



# Financial Statement Release January–December 2022

Jacob Götzsche, President and CEO  
Mikko Kettunen, CFO  
9 February 2023



# Agenda

1. Year 2022 in brief
2. Financial performance
3. Guidance
4. Status of the public tender offers





## 1. Year 2022 in brief



# Summary of the year 2022

## Strong performance and earnings

- A clear profitability uplift and record-high earnings through performance improvement actions made.
- Operating cash flow improved despite the cost inflation and higher sick leave levels.
- 12 acquisitions were closed in 2022, with a total annual revenue of EUR 94.3 million.

### Revenue

**2,352.1 EURm**

(2,139.5)

### Adjusted EBITA

**105.8 EURm** (87.7)

**4.5% margin** (4.1%)

### Revenue growth

**8.6% organic** (-2.0%)

**9.9% total** (-0.7%)

### Operating cash flow

**144.3 EURm** (103.8)

before financial and  
tax items

### Order backlog

**1,943.3 EURm**

(1,863.8), +4.3%

### Revenue distribution

**Services 66.8%** (65.5%)

**Projects 33.2%** (34.5%)



# Q4 2022 highlights

## Strong quarter with continued organic growth and improved profitability

- 14.9% organic revenue growth, solid order backlog expected to support revenue growth also going forward.
- Profitability and operating cash flow improved.
- Three acquisitions were closed in Q4/22, with a total annual revenue of EUR 11.5 million.
- Public tender offer was made for Caverion.

### Revenue

**682.9 EURm**

(585.3)

### Revenue growth

**14.9% organic** (-1.1%)

**16.7% total** (1.0%)

### Order backlog

**1,943.3 EURm**

(1,863.8), +4.3%

### Adjusted EBITA

**38.7 EURm** (30.1)

**5.7% margin** (5.1%)

### Operating cash flow

**106.9 EURm** (76.7)

before financial and tax items

### Revenue distribution

**Services 68.3%** (66.6%)

**Projects 31.7%** (33.4%)





# Operating environment 2022

## The economic uncertainty has increased

### Services 66.8% (65.5%) of Group 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 33.2% (34.5%) of Group 2022 revenue

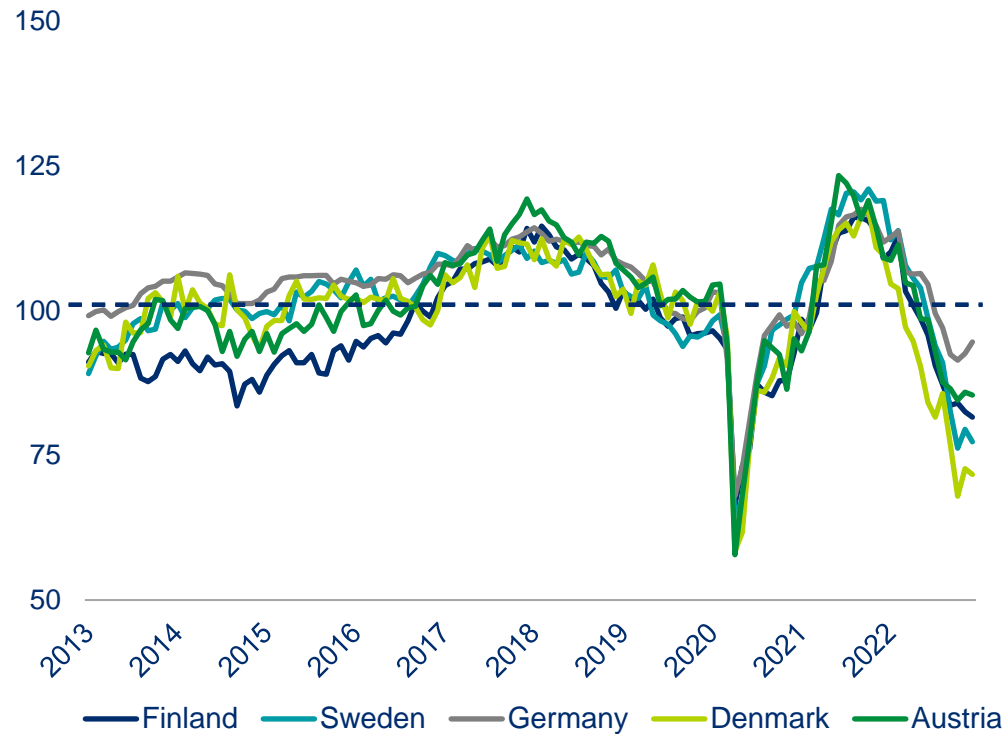
- › The market demand remained mostly stable.
- › The interest for energy improvement projects has picked up, driven by the focus on energy consumption due to the energy crisis.
- › The market was impacted by increases in material prices, delays in decision-making and supply chain as well as uncertainty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



