

A man with short dark hair, wearing a white long-sleeved shirt and a blue vest, is leaning forward and looking out over a city skyline. The skyline includes several tall skyscrapers, with the most prominent one having a blue top. The city is situated along a body of water, and the sky is clear and blue.

Vacon Interim Report Q1/2012

April 25, 2012

Vesa Laisi, President and CEO

Eriikka Söderström, CFO

Vacon Plc

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Outline

- Highlights in Q1/2012, Vesa Laisi, President and CEO
- Financial Report, Eriikka Söderström, CFO
- Outlook, Vesa Laisi, President and CEO
- Appendix

Highlights Q1/2012

- The market seems to be picking up. Demand for AC drives to control electric motors increased in all market areas.
- The market for renewable energy did not grow in the first part of the year.
- Orders received by Vacon showed an encouraging increase in January-March compared to the final quarter of 2011.



Highlights Q1/2012

- Vacon's revenues declined 11.4 % in January-March from the corresponding period in the previous year because of poor sales of products for renewable energy generation and the low order intake in the final quarter of 2011.
- Factors contributing to the weakening of profitability were the decline in sales in the first quarter and the costs for reorganizing the Group's operations and raising efficiency.
- During the first quarter of 2012 Vacon completed the measures to reorganize and raise the efficiency of the operations.



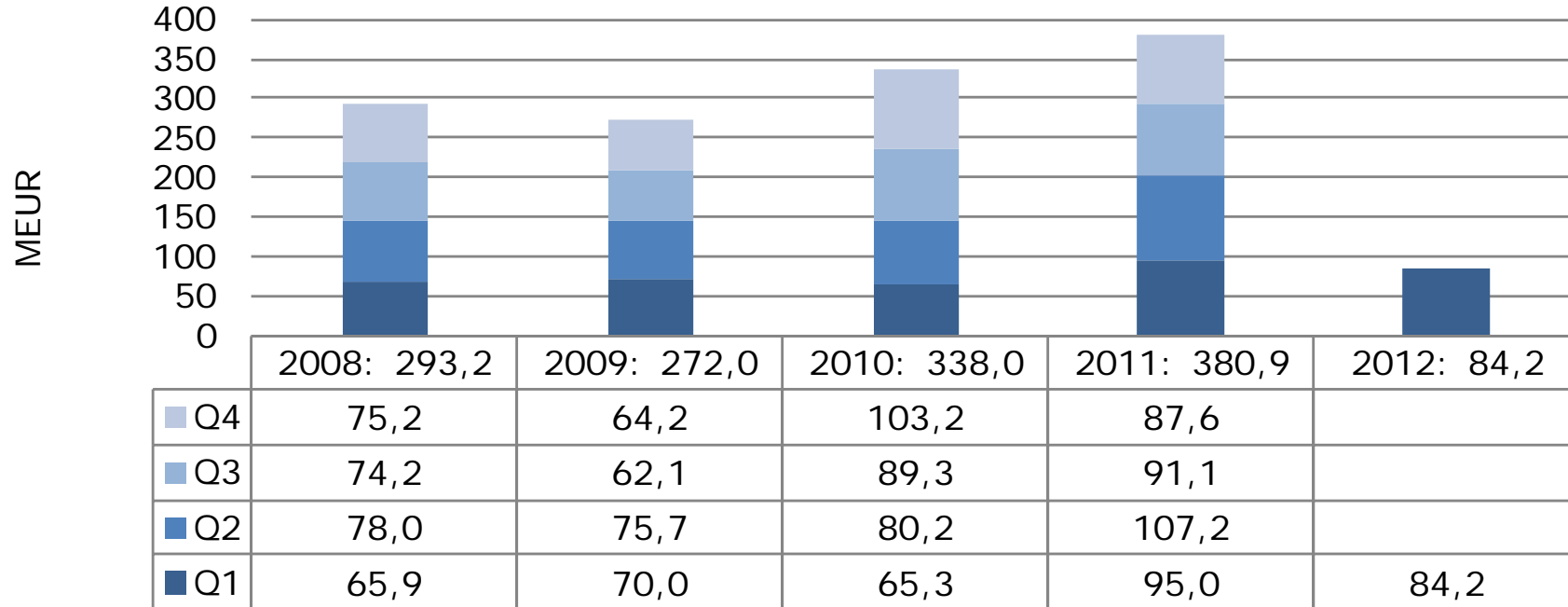
Highlights Q1/2012

MEUR	Q1/2012	Q1/2011	Change
Order intake	96.9	100.7	-3.8 %
Revenues	84.2	95.0	-11.4%
Operating profit	6.4	8.9	-28.4%
Operating profit, % of revenues	7.6	9.3	
Net cash flow from operating activities	18.3	-6.4	
EPS, eur	0.28	0.35	-19.0 %

