

Caverion updates its strategy focusing on sustainable growth and its financial targets

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Caverion's Board of Directors has approved the company's updated strategy and the updated financial targets for the next strategy period until the end of 2025. The updated strategy focuses on sustainable revenue growth, profitability improvement and investments to support building performance. The company will differentiate itself in the market by creating sustainable impact for every customer with the solutions it designs and delivers, reliably and transparently every time. The strategy will deliver on Caverion's purpose of enabling performance and people's wellbeing in smart and sustainable built environments.

"Our strategy is based on a clear differentiation in the market. Caverion is all about our more than 14,000 people who build performance every day in buildings, infrastructure or industrial sites and processes. After completing our previous Fit for Growth strategy, Caverion is now ready for sustainable growth. In the coming years we want to fully utilise our capability to design and deliver customer-centric solutions and focus our growth actions also at the higher end of the value chain. The megatrends in our industry, which include energy-efficiency, urbanisation, increasing technology and digitalisation as well as security, have all developed even more in our favour in recent years and support our growth going forward. All our actions will follow our four strategic themes: People, Sustainability, Digitalisation leading to an outstanding Customer Experience," says **Jacob Götzsche**, President and CEO of Caverion Corporation.

There is an increased market demand for solutions supporting sustainability, such as improved energy efficiency and better indoor climate. Furthermore, lifecycle and partnership contracts including technical Facility Management have developed positively. For Caverion, this provides a significant opportunity to modernise buildings and improve energy-efficiency together with its customers. Caverion's target is to create sustainable impact through its solutions, with a positive carbon handprint 10 times greater than its carbon footprint (Scope 1-2) by 2030.

Focus on revenue growth and profitability improvement

The updated organic revenue growth target is 3-4% p.a. over the strategy period until the end of 2025. On top of this, a new target for M&A revenue growth is 2-3% p.a. over the strategy period. The company aims to grow throughout its businesses and divisions with focus on evolving its business mix towards Solutions business at the higher end of the value chain, including Advisory, Engineering and Digital solutions, Managed Services as well as Smart solutions. In these categories, the growth outlook, the margin potential and the focus on acquisitive growth are higher. In the base disciplines, Caverion aims to grow mostly organically with focus on Technical Maintenance, while continuing its selectivity approach in Technical Installation projects. Potential acquisitions are mostly bolt-ons focused on complementary capabilities required to support customers better locally, and also platform acquisitions in existing geographical markets.

Caverion aims to reach its profitability target through operating and financial leverage as well as improving scalability and efficiency. Productivity is also improved by sharing common expertise across the company. Furthermore, higher profitability is expected from M&A activities.

Updated financial targets

Caverion's mid-term financial targets until the end of 2025 are:

- **Cash conversion (LTM):** Operating cash flow before financial and tax items / EBITDA > 100% (unchanged)
- **Profitability:** Adjusted EBITA* > 5.5% of revenue (unchanged)
- **Organic revenue growth:** 3–4% p.a. over the strategy period**
- **M&A revenue growth:** 2–3% p.a. over the strategy period (new target)
- **Debt leverage:** Net debt/LTM Adjusted EBITDA < 2.5x***
- **Dividend policy:** Distribute at least 50% of the result for the year after taxes, however, taking leverage level into account.

* Adjusted EBITA is defined as Operating profit + amortisation and impairment on intangible assets. Adjustments according to defined Items affecting comparability (IAC).

** Previously organic revenue growth > 4% p.a. over the cycle supported by bolt-on acquisitions in selected growth areas and complementary capabilities, Services revenue growth > market growth, Services revenue > 2/3 of Group revenue.

*** Previously Net debt/EBITDA < 2.5x based on calculation principles confirmed with the lending parties, containing certain agreed adjustments. Adjusted EBITDA is affected by the same adjustments as adjusted EBITA, except for restructuring costs, which do not include depreciation and impairment relating to restructurings.

Investments to support building performance

Caverion's capital allocation principles are:

1. Investments in organic growth including digitalisation and offering development.
2. Dividend policy of distributing at least 50% of the result for the year after taxes remains in place, taking into account the leverage level;
3. Mergers and acquisitions in selected growth areas and complementary capabilities.

Caverion will invest in operational excellence and capabilities that support sustainable profitable growth, such as digitalisation and offering. Caverion has identified three business focus areas, which include (1) adding value through Advisory, Engineering and Digital; (2) services along the lifecycle; and (3) outstanding installation and maintenance throughout regions and disciplines.

Capital Markets Day on 10 May 2022

More detailed information on the updated strategy, Caverion's business prospects and financial targets will be provided at the Capital Markets Day, to be held in Helsinki, Finland on 10 May 2022. More information and the agenda can be found on the company's website at www.caverion.com/investors. The presentation materials will also be made available under the same link.

CAVERION CORPORATION

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Our life is shaped by the environments we build around us. By making built environments smart and sustainable, Caverion enables performance and people's well-being. Customers can trust our expert guidance during the entire life cycle of their buildings, infrastructure or industrial sites and processes: from design & build to projects, technical and industrial maintenance, facility management as well as advisory services. Our customers are supported by over 14,000 professionals in 10 countries in Northern and Central Europe. Our revenue in 2021 was approximately EUR 2.1 billion. Caverion's shares are listed on Nasdaq Helsinki.

Caverion - Building Performance

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