Vaisala Group financial report 2011

Good net sales in fourth quarter 2011 and order book at the end of 2011. Full year 2011 net sales and operating profit improved moderately.

Fourth quarter highlights

- Orders received: EUR 87.6(89.3) million, decrease 2%.
- Order book EUR 134.3 (129.0) million, increase 4%
- Net sales EUR 90.3 (84.5) million, increase 7%.
- Operating profit EUR 13.0 (16.6) million, decrease 22%.
- Earnings per share EUR 0.49 (0.67), decrease 26%.

Full Year 2011 highlights

- Orders received: EUR 278.8 (286.7) million, decrease 3%.
- Net sales EUR 273.6 (253.2) million, increase 8%. Organic growth of net sales 8% in comparison to proforma* net sales in 2010.
- Operating profit EUR 16.1 (11.8) million, increase 36%.
- Earnings per share EUR 0.57 (0.56), increase 2%.
- Cash flow from business operations EUR 37.6 (25.3) million.
- Consolidated liquid assets EUR 45.5 (35.3) million.
- Board of Directors proposes a dividend of EUR 0.65 (0.65) per share.

The whole year numbers presented in the financial report have been audited.

	01-12 2011 (MEUR)	01-12 2010 (MEUR)	Change (%)	10-12 2011 (MEUR)	10-12 2010 (MEUR)	Change (%)
Group net sales	273.6	253.2	8.1%	90.3	84.5	6.8%
Group net sales (proforma**)	273.6	254.6	7.5%	90.3	84.5	6.8%
Weather	201.8	189.8	6.3%	71.8	65.7	9.3%
Controlled Environment	71.7	63.4	13.1%	18.4	18.9	-2.6%
Controlled Environment (proforma*)	71.7	64.8	10.6%	18.4	18.9	-2.6%
Operating result, Group	16.1	11.8	35.8%	13.0	16.6	-21.7%
Weather	5.9	3.8	55.3%	9.9	13.3	-25.3%
Controlled Environment	10.5	8.9	18.0%	1.8	3.0	-38.7%
Eliminations and other	-0.3	-0.9		1.2	0.3	
Result before taxes	16.1	14.0	15.4%	13.9	17.4	-19.9%
Net result for review period	10.4	10.2	1.7%	8.9	12.1	-26.3%
Orders received	278.8	286.7	-2.8%	87.6	89.3	-2.0%
Order book	134.3	129.0	4.1%	134.3	129.0	4.1%
Earnings per share	0.57	0.56	1.7%	0.49	0.67	-26.3%
Return on equity (%)	5.7	5.6	1.1%			

* Vaisala acquired Veriteq as part of its Controlled Environment business area on April 1, 2010. The proforma figures for the full year 2010 presented in this release for comparison purposes include the first quarter 2010 figures of Veriteq. For example, references to organic growth are based on comparisons with Vaisala 2010 proforma figures.
** Vaisala announced on August 31, 2011 that it combines its Meteorology and Weather Critical Operations business areas into one Weather business area starting October 1, 2011. Results for the Weather business area have been calculated from previous reported numbers by combining the results of the previous Meteorology

and Weather Critical Operations business areas. See also stock exchange release on February 7, 2012 for further details.

Comments on the fourth quarter

Net sales increased by 7% year-on-year. The growth came from Weather, where multiple customer projects were successfully completed. Controlled Environment net sales were EUR 0.5 million down from previous year.

The order book remained strong, and was 4% higher than at the end of 2010. Orders received during the fourth quarter declined by 2% year-on-year.

Operating profit declined by EUR 3.6 million year-on-year, mainly due to lower gross profit margin from project deliveries.

One off costs of EUR 1.5 million relating to the consolidation of R&D activities were booked in the fourth quarter.

Vaisala received in December 2011 EUR 2.3 million compensation relating to the acquisition of Quixote Transportation Technologies, Inc. (QTT) which was made in December 2009. EUR 1.4 million of this compensation was booked in other operating income and it improved Vaisala’s fourth quarter operating profit. EUR 0.8 million was compensation for related legal costs.

Overview of the year 2011

Net sales EUR 273.6 million was 8% higher than in 2010. Comparable proforma net sales in 2010, including Veriteq acquisition, were EUR 254.6 million. Operating profit improved by EUR 4.3 million or 36% compared to 2010.

Controlled Environment’s net sales performance was stable throughout the year whereas Weather had a very strong fourth quarter compared to quite stable first three quarters.

Net sales increased in APAC region by 20% and in Americas by 10%, but EMEA region decreased by 2%.

Orders received improved significantly in the second half of the year, compared to the first half of 2011. High net sales during the fourth quarter increased the full year net sales to 8% above previous year.

Services sales in 2011 grew by 21% to EUR 40.8 million.

Implementation of the company-wide ERP program progressed in 2011 with go-lives in Germany and the USA. Roll-out will continue until the end of 2012.

