

# Half Year Financial Report 2017

Vaisala Corporation  
July 20, 2017

**VAISALA**

# Second Quarter 2017

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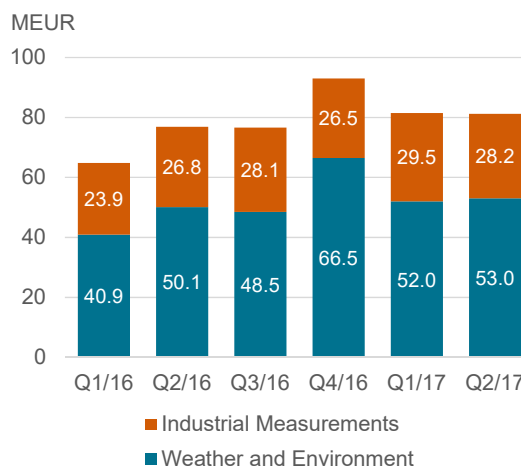
## Second quarter 2017 highlights

- Orders received EUR 81.3 (77.0) million, +6%
- Order book EUR 133.6 (123.5) million, +8%
- Net sales EUR 74.8 (75.6) million, -1%
- Gross margin 52.4% (49.2%)
- Operating result EUR 5.1 (3.4) million, 6.8% (4.5%) of net sales
- Earnings per share EUR 0.18 (0.17)
- Cash flow from operating activities EUR 8.5 (7.7) million



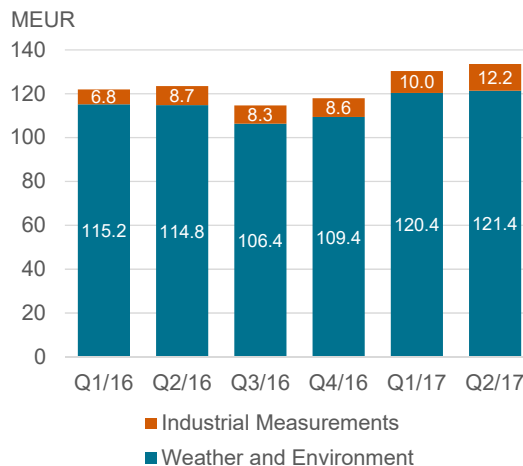
## Vaisala Q2 orders received increased 6%

- Orders received EUR 81.3 (77.0) million, +6%
  - The increase came from EMEA and APAC
- Weather and Environment Business Area
  - EUR 53.0 (50.1) million, +6%
  - The increase came from Asia-Pacific, Middle East and Africa as well as Europe regions
- Industrial Measurements Business Area
  - EUR 28.2 (26.8) million, +5%
  - The increase came from all regions, strongest in APAC and Americas



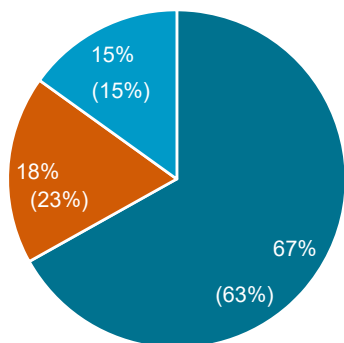
## Vaisala order book increased 8%

- Order book EUR 133.6 (123.5) million, +8%
  - The order book increased in EMEA and APAC
  - EUR 79.9 (77.3) million of the order book is scheduled to be delivered in 2017
- Weather and Environment Business Area
  - EUR 121.4 (114.8) million, +6%
  - EUR 69.6 (69.6) million of the order book is scheduled to be delivered in 2017
- Industrial Measurements Business Area
  - EUR 12.2 (8.7) million, +40%
  - EUR 10.3 (7.7) million of the order book is scheduled to be delivered in 2017

