

# Interim Report January–March 2021

Mats Paulsson, Interim President and CEO  
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29 April 2021





# Agenda

- 1. Operating environment Q1/2021 and market outlook for 2021**
- 2. Group development**
- 3. Profitability, cash flow and financing**
- 4. Guidance and dividend**



# 1. Operating environment Q1/2021 and market outlook for 2021



# Operating environment Q1/2021

The corona pandemic continued to affect operations, early signs of improvement in Services

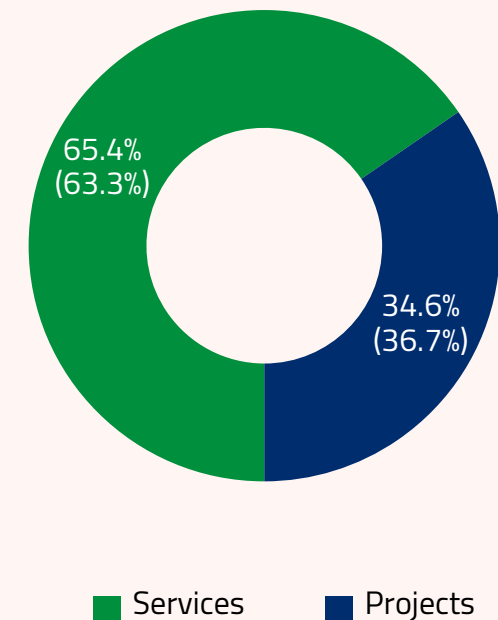
## Services (65.4% of Group revenue)

- > The demand environment remained stable and comparable to the previous quarters.
- > Early signs of increased investment activity among Caverion's customers
- > Certain annual industrial shutdowns in Finland postponed from last year will take place in Q2/2021.

## Projects (34.6% of Group revenue)

- > The pandemic continued to impact productivity to a certain extent, and market demand remained on a lower level. The demand for new construction projects on a lower level, however less for renovation construction.
- > Pricing environment remained still tight.
- > Stimulus packages did not yet impact general demand during the quarter.

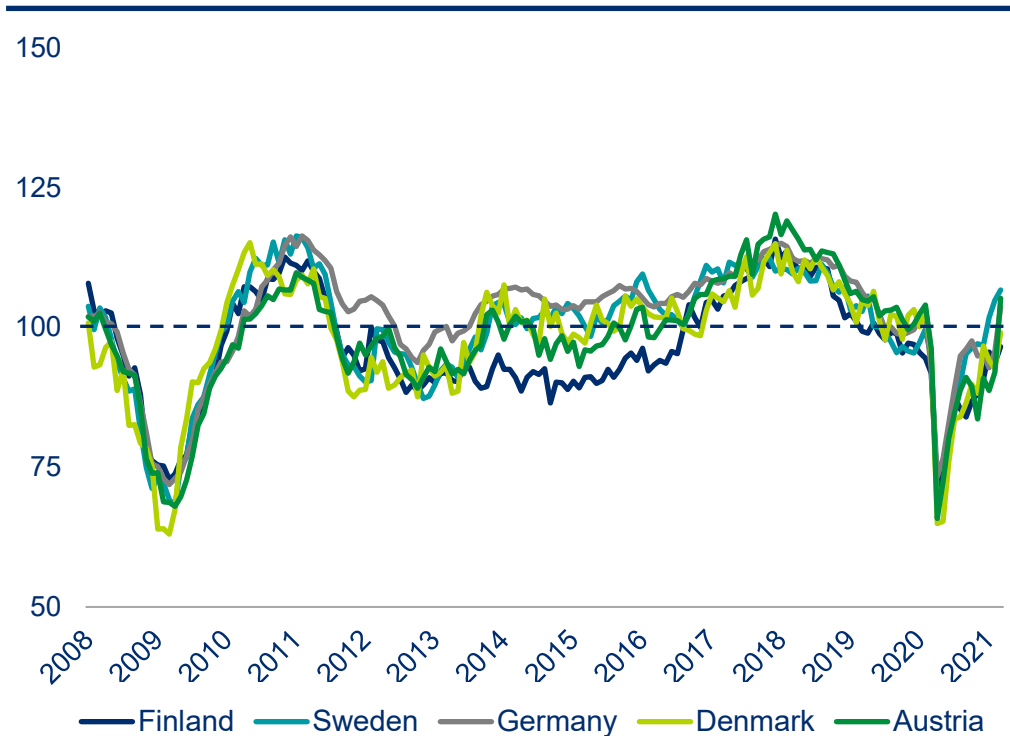
**Revenue breakdown**  
Q1/2021 (Q1/2020)



# Uplift in sentiment indicators at the end of Q1/2021

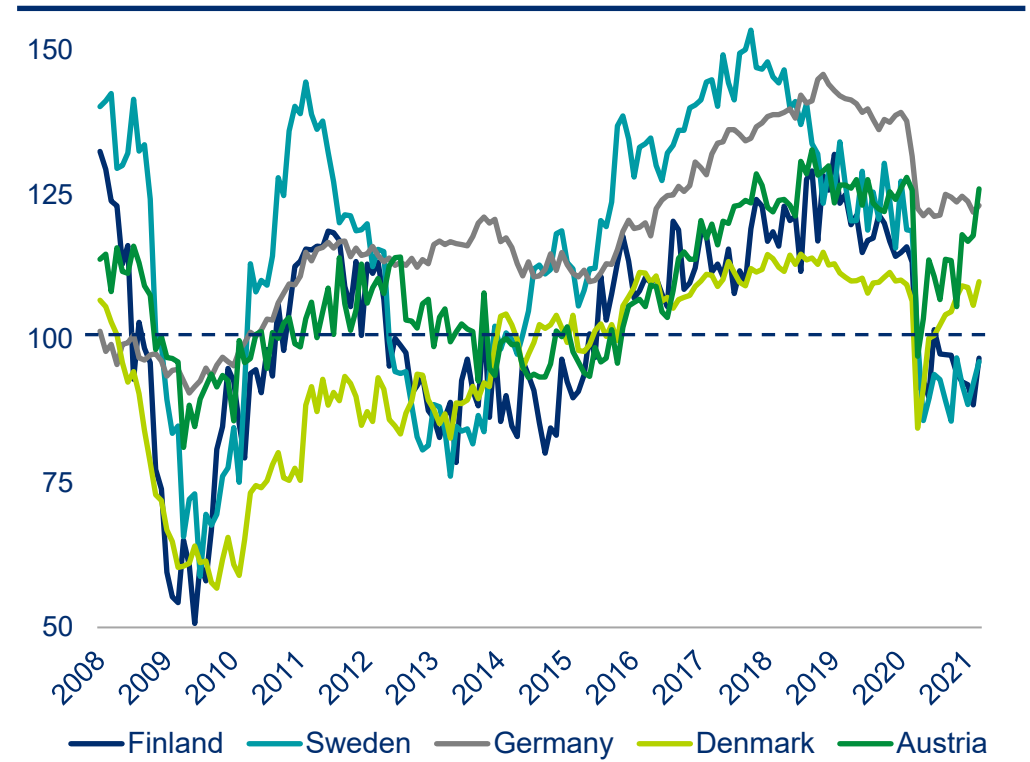
Economic sentiment indicators rebounded from the deepest Covid-19 effects

