

# Interim Report January–March 2018

President and CEO Kjell Forsén

April 25, 2018

**VAISALA**

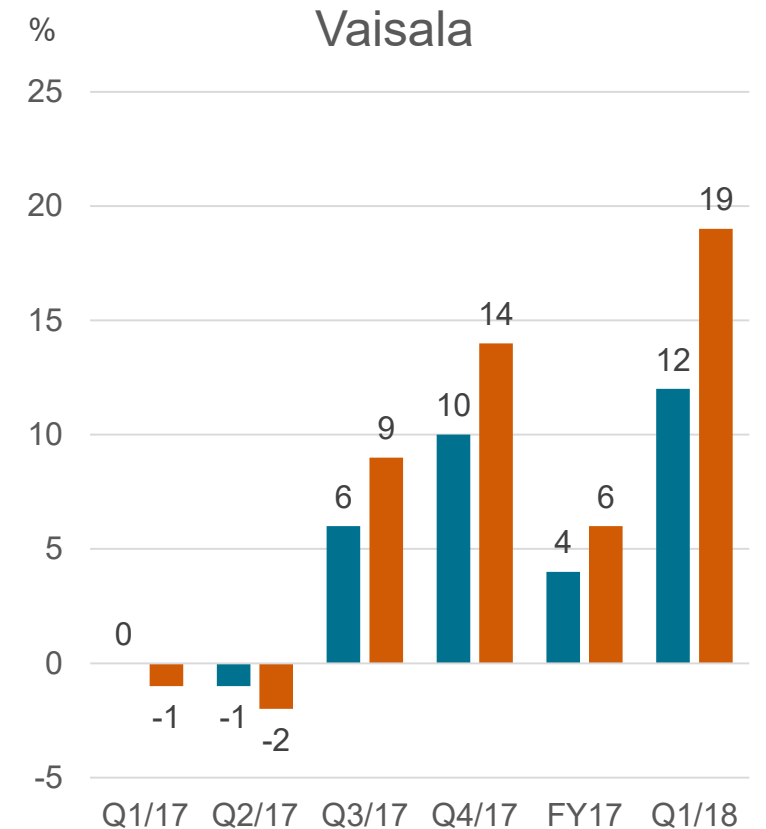
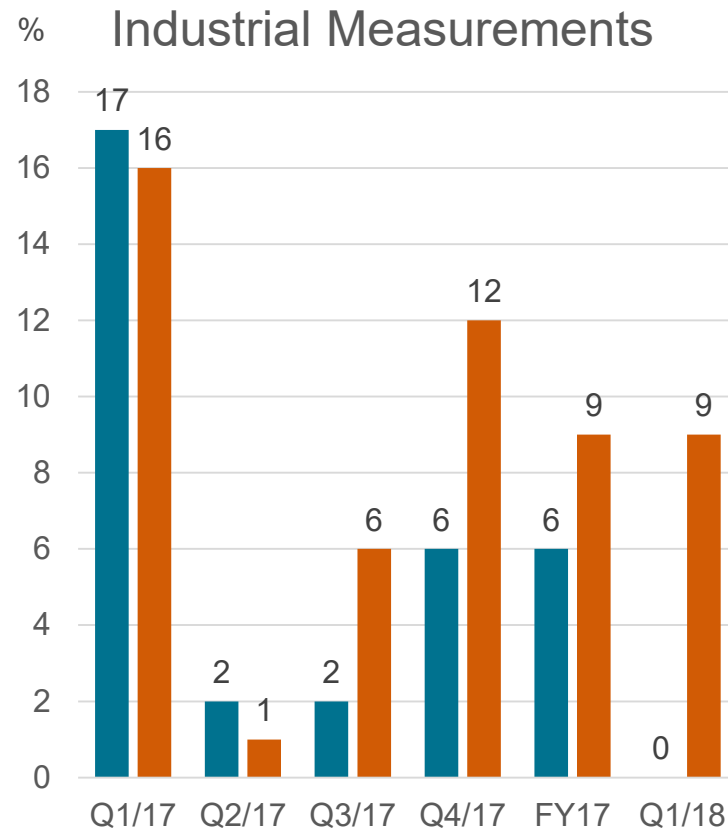
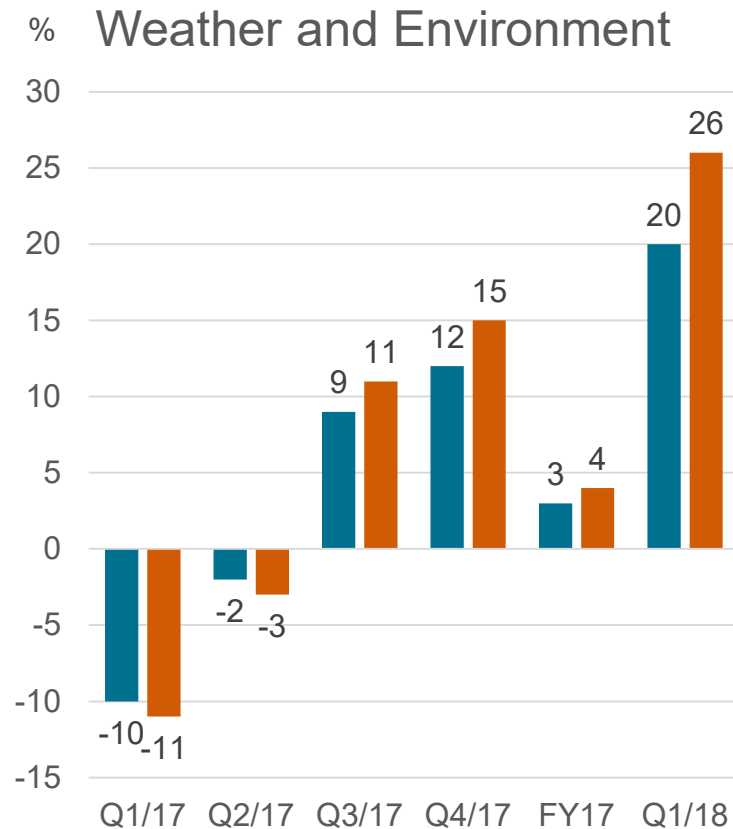


# First quarter 2018 highlights

- Orders received EUR 87.1 (81.5) million, +7%
  - With comparable rates +13%
- Order book EUR 133.4 (130.3) million, +2%
- Net sales EUR 76.4 (68.4) million, +12%
  - With comparable rates +19%
- Gross margin 51.3% (51.4%)
- Operating result EUR 5.7 (2.6) million, 7.5% (3.7%) of net sales
- Earnings per share EUR 0.19 (0.09)
- Cash flow from operating activities EUR -5.4 (2.9) million



