



VACON
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Vacon Interim Report for Q2/2011

August 3, 2011

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

- Business environment and highlights in Q2/2011, Vesa Laisi, President and CEO
- Financial Report, Eriikka Söderström, CFO
- Outlook, Vesa Laisi, President and CEO
- Appendix

Business environment remained positive

- Positive market environment remained also in the second quarter of 2011.
- Growth was strongest in APAC.
- Demand was evenly divided among all the main industrial sectors, demand for AC drives in marine industry showed clear signs of picking up.
- There are still strong seasonal fluctuations in demand for products for the generation of renewable energy.
- Availability of the components is at the moment reasonably good.



Q2/2010: Strong growth and improved profitability

- Orders received increased 12.8 % in the second quarter (YoY).
- Revenues grew 33.6 % in Q2 (YoY). Growth was strong especially in EMEA and APAC.
- Profitability continued to develop positively also in the second quarter.
- Operating profit was EUR 11.5 million, or 10.7 % of revenues.
- The turnover of inventories and trade receivables has developed positively and the company's net cash flow from operating activities improved from the first quarter.



Highlights Q2/2011

MEUR	Q2/2011	Q2/2010	Change
Order intake	103.8	92.1	+13%
Revenues	107.2	80.2	+34%
Operating profit	11.5	6.6	+75%
Operating profit -%	10.7	8.2	
Net cash flow from operating activities	7.2	5.8	
EPS, eur	0.58	0.27	+111%

Highlights H1/2011

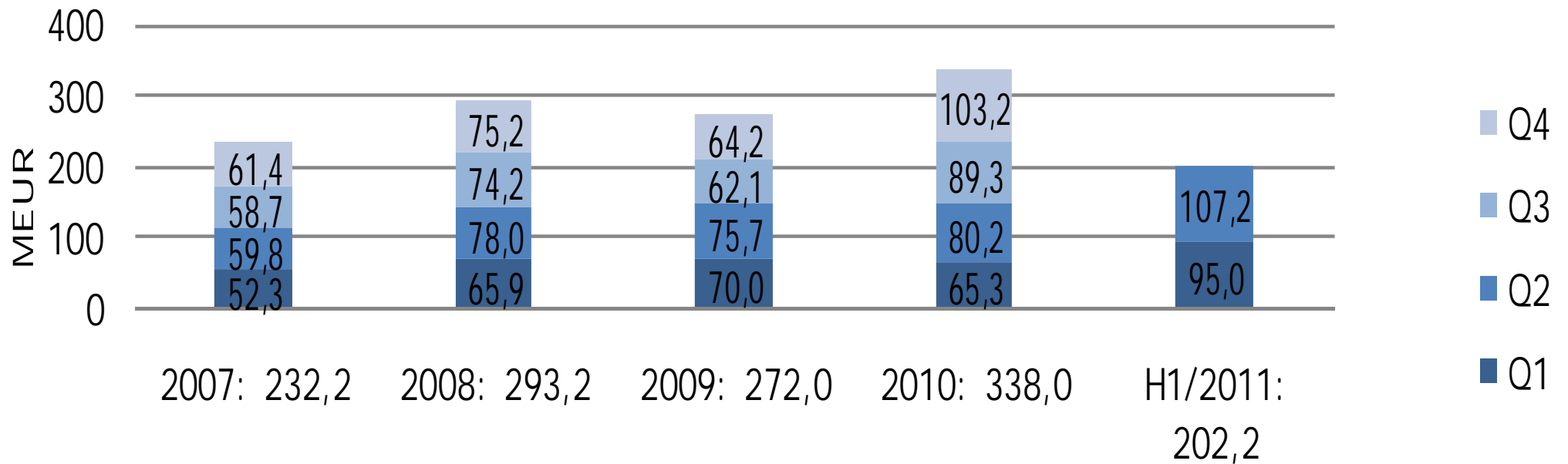
MEUR	H1/2011	H1/2010	Change
Order intake	204.6	164.8	+24%
Revenues	202.2	145.5	+39%
Operating profit	20.4	11.2	+82%
Operating profit -%	10.1	7.7	
Net cash flow from operating activities	0.8	7.7	
EPS, eur	0.93	0.44	+109%



