

Caverion

President and CEO's review at the Annual General Meeting

Fredrik Strand, President and CEO

March 16, 2015

Contents

- Strategic focus areas and financial targets
- Overview of year 2014
- Market outlook and guidance for 2015





**Strategic focus areas and
financial targets**

Megatrends in the market support our long-term strategy



Increasing technology

Technology in buildings currently account for 40–60% of building costs

Integrated technologies require multi-discipline expertise

Maintenance is increasingly based on preventive measures as well as on actual needs and conditions.



Improving energy efficiency

Tightening legislation relating to energy efficiency

In 2020, all new buildings are required to be on a passive house level (almost self-sufficient energy-wise)

Increasing demand for energy-efficient solutions also for existing buildings



Growing digitalisation

All technologies in buildings have an IP address.

Demand for remote monitoring is increasing.

10,000 buildings currently under Caverion's remote control.



Fragmented market

A lot of small companies in the market

Extensive services a competitive advantage especially in large projects

Growth potential especially in German-speaking areas

Vision

We are a leading European provider of advanced and sustainable life cycle solutions for buildings and industries.

Mission

We design, build, operate and maintain user-friendly and energy-efficient solutions for buildings, infrastructure and industrial plants.



Financial targets 2016

 Profitability (EBITDA) over 6% of revenue	 Average annual revenue growth > 10%	 Negative working capital
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Strategic focus areas

 Increasing profits	 Strong growth	 Innovative and advanced solutions
 Strong company image	 Excellent leadership	 Operational excellence

Values

Step ahead + Cooperation + Responsibility + High performance



Clear implementation plan to reach 2016 targets





Overview of
year 2014



Actions in 2014: Laying foundations for future growth

Focus on life cycle solutions

- Our strategy and service offering increasingly reflects that we assume responsibility for the entire life cycle of properties and industrial plants.



One coherent Caverion, improved operations

- We developed a Group-wide common operating model and processes and new, more efficient tools.

Actions to improve profitability in projects business

- Improved project selection and close monitoring to limit loss-making projects or contracts.

More efficient service business

- We developed the efficiency of mobile service process.



Actions in 2014: Laying foundations for future growth



Building the new company

- We recruited key persons for the Group Management Board, division management and Group functions.



Our first personnel survey

- 75% of our employees are overall satisfied in Caverion as a place to work.

Active product development

- We submitted 10 patent applications concerning our new solutions.



Key figures in 2014

Caverion designs, builds, operates and maintains user-friendly and energy-efficient solutions for buildings, infrastructure and industrial plants.

Revenue by country



Revenue

2,407
EUR million

Order backlog

1,324
EUR million

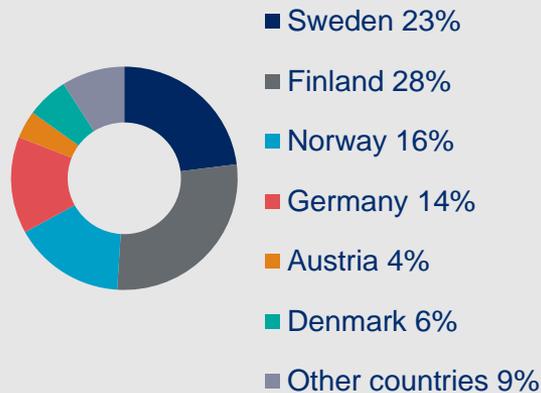
EBITDA

67.5
EUR million
(2.8% of revenue)

Operating cash flow before financial and tax items

113.5
EUR million

Personnel by country



Revenue based on the Group company location



Targeting average annual growth in revenue of > 10% by the end of 2016

Group revenue (reported)

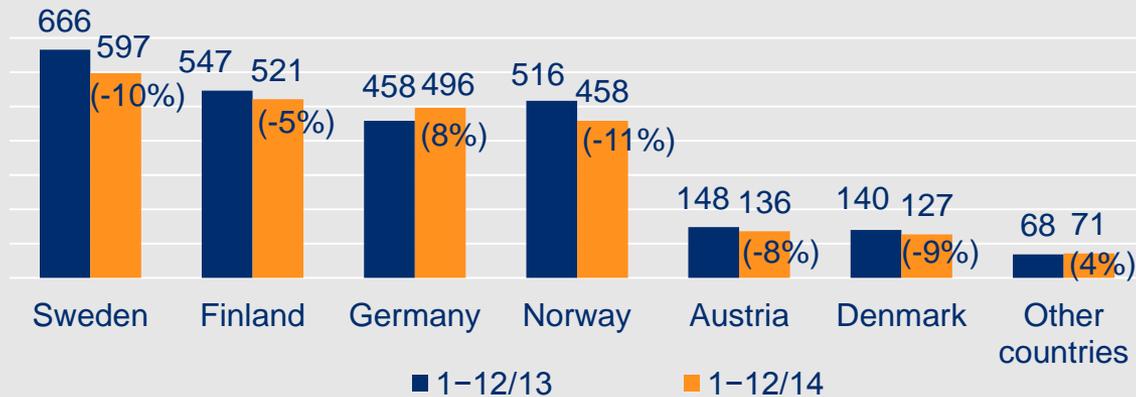
EUR million



- Group's revenue with comparable exchange rates was in line with the previous year.
- Changes in foreign exchange rates decreased Group revenue by EUR 68.8 million in January–December mainly caused by changes in SEK and NOK.

