



Interim Report January–September 2022

Jacob Götzsche, President and CEO
Mikko Kettunen, CFO
3 November 2022

Agenda

1. Q3 2022 in brief
2. Q3 Financial performance
3. Guidance





1. Q3 2022 in brief

Q3 2022 highlights

Strong quarter with continued organic growth and improved profitability

- 11.8% organic revenue growth, solid order backlog expected to support revenue growth also going forward.
- Profitability and operating cash flow improved despite the cost inflation and higher sick leave levels.
- Four acquisitions closed in Q3/22, total annual revenue EUR 53.2 million

Revenue

564.1 EURm (493.7)

Revenue growth

11.8% organic (-4.6%)

14.3% total (-4.2%)

Order backlog

1,971.0 EURm

(1,889.7), +4.3%

Adjusted EBITA

26.9 EURm (21.5)

4.8% margin (4.4%)

Operating cash flow

7.7 EURm (-10.1)

before financial and
tax items

Revenue distribution

Services 65.9% (65.2%)

Projects 34.1% (34.8%)



Operating environment 1-9/2022

The economic uncertainty has increased

Services 66.1% (65.1%) of Group 1-9/2022 revenue

- › 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.
- › Growth has been limited by the availability of competent workforce and delays in the supply chain.

Projects 33.9% (34.9%) of Group 1-9/2022 revenue

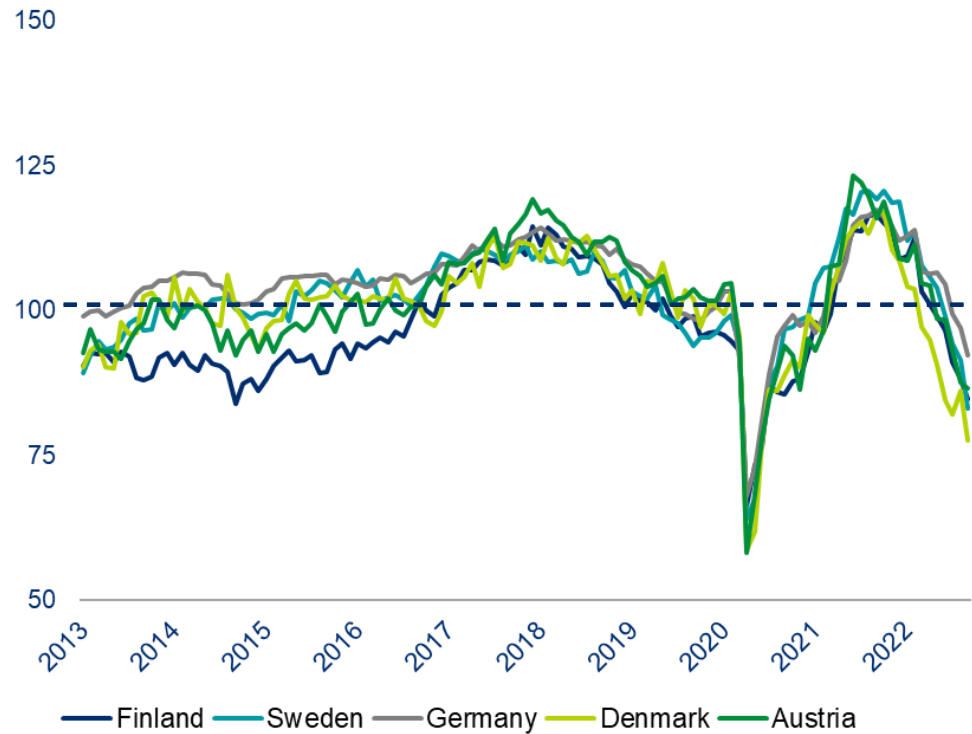
- › The market demand remained mostly stable.
- › The interest for energy improvement projects has picked up, driven by the focus on energy consumption due to the energy crisis.
- › The market was impacted by increases in material prices, delays in decision-making and supply chain as well as uncertainty in the business environment, especially related to new construction.



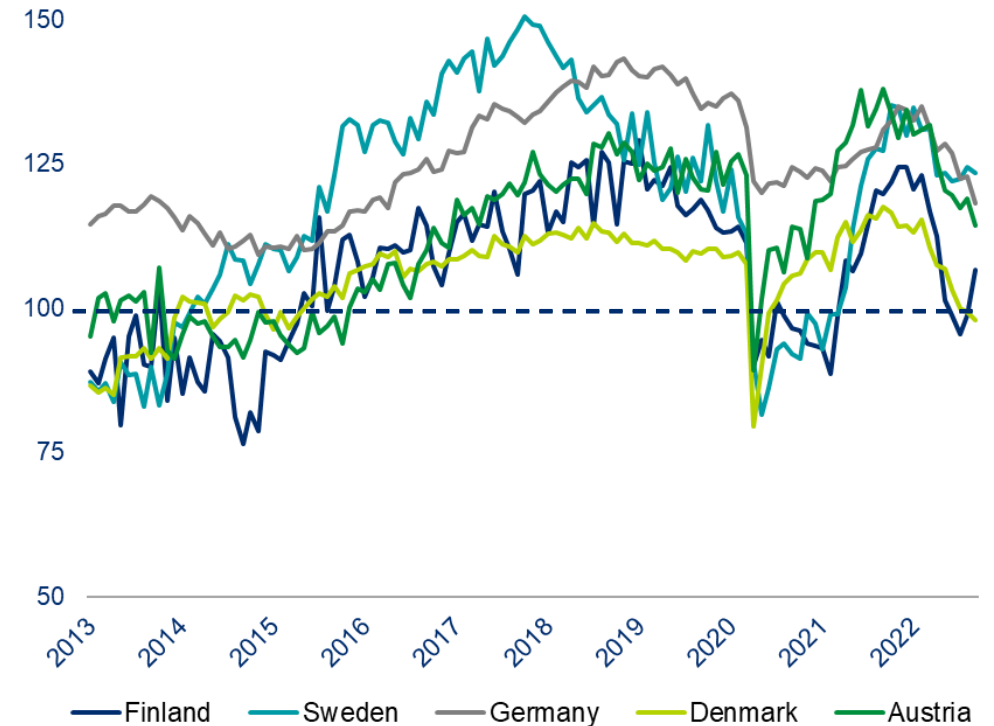
Operating environment 1-9/2022

Economic sentiment indicators impacted by the Ukraine war and the energy crisis

ECONOMIC SENTIMENT INDICATOR
(2013 – 09/2022)



CONSTRUCTION CONFIDENCE INDICATOR
(2013 – 09/2022)

