Caverion
Building Performance

Interim Report January–September 2021

Jacob Götzsche, President and CEO
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4 November 2021

Agenda

1. Operating environment 1-9/2021
2. Group development
3. Profitability, cash flow and financing
4. Guidance

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1. Operating environment 1-9/2021

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Operating environment 1-9/2021

Operating environment started to improve at the end of the quarter

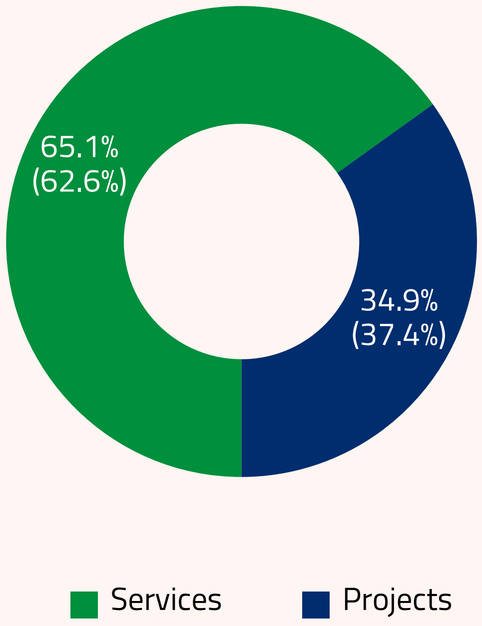
Services (65.1% of Group revenue)

- Caverion experienced increased investment activity among several customer segments as of the second quarter.
- As an example, certain annual industrial shutdowns in Finland postponed from last year took place in the second quarter of 2021.
- Caverion has started to see a general increasing interest for services supporting sustainability.

Projects (34.9% of Group revenue)

- The market demand still continued on a lower level, although there were clear signs of market stabilisation as of the end of Q2. In Q3, market demand started to gradually pick up also in Projects.
- During 1-9/2021, the market was impacted by increases in material prices.
- Stimulus packages did not yet have a clear impact on general demand in 1-9/2021.

Revenue breakdown
1-9/2021 (1-9/2020)



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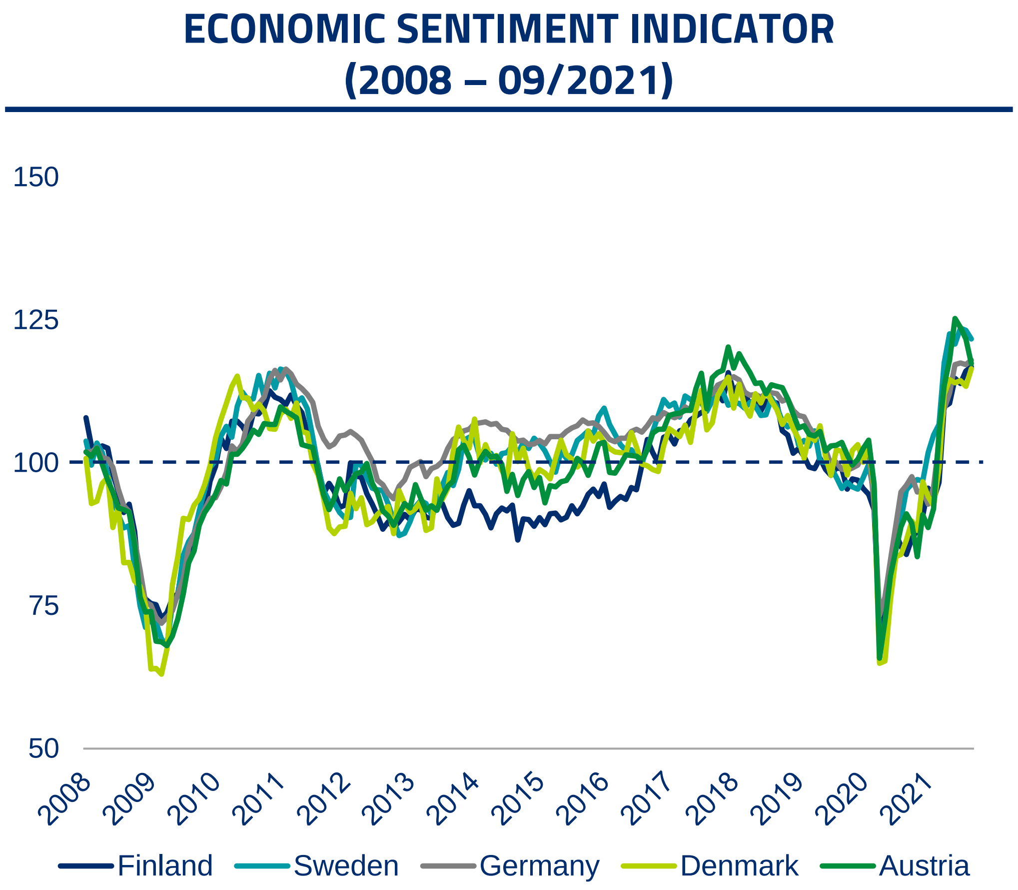
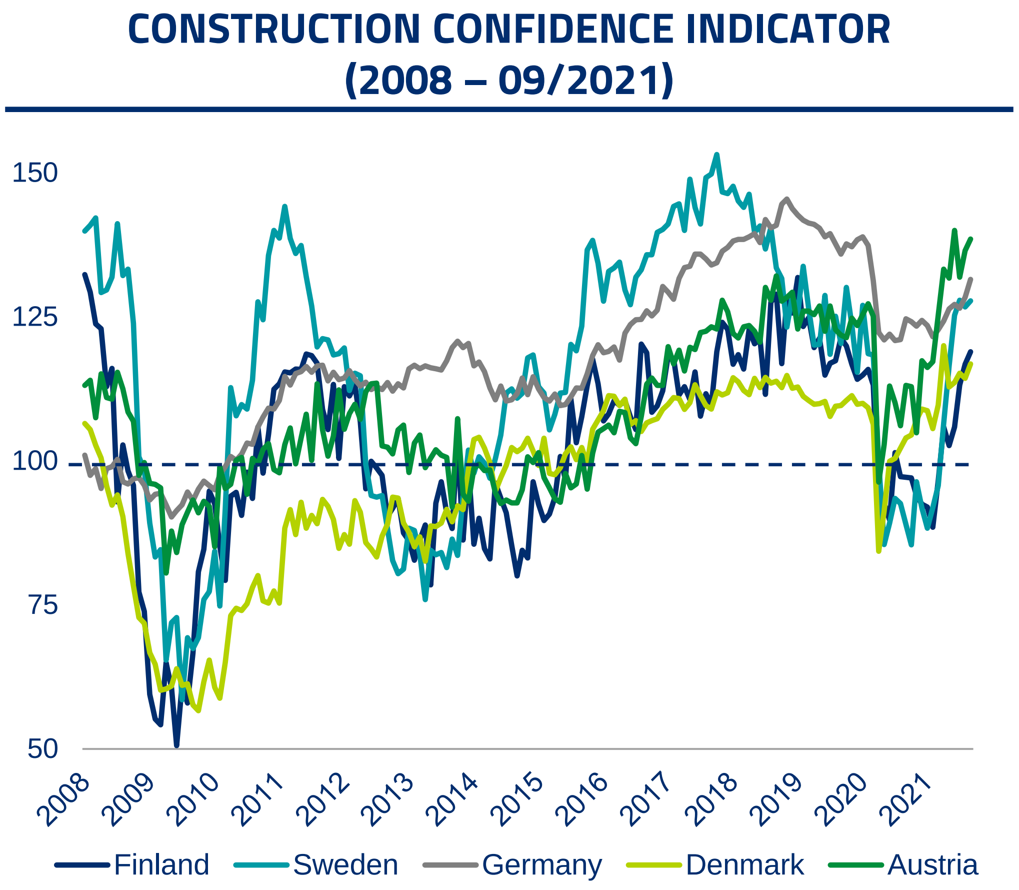
Uplift in sentiment indicators in 1-9/2021

