

Vacon Interim Report for Q1/2011

April 27, 2011

Vesa Laisi, President and CEO

Eriikka Söderström, CFO

Vacon Plc



Disclaimer

- 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

- Business environment and highlights in Q1/2011, Vesa Laisi, President and CEO
- Financial Report, Eriikka Söderström, CFO
- Outlook, Vesa Laisi, President and CEO
- Appendix

Business environment

- The positive upswing in the market that began in 2010 continued in the first quarter of 2011.
- Demand for AC drives boosted by the strong growth in the global economy and by investment in raising energy efficiency and in renewable energy generation.
- Demand moved in a positive direction in all regions and industrial sectors. At the same time, the first signs could be seen of demand picking up for high-power products, in the marine industry for example.



Q1/2010: Solid performance in an positive market climate

- Vacon raised its market share in all geographical regions.
- Revenues rose 45.5 % and operating profit 91 % year-on-year.
- The operating cash flow was negative because of an increase in trade receivables and inventories.
- The shortage of components eased in the first quarter.
- Vacon Plc agreed to sell The Switch Engineering Oy shares.
- The annual general meeting decided that a dividend of EUR 1.00 will be paid per share.



Highlights Q1/2011

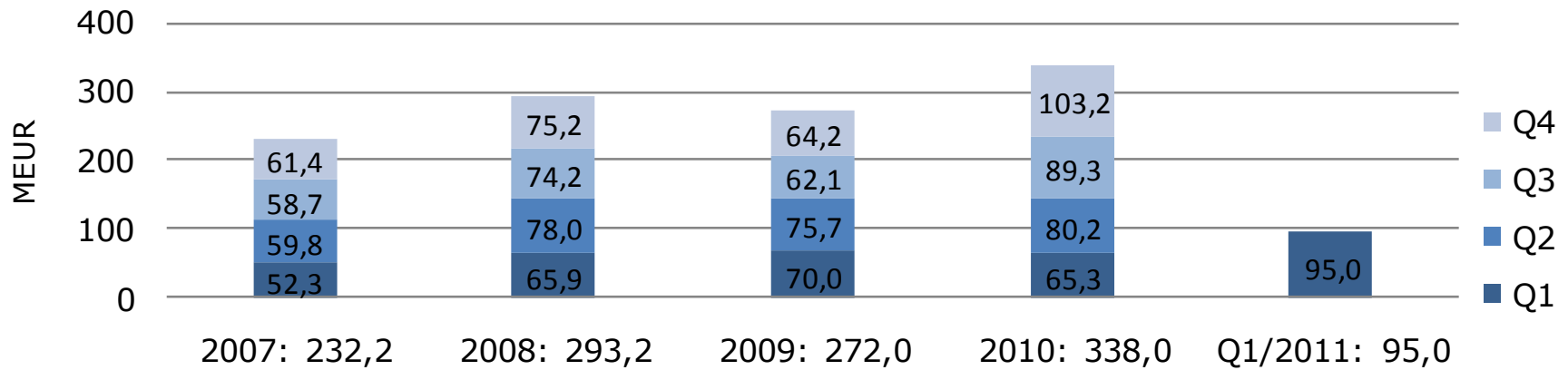
MEUR	Q1/2011	Q1/2010	Change
Order intake	100.7	72.8	+38 %
Revenues	95.0	65.3	+46 %
Operating profit	8.9	4.6	+91 %
Operating profit -%	9.3	7.0	
Operating cash flow	-6.4	1.9	
EPS, eur	0.35	0.17	+106 %

Financial Report

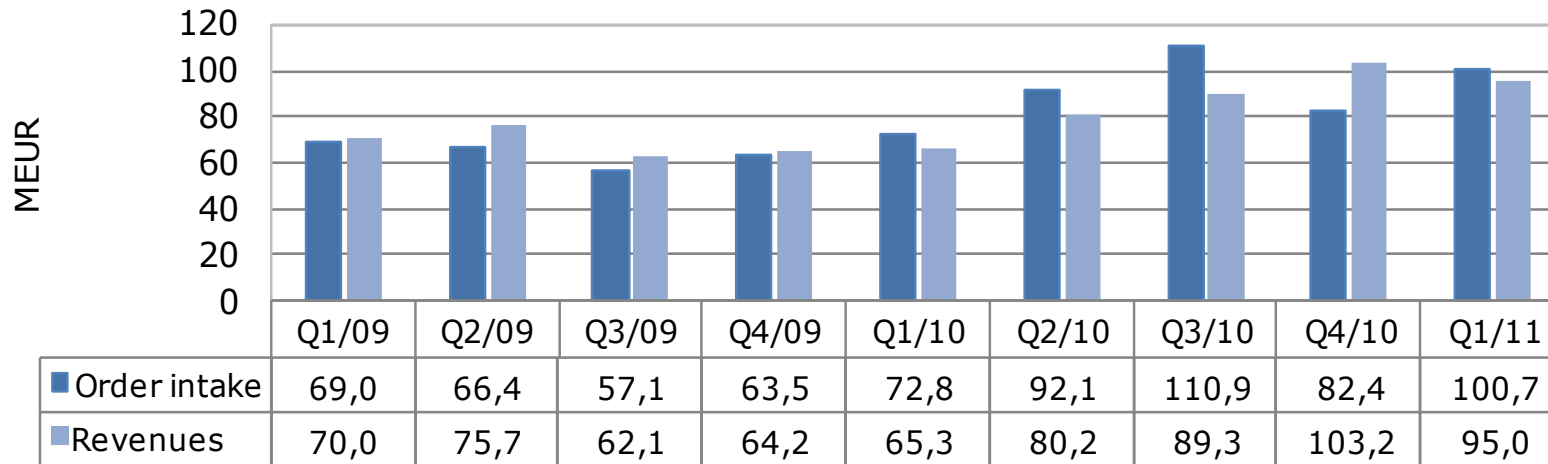
Eriikka Söderström,
Chief Financial Officer,
Vacon Plc



