Caverion

CMD 2014 - Financial update
September 10, 2014

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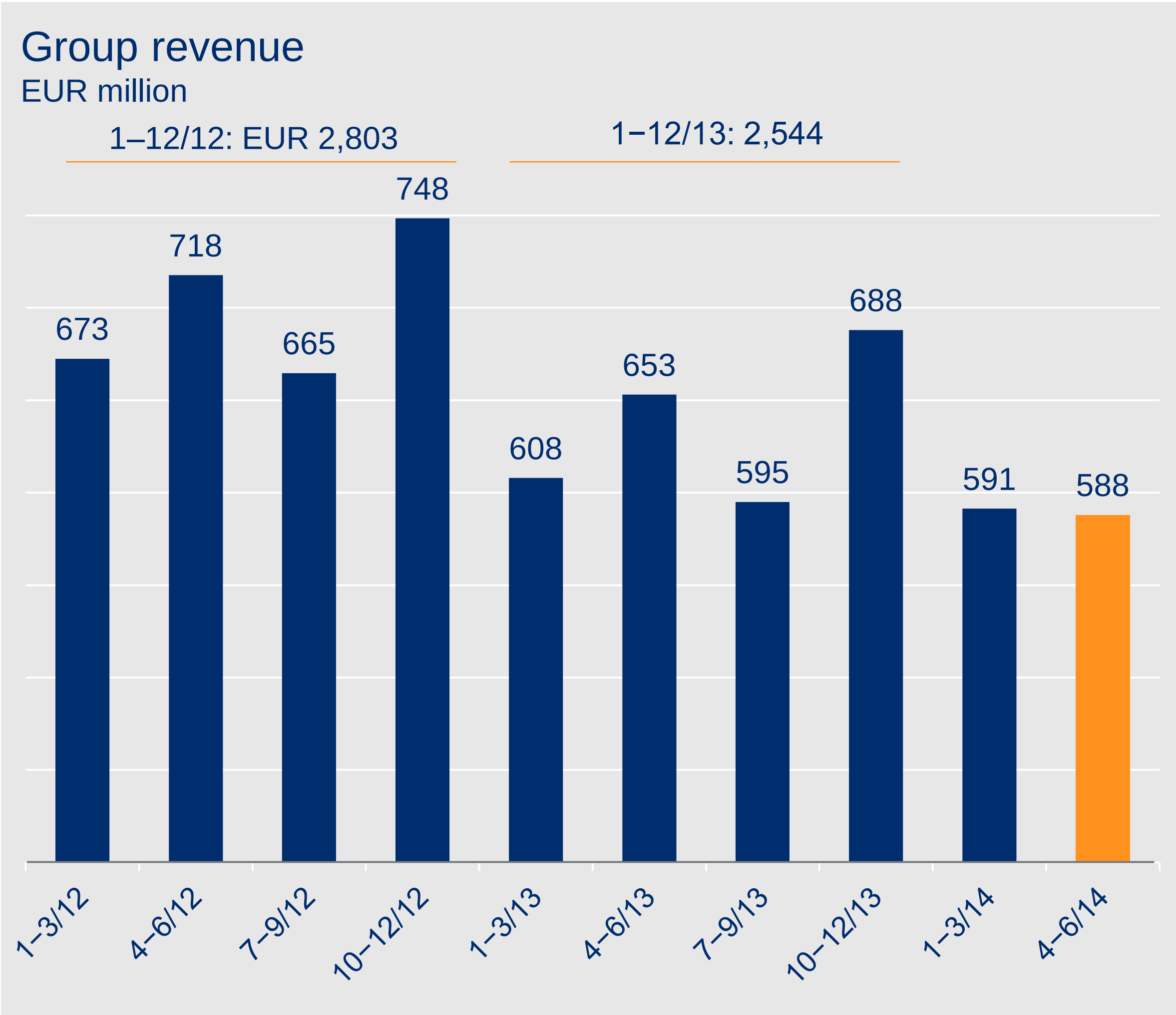
Financials and guidance