Economic sentiment indicators have rebounded from Covid-19 effects





Sources: European Commission, September 2021

2. Group development

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Summary of Q3/2021

Continued improvement in profitability and strong increase in order backlog

Order backlog

- Up by 16.1% to EUR 1,889.7 (1,627.7) million from the end of 9/2020
- Order backlog in Services up by 15.2% from the end of 9/2020, in Projects up by 17.2%

Profitability

- Profitability improvement continued in Q3: Adjusted EBITA up to EUR 21.5 (21.2) million, or 4.4 (4.1) percent of revenue
- EBITA: EUR 17.7 (17.7) million
- EPS: EUR 0.05 (0.06) per share

Revenue

- EUR 493.7 (515.5) million, down by 4.2%
- Services -0.1% and Projects -11.2%
- Services 65.2% (62.5%) of Group revenue
- Organic growth was -4.6%.

Cash flow and leverage

- Operating cash flow before financial and tax items: EUR -10.1 (-28.0) million
- Cash at hand: EUR 81.5 (84.8) million
- Net debt/EBITDA*: 0.9x (0.8x)

Other events

- Three bolt-on acquisitions completed in Sweden and Austria in Q3.

* Based on calculation principles confirmed with the lending parties.

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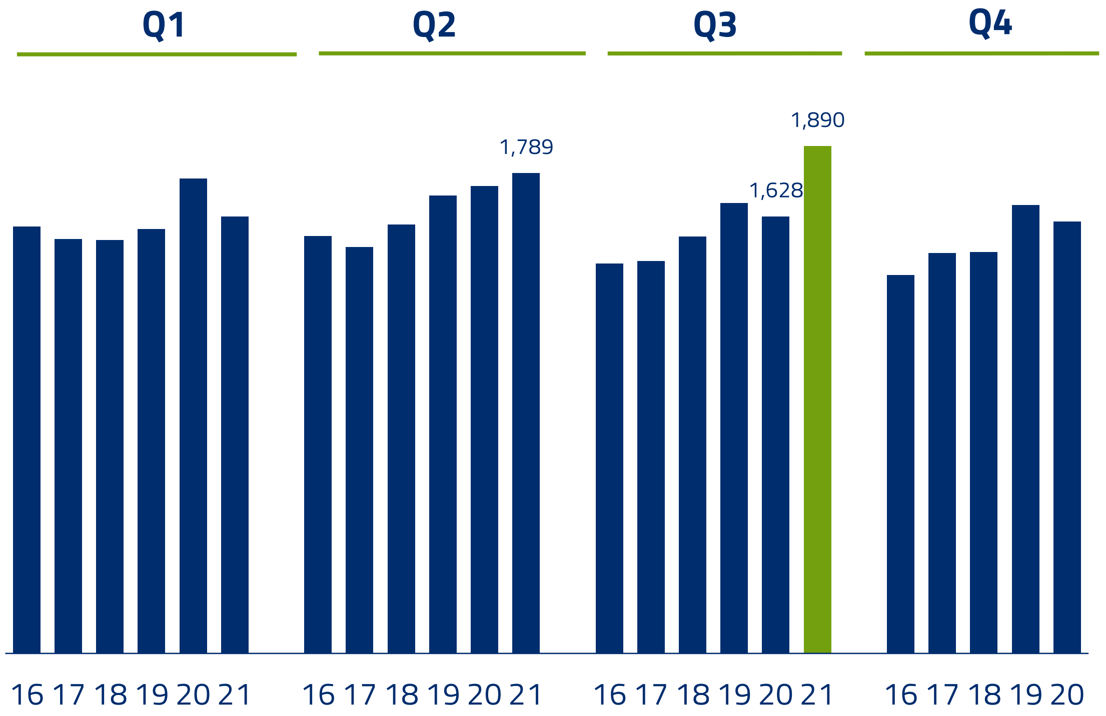
Order backlog development

Order backlog increased by 16.1% from the end of 9/2020 and by 5.6% from the end of 6/2021

- Order backlog increased by 5.6% to EUR 1,889.7 million from the end of the previous quarter (EUR 1,789.0 million).
- Order backlog increased by 16.1% to EUR 1,889.7 (1,627.7) million from the end of September 2020.
  - At comparable exchange rates the order backlog increased by 14.5% from the end of September 2020.
  - The order backlog continued to increase in Services, up by 15.2%. Now also the Projects order backlog was up by 17.2%.