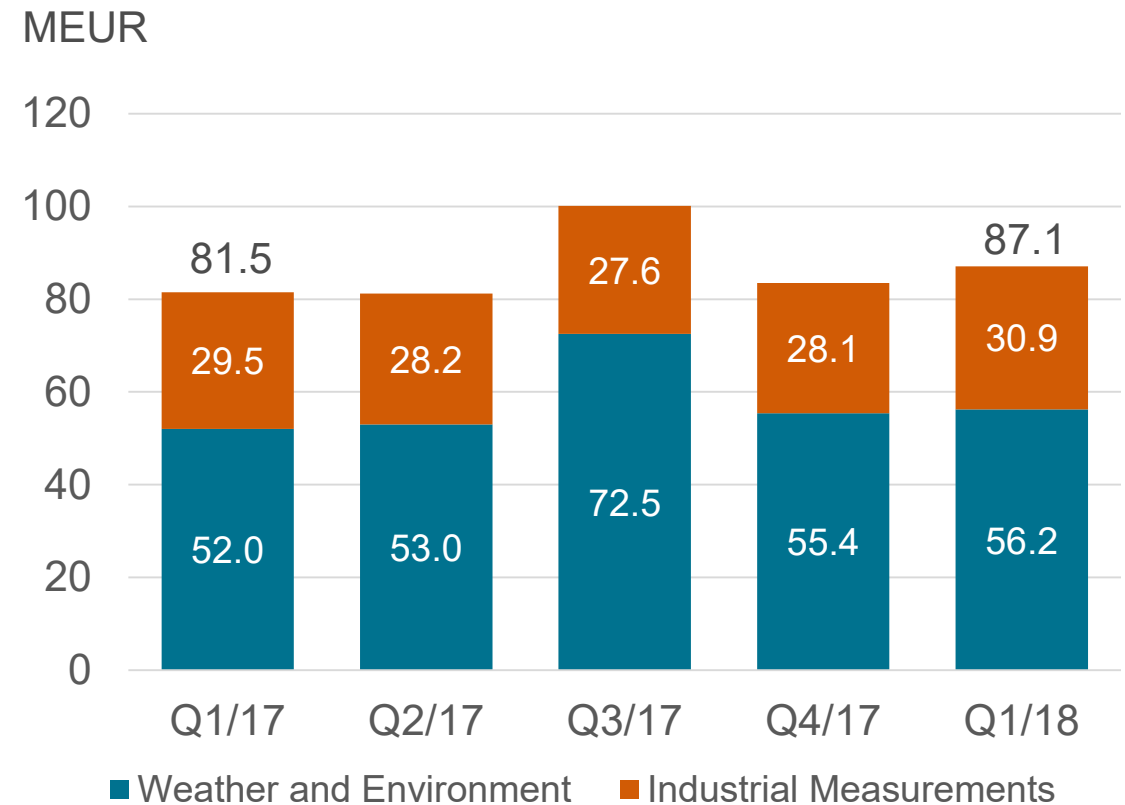
# Exchange rate impact on net sales growth



■ Reported growth %    ■ Growth % with comparable rates

# Vaisala Q1 orders received increased 7%

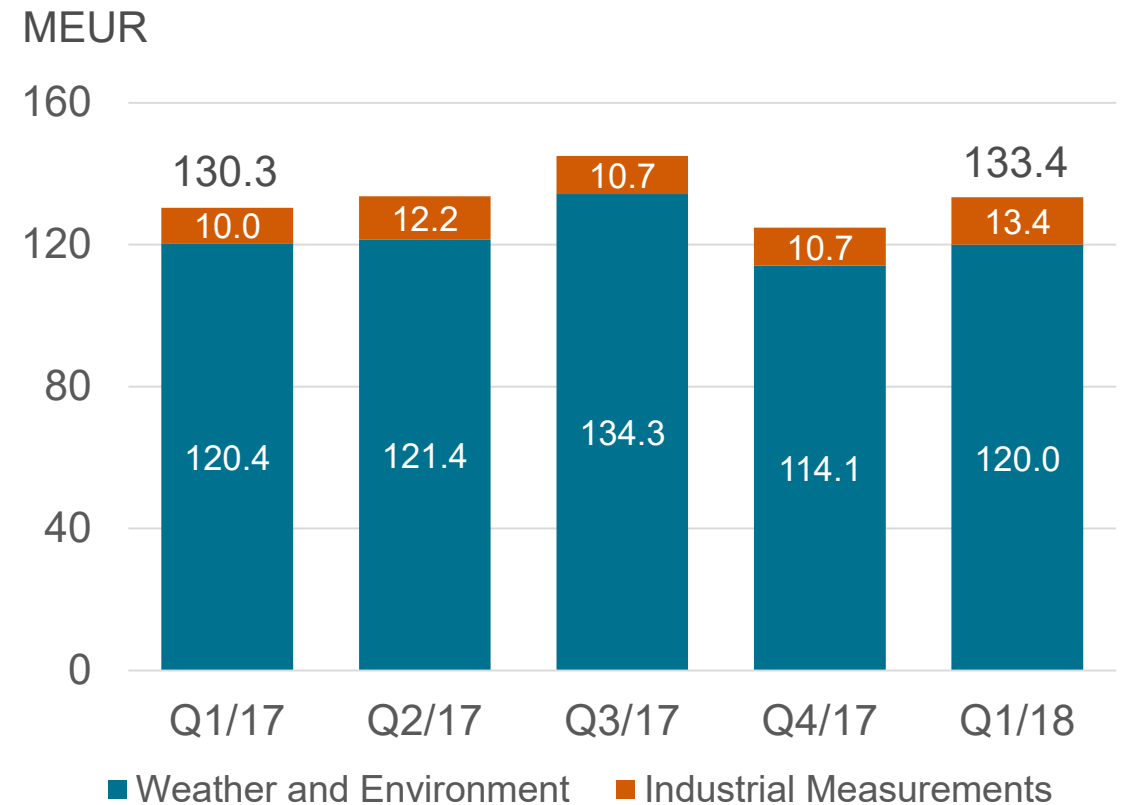
- Orders received EUR 87.1 (81.5) million, +7%
  - With comparable rates +13%
- Weather and Environment Business Area
  - EUR 56.2 (52.0) million, +8%
    - With comparable rates +12%
  - Includes EUR 9.3 million of the Vietnamese contract
- Industrial Measurements Business Area
  - EUR 30.9 (29.5) million, +5%
    - With comparable rates +14%
  - The increase came from instrument orders in APAC



