



# Q1

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VACON PLC  
INTERIM REPORT  
JANUARY – MARCH 2015

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## January-March highlights:

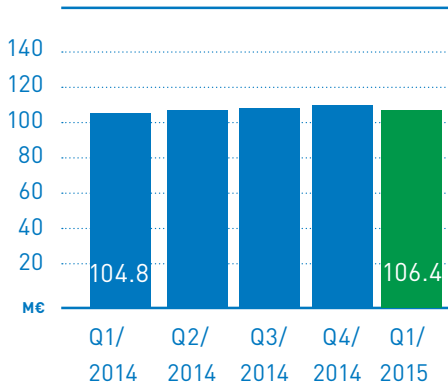
- Order intake totalled MEUR 106.4 (MEUR 104.8), an increase of 1.4% from the corresponding period in the previous year.
- Revenues totalled MEUR 100.1 (MEUR 89.3), an increase of 12.2% from the corresponding period in the previous year.
- Operating profit was MEUR 9.1 or 9.0% of revenues (MEUR 6.7 and 7.5%), an increase of 34.9% from the corresponding period in the previous year.
- Net cash flow from operating activities was MEUR 10.5 (MEUR -0.6).
- Earnings per share were EUR 0.21 (EUR 0.16).
- The Board of Directors of Vacon Plc has decided to apply for the termination of trading in Vacon shares and for the delisting of the shares from NASDAQ OMX Helsinki Ltd. In the application submitted to NASDAQ OMX Helsinki on 2 April 2015, Vacon requested that the delisting take effect as soon as possible after Oy Danfoss Ab has acquired the entire share capital of Vacon.

## January-March key indicators:

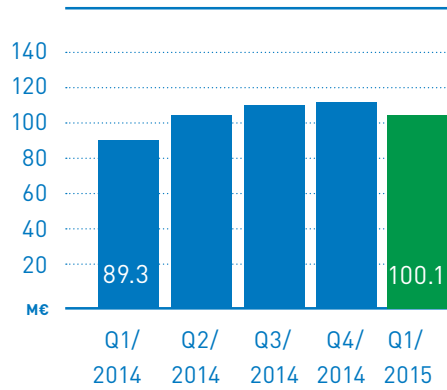
MEUR	1-3/2015	1-3/2014	Change. %	1-12/2014
Order intake	106.4	104.8	1.4%	424.7
Order book	68.4	62.4	9.6%	62.2
Revenues	100.1	89.3	12.2%	409.4
Operating profit excluding one-time items	9.1	6.7	34.9%	47.2
% of revenues	9.0%	7.5%		11.5%
Operating profit	9.1	6.7	34.9%	39.7
% of revenues	9.0%	7.5%		9.7%
Profit before taxes	8.6	6.7	28.7%	39.8
Net cash flow from operating activities	10.5	-0.6		35.4
Earnings per share, EUR	0.21	0.16	35.5%	1.00
Interest-bearing net liabilities	-14.4	-10.0	43.6%	-10.4
Gearing, %	-11.0%	-10.0%		-8.3%
Gross capital expenditure	4.9	4.8	1.9%	24.1

