

# Financial Report January – June 2009

August 5, 2009

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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.
- This presentation is being made on August 5, 2009. The content of this presentation contains time-sensitive information that is accurate only as of the time hereof.
- If any portion of this presentation is rebroadcast, retransmitted or redistributed at a later date, Vacon will not be reviewing or updating the material that is contained herein.

# Outline

- Highlights Q2 2009
- Financial report
- 2009 outlook

## Market and business development

- The global recession weakened demand for AC drives in most market segments. AC drive investments to improve energy efficiency and in renewable energy generation remained brisk, but they were not able to compensate for the decline in orders in other market segments.
- The prevailing competitive conditions are expected to remain challenging and Vacon does not expect the AC drive market to improve during the second half of the year 2009. Vacon expects the AC drive market to decline significantly in 2009 from 2008.
- Vacon is lowering its estimates for its financial performance in 2009, because one major order expected by Vacon in July 2009 has for the time being not materialized.

## Q2 2009 Highlights

MEUR	Q2 2009	Q2 2008	Change
Order intake	66.4	83.3	-20.3%
Revenues	75.7	78.0	-2.9%
EBITA	9.1	11.3	-19.5%
Operating profit	7.8	10.4	-25.0%
Operating profit-%	10.3	13.3	-3.0%
Operating cash flow	7.9	5.8	36.2%

## H1 2009 Highlights

MEUR	H1 2009	H1 2008	Change
Order intake	135.4	161.5	-16.2%
Revenues	145.7	143.9	+1.3%
EBITA	17.4	19.8	-12,1%
Operating profit	14.9	18.0	-17.2%
Operating profit-%	10.2%	12.5%	-2.3%
Operating cash flow	14.2	10.4	+36.5

