



Financial Report January – September 2008

October 23, 2008

Vesa Laisi, President and CEO

Mika Leppänen, CFO

Forward looking statements

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

1. Highlights Q3 2008 & Q1-Q3 2008
2. Financial report
3. 2008 outlook

Q3 highlights

- All major application areas for Vacon's products, in different industrial sectors as well as in municipal engineering, have grown in the third quarter of 2008 compared to the corresponding period in the previous year.
- Growth in revenues in the third quarter was proportionately strongest in the Asia and Pacific region.
- Growth in Europe, the Middle East and Africa region, and North and South America was as expected and clearly above market growth.

New products

- Vacon X5
- Vacon 100 HVAC



Q3 highlights

MEUR	Q3/2008	Q3/2007	Change
Order intake, MEUR	77.8	58.4	33.2%
Revenues, MEUR	74.2	58.7	26.4%
Operating profit, MEUR	9.1	7.8	16.7%
Operating profit, %	12.3	13.3	-1.0%
Operating cash flow, MEUR	6.4	7.9	-19.0%

- Amortization of the intangible rights generated by the acquisition of the AC drives business of TB Wood's (EUR 0.4 million) reduced the operating profit margin by 0.5 percentage points

Growth Q3 2008 vs. Q3 2007

%	w. TB Wood's	w/o TB Wood's
Order intake	+33%	+26%
Revenues	+26%	+18%
Operating profit	+17%	+17%

Q1-Q3 2008 highlights

MEUR	Q1-Q3/2008	Q1-Q3/2007	Change
Order intake, MEUR	239.3	174.5	37.1%
Revenues, MEUR	218.1	170.8	27.7%
Operating profit, MEUR	27.1	21.7	24.9%
Operating profit, %	12.4	12.7	-0.3%
Operating cash flow, MEUR	16.8	14.1	19.1%

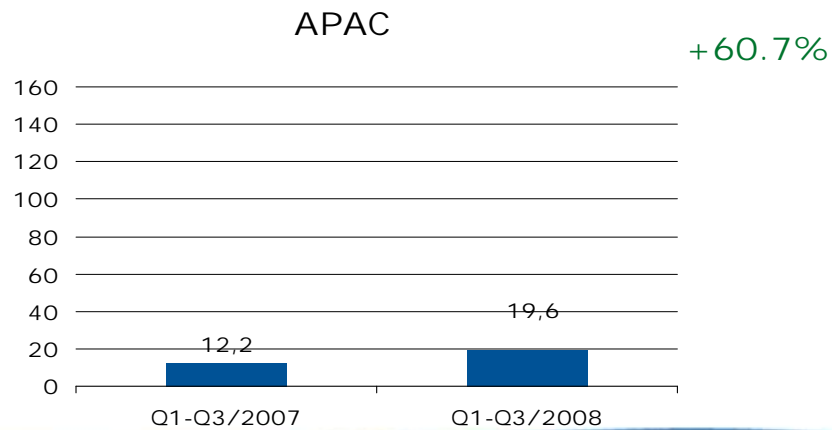
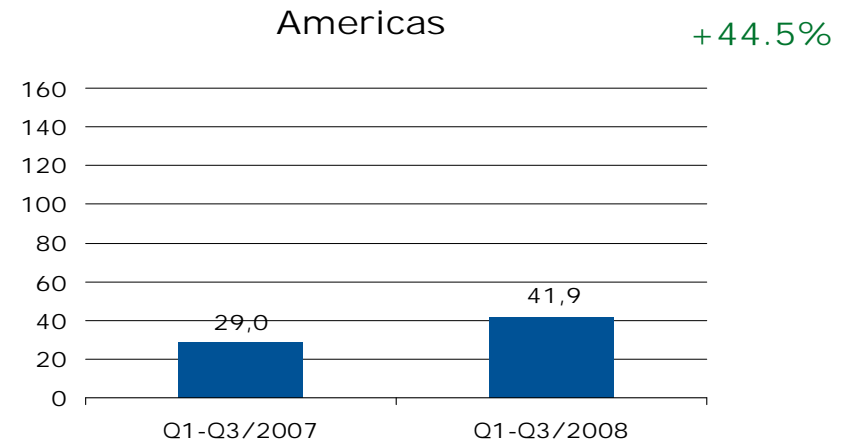
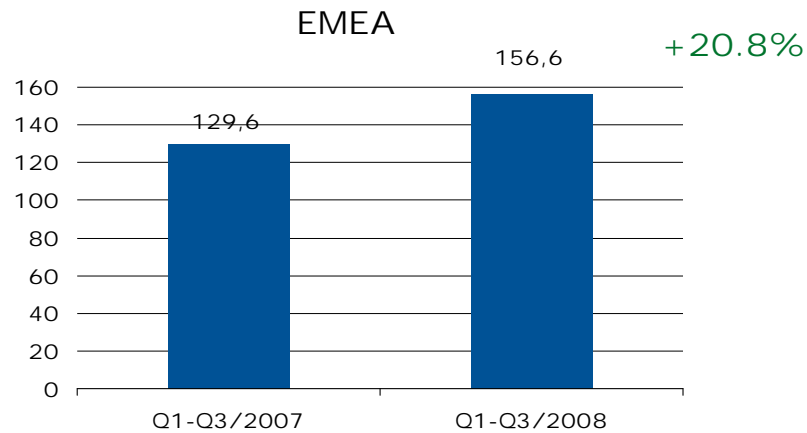
- Amortization of the intangible rights generated by the acquisition of the AC drives business of TB Wood's (EUR 1.1 million) reduced the operating margin profit margin by 0.5 percentage points

