

**Vaisala Corporation**  
**Financial Statement Release**  
**2015**

February 10, 2016



## **Vaisala Corporation Financial Statement Release 2015**

**In January-December 2015, net sales increased by 6% to EUR 318.5 million and operating result increased by 12% to EUR 29.6 million.**

### **October-December 2015 highlights**

- Orders received EUR 90.7 (87.1) million, increase 4%
- Order book EUR 129.2 (129.2) million, increase 0%
- Net sales EUR 101.1 (95.7) million, increase 6%
- Gross margin 54.1% (52.5%)
- Operating result EUR 19.1 (14.9) million, increase 28%
- Earnings per share EUR 0.98 (0.73), increase 35%
- Cash flow from operating activities EUR 29.0 (15.0) million

### **January-December 2015 highlights**

- Orders received EUR 318.5 (295.0) million, increase 8%
- Net sales EUR 318.5 (299.7) million, increase 6%
- Gross margin 51.1% (51.1%)
- Operating result EUR 29.6 (26.4) million, increase 12%
- One-time expenses related to the restructuring EUR 1.8 million
- Earnings per share EUR 1.52 (1.30), increase 17%
- Cash flow from operating activities EUR 38.8 (23.8) million
- Cash and cash equivalents EUR 59.2 (47.6) million
- Dividend paid EUR 16.4 (16.2) million
- Vaisala's Board of Directors is proposing a dividend of EUR 0.95 per share (0.90 per share in 2014)
- Business outlook for 2016: Vaisala estimates its full year 2016 net sales to be in the range of EUR 305–335 million and the operating result (EBIT) excluding non-recurring items in the range of EUR 28–38 million

### **Vaisala's President and CEO Kjell Forsén**

"The fourth quarter of the year is typically strong for Vaisala, and again one third of annual net sales was generated during the last quarter. Orders received increased by 4% from previous year driven by Controlled Environment Business Area's order intake which grew 10%. Vaisala's fourth quarter net sales were all-time high and amounted to EUR 101.1 million, an increase of 6% compared to previous year.

Fourth quarter net sales developed especially well in Americas following the positive trend which started in the previous quarter and also APAC performed well. Excellent net sales growth was achieved in Controlled Environment Business Area increasing 10% into EUR 24.5 million. Weather Business Area net sales were EUR 76.6 million and increased by 4%. The weakening euro had a notable positive effect. Operating result was 19.1 million, increasing 28%, which is quite an achievement. This clear improvement was a result of favorable sales mix, improved project profitability in Weather Business Area as well as USD appreciation against EUR and of course keeping operating expenses under control.

Vaisala performed well in 2015 despite challenging market conditions. Vaisala's orders received were EUR 318.5 million resulting in 8% increase from previous year. Both business areas increased orders received

materially in Americas, and Controlled Environment Business Area's order intake grew in all regions totally by 18%. Net sales growth was strong and the three hundred million barrier was crossed as the highest ever net sales were EUR 318.5 million. Controlled Environment Business Area was performing especially well as its net sales increased by 16% year-on-year to EUR 93.0 million. Weather Business Area net sales were EUR 225.5 million and increased by 3%. Operating result was EUR 29.6 million and increased by 12%. The EUR 3.2 million improvement was due to higher net sales but certainly the restructuring and related cost savings had a positive impact as well.

I want to thank all Vaisala employees for the excellent result which was achieved by a competent team driving continuous renewal and improvement.

In 2015, Vaisala's strategy implementation progressed steadily and investments continued in strategic growth areas both in Weather and Controlled Environment Business Areas. In Weather Business Area we continued our efforts to drive growth in renewable energy business, however, the sales performance did not yet meet our expectations. The renewable energy market continued to grow, but market entry has taken longer than anticipated. In Controlled Environment we continued investing in growth markets, Life Science and Power Transmission. Regional expansion progressed well by contracting new distributors in countries with high industrial potential.

In 2016, Vaisala is expecting stable weather observation and industrial measurement market conditions. Especially weather radars have favorable market outlook, and also demand from renewable energy industry is expected to increase. In EMEA and Americas demand for weather observation solutions is expected to remain stable and slightly weaken in APAC. Demand for industrial measurement solutions is expected to remain good in EMEA and Japan, whereas demand in Americas is expected to remain stable.

We estimate our full-year 2016 net sales to be in the range of EUR 305–335 million and the operating profit (EBIT) in the range of EUR 28–38 million.”

## Key Figures

	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Orders received, EUR million	90.7	87.1	318.5	295.0
Order book, EUR million	129.2	129.2	129.2	129.2
Net sales, EUR million	101.1	95.7	318.5	299.7
Gross profit, EUR million	54.7	50.2	162.8	153.1
Gross margin, %	54.1	52.5	51.1	51.1
Operating expenses, EUR million	35.7	35.4	131.9	127.2
Operating result, EUR million	19.1	14.9	29.6	26.4
Operating result, %	18.9	15.6	9.3	8.8
Profit (loss) before taxes, EUR million	20.2	15.7	33.0	29.1
Profit (loss) for the period, EUR million	17.7	13.1	27.5	23.4
Earnings per share, EUR	0.98	0.73	1.52	1.30
Return on equity, %			15.7	14.3
Capital expenditure, EUR million	2.9	2.1	8.3	7.9
Depreciation, EUR million	3.8	4.0	15.1	15.2
Cash flow from operating activities, EUR million	29.0	15.0	38.8	23.8
Cash and cash equivalents, EUR million			59.2	47.6

## Market situation in October-December 2015

Global economy continued to decelerate slightly in the fourth quarter 2015, and especially emerging economies were slowing down. However, demand for weather observation and industrial measurement solutions remained solid despite macroeconomic weakening. Weather observation market continued seasonal improvement, and as typical significant portion of Vaisala Weather Business Area's annual revenue was recognized in the fourth quarter 2015. Market environment for industrial measurement solutions remained stable.

In EMEA weather observation markets in Russia and its neighboring countries continued to be affected by difficult economic conditions and depreciated currencies, in Western Europe market was stable. Demand for industrial measurement solutions continued to increase in EMEA.

In Americas demand from North American weather observation customers continued to improve in the fourth quarter 2015, and also in Latin America weather infrastructure project tendering picked up. Demand for industrial measurement solutions was flat in Americas.

In APAC weather observation market remained active in the fourth quarter 2015. Good demand for industrial measurement solutions continued in Japan, in the rest of APAC market conditions were affected by deceleration of Chinese manufacturing industry.

## October-December 2015 performance

### Orders received

EUR million	10-12/2015	10-12/2014	Change, %	2015	2014
Weather	66.7	65.4	2	224.0	215.2
Controlled Environment	24.0	21.7	10	94.5	79.8
Total	90.7	87.1	4	318.5	295.0

### Order book

EUR million	10-12/2015	10-12/2014	Change, %	2015	2014
Weather	122.2	123.7	-1	122.2	123.7
Controlled Environment	7.0	5.5	28	7.0	5.5
Total	129.2	129.2	0	129.2	129.2

### Orders received

In the fourth quarter 2015, Vaisala's orders received were EUR 90.7 (87.1) million and increased by 4% compared to previous year. The increase came from Americas.

