



February 5, 2013
Vesa Laisi, CEO
Eriikka Söderström, CFO

Vacon Financial Statements 2012

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Outline

1. Highlights in Q4/2012 and in 2012, Vesa Laisi, President and CEO
2. Financial Report, Eriikka Söderström, CFO
3. Outlook, Vesa Laisi, President and CEO

Highlights in Q4/2012 and in 2012

Vacon's growth continued in Q4/2012

- Orders, revenues and operating profit increased considerably in Q4/2012 from the corresponding period in the previous year.
- According to initial market surveys and in Vacon's assessment, the AC drive market did not grow significantly during 2012. The situation was most difficult in Europe, where the market even declined from the previous year. The markets in Asia and North America grew slightly from the previous year.

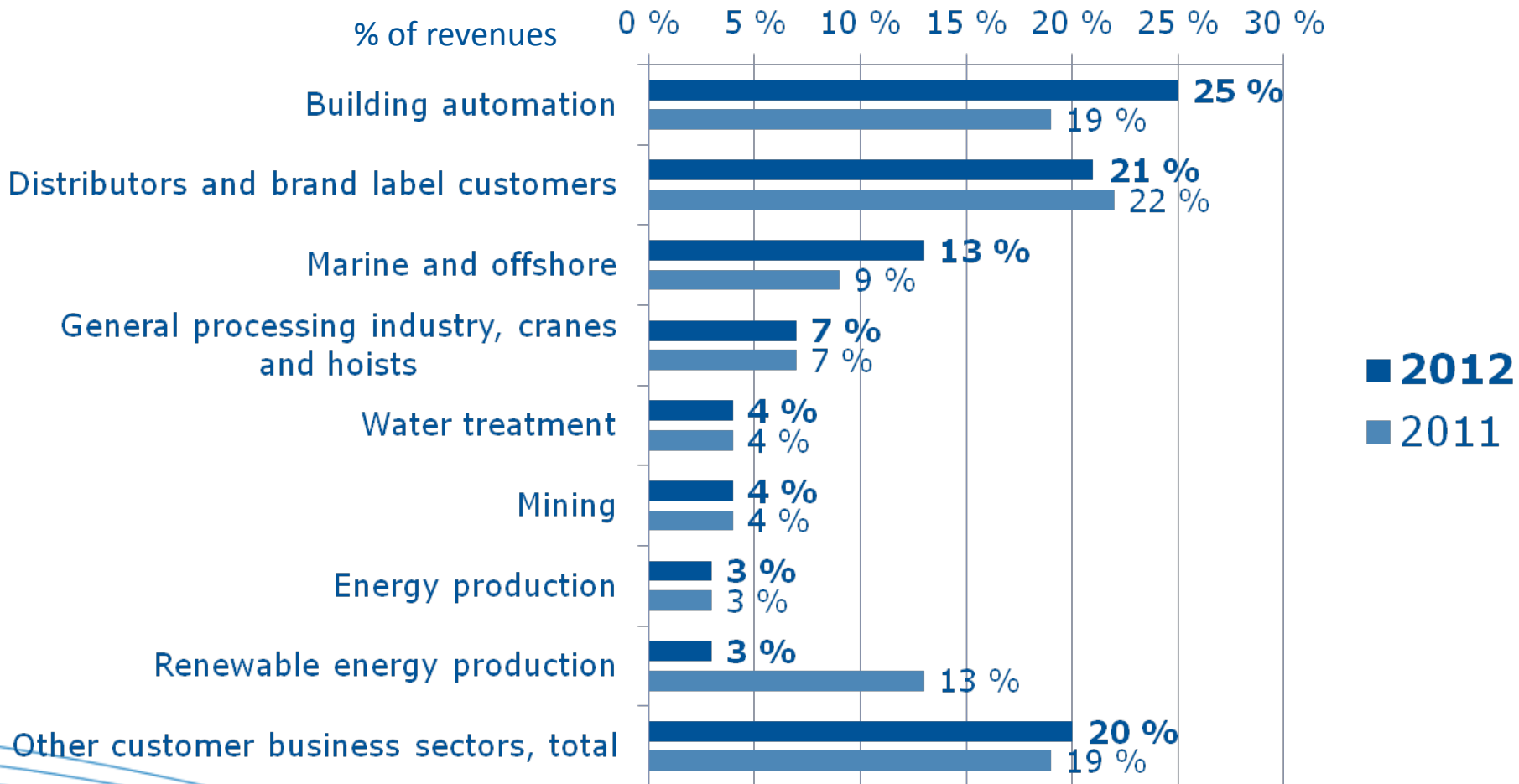
Highlights in 2012

- Vacon's revenues and orders increased in 2012 compared to the previous year.
- The EBIT and profitability improved in 2012.
- The net cash flow from operating activities was strong.
- The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 1.10 per share will be paid from the profit for 2012.

Building Automation and Marine & Offshore driving the growth

- Vacon succeeded in raising its revenues in 2012 especially in building automation and the marine and offshore industry, which compensated for the sharp fall in sales for renewable energy production.
- The region with strongest growth was Asia and Pacific, where revenues increased 21.7 % in 2012.
- Revenues in North and South America also developed well, with growth of 13.3 %.
- Sales in the Europe, Middle East and Africa region declined 7.0 % in 2012, as the result of weak demand for products for renewable energy production. In Europe the customer business sector that grew most was the marine and offshore industry. However, revenues in Europe picked up towards the end of the year, increasing 17 % in Q4.

Vacon Group's largest customer business sectors in 2012



Vacon in Building Automation

- Buildings consume significant amounts of electrical energy – for instance, heating, ventilation and air conditioning (HVAC) alone currently accounts for 20% of all electrical energy consumed in Europe and USA.
- Elevators and escalators offer some of the most visible examples of the benefits of VACON AC drives and speed control, such as smooth acceleration and deceleration, as they continually travel up and down in buildings, mines and industrial areas throughout the world.
- Vacon AC drives are installed in notable buildings all over the world, offering customers comfort, control and energy saving on a daily basis.

Vacon in Marine & Offshore

- Vacon has a long tradition in the Marine & offshore industry which stretches right back to the mid-1990s.
- VACON AC drives are crucial in M&O applications, offering accurate and flexible motor control, energy efficiency, improved process availability through a high level of redundancy and better overall process control. Our drives are also instrumental in reducing nitrogen oxide (NO_x), sulfur oxide (SO_x) and carbon dioxide (CO₂) emissions, fuel consumption and noise.



Financial Report

Results Q4/2012

MEUR	Q4/2012	Q4/2011	Change
Order intake	94.4	76.9	22.8 %
Revenues	103.2	87.6	17.8 %
Operating profit *	10.9	-3.9	
Operating profit, % of revenues *	10.6 %	-4.4 %	
Net cash flow from operating activities	15.1	6.2	143,5%
EPS, eur	0.50	-0.18	

*) Operating profit excluding one-time items in Q4/2012 was EUR 12.1 million, or 11.7 % (EUR 5.7 million, or 6.5 %) of revenues.

