

Financial Statements January-December 2004

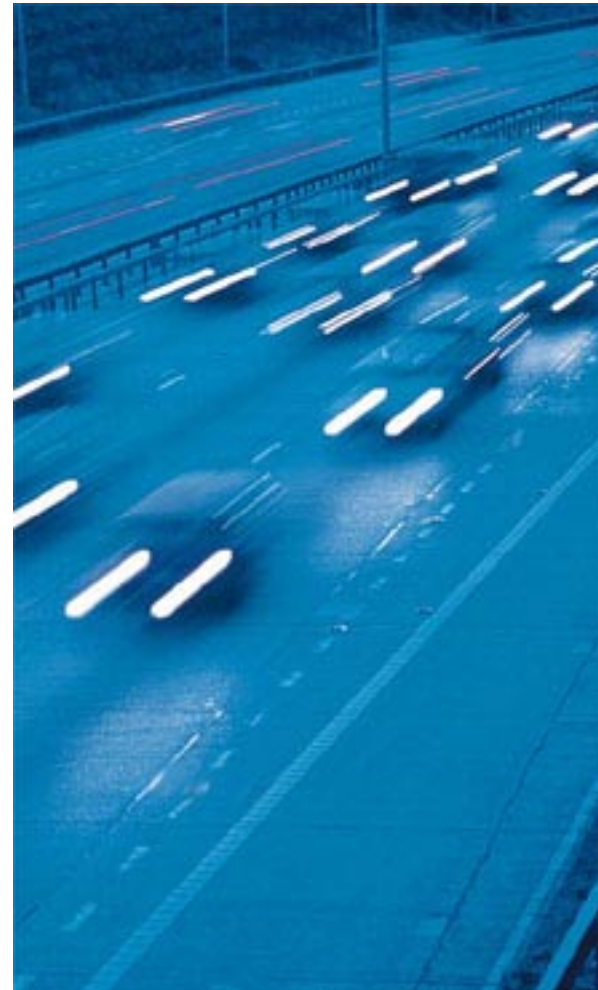


Pekka Ketonen
President and CEO
Vaisala Group

Mission

To provide environmental measurements which create the basis for a

- better quality of life
- safety of life and property
- optimization of economic activities
- environmental protection
- an understanding of climate change.



Vision

To be

- the most respected
- the most comprehensive
- the most successful

geophysical environment measurement and service company in the world.

To be a global market leader in our selected businesses.

To grow and maintain good profitability.



Strategy...

Our customers are

- meteorological professionals
- industry

Our offering includes

- equipment
- solutions
- services

We aim to be the global market leader in all selected businesses.



... Strategy

The corner stones of our value proposition are

- innovation
- reliability
- solutions

The Vaisala brand is in the premium-class.

Our success is based on the core competencies

- application know-how
- measurement technologies.

Within a business area, we seek to benefit from economies of scope.



Major customer groups

National meteorological services

Aviation authorities

Defense forces

Road and rail authorities

Land & water resource management agencies

Research organizations

Power utilities

Industry



Global presence



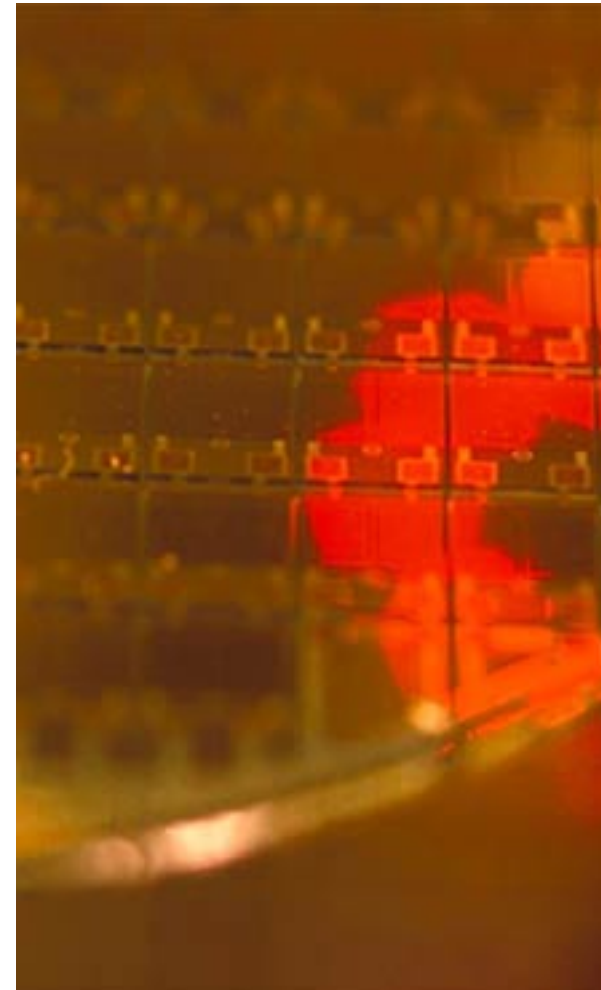
Market position

Vaisala's target is to be a global market leader.

Currently we are number one in:

- Upper air sounding systems (2/3*)
- Aviation weather systems (2/5*)
- Surface weather systems (1/7*)
- Road weather systems and networks (1/3*)
- Relative humidity measurement (1/3*)
- Barometric pressure measurement (2/5*)
- Wind profiling (1/2*)
- Visibility meters and cloud height sensors (4/5*)
- Lightning and thunderstorm detection systems (5/6*)
- Lightning data (2/3*)

*market share estimate



Growth

Our objective is to provide a more comprehensive product selection to our all customer groups.

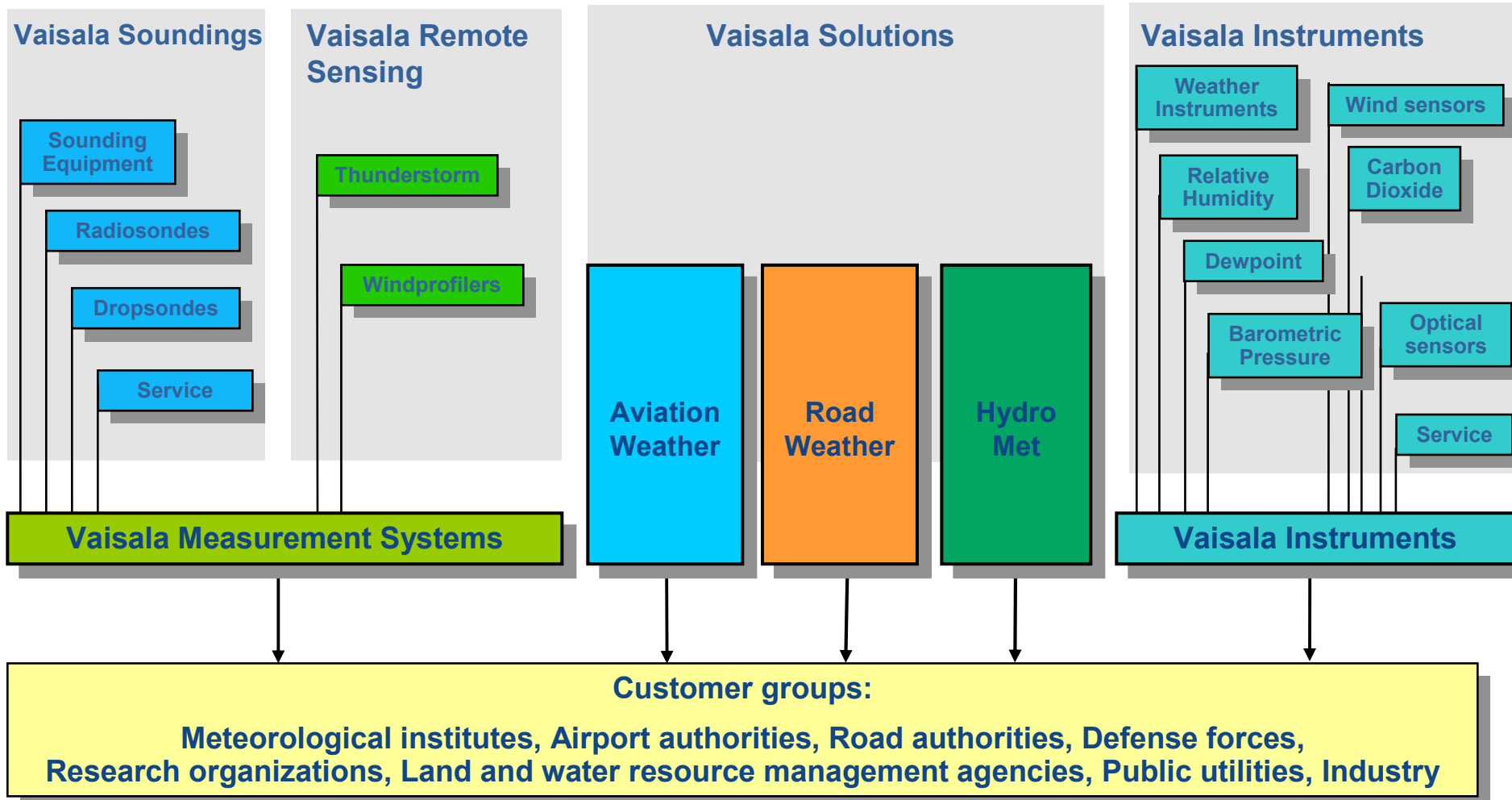
Our target is to win more market share in our current businesses.

