

Vaisala Oyj Stock Exchange Release 9.8.2004 at 11.00 am 1(5)

Vaisala Oyj's interim report 1.1.2004 - 30.6.2004 (6 months)

- Net sales: EUR 81.5 million (EUR 83.4 million in 1-6/2003)
- Operating profit: EUR 7.7 million (7.0).
- Orders received: EUR 84 million (84).
- Order book: EUR 60 million (76).
- Profit before extraordinary items, provisions and taxes: EUR 8.3 million (5.7).
- Goodwill depreciation from acquisitions: EUR 1.7 million (2.1).
- Net profit for the review period: EUR 5.8 million (3.5).
- Earnings per share: EUR 0.33 (0.20).

Market situation

Demand stopped growing at the beginning of 2002 and has continued to be unstable in most divisions ever since.

The demand for Vaisala's products is post-cyclical. As a result, when an upswing in the global economy begins, its effects are visible only after a delay. Positive signs have been received from the Vaisala Instruments division.

Vaisala's focus on maintaining and developing competitiveness has enabled it to retain its market share, and the company's market position is still strong.

Net sales and order book

The Vaisala Group's net sales for the review period were EUR 81.5 million (1-6/2003: EUR 83.4 million). Operations outside Finland accounted for 97% (96%) of net sales. The Group received new orders worth EUR 84 million (84) during the review period. The order book at the end of the review period was EUR 60 million (76).

Vaisala Soundings

The Vaisala Soundings division generated net sales of EUR 26.0 million (28.4).

Vaisala Solutions

The Vaisala Solutions division generated net sales of EUR 20.0 million (22.5).

Vaisala Instruments

The Vaisala Instruments division generated net sales of EUR 25.9 million (21.5).

During the review period, Vaisala discontinued its ammonia measurement business.

Vaisala launched a new carbon dioxide probe for ecological measurements in April and a new dewpoint transmitter for natural gas humidity measurements in June.

Vaisala Remote Sensing

The Vaisala Remote Sensing division generated net sales of EUR 9.6 million (11.0).

In January, Vaisala announced its new lightning detection system that combines the technologies acquired through two separate acquisitions into one modular product family. The new product line reduces the amount of equipment to be maintained and improves product profitability.

Performance

Operating profit for the review period was EUR 7.7 million (7.0). Profit before extraordinary items was 10.2% of net sales, or EUR 8.3 million (5.7). Goodwill depreciation from acquisitions totaled EUR 1.7 million (2.1).

Profit has improved due to efficiency improvement measures taken in 2003 and realized in full during 2004.

Balance sheet

The Vaisala Group's equity to assets ratio and liquidity remained strong. On June 30, 2004, the balance sheet total was EUR 160.6 million (161.4). The Group's solvency ratio at the end of the review period was 86% (86%).

Research and development

R&D expenditure totaled EUR 11.5 million (10.3) in the review period, representing 14.1% of the Group's net sales.

Other events during the review period

The Annual General Meeting re-elected Board Members Yrjö Neuvo, Ph.D. (EE) and Gerhard Wendt, Ph.D., whose terms had expired, for an additional three years. PricewaterhouseCoopers Oy, Authorized Public Accountants and Jukka Ala-Mello APA were elected as auditors.

Capital expenditure

Gross capital expenditure in non-current assets totaled EUR 2.2 million (8.5) during the review period.

Vaisala's shares

The price of Vaisala's A share on the Helsinki Exchanges was EUR 24.50 at the beginning and EUR 19.50 at the end of the review period. The highest quotation during the review period was EUR 24.50 and the lowest EUR 17.25.

Vaisala's share capital at the end of June was EUR 7,349,905.88 and the total number of shares was 17,479,000.

A total of 810,029 Vaisala shares were traded during the review period.

Personnel

The total number of employees in the Vaisala Group at the end of the review period was 1,117, compared with 1,157 at the end of the corresponding period in 2003. Some 21% (25%) of the personnel worked in research and development. Approximately 36% (36%) of the Group's personnel worked outside Finland.