Order backlog, EUR million



Building performance and people's wellbeing

Examples of some new agreements from July-September 2021

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A sustainable learning environment for children and students | City of Vienna (AT)

- Life-cycle solutions for two educational campuses in Vienna, Austria (PPP)
- Optimising energy consumption during the lifecycle
- Guaranteed building conditions for 25 years
- Delivering sustainable energy generation systems with geothermal energy and efficient heat pump systems

Smart & Digital solutions · Sustainability · Well-being for people · Lifecycle partner

Infrastructure for sustainable water treatment | Tampere Region Wastewater Treatment (FI)

- Technical systems for new wastewater treatment plant project (building automation, electricity & HVAC) in Sulkavuori, Tampere
- Meeting strict requirements for the ventilation of underground spaces
- Significant environmental investment in the region
- Wastewater treatment for the next 100 years

Safety · Sustainability · Well-being for people

Safe and comfortable healing environment | RWTH Aachen University Hospital (DE)

- Building technology project for a new building at the university hospital in Aachen
- Building Automation solutions with 4,700 data points, and Security solutions
- Energy-efficient building which will also meet future requirements

Security · Smart & Digital solutions · Sustainability · Well-being for people

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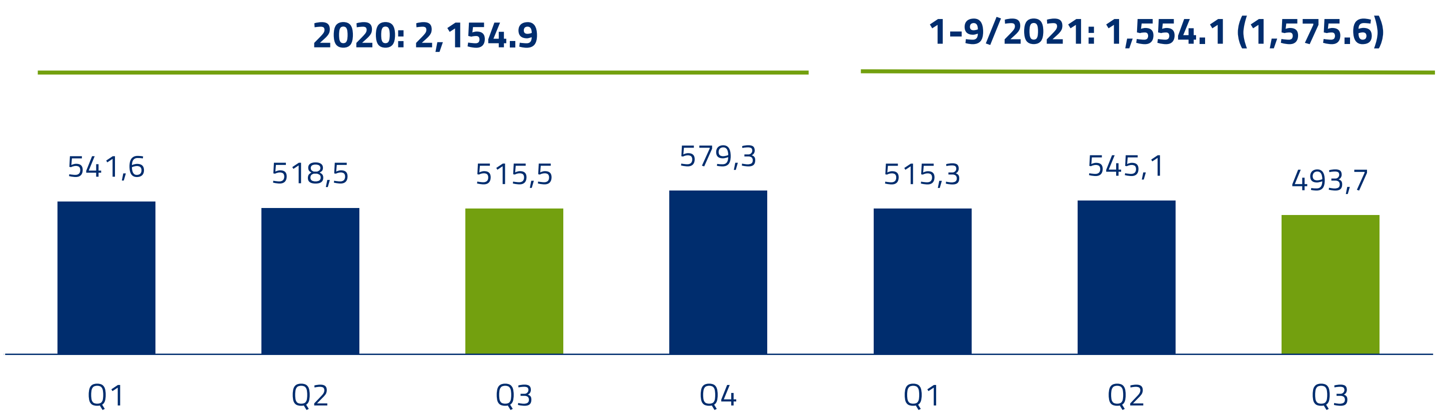
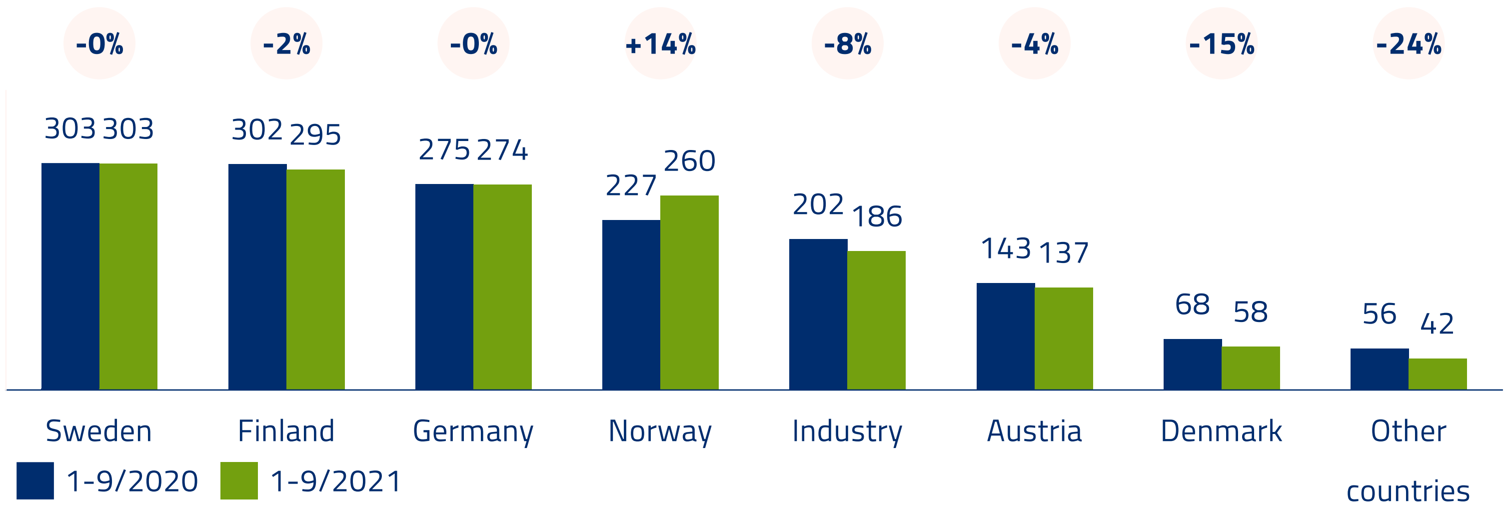
Revenue development

Revenue decreased seasonally in Q3, as the new orders did not yet materialise in revenue

Group revenue, EUR million



Revenue breakdown by division, EUR million



- Revenue Q3/21: EUR 493.7 (515.5) million, down by 4.2% from the previous year, -4.9% in local currencies.
- Organic growth Q3/21: -4.6%
- Business unit revenue Q3/21:
  - Services -0.1% (-0.8% locals; -0.4% organic growth)
  - Projects -11.2% (-11.6% locals; -11.6% organic growth)
- Revenue increased in Norway, remained flat in Sweden and Germany and decreased in other divisions in 1-9/2021.

