Vacon Plc, Stock Exchange Release, 5 August 2009 at 9.30 am

# Vacon Plc Interim Report 1 January – 30 June 2009

## Vacon lowers 2009 financial forecast despite good first half result

April-June summary:
- Order intake totalled MEUR 66.4, a decline of -20.3 % from the corresponding period in the previous year (MEUR 83.3).
- Revenues totalled MEUR 75.7, a decline of -2.9 % (MEUR 78.0).
- Operating profit was MEUR 7.8, down -25.0 % (MEUR 10.4).
- Cash flow from operations was MEUR 7.9, growth of 36.2 % (MEUR 5.8).
- Earnings per share were EUR 0.35 (EUR 0.48), a decline from the previous year of -27.1 %.

January-June summary:
- Order intake totalled MEUR 135.4, a decline of -16.2 % from the corresponding period in the previous year (MEUR 161.5).
- Revenues totalled MEUR 145.7, an increase of 1.3 % (MEUR 143.9).
- Operating profit was MEUR 14.9, down -17.2 % (MEUR 18.0).
- Cash flow from operations was MEUR 14.2, growth of 36.5 % (MEUR 10.4).
- Earnings per share were EUR 0.64 (EUR 0.82), a decline from the previous year of -22.0 %.

The global recession weakened demand for AC drives in most market segments during the first six months of 2009. AC drive investments to improve energy efficiency and in renewable energy generation remained brisk, but they were not able to compensate for the decline in orders in other market segments.

In current market conditions, Vacon's performance in the first six months is good. The value of the orders received in the second quarter totalled EUR 66.4 (83.3) million. They were 4 % less than in the first quarter of this year and almost the same as in the final quarter of 2008. Revenues totalled EUR 75.7 (78.0) million, an increase of 8 % from the first quarter of the year and about 1 % from the final quarter of 2008.

The operating profit margin in the second quarter was 10.3 % (13.3 %), compared to 10.1 % in the first quarter of this year and 10.0 % in the final quarter of last year. The balance sheet remained strong. The company has paid particular attention to the management of working capital, to ensure the Group has cost-effective financing in the near future. The cash flow from operations was EUR 7.9 (5.8) million in April-June 2009. Intensified control of trade receivables and stocks helped achieve this improvement.

Vacon does not expect the AC drives market to improve during the second haft of the year 2009. The company is also lowering its estimates for its financial performance in 2009, because one major order expected by Vacon in July 2009 has for the time being not materialized. Vacon estimates that its 2009 revenues will decline more than five per cent from the 2008 figure, where previously it had estimated that revenues would be at the same level as in 2008. Profitability and earnings per share are now expected to be lower than in 2008, where previously it was forecast that they would be slightly below their 2008 figures.

January – June result and equity structure

| MEUR | 4-6/ 2009 | 4-6/ 2008 | 1-6/ 2009 | 1-6/ 2008 | Change, % | 1-12/ 2008 |
|---|---|---|---|---|---|---|
| Revenues | 75.7 | 78.0 | 145.7 | 143.9 | 1.3 | 293.2 |
| EBITDA | 10.1 | 12.2 | 19.5 | 21.5 | -9.3 | 41.9 |
| Depreciation - tangibles | -1.0 | -0.8 | -2.1 | -1.7 | 23.5 | -3.5 |
| EBITA | 9.1 | 11.3 | 17.4 | 19.8 | -12.1 | 38.4 |
| Amortization - intangibles | -1.3 | -0.9 | -2.5 | -1.8 | 38.9 | -3.8 |
| Operating profit | 7.8 | 10.4 | 14.9 | 18.0 | -17.2 | 34.6 |
| Profit before tax | 7.5 | 10.6 | 14.0 | 17.9 | -21.8 | 32.6 |
| Profit for period | 5.5 | 7.6 | 10.1 | 12.8 | -21.1 | 23.9 |

The operating profit in the first half of the year was 17.2 % lower than one year before. The operating profit as a percentage of net sales fell from 12.5 % last year to 10.2 %. The EBITA margin was 11.9 %, compared to 13.8 % one year ago. Investments in growth, such as establishing new sales companies and the increasing number of personnel, have weakened profitability. The earnings per share were EUR 0.64, a decline of EUR 0.18 from the previous year.

