

# Interim Report January–September 2017

Vaisala Corporation  
October 23, 2017

**VAISALA**

**Third Quarter 2017**

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# Third quarter 2017 highlights

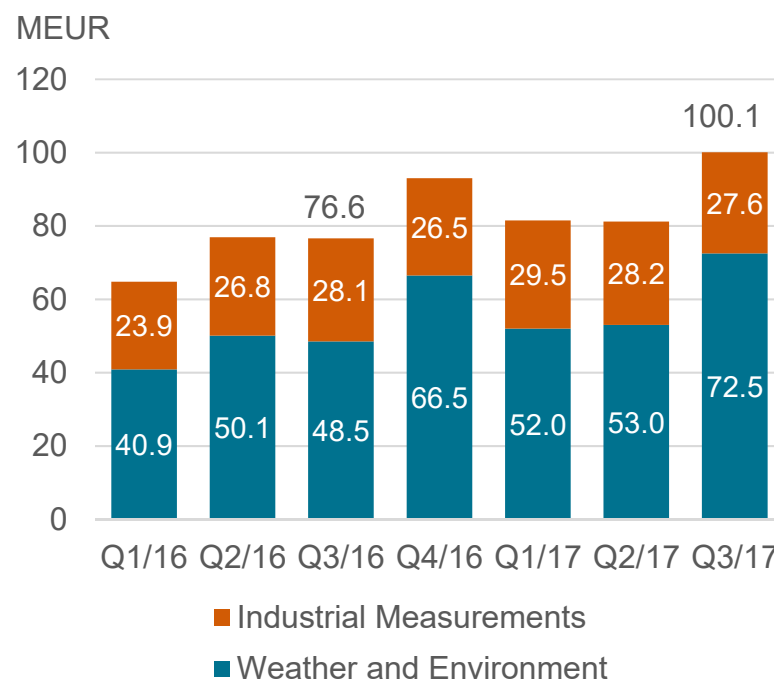
- Orders received EUR 100.1 (76.6) million, +31%
- Order book EUR 145.0 (114.8) million, +26%
- Net sales EUR 87.1 (81.8) million, +6%
- Gross margin 52.8% (53.9%)
- Operating result\* EUR 14.7 (5.3) million, 16.9% (6.5%) of net sales
- Earnings per share EUR 0.59 (0.21)
- Cash flow from operating activities EUR 14.9 (10.0) million



\* Third quarter included EUR 0.8 million cost related to transformation in Digital Solutions business in Weather and Environment Business Area. Comparison period included EUR 10.5 million write-down of intangible assets.

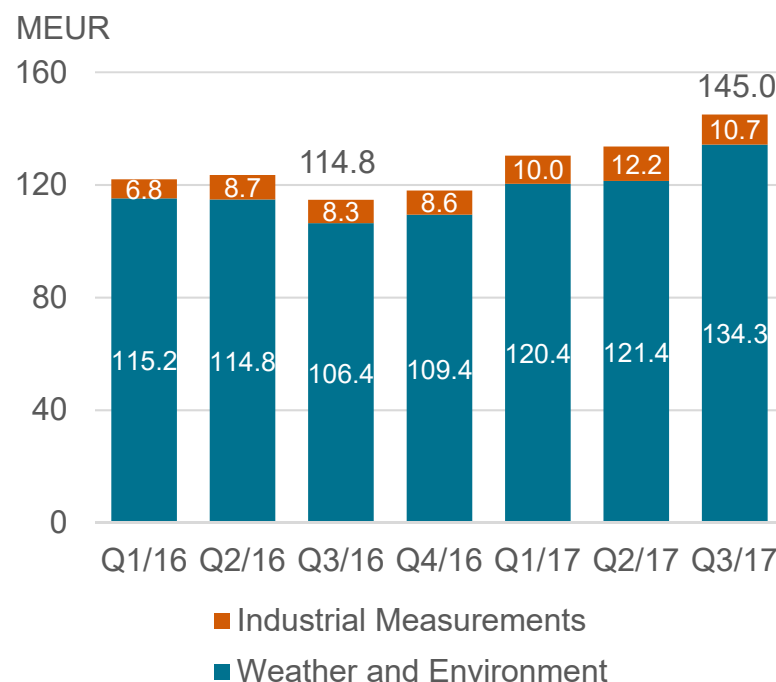
# Vaisala Q3 orders received increased 31%

- Orders received EUR 100.1 (76.6) million, +31%
  - The increase was strong in all geographical areas
- Weather and Environment Business Area
  - EUR 72.5 (48.5) million, +50%
  - The increase was strong in all regions
  - Orders included several large project orders
- Industrial Measurements Business Area
  - EUR 27.6 (28.1) million, -2%
  - The decrease came from Americas