Revenue breakdown by country (reported)

EUR million



Revenue by business area

1-12/2014

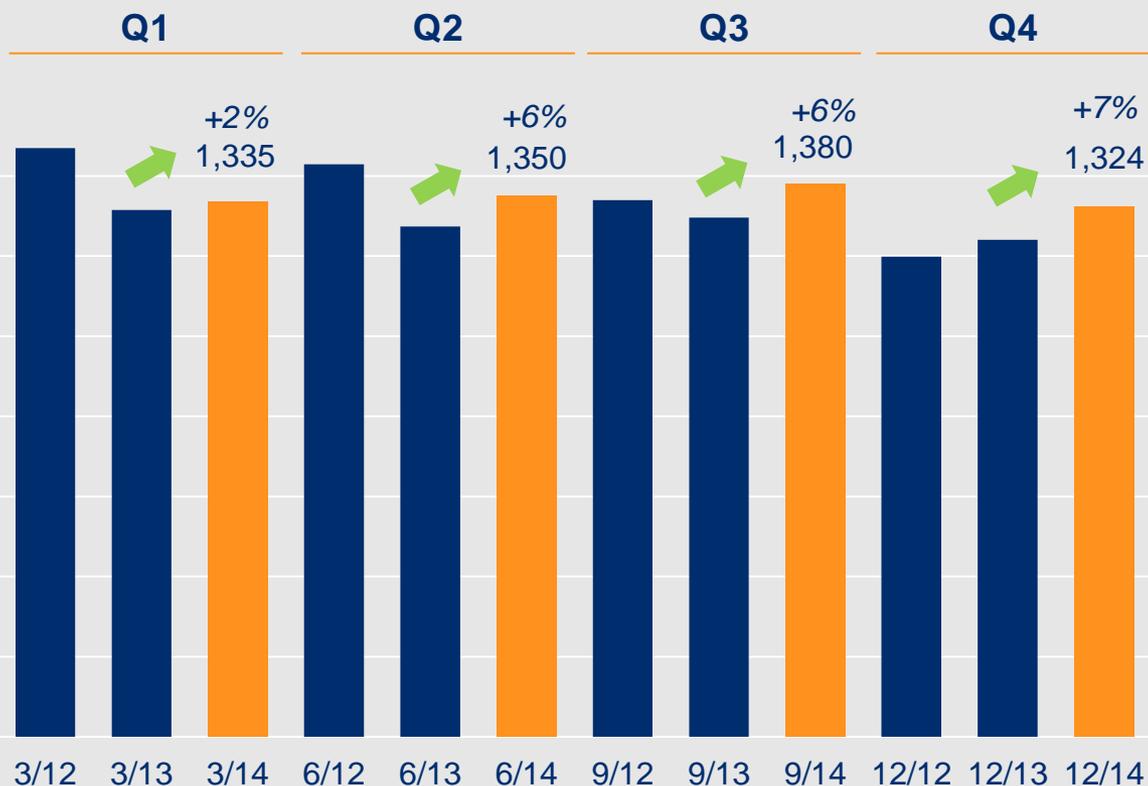


- Service and maintenance 54% (1-12/2013: 55%)
- Projects 46% (45%)



Positive order backlog development in each quarter in 2014

Order backlog
EUR million



- Order backlog increased by 7% from the end of December 2013.
- 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



Several large orders received in Finland in 2014

Fingrid, Lapland

Technical maintenance for all of Fingrid's electricity substations in Lapland. The technical maintenance agreement covers the basic maintenance of substations such as equipment service and substation inspections.

- Service areas: Technical Maintenance
- Technical disciplines: Electricity
- Contract value: not disclosed
- Lifespan: 2015–2017

Puijo Hospital, Kuopio

Delivery of the heating, ventilation and cooling systems and piping for the new Säde building in the university hospital area.

- Service areas: Project Execution, Project Management, Design & Engineering
- Technical disciplines: Heating & Sanitation, Ventilation & Air Conditioning, Cooling
- Contract value: EUR 4 million
- Size: 10,000 m²
- Lifespan: Completed in summer 2015

Valkea shopping centre, Oulu

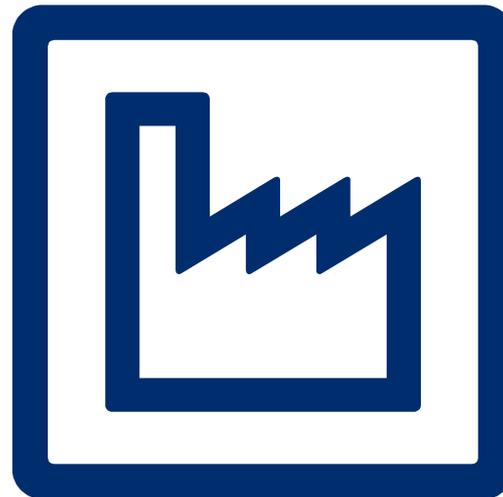
Electrical installations for the new shopping centre and the renovation of the existing property. The project also covers parking garage, office premises and covered pedestrian street.