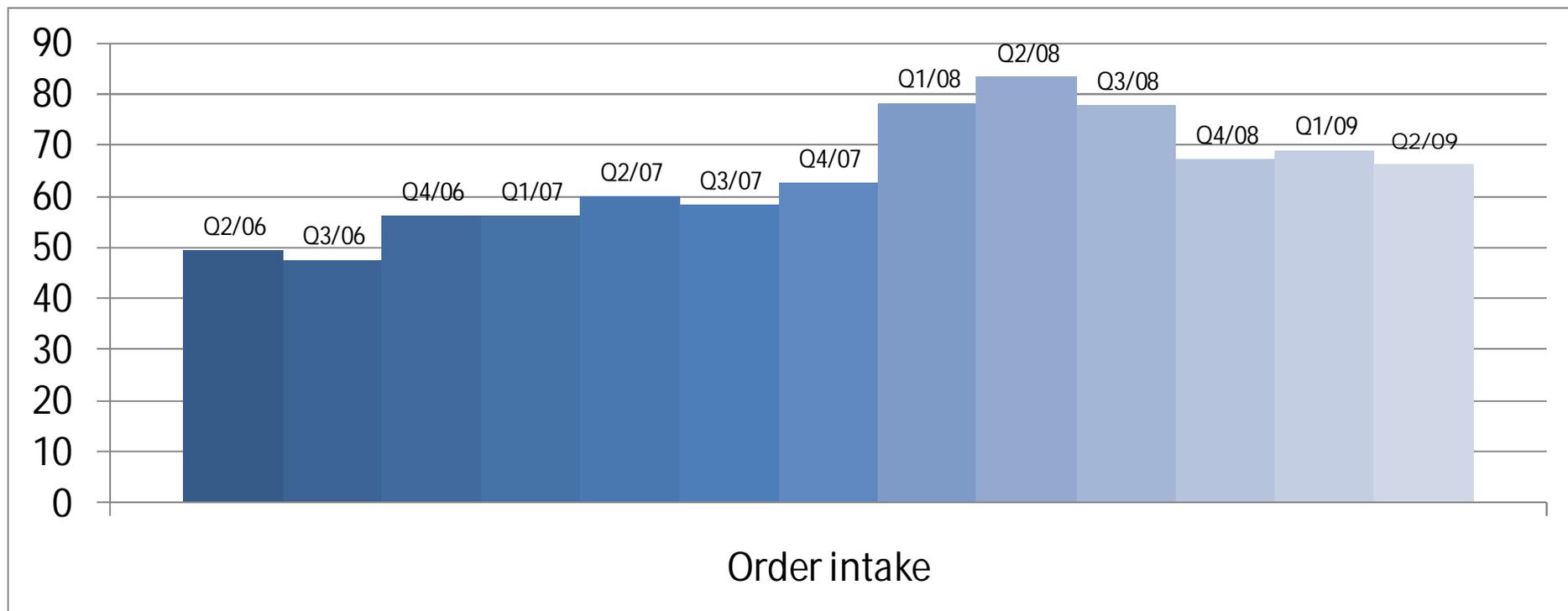
## Revenues by region

Region, MEUR	H1 2009	H1 2008	Change
EMEA	106.0	104.3	+1.6%
Americas	23.8	27.0	-11.9
APAC	15.9	12.6	+26.2

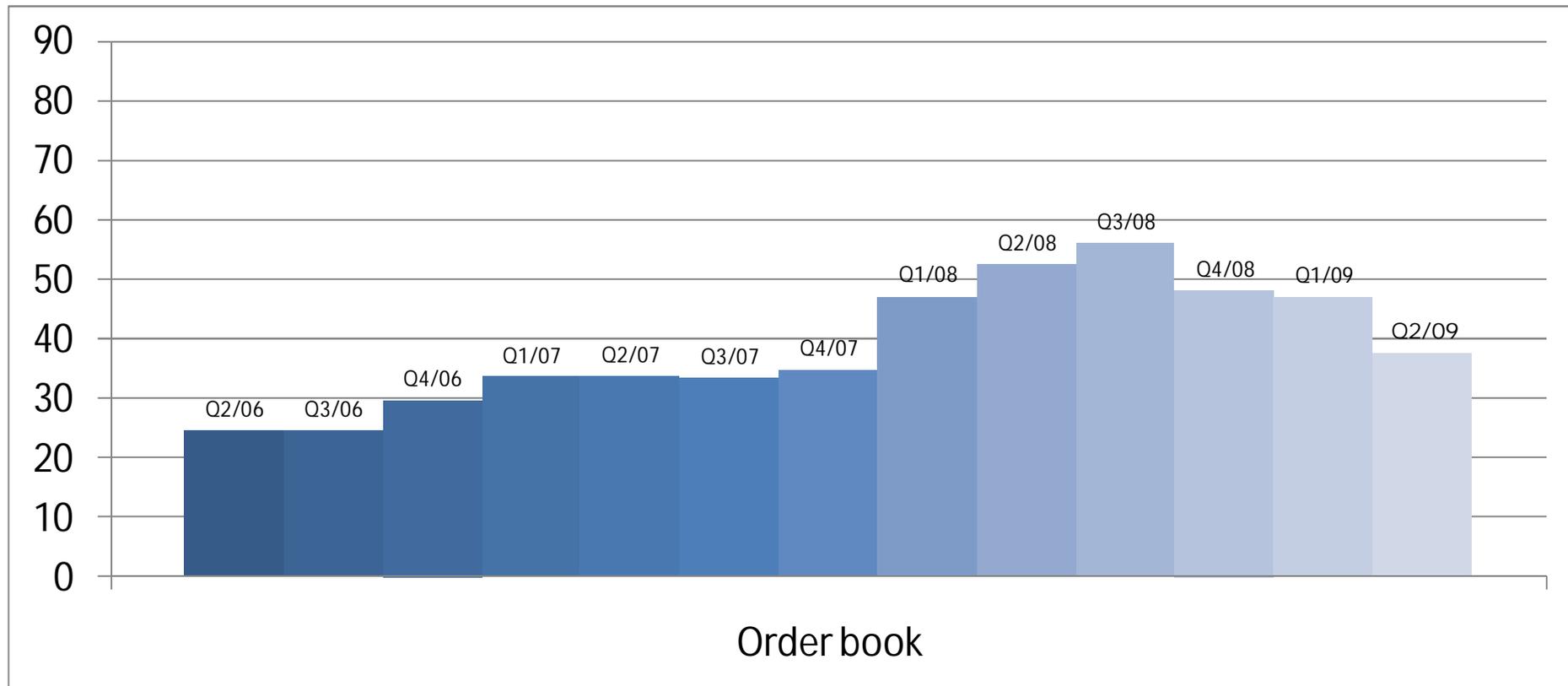
## Revenues by channel

Sales channel, MEUR	H1 2009	H1 2008	Change
Direct sales (incl. SI)	87.3	67.1	+30.1%
Distributor	14.2	18.2	-22.0%
OEM	24.1	34.7	-30.5
Brand label	20.1	23.8	-15.5