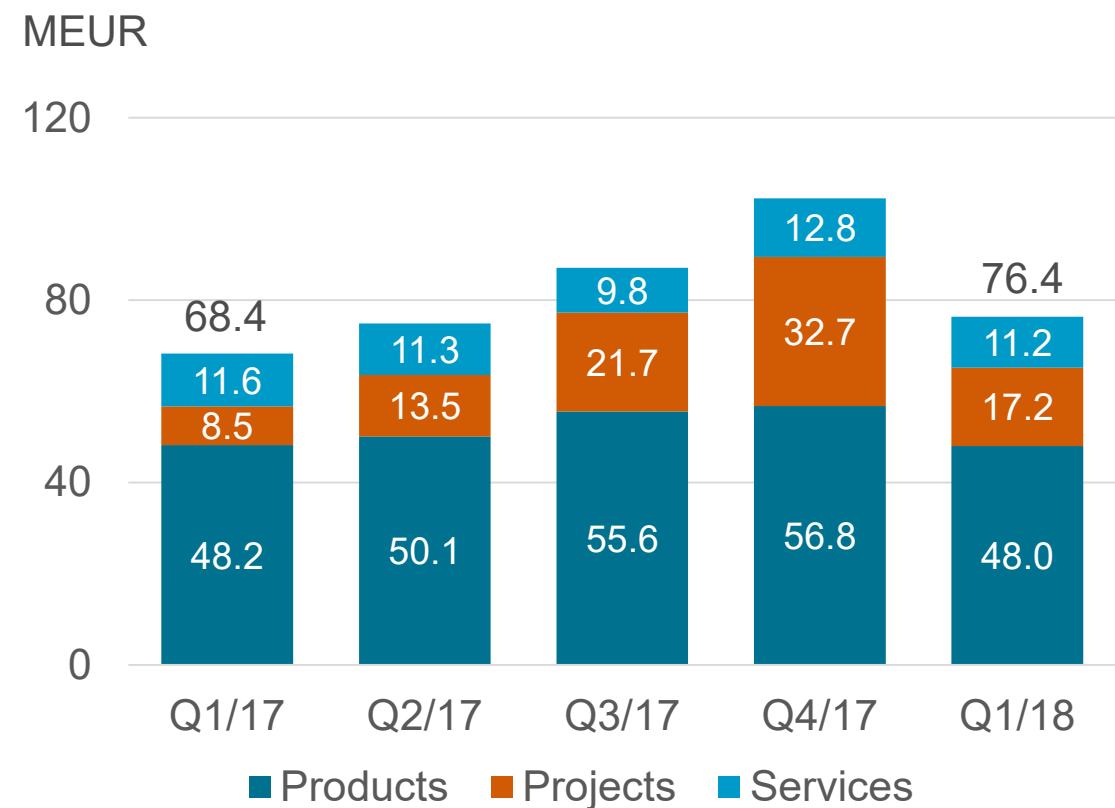
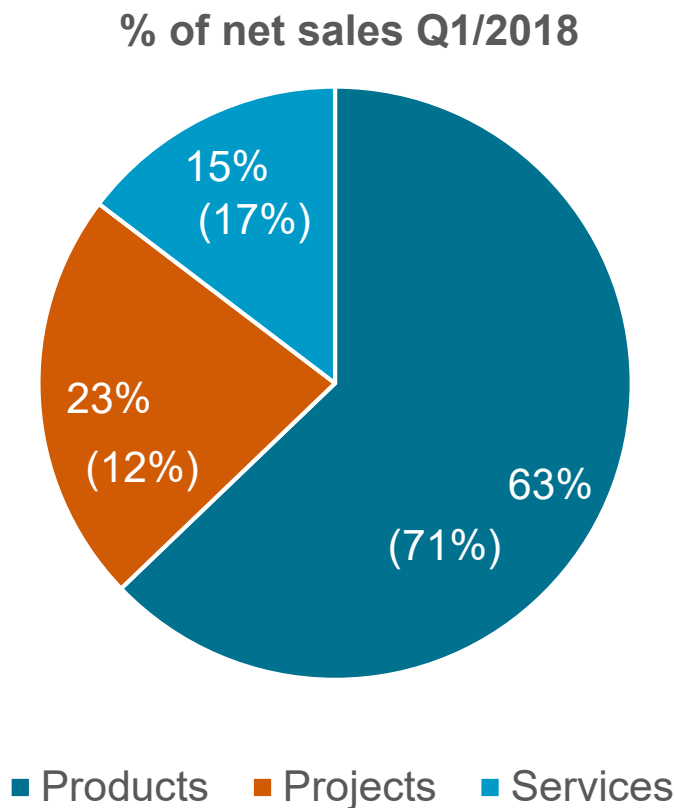


# Vaisala order book increased 2%

- Order book EUR 133.4 (130.3) million, +2%
  - The order book increased in APAC
  - EUR 97.1 (89.3) million of the order book is scheduled to be delivered in 2018
- Weather and Environment Business Area
  - EUR 120.0 (120.4) million, flat
  - EUR 85.1 (80.6) million of the order book is scheduled to be delivered in 2018
- Industrial Measurements Business Area
  - EUR 13.4 (10.0) million, +35%
  - EUR 12.0 (8.6) million of the order book is scheduled to be delivered in 2018



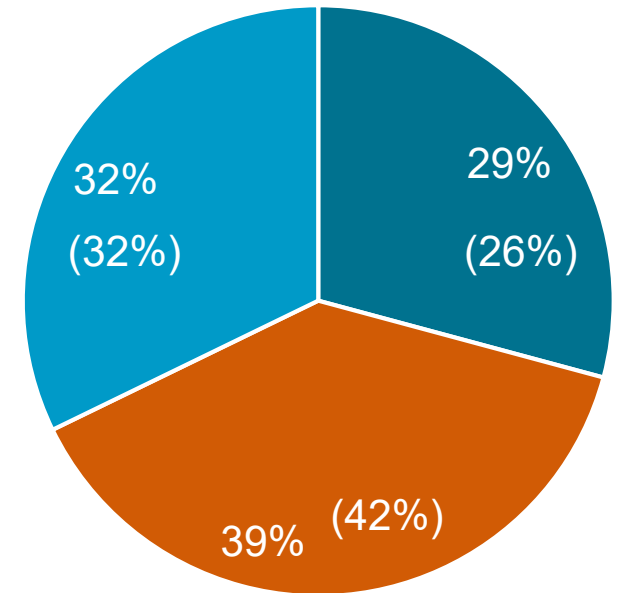
# Vaisala Q1 project business net sales increased partly due to change in revenue recognition



# EMEA and APAC net sales increased due to strong project business and industrial instrument deliveries

EUR million	Q1/2018	Q1/2017	Change %
EMEA	22.3	18.1	23
Americas	29.5	28.7	3
APAC	24.6	21.6	14
Total	76.4	68.4	12

