

Vaisala Oyj Stock exchange release 7.5.2007 at 11.00 1(9)

Interim report 1.1.-31.3.2007 (3 months)

- Net sales: EUR 50.3 (42.7) million, growth 18%.
- Operating profit: EUR 6.5 (1.7) million, growth 269%.
- Orders received: EUR 53.5 (68.5) million, decrease 22%.
- Order book: EUR 79.1 (78.6) million.
- Profit before extraordinary items, provisions and taxes: EUR 7.0 (1.4) million, growth 383%.
- Net profit for the review period: EUR 5.0 (0.9) million, growth 446%.
- Earnings per share: EUR 0.27 (0.05).

#### Overview

Vaisala's operating profit (EBIT) for January-March 2007 was better than expected. This is mainly due to deliveries taking place earlier than expected. Compared to the corresponding period in 2006, net sales grew by 18% to EUR 50.3 million, while the number of orders received decreased by 22%. The net sales of all Vaisala business divisions grew. The greatest growth took place in Vaisala Solutions and Vaisala Instruments divisions. Growth in net sales, together with the profit of one of Vaisala Measurement Systems division's long-term projects being recognized as revenue, raised the operating profit to EUR 6.5 million.

Net profit for the review period increased and was EUR 5.0 (0.9) million.

Vaisala Measurement Systems-, Vaisala Instruments- and Vaisala Solutions - divisions' business has continued without major structural changes.

#### Outlook for 2007

Positive market development is expected to continue in 2007. The organic growth of net sales is expected to continue in 2007, and operating profit is expected to be higher than in 2006.

Major seasonal variation is typical for Vaisala's business, and no conclusions can be drawn regarding changes in demand based on one quarter. Prerequisite for improvement in net sales and operating profit is positive development in the number of orders received.

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.

#### Market situation, net sales and order book

The sustained maintenance and development of competitiveness has enabled Vaisala to retain its strong market share. Net sales grew in all other geographical areas except in North-America, where decrease in EUR was 5% but growth in USD was 6%.

Vaisala Group's net sales for the review period grew by 18%, being EUR 50.3 (42.7) million. Operations outside Finland accounted for 96% (96%) of net sales. Demand remained on a good level, although the value of orders received, EUR 53.5 (68.5) million, was 22% lower than during the same period in 2006. At the end of the review period, the order book stood at EUR 79.1 (78.6) million.

#### Performance and balance sheet

Operating profit for the review period was 12.8% of net sales, EUR 6.5 (1.7) million. The structure of financial reporting was changed starting from 2007.

Instead of being reported under other operating income and expenses, the result of hedging activities is reported below operating profit in financial income and expenses, where foreign exchange gains and losses are also reported. The figures of the review period as well as those of the accounting period 2006 have been changed to correspond to the current reporting structure.

Profit before tax was 13.9% of net sales, EUR 7.0 (1.4) million. Net profit for the review period was EUR 5.0 (0.9) million.

The Vaisala Group's solvency and liquidity remained strong. On March 31, 2007 the balance sheet total was EUR 216.9 (196.3) million. The Group's solvency ratio at the end of the review period was 77% (78%).

The total of the Group's liquid assets was EUR 93.9 (74.7) million.

#### Research and development

Expenditure on research and development in the review period totaled EUR 5.6 (5.0) million, being 11.1% of the Group's net sales.

#### Capital expenditure

Gross capital expenditure totaled EUR 1.4 million (17.8).

#### Vaisala Measurement Systems

Vaisala Measurement Systems division generated net sales of EUR 19.4 (17.2) million, growth 12%. The division's net sales were as expected. Operating profit was better than usual, EUR 2.3 (0.5) million. Operating profit was improved by the profit of one of Vaisala Measurement Systems division's long-term projects being recognized as revenue during the review period.

The number of orders received by Vaisala Measurement Systems decreased by 31% compared to the corresponding period in 2006, and was EUR 23.5 (34.2/1-3/2006; 17.6/1-3/2005) million.

#### Vaisala Instruments

Net sales of the Vaisala Instruments division were as expected during the review period. Net sales grew by 20%, being EUR 17.2 (14.3) million. Operating profit was EUR 5.0 (3.2) million.

The number of orders received by the Vaisala Instruments division remained on the same level as in the previous year, being EUR 17.4 (17.4/1-3/2006; 16.1/1-3/2005) million.

