# Q4 2014

Financial Statements Bulletin 2014

Caverion

# FINANCIAL STATEMENTS BULLETIN FOR JANUARY 1 – DECEMBER 31, 2014

## Strong fourth quarter – Good progress towards the 2016 financial targets

### Guidance follow-up for 2014

Group's revenue with comparable exchange rates and EBITDA excluding non-recurring items for 2014 amounted to EUR 2,475.4 (2,543.6) million and EUR 80.7 (81.7) million, respectively, in line with the previous year.

### January 1 – December 31, 2014

- **Order backlog:** EUR 1,323.6 (1,240.7) million on December 31, an increase of 7% from the end of last year.
- **Revenue:** EUR 2,475.4 (2,543.6) million with comparable exchange rates and EUR 2,406.6 (2,543.6) million with exchange rates for the period.
  - Revenue decreased by 3 percent at previous year's exchange rates for corresponding period.
- **EBITDA:** excluding non-recurring items EBITDA was EUR 80.7 (81.7) million, or 3.4 (3.2) percent of revenue.
  - EBITDA including non-recurring items was EUR 67.5 (70.9) million, or 2.8 (2.8) percent of revenue.
  - The non-recurring items totalled EUR 13.2 million, consisting of non-recurring costs of EUR 26.4 million offset by a non-recurring income of EUR 13.2 million in Norway.
  - Projects, mainly in Norway and Denmark, diluted the profitability during the first half of the year 2014. The turnaround of the project operations progressed well during the second half of the year.
- **Working capital:** Working capital amounted to EUR -19.3 million (Q4/2013: 46.0).
- **Operating cash flow before financial and tax items:** EUR 113.5 (108.5) million.

### October 1 – December 31, 2014

- **Revenue:** EUR 660.2 (688.1) million.
  - Revenue decreased by 2 percent at previous year's exchange rates for corresponding period.
- **EBITDA:** Profitability improved from the previous year and EBITDA excluding non-recurring items was EUR 39.3 (26.7) million, or 6.0 (3.9) percent of revenue.
  - EBITDA including non-recurring items was EUR 34.3 (25.3) million, or 5.2 (3.7) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR 100.0 (101.3) million.

Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year. Comparative figures for 2013 are carve-out figures for the periods before the effective date of the partial demerger (June 30, 2013).

### KEY FIGURES

| EUR million | 10-12/14 | 10-12/13 | Change | 1-12/14 | 1-12/13 | Change |
|---|---|---|---|---|---|---|
| Order backlog, end of period | 1,323.6 | 1,240.7 | 7% | 1,323.6 | 1,240.7 | 7% |
| Revenue | 660.2 | 688.1 | -4% | 2,406.6 | 2,543.6 | -5% |
| EBITDA | 34.3 | 25.3 | 36% | 67.5 | 70.9 | -5% |
| EBITDA margin, % | 5.2 | 3.7 | | 2.8 | 2.8 | |
| EBITDA excl. non-recurring items | 39.3 | 26.7 | 47% | 80.7 | 81.7 | -1% |
| EBITDA margin excl. non-recurring items, % | 6.0 | 3.9 | | 3.4 | 3.2 | |
| Operating profit | 28.1 | 19.5 | 44% | 44.2 | 49.4 | -11% |
| Operating profit margin, % | 4.3 | 2.8 | | 1.8 | 1.9 | |
| Net profit for the period | 20.0 | 17.2 | 16% | 27.6 | 35.5 | -22% |
| Earnings per share, basic, EUR | 0.16 | 0.14 | 17% | 0.22 | 0.28 | -22% |
| Working capital | -19.3 | 46.0 | | -19.3 | 46.0 | |
| Operating cash flow before financial and tax items | 100.0 | 101.3 | -1% | 113.5 | 108.5 | 5% |
| Interest-bearing net debt, end of period | 50.2 | 86.5 | -42% | 50.2 | 86.5 | -42% |
| Gearing, end of period, % | 21.1 | 34.6 | | 21.1 | 34.6 | |
| Personnel, average for the period | 17,161 | 17,753 | -3% | 17,300 | 18,071 | -4% |

### DIVIDEND PROPOSAL: The Board of Directors proposes a dividend of EUR 0.22 per share

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.22 per share be paid.

## Word from the President and CEO Fredrik Strand

"In 2014 we have focused on building Caverion into one, coherent company. The key to our profitability improvement lies in improving our own internal efficiency. We have now built the basis for our future by defining a common operating model. Our processes, organisational structures, skills, and offering are being designed so that they support us in providing services and solutions throughout the life cycle of our clients' properties and processes. We have vast experience and expertise across the company, which we are turning into best practices by developing our commercial view for the whole group.

We have also improved our project risk management, by introducing transparent rules for delegation of authority as well as by implementing new steering committee and project review practices. In each division, we are also setting up shared project and managed operations offices, which encompass expertise in delivering demanding contracts to support our 250 local offices. The project management related to project controls has already been improved and the ability to run projects according to set targets has improved. As a result, the turnaround of the project operations has progressed well also during the fourth quarter.

Furthermore, we have invested in systems, tools and further harmonisation to shorten the invoicing process. Our improved working capital management can be seen in our improved operating cash flow for January–December. Implementation of our common ERP system in our main countries is progressing well. New mobile devices and systems have also been rolled out. These investments into building for our future have affected our short-term profitability.

During the second half of the year we have successfully managed to develop our business mix with several new contracts, for large projects including design and build of total technical solutions, as well as several new managed services agreements.

As we start the new year 2015 our strategic focus is gradually shifting more towards generating profitable growth. We aim to reach our targeted EBITDA margin of above 6 percent by the end of 2016 firstly by benefiting from our recent investments into operational efficiency, as described above. Secondly, we now have the foundation in place for bidding for more demanding contracts with higher margin potential. In line with this we continue to develop our business mix with initial focus on Technical Installation & Maintenance, Design & Build of Total Technical Solutions and Managed Services."

## OUTLOOK FOR 2015

### Market outlook for Caverion's services and solutions

The mega trends in the industry, such as increase of technology in buildings, energy efficiency requirements, increasing digitalisation and automation continue to promote demand for Caverion's services and solutions over the coming years.

Technical installation and maintenance business is expected to be stable. Requirements for increased energy efficiency and better indoor conditions and tightening environmental legislation will be significant factors to support positive market development.

Large new tenders for buildings and industry are expected to increase during the year. Positive signs can be seen in tendering activity, especially in the public and industrial sectors. Low interest rates and availability of financing are expected to support investments. The demand for design & build of total technical solutions is expected to develop favourably in the large and technically demanding projects.

Demand for managed services is expected to increase. As technology in buildings is increasing the need for new services and the demand for life cycle solutions are expected to increase. Customers' tendency towards focusing on their core operations continues to open opportunities for Caverion in terms of outsourced operation and maintenance mainly for public authorities, industries and utilities.

Overall changes in the operating environment due to growing uncertainty over the general macroeconomic development and mounting geopolitical tensions may lead to some cautiousness in project start-ups and service demand.

## Guidance for 2015

Caverion estimates that the Group's revenue will remain at the previous year's level and EBITDA margin for 2015 will grow significantly.

## INFORMATION SESSION, WEBCAST AND CONFERENCE CALL

Caverion will hold a news conference and webcast on the Financial Statements Bulletin on Thursday, January 29, 2015, at 11:00 a.m. (Finnish Time, EET) at at the Kämp Hotel (Gallen-Kallela meeting room), Kluuvikatu 2, Helsinki, Finland. The news conference can also be viewed live on Caverion's website at www.caverion.com/investors. It is also possible to participate in the event through a conference call by calling the assigned number +44 (0)207 1620 177 (no conference ID or pin code required) at 10:55 a.m. (Finnish time, EET) at the latest. More practical information on the news conference can be found on Caverion's website, www.caverion.com/investors.

## Annual General Meeting 2015

Caverion Corporation's Annual General Meeting will be held on Monday, March 16, 2015, starting at 10:00 a.m. (Finnish time, EET) in Messukeskus. Full notice of the meeting, including the Board of Directors' proposals to the Annual General Meeting, will be published as a separate stock exchange release.

## Financial information in 2015

The Annual Report, including the financial statements for 2014, will be published on Caverion's website and IR App in English and Finnish at the latest on week 8 in February 2015. Interim Reports will be published on April 24, July 23 and October 23, 2015.