Revenue affected by currencies

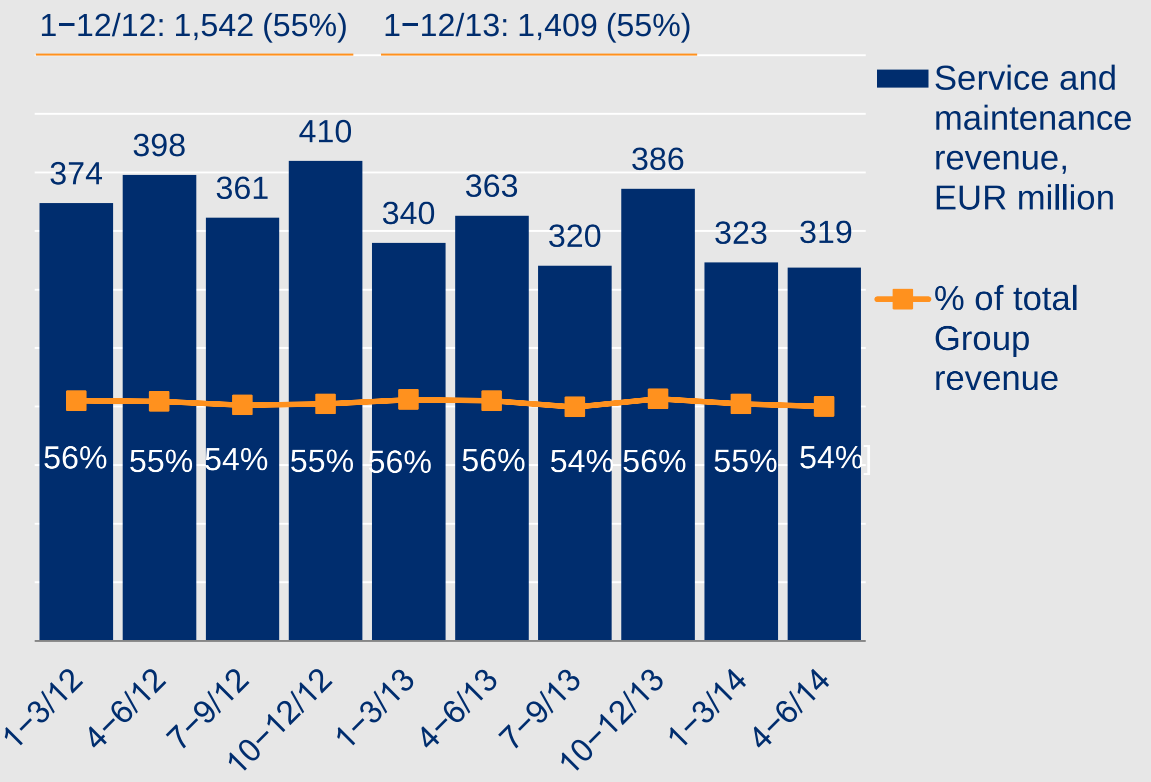
Targeting average annual growth in revenue of > 10% by the end of 2016



- Revenue in January−June decreased by 3% at the previous year's exchange rates for corresponding period.
- Changes in foreign exchange rates decreased the revenue for January–June by EUR 42.1 million compared to the previous year, of which the Norwegian crown accounted for EUR 24.5 million and the Swedish crown for EUR 13.9 million.
- Continued selectivity in project business

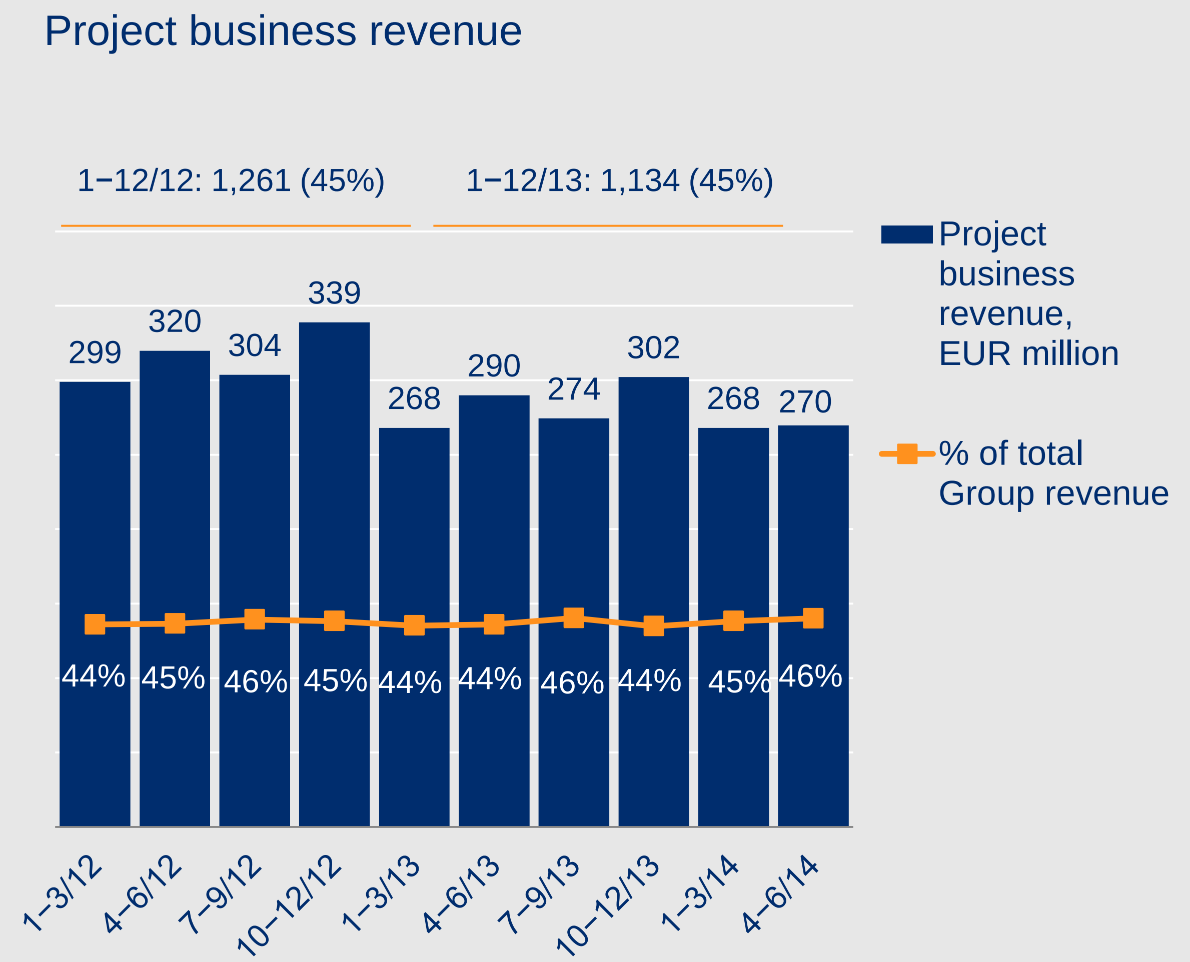
Service and maintenance revenue on par with the previous quarter