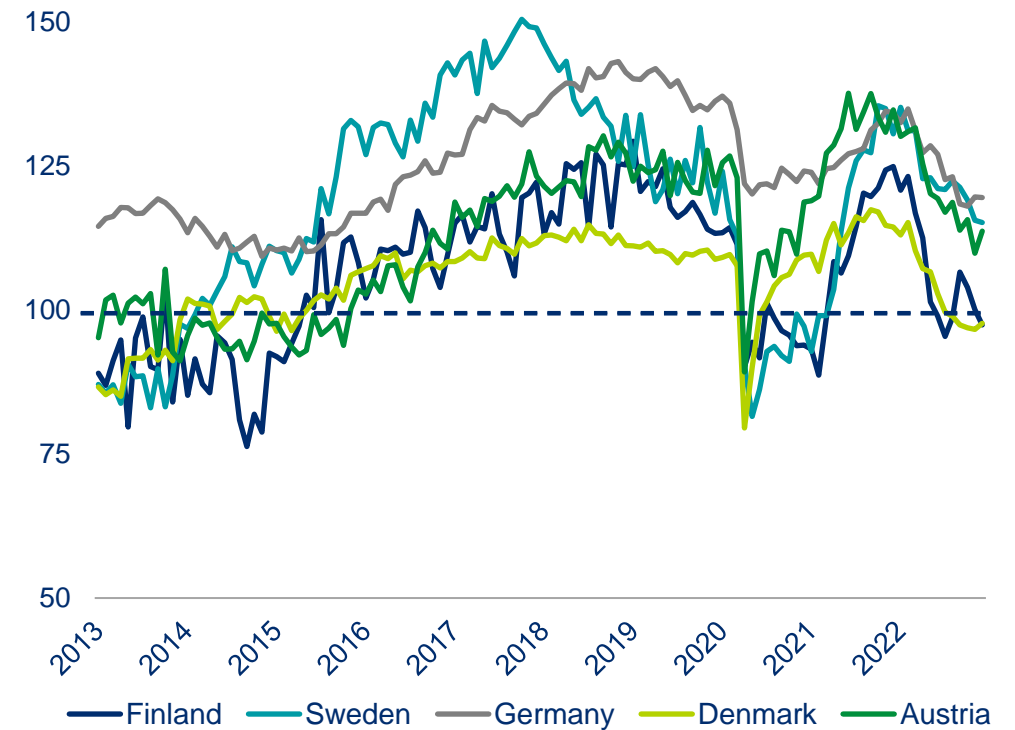
# Operating environment 2022

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

## ECONOMIC SENTIMENT INDICATOR (2013 – 12/2022)



## CONSTRUCTION CONFIDENCE INDICATOR (2013 – 12/2022)

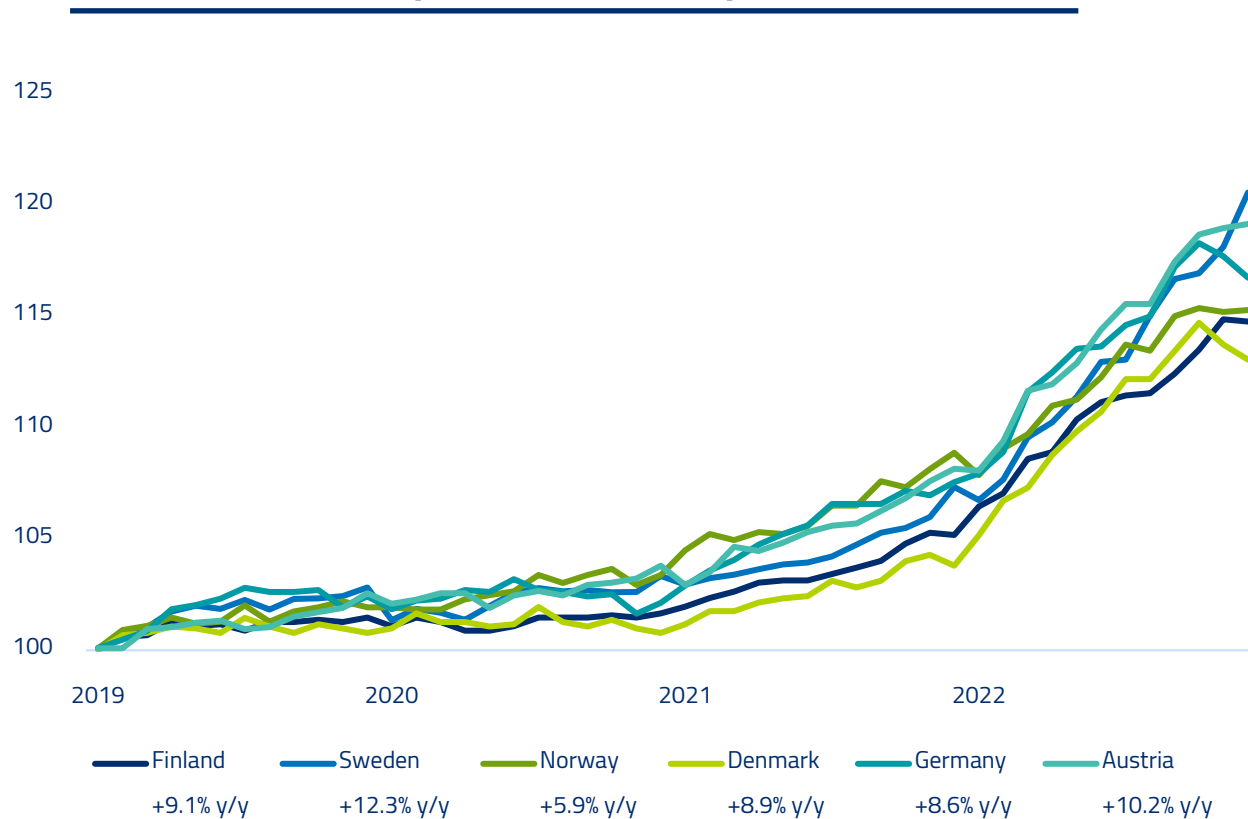


Sources: European Commission, December 2022

# Operating environment 2022

Inflation accelerated during the year

## CONSUMER PRICE INDEX (2019=100) (2019 – 12/2022)



Sources: Countries Statistical centers, January 2023

- > 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 October-December 2022



- › Continuing partnership with Technopolis in Sweden and Norway
- › Service agreement including site management, technical maintenance, energy management and remote monitoring services
- › Acting as partner in smart technology related projects, focus on energy savings



- › Continuing cooperation with Finnish Mutual Pension Insurance Company Varma
- › Services covering property management, energy management, remote management and a 24/7 HelpDesk
- › Increasing utilisation of modern technology, digitalisation and artificial intelligence



- › Design and implementation of heating, cooling, ventilation, medical gas solutions and construction of a new technical building
- › Operational safety and energy-efficiency improvements in focus
- › 5<sup>th</sup> generation district heating provides savings of at least 2,000 MWh/year



