

Vaisala Corporation Interim Report

April 25, 2017 at 2.00 p.m. (EEST)

## Vaisala Corporation Interim Report January–March 2017

**Orders received were strong and operating profit improved despite flat net sales**

### January–March 2017 highlights

- Orders received EUR 81.5 (64.8) million, increase 26%
- Order book EUR 130.3 (121.9) million, increase 7%
- Net sales EUR 68.4 (68.7) million, flat
- Gross margin 51.4% (51.0%)
- Operating result EUR 2.6 (-1.0) million. Comparison period included EUR 3.1. million restructuring expenses.
- Earnings per share EUR 0.09 (-0.12)
- Cash flow from operating activities EUR 2.9 (-0.6) million
- Cash and cash equivalents EUR 72.9 (57.0) million, increase 28%
- Business outlook for 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.

### Vaisala's President and CEO Kjell Forsén comments on the first quarter 2017

“Vaisala's first quarter 2017 orders received was strong with 26% increase from previous year and totaled EUR 81.5 million, which is all time high start for a year. Weather Business Area's orders received were brisk at EUR 52.0 million with 27% increase from previous year. Controlled Environment Business Area's orders received growth continued and was 23% resulting in EUR 29.5 million. Followed by good order intake in both business areas, Vaisala's order book strengthened by 7%. Half of the growth in Controlled Environment Business Area's order book came from service business and multi-year calibration contracts. This reflects emerging business model change to offer service contracts together with instrument orders.

Net sales were EUR 68.4 million, flat compared to previous year. However, this was a good achievement considering low order book in the beginning of the year. Controlled Environment Business Area's net sales were very strong at EUR 28.1 million with 17% increase from previous year. The increase came from all regions and was strongest in Americas and APAC. Weather Business Area's net sales decreased by 10% due to low opening order book in the beginning of the year.

Vaisala's first quarter operating result increased to EUR 2.6 million even though net sales were flat. The main driver for operating result increase was higher net sales in Controlled Environment Business Area.

Global economic growth improved in the first quarter 2017, and latest forecasts refer to a moderate outlook. Increase in commodity prices, especially in crude oil, is expected to improve outlook of several emerging economies. During the first quarter, performance of global manufacturing industry also improved, reflecting positively especially on Controlled Environment Business Area's outlook. Weather observation market outlook for 2017 is slightly more favorable than in 2016 and industrial measurement market outlook continues to be favorable. We continue to estimate our full-year net sales to be in the range of EUR 310–340 million and the operating profit (EBIT) in the range of EUR 32–42 million.”

## Key Figures

	1-3/2017	1-3/2016	1-12/2016
Orders received, EUR million	81.5	64.8	311.3
Order book, EUR million	130.3	121.9	118.0
Net sales, EUR million	68.4	68.7	319.1
Gross profit, EUR million	35.1	35.0	164.8
Gross margin, %	51.4	51.0	51.6
Operating expenses, EUR million	32.8	33.1	141.5
Operating result, EUR million	2.6	-1.0	22.3
Operating result, %	3.7	-1.5	7.0
Profit (loss) before taxes, EUR million	2.0	-2.7	22.1
Profit (loss) for the period, EUR million	1.6	-2.1	18.8
Earnings per share, EUR	0.09	-0.12	1.05
Return on equity, %	3.7	-4.7	10.5
Capital expenditure, EUR million	1.8	1.1	7.7
Depreciation, EUR million	2.9	3.7	24.1
Cash flow from operating activities, EUR million	2.9	-0.6	41.8
Cash and cash equivalents, EUR million	72.9	57.0	72.4

## Market situation in January–March 2017

During the first quarter 2017, orders received improved significantly compared to previous year as Latin America, Europe and China had strong growth in order intake. Vaisala closed several larger contracts in particular with meteorology customers globally. Orders received also increased clearly among the transportation customers with the exception of airports customers that was stable compared to previous year. Overall order intake for information services across customer segments increased clearly. However, order activity with renewable energy customers remained stable compared to previous year.

Vaisala's industrial measurement solution orders received continued to increase compared to previous year followed by good demand among continuous monitoring systems and OEM customers. This was a result of favorable market conditions, and Vaisala also grew faster than the addressable market. The growth was strongest in Americas and APAC.