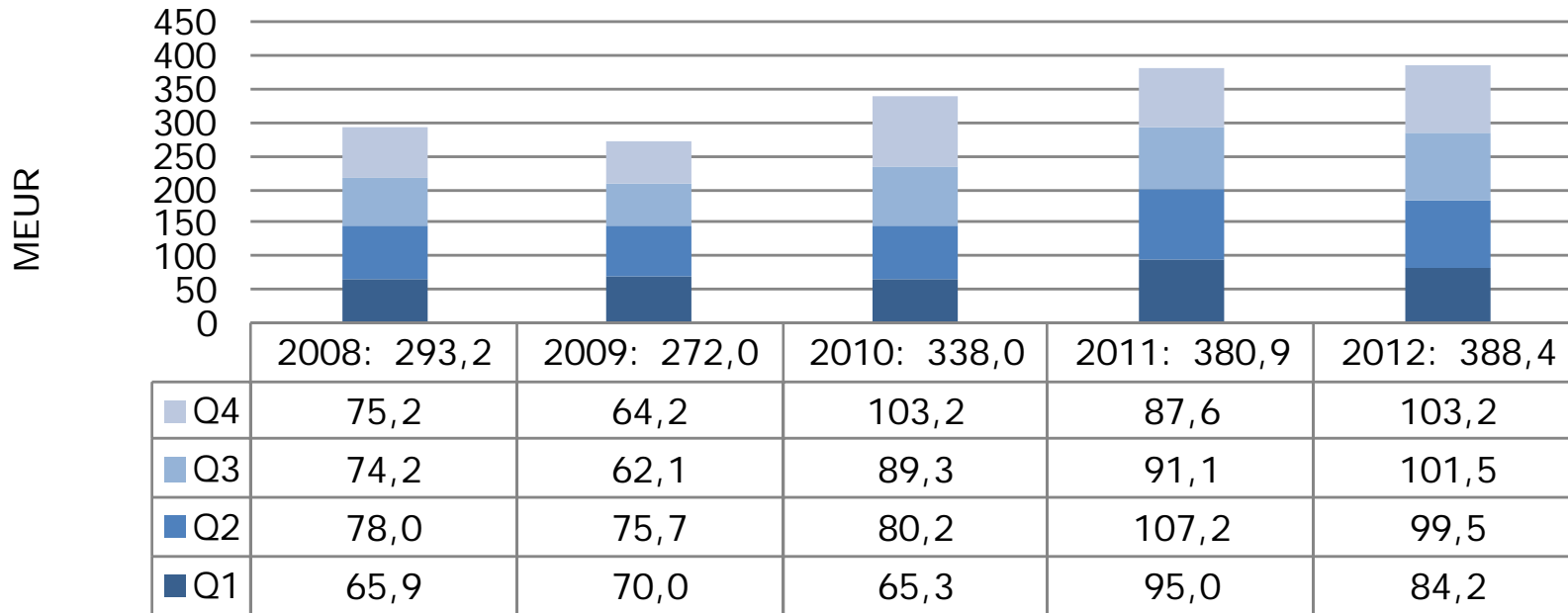
Results 2012

MEUR	2012	2011	Change
Order intake	401.9	365.3	10.0 %
Revenues	388.4	380.9	2.0 %
Operating profit *	37.7	24.7	52.3 %
Operating profit, % of revenues *	9.7 %	6.5 %	
Net cash flow from operating activities	52.3	26.8	95,0%
EPS, eur	1.70	1.10	54.0 %
Dividend, eur **	1.10	0.90	22.2 %

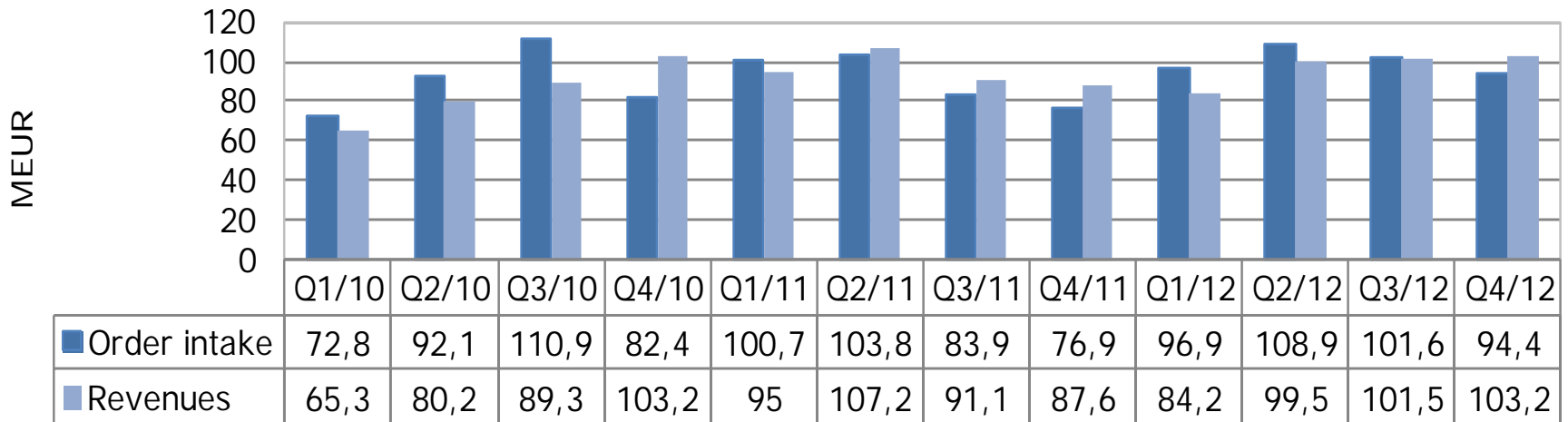
*) The operating profit excluding one-time items in 2012 was EUR 36.2 million, or 9.3 % of revenues (EUR 34.8 million and 9.1 %).

