

A photograph of three workers in safety gear (hard hats, high-visibility jackets, and harnesses) standing on an industrial platform. The worker in the center is wearing a blue hard hat with a white 'C' logo. The worker on the right is wearing a white hard hat with a blue light. The background shows an industrial facility with a large white structure. The image is overlaid with a large, semi-transparent white graphic of a stylized 'C' shape.

Annual Report 2017

Caverion

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Caverion in brief



Caverion designs, builds, operates and maintains user-friendly and energy-efficient technical solutions for buildings, industries and infrastructures in Northern, Central and Eastern Europe. Our services and solutions are used in commercial, industrial, public and residential buildings and processes ensuring business continuity, safe, healthy and comfortable conditions, optimised performance and cost control.

Caverion's revenue for 2017 amounted to approximately EUR

2.3 billion. The company is among Europe's leading providers of technical solutions for buildings and industries.

Caverion operates in 12 countries and employs about 16,000 people. Our head office is located in Helsinki, Finland. The Caverion share (CAV1V) is listed on the Nasdaq Helsinki.

Key figures

EUR million	2017	2016
Order backlog	1,491.0	1,408.1
Revenue	2,282.8	2,364.1
EBITDA	11.0	-11.4
EBITDA margin, %	0.5	-0.5
Earnings per share, basic, EUR	-0.19	-0.25

Strong local presence in 12 countries



Quick facts about Caverion in 2017:

- about 30,000 spaces under Caverion's service
- accident frequency rate (LTIFR) 5.7
- about 28,500 shareholders
- of our revenue 92% comes from business, which is ISO 140001 certified

Turnaround and new strategy paving the way for the future

Caverion's year 2017 was marked by a focus on continuing the turnaround programme and stabilising the operations. The year was challenging for us, but I am confident that with all the corrective actions we are heading to the right direction. Our new strategy, "Fit for Growth" is built around digitalisation of the industry. This will be done through the performance management related must-win actions around project and service operations, fixed costs and procurement. After the successful implementation of the "Fit" phase, we will move to the "Growth" phase.



From the CEO

Caverion's year 2017 was marked by a focus on continuing the turnaround programme and stabilising the operations. Our result for the year was not satisfactory, but the turnaround and the new strategy paved the way for the future.

The overall market situation in 2017 was relatively positive and stable. Demand for Technical Maintenance and Managed Services remained strong, and there was an increase in opportunities for Caverion in terms of outsourced operations and maintenance. The Services business continued to improve its performance and represented 52 % of our revenue. One of the highlights for our customers in the Services business was the introduction of the IoT-based IoTFlex, which uses smart sensors to detect faults in advance and thus improves production efficiency especially for our industrial clients.

For Project business we made many corrective actions, but the challenges remained. Especially projects that have been won before the second half of 2016 have been causing us headache in terms of execution. We were forced to book write-downs and negative forecast changes in a number of older projects. During the year it became evident that while our newer projects are already showing better performance, it takes some time before the impacts of our corrective actions become more visible in our results. We continued our selective approach towards the Projects business, which is visible in the declined revenue of the project business. Selectivity does not only impact tendering – we have also closed down and merged a number of poor performing project units.

We made some smaller acquisitions in 2017. In Finland, we became the largest remote property management provider after an asset deal with Enegia. We also completed two small acquisitions in Austria and sold our product business under

the Krantz brand in Germany since the product business is not our core business.

In November, we launched our new strategy, "Fit for Growth", which is built around digitalisation of the industry. We also updated our financial targets. The strategy will be implemented through four must-win areas: Excellent customer experience, Top performance at every level, Best solutions, and Winning team. During the "Fit" phase over 2018–2019, we will concentrate on improving our financial performance. This will be done through the performance management related must-win actions around project and service operations, fixed costs and procurement. After the successful implementation of the "Fit" phase, we will move to the "Growth" phase.

In 2017, we implemented a customer survey in our countries for the second time, and the overall satisfaction of our customers had clearly improved from the previous year. This is a good base for further improvements in future. Clearly, our challenges have been more internal than external.

By the end of December, 93% of our employees had completed the Code of Conduct training. This was a higher figure than a year before and lays solid foundation for our way of working.

Caverion is now a safer place for our employees to work than a year ago. We are one of the best in our industry, of which I am really proud. Safety, together with all actions in leadership and competence development, will improve our employee engagement. We are in people business and it all starts from the competences, attitude and engagement of our own employees.

Sustainability is one of the must-haves in our new strategy. We intend to develop it into a competitive edge of Caverion. We have the best capabilities of the industry to reduce our

clients' energy consumption. We need to also make sure that our own carbon foot print will constantly go down.

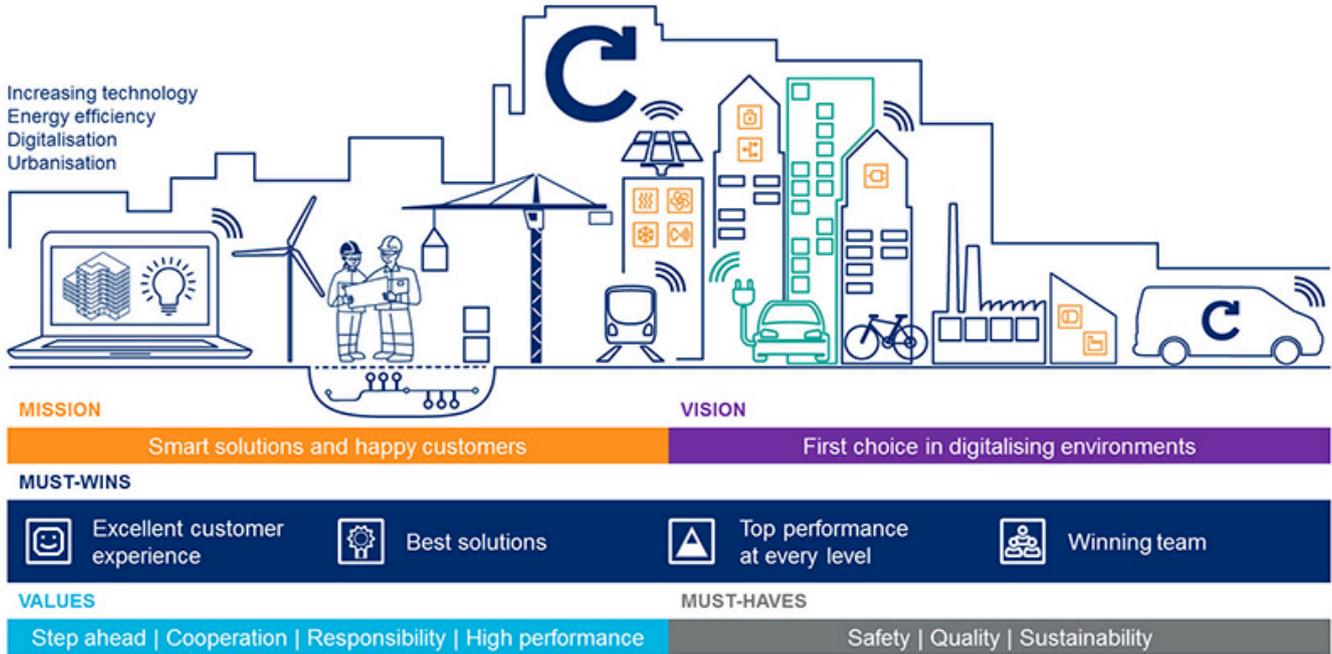
I want to sincerely thank you all – shareholders, employees, customers, and other stakeholders – for your support last year. The year was challenging for us, but I am confident that with all the corrective actions we are heading to the right direction. Our renewed leadership team brings wide knowledge from other industries and will help Caverion to take next important steps in improving our performance and taking Caverion towards our vision, “First choice in digitalising environments”.

Ari Lehtoranta, President & CEO, Caverion Corporation

Strategy

In 2017, Caverion focused on its turnaround programme planned to improve the group’s profitability and on the creation of a new strategy. We continued the restructuring actions launched in 2016 and saw the first signs of an improvement in performance. Simultaneously, the ending of our previous strategic period gave us a good opportunity to analyse and learn from the choices made in recent years. To support the successful turnaround of the group, some changes to the management board and its responsibilities also took place.

The creation and launch of our new strategy was one of our highlights in 2017. During the design and preparation phases, our professionals, who numbered around 100 people in total, worked in seven internal streams covering all the main areas of the business. The outcome of this work, our new strategy for 2018-2020, was launched in November 2017.



Digitalisation is revolutionising our industry

Our new strategy, “Fit for growth”, is built around the digitalisation of the industry. Digital revolution favours companies like Caverion, which is already now a forerunner in digitalisation. Caverion’s vision is to be “First choice in

digitalising environments” for our customers, employees and partners in the industry.

Besides digitalisation, we have defined three other megatrends which all support the market demand and underpin our strategy: increasing technology, energy efficiency, and urbanisation.