We expand to new business areas within environmental measurements where we can utilize our current competencies.

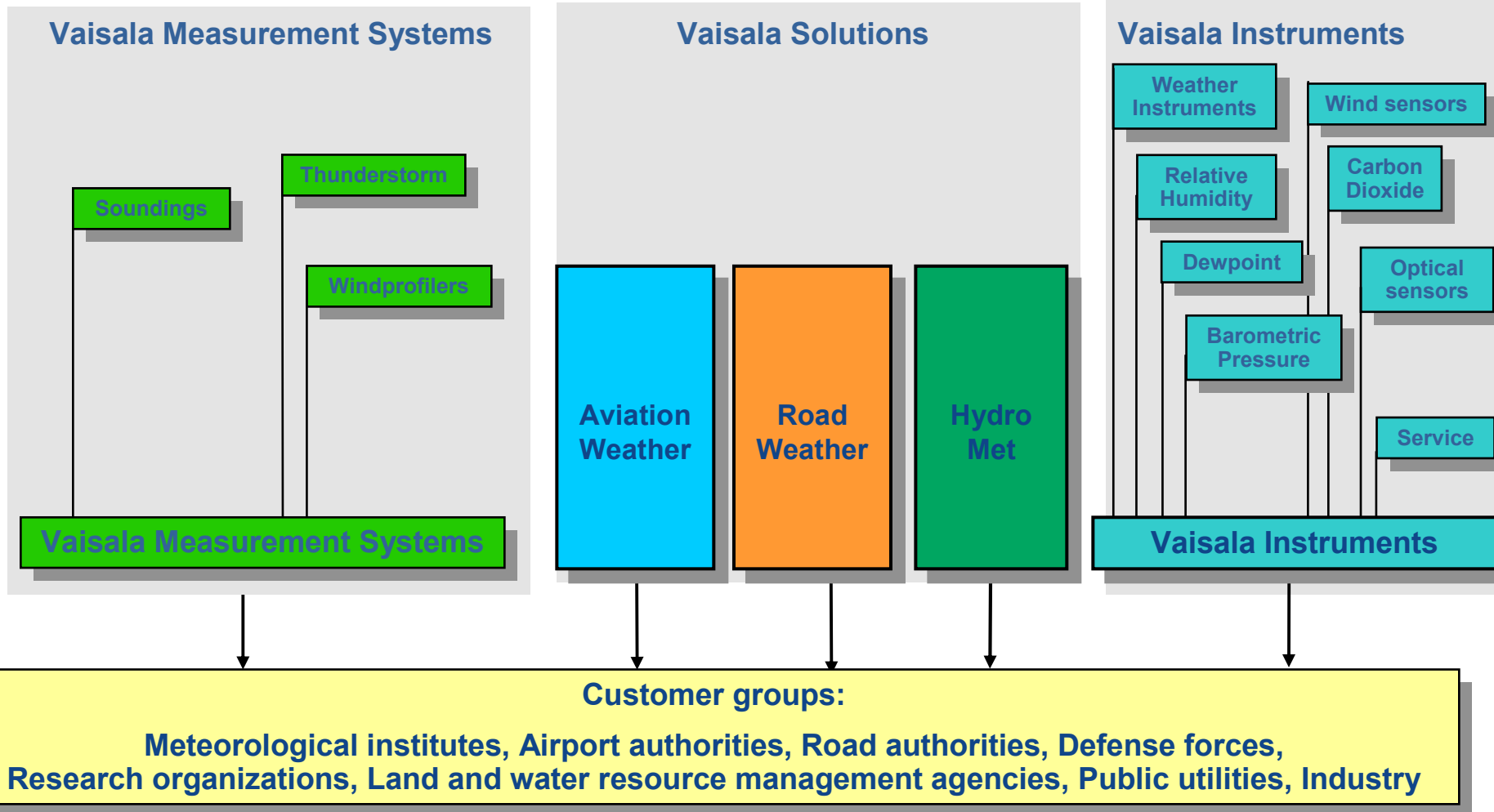
We will achieve this mainly through organic growth. Acquisitions can be used as well.



Divisions, Business Units and Distribution channels



Divisioonat, tulosityksiköt ja jakelukanavat 2005-



Shareholders - December 31st, 2004

| | % of votes | % of Series K shares | % of Series A shares |
|---|-------------|----------------------|----------------------|
| Finnish Academy of Science and Letters | 22,0 | 25.7 | 3.6 |
| Novamator Oy | 12.7 | 13.3 | 9.9 |
| Mikko Voipio | 7.7 | 8.8 | 2.3 |
| Anja Caspers | 7.1 | 8.2 | 1.4 |
| Raimo Voipio | 5.8 | 6.7 | 1.8 |
| Tauno Voipio | 4.2 | 4.6 | 2.1 |
| Henki-Sampo Insurance Company | 4.1 | 4.0 | 4.5 |
| Inkeri Voipio | 2.2 | | 12.9 |
| Jaakko Väisälä estate | 1.6 | 1.8 | 1.1 |
| Ilmarinen Mutual Pension Insurance Company | 1.4 | | 8.4 |
| Nominee registered | 2.9 | | 16.9 |

Series A share, performance

Series A share, performance



Market situation

Demand has remained the same throughout the financial year. No significant changes are expected in the near future.

Persistent maintenance and development of competitiveness has enabled Vaisala to retain its market share, and its market position remains strong.

Vaisala Solutions 2004

The Vaisala Solutions generated net sales of EUR 52,4 million (53,0).

The profitability level for the financial year was satisfactory. The figure for the previous financial year has been adjusted to correspond with the structure in 2004. The efficiency of the capital employed was improved. Measures for the further development of the solutions business model were continued. Several contracts based on the new service concepts were won.

The market has picked up somewhat and the order intake has started to rise slightly. We are expecting slight growth in net sales in 2005.

Vaisala Instruments 2004

The Vaisala Instruments generated net sales of EUR 52,9 million (50,3).

The division's profitability level was good in 2004. The figure for the previous financial year has been adjusted to correspond with the structure in 2004.

Vaisala Instruments continued to grow and the market situation is relatively stable. 2005 is expected to be a good year. In particular, we are expecting growth from the new weather transmitter launched in October. The new humidity and temperature transmitter series will strengthen our position in the field of demanding industrial and meteorological humidity measurements.

During the financial year, the Vaisala Instruments division also introduced a new portable meter for oil moisture measurements, a carbon dioxide probe for ecological measurements, a dewpoint meter for natural gas humidity measurements, and a ceilometer and transmissometer for airports. During the review period, the division discontinued its ammonia measurement business.

Vaisala Instruments 2004

In October, Vaisala Instruments introduced a new type of compact weather transmitter. Based on technologies developed and patented by Vaisala, the weather transmitter measures temperature, relative humidity, barometric pressure, wind speed and direction, and liquid precipitation. The transmitter is suitable for weather sensitive businesses that require weather information for the success of their daily operations. The new weather transmitter is expected to open the door for Vaisala to a market worth approximately 20 million euros.

Weather multi-sensor

The Vaisala Weather Transmitter WXT510 is a compact and lightweight multi-sensor instrument that measures the most essential weather parameters:

- wind speed and direction
- liquid precipitation
- barometric pressure
- temperature
- relative humidity



Vaisala Soundings 2004

The division's net sales totaled EUR 55,8 (64,5) million.

The division's profitability level was good in 2004.

The market has remained unchanged, and customers are cautious in their investments. The market launch of the new generation radiosonde released in 2003 has progressed well. Some projects were postponed for reasons relating to customers, which was reflected in low net sales.

During the financial year, the Vaisala Soundings division introduced Ozone measurement in the radiosonde product series.

Some small growth and improvement in profitability can be expected in 2005.

