Annual Report 2013

Caverion

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Consolidated Financial Statements

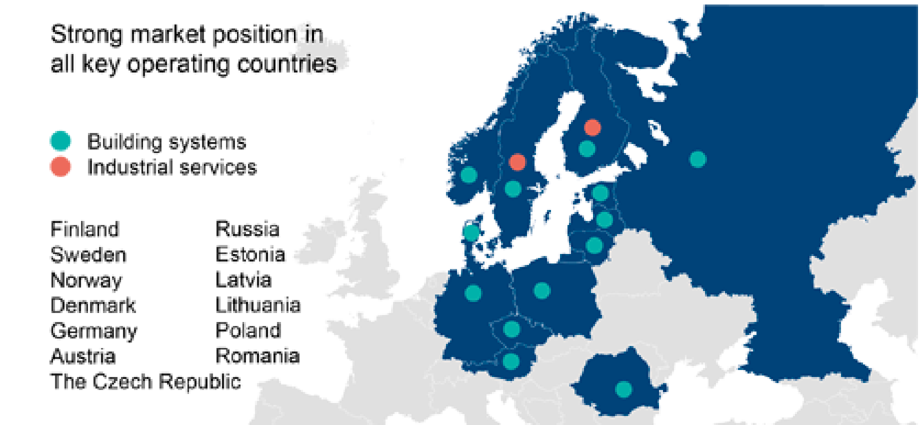
Our services are used in offices, retail properties, housing, public premises, industrial plants and infrastructure, among other places.

Our strengths include technological competence and customer-oriented service, covering all building systems throughout the life cycle of the property.

Our revenue for 2013 was approximately EUR 2.5 billion. Caverion has approximately 17 700 employees in 13 countries. Our head office is located in Helsinki, Finland. The Caverion share (CAV1V) is listed on the Helsinki Stock Exchange (NASDAQ OMX Helsinki Ltd).

New company, long history

Caverion was established through the demerger of Building Services and Industrial Services businesses from YIT Group in June 2013. Caverion is a new company, but all of our business areas already have a long history with a lot of valuable experience. Acquisitions in the Nordic countries and Central Europe have promoted the development of our revenue throughout the 2000s.



Strong market position with good growth potential

The main objectives of our strategy include increasing profitability in Northern Europe, strong growth in Central Europe organically and through acquisitions and development of wide, new and advanced projects and services.

We aim to be the leading and most efficient building systems company in Europe. In Finland, we are the largest in our field of business and among the top five in all key operating countries. We have strong growth potential particularly in Central Europe.

Energy-efficient and user-friendly solutions for buildings and industry

We offer **building systems** in all our operating countries. Our services cover both the design and installation of technical systems, as well as their service and maintenance and facility management.

Caverion provides **industrial services** mainly in Finland and Sweden. Our industrial services include the design, prefabrication and project deliveries of technical systems and processes to industry, and related service and maintenance.

We continuously develop our products and services to help our customers reduce the environmental impact of their operations. **Energy efficiency** is an important part of all our services.

Caverion has special expertise as a provider of technical systems for demanding properties, such as clean rooms, hospitals and laboratories. Our own product development and solutions reinforce our role as a technical forerunner.

Reporting segments and organisation

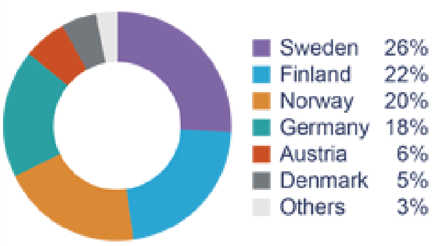
From the very beginning, Caverion has been developing its service and maintenance business and project business across the country borders.

In 2013, we reported our financial performance in two segments: Building Services Northern Europe and Building Services Central Europe.

New reporting structure in 2014
Caverion Corporation has changed its external reporting structure as of January 1, 2014. The segments based on geographical areas (Building Services Northern Europe and Building Services Central Europe) are replaced by one single operative segment, that will also include the Group services and other items.

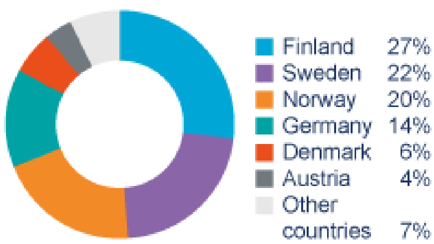
The first interim report based on the new reporting structure will be published on April 24, 2014 (interim report for January–March 2014). The change in reporting structure will have no effect on the Group’s strategic targets.

Revenue by country in 2013



Revenue presented based on the Group company location.

Employees by country at the end of December 2013



> In Finland, we are the leading company in our fields of business and among the top five in all key operating countries.

The new company provides an excellent opportunity for development

Caverion had a good and eventful year in 2013. It was characterised by great changes and new opportunities.

The most important event of the year was naturally the establishment of our new company at the end of June and the listing of our share in the Helsinki Stock Exchange. As an independent listed company, we can focus even better on what we excel in: providing user-friendly and energy-efficient solutions and services for properties and industry.

We started our independent journey from a good position and not from scratch: we already had a long history behind us and proven competence in our business segments and countries. A favourable outlook for service and maintenance, our position as a technical forerunner and the extensive potential for growth in German-speaking regions gave our new company a great start.

Developing the business across country borders

From the very beginning, our employees have received the new company with an open mind. I have been very happy to see the enthusiasm, energy and competence with which our employees have been building Caverion.

During the year we developed our business operations – service and maintenance business and project business – strongly across country borders. We initiated extensive development efforts to improve our efficiency but also to utilise the synergy that comes from the ideas and excellence that we have in our countries of operation.

Working together has already borne fruit: we have created joint processes, tools and service concepts. It is good to continue from here.

Positive signs in the market

The market for our services and solutions remained stable in 2013, despite the general uncertainty that characterised the world economy.

It is true that customers continued to be slow in making decisions on new investments, but positive signs could nevertheless be seen. After the stagnation experienced in 2012, new investments in building systems increased in 2013, and the situation in the project business market was relatively good in most of our countries. Stable demand for service and maintenance continued. The uncertain economic circumstances were mainly reflected in the lower demand for additional service and maintenance work. Demand for energy efficiency services continued steadily.

EBITDA improving according to plan

In our first half year of operation, we mainly concentrated on building the new company and improving profitability in Northern Europe through our own efficiency measures. We cut our fixed costs by streamlining the organisation and improved the efficiency of the processes and methods in our service business. Even though our EBITDA decreased compared with 2012, our profitability improved according to plan quarter by quarter throughout the year.

We focused on releasing working capital that was tied to operations and on improving our cash flow by means such as more efficient invoicing. By year-end, we had already achieved a very strong cash flow, which supported our financial position.

In Northern Europe, we selected our projects more carefully than before. This had a positive effect on our profitability, but at the same time it also decreased our revenue. Revenue in service and maintenance was lower than expected and the postponement of project start-ups in Germany also had an impact on revenue.

However, our order backlog at the end of the year was stronger than in 2012; growth was seen particularly in Central Europe. We expect the strengthened order backlog to have a positive effect on revenue development in the first half of 2014.

Focus on business that provides genuine added value

The key objective of our strategy for 2014–2016 is to improve profitability. By achieving this fundamental goal, we will have good opportunities to seek growth in service and maintenance, Design & Build projects and new advanced projects and services. In addition, the fragmented market provides opportunities for growth through selected acquisitions, particularly in German-speaking regions.

Benefitting from the opportunities of digitalisation

We have advanced to a stage where we need new skills and ideas. We are opening a completely new chapter, in which we increasingly aim to make use of the opportunities provided by technological advances, digitalisation and building automation. I welcome my successor Fredrik Strand with a positive and expectant mind. I firmly believe that he will bring to the company exactly the experience we need, particularly in the use of information technology as part of service business.

Our aim is to be known for our technological special expertise and use it to enhance our competitiveness.

Digitalisation is one of the key megatrends in our business, as is the increase of technology in buildings and the climate change-driven, increasing need for energy-efficient solutions. In fact, automation and remote monitoring are the keys to energy efficiency. Remote monitoring and control of building systems will enable maintenance of properties to be genuinely based on actual conditions.

More than 10,000 properties in six countries are already connected to Caverion’s property control room. We aim to expand the coverage of remote monitoring and systematically develop the content of these services.

Strong expertise

Our future looks good. We believe that the market for our services and solutions will develop favourably.

Alongside service business, we will continue to develop our project business and, particularly, Design & Build projects. In addition to comprehensive deliveries, our strengths include our own solutions and technologies and in-house product development. Our arrowhead know-how includes technical systems for demanding properties, such as laboratories, hospitals and clean rooms.

In industrial services, demand for outsourced service and maintenance has picked up in the market, which will provide us with good opportunities to develop our services for industrial customers.

Occupational safety heading in the right direction

Good financial performance is essential for our existence. However, this does not mean that we are not able or willing to act responsibly at the same time.

For us, responsibility means that we strive to promote a sustainable, energy-efficient living environment with the products and services we offer to our customers, among other issues.

For our employees, we want to first and foremost offer a safe and healthy working environment, where everyone feels good and healthy. We have been investing in occupational safety for many years, and the number of occupational accidents has steadily decreased each year. I am very happy to say that the positive development continued in 2013 and the number of occupational accidents decreased from the previous year. There is still work to be done in this field, but the direction is the right one.

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I want to warmly thank Caverion's shareholders, customers, partners and employees for their trust and our journey together. Caverion's strategic direction is clear: we aim to be the leading and most efficient building systems company in Europe. This goal is not a modest one, but I firmly believe that our company has excellent possibilities to be successful also in the future.

Juhani Pitkäkoski

"We are opening a completely new chapter, in which we increasingly aim to make use of the opportunities provided by technological advances, digitalisation and building automation.

Key events in 2013

The highlights of the year included the establishment of the new company at the end of June and the listing of our share at Helsinki Stock Exchange in early July.

February

- February 4: YIT's Board of Directors decides to start **the demerger preparations** of YIT Group into two separate independent groups. Building Services and Industrial Services are to form a new independent listed company, Caverion Corporation.
- February 21: YIT's Board of Directors approves **the demerger plan**.

March

- We announce the delivery of heating and cooling systems, sanitation and fire extinguishing technology and electrical engineering to **Franz-Josef Strauss Airport** in Munich, Germany. The value of the contract is over EUR 35 million.

Case gallery ▶

May

- May 3: YIT Corporation's Board of Directors conditionally appoints **President and CEO and Management Board** for Caverion Corporation.

Governance ▶

June

- June 5: **The registration document** (prospectus) of Caverion Corporation is published, containing key information about the new Caverion Group: carve-out financial information for 2010–2012 and pro forma information for the first quarters of 2012 and 2013, the Group's strategic goals for 2014–2016 and guidance for the second half of 2013.
- June 17: **YIT's Extraordinary General Meeting** decides on the demerger and the composition of Caverion's Board of Directors.
- June 30: **Caverion is established** and its share is separated from YIT share. YIT's shareholders receive as demerger consideration one Caverion share for each YIT share owned.

July

- July 1: Caverion's share is listed and **trading begins** at Helsinki Stock Exchange (NASDAQ QMX Helsinki).The starting price of Caverion's share is EUR 3.00 and the closing price on the first day is EUR 4.50.
- In July–August we celebrate the start of the new company by arranging local **Caverion Days** in each of the 13 countries in which we operate. We wished our employees welcome to build the new company and shared the company's values, operating principles and common goals.
- July 26: Caverion's **interim report for January−June** 2013 is published.

August

- Caverion announces a EUR 16 million life cycle project to be delivered to the **Lintuvaara school** and day care centre in Espoo, Finland. The contract includes the delivery of building systems and a 25-year service and maintenance agreement.

Case gallery ▶

September

- Caverion announces that it will deliver **Kalmar municipality** one of the largest energy saving projects in Sweden. Caverion guarantees savings of EUR 21 million for the customer during the guarantee period of 20 years.

October

- Caverion announces a EUR 30 million delivery to **Jena University Hospital** in Germany. The Design & Build project covers the total delivery of all building systems.

