RISK FACTORS

*Investors considering investment in the shares (the "**Shares**") of Caverion Corporation should carefully review the information contained in this Investor Presentation and, in particular, the risk factors described below. Factors possibly affecting the investment decision are also discussed elsewhere in this Investor Presentation. Should one or more of the risks described herein, or any other risk, materialize, it may have a material adverse effect on Caverion's business, financial condition, results of operations and future prospects and, thereby, on the market price and value of the Shares. The following description is a summary of certain risk factors that may affect Caverion's ability to fulfil its obligations under the Shares or that are material in order to assess the ma risk associated with the Shares. This description is based on the information known and assessed at the time of preparing this Investor Presentation, and, therefore, the description of the risk factors is not necessarily exhaustive. The risks involved in an investment in the Shares are not limited to those identified below and the sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. All investors should make their own evaluations of the risks associated with an investment in the Shares and consult with their own professional advisers if they consider it necessary.*

Caverion Corporation and its subsidiaries is referred to as "**Caverion**" or the "**Group**", except where it is clear from the context that the term means Caverion Corporation or a particular subsidiary, and except that references and matters relating to the Shares and share capital of Caverion Corporation or matters of corporate governance shall refer to the shares, share capital and corporate governance of Caverion Corporation.

Risks relating to macroeconomic conditions

Uncertain global economic and financial market conditions could adversely affect Caverion's business, financial condition, results of operations and prospects

During the last few years uncertain global economic and financial market conditions have, especially in Europe, had an adverse effect on general business conditions, and have increased unemployment and lowered business and consumer confidence. Despite the aggressive measures taken by various governmental and regulatory authorities as well as central banks around the world, the economic recovery has been slow. The general economic and financial market conditions in Europe and other parts of the world have repeatedly undergone significant turmoil due to, among other factors, the sovereign debt crisis in certain European countries, particularly certain Eurozone member countries including Italy. Despite some degree of recovery of global economic and financial market conditions, it is difficult to predict whether such recovery continues and how it will, if continued, affect Caverion and its business operations.

Further, the global political and social instability has increased uncertainty. For example, the geopolitical tensions in Eastern Asia, Ukraine and the Middle East, as well as the upcoming exit of the United Kingdom from the European Union, may have a material adverse effect on the general economic conditions. Furthermore, the protectionist measures of the United States relating to trade tariffs imposed on certain European products, and counter-tariffs set by the European Union, could increase uncertainty in the global economy and may have a material adverse effect on the general economic conditions.

In addition, the geopolitical tensions, for example between Russia and Ukraine, and related events such as the international sanctions imposed, for example, by the EU and the United States against Russia and export limitations imposed by Russia towards the EU and the United States as a counteraction, may have a material adverse effect on the economic climate.

The general uncertainty related to global economic development is still expected to continue, and although most of Caverion's revenue is derived from the Nordic countries and Central Europe, any adverse developments in the global economy may have a material adverse effect on Caverion's business, results of operations and financial position.

Negative economic developments and conditions in the countries in which Caverion operates may adversely affect Caverion's operations and customers

Caverion operates mainly in Finland, Sweden, Norway, Germany, Austria, Denmark and Eastern Europe. The economies of these countries have been adversely affected by the uncertain global economic and financial market conditions. Economic slowdown or recession, regardless of its depth, or any other negative economic development in the countries where Caverion operates may affect Caverion's business in a number of ways, including among other things, the income, assets, liquidity, business and/or financial conditions of Caverion, or its customers and its suppliers. A possible weakness in the global economy may reduce customer demand or place additional financial stress on Caverion's customers, which may negatively impact Caverion's ability to collect its receivables fully or in a timely manner, which in turn could require Caverion to contribute additional capital or obtain alternative financing to meet its obligations under any financing arrangements. In addition, especially Caverion's project business is dependent on its customers receiving financing for their projects and any weakness in the global economy may reduce the funding available for Caverion's customers and thereby cause project delays or cancellations.

In addition, the economies of certain of the countries where Caverion operates may from time to time experience significant growth leading to overheating of certain businesses. As a consequence, Caverion may in such situations be unable to hire capable employees at commercially reasonable cost or at all. If such economies or regions later return to periods of average growth or stagnate, Caverion may need to initiate restructuring actions. Additionally, construction activity, construction volumes and the general confidence level of the construction industry may affect Caverion.

Further, Caverion may not be able to utilise the opportunities created by economic fluctuations and Caverion may not be able to adapt to a long-term economic recession or stagnation. Additionally, Caverion's main operating countries may be adversely affected by certain events, such as fluctuations in the price of oil, other commodities or raw materials. Materialisation of any of the above risks may have a material adverse effect on Caverion's business, results of operations and financial position.