Smart & Digital  
solutions



Well-being  
for people



Sustainability



Sustainability



Smart & Digital  
solutions



Well-being  
for people



Smart & Digital  
solutions



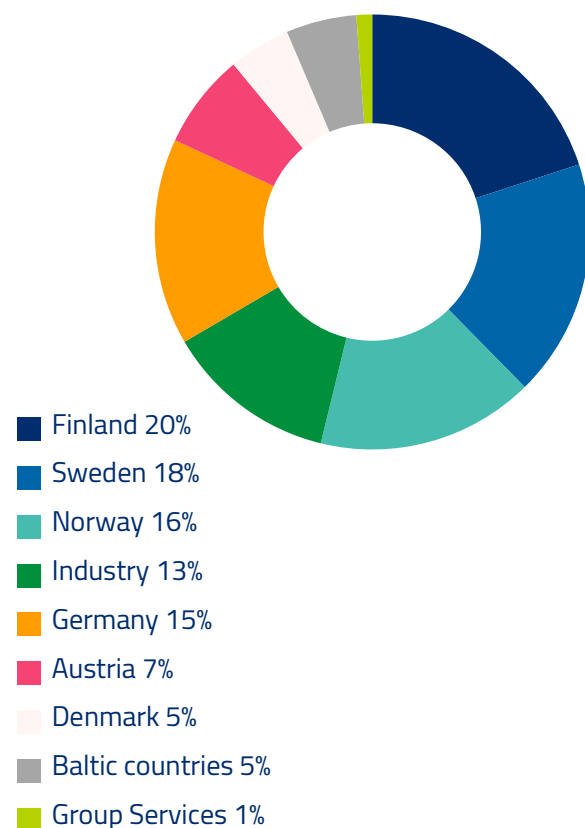
Well-being  
for people



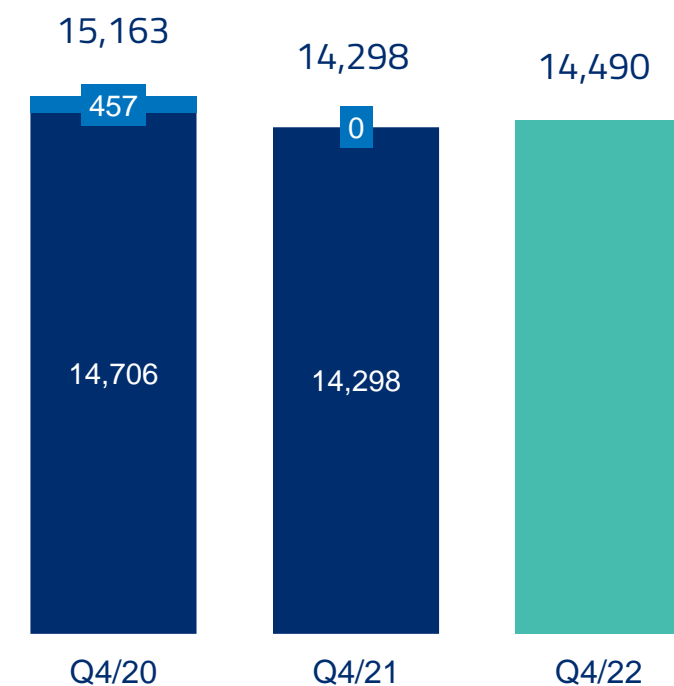
Sustainability

# The effects of the corona pandemic still impacting us

## Employees by division Q4/2022



## Number of employees (end of period)



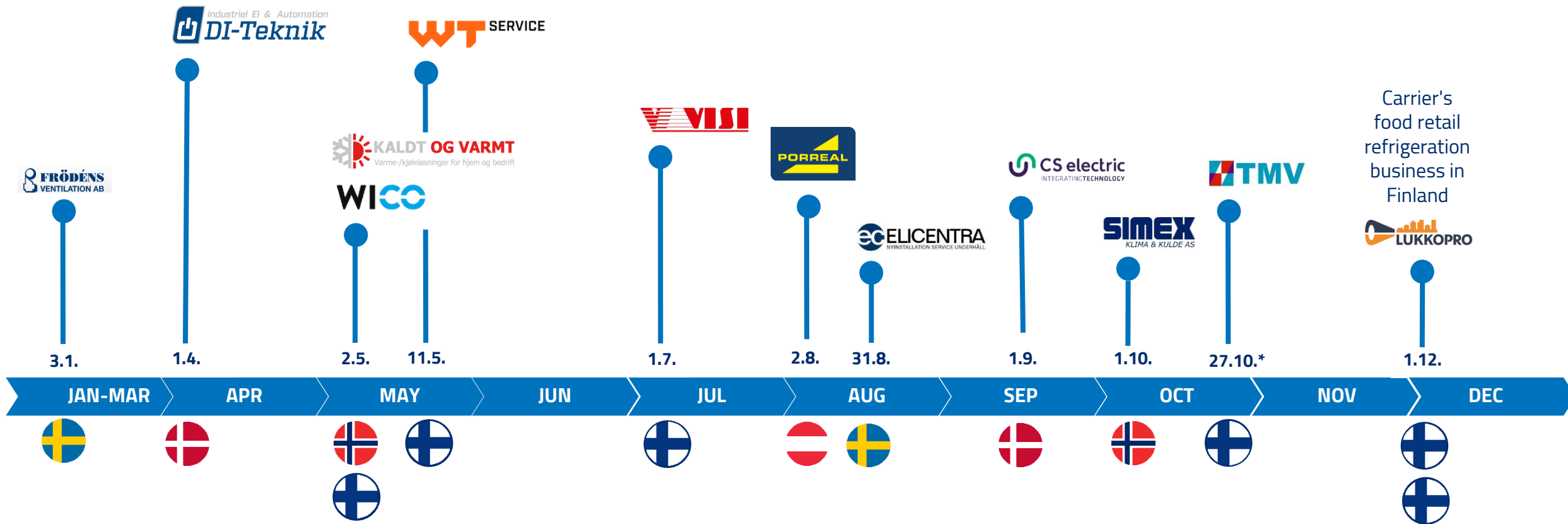
■ Russia (subsidiary divested in Q4/21) ■ Excluding Russia

- > More than 560 new employees as a result of acquisitions in 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 (4.0) at the end of December.
- > Diverse Management Board and Board of Directors: among top-10 in Nordic Business Diversity Index (Helsinki Mid-Cap) in an Impaktly 2023 study

\*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 took place on 1 February 2023 after the approval by the Finnish Competition and Consumer Authority.

# We continue to invest in capabilities and core competencies

## 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

**SIMEX**  
KLIMA & KULDE AS


Norway

## LukkoPro Oy

- > The acquisition is a bolt-on acquisition for Caverion in the area of smart security and safety services.
- > With this acquisition, Caverion strengthens its position especially in locking and access control services.
- > Closed on 30 November 2022



Finland

## Carrier's food retail refrigeration business in Finland

- > Acquisition of Carrier's commercial refrigeration projects and related services business in Finland
- > The acquisition will bring Carrier's market-leading food retail refrigeration product portfolio to Caverion's offering.
- > Closed on 1 December 2022

 Carrier's  
 food retail  
 refrigeration  
 business in  
 Finland


Finland

**Revenue:**                      **EUR 4.2m**
**EUR 5.6m**
**EUR 1.7m**
**Employees:**                      25

35

17





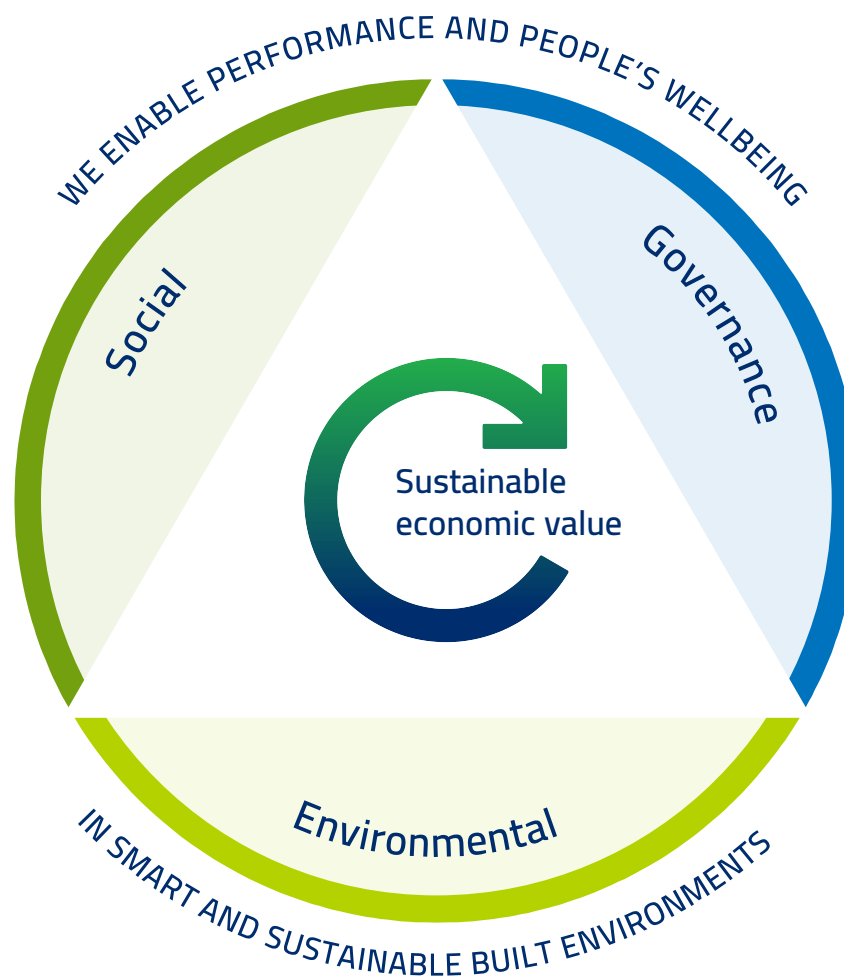
# Caverion sustainability strategy focus areas & targets by 2025

## Caring for our people

We provide our people a **safe and sustainable environment with diversity, equity and inclusion**, backed up by training and processes.

## Increasing our handprint

We maximise our positive **handprint** with a directed effort on identifying and developing smart and sustainable solutions to **advise** our customers.



## Ensuring sustainable value chain

We **comply with legal requirements and Caverion policies** supported by meaningful **reporting** and **supplier engagement**.

