



Financial Report January – March 2008

April 24, 2008

Vesa Laihi, 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.

This presentation is being made on *April 24, 2008*. The content of this presentation contains time-sensitive information that is accurate only as of the time hereof.

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Outline

1. Highlights Q1 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 %.

Q1 highlights

- The AC drives market has continued to grow. Demand for speed control solutions for electric motors that utilizes energy efficiently and for applications for use in renewable power generation is strong at the moment
- Orders received by the entire Group were 39.4% higher than in the previous year. Orders in North America and Asia and for renewable energy production applications in Europe were the biggest factors in the strong growth
- Integrating the AC drives business of TB Wood's into Vacon Group has progressed according to plan. It is estimated that the final purchasing price will be USD 29.2 million.

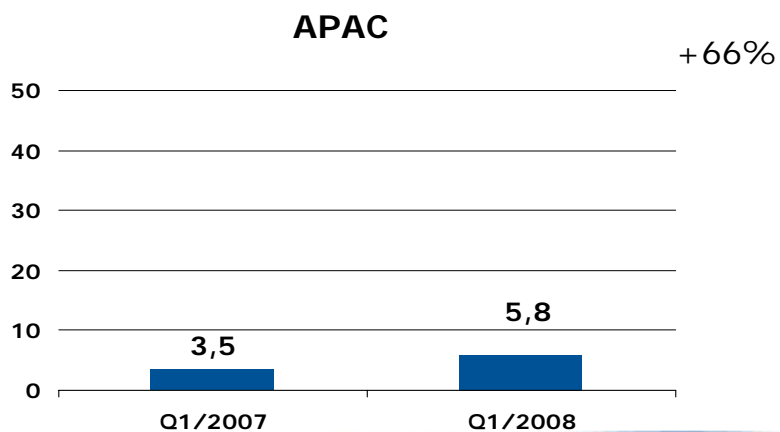
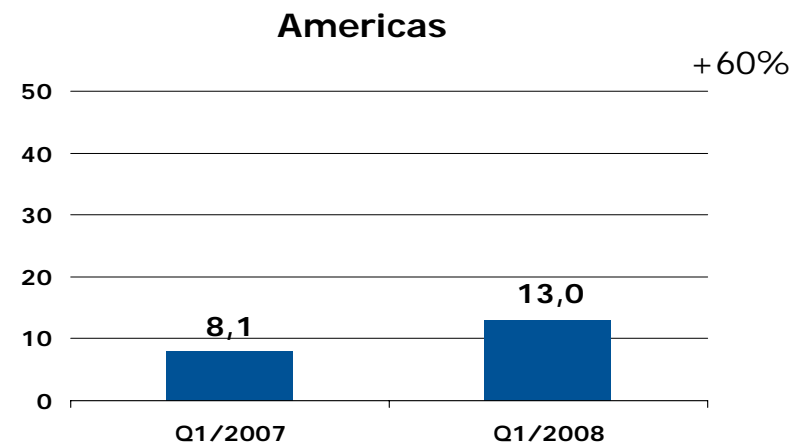
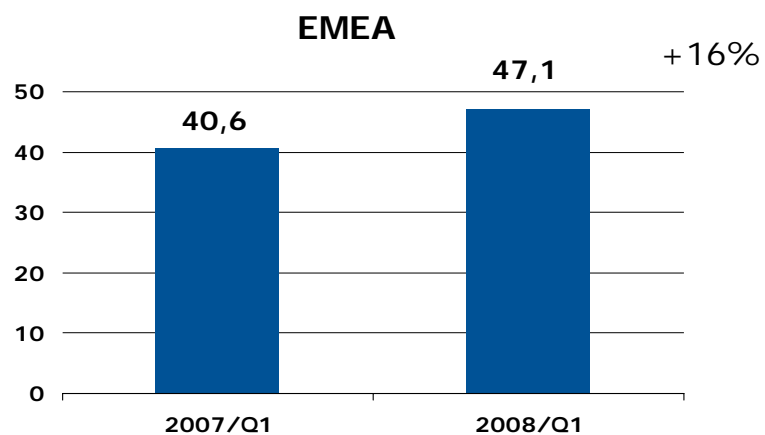
Q1 highlights

MEUR	Q1/2008	Q1/2007	Change
Order intake, MEUR	78.2	56.1	39,4%
Revenues, MEUR	65.9	52.3	26.0%
Operating profit, MEUR	7.6	6.3	20.6%
Operating profit, %	11.5	12.0	-0.5%
Operating cash flow, MEUR	4.6	2.5	84.0%

- 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 margin profit margin by 0.6 percentage points

