



# Q1

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VACON PLC  
INTERIM REPORT  
JANUARY - MARCH 2014

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## January-March highlights:

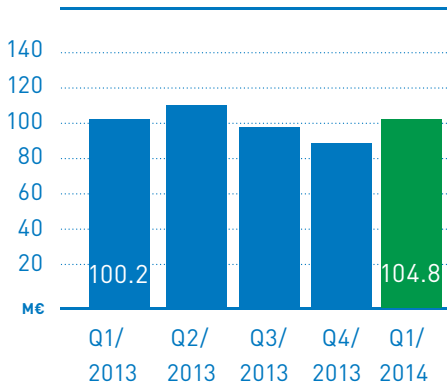
- Order intake totalled MEUR 104.8 (MEUR 100.2, an increase of 4.6% on the corresponding period in the previous year).
- Revenues totalled MEUR 89.3 (MEUR 91.3), a decline of 2.3% from the corresponding period in the previous year.
- Operating profit was MEUR 6.7, or 7.5% of revenues (MEUR 5.8 and 6.3%).
- Net cash flow from operating activities was MEUR -0.6 (MEUR 16.6).
- Earnings per share were EUR 0.16 (EUR 0.12).
- The Annual General Meeting resolved to increase the number of shares in the Company by issuing new shares without payment to the shareholders in proportion to their holdings, so that one (1) share is given for each existing share. The figures presented in the interim report, apart from the dividend, have been adjusted to bring them in line with the situation after the issue of shares without payment (share split). The new shares registered in connection with the share split did not entitle holders to the dividend for the 2013 fiscal year decided on at the AGM.
- The AGM adopted the proposal of the Board of Directors to pay a dividend of EUR 1.30 a share, in total MEUR 19.8. The dividend was paid on 8 April 2014.
- At its organizational meeting after the AGM, the Board of Directors elected Panu Routila as Chairman and Jari Eklund as Vice Chairman of the Board.

## January-March key indicators:

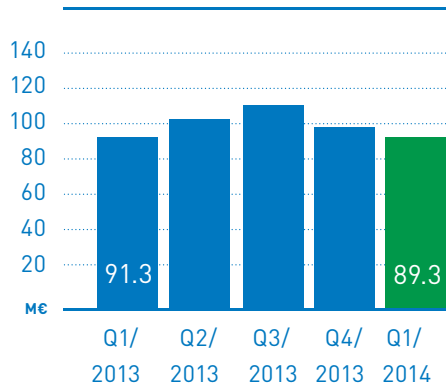
MEUR	1-3/2014	1-3/2013	Change, %	1-12/2013
Order intake	104.8	100.2	4.6%	399.8
Order book	62.4	58.9	5.9%	46.8
Revenues	89.3	91.3	-2.3%	403.0
Operating profit	6.7	5.8	16.0%	40.6
% of revenues	7.5%	6.3%		10.1%
Profit before taxes	6.7	6.0	10.7%	39.7
Net cash flow from operating activities	-0.6	16.6		46.7
Earnings per share, EUR	0.16	0.12	27.9%	0.92
Interest-bearing net liabilities	-10.0	-21.1	-52.4%	-17.2
Gearing, %	-10.0%	-22.2%		-14.7%
Gross capital expenditure	4.8	4.2	14.2%	19.7

## Key indicators Q1/2013-Q1/2014

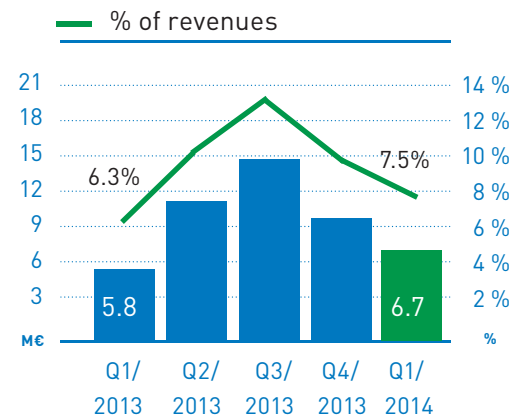
### Order intake, MEUR



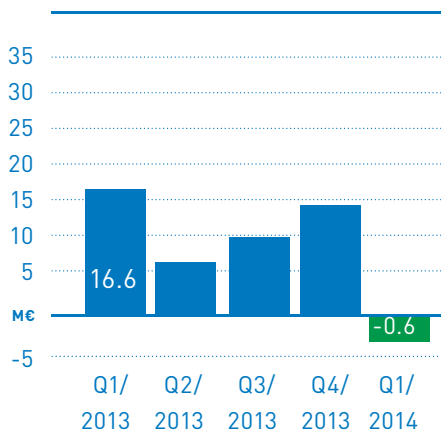
### Revenues, MEUR



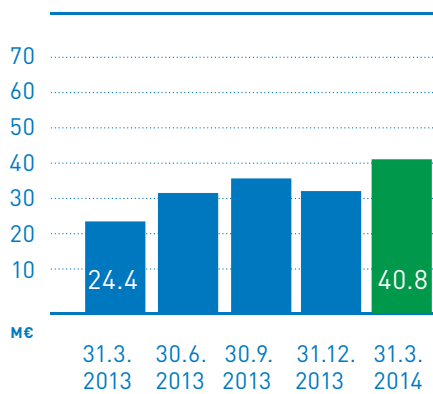
### Operating profit excluding one-time items, MEUR



