



Financial Report January – June 2008

August 7, 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 Q2 2008
2. Financial report
3. 2008 outlook

Vacon



- Vacon is a clean technology company, which designs, manufactures and markets complete range of AC drives used to control the speed of electric motors and to control power flows in renewable energy applications.
- Vacon's own sales network comprises 19 sales subsidiaries, branch offices in Brasil, the Arab Emirates and Thailand as well as global distributor network.
- Vacon has factories and product development in Finland, in China, in USA and in Italy.
- The company's financial goal for 2012 is to achieve
 - revenues of EUR 500 million
 - an operating profit (EBIT) of more than 14 %
 - return on equity (ROE) of more than 30 %.

AC drives market

- Based on market surveys Vacon estimates that the AC drive market is growing at an annual rate of at least 10 %.
- High energy price and the investments in renewable energy applications are boosting the demand on AC drives

Q2 highlights

MEUR	Q2/2008	Q2/2007	Change
Order intake, MEUR	83.3	60.0	38.8%
Revenues, MEUR	78.0	59.8	30.4%
Operating profit, MEUR	10.4	7.7	35.1%
Operating profit, %	13.3	12.9	+0.4%
Operating cash flow, MEUR	5.8	3.7	56.8%

- 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 margin profit margin by 0.5 percentage points

Q2 highlights

- On 26 May 2008 Vacon signed a global framework agreement with Veolia Water Solutions & Technologies, world leading specialist in water treatment
- On May 28 2008 Vacon signed a cooperation agreement with Voith Paper Automation
- In June 2008 a letter of intent was signed for building the new factory in China

H1 highlights

MEUR	H1/2008	H1/2007	Change
Order intake, MEUR	161.5	116.1	39.1%
Revenues, MEUR	143.9	112.1	28.4%
Operating profit, MEUR	18.0	14.0	28.6%
Operating profit, %	12.5	12.5	0.0%
Operating cash flow, MEUR	10.4	6.2	67.7%

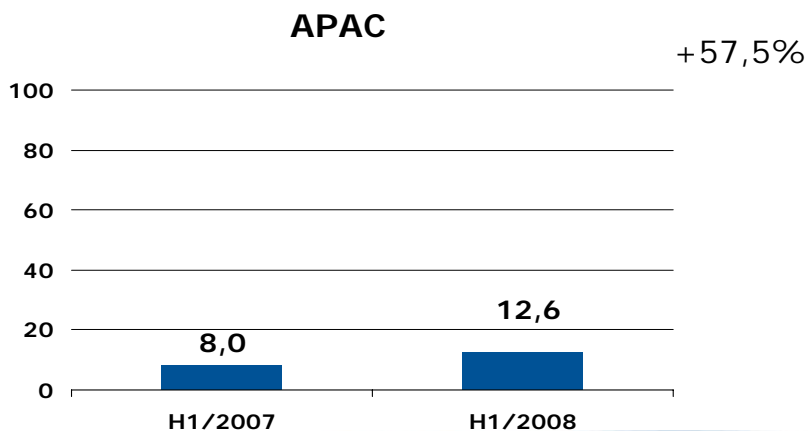
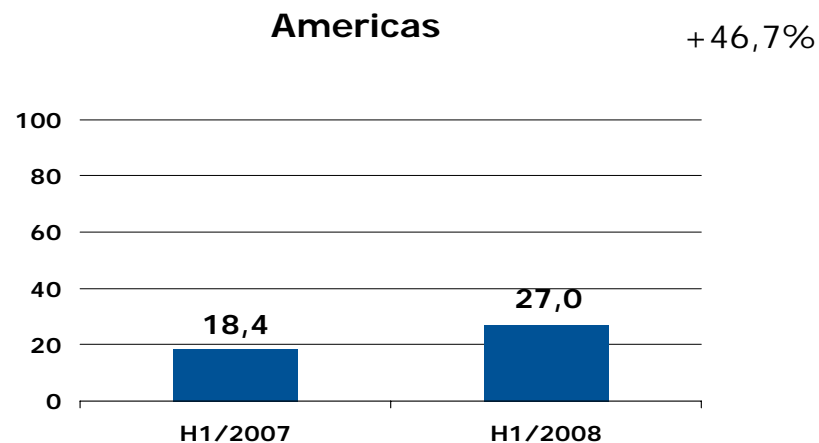
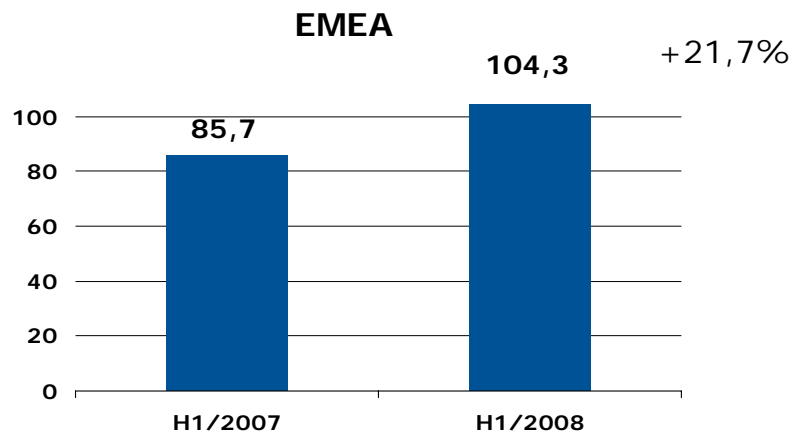
- Amortization of the intangible rights generated by the acquisition of the AC drives business of TB Wood's (EUR 0.7 million) reduced the operating margin profit margin by 0.5 percentage points