Focus on profitable growth while increasing interaction with customers

Good progress in strategy

- We are on a good track to improve performance going forward.
- We have continued to invest in our technology and digital platform, capabilities – as well as the business platform and SmartTech via M&A.
- Our purpose is built around sustainability. We see an increased interest towards those parts of our lifecycle offering that help customers make their operations more efficient and predictable as well as improving their sustainability.

Focus remains also on efficiency improvement

- Significant potential still in pricing, productivity and procurement as well as data enabled efficiency
- Further optimising and transforming our operating model

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We continue to invest in capabilities and core competencies

Three acquisitions closed during Q3

GTS Immobilien GmbH

Bolt-on acquisition in the area **of building automation**, a smart technology area in which Caverion has a deep competence.

Germany

Austria

RPH Linc AB

A system integrator in the area of **electrical security** focusing on **high-end security solutions** for enterprise and multisite customers and the public sector.

Stockholm, Sweden

Felcon GmbH

- A small **clean room specialist** company based in Vienna, Austria, providing design, construction, installation, validation as well as technical services, among others.

Austria

Sustainability trend is growing stronger – Caverion expects stimulus packages to increase demand as of the end of 2021

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EU's "Fit for 55" climate package

- A set of proposals to make EU's climate, energy, transport and taxation policies fit for **reducing net greenhouse gas emissions by at least 55% by 2030**, compared to 1990 levels

EU's "Renovation Wave" strategy

- Objective to **at least double the annual energy renovation rate** of residential and non-residential buildings **by 2030**
-> expected to result in 35 million building units renovated

EU's "Energy Performance of Buildings Directive" (EPBD)

- Requires **all new buildings from 2021 to be nearly zero-energy buildings** (NZEB) in the EU

Major opportunities for Caverion:

- Increasing energy efficiency of buildings
- Electrification of transport infrastructure
- Use of renewable energy technologies
- Green industrial transition towards clean technologies

3. Profitability, cash flow and financing

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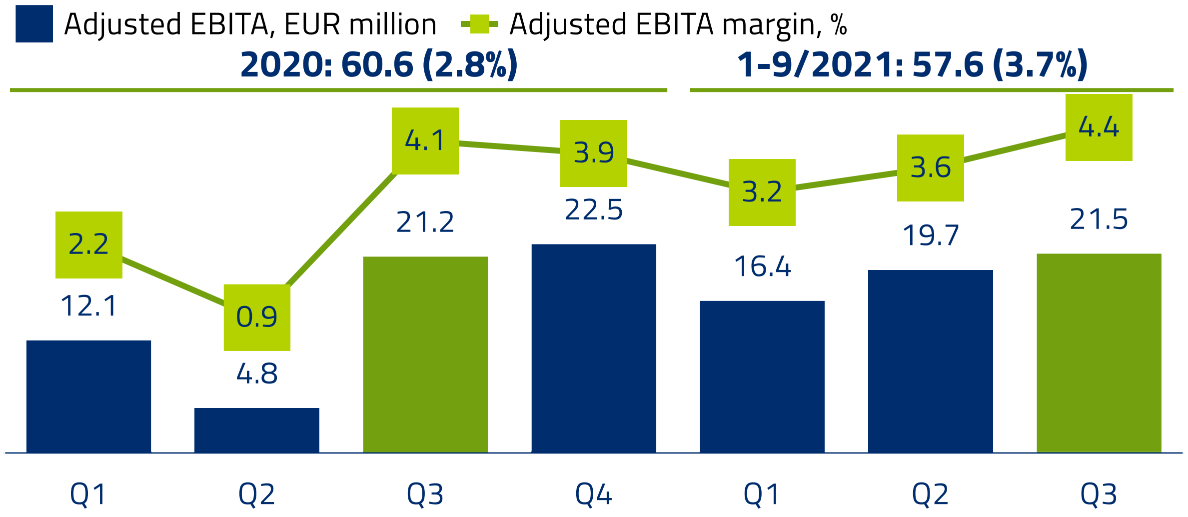
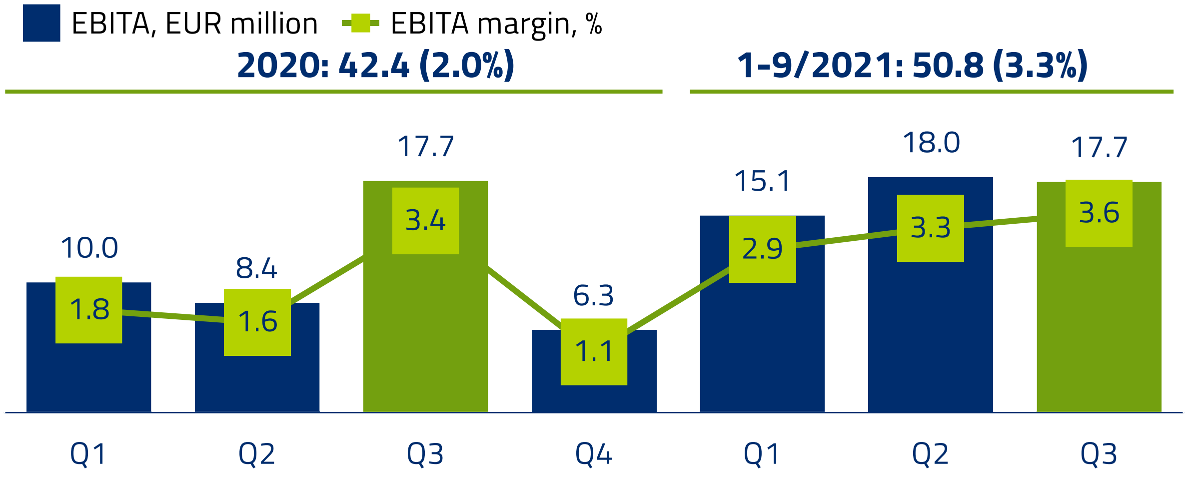
Profitability development

