

Half-year Financial Report January–June 2021

Mats Paulsson, Interim President and CEO
Martti Ala-Härkönen, CFO

5 August 2021

Agenda

- 1. Operating environment H1/2021**
- 2. Group development**
- 3. Profitability, cash flow and financing**
- 4. Guidance and dividend**



1. Operating environment H1/2021



Operating environment H1/2021

In Q2, the effects of the pandemic gradually started to ease off and the operating environment generally improved, as evidenced by strong growth in Services (10.1% revenue growth and 8.0% organic growth)

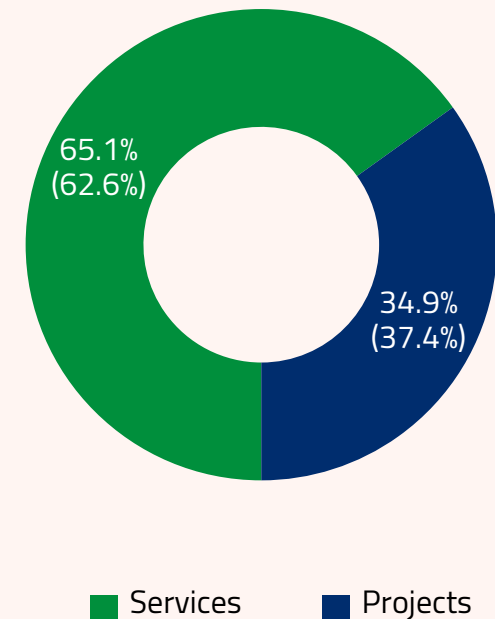
Services (65.1% of Group revenue)

- > Caverion experienced increased investment activity among several customer segments as of the second quarter.
- > As an example, certain annual industrial shutdowns in Finland postponed from last year took place in the second quarter of 2021.

Projects (34.9% of Group revenue)

- > The market demand still continued on a lower level, although there were clear signs of market stabilisation towards the end of the second quarter.
- > During H1/2021, the market was impacted by increases in material prices.
- > Stimulus packages did not yet have a clear impact on general demand in H1/2021.

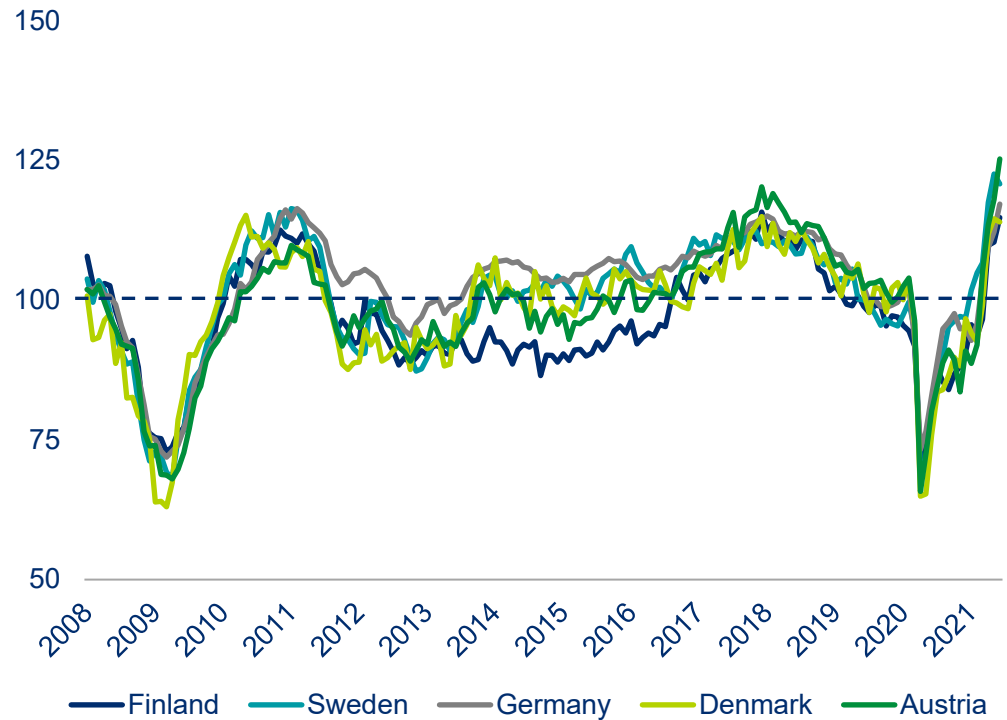
Revenue breakdown
H1/2021 (H1/2020)