Growth H1 2008 vs. H1 2007

%	w. TB Wood's	w/o TB Wood's
Order intake	+39%	+26%
Revenues	+28%	+18%
Operating profit	+29%	+33%

Revenues by market area H1

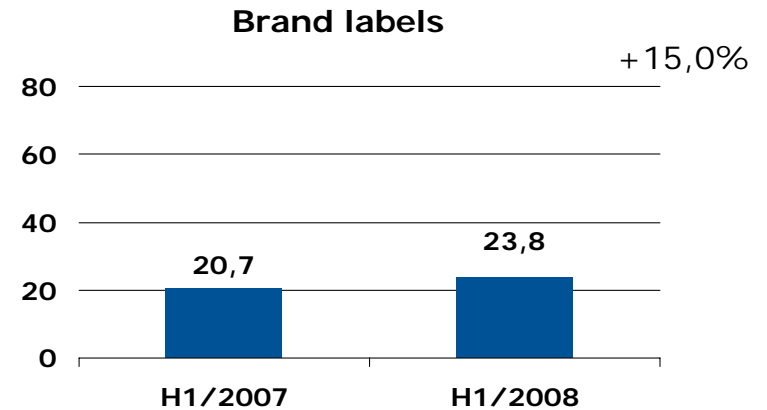
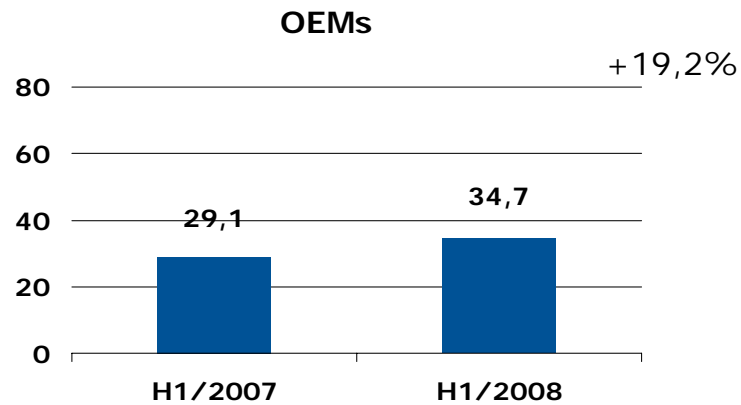
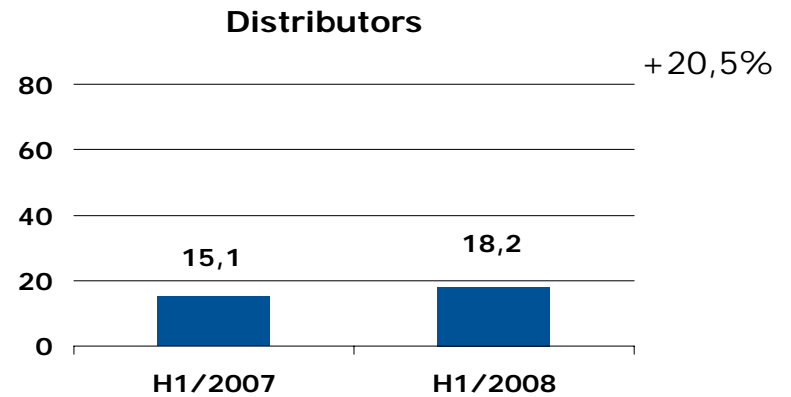
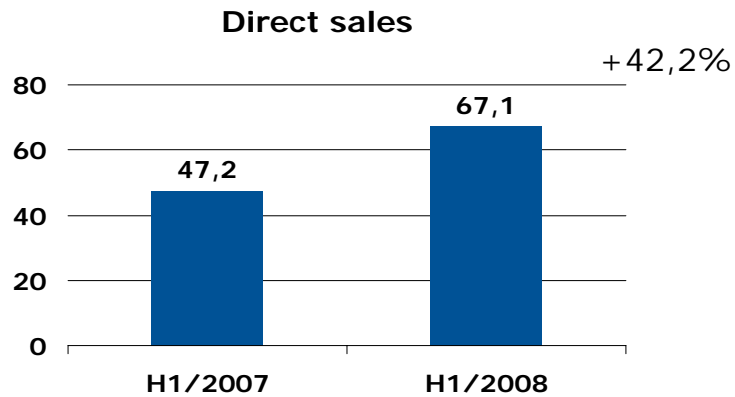
MEUR



	%	H1/2008	H1/2007	Diff.
EMEA		72.5	76.5	-4.0
Americas		18.8	16.4	+2.4
APAC		8.7	7.1	+1.6

