Q3/2013

Interim Report
1-9/2013

Caverion

CAVERION CORPORATION **INTERIM REPORT** **November 1, 2013 at 8:00 a.m.**

INTERIM REPORT FOR JANUARY 1 – SEPTEMBER 30, 2013

EBITDA improved according to plan for the second consecutive quarter in 2013

July 1 – September 30, 2013

- EBITDA excluding demerger related costs amounted to EUR 26.8 million (7-9/2012: EUR 26.3 million). EBITDA including the demerger related costs of EUR 3.5 million amounted to EUR 23.3 million (7-9/2012: EUR 26.3 million). The efficiency programme is progressing well in Sweden and profitability is improving according to plan. In Norway the project business had weak profitability.
- The revenue for July–September amounted to EUR 594.8 million (7-9/2012: EUR 664.7 million). The revenue decreased mainly due to increased selectiveness in project business.
- The order backlog increased from the end of June and amounted to EUR 1,296.0 million (6/2013: EUR 1,274.2 million). The order backlog increased especially in Germany, which is expected to contribute favourably to the revenue development during the first half of next year.
- Operating cash flow after investments (excluding demerger-related IT investments of EUR 5.7 million) increased from the previous year, amounting to EUR 11.0 million (7-9/2012: EUR -25.5 million).

January 1 – September 30, 2013

- EBITDA amounted to EUR 45.6 million (1–9/2012: EUR 75.4 million). EBITDA for January–September is burdened by HOCHTIEF Service Solutions M&A related project costs amounting to EUR 1.4 million, one-off items relating to restructuring amounting to EUR 4.2 million as well as demerger related costs amounting to EUR 3.8 million.
- The revenue amounted to EUR 1,855.5 million (1–9/2012: EUR 2,054.8 million).

KEY FIGURES

EUR million	7-9/13	4-6/13	1-3/13	10-12/12
Revenue	594.8	652.8	607.9	748.4
EBITDA	23.3	12.9	9.4	9.8
EBITDA margin, %	3.9	2.0	1.5	1.3
Operating cash flow after investments	5.3	-35.3	-2.2	79.3

EUR million	7-9/13	7-9/12[1)]	Change	1-9/13	1-9/12[1)]	Change	1-12/12[1)]
Revenue	594.8	664.7	-11%	1,855.5	2,054.8	-10%	2,803.2
EBITDA	23.3	26.3	-11%	45.6	75.4	-39%	85.3
EBITDA margin, %	3.9	4.0		2.5	3.7		3.0
Operating profit	17.8	18.9	-6%	29.9	56.8	-47%	61.1
Operating profit margin, %	3.0	2.9		1.6	2.8		2.2
Net profit for the period	11.4	14.1	-19%	18.4	38.2	-52%	40.8
Working capital	119.9	128.3	-7%	119.9	128.3	-7%	94.0
Operating cash flow after investments	5.3	-25.5		-32.2	-38.7		40.5
Interest-bearing net debt, end of period[2)]	190.1	1.4		190.1	1.4		-9.8
Gearing, end of period, %[2)]	79.7	0.3		79.7	0.3		-2.5
Earnings per share, EUR[3)]	0.09	0.11	-19%	0.15	0.30	-52%	0.32
Personnel, average for the period	18,016	19,172	-6%	18,174	19,254	-6%	18,592

1) The revised IAS 19 standard has had the following effects on the consolidated income statement for 1-12/2012: personnel expenses increased by EUR 0.1 million and EBITDA and operating profit and profit before taxes decreased correspondingly by EUR 0.1 million. The revised IAS 19 standard has had the following effects on the consolidated income statement for 1-9/2012: personnel expenses increased by EUR 0.5 million and EBITDA and operating profit and profit before taxes decreased correspondingly by EUR 0.5 million. The revised IAS 19 standard has had the following effects on the consolidated income statement for 7-9/2012: personnel expenses increased by EUR 0.2 million and EBITDA and operating profit and profit before taxes decreased correspondingly by EUR 0.2 million.

2) Interest-bearing net debt and gearing for 2012 are not comparable to the figures in 2013 due to the new credit facility transferred to Caverion Corporation as a result of the partial demerger as per June 30, 2013.

3) Excluding the financial cost effect for January–June 2013 of the new financing arrangements transferred to Caverion Corporation as a result of the partial demerger. If the refinancing under the new loan agreement would have been drawn down at the beginning of the financial year, the net financing expenses in January-September would have amounted to approximately EUR 6.1 million.

Caverion has formed a separate legal group as of June 30, 2013. The financial information presented in this interim report is based on actual figures as an independent group after the consummation of the demerger and carve-out figures prior to the consummation of the demerger. The carve-out financial information presented in this interim report reflects the performance and financial position of the entities that have historically formed the Building Services business within YIT Group. Accordingly, the consolidated statement of financial position as of September 30, 2013, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows for the period July – September 2013 and the related key figures are based on actual figures as an independent group. The income statements, statements of cash flows, statements of financial position and comparative figures for the periods before June 30, 2013 are based on carve-out financial information of Building Services business of YIT Group.

Word from the CEO Juhani Pitkäkoski: Profitability improved according to plan

“This is a historic first quarterly report for Caverion Corporation after the demerger from YIT Corporation, and we are delighted to present our first quarterly figures as an independent company.

We are satisfied with the improvement of profitability in the third quarter. We have had extensive efficiency improvement measures under way and the impact of these measures is already visible. The previously announced measures to carry out cost savings by reducing the number of personnel by a further 600 employees in 2013 were finalised during the third quarter.

In Sweden, the efficiency programme is progressing well and profitability is improving according to plan. The restructuring measures taken have had a positive impact on the profitability of the Swedish operations also in the third quarter. In Norway, we are still focusing on improving the profitability of the project business, especially in the capital region. The focus has been on closing unprofitable units and being more selective in project business. The efficiency programme has been delayed and we expect that the impact of the new measures will be seen in Norway next year. Our service efficiency programme is ongoing in all countries in which we operate.

Up until now we have been focusing on increasing the profitability and efficiency of our business. Now we are also focusing on more efficient use of capital. We have therefore introduced a new financial target: working capital, with the target to reach negative working capital by the end of 2016. By addressing this, we can free up capital tied up in our operations and improve our cash flow going forward.”

GUIDANCE FOR THE SECOND HALF OF 2013

Caverion repeats the estimate announced on June 4, 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.

The guidance does not take into account the non-recurring expenses related to the demerger, or the expenses related to any potential mergers or acquisitions.

The operations in Finland were stable and at a good level in July–September. The efficiency programme in Sweden is progressing well and the operations are now developing according to plan, which is expected to contribute favourably to the development of profitability during the fourth quarter. Norway is suffering from very low profitability. The low order intake in Germany in the first half of 2013 has been reflected as lower revenue in

January–September compared to the previous year. The improved order backlog in the third quarter 2013 was a positive sign, but is not expected to contribute to revenue until the first half of next year.

SEGMENT PERFORMANCE

Revenue, EUR million	7-9/13	7-9/12	Change	1-9/13	1-9/12	Change	1-12/12
Building Services Northern Europe	434.0	485.3	-11%	1,403.6	1,536.5	-9%	2,089.2
Building Services Central Europe	160.7	179.5	-10%	452.1	518.4	-13%	714.2
Eliminations	0.0	-0.1		-0.2	-0.1		-0.2
Group, total	594.8	664.7	-11%	1,855.5	2,054.8	-10%	2,803.2

EBITDA, EUR million	7-9/13	7-9/12[1)]	Change	1-9/13	1-9/12[1)]	Change	1-12/12[1)]
Building Services Northern Europe	17.5	20.7	-15%	33.8	59.2	-43%	59.5
Building Services Central Europe	6.9	6.8	1%	15.7	21.2	-26%	33.2
Group services and other items	-1.1	-1.3		-3.9	-4.9		-7.4
Group, total	23.3	26.3	-11%	45.6	75.4	-39%	85.3

EBITDA margin, %	7-9/13	7-9/12[1)]		1-9/13	1-9/12[1)]		1-12/12[1)]
Building Services Northern Europe	4.0	4.3		2.4	3.8		2.8
Building Services Central Europe	4.3	3.8		3.5	4.1		4.7
Group, total	3.9	4.0		2.5	3.7		3.0

Operating profit, EUR million	7-9/13	7-9/12[1)]	Change	1-9/13	1-9/12[1)]	Change	1-12/12[1)]
Building Services Northern Europe	13.5	15.4	-12%	21.8	45.1	-52%	41.1
Building Services Central Europe	5.6	4.8	18%	12.2	16.6	-26%	27.4
Group services and other items	-1.4	-1.3		-4.2	-4.9		-7.4
Group, total	17.8	18.9	-6%	29.9	56.8	-47%	61.1

Operating profit margin, %	7-9/13	7-9/12[1)]		1-9/13	1-9/12[1)]		1-12/12[1)]
Building Services Northern Europe	3.1	3.2		1.6	2.9		2.0
Building Services Central Europe	3.5	2.6		2.7	3.2		3.8
Group, total	3.0	2.9		1.6	2.8		2.2

Order backlog, EUR million	9/13	6/13	Change		9/13	12/12	Change
Building Services Northern Europe	797.1	829.2	-4%		797.1	819.0	-3%
Building Services Central Europe	498.9	444.9	12%		498.9	380.1	31%
Group, total	1,296.0	1,274.2	2%		1,296.0	1,199.1	8%

[1)] The revised IAS 19 standard has had the following effects on the consolidated income statement for 1-12/2012: personnel expenses increased by EUR 0.1 million and EBITDA and operating profit and profit before taxes decreased correspondingly by EUR 0.1 million. The revised IAS 19 standard has had the following effects on the consolidated income statement for 1-9/2012: personnel expenses increased by EUR 0.5 million and EBITDA and operating profit and profit before taxes decreased correspondingly by EUR 0.5 million. The revised IAS 19 standard has had the following effects on the consolidated income statement for 7-9/2012: personnel expenses increased by EUR 0.2 million and EBITDA and operating profit and profit before taxes decreased correspondingly by EUR 0.2 million.

Market outlook for Caverion's services

Caverion operates in Sweden, Finland, Norway, Germany, Austria, Denmark, Russia, Estonia, Latvia, Lithuania, Poland, the Czech Republic and Romania. The extensive geographical area of operations and comprehensive portfolio balance the effect of economic fluctuations.

The increased technology in buildings increases the need for new services, and the demand for energy efficiency services is expected to remain stable. The opportunities for growth in service and maintenance are still favourable in all of Caverion's operational areas.

Decision-making on new investments is still slow, but positive signs can be seen. New investments in building systems are expected to increase slightly. Increasing public investments and an increasing need for renovation and repair work are expected to be the key factors behind the growth.

There is potential for energy efficiency services over the next few years with the tightening of environmental legislation. Environmental certifications and energy efficiency will be increasingly significant factors in the future, allowing property owners to increase the value of their properties, which will continue to support growth opportunities. Also an increasing number of properties will be connected to control rooms through remote monitoring in command centres. Services and projects related to the maintenance of traffic infrastructure are also estimated to develop favourably.