## Key indicators Q1/2014-Q1/2015

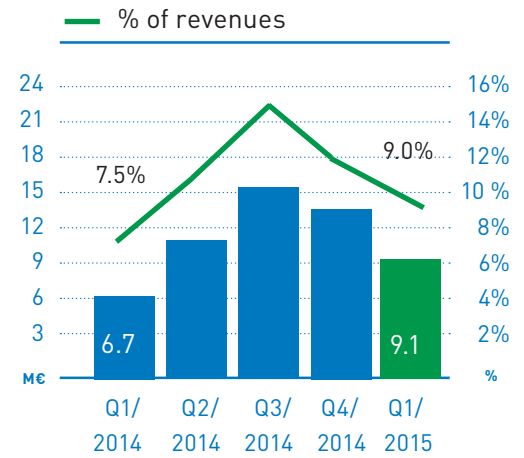
### Order intake, MEUR



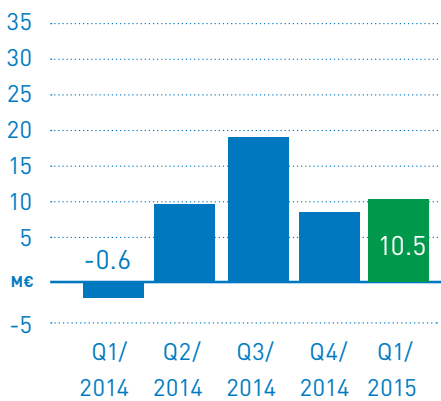
### Revenues, MEUR



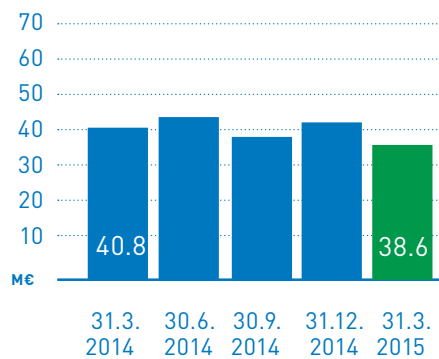
### Operating profit excluding one-time items, MEUR



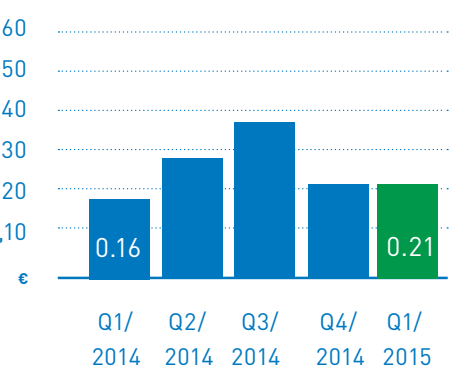
### Net cash flow from operating activities, MEUR



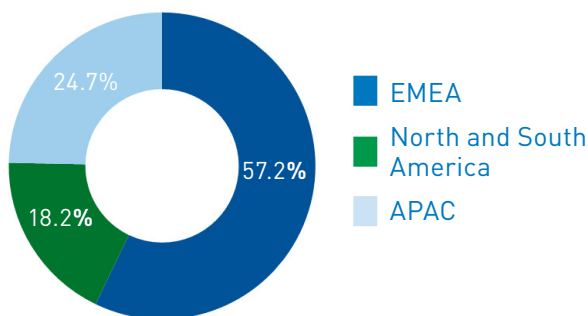
### Working capital, MEUR



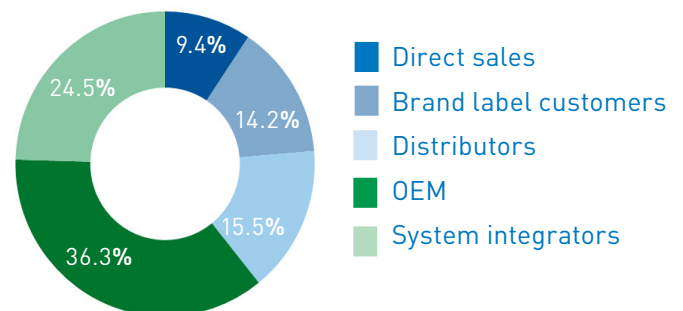
### Earnings per share, EUR



### Revenues by region Q1/2015



### Revenues by distribution channel Q1/2015



## President and CEO Vesa Laisi: All key financial indicators improved in the first quarter of 2015

“The first quarter of 2015 went very well for Vacon. All key financial indicators improved in the first quarter of 2015 when compared with the first quarter of 2014.

The volume of our orders increased reasonably well in the first quarter, taking into account seasonal fluctuations at a few of our major customers.

Revenues increased in the first quarter from the period for comparison. Geographically the region with strongest growth was Asia and Pacific (APAC), where revenues increased 29.4% in January-March 2015 from the same period in the previous year. In North and South America revenues rose 2.6%, and in the Europe, Middle East and Africa (EMEA) region 9.1%.