### Net cash flow from operating activities, MEUR

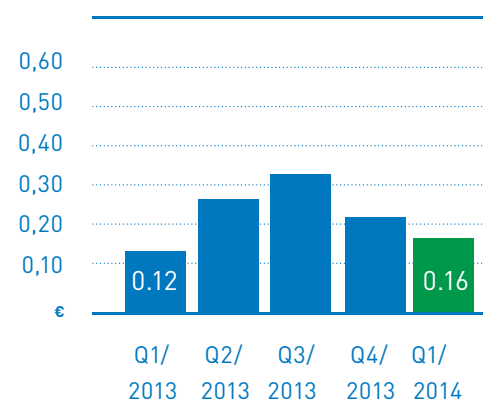


### Working capital, MEUR

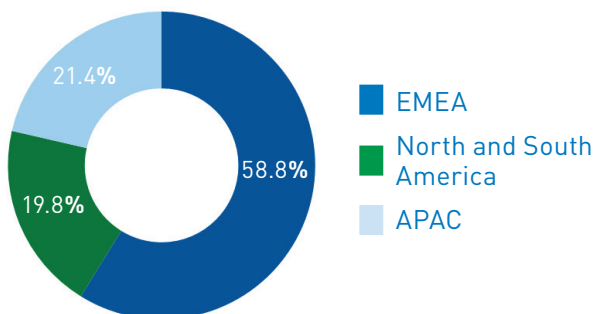


### Earnings per share, EUR

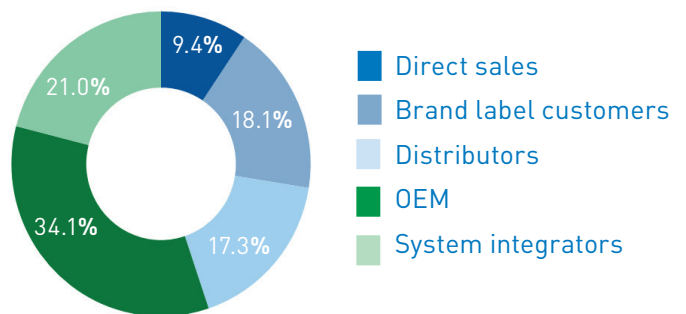
(The figures have been adjusted in line with the situation after the share split)



### Revenues by region Q1/2014



### Revenues by distribution channel Q1/2014



## President and CEO Vesa Laisi: Order intake increased in the first quarter

"I am particularly satisfied with the way Vacon personnel succeeded in getting order intake back on a growth track during the first quarter. This places us in a good position for increasing revenues in 2014.

The volume of orders received increased in the January-March 2014 period 4.6% from the corresponding period in the previous year and 19.6% from the final quarter in 2013. We cannot be satisfied with how revenues developed in the first quarter. The main reason for the slight fall in revenues was the low order intake in the final quarter of 2013. Profitability improved from the corresponding period in the previous year. The low level of revenues did however have a negative impact on profitability.

In January 2014 we launched the new VACON<sup>®</sup> NXP System Drive product range, which expands our product offering for system integrators. The new product range of standardized AC drives offers customers cost-efficiency, reliability and uniform quality. Our strong, continuously upgraded product offering creates outstanding potential for further raising our market share.

Early in 2014 we had the honour of welcoming special guests to Vacon, when President Barack Obama and US Secretary of Energy Ernest Moniz visited our R&D center in Research Triangle Park in North Carolina. The visit was part of the president's tour of North Carolina. This brought Vacon excellent visibility in North America.

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."

## Review of January-March 2014

### Order intake and order book

Vacon's order intake increased in the first quarter of 2014. Orders received in January – March totalled EUR 104.8 (100.2) million. Orders focused on low power drives, since there was no significant recovery in major investments by industry in the first quarter. The volume of orders improved particularly in the Asia and Pacific (APAC) region.

Developments in orders received by Vacon during the first quarter of 2014, compared to the corresponding period in the previous year, by market region were as follows: APAC growth of 29.0%, Europe, Middle East and Africa (EMEA) decline of 8.9%, and North and South America growth of 24.8%. The biggest increases in orders were for products for building automation and for renewable energy generation. Orders for marine industry products declined.