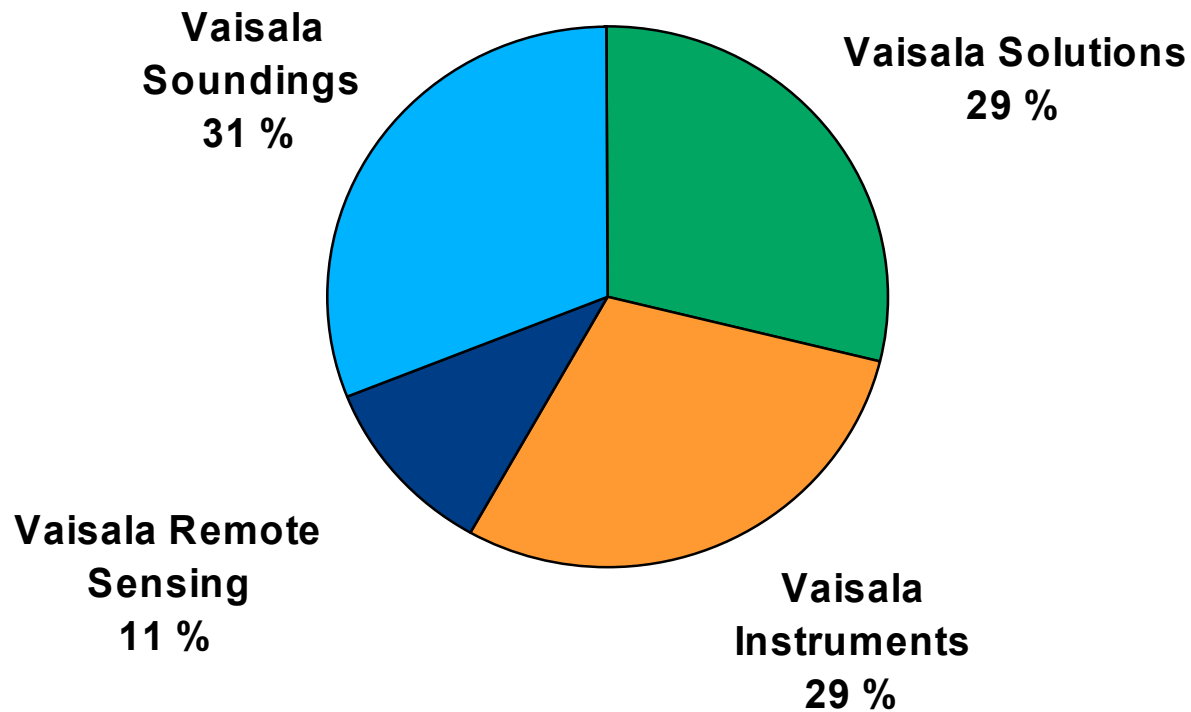
Vaisala Remote Sensing 2004

The Vaisala Remote Sensing division generated net sales of EUR 19,5 million (21,5).

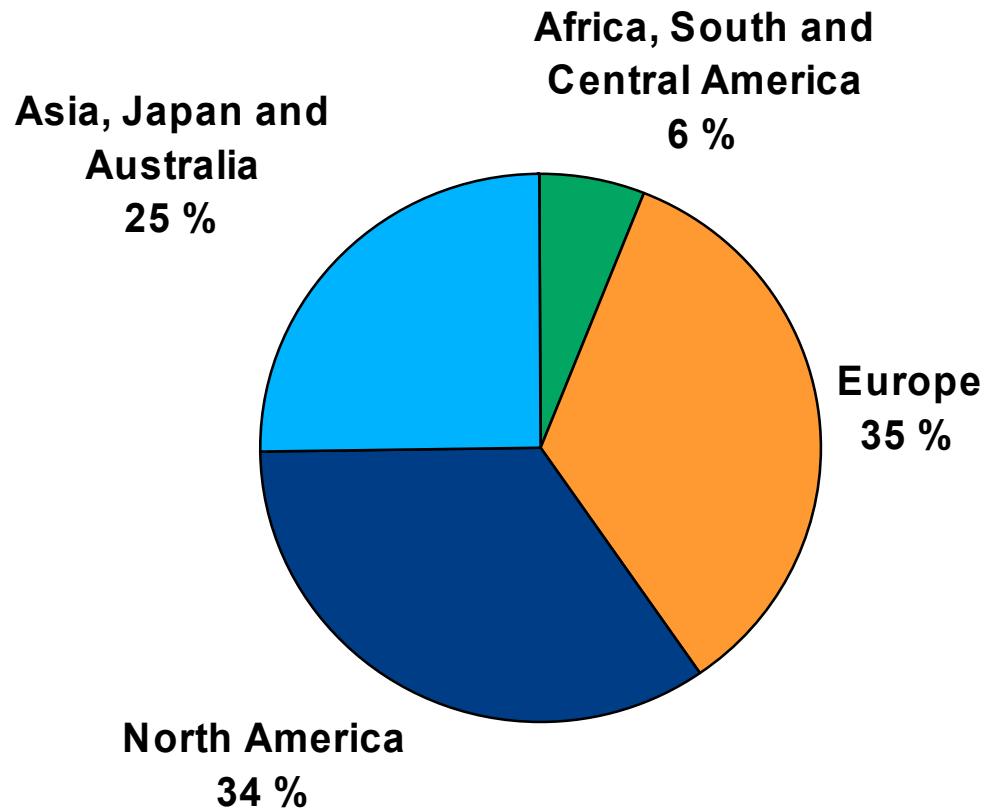
The result for the financial year was negative. No increase in net sales is expected in 2005, but the result should turn slightly positive.

In January, the Vaisala Remote Sensing division announced its new lightning detection system that combines the technologies acquired through two separate acquisitions into one modular product family. The new product line reduces the amount of equipment to be maintained and improves product profitability.

Sales per division 2004



Sales per geographical area 2004



Capital expenditure 2004

Gross investment totalled EUR 4,8 (14,1) million.

The cleanroom will be brought into production in July 2004. The share of the investment booked for 2004 was EUR 0.5 million.

Other capital expenditure concerned machinery and equipment and information technology.

Key figures 2004

| M€ | 2004 | 2003 |
|------------------------------------|-------|-------|
| Net Sales | 180,6 | 189,2 |
| Operating profit | 23,8 | 25,9 |
| Operating profit % | 13,2% | 13,7% |
| Profit before extraordinary items | 24,1 | 23,4 |
| Solvency ratio % | 83% | 84% |
| Personnel (average) | 1 092 | 1 141 |
| Order book | 52,7 | 62,9 |
| Orders received | 173 | 181 |
| Earnings / share (EUR) | 0,97 | 0,83 |
| Shareholder's equity / share (EUR) | 7,61 | 7,98 |