The Company’s operating profit also improved from the previous year. Efficient material sourcing and the cost benefits from transferring material sourcing to lower cost countries have been key factors in improving the company’s profitability. Changes in currency exchange rates contributed to the growth in revenues and the improvement in the operating profit in the review period.

Vacon has been part of the Danfoss Group since 1 December 2014. Our responsible task is now to merge two successful AC drive business operations to create one of the leading players in the market. Combining two large organisations requires thorough planning and it is necessary to take many different details into account. We have started the work and the merger process is making progress according to plan. I am pleased with the way our personnel have managed to focus on meeting customer needs despite the changes taking place in our company.”

## Review of January-March 2015

### Order intake and order book

Vacon's order intake increased slightly in the first quarter of 2015. Orders received in January – March totalled EUR 106.4 (104.8) million.

The order book increased 9.6% from the corresponding period in the previous year, standing at EUR 68.4 (62.4) million at the end of March.

### Revenues

Vacon's revenues increased in January – March 2015 from the corresponding period in the previous year. Vacon's revenues in the January – March period totalled EUR 100.1 (89.3) million. Changes in currency exchange rates had a positive impact on revenues.

Geographically the region with strongest growth was Asia and Pacific (APAC), where revenues increased 29.4% in January – March 2015 from the same period in the previous year. In North and South America revenues rose 2.6% and in the Europe, Middle East and Africa (EMEA) region 9.1%.

In line with its strategy Vacon utilises several sales channels. Vacon's sales to OEM customers, end users, system integrators and distributors increased in January – March 2015. However, sales to brand label customers declined in this period from the previous year.

### Vacon Group revenues by region:

MEUR	1-3/2015	% of revenues	1-3/2014	% of revenues	1-12/2014	% of revenues
Europe, Middle East, Africa	57.2	57.2%	52.5	58.8%	231.1	56.4%
North and South America	18.2	18.2%	17.7	19.8%	82.0	20.0%
Asia and Pacific	24.7	24.7%	19.1	21.4%	96.3	23.5%
Total	100.1	100.0%	89.3	100.0%	409.4	100.0%

### Vacon Group revenues by distribution channel:

MEUR	1-3/2015	% of revenues	1-3/2014	% of revenues	1-12/2014	% of revenues
Direct sales	9.4	9.4%	8.4	9.4%	36.8	9.0%
Brand label customers	14.3	14.2%	16.2	18.1%	71.8	17.5%
Distributors	15.6	15.5%	15.5	17.3%	65.7	16.0%
OEM	36.3	36.3%	30.5	34.1%	140.1	34.2%
System integrators	24.6	24.5%	18.8	21.0%	95.0	23.2%
Total	100.1	100.0 %	89.3	100.0 %	409.4	100.0 %

## Operating profit and result

The Company's profitability improved in January-March 2015 from the corresponding period in the previous year.

The operating profit in the January – March quarter was EUR 9.1 million, or 9.0% of revenues (operating profit EUR 6.7 million and 7.5 % in January – March 2014). Earnings per share in January – March were EUR 0.21 (EUR 0.16), an increase of 35.5%.

Efficient material sourcing and the cost benefits from transferring material sourcing to lower cost countries have been key factors in improving the company's profitability. Changes in currency exchange rates made a positive impact on the operating profit.

## Balance sheet and cash flow

The net cash flow from operating activities in the January-March period totalled EUR 10.5 (-0.6) million. Factors contributing to the improvement in the net cash flow were the increase in the operating profit and the reduction in working capital.

The Company has no net debt. Gearing was -11.0% (-10.0%). Net debt at the end of the quarter was EUR -14.4 million and cash funds totalled EUR 32.3 million. The balance sheet total stood at EUR 244.1 (220.3) million. Equity ratio was 54.6% (46.4%). The Group's equity structure and liquidity remained strong. Interest-bearing debt at the end of the quarter totalled EUR 18.0 (19.3) million.