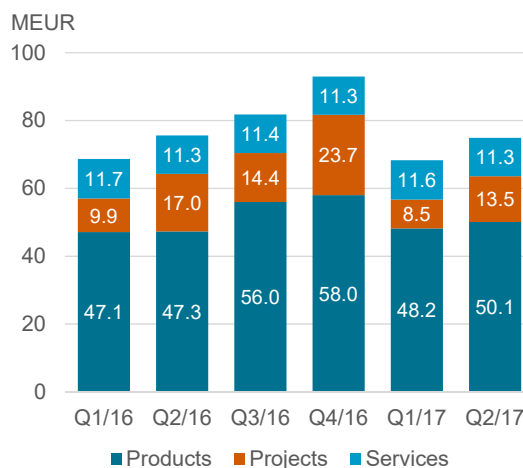


## Share of projects in Vaisala Q2 net sales decreased

% of net sales Q2/2017



■ Products ■ Projects ■ Services

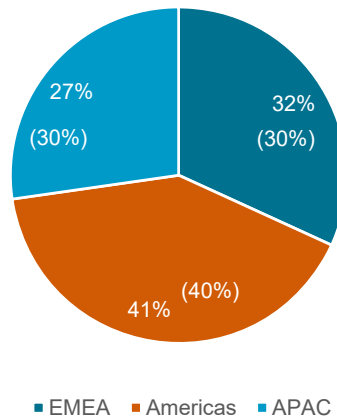


■ Products ■ Projects ■ Services

## Geographical split of Vaisala Q2 net sales

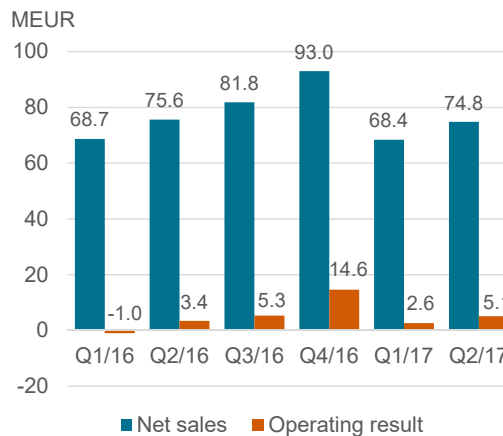
EUR million	Q2/2017	Q2/2016	Change %
EMEA	23.8	23.0	3
Americas	30.6	29.9	3
APAC	20.4	22.7	-10
Total	74.8	75.6	-1

% of net sales in Q2/2017



## Vaisala Q2 operating result improved despite slight decline in net sales

	Q2/2017	Q2/2016
Orders received, EUR million	81.3	77.0
Net sales, EUR million	74.8	75.6
Gross margin, %	52.4	49.2
Operating expenses, EUR million	34.5	34.1
Operating result, EUR million	5.1	3.4
Operating result, %	6.8	4.5

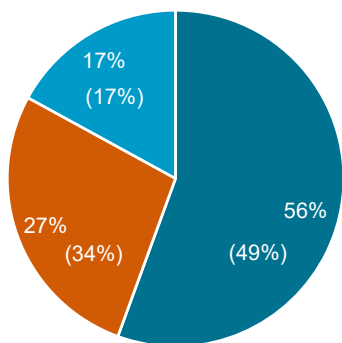


# Weather and Environment

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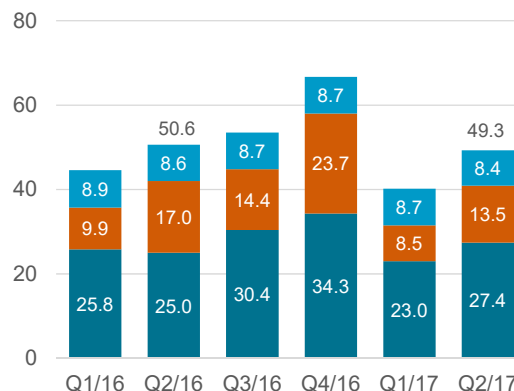
## Weather and Environment Q2 net sales declined due to lower project sales in APAC

% of net sales in Q2/2017



■ Products ■ Projects ■ Services

MEUR

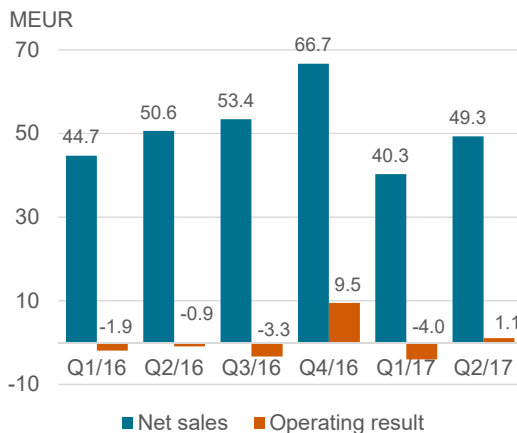


■ Products ■ Projects ■ Services

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## Weather and Environment operating result reflects improved gross margin