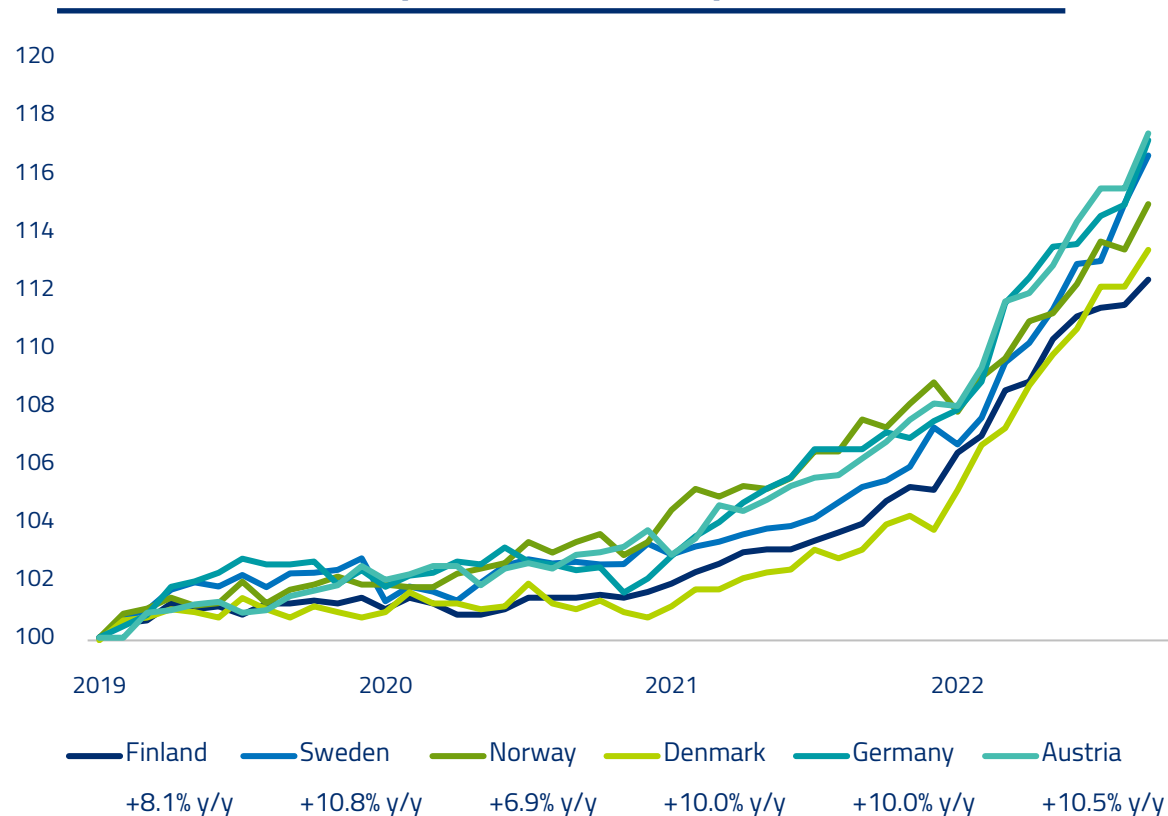


Sources: European Commission, September 2022

Operating environment 1-9/2022

Inflation continued to accelerate

CONSUMER PRICE INDEX (2019=100) (2019 – 09/2022)



Sources: Countries Statistical centers, September 2022

- > The cost inflation related to material prices, including fuel costs, continued to impact the building technology market.
- > Caverion has proactively taken various measures to optimise the supply chain and to manage pricing.

Building performance and people's wellbeing

Examples of some new customer orders from July-September 2022



- > The construction project of Noli Studios (NREP) in Otaniemi, Espoo, Finland in cooperation with Peab
- > Delivering all the building solutions and EV charging points
- > After the completion at the end of 2023, comprehensive responsibility for the technical property management



- > Continuing partnership with Fraport AG at Frankfurt Airport's new terminal project in Germany
- > Installation of cooling, heating and sanitation, ventilation and air conditioning technology
- > The technology used aims to ensure the climate-friendly operation



- > Caverion selected as a services supplier for technical maintenance
- > Monitoring and maintenance of 177 buildings of the city of Västerås
- > Enabling climate target achievement through energy efficiency measures and improvements for the buildings



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Sustainability



Well-being
for people



Sustainability



Well-being
for people



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Sustainability



Well-being
for people

Launching long-term partnership with Danske Bank in 5 countries

- New international partnership covering technical security maintenance for all Danske Bank branches in 5 countries
 - A total of over 200 branches, finance centres and corporate offices
 - Countries: Denmark, Finland, Lithuania, Norway and Sweden
- Service is built on our smart security solutions, extensive expertise, cloud-based solutions and uniform maintenance operations
- Customers main decision criteria: our in-house delivery capabilities & ability to provide consistent service delivery on an international scale



Smart & Digital
solutions



Well-being
for people

Saving Energy is THE priority topic for our customers

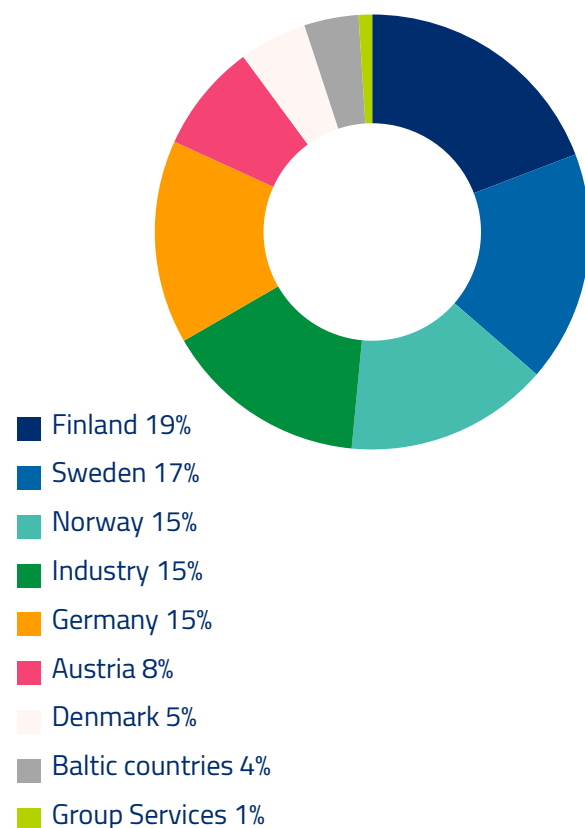
We are supporting them with short- & mid-term impact-proven guidance and measures