Revenues by market area

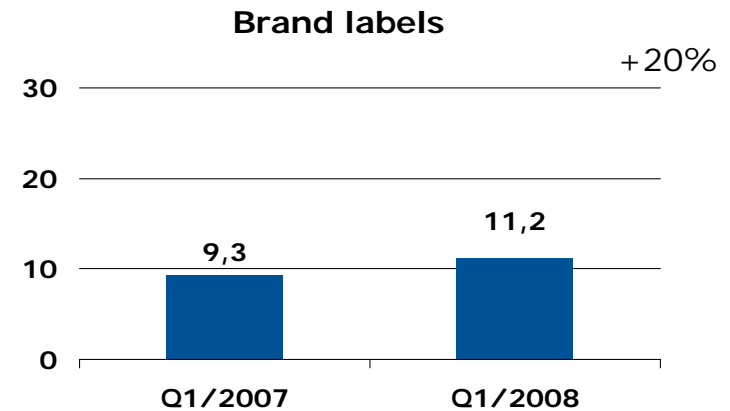
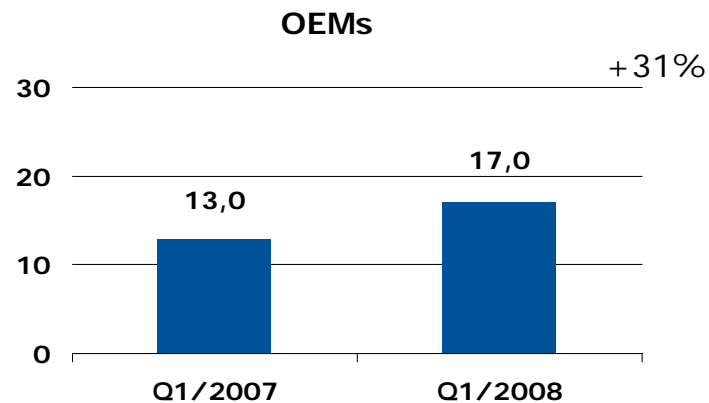
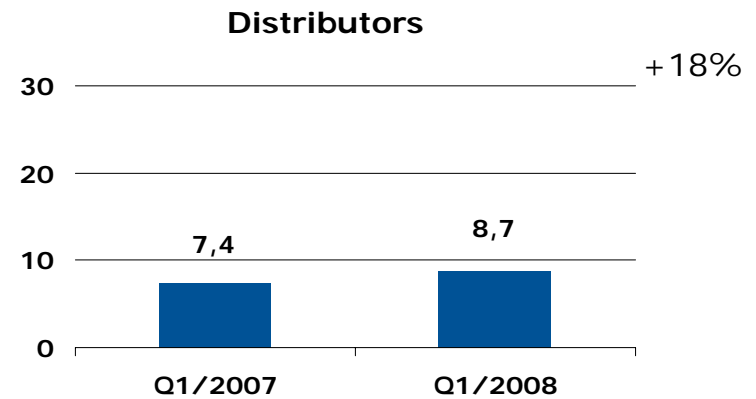
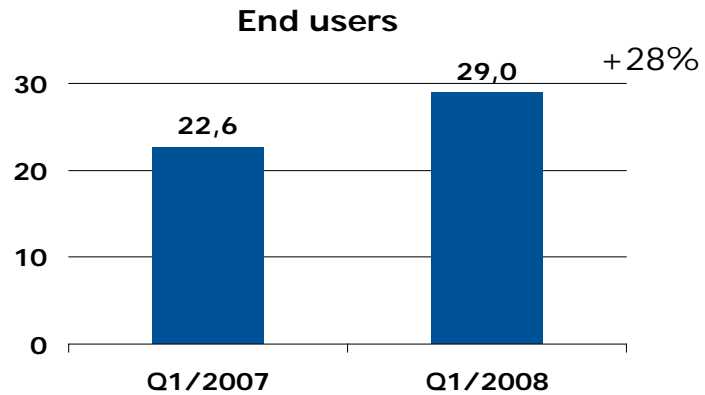
MEUR