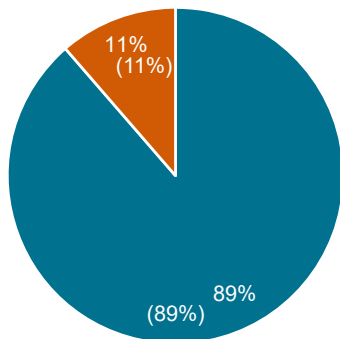
	Q2/2017	Q2/2016
Orders received, EUR million	53.0	50.1
Net sales, EUR million	49.3	50.6
Gross margin, %	47.7	44.0
Operating expenses, EUR million	22.6	23.1
Operating result, EUR million	1.1	-0.9
Operating result, %	2.2	-1.8



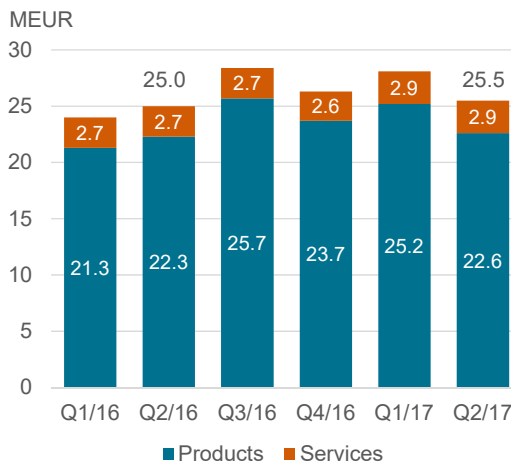
## Industrial Measurements

## Industrial Measurements Q2 net sales increased 2%

% of net sales in Q2/2017

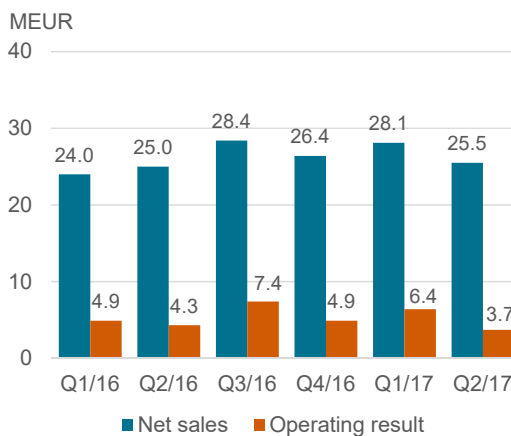


■ Products ■ Services



## Industrial Measurements Q2 operating result decreased due to increase in operating expenses

	Q2/2017	Q2/2016
Orders received, EUR million	28.2	26.8
Net sales, EUR million	25.5	25.0
Gross margin, %	61.4	60.0
Operating expenses, EUR million	11.9	10.7
Operating result, EUR million	3.7	4.3
Operating result, %	14.6	17.3

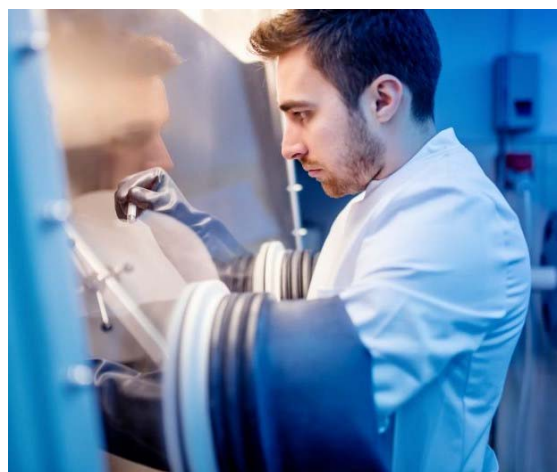


# January–June 2017

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## January–June 2017 highlights