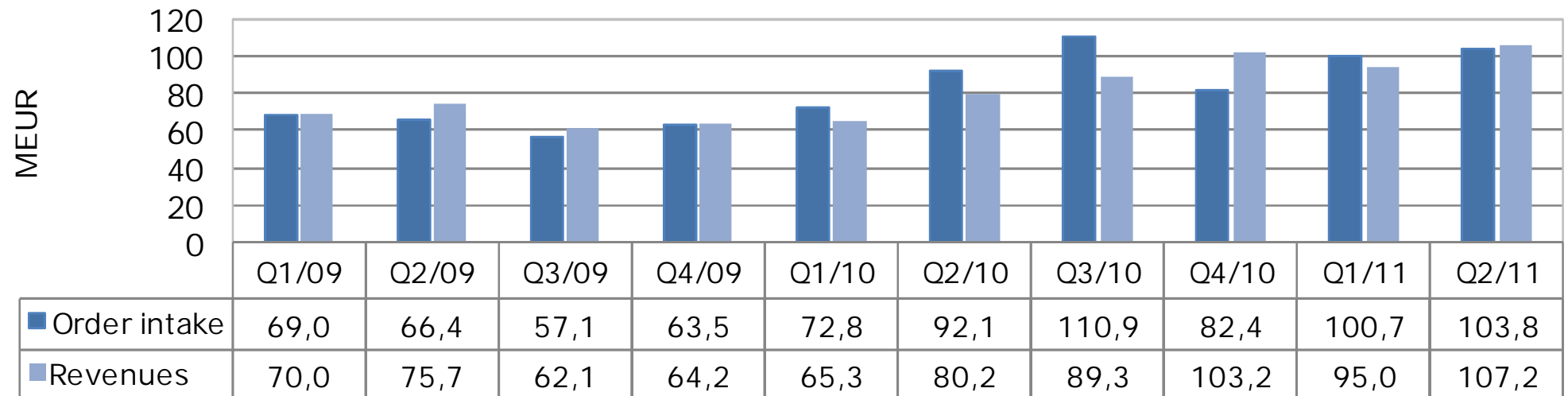
Financial Report

Eriikka Söderström,
Chief Financial Officer,
Vacon Plc

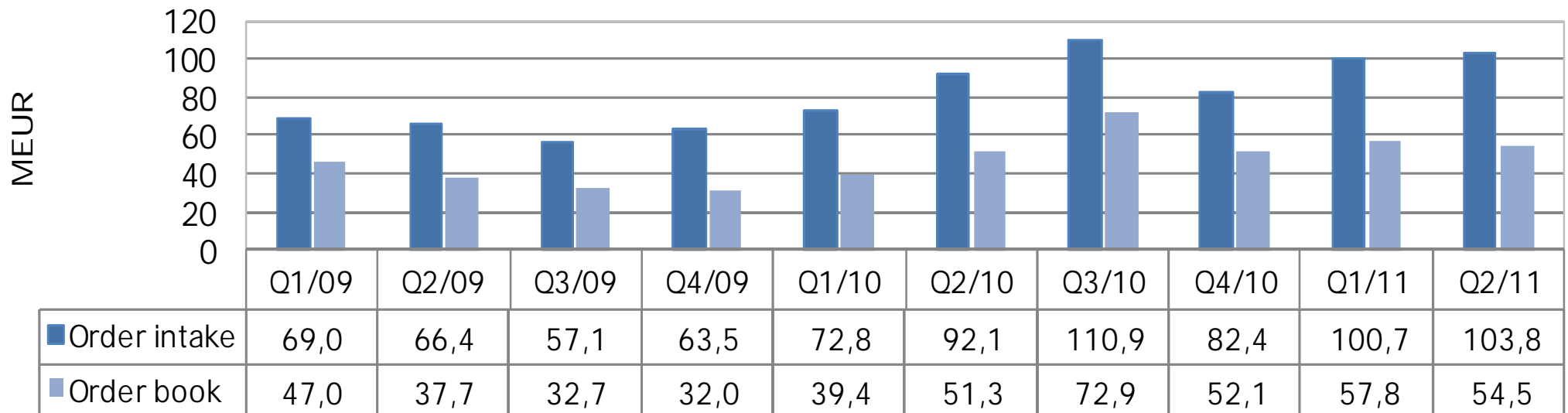
Revenues



