

Net sales growth 4% and improved operating result, updated market outlook due to coronavirus situation

Interim Report January–March 2020
President and CEO Kjell Forsén

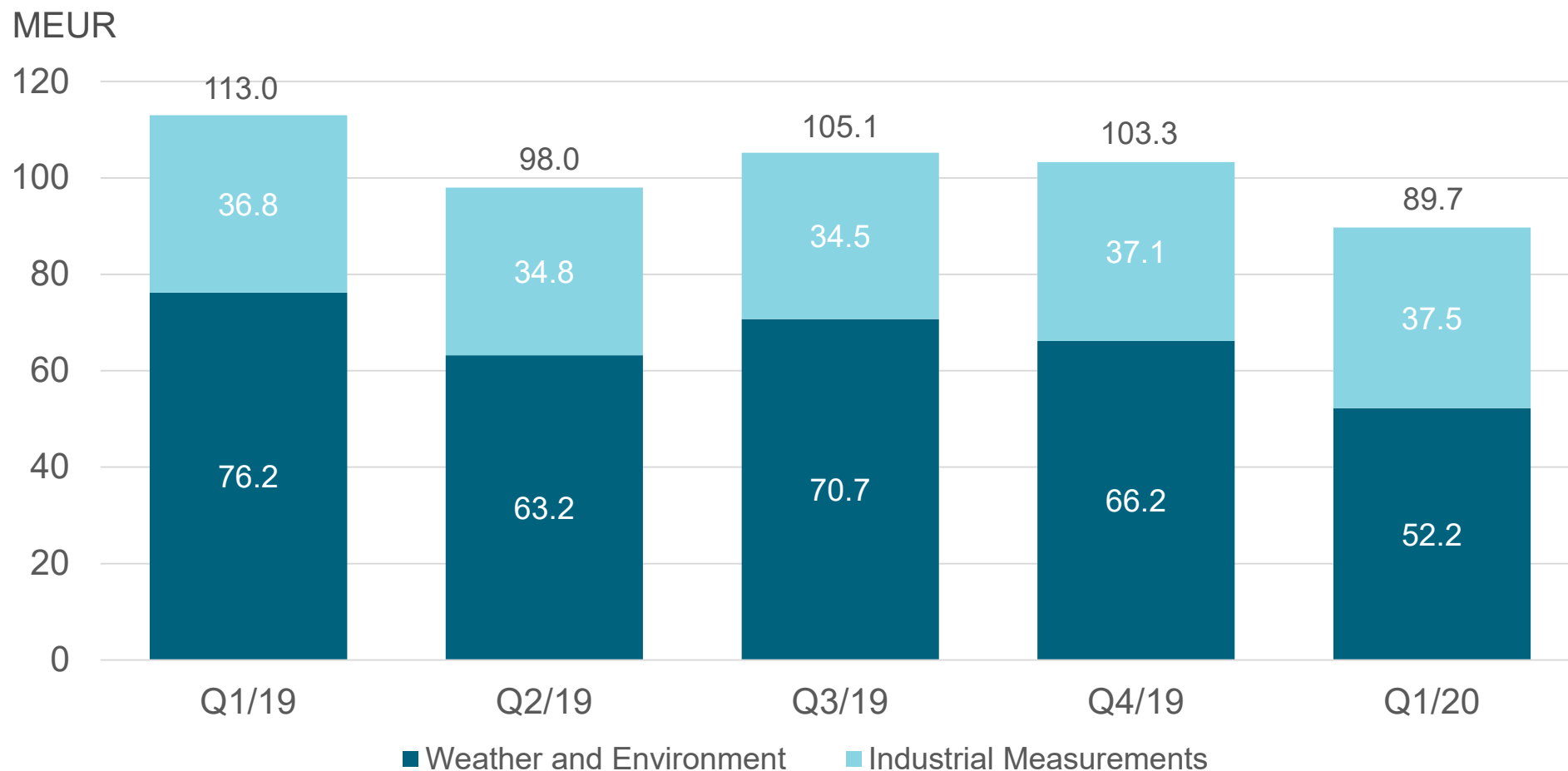
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First quarter 2020 highlights