The order book rose by 5.9% from the beginning of the year, standing at EUR 62.4 million at the end of the period (EUR 58.9 million).

### Revenues

Vacon's revenues declined slightly in January-March 2014 from the corresponding period in the previous year. 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.

Vacon's revenues totalled EUR 89.3 (91.3) million in January-March, a decline of 2.3% from the corresponding period in the previous year. By region, revenues increased in the January-March period in the APAC region and North and South America, but declined in EMEA.

Geographically the area with strongest growth was North and South America, where revenues increased 15.0% in January-March 2014 from the period for comparison. Revenues rose in several industrial sectors in this region.

Sales in the APAC region increased 3.6% in January-March. The marine industry was the customer business sector that recorded the highest growth in APAC.

In the EMEA region, revenues declined 8.8% in the first quarter from the corresponding period in the previous year. Lower sales especially of products for renewable energy generation and for the marine industry were major factors in this decline.

In line with its strategy, Vacon utilises several sales channels. Vacon's sales to end users and brand label customers increased in January-March 2014. Sales to distributors remained unchanged from the period for comparison, while sales to OEM customers and system integrators declined in the January-March period from the corresponding period in the previous year. A significant portion of the products supplied for renewable energy generation and marine industry are sold via system integrators, which mainly explains the fall in sales via this sales channel.

### Vacon Group revenues by region:

MEUR	1-3/2014	% of revenues	1-3/2013	% of revenues	1-12/2013	% of revenues
Europe, Middle East, Africa	52.5	58.8%	57.5	63.0%	242.1	60.1%
North and South America	17.7	19.8%	15.4	16.9%	70.7	17.6%
Asia and Pacific	19.1	21.4%	18.4	20.2%	90.2	22.4%
Total	89.3	100.0%	91.3	100.0%	403.0	100.0%

### Vacon Group revenues by distribution channel:

MEUR	1-3/2014	% of revenues	1-3/2013	% of revenues	1-12/2013	% of revenues
Direct sales	8.4	9.4%	6.8	7.5%	31.1	7.7%
Brand label customers	16.2	18.1%	13.5	14.8%	63.2	15.7%
Distributors	15.5	17.3%	15.5	17.0%	63.6	15.8%
OEM	30.5	34.1%	31.5	34.5%	137.6	34.1%
System integrators	18.8	21.0%	23.9	26.2%	107.5	26.7%
Total	89.3	100.0%	91.3	100.0%	403.0	100.0%

### Operating profit and result

The Company's profitability improved in January-March 2014 from the corresponding period in the previous year. However, lower revenues than in the period for comparison reduced the Company's profitability.

Operating profit in January-March was EUR 6.7 million, or 7.5% of revenues (operating profit EUR 5.8 million and 6.3% in January-March 2013). Earnings per share in January-March were EUR 0.16 (0.12), an increase of 27.9%.

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.

## Balance sheet and cash flow

The balance sheet remained strong. The net cash flow from operating activities in the January-March period totalled EUR -0.6 (16.6) million. Changes in working capital were a particular factor in the decline in the net cash flow. The increase in working capital was due in particular to growth in inventories and trade receivables. A few major deliveries were postponed until the following quarter, which increased inventories, while growth in revenues during the final month of the quarter increased the volume of trade receivables.

The company has no net debt. Gearing was -10.0% (-22.2%). Net debt at the end of the quarter was EUR -10.0 million and cash funds totalled EUR 29.3 million. The balance sheet total stood at EUR 220.3 (216.5) million. Equity ratio was 46.4% (44.2%). The Group's equity structure and liquidity remained strong. Interest-bearing debt at the end of the quarter totalled EUR 19.3 (19.3) million.

## Investments

Gross investments by the Group in the January - March period totalled EUR 4.8 (4.2) million. In line with the Company's strategic priorities, investments focused in particular on product development and on developing information systems. The Company is developing its information systems in support of its growth targets for the future.

## Research and development

R&D expenditure in the first quarter totalled EUR 7.2 (6.6) million, and EUR 2.5 (1.0) million of this was capitalized as development costs. R&D costs accounted for 8.1% of Group revenues (7.2%).

Vacon's strategic priorities in product development this year are expanding the VACON<sup>®</sup> 100 product range and developing high power products in the low and medium voltage range.

In January 2014 Vacon launched the new VACON<sup>®</sup> NXP System Drive product range. The new product range of standardized AC drives offers customers cost-efficiency, reliability and quality. System integrators serving heavy industry can simplify complex solutions with the aid of the broad range of standardized AC drives. The new product range simplifies installation and commissioning and gives end customers major life cycle benefits, such as lower maintenance costs and less need for spare parts and training.