In the fourth quarter 2015, Weather Business Area's orders received were EUR 66.7 (65.4) million and increased by 2% compared to previous year. The increase came from Energy and Transportation business units.

In the fourth quarter 2015, Controlled Environment Business Area's orders received were EUR 24.0 (21.7) million and increased by 10% compared to previous year. The increase came from all regions.

**Order book**

At the end of December 2015, Vaisala's order book was EUR 129.2 (129.2) million and was at last year's level. The order book increased in Americas. Of the order book EUR 95.5 (74.1) million will be delivered in 2016.

At the end of December 2015, Weather Business Area's order book was EUR 122.2 (123.7) million and decreased by 1% compared to previous year. Meteorology Infrastructure business unit's order book decreased. Of the order book EUR 88.8 (70.0) million will be delivered in 2016.

At the end of December 2015, Controlled Environment Business Area's order book was EUR 7.0 (5.5) million and increased by 28% compared to previous year. The increase came from all regions. Of the order book EUR 6.7 (4.1) million will be delivered in 2016.

**Net sales by business area**

EUR million	10-12/2015	10-12/2014	Change, %	2015	2014
Weather	76.6	73.3	4	225.5	219.6
Products	41.3	35.9	15	116.2	108.1
Projects	23.1	26.6	-13	71.0	74.7
Services	12.2	10.9	12	38.3	36.7
Controlled Environment	24.5	22.3	10	93.0	80.2
Products	22.2	20.0	11	83.5	71.9
Services	2.3	2.4	-4	9.5	8.3
<b>Total</b>	<b>101.1</b>	<b>95.7</b>	<b>6</b>	<b>318.5</b>	<b>299.7</b>

**Net sales by region**

EUR million	10-12/2015	10-12/2014	Change, %	2015	2014
EMEA	33.8	35.8	-6	105.1	111.8
Americas	42.3	36.2	17	132.0	112.1
APAC	25.0	23.7	6	81.3	75.9
<b>Total</b>	<b>101.1</b>	<b>95.7</b>	<b>6</b>	<b>318.5</b>	<b>299.7</b>

In the fourth quarter 2015, Vaisala's net sales were EUR 101.1 (95.7) million and increased by 6% compared to previous year. Vaisala's net sales in EMEA were EUR 33.8 (35.8) million and decreased by 6%, in the Americas EUR 42.3 (36.2) million and increased by 17% and in APAC EUR 25.0 (23.7) million and increased by 6%. At comparable exchange rates net sales would have been EUR 94.9 (95.7) million and decrease would have been EUR 0.8 million or 1% from previous year. The positive exchange rate effect was EUR 6.2 million, which was mainly caused by USD exchange rate appreciation against EUR.

In the fourth quarter 2015, Weather Business Area's net sales were EUR 76.6 (73.3) million and increased by 4% compared to previous year. The increase came from Transportation and Meteorology Infrastructure business units. Net sales improved in product and services businesses. At comparable exchange rates the net sales would have been EUR 72.1 (73.3) million and decrease would have been EUR 1.2 million or 2% from previous year. The positive exchange rate effect was EUR 4.5 million, which was mainly caused by USD appreciation against EUR.

In the fourth quarter 2015, Controlled Environment Business Area's net sales were EUR 24.5 (22.3) million and increased by 10% compared to previous year. The growth came from all regions. At comparable

exchange rates the net sales would have been EUR 22.8 (22.3) million and increase would have been EUR 0.4 million or 2% from previous year. The positive exchange rate effect was EUR 1.7 million, which was mainly caused by USD appreciation against EUR.

**Gross margin and operating result**

	10-12/2015	10-12/2014	Change, %	2015	2014
Gross margin, %	54.1	52.5		51.1	51.1
Weather	51.9	50.2		47.4	48.4
Controlled Environment	62.5	59.8		60.4	58.4
Operating result, EUR million	19.1	14.9	28	29.6	26.4
Weather	15.1	12.7	19	15.2	17.0
Controlled Environment	4.9	3.9	23	18.3	12.1
Eliminations and other	-0.9	-1.7	49	-4.0	-2.8

In the fourth quarter 2015, Vaisala's operating result was EUR 19.1 (14.9) million and increased by 28% compared to previous year. Operating result increase was due to higher net sales and gross margin in both Weather and Controlled Environment Business Areas. Gross margin was 54.1% (52.5%) and the increase was mainly due to more favorable sales mix, improved project profitability in Weather Business Area as well as positive impact of USD appreciation against EUR. Operating expenses were EUR 35.7 (35.4) million and increased by 1%. The increase came mainly from USD based expenses growing due to USD appreciation against EUR.

In the fourth quarter 2015, Weather Business Area's operating result was EUR 15.1 (12.7) million and increased by 19% compared to previous year. Operating result increase was due to higher net sales and gross margin. Gross margin was 51.9% (50.2%) and the increase was mainly due to improved project profitability and more favorable sales mix. Operating expenses were EUR 24.7 (24.2) million and increased by 2%. The increase came mainly from USD based expenses growing due to USD appreciation against EUR.

In the fourth quarter 2015, Controlled Environment Business Area's operating result was EUR 4.9 (3.9) million and increased by 23% compared to previous year. Operating result increase was due to higher net sales and gross margin. Gross margin was 62.5% (59.8%) and the increase was mainly due to positive impact of USD appreciation against EUR, higher sales volumes and related improvement in scale economies. Operating expenses were EUR 10.5 (9.4) million and increased by 11%. The increase came mainly from higher research and development expenses as well as USD based expenses growing due to USD appreciation against EUR.

In the fourth quarter 2015, financial income and expenses were EUR 1.2 (0.6) million. The increase is mainly due to foreign exchange gains related to valuation of USD denominated receivables.

In the fourth quarter 2015, profit/loss before taxes was EUR 20.2 (15.7) million. Income taxes were EUR 2.5 (2.5) million. Net result was EUR 17.7 (13.1) million.

In the fourth quarter 2015, earnings per share were EUR 0.98 (0.73).

## Market situation in 2015

Macroeconomic conditions were moderate in 2015, and also weather observation and industrial measurement markets were stable. However, performance of different market segments and geographic areas varied significantly. Demand for weather radars and industrial measurement solutions developed well. Heavy decline in commodity prices, especially in crude oil and natural gas, affected market conditions in offshore business and commodity exporting economies. Depreciation of euro improved Vaisala's financial performance.

In EMEA weather observation markets in Russia and its neighboring countries were affected by difficult economic conditions and depreciated currencies. In rest of EMEA weather observation market was stable, but demand was slightly below very active 2014. Demand for industrial measurement solutions increased in EMEA in 2015.