Case gallery ▶

November

- November 1: Caverion publishes its **first interim report** as an independent company.
- We publish our **updated financial targets**. The target for operating cash flow after investments is replaced with a target for working capital. The targets for revenue and EBITDA remain unchanged and are: average annual growth of revenue more than 10% and EBITDA over 6% of revenue.

Financial targets ▶

- Caverion arranges its first **Capital Markets Day** in Frankfurt.

December

- **Kemijoki Oy** announces the outsourcing of the operations and maintenance of 16 hydropower plants to Caverion. Under the agreement, approximately 80 employees will transfer to Caverion in March 2014.
- **Caverion's first half-year** as an independent company ends. The closing price of Caverion share at the NASDAQ OMX Helsinki on December 30, 2013 is EUR 8.90.

Shares and shareholders ▶

Financial development in 2013

- **EBITDA** for January–December decreased from previous year. However, profitability developed during the year according to plan, while the efficiency programme progressed in Northern Europe. In Sweden and Denmark, profitability developed according to plan. In Norway, the profitability of project business was weak in the latter half of the year, and results from the profitability improvement measures are expected to be seen in 2014. In Central Europe, EBITDA decreased mainly due to reduced volumes in Germany. The Group's EBITDA was burdened by M&A-related project costs, one-off items related to restructuring and costs related to the demerger of YIT.
- **Revenue** decreased from previous year, mainly due to more careful selection of projects in Norway and Sweden, lower revenue from service and maintenance and the postponement of Caverion's project start-ups in Germany. Changes in foreign exchange rates decreased the revenue for January–December by EUR 21 million.
- The **order backlog** at the end of the year increased by 6% from December 2012, taking into account the effect of foreign exchange rates. In Central Europe, the order backlog increased by 25%. The order backlog strengthened in Germany in 2013, which is expected to have a positive effect on revenue development in the first half of 2014. The decrease in the order backlog in Northern Europe was partly due to Caverion's more careful selection of projects.
- **Operating cash flow** after investments was very strong in the final quarter of 2013. The cash flow was burdened by demerger-related IT investments of EUR 21 million in January–December.
- The Board of Directors proposes to the Annual General Meeting that a **dividend** of EUR 0.22 per share be paid, representing 78% of the Group's net profit for the period.

Key figures

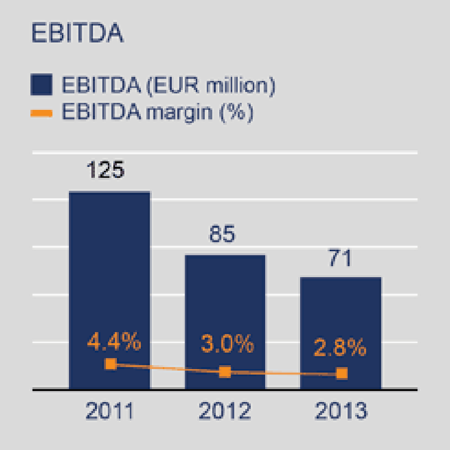
EUR million	1–12/13	1–12/12 1)	Change
Revenue	2,543.6	2,803.2	-9%
EBITDA	70.9	85.3	-17%
EBITDA margin, %	2.8	3.0	
Operating profit	49.4	61.1	-19%
Operating profit margin, %	1.9	2.2	
Net profit for the period	35.5	40.8	-13%
Working capital	46.0	94.0	-51%
Operating cash flow after investments	74.2	40.5	83%
Interest-bearing net debt, end of period 2)	86.5		
Gearing, end of period, % 2)	34.6		
Earnings per share, basic, EUR 3)	0.28	0.32	-13%
Personnel, average for the period	18,071	19,132	-6%

1) The effects of the revised IAS 19 standard on the consolidated income statement 1–12/2012 are presented in the tables to the Financial Statements Bulletin.

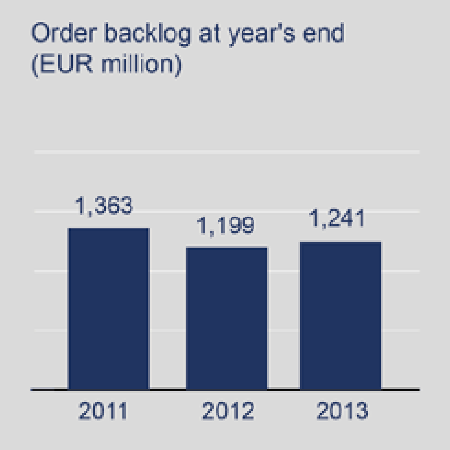
2) Interest-bearing net debt and gearing in 2012 are not comparable with the 2013 figures, because of the new credit facility transferred to Caverion Corporation as a result of the partial demerger as per June 30. Interest-bearing net debt on as per June 30, 2013 was EUR 194.0 million.

3) Excluding the financial cost effect in 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 had been drawn down at the beginning of the financial year, the net financing expenses in January–December would have amounted to approximately EUR 8.4 million.


Revenue (EUR million)
2,876
2,803
2,544
2011
2012
2013


EBITDA
EBITDA (EUR million)
EBITDA margin (%)
125
85
71
4.4%
3.0%
2.8%
2011
2012
2013


Working capital (EUR million)
145
94
46
2011
2012
2013


Order backlog at year's end (EUR million)
1,363
1,199
1,241
2011
2012
2013


Earnings per share, basic, EUR
0.32
0.28
2012
2013

Key figures in responsiblity

Carbon footprint

- CO_2 emissions/revenue ratio:
18.5 (2012: 17.5)

- ISO 14001 certified operations:
82% of revenue (2012: 77%).

Quality

- ISO 9001-certified business:
100% of revenue (2012: 96%).

Occupational safety

- Accident frequency rate
(number of accidents per one million working hours):
9 (2012: 11)

- OHSAS 18001-certified operations:
75% of revenue (2012: 70%).

Read more about Caverion's corporate responsibility

Financial targets

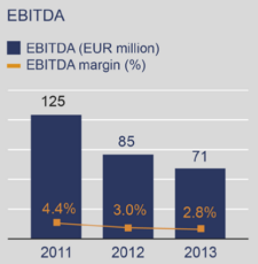
We updated our financial targets with a new target for working capital.

Caverion announced its updated financial targets for the strategy period 2014−2016 on November 1, 2013. The new targets replaced the ones announced on June 4, 2013 that YIT's Board of Directors had at that time specified for Caverion.

The target for operating cash flow after investments was replaced with a target for working capital. The targets for revenue and EBITDA remained as announced previously on June 4, 2013.

Our updated targets reflect our determination to focus not only on increasing the profitability and efficiency of our business, but also on more efficient use of capital. By addressing this, we can free up capital and further improve our cash flow.

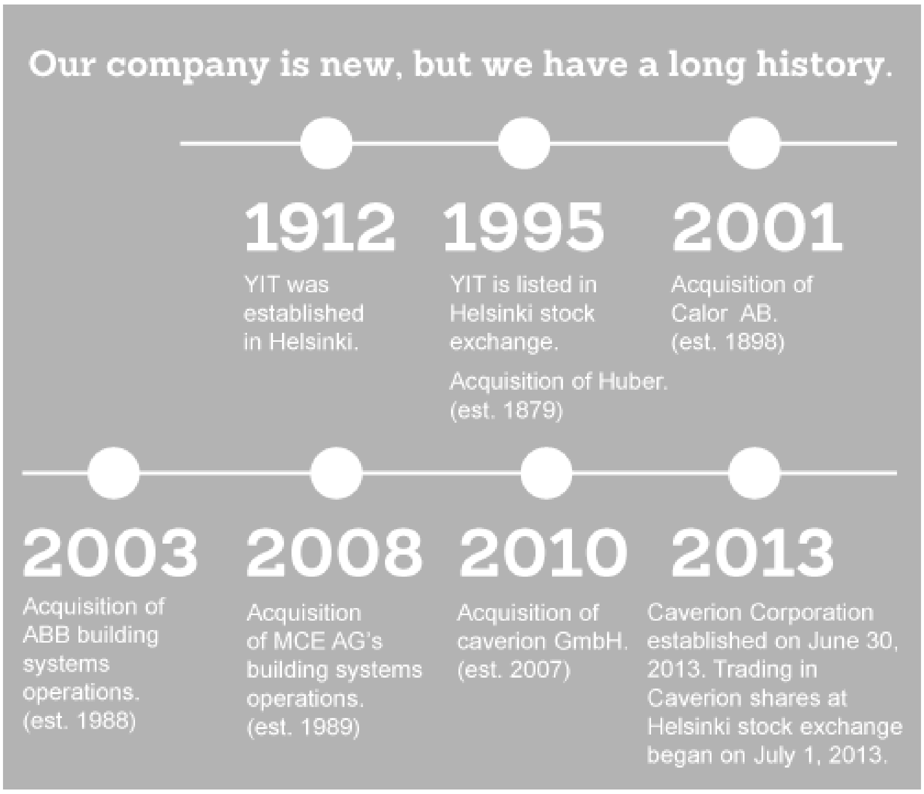
Financial targets until the end of 2016

<table>
<tr><th>Target</th><th>Actual 2013</th><th>Development 2011–2013</th></tr>
<tr><td>Average annual growth in revenue more than
10%</td><td>−9.3%</td><td>
</td></tr>
<tr><td>EBITDA
over 6%
of the revenue</td><td>2.8%</td><td>
</td></tr>
<tr><td>Negative working capital</td><td>EUR 46.0 million</td><td>
</td></tr>
<tr><td>Dividend policy
The objective is to distribute at least 50% of the result for the year after taxes, excluding changes in fair value, as dividend and capital redemption to the company's shareholders.</td><td>The Board of Directors' proposal for dividend distribution to the Annual General Meeting:

EUR 0.22 per share, (78% of the Group's result for the year)</td><td></td></tr>
</table>

Caverion's history and establishment

Caverion was established through the demerger of building services and industrial services businesses from YIT Group in June 2013.



As part of YIT, Caverion's roots go back to 1912 when the Swedish company Allmänna Ingeniörsbyrån (AIB) established a branch office in Helsinki. Over the years, YIT developed into Finland's leading builder of water supply and sewerage systems. In the 1970s, YIT started providing service and maintenance in properties, later followed by maintenance of industrial pipelines. The origins of Caverion's business in building systems and industrial services lie in this business.

Revenue development supported by acquisitions

The building systems and industrial services business has grown over the years both organically and through acquisitions. In 2001−2010 the business was strongly expanded to cover totally new geographical areas. Through the acquired companies, the roots of our company go back even further in history.

Acquisitions have supported our revenue development: In 2000−2012, the revenue of our building systems and industrial services increased by 15% annually on average.

Our strategy is to continue expanding. In particular, the Central European market provides many opportunities for acquisitions.

Caverion was established in a partial demerger of YIT in 2013

February 4
YIT's Board of Directors decided to start preparations for the demerger.

February 21
YIT’s Board of Directors approved the demerger plan.

May 3
YIT Corporation’s Board of Directors conditionally appointed President and CEO and Management Board for Caverion Corporation.

June 5
The demerger circular including Caverion’s strategic goals for 2014−2016 was published.

June 17
YIT’s Extraordinary General Meeting decided on the demerger and the composition of the Board of Directors on the basis of the proposal by YIT’s Personnel Committee.

June 30
Caverion was established and its share was separated from YIT share.

July 1
Trading in Caverion Corporation shares started on NASDAQ OMX Helsinki.

Through the acquired companies, our history goes back a long way.

Growth drivers and megatrends

The increase of technology in buildings, energy efficiency requirements, increasing digitalisation and automation all promote demand for Caverion's services.

Increase of technology in buildings

The role of building systems in the construction industry is increasing. At the same time, increasingly advanced technology makes investments in building systems less expensive for customers.

Demand for energy-efficient building systems, among others, has contributed to this growth. In the future, the role of building systems will be further emphasised, along with the advancement of technical systems.

There is growing demand for specialised technical expertise, continuous service and maintenance and automation of building systems.

Customers want to purchase extensive service packages from one single partner.

Customers' efficiency targets promote the outsourcing of services.

Climate change and energy efficiency

Stricter new legislation, increasing energy consumption and the need for modernisations and investments in the energy sector promote demand for energy-efficient solutions and services.