## January–March 2017 performance

### Orders received

EUR million	1-3/2017	1-3/2016	Change, %	2016
Weather	52.0	40.9	27	206.0
Controlled Environment	29.5	23.9	23	105.3
Total	81.5	64.8	26	311.3

In the first quarter 2017, Vaisala's orders received were EUR 81.5 (64.8) million. Orders received increased by 26% compared to previous year. The increase came from all geographical areas.

In the first quarter 2017, Weather Business Area's orders received were EUR 52.0 (40.9) million and increased by 27% compared to previous year. The increase came from Americas, Europe and China.

In the first quarter 2017, Controlled Environment Business Area's orders received were EUR 29.5 (23.9) million and increased by 23% compared to previous year. The increase came from all regions and was strongest in Americas and APAC.

### Order book

EUR million	Mar 31, 2017	Mar 31, 2016	Change, %	Dec 31, 2016
Weather	120.4	115.2	5	109.4
Controlled Environment	10.0	6.8	47	8.6
<b>Total</b>	<b>130.3</b>	<b>121.9</b>	<b>7</b>	<b>118.0</b>

At the end of March 2017, Vaisala's order book was EUR 130.3 (121.9) million and increased by 7% compared to previous year. The order book increased in EMEA and Americas. Of the order book EUR 89.3 (83.6) million is scheduled to be delivered in 2017.

At the end of March 2017, Weather Business Area's order book was EUR 120.4 (115.2) million and increased by 5% compared to previous year. Order book increased in Americas, Europe and China. Of the order book EUR 80.6 (77.1) million is scheduled to be delivered in 2017.

At the end of March 2017, Controlled Environment Business Area's order book was EUR 10.0 (6.8) million and increased by 47% compared to previous year. The increase came from all regions and was strongest in APAC. Half of the increase in order book came from service business and calibration contracts for multiple years. Of the order book EUR 8.6 (6.4) million is scheduled to be delivered in 2017.

### Net sales by business area

EUR million	1-3/2017	1-3/2016	Change, %	2016
Weather	40.3	44.7	-10	215.4
Products	23.0	25.8	-11	115.5
Projects	8.5	9.9	-14	65.0
Services	8.7	8.9	-2	34.9
Controlled Environment	28.1	24.0	17	103.7
Products	25.2	21.3	19	93.0
Services	2.9	2.7	6	10.7
<b>Total</b>	<b>68.4</b>	<b>68.7</b>	<b>0</b>	<b>319.1</b>

### Net sales by geographical area

EUR million	1-3/2017	1-3/2016	Change, %	2016
EMEA	18.1	21.6	-16	92.0
Americas	28.7	29.5	-3	140.9
APAC	21.6	17.6	23	86.2
<b>Total</b>	<b>68.4</b>	<b>68.7</b>	<b>0</b>	<b>319.1</b>

In the first quarter 2017, Vaisala's net sales were flat compared to previous year and totaled EUR 68.4 (68.7). Net sales in EMEA were EUR 18.1 (21.6) million and decreased by 16%, in the Americas EUR 28.7 (29.5) million and decreased by 3%. In APAC, net sales increased by 23% and totaled EUR 21.6 (17.6) million. At comparable exchange rates, the net sales would have been EUR 67.7 (68.7) million and decrease

would have been EUR 1.0 million or 1% from previous year. The positive exchange rate effect was EUR 0.6 million, which was mainly caused by USD exchange rate appreciation against EUR.

In the first quarter 2017, Weather Business Area's net sales were EUR 40.3 (44.7) million and decreased by 10% compared to previous year. Deliveries were affected by normal seasonal weakness of the first quarter and low opening order book in the beginning of the year. The decrease came from Americas, Europe and APAC & MEA. At comparable exchange rates, the net sales would have been EUR 40.0 (44.7) million and decrease would have been EUR 4.7 million or 11% from previous year. The positive exchange rate effect was EUR 0.3 million, which was mainly caused by USD appreciation against EUR.

In the first quarter 2017, Controlled Environment Business Area's net sales were EUR 28.1 (24.0) million and increased by 17% compared to previous year. The increase came from all regions and was strongest in Americas and APAC. At comparable exchange rates, the net sales would have been EUR 27.7 (24.0) million and increase would have been EUR 3.7 million or 16% from previous year. The positive exchange rate effect was EUR 0.4 million, which was mainly caused by USD and JPY appreciation against EUR.