In Americas weather observation market was quiet in the first half of 2015. However, good demand from North American customers improved market activity significantly during the second half of the year. Market environment for industrial measurement solutions was stable.

In APAC weather observation market was active in 2015, also supported by good demand from China. Demand for industrial measurement solutions was good in Japan, in the rest of APAC deceleration of Chinese manufacturing industry affected market conditions especially in the second half of the year.

## January-December 2015 performance

### Orders received

EUR million	2015	2014	Change, %
Weather	224.0	215.2	4
Controlled Environment	94.5	79.8	18
Total	318.5	295.0	8

### Order book

EUR million	2015	2014	Change, %
Weather	122.2	123.7	-1
Controlled Environment	7.0	5.5	28
Total	129.2	129.2	0

### Orders received

In January-December 2015, Vaisala' orders received were EUR 318.5 (295.0) million and increased by 8% compared to previous year. The increase came from Americas.

In January-December 2015, Weather Business Area's orders received were EUR 224.0 (215.2) million and increased by 4% compared to previous year. The increase came from Energy and Transportation business units.

In January-December 2015, Controlled Environment Business Area's orders received were EUR 94.5 (79.8) million and increased by 18% compared to previous year. The growth came from all regions.

### Order book

At the end of December 2015, Vaisala's order book was EUR 129.2 (129.2) million and were at last year's level. The order book increased in Americas. Of the order book EUR 95.5 (74.1) million will be delivered in 2016.

At the end of December 2015, Weather Business Area's order book was EUR 122.2 (123.7) million and decreased by 1% compared to previous year. Meteorology Infrastructure business unit's order book decreased. Of the order book EUR 88.8 (70.0) million will be delivered in 2016.

At the end of December 2015, Controlled Environment Business Area's order book was EUR 7.0 (5.5) million and increased by 28% compared to previous year. The increase came from all regions. Of the order book EUR 6.7 (4.1) million will be delivered in 2016.

### Net sales by business area

EUR million	2015	2014	Change, %
Weather	225.5	219.6	3
Products	116.2	108.1	7
Projects	71.0	74.7	-5
Services	38.3	36.7	4
Controlled Environment	93.0	80.2	16
Products	83.5	71.9	16
Services	9.5	8.3	15
Total	318.5	299.7	6

### Net sales by region

EUR million	2015	2014	Change, %
EMEA	105.1	111.8	-6
Americas	132.0	112.1	18
APAC	81.3	75.9	7
Total	318.5	299.7	6

In January-December 2015, Vaisala's net sales were EUR 318.5 (299.7) million and increased by 6% compared to previous year. Vaisala's net sales in EMEA was EUR 105.1 (111.8) million and decreased by 6%, in the Americas EUR 132.0 (112.1) million and increased by 18% and in APAC EUR 81.3 (75.9) million and increased by 7%. Operations outside Finland accounted for 98% (97%) of net sales. At comparable exchange rates the net sales would have been EUR 294.5 (299.7) million and decrease would have been EUR 5.3 million or 2% from previous year. The positive exchange rate effect was EUR 24.0 million, which was mainly caused by USD exchange rate appreciation against EUR.

In January-December 2015, Weather Business Area's net sales were EUR 225.5 (219.6) million and increased by 3% compared to previous year. The increase came from Meteorology Infrastructure and Transportation business units, and Energy's net sales were on previous year's level. Weather Business Area improved its net sales in product and services businesses. At comparable exchange rates the net sales would have been EUR 209.9 (219.6) million and decrease would have been EUR 9.6 million or 4% from previous year. The positive exchange rate effect was EUR 15.6 million, which was mainly caused by USD appreciation against EUR. At comparable exchange rates net sales of all Weather Business Area business units decreased.



In January-December 2015, Controlled Environment Business Area's net sales were EUR 93.0 (80.2) million and increased by 16% compared to previous year. Net sales increased in all regions. At comparable exchange rates the net sales would have been EUR 84.5 (80.2) million and increase would have been EUR 4.3 million or 5% from previous year. The positive exchange rate effect was EUR 8.6 million, which was mainly caused by USD appreciation against EUR. At comparable exchange rates net sales of EMEA and APAC grew, and Americas was on previous year's level.

**Gross margin and operating result**

	2015	2014	Change, %
Gross margin, %	51.1	51.1	
Weather	47.4	48.4	
Controlled Environment	60.4	58.4	
Operating result, EUR million	29.6	26.4	12
Weather	15.2	17.0	-11
Controlled Environment	18.3	12.1	51
Eliminations and other	-4.0	-2.8	43

In January-December 2015, Vaisala's operating result was EUR 29.6 (26.4) million and increased by 12% compared to previous year. Operating result increase was due to higher net sales in both business areas. Vaisala's gross margin was 51.1% (51.1%). Vaisala's operating expenses were EUR 131.9 (127.2) million and increased by 4% compared to previous year. The increase came mainly from USD based expenses growing due to USD appreciation against EUR. In addition, operating result was decreased by EUR 1.8 million one-time expenses related to the restructuring.

In January-December 2015, Weather Business Area's operating result was EUR 15.2 (17.0) million and decreased by 11% compared to previous year. Gross margin was 47.4% (48.4%) and declined by one percentage point. The decrease was mainly due to lower sales volumes especially during the first half of the year and related weakening in scale economies as well as unfavorable inventory valuations related to Vaisala's commitments as a result of products with long life-cycles. However, gross margin of customer projects improved. Operating expenses were EUR 91.9 (89.7) million and increased by 2%. The increase came mainly from USD based expenses growing due to USD appreciation against EUR.

In January-December 2015, Controlled Environment Business Area's operating result was EUR 18.3 (12.1) million and increased by 51% compared to previous year. Gross margin was 60.4% (58.4%) and the increase was mainly due to positive impact of USD appreciation against EUR as well as higher sales volumes and related improvement in scale economies. Operating expenses were EUR 37.9 (34.7) million and increased by 9%. The increase came mainly from USD based expenses growing due to USD appreciation against EUR as well as higher research and development expenses.

In January-December 2015, financial income and expenses were EUR 3.5 (2.6) million. The increase is mainly due to foreign exchange gains related to valuation of USD denominated receivables.

In January-December 2015, profit/loss before taxes was EUR 33.0 (29.1) million. Income taxes were EUR 5.5 (5.7) million. Effective tax rate for January-December 2015 was 16.6% (19.5%). The decrease of the effective tax rate was due to tax refund related to previous financial years. Net result was EUR 27.5 (23.4) million.

## Statement of financial position and cash flow

Vaisala's financial position remained strong at the end of the December 2015. Cash and cash equivalents amounted to EUR 59.2 (47.6) million at the end of December 2015 and Vaisala did not have any material interest bearing liabilities.

