Vacon - Interim Report Q1/2013

April 23, 2013

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Outline

- Highlights in Q1/2013
- Financial Report
- Outlook
- Appendix

Market stayed flat

- According to the assessment by market research institutions the global AC drive market declined slightly in 2012.
- Vacon estimates that the market did not grow during the first quarter of 2013.
- Taking market developments into account, Vacon's business developed positively during the first quarter of 2013.
- The company's comparable profitability, measured in terms of the operating profit percentage, improved slightly in the January-March period.
  - However, slower growth in revenues than expected and the emphasis in sales on low power drives with a smaller profit margin slowed down the improvement in the company's profitability.

Strongest growth in Asia Pacific – Europe developed encouragingly

- Geographically the area with strongest growth was Asia Pacific, where revenues increased 16.4 % in January-March. Revenues in the APAC region increased especially in building automation.
- Business in the Europe, Middle East and Africa region developed encouragingly and sales in the region increased 13.5 % in the January-March period. The marine industry recorded the biggest growth among customer sectors in Europe.
- Revenues in North and South America declined 12.9 % in January-March from the period for comparison. Weaker sales than expected to distributors and brand label customers were a particular factor in the decline in revenues. Sales for building automation increased to some extent. Sales in other sectors were at the same level as in the period for comparison.

Results Q1/2013

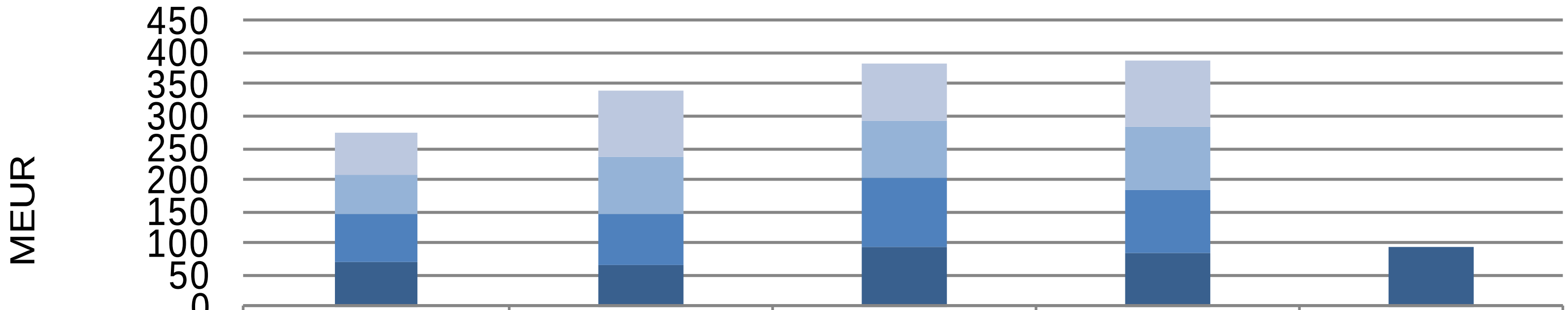
MEUR	Q1/2013	restated * Q1/2012	Change
Order intake	100.2	96.9	3.4 %
Revenues	91.3	84.2	8.5 %
Operating profit **	5.8	6.4	
Operating profit, % of revenues **	6.3 %	7.7 %	
Net cash flow from operating activities	16.6	18.3	-9.0 %
EPS, eur	0.25	0.29	