In March 2014 VACON<sup>®</sup> 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.

## Organization and personnel

The priorities in Vacon's human resource strategy in 2014 are developing knowhow and management, remuneration, nurturing the global corporate culture, personnel commitment, and recruiting the best experts in the field. Personnel who possess world-class knowledge and expertise are in a key position in achieving Vacon's strategic goals.

In 2014 Vacon is focusing on open and transparent communication of its new remuneration strategy throughout the Group. Vacon's goal is a remuneration system that motivates personnel and encourages them to attain ambitious goals in their work, and that supports the continual improvement of the Company's competitive standing. All Vacon employees are enrolled in a bonus scheme.

Vacon's new vision, The Drives Family, was created together with personnel in 2013. The Company has started to introduce the new vision within its own organization and stakeholders. The unique corporate culture is one of the Company's success factors.

At the end of March 2014 the Group employed 1,576 (1,510) people, and 750 (708) of these were in Finland and 826 (803) in other countries.

**The table below shows the average number of Vacon employees during the year:**

	1-3/2014	1-3/2013	1-12/2013
Office personnel	1,064	972	1,016
Factory personnel	516	535	537
TOTAL	1,580	1,507	1,553

## Allocation of Vacon's own shares for the 2013 earning period in the share bonus scheme

(The figures have been adjusted in line with the situation after the share split.)

Vacon's Board of Directors confirmed that the bonus for 2013 in the share bonus scheme would be 32.6% of the maximum amount. For the portion of the total bonus to be paid in shares, the Board decided to allocate in total 48,176 of the company's own shares held by the company free of charge to recipients of the bonus. The total bonus for the 2013 earning period was based on Vacon Group's revenues, operating profit and capital turnover rate, and was paid in 2014 partly in company shares and partly in cash. The recipients were 74 people in company management and employed by the company. The transfer date for the shares was 28 March 2014.

The share bonus scheme in use in the company and its principles are explained in detail in the remuneration statement, which can be seen on the company's Internet site at [www.vacon.com/investors](http://www.vacon.com/investors).

## Shares and shareholders

(The figures have been adjusted in line with the situation after the share split.)

Vacon had a market capitalization at the end of March of EUR 934.4 (800.3) million. The closing share price on 31 March 2014 was EUR 30.60. The lowest share price during the January-March period was EUR 25.26 and the highest EUR 31.41.

A total of 837,065 shares, 2.7% of the share stock, were traded on the stock exchange in the January-March period, in monetary terms EUR 47.3 million. According to the shareholder register updated on 31 March 2014, Vacon had 4,981 registered shareholders. Shares that were nominee registered and in foreign ownership amounted to 47.5% (51.4%) of the total share stock.

On 31 March 2014 Vacon Plc held a total of 55,498 of its own shares, which it had acquired at an average price of EUR 19.09. This is 0.2% of the share capital and voting rights, so it has no significant impact on the distribution of ownership or voting rights in the company.

On 31 March 2014 members of Vacon's Board of Directors, the President and CEO, and the Deputy to the CEO held directly a total of 811 298 shares, or 2.7% of Vacon's share stock.

## Vacon Plc Board resolved on a share-based incentive scheme

(The figures have been adjusted in line with the situation after the share split.)

The Board of Directors of Vacon Plc has resolved on a new share-based incentive plan for the years 2014 - 2016 in the Vacon Group. In 2014, the target group in the Performance Share Plan comprises about 90 persons. The purpose of the Performance Share Plan is to combine the objectives of the shareholders and the participants in order to increase the value of the Company, to commit the participants to the Company, and to offer them a competitive reward plan based on long-term shareholding in the Company. The Plan is a continuation of Vacon's previous share bonus schemes.

The Performance Share Plan includes three earning periods, the calendar years 2014, 2015 and 2016. The Board of Directors of the Company decides on the performance criteria in the Plan and their targets at the beginning of each earning period. Any reward under the Plan for the 2014 earning period will be based on Vacon Group revenues, operating profit and rate of capital turnover. Any reward from the 2014 earning period will be paid in 2015 as a combination of Company's shares and cash.

The rewards to be paid under the Plan for the 2014 - 2016 earning periods correspond at most in total to the value of 740,000 Vacon Plc shares (gross)

More information about the share-based incentive scheme is given on the Company's website in the stock exchange release published on 27 March 2014.

## AGM and organization of new Board

(The figures quoted, apart from the dividend, have been adjusted in line with the situation after the share split.)

