



# Interim Report January–March 2023

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Mikko Kettunen, CFO  
27 April 2023

# Agenda

1. Q1 2023 in brief
2. Financial performance
3. Guidance
4. Status of the public tender offers



## 1. Q1 2023 in brief



# Q1 2023 highlights

## Strong organic growth and performance improvement continued

- 13.5% organic revenue growth, solid order backlog expected to support revenue growth also going forward.
- Profitability and operating cash flow improved.
- Caverion closed the acquisition of TM Voima group's substation and power transmission line business in Finland and in Estonia, with a total revenue of EUR 47.7m in 2022.
- A competing public tender offer was made for Caverion.

### Revenue

**614.8 EURm**

(528.1)

### Adjusted EBITA

**24.5 EURm** (17.4)

**4.0% margin** (3.3%)

### Revenue growth

**13.5% organic** (2.4%)

**16.4% total** (2.5%)

### Operating cash flow

**52.1 EURm** (39.1)

before financial and tax items

### Order backlog

**2,034.3 EURm**

(1,951.6), +4.2%

### Revenue distribution

**Services 65.9%** (66.5%)

**Projects 34.1%** (33.5%)



# Operating environment Q1 2023

## Economic uncertainty still impacted the market

### Services 65.9% (66.5%) of Group Q1 2023 revenue

- › The market demand and general investment activity remained positive.
- › Caverion has continued to see a general increasing interest for services supporting sustainability.
- › There has also been increasing interest towards long-term and large-scale service agreements.
- › Growth has been limited by the availability of competent workforce and delays in the supply chain.

### Projects 34.1% (33.5%) of Group Q1 2023 revenue

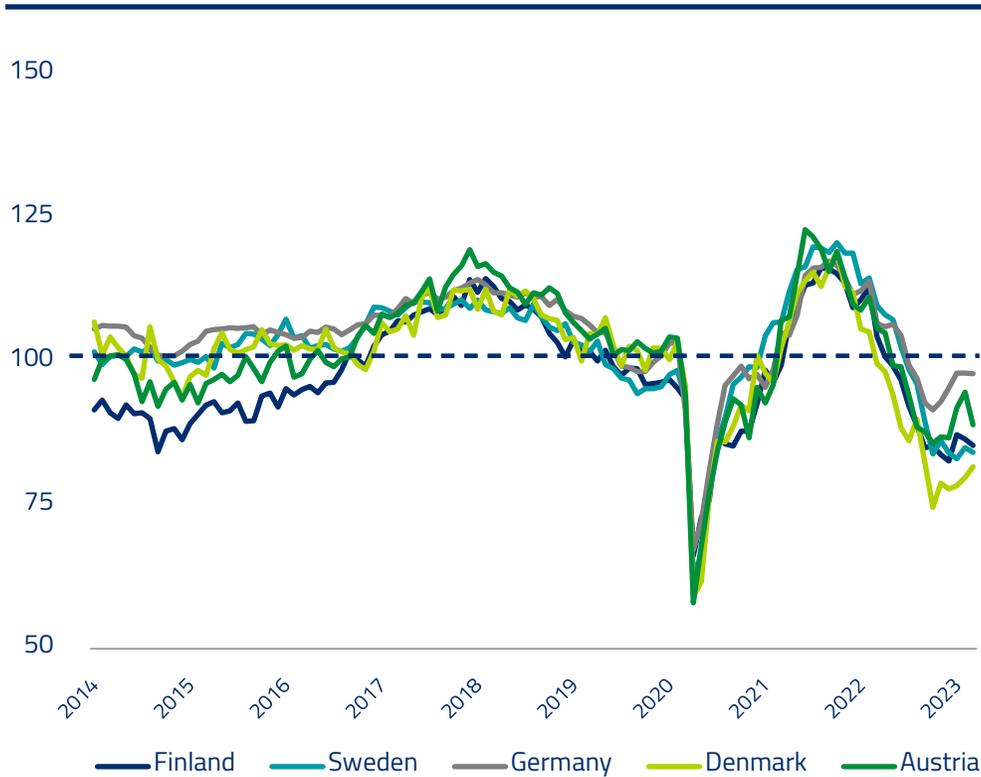
- › The market demand remained mostly stable.
- › The interest for energy improvement projects has picked up, driven by the focus on energy consumption.
- › The market was impacted by increases in material prices, delays in decision-making and supply chain as well as uncertainty in the business environment,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