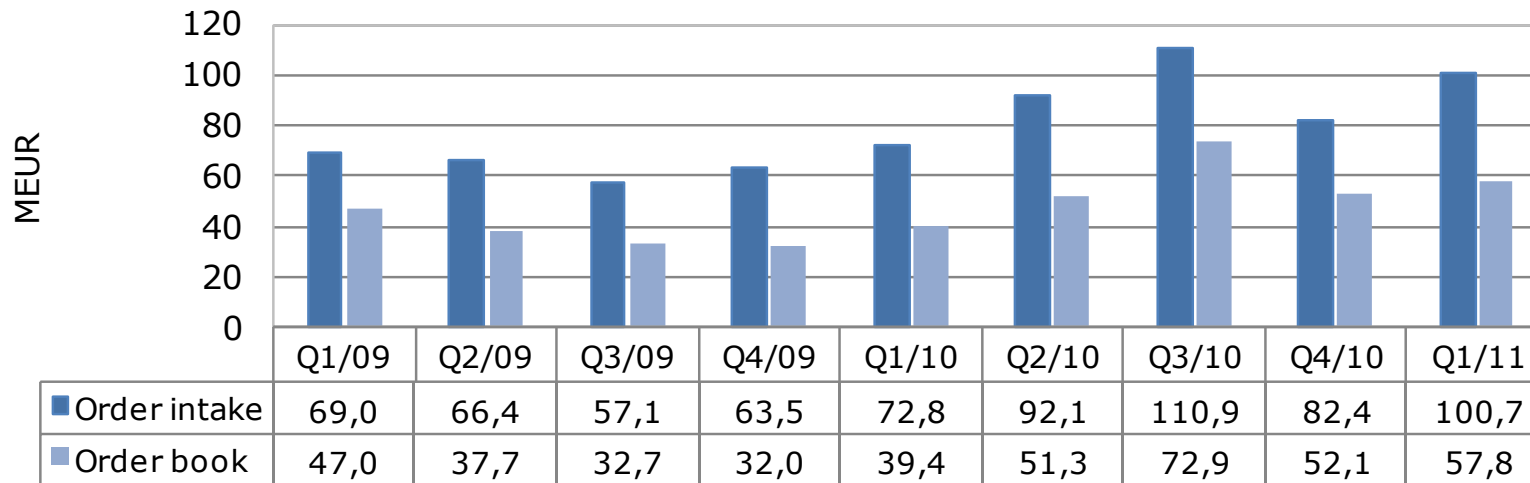
Revenues



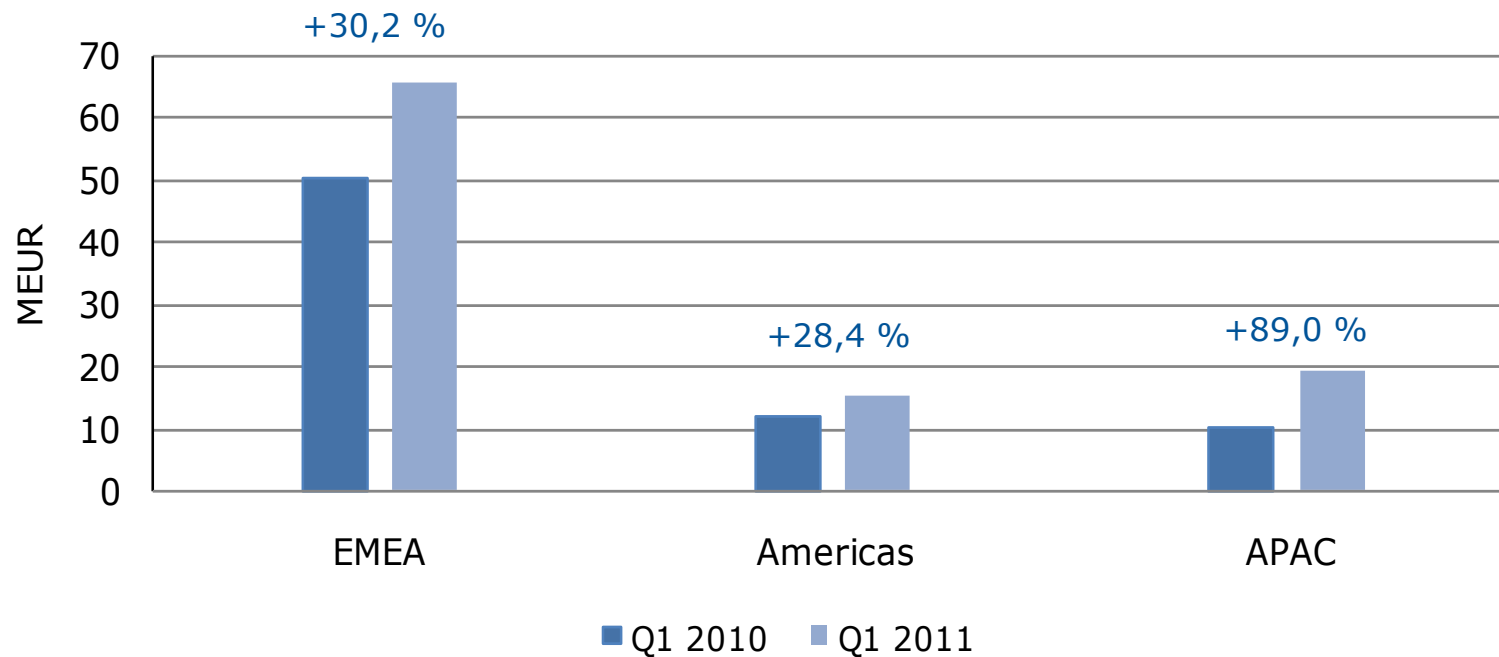
Order intake and revenues 2009-Q1/2011



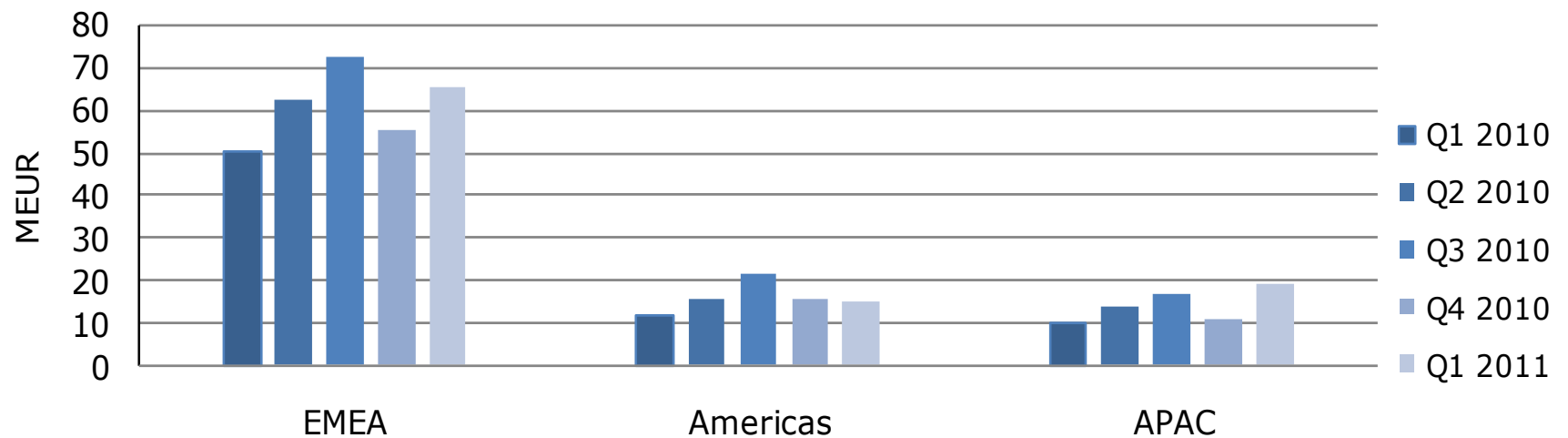
Order intake and order book 2009-Q1/2011