Risks relating to Caverion's business

Caverion faces legal, administrative and regulatory dispute risks as well as brand risks, especially related to the German anti-trust cartel matter

Caverion is party to an investigation relating to violation of competition law related regulation in the technical services industry in Germany. As part of the investigation, German authorities have searched information from various technical services providers, including Caverion. Caverion co-operates with the local authorities.

As part of this co-operation, Caverion announced on 12 June 2018 that it has settled for its part with the Bundeskartellamt (German Federal Cartel Office) the cartel matter investigated by the authority since 2014. The investigations concern several companies providing technical services in Germany. Caverion Deutschland GmbH (and its predecessors) has been found to have participated in anti-competitive practices between 2005 and 2013. Caverion Deutschland GmbH will be imposed an anti-trust fine of maximum EUR 40.8 million. Caverion accepts this decision. In addition to the anti-trust fine, it is possible that these infringements will cause considerable damage to Caverion in terms of civil claims, Caverion's reputation as well as legal expenses. However, as at the date of this Investor Presentation, the magnitude of the potential damage and civil claims in excess of the anti-trust fine cannot be assessed.

As part of the co-operation, Caverion has identified activities during 2009-2011 that are likely to fulfil the criteria of corruption or other criminal commitment in one of its client project executed in that time. Caverion has brought its findings to the attention of the authorities and supports them to further investigate the case. It is possible that these infringements will cause considerable damage to Caverion in terms of fines, civil claims as well as legal expenses. However, the magnitude of the potential damage cannot be assessed at the moment. Caverion is monitoring the situation and will disclose any relevant information as applicable under regulations.

Caverion has made great efforts to promote compliance in order to avoid any infringements in the future. As part of its compliance programme all employees must complete an e-learning module and further training is given across the organisation. All employees are required to comply with Caverion's Code of Conduct, which sets zero tolerance for anti-competitive practices, corruption, bribery, or any unlawful action.

Caverion announced on 3 February 2017 that Caverion Suomi Oy (Finland) has been served with a corporate fine claim amounting to a minimum of EUR 300,000 in connection with sponsorship of equestrian sports in Finland. In addition, a charge has been brought against Jarno Hacklin, a former member of Caverion's Group Management Board. YIT Kiinteistötekniikka Oy, currently Caverion Suomi Oy, sponsored equestrian sports during the years in question, 2007 to 2012, with a total amount of approximately EUR 65,000. The same object was sponsored by many companies in addition to Caverion. The Finnish National Bureau of Investigation has investigated this sponsoring by different companies, suspecting it to have been bribes. Mr. Hacklin acted as the CEO of YIT Kiinteistötekniikka Oy from June 2011 until June 2013. In addition to Mr. Hacklin, a charge has also been brought against another person working in operative tasks. Caverion Suomi Oy contests the claim and both accused persons deny all charges. Caverion has carried out an internal investigation in the matter, and based on the results, both persons have the support of Caverion and continue in their current roles.

Caverion is subject to numerous risks relating to legal, employment, civil, tax, administrative, regulatory and competition proceedings to which Caverion is, or in the future might be, a party or in which Caverion is otherwise involved or which could develop in the future. Any lawsuits or the threat thereof, regardless of their outcome, could result in substantial costs and diversion of resources.

Maintaining the reputation of and value associated with Caverion's brand is central to the success of its business. Failure to maintain high ethical, social and environmental standards for its operations, or adverse publicity regarding Caverion, could harm Caverion's reputation. To a certain degree, Caverion is able to control the reputation and visibility of its brand, but external factors over which Caverion has no control can also be significant. Caverion's brand may also be affected by actions by or issues related to its customers or business partners. Any acts, wrongdoings or non-compliance with any laws, rules and regulations by Caverion's employees, suppliers or business partners may harm Caverion's business and brand, and Caverion may need to assign significant resources to rebuilding its business and brand.

Any fines, court proceedings, civil claims or legal costs related to the competition law investigation in Germany, the bribery investigation or any other legal, administrative or regulatory dispute may have a material adverse effect on Caverion's business, results of operations and financial position.

Pricing errors and other flaws in tendering, and unsuccessful project execution may impair profitability and cash flow especially in Caverion's Projects business

Caverion's Projects business is comprised of thousands of individual projects, and therefore consistent compliance with the tendering and project execution processes is crucial for Caverion's success. Caverion is exposed to various risks related to, for example, price calculation and contractual terms in the tendering phase and project management in the project execution phase. Management of costs and implementation is particularly important in large projects, such as property development and industrial projects.

With regard to the Projects business, it is important to act selectively, taking into account the risks and profitability of the projects, and review the content, risks and terms and conditions of all contracts and agreements in accordance with specified processes. In particular, the management of projects requires comprehensive project management expertise in order to reach the desired profitability.