- › We provide field-tested solutions (energy advisory, energy savings projects, remote monitoring etc.) and proven results for short-term and long-term energy optimisation
- › Fluctuations in energy prices are here to stay - the best way to respond to the volatility is by improving the overall energy efficiency
- › We can enable our customers to:
 - › Save energy now with short-term actions
 - › Make the needed changes to prepare their properties for future energy fluctuations and reduce energy consumption

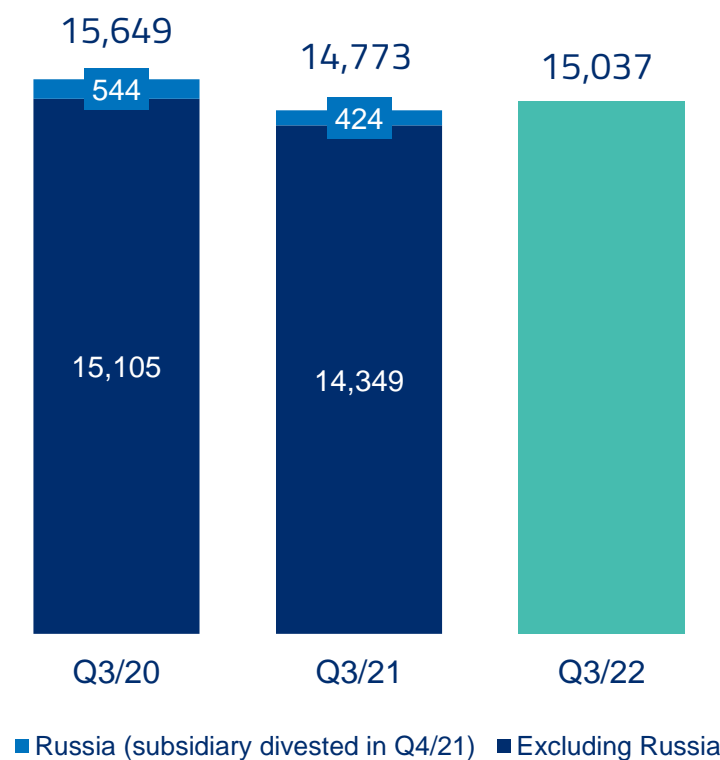


The effects of the corona pandemic still impacting us

Employees by division Q3/2022



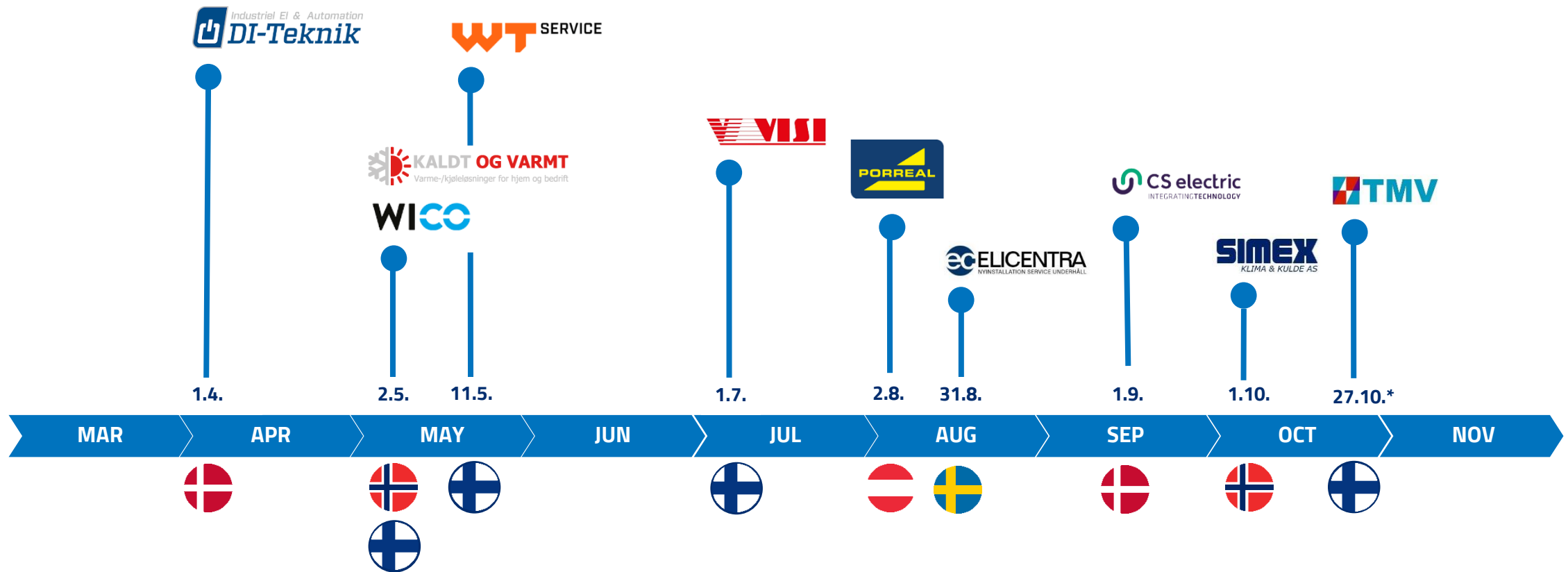
Number of employees (end of period)



- > More than 700 new employees as a result of acquisitions in 1-9/2022
- > Due to the corona pandemic, sick leave levels increased compared to the previous year.
- > Many extra actions have been taken to protect the employees due to the corona situation.
- > Accident frequency rate* was 4.0 (4.1) at the end of September.

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

Acquisitions are a key part of our growth strategy



*The closing of the acquisition is subject to the approval by the Finnish Competition and Consumer Authority.

We continue to invest in capabilities and core competencies

CS electric A/S

- > Acquisition of CS electric, a technology company in Denmark
- > A leading player in Denmark in technical engineering, electrification and automation services
- > Closed on 1 September 2022



Visi Oy

- > Acquisition of the Finnish industrial security service specialist Visi Oy
- > Visi provides industrial video and access control services as well as work and safety communication services
- > Closed on 1 July 2022



Simex Klima & Kulde AS

- > Acquisition of Simex Klima & Kulde in Norway
- > One of Stavanger region's leading suppliers in technical installations of indoor climate, cooling and heat pump systems for commercial buildings
- > Closed on 1 October 2022