Vacon Plc's Annual General Meeting of Shareholders was held in Vaasa on 27 March 2014. The AGM adopted the proposal of the Board of Directors to pay a dividend of EUR 1.30 per share, in total some EUR 19.8 million. The record date for the dividend payment was 1 April 2014 and the payment date 8 April 2014. The new shares registered in connection with the share split did not entitle holders to the dividend for the 2013 fiscal year decided on at the AGM.

The AGM confirmed that the Board of Directors would have seven (7) members. Pekka Ahlqvist, Jari Eklund, Jan Inberr, Juha Kytölä, Panu Routila and Riitta Viitala were re-elected as Board members. Jari Koskinen was elected as a new member to the Board.

At its organizational meeting after the AGM, the Board of Directors elected Panu Routila as Chairman and Jari Eklund as Vice Chairman of the Board. Panu Routila (Chairman), Jari Eklund and Juha Kytölä were elected members of the Board's Audit Committee.

At its organizational meeting, the Board of Directors also resolved to establish a Human Resources Committee. The Human Resources Committee replaces the former Nomination and Remuneration Committee after the AGM resolved to establish the Shareholders' Nomination Board.

The Human Resources Committee will assist the Board for example in the preparation of matters pertaining to remuneration and incentive plans, in the planning of key personnel succession and in the monitoring of job satisfaction. The purpose of the Committee is to ensure that the Group's human resources strategy supports the long-term strategic goals of the business operations. Jan Inberr (Chairman), Pekka Ahlqvist and Riitta Viitala were elected members of the Human Resources Committee.

The AGM resolved to keep the fees of the Board of Directors unaltered. The member of the Board of Directors will be paid a basic fee of EUR 1,500 a month and a supplementary fee of a maximum of EUR 3 000 a month. The supplementary fee is determined based on the development of Group revenues and operating profit for the fiscal year 2014. The AGM resolved that the Chairman of the Board of Directors be paid twice the basic fee and supplementary fee paid to the ordinary members of the Board. In addition, Board members on Board permanent committees shall be paid EUR 500 per meeting for attending committee meetings. The travel expenses for Board members will be compensated in accordance with the Company's travel policy.

The AGM approved the Board of Directors' proposal to establish a permanent Shareholders' Nomination Board. The Shareholders' Nomination Board will prepare proposals to the Annual General Meeting concerning the election and remuneration of the members of the Board of Directors and concerning the remuneration of the members of the Nomination Board.

In addition, the Annual General Meeting approved the Board of Directors' proposal to increase the number of shares in the Company by issuing new shares without payment to the shareholders in proportion to their holdings so that one (1) share is given for each existing share. A total of 15,295,000 new shares were then issued, so that after the share issue there are a total of 30,590,000 shares. Increasing the number of Company shares with a share split was registered in the Trade Register on 1 April 2014.

The AGM adopted the proposals of the Board of Directors to authorize the Board of Directors to resolve to repurchase shares in the Company as well as to decide on a share issue and donations.

The Board of Directors was authorized to decide on the repurchase of a maximum of 2,800,000 of the Company's own shares, which corresponds to about 9.2 percent of all the Company shares. The authorization is effective until 30 June 2015. The authorization cancels the authorization given by the AGM on 26 March 2013 to decide on the repurchase of the Company's own shares.

The Board of Directors was also authorized to decide on the issue of shares such that the number of shares to be issued shall not exceed 3,059,000 shares, which corresponds to 10 percent of all the shares in the Company. The authorization is effective until 27 March 2019, and cancels the authorization given by the AGM on 26 March 2013, to decide on the issue of shares.

The Board of Directors was authorized to decide on donations not exceeding EUR 30,000 in total and on the recipients, amounts and terms. The authorization is effective until the close of the next Annual General Meeting.

The AGM confirmed that there would be one auditor. PricewaterhouseCoopers Oy was elected as the Company's auditor with Markku Katajisto (APA) as principal auditor. The remuneration for the Auditor will be paid based on reasonable invoicing from the Auditor and as accepted by the Company.

The decisions of the AGM in full and the minutes of the AGM are available on the Company's Internet site at [www.vacon.com/investors](http://www.vacon.com/investors).

## Risks and uncertainties in the near future

Risk management at Vacon Group is part of management of the Company's business operations. The aim of risk management is to ensure that the risks to which business operations are exposed have been identified and are under effective control. The goal is to minimize any damage that may be caused by risks and identify the risks relating to the management of business operations. Through its risk management the Company aims to safeguard the Company's profitable growth.

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.

Vacon's 2013 annual report contains a detailed description of the general risks and uncertainties affecting the Company's business and of the principles for risk management.

## Prospects for 2014

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 urbanisation, 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.

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.

## Market guidelines for 2014

Vacon is retaining the market guidelines it published earlier and estimates that its revenues will increase 5-15% and its operating profit percentage excluding one-time items will be 11-13% in 2014.