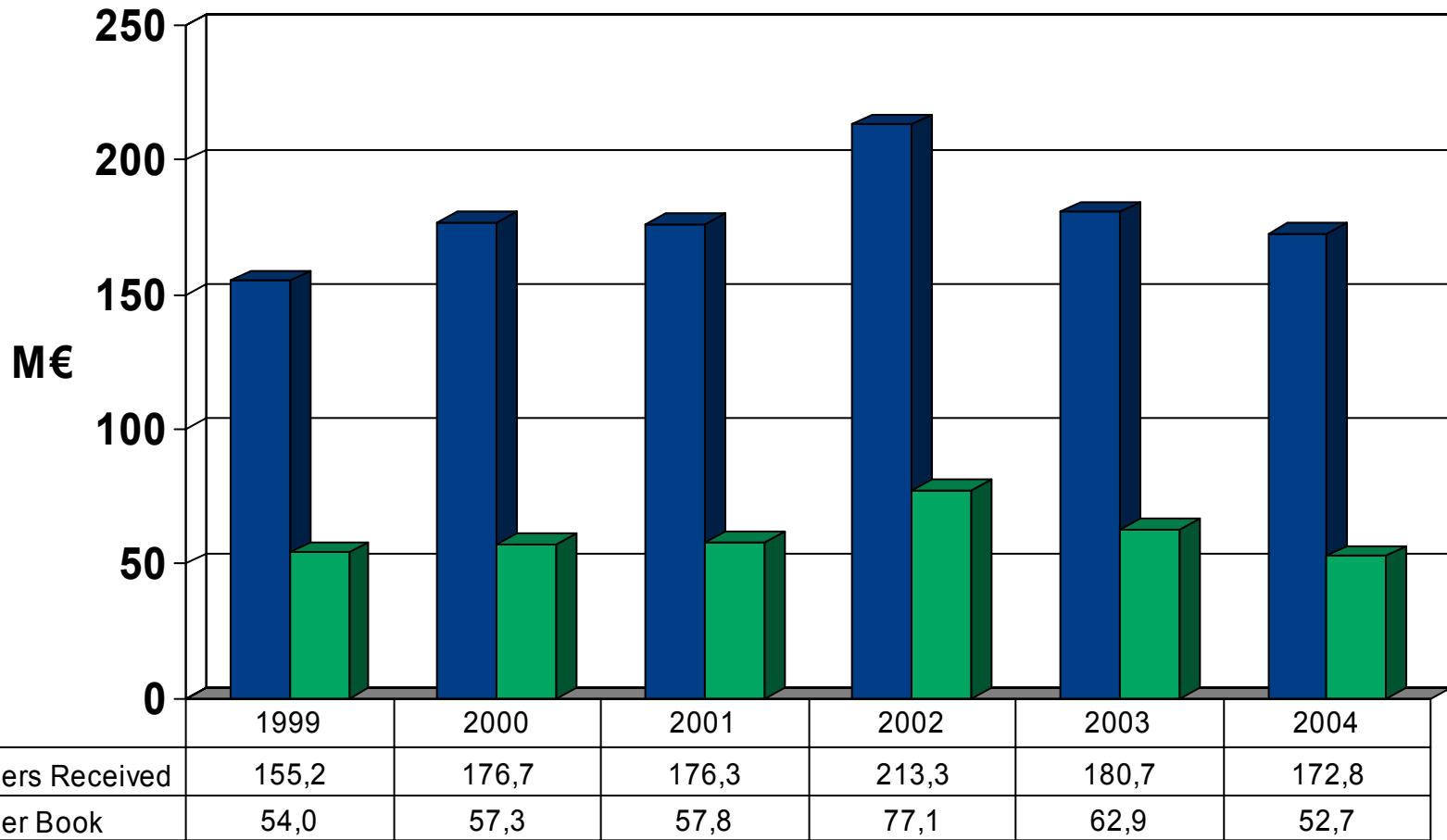
Income statement 2004

| Groups income statement (EUR 1000) | 2004 | 2003 |
|---------------------------------------|---------|---------|
| Net sales | 180 596 | 189 204 |
| Costs | 146 181 | 152 335 |
| Goodwill-depreciation | 2 987 | 4 057 |
| Depreciation | 7 791 | 7 799 |
| Other operating income (net) | 166 | 915 |
| Operating profit | 23 803 | 25 928 |
| Financial income and expenses | 323 | -2 527 |
| Profit before extraordinary items | 24 126 | 23 401 |
| % of net sales | 13,4 % | 12,4 % |
| Profit before provisions and taxes | 24 126 | 23 401 |
| Taxes | 7 170 | 8 916 |
| Net profit | 16 956 | 14 485 |

Balance sheet 2004

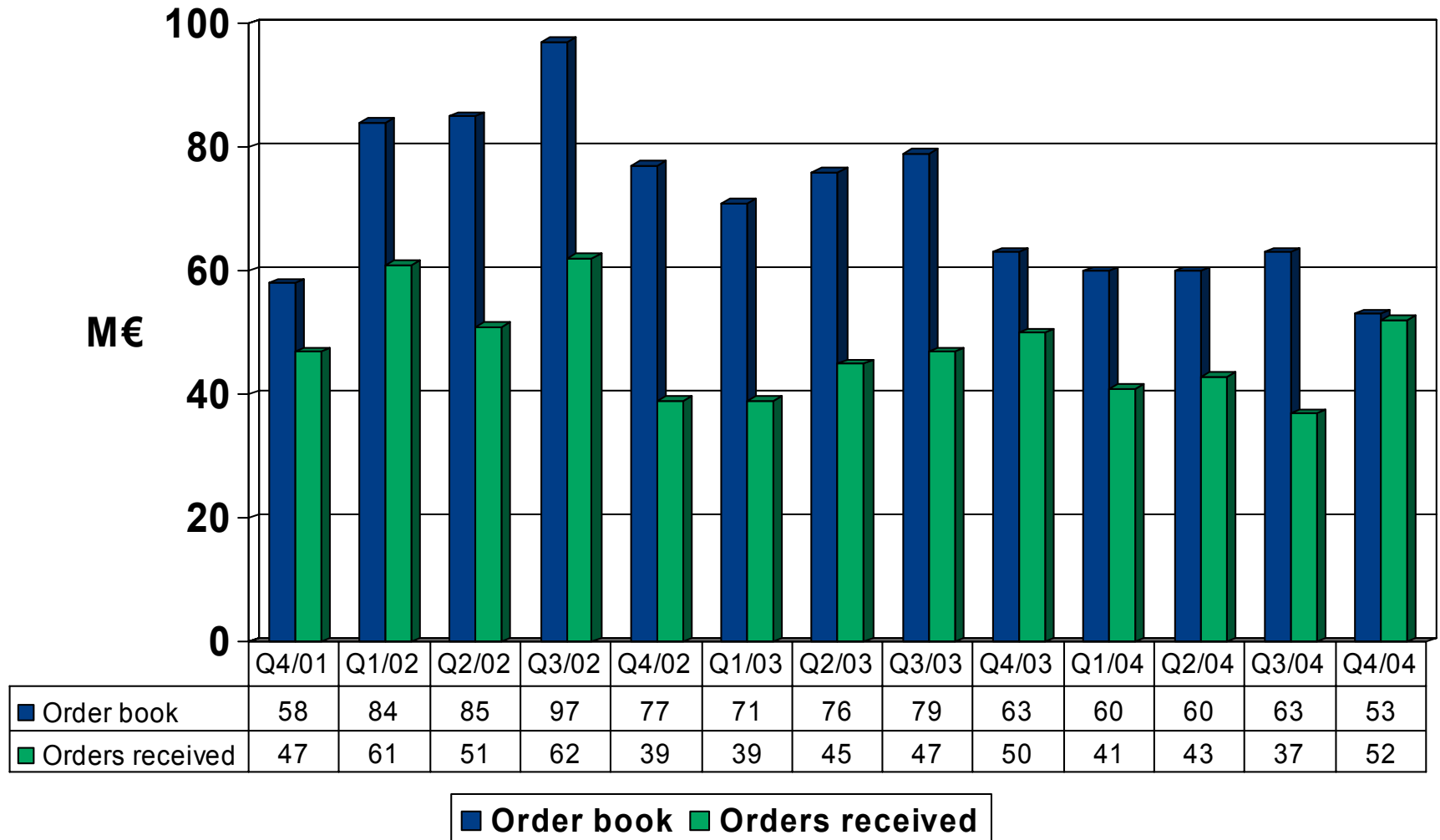
| Balance sheet (EUR 1000) | 2004 | 2003 |
|---------------------------|----------------|----------------|
| Fixed assets | 49 926 | 56 905 |
| Current assets | | |
| - Inventories | 15 699 | 18 448 |
| - Financial assets | 99 686 | 97 595 |
| Shareholders' equity | 133 071 | 139 456 |
| Obligatory reserves | 1 258 | 1 137 |
| Liabilities | | |
| - Non-current liabilities | 826 | 1 233 |
| - Current liabilities | 30 156 | 31 122 |
| <i>Total</i> | <i>165 311</i> | <i>172 948</i> |

Order Book (annual)