## Decreasing our footprint

We develop detailed targets and **emission reduction plans** for our footprint while engaging our suppliers and customers to reduce the emissions throughout our value chain.

# Progress in our sustainability targets

Sustainability targets	2020	2021	2022	2025 Target
Our business makes sustainable impact				
Total carbon footprint defined and measured (%)	66%	80%	90%	100%
All of our offering has a defined carbon handprint (%)	-	20%	25%	100%
5 times carbon handprint over footprint (Scope 1-2)	>1x	>2x	>3x	>5x
We care for our employees				
Lost Time Injury Frequency Rate (LTIFR) <2	4.2	4.0	4.0	<2
Our employees trained in sustainability (%)	-	N/A *	30% **	100%
Share of female employees (%)	11%	11%	11%	15%
We ensure efficient and high-quality implementation of sustainability				
Supplier Code of Conduct sign-off rate (%)	63%	66%	74%	>90%
All tender requests include sustainability criteria (%)	-	-	-	100%

\*. Sustainability eLearning not yet available. Two other ESG related eLearnings conducted with performance rates of 86% (Safety eLearning) and 92% (Code of Conduct eLearning).  
 \*\*. Sustainability eLearning available since Q4/2022. During the year two other ESG related eLearnings conducted with performance rates of 97% (InfoSec eLearning) and 97% (Code of Conduct eLearning).

E

S

G



By 2030, our positive carbon handprint is 10x greater than our own carbon footprint



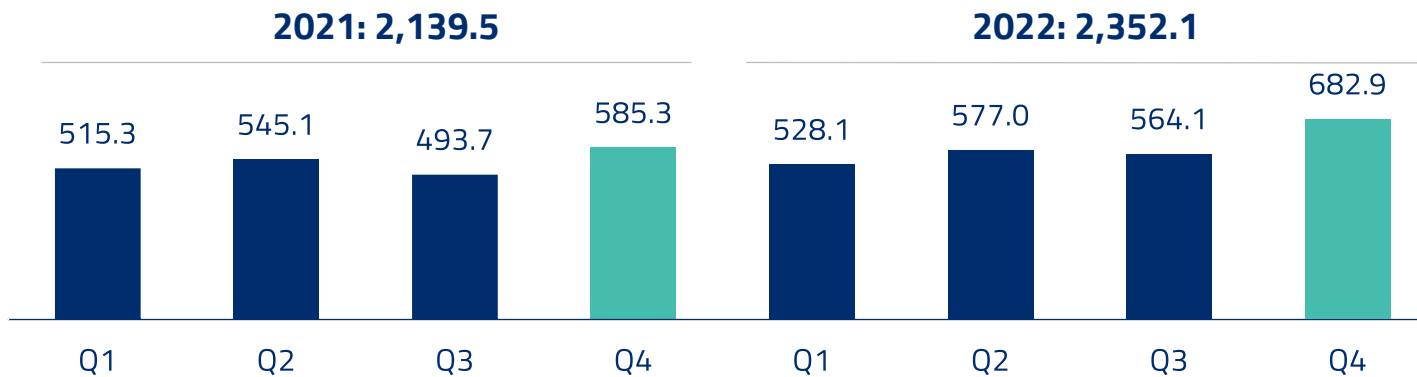
## 2. Financial performance



# Revenue

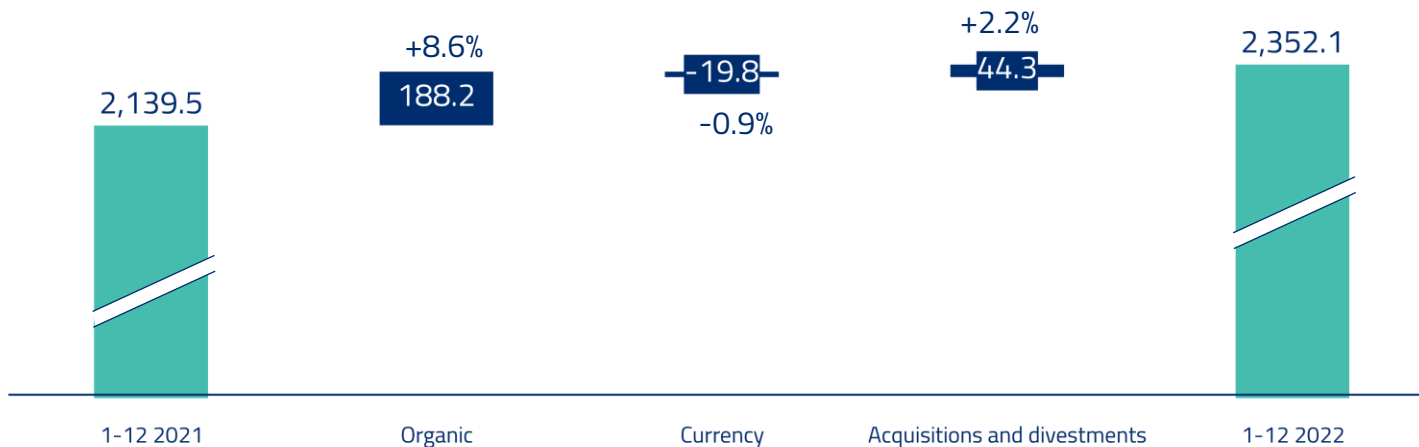
Revenue up both in Q4/2022 as well as for the full year supported by strong organic growth

## Group revenue, EUR million



- > Q4/22 revenue: EUR 682.9 (585.3) million, up by +16.7% (+19.0% in locals)
  - > Organic growth: +14.9%
  - > Estimated inflation impact roughly one third of the organic growth
- > 1-12/22 revenue: EUR 2,352.1 (2,139.5) million, up by +9.9% (+10.9% in locals)
  - > Organic growth: +8.6%