- Orders received EUR 89.7 (113.0) million, -21%
- Order book EUR 141.6 (150.9) million, -6%
- Net sales EUR 87.2 (84.2) million, +4%
- Gross margin 56.4 (53.2) %
- Operating result EUR 5.2 (-0.0) million, 6.0 (-0.0) % of net sales
- Earnings per share EUR 0.11 (0.01)
- Cash flow from operating activities EUR 5.3 (7.8) million



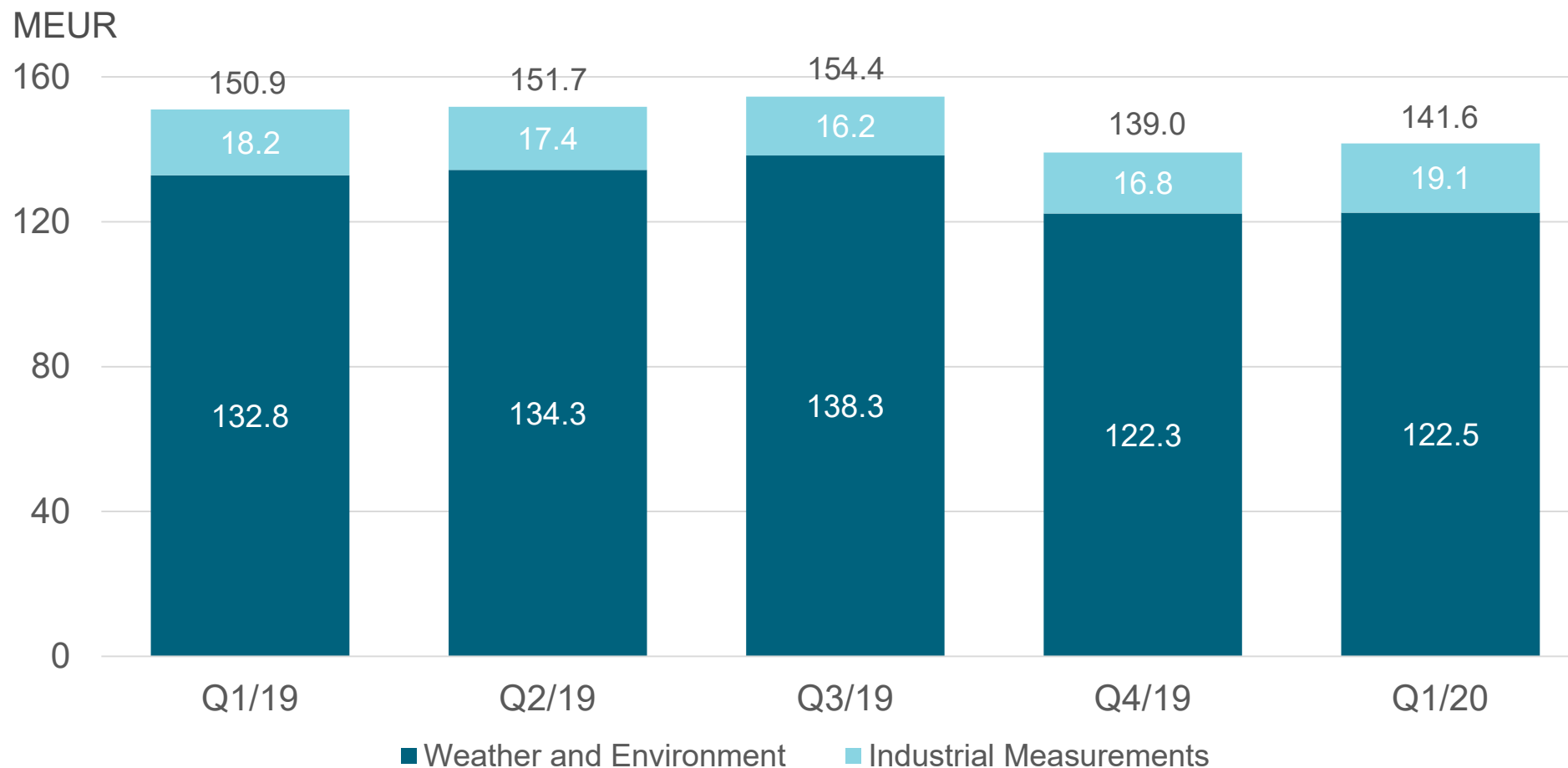
Vaisala Q1 orders received decreased by 21%