Revenues by distribution channel H1

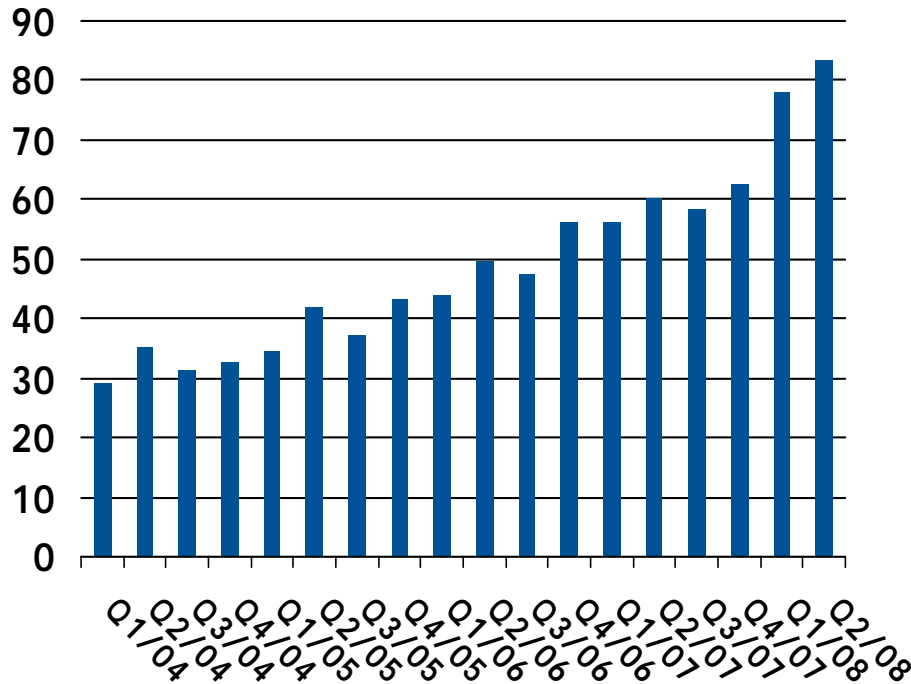
MEUR



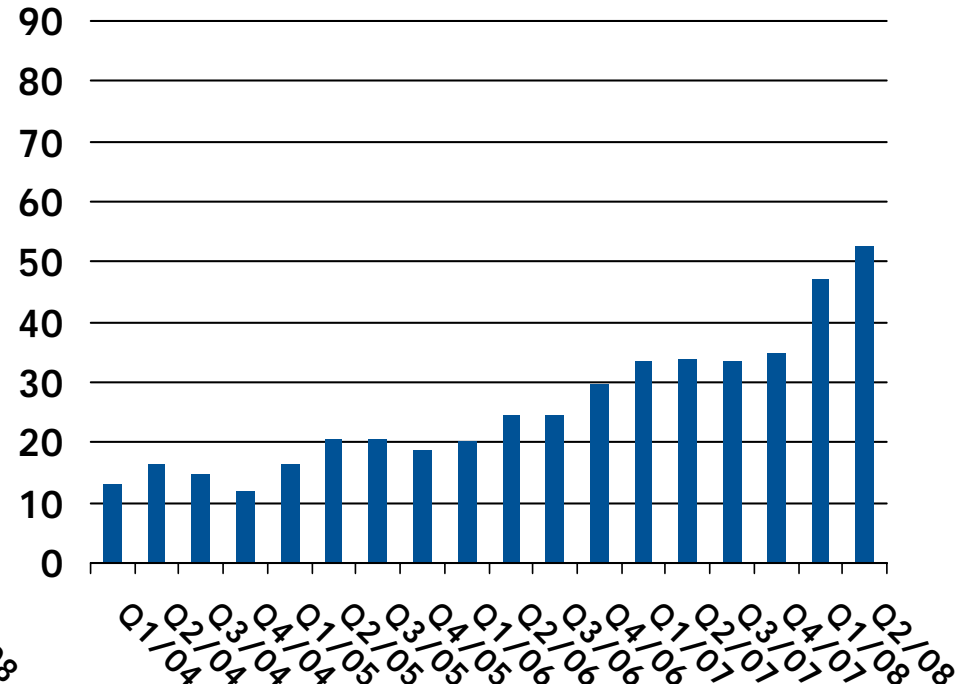
Order intake and order book

MEUR