## Revenue development in 1-12/2022, EUR million, %

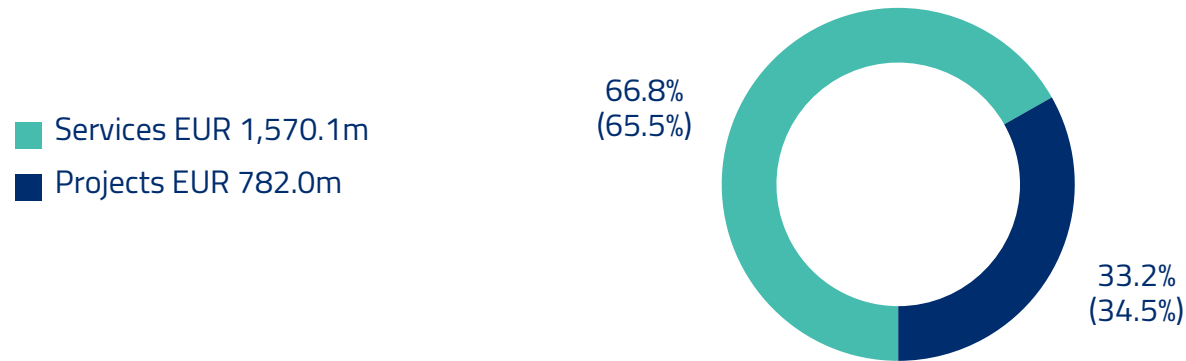




# Revenue

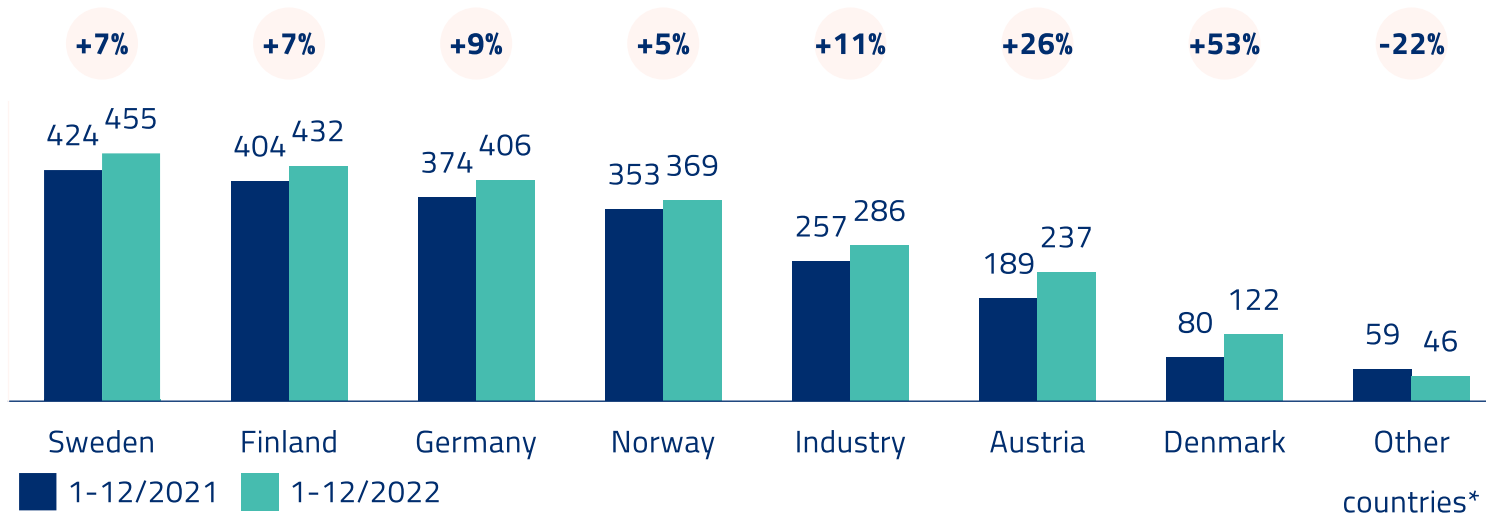
Growth in all divisions both in Q4/2022 as well as for the full year

Revenue breakdown by business unit in 2022, EUR million



- > Business unit revenues Q4/22:
  - > Services +19.5 % (+22.1% locals; +15.6% organic)
  - > Projects +11.0% (+12.8% locals; +13.3% organic)

Revenue breakdown by division in 2022, EUR million



- > Growth in all divisions both in Q4/2022 as well as for the full year as a result of increased underlying activity and partly indirectly due to inflation impact

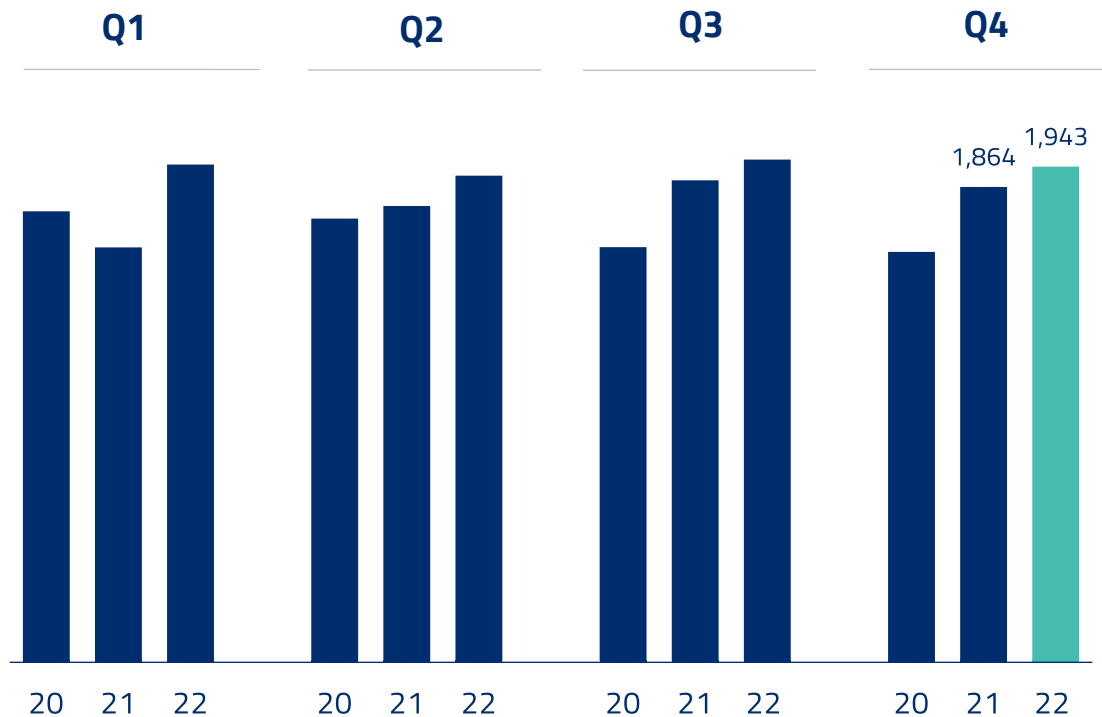
\* Other countries include the Baltic countries and Russia. Caverion divested its Russian subsidiary in December 2021, which explains the year-on-year decline in revenue. Baltic countries revenue increased slightly in 2022 compared to last year.

# Order backlog

Order backlog continued to increase, +4.3% year-on-year at the end of Q4/2022

- > Order backlog increased by 4.3% year-on-year to EUR 1,943.3 (1,863.8) million at the end of December.
- > At comparable exchange rates the order backlog increased by 6.3% from the end of December 2021.
- > Order backlog increased by 8.2% in Services and decreased by 0.6% in Projects from the end of December 2021.