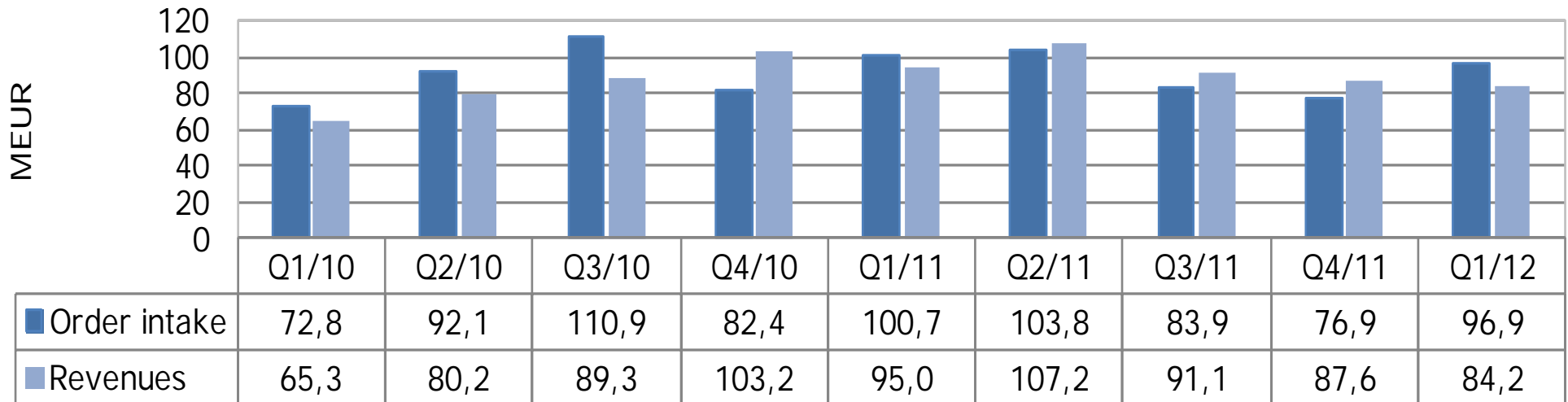
Financial Report

Eriikka Söderström,
Chief Financial Officer,
Vacon Plc

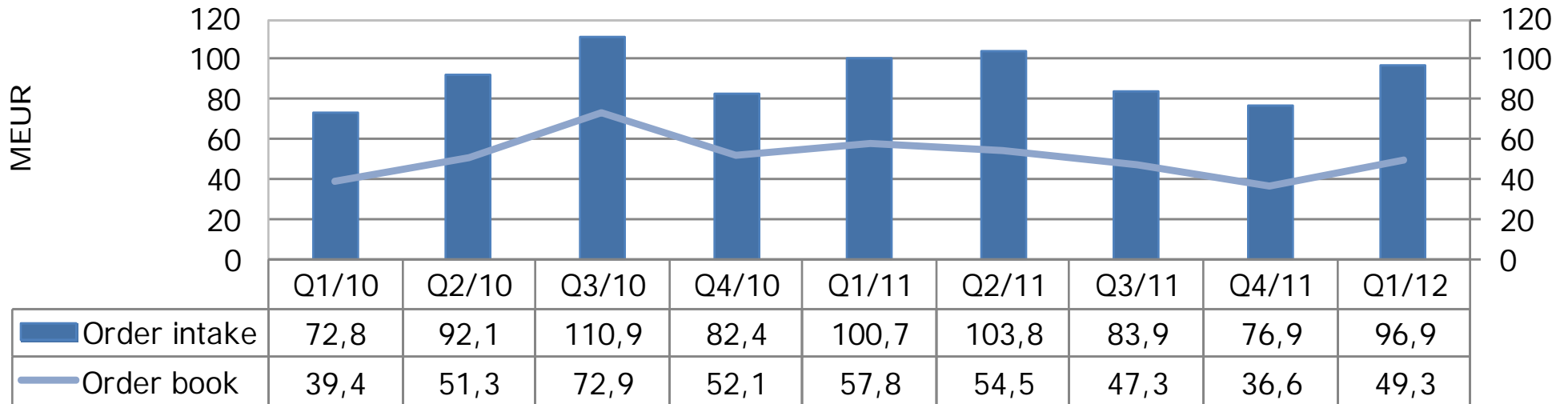
Revenues



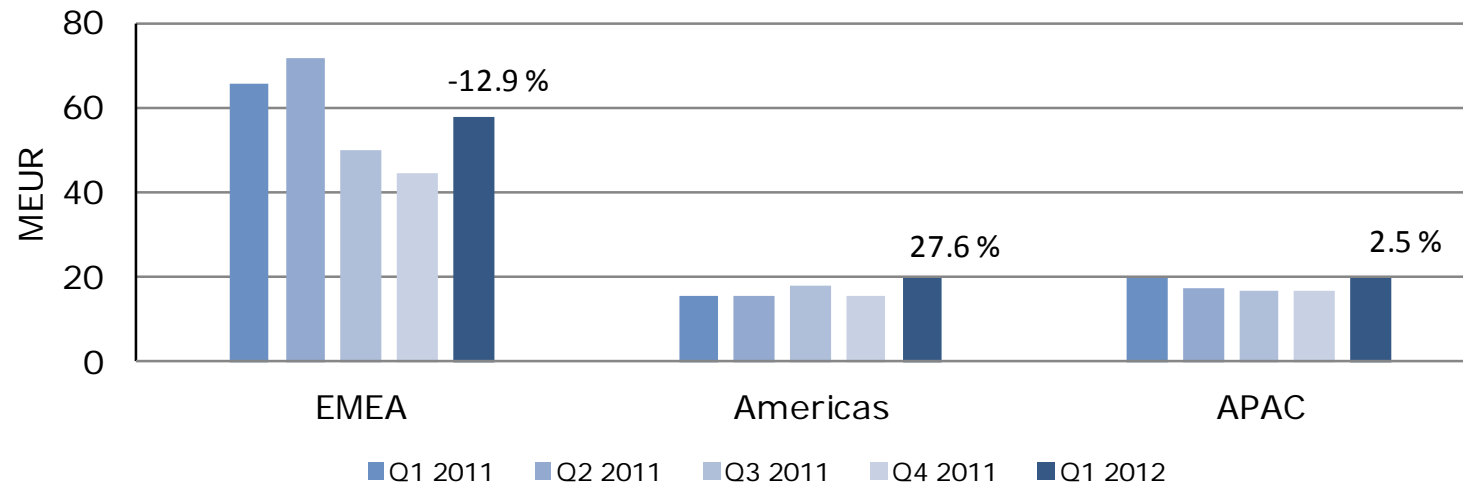
Order intake and revenues 2010-Q1/2012