- Revenue decreased by 9% in January−June compared to the previous year.
- The service and maintenance market was stable in all countries with regional variations within countries.
- General interest in life cycle services is increasing in all markets.

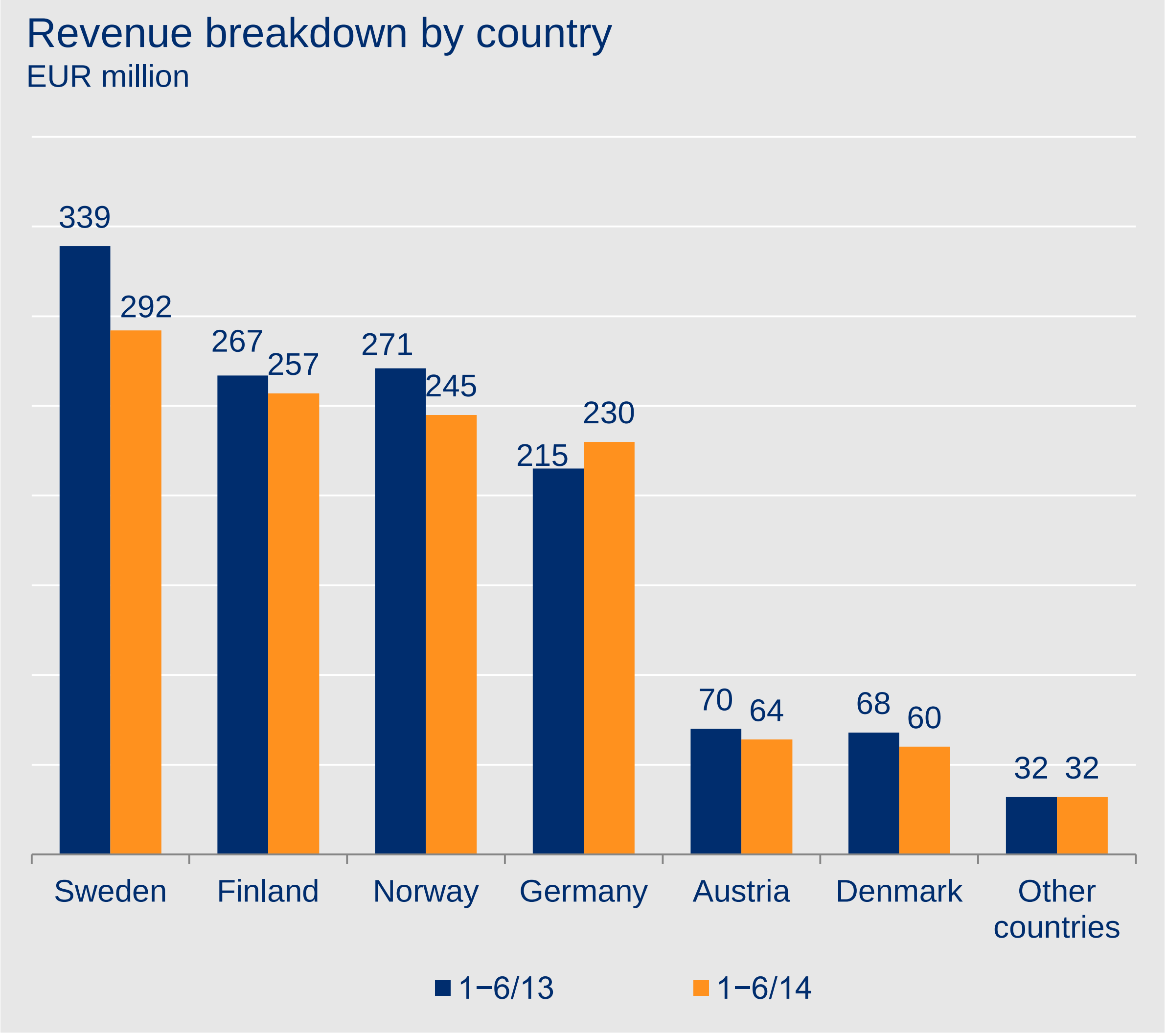


Project business: Stable market development

- New investments in building systems expected to increase slightly in the markets.
- Positive signs can be seen in tendering activity.