Getting fit to grow

Caverion’s strategy has two successive stages. In the “Fit” phase in 2018-2019, we will implement clear and concrete actions and milestones planned to materially improve our financial performance. After getting fit, Caverion will move to the “Growth” phase during 2019-2020. The main target of this phase is to further accelerate growth in Services.

Must-wins to make our strategy succeed

Caverion has selected four must-win areas, which are crucial to implementing our strategy successfully.

Our four must-wins are:

- Excellent customer experience
- Best Solutions
- Top performance at every level
- Winning team

Financial targets by the end of 2020

- Cash conversion = Operating cash flow before financial and tax items / EBITDA > 100%
- Profitability: EBITDA over 6% of revenue (no change)
- Debt leverage: Net debt/EBITDA < 2.5x
- Growth: Revenue growth target will be given by the end of 2019. Services growth > market growth. Long-term target beyond 2020: Services to generate over two-thirds of Group revenue

Dividend policy: distribute at least 50% of the result for the year after taxes, however, taking profitability and leverage level into account.

Key milestones towards 2020



Guidance for 2018

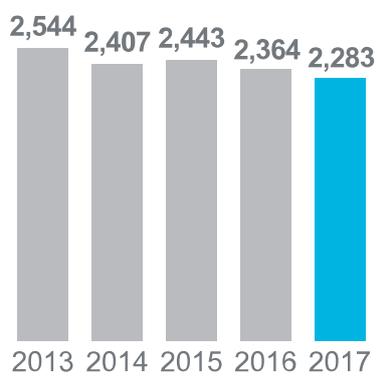
Caverion estimates that the Group's revenue for 2018 will decrease compared to the previous year (2017: EUR 2,282.8 million). Caverion estimates that the Group's adjusted EBITDA will more than double in 2018 (2017: EUR 22.3 million).

Progress in reaching financial targets

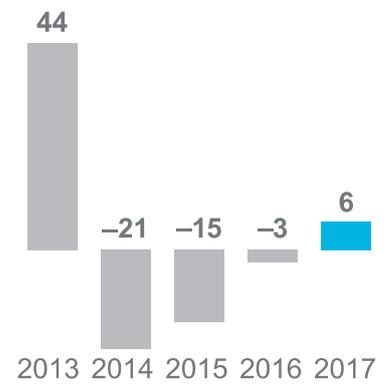
EBITDA (EUR million)



Revenue (EUR million)



Working capital (EUR million)



Operating environment

Caverion is among Europe's leading providers of technical solutions for buildings and industries. Our market position remained strong in 2017.

Competitive landscape and market position

The European market for technical solutions for buildings and industries is very fragmented. Most players in the field are smaller companies with a limited range of services. The fragmented market provides opportunities for growth.

Technical maintenance is typically a very local or regional business and it is the most competitive of our businesses, mainly due to very low barriers of entry. To react to competition, Caverion launched to the market a new service concept ServiFlex+ for preventive maintenance. It brings together both remote monitoring and different service levels as a competitive package.

Competition in the large project and technical installation market typically takes place on the national or international level. In Managed Services, the competitor spectrum covers everything from large international companies to small local ones and there are clearly fewer competitors than in the traditional maintenance market.

In 2017, we ranked among the five largest players in all of our largest operating countries: Finland, Sweden, Norway, Denmark, Germany and Austria. Additionally, Caverion is the leading industrial solutions company in Finland. The largest industrial client segments are the forest industry and the energy sector. Germany was clearly our largest addressable market in 2017. Therefore, based on the size of the market alone, there is large growth potential in Germany.

Caverion's market position*



Market outlook for Caverion’s business in 2018

Projects

- The Projects market is expected to remain on a good level. Good demand is expected to continue from both private and public sectors. However, price competition is expected to remain tight.
- 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 large and technically demanding projects.
- Requirements for increased energy efficiency, better indoor conditions and tightening environmental legislation will be significant factors supporting the positive market development.

Services

- The underlying demand for Services is expected to remain strong.
- As technology in buildings increases, the need for new services and the demand for Life Cycle Solutions are expected to increase.
- Clients’ tendency towards focusing on their core operations continues to open opportunities for Caverion in terms of outsourced operations and maintenance especially for public authorities, industries and utilities.

Short-term demand prospects in Caverion's divisions

Division / Country	Projects	Services
Finland		
Sweden		
Norway		
Germany		
Austria		
Denmark		
Industrial Solutions		
Eastern Europe		

Sources: Euroconstruct, Management estimates

Competitors by businesses

Technical Installation	Large Projects	Technical Maintenance	Managed Services
<ul style="list-style-type: none"> ◦ Apleona ◦ Are ◦ Assemblin ◦ Bilfinger Industrial Services ◦ Bravida ◦ Goodtech ◦ Gunnar Karlsen ◦ Ortner ◦ ROM Technik ◦ SPIE ◦ Strabag PFS ◦ Vinci 	<ul style="list-style-type: none"> ◦ Apleona ◦ Are ◦ Assemblin ◦ Bilfinger Industrial Services ◦ Bravida ◦ Cofely ◦ Ortner ◦ ROM Technik 	<ul style="list-style-type: none"> ◦ Apleona ◦ Are ◦ Assemblin ◦ Bilfinger Industrial Services ◦ Bravida ◦ Goodtech ◦ Gunnar Karlsen ◦ Maintpartner ◦ Ortner ◦ ROM Technik ◦ SPIE ◦ Strabag PFS ◦ Vinci 	<ul style="list-style-type: none"> ◦ Apleona ◦ Assemblin ◦ Coor ◦ Maintpartner ◦ Quant ◦ SPIE ◦ Vinci ◦ Wisag PFS

Clients

Caverion has five main client segments:

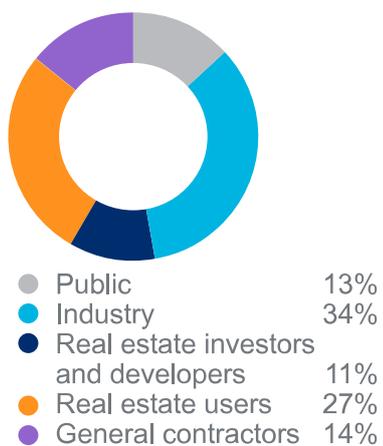
- Public
- Industry
- Real Estate Investors and Developers
- Real Estate Users
- General Contractors

Our objective is to foster long-term client relationships with our competence and local presence. Long-term relationships with clients and a wide client base support the stability of cash flow.

Caverion is not dependent on individual clients: in 2017, the three largest clients represented approximately 7% of our revenue and the ten largest less than 14%.

In addition, different client groups in the private and public sectors and geographically extensive presence reduce our dependency on economic cycles.

Revenue breakdown by client segment in 2017

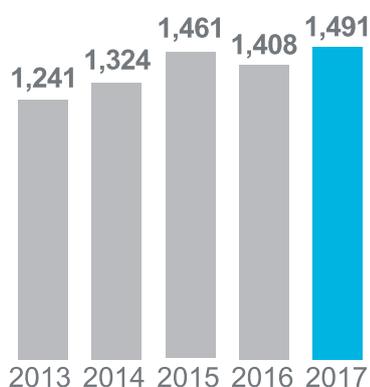


Financial development in 2017

Key figures

EUR million	2017	2016	Change
Order backlog	1,491.0	1,408.1	5.9%
Revenue	2,282.8	2,364.1	-3.4%
EBITDA excluding restructuring costs	18.3	15.6	17.5%
EBITDA margin excluding restructuring costs, %	0.8	0.7	
EBITDA	11.0	-11.4	
EBITDA margin, %	0.5	-0.5	
Operating profit	-19.3	-40.8	52.7%
Operating profit margin, %	-0.8	-1.7	
Result for the period	-20.9	-31.7	34.2%
Earnings per share, undiluted, EUR	-0.19	-0.25	25.3%
Free cash flow	-8.5	-72.1	88.2%
Working capital	6.1	-2.6	
Interest-bearing net debt	64.0	145.5	-56.0%
Gearing, %	24.4	78.7	
Personnel, end of period	16,216	16,913	-4.1%