Profitability improvement continuing according to plan in Q3/2021

- Q3/2021 Adjusted EBITA improved to EUR 21.5 (21.2) million, or 4.4% (4.1%) of revenue.
- 1-9/2021 Adjusted EBITA improved to EUR 57.6 (38.1) million, or 3.7% (2.4%) of revenue.
- Positive progress has continued in divisions Industry, Germany, Norway and Sweden.
- In Services, the performance continued overall on a strong level year-to-date. There was a minor negative impact from increased material prices in Q3.
- In Projects, Caverion continued to improve its profitability.
- Q3/2021 EBITA: EUR 17.7 (17.7) million, or 3.6% (3.4%) of revenue.





Adjusted EBITA = EBITA before items affecting comparability (IAC)

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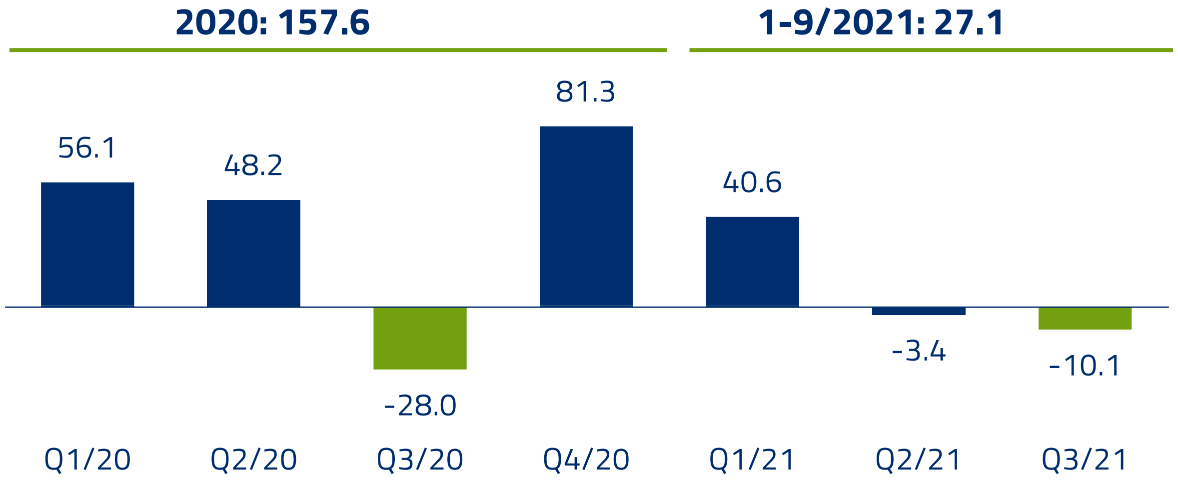
Cash flow development

Cash conversion was 96.4% (LTM) in 1-9/2021

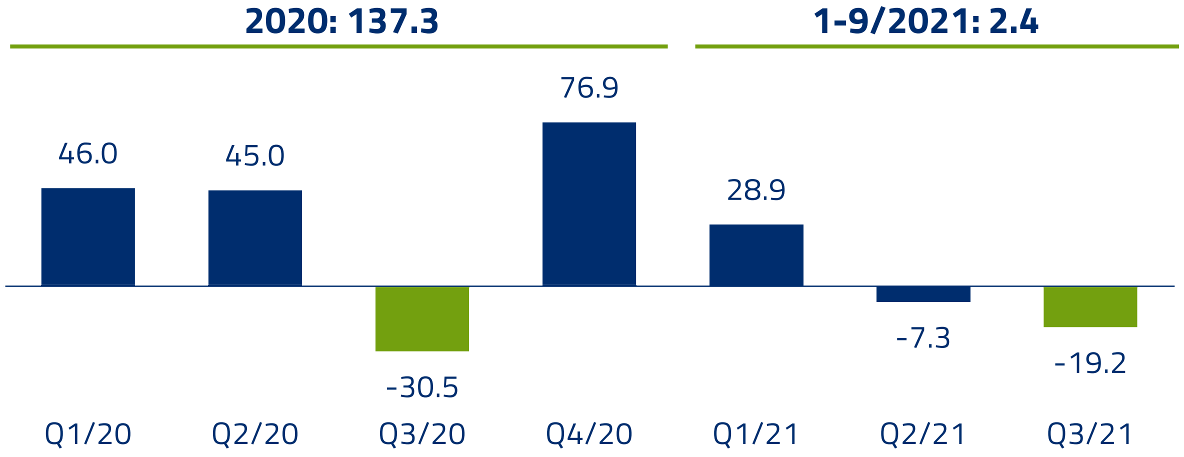
- Operating cash flow was EUR 27.1 (76.3) million in 1-9/21 and cash conversion (LTM) 96.4% (138.2%).
  - Cash flow was lower in the first nine months of the year.
  - Negative change in working capital. Working capital impacted by higher receivables, lower advance payments from new projects and existing older projects being in a cash-consuming phase.
- Free cash flow: EUR 2.4 (60.5) million in 1-9/21
- Capex 1-9/21: EUR 20.8 (13.3) million
  - IT investments: EUR 5.6m (7.1m)
  - Other investments incl. acquisitions: EUR 15.2m (6.2m)