In 2011, Vaisala launched 39 products. In 2011 R&D spend was EUR 3.4 million below the 2010 level. In 2011 R&D costs were 10.2% of net sales (12.4%) which is the longer term target level for R&D investment.

Market outlook

Uncertainty in the global economy and shifts in exchange rates are expected to affect Vaisala's business. Based on the structure of Vaisala's customer base and the orders received, the company's market situation is expected to remain materially unchanged in 2012.

Financial guidance

Vaisala expects its net sales in 2012 to stay on the same level as in the preceding year. The operating profit is expected to improve moderately. Net sales in 2011 were EUR 273.6 million and operating profit was EUR 16.1 million.

As in previous years, seasonal fluctuation is typical of Vaisala's business, and the first quarter is expected to be modest.

Vaisala's long-term business outlook remains unchanged.

President and CEO Kjell Forsén on Vaisala's result:

The global financial crisis affected our governmental customers' investment capability. The beginning of the year was slow, but demand increased during the second half of the year especially in Weather business area and resulted in significantly increased order intake and sales.

During the year solid revenue growth continued in Asia-Pacific amounting to 20%. Also Americas did well growing by 10% whereas in Europe revenues declined by 2%.

Our delivery capability was good throughout the year, and especially our capacity to deliver complex projects advanced during 2011.

Strong performance in the industrial business continued in 2011. Controlled Environment increased their net sales by 13% and the operating profit by 18%. Roll-out of the Life Science offering in Europe and Asia progressed according to the plan.

Vaisala announced on August 31, 2011 that it combines its Meteorology and Weather Critical Operations business areas into one Weather business area from the fourth quarter 2011 onwards.

Our Service business grew by 21% year-on-year amounting to 15% of our total revenues and increasing the share of recurring revenue.

During the year our R&D spending returned to a level of 10% after two years of higher level spending needed to speed up renewal of our offering. Yet a total of 39 new product launches was achieved.

Our opening backlog for 2012 is strong resulting from the increased order intake during second half of 2011. Also our financial position as well as our position in main business areas is strong. Due to the still ongoing global financial crisis the market is, however, not expected to grow.

Market situation, net sales and order book

Uncertainty in the global economy is expected to affect Vaisala's business. In the challenging economic situation Vaisala has nevertheless been able to retain its market shares.

Order intake was strong throughout the second half of 2011 and the year was finished with a 4% higher order book than at the end of 2010. The total value of the order book was EUR 134.3 (129.0) million at the end of December. Of the order book, approximately EUR 13 million will be delivered in 2013 or later.

Orders received decreased by 3% year-on-year and totaled EUR 278.8 (286.7) million.

Vaisala Group's net sales grew by 8% year-on-year and totaled EUR 273.6 (253.2/2010; 231.8/2009) million. Net sales growth came both from Controlled Environment which grew by EUR 8.3 million and from Weather, which grew by EUR 12.0 million. At comparable exchange rates, Vaisala Group's net sales would have grown by 10%.

The organic growth of net sales was 8%. The comparable 2010 proforma net sales including Veriteq acquisition were EUR 254.6 million.

Net sales of Weather grew by 6% and Controlled Environment by 13% (organic growth of combined Vaisala Controlled Environment and Veriteq was 11%).

Operations outside Finland accounted for 98% (97) of net sales.

Net sales in euros increased by 10% in Americas, totaling EUR 110.2 (100.0/2010; 94.3/2009) million. Organic growth in Americas of combined Vaisala, and Veriteq was 9%. Net sales decreased by 2% in the EMEA region to

EUR 90.7 (92.4/2010; 84.9/2009) million and increased in the APAC region by 20% to EUR 72.7 (60.8/2010; 52.6/2009) million.

Performance and balance sheet

Operating profit for the financial year was EUR 16.1 (11.8/2010; 12.0/2009) million or 5.9% of net sales. Profit before taxes was EUR 16.1 (14.0/2010; 10.1/2009) million or 5.9% of net sales, up by 15%. Net profit for the financial year was EUR 10.4 (10.2/2010; 6.9/2009) million or 3.8% of net sales and increasing 2% from previous year. Earnings per share for the financial year was EUR 0.57 (0.56/2010; 0.38/2009) and increased 2% from 2010.

Vaisala Group’s solvency ratio and liquidity remained strong. On December 31, 2011, the balance sheet total was EUR 250.8 (248.7/2010; 231.4/2009) million. The Group's solvency ratio at the end of the financial year was 74% (76%/2010; 81%/2009).

Vaisala Group's consolidated liquid assets totaled EUR 45.5 (35.3/2010; 50.1/2009) million.

Capital expenditure

Gross capital expenditure totaled EUR 16.7 (30.1/2010; 27.7/2009) million.

The majority of the 2011 capital expenditure is related to Helsinki factory renovation.

