

Interim Report January–March 2022

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Riitta Palomäki, Interim CFO

28 April 2022



Agenda

1. **Operating environment Q1/2022 and market outlook for 2022**
2. **Group development**
3. **Profitability, cash flow and financing**
4. **Guidance**





1. Operating environment Q1/2022 and market outlook for 2022

Operating environment Q1/2022

Further growth in Services, despite Ukraine crisis and increased sick leaves and absences due to omicron

Services 66.5% (65.4%) 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.

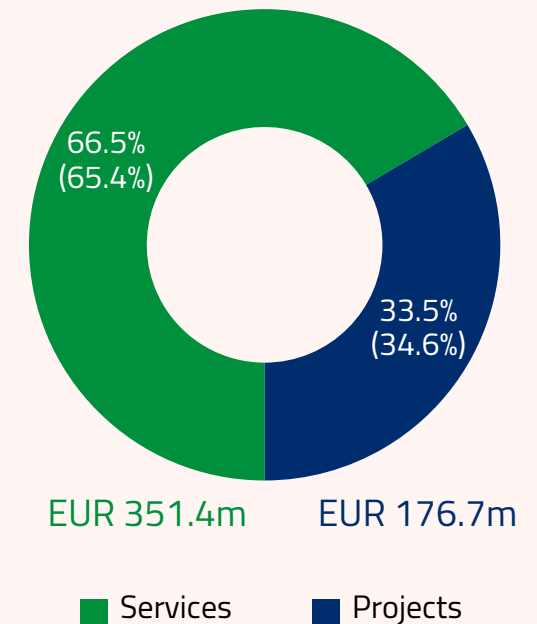
Projects 33.5% (34.6%) of Group revenue

- > In Projects, the market demand remained stable during the first quarter 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

Q1/2022 (Q1/2021)

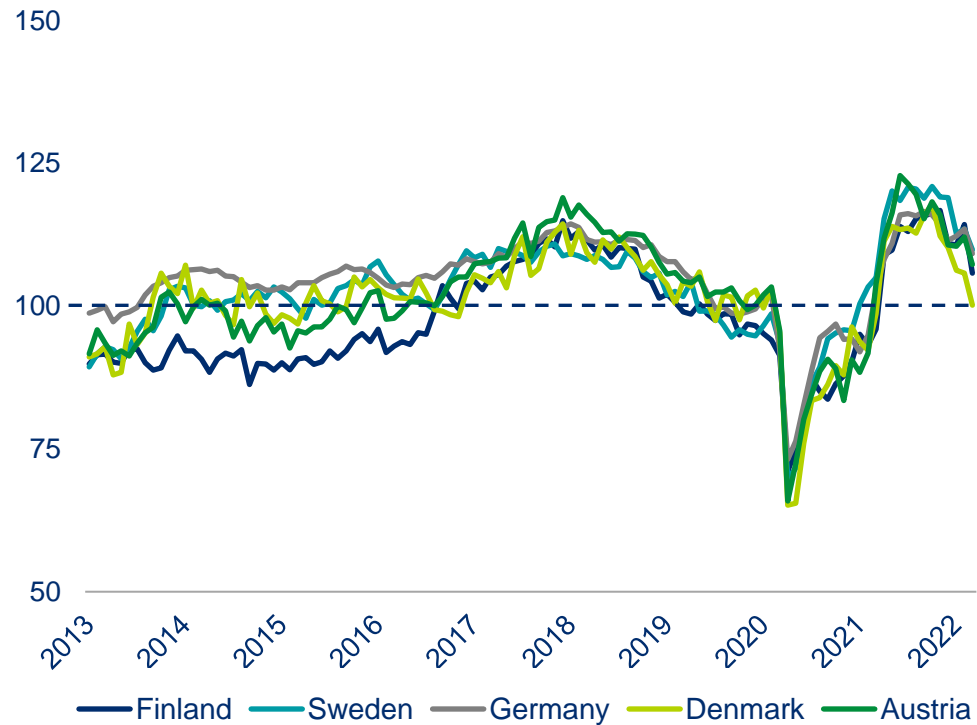
(Total revenue Q1/2022: EUR 528.1m)



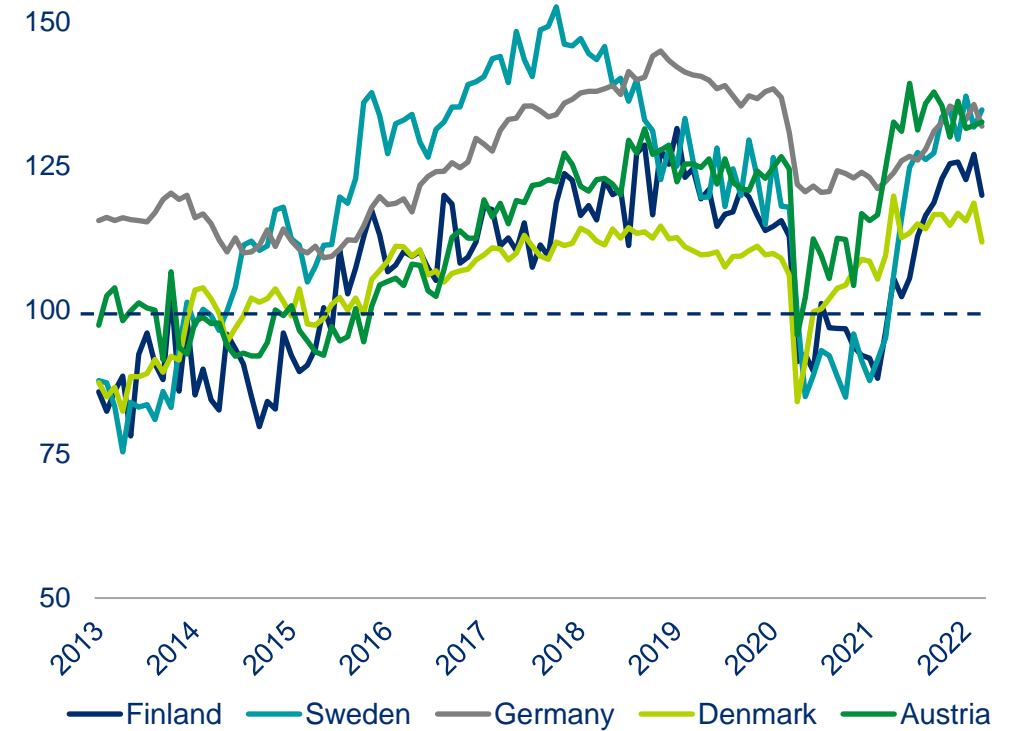
Drop in sentiment indicators in March 2022

