

Half Year Financial Report 2018

President and CEO Kjell Forsén

July 20, 2018

VAISALA

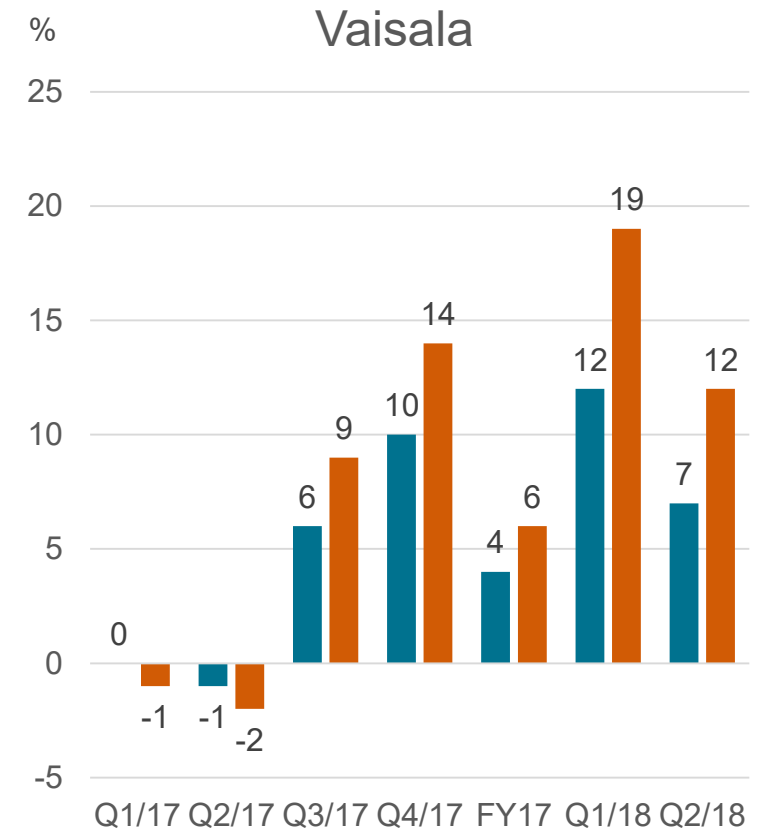
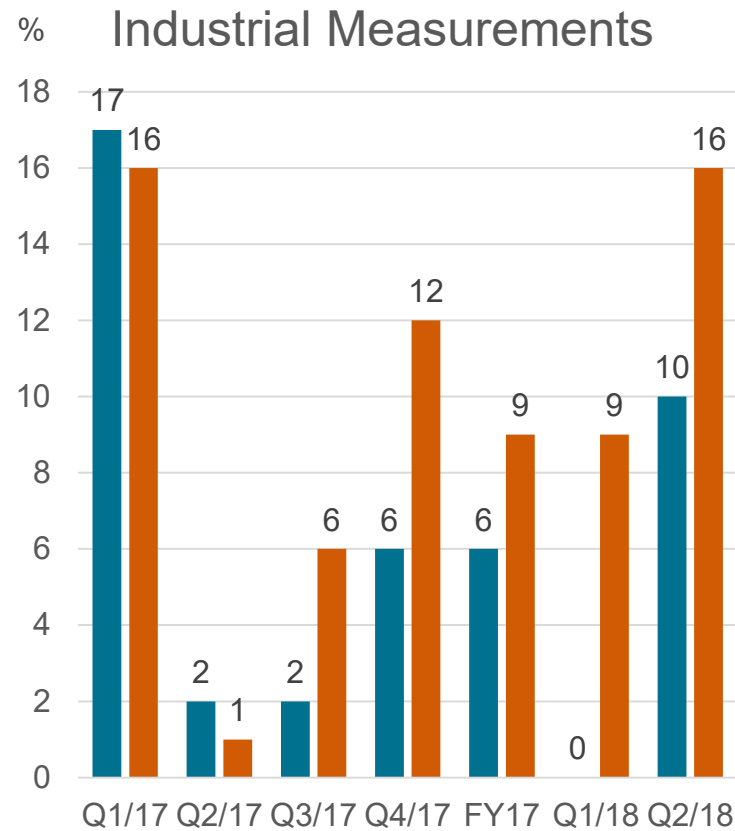
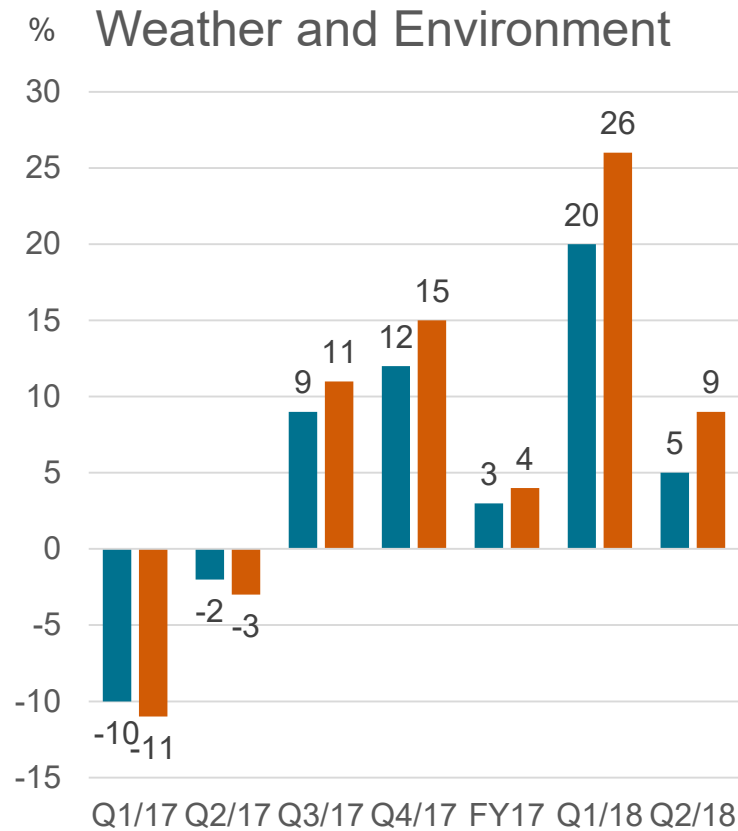


Second quarter 2018 highlights

- Orders received EUR 71.1 (81.3) million, -12%
 - With comparable rates -9%
- Order book EUR 126.5 (133.6) million, -5%
- Net sales EUR 80.1 (74.8) million, +7%
 - With comparable rates +12%
- Gross margin 50.1 (52.4) %
- Operating result EUR 4.7 (5.1) million, 5.9 (6.8) % of net sales
- Earnings per share EUR 0.11 (0.09)
- Cash flow from operating activities EUR 13.7 (8.5) million



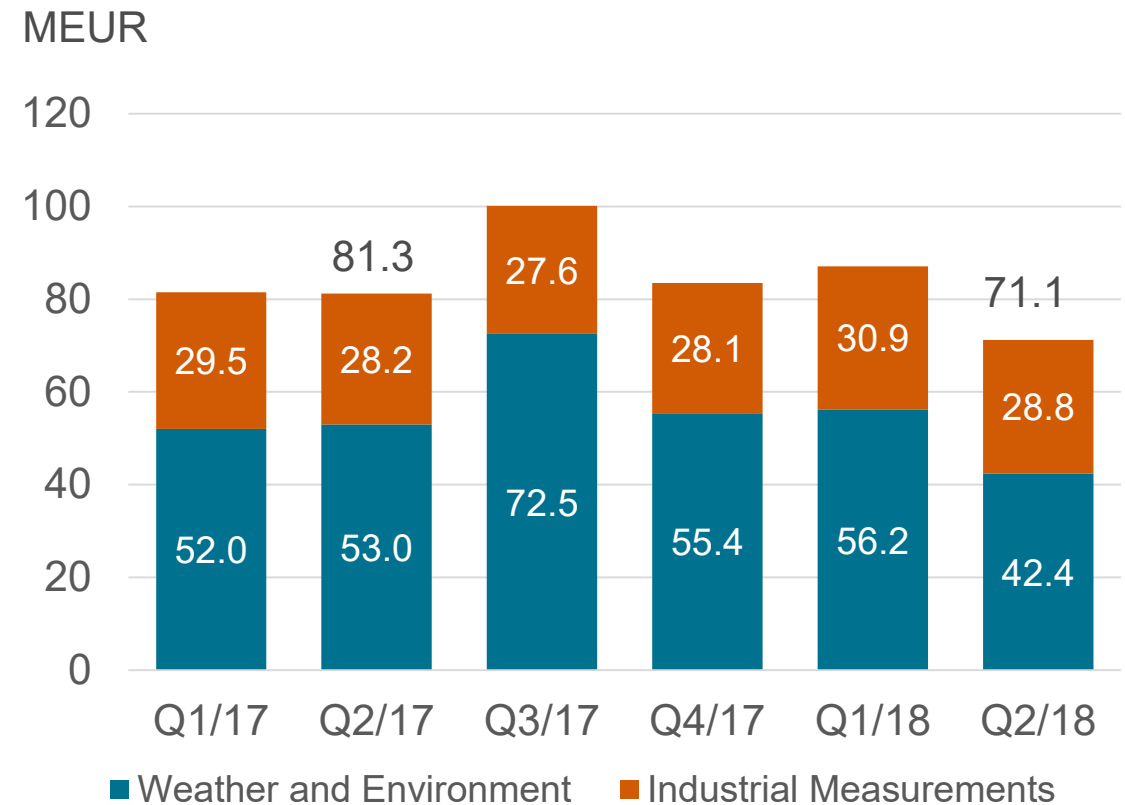
Exchange rate impact on net sales growth



