

Caverion



Q1

Interim Report 1-3/2015

INTERIM REPORT FOR JANUARY 1 – MARCH 31, 2015

January 1 – March 31, 2015

- **Order backlog:** EUR 1,392.4 (Q4/2014:1,323.6) million on March 31, an increase of 5% from the end of last year.
- **Revenue:** EUR 563.4 (591.3) million.
- **EBITDA:** EUR 14.2 (9.6) million, or 2.5 (1.6) percent of revenue.
- **Working capital:** Working capital amounted to EUR -13.1 million (Q4/2014: -19.3).
- **Operating cash flow before financial and tax items:** EUR 9.8 (-11.1) million.

Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year.

KEY FIGURES

EUR million	1-3/15	1-3/14	Change	1-12/14
Order backlog, end of period	1,392.4	1,335.3	4%	1,323.6
Revenue	563.4	591.3	-5%	2,406.6
EBITDA	14.2	9.6	48%	67.5
EBITDA margin, %	2.5	1.6		2.8
Operating profit	7.9	3.9	100%	44.2
Operating profit margin, %	1.4	0.7		1.8
Net profit for the period	5.4	1.9	192%	27.6
Earnings per share, basic, EUR	0.04	0.01	197%	0.22
Working capital	-13.1	64.5		-19.3
Operating cash flow before financial and tax items	9.8	-11.1		113.5
Interest-bearing net debt, end of period	49.7	104.1	-52%	50.2
Gearing, end of period, %	23.0	46.6		21.1
Personnel, average for the period	17,004	17,375	-2%	17,300

Word from the President and CEO Fredrik Strand

“Our strategy execution has progressed according to plan during the period. During the "Build" phase of our strategy we are building a common operational model and processes for the whole group. Furthermore, we are investing in systems, tools and harmonisation to shorten the invoicing process. Our working capital management is now under control. As a result, our operating cash flow improved during the first quarter.

The stabilisation of our operations can also be seen in our improved profitability during the first quarter. During the period we have finalised the remaining low-performing projects in Norway. In one of these projects the provision made during the second quarter of 2014 was insufficient, and the additional negative impact of closing that project amounted to EUR 2.9 million. In addition, we had one technical incident in Finland resulting in a settlement with an industrial client, amounting to EUR 0.7 million.

In the second quarter we will continue to implement our common operational model and processes for the whole group. Furthermore we will continue to develop our business mix for the future with initial focus on Large Projects with Total Technical Solutions, Managed Services and Technical Installation & Maintenance. During the first quarter, we have already received a number of new demanding life cycle contracts and total technical solutions projects in line with our strategy.”

OUTLOOK FOR 2015

Market outlook for Caverion's services and solutions

The mega trends in the industry, such as increase of technology in buildings, energy efficiency requirements, increasing digitalisation and automation continue to promote demand for Caverion's services and solutions over the coming years.

Technical installation and maintenance business is expected to be stable. Requirements for increased energy efficiency and better indoor conditions and tightening environmental legislation will be significant factors to support positive market development.

Large new tenders for buildings and industry are expected to increase during the year. Positive signs can be seen in tendering activity, especially in the public and industrial sectors. Low interest rates and availability of financing are expected to support investments. The demand for design & build of total technical solutions is expected to develop favourably in the large and technically demanding projects.

Demand for managed services is expected to increase. As technology in buildings is increasing the need for new services and the demand for life cycle solutions are expected to increase. Customers' tendency towards focusing on their core operations continues to open opportunities for Caverion in terms of outsourced operation and maintenance mainly for public authorities, industries and utilities.

Overall changes in the operating environment due to growing uncertainty over the general macroeconomic development and mounting geopolitical tensions may lead to some cautiousness in project start-ups and service demand.

Guidance for 2015

Caverion reiterates its guidance announced on January 29, 2015, according to which Caverion estimates that the Group's revenue will remain at the previous year's level and EBITDA margin for 2015 will grow significantly.

INFORMATION SESSION, WEBCAST AND CONFERENCE CALL

Caverion will hold a news conference and webcast on the Interim Report on Friday, April 24, 2015, at 11:00 a.m. (Finnish Time, EEST) at the Kämp Hotel (Gallen-Kallela meeting room), Kluuvikatu 2, Helsinki, Finland. The news conference can also be viewed live on Caverion's website at www.caverion.com/investors. It is also possible to participate in the event through a conference call by calling the assigned number +44 (0)20 7162 0077 at 10:55 a.m. (Finnish time, EEST) at the latest. The participants will be asked to provide the conference ID 952566. More practical information on the news conference can be found on Caverion's website, www.caverion.com/investors.

Financial information and IR events in 2015

Interim Reports will be published on July 23 and October 23, 2015. Financial reports and other investor information are available on Caverion's website, www.caverion.com/investors, and IR App. The materials may also be ordered by sending an e-mail to IR@caverion.com.

Caverion will also arrange a Capital Markets Day in Aachen, Germany on September 9, 2015 at 9:00 a.m. (CEST). Further information on the programme will be published as a stock exchange release closer to the date.