Order intake and order book 2010-Q1/2012

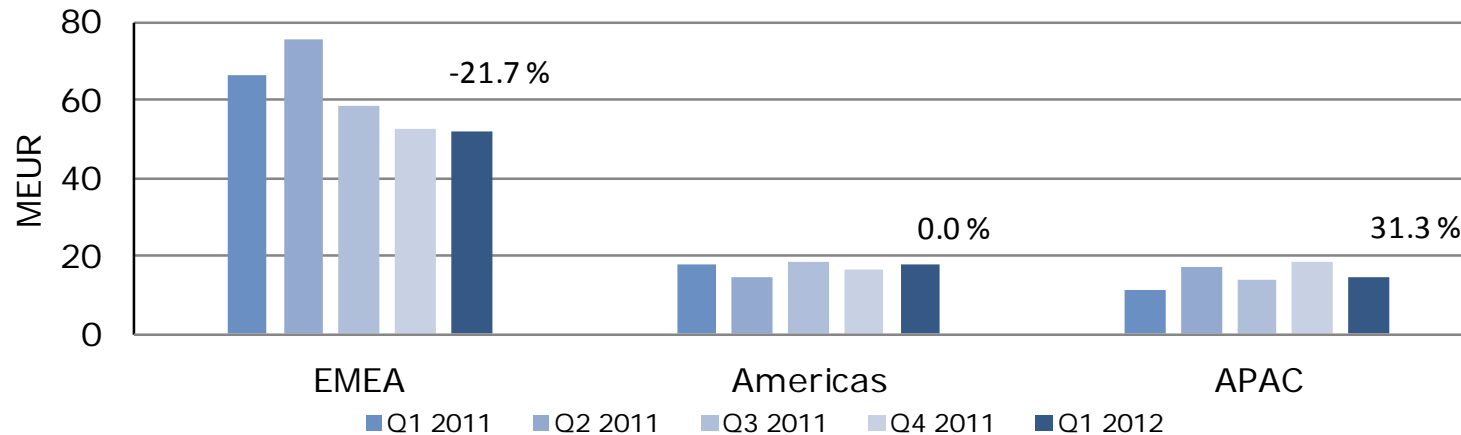


Order intake by region 2011-Q1/2012



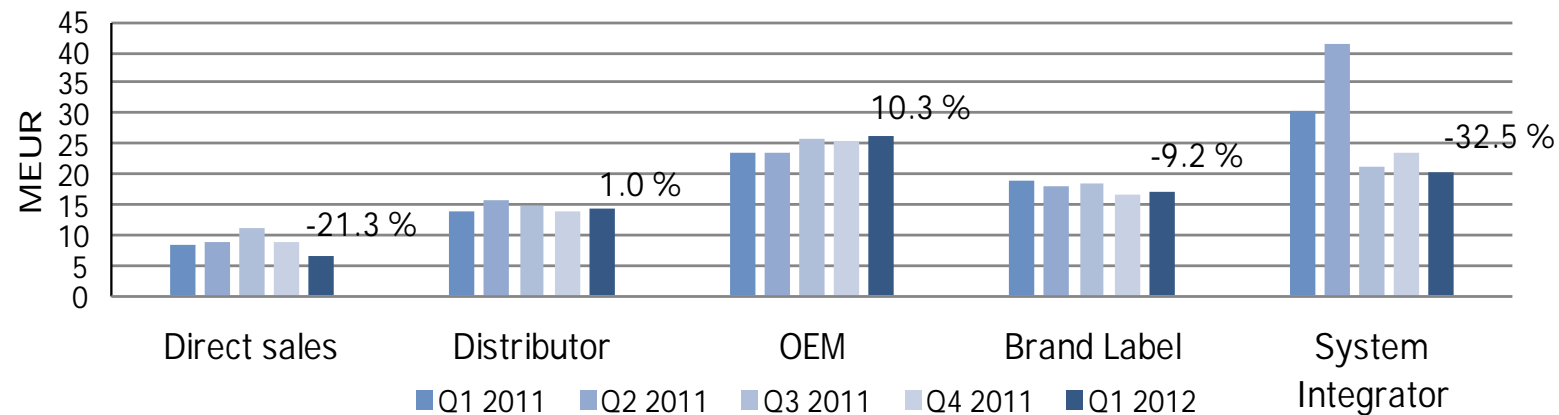
Given percentage is actual quarter Q1 2012 compared to the corresponding period in the previous year