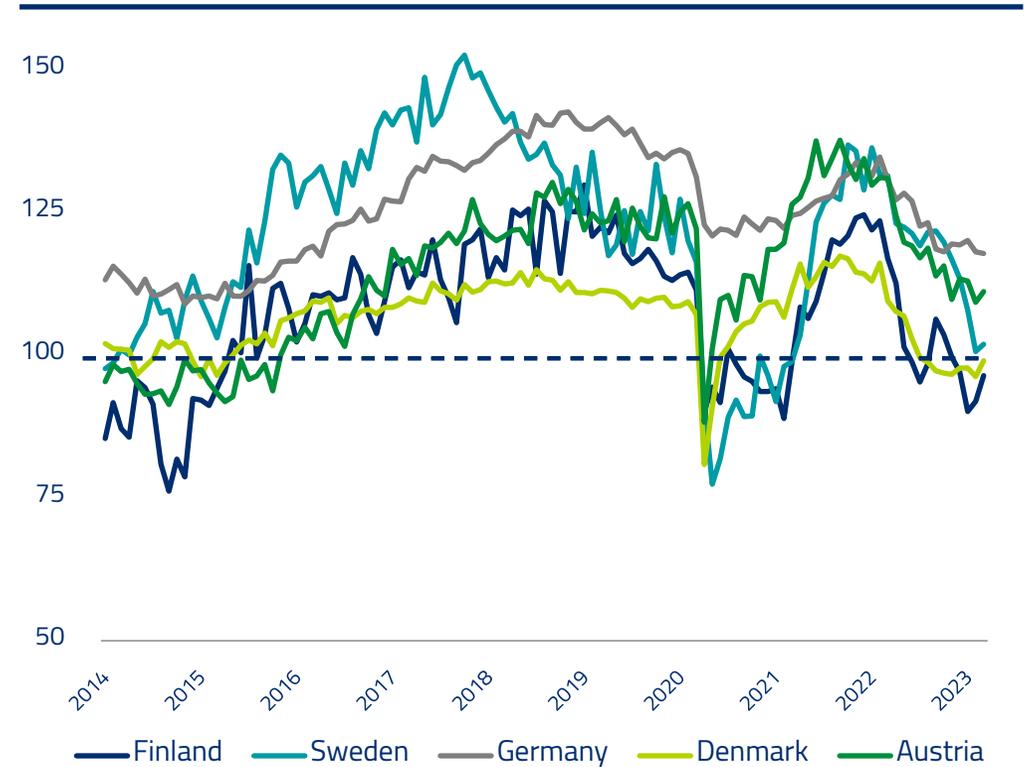
# Operating environment Q1 2023

Drop in sentiment indicators stabilised but can still be seen as lower economic growth prospects

**ECONOMIC SENTIMENT INDICATOR**  
(2014 – 03/2023)



**CONSTRUCTION CONFIDENCE INDICATOR**  
(2014 – 03/2023)

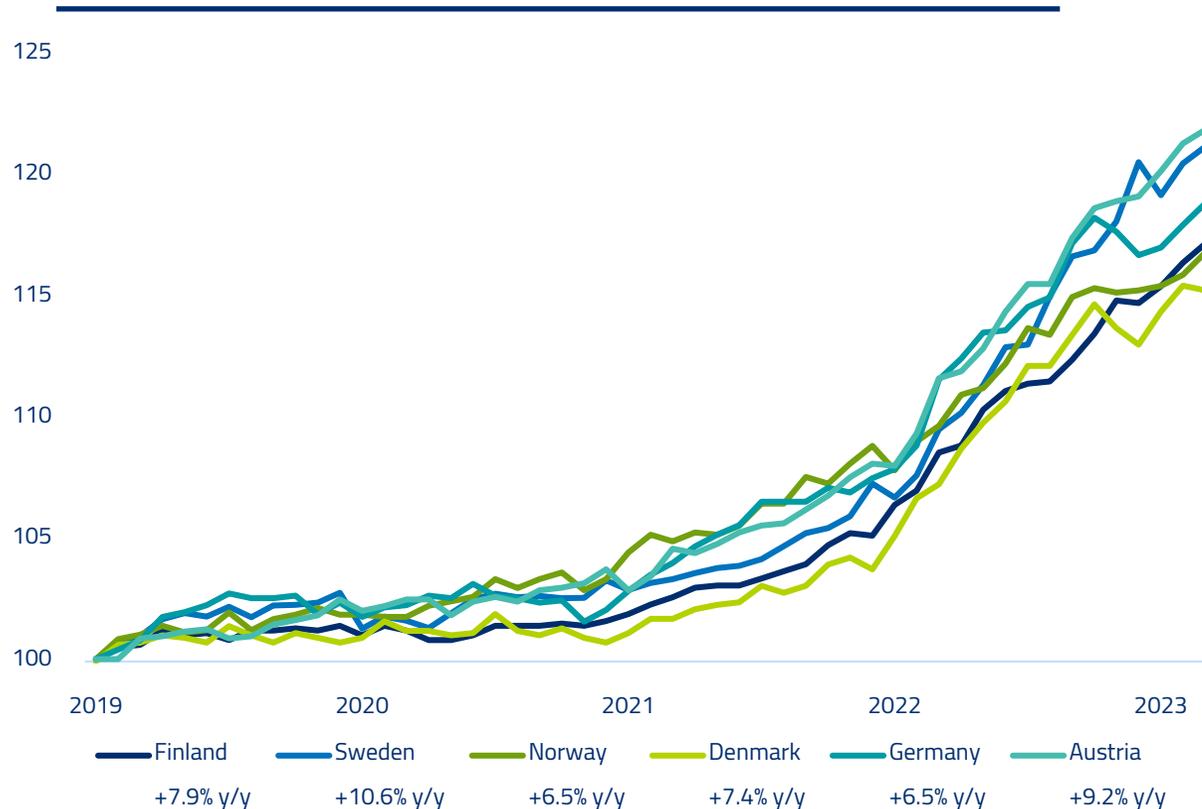


Sources: European Commission, March 2023

# Operating environment Q1 2023

Inflation has remained on an elevated level

## CONSUMER PRICE INDEX (2019=100) (2019 – 3/2023)



Sources: Countries Statistical centers, April 2023

- > The cost inflation related to material prices continued to impact the building technology market.
- > Caverion has proactively taken various measures to optimise the supply chain and to manage pricing.

# Building performance and people's wellbeing

## Examples of some new customer orders from January-March 2023



Guaranteed campus conditions for 20 years | Tuusula municipality  
PR Arkkitehdit

Maximum air purity | Rock Capital Group GmbH  
RockCapitalGroup

Sustainable office premises | The Centre of Registers

- > Lifecycle project with Fira for new school campus in Tuusula, Finland
- > Delivering all building solutions for the campus, and after completion, operations and maintenance services for the next 20 years
- > Carbon footprint is aimed to be as small as possible, solar power and heat pump technology as renewable energy sources

- > Project for newly built office campus HEADS, near Munich, Germany
- > Delivering technical installations including heating and sanitation, ventilation and cooling
- > High standards for indoor air technology and energy efficiency

- > Modernising office building and delivering technical and smart solutions in Vilnius, Lithuania
- > Helping the customer to achieve its sustainability targets
- > Modern building management system will ensure efficient use of energy, also EV charging stations and solar power plant will be installed