INFORMATION SESSION, WEBCAST AND CONFERENCE CALL

Caverion will hold a news conference on the interim report on Friday, November 1, 2013, at 10:00 a.m. (Finnish Time, EET). The news conference will be held in English at Restaurant Bank, Unioninkatu 20, Helsinki, Finland. The event is targeted for analysts, portfolio managers and the media.

The news conference and the presentation, given by the company's President and CEO, Juhani Pitkäkoski, can be viewed live on Caverion's website at www.caverion.com/investors. The live webcast held will start at 10:00 a.m. (Finnish time, EET). A recording of the webcast will be available at the same address starting at approximately 12:00 (Finnish time, EET).

It is also possible to participate in the event through a conference call. Participants are requested to call the assigned number +44 203 1940 544 (no conference ID or pin code required) at least five minutes before the conference call begins, at 9:55 a.m. (Finnish time, EET) at the latest. During the webcast and conference call, all questions should be presented in English. At the end of the event, there will also be an opportunity for the media to ask questions in Finnish.

Schedule in different time zones:

	Interim Report published	News conference, conference call and live webcast	Recorded webcast available
EET (Helsinki)	8:00	10:00	12:00
CET (Paris, Stockholm)	7:00	9:00	11:00
GMT (London)	6:00	8:00	10:00
US EDT (New York)	2:00	4:00	6:00

Financial reports and other investor information are available at Caverion's website, www.caverion.com/investors. The materials may also be ordered by sending an e-mail to IR@caverion.com.

Caverion Corporation

Juhani Pitkäkoski
President and CEO

For further information, please contact:

Antti Heinola, Chief Financial Officer, Caverion Corporation, tel. +358 40 352 1033, antti.heinola@caverion.fi

Milena Hæggström, Head of Investor Relations, Caverion Corporation, tel. +358 40 5581 328, milena.haeggstrom@caverion.fi

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INTERIM REPORT JANUARY 1 – SEPTEMBER 30, 2013

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GROUP FINANCIAL DEVELOPMENT

Caverion has formed a separate legal group as of June 30, 2013. The financial information presented in this interim report is based on actual figures as an independent group after the consummation of the demerger and carve-out figures prior to the consummation of the demerger. The carve-out financial information presented in this interim report reflects the performance and financial position of the entities that have historically formed the Building Services business within YIT Group. Accordingly, the consolidated statement of financial position as of September 30, 2013, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows for the period July – September 2013 and the related key figures are based on actual figures as an independent group. The income statements, statements of cash flows, statements of financial position and comparative figures for the periods before June 30, 2013 are based on carve-out financial information of Building Services business of YIT Group.

Revenue decreased by 11 percent in July–September compared to the previous year

Revenue, EUR million	7-9/13	7-9/12	Change	1-9/13	1-9/12	Change	1-12/12
Building Services Northern Europe	434.0	485.3	-11%	1,403.6	1,536.5	-9%	2,089.2
Building Services Central Europe	160.7	179.5	-10%	452.1	518.4	-13%	714.2
Eliminations	0.0	-0.1		-0.2	-0.1		-0.2
Group, total	594.8	664.7	-11%	1,855.5	2,054.8	-10%	2,803.2

Revenue decreased by 10 percent in January–September compared to the previous year, amounting to EUR 1,855.5 million (1–9/2012: EUR 2,054.8 million). The revenue for July–September decreased by 11 percent compared to the previous year, amounting to EUR 594.8 million (7-9/2012: EUR 664.7 million). The revenue decreased mainly due to increased selectiveness in project business in Norway and Sweden, low project volume in Germany and due to lower volume in service and maintenance. Changes in foreign exchange rates decreased the revenue for January–September by EUR 0.3 million and for July–September by EUR 15.0 million compared to the previous year.

The revenue of Building Services Northern Europe decreased by 9 percent in January–September compared to the previous year, amounting to EUR 1,403.6 million (1–9/2012: EUR 1,536.5 million). Changes in foreign exchange rates decreased the revenue for January–September by EUR 0.2 million compared to the previous year. The revenue for July–September decreased by 11 percent compared to the previous year to EUR 434.0 million (7–9/2012: EUR 485.3 million). Changes in foreign exchange rates decreased the revenue for July–September by EUR 14.8 million compared to the previous year. Revenue decreased in Norway and Industrial Services in particular.

The revenue of Building Services Central Europe decreased by 13 percent in January–September compared to the previous year, amounting to EUR 452.1 million (1–9/2012: EUR 518.4 million). Changes in foreign exchange rates did not have a substantial impact on the revenue compared to the year before. The revenue for July–

September decreased by 10 percent from the previous year to EUR 160.7 million (7–9/2012: EUR 179.5 million). Changes in foreign exchange rates did not have a substantial impact on the revenue compared to the year before. The decrease in revenue was mainly influenced by weaker order intake in the first half of the year, restructuring of operations and the closing of unprofitable units.

Geographical distribution of revenue

Revenue, EUR million	7-9/13	7-9/12	Change	1-9/13	1-9/12	Change	1-12/12
Sweden	149.0	158.5	-6%	487.7	515.8	-5%	704.3
Finland	131.7	148.3	-11%	398.9	449.6	-11%	603.7
Norway	108.9	129.6	-16%	379.5	424.8	-11%	580.4
Germany	119.0	132.6	-10%	333.7	394.0	-15%	541.8
Austria	38.5	42.5	-9%	108.4	109.9	-1%	154.3
Denmark	32.0	35.1	-9%	99.7	107.8	-8%	145.6
Other countries	15.8	18.0	-13%	47.6	52.9	-10%	73.2
Group, total	594.8	664.7	-11%	1,855.5	2,054.8	-10%	2,803.2

Revenue by country is presented based on the Group company location.

EBITDA decreased by 11 percent in July–September compared to the previous year

EBITDA, EUR million	7-9/13	7-9/12[1)]	Change	1-9/13	1-9/12[1)]	Change	1-12/12[1)]
Building Services Northern Europe	17.5	20.7	-15%	33.8	59.2	-43%	59.5
Building Services Central Europe	6.9	6.8	1%	15.7	21.2	-26%	33.2
Group services and other items	-1.1	-1.3		-3.9	-4.9		-7.4
Group, total	23.3	26.3	-11%	45.6	75.4	-39%	85.3

EBITDA margin, %	7-9/13	7-9/12[1)]		1-9/13	1-9/12[1)]		1-12/12[1)]
Building Services Northern Europe	4.0	4.3		2.4	3.8		2.8
Building Services Central Europe	4.3	3.8		3.5	4.1		4.7
Group, total	3.9	4.0		2.5	3.7		3.0

[1)] The revised IAS 19 standard has had the following effects on the consolidated income statement for 1-12/2012: personnel expenses increased by EUR 0.1 million and EBITDA and operating profit and profit before taxes decreased correspondingly by EUR 0.1 million. The revised IAS 19 standard has had the following effects on the consolidated income statement for 1-9/2012: personnel expenses increased by EUR 0.5 million and EBITDA and operating profit and profit before taxes decreased correspondingly by EUR 0.5 million. The revised IAS 19 standard has had the following effects on the consolidated income statement for 7-9/2012: personnel expenses increased by EUR 0.2 million and EBITDA and operating profit and profit before taxes decreased correspondingly by EUR 0.2 million.

The Group EBITDA decreased by 39 percent compared to the previous year, amounting to EUR 45.6 million in January–September (1–9/2012: EUR 75.4 million). The Group EBITDA for January–September is burdened by HOCHTIEF Service Solutions M&A related project costs amounting to EUR 1.4 million, one-off items relating to restructuring amounting to EUR 4.2 million, as well as demerger related costs amounting to EUR 3.8 million. The Group EBITDA margin was 2.5 percent in January–September (1–9/2012: 3.7%). The Group EBITDA for July–September decreased by 11 percent from the previous year to EUR 23.3 million (7–9/2012: EUR 26.3 million) or EUR 26.8 million excluding one-off items (7-9/2012: EUR 26.3 million). The Group EBITDA for July–September is burdened by demerger related costs which amounted to EUR 3.5 million in July–September, of which EUR 2.7 million in Northern Europe and EUR 0.8 million in Central Europe. The Group EBITDA margin was 3.9 percent in July–September (7–9/2012: 4.0%).

In Building Services Northern Europe, the EBITDA for the review period decreased by 43 percent from the previous year to EUR 33.8 million (1–9/2012: EUR 59.2 million). The segment EBITDA for January–September is burdened by one-off items relating to restructuring amounting to EUR 4.2 million and demerger related costs amounting to EUR 2.7 million. The weak profitability of the project business, tight price competition in tender-based projects and low business volume contributed to the decrease in the segment EBITDA in January–September. Customers also postponed additional service and maintenance work, and as a result, the utility rate of operations was too low. The segment's EBITDA for July–September decreased by 15 percent from the previous year to EUR 17.5 million (7–9/2012: EUR 20.7 million). In addition, demerger related costs of approximately EUR 2.7 million burdened the EBITDA of the segment in July–September. In Northern Europe, the EBITDA margins improved in all areas apart from Norway in July–September. In Sweden, the efficiency programme is progressing well and the profitability is improving according to plan. Industrial Services performed very well in July–September, operations in Finland showed stable performance and the operations in Denmark turned back to profit. In Norway, the project business (especially in the capital region) had weak profitability.

In Building Services Central Europe, the EBITDA for January–September decreased by 26 percent compared to the previous year, mainly due to the lower volume of German operations, and amounted to EUR 15.7 million (1–9/2012: EUR 21.2 million). EBITDA of Building Services Central Europe for January–September is burdened by HOCHTIEF Service Solutions M&A related project costs amounting to EUR 1.4 million and demerger related costs of EUR 0.8 million. The segment's EBITDA for July–September increased by 1 percent and was EUR 6.9 million (7–9/2012: EUR 6.8 million). EBITDA for July–September is burdened by demerger related costs amounting to EUR 0.8 million.

Caverion aims to improve the profitability of Building Services Northern Europe. The restructuring of operations proceeded during the review period in all countries where Building Services Northern Europe operates. The previously announced measures to carry out cost savings by decreasing the number of personnel by a further 600 employees in 2013 were finalised during the third quarter.

In Sweden, profitability is improving according to plan. The restructuring measures (such as the closing of unprofitable units and improving the business mix) have had a positive impact on the profitability of the Swedish operations also in the third quarter and, as a result, the profitability in July–September improved according to plan compared to the previous year. Industrial Services performed very well and the operations in Denmark turned back to profit.

In Norway, we are still focusing on improving the profitability of the project business, especially in the capital region. The focus has been on closing unprofitable units and being more selective in the project business. The efficiency programme has been delayed and the impact of the new measures is expected to be seen in Norway next year. Furthermore, a service efficiency programme is on-going in all countries in which Caverion operates.