CAVERION CORPORATION

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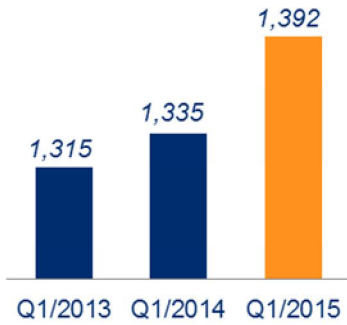
Distribution: NASDAQ Helsinki, principal media, www.caverion.com

GROUP FINANCIAL DEVELOPMENT

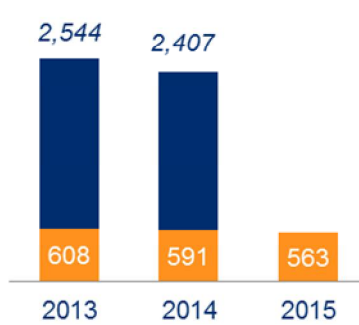
Comparative figures for 2013 are carve-out figures for the periods before the effective date of the partial demerger (June 30, 2013).

Key Figures

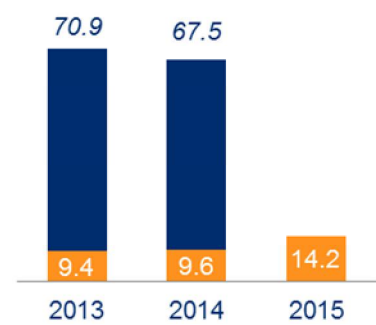
Order backlog
(EUR million)



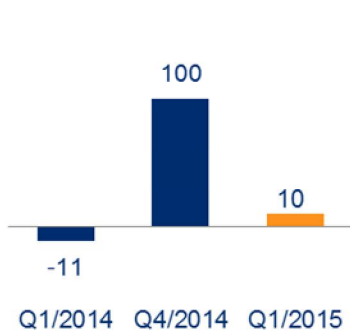
Revenue
(EUR million)



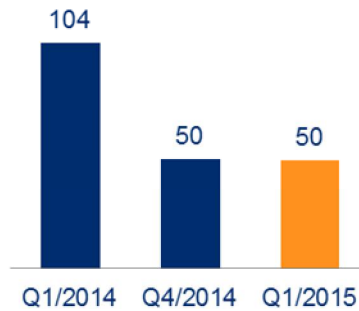
EBITDA (EUR million)



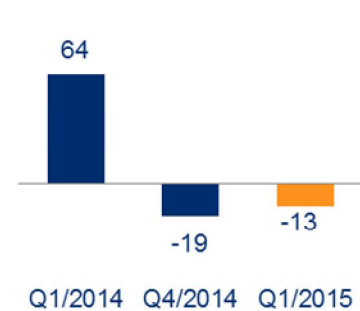
Operating cash flow before financial and tax items
(EUR million)



Net debt
(EUR million)



Working capital
(EUR million)



Revenue by business area
% of revenue 1-3/2015



■ Service and maintenance 55%
■ Projects 45%

Revenue by country
% of revenue 1-3/2015



■ Sweden 26% ■ Finland 20%
■ Norway 19% ■ Germany 20%
■ Austria 6% ■ Denmark 6%
■ Other countries 3%

Personnel by country
at the end of March 2015



■ Sweden 23% ■ Finland 27%
■ Norway 16% ■ Germany 14%
■ Austria 4% ■ Denmark 6%
■ Other countries 10%

Operating environment in the first quarter in 2015

The overall market situation has been stable throughout the period despite the general economic environment and overall uncertainty.

The technical installation and maintenance market was stable overall.

In Finland, the project market is still slow; however Caverion has been active and been able to secure some large new deals. In Sweden the project market has been stable. In Norway there have been some postponements in projects, mainly due to lower activity related to the oil industry. Demand remained favourable in Germany.

The general interest in managed services and life cycle solutions continued to increase.

Order backlog

The order backlog increased by 5 percent from the end of December 2014 and was EUR 1,392.4 million at the end of March (end of December 2014: EUR 1,323.6 million). The order backlog increased by 4 percent compared to the previous year (end of March 2014: EUR 1,335.3 million). Changes in foreign exchange rates decreased the order backlog at the end of March by EUR 22.6 million compared to the end of March 2014 and increased the order backlog by EUR 11.1 million compared to the end of December 2014.

Revenue

Revenue in January–March was EUR 563.4 (591.3) million, a decrease of 5 percent compared to the previous year. Revenue remained stable in Sweden and Germany during the period. Revenue decreased, mainly in Finland and Norway, during January–March compared to the previous year. In Norway the decrease was mainly due to increased selectiveness in projects as well as decline in the activities related to the oil industry in Southern and Western Norway. In Finland the decrease was mostly market-driven.

Changes in foreign exchange rates decreased the Group's total revenue for January–March by EUR 16.1 million compared to the previous year, of which the Norwegian crown accounted for EUR 4.9 million and the Swedish crown for EUR 8.6 million. Revenue decreased by 2 percent at previous year's exchange rates for January–March.

The Group revenue of service and maintenance business was EUR 310.8 (323.4) million, or 55 (55) percent of the Group's total revenue, a decrease of 4 percent in January–March compared to the previous year. The Group revenue of project business decreased by 6 percent and was EUR 252.7 (267.9) million, or 45 (45) percent of the Group's total revenue.