#energywise



Well-being for people



Sustainability



Well-being for people



Smart & Digital solutions



#energywise



Smart & Digital solutions



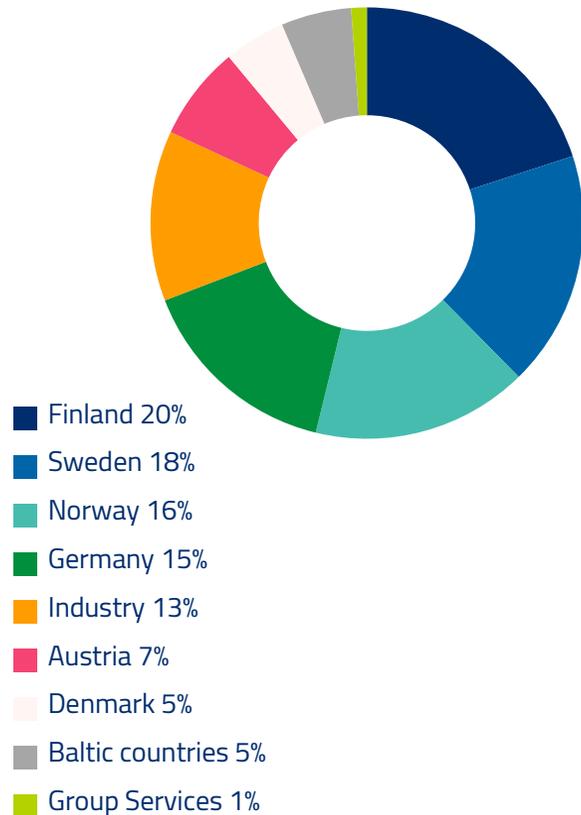
#energywise



Sustainability

# The effects of the corona pandemic still impacting us

**Employees by division Q1/2023**



**Number of employees (end of period)**



- > Accident frequency rate\* was 3.7 (4.5) at the end of March. This quarter is at an all-time low level, and the safety performance is expected to be on the right track.
- > The sick leave levels are lower than during the corona pandemic but not yet down to the same level as before corona.
- > Caverion cares for the safety, health and wellbeing of its employees and will continue to have high ambition and strong focus on improving them.

\*Occupational safety is measured using a common indicator (number of accidents per one million working hours). Last 12 months.



# Caverion sustainability strategy focus areas & targets by 2025

## Caring for our people

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

## Increasing our carbon handprint

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



## Ensuring sustainable value chain

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

## Decreasing our carbon footprint

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

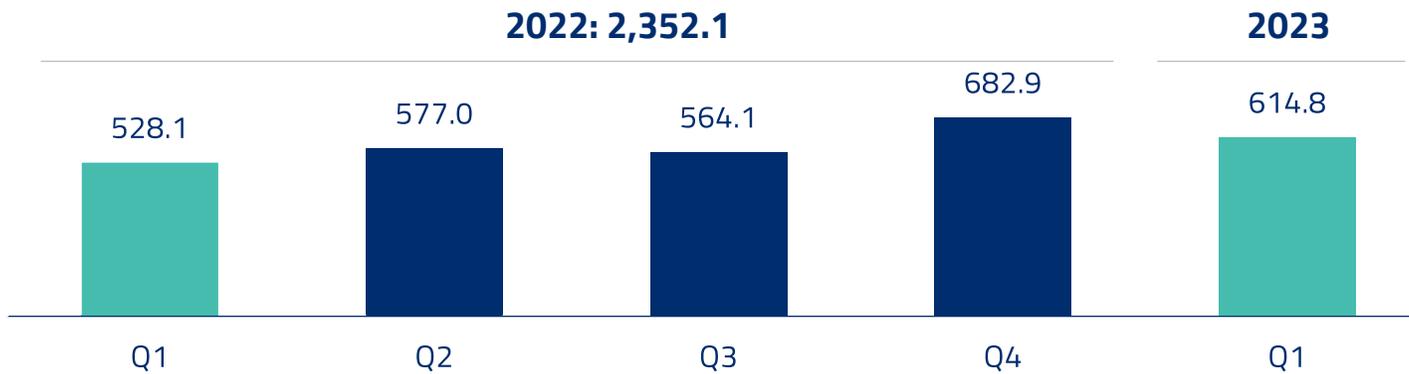


## 2. Financial performance

# Revenue

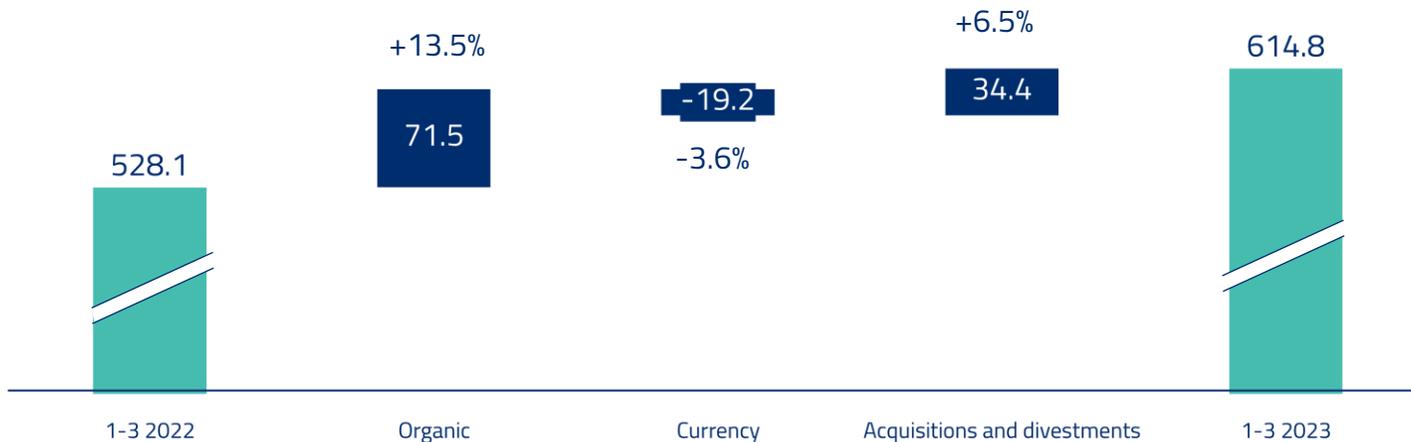
Revenue up in Q1/2023 supported by strong organic growth

