

Financial Statement Release 2018

President and CEO Kjell Forsén
February 12, 2019

VAISALA



Fourth quarter 2018 highlights

- Orders received EUR 99.1 (83.5) million, +19%
 - With comparable rates +18%
- Order book EUR 120.6 (124.8) million, -3%
- Net sales EUR 108.3 (102.3) million, +6%
 - With comparable rates +5%
- Gross margin 54.3 (52.5) %
- Operating result EUR 13.9 (18.5) million, 12.9 (18.1) % of net sales
- Earnings per share EUR 0.32 (0.33)
- Cash flow from operating activities EUR 29.4 (23.0) million

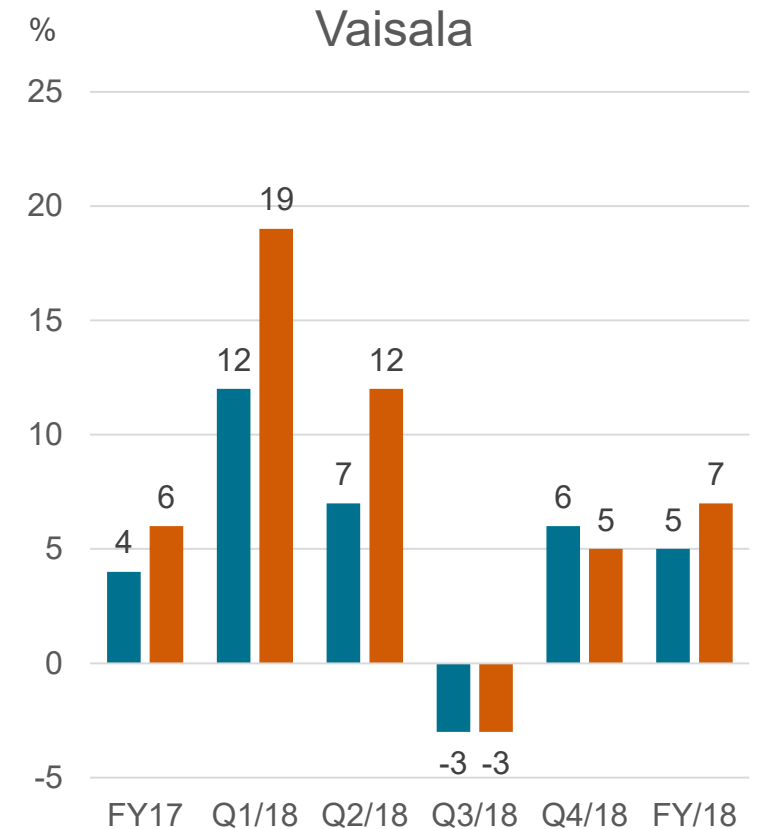
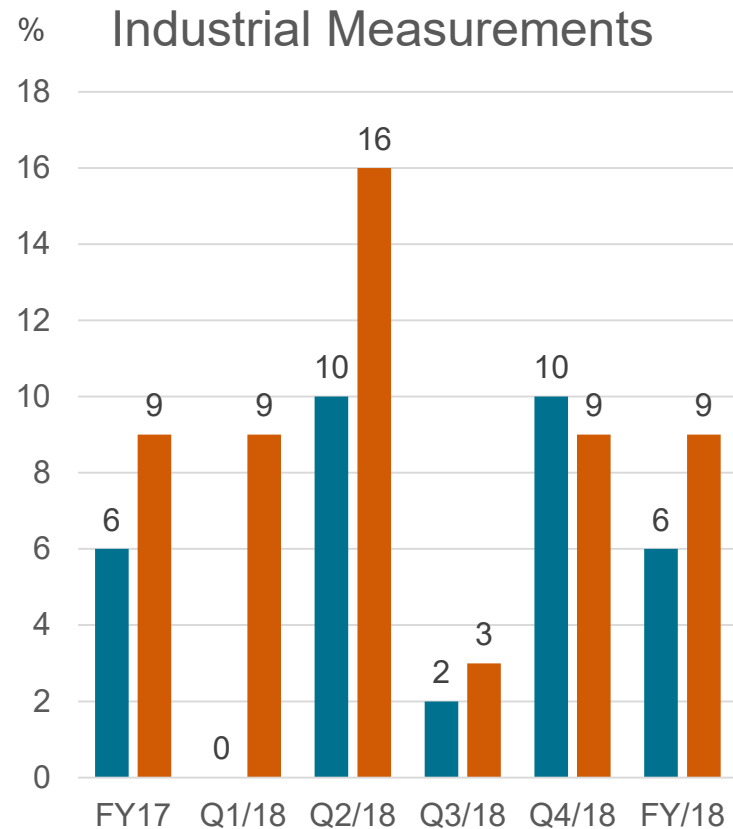
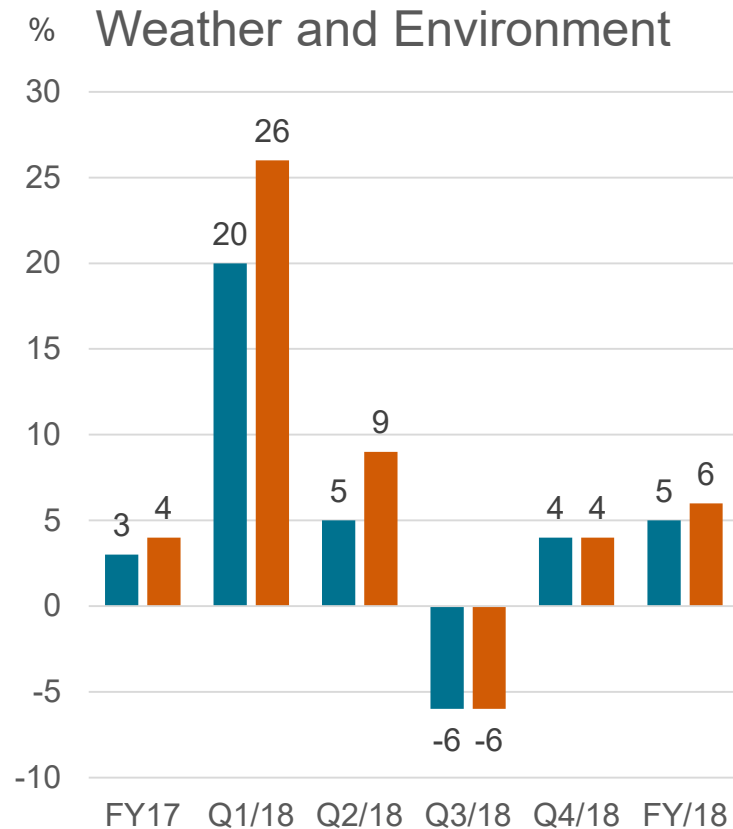


K-Patents acquisition expanded Vaisala's offering to liquid measurements

- Global market leader in in-line process refractometers for hundreds of applications i.e. in pulp and paper, food and beverage, pharmaceutical, and semiconductor industries
- Net sales EUR 11.4 million in 2017
- 62 employees in Finland, the US and China
- Will be reported as part of Industrial Measurements Business Area as from January 1, 2019