Revenues in 2013 totalled EUR 403.0 million and the operating profit percentage excluding one-time items was 10.1%.

## Vacon's financial targets for the period 2014-2020

**Growth:** The target is to achieve an average annual revenue growth of over 10%. The growth target is based on growing the business organically in a market environment where the AC drives market grows clearly faster than the average Gross Domestic Product (GDP). Selective acquisitions can be used to further accelerate the growth.

**Profitability:** The long-term profitability target is to achieve a sustainable EBIT margin level of 14%. Vacon focuses on growth and on measures that improve the company's efficiency in the long term and thus deliver a higher absolute EBIT and shareholder value.

Vacon does not consider the long term financial targets as market guidance for any given year during the period 2014-2020. It will issue separate market guidance annually.

## Accounting principles

This interim report has been prepared in accordance with IFRS (International Financial Reporting Standards) standard IAS 34 on Interim Financial Reporting. Vacon has prepared this interim report applying the same accounting principles as those described in its 2013 consolidated financial statements. The interim report is unaudited.

## Consolidated statement of income, IFRS, MEUR

	1-3/2014	1-3/2013	1-12/2013
Revenues	89.3	91.3	403.0
Other operating income	0.0	0.1	0.3
Change in inventories of finished goods and work in progress	2.6	0.3	1.5
Materials and services	-45.5	-46.8	-204.2
Employee benefit related expenses	-21.5	-21.1	-82.1
Other operating expenses	-14.7	-14.7	-64.1
Depreciation	-1.6	-1.6	-6.4
Amortization	-1.9	-1.8	-7.2
Operating profit	6.7	5.8	40.6
Financial income and expenses	0.0	0.3	-1.0
Profit before taxes	6.7	6.0	39.7
Income taxes	-1.7	-2.1	-11.0
Profit for the period	5.0	3.9	28.7
Attributable to:			
Equity holders of the parent	4.8	3.8	28.0
Non-controlling interests	0.2	0.2	0.7
Earnings per share. euro	0.16*	0.12*	0.92*
Diluted earnings per share. euro	0.16*	0.12*	0.92*

\* The figures have been adjusted in line with the situation after the share split.

## Consolidated statement of comprehensive income, MEUR

	1-3/2014	1-3/2013	1-12/2013
Profit for the period	5.0	3.9	28.7
Other comprehensive income			
Remeasurement	0.0	0.0	-0.9
<b>Items not transferred to profit or loss</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.9</b>
Translation differences	-0.6	0.5	-0.4
<b>Items that may subsequently be transferred to profit or loss</b>	<b>-0.6</b>	<b>0.5</b>	<b>-0.4</b>
Total comprehensive income	4.3	4.4	27.5
Attributable to:			
Equity holders of the parent	4.2	4.2	26.9
Non-controlling interests	0.2	0.2	0.6

## Consolidated statement of financial position, IFRS, MEUR

	31.3.2014	31.3.2013	31.12.2013
<b>ASSETS</b>			
Goodwill	8.9	9.3	8.9
Development costs	21.6	18.7	20.3
Other intangible assets	7.8	7.3	8.2
Property, plant and equipment	26.9	24.8	26.6
Available-for-sale financial assets	3.7	3.7	3.7
Deferred tax assets	7.4	7.4	7.3
Other financial assets	3.2	3.2	3.2
Total non-current assets	79.5	74.4	78.3
Inventories	30.3	26.4	27.1
Trade and other receivables	81.2	75.4	75.1
Cash and cash equivalents	29.3	40.4	35.9
Total current assets	140.8	142.1	138.1
Total assets	220.3	216.5	216.4
<b>EQUITY AND LIABILITIES</b>			
Share capital	3.1	3.1	3.1
Share premium reserve	5.0	5.0	5.0
Other reserves	2.4	0.1	2.4
Own shares	-1.1	-2.0	-2.0
Revaluation reserve	2.5	2.3	2.5
Retained earnings	87.2	84.4	104.6
Non-controlling interests	1.4	1.6	1.9
Total equity	100.5	94.5	117.4
Deferred tax liabilities	6.2	6.4	6.0
Employee benefits	3.6	2.2	3.5
Interest-bearing liabilities	13.5	16.4	14.9
Total non-current liabilities	23.4	25.0	24.4
Trade and other payables	62.4	66.4	59.4
Dividends payable	19.8	16.8	0.0
Provisions	8.4	11.0	11.4
Interest-bearing liabilities	5.8	2.9	3.8
Total current liabilities	96.4	97.0	74.5
Total equity and liabilities	220.3	216.5	216.4