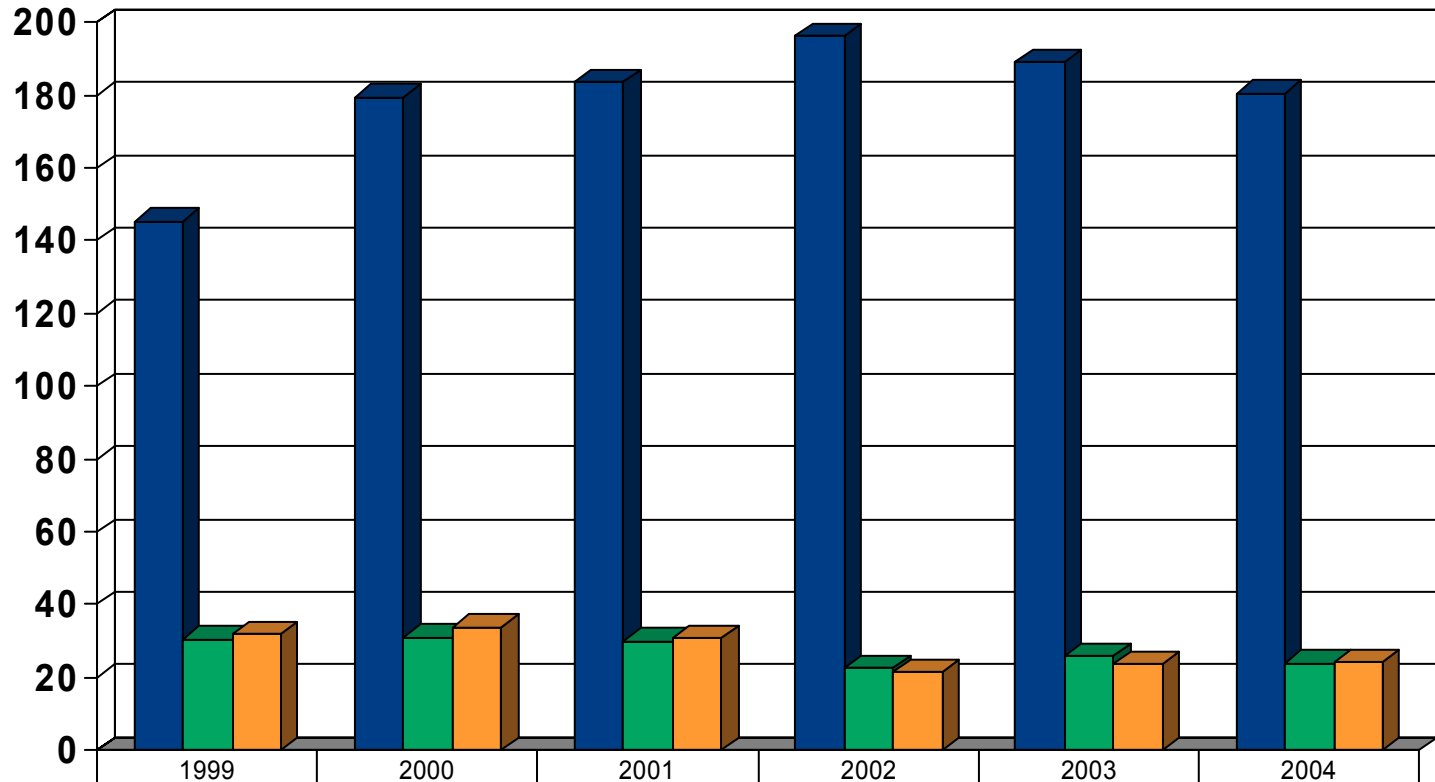


■ Orders Received ■ Order Book

Order book



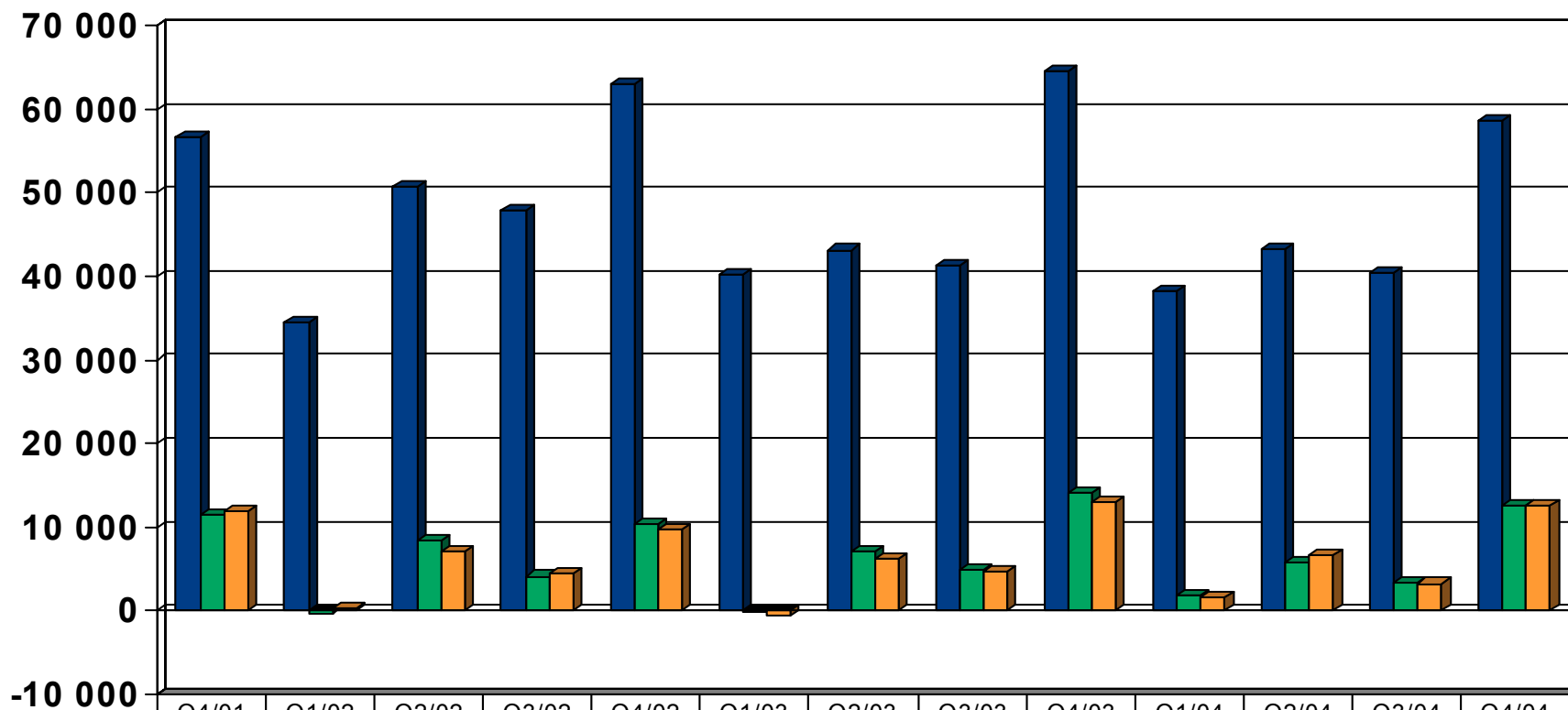
Net Sales, Operating Profit and Profit before extraordinary items (annual)



| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|------------------------|-------|-------|-------|-------|-------|-------|
| Net Sales | 145,4 | 179,5 | 183,5 | 196,2 | 189,2 | 180,6 |
| Operating Profit | 30,5 | 31,0 | 29,8 | 22,6 | 25,9 | 23,8 |
| Profit before EO items | 31,8 | 33,7 | 30,6 | 21,5 | 23,4 | 24,1 |

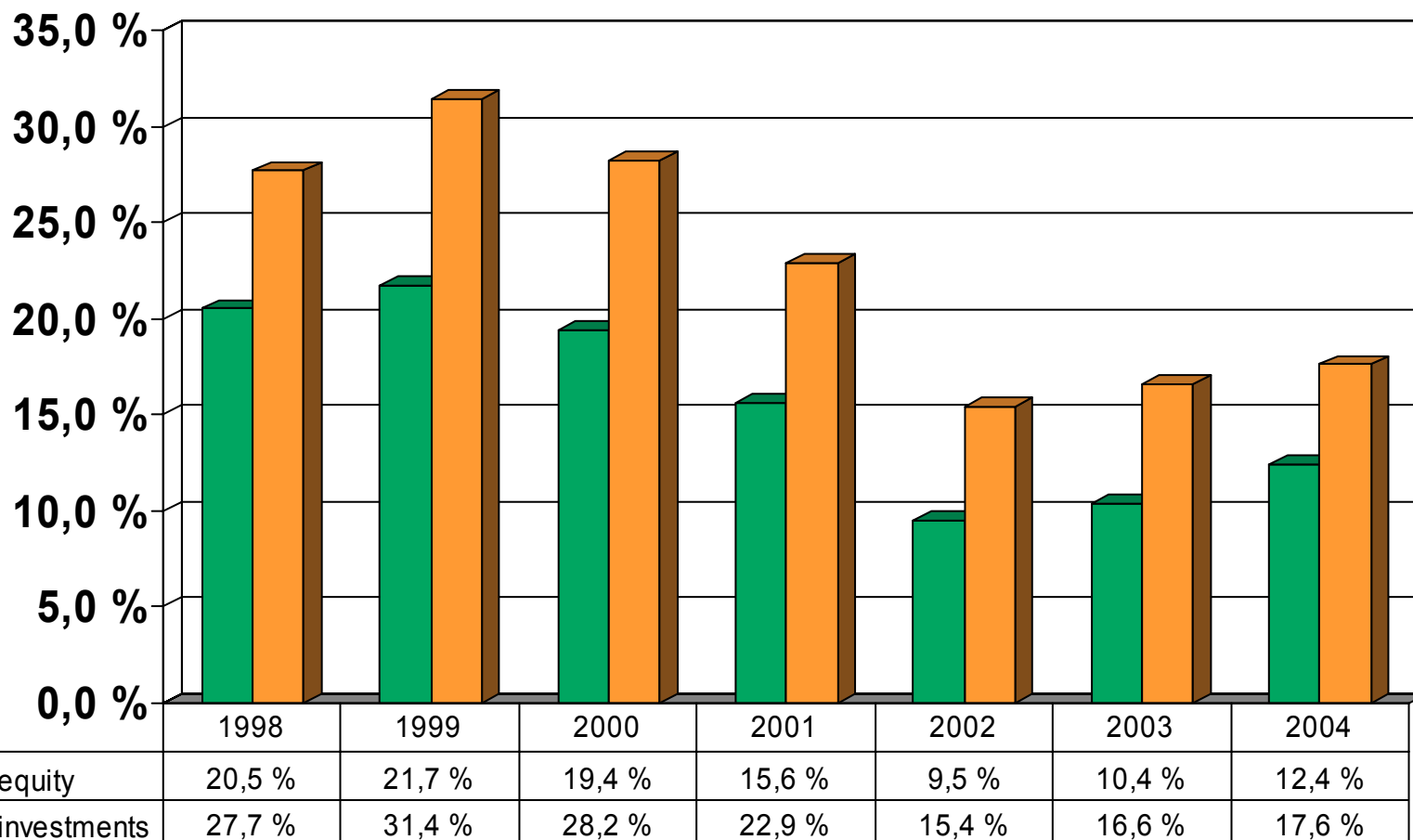
■ Net Sales ■ Operating Profit ■ Profit before EO items