The statement of financial position total was EUR 264.0 (244.6) million. The increase was due to EUR depreciation against other currencies and also better net profit as well as increased level of inventories, cash balance and short term liabilities.

In January-December 2015, Vaisala's cash flow from operating activities was EUR 38.8 (23.8) million. The improvement compared to previous year was mainly due to development of working capital and better profitability.

Vaisala repurchased 160,000 own shares with EUR 3.9 million during the financial year 2015.

## Capital expenditure and divestments

In January-December 2015, gross capital expenditure totaled EUR 8.3 (7.9) million. Capital expenditure was mainly related to investments in machinery and equipment to develop and maintain Vaisala's production and service operations. Depreciation and amortization was EUR 15.1 (15.2) million.

## Research and development

In January-December 2015, research and development expenses totaled EUR 36.1 (34.0) million, representing 11.3% (11.3%) of net sales.

### R&D by business area

EUR million	10-12/2015	10-12/2014	Change, %	2015	2014	Change, %
Weather	7.5	7.3	3	26.7	25.7	4
Controlled Environment	2.8	2.1	34	9.4	8.2	15
Total	10.3	9.4	10	36.1	34.0	6

In January-December 2015, Weather Business Area R&D expenses were 11.8% (11.7%) of net sales. Controlled Environment Business Area R&D expenses were 10.1% (10.3%) of net sales.

Weather Challenge, an open innovation competition, was introduced at Slush 2015 start-up event in Finland. The goal of the competition is to collect globally ideas for weather data related business opportunities.

### Key product and software releases

In 2015, Vaisala launched several new advanced products and software to enhance growth as well as to replace existing products. More details concerning the new products and software can be found at [www.vaisala.com](http://www.vaisala.com).

Weather Business Area launched a new version of Vaisala Observation Network Manager NM10, which is a scalable, automated system to remotely monitor and manage different weather observation sites. The new NM10 enables cost effective deployment of Automatic Weather Station networks and advanced remote

monitoring and control of Autosonde stations supporting Vaisala 4:th Generation radiosondes. With this system customers can keep their network up and running and secure continuous data availability.

Second key launch of Weather Business Area was IRIS Focus, the next generation weather radar software designed for meteorologists to support in more accurate precipitation estimation and classification as well as earlier warnings of severe weather conditions.

Third key launch of Weather Business Area was Thunderstorm Manager, a web based global application enabling customers to minimize the risk of lightning strikes impacting their operations.

Fourth key launch of Weather Business Area was Nomad 3 Data Logger for the wind energy market. Nomad 3 is a flexible and portable data management device, which enables wind energy developers and operators to operate more efficiently.

Controlled Environment Business Area launched a Moisture and Hydrogen Transmitter MHT410 for transformer oil, which enables power generation and transmission customers to easily monitor the condition of their transformer assets.

Controlled Environment Business Area launched also GMW80-series carbon dioxide (CO<sub>2</sub>) and temperature transmitter series with second generation CARBOCAP® technology for standard demand-controlled ventilation application. Another important CO<sub>2</sub> product launch was GMP251, which is a probe intended for industrial and semi-industrial CO<sub>2</sub> measurement applications such as CO<sub>2</sub> incubator control and monitoring, cold storage monitoring, as well as measuring CO<sub>2</sub> in fruit and vegetable storages and during their transportation.

## Personnel

In 2015 both Vaisala's organization and competence development activities focused on improving the ability to execute growth strategies and to improve operational efficiency. The program for restructuring business organization in spring 2015 advanced smoothly and the new organizational structure was well received. In this program Controlled Environment Business Area established regional organization structure with profit and loss responsibility. In Weather Business Area its sales teams were integrated into three profit and loss responsible and customer-oriented business units. Also Service organization was integrated into Weather and Controlled Environment Business Areas. After completing the simplification of the organization structure Vaisala's competence development activities focused on sales support, customer and application knowledge as well as process development.

ERP upgrade implemented in January 2015 was supported by comprehensive training programs in order to support its many users in applying re-designed processes, new functionalities as well as using new systems and solutions integrated with ERP. The upgrade was followed by further process, working practice and related competence development throughout the year. Sales to Delivery process renewals were targeted for increased customer satisfaction and internal process efficiency. Product Delivery process development activities continued with the focus to improve on-time delivery. New cross-functional Product Creation process was released and piloted in new R&D projects. Interactive training sessions with supportive e-learning modules were developed to facilitate the implementation of process changes and usage of new applications and tools.

Weather Education program started in the USA and in Europe, and 180 people attended the training sessions. The program was designed to enhance participants' understanding of weather phenomena, its impact on weather related customers and how Weather Business Area's offering is aligned with customer requirements. Also the development of value selling capabilities continued.

Vaisala continued developing its management system and in Operations daily management practice was taken into use in all factories. This practice has improved employees' end-to-end process understanding whereby organization's capability for quick reactions and proactive planning has improved.

Vaisala Business Learning Program continued with strategy and leadership modules and strategic business assignments. Also Leadership development Program LEAD continued and Leading Quality modules were organized in all regions.

The average number of personnel employed in Vaisala during January-December 2015 was 1,611 (1,617). The number of employees at the end of December 2015 was 1,588 (1,613).

On December 31, 2015, 66% (64%) of employees were located EMEA, 26% (27%) in the Americas and 8% (9%) in APAC. 41% (43%) of employees were based outside Finland.

	December 31, 2015	December 31, 2014	Change, employees
Finland	930	917	13
EMEA (excluding Finland)	119	123	-4
Americas	407	438	-31
APAC	132	135	-3
<b>Total</b>	<b>1,588</b>	<b>1,613</b>	<b>-25</b>

As a part of the business restructuring, the Service function was integrated into Weather and Controlled Environment Business Areas and the number of services related people decreased during 2015.

	December 31, 2015	December 31, 2014	Change, employees
Sales and marketing	386	387	-1
R&D	304	296	8
Operations	379	370	9
Services	357	384	-27
Administration	162	176	-14
<b>Total</b>	<b>1,588</b>	<b>1,613</b>	<b>-25</b>

### Share-based incentive plans

On May 3, 2012 the Board of Directors resolved for the Group key employees a share-based incentive plan that was based on the development of Group's profitability in calendar year 2012 and it was paid partly in the Company's series A shares and partly in cash in March 2015. The cash proportion was paid to cover taxes and tax-related costs arising from the reward to employees. No reward was paid to employees whose employment or service had ended before the reward payment date. In total 63,800 A shares were transferred. In 2015, EUR 0.2 million and in 2012–2014 EUR 1.7 million was expensed for the plan.

On February 6, 2013 the Board of Directors resolved for the Group key employees a share-based incentive plan that was based on the development of Group's profitability in calendar year 2013 and it will be paid

partly in the Company's series A shares and partly in cash in spring 2016. The cash proportion will cover taxes and tax-related costs arising from the reward to a key employee. No reward will be paid, if a key employee's employment or service ends before the reward payment date. Maximum amount corresponding to 150,000 shares will be paid depending on the number of entitled persons in the company at the end of vesting period. No reward will be paid based on this plan as the profitability targets for 2013 were not met.