Revenue by country



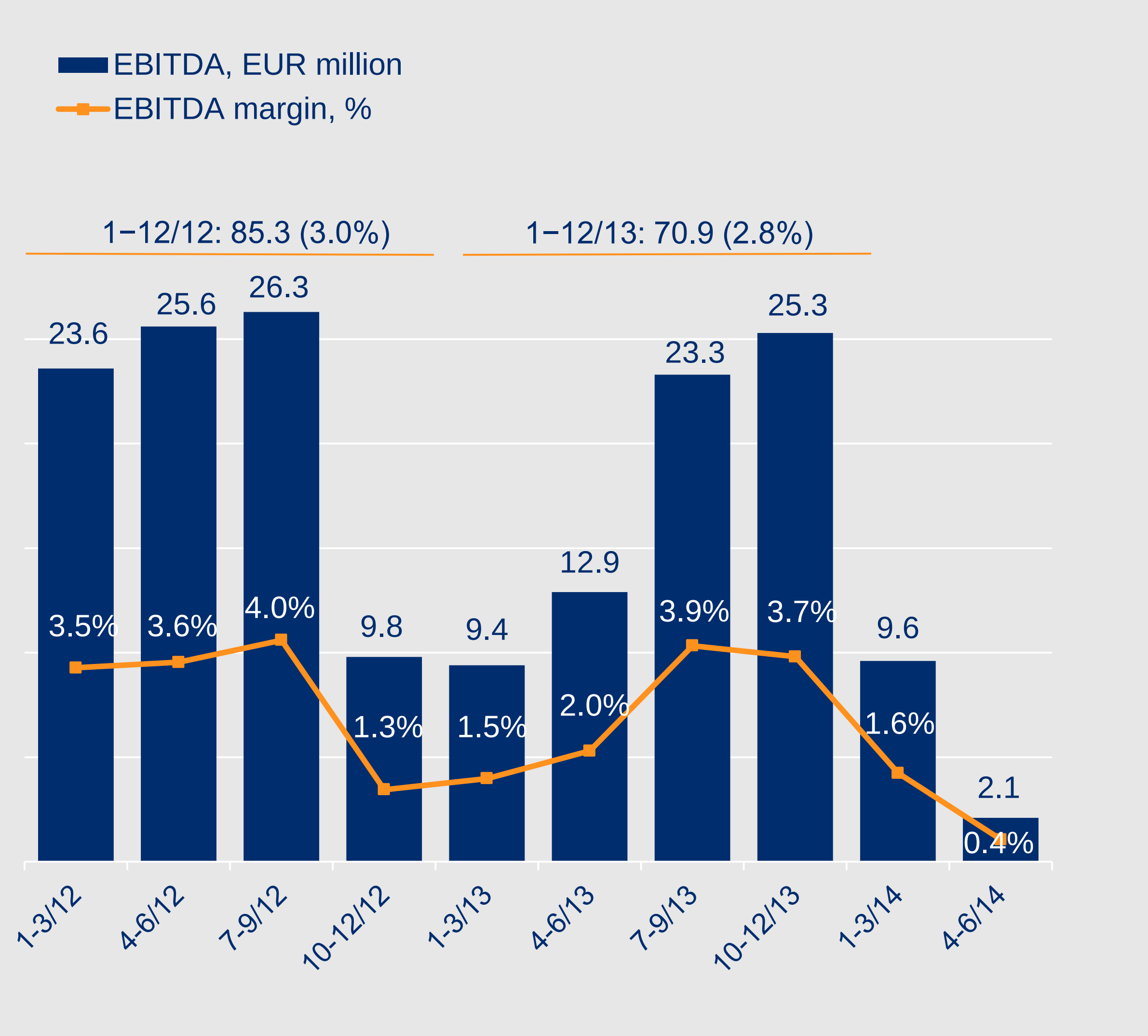
- In Sweden, revenue decreased mainly due to selectiveness in projects, change in exchange rates decreased the revenue by EUR 13.9 million.
- In Norway, revenue decreased due to change in exchange rates by EUR 24.5 million.
- In Germany, revenue increased by 7% compared to the previous year, due to improved order backlog in 2013.

Positive development in order backlog

- Order backlog increased in January−June 2014 by 6% from the end of June 2013 and by 1% from the end of March 2014.
- Changes in foreign exchange rates decreased the order backlog in June 2014 by EUR 21.0 million compared to the corresponding period of the previous year.

EBITDA

Targeting EBITDA margin of over 6% by the end of 2016



- Projects in Norway and Denmark diluted the profitability in January−June.
- Overall project portfolio reviewed more closely − cost estimates and provisions revised.
- Net effect of non-recurring items impacting EBITDA was EUR -4.3 million in January−June.

Definition of non-recurring items

- Our review of the project portfolio during Q2 affected our EBITDA due to the following adjustments and provisions:

1. Cost estimate adjustments to projects in the completion phase
2. Provisions for low performing active projects
3. Provisions for old, completed projects (considered as non-recurring items as defined herein).

- Project estimate changes are regarded as non-recurring items only if they are significant and fill the following criteria:

1. Project must have been technically completed
2. Project revenue has mostly been recognised during previous financial years and
3. There has been a dispute in the project.

Guidance for 2014 reiterated

Revenue

Caverion estimates that the Group’s revenue for 2014 with comparable exchange rates will remain at the previous year's level.

EBITDA

Caverion estimates that the Group’s EBITDA excluding non-recurring items for 2014 will remain at the previous year's level.

In 2014 the targeted EBITDA level will be reached by

- Improving the operational efficiency
- Growing the service and maintenance business
- Increasing the project business in Germany

The potential changes in general macroeconomic environment may have an effect on Caverion’s business and customers.