Growth Q1-Q3 2008 vs. Q1-Q3 2007

%	with TB Wood's	without TB Wood's
Order intake	+37%	+26%
Revenues	+28%	+18%
Operating profit	+25%	+28%

Revenues by market area Q1...Q3

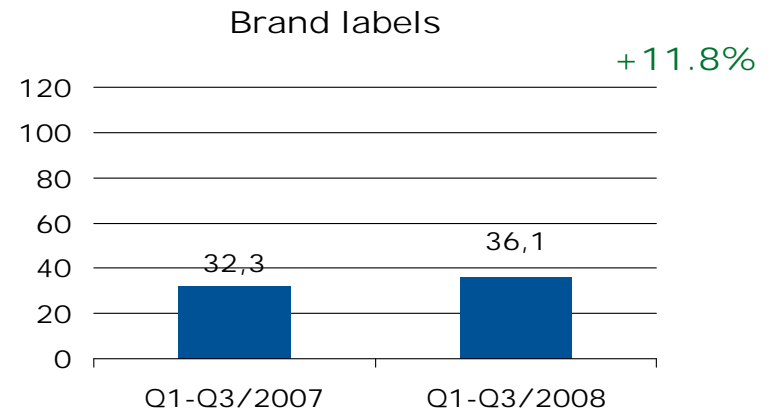
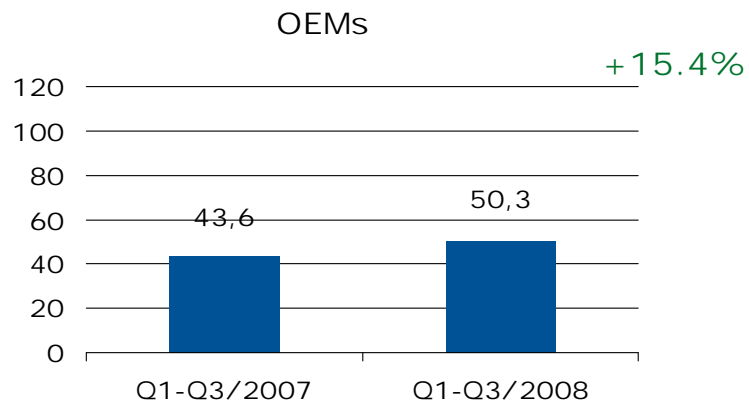
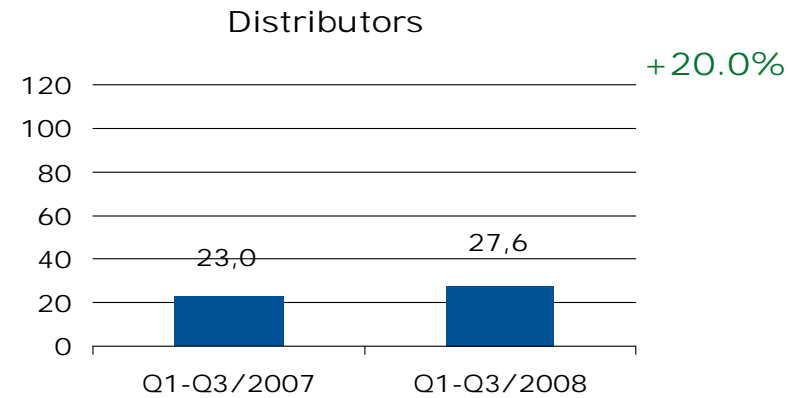
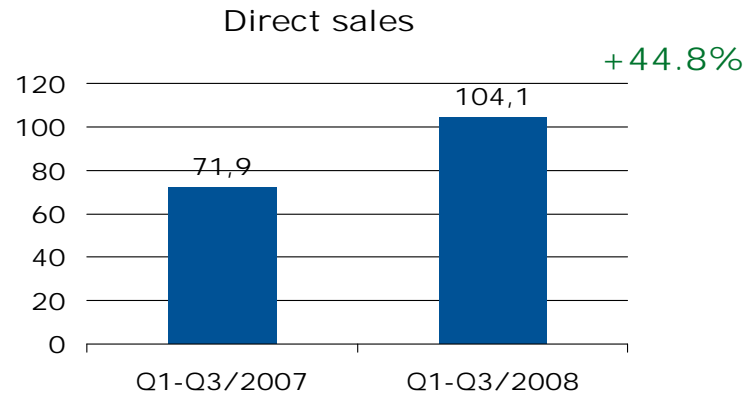
MEUR



	%	Growth Q1..Q3 2008 vs. 2007	Growth Q1..Q3 2008 vs. 2007
Region		w. TB Wood's	w/o TB Wood's
EMEA		20.8	14.0
Americas		44.5	16.9
APAC		60.7	57.4