## Q1/2014 Consolidated statement of changes in equity, IFRS, MEUR

	Attributable to equity holders of the parent						Total	Non-controlling interests	Total equity
	Share capital	Share premium reserve	Other reserves	Own shares	Re-valuation reserve	Retained earnings			
<b>Equity Jan 1, 2014</b>	<b>3.1</b>	<b>5.0</b>	<b>2.4</b>	<b>-2.0</b>	<b>2.5</b>	<b>104.6</b>	<b>115.6</b>	<b>1.9</b>	<b>117.4</b>
Profit for the period						4.8	4.8	0.2	5.0
Other total comprehensive income:									
Translation differences			-0.1			-0.6	-0.6	0.0	-0.6
Total comprehensive income for the period			-0.1			4.2	4.2	0.2	4.3
Share bonuses				0.9		-0.8	0.1		0.1
Dividends paid						-19.8	-19.8	-0.3	-20.1
Acquisition of non-controlling interests			0.0			-0.9	-0.9	-0.3	-1.2
<b>Equity Mar 31, 2014</b>	<b>3.1</b>	<b>5.0</b>	<b>2.4</b>	<b>-1.1</b>	<b>2.5</b>	<b>87.2</b>	<b>99.1</b>	<b>1.4</b>	<b>100.5</b>

## Q1/2013 Consolidated statement of changes in equity, IFRS, MEUR

	Attributable to equity holders of the parent						Total	Non-controlling interests	Total equity
	Share capital	Share premium reserve	Other reserves	Own shares	Re-valuation reserve	Retained earnings			
<b>Equity Jan 1, 2013</b>	<b>3.1</b>	<b>5.0</b>	<b>0.1</b>	<b>-2.9</b>	<b>2.3</b>	<b>98.7</b>	<b>106.3</b>	<b>2.0</b>	<b>108.3</b>
Profit for the period						3.8	3.8	0.2	3.9
Other total comprehensive income:									
Remeasurement						0.0	0.0		0.0
Translation differences						0.5	0.5		0.5
Total comprehensive income for the period						4.2	4.2	0.2	4.4
Share bonuses				0.9		-0.5	0.4		0.4
Dividends paid						-17.1	-17.1	-0.3	-17.4
Acquisition of non-controlling interests						-1.0	-1.0	-0.3	-1.2
<b>Equity March 31, 2013</b>	<b>3.1</b>	<b>5.0</b>	<b>0.1</b>	<b>-2.0</b>	<b>2.3</b>	<b>84.4</b>	<b>92.9</b>	<b>1.6</b>	<b>94.5</b>

## Consolidated statement of cash flow, IFRS, MEUR

	1-3/2014	1-3/2013	1-12/2013
Profit for the period	5.0	3.9	28.7
Depreciation	3.4	3.4	13.7
Financial income and expenses	0.0	-0.3	1.0
Taxes	1.7	2.1	11.0
Other adjustments	-0.2	0.1	1.9
Change in working capital	-8.9	9.6	2.3
Net cash flow from financial items and tax	-1.7	-2.3	-11.8
<b>Net cash flow from operating activities</b>	<b>-0.6</b>	<b>16.6</b>	<b>46.7</b>
Acquisition of subsidiary	-1.2	-1.4	-1.5
Investments in property, plant and equipment	-2.0	-1.9	-8.9
Investments in intangible assets	-2.7	-1.8	-11.2
Other investments	0.0	-0.1	0.3
<b>Net cash flow from investing activities</b>	<b>-6.0</b>	<b>-5.4</b>	<b>-21.2</b>
Repayment of long-term borrowings	-1.4	0.0	-5.7
Proceeds from short-term borrowings	2.0	0.0	4.2
Repayment of short-term loans	0.0	-2.3	-0.7
Dividends paid	-0.3	-0.3	-17.3
<b>Net cash flow from financing activities</b>	<b>0.3</b>	<b>-2.6</b>	<b>-19.5</b>
<b>Change in cash and cash equivalents</b>	<b>-6.3</b>	<b>8.7</b>	<b>5.9</b>
Cash and cash equivalents at start of period	35.9	31.1	31.1
Translation differences for cash and cash equivalents	-0.4	0.6	-1.0
Cash and cash equivalents at end of period	29.3	40.4	35.9

## Segment information

Vacon has focused on one product, AC drives, and this is also Vacon's only business segment.

The figures for the business segment are identical to the figures for the whole Group. Vacon's operations are organized in the following main functions: Market Operations, Product Operations and Support Functions. To ensure that the organization is customer-oriented, operations are controlled by sales channels: distributors, systems integrators, direct sales, OEM customers and brand label customers.

Vacon's chief operating decision maker is Vacon Plc's president and CEO, who assesses the Group's overall financial situation and developments in this.

## Key financial indicators

The figures have been adjusted to take into account the increase in the number of shares after the share split.