■ Reported growth % ■ Growth % with comparable rates

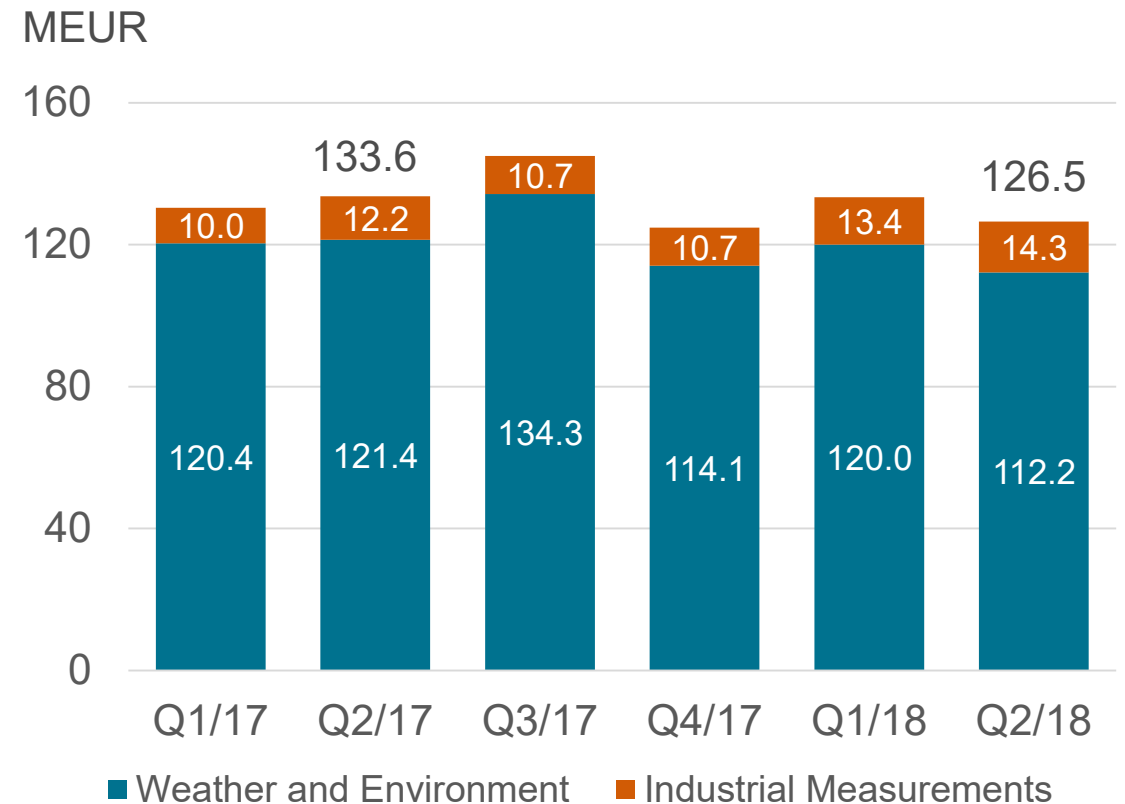
Vaisala Q2 orders received decreased 12% mainly due to low project orders

- Orders received EUR 71.1 (81.3) million, -12%
 - With comparable rates -9%
- Weather and Environment Business Area
 - EUR 42.4 (53.0) million, -20%
 - With comparable rates -17%
 - Lowest level in two years
- Industrial Measurements Business Area
 - EUR 28.8 (28.2) million, +2%
 - With comparable rates +6%

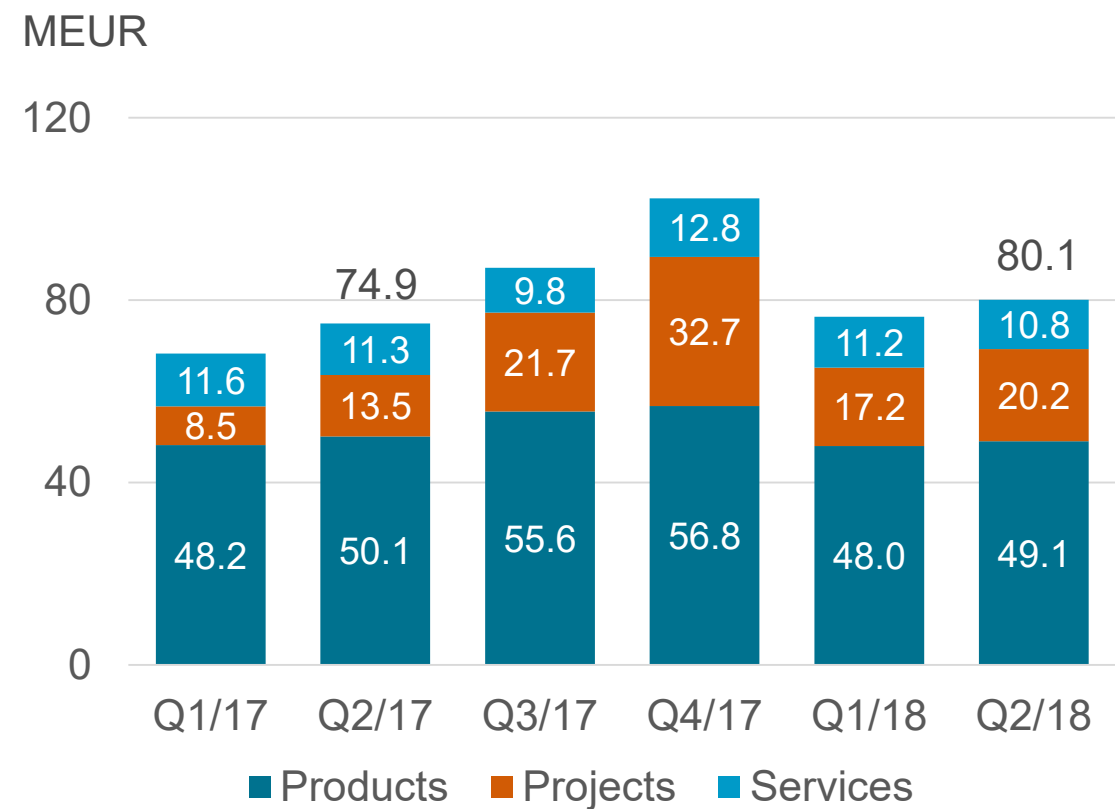
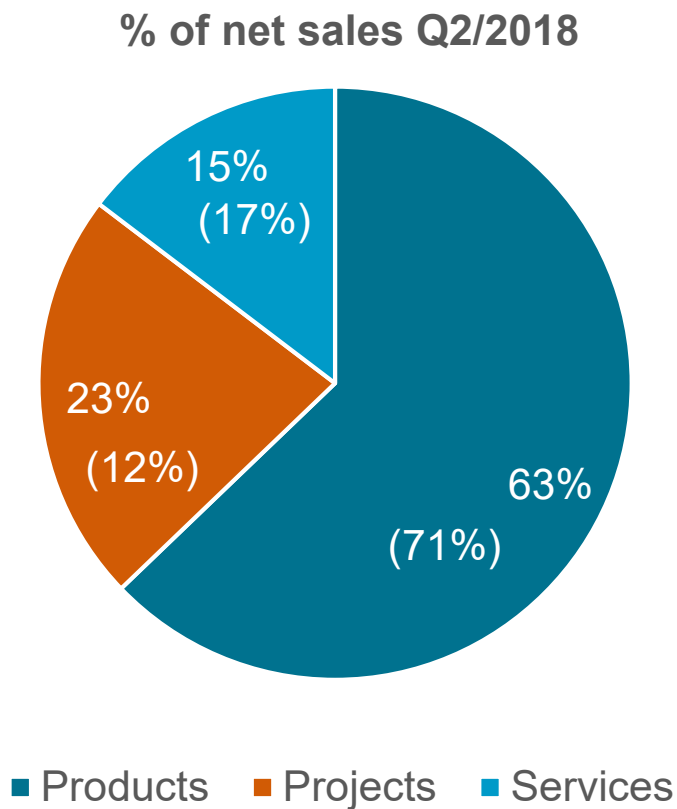


Vaisala order book decreased 5%

- Order book EUR 126.5 (133.6) million, -5%
 - Decrease in EMEA and Americas
 - EUR 80.2 (79.9) million of the order book is scheduled to be delivered in 2018
- Weather and Environment Business Area
 - EUR 112.2 (121.4) million, -8%
 - EUR 68.3 (69.6) million of the order book is scheduled to be delivered in 2018
- Industrial Measurements Business Area
 - EUR 14.3 (12.2) million, +18%
 - EUR 12.0 (10.3) million of the order book is scheduled to be delivered in 2018



