Financial Statements Bulletin for 2013: EBITDA improving according to plan – Strong cash flow in Q4 strengthened financial position

CAVERION CORPORATION FINANCIAL STATEMENTS BULLETIN January 28, 2014 at 8:00 a.m.

FINANCIAL STATEMENTS BULLETIN FOR JANUARY 1 – DECEMBER 31, 2013

EBITDA improving according to plan – Strong cash flow in Q4 strengthened financial position

Guidance follow-up for the second half of 2013

- EBITDA amounted to EUR 53.4 million in July – December excluding the demerger related costs of EUR 4.8 million and revenue amounted to EUR 1,282.9 million.
- Earlier communicated guidance for the second half of 2013: EBITDA more than EUR 50 million and revenue approximately EUR 1.29 billion. The guidance did not take into account the non-recurring expenses related to the demerger, nor the expenses related to any potential mergers or acquisitions.

October 1 – December 31, 2013

- EBITDA excluding demerger related costs amounted to EUR 26.7 million (10-12/2012: EUR 9.8 million). EBITDA including the demerger related costs of EUR 1.4 million amounted to EUR 25.3 million (10-12/2012: EUR 9.8 million). The efficiency programme is progressing well in Sweden and profitability is developing according to plan. In Norway the project business had weak profitability while the results from the actions taken to improve profitability are expected to be seen during 2014.
- Operating cash flow after investments amounting to EUR 106.4 million (10-12/2012: EUR 79.3 million) (including demerger-related IT investments of EUR 2.3 million) was very strong.
- The revenue for October–December amounted to EUR 688.1 million (10-12/2012: EUR 748.4 million). The revenue decreased mainly due to increased selectiveness in project business, lower service and maintenance revenue and postponements in Caverion's project start-ups in Germany. Changes in foreign exchange rates decreased the revenue for October–December by EUR 20.9 million compared to the previous year.

January 1 – December 31, 2013

- EBITDA excluding non-recurring items amounted to EUR 81.7 million (1-12/2012: EUR 91.1 million). EBITDA including the non-recurring items amounted to EUR 70.9 million (1–12/2012: EUR 85.3 million). EBITDA for January–December was burdened by M&A related project costs amounting to EUR 1.4 million, one-off items relating to restructuring amounting to EUR 4.2 million as well as demerger related costs amounting to EUR 5.2 million.
- Operating cash flow after investments amounting to EUR 74.2 million (1-12/2012: EUR 40.5 million) (including demerger-related IT investments of EUR 21.3 million) was very strong.
- The revenue amounted to EUR 2,543.6 million (1–12/2012: EUR 2,803.2 million). Changes in foreign exchange rates decreased the revenue for January–December by EUR 21.2 million compared to the previous year.
- The order backlog increased from the end of the previous year and amounted to EUR 1,240.7 million (12/2012: EUR 1,199.1 million).

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, representing 78 percent of the Group's net profit for the period.

KEY FIGURES

EUR million	**10-12/13**	**7-9/13**	**4-6/13**	**1-3/13**
Revenue	688.1	594.8	652.8	607.9
EBITDA	25.3	23.3	12.9	9.4
EBITDA margin, %	3.7	3.9	2.0	1.5
Operating cash flow after investments	106.4	5.3	-35.3	-2.2

EUR million	**10-12/13**	**10-12/121)**	**Change**	**1-12/13**	**1-12/121)**	**Change**
Revenue	688.1	748.4	-8%	2,543.6	2,803.2	-9%
EBITDA	25.3	9.8	159%	70.9	85.3	-17%
EBITDA margin, %	3.7	1.3		2.8	3.0	
Operating profit	19.5	4.3	358%	49.4	61.1	-19%
Operating profit margin, %	2.8	0.6		1.9	2.2	
Net profit for the period	17.2	2.6	553%	35.5	40.8	-13%
Working capital	46.0	94.0	-51%	46.0	94.0	-51%
Operating cash flow after investments	106.4	79.3	34%	74.2	40.5	83%
Interest-bearing net debt, end of period2)	86.5			86.5		
Gearing, end of period, %2)	34.6			34.6		
Earnings per share, basic, EUR3)	0.14	0.02	553%	0.28	0.32	-13%
Personnel, average for the period	17,753	18,767	-5%	18,071	19,132	-6%

1) The effects of the revised IAS 19 standard on the consolidated income statement for 1-12/2012 have been presented in the financial tables to the Financial Statements Bulletin.

