



**Vaisala Corporation  
Interim Report  
January-March 2015**

April 28, 2015



Vaisala Corporation

Interim Report

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## Vaisala Corporation Interim Report January-March 2015

**January-March 2015 net sales increased by 2% to EUR 58.7 million. Operating result decreased to EUR -7.7 (-3.2) million.**

### January-March 2015 highlights

- Orders received EUR 66.9 (68.6) million, decrease 2%
- Order book EUR 137.5 (144.7) million, decrease 5%
- Net sales EUR 58.7 (57.5) million, increase 2%
- Gross margin 44.8% (48.1%)
- Operating result EUR -7.7 (-3.2) million
- Earnings per share EUR -0.15 (-0.12)
- Cash flow from operating activities EUR 6.3 (-0.9) million
- Cash and cash equivalents EUR 54.7 (43.3) million
- Business outlook for 2015: Vaisala estimates its full year 2015 net sales to be in the range of EUR 285-315 million and the operating result (EBIT) in the range of EUR 20-30 million.

### Vaisala's President and CEO Kjell Forsén comments on first quarter 2015

"The first quarter of the year is typically slow for Vaisala, and this year makes no exception. Following very strong fourth quarter 2014, Vaisala's net sales were EUR 58.7 million and increased by 2% compared to previous year. Weather Business Area's net sales have a strong seasonality pattern and its net sales were EUR 37.2 million which decreased 5% from previous year. Controlled Environment Business Area's net sales were EUR 21.5 million representing a 17% increase and it is noteworthy that the growth came from all regions and was strongest in Americas.

In the first quarter of 2015, orders received decreased by 2% to EUR 66.9 million. This is a result of order intake in Weather Business Area decreasing by 14%. One highlight of the quarter's orders was a USD 5.8 million contract with the U.S. National Weather Service to upgrade their weather radar network with the latest technology. Controlled Environment Business Area's orders received increased by 31%. Vaisala's order book remained strong at EUR 137.5 million despite a decline of 5%.

The first quarter operating result was EUR -7.7 million. The disappointing result was mainly due to lower gross margin resulting from modest volumes and decreased net sales in Weather Business Area. Controlled Environment Business Area's operating result was EUR 3.3 million increasing 55% following the good sales performance and strong market demand. Vaisala's result also includes EUR 1.8 million one-time redundancy costs as the new organization was finalized and implemented from the beginning of April.

From April 1<sup>st</sup> Vaisala now goes forward with a new organizational setup enabling a more agile way of working with less internal coordination points. Headcount is somewhat reduced but the real benefit is that the new organizational structure strengthens customer focus across all functions and ensures operational efficiency through simplification.



Latest economic forecasts still refer to moderate economic growth for 2015, as improved outlook of developed countries is compensating risks related to emerging economies. Even though weather observation market activity was quiet in the first quarter 2015, we are not seeing significant changes in underlying demand and market is expected to improve towards the end of the year. However, differences in business conditions between customer groups and regions are expected to continue. Vaisala estimates its full year 2015 net sales to be in the range of EUR 285-315 million and the operating result (EBIT) in the range of EUR 20-30 million.”

<b>Key Figures</b>			
	<b>1-3/2015</b>	<b>1-3/2014</b>	<b>1-12/2014</b>
Orders received, EUR million	66.9	68.6	295.0
Order book, EUR million	137.5	144.7	129.2
Net sales, EUR million	58.7	57.5	299.7
Gross profit, EUR million	26.3	27.6	153.1
Gross margin, %	44.8	48.1	51.1
Operating expenses, EUR million	32.2	30.8	127.2
Operating result, EUR million	-7.7	-3.2	26.4
Operating result, %	-13.1	-5.5	8.8
Profit (loss) before taxes, EUR million	-3.7	-3.3	29.1
Profit (loss) for the period, EUR million	-2.8	-2.2	23.4
Earnings per share, EUR	-0.15	-0.12	1.30
Return on equity, %	-6.9	-5.9	14.3
Capital expenditure, EUR million	0.9	1.7	7.9
Depreciation, EUR million	3.9	3.7	15.2
Cash flow from operating activities, EUR million	6.3	-0.9	23.8
Cash and cash equivalents, EUR million	54.7	43.3	47.6

## **Market situation in January–March 2015**

Global economy continued moderate growth in January-March 2015. Improved economic conditions of developed countries impacted positively the market for industrial measurement solutions. Weather observation market slowed down in January-March 2015, after active second half of 2014. Depreciation of euro contributed positively to Vaisala’s financial performance.

In EMEA weather observation market slowed down in January-March 2015. Economic conditions weakened market conditions in Russia and its neighboring countries. Demand in Western European weather observation market also weakened slightly, after very active year of 2014. Demand for industrial measurement solutions grew in EMEA, supported by improved business conditions of European manufacturing industry.