- Service areas: Project Management, Project Execution
- Technical disciplines: Electricity
- Contract value: EUR 3.5 million
- Lifespan: 6/2014–early 2016

Kemijoki's Seitakorva hydropower plant

Modernisation of the machinery and related electricity and automation systems with the aim of increasing the power capacity of the plant.

- Service areas: Project Management, Project Execution
- Technical disciplines: Industrial Installations, Electricity, Automation
- Contract value: Not disclosed
- Lifespan: Completed in 11/2014



Fortum's nuclear plant, Loviisa

Installation of steel frame structures, wall and roof insulations and pipelines for four cooling towers. Separate agreement on service and maintenance for 3 years.

- Service areas: Project Execution
- Technical disciplines: Industrial Installations, Process Piping, Electricity, Automation
- Contract value: EUR 2 million
- Lifespan: project completed in 2/2015



Several large orders received in 2014

Holstebro police station, Denmark

The life cycle project realised with a public-private partnership model includes the total delivery of all building systems for the new property, followed by responsibility for operation, service and maintenance for 25 years. The property will be connected to remote management, which ensures agreed conditions and optimal energy use in the building.

- Service areas: Advisory Services, Design & Engineering, Project Management, Project Execution, Technical Maintenance, Managed Operations and Managed Life Cycle
- Technical disciplines: Heating & Sanitation, Ventilation & Air Conditioning, Electricity, Security & Safety, Automation
- Contract value: EUR 18.8 million
- Size: 12,000 m²
- Lifespan: 2014–2041



Wintershall office building, Stavanger, Norway

Total delivery of all technical systems. The energy efficient solutions in the property meet the criteria for the BREEAM NOR standard/Excellent.

- Service areas: Advisory Services, Design & Engineering, Project Execution, Project management.
- Technical disciplines: Heating & Sanitation, Ventilation & Air Conditioning, Cooling, Electricity, Information and Communication Services, Security & Safety, Automation.
- Contract value: EUR 11 million
- Size: 17,000 m²
- Lifespan: 2014–2016



Several large orders received in 2014

Henninger Tower, Frankfurt am Main, Germany

As as a technical general contractor, Caverion is responsible for delivering the total technical solution for the new residential building, housing more than 200 apartments in 40 floors. The building will utilise geothermal energy for heating and cooling, among others.

- Service areas: Design & Engineering Services, Project Management, Project Execution
- Technical disciplines: Heating & Sanitation, Ventilation, Electricity, Cooling, Security & Safety, Automation
- Contract value: EUR 33 million
- Size: ~77,000 m²
- Lifespan: 12/2014–late 2016



Deutsche Rentenversicherung Bund (DRV), Berlin, Germany

Renovation of building systems and related project management for German statutory pension insurance scheme's administrative building. The delivery will include a vast range of fire protection systems and sustainable technology such as cooling ceilings, heat recovery systems and rainwater recycling, among others.

- Service areas: Project Management, Project Execution
- Technical disciplines: Heating & Sanitation, Ventilation, Cooling, Security & Safety
- Contract value: ~EUR 15.6 million
- Lifespan: Q4/2014–early 2016



Several large orders received in 2014

Sør-Trøndelag College, Norway

A total delivery of building systems for the new Technology Building. The building is being constructed as a passive house and includes energy-efficient technology such as heat recovery systems and Caverion's own ClimaCeil solution.

- Service areas: Design & Engineering, Project Management, Project Execution
- Technical disciplines: Heating & Sanitation, Ventilation & Air Conditioning, Electricity, Security & Safety, Automation
- Contract value: EUR 9 million
- Size: 16,000 m²
- Lifespan: Q4/2014–end of 2016



Messe Düsseldorf, Germany

Modernisation of ventilation, air conditioning and sprinklers in the 15-meter-high trade fair halls. The ventilation systems are provided by Krantz Komponenten (Caverion's own trademark).

- Service areas: Project Execution
- Technical disciplines: Ventilation & Air Conditioning, Security and Safety
- Contract value: EUR 10 million
- Size: two trade halls
- Lifespan: 5/2014–early 2016



Several large orders received in 2014

DZNE research premises, Bonn, Germany

Installation of ventilation systems for the new premises of German Center for Neurodegenerative Diseases. Individualised solutions for each space and a high-performance heat recovery systems. The contract also includes technical maintenance for five years.