Revenues by region 2011-Q1/2012



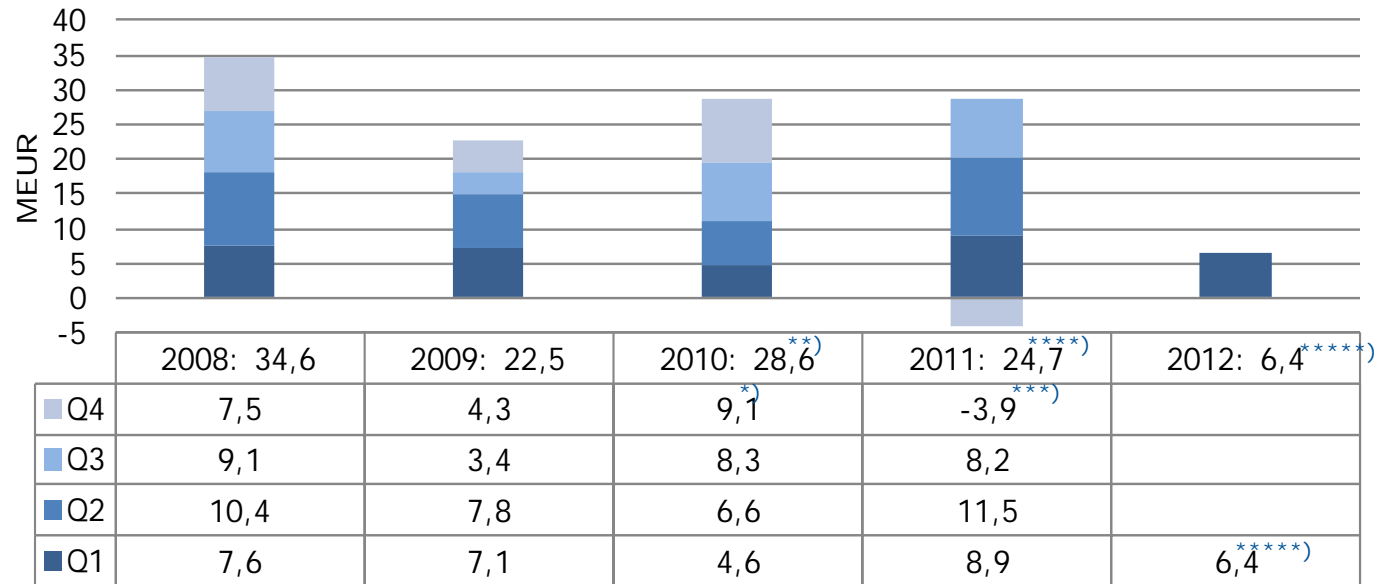
Given percentage is actual quarter Q1 2012 compared to the corresponding period in the previous year

Revenues by sales channel 2011-Q1/2012



Given percentage is actual quarter Q1 2012 compared to the corresponding period in the previous year