Financial reports and other investor information are available at Caverion's website, www.caverion.com/investors, and IR App. The materials may also be ordered by sending an e-mail to IR@caverion.com.

## CAVERION CORPORATION

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## GROUP FINANCIAL DEVELOPMENT

Comparative figures for 2013 are carve-out figures for the periods before the effective date of the partial demerger (June 30, 2013).

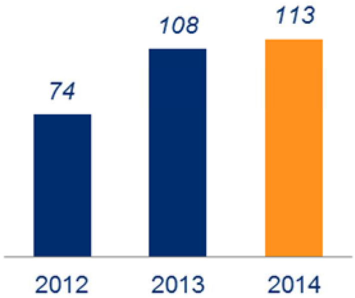
### Key Figures

**Order backlog**
(EUR million)

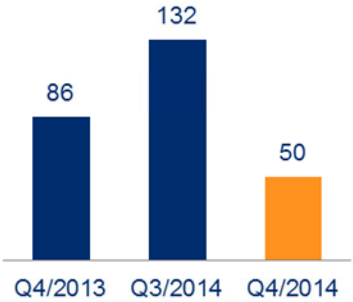

**Revenue**
(EUR million)


**EBITDA excl. non-recurring items** (EUR million)

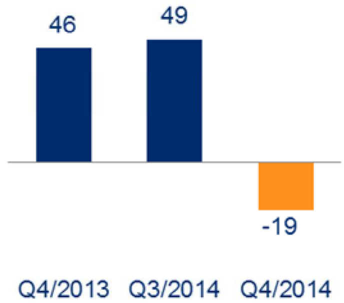

**Operating cash flow before financial and tax items**
(EUR million)



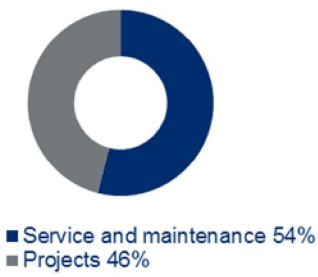

**Net debt**
(EUR million)



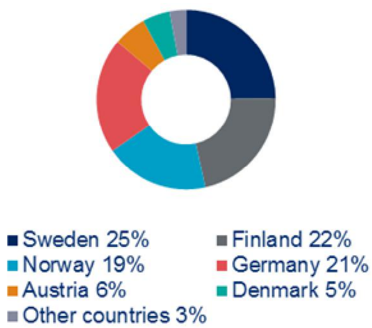

**Working capital**
(EUR million)



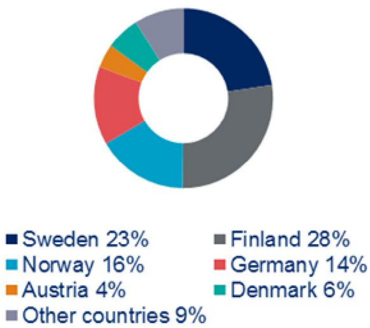

**Revenue by business area**
*% of revenue 2014*




**Revenue by country**
*% of revenue 2014*




**Personnel by country**
*at the end of December 2014*



## Operating environment in the fourth quarter and in 2014

The overall market situation has been stable throughout the year despite the general economic environment and overall uncertainty.

The service and maintenance market was stable in all operating countries. The general interest in life cycle solutions continued to increase.

In Finland, some of our customers have had to postpone their projects during the second half of the year, but we have also been able to secure some large new deals. In Sweden the project market has been stablein 2014. Norway had also a good operating environment in the project market. Demand remained favourable in Germany.

## Order backlog

The order backlog grew by 7 percent from the end of December 2013 (EUR 1,240.7 million). The order backlog decreased by 4 percent from the end of September 2014 (EUR 1,379.5 million) and was EUR 1,323.6 million at the end of December. Changes in foreign exchange rates decreased the order backlog at the end of December by EUR 31.6 million compared to the end of December 2013 and by EUR 27.6 million compared to the end of September 2014.

## Revenue

Revenue in January–December was EUR 2,406.6 (2,543.6) million, a decrease of 5 percent compared to the previous year. The revenue for October–December was EUR 660.2 (688.1) million. As a result of the improved order backlog in 2013 the revenue increased by 8 percent in Germany during January–December compared to the previous year and was EUR 496.2 (458.4) million. Revenue decreased, mainly in Sweden and Norway, during January–December compared to the previous year due to increased selectiveness in projects and revised revenues in the project portfolio in the second quarter.

Changes in foreign exchange rates decreased the Group's total revenue for January–December by EUR 68.8 million and for October–December by EUR 15.3 million compared to the previous year, of which the Norwegian crown accounted for EUR 32.2 million and EUR 5.0 million and the Swedish crown for EUR 30.9 million and EUR 8.0 million, respectively. Revenue decreased by 3 percent at previous year’s exchange rates for January–December and by 2 percent at previous year’s exchange rates for October–December. Revenue with comparable exchange rates was EUR 2,475.4 (2,543.6) million in January–December.

The Group revenue of service and maintenance business was EUR 1,297.0 (1,409.3) million, or 54 (55) percent of the Group's total revenue, a decrease of 8 percent in January–December compared to the previous year. The service and maintenance revenue for October–December was EUR 349.8 (386.0) million, or 53 (56) percent of the Group's total revenue. The Group revenue of project business was EUR 1,109.5 (1,134.3) million, or 46 (45) percent of the Group's total revenue, a decrease of 2 percent from the previous year in January–December. The project revenue for October–December was EUR 310.4 (302.1) million, or 47 (44) percent of the Group's total revenue.

**Distribution of revenue**

| Revenue, EUR million | 10-12/ 2014 | % | 10-12/ 2013 | % | Change | 1-12/ 2014 | % | 1-12/ 2013 | % | Change |
|---|---|---|---|---|---|---|---|---|---|---|
| Sweden | 169.2 | 26% | 178.2 | 26% | -5% | 597.2 | 25% | 665.9 | 26% | -10% |
| Finland | 138.4 | 21% | 147.9 | 22% | -6% | 521.1 | 22% | 546.8 | 21% | -5% |
| Germany | 137.6 | 21% | 124.7 | 18% | 10% | 496.2 | 21% | 458.4 | 18% | 8% |
| Norway | 119.4 | 18% | 136.9 | 20% | -13% | 458.3 | 19% | 516.4 | 20% | -11% |
| Austria | 38.6 | 6% | 39.7 | 6% | -3% | 136.3 | 6% | 148.1 | 6% | -8% |
| Denmark | 36.3 | 6% | 40.1 | 6% | -9% | 126.6 | 5% | 139.8 | 5% | -9% |
| Other countries | 20.6 | 3% | 20.6 | 3% | 0% | 70.8 | 3% | 68.2 | 3% | 4% |
| Group, total | 660.2 | 100% | 688.1 | 100% | -4% | 2,406.6 | 100% | 2,543.6 | 100% | -5% |
| - Service and maintenance | 349.8 | 53% | 386.0 | 56% | -9% | 1,297.0 | 54% | 1,409.3 | 55% | -8% |
| - Projects | 310.4 | 47% | 302.1 | 44% | 3% | 1,109.5 | 46% | 1,134.3 | 45% | -2% |

Revenue by country is presented based on the Group company location.

## Profitability

### EBITDA

Profitability improved from the previous quarter in October–December and the EBITDA margin excl. non-recurring items for October–December exceeded the level last year for corresponding period. EBITDA excluding non-recurring items was EUR 39.3 (26.7) million, or 6.0 (3.9) percent of revenue in October–December. The Group EBITDA for October–December was EUR 34.3 (25.3) million, or 5.2 (3.7) percent of revenue. The turnaround of the project operations has progressed well during the fourth quarter.

The Group EBITDA amounted to EUR 67.5 (70.9) million in January–December, or 2.8 (2.8) percent of revenue, a decrease of 5 percent compared to the previous year. EBITDA excluding non-recurring items amounted to EUR 80.7 (81.7) million in January–December, or 3.4 (3.2) percent of revenue. Projects, mainly in Norway and Denmark, diluted the profitability in January−December 2014. However, the turnaround of the project operations progressed well during the second half of the year.