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

ECONOMIC SENTIMENT INDICATOR
(2013 – 03/2022)



CONSTRUCTION CONFIDENCE INDICATOR
(2013 – 03/2022)



Sources: European Commission, March 2022



2. Group development

Summary of Q1/2022

Improved order backlog realised in organic revenue growth

Order backlog

- › Up by 20.0% to EUR 1,951.6 (1,626.7) million from the end of March 2021
- › Order backlog in Services up by 20.5% and in Projects up by 19.2% from the end of March 2021

Profitability

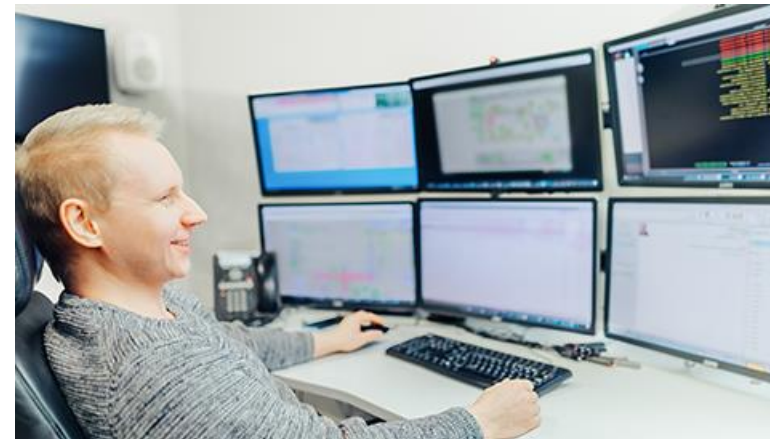
- › Adjusted EBITA improved to EUR 17.4 (16.4) million, up by 6.3%, 3.3 (3.2) percent of revenue
- › EBITA: EUR 15.0 (15.1) million
- › EPS: EUR 0.04 (0.05) per share

Revenue

- › EUR 528.1 (515.3) million, up by 2.5%
- › Services +4.3% and Projects -1.0%
- › Services 66.5% (65.4%) of Group revenue
- › Organic growth was 2.4%

Cash flow and leverage

- › Operating cash flow before financial and tax items: EUR 39.1 (40.6) million
- › Cash conversion: 89.6% (137.4%)
- › Cash at hand: EUR 149.2 (166.2) million
- › Net debt/EBITDA*: 1.0x (-0.5x)



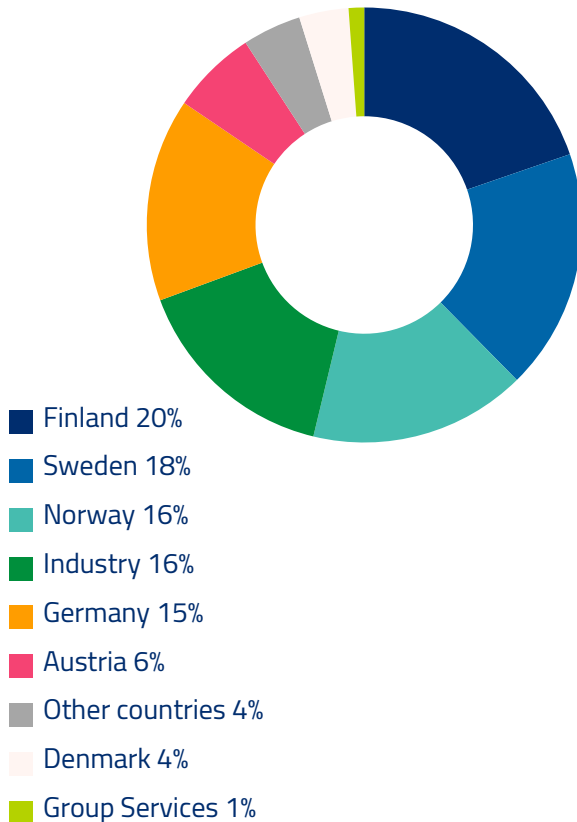
Other events

- › Divestment of the subsidiary in Russia in 2021
- › Two acquisitions:
 - › Frödéns Ventilation AB in Sweden
 - › DI-Teknik A/S in Denmark

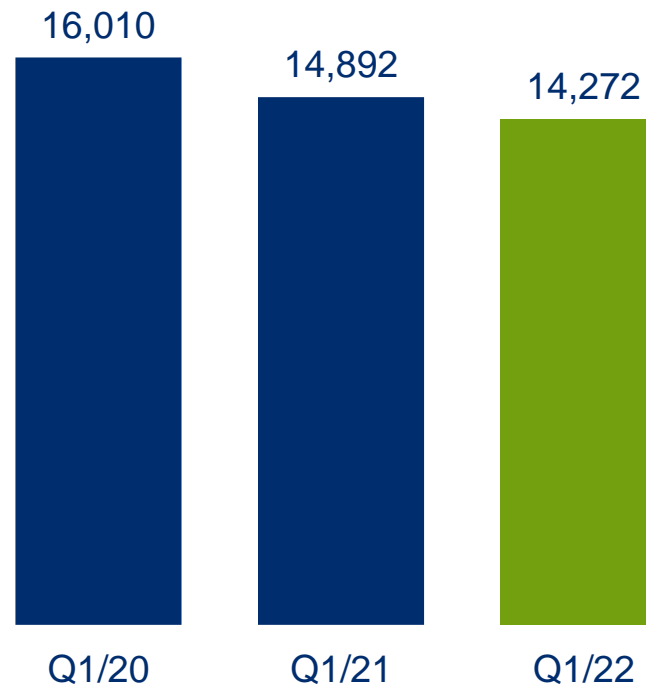
* Based on calculation principles confirmed with the lending parties, containing certain agreed adjustments. The calculation principles take into account the impacts of the IFRS 16 standard as of Q4/2021, while prior to this period IFRS 16 standard impacts were not applicable.

Higher sick leave levels due to omicron

Employees by division Q1/2022



Number of employees (end of period)



- > Due to the corona pandemic, sick leave levels increased significantly 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 (4.1) in March.

