

Caverion

Welcome to Caverion's Capital Markets Day 2017

November 7, 2017

Agenda for the day

- 09:00 - 09:45 a.m. **Opening and introduction to Caverion's strategy 2020**
Ari Lehtoranta, President and CEO*, **
- 09:45 - 10:15 a.m. **Focus on Business Unit Services: Profitable growth in Services boosted by digitalisation**
Thomas Hietto, Services
- 10:15 - 10:45 a.m. Coffee break
- 10:45 - 11:15 a.m. **Focus on Business Unit Projects: Selective and disciplined strategy in Projects**
Jarno Hacklin, Projects
- 11:15 - 11:40 a.m. **Case study: Norway turnaround**
Knut Gaaserud, Denmark-Norway*
- 11:40 - 12:10 a.m. **Financial update – Reaching financial targets through Must-Wins**
Martti Ala-Härkönen, CFO
- 12:10 - 12:30 **Summary of the day** (Ari Lehtoranta, President and CEO)*
Site visit introduction (Ville Tamminen, Finland) (not part of the webcast)
- 12:30 - 13:00 p.m. Lunch
- 13:00 - 15:30 p.m. **Site visit tour**

*) Q&A session after the presentation

***) Open for conference call participants with opportunity to ask questions in the conf. call.



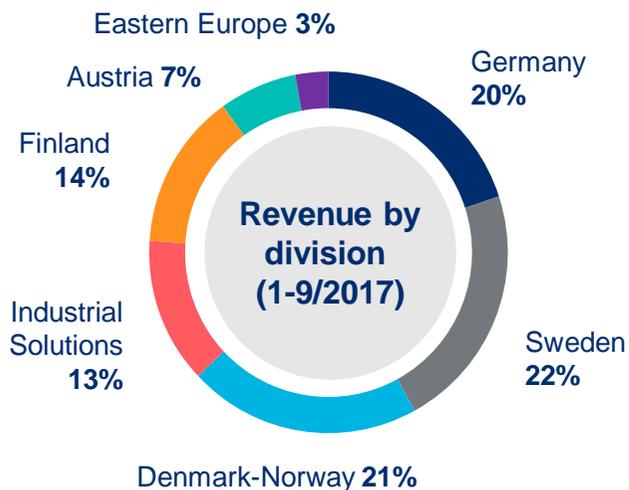
A photograph of a control room workstation with multiple monitors displaying data and charts. A semi-transparent blue overlay covers the middle portion of the image, containing the title and speaker information. The bottom right corner features a white circular logo with a stylized 'C' inside.

Opening and introduction to Caverion's strategy 2020

Ari Lehtoranta
President and CEO



Caverion - a leading European service company



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



~16,500 employees (9/2017)	30,000 spaces in service	12 countries	6.3 Work safety, LTIFR
EUR 2.4 billion revenue	EUR 15.6 million EBITDA ¹	2.8x Net debt/EBITDA ²	93 % ISO 14001

DISCIPLINES

1) excl. restructuring costs

2) In connection with the financing arrangement agreed on December 22, 2016, Caverion and its lending parties confirmed the EBITDA calculation principles related to the Group's financial covenant (Net Debt/EBITDA). The Net Debt/EBITDA for 2016 has been calculated accordingly.

2016 figures, unless otherwise stated



Clear competitive advantage – This is why our customers choose us

Expertise in Services

- Trusted partner and advisor in facility management
- Remote management capabilities
- Real-time client reporting
- Nationwide local presence ensuring short response times
- Efficiency in reducing costs, extending service life and minimising breakdowns
- Unified concepts: ServiFlex, ServiFlex+ and IoT Flex

Expertise in Projects

- Integrated life cycle deliveries of all building systems
- A forerunner in digitalising project planning and execution (BIM)
- Expertise in clean room, tunnel, telematics, traffic control
- Productivity and quality through prefabrication and own smart solutions
- Local presence, centralised competences in PMOs

Technical expertise as an integrator of all technical systems for building and industry
Skilled personnel | Strong partner | Technological innovator | Life-cycle and sustainability focus



What went wrong in the past?

Project performance

- Aggressive growth in Projects
- Errors in tendering and execution
 - cost-estimate adjustments, write-downs and provisions and restructurings

Cash flow

- Capital tied up in risk projects
- Weak profitability and one-offs
- Sizeable IT investments

Growth combined with too much internal development

- Execution failed
- ERP roll-out consumed significant resources - now finalised

Revenue

(OLD TARGET 2014-2016)

Annual revenue growth more than 10% on average



Profitability

(OLD TARGET 2014-2016)

EBITDA over 6 % of revenue



Working capital

(OLD TARGET 2014-2016)

Negative



Four megatrends support the demand and underpin our strategy



Increasing technology

The share of technology in built environments' investment cost is increasing (40-60%); requires expertise in integration of multiple technologies.



Energy efficiency

Both legal and financial needs increase the demand for energy efficient solutions and renewable energy sources.



Digitalisation

The growing digitalisation of built environments creates possibility to manage data and conditions across the whole life cycle.



Urbanisation

Creating safe and reliable built environments for citizens and communities in a profitable manner.



Favourable market demand and outlook



Market remains fragmented

Services

- Underlying demand expected to remain strong
- Demand for Life Cycle Solutions expected to increase
- Opportunities in outsourced operations and maintenance

Key competitors

Gunnar Karlsen, Apleona, Assemblin, Are Group, Spie, Bilfinger

Projects

- Markets expected to remain on a good level, while price competition remains tight
- Demand for Design & Build expected to develop favourably
- Energy efficiency, better indoor conditions and tightening legislation positive drivers

Key competitors

Bravida, Gunnar Karlsen, Apleona, Assemblin, Are Group, Ortnor Group, ROM-Technik, Engie



Delivering our “Fit for Growth” Strategy 2020

1

Digitalisation will revolutionise our industry – Well positioned to enable digital future for our clients.

2

We are becoming a more selective master in projects, while the growth will come from service business.

3

After getting **FIT** through our Must-Wins, we seek to accelerate our **GROWTH** to outpace the market in Services.



Four clear Must-Wins to implement our strategy

Excellent customer experience

- Professional sales
- Service culture program
- Increased customer loyalty



Best solutions

- Boost Profitable Growth with Comprehensive Services
- Boost profitable growth with Digital Services
- Boost profitable growth through Technology
- Becoming Master of Projects



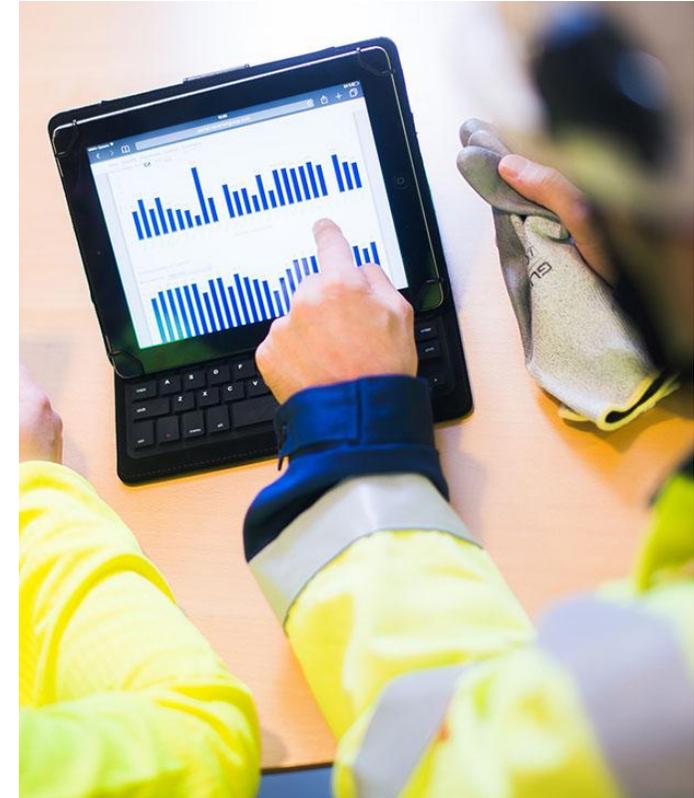
Top performance at every level

- Project performance management
- Service performance management
- Procurement & logistics performance management
- Fixed cost performance management

