

# Vacon - Interim Report Q2/2013

August 1, 2013

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# 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

- Highlights in Q2 and H1/2013
- Financial Report
- Outlook
- Appendix

# Uncertain market environment but AC drive market continues to show slight growth

- According to market surveys, the global AC drive market increased by some 4.5% in the first quarter of 2013 compared to the corresponding period in the previous year. All geographical regions showed growth.
- The AC drive market in Q2 2013, according to Vacon's assessment, did not grow significantly compared either to the first quarter of 2013 or to the corresponding period in the previous year.

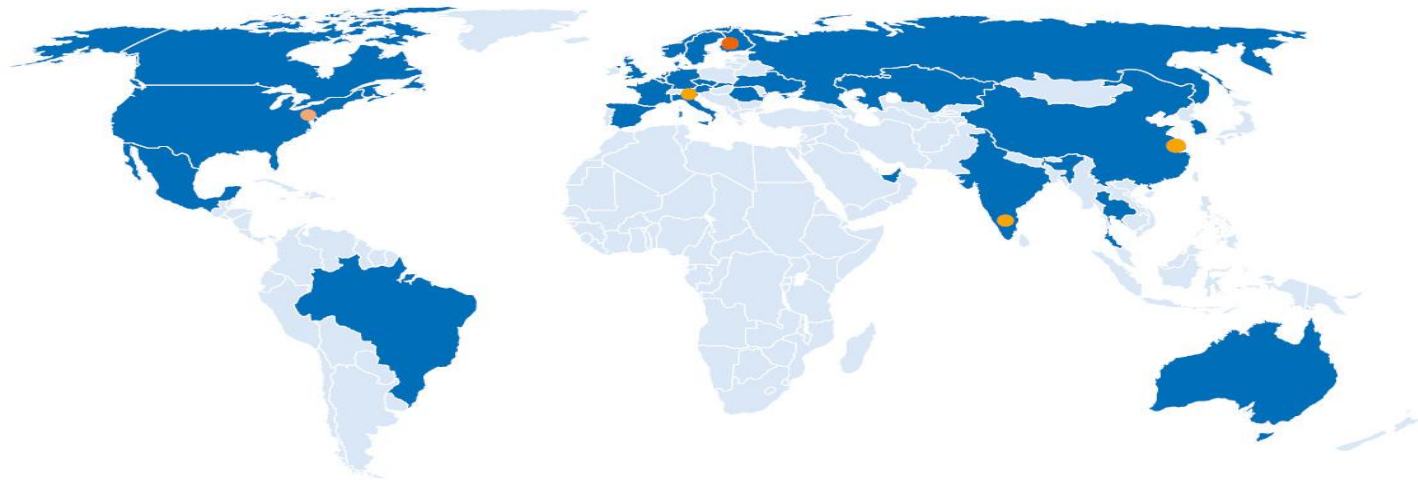


# Vacon's business developed positively during the Q2 of 2013

- We continue to see the positive business development from our balanced geographic and industrial sector portfolio. The company's sequential order intake increased considerably compared to the first quarter of the year and was the highest so far in the history of the company.
- Revenues also rose compared both to the period for comparison in 2012 and to the first quarter of 2013. Vacon's revenues increased in all regions. Building automation was the industrial sector with strongest growth.
- The company's operating profit percentage excluding one-time items also improved in the April-June period compared to the same period in 2012. However, the proportionally higher demand for low power drives with a smaller profit margin slightly slowed down the improvement in the company's profitability.

# Regional development in revenues

	Americas	EMEA	APAC	Total
Q2/13 vs. Q2/12	+2.0%	+5.3%	+1.9%	+4,0%
Q2/13 vs. Q1/13	+12.5%	+8.2%	+29,8%	+13,3%



# Results Q2/2013

MEUR	Q2/2013	restated * Q2/2012	Change
Order intake	114.0	108.9	4.6%
Revenues	103.4	99.5	4.0%
Operating profit without one-time items **	10.4	9.1	14.4%
Operating profit, % of revenues **	10.0%	9.1%	
Net cash flow from operating activities	5.8	1.5	292.0%
EPS, eur	0.51	0.46	

\*) Figures adjusted in accordance with IAS 19. More details of changes in IFRS standards are given in the interim report.

\*\*\*) One-time items totalling EUR 1.2 million boosted the operating profit in the period for comparison.

# Results H1/2013

MEUR	H1/2013	restated * H1/2012	Change
Order intake	214.2	205.8	4.1%
Revenues	194.8	183.7	6.0%
Operating profit without one-time items **	16.1	14.0	15.0%
Operating profit, % of revenues **	8.3%	7.6%	
Net cash flow from operating activities	22.4	19.8	13.6%
EPS, eur	0.76	0.75	