Operating profit decreased by 6% in July–September compared to the previous year

Operating profit, EUR million	7-9/13	7-9/12[1)]	Change	1-9/13	1-9/12[1)]	Change	1-12/12[1)]
Building Services Northern Europe	13.5	15.4	-12%	21.8	45.1	-52%	41.1
Building Services Central Europe	5.6	4.8	18%	12.2	16.6	-26%	27.4
Group services and other items	-1.4	-1.3		-4.2	-4.9		-7.4
Group, total	17.8	18.9	-6%	29.9	56.8	-47%	61.1

Operating profit margin, %	7-9/13	7-9/12[1)]		1-9/13	1-9/12[1)]		1-12/12[1)]
Building Services Northern Europe	3.1	3.2		1.6	2.9		2.0
Building Services Central Europe	3.5	2.6		2.7	3.2		3.8
Group, total	3.0	2.9		1.6	2.8		2.2

[1)] The revised IAS 19 standard has had the following effects on the consolidated income statement for 1-12/2012: personnel expenses increased by EUR 0.1 million and EBITDA and operating profit and profit before taxes decreased correspondingly by EUR 0.1 million. The revised IAS 19 standard has had the following effects on the consolidated income statement for 1-9/2012: personnel expenses increased by EUR 0.5 million and EBITDA and operating profit and profit before taxes decreased correspondingly by EUR 0.5 million. The revised IAS 19 standard has had the following effects on the consolidated income statement for 7-9/2012: personnel expenses increased by EUR 0.2 million and EBITDA and operating profit and profit before taxes decreased correspondingly by EUR 0.2 million.

Caverion's operating profit decreased by 47 percent compared to the previous year, amounting to EUR 29.9 million in January–September (1–9/2012: EUR 56.8 million). The operating profit margin was 1.6 percent (1–9/2012: 2.8%). The operating profit for July–September decreased by 6 percent from the previous year to EUR 17.8 million (7–9/2012: EUR 18.9 million). The operating profit margin was 3.0 percent (7–9/2012: 2.9%).

Depreciation, amortisation and impairment amounted to EUR 5.6 million in July–September (7-9/2012: EUR 7.3 million), of which EUR 2.4 million were allocated intangibles related to acquisitions and EUR 3.2 million were other depreciations. Depreciation, amortisation and impairment amounted to EUR 15.8 million in January–September

(1-9/2012: EUR 18.6 million) of which EUR 7.9 million were allocated intangibles related to acquisitions and EUR 7.9 million were other depreciations.

Order backlog increased by 2 percent from the end of June

Order backlog, EUR million	9/13	6/13	Change		9/13	12/12	Change
Building Services Northern Europe	797.1	829.2	-4%		797.1	819.0	-3%
Building Services Central Europe	498.9	444.9	12%		498.9	380.1	31%
Group, total	1,296.0	1,274.2	2%		1,296.0	1,199.1	8%

The order backlog was EUR 1,296.0 million at the end of September and grew by 8 percent from the end of 2012 (12/2012: EUR 1,199.1 million). The order backlog increased by 2 percent from the end of June 2013, at which time it stood at EUR 1,274.2 million.

The order backlog of Building Services Northern Europe decreased by 3 percent from the end of the previous year and by 4 percent from the end of June. The order backlog of Building Services Central Europe increased by 31 percent from the end of 2012 and by 12 percent compared to the end of June.

Caverion signed several significant contracts during July–September.

In Finland, Caverion and YIT entered into an agreement with the City of Espoo to carry out the renovation and expansion of Lintuvaara school and day care centre using the life cycle model. The total value of the contract is over EUR 30 million, of which Caverion's share is over EUR 16 million. The contract includes life cycle responsibility for a period of 25 years. YIT is responsible for the construction phase, while Caverion will implement the building systems and assume responsibility for the life cycle service contract of 25 years. Caverion will provide facility maintenance services and be responsible for the effectiveness, usability, condition and energy management of the premises for the full duration of the life cycle contract. The building's energy efficiency will be improved by utilising geothermal energy for heating and cooling, demand-controlled ventilation and lighting as well as partial LED lighting. Construction will start at the beginning of 2014 and the project is estimated to be completed in June 2015.

In Russia, Caverion signed agreements in St. Petersburg and Moscow on the expansion of building system maintenance services offered to Burger King restaurants and on the maintenance of building systems for DIXY grocery shops in several towns and cities. The agreement signed with Burger King expands the scope of the co-operation started in 2012 to more than 65 restaurants. The agreement covers the maintenance and repair of all building systems in properties. The maintenance agreements for DIXY grocery shops cover the building system maintenance and repair services of approximately 60 shops in the Tula region and nearly 50 shops in the Pskov and Novgorod region.

In Germany Caverion signed an agreement on the delivery of building services systems to the new Milaneo building complex to be built on the Mailänder Platz in Stuttgart, Germany. Work started in August and is scheduled to be completed in June 2015. Caverion will deliver modern ventilation and air conditioning systems and smoke extractor equipment to the approximately 43,000 m² shopping centre to be built in the complex. More than 400 apartments, over 7,000 m² of office space and a hotel with 165 rooms will be built on the roof of the three-storey shopping centre. Caverion will deliver the energy-efficient ventilation and air conditioning systems, heating and cooling systems as well as all plumbing and piping for the facilities. The German Sustainable Building Council awarded the building with a gold precertificate even before construction began.

In Sweden, Caverion Sverige AB has been chosen to provide facility management services for Holmen Paper in Braviken, Sweden. Caverion will take on responsibility for property maintenance and external areas at the paper mill which comprises 170,000 square metres of production space, 5,000 square metres of office space and 360,000 square metres of external area.

Caverion has also been chosen by Kalmar municipality to carry out one of Sweden's largest projects to upgrade their properties. The cost of energy will be reduced by EUR 21 million over the next 20 years. The project started in 2012 when Caverion analysed the buildings regarding upgrade needs, identified energy conservation measures and calculated the cost. Approximately 50–70 people will be employed and the project will be carried out during 2013–2016. The energy use will be reduced by more than 20% to meet the environmental requirement of the EU.

Capital expenditure and acquisitions

Gross capital expenditure on non-current assets included on the balance sheet totalled EUR 23.4 million (1–9/2012: EUR 13.9 million) during January–September, representing 1.3 percent (1–9/2012: 0.7%) of revenue. Investments in information technology totalled EUR 20.9 million (1–9/2012: EUR 1.1 million) and related primarily to the partial demerger. Other investments amounted to EUR 2.6 million (1–9/2012: EUR 3.8 million). Caverion made no acquisitions or disposals during January–September 2013.

Operative invested capital

Return on operative invested capital (last 12 months), %[1]	10/12-9/13	7/12-6/13
Building Services Northern Europe	4.9	5.8
Building Services Central Europe	18.0	17.8

[1] In the comparison figures the impact of IAS 19 and adjustments of internal items have been taken into account.

Operative invested capital, EUR million	9/13	6/13	Change	9/13	12/12	Change
Building Services Northern Europe	330.0	335.3	-1.6%	330.0	344.8	-4.3%
Building Services Central Europe	141.9	136.5	4.0%	141.9	96.6	46.9%

At the end of September, the Group's operative invested capital amounted to EUR 484.9 million (12/2012: EUR 478.6 million). Invested capital is calculated by deducting non-interest bearing liabilities from the balance sheet total.

Cash flow strengthened in July–September

The Group's operating cash flow after investments for January–September amounted to EUR -32.2 million (1–9/2012: EUR -38.7 million). The Group's operating cash flow after investments for July–September amounted to EUR 5.3 million (7–9/2012: EUR -25.5 million), which was burdened by demerger-related IT investments of EUR 5.7 million.

Working capital management in focus

Up until now we have been focusing on increasing the profitability and efficiency of our business. Now we are also focusing on the more efficient use of capital. We have therefore introduced a new financial target: working capital, with the target to reach negative working capital by the end of 2016. By addressing this, we can free up capital tied up in our operations and improve our cash flow going forward.

Working capital decreased by 7 percent compared to the previous year and amounted to EUR 119.9 million at the end of September (9/2012: EUR 128.3 million).

Profit before taxes and earnings per share

Profit before taxes amounted to EUR 25.5 million and earnings per share amounted to EUR 0.15 in January–September, excluding the financial cost effect for January–June 2013 of the new financing arrangements transferred to Caverion Corporation as a result of the partial demerger. If the refinancing under the new loan agreement would have been drawn down at the beginning of the financial year, the net financing expenses in January–September would have amounted to approximately EUR 6.1 million.

The effective tax rate of the Group was 28.1 percent in January–September (1–12/2012: 29.0%).

DEVELOPMENT BY BUSINESS AREA

Caverion aims to be the leading and the most efficient building systems company in Europe. In the future, Caverion aims to increase the share of service and maintenance operations of the business volume in Central Europe, both organically and through acquisitions, as service and maintenance is considered to offer high growth potential, especially in German-speaking countries. The company is also aiming further in the value chain and aims to strengthen its position particularly in Design & Build projects and increase the share of long-term service agreements in the service and maintenance business.

Service and maintenance business

The Group revenue of service and maintenance business decreased by 9.7 percent and was EUR 1,023.4 million (1–9/2012: EUR 1,132.8 million), or 55.2 percent of the Group's total revenue in January–September (1–9/2012: 55.1%). In July–September, the service and maintenance business generated EUR 320.4 million (7–9/2012: EUR 361.3 million) on a Group level, or 53.9 percent of the total revenue of Caverion Group (7–9/2012: 54.3%).

In Building Services Northern Europe the service and maintenance business generated EUR 854.8 million (1–9/2012: EUR 977.1 million), or 60.9 percent of the segment's total revenue in January–September (1–9/2012: 63.6%). In July–September, service and maintenance business generated EUR 258.0 million (7–9/2012: EUR 304.6 million), or 59.4 percent of the segment's total revenue (7–9/2012: 62.7%).

In Building Services Central Europe the service and maintenance business generated EUR 168.6 million (1–9/2012: EUR 155.8 million), or 37.3 percent of the segment's total revenue in January–September (1–9/2012: 30.0%). The share of service and maintenance was still significantly lower in Building Services Central Europe (1–9/2013: 37.3%) than in Building Services Northern Europe (1–9/2013: 60.9%), and therefore the opportunities for increasing it in Building Services Central Europe are good. The volume of service and maintenance generated 7.3 percent more turnover in January–September than the corresponding period the previous year. In July–September, service and maintenance business generated EUR 62.4 million (7–9/2012: EUR 56.7 million), or 38.9 percent of the segment's total revenue (7–9/2012: 31.6%). The opportunities, both internal and market driven, for increasing the share of service and maintenance in Building Services Central Europe remain good.

Project business

The Group revenue of project business decreased by 9.8 percent and was EUR 832.1 million (1–9/2012: EUR 922.2 million), or 44.8 percent of the Group's total revenue in January–September (1–9/2012: 44.9%). In July–September, the project business generated EUR 274.3 million (7–9/2012: EUR 303.6 million) on a Group level, or 46.1 percent of the total revenue of Caverion Group (7–9/2012: 45.7%).

