Vaisala Capital Markets Day
May 26, 2014

Agenda

12:00 Welcome and introductions
12:15 Weather
12:45 Renewable Energy
13:15 Break
13:30 Controlled Environment
14:15 Vaisala’s strategy and long-term financial targets
14:45 Questions and answers
15:00 Break
15:15 Factory tour
16:30 Light snack
Vaisala

Vaisala is a global leader in environmental and industrial measurement.

We serve customers in weather and controlled environment markets.

Market Segments We Serve

**Weather**
- Meteorology
- Airports
- Roads and Rail
- Defence
- New Weather Markets

**Controlled Environment**
- Life Science
- Targeted Industrial Applications
Weather
Kai Konola
Executive Vice President

Contents

Weather Opportunity
Driving Growth through Business Model Evolution Based Strategy
Conclusion
Weather Business Area - Overview

- 200M€ net sales
- 14.5M€ profit (2013)

1. Customers’ primary interest is the safety and protection of lives and property, through effective operations and decision-making support under any weather conditions.
2. Our Brand is recognized for quality, technology innovations and weather knowledge.
3. We bring operational benefits through a wide offering of products, projects, weather information and services.

Weather Markets in 2014
Global market sizes and growth

<table>
<thead>
<tr>
<th>Market Size</th>
<th>Meteorology</th>
<th>Airports</th>
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<td>Low</td>
<td>Mid</td>
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</table>

1,020 MEUR - ~20% market share

* Vaisala estimate of the size of market that is addressable currently or with organic development in the roadmaps.
Opportunity Drivers for Vaisala in Weather

- Increased Operational Value to customers
- Emerging Decision support service business opportunity
- Hosted services become main stream

From isolated measurement points to Networked objects

From Data collected to Information driving actions

From delivering “Atoms” to deliver Bits

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Weather Opportunity
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Focus on Creating Increased Operational Value for Our Customers

Reliable weather technology provider

Products + Basic Services

Broad & Reliable Weather Offering
High mix, low volume business
Focus on Creating Increased Operational Value for Our Customers

One stop shop project house ➔ Installation and Integration

Reliable weather technology provider ➔ Products + Basic Services

Unique Capability to Deliver Projects Everywhere on the Globe

Vaisala Offices
Weather partners
Bringing Network Manager for Efficient Operations & Maintenance

But – how much can you grow…?

One stop shop project house

Reliable weather technology provider

Installation and Integration

Products + Basic Services
We have Unique Set of Capabilities that Drive Creation of Operational Value for Customers

What's on his mind?

Stephen Smyth, Engineering Inspector | Network Management, National Roads Authority, Ireland
Need for Total Road Weather Information Management
Offer New Value to Road Customers

... Pulling through “The Old Value”
And Bringing Opportunity for New Innovation - Roads "Tweet"

- Customers can easily authorize RoadDSS Manager to send tweets to a single twitter account
- No need to separately log-in to Twitter
- Enables customers to be more transparent to the road users by sharing information such as treatment plans

Focus on Creating Increased Operational Value for Our Customers

- Business partner providing operational value
- Information Service contracts
- One stop shop project house
- Installation and integration
- Reliable weather technology provider
- Products + Basic Services
Build New Business around Information Services

Roads winter maintenance optimization

Airport winter maintenance and Aircraft de-icing optimization, Lightning warnings

Renewable energy operations

Long and short term forecasts
Assessment Consulting

AviCast
CheckTime
ALIS

AviCast Supports Efficient Airport Operations
AviCast Supports Efficient Airport Operations

Build New Business around Information Services

- **Airport** winter maintenance and Aircraft de-icing optimization, Lightning warnings
- **Renewable energy** operations
  - Long and short term forecasts
  - Assessment Consulting

- **Roads** winter maintenance optimization
  - RoadDSS Manager
  - Traffic Weather Consulting

- **AviCast**
- CheckTime
- ALIS
Contents

Weather Opportunity
Driving Growth through Business Model Evolution Based Strategy
Conclusion