Energy efficiency is a critical factor for customers when choosing the service provider. The significance of environmental certificates is growing.

Digitalisation

Automation and remote monitoring are increasing.

Property maintenance is preventive and based on actual conditions and real needs.

Automation is the key to energy efficiency.

The use of renewable energy sources is increasing

Solar power is already relatively widely in use, particularly in Central Europe.

Wind power and biofuel-based forms of energy are emerging.

The use of renewables requires new, advanced technology.

The market needs a service provider that can cover all the areas of building systems.

Building systems market is heavily fragmented

Consolidation of the market, with large and increasingly global companies acquiring smaller local companies, provides opportunities.

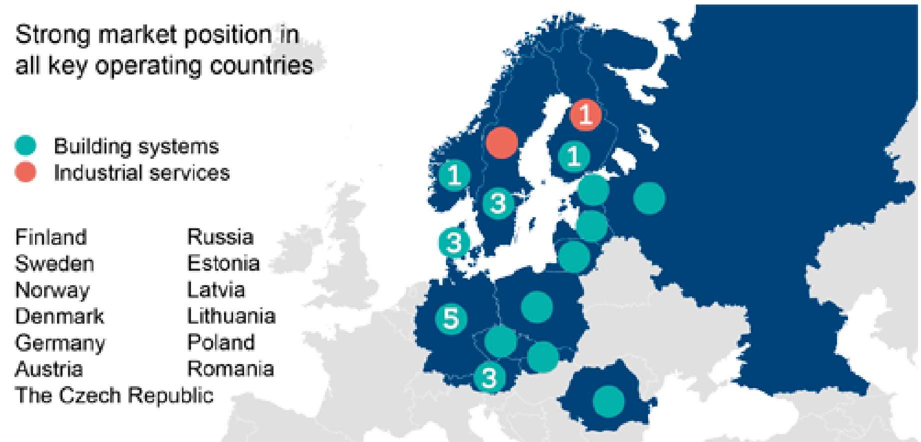
There are many smaller players in the market, which benefits the larger ones.

Comprehensive services are a competitive advantage particularly in large projects.

Potential for growth exist particularly in German-speaking areas.

Market position

Caverion is among Europe's leading companies in building systems and industrial services.



Source: Management estimate

Caverion's market position remained strong in 2013. Based on revenue, we were the sixth largest among European building systems companies. We also ranked among the five largest players in all the countries in which we are present.

In Finland and Norway we continued to be the largest and in Denmark we maintained our third position. In Sweden, we have ranked second or third over the past couple of years.

Our position in Germany has remained stable. After the acquisition of caverion GmbH in 2010, we became the second largest provider of building systems project deliveries in Germany. After the acquisition, we have focused on increasing our service and maintenance business in Germany. In 2013, Caverion was the fifth largest player in the field in Germany, taking into account both the project business and the service and maintenance market.

Germany is the largest market area

In 2013, the size of the target markets in our operating countries totalled more than EUR 70 billion.

Germany was clearly our largest market in 2013, equalling the combined size of the Nordic market. Therefore, our largest potential for growth is in Germany, based on the size of the market alone, among others.

Fragmented market offers growth potential

The European building systems market is very fragmented. Most players in the field are smaller companies with only a few dozen employees and a relatively limited range of services. The fragmented market provides opportunities for growth, particularly in German-speaking areas.

Building systems
target market

- Germany EUR 30.1 bn
- Russia* EUR 9.5 bn
- Sweden EUR 9.0 bn
- Czech Republic, Poland, Romania EUR 6.7 bn
- Norway EUR 6.2 bn
- Finland EUR 6.1 bn
- Denmark EUR 5.5 bn
- Austria EUR 3.6 bn
- Estonia, Lithuania, Latvia EUR 3.6 bn

*(St. Petersburg and Moscow)

The figures do not include the industrial services market, which is described separately.

Source: Euroconstruct, December 2013

Competitors and competitive landscape

Comprehensive services are a clear competitive advantage that enable us to stand out from the crowd in the building systems market.

Caverion's key competitive advantage is the mastery of all areas of building systems and the competence required in demanding total deliveries.

We can take on responsibility of building systems throughout the building's life cycle, from design to delivery of the systems to their service and maintenance. Due to our own product development, we can provide our customers with innovative and cost-saving solutions.

Competition in the market typically takes place on the local level. Building systems companies in the European market can roughly be divided into three categories:

The largest building systems companies in the European market

Large companies with global or European-wide presence	European-wide, medium-sized companies	Local companies and companies with more limited geographical presence
Extensive range of services both in project business and service and maintenance.	Provide both building systems projects and service and maintenance.	Typically provide either projects or service and maintenance.
GDF Suez Energy Services, Europe, Vinci Energies, Bilfinger	*Imtech, Caverion*	*Bravida, Coor and Strabag PFS*

Caverion's main competitors by country in 2013

Finland	Sweden	Norway
Lemminkäinen ARE L&T Imtech	Bravida Imtech Coor Midroc Europe	Gunnar Karlsen Bravida Oras Imtech
Denmark	**Germany**	**Austria**
Kemp & Lauritzen Bravida Lindpro Wicotec	Imtech Bilfinger FS Strabag PFS Hochtief	Ortner Alpine Energie Cofely Stolz

Customers

We provide services and solutions for many types of properties: offices, retail premises, schools, hospitals, residential buildings, airports, traffic tunnels and industrial plants.

Caverion has an extensive and varied customer base. Our main customer groups are developers and construction companies (especially in project deliveries) and users of properties (especially in service and maintenance). Our other customers include property investors and owners, property service companies and property managers, public institutions and industrial companies.

Extensive customer base supports steady cash flow

Our objective is to foster long-term customer relationships with our competence and local presence. Long-term relationships with customers and a wide customer base support the stability of cash flow. Caverion is not dependent on individual customers: the 10 largest customers make up only approximately 10% of the Group's revenue.

In addition, different customer groups in the private and public sectors and geographically extensive presence reduce our dependency on economic cycles.

> ”Our aim is to maintain long customer relationships through our expertise and local presence.

Market development and outlook

Demand for building systems and services in the market continues to be stable and even increases in some countries. This will provide Caverion with opportunities for growth.

Caverion is present in 13 countries in Northern and Central Europe. Extensive geographical presence and a wide range of services consisting of both project deliveries and service and maintenance balance the effects of changes in the general economic situation.

Market development in 2013

The general uncertainty in the global economy continued in 2013. However, the market situation for building systems and services remained stable.

Demand for service and maintenance remained stable

Stable demand for service and maintenance continued throughout the year in all Caverion's operating countries. Due to the uncertain economic situation, customers especially in Finland and Sweden carried out only the most necessary work related to securing the continuity of their core business and postponed additional service and maintenance work not included in the service agreements.

Demand for energy efficiency services continued to be stable, due to stricter legislation and increasing energy prices, among others. In Sweden, the demand for technical facility services and energy efficiency services developed well. In Russia, the market for service and maintenance continued to grow further. In the Baltic countries, demand remained at a low level.

Positive signs emerging in new investments

In Sweden, Norway, Germany and Austria, the market situation for new investments was relatively good in 2013.

In Sweden, the project business market developed relatively well and improved towards the rest of the year, despite the weaker prospects in the beginning of the year. In Finland, demand in the non-residential construction market remained low, and the decline continued towards the rest of the year. In Norway, demand in the project market was good throughout the year. In Denmark, development of the project market was slow with a low level of activity.

In Russia, the project market remained stable, but in the Baltic countries demand remained at a low level.

In Central Europe, demand remained favourable and uncertainty in the project market eased in Germany and in Austria. Decision-making on new investments was still slow, but positive signs were emerging. After stagnation in 2012 new building system investments grew in 2013. The building systems market in the rest of Central Eastern Europe developed slowly with a low level of activity.

The demand for outsourced industrial maintenance picked up

In 2013, the demand in the industrial project market remainded at a low level in Finland and Sweden. This also had an impact on the demand for industrial maintenance. However, demand for outsourcings improved in the market.

Market outlook for 2014

Market oulook for Caverion´s business

Service and maintenance

- Growth opportunities favorable in all of Caverion's operational areas.
- As technology in buildings is increasing, the need for new services and demand for energy efficiency services is expected to remain stable.

Energy efficiency

- Demand for energy efficiency services is expected to remain stable.
- Increasing energy costs and tightening legislation will improve the growth potential for energy-efficient solutions and services.
- Environmental certification and energy efficiency are gaining importance, and an increasing number of properties will be connected to remote monitoring.

Project business

- Decision-making on new investments is still slow, but positive signs can be seen.
- New investments in building systems are expected to increase slightly.
- The growing public sector investments and the need for renovation and repair are the key factors behind the growth.
- Service and project business related to the maintenance of traffic infrastructure is also expected to develop favourably.

Source: Euroconstruct, December 2013, and Caverion's own estimate.

Short-term prospects in Caverion's operating countries

Prospects by country for 2014

	Service and maintenance	Projects
Sweden	↗	↘
Finland	↗	↗
Norway	↗	↗
Germany	↗	↗
Austria	→	→
Denmark	↗	↗
Russia	↗	↗

Source: Euroconstruct, December 2013, and Caverion's own estimate.

Growth opportunities in service and maintenance are favorable in all of our operational areas. New investments in building systems are expected to increase slightly in 2014.

Industrial services market

Caverion is the leading industrial service company in Finland, operating in all branches of industry, including the energy, forest, mining, process and marine industries, among others.

Caverion is the market leader in Finland in industrial maintenance and industrial project deliveries. We are also one of the leading providers of industrial services in Sweden. We have special expertise in high-pressure pipelines, in which we are the market leader in Northern Europe.

In 2013, the size of the industrial services target market was EUR 2.3 billion in Finland and EUR 3.8 billion in Sweden.

Our largest customer segments are the forest industry (approx. 30%), energy industry (approx. 20%) and chemical industry (approx. 15%). The share of the forest industry has decreased in recent years, while the share of the energy and petrochemical industry has increased.

Competitors

Our most important competitors in Finland include Maintpartner, BIS Production Partner (Bilfinger Industrial Services), Empower and ABB Service. In addition, there are small local players in the market.

Megatrends supporting the demand

Megatrends that support demand for industrial services include global transfers of production, the reducing amount of clean water and the objectives to reduce the use of fossil fuels. Energy efficiency is highly valued, and waste is increasingly being used as an energy source.