## ECONOMIC SENTIMENT INDICATOR (2008 – 03/2021)



Sources: European Commission, March 2021

## CONSTRUCTION CONFIDENCE INDICATOR (2008 – 03/2021)





## 2. Group development

# Summary of Q1/2021

Clear profitability improvement – positive start to 2021

## Order backlog

- Down by 8.0% to EUR 1,626.7 (1,768.3) million at the end of March, impact from Projects
- Order backlog in Services up by 0.7%

## Profitability

- Adjusted EBITA up to EUR 16.4 (12.1) million, or 3.2% (2.2) of revenue, clear efficiency and productivity improvements
- EBITA: EUR 15.1 (10.0) million
- EPS: EUR 0.05 (0.01) per share



## Revenue

- EUR 515.3 (541.6) million, down by 4.9%
- Services -1.8% and Projects -10.2%
- Services 65.4% (63.3%) of Group revenue
- Organic growth was -5.4%.

## Cash flow and leverage

- Operating cash flow before financial and tax items: EUR 40.6 (56.1) million
- Cash at hand: EUR 166.2 (113.2) million
- Net debt/EBITDA\*: -0.5x (1.1x)

## Other events

- Minor acquisition of the business of Electro Berchtold GmbH in Austria was closed in the beginning of 2021.

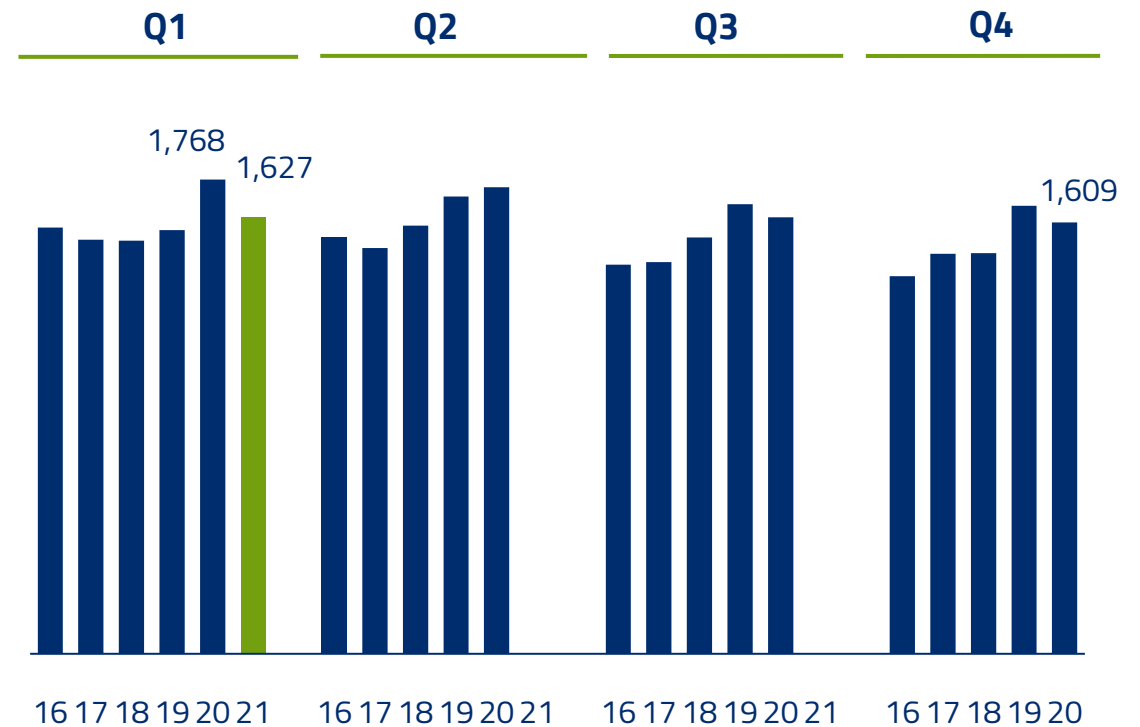
\* Based on calculation principles confirmed with the lending parties.

# Order backlog development

Group order backlog decreased by 8.0% year-on-year, but growth in Services and from YE-2020

- > Order backlog increased by 1.1% from the end of the previous quarter.
- > Order backlog decreased by 8.0% year-on-year to EUR 1,626.7 (1,768.3) million at the end of March.
  - > At comparable exchange rates the order backlog decreased by 10.2% year-on-year.
  - > Order backlog increased by 0.7% in Services year-on-year, while it decreased by 17.4% in Projects.

