

# Financial Statements Q1-Q3/2003

*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, most comprehensive and most successful geophysical environment measurement and service company in the world.
- To be a global market leader in our selected businesses



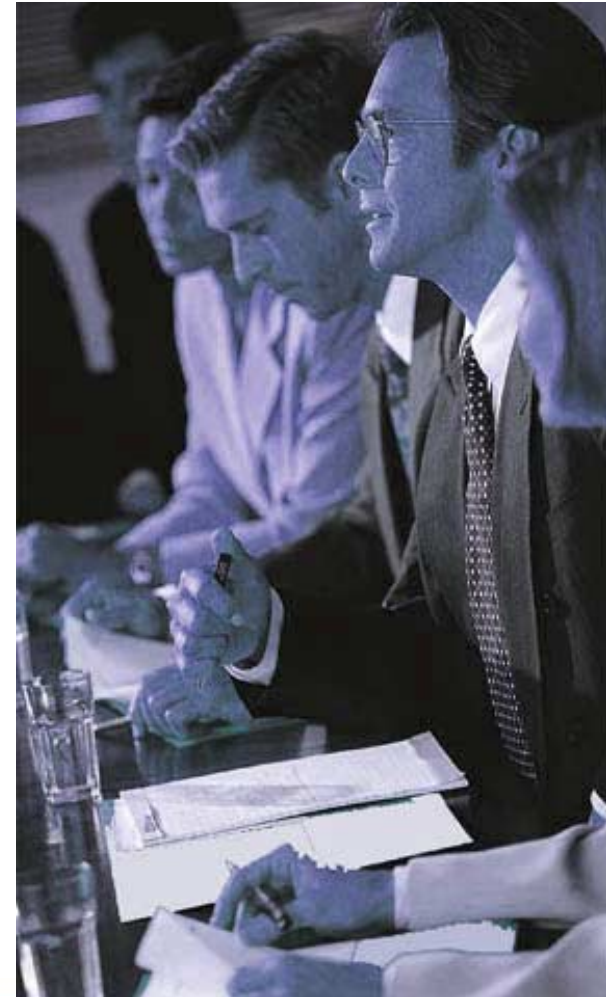
# Strategy

- The field of environmental measurement is fragmented. This allows a global market leader to achieve good profitability.
- Our customers are meteorological professionals and industry.
- Our offering includes products, solutions and services.
- Product leadership and operational excellence are the basis of our differentiation, customer intimacy when providing solutions.
- Within a business, we seek to benefit from economies of scale.
- The Vaisala brand is positioned in the premium-class.



# Major customer groups

- National meteorological services
- Aviation authorities
- Defense forces
- Road and rail authorities
- Land & water resource management agencies
- Research organizations
- Power utilities
- Industry