On February 10, 2014 the Board of Directors resolved for the Group key employees a share-based incentive plan that was based on the development of Group's profitability in calendar year 2014 and it will be paid partly in the Company's series A shares and partly in cash in spring 2017. The cash proportion will cover taxes and tax-related costs arising from the reward to a key employee. The maximum amount of this plan originally corresponded to 160,000 shares. No reward will be paid if a key employee's employment or service ends before the reward payment date. In 2015 EUR 0.3 million and in 2014 EUR 0.2 million was expensed for the plan. On December 31, 2015 the maximum amount corresponds to 115,200 shares and it is depending on the number of entitled persons in the company at the end of vesting period.

On December 18, 2014 the Board of Directors resolved for the Group key employees a share-based incentive plan that was based on the development of Group's profitability in calendar year 2015 and it will be paid partly in the Company's series A shares and partly in cash in spring 2018. The cash proportion will cover taxes and tax-related costs arising from the reward to a key employee. The maximum amount of this plan originally corresponded to 160,000 shares. No reward will be paid, if a key employee's employment or service ends before the reward payment date. In 2015 EUR 0.5 million was expensed for the plan. On December 31, 2015 the maximum amount corresponds to 143,000 shares and it is depending on the number of entitled persons in the company at the end of vesting period.

On December 16, 2015 Vaisala's Board of Directors resolved for the Group key employees a share-based incentive plan that is based on the development of Group's profitability in calendar year 2016 and it will be paid partly in the Company's series A shares and partly in cash in spring 2019. The cash proportion will cover taxes and tax-related costs arising from the reward to a key employee. No reward will be paid if a key employee's employment or service ends before the reward payment date. Maximum amount corresponding to 200,000 shares will be paid depending on the number of entitled persons at the end of vesting period.

The total personnel expenses in 2015 were EUR 130.0 (116.3) million.

## **Vaisala's long-term financial targets for 2014–2018 and strategy**

### **Vaisala's long-term financial targets**

**Growth:** Vaisala targets an average annual growth of 5%. In selected growth businesses such as renewable energy, life science and power transmission the target is to exceed 10% annual growth.

**Profitability:** Vaisala's objective is profitable growth and the target is to achieve 15% operating profit (EBIT) margin towards the end of the year 2018.

Vaisala does not consider the long-term financial targets as market guidance for any given year.

### **Vaisala's strategy**

Vaisala's goal of profitable growth will be achieved through the implementation of the strategic themes: creation of customer value, reliability, and simplification.

Additional customer value will be created in Weather Business Area by building new business around decision support services that are offered to renewable energy, aviation and roads customers. Controlled Environment Business Area will focus on enhancing offering and developing the sales channel for life science and industrial customers in order to create value for customers' operations.

Reliability will create customer satisfaction and loyalty. High quality of products and services, well-functioning customer service and on-time actions will deliver reliable customer experience.

Simplification will create operational efficiency. Optimized global networks, streamlined supply chains, common capabilities and continual improvement in all functions will ensure increased efficiency of Vaisala's operations.

### **Implementation of the strategy in 2015**

In 2015, Vaisala continued the investments in strategic growth areas in Weather and Controlled Environment Business Areas.

#### Weather Business Area

Weather Business Area continued its efforts to create customer value by building new business around information services that are offered to renewable energy, aviation and roads customers. Several new advanced products and software were launched to enhance growth as well as to replace existing products. Key launches included Observation Network Manager NM10, IRIS Focus and Thunderstorm Manager.

Vaisala continued its efforts to drive growth in renewable energy business, however, the sales performance did not yet meet expectations. The renewable energy market continued to be vibrant and growing, but market entry took longer than anticipated due to long authorization and approval processes, evolving business models and customers' postponed decision making. Nevertheless, Energy business unit continued to invest in building new offering for renewable energy customers and gaining industry acceptance of the existing product portfolio. A good example of building new offering was the launch of Nomad 3, a flexible and portable data management device, which enables wind energy developers and operators to operate more efficiently.

#### Controlled Environment Business Area

Controlled Environment Business Area's product leadership strategy provided a strong growth platform during 2015. Controlled Environment Business Area continued to grow through industrial measurement solutions in various industries across all regions.

Controlled Environment Business Area continued investing in its growth markets, Life Science and Power Transmission. Continuous monitoring systems offered to Life Science and other industrial customers had double digit growth with improving profitability which is already contributing to Controlled Environment Business Area's operating profit even though investment phase still continues. Vaisala enhanced its offering for Power Transmission customers by launching MHT410 for high voltage transformers. The Vaisala Moisture, Hydrogen and Temperature transmitter MHT410 was launched to the market in July. Other key

launches include new products to the Vaisala Carbon Dioxide, Humidity and Temperature Transmitter Series GMW80 integrating the new generation CARBOCAP® sensor.

Regional expansion continued by contracting new distributors in countries with high industrial potential. This had a positive impact on distributor sales, which achieved double digit growth.

More information of the product and software launches can be found on page 9.

### **Quality and operational excellence**

In 2015, Vaisala continued to systematically improve quality of products and services with focus on customer satisfaction. This was achieved through enhanced quality of product design and quality control of material flow. Quality training was also continued to further improve competence of Vaisala's employees.

Vaisala continued its efforts in on-time delivery accuracy and reduction of lead times throughout a variety of products, projects and services. Delivery times are especially important for Vaisala's industrial customers. Good progress in on-time delivery was achieved by utilizing Lean method of daily management and as a result of improved material availability. Lead-time reductions were achieved by optimizing order-to-delivery flow for selected products. Vaisala also continued to consolidate its' supplier base and built stronger relationships with preferred suppliers.

ERP upgrade implemented in January 2015 enabled further development of globally harmonized processes, enhancements of management reporting and centralization of accounting services. Customer service portal was developed and implemented in order to create a platform for Customers Self Service Solutions with a single sign-on capability.

In order to strengthen the capability to implement its strategy and to increase agility, Vaisala restructured its business in 2015. More detailed information about the new business structure can be found below.

### **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 Infrastructure, 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 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 reduced its

workforce by a total of 52 positions, out of which 18 positions were 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 took place through redundancies, retirement options and terminations of temporary contracts. Vaisala provided 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 were EUR 2 million. The first quarter 2015 operating result includes EUR 1.8 million accrual for one-time costs.

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

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

Kai Konola, Executive Vice President, Weather Business Area and member of Vaisala's Management Group since 2010 left Vaisala on December 15, 2015.

Jarkko Sairanen was appointed Executive Vice President of Vaisala Weather Business Area on November 26, 2015. Jarkko Sairanen started at Vaisala on February 1, 2016. Head of Weather Offering, Ilkka Mannonen acted as interim EVP Weather Business Area December 15, 2015–January 31, 2016.