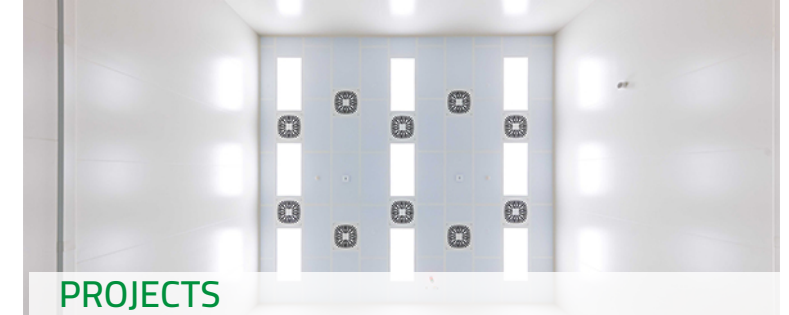
Order backlog, EUR million





# Examples of our new contracts

January–March 2021



› **Customer:** City of Helsinki

› **Agreement:** Life cycle project for the new college campus in partnership with Fira. Implementation of building solutions and technical maintenance for 20 years

› **Location:** Myllypuro campus, Helsinki Vocational College and Adult Institute, Finland

› **Customer:** PVO-Vesivoima

› **Agreement:** Continuation of long-term partnership in the operation and maintenance service at the hydropower plants

› **Location:** Kokemäenjoki, Iijoki and Kemijoki hydropower plants in Finland

› **Customer:** Thermo Fisher Scientific

› **Agreement:** Turnkey project for a new building - design&build for all technical building solutions and implementation of cleanroom facilities

› **Location:** Vilnius, Lithuania

NPS



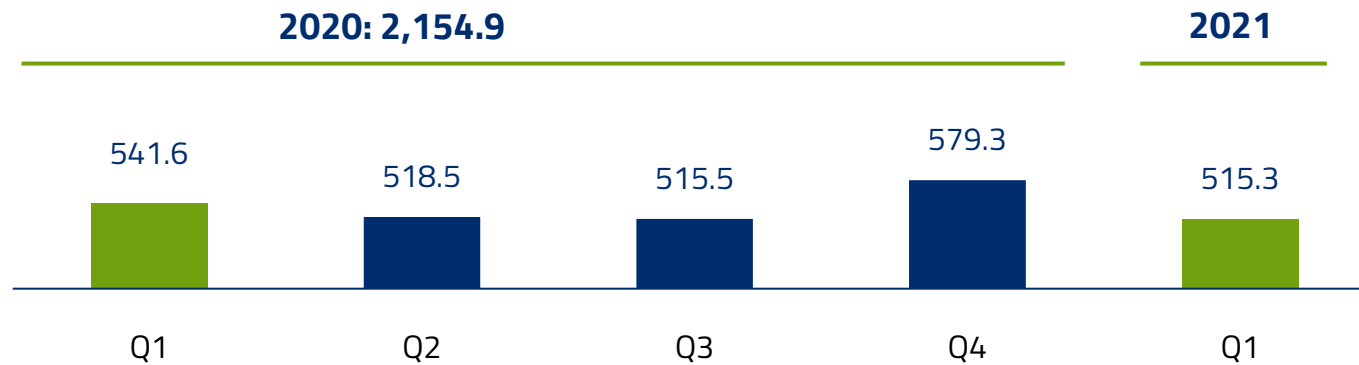
- › Extremely strong progress in customer satisfaction in 2021
  - › NPS improved in all divisions
  - › Best response rate ever
- › Very good scores in overall satisfaction
  - › Customers value particularly Caverion's service attitude, business understanding, competence and safety



# Revenue development

Q1/2021 revenue still impacted by corona, there are early signs of pick-up in Services

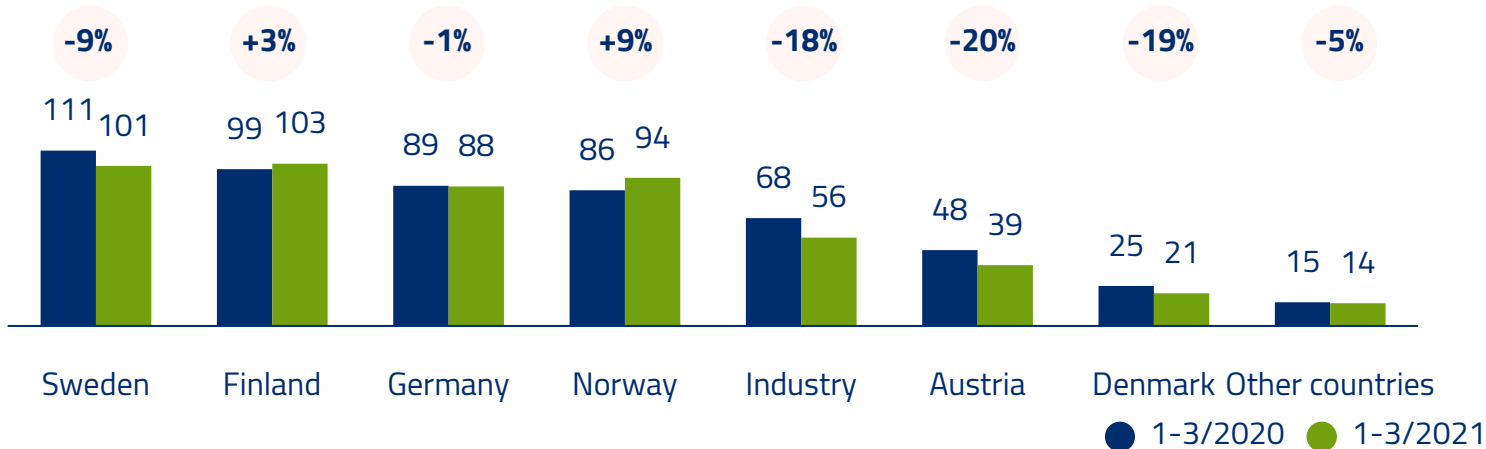
## Group revenue, EUR million



> Q1/21 revenue EUR 515.3 (541.6) million, down by 4.9% from the previous year, -6.0% in local currencies.

> Organic growth: -5.4 %

## Revenue breakdown by division, EUR million



> Business unit revenue:

> Services -1.8%

> Projects -10.2%

> (-3.1% and -11.1% in locals)

> Revenue increased in Finland and Norway, while it decreased in other divisions.