Uplift in sentiment indicators in Q2/2021

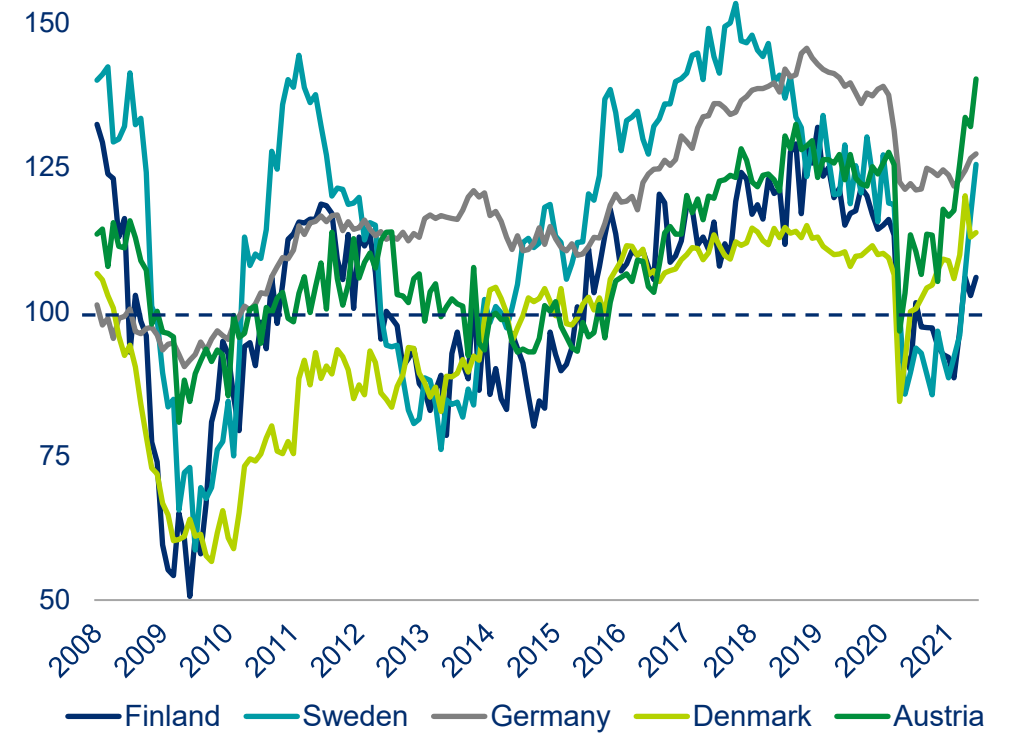
Economic sentiment indicators have rebounded from the deepest Covid-19 effects

ECONOMIC SENTIMENT INDICATOR (2008 – 06/2021)



Sources: European Commission, June 2021

CONSTRUCTION CONFIDENCE INDICATOR (2008 – 06/2021)





2. Group development

Summary of Q2/2021

Significant profitability improvement in Q2

Order backlog

- Up by 2.8% to EUR 1,789.0 (1,739.7) million at the end of June
- Order backlog in Services up by 10.7%

Profitability

- Adjusted EBITA up to EUR 19.7 (4.8) million, or 3.6 (0.9) of revenue, clear efficiency and productivity improvements
- EBITA: EUR 18.0 (8.4) million
- EPS: EUR 0.06 (0.01) per share

Revenue

- EUR 545.1 (518.5) million, up by 5.1%
- Services +10.1% and Projects -2.9%
- Services 64.8% (61.9%) of Group revenue
- Organic growth was 3.3%.

Cash flow and leverage

- Operating cash flow before financial and tax items: EUR -3.4 (48.2) million
- Cash at hand: EUR 113.7 (130.2) million
- Net debt/EBITDA*: 0.4x (0.1x)

Other events

- Minor acquisition of the business of Electro Berchtold GmbH in Austria was closed in the beginning of 2021.
- Two bolt-on acquisitions were completed in Sweden and Austria in July.



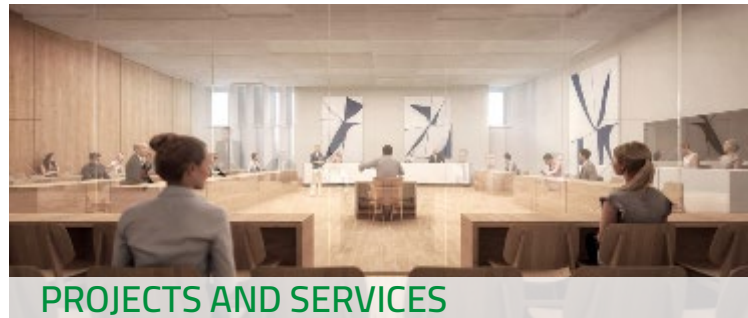
* Based on calculation principles confirmed with the lending parties.

Examples of our new contracts

April-June 2021



- › **Customer:** PostNord
- › **Agreement:** Long-term facility management partnership: technical maintenance and customer center services (Caverion Help Desk)
- › **Location:** More than 100 locations around Denmark, Sweden and Finland



- › **Customer:** Bygningsstyrelsen on behalf of Danish Court Administration
- › **Agreement:** Supporting the design and build phase of a new courthouse with lifecycle advisory, followed by service and maintenance of the building for 20 years
- › **Location:** Østre Landsret, High Court of Eastern Denmark, Copenhagen, Denmark

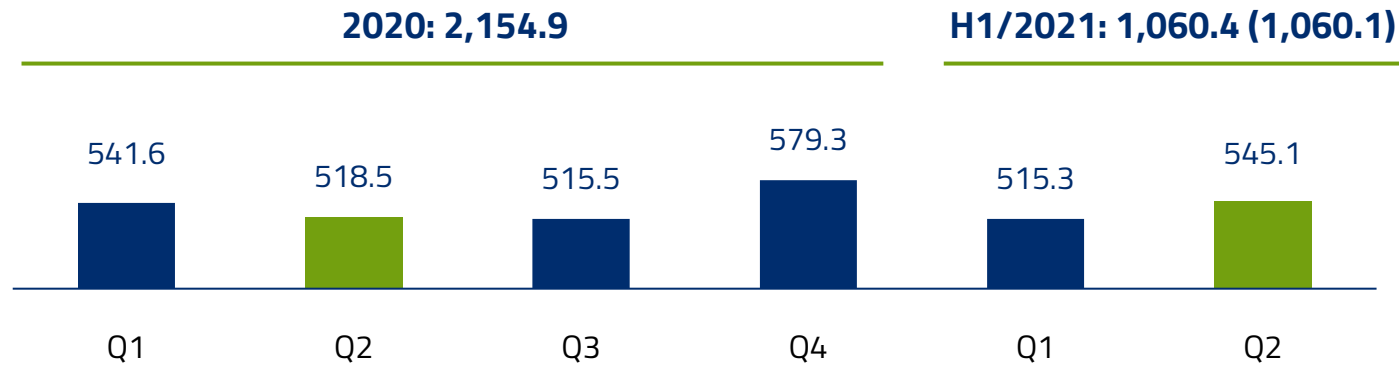


- › **Customer:** Peab
- › **Agreement:** Implementing building solutions for new police facilities, including building management system and fire safety solutions
- › **Location:** Kiruna, Sweden