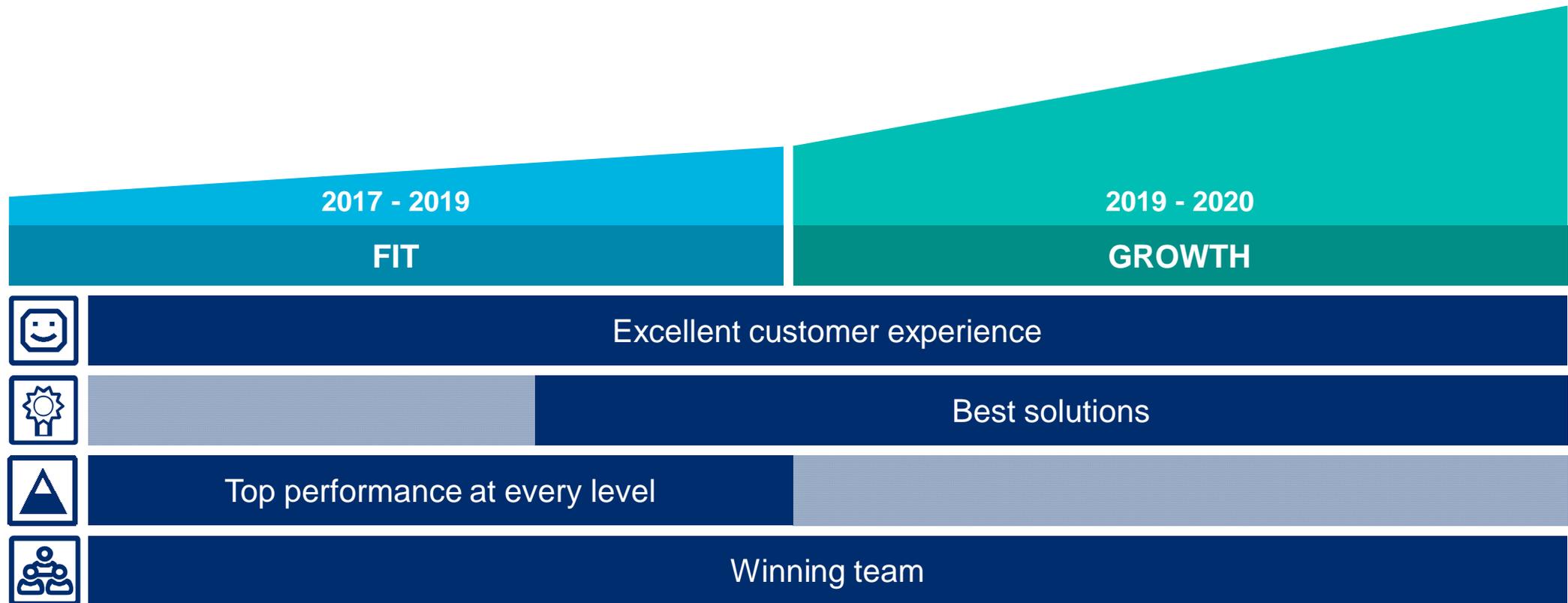


Winning team

- Inspirational leadership
- Right people in right places
- Professional growth



Fit for Growth – Meeting the milestones for 2020



“Fit for Growth” – Key changes and ways to guarantee success

- **Shift in business mix over time**
 - Organic growth faster than the market in Services
 - Selectivity in Projects, focus on those leading to Services
- **Must-Wins are key in strategy execution**
 - Strategy starting from customer demand - Transformation towards a service culture where customer experience is key
 - Best solutions: embracing digitalisation
 - Driving Top Performance at every level
 - Winning team: capable leaders and engaged professionals
- **First focus on efficiency and getting fit, second grow faster than the market on a sustainable basis**
- **Executable division-specific plans**
- **Renewed and experienced team to execute strategy**



Great empowered leadership team in place

	Austria Manfred Simmet 	Norway Knut Gaaserud 	Eastern Europe Niclas Sacklén 	Finland Ville Tamminen 	Germany Werner Kühn 	Industrial Solutions Sakari Toikkanen /int 	Sweden Klas Tocklin 	Denmark Michael Højgaard 
Caverion Group Ari Lehtoranta  New			New	New	New	New in position	New in position	New
Services Thomas Hietto  New								
Projects Jarno Hacklin  New in position								
Finance, Strategy and M&A Martti Ala-Härkönen  New								
Legal & Governance Anne Viitala  New								
HR & People Minna Schrey-Hyppänen  New								
IT, Communications and Sales Development Sakari Toikkanen 								



“Fit for Growth” – Improved financial results and clear targets

- Digitalisation will revolutionise our industry – Well positioned to enable digital future for our clients.
- We are becoming a more selective master in projects, while the growth will come from service business.
- After getting **FIT** through our Must-Wins, we seek to accelerate our **GROWTH** to outpace the market in Services.

<p>Cash conversion*</p> <p>> 100%</p>	<p>Profitability (EBITDA-%)</p> <p>> 6%</p>	<p>Leverage (Net debt/EBITDA)</p> <p>< 2.5x</p>	<p>Growth</p> <p>Services growth > market</p> <p>Services generate > 2/3 of Group revenue (long-term target beyond 2020)</p> <p>Group revenue growth target specified by the end of 2019</p>
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*) Operating cash flow before financial and tax items / EBITDA



A person wearing a blue jacket is pointing at a screen in a server room. The screen displays a data table with columns for 'Name', 'Status', 'Age', 'Gender', and 'Weight'. The person is holding a blue pen. The background shows server racks and a person in a yellow safety vest.

Focus on Business Unit Services: Profitable growth in Services boosted by digitalisation

Thomas Hietto
Services



Profitable Growth in Services boosted by digitalisation

1

Improving our performance

2

Building on our strengths

3

Accelerating profitable services growth



Significant embedded improvement potential in Services

Services financial performance by division in 2017 (illustrative)



1 Improving our performance

Business unit focus

- Management structure
- Consistent way to develop service business, end-to-end
- Ensuring strong execution
- Granular financial reporting

Performance management

- Focus on invoicing, completion, mobile reporting quality, sales management and productivity
- KPI's down to individual level
- Management practices



2 Building on our existing strengths in Services

Technological capabilities

Customer relationships

Digital services



3 Accelerating profitable services growth

Building on existing strengths

TECHNICAL MAINTENANCE (78% of revenue in Services)

- Performance management
- People development
- Growth with existing customers
 - Expand and upgrade services scope
- Pricing optimisation



SERVICES TAILORED FOR LARGE CUSTOMERS (22% of revenue in Services)

- Comprehensive offering with technical and digitalised core – Differentiating factor
- Develop partnerships
- High quality service delivery
- Growth with existing and new customers



NEW DIGITAL SERVICES



SERVICE CULTURE



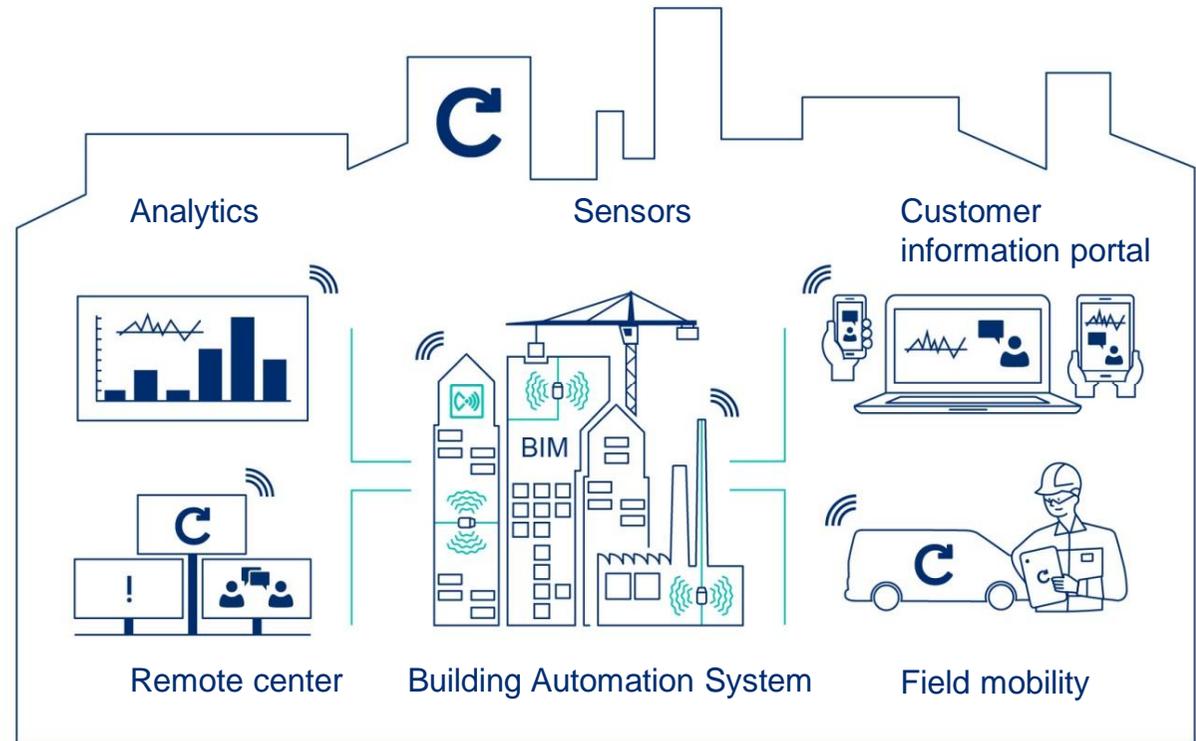
New Digital Services add value to our customers

Ready to roll-out:

- IoTFlex for industrial customers
- ServiFlex+ for buildings
- Customer information portal
- Remote center services

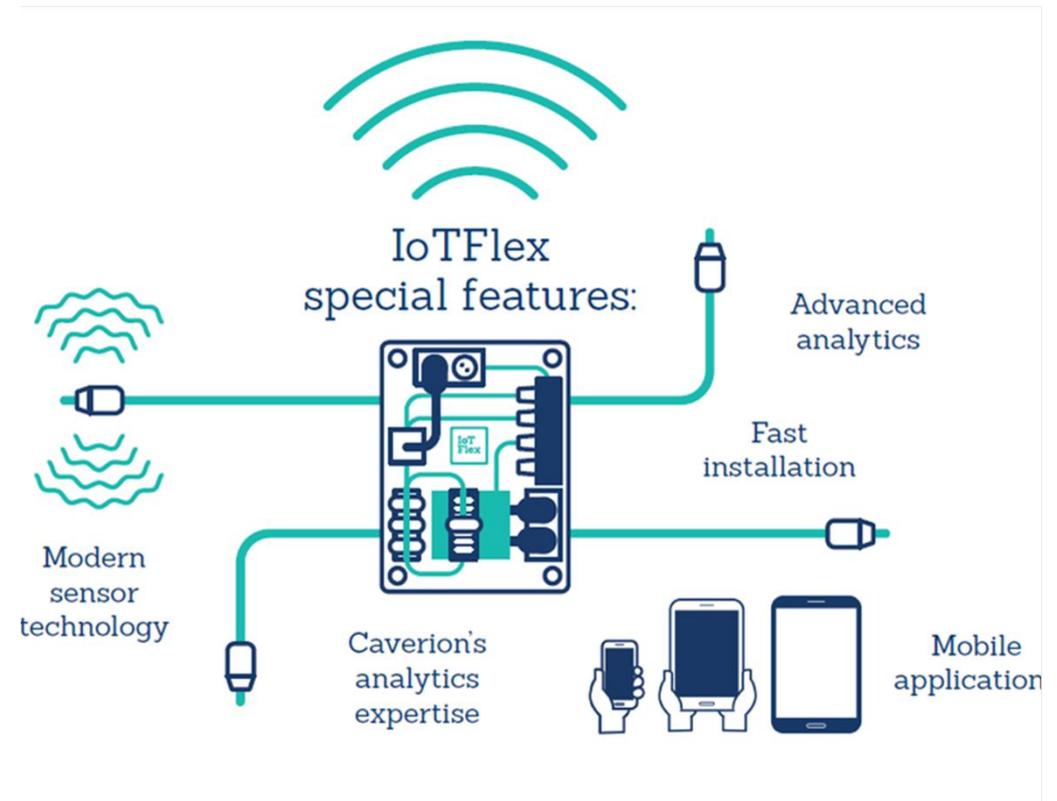
Development:

- Caverion smart solutions
- Digitalised service delivery process
- Analytics
- New business models



IoT Flex – Smart service concept for industry

- Modern analytics based on sensor technology allows the detection of disturbances **in critical parts of the production line** at an early stage
- Tested and developed together with a few industrial customers
- Fits for various industrial segments
- Major cost-savings when uncontrolled interruptions of production can be eliminated



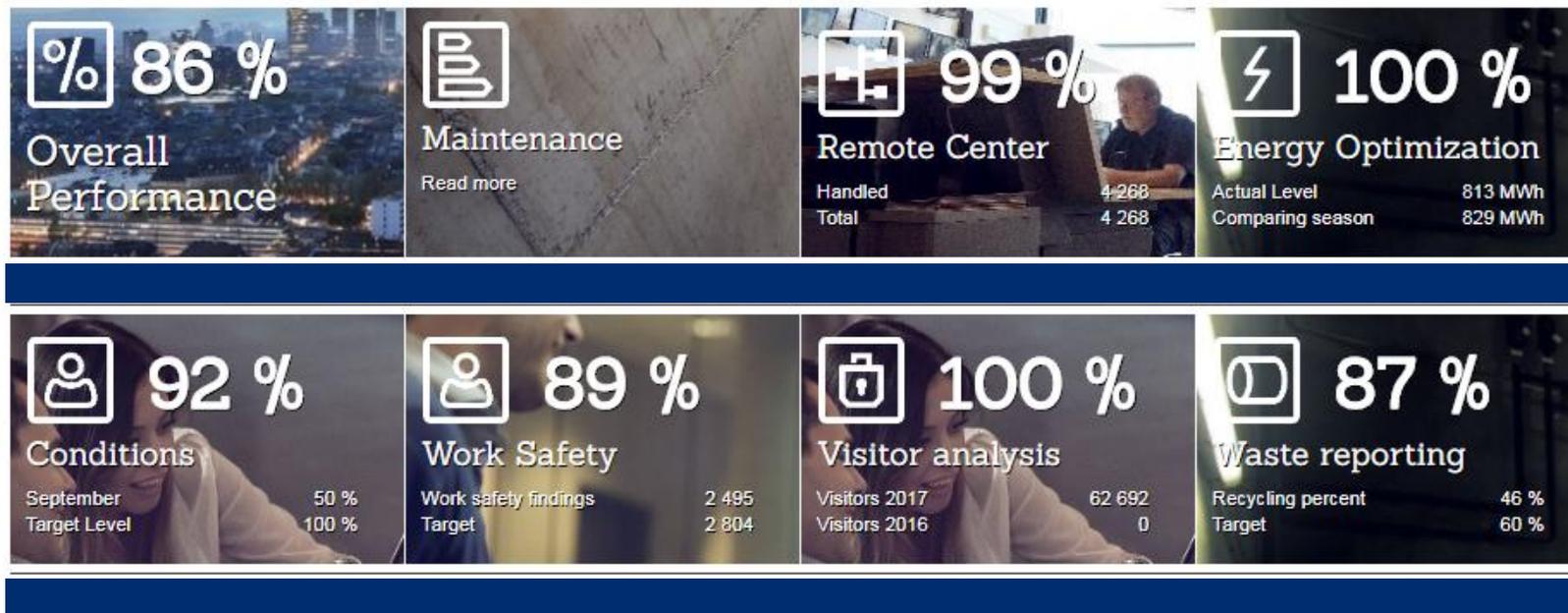
ServiFlex+ – Smart service concept for buildings

- Renewed, digitalised service for preventive maintenance
- Experience on building technology from over 30,000 facilities in 12 European countries
- Applications for all kind of facilities; schools, office buildings, retails shops, malls and warehouses
- With ServiFlex+ customers can:
 - Optimise and predict maintenance costs
 - Choose single or multiple technical systems
 - See 24/7 how their building is performing
 - Sustainability: reduced energy consumption up to 20%
 - Have one customer information portal for reports and real-time information



Customer information portal with 24/7 real-time data

Caverion



Profitable Growth in Services boosted by digitalisation

1 Improving our performance

2 Building on our strengths

3 Accelerating profitable services growth

1 Improving our performance

<p>Business unit focus</p> <ul style="list-style-type: none"> • Management structure • Consistent way to develop service business, end-to-end • Ensuring strong execution • Granular financial reporting 	<p>Performance management</p> <ul style="list-style-type: none"> • Focus on invoicing, completion, mobile reporting quality, sales management and productivity • KPI's down to individual level • Management practices
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2 Building on our existing strengths in Services

Technological capabilities	Customer relationships	Digital services
		

3 Accelerating profitable services growth
Building on existing strengths

<p>TECHNICAL MAINTENANCE (78% of revenue in Services)</p> <ul style="list-style-type: none"> • Performance management • People development • Growth with existing customers <ul style="list-style-type: none"> • Expand and upgrade services scope • Pricing optimisation 	<p>SERVICES TAILORED FOR LARGE CUSTOMERS (22% of revenue in Services)</p> <ul style="list-style-type: none"> • Comprehensive offering with technical and digitalised core – Differentiating factor • Develop partnerships • High quality service delivery • Growth with existing and new customers
NEW DIGITAL SERVICES	
SERVICE CULTURE	





Caverion

FIRST CHOICE IN DIGITALISING ENVIRONMENTS





Focus on Business Unit Projects: Selective and disciplined strategy in Projects

Jarno Hacklin
Projects



Delivering our selective and disciplined strategy in Projects

- 1** Select projects based on profitability, cash flow and ability to support growth in services
- 2** Implement Projects Performance Management
- 3** Improve project management competences and develop resource planning
- 4** Manage project portfolio and business mix, climb up in the value chain



Poor historical performance... but clear strategy going forward

MAIN REASONS BEHIND POOR PROJECT PERFORMANCE:

Wrong incentives to take on projects

- ▶ ambitious growth targets and employment purposes

Fragmented project unit structure

- ▶ multiple small project units with wrong locations

Undesirable project mix

- ▶ too high share of single discipline tender based contracting

Errors in tender calculation

- ▶ unprofitable margins from the very beginning of projects

Mistakes in project execution

- ▶ inadequate competences to deliver certain complex projects

ACTIONS TO DELIVER STRATEGY 2017-2020:

Select projects through categorisation model and selective tendering

Implement project performance management

Develop project competences and implement strategic resource planning

Develop active project portfolio and business mix management

TARGET 2020:

PROFITABLE PROJECT BUSINESS GENERATING STRONG CASH FLOW AND SUPPORTING SERVICE GROWTH



Why are projects important to Caverion?

1.

Healthy project business drives cash flow and negative working capital

2.

Supports service growth with smart concepts and digital solutions (BIM)

3.

Increasing interest towards Life Cycle contracting

4.

Service customers require project capabilities

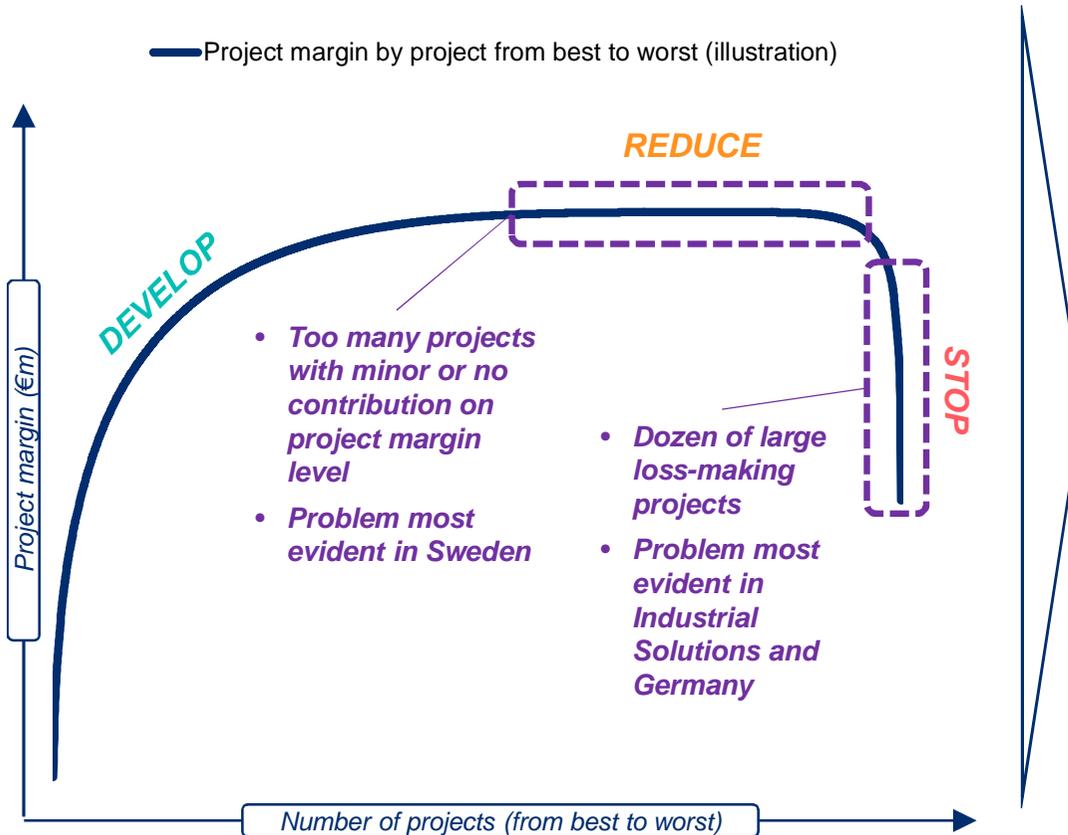
5.

