

CMD 19

R&D Investment is Backbone for Our Product Leadership and Long-Term Growth

Capital Markets Day 2019

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VAISALA



Group Strategy

OBSERVATIONS FOR A BETTER WORLD

WEATHER AND ENVIRONMENT

Global leadership based on best products and solutions



INDUSTRIAL MEASUREMENTS

Growth through product leadership



We drive excellence in high-mix, low-volume businesses.

Lead, Learn, Lean (3L)

WE BUILD OUR SUCCESS ON

Application Expertise
Science-Based Technology Leadership
Reliability

Engaged & Talented People
Partnerships

Sustainability
Strong Financial Position

OUR VALUES GUIDE US

Customer Focus

We strive for deep understanding of our customers' needs and aim at meeting them in everything we do.

Innovation and Renewal

We embrace pioneering innovation and drive change through continuous improvement and learning.

Strong Together

We excel by sharing, learning, and working together with each other and our stakeholders.

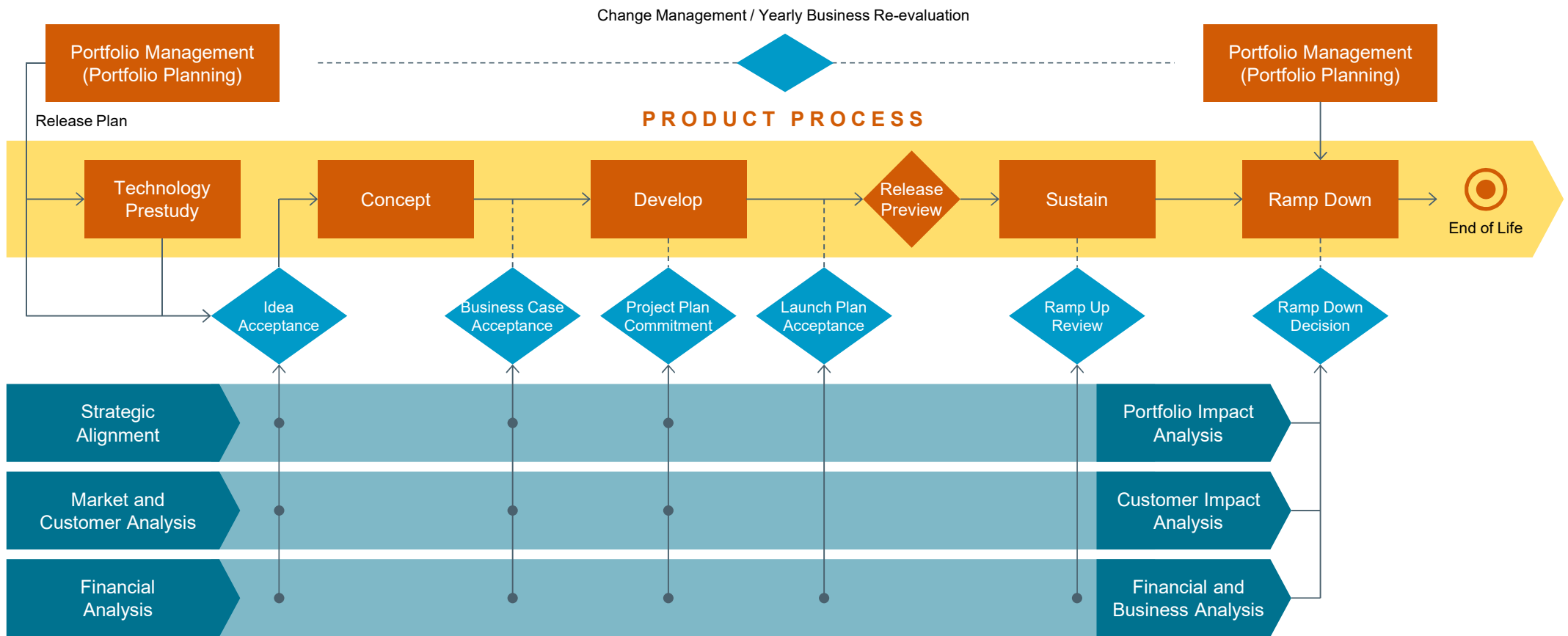
Integrity

We are honest, respectful, and reliable. We promote sustainable and ethical behavior.