Damages caused by fire at the VTT Technical Research Centre on February 24th, 2006, which hampered the acquisition of components for Vaisala carbon dioxide products, have been repaired, and product deliveries are getting back to normal.

Competition in all product categories remains fierce. Vaisala's global operating model, combined with significant investments in research and development, form the basis to retain market leadership and increase market share.

#### Vaisala Solutions

The review period was slightly better than expected for the Vaisala Solutions division. Net sales grew by 22%, being EUR 13.7 (11.2) million. Operating profit was EUR 0.0 (-1.4) million.

The number of orders received by the Vaisala Solutions division decreased by 25% compared to the corresponding period in 2006, being EUR 12.7 (17.0/1-3/2006; 10.4/1-3/2005) million. Due to the characteristics of the division's business, operating profits normally turn positive on the fourth quarter.

#### Changes in Vaisala Oyj's management

M.A. (chemistry) Matti Ervasti (51) has been appointed as Vaisala Sales and Marketing Director and member of the Management Group starting May 15, 2007. M.Sc., eMBA Ari Meskanen (43) has been appointed as Vaisala Chief Technology Officer and member of the Management Group starting May 1st, 2007.

#### Vaisala's share

At the end of the review period, Vaisala's Board of Directors had no authorization to increase the company's share capital or to issue convertible or warrant bonds.

The price of Vaisala's A share on the Helsinki Exchanges was EUR 33.07 on December 31, 2006, and EUR 34.98 at the end of the review period. The highest share price quoted during the review period was EUR 36.10 and the lowest EUR 29.43.

Vaisala's share capital at the end of the review period was EUR 7,660,807.87 and the total number of shares was 18,218,364.

A total of 2,014,559 Vaisala shares were traded during the review period.

#### Own and parent company's shares

The company holds a total of 9150 of its own shares at the end of the review period, representing 0.05% of the share capital and 0.01% of votes. The compensation for the shares owned by the company is EUR 251,899.69.

#### Board of Directors

The Annual General Meeting appointed six members to the Board of Directors. Yrjö Neuvo, who was in turn to retire by rotation, was selected for another three-year term of office. Maija Torkko was appointed as a new member.

Raimo Voipio will continue as Chairman of the Board of Directors and Yrjö Neuvo will continue as Vice-Chairman.

#### Personnel

The average number of employees in the Vaisala Group during the review period was 1081 (1051).

Some 20% (19%) of the personnel worked in research and development. Approximately 41% (38%) of the Group's personnel worked outside Finland.

#### Dividend

The Annual General Meeting decided that a dividend of EUR 0.85 per share, corresponding to the total of EUR 15,477,831.90 will be distributed for the financial year 2006. Dividend is not paid to the A-shares that are held by Vaisala Oyj. Dividend was paid on April 3, 2007.

PricewaterhouseCoopers Oy and Mr. Hannu Pellinen APA were chosen as the Company's Authorized Public Accountants by the Annual General Meeting.

#### Events outside the review period

M.Sc.(Physics) Scott Sternberg (43) has been appointed as Director of the Vaisala service business starting June 1st, 2007.

Vantaa May 7th, 2007

Vaisala Oyj  
Board of Directors

Financial indicators

Financial indicators	1-3 2007	1-3 2006	1-12 2006
Number of shares at March. 31 (1000 pcs)	18209	18209	18209
Number of shares at March 31 (1000 pcs), weighted average	18209	18041	18168
Adjusted number of shares (1000 pcs)	18209	18067	18174
Earnings/share (EUR)	0.27	0.05	1.46
Earnings/share (EUR), fully diluted	0.27	0.05	1.46
Net cash flow from operating activities/share (EUR)	0.46	0.28	1.96
Equity/share (EUR)	8.73	8.05	9.32
Solvency ratio	77%	78%	81%
Gross capital expenditure (EUR Million)	1.36	17.78	20.40
Depreciation	2.0	3.6	10.8
Average personnel	1081	1051	1069
Order book (EUR Million)	79.1	78.6	77.6
Liabilities from derivative contracts	12.0	13.1	11.9

This interim report has been prepared in accordance with IAS 34 'Interim Financial Reporting.' The same accounting principles have been applied as in the annual financial statements. The interim financial statements have not been audited.