Weather

Vaisala announced on August 31, 2011 that it combines its Meteorology and Weather Critical Operations business areas into one Weather business area starting October 1, 2011. Results for the Weather business area have been calculated from previous reported numbers by combining the results of the previous Meteorology and Weather Critical Operations business areas.

Net sales of Weather increased by 6% year-on-year to EUR 201.8 (189.8/2010; 182.6/2009) million. At comparable exchange rates, the net sales would have increased by 8%. Business growth was coming mainly from sales to airports customers.

Operating profit for financial year 2011 was EUR 5.9 (3.8/2010; 8.9/2009) million. The positive development was a result of fixed cost reductions of EUR 5.6 million or 6% from previous year’s level. R&D costs reduced by as much as 12% year-on year and R&D costs were 11.0% of net sales (13.3%).

The value of orders received for Weather was EUR 209.1 (220.4) million and the order book stood at EUR 130.3 million at the end of 2011.

Controlled Environment

Net sales of Controlled Environment grew by 13% year-on-year to EUR 71.7 (63.4/2010; 49.2/2009) million. In comparable exchange rates, the net sales would have grown by 14%. The organic growth of combined Vaisala Controlled Environment and Veriteq was 11%. The comparable 2010 pro forma net sales including Veriteq acquisition were EUR 64.8 million. The organic growth at comparable exchange rates would have been 12%. Strongest growth was seen in Europe 18%, China 16% and USA 12%.

Operating profit for 2011 was EUR 10.5 (8.9/2010; 3.4/2009) million. Operating profit increased by 18% despite the continued growth investments in Life Science related sales and marketing. Additionally Vaisala's and Veriteq's sales organizations were combined to achieve desired cross-selling synergies.

Strong demand for the whole offering continued throughout 2011. The value of orders received for Controlled Environment was EUR 69.7 (66.3) million and the order book stood at EUR 4.0 million at the end of 2011.

Product Launches

In total, Vaisala launched 39 products in 2011 of which 28 in Weather and 11 in Controlled Environment. The most significant product launches were:

First quarter: Vaisala Automatic Weather Station AWS330, a WMO compliant off-the-shelf automatic weather station for professional meteorology; updates to for the Vaisala Road Weather Navigator; the IRIS Weather radar software release 8.12.8; the HMP110T, temperature probe; the Vaisala Dropsonde RD94 for deployment from a variety of aircraft and the related AVAPS II upgrade packages; the Vaisala Differential Pressure Transmitters PDT101 and PDT102 that are designed especially for demanding cleanroom applications to measure very low differential pressures; and the Vaisala HUMICAP® Dewpoint Transmitter for refrigerant dryers.

Second quarter: Vaisala Thunderstorm Total Lightning Sensor TLS200, with improved quality, easier maintenance and serviceability and overall improved operator interface; the Vaisala Wind Measurement System WTS specifically engineered for wind resource assessment, power curve measurement and monitoring operational wind farms; the Vaisala Veriteq Continuous Monitoring System viewLinc 3.6, the latest iteration of the viewLinc software gives customers the ability to directly integrate their monitoring devices with Vaisala's continuous monitoring system; the Vaisala Single Polarization Doppler Weather Radar WRK100 and the Vaisala Dual Polarization Doppler Weather Radar WRK200, both equipped with klystron radar technology; and MODBUS communication protocol features for the HMT330 series transmitters.

Third quarter: Vaisala INTERCAP® Humidity and Temperature Transmitters HMD42/53 for humidity and temperature measurement in heating and ventilation ducts; Vaisala Mobile Ceilometer CL31M which is based on the CL31 Ceilometer platform and utilizes single-lens technology; Software Release for DSC111 remote road surface state sensor; Vaisala Dewpoint and Pressure Transmitter DPT146 for compressed air, the first transmitter on the market that monitors two of the most important measurements in compressed air: dewpoint and process pressure.

Fourth quarter: Vaisala Multi-parameter Transmitter DPT145 for SF6 Gas for online monitoring of SF6 (sulfur hexafluoride) insulation condition in high voltage equipment; new software release for Road Weather Advisor, RoadDSS Observer and RoadDSS Navigator; Vaisala Veriteq 1200 Series Data Logger, a replacement and upgrade to the 1000-LT series of Logger; Vaisala MARWIN MW32 Software Version 1.1.6; Vaisala Thunderstorm Total Lightning Database TLD100 and TLD200 based on a Linux operating system and PostgreSQL relational database; Vaisala Fault Analysis and Lightning Location System FALLS® 5.1 and FALLS® Server 5.1, a client application that allows you to query previously recorded lightning information in a GIS (geographic information systems) environment. FALLS Server is the lightning data management processor module that receives and stores real-time lightning data from the Vaisala Thunderstorm central processor.

Other functions

Research and development

Expenditure in R&D totaled EUR 28.0 (31.4/2010; 28.4/2009) million. The share of research and development expenses of the Group's net sales reduced to 10% from previous year's 12%.

One off costs of EUR 1.5 million relating to the consolidation of R&D activities were booked in the fourth quarter.