In certain projects, Caverion relies on partners and subcontractors to a significant extent. Caverion cannot guarantee that it will continue to be able to find reliable subcontractors or other partnerships or to rely on these subcontractors or other partnerships in the future. Caverion also cannot guarantee that the partnerships will be economically viable or that the contract terms, including the costs incurred and revenues generated in connection with such joint projects will be attractive for Caverion. Furthermore, Caverion cannot guarantee that these partnerships will not reflect unfavorably on its brand in the event that there is a problem with a product or service developed by a partner, or that there will not be interruptions in supply of products or services by its partners. Relying on partners and subcontractors may also increase the risk of disputes and litigations, and Caverion may be held liable for the actions and inactions of its partners and subcontractors. Caverion has faced problems with its suppliers and partners in the past, including problems in negotiating advantageous terms of cooperation with, and the availability and quality of, certain of its partners and subcontractors. There can be no assurance that Caverion will not encounter similar or other issues with its partners and subcontractors in the future.

If Caverion makes mistakes in calculating and pricing projects, the desired profitability levels of such projects may fall short or may never be reached. In the first half of 2016, Caverion conducted an extensive review of its on-going projects and tender processes as a result of which Caverion identified profitability problems due to resource overcapacity and challenges in executing and managing projects, mainly relating to divisions Sweden and Denmark-Norway. The profitability of certain larger projects in Germany and Norway was also weaker than forecasted. In division Sweden, Caverion also identified clear challenges in project execution and observed margin slippages in many of the reviewed projects.

The total amount of cost estimate adjustments, write-downs and provision increases made during 2017 in the Group's project portfolio was EUR 31.2 million (EUR 59.0 million in 2016). Although Caverion made no material project business write-downs in the first quarter of 2018, there are still certain project performance risks remaining from the already technically completed projects and there are still about one quarter of projects in the project order backlog that have been started in 2016 or earlier, and hence Caverion may need to make additional cost estimate adjustments, write-downs and provision increases in the future. In addition, the profitability of older projects may be lower than newer projects and may hence burden Caverion's profitability.

Given the specific risks related to its Projects business, Caverion established a group project business unit in the beginning of 2017 and is dedicated to the overall improvement of project risk management, to steering the project portfolio and to improve project management capabilities. Despite the rigorous actions taken, there is a risk that additional project risks materialise and/or that the problems related to project management, project execution and profitability may be more severe than estimated, which could lead to further project write-downs and provisions, and to disputes and litigations, which in turn could have a material adverse effect on Caverion's business, results of operations and financial position.

Caverion's Services business is subject to risks relating to competition and long term commitments

In 2017, Caverion's Services business accounted for 53.1 percent of Group revenue, calculated based on the new profit center structure, whereby each profit center belongs to either the Projects or Services business unit. Caverion's Services business handles some 1,000,000 service orders annually. The services business in general is still to a certain extent fragmented and local to its nature. Increased competition in the services business due to for example consolidation of smaller market players may weaken Caverion's market position in the future.

In the Services business, Caverion has made service performance guarantees, for example guarantees for a certain maximum energy usage level. Any failures or delays in reaching the guaranteed levels could increase Caverion's costs and decrease customer satisfaction.

In long-term service agreements lasting up to 25 years, Caverion commits to a certain service level and pricing principles, which may have an unfavourable effect on Caverion's profitability, especially if Caverion's costs increase more than the revenue received from such agreements.

If any of the risks above materialize, this could have a material adverse effect on Caverion's business, financial conditions and results of operations.

Caverion's reported receivables are based on estimates that may differ materially from the factual situation

The Group follows a policy in valuing trade receivables and the bookings include estimates and critical judgements. According to the policy, write-offs or provisions are booked on receivables when it is evident that no payment can be expected. The estimates are based on experience in respect of realized write-offs in previous years, empirical knowledge of debt collection, customer-specific collaterals and analyses as well as the general economic situation of the review period.

New IFRS 9, 'Financial instruments' -standard has been applied as of 1 January 2018. The main impact of the IFRS 9 application for Caverion is coming from the new expected credit loss model applied to assess impairment loss for the doubtful trade receivables. The new impairment model requires recognition of impairment provisions based on expected credit losses (ECL), resulting in an increase in allowance for doubtful trade receivables. The credit loss allowance is measured at an amount equal to the lifetime expected credit losses. The expected credit loss model is forward-looking, and expected default rates are based on historical realised credit losses. The lifetime expected credit loss allowance is calculated using the gross carrying amount of outstanding trade receivables and an expected default rate. Impairment losses of trade receivables in projects are included in the loss reserve. Receivables and related risk are monitored on regular basis and risk assessments are updated always when there are changes in circumstances. A receivable is impaired when payment is seen unlikely. The recognition of receivables includes risks, as the valuing and booking of trade receivables is based on estimates.