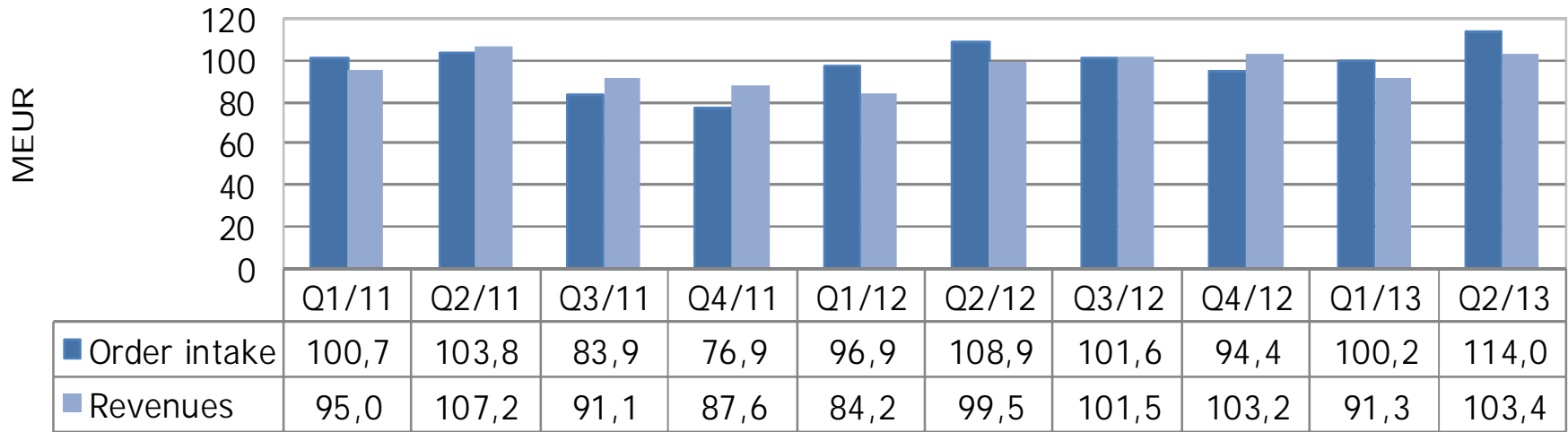
\*) Figures adjusted in accordance with IAS 19. More details of changes in IFRS standards are given in the interim report.

\*\*\*) One-time items totalling EUR 2.7 million boosted the January-June 2012 operating profit.