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



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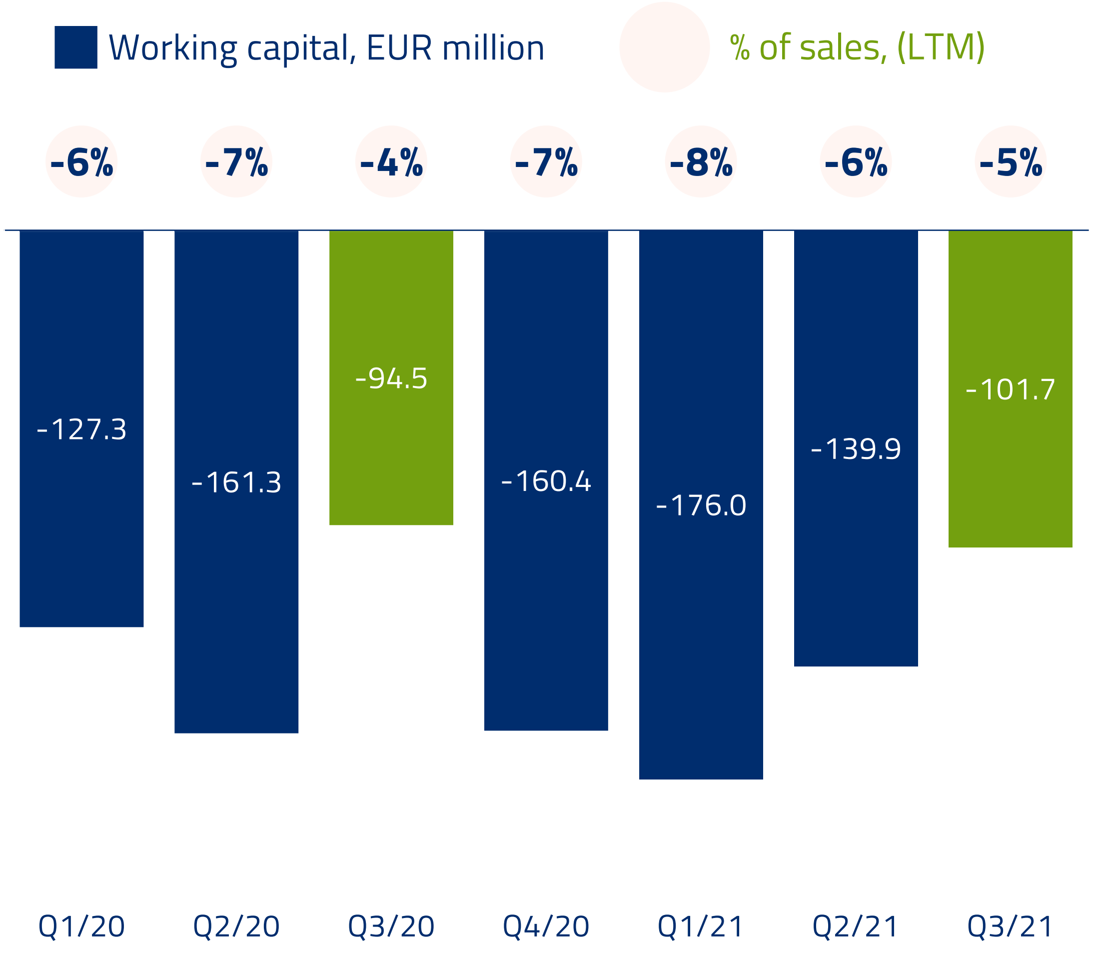
Working capital development

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

- The Group's working capital improved to EUR -101.7 (-94.5) million at the end of September.
  - Trade and POC receivables increased to EUR 530.0 (517.1) million and other current receivables to EUR 30.2 (25.1) million.
  - Advances received increased to EUR 242.1 (236.9) million, other current liabilities to EUR 253.4 (238.2) million and trade and POC payables to EUR 183.1 (182.9) million.
- Significant actions completed since 2018 to improve the level of working capital.



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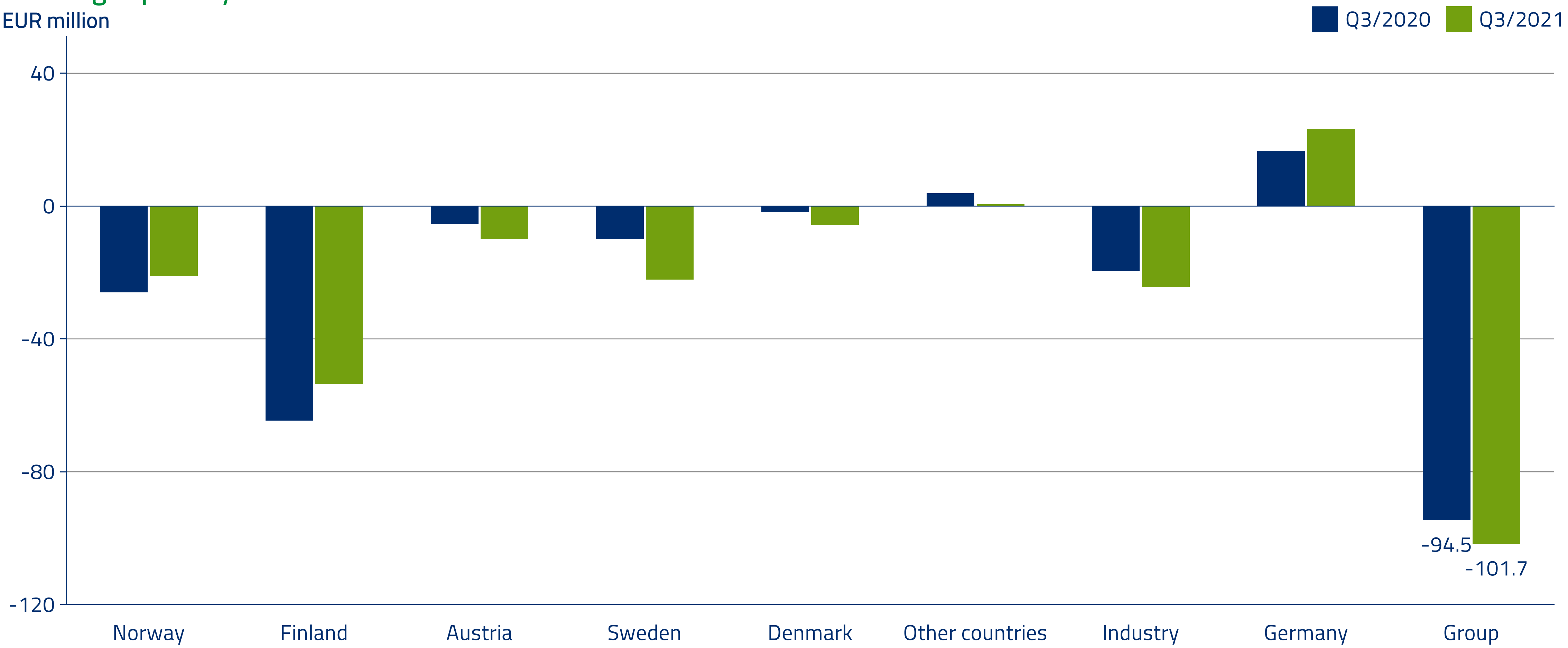
Continued efforts to improve working capital