Exchange rate impact on Q4 net sales slightly positive

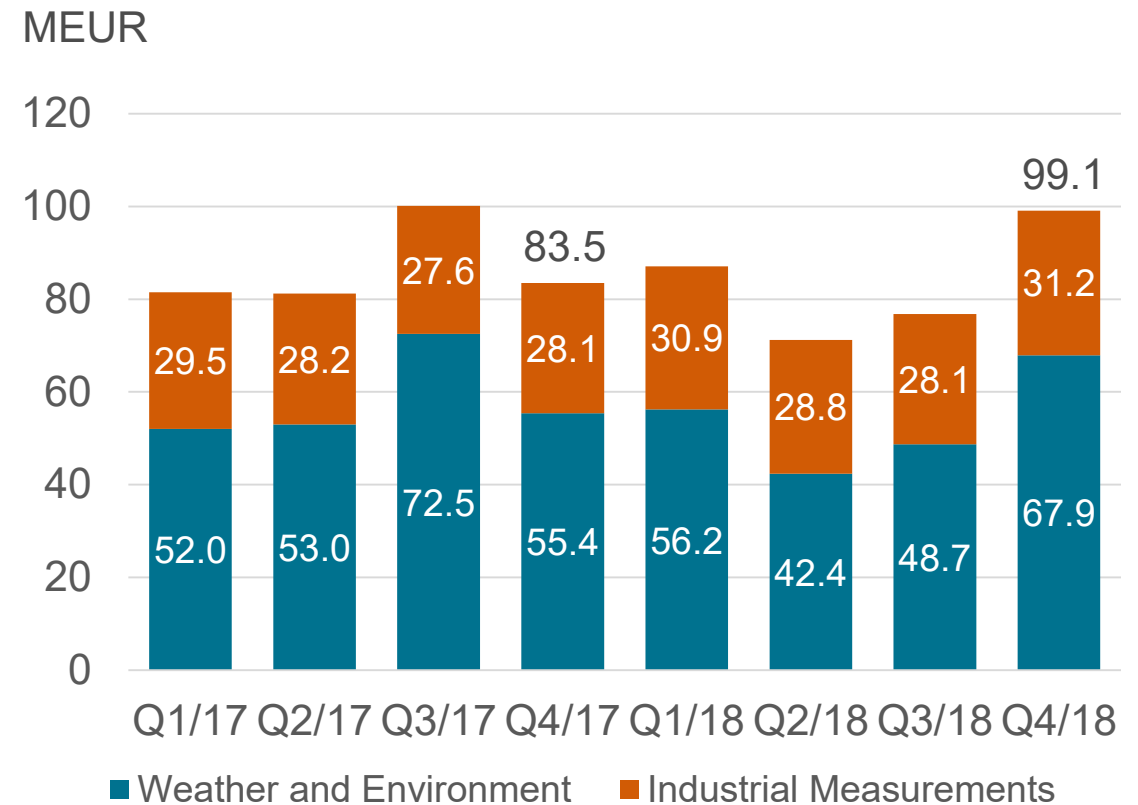


■ Reported growth %

■ Growth % with comparable rates

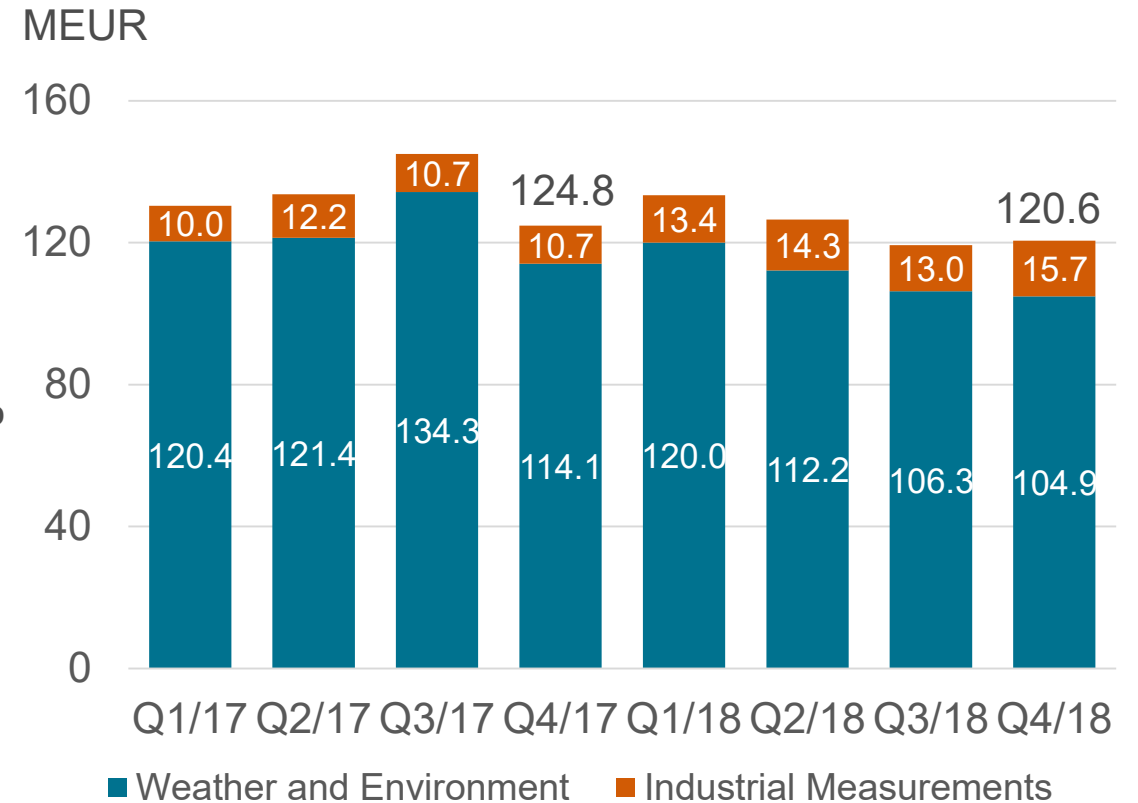
Vaisala Q4 orders received increased 19%

- Orders received EUR 99.1 (83.5) million, +19%
 - Increase excluding Leosphere +10%
- Weather and Environment Business Area
 - EUR 67.9 (55.4) million, +23%
 - Increase excluding Leosphere +10%
 - Weather project orders from Asia Pacific and Middle East
- Industrial Measurements Business Area
 - EUR 31.2 (28.1) million, +11%
 - Orders increased in all regions



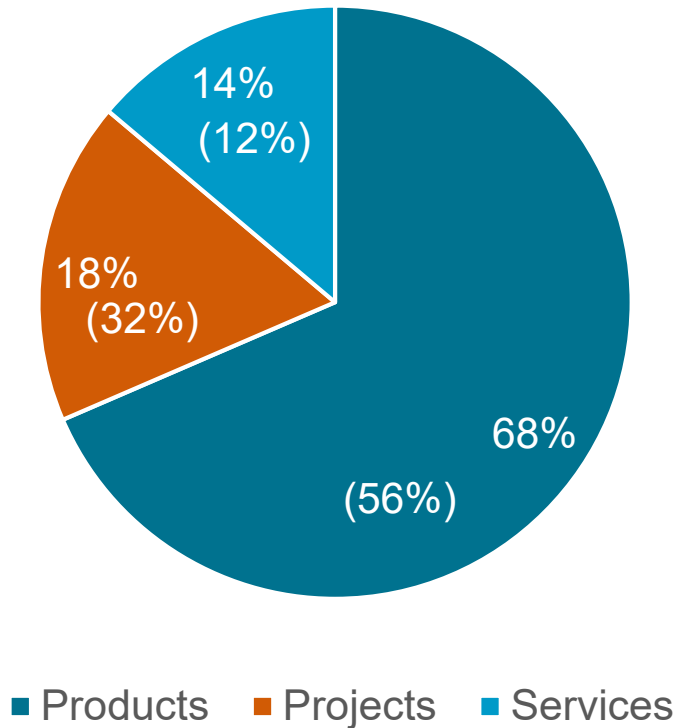
Vaisala order book decreased by 3% due to low order intake in Weather and Environment

- Order book EUR 120.6 (124.8) million, -3%
 - Excluding Leosphere and K-Patents acquisitions decrease would have been 9%
 - EUR 91.0 (99.5) million of the order book is scheduled to be delivered in 2019
- Weather and Environment Business Area
 - EUR 104.9 (114.1) million, -8%
 - Excluding Leosphere decrease would have been 12%
 - EUR 76.8 (89.8) million of the order book is scheduled to be delivered in 2019
- Industrial Measurements Business Area
 - EUR 15.7 (10.7) million, +46%
 - Excluding K-Patents increase would have been 28%
 - EUR 14.3 (9.7) million of the order book is scheduled to be delivered in 2019

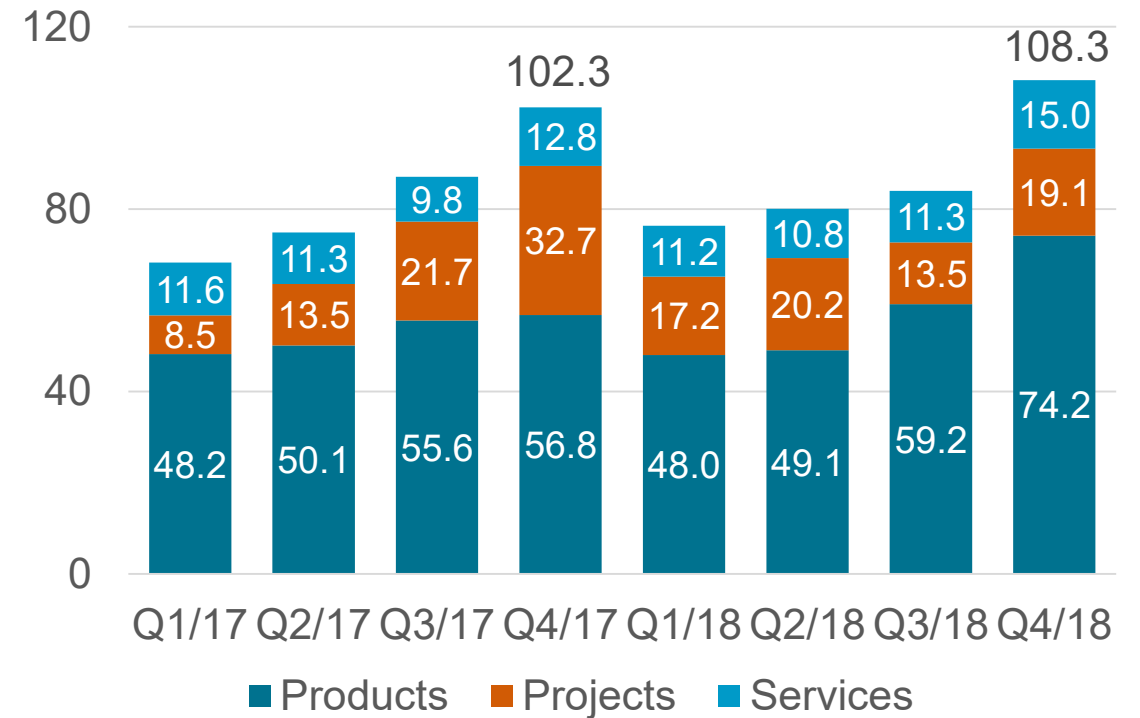


Vaisala Q4 net sales increased by 6%

% of net sales Q4/2018



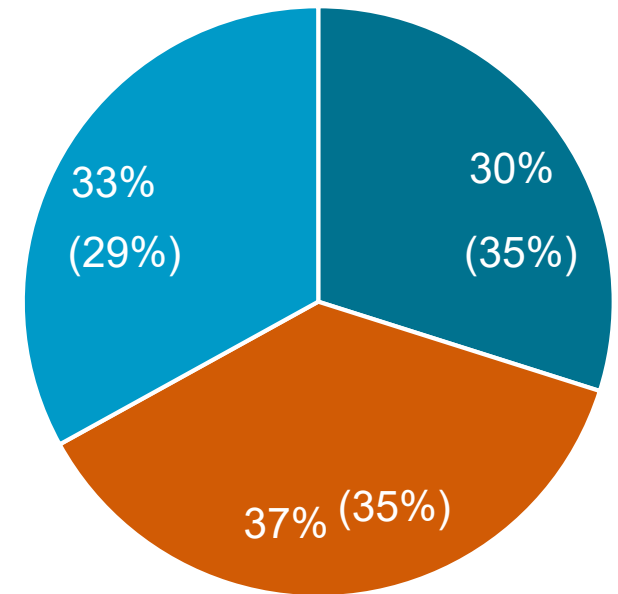
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Americas biggest geographical area in Q4 net sales while APAC grew fastest