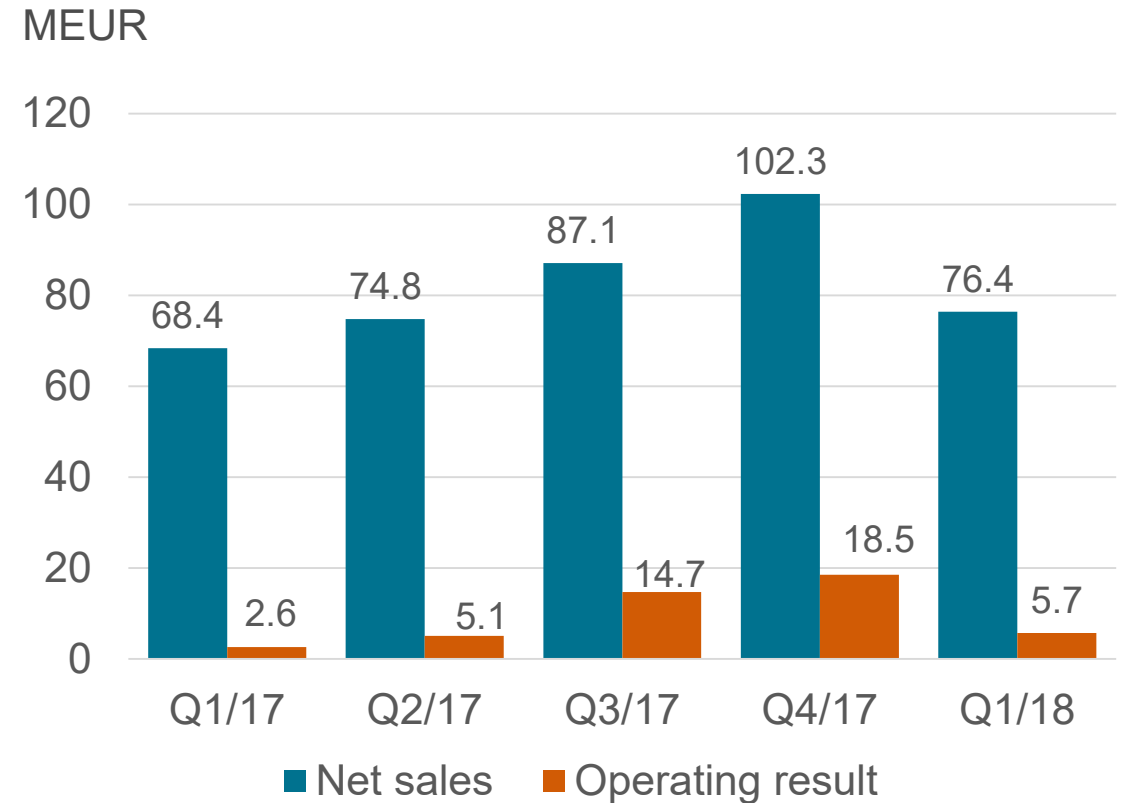
% of net sales Q1/2018



■ EMEA ■ Americas ■ APAC

# Vaisala Q1 operating result 7.5% of net sales

	Q1/2018	Q1/2017
Orders received, EUR million	87.1	81.5
Net sales, EUR million	76.4	68.4
Gross margin, %	51.3	51.4
Operating expenses, EUR million	33.5	32.8
Operating result, EUR million	5.7	2.6
Operating result, %	7.5	3.7