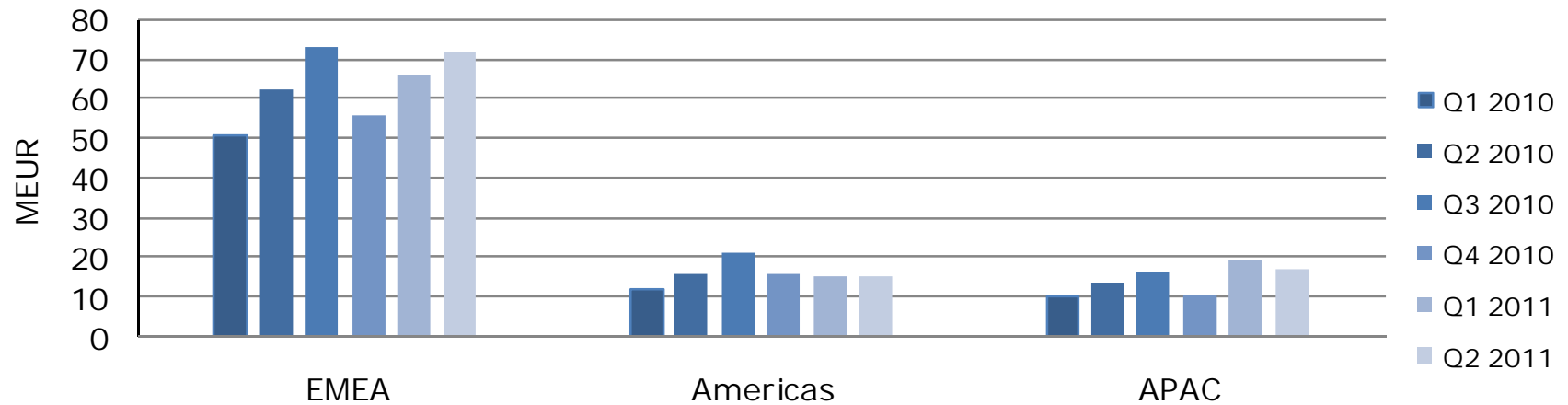
Order intake and revenues 2009-Q2/2011



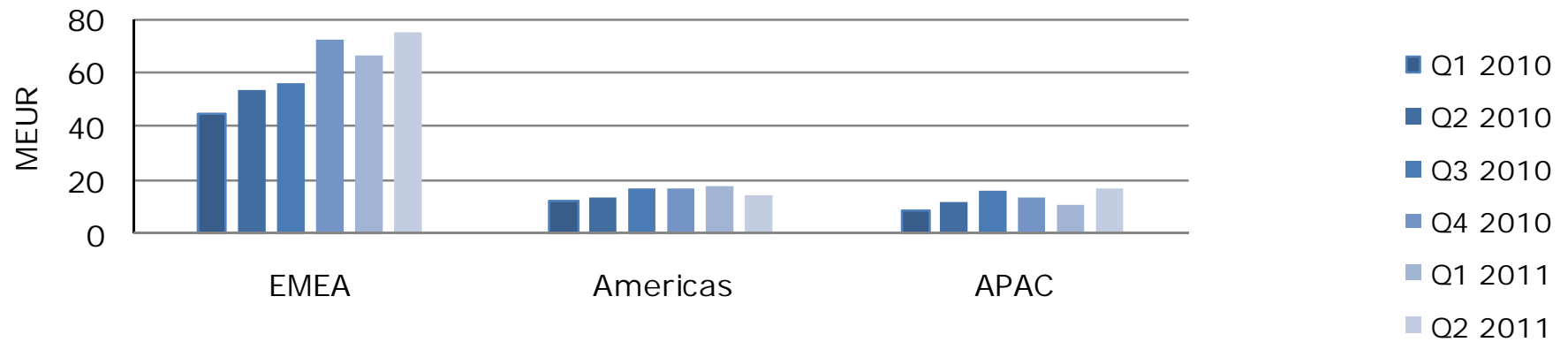
Order intake and order book 2009-Q2/2011