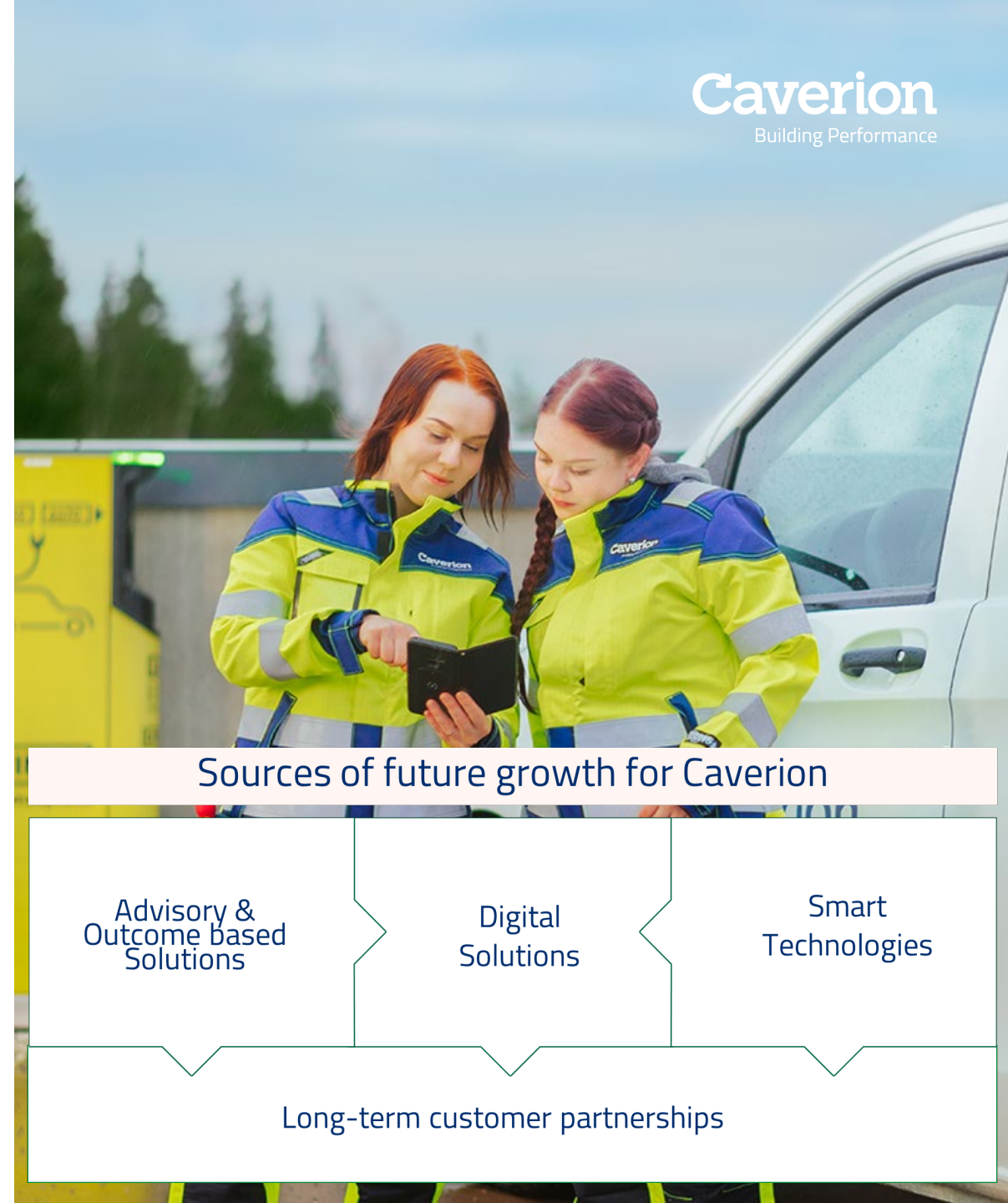
# Focus on profitable growth and constant productivity improvement while increasing interaction with customers

## Good progress in strategy

- The critical phase of turnaround is behind us.
- We are on a good track to deliver increasing profits and strong cash flow going forward.
- We have continued to invest in organic growth, e.g. in our digital platform, remote center capabilities, sustainability offering, sales, brand – as well as M&A.
- We have started to see an increased interest towards those parts of our lifecycle offering that help customers make their operations more sustainable.

## Focus will remain on efficiency improvement

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



### Sources of future growth for Caverion

Advisory &  
Outcome based  
Solutions

Digital  
Solutions

Smart  
Technologies

Long-term customer partnerships

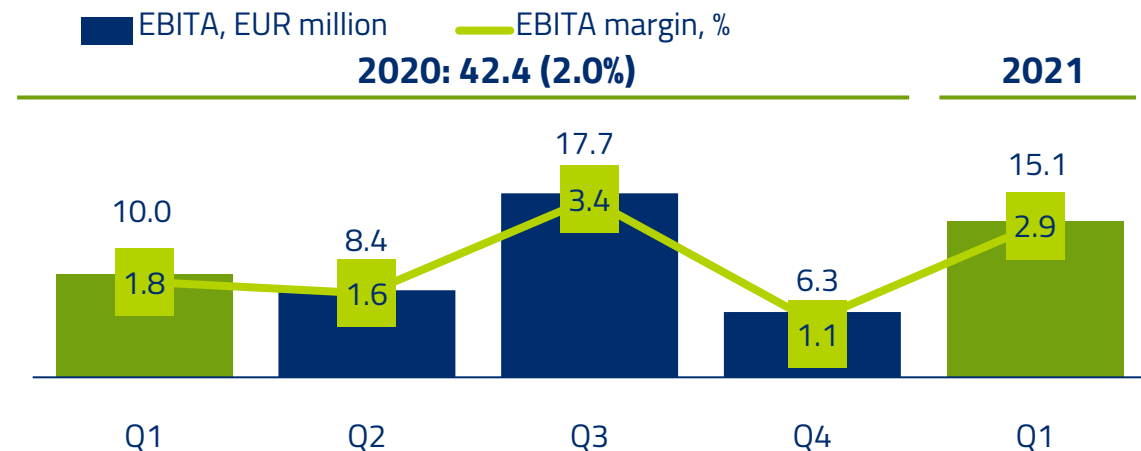
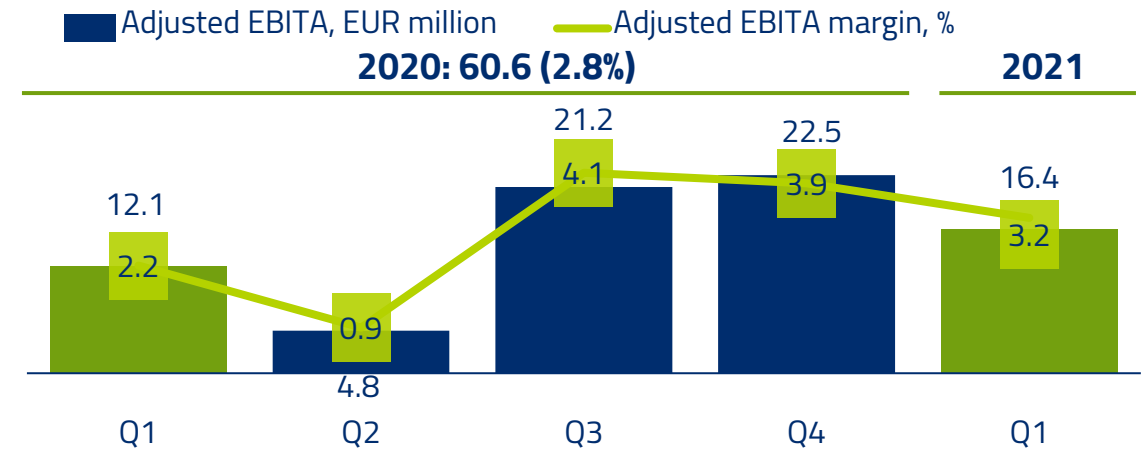