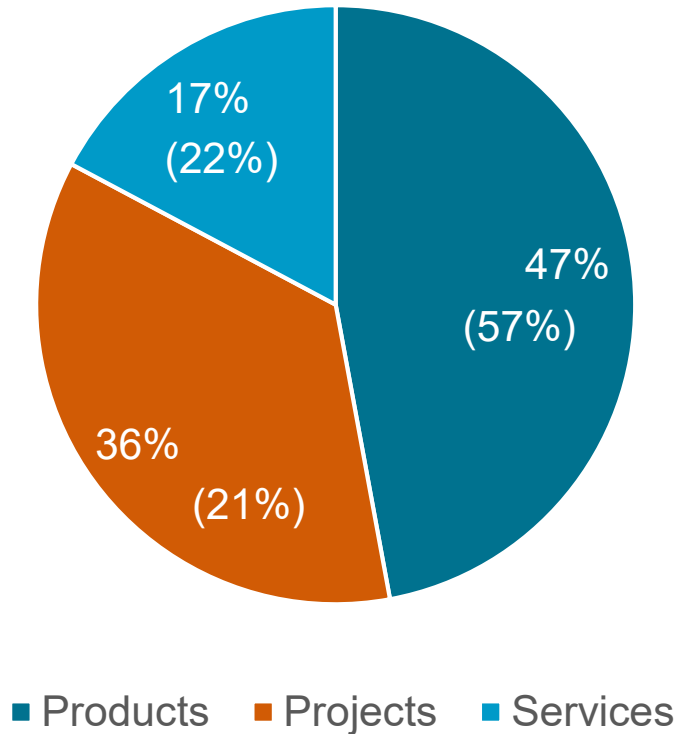
# Weather and Environment Q1

**VAISALA**

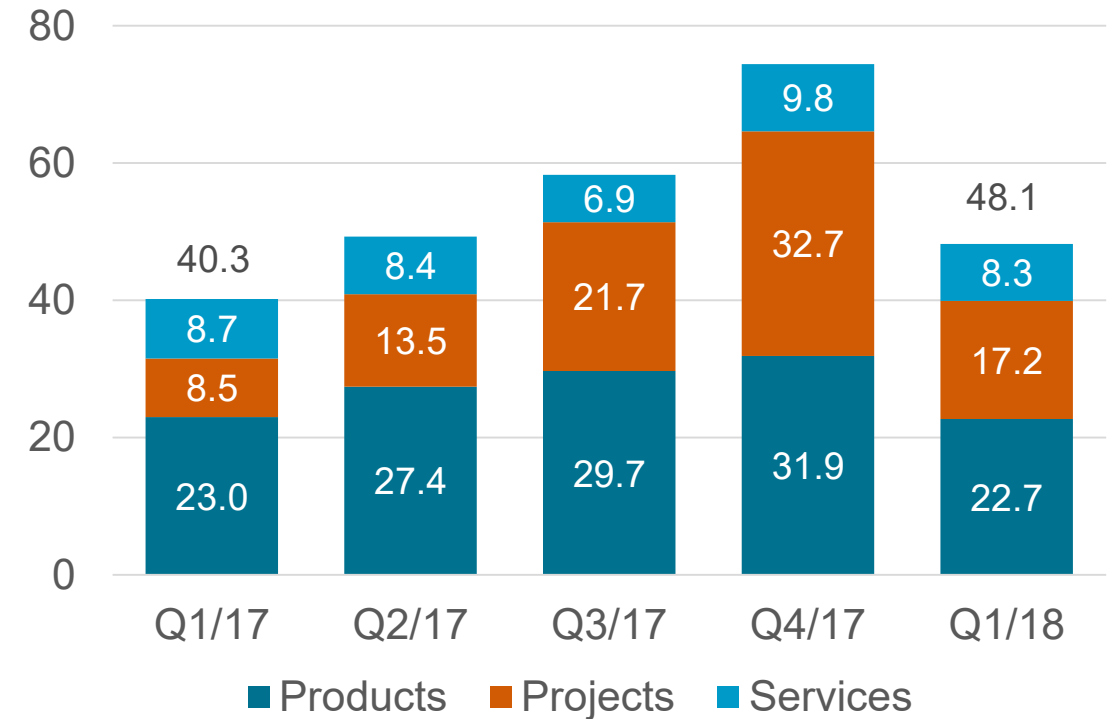


# Weather and Environment Q1 net sales increased by 20% partly due to change in revenue recognition

% of net sales Q1/2018

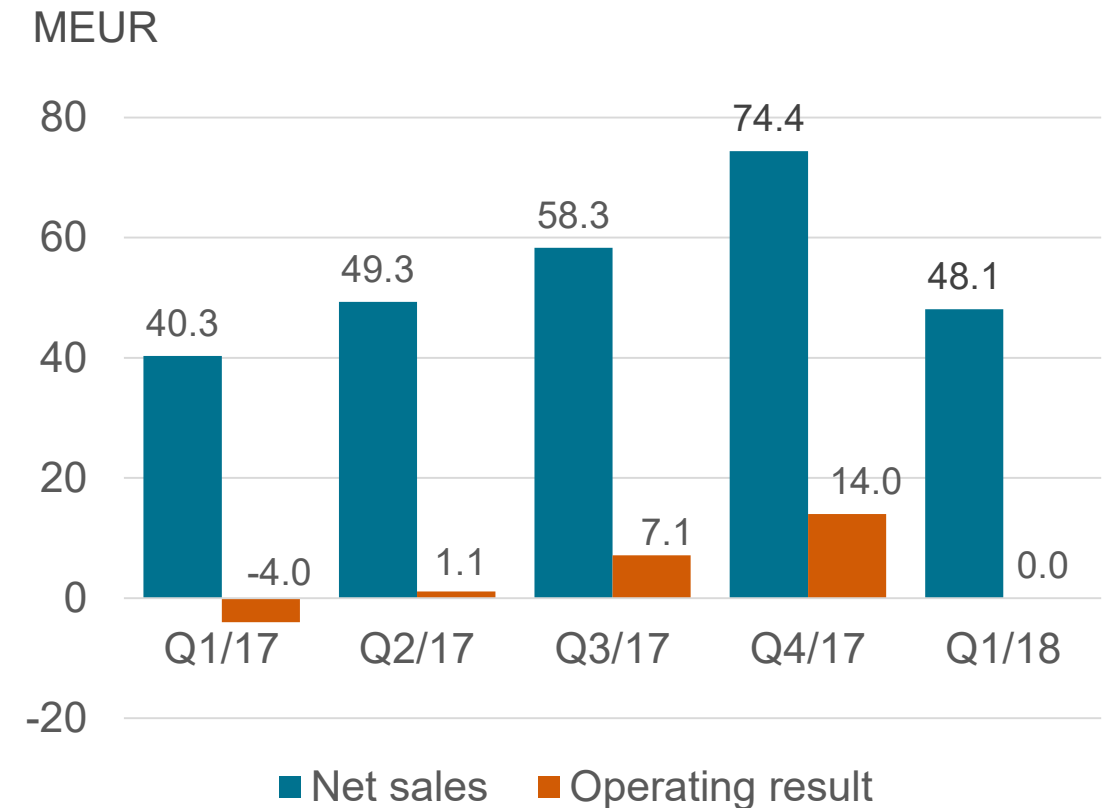


MEUR



# Weather and Environment gross margin improved in project business

	Q1/2018	Q1/2017
Orders received, EUR million	56.2	52.0
Net sales, EUR million	48.1	40.3
Gross margin, %	45.3	43.8
Operating expenses, EUR million	21.8	21.7
Operating result, EUR million	0.0	-4.0
Operating result, %	0.0	-10.0



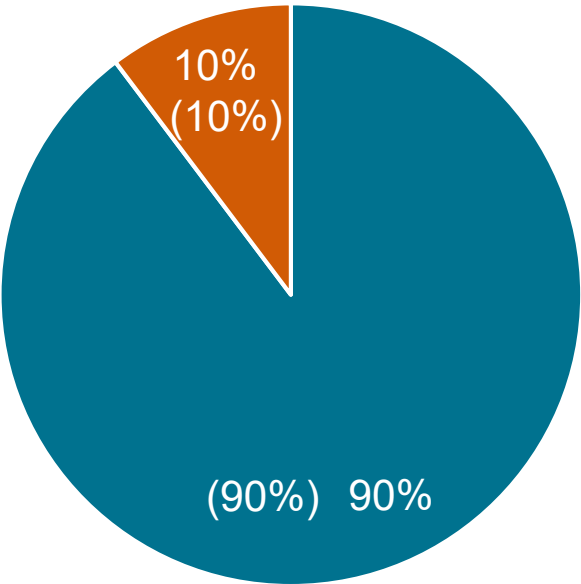


# Industrial Measurements Q1

**VAISALA**

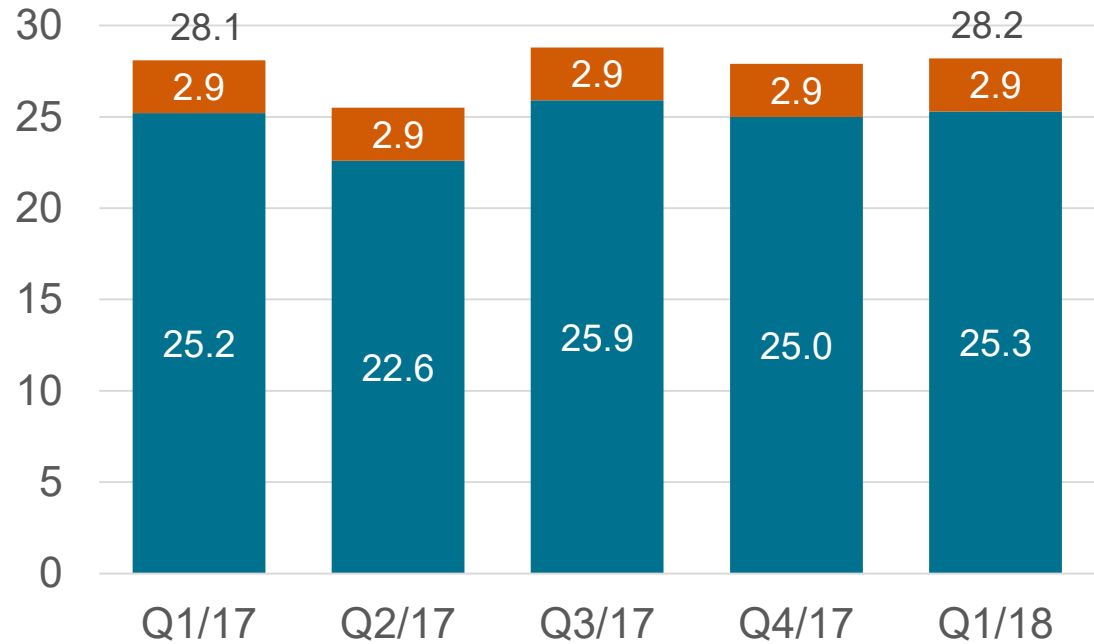
# Industrial Measurements Q1 net sales flat, growth 9% with comparable rates

