



Caverion provides preliminary financial information for 2016 – result lower than previous guidance

Caverion Corporation Stock exchange release January 16, 2017 at 9.30 a.m. EET

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Caverion Corporation provides preliminary financial information on its revenue and EBITDA for 2016. Preliminary Group revenue for 2016 amounted to approximately EUR 2,366 million (2015: EUR 2,443 million). Preliminary Group EBITDA excluding restructuring costs amounted to approximately EUR 17 million in 2016. Total restructuring costs were approximately EUR 27 million in 2016 and preliminary Group EBITDA for 2016 amounted to approximately EUR -10 million (2015: EUR 91.5 million). The figures are based on unaudited preliminary financial results for the reporting period.

In line with the stock exchange release on October 19, 2016, Caverion continued the review of its project portfolio in the last quarter of 2016. As a result of the review, several projects were still identified with challenges in project management and execution. Based on the review, Caverion has made the necessary cost estimate adjustments, write-downs and provision increases ("project write-downs") related to its project portfolio, which mainly relate to divisions Sweden, Germany and Industrial Solutions. The project write-downs totalled approximately EUR 38 million for the fourth quarter of 2016 and approximately EUR 57 million for the full year of 2016.

Ari Lehtoranta, President and CEO of Caverion comments: "For Caverion, 2016 has been a year of restructuring. We have now completed personnel reductions for 2016, which unfortunately affected over 1,000 of our employees. These actions are however necessary to improve our utilisation rate going forward.

A major focus has been in the review of our existing project portfolio, and as a consequence, we have found it necessary to make project write-downs. During 2016, we have lost several percentage points in our project margin not only in the Large Projects business area, but also in the Technical Installation business area in smaller projects, compared to the targeted level during the execution. Technical Installation is a specifically important area to us due to its volume. Our project performance has been poor in Sweden, Germany and Industrial Solutions. Earlier in the year, we also faced problems in division Denmark-Norway. We have had too optimistic revenue estimates for add-on sales in projects, too optimistic cost and receivable forecasts and different kinds of project execution challenges. Our Technical Maintenance and Managed Services business areas, which represent our service business, have continued to perform well.

We clearly see now that our division Denmark-Norway is making a turnaround. Finland and Austria have performed well throughout 2016. Improvement was also seen in cash flow and working capital towards the year-end.

I believe that our risk level is lower going forward, despite certain risks in some of our ongoing projects especially in Germany, Sweden and Industrial Solutions. We have implemented several actions that will help us to improve our project performance to the right level. For example, we have raised minimum tender margin requirements, we have set up proper tender go/no go analyses and steering processes for Large Projects, we have improved project manager trainings and we have centralised all Large Project activities to dedicated, professional project management teams. With the completed and ongoing actions, together with the organisational and management changes announced on January 9, 2017, we are laying a better foundation for our operations in the future."

New guidance for 2016:

Preliminary Group revenue for 2016 amounted to approximately EUR 2,366 million (2015: EUR 2,443 million). Preliminary Group EBITDA excluding restructuring costs for 2016 amounted to approximately EUR 17 million (2015: EUR 91.5 million). The figures are unaudited.

Previous guidance for 2016 announced on October 19, 2016:

Caverion estimates that the Group's revenue for 2016 will remain at the previous year's level (2015: EUR 2,443 million) and the Group's EBITDA excluding restructuring costs for 2016 will be in the range EUR 40-50 million (2015: EUR 91.5 million).

Publication of the Financial Statement Release:

Caverion will publish its Financial Statement Release for 2016 on Tuesday, February 7, 2017 at approximately 9.00 a.m. Finnish time (EET). The company is currently having its closed period. Caverion will next time communicate on its results and outlook in a news conference arranged in conjunction with the publication of the Financial Statement Release.

CAVERION CORPORATION

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Caverion designs, builds, operates and maintains user-friendly and energy-efficient technical solutions for buildings, industries and infrastructure. Our services and solutions are used in commercial and residential buildings and on industrial and public sector properties, as well as in processes, ensuring business continuity, safety, healthy and pleasant surroundings, optimal performance and cost management. Our vision is to be a leading European provider of advanced and sustainable life cycle solutions for buildings and industries. Our strengths include technological expertise and comprehensive services, covering all technical disciplines throughout the entire life cycles of properties and industrial plants. Our revenue in 2015 was approximately EUR 2.4 billion. Caverion has over 17,000 employees in 12 countries in Northern, Central and Eastern Europe. Caverion's shares are listed on Nasdaq Helsinki. www.caverion.com, @CaverionGroup

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