

Operating result improved despite decrease in net sales and orders received

Half Year Financial Report January–June 2020
President and CEO Kjell Forsén

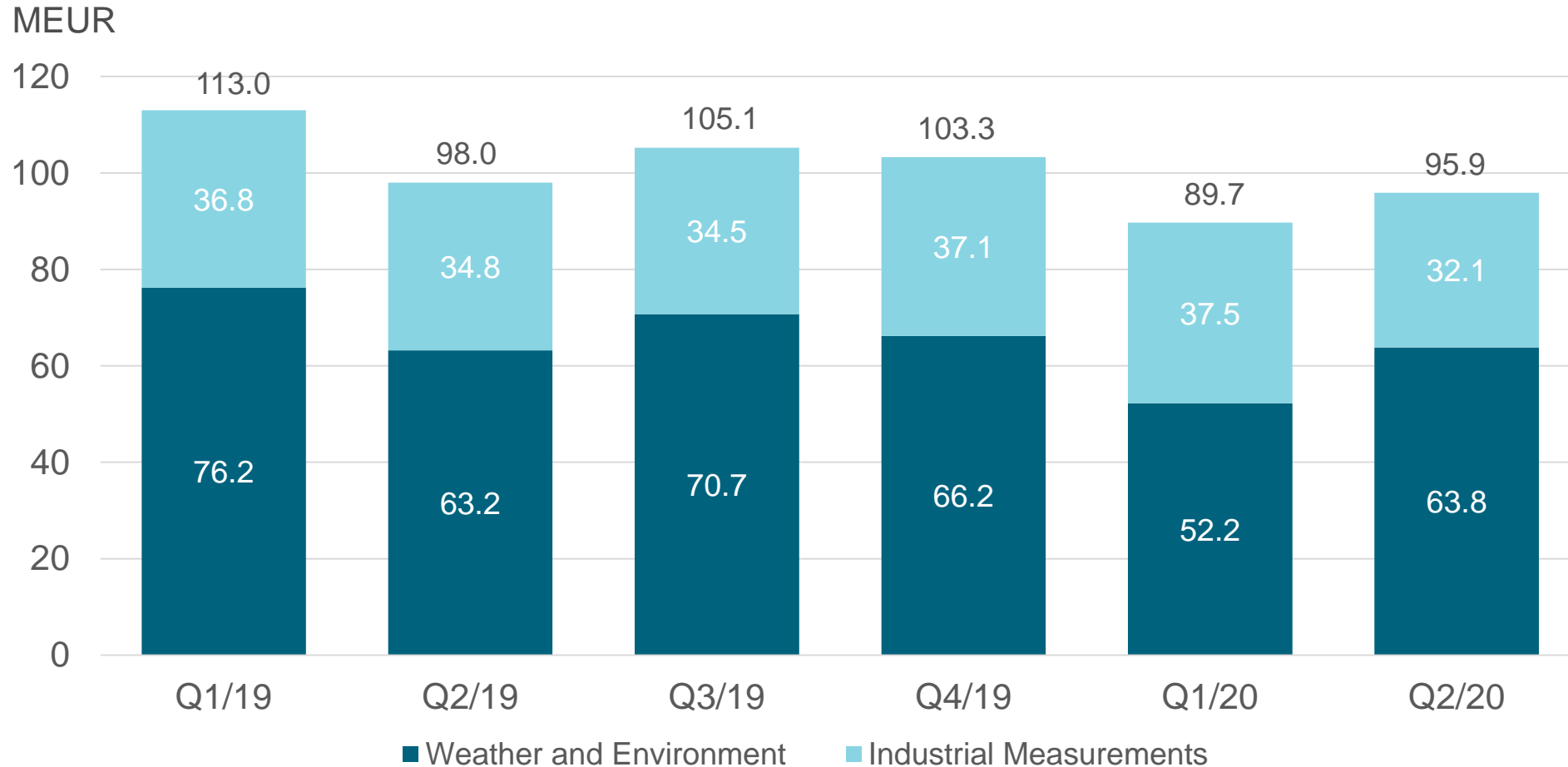
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Second quarter 2020 highlights

