

Financial Report January – September 2009

October 27, 2009

Vesa Laisi, President and CEO

Heikki Hiltunen, Executive Vice President

Eriikka Söderström, CFO

Vacon Plc

Forward looking statements

- 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 Q3 2009, Vesa Laisi, President and CEO
- Financial Report, Eriikka Söderström, CFO
- Focus on Products & Markets, Heikki Hiltunen, Executive Vice President
- 2009 Outlook, Vesa Laisi, President and CEO

Market development

- The global recession weakened demand for AC drives in most market segments during the first nine months of 2009.
- AC drives investments to improve energy efficiency and in renewable energy generation remained brisk especially in Asia.
- Vacon does not expect the AC drive market to decline any further in the final quarter of 2009.



Business development Q3/2009

- A delay of a major order coupled with normal seasonal fluctuation, reduced the order intake.
- Vacon Plc has initiated measures to achieve annual cost savings of EUR 5 million.
- According to Vacon's own estimate, the company has succeeded in raising its market share, despite the reduction in revenues.



Highlights Q3/2009

MEUR	Q3/2009	Q3/2008	Change
Order intake	57.1	77.8	-26.6 %
Revenues	62.1	74.2	-16.3 %
Operating profit	3.4	9.1	-62.6 %
Operating profit -%	5.5	12.3	
Operating cash flow	10.8	6.4	68.8 %
EPS, eur	0.19	0.37	-48.6 %

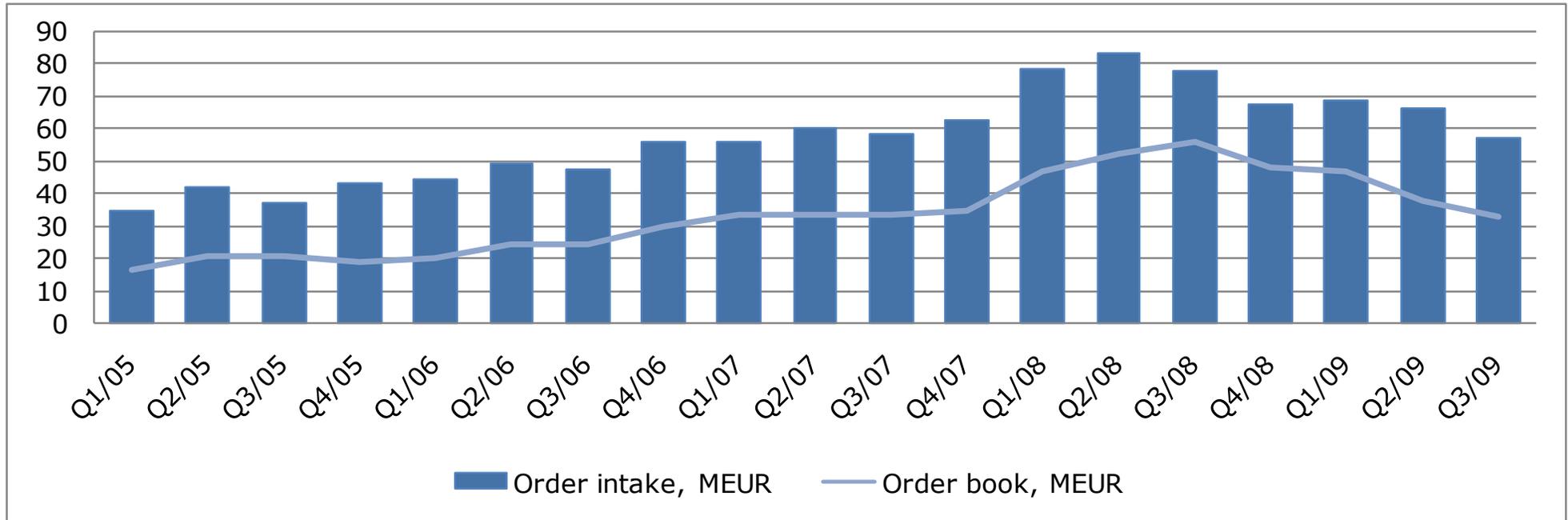
Highlights Q1-Q3/2009

MEUR	Q1-Q3/2009	Q1-Q3/2008	Change	2008
Order intake	192.5	239.3	-19.6 %	306.5
Revenues	207.8	218.1	-4.7 %	293.2
Operating profit	18.2	27.1	-32.8 %	34.6
Operating profit -%	8.8	12.4		11.8
Operating cash flow	25.0	16.8	48.8 %	21.9
EPS, eur	0.83	1.19	-30.3 %	1.51