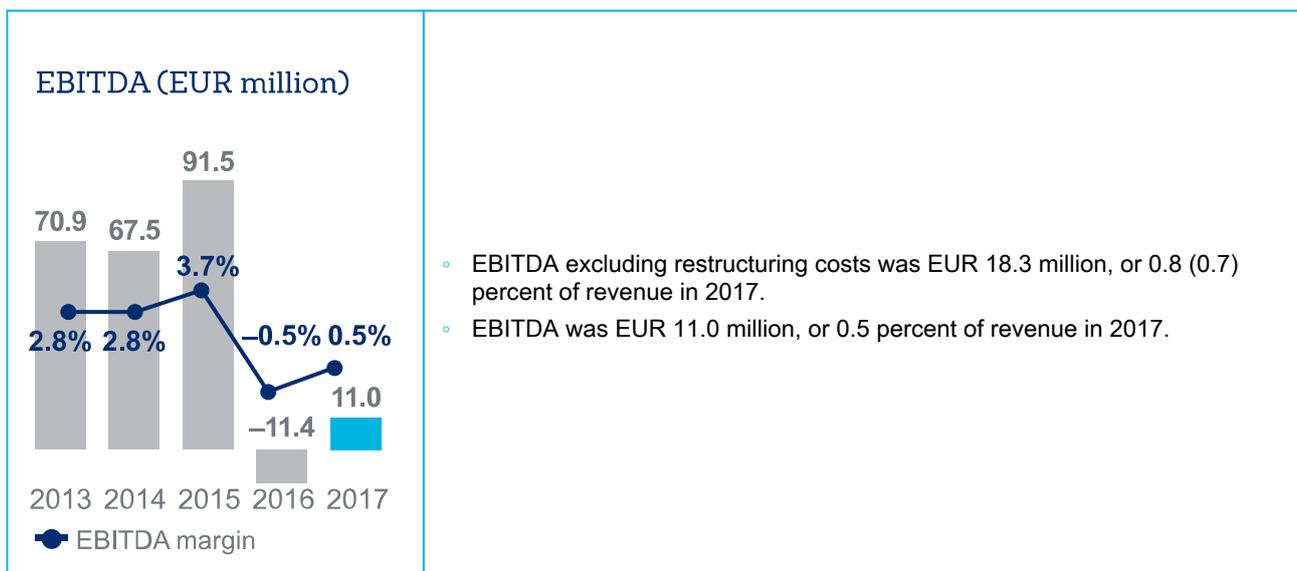
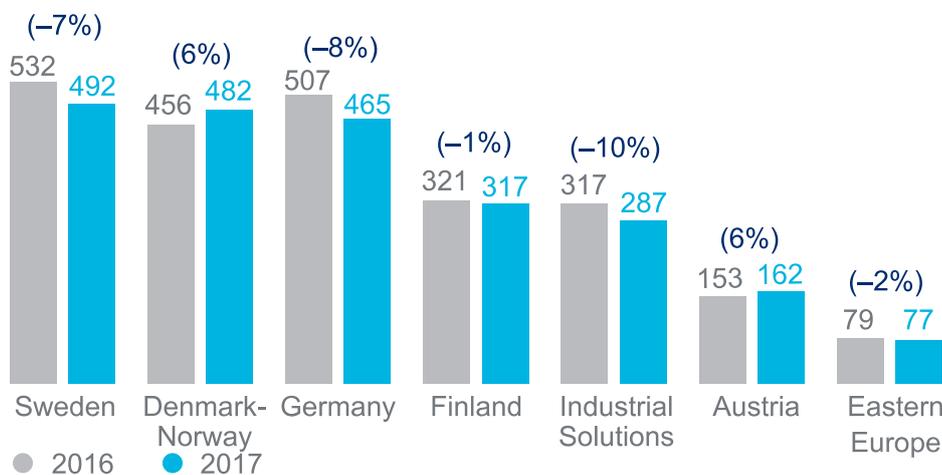
Order backlog
(EUR million)



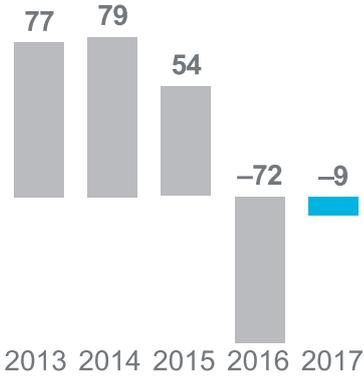
- Order backlog amounted to EUR 1,491.0 million at the end of December, up by 5.9 percent from the end of the previous year.
- Caverion continued to focus on the tendering process with a target to uplift the project margin in new project business orders.



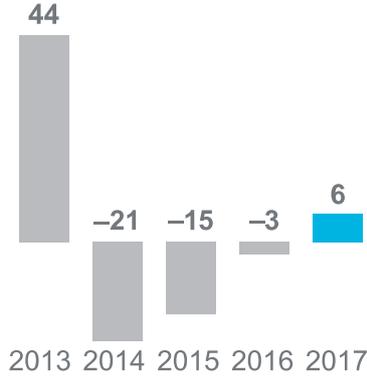
Revenue breakdown by division (EUR million)



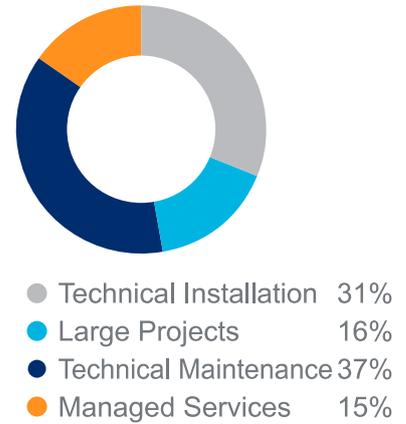
Free cash flow (EUR million)



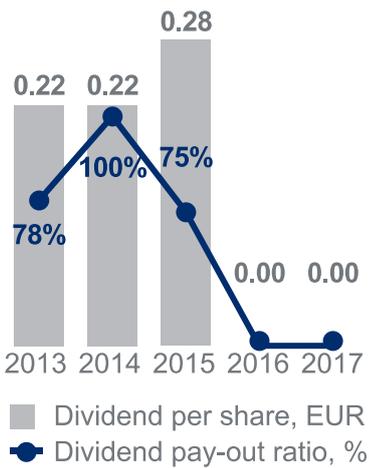
Working capital (EUR million)



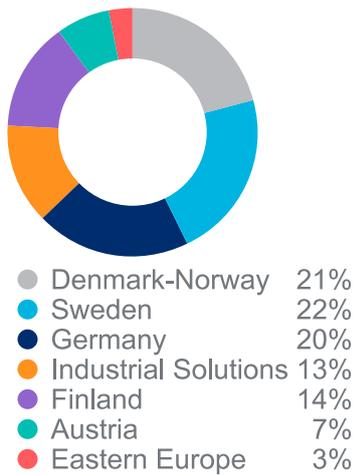
Revenue by business area, % of revenue 2017



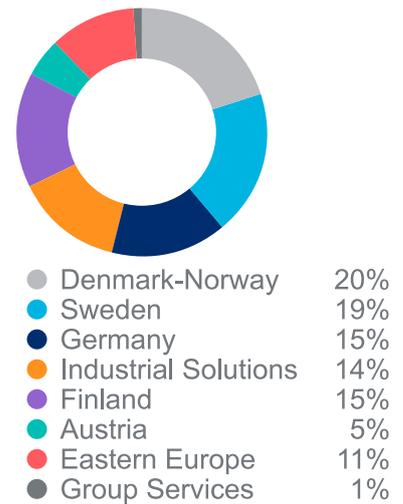
Dividend payout



Revenue by division, % of revenue 2017



Personnel by division at the end of 2017



Events in 2017

Q4

Caverion sold its Krantz business in Germany



Caverion completed the sale of its product business under the Krantz brand in Germany to STEAG Energy Services GmbH. The sale became effective on 31 December 2017.

New plan period for share-based long-term incentive plan



Caverion's Board of Directors approved the commencement of a new plan period for 2018–2020 in the share-based long-term incentive plan for the Group's senior management.

Client satisfaction survey conducted



A group-wide client satisfaction survey collected valuable information for developing our operations and understanding customer retention.

Code of Conduct e-learning reached 93% completion



A new Code of Conduct e-learning was launched in November, and we had an ambitious target of getting everyone at Caverion completing the training by the end of 2017. By the target date, 93% of us completed the Code of Conduct e-learning.

Caverion updated its guidance for 2017



Caverion estimated that the Group's revenue will remain at the previous year's level in 2017 (2016: EUR 2,364 million). Caverion estimated that the Group's EBITDA excluding restructuring costs will grow clearly or significantly compared to last year in 2017 (2016: EUR 15.6 million).

Capital Markets Day was held in Helsinki, Finland



Capital Markets Day was organised in Helsinki on 7 November 2017 and participated by over 50 investors, analysts and media representatives. At the event, more detailed information was provided on Caverion's new strategy, its Must-Wins and how to reach the financial targets of the Group.

Caverion became Finland's largest in remote property management



Caverion and Enegia made a partnership agreement on providing energy efficiency services and entered into an asset deal covering remote property management. In the transaction, Enegia's remote management business and the associated personnel were transferred to Caverion Finland on 1 November 2017.

New Strategy "Fit for Growth" and new financial targets until 2020



Caverion launched its new strategy and set new financial targets. The new strategy until 2020 is built around the digitalisation of the industry.

Q3

Caverion launched IoT Flex, a maintenance service



New digital maintenance service IoT Flex uses smart sensors to measure the actual condition of machines and employs real-time analytics to predict the occurrence of possible faults. The service is offered to industrial clients, at first in Finland.