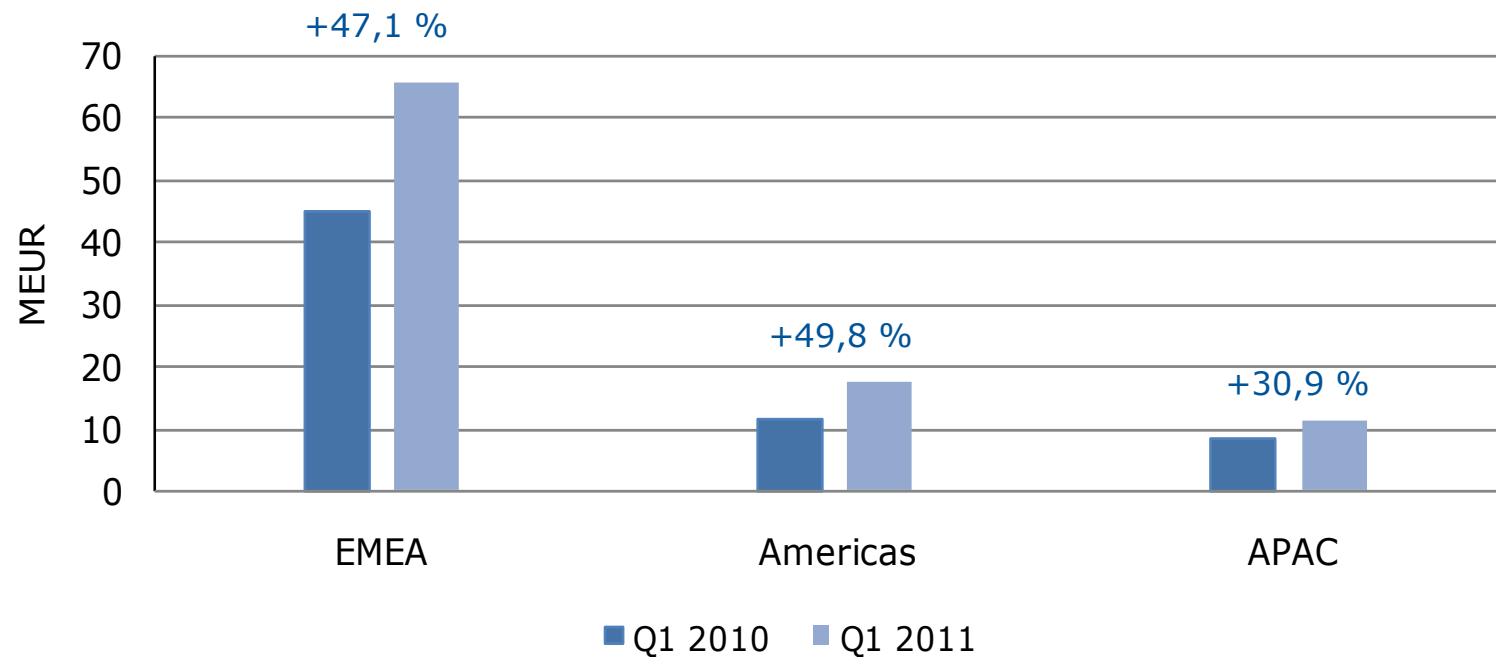
Order intake by region Q1/2011



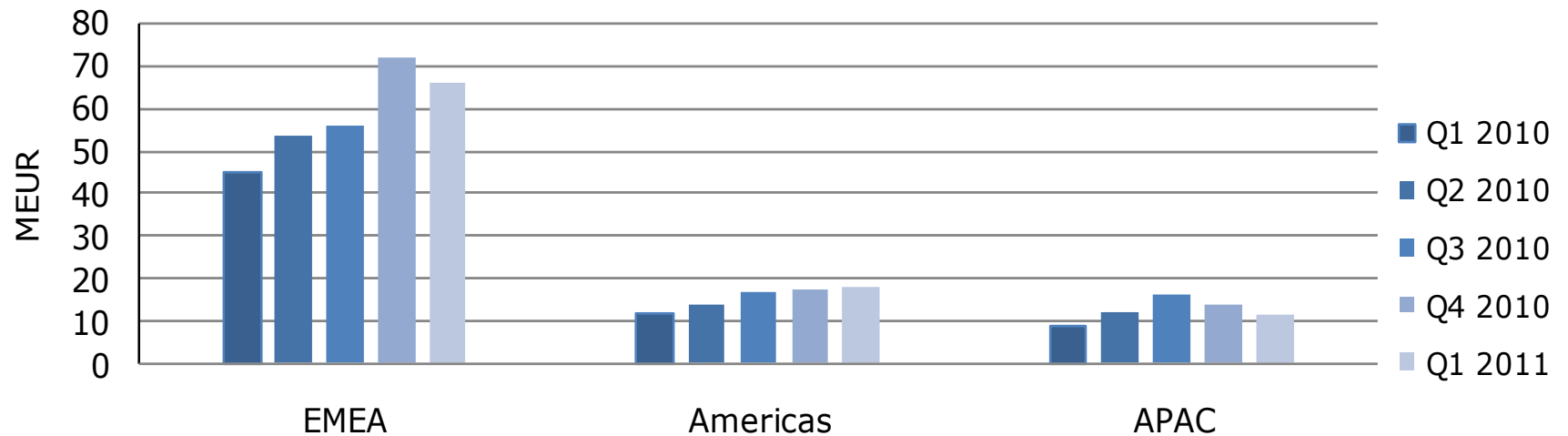
Order intake by region 2010-Q1 2011



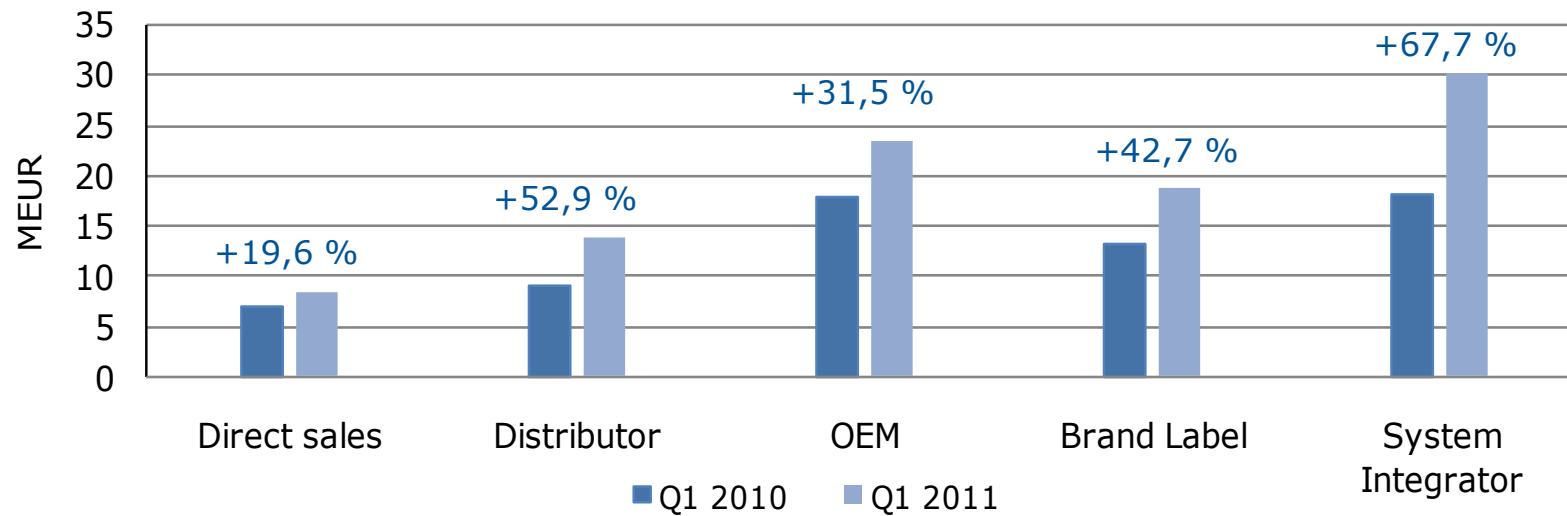
Revenues by region Q1 2011



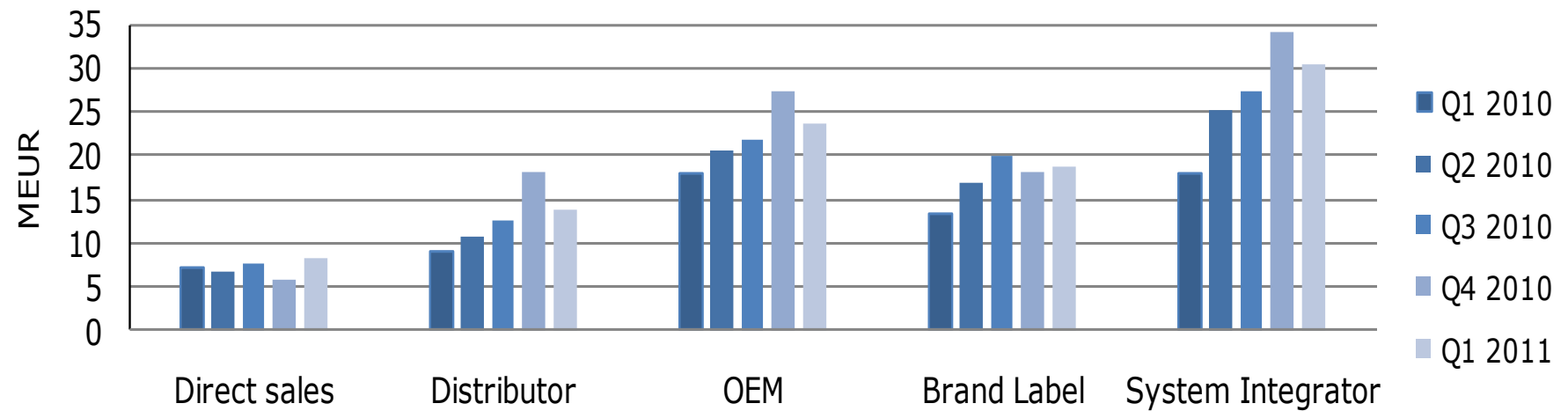