Sets Caverion apart from soft service competitors as a technological forerunner

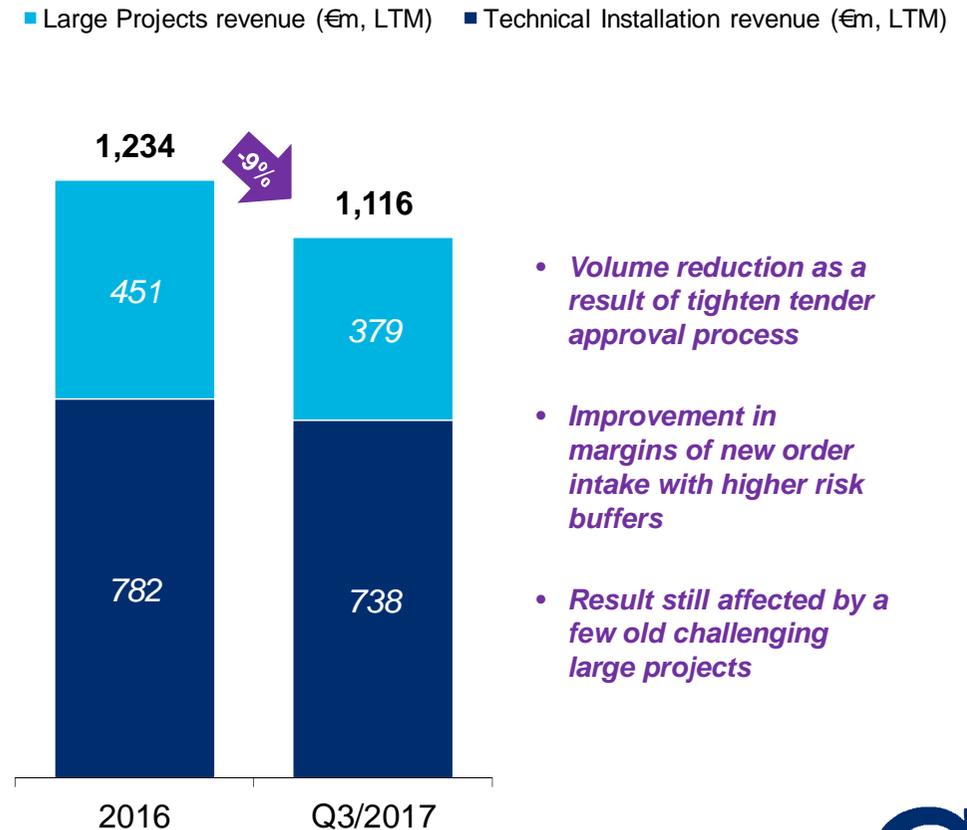


1 First implications of our selective approach

STARTING POINT: A FEW MAJOR LOSS-MAKING PROJECTS AND TOO MANY PROJECTS WITH MINOR CONTRIBUTION



“MARGIN OVER VOLUME” APPROACH EVIDENT IN CAVERION PROJECTS REVENUE DEVELOPMENT



1 Strategic choices in bid / no-bid phase

CONTRACT MODEL / TERMS

DISCIPLINES

CUSTOMER SEGMENT

VALUE CHAIN

GEOGRAPHICAL FOOTPRINT

Series of elimination criteria to (1) ensure strong cash flow and (2) support service growth

- Decrease lump-sum terms, increase partnership models
- Banned and restricted clauses
- Only payment plans enabling strong project cash flow

- Focus on multi-discipline and total technical solution projects
- Focus on disciplines with higher strategic value
- Ensure high service hit rate

- Clear no-go customers
- Focus on the most profitable and attractive customer segments
- Ensure high service hit rate

- Move up in the value chain with focus on Design & Build and Smart concepts
- Move gradually away from tender-based single-discipline contracting
- Ensure high service hit rate

- Focus on projects located in growth centers
- Reduction in number of project units through increased selectivity



1 Project categorisation identifies risk level for tendering and sets requirements for execution competences and steering model