The non-recurring items for January–December totalled EUR 13.2 million. The non-recurring costs of EUR 26.4 million consisted of expenses relating to a terminated M&A project, reorganisation costs and provisions for old, completed projects. These were offset by a non-recurring release of pension liability to pension costs of EUR 13.2 million following a transfer into a new pension scheme in Norway. A more detailed breakdown of the non-recurring items has been presented in the financial tables under note 5 “Non-recurring items affecting EBITDA and operating profit”.

The profitability for the period January–December is affected by the revision of the overall project portfolio more closely in all the divisions during the second quarter and the revision of the cost estimates and provisions relating to some low-performing projects. The review impacted negatively the reported EBITDA in April–June due to cost estimate adjustments to projects in the completion phase, provisions made for low-performing active projects and provisions made for old, completed projects. The latter were considered as non-recurring items as defined in the financial tables under note 5.

### Operating profit

Caverion’s operating profit amounted to EUR 44.2 (49.4) million in January–December, or 1.8 (1.9) percent of revenue, a decrease of 11 percent compared to the previous year. The operating profit for October–December amounted to EUR 28.1 (19.5) million, or 4.3 (2.8) percent of revenue.

Depreciation, amortisation and impairment amounted to EUR 23.3 (21.5) million in January–December, of which EUR 9.8 million were allocated intangibles related to acquisitions and EUR 13.5 million were other depreciations.

Depreciation, amortisation and impairment amounted to EUR 6.2 (5.8) million in October–December, of which EUR 2.4 million were allocated intangibles related to acquisitions and EUR 3.8 million were other depreciations.

The other factors affecting operating profit have been described in more detail under EBITDA.

**Profit before taxes, net profit and earnings per share**

Profit before taxes amounted to EUR 36.5 (42.8) million, net profit to EUR 27.6 (35.5) million and earnings per share to EUR 0.22 (0.28) in January–December. The net financing expenses in January–December 2014 were EUR -7.6 (-6.6) million. The carve-out figures for January–June 2013 exclude the financial cost effect of the new financing arrangements transferred to Caverion Corporation as a result of the partial demerger of YIT.

The effective tax rate of the Group was 24.5 (17.0) percent in January– December. The tax rate changes for 2014 in Finland, Norway and Denmark and revaluation of deferred tax assets and liabilities had a positive impact on the effective tax rate in 2013. Excluding the effects of these changes the effective tax rate would have been approximately 27 percent in 2013.

## Capital expenditure and acquisitions

Gross capital expenditure on non-current assets included in the balance sheet totalled EUR 23.4 (27.8) million during January–December, representing 1.0 (1.1) percent of revenue.

Investments in information technology totalled EUR 16.3 (22.5) million during January–December 2014. IT investments were focused on building a harmonized IT platform and implementing a common ERP template. The IT systems and mobile tools were also developed to improve the internal processes and efficiency. Other investments amounted to EUR 7.2 (5.3) million.

Caverion made no acquisitions or disposals during January–December 2014.

## Cash flow, working capital and financing

The Group's operating cash flow before financial and tax items amounted to EUR 113.5 (108.5) million in January–December 2014. The Group's operating cash flow before financial and tax items amounted to EUR 100.0 (101.3) million in October–December. The Group's operating cash flow after investments amounted to EUR 73.5 (74.2) million in January–December 2014 and to EUR 859 (106.4) million in October–December 2014.

Working capital decreased by EUR 65.3 million compared to December 31, 2013 (EUR 46.0 million) and amounted to -19.3 million at the end of December.

Caverion’s cash and cash equivalents amounted to EUR 98.8 million at the end of December (12/2013: EUR 133.3 million). In addition, Caverion has undrawn revolving credit facilities amounting to EUR 60 million and undrawn overdraft facilities amounting to EUR 19 million.

The Group’s interest-bearing loans and borrowings amounted to EUR 149.0 million at the end of December (9/2014: EUR 173.4 million and 12/2013: EUR 219.8 million), and the average interest rate after hedges was 2.1 percent. Fixed-rate loans after hedges accounted for approximately 21 percent of the Group’s borrowings. Approximately 93 percent of the loans have been raised from banks and other financial institutions and approximately 5 percent from insurance companies. A total of EUR 53.5 million of the interest-bearing loans and borrowings will fall due during the next 12 months.

Caverion’s external loans are subject to a financial covenant based on the ratio of the Group’s net debt to EBITDA. Net debt amounted to EUR 50.2 million at the end of December (9/2014: EUR 131.6 million and 12/2013: EUR 86.5 million).

## PERSONNEL

| Personnel by country | 12/14 | 9/14 | Change | 12/14 | 12/13 | Change |
|---|---|---|---|---|---|---|
| Finland | 4,697 | 4,754 | -1% | 4,697 | 4,772 | -2% |
| Sweden | 3,868 | 3,876 | 0% | 3,868 | 3,993 | -3% |
| Norway | 2,804 | 2,956 | -5% | 2,804 | 3,469 | -19% |
| Germany | 2,415 | 2,444 | -1% | 2,415 | 2,429 | -1% |
| Austria | 722 | 724 | 0% | 722 | 711 | 2% |
| Denmark | 1,041 | 997 | 4% | 1,041 | 1,019 | 2% |
| Other countries | 1,527 | 1,512 | 1% | 1,527 | 1,280 | 19% |
| Group, total | 17,074 | 17,263 | -1% | 17,074 | 17,673 | -3% |

In January–December the Group employed 17,300 (18,071) people on average. At the end of December, the Group employed 17,074 (17,673) people. The personnel expenses for January–December amounted to a total of EUR 995.2 (1,062.8) million.

The key focus areas for people and human resources in January–December were to continue building a firm foundation for future growth and efficient way of operating. Furthermore, the goal was to ensure top professionals and excellent leaders for whole Caverion. In 2014, Caverion hired new heads of divisions of Sweden, Germany and Eastern Europe, Group CIO and strengthened international teams with key professionals. A development programme for the strategic focus area Excellent Leadership was established to lead effectively group-wide development projects such as people processes with integrated solutions, talent management as well as organisational development. Caverion employed over 1,200 trainees and apprentices in 2014. In November 2014, the employee survey results with a high response rate and improving engagement were communicated group wide as a basis for further development.

One of the key targets of the Caverion human resource management is working for health and safety of employees. Occupational safety is measured using a common indicator (number of accidents per one million work hours). In 2014, the accident frequency rate was 10.1 (1–12/2013: 9.2).

## MOST SIGNIFICANT BUSINESS RISKS AND RISK MANAGEMENT

Caverion Group classifies as risks those factors that might endanger the achievement of the Group's strategic and financial goals. Risks are divided into strategic, operational, financial and event risks. The identification and management of risk factors takes into account the special features of the business and operating environment. Risk management is an integral part of the Group's management, monitoring and reporting systems. The nature and probability of strategic risks is continuously monitored and reported on. A strategic risk assessment is carried out at Group level once a year in connection with the review of the strategy.

From strategic point-of-view Caverion has developed its business structure towards a more stable and balanced direction in order to handle changing economic cycles. Regular monitoring and analysis make it possible to react quickly to changes in the operating environment and to utilise the new business opportunities. The company has an extensive customer base, comprised of customers of various sizes from the public as well as private sector.

The Group's aim is to grow both organically and through acquisitions. Risks associated with acquisitions and outsourcing are managed by selecting projects according to strict criteria and effective integration processes that familiarise new employees with Caverion's values, operating methods and strategy. The Group has a uniform process and guidelines for the implementation of acquisitions.

Caverion's typical operational risks include risks related to contract tenders, service agreements, project management and personnel. With regard to various projects, it is important to act selectively, taking into account the risks and profitability of the projects, and review the content, risks and terms and conditions of all contracts and agreements in accordance with specified processes. Inefficient and unsuccessful project management may have a material effect on Caverion's ability to offer high-quality and profitable services, which may have an unfavourable effect on Caverion's business, result of operations and financial position.

In 2014 Caverion has improved its project risk management by introducing transparent rules for delegation of authority as well as implementing new steering committee and project review practices. In each division, Caverion is also setting up shared project and managed operations offices, which encompass expertise in delivering demanding contracts to support the 250 local offices. The project management related to project controls has already been improved and the ability to run projects according to set targets has improved.

The success of the company materially depends on the professional skills of the company's management and personnel, as well as on the ability of the company to retain its current management and personnel and, when necessary, recruit new and skilled personnel. The majority of Caverion's business is labour-intensive, meaning that the availability and commitment of skilled employees is a prerequisite for organic growth. The loss of management members or employees or the inability to attract qualified new personnel may have a material unfavourable effect on the company's business, result of operations and financial position.