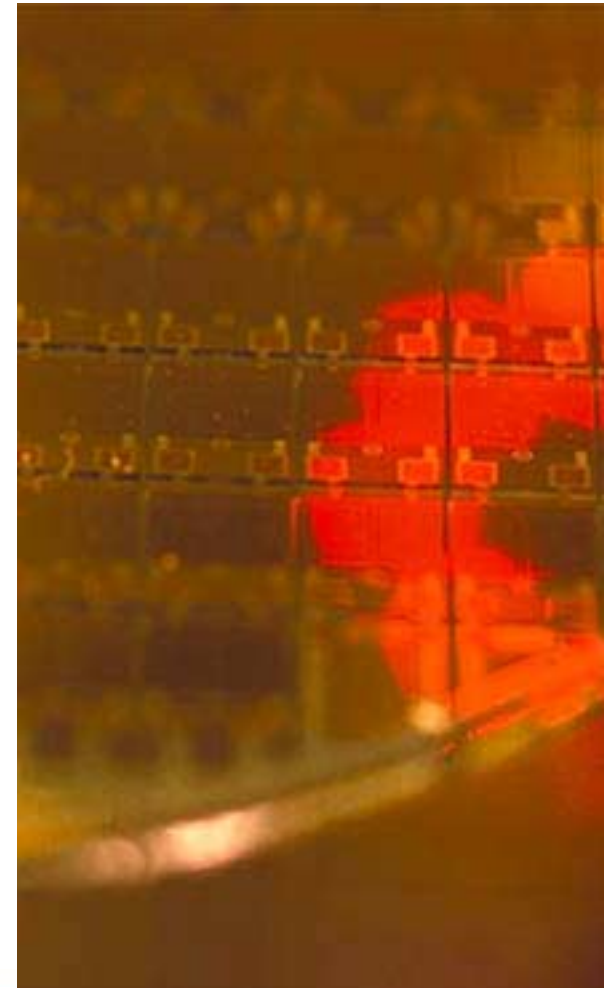
# Global presence



# 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



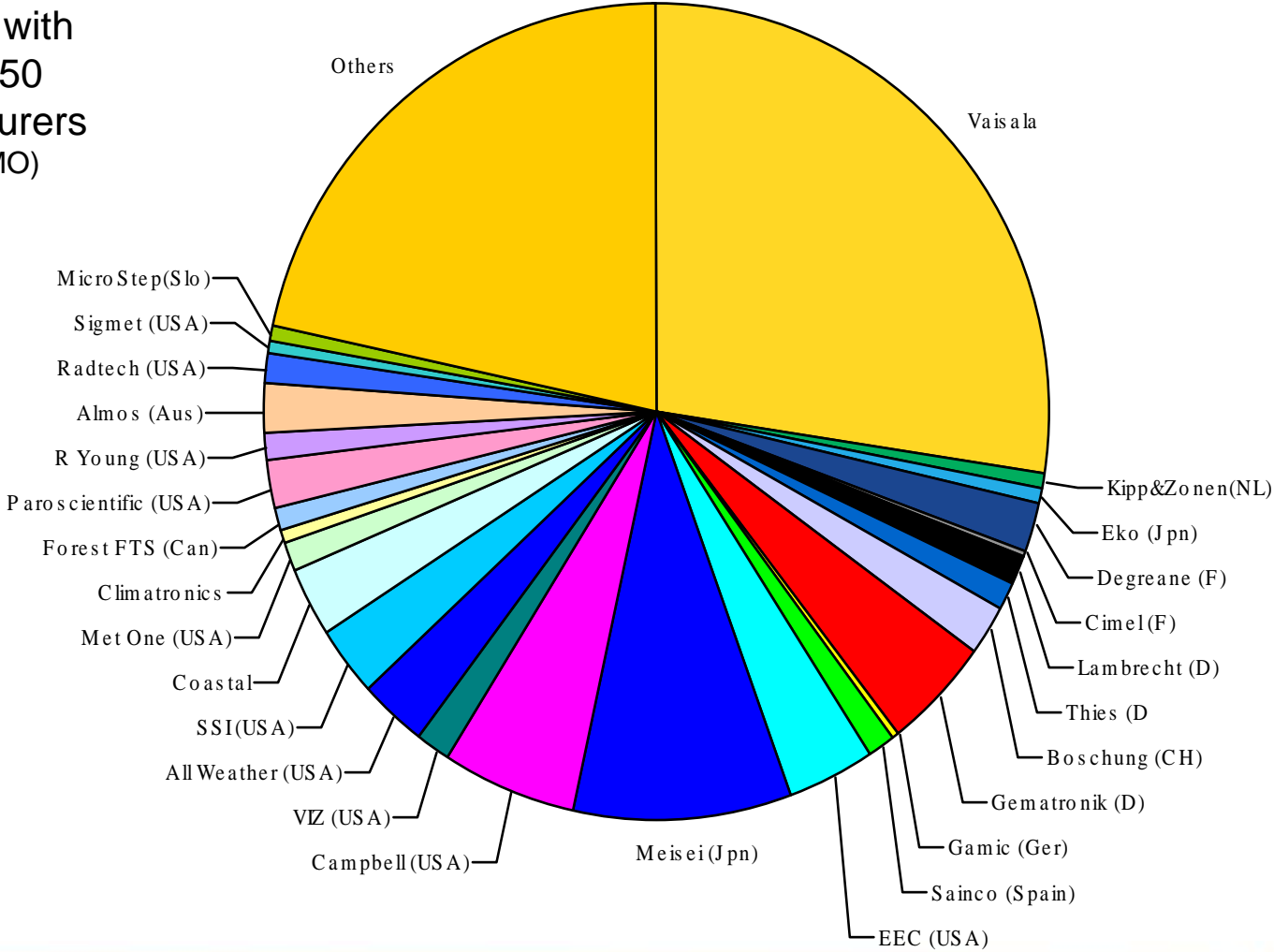
# Growth strategy

- 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 will achieve this through both organic growth and acquisitions.