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

**) Operating profit excluding one-time items in Q1/2012 was EUR 5.0 million, or 5.9 % of revenues.

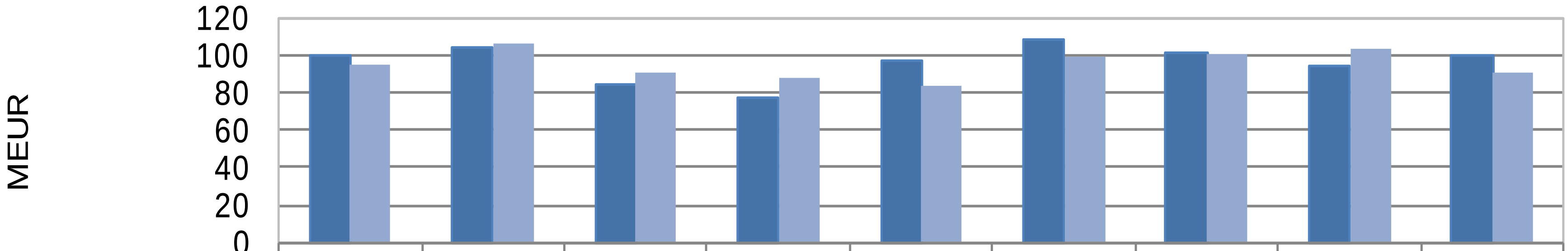
Financial Report

Revenues



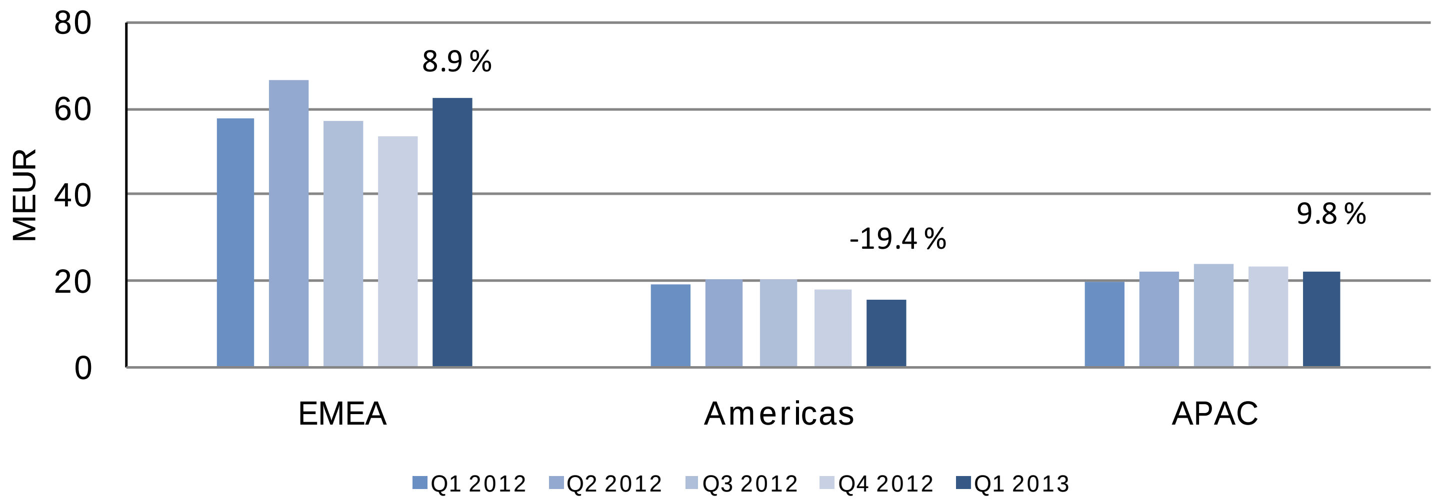
	2009: 272,0	2010: 338,0	2011: 380,9	2012: 388,4	2013: 91,3
Q4	64,2	103,2	87,6	103,2	
Q3	62,1	89,3	91,1	101,5	
Q2	75,7	80,2	107,2	99,5	
Q1	70,0	65,3	95,0	84,2	91,3

Order intake and revenues 2011-2013



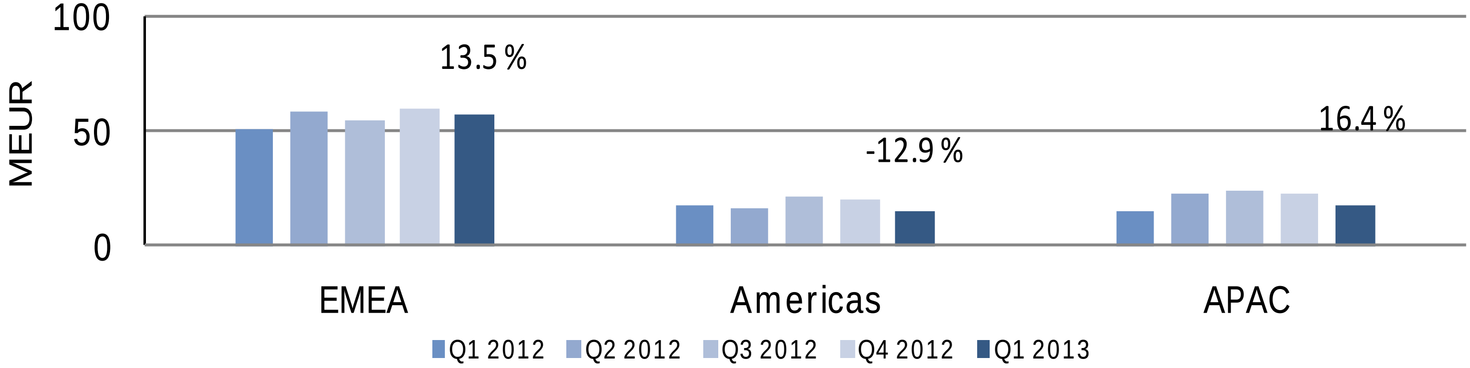
	Q1/11	Q2/11	Q3/11	Q4/11	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13
Order intake	100,7	103,8	83,9	76,9	96,9	108,9	101,6	94,4	100,2
Revenues	95,0	107,2	91,1	87,6	84,2	99,5	101,5	103,2	91,3