Four cornerstones to working capital improvement

Targeting negative working capital by the end of 2016

1. Tools

- Handhelds being introduced to technicians to enable more efficient invoicing
- Aiming to have one common Caverion SAP template in all operating divisions

2. Contract structures

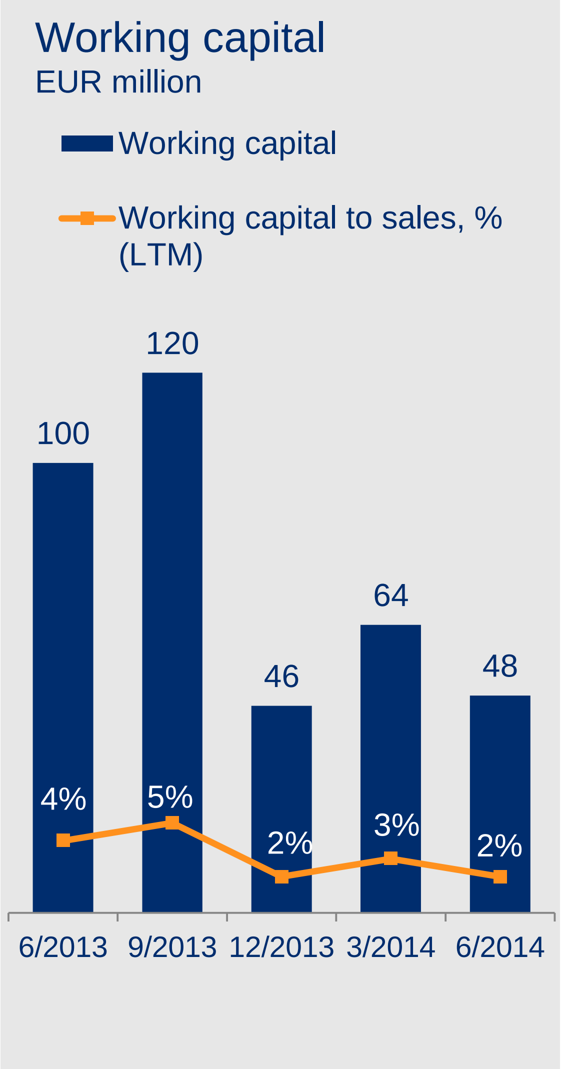
- Introducing common approval process and system
- Introducing more regular payment patterns

3. Vendor agreements and payment terms

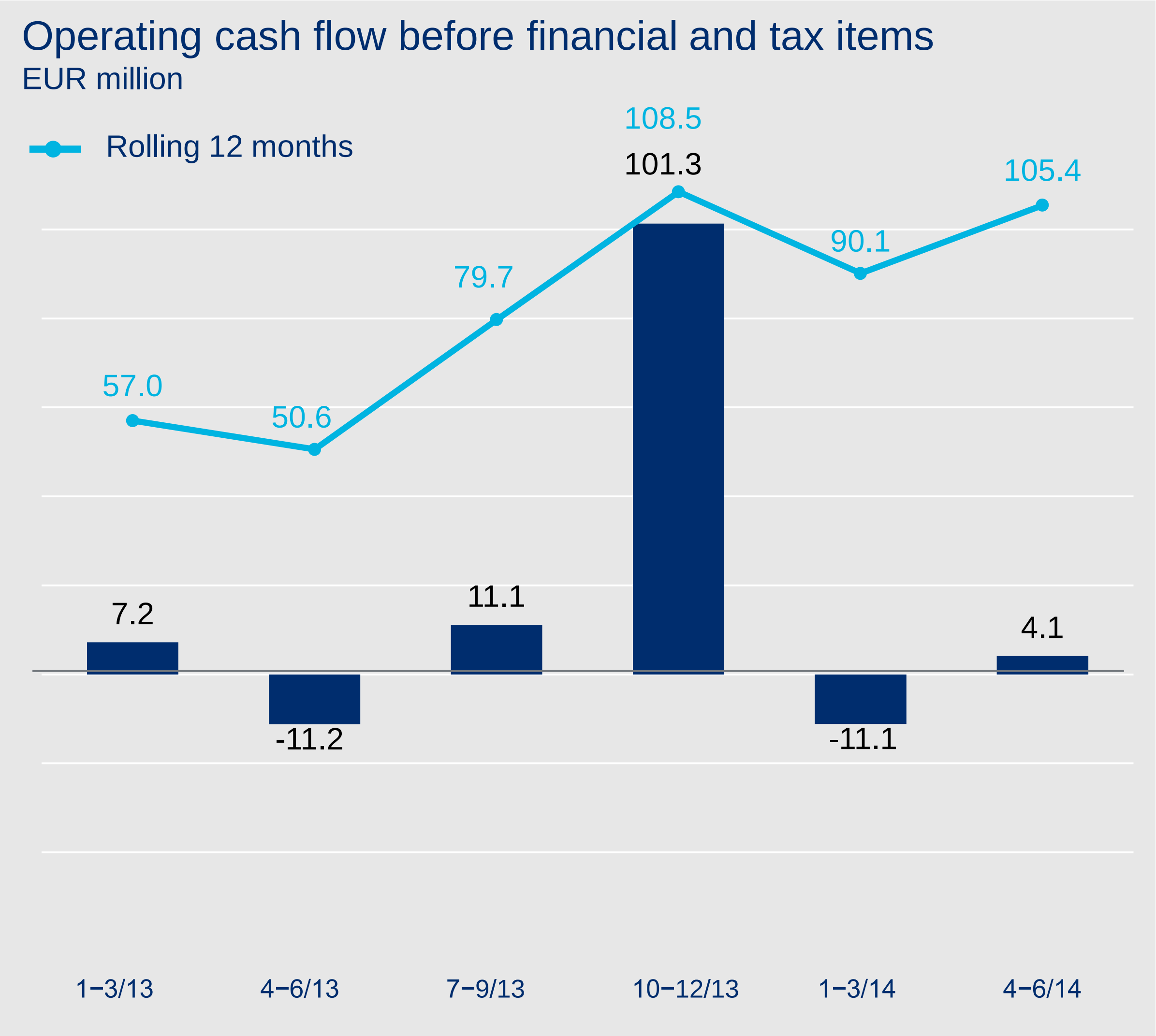
- Negotiate as a group with the vendors
- Policies being introduced relating to approving new vendors etc.