Distribution of revenue

Revenue, EUR million	1-3/ 2015	%	1-3/ 2014	%	Change	1-12/ 2014
Sweden	145.5	26%	145.2	25%	0%	597.2
Finland	115.3	20%	125.0	21%	-8%	521.1
Germany	112.9	20%	112.9	19%	0%	496.2
Norway	106.2	19%	129.4	22%	-18%	458.3
Austria	34.6	6%	31.2	5%	11%	136.3
Denmark	34.3	6%	31.6	5%	9%	126.6
Other countries	14.6	3%	16.1	3%	-9%	70.8
Group, total	563.4	100%	591.3	100%	-5%	2,406.6
- Service and maintenance	310.8	55%	323.4	55%	-4%	1,297.0
- Projects	252.7	45%	267.9	45%	-6%	1,109.5

Revenue by country is presented based on the Group company location.

Profitability

EBITDA

The Group EBITDA increased by 48 percent compared to the previous year, amounting to EUR 14.2 (9.6) million in January–March, or 2.5 (1.6) percent of revenue.

During the period the remaining low-performing projects in Norway have been finalised. In one of these projects the provision made during the second quarter of 2014 was insufficient, and the additional negative impact of closing that project amounted to EUR 2.9 million. In addition, Caverion had one technical incident in Finland resulting in a settlement with an industrial client, amounting to EUR 0.7 million.

Operating profit

Caverion's operating profit increased by 100 percent compared to the previous year, amounting to EUR 7.9 (3.9) million in January–March, or 1.4 (0.7) percent of revenue.

Depreciation, amortisation and impairment amounted to EUR 6.4 (5.7) million in January–March, of which EUR 2.3 million were allocated intangibles related to acquisitions and EUR 4.0 million were other depreciations. The other factors affecting operating profit have been described in more detail under EBITDA.

Profit before taxes, net profit and earnings per share

Profit before taxes amounted to EUR 7.1 (2.5) million, net profit to EUR 5.4 (1.9) million and earnings per share to EUR 0.04 (0.01) in January–March. The net financing expenses in January–March 2015 were EUR -0.7 (-1.5) million.

The effective tax rate of the Group was 23.8 (24.9) percent in January– March.

Capital expenditure, acquisitions and disposals

Gross capital expenditure on non-current assets included in the balance sheet totalled EUR 7.3 (3.1) million during January–March, representing 1.3 (0.5) percent of revenue.

Investments in information technology totalled EUR 3.8 (2.0) million during January–March 2015. IT investments were focused on building a harmonized IT platform and implementing a common ERP template. The IT systems and mobile tools were also developed to improve the internal processes and efficiency. Other investments, including acquisitions, amounted to EUR 3.6 (1.1) million.

Caverion Corporation has on February 26, 2015 signed an agreement with Eneas Holding AS on the purchase of the Norwegian company Esco Norway AS. In 2014, the company's revenue was EUR 4.8 million. The company employs 17 people. The purchase price was not disclosed.

Caverion has sold its small local operations in Romania, Singapore and Malaysia through management buy-out transactions during the period. This has no material impact on the financial position and performance of Caverion Group. After the divestments Caverion no longer holds any subsidiaries outside of Europe. Furthermore, Caverion has divested some local activities, which were not in line with the Group strategy.

Cash flow, working capital and financing

The Group's operating cash flow before financial and tax items amounted to EUR 9.8 (-11.1) million in January–March 2015. The Group's operating cash flow after investments amounted to EUR -0.5 (-16.9) million in January–March 2015.

Working capital amounted to EUR -13.1 million at the end of March (12/2014: EUR -19.3 million).

Caverion's cash and cash equivalents amounted to EUR 79.1 million at the end of March (12/2014: EUR 98.8 million). In addition, Caverion has undrawn revolving credit facilities amounting to EUR 60 million and undrawn overdraft facilities amounting to EUR 19 million.

Strong cash position enabled voluntary repayment of borrowings by EUR 20.0 million in January–March 2015. The Group's interest-bearing loans and borrowings amounted to EUR 128.8 million at the end of March (12/2014: EUR 149.0 million), and the average interest rate after hedges was 1.7 percent. Fixed-rate loans after hedges accounted for approximately 8 percent of the Group's borrowings. Approximately 92 percent of the loans have been raised from banks and other financial institutions and approximately 6 percent from insurance companies. A total of EUR 49.0 million of the interest-bearing loans and borrowings will fall due during the next 12 months.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. Net debt amounted to EUR 49.7 million at the end of March (12/2014: EUR 50.2 million).

PERSONNEL

Personnel by country, end of period	3/15	3/14	Change	12/14
Finland	4,636	4,668	-1%	4,697
Sweden	3,927	3,958	-1%	3,868
Norway	2,694	3,206	-16%	2,804
Germany	2,307	2,388	-3%	2,415
Austria	733	708	4%	722
Denmark	1,069	1,018	5%	1,041
Other countries	1,639	1,321	24%	1,527
Group, total	17,005	17,267	-2%	17,074

In January–March the Group employed 17,004 (17,375) people on average. At the end of March, the Group employed 17,005 (17,267) people. The personnel expenses for January–March amounted to a total of EUR 247.5 (265.0) million.

The key focus areas for human resources and people in January–March were to continue building a firm foundation for future growth, efficient way of operating and support to lead change. Furthermore, the goal was to ensure top professionals and excellent leaders for whole Caverion. In the first quarter 2015, Caverion strengthened its international team with key professionals and local trainees. The HR & People organization supported efficient strategy execution through common performance management and action planning based on the employee engagement survey development needs. The strategic focus area Excellent Leadership was continued to lead effectively group-wide development projects such as group leadership development program, several talent management activities, common people processes with integrated solutions as well as well-structured organisational development. The group wide safety project was initiated and approved by senior management.