The balance sheet total was EUR 148.5 (141.7) million. The equity ratio was 51.4 % (46.6 %). The Group's cash flow from operations for the January- June period was EUR 14.2 (10.4) million.

The Group's equity structure and liquidity remained strong. Interest-bearing net debt at the end of the period totalled EUR 15.8 (14.2) million, and gearing was 21.0 % (22.0 %).

The Group's order book stood at EUR 37.7 (52.4) million. The order book declined EUR 10.3 million from the beginning of the year.

Market position

Vacon Group revenues by market area were as follows:

| MEUR | 4-6/ 2009 | % | 4-6/ 2008 | % | 1-6/ 2009 | % | 1-6/ 2008 | % | 1-12/ 2008 | % |
|---|---|---|---|---|---|---|---|---|---|---|
| Europe, Middle East, Africa | 55.6 | 73.4 | 57.2 | 73.3 | 106.0 | 72.8 | 104.3 | 72.5 | 210.5 | 71.8 |
| North and South America | 11.6 | 15.3 | 14.0 | 18.0 | 23.8 | 16.3 | 27.0 | 18.8 | 55.9 | 19.1 |
| Asia and Pacific | 8.4 | 11.1 | 6.8 | 8.7 | 15.9 | 10.9 | 12.6 | 8.7 | 26.8 | 9.1 |
| Total | 75.7 | 100.0 | 78.0 | 100.0 | 145.7 | 100.0 | 143.9 | 100.0 | 293.2 | 100.0 |

During the second quarter of 2009 Vacon strengthened its global position. Based on market surveys, the company estimates that it has about four per cent of the global market.

Developments in Vacon's revenues by market region during the first half of the year were as follows: Europe, Middle East and Africa in total 1.6 %, North and South America -11.9 % and Asia and Pacific 26.2 % from the corresponding period in the previous year.

Breakdown of Vacon Group revenues by distribution channel

| MEUR | 4-6/ 2009 | % | 4-6/ 2008 | % | 1-6/ 2009 | % | 1-6/ 2008 | % | 1-12/ 2008 | % |
|---|---|---|---|---|---|---|---|---|---|---|
| Direct sales | 45.4 | 60.0 | 38.1 | 48.8 | 87.3 | 59.9 | 67.1 | 46.6 | 146.4 | 49.9 |
| Distribu-tors | 8.0 | 10.6 | 9.5 | 12.2 | 14.2 | 9.7 | 18.2 | 12.7 | 34.4 | 11.7 |
| OEM | 12.0 | 15.9 | 17.7 | 22.7 | 24.1 | 16.5 | 34.7 | 24.1 | 60.0 | 20.5 |
| Brand label | 10.3 | 13.6 | 12.6 | 16.2 | 20.1 | 13.8 | 23.8 | 16.5 | 52.4 | 17.9 |
| Total | 75.7 | 100.0 | 78.0 | 100.0 | 145.7 | 100.0 | 143.9 | 100.0 | 293.2 | 100.0 |

Sales through several of Vacon's distribution channels fell; OEM -31 %, distributors -22 % and brand label customers -16 %. Revenues from direct sales (including sales to system integrators) increased 30 % from the previous year. Sales to system integrators in particular have supported this trend.

## Vacon Group structure

The subsidiaries in South Korea, Denmark, Canada and Brazil started operations during the first half of the year.

## Research and development

R&D expenditure during the first half of the year totalled EUR 9.0 (8.3) million, and EUR 2.2 (0.7) million of this was capitalized as development costs. R&D costs accounted for 6.2 % of the Group's revenues (5.8 %).

Work on developing new products continued in accordance with the company's plans. The company's goal in 2009 is to increase the product offering in the new AC drive family. R&D focuses on improving cost-efficiency, functionality, use of space, visual properties, user friendliness and energy efficiency.

## Investments

Gross investments by the Group during the first six months totalled EUR 7.4 (4.1) million. Expenditure focused on R&D, information systems, raising production testing capacity, and expanding production capacity for new products.