4. Cash flow culture

- Importance of cash flow highlighted throughout the group
- Every day is invoicing day!



Operating cash flow trend improving



- Actions to reduce seasonality of cash flow through more regular payment patterns
- Operating cash flow before financial and tax items
  = Net cash from operating activities
  -/+ Taxes paid
  -/+ Financial items, net

Reconciliation of EBITDA to operating cash flow before financial and tax items

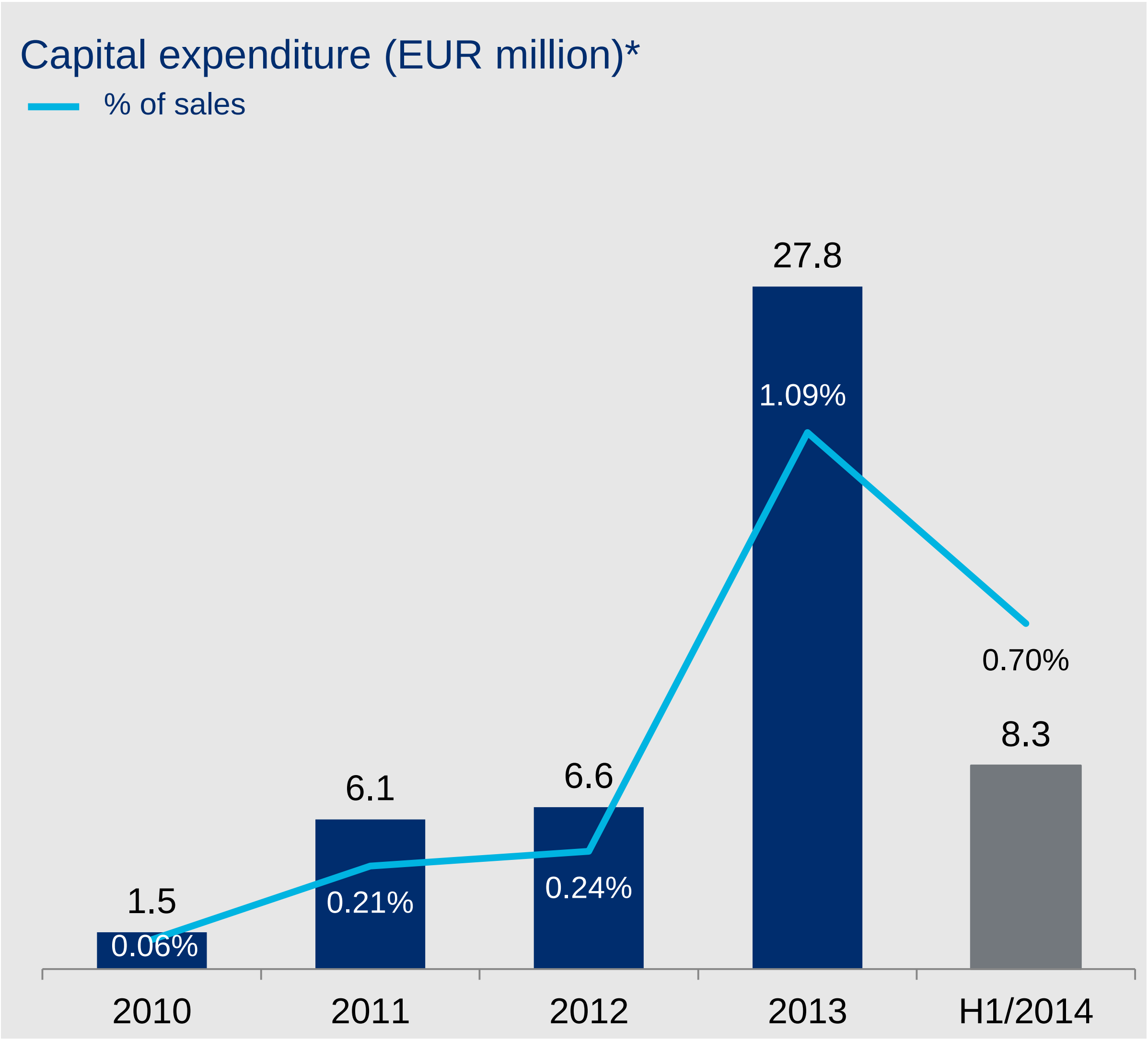
EBITDA

+/- Change in working capital

+/- Non-cash and other adjustments

= Operating cash flow before financial and tax items

Low level of capital expenditure