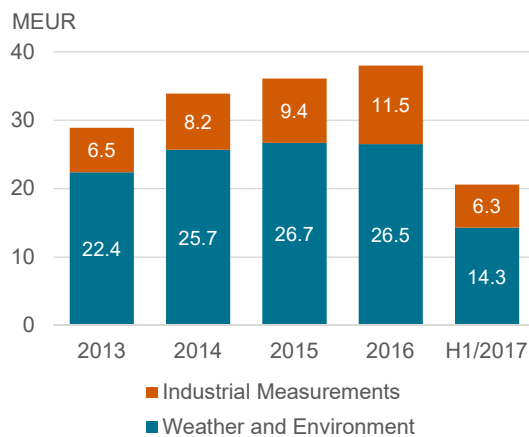
- Orders received EUR 162.8 (141.7) million, +15%
- Net sales EUR 143.2 (144.3) million, -1%
- Gross margin 51.9% (50.1%)
- Operating result EUR 7.7 (2.4) million
- Earnings per share EUR 0.27 (0.05)
- Cash flow from operating activities EUR 11.3 (7.2) million
- Cash and cash equivalents EUR 60.6 (43.2) million, +40%





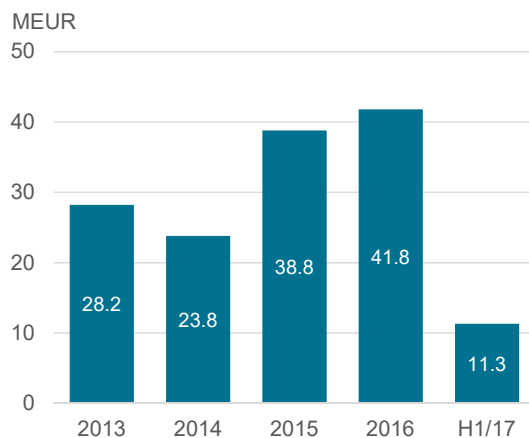
## Strong investment in R&D continued

- R&D expenses EUR 20.6 (19.4) million or 14.4% (13.5%) of net sales
- Weather and Environment 16.0% (14.4%) of net sales
- Industrial Measurements 11.8% (11.6%) of net sales



## Cash flow from operations increased 58% y-o-y

- Cash flow from operations increased to EUR 11.3 (7.2) million as a result of increased EBITDA
- Cash and cash equivalents EUR 60.6 (43.2) million, increase 40%
- Purchases of treasury shares EUR 0.8 million during Q1
- Capital expenditure EUR 3.8 (4.0) million
- Depreciation, amortization and write-downs EUR 5.3 (7.2) million
- Dividend paid EUR 17.9 million



# Market and Business Outlook

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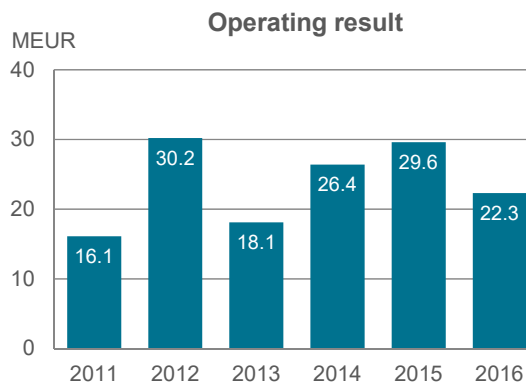
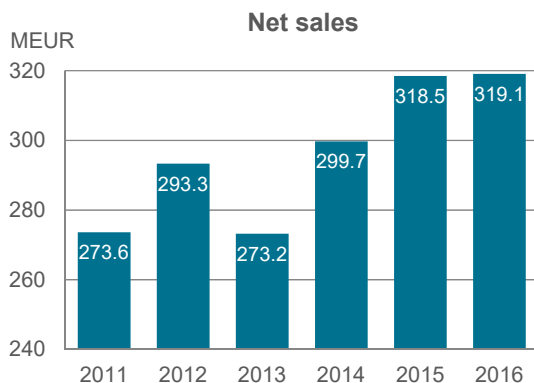
## Market Outlook 2017

- Vaisala is expecting moderate improvement for weather observation market compared to previous year. Market activity is expected to increase especially among meteorology customer segment. Market development with transportation customer industries looks overall stable, whereas order intake is expected to be slightly lower than in the strong 2016 due to variations with large projects and weak short-term visibility into Chinese aviation market development. Demand for renewable energy solutions is expected to grow modestly.
- Industrial measurement market outlook continues to be favorable. Especially, OEM business and continuous monitoring systems drive demand growth.