## Organization and personnel

The number of Vacon Group personnel has increased by 85 since the beginning of the year, mainly because of seasonal labour for the summer. At the end of June, the Group employed 1,282 (1,137) people, of whom 711 (635) were in Finland and 571 (502) in other countries. The table below shows the average number of Vacon employees during the review period:

| | 1-6/2009 | 1-6/2008 | 1-12/2008 |
|---|---|---|---|
| Office personnel | 752 | 652 | 687 |
| Factory personnel | 461 | 435 | 444 |
| Total | 1,213 | 1,087 | 1,131 |

## Shares and shareholders

Vacon had a market capitalization at the end of June of EUR 360 million. The closing share price on 30 June 2009 was EUR 23.7. The lowest share price during the January-June period was EUR 15.30 and the highest EUR 25.08. A total of 2,687,605 Vacon shares were traded during the January-June period, in monetary terms EUR 50.6 million.

Vacon's main shareholders on 30 June 2009:

| | Number of shares | Holding, % |
|---|---|---|
| Ahlström Capital Group | 2,731,208 | 17.9 |
| Tapiola Mutual Pension Insurance Company | 584,500 | 3.8 |
| Ilmarinen Mutual Pension Insurance Company | 538,830 | 3.5 |
| Vaasa Engineering Oy | 424,433 | 2.8 |
| Koskinen Jari | 362,088 | 2.4 |
| Holma Mauri | 347,171 | 2.3 |
| Ehrnrooth Martti | 333,000 | 2.2 |
| Tapiola Group companies | 325,300 | 2.1 |
| Niemelä Harri | 309,840 | 2.0 |
| Karppinen Veijo | 209,349 | 1.4 |
| Nominee registered and in foreign ownership | 4,396,047 | 28.7 |
| Vacon Plc's own shares | 86,011 | 0.6 |
| Others | 4,647,223 | 30.4 |
| Total | 15,295,000 | 100.0 |
| Shares outstanding | 15,208,989 | |

On 30 June 2009 members of Vacon's Board of Directors, the President and CEO, and the Deputy to the CEO held directly a total of 578,529 shares, or 3.8 % of Vacon's share stock.

## Own shares

On 30 June 2009 Vacon Plc held a total of 86,011 of its own shares.

## Annual General Meeting of Shareholders

Vacon Plc's Annual General Meeting of Shareholders was held in Vaasa on 1 April 2009. The AGM approved the 2008 financial statements and discharged the Board members and Managing Director from liability for the 2008 fiscal year.

The AGM adopted the Board's proposal of paying a dividend of EUR 0.65 per share, or EUR 9,875,572.20 in total. The dividend was paid according to the AGM's decision on 15 April 2009.

The AGM confirmed that the number of Board members is seven (7). Pekka Ahlqvist, Jari Eklund, Mauri Holma, Jan Inborr, Veijo Karppinen and Riitta Viitala were re-elected as Board members and Mika Vehviläinen was elected as a new member to the Board.

The AGM decided that KPMG Oy Ab would continue as the company's auditor, with Pekka Pajamo as principal auditor.

The AGM decided to amend Article 8 of the Articles of Association so that the invitation to a general meeting of shareholders shall be sent no later than three (3) weeks before the general meeting.

The AGM adopted the Board’s proposal to authorize the Board to decide on purchasing the Company’s own shares. The Board’s proposal is reported in the stock exchange release of 19 February 2009. The decisions of the Annual General Meeting of Shareholders were supported by all the shareholders at the AGM, unless otherwise stated in the minutes of the meeting.

Jan Inborr was re-elected Chairman and Veijo Karppinen was re-elected Vice Chairman of the Board of Directors at the Board’s organization meeting. Jan Inborr was re-elected Chairman of the Board’s Remuneration and Nomination Committee and Pekka Ahlqvist and Veijo Karppinen were re-elected members of the committee.

Risks and uncertainties in the near future

The most significant risks for Vacon in the near future are the weakening of general demand and intensifying competition on price. Vacon’s order book has always been short term in nature, so there are no major risks connected with the timing of deliveries or their cancellation. The company does not finance customer projects and is also continuously assessing the creditworthiness of its customers and their ability to pay their debts.