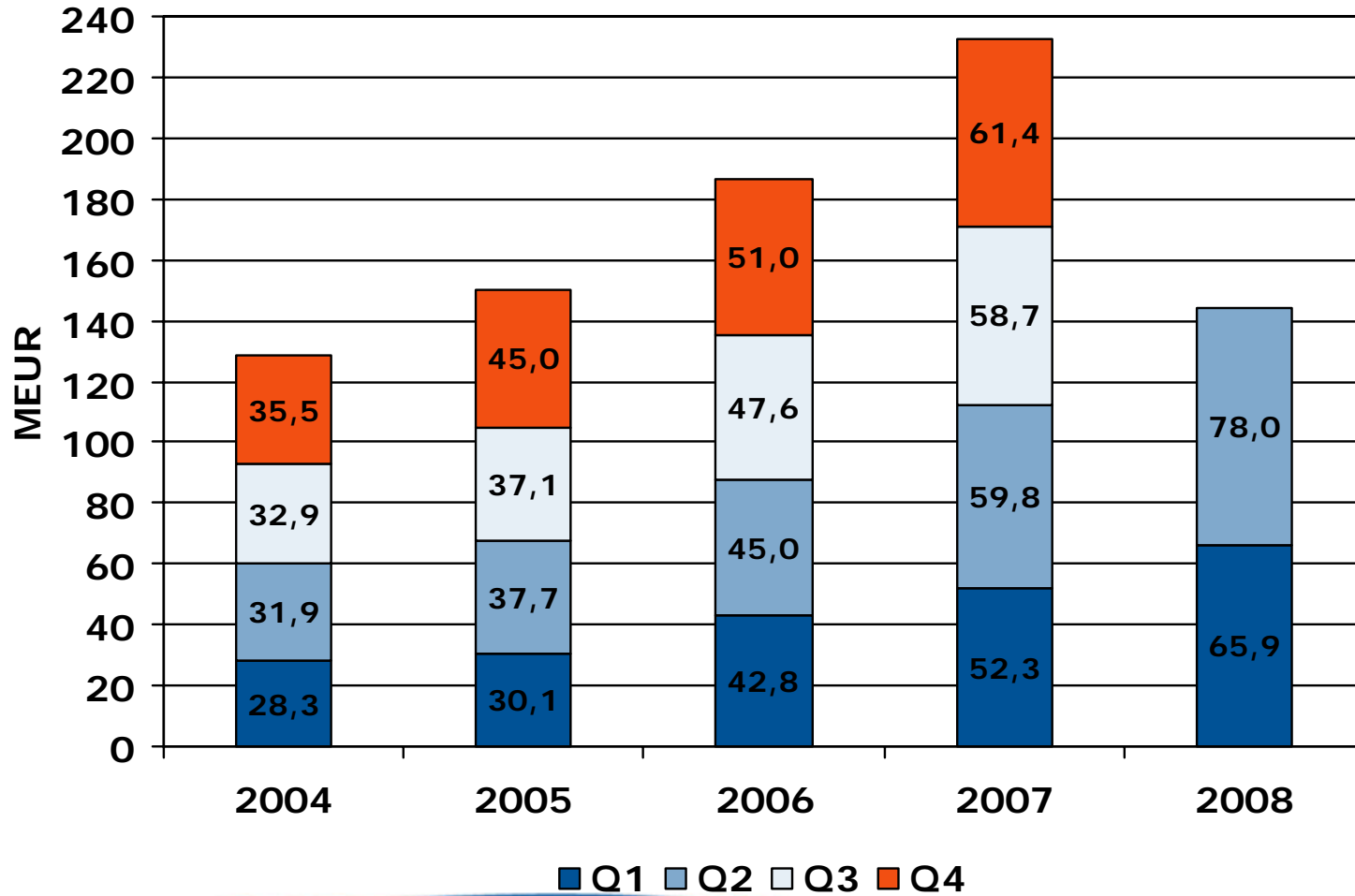
Order intake



Order book

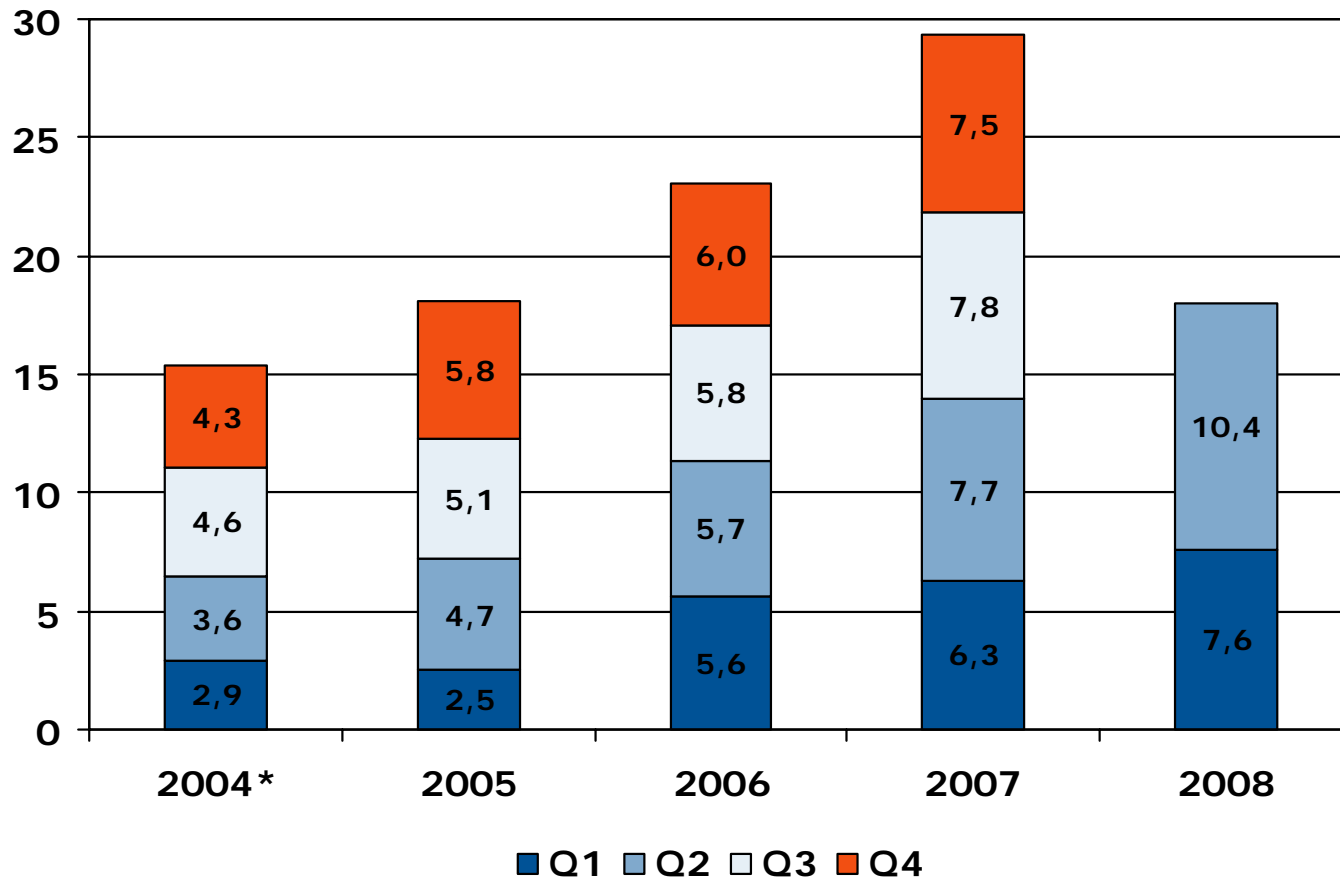


Revenues



Ebit

MEUR



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