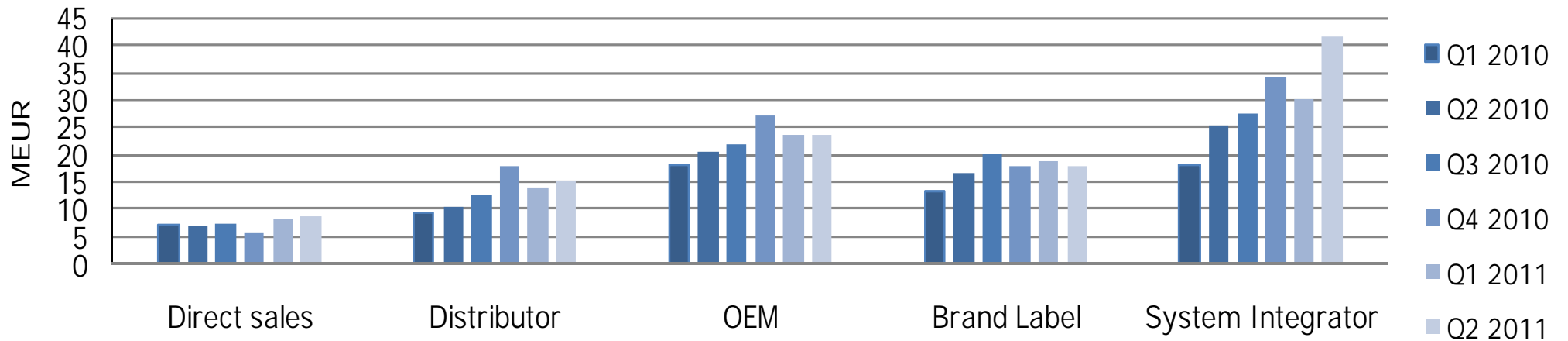
Order intake by region 2010-Q2 2011



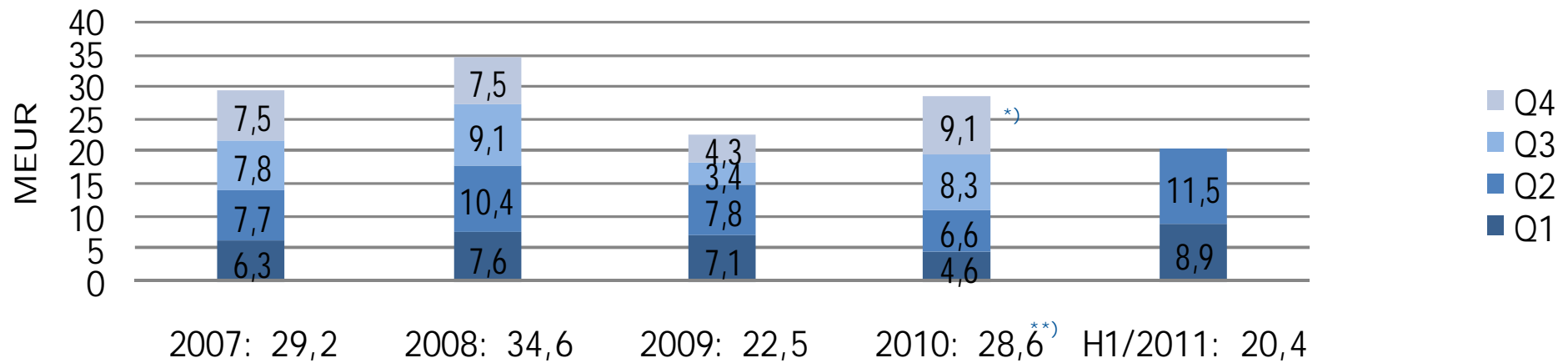
Revenues by region 2010-Q2 2011



Revenues by sales channel 2010-Q2 2011



EBIT

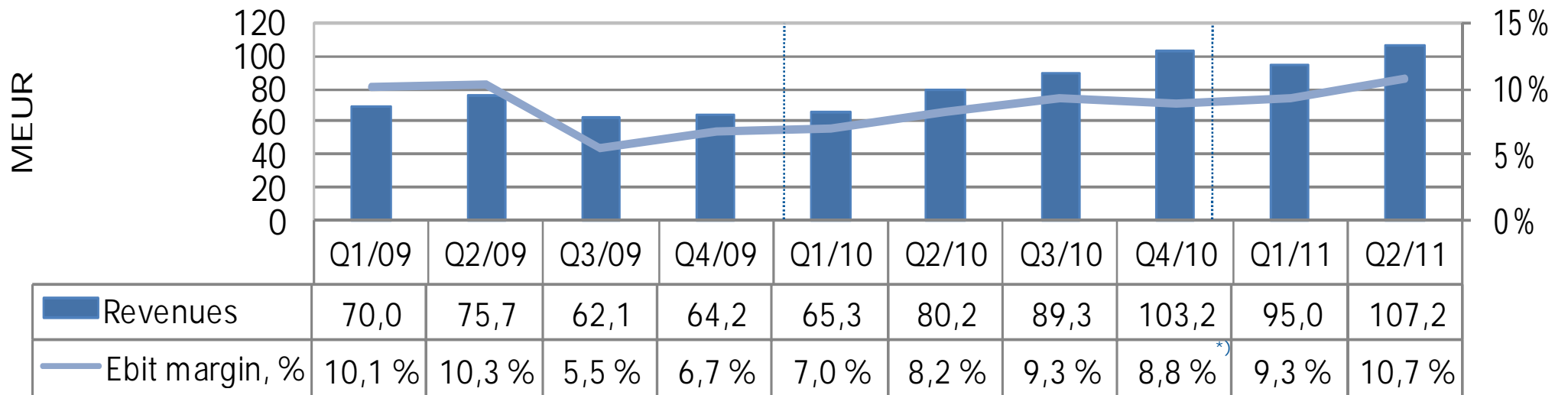


2010: Excl. China customs case

^{*)} 12,6 MEUR

