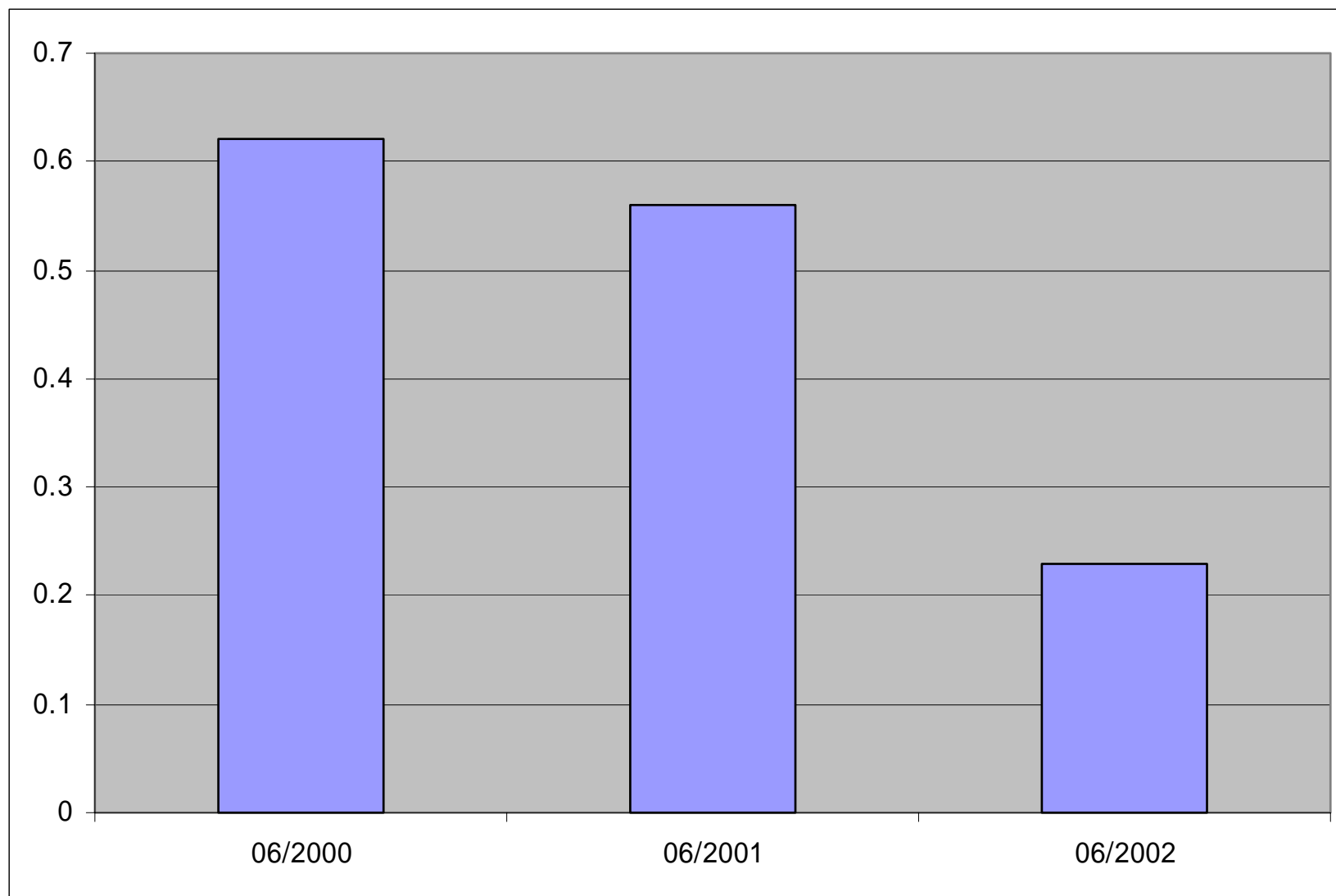
# Net Sales Meur



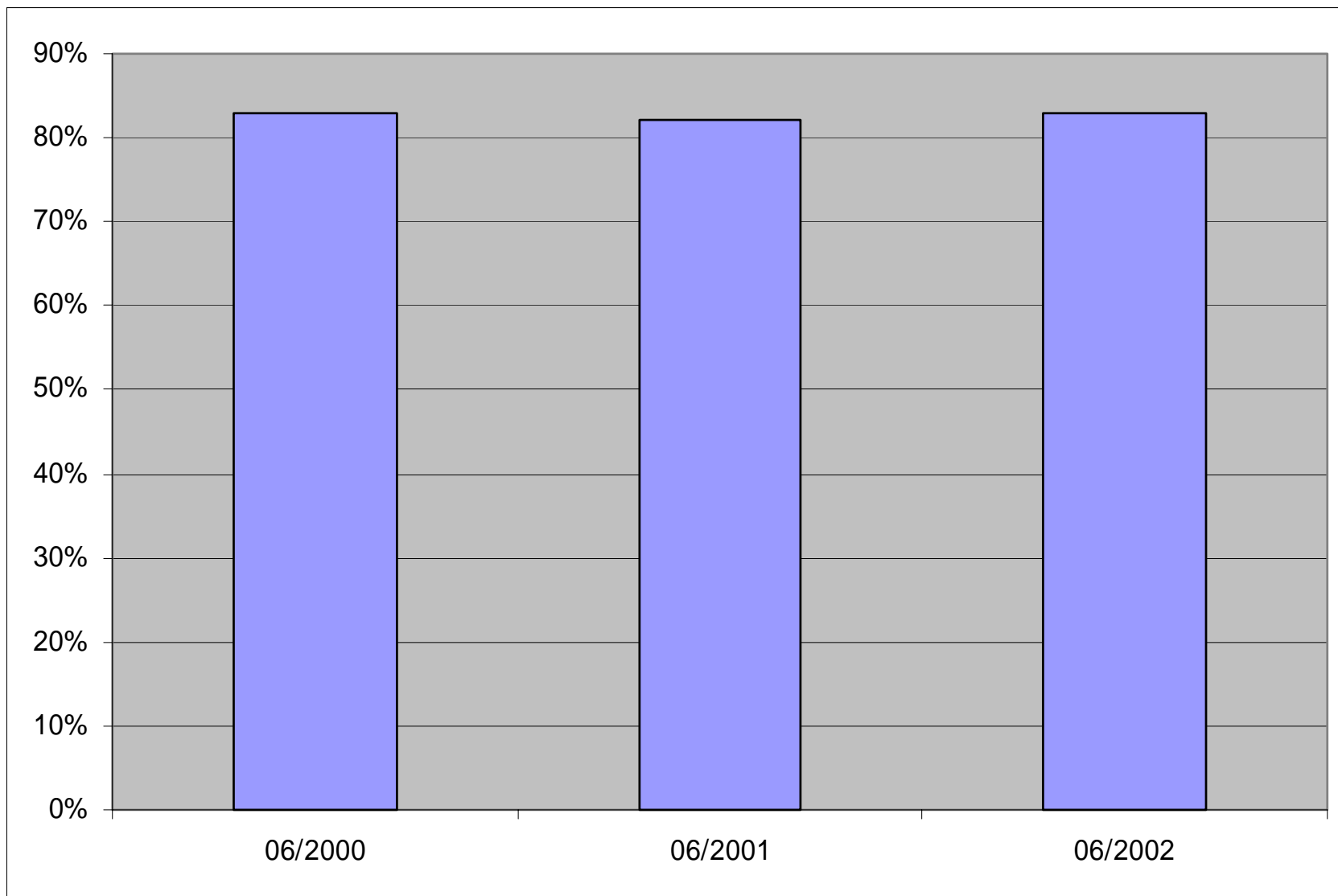
# Profit before extraordinary items, provisions and taxes



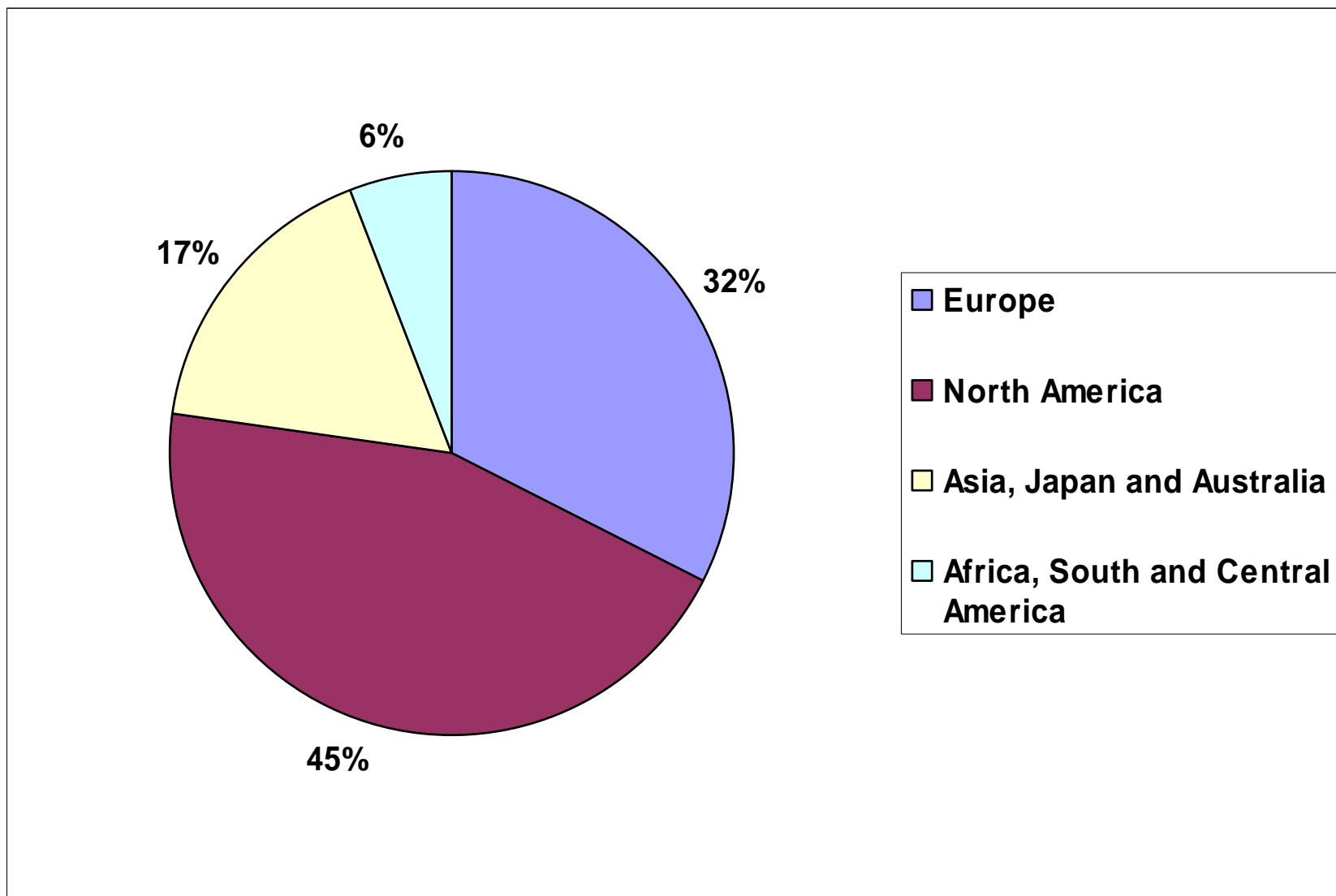