	%	Q1/2008	Q1/2007	Diff.
EMEA		71.5	77.7	-6.2
Americas		19.7	15.5	+4.2
APAC		8.8	6.8	+2.0

Revenues by sales channel

MEUR

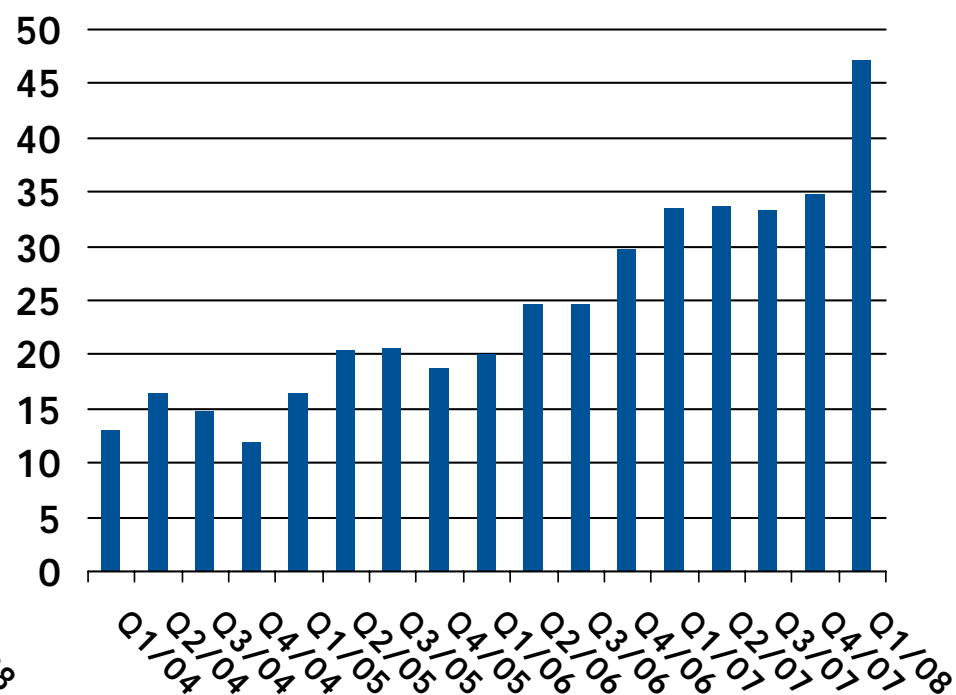
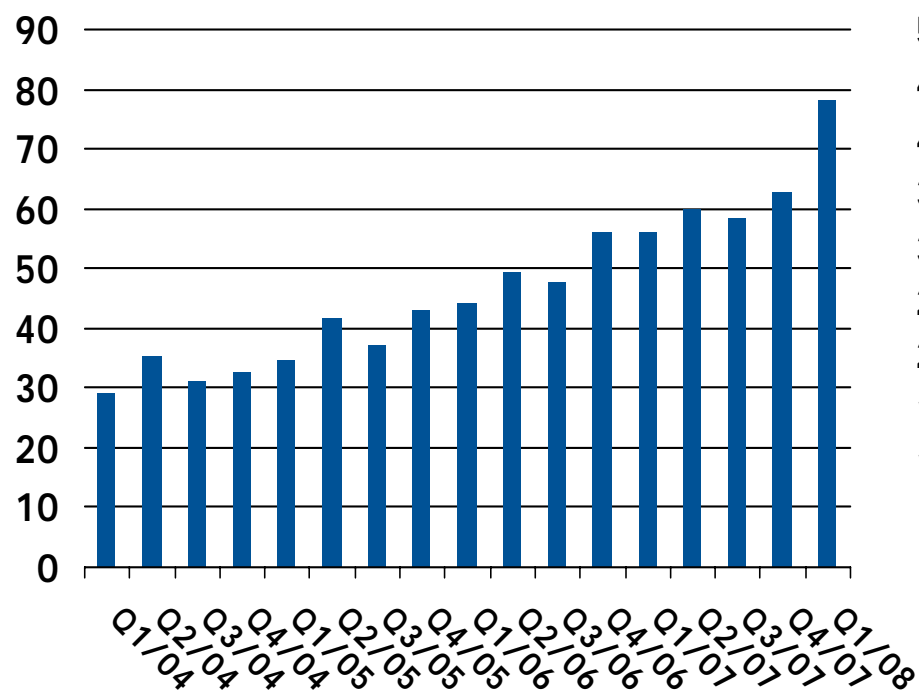