Continuous development and investment in technologies, processes and competences

Capex in 2013

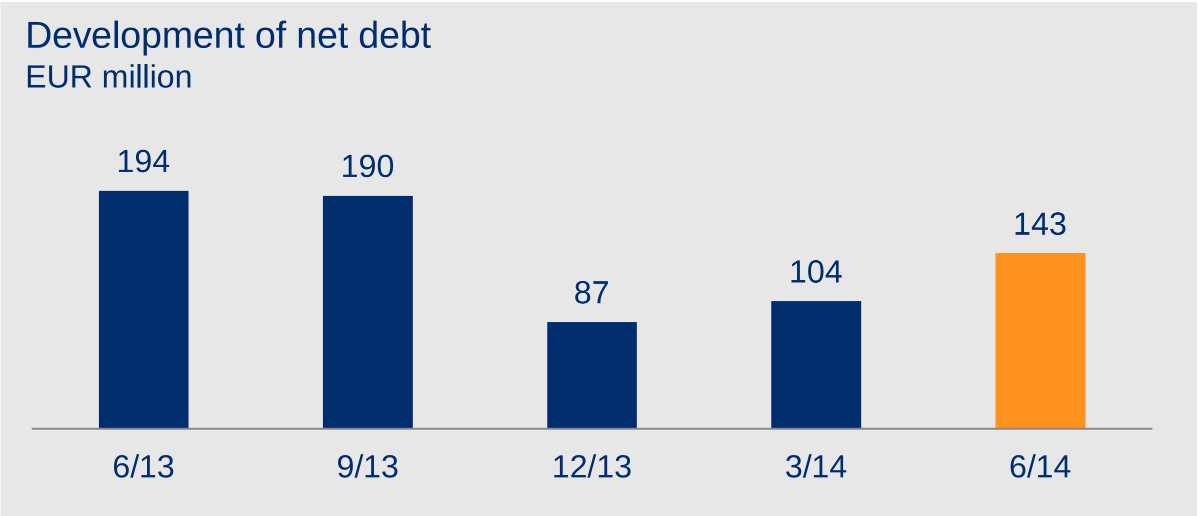
- IT investments EUR 22.5 million, mostly demerger related (EUR 21.3 million)
- Other investments EUR 5.3m million

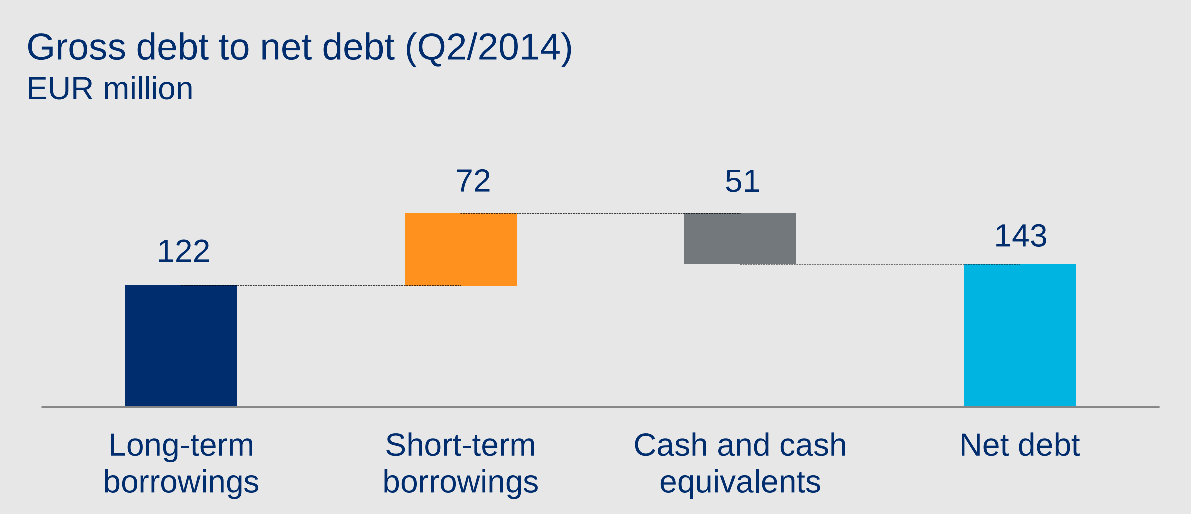
Capex in H1/2014

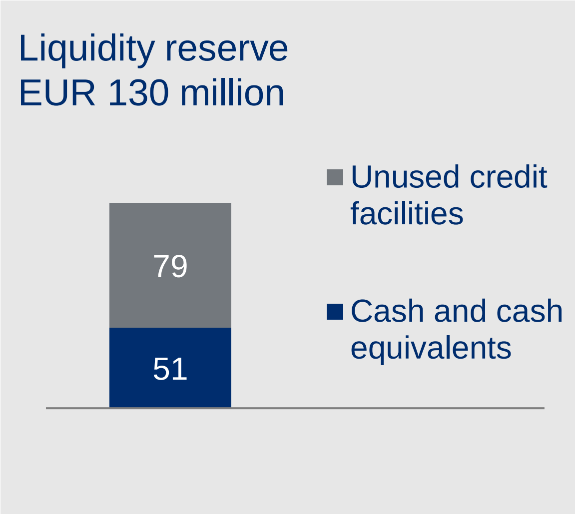
- IT investments EUR 7.1 million, mainly relating to development of common business processes in 2014
- Other investments amounted to EUR 1.2 million

*) Capital expenditures consist of investments in tangible (property, plant and equipment) and intangible assets, excluding acquisitions.