Revenue: **EUR 13.4m**

Revenue: **EUR 4.6m**

Revenue: **EUR 4.2m**

Employees: **70**

Employees: **22**

Employees: **25**

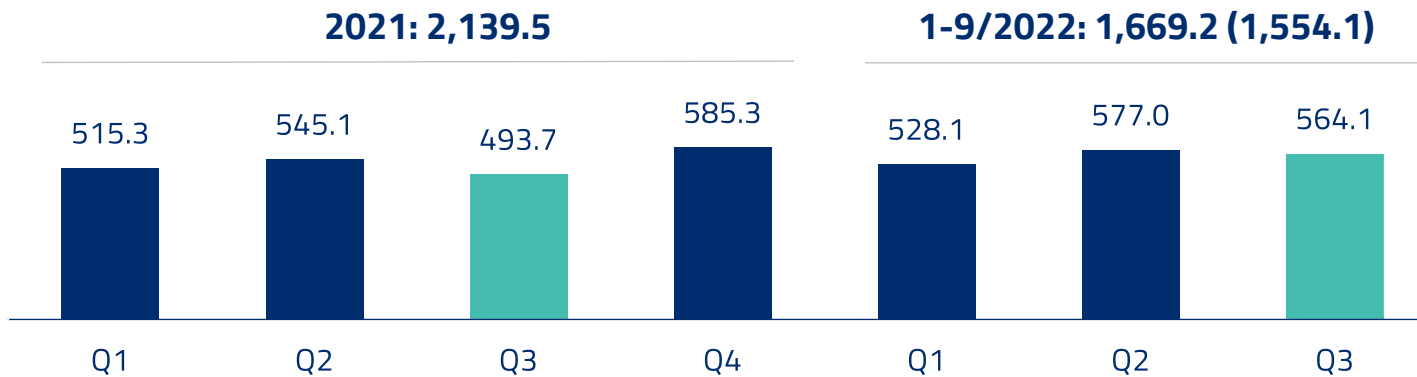
2. Q3 Financial performance



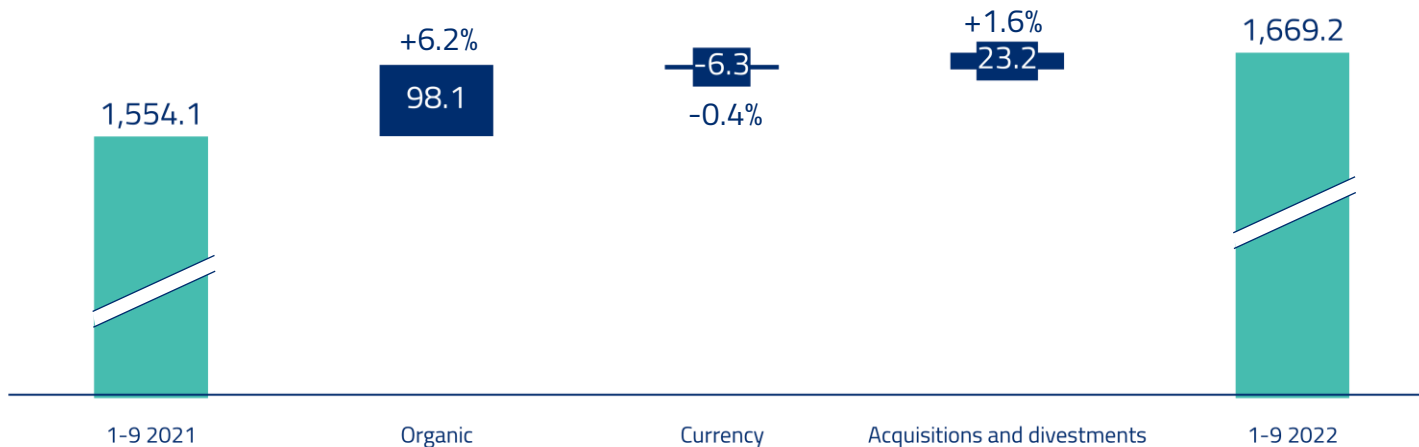
Revenue

Q3/2022 revenue up by 14.3% underlined by strong organic growth

Group revenue, EUR million



Revenue development in 1-9/2022, EUR million, %

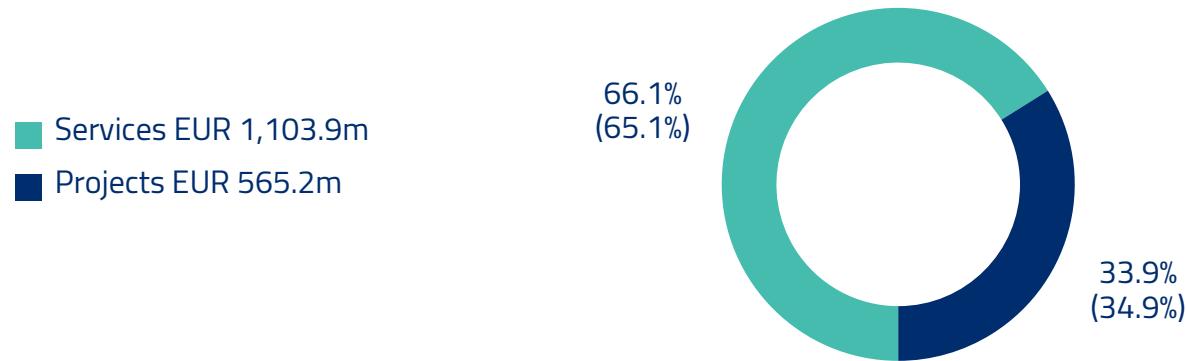


- > Q3/22 revenue: EUR 564.1 (493.7) million, up by +14.3% (+14.7% in locals)
- > Organic growth: +11.8%. Estimated inflation impact roughly one third of the organic growth
- > 1-9/22 revenue: EUR 1,669.2 (1,554.1) million, up by +7.4% (+7.8% in locals) and organic growth of +6.2%