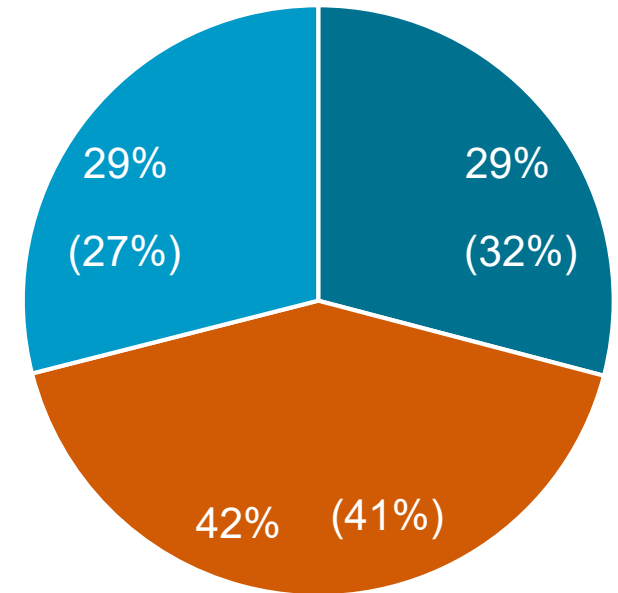
Vaisala Q2 net sales growth came from project business



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

EUR million	Q2/2018	Q2/2017	Change %
EMEA	23.3	23.8	-2
Americas	33.6	30.6	10
APAC	23.2	20.4	14
Total	80.1	74.8	7

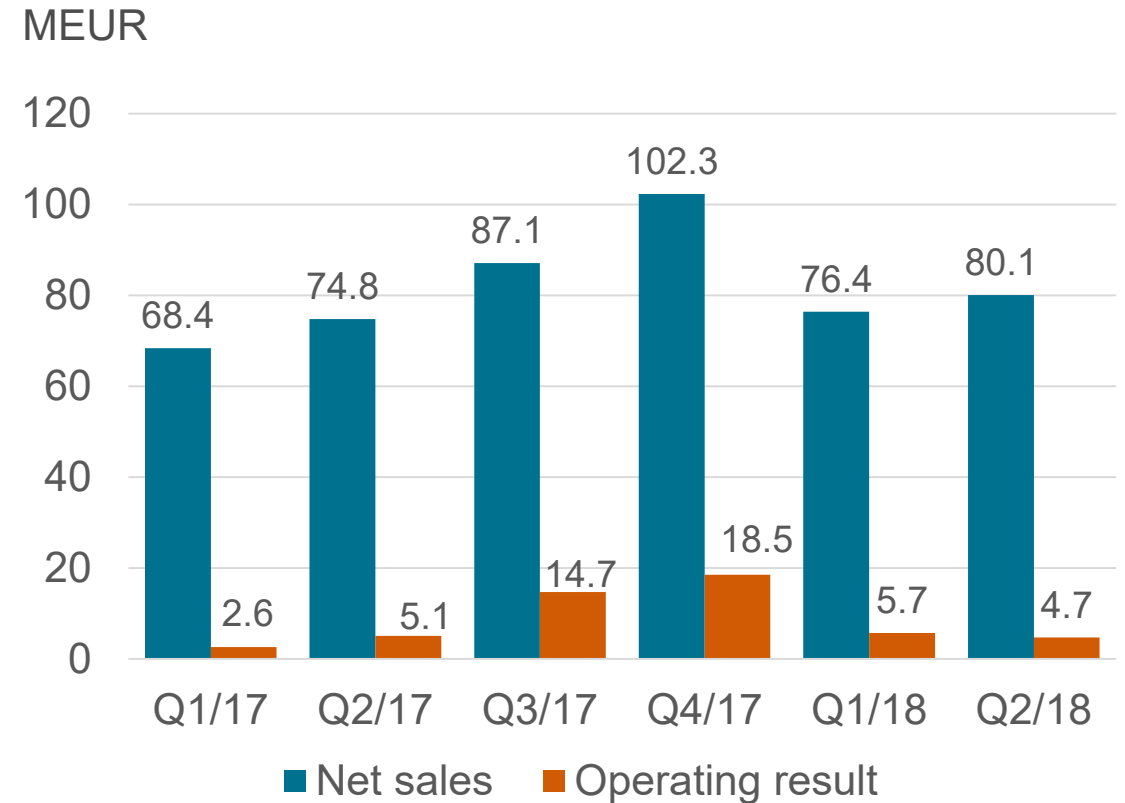
% of net sales Q2/2018



■ EMEA ■ Americas ■ APAC

Vaisala Q2 operating result decreased mainly due to declined gross margin

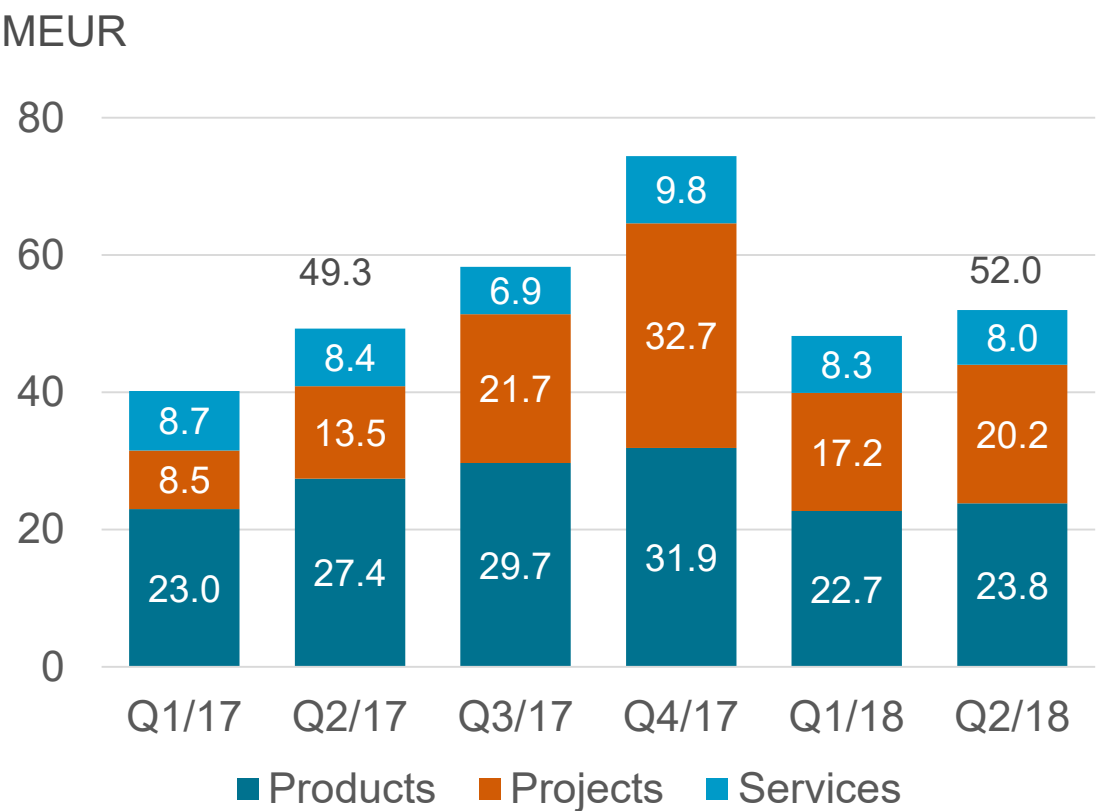
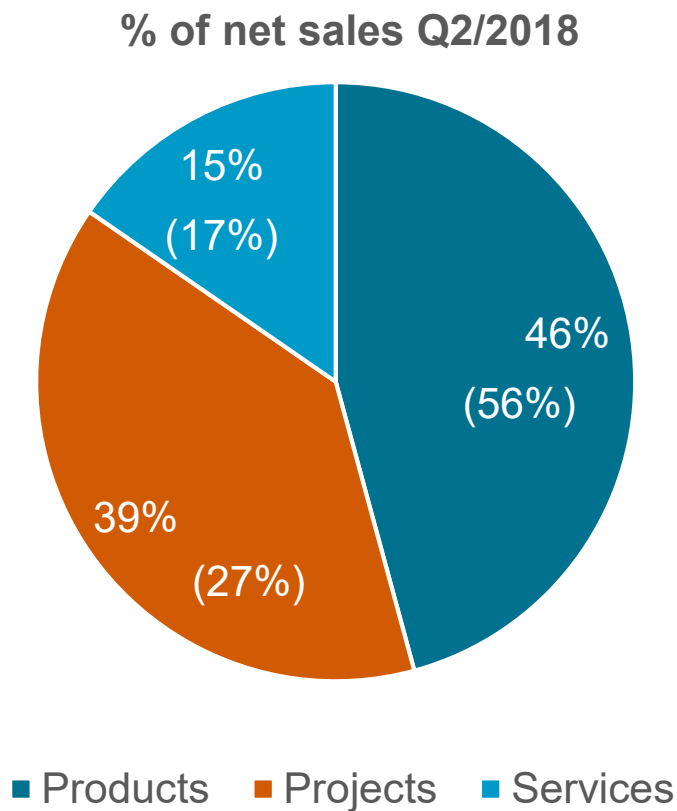
	Q2/2018	Q2/2017
Orders received, EUR million	71.1	81.3
Net sales, EUR million	80.1	74.8
Gross margin, %	50.1	52.4
Operating expenses, EUR million	35.9	34.5
Operating result, EUR million	4.7	5.1
Operating result, %	5.9	6.8