Revenues by region 2010-Q1 2011



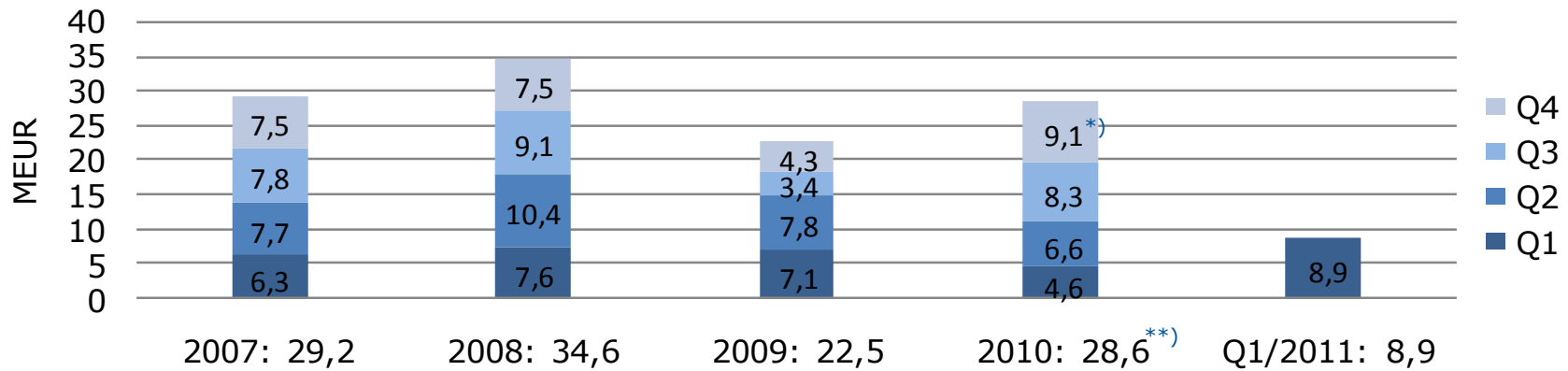
Revenues by sales channel Q1 2011



Revenues by sales channel 2010-Q1 2011



EBIT

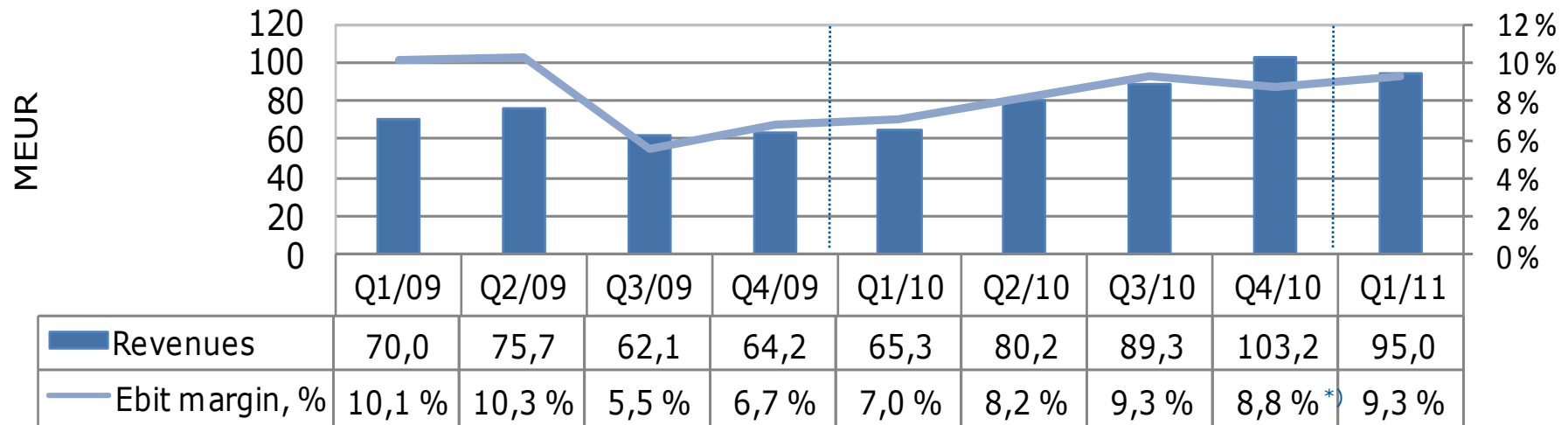


2010: Excl. China customs case

^{*)} 12,6 MEUR

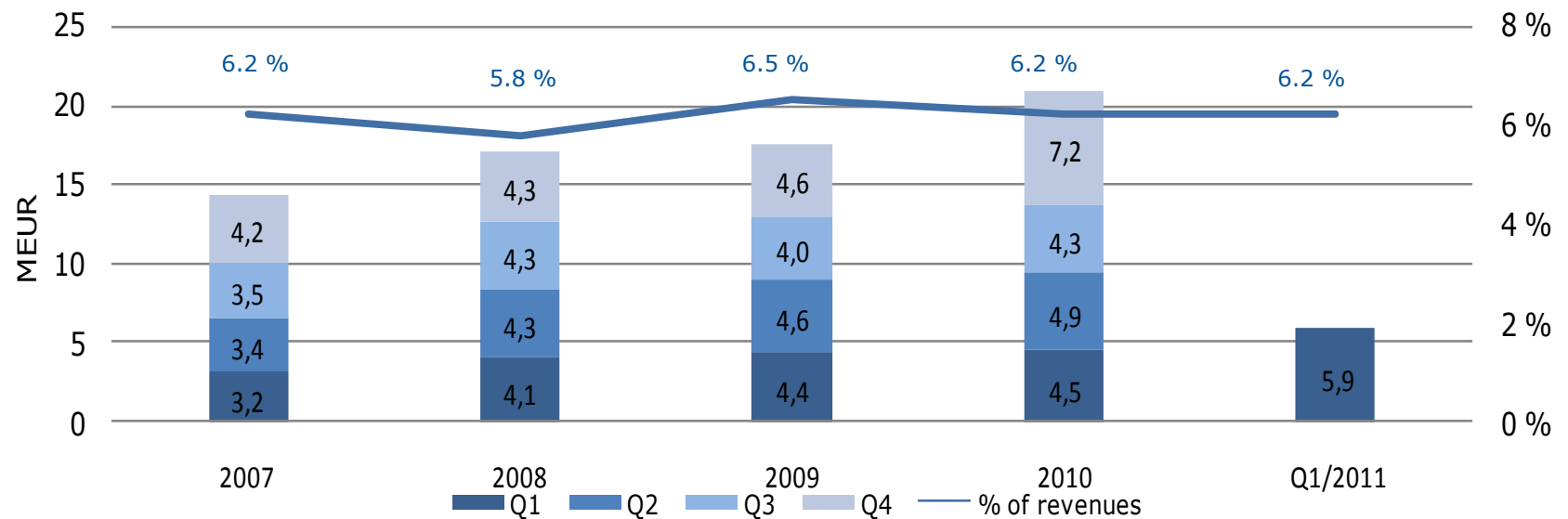