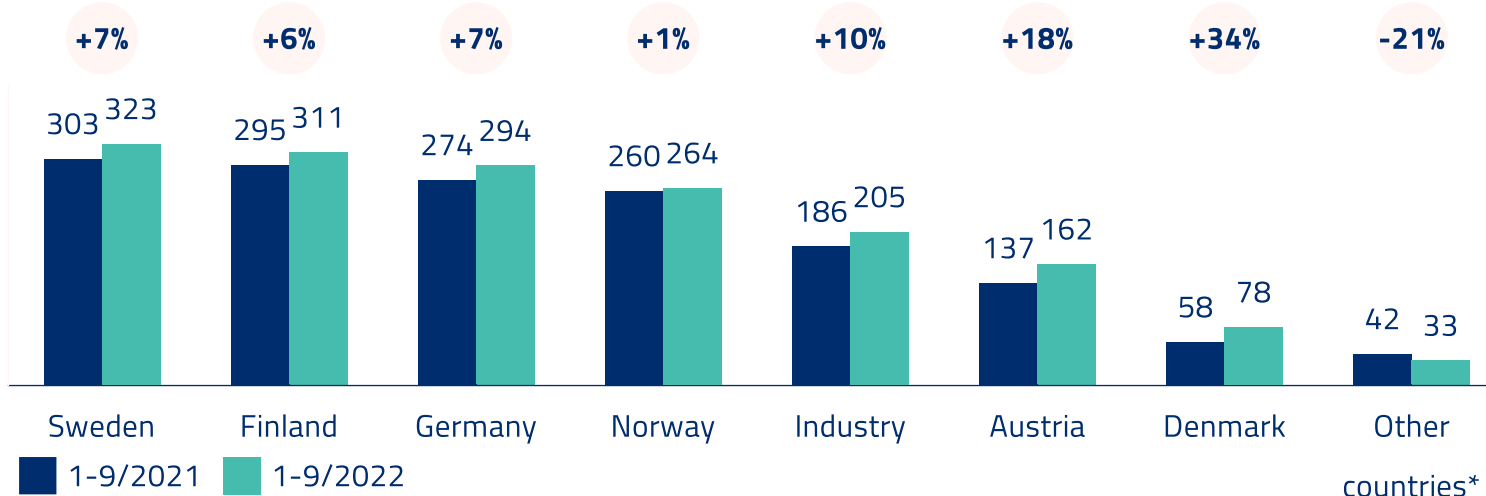
Revenue

Growth in all divisions in Q3/2022 and 1-9/2022

Revenue breakdown by business unit in 1-9/2022, EUR million



Revenue breakdown by division in 1-9/2022, EUR million



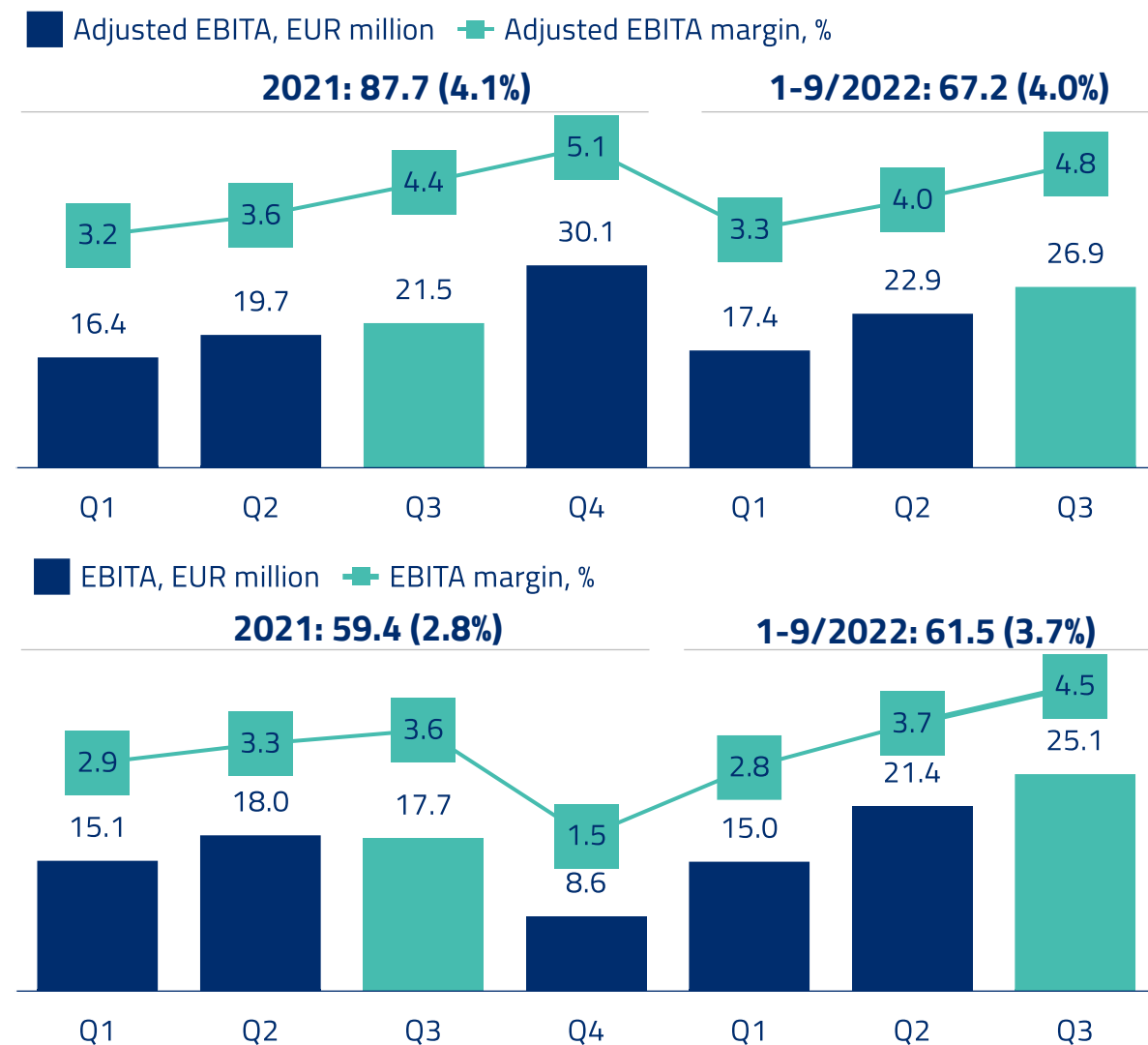
- > Business unit revenues Q3/22:
 - > Services +15.5 % (+15.8% locals; +11.2% organic)
 - > Projects +11.9% (+12.5% locals; +12.9% organic)
- > Growth in all divisions in Q3/22 and 1-9/22 as a result of increased underlying activity and partly indirectly due to inflation impact

* Other countries include the Baltic countries and Russia. Caverion divested its Russian subsidiary in December 2021, which explains the year on year decline in revenue. Baltic countries revenue increased slightly during January-September of 2022 compared to last year.

