

Interim report July-September 2013

Vaisala Corporation

October 23, 2013

VAISALA

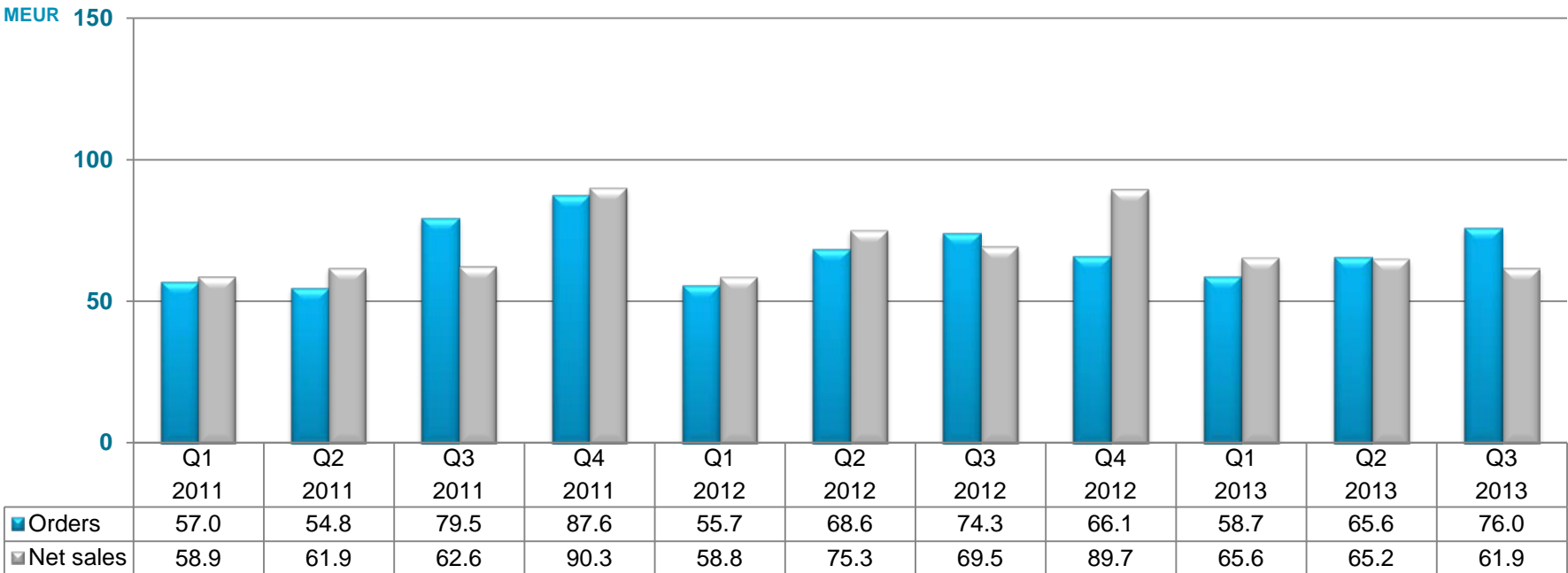
Overview of Q3/2013

- Orders received: EUR 76.0 (74.3) million, +2%
- Net sales EUR 61.9 (69.5) million, -11%.
 - At comparable exchange rates the net sales would have decreased by 7%
- Operating profit EUR 4.9 (5.3) million, -8%
- Earnings per share EUR 0.14 (0.16)
- Cash flow from operating activities EUR 10.9 (9.1) million
- Cash and cash equivalents EUR 47.0 (55.8) million
- Capital return EUR 22.2 million