### 3. Profitability, cash flow and financing

# Profitability development

## Clear profitability improvement

- Q1/2021 Adjusted EBITA improved to EUR 16.4 (12.1) million, or 3.2% (2.2%) of revenue.
  - The restructurings completed in Q4/2020 had a positive impact on the cost base.
  - Both Services and Projects and all divisions except Finland and Austria improved their profitability.
  - Especially divisions Industry, Germany, Norway and Sweden progressed well.
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- Q1/2021 EBITA: EUR 15.1 (10.0) million, or 2.9% (1.8%) of revenue.
  - No large-scale project write-downs





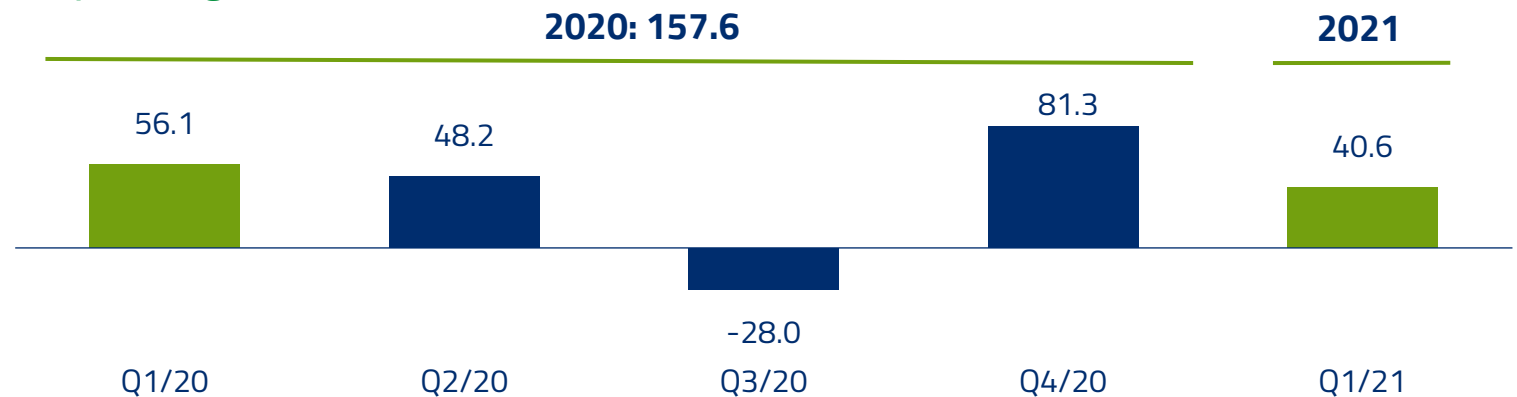
# Cash flow development

## Cash flow was again strong

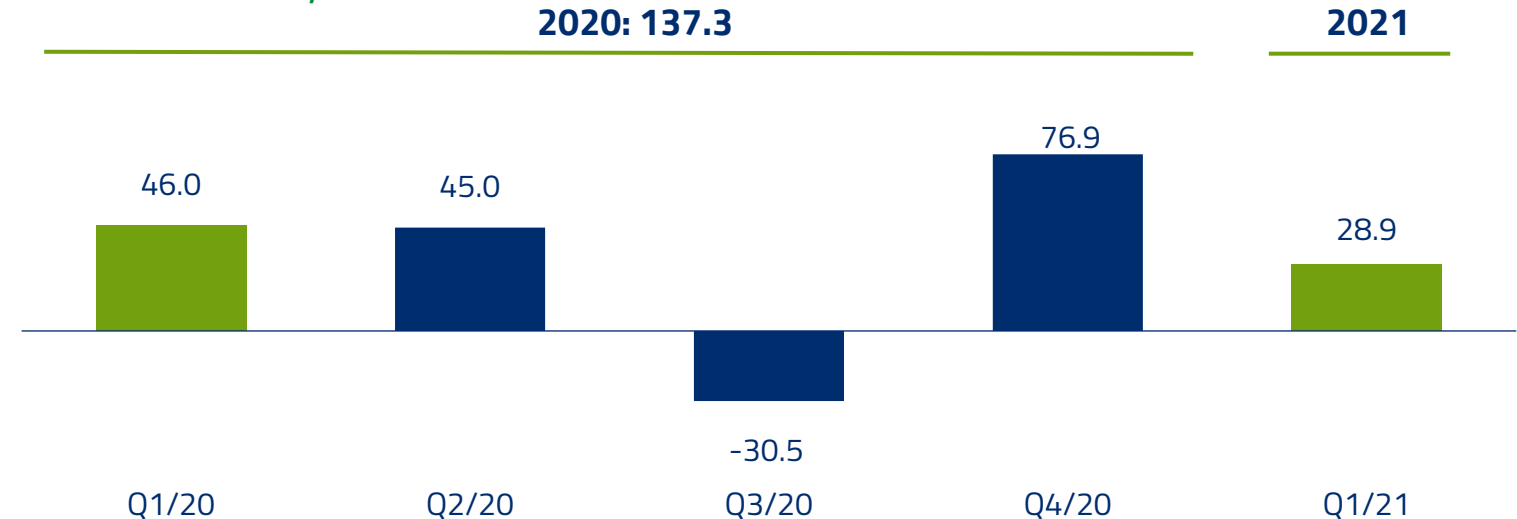
- In Q1/2021, operating cash flow before financial and tax items: EUR 40.6 (56.1) million
- Cash conversion (LTM): 137.4 (162.4)%
  - Above financial target level (>100%)
- Free cash flow: EUR 28.9 (46.0) million
- Capex: EUR 4.3 (8.3) million
  - IT investments: EUR 2.2 (2.8m)
  - Other investments incl. acquisitions: EUR 2.0 (5.5m)