Profitability

Profitability improved in Q3/2022 despite the cost inflation and higher sick leave levels

- > Q3/2022: Adjusted EBITA improved by 25.0% to EUR 26.9 (21.5) million
 - > Adjusted EBITA margin: 4.8% (4.4%)
 - > Both Services and Projects improved their profitability. Caverion has managed to cover material cost increases in pricing and improve efficiency.
- > Q3/2022 EBITA: EUR 25.1 (17.7) million, up by 42.2%
 - > EBITA margin: 4.5% (3.6%)
 - > Impacted by one-offs: transaction costs related to acquisitions and divestments of EUR 1.7 million
- > 1-9/2022 Adjusted EBITA EUR 67.2 (57.6) million, up by 16.6%, adjusted EBITA margin 4.0% (3.7%)
- > 1-9/2022 EBITA EUR 61.5 (50.8) million, up by 21.1%, EBITA margin 3.7% (3.3%)

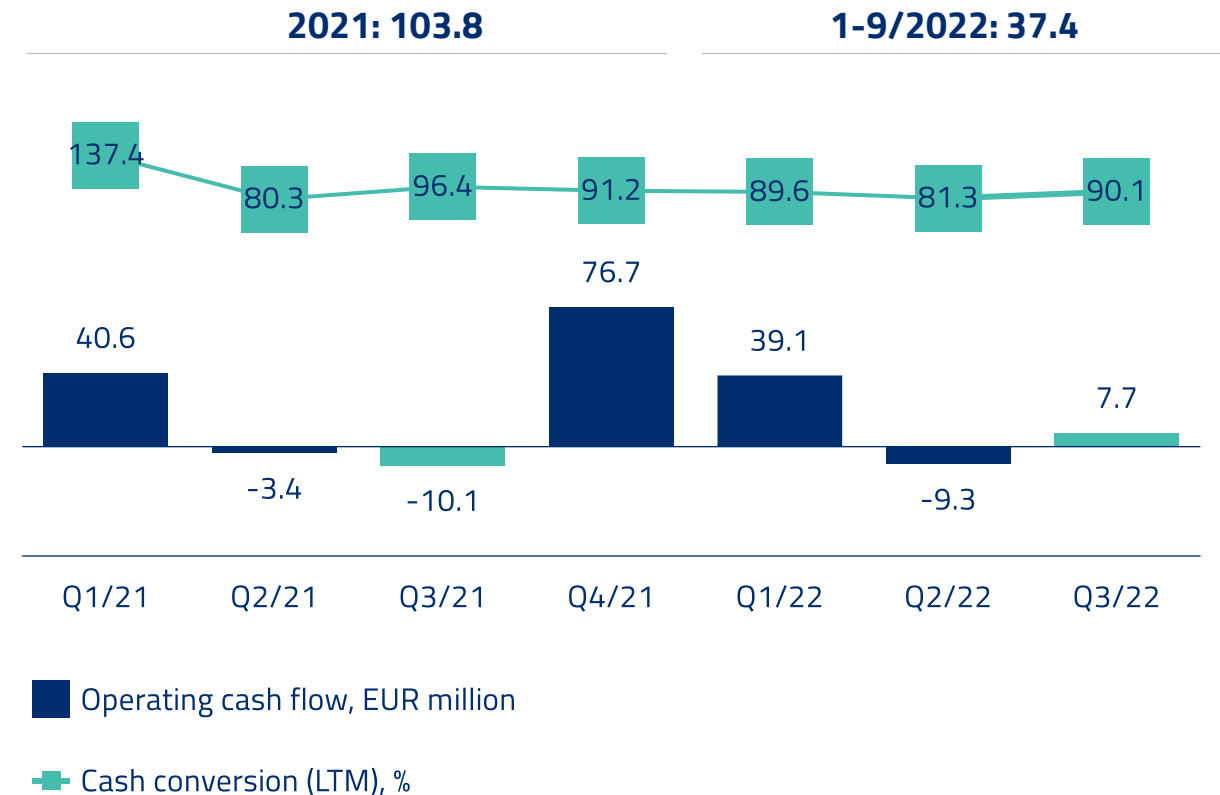


Cash flow

Operating cash flow improved in 1-9/2022

- Operating cash flow before financial and tax items was EUR 37.4 (27.1) million in 1-9/22
 - Cash conversion (LTM) 90.1% (96.4%)
 - Change in working capital of EUR -58.6m (-61.1m).
 - 1-9/2022 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.
- Operating cash flow before financial and tax items was EUR 7.7 (-10.1) million in Q3/22
- Free cash flow 1-9/22: EUR -55.2 (2.4) million
 - Impacted by investments in the acquisitions with a negative cash flow effect of EUR 73.6m (6.6m)
- Capex 1-9/22: EUR 92.8 (20.8) million
 - IT investments: EUR 6.3m (5.6m) representing 0.4 (0.4) percent of revenue
 - Other investments incl. acquisitions: EUR 86.5m (15.2m)

Operating cash flow before financial and tax items, EUR million

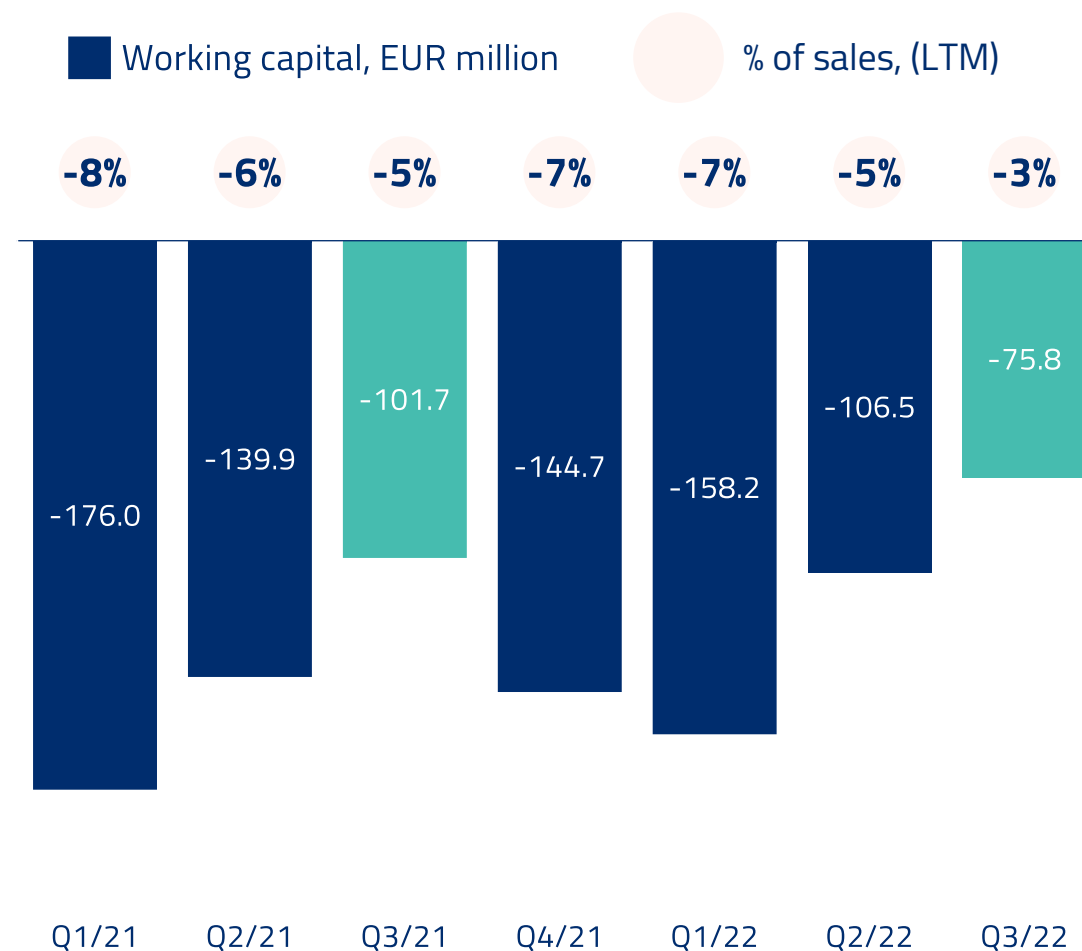


Free cash flow = Operating cash flow before financial and tax items – Taxes paid – Net cash used in investing activities (net, including acquisitions and disposals).