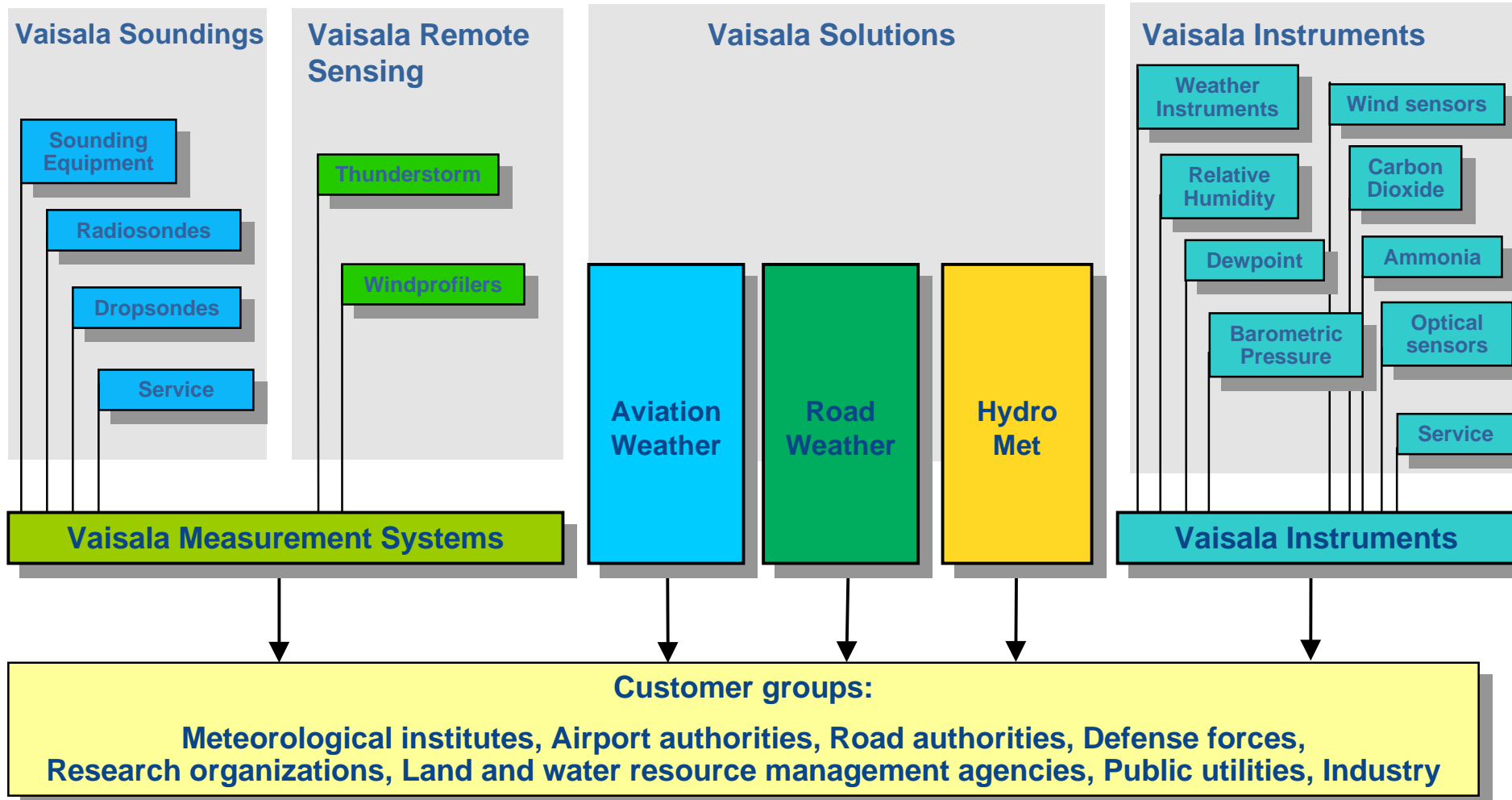


# Meteorological instrumentation market 550 MEUR in 2002

A market with approx. 250 manufacturers  
(Source: WMO)



# Divisions, Business Units and Distribution channels



# Shareholders - August 31st, 2003

	% of votes	% of Series K shares	% of Series A shares
Finnish Academy of Science and Letters	21.9	25.7	3.6
Novamator Oy	12.2	13.3	7.3
Mikko Voipio	7.7	8.8	2.3
Anja Caspers	7.1	8,2	1.4
Raimo Voipio	5.8	6.6	1.8
Tauno Voipio	4.2	4.6	2.1
Henki-Sampo Insurance Company	4.1	4.0	4.2
Inkeri Voipio	2.7	0.0	15.5
Jaakko Väisälä estate	1.6	1.8	1.1
Ilmarinen Mutual Pension Insurance Company	1.4	0.0	8.0
Nominee registered	3.2	0.0	18.9

# Series A share, performance

Series A share, performance



# Market situation

- Growth in demand stopped at the beginning of 2002 and remains unstable in most businesses.
- Customers have significant investment programs underway, but converting them into orders takes longer than expected.
- Vaisala has retained its market share, and the company holds a strong position in the market.

# Soundings in Q1-Q3/2003

- The division's net sales totaled EUR 40,0 (44,8) million.
- During the review period the division introduced a new product family of digital radiosondes which will be launched to the market during 2003. The radiosonde, offering more accurate measurements, will gradually replace older radiosonde models.
- Due to temporary material shortages some deliveries were delayed.

# Solutions in Q1-Q3/2003

- The division's net sales totaled EUR 36,2 (43,6) million.
- The volume of orders fell most in this division.
- In June the division introduced a new product family for the measurement of present weather and visibility. Road and aviation authorities as well as meteorological organizations use the products for automating weather observations.

# Remote Sensing in Q1-Q3/2003

- The division's net sales totaled EUR 15,2 (10,6) million.
- The division launched a digital interface receiver during the review period which considerably improves wind profiler performance and allows more efficient signal processing.
- In September, the first wind profiler of a network of three wind profilers to the German Weather Service was installed in Ziegenderf. The remaining two wind profilers will be delivered in 2004 and 2005 .
- The first three dimensional lightning detection network was delivered in the summer to an important customer in Asia.

# Instruments Q1-Q3/2003

- The division's net sales totaled EUR 33,2 (34,2) million.
- In June the division launched a new relative humidity and temperature transmitter module. The instrument offers fast and reliable detection of moisture in lubrication, hydraulic and transformer oils.
- Moreover, the division introduced a miniature dewpoint transmitter, which extends the product range for dewpoint measurement. The transmitter is designed for industrial OEM applications, such as plastic and compressed air dryers.

# Capital expenditure Q1-Q3/2003

- Gross investment totalled EUR 11,1 (23,2) million.
- Vaisala inaugurated new facilities in Boulder, Colorado. The company decided in 2002 to centralize its U.S. manufacturing operations in one location to improve efficiency and enhance productivity. The investment amounted to EUR 5.5 million.
- Construction of the new clean room at the Vantaa facility continues and will be completed as planned by the end of the year.

# Key figures Q1-Q3/2003

M€	Q1-Q3/2003	Q1-Q3/2002
Net Sales	124,6	133,1
Operating profit	11,8	12,2
Operating profit %	9,5%	9,2%
Profit before extraordinary items	10,5	11,7
Solvency ratio %	85%	83%
Personnel (average)	1 147	1 206
Order book	78,9	96,9
Orders received	130,7	173,9
Earnings / share (EUR)	0.40	0,35
Shareholder's equity / share (EUR)	7.64	7.61