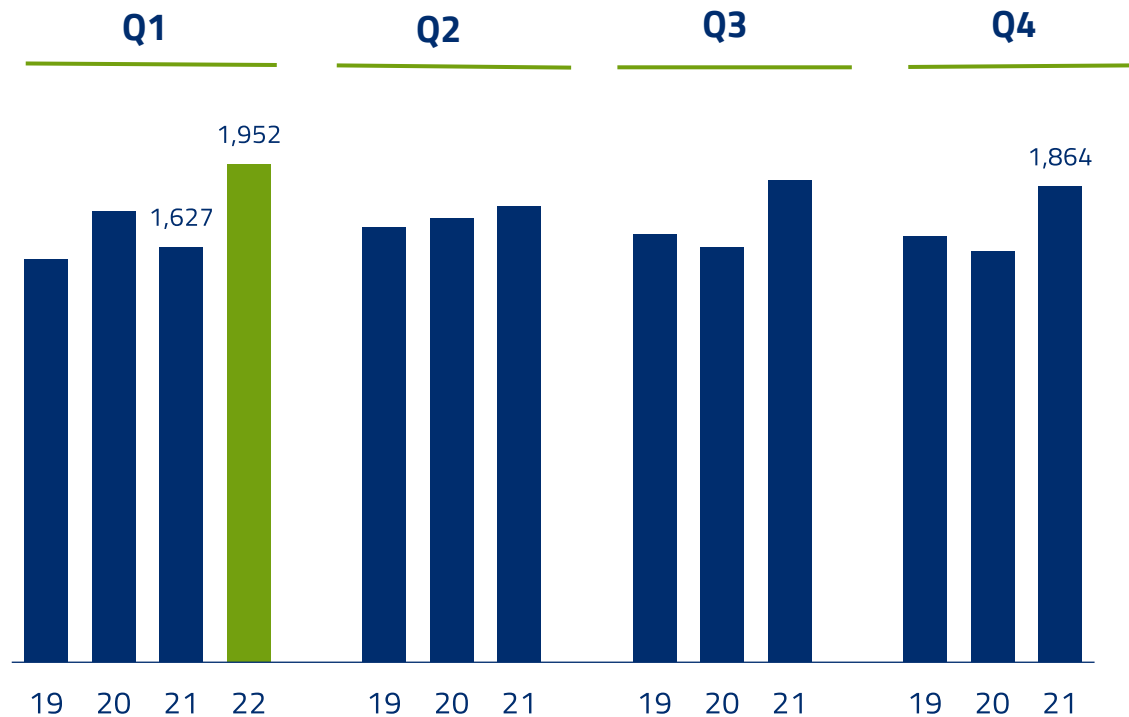
*Occupational safety is measured using a common indicator (number of accidents per one million working hours).

Order backlog development

Order backlog increased by 20% year-on-year, growth both in Services and Projects

- Order backlog increased by 20.0% year-on-year to EUR 1,951.6 (1,626.7) million at the end of March.
- At comparable exchange rates the order backlog increased by 19.8% from the end of March 2021.
- Order backlog increased by 20.5% in Services and by 19.2% in Projects.

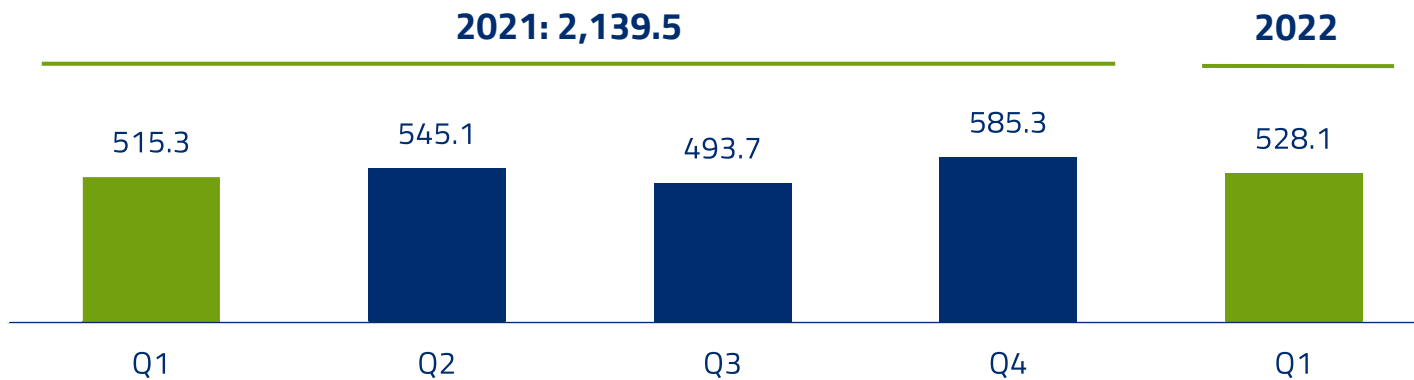
Order backlog, EUR million



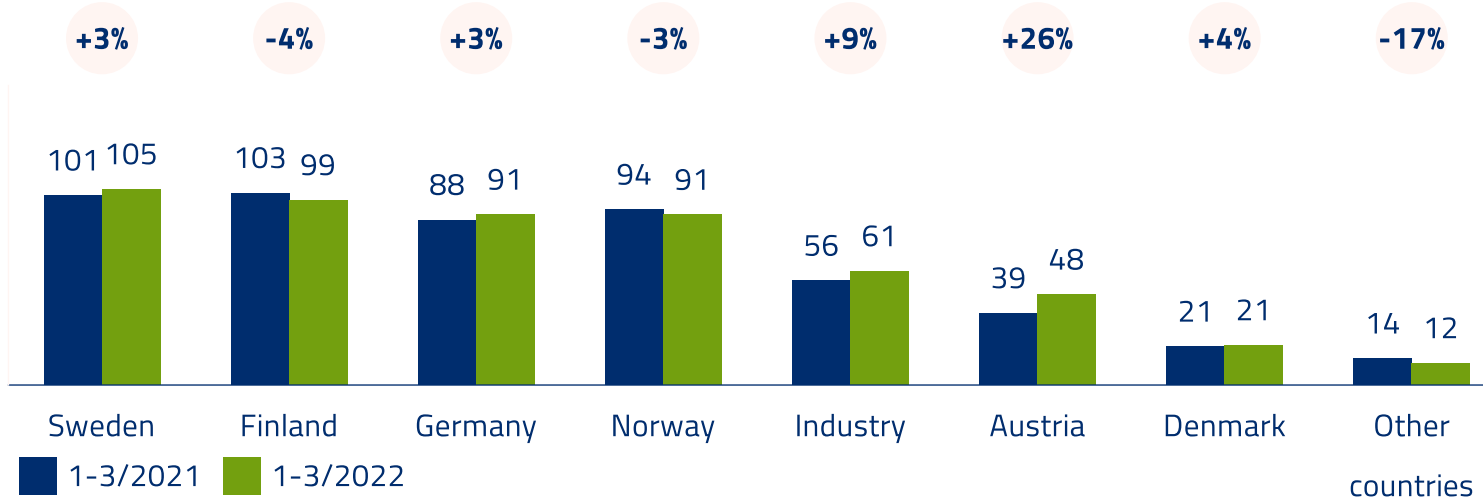
Revenue development

Q1/2022 revenue up by 2.5% supported by organic growth in Services

Group revenue, EUR million



Revenue breakdown by division, EUR million



> Q1/22 revenue: EUR 528.1 (515.3) million, up by +2.5% (+2.6% in locals). Organic growth: +2.4%.