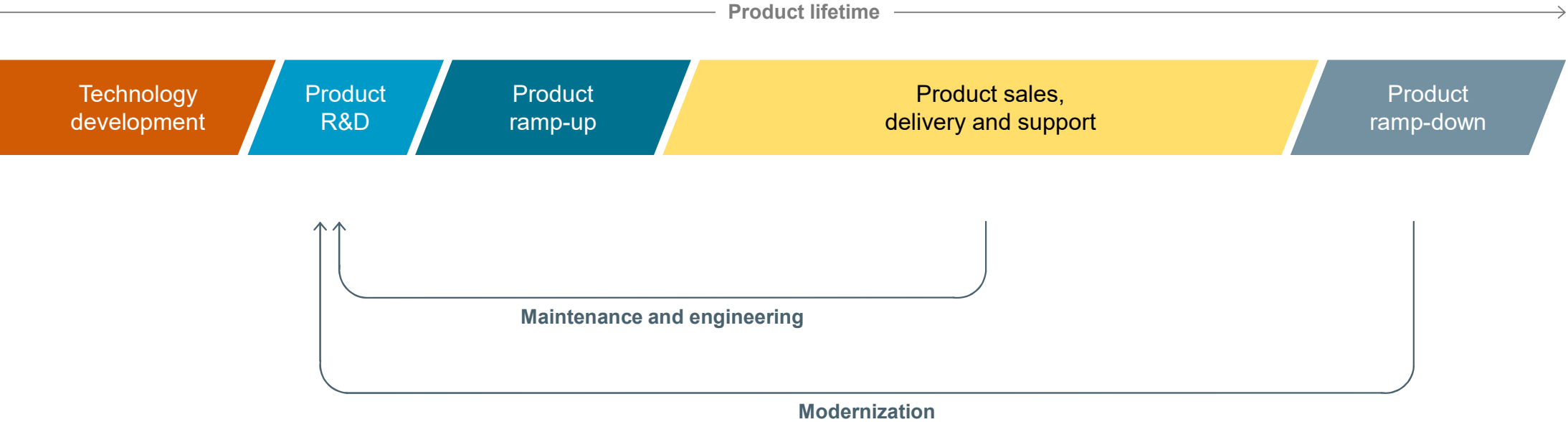
R&D Has Essential Role in Strategy Execution



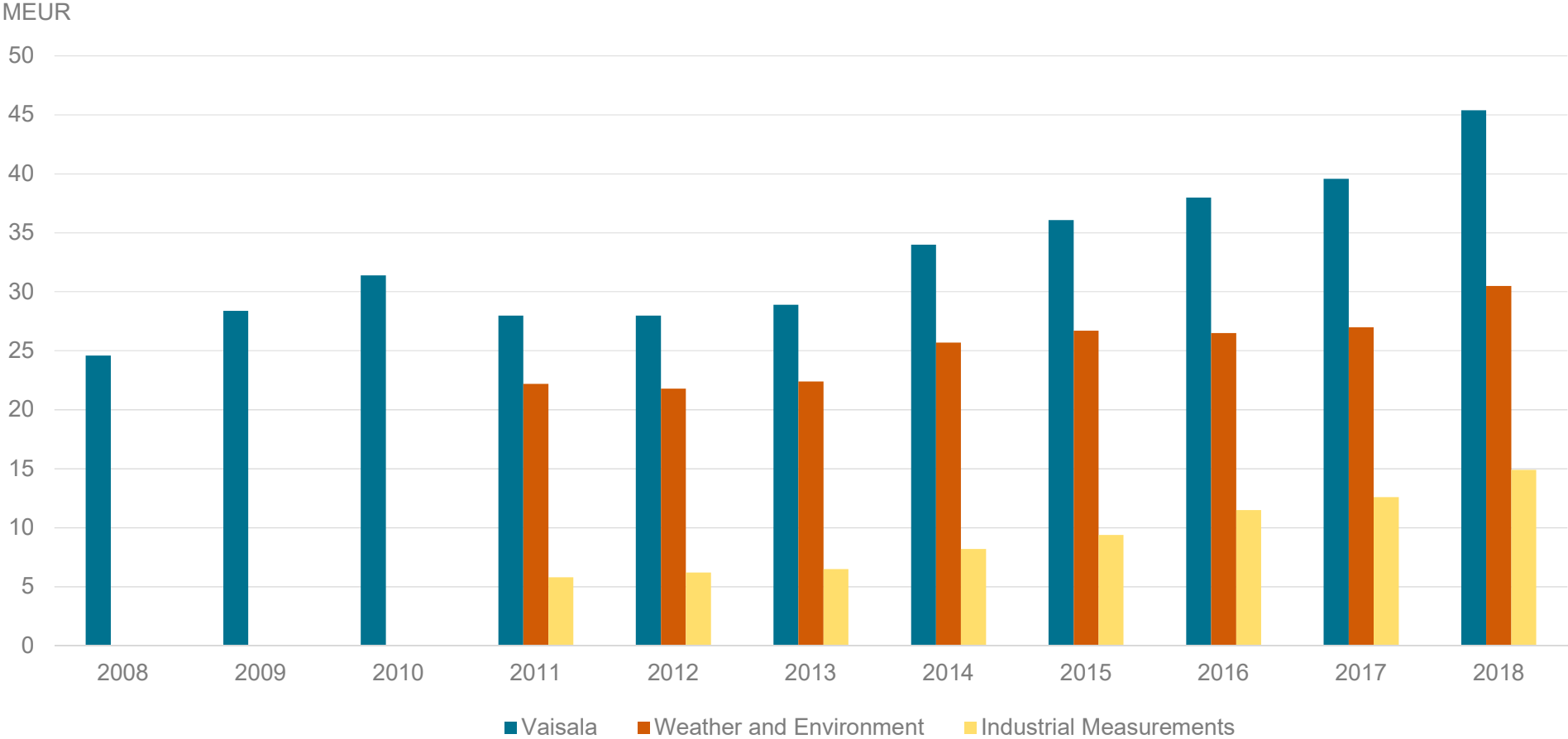
R&D Business Cases Are Evaluated Continuously



