CEO’s Reflections on Vaisala’s Ten Years Journey

- From garage to industrial approach
- Customer focus/outside-in view
- Increased ambition for growth
- Development of capabilities
- Management changes
- Importance of compliance
- Simplification in broad scale
- Drive development of services business
Vaisala Net Sales Has Grown 4.5% Annually Over the Past Ten Years
Operating Profit Margin Improving Towards the Target level

* Excl. EUR 4.3 million write-down of goodwill and intangible assets from the acquisition of Veriteq Instruments Inc. in 2010.
** Excl. EUR 10.5 million write down of intangible assets from the acquisitions of Second Wind Systems Inc. And 3TIER Inc. in 2013.
Vaisala Has Invested in R&D Continuously

<table>
<thead>
<tr>
<th>Year</th>
<th>Vaisala</th>
<th>Weather and Environment</th>
<th>Industrial Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>20</td>
<td>5</td>
<td>5</td>
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<tr>
<td>2007</td>
<td>25</td>
<td>5</td>
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<tr>
<td>2008</td>
<td>25</td>
<td>5</td>
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<tr>
<td>2009</td>
<td>30</td>
<td>10</td>
<td>10</td>
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<tr>
<td>2010</td>
<td>35</td>
<td>15</td>
<td>15</td>
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<tr>
<td>2011</td>
<td>40</td>
<td>20</td>
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<tr>
<td>2012</td>
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<tr>
<td>2014</td>
<td>35</td>
<td>15</td>
<td>15</td>
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<tr>
<td>2015</td>
<td>40</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>2016</td>
<td>45</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

+84%  
+19%  
+98%
Strong Cash Flow Provides Flexibility

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Solid Dividend Over the Years

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.

In 2013, in addition to dividend, EUR 1.23 per share was distributed to the shareholders as a return of capital.
Strong Foundation for Profitable Growth

- Strategy well in line with global mega trends
- Active innovation
- Expanding addressable market
- Strong brand
- Systems and processes in place
- High customer satisfaction
- Competent people
- High employee satisfaction
- Strong cash flow and financial position
Weather and Environment Markets

MEANDOLOGY  TRANSPORTATION  RENEWABLE ENERGY  AMBIENT AIR QUALITY

MEGA TRENDS

Climate Change  Renewable Energy  Digitalization & Big Data  Future of Mobility  Urbanization  Sustainability Awareness
Industrial Measurements Markets

MEGA TRENDS

- Energy Efficiency
- Well-being & Health
- Resource Efficiency
- Circular Economy
- Urbanization
- Sustainability Awareness

HIGH-END HUMIDITY  HIGH-END CARBON DIOXIDE  LIFE SCIENCE  POWER TRANSMISSION
Strategic Priorities

Weather and Environment
Drive profitability and growth through expansion of industry-leading products and digital solutions

- Improve competitiveness by renewal of product offering
- Grow through meteorological infrastructure improvement projects in developing countries
- Expand digital solutions
- Build new business in environmental measurements

Industrial Measurements
Further accelerate growth through product leadership

- Achieve strong foothold in power transmission and life science markets
- Continuously create new winning products by discovering customer needs
- Seek new business opportunities in industrial applications

Operations
Continue to develop excellence in high mix low volume supply chain

- Increase productivity
- Develop core production technologies
- Develop sourcing and product life cycle management processes

Growth
Average annual growth 5%

Profitability
Operating profit margin (EBIT) 15%

In selected markets
Digital solutions >10%
Life science
Power transmission
Long-Term Financial Targets: EBIT 15%

- Growth of weather instruments and solutions business driving economies of scale
- Life science, power transmission and new instruments bring high value add to customers
- Investments in R&D and Sales & Marketing capabilities
- Growth of high-end humidity and carbon dioxide business driven by expansion to new markets and solutions areas generate economies of scale
- Growth of digital solutions and environmental measurements accelerate gross margin improvement

*EUR 10.5 million write-down of intangible assets in Weather and Environment Business Area. The intangible assets were from the acquisitions of Second Wind Systems Inc. and 3TIER Inc. in 2013.
### Highlights of Values Created for Society, Environment & Employees in 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy consumption</td>
<td>89% of energy consumed in 2016 was from renewable sources. Committed to use 100% renewable energy by 2020.</td>
</tr>
<tr>
<td>Carbon emissions reduced</td>
<td>Reduced by -81% compared to 2014.</td>
</tr>
<tr>
<td>Water efficiency</td>
<td>Improved by 67% in the last 10 years.</td>
</tr>
<tr>
<td>Waste recovery rate</td>
<td>98% of waste recovery rate of manufacturing sites was achieved.</td>
</tr>
<tr>
<td>Employee engagement index</td>
<td>4.08/5</td>
</tr>
<tr>
<td>Väisälä fund donations</td>
<td>The Vilho, Yrjö and Kalle Väisälä fund granted donations to 75 researchers in 2016.</td>
</tr>
</tbody>
</table>
Highlights of Values Created for Customers in 2016

100,000+
Installations of HUMICAP® Humidity and Temperature Transmitter Series HMT330

Every flight around the world will at some point use weather observations by Vaisala equipment

97.9%
of surveyed customers were satisfied or very satisfied with Vaisala’s products

8/10
of the world’s top 10 electric utility companies rely on data from Vaisala manufactured lightning detection networks

Space-proof sensors
Vaisala technology has a long history in space: from 1950’s to today’s missions to Mars

1,800+
wind and solar energy project assessments to date
Market Outlook 2017

- Global economic growth improved in Q1 2017, and latest forecasts refer to a moderate outlook. Increase in commodity prices, especially in crude oil, is expected to improve outlook of several emerging economies. During Q1, also performance of global manufacturing industry improved, reflecting positively especially on Controlled Environment Business Area’s outlook.

- Weather observation market outlook for 2017 is slightly more favorable than in 2016.

- Industrial measurement market outlook for 2017 continues to be favorable.
Business Outlook 2017 unchanged

- Vaisala estimates its full year 2017 net sales to be in the range of EUR 310–340 million and its operating result (EBIT) to be in the range of EUR 32–42 million.

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Observations for a Better World