Order backlog, EUR million

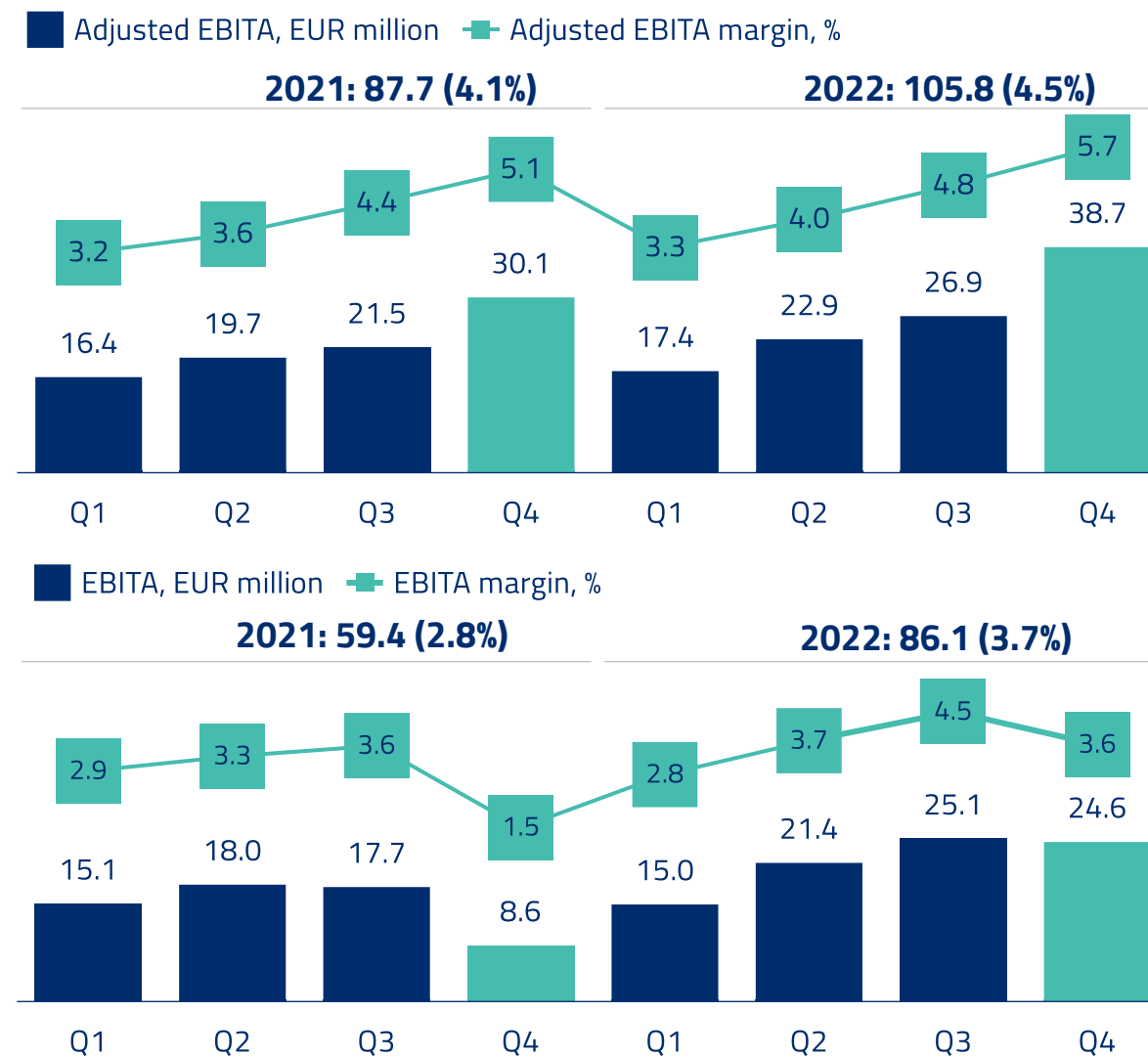




# Profitability

## Profitability improved despite the cost inflation and higher sick leave levels

- > Q4/2022: Adjusted EBITA improved by 28.7% to EUR 38.7 (30.1) million
  - > Adjusted EBITA improved in Services and Projects.
  - > Adjusted EBITA margin: 5.7% (5.1%)
- > Q4/2022 EBITA: EUR 24.6 (8.6) million
- > Q4/2022 EBITA margin: 3.6% (1.5%). Impacted by one-offs:
  - > Transaction costs related to M&A (EUR -1.3m)
  - > Civil claims settlement (EUR -6.3m) related to the German anti-trust matter
  - > Write-down (EUR -4.0m) to last remaining major risk project
  - > Advisory costs and personnel bonuses related to the ongoing public tender offers (EUR -2.5m)
- > FY 2022 Adjusted EBITA: EUR 105.8 (87.7) million, up by 20.7%, adjusted EBITA margin 4.5% (4.1%)
- > FY 2022 EBITA: EUR 86.1 (59.4) million, up by 44.9%, EBITA margin 3.7% (2.8%)



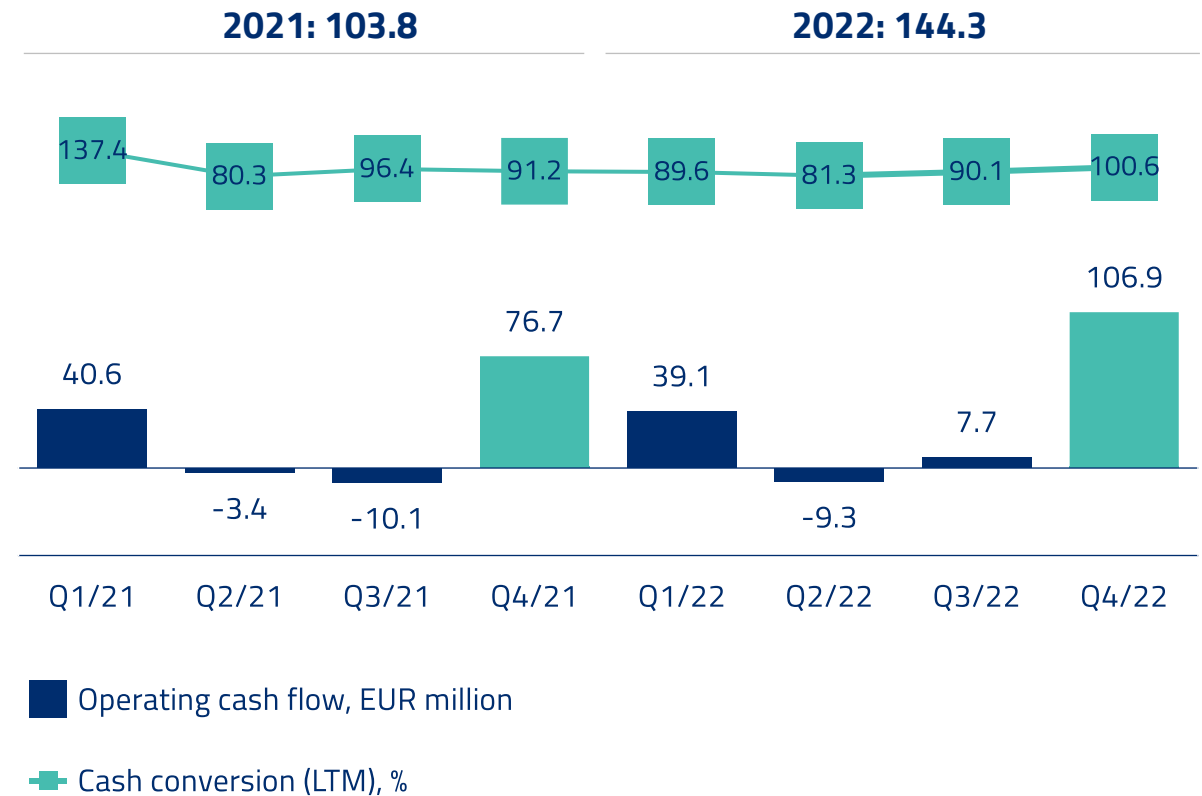
Adjusted EBITA = EBITA before items affecting comparability (IAC)

# Cash flow

## Operating cash flow improved in 2022

- Operating cash flow before financial and tax items was EUR 144.3 (103.8) million in 2022.
  - Cash conversion (LTM) 100.6% (91.2%)
  - Change in working capital of EUR 9.4m (-21.0m)
- Operating cash flow before financial and tax items was EUR 106.9 (76.7) million in Q4/22.
- Free cash flow 1-12/22: EUR 32.9 (67.2) million
  - Cash flow impact of acquisitions of EUR 85.3m (9.7m)
- Capex 1-12/22: EUR 112.8 (26.0) million
  - IT investments: EUR 8.5m (8.0m) representing 0.4 (0.4) percent of revenue
  - Other investments incl. acquisitions: EUR 104.3m (18.0m)