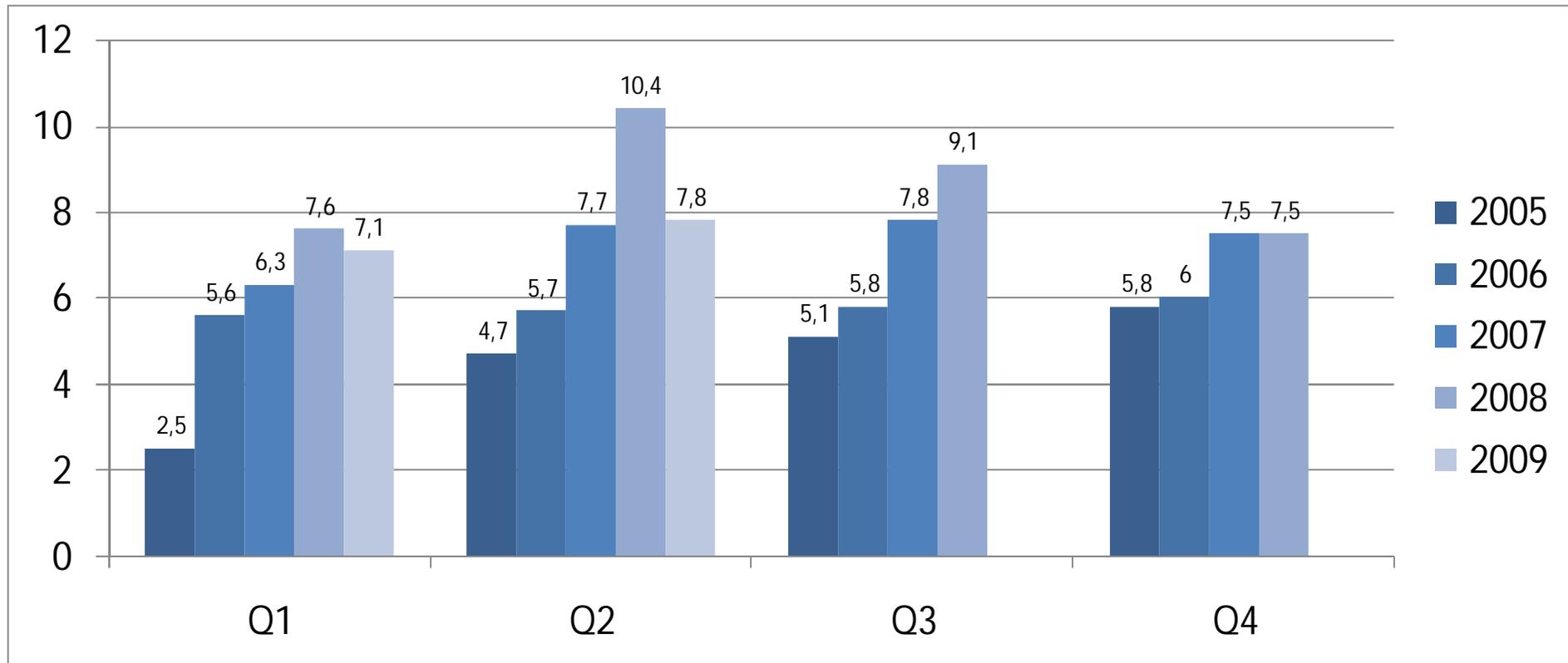
## Order intake, MEUR



# Order book, MEUR



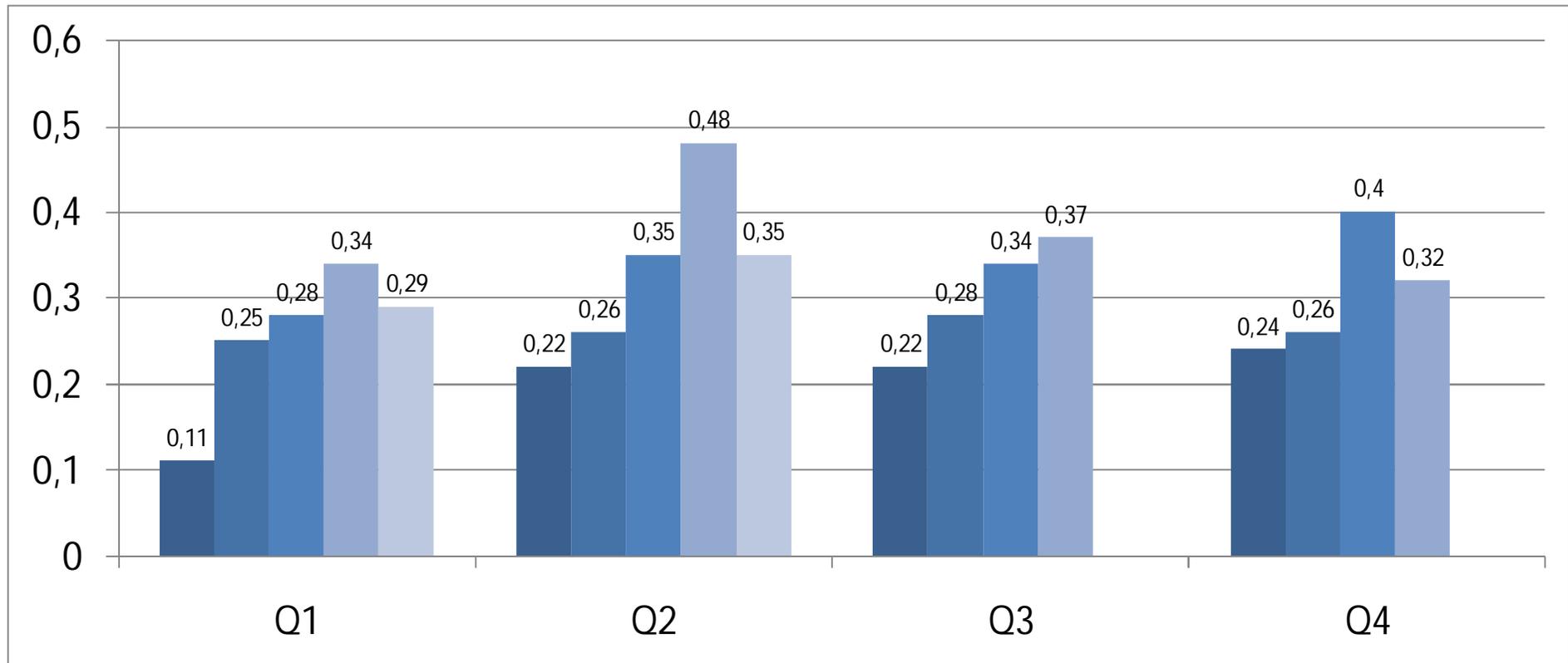
# Operating profit 2005 – 2Q/2009, MEUR



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## EPS by quarter 2005 – 2Q2009, EUR