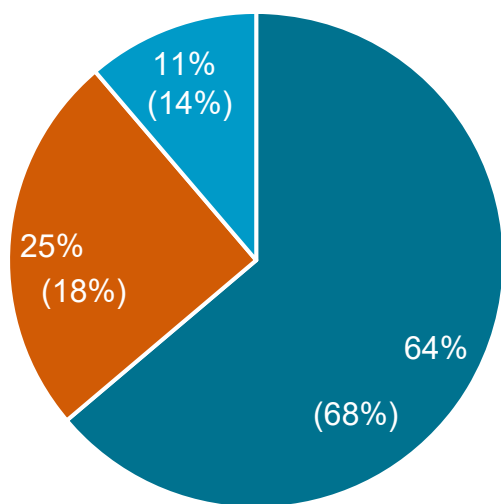
# Vaisala order book increased 26%

- Order book EUR 145.0 (114.8) million, +26%
  - The order book increased in all geographical areas
  - EUR 66.1 (53.7) million of the order book is scheduled to be delivered in 2017
- Weather and Environment Business Area
  - EUR 134.3 (106.4) million, +26%
  - EUR 57.7 (47.2) million of the order book is scheduled to be delivered in 2017
- Industrial Measurements Business Area
  - EUR 10.7 (8.3) million, +28%
  - EUR 8.4 (6.6) million of the order book is scheduled to be delivered in 2017

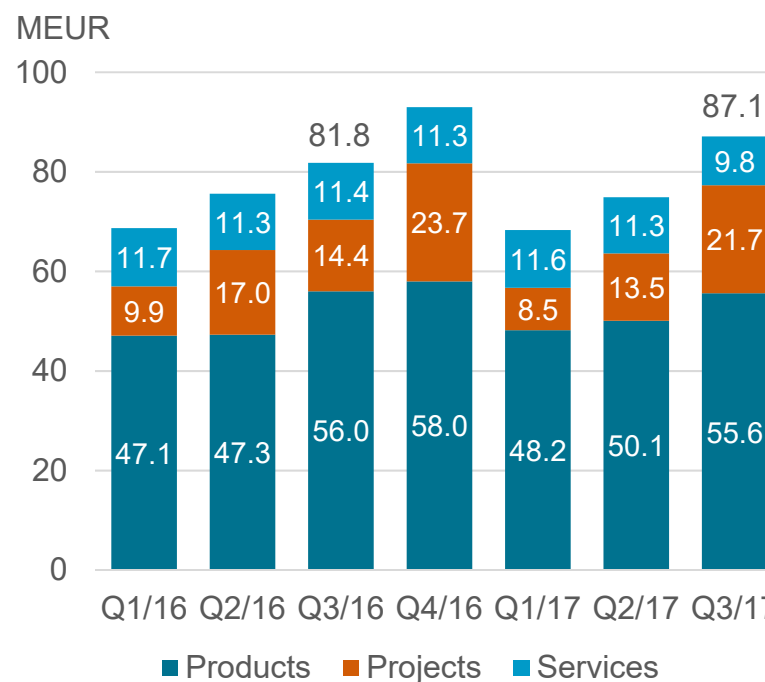


# Vaisala Q3 project deliveries increased 51% y-o-y

% of net sales Q3/2017



■ Products ■ Projects ■ Services

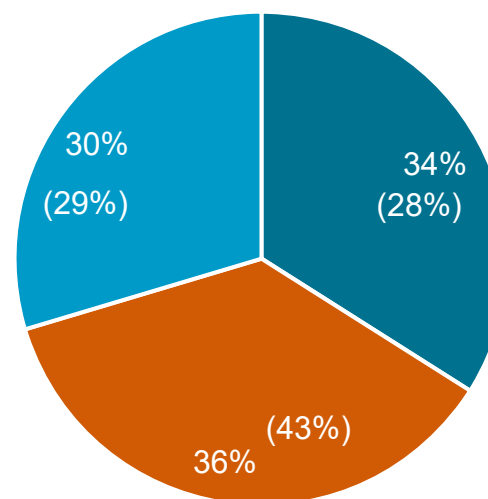


■ Products ■ Projects ■ Services

# Balanced geographical split of net sales in Q3

EUR million	Q3/2017	Q3/2016	Change %
EMEA	29.6	23.1	28
Americas	31.7	35.4	-10
APAC	25.8	23.3	11
Total	87.1	81.8	6