-22%
with comparable
rates

Comparison
period included
two large orders

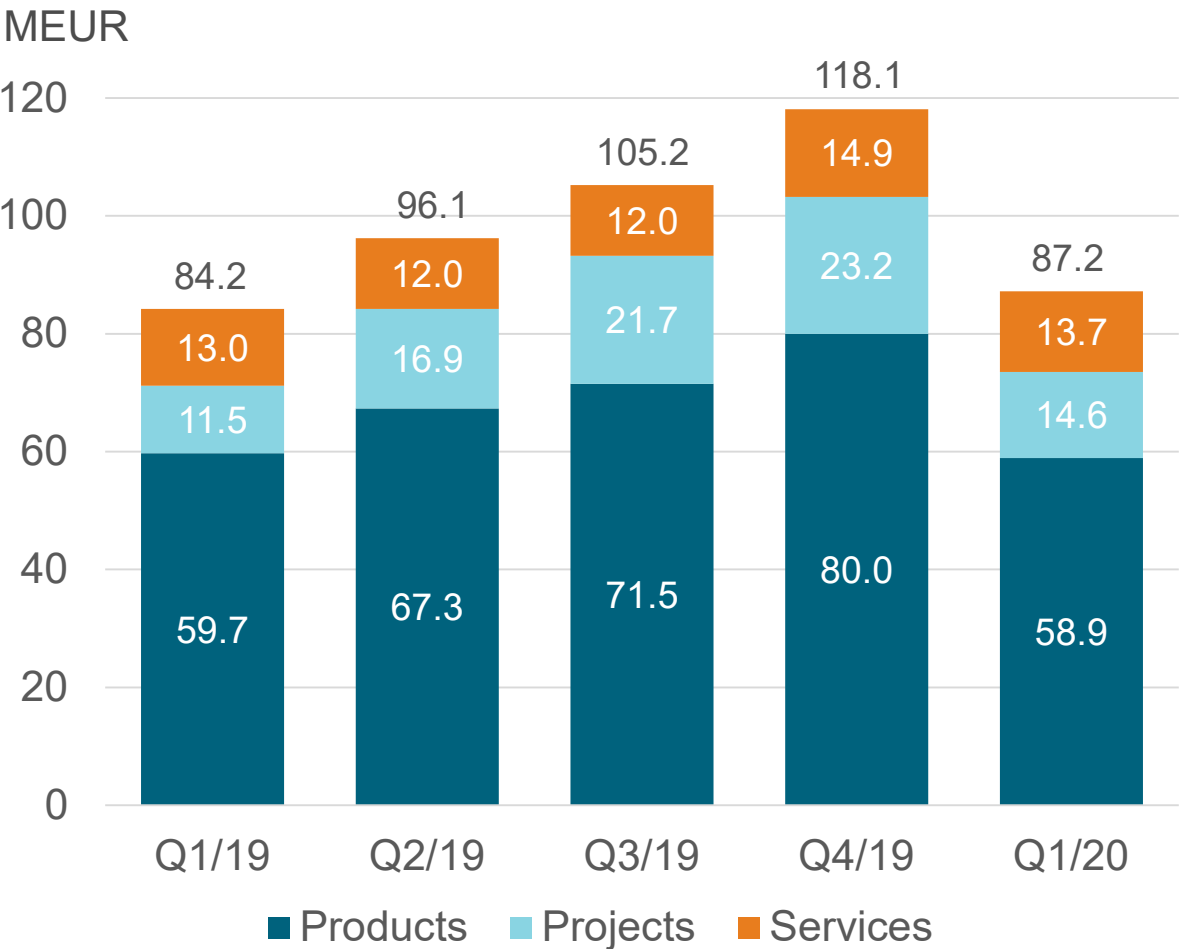
Vaisala Q1 order book decreased by 6% Y/Y