Market development in 2013

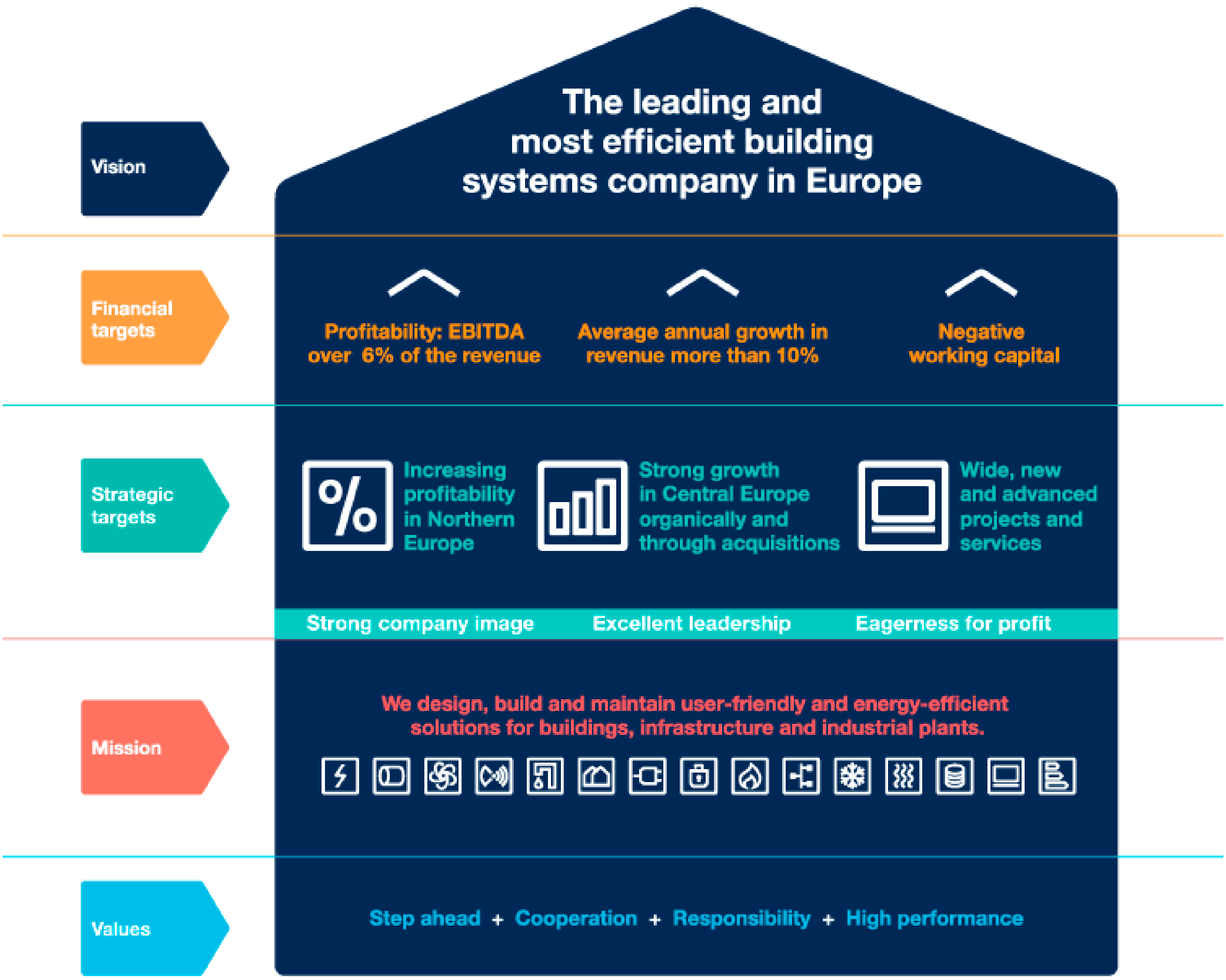
In 2013, the demand in the industrial project market remained at a low level in Finland and Sweden. This also had an impact on the demand for industrial maintenance. However, demand for outsourced industrial maintenance improved in the market.

> We are the market leader in Finland in industrial maintenance and industrial project deliveries, and also one of the leading providers of industrial services in Sweden.

Group's strategy

We design, build and maintain user-friendly and energy-efficient solutions for buildings, infrastructure and industrial plants. Our vision is to be the leading and most efficient building systems company in Europe.

Strategy until the end of 2016



Caverion's strengths

- **Comprehensive services**, covering all areas of building systems throughout the property's life cycle

- **Geographically extensive operations** in 13 countries and strong market position in all key countries
- **Strong technical competence** and own innovative solutions
- **Energy efficiency** always integrated into all services and solutions
- **Preconditions for strong and stable cash flow**: Low capital employed, extensive customer base and significant share of service and maintenance business
- Solid experience and competence in **growing through acquisitions**

Key megatrends

- Increasing amount of technology in buildings
- Energy efficiency, digitalisation, automation

Read more about the megatrends

Key strategic targets for 2014-2016

We focus on improving profitability through more efficient operations. Alongside profitability, we seek growth through service and maintenance, Design & Build projects and new, advanced projects and services.

Increasing profitability in Northern Europe

- Service efficiency
- Lean, efficient organisation
- Centralised project business
- More careful project selection

Read more ▶

Strong growth in Central Europe organically and through acquisitions

- Selected acquisitions, especially in German-speaking areas
- Increasing the share of service and maintenance
- Long-term service agreements
- Design & Build projects

Read more ▶

Developing wide, new and advanced projects and services

- Service and maintenance concepts
- Energy efficiency and control room services
- Special technical expertise and product development

Read more ▶

"Our strategic focus is on operational efficiency.

Increasing profitability in Northern Europe

Aiming for a lean organisation and an efficient service process

Caverion aims to increase the Group's EBITDA to more than 6% of revenue by the end of 2016.

We will focus on improving the profitability especially in Northern Europe, where it has in the recent year been burdened by high fixed costs and lower project margins.

We aim for a **lean, efficient organisation** by cutting fixed costs, closing down unprofitable units, reducing organisational levels and concentrating project business to centres of excellence.

We have already carried out most of this restructuring. In addition, we continuously aim to increase **service efficiency** by upgrading our methods, processes and tools. Our target is to reach negative working capital by the end of 2016, particularly through more efficient invoicing. We will speed up the back office process of invoicing and facilitate reporting from the field by using mobile technology, among others.

Completion of less profitable projects is also important for improving profitability. We will be **more selective in choosing our projects** with regard to both profitability and risks.

Strong growth in Central Europe organically and through acquisitions

We aim for selected acquisitions, increasing the share of service and maintenance and developing Design & Build projects.

Caverion targets the average annual growth in revenue of more than 10 % until the end of 2016. Approximately half of the growth across the cycle is sought organically, but also acquisitions are necessary in order to achieve the target.

Half of the growth from acquisitions

The larger acquisitions are sought especially in Germany and German-speaking countries. As the sixth largest building systems company in Europe, Caverion has good opportunities to strengthen its position in the fragmented Central European markets through acquisitions. In these markets, most of the competitors are smaller companies offering typically only a few individual technical systems.

Caverion has a clear track record in growing through acquisitions: in 2001–2010, it made four important acquisitions (Calor, ABB Building Systems, MCE AG, caverion GmbH), which contributed to the improvement of its revenue. From 2002 to 2010, revenue in building systems and industrial services increased by 15% annually on average (cumulative annual growth).

The objective is to continue making selective acquisitions on a regular basis.

Foundation for organic growth: long-term service agreements

Caverion is seeking organic growth particularly in service and maintenance, which accounted for 55% of our business in 2013. In particular, we aim to increase the share of long-term service and maintenance agreements. They are less susceptible to economic cycles and a good source of additional work.

We focus on the development of service and maintenance concepts, such as facility management and productization of service packages. ServiFlex is our service concept which enables our customers to combine a wide variety of building services in one single agreement, flexibly according to their needs. By developing uniform processes, service descriptions, documentation and marketing tools we are able to facilitate the sales of our services. At the same time, consistent quality of our services is guaranteed across the countries.

Opportunities for growing service and maintenance are favorable in all the countries in which we are present. However, its lower share of business in Central Europe will open up particular opportunities for us.

Focus on developing Design & Build projects

In project business, Caverion aims to increase the share of total deliveries of building systems and Design & Build projects.

Currently, approximately one-third of our project revenue comes from Design & Build projects, in which Caverion is involved in the project from the very beginning, responsible for the design and delivery of the systems and for subcontractors. Our goal is increase their share, as projects that require extensive competence and resources are where we excel, enabling us to stand out from our competitors.

Wide, new and advanced projects and services

We develop our energy efficiency services and remote monitoring of buildings and focus on our technological expertise.

Caverion's main strengths are related to special technological expertise and comprehensive services that cover all areas of building systems throughout the property's life cycle.

In the future, we aim to exploit the full potential of this expertise. We focus on business that provides customers with genuine added value, such as energy efficiency services and remote monitoring of buildings.

Forerunner in energy efficiency services

We have good potential for organic growth, particularly due to increasing demand for energy-efficient solutions in the market.Our target is to strengthen our position as a forerunner and develop energy efficiency in all our services, both in project business and service and maintenance.

Utilising the full potential of digitalisation

Automation and remote monitoring of building systems is central to improving the energy efficiency of properties. Round-the-clock remote monitoring can considerably increase the efficiency of energy consumption in properties and achieve cost savings as unnecessary service visits can be eliminated.

Today, Caverion's control room services cover approximately 10,000 properties in six countries, and we are planning to further expand these services. For instance, we aim to use the condition data collected from remote monitoring more efficiently to improve the services we provide to our customers.

Continuous product development

Continuous product development and own solutions are crucial for the success of our business and we will keep investing in them. Our R&D centre in Aachen, Germany, specialises in the development of advanced products related to ventilation, cooling and heating. We also develop solutions for the use of renewable energy sources, such as solar and wind power.

Financial targets

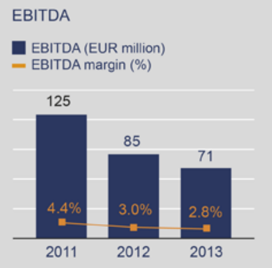
We updated our financial targets with a new target for working capital.

Caverion announced its updated financial targets for the strategy period 2014–2016 on November 1, 2013. The new targets replaced the ones announced on June 4, 2013 that YIT's Board of Directors had at that time specified for Caverion.

The target for operating cash flow after investments was replaced with a target for working capital. The targets for revenue and EBITDA remained as announced previously on June 4, 2013.

Our updated targets reflect our determination to focus not only on increasing the profitability and efficiency of our business, but also on more efficient use of capital. By addressing this, we can free up capital and further improve our cash flow.

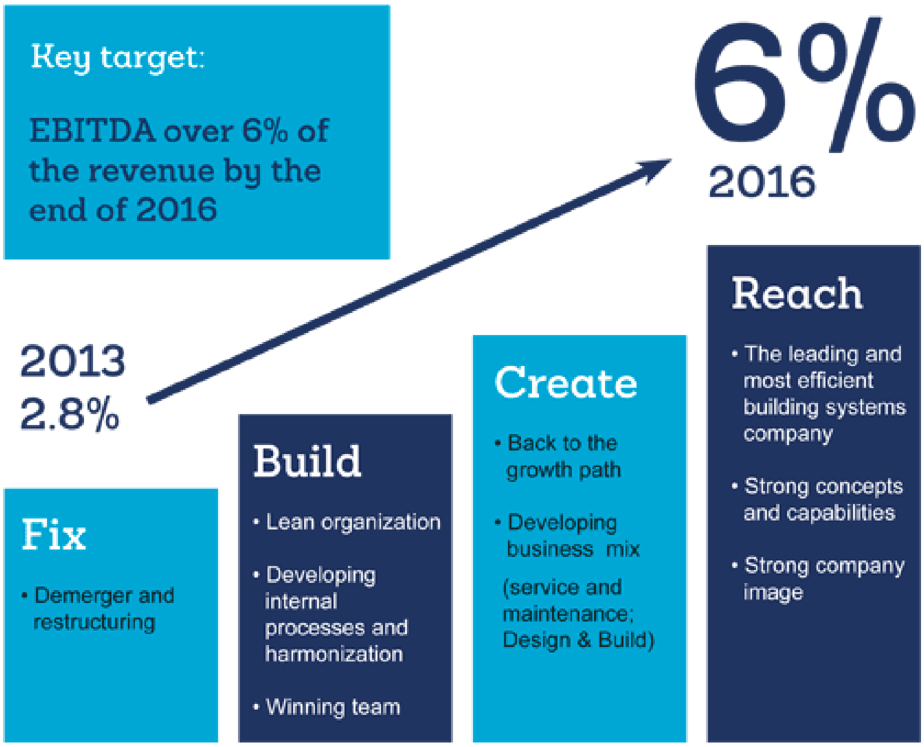
Financial targets until the end of 2016

Target	Actual 2013	Development 2011–2013
Average annual growth in revenue more than **10%**	–9.3%	
EBITDA **over 6%** of the revenue	2.8%	
Negative working capital	EUR 46.0 million	
Dividend policy The objective is to distribute at least 50% of the result for the year after taxes, excluding changes in fair value, as dividend and capital redemption to the company's shareholders.	The Board of Directors' proposal for dividend distribution to the Annual General Meeting: EUR 0.22 per share, (78% of the Group's result for the year)	

Profitability improvement measures in 2014–2016

Fix. Build. Create. These are the key milestones that will help us achieve our profitability target by the end of 2016.

Milestones for improving profitability in 2014–2016



Strict criteria for acquisitions

The main criteria for acquisitions include potential for profitability turnaround, strategic compatibility and the opportunities to strengthen our presence in Central Europe.

Each year, Caverion scans up to 100 potential acquisition targets as part of its normal process.

Instead of acquiring equipment or premises, we first and foremost focus on **purchasing competence**. We look for companies that can complement our competence in service and maintenance and in advanced building systems, such as automation or cooling.