- Orders received EUR 95.9 (98.0) million, -2%
- Order book EUR 145.3 (151.7) million, -4%
- Net sales EUR 91.4 (96.1) million, -5%
- Gross margin 54.5 (54.2) %
- Operating result EUR 7.9 (7.2) million, 8.7 (7.5) % of net sales
- Earnings per share EUR 0.16 (0.14)
- Cash flow from operating activities EUR -1.1 (-6.2) million



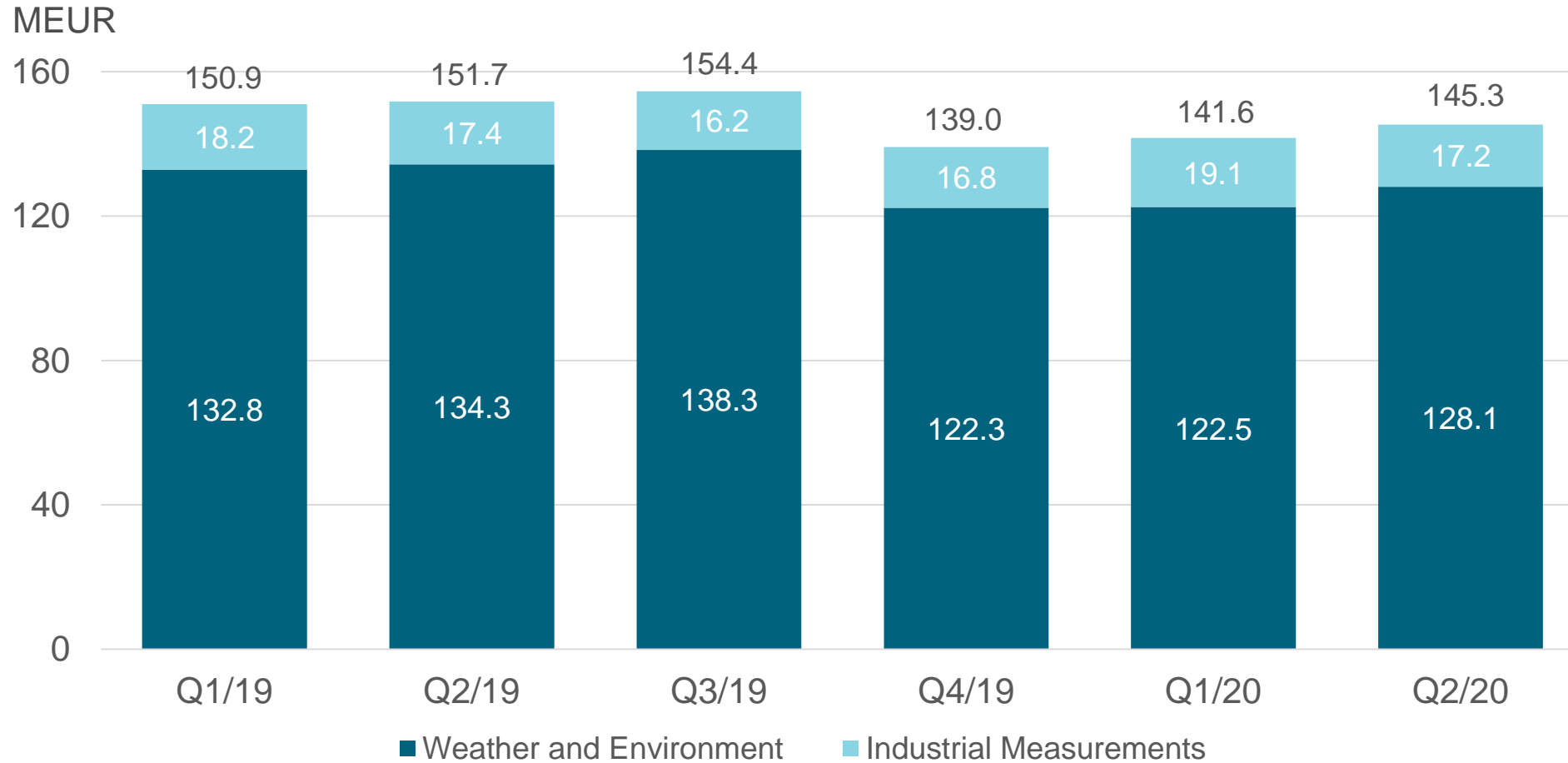
Vaisala Q2 orders received decreased by 2%