2) Interest-bearing net debt and gearing for 2012 are not comparable to the figures in 2013 due to the new credit facility transferred to Caverion Corporation as a result of the partial demerger as per June 30, 2013. Interest-bearing net debt as per 30 June, 2013 amounted to EUR 194.0 million.

3) Excluding the financial cost effect for January–June 2013 of the new financing arrangements transferred to Caverion Corporation as a result of the partial demerger. If the refinancing under the new loan agreement would have been drawn down at the beginning of the financial year, the net financing expenses in January-December would have amounted to approximately EUR 8.4 million.

Caverion has formed a separate legal group as of June 30, 2013. 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 consolidated statement of financial position as of December 31, 2013, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period July – December 2013 and the related key figures are based on actual figures as an independent group. The income statements, statements of cash flows, statements of financial position and comparative figures for the periods before June 30, 2013 are based on carve-out financial information of Building Services business of YIT Group.

Word from the CEO Juhani Pitkäkoski: Strong cash flow strengthened financial position – Profitability development actions ongoing according to plan

"We have had extensive efficiency improvement measures under way and their impact is already visible. As a result, profitability has developed according to plan also in the fourth quarter.

In line with our financial target to reach negative working capital by the end of 2016 we continue to focus on freeing up capital tied into our operations and improving our cash flow going forward. Our working capital decreased significantly to EUR 46.0 million and our operating cash flow for the fourth quarter was seasonally very strong. As a result, our net debt decreased and amounted to EUR 86.5 million at the end of December.

Our service efficiency programme is ongoing in all countries in which we operate. The market for service and maintenance is expected to improve slightly in 2014."

GUIDANCE FOR 2014

The Board of Directors of Caverion Corporation confirmed in its meeting on 27 January, 2014 the outlook and guidance for 2014.

Caverion estimates that the Group's revenue for 2014 with comparable exchange rates will remain at the previous year's level and EBITDA for 2014 excluding non-recurring items will grow clearly to EUR 90–110 million.

In 2014 the EBITDA increase will be executed by improving the operational efficiency, growing the service and maintenance business as well as increasing the project business in Germany. The potential changes in general macroeconomic environment nonetheless may have an effect on Caverion's business and customers.

SEGMENT PERFORMANCE

Revenue, EUR million	**10-12/13**	**10-12/12 1)**	**Change**	**1-12/13**	**1-12/12 1)**	**Change**
Building Services Northern Europe	519.1	552.7	-6%	1,922.7	2,089.2	-8%
Building Services Central Europe	169.2	195.8	-14%	621.3	714.2	-13%
Eliminations	-0.3	-0.1		-0.4	-0.2	
Group, total	688.1	748.4	-8%	2,543.6	2,803.2	-9%

EBITDA, EUR million	**10-12/13**	**10-12/12 1)**	**Change**	**1-12/13**	**1-12/12 1)**	**Change**
Building Services Northern Europe	18.5	0.3	6,002%	52.3	59.5	-12%
Building Services Central Europe	7.9	12.1	-35%	23.6	33.2	-29%
Group services and other items	-1.1	-2.6		-5.0	-7.4	
Group, total	25.3	9.8	159%	70.9	85.3	-17%

EBITDA margin, %	**10-12/13**	**10-12/12 1)**	**1-12/13**	**1-12/12 1)**
Building Services Northern Europe	3.6	0.1	2.7	2.8
Building Services Central Europe	4.7	6.2	3.8	4.7
Group, total	3.7	1.3	2.8	3.0