% of net sales Q1/2018



■ Products ■ Services

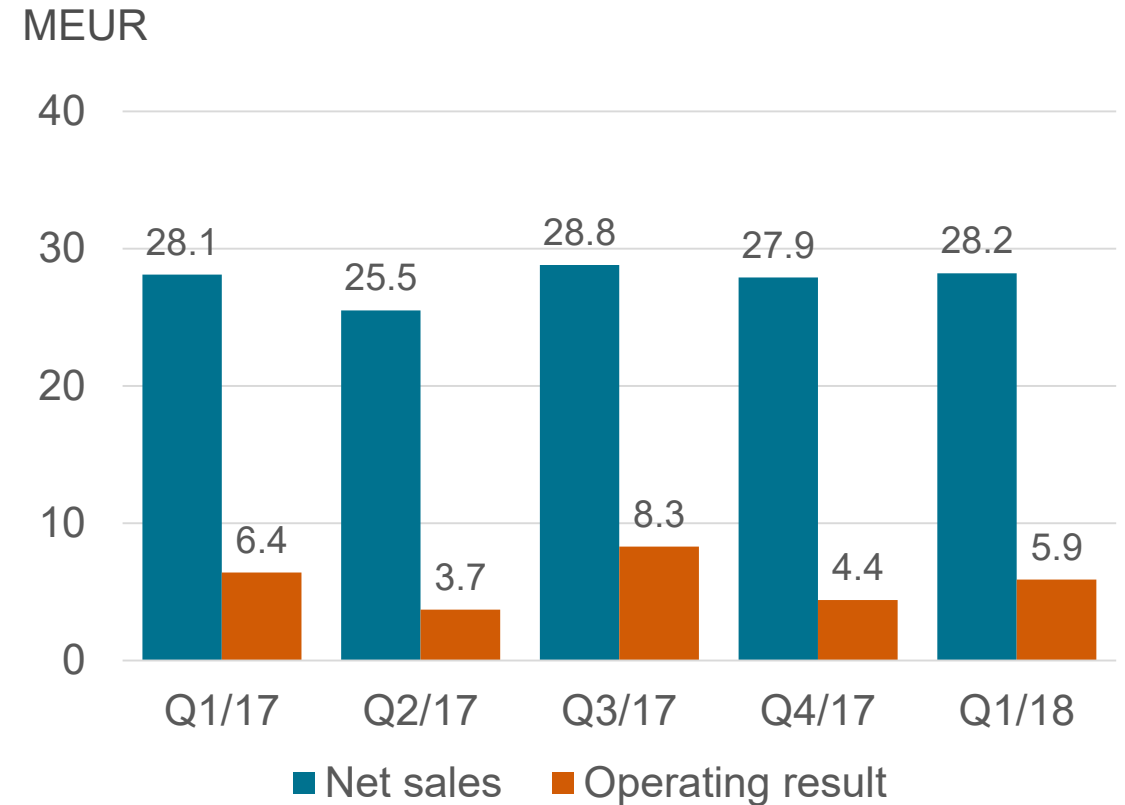
MEUR



■ Products ■ Services

# Industrial Measurements Q1 operating result strong 21.1% of net sales

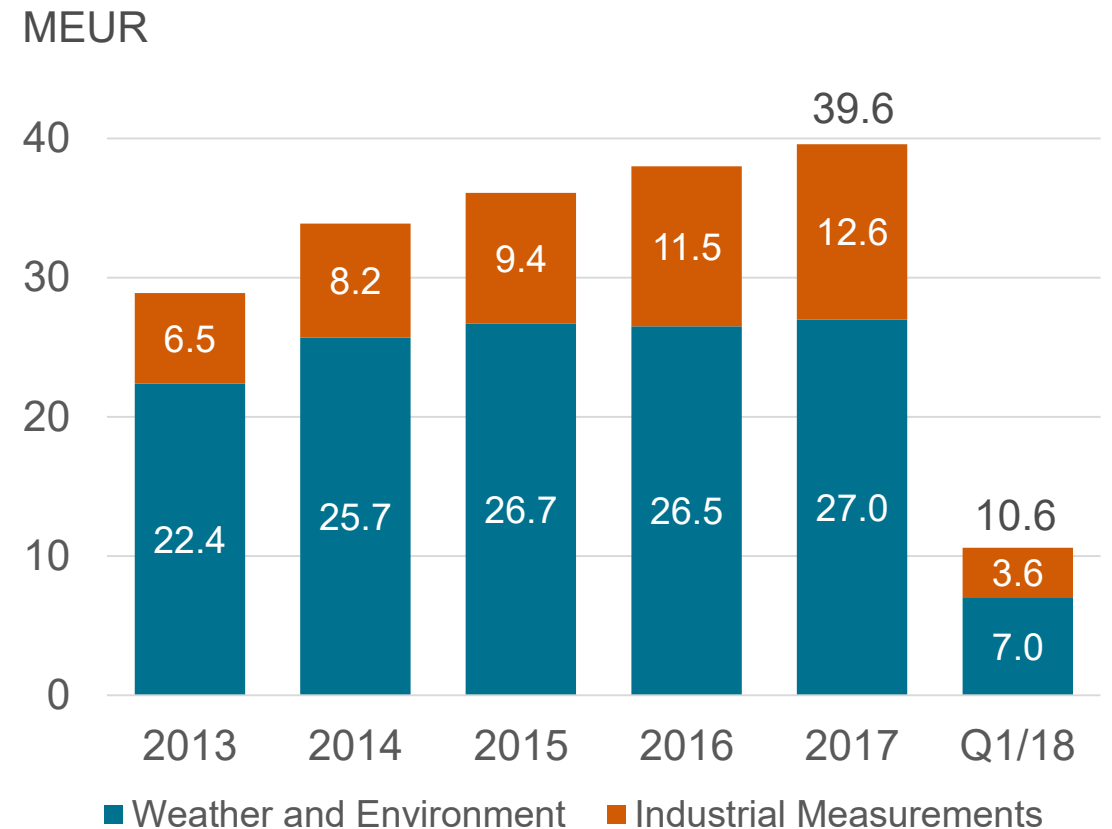
	Q1/2018	Q1/2017
Orders received, EUR million	30.9	29.5
Net sales, EUR million	28.2	28.1
Gross margin, %	61.8	62.6
Operating expenses, EUR million	11.5	11.2
Operating result, EUR million	5.9	6.4
Operating result, %	21.1	22.7