Net debt decreasing year-on-year

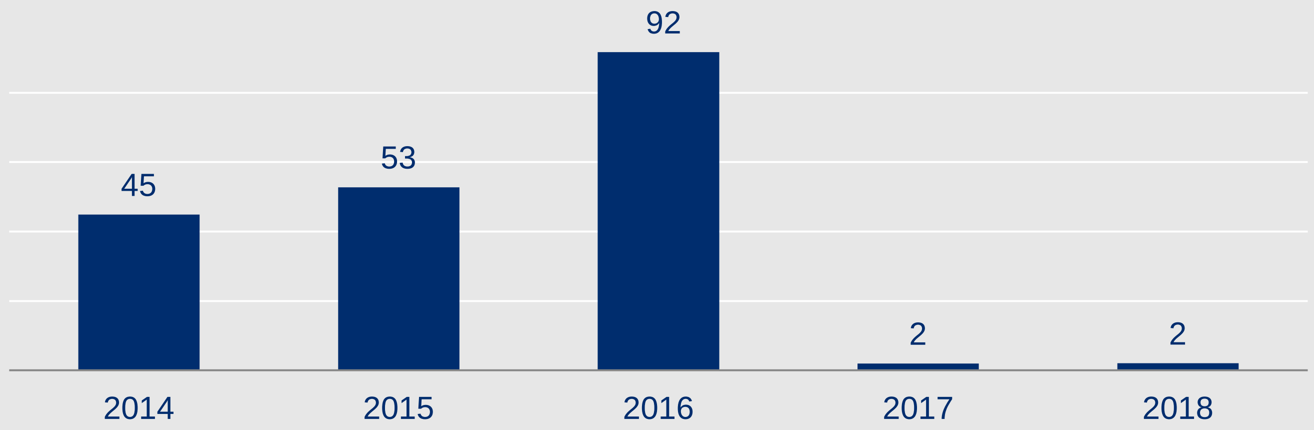




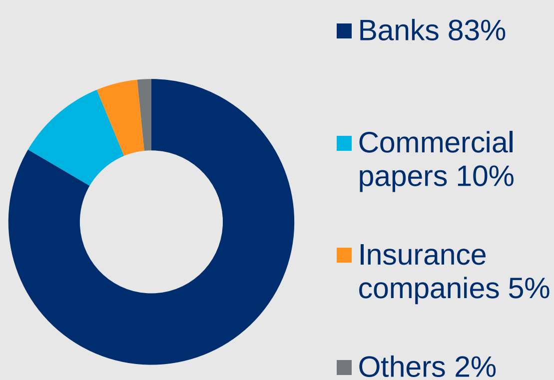


Balanced debt structure

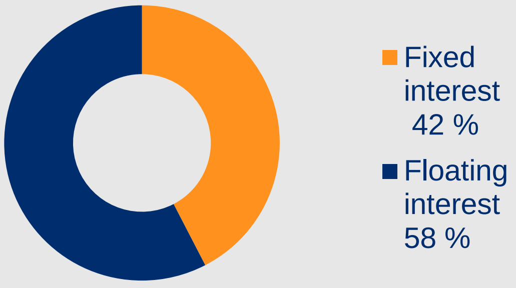
Debt maturity
EUR million



Loan portfolio



Interest rate type
(after hedges)



- Loan portfolio total: EUR 193.4 million
- Average interest rate after hedges: 2.10%

Dividend policy intact

Dividend payout
at least 50%
of the net profit
for the period.

- Dividend of EUR 0.22/share paid on April 2, 2014.
- EUR 27.6 million in total (78% of the net profit in 2013)

Appendix

Key figures

EUR million	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Revenue	588.4	652.8	-10%	1,179.7	1,260.6	-6%	2,543.6
EBITDA excluding non-recurring items	2.9	16.0	-82%	16.0	28.2	-43%	81.7
EBITDA margin excluding non-recurring items, %	0.5	2.5	-	1.4	2.2	-	3.2
EBITDA	2.1	12.9	-84%	11.7	22.3	-48%	70.9
EBITDA margin, %	0.4	2.0	-	1.0	1.8	-	2.8
Earnings per share, basic, EUR	-0.03	0.03	-	-0.02	0.06	-	0.28

Working capital	48.6	99.8	-51%	48.6	99.8	-51%	46.0
Operating cash flow after investments	-9.4	-35.3	-	-26.3	-37.5	-	74.2
Interest-bearing net debt, end of period	142.5	194.0	-27%	142.5	194.0	-27%	86.5
Personnel, average for the period	17,333	18,106	-4%	17,354	18,229	-5%	18,071

Comparative figures for 2013 are carve-out figures for the periods before the effective date of the partial demerger (June 30, 2013).