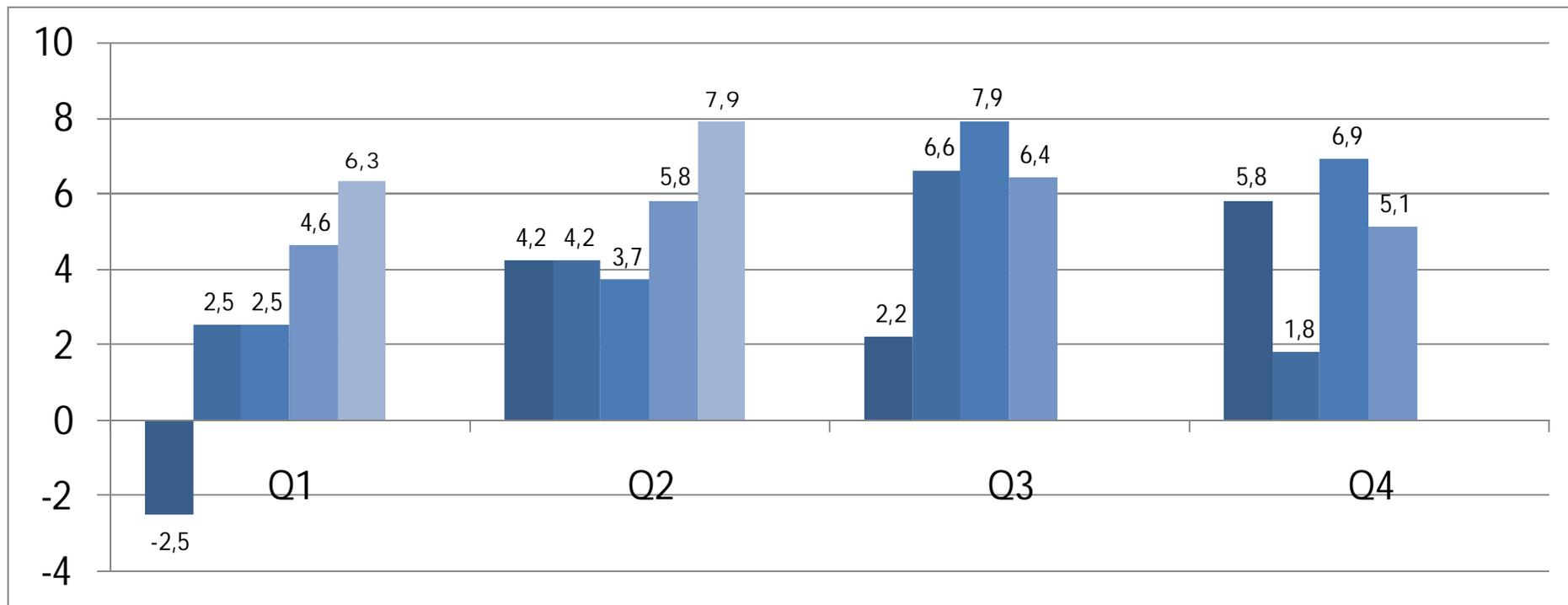
## Balance sheet walk

MEUR	30.6.2009	31.12.2008	Change, %
Non-current assets total	53.8	50.3	+7.0%
Inventories	21.4	21.3	+0.5%
Trade and other receivables	63.1	61.7	+2.3%
Cash and cash equivalents	10.2	15.7	-35.0%
<b>Total assets</b>	<b>148.5</b>	<b>149.1</b>	<b>-0.4%</b>
Equity total	75.3	75.5	-0.3%
Non-current liabilities total	19.6	20.7	-5.3%
Trade and other payables	38.5	37.6	+2.4%
Income tax liabilities	1.7	1.5	+13.3%
Provisions	1.6	1.6	0.0%
Interest-bearing liabilities	11.8	12.2	-3.3
<b>Total equity and liabilities</b>	<b>148.5</b>	<b>149.1</b>	<b>-0.4%</b>

## Cash flow walk

MEUR	H1 2009	H1 2008	Change,%
Profit for the period	10.1	12.8	-21.1%
Depreciation and other adjustments	9.6	9.0	+6.7%
Change in working capital	-0.4	-6.6	-93.9%
Cash flow from financial items and tax	-5.0	-4.8	+4.2%
From operating activities	14.2	10.4	+36.5%
From investments activities	-7.6	-23.8	-68.1%
From financing activities	-12.4	-6.1	+103.3%
Change in liquid funds	-5.8	-19.5	-70.3%