Vacon has the ability to adjust its production capacity to market demand. The company estimates that its cash funds and available credit facilities are sufficient to ensure its liquidity.

Vacon’s balance sheet includes goodwill of EUR 8.2 million, most of which is related to the company acquisition at the beginning of 2008. The company tests goodwill for impairment annually

The availability of raw materials and components and changes in their prices can affect the profitability and scale of the company’s business. Purchase agreements for raw materials and components are mainly annual agreements, which contain price and exchange rate clauses for changes in the global market prices of raw and other materials. Changes in the global economic situation may harm the business opportunities for some component suppliers.

Some of the most significant financial risks affecting the result are foreign exchange risks. Exchange rate fluctuations may have an impact on business, although the international expansion of business operations reduces the relative importance of individual currencies. The biggest exchange rate risks against the euro relate to the US dollar and the Chinese renminbi.

## Prospects for 2009

The prevailing competitive conditions are expected to remain challenging and Vacon does not expect the AC drive market to improve during 2009. Vacon expects the AC drive market to decline significantly in 2009 from 2008. AC drive investments to improve the energy efficiency of electric motor drives and in renewable energy generation are increasing, but investments to improve industrial processes and in new building are falling. Vacon has about a 4 % market share. The global sales network, the renewal of the product selection, and the relatively low market share, coupled with a flexible organization support the development of Vacon’s business even in difficult market conditions. Vacon will continue to adapt its investments in growth to the prevailing market situation so as to secure its profitability.

Vacon is lowering its estimates for its financial performance in 2009, because one major order expected by Vacon in July 2009 has for the time being not materialized. Vacon estimates that its 2009 revenues will decline more than five per cent from the 2008 figure, where previously it had estimated that revenues would be at the same level as in 2008. Profitably and earnings per share are now expected to be lower than in 2008, where previously Vacon forecast that they would be slightly below their 2008 figures.

Vacon’s long-term goals remain to achieve revenues of EUR 500 million and an operating profit percentage (EBIT %) of more than 14 % by the end of 2012. An annual target of more than 30 % has been set for return on equity (ROE).

## Financial reports in 2009

Vacon is publishing its third interim report in 2009 as follows:
- January-September Tuesday, 27 October 2009 at 9.30 am

## Formal statement

This release contains certain forward-looking statements that reflect the current views of the company's management. Due to the nature of these statements, they contain risks and uncertainties and are subject to changes in the general economic situation and in the company's business sector.

## Vacon in brief

Vacon’s operations are driven by a passion to develop, manufacture and sell the best AC drives in the world — and nothing else. AC drives are used to control electric motors and in renewable energy generation. Vacon has R&D and production units in Finland, the USA, China and Italy, and sales offices in more than 25 countries. In 2008 Vacon had revenues of EUR 293.2 million and globally employed 1,200 people. The shares of Vacon Plc (VAC1V) are quoted on the main list of the Helsinki stock exchange.

Driven by Drives, www.vacon.com

Vaasa, 5 August 2009

VACON PLC

Board of Directors

For more information please contact:
Mr Vesa Laisi, President and CEO, phone: +358 (0)40 8371 510
Mr Mika Leppänen, CFO and Vice President, Finance & Control, phone: +358 (0)40 8371 235

Conference for media and analysts
Vacon will hold a briefing for analysts and the media at 11.30 am on 5 August 2009 in the Vaakuna meeting room at the Sokos Hotel Vaakuna, Kaivokatu 3, Helsinki.

Dial-in conference for investors and investment analysts
A dial-in conference in English for investors and investment analysts will be held at 3.00 pm on 5 August 2009. President and CEO Vesa Laisi and Mika Leppänen, CFO and Vice President, Finance and Control, will participate in the conference. Lines can be booked ten minutes before the conference by calling the service number +44 207 162 0025. The conference ID code is “Vacon Oyj”. To hear a recording of the conference, available for three working days, call +44 207 031 4064, ID code 824277.