Caverion appointed a Managing Director for Caverion Denmark



Michael Højgaard was appointed as the Managing Director of Caverion Denmark as of 1 September 2017.

Two acquisitions in Austria



Caverion acquired parts of the business of Ausserwöger Elektrotechnik, Austrian electrical installation company. Caverion also acquired Weiss Anlagen Technik, Austrian cleanroom technology company.

Caverion Guidelines easily available for employees



Company's Group level policies and guidelines were gathered, validated and updated, and complemented with a few new necessary guidelines and made them easily available for employees. Together, they describe Caverion's main standards of ethical conduct, corporate governance and ways of working.

ServiFlex+ concept for managing technical installations in buildings



Caverion digitalised ServiFlex for better buildings, improved energy performance and optimised costs with the renewed concept. Sales of the new concept started in Sweden, Norway, and Finland.

Q2

Changes in Caverion's Group Management Board



Sakari Toikkanen was appointed as Head of Division Industrial Solutions of Caverion Corporation as of 21 June 2017. Toikkanen assumes the position until a new permanent head of division is hired. In addition to this interim role, Toikkanen continued as the Head of Strategy, IT and Communications of Caverion Corporation and as a member of the Group Management Board.

Golden Helmet 2017 awards



Golden Helmet awards are given in Caverion each year for exceptional work for the company. Winners in four categories were selected based on the 227 nominations received from colleagues throughout Caverion.

Annual General Meeting



The Annual General Meeting of Caverion Corporation was held on 17 March 2017 in Helsinki, Finland. 393 shareholders were present at the meeting, either in person or represented by proxy. Michael Rosenlew was elected as the Chairman of the Board of Directors, Markus Ehrnrooth as the Vice Chairman and Jussi Aho, Joachim Hallengren, Thomas Hinnerskov, Antti Herlin, Anna Hyvönen and Eva Lindqvist as members of the Board of Directors for a term continuing until the end of the next AGM.

Q1

Caverion renewed major Managed Services contract in Germany



Caverion renewed its Services contract for Munich Uptown building, a skyscraper and an office complex in Munich, Germany.

Caverion Corporation issued a hybrid bond



Caverion Corporation issued a EUR 100 million hybrid bond.

Changes in Caverion's Group Management Board



Minna Schrey-Hyppänen was appointed as Head of Human Resources and a member of the Group Management Board of Caverion Corporation as of 26 June 2017.

Changes in Caverion's Group Management Board



Erkki Huusko was appointed as head of Division Industrial Solutions and a member of the Group Management Board of Caverion Corporation as of 19 January 2017.

Guidance for 2017



Caverion estimated that the Group's revenue will remain at the previous year's level in 2017 (2016: EUR 2,364 million). Caverion estimated that the Group's EBITDA excluding restructuring costs will more than double in 2017 (2016: EUR 15.6 million).

Ari Lehtoranta took up the position of President and CEO



Ari Lehtoranta started as the President and CEO of Caverion Corporation 1 January 2017.

Changes in Caverion's Group Management Board and organisation structure



Thomas Hietto was appointed as the head of business unit Services as of 1 July 2017. Jarno Hacklin was appointed as the head of business unit Projects as of 9 January. Ville Tamminen was appointed as the head of Division Finland as of 9 January. Anne Viitala was appointed as the head of new Group function Legal & Governance as of 9 January. The appointed also started as members of the Group Management Board of Caverion Corporation.

Business



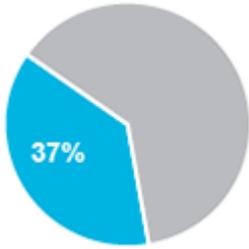
We provide smart technical solutions and services for buildings, industrial processes and infrastructure. Our unique service offering covers the entire life cycle: design, build and maintenance.

We have two business units: Services and Projects.

Services

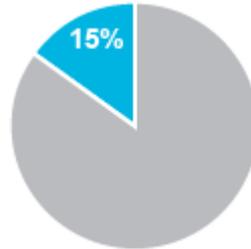
In 2017, the Service business accounted for 52 per cent of Group revenue, consisting of the Technical Maintenance revenue of EUR 850.5 million and Managed Services revenue of EUR 344.6 million.

Technical Maintenance



- Preventive maintenance, condition-based maintenance and small maintenance projects
- Digital services: IoTFlex service concept for industrial customers, ServiFlex+ service concept for building customers and remote centre services.

Managed Services



- Customer tailored and comprehensive service. For example, all services related to facility management, energy management and energy efficiency projects and maintenance during the life cycle or overall responsibility for maintenance for industrial customers
- Around one hundred Managed Services customers operating in the public sector and in the process and energy industries

Caverion is one of the major players in its market, serving both real estate and industrial customers. Our goal is to be a leading service company and customer’s trusted partner and advisor, and have profitable growth faster than market.

Our competitive advantage is based on our capabilities in technology, digitalisation and excellent customer service. We have advanced digital services for industrial and building customers. Also, we have a nationwide local presence to ensure short response times, and remote management capabilities to ensure fast and efficient service 24/7.

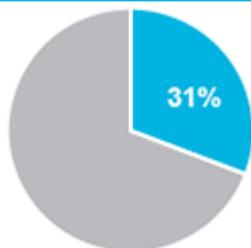
At the end of 2017, Caverion had three digital services ready to roll-out and scale. These include the IoTFlex service concept for industrial customers, the ServiFlex+ service

concept for building customers and remote centre services. In addition, Caverion is developing Caverion smart solutions, digitalised service delivery process, analytics, and new business models.

Projects

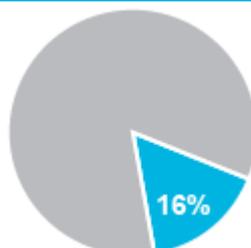
In 2017, the Project business accounted for 48 per cent of Group revenue, consisting of the Technical Installation revenue of EUR 716.2 million and Large Projects revenue of EUR 371.4 million.

Technical Installation



- Small and mid-size projects
- Single and multiple technologies
- Implemented for building systems clients and industrial clients
- Customers and industrial customers, including both building renovations and future properties

Large Projects



- Contract value of over EUR 5 million
- Design & build or tender-based projects
- Total Technical Solutions, life cycle projects, project deliveries to industry
- About 50 large projects ongoing

Caverion aims to be a selective master of projects. The projects that we embark on are selected according to increasingly strict criteria, and so the Services' share of our revenue will increase accordingly.

Our competitive advantage in the Projects business is based on integrated life cycle deliveries of all building systems, productivity and quality through prefabrication, our own smart solutions and being a forerunner in digitalising project planning and execution (BIM). Also, expertise in clean room, tunnel, telematics and traffic control are among our key capabilities.

In 2017, we supported our selectivity approach by building a new tender approval tool to ensure all relevant risks and opportunities are considered at the tendering phase. We also published new Project Categorisation principles that form the basis for our new decision making and approval limits.

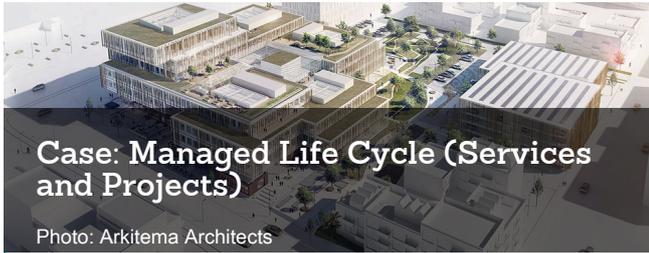
Projects' performance management programmes were started in Sweden and Germany during the last quarter of 2017. The purpose is to build a Group-wide Project Management system for all divisions with selected KPI's to be implemented throughout the organisation.

In 2017, our customers could benefit from our life cycle competencies with partnership models in Finland, Sweden and Denmark. With our long experience and expertise in building technologies and multidiscipline integration we are providing customers with successful project execution and we will ensure the optimal conditions of buildings for end users.

[See Services and Projects highlights in 2017](#)

Case gallery

Examples of new orders in 2017



Ops Gellerup Nord, new office building, Aarhus, Denmark

Technical disciplines: Total Technical Solutions, including Heating and Sanitation, Ventilation and Air Conditioning, Electricity, Security and Safety, and Automation

Contract value: EUR 31 million

Life span: Project delivery 2017–2018, operation and maintenance phase until the year 2033

Caverion and general contractor A. Enggaard agreed of a Managed Life Cycle project for a new office building, Ops Gellerup Nord, in Aarhus, Denmark. This is one of the largest public-private partnership (PPP) agreements for Caverion. Caverion's part in the PPP includes a Large Project with Total Technical Solutions covering all building systems in the property, followed by a 15-year Managed Services contract.