### Gross margin and operating result

	1-3/2017	1-3/2016	2016
Gross margin, %	51.4	51.0	51.6
Weather	43.8	45.8	47.3
Controlled Environment	62.6	60.8	60.8
Operating result, EUR million	2.6	-1.0	22.3
Weather	-4.0	-1.9	3.4
Controlled Environment	6.4	4.9	21.6
Other	0.2	-4.1	-2.7

In the first quarter 2017, Vaisala's operating result was EUR 2.6 (-1.0) million and increased by EUR 3.6 million compared to previous year. Previous year's operating result included EUR 3.1 million expenses related to the restructuring of Transportation business unit in Weather Business Area. Increased net sales and gross margin in Controlled Environment Business Area improved operating result. Gross margin was 51.4% (51.0%). Operating expenses were EUR 32.8 (33.1) million and decreased by 1%.

In the first quarter 2017, Weather Business Area's operating result was EUR -4.0 (-1.9) million and decreased by EUR 2.1 million compared to previous year. Operating result decreased mainly due to lower net sales. Gross margin was 43.8% (45.8%). Gross margin decrease was mainly due to lower sales volumes and related weakening in scale economies. Operating expenses were EUR 21.7 (22.4) million and decreased by 3%. The decrease came mainly from lower sales expenses.

In the first quarter 2017, Controlled Environment Business Area's operating result was EUR 6.4 (4.9) million and increased by EUR 1.4 million compared to previous year. Gross margin was 62.6% (60.8%). Gross margin increase was mainly due to higher sales volumes and related improvement in scale economies. Operating expenses were EUR 11.2 (9.6) million and increased by 16%. The increase came mainly from sales expenses according to plan.

In the first quarter 2017, financial income and expenses were EUR -0.5 (-1.7) million. This was a result of valuation of USD denominated receivables.

In the first quarter 2017, profit/loss before taxes was EUR 2.0 (-2.7) million. Income taxes were EUR -0.4 (0.6) million. Net result was EUR 1.6 (-2.1) million.

In the first quarter 2017, earnings per share were EUR 0.09 (-0.12).

## Statement of financial position and cash flow

Vaisala's financial position remained strong at the end of March 2017. Cash and cash equivalents increased to EUR 72.9 (57.0) million. Vaisala did not have any material interest bearing liabilities.

Despite increased cash balance, the statement of financial position total decreased to EUR 253.0 (259.7) million. The decrease was due to EUR 10.5 million write-down of intangible assets, booked in the third quarter of 2016, and related decrease in deferred tax liabilities as well as decreased inventories and receivables. On the other hand, current liabilities were higher at the end of the quarter compared to previous year. This was mainly due to 2017 dividend being recognized as liability after the Annual General Meeting.

In the first quarter 2017, Vaisala's cash flow from operating activities increased to EUR 2.9 (-0.6) million mainly as a result of increased EBITDA (earnings before interest, taxes, depreciation and amortization).

During the first quarter, Vaisala repurchased 23,173 Company's series A shares with EUR 0.8 million.

## Capital expenditure and divestments

In January–March 2017, gross capital expenditure totaled EUR 1.8 (1.1) million. Capital expenditure was mainly related to investments in machinery and equipment to develop and maintain Vaisala's production and service operations.

Depreciation, amortization and write-downs were EUR 2.9 (3.7) million. The decrease in depreciation was mainly due to EUR 10.5 million write-down of intangible assets, booked in the third quarter of 2016.

## Research and development

### R&D by business area

EUR million	1-3/2017	1-3/2016	Change, %	2016
Weather	7.0	6.7	4	26.5
Controlled Environment	3.1	2.8	10	11.5
Total	10.1	9.5	6	38.0

Controlled Environment Business Area's R&D activity continued increasing according to plan.

### R&D expenditure % of net sales

	1-3/2017	1-3/2016	2016
Weather	17.4	15.1	12.3
Controlled Environment	10.9	11.6	11.1
Total	14.7	13.9	11.9

Weather Business Area's R&D expenditure % of net sales increased by 2.3 percentage points mainly due to lower net sales.