MOST SIGNIFICANT BUSINESS RISKS AND RISK MANAGEMENT

Caverion's business involves a number of strategic, operational, financial and event risks. Risk management is an integral part of the Group's management, monitoring and reporting systems. The nature and probability of strategic risks is continuously monitored and reported on. A strategic risk assessment is carried out at Group level once a year in connection with the review of the strategy.

Caverion's financial statements bulletin for January–December 2014 published on January 29, 2015 describes the most significant business risks, and no significant changes have taken place compared to the status stated therein.

There is an ongoing investigation of possible violation of competition laws in the technical services industry in Germany. As part of the investigation German authorities have searched information at various technical services providers, including Caverion. Caverion actively co-operates with the local authorities in this matter.

A more detailed account of the risks relating to Caverion and its operating environment and business has been published in the Board of Director's Report published in the Annual Report for 2014. Financial risks have been described in more detail in the Financial Statements note 28 "Financial Risk Management".

RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

The Annual General Meeting of Caverion, held on March 16, 2015, decided on the composition of the Board of Directors and their fees, the election of the auditor and its fee as well as the authorisation of the Board of Directors on the repurchase of own shares and share issues.

The Annual General Meeting elected a Chairman, Vice Chairman and four ordinary members to the Board of Directors. Ari Lehtoranta was elected as the Chairman of the Board of Directors, Michael Rosenlew as the Vice Chairman and Markus Ehrnrooth, Anna Hyvönen, Eva Lindqvist and Ari Puheloinen as members of the Board of Directors. The Board of Directors' term expires at the end of the next Annual General Meeting.

The stock exchange release on the resolutions passed at the Annual General Meeting is available on Caverion's website at www.caverion.com.

The Board of Directors held its organisational meeting on March 16, 2015. At the meeting the Board decided on the composition of the Human Resources Committee and the Audit Committee. A description of the committees' tasks and charters are available on Caverion's website at www.caverion.com.

DIVIDENDS AND DIVIDEND POLICY

The Annual General Meeting, held on March 16, 2015, decided that a dividend of EUR 0.22 was to be paid per share, or a total of EUR 27.5 million. No dividend was paid for the treasury shares. Dividend payment record date was March 18, 2015, and the dividends were paid on April 2, 2015.

Caverion's aim is to distribute at least 50 per cent of the result for the year after taxes, excluding changes in fair value, as dividend and capital redemption to the company's shareholders. Even though there are no plans to amend this dividend policy, there is no guarantee that a dividend or capital redemption will actually be paid in the future, and also there is no guarantee of the amount of the dividend or return of capital to be paid for any given year.

SHARES AND SHAREHOLDERS

Caverion Corporation is a public limited company organised under the laws of the Republic of Finland, incorporated on the effective date of YIT's partial demerger on June 30, 2013. The company has a single series of shares, and each share entitles its holder to one vote at the General Meeting of the company and to an equal dividend. The company's shares have no nominal value.

Share capital and number of shares

At the beginning of January 1, 2015, the number of shares was 125,596,092 and the share capital was EUR 1,000,000. Caverion held 509,257 treasury shares on January 1, 2015.

During January–March, 1,493 Caverion shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme of YIT Corporation. Caverion held 510,750 treasury shares at the end of March 2015. Number of shares outstanding was 125,085,342 on March 31, 2015.

Authorisations of the Board of Directors

Authorising Caverion's Board of Directors to decide on the repurchase of own shares of the company

The Annual General Meeting of Caverion Corporation, held on March 16, 2015, authorised Caverion's Board of Directors to decide on the repurchase of own shares. The authorisation covers the purchasing of a maximum of 12,000,000 company shares using the funds from the company's unrestricted equity. The shares may be repurchased other than pro rata to the shareholders' existing holdings. The shares will be purchased at the regulated market organized by NASDAQ OMX Helsinki Ltd. The authorisation is valid for eighteen months from the date of the resolution of the Annual General Meeting. The Board of Directors has not used the authorization during 2015.

Authorising Caverion's Board of Directors to decide on share issues

The Annual General Meeting authorised Caverion's Board of Directors to decide on share issues. The authorisation may be used in full or in part by issuing a maximum of 25,000,000 Caverion shares in one or more issues. The share issues may be directed, that is, in deviation from the shareholders' pre-emptive rights, and shares may be issued for subscription against payment or without charge. A share issue may also be directed to the company itself, within the limitations laid down in the Limited Liability Companies Act.

The share issue authorisation also includes the authorisation to transfer own shares. This authorisation applies to a maximum of 12,000,000 shares. The Board of Directors was authorised to decide on the purpose and the terms and conditions for such transfer. The authorisation is valid until March 31, 2016. The Board of Directors has not used the authorization during 2015.

Trading in shares

Trading in Caverion shares commenced on July 1, 2013.

The opening price of Caverion's share was EUR 6.67 at the beginning of the year 2015. The closing rate on the last trading day of the review period on March 31 was EUR 9.44. The share price increased by 41.53 percent during January–March. The highest price of the share during the review period January–March was EUR 9.48, the lowest was EUR 6.67 and the average price was EUR 8.33. Share turnover on NASDAQ Helsinki in January–March amounted to 13.4 million shares. The value of share turnover was EUR 111.7 million (source: NASDAQ Helsinki).