In Building Services Northern Europe, the project business generated EUR 548.8 million (1–9/2012: EUR 559.6 million), or 39.1 percent of the segment's total revenue in January–September (1–9/2012: 36.4%). In July–September, the project business generated EUR 176.0 million (7–9/2012: EUR 180.9 million), or 40.5 percent of the segment's total revenue (7–9/2012: 37.3%).

In Building Services Central Europe, the project business generated EUR 283.5 million (1–9/2012: EUR 362.6 million), or 62.7 percent of the segment's total revenue in January–September (1–9/2012: 70.0%). In July–September, the project business generated EUR 98.4 million (7–9/2012: EUR 122.7 million), or 61.2 percent of the segment's total revenue (7–9/2012: 68.4%).

In the project business, the aim is to grow as a supplier of Design & Build projects and total deliveries of building systems. Caverion excels in large projects where it is involved throughout the project from designing the solution to delivering the technology. Higher profitability than in individual tender-based projects is typical of such project development. The aim is to improve the profitability of project business through more careful project selection, increasingly systematic risk management and more efficient procurement.

PERSONNEL

Personnel by country	9/13	6/13	Change	9/13	9/12	Change	12/12
Finland	4,826	4,987	-3%	4,826	5,129	-6%	4,977
Sweden	4,029	4,138	-3%	4,029	4,542	-11%	4,492
Norway	3,595	3,581	0%	3,595	3,708	-3%	3,642
Germany	2,434	2,399	1%	2,434	2,502	-3%	2,450
Austria	714	700	2%	714	701	2%	706
Denmark	1,018	1,041	-2%	1,018	1,158	-12%	1,104
Other countries	1,274	1,279	0%	1,274	1,273	0%	1,247
Group, total	17,890	18,125	-1%	17,890	19,013	-6%	18,618

Personnel by business segment	9/13	6/13	Change	9/13	9/12	Change	12/12
Building Services Northern Europe	14,469	14,751	-2%	14,469	15,489	-7%	15,159
Building Services Central Europe	3,336	3,291	1%	3,336	3,441	-3%	3,380
Corporate Services	85	83	2%	85	83	2%	79
Group, total	17,890	18,125	-1%	17,890	19,013	-6%	18,618

In January–September 2013, the Group employed 18,174 people on average (1–9/2012: 19,254). At the end of September, the Group employed 17,890 people (9/2012: 19,013). The personnel expenses for January–September amounted to a total of EUR 784.8 million (1–9/2012: EUR 824.2 million).

STRATEGY AND LONG-TERM FINANCIAL TARGETS

Caverion's strategic objective is to achieve a leading position in the European building systems market. The strategy has three main objectives:

- In Northern Europe, the key aim is to improve profitability.
- In Central Europe, Caverion will pursue strong growth, especially in Germany and German-speaking countries. The aim is to grow both organically and through acquisitions.
- Extensive new and advanced projects and services. The company will pursue growth and profitability by putting an emphasis on long-term service agreements in the service and maintenance business, Design & Build projects and deliveries related to energy savings.

The Board of Directors of Caverion approved the amended financial targets of Caverion Corporation on October 31, 2013. The financial targets for Caverion for the strategy period 2014-2016 are:

	TARGET	ACTUAL 2012 (Carve-out)
Revenue growth (%)	Average annual growth in revenue of more than 10 percent	-2.5
Profitability (%)	EBITDA over six percent of revenue	3.0
Working capital (EUR million)	Negative	119.9 (as per 30 September 2013)

Working capital has been defined as inventories + current, non-interest-bearing receivables and liabilities excluding cash and cash equivalents (calculation formula below):

Working capital = Inventories + Trade and POC receivables + Other current receivables - Trade and POC payables - Other current payables - Advances received – Current provisions. Does not include non-current provisions or pension obligations.

There is no certainty of the company achieving the above financial targets or being able to maintain them if it reaches them. The company uses the above-mentioned and other financial targets and performance indicators at selected intervals in its business.

Dividends and dividend policy

Caverion'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. Even though there are no plans to amend this dividend policy, there is no guarantee that a dividend or capital redemption will actually be paid in the future, and also there is no guarantee of the amount of the dividend or return of capital to be paid for any given year.

FINANCING

Refinancing relating to the partial demerger was finalised as planned during June. As a result, Caverion's loan portfolio consists of diverse sources and has a diversified maturity structure to mitigate refinancing risk. Caverion has a solid liquidity reserve to meet the debt repayments falling due during the calendar year and to cover the potential funding need over the planning period of business operations including planned capital expenditure. Overall, the Group's financing position enables the implementation of the Group's growth strategy.

Caverion's cash and cash equivalents amounted to EUR 56.2 million at the end of September (6/2013: EUR 43.8 million). In addition, Caverion has undrawn revolving credit facilities amounting to EUR 60 million and undrawn overdraft facilities amounting to EUR 19 million.

The Group's interest-bearing loans and borrowings amounted to EUR 246.3 million at the end of September (6/2013: EUR 237.8 million), and the average interest rate after hedges was 2.09 per cent. Fixed-rate loans after hedges accounted for approximately 31 percent of the Group's borrowings. Approximately 84 percent of the loans have been raised from banks and other financial institutions, approximately 9 percent directly from the money markets and approximately 6 percent from insurance companies. A total of EUR 74.1 million of the interest-bearing loans and borrowings will fall due during the next 12 months.

Caverion's external financing consists mainly of a credit facility with a Nordic bank group. The facility was transferred to Caverion Corporation upon the registration of the partial demerger. It includes an amortising long-term loan facility of EUR 140 million falling due in June 2016, a long-term revolving credit facility of EUR 60 million falling due in June 2016 (which was undrawn at the end of September) and a short-term bridge loan facility of EUR 22 million falling due in June 2014. In addition to the credit facility, amortising loans amounting to a total of EUR 60 million were transferred to Caverion Corporation in the demerger.

The Group's net financing expenses in January–September amounted to EUR 4.3 million. Net financing expenses for the review period are burdened by one-off items relating to the partial demerger amounting to EUR 0.7 million. If the refinancing under the credit facility would have been drawn down at the beginning of the financial year, the net financing expenses in January–September would have amounted to approximately EUR 6.1 million.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. Net debt amounted to EUR 190.1 million at the end of September (6/2013: EUR 194.0 million).

PARTIAL DEMERGER OF YIT

The demerger of YIT became effective when YIT's Extraordinary General Meeting approved the demerger and its implementation was recorded with the Finnish Trade Register on June 30, 2013. Trading in Caverion shares commenced on July 1, 2013.

YIT's shareholders received as demerger consideration one (1) share in Caverion for each share owned in YIT. No action was required from the shareholders in relation to the receipt of the demerger consideration.

More detailed information related to the demerger is presented in the registration document according to the Finnish Securities Markets Act as well as the securities note and summary (together with the registration document "the Prospectus"), which have been available as of June 5, 2013, on YIT's website at www.yit.fi/sijoittajat. The unofficial English translation of the Prospectus has been available as of June 5, 2013, on YIT's website at www.yitgroup.com/investors. All demerger-related information is available in the Investors section of YIT's website at www.yitgroup.com/demerger.

RESOLUTIONS PASSED AT THE EXTRAORDINARY GENERAL MEETING OF YIT

The Extraordinary General Meeting of YIT Corporation, held on June 17, 2013, approved the demerger plan concerning YIT's partial demerger and decided on the partial demerger in accordance with the demerger plan. In addition, the Extraordinary General Meeting decided on the composition of the Board of Directors of Caverion and their fees, the election of the auditor of Caverion and its fee as well as the authorisation of the Board of Directors of Caverion on the repurchase of own shares and share issues. The stock exchange release on the resolutions passed at the extraordinary general meeting of YIT Corporation is available on YIT's website at www.yitgroup.com.

The Board of Directors of Caverion Corporation held its organisational meeting on June 17, 2013. At the meeting the Board decided on the composition of the Personnel Committee and the Audit Committee. A description of the committees' tasks and charters are available on Caverion's website at www.caverion.com.

SHARES AND SHAREHOLDERS

Caverion is a public limited company organised under the laws of the Republic of Finland, incorporated on the Effective Date of the Demerger on June 30, 2013. The company has a single series of shares, and each share entitles its holder to one vote at the General Meeting of the company. The company's shares have no nominal value.

Share capital and number of shares

Caverion Corporation's share capital and the number of shares did not change during the review period. At the beginning of trading on July 1, 2013, the number of shares subject to public trading was 125,596,092 and the share capital was EUR 1,000,000.

Caverion Corporation did not hold any treasury shares at the beginning of the review period. During the review period, 1,374 Caverion shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme of YIT Corporation, after which the company held 1,374 treasury shares at the end of September 2013.

Authorisations of the Board of Directors

Authorising Caverion's Board of Directors to decide on the repurchase of own shares of Caverion

The Extraordinary General Meeting of YIT Corporation, held on June 17, 2013, authorised the Board of Directors of Caverion to decide on the repurchase of own shares of Caverion in accordance with the proposal by the Board of Directors. The authorisation covers the purchasing of a maximum of 12,500,000 company shares using the funds from the company's unrestricted equity. The shares are not to be purchased in proportion to the shareholders' holdings. The shares will be purchased in public trading on NASDAQ OMX Helsinki Ltd, and the shares will be purchased at their market value in public trading on NASDAQ OMX Helsinki Ltd at the time of purchase. The share purchase will decrease Caverion's distributable unrestricted equity. The authorisation is valid until March 31, 2014.

Authorising Caverion's Board of Directors to decide on share issues

The Extraordinary General Meeting of YIT Corporation, held on June 17, 2013, authorised the Board of Directors of Caverion to decide on share issues in accordance with the proposal by the Board of Directors. The authorisation may be used in full or in part by issuing shares in Caverion in one or more issues so that the maximum number of shares issued is a total of 25,000,000 shares.

The Board of Directors may decide on a directed share issue in deviation from the shareholders' pre-emptive rights. According to the authorisation, the Board of Directors decides to whom and in which order the shares will be issued. In the share issues, shares may be issued for subscription against payment or without charge.

Based on the authorisation the Board of Directors may also decide on a share issue without payment directed to the company itself, provided that the number of shares held by the company after the issue would be a maximum of 10% of the issued and outstanding shares in the company. This amount includes shares held by Caverion and its subsidiaries in the manner provided for in Chapter 15(11)(1) of the Limited Liability Companies Act.

The authorisation empowers the Board of Directors to decide on the terms and conditions of and measures related to the share issues in accordance with the Limited Liability Companies Act, including the right to decide whether the subscription price will be recognised in full or in part in the invested unrestricted equity reserve or as an increase in the share capital.

The share issue authorisation also includes the authorisation of the Board of Directors to decide on the transfer of own shares that may be acquired on the bases of the above-mentioned authorisation. The authorisation applies to a maximum of 12,500,000 of the company's own shares. The Board of Directors was authorised to decide on the purpose for transferring such shares and on the terms and conditions for such transfer.