> By division, growth in Austria, Denmark, Germany, Industry and Sweden as well as in the Baltic countries

> Business unit revenues:

> Q1/22: Services +4.3 % (+4.4% locals; +4.4% organic); Projects -1.0% (-0.7% locals; -1.4% organic)

> Caverion sold its subsidiary in Russia in the end of Q4/2021. The business had a revenue of EUR 13.9 million in 2021.

Building performance and people's wellbeing

Examples of some new customer orders from January–March 2022



Helping IKEA Norway to meet its zero-emission targets | Recharge

- › IKEA Norway, together with the charge point operator Recharge, will provide more than 300 new charging points at IKEA stores
- › Caverion will do all the required installations in 2022–2023
- › Increasing the share of environmentally friendly traffic and support IKEA's sustainability agenda



Smart & Digital
solutions



Sustainability



Well-being
for people



Supporting production of renewable and domestic electricity in Finland | Fortum

- › Fortum continues operation and maintenance cooperation with Caverion at 13 hydropower plants in Finland
- › Partnership at the plants started in 2013
- › Hydropower is used as reserve capacity, it balances other forms of energy production and fills production gaps



Sustainability



Well-being
for people



Safety



Improving energy efficiency and developing maintenance operations | St1

- › St1 and Caverion deepen their cooperation at nearly 400 Shell and St1 petrol stations
- › Caverion is responsible for property management, maintenance of cooling and refrigeration equipment and remote management of the stations
- › Energy efficiency and renewable energy alternatives are at core of property modernisations



Smart & Digital
solutions



Sustainability



Well-being
for people

Improved results in 2022 customer feedback study

Satisfaction
91%

customers are satisfied
with Caverion (CSAT)

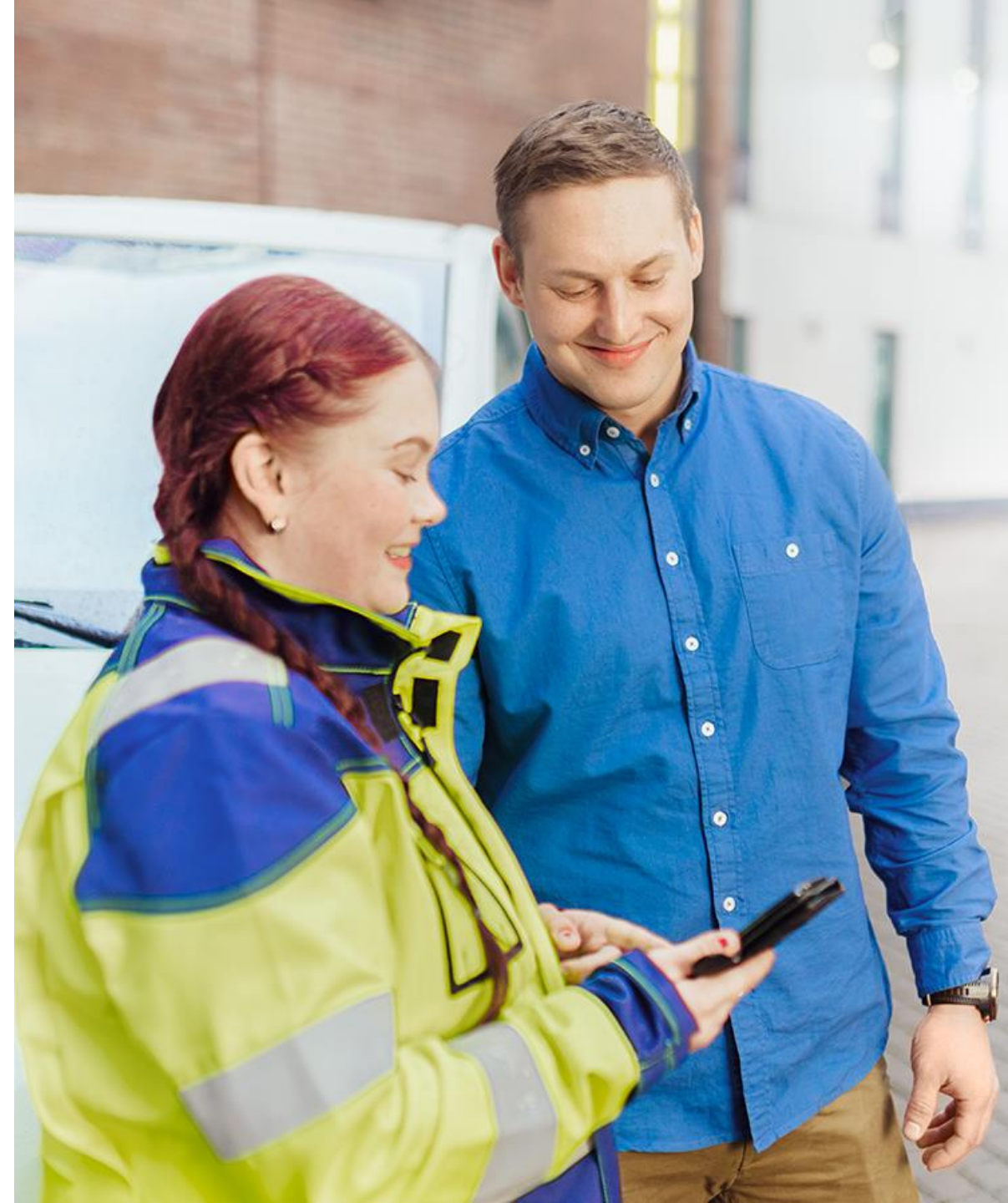
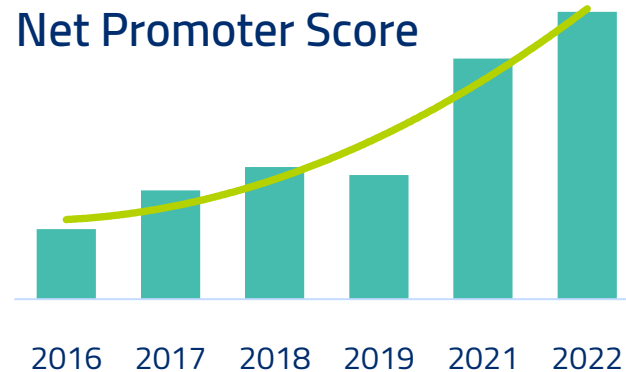
Top 5 Performance areas