Overview of 1-9/2013

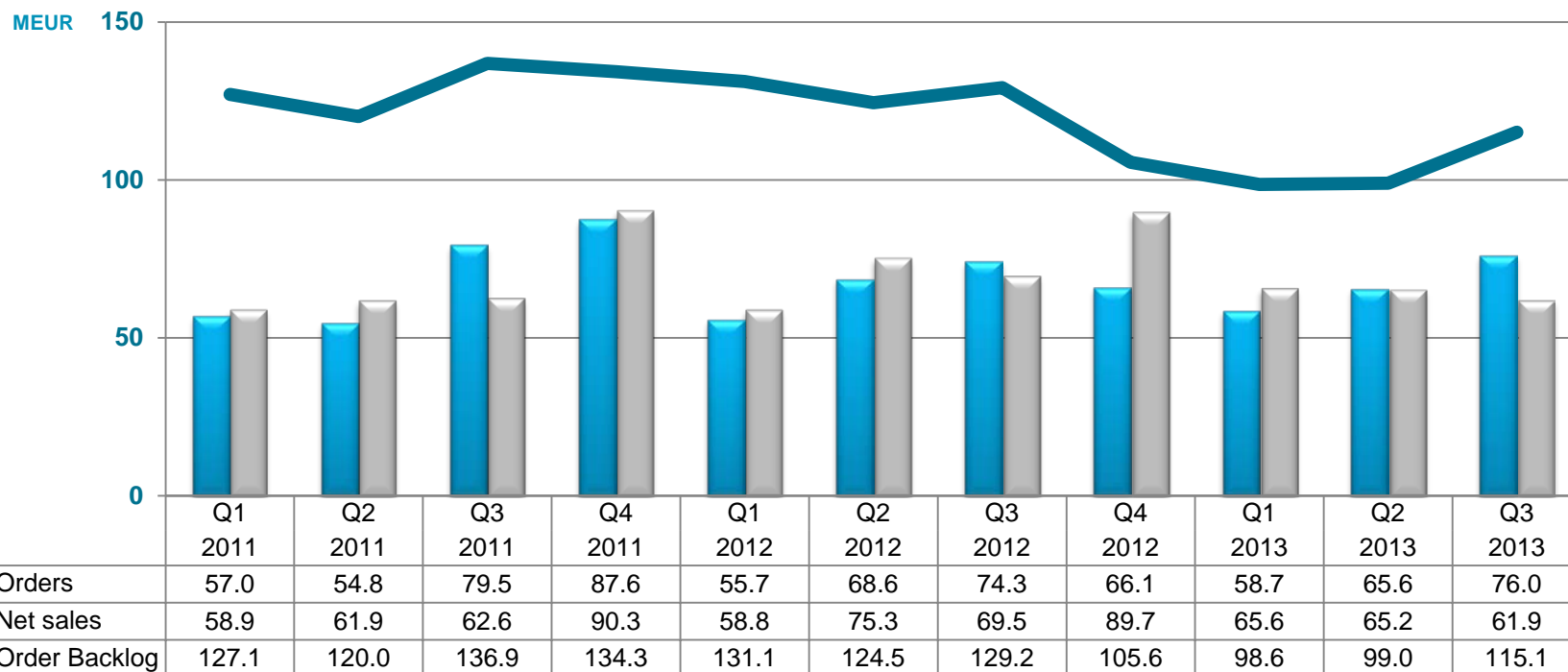
- Orders received: EUR 200.2 (198.6) million, +1%
- Net sales EUR 192.7 (203.6) million, -5%
 - At comparable exchange rates the net sales would have decreased by 3%
- Operating profit EUR 15.1 (17.7) million, -15%
- One-time gain from product line divestment EUR 1.5 million
- Earnings per share EUR 0.50 (0.66)
- Cash flow from operating activities EUR 16.2 (26.7) million
- Cash and cash equivalents EUR 47.0 (55.8) million
- Capital return EUR 22.2 million
- Dividends paid EUR 16.2 million

Orders, Net Sales and Order Book



- In Q3/2013, orders received were EUR 76.0 (74.3) million and increased by 2% year-on-year
- Net sales were EUR 61.9 (69.5) million and decreased by 11% year-on-year
- Net sales decreased in both Weather Business and Controlled Environment Business areas

Orders, Net sales and Order Book



- The order book was EUR 115.1 (129.2) million, 11% lower than at the end of Sep 2012
 - Order book increased by 16% from second quarter of this year
- The decrease in order book is mostly due to the realized budget sequestration in the USA and strained governmental finances in Europe

1-9/2013 Net Sales by Regions

MEUR

1-9/
2013

73.9

69.6

49.1

Change
1-9/2012
1-9/2013

-6%

-2%

-10%

Share of
Net
Sales

38%

36%

25%

Net Sales by Business Areas (MEUR)

	1-9/2013	1-9/2012	2012
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Weather