Improvements in all divisions except for Norway, Finland and Germany

Working capital by division

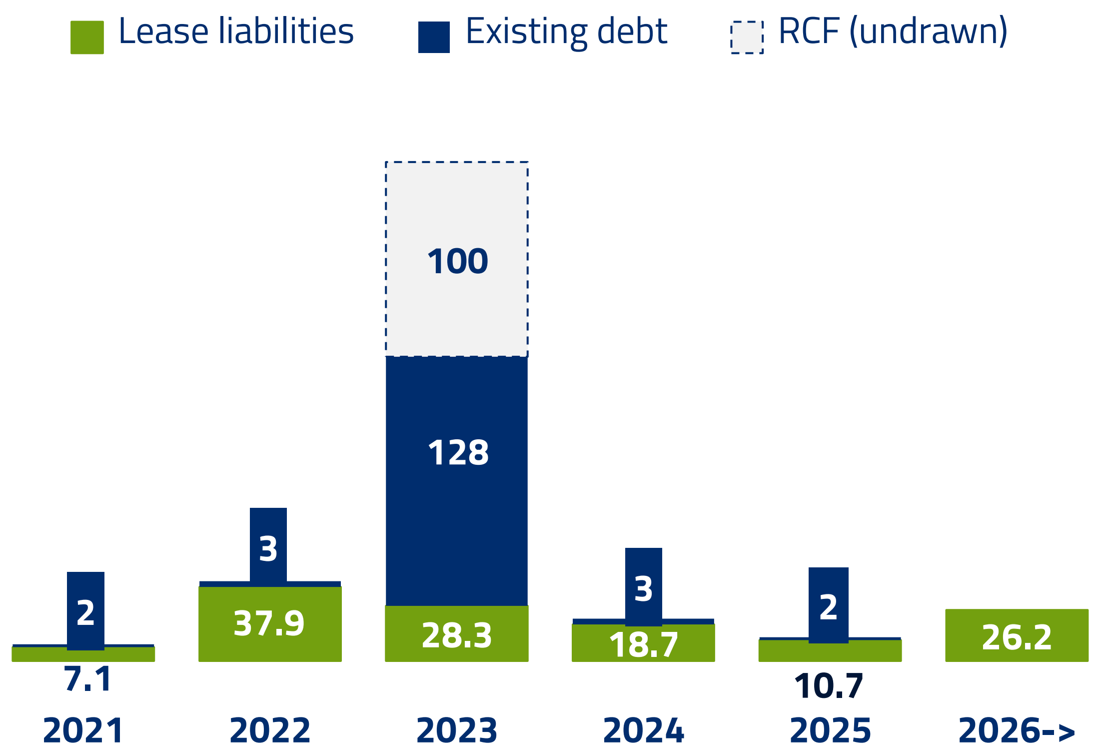
EUR million



Debt maturity structure

Debt maturity structure on 30 September 2021

EUR million



- Interest-bearing net debt incl. lease liabilities: EURm 185.0 (187.5)
- Interest-bearing net debt excl. lease liabilities: EURm 56.0 (55.3)
- 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 35m hybrid bond has first call date in May 2023.