Net Sales, Operating Profit and Profit before extraordinary items



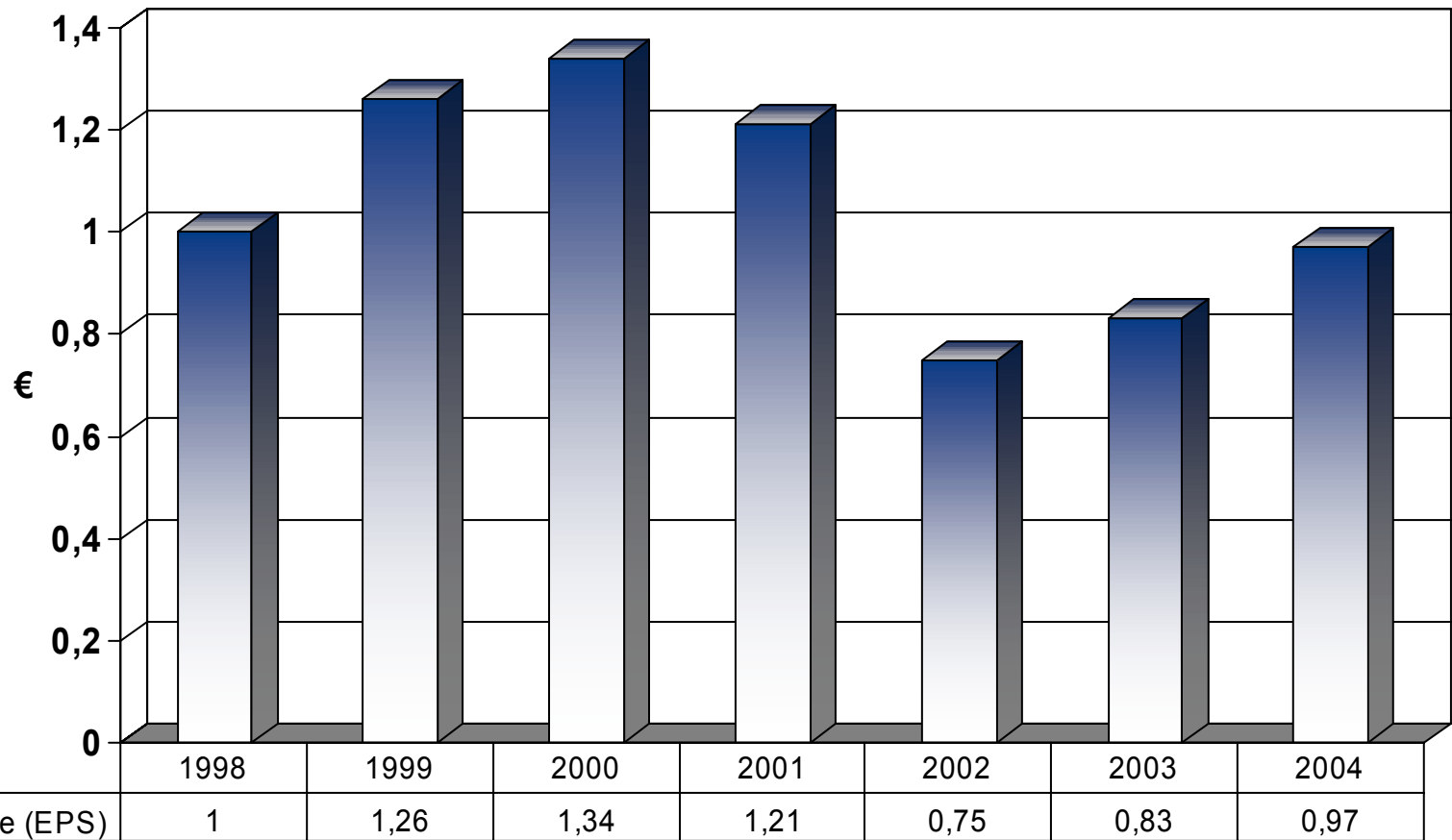
■ Net Sales ■ Operating Profit ■ Profit before EO items

Return rates



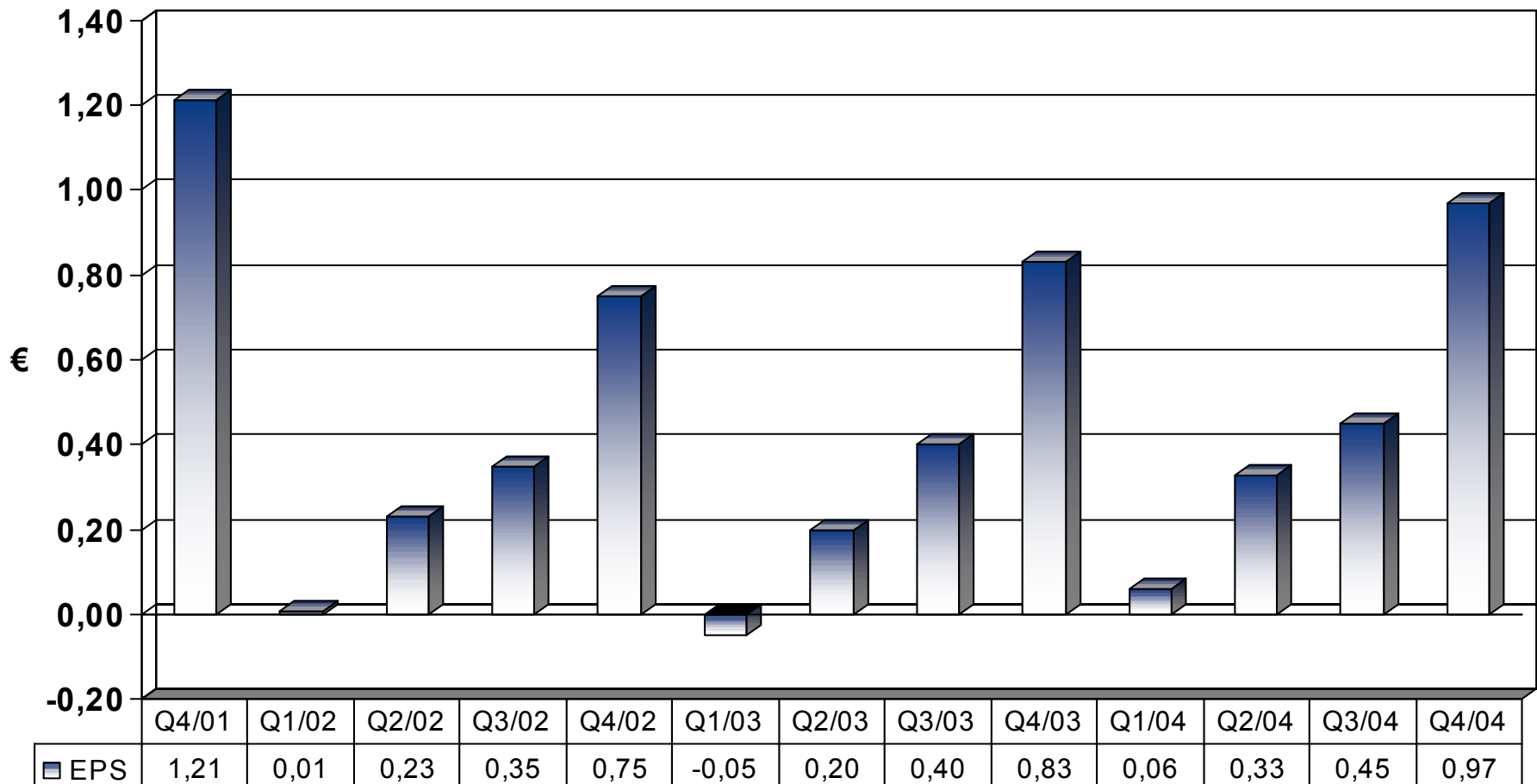
Return on equity Return on investments

Earnings Per Share, EUR (vuositaso)