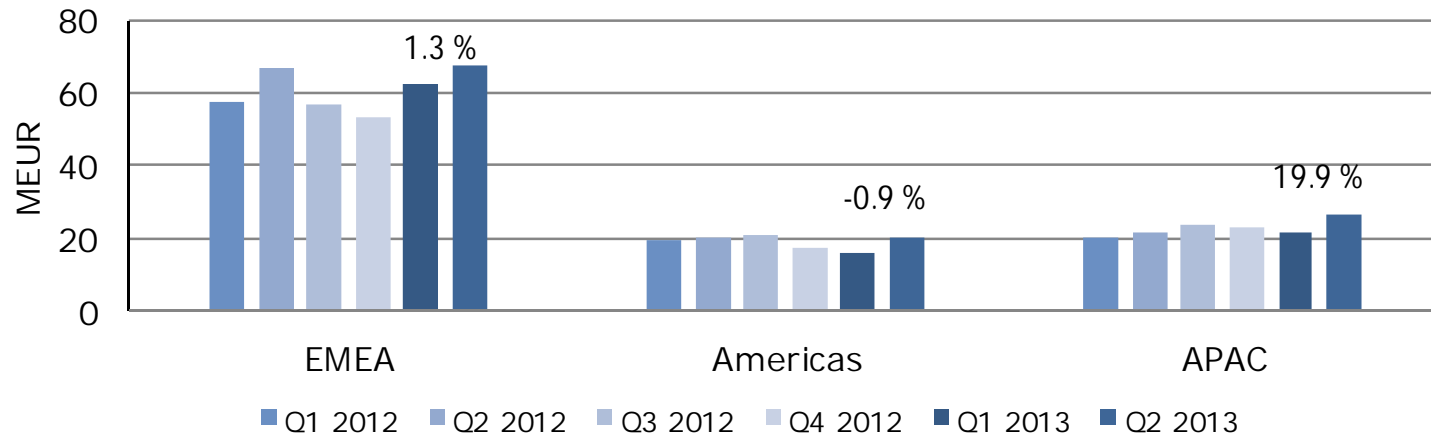


# Financial Report

# Order intake and revenues 2011-2013

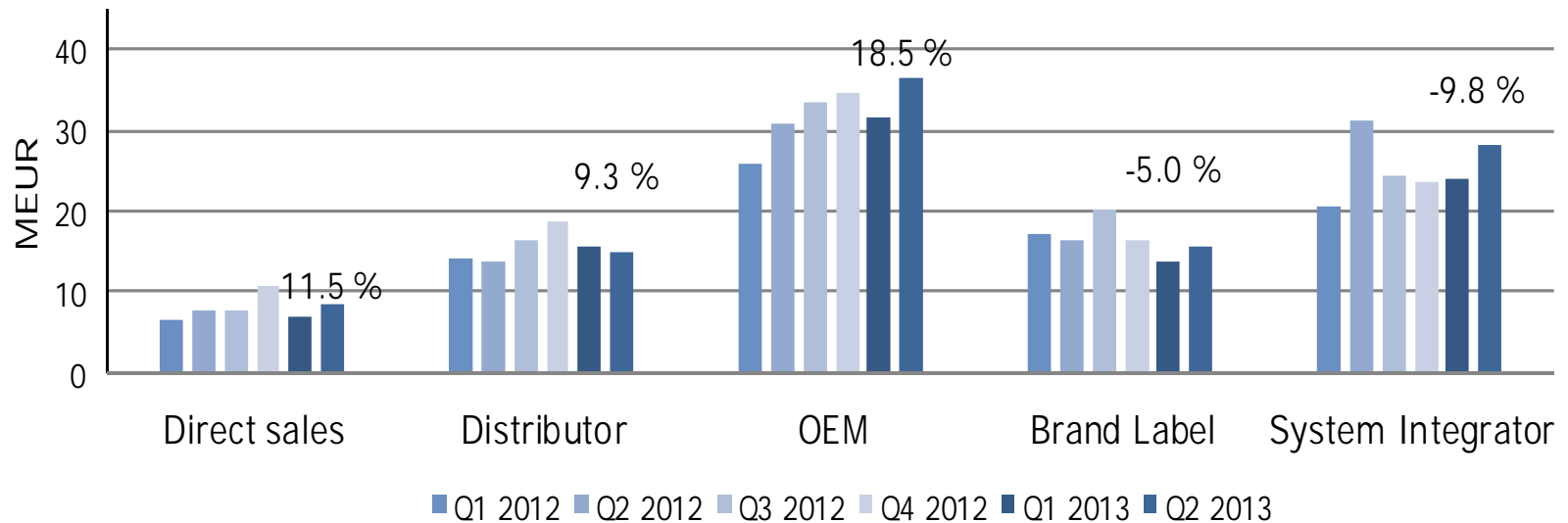


# Order intake by region 2012-2013



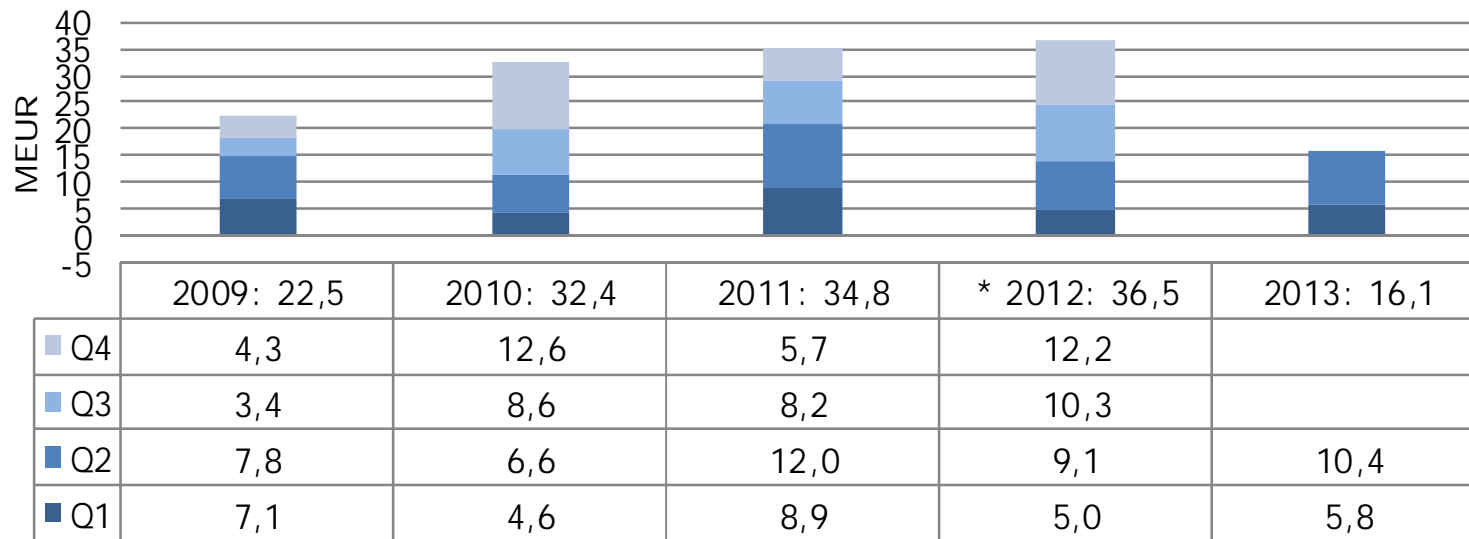
Given percentage is actual quarter Q2 2013 compared to the corresponding period in the previous year.

# Revenues by sales channel 2012-2013



Given percentage is actual quarter Q2 2013 compared to the corresponding period in the previous year.