## Investments

Gross investments by the Group in January–March 2015 totalled EUR 4.9 (4.8) million. In line with the Company's strategic priorities, investments focused in particular on product development and production.

## Research and development

R&D expenditure in the first quarter totalled EUR 8.1 (7.2) million, and EUR 2.7 (2.5) million of this was capitalized as development costs. R&D costs accounted for 8.1% (8.1%) of Group revenues.

## Organization and personnel

At the end of March 2015 the Group employed 1,598 (1,576) people, and 762 (750) of these were in Finland and 836 (826) in other countries

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

	1–3/2015	1–3/2014	1–12/2014
Office personnel	1,112	1,064	1,091
Factory personnel	488	516	505
TOTAL	1,600	1,580	1,597

## Other key events in the review period

### Extraordinary General Meeting and organization of new Board of Directors

An Extraordinary General Meeting of Vacon Plc was held in Vaasa on 12 January 2015. The Meeting confirmed that the Board of Directors would have five (5) members. Niels Bjørn Christiansen, President & Chief Executive Officer of the Danfoss Group; Kim Fausing, Executive Vice President and Chief Operations Officer of the Danfoss Group; Jesper V. Christensen, Executive Vice President and Chief Financial Officer of the Danfoss Group; Kim Christensen, President of Global Services of the Danfoss Group and Anders Stahlschmidt, Senior Vice President and General Counsel of the Danfoss Group, were elected as members of the Board. The minutes of the General Meeting can be seen on the Company's Internet website at <http://www.vacon.com/investors/Corporate-Governance/Annual-general-meetings/Vacon-EGM-2015/>.

At its organization meeting after the General Meeting, the Board of Directors elected Niels Bjørn Christiansen as Chairman and Kim Fausing as Vice Chairman of the Board.

### Change in Vacon Plc's Management Team

Vacon Plc's CFO, Pia Aaltonen-Forsell has resigned to join another employer. Ann-Louise Brännback, M.Sc. Econ. (born 1964), has been appointed as the new Chief Financial Officer of Vacon Plc and member of the company's Executive Management Team. She started in her new position on 1 April 2015.

### Arbitrators appointed for dispute over redemption of minority holdings in Vacond

The Redemption Committee of the Finland Chamber of Commerce has appointed an Arbitral Tribunal consisting of three arbitrators to settle the disagreements over the right of squeeze-out relating to Vacon shares not held by Oy Danfoss Ab and over the squeeze-out price. The Arbitral Tribunal comprises Professor Seppo Villa (Chairman), Professor Vesa Annola and attorney Tarja Wist.

### Cancellation of Vacon Plc treasury shares registered in Trade Register

Vacon Plc announced on 12 February 2015 its decision to cancel all 56,164 treasury shares held by the Company. The cancellation of the shares was registered in the Trade Register on 18 February 2015. Following the cancellation the Company has altogether 30,533,836 shares.

### Vacon began personnel negotiations to renew its organizational structure in Finland

On 17 March 2015 Vacon began personnel negotiations with the white-collar personnel working in Finland at Vacon Plc, the parent company of Vacon Group. The negotiations were related to the combining of the organizations of the AC drive businesses of Vacon and Danfoss, and concerned approximately 440 white-collar employees in Finland. Discussions were held about the plan for a new organizational structure and how this might affect the work and terms of employment of some senior white-collar employees. The objective of the Company is that the planned actions would not lead to reductions in personnel. The negotiations ended on 8 April 2015.

## Key events after the close of period

### Vacon applies for delisting of its shares

The Board of Directors of Vacon Plc has decided to apply for the termination of trading in Vacon shares and the delisting of shares from NASDAQ OMX Helsinki Ltd. In the application submitted to NASDAQ OMX Helsinki on 2 April 2015, Vacon requested that the delisting take effect as soon as possible after Oy Danfoss Ab has acquired the entire share capital of Vacon. Oy Danfoss Ab owns 98.78% of the Vacon shares and the votes conferred by the shares. In accordance with Chapter 18 of the Limited Liability Companies Act, Oy Danfoss Ab has instituted proceedings for the redemption of minority shares to obtain the remaining Vacon shares held by minority shareholders.