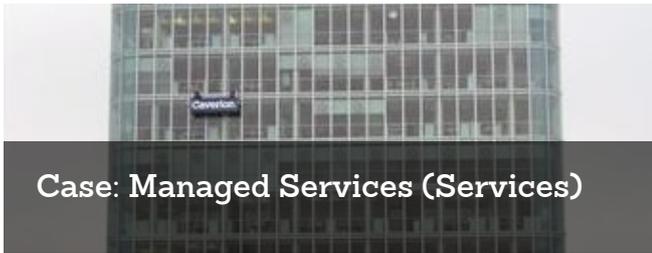
Kirsti school and daycare centre, Viherlaakso school and high school, Espoo, Finland, in cooperation with YIT

Technical disciplines: Total Technical Solutions, including Heating and Sanitation, Ventilation and Air Conditioning, Electricity, Information and Communication Technology, Security and Safety, and Automation

Contract value: approximately EUR 40 million

Time span: Project deliveries 2017–2020, operation and maintenance for the following 20 years

Caverion signed an agreement with the City of Espoo to carry out the renovation of Kirsti school and day-care centre and the renovation and expansion of Viherlaakso school and high school using the life cycle model. The project will be carried out in cooperation with YIT. Caverion will be responsible for Total Technical Solutions, including all building systems, Technical Maintenance of properties, and Managed Services for an agreement period of 20 years.



Case: Managed Services (Services)

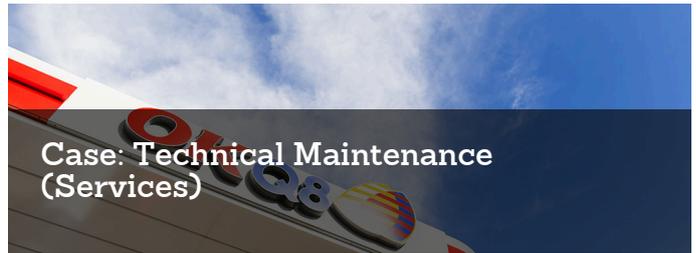
Munich Uptown building, skyscraper and office complex, Munich, Germany

Technical disciplines: Heating and Sanitation, Ventilation & Air Conditioning, Electricity, Cooling and Security & Safety

Contract value: not disclosed

Time span: 5 years

Caverion renewed its Managed Services contract for Munich Uptown building, a skyscraper and an office complex in Munich, Germany. The skyscraper is the tallest in Munich. A five-year contract was signed with the building owners (Europyramid S.á.r.l., Euro Sphinx S.á.r.l., AFIAA Campus GmbH, LaSalle Investment Management, Campus E S.á.r.l.) with an optional extension to eight years.



Case: Technical Maintenance (Services)

OKQ8 Scandinavia, 450 locations, Sweden

Technical disciplines: Heating and Sanitation, Ventilation and Air Conditioning, Electricity, Information and Communication Technology, Security and Safety, and Automation.

Contract value: not disclosed

Time span: not disclosed

OKQ8 Scandinavia prolonged Technical Maintenance agreement with Caverion. Caverion is responsible of all technical systems in 202 manned and 160 unmanned gas stations and 90 other properties in Sweden. The new agreement puts higher emphasis on energy optimisation and further development.



Case: Large Projects (Projects)

Photo: Photo: Hille Melbye Arkitekter

Galleriet shopping mall, Bergen, Norway

Technical disciplines: Total Technical Solutions, including Heating & Sanitation, Ventilation and Air Conditioning, Cooling, Electricity, Information and Communications Services, Security & Safety, and Automation

Contract value: approximately EUR 11 million

Time span: 2017–2019

Caverion signed an agreement with the general contractor LAB to deliver Total Technical Solutions for the expansion of a shopping mall in Bergen, western Norway. The expansion of the shopping mall includes a new building of 50,000 square metres, a parking lot and a cinema. Caverion is responsible of Advisory Services, Design & Engineering, Project Management and Project Execution of the building systems.



Case: Large Projects (Projects)

Perjentunnel, Tyrol, Austria

Technical disciplines: Ventilation, Electricity, Information and Communication Technology, and Security & Safety

Contract value: EUR 13 million

Time span: 2016–2019

Caverion signed a contract with ASFINAG (Autobahnen- und Schnellstraßen-Finanzierungs-Aktiengesellschaft) for the project execution of renovation of the safety equipment of Perjentunnel in Tyrol, Austria. The contract covers the following technical systems: the renewal of the medium voltage system, tunnel ventilation, tunnel radio, electrical and control systems.



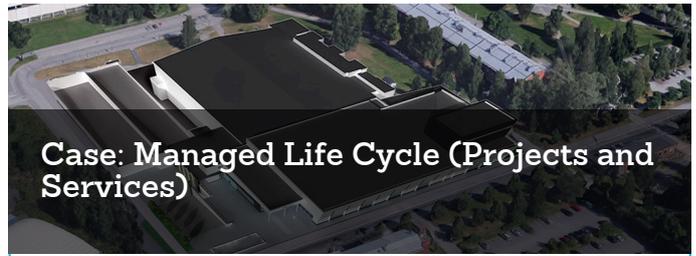
Central hospital of Kainuu, new hospital, Kajaani, Finland

Technical disciplines: Total Technical Solutions, including Ventilation and Air Conditioning, Cooling, Electricity, Information and Communications Technology, Security, Automation, and Heating and Sanitation

Value: EUR 45 million

Time span: 2017–2021

Caverion implements building systems for the new hospital in Kainuu in Finland. The customer is the Kainuu social and health care local government regional authority and the contract is one of the largest project agreements that Caverion has ever undertaken. The construction phase is part of the joint and several liability alliance project, of which the partners are Kainuu social and health care services and Caverion, Skanska, and Sweco. In addition to building systems, Caverion will also deliver chute systems for waste and laundry, and internal information systems in line with the Smart Hospital concept.



Kuntolaakso, swimming centre, ice stadium, and car park, Kuopio, Finland, in cooperation with YIT

Technical disciplines: Total Technical Solutions, including Heating and Sanitation, Ventilation and Air Conditioning, Electricity, Information and Communication Technology, Security and Safety, and Automation

Contract value: approximately EUR 59 million

Time span: Project deliveries 2018–2020, operation and maintenance for the following 20 years

Caverion entered into an agreement with the City of Kuopio to carry out a development project for a swimming centre, an ice stadium, and adjacent parking services using the life cycle model. The project will be carried out in collaboration with YIT. In the construction phase, Caverion will be responsible for the design and total delivery of building systems. During the twenty-year service period, Caverion will be responsible for the technical maintenance of the properties, the services for users, and the energy consumption of the properties.

Management and Governance



- [Corporate Governance Statement 2017](#)
- [Remuneration Statement 2017](#)

We constantly update information regarding corporate governance on our website.

This information includes the resumes of the members of our Group Management Board and the Board of Directors, the Charters of the Board of Directors and their committees.

Board of Directors 31.12.2017



Michael Rosenlew

Chairman

Born 1959. M.Sc. (Econ.)

Finnish citizen.

Professional board member.

Chairman of the Human Resources Committee and member of the Audit Committee.

Independent of Caverion Corporation and its major shareholders.



Markus Ehrnrooth

Vice Chairman

Born 1985. MSc (Tech), BSc

Political Science (Econ)

Finnish and Swedish citizen.

Knomi Oy, Co-Founder.

Chairman of the Audit Committee

Independent of Caverion Corporation.



Jussi Aho

Member

Born 1968. M.Sc. (Civil

Engineering)

Finnish citizen.

CEO of Fira Group.

Member of the Human Resources Committee.

Independent of Caverion Corporation and its major shareholders.



Joachim Hallengren

Member

Born 1964. M.Sc. (Civil

Engineering)

Swedish citizen.

CEO of Bonava AB.

Member of the Human Resources Committee.

Independent of Caverion Corporation and its major shareholders.



Antti Herlin

Member

Born 1956. D.Sc. (Econ.) h.c.,

D.Arts h.c., D.Sc. (Tech) h.c.

Finnish citizen.

Chairman of the Board of KONE Corporation.

Independent of Caverion Corporation.

Non-independent of the major shareholders.



Thomas Hinnerskov

Member

Born 1971. M.Sc. (Finance and

Accounting)

Danish citizen.

Executive Vice President of KONE Central and North Europe.

Member of the Audit Committee.

Independent of Caverion Corporation and its major shareholders.



Anna Hyvönen

Member

Born 1968. Lic.Tech.

Finnish citizen.

Managing Director, Vianor Holding Oy. Member of the Nokian Tyres' Management team.

Member of the Human Resources Committee.

Independent of Caverion Corporation and its major shareholders.



Eva Lindqvist

Member

Born 1958. M.Sc. (Eng.), MBA

Swedish citizen.

Professional board member.

Member of the Audit Committee.

Independent of Caverion Corporation and its major shareholders.

Management Board 31.12.2017



On the back, from the left: Klas Tocklin, Niclas Sacklén, Knut Gaaserud, Manfred Simmet, Martti Ala-Härkönen, Werner Kühn. In the middle: Ville Tamminen, Minna Schrey-Hyppänen, Ari Lehtoranta, Thomas Hietto. In front: Anne Viitala, Jarno Hacklin, Sakari Toikkanen.