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

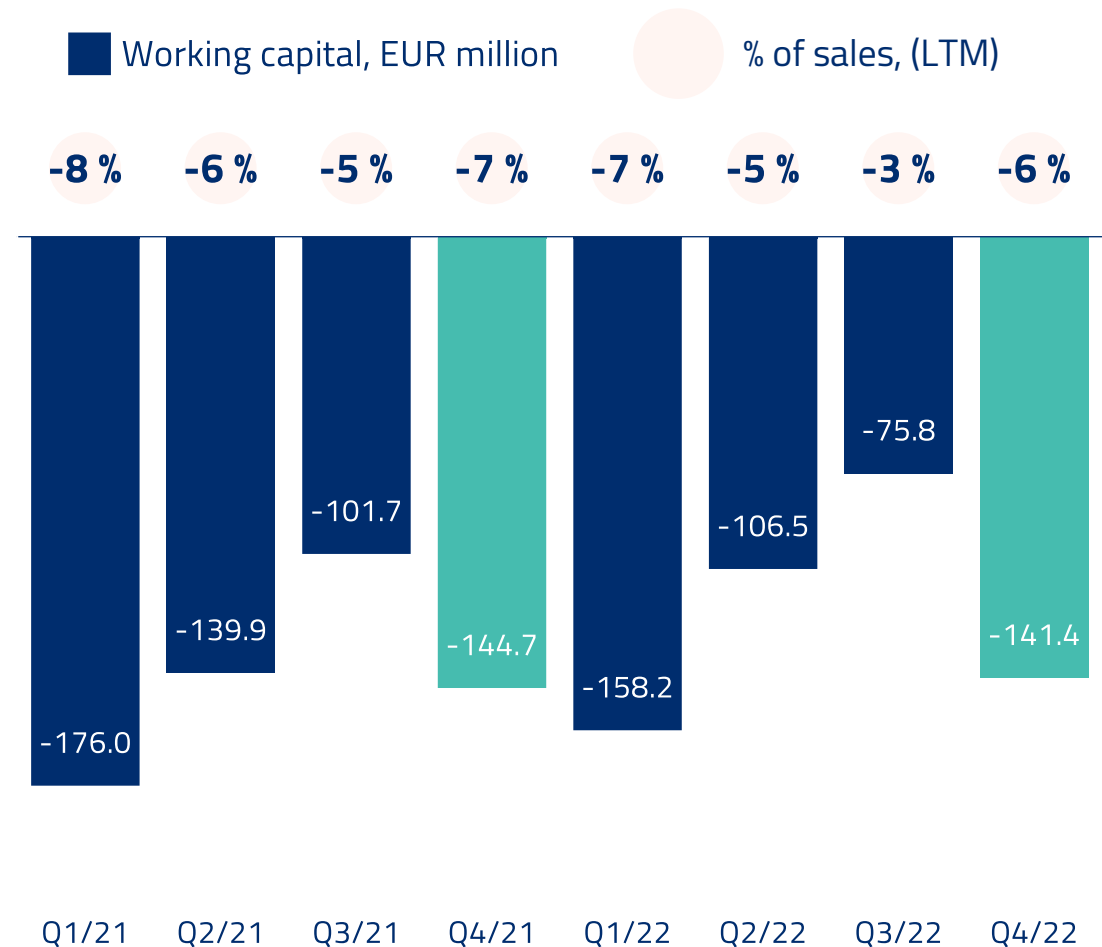




# Working capital

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

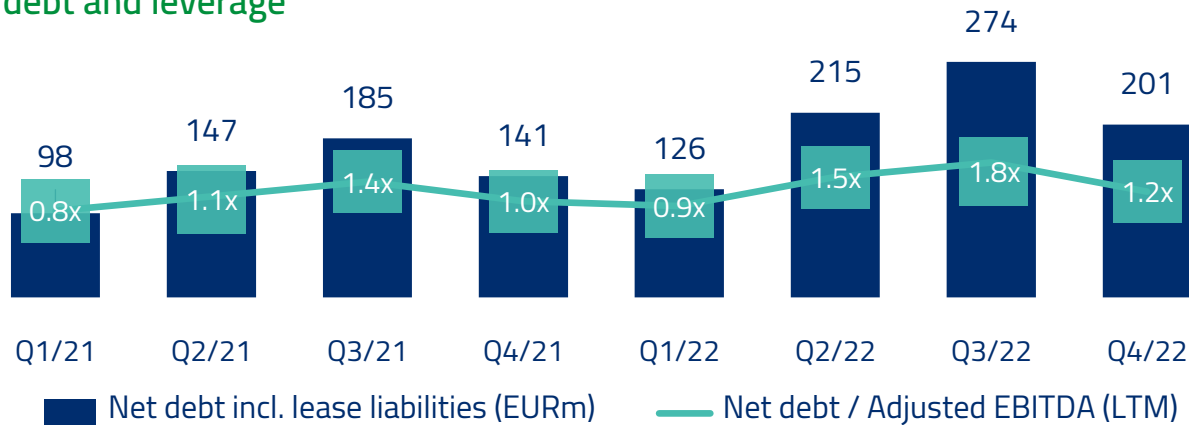
- > The Group's working capital amounted to EUR -141.4 (-144.7) million at the end of December.
  - > Working capital improved by EUR 65.6 million during the fourth quarter.
- > Trade and POC receivables increased to EUR 611.2 (541.9) million and other current receivables decreased to EUR 31.6 (33.8) million.
- > Advances received increased to EUR 286.2 (261.3) million. Other current liabilities increased to EUR 293.3 (278.3) million and trade and POC payables increased to EUR 227.1 (197.7) million.



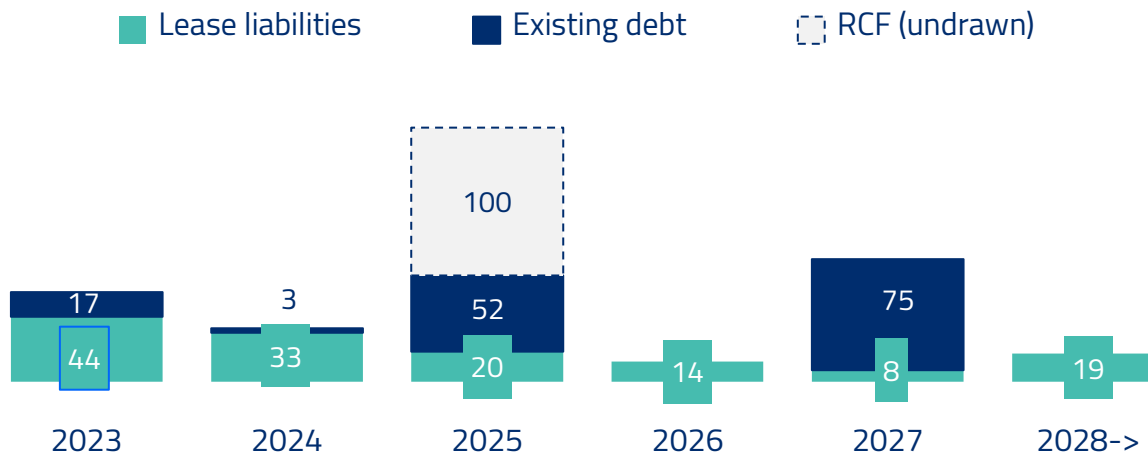
# Leverage

## Net debt impacted by investments in the acquisitions

### Net debt and leverage



### Debt maturity structure on 31 December 2022, EUR million



- > Interest-bearing net debt incl. lease liabilities: EUR 200.9m (140.7m), excl. lease liabilities: EUR 63.4m (5.0m)
- > Cash and cash equivalents of EUR 81.2m (130.9m)
- > Net debt/Adjusted EBITDA according to group's financial targets in Q4/2022: 1.2x (1.0x). 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.

