

Vacon Interim Report Q2/2012

August 1, 2012

Vesa Laisi, President and CEO

Eriikka Söderström, CFO

Vacon Plc

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- The content of this presentation contains time-sensitive information that is accurate as of the time hereof.
- A number of forward-looking statements will be made during this presentation. Forward-looking statements are any statements that are not historical facts. These statements are based on current decisions and plans and currently known factors. They involve risks and uncertainties which may cause the actual results to materially differ from the results currently expected by Vacon.
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Outline

- Highlights in Q2/2012, Vesa Laisi, President and CEO
- Financial Report, Eriikka Söderström, CFO
- Outlook, Vesa Laisi, President and CEO
- Appendix

Highlights Q2/2012



- AC drive market grew also during the second quarter of the year.
- Demand for Vacon AC drives increased steadily in all geographical areas and industrial sectors.
- Volume of orders rose strongly.
- Revenues increased from the previous quarter while falling short of their level in the second quarter of 2011.
- Profitability also improved compared to the first quarter of 2012, but was down on the corresponding period in the previous year.

Results Q2/2012



MEUR	Q2/2012	Q2/2011	Change
Order intake	108.9	103.8	4.9 %
Revenues	99.5	107.2	-7.1 %
Operating profit	10.2	11.5	-11.0 %
Operating profit, % of revenues	10.3 %	10.7 %	
Net cash flow from operating activities	1.5	7.2	
EPS, eur	0.46	0.58	-20,1 %

The operating profit excluding one-time items in the April-June period was EUR 9.0 million, or 9.0 % of revenues (EUR 12.0 million and 11.2 %).

Results H1/2012



MEUR	H1/2012	H1/2011	Change
Order intake	205.8	204.6	0.6 %
Revenues	183.7	202.2	-9.1 %
Operating profit	16.6	20.4	-18.5 %
Operating profit, % of revenues	9.0 %	10.1 %	
Net cash flow from operating activities	19.8	0.8	
EPS, eur	0.74	0.93	-19.7 %

The operating profit excluding one-time items in the January-June period was EUR 13.9 million, or 7.6 % of revenues (EUR 20.9 million and 10.3 %).

Several new products to the market

- Vacon has launched several new products during the first half of 2012
- In March the company introduced upgraded versions of its VACON® NXP AC drives.
- In June Vacon launched three new products at its sales conference: the VACON® 100, VACON® 100 X and VACON® 20 X.



VACON 100 in a nutshell

- An AC drive for use in motor applications with power range from 0.75 kW to 160 kW
- Created with the sole ambition of improving every aspect of AC drive technology to give the best possible value to the customer
- Typical use is any application where efficient motor speed control is needed
- Common applications: Conveyors, Extruders, Compressors, Pumps, Fans



Vacon renewed its values

- Vacon's renewed values are:
Stronger together, Trust and Respect, Taking ownership and Passion for excellence.
- The renewed values are a result of a one-year-long internal process in all Vacon companies, and they take into consideration the changing business environment.