***) The Board of Director's proposition to the Annual General Meeting of Shareholders.

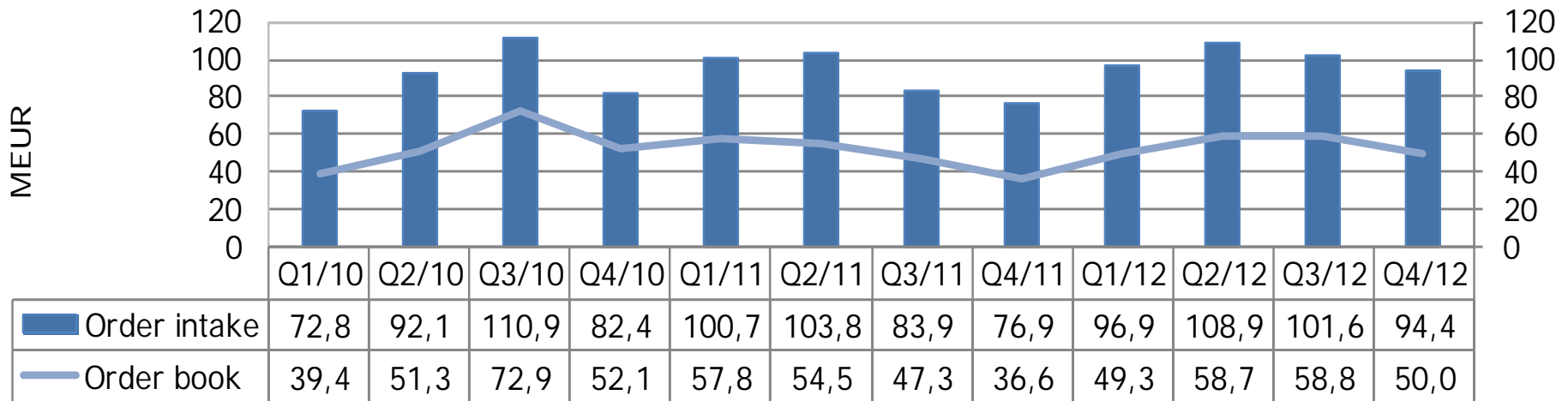
Revenues



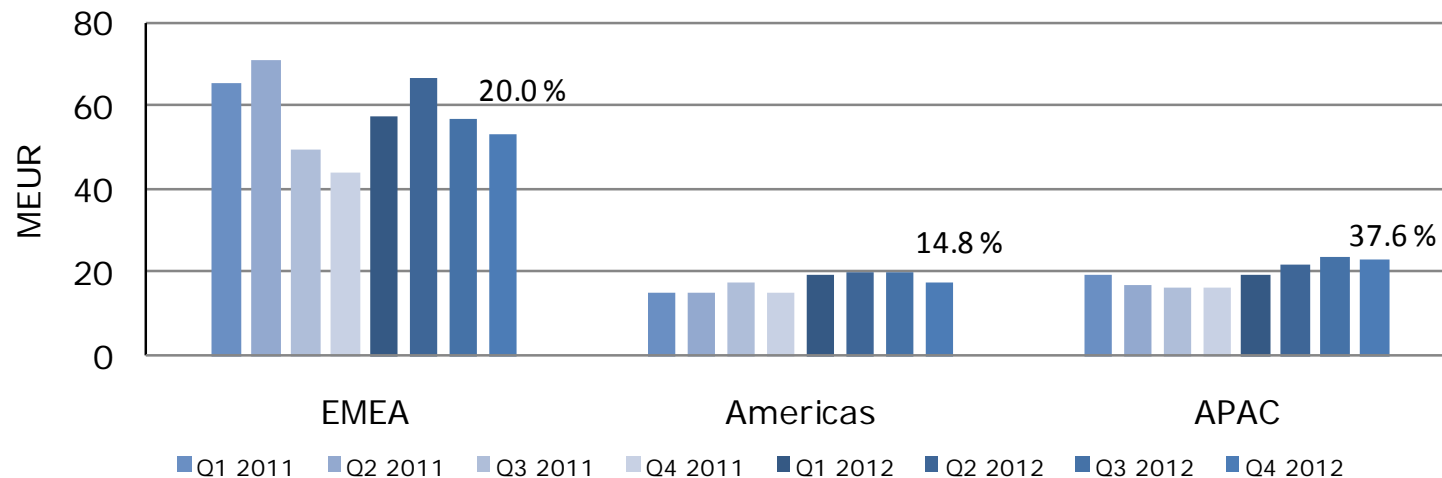
Order intake and revenues 2010-2012



Order intake and order book 2010-2012

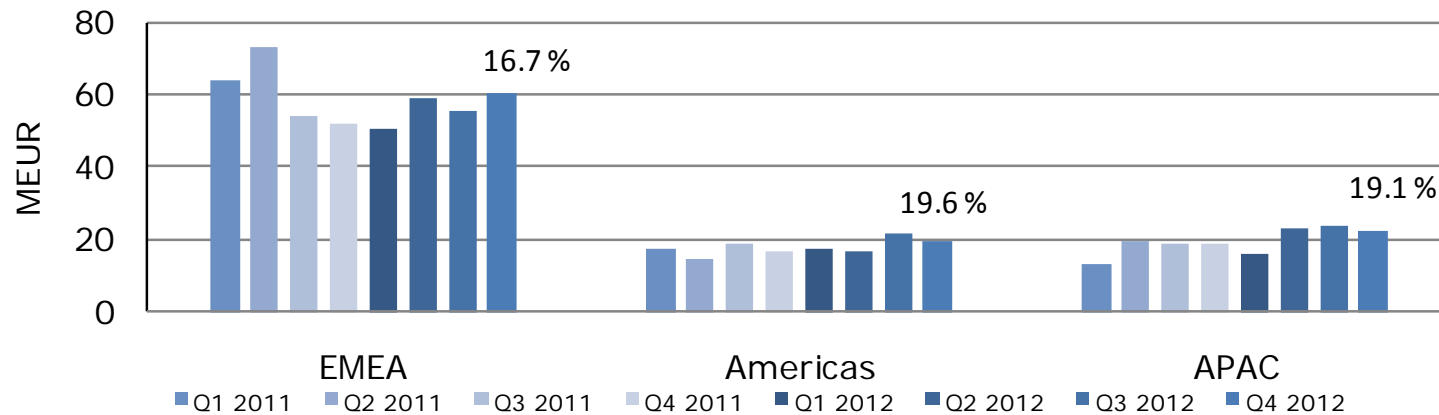


Order intake by region 2011-2012



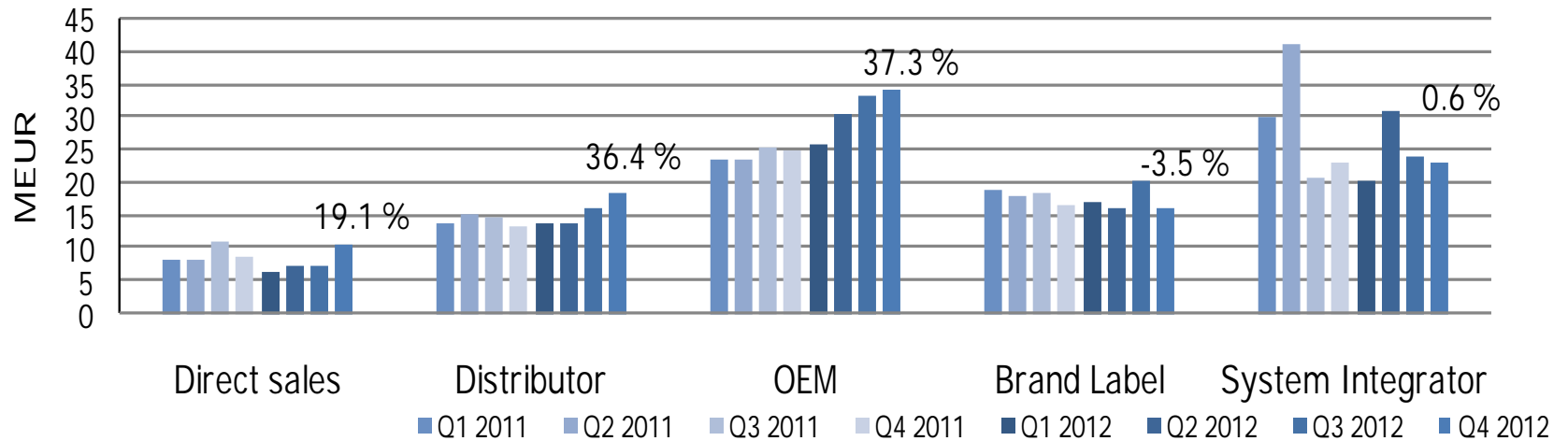
Given percentage is actual quarter Q4 2012 compared to the corresponding period in the previous year.