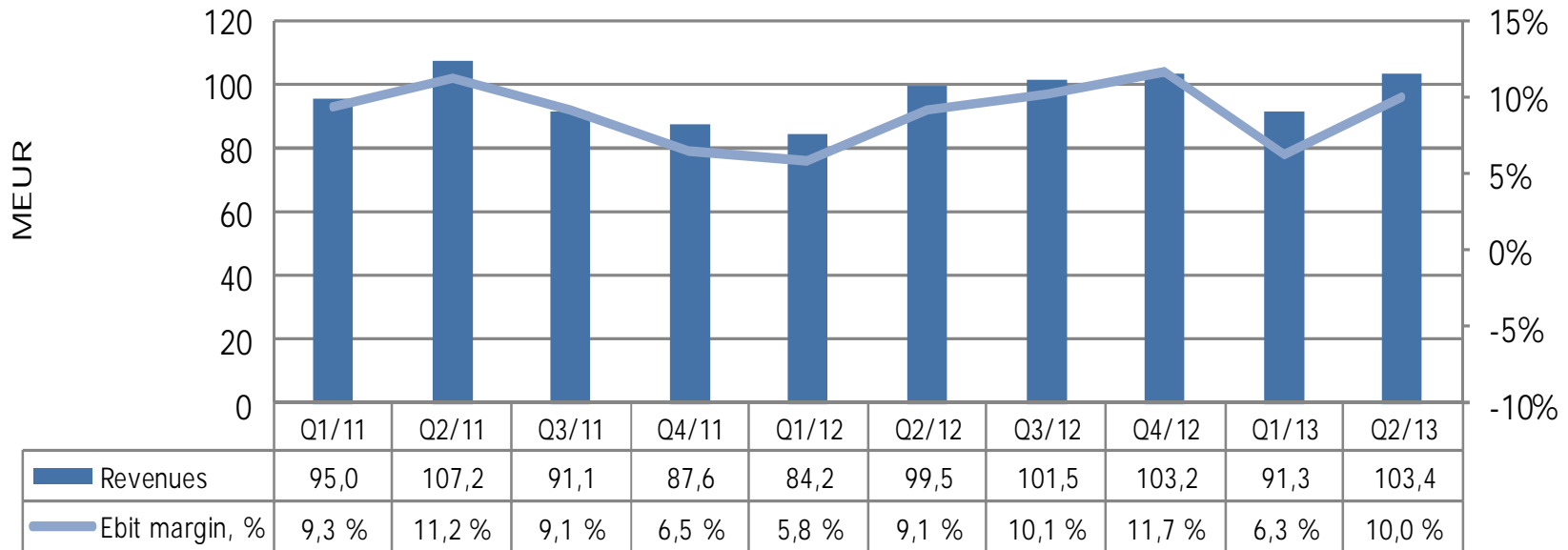
# EBIT without one-time items



\*) 2012 restated

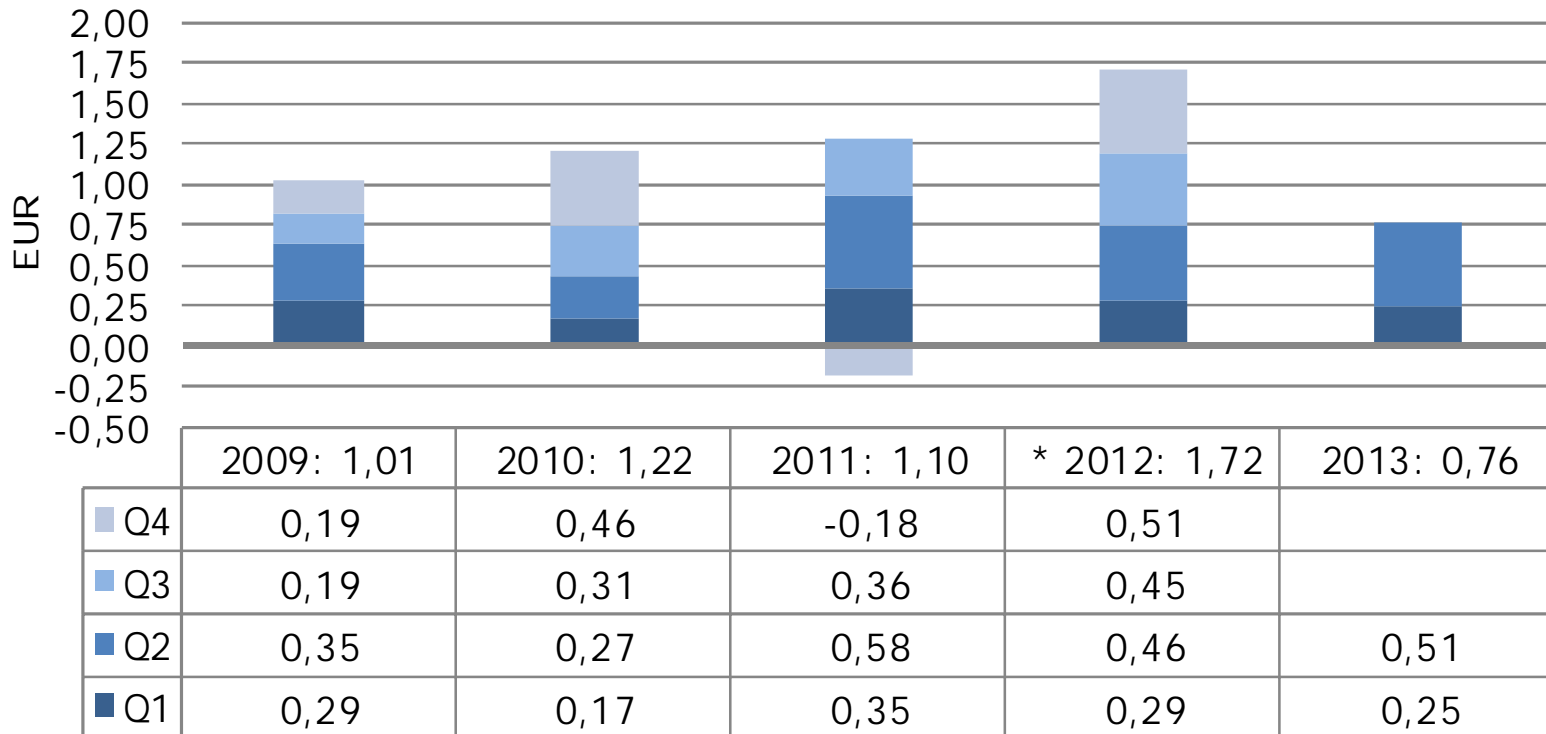


# Revenues and EBIT-% without one-time items



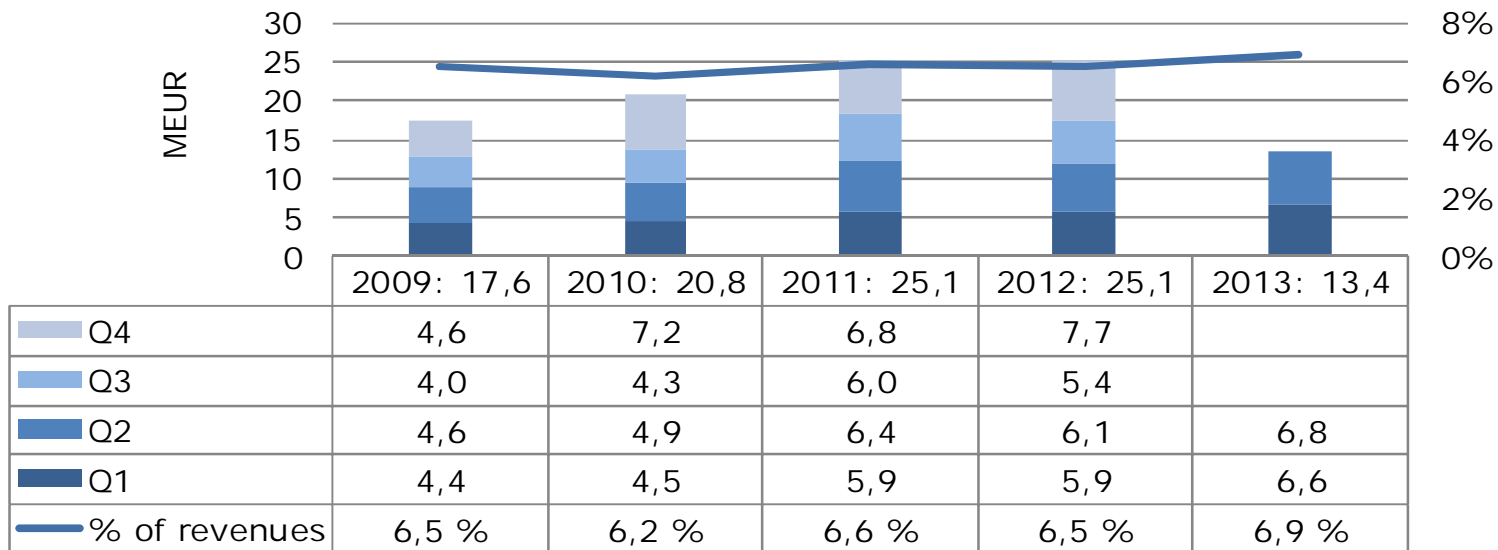
\*) 2012 Ebit margin, % restated

