

Half-year Financial Report January–June 2022

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4 August 2022

Agenda

1. **Operating environment H1/2022 and market outlook for 2022**
2. **Group development**
3. **Profitability, cash flow and financing**
4. **Guidance**





1. Operating environment H1/2022 and market outlook for 2022

Operating environment H1/2022

Further growth in Services, despite Ukraine crisis and sick leaves

Services 66.2% (65.1%) of Group revenue

- > In Services, the market demand and general investment activity remained positive.
- > Caverion has continued to see a general increasing interest for services supporting sustainability.
- > There has also been increasing interest towards long-term and large-scale service agreements.

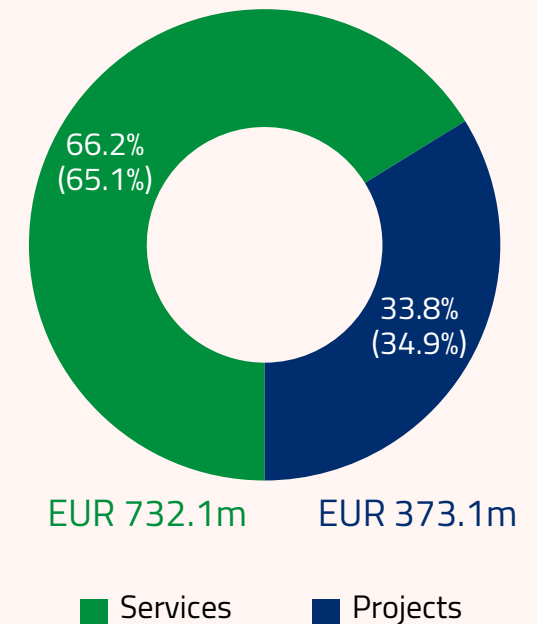
Projects 33.8% (34.9%) of Group revenue

- > In Projects, the market demand remained stable during the first half of 2022.
- > The market was impacted by increases in material prices, delays in decision-making and supply chain as well as uncertainty in the business environment.

Revenue breakdown

H1/2022 (H1/2021)

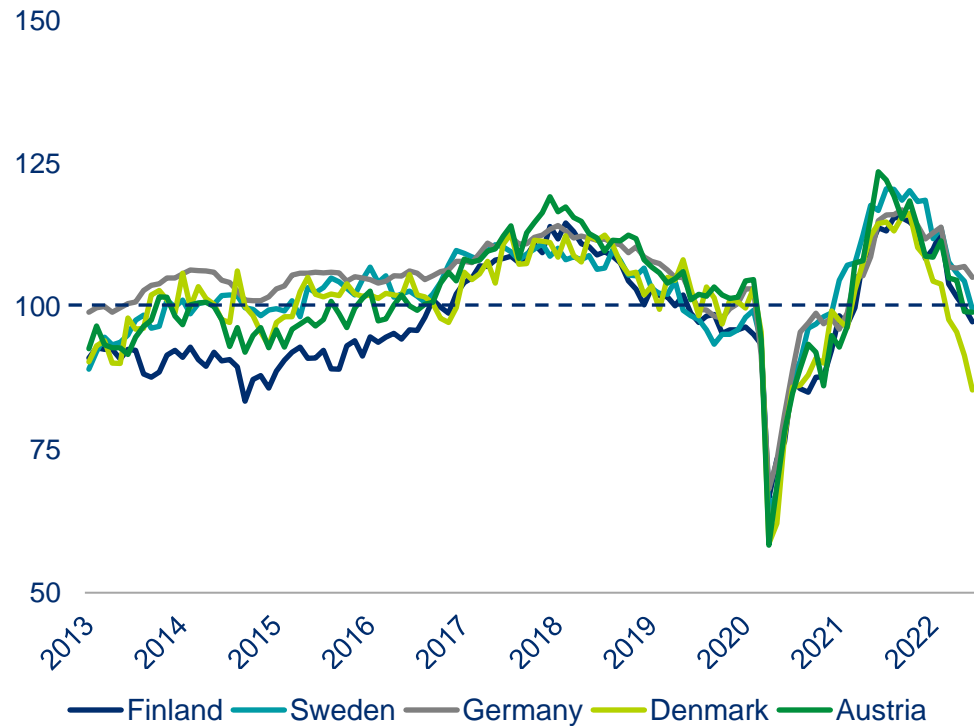
(Total revenue H1/2022: EUR 1,105.1m)



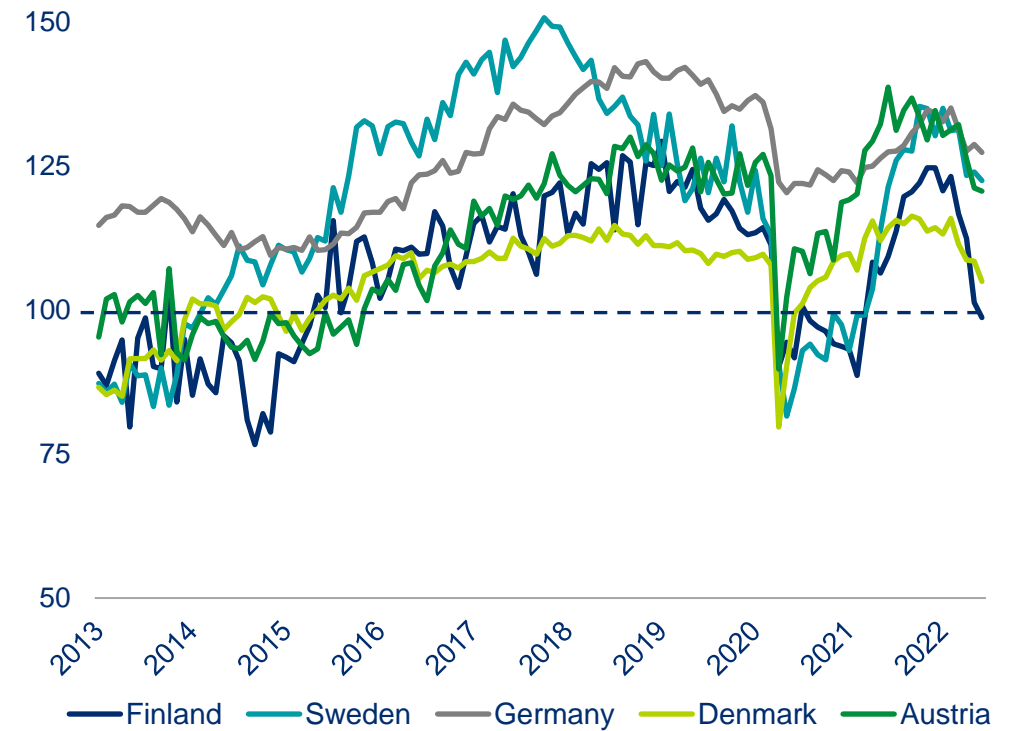
Drop in sentiment indicators in H1/2022

Economic sentiment indicators impacted by geopolitical tensions due to the Ukraine crisis