Revenues by region 2011-2012



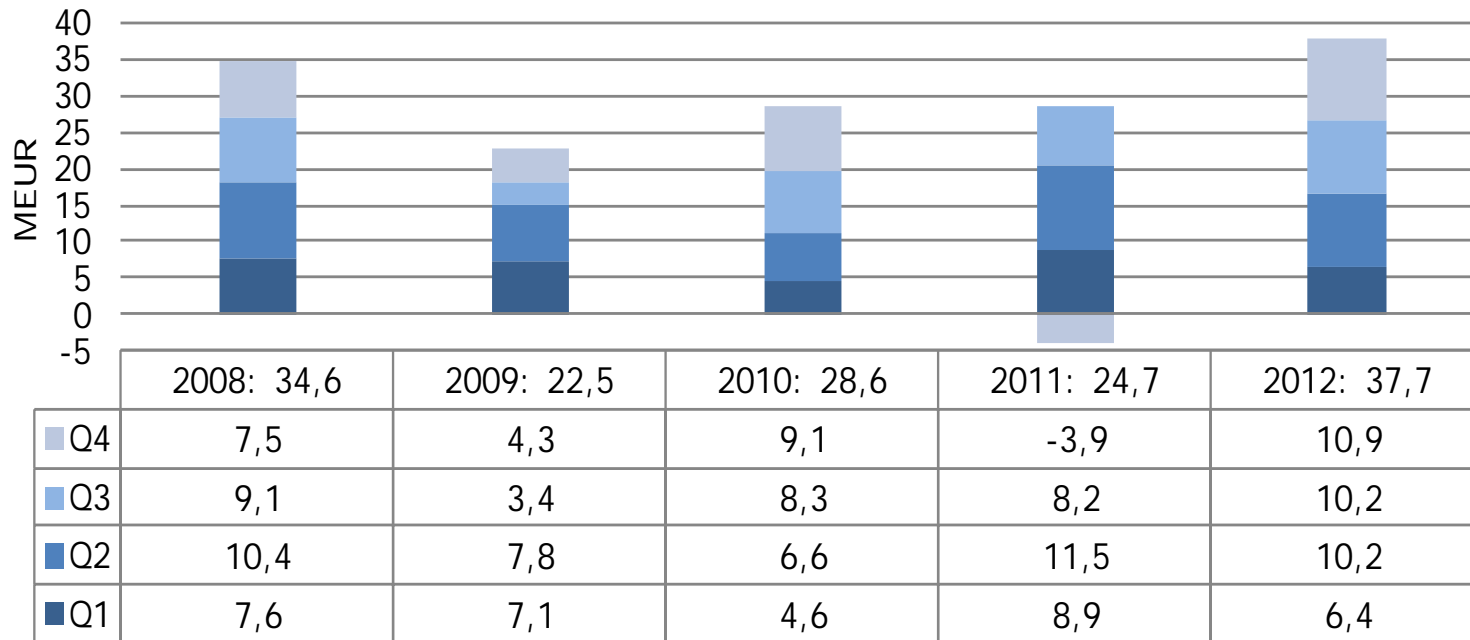
Given percentage is actual quarter Q4 2012 compared to the corresponding period in the previous year.

Revenues by sales channel 2011-2012

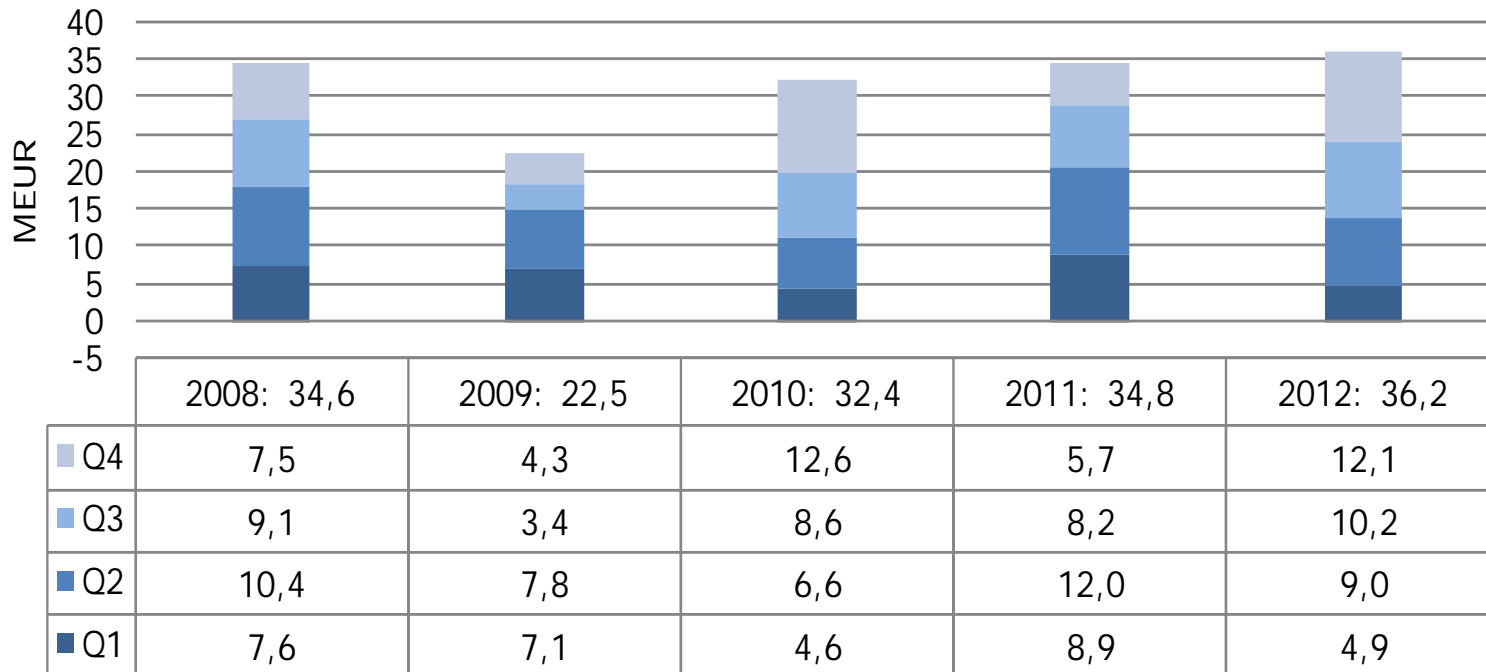


Given percentage is actual quarter Q4 2012 compared to the corresponding period in the previous year.