Order intake by region 2012-2013



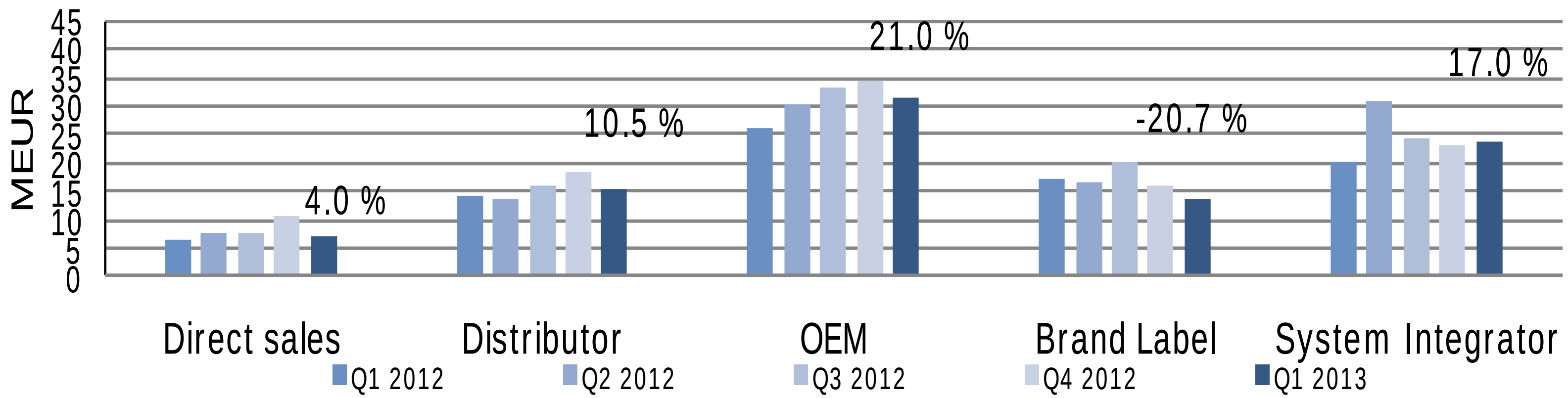
Given percentage is actual quarter Q1 2013 compared to the corresponding period in the previous year.

Revenues by region 2012-2013



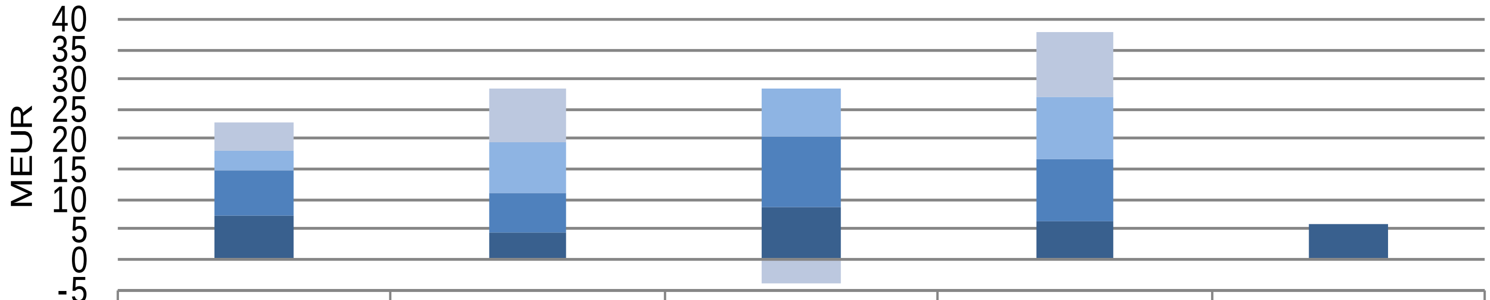
Given percentage is actual quarter Q1 2013 compared to the corresponding period in the previous year.

Revenues by sales channel 2012-2013



Given percentage is actual quarter Q1 2013 compared to the corresponding period in the previous year.

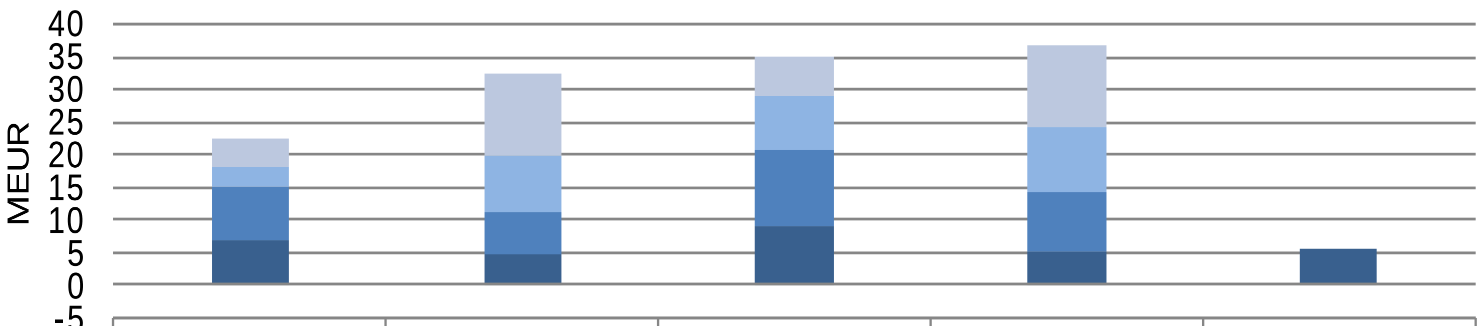
EBIT



	2009: 22,5	2010: 28,6	2011: 24,7	* 2012: 38,0	2013: 5,8
Q4	4,3	9,1	-3,9	11,0	
Q3	3,4	8,3	8,2	10,3	
Q2	7,8	6,6	11,5	10,3	
Q1	7,1	4,6	8,9	6,4	5,8