Per share data	31.3.2014	31.3.2013	31.12.2013
Earnings per share, EUR	0.16	0.12	0.92
Equity per share, EUR	3.25	3.05	3.79
Lowest trading price, EUR	25.26	20.00	20.00
Highest trading price, EUR	31.41	27.54	29.95
Share price at end of period, EUR	30.60	26.25	29.25
Average trading price, EUR	28.40	23.03	25.86
Market capitalization, MEUR	934.4	800.3	891.7
Trading volume, no. of shares	837,065	1,091,330	4,711,238
Trading volume, %	2.7%	3.6%	15.5%
Adjusted average number of shares during financial period	30,488,467	30,425,994	30,471,882
Number of shares at end of period	30,534,502	30,487,170	30,486,326
Own shares	55,498	102,830	103,674

## Key indicators showing the Group's financial performance

	31.3.2014	31.3.2013	31.12.2013
Revenues, MEUR	89.3	91.3	403.0
Change in revenues, %	-2.3%	8.5%	3.8%
Operating profit, MEUR	6.7	5.8	40.6
Change in operating profit, %	16.0%	-10.1%	6.9%
Operating profit, % of revenues	7.5%	6.3%	10.1%
Profit before taxes, MEUR	6.7	6.0	39.7
Profit before taxes, % of revenues	7.5%	6.6%	9.8%
Interest-bearing net liabilities, MEUR	-10.0	-21.1	-17.2
Gearing, %	-10.0%	-22.2%	-14.7%
Working capital, MEUR	40.8	24.4	31.4
Equity ratio, %	46.4%	44.2%	55.0%
Gross capital expenditure, MEUR	4.8	4.2	19.7
Gross capital expenditure, % of revenues	5.4%	4.6%	4.9%
R&D costs, MEUR	7.2	6.6	27.3
R&D costs, % of revenues	8.1%	7.2%	6.8%
Number of personnel at end of period	1,576	1,510	1,596
Order book, MEUR	62.4	58.9	46.8

## Commitments and contingencies, MEUR

	31.3.2014	31.3.2013	31.12.2013
Commitments and contingencies	14.6	16.5	15.0
Financing commitments	0.0	0.0	0.0

## Fair value hierarchy of financial assets and liabilities valued at fair value, MEUR

Fair values at end of reporting period

	31.3.2014	Level 1	Level 2	Level 3
<b>Financial assets to be recognized at fair value through profit and loss</b>				
Currency forward contracts and currency options	0.1		0.1	
<b>Available for sale financial assets</b>				
Investments in shares	5.5			5.5
<b>Loans and other receivables</b>				
Convertible bond	1.0			1.0
<b>Total</b>	<b>6.6</b>	<b>0.0</b>	<b>0.1</b>	<b>6.5</b>
<b>Liabilities valued at fair value</b>				
Currency forward contracts and currency options	0.1		0.1	
<b>Total</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>

The fair values at hierarchy **level 1** are based on the quoted prices of completely identical asset items or liabilities in an active market.

The fair values of **level 2** instruments are to a significant extent based on inputs other than quoted prices included in level 1; however, they are based on information that is observable for the asset item either directly or indirectly. The Group uses the market value reports produced by the treasury system and made by the banks in defining the fair value of these instruments.

The fair values of **level 3** instruments are based on acquisition cost or inputs concerning the asset item which are not based on observable market information but to a significant extent on the management's estimates.

## Group quarterly performance, MEUR

	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
Revenues	89.3	97.8	110.4	103.4	91.3
Operating profit	6.7	9.7	14.8	10.4	5.8
Profit before taxes	6.7	9.2	14.2	10.2	6.0

## Calculation of financial ratios

Earnings per share =	$\frac{\text{Profit for the financial year attributable to equity holders of the parent company}}{\text{Adjusted average number of shares}}$
Equity per share =	$\frac{\text{Total equity – non-controlling interests}}{\text{Adjusted average number of shares at year end}}$
Dividend per share =	$\frac{\text{Dividend for financial year}}{\text{Adjusted number of shares at year end}}$
Equity ratio, % =	$\frac{\text{Total equity} \times 100}{\text{Balance sheet total – advances received}}$
Gearing, % =	$\frac{(\text{Interest-bearing liabilities – cash, bank balances and financial assets}) \times 100}{\text{Total equity}}$
Working capital =	Inventories + non-interest-bearing short-term receivables - Non-interest-bearing short-term liabilities
R&D costs =	Research and development costs recognized in income statement (incl. costs covered with subsidies) and capitalized development expenses
Market capitalization of share stock =	Number of shares outstanding at year end x closing share price
Share turnover, % =	$\frac{\text{Number of shares traded during the year} \times 100}{\text{Adjusted average number of shares}}$