^{**)} 32,4 MEUR

Revenues and EBIT-%

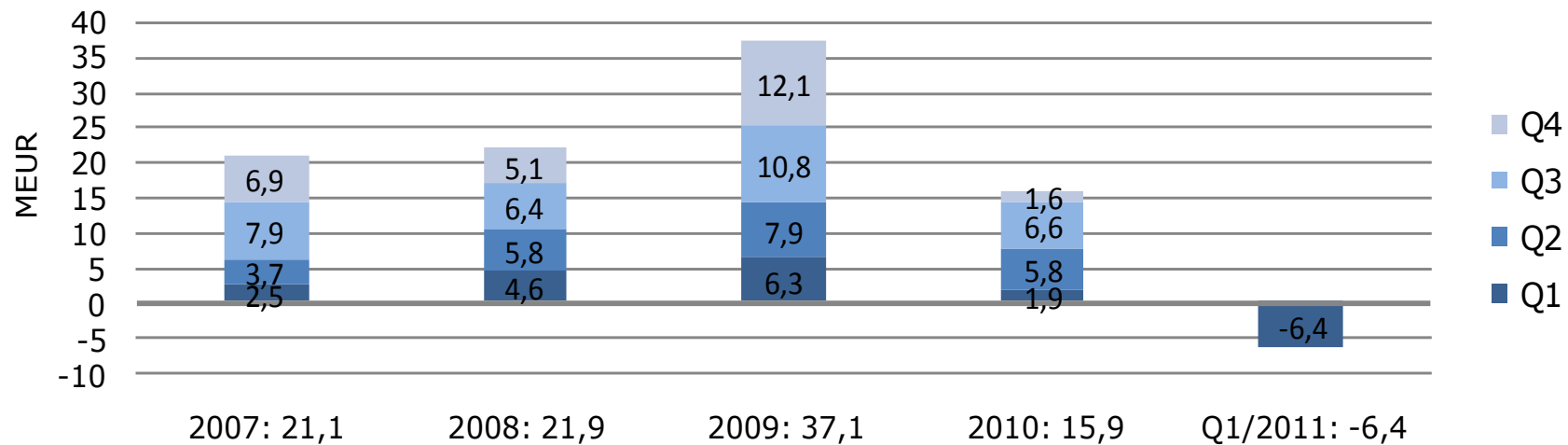


^{*)} Q4/2010: Excl. China customs case 12,2%

Research and development costs



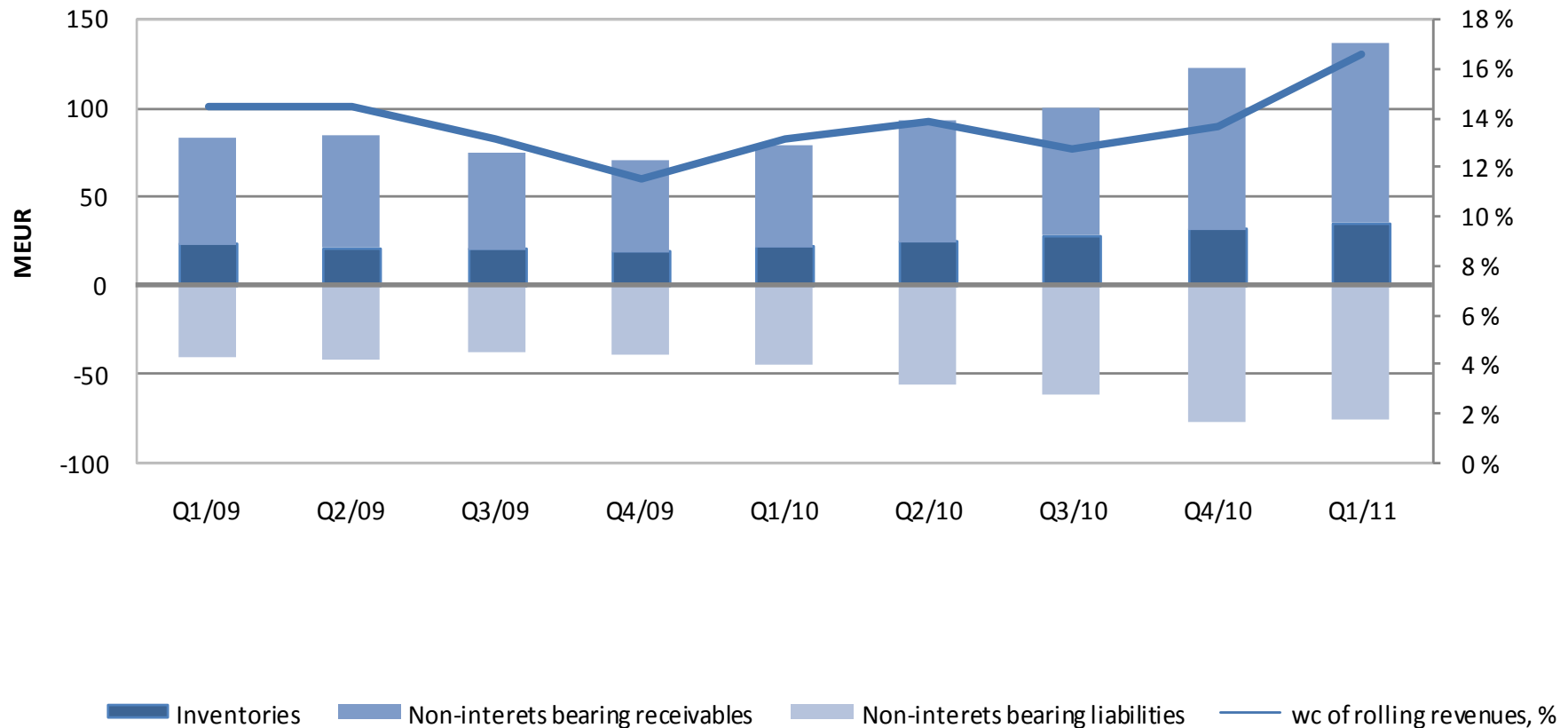
Operating Cash Flow



Working capital