The revenue and result from long-term service agreements and project contracts is recognized on the basis of the percentage-of-completion (**POC**) method, and is therefore subject to a significant amount of estimates and only rarely corresponds with the even allocation of the final overall result over the agreement. The Group adopted new revenue recognition principles according to IFRS 15 as of 1 January 2018. The IFRS 15 standard requires that revenue is recognised from any variable consideration at its estimated amount, if it is highly probable that no significant reversal of revenue will occur. Under the previous revenue recognition standards, revenue was recognised from variable consideration when it was assessed probable to occur. Revenue from variable considerations is thus to be recognised more prudently under IFRS 15 than under previous revenue recognition standards. Due to the application of the POC method, part of reliably estimated impairment losses are included in the cost estimate of the project and considered as weakened margin forecast. Under the POC method, Caverion follows the accumulation of the costs of a project, and not the technical completion rate. As a consequence, Caverion may at any given date have recognized a larger percentage of revenue compared to the actual technical completion rate of the project and therefore Caverion may not in a timely manner be able to identify profitability issues in projects. The amount of POC receivables amounted to EUR 240.4 million as at

31 March 2018 (EUR 268.3 million as at 31 March 2017). As at the date hereof, working capital was still tied by certain risk projects mainly in divisions Industrial Solutions and Germany.

During 2017 Caverion managed to collect a large number of receivables, but there are certain individual larger receivables where Caverion continues its actions to negotiate and collect the receivables. There is remaining risk in certain identified receivables, and it cannot be excluded that there is also risk associated with other receivables.

Despite the Group following a cautious policy in valuing and booking trade and POC receivables, it cannot be excluded that the final recognized risk in relation to the overdue receivables differs from current estimates or that there is also risk associated with other receivables not currently identified.

Caverion's profitability is dependent upon its utilization rate

The majority of Caverion's business is labour-intensive, meaning that the availability and commitment of skilled employees is a prerequisite for Caverion's success. A significant part of Caverion's Services business revenue is derived from unscheduled service projects with a short response time, and in order for Caverion to be able to offer high-quality and profitable services, it must efficiently manage its employees and secure that its utilization rates remain at a sufficiently high level.

Caverion has implemented a stricter project tendering process and focused on higher project margins, and consequently restructuring actions have been required in order to adjust its resources to ensure future competitiveness. Performance and utilization actions resulted in restructuring costs of approximately EUR 7.3 million in 2017. During the first quarter of 2018, further performance and utilization improvement actions were continued in Sweden and it is possible that Caverion needs to take additional utilization improvement actions in the future. Any such actions will result in additional costs and may harm employee satisfaction. In addition, there can be no assurance that any cost savings anticipated from utilization improvement actions materializes fully or at all.

Caverion is dependent on professional management and key personnel

The success of Caverion materially depends on the professional skills of Caverion's management and personnel, as well as on the ability of Caverion to retain its current management and personnel and, when necessary, recruit new and skilled personnel. Project management personnel in particular are required to hold specified competencies, and shared decision-making processes and quality systems must be followed in the management process. Even though Caverion has been successful in hiring its key personnel, there can be no guarantees that Caverion will be able to recruit sufficient new personnel or to commit its current personnel in the future.

The loss of management members or employees or the inability to attract qualified new personnel may have a material adverse effect on Caverion's business, financial conditions and results of operations.

Caverion may pursue strategic acquisitions or consider divestments of businesses, which could have an adverse impact on its business

Caverion may from time to time make add-on acquisitions. Acquisitions may result in difficulties in integrating acquired companies, and may result in the diversion of Caverion's capital and its management's attention from other business issues and opportunities. Furthermore, risks relating to acquisitions include unidentified liabilities of the companies or businesses Caverion may acquire, the possible inability to successfully integrate and manage the acquired operations and personnel, as well as the risk that the anticipated economies of scale or synergies will not materialize.

Caverion's may also consider divesting some of its businesses in the future. Any future divestments of businesses may be affected by many factors, such as the availability and terms of financing for potential buyers, which are beyond Caverion's control. There can be no assurance that Caverion will succeed in divesting any assets in a profitable way or that such divestments will be possible on acceptable terms. Any transactions may also require extensive attention from the management of Caverion and divert their attention away from the ongoing business and subject Caverion to potential indemnity claims from purchasers of the divested businesses.

Caverion's order backlog is not necessarily linked to future revenue and is not necessarily a reliable indication of future profits

Caverion includes project agreements and long-term maintenance agreements in its order backlog when the corresponding agreements are signed. Caverion's order backlog is comprised of the value of existing agreements not recognized as revenue.