Services

Vaisala's service business is reported as part of Weather and Controlled Environment. Services sales grew by 21% during 2011 and totaled EUR 40.8 (33.8/2010; 28.1/2009) million.

Growth in the Services business came mainly from the roads, airports and industrial customers.

Personnel

The average number of people employed in the Vaisala Group in the financial year was 1 386 (1 408/2010; 1 302/2009). The number of employees at the end of the financial year was 1 394 people. 44% (43/2010; 44/2009) of the personnel was based outside Finland. R&D headcount was 248 (286/ 2010; 266/2009) in average during 2011 and 18% (20/2010; 20/2009) of the employees worked in R&D.

Salaries paid by the company are based on local collective and individual agreements, individual performance and the demand level of each job. The base salaries are supplemented by results-based bonus systems, which cover all Vaisala personnel. The total sum of salaries and bonuses paid in 2011 was EUR 63.9 (68.8/2010; 63.3/2009) million.

Vaisala has two types of incentive plans; one based on the development of operative cash flow and profitability covering all employees, and the other, three-year plan, based on the development of profitability and covering key personnel.

Changes in the company's management

Hannu Katajamäki was appointed Executive Vice President, Vaisala Services and a member of Vaisala's Business and Strategic Management Groups starting April 1, 2011. Scott Sternberg, the former head of Vaisala Services, continues as President, Vaisala Inc and remains a member of Vaisala's Strategic Management Group.

Vesa Pylvänäinen was appointed Executive Vice President, Vaisala Operations and a member of Vaisala's Business and Strategic Management Groups. He started in his new position on May 9, 2011.

Kaarina Muurinen was appointed Vaisala's Chief Financial Officer and a member of Vaisala's Business and Strategic Management Groups. She started in her new position on September 19, 2011. Jouni Lintunen, the former CFO, has taken on new responsibilities within Vaisala.

Riina Kirmanen, Director of Marketing, was appointed a member of Vaisala's Strategic Management Group starting October 1, 2011.

Kai Konola, the head of former Weather Critical Operations Business Area, was appointed Executive Vice President, Weather Business Area and a member of Vaisala's Business and Strategic Management Groups starting October 1, 2011 after the Meteorology and Weather Critical Operations business areas were combined. Martti Husu, head of former Meteorology Business Area, took on a new position in Vaisala.

Risk management

Organization of risk management

Vaisala has a risk management policy that has been approved by the Board of Directors and that covers the company's business, operational, hazard and financing risks. Vaisala’s strategic management group regularly assesses risk management policy, and the scope, adequacy and focus areas of related practices. The policy aims at ensuring the safety of the company's personnel, operations and products as well as the continuity of operations. The policy also covers intellectual capital, corporate image and brand protection.

Risk management is integrated into business processes and operations and each employee’s daily work. This is accomplished by the risk management process that was approved by Vaisala's strategic management group in 2010. The deployment of the risk management process has continued in 2011 and now covers half of the businesses and functions.

The risk management process is a continuous tool for risk identification and management. The purpose of the process is to support the company’s strategy and planning process and to provide more information, supporting better decision making.

Vaisala’s risk management process consists of risk identification, risk assessment, risk management actions, follow-up and risk reporting. Risks are reported to the strategic management group quarterly. The most significant risks are reported to the board annually and whenever considered necessary.

Risk management in Vaisala is not a separate process, but it operates as part of the company's operating calendar.

More detailed operational instructions are defined by the strategic management group. These include approval, bidding and procurement authorizations and terms of payments.

Usual risks related to international business affect Vaisala's operating environment. The most significant of these are risks relating to changes in the global economy, currency exchange rates (with particular respect to the U.S. dollar), supply network management and production activities. Vaisala monitors these risks and prepares for them in accordance with the company's risk management policy. In addition Vaisala is exposed to changes in global trade, technology or in political and economic environments and natural disasters. These may affect Vaisala's business in terms of for example component availability, order cancellations, logistics and loss in market potential.

Group-level insurance programs have been established to deal with manageable operational risks. These programs cover risks relating to property damage, business interruption, different liabilities, transport and business travel. Vaisala's ability to tolerate risks is good and the company has a strong capital structure, ensuring capital adequacy.

Vaisala's risks are described in more detail in the Board of Directors' report 2011 which will be published on week 10 in March 2012.

Near-term risks and uncertainties

The most significant near term risks and uncertainties are estimated to relate to the company's ability to maintain its delivery capability, availability of critical components, changes in the global economy, shifts of currency exchange rates, interruptions in manufacturing, customers' financing capability, changes in purchasing or investment behavior, and delays or cancellations of orders and deliveries. The changes in the competitive landscape may affect the volume and profitability of the business by introducing new competitors and price erosion in areas that traditionally have been strong for the company, which may constitute risks for both the net sales and profit.