ECONOMIC SENTIMENT INDICATOR
(2013 – 06/2022)



CONSTRUCTION CONFIDENCE INDICATOR
(2013 – 06/2022)



Sources: European Commission, June 2022



2. Group development

Summary of Q2/2022

Organic revenue growth and margin improvement continued

Order backlog

- › Up by 6.6% to EUR 1,907.9 (1,789.0) million from the end of June 2021
- › Order backlog in Services up by 4.3% and in Projects up by 9.8% from the end of June 2021

Profitability

- › Adjusted EBITA improved to EUR 22.9 (19.7) million, up by 16.0%, 4.0 (3.6) percent of revenue
- › EBITA: EUR 21.4 (18.0) million, up by 18.6%
- › EPS: EUR 0.09 (0.06) per share

Revenue

- › EUR 577.0 (545.1) million, up by 5.9%
- › Services +7.7% and Projects +2.5%
- › Services 66.0% (64.8%) of Group revenue
- › Organic growth was 4.7%

Cash flow and leverage

- › Operating cash flow before financial and tax items: EUR -9.3 (-3.4) million
- › Cash conversion (LTM): 81.3% (80.3%)
- › Cash at hand: EUR 58.7 (113.7) million
- › Net debt/Adjusted EBITDA: 1.5x (1.1x)

Other events

- › Four acquisitions closed in Q2:
 - › DI-Teknik A/S in Denmark
 - › Wind Controller in Finland (Industry)
 - › WT-Service Oy in Finland (Industry)
 - › Kaldt og Varmt in Norway
- › Updated strategy published



Updated strategy launched in Q2

Our strategy for sustainable growth in 2022-2025

OUR DIFFERENTIATION

We create sustainable impact for every customer with the solutions we design and deliver, reliably and transparently every time.

OUR BUSINESS FOCUS

Adding value through Advisory, Engineering and Digital

Services along the lifecycle

Outstanding installation and maintenance throughout our regions and disciplines

OUR WINNING CAPABILITIES

Customer-centric solutions

Segment expertise and commercial excellence

Operational excellence in the field

The best experts in the right places

OUR STRATEGIC THEMES

People

Digitalisation

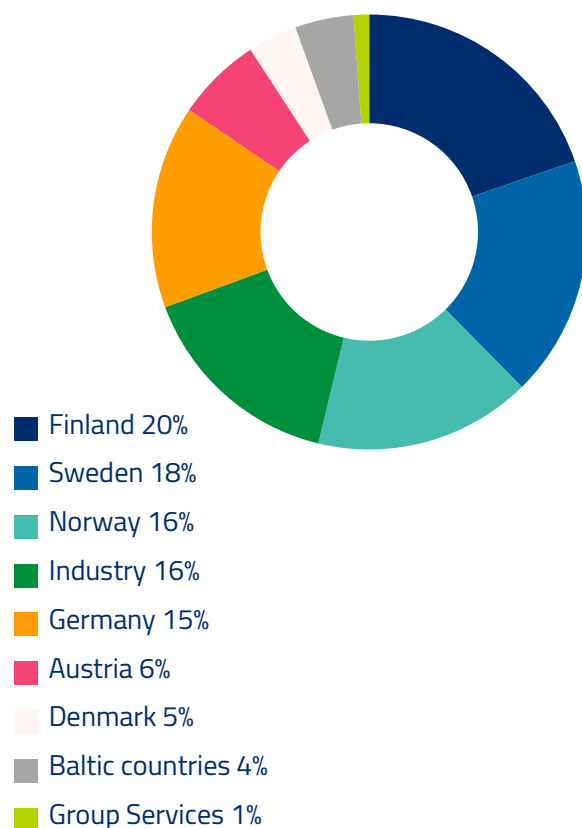
Sustainability

Customer experience

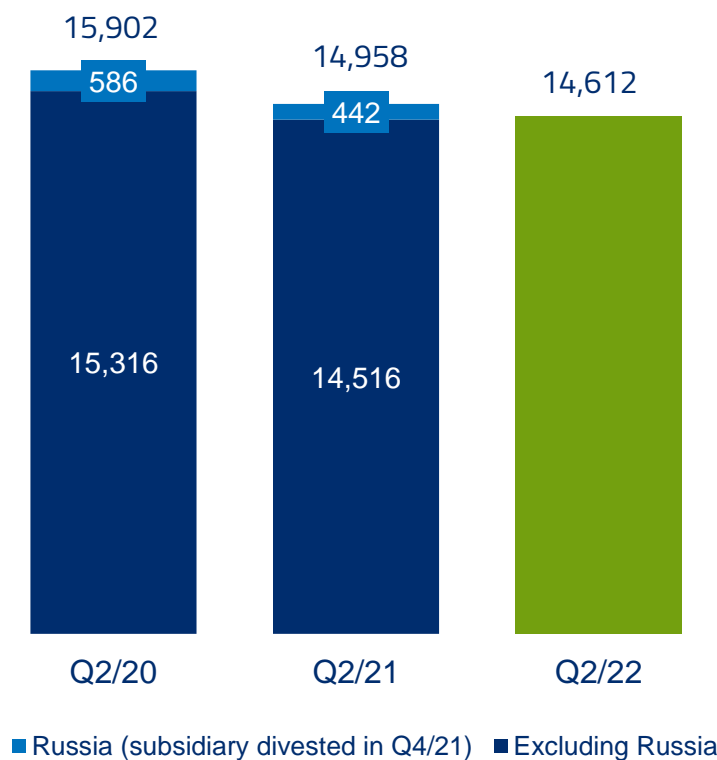


The effects of the corona pandemic still impacting us

Employees by division Q2/2022



Number of employees (end of period)



- > Due to the corona pandemic, sick leave levels increased during the first half of 2022 compared to the previous year.
- > Many extra actions have been taken to protect the employees due to the corona situation.
- > Accident frequency rate* was 4.5 (4.2) at the end of June.