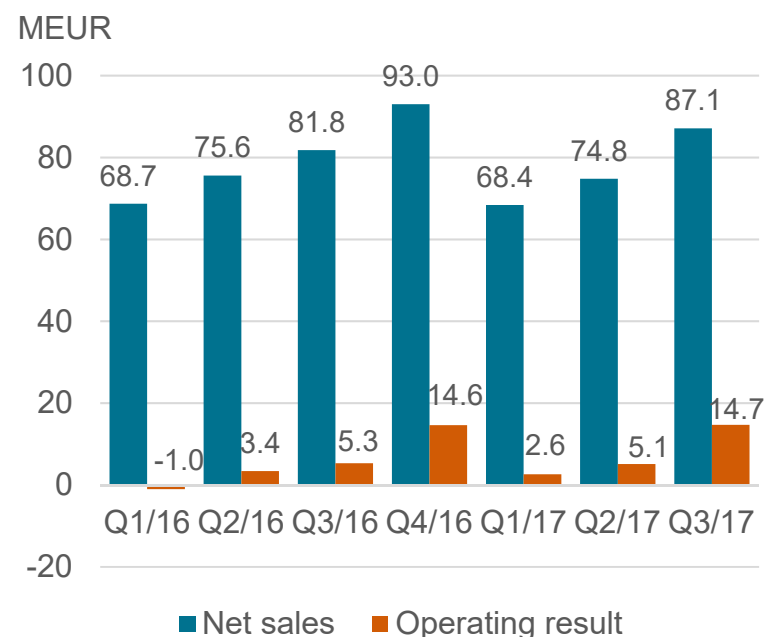
% of net sales in Q3/2017



■ EMEA ■ Americas ■ APAC

# Vaisala Q3 operating result 16.9% of net sales

	Q3/2017	Q3/2016
Orders received, EUR million	100.1	76.6
Net sales, EUR million	87.1	81.8
Gross margin, %	52.8	53.9
Operating expenses, EUR million	30.5	40.1
Operating result, EUR million	14.7	5.3
Operating result, %	16.9	6.5



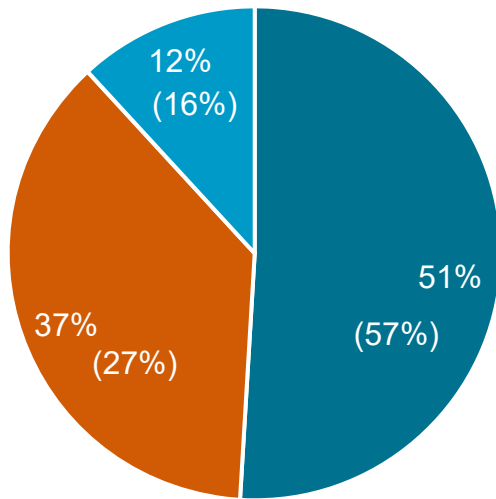


# Weather and Environment

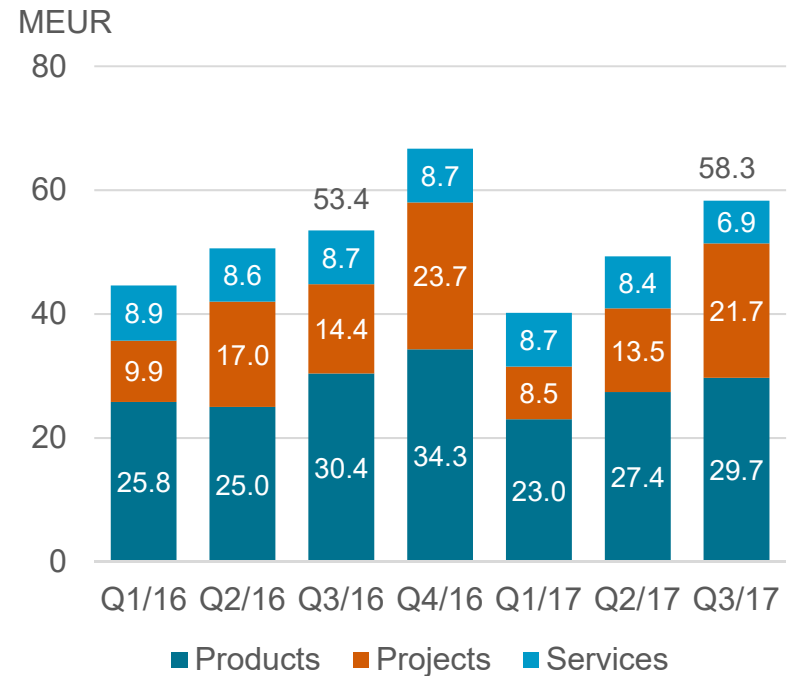
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# Weather and Environment Q3 net sales increased by 6%

% of net sales in Q3/2017



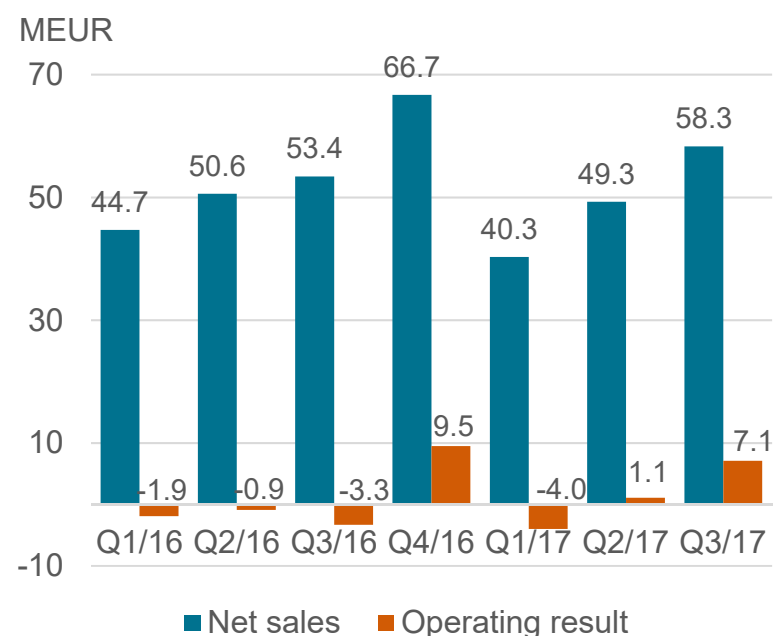
■ Products ■ Projects ■ Services



■ Products ■ Projects ■ Services

# Weather and Environment Q3 operating result 12.3% of net sales

	Q3/2017	Q3/2016
Orders received, EUR million	72.5	48.5
Net sales, EUR million	58.3	53.4
Gross margin, %	47.1	50.7
Operating expenses, EUR million	20.4	30.3
Operating result, EUR million	7.1	-3.3
Operating result, %	12.3	-6.1