1. Service attitude & Respectfulness
2. Competence
3. Easy to get in touch with
4. Work safety
5. Listening to customer needs

Loyalty
93%

customers are willing to
work with Caverion also
in the future

Net Promoter Score



We continue to invest in capabilities and core competencies

Two acquisitions in Q1/2022

DI-Teknik A/S

- Acquisition of 80% of the shares of the Danish company, **DI-Teknik A/S**, one of Denmark's **largest industrial automation companies** with 25+ years of experience in automation and industrial electrification.
- Closed on 1 April 2022



Copenhagen,
Denmark

Frödéns Ventilation AB

- Acquisition of the business of **Frödéns Ventilation AB**, mainly operating in Jönköping area in Sweden.
- Within the growing area of **ventilation**, Frödéns offers service and maintenance, inspections, energy optimisations and smaller projects
- Closed on 3 January 2022



Jönköping,
Sweden

Revenue:

EUR 27.8m

EUR 3m

Employees:

185

12

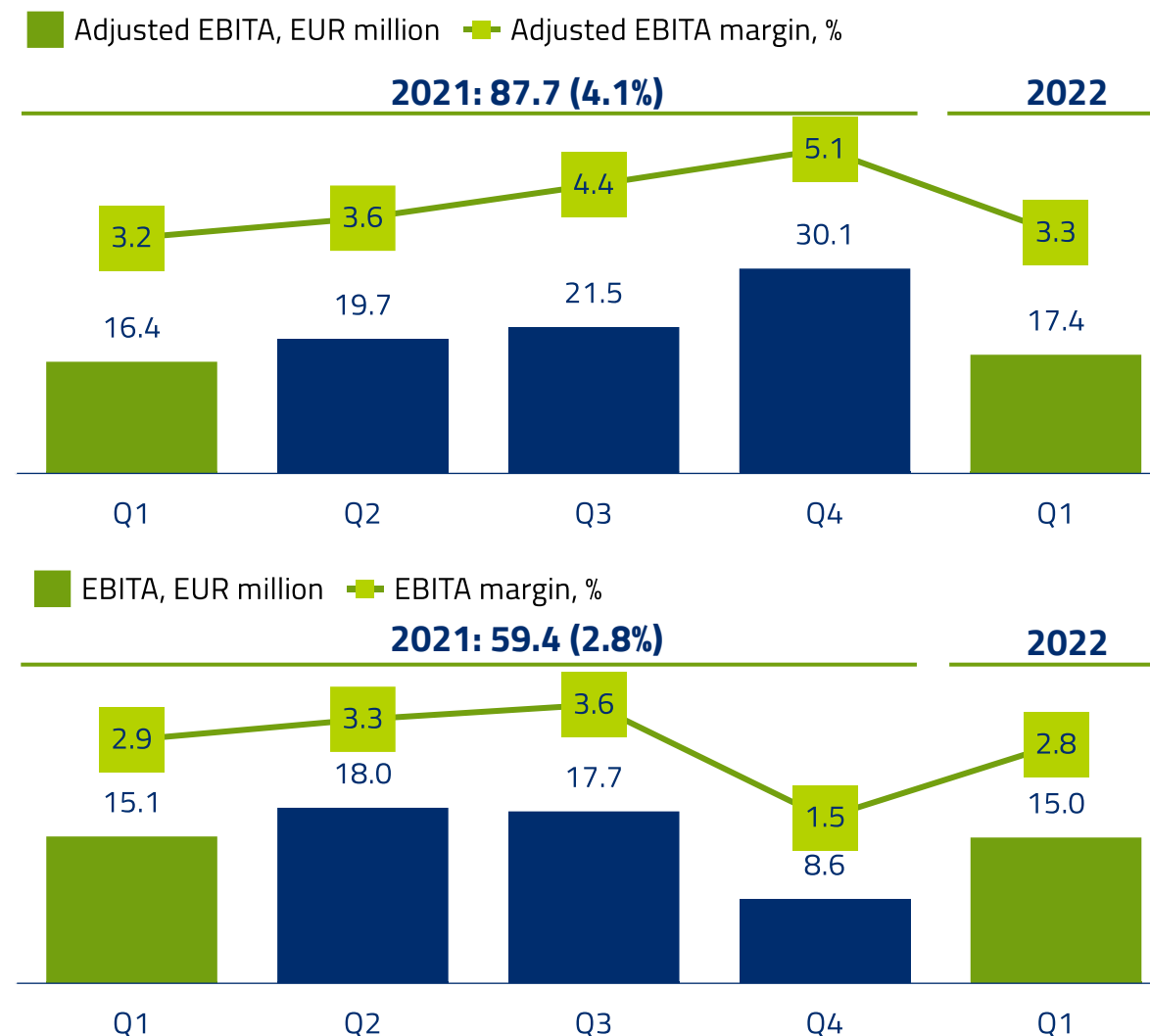


3. Profitability, cash flow and financing

Profitability development

Adjusted EBITA improved in Q1/2022 compared to the previous year

- > Q1/2022: Adjusted EBITA improved to EUR 17.4 (16.4) million, or 3.3% (3.2%) of revenue.
 - > In Services, the performance continued overall on a good level.
 - > In Projects, profitability improvement continued.
- > Q1/2022 EBITA: EUR 15.0 (15.1) million, or 2.8% (2.9%) of revenue. Impacted by one-offs:
 - > Restructuring costs of EUR 1.1 million
 - > Other items of EUR 0.4 million, related to civil claims related to the German anti-trust matter
 - > Transaction costs related to acquisitions and divestments of EUR 1.0 million