*) 2012 restated

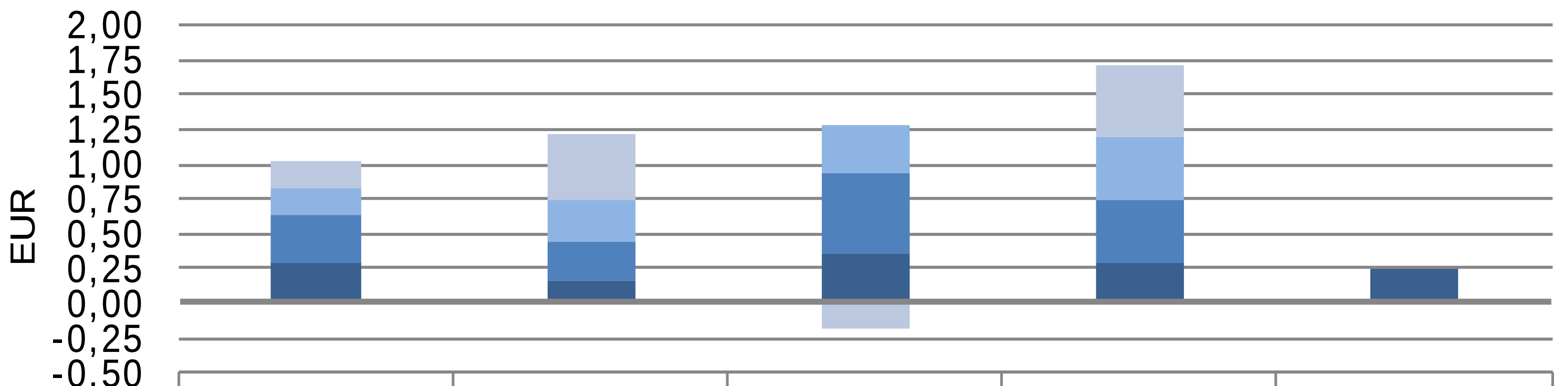
EBIT excl. one-time items



	2009: 22,5	2010: 32,4	2011: 34,8	* 2012: 36,5	2013: 5,8
Q4	4,3	12,6	5,7	12,2	
Q3	3,4	8,6	8,2	10,3	
Q2	7,8	6,6	12,0	9,1	
Q1	7,1	4,6	8,9	5,0	5,8

*) 2012 restated

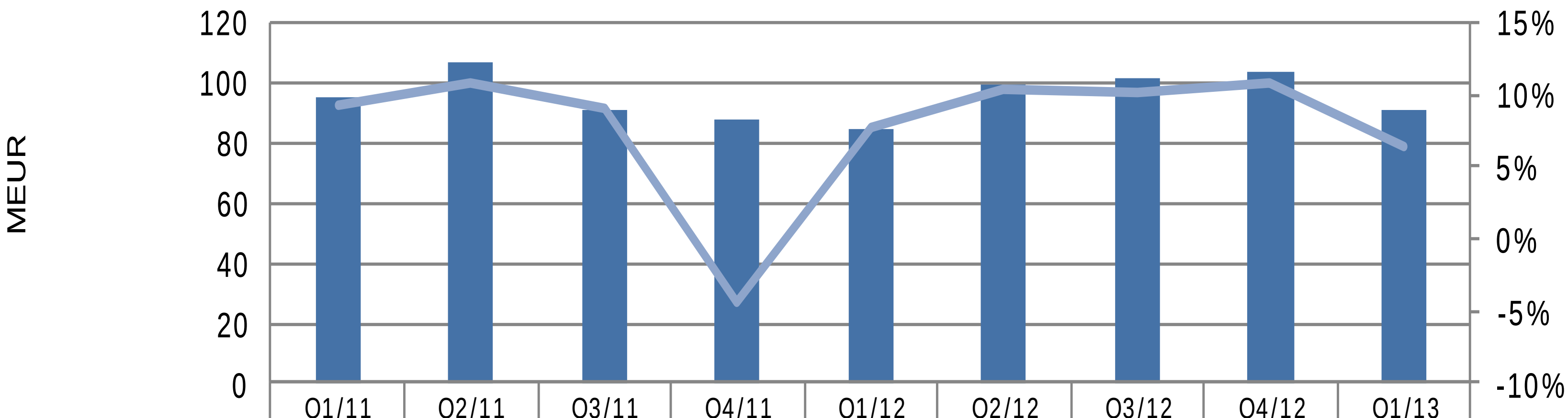
Earnings per share



	2009: 1,01	2010: 1,22	2011: 1,10	* 2012: 1,72	2013: 0,25
Q4	0,19	0,46	-0,18	0,51	
Q3	0,19	0,31	0,36	0,45	
Q2	0,35	0,27	0,58	0,46	
Q1	0,29	0,17	0,35	0,29	0,25