We look for companies with a broad customer base. The price must be right and the company must have potential for profitability improvement.

We focus on large companies with revenue typically over EUR 200 million. In addition, we also make smaller acquisitions. However, recruitment is often a better alternative than an acquisition when looking for the necessary competence.

Acquisition criteria

- Good strategic fit (geographical coverage, business portfolio, customer sectors)
- Complementary skills and resources
- Business culture
- Value creation potential
- Potential for profitability turnaround
- Strong local market position

> We look for companies that complement our skills in service and maintenance and offer expertise in advanced building systems such as automation or cooling.

Implementation of the strategy in 2013

In our first half year of operation, we concentrated on building the new company and improving profitability in Northern Europe.

Increasing profitability in Northern Europe

Key measures	Actions in 2013	Results in 2013
Lean and efficient organisation	• We reduced our fixed costs by closing unprofitable units, streamlining the organisation and centralising project business particularly in Sweden and Norway. • The previously announced personnel reductions of 600 employees in the Nordic countries were completed during the year.	• The Group's EBITDA was 2.8% of revenue (2012: 3.0%) • In Building Services Northern Europe, EBITDA was 2.7% of revenue (2012: 2.8%) • Profitability improved during the year according to our plan as the efficiency improvement measures proceeded in Northern Europe. Restructuring measures were mostly completed by the end of the year. In Norway, profitability of project business was still weak, and the impact is expected to be seen during 2014. • The Group operating cash flow after investments was very strong in the final quarter of 2013, amounting to EUR 106 million (10–12/2012: EUR 79 million).
Efficient process for service: development of common tools and operating methods	• We enhanced the efficiency of service and maintenance processes and developed tools for resource planning and advance planning of work. • Reporting of work from the field (working hours, materials used, etc.) by maintenance personnel was facilitated by expanding the use of mobile solutions.	
More careful selection of projects in terms of profitability and risks	• Most projects with low profitability were completed.	
Strengthening of cash flow	• We improved the efficiency of invoicing and paid attention to the monitoring of lead times, the duration and quality of work, additional sales and customer satisfaction.	

Strong growth in Central Europe organically and through acquisitions

Key measures	Actions in 2013	Results in 2013
Selected acquisitions	• We continued identifying potential acquisitions, especially in German-speaking regions and in service and maintenance business. During the year, we reviewed approximately 100 possible acquisition opportunities. • We made an initial, non-binding offer to acquire German company HOCHTIEF Service Solutions and started the related due diligence process. However, the negotiations ended without result.	• The share of service and maintenance of the Group's revenue developed steadily and was 56% for the final quarter of 2013 (10–12/2012: 55%). • The share of service and maintenance of our Central European business increased according to plan and was 40% in the final quarter of 2013 (10–12/2012: 33%). • Design & Build projects accounted for approximately one-third of the Group project business revenue.
Organic growth: Increasing the share of service and maintenance business Long-term service agreements Increasing the share of Design & Build – projects	• Closer co-operation between countries and business areas in developing both project and service and maintenance business.	

Developing wide, new and advanced projects and services

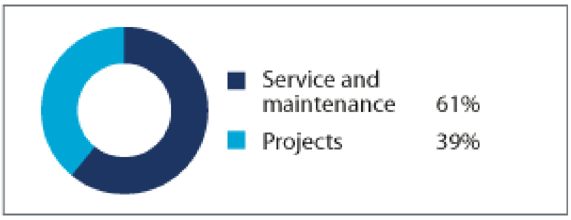
Key measures	Actions in 2013	Results in 2013
Development of service package products and concepts for service and maintenance across country borders	• We developed uniform service descriptions for our ServiFlex service concept, as well as tools for tender pricing and marketing, among others. • The development of our facility management concept progressed.	• The ServiFlex concept was in use in all 13 countries with uniform service descriptions and processes. • The total number of remotely monitored properties increased: approx. 10,000 properties in six countries were connected to Caverion control room. • We carried out vast energy-efficiency projects for a number of municipalities in Finland, Sweden and Germany.
Strengthening technical expertise and continuous product development Development of energy-efficiency services and contorol room services	• We expanded our property control room services and further developed the use of monitoring data.	

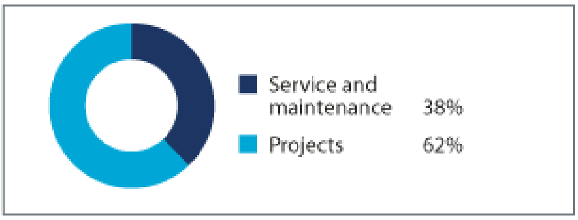
Reporting segments in 2013

In 2013, Caverion had two reporting segments: Building Services Northern Europe and Building Services Central Europe.

	Building Services Northern Europe	Building Services Central Europe
Countries	Finland, Sweden, Norway, Denmark, Russia, Estonia, Latvia, Lithuania	Germany, Austria, Czech Republic, Poland, Romania
Services	**Building systems** • Project deliveries • Service and maintenance **Industrial services** • Project deliveries • Service and maintenance	**Building systems** • Project deliveries • Service and maintenance
Revenue	EUR 1,923 million (2012: 2,089)	EUR 621 million (2012: 714)
EBITDA, %	2.7% (2.8%)	3.8% (4.7%)
Order backlog	EUR 765 million (819)	EUR 476 million (380)
Personnel	14,259 (15,159)	3,328 (3,380)

Business mix, share of segment revenue, 2013





Reporting structure in 2014

Our external reporting structure is changing as of January 1, 2014. The segments based on geographical areas (Building Services Northern Europe and Building Services Central Europe) are replaced by one single operative segment, that will also include the Group services and other items.

The first interim report based on the new reporting structure will be published on April 24, 2014 (interim report for January–March 2014).

The change in reporting structure will have no effect on the Group’s strategic targets.

> We changed our external reporting structure as of January 1, 2014, and now have only one operative segment.

Business operations and services

Our business operations are divided into building systems and industrial services. In both of them, we provide project deliveries and service and maintenance.

- The majority of Caverion's revenue for 2013 came from **building systems** that we provide in all of our operating countries. These services cover the design and installation of building systems and their service, maintenance and facility management.
- Caverion provides **industrial services** mainly in Finland and Sweden. Industrial Services include project deliveries of technical systems and processes to industry, as well as their service and maintenance.
- We continuously develop our products and services in order to help our customers reduce the environmental impact of their operations. **Energy efficiency** is incorporated in all of our services.

Our services

	Building systems ~90% of Group revenue		Industrial services ~10% of Group revenue	
Countries	All 13 countries		Finland and Sweden	
Services	Project deliveries	Service and maintenance	Project deliveries	Service and maintenance
	Design and installation of technical systems for buildings, industrial plants and infrastructure From individual systems to total deliveries of all technology in the building Design & Build projects Tender-based contracting Energy-efficient building systems	From comprehensive maintenance and facility management of the entire property to ad hoc service calls ServiFlex service concept: over 100 services in more than 20 technical disciplines Remote monitoring of buildings and control room services Energy efficiency services Life cycle model: project delivery followed by maintenance for up to twenty years	Deliveries of technical systems and processes to all branches of industry Design and manufacturing of prefabricates (piping, tanks and boilers) in own workshops, exports also worldwide.	Maintenance of processes and machinery in production plants Comprehensive property maintenance and outsourcings Also single measures such as valve maintenance or boiler repairs ServiFlex concept for industrial maintenance: ~50 services in six disciplines
Technologies	All building systems: HVAC, sanitation, cooling, electricity, tele and ICT, automation, security and fire-safety etc.		Piping, tanks, boilers, electrical automation, industrial ventilation and heat recovery systems etc.	

Reporting segments ▶

"In 2013 approximately 55% of the revenue came from service and maintenance and 45% from project deliveries." Caverion designs, builds and maintains user-friendly and energy-efficient solutions for buildings, infrastructure and industrial plants.

Reporting segments in 2013

In 2013, Caverion had two reporting segments: Building Services Northern Europe and Building Services Central Europe.

	Building Services Northern Europe	Building Services Central Europe
Countries	Finland, Sweden, Norway, Denmark, Russia, Estonia, Latvia, Lithuania	Germany, Austria, Czech Republic, Poland, Romania
Services	**Building systems** • Project deliveries • Service and maintenance **Industrial services** • Project deliveries • Service and maintenance	**Building systems** • Project deliveries • Service and maintenance
Revenue	EUR 1,923 million (2012: 2,089)	EUR 621 million (2012: 714)
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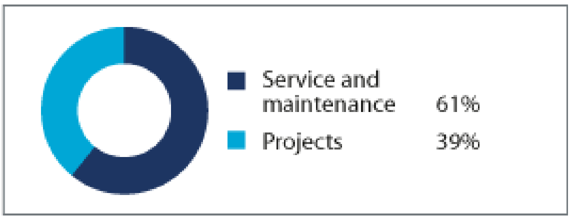

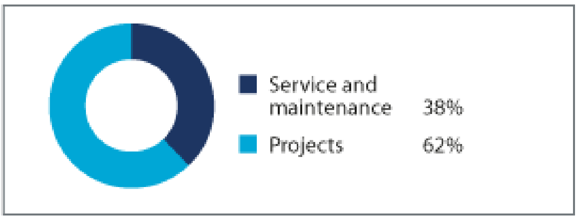

Reporting structure in 2014

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The first interim report based on the new reporting structure will be published on April 24, 2014 (interim report for January–March 2014).

The change in reporting structure will have no effect on the Group’s strategic targets.

Service and maintenance of building systems

Our services cover all building systems and range from individual service measures to comprehensive property maintenance and facility management.

Highlights in 2013

- **The Group revenue** in service and maintenance business decreased by 9% in 2013. Demand remained relatively stable in all of our operating countries. Due to the uncertain economic circumstances, customers focused on carrying out the most necessary service related to securing the continuity of their core business and postponed additional service and maintenance work that was not included in the service agreements. As a result, service and maintenance revenue decreased in Northern Europe.
- In Central Europe, the revenue grew by 7% from the previous year and the share of service and maintenance increased according to our plan. In 2013 approximately 38% of revenue in Central Europe came from service and maintenance (2012: 31%). The possibilities for growing service and maintenance remain favorable in Central Europe, as its share of business is still low compared to Northern Europe.
- Approximately one third of Group service and maintenance revenue came from **long-term service agreements**. Our aim is to increase their share by developing our service concepts and services related to remote monitoring of properties, among others. In 2013 our ServiFlex concept was offered in all of our operating countries, and the development of our facility management concept progressed as well. Furthermore, we initiated the conceptualisation of other maintenance services. A total of approximately 10,000 properties in six countries were connected to Caverion’s remote monitoring service, operational 24/7.
- We aim to constantly improve **the efficiency of our service operations**. In 2013, we focused on improving profitability particularly in the Nordic countries. We developed processes and tools for the advance planning of work, expanded the use of mobile devices for the reporting in the field and improved the efficiency of invoicing. In addition, we paid attention to the monitoring of lead times and additional sales.
- **In 2014**, we estimate the opportunities to grow service and maintenance business to remain favorable in all Caverion’s operating areas. Demand for energy efficiency services is expected to remain stable. In the years to come, tightening environmental legislation and remote monitoring of buildings will generate further potential for growth.

New agreements

Lintuvaara school and day care centre, Espoo, Finland. Delivery of building systems and service followed by maintenance agreement for 25 years in accordance with the life cycle model. Value of the agreement: EUR 16 million.
Read more in the case gallery ▶

Holmen Paper, Braviken, Sweden. Facility management of the production facilities and office premises of the paper mill and maintenance of external areas. Agreement period: 3 years.

Burger King restaurants, St Petersburg and Moscow, Russia. Extension of the service and maintenance collaboration to cover more than 70 restaurants.

Bank of Finland, premises in Helsinki and Vantaa, Finland. Service and maintenance of the heating, plumbing, ventilation, electrical and automation systems; improvement of energy efficiency.

Helsinborg municipality, Sweden. Facility management covering more than a hundred buildings. Agreement period: 3 years.

Revenue
1,409
EUR million

55%
of Group revenue

Share of revenue in Northern Europe
61%
(2012: 63%)

Share of revenue in Central Europe
38%
(2012: 31%)

Business model and goals

Our aim is to increase service and maintenance business and long-term service agreements by conceptualising our services and developing facility management, remote monitoring of properties and energy efficiency services.