## Personnel

The average number of personnel employed in Vaisala during January–March 2017 was 1,562 (1,582). At the end of March, the number of employees was 1,558 (1,579). 69% (66%) of employees were located EMEA, 22% (25%) in the Americas and 9% (8%) in APAC. 62% (59%) of employees were based in Finland.

## Management Group

In February, Katriina Vainio was appointed as member of Vaisala Management Group starting from March 1, 2017. As Executive Vice President, Group General Counsel of Vaisala she reports to Kjell Forsén, President and CEO of Vaisala.

From March 1, 2017 onwards Vaisala's Management Group members are

- Kjell Forsén, President and CEO, Chairman of the Management Group
- Marja Happonen, Executive Vice President, Human Resources
- Sampsa Lahtinen, Executive Vice President, Controlled Environment Business Area
- Kaarina Muurinen, Chief Financial Officer
- Vesa Pylvänäinen, Executive Vice President, Operations
- Jarkko Sairanen, Executive Vice President, Weather Business Area
- Katriina Vainio, Executive Vice President, Group General Counsel

## Decisions by Vaisala Corporation's Annual General Meeting

Vaisala Corporation's Annual General Meeting was held on March 28, 2017. 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, 2016.

### Dividend

The Annual General Meeting decided a dividend of EUR 1.00 per share, corresponding to the total of EUR 17.9 million. The record date for the dividend payment was March 30, 2017 and the payment date was April 6, 2017.

### Board of Directors

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

The Annual General Meeting confirmed that the annual fee payable to the Chairman of the Board of Directors is EUR 45,000 and each Board member EUR 35,000 per year. Approximately 40 percent of the annual remuneration will be paid in Vaisala Corporation's A shares acquired from the market and the rest in cash. In addition, the Annual General Meeting confirmed that the compensation for the Chairman of the Audit Committee would be EUR 1,500 per attended meeting and EUR 1,000 for each member of the Audit Committee and Chairman and each member of the Remuneration and HR Committee and any other committee established by the Board of Directors for a term until the close of the Annual General Meeting in 2018. The meeting compensation fees are paid in cash.

**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 invoice presented to the Company.

**Authorization for the directed repurchase of own A shares**

The Annual General Meeting authorized the Board of Directors to decide on the directed repurchase of a maximum of 200,000 of the Company's own A shares in one or more instalments with funds belonging to the Company's unrestricted equity. This authorization is valid until the closing of the next Annual General Meeting, however, no longer than September 28, 2018, and it replaced the previous authorization for directed repurchase of own A shares.

**Authorization on the issuance of the Company's own A shares**

The Annual General Meeting authorized the Board of Directors to decide on the issuance of a maximum of 568,344 Company's own A shares. The issuance of own shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The subscription price of the shares can instead of cash also be paid in full or in part as contribution in kind. This authorization is valid until March 28, 2022, and it replaced the previous authorization for issuance of own A shares.

**Resolution on the forfeiture of shares entered in the Vaisala Corporation joint book-entry account and of the rights attached to such shares**

The Annual General Meeting decided in accordance with the proposal by the Board of Directors that, regarding the shares entered in the Vaisala joint book-entry account, the right to shares incorporated in the book-entry system and the rights such shares carry are forfeited, and authorized the Board of Directors to take all actions required by said decision.

The forfeiture of shareholder rights concerns shares that are in the joint book-entry account, i.e. 4,820 shares of which 4,800 are series A-shares and 20 series K-shares. The shares, whose registration of shareholder rights to the shareholder's book-entry account were requested prior to the commencement of the Annual General Meeting, and which will be entered in the shareholder's book-entry account by June 30, 2017, will not be subject to the forfeiture of rights referred to above.

**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:**

Kaarina Ståhlberg was elected as the Chairman and Petri Castrén 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.

Raimo Voipio was elected as the Chairman and Yrjö Neuvo, Mikko Niinivaara and Pertti Torstila as members of the Remuneration and HR Committee. The Chairman and all members of the Remuneration and HR Committee are independent both of the Company and of significant shareholders.

## Vaisala's shares and shareholders

Vaisala's share capital totaled EUR 7,660,808 on March 31, 2017. Vaisala had 18,218,364 shares, of which 3,389,351 were series K shares and 14,829,013 were series A shares. The series K shares and series A shares are differentiated by the fact that each series K share entitles its owner to 20 votes at a General Meeting of Shareholders while each series A share entitles its owner to 1 vote. The series A shares represent 81.4% of the total number of shares and 17.9% of the total votes. The series K shares represent 18.6% of the total number of shares and 82.1% of the total votes.