-3%
with comparable
rates

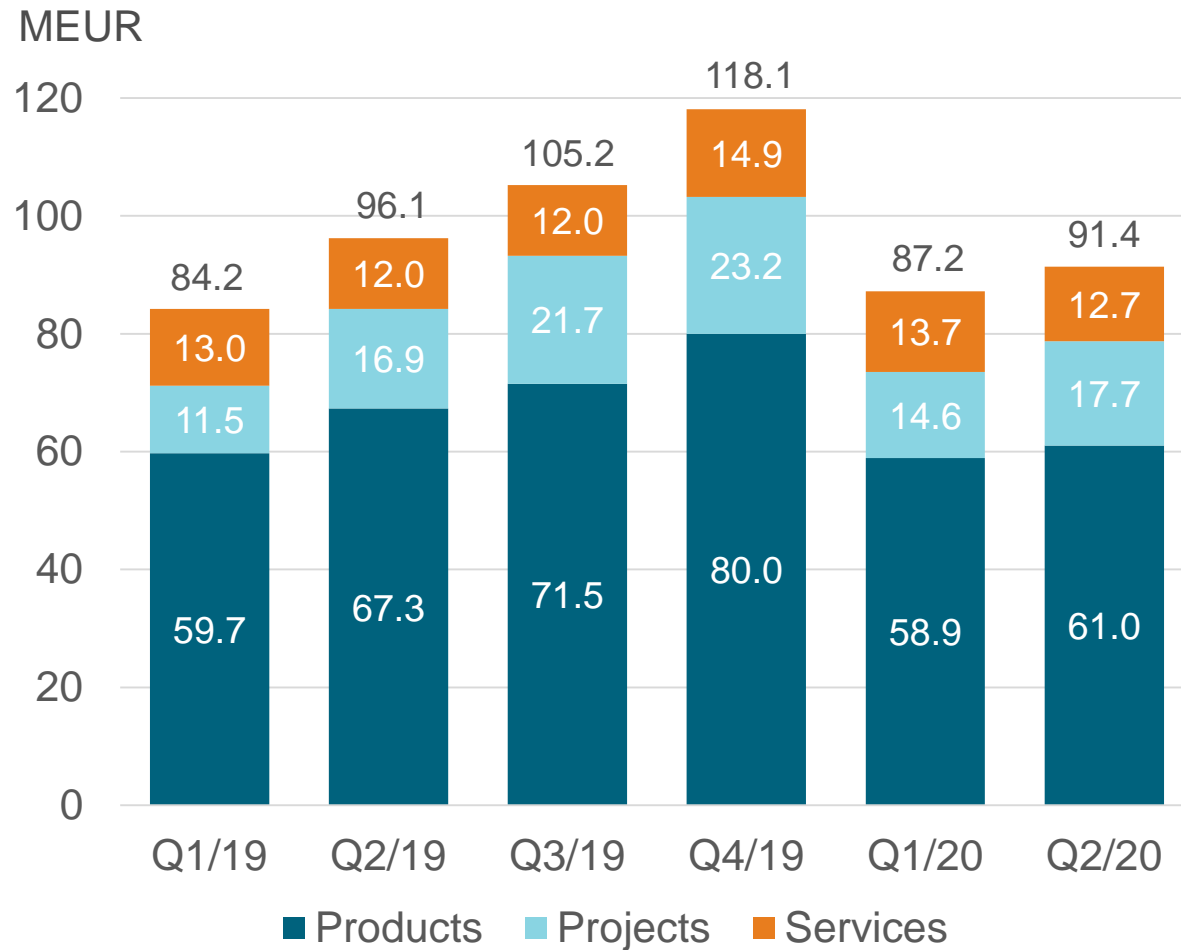
APAC region
weak

Vaisala Q2 order book decreased by 4% Y/Y



+3% Q/Q
Book-to-bill 1.0

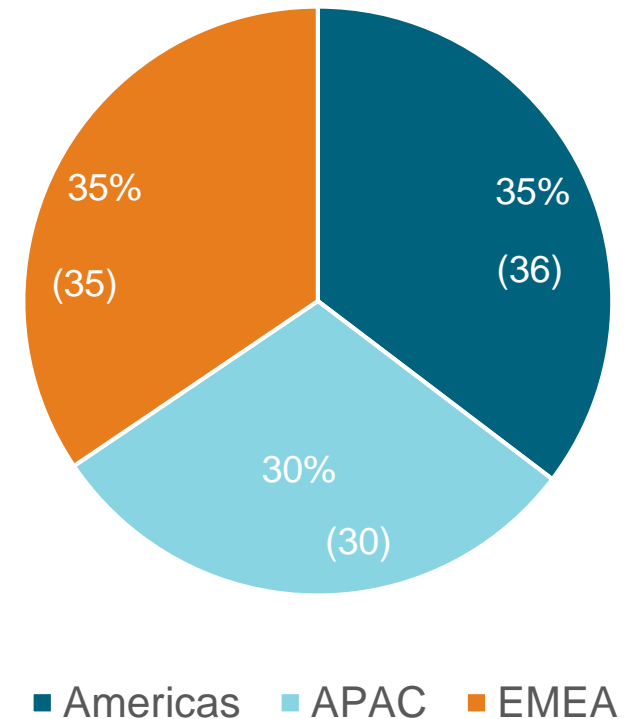
Vaisala Q2 net sales decreased by 5%



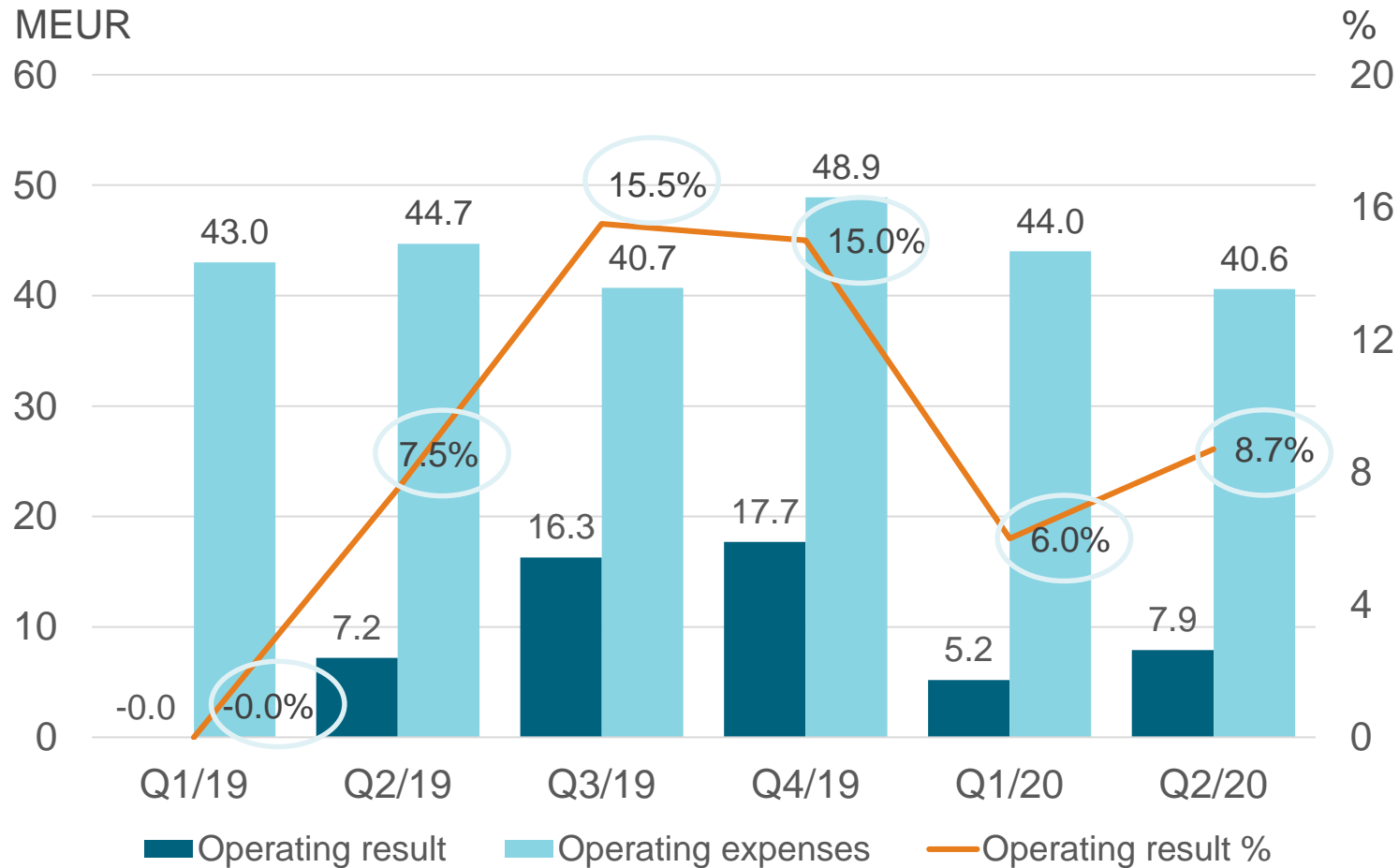
-5% with comparable rates

Net sales decreased in both business areas

Net sales by region



Vaisala Q2 operating result improved

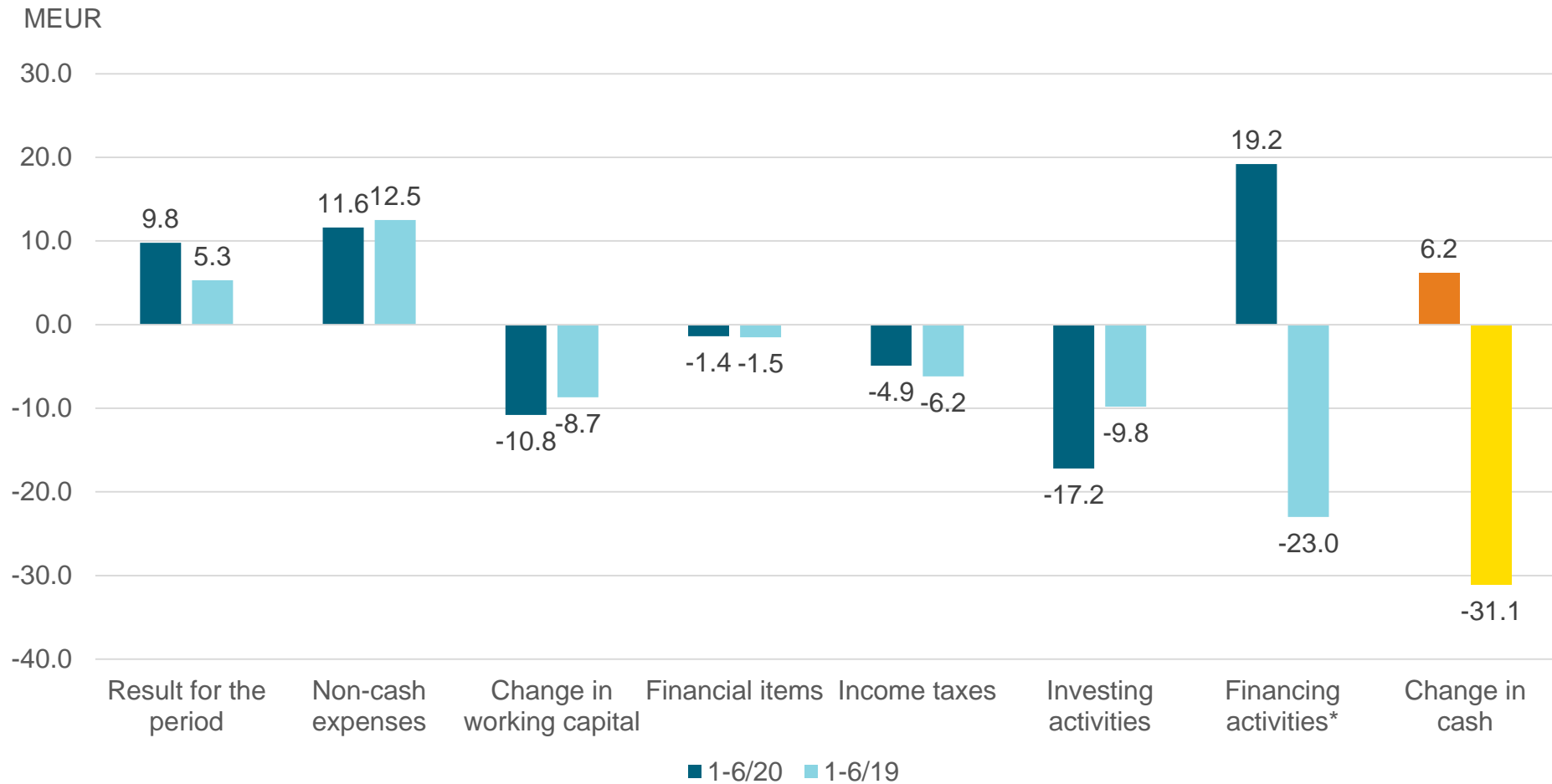


1.9 MEUR amortization of intangible assets

Gross margin 54.5%

OPEX decreased even incl. discontinuation of a consulting business