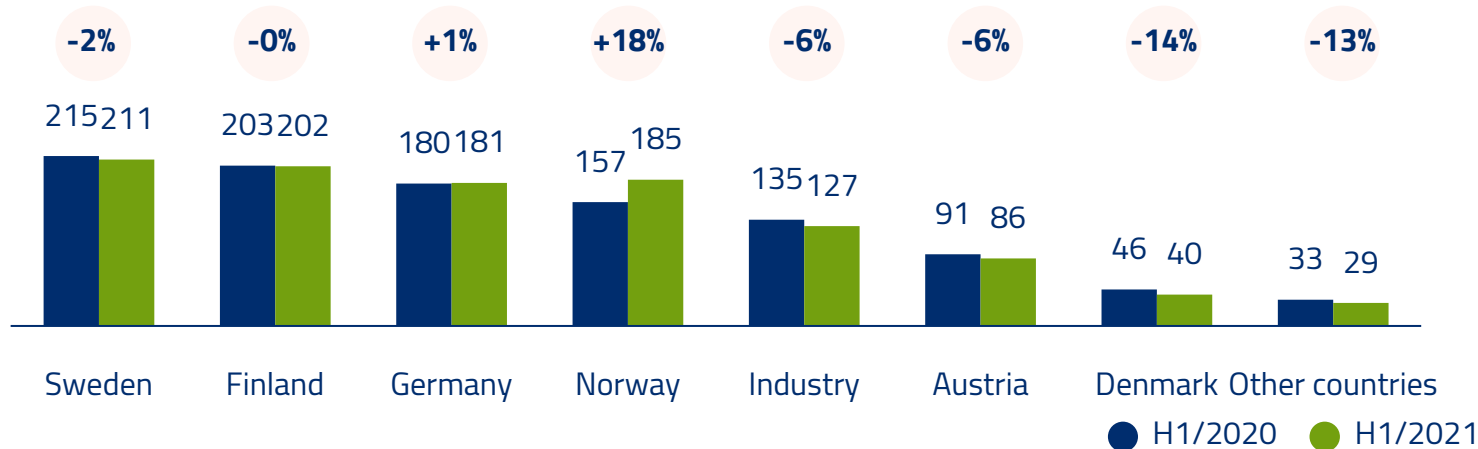
Revenue development

Revenue grew clearly in Q2

Group revenue, EUR million



Revenue breakdown by division, EUR million



- > Revenue Q2/21: EUR 545.1 (518.5) million, up by 5.1% from the previous year, +2.6% in local currencies.
- > Organic growth Q2/21: 3.3%
- > Business unit revenue Q2/21:
 - > Services +10.1% (+7.1% locals; 8.0% organic growth)
 - > Projects -2.9% (-4.6% locals; -4.2% organic growth)
- > Revenue increased in Norway and Germany, while it decreased in other divisions in H1/21.

Focus on profitable growth while increasing interaction with customers

Good progress in strategy

- The critical phase of turnaround is behind us.
- We are on a good track to deliver improving performance going forward.
- During Covid-19 period, we continued to invest in organic growth capabilities, e.g. in our digital platform, remote center capabilities, sustainability offering, sales, brand – as well as M&A.
- Caverion's purpose built around sustainability. We see an increased interest towards those parts of our lifecycle offering that help customers make their operations more sustainable.

Focus remains also on efficiency improvement

- Significant potential still in pricing, productivity and procurement
- Data enabled efficiency
- Further transforming our operating model



Sources of future growth for Caverion

Advisory &
Outcome based
Solutions

Digital
Solutions

Smart
Technologies

Long-term customer partnerships

We continue on the acquisition track

Acquisitions of GTS Immobilien GmbH, Austria and RPH Linc AB, Sweden closed in 7/2021

GTS Immobilien GmbH

Bolt-on acquisition in the area of **building automation**, a smart technology area in which Caverion has a deep competence.



Germany

Austria

RPH Linc AB

A system integrator in the area of **electrical security** focusing on **high-end security solutions** for enterprise and multisite customers and the public sector.



Stockholm,
Sweden





Sustainability trend is growing stronger – Caverion well positioned to capture the opportunities

EU's "Fit for 55" climate package

- › A set of proposals to make EU's climate, energy, transport and taxation policies fit for **reducing net greenhouse gas emissions** by **at least 55% by 2030**, compared to 1990 levels
- › Major opportunities for Caverion:
 - › Increasing energy efficiency of buildings
 - › Electrification of transport infrastructure
 - › Use of renewable energy technologies
 - › Green industrial transition towards clean technologies

Sustainability trend is growing stronger – Caverion well positioned to capture the opportunities

EU's "Renovation Wave" strategy

- EU strategy with an objective to **at least double** the annual **energy renovation rate** of residential and non-residential buildings in the EU **by 2030**
 - Expected to result in **35 million building units** renovated by 2030
- The increased rate and depth of renovation will have to be maintained also post-2030 in order to reach EU-wide climate neutrality by 2050.