Products	69.9	74.3	99.7
Delivery projects	45.7	51.5	84.2
Services	22.0	20.9	34.1

Controlled Environment

Products	48.7	51.2	67.0
Services	6.5	5.7	8.2

Sales, elimination and others

0.0

0.0

0.0

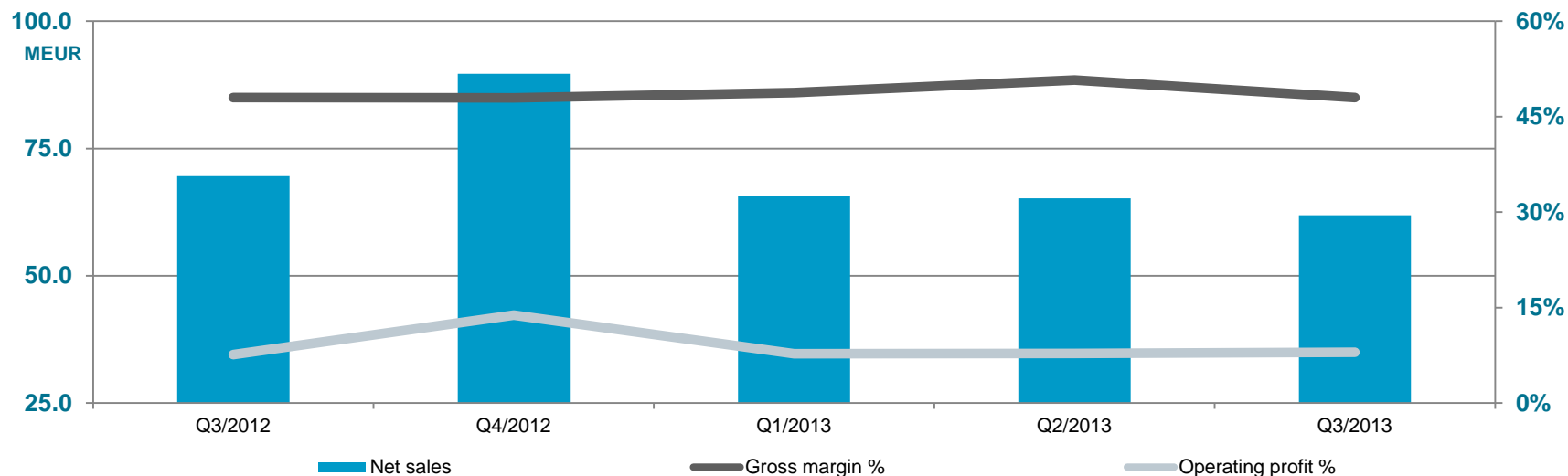
TOTAL VAISALA NET SALES

192.7

203.6

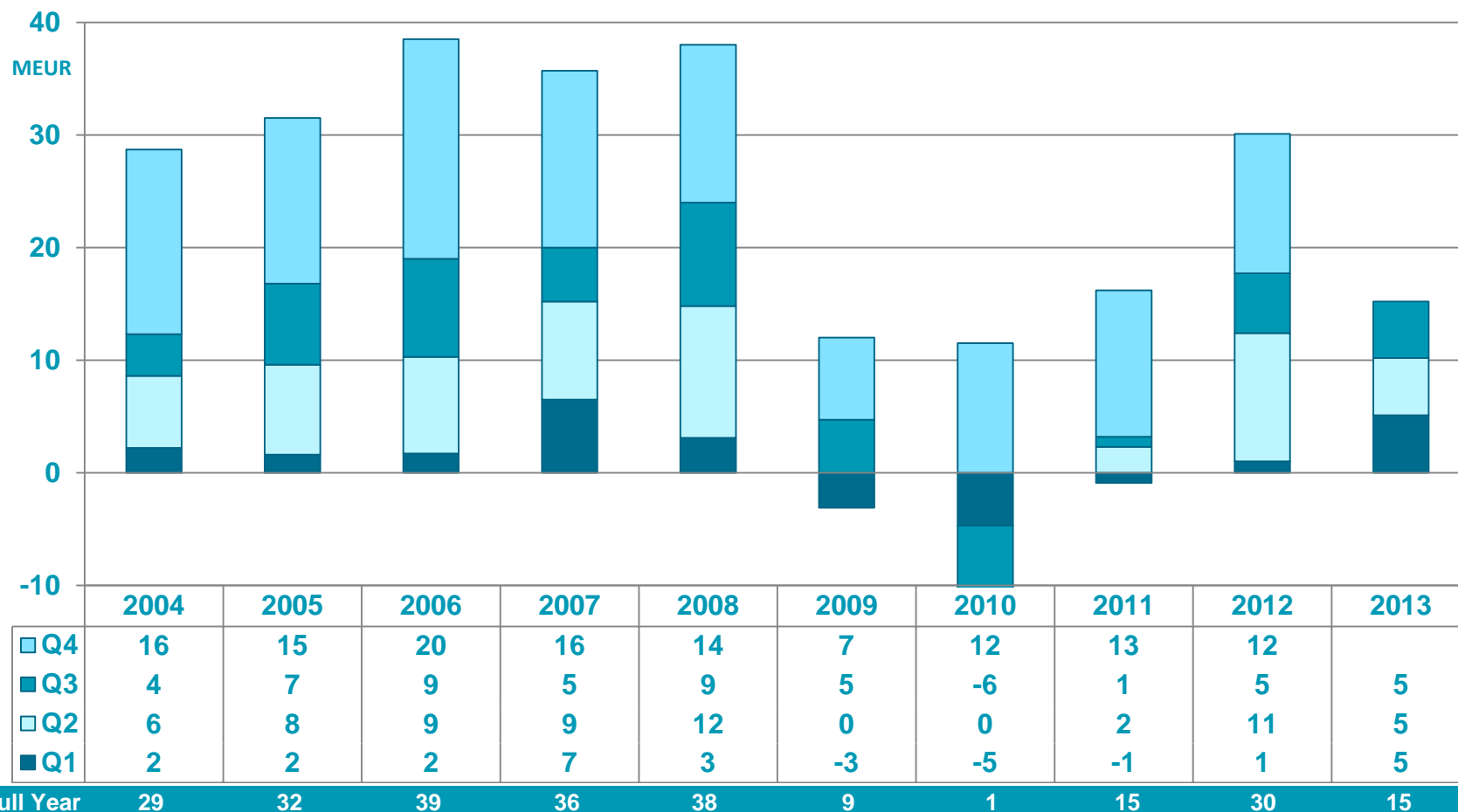
293.3

Performance by Quarter



	<u>Q3/2012</u>	<u>Q4/2012</u>	<u>Q1/2013</u>	<u>Q2/2013</u>	<u>Q3/2013</u>
Net sales	69.6	89.7	65.6	65.2	61.9
Cost of sales	36.1	46.6	33.6	32.1	31.9
Gross profit	33.4	43.0	32.0	33.1	30.0
<i>Gross margin %</i>	<i>48%</i>	<i>48%</i>	<i>49%</i>	<i>51%</i>	<i>48%</i>
Sales, marketing and administrative costs	21.1	23.1	20.8	20.9	19.1
Research and development costs	6.9	7.5	7.6	7.0	6.2
Other operating income and expense	0.0	0.0	1.6	0.0	0.1
Operating profit	5.3	12.4	5.1	5.1	4.9
<i>Operating profit %</i>	<i>8%</i>	<i>14%</i>	<i>8%</i>	<i>8%</i>	<i>8%</i>