Revenues by distribution channel Q1-Q3 2008

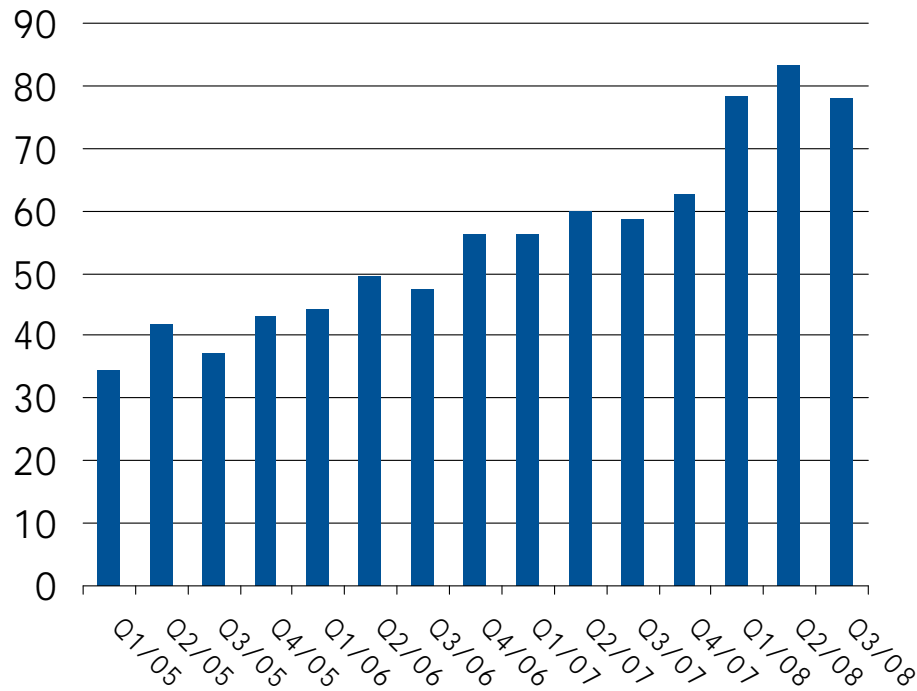
MEUR



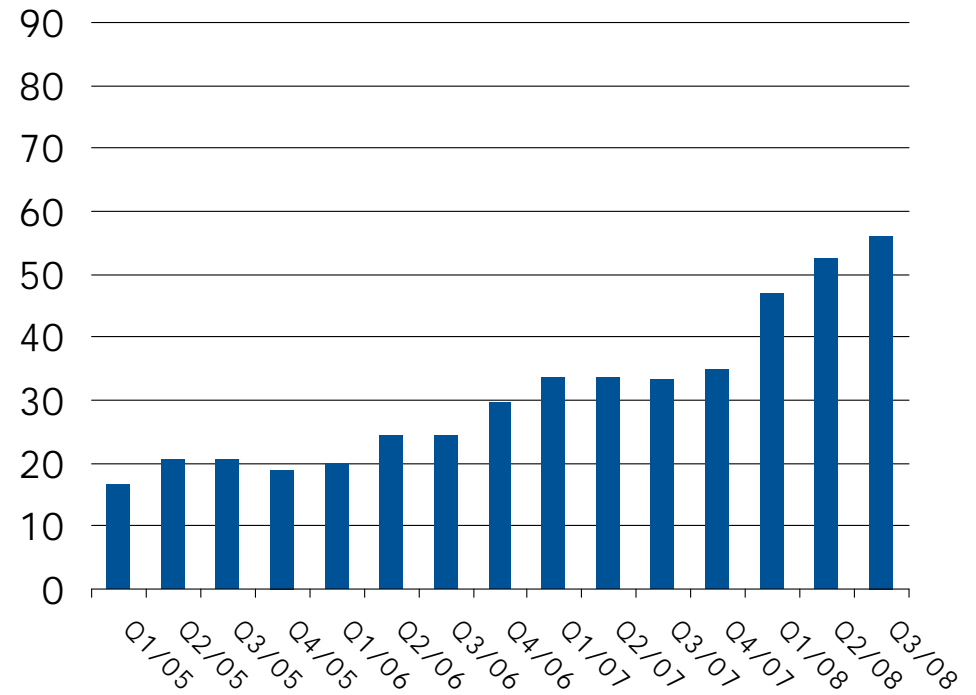
Order intake and order book

MEUR

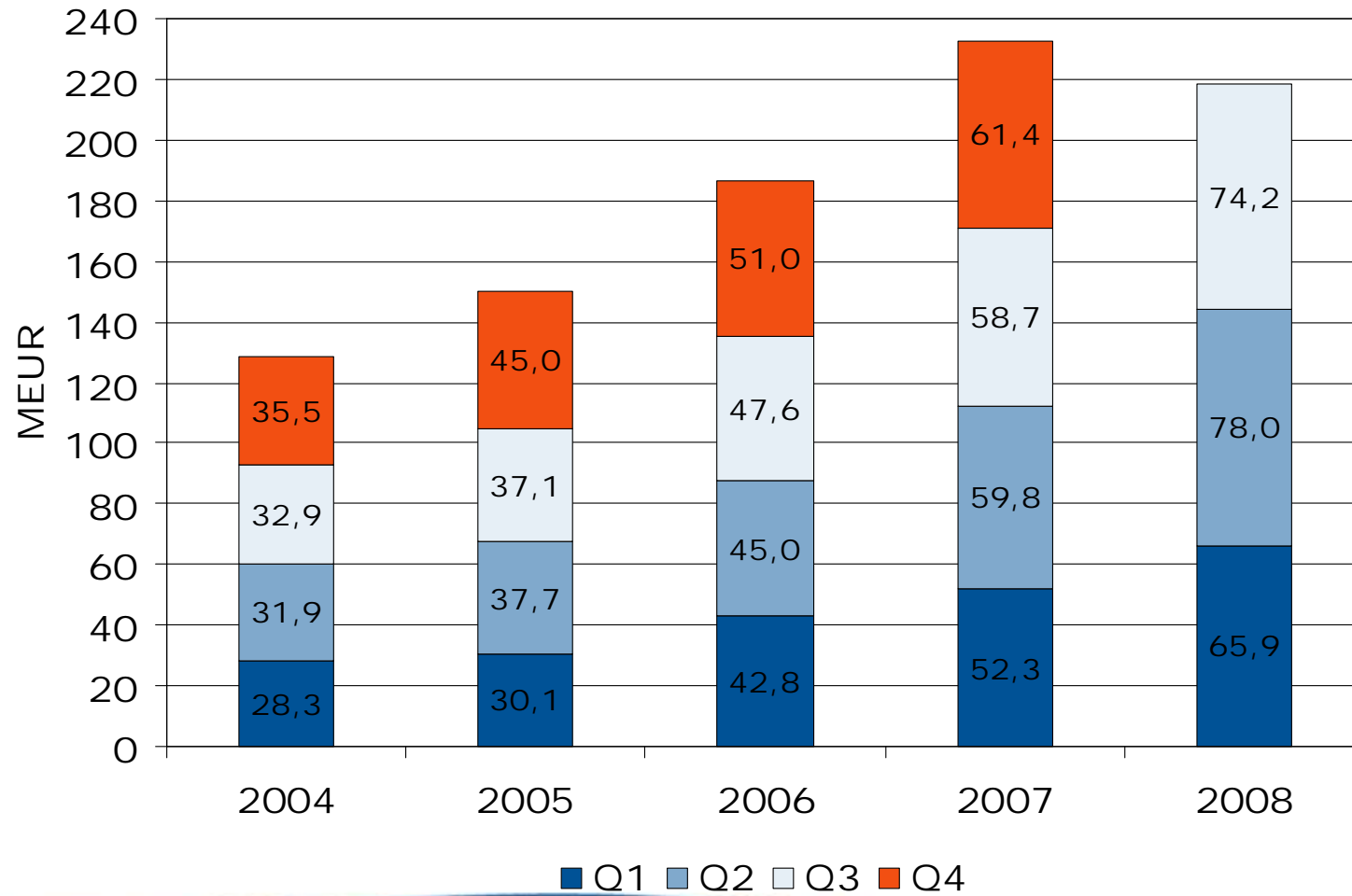