+2% Q/Q
Book-to-bill 1.0

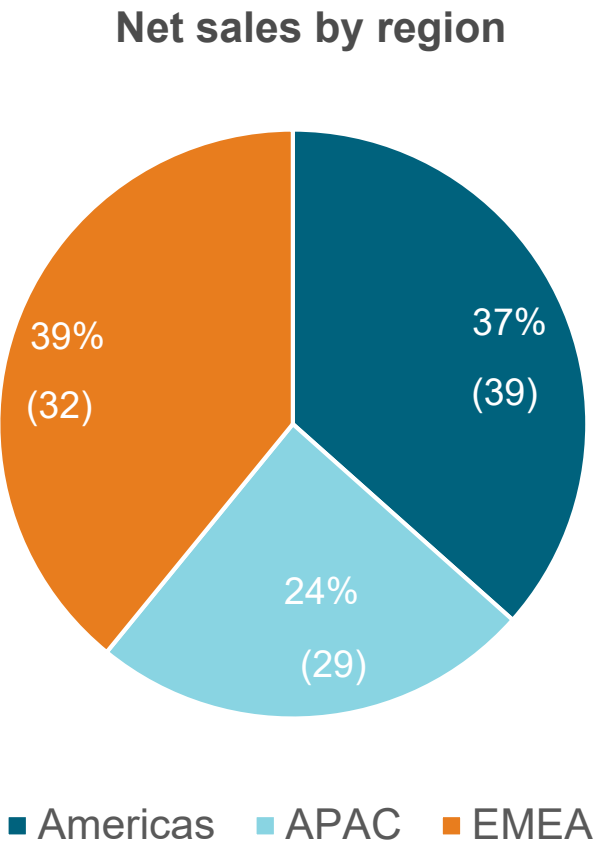
Excluding
Ethiopia project
order

Vaisala Q1 net sales increased by 4%

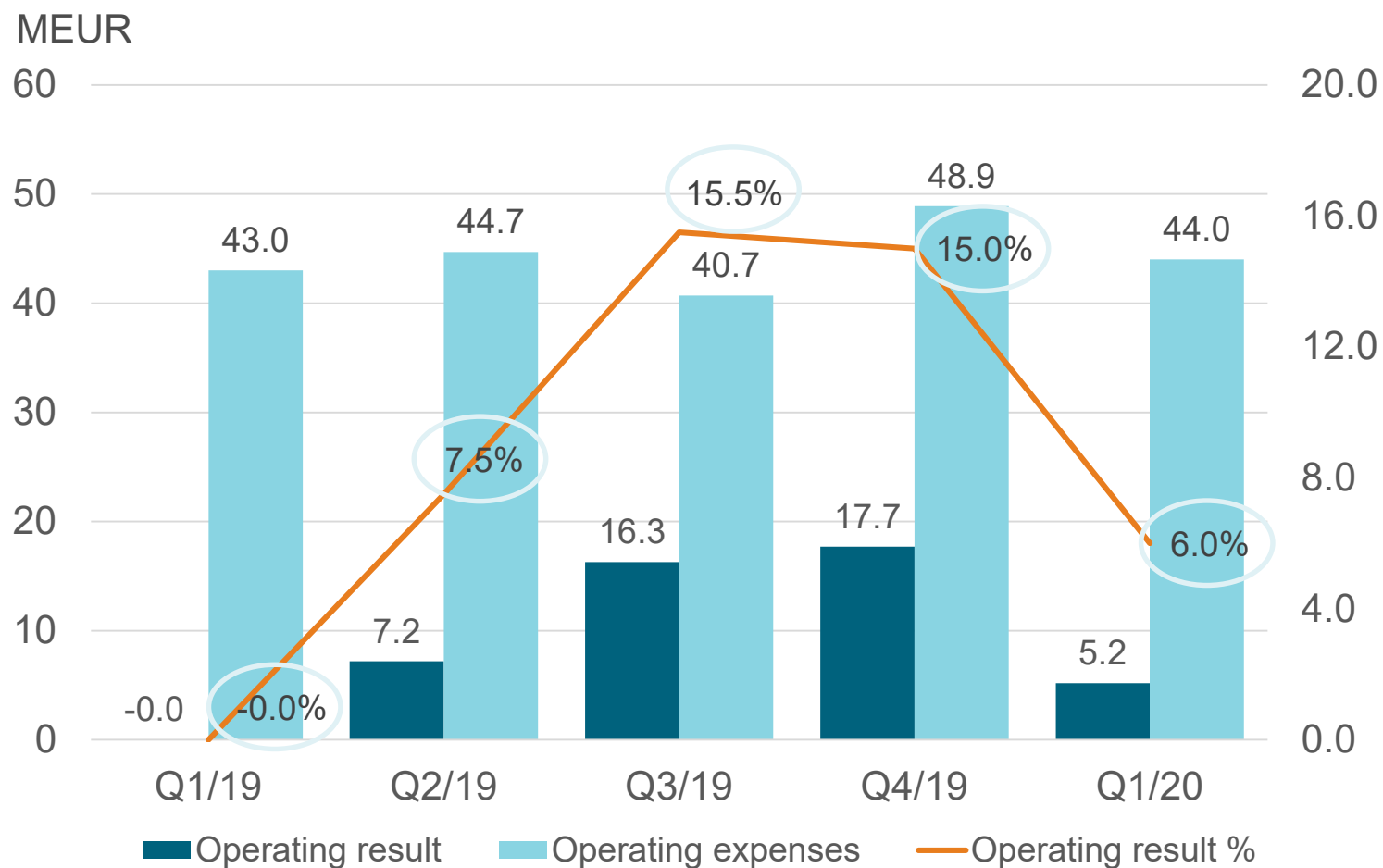


+2% with comparable rates

Growth in EMEA 26%



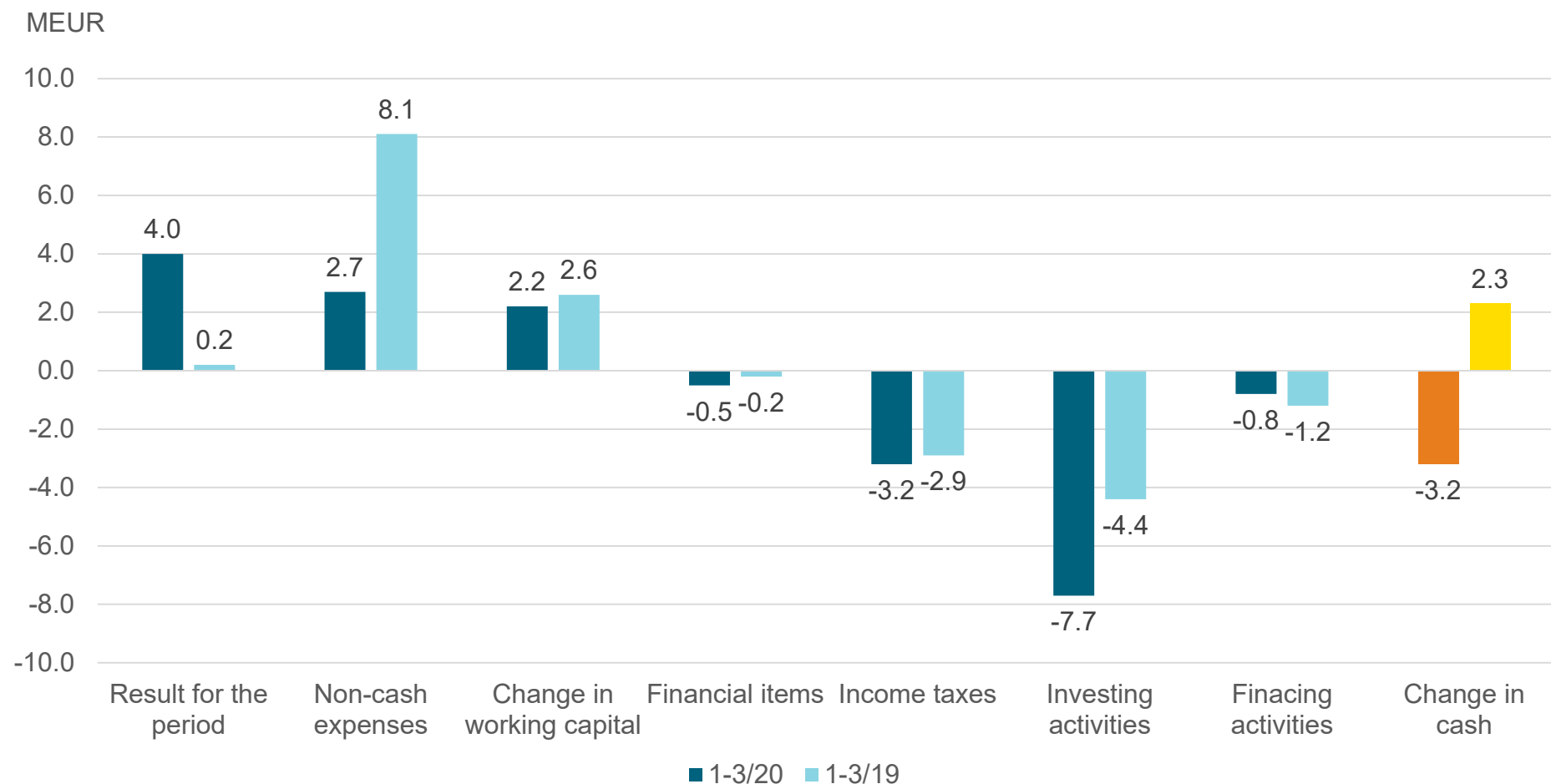
Vaisala Q1 operating result strong



1.7 MEUR
amortization
of intangible
assets

Gross margin
improved by 3 pp.

Increase in capital expenditure impacted Q1 cash flow



Cash and cash equivalents
End Q1/2020: 52.9 MEUR
End Q4/2019: 56.4 MEUR
End Q1/2019: 75.6 MEUR

Strong financial position

MEUR	1-3/ 2020	1-3/2019	2019
Equity per share	5.55	4.52	5.52
Return on equity %	8.1	0.4	17.7
Solvency ratio %	56.5	48.1	55.7
Capital expenditure	7.8	4.4	26.8
Cash and cash equivalents	52.9	75.6	56.4
Interest-bearing liabilities	52.0	50.7	51.5
Gearing %	-0.5	-15.3	-2.4



Business areas

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Weather and Environment Q1 – good gross margin

- Orders received decreased by 31%
 - Decrease with comparable FX rates 32%
 - Comparison period included two large project orders, total EUR 22 million
- Order book decreased by 8% Y/Y
 - EUR 76.8 (84.6) million scheduled to be delivered in 2020
- Net sales increased by 4%
 - Increase with comparable FX rates 3%
- Operating result improved following net sales growth and gross margin improvement
 - EUR 1.3 (1.6) million of amortization of intangible assets related to acquired businesses
 - R&D expenditure 17.0 (17.1) % of net sales

Order book flat Q/Q
Book-to-bill 1.0

Gross margin
improved by 4 pp.