Financial Report January – June 2008

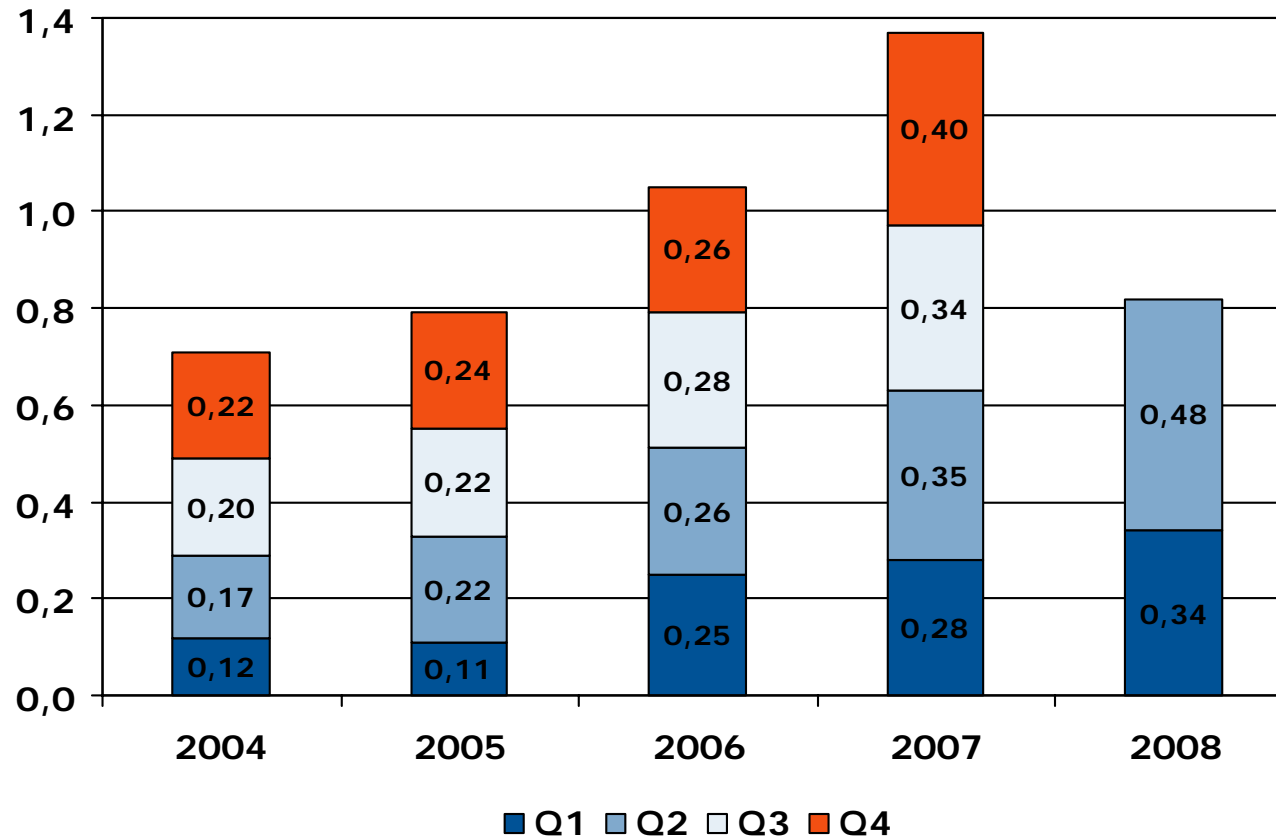
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EPS by quarter