In addition to the Helsinki Stock Exchange, Caverion's shares are also traded in other market places, such as BATS Chi-X, Frankfurt Stock Exchange (Open Market), Turquoise and Burgundy. During January–March, 1.2 million Caverion Corporation shares changed hands in alternative market places, corresponding to approximately 6.8 percent of the total share trade. Of the alternative market places, Caverion shares changed hands particularly in BATS Chi-X. Furthermore, during January–March, 2.9 million Caverion Corporation shares changed hands in OTC trading outside NASDAQ Helsinki, corresponding to approximately 16.7 percent of the total share trade (source: Fidessa Fragmentation Index).

Caverion Corporation's market capitalisation at the end of the review period was EUR 1,180.8 million. Market capitalisation has been calculated excluding the 510,750 shares held by the company as per March 31, 2015.

Number of shareholders and flagging notifications

At the end of March 2015, the number of registered shareholders in Caverion was 31,489 (12/2014: 32,837). At the end of March 2015, a total of 34.7 percent of the shares were owned by nominee-registered and non-Finnish investors (12/2014: 33.0 %).

On March 4, 2015 the company published a disclosure of change in ownership in Caverion Corporation in accordance with Chapter 9, section 5 of the Securities Market Act, according to which the holdings of Security Trading Ltd, a company controlled by Antti Herlin, in Caverion Corporation shares had exceeded the threshold of 1/10 (10 percent).

Updated lists of Caverion's largest shareholders, the holdings of public insiders and ownership structure by sector as per March 31, 2015, are available on Caverion's website at www.caverion.com/investors.

INTERIM REPORT JANUARY 1–MARCH 31, 2015: FINANCIAL TABLES

Condensed consolidated income statement

EUR million	1-3/2015	1-3/2014	1-12/2014
Revenue	563.4	591.3	2,406.6
Other operating income and expenses	-549.2	-581.8	-2,339.1
Share of results of associated companies	0.0	0.0	0.0
Depreciation, amortisation and impairment	-6.4	-5.7	-23.3
Operating profit	7.9	3.9	44.2
% of revenue	1.4	0.7	1.8
Financial income and expenses, net	-0.7	-1.5	-7.6
Profit before taxes	7.1	2.5	36.5
% of revenue	1.3	0.4	1.5
Income taxes	-1.7	-0.6	-8.9
Profit for the period	5.4	1.9	27.6
% of revenue	1.0	0.3	1.1
Attributable to:			
Equity holders of the parent company	5.4	1.8	27.6
Non-controlling interest	0.0	0.0	0.0
Earnings per share attributable to the equity holders of the parent company			
Earnings per share, basic, EUR	0.04	0.01	0.22
Earnings per share, diluted, EUR	0.04	0.01	0.22

Consolidated statement of comprehensive income

EUR million	1-3/2015	1-3/2014	1-12/2014
Profit for the period	5.4	1.9	27.6
Other comprehensive income			
Items that will not be reclassified to profit/loss:			
- Change in fair value of defined benefit pension	2.2	-0.4	-6.9
-- Deferred tax	0.2		1.4
Items that may be reclassified subsequently to profit/loss:			
- Cash flow hedges	0.0	-0.1	0.1
-- Deferred tax		0.0	0.0
- Change in fair value of available for sale investments	0.0	0.0	-0.6
-- Deferred tax			0.2
- Translation differences	-1.3	-0.5	-3.5
Other comprehensive income, total	1.0	-1.0	-9.4
Total comprehensive result	6.5	0.9	18.2
Attributable to:			
Equity holders of the parent company	6.5	0.8	18.2
Non-controlling interests	0.0	0.0	0.0

Condensed consolidated statement of financial position

EUR million	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Assets			
Non-current assets			
Property, plant and equipment	26.4	27.4	26.0
Goodwill	335.7	335.7	335.7
Other intangible assets	50.8	48.7	51.0
Shares in associated companies	0.2	0.1	0.1
Other investments	1.3	2.0	1.3
Other receivables	1.4	2.3	2.8
Deferred tax assets	1.8	4.2	0.7
Current assets			
Inventories	22.8	26.1	20.1
Trade and other receivables	616.1	697.1	597.8
Cash and cash equivalents	79.1	115.5	98.8
Total assets	1,135.4	1,259.1	1,134.5
Equity and liabilities			
Equity	216.6	223.4	237.8
Non-current liabilities			
Deferred tax liabilities	61.9	63.7	60.2
Pension obligations	40.1	49.6	39.9
Provisions	7.4	8.8	8.2
Borrowings	79.8	146.0	95.5
Other liabilities	0.1	0.2	0.2
Current liabilities			
Advances received	177.1	154.1	171.5
Trade and other payables	485.4	524.6	448.4
Provisions	17.9	15.2	19.4
Borrowings	49.0	73.6	53.5
Total equity and liabilities	1,135.4	1,259.1	1,134.5

Working capital

EUR million	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Inventories	22.8	26.1	20.1
Trade and POC receivables	561.7	643.0	552.7
Other current receivables	52.2	51.9	43.5
Trade and POC payables	-227.3	-247.5	-218.6
Other current payables *	-245.4	-255.0	-245.5
Advances received	-177.1	-154.1	-171.5
Working capital	-13.1	64.5	-19.3