EBIT



2010: Excl. China customs case

^{*)} 12,6 MEUR

^{**)} 32,4 MEUR

2011: Excl. one-time items

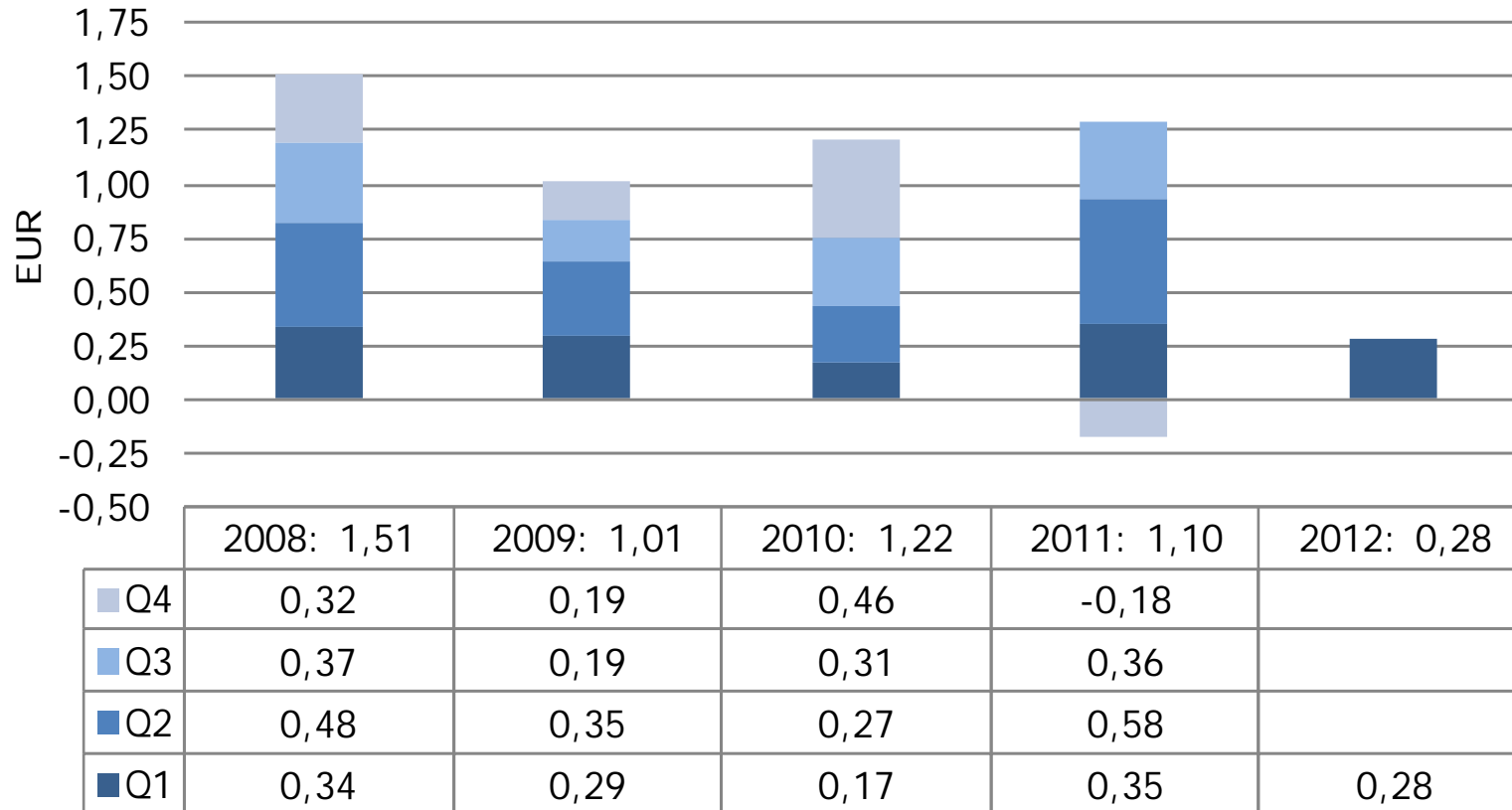
^{***)} 5,7 MEUR

^{****)} 34,8 MEUR

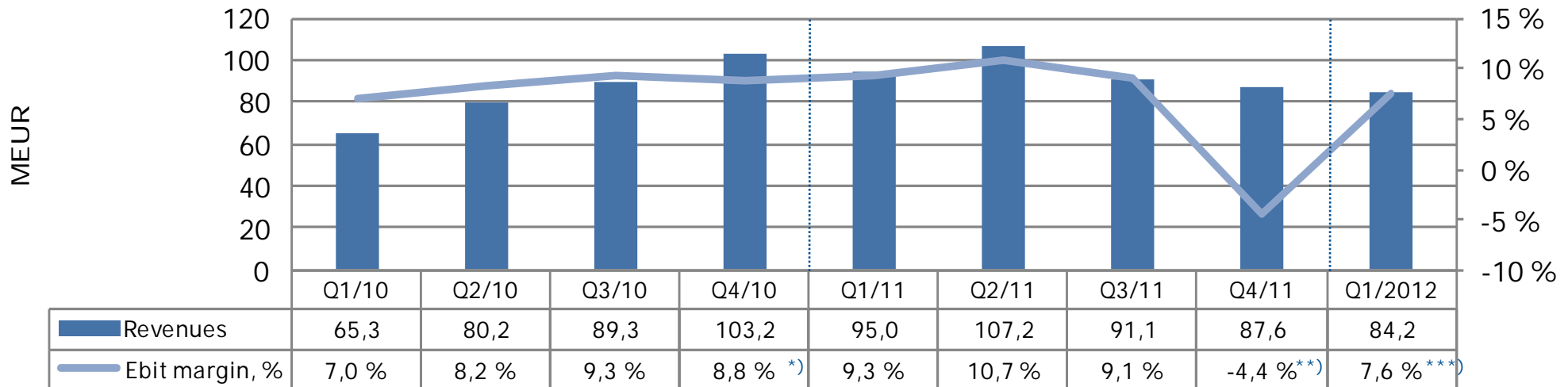
2012: Excl. one-time items

^{*****)} 4,9 MEUR

Earnings per share



Revenues and EBIT-%

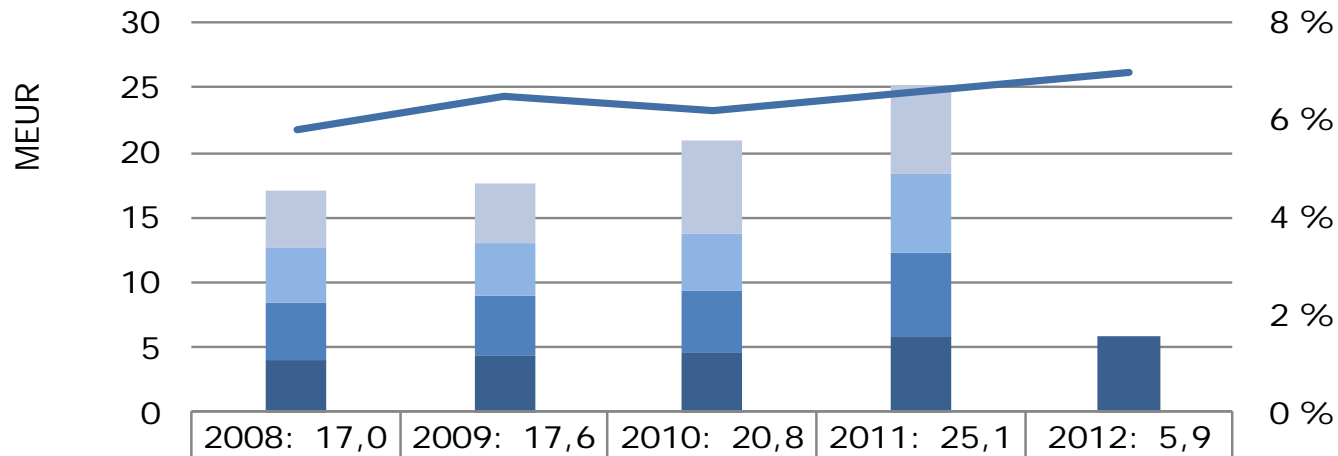