# Cash flow from operating activities 2005 – 2Q/2009, MEUR



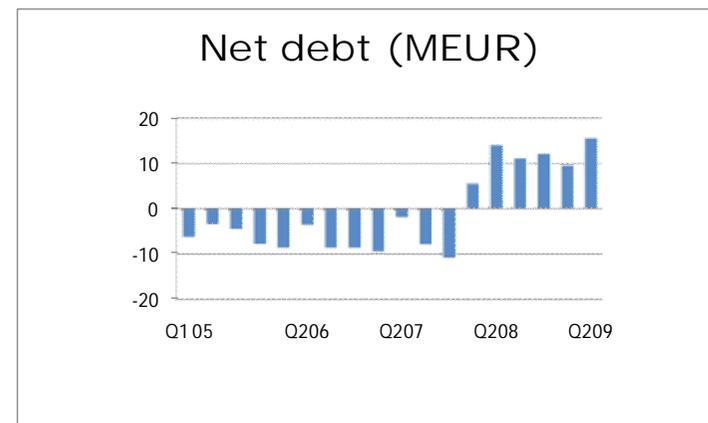
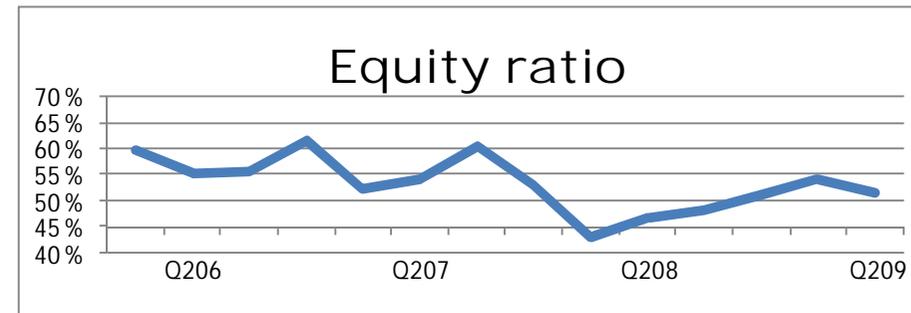
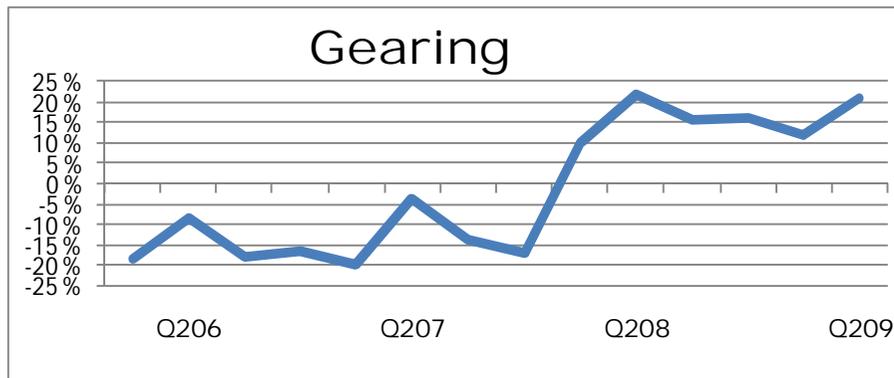
## Working capital components

MEUR	30.6.2009	30.6.2008	Change
Days of receivables	70.6	74.4	-5.1%
Days of inventories	26.4	30.6	-13.7%
Days of payables	25.3	31.7	-20.2%
Working capital % of revenues (12 month rolling)	14.5	14.3	+1.4%