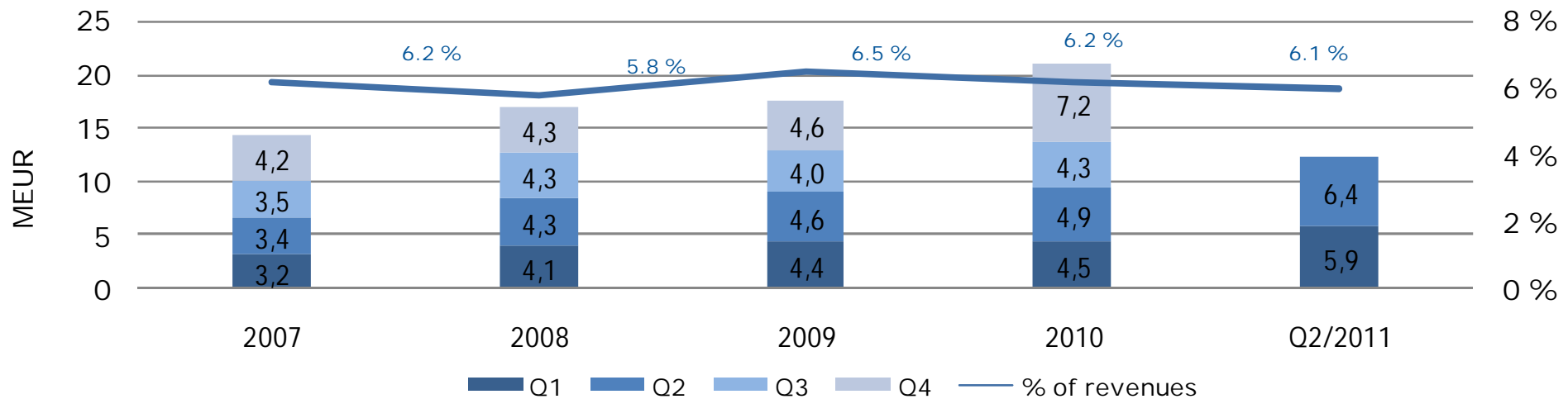
^{**)} 32,4 MEUR

Revenues and EBIT-%

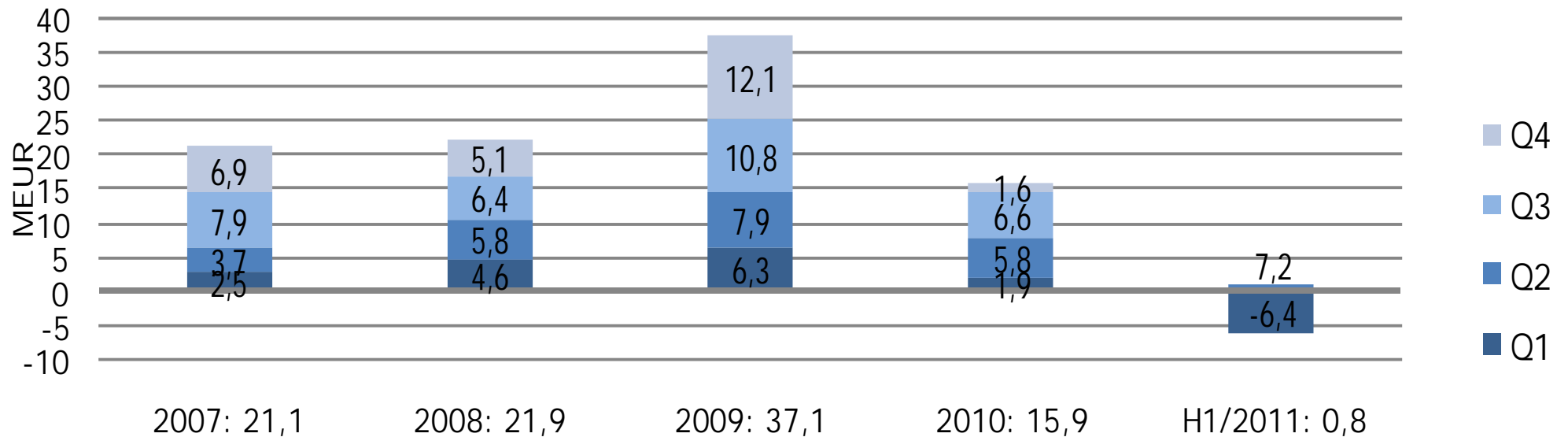


^{*)} Q4/2010: Excl. China customs case 12,2%

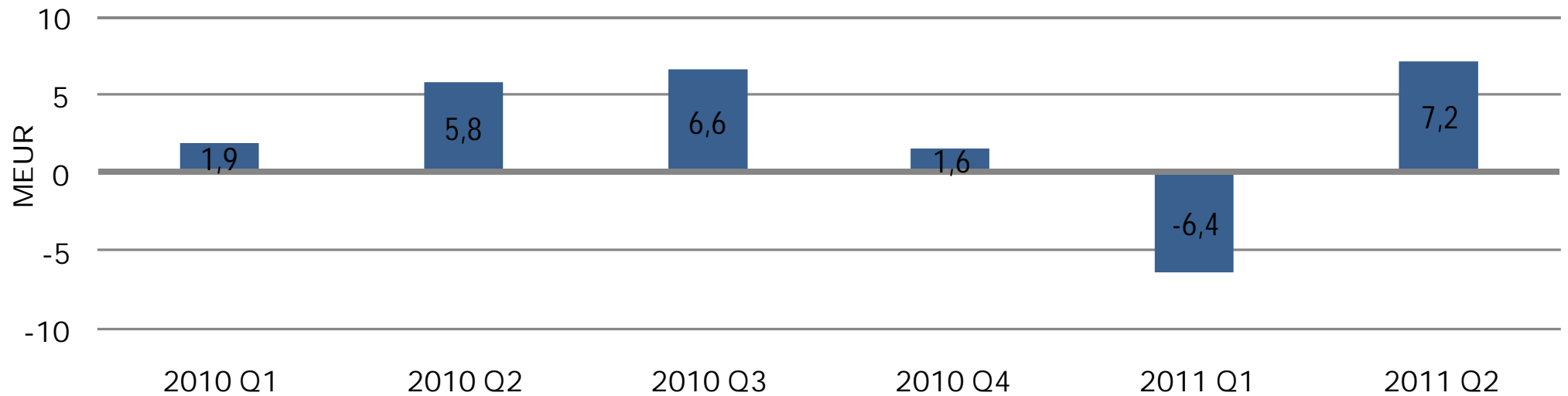
Research and development costs



Net Cash Flow from operating activities



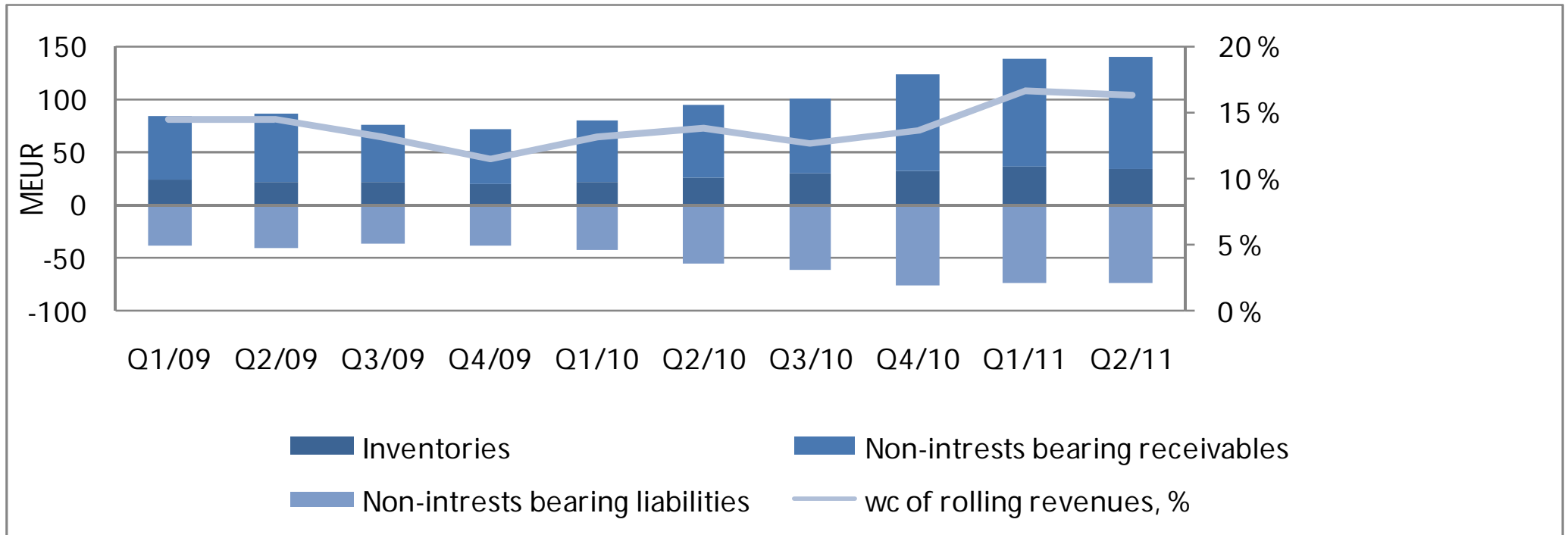
Net Cash Flow from operating activities



Working capital

MEUR	30.6.2011	31.12.2010	31.12.2009
Inventories	33.3	31.9	19.3
Non-interest bearing receivables	105.3	90.8	51.3
Non-interest bearing liabilities	74.5	76.7	39.3
Working capital	64.1	45.9	31.2
Working capital of rolling revenues, %	16.3	13.6	11.5