Market development and the realization of projects in the industrial business affect the net sales and operating result. The company has additionally expanded its project activities into emerging markets where the profitability of the projects is lower than normally, due to the market-making nature of the business. The share of project business out of the total business volume is also growing. Should the assumptions regarding the profitability and new business opportunities in the project business prove wrong, this may constitute risks for Vaisala's net sales and profit.

Changes in subcontractor relations, their operations or operating environment may have a negative impact on Vaisala's business. Vaisala monitors these risks and prepares for them in accordance with the company's risk management policy.

Vaisala is currently implementing significant development projects, which are building the foundation for a successful execution of Vaisala's strategy. A new Group-wide ERP system is in the implementation phase.

Vaisala has made acquisitions and their impact on net sales and operating result depends essentially on the success of integration activities. In case the assumptions about achievable synergies prove incorrect or the integration fails, these constitute a short-term risk regarding Vaisala's net sales and result.

Vaisala's shares

At the end of 2011, the Group's Board of Directors had no authorizations for increasing the share capital, granting special rights, or issuing stock option rights.

On December 31, 2010, the price of Vaisala's A share in the NASDAQ OMX Helsinki Oy was EUR 20.50, and at the end of 2011, the share price was EUR 16.40. The highest quotation during 2011 was EUR 24.80 and the lowest EUR 15.56. The number of shares traded in the stock exchange during 2011 was 878,205.

On December 31, 2011, Vaisala had 18,218,364 shares, of which 3,389,351 are series K shares and 14,829,013 are series A shares of which 9,150 are held by the company. The shares have no counter book value. 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.

The market value of Vaisala's A shares on December 31, 2011 was EUR 243.0 million, excluding the company's own 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 final day of the financial year, the total year-end market value of all the A and K shares together was EUR 298.6 million, excluding the company's own shares.

Vaisala's main shareholders are listed on the Group website and in the Notes to the Financial Statements.

The shares give equal rights to dividends. According to the company's Articles of Association, the maximum number of shares is 68,490,017 and Vaisala Group's maximum share capital is EUR 28.8 million. All issued shares have been fully paid for. The shares have no consent or redemption clauses attached to them.

According to the Articles of Association, a K share can be converted into an A share in the manner specified in the Articles.

The number of shares held and controlled by Vaisala Corporation's Board of Directors on December 31, 2011 was 1,320,969; accounting for 14.7% of the total votes (2010: 1,312,249 shares and 14.6% of the total votes). The company's President and CEO owned 2,720 shares.

Conversion of unlisted series K shares into series A

Vaisala Corporation´s 333 unlisted shares (series K) have been converted into listed shares (series A). The conversion has been registered in the Finnish Trade Register on December 22, 2011. Listing of the new series A shares was applied for as of December 23, 2011.

Treasury shares and parent company shares

At the end of the financial year, the company held a total of 9,150 Vaisala A shares, which represented 0.05% of the share capital and 0.01% of the votes. The consideration paid for these shares was EUR 251,898.31.

Board of Directors

Members of the Board
In accordance with Vaisala Corporation's Articles of Association, the company's Board of Directors comprises at least four (4) and at most eight (8) members. According to current practice, the Board comprises seven members. All Board members are appointed by a General Meeting of Shareholders. The Board elects a Chairman and a Vice Chairman from among its members.

Term of office of members of the Board
In deviation from recommendation no. 10 of the Finnish Corporate Governance Code, the term of office of members of the Board is not one year. Instead, the term of office is 3 years, as stipulated in the Articles of Association. The term of office begins after the General Meeting of Shareholders at which the member is elected, and ends at the close of the third Annual General Meeting that follows the member's election.

Independence of the Board members
Evaluated against the criteria given in Recommendation 15, all seven members of the Board of Directors are independent of the company. Evaluated against the criteria given in Recommendation 15, Yrjö Neuvo, Stig Gustavson, Mikko Niinivaara, Timo Lappalainen and Maija Torkko are independent of both the company and the shareholders. Evaluated against the criteria given in Recommendation 15 Raimo Voipio and Mikko Voipio

are dependent on significant shareholders. The current composition of the Board of Directors fulfills the independence requirements stated in the Recommendation 14.

President and CEO
Vaisala's President and CEO is appointed by the Board. The President and CEO manages the company in accordance with the instructions and orders given by the Board, and informs the Board of the development of the company's business and financial situation. The President and CEO is also responsible for arranging the company's operative management.

Related party transactions

Vaisala Group's related parties include subsidiaries, associated companies, members of the Board of Directors, and the President and CEO. Transactions with related parties are based on market prices and conditions.

No loans were granted to the related parties, and no contingent liabilities were made on their behalf.

Proposals to the Annual General Meeting which is planned to be held on 28.3.2012

The Board of Directors' proposal for the distribution of profit

According to the financial statements for the year to December 31, 2011, the parent company's distributable funds amount to EUR 129,908,387.45, of which the profit for the financial year is EUR 11,006,255.55.