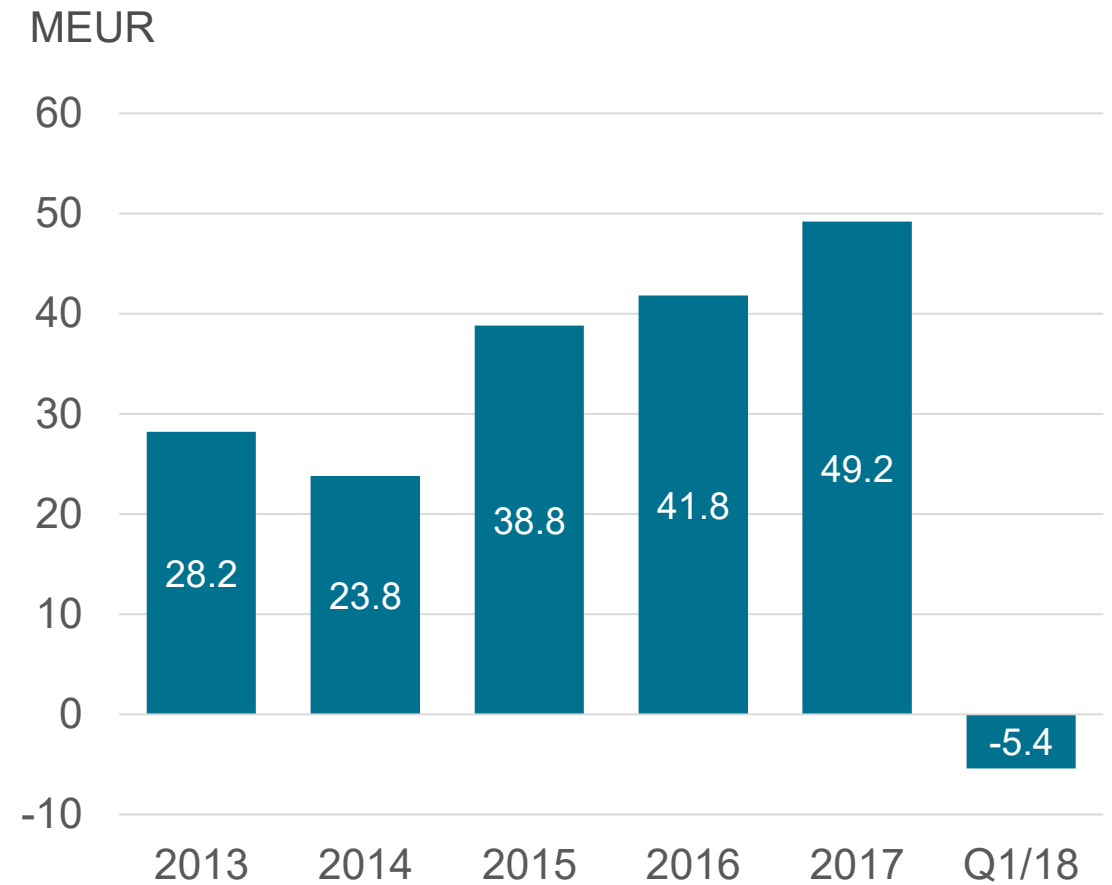
# R&D expenditure continued to increase

- R&D expenses EUR 10.6 (10.1) million or 13.9% (14.7%) of net sales
- Weather and Environment 14.5% (17.4%) of net sales
- Industrial Measurements 12.9% (10.9%) of net sales



# Cash flow from operating activities negative due to working capital development

- Cash flow from operations decreased to EUR -5.4 (2.9) million due to working capital development
- Cash and cash equivalents EUR 83.5 (72.9) million, +15%
- Capital expenditure EUR 2.2 (1.8) million
- Depreciation, amortization and write-downs EUR 2.2 (2.9) million



# Market and Business Outlook

**VAISALA**

# Market Outlook 2018

## Weather and Environment

- Market for traditional weather observation solutions is expected to be flat, growth is expected to originate from digital solutions as well as air quality measurement.
- Demand is expected to improve in Americas. In Asia-Pacific, Middle East and Africa region as well as in China, demand is expected to be stable whereas in Europe demand is expected to decline compared to strong 2017.
- Demand for digital solutions is expected to improve moderately.