Order intake



Order book

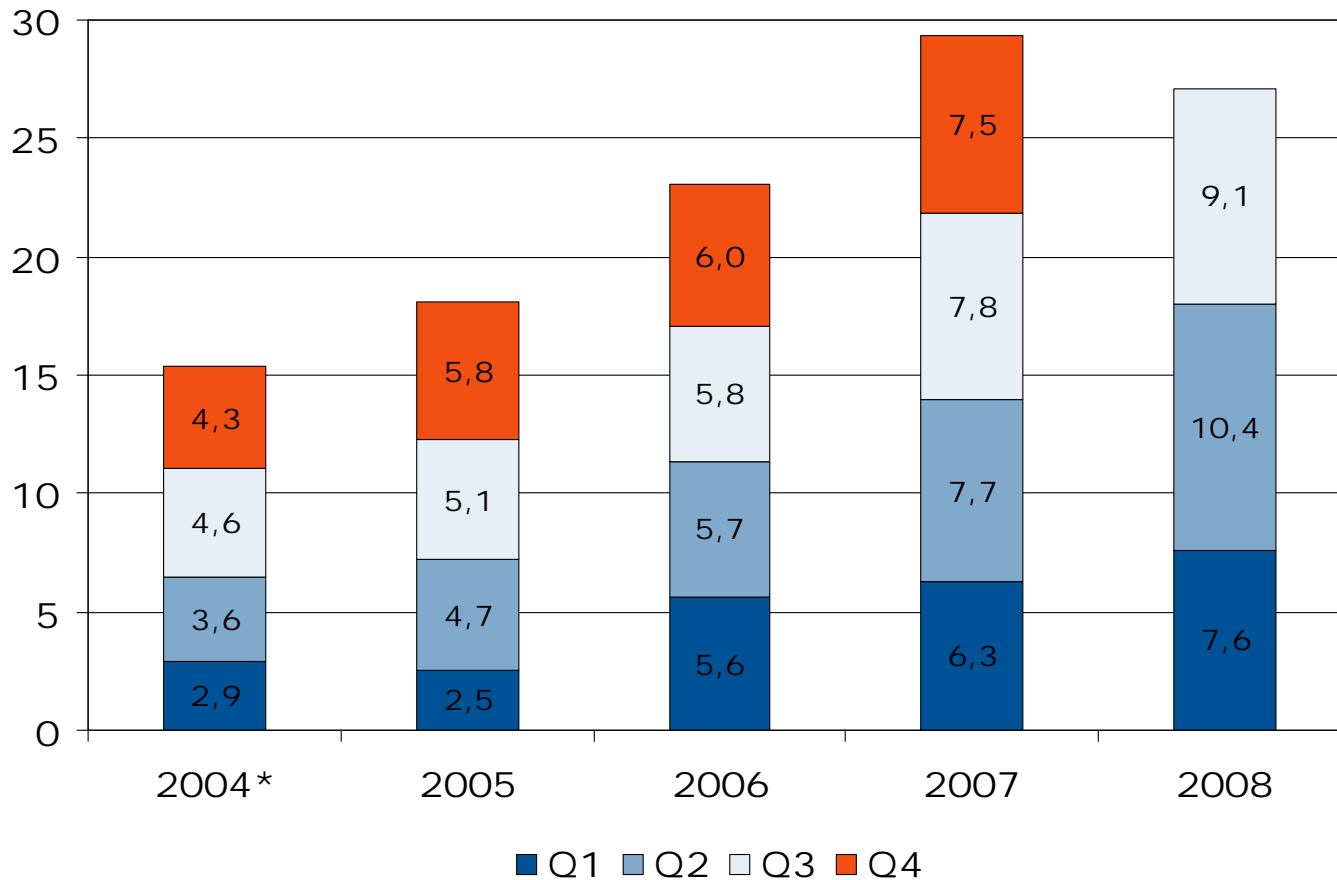


Revenues



Ebit

MEUR



*) 2004 Pro forma figures excl. Q4 disability pension provision of 0,5 MEUR.