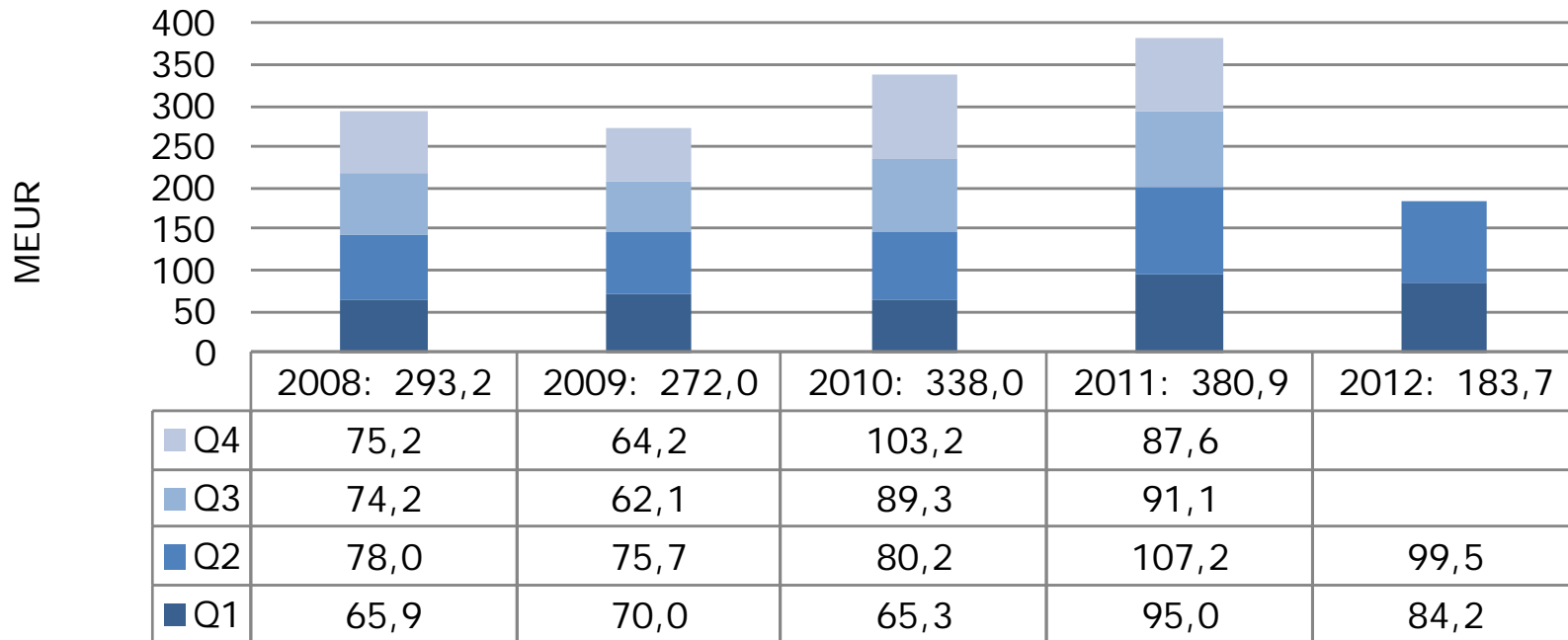


Financial Report

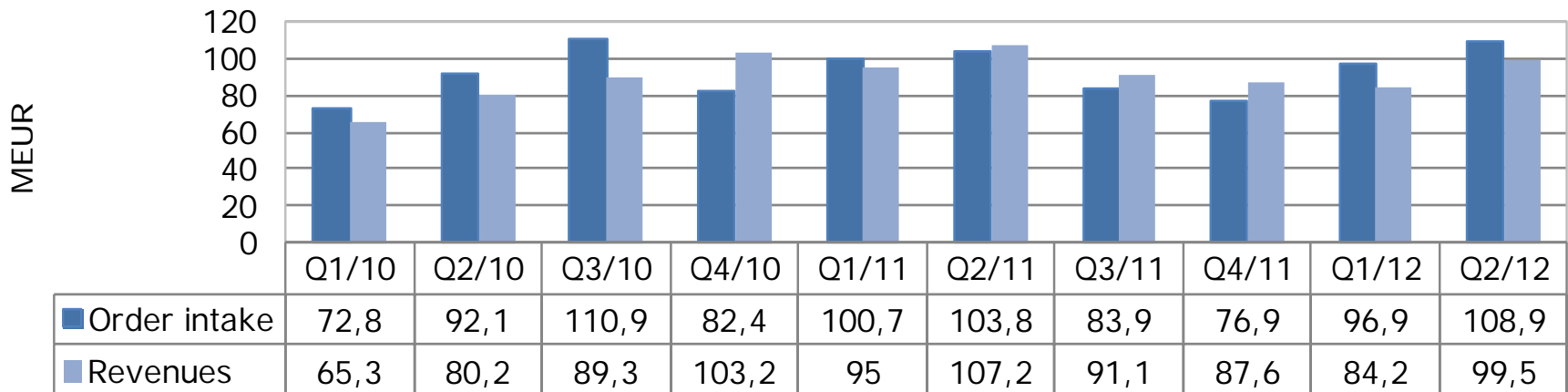
Eriikka Söderström,
Chief Financial Officer,
Vacon Plc