EUR million	Q4/2018	Q4/2017	Change %
EMEA	32.4	36.3	-11
Americas	40.2	36.3	11
APAC	35.8	29.8	20
Total	108.3	102.3	6

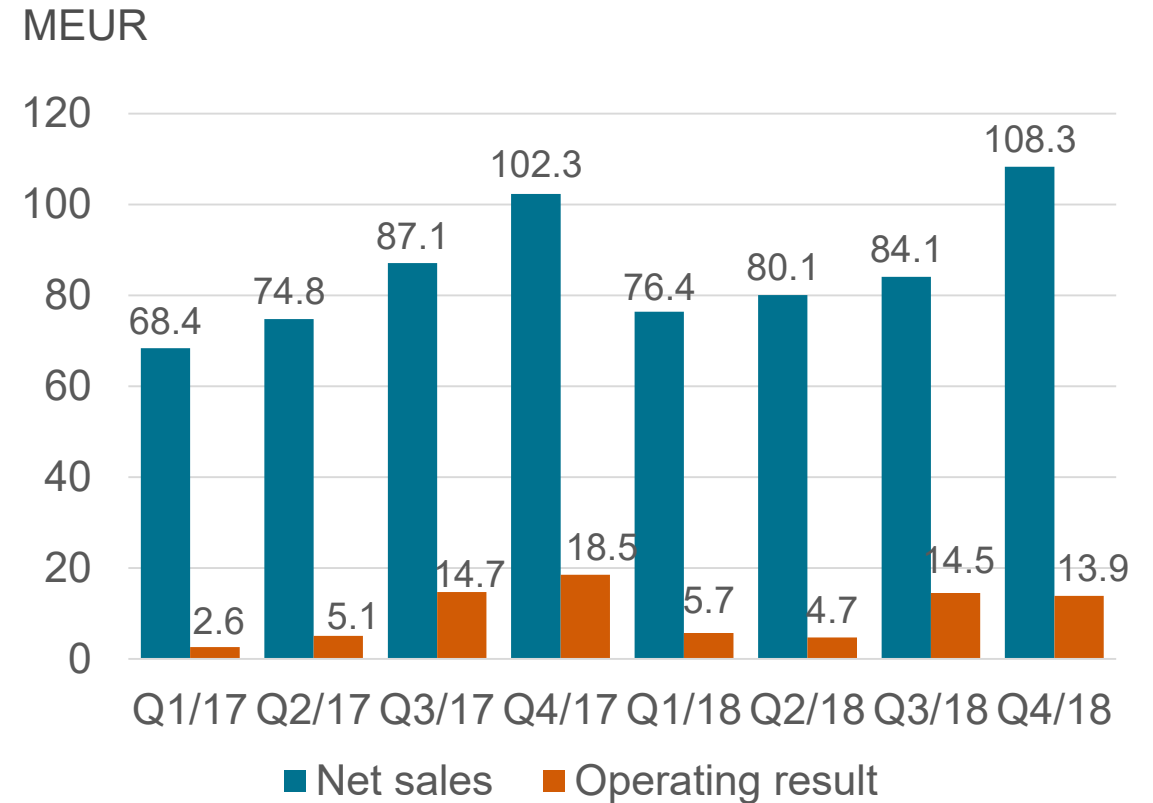
% of net sales Q4/2018



■ EMEA ■ Americas ■ APAC

Vaisala Q4 operating result margin 12.9%

	Q4/2018	Q4/2017
Orders received, EUR million	99.1	83.5
Net sales, EUR million	108.3	102.3
Gross margin, %	54.3	52.5
Operating expenses, EUR million	46.4	35.5
Operating result, EUR million	13.9	18.5
Operating result, %	12.9	18.1

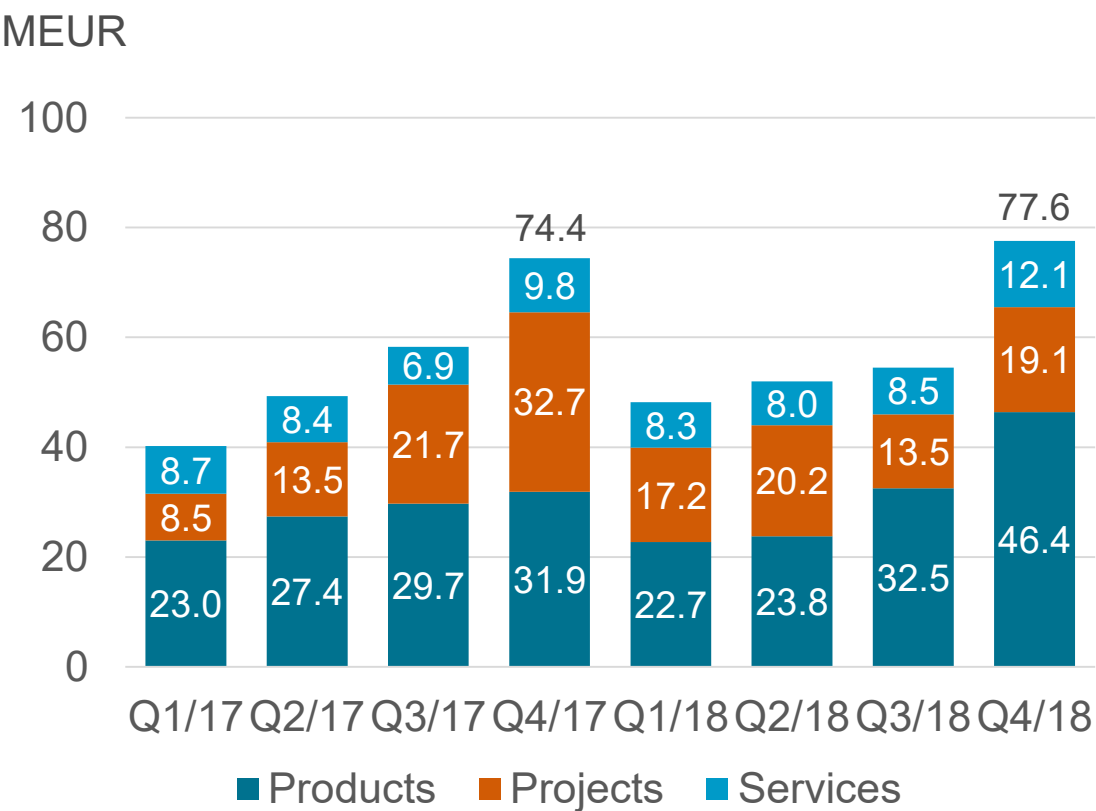
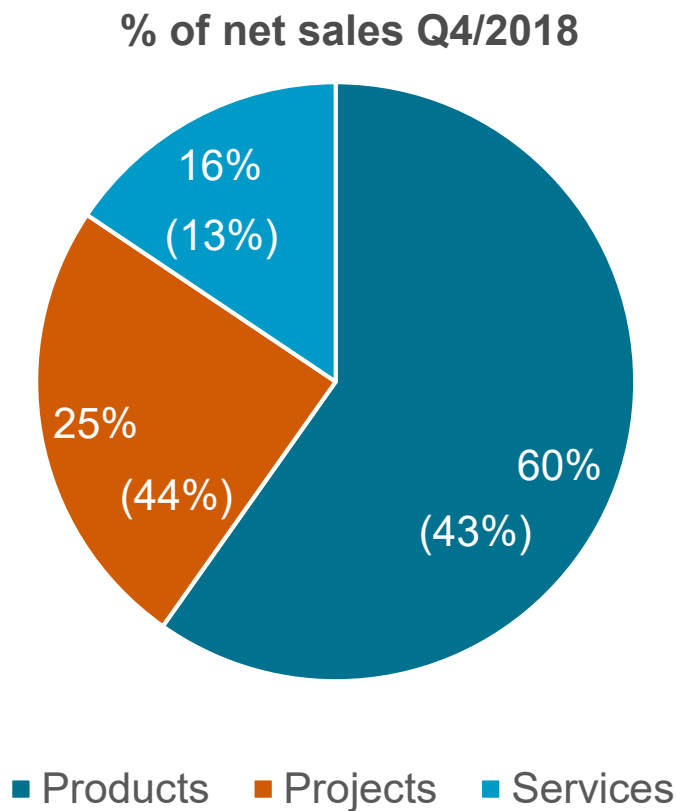