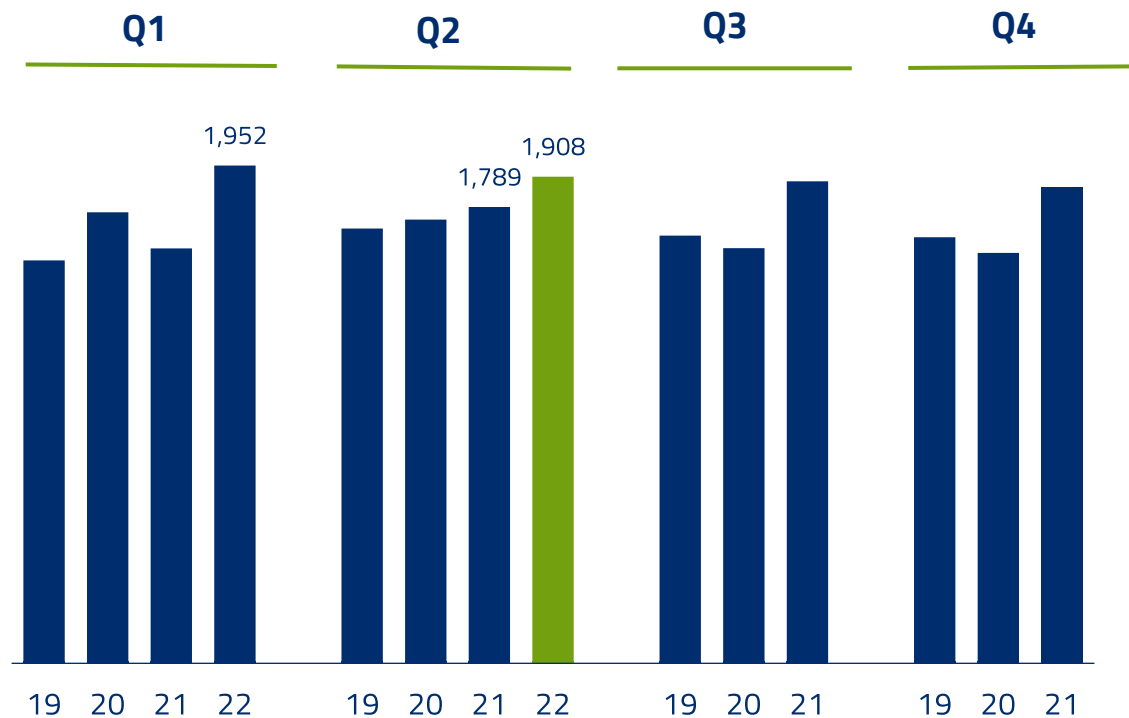
*Occupational safety is measured using a common indicator (number of accidents per one million working hours). Last 12 months.

Order backlog development

Order backlog increased by 6.6% year-on-year, growth both in Services and Projects

- Order backlog increased by 6.6% year-on-year to EUR 1,907.9 (1,789.0) million at the end of June.
- At comparable exchange rates the order backlog increased by 7.7% from the end of June 2021.
- Order backlog increased by 4.3% in Services and by 9.8% in Projects.