MEUR	Q1/20	Q1/19	Change
Orders received	52.2	76.2	-31%
Order book	122.5	132.8	-8%
Net sales	51.8	49.6	4%
Products	27.1	28.3	-4%
Projects	14.6	11.5	27%
Services	10.1	9.9	2%
Gross margin %	50.0	46.1	
Operating expenses	28.2	27.2	4%
Operating result	-2.4	-4.3	
Operating result %	-4.6	-8.7	

Industrial Measurements Q1 – operating result margin strong 21.4%

- Orders received increased by 2%
 - Flat with comparable FX rates
- Order book increased by 5%
 - EUR 17.1 (16.5) million scheduled to be delivered in 2020
- Net sales increased by 2%
 - Increase with comparable FX rates 1%
- Operating result improved following net sales growth and gross margin improvement
 - EUR 0.4 (1.4) million of amortization of intangible assets related to acquired business
 - Comparison period included EUR 2 million for a lease contract termination
 - R&D expenditure 14.3 (13.0) % of net sales

Order intake not impacted by corona

Gross margin strong 65.8%

MEUR	Q1/20	Q1/19	Change
Orders received	37.5	36.8	2%
Order book	19.1	18.2	5%
Net sales	35.4	34.6	2%
Products	31.8	31.5	1%
Services	3.6	3.1	15%
Gross margin %	65.8	63.3	
Operating expenses	15.7	15.4	2%
Operating result	7.6	4.6	
Operating result %	21.4	13.3	

A stylized compass rose is shown in the bottom left corner, with a yellow arrow pointing towards the top right. The background is a light gray with a subtle grid pattern. The year 2020 is written in large blue numbers at the top right, and the text 'Market outlook and business outlook' is written in white with a shadow effect in the center left.

2020

Market outlook and business outlook

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Market outlook 2020

Market outlook is affected by the coronavirus pandemic and related economic slow-down.