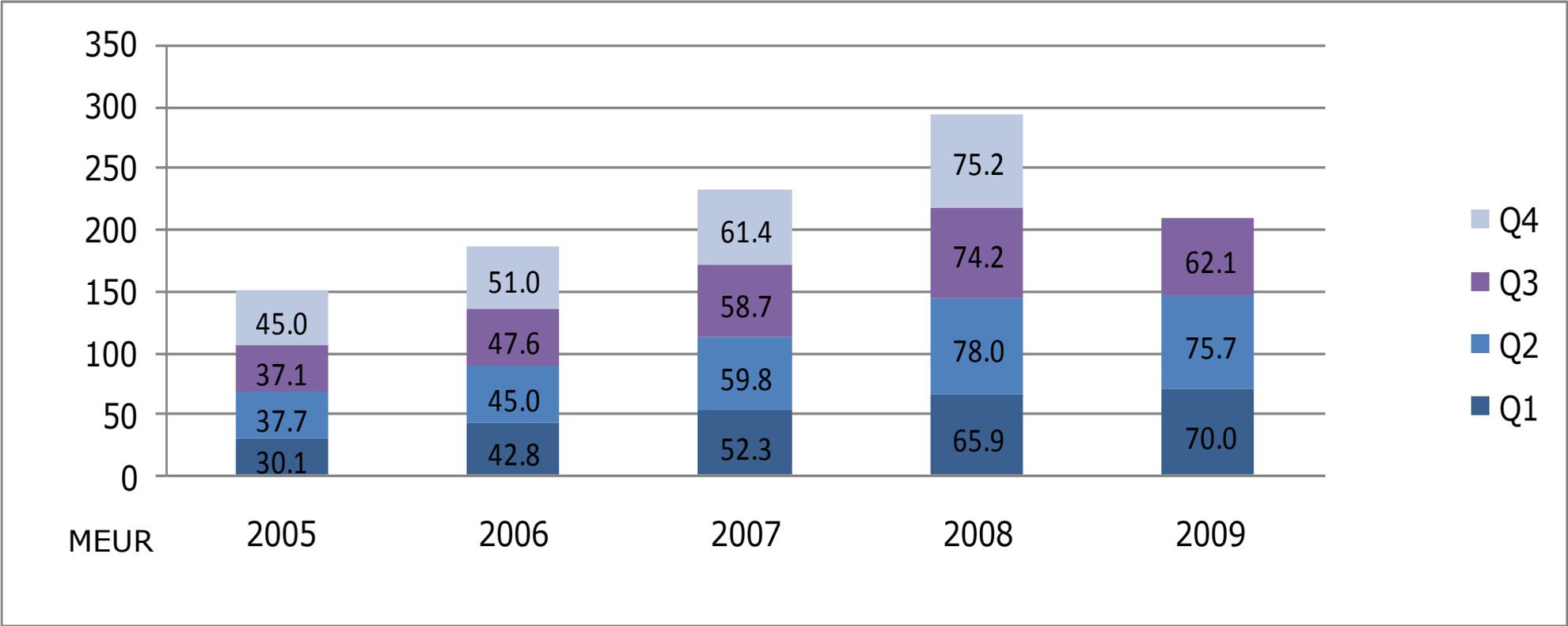
Financial Report

Eriikka Söderström, Chief Financial Officer
Vacon Plc

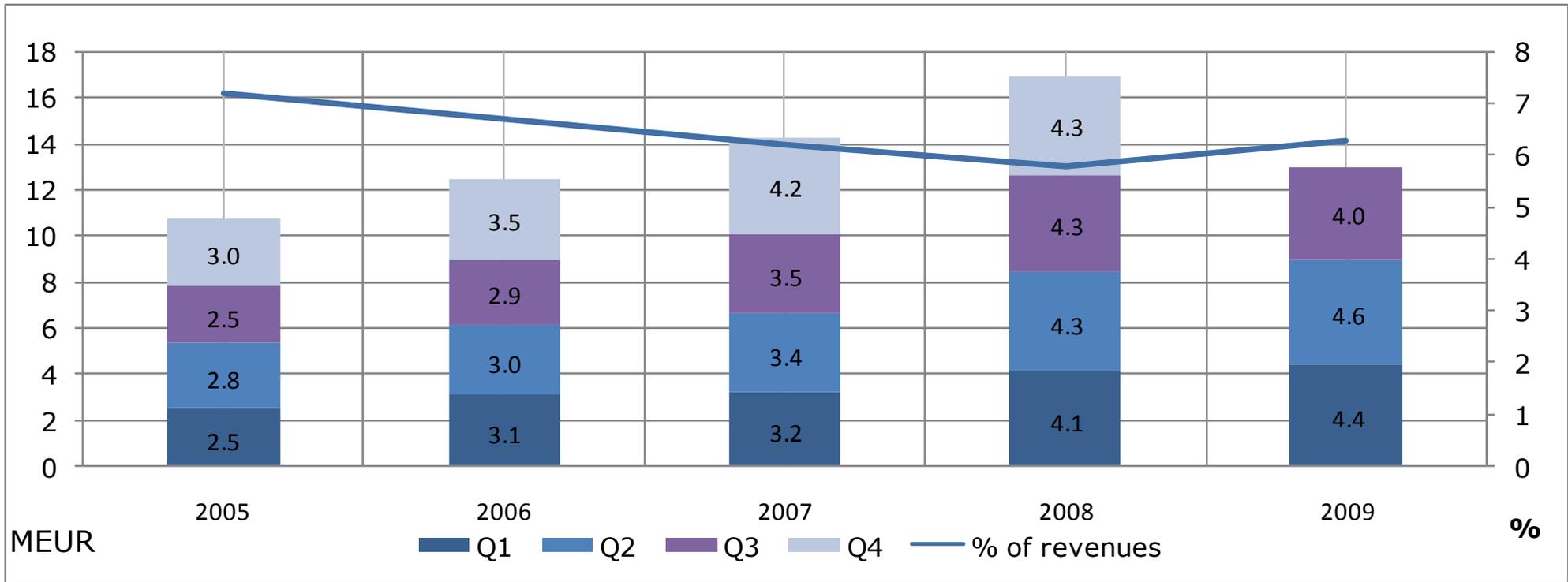
Order intake and order book