# Earnings per share

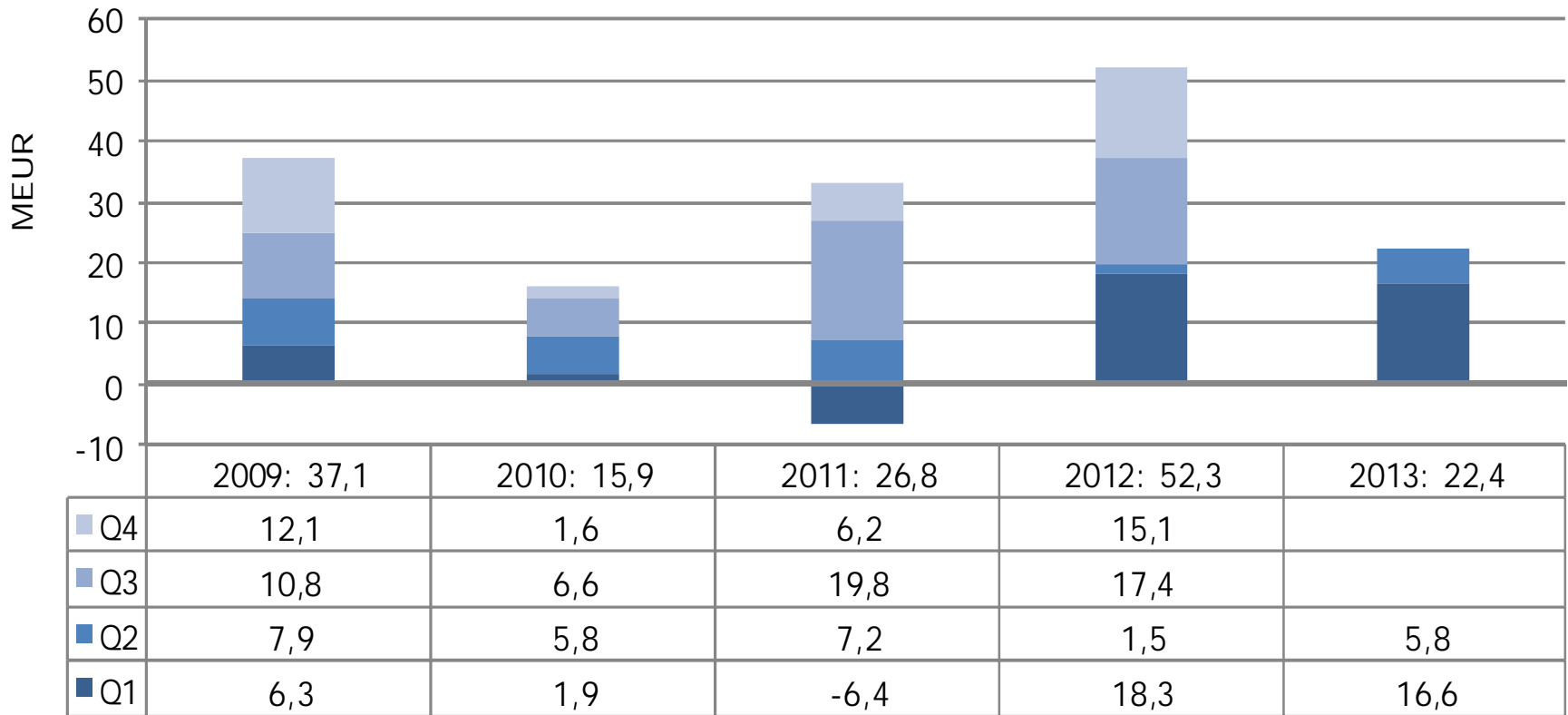


\* ) 2012 restated

# Research and development costs



# Net Cash Flow from operating activities



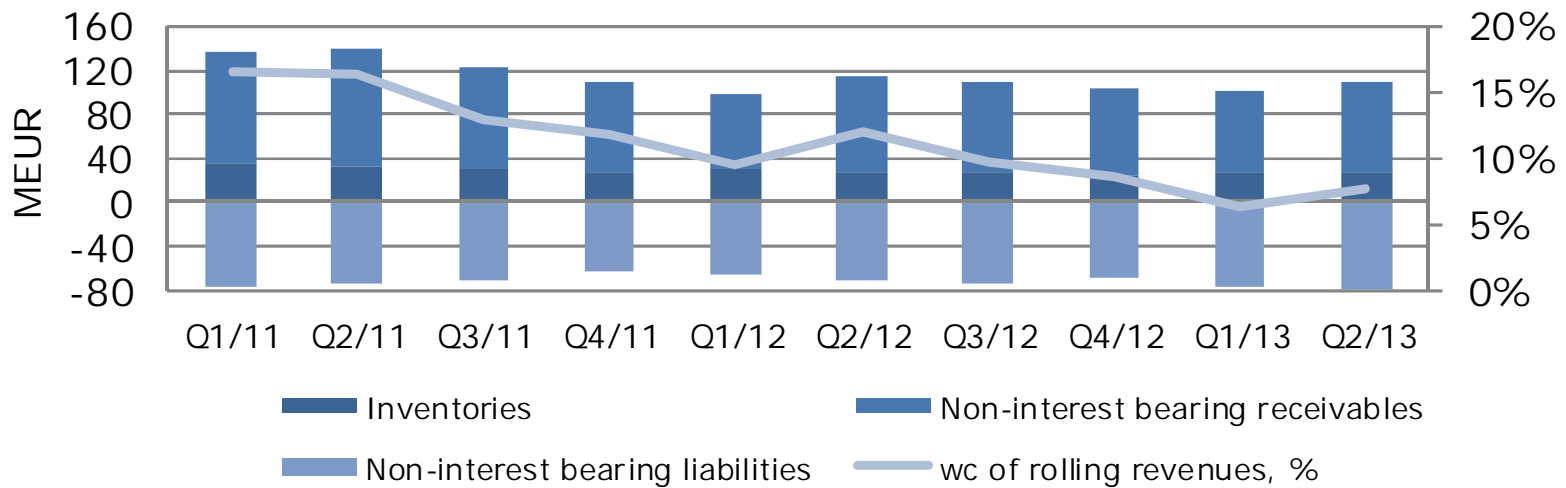
# Working capital

MEUR	30.6.2013	* 30.6.2012	* 31.12.2012
Inventories	26.9	28.3	25.7
Non-interest bearing receivables	83.0	85.9	76.9
Non-interest bearing liabilities	79.6	70.8	69.6
Working capital	30.3	43.4	33.0
Working capital of rolling revenues, %	7.6	12.0	8.5