On December 31, 2015 Vaisala's Management Group members were:

- 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
- Ilkka Mannonen, Head of Weather Offering, interim Executive Vice President, Weather Business Area
- Kaarina Muurinen, Chief Financial Officer
- Vesa Pylvänäinen, Executive Vice President, Operations

### **Sustainability**

Vaisala is in a unique position to promote sustainable development through the technologies it offers to its customers. Through its weather solutions, Vaisala safeguards lives and property and reduces environmental impacts. Industrial instruments bring efficiencies and reduce energy and material consumption in customers' operations.

Vaisala pays special attention to the objectives of UN Global Compact in the areas of human and labor rights, the environment and anti-corruption. In 2015, Vaisala strengthened its support toward a stronger climate agenda by joining Caring for Climate, an initiative under UN Global Compact, and Climate Leadership Council, a Finnish initiative for leading sustainable companies. In September 8, 2015, Vaisala made a public commitment to become powered by 100% renewable energy by 2020.

Vaisala was awarded a position on CDP's (formerly the Carbon Disclosure Project) Nordic Climate Disclosure Leadership Index for the second year in a row. The performance score assesses the level of action on climate change mitigation, adaptation and transparency. Vaisala is assessed under Information technology sector, which is widely understood to be one of the fundamental driving forces of change in the



business and consumer societies. Vaisala is addressing operational productivity targets and evolving regulations, like energy efficiency requirements through its product offering and development.

Further information about Vaisala's sustainability is available on the company website at [www.vaisala.com/sustainability](http://www.vaisala.com/sustainability).

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

Uncertainties in world economic and political situation as well as changes in customer behavior may cause demand slowdown or delays in customer projects. Especially market situation in China and continuing conflicts in Middle East and Africa may cause interruptions in business. Also increasing competition, changes in price levels and exchange rates may impact Vaisala's net sales and profitability.

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.

The ongoing business expansion in renewable energy market may be delayed due to long authorization and approval processes, evolving business models and customers' postponing decision making. Delays in new product ramp-ups and market acceptance of new offering may postpone the realization of Vaisala's growth plans.

Suppliers' and subcontractors' delivery capability or operating environment as well as product quality may impact Vaisala's net sales and profitability. Also uncertainty of Finnish labor market may cause interruptions in operations. Cyber risk and availability of IT systems may impact operations, delivery of information services or Internet-based services or cause financial loss.

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.

### **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 continued 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 was 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 and shareholders**

Vaisala's share capital totaled EUR 7,660,808 on December 31, 2015. On December 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.

### **Trading in shares on the Nasdaq Helsinki Ltd**

In 2015, a total of 2,507,672 (1,110,337) Vaisala shares with a value totaling EUR 60.9 (25.1) million were traded on the Nasdaq Helsinki Ltd.

The closing price of the Vaisala Corporation share on the Nasdaq Helsinki Ltd stock exchange in 2015 was EUR 23.94 (21.89). Vaisala's share price increased by 9% (declined 6%) during the year while OMX Helsinki Cap index increased by 11% (6%). Shares registered a high of EUR 27.02 (24.98) and a low of EUR 21.55 (19.40). The volume-weighted average share price was EUR 24.33 (22.60).

The market value of Vaisala's A shares on December 31, 2015 was EUR 350.4 (321.1) 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 December, the total market value of all the A and K shares together was EUR 431.6 (395.3) million, excluding the Company's treasury shares.

At the end of December, 2015 Vaisala Corporation had 7,294 (7,302) registered shareholders. Ownership outside of Finland and nominee registrations represented 14.8% (16.3%) of the company's shares. Households owned 44.8% (45.7%), private companies 14.0% (13.5%), financial and insurance institutions 12.3% (11.7%), non-profit organizations 7.9% (8.2%) and public sector organizations owned 6.1% (4.6%).

Vaisala Corporation's Board of Directors held and controlled 522,427 A shares on December 31, 2015 and 293,656 K shares. The Board of Directors' A and K shares accounted for 7.8% (14.0%) of the total votes.

The company's President and CEO held and controlled 10,720 (2,720) A shares and no K shares on December 31, 2015. Other Management Group members held and controlled 13,463 (2,463) Vaisala A shares and no K shares.

The Board of Directors of Vaisala Corporation decided on March 10, 2015 issuance of directed shares without consideration. 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.

### **Treasury shares and their authorizations**

The Annual General Meeting held on March 26, 2014 authorized the Board of Directors to decide on the transfer of a maximum of 319,150 own A-shares. The transfer of own shares may be carried out in deviation from the shareholders' pre-emptive rights and may be transferred as a directed issue without payment as part of the Company's share based incentive plan. The authorization can also be used to grant special rights entitling subscription of own shares, and the subscription price of the shares can instead of cash also be paid in full or in part as contribution in kind. The new authorization replaces the previous one and is valid until March 26, 2019.

The Board of Directors of Vaisala Corporation decided on March 10, 2015 to use the authorization granted 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 and were concluded on the same day.

The Board of Directors of Vaisala Corporation decided on March 10, 2015 to use the authorization granted for issuance of treasury A shares as a directed issue without payment as part of the Company's share based incentive plan. 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 Annual General Meeting held on March 31, 2015 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.

The Board of Directors of Vaisala Corporation did not use the authorization in 2015.

The Annual General Meeting on March 31, 2015 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.

Vaisala Corporation's Board of Directors decided on April 28, 2015 to use the authorization granted for directed repurchase of shares. The Board of Directors resolved of 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. Vaisala acquired through public trading in accordance with the rules of on the Nasdaq Helsinki Ltd. during the time period April 30–November 19, 2015 a total of 160,000 Company's own shares at an average price per share of EUR 24.1771. The total value of the acquired shares was EUR 3,868,334.28.

At the end of December, the Company held a total of 191,550 (159,150) Vaisala A shares, which represented 1.3% (1.1%) of all A-shares in the Company and 1.1% (0.9%) of all shares in the Company. The consideration paid for these shares was EUR 4,344,256 (2,527,160).

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

## **Donations**

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

Vaisala Corporation's Board of Directors did not use the authorization in 2015.

## **Events after the review period**

As announced on February 2, 2016, Vaisala signed a EUR 20 million contract with National Hydro-Meteorological Service of Vietnam. The contract, that has been prepared over the past four years together with National Hydro-Meteorological Service, will come in force when the customer has given final approval for the technical design. Vaisala will report the contract in the order book after this approval. The deliveries will start after the contract has entered into force, and are scheduled to be completed within two years. The funding of the contract is arranged through the Finnish Concessional Credit instrument provided to National Hydro-Meteorological Service of Vietnam. This instrument is part of Finland's development cooperation portfolio, governed by the Ministry for Foreign Affairs of Finland.