In Americas weather observation market slowed down slightly, after active second half of 2014. The market environment for industrial measurement solutions remained favorable.

In APAC weather observation market remained stable. Demand for industrial measurement solutions in APAC was supported by improved market conditions in Japan.

## January-March 2015 performance

### Orders received

EUR million	1-3/2015	1-3/2014	Change, %	2014
Weather	43.1	50.4	-14	215.2
Controlled Environment	23.8	18.2	31	79.8
Total	66.9	68.6	-2	295.0

### Order book

EUR million	1-3/2015	1-3/2014	Change, %	2014
Weather	129.7	139.1	-7	123.7
Controlled Environment	7.8	5.6	39	5.5
Total	137.5	144.7	-5	129.2

In January-March 2015, orders received were EUR 66.9 (68.6) million and decreased by 2% compared to previous year. The decline came mainly from EMEA. Weather Business Area's orders received were EUR 43.1 (50.4) million and decreased by 14%. The decline came especially from Airports, Roads and Rail and New Weather Market customer groups. Controlled Environment Business Area's orders received were EUR 23.8 (18.2) million and increased by 31% and the growth came from all geographical areas.

At the end of March 2015 the order book was EUR 137.5 (144.7) million and decreased by 5% compared to previous year. Of the order book EUR 49.1 (58.3) million will be delivered in 2016 or later.

### Net sales by business area

EUR million	1-3/2015	1-3/2014	Change, %	2014
Weather	37.2	39.1	-5	219.6
Controlled Environment	21.5	18.3	17	80.2
Total	58.7	57.5	2	299.7

### Net sales by geographical area

EUR million	1-3/2015	1-3/2014	Change, %	2014
EMEA	19.4	22.1	-12	111.8
Americas	21.4	21.9	-2	112.1
APAC	17.8	13.5	32	75.9
Total	58.7	57.5	2	299.7

In January-March 2015, Vaisala's net sales were EUR 58.7 (57.5) million and increased by 2% compared to previous year. Weather Business Area's net sales were EUR 37.2 (39.1) million and decreased by 5%. The decline came from all customer groups except Airports customer group. Controlled Environment Business Area's net sales were EUR 21.5 (18.3) million and increased by 17% and the growth came from all geographical areas and especially from Americas.

In January-March 2015, net sales in EMEA was EUR 19.4 (22.1) million and decreased by 12% compared to previous year, in the Americas EUR 21.4 (21.9) million and decreased by 2% and in APAC EUR 17.8 (13.5) million and increased by 32%.

At comparable exchange rates the net sales would have been EUR 54.3 (57.5) million and decrease would have been EUR 3.2 million or 6% from previous year. The positive exchange rate effect was EUR 4.4 million, which was mainly caused by USD exchange rate appreciation against EUR.

Operations outside Finland accounted for 98% (98%) of net sales.

**Gross margin and operating result**

EUR million	1-3/2015	1-3/2014	Change, %	2014
Gross margin, %	44.8	48.1		51.1
Operating result				
Weather	-8.7	-4.8	-81	17.0
Controlled Environment	3.3	2.1	55	12.1
Eliminations and other	-2.3	-0.5	-363	-2.8
Total operating result	-7.7	-3.2	-142	26.4

In January-March 2015, gross margin was 44.8% (48.1%). The decline in gross margin was mainly caused by low sales volumes and related weakening in scale economies in Weather Business Area. In addition, EUR depreciation and adoption of standard cost inventory valuation increased cost of goods sold by EUR 1.0 million.

Operating expenses for the first quarter 2015 were EUR 32.2 (30.8) million and increased by 4% compared to previous year. The increase came mainly from USD based expenses due to the EUR depreciation. In addition, operating result was decreased by EUR 1.8 million one-time expenses related to the restructuring.

In January-March 2015, operating result was EUR -7.7 (-3.2) million.

Financial income and expenses were EUR 4.0 (-0.1) million for the period of January-March 2015. The increase is mainly due to foreign exchange gains related to valuation of USD denominated receivables.

Profit (loss) before taxes was EUR -3.7 (-3.3) million for the period of January-March 2015. Income taxes were EUR 0.9 (1.1) million. Net result was EUR -2.8 (-2.2) million.

Earnings per share for January-March 2015 were EUR -0.15 (-0.12).

**Statement of financial position and cash flow**

Vaisala's financial position remained strong at the end of the March 2015. Because of good cash flow from third quarter of 2014 onwards, cash and cash equivalents amounted to EUR 54.7 (43.3) million at the end of March 2015 and Vaisala did not have any material interest bearing liabilities.

The statement of financial position total was EUR 255.5 (226.5) million. The increase was due to EUR depreciation against other currencies and also increases in inventories and short-term liabilities.