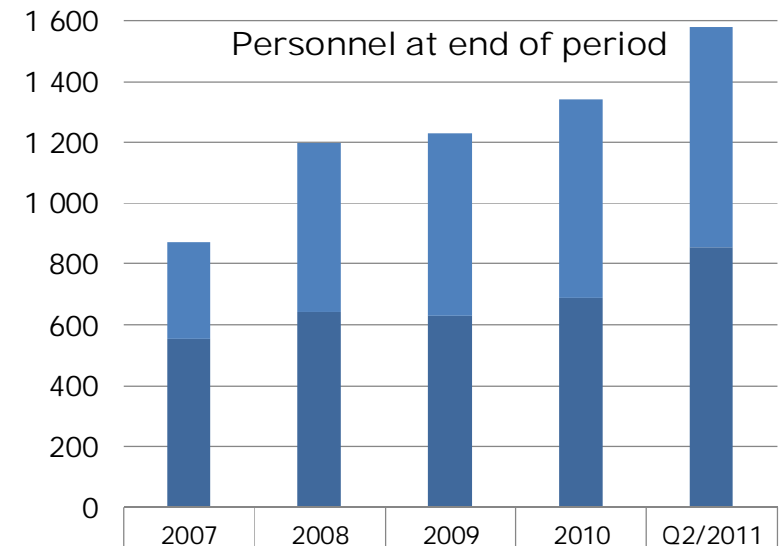
Working capital development



Personnel



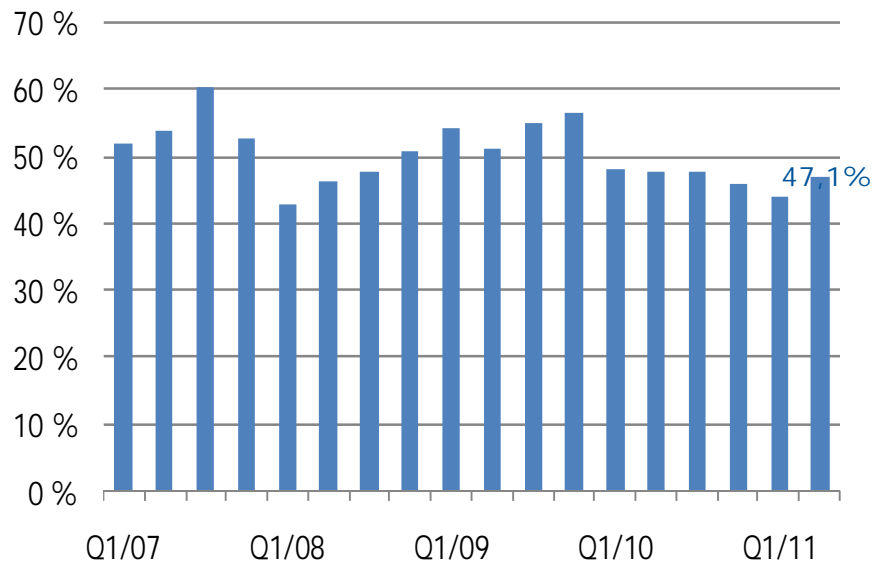
	2007	2008	2009	2010	Q2/2011
Total	772	1 131	1 231	1 301	1 440
Factory personnel	260	444	468	493	531
Office personnel	512	687	763	808	909



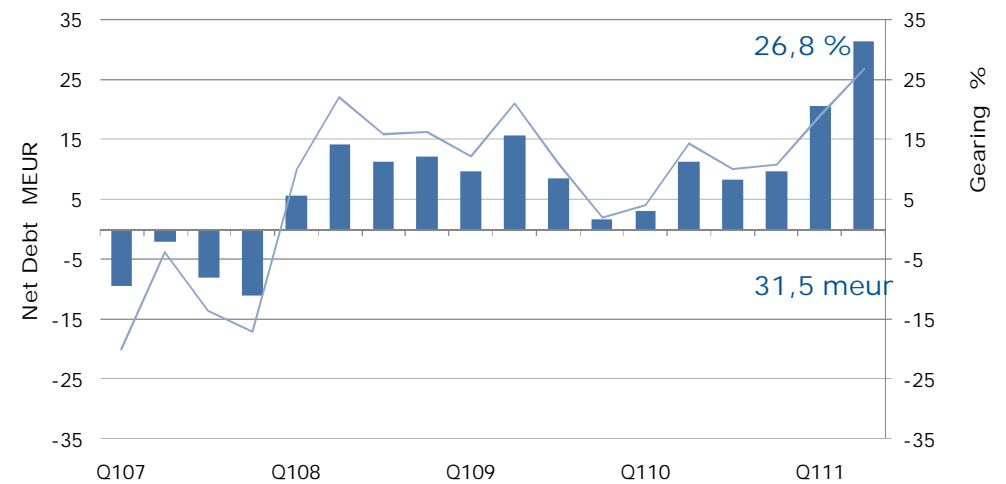
	2007	2008	2009	2010	Q2/2011
Total	869	1 197	1 228	1 339	1 577
in other countries	314	558	601	652	723
in Finland	555	639	627	687	854