The authorisation is valid until March 31, 2014.

Trading in shares

Trading in Caverion shares commenced on July 1, 2013. Friday, June 28, 2013, was the last trading day on which Caverion was included in the YIT share and its price.

The opening price of Caverion's share was EUR 3.00 on July 1. The closing rate of the share on the last trading day of the review period on September 30, 2013, was EUR 6.00. The share price increased by 100 percent during July–September. The highest price of the share during the review period July–September was EUR 6.19, the lowest was EUR 3.00 and the average price was EUR 4.61. Share turnover on Nasdaq OMX excluding OTC trading in July–September amounted to 29.1 million shares. The value of share turnover excluding OTC trading was EUR 134.0 million (source: Nasdaq OMX). The volume of OTC trading on Nasdaq OMX was 80,000 shares or EUR 321,496 in July–September.

In addition to the Helsinki Stock Exchange, Caverion's shares are also traded in other market places, such as BATS Chi-X and Burgundy. During July–September, 386,240 Caverion Corporation shares changed hands in alternative market places, corresponding to approximately 1.1 percent of the total share trade. Of the alternative market places, Caverion shares changed hands particularly in BATS Chi-X. Furthermore, during July–September, 4.1 million Caverion Corporation shares changed hands in OTC trading outside Nasdaq OMX, corresponding to approximately 12.2 percent of the total share trade (source: Fidessa Fragmentation Index).

Caverion Corporation’s market capitalisation at the end of the review period was EUR 753.6 million. Market capitalisation has been calculated excluding the shares held by the company.

Number of shareholders and flagging notifications

At the end of September 2013, the number of registered shareholders in Caverion was 34,942 (6/2013: 39,250). At the end of September 2013, a total of 38.8 percent of the shares were owned by nominee-registered and non-Finnish investors (6/2013: 35.2 %).

During the review period, the company received no "flagging notifications" of change in ownership in Caverion Corporation in accordance with Chapter 9, section 5 of the Securities Market Act.

Updated lists of Caverion’s largest shareholders and ownership structure by sector as per September 30, 2013, are available on Caverion’s website at www.caverion.com/investors.

MOST SIGNIFICANT SHORT-TERM BUSINESS RISKS AND RISK MANAGEMENT

Caverion Group classifies as risks those factors that might endanger the achievement of the Group's strategic and financial goals if they should materialise. Risks are divided into strategic, operational, financial and event risks. The identification and management of risk factors takes into account the special features of the business and operating environment. Risk management is an integral part of the Group’s management, monitoring and reporting systems. The nature and probability of strategic risks is continuously monitored and reported on. A strategic risk assessment is carried out at Group level once a year in connection with the review of the strategy.

There are several risk factors relating to Caverion and its operating environment, business and the demerger. Caverion's typical operational risks include risks related to contract tenders, service agreements, project management and personnel. The share of steadily developing service and maintenance operations has been increased. Operations have been expanded geographically so that economic fluctuations impact operations at different times in different markets. Continuous monitoring and analysis make it possible to react quickly to changes in the operating environment and to utilise the new business opportunities provided by them.

Caverion's business is comprised of thousands of projects and service agreements, and therefore agreement management and project management are an important part of efficient business. Management of costs and implementation is particularly important for major individual projects, such as property development projects. In long-term service agreements, Caverion commits to a certain service level and pricing principles, which may also have an unfavourable effect on Caverion's profitability. With regard to various tender-based projects, it is important to act selectively, taking into account the risks and profitability of the projects, and review the content, risks and terms and conditions of all contracts and agreements in accordance with specified processes. In particular, the management of tender-based projects requires comprehensive project management expertise in order to reach the desired profitability. Inefficient and unsuccessful project management may have a material effect on Caverion's ability to offer high-quality and profitable services, which may have an unfavourable effect on Caverion's business, result of operations and financial position.

The success of the company materially depends on the professional skills of the company's management and personnel, as well as on the ability of the company to retain its current management and personnel and, when necessary, recruit new and skilled personnel. Project management personnel in particular are required to hold specified competencies, and shared decision-making processes and quality systems must be followed in the management process. The majority of Caverion's business is labour-intensive, meaning that the availability and commitment of skilled employees is a prerequisite for organic growth. The loss of management members or employees or the inability to attract qualified new personnel may have a material unfavourable effect on the company's business, result of operations and financial position. Work stoppages, strikes or other labour disputes in industries associated with Caverion's business may also have negative effects on Caverion's business operations.

Caverion's business is exposed to economic cycles, and slow or negative economic growth may have an unfavourable effect on the demand for Caverion's services. The increased insecurity of the general macroeconomic development has an effect on Caverion's business and customers.

Should one or several customers face financial difficulties, this may have an unfavourable effect on the company's business, result of operations and financial position. The company has an extensive customer base, comprised of customers of various sizes from the public as well as private sector. The counterparty risks of Caverion's business operations are above all associated with fulfilling the obligations of agreements made with customers, customer receivables and long-term service agreements. In particular, strong fluctuations in the economy may lead to financial difficulties or insolvency of Caverion's customers. The revenue recognition of long-term agreements includes a risk of the revenue recognised on the basis of percentage of completion and result presented by financial period not corresponding with the even allocation of the final overall result over the agreement.

Companies in Caverion Group have business-related disputes and associated legal and arbitration proceedings, and predicting their outcomes involves uncertainties. The project practice in Germany in particular relatively often leads to having to settle the rights and responsibilities of the contracting parties in court. According to the company's experience, the outcome of the processes rarely differs significantly from the expectations of the company. Therefore, the outcome of dispute-related processes is not expected to have a significant effect on the Group's result or financial position. However, it is not completely ruled out that the company's estimate turns out to be materially wrong and the outcomes of the processes will have an unfavourable effect on the company's result of operations and financial position.

The Group books write-offs or provision on receivables when it is evident that no payment can be expected. Caverion Group adopts its policy of valuing trade receivables and the bookings include estimates and critical judgements. The estimates are based on experience of realised write-offs in previous years, empirical knowledge of debt collecting, collateral and analyses made by clients and general market economic situation at the time.

The Group's aim is to grow both organically and through acquisitions. Risks associated with acquisitions and outsourcing are managed by selecting projects according to strict criteria and effective integration processes that familiarise new employees with Caverion's values, operating methods and strategy. The Group has a uniform process and guidelines for the implementation of acquisitions.

Goodwill recognised on Caverion’s balance sheet is not amortised, but it is tested annually for any impairment. The amount by which the carrying amount of goodwill exceeds the recoverable amount is recognised as an impairment loss through profit and loss. If negative changes take place in Caverion’s result and growth development, this may lead to an impairment of goodwill, which may have an unfavourable effect on Caverion’s result of operations and shareholders’ equity. Caverion Group’s goodwill amounted to EUR 335.7 million on September 30, 2013.

Financial risks include risks related to the sufficiency of financing, currency and interest rates, credit and counterparty risks and risks related to the reporting process. Financial risks are managed through accounting and financing policies as well as internal and external auditing.

Possible event risks include accidents related to personal or information security as well as sudden and unforeseen material damage to premises, project sites and other property resulting, for example, from fire, collapse or theft. Caverion complies with a group-wide security policy covering the different areas of security. The demerger may have undesirable effects on the uninterrupted continuity of certain functions central to Caverion’s operations, such as ICT systems.

A more detailed account of the risks relating to Caverion and its operating environment and business has been published in the Demerger Prospectus dated June 4, 2013. Financial risks are described in more detail in the notes to the Interim Report 1-9/2013.

OUTLOOK FOR THE SECOND HALF OF 2013

Caverion repeats the estimate announced on June 4, 2013, according to which Caverion estimates that the Group’s revenue for the second half of 2013 is more than EUR 1.3 billion and EBITDA more than EUR 50 million. The guidance does not take into account the non-recurring expenses related to the demerger, or the expenses related to any potential mergers or acquisitions. The increased insecurity of the general macroeconomic development nonetheless has an effect on Caverion’s business and customers.

The operations in Finland were stable and at a good level in July–September. The efficiency programme in Sweden is progressing well and the operations are now developing according to plan, which is expected to contribute favourably to the development of profitability during the fourth quarter. Norway is suffering from very low profitability. The low order intake in Germany in the first half of 2013 has been reflected as lower revenue in January–September compared to the previous year. The improved order backlog in the third quarter 2013 was a positive sign, but is not expected to contribute to revenue until the first half of next year.

Market outlook for Caverion’s services

Caverion operates in Sweden, Finland, Norway, Germany, Austria, Denmark, Russia, Estonia, Latvia, Lithuania, Poland, the Czech Republic and Romania. The extensive geographical area of operations and comprehensive portfolio balance the effect of economic fluctuations.

The increased technology in buildings increases the need for new services, and the demand for energy efficiency services is expected to remain stable. The opportunities for growth in service and maintenance are still favourable in all of Caverion’s operational areas.

Decision-making on new investments is still slow, but positive signs can be seen. New investments in building systems are expected to increase slightly. Increasing public investments and an increasing need for renovation and repair work are expected to be the key factors behind the growth.

There is potential for energy efficiency services over the next few years with the tightening of environmental legislation. Environmental certifications and energy efficiency will be increasingly significant factors in the future, allowing property owners to increase the value of their properties, which will continue to support growth opportunities. Also an increasing number of properties will be connected to control rooms through remote monitoring in command centres. Services and projects related to the maintenance of traffic infrastructure are also estimated to develop favourably.

INTERIM REPORT JAN 1–SEP 30, 2013: FINANCIAL TABLES

The information presented in this Interim Report has not been audited.

Interim Report

Notes to the Interim Report

Interim Report

Condensed consolidated income statement

EUR million	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
		Carve-out	1-6/13 carve-out + 7-9/13 actual	Carve-out	Carve-out
Revenue	**594.8**	**664.7**	**1,855.5**	**2,054.8**	**2,803.2**
Other operating income and expenses	-571.5	-638.5	-1,809.8	-1,979.4	-2,717.9
Share of results of associated companies	0.0	0.0	0.0	0.0	0.0
Depreciation, amortisation and impairment	-5.6	-7.3	-15.8	-18.6	-24.2
Operating profit	**17.8**	**18.9**	**29.9**	**56.8**	**61.1**
% of revenue	3.0	2.9	1.6	2.8	2.2
Financial income and expenses, net	-1.9	-0.3	-4.3	-3.0	-3.6
Profit before taxes	**15.8**	**18.6**	**25.5**	**53.8**	**57.5**
% of revenue	2.7	2.8	1.4	2.6	2.1
Income taxes	-4.5	-4.6	-7.2	-15.7	-16.7
Profit for the period	**11.4**	**14.1**	**18.4**	**38.2**	**40.8**
% of revenue	1.9	2.1	1.0	1.9	1.5
Attributable to:					
Equity holders of the parent company	11.4	14.1	18.3	38.1	40.7
Non-controlling interest	0.0	0.0	0.0	0.1	0.1
Earnings per share attributable to the equity holders of the parent company*					
Earnings per share, EUR	0.09	0.11	0.15	0.30	0.32

* The income statement information for the carve-out periods does not include the cost effect of the new financing arrangements transferred to Caverion Corporation as a result of the partial demerger.