In January-March 2015, Vaisala's cash flow from operating activities was EUR 6.3 (-0.9) million. The improvement compared to previous year was mainly related to decrease of accounts receivables.

**Capital expenditure and divestments**

Gross capital expenditure totaled EUR 0.9 (1.7) million for January-March 2015. Depreciation was EUR 3.9 (3.7) million.

## Weather Business Area

EUR million	1-3/2015	1-3/2014	Change, %	2014
Orders received	43.1	50.4	-14	215.2
Order book	129.7	139.1	-7	123.7
Net sales, total	37.2	39.1	-5	219.6
Products	18.9	21.9	-13	108.1
Projects	9.5	9.5	0	74.7
Services	8.7	7.8	12	36.7
Gross margin, %	37.4	43.9		48.4
Operating result	-8.7	-4.8	-81	17.0

In January-March 2015, orders received were EUR 43.1 (50.4) million and decreased by 14% compared to previous year. Orders received decreased in Airports, Roads and Rail and New Weather Market customer groups. At the end of March 2015 the order book was EUR 129.7 (139.1) million and decreased by 7% compared to previous year. Order book decreased especially in Airports and New Weather Market customer groups. Of the order book EUR 48.9 (57.8) million will be delivered in 2016 or later.

Vaisala signed a USD 5.8 million contract with the U.S. National Weather Service to deliver Vaisala Sigmet Digital Receiver and Signal Processors, RVP901. Deliveries will be completed over the next 12 months. This order is part of the frame contract which includes the delivery of Vaisala Sigmet Digital Receivers and Signal Processors as well as the corresponding dual polarization software licenses. The total value of the frame contract is USD 9.0 million.

In January-March 2015, Weather Business Area's net sales were EUR 37.2 (39.1) million and decreased by 5% compared to previous year. The decline came from all customer groups except Airports customer group. Weather Business Area improved its net sales in service business, in product business net sales decreased. At comparable exchange rates the net sales would have been EUR 34.7 (39.1) million and decrease would have been EUR 4.5 million or 11% from previous year. The positive exchange rate effect was EUR 2.5 million, which was mainly caused by USD appreciation against EUR.

In January-March 2015, operating result was EUR -8.7 (-4.8) million and decline came from net sales, gross margin and operating expenses. Gross margin was 37.4% (43.9%). The decline in gross margin was mainly caused by low sales volumes and related weakening in scale economies. In addition, EUR depreciation and adoption of standard cost inventory valuation increased cost of goods sold. Operating expense increase came mainly from USD based expenses due to the EUR depreciation.

## Controlled Environment Business Area

EUR million	1-3/2015	1-3/2014	Change, %	2014
Orders received	23.8	18.2	31	79.8
Order book	7.8	5.6	39	5.5
Net sales, total	21.5	18.3	17	80.2
Products	19.3	16.4	17	71.9
Services	2.2	1.9	13	8.3
Gross margin, %	57.9	57.0		58.4
Operating result	3.3	2.1	55	12.1

In January-March 2015, orders received were EUR 23.8 (18.2) million and increased by 31% compared to previous year. At the end of March 2015 the order book was EUR 7.8 (5.6) million and increased by 39% compared to previous year. Of the order book EUR 0.2 (0.5) million will be delivered in 2016 or later.

In January-March 2015, Controlled Environment Business Area's net sales were EUR 21.5 (18.3) million and increased by 17% compared to previous year. Net sales increased in all geographical areas and especially in Americas. At comparable exchange rates the net sales would have been EUR 19.6 (18.3) million and increase would have been EUR 1.2 million or 7% from previous year. The positive exchange rate effect was EUR 1.9 million, which was mainly caused by USD appreciation against EUR.

In January-March 2015, Controlled Environment Business Area's operating result was EUR 3.3 (2.1) million and increased by 55% compared to previous year. Gross margin was 57.9% (57.0%). The increase in gross margin was mainly due to higher sales volumes and related improvement in scale economies and despite of decreased inventory values caused by EUR depreciation and adoption of standard cost inventory valuation. Operating expense increase came mainly from higher sales expenses.

## Research and Development

In January-March 2015, research and development expenses totaled EUR 8.5 (8.2) million, representing 14.5% (14.4%) of net sales.

EUR million	1-3/2015	1-3/2014	Change, %	2014
Weather	6.3	6.1	3	25.7
Controlled Environment	2.2	2.1	2	8.2
Total	8.5	8.2	3	34.0

Weather Business Area R&D expenses were 17.0% (15.6%) of net sales. Controlled Environment Business Area R&D expenses were 10.1% (11.5%) of net sales.

## Personnel

The average number of personnel employed in Vaisala during January-March 2015 was 1,608 (1,582). The number of employees at the end of March 2015 was 1,594 (1,585) and this is not yet reflecting the full impact of the restructuring. At the end of 2014, the number of employees was 1,613.