CONSOLIDATED INCOME STATEMENT  
(IFRS, EUR Million)

	1-3 2007	1-3 2006	Change %	1-12 2006
Net sales	50.3	42.7	17.6	220.8
Cost of production and procurement	-21.9	-21.1	3.4	-100.1
Gross profit	28.4	21.6	31.5	120.8
Other operating income	0.0	0.0	-66.7	0.1
Cost of sales and marketing	-11.4	-10.7	6.7	-42.1
Development costs	-5.6	-5.0	11.1	-20.6
Other administrative costs	-4.9	-4.1	20.2	-19.6
Other operating cost	0.0	0.0		0.0
Operating profit	6.5	1.7	269.0	38.6
Financial income and expenses	0.5	-0.3	-278.1	-0.5
Share of results of associated companies	0.0	0.0		0.0
Profit before tax	7.0	1.4	382.8	38.2
Income taxes	-2.0	-0.5	273.8	-11.6
Profit after tax	5.0	0.9	446.0	26.6

Attributable to Equity holders of the parent	5.0	0.9	446.0	26.6
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Taxes for the review period have been calculated under taxes.

Earnings per share for profit attributable to the equity holders of the parent

Basic earnings per share	0.27	0.05	449.3	1.46
Diluted earnings per share	0.27	0.05	449.3	1.46

CONSOLIDATED BALANCE SHEET  
(EUR million)

	31.3.2007	31.3.2006	Change	31.12.2006
			%	
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Intangible assets	20.4	23.9	-14.5	21.0
Tangible assets	33.1	35.3	-6.3	33.5
Investments in associates	0.5	0.3	58.9	0.4
Other financial assets	0.0	0.0	-9.1	0.2
Long-term receivables	0.1	1.8	-96.5	0.1
Deferred tax assets	5.7	5.4	5.8	5.2
<b>CURRENT ASSETS</b>				
Inventories	18.3	17.9	2.3	17.6
Trade and other receivables	44.4	36.2	22.5	53.9
Accrued income tax receivables	0.6	0.8	-34.7	0.0
Financial assets recognized at fair value through profit and loss	41.6	35.4	17.4	41.2
Cash and cash equivalents	52.3	39.2	33.3	46.1
<b>TOTAL ASSETS</b>	<b>216.9</b>	<b>196.3</b>	<b>10.5</b>	<b>219.2</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Equity attributable to equity holders of the parent				
Share capital	7.7	7.7	0.0	7.7
Share premium reserve	16.6	16.6	0.0	16.6
Reserve fund	0.1	0.1	-7.8	0.1
Translation differences	-1.9	0.9	-306.9	-1.6
Profit from previous years	131.8	120.7	9.2	120.7
Own shares	-0.3	-0.3	0.0	-0.3
Profit for the financial year	5.0	0.9	446.6	26.6
<b>Total equity</b>	<b>159.0</b>	<b>146.7</b>	<b>8.4</b>	<b>169.8</b>
Long-term liabilities				
Retirement benefit obligations	0.3	0.6	-47.4	0.3
Interest-bearing liabilities	0.2	0.4	-37.3	0.3
Provisions	0.0	1.2	-96.8	0.0
Deferred tax liabilities	0.3	0.4	-24.5	0.4

Current liabilities					
Current portion of long-term borrowings	0.3	0.5	-43.6	0.3	
Current interest-bearing liabilities	0.3	0.2	34.6	0.3	
Advances received	10.9	7.9	37.6	9.6	
Accrued income tax payables	3.0	1.5	99.7	2.6	
Trade and other payables	42.3	36.8	15.0	35.6	
TOTAL LIABILITIES	216.9	196.3	10.5	219.2	

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
March 31.2006, (EUR million)

	Share capi- tal	Share Issue	Share Premium Reserve	Reserve Fund	Own Shares	Trans- lation diffe- rences	Retain ed earn- ings	Total equi- ty
Balance at December 31, 2006	7.7	0.0	16.6	0.1	-0.3	-1.6	147.3	169.8
Translation differences						-0.3		-0.3
Net profit for the period							5.0	5.0
Dividend paid							-15.5	-15.5
Stock options exercised								
Own shares acquired								
Own shares transferred								
Balance at March 31.2007	7.7	0.0	16.6	0.1	-0.3	-1.9	136.8	159.0

	Share capi- tal	Share issue	Share Premium Reserve	Reserve Fund	Own Shares	Trans- lation diffe- rences	Retain - ed earn- ings	Total equi- ty
Balance at December 31, 2005	7.4	5.4	5.3	0.1	0.0	1.9	134.1	154.3
Translation differences				0.0		-1.0		-1.0
Net profit for the period							0.9	0.9
Dividend paid							-13.4	-13.4
Stock options exercised	0.2	-5.4	11.3					6.1
Own shares					-1.0			-1.0

acquired								
Own shares transferred				0.7				0.7
Balance at								
March 31.2006	7.7	0.0	16.6	0.1	-0.3	0.9	121.6	146.7