Working capital

Working capital was at a level of -3% of sales (LTM)

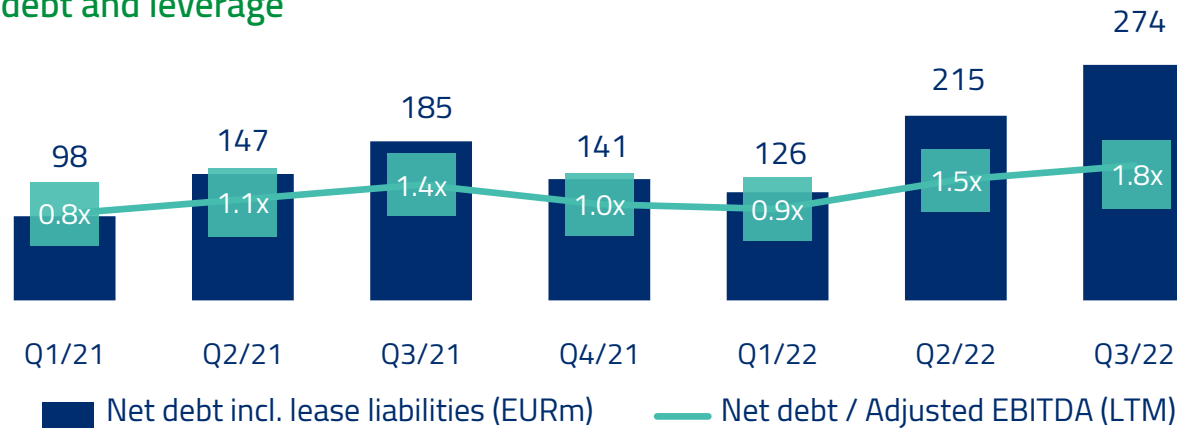
- > The Group's working capital amounted to EUR -75.8 (-101.7) million at the end of September.
- > Working capital was impacted by revenue growth in the Services business as well as several projects being in a cash-consuming phase.
- > Trade and POC receivables increased to EUR 588.6 (530.0) million and other current receivables decreased to EUR 29.9 (30.2) million.
- > Advances received increased to EUR 264.0 (242.1) million. Other current liabilities decreased to EUR 251.5 (253.4) million and trade and POC payables increased to EUR 201.7 (183.1) million.



Leverage

Net debt impacted by investments in the acquisitions and dividend payment

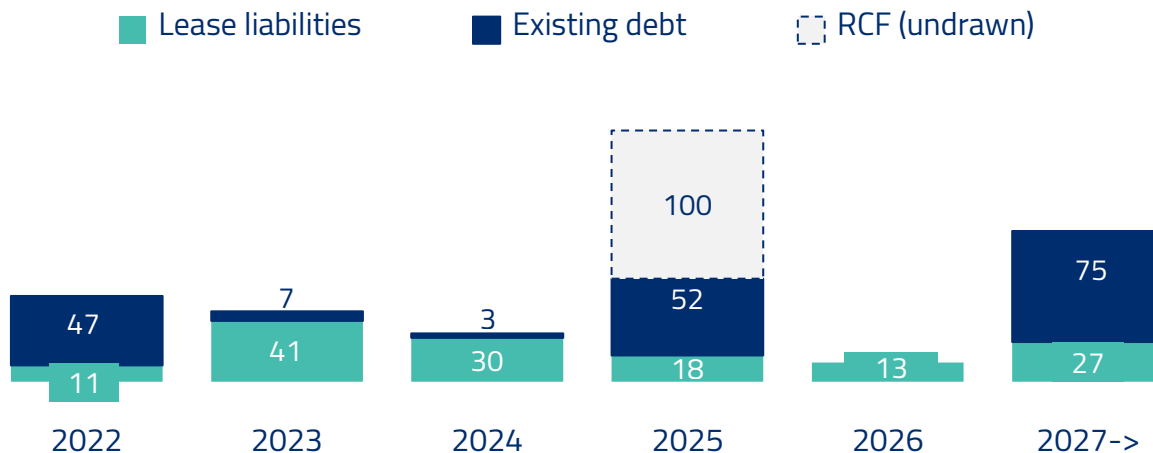
Net debt and leverage



- > Interest-bearing net debt incl. lease liabilities: EUR 274.0m (185.0m), excl. lease liabilities: EUR 135.1m (56.0m)
- > Caverion has issued commercial papers to support sufficient liquidity for acquisitions. At the end of September outstanding amount was EUR 44.9m.

- > Cash and cash equivalents of EUR 46.8m (81.5m)