## 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.



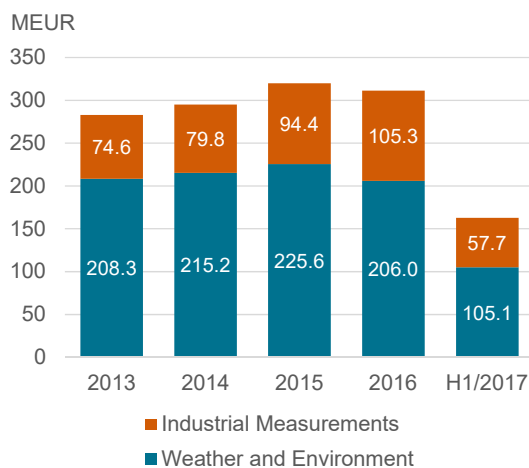
Questions Welcome!

# Appendix January–June 2017 financials

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## Vaisala H1 orders received increased 15%

- Orders received EUR 162.8 (141.7) million, +15%
  - The increase came from all geographical areas
- Weather and Environment Business Area
  - EUR 105.1 (91.1) million, +15%
  - The increase came from all regions and was strongest in Europe and Americas
- Industrial Measurements Business Area
  - EUR 57.7 (50.7) million, +14%
  - The increase came from all regions, strongest in Americas and APAC

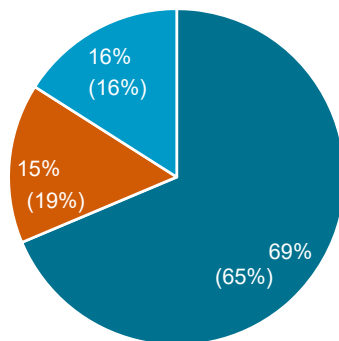


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## H1 sales mix reflects low project sales

EUR million	H1/2017	H1/2016	Change %
Products	98.3	94.4	4
Projects	22.0	26.9	-18
Services	22.9	22.9	0
<b>Net sales, total</b>	<b>143.2</b>	<b>144.3</b>	<b>-1</b>
At comparable exchange rates	141.9	144.3	-2

% of net sales in H1/2017

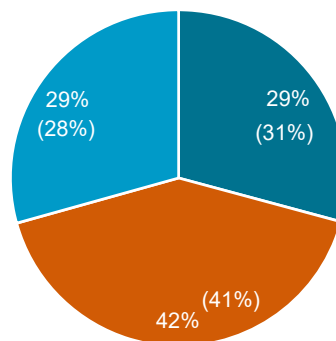


■ Products ■ Projects ■ Services

## Geographical split of Vaisala H1 net sales unchanged

EUR million	H1/2017	H1/2016	Change %
EMEA	41.8	44.6	-6
Americas	59.4	59.4	0
APAC	42.0	40.2	4
<b>Total</b>	<b>143.2</b>	<b>144.3</b>	<b>-1</b>