PROJECT RISK ASSESSMENT IN TENDERING PHASE

TECHNICAL PROJECT CHARACTERISTICS

FINANCIAL CRITERIA

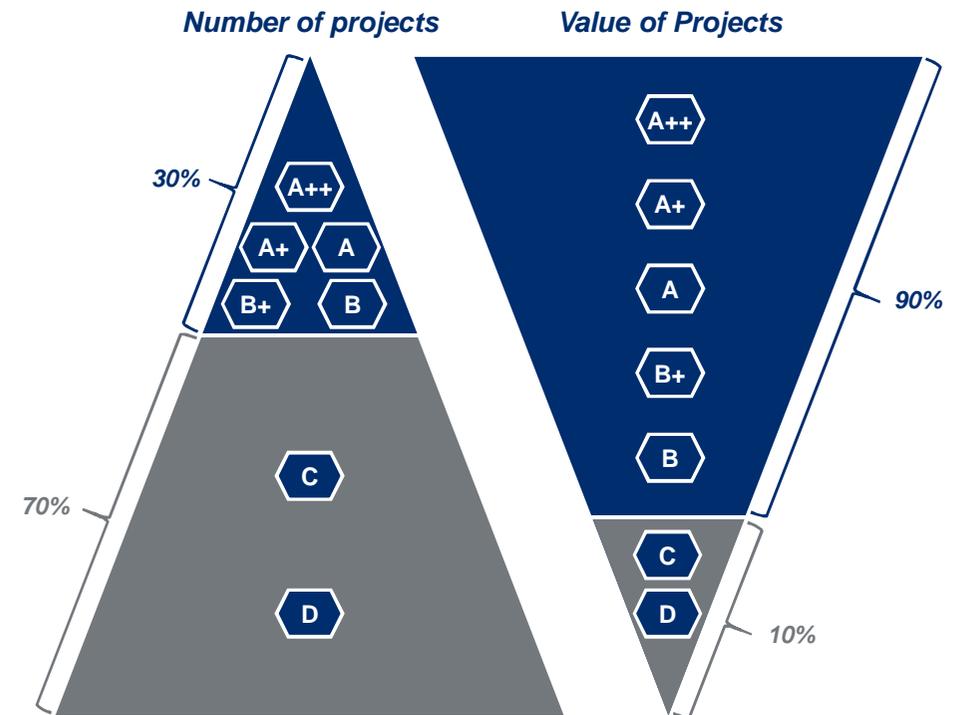
CONTRACTUAL TERMS AND CONDITIONS

EXECUTION RELATED ISSUES

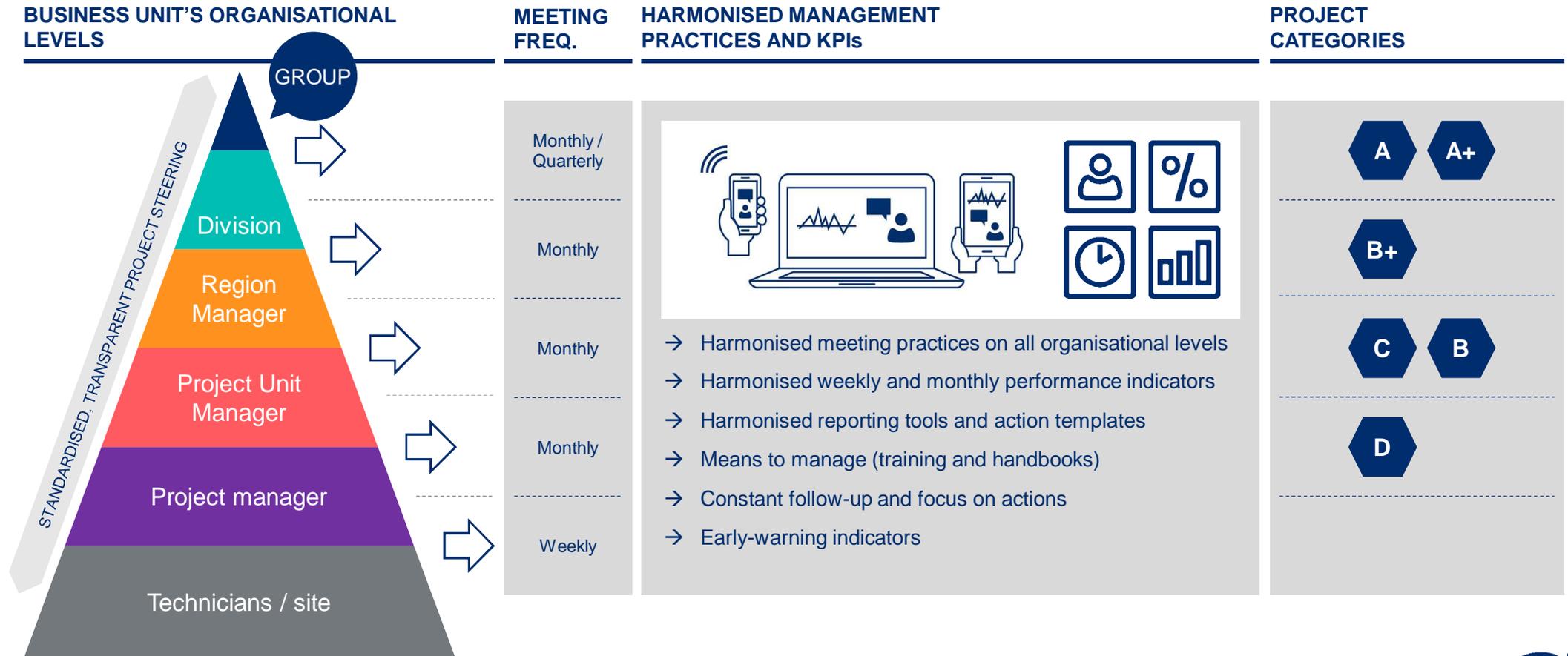
CUSTOMER RELATED ISSUES

TRACK RECORD AND COMPETENCE

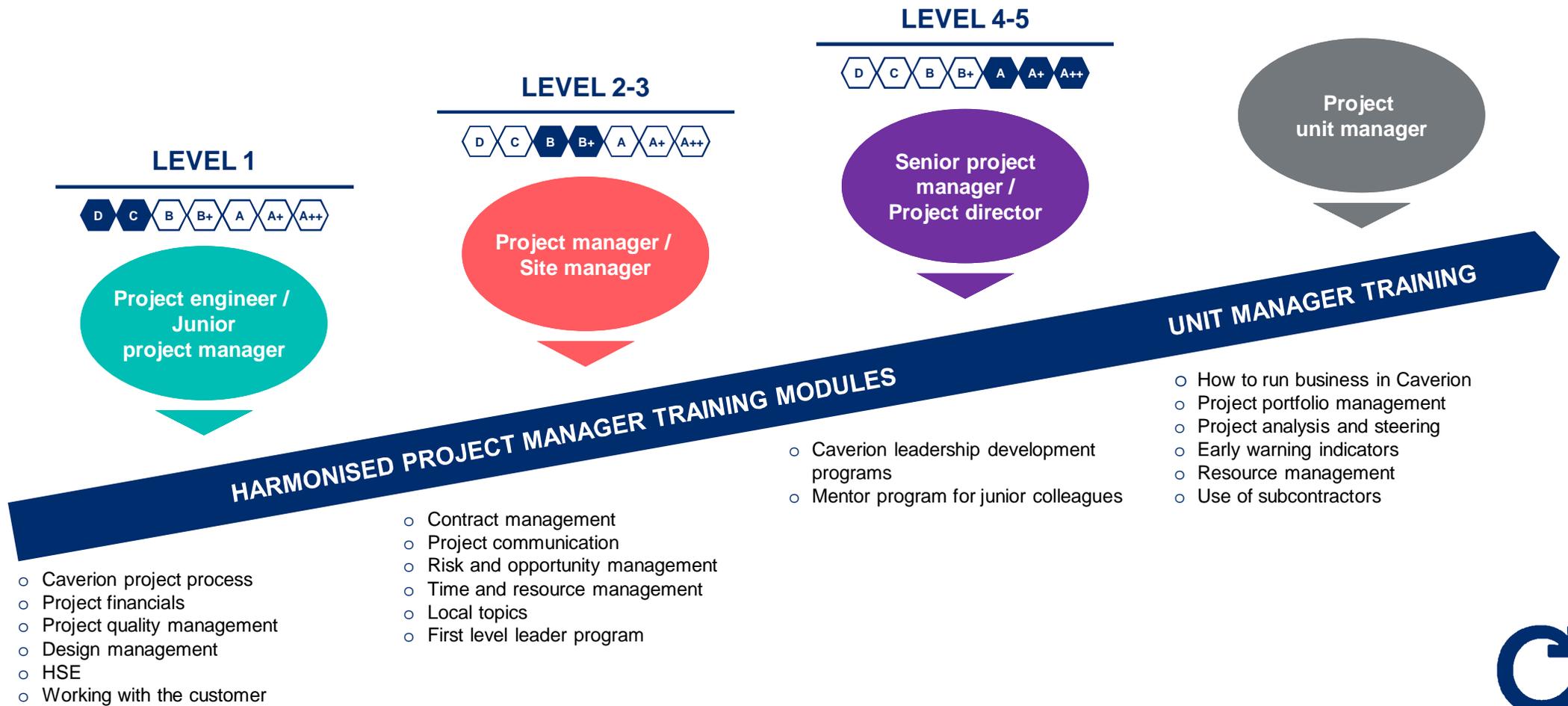
CATEGORIES BY NO. AND VALUE OF PROJECTS



2 Projects Performance Management – Action-based steering and follow-up through harmonised management and KPIs



3 Clear competence development path for project managers; competence levels directly linked to project categories



3 Strategic resource planning in practice (illustration Sweden)

1. Project unit structure consolidated to gain lean cost structure and wider offering
2. Units' resources and project management competences matching with project categories and market potential
3. Own resources scaled to support flexibility
4. PMO built to support large and complex project deliveries

GROWTH CENTER

PM competence (Level 2-3) **B** **B+**

Own resources: 5 icons
Subcontracting: 2 icons

S-disc, M-disc, TTS, D&B, EPC & PPP, Life cycle



MID-SIZE CITY

PM competence (Level 1) **C** **D**

Own resources: 5 icons
Subcontracting: 2 icons

S-disc, M-disc, TTS, D&B, EPC & PPP, Life cycle

PMO / LARGE PROJECTS

PM competence (Level 4-5) **A** **A+**

Own resources: 5 icons
Subcontracting: 2 icons

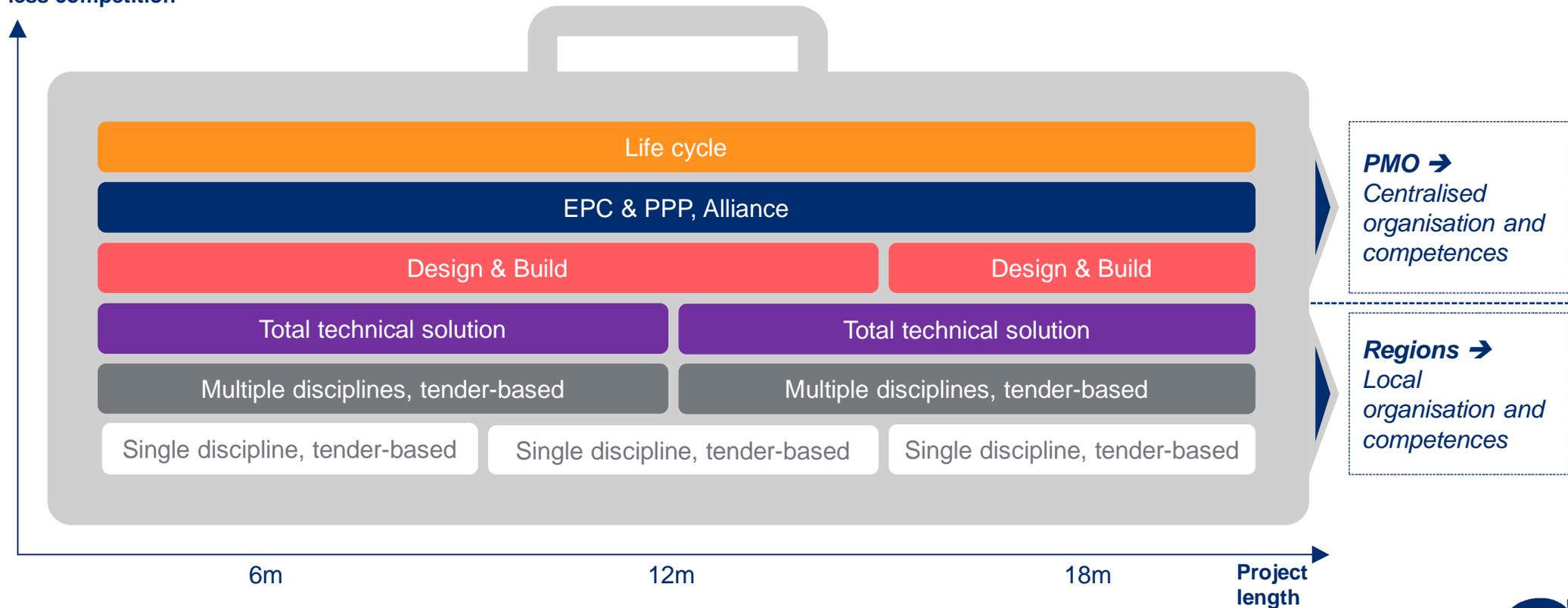
S-disc, M-disc, TTS, D&B, EPC & PPP, Life cycle



4 Building a portfolio with an optimal mix of projects

Balancing duration with risk & reward

Value and service hit rate increase,
less competition



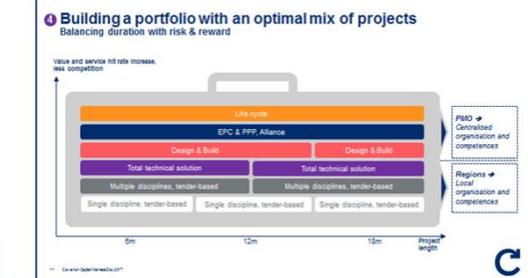
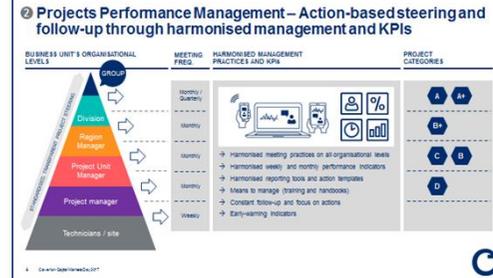
Delivering our selective and disciplined strategy in Projects

1 Select projects based on profitability, cash flow and ability to support growth in services

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4 Manage project portfolio and business mix, climb up in the value chain





Case study: Turnaround Norway

Knut Gaaserud
Division Denmark-Norway

Caverion
Life Cycle Solutions for Buildings and Industries



Delivering the turnaround in Norway

1

What went wrong in earlier years?

2

Actions that were implemented

3

Next steps that will take us further



Brief overview of the Norwegian market and Caverion's position

The market is at a generally good level with some regional differences

- Oil industry impact
- Public investments
- Low unemployment

Caverion has a strong position - among top 3 of technical players

- Big cities – broad coverage – but huge geographical distances
- Market share 9-10% (>30% in some local markets)
- Solid and profitable service business
- Many D&B projects to both private and public sector
- Innovative and solid



Top-3 market position in Norway	
Company	Revenue mEUR
1. Bravida+Oras	500 EURm
2. GK	200-500 EURm
3. Caverion	50-200 EURm
4. Coor	
5. OneCo	

> 2,500 employees

Revenue of EUR 360m in 2016



What went wrong over the last years?

- Big project losses from complex projects delivered from too many units – lack of competence and governance
- Some poor acquisitions required a lot of management focus
- Wrong cost structure – too many people leading to low utilisation
- Lack of strong leaders in some regions

Recap: Region overview from 2014	
District	Status
North	
Mid	
West	
South-West	
South	
East	

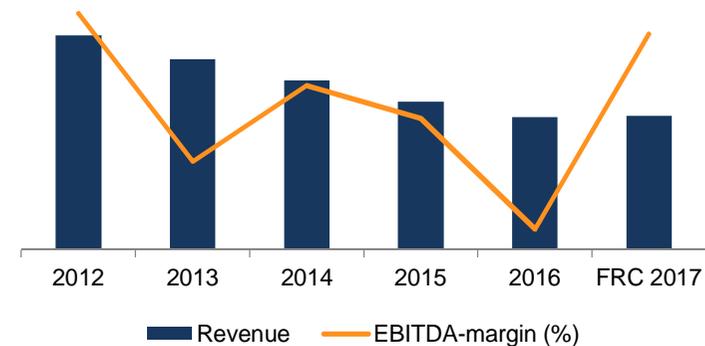


Selectivity in Projects – Focus in Services growth

Key implemented actions

- 1 Changed management and organisation structure
- 2 Established PMO and strong governance on project tendering
- 3 Increased invoicing speed and quality
- 4 Improved service culture

Caverion Norway
Revenue and EBITDA-margin development



1 Implemented actions

Changed management, organisational structure and cost level

Right management – strong leadership team

- Visible management role models in all regions
- Strong culture with clear targets and follow-up, performance management