Ari Lehtoranta, President and CEO.

Born 1963. M.Sc. (Eng.) Finnish citizen. In Caverion's employ since January 2017.

Martti Ala-Härkönen, Chief Financial Officer, Finance & Governance.

Born 1965. Dr. Sc. (Econ.), Lic. Sc. (Tech.). Finnish citizen. In Caverion's employ since September 2016.

Jarno Hacklin, Head of business unit Projects.

Born 1978. B. Eng. Finnish citizen. In Caverion's employ since July 2013.

Thomas Hietto, Head of business unit Services.

Born 1967. M.Sc. (Tech.), M.Sc. (Management). Finnish citizen. In Caverion's employ since July 2017.

Minna Schrey-Hyppänen, Head of HR.

Born 1966, M.Sc. (Econ.), M.Sc. (Eng). Finnish citizen. In Caverion's employ since June 2017.

Anne Viitala, Head of Legal & Governance.

Born 1959, LL.M, eMBA. Finnish citizen. In Caverion's employ since January 2017.

Knut Gaaserud, Executive Vice President, Division Denmark-Norway.

Born 1967. M.Sc. (Tech). Norwegian citizen. In Caverion's employ since June 2004.

Werner Kühn, Executive Vice President, Division Germany.

Born 1959. Postgraduate Degree in Business Informatics. German citizen. In Caverion's employ since October 2014.

Sakari Toikkanen, Head of Division Industrial Solutions (interim), Group IT, Communications and Sales Development .

Born 1967, Lic (Tech.). Finnish citizen. In Caverion's employ since April 1997.

Niclas Sacklén, Senior Vice President, Division Eastern Europe.

Born 1969. MBA, B. Eng. Finnish citizen. In Caverion's employ since May 2015.

Manfred Simmet, Senior Vice President, Division Austria.

Born 1966. B. Eng. Austrian citizen. In Caverion's employ since April 2008.

Ville Tamminen, Head of Division Finland.

Born 1974, LL.M with court training. Finnish citizen. In Caverion's employ since August 2007.

Klas Tocklin Executive Vice President, Division Sweden.

Born 1963. B. Eng. Swedish citizen. In Caverion's employ since April 2006.

Sustainability



By taking into account the entire life cycle of a property or an industrial facility, we contribute to sustainable development. Caverion creates user-friendly, safe and energy-efficient built environments. Energy efficiency is embedded in all of our services and solutions. In addition, we strive to keep the negative environmental impacts of our own operations as minor as possible.

Ensuring the safety of our employees, partners and customers is an inherent and necessary part of everyday business and management across our group. Our goal is to become an accident-free workplace. We focus on preventive safety work,

including anticipation of risks and the active reporting of safety observations.

In accordance with our Code of Conduct, we do not allow discrimination of any kind, such as related to age, gender, nationality, social status, religion, physical or mental disability, political or other opinions or sexual orientation.

Caverion's goal is to secure the talent availability, employee engagement and motivation as well as the professional growth and learning of our personnel.

Key figures in 2017

	2017	2016	2015
Personnel at year-end	16,216	16,913	17,399
Personnel on average	16,607	17,381	17,324
Nationalities	47	50	50
Fixed-term employees, %	11	12	9
Accident frequency rate ¹	5.7	6.3	8.2
Sick leave rate, % ²	4.1	4.1	4.1
CO ₂ emissions (tonnes) / revenue ^{3, 4}	17	17.5	20.1
CO ₂ emissions, tonnes ³	38,689.6	41,431.9	49,020.0
ISO 14001 certified operations, % ⁴	92	93	93
OHSAS 18001 certified operations, % ⁴	91	92	71
ISO 9001 certified operations, % ⁴	99	100	100

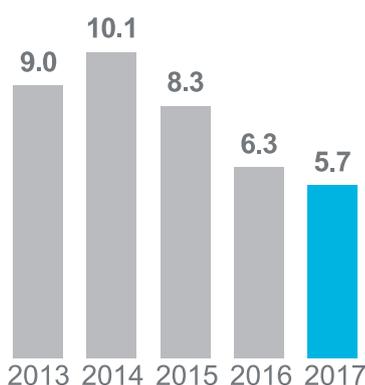
1) LTIFR: The number of lost time injuries occurring in a workplace per one million man-hours worked.

2) Hours of absence/total available hours, %

3) Geothermal emission factors are restated and therefore 2016 and 2015 differ from earlier published figures

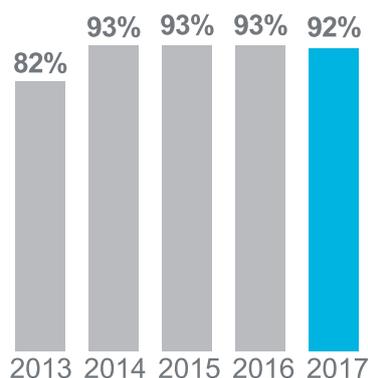
4) Share of total revenue (EUR million)

Accident frequency rate (LTIFR*)

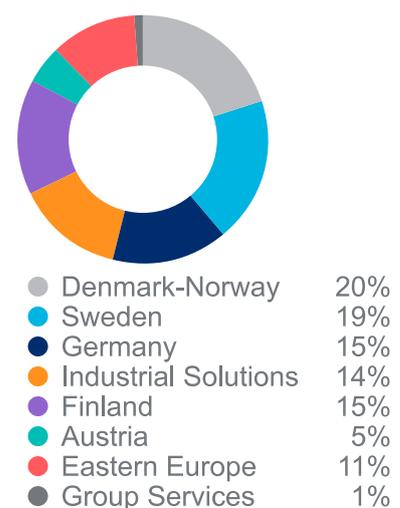


*LTIFR: Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million man-hours worked

ISO 14001 certified operations (share of total revenue)



Personnel by division at the end of 2017



Sustainability highlights 2017

Caverion Code of Conduct Revised Code of Conduct guideline



Next

Caverion Code of Conduct was revised in September 2017. Code of Conduct is our foundation – it sets Caverion's standard of ethical and sustainable business conduct. It guides our everyday work in every operating country.

The Code of Conduct e-learning was launched in November. By the end of year, 93% of us completed the Code of Conduct e-learning.



Energy efficiency projects ESCO

Photo: @ City of Vantaa

The City of Vantaa selected Caverion as its partner in cooperation for developing the energy efficiency of properties. The technical building systems are being modernised as part of the ESCO project. The measures are being financed through the savings gained from the modernization.

Caverion has implemented ESCO projects for Finnish municipalities in Jyväskylä, Kuopio and Turku, among others.



The Competence Center Cooling Caverion Austria won the first prize in the Billa (part of REWE Group) Energy Efficiency Awards 2017.

The energy efficiency award, initiated by the retailing company Billa, reflects the quality of their work. Decisive for the prize are the reliability of the sites, the energy consumption, a low leakage rate and the susceptibility of the cooling systems to failure.



Caverion Germany is this year's winner of the DEKRA Award, a major work safety award of Germany's biggest expert organization in the certification industry. An expert jury honored Caverion's effort to reduce ladder accidents. In the past, several of the company's technicians were badly injured after haven fallen from ladders.

The outcome was extremely positive: not one single ladder accident occurred in the succeeding year.

Read more about our sustainability at www.caverion.com/sustainability

Information for investors and shareholders



Annual General Meeting 2018

Caverion Corporation's Annual General Meeting will be held on Monday, 26 March 2018 at 10 a.m. (EEST) Finnish time in the Congress Wing of the Messukeskus Exhibition and Convention Centre in Helsinki (Messuaukio 1, 00520 Helsinki), Finland.

The reception of persons who have registered to attend the Annual General Meeting and the distribution of voting slips will commence at 9 a.m. Finnish time. Refreshments will be served from 9.00 a.m.

Registration

Registration will end on Wednesday, 21 March 2018 at 10 a.m. Finnish time. You can register either:

- on the company's website: caverion.com/AGM or
- by phone: +358 20 770 6882 (Mon–Fri from 9 a.m. to 4 p.m. Finnish time).

Financial information in 2018

Caverion will publish three more financial reports in 2018:

- Interim report for January–March on 24 April 2018
- Half-year financial report for January–June on 25 July 2018
- Interim report for January–September on 25 October 2018

Caverion follows a so-called silent window period 30 days before the announcement of the said financial reports.

Investor relations

The aim of our investor relations activity is to support the appropriate valuation of the Caverion share by continuously and consistently communicating all essential information on Caverion to all market parties. In addition, we aim to increase interest in the company among equity and debt investors and analysts, improve the loyalty of current shareholders and reach new investors and analysts interested in the company.