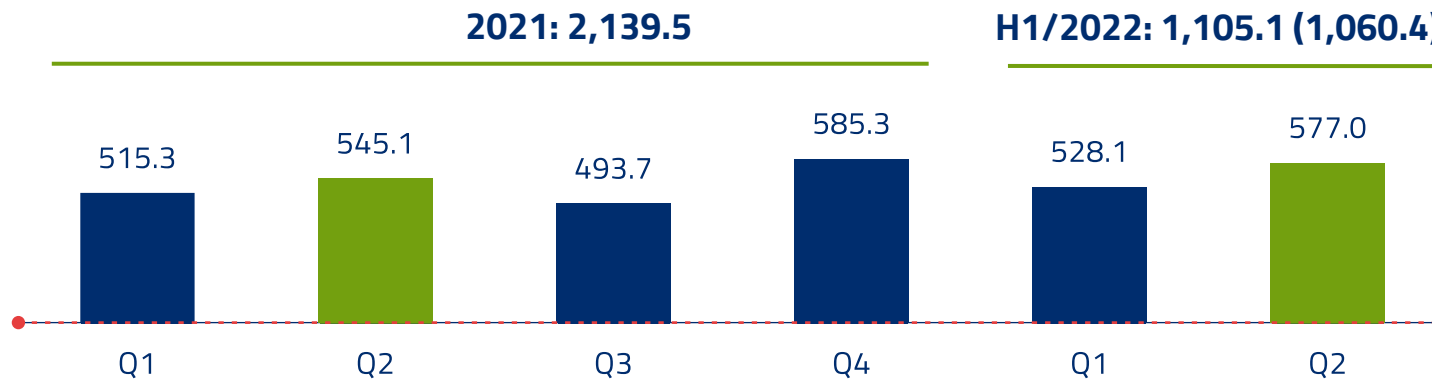
Order backlog, EUR million



Revenue development

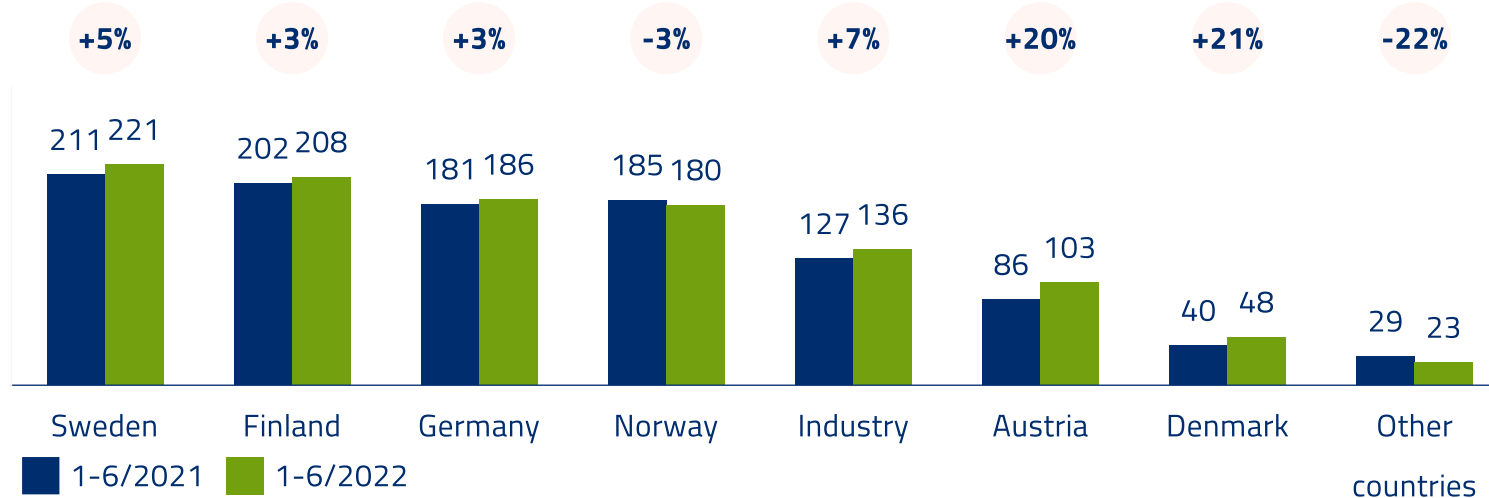
Q2/2022 revenue up by 5.9% supported by organic growth especially in Services

Group revenue, EUR million



- > Q2/22 revenue: EUR 577.0 (545.1) million, up by +5.9% (+6.5% in locals). Organic growth: +4.7%.
 - > By division, growth in Austria, Denmark, Germany, Finland, Industry and Sweden

Revenue breakdown by division, EUR million



- > H1/22 revenue: EUR 1,105.1 (1,060.4) million, up by +4.2% (+4.6% in locals). Organic growth +3.6%.
- > Business unit revenues:
 - > Q2/22: Services +7.7 % (+8.3% locals; +5.9% organic); Projects +2.5% (+3.1% locals; +2.5% organic)

Building performance and people's wellbeing

Examples of some new customer orders from April-June 2022



- > Customised building technology for well-known industrial customers
- > For ABB: innovation center for digitalisation and artificial intelligence, "ABB Campus"
- > For MTU Aero Engines: new production hall for rotors
- > Building technology plays a key role for both projects



- > DB Schenker and Caverion expand their cooperation for 18 properties across Finland
- > Technical maintenance of buildings, energy and remote property management
- > Caverion SmartView supports reaching energy saving targets and efficient reporting



- > Energy Performance Contract
- > First phase: approximately 120,000 m2 of the municipality's public buildings analysed to create an overall picture of them and their energy efficiency potential
- > Option to proceed with implementation after the design and analysis phase



Smart & Digital
solutions



Sustainability



Well-being
for people



Smart & Digital
solutions



Sustainability



Well-being
for people



Sustainability



Well-being
for people

We continue to invest in capabilities and core competencies

| Wind Controller | WT-Service Oy | PORREAL Group |
|---|---|--|
| <ul style="list-style-type: none"> > Acquisition of the shares of the Finnish service company Wind Controller, the leading technical consultant and service provider for the Finnish wind power industry. > Its customer base includes turbine suppliers and wind farm owners, operators and developers. > Closed on 2 May 2022 | <ul style="list-style-type: none"> > Acquisition of the Finnish industrial service specialist WT-Service Oy. > The company provides industrial maintenance, installation and project services in the Vaasa region, Finland. > Closed on 11 May 2022 | <ul style="list-style-type: none"> > Acquisition of PORREAL Group offering technical and soft facility services in Austria. > Closed on 2 August 2022 |
|   Finland |   Finland |   Austria |
| Revenue: EUR 5.1m | Revenue: EUR 1.7m | Revenue: EUR 32.8m |
| Employees: 40 | Employees: 17 | Employees: 380 |