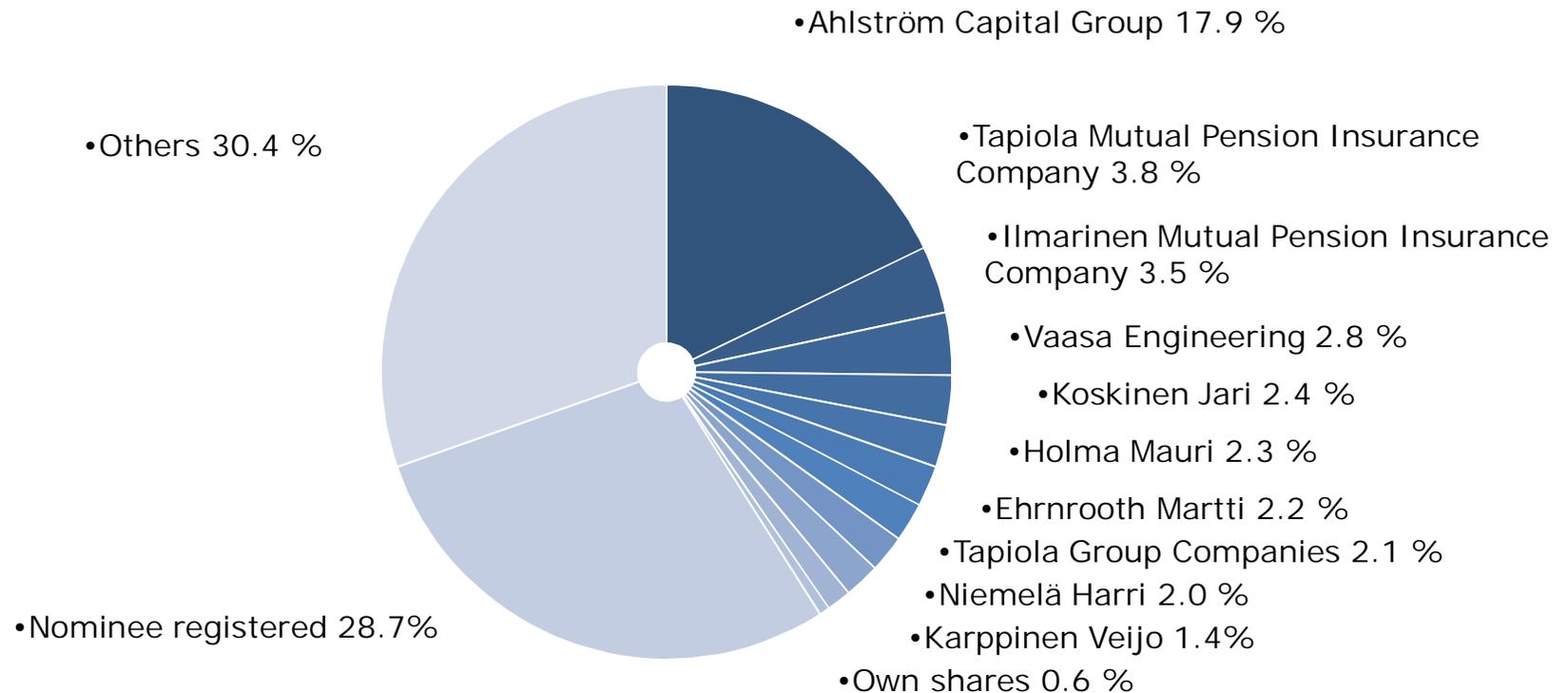
## Financial ratios

	H1/2009	H1/2008
Gross investments (MEUR)	7.7	4.1
Depreciation & Amortization (MEUR)	-4.6	-3.5
Equity per share (EUR)	4.87	4.17
Earnings per share (EUR)	0.64	0.82
Contingent liabilities (MEUR)	2.3	2.7

# Key balance sheet ratios



## Major shareholders June 30, 2009



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## Prospects

- Vacon expects the AC drive market to decline significantly in 2009 from 2008.
- Vacon is lowering its estimates for its financial performance in 2009, because one major order expected by Vacon in July 2009 has for the time being not materialized. Vacon estimates that its 2009 revenues will decline more than five per cent from the 2008 figure. Profitability and earnings per share are now expected to be lower than in 2008.

	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 are a weakening in general demand and intensified competition on prices.
- Our order book has traditionally been short because of our business model and therefore it does not have any material risk for timing and cancelation. Vacon is not financing customer projects and the company assesses continually customers' creditworthiness and ability to fulfill their obligations.
- The availability of certain raw materials and components and developments in their prices could also affect our profitability.
- The global recession may restrict the business opportunities for certain component suppliers.
- The value of the euro against other invoicing currencies affects the company's profitability. The most important currencies are the US dollar and the Chinese RMB.

## Summary of 1H 2009

- In current market conditions, Vacon's performance in the first six months is good.
- Vacon does not expect the AC drives market to improve during the second half of the year 2009.
- Vacon is lowering its estimates for its financial performance in 2009.
- continued emphasis on cost savings without endangering sales and customer satisfaction.
- Vacon's long-term goals remain to achieve revenues of EUR 500 million and an operating profit percentage (EBIT %) of more than 14 % by the end of 2012.

## • 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

## • CORE 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

## Contacts and calendar

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•Q3 2009:

•October 27, 2009

•9.30 a.m.



Every AC motor  
deserves a Vacon drive