At the end of March 2015, 43% (44%) of the personnel was based outside Finland.

## New business structure and completion of co-operation negotiations

Vaisala announced on January 27, 2015 its plans to restructure its business in order to strengthen the capability to implement its strategy and to increase agility. As of April 1, 2015, Weather Business Area was organized into three business units, Meteorology, Transportation and Energy, and Controlled Environment Business Area was organized into three regions with full business responsibility, Americas, EMEA and APAC.

In order to foster the business areas to operate with different business models the current Service function was integrated into Weather and Controlled Environment Business Areas. In the new structure Information Services and Field Services are part of the Weather Business Area whereas Calibration and Repair Services are part of the Controlled Environment Business Area. Vaisala's Operations and Support units continue to serve as group functions.

Vaisala continues to invest in its growth businesses and to develop products and services which combine its customers' business expertise and Vaisala's technological leadership. The new organizational structure strengthens customer focus across all functions and ensures operational efficiency through simplification.

The planning of restructuring was finalized and in Finland the related co-operation negotiations which were initiated on February 2, 2015 were completed on March 5, 2015. As a result, Vaisala will reduce its workforce by a total of 52 positions, out of which 18 positions will be reduced in Finland. The original estimate for the reduction was 60 full-time equivalents, out of which about 25 were estimated to be in Finland. The reduction will take place through redundancies, retirement options and terminations of temporary contracts. Vaisala will provide a range of support measures for those affected by the restructuring.

This restructuring is estimated to result in annual cost savings of EUR 4 million by 2016. The cost savings for 2015 are estimated to be EUR 2 million. The first quarter operating result includes EUR 1.8 million accrual for one-time costs.

### **Change in Vaisala's Management Group**

Hannu Katajamäki, Executive Vice President, Services and member of Vaisala's Management Group left Vaisala as of April 1, 2015. The change followed Vaisala's business restructuring where the Service function was integrated into Weather and Controlled Environment Business Areas. Hannu Katajamäki was a member of Vaisala's Management Group since 2011.

As of April 1, 2015 Vaisala's Management Group members are:

- Kjell Forsén, President and CEO, Chairman of the Management Group
- Marja Happonen, Executive Vice President, Human Resources
- Kai Konola, Executive Vice President, Weather Business Area
- Sampsa Lahtinen, Executive Vice President, Controlled Environment Business Area
- Kaarina Muurinen, CFO
- Vesa Pylvänäinen, Executive Vice President, Operations

### **Near-term risks and uncertainties**

Vaisala's business is exposed to changes in the global economy, politics, conflicts, policies, regulations, Vaisala's supply chain and distribution channels, and accidents as well as natural disasters and epidemics, which may affect business e.g. through order cancellations, disturbance in logistics, travel restrictions, and loss of market potential. Vaisala's capability to successfully complete investments, acquisitions, divestments and restructurings on a timely basis and to achieve related financial and operational targets represent a risk which may impact revenue and profitability.

The most significant near-term risks and uncertainties that may affect both revenue and profitability relate to the company's ability to maintain its delivery capability, availability of critical components, interruptions in manufacturing or IT systems, changes in the global economy, Russia sanctions, spreading of epidemics, continuing conflicts in the Middle East and Africa, currency exchange rates, patent trolls, customers' financing capability, changes in customers' purchasing or investment behavior, and delays or cancellations of orders. Changes in the competition may affect the volume and profitability of business through introduction of new competitors and price erosion in areas which traditionally have been strong for Vaisala.



Changes in subcontractor relations, their operations or operating environment as well as the quality of the deliverables may have a negative impact on Vaisala's business.

A significant part of Vaisala's business is project business. Project business performance and schedules have dependencies to third parties, which may impact profitability and timing of revenue recognition. Assumptions regarding new project and service business opportunities constitute a risk for both revenue and profitability.

The importance of information services and decision support systems is increasing in Vaisala's weather business. These Internet-based online services are potential subjects to a variety of cyber risks.

Further information about risk management in Vaisala is available on the company website at <http://www.vaisala.com/investors>, Corporate Governance.

## **Decisions by Vaisala Corporation's Annual General Meeting**

Vaisala Corporation's Annual General Meeting was held on March 31, 2015 in Vantaa, Finland. The meeting approved the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial period January 1–December 31, 2014.

### **Dividend**

The Annual General Meeting decided a dividend of EUR 0.90 per share, corresponding to the total of EUR 16,368,132.60. The record date for the dividend payment was April 2, 2015 and the payment date was April 14, 2015.

### **Board of Directors**

The Annual General Meeting confirmed that the number of Board members is seven. Petra Lundström, Mikko Niinivaara, Yrjö Neuvo, Maija Torkko, Pertti Torstila and Raimo Voipio will continue as members of the Board of Directors. Ville Voipio was elected as a new member of the Board of Directors.