Operating Profit by Quarter



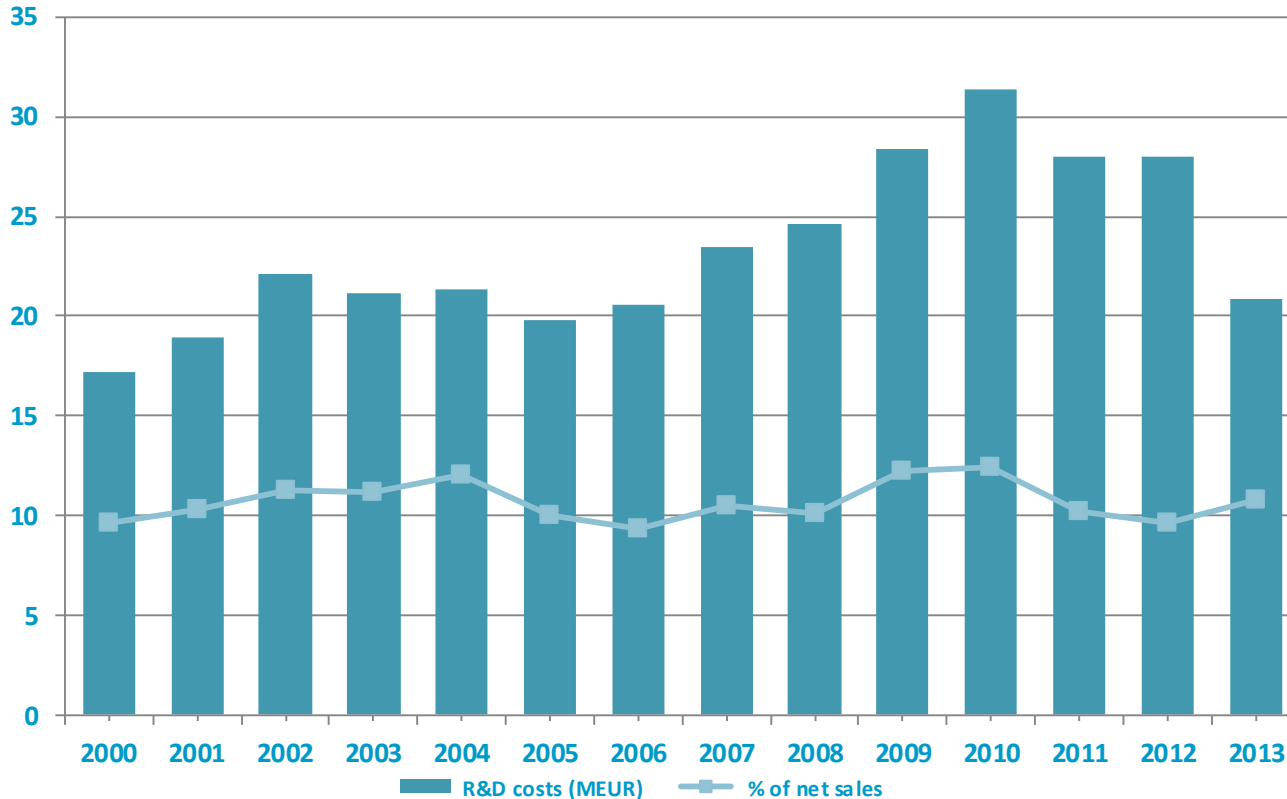
Weather 1-9/2013

- **Net sales EUR 137.5 (146.7) million, -6%**
 - At comparable exchange rates net sales would have decreased by 4%
 - Both delivery projects and product sales decreased
 - Sales to Meteorology customer group grew whereas sales to other customer groups declined or stayed at last year's level
- **Orders received EUR 144.2 (141.2) million, +2%**
- **Order book EUR 109.9 (124.8) million, -12%**
- **Operating profit EUR 6.9 (10.8) million, -36%**
 - The decline was mainly due to lower sales volumes
 - Profitability of product sales improved, whereas profitability of delivery projects weakened
 - Operating expenses decreased from previous year

Controlled Environment 1-9/2013

- **Net sales EUR 55.2 (56.9) million, -3%**
 - At comparable exchange rates net sales would have increased by 1%
 - Net sales decreased in Japan and North America whereas net sales to China was growing
- **Orders received EUR 56.0 (57.4) million, -2%**
- **Order book EUR 5.2 (4.4) million, +18%**
- **Operating profit EUR 7.5 (8.3) million, -10%**
 - The decline was mainly due to lower sales volumes and investments in service business capabilities whereas profitability of product sales improved
 - Operating expenses decreased from last year even though investments in R&D continued