# Income statement Q1-Q3/2003

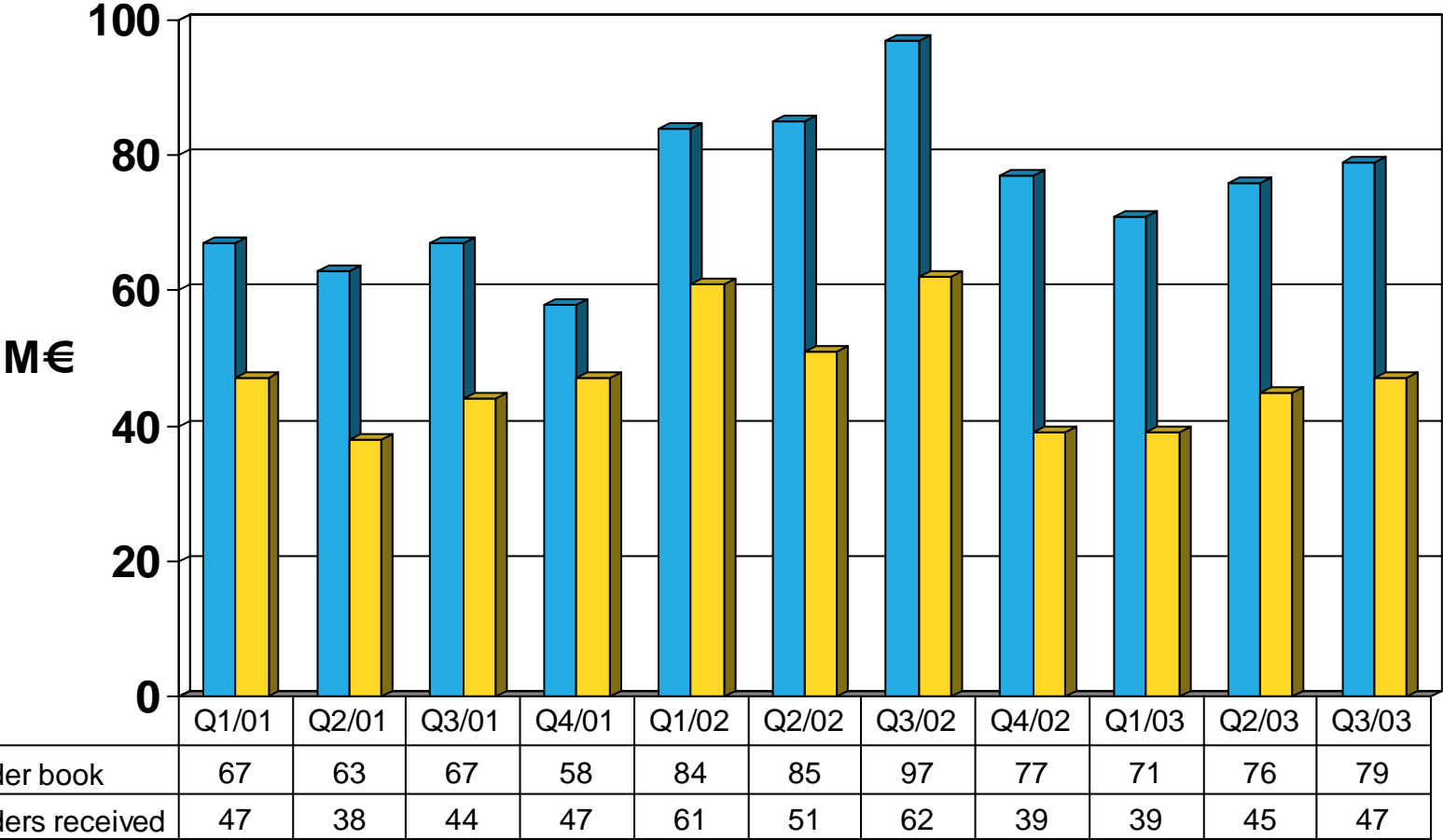
Groups income statement (EUR 1000)	Q1-Q3/2003	Q1-Q3/2002
Net sales	124 616	133 145
Costs	104 672	112 917
Goodwill-depreciation	3 164	3 810
Depreciation	5 806	5 345
Other operating income (net)	822	1 119
Operating profit	11 796	12 192
Financial income and expenses	-1 319	-482
Profit before extraordinary items	10 478	11 711
% of net sales	8,4%	8,8%
Profit before provisions and taxes	10 478	11 711
Taxes	3 548	5 570
Minority interest		
Net profit	6 930	6 141

Taxes for the review period have been calculated on the taxable income of the period.