Board of Directors and President & CEO

The members of the Board of Directors are Raimo Voipio M.Sc.(Eng.)(Chairman), Professor Pekka Hautojärvi, Professor Yrjö Neuvo (Executive Vice President), Mikko Niinivaara M.Sc.(Eng.), Mikko Voipio M.Sc.(Eng.) and Gerhard Wendt Ph.D. The Group's President & CEO is Pekka Ketonen, D.Tech.(h.c.).

Outlook

The market outlook has not significantly changed. Net sales for 2004 are expected to be at a slightly lower level than in the previous year and profit is expected to increase slightly.

Vaisala aims to be the global market leader in its selected business areas in the future, too. Therefore, investments in product development and competitiveness will continue to be substantial.

Vantaa, Finland, 9 August, 2004

Vaisala Oyj

Board of Directors

GROUP INCOME STATEMENT (EUR 1000)

	1-6/2004	1-6/2003	Change %	1-12/2003
Net sales	81 516	83 384	-2.2	189 204
Costs	68 234	70 805	-3.6	152 335
Goodwill depreciation	1 741	2 112	-17.6	4 057
Depreciation	3 843	3 822	0.6	7 799
Other operating income(-) and expenses(+)	32	324	-90.1	915
Operating profit	7 730	6 970	10.9	25 928
% of net sales	9.5%	8.4%		13.7%
Financial income (+) and expenses (-), net	575	-1 253	145.9	-2 527
Profit before extraordinary items	8 305	5 717	45.3	23 401
% of net sales	10.2%	6.9%		12.4%
Profit before provisions and taxes	8 305	5 717	45.3	23 401
Taxes	2 500	2 210	13.1	8 916
Net Profit for the period	5 805	3 507	65.5	14 485

Taxes for the review period have been calculated on the taxable income.

GROUP BALANCE SHEET (EUR 1000)

	6/2004	6/2003	Change %	12/2003
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Fixed assets	54 484	59 470	-8.4	56 905
Current assets				
Inventories	19 812	23 612	-16.1	18 448
Financial assests	86 347	78 278	10.3	97 595
Share capital and shareholders' equity	133 063	130 487	2.0	139 456
Obligatory reserves	1 115	1 297	-14.0	1 137
Liabilities				
Long-term liabilities	1 243	2 245	-44.6	1 233
Current liabilities	25 222	27 331	-7.7	31 122
Balance sheet total	160 643	161 360	-0.4	172 948

CONSOLIDATED CASH FLOW STATEMENT (EUR 1000)

	6/2004	6/2003	Change %	12/2003
Cash flow from operating activities				
Cash generated				
from operations	95 584	100 649		188 581
Expences from operations	-75 089	-83 293		-153 757
Net cash flow from operating activities (A)	20 495	17 355	18.1	34 824
Cash flow from investing activities				
Investments	-2 942	-7 229		-18 059
Proceeds from sale of tangible and intangible assets	26	57		544
Net cash flow used in investing activities (B)	-2 916	-7 172	-59.3	-17 515
Cash flow from investing activities				
Paid share issue	0	420		420
Withdrawal of long-term loans	0	121		159
Repayment of long-term loans	-368	-259		-362
Dividends paid and other distribution of profit	-13 109	-9 590		-9 590
Net cash flow from financing activities (C)	-13 477	-9 309	44.8	-9 373
Change in liquid funds(A + B + C) increase (+) / decrease (-)	4 102	874		7 936
Liquid funds at start of period	46 838	38 902		38 902
Liquid funds at end of period	50 940	39 776		46 838

FINANCIAL INDICATORS

	6/2004	6/2003	12/2003
Earnings/share (EUR)	0.33	0.20	0.83
Earnings/share (EUR), fully diluted	0.33	0.20	0.83
Net cash flow from operating activities/share (EUR)	1.17	0.99	1.99
Equity/share (EUR)	7.61	7.47	7.98
Solvency ratio	86%	86%	84%
Gross capital expenditure (EUR 1000)	2 204	8 489	14 094
Average personnel	1 106	1 160	1 141
Order book (EUR 1000)	60 084	76 393	62 885

Liabilities from derivative contracts*) 9 173 17 573 10 530

*) Capital of currency forward and option contracts and forward rate agreements made to hedge against exchange rate and interest risk.

The figures in this interim report are unaudited.

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Vaisala Oyj

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