The Board of Directors propose to the Annual General Meeting that the distributable funds be used as follows:

- A dividend of EUR 0.65 per share be paid, totaling	EUR 11.835.989,10
- To be retained in shareholders' equity	EUR 118.072.398,35
Total	EUR 129.908.387,45

No material changes have occurred in the company's financial situation since the end of the financial year. The company's liquidity remains good and, in the view of the Board, is not threatened by the proposed profit distribution.

The record date for dividend payment has been set at April 2, 2012, and it is proposed that the dividend is paid on April 11, 2012.

Shareholders representing more than 10% of all the votes in the company have announced their intention to propose to Vaisala's Annual General Meeting, to be held on March 28, 2012, that that the number of Board members be six.

The terms of office of Board members Mikko Voipio and Stig Gustavson will end at the Annual General Meeting. Vaisala Board member Stig Gustavson has informed that he will no longer be available to serve on the Vaisala Board of Directors after the Annual General Meeting. Mr. Gustavson has been Vaisala Board member since 2006. Shareholders representing more than 10% of all the votes in the company have announced their intention to propose to Vaisala's Annual General Meeting, to be held on March 28, 2012, that Mikko Voipio is re-elected.

The Board proposes that PricewaterhouseCoopers Oy, Authorized Public Accountants, continues as the Company's auditor. PricewaterhouseCoopers Oy has informed that APA Hannu Pellinen will act as the auditor with the principal responsibility.

The proposed person and the auditor have given their consent to the re-election.

The Board of Directors proposes that the General Meeting authorize the Board of Directors to decide on the directed acquisition of a maximum of 1,000,000 of the Company's own A-shares in one or more installments.

The shares shall be acquired in a proportion other than that of the shareholders' current shareholdings in the Company in public trading arranged by NASDAQ OMX Helsinki Ltd at the market price on the moment of acquisition.

It is proposed that the authorization is valid until the closing of the next Annual General Meeting, however, no longer than September 28, 2013.

The Board of Directors further proposes that the General Meeting authorize the Board of Directors to decide on the transfer of up to 1,000,000 A-shares held by the Company.

The transfer of own shares may be carried out in deviation from the shareholders' pre-emptive rights and up to 330,000 A-shares may be transferred 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.

It is proposed that the authorization is valid until 28 March 2017.

The proposals for the authorizations to acquire and transfer the company´s own A-shares are partly intended for the execution of a share ownership plan that is under preparation by the Board of Directors for the Group key personnel. The full details of the Board of Directors proposals to the Annual General Meeting together with the agenda and other Annual General Meeting documents will be published later on Company's web site when the invitation to the Annual General Meeting has been published.

The Board of Directors proposes that the Annual General Meeting authorize donations of maximum EUR 250,000 to one or more universities. The donations would be granted in one or several payments. According to the proposal, the Board of Directors are authorized to decide on the recipients and the payments they receive. The authorization would be in force until the 2013 Annual General Meeting.

Vantaa, February 8, 2012

Vaisala Corporation
Board of Directors

Publishing of Financial Statements

Printed Financial Statements for 2011, the online annual report and the corporate governance statement will be published on week 10 in March 2012.

Annual General Meeting documentation

Documents relating to financial statements as well as the Annual General Meeting documentation will be available on March 5, 2012 at the company's head office in Vantaa, Vanha Nurmijärventie 21. On request, copies will be sent to shareholders. The material will also be available on www.vaisala.com/investors on March 5, 2012 the latest.

Any 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 indicators	1-12 2011	1-12 2010	10-12 2011	10-12 2010
Return on equity (ROE)	5.7%	5.6%	5.7%	5.6%
Number of shares (1000 pcs)	18,209	18,209	18,209	18,209
Number of shares (1000 pcs), weighted average	18,209	18,209	18,209	18,209
Adjusted number of shares (1000 pcs)	18,209	18,209	18,209	18,209
Earnings/share (EUR)	0.57	0.56	0.49	0.67
Earnings/share (EUR),fully diluted	0.57	0.56	0.49	0.67
Net cash flow from operating activities/share (EUR)	2.06	1.39		
Equity/share (EUR)	10.02	10.02	10.02	10.02
Solvency ratio	74 %	76 %	74 %	76 %
Gross capital expenditure (EUR Million)	16.7	30.1	3.9	6.5
Depreciation	14.7	14.1	4.2	4.1
Average personnel	1,386	1,408	1,396	1,362
Order book (EUR Million)	134.3	129.0	134.3	129.0
Liabilities from derivative contracts	19.7	21.1	19.7	21.1

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.