### Shares and shareholders

Vacon had a market capitalization at the end of March of EUR 1 014.0 (934.4) million. The closing share price on 31 March 2015 was EUR 33.21. The lowest price in the January – March period was EUR 33.09 and the highest EUR 34.05.

A total of 99,042 Vacon shares (0.3 % of the share stock) were traded on the stock exchange during the January – March period, in monetary terms EUR 3.4 million.

On 31 March 2015 Vacon Plc held no treasury shares.

On 31 March 2015 members of Vacon's Board of Directors, the President and CEO, and the Deputy to the CEO held directly no Vacon Plc shares.

Oy Danfoss Ab owns 98.78% of the Vacon shares and the votes conferred by the shares. Danfoss has instituted proceedings for the redemption of the remaining Vacon shares and Vacon Plc is applying for the delisting of Vacon shares from NASDAQ OMX Helsinki.

### 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 geopolitical developments in Ukraine 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.

The low global market price for crude oil may have the effect of reducing investments in energy efficiency.

Vacon's 2014 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 2015

Global megatrends, such as urbanisation, increasing industrial automation, energy efficiency, developing markets and renewable energy, all support growth in the AC drive market in the long term.

In the assessment of market research institutions, the AC drive market has hardly grown at all during the past three years. A major factor in this has been the overall economic uncertainty, which has caused industrial investment to slow down.

During 2015 Vacon and Danfoss will merge their AC drive business operations. Combining Vacon and Danfoss creates one of the leading players in the global AC drive sector, which can take advantage of the best features of both companies.

## Market guidelines for 2015

Vacon estimates that its revenues will increase and its operating profit percentage excluding one-time items will improve from 2014.

Vacon's revenues in 2014 totalled EUR 409.4 million and the operating profit percentage excluding one-time items was 11.5%.

## Vacon's financial targets until 2020

Vacon published new long-term financial targets and a revised strategy for the period 2014-2020 in November 2013.

**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 2014 consolidated financial statements. The interim report is unaudited.

## Consolidated statement of income, IFRS, MEUR

	1-3/2015	1-3/2014	1-12/2014
Revenues	100.1	89.3	409.4
Other operating income	0.1	0.0	0.2
Change in inventories of finished goods and work in progress	-0.9	2.6	2.7
Materials and services	-46.1	-45.5	-199.2
Employee benefit related expenses	-24.8	-21.5	-89.4
Other operating expenses	-15.9	-14.7	-69.9
Depreciation	-1.7	-1.6	-6.6
Amortization	-1.7	-1.9	-7.5
Operating profit	9.1	6.7	39.7
Financial income and expenses	-0.4	0.0	0.1
Profit before taxes	8.6	6.7	39.8
Income taxes	-2.0	-1.7	-8.7
Profit for the period	6.6	5.0	31.1
Attributable to:			
Equity holders of the parent	6.5	4.8	30.6
Non-controlling interests	0.1	0.2	0.5
Earnings per share, euro	0.21	0.16	1.00
Diluted earnings per share, euro	0.21	0.16	1.00

## Consolidated statement of comprehensive income, MEUR

	1-3/2015	1-3/2014	1-12/2014
Profit for the period	6.6	5.0	31.1
Other comprehensive income			
Remeasurement	0.0	0.0	-1.1
<b>Items not transferred to profit or loss</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.1</b>
Available-for-sale financial assets	0.0	0.0	-2.5
Translation differences	2.7	-0.6	1.2
<b>Items that may subsequently be transferred to profit or loss</b>	<b>2.7</b>	<b>-0.6</b>	<b>-1.3</b>
Total comprehensive income	9.3	4.3	28.7
Attributable to:			
Equity holders of the parent	9.2	4.2	28.3
Non-controlling interests	0.1	0.2	0.4