\*) 2012 restated

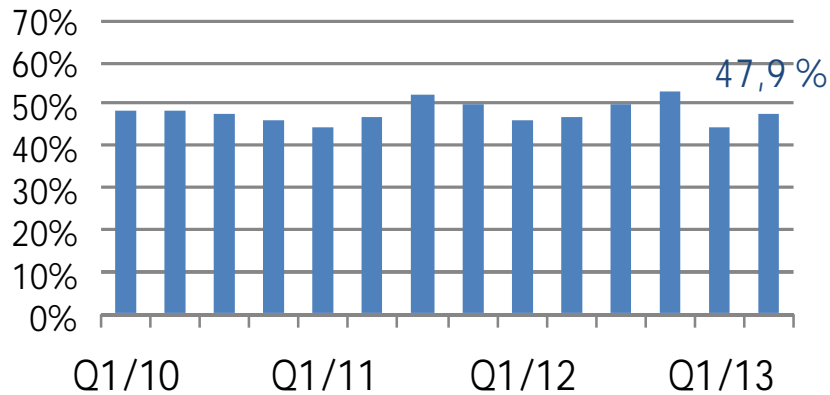


# Working capital development

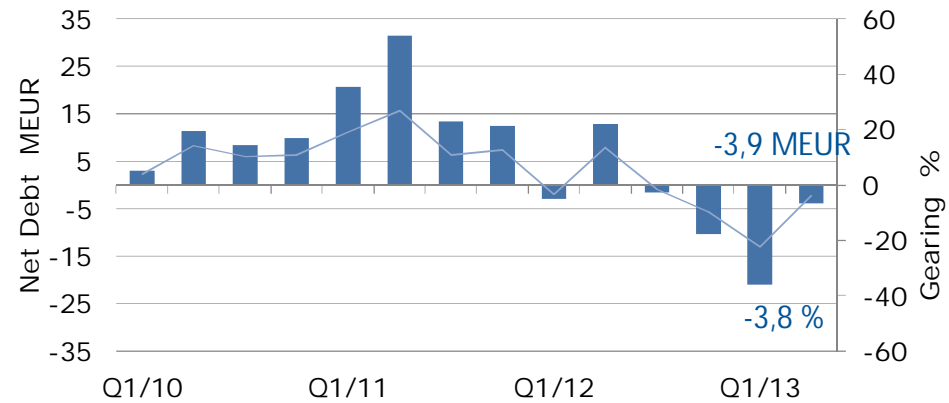


# Key balance sheet ratios

- Equity ratio

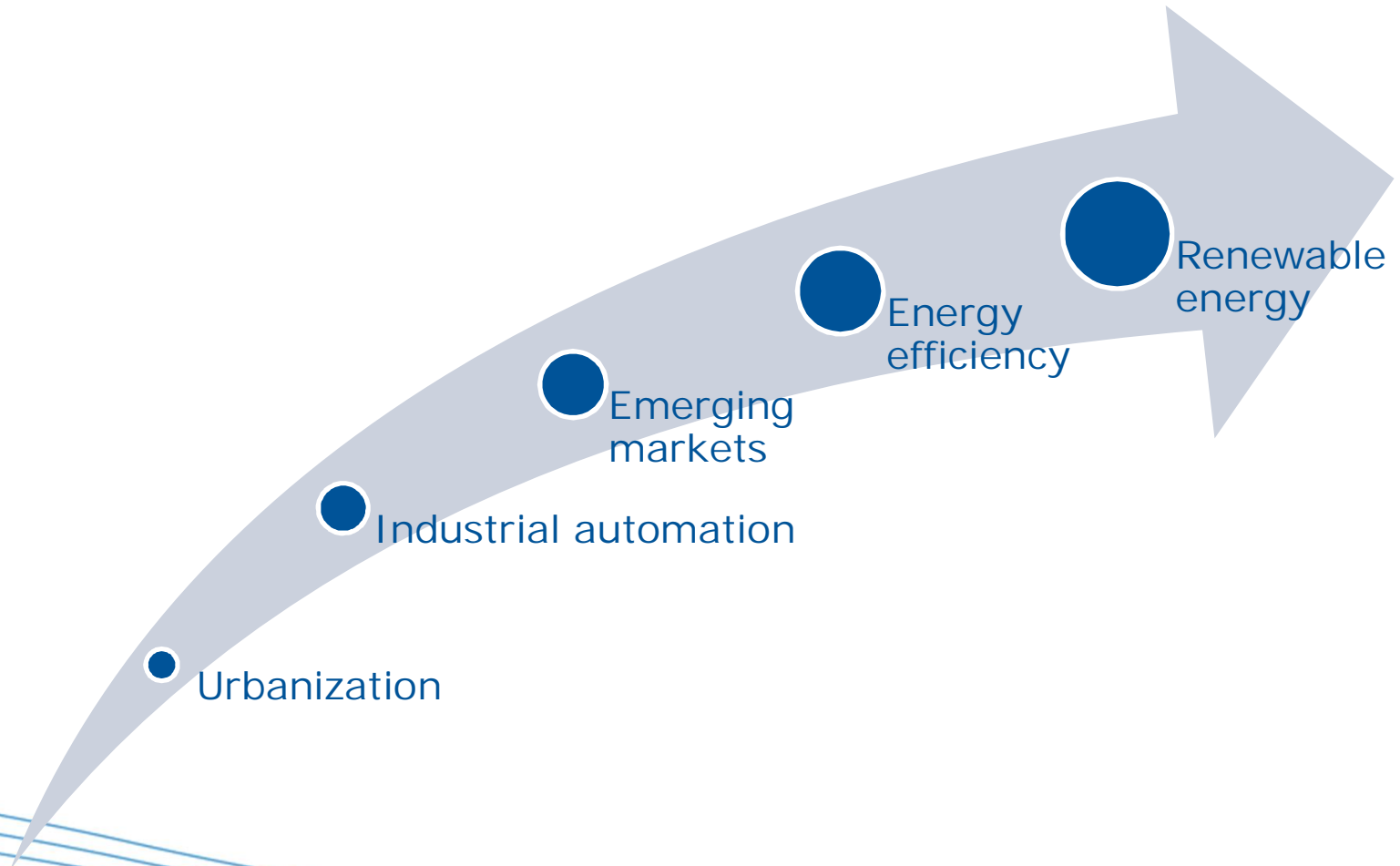


- Net Debt and Gearing, %



# Outlook

# Global megatrends support the long term growth



# Prospects for 2013

- According to Vacon's assessment there was slight growth in the AC drive market in January-June, and Vacon expects the market to pick up still further in the second half of the year. The company estimates that the global AC drive market will grow faster than average growth in industrial production, at an estimated rate of 5-10% in 2013.
- Vacon's strong order intake supports growth in the company's revenues and improving profitability in the second half of the year.
- Other key factors contributing to an improvement in profitability, in addition to the growth in revenues, are the cost benefits from transferring material sourcing to lower cost countries and raising overall efficiency in operations.