*) 2012 restated

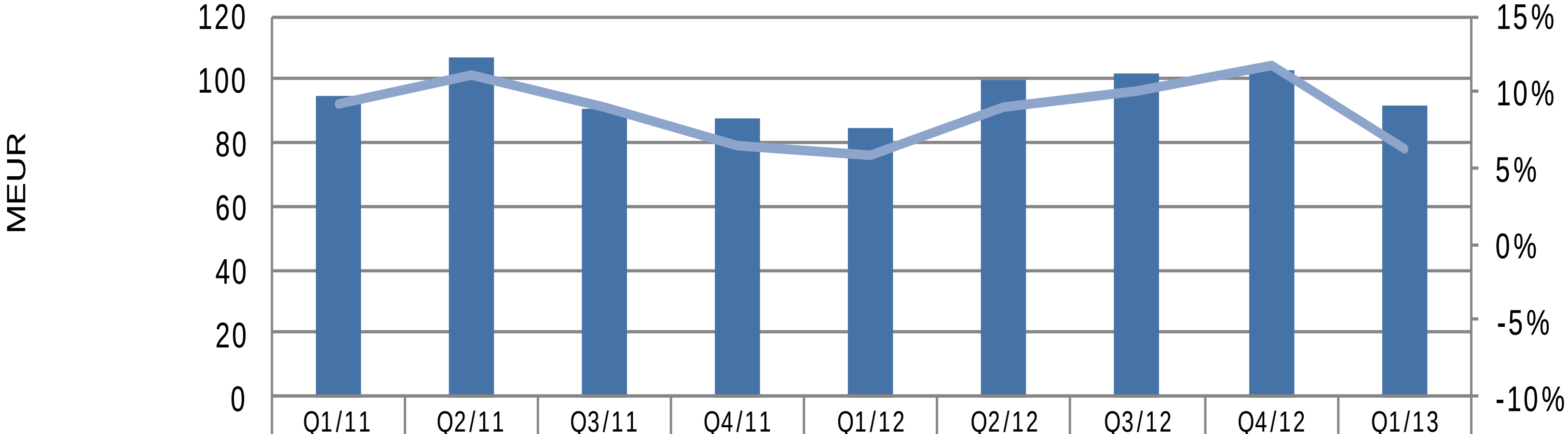
Revenues and EBIT-%



	Q1/11	Q2/11	Q3/11	Q4/11	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13
Revenues	95,0	107,2	91,1	87,6	84,2	99,5	101,5	103,2	91,3
Ebit margin, %	9,3 %	10,7 %	9,1 %	-4,4 %	7,7 %	10,4 %	10,1 %	10,7 %	6,3 %

*) 2012 Ebit margin, % restated

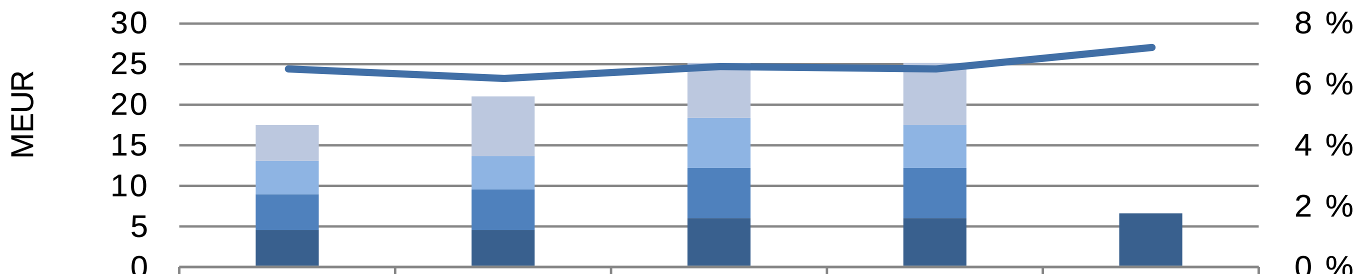
Revenues and EBIT-%
excl. one-time items



	Q1/11	Q2/11	Q3/11	Q4/11	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13
Revenues	95,0	107,2	91,1	87,6	84,2	99,5	101,5	103,2	91,3
Ebit margin, %	9,3 %	11,2 %	9,1 %	6,5 %	5,8 %	9,0 %	10,1 %	11,7 %	6,3 %