In 2017, the management met with approximately 240 institutional investors. Caverion held over 20 road show days and group meetings for institutional investors. We participated

in various seminars for institutional investors, such as the Nordic Focus Sessions Event in Paris and Danske Bank's Finnish Construction seminar in Helsinki. In addition, we met with over 800 retail investors and shareholders at the SijoitusInvest 2017 investor fair and in our Annual General Meeting.

Our most significant IR event of the year was the Capital Markets Day organised in Helsinki on 7 November 2017 and participated by over 50 investors, analysts and media representatives. At the event, more detailed information was provided on Caverion's new strategy, its Must-Wins and how to reach the financial targets of the Group. The participants of the Capital Markets Day also had an opportunity to visit a life cycle project at the Lintuvaara school in Espoo where Caverion has installed building systems in connection with the renovation and expansion of the buildings and is responsible for a 25-year life cycle service contract. In addition, the participants visited Caverion's remote management centre and 24-hour Helpdesk operations in Vantaa. All the presentation materials of the Capital Markets Day are available at caverion.com/investors. The language of the event and the materials was English.

Analysts following Caverion

According to Caverion's information, at least the following brokerage firms actively follow Caverion. They follow Caverion on their own initiative, and we are not responsible for their views.

- Carnegie Investment Bank
- Danske Bank Markets
- Handelsbanken Capital Markets
- Inderes
- Nordea Markets
- OP Corporate Bank
- SEB

Subscribing to releases

Our stock exchange and press releases as well as investor news can be subscribed to on our website caverion.com/investors to be delivered directly to your e-mail.

IR app

Investor information about Caverion is available also through an iPad app, including releases and consensus estimates collected by Vara Research. The app also provides the latest financial information, both in online and offline modes. You can download the app free of charge from the App Store.

Disclosure policy

The updated disclosure policy was ratified by the Board of Directors of Caverion Corporation on 20 September 2017 and

it came into force immediately. The document is available in full at caverion.com/investors/investor-relations/disclosure-policy

Contact information

Milena Hæggström
Head of Investor Relations
Tel. +358 40 5581 328
E-mail: [milena.haeggstrom\(at\)caverion.com](mailto:milena.haeggstrom@caverion.com)

See up-to-date investor information at www.caverion.com/investors

Shares and shareholders

Shareholders

At the end of December 2017, the number of registered shareholders in Caverion was 28,561. At the end of December 2017, a total of 32.2 percent of the shares were owned by nominee-registered and non-Finnish investors.

Caverion Corporation has on 12 December 2017 received an

announcement under Chapter 9, Section 5 of the Finnish Securities Markets Act, according to which the holding of Antti Herlin, a member of the Board of Directors in Caverion Corporation, in Caverion Corporation through Security Trading Oy ("Security Trading", a company owned by Antti Herlin) has exceeded the threshold of 15 percent.

Largest shareholders on 31 December 2017

Shareholder	Shares, pcs	% of all shares
1. Funds held by Antti Herlin, including directly held shares	18,900,180	15.0
2. Structor S.A	17,565,000	14.0
3. Ilmarinen Mutual Pension Insurance Company	5,488,946	4.4
4. Varma Mutual Pension Insurance Company	5,005,706	4.0
5. Mandatum companies	3,845,272	3.1
6. Fondita funds	3,465,000	2.8
7. Nordea funds	2,425,269	1.9
8. The State Pension Fund	1,850,000	1.5
9. Elo Pension Company Aktia funds	1,611,089	1.3
10. Aktia funds	1,518,860	1.2
11. Säästöpankki funds	1,190,237	0.9
12. Brotherus Ilkka	1,048,265	0.8
13. Odin funds	860,359	0.7
14. Evli funds	734,013	0.6
15. Funds held by Ari Lehtoranta, including directly held shares	561,510	0.4
16. Caverion Oyj	512,328	0.4
17. Kaleva Mutual Insurance Company	482,285	0.4
18. Alandia companies	427,932	0.3
19. OP funds	415,207	0.3
20. Foundation of Brita Maria Renlunds minne	412,000	0.3
20 largest total	68,319,458	54.4
Other shareholders	35,853,190	28.5
Nominee registered total	21,423,444	17.1
All shares	125,596,092	100.0

The list of largest shareholders is based on the information given by the Euroclear Finland Ltd on the directly registered shareholders of Caverion. Furthermore, Caverion has on

December 9, 2016 received a flagging announcement, according to which the holding of Solero Luxco S.à r.l. (a company ultimately owned by Triton Fund IV) in Caverion

corresponds to 5.20% per cent of Caverion's shares and voting rights.

Ownership structure by sector on 31 December 2017

Sector	Shareholders	% of owners	Shares	% of all shares
Nominee registered and non-Finnish holders	123	0.4	40,392,660	32.2
Households	26,762	93.7	24,065,802	19.2
General government	25	0.1	14,998,783	11.9
Financial and insurance corporations	56	0.2	13,532,630	10.8
Non-profit institutions	346	1.2	5,810,415	4.6
Non-financial corporations and housing corporations	1,249	4.4	26,795,802	21.3
On common and special accounts	0	0.0	0	0.0
Total	28,561	100.0	125,596,092	100.0

Management's shareholding on 31 December 2017

	Total	Total
Board of Directors	19,079,880	15.10%
Group Management Board	655,846	0.52%
Total	19,735,726	15.71%
President and CEO	561,510	0.45%

Caverion shares owned by the Board and GMB members and the entities in which they exercise control.

Ownership by number of shares held on 31 December 2017

Number of shares	Number of shareholders	Proportion of shareholders, %	Number of shares	Proportion of shares, %
1–100	7,710	27.0	468,943	0.4
101–500	11,506	40.3	3,231,590	2.6
501–1,000	4,208	14.7	3,346,051	2.7
1,001–5,000	4,154	14.5	9,125,835	7.3
5,001–10,000	501	1.7	3,651,198	2.9
10,001–50,000	362	1.3	7,442,532	5.9
50,001–100,000	52	0.2	3,662,605	2.9
100,001–500,000	50	0.2	11,078,295	8.8
500,001–	18	0.1	83,589,043	66.5
Total	28,561	100.00	125,596,092	100.00

The information is based on the list of the company's shareholders maintained by Euroclear Finland Ltd.

Caverion share

Caverion's shares are listed on Nasdaq Helsinki. The shares are included in the book-entry securities system maintained by Euroclear Ltd. The company has a single series of shares, and each share entitles its holder to one vote at the Annual General Meeting. All Caverion shares carry equal rights to dividends. The company's shares have no nominal value.

Caverion Corporation's share capital and the number of shares did not change during the review period. The number of shares subject to public trading was 125,596,092 and the share capital was EUR 1,000,000 on 31 December 2017.

Key information about the share (CAV1V)

- Listing: Nasdaq Helsinki
- List: Nordic Mid Cap
- Listing date: July 1, 2013
- Trading currency: EUR
- Industry: Industrial Goods & Services
- Trading code: CAV1V
- ISIN code: FI4000062781
- Reuters code: CAV1V.HE
- Bloomberg code: CAV1V:FH

Indexes

At the end of 2017, the Caverion share was included in the following indexes, among others:

- OMX Sustainability Finland
- OMX Sustainability Finland Cap
- OMX Helsinki
- OMX Helsinki Cap
- OMX Helsinki Industrials
- OMX Helsinki Industrial Goods & Services
- OMX Helsinki Mid Cap
- OMX Helsinki Support Services
- OMX Nordic Industrial Goods & Services
- OMX Nordic Industrials
- OMX Nordic EUR
- OMX Nordic Mid-Cap EUR
- MSCI Europe Small Cap
- MSCI World Small Cap
- MCSI ACWI Investable Market Index (IMI)
- STOXX® Europe Total Market Small
- VINX Industrials EUR
- VINX Industrial Goods & Services EUR
- VINX EUR
- ThomsonReuters Global index family / Industrials/ Industrial and Commercial Services/ Dev Industrials/ Dev Industrial and Commercial Services
- ThomsonReuters Europe index family/ Industrials/ Industrial and Commercial Services
- ThomsonReuters Finland index family / Industrials/ Industrial and Commercial Services

Treasury shares

Caverion held 512,328 treasury shares throughout the whole financial year 2017. 0 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 512,328 treasury shares at the end of December 2017. The number of shares outstanding was thus 125,083,764 on December 31, 2017.

Own shares held by Caverion Corporation represent 0.41% of the total number of shares and voting rights.

Caverion's Board of Directors approved a rolling long-term share-based incentive plan for the Group's senior management in December 2015. The share based incentive plan consists of a Performance Share Plan (PSP) as the main structure supported by a Restricted Share Plan as a complementary structure for specific situations. If all targets will be met, the share rewards based on Performance Share Plan 2018-2020 will comprise a maximum of approximately 850,000 Caverion shares (gross before the deduction of applicable payroll tax), to be delivered in the spring of 2021. Furthermore, the potential share rewards based on the Restricted Share Plans for 2016-2018; 2017-2019 as well as 2018-2020 total a maximum of approximately 236,000 shares (gross before the deduction of applicable payroll tax). More information on the incentive plans was released in stock exchange releases on December 18, 2015; December 21, 2016 and December 21, 2017.