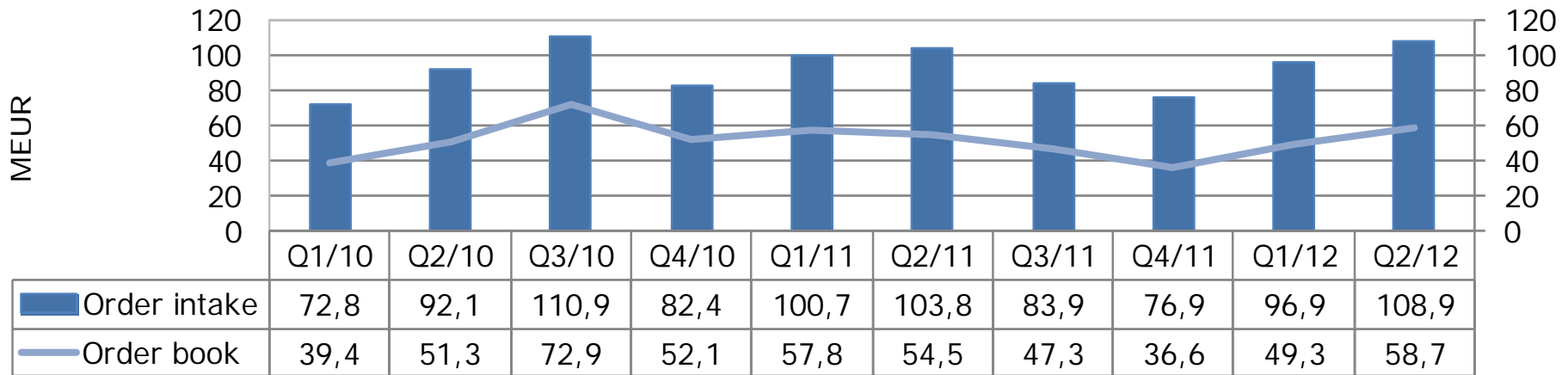
Revenues



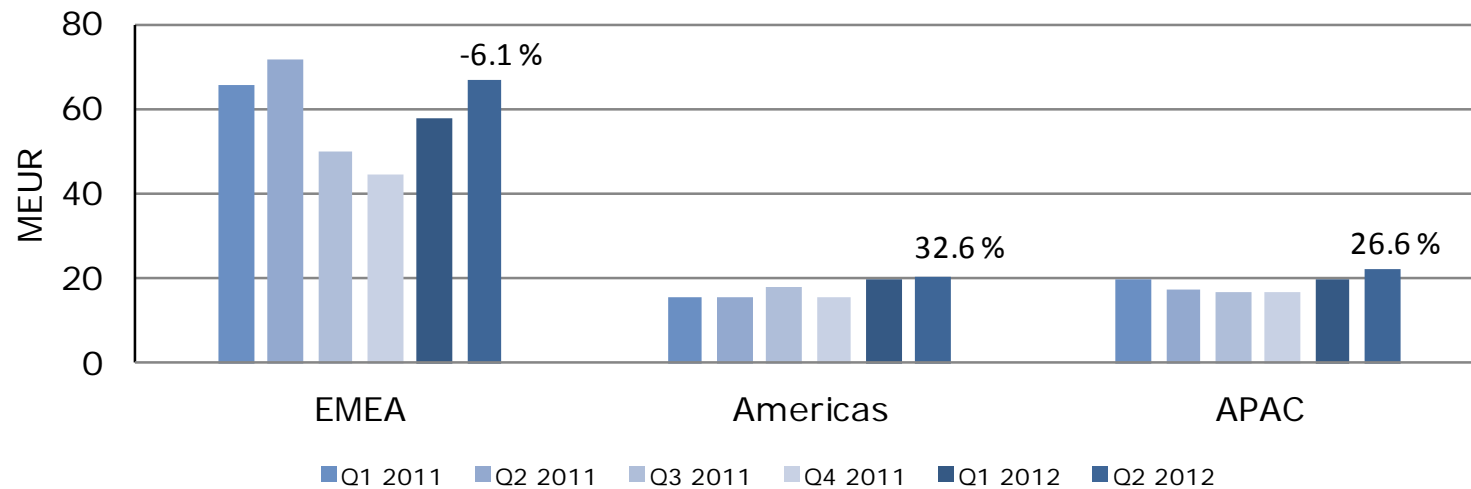
Order intake and revenues 2010-Q2/2012



Order intake and order book 2010-Q2/2012

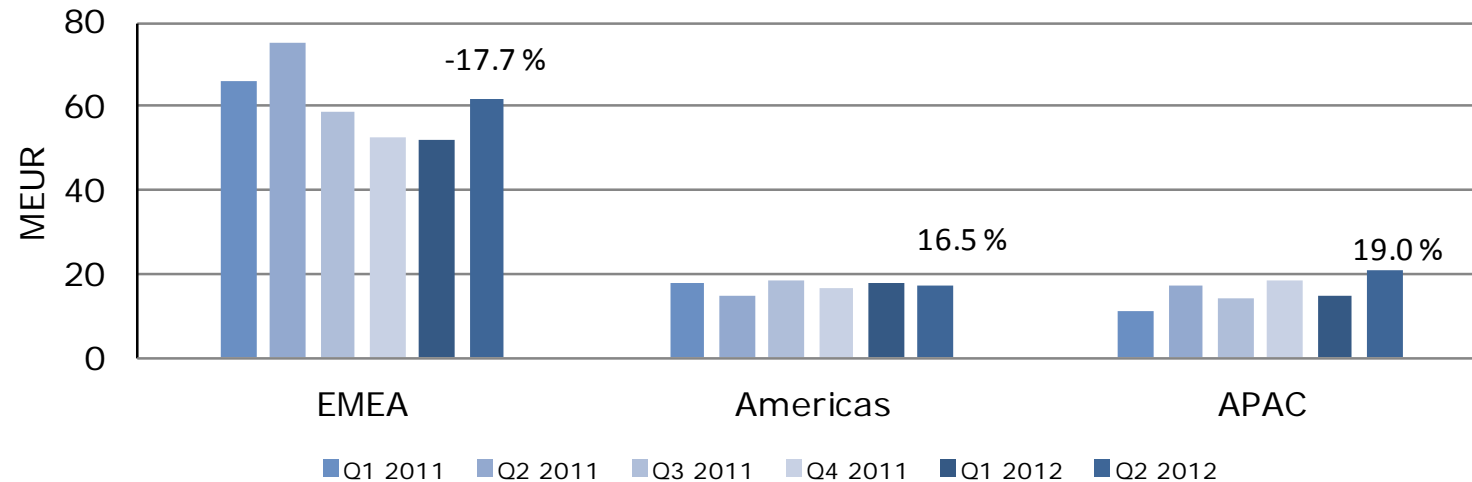


Order intake by region 2011-Q2/2012



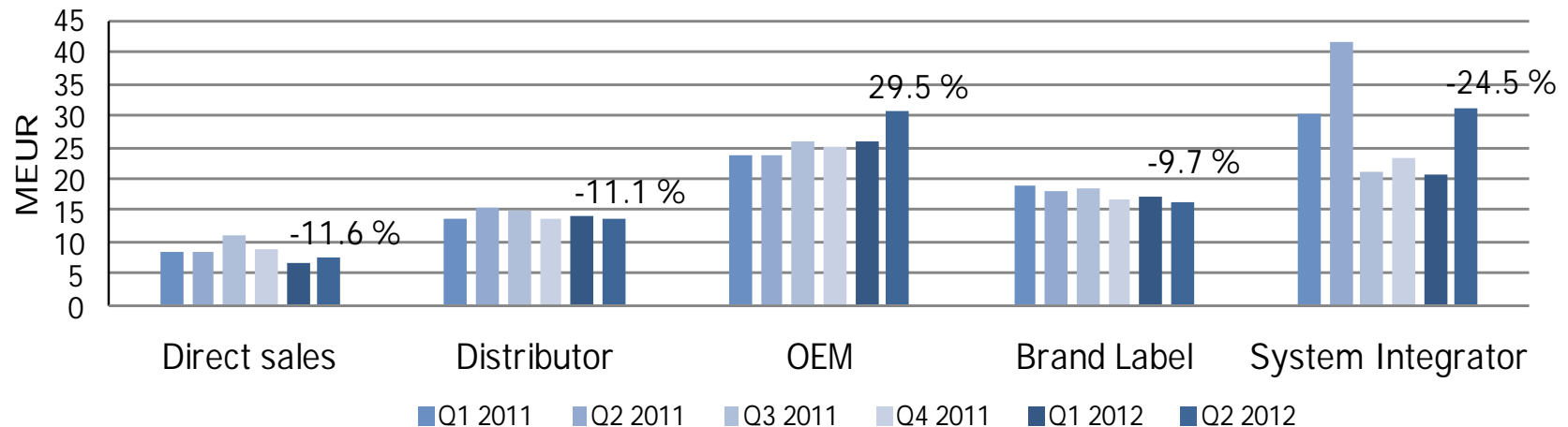
Given percentage is actual quarter Q2 2012 compared to the corresponding period in the previous year.