EUR



Balance sheet walk

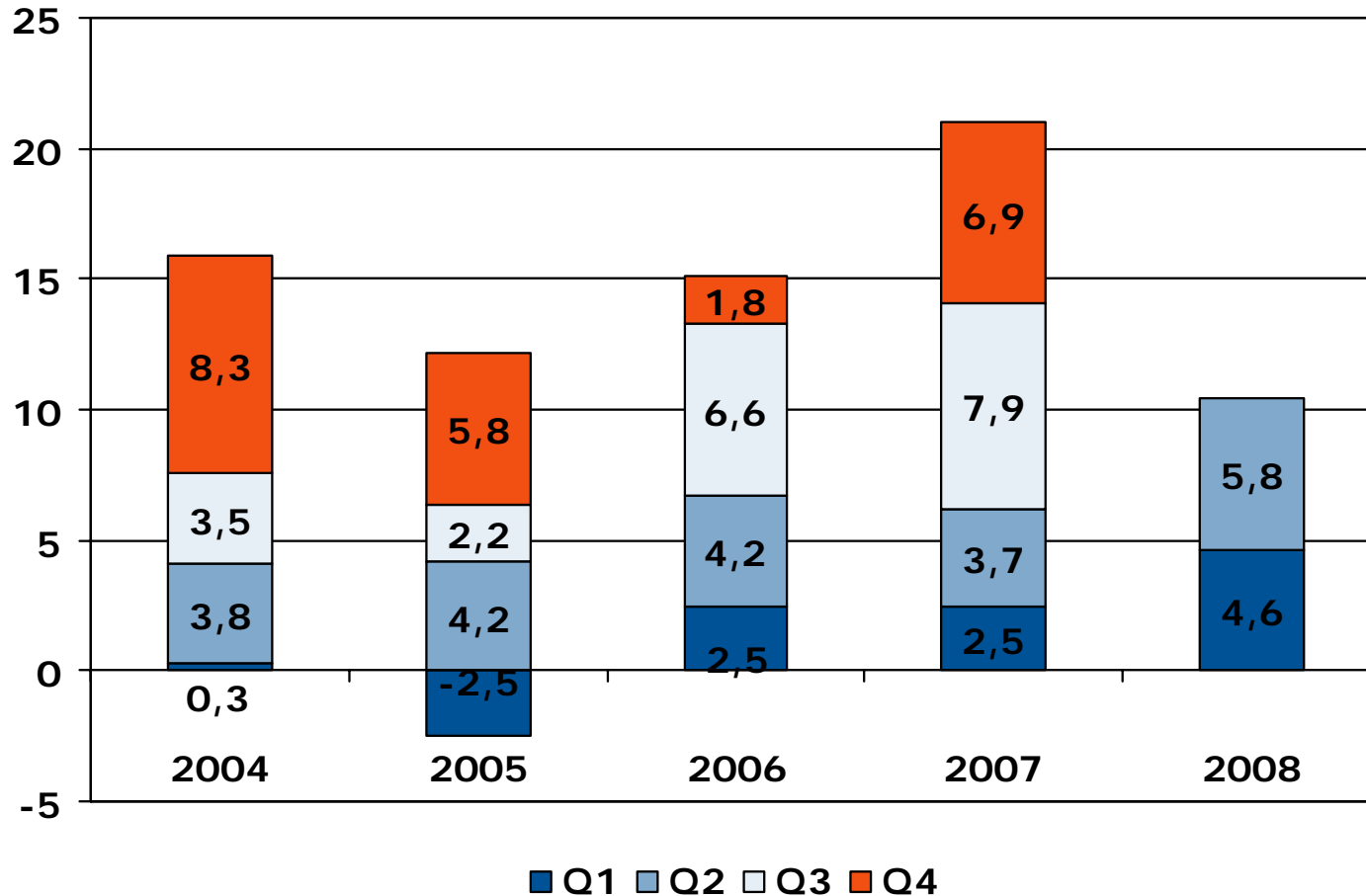
MEUR	30.6.2008	30.6.2007	Change, %
Non-current assets total	45.8	25.1	+82.5
Inventories	22.2	13.7	+62.0
Trade and other receivables	59.4	46.3	+28.3
Cash and cash equivalents	14.3	13.2	+8.3
Total assets	141.7	98.4	+44.0
Equity total	64.7	52.7	+22.8
Non-current liabilities total	21.9	3.9	+561.5
Trade and other payables	39.9	29.5	+35.3
Income tax liabilities	2.6	1.9	+36.8
Provisions	1.3	0.9	+44.4
Interest-bearing liabilities	11.2	9.5	+17.9
Total equity and liabilities	141.7	98.4	+44.0

Cash flow walk

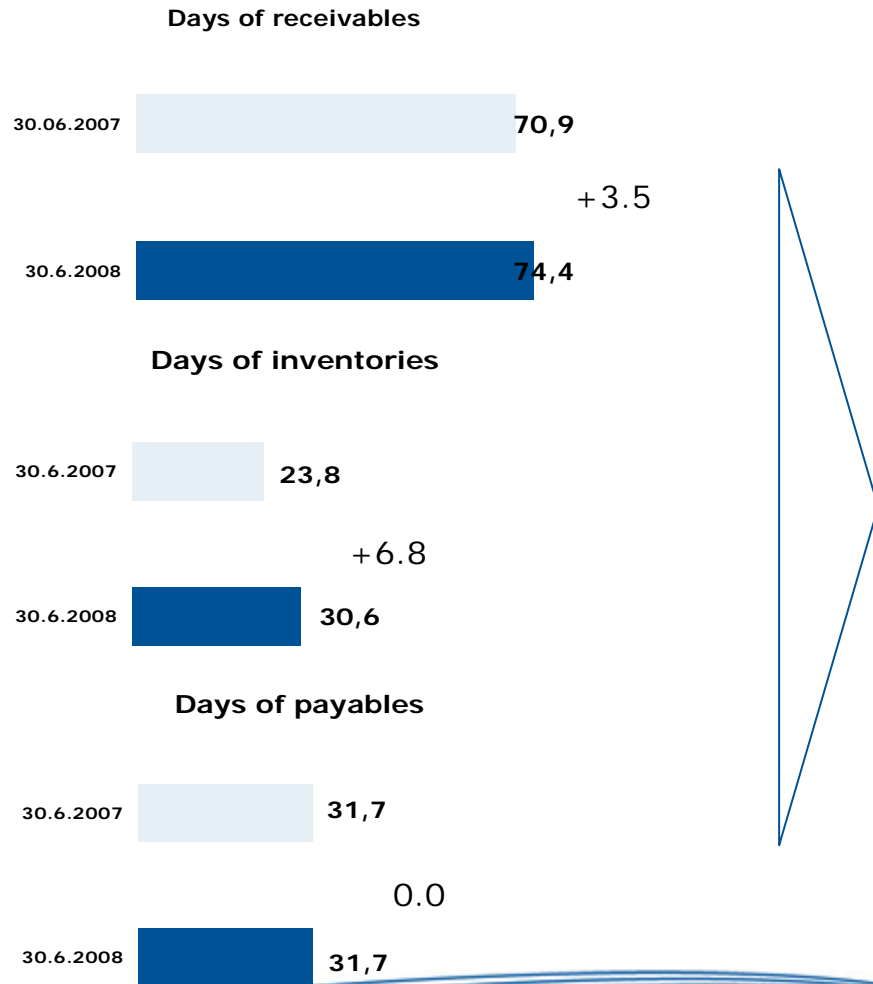
MEUR	H1/2008	H1/2007	Change, %
Profit for the period	12.8	9.8	+30.6
Depreciation and other adjustments	9.0	6.6	+36.4
Change in working capital	-6.6	-6.4	+3.1
Cash flow from financial items and tax	-4.8	-3.8	+26.3
From operating activities	10.4	6.2	+67.7
From investments activities	-23.8	-2.8	
From financing activities	-6.1	-3.3	+84.8
Change in liquid funds	-19.5	0.2	