Furthermore, more information on the earlier long-term share-based incentive plan 2014-2016 was released in a stock exchange release on May 26, 2014. The targets set for this plan were not met. Caverion has not made any decision regarding the issue of option rights or other special rights entitling to shares.

Trading in shares

The opening price of Caverion's share was EUR 7.94 at the beginning of the year 2017. The closing rate on the last trading day of the review period on December 29 was EUR 5.89. The share price decreased by 35 percent during January-December. The highest price of the share during the review period January-December was EUR 8.28, the lowest was EUR 5.76 and the average price was EUR 7.19. Share turnover on Nasdaq Helsinki in January-December amounted to 51.2 million shares. The value of share turnover was EUR 368.2 million (source: Nasdaq Helsinki).

Caverion's shares are also traded in other market places, such as Cboe, Turquoise, Aquis and Frankfurt Stock Exchange (Open Market). During January-December, 9.5 million Caverion Corporation shares changed hands in alternative public market places, corresponding to approximately 11.9 percent of the total share trade. Of the alternative market places, Caverion shares changed hands particularly in Cboe CXE. Furthermore, during January-December, 19.1 million Caverion Corporation shares changed hands in OTC trading outside Nasdaq Helsinki, corresponding to approximately 23.9 percent of the total share trade (source: Fidessa Fragmentation Index).

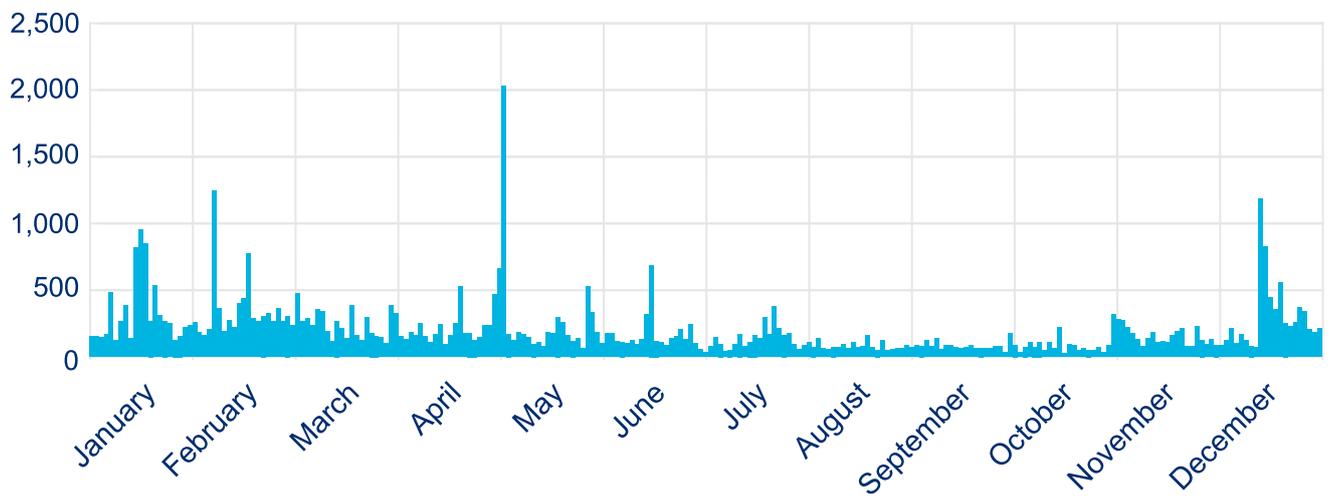
Caverion Corporation's market capitalisation at the end of the review period was EUR 736.7 million. Market capitalisation

has been calculated excluding the 512,328 shares held by the company as per December 31, 2017.

Share price development in Nasdaq Helsinki on 2 Jan – 29 Dec, 2017 (closing price)



Total volume, 1,000 shares



Debt financing

Treasury policy

Treasury Policy is carried out by the Group Treasury in co-operation with divisions under policies approved by the Board of Directors of Caverion Group. Divisions are responsible for providing the Group Treasury with timely and accurate information on financial position, cash-flows and foreign exchange position in order to ensure the Group's efficient cash and liquidity management, funding and risk management.

The Group Treasury is responsible for maintaining sufficient funding, availability of different funding sources and controlled maturity profile of external loans. Caverion targets a net debt to EBITDA ratio of less than 2.5 times. The Group Treasury evaluates and monitors continuously the amount of funding required in the Group's business activities to ensure it has adequate liquid fund to finance its operations and repay its loans at maturity.

Financing position at the end of 2017

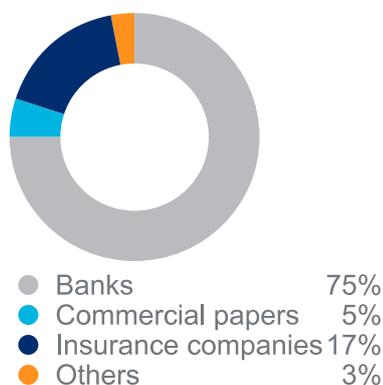
Caverion's cash and cash equivalents amounted to EUR 29.2 million at the end of 2017. In addition, Caverion has undrawn revolving credit facilities amounting to EUR 100.0 million and undrawn overdraft facilities amounting to EUR 19.0 million.

The Group's interest-bearing loans and borrowings amounted to EUR 93.2 (12/2016: 193.3) million at the end of December, and the average interest rate after hedges was 2.53 per cent. Approximately 75 per cent of the loans have been raised from banks and other financial institutions, approximately 5 per cent directly from the money markets and approximately 17 per cent from insurance companies. A total of EUR 35.5 million of the interest-bearing loans and borrowings will fall due during the next 12 months. The Group's net debt amounted to EUR 64.0 million at the end of December.

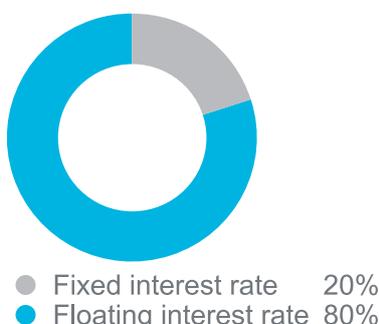
On June 9, 2017 Caverion Corporation issued a EUR 100 million hybrid bond, an instrument subordinated to the company's other debt obligations and treated as equity in the IFRS financial statements. The hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of current shareholders. The coupon of the hybrid bond is 4.625 per cent per annum until June 16, 2020. The hybrid bond does not have a maturity date but the issuer is entitled to redeem the hybrid for the first time on June 16, 2020, and subsequently, on each coupon interest payment date. If the hybrid bond is not redeemed on June 16, 2020, there will be a step-up of 500 basis points in the coupon. The hybrid bond strengthened Caverion Group's capital structure and financial position. At the end of December, the Group's gearing was 24.4 (78.7) percent and equity ratio 27.9 (18.7) percent.

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. The project write-downs made in 2017 burdened the company'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 December, it was agreed with the core banks that the covenant maximum level is not tested at the end of December 2017. Financial covenant shall not exceed 3.5:1 after the end of December 2017. At the end of December, the Group's Net debt to EBITDA was 2.9x according to the confirmed calculation principles.

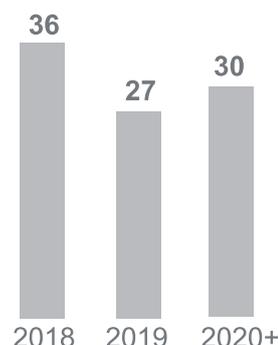
Loan portfolio



Interest rate type (after hedges)

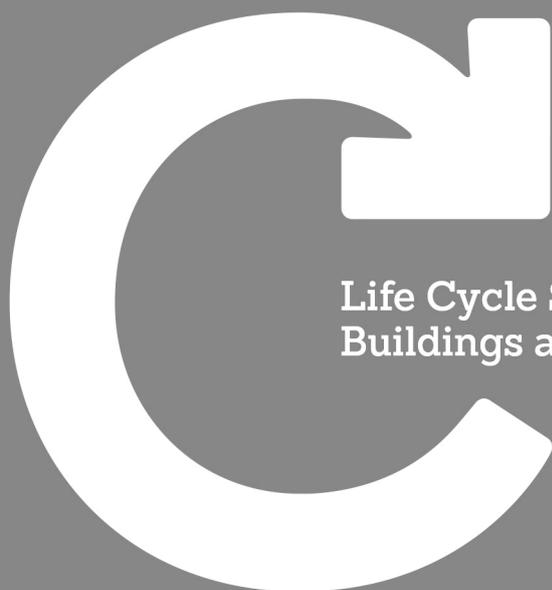


Debt maturity (EUR million)



Gross debt to net debt (EUR million)





**Life Cycle Solutions for
Buildings and Industries**

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