Caverion's order backlog amounted to EUR 1,540.0 million as at 31 March 2018, compared to EUR 1,543.5 million as at 31 March 2017. Because of estimates included in the agreement portfolio and recognition of revenue based on the POC method, revenue may not always be realised, may be realised more slowly than estimated or may not generate profits when materialised. This may have an unfavourable effect on Caverion's business, results of operations and financial position.

Caverion's public sector projects may involve risks related to liabilities, property and infrastructure investments or possible failures by Caverion's subcontractors

As a rule, public-sector assignments are awarded according to public procurement, which involves the risk of tough price competition. In addition, public-sector decision-making involves the risk that the decision concerning the use of public funds for a specific project may be changed, delayed or cancelled, when political decision-makers are replaced. Caverion is dependent on the policies of its public sector customers, including policies concerning investments in properties and infrastructure. Caverion's contracts with public sector clients are subject to audit, which could result in adjustments to reimbursable contract costs or, if Caverion is charged with wrongdoing, possible temporary or permanent suspension or sanctions from participating in government programs.

In addition, for public sector clients, a failure by Caverion's subcontractors to comply with applicable laws, regulations or client requirements may result in fines or suspension being imposed on Caverion. Materialisation of the above risks may have a material adverse effect on Caverion's business, results of operations and financial position.

Caverion's business is dependent on information technology systems and these systems are subject to several associated risks

Caverion's IT resources and infrastructure are essential for the provision of Caverion's core services, especially as services are rapidly becoming digitalized. Caverion's information technology architecture includes several complex intra- and inter-linked systems that are periodically updated and integrated with new systems. If these systems are not able to provide a basis to support Caverion's existing, new or expanded products or services, this could have a material adverse effect on Caverion's ability to service its customers.

Investments in information technology totalled EUR 13.3 million in 2017 (EUR 25.1 million in 2016). IT investments were focused on harmonizing IT infrastructure and common platforms, datacenter consolidation as well as implementing a common Enterprise Resource Planning ("**ERP**") template. However, there can be no assurance that Caverion has invested in the right technology, or that the investment level is sufficient for it to retain or improve its competitiveness or that the expected functionalities and pay-back fully materialize.

Caverion's ability to meet its customers' requirements and competitiveness may deteriorate

Maintaining Caverion's competitiveness requires that Caverion is able to meet its customers' requirements related to matters such as technology, quality, timeliness of deliveries and level of costs. Caverion operates in a competitive market, and inability to meet the changing requirements of customers or deliver services at a competitive price, especially relating to the strong emergence of the Internet of Things, the Industrial Internet and demand for automation in recent years, may lead to loss of customer accounts and loss of customers to competitors, which may have a material adverse effect on Caverion's business, results of operations and financial position.

Maintaining competitiveness and the ability to meet customer requirements, especially in a tightening market situation, may require for example significant investments in new technology, training personnel and development of the offering. Such investments may also require external financing, the availability, terms and conditions of which depend on the market situation prevailing at each time.

Caverion may be exposed to higher liability for its deliveries than expected

It is often not possible to use limitations of liability in Caverion's agreements, especially in the Projects business. Even if limitations of liability have been used, their effectiveness may be uncertain and depend among other factors on the applicable law in the relevant jurisdiction. For example delays in agreed contracts and other contractual breaches may result in liabilities for Caverion. The liabilities may be independent of the diligence of Caverion's operations. Because the size or extent of liabilities is uncertain, the materialisation of liability may have a material adverse effect on Caverion's reputation, business, results of operations and financial position.

The insurance coverage taken out by Caverion may turn out to be insufficient in certain situations

Caverion obtains insurance policies regarding certain risks relating to its property and business operations. Furthermore, Group companies acquire local insurances on a case-by-case basis in separately defined areas and as part of specific delivery contracts. Insurance policies are obtained under terms and conditions that Caverion believes to be in line with standard market practises.

Although Caverion believes that it carries adequate insurance with respect to its operations and that said insurance coverage corresponds to the general industry practice, Caverion's insurances may not necessarily adequately cover the direct or indirect consequences of occurrences related to the operations of Caverion. It may be that insurance coverage is not necessarily available for each of the risks faced by Caverion. In addition, Caverion's insurance policies may be subject to deductibles or franchises, as the case may be, and possible remedial requirements that affect the final amount of possible insurance indemnities. Although it has been Caverion's policy to cover the risks relating to its operations through contractual limitations of liability to the extent possible, indemnities and insurances, they may not in all cases give sufficient economic safety.

Potential insufficiencies in Caverion's insurance coverage could have a material adverse effect on Caverion's business, financial condition and results of operations.