Group revenue, EUR million



- > Q1/23 revenue: EUR 614.8 (528.1) million, up by +16.4% (+20.0% in locals)
- > Organic growth: +13.5%, driven by increased underlying activity and partially by the increased costs of materials and external services

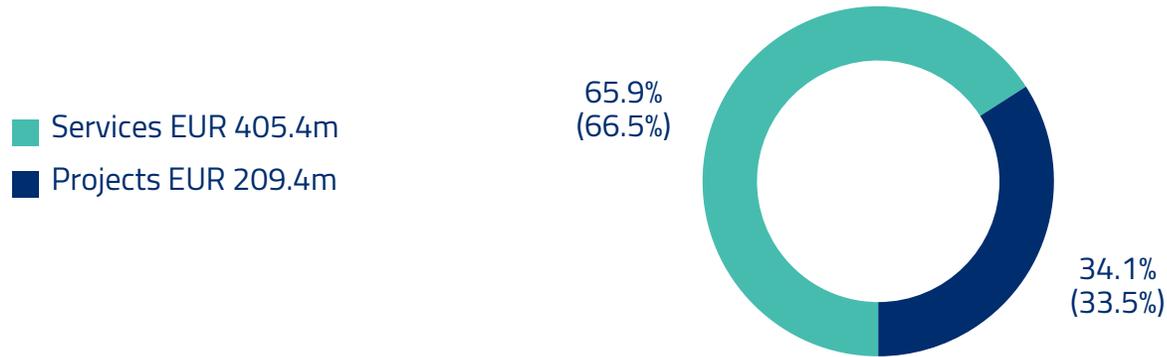
Revenue development in 1-3/2023, EUR million, %



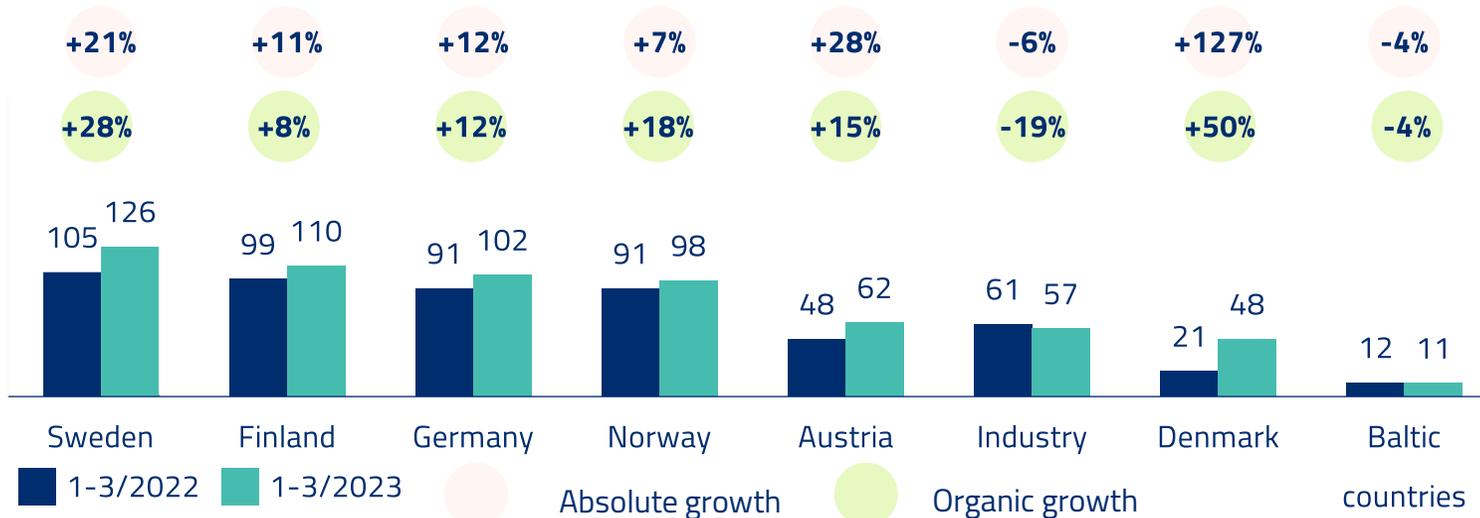
# Revenue

## Growth in all divisions but Industry in Q1/2023

### Revenue breakdown by business unit in Q1/2023, EUR million



### Revenue breakdown by division in Q1/2023, EUR million



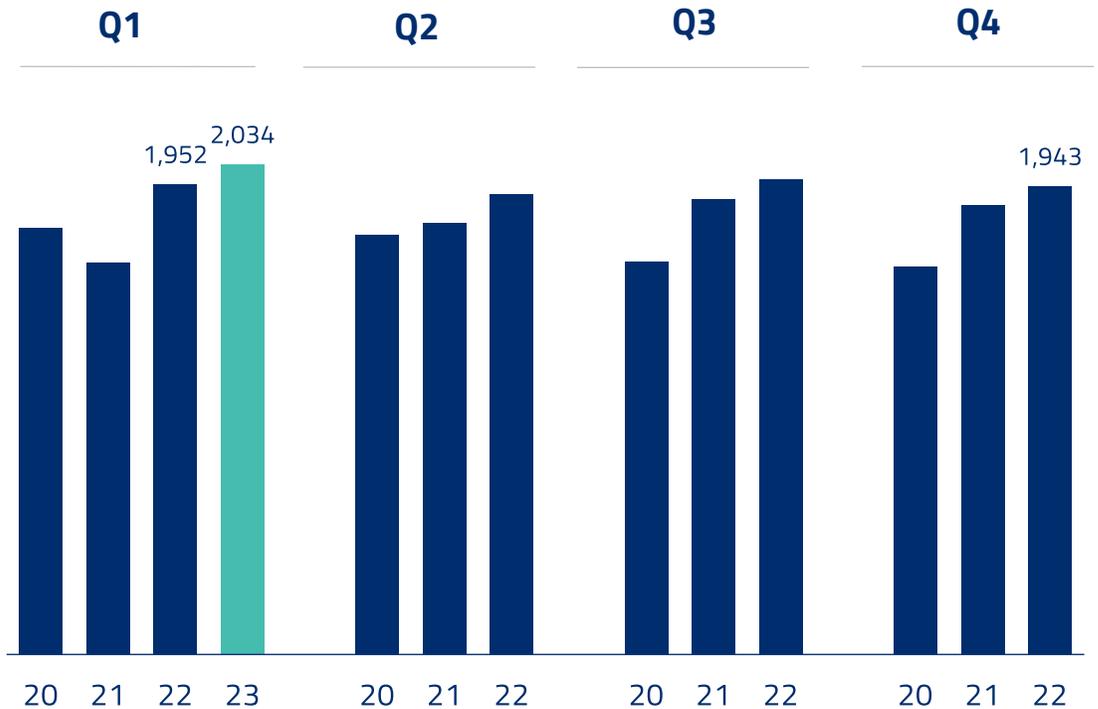
- > Business unit revenues Q1/23:
  - > Services +15.3% (+19.5% locals; +12.3% organic)
  - > Projects +18.5% (+21.2% locals; +16.0% organic)
  