Order intake and order book

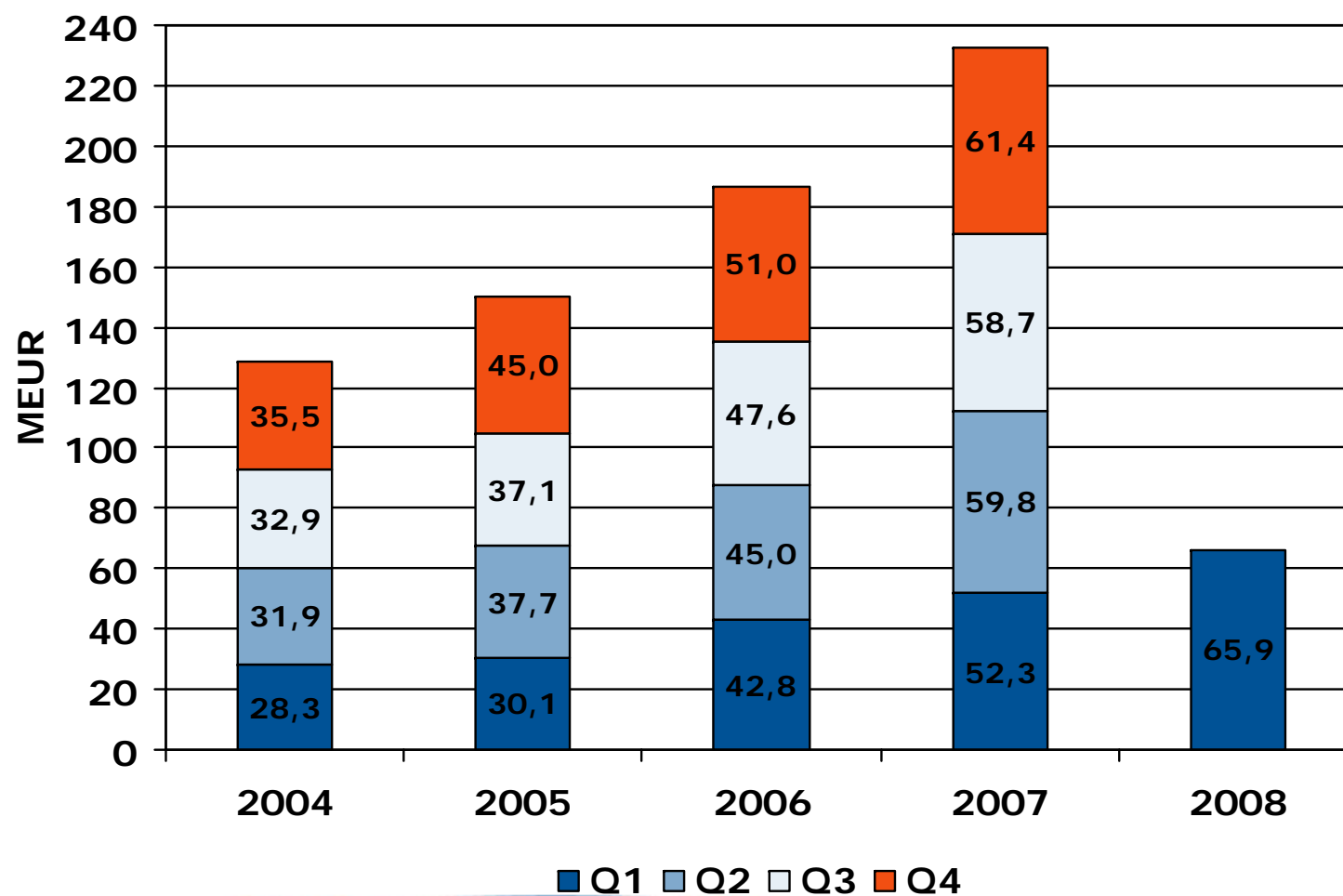
MEUR

Order intake

Order book

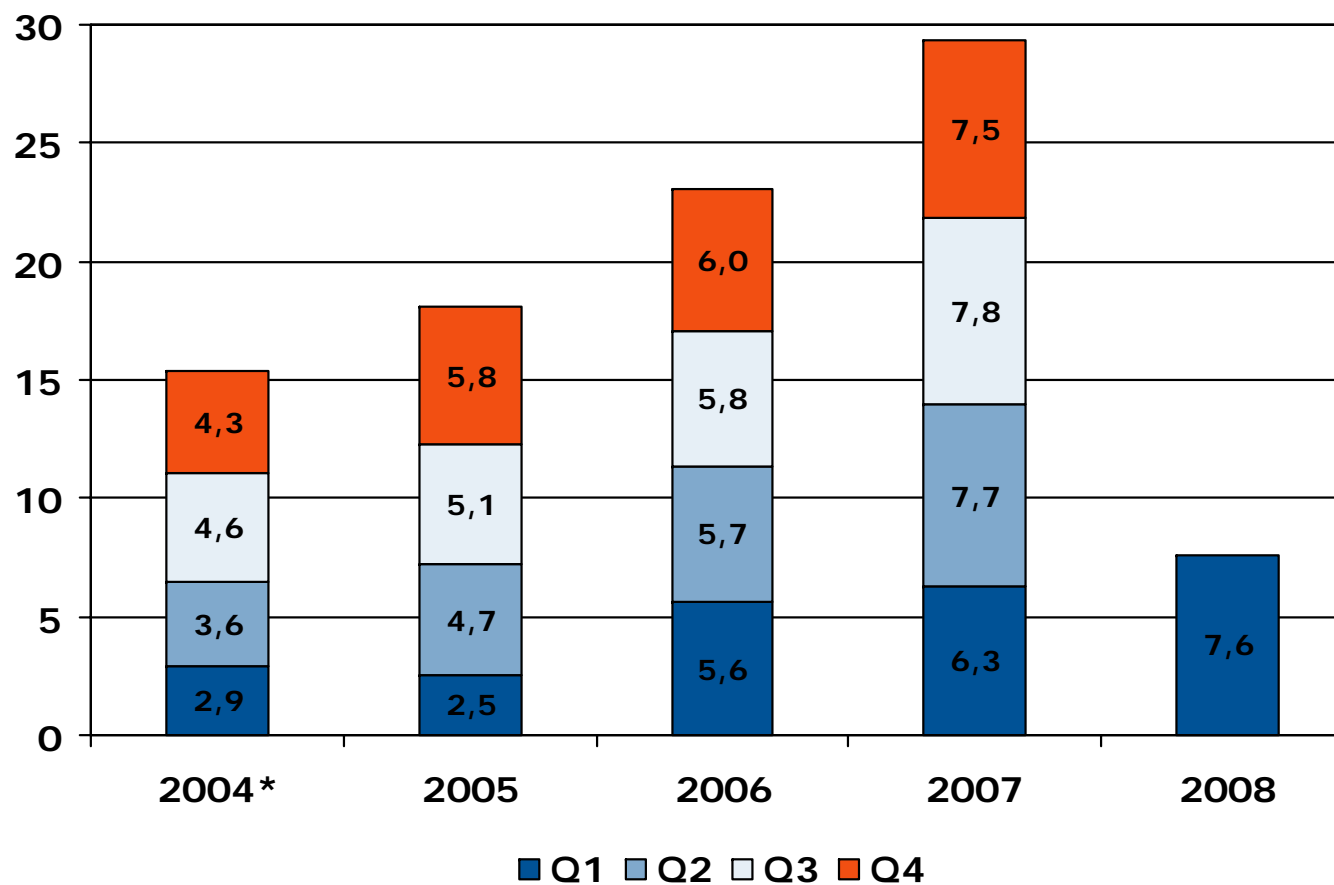


Revenues



Ebit

MEUR



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



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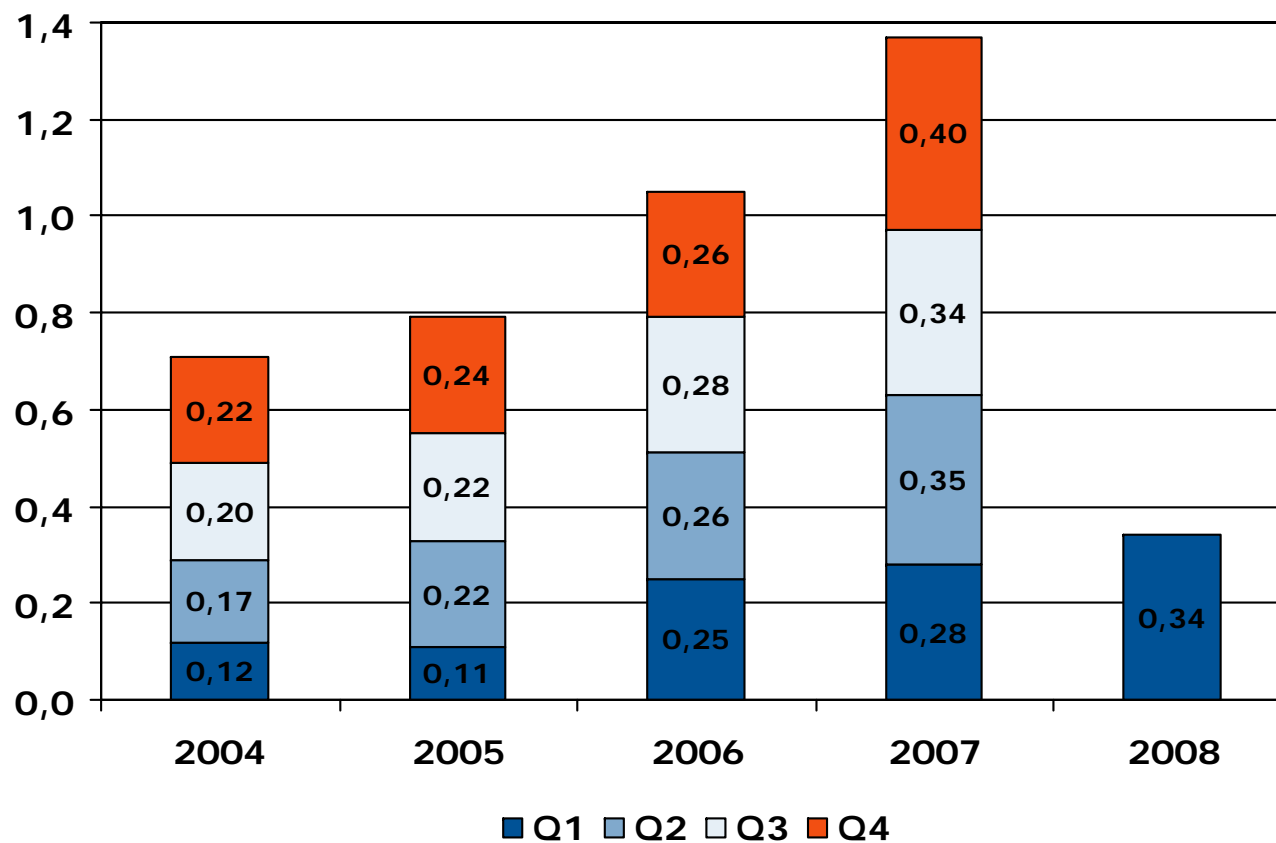
Mika Leppänen, CFO

Outline

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EPS by quarter

EUR



Electronics Business Purchase Price and Goodwill

MEUR	
Acquisition cost	
Cash price	19.8
Direct costs relating to acquisition	1.3
Total acquisition cost	21.1
Less fair value of net assets acquired	-14.7
Goodwill	6.4
Allocated to:	
EMEA	2.6
Americas	3.7
APAC	0.1
Impact on cash flow was as follows:	
Total acquisition cost	21.1
Loans raised	-19.5
Cash funds received	-0.7
Net cash outflow from the acquisition	0.9

Electronics Business Net Assets Acquired

MEUR	Carrying amount	Fair value	Useful lives years
Identified intangible assets			
Customer relationships	0.0	4.4	5
Technology developed	0.0	4.2	5
Tangible assets	1.8	2.2	
Inventories	5.6	5.6	
Receivables, total	2.9	2.8	
Cash and cash equivalents	0.7	0.7	
Total assets	11.0	19.9	
Non-current liabilities	0.3	0.3	
Current liabilities	3.5	3.4	
Deferred tax liabilities	0.0	1.5	
Total liabilities	3.8	5.2	
Net assets acquired		14.7	
Acquisition cost		19.8	
Direct costs related to the acquisition		1.3	
Goodwill		6.4	