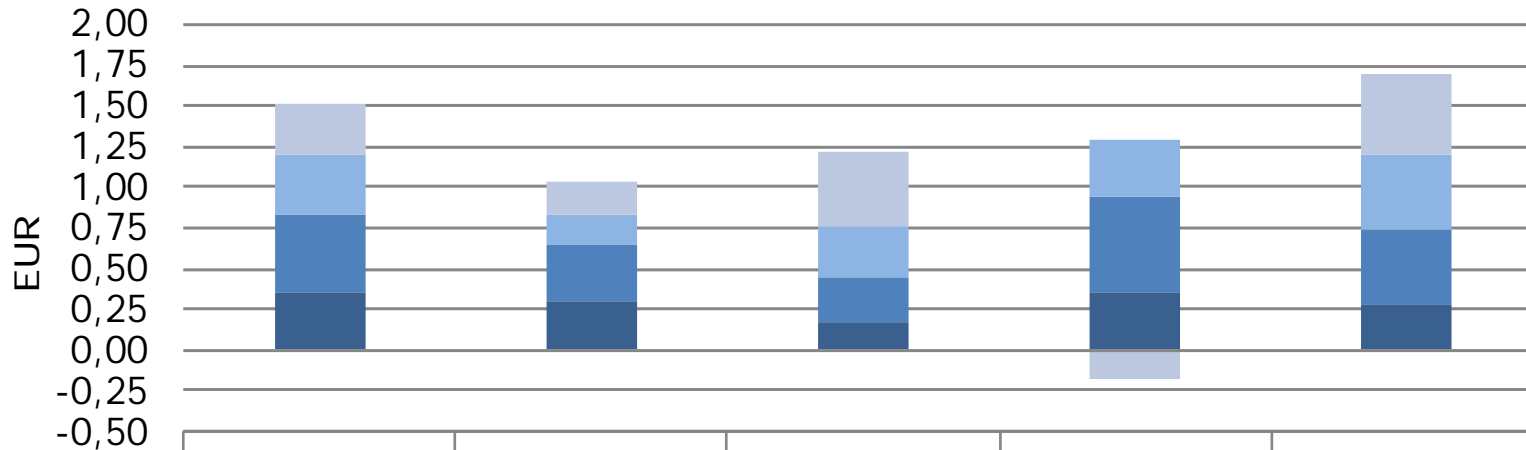
EBIT



EBIT excl. one-time items

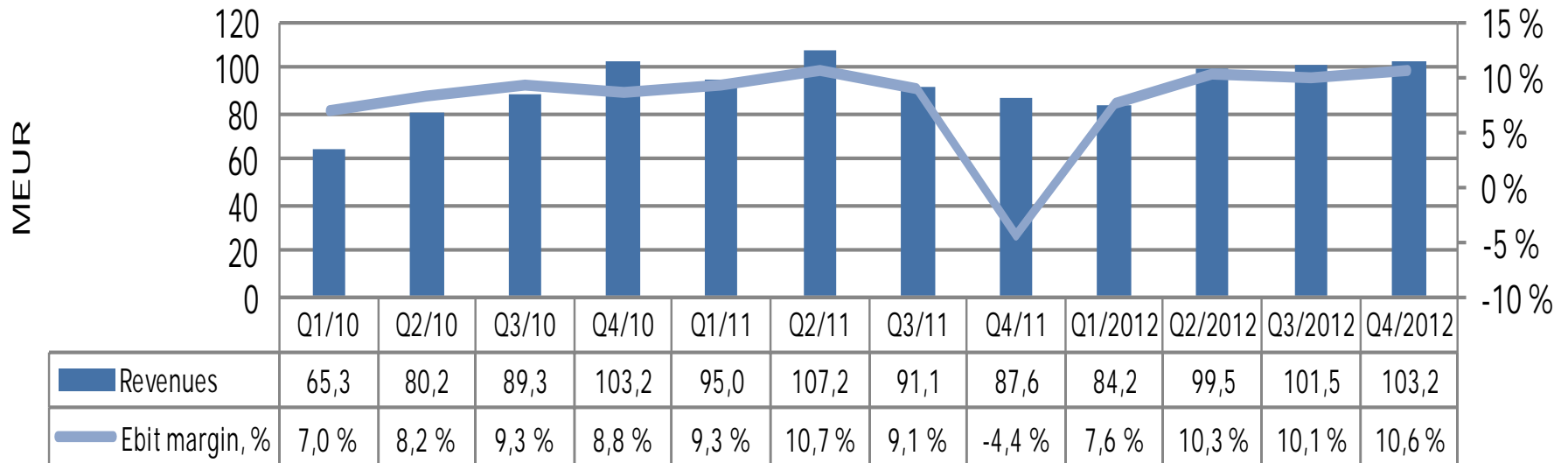


Earnings per share

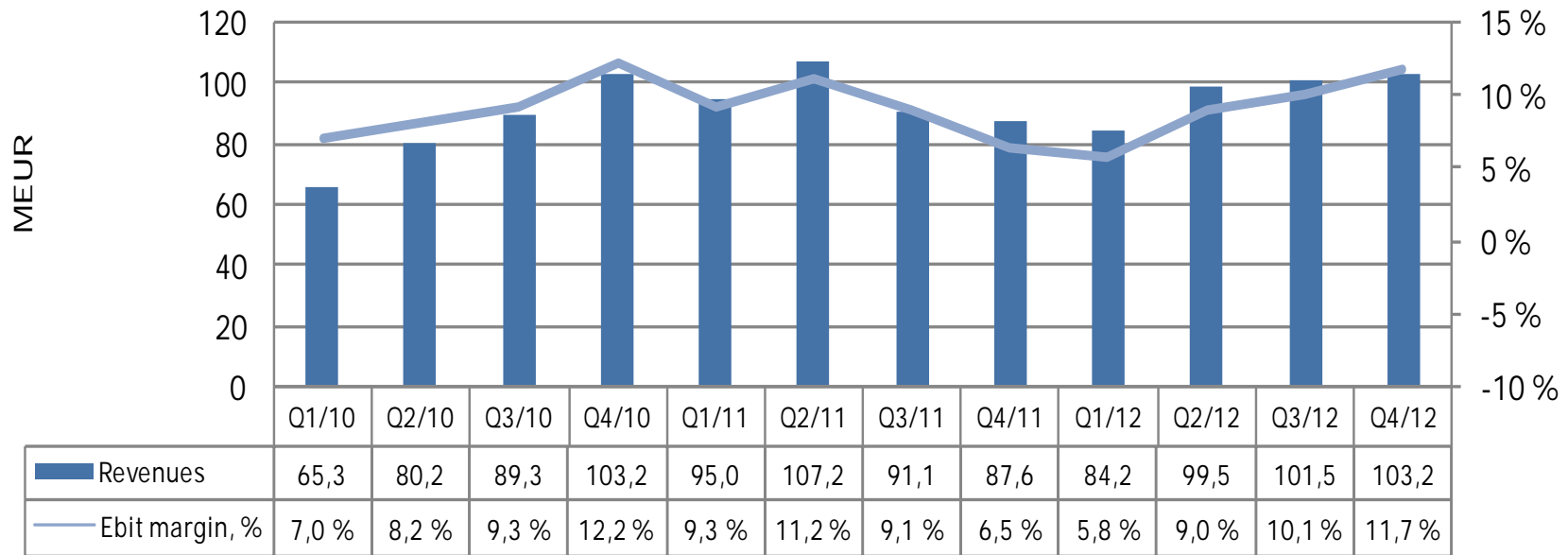


	2008: 1,51	2009: 1,01	2010: 1,22	2011: 1,10	2012: 1,70
■ Q4	0,32	0,19	0,46	-0,18	0,50
■ Q3	0,37	0,19	0,31	0,36	0,45
■ Q2	0,48	0,35	0,27	0,58	0,46
■ Q1	0,34	0,29	0,17	0,35	0,28