## Consolidated statement of financial position, IFRS, MEUR

	31.3.2015	31.3.2014	31.12.2014
<b>ASSETS</b>			
Goodwill	10.0	8.9	9.4
Development costs	29.0	21.6	27.2
Other intangible assets	15.9	7.8	15.4
Property, plant and equipment	25.0	26.9	24.0
Available-for-sale financial assets	0.0	3.7	0.0
Deferred tax assets	9.0	7.4	8.5
Other financial assets	2.0	3.2	1.9
Total non-current assets	90.8	79.5	86.4
Inventories	30.9	30.3	30.6
Trade and other receivables	90.0	81.2	88.5
Cash and cash equivalents	32.3	29.3	22.4
Total current assets	153.2	140.8	141.5
Total assets	244.1	220.3	227.9
<b>EQUITY AND LIABILITIES</b>			
Share capital	3.1	3.1	3.1
Share premium reserve	5.0	5.0	5.0
Other reserves	3.1	2.4	2.7
Own shares	0.0	-1.1	-1.1
Revaluation reserve	0.0	2.5	0.0
Retained earnings	118.8	87.2	114.1
Non-controlling interests	0.9	1.4	1.4
Total equity	130.8	100.5	125.1
Deferred tax liabilities	7.7	6.2	7.4
Employee benefits	5.2	3.6	5.0
Interest-bearing liabilities	1.4	13.5	0.6
Total non-current liabilities	14.3	23.4	13.0
Trade and other payables	71.9	62.4	68.2
Dividends payable	0.0	19.8	0.0
Provisions	10.4	8.4	10.2
Interest-bearing liabilities	16.6	5.8	11.4
Total current liabilities	98.9	96.4	89.8
Total equity and liabilities	244.1	220.3	227.9

## Q1/2015 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	Retained earnings			
<b>Equity Jan 1, 2015</b>	<b>3.1</b>	<b>5.0</b>	<b>2.7</b>	<b>-1.1</b>	<b>114.1</b>	<b>123.7</b>	<b>1.4</b>	<b>125.1</b>
Profit for the period					6.5	6.5	0.1	6.6
Other total comprehensive income:								
Translation differences			0.3		2.3	2.7	0.0	2.7
Total comprehensive income for the period			0.3		8.8	9.2	0.1	9.3
Cancellation of treasury shares				1.1	-1.1	0.0		0.0
Acquisition of non-controlling interests					-3.0	-3.0	-0.6	-3.6
<b>Equity Mar 31, 2015</b>	<b>3.1</b>	<b>5.0</b>	<b>3.1</b>	<b>0.0</b>	<b>118.8</b>	<b>129.9</b>	<b>0.9</b>	<b>130.8</b>

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

	Attributable to equity holders of the parent					Retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Share premium reserve	Other reserves	Own shares	Re-valuation reserve				
<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>

## Consolidated statement of cash flow, IFRS, MEUR

	1-3/2015	1-3/2014	1-12/2014
Profit for the period	6.6	5.0	31.1
Depreciation	3.4	3.4	14.1
Financial income and expenses	0.4	0.0	-0.1
Taxes	2.0	1.7	8.7
Other adjustments	-0.7	-0.2	-2.3
Change in working capital	2.7	-8.9	-4.6
Net cash flow from financial items and tax	-3.9	-1.7	-11.5
<b>Net cash flow from operating activities</b>	<b>10.5</b>	<b>-0.6</b>	<b>35.4</b>
Acquisition of subsidiary	-4.3	-1.2	-2.5
Investments in property, plant and equipment	-1.3	-2.0	-5.3
Investments in intangible assets	-2.9	-2.7	-17.8
Other investments	0.0	0.0	0.3
Sale of available for sale financial assets	0.0	0.0	2.5
<b>Net cash flow from investing activities</b>	<b>-8.5</b>	<b>-6.0</b>	<b>-22.9</b>
Proceeds from long-term borrowings	0.8	0.0	0.0
Repayment of long-term borrowings	-0.3	-1.4	-14.4
Proceeds from short-term loans	5.2	2.0	22.8
Repayment of short-term loans	0.0	0.0	-15.7
Dividends paid	0.0	-0.3	-20.4
<b>Net cash flow from financing activities</b>	<b>5.7</b>	<b>0.3</b>	<b>-27.6</b>
<b>Change in cash and cash equivalents</b>	<b>7.8</b>	<b>-6.3</b>	<b>-15.1</b>
Cash and cash equivalents at start of period	22.4	35.9	35.9
Translation differences for cash and cash equivalents	2.2	-0.4	1.5
Cash and cash equivalents at end of period	32.3	29.3	22.4