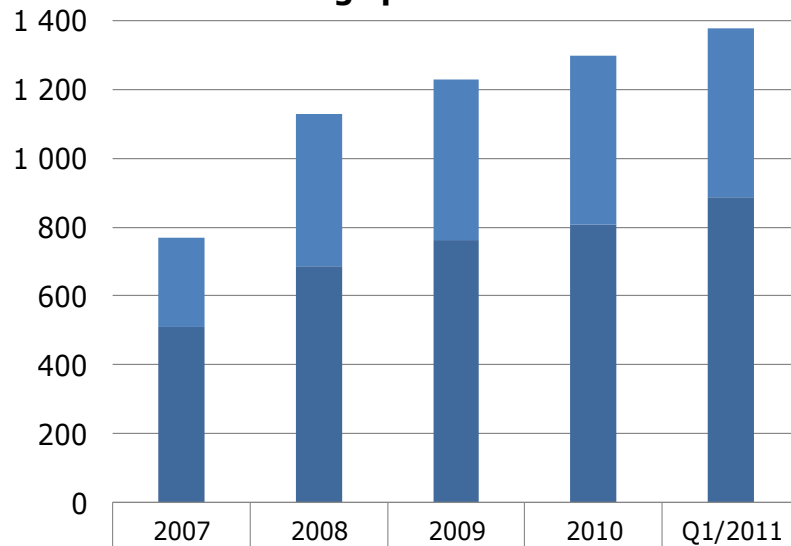
MEUR	31.3.2011	31.12.2010	31.12.2009
Inventories	35.2	31.9	19.3
Non-interest bearing receivables	101.4	90.8	51.3
Non-interest bearing liabilities	75.8	76.7	39.3
Working capital	60.9	45.9	31.2
Working capital of rolling revenues, %	16.6	13.6	11.5