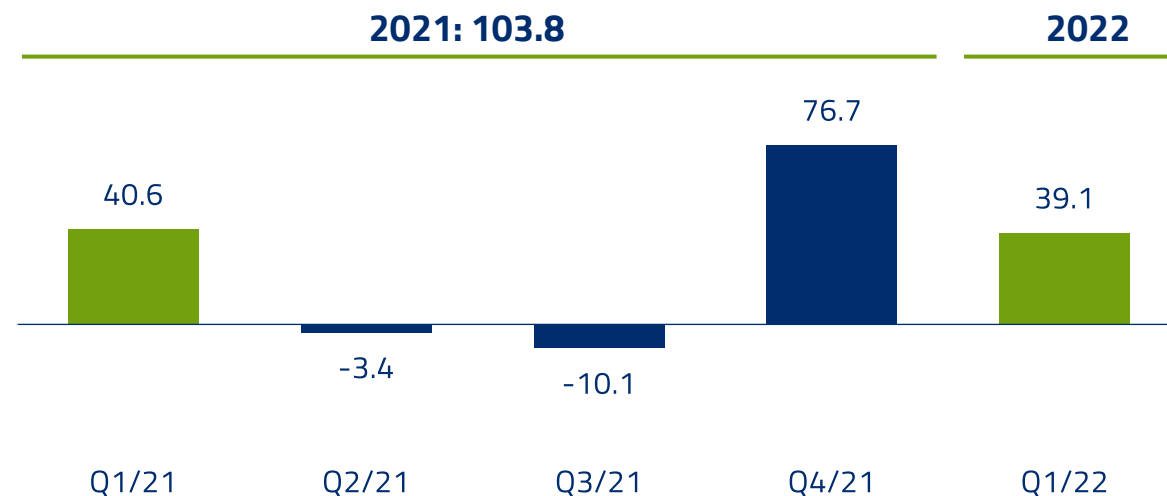
Cash flow development

Strong cash flow again in Q1/2022, cash conversion at 89.6% in Q1/2022

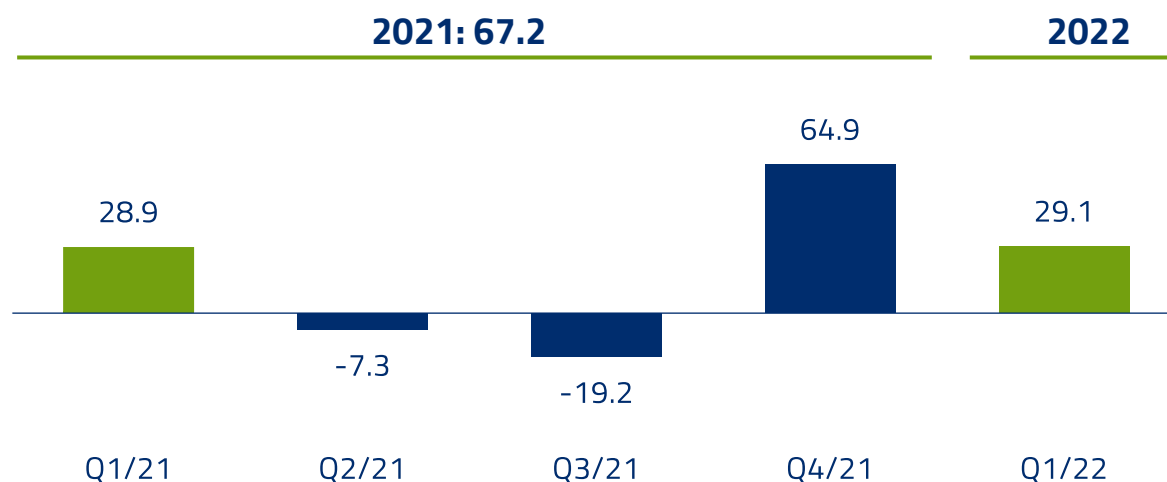
- > Operating cash flow was EUR 39.1 (40.6) million in Q1/22 and cash conversion (LTM) 89.6% (137.4%).
 - > Change in working capital of EUR 14.1m (15.3m).
 - > Q1/2022 cash flow was negatively impacted by the payment of EUR 8.8 million for civil claims relating to the German anti-trust matter. The respective cost was reported in items affecting comparability in 2021.
- > Free cash flow: EUR 29.1 (28.9) million
- > Capex 2021: EUR 4.7 (4.3) million
 - > IT investments: EUR 2.3m (2.2m)
 - > Other investments incl. acquisitions: EUR 2.4m (2.0m)