* including current provisions

Consolidated statement of changes in equity

EUR million	Equity attributable to owners of the parent						Non-controlling interest	Total equity
	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Total		
Equity on January 1, 2015	1.0	241.7	-1.8	-0.6	-3.2	237.2	0.6	237.8
Comprehensive income								
Profit for the period		5.4				5.4	0.0	5.4
Other comprehensive income:								
Change in fair value of defined benefit Pension		2.2				2.2		2.2
-Deferred tax		0.2				0.2		0.2
Cash flow hedges				0.0		0.0		0.0
Change in fair value of available for sale assets				0.0		0.0		0.0
Translation differences			-1.3			-1.3		-1.3
Comprehensive income, total		7.8	-1.3	0.0		6.5	0.0	6.5
Transactions with owners								
Dividend distribution		-27.5				-27.5		-27.5
Share-based payments *		0.1				0.1		0.1
Transactions with owners, total		-27.4				-27.4		-27.4
Disposal of subsidiaries			0.0			0.0	-0.3	-0.2
Equity on March 31, 2015	1.0	222.2	-3.1	-0.6	-3.2	216.3	0.4	216.6

EUR million	Equity attributable to owners of the parent						Non-controlling interest	Total equity
	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Total		
Equity on January 1, 2014	1.0	247.0	1.7	-0.2	0.0	249.5	0.6	250.1
Comprehensive income								
Profit for the period		1.8				1.8	0.0	1.9
Other comprehensive income:								
Change in fair value of defined benefit Pension		-0.4				-0.4		-0.4
Cash flow hedges				-0.1		-0.1		-0.1
- Deferred tax				0.0		0.0		0.0
Change in fair value of available for sale assets				0.0		0.0		0.0
- Deferred tax								
Translation differences			-0.5			-0.5		-0.5
Comprehensive income, total		1.4	-0.5	0.0		0.8	0.0	0.9
Transactions with owners								
Dividend distribution		-27.6				-27.6		-27.6
Share-based payments *		0.1			0.0	0.0		0.0
Transactions with owners, total		-27.6			0.0	-27.6		-27.6
Equity on March 31, 2014	1.0	220.8	1.2	-0.2	0.0	222.8	0.6	223.4

	Equity attributable to owners of the parent								
EUR million	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Total	Non-controlling interest	Total equity	
Equity on January 1, 2014	1.0	247.0	1.7	-0.2	0.0	249.5	0.6	250.1	
Comprehensive income									
Profit for the period		27.6				27.6	0.0	27.6	
Other comprehensive income:									
Change in fair value of defined benefit Pension		-6.9				-6.9		-6.9	
- Deferred tax		1.4				1.4		1.4	
Cash flow hedges				0.1		0.1		0.1	
- Deferred tax				0.0		0.0		0.0	
Change in fair value of available for sale assets				-0.6		-0.6		-0.6	
- Deferred tax				0.2		0.2		0.2	
Translation differences			-3.5			-3.5		-3.5	
Comprehensive income, total		22.1	-3.5	-0.4		18.2	0.0	18.2	
Transactions with owners									
Dividend distribution		-27.6				-27.6		-27.6	
Purchase of own shares					-3.2	-3.2		-3.2	
Share-based payments *		0.3			0.0	0.3		0.3	
Transactions with owners, total		-27.3			-3.2	-30.5		-30.5	
Equity on December 31, 2014	1.0	241.7	-1.8	-0.6	-3.2	237.2	0.6	237.8	

* part of the cost from YIT Group's share-based incentive plan transferred to Caverion Group in the partial demerger

Condensed consolidated statement of cash flows

EUR million	1-3/2015	1-3/2014	1-12/2014
Cash flows from operating activities			
Net profit for the period	5.4	1.9	27.6
Adjustments to net profit	6.1	4.6	27.8
Change in working capital	-1.7	-17.6	58.1
Operating cash flow before financial and tax items	9.8	-11.1	113.5
Financial items, net	-1.2	-1.1	-5.7
Taxes paid	-2.4	-1.8	-11.6
Net cash from operating activities	6.2	-14.0	96.2
Cash flows used in investing activities			
Acquisition and disposal of subsidiaries, net of cash	-1.2		-0.4
Capital expenditure and other investments, net	-5.4	-2.9	-22.4
Net cash used in investing activities	-6.7	-2.9	-22.7
Cash flows used in financing activities			
Change in current liabilities, net	-0.9	-0.4	-3.1
Repayments of borrowings	-20.0		-68.5
Purchase of own shares			-3.2
Dividends paid	0.0		-27.7
Net cash used in financing activities	-21.0	-0.4	-102.5
Change in cash and cash equivalents	-21.4	-17.3	-29.0
Cash and cash equivalents at the beginning of the period	98.8	133.3	133.3
Change in the fair value of the cash equivalents	1.7	-0.6	-5.5
Cash and cash equivalents at the end of the period	79.1	115.5	98.8

Notes to the Interim Report

1 Accounting principles

Caverion Corporation's Interim Report for January 1 – March 31, 2015 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. Caverion has applied the same accounting principles in the preparation of the Interim Report as in its Financial Statements for 2014.

The information presented in this Interim Report has not been audited.

In the Interim Report the figures are presented in million euros subject to rounding, which may cause some rounding inaccuracies in column and total sums.