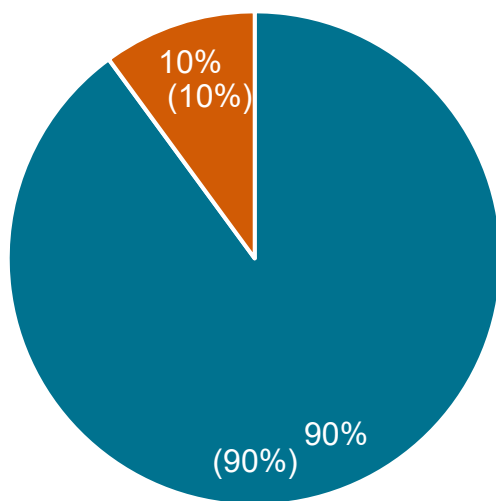


# Industrial Measurements

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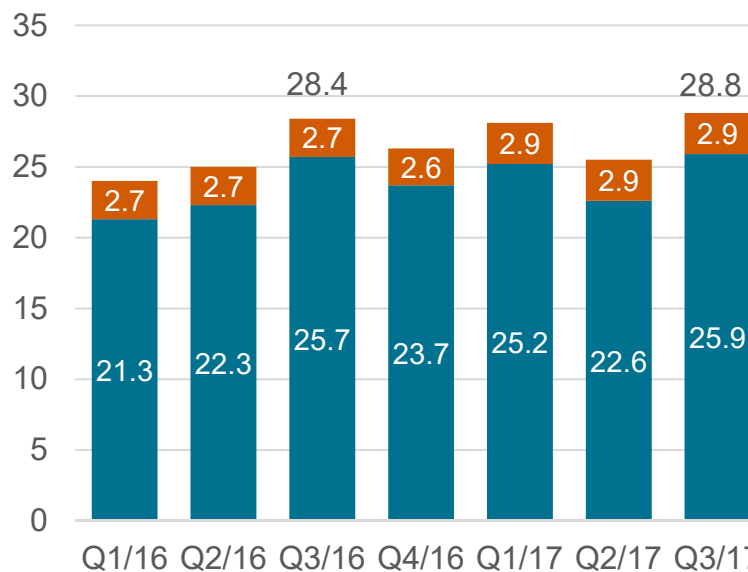
# Industrial Measurements Q3 net sales increased 2%

% of net sales in Q3/2017



■ Products ■ Services

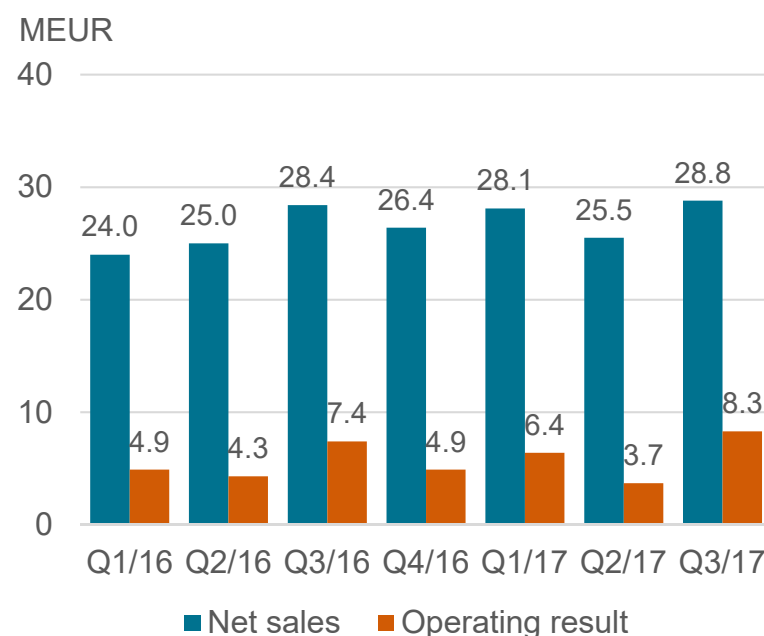
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■ Products ■ Services

# Industrial Measurements Q3 operating result 29% of net sales

	Q3/2017	Q3/2016
Orders received, EUR million	27.6	28.1
Net sales, EUR million	28.8	28.4
Gross margin, %	64.2	60.3
Operating expenses, EUR million	10.1	9.7
Operating result, EUR million	8.3	7.4
Operating result, %	29.0	26.2



**January–September 2017**

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# January–September 2017 highlights

- Orders received EUR 262.9 (218.3) million, +20%
- Net sales EUR 230.3 (226.0) million, +2%
- Gross margin 52.2% (51.4%)
- Operating result EUR 22.4 (7.7\*) million
- Earnings per share EUR 0.86 (0.26)
- Cash flow from operating activities EUR 26.2 (17.1) million
- Cash and cash equivalents EUR 72.3 (49.9) million, +45%