Debt maturity structure on 30 September 2022, EUR million



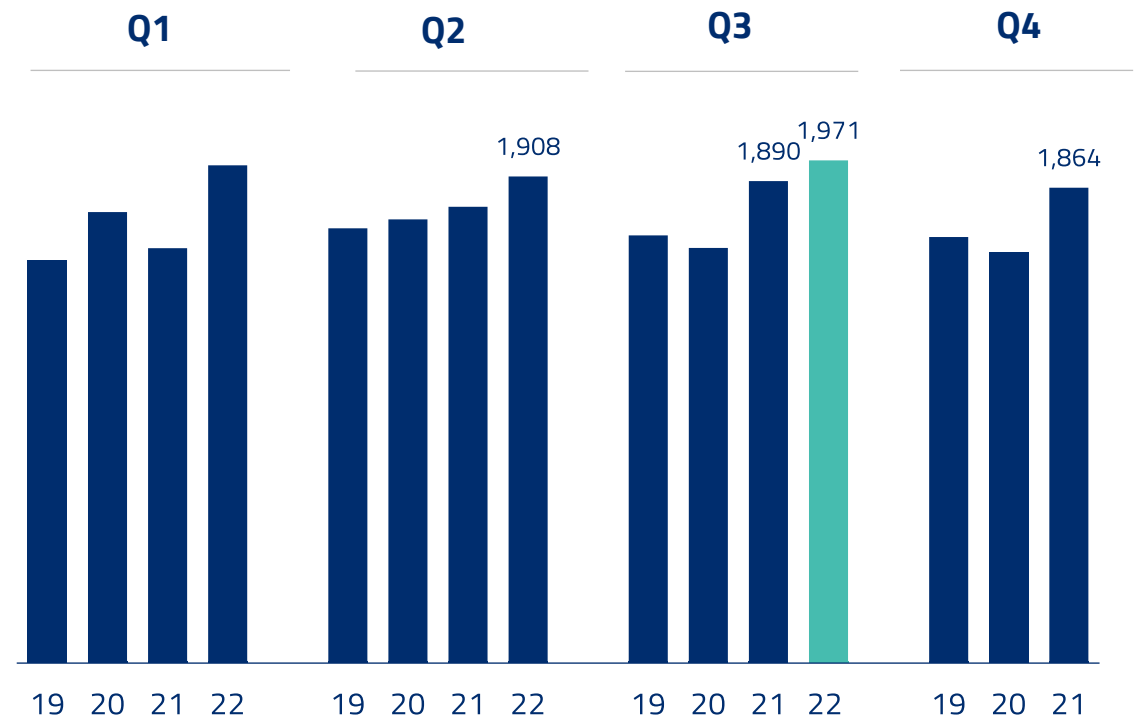
- > Net debt/Adjusted EBITDA according to group's financial targets in Q3/2022: 1.8x (1.4x). Group's target limit is less than 2.5x.
- > EUR 35m hybrid bond has first call date in May 2023.
- > Caverion has a balanced debt maturity profile, where most of the long-term debt matures in 2025 and in 2027.

Order backlog

Order backlog continued to increase, +4.3% year-on-year at the end of Q3/2022

- > Despite the challenges posed by the operating environment, order backlog increased by 4.3% year-on-year to EUR 1,971.0 (1,889.7) million at the end of September.
 - > Order backlog increased by 3.3% from the end of June 2022.
- > At comparable exchange rates the order backlog increased by 5.8% from the end of September 2021.
- > Order backlog increased by 9.0% in Services and decreased by 1.3% in Projects from the end of September 2021.

Order backlog, EUR million



3. Guidance



Guidance

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.





Building Performance

Key figures

EUR million	7-9/22	7-9/21	Change	1-9/22	1-9/21	Change	1-12/21
Revenue	564.1	493.7	14.3%	1,669.2	1,554.1	7.4%	2,139.5
Organic growth, %	11.8	-4.6		6.2	-2.3		-2.0
Adjusted EBITDA	41.1	35.0	17.3%	109.1	97.6	11.8%	142.1
Adjusted EBITDA margin, %	7.3	7.1		6.5	6.3		6.6
EBITDA	39.3	31.2	26.1%	103.6	90.8	14.1%	113.8
EBITDA margin, %	7.0	6.3		6.2	5.8		5.3
Adjusted EBITA	26.9	21.5	25.0%	67.2	57.6	16.6%	87.7
Adjusted EBITA margin, %	4.8	4.4		4.0	3.7		4.1
EBITA	25.1	17.7	42.2%	61.5	50.8	21.1%	59.4
EBITA margin, %	4.5	3.6		3.7	3.3		2.8
Operating profit	21.1	13.5	55.8%	49.9	38.4	30.0%	43.5
Operating profit margin, %	3.7	2.7		3.0	2.5		2.0
Earnings per share, undiluted, EUR	0.10	0.05	91.4%	0.23	0.16	43.4%	0.17
Operating cash flow before financial and tax items	7.7	-10.1		37.4	27.1	37.9%	103.8
Order backlog				1,971.0	1,889.7	4.3%	1,863.8
Cash conversion (LTM), %				90.1	96.4		91.2
Working capital				-75.8	-101.7	25.4%	-144.7
Interest-bearing net debt				274.0	185.0	48.1%	140.7
Net debt/Adjusted EBITDA				1.8	1.4		1.0
Gearing, %				131.8	96.2		69.8
Equity ratio, %				19.0	19.0		19.0
Number of personnel at the end of the period				15,037	14,773	1.8%	14,298

Financial targets

Mid-term financial targets until the end of 2025		Actual 1–9/2022	Actual 2021
Cash conversion (LTM)	Operating cash flow before financial and tax items / EBITDA > 100%	90.1%	91.2%
Profitability	Adjusted EBITA > 5.5% of revenue	4.0%	4.1%
Organic revenue growth	3–4% p.a. over the strategy period	6.2%	-2.0%
M&A revenue growth	2–3% p.a. over the strategy period	1.6%	-0.2%
Debt leverage	Net debt/LTM Adjusted EBITDA < 2.5x	1.8x	1.0x
Dividend policy	Distribute at least 50% of the result for the year after taxes, however, taking leverage level into account	100% *	100% *

*Calculated as Dividend per earnings (%). The Annual General Meeting approved the proposal of the Board of Directors according to which a dividend of EUR 0.17 per share was paid from the distributable funds of the company for the financial year 2021. The dividend was paid on 6 April 2022.

Directly registered shareholders on 30 September 2022

Largest shareholders	Shares, pcs	% of shares	Change after 6/2022, 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	0
4 Mandatum companies	6,425,084	4.6	188,413
5 Ilmarinen Mutual Pension Insurance Company	4,162,955	3.0	560,000
6 Säästöpankki funds	3,716,562	2.7	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 OP funds	1,491,425	1.1	10,325
12 Nordea funds	1,460,287	1.1	-279,142
13 Aktia funds	1,250,000	0.9	0
14 S-Bank funds	1,062,605	0.8	137,875
15 Kaleva Mutual Insurance Company	969,025	0.7	0
16 Sinituote Oy	772,400	0.6	0
17 Veritas Pension Insurance Company Ltd.	755,000	0.5	12,349
18 Haapalainen Marko Juhani	395,000	0.3	60,000
19 Lehtoranta Ari Tapio	356,891	0.3	0
20 Finska Läkaresällskapet rf	331,800	0.2	0
20 largest, total	76,275,908	54.9	
All shares	138,920,092	100.0	

Source: Investis, as presented on Caverion website.

Sector distribution (9/2022)



Nominee reg. and non-Finnish	29.2% (Jun: 29.7%)
Households	20.1% (20.0%)
General government	13.6% (13.2%)
Financial and insurance corporations	9.2% (9.2%)
Non-profit institutions	4.1% (4.0%)
Non-financial corporations and housing corporations	23.8% (23.9%)