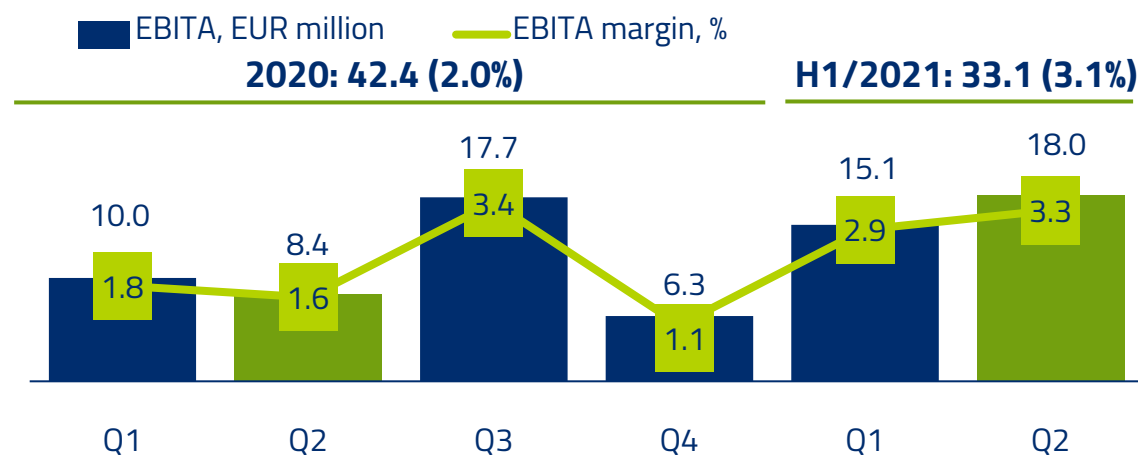
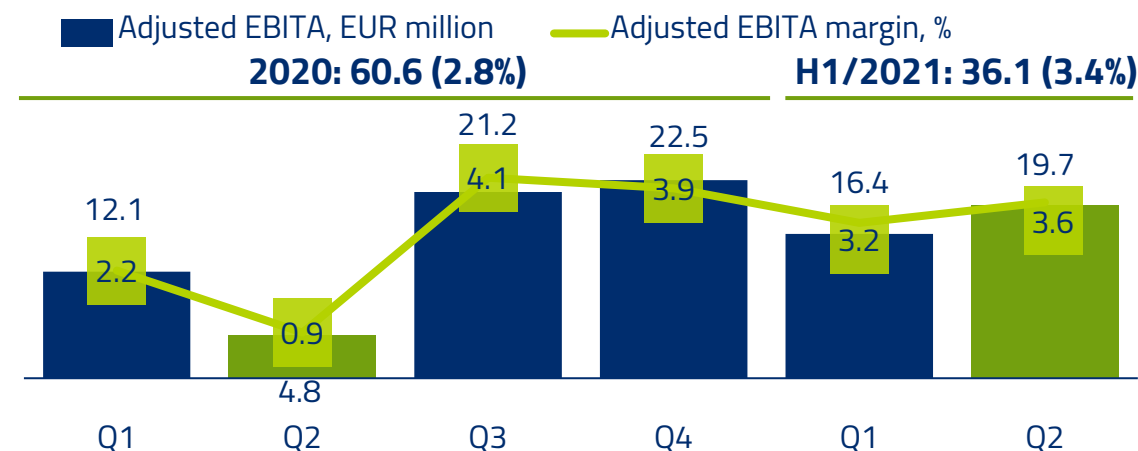


3. Profitability, cash flow and financing

Profitability development

Significant profitability improvement

- Q2/2021 Adjusted EBITA improved to EUR 19.7 (4.8) million, or 3.6% (0.9%) of revenue.
- H1/2021 Adjusted EBITA improved to EUR 36.1 (17.0) million, or 3.4% (1.6%) of revenue.
- The restructurings completed in Q4/2020 had a positive impact on the cost base.
- Both business units improved their profitability.
- Especially divisions Industry, Germany, Norway and Sweden progressed well.
- Q2/2021 EBITA: EUR 18.0 (8.4) million, or 3.3% (1.6%) of revenue.



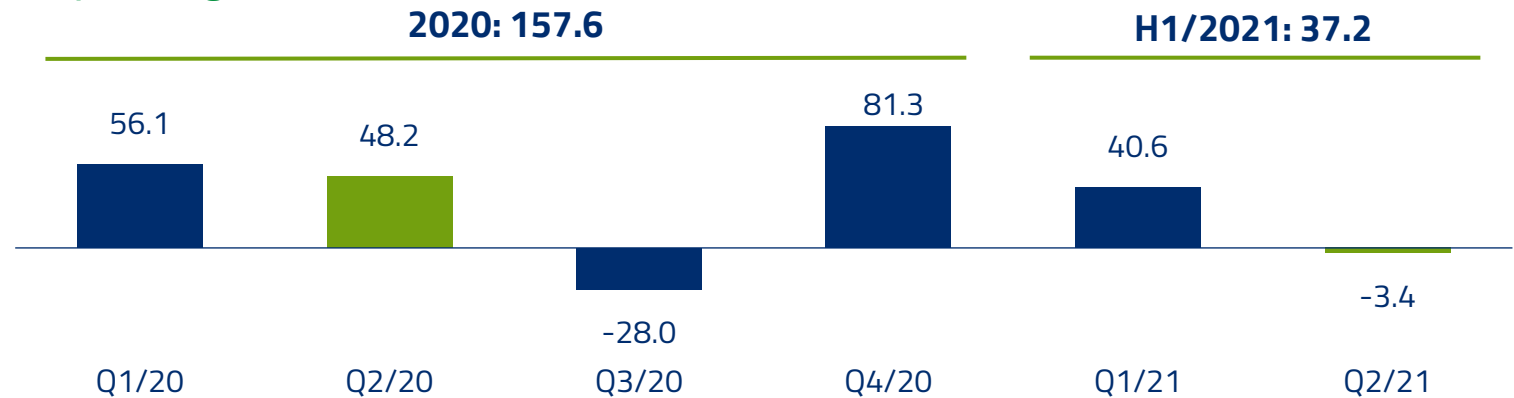
Adjusted EBITA = EBITA before items affecting comparability (IAC)

