

Vacon Interim Report Q1/2014

23 April 2014

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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

- Q1/2014 highlights
- Financial Report
- Outlook
- Contacts and calendar

Q1/2014 highlights

Q1/2014 highlights

- Vacon's order intake increased. The orders focused on low power drives, since there was no significant recovery in major investments by industry in the first quarter.
- Vacon's revenues declined slightly. Revenues improved during the final month of the review period.
- The Company's profitability improved in January-March 2014 from the corresponding period in the previous year.

Order intake increased

Order intake, MEUR

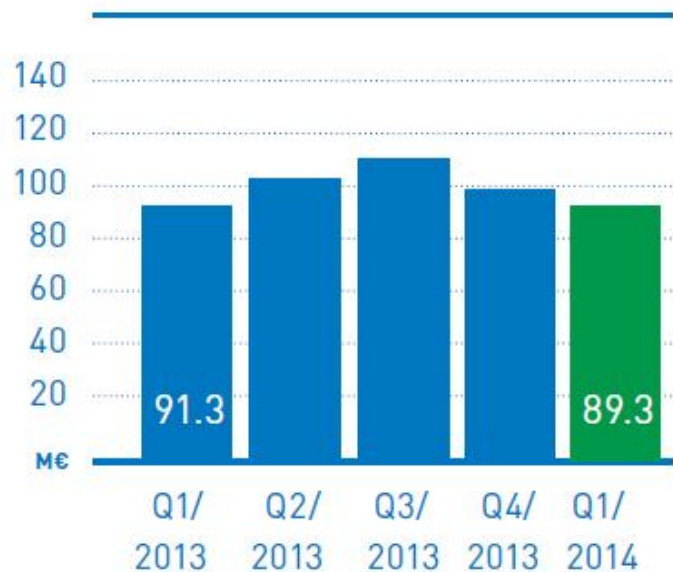


The volume of orders improved particularly in the Asia and Pacific (APAC) region.

The biggest increases in orders were for products for building automation and for renewable energy generation.

Revenues declined slightly

Revenues, MEUR



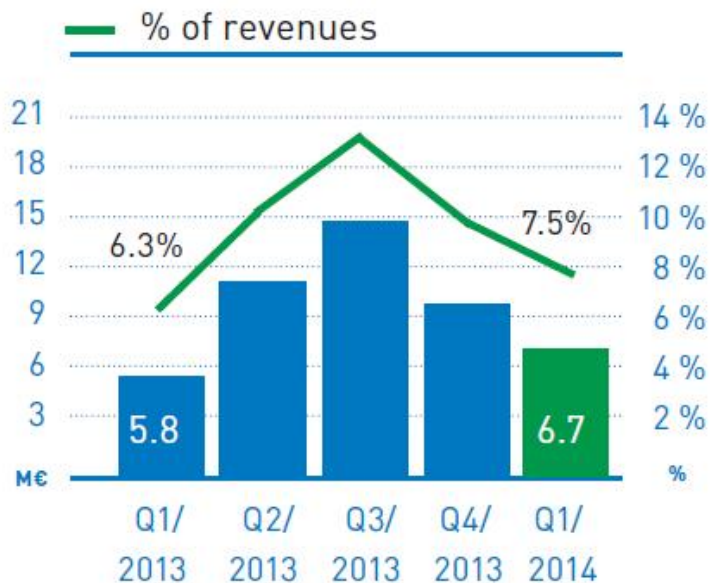
Vacon's revenues declined slightly in Q1/2014 vs. Q1/2013.

Factors contributing to the poor figures for revenues in the first quarter were the low order intake in the final quarter of 2013 and the decline in sales of products for the marine industry and for renewable energy generation.

Revenues improved during the final month of the review period.

Profitability improved

Operating profit, MEUR



The Company's profitability improved in Q1/2014 vs. Q1/2013.

Efficient material sourcing and especially the cost benefits from transferring material sourcing to lower-cost countries are key factors in the improvement in the Company's profitability.

The Drives Family

- Vacon's strategic priorities in product development this year are expanding the VACON[®] 100 product range and developing high power products in the low and medium voltage range.
- In March 2014 VACON[®] 100 X products were chosen as 'Best in class' products at the MCE global comfort technology trade fair in Italy. This is a major fair in Southern Europe, where all the most advanced innovations in building automation, energy efficiency and HVAC systems are on display.
- Vacon's new vision, The Drives Family, was created together with personnel in 2013. We have started to introduce the new vision within our own organization and stakeholders. Our unique corporate culture is one of our success factors and nurturing this is one of our most important goals.