Weather and Environment Q4

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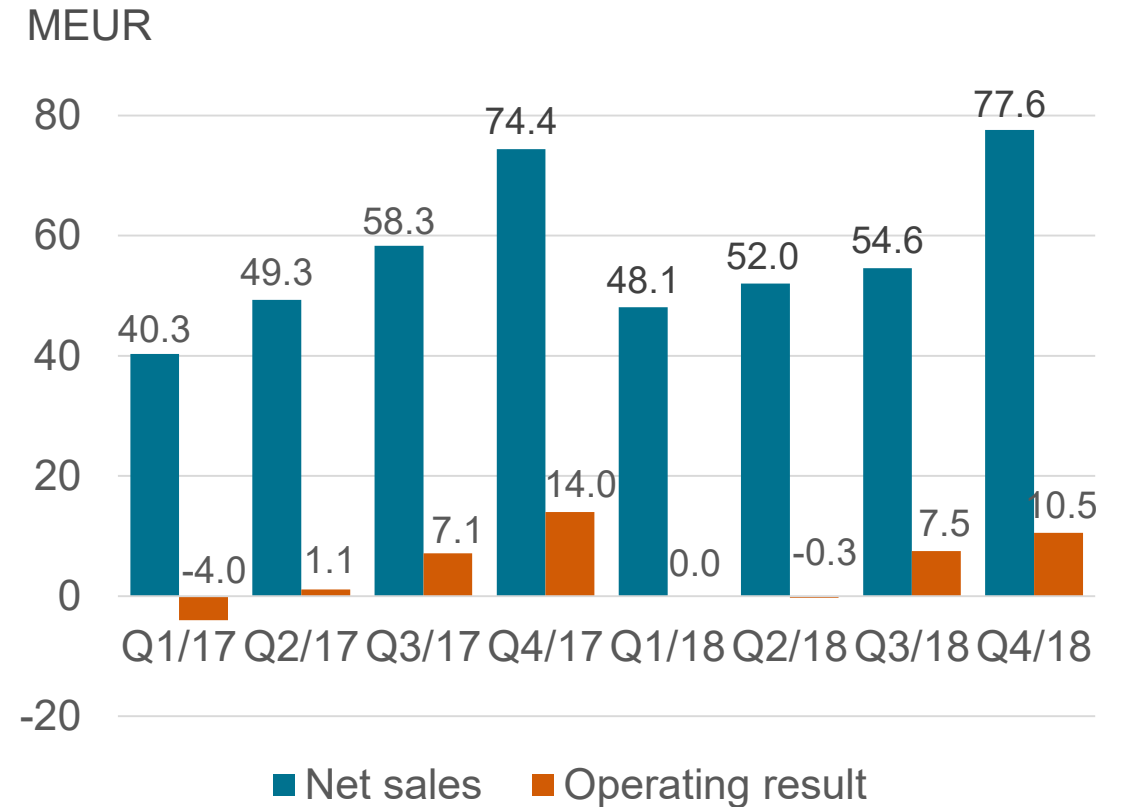


Weather and Environment Q4 net sales growth driven by Leosphere



Weather and Environment operating result was 13.5% of net sales

	Q4/2018	Q4/2017
Orders received, EUR million	67.9	55.4
Net sales, EUR million	77.6	74.4
Gross margin, %	51.1	49.2
Operating expenses, EUR million	30.7	22.6
Operating result, EUR million	10.5	14.0
Operating result, %	13.5	18.8

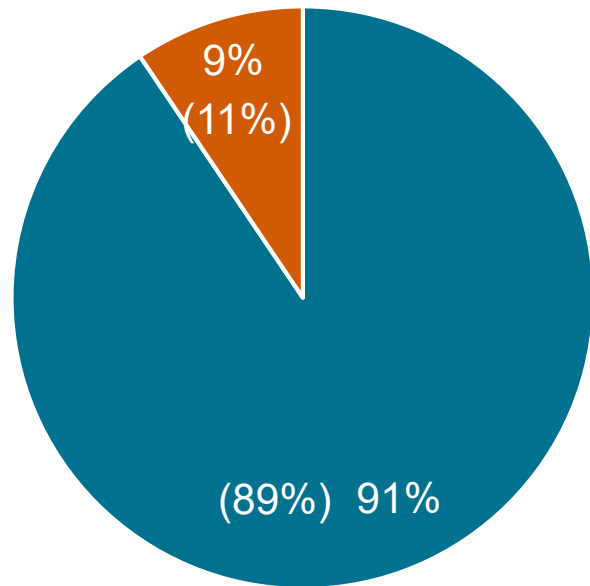


Industrial Measurements Q4

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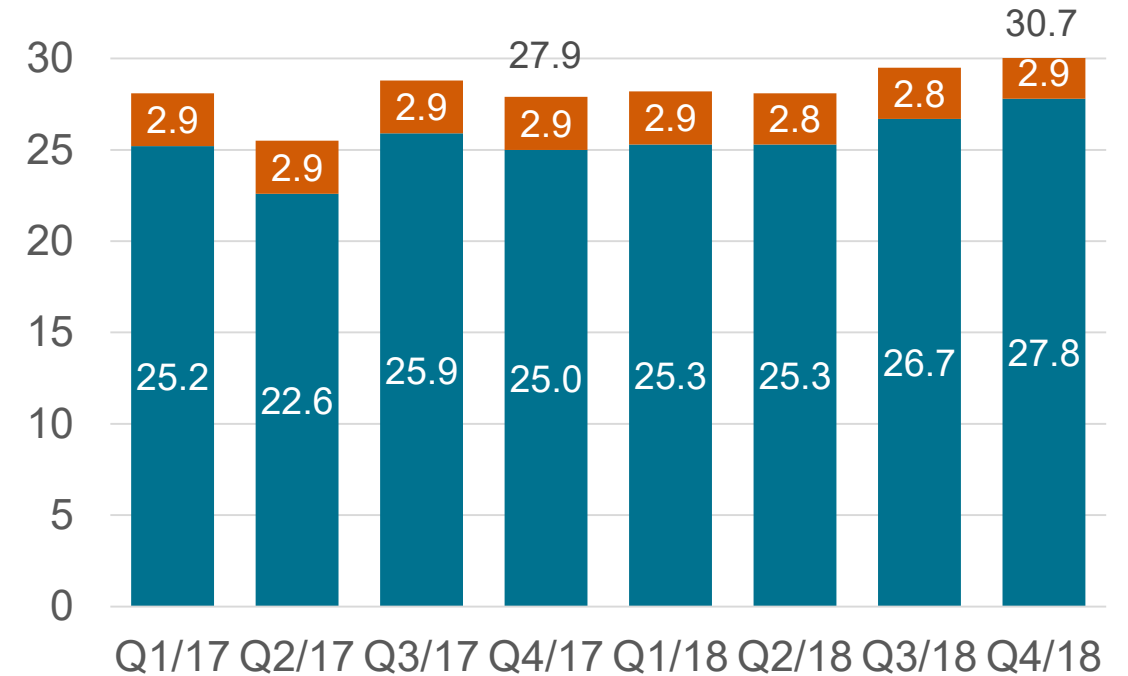
Industrial Measurements Q4 net sales grew by 10% to all-time high level

% of net sales Q4/2018



■ Products ■ Services

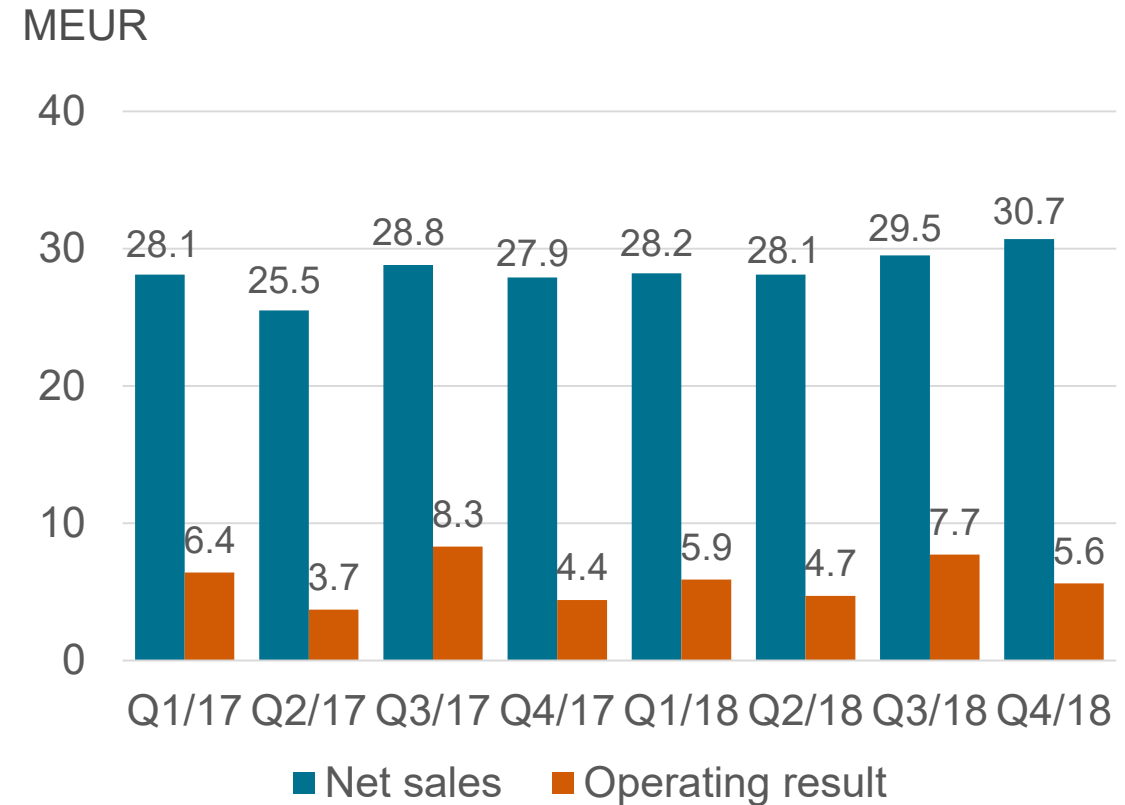
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■ Products ■ Services