The Group books write-offs or provisions on receivables when it is evident that no payment can be expected. Caverion Group adopts its policy of valuing trade receivables and the bookings include estimates and critical judgements. The estimates are based on experience on realised write-offs in previous years, empirical knowledge of debt collecting, collateral and analyses made by clients and general market economic situation at the time.

Goodwill recognized on Caverion's balance sheet is not amortised, but it is tested annually for any impairment. The amount by which the carrying amount of goodwill exceeds the recoverable amount is recognised as an impairment loss through profit and loss. If negative changes take place in Caverion's result and growth development, this may lead to an impairment of goodwill, which may have an unfavourable effect on Caverion's result of operations and shareholders' equity. Caverion Group's goodwill amounted to EUR 335.7 million on December 31, 2014.

Financial risks include risks related to liquidity, currency and interest rates as well as credit and counterparty risks. The counterparty risks of Caverion's business operations are above all associated with fulfilling the obligations of agreements made with customers, customer receivables and long-term service agreements. Financial risks and risks related to the financial reporting process are managed according to accounting principles and Treasury policy, internal control as well as internal and external auditing. Financial risks are described in more detail in the Financial Statements note 28.

Possible event risks include accidents related to personal or information security as well as sudden and unforeseen material damage to premises, project sites and other property resulting, for example, from fire, collapse or theft. Event risks are covered in accordance with the Caverion Group insurance policies.

## PARTIAL DEMERGER OF YIT

The demerger of YIT became effective when YIT's Extraordinary General Meeting approved the demerger and its implementation was recorded with the Finnish Trade Register on June 30, 2013. More detailed information related to the demerger is presented in the registration document according to the Finnish Securities Markets Act as well as the securities note and summary (together with the registration document "the Prospectus"), which have been available as of June 5, 2013, on YIT's website at www.yit.fi/sijoittajat. The unofficial English translation of the Prospectus has been available as of June 5, 2013, on YIT's website at www.yitgroup.com/investors. All demerger-related information is available in the Investors section of YIT's website at www.yitgroup.com/demerger.

## RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

The Annual General Meeting of Caverion, held on March 17, 2014, decided on the composition of the Board of Directors of Caverion and their fees, the election of the auditor of Caverion and its fee as well as the authorisation of the Board of Directors of Caverion on the repurchase of own shares and share issues.

The Annual General Meeting elected a Chairman, Vice Chairman and three ordinary members to the Board of Directors. Henrik Ehrnrooth was elected as the Chairman of the Board of Directors, Ari Lehtoranta as the Vice Chairman and Anna Hyvönen, Eva Lindqvist and Michael Rosenlew as members of the Board of Directors. The Board of Directors' term expires at the end of the next Annual General Meeting.

The stock exchange release on the resolutions passed at the general meeting of Caverion Corporation is available on Caverion's website at www.caverion.com.

The Board of Directors of Caverion Corporation held its organisational meeting on March 17, 2014. At the meeting the Board decided on the composition of the Human Resources Committee and the Audit Committee. A description of the committees' tasks and charters are available on Caverion's website at www.caverion.com.

## DIVIDENDS AND DIVIDEND POLICY

The Annual General Meeting on March 17, 2014 decided that a dividend of EUR 0.22 were to be paid per share, or a total of EUR 27.6 million. No dividend was paid for the treasury shares. The date of record for dividend distribution was March 20, 2014, and the dividends were paid on April 2, 2014.

Caverion's aim is to distribute at least 50 per cent of the result for the year after taxes, excluding changes in fair value, as dividend and capital redemption to the company's shareholders. Even though there are no plans to amend this dividend policy, there is no guarantee that a dividend or capital redemption will actually be paid in the future, and also there is no guarantee of the amount of the dividend or return of capital to be paid for any given year.

## SHARES AND SHAREHOLDERS

Caverion Corporation is a public limited company organised under the laws of the Republic of Finland, incorporated on the effective date of YIT's partial demerger on June 30, 2013. The company has a single series of shares, and each share entitles its holder to one vote at the General Meeting of the company and to an equal dividend. The company's shares have no nominal value.

### Share capital and number of shares

At the beginning of January 1, 2014, the number of shares was 125,596,092 and the share capital was EUR 1,000,000. Caverion held 4,080 treasury shares on January 1, 2014.

During January–December, 5,177 Caverion shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme of YIT Corporation.

Caverion acquired 500,000 own shares in public trading arranged by NASDAQ OMX Helsinki Ltd during July 23 – August 12. Caverion's Board of Directors approved a long-term share-based incentive plan 2014−2016 for the company's key senior executives on May 26, 2014. If all targets will be reached, the share award will in total correspond to a maximum of 500,000 Caverion shares. More information on the long-term share-based incentive plan has been released in a stock exchange release on May 26, 2014.

Caverion held 509,257 treasury shares at the end of December 2014. Number of shares outstanding was 125,086,835 on December 31, 2014.

### Authorisations of the Board of Directors

*Authorising Caverion's Board of Directors to decide on the repurchase of own shares of the company*

The Annual General Meeting of Caverion Corporation, held on March 17, 2014, authorised Caverion's Board of Directors to decide on the repurchase of own shares in accordance with the proposal by the Board of Directors. The authorisation covers the purchasing of a maximum of 12,500,000 company shares using the funds from the company's unrestricted equity. The shares are not to be purchased in proportion to the shareholders' holdings. The shares will be purchased in public trading arranged by NASDAQ OMX Helsinki Ltd.

The authorisation is valid until March 31, 2015. The Board of Directors resolved during the review period on July 21, 2014 to start a share repurchase program based on the authorization given by the Annual General Meeting of Shareholders. The Board of Directors resolved to acquire a maximum of 500,000 company's own shares, which were all acquired in public trading arranged by NASDAQ OMX Helsinki Ltd during July 23 – August 12.

*Authorising Caverion's Board of Directors to decide on share issues*

The Annual General Meeting of Caverion Corporation, held on March 17, 2014, authorised Caverion's Board of Directors to decide on share issues in accordance with the proposal by the Board of Directors. The authorisation may be used in full or in part by issuing a maximum of 25,000,000 Caverion shares in one or more issues. The share issues may be directed, that is, in deviation from the shareholders' pre-emptive rights, and shares may be issued for subscription against payment or without charge. A share issue may also be directed to the company itself, within the limitations laid down in the Limited Liability Companies Act.

The share issue authorisation includes the authorisation to transfer own shares acquired through share issues. This authorisation applies to a maximum of 12,500,000 shares. The Board of Directors was authorised to decide on the purpose and the terms and conditions for such transfer.

The authorisation is valid until March 31, 2015. The Board of Directors has not used the authorization during 2014.

## Trading in shares

Trading in Caverion shares commenced on July 1, 2013.

The opening price of Caverion's share was EUR 8.90 at the beginning of the year 2014. The closing rate on the last trading day of the review period on December 30, 2014 was EUR 6.65. The share price decreased by 25.3 percent during January–December. The highest price of the share during the review period January–December was EUR 8.92, the lowest was EUR 5.37 and the average price was EUR 7.03. Share turnover on NASDAQ OMX in January–December amounted to 51.0 million shares. The value of share turnover was EUR 358.3 million (source: NASDAQ OMX).

In addition to the Helsinki Stock Exchange, Caverion's shares are also traded in other market places, such as BATS Chi-X, Frankfurt Stock Exchange (Open Market), Turquoise and Burgundy. During January–December, 3.6 million Caverion Corporation shares changed hands in alternative market places, corresponding to approximately 4.6 percent of the total share trade. Of the alternative market places, Caverion shares changed hands particularly in BATS Chi-X. Furthermore, during January–December, 24.6 million Caverion Corporation shares changed hands in OTC trading outside NASDAQ OMX, corresponding to approximately 31.0 percent of the total share trade (source: Fidessa Fragmentation Index).

Caverion Corporation's market capitalisation at the end of the review period was EUR 831.8 million. Market capitalisation has been calculated excluding the 509,257 shares held by the company as per December 31, 2014.

## Number of shareholders and flagging notifications

At the end of December 2014, the number of registered shareholders in Caverion was 32,837 (9/2014: 33,860). At the end of December 2014, a total of 33.0 percent of the shares were owned by nominee-registered and non-Finnish investors (9/2014: 30.9%).