Conference link:
http://wcc.webeventservices.com/view/wl/r.htm?e=133673&s=1&k=75E6A8D4F90EF343493B768BF42FE504&cb=blank

Distribution
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Main media

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 decribed in detail in its 2008 consolidated financial statements

The interim report is unaudited.

Consolidated income statement, IFRS, MEUR

| | 4-6/2009 | 4-6/2008 | 1-6/2009 | 1-6/2008 | 1-12/2008 |
|---|---|---|---|---|---|
| Revenues | 75.7 | 78.0 | 145.7 | 143.9 | 293.2 |
| Other operating income | 0.1 | 0.0 | 0.2 | 0.1 | 0.2 |
| Change in inventories of finished goods and work in progress | 1.3 | 0.2 | 0.0 | 2.3 | 0.2 |
| Materials and services | -39.9 | -41.1 | -73.9 | -76.3 | -150.8 |
| Employee benefit costs | -13.5 | -12.7 | -27.7 | -25.4 | -52.7 |
| Other operating costs | -13.6 | -12.3 | -24.8 | -23.1 | -48.2 |
| Depreciation | -1.0 | -0.8 | -2.1 | -1.7 | -3.5 |
| EBITA | 9.1 | 11.3 | 17.4 | 19.8 | 38.4 |
| Amortization | -1.3 | -0.9 | -2.5 | -1.8 | -3.8 |
| Operating profit | 7.8 | 10.4 | 14.9 | 18.0 | 34.6 |
| Financial income and expenses | -0.3 | 0.2 | -0.8 | -0.1 | -2.0 |
| Profit before taxes | 7.5 | 10.6 | 14.0 | 17.9 | 32.6 |
| Income taxes | -1.9 | -3.0 | -4.0 | -5.1 | -8.7 |
| Profit for period | 5.5 | 7.6 | 10.1 | 12.8 | 23.9 |
| Attributable to: | | | | | |
| Equity holders of the parent | 5.3 | 7.3 | 9.7 | 12.4 | 23.1 |
| Minority interest | 0.2 | 0.3 | 0.4 | 0.4 | 0.8 |
| Earnings per share, Euro | 0.35 | 0.48 | 0.64 | 0.82 | 1.51 |
| Earnings per share diluted, euro | 0.35 | 0.48 | 0.64 | 0.82 | 1.51 |

Consolidated statement of comprehensive income, IFRS, MEUR

| | 4-6/2009 | 4-6/2008 | 1-6/2009 | 1-6/2008 | 1-12/2008 |
|---|---|---|---|---|---|
| Net profit for period | 5.5 | 7.6 | 10.1 | 12.8 | 23.9 |
| Other comprehensive income | | | | | |
| Cash flow hedging | 0.0 | 0.0 | -0.1 | 0.0 | 0.0 |
| Exchange differences on translating foreign operations | -0.7 | 0.1 | -0.1 | -0.4 | 0.4 |
| Total comprehensive income | 4.8 | 7.7 | 9.9 | 12.4 | 24.3 |
| Attributable to: | | | | | |
| Shareholders of parent company | 4.6 | 7.4 | 9.5 | 12.0 | 23.5 |
| Minority interest | 0.2 | 0.3 | 0.4 | 0.4 | 0.8 |