Industrial Measurements Q4 operating result 18.1% of net sales

	Q4/2018	Q4/2017
Orders received, EUR million	31.2	28.1
Net sales, EUR million	30.7	27.9
Gross margin, %	62.5	61.2
Operating expenses, EUR million	13.6	12.7
Operating result, EUR million	5.6	4.4
Operating result, %	18.1	15.7



January–December 2018

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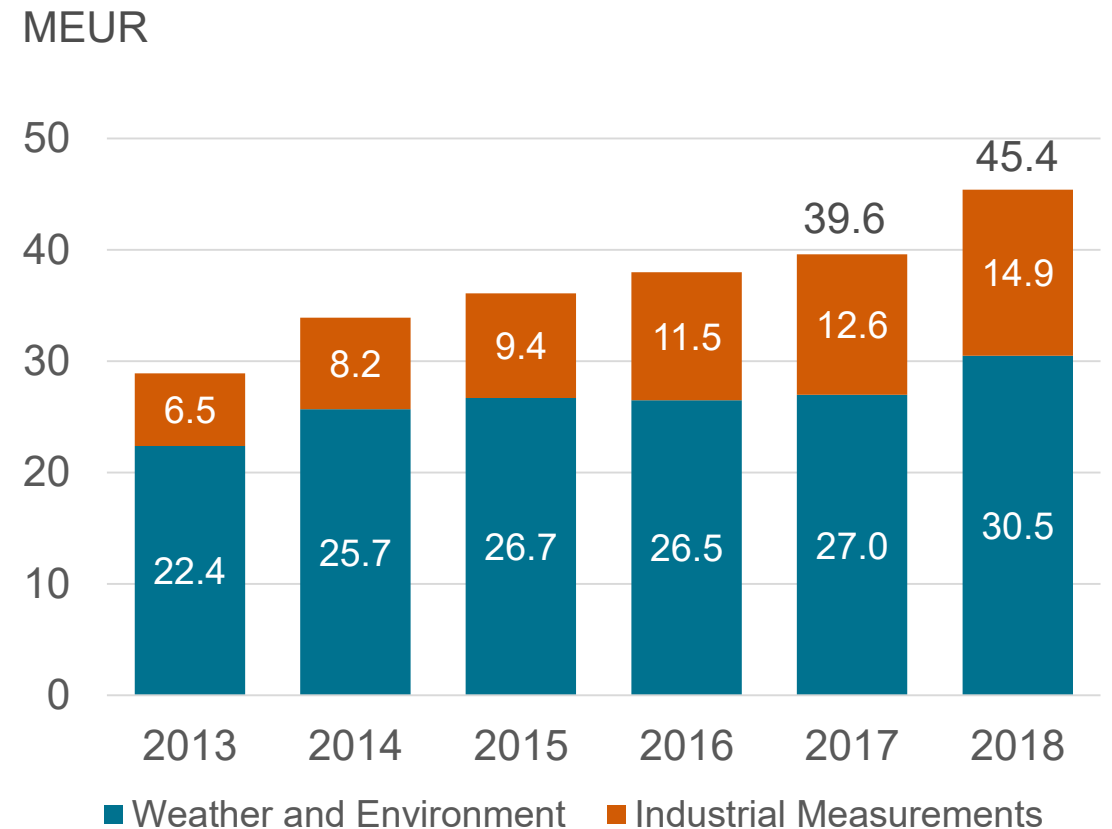
January–December 2018 highlights

- Orders received EUR 334.2 (346.3) million, -4%
 - With comparable rates -1%
- Order book EUR 120.6 (124.8) million, -3%
- Net sales EUR 348.8 (332.6) million, +5%
 - With comparable rates +7%
- Gross margin 53.1 (52.3) %
- Operating result EUR 38.9 (40.9) million, 11.1 (12.3) % of net sales
- Earnings per share EUR 0.82 (0.76)
- Cash flow from operating activities EUR 48.3 (49.2) million



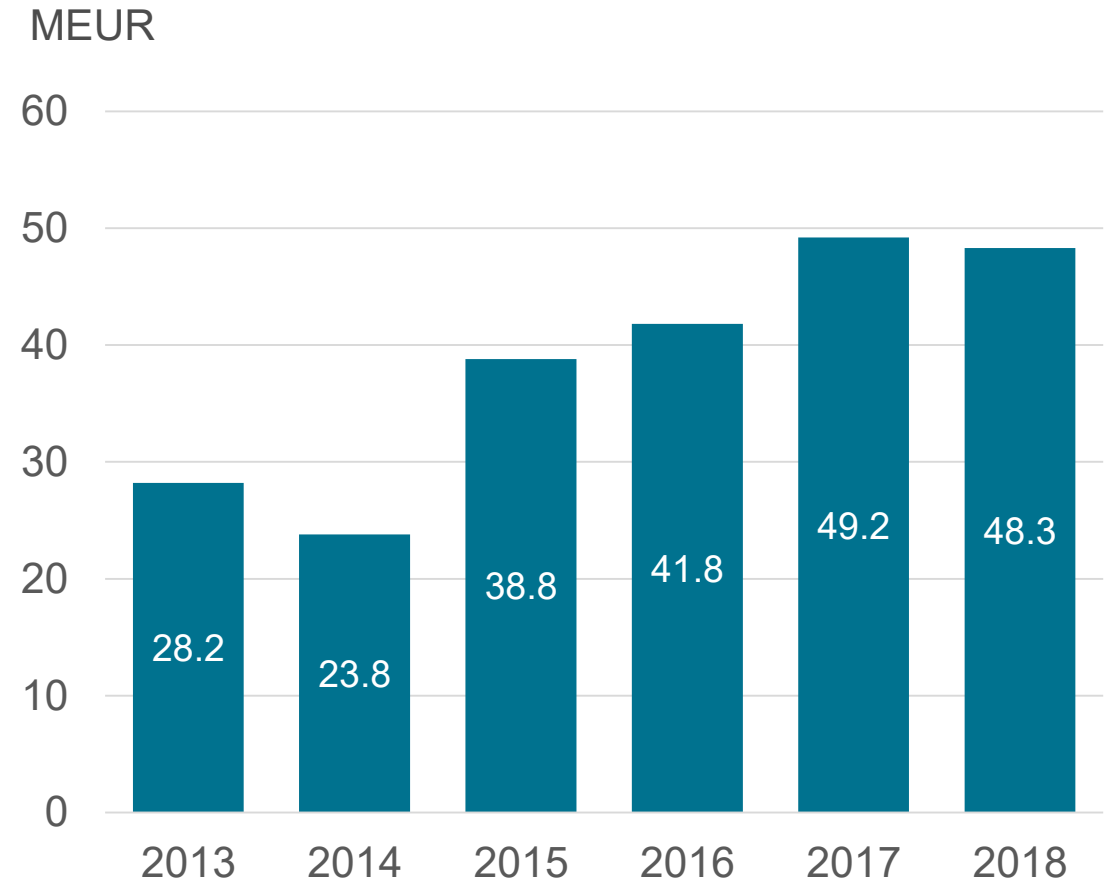
R&D expenditure continued to increase according to plan in both business areas

- R&D expenses EUR 45.4 (39.6) million or 13.0 (11.9) % of net sales
- Weather and Environment 13.1 (12.1) % of net sales
- Industrial Measurements 12.8 (11.4) % of net sales



Cash flow from operating activities stable

- Cash flow from operations decreased to EUR 48.3 (49.2) million
- Cash and cash equivalents EUR 72.7 (91.3) million, -20%
 - Two acquisitions and interest-bearing debt
- Dividend payment EUR 37.6 (17.8) million
- Capital expenditure EUR 14.5 (8.5) million
- Depreciation, amortization and impairment EUR 12.1 (9.7) million
 - Amortization related to Leosphere acquisition EUR 3.1 million
- Interest-bearing debt EUR 40.5 million on Dec 31, 2018