On July 22, 2014 the company published a disclosure of change in ownership in Caverion Corporation in accordance with Chapter 9, section 5 of the Securities Market Act, according to which the total holdings of Antti Herlin and the companies controlled by him, Holding Manutas Ltd and Security Trading Ltd, in Caverion Corporation shares had exceeded the threshold of 1/10 (10 percent).

On May 19, 2014 the company published a disclosure of change in ownership in Caverion Corporation in accordance with Chapter 9, section 5 of the Securities Market Act, according to which the holdings of Security Trading Ltd, a company controlled by Antti Herlin, in Caverion Corporation shares had exceeded the threshold of 1/20 (5 percent).

On March 28, 2014 the company published a disclosure of change in ownership in Caverion Corporation in accordance with Chapter 9, section 5 of the Securities Market Act, according to which the total holdings of Varma Mutual Pension Insurance Company in Caverion Corporation shares had fallen below the threshold of 1/20 (5 percent).

On February 4, 2014 the company published a disclosure of change in ownership in Caverion Corporation in accordance with Chapter 9, section 5 of the Securities Market Act, according to which the total holdings of Antti Herlin and the companies controlled by him, Holding Manutas Ltd and Security Trading Ltd, in Caverion Corporation shares had exceeded the threshold of 1/20 (5 percent).

Updated lists of Caverion’s largest shareholders, the holdings of public insiders and ownership structure by sector as per December 31, 2014, are available on Caverion’s website at www.caverion.com/investors.

## The Board of Directors’ proposal for the distribution of profit

The distributable equity of the parent company Caverion Corporation on December 31, 2014 is (EUR):

| | |
|---|---|
| Retained earnings | 127,112,809.04 |
| Profit for the period | 21,303,818.97 |
| Retained earnings, total | 148,416,628.01 |
| Fair value reserve | -4,079.27 |
| Distributable equity, total | 148,412,548.74 |

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.22 per share be paid.

| | |
|---|---|
| Payment of dividend from retained earnings EUR 0.22 per share | 27,519,103.70 |
| To remain in distributable equity (EUR) | 120,893,445.04 |

No significant changes have taken place in the company’s financial position after the end of the financial year. The company’s liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not jeopardise the company’s solvency.

Helsinki, January 28, 2015

Caverion Corporation

Board of Directors

## FINANCIAL STATEMENTS BULLETIN JANUARY 1–DECEMBER 31, 2014: FINANCIAL TABLES

The Financial Statements Bulletin is based on the audited Financial Statements for 2014.

### Condensed consolidated income statement

| EUR million | 10-12/2014 | 10-12/2013 | 1-12/2014 | 1-12/2013 |
|---|---|---|---|---|
| **Revenue** | **660.2** | **688.1** | **2,406.6** | **2,543.6** |
| Other operating income and expenses | -625.9 | -662.8 | -2,339.1 | -2,472.7 |
| Share of results of associated companies | 0.0 | 0.0 | 0.0 | 0.0 |
| Depreciation, amortisation and impairment | -6.2 | -5.8 | -23.3 | -21.5 |
| | | | | |
| **Operating profit** | **28.1** | **19.5** | **44.2** | **49.4** |
| % of revenue | 4.3 | 2.8 | 1.8 | 1.9 |
| | | | | |
| Financial income and expenses, net | -1.8 | -2.3 | -7.6 | -6.6 |
| | | | | |
| **Profit before taxes** | **26.3** | **17.2** | **36.5** | **42.8** |
| % of revenue | 4.0 | 2.5 | 1.5 | 1.7 |
| | | | | |
| Income taxes | -6.3 | -0.1 | -8.9 | -7.3 |
| | | | | |
| **Profit for the period** | **20.0** | **17.2** | **27.6** | **35.5** |
| % of revenue | 3.0 | 2.5 | 1.1 | 1.4 |
| | | | | |
| **Attributable to:** | | | | |
| Equity holders of the parent company | 20.0 | 17.2 | 27.6 | 35.5 |
| Non-controlling interest | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | |
| Earnings per share attributable to the equity holders of the parent company | | | | |
| Earnings per share, basic, EUR | 0.16 | 0.14 | 0.22 | 0.28 |
| Earnings per share, diluted, EUR | 0.16 | 0.14 | 0.22 | 0.28 |

### Consolidated statement of comprehensive income

| EUR million | 10-12/2014 | 10-12/2013 | 1-12/2014 | 1-12/2013 |
|---|---|---|---|---|
| **Profit for the period** | **20.0** | **17.2** | **27.6** | **35.5** |
| **Other comprehensive income** | | | | |
| Items that will not be reclassified to profit/loss: | | | | |
| - Change in fair value of defined benefit pension | -9.9 | -2.1 | -6.9 | -2.1 |
| -- Deferred tax | 2.0 | 1.5 | 1.4 | 1.5 |
| Items that may be reclassified subsequently to profit/loss: | | | | |
| - Cash flow hedges | 0.0 | 0.0 | 0.1 | 0.1 |
| -- Deferred tax | 0.0 | 0.0 | 0.0 | 0.0 |
| - Change in fair value of available for sale investments | -0.6 | -0.1 | -0.6 | -0.3 |
| -- Deferred tax | 0.2 | 0.1 | 0.2 | 0.1 |
| - Translation differences | -1.5 | -4.9 | -3.5 | -5.9 |
| **Other comprehensive income, total** | **-9.9** | **-5.7** | **-9.4** | **-6.6** |
| **Total comprehensive result** | **10.1** | **11.5** | **18.2** | **28.9** |
| | | | | |
| **Attributable to:** | | | | |
| Equity holders of the parent company | 10.1 | 11.5 | 18.2 | 28.9 |
| Non-controlling interests | 0.0 | 0.0 | 0.0 | 0.0 |

## Condensed consolidated statement of financial position

| EUR million | Dec 31, 2014 | Dec 31, 2013 |
|---|---|---|
| **Assets** | | |
| | | |
| **Non-current assets** | | |
| Property, plant and equipment | 26.0 | 27.9 |
| Goodwill | 335.7 | 335.7 |
| Other intangible assets | 51.0 | 48.4 |
| Shares in associated companies | 0.1 | 0.1 |
| Other investments | 1.3 | 2.0 |
| Other receivables | 2.8 | 2.3 |
| Deferred tax assets | 0.7 | 3.5 |
| | | |
| **Current assets** | | |
| Inventories | 20.1 | 29.5 |
| Trade and other receivables | 597.8 | 691.4 |
| Cash and cash equivalents | 98.8 | 133.3 |
| **Total assets** | **1,134.5** | **1,274.3** |
| | | |
| **Equity and liabilities** | | |
| | | |
| **Equity** | **237.8** | **250.1** |
| | | |
| **Non-current liabilities** | | |
| Deferred tax liabilities | 60.2 | 62.1 |
| Pension obligations | 39.9 | 51.1 |
| Provisions | 8.2 | 9.1 |
| Borrowings | 95.5 | 148.5 |
| Other liabilities | 0.2 | 0.2 |
| | | |
| **Current liabilities** | | |
| Advances received | 171.5 | 147.4 |
| Trade and other payables | 448.4 | 517.8 |
| Provisions | 19.4 | 16.7 |
| Borrowings | 53.5 | 71.3 |
| | | |
| **Total equity and liabilities** | **1,134.5** | **1,274.3** |

## Working capital

| EUR million | Dec 31, 2014 | Dec 31, 2013 |
|---|---|---|
| Inventories | 20.1 | 29.5 |
| Trade and POC receivables | 552.7 | 647.1 |
| Other current receivables | 43.5 | 42.8 |
| Trade and POC payables | -218.6 | -280.4 |
| Other current payables * | -245.5 | -245.5 |
| Advances received | -171.5 | -147.4 |
| **Working capital** | **-19.3** | **46.0** |