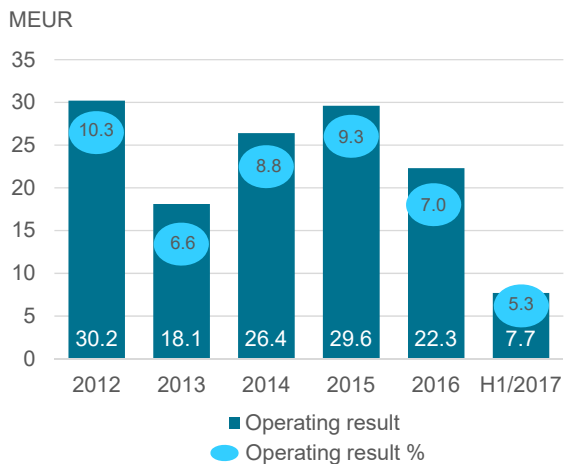
% of net sales in H1/2017



■ EMEA ■ Americas ■ APAC

## H1 operating result improved y-o-y

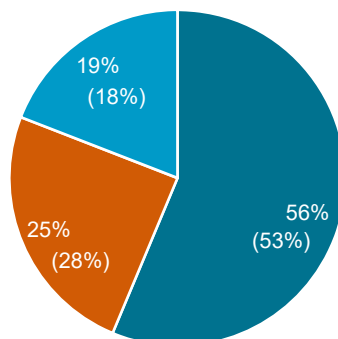
- Operating result EUR 7.7 (2.4) million or 5.3% (1.6%) of net sales
  - Comparison period included EUR 2.8 million restructuring expenses
- Operating expenses EUR 67.3 (67.1) million



## Weather and Environment H1 net sales decreased 6%

EUR million	H1/2017	H1/2016	Change %
Products	50.4	50.8	-1
Projects	22.0	26.9	-18
Services	17.1	17.5	-2
<b>Net sales, total</b>	<b>89.6</b>	<b>95.3</b>	<b>-6</b>
At comparable exchange rates	89.0	95.3	-7

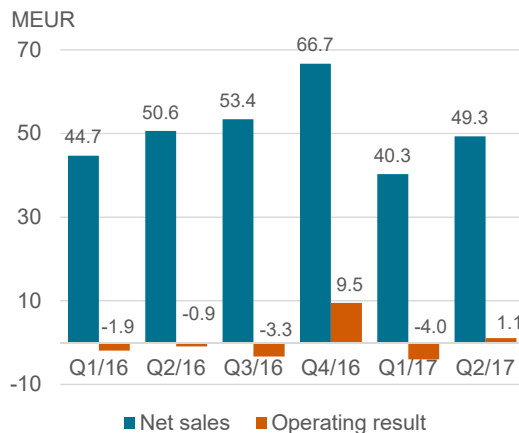
% of net sales in H1/2017



■ Products ■ Projects ■ Services

## Weather and Environment H1 operating result decreased due to low net sales

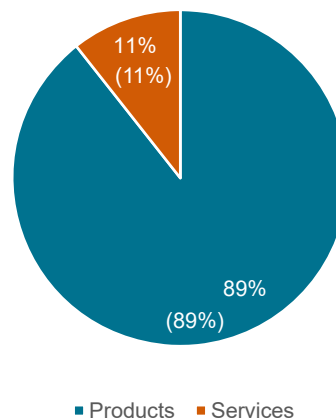
	H1/2017	H1/2016
Orders received, EUR million	105.1	91.1
Net sales, EUR million	89.6	95.3
Gross margin, %	46.0	44.8
Operating expenses, EUR million	44.3	45.5
Operating result, EUR million	-2.9	-2.8
Operating result, %	-3.3	-2.9



## Industrial Measurements H1 net sales increased 9%

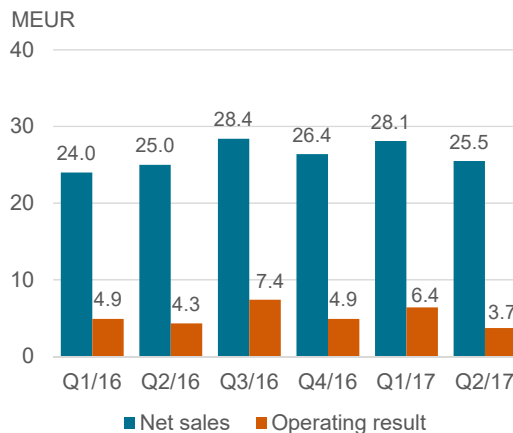
EUR million	H1/2017	H1/2016	Change %
Products	47.9	43.6	10
Services	5.7	5.4	7
<b>Net sales, total</b>	<b>53.6</b>	<b>49.0</b>	<b>9</b>
At comparable exchange rates	52.9	49.0	8

% of net sales in 1-6/2017



## Industrial Measurements H1 operating result % stable

	H1/2017	H1/2016
Orders received, EUR million	57.7	50.7
Net sales, EUR million	53.6	49.0
Gross margin, %	62.1	60.4
Operating expenses, EUR million	23.2	20.3
Operating result, EUR million	10.1	9.3
Operating result, %	18.9	18.9



# Observations for a Better World