2 Key figures

	3/2015	3/2014	12/2014
Revenue, EUR million	563.4	591.3	2,406.6
EBITDA, EUR million	14.2	9.6	67.5
EBITDA margin, %	2.5	1.6	2.8
Operating profit, EUR million	7.9	3.9	44.2
Operating profit margin, %	1.4	0.7	1.8
Profit before taxes, EUR million	7.1	2.5	36.5
% of revenue	1.3	0.4	1.5
Profit for the period, EUR million	5.4	1.9	27.6
% of revenue	1.0	0.3	1.1
Earnings per share, basic, EUR	0.04	0.01	0.22
Earnings per share, diluted, EUR	0.04	0.01	0.22
Equity per share, EUR	1.7	1.8	1.9
Financial income and expenses, net, EUR million	-0.7	-1.5	-7.6
Equity ratio, %	22.6	20.2	24.7
Interest-bearing net debt, EUR million	49.7	104.1	50.2
Gearing ratio, %	23.0	46.6	21.1
Total assets, EUR million	1,135.4	1,259.1	1,134.5
Operating cash flow before financial and tax items, EUR million	9.8	-11.1	113.5
Working capital, EUR million	-13.1	64.5	-19.3
Gross capital expenditures, EUR million	7.3	3.1	23.4
% of revenue	1.3	0.5	1.0
Order backlog, EUR million	1,392.4	1,335.3	1,323.6
Personnel, average for the period	17,004	17,375	17,300
Number of outstanding shares at the end of the period (thousands)	125,085	125,590	125,087
Average number of shares (thousands)	125,087	125,592	125,381

3 Financial development by quarter

EUR million	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Revenue	563.4	660.2	566.7	588.4	591.3
EBITDA	14.2	34.3	21.5	2.1	9.6
EBITDA margin, %	2.5	5.2	3.8	0.4	1.6
Operating profit	7.9	28.1	15.7	-3.6	3.9
Operating profit margin, %	1.4	4.3	2.8	-0.6	0.7

	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Earnings per share, basic, EUR	0.04	0.16	0.08	-0.03	0.01
Earnings per share, diluted, EUR	0.04	0.16	0.08	-0.03	0.01
Equity per share, EUR	1.7	1.9	1.8	1.7	1.8
Financial income and expenses, net, EUR million	-0.7	-1.8	-2.5	-1.9	-1.5
Equity ratio, %	22.6	24.7	23.1	21.8	20.2
Interest-bearing net debt, EUR million	49.7	50.2	131.6	142.5	104.1
Gearing ratio, %	23.0	21.1	57.8	64.8	46.6
Total assets, EUR million	1,135.4	1,134.5	1,165.0	1,180.2	1,259.1
Operating cash flow before financial and tax items, EUR million	9.8	100.0	20.5	4.1	-11.1
Working capital, EUR million	-13.1	-19.3	49.4	48.6	64.5
Gross capital expenditures, EUR million	7.3	10.8	4.3	5.2	3.1
% of revenue	1.3	1.6	0.8	0.9	0.5
Order backlog, EUR million	1,392.4	1,323.6	1,379.5	1,350.3	1,335.3
Personnel at the end of the period	17,005	17,074	17,263	17,417	17,267
Number of outstanding shares at the end of the period (thousands)	125,085	125,087	125,089	125,590	125,590
Average number of shares (thousands)	125,087	125,089	125,260	125,590	125,592

4 Formulas for calculation of financial indicators

EBITDA =	Operating profit (EBIT) + depreciation, amortisation and impairment
Working capital =	Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions
Equity ratio (%) =	$\frac{\text{Equity} + \text{non-controlling interest} \times 100}{\text{Total assets} - \text{advances received}}$
Gearing ratio (%) =	$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents} \times 100}{\text{Shareholder's equity} + \text{non-controlling interest}}$
Interest-bearing net debt =	Interest-bearing liabilities - cash and cash equivalents
Earnings / share, basic =	$\frac{\text{Net profit for the period (attributable for equity holders)}}{\text{Weighted average number of shares outstanding during the period}}$
Earnings / share, diluted =	$\frac{\text{Net profit for the period (attributable for equity holders)}}{\text{Weighted average dilution adjusted number of shares outstanding during the period}}$
Equity / share =	$\frac{\text{Shareholders' equity}}{\text{Number of outstanding shares at the end of period}}$

5 Business combinations and disposals

Caverion Corporation signed on February 26, 2015 an agreement with Eneas Holding AS on the purchase of the Norwegian company Esco Norway AS. Esco Norway is an energy services provider with expertise in EPC contracts (Energy Performance Contracting), BMS (Building Management System), EMS (Energy Management Systems), energy advisory services, and engineering. In 2014, the company's revenue was EUR 4.8 million. The company employs 17 people.

Caverion sold its subsidiaries in Romania, Singapore and Malaysia through management buy-outs during Q1 2015. Romania was sold in January and Singapore and Malaysia in March 2015. The divestment of Singapore and Malaysia has retroactive effect as of January 1, 2015. These disposals have no material impact on the financial position and performance of Caverion Group.

6 Financial risk management

Caverion's main financial risks are liquidity risk, credit risk and market risks including foreign exchange and interest rate risk. The objectives and principles of financial risk management are defined in the Treasury Policy approved by the Board of Directors. Financial risk management is carried out by the Group Treasury in co-operation with the subsidiaries.

The objective of capital management in Caverion Group is to maintain the optimal capital structure, maximise the return on the respective capital employed, and to minimise the cost of capital within the limits and principles stated in the Treasury Policy. The capital structure is modified primarily by directing investments and working capital employed.