### Trading in shares on the Nasdaq Helsinki Ltd

In January–March 2017, a total of 498,573 (545,854) Vaisala series A shares with a value totaling EUR 16.9 (13.0) million were traded on the Nasdaq Helsinki Ltd. The closing price of the series A share on the Nasdaq Helsinki Ltd stock exchange was EUR 35.02 (24.06). Shares registered a high of EUR 36.40 (25.00) and a low of EUR 31.88 (21.81). The volume-weighted average share price was EUR 33.98 (23.74).

The market value of Vaisala's series A shares on March 31, 2017 was EUR 506.4 (352.2) million, excluding the Company's treasury shares. Valuing the series K shares – which are not traded on the stock market – at the rate of the series A share's closing price on the last trading day of March, the total market value of all the series A and series K shares together was EUR 625.1 (433.7) million, excluding the Company's treasury shares.

At the end of March, 2017 Vaisala Corporation had 7,794 (7,538) registered shareholders. Ownership outside of Finland and nominee registrations represented 15.6% (14.8%) of the company's shares. Households owned 40.7% (41.1%), private companies 14.3% (14.0%), financial and insurance institutions 12.8% (12.1%), non-profit organizations 11.3% (11.9%) and public sector organizations owned 5.3% (6.1%).

### Treasury shares and their authorizations

The Annual General Meeting held on April 5, 2016 authorized the Board of Directors to decide on the directed repurchase of a maximum of 200,000 of the Company's series A shares. This authorization was valid until the closing of the Annual General Meeting held on March 28, 2017.

In April 2016, the Board of Directors resolved to commence repurchases of shares under this authorization. During May 2–December 30, 2016 Vaisala acquired a total of 176,827 Company's series A shares at an average price of EUR 29.96 and the total cost of the acquired shares was EUR 5,297,463.80. During January 2–February 24, 2017 Vaisala acquired a total of 23,173 Company's series A shares at an average price of EUR 34.03 and the total cost of the acquired share was EUR 788,522.13.

The Annual General Meeting held on April 5, 2016, authorized the Board of Directors to decide on the issuance of a maximum of 391,550 Company's series A shares. This authorization was valid until the closing of the Annual General Meeting held on March 28, 2017.

In March 2017, the Board of Directors decided to transfer shares under this authorization. A total of 22,506 Company's series A shares were transferred to the 22 key employees participating on the Share-based incentive plan 2014 and Restricted share-based incentive plan 2016 under the terms and conditions of the plans.



At the end of March 2017, Vaisala held a total of 367,544 (191,550) Company's series A shares, which represented 2.5% (1.3%) of all series A shares and 2.0% (1.1%) of all shares.

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

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

Uncertainties in political situation and governmental customers' budgetary constraints may reduce demand for Vaisala's products and services or slow down customer projects.

Delay in developing applications for information services as well as acquiring and building competences for information services sales and business operations may slow down growth in Weather Business Area. Closing of infrastructure projects in Weather Business Area may be postponed by budgetary constraints, complex customer decision making processes, changes in scope, and financing. Thus, Vaisala's financial performance may vary significantly over time.

Prolonged new product ramp-ups and market acceptance of new offering, such as power transformer monitoring products, supplementary air quality network sensors, and continuous monitoring systems, may postpone the realization of Vaisala's growth plans. Weakness in introducing new technologies and applications may result in erosion of price premium or loss of cost competitiveness and market position.

Long interruption in production or test equipment or disruption in suppliers' and subcontractors' delivery capability or product quality may impact significantly Vaisala's net sales and profitability. Cyber risk and downtime of IT systems may impact operations, delivery of information services or internet-based services, or cause financial loss.

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 net sales and profitability.

Further information about risk management and risks are available on the company website at [www.vaisala.com/investors](http://www.vaisala.com/investors), Corporate Governance and [www.vaisala.com/investors](http://www.vaisala.com/investors), Vaisala as an Investment.