* including current provisions

## Consolidated statement of changes in equity

| EUR million | Equity attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Retained earnings | Cumulative translation differences | Fair value reserve | Treasury shares | Total | Non-controlling interest | Total equity |
| **Equity on January 1, 2014** | **1.0** | **247.0** | **1.7** | **-0.2** | **0.0** | **249.5** | **0.6** | **250.1** |
| Comprehensive income 1-12/14 | | | | | | | | |
| Profit for the period | | 27.6 | | | | 27.6 | 0.0 | 27.6 |
| Other comprehensive income: | | | | | | | | |
| Change in fair value of defined benefit Pension | | -6.9 | | | | -6.9 | | -6.9 |
| - Deferred tax | | 1.4 | | | | 1.4 | | 1.4 |
| Cash flow hedges | | | | 0.1 | | 0.1 | | 0.1 |
| - Deferred tax | | | | 0.0 | | 0.0 | | 0.0 |
| Change in fair value of available for sale assets | | | | -0.6 | | -0.6 | | -0.6 |
| - Deferred tax | | | | 0.2 | | 0.2 | | 0.2 |
| Translation differences | | | -3.5 | | | -3.5 | | -3.5 |
| Comprehensive income 1-12/14, total | | 22.1 | -3.5 | -0.4 | | 18.2 | 0.0 | 18.2 |
| Transactions with owners | | | | | | | | |
| Dividend distribution | | -27.6 | | | | -27.6 | | -27.6 |
| Purchase of own shares | | | | | -3.2 | -3.2 | | -3.2 |
| Share-based payments * | | 0.3 | | | 0.0 | 0.3 | | 0.3 |
| Transactions with owners, total | | -27.3 | | | -3.2 | -30.5 | | -30.5 |
| **Equity on December 31, 2014** | **1.0** | **241.7** | **-1.8** | **-0.6** | **-3.2** | **237.2** | **0.6** | **237.8** |

* part of the cost from YIT Group's share-based incentive plan transferred to Caverion Group in the partial demerger

| | Equity attributable to owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **EUR million** | Invested equity | Share capital | Retained earnings | Cumulative translation differences | Fair value reserve | Treasury shares | Total | Non-control-ling interest | Total equity |
| **Equity on January 1, 2013** | **379.3** | | | **7.7** | **-0.1** | | **386.8** | **0.6** | **387.4** |
| Comprehensive income 1-6/13 | | | | | | | | | |
| Profit for the period | 7.0 | | | | | | 7.0 | 0.0 | 7.0 |
| Other comprehensive income: | | | | | | | | | |
| Cash flow hedges | | | | | 0.1 | | 0.1 | | 0.1 |
| - Deferred tax | | | | | | | | | |
| Change in fair value of available for sale assets | | | | | 0.0 | | 0.0 | | 0.0 |
| - Deferred tax | | | | | 0.0 | | 0.0 | | 0.0 |
| Translation differences | | | | -1.5 | | | -1.5 | | -1.5 |
| Comprehensive income 1-6/13, total | 7.0 | | | -1.5 | 0.1 | | 5.6 | 0.0 | 5.6 |
| Transactions with owners | | | | | | | | | |
| Share-based payments * | -0.8 | | | | | | -0.8 | | -0.8 |
| Equity transactions with YIT Group | -164.5 | | | | | | -164.5 | | -164.5 |
| Transactions with owners, total | -165.3 | | | | | | -165.3 | | -165.3 |
| Demerger on June 30, 2013 | -221.0 | 1.0 | 220.0 | | | | 0.0 | | 0.0 |
| Demerger related capitalised costs | | | -0.9 | | | | -0.9 | | -0.9 |
| **Equity on June 30, 2013** | **0.0** | **1.0** | **219.1** | **6.1** | **0.1** | | **226.2** | **0.6** | **226.8** |
| Comprehensive income 7-12/13 | | | | | | | | | |
| Profit for the period | | | 28.5 | | | | 28.5 | 0.0 | 28.5 |
| Other comprehensive income: | | | | | | | | | |
| Change in fair value of defined benefit pension | | | -2.1 | | | | -2.1 | | -2.1 |
| - Deferred tax | | | 1.5 | | | | 1.5 | | 1.5 |
| Cash flow hedges | | | | | -0.1 | | -0.1 | | -0.1 |
| - Deferred tax | | | | | 0.0 | | 0.0 | | 0.0 |
| Change in fair value of available for sale assets | | | | | -0.2 | | -0.2 | | -0.2 |
| - Deferred tax | | | | | 0.1 | | 0.1 | | 0.1 |
| Translation differences | | | | -4.3 | | | -4.3 | | -4.3 |
| Comprehensive income 7-12/13, total | | | 27.9 | -4.3 | -0.2 | | 23.3 | 0.0 | 23.3 |
| Transactions with owners | | | | | | | | | |
| Share-based payments * | | | 0.1 | | | 0.0 | 0.1 | | 0.1 |
| Transactions with owners, total | | | 0.1 | | | 0.0 | 0.1 | | 0.1 |
| **Equity on December 31, 2013** | **-** | **1.0** | **247.0** | **1.7** | **-0.2** | **0.0** | **249.5** | **0.6** | **250.1** |

* cost from YIT Group's share-based incentive plan transferred to Caverion Group in the partial demerger

## Condensed consolidated statement of cash flows

| EUR million | 10-12/2014 | 10-12/2013 | 1-12/2014 | 1-12/2013 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Net profit for the period | 20.0 | 17.2 | 27.6 | 35.5 |
| Adjustments to net profit | 15.7 | 5.3 | 27.8 | 31.0 |
| Change in working capital | 64.4 | 78.9 | 58.1 | 42.0 |
| **Operating cash flow before financial and tax items** | **100.0** | **101.3** | **113.5** | **108.5** |
| Financial items, net | -1.6 | -2.3 | -5.7 | -2.3 |
| Taxes paid | -1.9 | 11.3 | -11.6 | -5.7 |
| **Net cash from operating activities** | **96.6** | **110.3** | **96.2** | **100.4** |
| | | | | |
| **Cash flows used in investing activities** | | | | |
| Acquisition of subsidiaries, net of cash | | | -0.4 | -0.8 |
| Capital expenditure and other investments, net | -10.6 | -4.0 | -22.4 | -25.5 |
| **Net cash used in investing activities** | **-10.6** | **-4.0** | **-22.7** | **-26.2** |
| | | | | |
| **Cash flows used in financing activities** | | | | |
| Change in current liabilities, net | -1.5 | -23.4 | -3.1 | -0.7 |
| Proceeds from borrowings | | | | 162.0 |
| Repayments of borrowings | -23.3 | -4.0 | -68.5 | -33.5 |
| Equity financing with YIT Group | | | | -164.5 |
| Purchase of own shares | | | -3.2 | |
| Dividends paid | | | -27.7 | |
| **Net cash used in financing activities** | **-24.7** | **-27.4** | **-102.5** | **-36.8** |
| | | | | |
| **Change in cash and cash equivalents** | **61.2** | **79.0** | **-29.0** | **37.3** |
| Cash and cash equivalents at the beginning of the period | 41.9 | 56.2 | 133.3 | 100.8 |
| Change in the fair value of the cash equivalents | -4.3 | -1.8 | -5.5 | -4.8 |
| **Cash and cash equivalents at the end of the period** | **98.8** | **133.3** | **98.8** | **133.3** |

## Notes to the Financial Statements Bulletin

### 1 Accounting principles

Caverion Corporation's financial statements bulletin for January 1 – December 31, 2014 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The information presented in this financial statements bulletin is based on the audited financial statements for 2014. Caverion has applied the same accounting principles in the preparation of the financial statements bulletin as in its Financial Statements for 2014.

Caverion Corporation has changed its segment reporting as of January 1, 2014 to better match the company's new management structure and business areas. The segments based on geographical areas (Building Services Northern Europe and Building Services Central Europe) are replaced by one single operative segment, that includes the Group services and other items as well.

In the financial statements bulletin the figures are presented in million euros subject to rounding, which may cause some rounding inaccuracies in column and total sums.

### Accounting principles of carve-out financial information

Caverion has formed a separate legal group as of June 30, 2013 when the partial demerger of Building Services business ("demerger") of YIT Corporation became effective. At this date, all of the assets and liabilities directly related to the Building Services business were transferred to Caverion Corporation.

The financial information presented in this financial statements bulletin is based on actual figures as an independent group after the consummation of the demerger and carve-out figures prior to the consummation of the demerger. The carve-out financial information presented in this financial statements bulletin reflects the performance and financial position of the entities that have historically formed the Building Services business within YIT Group.

Accordingly, the income statements, statements of cash flows, statement of financial position, statement of changes in equity and the related key figues for the periods before June 30, 2013 are based on carve-out financial information of Building Services business of YIT Group and on actual figures as an independent group for the periods after the consummation of the partial demerger.