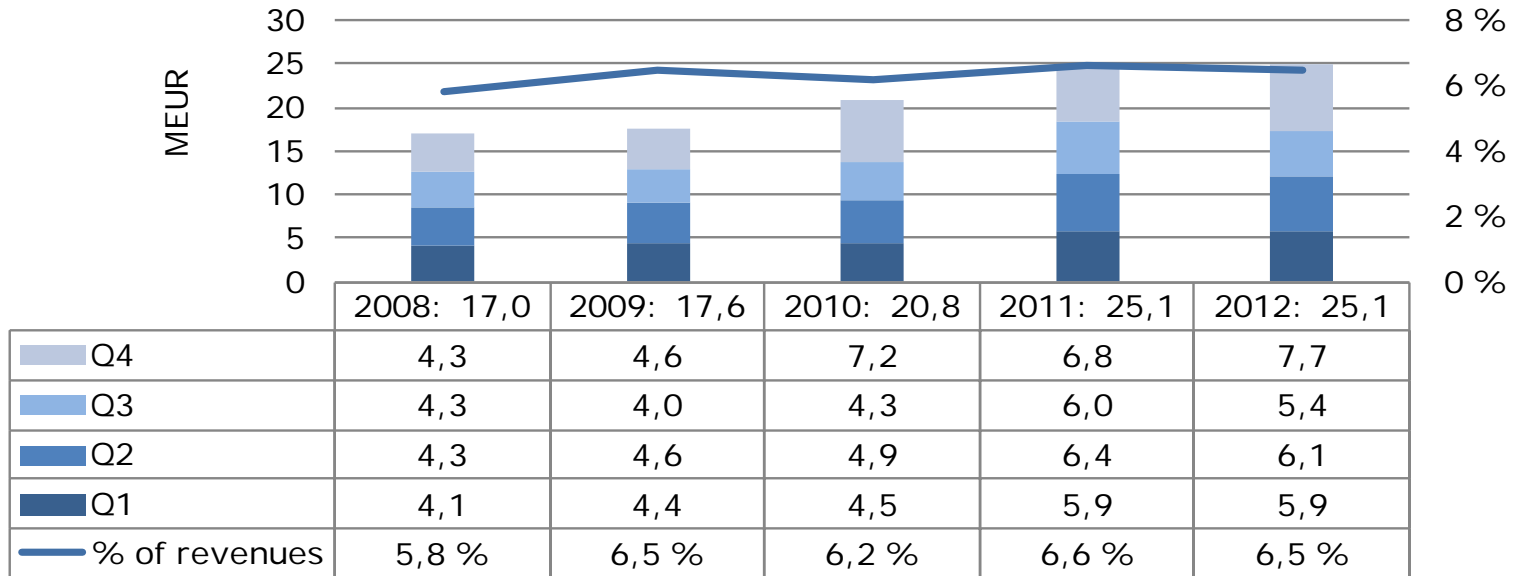
Revenues and EBIT-%



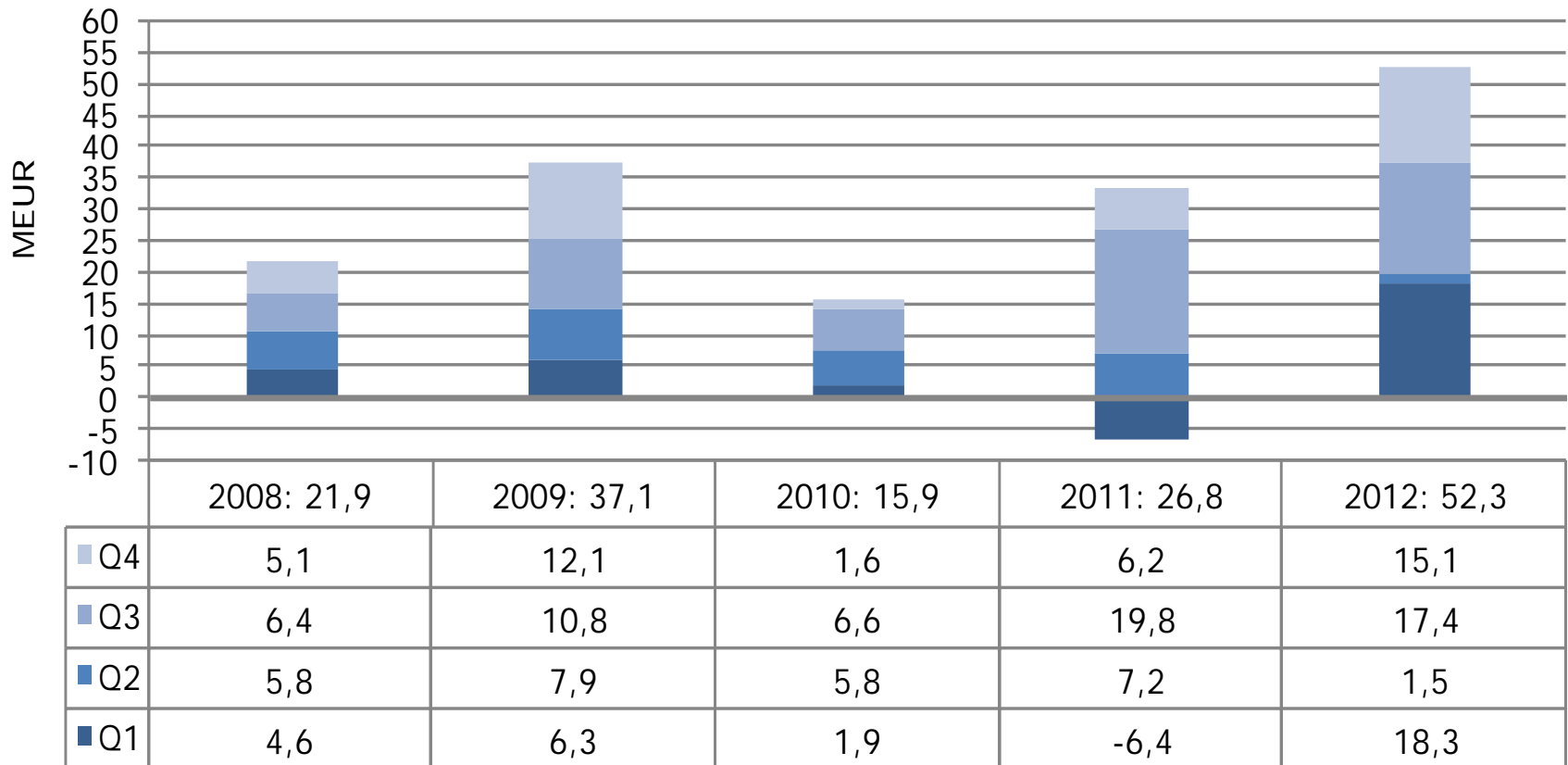
Revenues and EBIT-% excl. one-time items



