



## **Caverion's Capital Markets Day: Financial targets, guidance and outlook intact, strategic focus on operational efficiency**

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Caverion Corporation will today on November 19, 2013 hold its Capital Markets Day in Frankfurt, Germany. The event gives further insight into Caverion's strategy as one of the leading companies in building systems and industrial services in Europe. In his presentation, President and CEO Juhani Pitkääkoski will go through strategic milestones for reaching company's profitability target, among others. Presentations by Caverion's key management cover the newly established company's prospects for its two main businesses, project business and service and maintenance, as well as the company's financial performance, market situation, competitive landscape and M&A opportunities. The day will end with a visit to construction site of European Central Bank's new headquarters, to which Caverion has delivered various building systems.

#### **President and CEO Juhani Pitkääkoski:**

"During the strategy period 2014–2016 our focus is first and foremost on operational efficiency. Caverion aims to be the leading and most efficient building systems company in Europe, and its key strategic targets include increasing profitability in Northern Europe, strong growth in Central Europe organically and through acquisitions as well as developing wide, new and advanced projects and services." "Our guidance is still intact. We repeat the estimate announced in early June 2013, according to which the Group's revenue for the second half of 2013 is more than EUR 1.3 billion and EBITDA more than EUR 50 million", Pitkääkoski continues.

#### **Long-term financial targets recently updated with a new target for working capital**

Caverion announced its updated long-term financial targets for the strategy period 2014–2016 on November 1. The target for operating cash flow after investments was replaced with a target for working capital. The company's long-term financial targets by the end of 2016 are average annual growth in revenue of more than 10 per cent, EBITDA over 6 per cent of revenue and negative working capital. The company'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.

Caverion's key competitive strengths include comprehensive services, covering all building systems throughout the life cycle of the property, geographically extensive operations in 13 countries and strong market position in all key operating countries. The company has strong technological expertise with own innovative solutions with energy efficiency as part of all services and solutions. Low capital employed, extensive customer base and significant share of service and maintenance provide preconditions for strong and stable cash flow.

#### **Acquisitions especially in German-speaking countries**

Caverion is seeking growth in revenue both organically and through acquisitions. Organic growth is mainly pursued by increasing service and maintenance and the share of long-term contracts as well as increasing the share of Design & Build projects.

"Approximately half of the revenue growth over cycle is sought through acquisitions, taking place especially in Germany and German-speaking countries. We have a clear track record in growing through acquisitions", ends Pitkääkoski.

#### **Strong market position with growth potential**

**Sakari Toikkanen**, Senior Vice President, Business Development, says that the aim is to conduct major acquisitions frequently also in the future. Caverion has strong growth potential in the building systems' fragmented markets in Europe. The company is one of the leading service companies in building systems and industrial services in Europe. According to its estimate, Caverion occupies the number one position in Finland and Norway, number three in Sweden and Denmark and Austria, and is among top five in Germany.

Caverion expects modest growth in its core markets in the near future. Stable demand is estimated for service and maintenance during 2014–2015, and the new non-residential construction volumes are forecasted to increase moderately. The increasing amount of technology in buildings, growing need for energy efficiency, digitalisation and automation of building systems all support the demand for Caverion's business.

#### **Improving the business mix in projects**

**Kari-Walter Schuster**, Building Services Central Europe and Project Excellence, talks about improving the business mix in projects and introduces opportunities related to Design & Build projects. Participating in the design from an early stage of the project provides significantly better margins than in traditional tender-based contracts. Long-lasting and demanding process is also less attractive to smaller competitors. Research & development and own products are clear strengths for Caverion's project business. The company's in-house R&D centre in Aachen, Germany specialises in the research and development of advanced products related to ventilation, cooling and heating.

#### **Service efficiency is a key driver for profitability improvement**

**Matti Malmberg**, Building Services Northern Europe and Service Efficiency, discusses service efficiency, which is a key driver for Caverion's profitability improvement. Continuous development of operations and tools are also of high importance. Caverion's goal is to increase the share of long-term service and maintenance contracts through reaching the full potential of ServiFlex service concept, strong focus on Facility Management and creating additional value for customers through control room services and energy efficiency.

#### **Focusing on cash flow and capital efficiency**

**Antti Heinola**, CFO, discusses driving Caverion's financial performance. The third quarter of 2013, which was Caverion's first quarter as an independent company, showed improvement in profitability according to company's plan. EBITDA for July–September decreased from the previous year, but has improved for the second consecutive quarter in 2013. Heinola notes that right-sizing the organisation is key for margin improvement.

Increased selectiveness in project business has resulted in decrease in revenue in July–September. However, increased order intake in Germany, in particular, is expected to contribute favorably to the revenue development during the first half of 2014. Group order backlog has increased by 8% since December 2012, and in Central Europe alone by 31%.

Caverion aims to improve cash flow by decreasing operative working capital from its balance sheet. At the end of September, working capital was EUR 120 million. The company's target to reach negative working capital by the end of 2016 is pursued by focusing especially on business related receivables and liabilities.

*The Capital Markets Day will start at 9:00 a.m. Central European time (10:00 a.m. Finnish time). All presentations are at that time available in English at [www.caverion.com/investors](http://www.caverion.com/investors). It is also possible to follow the presentation through a live webcast at approximately 9:00 a.m.-13:00 p.m. The teleconference will be open during Juhani Pitkääkoski's presentation at 9:00-9:45 at the following numbers:*

*Germany: +49 (0) 69 566 036 000*

*UK: +44 (0) 203 059 5869*

*Finland: +358 (0) 800 9 14574*

For additional information, please contact:

Milena Hæggström, Head of Investor Relations, tel. +358 40 5581 328, [milena.haeggstrom@caverion.fi](mailto:milena.haeggstrom@caverion.fi)

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