The Annual General Meeting decided that the annual fee payable to the Chairman of the Board of Directors is EUR 45,000 and EUR 35,000 for each Board member. Approximately 40 percent of the annual remuneration will be paid in Vaisala Corporation's A shares acquired directly in the name of the Board members from the market and the rest in cash. In addition, the Annual General Meeting decided that the compensation for the Chairman of the Audit Committee is EUR 1,500 per attended meeting and EUR 1,000 for each member of the Audit Committee. The compensation for the Chairman and each member of the Remuneration and HR Committee and any other committee established by the Board of Directors is EUR 1,000 per attended meeting.

### **Auditor**

The Annual General Meeting re-elected Deloitte & Touche Oy as the auditor of the Company and APA Merja Itäniemi will act as the auditor with the principal responsibility. The Auditors are reimbursed according to their reasonable invoice presented to the company.

### **Authorization for directed acquisition of own A shares**

The Annual General Meeting authorized the Board of Directors to decide on the directed repurchase of a maximum of 160,000 of the Company's own A shares in one or more instalments with funds belonging to

the Company's unrestricted equity. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than September 30, 2016.

### **Authorization to transfer Company's own shares**

The Annual General Meeting authorized the Board of Directors to decide on the issuance of the Company's treasury A shares. The authorization is limited to a maximum of 319,150 shares. The issuance of own shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization entitles the issuance of treasury A shares as a directed issue without payment as part of the Company's share based incentive plan. The Board of Directors can also use this authorization to grant special rights entitling subscription of the Company's own shares that are held by the Company. The subscription price of the shares can instead of cash also be paid in full or in part as contribution in kind. The authorization is valid until March 31, 2020.

### **Donations**

The Annual General Meeting authorized the Board of Directors to decide on donations of maximum EUR 250,000.

## **The organizing meeting of the Board of Directors**

At its organizing meeting held after the Annual General Meeting the Board elected Raimo Voipio to continue as the Chairman of the Board of Directors and Yrjö Neuvo to continue as the Vice Chairman.

The composition of the Board committees was decided to be as follows:

### **Audit Committee**

Maija Torkko was elected as the Chairman and Petra Lundström and Mikko Niinivaara as members of the Audit Committee. The Chairman and all members of the Audit Committee are independent both of the Company and of significant shareholders.

### **Remuneration and HR Committee**

Raimo Voipio was elected as the Chairman and Yrjö Neuvo and Maija Torkko as members of the Remuneration and HR Committee. Raimo Voipio is independent of the Company. Yrjö Neuvo and Maija Torkko are independent both of the Company and of significant shareholders.

## **Vaisala's shares**

In January–March 2015, a total number of 675,650 (425,035) Vaisala A shares with a value totaling EUR 16.4 (9.9) million were traded on the NASDAQ OMX Helsinki Ltd. On March 31, 2015 the closing price was EUR 26.10 (22.50). The highest quotation during January-March 2015 was EUR 27.02 (24.98) and the lowest EUR 21.55 (21.06).

On March 31, 2015, Vaisala had 18,218,364 shares, of which 3,389,351 are series K shares and 14,829,013 are series A shares. The K shares and A shares are differentiated by the fact that each K share entitles its owner to 20 votes at a General Meeting of Shareholders while each A share entitles its owner to 1 vote. The A shares represent 81.4% of the total number of shares and 17.9% of the total votes. The K shares represent 18.6% of the total number of shares and 82.1% of the total votes.

The market value of Vaisala's A shares on March 31, 2015 was EUR 387.0 (330.1) million, excluding the Company's treasury shares. Valuing the K shares - which are not traded on the stock market - at the rate of the A share's closing price on the last day of March, the total market value of all the A and K shares together was EUR 474.7 (406.3) million, excluding the Company's treasury shares.

More information about Vaisala's share and shareholders are presented on the website, [www.vaisala.com/investors](http://www.vaisala.com/investors).

### **Treasury shares and parent company shares**

The Board of Directors of Vaisala Corporation decided on March 10, 2015 issuance of directed shares without consideration for the payment of share-based incentive 2012. In the issuance of shares a total of 63,800 Company's series A treasury shares were transferred without consideration to Company's key employees according to the terms and conditions of the Performance Share Plan 2012. The transfer of shares by means of a directed issuance of shares without consideration is based on the authorization granted to the Board of Directors by the Annual General Meeting of Shareholders held on 26 March, 2014.