Key balance sheet ratios

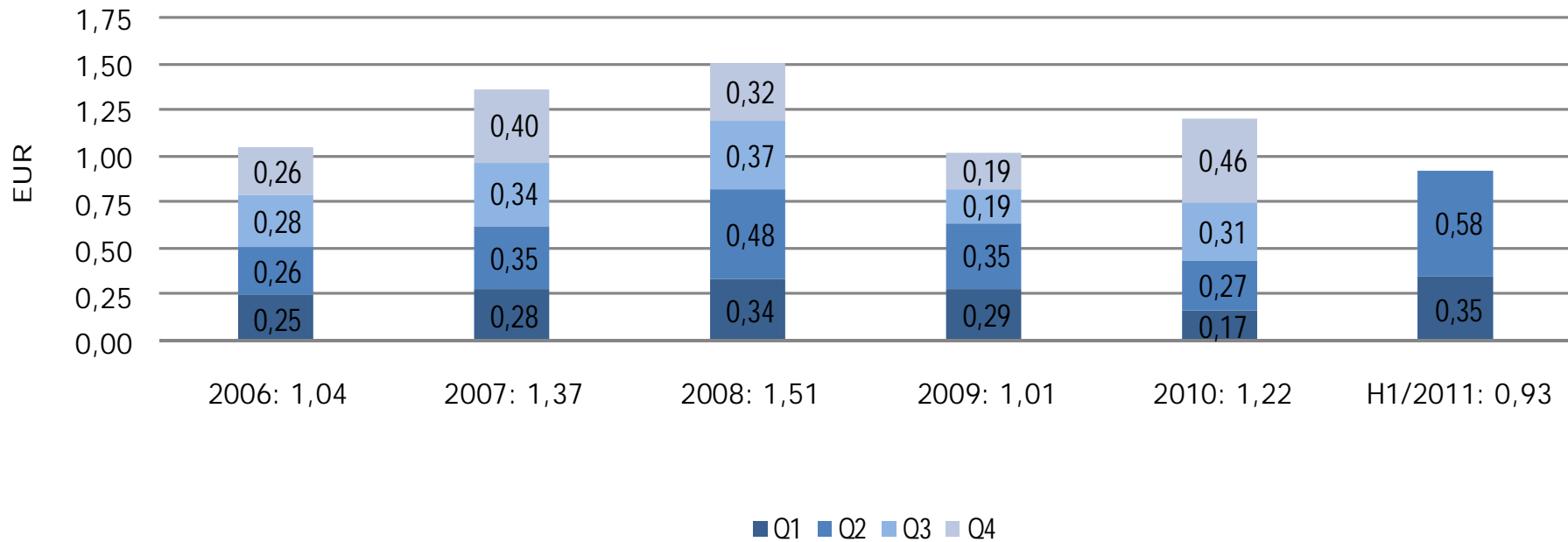
- Equity ratio



- Net Debt and Gearing, %



Earnings per share





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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 in improving energy efficiency and in the production of renewable energy will support strong growth in all market areas.
- Demand for Vacon's products is expected to rise in all key industrial sectors.
- Growth is expected to be greatest in the Asia and Pacific region. The general outlook for economic growth in Europe and North America now includes more uncertainty factors.

Market guidance 2011

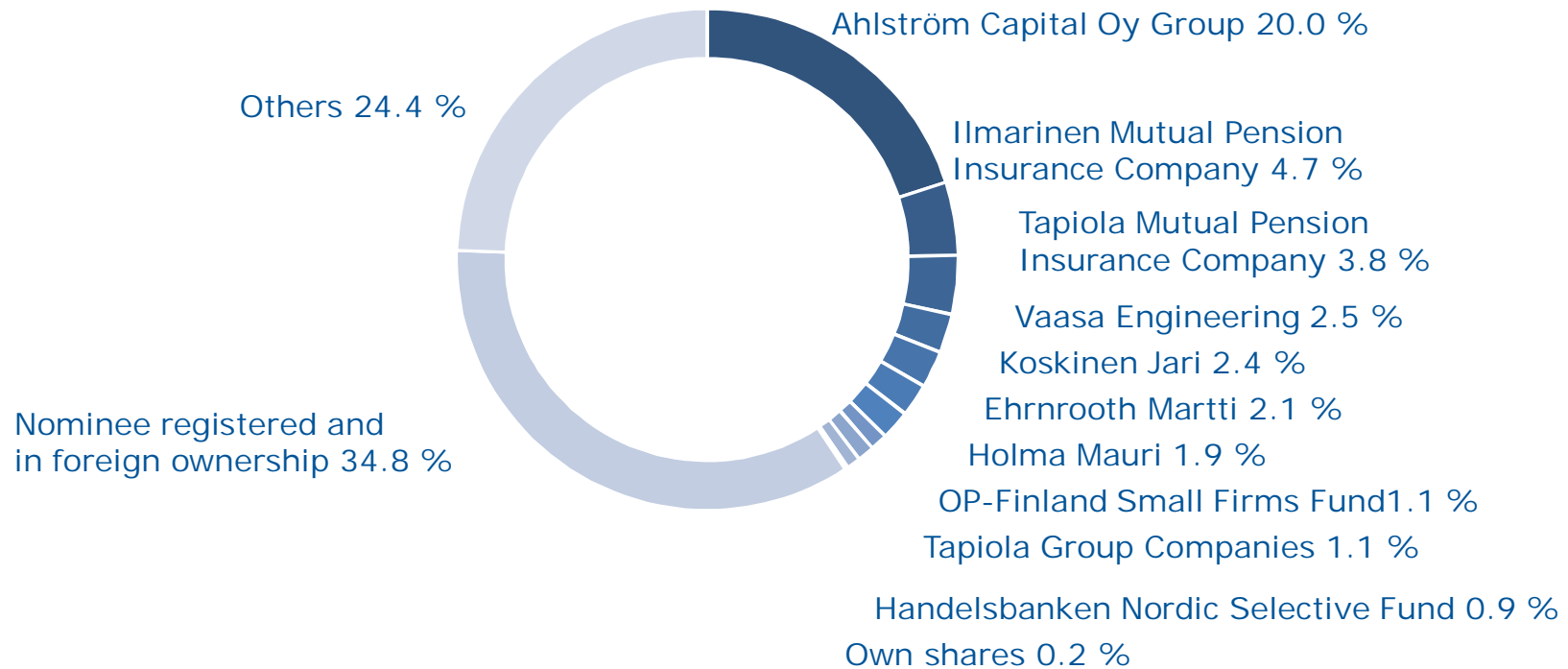
	ACT 2010	FC 2011
Revenues, MEUR	338,0	+10–20 %
EBIT margin, %	8,5 %	> 8,5 %
EPS, EUR	1.22	>> 1,22

- 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

- Typical risks to which Vacon's business operations are exposed relate to uncertainty in demand and intensifying competition on price, and to losing customers, to goodwill, the availability of raw material and components, and fluctuations in the values of foreign currencies.
- The shortage of components that slowed down deliveries in 2010 and at the beginning of 2011 has eased and the availability of the components used by Vacon in its products is at the moment reasonably good.
- Business related to renewable power generation can cause greater seasonal fluctuations in business volumes than what the company is used to. It has long delivery and payment schedules, which increases the risks relating to customer credit rating and of orders being cancelled.
- The deadline for the sales of The Switch Engineering Oy shares have been agreed to be extended.
- 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.

Major shareholders June 30, 2011



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