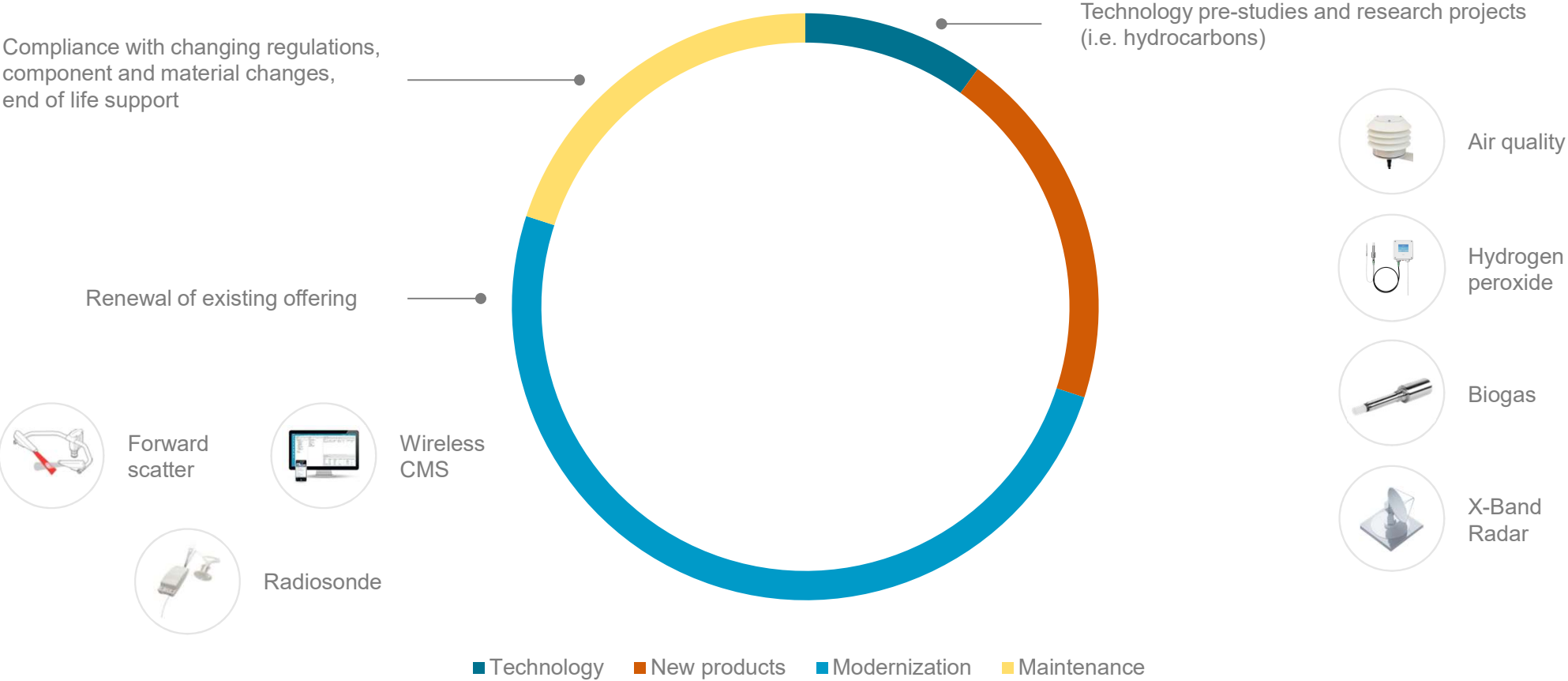
Products Have Long Lifetimes



R&D Investment Has Increased Significantly



Two Thirds of Annual R&D Spend is Used for Renewal and Defending Current Market Position



Impact of R&D Investment in Net Sales During the Long-Term Planning Period



Case: 4th Generation Radiosonde

Project started in 2010

Total investment >10 MEUR

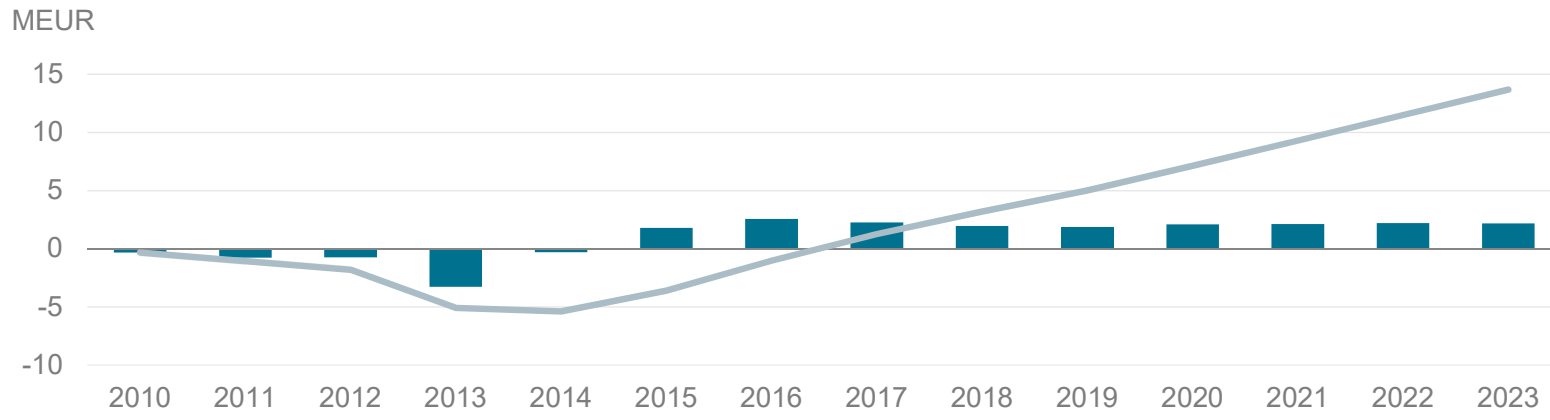
Payback time ~6 years

Targets for the project

Clear decrease of cost components
(warranty, scrap and engineering costs)

What did we achieve

- 50% less warranty returns
- Scrap decreased significantly
- 20% improvement in measurement accuracy
- Significantly lower product cost
- Clear usability improvements
- Throughput time from 65 to 22 days



”This feels like our product.”

Customer representative,
UK Met Office

■ Discounted cash flow
— Discounted cash flow, cum

High R&D Investment is a Strategic Choice

- We are technology and product leader
- We have chosen to be a one stop shop for our weather customers → wide product portfolio
- Crucial for renewal and defending market position
- Enabler for growth





Observations for a Better World

VAISALA