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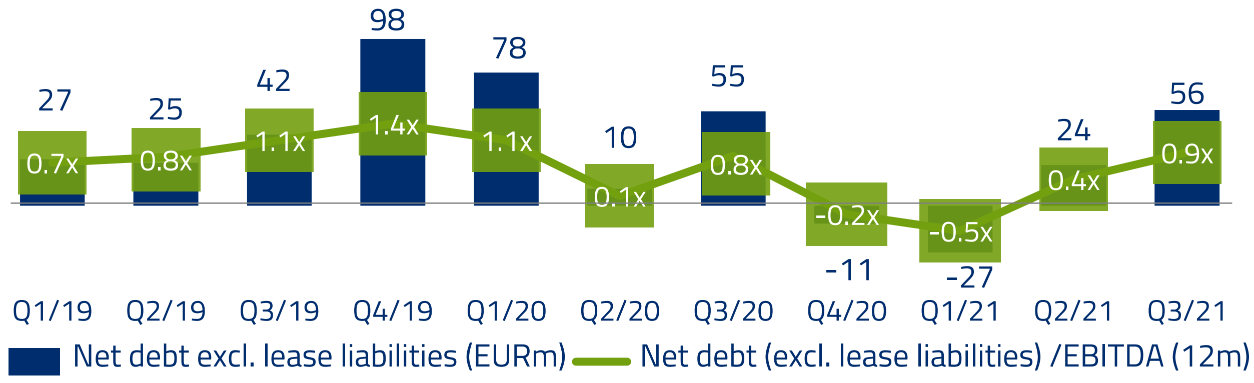
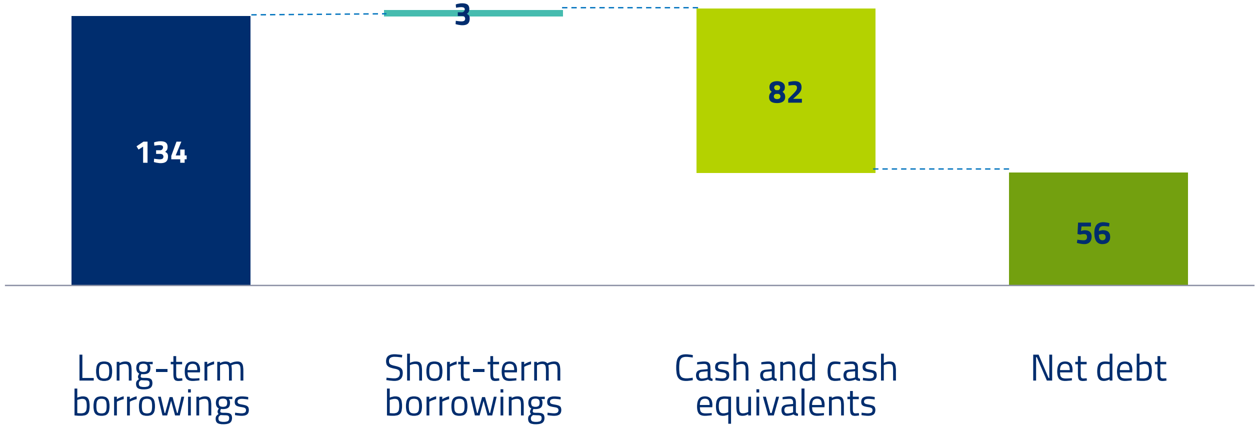
Low leverage level and strong liquidity position



Gross debt to net debt on 30 September 2021 (EURm) excluding lease liabilities



Financial covenant Net debt/EBITDA

- Net debt/EBITDA Q3/2021: 0.9x (0.8x) 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 81.5 (84.8)
- In addition, undrawn revolving credit facilities of EUR 100.0m and undrawn overdraft facilities of EUR 19.0m
- Firing power for M&A: three bolt-on acquisitions completed in Sweden and Austria in Q3.

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4. Guidance

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.

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Key figures

EUR million	7-9/21	7-9/20	Change	1-9/21	1-9/20	Change	1-12/20
Order backlog	1,889.7	1,627.7	16.1%	1,889.7	1,627.7	16.1%	1,609.1
Revenue	493.7	515.5	-4.2%	1,554.1	1,575.6	-1.4%	2,154.9
Organic growth, %	-4.6	-6.0		-2.3	-3.5		-4.1
Adjusted EBITDA	35.0	34.8	0.4%	97.6	79.6	22.6%	116.5
Adjusted EBITDA margin, %	7.1	6.8		6.3	5.0		5.4
EBITDA	31.2	31.4	-0.8%	90.8	77.7	16.9%	99.4
EBITDA margin, %	6.3	6.1		5.8	4.9		4.6
Adjusted EBITA	21.5	21.2	1.5%	57.6	38.1	51.1%	60.6
Adjusted EBITA margin, %	4.4	4.1		3.7	2.4		2.8
EBITA	17.7	17.7	-0.4%	50.8	36.1	40.6%	42.4
EBITA margin, %	3.6	3.4		3.3	2.3		2.0
Operating profit	13.5	13.9	-2.5%	38.4	25.3	51.6%	27.2
Operating profit margin, %	2.74	2.69		2.47	1.61		1.26
Earnings per share, undiluted, EUR	0.05	0.06	-8.4%	0.16	0.08	112.3%	0.05
Operating cash flow before financial and tax items	-10.1	-28.0	64.0%	27.1	76.3	-64.5%	157.6
Cash conversion (LTM), %				96.4	138.2		158.5
Working capital				-101.7	-94.5	-7.6%	-160.4
Interest-bearing net debt				185.0	187.5	-1.3%	118.6
Net debt/EBITDA*				0.9	0.8		-0.2
Gearing, %				96.2	93.8		60.4
Equity ratio, %				19,0	19,8		18,9
Number of personnel at the end of the period				14 773	15 649	-5,6%	15 163

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

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Directly registered shareholders on 30 September 2021

	Largest shareholders	Shares, pcs	% of shares	Change after 6/2021, 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	5,769,953	4.2	-12,490
5	Ilmarinen Mutual Pension Insurance Company	3,888,715	2.8	-62,239
6	Säästöpankki funds	3,701,562	2.7	27,609
7	Elo Mutual Pension Insurance Company	3,229,583	2.3	-251,418
8	Caverion Oyj	2,472,401	1.8	-151,739
9	The State Pension Fund	2,050,000	1.5	0
10	Nordea funds	1,989,349	1.4	19,724
11	Brotherus Ilkka	1,803,765	1.3	0
12	OP funds	1,546,044	1.1	269,747
13	Aktia funds	1,050,000	0.8	0
14	Kaleva Mutual Insurance Company	969,025	0.7	0
15	Sinituote Oy	772,400	0.6	0
16	Veritas Pension Insurance Company Ltd.	705,000	0.5	143,633
17	Voluntas Investment Oy	550,000	0.4	0
18	Fondita funds	490,000	0.4	0
19	Lehtoranta Ari Tapio	367,051	0.3	0
20	FIM funds	341,402	0.2	118,309
	20 largest, total	**76,098,899**	**54.8**	
	All shares	**138,920,092**	**100.0**	

Source: Investis

Sector distribution (9/2021)

- Nominee reg. and non-Finnish 31.7% (Jun. 30: 31.6%)
- Households 17.9% (18.1%)
- General government 14.3% (14.4%)
- Financial and insurance corporations 9.3% (9.1%)
- Non-profit institutions 3.3% (3.0%)
- Non-financial corporations and housing corporations 23.5% (23.7%)