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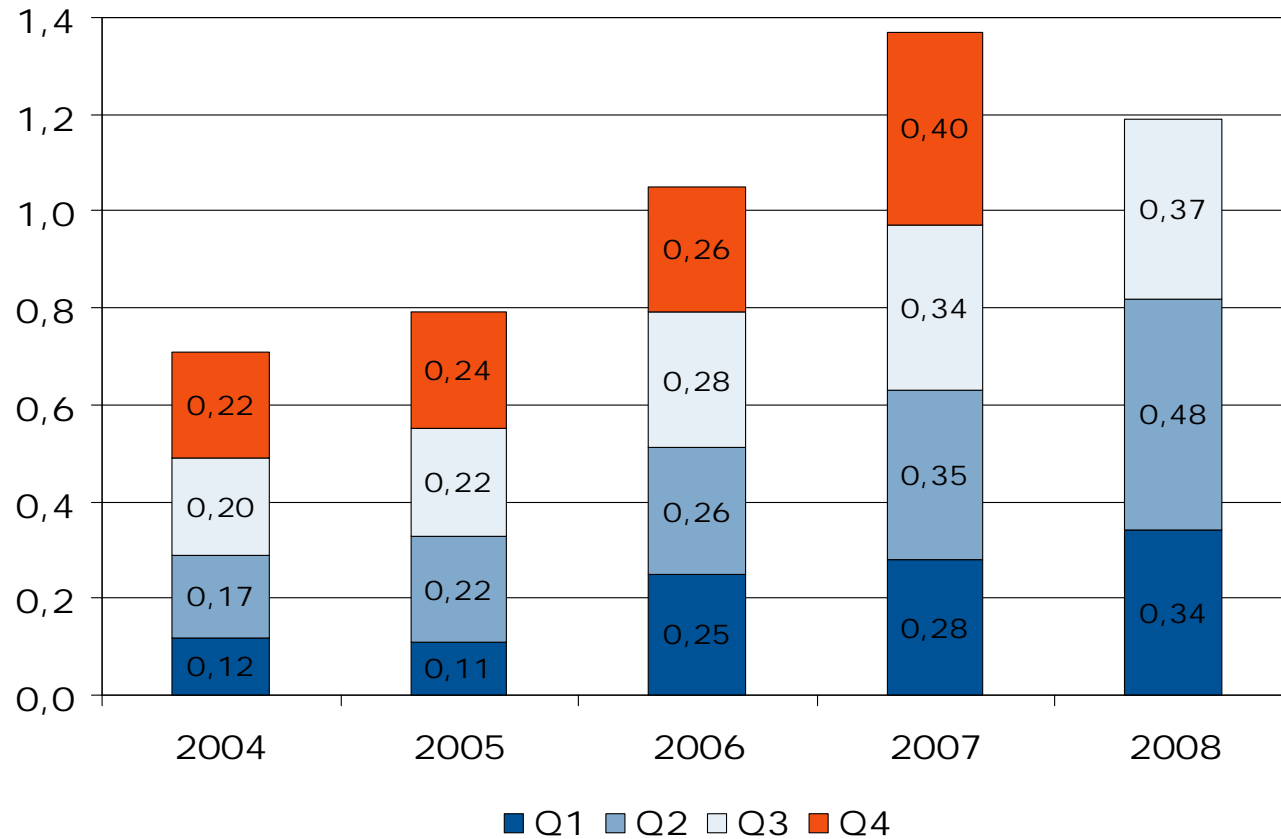
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Mika Leppänen, CFO