Working capital 2009-Q1/2011



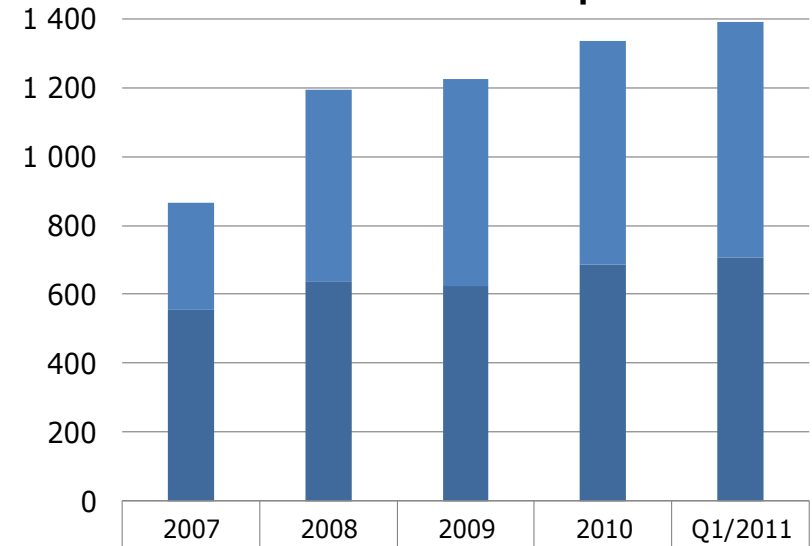
Personnel

Average personnel



	2007	2008	2009	2010	Q1/2011
Total	772	1 131	1 231	1 301	1 379
Factory personnel	260	444	468	493	491
Office personnel	512	687	763	808	888

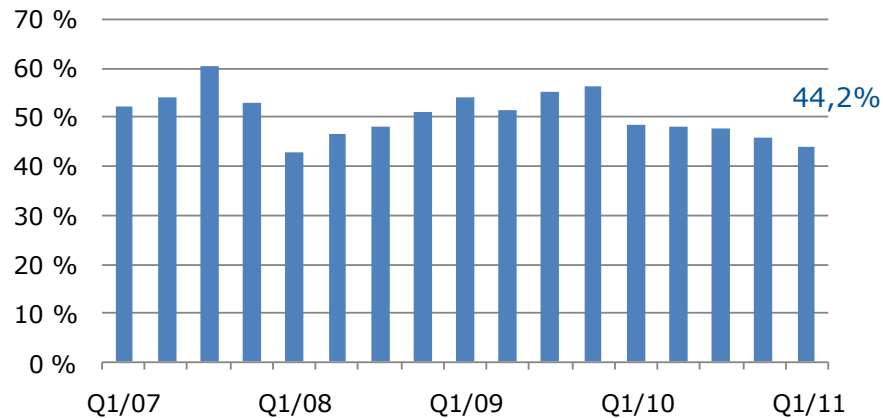
Personnel at end of period



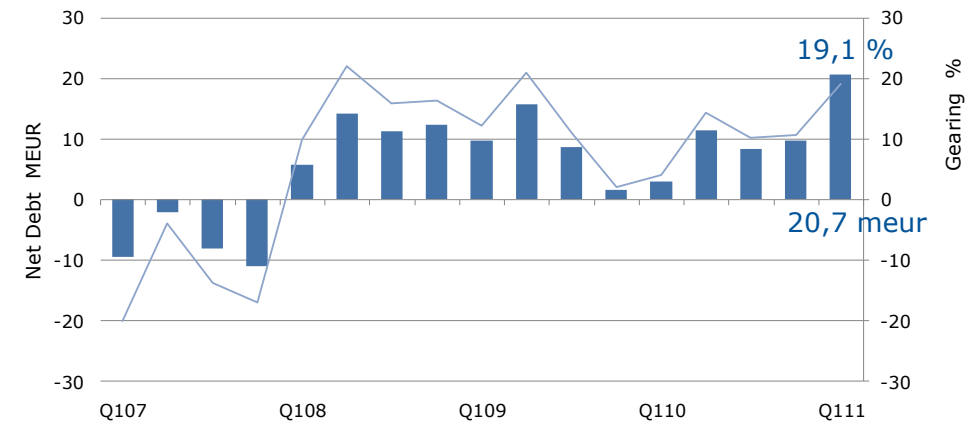
	2007	2008	2009	2010	Q1/2011
Total	869	1 197	1 228	1 339	1 394
in other countries	314	558	601	652	686
in Finland	555	639	627	687	708