# EPS



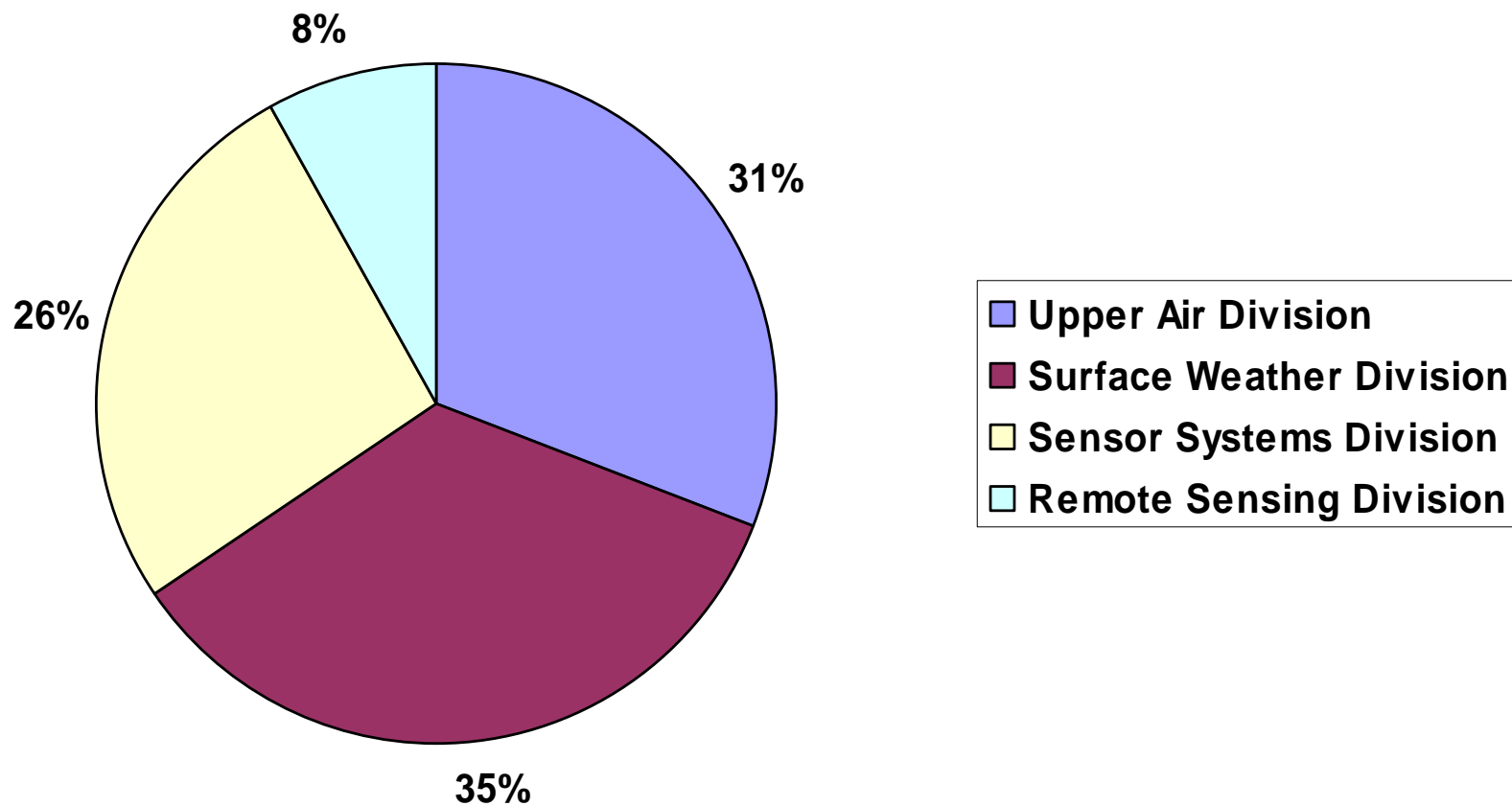
# Solvency Ratio



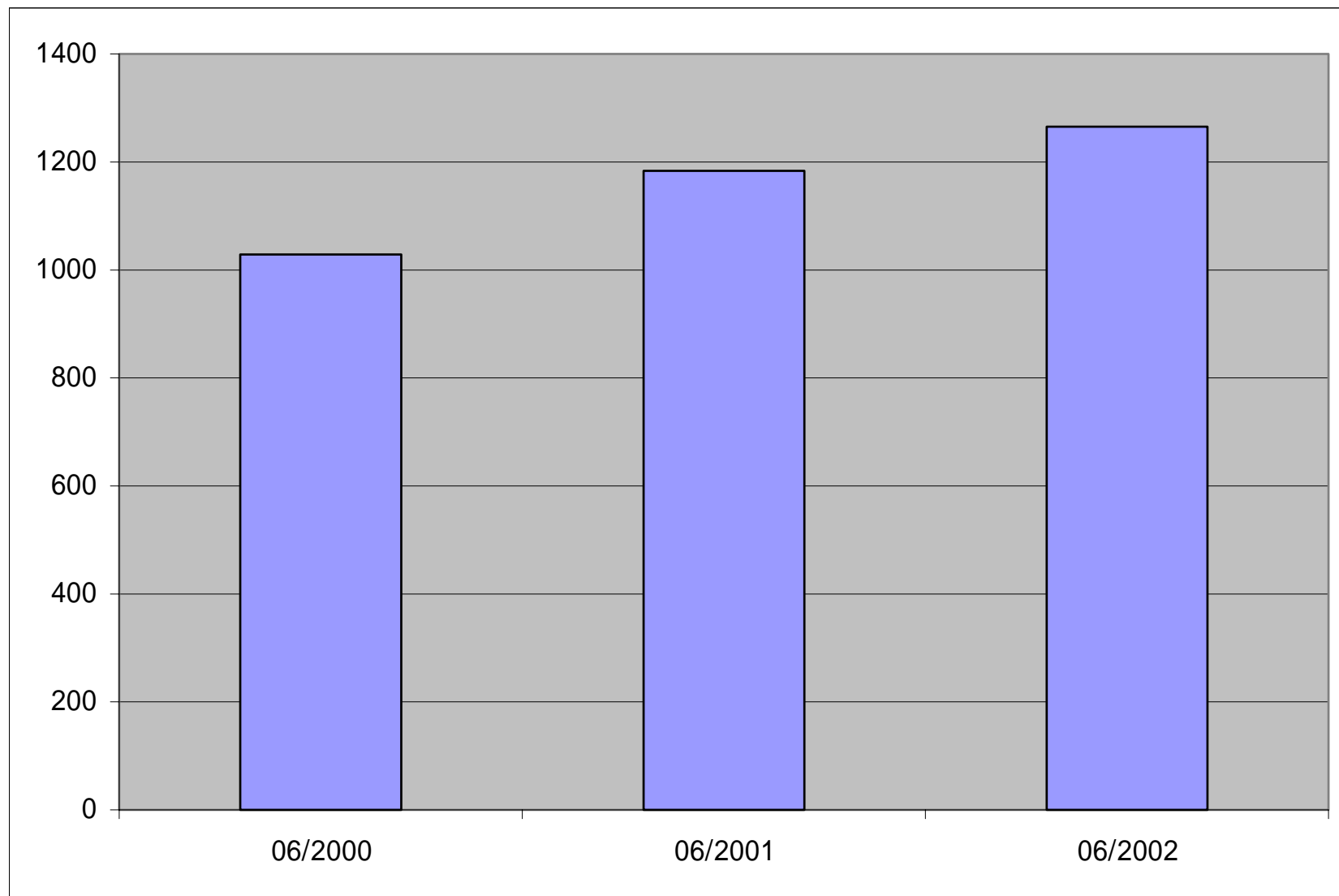
# Net Sales by Market H1/2002



# Net Sales by Division H1/2002



# Personnel at the end of review period



# Outlook

- Uncertainty still prevails in global markets.
- The increase at the beginning of the year in orders received is expected to continue, although at an appreciably slower pace than orders received during the review period.
- Weakening of the dollar will slow down the growth in net sales.
- Net sales for the full year will exceed last year's level.
- The Remote Sensing Division is expected to see most growth.
- Profitability should improve in the latter half of the current year and full-year profitability for 2002 is expected to be good.