Market and Business Outlook

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Market Outlook 2019

Weather and Environment

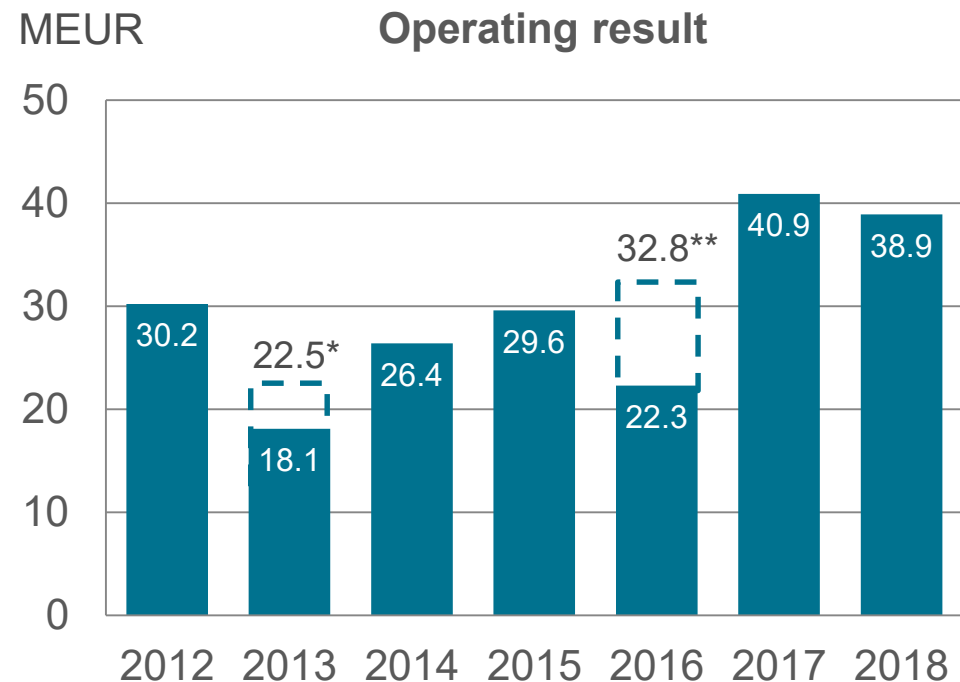
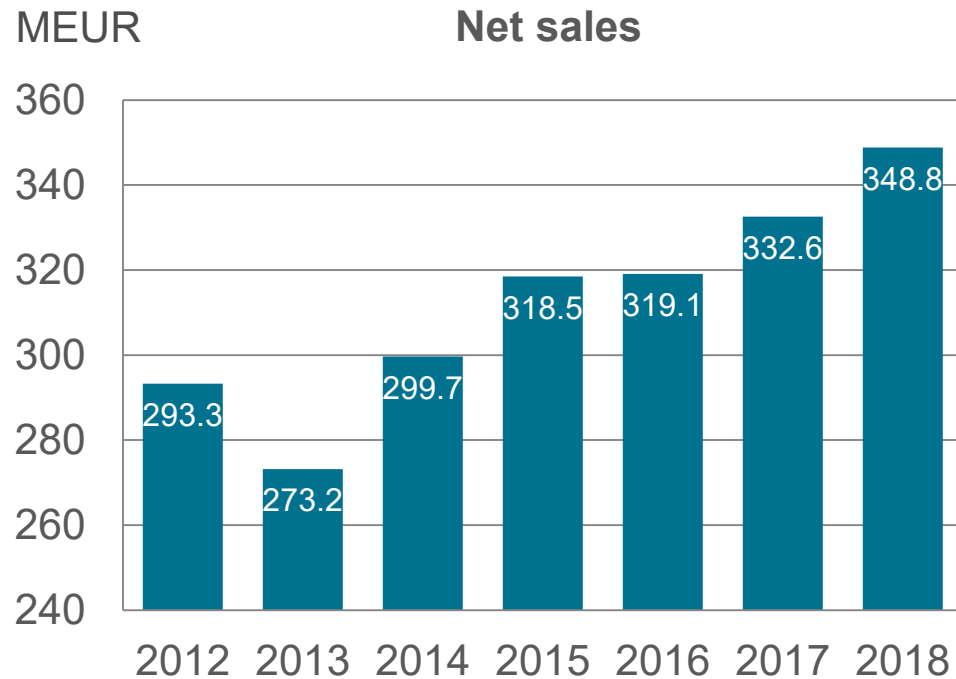
- Market for traditional weather observation solutions is expected to be flat.
- Demand is expected to improve in Europe and moderately in China and Americas. In Asia-Pacific, Middle East and Africa region demand is expected to decline moderately.
- Demand for digital solutions is expected to improve moderately compared to previous year.

Industrial Measurements

- Market for industrial measurement solutions is expected to continue to grow in all regions.
- Demand for continuous monitoring systems is expected to develop positively.
- Vaisala continues channel development and market entry with power transmission products, which has turned out to be challenging even though market is expected to develop positively.

Business Outlook 2019

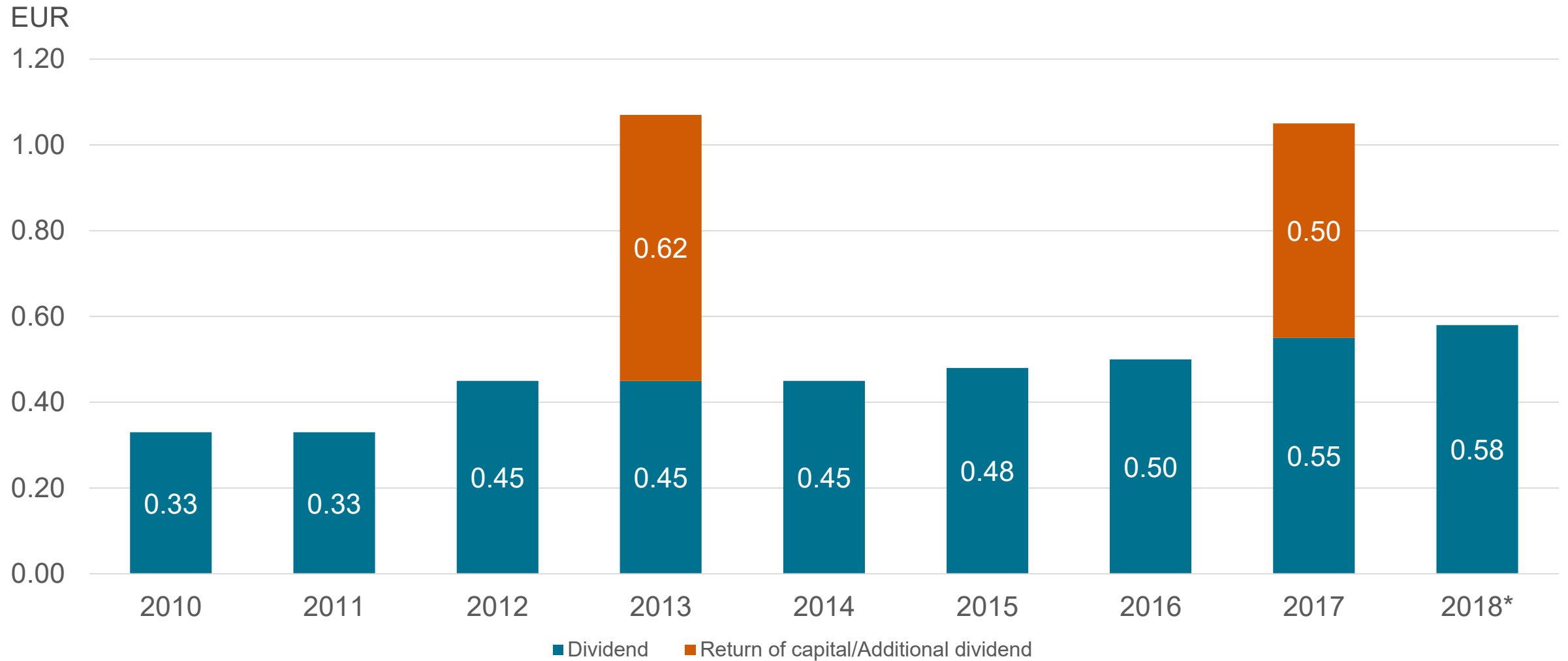
- Vaisala estimates its full-year 2019 net sales to be in the range of EUR 380–400 million and its operating result (EBIT) to be in the range of EUR 25–35 million including EUR 10–12 million acquisition related amortization and one-off expenses related to a lease contract.



* Excl. EUR 4.3 million impairment charge related to 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.

Dividend development 2010–2018



* Boards' proposal

All dividends have been adjusted to reflect increase number of shares after the share issue without payment in April 2018.

Questions Welcome!

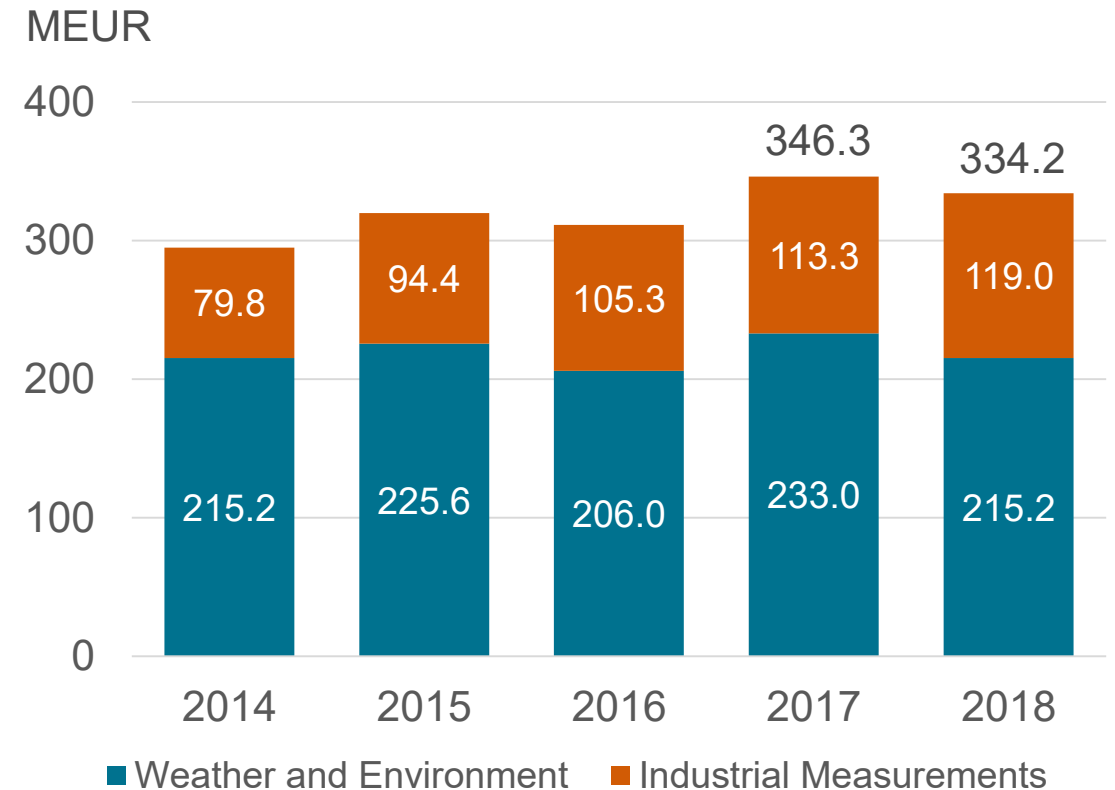
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Appendix January–December 2018 financials