Harmonization of Caverion's internal guidelines and processes may cause Caverion to incur additional costs and reveal previously unidentified risks

Caverion is in the process of implementing group level internal guidelines and processes applicable to all Group companies. As at the date hereof, Caverion does not in all areas of its business have Group wide policies in place for all of its business activities, and as a result, it is possible that Caverion will incur additional costs relating to the implementation of unified policies throughout the Group, or that the implementation of such policies reveals previously unidentified risks or limit the business operations in certain areas due to stricter control.

Labor disputes and adverse employee relations could interfere with Caverion's operations

Work stoppages, strikes or other labor disputes in industries associated with Caverion's business may have negative effects on Caverion's business operations. Caverion is party to collective labor agreements and similar arrangements that cover the majority of Caverion's in-house employees and subcontractors. Caverion, its subcontractors or employer and employee associations may not be able to negotiate new collective labor agreements with satisfactory terms and conditions when the existing agreements expire.

In 2016 and 2017, Caverion adjusted its organization, management and resources to ensure future competitiveness. Capacity adjustments and cost reductions were made mainly through temporary layoffs and personnel reductions. Restructuring costs totaled EUR 7.3 million in 2017 (EUR 26.9 million in 2016). The personnel reductions focused mainly on divisions Sweden, Denmark-Norway and Germany as well as on Group Services. It is possible that Caverion may in the future need to take further restructuring actions that may lead to one-off costs and/or have a negative effect on its employee relations. In addition, it is possible that the anticipated cost savings from any restructuring actions may not fully materialize.

Caverion cannot assure that any disputes, work stoppages or strikes will not arise in the future, especially if further restructuring actions are needed. Should any disputes, work stoppages or strikes occur in the future, these could have a material adverse effect on Caverion's business, financial condition and results of operations.

Caverion collects and processes personal data as part of its daily business and the leakage of such data could result in fines, loss of reputation and loss of customers

Both Caverion and certain of its large corporate and public customers are subject to increasing data security requirements. The EU General Data Protection Regulation (EU 2016/679, **GDPR**) has been adopted and applicable on the Group as of 25 May 2018. The GDPR applies to all processing of personal data, meaning any operation performed upon identifiable information of an individual (data subject) within the EU. In addition, the GDPR applies to the offering of goods and services in the EU and to the monitoring of data subjects' behavior within the EU, regardless of the location of the company. Breaches of the GDPR could result in fines of up to four percent of the Group's yearly turnover.

Although in the view of Caverion's management it has, as at the date of this Investor Presentation, arranged the handling of personal data within its organization in a manner that fulfils the requirements of data protection legislation in force, it is possible that the personal data systems are misused and the measures including any relevant policies and procedures may not be sufficient to ensure compliance with applicable data protection laws. Further, Caverion may fail to protect personal data in accordance with the privacy requirements provided under applicable laws, and certain customer or employee data may be used inappropriately either intentionally or unintentionally, or leaked as a result of human error or technological failure.

The GDPR may limit Caverion's possibility to use customer data for example to develop its service offerings or for other purposes. Violation of data protection laws by Caverion or one of its partners or suppliers, or any leakage of customer or employee data may result in fines, reputational harm and loss of customers and could have a material adverse effect on Caverion's business, financial condition and results of operations.

Damage to properties may result in unexpected costs

Sudden and unforeseen damage to Caverion's project sites or Caverion's properties or other assets, caused by, for example fire, collapse and theft, may cause unexpected costs. Accidents related to personal and information safety may also have negative effects on Caverion's operations. In spite of Caverion complying with a Group wide risk management and security policy, which includes among others plans for exceptional situations and target-oriented insurance policies, risks cannot be completely eliminated. In particular for major projects, the materialization of event risks may cause severe damage to Caverion.

Caverion's operations may involve environmental risks

Caverion believes that its business does not involve significant environmental risks. However, Caverion handles among others refrigerants, pickling acids, heat transfer fluids, oils, solvents and asbestos in its daily operations. Caverion ensures the appropriate processing of hazardous waste and proactively identifies each project's risks related to personnel safety, use of chemical substances and wellbeing at work, but nonetheless environmental damage may occur in the operations, which could, in turn, have a material adverse effect on Caverion's business, financial condition and results of operations.

Risks relating to Caverion's financing

The following describes the most significant financial risks in Caverion's business.