Increase in capital expenditure, dividend and new term loan impacted H1 cash flow



Cash and cash equivalents
 End Q2/2020: 62.2 MEUR
 End Q4/2019: 56.4 MEUR
 End Q2/2019: 42.2 MEUR

* Including dividend payment -19.0 MEUR and term loan 40.0 MEUR

Strong financial position

MEUR	1-6/20	1-6/19	2019
Equity per share	5.10	4.67	5.52
Return on equity %	10.2	6.0	17.7
Solvency ratio %	49.5	53.2	55.7
Capital expenditure	17.3	10.1	26.8
Cash and cash equivalents	62.2	42.2	56.4
Interest-bearing liabilities	91.1	50.7	51.5
Gearing %	15.7	5.1	-2.4





Business areas

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Weather and Environment Q2 – strong orders received in EMEA region

- Orders received increased by 1%
 - Increase with comparable FX rates 1%
 - Orders received very strong in EMEA region
- Order book decreased by 5% Y/Y
 - EUR 70.9 (78.6) million scheduled to be delivered in 2020
- Net sales decreased by 5%
 - Decrease with comparable FX rates 5%
- Operating result improved slightly
 - Restrictions related to the COVID-19 pandemic and postponed recruitments lowered operating expenses
 - Operating result includes EUR 1.6 million cost related to discontinuation of assessment services provided to renewable energy segment
 - R&D expenditure 14.9 (15.2) % of net sales
 - EUR 1.5 (1.6) million of amortization of intangible assets related to acquired businesses

Order book +5%
Q/Q
Book-to-bill 1.1

Gross margin
improved to
48.6%

MEUR	Q2/20	Q2/19	Change
Orders received	63.8	63.2	1%
Order book	128.1	134.3	-5%
Net sales	57.6	60.7	-5%
Products	30.5	35.1	-13%
Projects	17.7	16.9	5%
Services	9.4	8.7	8%
Gross margin %	48.6	47.9	
Operating expenses	25.7	28.7	-10%
Operating result	0.7	0.6	
Operating result %	1.2	1.0	