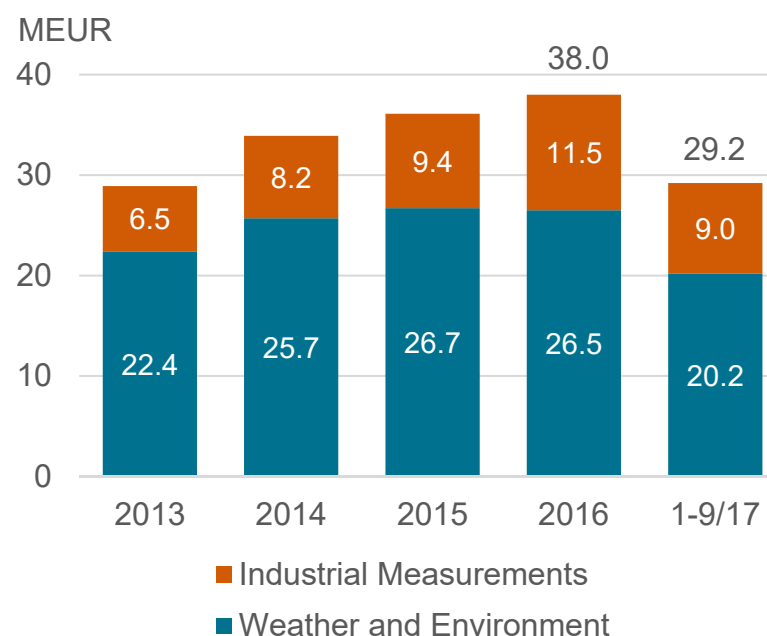
\* Comparison period included EUR 10.5 million write-down of intangible assets.





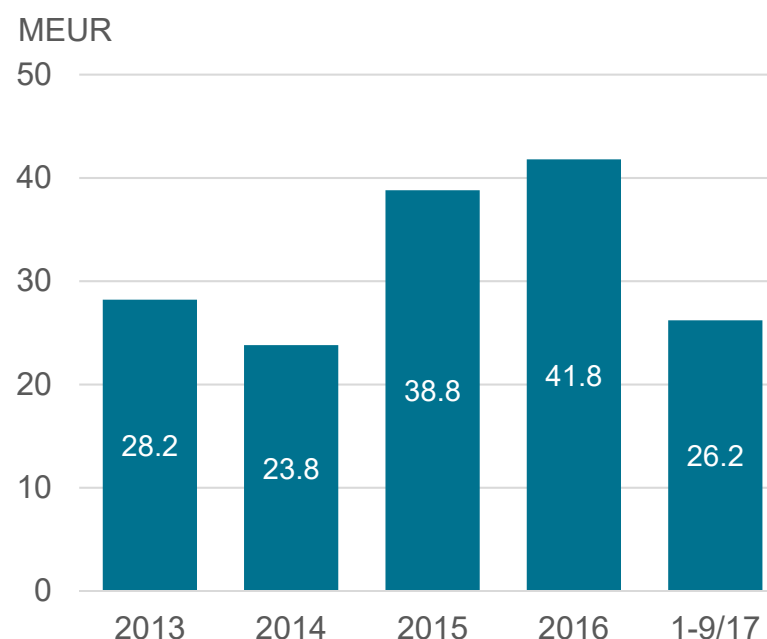
# Strong investment in R&D continued

- R&D expenses EUR 29.2 (27.9) million or 12.7% (12.3%) of net sales
  - Weather and Environment 13.6% (13.2%) of net sales
  - Industrial Measurements 11.0% (10.6%) of net sales



# Cash flow from operating activities increased 53% y-o-y

- Cash flow from operations increased to EUR 26.2 (17.1) million as a result of increased EBITDA and positive working capital development
- Cash and cash equivalents EUR 72.3 (49.9) million, +45%
- Capital expenditure EUR 6.6 (6.2) million
- Depreciation, amortization and write-downs EUR 7.5 (21.3) million
- Dividend paid EUR 17.8 million
- Purchases of treasury shares EUR 0.8 million during Q1