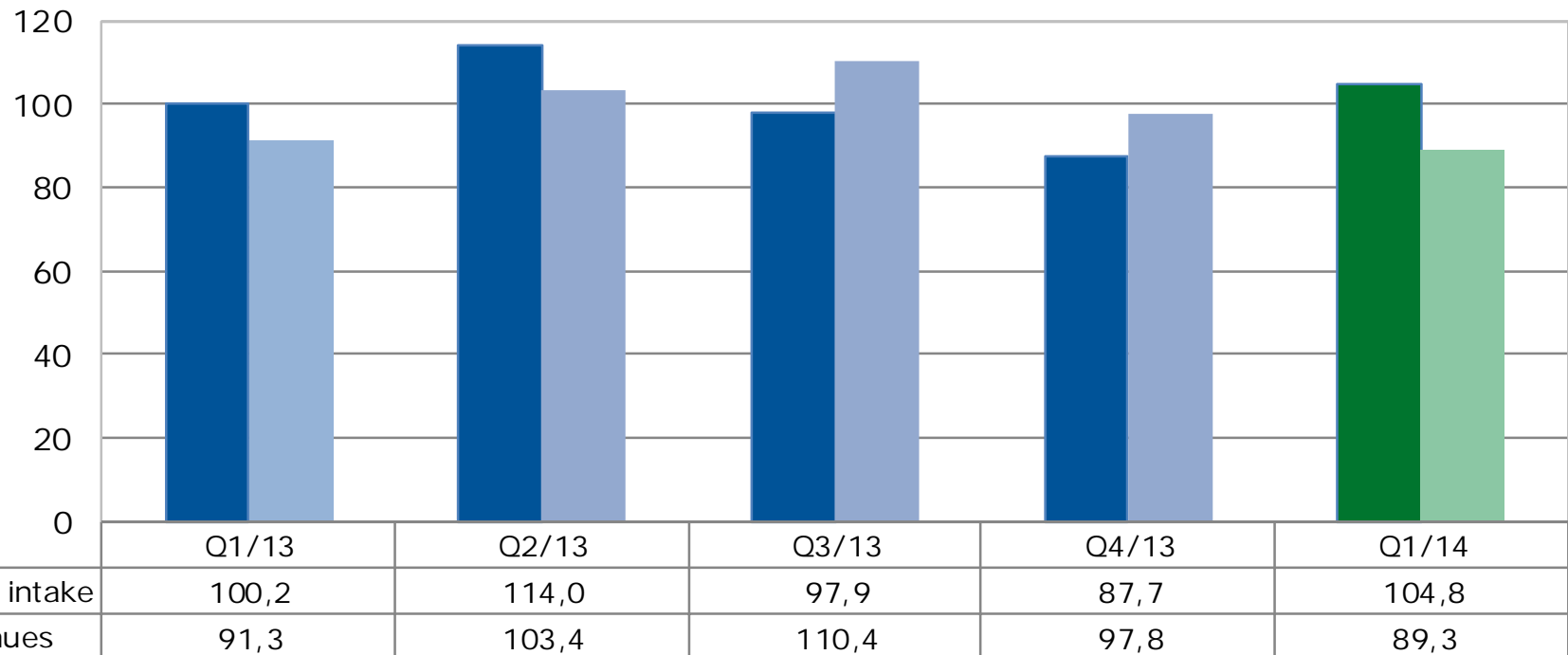
Financial Report

Results Q1/2014

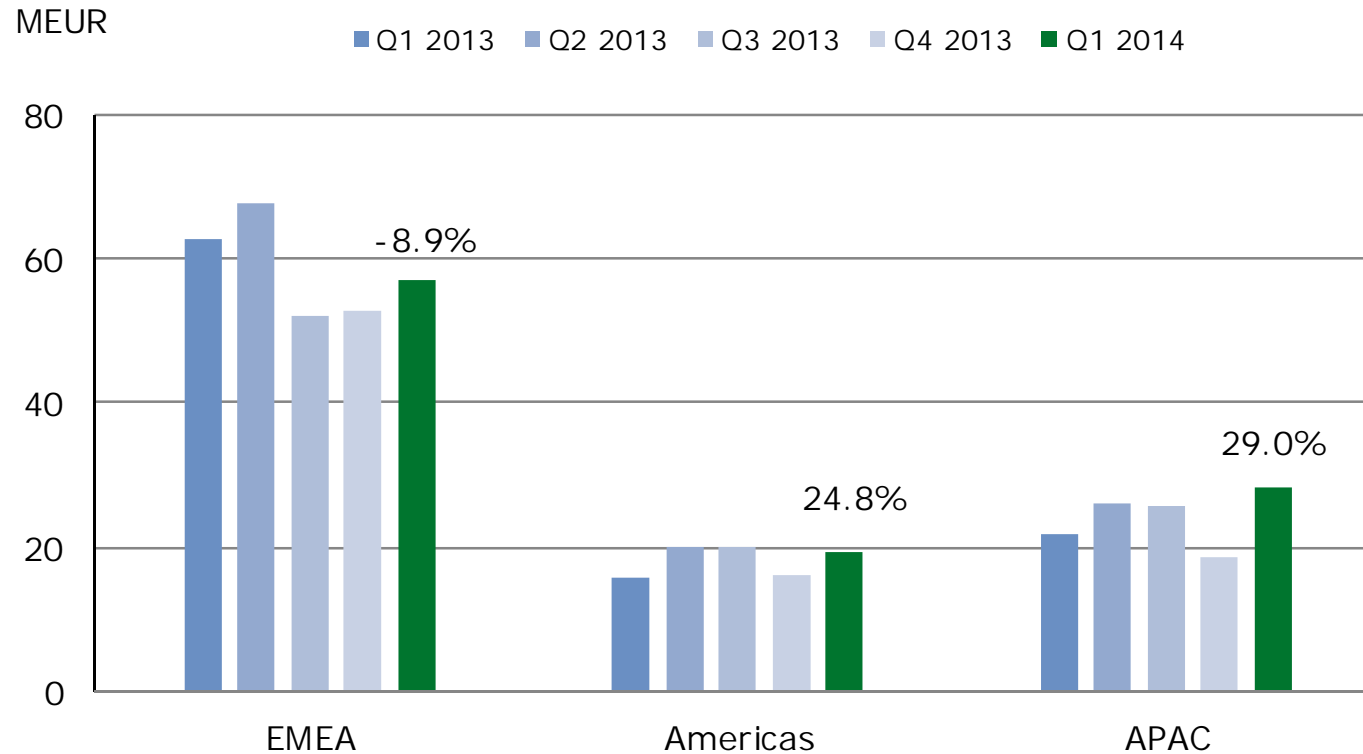
MEUR	Q1/2014	Q1/2013	Change	2013
Order intake	104.8	100.2	4.6%	399.8
Order book	62.4	58.9	5.9%	46.8
Revenues	89.3	91.3	-2.3%	403.0
Operating profit	6.7	5.8	16.0%	40.6
Operating profit, % of revenues	7.5%	6.3%		10.1%
Profit before taxes	6.7	6.0	10.7%	39.7
Net cash flow from operating activities	-0.6	16.6		46.7
EPS, eur	0.16	0.12	27.9%	0.92