- Improving the company's profitability does not require a change in the sales product breakdown, the productivity targets set can be achieved with the existing product breakdown.



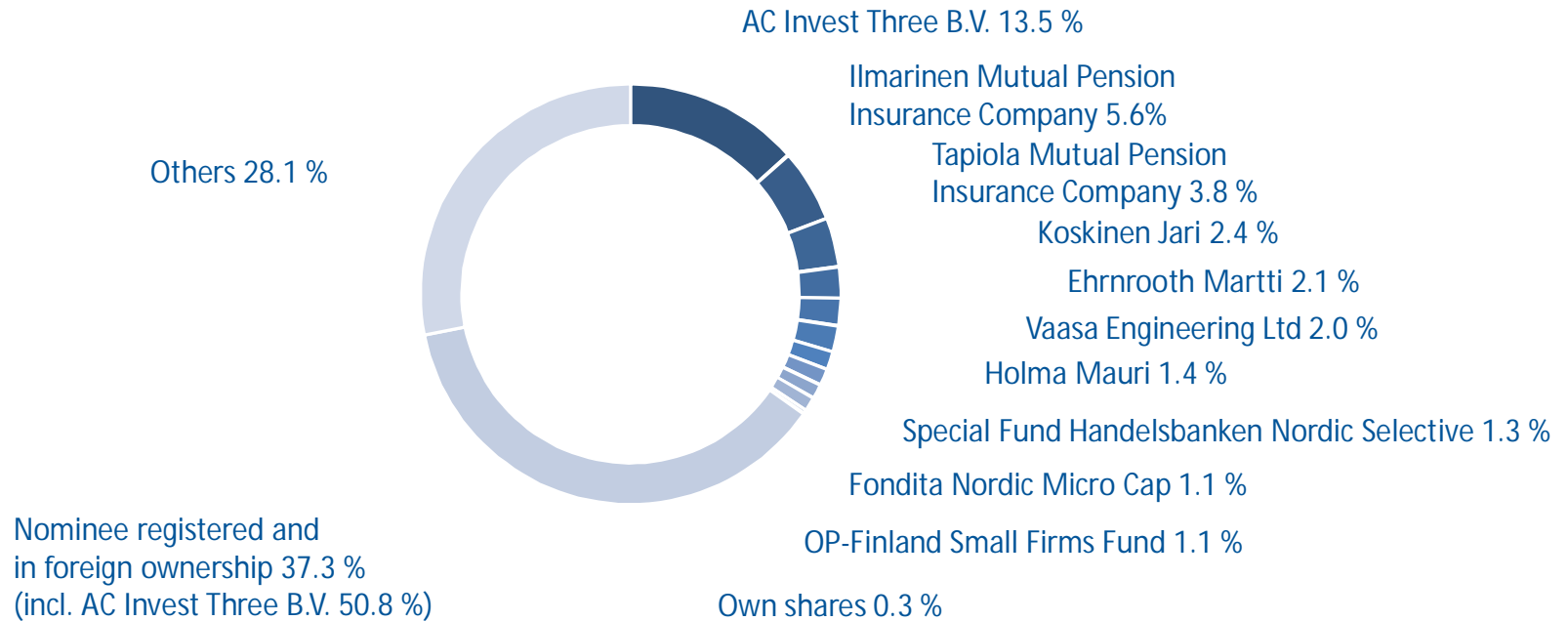
# Market guidelines for 2013

	ACT 2012	FC 2013
Revenues, MEUR	388.4	+ 5-15%
EBIT margin, % (excluding one-time items)	9.4%	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 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 this risk.
- Vacon's 2012 annual report gives a detailed description of the risks and uncertainties relating to the company's business and of the principles for risk management.

# Major shareholders



# Vacon IR

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## Calendar:

- Q3 interim report  
on 22 October
- Capital Markets Day  
on 28 November in  
Helsinki.

Thank You!