## 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	31.3.2015	31.3.2014	31.12.2014
Earnings per share, EUR	0.21	0.16	1.00
Equity per share, EUR	4.25	3.25	4.05
Lowest trading price, EUR	33.09	25.26	25.00
Highest trading price, EUR	34.05	31.41	37.50
Share price at end of period, EUR	33.21	30.60	34.00
Average trading price, EUR	33.95	28.40	32.20
Market capitalization, MEUR	1,014.0	934.4	1038.2
Trading volume, no. of shares	99,042	837,065	38,339,383
Trading volume, %	0.3%	2.7%	125.6%
Adjusted average number of shares during financial period	30,533,836	30,488,467	30,523,020
Number of shares at end of period	30,533,836	30,534,502	30,533,836
Own shares	0	55,498	56,164

## Key indicators showing the Group's financial performance

	31.3.2015	31.3.2014	31.12.2014
Revenues, MEUR	100.1	89.3	409.4
Change in revenues, %	12.2%	-2.3%	1.6%
Operating profit excluding one-time items, MEUR	9.1	6.7	47.2
Change in operating profit excluding one-time items, %	34.9%	16.0%	16.2%
Operating profit excluding one-time items, % of revenues	9.0%	7.5%	11.5%
Operating profit, MEUR	9.1	6.7	39.7
Change in operating profit, %	34.9%	16.0%	-2.4%
Operating profit, % of revenues	9.0%	7.5%	9.7%
Profit before taxes, MEUR	8.6	6.7	39.8
Profit before taxes, % of revenues	8.6%	7.5%	9.7%
Interest-bearing net liabilities, MEUR	-14.4	-10.0	-10.4
Gearing, %	-11.0%	-10.0%	-8.3%
Working capital, MEUR	38.6	40.8	40.8
Equity ratio, %	54.6%	46.4%	55.5%
Gross capital expenditure, MEUR	4.9	4.8	24.1
Gross capital expenditure, % of revenues	4.9%	5.4%	5.9%
R&D costs, MEUR	8.1	7.2	30.8
R&D costs, % of revenues	8.1%	8.1%	7.5%
Number of personnel at end of period	1,598	1,576	1,609
Order book, MEUR	68.4	62.4	62.2

## Commitments and contingencies, MEUR

	31.3.2015	31.3.2014	31.12.2014
Commitments and contingencies	16.2	14.6	15.1
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

	31.3.2015	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	1.5		1.5	
<b>Other financial assets</b>				
Investments in shares	0.4			0.4
<b>Total</b>	<b>1.9</b>	<b>0.0</b>	<b>1.5</b>	<b>0.4</b>
<b>Liabilities valued at fair value</b>				
Currency forward contracts and currency options	-1.3		-1.3	
<b>Total</b>	<b>-1.3</b>	<b>0.0</b>	<b>-1.3</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/ 2015	10-12/ 2014	7-9/ 2014	4-6/ 2014	1-3/ 2014
Revenues	100.1	109.4	107.5	103.3	89.3
Operating profit	9.1	6.7	14.7	11.6	6.7
Profit before taxes	8.6	6.9	14.9	11.3	6.7

## 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, % =	$\frac{\text{Number of shares traded during the year} \times 100}{\text{Adjusted average number of shares}}$