# Market and Business Outlook

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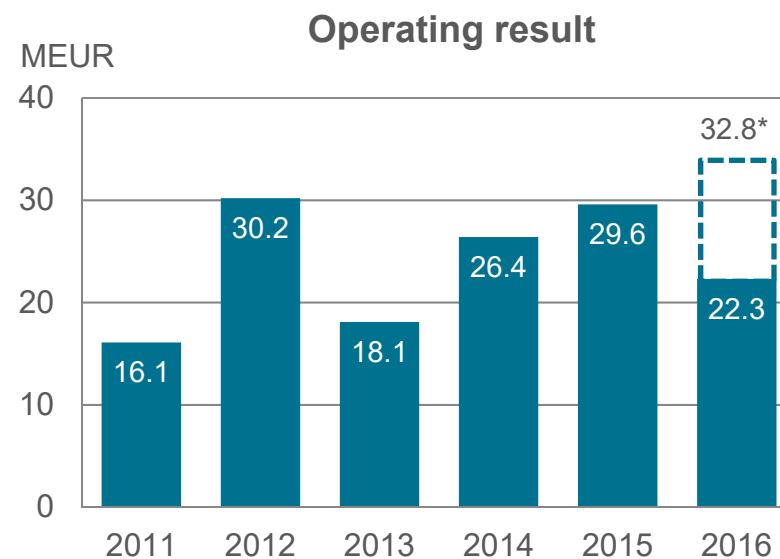
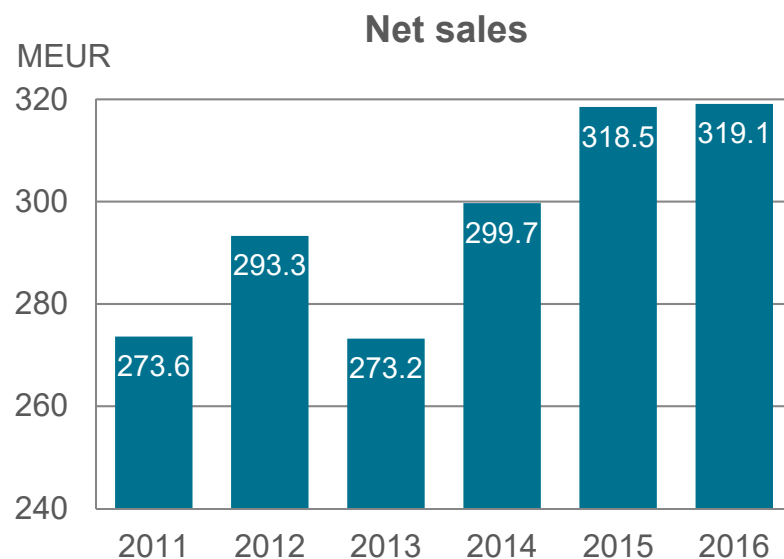
# Market Outlook 2017

- Vaisala is expecting moderate improvement for weather observation market compared to previous year. Compared to previous year, growth in new orders and deliveries is expected in particular in Europe and Asia Pacific. Growth is driven by meteorology customer segment. Market development with transportation customer segment looks overall stable and demand for digital solutions is expected to grow modestly compared to previous year.
- Industrial measurement market outlook continues to be favorable



# Business Outlook 2017 unchanged

- Vaisala estimates its full year 2017 net sales to be in the range of EUR 310–340 million and its operating result (EBIT) to be in the range of EUR 32–42 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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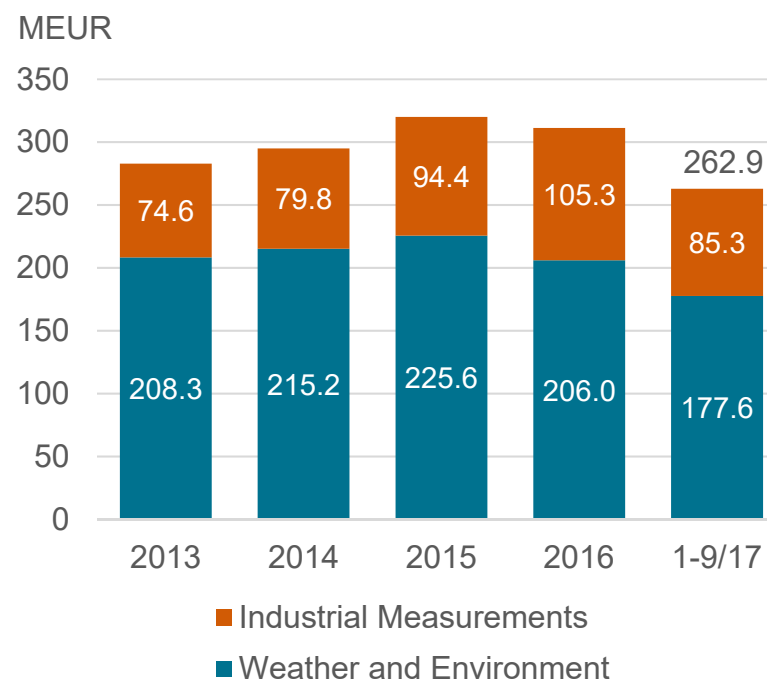


# Appendix January–September 2017 financials

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# Vaisala January–September orders received increased 20%

- Orders received EUR 262.9 (218.3) million, +20%
  - The increase came from all geographical areas
- Weather and Environment Business Area
  - EUR 177.6 (139.5) million, +27%
  - The increase came from all regions
- Industrial Measurements Business Area
  - EUR 85.3 (78.8) million, +8%
  - The increase came from all regions, strongest in APAC

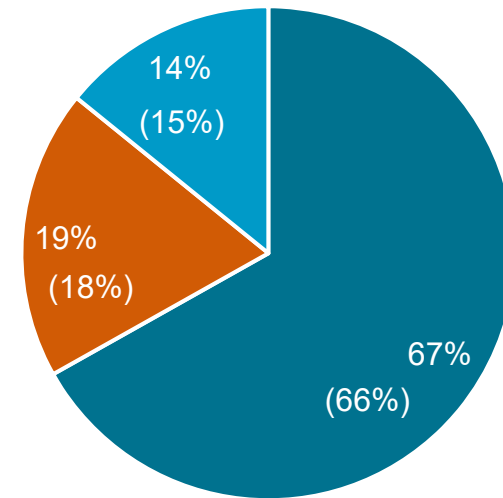




# January–September sales mix unchanged

EUR million	1-9/2017	1-9/2016	Change %
Products	153.9	150.3	2
Projects	43.7	41.4	6
Services	32.6	34.3	-5
<b>Net sales, total</b>	<b>230.3</b>	<b>226.0</b>	<b>2</b>
At comparable exchange rates	213.4	226.0	2