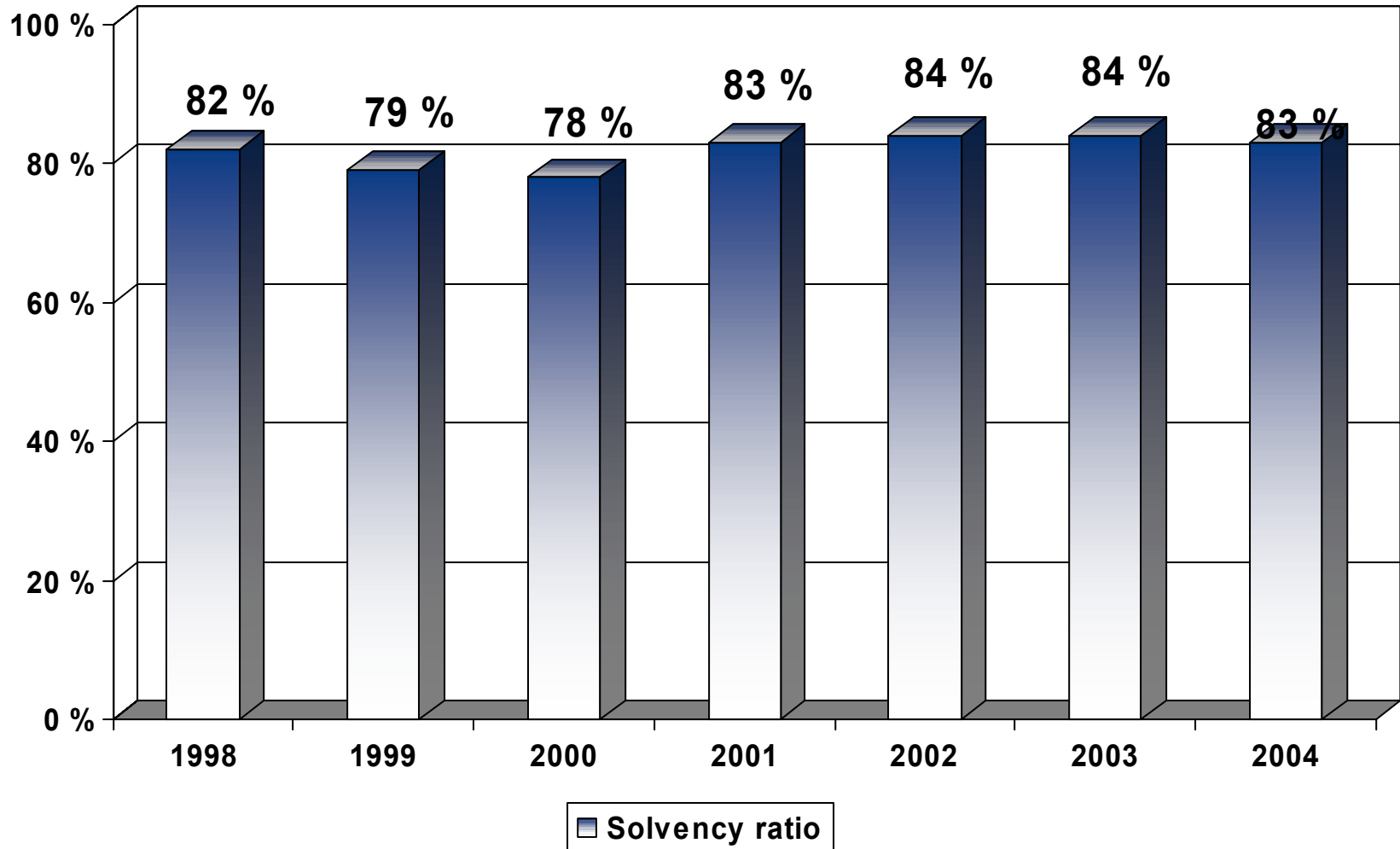
Tulos/osake (EPS)

Earnings Per Share, EUR, (cumulative)