Revenues

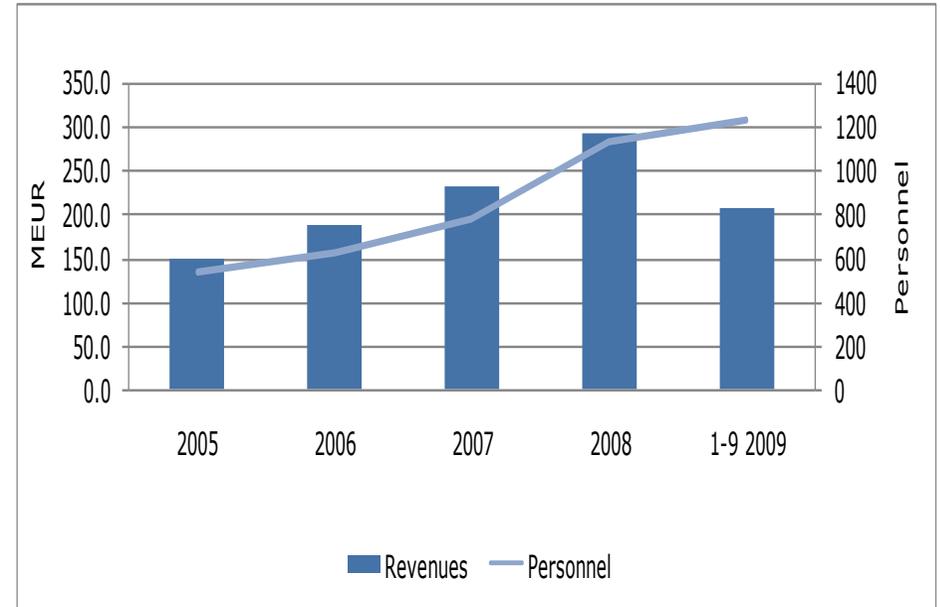


Research and development costs

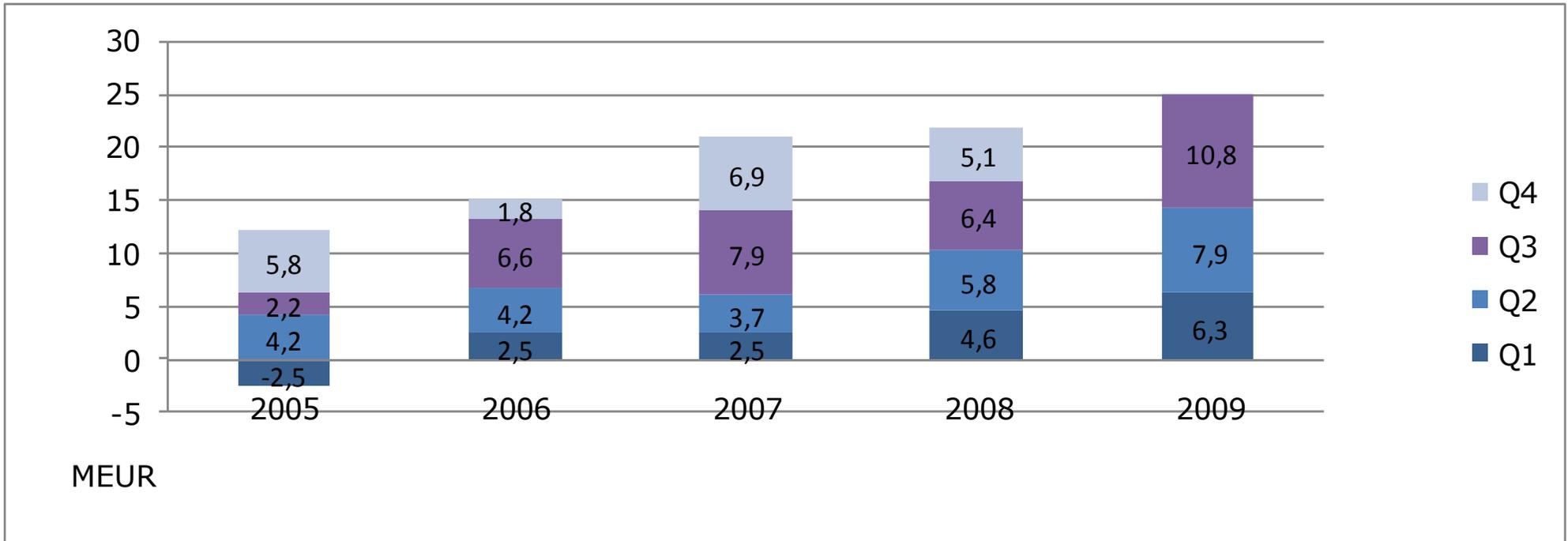


Personnel

- The number of Vacon Group personnel has increased by 29 since the beginning of the year.
- At the end of September the Group employed 1226 (1163 in 30.9.2008) people, of whom 640 (633) were in Finland and 586 (530) in other countries.