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



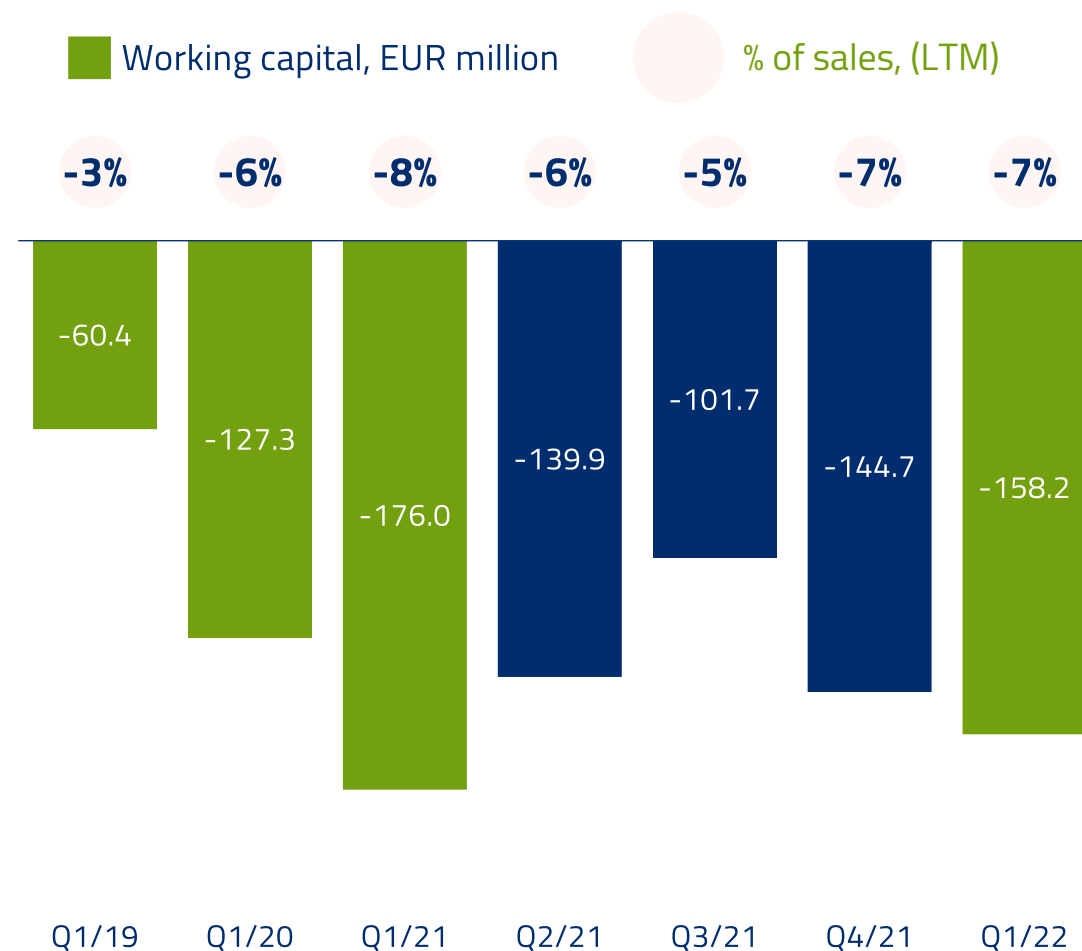
Free cash flow, EUR million



Working capital development

Working capital was at a good level of -7% of sales (LTM)

- The Group's working capital amounted to EUR -158.2 (-176.0) million at the end of March.
- Trade and POC receivables increased to EUR 516.8 (482.9) million and other current receivables to EUR 31.2 (28.4) million.
- Advances received decreased to EUR 241.3 (248.2) million. Other current liabilities increased to EUR 282.4 (275.9) million and trade and POC payables to EUR 200.9 (179.1) million.