Revenues by region 2011-Q2/2012



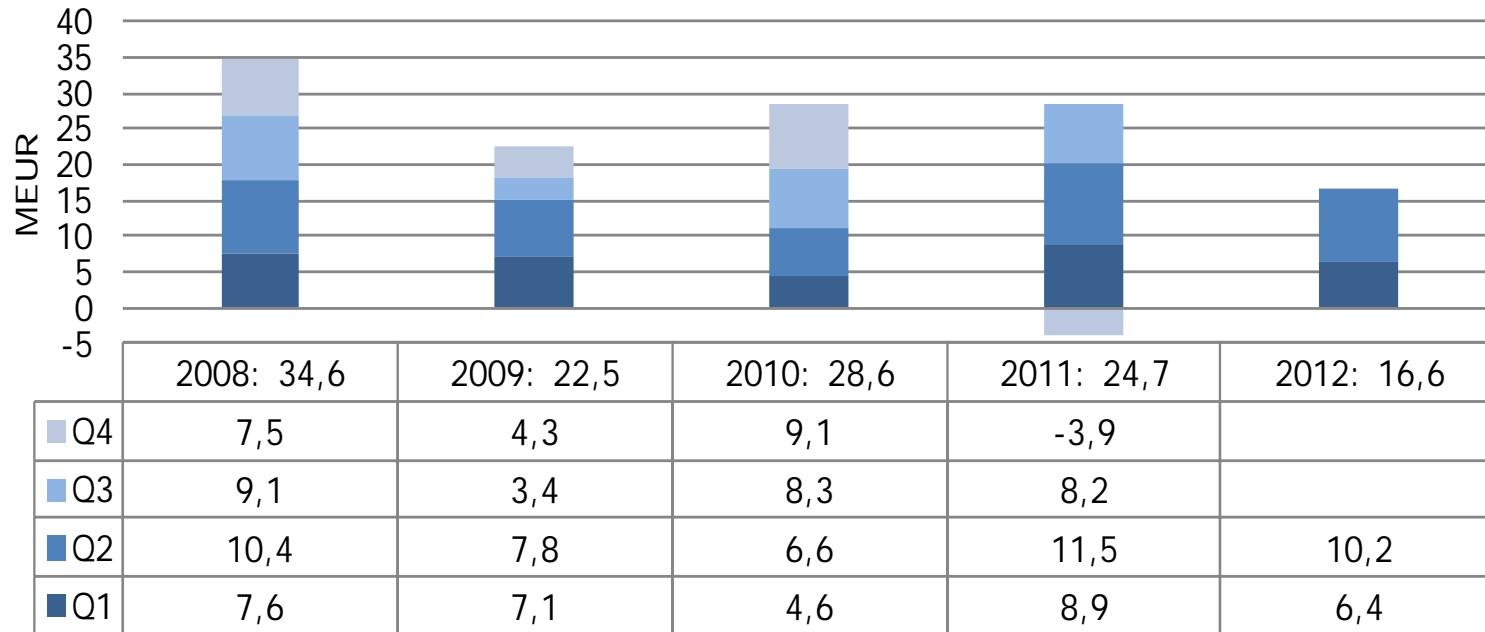
Given percentage is actual quarter Q2 2012 compared to the corresponding period in the previous year.

Revenues by sales channel 2011-Q2/2012

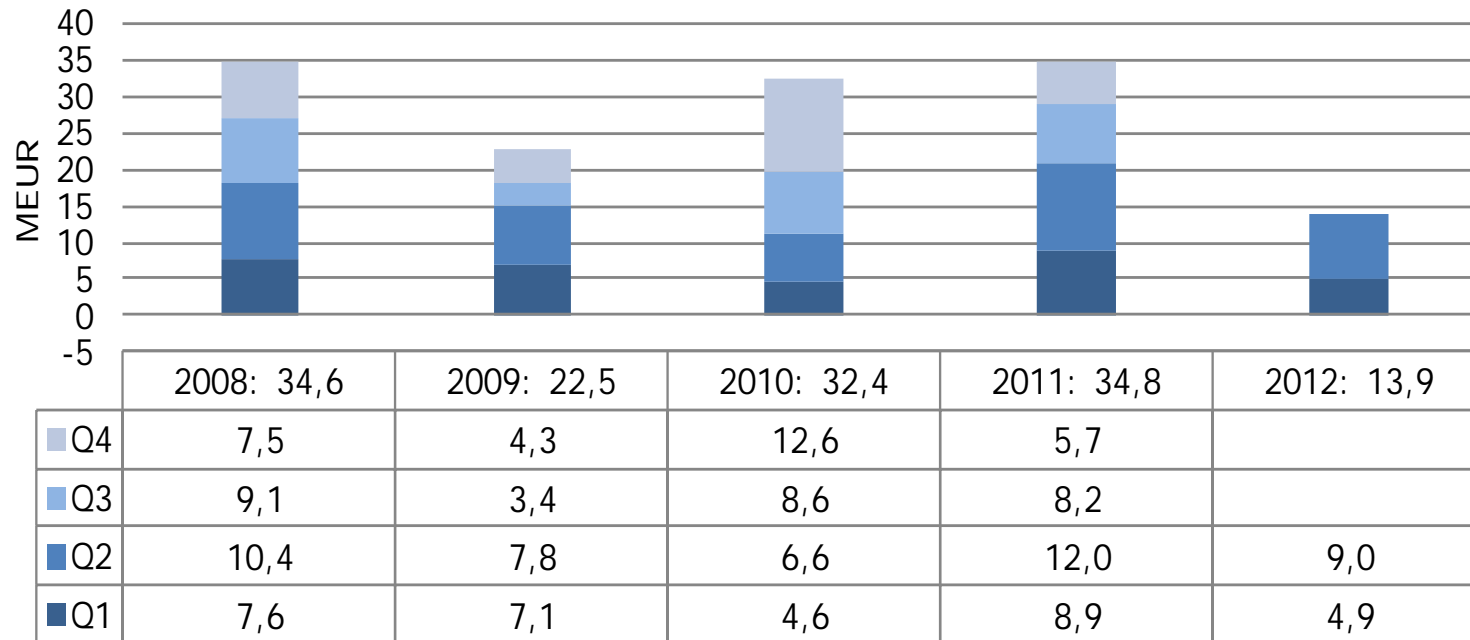


Given percentage is actual quarter Q2 2012 compared to the corresponding period in the previous year.