Weather and Environment

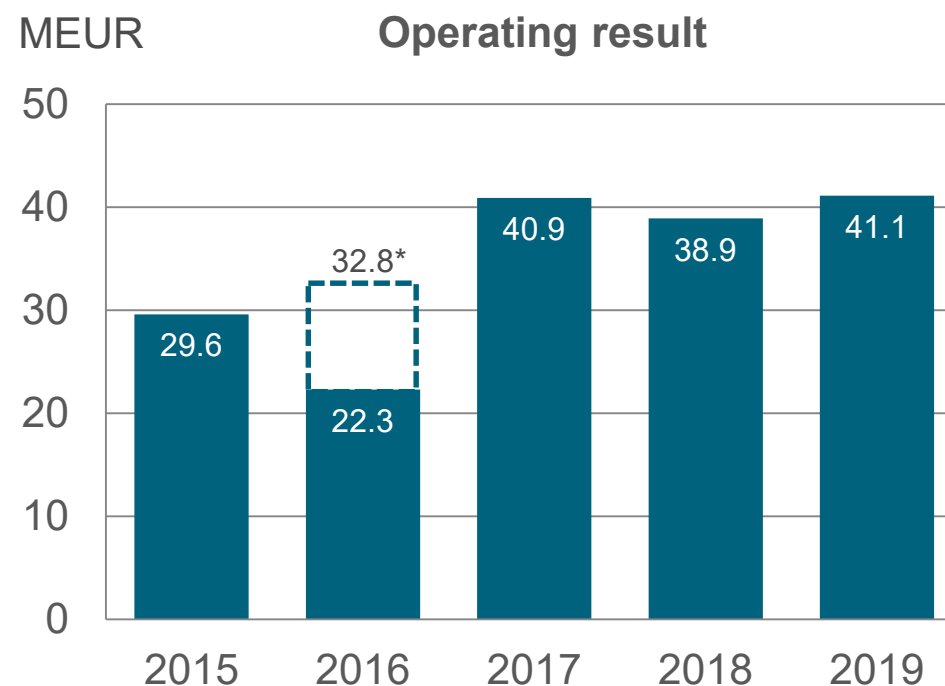
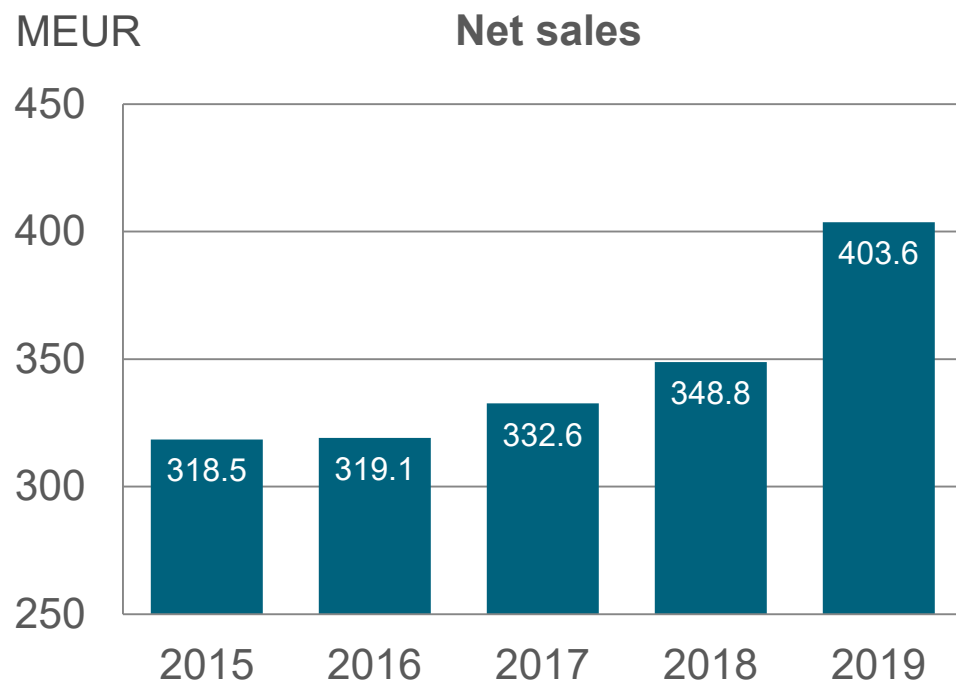
- Climate change and severe weather events drive need for continued replacement and enhancement of weather observation and forecasting capabilities. Due to coronavirus pandemic, decisions on larger meteorology infrastructure projects may be postponed. In developed countries market will likely remain more stable while in developing countries the negative impact of coronavirus pandemic will be more significant.
- In transportation, market situation is exceptionally variable. In aviation, market for weather observation systems is expected to suffer due to the steep decline in air traffic and consequent fall in aviation revenues. Ground transportation and road surface state modelling market is expected to be stable.
- The renewable energy market is generally expected to continue to grow, but short-term investments in wind and solar energy capacity may suffer from increased uncertainty and financing constraints.
- The restrictions imposed by governments and authorities on people and businesses as well as travel, will cause globally delays or interruptions in project and service deliveries.

Industrial Measurements

- In industrial measurements, increasing focus on energy and operations efficiency as well as increasing regulations and requirements for high-quality and security drive need for high-end industrial instruments and systems.
- Industrial instruments and liquid measurements markets are expected to grow despite coronavirus pandemic. Continuous monitoring systems and power industry markets' growth is expected to continue to exceed growth of industrial instruments. However, growth of delivery volumes are estimated to fall short of 2019 due to limitations caused by coronavirus.

Business outlook 2020

- Vaisala estimates that its full-year 2020 net sales will be in the range of EUR 370–405 million and its operating result (EBIT) will be in the range of EUR 34–46 million.



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



**Questions
welcome!**

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