Cash flow from operating activities

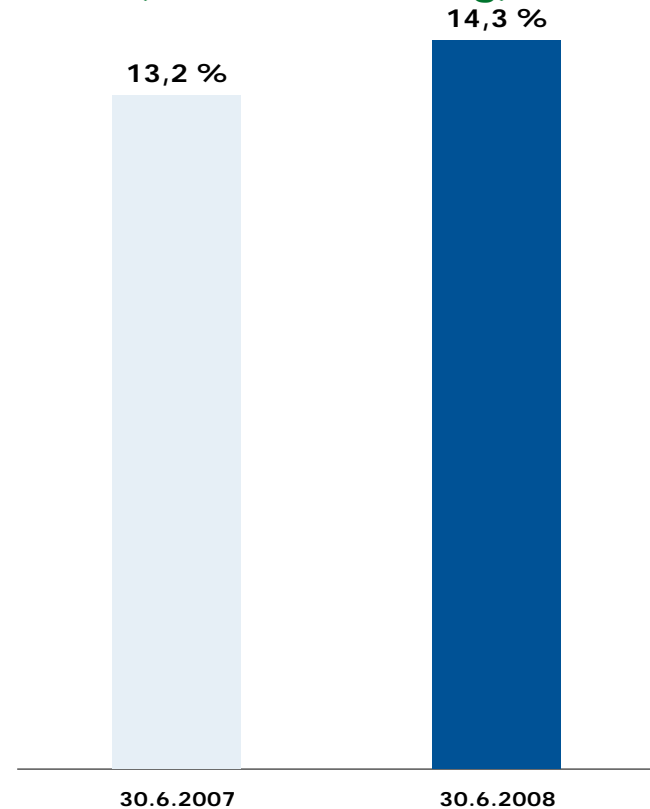
MEUR



WC components in days of revenues (12 month rolling)



WC in % of revenues (12 month rolling)

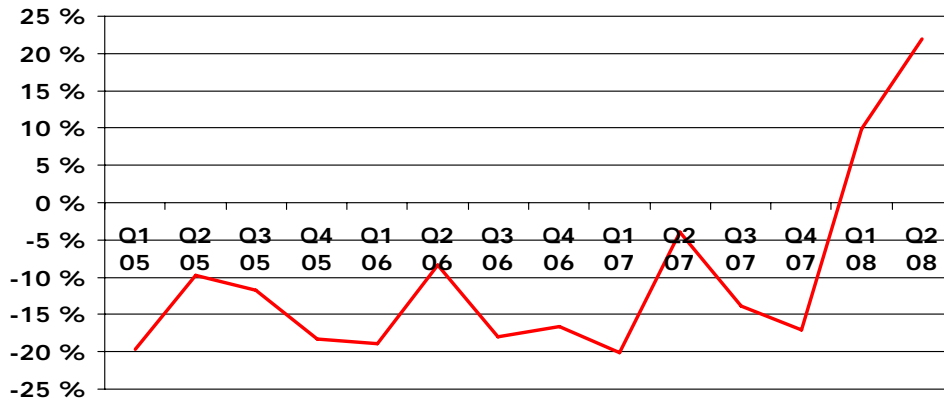


Financial ratios

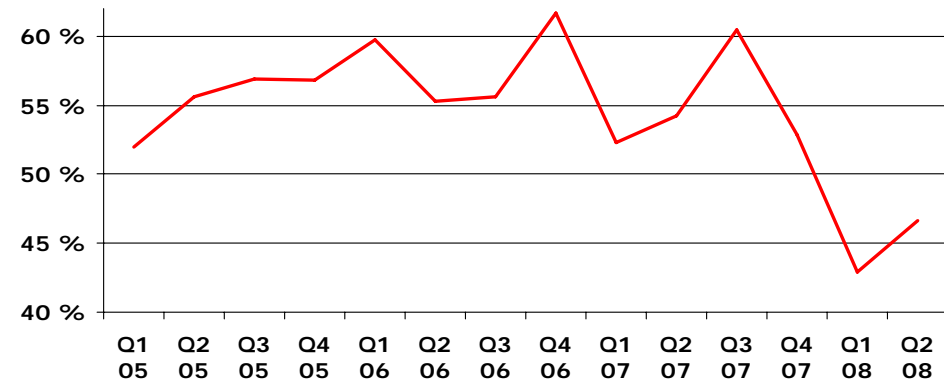
	H1 2008	H1 2007
Operating profit, %	12.5	12.5
Gross investments, MEUR	4.1	3.0
Depreciation & Amortization, MEUR	3.5	2.3
Equity per share, MEUR	4.17	3.40
Earnings per share, MEUR	0.82	0.63
Contingent liabilities, MEUR	2.7	1.2