Operating profit, EUR million	**10-12/13**	**10-12/12 1)**	**Change**	**1-12/13**	**1-12/12 1)**	**Change**
Building Services Northern Europe	14.5	-4.0		36.4	41.1	-11%
Building Services Central Europe	6.6	10.8	-39%	18.8	27.4	-31%
Group services and other items	-1.6	-2.6		-5.8	-7.4	
Group, total	19.5	4.3	358%	49.4	61.1	-19%

Operating profit margin, %	**10-12/13**	**10-12/12 1)**	**1-12/13**	**1-12/12 1)**
Building Services Northern Europe	2.8	-0.7	1.9	2.0
Building Services Central Europe	3.9	5.5	3.0	3.8
Group, total	2.8	0.6	1.9	2.2

Order backlog, EUR million	**12/13**	**9/13**	**Change**	**12/13**	**12/12**	**Change**
Building Services Northern Europe	764.6	797.1	-4%	764.6	819.0	-7%
Building Services Central Europe	476.0	498.9	-5%	476.0	380.1	25%
Group, total	1,240.7	1,296.0	-4%	1,240.7	1,199.1	3%

1) The effects of the revised IAS 19 standard on the consolidated income statement for 1-12/2012 have been presented in the financial tables to the Financial Statements Bulletin.

Market outlook for Caverion's services in 2014

Caverion operates in Sweden, Finland, Norway, Germany, Austria, Denmark, Russia, Estonia, Latvia, Lithuania, Poland, the Czech Republic and Romania. The extensive geographical area of operations and comprehensive portfolio balance the effect of economic fluctuations.

The opportunities to grow in service and maintenance business are still favourable in all Caverion's operational areas. As technology in buildings is increasing the need for new services and the demand for energy efficiency services are expected to remain stable.

Decision-making on new investments is still slow, but positive signs can be seen. New investments in building systems are expected to increase slightly. The growing public investments and the need for renovation and repair work are expected to be the key factors behind the growth.

The tightening of environmental legislation will improve the growth potential of energy efficiency services. Environmental certifications and energy efficiency will be significant factors that will allow the property owners to upgrade their property value. An increasing number of properties will be connected to remote monitoring through command centres. Furthermore, services and projects related to traffic infrastructure maintenance are estimated to develop favourably.

Annual General Meeting 2014

Caverion Corporation's Annual General Meeting will be held on Monday, March 17, 2014, starting at 11:00 a.m. (Finnish time, EET) in Finlandia Hall, Conference Wing. 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 on January 28, 2014.

Financial information in 2014

The Annual Report, including the financial statements for 2013, will be published on Caverion's website and IR App in Finnish and English at the latest on February 21, 2014. Interim Reports will be published on April 24, July 22 and October 22, 2014.

INFORMATION SESSION, WEBCAST AND CONFERENCE CALL

Caverion will hold a news conference on the Financial Statements Bulletin on Tuesday, January 28, 2014, at 10:00 a.m. (Finnish Time, EET). The news conference will be held in English at Restaurant Bank, Unioninkatu 20, Helsinki, Finland. The event is targeted for analysts, portfolio managers and the media.

The news conference and the presentation, given by the company's President and CEO, Juhani Pitkäkoski, can be viewed live on Caverion's website at www.caverion.com/investors. The live webcast held will start at 10:00 a.m. (Finnish time, EET). A recording of the webcast will be available at the same address starting at approximately 12:00 (Finnish time, EET).

It is also possible to participate in the event through a conference call. Participants are requested to call the assigned number +44 203 1940 544 (no conference ID or pin code required) at least five minutes before the conference call begins, at 9:55 a.m. (Finnish time, EET) at the latest. During the webcast and conference call, all questions should be presented in English. At the end of the event, there will also be an opportunity for the media to ask questions in Finnish.

Schedule in different time zones:

	Financial Statements Bulletin published	News conference, conference call and live webcast	Recorded webcast available
EET (Helsinki)	8:00	10:00	12:00
CET (Paris, Stockholm)	7:00	9:00	11:00
GMT (London)	6:00	8:00	10:00
US EST (New York)	1:00	3:00	5:00

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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