***) Q1/2012: Excl. one-time items 5,8%

**) Q4/2011: Excl. one-time items 6,5%

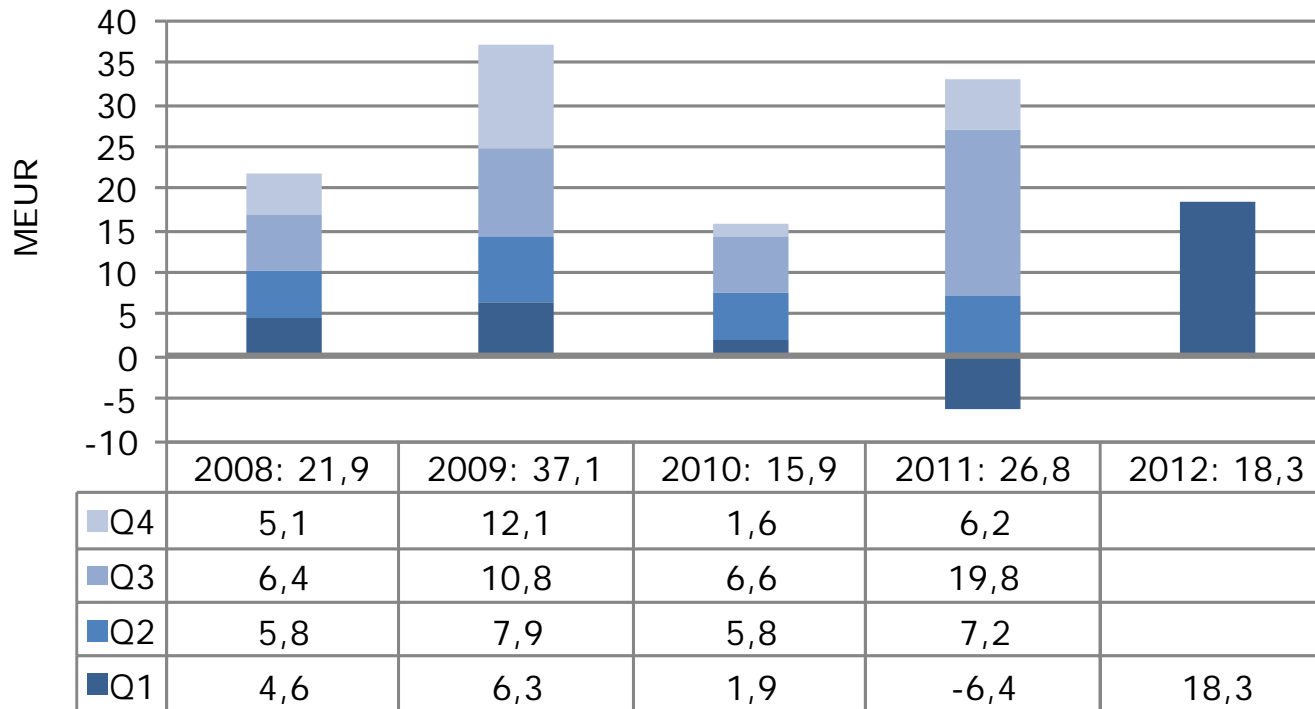
*) Q4/2010: Excl. China customs case 12,2%

Research and development costs



	2008: 17,0	2009: 17,6	2010: 20,8	2011: 25,1	2012: 5,9
Q4	4,3	4,6	7,2	6,8	
Q3	4,3	4,0	4,3	6,0	
Q2	4,3	4,6	4,9	6,4	
Q1	4,1	4,4	4,5	5,9	5,9
% of revenues	5,8 %	6,5 %	6,2 %	6,6 %	7,0 %