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Vaisala January–December orders received decreased by 4%

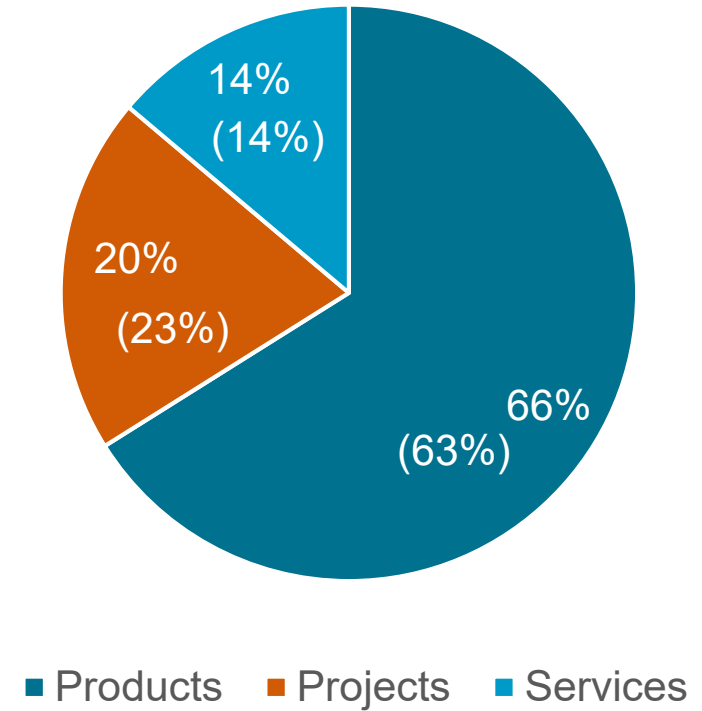
- Orders received EUR 334.2 (346.3) million, -4%
 - With comparable rates -1%
 - Orders increased in all regions in Industrial Measurements Business Area
- Weather and Environment Business Area
 - EUR 215.2 (233.0) million, -8%
 - With comparable rates -6%
 - Orders decreased mainly due to lack of large project orders during throughout the year
- Industrial Measurements Business Area
 - EUR 119.0 (113.3) million, +5%
 - With comparable rates +9%
 - Increase came from all regions and mainly from instrument orders from APAC



Share of product sales increased

EUR million	1-12/18	1-12/17	Change %
Products	230.5	210.7	2
Projects	70.0	76.4	-8
Services	48.3	45.4	6
Net sales, total	348.8	332.6	5
At comparable exchange rates	356.6	332.6	7

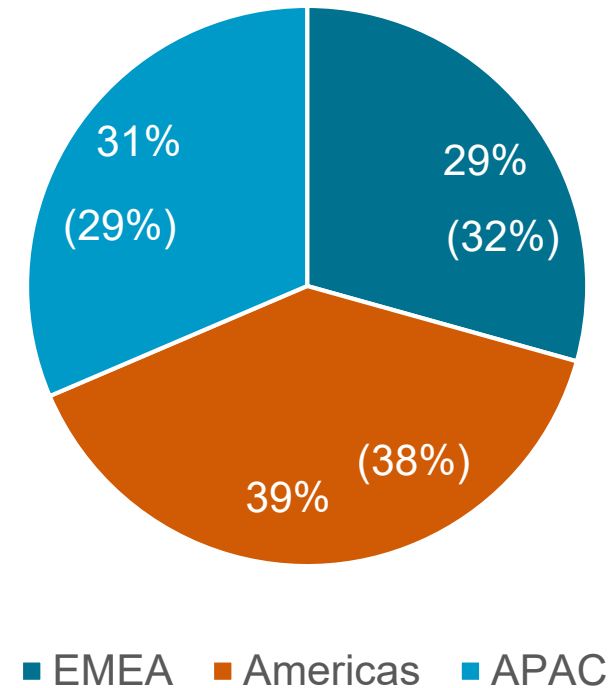
% of net sales 1-12/18



January–December net sales increased in APAC and Americas

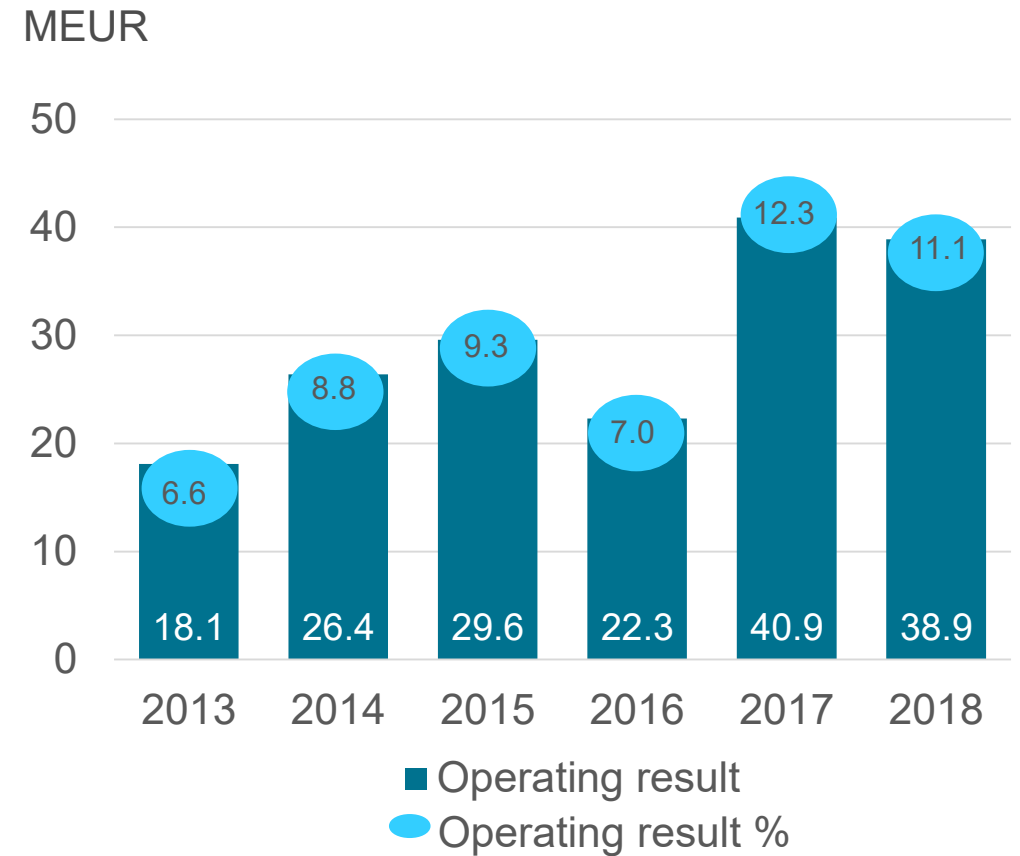
EUR million	1-12/18	1-12/17	Change %
EMEA	102.3	107.7	-5
Americas	136.8	127.3	7
APAC	109.6	97.5	12
Total	348.8	332.6	5

% of net sales 1-12/18



January–December operating result 11.1% of net sales

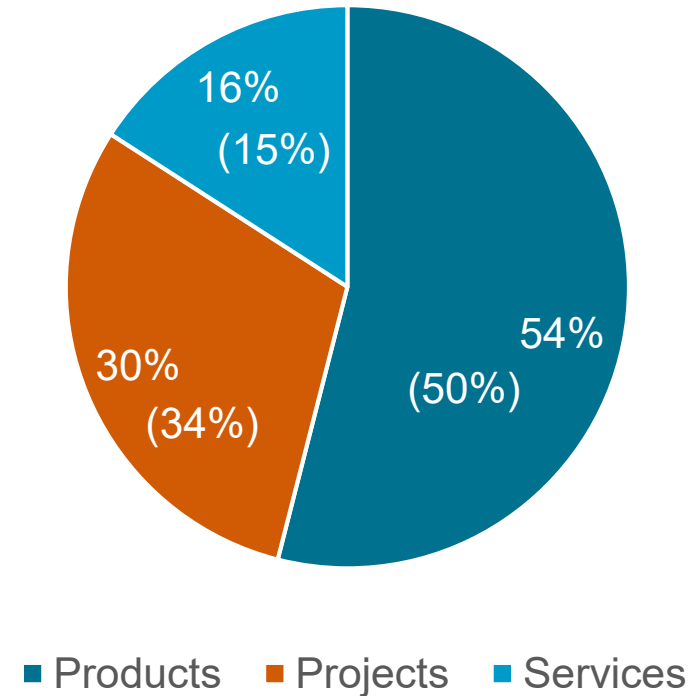
- Operating result EUR 38.9 (40.9) million or 11.1 (12.3) of net sales
- Operating expenses EUR 148.3 (133.3) million, increase 11%
 - Increase came mainly from R&D expenses according to plan and Leosphere's operating expenses
 - Transaction costs and amortization of intangible assets related to Leosphere acquisition EUR 4.7 million
- Operating result increased by EUR 1.5 million reversal of earn-outs related to Envitems and Vionice acquisitions and renegotiation of Leosphere's contractual liabilities