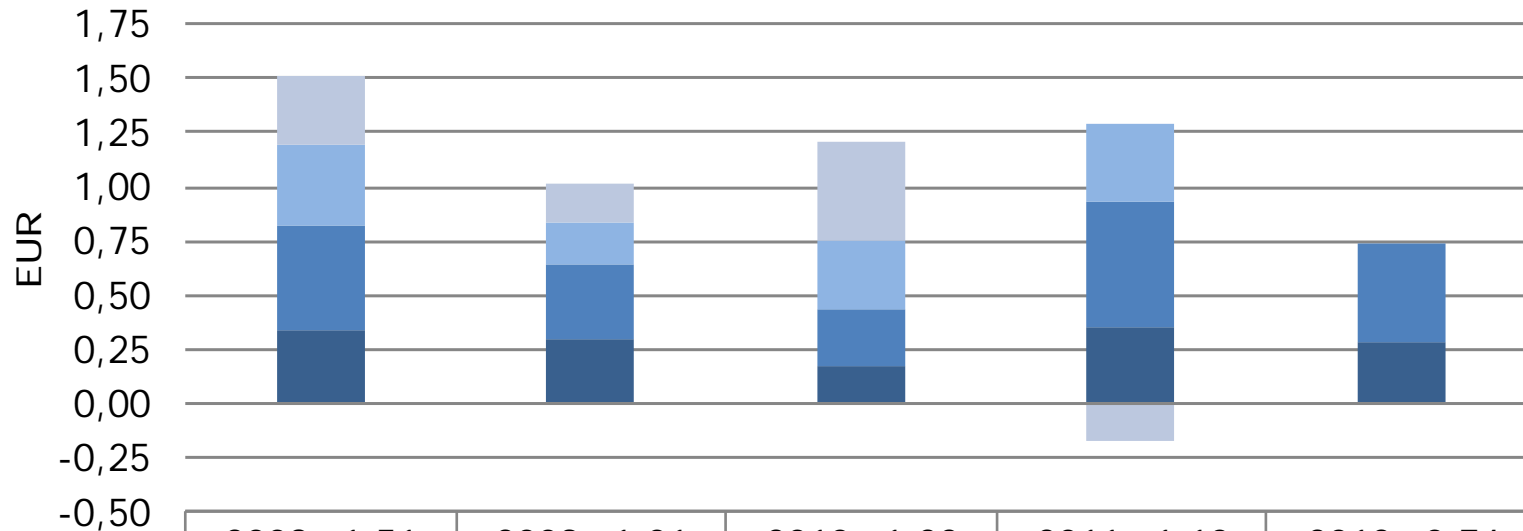
EBIT



EBIT excl. one-time items

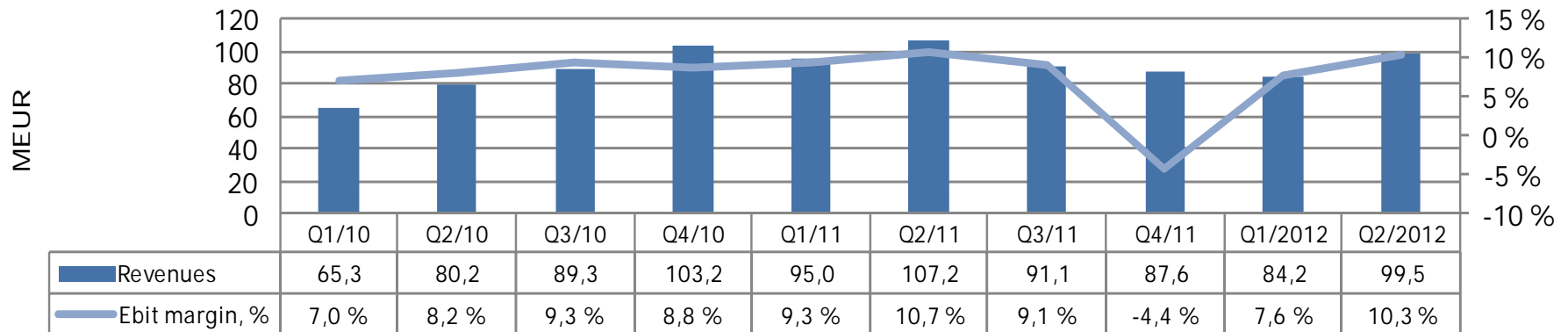


Earnings per share

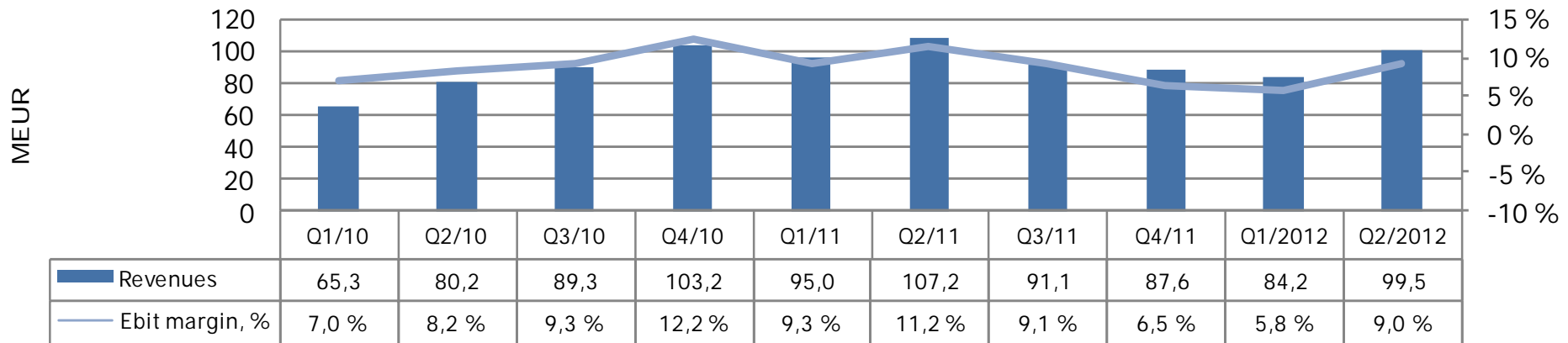


	2008: 1,51	2009: 1,01	2010: 1,22	2011: 1,10	2012: 0,74
Q4	0,32	0,19	0,46	-0,18	
Q3	0,37	0,19	0,31	0,36	
Q2	0,48	0,35	0,27	0,58	0,46
Q1	0,34	0,29	0,17	0,35	0,28