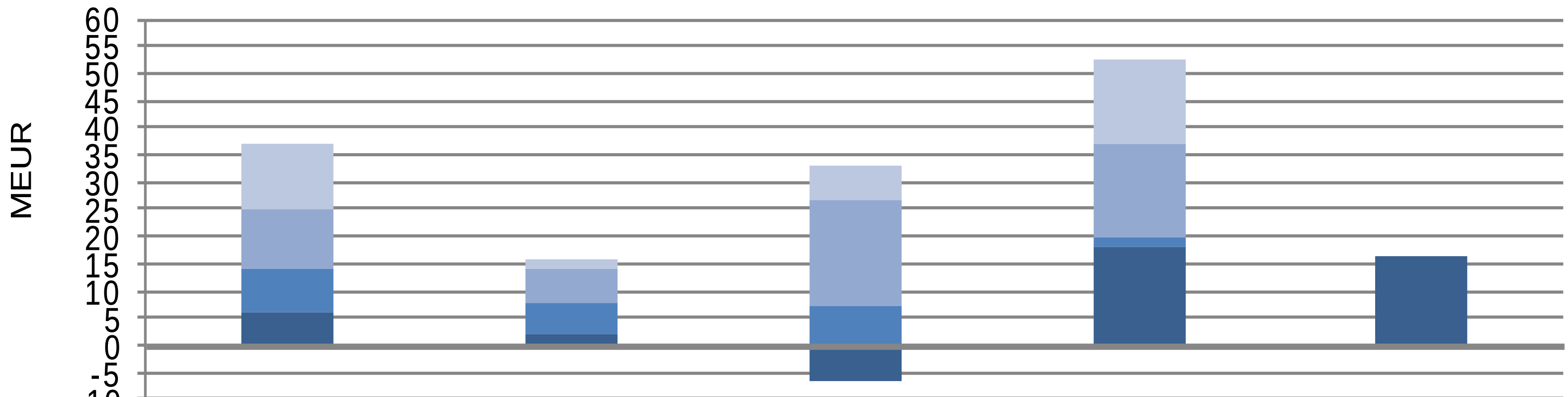
*) 2012 Ebit margin, % restated

Research and development costs



	2009: 17,6	2010: 20,8	2011: 25,1	2012: 25,1	2013: 6,6
Q4	4,6	7,2	6,8	7,7	
Q3	4,0	4,3	6,0	5,4	
Q2	4,6	4,9	6,4	6,1	
Q1	4,4	4,5	5,9	5,9	6,6
% of revenues	6,5 %	6,2 %	6,6 %	6,5 %	7,2 %

Net Cash Flow from operating activities

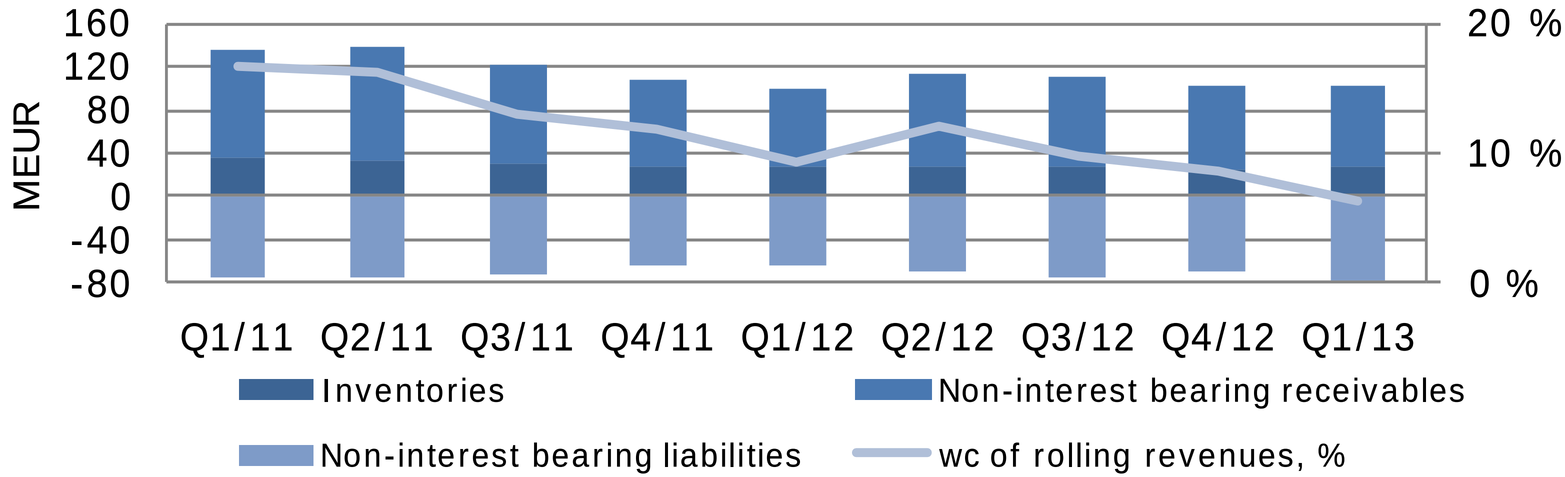


	2009: 37,1	2010: 15,9	2011: 26,8	2012: 52,3	2013: 16,6
Q4	12,1	1,6	6,2	15,1	
Q3	10,8	6,6	19,8	17,4	
Q2	7,9	5,8	7,2	1,5	
Q1	6,3	1,9	-6,4	18,3	16,6