Vaisala's Board of Directors decided on February 10, 2016 on Vaisala's dividend policy. According to the policy, Vaisala aims to pay a stable dividend which will increase in line with net profit development. Vaisala's goal is to maintain high solvency and to take future investment plans into account. Vaisala will apply this dividend policy for the first time to the dividend distributed in 2016.

## **Market outlook 2016**

Even though global economy has recently slightly decelerated, the latest forecasts still predict moderate development for 2016 and Vaisala is expecting stable weather observation and industrial measurement market conditions. However, differences in business conditions between customer groups and regions are expected to remain.

In weather observation market especially weather radars have favorable market outlook, and also demand from renewable energy industry is expected to increase. Heavy decline in commodity prices, especially in crude oil and natural gas, is affecting market conditions in offshore business and commodity exporting economies. Competition in weather observation market is expected to continue intensifying. In weather observation 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 industrial measurement market especially power transmission and life science are expected to grow faster than other targeted markets.

In EMEA demand for weather observation solutions is expected to remain stable. Demand from Russia and its neighboring countries is still expected to be constrained by economic weakness in the area. Demand for industrial measurement solutions is expected to remain solid.

In Americas demand for weather observation and industrial measurement solutions is expected to remain stable.

In APAC weather observation market is expected to cool off slightly compared to active year 2015, as a result of lower demand from China. Demand for industrial measurement solutions is expected to remain good in Japan, but elsewhere in APAC uncertainty has increased due to deceleration of Chinese manufacturing industry.

### **Business outlook for 2016**

Vaisala estimates its full year 2016 net sales to be in the range of EUR 305-335 million and the operating result (EBIT) excluding non-recurring items in the range of EUR 28-38 million.

### **Board of Directors' proposal for distribution of earnings**

The parent company's distributable earnings amount to EUR 157,847,008.00, of which the net result for the period is EUR 30,930,974.30.

The Board of Directors proposes to the Annual General Meeting that dividend of EUR 0.95 per share be paid out of distributable earnings totaling approximately EUR 17.1 million and the rest to be carried forward in the shareholders' equity.

No dividend will be paid for treasury shares held by the company.

There have been no significant changes to the company's financial position since the close of the financial period. According to the Board of Directors, the proposed dividend distribution does not endanger the company's financial standing.

### **Financial statements 2015 publication**

Vaisala will publish a Financial Statements 2015 publication. This report will be available in English and Finnish and can be downloaded as a pdf file and ordered as a printed copy at [www.vaisala.com](http://www.vaisala.com) the week starting March 7, 2016.

### **Annual General Meeting 2016**

Vaisala's Annual General Meeting will be held on Tuesday, April 5, 2016 at 6 p.m. at Vaisala Corporation's head office, Vanha Nurmijärventie 21, 01670 Vantaa.

Vantaa, February 10, 2016

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

The financial statements have been prepared in accordance with the IAS 34 following the same accounting principles as in the annual financial statements. The whole year numbers presented in the financial report have been audited. All figures in the 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 this 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.

<b>Consolidated Statement of Income</b>				
<b>EUR million</b>	<b>10-12/2015</b>	<b>10-12/2014</b>	<b>1-12/2015</b>	<b>1-12/2014</b>
Net sales	101.1	95.7	318.5	299.7
Costs of sales	-46.4	-45.5	-155.6	-146.6
<b>Gross profit</b>	<b>54.7</b>	<b>50.2</b>	<b>162.8</b>	<b>153.1</b>
Sales, marketing and administrative costs	-25.4	-26.1	-95.8	-93.2
Research and development costs	-10.3	-9.4	-36.1	-34.0
Other operating income and expense	0.1	0.1	-1.3	0.5
<b>Operating profit (loss)</b>	<b>19.1</b>	<b>14.9</b>	<b>29.6</b>	<b>26.4</b>
Share of result in associated companies	-0.1	0.1	-0.1	0.1
Financial income and expenses, net	1.2	0.6	3.5	2.6
<b>Profit (loss) before taxes</b>	<b>20.2</b>	<b>15.7</b>	<b>33.0</b>	<b>29.1</b>
Income taxes	-2.5	-2.5	-5.5	-5.7
<b>Profit (loss) for the period</b>	<b>17.7</b>	<b>13.1</b>	<b>27.5</b>	<b>23.4</b>
Earnings per share, EUR	0.98	0.73	1.52	1.30
Diluted earnings per share, EUR	0.97	0.72	1.51	1.29



<b>Consolidated Statement of Comprehensive Income</b>				
<b>EUR million</b>	<b>10-12/2015</b>	<b>10-12/2014</b>	<b>1-12/2015</b>	<b>1-12/2014</b>
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial profit (loss) loss on post-employment benefits	0.4	-0.5	0.4	-0.5
<b>Total</b>	<b>0.4</b>	<b>-0.5</b>	<b>0.4</b>	<b>-0.5</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Currency translation differences	0.5	0.9	3.1	3.5
<b>Total</b>	<b>0.5</b>	<b>0.9</b>	<b>3.1</b>	<b>3.5</b>
<b>Total other comprehensive income</b>	<b>0.9</b>	<b>0.5</b>	<b>3.5</b>	<b>3.0</b>
<b>Total comprehensive income</b>	<b>18.6</b>	<b>13.6</b>	<b>31.0</b>	<b>26.4</b>

<b>Consolidated Statement of Financial Position</b>		
<b>EUR million</b>		
<b>Assets</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Non-current assets</b>		
Intangible assets	34.0	37.1
Property, plant and equipment	44.1	44.2
Investments	0.1	0.1
Investment in associated companies	0.8	0.8
Long-term receivables	0.8	0.3
Deferred tax assets	10.2	8.9
<b>Total non-current assets</b>	<b>90.0</b>	<b>91.5</b>
<b>Current assets</b>		
Inventories	39.0	33.9
Trade and other receivables	74.6	70.5
Income tax receivables	1.2	1.1
Cash and cash equivalents	59.2	47.6
<b>Total current assets</b>	<b>174.0</b>	<b>153.1</b>
<b>Total assets</b>	<b>264.0</b>	<b>244.6</b>
<b>Shareholders' equity and liabilities</b>		
<b>Shareholders' equity</b>		
Share capital	7.7	7.7
Other reserves	1.1	2.5
Cumulative translation adjustment	2.9	-0.2

Treasury shares	-4.3	-2.5
Retained earnings	173.9	162.6
<b>Total shareholders' equity</b>	<b>181.3</b>	<b>170.0</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	0.0	0.0
Post-employment benefit obligations	2.1	1.3
Deferred tax liabilities	4.5	5.3
Provisions for other liabilities and charges	0.2	0.2
Other long-term liabilities	0.8	2.9
<b>Total non-current liabilities</b>	<b>7.6</b>	<b>9.7</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	0.0	0.0
Advances received	3.9	3.9
Income tax liabilities	1.7	1.5
Provisions for other liabilities and charges	0.4	1.4
Trade and other payables	69.2	58.1
<b>Total current liabilities</b>	<b>75.1</b>	<b>64.9</b>
<b>Total shareholders' equity and liabilities</b>	<b>264.0</b>	<b>244.6</b>