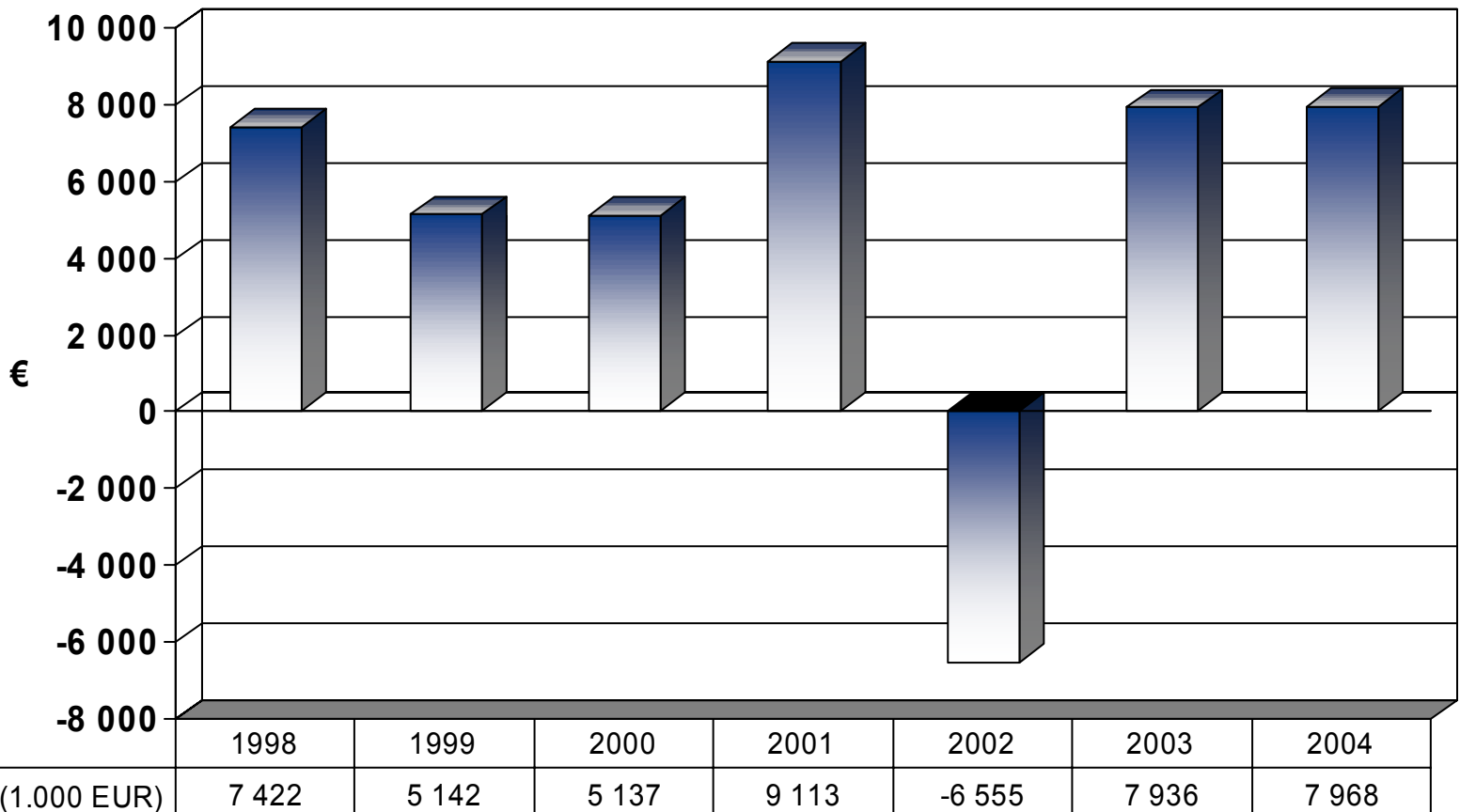


■ EPS

Solvency ratio

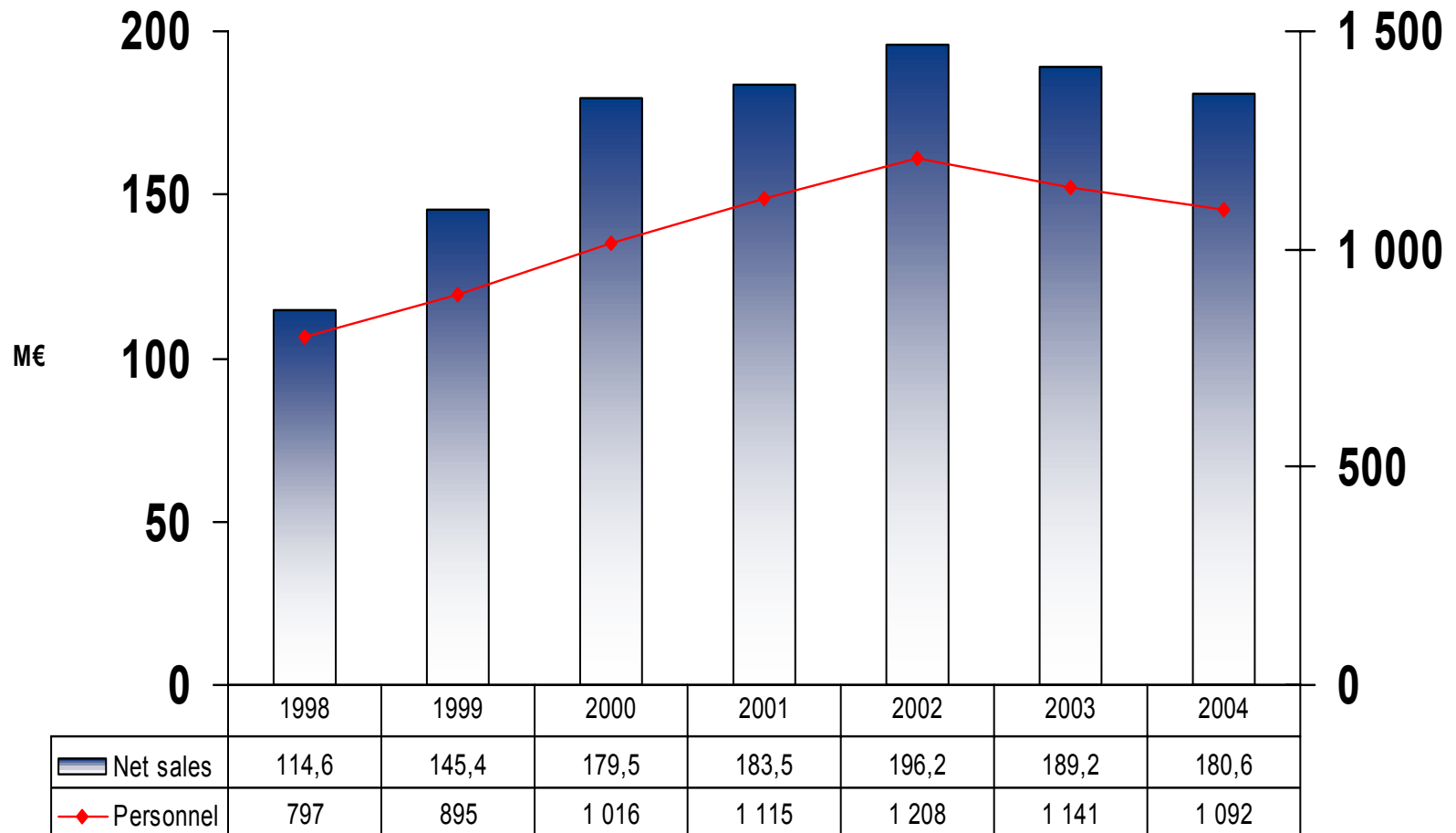


Change in liquid funds , (annual)

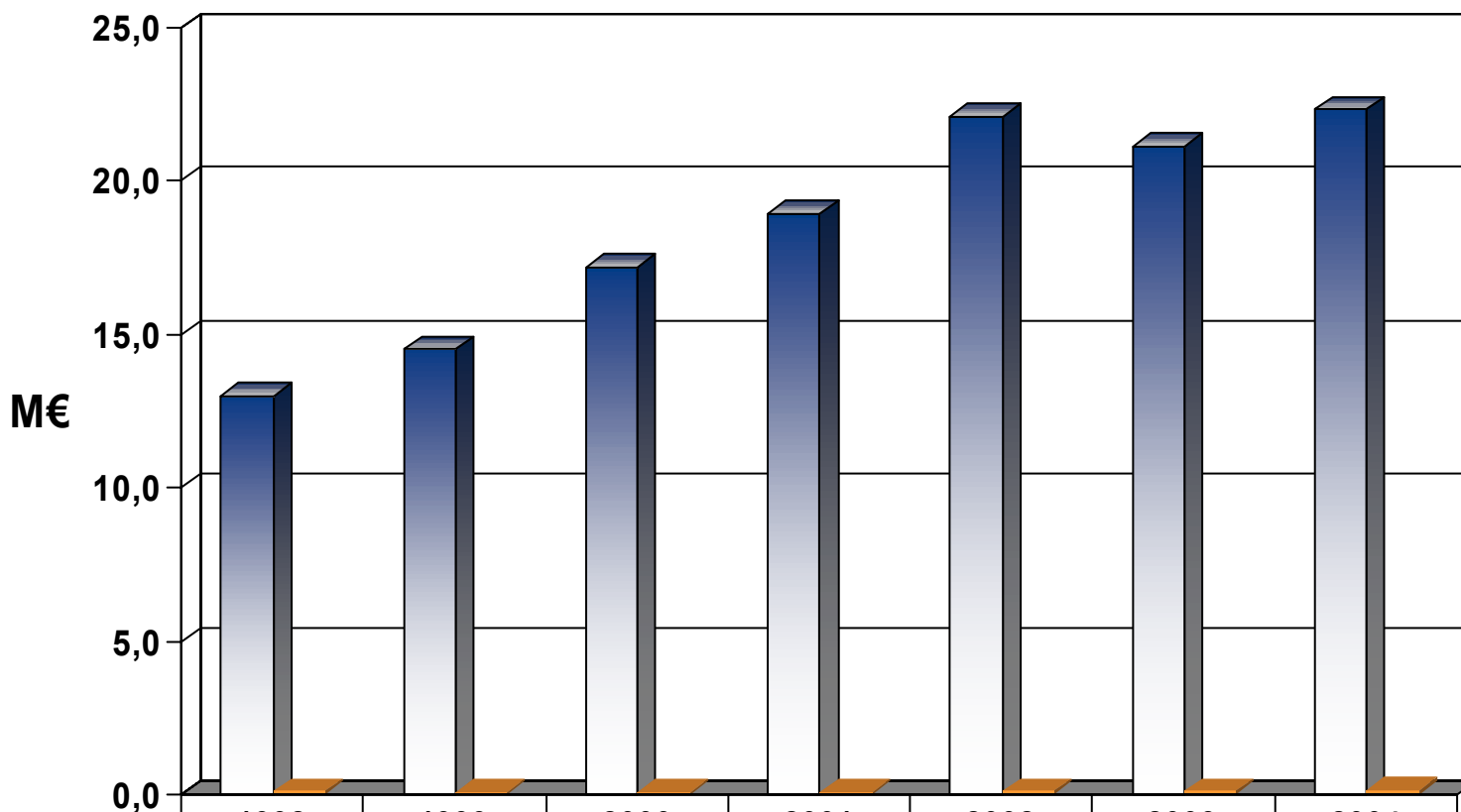


■ Muutos (1.000 EUR)

Net sales and average personnel



Research and product development expenditure, MEUR



| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------------|--------|--------|-------|--------|--------|--------|--------|
| R & D expenditure | 13,0 | 14,5 | 17,2 | 18,9 | 22,1 | 21,1 | 22,3 |
| Of Net Sales | 11,8 % | 10,0 % | 9,6 % | 10,3 % | 11,3 % | 11,2 % | 12,4 % |

Outlook

The market outlook has not significantly changed. Slight improvement in net sales and profitability are expected in 2005.

Vaisala aims to be the global market leader in its selected business areas also in the future. Therefore investments in product development and competitiveness will continue to be substantial.

Thank You