Research and Development Costs 1-9/2013

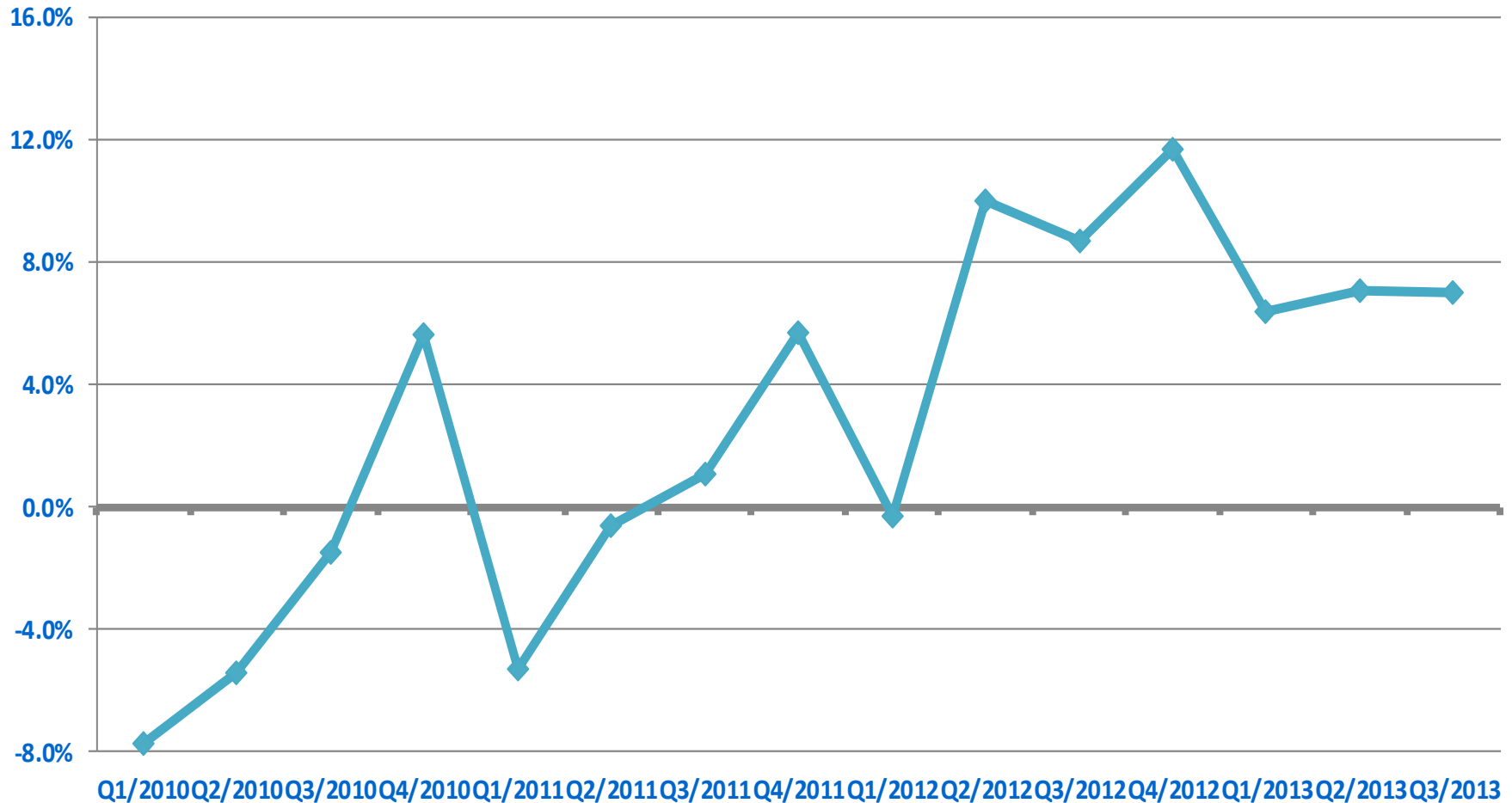


- R&D expenses EUR 20.9 (20.5) million, 10.8% of net sales
- Weather BA 12% (11%) of net sales
- Controlled Environment BA 8% (8%) of net sales
- The goal is to keep the share of R&D expenses at around 10% of net sales

Key Ratios 1-9/2013

	1-9/2013	1-9/2012	2012
Number of shares traded (kpcs)	2,083	642	1,019
Earnings per share (EUR)	0.50	0.66	1.20
Cash flow from operating activities per share (EUR)	0.89	1.47	2.66
Solvency ratio	74%	75%	75%
Gross capital expenditure (MEUR)	5.8	3.8	5.4
Average personnel	1,476	1,416	1,422

Vaisala Group ROE %



Outlook

Market outlook

Vaisala's markets do not reflect the early signs of the global economic recovery.

In North America the USA budget sequestration will continue to limit demand for Weather Business Area's offering. The federal government shutdown in the USA will have additional implications to order intake and delivery schedules resulting from the lack of necessary funding, government resources and infrastructure, and thus delaying the net sales generation. Market environment for Controlled Environment Business Area is expected to remain competitive.

In Europe strained governmental finances are expected to continue to restrain demand for Weather Business Area's offering. Stable market demand is expected to continue in China and APAC for Weather Business Area's products and for Controlled Environment Business Area's products the demand is expected to grow.

Business Outlook 2013

Vaisala now estimates its net sales to be in the range of EUR 270–286 million in 2013. The operating profit (EBIT) is expected to be in the range of EUR 20–30 million.



Thank you