CONSOLIDATED INCOME STATEMENT (IFRS, EUR Million)

	1-12 2011	1-12 2010	Change %	10-12 2011	10-12 2010	Change %
Net sales	273.6	253.2	8.1	90.3	84.5	6.8
Cost of production and procurement	-142.7	-124.2	14.9	-44.7	-37.8	18.4
Gross profit	130.8	128.9	1.5	45.5	46.7	-2.6
Other operating income	2.1	1.8	17.9	1.7	0.4	337.8
Cost of sales and marketing	-57.8	-59.2	-2.3	-16.5	-15.3	8.4
Development costs	-28.0	-31.4	-10.8	-7.6	-7.3	3.8
Other administrative costs	-31.0	-28.4	9.2	-10.1	-8.0	27.3
Other operating costs	-0.1	0.0	2,033.3	0.0	0.0	83.3
Operating profit	16.1	11.8	35.8	13.0	16.6	-21.7
Financial income and expenses	0.1	2.2	-97.3	1.0	0.8	17.0
Share of results of associated companies	0.0	0.0		0.0	0.0	-100.0
Profit before tax	16.1	14.0	15.4	13.9	17.4	-19.9
Income taxes	-5.8	-3.8	52.1	-5.0	-5.3	-5.3
Profit after tax	10.4	10.2	1.7	8.9	12.1	-26.3
Attributable to Equity holders of the parent	10.4	10.2	1.7	8.9	12.1	-26.3

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, €	0.57	0.56	1.7	0.49	0.67	-26.3
Diluted earnings per share,€	0.57	0.56	1.7	0.49	0.67	-26.3

STATEMENT OF COMPREHENSIVE INCOME						
Profit for the year	10.4	10.2	1.7	8.9	12.1	-26.3

Other comprehensive income

Exchange differences on translating foreign operations	1.9	3.8	-50.5	2.3	1.2	97.0
Other changes	-0.3					
Total comprehensive income	12.0	14.0	-14.1	11.2	13.3	-15.5
Total comprehensive income attributable to:						
Equity holders of the parent	12.0	14.0	-14.1	11.2	13.3	-15.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2011	31.12.2010	Change %
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	38.5	39.9	-3.5
Tangible assets	55.8	51.8	7.9
Investments in associates	0.6	0.5	11.1
Other financial assets	0.3	0.3	-8.3
Long-term receivables	0.1	0.1	8.3
Deferred tax assets	5.9	7.0	-19.0
CURRENT ASSETS			
Inventories	33.4	36.8	-9.2
Trade and other receivables	68.4	73.5	-6.9
Accrued income tax receivables	2.4	2.9	-15.6
Cash and cash equivalents	45.5	35.3	28.9
Non-current assets held for sale	0.1	0.6	-84.8
TOTAL ASSETS	250.8	248.7	0.8
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	7.7	7.7	0.0
Share premium reserve	16.6	16.6	0.0
Reserve fund	0.3	0.3	30.0
Translation differences	0.6	-1.2	148.5
Profit from previous years	147.2	149.1	-1.3
Own shares	-0.3	-0.3	0.0
Profit for the financial year	10.4	10.2	1.7
Total equity	182.5	182.4	0.1
Liabilities			
Long-term liabilities			
Retirement benefit obligations	2.0	1.6	23.9
Interest-bearing liabilities	0.3	0.6	-52.8
Other long-term liabilities	1.7	2.0	-17.1
Provisions	0.1	0.1	19.2
Deferred tax liabilities	0.9	0.8	6.7

Current liabilities			
Current liabilities	0.3	0.3	2.8
Advances received	3.1	8.9	-64.9
Accrued income tax payables	0.9	3.7	-77.1
Provisions	1.5	0.0	
Trade and other payables	57.6	48.3	19.3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	250.8	248.7	0.8

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
December 31, 2011 (EUR million)

	Share capital	Share issue	Share premium Resesrve	Reserve fund	Own shares	Translation differences	Retained earnings	Total equity
Balance at December 31, 2010	7.7	0.0	16.6	0.3	-0.3	-1.2	159.3	182.4
Total comprehensive income for the year				0.1		1.8	10.4	12.2
Other changes							-0.3	-0.3
Dividend paid							-11.8	-11.8
Balance at December 31, 2011	7.7	0.0	16.6	0.3	-0.3	0.6	157.6	182.5

	Share capital	Share issue	Share premium Resesrve	Reserve fund	Own shares	Translation differences	Retained earnings	Total equity
Balance at December 31, 2009	7.7	0.0	16.6	0.2	-0.3	-4.9	160.9	180.3
Total comprehensive income for the year				0.1		3.7	10.2	14.0
Other changes								
Dividend paid							-11.8	-11.8
Balance at December 31, 2010	7.7	0.0	16.6	0.3	-0.3	-1.2	159.3	182.4

CONSOLIDATED CASH FLOW STATEMENT (EUR million)