### **Market outlook 2017**

Global economic growth improved in the first quarter 2017, and latest forecasts refer to a moderate outlook. Increase in commodity prices, especially in crude oil, is expected to improve outlook of several emerging economies. During the first quarter, also performance of global manufacturing industry improved, reflecting positively especially on Controlled Environment Business Area's outlook.

Weather observation market outlook for 2017 is slightly more favorable than in 2016. Improvements in weather observation and forecasting capabilities continue to be important for customers although budgetary constraints restrict customers' investments in many countries. Global demand and order activity for weather observation solutions is expected to increase in 2017 especially among meteorology customers. Market development with transportation customer industries look overall stable whereas new 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 for 2017 continues to be favorable. Especially, OEM business and continuous monitoring systems drive demand growth for industrial measurement solutions.

### **Business outlook for 2017**

Vaisala continues to estimate 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.

### **Financial Calendar 2017**

Half Year Financial Report for January–June 2017, July 20, 2017

Interim Report for January–September 2017, October 23, 2017

Vantaa, April 25, 2017

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 2016. 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. This interim financial report is unaudited.

### **New and amended IFRS standards not yet adopted**

IFRS 15 *Revenue from Contracts with Customers* (effective for financial periods beginning on or after January 1, 2018) will supersede the current revenue recognition guidance including IAS 18 *Revenue* and IAS 11 *Construction Contracts*.

By now, Vaisala has reviewed material portion of customer contracts in order to verify the applicability of selected methods. Also, development of processes and solutions in ERP system in order to comply with IFRS 15 requirements has progressed according to plan. Vaisala will disclose further information concerning adoption of IFRS 15 in Half Year Financial Report 2017 and Interim Report for January–September 2017.

### Consolidated Statement of Income

EUR million	1-3/2017	1-3/2016	1-12/2016
Net sales	68.4	68.7	319.1
Cost of sales	-33.2	-33.7	-154.3
<b>Gross profit</b>	<b>35.1</b>	<b>35.0</b>	<b>164.8</b>
Sales, marketing and administrative costs	-22.8	-23.5	-103.4
Research and development costs	-10.1	-9.5	-38.0
Other operating income and expense	0.3	-3.0	-1.0
<b>Operating profit (loss)</b>	<b>2.6</b>	<b>-1.0</b>	<b>22.3</b>
Share of result in associated company	-	-	0.1
Financial income and expenses, net	-0.5	-1.7	-0.3
<b>Profit (loss) before taxes</b>	<b>2.0</b>	<b>-2.7</b>	<b>22.1</b>
Income taxes	-0.4	0.6	-3.3
<b>Profit (loss) for the period</b>	<b>1.6</b>	<b>-2.1</b>	<b>18.8</b>
Earnings per share, EUR	0.09	-0.12	1.05
Diluted earnings per share, EUR	0.09	-0.12	1.03

### Consolidated Statement of Comprehensive Income

EUR million	1-3/2017	1-3/2016	1-12/2016
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial profit (loss) on post-employment benefits	0.0	0.0	-0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.0</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation differences	-0.2	-1.3	0.0
<b>Total</b>	<b>-0.2</b>	<b>-1.3</b>	<b>0.0</b>
<b>Total other comprehensive income</b>	<b>-0.2</b>	<b>-1.3</b>	<b>0.0</b>
<b>Total comprehensive income</b>	<b>1.4</b>	<b>-3.4</b>	<b>18.8</b>

## Consolidated Statement of Financial Position

EUR million

Assets	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
<b>Non-current assets</b>			
Intangible assets	19.0	31.4	20.0
Property, plant and equipment	40.9	42.5	41.4
Investments	0.1	0.1	0.1
Investment in associated companies	0.8	0.8	0.8
Long-term receivables	0.7	0.8	0.7
Deferred tax assets	10.9	11.1	10.8
<b>Total non-current assets</b>	<b>72.4</b>	<b>86.6</b>	<b>73.8</b>
<b>Current assets</b>			
Inventories	35.5	40.5	32.1
Trade and other receivables	69.2	73.3	75.4
Income tax receivables	2.9	2.3	1.4
Cash and cash equivalents	72.9	57.0	72.4
<b>Total current assets</b>	<b>180.5</b>	<b>173.1</b>	<b>181.2</b>
<b>Total assets</b>	<b>253.0</b>	<b>259.7</b>	<b>255.0</b>