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

### Operating cash flow before financial and tax items, EUR million



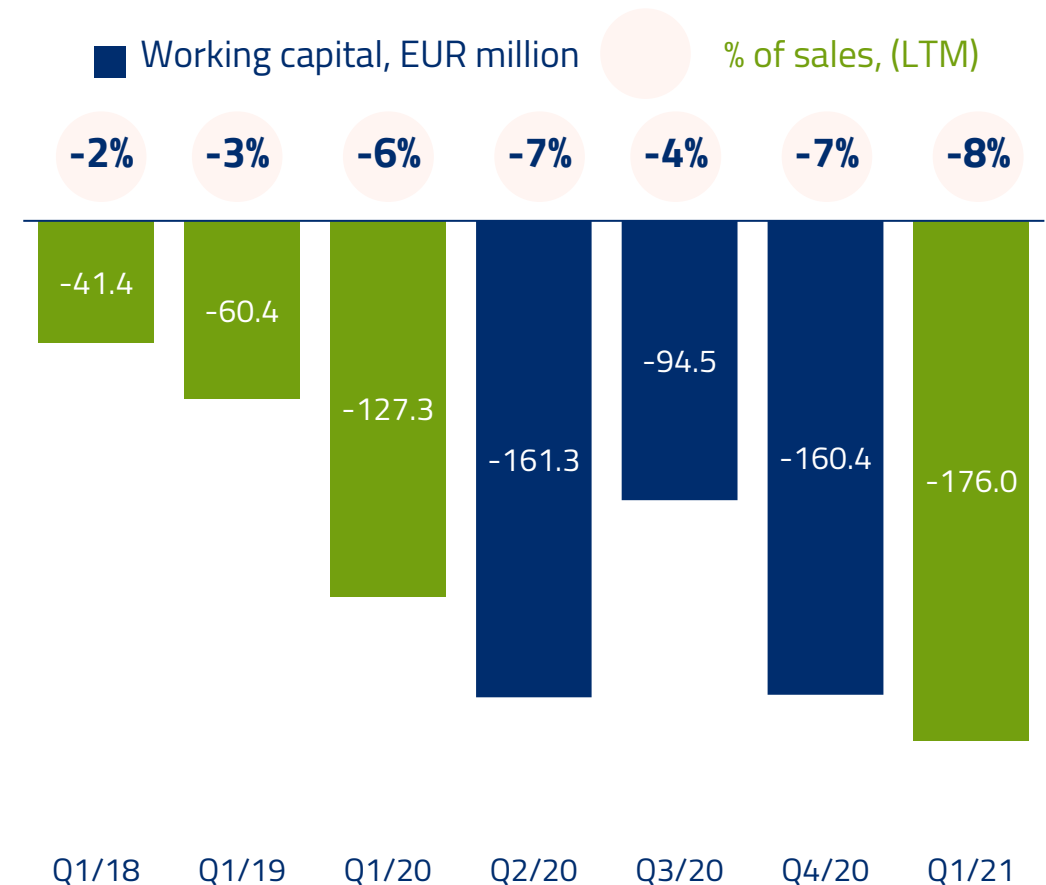
### Free cash flow, EUR million



# Working capital development

Clear improvement in working capital year-on-year

- > Working capital improvement continued
  - > Working capital of EUR -176.0 (-127.3) million at the end of March
- > Actions completed in recent years:
  - > Tight weekly follow up of invoicing and receivables
  - > Negotiating improved payment terms in purchases and projects
  - > Focus on resolving old risk projects
  - > Invoicing related KPIs and competitions at various levels of the organisation, centralised management of invoicing