- Service areas: Project Execution, Technical Maintenance
- Technical disciplines: Ventilation
- Contract value: EUR 8.7 million
- Size: ~15,000 m²
- Lifespan: 6/2014–early 2016



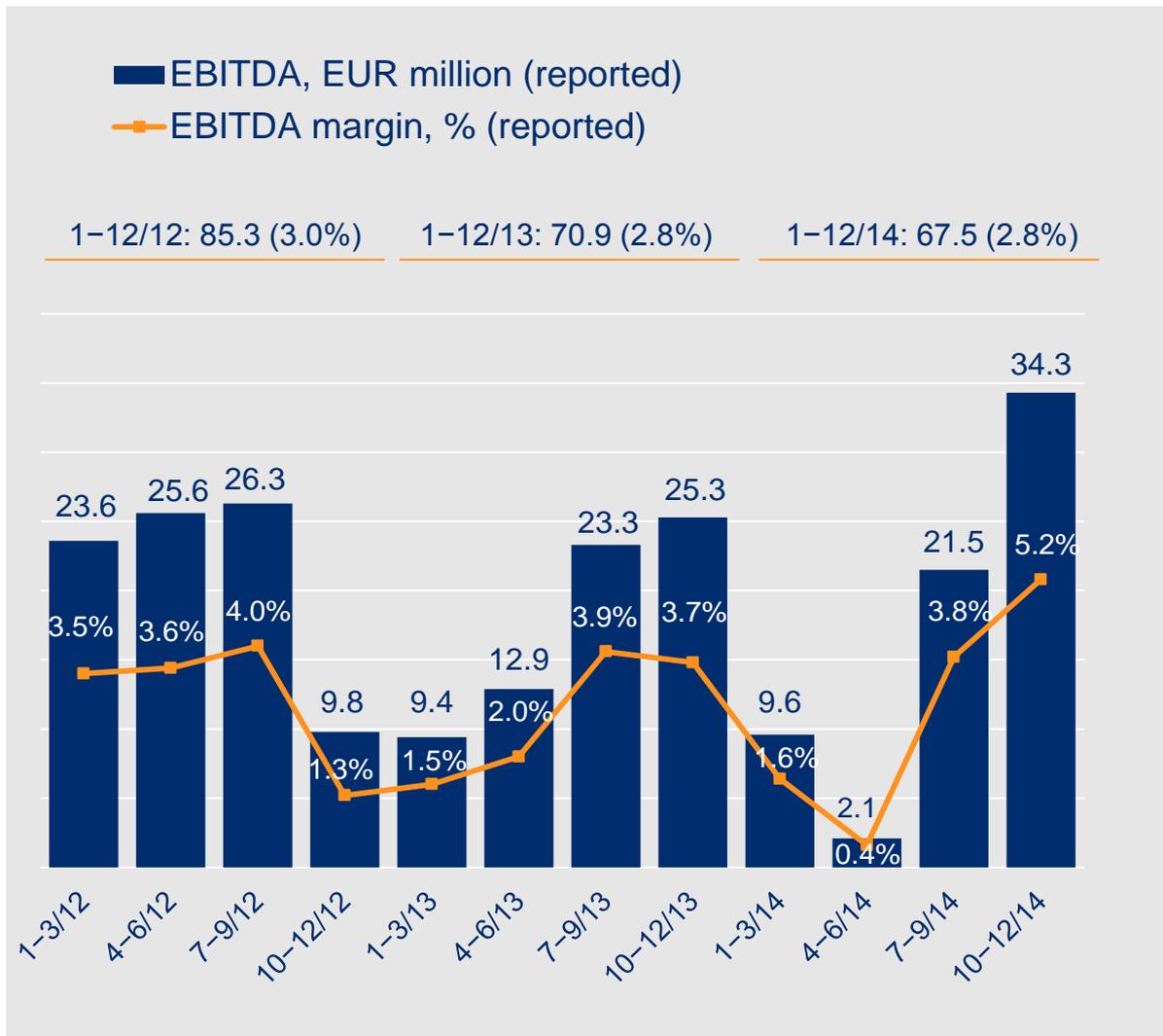
Weberzeile shopping centre, Ried, Austria

A total technical solution for the new shopping centre including an advanced heat recovery system for increased energy efficiency.

- Service area: Project Execution
- Technical disciplines: Heating & Sanitation, Ventilation & Air Conditioning, Electricity, Security & Safety
- Contract value: Several million euros
- Size: 22,000 m²
- Lifespan: Completed in summer 2015