# Balance sheet Q1-Q3/2003

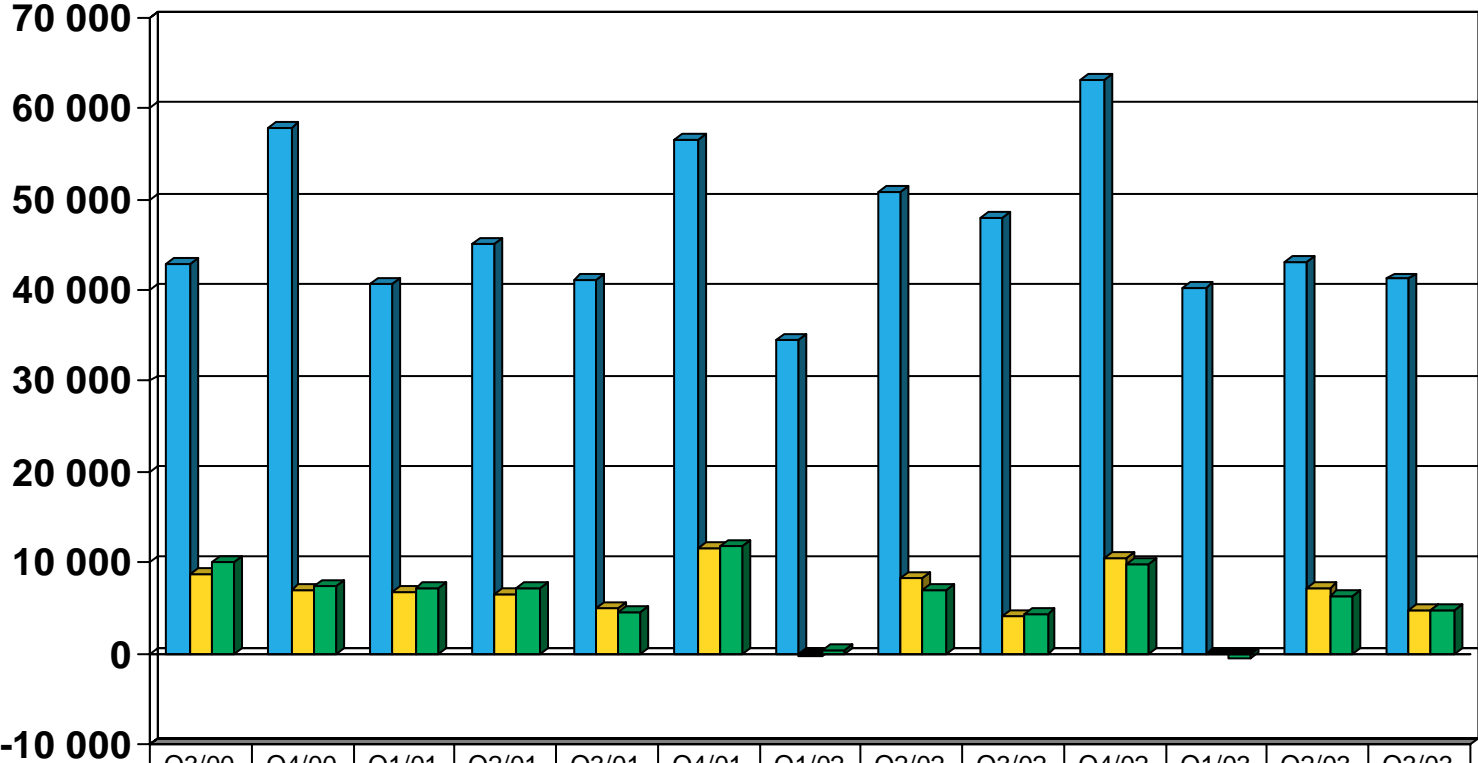
Balance sheet (EUR 1000)	Q1-Q3/2003	Q1-Q3/2002
Fixed assets	58 830	60 840
Current assets		
- Inventories	24 292	27 204
- Financial assets	82 158	79 494
Shareholders' equity	133 623	132 421
Minoritys interest	-	-
Obligatory reserves	1 146	1 624
Liabilities		
- Non-current liabilities	2 257	2 344
- Current liabilities	28 254	31 149
<i>Total</i>	<i>165 280</i>	<i>167 538</i>