In 2013, the service and maintenance of techical systems accounted for 55% of Caverion's total revenue. The figure includes also industrial maintenance.

By growing our service and maintenance business, we can contribute to the profitability of the entire Group, as the margins in service and maintenance are typically better than in project business. In addition, demand for service and maintenance is less susceptible to economic cycles than project business, promoting the stability of our business.

Our goal is to increase the service and maintenance of our business in all regions in which we operate but particularly in Central Europe, where its share of total business has been considerably lower (historically around 30%) compared with Northern Europe. However, the share of service and maintenance revenue has been steadily increasing in Central Europe, reaching 38% at the end of 2013.

Long-term agreements bring steady cash flow

Caverion provides a wide range of service and maintenance, ranging from single service visits to comprehensive maintenance of the property and facility management.

While a typical project delivery takes one year, service and maintenance agreements typically cover two to three years and include the option for an extension of one to two years. In life cycle projects, the duration of the agreement may be up to twenty years. Long-term agreements help to smooth out the cyclical nature of the business.

About one third of the service and maintenance revenue comes from long-term service agreements, one third from additional work for existing contractual customers and the remaining one third from ad hoc service orders from individual customers.

Long-term service agreements often cover only daily maintenance at a fixed rate. Additional service and maintenance work is typically invoiced at hourly rates specified in the framework agreement.

Additional work is profitable for us, but it is more susceptible to the effects of economic cycles. By increasing the proportion of long-term agreements, we can smooth out the cyclical nature of work and acquire more additional work.

Remote monitoring: Utilising the full potential of digitalisation

Caverion has been providing property control room services for more than a decade. In 2013, these services were available in six countries: Finland, Sweden, Norway, Denmark, Germany and Austria.

Altogether 10,000 properties are connected to Caverion's 24/7 remote monitoring service. Our customers include retail premises, industrial plants, data centres and student dormitories, among others. Caverion monitors their heating, plumbing, ventilation, electrical and security systems.

In the control room, we use remote connections to monitor and analyse the functioning of the technical equipment and the conditions inside the properties. In addition, we ensure that the performance of each system is as optimal as possible and within the agreed limits.

The condition data from remote monitoring helps us to improve energy management in the property and increase its value.

Remote monitoring decreases the need for on-site visits, which means savings in property maintenance costs. For Caverion, remote monitoring creates bond with the customer, and the availability of condition data generates potential additional work.

We have systematically developed our control room services over the past years. In the future, additional information from public sources, such as information about the weather, the functioning of the power and heat distribution network and energy prices, can be introduced into Caverion's control room data flow. Property owners and users will receive reports into their own portals, containing information about the building systems and energy consumption in their property.

Focus on facility management

In 2013, we actively developed our facility management concept. We aim for a uniform concept that can be used in all countries in which we operate.

Facility management is strategically important area for us as it provides the opportunity for more extensive service agreements and, thus, has potential to increase our revenue. In addition, extensive facility management agreements are subject to less competition than smaller and local maintenance contracts.

The value of a typical agreement varies from 1 to more than 10 million euros, and the agreement period is two to three years. Agreements often include the option for an extension; therefore, the average duration is about five years.

In facility management, we take care of all the services related to the property. In addition to maintaining and managing technical systems and ensuring energy efficiency in the property, we may also be in charge of other services related to the use of the property. These include reception, maintenance of external areas, security, cleaning, or restaurant services. We purchase these services from subcontractors and take care of the tendering process for the desired services on behalf of the customer. We can take on responsibility for the operational management of the entire property, as well as the planning and management of property-related costs.

Some of our customers have completely outsourced their building systems service and maintenance to Caverion. In outsourcing, Caverion is responsible for all building systems, and the customer's service and maintenance staff become Caverion employees.

ServiFlex facilitates sales of services

Caverion has developed the ServiFlex concept in which the customers can flexibly combine an individual package from an extensive range of services. More than 100 services in more than 20 technical disciplines can be covered in one single agreement. The content of the agreement is tailored to the customer's individual needs, and one contact person is in charge of all the services.

The agreement enables the customers to choose exactly the services they need and define service targets that best suit the property.

ServiFlex focuse on preventive maintenance. Quality-assured processes and standardised service descriptions guarantee uniform quality in all the countries. The concept based on preventive maintenance also helps customers to anticipate their operational expenses.

From Caverion's perspective, the conceptualisation facilitates the sales of services and helps in contract management. In addition, it increases cross-sales and co-operation between technical disciplines. The service is easily scalable because it includes common service descriptions and work instructions, sales and marketing materials and tools for tender calculation, among others. A comprehensive agreement also provides greater opportunities for additional sales.

In 2013, the ServiFlex concept was in use in all countries in which we operate. In addition to ServiFlex, during the year we also initiated the conceptualisation of our other maintenance services.

Service orders per year

1,000,000

Over

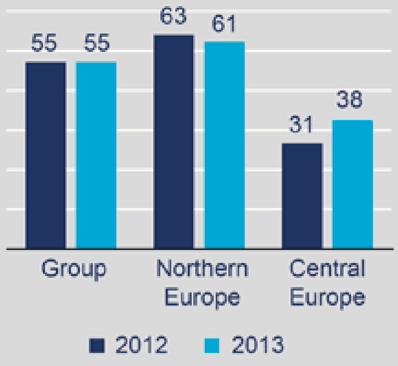
30,000

spaces serviced

3,000

mobile devices in use in the field

The share of service and maintenance (% of segment revenue)



Service and maintenance revenue by contract type

Remote monitoring has potential to improve the building's energy efficiency and increase its value.

Caverion's competitive advantages in service and maintenance

- We offer **comprehensive services**, covering all areas of building systems throughout the life cycle of the property, from design of the system to its delivery and maintenance.
- We are **close to our customers** in 13 countries. 250 locations ensure swift service and fast response times 24/7.
- Caverion provides **advanced building automation, remote monitoring** and control room services. Such special expertise is not widely available on the market, even though demand for it is expected to grow.
- Our human resources largely consist of our own **employees**, which guarantees a high standard of service in all circumstances.
- The aspect of **energy efficiency** is always integrated into Caverion’s services, and we seek to include it in all service agreements.

Read more: Caverion's energy efficiency services

Trends supporting the growth of service and maintenance

- While the service and maintenance market is changing, property owners and users are no longer merely focusing on fixing acute problems. Instead, they favour **preventive maintenance**. The measures are based on actual conditions: reduced performance, not breakdowns or prescheduled periodic maintenance.
- **Automation** of building systems is increasing, and a growing number of buildings are equipped with remote monitoring connections.
- The increase of technology in buildings increases demand for new services. The **outsourcing of services** is expected to icrease.
- **Demand for energy efficiency services** can be expected to increase over the upcoming years due to stricter environmental legislation. Environmental certificates and energy efficiency will become increasingly important. They will help property owners to increase the value of their properties, which further promotes growth opportunities.

> ”The maintenance is increasingly based on actual conditions: reduced performance, not breakdowns or prescheduled periodic maintenance.

Aiming for a more efficient service process

The principle for service efficiency is that we aim for the work that is done at once and within target time and costs.

Improving profitability is Caverion's priority in the strategy period of 2014–2016. We are targetting EBITDA of more than 6% of the revenue by the end of the strategy period by means such as improving the efficiency of the service process. In 2013, we focused on the improving the profitability particularly in Northern Europe, where our efficiency improvement measures had a positive impact on profitability.

New solutions and more efficient invoicing

In an efficient service process, we aim for the work that is done at the first customer visit and withing the target time and costs.

In 2013, we created common processes and tools for resource planning and scheduling, among others. Reporting from the field was facilitated by expanding the use of mobile solutions. In addition, we improved the efficiency of invoicing, and paid attention to the monitoring of lead times, the duration and quality of work, additional sales and customer satisfaction.

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Project business

We design and deliver building systems for both new and existing properties. The scope of our deliveries varies from individual solutions to total deliveries, covering all technology in the property.

Highlights in 2013

- Due to the challenging general economic environment, customers continued to be slow in decision-making, but **positive signs** could nevertheless be seen in the market for building systems project deliveries. Uncertainty in the market eased in Germany and Austria, in particular.
- **The Group revenue** in project business decreased by 10 percent compared to the previous year. The revenue decreased mainly in Central Europe, especially due to postponements in German project start-ups. However, we expect the improved order backlog in Germany in 2013 to contribute favorably to the revenue development during the first half of 2014.
- In Northern Europe, we have selected new projects with more careful consideration for profitability and risks. This had a positive effect on profitability, but at the same time decreased our revenue.
- Our goal is to increase the share of total deliveries of building systems and **Design & Build projects**. In 2013, Design & Build projects accounted for approximately one third of our project business revenue.
- We developed our project business **expertise, tools and processes** more strongly across the country borders. Our goal is to introduce common tools and processes for project design and planning as well as project management, among others.
- We estimate that in 2014 decision-making on new investments is still slow, but positive signs can be seen. New investments in building systems are expected to increase slightly. The growing public investments and the need for renovation and repair work are expected to be the key factors behind the growth. High energy costs and tightening legislation support the demand for energy-efficient building solutions.

New agreements

Jena University Hospital, Germany. Total delivery of building systems as a Design & Build project, including HVAC systems for the operating theatres and laboratories, among others. Contract value: approx. EUR 30 million.

Franz-Josef Strauss Airport, Munich, Germany. Heating and cooling systems, sanitation, fire extinguishing technology and electrical engineering for the expansion of the airport. The goal is to reduce CO2 emissions by 40 percent compared with the current terminals. Contract value: EUR 35 million.
Read more in case-gallery ▶

Forum Hanau shopping centre, Germany. HVAC systems, sprinklers, electrics and building automation. A Design & Build project. Contract value: EUR 17 million.

Düsseldorf University of Applied Sciences, Germany. General contractor for the new building of the Electrical Engineering and Mechanical Engineering departments. Several building systems, including clean room technology. Includes service and maintenance. Contract value: EUR 10 million.

Raiffeisen Informatik GmbH, Vienna, Austria.
Several building systems for the new SPACE data centre, including energy efficient refrigeration systems in server rooms. Contract value: EUR 8.5 million.

Stockholm City Line, Sweden. Power, lighting and automation at the Odenplan station and railway section. Contract value: EUR 7.5 million.
Read more in case gallery ▶

VVO's residential building in Tikkurila, Vantaa, Finland. Total delivery of building systems (heating, plumbing, ventilation, electrical installations and automation) as a Design & Build project. Energy efficiency. Automatic demand-controlled ventilation. Utilisation of solar power. Contract value: EUR 4 million.

Read more in case gallery ▶

K29 business centre, Vilnius, Lithuania. Design and installation of HVAC and firefighting systems, building automation. Design & Build project. Contract value: EUR 4 million.

SINTEF Energy Laboratory, Trondheim, Norway. Total delivery of building systems (design and installation). Contract value: EUR 2.75 million.

Revenue
1,134
EUR million

Share of Group revenue
45%

Share of revenue in Northern Europe
39%
(2012: 37%)

Share of revenue in Central Europe
62%
(2012: 69%)

Business model and goals

Our aim is to grow as a provider of Design & Build projects and to strengthen our technological expertise and product development.

Our project business mainly consists of a high volume of smaller projects that typically have an individual value of up to a couple of million euros. Our largest target markets - and thus also our largest individual projects - are located in Central Europe, especially in Germany. In 2013, the individual value of our largest orders there was more than 30 million euros. In the Nordic countries, the focus of Caverion's operations was more on smaller project deliveries and service and maintenance.