Order intake and revenues 2013-Q1/2014

MEUR

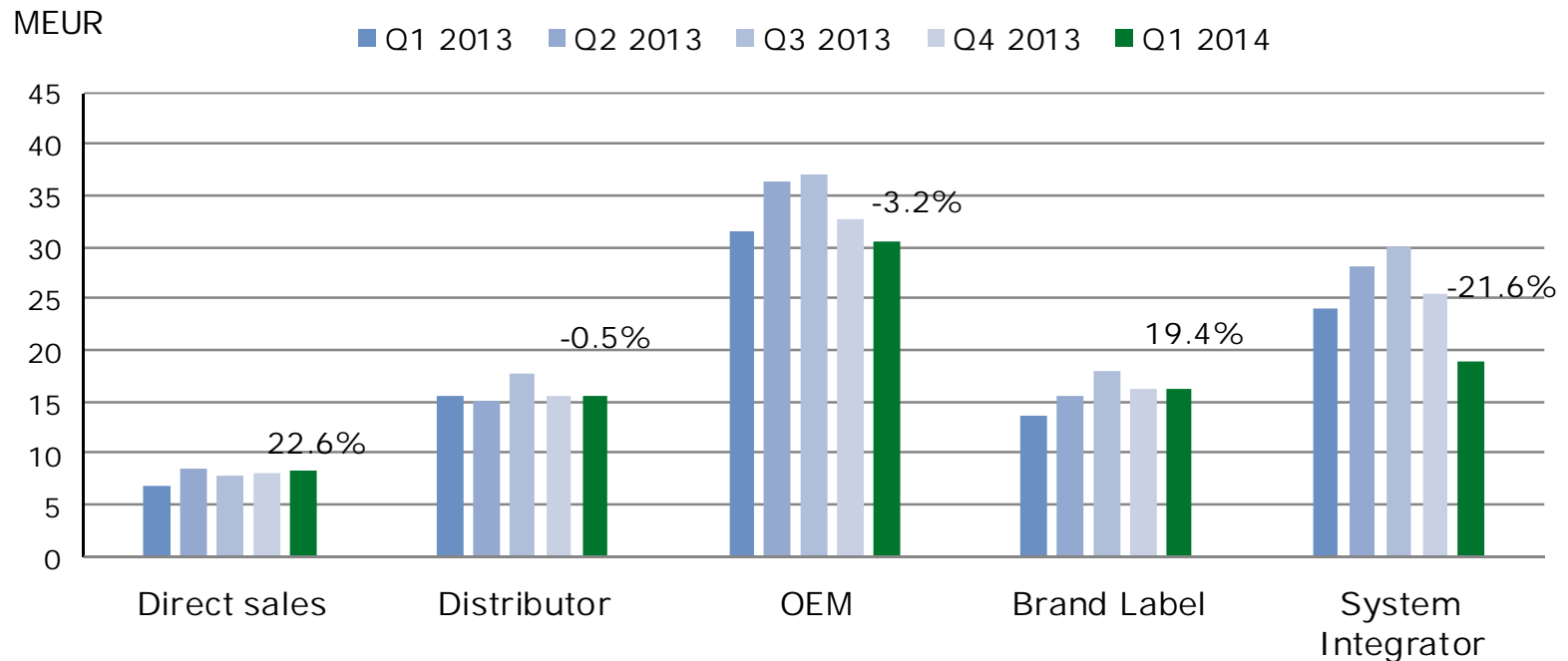


Order intake by region 2013-Q1/2014



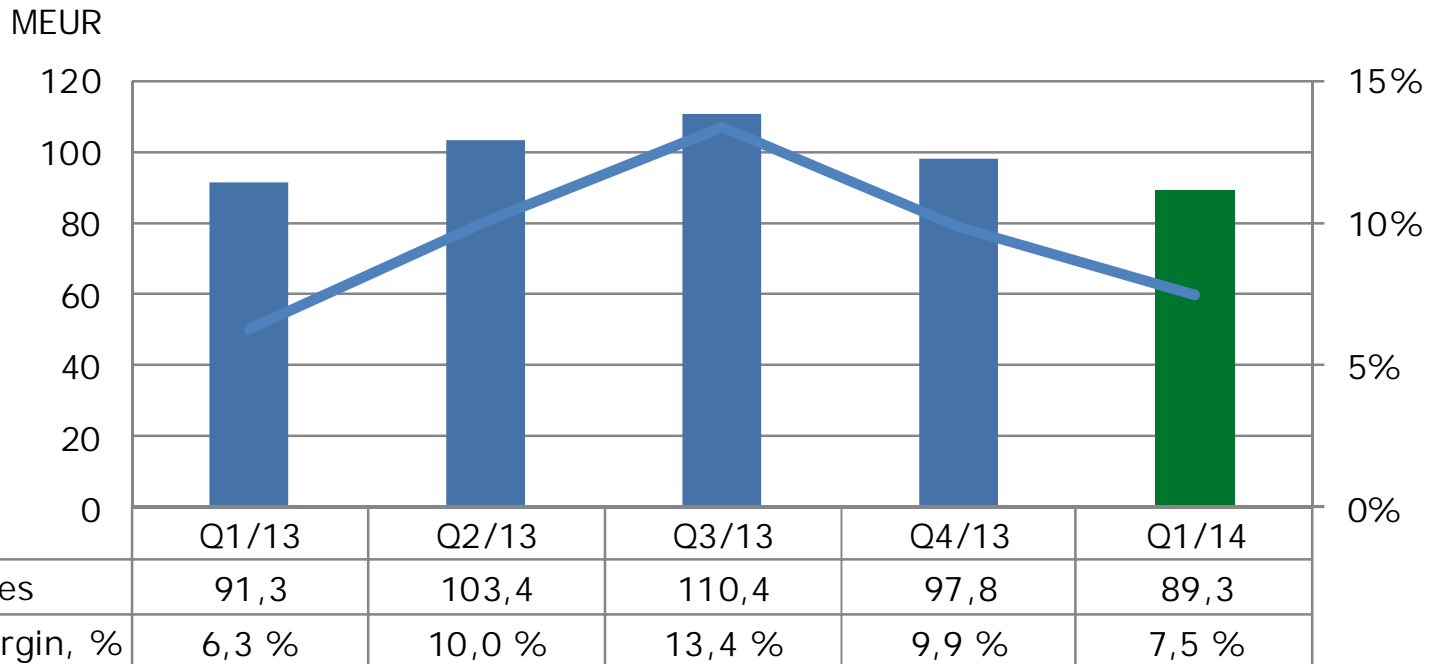
Given percentage is actual quarter Q1 2014 compared to the corresponding period in the previous year.