Research and development costs



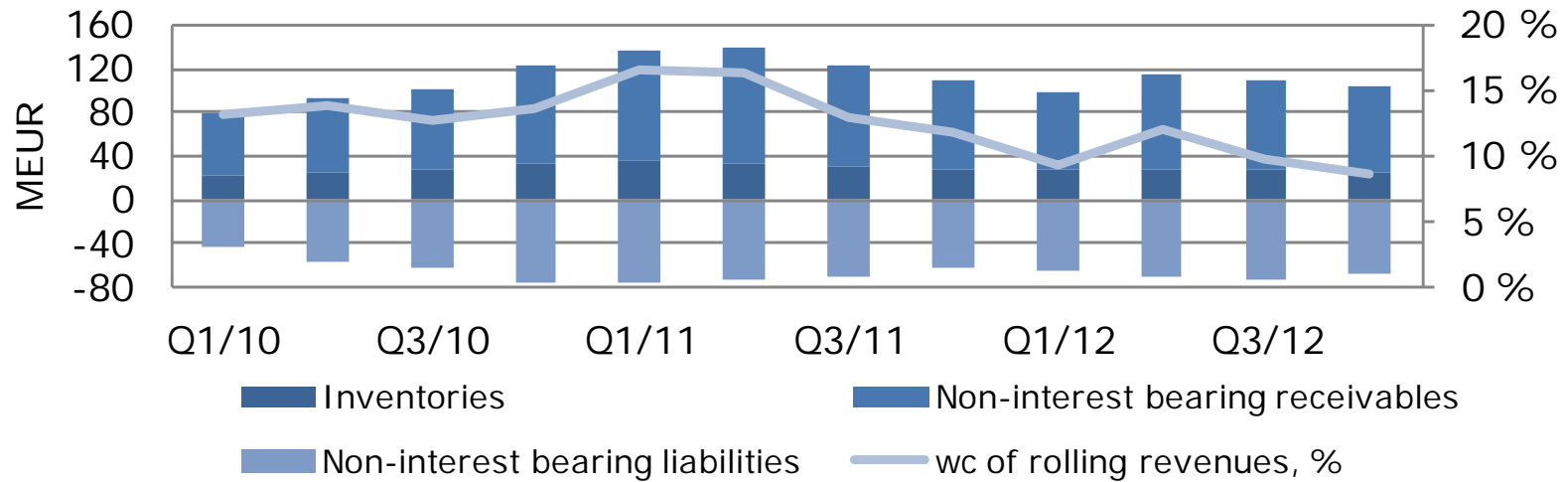
Net Cash Flow from operating activities



Working capital

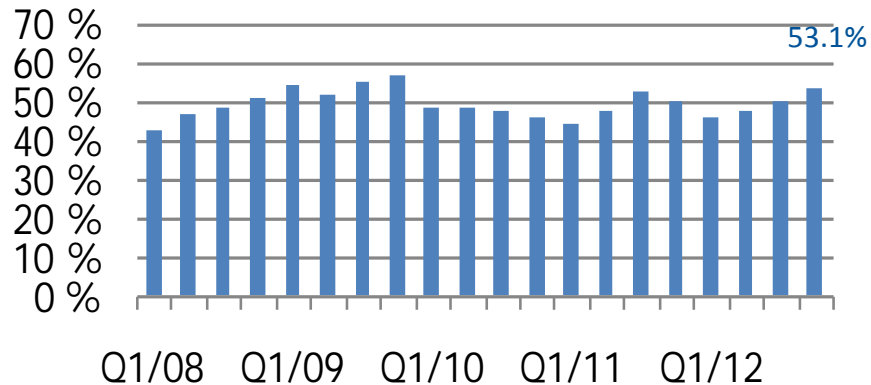
MEUR	31.12.2012	31.12.2011	31.12.2010
Inventories	25.7	28.2	31.9
Non-interest bearing receivables	76.9	80.9	90.8
Non-interest bearing liabilities	69.6	64.0	76.7
Working capital	33.0	45.1	45.9
Working capital of rolling revenues, %	8.5	11.8	13.6

Working capital development

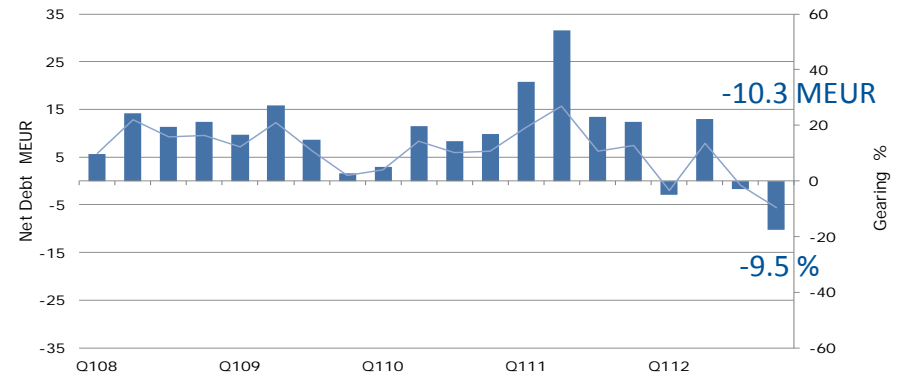


Key balance sheet ratios

- Equity ratio



- Net Debt and Gearing, %



Outlook

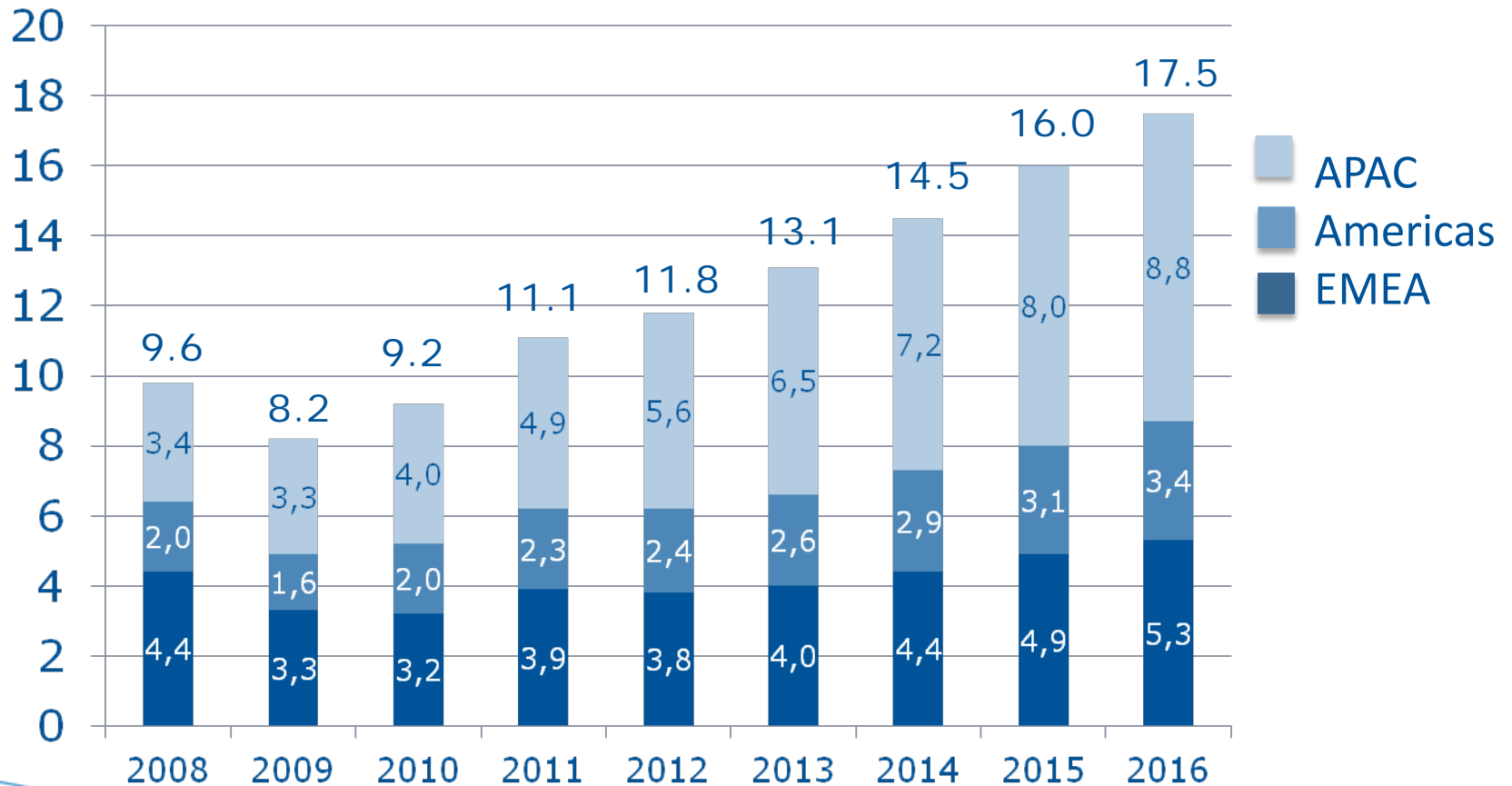
Vesa Laisi, CEO, Vacon Plc

The global AC drives market development

- The long-term growth trend for the AC drives market has continued in a global perspective in spite of the economic crisis in the EU and the US. This has had an effect on the market growth and on the AC drives market in these regions.
- Geographically, the strongest growth is forecast to take place in the BRIC countries (Brazil, Russia, India, and China). In Europe, the strongest growth area would seem to be Germany.
- According to market surveys the total value of the global AC drives market was appr. 12.8 USD billion in 2012, and the annual market growth during the coming years will be appr. 5-10% driven by many factors such as urbanization and environmental challenges
 - Over half of the world's population is living in cities, which increases the construction of new buildings
 - The demand for clean water and waste water treatment increases
 - Increasing energy efficiency in all processes is crucial in combating climate change