<b>Shareholders' equity and liabilities</b>	<b>Mar 31, 2017</b>	<b>Mar 31, 2016</b>	<b>Dec 31, 2016</b>
<b>Shareholders' equity</b>			
Share capital	7.7	7.7	7.7
Other reserves	1.8	1.2	2.0
Cumulative translation adjustment	2.7	1.6	2.9
Treasury shares	-10.1	-4.3	-9.6
Retained earnings	159.4	171.8	175.6
<b>Total shareholders' equity</b>	<b>161.5</b>	<b>178.0</b>	<b>178.5</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	0.0	0.0	0.0
Post-employment benefit obligations	2.5	2.1	2.4
Deferred tax liabilities	0.0	4.0	0.0
Provisions for other liabilities and charges	0.0	0.2	0.0
Other long-term liabilities	1.4	0.7	1.3
<b>Total non-current liabilities</b>	<b>3.9</b>	<b>7.1</b>	<b>3.7</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	0.0	0.0	0.0
Advances received	3.1	4.8	4.0
Income tax liabilities	0.6	1.2	0.4
Provisions for other liabilities and charges	1.1	3.8	1.8
Trade and other payables	82.8	64.8	66.6
<b>Total current liabilities</b>	<b>87.6</b>	<b>74.6</b>	<b>72.8</b>
<b>Total shareholders' equity and liabilities</b>	<b>253.0</b>	<b>259.7</b>	<b>255.0</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, 2016</b>	7.7	1.1	-4.3	2.9	173.9	181.3
Profit (loss) for the period					-2.1	-2.1
Other comprehensive income		0.0		-1.3		-1.3
Share-based payment		0.1				0.1
<b>Balance at Mar 31, 2016</b>	<b>7.7</b>	<b>1.2</b>	<b>-4.3</b>	<b>1.6</b>	<b>171.8</b>	<b>178.0</b>

EUR million	Share capital	Other reserves	Treasury shares	Translation adjustment	Retained earnings	Total
<b>Balance at Jan 1, 2017</b>	7.7	2.0	-9.6	2.9	175.6	178.5
Profit (loss) for the period					1.6	1.6
Other comprehensive income		0.0		-0.2		-0.2
Dividend paid					-17.8	-17.8
Return of unpaid dividends to shareholders' equity					-0.1	-0.1
Purchase of treasury shares			-0.8			-0.8
Share-based payment		-0.1	0.3			0.2
<b>Balance at Mar 31, 2017</b>	<b>7.7</b>	<b>1.8</b>	<b>-10.1</b>	<b>2.7</b>	<b>159.4</b>	<b>161.5</b>

## Consolidated Cash Flow Statement

EUR million	1-3/2017	1-3/2016	1-12/2016
<b>Cash flows from operating activities</b>			
Cash receipts from customers	82.4	84.7	320.1
Other income from business operations	0.0	-3.0	0.0
Cash paid to suppliers and employees	-76.9	-78.2	-268.3
Financials paid, net	-0.7	-1.5	-0.7
Income taxes paid, net	-2.0	-2.6	-9.4
<b>Cash flow from operating activities</b>	<b>2.9</b>	<b>-0.6</b>	<b>41.8</b>
<b>Cash flows from investing activities</b>			
Capital expenditure on fixed assets	-1.8	-1.1	-7.7
Divestments	0.0	0.0	1.4
<b>Cash flow from investing activities</b>	<b>-1.8</b>	<b>-1.1</b>	<b>-6.4</b>
<b>Cash flows from financing activities</b>			
Dividends paid	-	-	-17.1
Purchase of treasury shares	-0.8	-	-5.3
Change in loan receivables	0.0	0.0	0.0
Change in leasing liabilities	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-0.8</b>	<b>0.0</b>	<b>-22.4</b>
Cash and cash equivalents at the beginning of period	72.4	59.2	59.2
Net increase (+) / decrease (-) in cash and cash equivalents	0.3	-1.6	13.0
Effect from changes in exchange rates	0.2	-0.5	0.2
<b>Cash and cash equivalents at the end of period</b>	<b>72.9</b>	<b>57.0</b>	<b>72.4</b>



## Notes for Report

### Orders Received by Business Area

EUR million	1-3/2017	1-3/2016	1-12/2016
Weather	52.0	40.9	206.0
Controlled Environment	29.5	23.9	105.3
<b>Total</b>	<b>81.5</b>	<b>64.8</b>	<b>311.3</b>