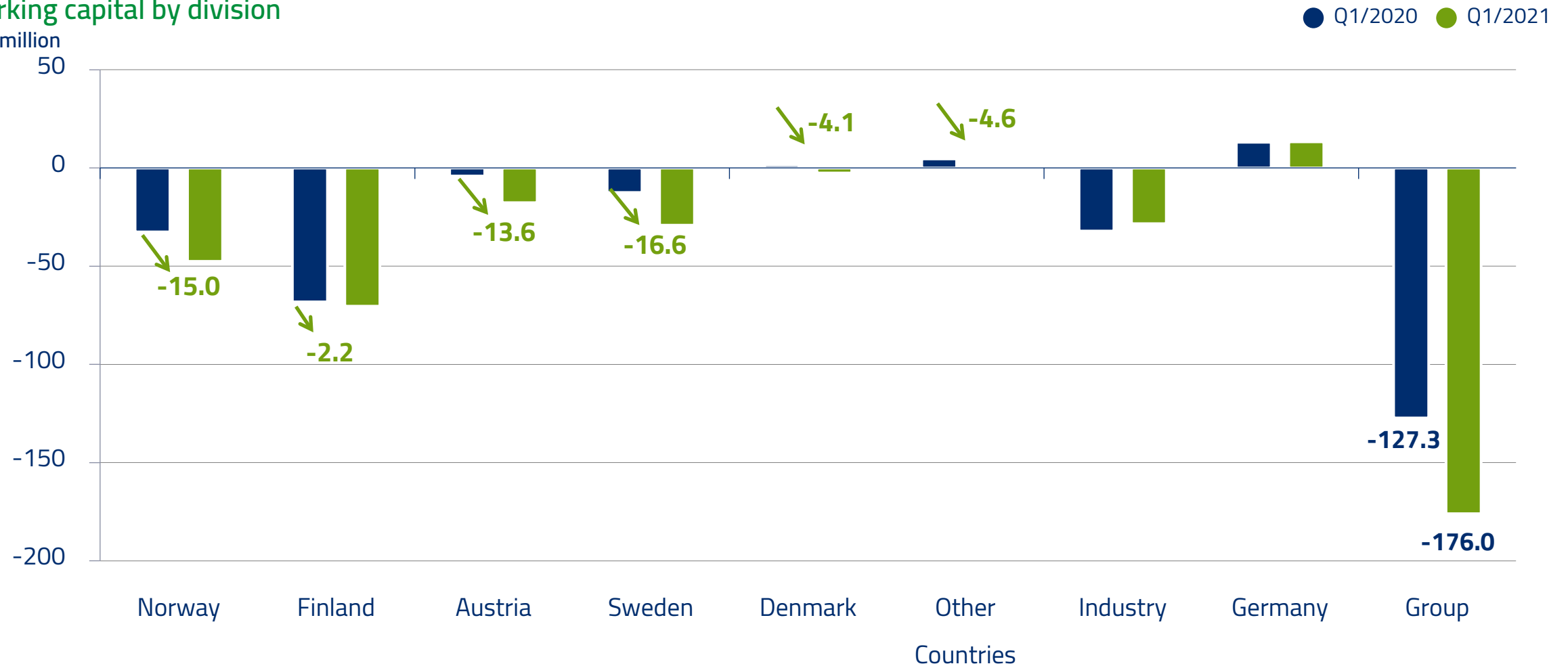


# Continued efforts to improve working capital have paid off

Wide improvement across divisions

## Working capital by division

EUR million



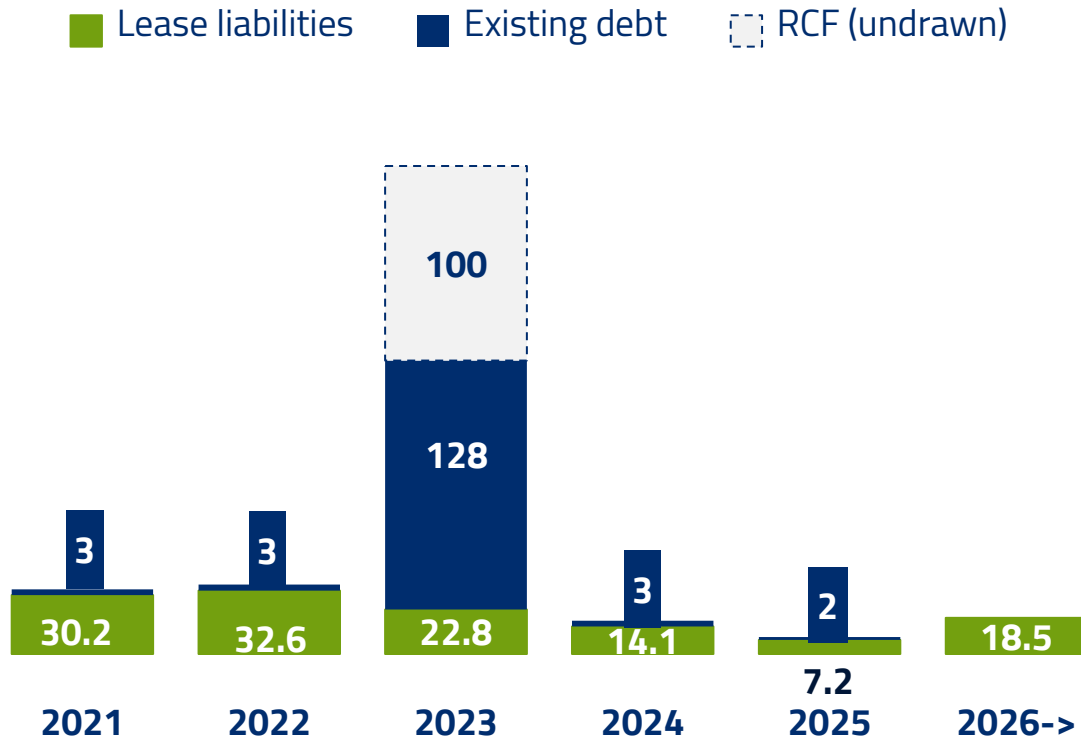


# Debt maturity structure

Positive development in net debt due to strong cash flow

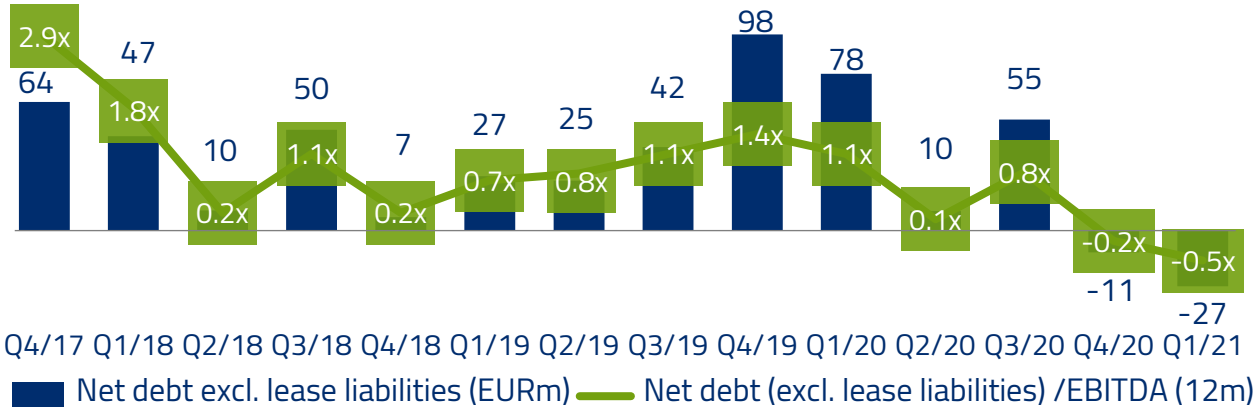
## Debt maturity structure on 31 March 2021