Weather and Environment Q2

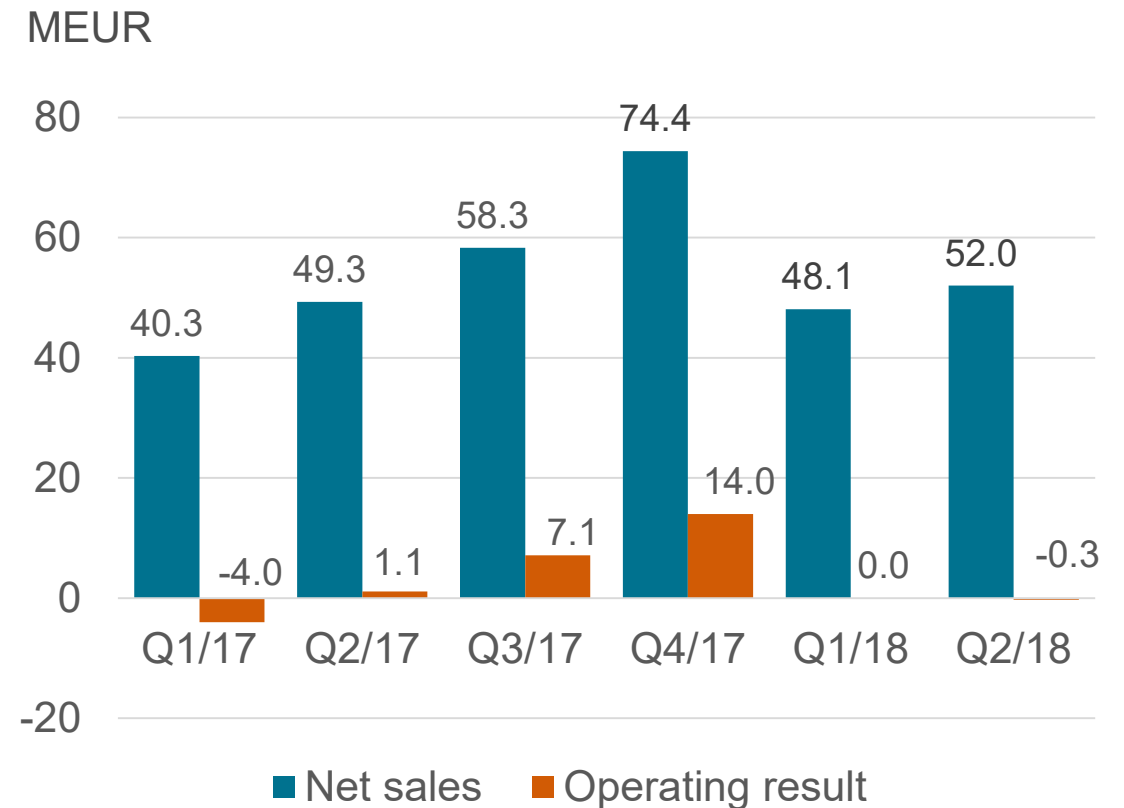
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Weather and Environment Q2 net sales growth came from project business



Weather and Environment operating profit slightly negative due to decline in gross margin

	Q2/2018	Q2/2017
Orders received, EUR million	42.4	53.0
Net sales, EUR million	52.0	49.3
Gross margin, %	44.1	47.7
Operating expenses, EUR million	23.3	22.6
Operating result, EUR million	-0.3	1.1
Operating result, %	-0.6	2.2



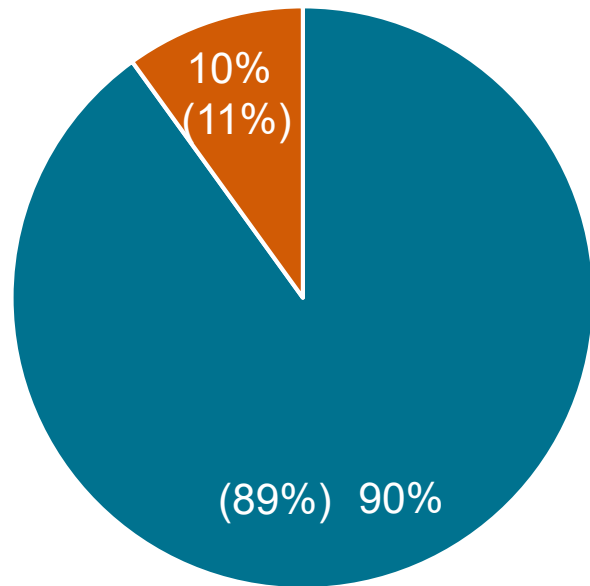
Industrial Measurements Q2

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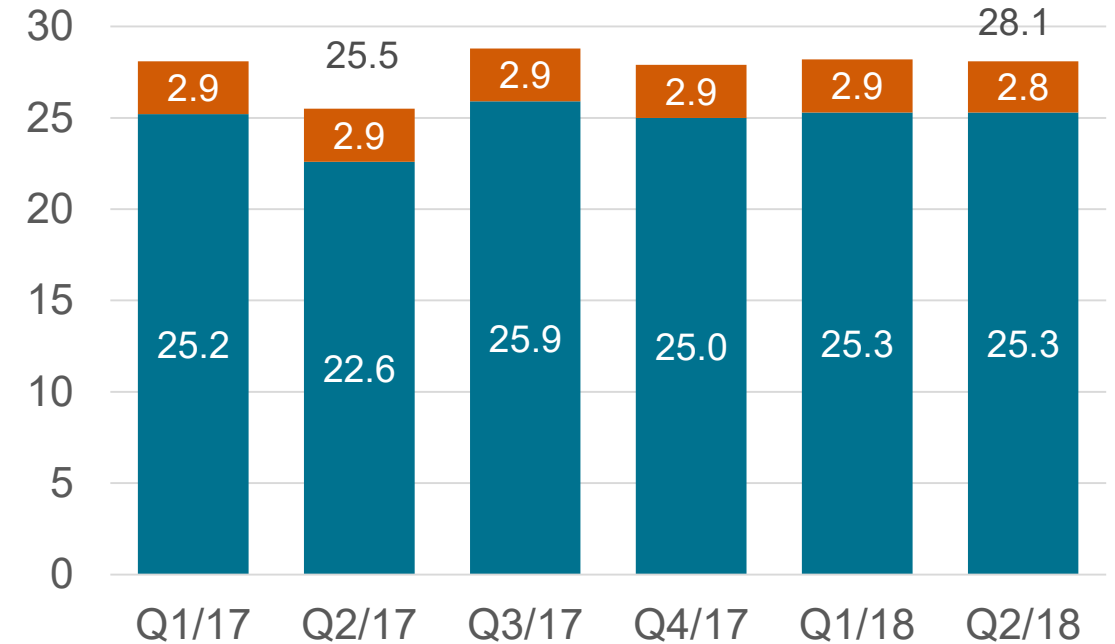
Industrial Measurements Q2 net sales grew by 10%

% of net sales Q2/2018



■ Products ■ Services

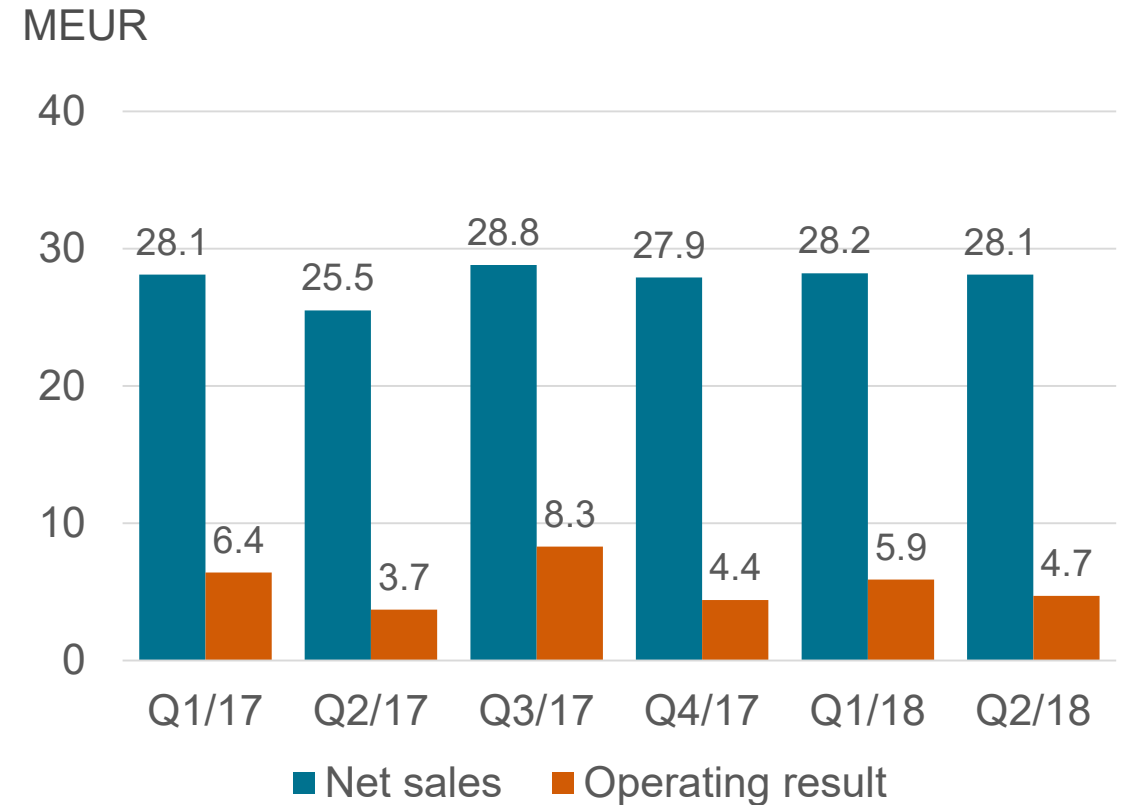
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■ Products ■ Services