Balance sheet walk

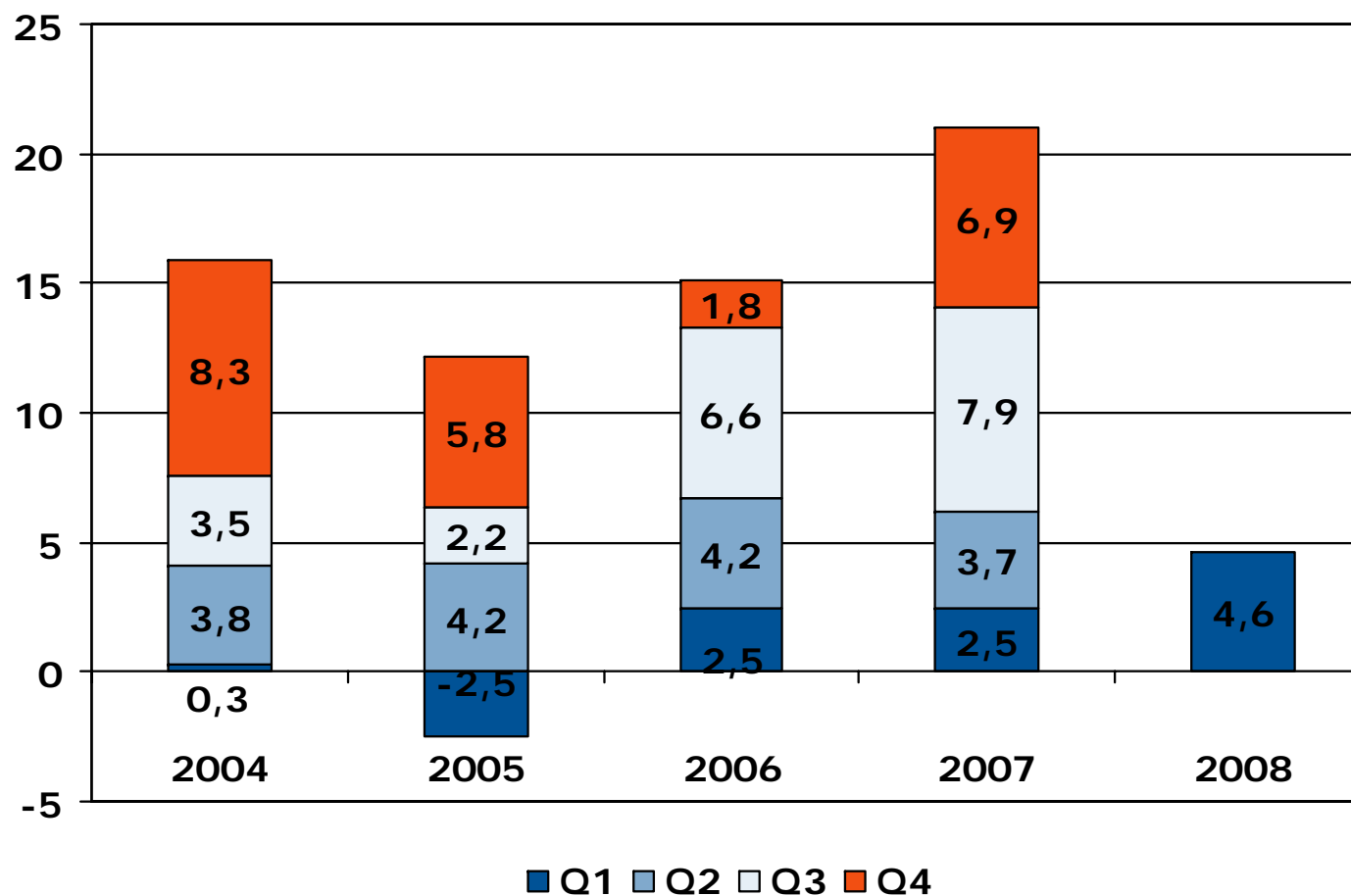
MEUR	31.3.2008	31.3.2007	Change, %
Non-current assets total	44.5	24.8	+79.4
Inventories	23.1	14.2	+62.7
Trade and other receivables	52.5	40.6	+29.3
Cash and cash equivalents	15.8	11.6	+36.2
Total assets	135.9	91.2	+49.0
Equity total	57.2	47.3	+20.9
Non-current liabilities total	22.7	3.9	+482.1
Trade and other payables	48.5	37.2	+30.4
Income tax liabilities	3.0	1.9	+57.9
Provisions	1.3	0.8	+62.5
Interest-bearing liabilities	3.2	0.3	+966,7
Total equity and liabilities	135.9	91.2	+49.0

Cash flow walk

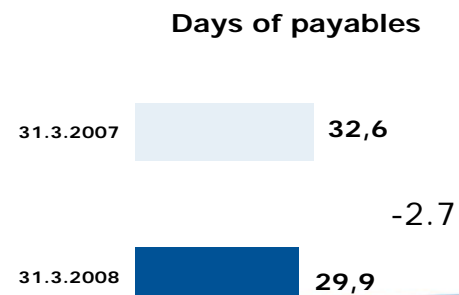
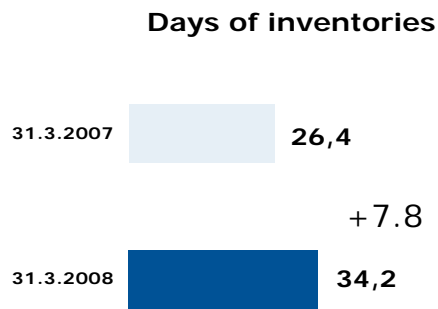
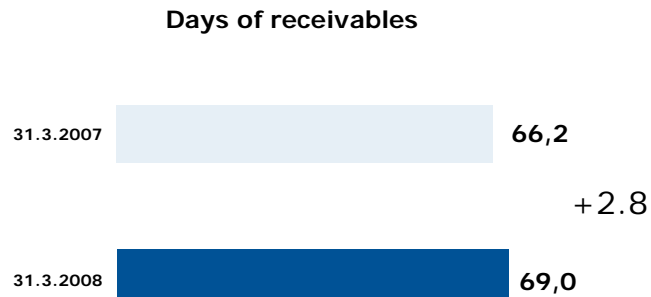
MEUR	Q1/2008	Q1/2007	Change, %
Profit for the period	5.2	4.4	+18.2
Depreciation and other adjustments	4.4	3.1	+41.9
Change in working capital	-3.9	-3.4	+14.7
Cash flow from financial items and tax	-1.0	-1.5	-33.3
From operating activities	4.6	2.5	+84.0
From investments activities	-21.3	-1.5	+1,320.0
From financing activities	-1.5	-2.4	-37.5
Change in liquid funds	-18.2	-1.4	