Right cost level and organisation structure increase competitive edge

- Reduced from 6 to 3 regions to harmonise and optimise use of resources
- Obtained YTD higher revenue with 10% less people than last year
- Closed, merged or sold unprofitable units
- Reduced support functions



② Implemented actions

Established PMO and strong governance on project tendering

Project Management Office (PMO) established

- Implemented processes and tools from Group
- Risk review of all big tenders
- Use of external experts where needed

Reduced number of units that are allowed to tender > 1 MEUR projects

- Reduced project units by approximately 50% – only 8 units are qualified for delivering complex tenders today – many of these are delivering good results
- Increased sharing of best practise



③ Implemented actions Increased invoicing speed and quality

Improved cash flow significantly

- Established centralised invoicing team to obtain increased flexibility, efficiency and sharing of experience
- Invoiced smaller items that were 'forgotten' earlier
- Raised awareness of the whole invoicing chain – from technician to electronic invoice
- Improved payment terms
- Focused on solving old trade receivables and disputes



4 Implemented actions Improved culture

Improved service culture

- Implemented campaigns to engage technicians in customer service
- Established performance management culture
- Focused on promoting ServiFlex service agreements
- Conducted reviews in our Caverion offices with many of the 7000+ ServiFlex customers



Case study – Farriseidet, close to completion

Large and complex tunnel project

- Revenue of approximately EUR 35 million
- Railway project, 23 km double-lined railway, including 7 long tunnels and electrical installations in 21 technical buildings
- Very tight logistics
- Delivered according to plan in 2016-2017
- Great reference in the tunnel business for the future



Implementing our strategy towards 2020 in Norway



Excellent customer experience

- Continue our service culture program
- Increase value-based sales – less tender-based projects



Best solutions

- Launch of ServiFlex+ towards our strong service customer base
- Own solutions for indoor climate
- Growth in FM and digital services



Top performance at every level

- Roll out Caverion performance management programme
- Enhanced business unit focus – drive sharing of best practises across regions



Winning team

- Leadership training
- Raise innovation and engagement through new communication channels





Reaching financial targets through Must-Wins

Martti Ala-Härkönen
CFO



Caverion's Must-Wins will deliver the financial targets

1

Group Must-Wins address the most relevant improvement areas for Caverion and will be implemented at every level across the organisation

2

Performance management is pivotal in reaching the targets in the "Fit" phase of our strategy

3

Other Must-Wins will deliver particularly in the "Growth" phase of our strategy



Comprehensive internal top-down and down-top process to select the Must-Wins



Designed and approved by key Caverion personnel



Understandable, communicable and focused



Addresses the most relevant improvement areas for the company



Develop clear and measurable targets



Has clear and sustainable profitability impact



Implementable across all divisions and operations



1 Must-Wins will enable Caverion to deliver its financial targets

CAVERION Must-Wins 2017-2020



Excellent Customer Experience



Best Solutions

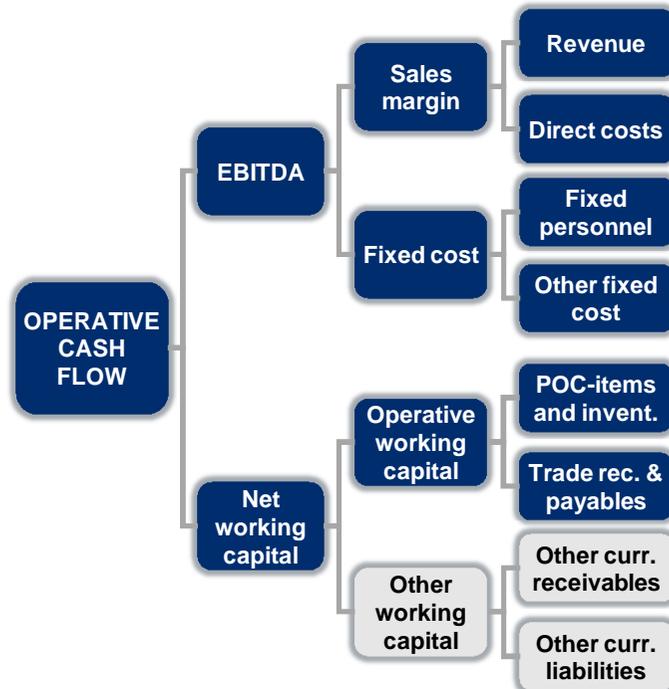


Top Performance at Every Level



Winning Team

FINANCIAL IMPACT



All relevant income statement and balance sheet items are addressed through Must-Wins in order to achieve the Group financial targets

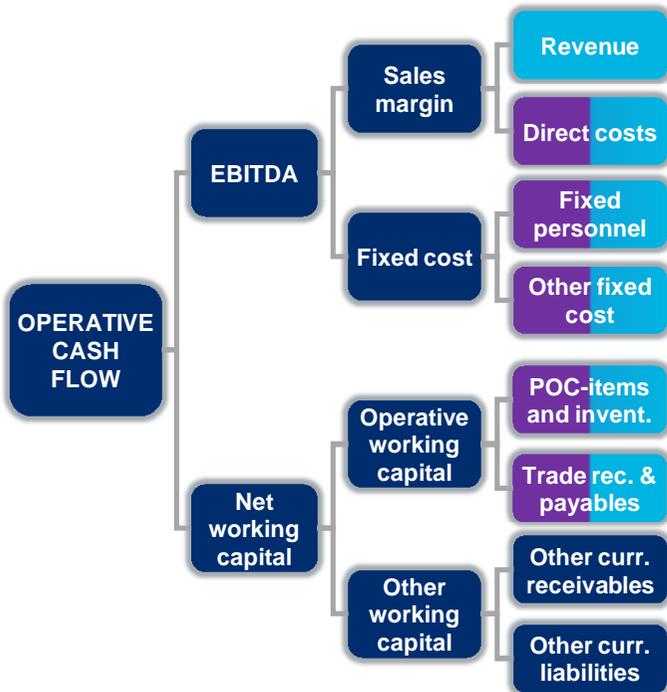
2 Performance Management of Business Unit initiatives



Top Performance at Every Level

- 1) Service Performance Management
- 2) Project Performance Management
- 3) Procurement and Material Logistics Performance Management
- 4) Fixed Cost Performance Management

FINANCIAL IMPACT



WORK STREAM

1

Service Performance Management

- Roll out a harmonised, action-based Service business performance management model
- Roll out common KPIs, steering model, meeting protocols & procedures as well as incentives
- Target: Strong impact on all P/L items and OWC

2

Project Performance Management

- Roll out Project performance management model
- Project selectiveness through clear categorisation
- Roll out common KPIs and project review metrics
- Target: Strong impact on all P/L items and OWC, improve project portfolio and resource management

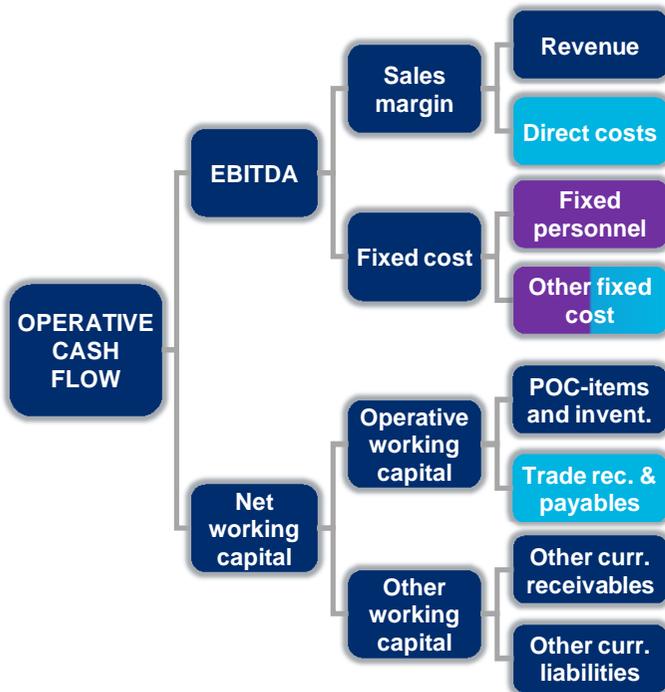
2 Performance Management of procurement/fixed cost initiatives



Top Performance at Every Level

- 1) Service Performance Management
- 2) Project Performance Management
- 3) **Procurement and Material Logistics Performance Management**
- 4) **Fixed Cost Performance Management**

FINANCIAL IMPACT



WORK STREAM

3 Procurement and Material Logistics Performance Management

- Drive cost savings and WC efficiency in both direct and indirect procurement
- Roll out common KPIs and harmonised action-based steering
- Drive category management to leverage purchasing power
- Improve material logistics efficiency

4 Fixed Cost Performance Management

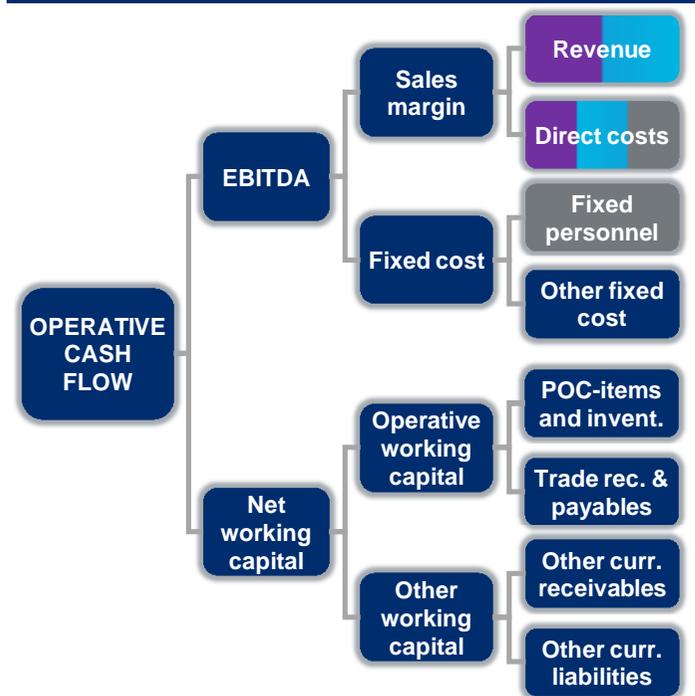
- Flatten and harmonise organisational structures with focus on fixed personnel and premises costs
- Drive savings on all discretionary & other fixed cost categories – optimise processes and cut fixed costs