Cash flow development

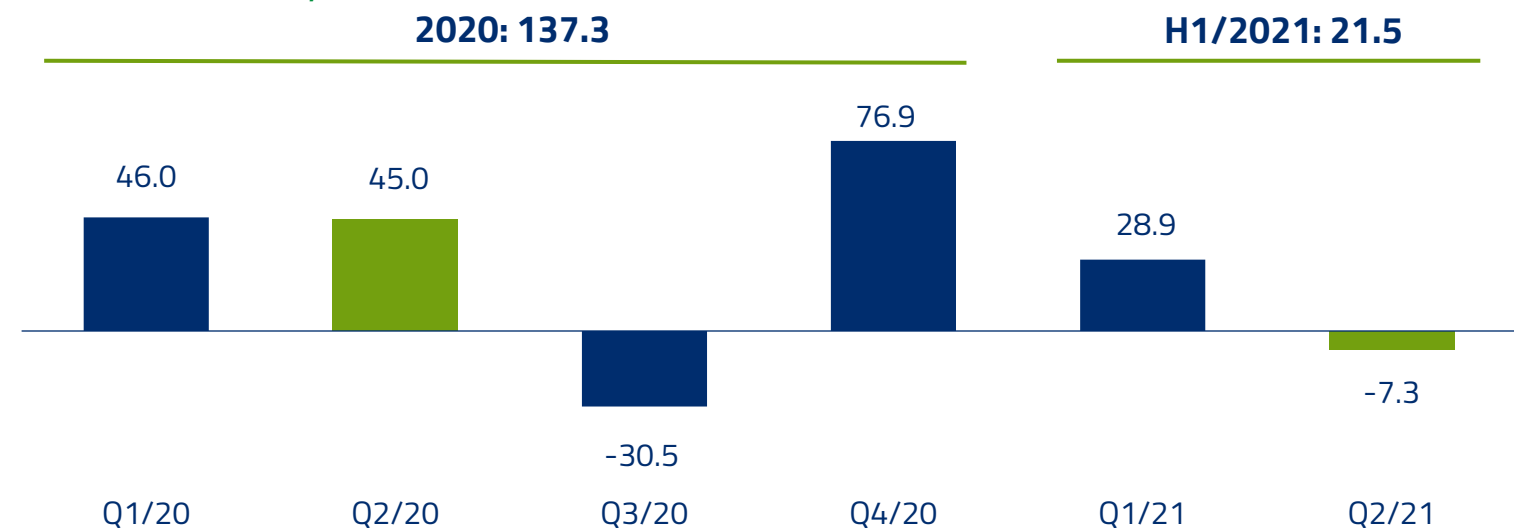
Cash conversion 80.3% (LTM) in H1/2021

- > Operating cash flow was EUR 37.2 (104.3) million in H1/21 and cash conversion (LTM) 80.3% (160.7%).
 - > Working capital negatively affected particularly by an increase in trade and POC receivables by EUR 35.5m from 482.9m to 518.4m from the end of March 2021.
 - > Q2/20 operating cash flow was positively impacted by postponed authority payments of EUR 29.6m.
- > Free cash flow: EUR 21.5 (91.0) million in H1/21
- > Capex H1/21: EUR 7.1 (12.2) million
 - > IT investments: EUR 4.1m (5.5m)
 - > Other investments incl. acquisitions: EUR 3.0m (6.8m)