Revenues by sales channel 2013-Q1/2014

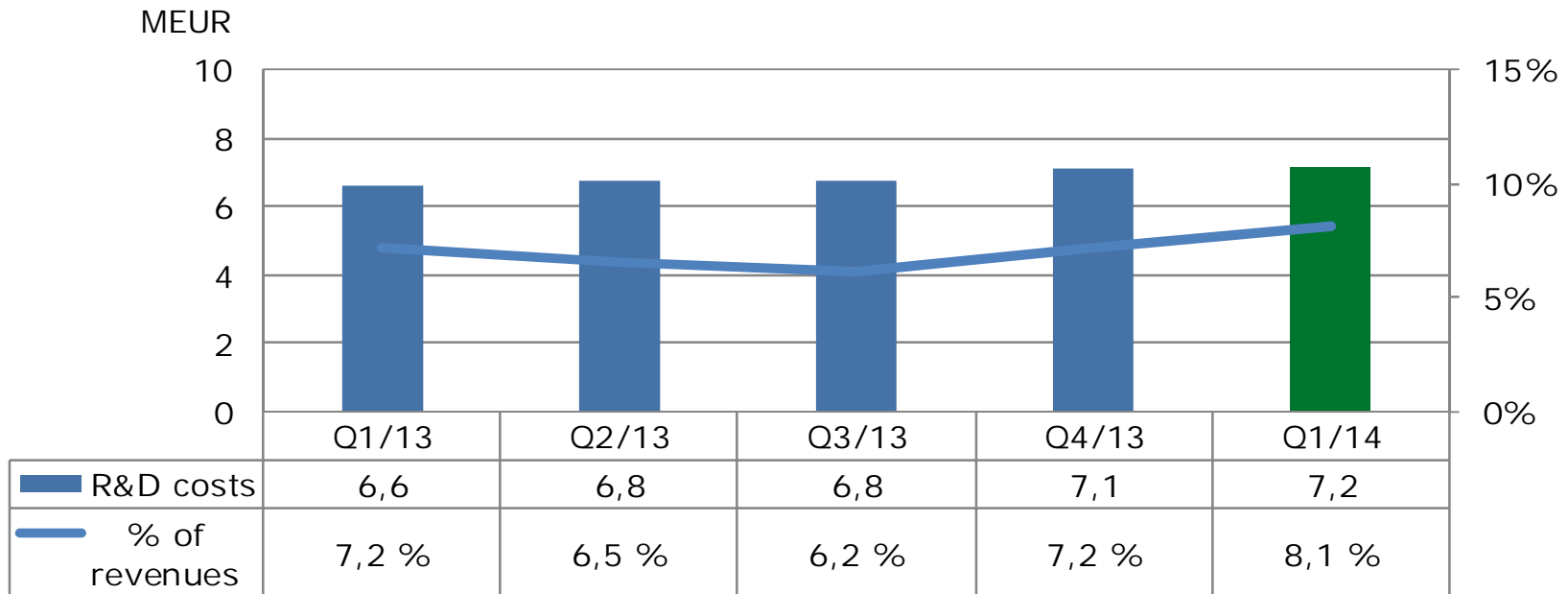


Given percentage is actual quarter Q1 2014 compared to the corresponding period in the previous year.