The earnings per share for the periods prior to the demerger were computed as if the shares issued at the demerger were outstanding for all periods presented.

Consolidated statement of comprehensive income

EUR million	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
		Carve-out	1-6/13 carve-out + 7-9/13 actual	Carve-out	Carve-out
Profit for the period	**11.4**	**14.1**	**18.4**	**38.2**	**40.8**
Other comprehensive income					
Items that will not be reclassified to profit/loss:					
- Change in fair value of defined benefit pension		4.6		14.1	15.3
-- Deferred tax		-1.3		-4.0	-4.2
Items that may be reclassified subsequently to profit/loss:					
- Cash flow hedges	-0.1	0.1	0.1	-0.1	-0.1
-- Deferred tax	0.0	0.0	0.0	0.0	0.0
- Change in fair value of available for sale investments	-0.1		-0.2		-0.4
-- Deferred tax	0.0		0.0		0.1
- Translation differences	0.6	3.3	-1.0	5.7	3.9
Other comprehensive income, total	**0.4**	**6.7**	**-1.0**	**15.7**	**14.6**
Total comprehensive result	**11.8**	**20.8**	**17.4**	**53.8**	**55.3**
Attributable to:					
Equity holders of the parent Company	11.8	20.8	17.4	53.7	55.2
Non-controlling interest	0.0	0.0	0.0	0.1	0.1

Consolidated statement of financial position

EUR million	30.9.13	30.9.12	31.12.12
		Carve-out	Carve-out
Assets			
Non-current assets			
Property, plant and equipment	27.8	33.2	31.8
Goodwill	335.7	335.7	335.7
Other intangible assets	47.7	40.3	39.0
Shares in associated companies	0.1	0.1	0.1
Other investments	2.2	2.2	2.5
Other receivables	2.2	5.3	5.3
Deferred tax assets	7.6	6.0	5.5
Current assets			
Inventories	39.9	44.0	39.0
Trade and other receivables	771.6	828.3	779.4
Cash and cash equivalents	56.2	93.8	100.8
Total assets	**1,291.1**	**1,388.9**	**1,339.0**
Equity and liabilities			
Equity	**238.6**	**453.9**	**387.4**
Non-current liabilities			
Deferred tax liabilities	70.5	64.9	68.7
Pension obligations	45.5	55.2	51.8
Provisions	6.9	7.4	6.9
Borrowings	172.2	79.9	75.6
Other liabilities	0.2	4.5	4.6
Current liabilities			
Advances received	160.9	142.9	143.7
Trade and other payables	505.4	541.0	561.4
Provisions	16.7	23.9	23.3
Borrowings	74.1	15.3	15.4
Total equity and liabilities	**1,291.1**	**1,388.9**	**1,339.0**

Working capital

EUR million	30.9.13	30.9.12	31.12.12
		Carve-out	Carve-out
Inventories	39.9	44.0	39.0
Trade and POC receivables	702.3	768.5	733.3
Other current receivables	50.4	47.8	43.5
Trade and POC payables	-279.3	-308.2	-301.9
Other current payables *	-232.6	-280.8	-276.1
Advances received	-160.9	-142.9	-143.7
Working capital	**119.9**	**128.3**	**94.0**

* including current provisions

Consolidated statement of changes in equity

EUR million	Invested equity	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Total	Non-controlling interest	Total equity
	Equity attributable to owners of the parent								
Equity on January 1, 2013 *	**379.3**			**7.7**	**-0.1**		**386.8**	**0.6**	**387.4**
Comprehensive income 1-6/13									
Profit for the period	7.0						7.0	0.0	7.0
Other comprehensive income:									
Cash flow hedges					0.1		0.1		0.1
- Deferred tax									
Change in fair value of available for sale assets					0.0		0.0		0.0
- Deferred tax					0.0		0.0		0.0
Translation differences				-1.5			-1.5		-1.5
Comprehensive income 1-6/13, total *	7.0			-1.5	0.1		5.6	0.0	5.6
Transactions with owners									
Share- based incentive scheme	-0.8						-0.8		-0.8
Equity transactions with YIT Group	-164.5						-164.5		-164.5
Transactions with owners, total *	-165.3						-165.3		-165.3
Demerger on June 30, 2013	-221.0	1.0	220.0				0.0		0.0
Demerger related capitalised costs			-0.9				-0.9		-0.9
Equity on June 30, 2013	**0.0**	**1.0**	**219.1**	**6.1**	**0.1**		**226.2**	**0.6**	**226.8**
Comprehensive income 7-9/13									
Profit for the period			11.4				11.4	0.0	11.4
Other comprehensive income:									
Cash flow hedges					-0.1		-0.1		-0.1
- Deferred tax					0.0		0.0		0.0
Change in fair value of available for sale assets					-0.1		-0.1		-0.1
- Deferred tax					0.0		0.0		0.0
Translation differences				0.6			0.6		0.6
Comprehensive income 7-9/13, total			11.4	0.6	-0.1		11.8	0.0	11.8
Transactions with owners									
Share-based incentive scheme						0.0	0.0		0.0
Transactions with owners, total						0.0	0.0		0.0
Equity on September 30, 2013	**0.0**	**1.0**	**230.4**	**6.7**	**-0.1**	**0.0**	**238.0**	**0.6**	**238.6**

* carve-out figures

EUR million	Equity attributable to owners of the parent: Invested equity	Cumulative translation differences	Fair value reserve	Total	Non-controlling interest	Total invested equity
Equity on January 1, 2012 *	**445.6**	**3.8**	**0.2**	**449.5**	**0.5**	**450.0**
Defined benefit pension, re-measurement due to IAS 19 change	-37.0			-37.0		-37.0
Adjusted equity on January 1, 2012	408.5	3.8	0.2	412.5	0.5	413.0
Comprehensive income						
Profit for the period	38.4			38.4	0.1	38.5
Profit for the period, re-measurement due to IAS 19 change	-0.3			-0.3		-0.3
Other comprehensive income:						
Change in fair value of defined benefit pension, re-measurement due to IAS 19 change	14.1			14.1		14.1
-Deferred tax	-4.0			-4.0		-4.0
Cash flow hedges			-0.1	-0.1		-0.1
-Deferred tax						
Translation differences		5.7		5.7		5.7
Comprehensive income, total *	48.1	5.7	-0.1	53.7	0.1	53.8
Transactions with owners						
Share-based incentive scheme	0.8			0.8		0.8
Equity transactions with YIT Group	-13.5			-13.5		-13.5
Transactions with owners, total *	-12.8			-12.8		-12.8
Equity on September 30, 2012 *	**443.9**	**9.5**	**0.1**	**453.3**	**0.6**	**453.9**

* carve-out figures

EUR million	Equity attributable to owners of the parent: Invested equity	Cumulative translation differences	Fair value reserve	Total	Non-controlling interest	Total invested equity
Equity on January 1, 2012 *	**445.6**	**3.8**	**0.2**	**449.5**	**0.5**	**450.0**
Defined benefit pension, re-measurement due to IAS 19 change	-37.0			-37.0		-37.0
Adjusted equity on January 1, 2012	408.5	3.8	0.2	412.5	0.5	413.0
Comprehensive income						
Profit for the period	40.8			40.8	0.1	40.9
Profit for the period, re-measurement due to IAS 19 change	-0.1			-0.1		-0.1
Other comprehensive income:						
Change in fair value of defined benefit pension, re-measurement due to IAS 19 change	15.3			15.3		15.3
-Deferred tax	-4.2			-4.2		-4.2
Cash flow hedges			-0.1	-0.1		-0.1
-Deferred tax			0.0	0.0		0.0
Change in fair value of available for sale investments			-0.4	-0.4		-0.4
- Deferred tax			0.1	0.1		0.1
Translation differences		3.9		3.9		3.9
Comprehensive income, total *	51.7	3.9	-0.4	55.2	0.1	55.3
Transactions with owners						
Share-based incentive scheme	1.0			1.0		1.0
Equity transactions with YIT Group	-81.9			-81.9		-81.9
Transactions with owners, total *	-80.9			-80.9		-80.9
Equity on December 31, 2012 *	**379.3**	**7.7**	**-0.1**	**386.8**	**0.6**	**387.4**

* carve-out figures

Condensed consolidated statement of cash flows

EUR million	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
		Carve-out	1-6/13 carve-out + 7-9/13 actual	Carve-out	Carve-out
Cash flows from operating activities					
Net profit for the period	11.4	14.1	18.4	38.2	40.8
Adjustments to net profit	11.5	8.3	25.7	26.9	29.7
Change in working capital	-11.7	-40.4	-36.9	-63.5	3.7
Financial items, net	0.6	-3.1	0.0	-6.1	-7.0
Taxes paid	-1.3	-4.3	-17.1	-25.1	-17.9
Net cash from operating activities	**10.4**	**-25.4**	**-9.9**	**-29.6**	**49.3**
Cash flows used in investing activities					
Acquisition of subsidiaries, net of cash	0.0	-0.2	-0.8	-7.3	-7.3
Capital expenditure and other investments, net	-5.0	0.2	-21.5	-1.8	-1.5
Net cash used in investing activities	**-5.0**	**0.0**	**-22.3**	**-9.1**	**-8.8**
Operating cash flow after investments	**5.3**	**-25.5**	**-32.2**	**-38.7**	**40.5**
Cash flows used in financing activities					
Change in current liabilities, net	8.0	-0.2	22.7	-0.3	-0.5
Proceeds from borrowings			162.0		
Repayments of borrowings		-3.5	-29.5	-11.0	-15.0
Equity financing with YIT Group		12.6	-164.5	-13.5	-81.9
Net cash used in financing activities	**8.0**	**8.9**	**-9.4**	**-24.8**	**-97.4**
Change in cash and cash equivalents	**13.4**	**-16.6**	**-41.6**	**-63.5**	**-56.9**
Cash and cash equivalents at the beginning of the period	43.8	109.3	100.8	154.5	154.5
Change in the fair value of the cash equivalents	-1.0	1.1	-3.0	2.9	3.1
Cash and cash equivalents at the end of the period	56.2	93.8	56.2	93.8	100.8

Notes to the Interim Report

1 Accounting principles

General

On June 30, 2013 the partial demerger of Building Services business ("demerger") of YIT Corporation became effective. At this date, all of the assets and liabilities directly related to the Building Services business were transferred to Caverion Corporation.

For the purposes of this interim report "Caverion Group" refers to Caverion Corporation and its subsidiaries in relation to the period after the consummation of the demerger and to the Building Services business of YIT Corporation and its subsidiaries ("YIT Group") prior to the consummation of the demerger.