The Board of Directors of Vaisala Corporation decided on March 10, 2015 to use the authorization granted by the Annual General Meeting of Shareholders held on March 26, 2014 for transferring the Company's series A treasury shares. Vaisala Corporation sold a total of 63,800 series A treasury shares held by the Company in order to cover the cash reward of the Performance Share Plan 2012. The cash reward was used to cover withholding tax and other similar costs. The sale of the Company's treasury shares commenced on March 11, 2015. The Company's treasury shares were sold through public trading at the market price prevailing at the time of the transactions in accordance with the rules of the NASDAQ OMX Helsinki Ltd.

At the end of March 2015, the Company held a total of 31,550 Vaisala series A treasury shares, which represented 0.2% of the share capital and 0.04% of the votes.

### **Market outlook 2015**

Latest economic forecasts still refer to moderate economic growth for 2015, as improved outlook of developed countries is compensating risks related to emerging economies. Even though weather observation market activity was subdued in January-March 2015, Vaisala is not seeing significant changes in underlying demand and market is expected to improve towards the end of the year. However, differences in business conditions between customer groups and regions are expected to remain. Renewable energy, industrial measurement solutions and weather radars have the most promising outlook. Competition in weather observation market is expected to continue intensifying. In weather observations market it continues to be challenging to forecast customers' timing for decision making and acceptance of larger customer projects, having potentially material impact on overall Vaisala weather business.

In EMEA demand for weather observation solutions is expected to be constrained by economic weakness in Russia and its neighboring countries. Weather observation market outlook in Western Europe is stable. Demand for industrial measurement solutions markets is expected to increase.

In Americas weather observation market outlook is stable in North America, but regional economic weakness is expected to affect markets in Latin America. Market environment for industrial measurement solutions is expected to remain favorable in Americas, following good demand from Northern America.

In APAC demand for weather observation solutions is expected to cool off slightly in 2015, driven by Chinese market. Demand for industrial measurement solutions is expected to increase.

### **Business outlook for 2015**

Vaisala estimates its full year 2015 net sales to be in the range of EUR 285-315 million and the operating result (EBIT) in the range of EUR 20-30 million.

Vantaa, April 28, 2015

Vaisala Corporation

Board of Directors

The forward-looking statements in this release are based on the current expectations, known factors, decisions and plans of Vaisala's management. Although the management believes that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that these expectations would prove to be correct. Therefore, the results could differ materially from those implied in the forward-looking statements, due to for example changes in the economic, market and competitive environments, regulatory or other government-related changes, or shifts in exchange rates.



## Financial information and changes in accounting policies

This interim financial report has been prepared in accordance with IAS 34, Interim Financial Reporting, following the same accounting policies and principles as in the annual financial statements for 2014. All figures in the interim report are Group figures. All presented figures have been rounded and consequently the sum of individual figures may deviate from the sum presented.

The preparation of the financial statements in accordance with IFRS requires Vaisala's management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and the recognition of income and expenses in the statement of income. Although the estimates are based on the management's best knowledge at the date of the interim report, actual results may differ from the estimates.

In order to align Vaisala's business type reporting with the new organization structure, the net sales of spare parts and systems are reported under Products business starting from January 1, 2015. Previously spare parts were reported under Services business and systems under Projects business. 2014 numbers have been adjusted retrospectively.

The interim financial report is unaudited.

<b>Consolidated Statement of Income</b>			
<b>EUR million</b>	<b>1-3/2015</b>	<b>1-3/2014</b>	<b>1-12/2014</b>
Net sales	58.7	57.5	299.7
Costs of sales	-32.5	-29.8	-146.6
<b>Gross profit</b>	<b>26.3</b>	<b>27.6</b>	<b>153.1</b>
Sales, marketing and administrative costs	-23.7	-22.5	-93.2
Research and development costs	-8.5	-8.2	-34.0
Other operating income and expense	-1.8	0.0	0.5
<b>Operating profit (loss)</b>	<b>-7.7</b>	<b>-3.2</b>	<b>26.4</b>
Share of result in associated companies	-	-	0.1
Financial income and expenses, net	4.0	-0.1	2.6
<b>Profit (loss) before taxes</b>	<b>-3.7</b>	<b>-3.3</b>	<b>29.1</b>
Income taxes	0.9	1.1	-5.7
<b>Profit (loss) for the period</b>	<b>-2.8</b>	<b>-2.2</b>	<b>23.4</b>
Earnings per share, EUR	-0.15	-0.12	1.30
Diluted earnings per share, EUR	-0.15	-0.12	1.29

<b>Consolidated Statement of Comprehensive Income</b>			
<b>EUR million</b>	<b>1-3/2015</b>	<b>1-3/2014</b>	<b>1-12/2014</b>
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial loss on post-employment benefits	0.0	0.0	-0.5
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.5</b>

**Items that may be reclassified subsequently to profit or loss**

Currency translation differences	3.9	0.0	3.5
<b>Total</b>	<b>3.9</b>	<b>0.0</b>	<b>3.5</b>
<b>Total other comprehensive income</b>	<b>3.9</b>	<b>0.0</b>	<b>3.0</b>
<b>Total comprehensive income</b>	<b>1.1</b>	<b>-2.2</b>	<b>26.4</b>