# Order book



Order book Orders received

# Net sales, operating profit and profit before extraordinary items

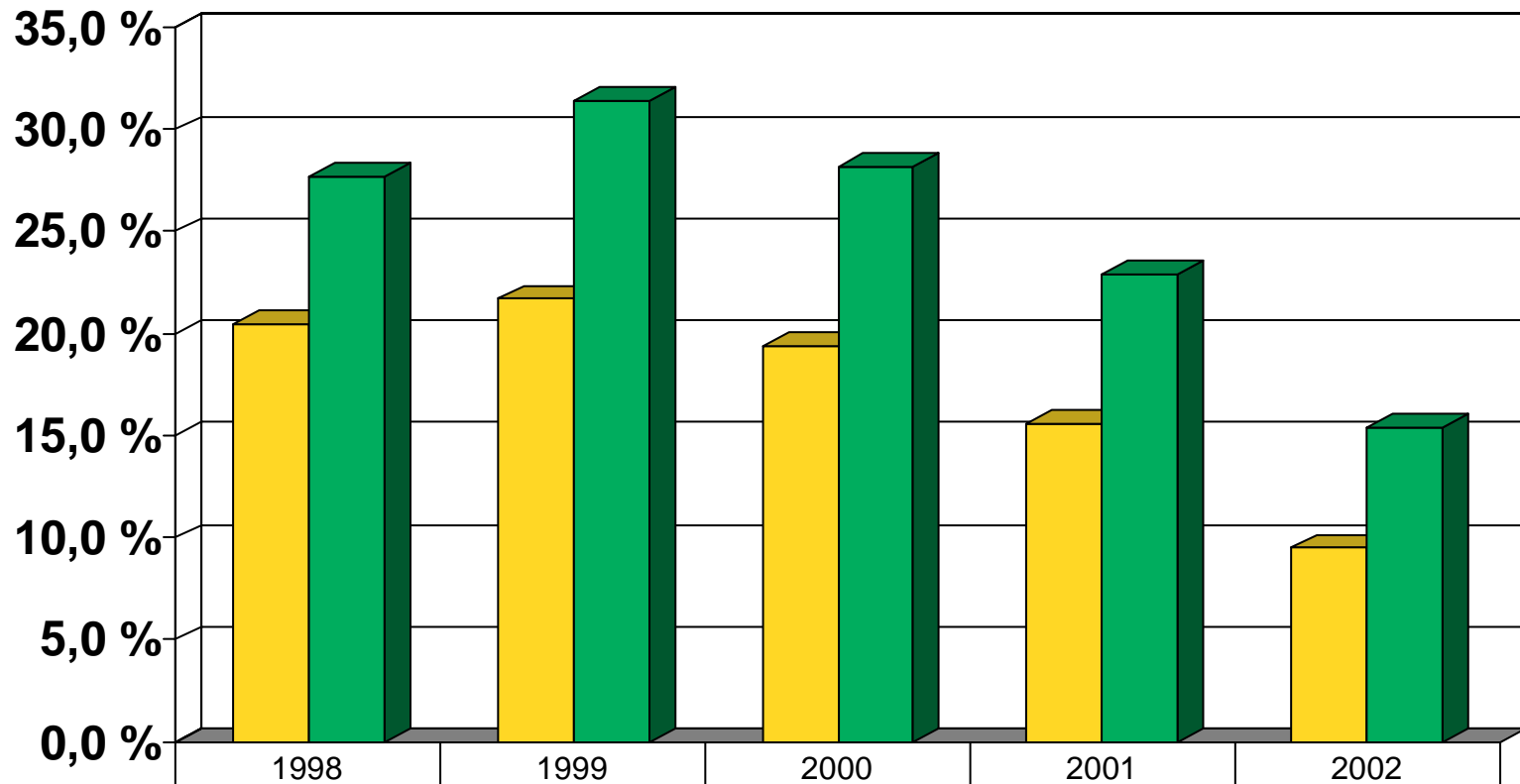


	Q3/00	Q4/00	Q1/01	Q2/01	Q3/01	Q4/01	Q1/02	Q2/02	Q3/02	Q4/02	Q1/03	Q2/03	Q3/03
Net Sales	42 956	57 961	40 678	45 130	41 145	56 576	34 447	50 767	47 931	63 075	40 244	43 141	41 231
Operating profit	8 731	7 042	6 775	6 533	4 893	11 547	-270	8 338	4 124	10 407	-131	7 102	4 825
Profit before EO items	10 035	7 492	7 213	7 106	4 496	11 828	274	7 052	4 384	9 772	-520	6 238	4 760

■ Net Sales ■ Operating profit ■ Profit before EO items



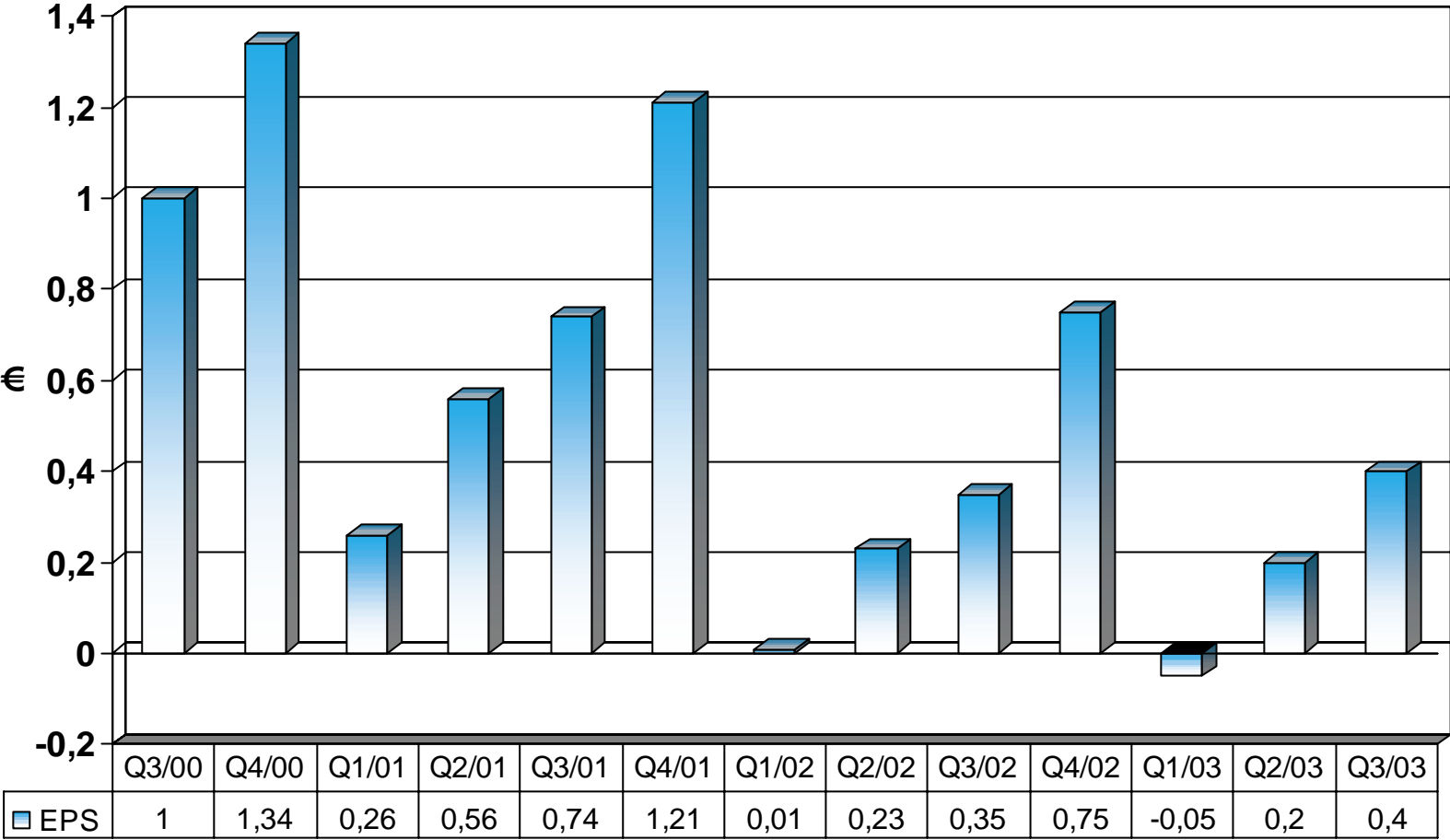
# Return rates



Return on equity	20,5 %	21,7 %	19,4 %	15,6 %	9,5 %
Return on investments	27,7 %	31,4 %	28,2 %	22,9 %	15,4 %