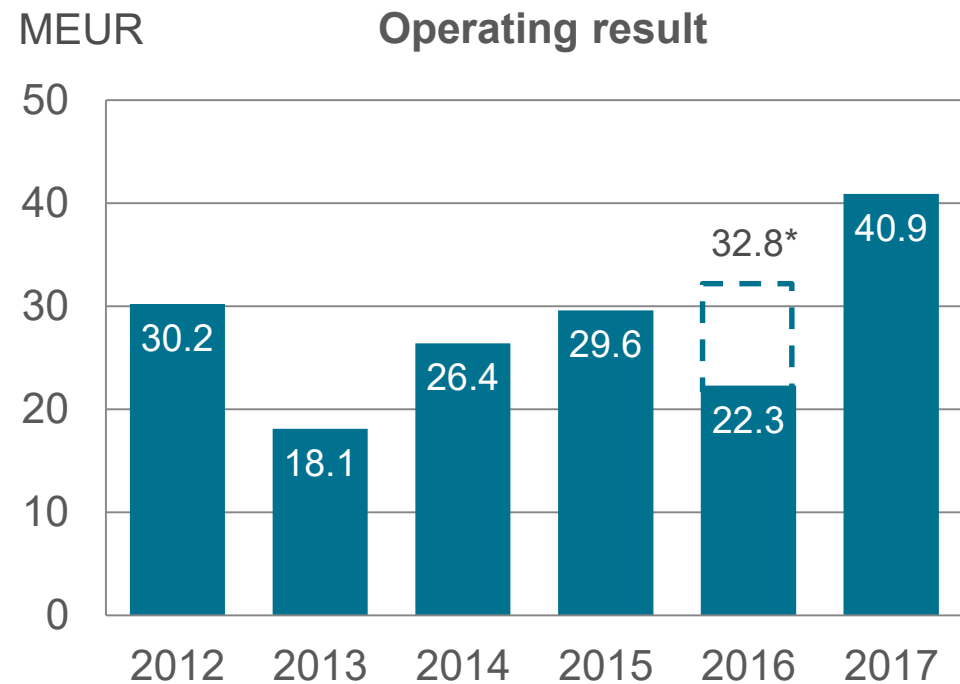
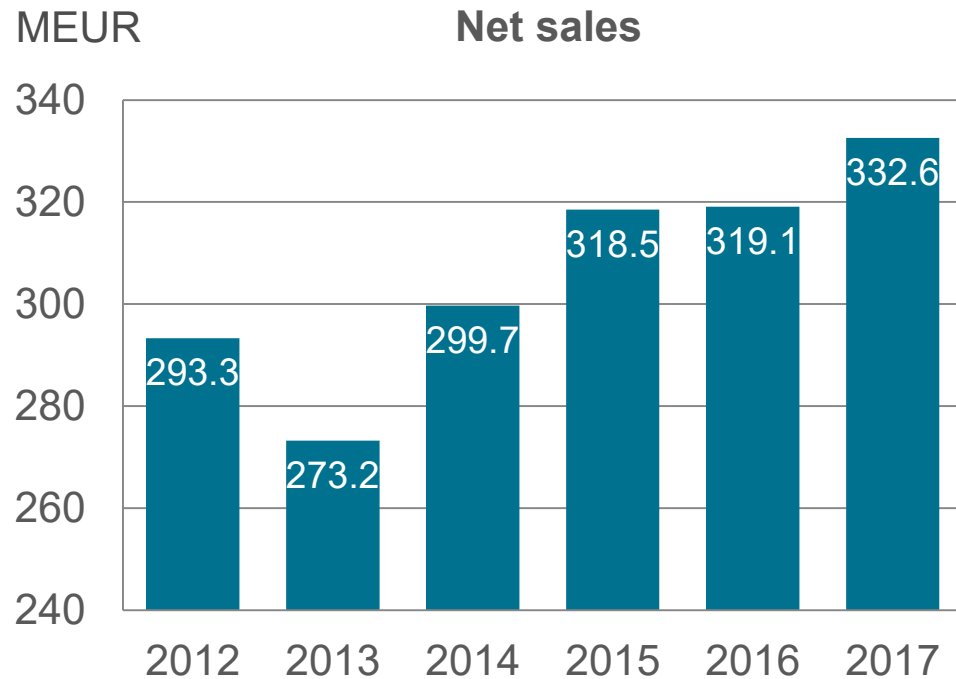
## Industrial Measurements

- Market for industrial measurement solutions is expected to be healthy.
- Underlying demand is expected to grow in all regions.
- Demand for power transmission products is expected to develop positively and continuous monitoring systems to gain speed from the release of next generation system.

Foreign exchange rates are expected to have a negative impact on reported net sales, assuming they remain at the end of March level.

# Business Outlook 2018

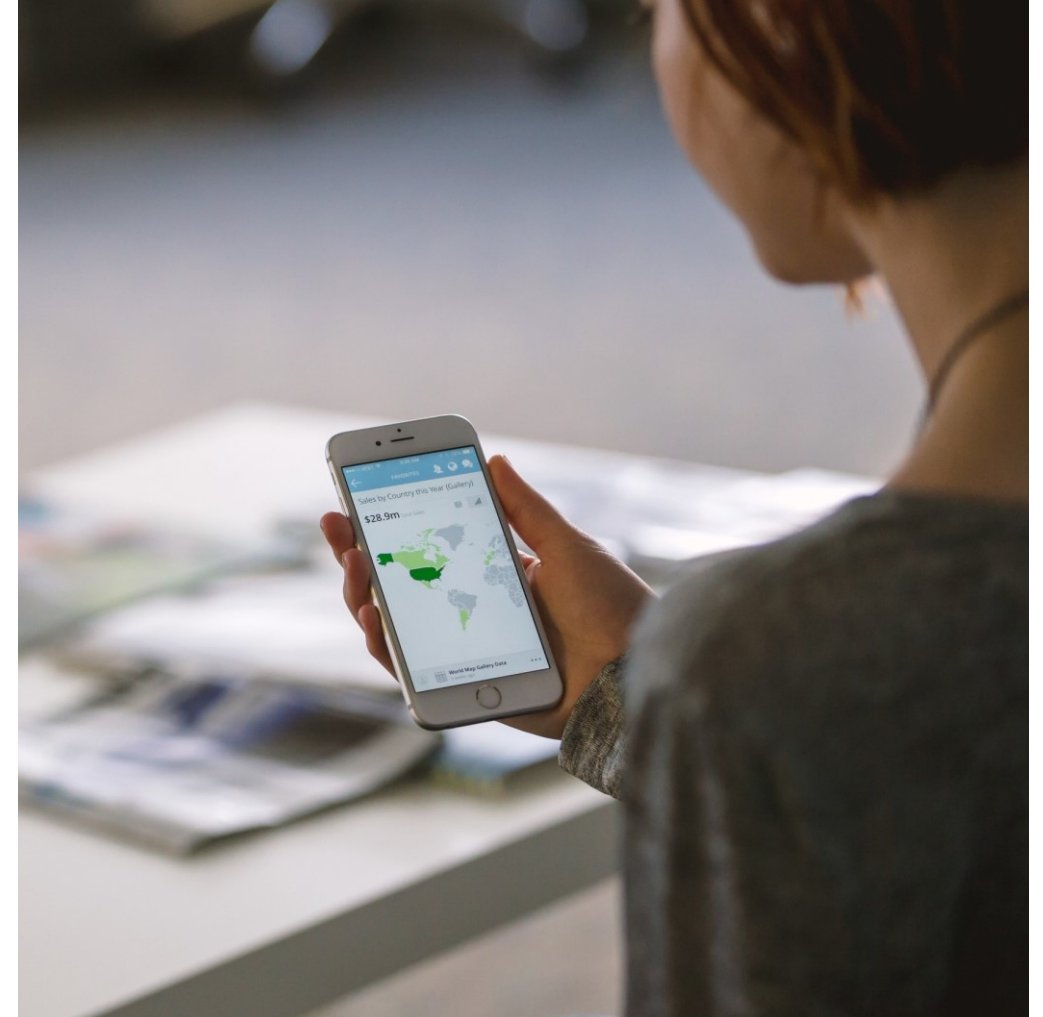
- Vaisala continues to estimate its full year 2018 net sales to be in the range of EUR 330–350 million and its operating result (EBIT) to be in the range of EUR 35–45 million.



\* Excl. EUR 10.5 million write down of intangible assets from the acquisitions of Second Wind Systems Inc. and 3TIER Inc. in 2013.

# Annual General Meeting decisions

- Dividend of EUR 1.10 per share and additional dividend of EUR 1.00 per share
  - Payment date April 19
  - Total EUR 37.6 million
- Share issue without payment (split)
  - One new share was issued for each share
  - New shares did not entitle their holders to dividend payments as defined above
  - New shares were issued April 13





# Questions Welcome!

**VAISALA**

# Observations for a Better World

**VAISALA**