Cash flow from operating activities

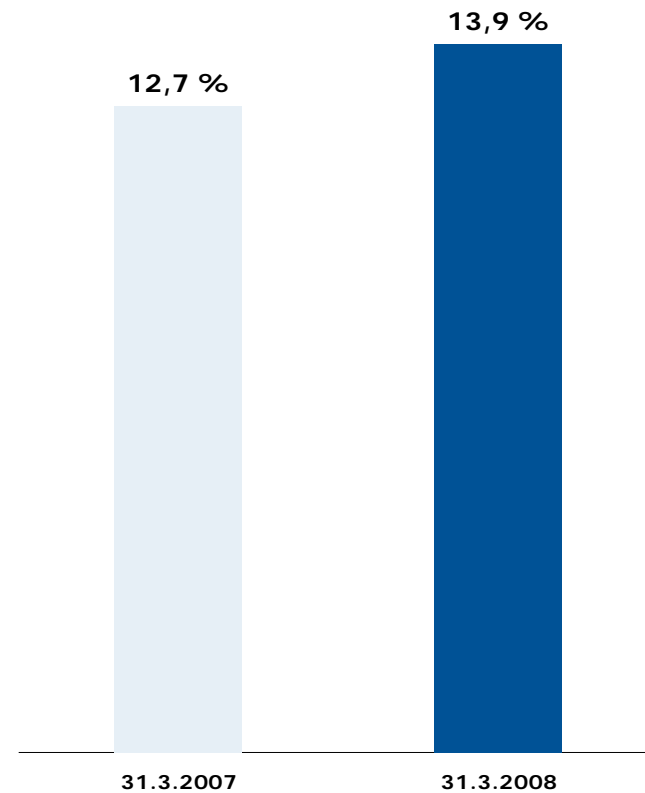
MEUR



WC components in days of revenues (12 month rolling)



WC in % of revenues (12 month rolling)

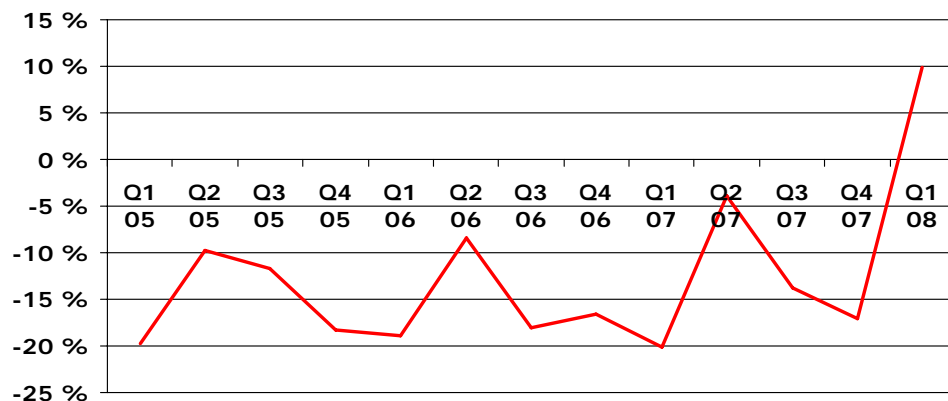


Financial ratios

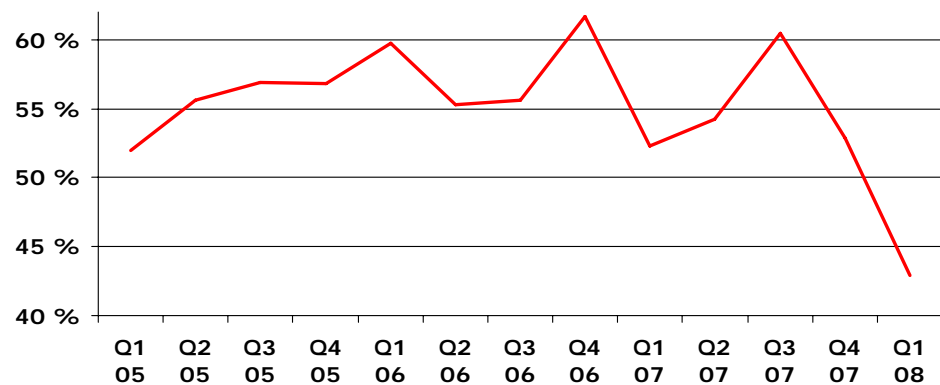
	Q1 2008	Q1 2007
Operating profit, %	11.5	12.0
Gross investments, MEUR	1.3	1.5
Depreciation & Amortization, MEUR	-1.7	-1.2
Equity per share, MEUR	3.69	3.11
Earnings per share, MEUR	0.34	0.28
Contingent liabilities, MEUR	1.1	1.8