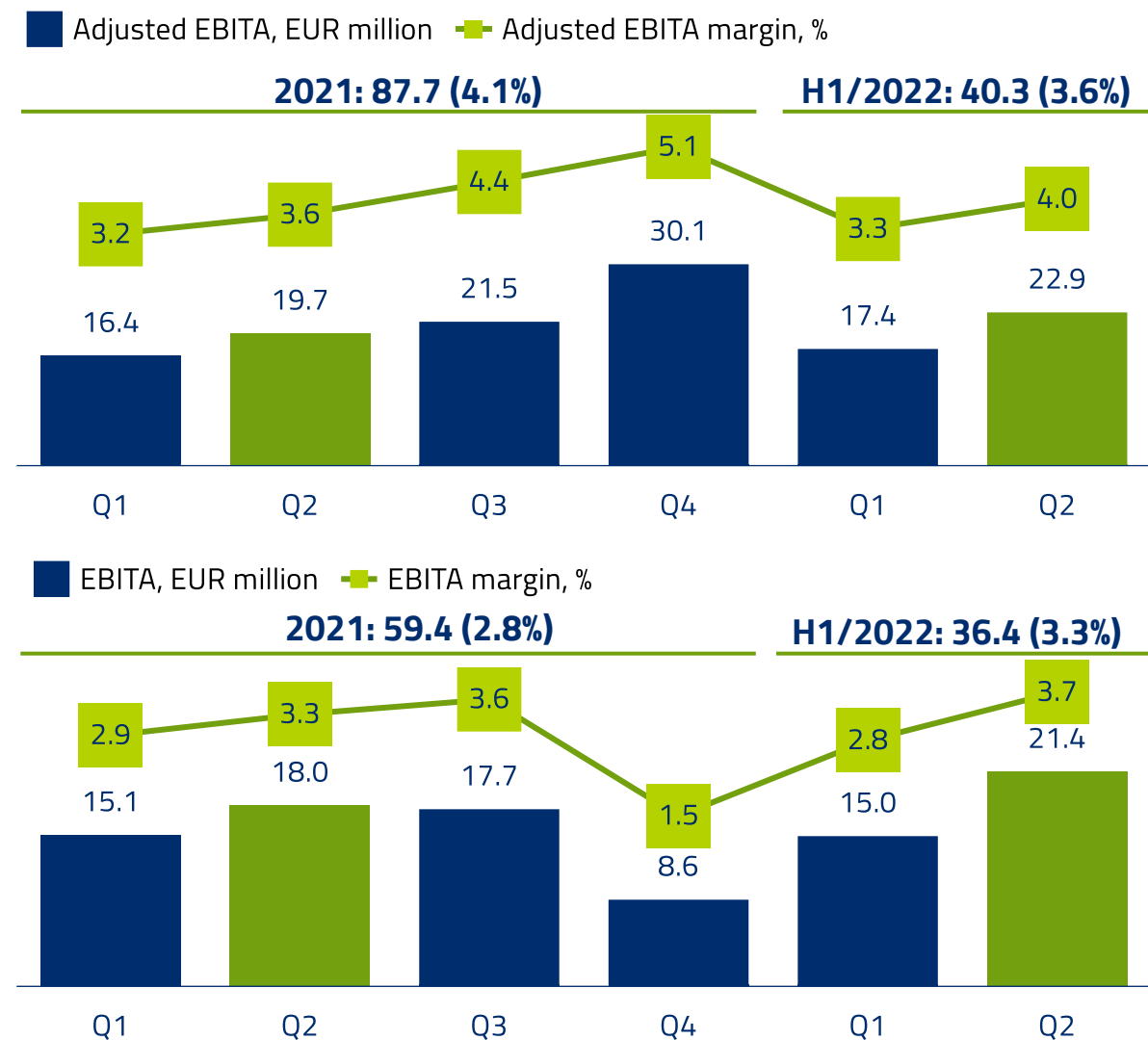
3. Profitability, cash flow and financing

Profitability development

Adjusted EBITA improved in Q2/2022 compared to the previous year

- Q2/2022: Adjusted EBITA improved by 16.0% to EUR 22.9 (19.7) million
 - Adjusted EBITA margin: 4.0% (3.6%)
 - Both Services and Projects improved their performance.
- Q2/2022 EBITA: EUR 21.4 (18.0) million, up by 18.6%
 - EBITA margin: 3.7% (3.3%)
 - Impacted by one-offs: transaction costs related to acquisitions and divestments of EUR 1.5 million
- H1/2022: Adjusted EBITA up by 11.6% to EUR 40.3 (36.1) million and EBITA up by 9.8% to EUR 36.4 (33.1) million
 - Adjusted EBITA margin 3.6% (3.4%) and EBITA margin 3.3% (3.1%)

Adjusted EBITA = EBITA before items affecting comparability (IAC)