Operating cash flow before financial and tax items, EUR million



Free cash flow, EUR million

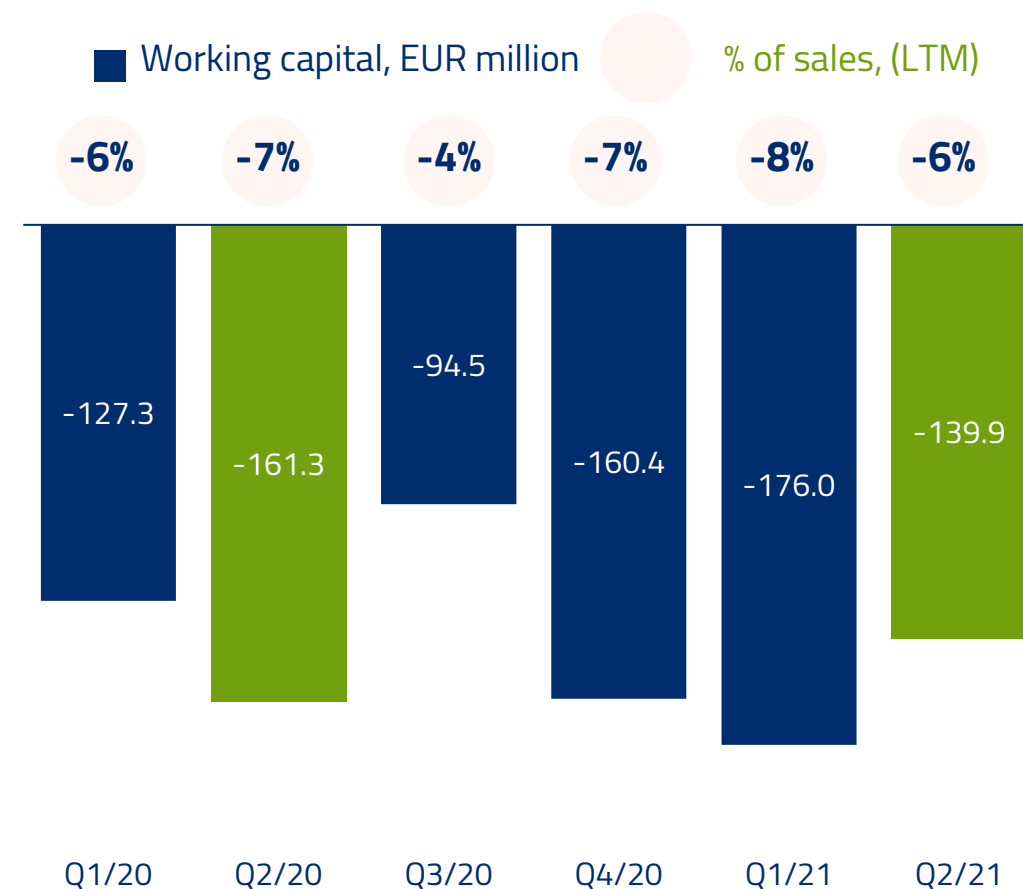


Free cash flow = Operating cash flow before financial and tax items – Taxes paid – Net cash used in investing activities (net, including acquisitions and disposals).

Working capital development

Working capital was at a good level of -6% of sales (LTM)

- > The Group's working capital was EUR -139.9 (-161.3) million at the end of June.
- > Working capital negatively affected particularly by an increase in trade and POC receivables by EUR 35.5m from 482.9m to 518.4m from the end of March 2021.
- > Q2/20 working capital was positively impacted by postponed authority payments of EUR 29.6m.
- > Significant actions completed since 2018 to improve the level of working capital.



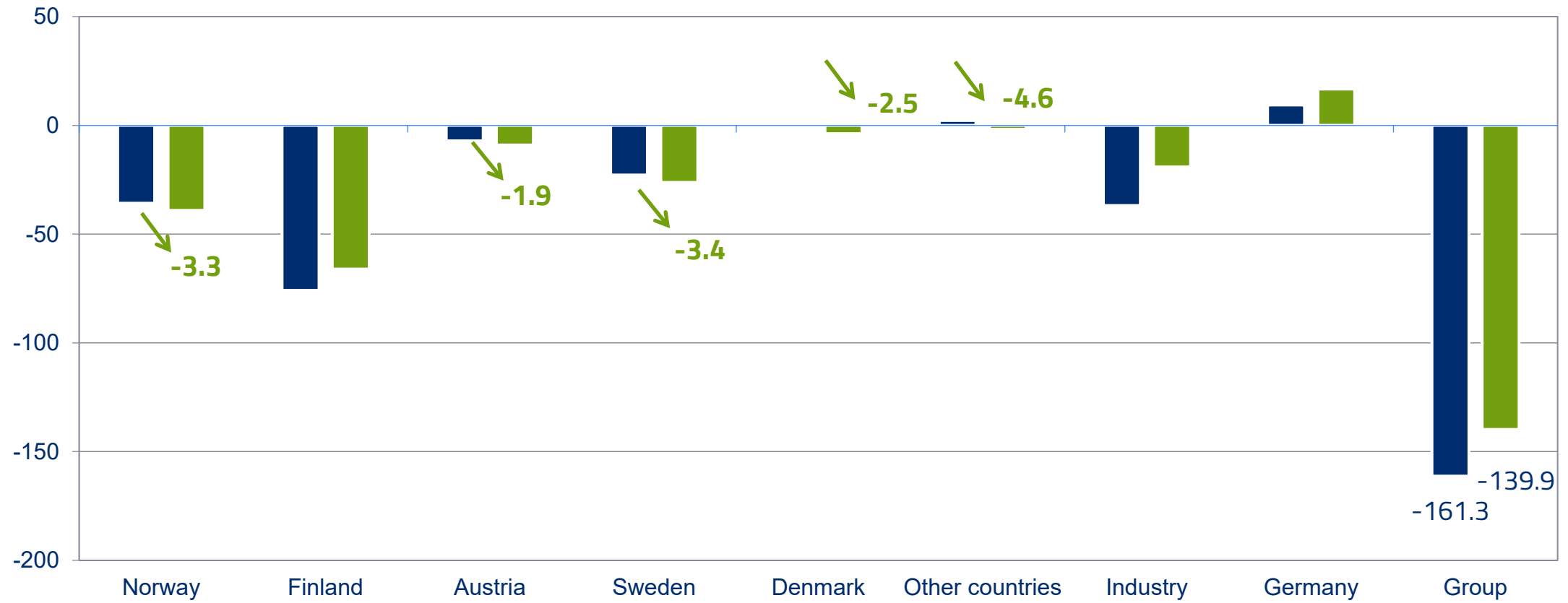
Continued efforts to improve working capital