Summary: Components of Weather Business Growth

- Deliver increased Operational value to customers with Information services
- Continue delivering products, projects & services with high reliability
- Increase investment in software and hosted service capabilities
- Execute renewable energy strategy
Contents

Vaisala in Energy Business
Market Overview
Strategic Objectives
Expected Value

Weather and Energy are Tightly Connected to Each Other
Weather and Energy are Tightly Connected to Each Other

Current Focus And Offering – On-shore wind, utility solar and lightning/icing detection

- Services, systems and sensors for
  - Resource assessments
  - Forecasting
  - Local observations

- Other markets have untapped potential
Wind and Solar Energy Production
- Transition towards market driven dynamics ongoing

- Fastest growth where cost is at/near parity with traditional energy sources
- Renewable energy incentives/programs accelerate build activity
- Resource availability defines the long-term potential

Wind: global mean wind speed at 80m
(Source: 3TIER)

Solar: global horizontal irradiation
(Source: 3TIER)

Wind Evolving, Solar Emerging

Wind
- Utility scale major plants
- Top ~20 countries form ~90% of market
- Established industry focusing on cost and process optimization

Solar
- kW…GW systems, easy deployments
- Emerging into a key long-term energy source
- Major population lives in high-irradiation areas
- Distributed plants close to consumption will be most efficient for utilities

Global wind energy development (source: MAKE)
Global solar energy development (source EPIA*)

*Business as usual scenario
Growth in Wind, Positioning in Solar Market

Wind – Priority for growth in 2014-18
- Prudent risk assessments and forecasts bring major value across energy chain
- Local observation data is essential

Wind 2013 | Wind 2018
---|---
Forecasting | Asset management
Resource assessment | Systems
OEM Sensors

Solar – Establishing strategic market position
- Database-assessment often ‘good enough’
- Sophistication level is increasing
- Forecasting importance grows with penetration
- Non-utility market will be explored

MEUR Strategically relevant markets for Vaisala 2013-2018*

*Management estimate, based on multiple market reports

75% of Installed Wind Capacity in China, USA and Top European Countries

- China has ~30% of installed capacity
- USA: ~20%
- Germany: ~10%
- Spain: ~7%
- India: ~6%

Installed wind capacity 2013 (GW)
Source: Bloomberg

RoW | LATAM | India | NA | China | EMEA
---|---|---|---|---|---
356 | 21 | 73 | 97 | 124 | 9

Page 38 © Vaisala 2014-05-26 Capital Markets Day
60% of New Build in China, USA and India

- 400 GW of new capacity expected until 2020
- China’s build is equal to the following 11 countries:

<table>
<thead>
<tr>
<th>Country</th>
<th>New Capacity (GW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>167</td>
</tr>
<tr>
<td>U.S.</td>
<td>67</td>
</tr>
<tr>
<td>India</td>
<td>37</td>
</tr>
<tr>
<td>Germany</td>
<td>16</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>11</td>
</tr>
<tr>
<td>Brazil</td>
<td>11</td>
</tr>
<tr>
<td>Canada</td>
<td>13</td>
</tr>
<tr>
<td>Mexico</td>
<td>15</td>
</tr>
<tr>
<td>France</td>
<td>19</td>
</tr>
<tr>
<td>Turkey</td>
<td>23</td>
</tr>
<tr>
<td>Australia</td>
<td>8</td>
</tr>
<tr>
<td>Sweden</td>
<td>8</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
</tr>
</tbody>
</table>

Top countries in the expected new wind capacity build 2014-2020 (GW) Source: MAKE consulting

Strategic Initiatives

Growth
- Strong renewable energy industry presence
- Unique services across the value chain

- Develop New Services
- Expand in Focus Countries
- Leverage Global Channel
- Strengthen Brand
Management of Risk
– The top need for all energy players involved with the renewables

OEM / SYSTEM SUPPLIERS
Unique and reliable solution

Renewable Technology Supply

Renewable Project Build

Renewable Asset Operation

Renewable Energy Integration into Energy Supply

Energy Marketing and Trading

NOTE – Largest relevance in countries with a functional energy trading exchange

BANKS (enabler and influencer)
Understand renewable asset return/risk profile

Renewable Developers
Feasible project, by selecting the right location and technology