% of net sales in 1-9/2017

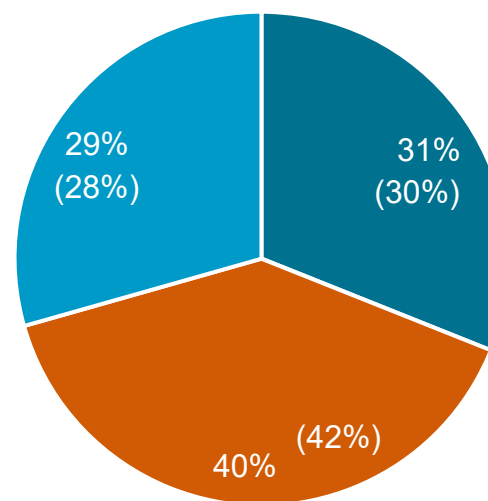


■ Products ■ Projects ■ Services

# Geographical split of Vaisala January–September net sales unchanged

% of net sales in 1-9/2017

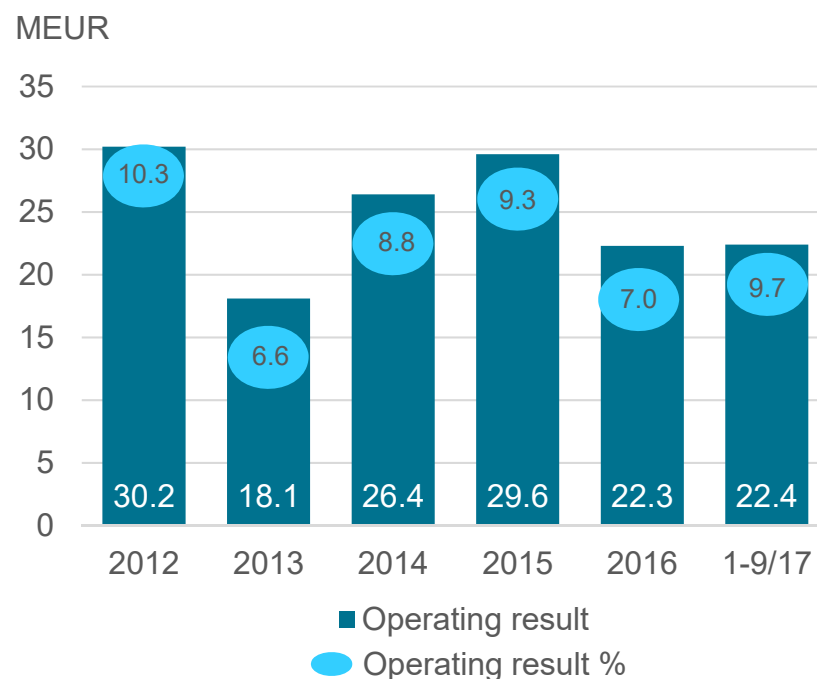
EUR million	1-9/2017	1-9/2016	Change %
EMEA	71.5	67.7	6
Americas	91.1	94.8	-4
APAC	67.7	63.5	7
<b>Total</b>	<b>230.3</b>	<b>226.0</b>	<b>2</b>



■ EMEA ■ Americas ■ APAC

# January–September operating result 9.7% of net sales

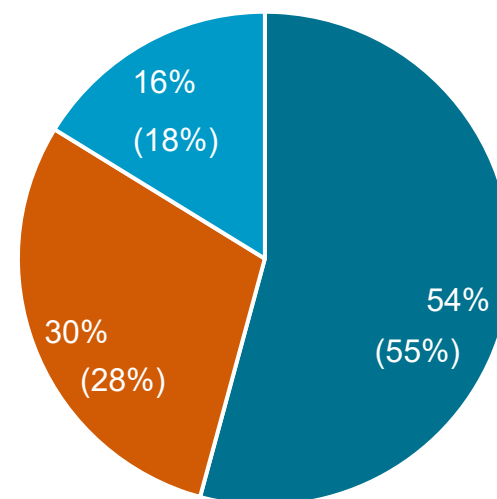
- Operating result EUR 22.4 (7.7) million or 9.7% (3.4%) of net sales
  - Comparison period included EUR 10.5 million write-down of intangible assets
- Operating expenses EUR 97.8 (107.3) million



# Weather and Environment January–September net sales flat

EUR million	1-9/2017	1-9/2016	Change %
Products	80.2	81.2	-1
Projects	43.7	41.3	6
Services	24.0	26.2	-9
<b>Net sales, total</b>	<b>147.9</b>	<b>148.7</b>	<b>-1</b>
At comparable exchange rates	148.4	148.7	0