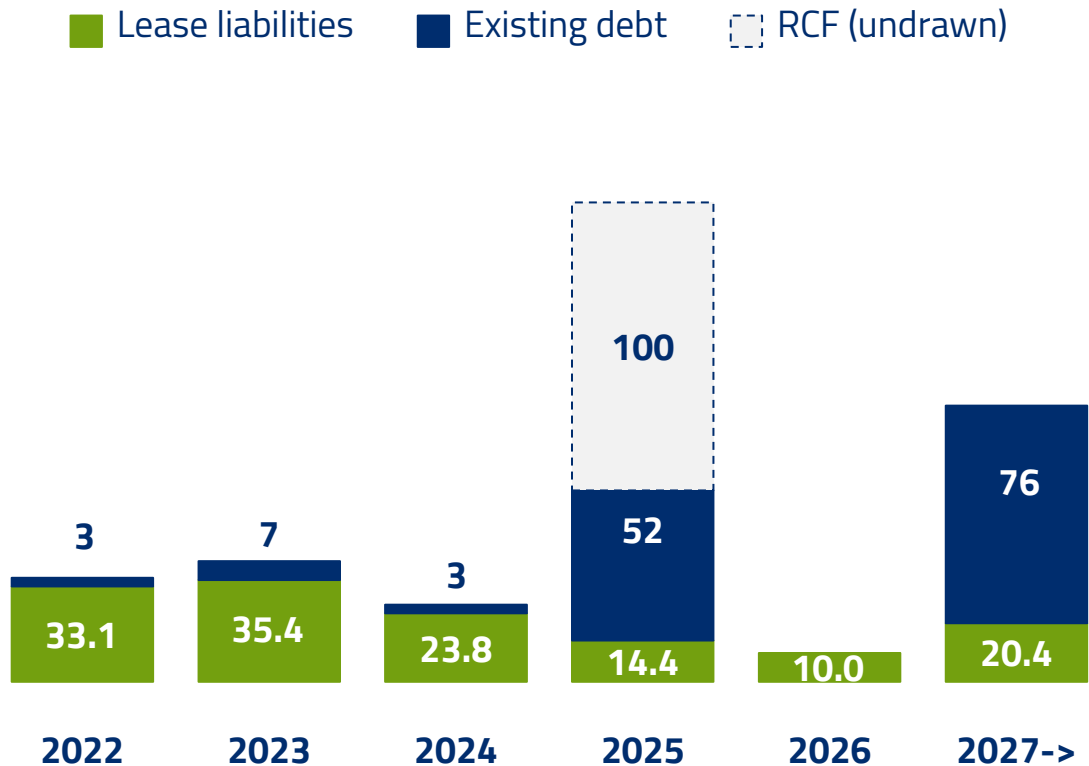


Debt maturity structure

Caverion issued a senior unsecured bond of EUR 75m

Debt maturity structure on 31 March 2022

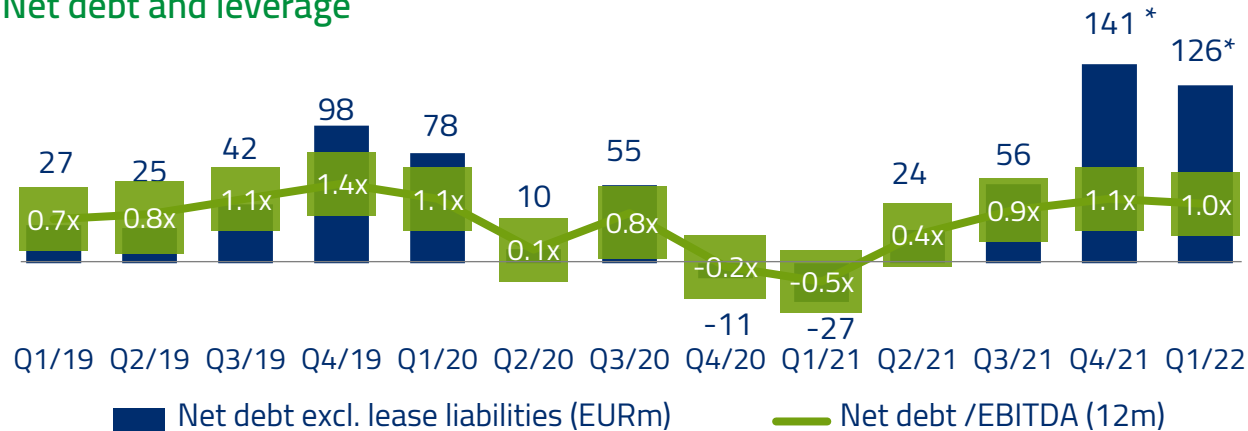
EUR million



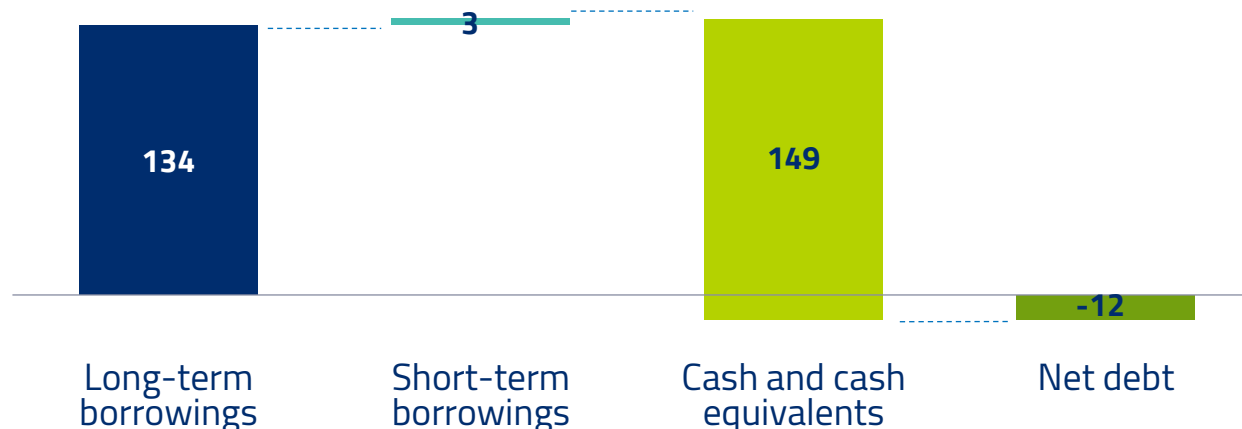
- > A new EUR 75m senior unsecured bond was issued in February. The 5-year bond carries a fixed annual interest of 2.75%.
- > Tender offer was carried out for the EUR 75m bond maturing in March 2023, resulting to a EUR 71.5 m acceptance level.
- > Credit facilities (EUR 50m term loan and EUR 100m revolving 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 125.6m (98.0m)
- > Interest-bearing net debt excl. lease liabilities: EUR -11.6m (-27.4m)

Low leverage level and strong liquidity position

Net debt and leverage



Gross debt to net debt on 31 March 2022 (EURm) excluding lease liabilities



Financial covenant Net debt/EBITDA

- > Net debt/EBITDA Q1/2022: 1.0x (-0.5x) according to confirmed calculation principles with lending parties.
- > The covenant level shall not exceed 3.5x.

*The confirmed calculation principles include the effects of the IFRS 16 standard as of Q4/2021 and contain certain other adjustments. As of Q4/2021: including lease liabilities.

Strong liquidity position and high amount of undrawn credit facilities

- > Cash and cash equivalents of EUR 149.2m (166.2m)
- > 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	1-3/22	1-3/21	Change	1-12/21
Order backlog	1,951.6	1,626.7	20.0%	1,863.8
Revenue	528.1	515.3	2.5%	2,139.5
Organic growth, %	2.4	-5.4		-2.0
Adjusted EBITDA	30.8	29.4	4.7%	142.1
Adjusted EBITDA margin, %	5.8	5.7		6.6
EBITDA	28.5	28.1	1.3%	113.8
EBITDA margin, %	5.4	5.5		5.3
Adjusted EBITA	17.4	16.4	6.3%	87.7
Adjusted EBITA margin, %	3.3	3.2		4.1
EBITA	15.0	15.1	-0.7%	59.4
EBITA margin, %	2.8	2.9		2.8
Operating profit	11.4	11.0	3.4%	43.5
Operating profit margin, %	2.2	2.1		2.0
Earnings per share, undiluted, EUR	0.04	0.05	-7.1%	0.17
Operating cash flow before financial and tax items	39.1	40.6	-3.7%	103.8
Cash conversion (LTM), %	89.6	137.4		91.2
Working capital	-158.2	-176.0	10.1%	-144.7
Interest-bearing net debt	125.6	98.0	28.1%	140.7
Net debt/EBITDA*	1.0	-0.5		1.1
Gearing, %	67.7	55.2		69.8
Equity ratio, %	17.3	17.2		19.0
Number of personnel at the end of the period	14,272	14,892	-4.2%	14,298

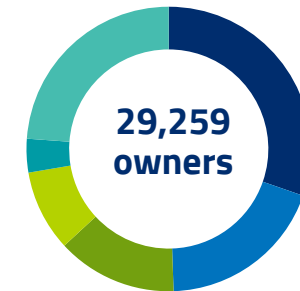
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Directly registered shareholders on 31 March 2022

Largest shareholders	Shares, pcs	% of shares	Change after 12/2021, pcs
1 Herlin Antti	21,054,392	15.2	550,000
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	5,766,592	4.2	6,700
5 Säästöpankki funds	3,701,562	2.7	0
6 Ilmarinen Mutual Pension Insurance Company	3,602,955	2.6	0
7 Elo Mutual Pension Insurance Company	2,565,640	1.8	-663,943
8 Caverion Oyj	2,447,447	1.8	-55,020
9 Nordea funds	2,059,499	1.5	76,960
10 The State Pension Fund	2,050,000	1.5	0
11 Brotherus Ilkka	1,803,765	1.3	0
12 OP funds	1,464,300	1.1	-45,755
13 Aktia funds	1,050,000	0.8	0
14 Kaleva Mutual Insurance Company	969,025	0.7	0
15 S-Bank funds	862,555	0.6	255,240
16 Sinituote Oy	772,400	0.6	0
17 Veritas Pension Insurance Company Ltd.	746,189	0.5	142,719
18 Fondita funds	490,000	0.4	0
19 Lehtoranta Ari Tapio	356,891	0.3	-10,160
20 Pivosto Oy	326,416	0.2	0
20 largest, total	75,987,885	54.7	
All shares	138,920,092	100.0	

Source: Investis, as presented on Caverion website.

Sector distribution (3/2022)



■	Nominee reg. and non-Finnish	30.3% (Dec. 31: 31.1%)
■	Households	19.1% (18.2%)
■	General government	13.7% (14.0%)
■	Financial and insurance corporations	9.2% (9.2%)
■	Non-profit institutions	3.8% (3.6%)
■	Non-financial corporations and housing corporations	23.8% (24.0%)