## 3. Guidance





# Guidance

## Guidance for 2023

**In 2023, Caverion Group's revenue (2022: EUR 2,352.1 million) and adjusted EBITA (2022: EUR 105.8 million) will grow compared to 2022.**

## Dividend

- › Board's dividend proposal for the AGM on 27 March 2023: Dividend of EUR 0.20 per share for the year 2022.



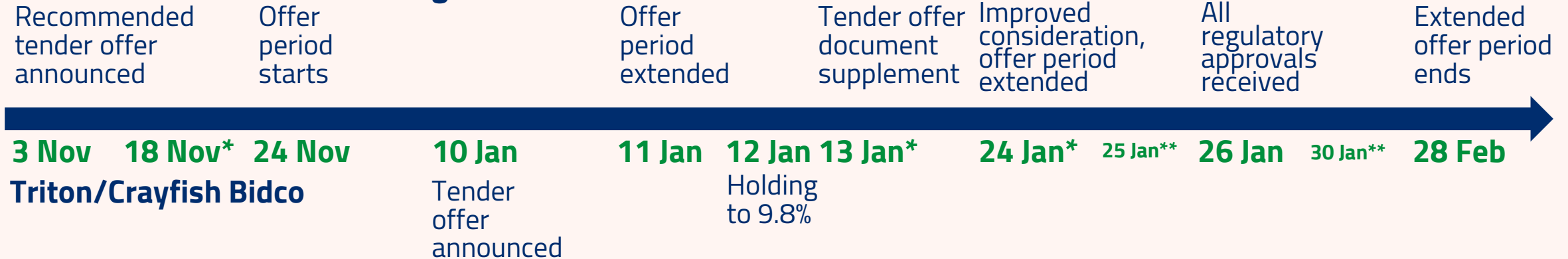


## 4. Status of the public tender offers

# Status of the public tender offers

## Tender offer – Timeline

### Bain Consortium/North Holdings



\*Statement of the Caverion Board on 18 November and 24 January. 13 January: Stock exchange release: Caverion Board continued evaluating offers.

\*\*Triton evaluates/continues to evaluate its alternatives, timetable changed on 30 January.

### Recommended offer by Caverion Board of Directors: Bain Consortium/North Holdings (renewed statement on 24 Jan 2023)

**Share price offered, status today:** Either (1) **EUR 8.00** in cash consideration for each share payable at the completion of the offer or (2) a debt instrument entitling to a fixed cash payment of **EUR 8.50** in nine months from the completion of the offer

### Instructions for shareholders that have already accepted

- **EUR 8.00** cash consideration received automatically
- To get the **8.50 euro** debt instrument a cancellation and a new acceptance are required





Building Performance

# Key figures

EUR million	10-12/22	10-12/21	Change	1-12/22	1-12/21	Change
Revenue	682.9	585.3	16.7%	2,352.1	2,139.5	9.9%
Organic growth, %	14.9	-1.1		8.6	-2.0	
Adjusted EBITDA	53.8	44.5	21.1%	163.0	142.1	14.7%
Adjusted EBITDA margin, %	7.9	7.6		6.9	6.6	
EBITDA	39.8	23.0	72.8%	143.4	113.8	26.0%
EBITDA margin, %	5.8	3.9		6.1	5.3	
Adjusted EBITA	38.7	30.1	28.7%	105.8	87.7	20.7%
Adjusted EBITA margin, %	5.7	5.1		4.5	4.1	
EBITA	24.6	8.6	185.0%	86.1	59.4	44.9%
EBITA margin, %	3.6	1.5		3.7	2.8	
Operating profit	20.0	5.1	291.2%	69.9	43.5	60.6%
Operating profit margin, %	2.9	0.9		3.0	2.0	
Earnings per share, undiluted, EUR	0.09	0.01	1067.0%	0.32	0.17	91.5%
Operating cash flow before financial and tax items	106.9	76.7	39.4%	144.3	103.8	39.0%
Order backlog				1,943.3	1,863.8	4.3%
Cash conversion (LTM), %				100.6	91.2	
Working capital				-141.4	-144.7	2.3%
Interest-bearing net debt				200.9	140.7	42.8%
Net debt/Adjusted EBITDA				1.2	1.0	
Gearing, %				89.1	69.8	
Equity ratio, %				19.8	19.0	
Number of personnel at the end of the period				14,490	14,298	1.3%

# Financial targets

Mid-term financial targets until the end of 2025		Actual 2022	Actual 2021
<b>Cash conversion (LTM)</b>	Operating cash flow before financial and tax items / EBITDA > 100%	100.6%	91.2%
<b>Profitability</b>	Adjusted EBITA > 5.5% of revenue	4.5%	4.1%
<b>Organic revenue growth</b>	3–4% p.a. over the strategy period	8.6%	-2.0%
<b>M&amp;A revenue growth</b>	2–3% p.a. over the strategy period	2.2%	-0.2%
<b>Debt leverage</b>	Net debt/LTM Adjusted EBITDA < 2.5x	1.2x	1.0x
<b>Dividend policy</b>	Distribute at least 50% of the result for the year after taxes, however, taking leverage level into account	62% *	100% **

\*Calculated as Dividend per earnings (%). Board of Directors' proposal to the Annual General meeting.

\*\*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.

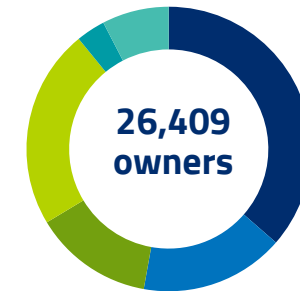


# Directly registered shareholders on 31 December 2022

Largest shareholders	Shares, pcs	% of shares	Change after 9/2022, 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	6,114,441	4.4	-310,643
5 Ilmarinen Mutual Pension Insurance Company	4,162,955	3.0	0
6 Säästöpankki funds	3,704,062	2.7	-12,500
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 Aktia funds	1,250,000	0.9	0
12 OP funds	1,073,136	0.8	-418,289
13 S-Bank funds	1,062,605	0.8	0
14 Kaleva Mutual Insurance Company	969,025	0.7	0
15 Nordea funds	913,044	0.7	-547,243
16 Veritas Pension Insurance Company Ltd.	754,610	0.5	-390
17 Sinituote Oy	572,400	0.4	-200,000
18 Samfundet folkhälsan i Svenska Finland rf	374,400	0.3	200,600
19 Pivosto Oy	326,416	0.2	0
20 Foundation for Economic Education	300,000	0.2	0
<b>20 largest, total</b>	<b>74,703,968</b>	<b>53.8</b>	
<b>All shares</b>	<b>138,920,092</b>	<b>100.0</b>	

Source: Investis, as presented on Caverion website.

## Sector distribution (12/2022)



Nominee reg. and non-Finnish	36.4% (Sep: 29.2%)
Households	16.4% (20.1%)
General government	13.6% (13.6%)
Financial and insurance corporations	22.7% (9.2%)
Non-profit institutions	3.3% (4.1%)
Non-financial corporations and housing corporations	7.6% (23.8%)