- > Growth in all divisions but Industry, where the termination of Metsä Fibre's outsourcing agreement in Q4/22 impacted revenue negatively
  
- > In Sweden and Denmark, the organic growth was exceptionally high due to the timing of deliveries, and it is expected to level out over the coming quarters.

# Order backlog

Order backlog continued to increase, +4.2% year-on-year at the end of Q1/2023

- > Order backlog increased by 4.2% year-on-year to EUR 2,034.3 (1,951.6) million at the end of March.
- > At comparable exchange rates the order backlog increased by 7.3% from the end of March 2022.
- > Order backlog increased by 2.2% in Services and by 6.9% in Projects from the end of March 2022.

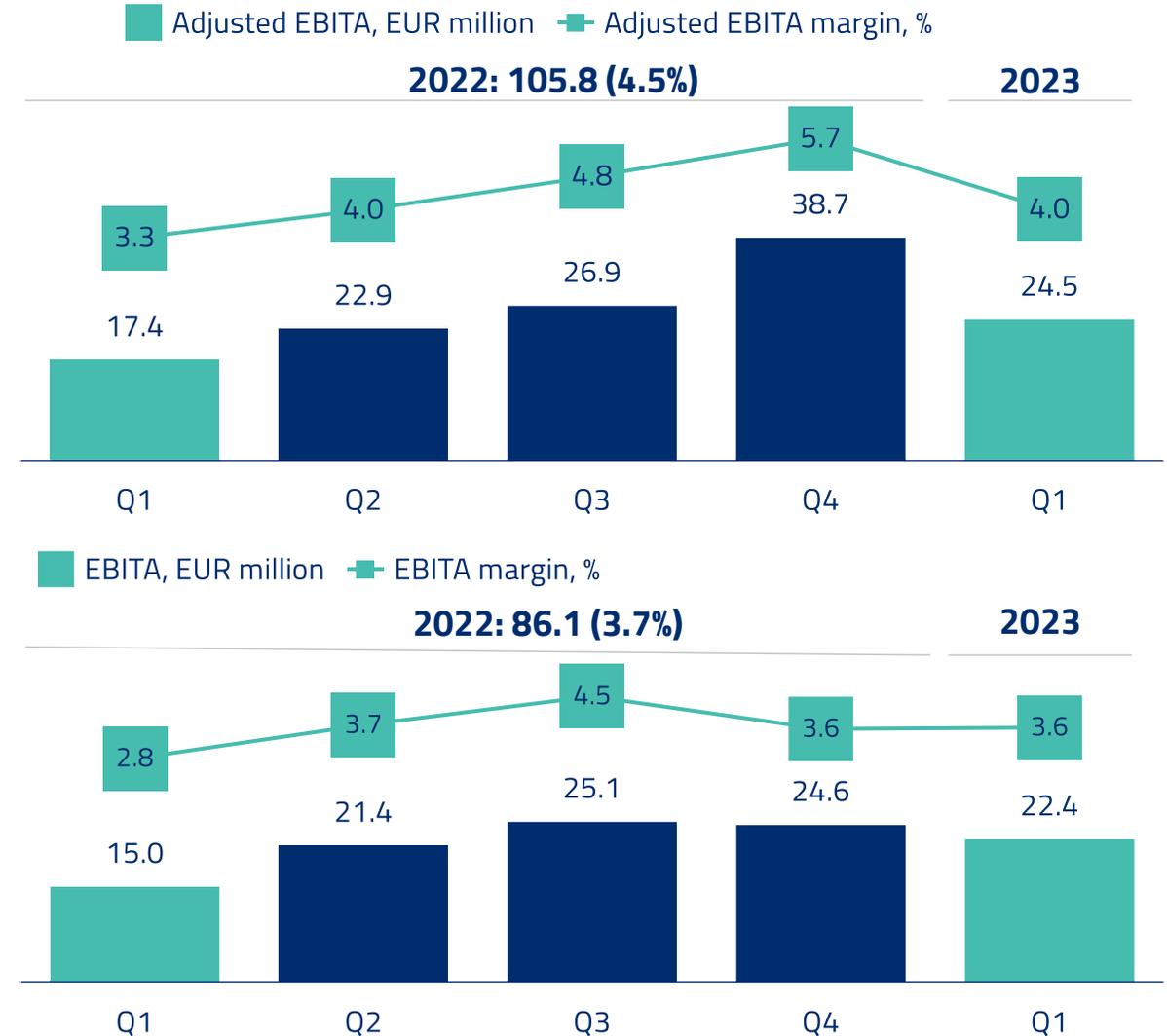
Order backlog, EUR million



# Profitability

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

- > Q1/2023: Adjusted EBITA improved by 40.5% to EUR 24.5 (17.4) million
  - > Adjusted EBITA margin: 4.0% (3.3%)
  - > Adjusted EBITA improved in Services and Projects.
  