**Consolidated Statement of Changes in Shareholders' Equity**

<b>EUR million</b>	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					23.4	23.4
Other comprehensive income		0.0		3.5	-0.5	3.0
Dividend paid					-16.3	-16.3
Reclassification		-0.0			0.0	0.0
Correction		0.0				0.0
Share-based payment		1.0				1.0
<b>Balance at Dec 31, 2014</b>	<b>7.7</b>	<b>2.5</b>	<b>-2.5</b>	<b>-0.2</b>	<b>162.6</b>	<b>170.0</b>

<b>EUR million</b>	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					27.5	27.5
Other comprehensive income		0.0		3.1	0.4	3.5
Dividend paid					-16.4	-16.4
Reclassification		-0.0			0.0	0.0
Purchase of treasury shares			-3.9			-3.9
Sale of treasury shares			2.1		-2.1	0.0
Share-based payment		-1.4			1.9	0.5
<b>Balance at Dec 31, 2015</b>	<b>7.7</b>	<b>1.1</b>	<b>-4.3</b>	<b>2.9</b>	<b>173.9</b>	<b>181.3</b>

<b>Consolidated Cash Flow Statement</b>		
<b>EUR million</b>	<b>1-12/2015</b>	<b>1-12/2014</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	325.4	287.0
Other income from business operations	-1.4	0.4
Cash paid to suppliers and employees	-277.1	-260.3
Financials paid, net	-1.0	1.3
Income taxes paid, net	-7.2	-4.5
<b>Cash flow from operating activities</b>	<b>38.8</b>	<b>23.8</b>
<b>Cash flows from investing activities</b>		
Capital expenditure on fixed assets	-8.3	-7.9
Divestments	0.2	1.3
<b>Cash flow from investing activities</b>	<b>-8.1</b>	<b>-6.6</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-16.4	-16.2
Purchase of treasury shares	-3.9	-
Change in loan receivables	0.0	-0.1
Change in leasing liabilities	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-20.2</b>	<b>-16.3</b>
Cash and cash equivalents at the beginning of period	47.6	45.8
Net increase (+) / decrease (-) in cash and cash equivalents	10.5	0.9
Effect from changes in exchange rates	1.0	0.9
<b>Cash and cash equivalents at the end of period</b>	<b>59.2</b>	<b>47.6</b>

## Notes for Report

### Orders Received by Business Area

EUR million	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Weather	66.7	65.4	224.0	215.2
Controlled Environment	24.0	21.7	94.5	79.8
<b>Total</b>	<b>90.7</b>	<b>87.1</b>	<b>318.5</b>	<b>295.0</b>

### Net Sales by Business Area

EUR million	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Weather				
Products	41.3	35.9	116.2	108.1
Projects	23.1	26.6	71.0	74.7
Services	12.2	10.9	38.3	36.7
<b>Total</b>	<b>76.6</b>	<b>73.3</b>	<b>225.5</b>	<b>219.6</b>
Controlled Environment				
Products	22.2	20.0	83.5	71.9
Services	2.3	2.4	9.5	8.3
<b>Total</b>	<b>24.5</b>	<b>22.3</b>	<b>93.0</b>	<b>80.2</b>
Sales, Other	0.0	0.0	0.0	0.0
<b>Total Sales</b>	<b>101.1</b>	<b>95.7</b>	<b>318.5</b>	<b>299.7</b>

### Operating Result by Business Area

EUR million	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Weather	15.1	12.7	15.2	17.0
Controlled Environment	4.9	3.9	18.3	12.1
Other	-0.9	-1.7	-4.0	-2.8
<b>Total</b>	<b>19.1</b>	<b>14.9</b>	<b>29.6</b>	<b>26.4</b>

### Net Sales by Geographical Area

EUR million	10-12/2015	10-12/2014	1-12/2015	1-12/2014
EMEA	33.8	35.8	105.1	111.8
Americas	42.3	36.2	132.0	112.1
APAC	25.0	23.7	81.3	75.9
<b>Total</b>	<b>101.1</b>	<b>95.7</b>	<b>318.5</b>	<b>299.7</b>

<b>Personnel</b>				
	<b>10-12/2015</b>	<b>10-12/2014</b>	<b>1-12/2015</b>	<b>1-12/2014</b>
Average personnel	1,594	1,614	1,611	1,617
Personnel at the end of period	1,588	1,613	1,588	1,613

<b>Financial Instruments</b>				
	<b>10-12/2015</b>	<b>10-12/2014</b>	<b>1-12/2015</b>	<b>1-12/2014</b>
Nominal value of financial derivatives, EUR million	36.5	20.0	36.5	20.0
Fair values of financial derivatives, assets, EUR million	0.1	0.0	0.1	0.0
Fair values of financial derivatives, liabilities, EUR million	0.8	1.4	0.8	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>10-12/2015</b>	<b>10-12/2014</b>	<b>1-12/2015</b>	<b>1-12/2014</b>
Number of shares outstanding, thousand	18,027	18,059	18,027	18,059
Number of treasury shares, thousand	192	159	192	159
Number of shares, diluted, thousand	18,199	18,234	18,259	18,234
Number of shares, weighted average, thousand	18,043	18,059	18,103	18,059
Number of shares traded, thousand	703	359	2,508	1,110
Share price, highest, EUR	26.95	22.50	27.02	24.98
Share price, lowest, EUR	22.81	19.40	21.55	19.40

<b>Key Ratios</b>				
	<b>10-12/2015</b>	<b>10-12/2014</b>	<b>1-12/2015</b>	<b>1-12/2014</b>
Earnings per share, EUR	0.98	0.73	1.52	1.30
Earnings per share, diluted, EUR	0.97	0.72	1.51	1.29
Equity per share, EUR	10.06	9.41	10.06	9.41
Return on equity, %			15.7	14.3
Cash flow from operating activities per share, EUR	1.61	0.83	2.15	1.32
Solvency ratio, %	69.7	70.6	69.7	70.6

**Further information**

Kaarina Muurinen, CFO  
 Mobile +358 40 577 5066  
 Vaisala Corporation

**Briefing and Audiocast**

Briefing for analysts and media will be arranged in Hotel Kämp, Paavo Nurmi meeting room, Pohjoisesplanadi 29, Helsinki starting at 4 p.m. today (Finnish time). The presentation of Kjell Forsén, President and CEO, at the briefing will be audiocast live at [www.vaisala.com/investors](http://www.vaisala.com/investors) starting at 4 p.m. A recording of the audiocast will be published at the same address at 6 p.m.

**Distribution**

Nasdaq Helsinki

Key media

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

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