Renewable Operators
Financial return; optimised asset deal, mitigation of low energy output situations

Energy Utilities
Balanced renewable / other energy production vs. demand

Energy Brokers
Best buy/sell deal in view of renewables output and total energy demand

RENEWABLE PROJECT BUILD

Positioned to Reduce the Risk of Renewable Energy

Addressing value chain with
- Sensors
- Systems
- Decision support services
Observations

Lightning Sensors and Data
Competitive Advantages
Support Growth Ambitions

- Comprehensive service offering, including technology
- Accurate and tailored location specific forecasts
- Risk evaluation capability, leveraging observations and advanced modeling
- Cold climate expertise
- Remote sensing: reduced time, location number and cost
- Data services, field services
- Comprehensive data sets for lightning, wind and solar

Growth Model Selected per Opportunity

<table>
<thead>
<tr>
<th>Mature wind markets, strong capability</th>
<th>Growing wind markets, limited capability</th>
<th>Other wind markets, strong presence</th>
</tr>
</thead>
<tbody>
<tr>
<td>New services to expand in operational phase</td>
<td>Build/expand presence, leverage broad offering</td>
<td>Leverage channel, capture focused opportunities</td>
</tr>
</tbody>
</table>

Installed wind capacity 2013 (GW)

Expected new wind focus through 2018

Leverage Existing Channels to Grow

- Carefully selected go-to-market approaches
- Capture opportunities in countries where strong channel can be leveraged

Aiming to Increase Brand Awareness and Bankability

- Position Vaisala in the renewable energy relevant events, committees and publications
- Leverage 3TIER and Second Wind brands
  - 3TIER® services
  - Triton® Sonic Wind Profiler
  - Nomad® Desktop Software and Nomad® Wind Data Loggers
  - SkyServe®
Realizing Value
– Through growth and rigorous execution

- Broad Market addressed with deep value capture
- Market offers opportunities, *growth requires expansion of presence*
  - New countries – New services – Leveraging our global channel
- Our role as a *key shaper of renewable energy*
- Competitive advantages enable market share growth
- Planning completed, execution building to full speed later in 2014

Maximize the potential of renewable energy
Questions?

Controlled Environment

Samps Lahtinen
Executive Vice President
Controlled Environment (CEN)

Controlled Environment Business Area serves industrial customers whose primary interest is in operational quality, productivity and energy savings.

The main markets are life science (LSC) and targeted industrial applications (TIA).

Examples of Industrial Customer Applications

High voltage assets – Heating, ventilation and air conditioning – Engine testing – Agriculture and food industry – Industrial drying – Turbine inlet air – Compressed air – Semiconductor...
Life Science Customers

- Pharmaceuticals
- Biologics
- Medical Devices
- Drug Wholesalers

- Life Science End Customers affected by strict regulations
- Manufacturers and system integrators who supply equipment for this industry

Typical Products Used by CEN Customers

- Transmitters and hand-held meters for the measurement of
  - Humidity and Temperature, Dew point
  - Moisture in oil
  - Pressure
  - Carbon dioxide
- Data loggers and continuous monitoring systems
- Calibration, Repair and Field Services
Value for the Customers

We help our customers to improve

- product quality
- productivity
- energy efficiency
- maintenance activities
- regulatory compliance

Measure → Monitor → Validate
in Controlled Environments

Controlled Environment Markets
Global market sizes and growth in 2014

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<th>Targeted Industrial Applications</th>
<th>Life Science</th>
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* Vaisala estimate of the market size
Market Environment and Drivers

Targeted industrial applications
- Process control methods / automation continue to develop
- Energy efficiency requirements, e.g. in drying processes & HVAC, increase
- Condition based maintenance practices increase
- Urbanisation

Life Science
- The regulations keep becoming more stringent and harmonized
- Outsourcing of non-core activities will continue in the industry
- Demand exists for high end and mid range offering (HW, SW, service)

Growing markets

Growth for Life Science and Industrial Measurement Markets

Regional Expansion

Developing new products and technology that fit CEN strategic choices
Strategic Choices for Instrument Business (LSC+TIA)