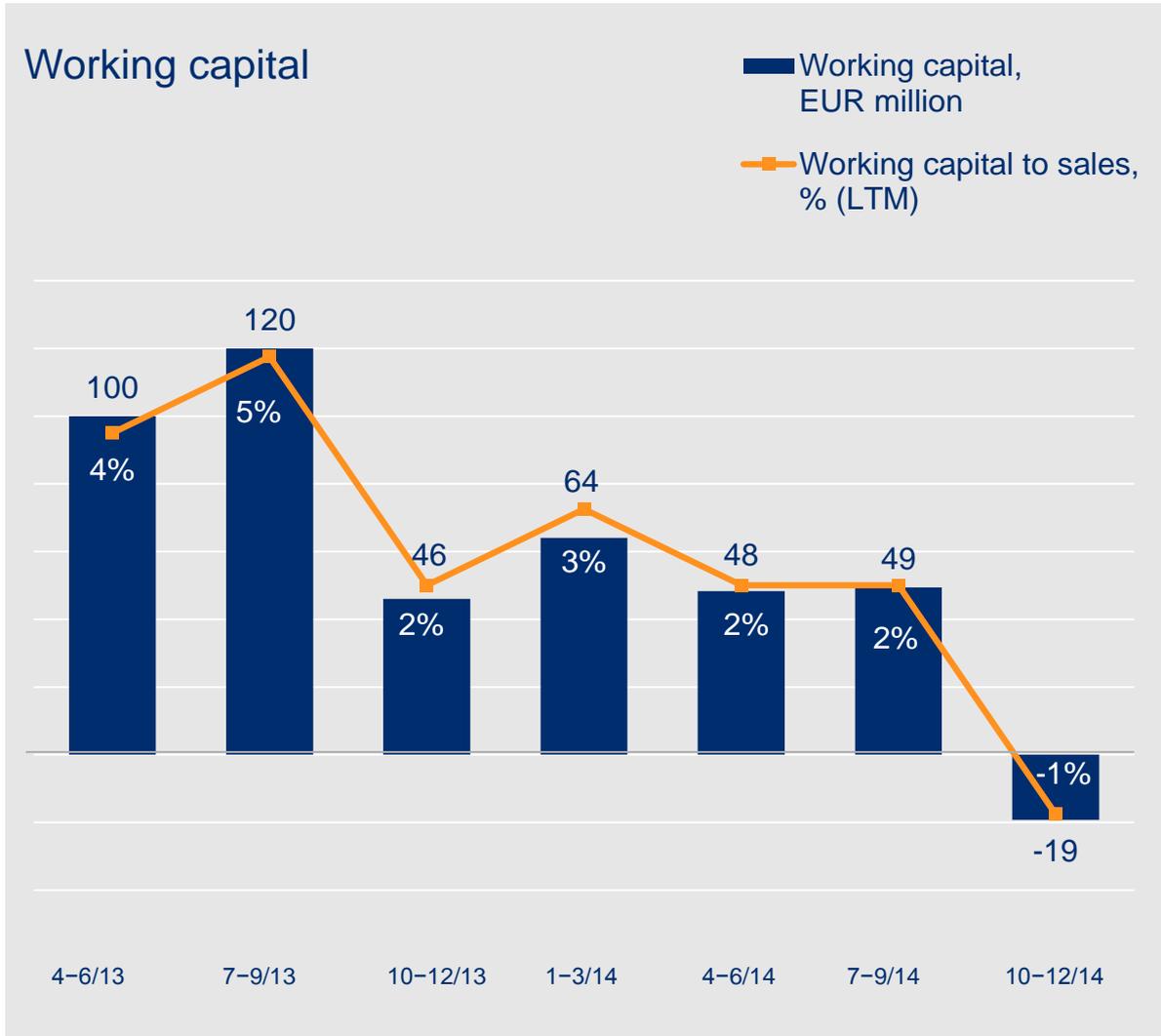
Profitability in Q4 on track to reach financial target



- EBITDA excluding non-recurring items for 2014 amounted to EUR 80.7 (81.7) million, in line with the previous year.
- EBITDA margin excl. non-recurring items was 6.0% in Q4
- The turnaround of the project operations progressed well during the second half of the year.
- The net effect of non-recurring items impacting EBITDA was EUR 13.2 million in 2014.