CONSOLIDATED CASH FLOW STATEMENT  
(EUR million)

	1-3 2007	1-3 2006	Change %	1-12 2006
Cash flows from operating activities				
Cash receipts from customers	61.9	56.9	8.8	220.3
Other income from business operations	0.0	0.0		0.0
Cash paid to suppliers and employees	-51.6	-49.3	4.6	-173.7
Interest received	0.7	0.5	46.0	2.2
Interest paid	-0.1	0.0		-0.1
Other financial items, net	0.5	-0.9	-151.6	-3.3
Dividend received from business operations	0.0	0.0	-100.0	0.0
Direct tax paid	-3.1	-2.1	48.0	-9.7
Cash flow from business operations (A)	8.4	5.1	64.1	35.7
Cash flow from investing activities				
Investments in tangible and intangible assets	-1.5	-2.2	-30.6	-7.2
Acquisition of subsidiary, net of cash acquired	0.0	-16.7	-100.0	-15.7
Proceeds from sale of fixed assets	0.0	0.0		0.1
Loans granted	0.0	0.0		0.0
Repayment of loan receivables	0.0	0.0		0.0
Other investments	0.1	0.0		-0.1
Cash flow from investing activities (B)	-1.5	-18.9	-92.3	-22.9
Cash flow from financing activities				
Equity issue	0.0	6.1	-100.0	6.1
Repayment of short-term loans	0.0	0.0		0.0
Withdrawal of long-term loans	0.0	0.0		0.0
Repayment of long-term loans	0.0	0.0		-0.5
Dividend paid and other distribution of profit	0.0	0.0		-13.4
Cash flow from financing activities (C)	0.0	6.1	-100.0	-7.8
Change in liquid funds (A+B+C) increase (+) / decrease (-)	6.9	-7.7	-189.9	5.0
Liquid funds at beginning of period	87.3	81.4	7.3	81.4
Foreign exchange effect on cash	-0.4	1.0	-138.0	0.9
Net increase in cash and cash equivalents	6.9	-7.7	-189.9	5.0
Liquid funds at end of period	93.9	74.7	25.7	87.3

Segment Report

Business segments

1-3/2007	Vaisala Measure- ment Systems	Vaisala Instru- ments	Vaisala Solut- ions	Other Operat- ions	Eliminat- ions	Group
Net sales to external customers	19.4	17.2	13.7	0.0	0.0	50.3
Intragroup sales	0.0	1.8	0.1	0.0	-1.9	0.0
Net sales	19.4	19.0	13.8	0.0	-1.9	50.3
Operating profit	2.3	5.0	0.0	-0.8	0.0	6.5
Depreciation	0.7	0.5	0.1	0.8	0.0	2.0
Restructuring expenses	0.0	0.0	0.0	0.0	0.0	0.0

Segment Report

Business segments

1-3/2006 M	Vaisala Measure- ment Systems	Vaisala Instru- ments	Vaisala Solut- ions	Other Operat- ions	Eliminat- ions	Group
Net sales to external customers	17.2	14.3	11.2	0.0	0.0	42.7
Intragroup sales	0.0	1.9	0.1	0.0	-2.0	0.0
Net sales	17.2	16.2	11.3	0.0	-2.0	42.7
Operating profit	0.5	3.2	-1.4	-0.6	0.0	1.7
Depreciation	1.9	0.5	0.2	0.9	0.0	3.6
Restructuring expenses	0.8	0.0	0.0	0.0	0.0	0.8

1-12/2006 M	Vaisala Measure- ment Systems	Vaisala Instru- ments	Vaisala Solut- ions	Other operat- ions	Eliminat- ions	Group
Net sales to external customers	93.2	64.3	63.3	0.0	0.0	220.8
Intragroup sales	0.0	11.1	0.4	0.0	-11.5	0.0
Net sales	93.2	75.3	63.7	0.0	-11.5	220.8
Operating profit	19.8	19.5	5.4	-6.1	0.0	38.6

Depreciation	4.8	1.9	0.7	3.4	0.0	10.8
Restructuring expenses	0.0	0.0	0.0	0.0	0.0	0.0

Further information:

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Vaisala Oyj

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