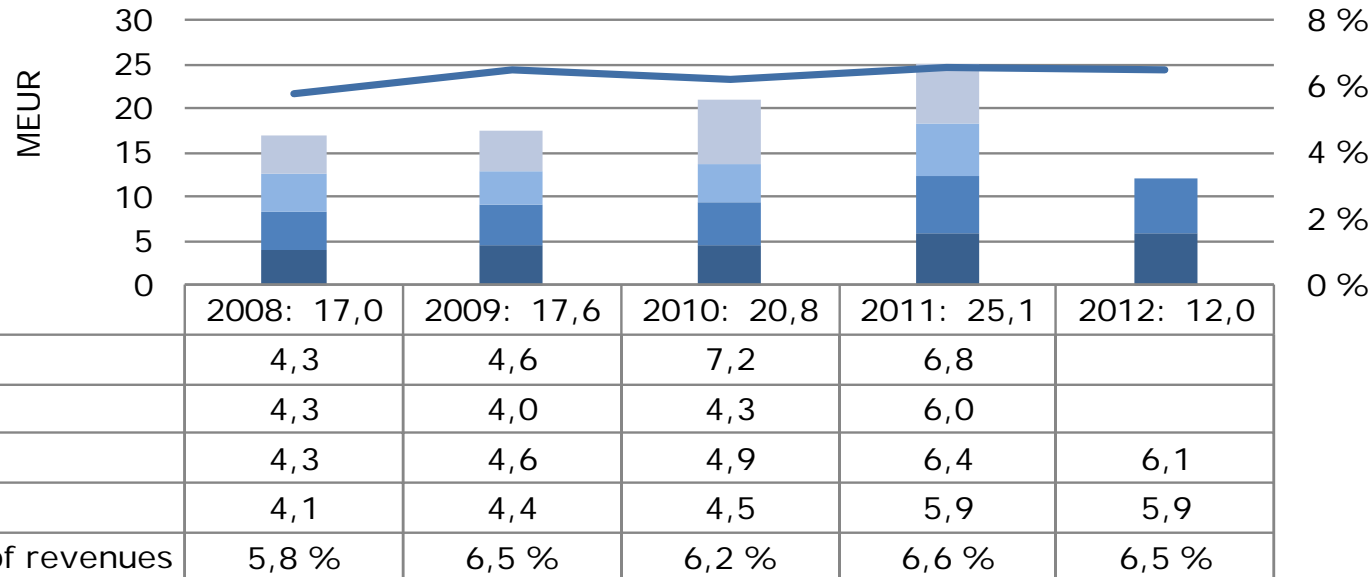
Revenues and EBIT-%



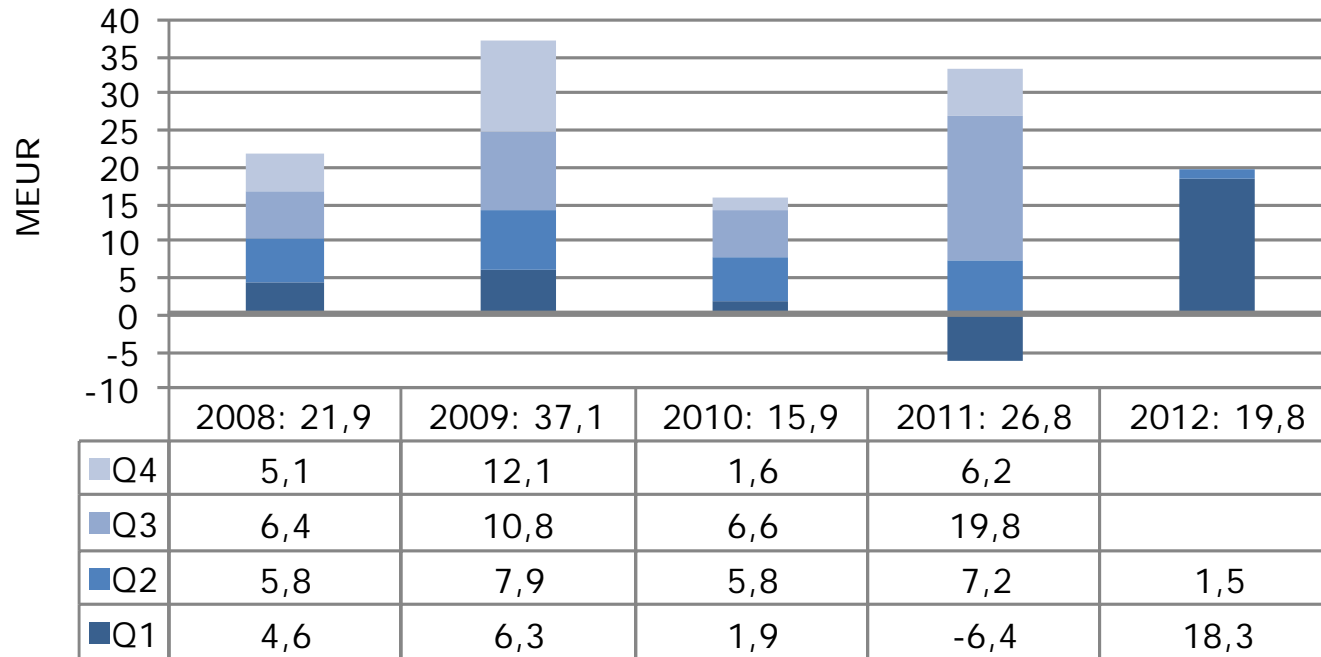
Revenues and EBIT-% excl. one-time items