Working capital

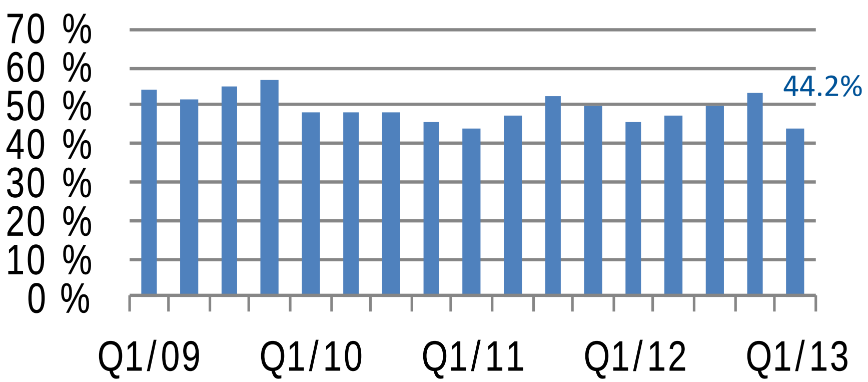
MEUR	**31.3.2013**	31.12.2012	31.12.2011
Inventories	26.4	25.7	28.2
Non-interest bearing receivables	75.4	76.9	80.9
Non-interest bearing liabilities	77.4	69.6	64.0
Working capital	24.4	33.0	45.1
Working capital of rolling revenues, %	6.2	8.5	11.8