Caverion may not receive financing at competitive terms or at all

Uncertainty in the financial markets may mean that the price of the financing needed to carry out Caverion's business will increase and/or that it will be less readily available. Caverion aims to reduce the risk relating to the availability of financing by using credit agreements of varying durations, by having a broad base of lenders, by applying credit limits and by maintaining the Company's reputation as a trustworthy debtor among its creditors. Most of Caverion's debt financing includes a financial covenant calculated based on the Group's net debt to EBITDA ratio that shall not exceed 3.50:1. Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. Caverion and its core banks agreed on changes in the loan documentation in connection with the hybrid transaction in June 2017. The project writedowns made in 2017 burdened Caverion's EBITDA and the financial covenant level in 2017. Caverion concluded amendments with its lending parties related to the maximum level of the financial covenant and confirmed the EBITDA calculation principles related to the Group's financial covenant in 2017. In Caverion has in June 2018 agreed with its creditors on the EBITDA calculation principles related to the anti-trust fine.

Any problems in meeting the financial covenant or Caverion's other obligations or undertakings under its financing arrangements can affect the future funding of Caverion and/or require negotiations with lenders. A breach of the financial covenant would entitle the lenders to accelerate the debt in question and Caverion might not be able to refinance such accelerated loans in a timely and cost efficient manner or at all. Caverion's ability to meet these financial covenants can be affected by major investments or other changes in the conditions for operation and in Caverion's capital structure but also by events beyond its control such as changes in the equity and debt finance markets and cyclical fluctuations. It is possible that Caverion could – at any given point in time – encounter difficulties in raising funds and, as a result, lack the access to liquidity that it needs. There can be no assurance that Caverion will be able to meet its financial covenants when required. The level of Caverion's leverage may affect its ability to refinance its existing credits. The level of Caverion's leverage could also affect its competitiveness and limit its ability to react to changes in market conditions and economic downturns. The materialisation of the above risks could have a material adverse effect on Caverion's business, financial condition and results of operations.

A possible impairment of goodwill, or write-offs relating to other intangible or tangible assets could have material adverse effects on Caverion's financial condition and results of operations

As at 31 March 2018, Caverion had EUR 331.6 million of goodwill, EUR 45.1 million of other intangible assets and EUR 20.7 million of property, plant and equipment in its consolidated balance sheet. Goodwill, intangible assets with indefinite useful life and intangible assets not yet in use are not amortized but are tested for impairment annually, or more frequently, if events or changes in circumstances indicate that such carrying value may not be recoverable. The carrying values of property, plant and equipment and intangible assets subject to periodic depreciation and amortization are reviewed for impairment whenever there are indications that their carrying values could exceed their value in use or disposal value, if disposal is considered as a possible option.

If the carrying value exceeds the recoverable amount, determined based on the higher of the discounted future cash flows of the related businesses and the fair value less costs to sell, goodwill, and other intangible or tangible assets, is considered impaired and is reduced to the recoverable amount via a non-cash charge to earnings. Preparation of these calculations requires the use of estimates and assumptions.

If the value of goodwill or other intangible or tangible assets is impaired, it could have a material adverse effect on Caverion's financial condition and results of operations.

Caverion's operations involve liquidity and financial market risks

Liquidity risks are related to the availability of cash instruments to meet financial obligations. Caverion's liquidity is created through a combined effect of operative cash flows, disposable liquid assets, a commercial paper programme, revolving credit facilities and overdraft facilities.

Any failures in the liquidity and financial market risk management could have a material adverse effect on Caverion's business, financial condition and results of operations.

The Group may be exposed to foreign exchange rate risks

Caverion operates internationally and is therefore regularly exposed to foreign exchange rate risks arising from the currencies of the countries in which it operates. The most significant currencies in relation to the foreign exchange risk are the Swedish Crown and Norwegian Crown. Risk arises mainly from the recognised assets and liabilities and net investments in foreign operations. In addition, commercial contracts in Caverion's subsidiaries cause foreign exchange risk, but the contracts are mainly denominated in each entity's own functional currencies.

The objective of foreign exchange risk management is to reduce uncertainty caused by foreign exchange rate movements on income statement through measurement of cash flows and commercial receivables and payables. The Board of Directors of Caverion has decided that investments in foreign operations are not hedged for foreign exchange translation risk.

According to the Group's treasury policy, all group companies are responsible for identifying and hedging the foreign exchange risk related to the foreign currency denominated cash flows. All firm commitments over EUR 0.2 million must be hedged by intra-group transactions with Caverion's group treasury. Caverion's group treasury hedges the net position with external counterparties but does not apply hedge accounting to derivatives hedging foreign exchange risk. Accordingly, the fair value changes of derivative instruments are recognised in Caverion's consolidated income statement.

When there are significant currency fluctuations, the IFRS mark to market valuation of foreign exchange forward agreements principle may cause volatility in Caverion's profit and loss statements.