Consolidated balance sheet , IFRS, MEUR

| | 30.6.2009 | 30.6.2008 | 31.12.2008 |
|---|---|---|---|
| ASSETS | | | |
| Goodwill | 8.2 | 7.6 | 8.3 |
| Development costs | 6.5 | 3.4 | 4.8 |
| Intangible assets | 13.8 | 12.8 | 14.9 |
| Tangible assets | 18.4 | 17.4 | 16.3 |
| Loans receivable and other receivables | 0.2 | 0.2 | 0.2 |
| Deferred tax assets | 3.1 | 2.1 | 2.6 |
| Other financial assets | 3.6 | 2.3 | 3.3 |
| Total non-current assets | 53.8 | 45.8 | 50.3 |
| | | | |
| Inventories | 21.4 | 22.2 | 21.3 |
| Trade and other receivables | 63.1 | 59.4 | 61.7 |
| Cash and cash equivalents | 10.2 | 14.3 | 15.7 |
| Total current assets | 94.7 | 95.9 | 98.8 |
| | | | |
| Total assets | 148.5 | 141.7 | 149.1 |
| | | | |
| EQUITY AND LIABILITIES | | | |
| Share capital | 3.1 | 3.1 | 3.1 |
| Share premium reserve | 5.0 | 5.0 | 5.0 |
| Own shares | -2.6 | -1.2 | -2.6 |
| Retained earnings | 68.7 | 56.8 | 68.7 |
| Minority interest | 1.2 | 1.0 | 1.3 |
| Total equity | 75.3 | 64.7 | 75.5 |
| | | | |
| Deferred tax liabilities | 3.8 | 3.1 | 3.5 |
| Employee benefits | 1.5 | 1.4 | 1.4 |
| Interest-bearing liabilities | 14.3 | 17.4 | 15.8 |
| Total non-current liabilities | 19.6 | 21.9 | 20.7 |
| | | | |
| Trade and other payables | 38.5 | 39.9 | 37.6 |
| Income tax liabilities | 1.7 | 2.6 | 1.5 |
| Provisions | 1.6 | 1.3 | 1.6 |
| Interest-bearing liabilities | 11.8 | 11.2 | 12.2 |

| | | | |
|---|---|---|---|
| Total current liabilities | 53.6 | 55.0 | 52.9 |
| Total equity and liabilities | 148.5 | 141.7 | 149.1 |

Q2/2008 Calculation of changes in shareholders' equity, IFRS, MEUR

| Attributable to equity holders of the parent | | | | | | Minority interest | Total equity |
|---|---|---|---|---|---|---|---|
| | Share capital | Share premium reserve | Own shares | Retained earnings | Total | | |
| Shareholders' equity 31.12.2007 | 3.1 | 5.0 | -1.2 | 56.0 | 62.9 | 1.1 | 64.0 |
| Dividend paid | | | | -11.4 | -11.4 | -0.4 | -11.8 |
| Total comprehensive income for period | | | | 12.0 | 12.0 | 0.4 | 12.4 |
| Other changes | | | | 0.2 | 0.2 | 0.0 | 0.2 |
| Shareholders' equity 30.6.2008 | 3.1 | 5.0 | -1.2 | 56.8 | 63.7 | 1.0 | 64.7 |

Q2/2009 Calculation of changes in shareholders' equity, IFRS, MEUR

| Attributable to equity holders of the parent | | | | | | Minority interest | Total equity |
|---|---|---|---|---|---|---|---|
| | Share capital | Share premium reserve | Own shares | Retained earnings | Total | | |
| Shareholders' equity 31.12.2008 | 3.1 | 5.0 | -2.6 | 68.7 | 74.1 | 1.4 | 75.5 |
| Dividend paid | | | | -9.9 | -9.9 | -0.6 | -10.4 |
| Total comprehensive income for period | | | | 9.5 | 9.5 | 0.4 | 9.9 |
| Other changes | | | | 0.3 | 0.3 | | 0.3 |
| Shareholders' equity 30.6.2009 | 3.1 | 5.0 | -2.6 | 68.7 | 74.1 | 1.2 | 75.3 |