Working capital supporting our 2016 targets



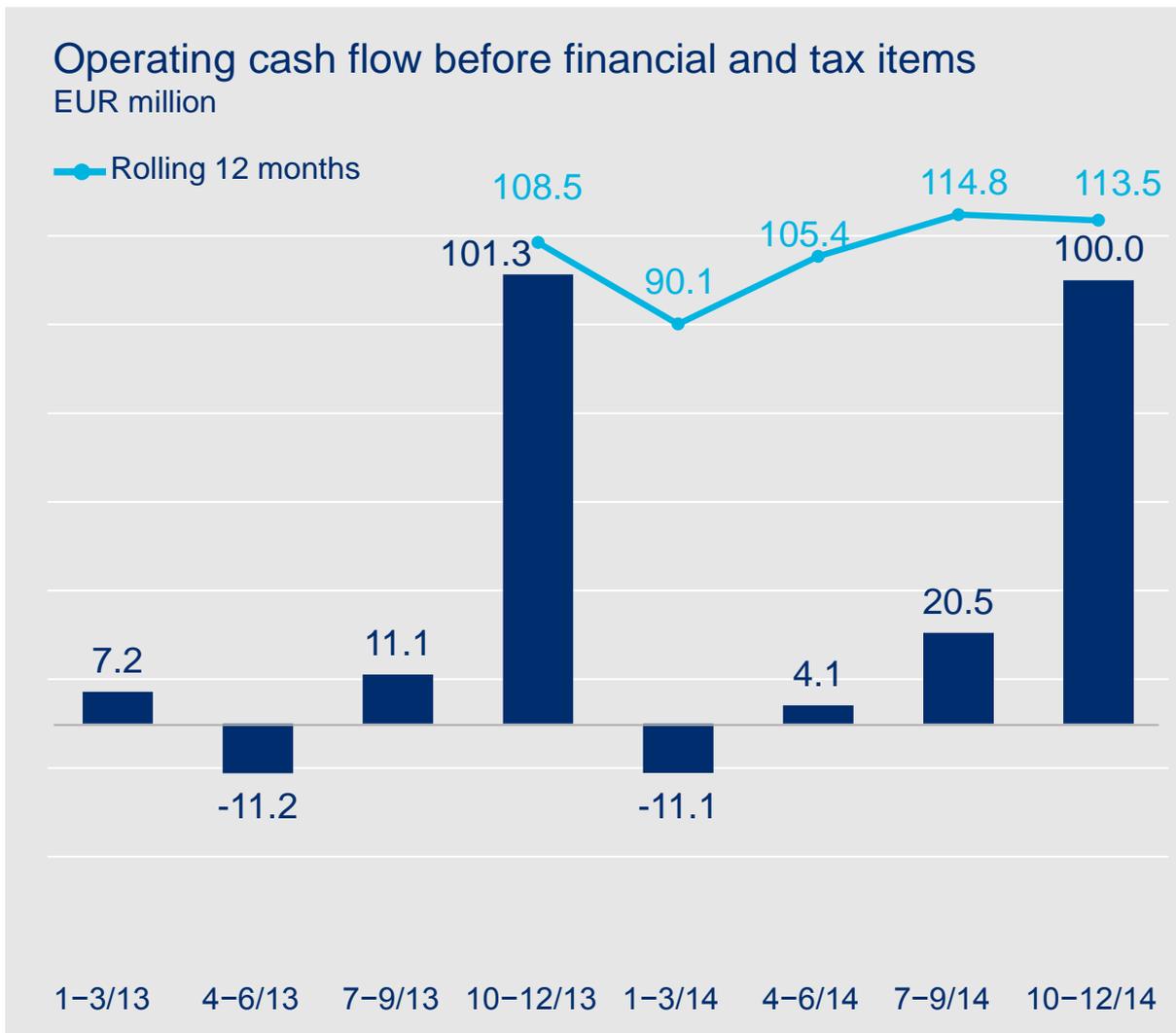
- More than EUR 100 million of working capital released in the past 18 months through:

- Increased focus on managing working capital
- Cultural change
- Improved processes and tools for invoicing

- Decrease by EUR 65 million compared to 12/2013 and by EUR 119 million compared to 6/2013.
- Efficient working capital management enables us to develop our strategic business mix.



Strong rolling 12-month cash flow



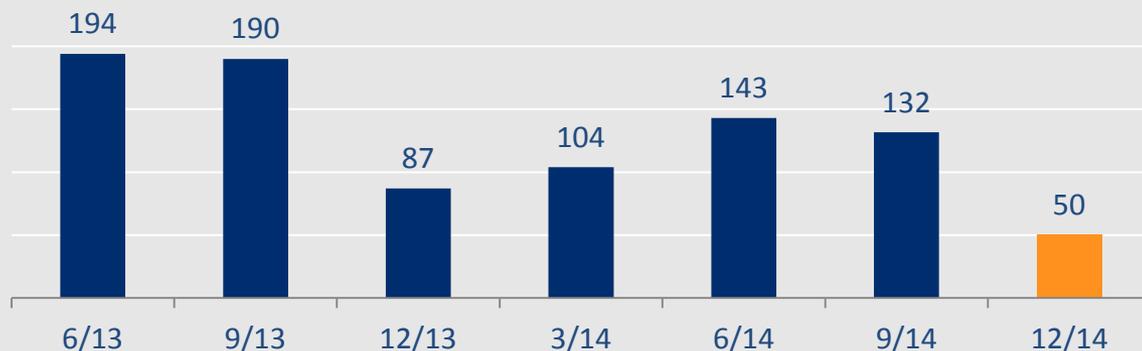
- Strong rolling 12-month cash flow supported by efficient management of working capital
- Target to reduce seasonality

- Continuous development and investment in technologies, processes and competences
- Capex investments in 2014 totalled EUR 23.4 million, mainly relating to IT and the development of common business processes.