- Sensing / Measurement technology
- Application of the same basic technology on different platforms
- Fast & reliable delivery, service and support
- Sales / technical / application expertise
- Active use of multiple sales channels
- Wide audience marketing
- Global online store

Strategic Choices for System Business (LSC+TIA)

- Life Science Expertise
- Easy reporting and alarming
- Excellent product, offering, fit for purpose
- Service excellence
- Customer experience: smooth deliveries & audits
- Global presence – direct and distributor sales
Growth through Regional Expansion

- Extended network of distributors in countries with high potential
- Parallel sales channels in one country
- Distributors for instruments, systems and services
- Closer distributor relationship

Conclusions

- Both industrial measurement and life science markets are growing.
- Controlled Environment continue to invest in new products for both markets for long-term growth.
- Controlled Environment also seek growth through regional expansion.
Questions?

Vaisala’s Strategy Update and Financial Targets
External Trends

- Climate change
- Renewable energy
- Smart grids
- Energy Efficiency
- Data integration
- Digitalization
- Emerging economies
- Health, aging population
- Urbanization
## Vaisala Markets
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Vaisala addressable market size total

1,550 MEUR

* Vaisala's own estimate of the size of market that is addressable currently or with organic development in the roadmaps, no external market information available

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### Market share indication:
- **Low** <10%
- **Mid** 10-30%
- **High** >30%

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### Vaisala 2014–2018 Strategy
Vision and Mission

Mission
We offer high reliability and added value with our products and services by bringing together customer business expertise and our technical expertise.

Vision
We focus on being the leading provider of operational value for our customers in targeted segments of weather and controlled environment markets.

Vaisala Strategic Objectives
We drive our strategy execution through the following strategic themes

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<th>Reliability</th>
<th>Simplification</th>
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<tr>
<td>- Driving growth</td>
<td>- Driving customer experience</td>
<td>- Driving efficiency</td>
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<tr>
<td>Build information services</td>
<td>Reliable customer experience</td>
<td>Optimize global network</td>
</tr>
<tr>
<td>Build industrial business</td>
<td>Quality of products and services</td>
<td>Use core processes and tools</td>
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RS41, Fourth Generation Radiosonde

- Creation of customer value
- Reliability
- Simplification

Sustainability

- Sustainability in Vaisala is integrated into strategy and ensures the company’s long-term success through minimizing risks, safeguarding reputation and generating value through sustainable technologies

- Many of our solutions generate value to our customers beyond their primary purpose
  - Savings in energy, chemicals, fuel and human lives

- Vaisala has a culture of responsibility, good governance and strong sense of purpose
Market Outlook 2014

- Vaisala expects that continued signs of economic recovery will gradually revive weather observation and industrial measurement solutions market, typically expressing post-cyclical behavior.

- In EMEA demand for weather observation solutions is expected to remain solid, and also industrial measurement market has showed early signs of gradual revival.

- In North America market outlook for weather observation and industrial measurement solutions is unfavorable. In spite of passed increase in US debt ceiling and favorable economic outlook, signs of market upturn have not yet been registered in the market.

- Weather observation market in APAC is expected to remain active. Demand for industrial measurement solutions in APAC is expected to continue increasing in local currencies.
**Business Outlook 2014**

- Vaisala estimates its full year 2014 net sales to be in the range of EUR 290–320 million and the operating profit (EBIT) in the range of EUR 20–30 million.

**Long-Term Financial Targets**

- **Growth**
  - Vaisala targets an average annual growth of 5%.
  - In selected growth businesses such as renewable energy and life science the target is to exceed 10% annual growth.

- **Profitability**
  - Vaisala’s objective is profitable growth and the target is to achieve 15% operating profit (EBIT) margin towards the end of the period.
Customer Promise

- We engage with our customers to better understand their needs, to create operational value with an innovative offering, leading performance and usability.

- We are a reliable partner for our customers through long-term commitment and our high quality products and services.

- We continuously improve our customer service and operational efficiency.

- Increasingly loyal customers drive long-term profitable growth