Design & Build projects: involved from planning to implementation

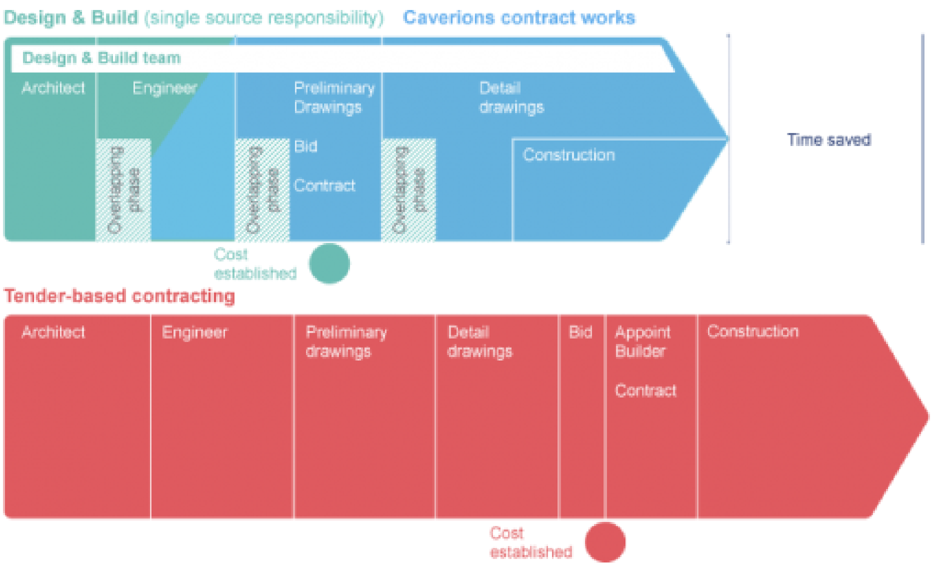
Currently approximately two-thirds of our project business revenue comes from tender-based projects, that typically include the delivery of one or more building systems often based on the ready-made plans from the customer. In these projects, customers may purchase the property's building systems from several different suppliers chosen through tendering processes.

Approximately one-third of our project business revenue comes from Design & Build projects, in which Caverion is involved in the project from the very beginning, responsible for the design and delivery of the systems and for subcontractors. Our goal is increase their share, as projects that require extensive competence are where we excel.

By granting the responsibility for the whole project to one contractor, customers can considerably reduce their project-related risks. In addition, partially simultaneous planning and installation work reduces the duration of the implementation. Project costs are foreseeable, because they are specified during the planning stage.

By being involved in the process from the very beginning, we can also influence the choice of systems and technologies in the planning phase and, thus, improve the quality and efficiency of the final delivery. After the project delivery, we can provide the customer with service and maintenance as well as energy efficiency services.

Main differences between Design & Build and tender-based contracting



Comprehensive services a competitive advantage

Caverion's key strengths are related to its special technological expertise and comprehensive services that cover all areas of building systems. Caverion has competence in extensive, multi-discipline projects that are long-lasting and require a lot of resources.

We have a thorough expertise in all building systems technologies, and can thus ensure that the final result is an efficient assembly of compatible systems. We provide services throughout the lifecycle of the property. This allows us to use the information we receive from service and maintenance operations also in designing the building systems in project deliveries.

Smaller contractors can deliver individual solutions, but cannot provide comprehensive expertise and services that combine all building systems and the whole life cycle of the building.

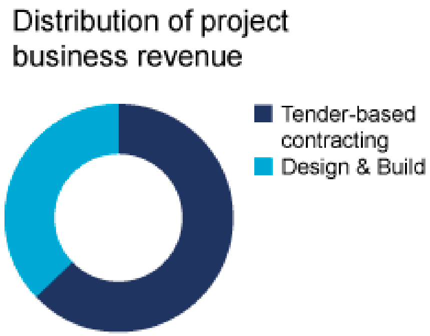
Our strategy for winning projects is special expertise and proven track record, instead of offering the lowest price. By focusing on this we will also take care of our margins. We aim to choose projects carefully with regard to risks, profitability and our own expertise and resources.

We develop common processes and tools

We are developing our project business competence strongly across borders. By exploiting this synergy, we will improve our efficiency and, consequently, our profitability.

We aim to share the best practices, process expertise and tools from individual countries, so that they benefit all the countries at the same time. By forming an international network of our project business experts, we can use the competence and experience accrued in different countries for steering individual projects.

Our research and development centre in Aachen, Germany, will continue to promote our special technical expertise and product development in all the countries where we operate.



"For customers, granting project responsibility to one contractors means less project related risks, shorter time needed for implementation and more predictable costs." We have a thorough expertise in all building systems technologies, and can thus ensure that the final result is an efficient assembly of compatible systems.

Arrowhead technology

We have special expertise in technologies for demanding properties and in energy-efficient solutions.

Our arrowhead competencies include clean room technology, cooling, building automation, security and fire safety systems.

Continuous product development and own products are essential for our business; we are investing even more than before in this area. Our research and development centre in Aachen, Germany, specialises in the development of advanced products related to ventilation, cooling and heating. In the test stations of the centre we can simulate the functioning of building systems in demanding properties, such as operating theatres, laboratories and large exhibition halls.

Solutions for utilising renewable sources of energy

We want to help our customers improve their energy efficiency. Our energy efficiency projects often include both the delivery of the building systems and service and maintenance.

We have own product development in technological solutions related to renewable energy sources and competence in seawater cooling, solar and wind power, among others.

We have developed our own products and solutions based on phase change materials (PCM) that reduce the need for coolers and considerably improve the building's energy efficiency. PMC materials turn to liquid or solid depending on the temperature in and outside the building. At the same time, they release or store large amounts of energy.

Some of our own products and brands:

- **LuxCool and KlimaTak** are suspended ceiling elements that integrate all the technology needed for office premises: lighting, heating, cooling, ventilation and their adjustment and control.
- **The Krantz brand** develops,designs, manufactures and distributes throughout the world air distribution systems, cooling and heating systems, among others. It also offers clean air solutions for the reduction of operation-related emissions in properties such as laboratories and nuclear power plants.

> Our special expertise includes clean room technology as well as cooling, automation, security and fire safety systems.

> We have an in-house R&D Centre in Aachen, Germany.

Caverion's competitive advantages in project business

- Expertise in **all building technologies** throughout the life cycle of the property
- Competence also for the most demanding **total deliveries** of building systems, from design to installation
- Own **product development** and own solutions
- **Special expertise** in technical systems for demanding properties such as laboratories, hospitals or clean rooms
- **Energy-efficient solutions**

Read more: Energy-efficiency services and solutions ▶

Trends supporting growth in project business

- **The use of technology in buildings is increasing** due to increasing demand for energy-efficient building systems and the expansion of automation, among others. Technical systems are becoming more advanced, while, at the same time, becoming less costly for the customer.
- There is increasing demand for **specialised technical expertise** and automaton of building systems. A service provider that can cover all the areas of building systems is needed in the market.
- Tightening legislation, **increasing energy consumption** and the need to modernise the energy sector support the demand for energy-efficient solutions. Energy efficiency is a critical factor for customers when choosing the service provider. The importance of environmental certification is growing.
- **The use of renewable energy sources** is increasing. Solar energy is already used relatively widely, particularly in Central Europe. Wind power and biofuel-based forms of energy are emerging. The use of renewable energy sources requires new, advanced technology.

”Demand for specialised technical expertise such as automaton of building systems is increasing.

Industrial services

We provide industrial services mainly in Finland and Sweden. Our services include project deliveries of technical systems and processes for industry, as well as their service and maintenance. We also deliver prefabricates worldwide.

Highlights of 2013

- In recent years, industrial investments have decreased and seasonal fluctuations of demand have increased. Tight competition continued in the market in 2013, particularly in project deliveries.
- Despite the challenging market conditions, demand for industrial maintenance was relatively stable. **The market for outsourcing of maintenance picked up**. We signed outsourcing agreements for many new sites, including Altia's Koskenkorva plant, UPM's sawmills in Alholma and Korkeakoski, hydropower plants for Pohjolan Voima and Kemijoki Oy and Metsä-Fibre's Äänevoima power plant.
- We expanded our **ServiFlex service range**. Our customers can now include approximately 50 different industrial services in one service agreement.
- We invested in occupational safety: occupational safety observation, identification of risks and elimination of dangerous working methods.
- The organisation of Industrial Services changed as of the beginning of 2014: in Sweden, mechanical industrial installation and maintenance were included as part of the new company Caverion Industria Sverige AB. Electric automation services for industry were included as part of Caverion Finland. This unifies our service structure in Finland and Sweden and strengthens Caverion's services for industry in Sweden.

New agreements

Altia, Koskenkorva, Finland. Outsourcing of service and maintenance at the Koskenkorva plant.

Kemijoki Oy, Finland. Outsourcing of the operation and maintenance of 16 hydropower plants. Under the agreement, approximately 80 employees of will transfer to Caverion in March 2014.

Metsä Fibre, Äänekoski, Finland. The maintenance partnership agreement for the Äänekoski pulp mill was extended to cover maintenance of processes and process equipment at the bio power plant.

Neste Oil, Porvoo and Naantali, Finland. Heat exchanger maintenance services in the Neste Oil refineries in Porvoo and Naantali during operation and unit shutdowns. Three-year contract.

PVO-Vesivoima, Finland. Partnership agreement on the outsourcing of operation and maintenance at PVO Vesivoima's hydropower plants in Northern Finland.

Peab, Linköping, Sweden. Total delivery of electrical, telecommunications, ventilation and heating installations at the new heating plant in Linköping, Sweden. The value of the order is approximately EUR 7 million.

> The market for outsourcing of maintenance services picked up, and we signed outsourcing agreements for many new sites.

Business model and goals

We aim to develop our concepts for industrial maintenance and to increase the number of extensive service contracts.

Our mission is to help our customers improve the efficiency of production throughout industrial plant's lifecycle. In 2013, 38% of the revenue in our industrial services came from project deliveries of technical systems and processes, while their service and maintenance accounted for 62% of the revenue.

Industrial services accounted for approximately 10% of the total revenue of Caverion Group. Its financial development was reported as part of the Building Services Northern Europe segment.

An extensive service chain is our key strength

Caverion has solid process expertise in industrial services. The key competitive advantage is an extensive service chain, covering design, material deliveries, prefabrication at our own workshops, installation as well as service and maintenance. Our service range is one of the largest in the Finnish market.

We provide services for all fields of industry. Our largest customer segments are the forest industry and the energy industry.

Even though the share of the forest industry has considerably decreased in recent years, there is still a need for maintenance and modernisation projects. On the other hand, emission restrictions enforced by the EU, increased energy consumption and ageing power plants will provide opportunities for growth in the future in the European energy sector. There is potential demand also in the mining, metal and chemical industries.

The stable industrial maintenance market balances our business in industrial services. Our business is cyclical in nature. Summer is clearly the high season for us, due to maintenance shutdowns in industry.

Comprehensive maintenance and outsourcing

Our industrial service and maintenance covers customers' all needs from individual assignments, such as valve maintenance or boiler repair, to comprehensive maintenance of production processes and outsourcing services.

Caverion has developed the ServiFlex concept for industrial maintenance. Customers can choose from approximately 50 different services representing six technical fields to compose an optimal package, under one agreement. Maintenance focuses on the prevention of problems and helps customers foresee their costs. Detailed service descriptions and standardised services guarantee high quality.

A maintenance partnership is strategic cooperation, in which the operations in the customer's plant is developed and efficiency is improved. We take on the overall responsibility for maintenance, including its development,in accordance with jointly agreed goals. In addition, we are in charge of the supplier and subcontractor network.
In 1997, we established a joint industrial maintenance company with Metsä Fibre. This company, Botnia Mill Service, is today responsible for comprehensive maintenance of Metsä Fibre's four pulp mills.

Maintenance outsourcing services generate a steady cash flow, thus reducing susceptibility to the effects of economic cycles. In 2013, we initiated operations at many new sites, including Altia's Koskenkorva plant, UPM's sawmills in Alholma and Korkeakoski, hydropower plants of Pohjolan Voima and Kemijoki Oy and the Äänevoima power plant.

Market leader in high pressure pipelines in Northern Europe

Industrial project deliveries are based on special expertise in design and extensive industrial prefabrication in our own workshops. Prefabrication improves the efficiency of installation work on site, ensures uniform quality and improves technicians' safety at work.

We manufacture prefabricates in three workshops in Finland. In addition, we have units to support local service that manufacture piping, tank and boiler prefabricates to be delivered to projects around the world. In addition, Caverion supplies industrial plants with building systems, such as electrical, automation and ventilation systems.