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EPS by quarter

EUR



Balance sheet walk

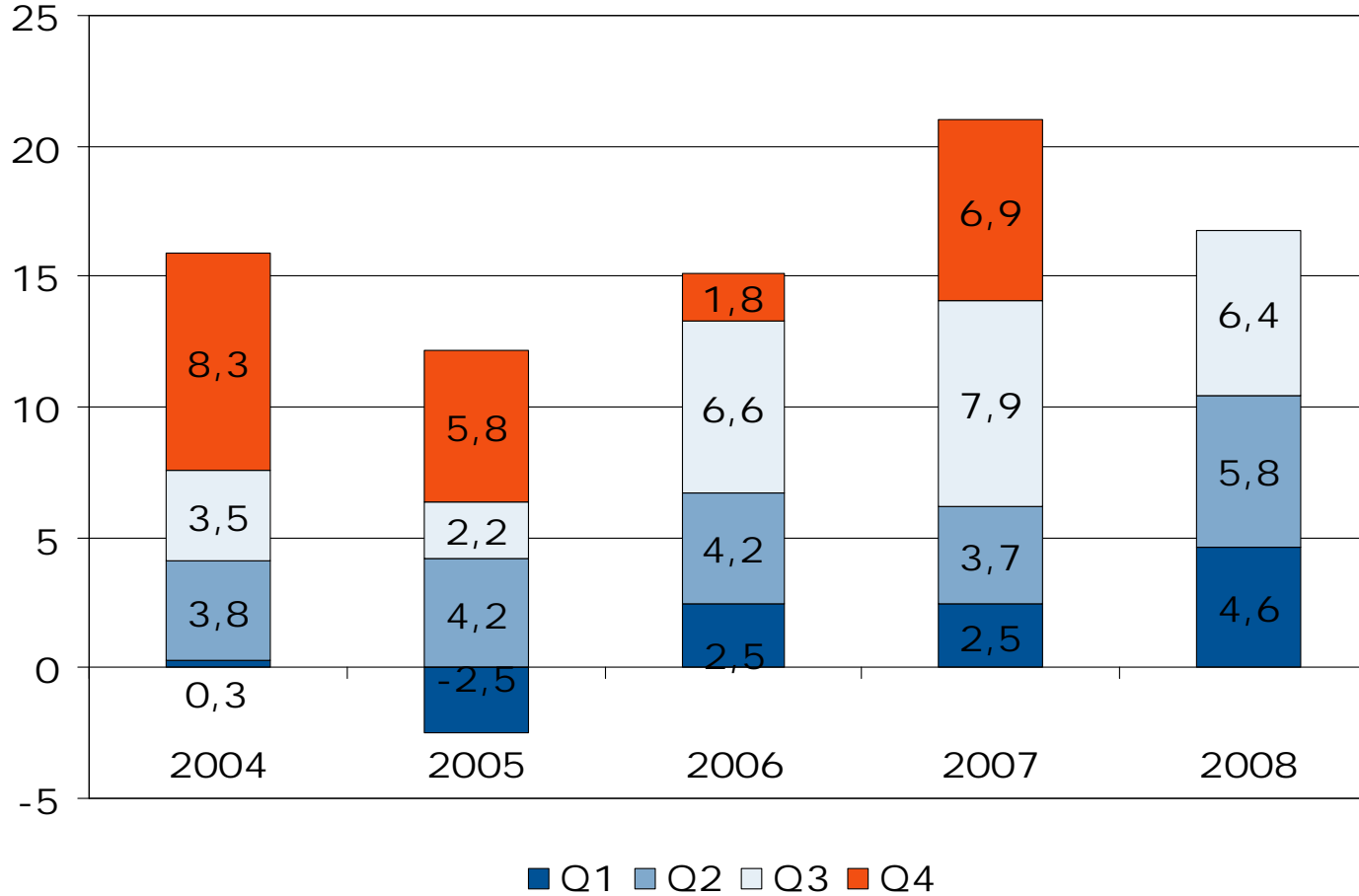
MEUR	30.9.2008	30.9.2007	Change, %
Non-current assets total	47.5	25.6	+85.5
Inventories	24.5	14.3	+71.3
Trade and other receivables	60.5	46.1	+31.2
Cash and cash equivalents	18.2	11.8	+54.2
Total assets	150.8	97.8	+54.2
Equity total	71.6	58.2	+23.0
Non-current liabilities total	22.0	3.8	+478.9
Trade and other payables	40.0	30.2	+32.5
Income tax liabilities	3.1	2.5	+24.0
Provisions	2.0	0.9	+122.2
Interest-bearing liabilities	12.1	2.1	+476.2
Total equity and liabilities	150.8	97.8	+54.2

Cash flow walk

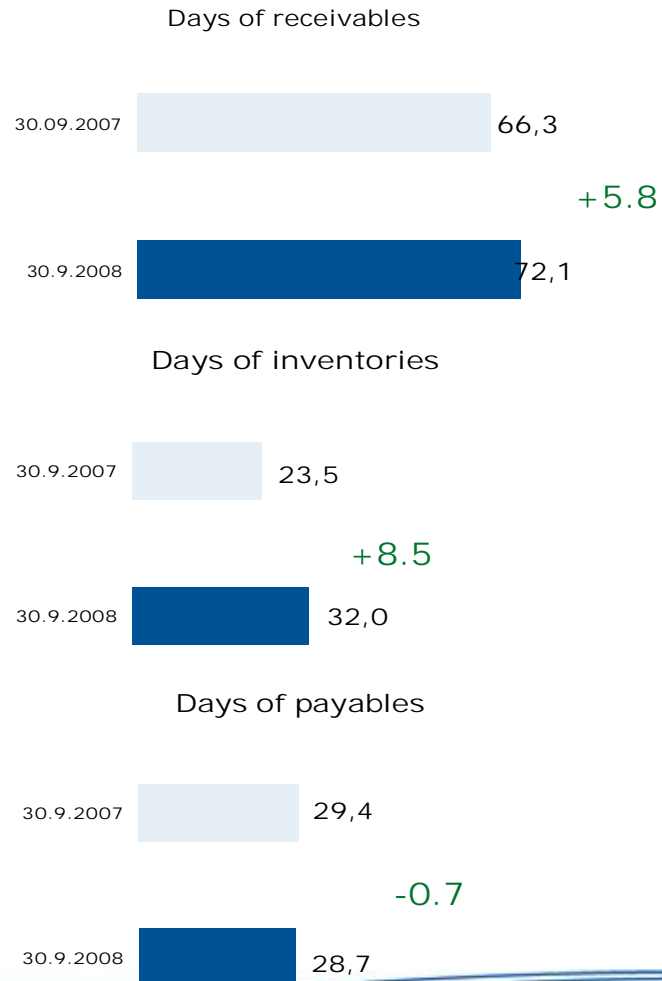
MEUR	Q1-Q3/2008	Q1-Q3/2007	Change, %
Profit for the period	18.8	15.2	+23.7
Depreciation and other adjustments	14.2	10.2	+39.2
Change in working capital	-9.3	-5.8	+60.3
Cash flow from financial items and tax	-6.8	-5.5	+23.6
From operating activities	16.8	14.1	+19.1
From investments activities	-26.4	-4.7	
From financing activities	-6.4	-10.6	-39.6
Change in liquid funds	-16.1	-1.1	