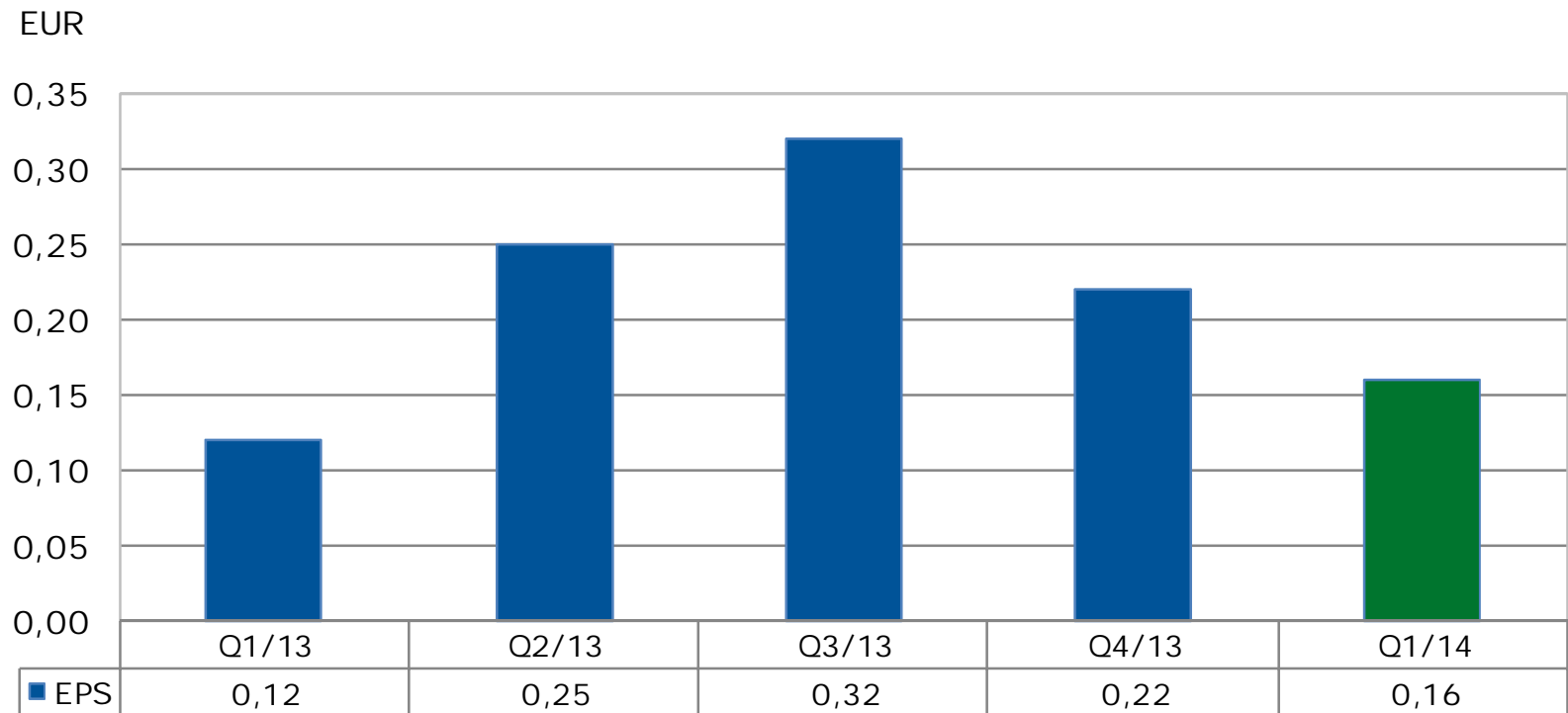
Revenues and EBIT-%



Research and development costs

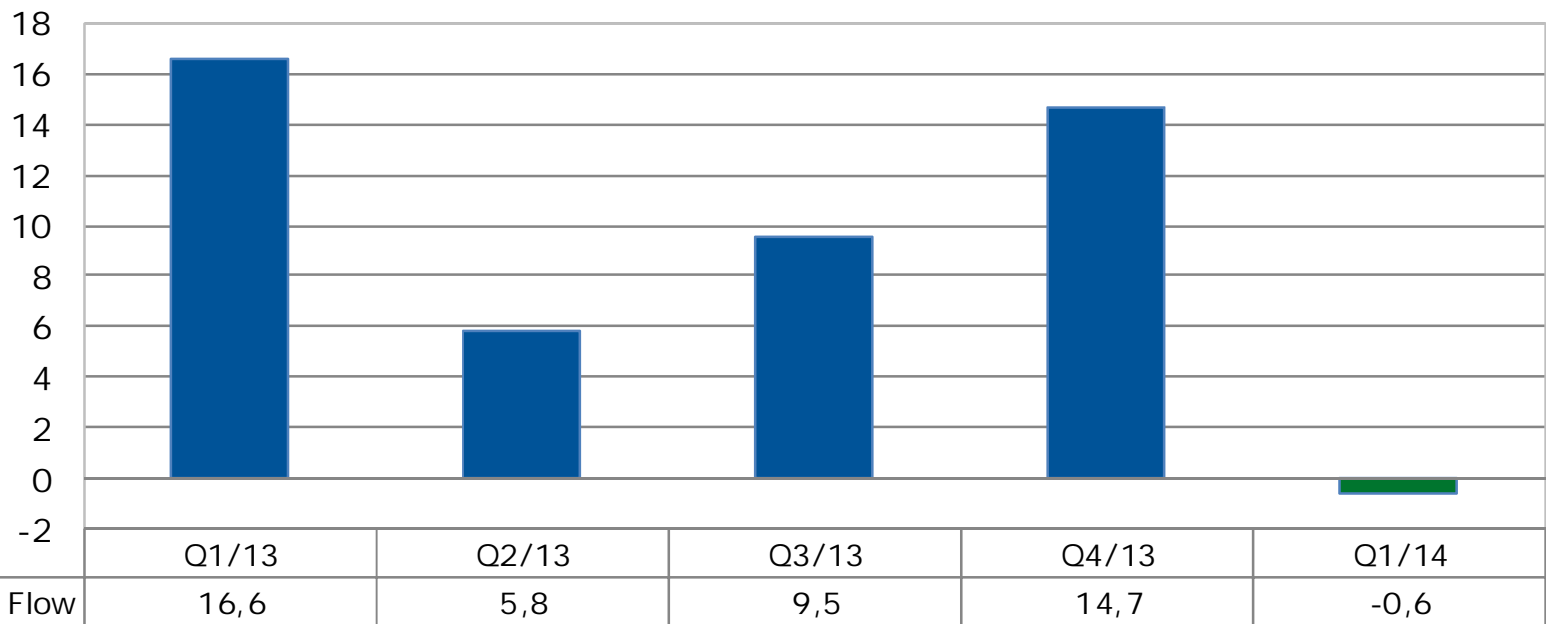


Earnings per share

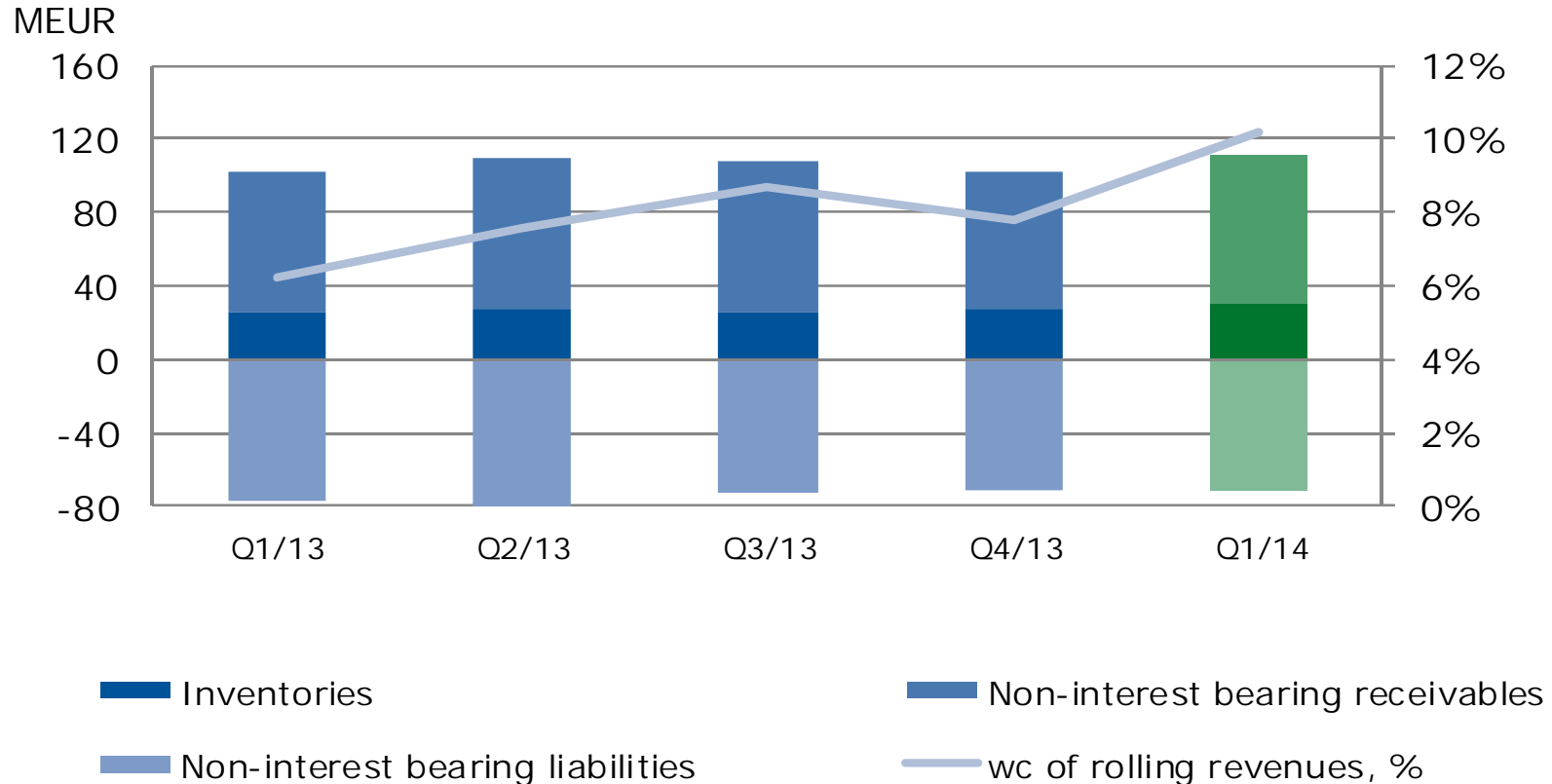


Net cash flow from operating activities

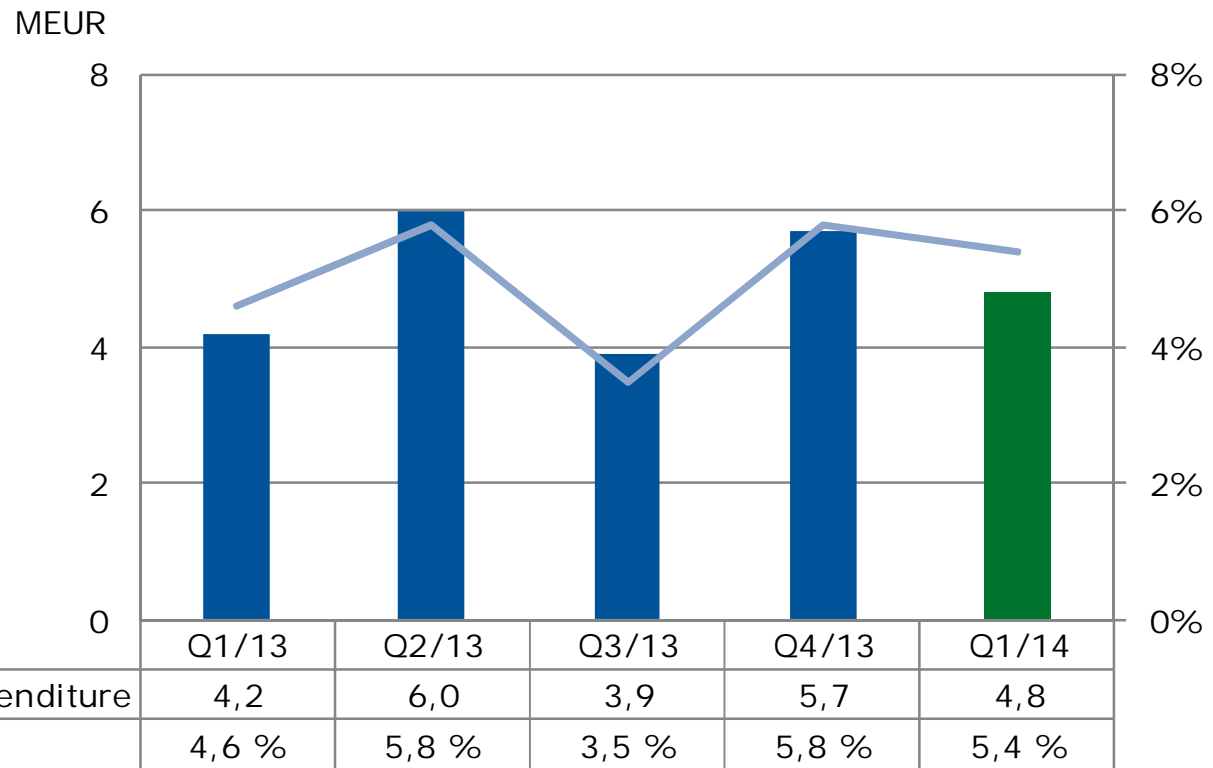
MEUR



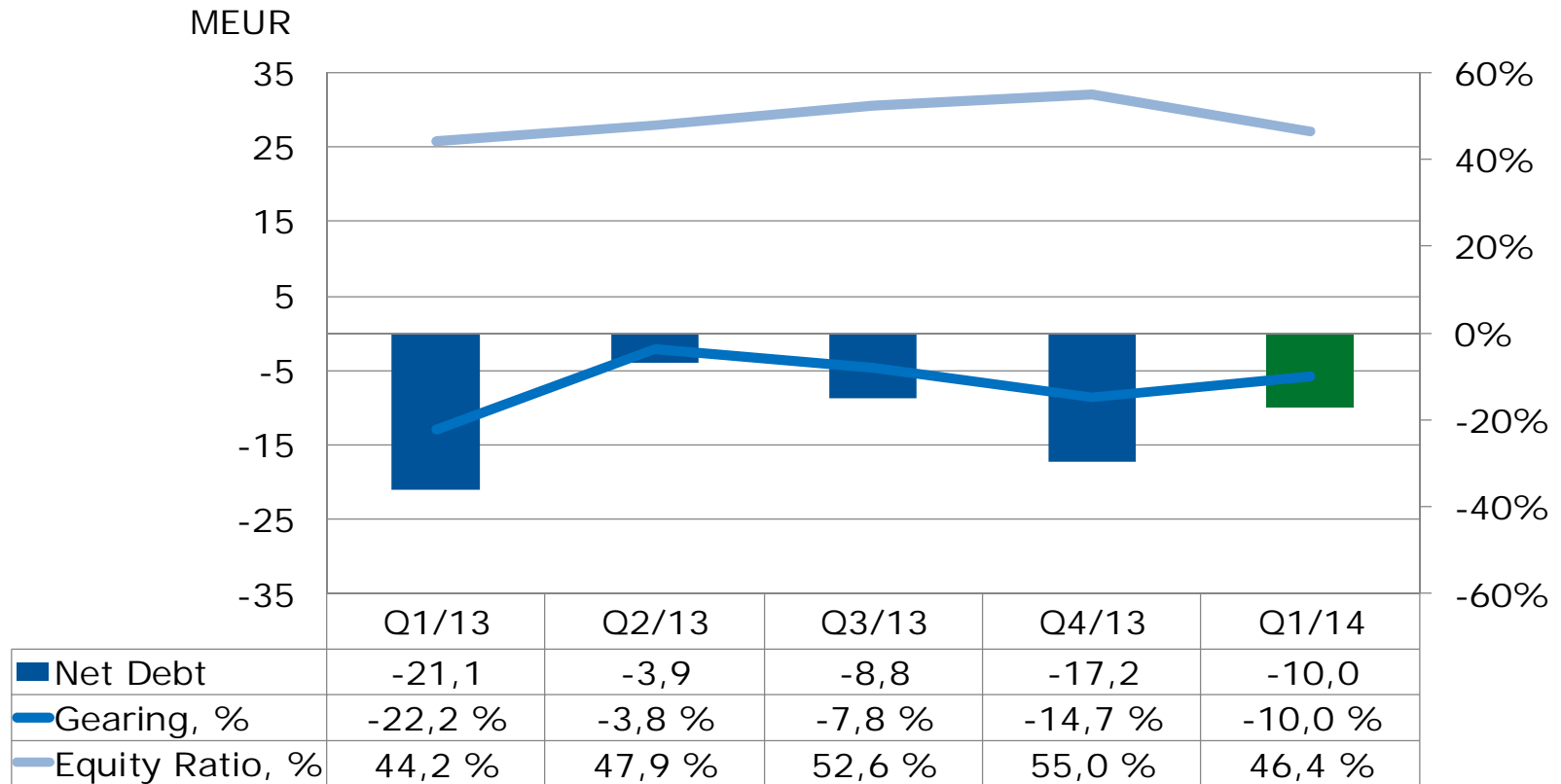
Working capital development



Gross capital expenditure



Key balance sheet ratios

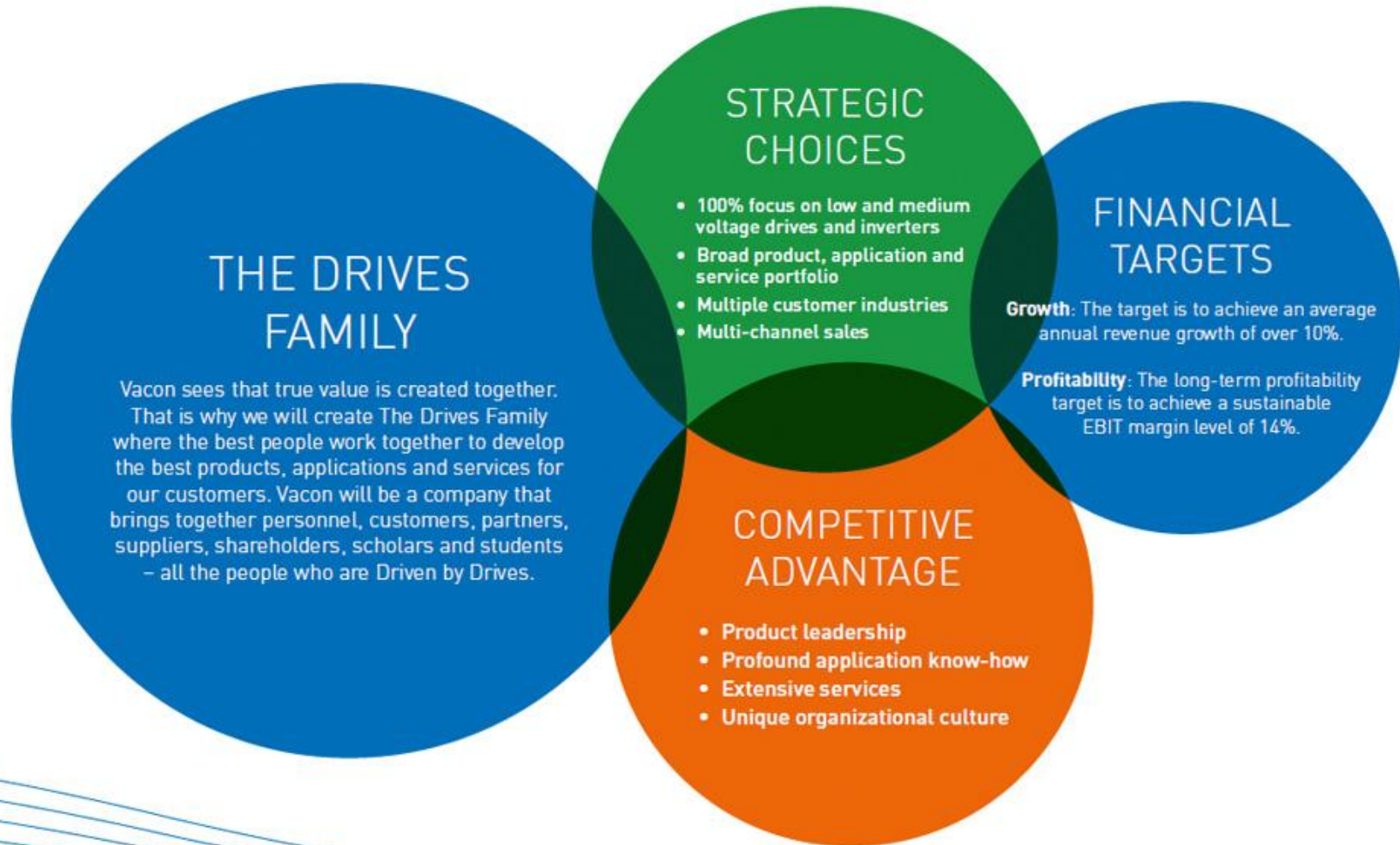


Outlook

Business environment

- Market research institute IHS estimates that the AC drive market is growing at an average rate of 7% in the period 2012-2017.