Industrial Measurements Q2 – operating result margin 20.9% despite decrease in net sales

- Orders received decreased by 8%
 - Decrease with comparable FX rates 9%
 - Orders received decreased in all regions
- Order book decreased by 1%
 - EUR 14.6 (15.3) million scheduled to be delivered in 2020
- Net sales decreased by 5%
 - Decrease with comparable FX rates 5%
- Operating result decreased due to decrease in net sales
 - Restrictions related to the COVID-19 pandemic and postponed recruitments lowered operating expenses
 - R&D expenditure 13.8 (14.1) % of net sales
 - EUR 0.4 (0.6) million of amortization of intangible assets related to acquired business

Decrease in orders received biggest in APAC

Gross margin strong 64.6%

MEUR	Q2/20	Q2/19	Change
Orders received	32.1	34.8	-8%
Order book	17.2	17.4	-1%
Net sales	33.8	35.4	-5%
Products	30.5	32.1	-5%
Services	3.3	3.3	1%
Gross margin %	64.6	64.9	
Operating expenses	14.9	16.0	-7%
Operating result	7.1	7.5	
Operating result %	20.9	21.2	



January–June
2020

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Key figures

	Vaisala			Weather and Environment			Industrial Measurements		
MEUR	H1/20	H1/19	Change	H1/20	H1/19	Change	H1/20	H1/19	Change
Orders received	185.6	211.0	-12%	116.0	139.4	-17%	69.6	71.6	-3%
Order book	145.3	151.7	-4%	128.1	134.3	-5%	17.2	17.4	-1%
Net sales	178.6	180.3	-1%	109.3	110.3	-1%	69.2	70.0	-1%
Gross margin, %	55.4	53.7		49.3	47.1		65.2	64.2	
Operating result	13.1	7.2		-1.7	-3.7		14.7	12.1	
Operating result margin, %	7.3	4.0		-1.5	-3.4		21.2	17.3	
Earnings per share, EUR	0.27	0.15	86%						
Cash flow from operating activities	4.2	1.7	147%						

2020

Market outlook
and business
outlook

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Market outlook 2020

Market outlook is affected by the COVID-19 pandemic and related economic slow-down. For weather observation solutions, market in developed countries is expected to remain more stable while in developing countries the negative impact of the COVID-19 pandemic will be more significant. The restrictions imposed by governments and authorities on people and businesses as well as travel, will cause delays or interruptions globally in project and service deliveries.