Operating Cash Flow

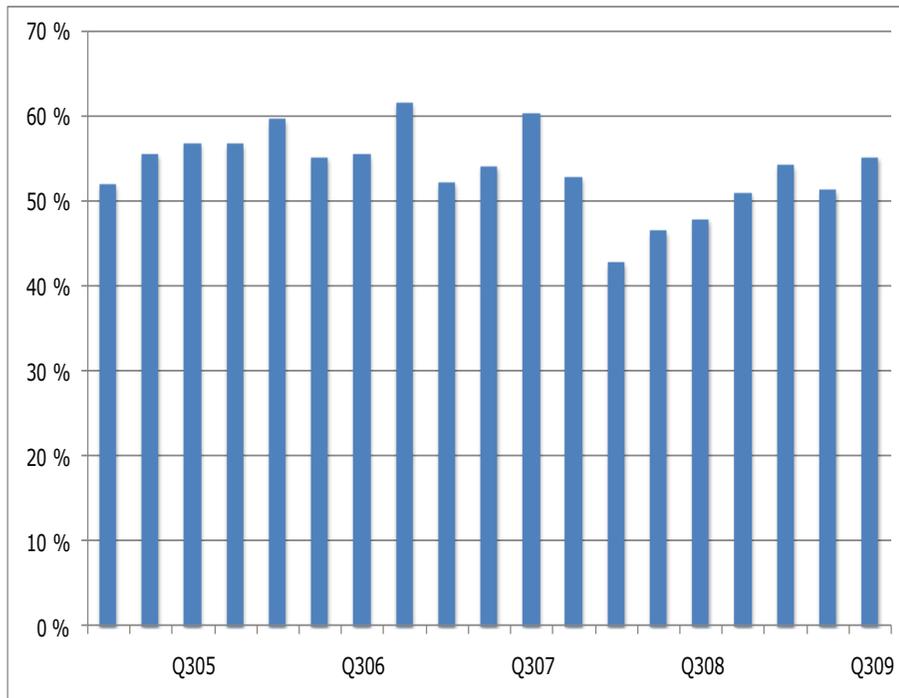


Working capital components

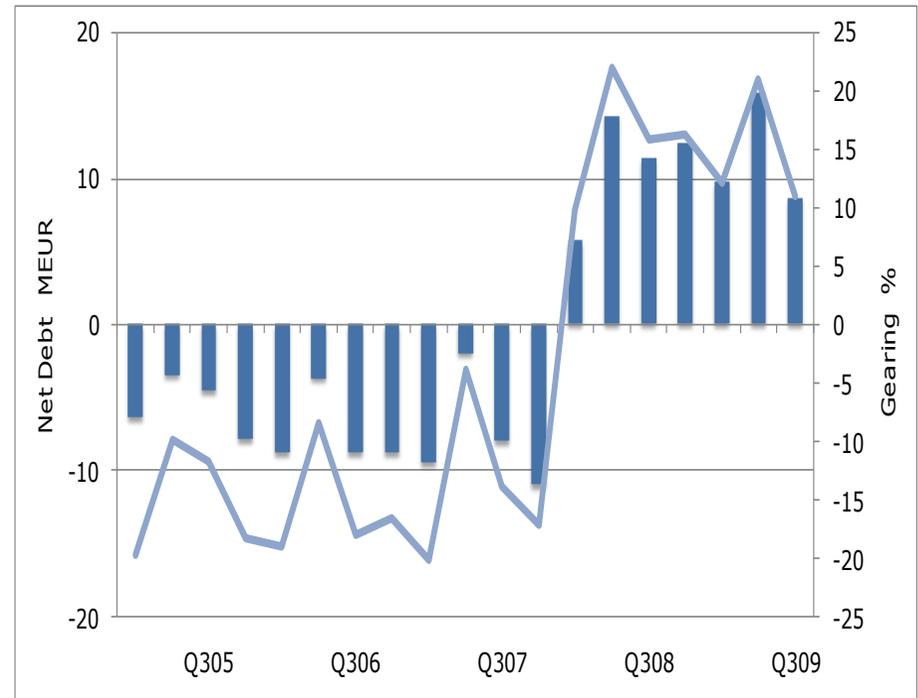
MEUR	30.9.2009	30.9.2008	Change
Inventories	20.5	24.5	-16,3%
Non-interest bearing receivables	54.4	60.5	-10.1%
Non-interest bearing liabilities	37.7	45.0	-16.2%
Net working capital	37.2	40.0	-7,0%

Key balance sheet ratios

Equity ratio



Net Debt and Gearing, %



5 MEUR target for cost saving

Personnel costs

- Temporary lay-offs agreed in Finland.
 - 160 office workers will be temporarily laid off for 7 days in Q4/08 and 10 days in Q1, Q2 and Q3/09
- Opportunity to replace holiday compensation with off-time.