Caverion's financing arrangements involve interest rate risks

Caverion may from time to time have interest-bearing receivables in its cash and cash equivalents but otherwise its revenues and cash flows from operating activities are mostly independent of changes in market interest rates. Caverion's exposure to cash flow interest rate risks arises mainly from current and non-current loans and related interest rate derivatives. Borrowing issued at floating interest rates exposes Caverion to cash flow interest rate risk, which is hedged by interest rate derivatives. To manage the interest rate risk, the Board of Directors of Caverion has defined an average interest rate fixing term target for the Group's net debt (excluding cash). In spite of Caverion managing its interest rate risk, it is possible that a significant change in market interest rates may, particularly in the long term, have a material adverse effect on Caverion's business, financial position and results of operations.

Caverion may be exposed to credit (default) and counterparty risks

Caverion's credit risk arises from outstanding receivable balances, long term service agreements, as well as cash and cash equivalents/deposits and derivative financial instruments with banks. The Group manages credit risk relating to its operations and sales, for instance, by advance payments, upfront payment programs in projects, payment guarantees and assessment of the credit quality of the customer. Credit background of new customers is assessed and when necessary, guarantees are required and client's paying behavior is monitored actively. The counterparty risk of financing arises from the risk that a contractual party to a financial transaction may not be able to fulfil its contractual obligations. The counterparties of Caverion's long-term loans from financial institutions, derivative contracts and insurance policies are Finnish and international financial institutions and insurance companies. Caverion's group treasury is responsible for managing the counterparty risks relating to financing transactions; however the risks cannot be fully eliminated. In spite of Caverion managing counterparty risks, it is possible that Caverion's financing or insurance counterparty would face serious financial difficulties or bankruptcy.

As a result of the partial demerger of YIT Corporation registered on 30 June 2013, a secondary liability has been generated to Caverion, for those liabilities that have been generated before the registration of the demerger and remain with YIT Corporation after the demerger. Caverion has a secondary liability relating to the Group guarantees that remained with YIT Corporation after the demerger, if YIT Corporation falls into default. These Group guarantees amounted to EUR 60.5 million as at 31 March 2018.

Should one or several financial institutions acting as Caverion's counterparty, or YIT Corporation or any of Caverion's material customers, face financial difficulties or bankruptcy, this may have a material adverse effect on Caverion's business, financial position and results of operation.

Caverion might not receive operational guarantees at competitive terms or at all

Caverion operates in a business which typically involves the granting of guarantees in favor of customers or other stakeholders, especially in relation to large projects, for e.g. advance payments received, the performance of contractual obligations, and for defects for the duration of the guarantee period. Such guarantees are typically granted by financial intermediaries. There can be no assurance that Caverion would have continuous access to sufficient guarantees from financial intermediaries at competitive terms or at all, and the absence of such guarantees could have an adverse effect on Caverion's business, financial condition and results of operations.

Risks relating to the Shares

The Shares may not be a suitable investment for all investors

Each potential investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Shares, the merits and risks of investing in the Shares and the information contained or referred to in this Investor Presentation;

(ii) reach an investment decision only after careful consideration of the information contained in or incorporated by reference into this Investor Presentation;

(iii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Shares and the impact the Shares will have on its overall investment portfolio;

(iv) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares; and

(v) be able to evaluate (either alone or with the help of a financial adviser and/or other professional adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The market price or liquidity of the Shares may fluctuate substantially

The market price of the Shares may fluctuate substantially. The fluctuation of the market price is dependent on a number of factors, such as the result of Caverion's operations, or changes in the outlook of its business, or changes in legislation affecting its operations. A general decline in the stock market or a decline in the prices of securities comparable to shares may have a material adverse effect on the demand for and liquidity of the Shares, which could weaken Caverion's opportunities to obtain equity financing through share issues.

The amount of dividend and equity return distributed to shareholders for each financial period is uncertain

Caverion cannot assure that it will pay dividends or equity return on the Shares, nor is there any assurance as to the amount of any dividend or return of equity it may pay. The payment and the amount of any dividend or return of equity will be subject to the discretion of Caverion's Board of Directors, and, ultimately, Caverion's General Meeting of Shareholders and will depend of available cash balances, retained earnings, anticipated cash needs, the results of Caverion's operations, Caverion's financial conditions any loan agreement restrictions binding Caverion as well as other relevant factors.

Future issues or sales of substantial amounts of Shares could have a negative impact on the market price of the Shares and any future directed issues would dilute the ownership of existing shareholders

An issue or sale of significant amounts of Shares or a perception that such issues or sales may occur in the future, may have an adverse effect on the market value of the Shares and on Caverion's ability to raise funds through capital increases in the future. Further, any directed share issue of the Shares that may occur in the future would dilute the ownership of all existing shareholders of Caverion that do not participate in the directed issue.