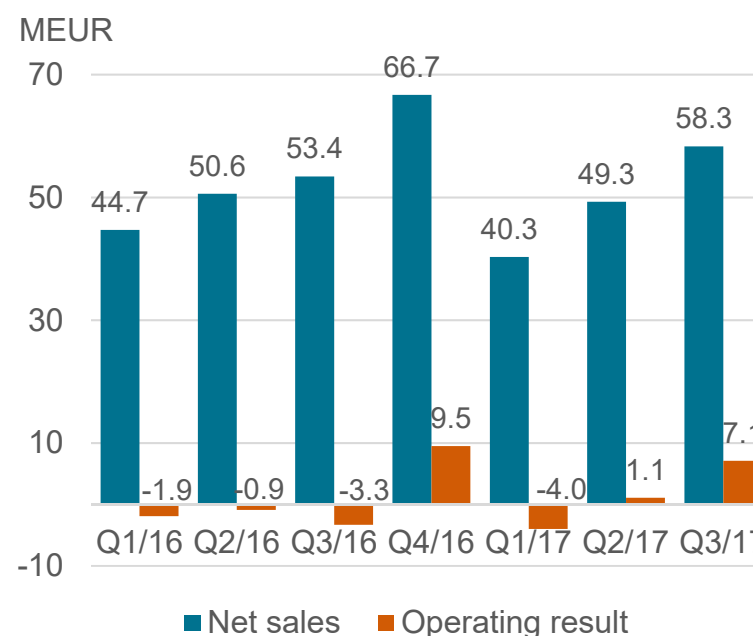
% of net sales in 1-9/2017



■ Products ■ Projects ■ Services

# Weather and Environment January–September operating result 2.8% of net sales

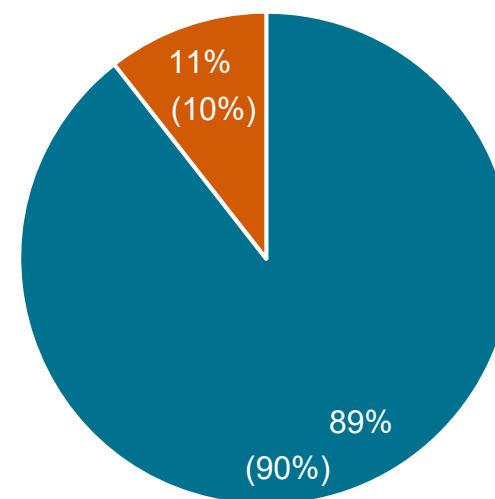
	1-9/2017	1-9/2016
Orders received, EUR million	177.6	139.5
Net sales, EUR million	147.9	148.7
Gross margin, %	46.4	46.9
Operating expenses, EUR million	64.7	75.8
Operating result, EUR million	4.2	-6.1
Operating result, %	2.8	-4.1



# Industrial Measurements January–September net sales increased 7%

% of net sales in 1-9/2017

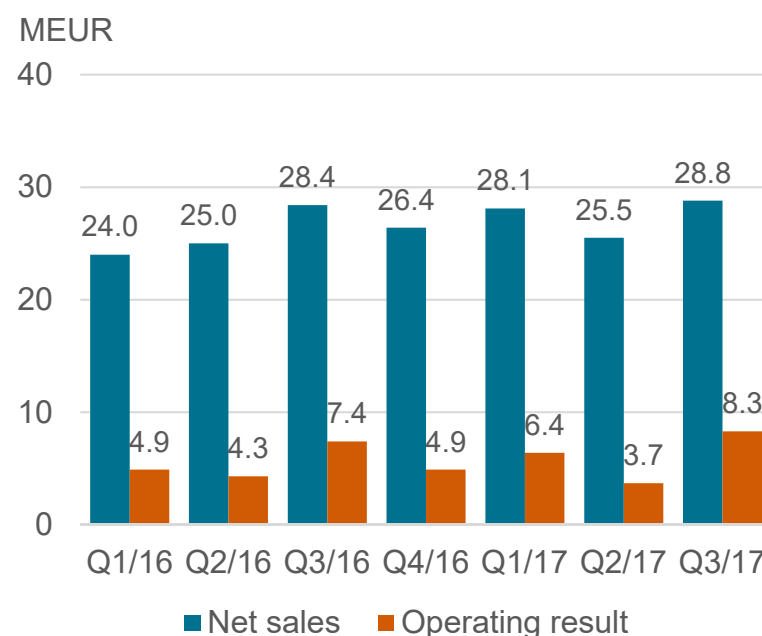
EUR million	1-9/2017	1-9/2016	Change %
Products	73.7	69.3	6
Services	8.7	8.1	7
<b>Net sales, total</b>	<b>82.4</b>	<b>77.3</b>	<b>7</b>
At comparable exchange rates	83.0	77.3	7



■ Products ■ Services

# Industrial Measurements January–September operating result 22.4% of net sales

	1-9/2017	1-9/2016
Orders received, EUR million	85.3	78.8
Net sales, EUR million	82.4	77.3
Gross margin, %	62.8	60.4
Operating expenses, EUR million	33.3	30.0
Operating result, EUR million	18.5	16.7
Operating result, %	22.4	21.6





# Observations for a Better World