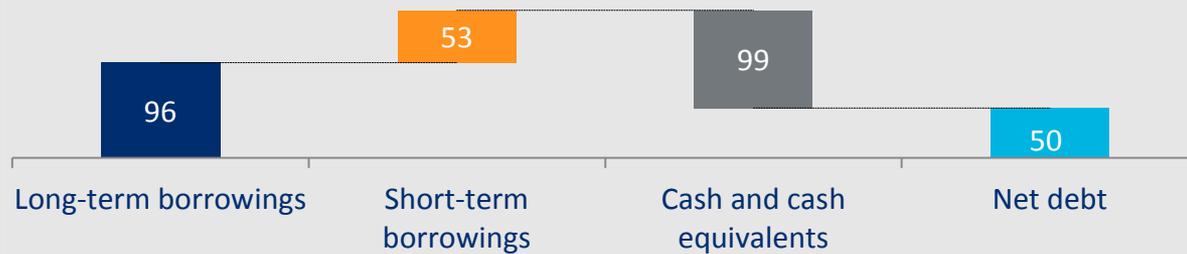
Net debt reduced to EUR 50 million

Development of net debt
EUR million

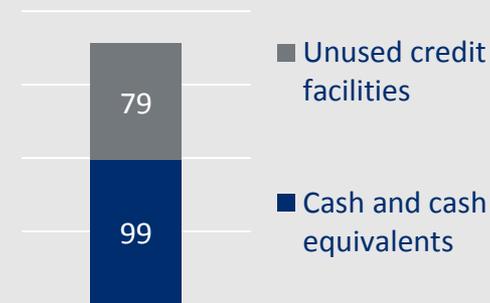


- Gross debt decreased by EUR 71 million in 2014
- Dividend of EUR 27.6 million was paid in April 2014.

Gross debt to net debt
EUR million

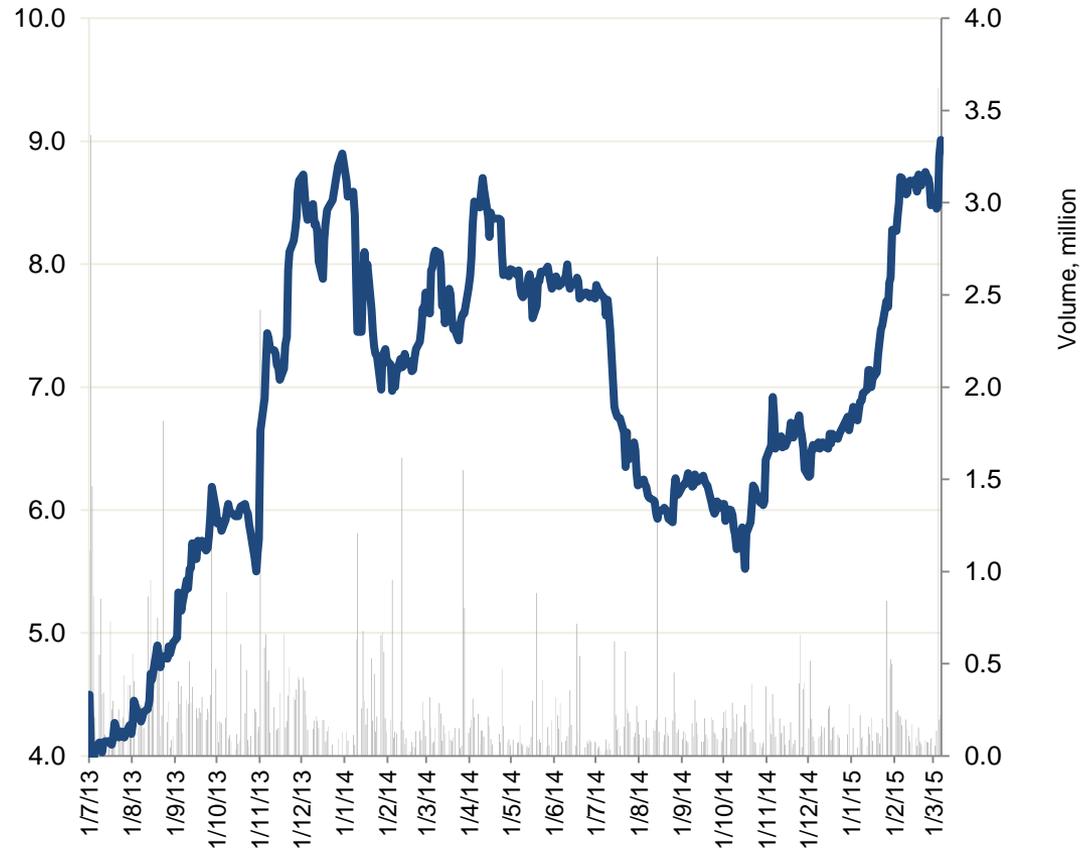


Liquidity reserve EUR 178 million
EUR million



Share price development

(Jan. 1, 2014 – Mar. 6, 2015)



Shares have outperformed HEX 25 Benchmark index by over 80% from the date of the demerger (July 1, 2013)

Market cap of EUR 1,115m as per March 6, 2015

31,768 shareholders at the end of February 2015





**Market outlook and
guidance**

Market outlook for Caverion's business in 2015

Technical installation and maintenance

- Expected to be stable.
- Requirements for increased energy efficiency and better indoor conditions and tightening environmental legislation support positive market development.

Large projects

- Large tenders for buildings and industry expected to increase during the year.
- Low interest rates and availability of financing are expected to support investments.
- Demand for design & build of total technical solutions is expected to develop favourably.