EUR million

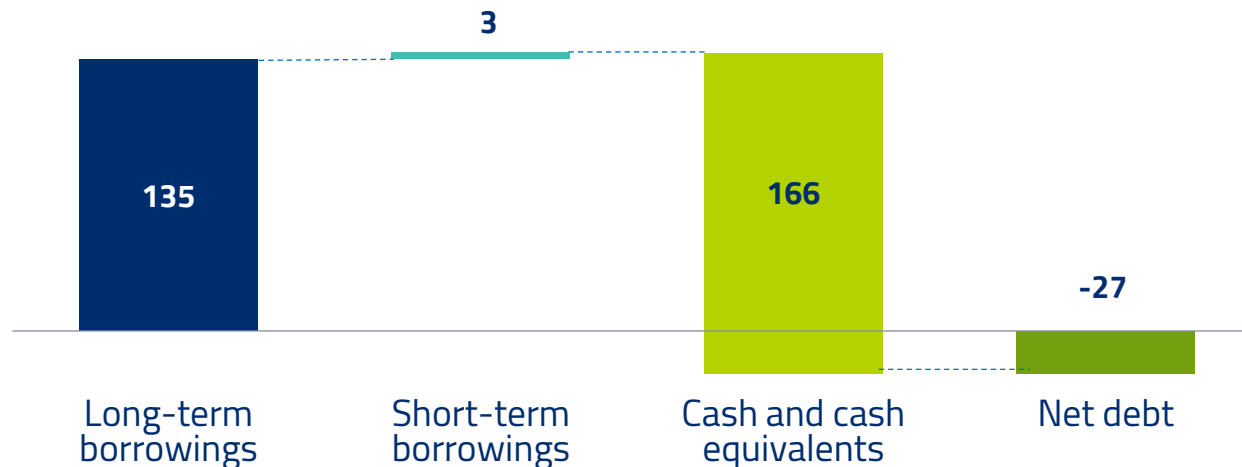


- > Net debt incl. lease liabilities: EURm 98.0 (142.8)
  - > Down by EURm 44.8
- > Net debt excl. lease liabilities : EURm -27.4 (11.8)
  - > Down by EURm 39.2
- > Bank loan facilities mature in February 2023
  - > Term loan EUR 50m
  - > Unutilised RCF EUR 100m
- > EUR 75m senior unsecured 4-year bond matures in March 2023.
- > EUR 35.0m hybrid bond has first call date in May 2023.

# Low leverage and strong liquidity



## Gross debt to net debt on 31 March 2021 (EURm) excluding lease liabilities



## Financial covenant Net debt/EBITDA

- > Net debt/EBITDA Q1/2021: -0.5x (1.1x) 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.

## Strong liquidity position and high amount of undrawn credit facilities

- > Cash and cash equivalents of EURm 166.2 (113.2)
- > In addition, undrawn revolving credit facilities of EUR 100.0m and undrawn overdraft facilities of EUR 19.0m
- > Firing power for M&A

## 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	1-3/21	1-3/20	Change	1-12/20
Order backlog	1,626.7	1,768.3	-8.0 %	1,609.1
Revenue	515.3	541.6	-4.9 %	2,154.9
Adjusted EBITDA	29.4	26.3	12.0 %	116.5
Adjusted EBITDA margin, %	5.7	4.8		5.4
EBITDA	28.1	24.1	16.7 %	99.4
EBITDA margin, %	5.5	4.4		4.6
Adjusted EBITA	16.4	12.1	35.1 %	60.6
Adjusted EBITA margin, %	3.2	2.2		2.8
EBITA	15.1	10.0	51.3 %	42.4
EBITA margin, %	2.9	1.8		2.0
Operating profit	11.0	6.5	69.6 %	27.2
Operating profit margin, %	2.1	1.2		1.3
Earnings per share, undiluted, EUR	0.05	0.01	534.0 %	0.05
Operating cash flow before financial and tax items	40.6	56.1	-27.7 %	157.6
Cash conversion (LTM), %	137.4	162.4		158.5
Working capital	-176.0	-127.3	-38.3 %	-160.4
Interest-bearing net debt	98.0	142.8	-31.4 %	118.6
Net debt/EBITDA*	-0.5	1.1		-0.2
Gearing, %	55.2	62.3		60.4
Equity ratio, %	17.2	22.0		18.9
Personnel, end of period	14,892	16,010	-7.0 %	15,163

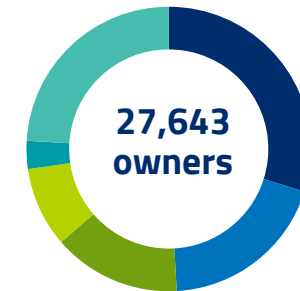
\* Based on calculation principles confirmed with the lending parties.

# Directly registered shareholders on 31 March 2021

Largest shareholders	Shares, pcs	% of shares	Change after 12/2020, 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	5,734,547	4.1	61,200
5 Ilmarinen Mutual Pension Insurance Company	4,229,592	3.0	449,592
6 Säästöpankki funds	3,673,953	2.6	171,586
7 Elo Mutual Pension Insurance Company	3,381,001	2.4	300,000
8 Caverion Oyj	2,744,339	2.0	-63,652
9 The State Pension Fund	2,050,000	1.5	0
10 Nordea funds	1,822,486	1.3	378,545
11 Brotherus Ilkka	1,803,765	1.3	400,000
12 Aktia funds	1,370,000	1.0	0
13 Kaleva Mutual Insurance Company	969,025	0.7	0
14 Ari Lehtoranta	917,051	0.7	0
15 Sinituote Oy	772,400	0.6	100,000
16 Veritas Pension Insurance Company Ltd.	578,291	0.4	0
17 Fondita funds	490,000	0.4	-940,000
18 Evli funds	435,778	0.3	-817,222
19 OP funds	394,704	0.3	-58,500
20 Foundation for Economic Education	300,000	0.2	0
<b>20 largest, total</b>	<b>76,069,581</b>	<b>54.8</b>	
<b>All shares</b>	<b>138,920,092</b>	<b>100.0</b>	

Source: Investis

## Sector distribution (3/2021)



■	Nominee reg. and non-Finnish	29.9% (Dec. 31: 31.0%)
■	Households	19.2% (17.7%)
■	General government	14.5% (13.6%)
■	Financial and insurance corporations	9.1% (10.3%)
■	Non-profit institutions	3.2% (3.2%)
■	Non-financial corporations and housing corporations	24.1% (24.3%)