- > Q1/2023 EBITA: EUR 22.4 (15.0) million
  
- > Q1/2023 EBITA margin: 3.6% (2.8%). Impacted by one-offs:
  - > Transaction costs related to M&A (EUR -0.9m)
  - > Advisory and personnel costs related to the ongoing public tender offers (EUR -1.2m)

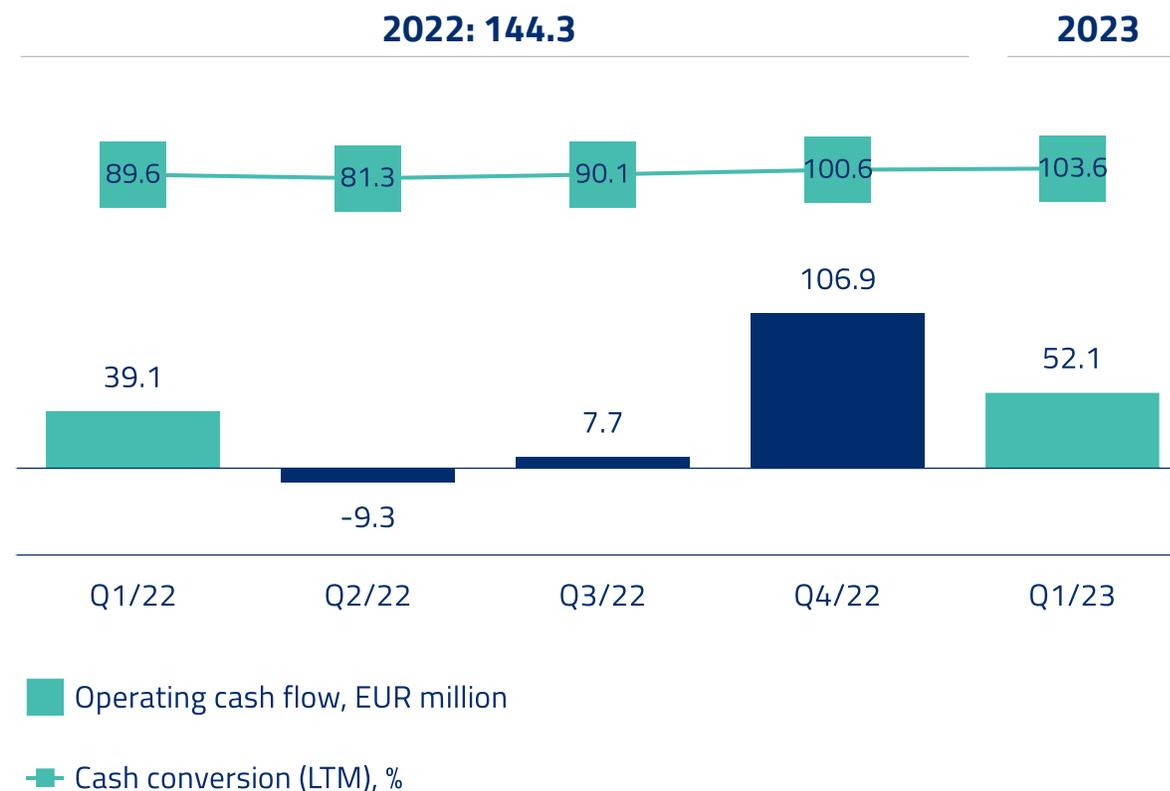


# Cash flow

## Operating cash flow improved in Q1/2023

- > Operating cash flow before financial and tax items improved to EUR 52.1 (39.1) million in Q1/2023.
  - > Cash conversion (LTM) 103.6% (89.6%)
  - > Change in working capital of EUR 10.6m (14.1m)
- > Free cash flow Q1/2023: EUR 17.8 (29.1) million
  - > Cash flow impact of acquisitions of EUR -26.6m (-1.2m)
- > Capex Q1/2023: EUR 30.8 (4.7) million
  - > IT investments: EUR 1.2m (2.3m) representing 0.2 (0.4) percent of revenue
  - > Other investments incl. acquisitions: EUR 29.5m (2.4m)

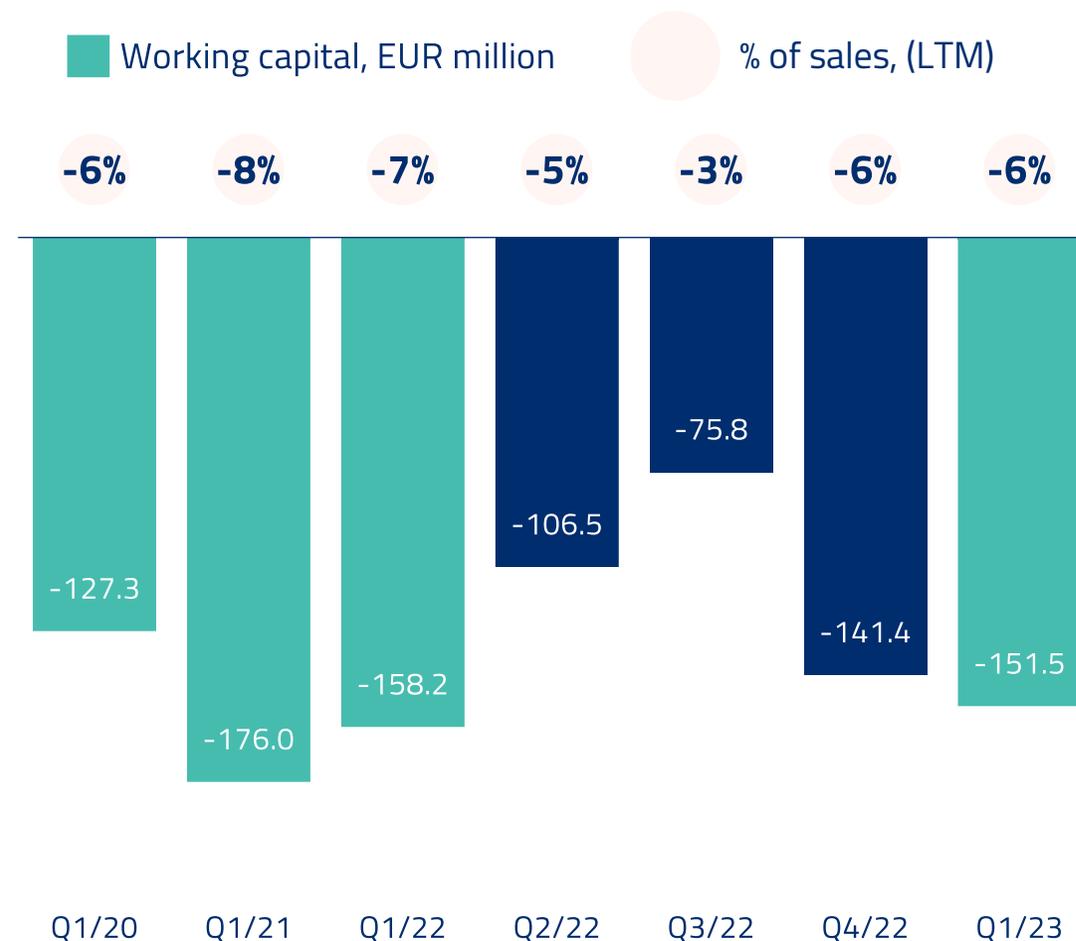
## Operating cash flow before financial and tax items, EUR million