Working capital development

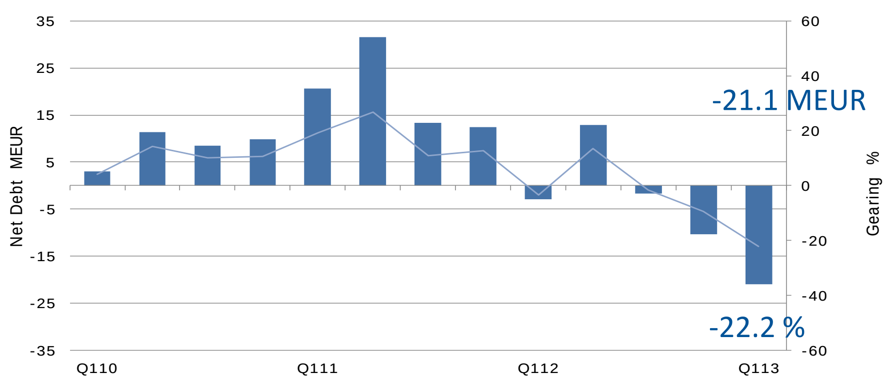


Key balance sheet ratios

- Equity ratio

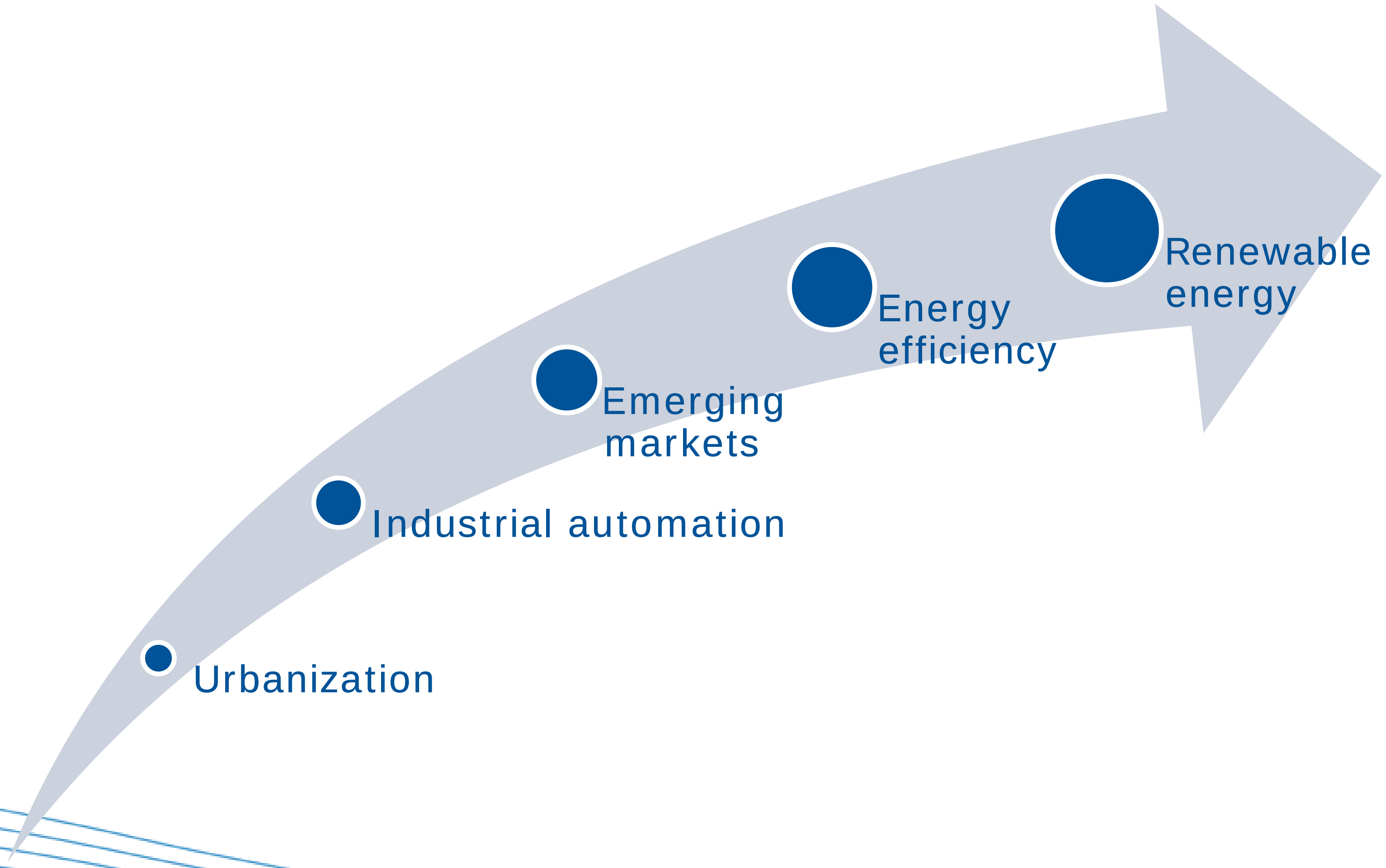


- Net Debt and Gearing,%



Outlook

Global megatrends support the growth



Prospects for 2013

- There were no signs of growth in the AC drive market in January-March, but Vacon expects the market to pick up towards the end of the year. The company still estimates that the global AC drive market will grow much faster than average growth in industrial production, at an estimated rate of 5-10 % in 2013.
- Vacon's strong order intake in January-March supports growth in the company's revenues and improving profitability towards the end 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 low cost countries and raising overall efficiency in operations.
- Improving the company's profitability does not require a change in the sales product breakdown, the profitability targets set can also be achieved with the existing product breakdown.

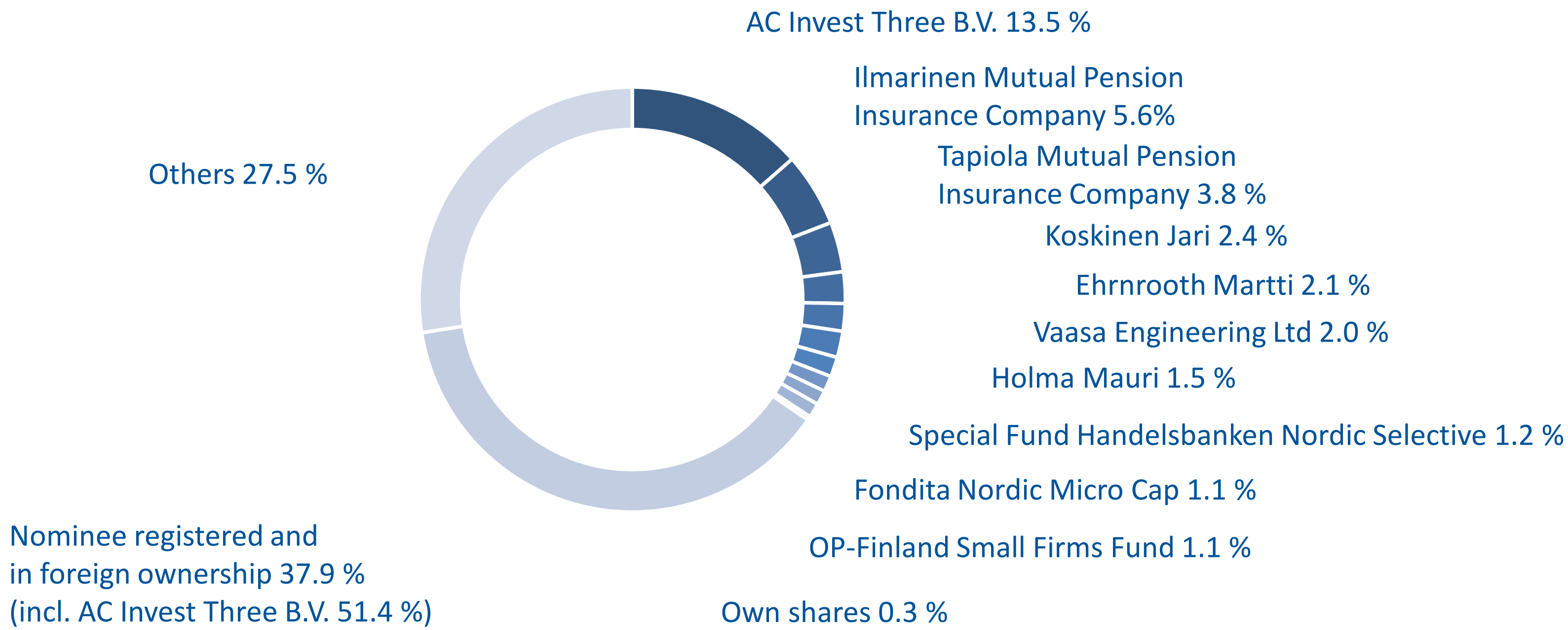
Market guidelines for 2013

	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 the court proceedings.

Major shareholders



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