Research and development costs



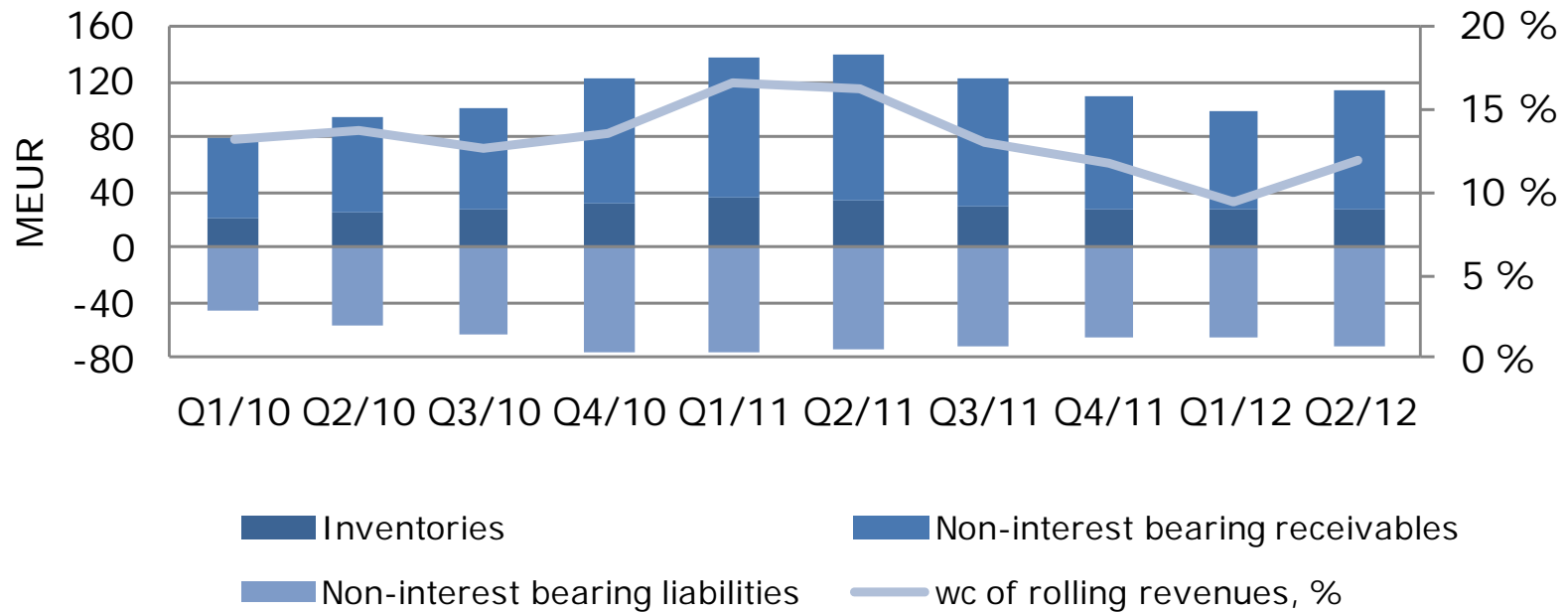
Net Cash Flow from operating activities



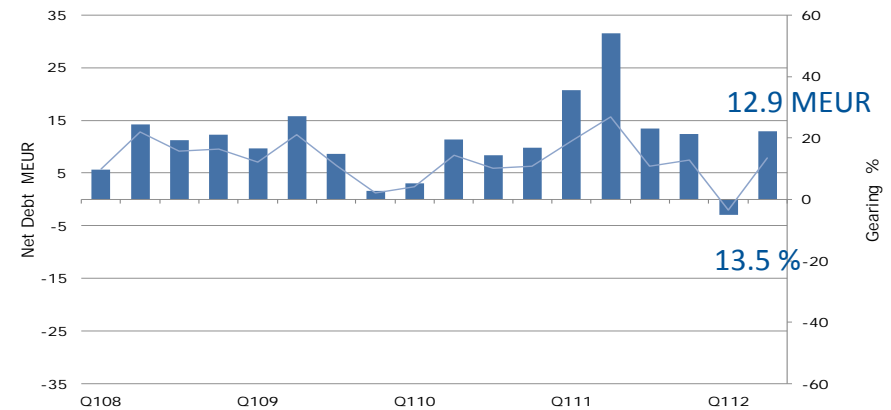
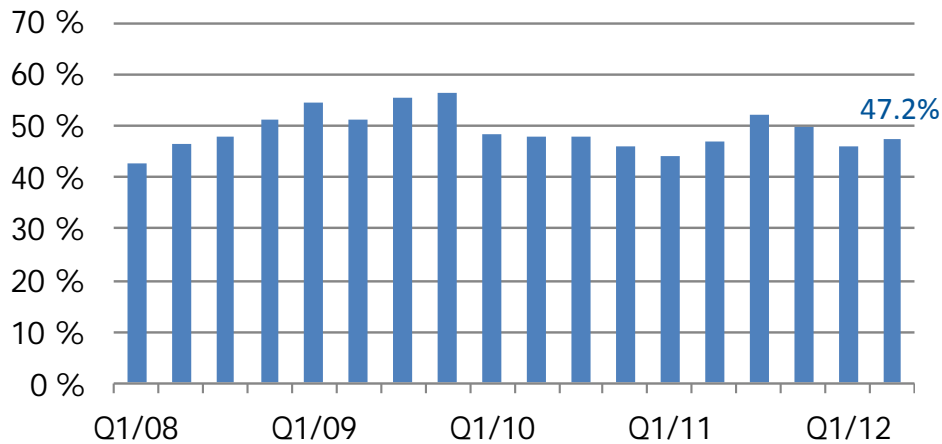
Working capital