Improvements in several divisions

Working capital by division

EUR million

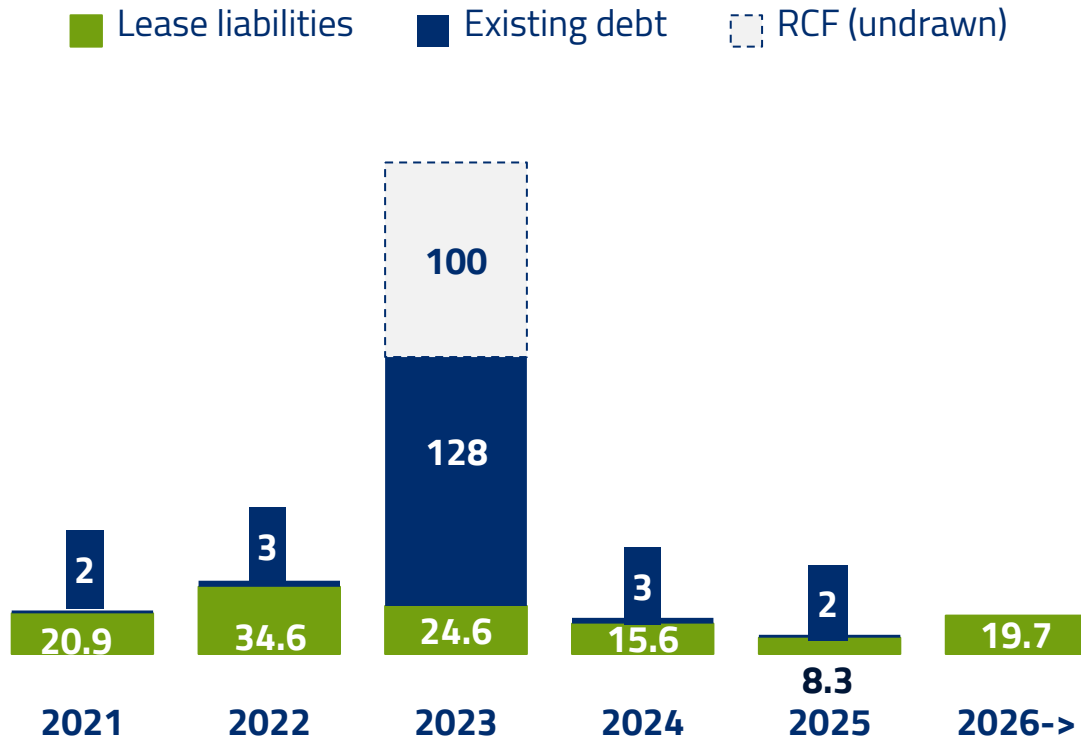
● Q2/2020 ● Q2/2021



Debt maturity structure

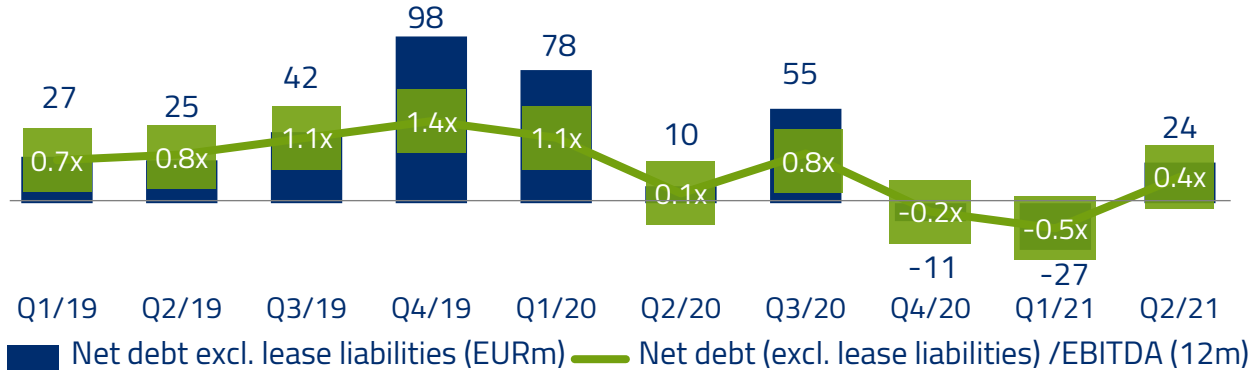
Debt maturity structure on 30 June 2021

EUR million



- > Net debt incl. lease liabilities: EURm 147.3 (138.8)
- > Net debt excl. lease liabilities : EURm 23.7 (9.9)
- > Bank loan facilities mature in February 2023
 - > Term loan EUR 50m
 - > Unutilised RCF EUR 100m
- > EUR 75m senior unsecured 4-year bond matures in March 2023.
- > EUR 35.0m hybrid bond has first call date in May 2023.

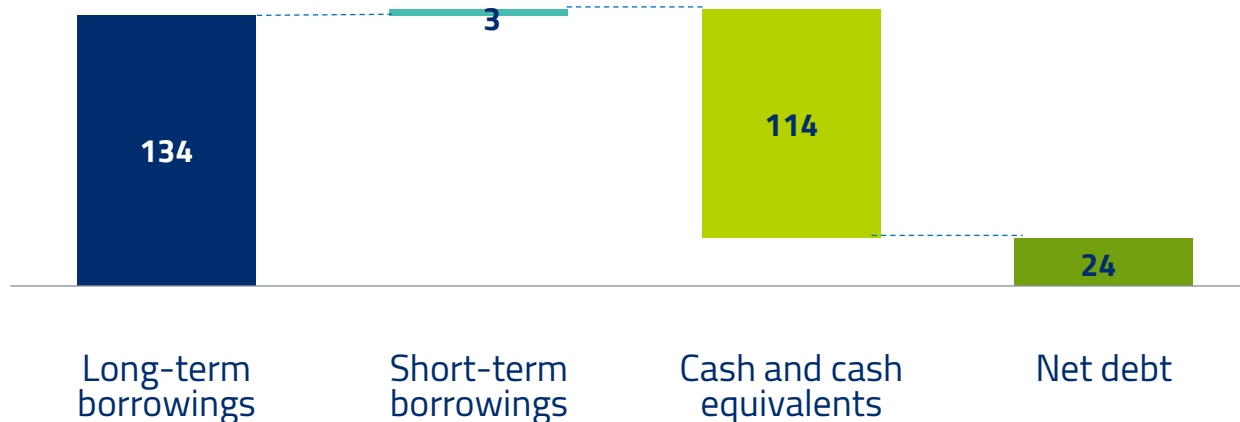
Low level of leverage and strong liquidity position



Financial covenant Net debt/EBITDA

- > Net debt/EBITDA Q2/2021: 0.4x (0.1x) according to confirmed calculation principles with lending parties.
- > The covenant level shall not exceed 3.5x.
- > The confirmed calculation principles exclude the effects of the IFRS 16 standard and contain certain other adjustments.