Other costs

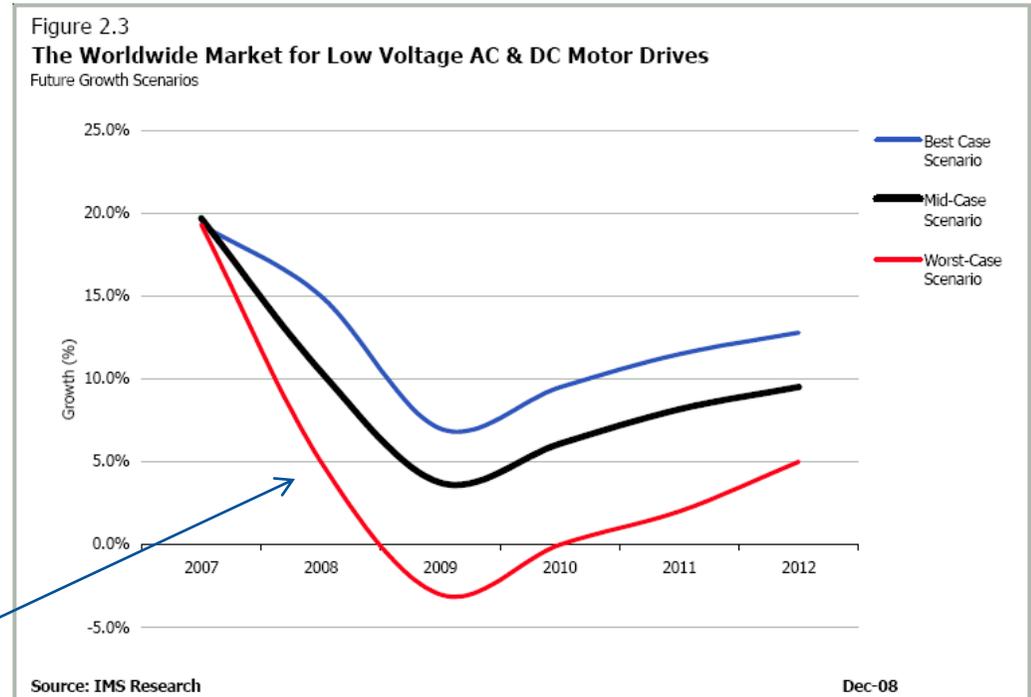
- Procurement of external services
- Travelling to be reduced
- Cost cutting program has started
- Repriorization of internal development projects

Focus on Future Growth

Heikki Hiltunen, Executive Vice President,
Products and Markets
Vacon Plc

Market growth drivers

- High price of energy
- Demand on energy efficiency improvements
- Investments in renewable energy
- Increase of automation
- Declining prices in electronics



Vacon estimates this scenario to be too optimistic

Source: IMS 2008

Global with strong local presence



Revenues by region

MEUR	1-9 2009	1-9 2008	Change, %
EMEA	148.1	156.6	-5.4
Americas	35.2	41.9	-16.0
APAC	24.5	19.6	+25.0

Revenues by sales channel

MEUR	1-9 2009	1-9 2008	Change, %
Direct sales (incl. SI)	120.0	104.1	+15.3
Distributor	19.4	27.6	-29.7
OEM	37.8	50.3	-24.9
Brand label	30.6	36.1	-15.2

AC drives market by segment (Vacon's own estimates)