Accounting principles applied in the interim report

Caverion Group's interim report for January 1 - September 30, 2013 has been prepared in accordance with IAS 34: Interim Financial Reporting and in conformity with IFRS as adopted by the European Union. The information presented in this interim report has not been audited.

The basis of preparation and the accounting policies used to prepare the unaudited consolidated interim financial information for the period after the consummation of the demerger are the same as those described in the carve-out financial statements as of and for the years ended December 31, 2012, 2011 and 2010 and in the carve-out financial information as of and for the three month period ended March 31, 2013 with the exception of the allocations made to the carve-out information for the historical information prior to the demerger date.

Caverion has formed a separate legal group as of June 30, 2013. The financial information presented in this interim report is based on actual figures as an independent group after the consummation of the demerger and carve-out figures prior to the consummation of the demerger. The carve-out financial information presented in this interim report reflects the performance and financial position of the entities that have historically formed the Building Services business within YIT Group.

Accordingly, the consolidated statement of financial position as of September 30, 2013, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows for the period July – September 2013 and the related key figures are based on actual figures as an independent group. The income statements, statements of cash flows, statements of financial position and comparative figures for the periods before June 30, 2013 are based on carve-out financial information of Building Services business of YIT Group.

The consolidated interim financial information should be read in conjunction with the carve-out financial statements of Caverion Group as of and for the years ended December 31, 2012, 2011 and 2010 and carve-out financial information as of and for the three month period ended March 31, 2013 as released on June 4, 2013 and included in the demerger and listing prospectus dated June 4, 2013 as well as with the Q2 2013 interim report released on July 26, 2013.

The earnings per share for the periods prior to the demerger were computed as if the shares issued at the demerger were outstanding for all periods presented.

In the interim report the figures are presented in million euros subject to rounding, which may cause some rounding inaccuracies in column and total sums.

Accounting principles of carve-out financial information

The carve-out financial statements of Caverion Group have been prepared on a carve-out basis from YIT's consolidated financial statements using the historical income and expenses, assets and liabilities and cash flows attributable to Building Services business. The carve-out financial statements also include allocations of income, expenses, assets, liabilities and cash flows from the YIT parent company and Perusyhtymä Oy.

The carve-out financial statements of Caverion Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted and endorsed by the European Union under consideration of the principles for determining which assets and liabilities, income and expenses as well as cash flows are to be assigned to Caverion Group as described under “Basis of accounting” of the carve-out financial statements as of and for the years ended December 31, 2012, 2011 and 2010.

The carve-out financial statements have been prepared on a going concern basis and under the historical cost convention, except for the available-for-sale -investments, financial assets and liabilities at fair value through profit and loss and derivative instruments at fair value. Share-based payments are measured at fair value at the time of granting.

Refinancing relating to the partial demerger was arranged and finalized during June 2013. The carve-out financial statements for the periods prior to the consummation of the demerger have not been adjusted to reflect the effects of this reorganization of financing. Thus, the assets and liabilities presented in this interim report are not comparable with comparative periods.

Changes in International accounting standard IAS 19 Employee benefits and the restated comparative numbers

The Group adopted the revised IAS 19 Employee benefits standard on January 1, 2013. The standard includes changes to accounting principles of defined benefit plans. The amendment eliminates the possibility to use the corridor approach and all the actuarial gains and losses are recognised immediately in the statement of other comprehensive income. The full net liability or net asset is recorded in the statement of financial position. The expected interest income on assets is calculated using the same discount rate as calculating the present value of the pension obligation. The changes in fair value of pension obligation are recorded in the statement of other comprehensive income where previously those were included in the personnel expenses in the income statement.

The revised IAS 19 standard requires that the amendments are applied retrospectively to all periods presented. The impact of the revised standard on Caverion’s figures for the nine-month period ended September 30, 2012 is presented in the tables below. The impact for the year ended December 31, 2012 and for the three-month period ended March 31, 2012 has been presented in the demerger and listing prospectus dated June 4, 2013 and for the six-month period ended June 30, 2012 in the Q2 2013 interim report released on July 26, 2013.

Consolidated income statement

EUR million	Group, 1-9/2012	IAS 19 restatement	Restated Group, 1-9/2012
Revenue	**2,054.8**		**2,054.8**
Other operating income and expenses	-1,978.9	-0.5	-1,979.4
Share of results of associated companies	0.0		0.0
Depreciation, amortisation and impairment	-18.6		-18.6
Operating profit	**57.3**	**-0.5**	**56.8**
Financial income and expenses, net	-3.0		-3.0
Profit before taxes	**54.3**	**-0.5**	**53.8**
Income taxes	-15.8	0.1	-15.7
Profit for the period	**38.5**	**-0.3**	**38.2**
Attributable to:			
Equity holders of the parent company	38.4	-0.3	38.1
Non-controlling interest	0.1		0.1

Consolidated statement of comprehensive income

EUR million	Group, 1-9/2012	IAS 19 restatement	Restated Group, 1-9/2012
Profit for the period	**38.5**	**-0.3**	**38.2**
Other comprehensive income			
Change in fair value of defined benefit pension		14.1	14.1
-Deferred tax		-4.0	-4.0
Cash flow hedges	-0.1		-0.1
Translation differences	5.7		5.7
Other comprehensive income, total	**5.6**	**10.1**	**15.7**
Total comprehensive result	**44.1**	**9.8**	**53.8**
Attributable to:			
Equity holders of the parent company	44.0	9.8	53.7
Non-controlling interest	0.1		0.1

Consolidated statement of financial position

EUR million	Group 30.9.2012	IAS 19 restatement	Restated Group, 30.9.2012
Assets			
Non-current assets			
Property, plant and equipment	33.2		33.2
Goodwill	335.7		335.7
Other intangible assets	40.3		40.3
Shares in associated companies	0.1		0.1
Other investments	2.2		2.2
Other receivables	16.2	-10.9	5.3
Deferred tax assets	6.0		6.0
Current assets			
Inventories	44.0		44.0
Trade and other receivables	828.3		828.3
Cash and cash equivalents	93.8		93.8
Total assets	**1,399.8**	**-10.9**	**1,388.9**
Equity and liabilities			
Equity	**481.2**	**-27.3**	**453.9**
Non-current liabilities			
Deferred tax liabilities	75.8	-10.9	64.9
Pension liabilities	27.9	27.3	55.2
Provisions	7.4		7.4
Borrowings	79.9		79.9
Other liabilities	4.5		4.5
Current liabilities			
Advances received	142.9		142.9
Trade and other payables	541.0		541.0
Provisions	23.9		23.9
Borrowings	15.3		15.3
Total equity and liabilities	**1,399.8**	**-10.9**	**1,388.9**

2 Segment information

Caverion has two IFRS reportable segments; Building Services Northern Europe and Building Services Central Europe.

Revenue

EUR million	1-9/13		1-9/12		1-12/12	
Building Services Northern Europe	1,403.6		1,536.5		2,089.2	
- group internal	-0.1		0.0		0.0	
- external	1,403.5		1,536.5		2,089.2	
Building Services Central Europe	452.1		518.4		714.2	
- group internal	-0.1		-0.2		-0.2	
- external	452.0		518.2		714.0	
Revenue in total	**1,855.5**		**2,054.8**		**2,803.2**	

EBITDA and operating profit

EUR million	1-9/13	%	1-9/12	%	1-12/12	%
EBITDA						
Building Services Northern Europe	33.8	2.4	59.2	3.8	59.5	2.8
Building Services Central Europe	15.7	3.5	21.2	4.1	33.2	4.7
Group services and other items	-3.9		-4.9		-7.4	
EBITDA total	**45.6**	**2.5**	**75.4**	**3.7**	**85.3**	**3.0**
Operating profit						
Building Services Northern Europe	21.8	1.6	45.1	2.9	41.1	2.0
Building Services Central Europe	12.2	2.7	16.6	3.2	27.4	3.8
Group services and other items	-4.2		-4.9		-7.4	
Operating profit total	**29.9**	**1.6**	**56.8**	**2.8**	**61.1**	**2.2**

Order backlog

EUR million	9/13	6/13	3/13	12/12	9/12	6/12	3/12
Building Services Northern Europe	797.1	829.2	844.7	819.0	904.9	955.1	969.4
Building Services Central Europe	498.9	444.9	470.5	380.1	435.5	473.4	500.5
Order backlog, total	1,296.0	1,274.2	1,315.2	1,199.1	1,340.4	1,428.5	1,469.9

Operative invested capital*)

EUR million	9/13	6/13	3/13	12/12	9/12	6/12	3/12
Building Services Northern Europe	330.0	335.3	321.5	344.8	393.6	352.0	327.8
Building Services Central Europe	141.9	136.5	118.8	96.6	114.2	107.0	97.0

Return on operative invested capital*)

last 12 months, %	9/13	6/13	3/13	12/12	9/12	6/12	3/12
Building Services Northern Europe	4.9	5.8	9.0	11.0	16.9	20.3	23.4
Building Services Central Europe	18.0	17.8	23.3	32.5	30.9	39.9	60.2

*) Only operational items are taken into account in calculating the segments’ invested capital.

3 Key figures

	9/13	9/12	12/12
Revenue, EUR million	1,855.5	2,054.8	2,803.2
EBITDA, EUR million	45.6	75.4	85.3
EBITDA margin, %	2.5	3.7	3.0
Operating profit, EUR million	29.9	56.8	61.1
Operating profit margin, %	1.6	2.8	2.2
Profit before taxes, EUR million	25.5	53.8	57.5
Margin, %	1.4	2.6	2.1
Profit for the period, EUR million	18.4	38.2	40.8
Margin, %	1.0	1.9	1.5
Earnings per share, EUR	0.15	0.30	0.32
Equity per share, EUR	1.9	3.6	3.1
Financial income and expenses, net, EUR million	-4.3	-3.0	-3.6
Equity ratio, %	21.1	36.4	32.4
Interest-bearing net debt, EUR million	190.1	1.4	-9.8
Gearing ratio, %	79.7	0.3	-2.5
Total assets, EUR million	1,291.1	1,388.9	1,339.0
Operating cash flow after investments, EUR million	-32.2	-38.7	40.5
Working capital, EUR million	119.9	128.3	94.0
Gross capital expenditures, EUR million	23.4	13.9	16.2
% of revenue	1.3	0.7	0.6
Order backlog, EUR million	1,296.0	1,340.4	1,199.1
Personnel, average for the period	18,174	19,254	18,592
Number of outstanding shares at the end of the period (thousands)	125,595	n/a	n/a
Average number of shares (thousands)	125,596	n/a	n/a