### Net Sales by Business Area

EUR million	1-3/2017	1-3/2016	1-12/2016
Weather			
Products	23.0	25.8	115.5
Projects	8.5	9.9	65.0
Services	8.7	8.9	34.9
<b>Total</b>	<b>40.3</b>	<b>44.7</b>	<b>215.4</b>
Controlled Environment			
Products	25.2	21.3	93.0
Services	2.9	2.7	10.7
<b>Total</b>	<b>28.1</b>	<b>24.0</b>	<b>103.7</b>
Sales, Other	0.0	0.0	0.0
<b>Total Sales</b>	<b>68.4</b>	<b>68.7</b>	<b>319.1</b>

### Operating Result by Business Area

EUR million	1-3/2017	1-3/2016	1-12/2016
Weather	-4.0	-1.9	3.4
Controlled Environment	6.4	4.9	21.6
Other	0.2	-4.1	-2.7
<b>Total</b>	<b>2.6</b>	<b>-1.0</b>	<b>22.3</b>

### Net Sales by Geographical Area

EUR million	1-3/2017	1-3/2016	1-12/2016
EMEA	18.1	21.6	92.0
Americas	28.7	29.5	140.9
APAC	21.6	17.6	86.2
<b>Total</b>	<b>68.4</b>	<b>68.7</b>	<b>319.1</b>

<b>Personnel</b>			
	<b>1-3/2017</b>	<b>1-3/2016</b>	<b>1-12/2016</b>
Average personnel	1,562	1,582	1,590
Personnel at the end of period	1,558	1,579	1,569

<b>Financial Instruments</b>			
	<b>Mar 31, 2017</b>	<b>Mar 31, 2016</b>	<b>Dec 31, 2016</b>
Nominal value of financial derivatives, EUR million	47.3	24.7	50.2
Fair values of financial derivatives, assets, EUR million	0.1	0.7	0.3
Fair values of financial derivatives, liabilities, EUR million	0.8	0.1	1.5

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>1-3/2017</b>	<b>1-3/2016</b>	<b>1-12/2016</b>
Number of shares outstanding, thousand	17,851	18,027	17,851
Number of treasury shares, thousand	368	192	367
Number of shares, weighted average, diluted, thousand	18,044	18,180	18,203
Number of shares, weighted average, thousand	17,843	18,027	17,955
Number of shares traded, thousand	499	546	2,031
Share price, highest, EUR	36.40	25.00	36.96
Share price, lowest, EUR	31.88	21.81	21.81

<b>Key Ratios</b>			
	<b>1-3/2017</b>	<b>1-3/2016</b>	<b>1-12/2016</b>
Earnings per share, EUR	0.09	-0.12	1.05
Earnings per share, diluted, EUR	0.09	-0.12	1.03
Equity per share, EUR	9.05	9.87	10.00
Return on equity, %	3.7	-4.7	10.5
Cash flow from operating activities per share, EUR	0.16	-0.03	2.34
Solvency ratio, %	64.6	69.8	71.1

**Further information**

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Vaisala Corporation

**Telephone Conference**

An English-language conference call for analysts, investors and media will be held today, April 25, 2017 at 4:00 p.m. (Finnish time). Numbers for conference call, during which questions may be presented, are:

Finland: +358 9 8171 0495  
UK: +44 20 3194 0552  
Sweden: +46 8 5664 2702  
US: +1 85 5716 1597

**Audiocast**

The presentation by Kjell Forsén, President and CEO, can also be followed through a live audiocast at [www.vaisala.com/investors](http://www.vaisala.com/investors) starting at 4:00 p.m. A recording will be published at the same address by 6:00 p.m.

**Capital Markets Day**

Vaisala will hold its Capital Markets Day 2017 at Vaisala's head office, Vanha Nurmi­järventie 21, Vantaa on Tuesday, June 13, 2017 from 11:30 a.m. until 4.00 p.m. At the event, Vaisala's top management will provide an update on the company's business, development projects and near-term business priorities. A more detailed program of the Capital Markets Day will be available on Vaisala's website at [www.vaisala.com/investors](http://www.vaisala.com/investors) by June 1, 2017.

**Distribution**

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