Key balance sheet ratios

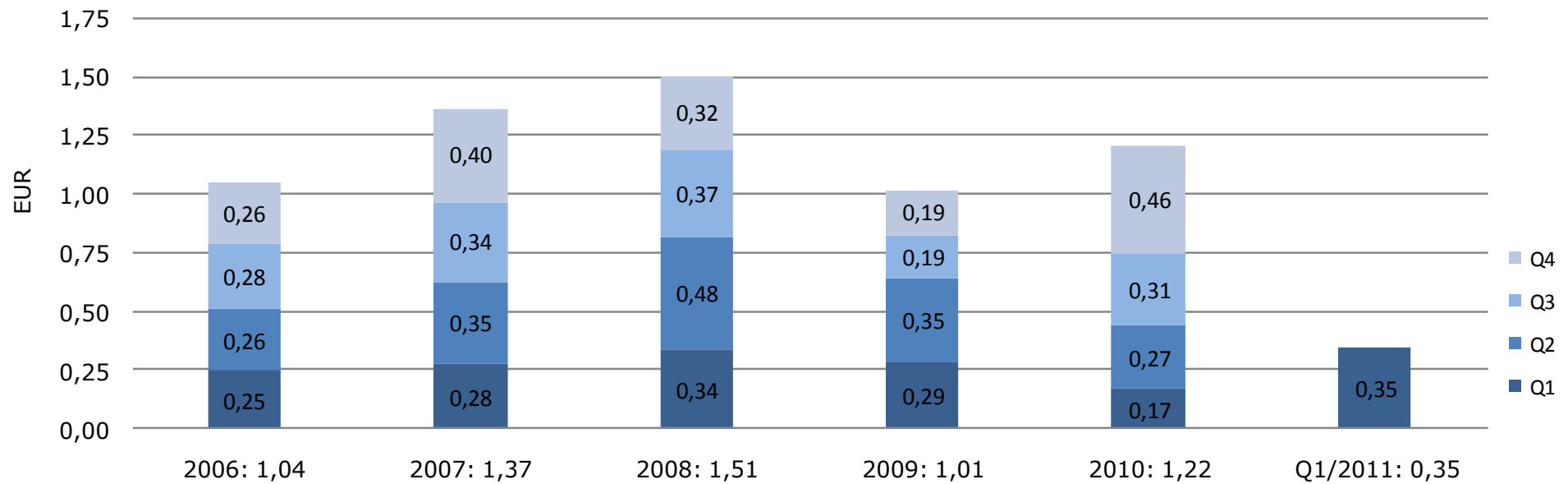
- Equity ratio



- Net Debt and Gearing, %



Earnings per share



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 estimates that the AC drive market will grow 6-10 % in 2011.
- Investments to improve energy efficiency and in renewable energy production will support strong growth in all market areas.
- Market growth is expected to be strongest in the Asia Pacific region. Steady growth is also forecast for EMEA and North America.
- Demand for Vacon's products is expected to rise in all industrial sectors.
- The financial problems experienced in certain European countries cause uncertainty about economic growth in the euro area.
- The impact of the devastating tsunami in Japan may also weaken the availability of electronic components for Vacon's business operation in 2011.

Market guidance 2011

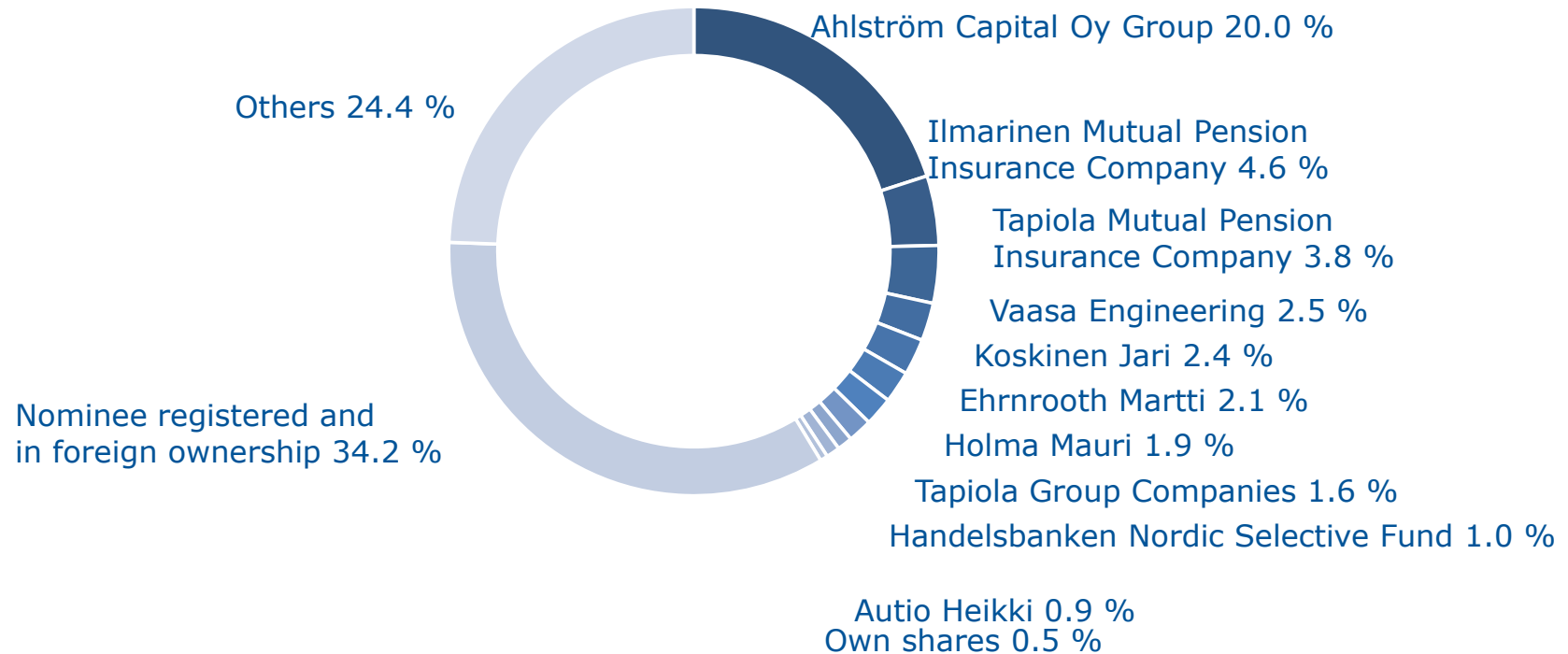
	ACT 2010	FC 2011
Revenues, MEUR	338,0	+10–20 %
EBIT margin, %	8,5 %	> 8,5 %
EPS, EUR	1.22	>> 1,22

- The global AC drive market picked up significantly in 2010 and Vacon succeeded in raising its market share in all geographical areas.
- Vacon estimates that revenues in 2011 will increase 10 % – 20 % and the operating profit percentage will rise from the 2010 figures. Earnings per share are expected to improve considerably from 2010.

Risks and uncertainties in the near future

- The most acute risk concerns the availability of raw materials and components.
- Business related to renewable power generation has long delivery and payment schedules, which increases the risks relating to customer credit rating and of orders being cancelled. It can also cause greater seasonal fluctuations in business volumes than what the company is used to.
- The biggest exchange risks against the euro relate to US dollar and Chinese renminbi.
- The Chinese prosecuting authority is demanding EUR 3,2 million from Vacon as a compensation for unpaid customs duties, and a provision for this was recorded in the result for the final quarter of 2010. The court case began in March 2011 and the court's decision is expected in the second quarter of the year.

Major shareholders March 31, 2011



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Capital Markets Day, May 25

- Vacon's Capital Markets Day in Vantaa, on Wednesday, May 25th, 2011, starting at 9 am local time at Vacon's Vantaa office.
- The purpose of the Capital Markets Day is to present Vacon's strategy and operations as well as AC drives market, and what additional values Vacon AC drives bring to the customer. Speakers include Vacon's CEO and management.
- If you would like to attend Vacon's Capital Markets Day, please contact IR Maija Suutarinen by May 6, 2011. Phone: +358 40 8371 278 maija.suutarinen@vacon.com.

VAGON
DRIVEN BY DRIVES