Cash flow from operating activities

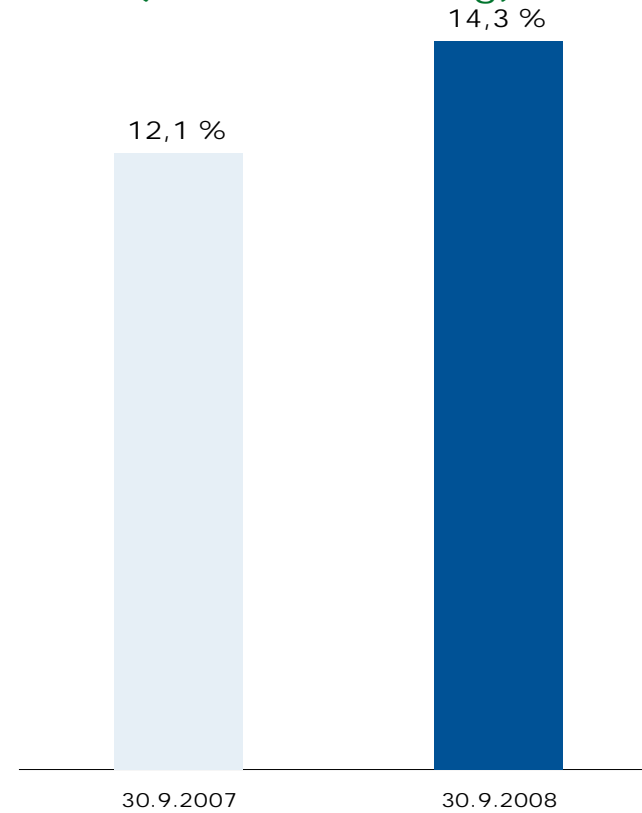
MEUR



Working capital components



WC in % of revenues
(12 month rolling)

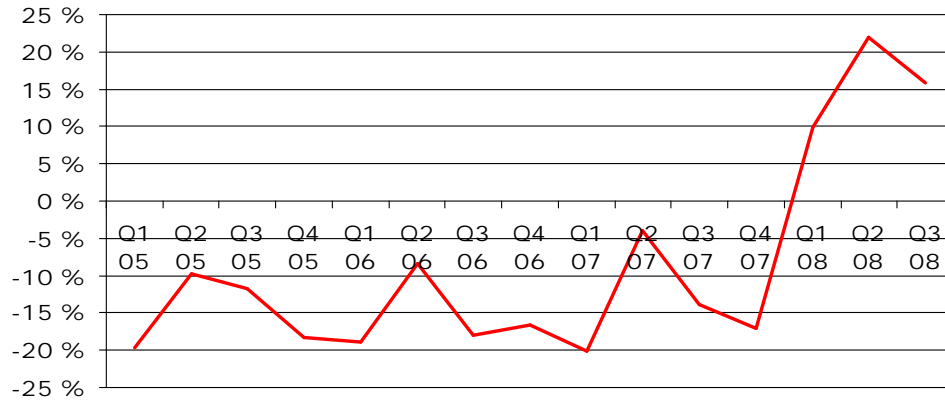


Financial ratios

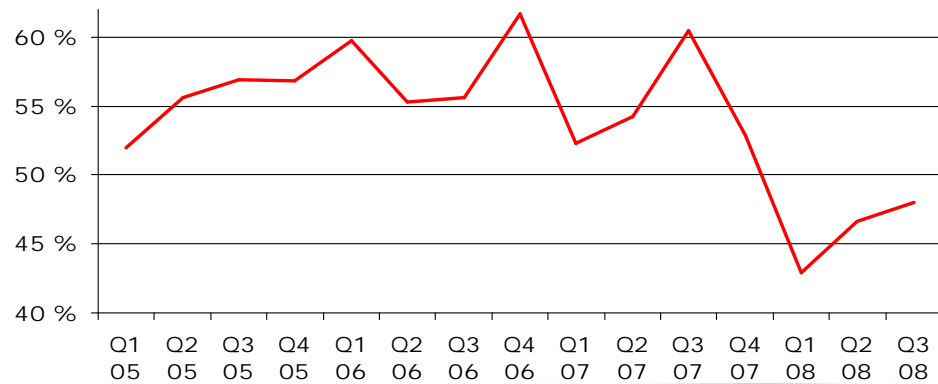
	Q1-Q3/2008	Q1-Q3/2007
Operating profit, %	12.4	12.7
Gross investments, MEUR	7.0	4.9
Depreciation & Amortization, MEUR	5.3	3.5
Equity per share, MEUR	4.62	3.75
Earnings per share, MEUR	1.19	0.97
Contingent liabilities, MEUR	2.9	1.2