	1-12 2011	1-12 2010	Change %
Cash flows from operating activities			
Cash receipts from customers	276.6	253.0	9.3
Other income from business operations	2.0	0.7	189.5
Cash paid to suppliers and employees	-233.9	-231.5	1.1
Interest received	0.2	0.2	16.6
Interest paid	0.0	-0.1	-108.2
Other financial items, net	-0.7	0.4	282.9
Direct tax paid	-6.7	2.5	362.4
Cash flow from business operations (A)	37.6	25.3	48.6
Cash flow from investing activities			
Investments in intangible assets	-3.3	-12.6	-73.9
Investments in tangible assets	-13.3	-8.8	50.9
Acquisition of subsidiary, net of cash acquired	0.0	-7.4	-100.0
Proceeds from sale of fixed assets	0.0	1.0	-98.9
Other investments	0.1	-0.6	111.8
Cash flow from investing activities (B)	-16.5	-28.4	-41.9
Cash flow from financing activities			
Withdrawal of long-term loans	0.0	5.1	-100.0
Repayment of long-term loans	0.0	-5.0	-100.0
Dividend paid and other distribution of profit	-11.8	-11.8	0.0
Other transactions from Equity	-0.3	0.0	
Cash flow from financing activities (C)	-12.1	-11.8	2.7
Change in liquid funds (A+B+C) increase (+) / decrease (-)	9.0	-14.9	160.4
Liquid funds at beginning of period	35.3	50.1	-29.5
Foreign exchange effect on cash	1.2	0.1	1342.9
Net increase in cash and cash equivalents	9.0	-14.9	160.4
Liquid funds at end of period	45.5	35.3	28.9

Segment Report

Business segments

1-12/2011 EUR Million	WEA *	CEN *	Other operations	Group
Sale of goods	167.3	65.5	0.0	232.8
Revenue from services	34.5	6.3	0.0	40.8
Net sales	201.8	71.7	0.0	273.6
Operating profit	5.9	10.5	-0.3	16.1
Financial income and expenses				0.1
Share of associated companies' net				0.0

profit				
Net profit before taxes				16.1
Income taxes				-5.8
Net profit				10.4
Depreciation	2.0	0.1	12.6	14.7
Write off	0.0			0.0

* WEA= Weather
* CEN = Controlled environment

1-12/2010 EUR Million	WEA *	CEN *	Other operations	Group
Sale of goods	160.9	58.5	0.0	219.4
Revenue from services	28.8	4.9	0.0	33.7
Net sales	189.8	63.4	0.0	253.2
Operating profit	3.8	8.9	-0.9	11.8
Financial income and expenses				2.2
Share of associated companies' net profit				0.0
Net profit before taxes				14.0
Income taxes				-3.8
Net profit				10.2
Depreciation	3.9	0.1	9.7	13.7
Write off	0.4			0.4

* WEA= Weather
* CEN = Controlled environment

10-12/2011 EUR Million	WEA *	CEN *	Other operations	Group
Sale of goods	61.6	16.8	0.0	68.5
Revenue from services	10.2	1.6	0.0	21.8
Net sales	71.8	18.4	0.0	90.3
Operating profit	9.9	1.8	1.2	13.0
Financial income and expenses				-1.0
Share of associated companies' net profit				0.0
Net profit before taxes				13.9
Income taxes				-5.0
Net profit				8.9
Depreciation	0.6	0.0	3.6	4.2
Write off	0.0			0.0

* WEA= Weather
* CEN = Controlled environment

10-12/2010 EUR Million	WEA *	CEN *	Other operations	Group
Sale of goods	55.5	17.4	0.0	73.0
Revenue from services	10.1	1.4	0.0	11.5
Net sales	65.7	18.9	0.0	84.5
Operating profit	13.3	3.0	0.3	16.6
Financial income and expenses				0.8
Share of associated companies' net profit				0.0
Net profit before taxes				17.4
Income taxes				-5.3
Net profit				12.1
Depreciation	0.9	0.0	2.8	3.7
Write off	0.4			0.4

* WEA= Weather
* CEN = Controlled environment

Contingent liabilities and pledges given EUR million	2011	2010
For own loans/commitments		
Guarantees	10,8	9,5
Other own liabilities		
Pledges given	0,3	0,7
Other leases	6,9	7,0
Contingent liabilities and pledges given, total	18,0	17,1

Other leases include long-term real estate rental agreements and operating lease agreements. Lease- and rental agreements comply with the normal terms in each country.

Calculation of financial indicators

Solvency ratio, (%) = Shareholders' equity plus non-controlling interest / Balance sheet total less advance payments x 100

Shareholders' equity plus non-controlling interest

Balance sheet total less advance payments

Earnings / share =

Profit before taxes less taxes
+/- non-controlling interest

Average number of shares, adjusted

Cash flow from business operations

Cash flow from business operations / share	=	--------------------------------------- Number of shares at balance sheet date	
Equity / share	=	Shareholders' equity --------------------------------------- Number of shares at balance sheet date, adjusted	
Dividend / share	=	Dividend -- Number of shares at balance sheet date, adjusted	
Return on equity, (ROE) (%)	=	Profit before taxes less taxes --- Shareholders' equity + non-controlling interest (average)	x 100

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