4 Financial development by quarter

EUR million	7-9/13	4-6/13	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Revenue							
Building Services Northern Europe	434.0	501.0	468.6	552.7	485.3	538.1	513.1
Building Services Central Europe	160.7	152.1	139.2	195.8	179.5	179.5	159.4
Eliminations	0.0	-0.3	0.0	-0.1	-0.1	0.0	0.0
Revenue, total	**594.8**	**652.8**	**607.9**	**748.4**	**664.7**	**717.6**	**672.5**
EBITDA							
Building Services Northern Europe	17.5	10.0	6.3	0.3	20.7	19.5	19.0
Building Services Central Europe	6.9	4.4	4.5	12.1	6.8	7.9	6.4
Group services and other items	-1.1	-1.5	-1.3	-2.6	-1.3	-1.7	-1.8
EBITDA, total	**23.3**	**12.9**	**9.4**	**9.8**	**26.3**	**25.6**	**23.6**
% of revenue	3.9	2.0	1.5	1.3	4.0	3.6	3.5
Operating profit							
Building Services Northern Europe	13.5	6.1	2.2	-4.0	15.4	15.2	14.5
Building Services Central Europe	5.6	3.2	3.4	10.8	4.8	6.6	5.2
Group services and other items	-1.4	-1.5	-1.3	-2.6	-1.3	-1.7	-1.8
Operating profit, total	**17.8**	**7.8**	**4.3**	**4.3**	**18.9**	**20.1**	**17.8**
% of revenue	3.0	1.2	0.7	0.6	2.9	2.8	2.6

	7-9/13	4-6/13	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Earnings per share, EUR	0.09	0.03	0.02	0.02	0.11	0.10	0.09
Equity per share, EUR	1.9	1.8	2.9	3.1	3.6	3.3	3.3
Financial income and expenses, net, EUR million	-1.9	-2.1	-0.3	-0.6	-0.3	-1.7	-1.0
Equity ratio, %	21.1	19.9	32.8	32.4	36.4	33.9	33.5
Interest-bearing net debt, EUR million	190.1	194.0	21.2	-9.8	1.4	-11.1	-41.9
Gearing ratio, %	79.7	85.5	5.8	-2.5	0.3	-2.6	-10.1
Total assets, EUR million	1,291.1	1,287.4	1,263.1	1,339.0	1,388.9	1,383.7	1,370.9
Operating cash flow after investments, EUR million	5.3	-35.3	-2.2	79.3	-25.5	-18.4	5.1
Gross capital expenditures, EUR million	0.8	21.7	0.9	2.3	2.2	4.1	7.5
% of revenue	0.1	3.3	0.1	0.3	0.3	0.6	1.1
Order backlog, EUR million	1,296.0	1,274.2	1,315.2	1,199.1	1,340.4	1,428.5	1,469.9
Personnel at the end of the period	17,890	18,125	18,260	18,618	19,013	19,280	19,198
Number of outstanding shares at the end of the period (thousands)	125,595	125,596	n/a	n/a	n/a	n/a	n/a
Average number of shares (thousands)	125,596	125,596	n/a	n/a	n/a	n/a	n/a

5 Formulas for calculation of financial indicators

EBITDA =	Operating profit (EBIT) + depreciation, amortisation and impairment
Working capital =	Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions
Segment's operative invested capital =	Tangible and intangible assets + goodwill + shares in associated companies + investments + inventories + trade receivables + other non-interest bearing operational receivables *) - provisions - trade payables - advances received - non-interest bearing liabilities *) *) excl. items associated with taxes, distribution of profit and financial items
Return on operative invested capital (%) =	Segment's operating profit + interest included in operating profit Segment's operative invested capital (average)
Equity ratio (%) =	Equity + non-controlling interest x 100 Total assets - advances received
Gearing ratio (%) =	Interest-bearing liabilities - cash and cash equivalents x 100 Shareholder's equity + non-controlling interest
Earnings / share (EUR) =	Net profit for the period (attributable for equity holders) Average number of outstanding shares during period
Equity / share (EUR) =	Shareholders' equity Number of outstanding shares at the end of period

6 Unusual items affecting operating profit

EUR million	7-9/13	4-6/13	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Building Services Northern Europe	-2.7	-1.4	-2.8	-3.0		-2.8	
Building Services Central Europe	-0.8	-1.4			-0.9		
Group services		-0.3					
Total	-3.5	-3.1	-2.8	-3.0	-0.9	-2.8	

Demerger related costs totalled EUR 2.7 million in Building Services Northern Europe and EUR 0.8 million in Building Services Central Europe during July–September 2013.

During April–June 2013, Building Services Northern Europe entered one-off items relating to restructuring amounting to EUR 1.4 million. The operating profit of Building Services Central Europe was burdened by HOCHTIEF Service Solutions M&A related project costs amounting to EUR 1.4 million. Demerger related costs in Group Services amounted to EUR 0.3 million in the review period.

In Building Services Northern Europe, approximately EUR 2.8 million of adjustment costs were entered during January–March in 2013.

Building Services Northern Europe entered costs relating to the reorganisation of operations amounting to approximately EUR 3 million during the fourth quarter of 2012.

Restructuring of operations was started in Poland during the second quarter of 2012 and a write-down of EUR 0.9 million was made in goodwill in the third quarter of 2012 as a result.

During April–June in 2012, the operating profit for Building Services Northern Europe was burdened by a non-recurring expense of EUR 2.8 million associated with the final financial report of a customer project completed in 2011.

7 Business combinations and disposals

There have been no acquisitions or disposals in 2013.

8 Financial risk management

Caverion’s main financial risks are liquidity risk, credit risk and market risks including foreign exchange and interest rate risk. The objectives and principles of financial risk management are defined in the Treasury Policy approved by the Board of Directors. Financial risk management is carried out by the Group Treasury in co-operation with the operating units and subsidiaries.

To manage the interest rate risk, the Board of Directors has defined an average interest rate fixing term target of 18 months for the Group’s net debt (excluding cash). The Group Treasurer is authorised to deviate +/- 12 months from the target interest rate fixing period. At the balance sheet date the average interest rate fixing term of net debt (excluding cash) was 6.2 months.

The objective of capital management in Caverion Group is to maintain the optimal capital structure, maximise the return on the respective capital employed, and to minimise the cost of capital within the limits and principles stated in the Treasury Policy. The capital structure is modified primarily by directing investments and working capital employed.

9 Financial assets and liabilities

Those financial assets and liabilities for which their carrying amounts do not correspond to their fair values are presented in the table below.

EUR million	30 September 2013 Carrying amount	30 September 2013 Fair value	31 December 2012 Carrying amount	31 December 2012 Fair value
Non-current liabilities				
Loans from financial institutions	161.3	162.3	63.4	56.3
Pension loans	9.0	8.6	10.0	9.2
Other financial loans	1.2	1.2	1.2	1.2

Fair values for non-current loans are based on discounted cash flows. The discount rate used is the rate at which the Group could draw a similar external loan at the balance sheet date and it consists of risk-free market rate and a company-specific risk premium in accordance with the maturity of the loan.

The carrying amounts of all other financial assets and liabilities are reasonably close to their fair values.

Fair value hierarchy

The Group categorises the financial assets and liabilities measured at fair value into different levels of the fair value hierarchy as follows:

Level 1: The fair values are based on quoted prices in active markets for identical assets or liabilities.
Level 2: The fair values are based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: The fair values are based on inputs for the asset or liability that are not based on observable market data.

The table below presents the financial assets and liabilities measured at fair value categorised into different levels of the fair value hierarchy.

Assets September 30, 2013				
EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale investments	1.7		0.5	2.2
Derivatives (hedge accounting not applied)		0.5		0.5
Derivatives (hedge accounting applied)		0.0		0.0
Total assets	**1.7**	**0.5**	**0.5**	**2.7**
Liabilities September 30, 2013				
EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives (hedge accounting not applied)		0.2		0.2
Derivatives (hedge accounting applied)		0.0		0.0
Total liabilities		**0.2**		**0.2**
Assets December 31, 2012				
EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale investments	1.9		0.6	2.5
Derivatives (hedge accounting not applied)				
Derivatives (hedge accounting applied)				
Total assets	**1.9**		**0.6**	**2.5**
Liabilities December 31, 2012				
EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives (hedge accounting not applied)		0.5		0.5
Derivatives (hedge accounting applied)		0.2		0.2
Total liabilities		**0.7**		**0.7**

There were no transfers between the levels of the fair value hierarchy during the period ended 30 September 2013.

The fair values for the derivative instruments categorised in Level 2 have been defined as follows: The fair values of foreign exchange forward agreements have been defined by using the market prices on the closing day. The fair values of interest rate swaps are based on discounted cash flows.

The available-for-sale investments categorised in Level 3 are non-listed equity instruments and they are measured at acquisition cost less any impairment as their fair value cannot be measured reliably.

Changes in the items categorised into Level 3 are presented below:

EUR million	Assets September 30, 2013	Liabilities September 30, 2013	Assets December 31, 2012	Liabilities December 31, 2012
Opening balance	0.6		0.6	
Transfers into / from Level 3				
Purchases and sales	-0.1		0.0	
Gains and losses recognised in profit or loss				
Gains and losses recognised in other comprehensive income				
Closing balance	0.5		0.6	

Derivative instruments

NOMINAL AMOUNTS			
EUR million	September 30, 2013	September 30, 2012	December 31, 2012
--Interest rate derivatives	120.0	10.5	45.5
--Foreign exchange forwards	31.7	38.7	32.1

FAIR VALUES			
EUR million	9/13	9/12	12/12
--Interest rate derivatives			
positive fair value	0.0	0.0	
negative fair value	-0.0	-0.2	-0.2
--Foreign exchange forwards			
positive fair value	0.5	0.1	0.2
negative fair value	-0.2	-0.4	-0.7

Hedge accounting in accordance with IAS 39 is applied to all interest rate derivatives. Hedge accounting is not applied to other derivative instruments.

10 Commitments and contingent liabilities

EUR million	September 30, 2013	September 30, 2012	December 31, 2012
Collateral given for own commitments			
- Corporate mortgages	0.0	0.8	0.7
Guarantees given on behalf of associated companies	0.2	0.2	0.2
Parent company's guarantees on behalf of its subsidiaries	499.1	549.5	557.1
Other commitments			
- Operating leases	196.3	209.2	219.5
- Other contingent liabilities	0.2	0.2	0.2

Entities participating in the demerger are jointly and severally responsible for the liabilities of the demerging entity which have been generated before the registration of the demerger. Hereby, a secondary liability up to the allocated net asset value has been generated to Caverion Corporation, incorporated due to the partial demerger of YIT Corporation, for those liabilities that have been generated before the registration of the demerger and remain with YIT Corporation after the demerger. Except for the bond holders of YIT Corporation’s certain floating rate bonds, the creditors of YIT Corporation’s major financial liabilities have waived their right to claim for a settlement from Caverion Corporation on the basis of the secondary liability. The nominal amount for these YIT Corporation’s floating rate bonds was EUR 94.6 million on September 30, 2013, and they mature as follows: EUR 83.8 million in 2014, EUR 5.4 million in 2015 and EUR 5.4 million in 2016. In addition, Caverion Corporation has a secondary liability relating to the Group guarantees that remain with YIT Corporation after the demerger. These Group guarantees amounted to EUR 399 million at the end of September 2013.