Main segments	% of total market
Buildings	17 %
Machinery	15 %
Wind turbines	10 %
Food & Beverages	7 %
Metal Industry	6,5 %
Utilities	6,5 %
Textiles	4,5 %
Chemical & petroleum	4 %
Pulp & Paper	4 %
Marine and offshore	4 %
Others	13 %

Vacon is well positioned in growth segments and applications

- Vacon's TOP 5 segments
 - Buildings
 - Machinery
 - Water and waste water
 - Marine and offshore
 - Power stations (incl. wind)



Renewable markets growing fast

- Wind turbines: Market size 650 MUSD, market growth 25 % (Vacon 's estimate)
- Solar inverters: Market size 1,2 BUSD, market growth 40 % (IMS)
- Vacon has introduced new products for direct driven and double fed wind turbine applications.



New M-generation Product Platform

- Vacon M-generation product platform enables fast global development of new products in all factories
- Competitive New Products based on M-generation platform being continuously released for sales
- Drivers for new product development
 - lower cost
 - smaller size
 - energy efficiency
 - differentiation from competition
 - easy to customize



Continuous launch of New Generation of AC Drives products will provide new Growth



- Vacon 100 HVAC power range will be expanded to 160 kW by the end of this year to address all needs of HVAC
- New Vacon 100 Motor-mountable AC drive to be introduced in 2010 will be the benchmark of motor mounted ac drives and open a totally new addressable market for Vacon

Summary

The future growth of the AC Drives market is based on

- High price of energy
- Demand on energy efficiency improvements
- Investments in renewable energy
- Increase of automation
- Declining prices in electronics

Vacon is well positioned for future growth:

- Global organisation with clear sales focus
- New products
- Balanced industrial segments portfolio

Outlook 2009

Vesa Laisi, President and CEO
Vacon Plc

Prospects

- Vacon does not expect the AC drive market to weaken further during the final quarter of 2009.
- Vacon estimates that its 2009 revenues will decline more than five per cent from the 2008 figure. Profitability and earnings per share are expected to be lower than in 2008, and return on equity (ROE) to fall below 30 %.

	ACT 2008	FC 2009
Revenues, MEUR	293,2	< 278
EBIT margin, %	11,8%	<11,8%
EPS, EUR	1.51	<1.5
ROE, %	34,3%	<30.0%

Risks and factors causing uncertainty

- The most significant risks for Vacon in the near future relate to the weakening of general demand and intensifying competition on price.
- Vacon is able to adjust its production capacity to market demand. The company estimates that its cash funds and available credit facilities are sufficient to ensure its liquidity.
- The availability of raw materials and components and changes in their prices can affect the profitability and scale of the company's business.
- Some of the most significant financial risks affecting the result are foreign exchange risks. Exchange rate fluctuations may have an impact on business, although the international expansion of business operations reduces the relative importance of individual currencies.

•GOAL 2012

- Profitable growth
- 500 MEUR
- EBIT > 14%
- ROE > 30%

•STRATEGIC CHOICES

- 100% focus on AC drives
- Product leadership
- Multi-channel sales
- Global presence

•EFFICIENT CUSTOMER DRIVEN PROCESS

•STRATEGIC COMPETENCES

- AC drives know-how
- Common product platform design & product portfolio management
- Customer relationship management
- Mass customization & global sourcing
- Global ICT infrastructure and applications

•LEADERSHIP AND MANAGEMENT IN GLOBAL ENVIRONMENT

Summary of 2009

- The global recession weakened demand for AC drives in most market segments during the first nine months of 2009.
- AC drives investments to improve energy efficiency and in renewable energy generation remained brisk especially in Asia.
- According to Vacon's own estimate, the company has succeeded in raising its market share, despite the reduction in revenues.
- Vacon will continue to emphasize cost savings without endangering sales and customer satisfaction. A cost savings program is in process.
- Vacon's long-term goals are to achieve revenues of EUR 500 million and an operating profit percentage (EBIT %) of more than 14 % by the end of 2012.

Contacts and calendar

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- The Q4/2009 results will be disclosed on the 3rd of February 2010.



**Every AC motor
deserves a Vacon drive**