3 Other Must-Wins will deliver particularly in the “Growth” phase



- 1) Excellent Customer Experience
- 2) Best Solutions
- 3) Winning Team

FINANCIAL IMPACT

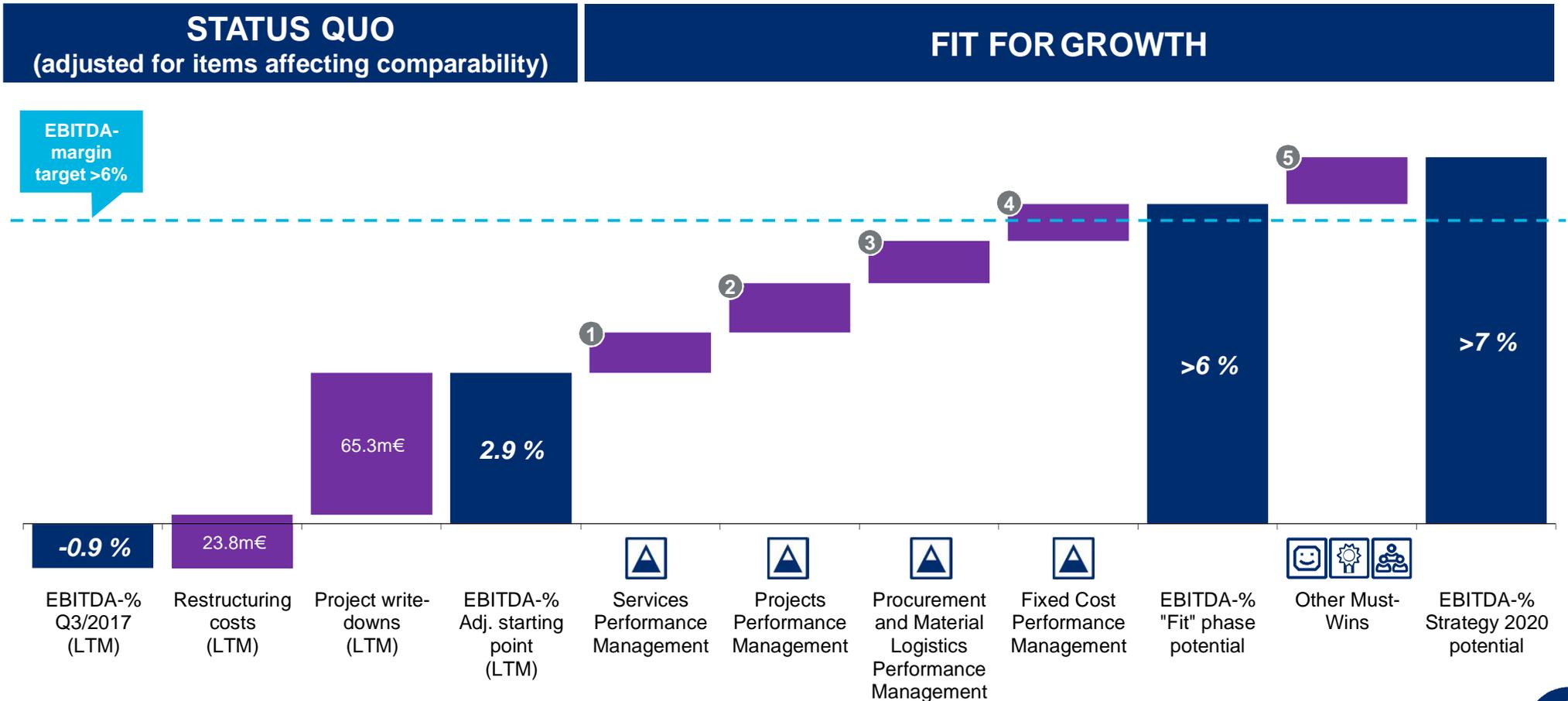


WORK STREAM

1 Excellent Customer Experience	<ul style="list-style-type: none"> Drive professional sales with harmonised operating model Implement long-term service culture program Continuously increase customer loyalty
2 Best Solutions	<ul style="list-style-type: none"> Growth in high value-added services and solutions Growth through digital services Growth through new technologies and new business models
3 Winning Team	<ul style="list-style-type: none"> Strengthen leadership and increase engagement Improve occupational competences and capabilities Enhance resource and competence planning Incentives aligned with the targets

3 A clear plan to improve profitability with the new strategy

Projection of potential of the new strategy on EBITDA margin



EBITDA-margin target >6%

- ① Services margin improvement excluding direct materials and fixed costs
- ② Projects margin improvement excluding direct materials and fixed costs
- ③ Targeted cost savings in direct material purchases

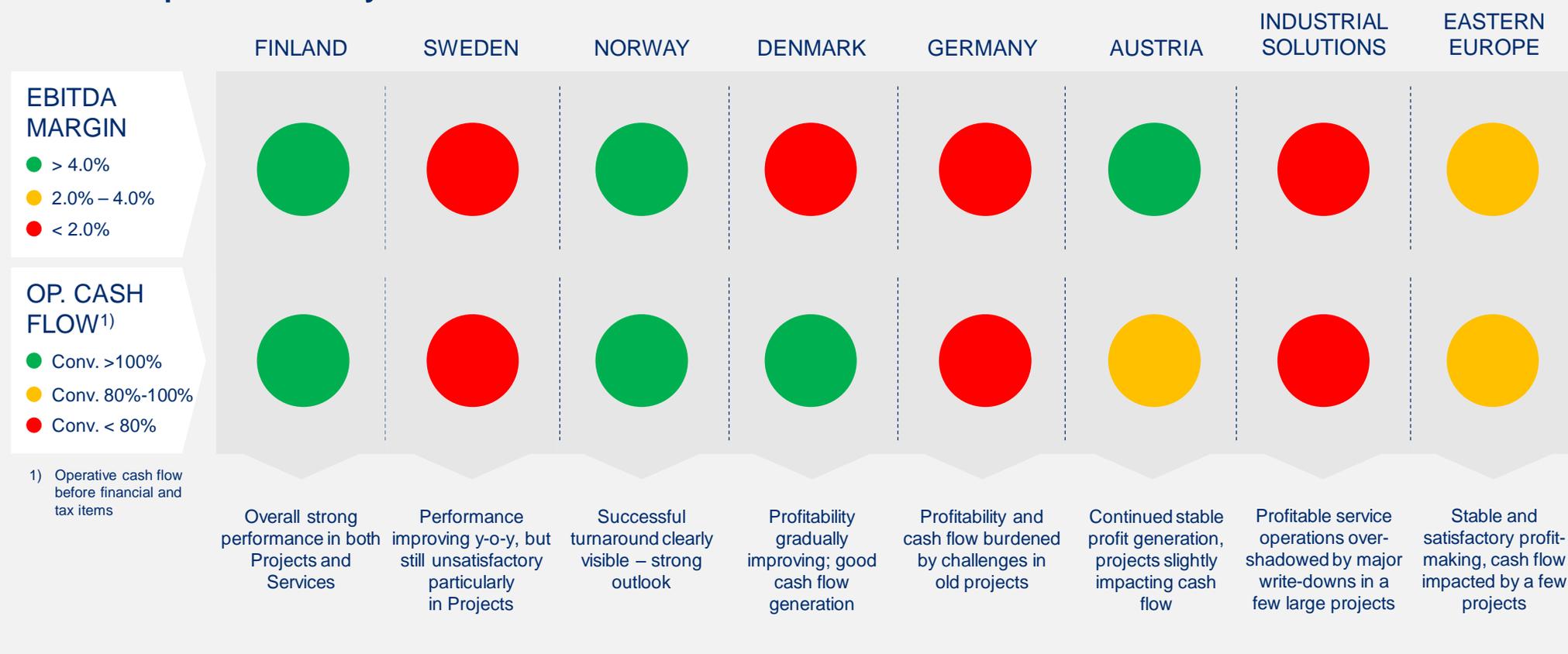
- ④ Achievement of targeted fixed cost rate (on top of adjusted cost base)
- ⑤ Targeted sales increase with operating leverage of "Fit" phase potential



Divisional performance overshadowed by challenges in legacy projects

Sweden, Germany and Industrial Solutions: Restructuring actions nearing completion

Illustrative performance by division in 2017*



EBITDA MARGIN

- Green: > 4.0%
- Yellow: 2.0% – 4.0%
- Red: < 2.0%

OP. CASH FLOW¹⁾

- Green: Conv. >100%
- Yellow: Conv. 80%-100%
- Red: Conv. < 80%

1) Operative cash flow before financial and tax items

Caverion's updated financial targets until the end of 2020

During the "Fit" phase focus on Cash Conversion and EBITDA

Cash conversion*

> 100%

Profitability (EBITDA-%)

> 6%

Leverage (Net debt/EBITDA)

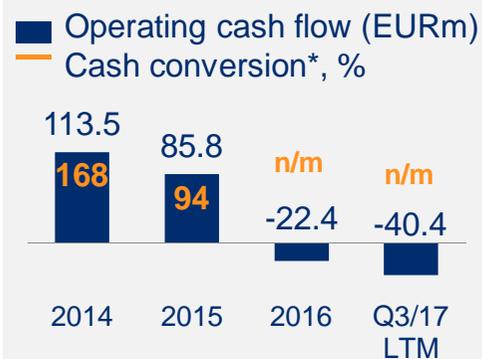
< 2.5x

Growth

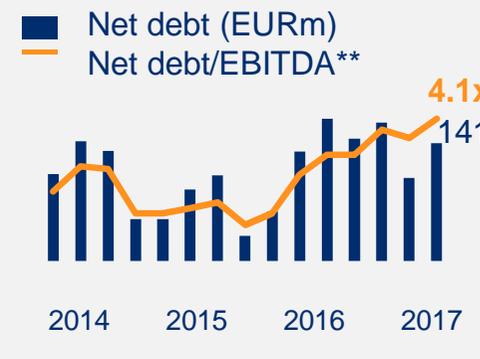
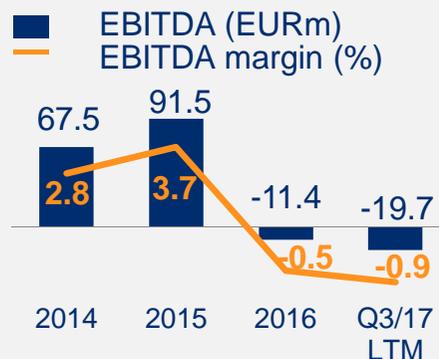
Services growth > market