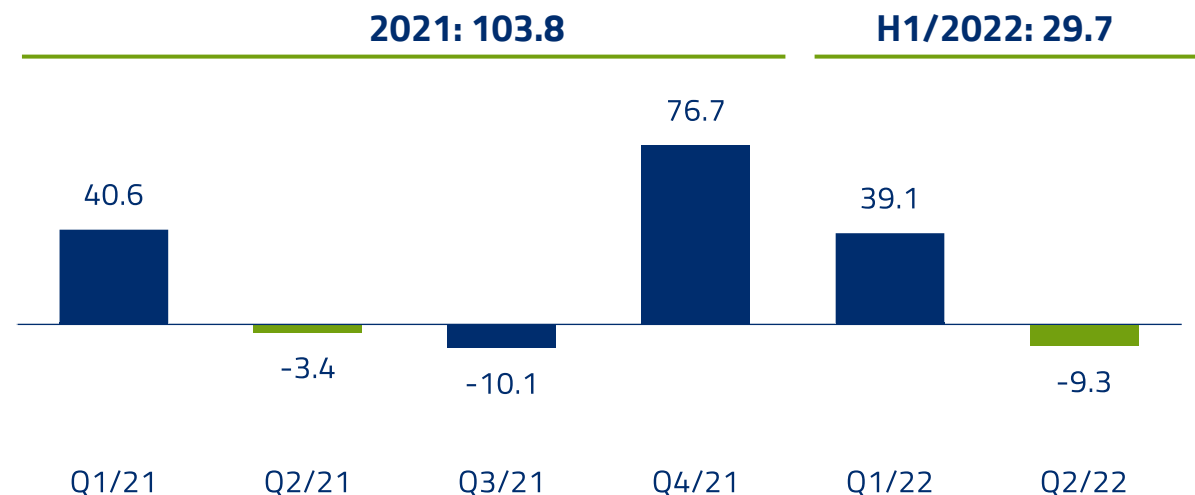
Cash flow development

Cash conversion at 81.3% in H1/2022

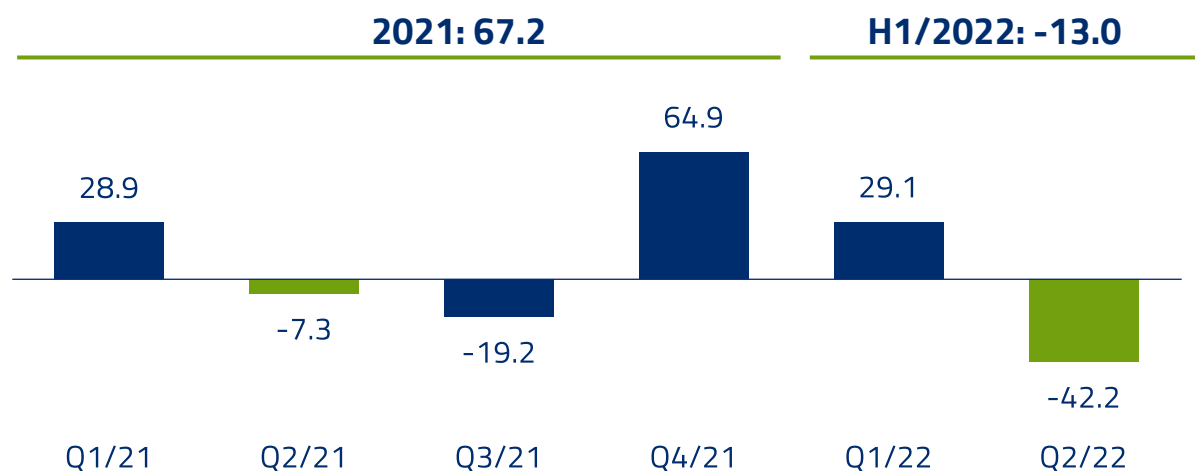
- > Operating cash flow was EUR 29.7 (37.2) million in H1/22 and cash conversion (LTM) 81.3% (80.3%).
 - > Change in working capital of EUR -28.0m (-18.3m).
 - > H1/2022 cash flow was negatively impacted by the payment of EUR 8.8 million for civil claims relating to the German anti-trust matter. The respective cost was reported in items affecting comparability in 2021.
- > Free cash flow: EUR -13.0 (21.5) million
- > Capex 2021: EUR 38.0 (7.1) million
 - > IT investments: EUR 4.6m (4.1m)
 - > Other investments incl. acquisitions: EUR 33.4m (3.0m)

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



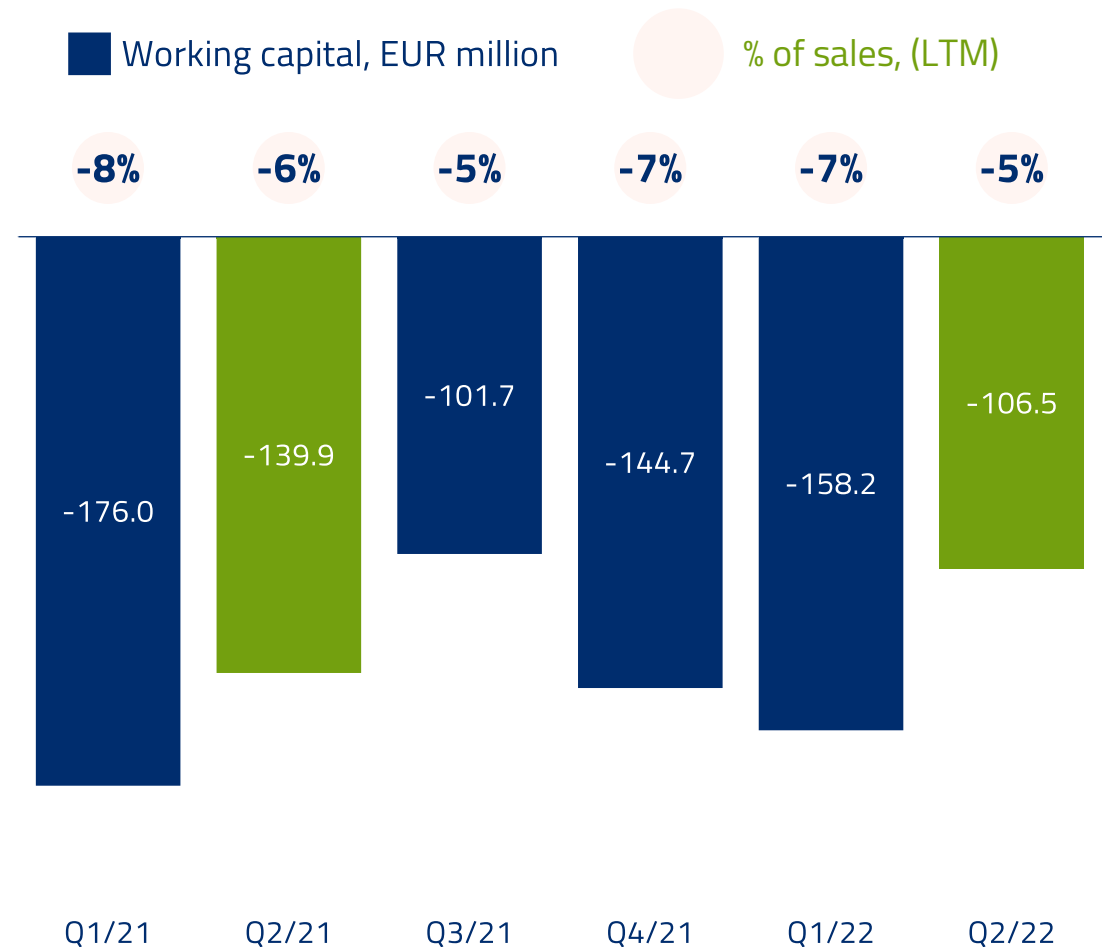
Free cash flow, EUR million



Working capital development

Working capital was at a level of -5% of sales (LTM)

- > The Group's working capital amounted to EUR -106.5 (-139.9) million at the end of June.
- > Working capital was impacted by projects being in a cash-consuming phase.
- > Trade and POC receivables increased to EUR 560.1 (518.4) million and other current receivables to EUR 29.4 (26.9) million.
- > Advances received increased to EUR 248.4 (237.9) million. Other current liabilities decreased to EUR 262.5 (278.1) million and trade and POC payables increased to EUR 203.1 (185.9) million.