Industrial Measurements Q2 operating result margin improved to 16.7%

	Q2/2018	Q2/2017
Orders received, EUR million	28.8	28.2
Net sales, EUR million	28.1	25.5
Gross margin, %	61.3	61.4
Operating expenses, EUR million	12.5	11.9
Operating result, EUR million	4.7	3.7
Operating result, %	16.7	14.6



January–June 2018

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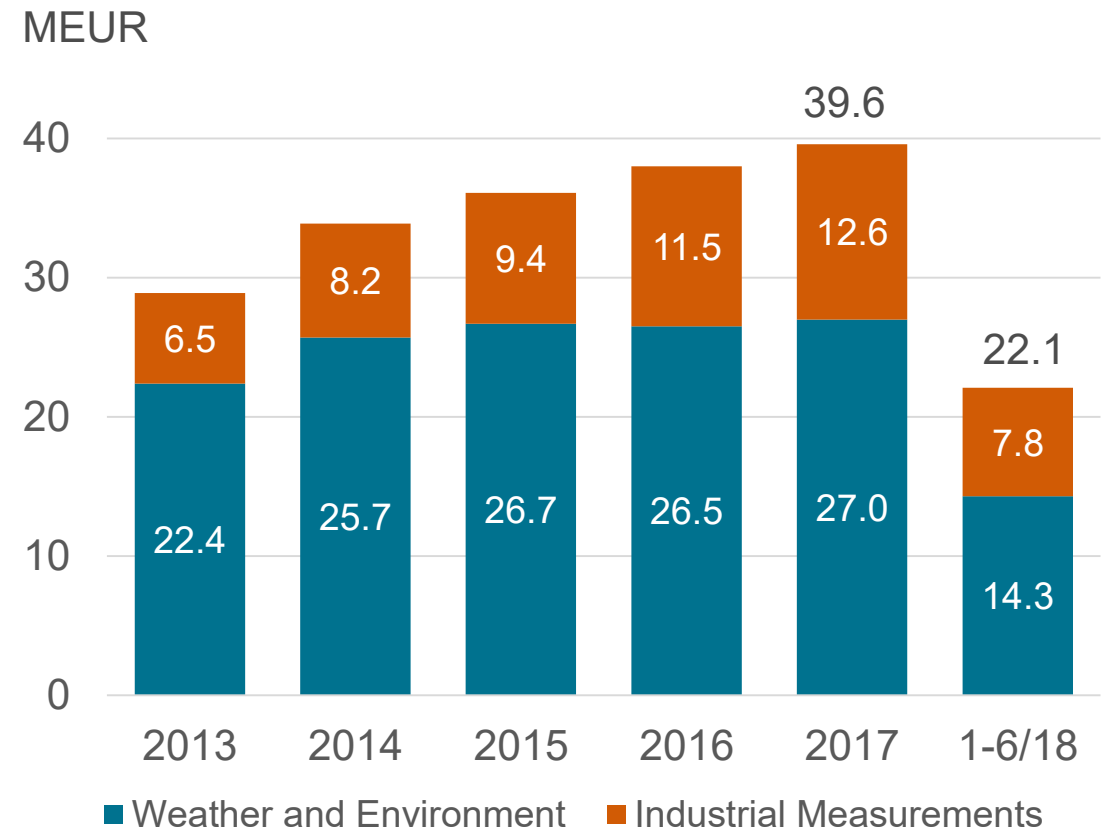
January–June 2018 highlights

- Orders received EUR 158.3 (162.8) million, -3%
 - With comparable rates +2%
- Order book EUR 126.5 (133.6) million, -5%
- Net sales EUR 156.4 (143.2) million, +9%
 - With comparable rates +15%
- Gross margin 50.7 (51.9) %
- Operating result EUR 10.4 (7.7) million, 6.7 (5.3) % of net sales
- Earnings per share EUR 0.21 (0.14)
- Cash flow from operating activities EUR 8.3 (11.3) million



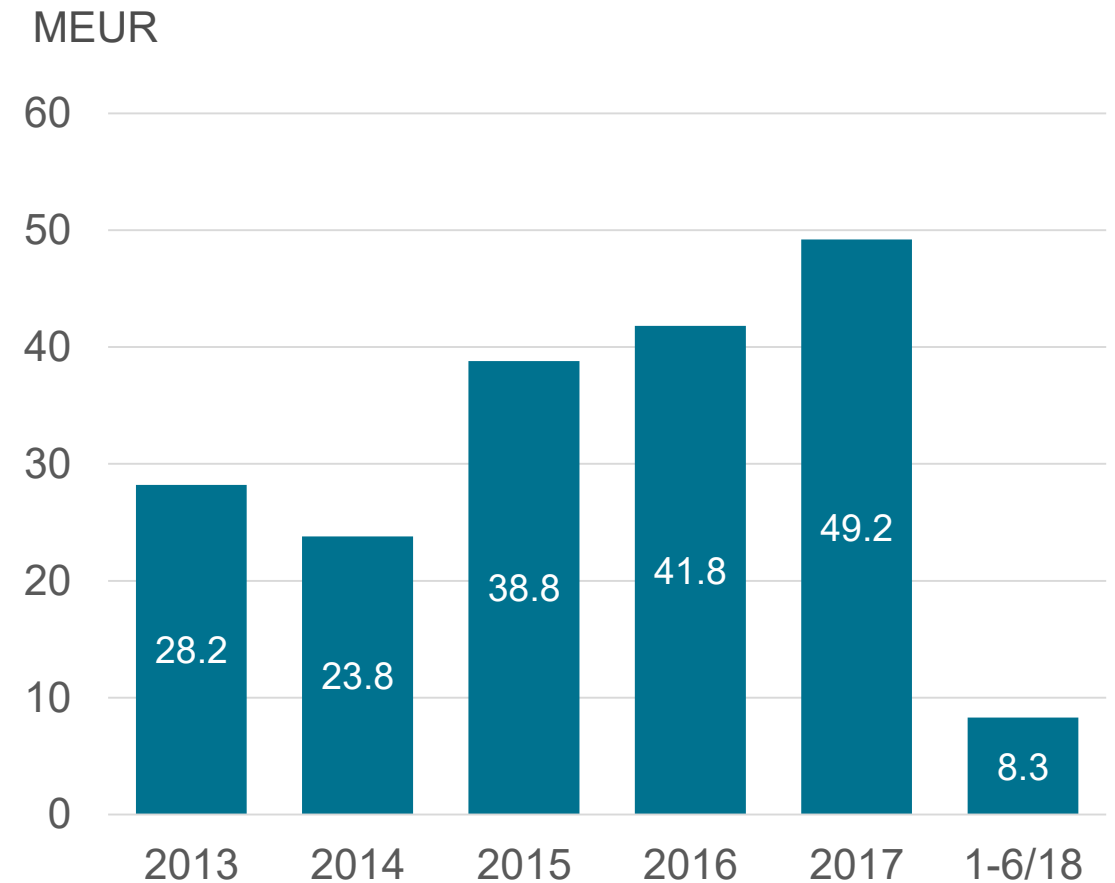
R&D expenditure continued to increase

- R&D expenses EUR 22.1 (20.6) million or 14.1 (14.4) % of net sales
- Weather and Environment 14.3 (16.0) % of net sales
- Industrial Measurements 13.9 (11.8) % of net sales



Cash flow from operating activities declined due to working capital development

- Cash flow from operations decreased to EUR 8.3 (11.3) million due to working capital development
- Cash and cash equivalents EUR 56.7 (60.6) million, -7%
- Dividend payment EUR 37.6 (17.8) million
- Capital expenditure EUR 5.8 (3.8) million
- Depreciation, amortization and write-downs EUR 4.3 (5.3) million



Market and Business Outlook

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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 demand is expected to be stable whereas in Europe and China demand is expected to decline moderately compared to strong 2017.
- Demand for digital solutions is expected to improve moderately.