- Global megatrends, such as urbanization, increase in industrial automation, energy efficiency, developing markets and renewable energy, all support growth in the AC drive market.
- Growth in the AC drive market varies from year to year, and even from one quarter to another, but as a general rule it is estimated that the AC drive market grows much faster than global average growth in gross national product.

Vacon Strategy



Prospects for 2014

- There are uncertainties relating to general developments in the market in 2014. Vacon estimates that the AC drive market will grow some 5-10% in 2014, depending on general developments in the market.
- During the past few years the Company has expanded and renewed its product offering, which places the Company in a strong position to grow faster than the AC drive market in 2014. The orders received in the January-March period support growth in the Company's revenues during the remainder of the year.
- Vacon's goal is to improve profitability in 2014. Key factors contributing to an improvement in profitability are the cost benefits from transferring material sourcing to lower cost countries and raising overall efficiency in operations.

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 geopolitical developments in Ukraine during the first months of 2014 have increased the risks relating to development prospects not only for the Russian economy but also more widely in Europe. Vacon's sales to Russia account for a few per cent of all the Group's sales.

Market guidelines for 2014

	ACT 2013	FC 2014
Revenues, MEUR	403.0	+5-15%
EBIT margin, % (excluding one-time items)	10.1	11-13%

Vacon IR contacts and calendar

- Contacts:

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- Calendar:

- Interim Report
January-June 2014,
on 30 July at 9.30
- Interim Report
January-September 2014,
on 22 October at 9.30

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DRIVEN BY DRIVES