**Consolidated Statement of Financial Position****EUR million**

<b>Assets</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>	<b>December 31, 2014</b>
<b>Non-current assets</b>			
Intangible assets	38.6	35.2	37.1
Property, plant and equipment	44.6	45.7	44.2
Investments	0.1	0.1	0.1
Investment in associated companies	0.9	0.7	0.8
Long-term receivables	0.3	0.6	0.3
Deferred tax assets	11.5	8.9	8.9
<b>Total non-current assets</b>	<b>95.9</b>	<b>91.3</b>	<b>91.5</b>
<b>Current assets</b>			
Inventories	40.4	31.4	33.9
Trade and other receivables	63.1	57.0	70.5
Income tax receivables	1.5	3.4	1.1
Cash and cash equivalents	54.7	43.3	47.6
<b>Total current assets</b>	<b>159.6</b>	<b>135.2</b>	<b>153.1</b>
<b>Total assets</b>	<b>255.5</b>	<b>226.5</b>	<b>244.6</b>

**Shareholders' equity and liabilities****Shareholders' equity**

Share capital	7.7	7.7	7.7
Other reserves	0.7	1.6	2.5
Cumulative translation adjustment	3.6	-3.6	-0.2
Treasury shares	-0.5	-2.5	-2.5
Retained earnings	143.3	137.4	162.6
<b>Total shareholders' equity</b>	<b>154.8</b>	<b>140.5</b>	<b>170.0</b>

**Non-current liabilities**

Interest-bearing liabilities	0.0	0.0	0.0
Post-employment benefit obligations	1.3	0.7	1.3
Deferred tax liabilities	5.5	5.1	5.3

Provisions for other liabilities and charges	0.2	-	0.2
Other long-term liabilities	3.3	2.2	2.9
<b>Total non-current liabilities</b>	<b>10.3</b>	<b>8.0</b>	<b>9.7</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	0.0	0.0	0.0
Advances received	4.7	4.0	3.9
Income tax liabilities	1.6	0.3	1.5
Provisions for other liabilities and charges	0.2	-	1.4
Trade and other payables	84.0	73.6	58.1
<b>Total current liabilities</b>	<b>90.4</b>	<b>77.9</b>	<b>64.9</b>
<b>Total shareholders' equity and liabilities</b>	<b>255.5</b>	<b>226.5</b>	<b>244.6</b>

### Consolidated Statement of Changes in Shareholders' Equity

EUR million	Share capital	Other reserves	Treasury shares	Translation adjustment	Retained earnings	Total
<b>Balance at Jan 1, 2014</b>	7.7	1.5	-2.5	-3.6	155.9	158.9
Profit (loss) for the period					-2.2	-2.2
Other comprehensive income		0.0		0.0	0.0	0.0
Dividend paid					-16.3	-16.3
Share-based payment		0.2				0.2
<b>Balance at March 31, 2014</b>	<b>7.7</b>	<b>1.6</b>	<b>-2.5</b>	<b>-3.6</b>	<b>137.4</b>	<b>140.5</b>

EUR million	Share capital	Other reserves	Treasury shares	Translation adjustment	Retained earnings	Total
<b>Balance at Jan 1, 2015</b>	7.7	2.5	-2.5	-0.2	162.6	170.0
Profit (loss) for the period					-2.8	-2.8
Other comprehensive income		0.1		3.8		3.9
Dividend paid					-16.4	-16.4
Sale of treasury shares			2.1		-2.1	0.0
Share-based payment		-1.8			1.9	0.1
<b>Balance at March 31, 2015</b>	<b>7.7</b>	<b>0.7</b>	<b>-0.5</b>	<b>3.6</b>	<b>143.3</b>	<b>154.8</b>

<b>Consolidated Cash Flow Statement</b>			
<b>EUR million</b>	<b>1-3/2015</b>	<b>1-3/2014</b>	<b>1-12/2014</b>
<b>Cash flows from operating activities</b>			
Cash receipts from customers	82.5	69.6	287.0
Other income from business operations	-1.8	0.0	0.4
Cash paid to suppliers and employees	-75.2	-68.9	-260.3
Financials paid, net	1.9	0.3	1.3
Income taxes paid, net	-1.1	-2.0	-4.5
<b>Cash flow from operating activities</b>	<b>6.3</b>	<b>-0.9</b>	<b>23.8</b>
<b>Cash flows from investing activities</b>			
Capital expenditure on fixed assets	-0.9	-1.7	-7.9
Divestments	0.0	0.3	1.3
<b>Cash flow from investing activities</b>	<b>-0.9</b>	<b>-1.3</b>	<b>-6.6</b>
<b>Cash flows from financing activities</b>			
Dividends paid	-	-	-16.2
Change in loan receivables	0.0	0.0	-0.1
Change in leasing liabilities	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>-16.3</b>
Cash and cash equivalents at the beginning of period	47.6	45.8	45.8
Net increase (+) / decrease (-) in cash and cash equivalents	5.4	-2.3	0.9
Effect from changes in exchange rates	1.7	-0.2	0.9
<b>Cash and cash equivalents at the end of period</b>	<b>54.7</b>	<b>43.3</b>	<b>47.6</b>