# Working capital

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

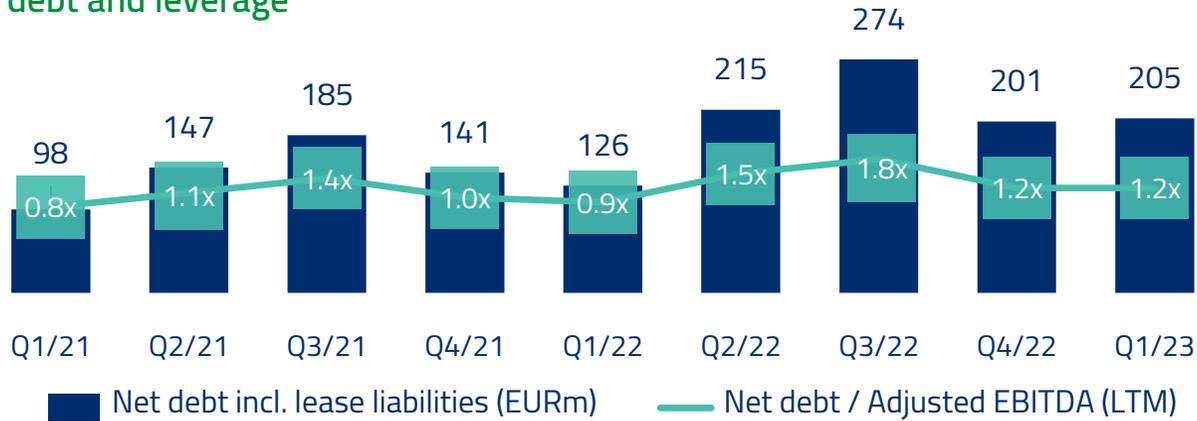
- > The Group's working capital amounted to EUR -151.5 (-158.2) million at the end of March.
- > Trade and POC receivables increased to EUR 596.3 (516.8) million and other current receivables decreased to EUR 29.2 (31.2) million. Inventories increased to EUR 29.5 (18.3) million.
- > Advances received increased to EUR 286.0 (241.3) million. Other current liabilities increased to EUR 300.3 (282.4) million and trade and POC payables increased to EUR 220.2 (200.9) million.



# Leverage

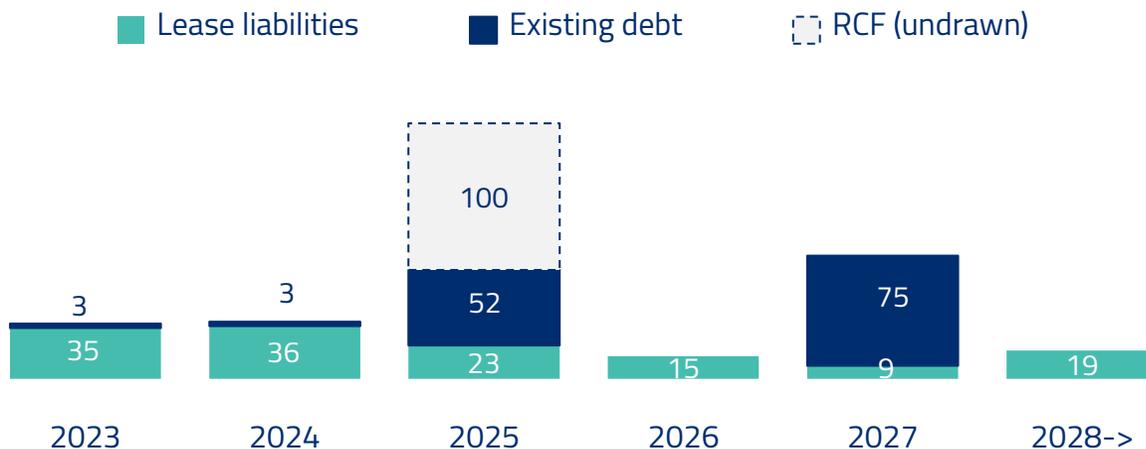
## Net debt impacted by investments in acquisitions

### Net debt and leverage



- > Interest-bearing net debt incl. lease liabilities: EUR 204.6m (125.6m), excl. lease liabilities: EUR 68.5m (-11.6m)
- > Cash and cash equivalents of EUR 62.5m (149.2m)
- > Net debt/Adjusted EBITDA according to group's financial targets in Q1/2023: 1.2x (0.9x). Group's target limit is less than 2.5x.

### Debt maturity structure on 31 March 2023, EUR million



- > As announced in April, EUR 35m hybrid bond will be redeemed in full on 15 May 2023.
- > Caverion has a balanced debt maturity profile, where most of the long-term debt matures in 2025 and in 2027.