Key balance sheet ratios

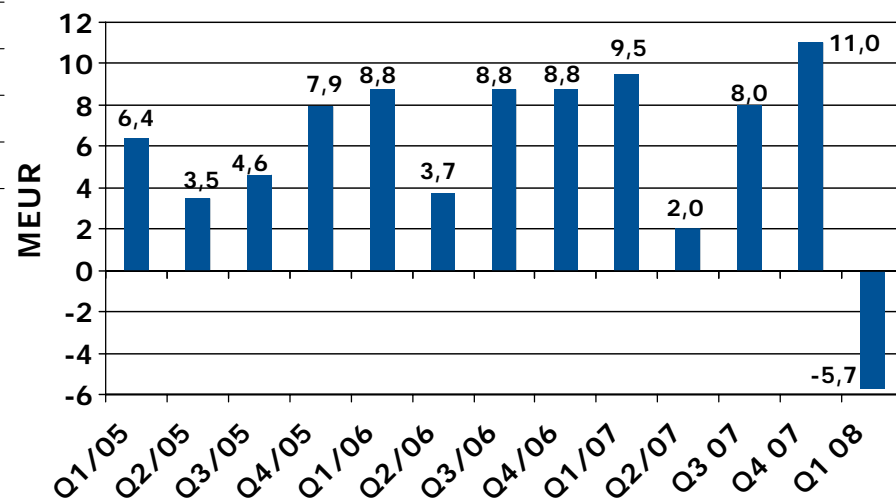
Gearing



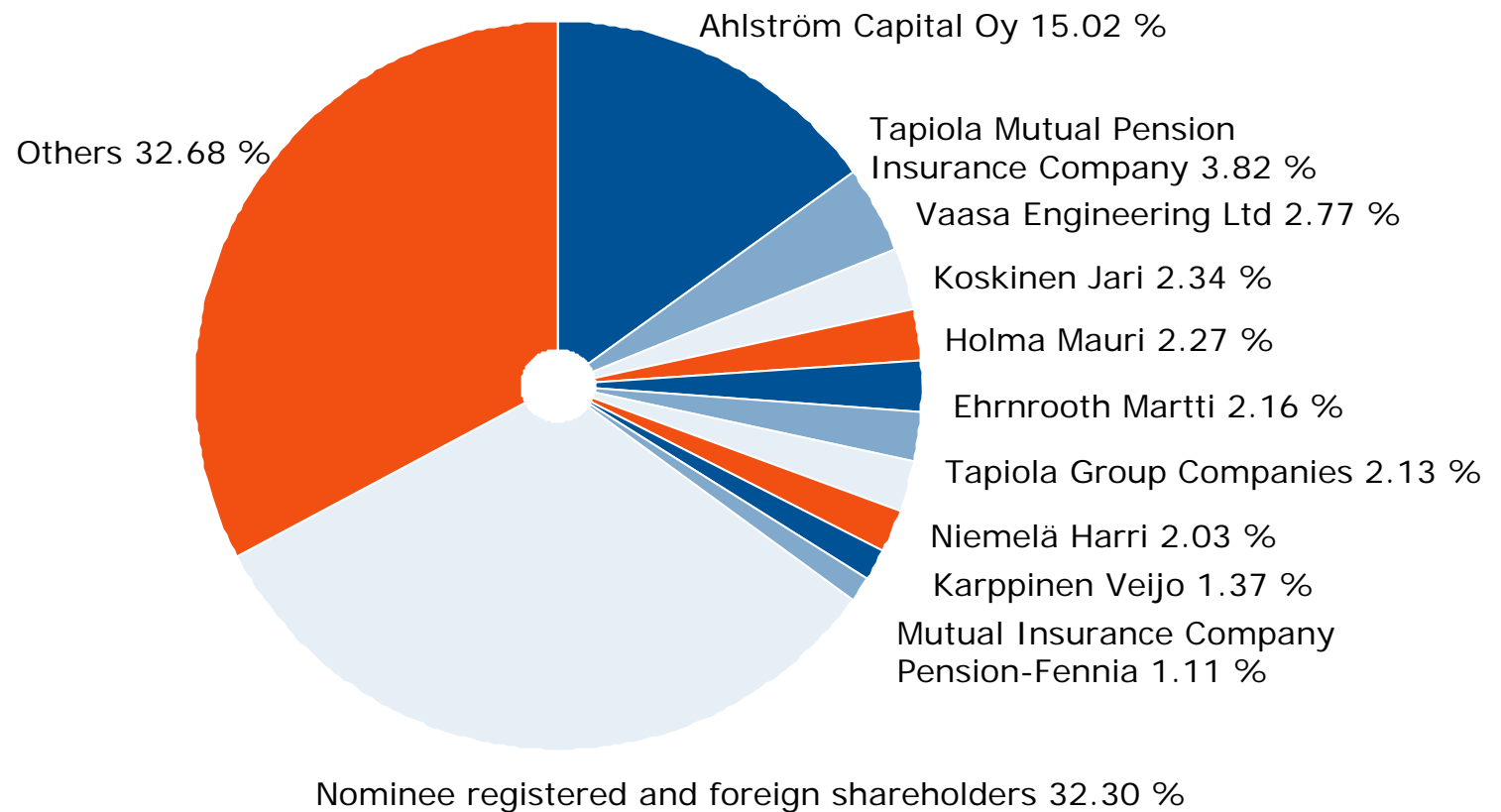
Equity ratio



Net cash



Vacon Plc shareholders 31 March 2008



Vacon share development

Vacon 04/24/07 - 04/22/08 latest Price (Apr 22 2008): € 27.10





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Potential factors impacting EBIT-margin in 2008

- **Potential negative drivers**

- Competitive factors in general
- Weakening USD
- Possible availability problems of key components and materials
- Integration of the TB Wood's business during the year.

- **Potential positive drivers**

- Growth in high-end and mega ranges
- New product series
- Transferring production of the components used in AC drives to countries with even lower costs
- Continuing cost control of operations.

Future outlook

	ACT 2007	FC 2008*
Revenues, MEUR	232.2	>25%
EBIT margin, %	12.6%	<12.6%
EPS, EUR	1.37	>1.5
ROE, %	36.5%	>30.0%

*) Revenues in 2008 are forecast to rise by more than 25 % (by more than 15 % on comparable figures) and profitability to weaken slightly from 2007 in consequence of integrating the TB Wood's AC drive business during the year. This is not, however, expected to have any material impact on Vacon Group's earnings per share in 2008.

Contacts and calendar

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CMD	May 13, 2008	9.00 a.m.
Q2 2008	August 7, 2008	9.00 a.m.
Q3 2008	October 23, 2008	9.00 a.m.