Weather and Environment January–December net sales increased by 5%

EUR million	1-12/18	1-12/17	Change %
Products	125.4	112.0	12
Projects	70.0	76.4	-8
Services	36.9	33.8	9
Net sales, total	232.3	222.2	5
At comparable exchange rates	236.4	222.2	6

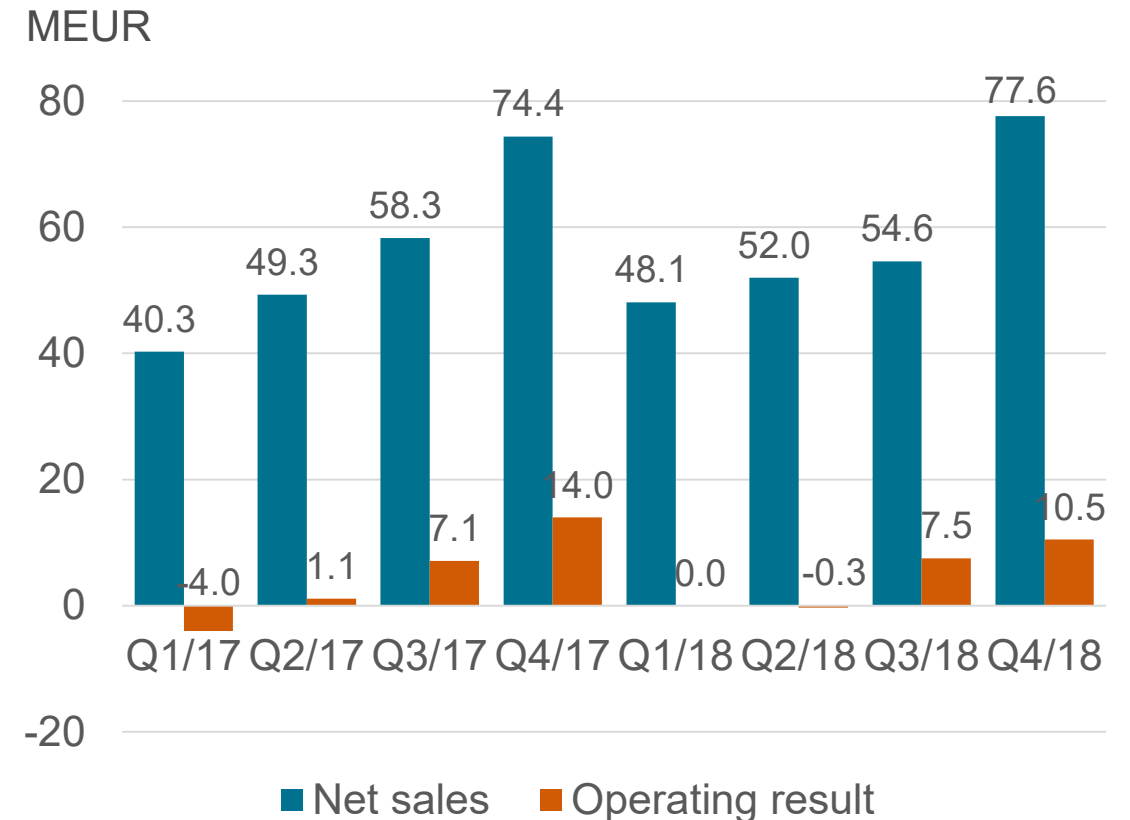
% of net sales 1-12/18



Weather and Environment January–December

operating result 7.6% of net sales

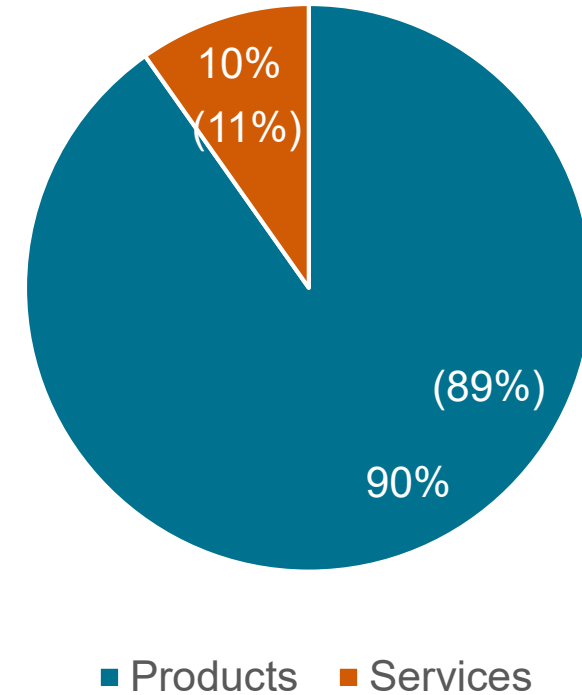
	1-12/18	1-12/17
Orders received, EUR million	215.2	233.0
Net sales, EUR million	232.3	222.2
Gross margin, %	48.6	47.3
Operating expenses, EUR million	96.7	87.3
Operating result, EUR million	17.7	18.2
Operating result, %	7.6	8.2



Industrial Measurements January–December net sales increased by 6%

EUR million	1-12/18	1-12/17	Change %
Products	105.1	98.7	6
Services	11.4	11.6	-2
Net sales, total	116.4	110.3	6
At comparable exchange rates	120.2	110.3	9

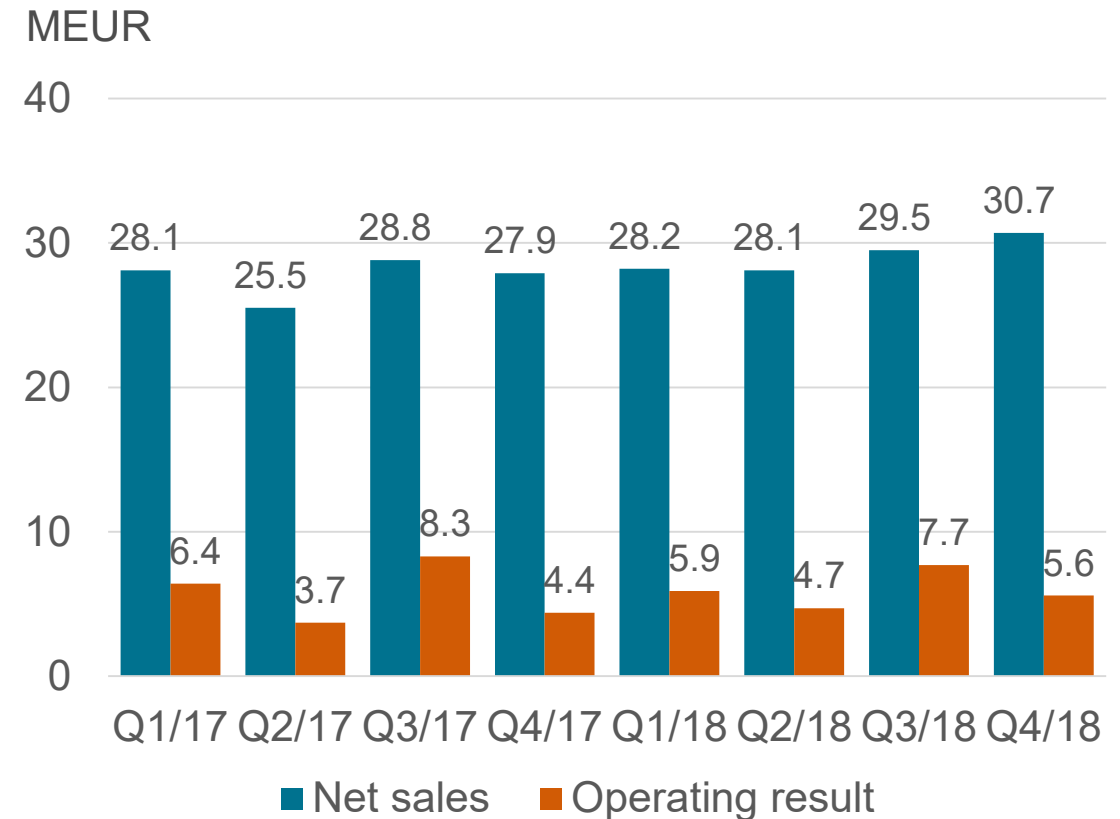
% of net sales 1-12/18



Industrial Measurements January–December

operating result margin 20.5%

	1-12/18	1-12/17
Orders received, EUR million	119.0	113.3
Net sales, EUR million	116.4	110.3
Gross margin, %	62.1	62.4
Operating expenses, EUR million	48.5	46.0
Operating result, EUR million	23.9	22.8
Operating result, %	20.5	20.7



Observations for a Better World

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