The earnings per share for the periods prior to the demerger were computed as if the shares issued at the demerger were outstanding for all periods presented.

Refinancing relating to the partial demerger was arranged and finalized during June 2013. The carve-out financial information for the periods prior to the consummation of the demerger have not been adjusted to reflect the effects of this reorganization of financing. Thus, the assets, equity and liabilities presented in this financial statements bulletin are not comparable with all comparative periods.

The accounting priciples of the carve-out financial information have been described in more detail in the Financial Statements for 2013 published on February 21, 2014.

## 2 Key figures

| | 12/2014 | 12/2013 |
|---|---|---|
| Revenue, EUR million | 2,406.6 | 2,543.6 |
| EBITDA, EUR million | 67.5 | 70.9 |
| EBITDA margin, % | 2.8 | 2.8 |
| Operating profit, EUR million | 44.2 | 49.4 |
| Operating profit margin, % | 1.8 | 1.9 |
| Profit before taxes, EUR million | 36.5 | 42.8 |
| % of revenue | 1.5 | 1.7 |
| Profit for the period, EUR million | 27.6 | 35.5 |
| % of revenue | 1.1 | 1.4 |
| | | |
| Earnings per share, basic, EUR | 0.22 | 0.28 |
| Earnings per share, diluted, EUR | 0.22 | 0.28 |
| Equity per share, EUR | 1.9 | 2.0 |
| | | |
| Financial income and expenses, net, EUR million | -7.6 | -6.6 |
| Equity ratio, % | 24.7 | 22.2 |
| Interest-bearing net debt, EUR million | 50.2 | 86.5 |
| Gearing ratio, % | 21.1 | 34.6 |
| Total assets, EUR million | 1,134.5 | 1,274.3 |
| Operating cash flow before financial and tax items, EUR million | 113.5 | 108.5 |
| Working capital, EUR million | -19.3 | 46.0 |
| Gross capital expenditures, EUR million | 23.4 | 27.8 |
| % of revenue | 1.0 | 1.1 |
| Order backlog, EUR million | 1,323.6 | 1,240.7 |
| Personnel, average for the period | 17,300 | 18,071 |
| | | |
| Number of outstanding shares at the end of the period (thousands) | 125,087 | 125,592 |
| Average number of shares (thousands) | 125,381 | 125,595 |

### 3 Financial development by quarter

| EUR million | 10-12/2014 | 7-9/2014 | 4-6/2014 | 1-3/2014 | 10-12/2013 | 7-9/2013 | 4-6/2013 | 1-3/2013 |
|---|---|---|---|---|---|---|---|---|
| Revenue | 660.2 | 566.7 | 588.4 | 591.3 | 688.1 | 594.8 | 652.8 | 607.9 |
| EBITDA | 34.3 | 21.5 | 2.1 | 9.6 | 25.3 | 23.3 | 12.9 | 9.4 |
| EBITDA margin, % | 5.2 | 3.8 | 0.4 | 1.6 | 3.7 | 3.9 | 2.0 | 1.5 |
| Operating profit | 28.1 | 15.7 | -3.6 | 3.9 | 19.5 | 17.8 | 7.8 | 4.3 |
| Operating profit margin, % | 4.3 | 2.8 | -0.6 | 0.7 | 2.8 | 3.0 | 1.2 | 0.7 |

| | 10-12/2014 | 7-9/2014 | 4-6/2014 | 1-3/2014 | 10-12/2013 | 7-9/2013 | 4-6/2013 | 1-3/2013 |
|---|---|---|---|---|---|---|---|---|
| Earnings per share, basic, EUR* | 0.16 | 0.08 | -0.03 | 0.01 | 0.14 | 0.09 | 0.03 | 0.02 |
| Earnings per share, diluted, EUR* | 0.16 | 0.08 | -0.03 | 0.01 | 0.14 | 0.09 | 0.03 | 0.02 |
| Equity per share, EUR* | 1.9 | 1.8 | 1.7 | 1.8 | 2.0 | 1.9 | 1.8 | 2.9 |
| | | | | | | | | |
| Financial income and expenses, net, EUR million | -1.8 | -2.5 | -1.9 | -1.5 | -2.3 | -1.9 | -2.1 | -0.3 |
| Equity ratio, % | 24.7 | 23.1 | 21.8 | 20.2 | 22.2 | 21.1 | 19.9 | 32.8 |
| Interest-bearing net debt, EUR million | 50.2 | 131.6 | 142.5 | 104.1 | 86.5 | 190.1 | 194.0 | 21.2 |
| Gearing ratio, % | 21.1 | 57.8 | 64.8 | 46.6 | 34.6 | 79.7 | 85.5 | 5.8 |
| Total assets, EUR million | 1,134.5 | 1,165.0 | 1,180.2 | 1,259.1 | 1,274.3 | 1,291.1 | 1,287.4 | 1,263.1 |
| Operating cash flow before financial and tax items, EUR million | 100.0 | 20.5 | 4.1 | -11.1 | 101.3 | 11.1 | -11.2 | 7.2 |
| Working capital, EUR million | -19.3 | 49.4 | 48.6 | 64.5 | 46.0 | 119.9 | 99.8 | 87.2 |
| Gross capital expenditures, EUR million | 10.8 | 4.3 | 5.2 | 3.1 | 4.4 | 0.8 | 21.7 | 0.9 |
| % of revenue | 1.6 | 0.8 | 0.9 | 0.5 | 0.6 | 0.1 | 3.3 | 0.1 |
| Order backlog, EUR million | 1,323.6 | 1,379.5 | 1,350.3 | 1,335.3 | 1,240.7 | 1,296.0 | 1,274.2 | 1,315.2 |
| Personnel at the end of the period | 17,074 | 17,263 | 17,417 | 17,267 | 17,673 | 17,890 | 18,125 | 18,264 |
| | | | | | | | | |
| Number of outstanding shares at the end of the period (thousands) | 125,087 | 125,089 | 125,590 | 125,590 | 125,592 | 125,595 | 125,596 | n/a |
| Average number of shares (thousands) | 125,089 | 125,260 | 125,590 | 125,592 | 125,595 | 125,596 | 125,596 | n/a |

* Computed using the number of shares issued at the partial demerger for carve-out periods.

## 4 Formulas for calculation of financial indicators

| | |
|---|---|
| EBITDA = | Operating profit (EBIT) + depreciation, amortisation and impairment |
| Working capital = | Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions |
| Equity ratio (%) = | Equity + non-controlling interest x 100<br>Total assets - advances received |
| Gearing ratio (%) = | Interest-bearing liabilities - cash and cash equivalents x 100<br>Shareholder's equity + non-controlling interest |
| Interest-bearing net debt = | Interest-bearing liabilities - cash and cash equivalents |
| Earnings / share, basic = | Net profit for the period (attributable for equity holders)<br>Weighted average number of shares outstanding during the period |
| Earnings / share, diluted = | Net profit for the period (attributable for equity holders)<br>Weighted average dilution adjusted number of shares outstanding during the period |
| Equity / share = | Shareholders' equity<br>Number of outstanding shares at the end of period |

## 5 Non-recurring items affecting EBITDA and operating profit

| EUR million | 10-12/2014 | 7-9/2014 | 4-6/2014 | 1-3/2014 | 10-12/2013 | 7-9/2013 | 4-6/2013 | 1-3/2013 |
|---|---|---|---|---|---|---|---|---|
| M&A expenses | | | -1.4 | | | | -1.4 | |
| Reorganisation | -5.0 | -3.2 | -3.8 | | | | -1.4 | -2.8 |
| Provisions for old, completed projects | | -0.7 | -8.9 | -3.5 | | | | |
| Pension plan termination | | | 13.2 | | | | | |
| Demerger costs | | | | | -1.4 | -3.5 | -0.3 | |
| **Non-recurring items total** | **-5.0** | **-3.9** | **-0.8** | **-3.5** | **-1.4** | **-3.5** | **-3.1** | **-2.8** |

The Group EBITDA for January–December is burdened by non-recurring items of EUR 13.2 million. In October–December 2014 the non-recurring costs totalled EUR 5.0 million, consisting of expenses relating to reorganisation costs.

In July–September 2014 the non-recurring costs totalled EUR 3.9 million, consisting of expenses relating to reorganisation costs and provisions for old, completed projects.