### Notes for Interim Report

#### Orders Received by Business Area

EUR million	1-3/2015	1-3/2014	1-12/2014
Weather	43.1	50.4	215.2
Controlled environment	23.8	18.2	79.8
<b>Total</b>	<b>66.9</b>	<b>68.6</b>	<b>295.0</b>

#### Net Sales by Business Area

EUR million	1-3/2015	1-3/2014	1-12/2014
Weather			
Products	18.9	21.9	108.1
Projects	9.5	9.5	74.7
Services	8.7	7.8	36.7
<b>Total</b>	<b>37.2</b>	<b>39.1</b>	<b>219.6</b>
Controlled environment			
Products	19.3	16.4	71.9
Services	2.2	1.9	8.3
<b>Total</b>	<b>21.5</b>	<b>18.3</b>	<b>80.2</b>
Sales, Other	0.0	0.0	0.0
<b>Total Sales</b>	<b>58.7</b>	<b>57.5</b>	<b>299.7</b>

#### Operating Result by Business Area

EUR million	1-3/2015	1-3/2014	1-12/2014
Weather	-8.7	-4.8	17.0
Controlled environment	3.3	2.1	12.1
Other	-2.3	-0.5	-2.8
<b>Total</b>	<b>-7.7</b>	<b>-3.2</b>	<b>26.4</b>

#### Net Sales by Geographical Area

EUR million	1-3/2015	1-3/2014	1-12/2014
EMEA	19.4	22.1	111.8
Americas	21.4	21.9	112.1
APAC	17.8	13.5	75.9
<b>Total</b>	<b>58.7</b>	<b>57.5</b>	<b>299.7</b>

<b>Personnel</b>			
	<b>1-3/2015</b>	<b>1-3/2014</b>	<b>1-12/2014</b>
Average personnel	1,608	1,582	1,617
Personnel at the end of period	1,594	1,585	1,613

<b>Financial Instruments</b>			
	<b>1-3/2015</b>	<b>1-3/2014</b>	<b>1-12/2014</b>
Nominal value of financial derivatives, EUR million	21.2	19.3	20.0
Fair values of financial derivatives, assets, EUR million	0.0	0.2	0.0
Fair values of financial derivatives, liabilities, EUR million	2.5	0.1	1.4

Financial derivatives consist solely of foreign currency forwards and they are measured based on price information derived from active markets and commonly used valuation methods (Fair value hierarchy 2). Financial contracts are executed only with counterparties that have high credit ratings.

<b>Share Information</b>			
	<b>1-3/2015</b>	<b>1-3/2014</b>	<b>1-12/2014</b>
Number of shares outstanding, thousand	18,187	18,059	18,059
Number of treasury shares, thousand	32	159	159
Number of shares, diluted, thousand	18,232	18,187	18,234
Number of shares, weighted average, thousand	18,085	18,059	18,059
Number of shares traded, thousand	676	425	1,110
Share price, highest, EUR	27.02	24.98	24.98
Share price, lowest, EUR	21.55	21.06	19.40

<b>Key Ratios</b>			
	<b>1-3/2015</b>	<b>1-3/2014</b>	<b>1-12/2014</b>
Earnings per share, EUR	-0.15	-0.12	1.30
Earnings per share, diluted, EUR	-0.15	-0.12	1.29
Equity per share, EUR	8.51	7.78	9.41
Return on equity, %	-6.9	-5.9	14.3
Cash flow from operating activities per share, EUR	0.35	-0.05	1.32
Solvency ratio, %	61.7	63.2	70.6

#### **Further information**

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 Vaisala Corporation

#### **Telephone conference and Audiocast**

An English-language conference call for investors and analysts will be held on the same day at 4:00 p.m. (Finnish time).

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Live audiocast of the presentation by Kjell Forsén, President and CEO will start at 4:00 p.m. and will be available at [www.vaisala.com/investors](http://www.vaisala.com/investors). A recording will be published at the same address at about 6:00 p.m.

**Second quarter results bulletin**

Vaisala will publish its January–June 2015 Interim Report on Thursday, July 23, 2015 at approximately 2:00 p.m. Finnish time.

**Distribution:**

NASDAQ OMX Helsinki

Key media

[www.vaisala.com](http://www.vaisala.com)

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