MEUR	30.6.2012	31.12.2011	31.12.2010
Inventories	28.3	28.2	31.9
Non-interest bearing receivables	85.9	80.9	90.8
Non-interest bearing liabilities	70.8	64.0	76.7
Working capital	43.4	45.1	45.9
Working capital of rolling revenues, %	12.0	11.8	13.6

Working capital development



Key balance sheet ratios





Outlook

Vesa Laisi,
President and CEO,
Vacon Plc

Strategy

The Goal 2014

Profitable Growth

500 MEUR

EBIT > 14 %

ROE > 30 %

Strategic Choices

100 % focus on AC drives

Product leadership

Multi-channel sales

Global presence and
transnational
operations

Strategic Competences

AC drives
know-how

Common product platform
design & product portfolio
management

Customer
relationship
management

Mass customization,
demand flow
technology and
global sourcing

Global ICT infrastructure
and applications

Market Outlook



- Vacon considers that there are still uncertainties relating to general growth prospects in the economy, and these may affect demand for AC drives in Europe and possibly globally as well.
- However, Vacon expects demand for products to control electric motors to remain at a good level in the second half of 2012.
- Vacon estimates that the order intake of products for wind power generation will improve slightly in the second half of 2012 but the share of renewable energy of Vacon's revenues will stay clearly below its level of 2011 (13 % of revenues in 2011).

Market Guidelines

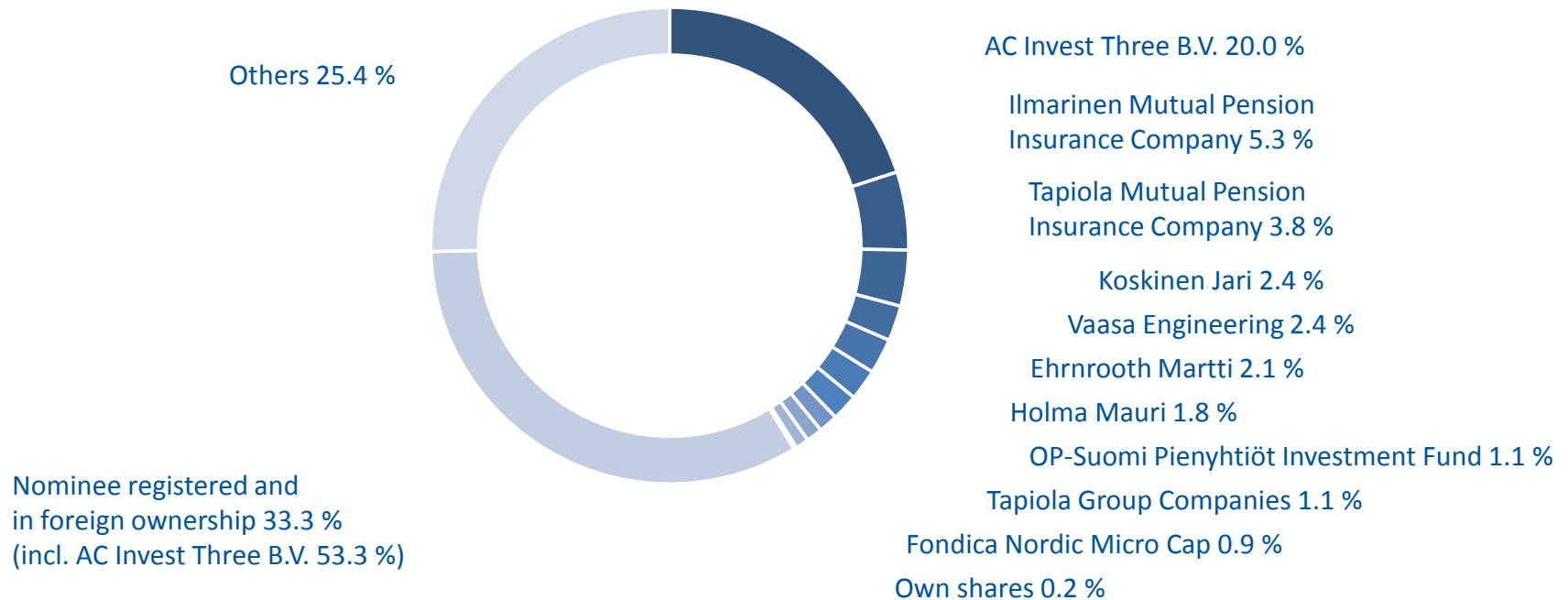
- Vacon estimates that its revenues will increase and the operating profit percentage excluding one-time items will improve from 2011.
- In 2011 revenues were EUR 380.9 million and the operating profit percentage excluding one-time items was 9.1 %.

	ACT 2011	FC 2012
Revenues, MEUR	380.9	➤380.9
EBIT margin, %	9.1 %	> 9.1 %

Risks and uncertainties in the near future

- One of Vacon's solar energy customers is still arranging financing to pay a substantial overdue debt. Vacon reversed EUR 2.7 million of the provision it had made for the trade receivable after it managed to obtain EUR 1.4 million of the receivable during the first quarter of 2012 and EUR 1.2 million in the second quarter. The company is continuing to take steps to safeguard and obtain the outstanding amount of the receivable, but is still retaining part of the provision in case of a credit loss.
- The court proceedings relating to the customs procedures followed by Vacon's subsidiary in China continue in the higher court, since two of the parties appealed against the ruling given by the lower court in December 2011. It is possible that the sentence imposed on Vacon may also change in the higher court, so some uncertainty still remains in this matter. Vacon made a provision in December 2011 against the current court proceedings.
- The parent company has tax proceedings in progress relating to a tax inspection of its transfer pricing in 2006 – 2008.

Major shareholders June 30, 2012



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