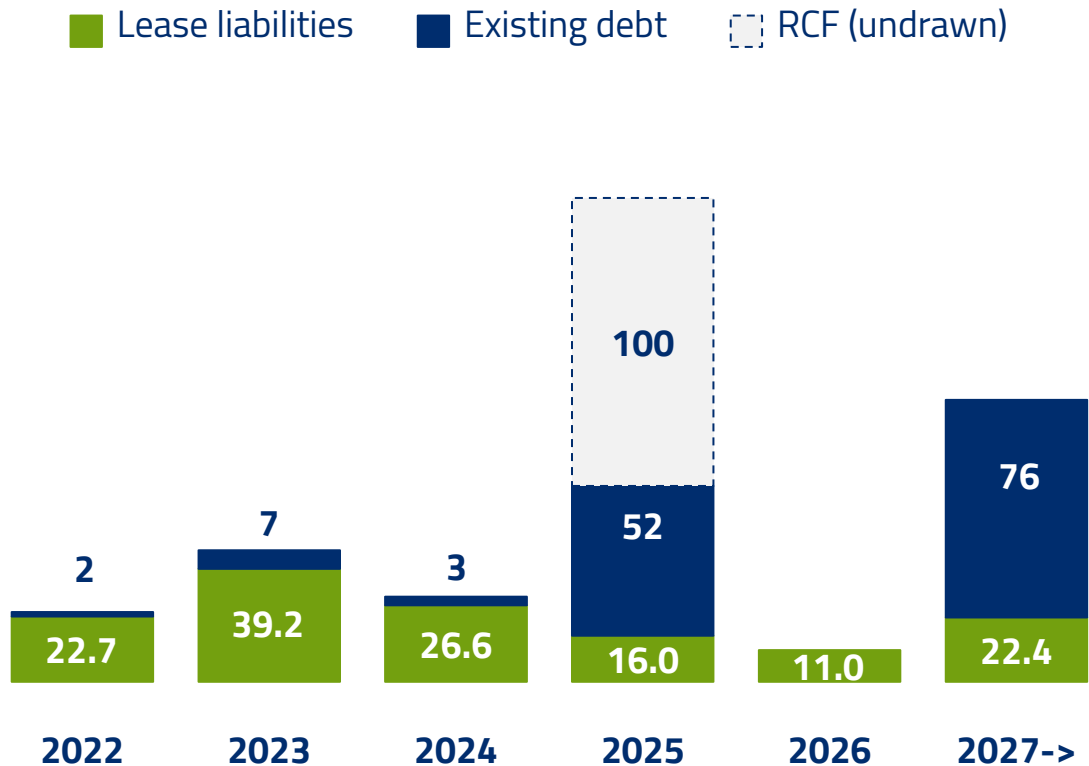


Debt maturity structure

Net debt impacted by investments in the acquisitions and dividend payment

Debt maturity structure on 30 June 2022

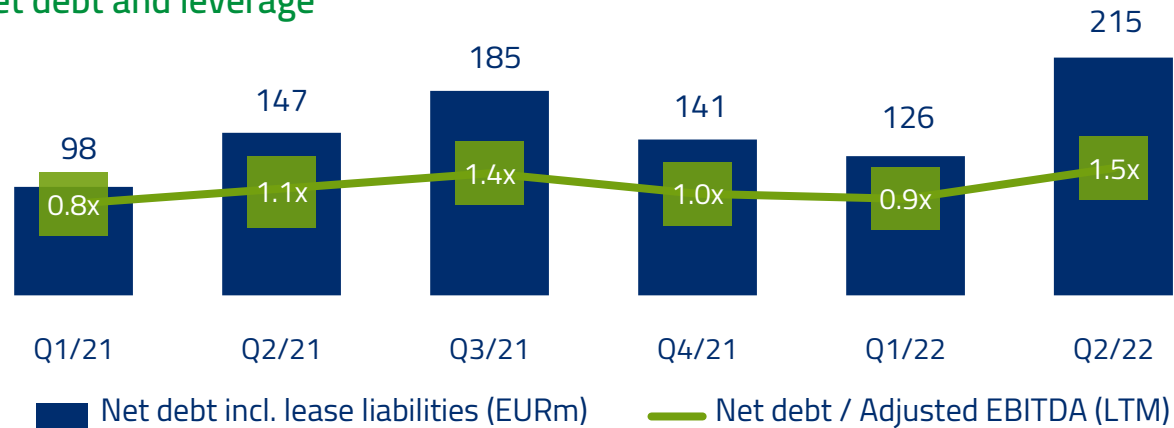
EUR million



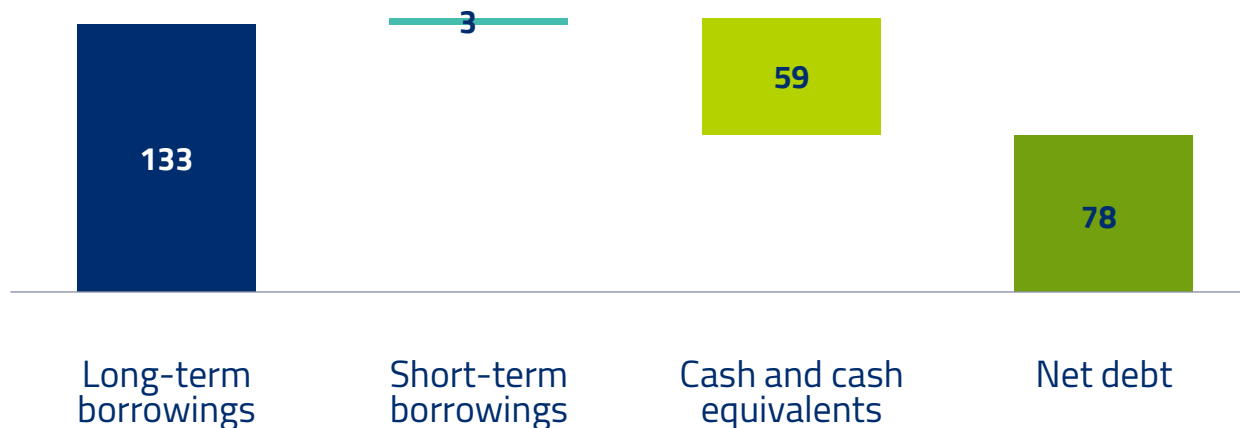
- > On February issued new EUR 75m senior unsecured bond has a maturity of five years, maturing in February 2027, with a fixed annual interest rate of 2.75%.
- > The old, partially redeemed, bond matures in March 2023 (EUR 3.5m nominal value remaining).
- > Credit facilities (EUR 50m term loan and EUR 100m revolving credit facility) mature on 15 January 2025, with two one-year extension options (maturity 3+1+1).
- > EUR 35m hybrid bond has first call date in May 2023.
- > Interest-bearing net debt incl. lease liabilities: EUR 215.4m (147.3m).
- > Interest-bearing net debt excl. lease liabilities: EUR 77.5m (23.7m).