Managed services

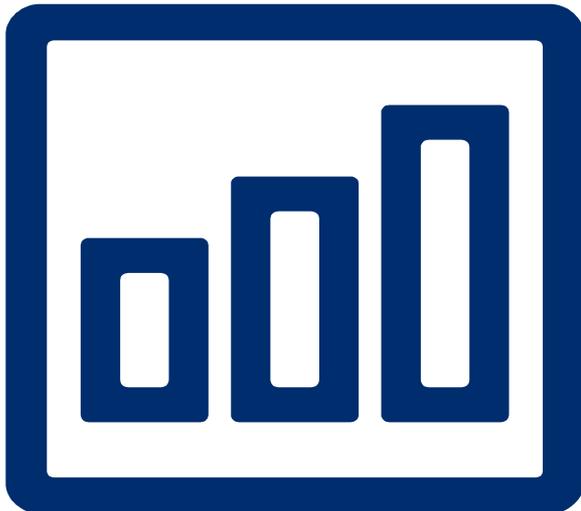
- Need for new services and the demand for life cycle solutions are expected to increase.
- Customers' focus on their core operations opens opportunities in outsourced operation and maintenance mainly for public authorities, industries and utilities.



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



Guidance for 2015



Revenue

Caverion estimates that the Group's revenue will remain at the previous year's level.



EBITDA

Caverion estimates that the Group's EBITDA margin for 2015 will grow significantly.

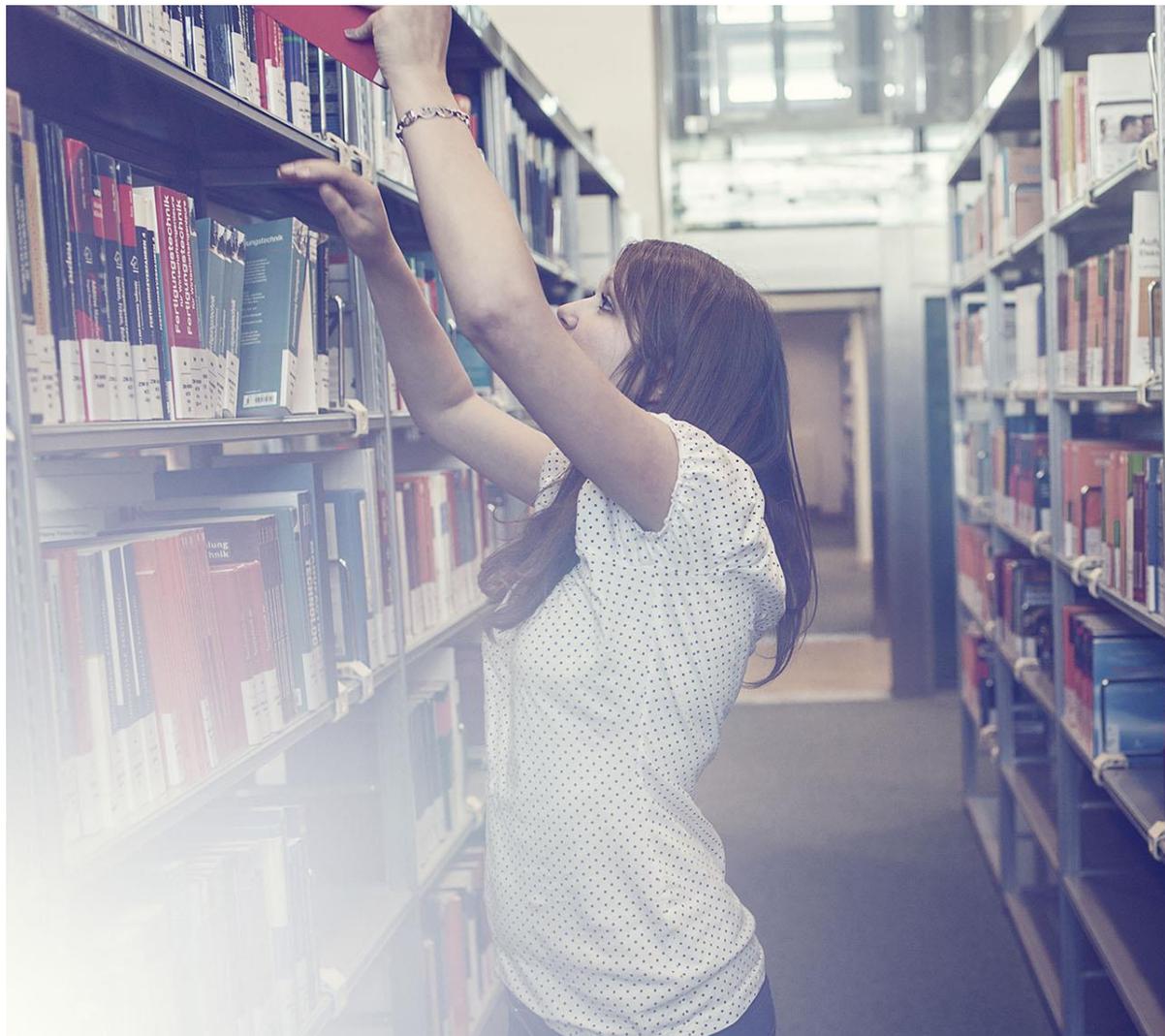


Dividend proposal

Dividend pay-out at least 50 per cent of the net profit for the period.

The Board of Directors proposes a dividend of EUR 0.22 per share

(100% of the Group's net profit for the period)





**Life Cycle Solutions for
Buildings and Industries**