Net Cash Flow from operating activities

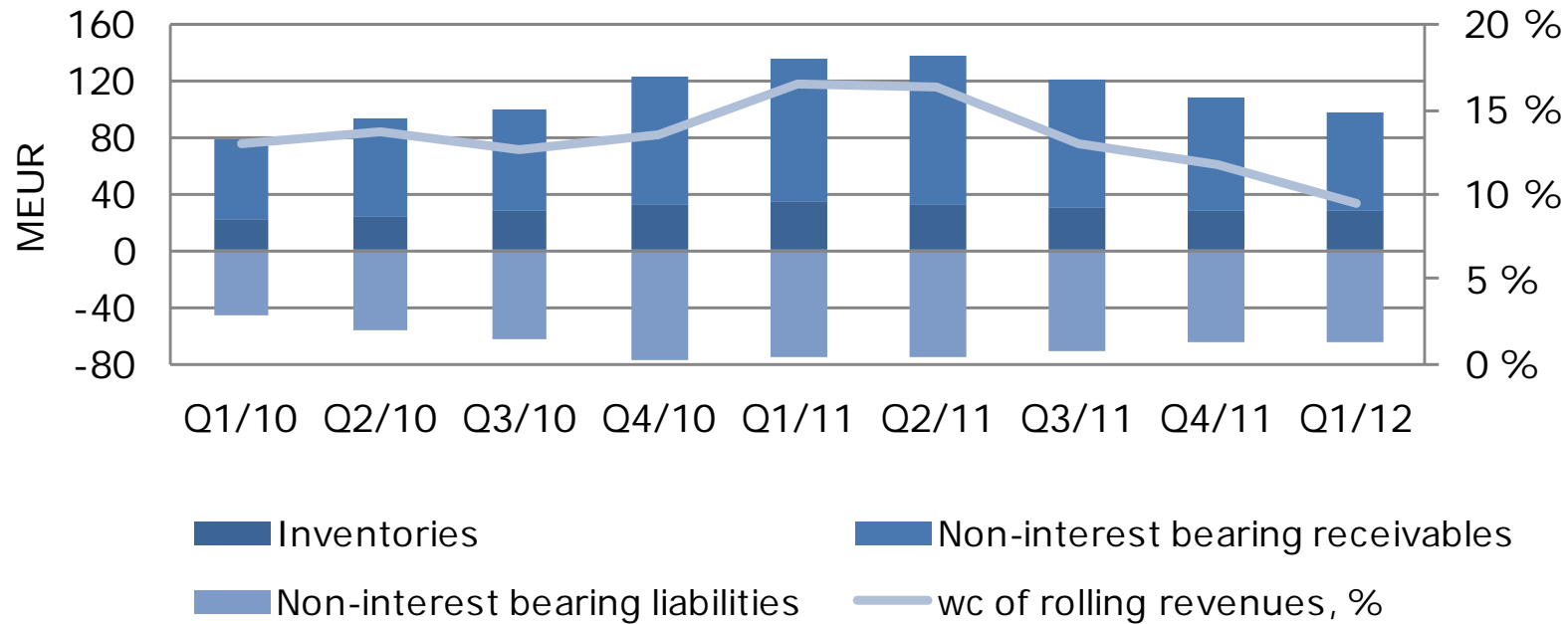


Working capital

MEUR	31.3.2012	31.12.2011	31.12.2010
Inventories	28.6	28.2	31.9
Non-interest bearing receivables	70.6	80.9	90.8
Non-interest bearing liabilities	64.6	64.0	76.7
Working capital	34.6	45.1	45.9
Working capital of rolling revenues, %	9.4	11.8	13.6

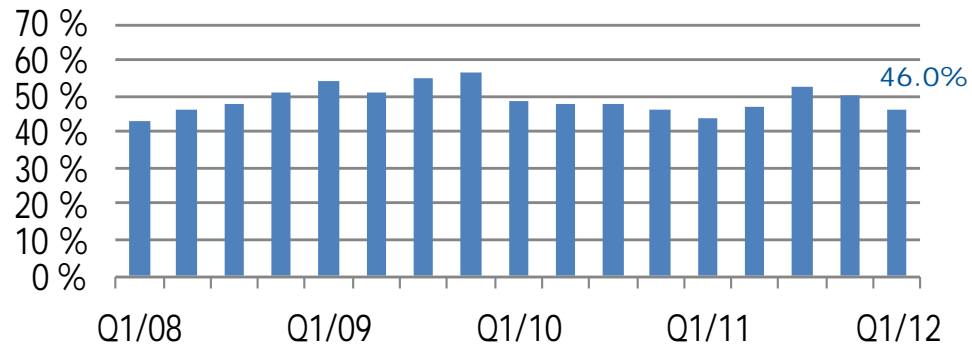
Working capital development

□

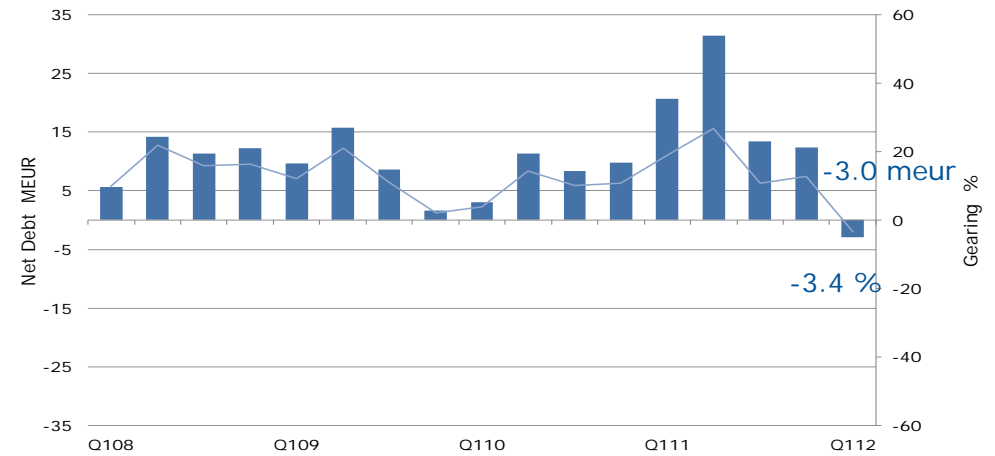


Key balance sheet ratios

- Equity ratio



- Net Debt and Gearing, %



A man with short dark hair, wearing a white long-sleeved shirt and a blue vest, is leaning forward and looking out over a city skyline. The city features several tall skyscrapers, including one with a distinctive blue pyramid top. The city is situated along a body of water, with a few small boats visible. The sky is clear and blue.