Low leverage level

Net debt and leverage



Gross debt to net debt on 30 June 2022 (EURm) excluding lease liabilities



- > Net debt/Adjusted EBITDA Q2/2022: 1.5x (1.1x). Group's target limit is less than 2.5x.
- > Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA according to the calculation principles confirmed with the lending parties. Caverion is in compliance with the quarterly monitored financial covenant.
- > Cash and cash equivalents of EUR 58.7m (113.7m).
- > In addition, undrawn revolving credit facilities of EUR 100.0m and undrawn overdraft facilities of EUR 19.0m.

4. Guidance



Guidance and dividends

Guidance for 2022

- In 2022, Caverion Group's revenue (2021: EUR 2,139.5 million) and adjusted EBITA (2021: EUR 87.7 million) will grow compared to 2021.

Dividend

- The Annual General Meeting held on 28 March 2022 decided that a dividend of EUR 0.17 per share was paid for the year 2021. The payment date was 6 April 2022.





Building Performance

Key figures

| EUR million | 4-6/22 | 4-6/21 | Change | 1-6/22 | 1-6/21 | Change | 1-12/21 |
|--|--------|--------|---------|---------|---------|--------|---------|
| Revenue | 577.0 | 545.1 | 5.9% | 1,105.1 | 1,060.4 | 4.2% | 2,139.5 |
| Organic growth, % | 4.7 | 3.3 | | 3.6 | -1.1 | | -2.0 |
| Adjusted EBITDA | 37.3 | 33.2 | 12.4% | 68.1 | 62.6 | 8.8% | 142.1 |
| Adjusted EBITDA margin, % | 6.5 | 6.1 | | 6.2 | 5.9 | | 6.6 |
| EBITDA | 35.8 | 31.5 | 13.8% | 64.3 | 59.6 | 7.9% | 113.8 |
| EBITDA margin, % | 6.2 | 5.8 | | 5.8 | 5.6 | | 5.3 |
| Adjusted EBITA | 22.9 | 19.7 | 16.0% | 40.3 | 36.1 | 11.6% | 87.7 |
| Adjusted EBITA margin, % | 4.0 | 3.6 | | 3.6 | 3.4 | | 4.1 |
| EBITA | 21.4 | 18.0 | 18.6% | 36.4 | 33.1 | 9.8% | 59.4 |
| EBITA margin, % | 3.7 | 3.3 | | 3.3 | 3.1 | | 2.8 |
| Operating profit | 17.5 | 13.9 | 26.0% | 28.9 | 24.9 | 16.0% | 43.5 |
| Operating profit margin, % | 3.0 | 2.5 | | 2.6 | 2.3 | | 2.0 |
| Earnings per share, undiluted, EUR | 0.09 | 0.06 | 39.1% | 0.13 | 0.11 | 19.2% | 0.17 |
| Operating cash flow before financial and tax items | -9.3 | -3.4 | -176.7% | 29.7 | 37.2 | -20.1% | 103.8 |
| Order backlog | | | | 1,907.9 | 1,789.0 | 6.6% | 1,863.8 |
| Cash conversion (LTM), % | | | | 81.3 | 80.3 | | 91.2 |
| Working capital | | | | -106.5 | -139.9 | 23.8% | -144.7 |
| Interest-bearing net debt | | | | 215.4 | 147.3 | 46.3% | 140.7 |
| Net debt/Adjusted EBITDA | | | | 1.5 | 1.1 | | 1.0 |
| Gearing, % | | | | 111.3 | 79.9 | | 69.8 |
| Equity ratio, % | | | | 18.6 | 18.1 | | 19.0 |
| Number of personnel at the end of the period | | | | 14,612 | 14,958 | -2.3% | 14,298 |

Directly registered shareholders on 30 June 2022

| Largest shareholders | Shares, pcs | % of shares | Change after 3/2022, pcs |
|---|-------------|-------------|--------------------------|
| 1 Herlin Antti | 21,054,392 | 15.2 | 0 |
| 2 Fennogens Investments SA (Ehrnrooth family) | 14,169,850 | 10.2 | 0 |
| 3 Varma Mutual Pension Insurance Company | 9,035,780 | 6.5 | -692,627 |
| 4 Mandatum companies | 6,236,671 | 4.5 | 470,079 |
| 5 Säästöpankki funds | 3,716,562 | 2.7 | 15,000 |
| 6 Ilmarinen Mutual Pension Insurance Company | 3,602,955 | 2.6 | 0 |
| 7 Elo Mutual Pension Insurance Company | 2,565,640 | 1.8 | 0 |
| 8 Caverion Oyj | 2,447,447 | 1.8 | 0 |
| 9 The State Pension Fund | 2,050,000 | 1.5 | 0 |
| 10 Brotherus Ilkka | 1,803,765 | 1.3 | 0 |
| 11 Nordea funds | 1,739,429 | 1.3 | -320,070 |
| 12 OP funds | 1,481,100 | 1.1 | 16,800 |
| 13 Aktia funds | 1,250,000 | 0.9 | 200,000 |
| 14 Kaleva Mutual Insurance Company | 969,025 | 0.7 | 0 |
| 15 S-Bank funds | 924,730 | 0.7 | 62,175 |
| 16 Sinituote Oy | 772,400 | 0.6 | 0 |
| 17 Veritas Pension Insurance Company Ltd. | 742,651 | 0.5 | -3,538 |
| 18 Lehtoranta Ari Tapio | 356,891 | 0.3 | 0 |
| 19 Haapalainen Marko Juhani | 335,000 | 0.2 | 42,385 |
| 20 Finska Läkaresällskapet rf | 331,800 | 0.2 | 90,000 |

20 largest, total 75,586,088 54.4
All shares 138,920,092 100.0

Source: Investis, as presented on Caverion website.

Sector distribution (6/2022)



| | | |
|---|---|-----------------------|
| ■ | Nominee reg. and non-Finnish | 29.7% (Mar 31: 30.3%) |
| ■ | Households | 20.0% (19.1%) |
| ■ | General government | 13.2% (13.7%) |
| ■ | Financial and insurance corporations | 9.2% (9.2%) |
| ■ | Non-profit institutions | 4.0% (3.8%) |
| ■ | Non-financial corporations and housing corporations | 23.9% (23.8%) |