Key balance sheet ratios

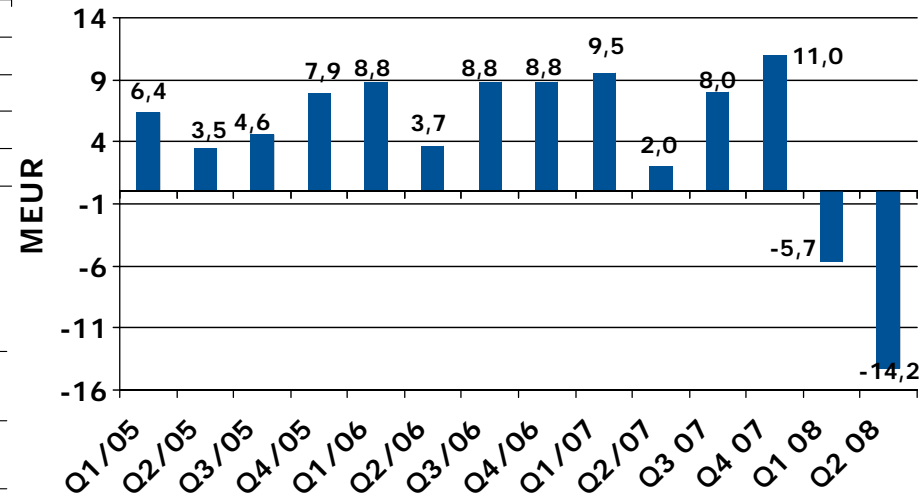
Gearing



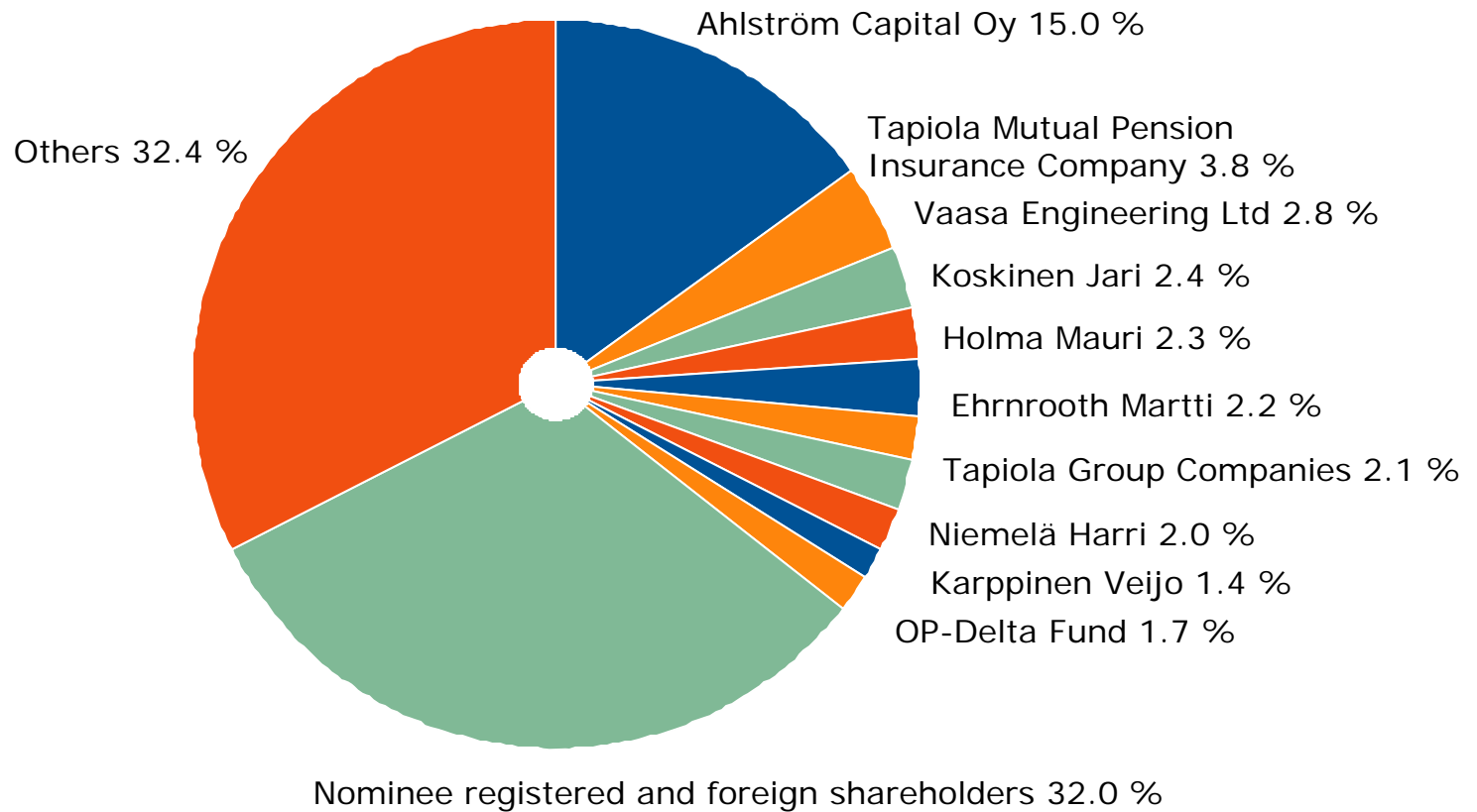
Equity ratio



Net cash



Vacon Plc shareholders 30 June 2008



Vacon share development

Vacon 08/07/07 - 08/05/08 latest Price (Aug 05 2008): € 25.00





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AC drives market

- Based on the market surveys Vacon has lifted it´s estimate of the AC drives market growth rate up to at least 10 %.
- Market growth drivers
 - High energy price
 - Investments in renewable energy applications
 - Increase of automation
 - Declining prices in electronics

Risks and factors causing uncertainty

- **There is uncertainty where the global economy is heading**
 - On the other hand the high price of energy forms an incentive to invest in AC drives
- **Availability of raw materials and components as well as the development in their prices**
 - Purchase agreements for raw materials (metals) and components are mainly annual agreements that contain price and exchange rate clauses related to changes in the global market prices
- **Weakening of USD**
 - A decline in the value of USD of 10% against the euro would cut the company's operating profit margin by about 0,5 percentage points
- **More information: see the annual report 2007 and consolidated financial statements**

Future outlook

	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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Q3 2008

October 23, 2008

9.00 a.m.