The table below presents the maturity structure of interest-bearing liabilities. The amounts are undiscounted. Cash flows of foreign denominated liabilities are translated into euro at the reporting date.

EUR million	2015	2016	2017	2018	2019->	Total
Interest-bearing liabilities	49.0	75.8	2.0	2.0		128.8

7 Financial assets and liabilities

Those financial assets and liabilities for which their carrying amounts do not correspond to their fair values are presented in the table below.

	Mar 31, 2015	Mar 31, 2015	Dec 31, 2014	Dec 31, 2014
EUR million	Carrying amount	Fair value	Carrying amount	Fair value
Non-current liabilities				
Loans from financial institutions	71.8	72.6	88.1	89.6
Pension loans	6.0	6.0	6.0	6.0
Other financial loans	0.5	0.5	0.5	0.5
Finance lease liabilities	1.4	1.5	0.9	1.0

Fair values for non-current loans are based on discounted cash flows. The discount rate used is the rate at which the Group could draw a similar external loan at the balance sheet date and it consists of risk-free market rate and a company-specific risk premium in accordance with the maturity of the loan.

The carrying amounts of all other financial assets and liabilities are reasonably close to their fair values.

Fair value hierarchy

The Group categorises the financial assets and liabilities measured at fair value into different levels of the fair value hierarchy as follows:

Level 1: The fair values are based on quoted prices in active markets for identical assets or liabilities.

Level 2: The fair values are based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: The fair values are based on inputs for the asset or liability that are not based on observable market data.

The table below presents the financial assets and liabilities measured at fair value categorised into different levels of the fair value hierarchy.

Assets Mar 31, 2015				
EUR million	Level 1	Level 2	Level 3	Total
Available-for-sale investments	0.6		0.7	1.3
Derivatives (hedge accounting not applied)		0.4		0.4
Derivatives (hedge accounting applied)				
Total assets	0.6	0.4	0.7	1.7
Liabilities Mar 31, 2015				
EUR million	Level 1	Level 2	Level 3	Total
Derivatives (hedge accounting not applied)		0.3		0.3
Derivatives (hedge accounting applied)				
Total liabilities		0.3		0.3

Assets Dec 31, 2014				
EUR million	Level 1	Level 2	Level 3	Total
Available-for-sale investments	0.6		0.7	1.3
Derivatives (hedge accounting not applied)		0.4		0.4
Derivatives (hedge accounting applied)				
Total assets	0.6	0.4	0.7	1.7
Liabilities Dec 31, 2014				
EUR million	Level 1	Level 2	Level 3	Total
Derivatives (hedge accounting not applied)		0.6		0.6
Derivatives (hedge accounting applied)		0.0		0.0
Total liabilities		0.6		0.6

There were no transfers between the levels of the fair value hierarchy during the period ended March 31, 2015.

The fair values for the derivative instruments categorised in Level 2 have been defined as follows: The fair values of foreign exchange forward agreements have been defined by using the market prices on the closing day. The fair values of interest rate swaps are based on discounted cash flows.

The available-for-sale investments categorised in Level 3 are non-listed equity instruments and they are measured at acquisition cost less any impairment or prices obtained from a broker as their fair value cannot be measured reliably.

Changes in the items categorised into Level 3 are presented below:

EUR million	Assets Mar 31, 2015	Liabilities Mar 31, 2015	Assets Dec 31, 2014	Liabilities Dec 31, 2014
Opening balance	0.7		1.4	
Transfers into / from Level 3				
Purchases and sales				
Gains and losses recognised in profit or loss				
Gains and losses recognised in other comprehensive income			-0.7	
Closing balance	0.7		0.7	

Derivative instruments

Nominal amounts			
EUR million	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
--Interest rate derivatives		70.0	20.0
--Foreign exchange forwards	52.2	47.8	33.3

Fair values			
EUR million	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
--Interest rate derivatives			
positive fair value			
negative fair value		-0.1	0.0
--Foreign exchange forwards			
positive fair value	0.4	0.2	0.4
negative fair value	-0.3	-0.5	-0.6

Hedge accounting in accordance with IAS 39 is applied to all interest rate derivatives. Hedge accounting is not applied to other derivative instruments.

8 Commitments and contingent liabilities

EUR million	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Guarantees given on behalf of associated companies	0.2	0.2	0.2
Parent company's guarantees on behalf of its subsidiaries	512.3	464.6	502.8
Other commitments			
- Operating leases	183.0	208.9	189.2
- Other contingent liabilities	0.2	0.2	0.2

Entities participating in the demerger are jointly and severally responsible for the liabilities of the demerging entity which have been generated before the registration of the demerger. Hereby, a secondary liability up to the allocated net asset value has been generated to Caverion Corporation, incorporated due to the partial demerger of YIT Corporation, for those liabilities that have been generated before the registration of the demerger and remain with YIT Corporation after the demerger. Except for the bond holders of YIT Corporation's certain floating rate bonds, the creditors of YIT Corporation's major financial liabilities have waived their right to claim for a settlement from Caverion Corporation on the basis of the secondary liability. The nominal amount for these YIT Corporation's floating rate bonds was EUR 7.3 million on March 31, 2015, and they mature as follows: EUR 1.9 million in 2015 and EUR 5.4 million in 2016. In addition, Caverion Corporation has a secondary liability relating to the Group guarantees that remain with YIT Corporation after the demerger. These Group guarantees amounted to EUR 350.3 million at the end of March 2015.