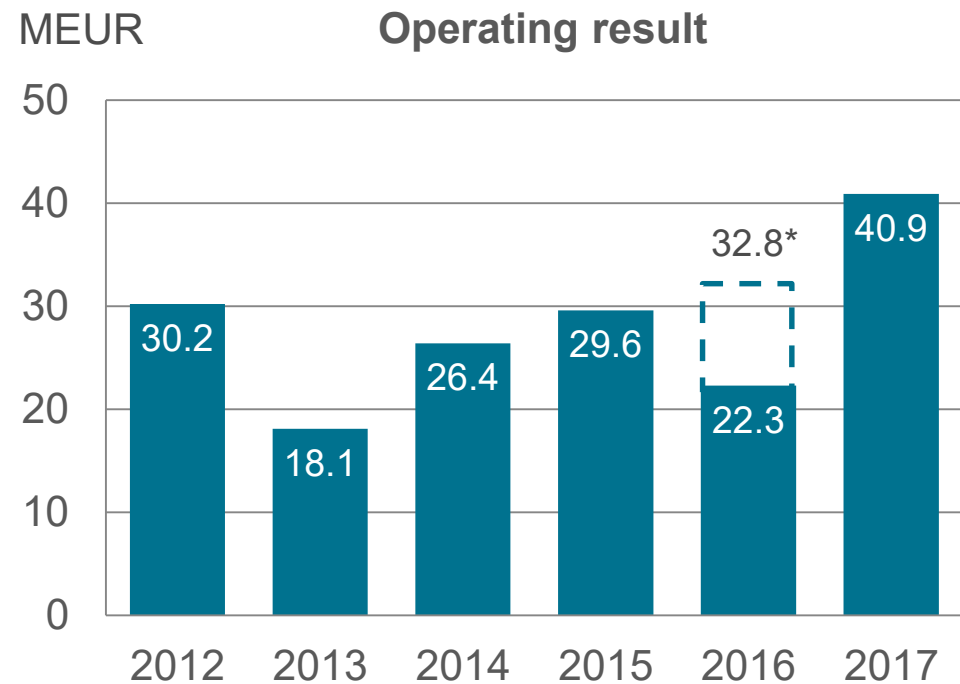
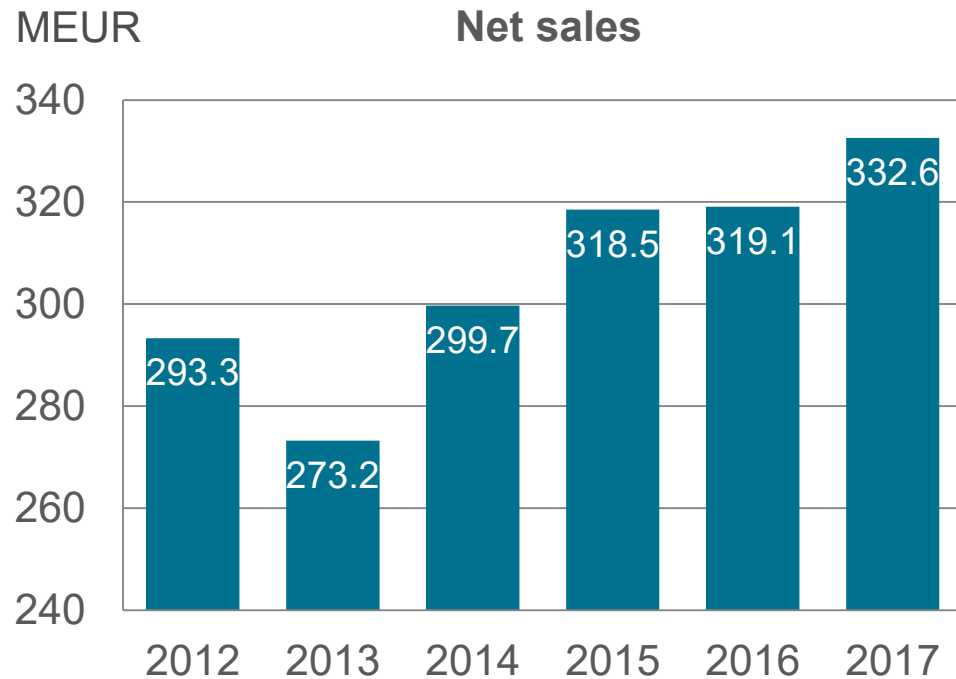
Industrial Measurements

- 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 full-year net sales, assuming they remain at the end of June level.

Business Outlook 2018 unchanged

- 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.

Questions Welcome!

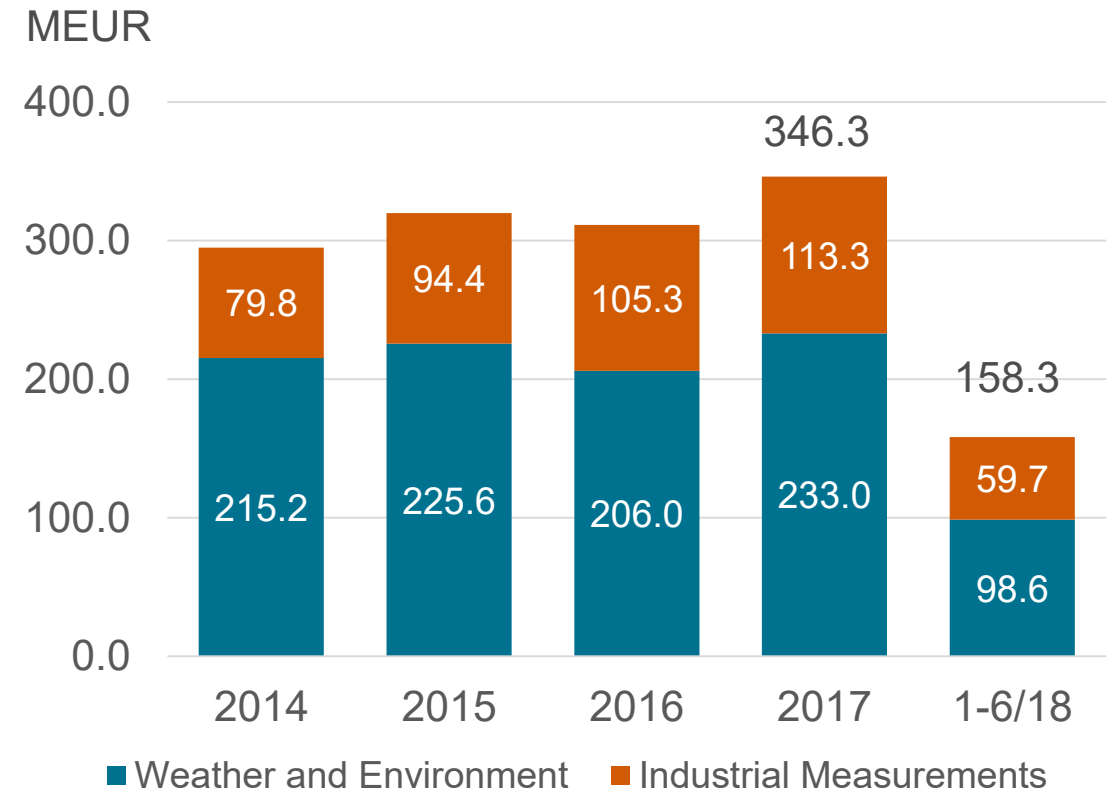
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Appendix January–June 2018 financials

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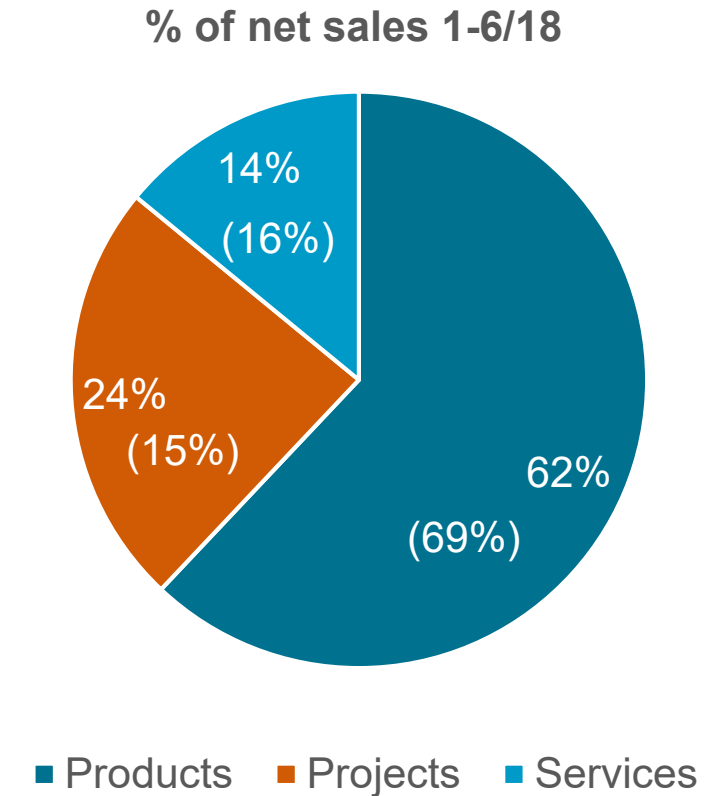
Vaisala January–June orders received decreased by 3%

- Orders received EUR 158.3 (162.8) million, -3%
 - Orders increased in APAC but decreased in Americas and EMEA
- Weather and Environment Business Area
 - EUR 98.6 (105.1) million, -6%
 - Orders low for weather instruments in China and from renewable energy customer segment
- Industrial Measurements Business Area
 - EUR 59.7 (57.7) million, +3%
 - Increase came mainly from instrument orders in APAC