The global AC drives market

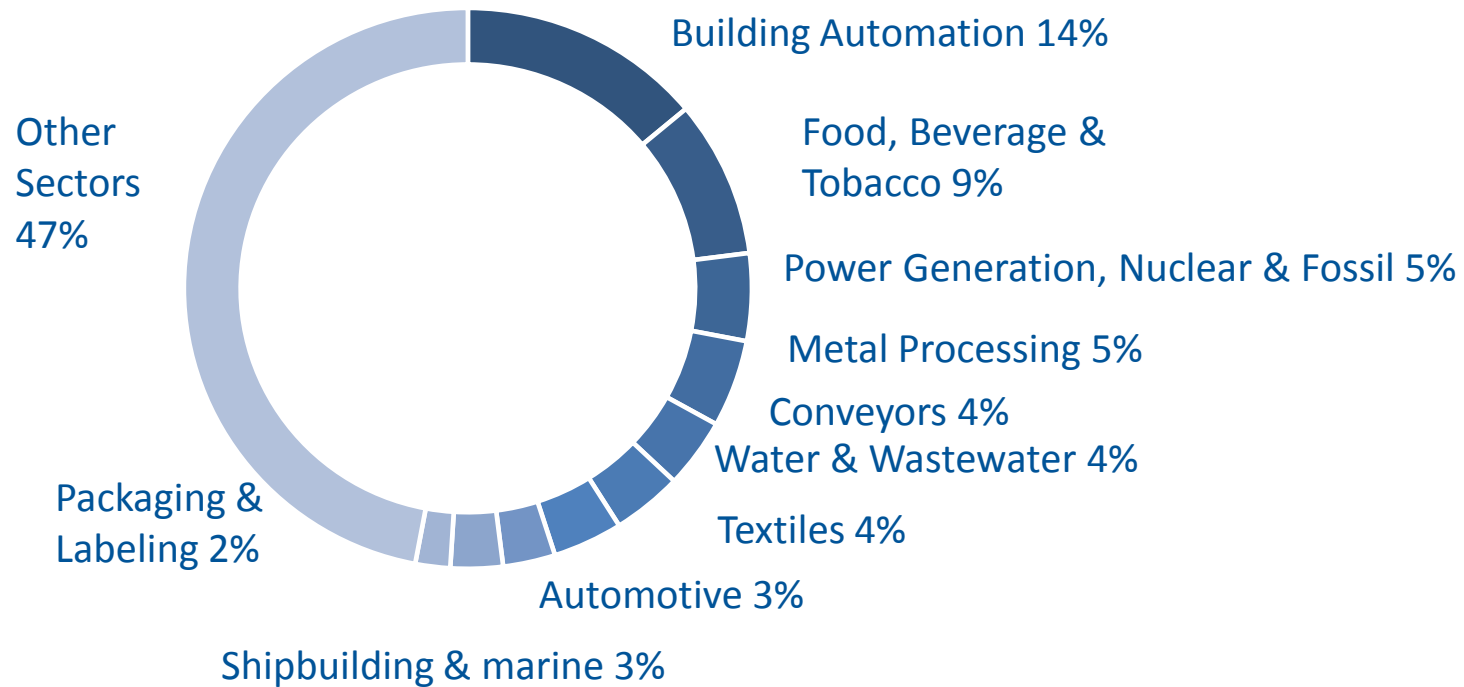
BUSD



Source: IMS Research 2012

The global AC drives market

Biggest business sectors in 2012



Source: IMS Research 2012

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 global AC drive market will grow considerably faster than average growth in industrial production, by an estimated 5-10 % in 2013. Investments to improve energy efficiency and economic growth in developing countries will support growth in demand for AC drives.
- Vacon is well placed to improve its profitability in 2013. Key factors in improving profitability are the cost benefit from transferring material sourcing to low-cost countries and the development of overall efficiency in operations.

Market guidelines for 2013

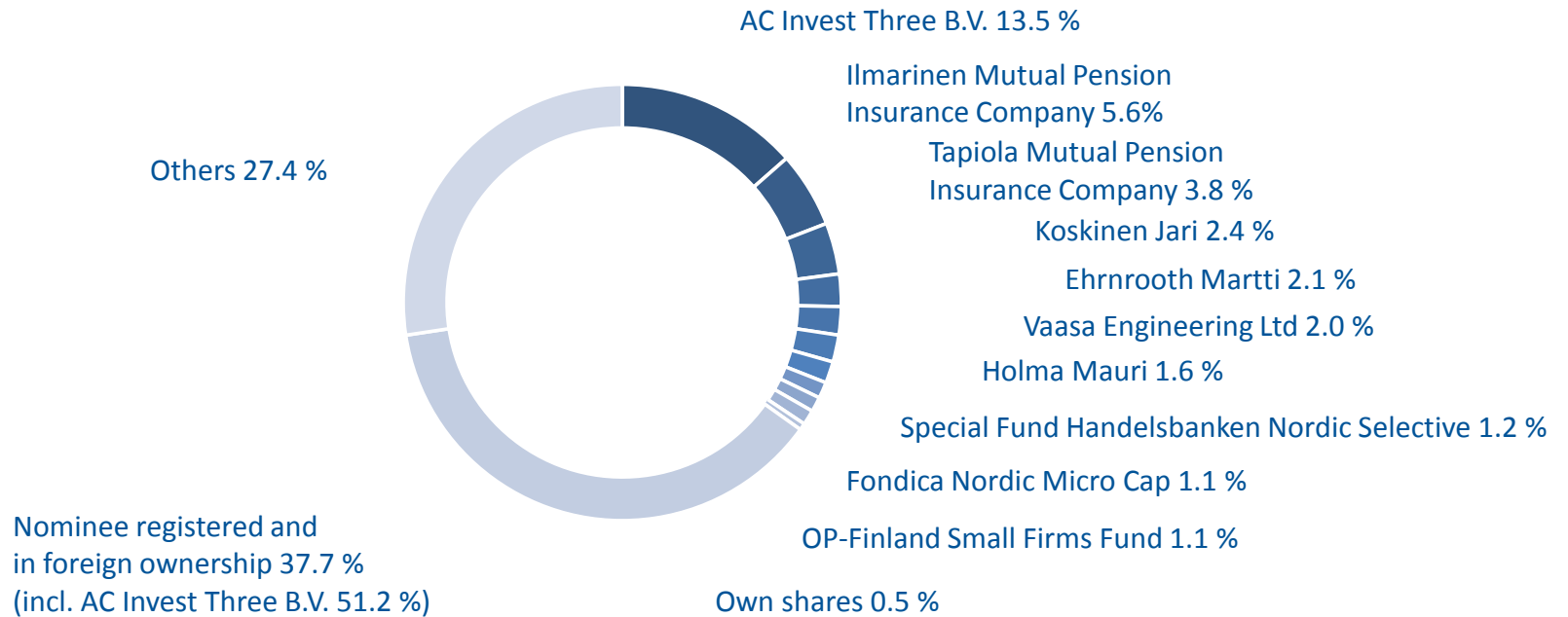
- Vacon estimates that its revenues will increase 5 - 15 % and that its operating profit percentage excluding one-time items will be 10 - 12 % in 2013.
- Vacon's goal is to achieve revenues of EUR 500 million in 2014. Its profitability target for 2014 is an operating profit of 14 %, and for return on equity the target is more than 30 %.

	ACT 2012	FC 2013
Revenues, MEUR	388.4	+ 5-15%
EBIT margin, % (excluding one-time items)	9.3%	10-12%

Risks and uncertainties in the near future

- There are still uncertainties relating to developments in the global economy, and these may weaken demand for AC drives globally or in certain regions.
- The parent company has tax proceedings in progress relating to a tax inspection of its transfer pricing in 2007 – 2008.
- 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 given by the lower court in December 2011. It is possible that the sentence imposed on Vacon may also change in the higher court, so some uncertainty still remains in this matter. Vacon made provisions in 2010 and 2011 relating to the court proceedings.

Major shareholders



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