Return on equity Return on investments

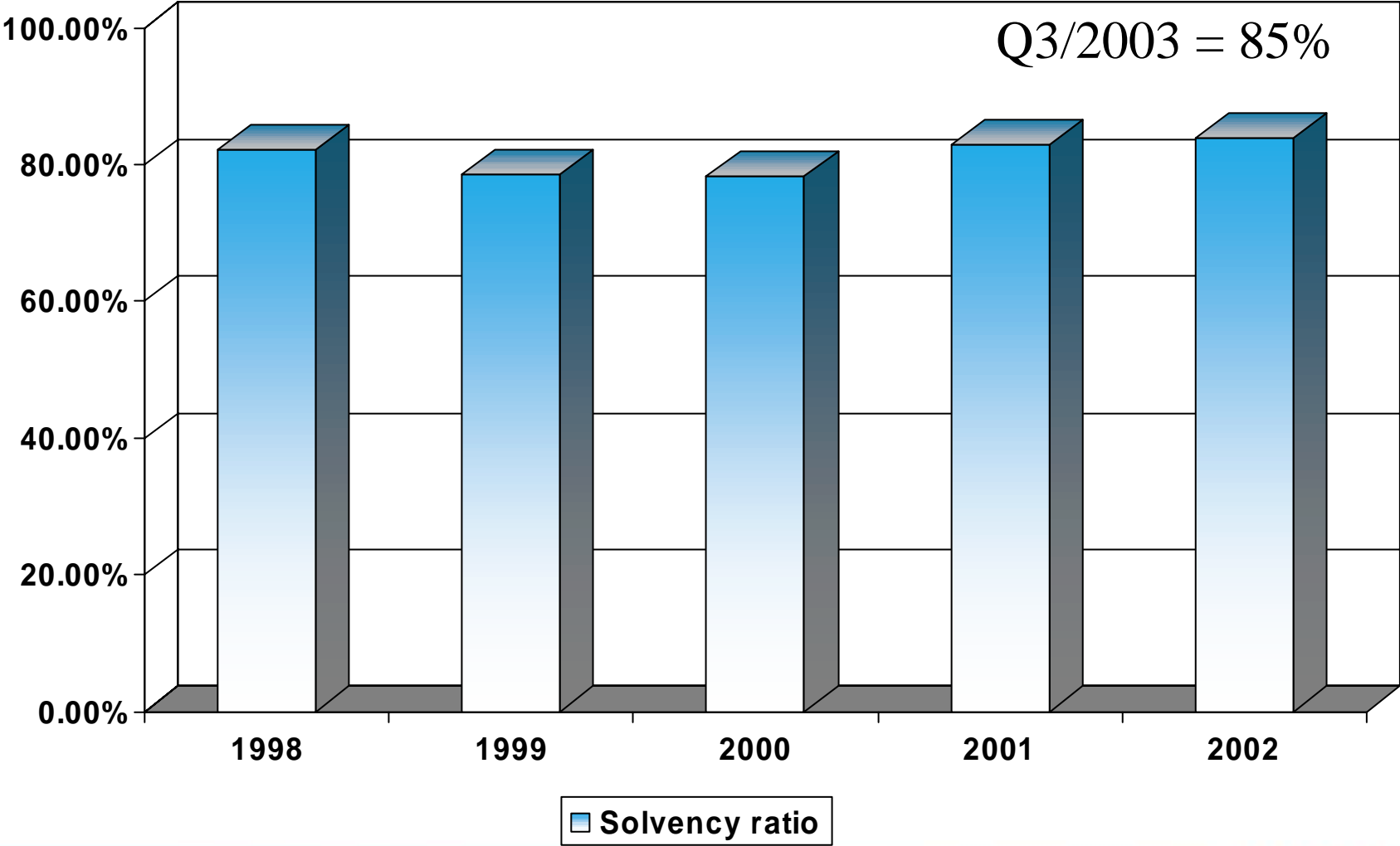
# Earnings / share, EUR, cumulative



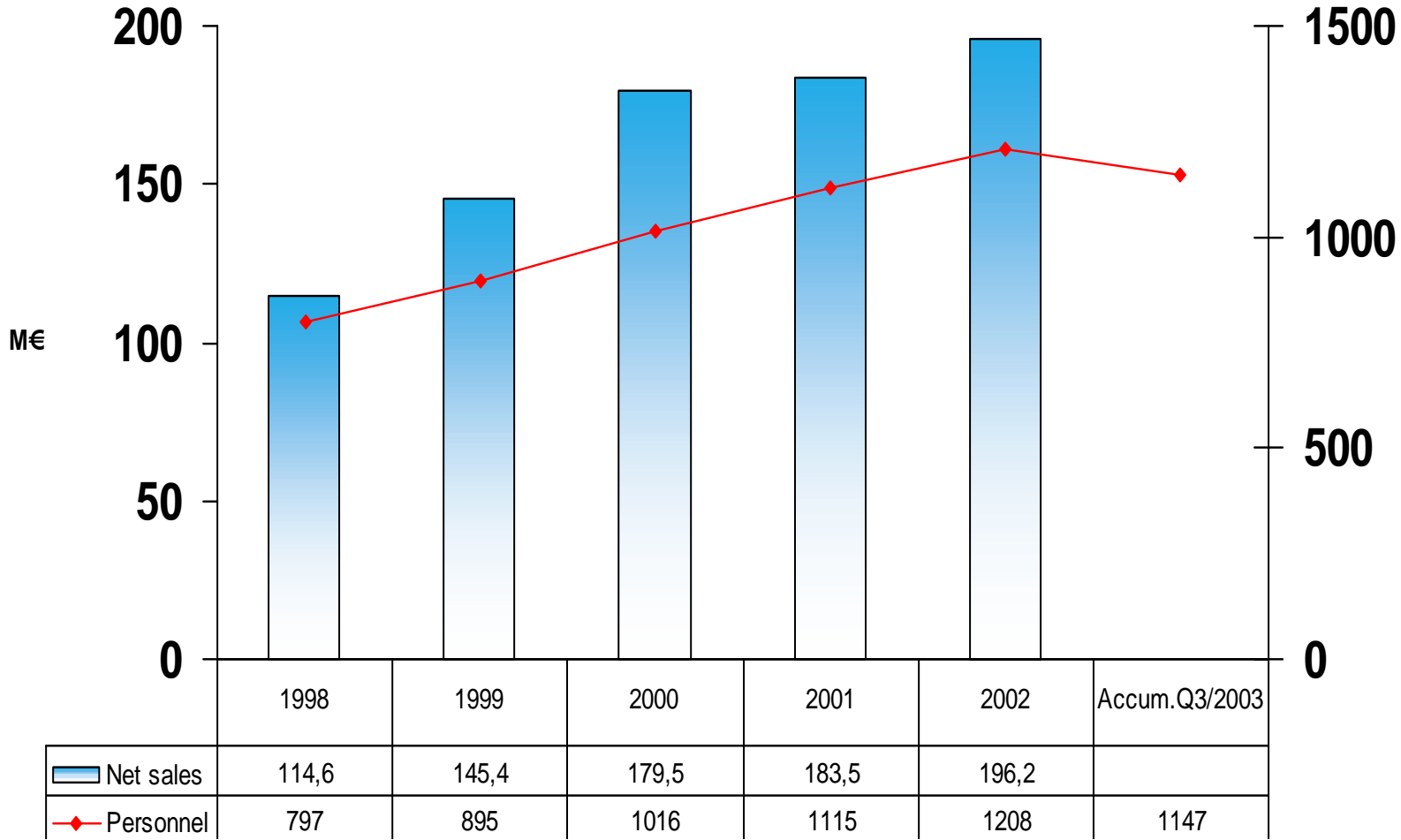
EPS



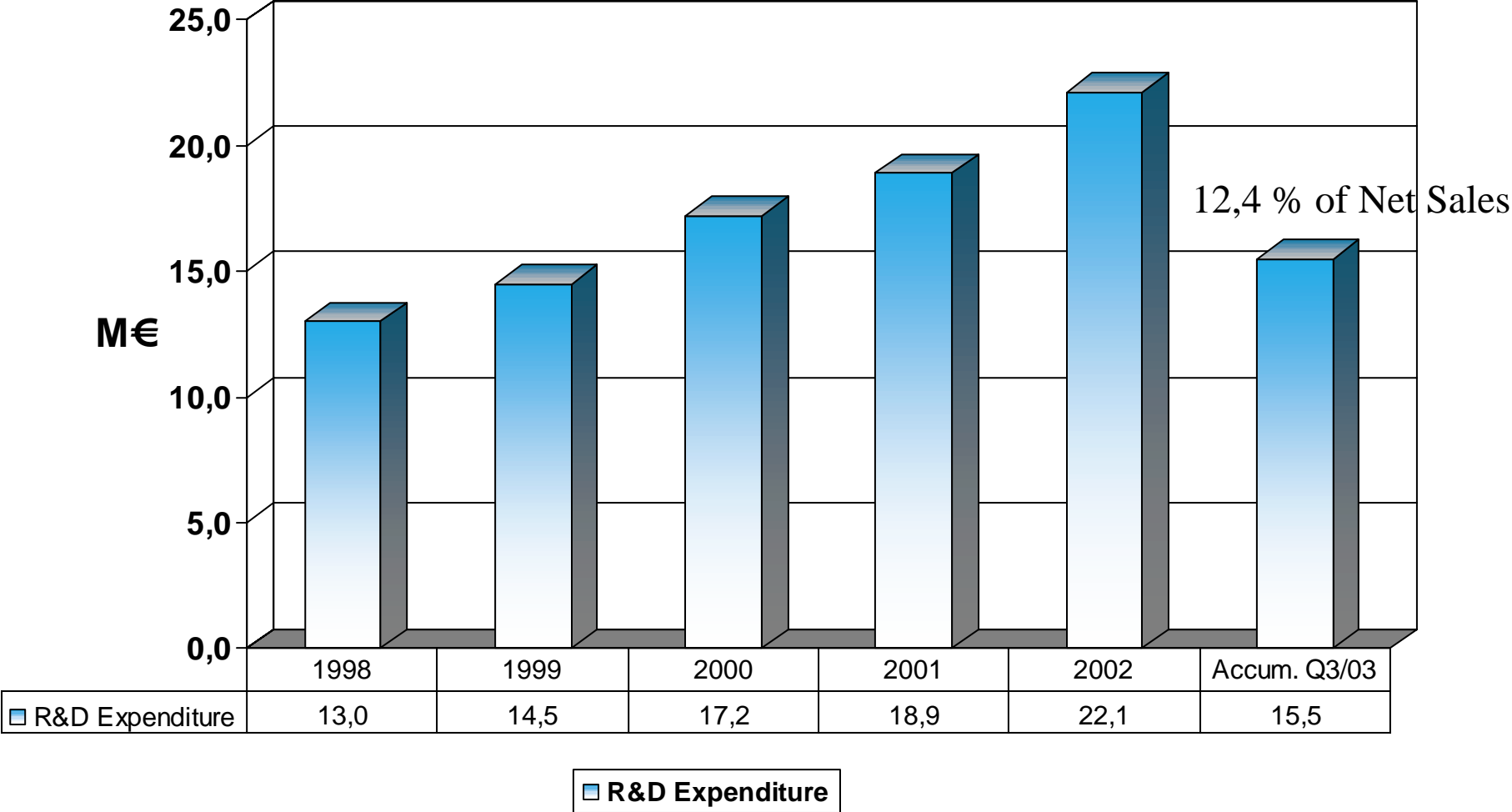
# Solvency ratio



# Net sales and average personnel



# Research and product development expenditure, EUR



# Outlook

- Uncertainty in the international market prevails.
- The Vaisala Group's profit for the full year 2003 is expected to reach the previous year's level.
- Net sales are expected to remain lower than the previous year.
- The performance is expected to improve in the last quarter.

**END**