Weather and Environment

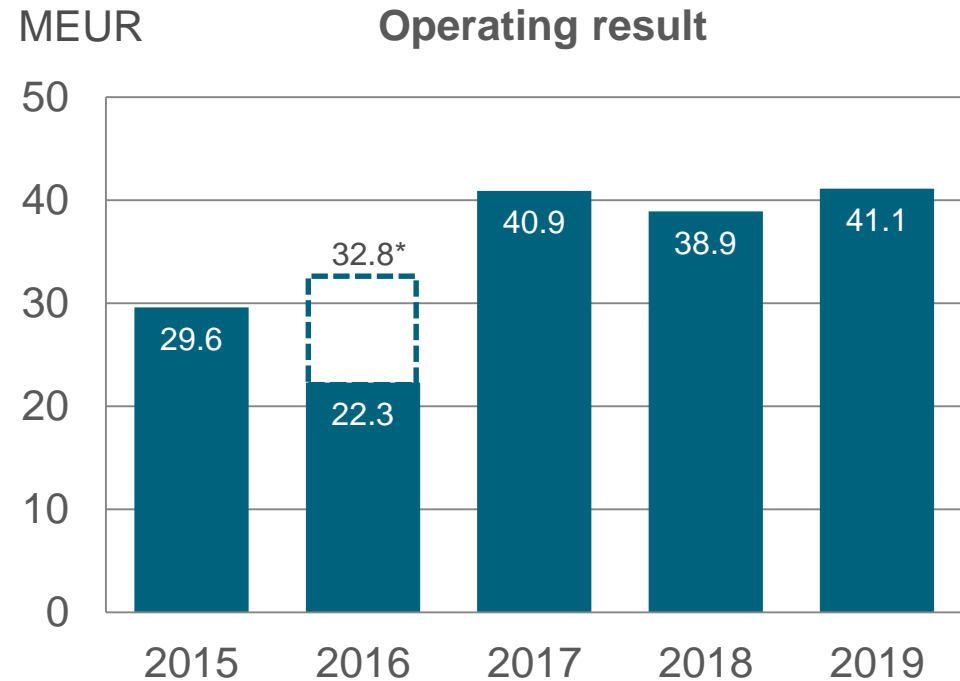
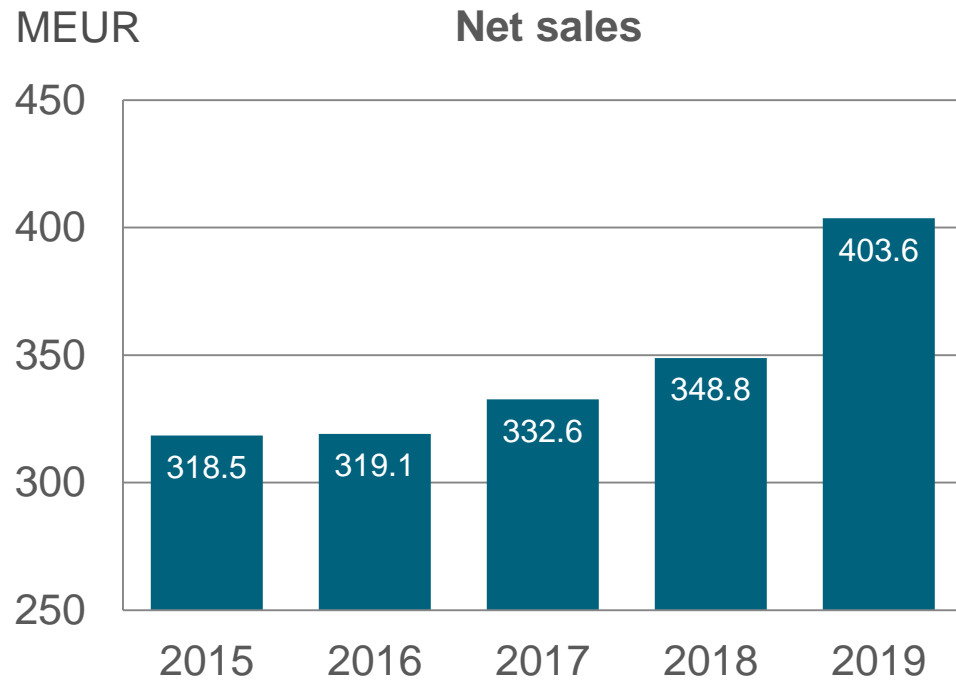
- Climate change and severe weather events drive need for continued replacement and enhancement of weather observation and forecasting capabilities. Due to the COVID-19 pandemic, decisions on larger meteorology infrastructure projects may be postponed.
- Within transportation, market situation varies exceptionally from market to market. In aviation, market for weather observation solutions is expected to suffer due to the steep decline in air traffic and consequent fall in aviation revenues. Ground transportation and road surface state modelling market is expected to be stable.
- The renewable energy market is generally expected to continue to grow, but short-term investments in wind and solar energy capacity may suffer from increased uncertainty and financing constraints.

Industrial Measurements

- In industrial measurements, increasing focus on energy and operations efficiency as well as increasing regulations and requirements for high-quality and security drive need for high-end industrial instruments and systems.
- Industrial instruments and liquid measurements markets are expected to suffer from implications of the COVID-19 pandemic. Continuous monitoring systems and power industry markets' growth is expected to continue.

Business outlook 2020

- Vaisala estimates that its full-year 2020 net sales will be in the range of EUR 370–405 million and its operating result (EBIT) will be in the range of EUR 34–46 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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