Consolidated cash flow statement, IFRS, MEUR

| | 30.6.2009 | 30.6.2008 | 31.12.2008 |
|---|---|---|---|
| Profit for the period | 10.1 | 12.8 | 23.9 |
| Depreciation | 4.6 | 3.4 | 7.3 |
| Financial income and expenses | 0.8 | 0.1 | 2.0 |
| Taxes | 4.0 | 5.1 | 8.7 |
| Other adjustments | 0.2 | 0.4 | 0.5 |
| Change in working capital | -0.4 | -6.6 | -10.1 |
| Cash flow from financial items and tax | -5.0 | -4.8 | -10.4 |
| | | | |
| Cash flow from operating activities | 14.2 | 10.4 | 21.9 |
| | | | |
| Purchase of subsidiary | 0.0 | -23.6 | -20.4 |
| Investments in tangible and intangible assets | -7.4 | 0.0 | -9.2 |
| Proceeds from disposal of tangible and intangible assets | 0.0 | 0.0 | -0.1 |
| Other investments | -0.2 | -0.2 | -1.7 |
| Proceeds from disposal of other investments | 0.0 | 0.0 | 0.6 |
| | | | |
| Cash flow from investing activities | -7.6 | -23.8 | -30.8 |
| | | | |
| Repayment of long-term loans | -1.5 | -1.2 | -3.9 |
| Proceeds from short-term borrowings | 0.0 | 7.2 | 7.9 |
| Repayment of short-term loans | -0.4 | -0.3 | 0.0 |
| Purchase of own shares | 0.0 | 0.0 | -1.5 |
| Financial leasing payments | 0.0 | 0.0 | 0.0 |
| Dividends paid | -10.4 | -11.9 | -11.9 |
| | | | |
| Cash flow from financial activities | -12.4 | -6.1 | -9.4 |
| | | | |
| Change in liquid funds | -5.8 | -19.5 | -18.3 |
| Liquid funds at start of period | 15.7 | 34.4 | 34.4 |
| Translation differences for liquid funds | 0.3 | -0.6 | -0.4 |
| Liquid funds at end of period | 10.2 | 14.3 | 15.7 |

## Segment information

Vacon has one business segment, AC drives. The figures for the business segment are identical with the figures for the whole Group. Vacon’s operations are organized in the following functions: Products and Markets, Production, Research & Development, Finance and Administration, Human Resources, IT and Process Development. To ensure that the organisation is customer-oriented, operations are controlled by customer segments: Component Customers, Solutions Customers, OEM and Brand Label Customers, and Service and After-Market Services.

## Key indicators

| | 30.6.2009 | 30.6.2008 | 31.12.2008 |
|---|---|---|---|
| Orders received, MEUR | 135.4 | 161.5 | 306.5 |
| Increase in orders received, % | -16.2 | 39.1 | 29.2 |
| Revenues, MEUR | 145.7 | 143.9 | 293.2 |
| Increase in revenues, % | 1.3 | 28.4 | 26.3 |
| Operating profit, MEUR | 14.9 | 18.0 | 34.6 |
| Increase in operating profit, % | -17.2 | 28.6 | 18.5 |
| Operating profit, % of revenues | 10.2 | 12.5 | 11.8 |
| Earnings per share, EUR | 0.64 | 0.82 | 1.51 |
| Equity per share, EUR | 4.87 | 4.17 | 4.88 |
| Equity ratio, % | 51.4 | 46.6 | 51.1 |
| Gross capital expenditure, (2008 exclud. TB Woods' acquisition) | 7.7 | 4.1 | 11.2 |
| Gross capital expenditure, % of revenues | 5.3 | 2.8 | 3.8 |
| Interest-bearing net liabilities, MEUR | 15.8 | 14.2 | 12.3 |
| Gearing, % | 21.0 | 22.0 | 16.3 |
| Net working capital, MEUR | 41.4 | 36.5 | 41.3 |
| Order book, MEUR | 37.7 | 52.4 | 48.0 |
| Adjusted average number of shares during the period | 15,199,299 | 15,241,188 | 15,238,236 |
| Number of shares at end of period | 15,208,989 | 15,251,688 | 15,193,188 |
| Number of personnel at end of the period | 1,282 | 1,137 | 1,197 |

## Commitments and contingencies, MEUR

| | 30.6.2009 | 30.6.2008 | 31.12.2008 |
|---|---|---|---|
| Commitments and contingencies | 2.3 | 2.7 | 2.2 |
| Financing commitments | 0.3 | 0.8 | 0.6 |

## Calculation of financial ratios

Earnings per share =

Profit for the financial period attributable to equity holders of the parent company
--------------------------------------------------
Adjusted average number of shares

Equity per share =

Shareholders' equity – minority holding
--------------------------------------------------
Adjusted number of shares at year end

Equity ratio =

Shareholders' equity x 100
--------------------------------------------------
Balance sheet total – advances received

Gearing =

(Interest-bearing liabilities – cash, bank balances and financial assets) x 100
--------------------------------------------------
Shareholders' equity

Net working capital =

Inventories + non-interest-bearing current receivables – non-interest-bearing current liabilities