Share of project sales has increased partly due to change in revenue recognition

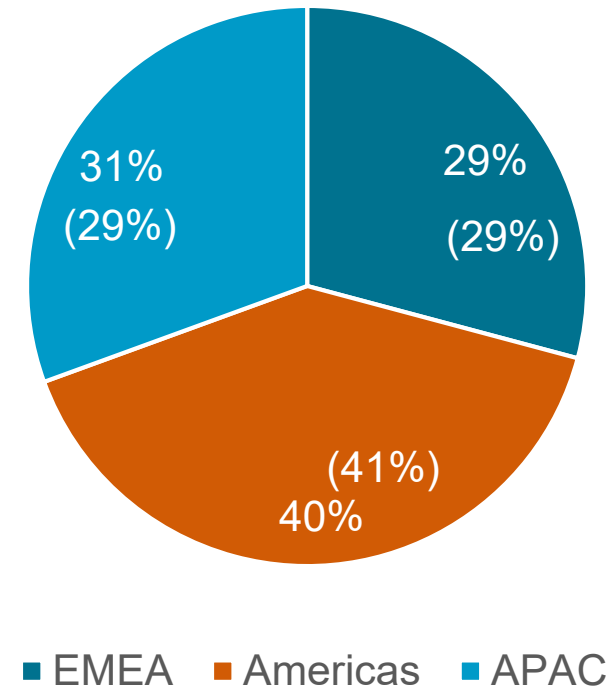
EUR million	1-6/18	1-6/17	Change %
Products	97.1	98.3	-1
Projects	37.4	22.0	70
Services	22.0	22.9	-4
Net sales, total	156.4	143.2	9
At comparable exchange rates	164.8	143.2	15



January–June net sales increased in all geographical areas, geographical split stable

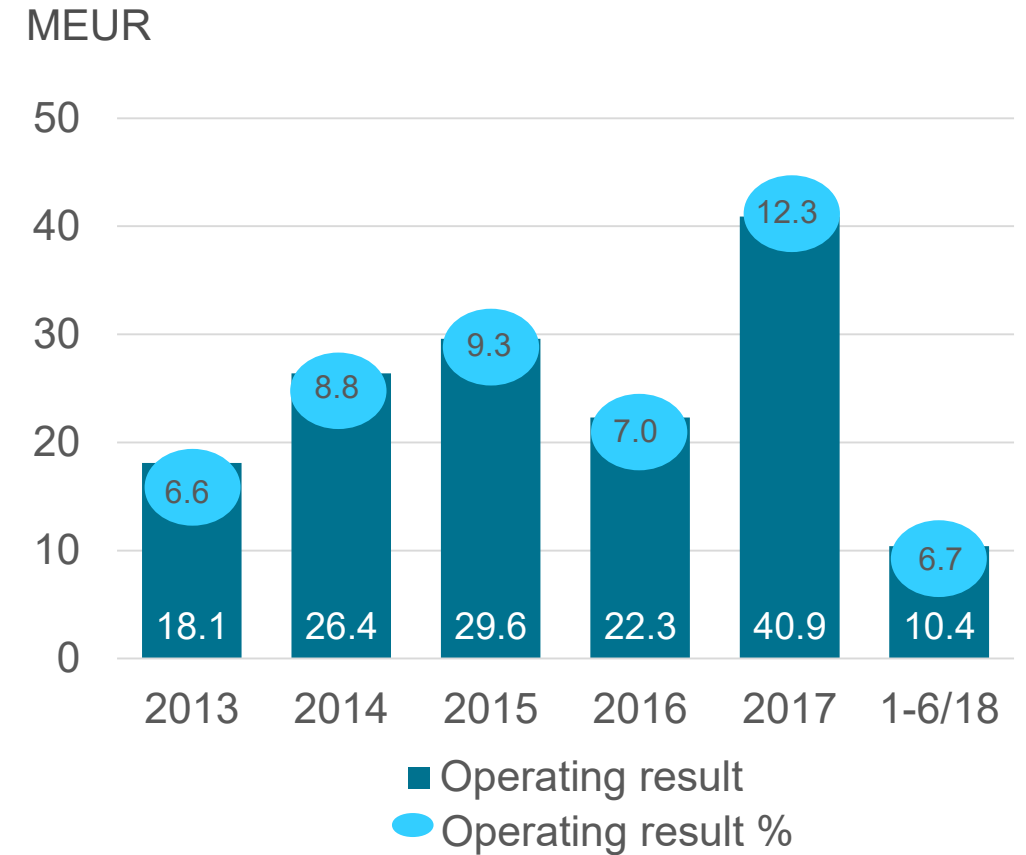
EUR million	1-6/18	1-6/17	Change %
EMEA	45.6	41.8	9
Americas	63.0	59.4	6
APAC	47.8	42.0	14
Total	156.4	143.2	9

% of net sales 1-6/18



January–June operating result 6.7% of net sales

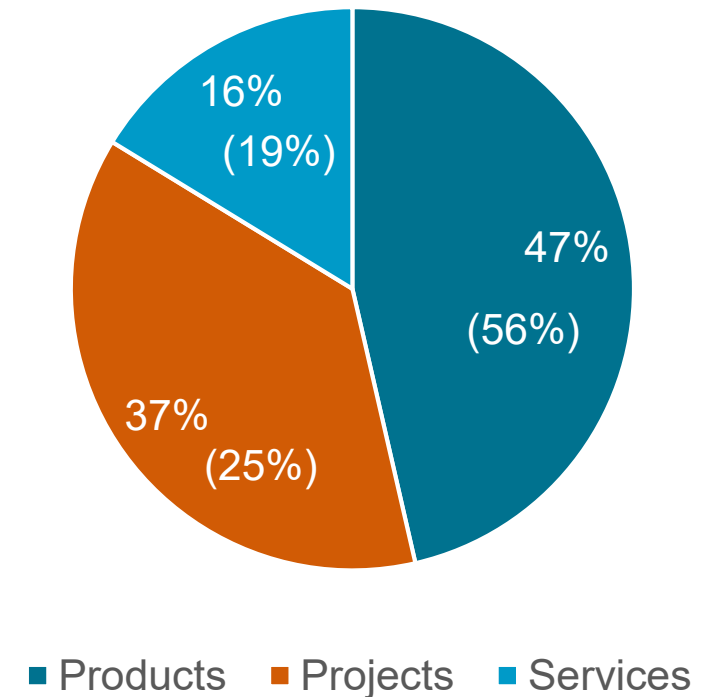
- Operating result EUR 10.4 (7.7) million or 6.7 (5.3) of net sales
 - Net sales growth in both business areas increased operating profit
- Operating expenses EUR 69.3 (67.3) million
 - Increase came mainly from R&D expenses according to plan



Weather and Environment January–June net sales increased by 12%

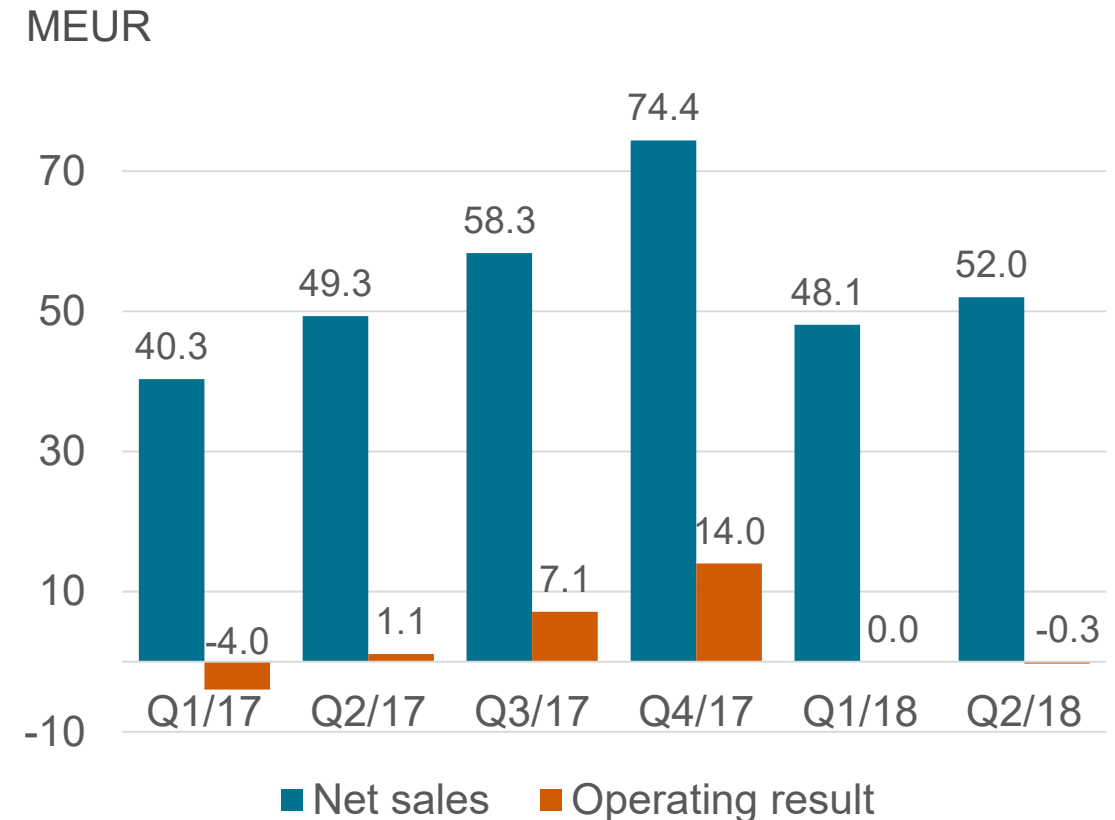
EUR million	1-6/18	1-6/17	Change %
Products	46.5	50.4	-8
Projects	37.4	22.0	70
Services	16.3	17.1	-5
Net sales, total	100.1	89.6	12
At comparable exchange rates	104.5	89.6	17