In April-June 2014 the non-recurring costs totalled EUR 14.0 million, consisting of expenses relating to a terminated M&A project, reorganisation costs and provisions for old, completed projects. These were offset by a non-recurring release of pension liability to pension costs of EUR 13.2 million following a transfer from Defined Benefit pension scheme to Defined Contribution pension scheme in Norway. Project estimate changes are regarded as non-recurring items only if they are significant and fill all the following criteria: 1) the project must have been technically completed, 2) the project revenue has mostly been recognised during previous financial years and 3) there is a dispute in the project.

In January–March 2014 a non-recurring payment of EUR 3.5 million was made which was related to a final settlement of an old export project in Danish operations due to bankruptcy of a joint venture partner.

Demerger related costs totalled EUR 1.4 million during October - December 2013 and EUR 3.5 million during July–September 2013.

During April–June 2013 Group entered one-off items relating to restructuring amounting to EUR 1.4 million. The operating profit was burdened by HOCHTIEF Service Solutions M&A related project costs amounting to EUR 1.4 million. Demerger related costs amounted to EUR 0.3 million during April-June 2013.

Approximately EUR 2.8 million of adjustment costs were entered during January–March 2013.

## 6 Business combinations and disposals

There have been no acquisitions or disposals in January–December 2014.

## 7 Financial risk management

Caverion's main financial risks are liquidity risk, credit risk and market risks including foreign exchange and interest rate risk. The objectives and principles of financial risk management are defined in the Treasury Policy approved by the Board of Directors. Financial risk management is carried out by the Group Treasury in co-operation with the subsidiaries.

The objective of capital management in Caverion Group is to maintain the optimal capital structure, maximise the return on the respective capital employed, and to minimise the cost of capital within the limits and principles stated in the Treasury Policy. The capital structure is modified primarily by directing investments and working capital employed.

The table below presents the maturity structure of interest-bearing liabilities. The amounts are undiscounted. Cash flows of foreign denominated liabilities are translated into euro at the reporting date.

| EUR million | 2015 | 2016 | 2017 | 2018 | 2019-> | Total |
|---|---|---|---|---|---|---|
| Interest-bearing liabilities | 53.5 | 91.5 | 2.0 | 2.0 | | 149.0 |

## 8 Financial assets and liabilities

Those financial assets and liabilities for which their carrying amounts do not correspond to their fair values are presented in the table below.

| | Dec 31, 2014 | Dec 31, 2014 | Dec 31, 2013 | Dec 31, 2013 |
|---|---|---|---|---|
| EUR million | Carrying amount | Fair value | Carrying amount | Fair value |
| Non-current liabilities | | | | |
| Loans from financial institutions | 88.1 | 89.6 | 138.1 | 139.5 |
| Pension loans | 6.0 | 6.0 | 8.0 | 7.7 |
| Other financial loans | 0.5 | 0.5 | 1.2 | 1.2 |
| Finance lease liabilities | 0.9 | 1.0 | 1.2 | 1.3 |

Fair values for non-current loans are based on discounted cash flows. The discount rate used is the rate at which the Group could draw a similar external loan at the balance sheet date and it consists of risk-free market rate and a company-specific risk premium in accordance with the maturity of the loan.

The carrying amounts of all other financial assets and liabilities are reasonably close to their fair values.

## Fair value hierarchy

The Group categorises the financial assets and liabilities measured at fair value into different levels of the fair value hierarchy as follows:

Level 1: The fair values are based on quoted prices in active markets for identical assets or liabilities.
Level 2: The fair values are based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: The fair values are based on inputs for the asset or liability that are not based on observable market data.

The table below presents the financial assets and liabilities measured at fair value categorised into different levels of the fair value hierarchy.

| **Assets Dec 31, 2014** | | | | |
|---|---|---|---|---|
| **EUR million** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Available-for-sale investments | 0.6 | | 0.7 | 1.3 |
| Derivatives (hedge accounting not applied) | | 0.4 | | 0.4 |
| Derivatives (hedge accounting applied) | | | | |
| **Total assets** | **0.6** | **0.4** | **0.7** | **1.7** |
| | | | | |
| **Liabilities Dec 31, 2014** | | | | |
| **EUR million** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Derivatives (hedge accounting not applied) | | 0.6 | | 0.6 |
| Derivatives (hedge accounting applied) | | 0.0 | | 0.0 |
| **Total liabilities** | | **0.6** | | **0.6** |

| **Assets Dec 31, 2013** | | | | |
|---|---|---|---|---|
| **EUR million** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Available-for-sale investments | 0.6 | | 1.4 | 2.0 |
| Derivatives (hedge accounting not applied) | | 0.1 | | 0.1 |
| Derivatives (hedge accounting applied) | | | | |
| **Total assets** | **0.6** | **0.1** | **1.4** | **2.1** |
| | | | | |
| **Liabilities Dec 31, 2013** | | | | |
| **EUR million** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Derivatives (hedge accounting not applied) | | 0.8 | | 0.8 |
| Derivatives (hedge accounting applied) | | 0.1 | | 0.1 |
| **Total liabilities** | | **0.9** | | **0.9** |

There were no transfers between the levels of the fair value hierarchy during the period ended December 31, 2014.

The fair values for the derivative instruments categorised in Level 2 have been defined as follows: The fair values of foreign exchange forward agreements have been defined by using the market prices on the closing day. The fair values of interest rate swaps are based on discounted cash flows.

The available-for-sale investments categorised in Level 3 are non-listed equity instruments and they are measured at acquisition cost less any impairment or prices obtained from a broker as their fair value cannot be measured reliably.

Changes in the items categorised into Level 3 are presented below:

| EUR million | Assets Dec 31, 2014 | Liabilities Dec 31, 2014 | Assets Dec 31, 2013 | Liabilities Dec 31, 2013 |
|---|---|---|---|---|
| Opening balance | 1.4 | | 1.9 | |
| Transfers into / from Level 3 | | | | |
| Purchases and sales | | | -0.1 | |
| Gains and losses recognised in profit or loss | | | | |
| Gains and losses recognised in other comprehensive income | -0.7 | | -0.3 | |
| Closing balance | 0.7 | | 1.4 | |

### Derivative instruments

| Nominal amounts<br>EUR million | Dec 31, 2014 | Dec 31, 2013 |
|---|---|---|
| --Interest rate derivatives | 20.0 | 70.0 |
| --Foreign exchange forwards | 33.3 | 32.9 |

| Fair values<br>EUR million | Dec 31, 2014 | Dec 31, 2013 |
|---|---|---|
| --Interest rate derivatives | | |
| positive fair value | | |
| negative fair value | 0.0 | -0.1 |
| --Foreign exchange forwards | | |
| positive fair value | 0.4 | 0.1 |
| negative fair value | -0.6 | -0.8 |

Hedge accounting in accordance with IAS 39 is applied to all interest rate derivatives. Hedge accounting is not applied to other derivative instruments.

### 9 Commitments and contingent liabilities

| EUR million | Dec 31, 2014 | Dec 31, 2013 |
|---|---|---|
| Guarantees given on behalf of associated companies | 0.2 | 0.2 |
| Parent company's guarantees on behalf of its subsidiaries | 502.8 | 468.1 |
| Other commitments | | |
| - Operating leases | 189.2 | 210.4 |
| - Other contingent liabilities | 0.2 | 0.2 |

Entities participating in the demerger are jointly and severally responsible for the liabilities of the demerging entity which have been generated before the registration of the demerger. Hereby, a secondary liability up to the allocated net asset value has been generated to Caverion Corporation, incorporated due to the partial demerger of YIT Corporation, for those liabilities that have been generated before the registration of the demerger and remain with YIT Corporation after the demerger. Except for the bond holders of YIT Corporation's certain floating rate bonds, the creditors of YIT Corporation's major financial liabilities have waived their right to claim for a settlement from Caverion Corporation on the basis of the secondary liability. The nominal amount for these YIT Corporation's floating rate bonds was EUR 10.8 million on December 31, 2014, and they mature as follows: EUR 5.4 million in 2015 and EUR 5.4 million in 2016. In addition, Caverion Corporation has a secondary liability relating to the Group guarantees that remain with YIT Corporation after the demerger. These Group guarantees amounted to EUR 359.9 million at the end of December 2014.

## 10 Events after the reporting period

Caverion has sold its operations in Romania through a management buy-out in January 2015. This has no material impact on the financial position and performance of Caverion Group.