Services generate > 2/3 of Group revenue (long-term target beyond 2020)

Group revenue growth target specified by the end of 2019



*Operating cash flow before financial and tax items / EBITDA



** According to agreed calculation principles



Capital allocation principles

#1 Financial target:
> 100% cash
conversion



- **Investments in organic growth** including digitalisation



- **Reduction in leverage**



- **Dividend policy:** payout at least 50% of the net profit for the period, taking into account profitability and leverage level



- **M&A:** Areas where adding complementing capabilities / assets to existing footprint especially in Services – Allowed for Divisions performing well





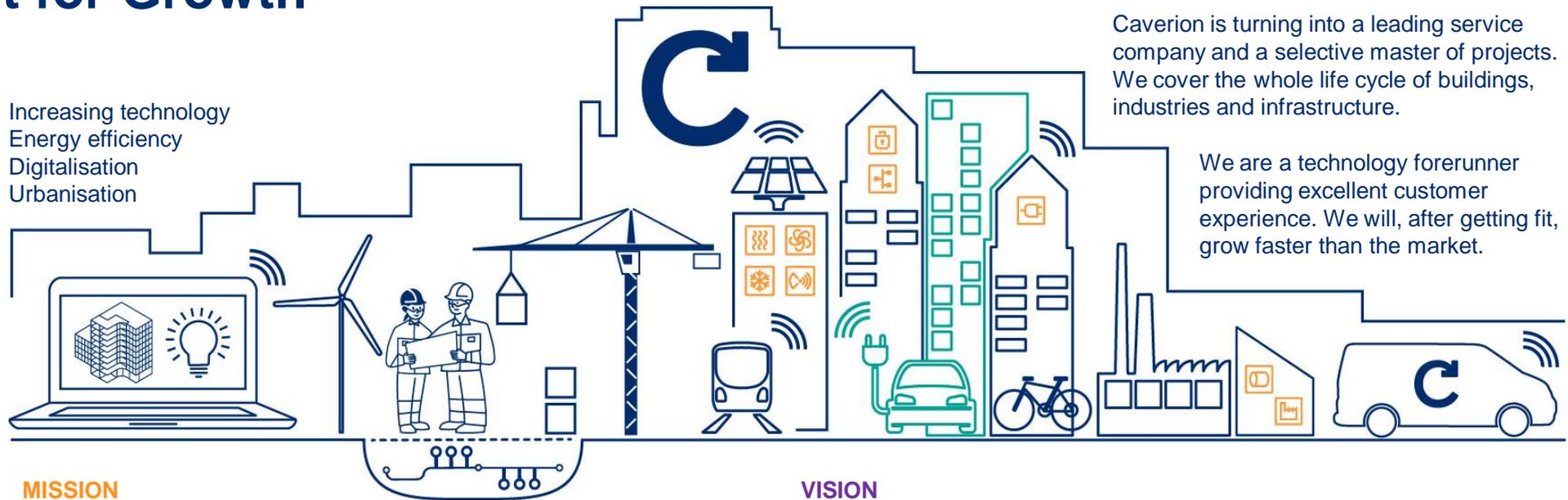
Summary of the CMD 2017

Ari Lehtoranta
President and CEO



Fit for Growth

Increasing technology
Energy efficiency
Digitalisation
Urbanisation



Caverion is turning into a leading service company and a selective master of projects. We cover the whole life cycle of buildings, industries and infrastructure.

We are a technology forerunner providing excellent customer experience. We will, after getting fit, grow faster than the market.

MISSION

Smart solutions and happy customers

VISION

First choice in digitalising environments

MUST-WINS



Excellent customer experience



Best solutions



Top performance at every level



Winning team

VALUES

Step ahead | Cooperation | Responsibility | High performance

MUST-HAVES

Safety | Quality | Sustainability



Key investment highlights

1. Megatrends support the future demand of our business
2. Positive market sentiment in all of our key markets
3. Technology forerunner that will, after getting fit, grow faster than the market
4. Diversified client base in Central and Northern Europe
5. Well-performing Services, actions ongoing to improve profitability in Projects
6. Operating in asset-light, cash generative business
7. Our 16,500 employees are our most important asset

Cash conversion*

> 100%

Profitability (EBITDA-%)

> 6%

Leverage (Net debt/EBITDA)

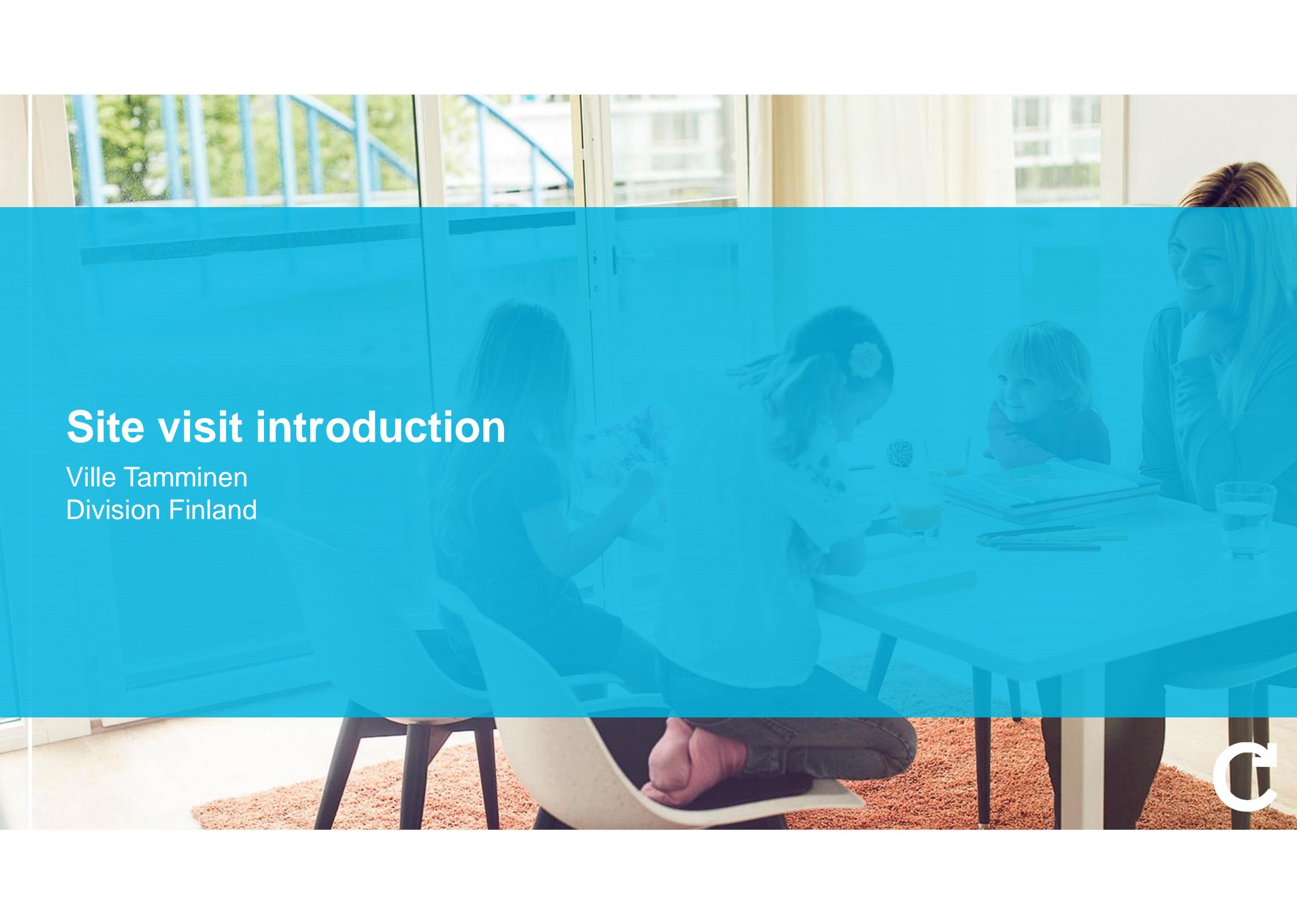
< 2.5x

Growth

Services growth > market
Services generate > 2/3 of Group revenue (long-term target beyond 2020)
Group revenue growth target specified by the end of 2019

*) Operating cash flow before financial and tax items / EBITDA





Site visit introduction

Ville Tamminen
Division Finland



Site visit agenda

1.00 p.m. Bus transfer, Departure from Clarion, Tyynenmerenkatu 2, Helsinki

SITE VISITS

1.30 p.m. – 2.30 p.m. Life cycle project: Lintuvaara School, Lintuparvenpuisto 5, Espoo
Bus transfer

2.45 p.m. – 3.30 p.m. Remote management centre & HelpDesk, Torpantie 2, Vantaa
Bus transfer

Arrival 4.00 p.m. Helsinki-Vantaa Airport



Lintuvaara school and day care centre in Espoo, Finland

- Contract: Renovation and expansion of Lintuvaara school and day care centre in Espoo, Finland, using the life cycle model (announced 8/2013)
- Client: City of Espoo
- The project was implemented in cooperation with YIT.
- The total value of the contract was over EUR 30 million, of which Caverion's share was over EUR 16 million.



- The contract included the delivery of building systems and a 25-year service and technical maintenance and Managed Services agreement.
- Caverion is responsible for the effectiveness, usability, condition and energy management of the premises for the full duration of the life cycle contract.
- The project phase was completed in 2015 and the school is now operational.



Lintuvaara school and day care centre in Espoo, Finland

- Original school built in 1955/1957
- Total area 8,460 sqm
 - Original building 3,820 sqm
 - Extension 4,640 sqm
- Degree of renovation 85%
- 25-year agreement
- Focus on usability/safety /energy efficiency
- 501 school pupils and 54 preschool children



Key points for the maintenance phase

- Preventive maintenance
- On-call works
- Energy management and monitoring
- Long term maintenance planning (50/50 bonus possible through LTP savings)
- Technical and structural DD required at 9, 15 and 21 years
- Indoor air quality monitoring by remote facility management
- User satisfaction surveys will be done yearly