% of net sales 1-6/18



Weather and Environment January–June operating result margin slightly negative

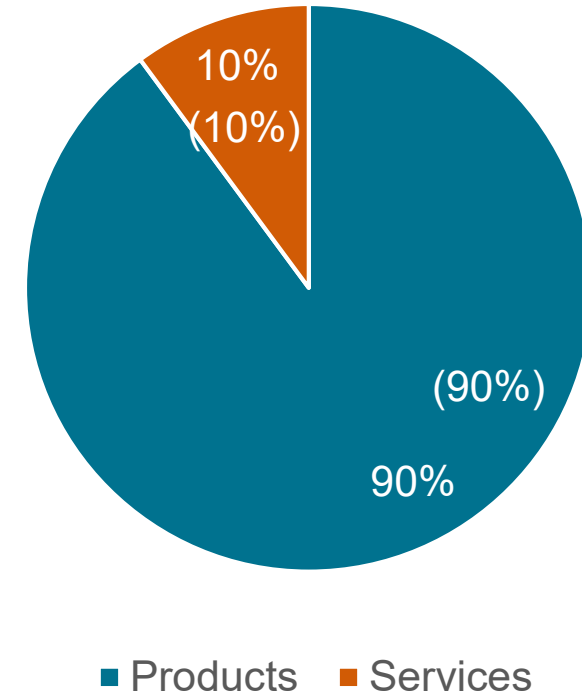
	1-6/18	1-6/17
Orders received, EUR million	98.6	105.1
Net sales, EUR million	100.1	89.6
Gross margin, %	44.7	46.0
Operating expenses, EUR million	45.1	44.3
Operating result, EUR million	-0.3	-2.9
Operating result, %	-0.3	-3.3



Industrial Measurements January–June net sales increased by 5%

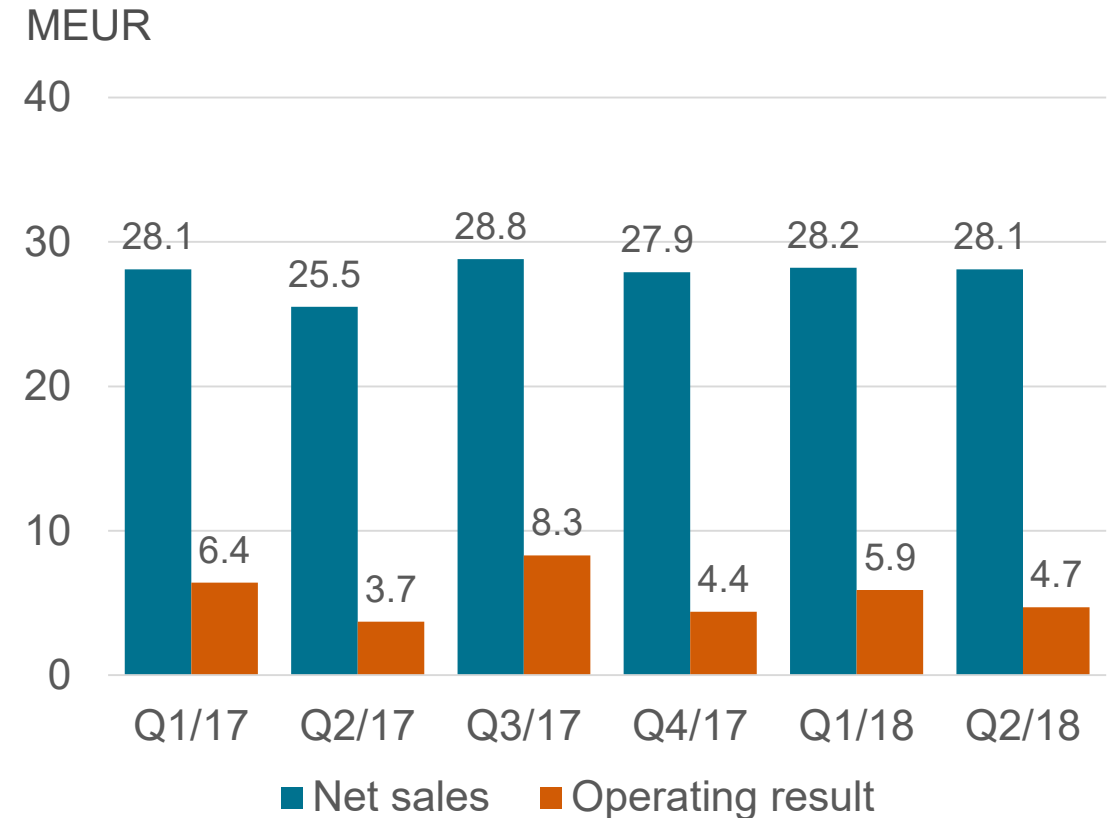
EUR million	1-6/18	1-6/17	Change %
Products	50.6	47.9	6
Services	5.7	5.7	-1
Net sales, total	56.3	53.6	5
At comparable exchange rates	60.3	53.6	12

% of net sales 1-6/18



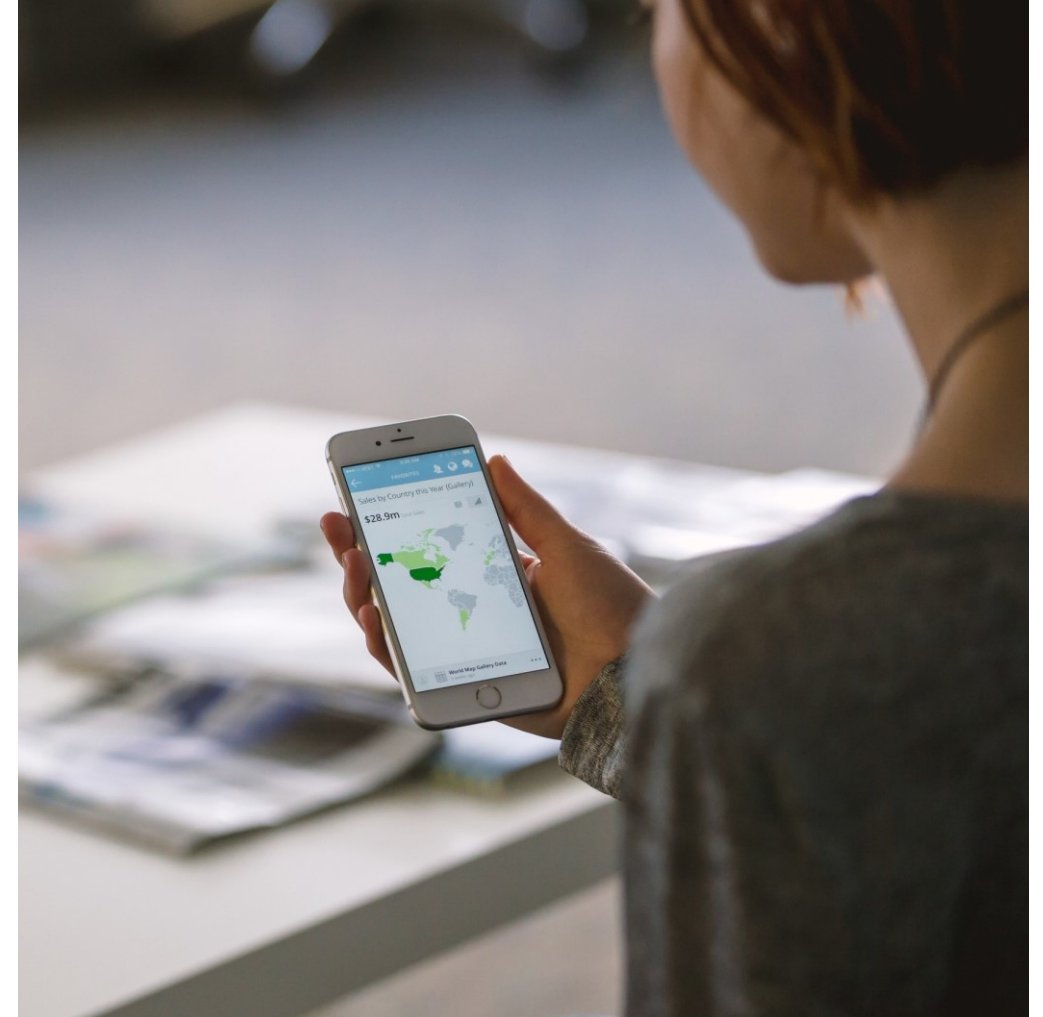
Industrial Measurements January–June operating result 18.9% of net sales

	1-6/18	1-6/17
Orders received, EUR million	59.7	57.7
Net sales, EUR million	56.3	53.6
Gross margin, %	61.5	62.1
Operating expenses, EUR million	24.0	23.2
Operating result, EUR million	10.6	10.1
Operating result, %	18.9	18.9



Share issue without payment (split)

- Decided by the Annual General Meeting on April 10, 2018
- One new share was issued for each share
- New shares were issued April 13
- Following the share split, Vaisala has 36,436,728 shares of which
 - 6,778,662 series K shares
 - 29,658,066 series A shares
- On June 30, 2018 Vaisala held a total of 646,636 company's series A shares



Observations for a Better World

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