Key balance sheet ratios

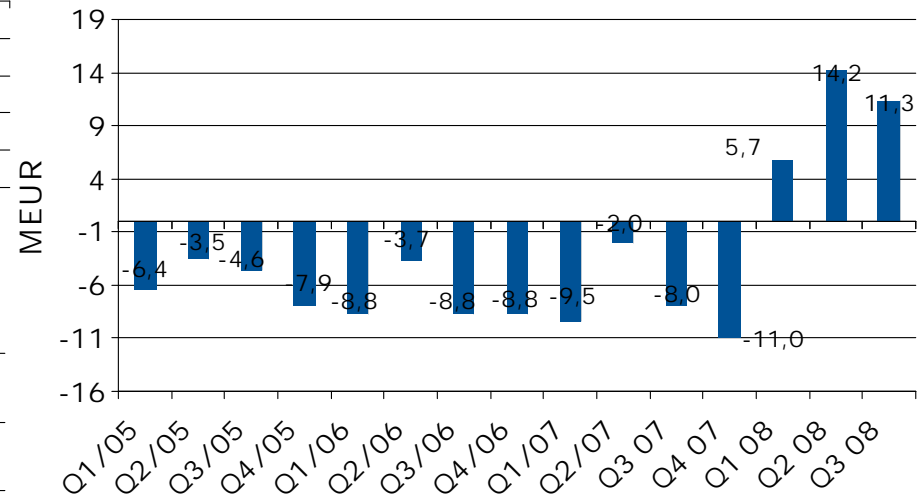
Gearing



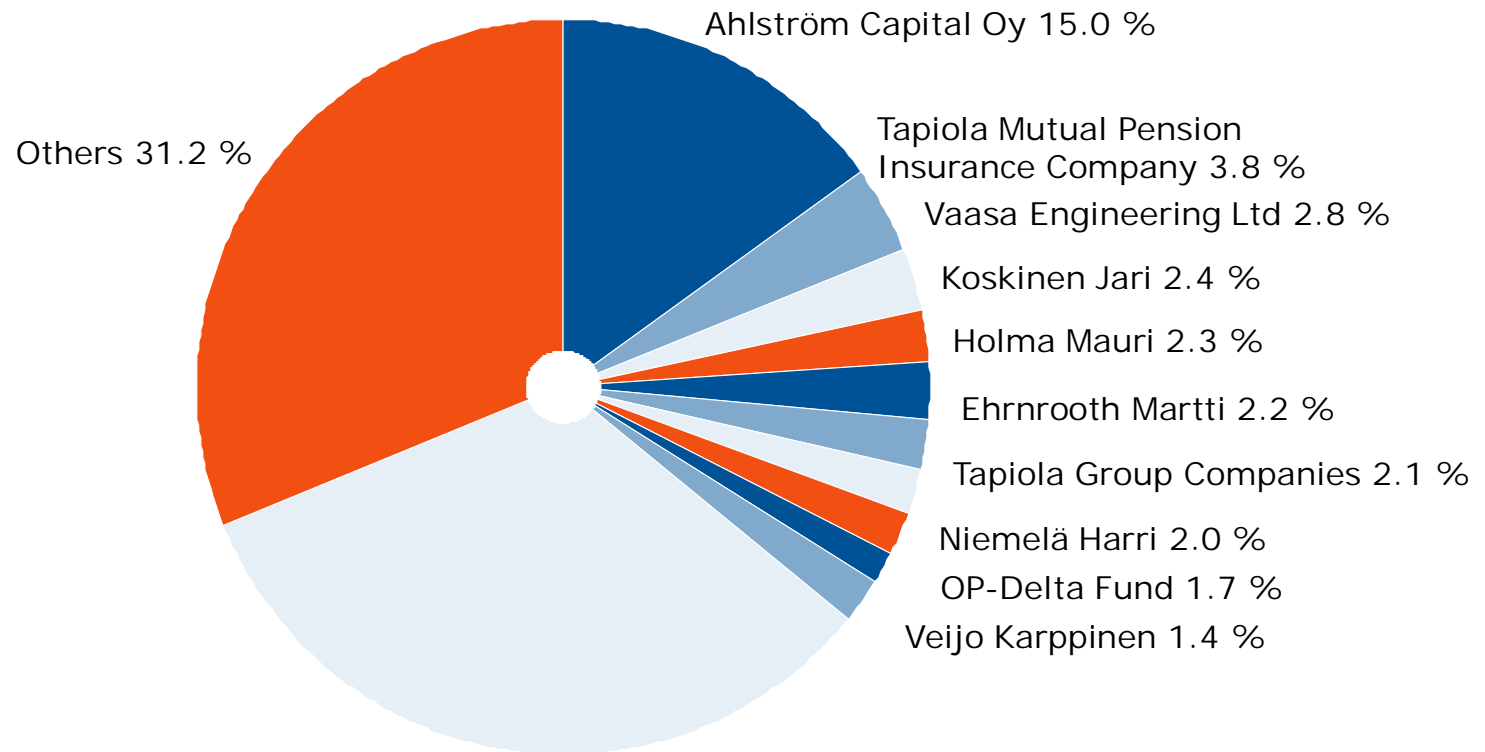
Equity ratio



Net debt



Vacon Plc shareholders 30 September 2008



Nominee registered and foreign shareholders 33.1%

Vacon share development

Vacon 10/23/07 - 10/22/08 latest Price (Oct 22 2008): € 23.58






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- 

Prospects

- Concern about the sufficiency of energy supplies, environmental warming and clean water in densely populated areas will increase the market for AC drives in the long term.
- Based on market surveys, Vacon estimates that the AC drive market is growing in the long term at an annual rate of about 10 % and that Vacon's market share is rising in all main market areas.
- New products, global production and R&D operations will give a competitive edge if the market becomes more strained in the near future.

Risks and factors causing uncertainty

- The most significant risks for Vacon in the near future are a weakening in general demand and intensified competition on prices.
- Other major risks relate
 - to the availability of raw materials and components and developments in their prices. Purchase agreements for raw materials and components are mainly annual agreements that contain price and exchange rate clauses relating to changes in the global market prices for raw materials and other materials.
 - Another factor that affects the company's profitability is the value of the euro against other invoicing currencies, of which the most important are the US dollar and the Chinese RMB.

Vacon estimates for 2008

	ACT 2007	FC 2008
Revenues, MEUR	232.2	~30%
EBIT margin, %	12.6%	~12.6%
EPS, EUR	1.37	>1.6
ROE, %	36.5%	>30.0%

Contacts and calendar

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Q4/2008

February 5, 2009

9.00 a.m.