### 3. Guidance

# Guidance

## Guidance for 2023

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





## 4. Status of the public tender offers

# Status of the public tender offers

## Tender offer – Timeline

### Triton/Crayfish Bidco

	Tender offer announced	Holding to 9.8%*		Improved consideration	Offer period started	Cooperation agreement and recommended tender offer	Offer period ends**
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**3 Nov**      **24 Nov**   **10 Jan**   **11 Jan**   **12 Jan**   **24 Jan**      **26 Jan**   **24 Feb**      **8 Mar**      **5 Apr**      **17 May**

### Bain Consortium/North Holdings

Recommended tender offer announced	Offer period started	Offer period extended	Improved consideration, offer period extended	All regulatory approvals received		Combination agreement terminated	Extended offer period ends
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### Recommended offer by Caverion Board of Directors: Triton/Crayfish BidCo (renewed statement on 5 Apr 2023)

- > **Share price offered, status today: EUR 8.75** in cash consideration for each share
- > \*\*The tender offer is expected to be completed during Q3-Q4/2023

### Instructions for shareholders

- Acceptance of another offer requires a cancellation and a new acceptance through an account operator.

\*Crayfish BidCo Oy:s holding is 24.3% of all the Caverion shares outstanding after the purchases on 11-12 April 2023. The holding would be 29.9% of all the Caverion shares outstanding after the currently agreed conditional share purchases.



# Building Performance

# Key figures

EUR million	1-3/23	1-3/22	Change	1-12/22
Order backlog	2,034.3	1,951.6	4.2%	1,943.3
Revenue	614.8	528.1	16.4%	2,352.1
Organic growth, %	13.5	2.4		8.6
Adjusted EBITDA	39.1	30.8	26.8%	163.0
Adjusted EBITDA margin, %	6.4	5.8		6.9
EBITDA	37.0	28.5	29.9%	143.4
EBITDA margin, %	6.0	5.4		6.1
Adjusted EBITA	24.5	17.4	40.5%	105.8
Adjusted EBITA margin, %	4.0	3.3		4.5
EBITA	22.4	15.0	49.5%	86.1
EBITA margin, %	3.6	2.8		3.7
Operating profit	18.3	11.4	60.8%	69.9
Operating profit margin, %	3.0	2.2		3.0
Earnings per share, undiluted, EUR	0.09	0.04	105.3%	0.32
Operating cash flow before financial and tax items	52.1	39.1	33.5%	144.3
Cash conversion (LTM), %	103.6	89.6		100.6
Working capital	-151.5	-158.2	4.2%	-141.4
Interest-bearing net debt	204.6	125.6	63.0%	200.9
Net debt/Adjusted EBITDA	1.2	0.9		1.2
Gearing, %	100.2	67.7		89.1
Equity ratio, %	18.1	17.3		19.8
Number of personnel at the end of the period	14,641	14,272	2.6%	14,490

# Financial targets

Mid-term financial targets until the end of 2025		Actual 1-3/2023	Actual 2022
<b>Cash conversion (LTM)</b>	Operating cash flow before financial and tax items / EBITDA > 100%	103.6%	100.6%
<b>Profitability</b>	Adjusted EBITA > 5.5% of revenue	4.0%	4.5%
<b>Organic revenue growth</b>	3–4% p.a. over the strategy period	13.5%	8.6%
<b>M&amp;A revenue growth</b>	2–3% p.a. over the strategy period	6.5%	2.2%
<b>Debt leverage</b>	Net debt/LTM Adjusted EBITDA < 2.5x	1.2x	1.2x
<b>Dividend policy</b>	Distribute at least 50% of the result for the year after taxes, however, taking leverage level into account		62% *

\*Calculated as Dividend per earnings (%). The Annual General Meeting approved the proposal of the Board of Directors according to which a dividend of EUR 0.20 per share was paid from the distributable funds of the company for the financial year 2022. The dividend was paid on 5 April 2023.

# Directly registered shareholders on 31 March 2023

<b>Largest shareholders</b>	<b>Shares, pcs</b>	<b>% of shares</b>	<b>Change after 12/2022, pcs</b>
1 Herlin Antti	21,054,392	15.2	0
2 Fennogens Investments SA (Ehrnrooth family)	14,169,850	10.2	0
3 Crayfish Bidco Oy	13,647,263	9.8	13,647,263
4 Varma Mutual Pension Insurance Company	9,035,780	6.5	0
5 Mandatum companies	5,569,846	4.0	-544,595
6 Ilmarinen Mutual Pension Insurance Company	4,162,955	3.0	0
7 Elo Mutual Pension Insurance Company	2,565,640	1.8	0
8 Caverion Oyj	2,038,483	1.5	-408,964
9 Säästöpankki funds	1,962,447	1.4	-1,741,615
10 Brotherus Ilkka	1,803,765	1.3	0
11 Corbis	1,739,412	1.3	0
12 Aktia funds	1,250,000	0.9	0
13 The State Pension Fund	1,050,000	0.8	-1,000,000
14 Kaleva Mutual Insurance Company	969,025	0.7	0
15 Nordea funds	913,044	0.7	0
16 Veritas Pension Insurance Company Ltd.	755,000	0.5	390
17 Sinituote Oy	572,400	0.4	0
18 Samfundet folkhälsan i Svenska Finland rf	374,400	0.3	0
19 Wihuri funds	290,400	0.2	7,400
20 Brotherus Monica	244,000	0.2	0
<b>20 largest, total</b>	<b>84,168,102</b>	<b>60.6</b>	
<b>All shares</b>	<b>138,920,092</b>	<b>100.0</b>	

Source: Investis, as presented on Caverion website, Caverion.

## Sector distribution (3/2023)



- Nominee reg. and non-Finnish 38.9% (31 Dec.: 36.4%)
- Households 10.8% (16.4%)
- General government 12.8% (13.6%)
- Financial and insurance corporations 21.1% (22.7%)
- Non-profit institutions 1.5% (3.3%)
- Non-financial corporations and housing corporations 14.9% (7.6%)