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

- Orders received by Vacon showed an encouraging increase in January-March compared to the final quarter of 2011.
- Vacon considers that there are still uncertainties relating to general growth prospects in the economy, and these may affect demand for AC drives especially in Europe and possibly globally as well.
- However, Vacon expects demand for products to control electric motors to increase in 2012.
- Orders for products for wind power generation are not expected to pick up significantly in the first half of 2012.

Market guidelines for 2012

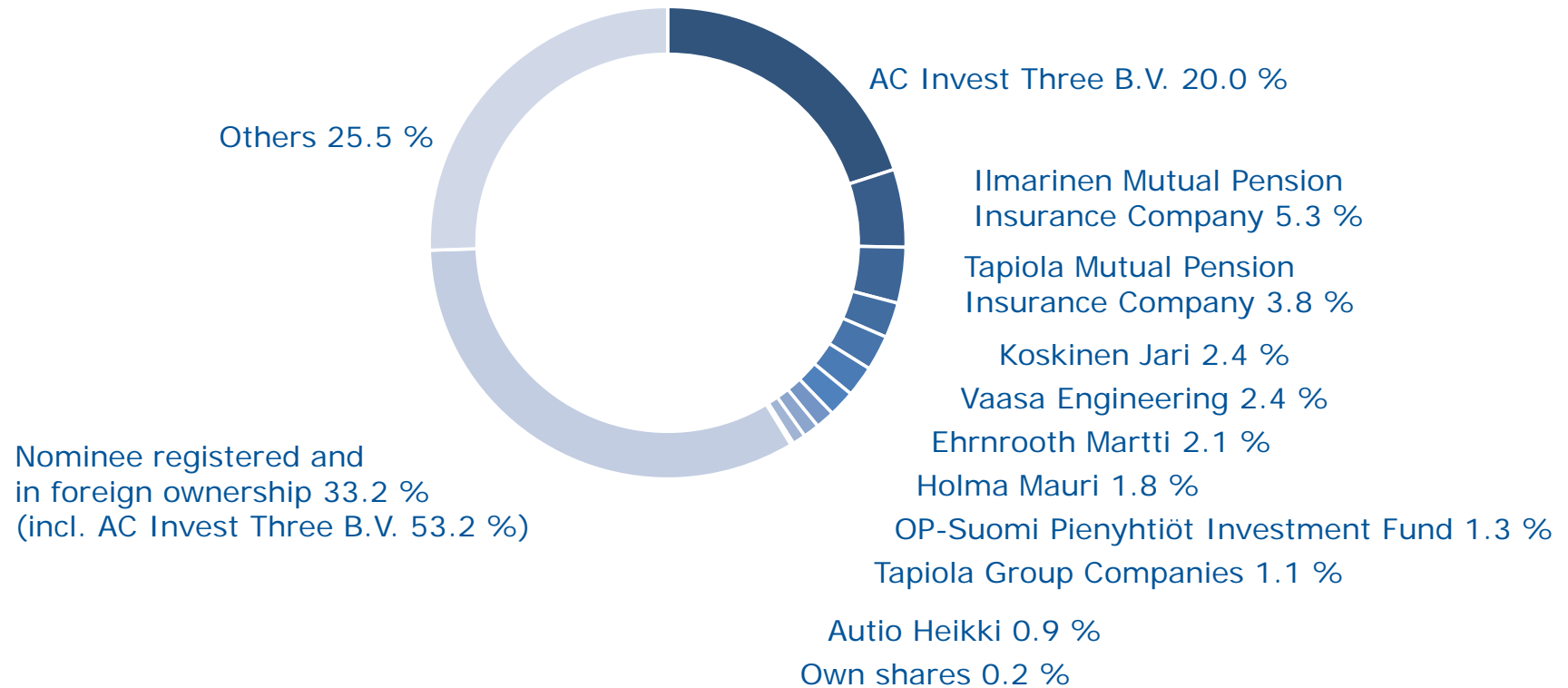
- Vacon estimates that its revenues will increase and the operating profit percentage excluding one-time items will improve from 2011.
- In 2011 revenues were EUR 380.9 million and the operating profit percentage excluding one-time items was 9.1 %.

	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 1.4 million of the provision it had made for the trade receivable after it managed during the first quarter of 2012 to safeguard and collect some of the outstanding amount. The company is continuing to take steps to safeguard and collect the remainder 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 by the lower court. It is possible that the sentence imposed on Vacon may also change in the higher court. So some uncertainty still remains in this matter.
- The parent company has tax proceedings in progress relating to a tax inspection of its transfer pricing in 2006 – 2008.

Major shareholders March 31, 2012



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