Gross debt to net debt on 30 June 2021 (EURm) excluding lease liabilities



Strong liquidity position and high amount of undrawn credit facilities

- > Cash and cash equivalents of EURm 113.7 (130.2)
- > In addition, undrawn revolving credit facilities of EUR 100.0m and undrawn overdraft facilities of EUR 19.0m
- > Firing power for M&A: two bolt-on acquisitions completed in Sweden and Austria in July

4. Guidance and dividend



Guidance and dividends

Guidance for 2021

- › In 2021, Caverion Group's adjusted EBITA (2020: EUR 60.6 million) will grow compared to 2020.

Dividend

- › The Annual General Meeting held on 24 March 2021 decided that a dividend of EUR 0.10 per share and an extraordinary dividend of EUR 0.10 per share, in total EUR 0.20 per share were paid for the year 2020.
- › The payment date was 7 April 2021.





Building Performance

Key figures

EUR million	4-6/21	4-6/20	Change	1-6/21	1-6/20	Change	1-12/20
Order backlog	1,789.0	1,739.7	2.8%	1,789.0	1,739.7	2.8%	1,609.1
Revenue	545.1	518.5	5.1%	1,060.4	1,060.1	0.0%	2,154.9
Adjusted EBITDA	33.2	18.5	79.6%	62.6	44.7	39.9%	116.5
Adjusted EBITDA margin, %	6.1	3.6		5.9	4.2		5.4
EBITDA	31.5	22.1	42.1%	59.6	46.2	28.8%	99.4
EBITDA margin, %	5.8	4.3		5.6	4.4		4.6
Adjusted EBITA	19.7	4.8	308.6%	36.1	17.0	113.0%	60.6
Adjusted EBITA margin, %	3.6	0.9		3.4	1.6		2.8
EBITA	18.0	8.4	114.5%	33.1	18.4	80.2%	42.4
EBITA margin, %	3.3	1.6		3.1	1.7		2.0
Operating profit	13.9	5.0	179.1%	24.9	11.5	117.1%	27.2
Operating profit margin, %	2.5	1.0		2.3	1.1		1.3
Earnings per share, undiluted, EUR	0.06	0.01	521.3%	0.11	0.02	526.7%	0.05
Operating cash flow before financial and tax items	-3.4	48.2		37.2	104.3	-64.3%	157.6
Cash conversion (LTM), %				80.3	160.7		158.5
Working capital				-139.9	-161.3	13.3%	-160.4
Interest-bearing net debt				147.3	138.8	6.1%	118.6
Net debt/EBITDA*				0.4	0.1		-0.2
Gearing, %				79.9	72.5		60.4
Equity ratio, %				18.1	18.6		18.9
Personnel, end of period				14,958	15,902	-5.9%	15,163

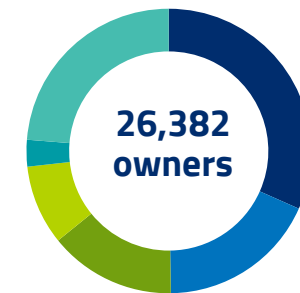
* Based on calculation principles confirmed with the lending parties.

Directly registered shareholders on 30 June 2021

Largest shareholders	Shares, pcs	% of shares	Change after 3/2021, pcs
1 Herlin Antti	20,504,392	14.8	0
2 Fennogens Investments SA (Ehrnrooth family)	14,169,850	10.2	0
3 Varma Mutual Pension Insurance Company	9,728,407	7.0	0
4 Mandatum companies	5,782,443	4.2	47,896
5 Ilmarinen Mutual Pension Insurance Company	3,950,954	2.8	-278,638
6 Säästöpankki funds	3,673,953	2.6	0
7 Elo Mutual Pension Insurance Company	3,481,001	2.5	100,000
8 Caverion Oyj	2,624,140	1.9	-120,199
9 The State Pension Fund	2,050,000	1.5	0
10 Nordea funds	1,969,625	1.4	147,139
11 Brotherus Ilkka	1,803,765	1.3	0
12 OP funds	1,276,297	0.9	881,593
13 Aktia funds	1,050,000	0.8	-320,000
14 Kaleva Mutual Insurance Company	969,025	0.7	0
15 Sinituote Oy	772,400	0.6	0
16 Veritas Pension Insurance Company Ltd.	561,367	0.4	-16,924
17 Voluntas Investment Oy	550,000	0.4	0
18 Fondita funds	490,000	0.4	0
19 Lehtoranta Ari Tapio	367,051	0.3	0
20 Foundation for Economic Education	300,000	0.2	0
20 largest, total	76,074,670	54.8	
All shares	138,920,092	100.0	

Source: Investis

Sector distribution (6/2021)



Nominee reg. and non-Finnish	31.6% (Mar. 31: 29.9%)
Households	18.1% (19.2%)
General government	14.4% (14.5%)
Financial and insurance corporations	9.1% (9.1%)
Non-profit institutions	3.0% (3.2%)
Non-financial corporations and housing corporations	23.7% (24.1%)