Service and maintenance
62%
of revenue

Project deliveries
38%
of revenue

Caverion´s competitive advantages

- Proven expertise in industrial production processes and manufacturing and installation techniques
- Through knowledge of industrial plants and service outlets located in close proximity to customers
- An extensive range of services, covering the production plant´s entire life cycle: design of technical systems, material deliveries, prefabrication at our own workshops, installation as well as service and maintenance

Case gallery

Life cycle project stretches into 2040

Lintuvaara school

The renovation and expansion of the Lintuvaara school and day care centre in Espoo, Finland, will start in 2014. We are responsible for the delivery of building systems to the vast project. However, our work for facilitating a better learning environment will not stop there, as we will also provide the maintenance for the buildings during the 25-year life cycle period. We will also be responsible for the effectiveness, usability, condition and energy management in the premises. The project was initiated, as there were indoor air issues in the old school premises built in 1956.

Geothermal energy
The building's energy efficiency is improved by utilising geothermal energy for heating and cooling, together with demand-controlled ventilation and lighting as well as partial LED lighting. The value of the contract for us is over EUR 16 million.

- **Project delivery, service and maintenance**
- **HVAC and lighting, among others**

Light and power

Stockholm Citybanan

Caverion will install power, lighting and automation systems to the Odenplan station on the Stockholm Citybanan railway. Citybanan is a commuter train tunnel being built between Tomteboda and Söder. The delivery also includes high-voltage installations and the standby supply system. In addition, we are designing the power, telecommunications and security equipment as well as sprinkler systems for the bike garage to be located adjacent to the Odenplan station. The value of the delivery is approximately EUR 7.5 million, and the work will be completed in 2016.

- **Project delivery**
- **Technology for the tunnel**

Energy efficiency guaranteed

Mora municipality

Mora municipality has taken an important step towards becoming one of the most energy-efficient municipalities in Sweden. The objective is to reduce the municipality's energy costs by nearly EUR 500,000 per year through more efficient energy use.

Reduced financial risk
Caverion is participating in the project by analysing the energy consumption of the municipality's property stock. We will draft a detailed proposal for each building on measures concerning building systems, such as their replacement with new ones or their adjustments. The total value of the investment is approximately EUR 9 million. However, the financial risks are reduced as the project is implemented as an EPC (Energy Performance Contracting) agreement

in which Caverion guarantees the municipality the savings specified in the agreement within the contract period. If the savings are not achieved, Caverion will assume responsibility for the difference.

- **EPC energy savings project**
- **Heating, ventilation, electrical and automation systems**

Energy-efficient housing

VVO residential building

The building systems for the VVO residential building to be built in Vantaa's Tikkurila district in Finland are designed with a focus on energy efficiency and tightening energy regulations. The building will have nearly 200 flats, which means a high savings potential. In the design of the building systems, we have paid particular attention to heat management and automatic demand-controlled ventilation.

Automation and solar electricity
The advanced building automation system enables highly specific control, such as the adjustment of the ventilation or floor heating in wet rooms of an individual flat while the residents are away. A considerable proportion of the electricity required for the ventilation equipment and pumps is covered with solar energy. Energy consumption in the building will be accurately measured by consumption category. The delivery includes design and implementation and its value is about EUR 4 million.

- **Project delivery (design and implementation)**
- **All building systems (HVAC, electricity, automation)**

Sustainable airport

Franz-Josef Strauss airport

Following the completion of the construction work of its new satellite terminal, the Franz-Josef Strauss International airport in Munich will be able to serve some 11 million additional passengers per year. Caverion is providing the satellite with 20,000 m² of underfloor heating and 30,000 m² of chilled ceiling, among others, which will ensure comfortable temperatures with low primary energy consumption.

Compared to the existing terminals, the satellite will generate 40% lower relative CO_2 emissions. Caverion's contract is worth over EUR 35 million.

- **Project delivery**
- **Heating and cooling, sanitation, fire extinguishing technology, electrical engineering**

Efficient ventilation on stage

Cologne opera and theatre

In Cologne, Germany, actors will no longer sweat on stage, despite full houses or heat radiating from spotlights. As part of a larger renovation project, we are delivering ventilation and heating equipment to the Opera House and theatre in Cologne.

Own product development
Conditional supply air and various heat recovery systems generate pleasant indoor air. In addition, the ventilation system developed in Caverion's own R&D centre in Aachen efficiently prevents draught and minimises energy costs. The total value of the order is approximately EUR 7.5 million.

- **Project delivery**
- **Ventilation and heating**

Advanced technology for a hospital

Jena University Hospital

We are delivering a wide range of building systems for the second construction phase of the Jena University Hospital, one of the largest hospital projects in Germany. The value of our delivery is approximately EUR 30 million and the duration approximately three years.

We design and build
The project includes designing and delivering the building systems that take care of the ventilation, heating and cooling in the patient rooms, operating theatres and laboratories, among others. In addition, we are responsible for the delivery of water and gas extinguishing equipment as well as the solutions for the production of steam used for sterilisation. Caverion has strong track record of deliveries to similar demanding properties and and in clean room technology for hospitals and laboratories.

- **Project delivery (design and implementation)**
- **Total delivery, including HVAC, fire extinguishing and automation**

Operating a hydropower plant with skill

PVO Vesivoima

PVO Vesivoima has 12 hydropower plants in Finland, of which Caverion is operating seven under a partnership agreement. We are responsible for the comprehensive maintenance of the Iijoki and Kemijoki hydropower plants. This includes responsibility for the buildings and machinery as well as the electrical and automation systems.

Hydropower production is increased or decreased quickly in accordance with changes in the consumption of electricity. This requires a thorough knowledge of the operations of the plant, as well as the ability to quickly solve various problems. Due to the partnership agreement, about 30 professionals in hydropower plant maintenance from PVO Vesivoima joined Caverion in autumn 2013.

- **Industrial maintenance**

Control room keeps an eye on energy consumption

Kesko retail chain

In 2013, we renewed our collaboration with Kesko concerning the maintenance of its retail outlets in the Helsinki region and the nationwide facility control room services. Approximately 150 Kesko properties around Finland are connected to our 24/7 property control room, and our HelpDesk services cover more than 700 retail outlets.

Through remote connections, we monitor the operation of building systems at Kesko’s grocery stores, supermarkets and hardware stores, among others. Remote monitoring enables us to take corrective action without delay, sometimes even directly from the control room. False alarms and unnecessary maintenance visits can be eliminated. Correctly adjusted and properly functioning systems also promote energy efficiency.

- **Service and maintenance**
- **Technical facility management, control room services**

It is essential for the continuity of our business that our stakeholders, such as customers, shareholders, personnel and partners, trust us. Trust and appreciation are earned through responsible conduct.

For us, responsibility means that we strive to promote a sustainable, energy-efficient living environment with our products and services, to secure a safe and healthy working environment and, for our part, to ensure good business conduct throughout our supply chain.

Good financial performance is the key precondition for our existence. However, we do not try to achieve it at any price.

Management of responsibility is integrated into all management

The objective is that everything we do reflects responsible way of working. The corporate responsibility activities are included in the normal management of the Group on all organisational levels.

Responsible conduct is guided and defined by the following elements:

- Our values, leadership principles and corporate culture
- Our Code of Conduct
- Our governance principles

We are committed to good corporate governance and comply with all of the recommendations of the Finnish Corporate Governance Code issued by the Finnish Securities Market Association.

Steering group promotes responsibility at the Group level

The Management Board member who is in charge of business development in the Group is also in charge of the management of corporate responsibility. The **responsibility steering group** is responsible for the development and co-ordination of corporate responsibility matters at the Group level. The Vice President, Business Development acts as a chair of the steering group, and the members are the Vice President, Marketing and Communications, the Corporate General Counsel, the Senior Vice President, Human Resources.

The responsibility steering group reports to the Group's Management Board and forwards to it any matters that require action from business areas and countries. The CEOs in each country are locally responsible for the enforcement of decisions.

We follow the GRI guidelines in reporting

We report corporate responsibility-related information normally once a year in our Annual Report and on our website. The 2013 report has been compiled in applying the G3 guidelines of the Global Reporting Initiative (GRI).

According to our own estimate, we apply the guidelines at C level. An independent third party, PricewaterhouseCoopers Oy, has checked that reporting meets GRI's Application Level C requirements.

We are included in the OMX GES Sustainability Finland index

The index includes those companies listed on NASDAQ QMX Helsinki that meet the international criteria for environmental and social responsibility and corporate governance. GES Investment Services, the leading North European research institute and service provider in responsible investment, performs an assessment once a year.

Values and leadership principles ▶

Code of Conduct and reporting of suspected misconduct ▶

Corporate Governance Statement ▶

Key themes of corporate responsibility

We strive to promote a sustainable, energy-efficient living environment with our products and services, to reduce emissions of our own operations and to secure a safe a working environment.

Products and services that help our customers reduce their environmental impact

- Our energy-efficient building systems and energy efficiency services are still our most important means of affecting the global carbon footprint.

Read more ▶

Reduction of our own carbon dioxide emissions

- We aim also to reduce CO_2 emissions from our own business operations. Most of our own emissions are caused by the fuel used in our service vehicles. Thus, our most important means of reducing carbon dioxide emissions are reduction of the kilometres driven and promotion of an economical way of driving.
- Our objective is that the majority of our business operations have an environmental certificate. In 2013, 82% of our revenue came from ISO 14001-certified operations (2012: 77%).

Read more ▶

Occupational health and safety

- We focus on improving occupational safety with the target of zero accidents. There has been positive development in occupational safety during the recent years and accident frequency rate (H factor) has decreased steadily. In 2013 the H factor was 9 accidents per one million work hours (2012: 11 and 2011: 12)
- We aim to increase the share of OHSAS 18001-certified operations of our revenue. Certification helps us promote our employees' well-being and prevent accidents. In 2013, OHSAS 18001-certified operations accounted for 75% of revenue (2012: 70%).

Read more ▶

Responding to customers' needs

- Our customers trust the quality of our services and products, and we want to continue looking after customer satisfaction. We want high quality to be visible in everything we do, from the first contact with a customer to the final delivery. Our aim is to provide customers with added value through new and advanced services and solutions, and we strive to continuously improve our service attitude. We also ensure a good price-quality ratio.
- In 2013, all our business operations (100% of revenue) were ISO 9001 certified. We developed service efficiency and increasingly better service was developed across country borders.

Read more ▶

Ethical conduct

- We aim to increase awareness of ethical conduct and the prevention of grey economy and corruption throughout the company. We also aim lower the threshold for reporting any suspected misconduct.
- We published our updated Code of Conduct in 2013. In order to facilitate whistleblowing, we are using a web-based service maintained by an external service provider.

Read more

We specified the key aspects of our responsible conduct, while we were still part of YIT Group. The materiality matrix for YIT was compiled based on interviews in 2011. In 2013 we used it for updating the themes that concern Caverion.

Key stakeholders

From the perspective of corporate responsibility, our three most important stakeholder groups are customers, shareholders and employees. Our other stakeholders include the authorities, suppliers and subcontactors, media and business partners.

	Customers	Current and future personnel	Shareholders and the capital market	Subcontractors and partners	Media	Public administration
Expectations	Healthy and pleasant conditions in the building Quality at a reasonable price Energy-efficient products and services Professional skills and expertise. New, advanced solutions, product development All building systems throughout the life cycle of the building from one supplier Short response times Reliability and compliance with ethical principles. Delivery as agreed and on schedule. Smooth interaction and friendly service	Stability of employment relationship Fair and competitive remuneration A safe working environment Fair and equal treatment Strong company image, a responsible company	Good return on investment, good risk management Future growth potential Predictability Good governance Equal and timely information	Stability of business, reliability, predictability Clear, transparent procurement criteria, price is not the only criterion Willingness to develop long-term partnerships Safe working methods	Reliable, comprehensive and up-to-date information News topics that have wider significance for the society Good availability	Taxes Healthy and pleasant conditions in school, hospital and office buildings, among others. Savings through energy efficiency in the public finances.
Channels for interaction	Customer meetings and events Customer satisfaction surveys Various types of feedback Websites	Daily management Performance reviews Internal training programmes and inductions Materials and channels for internal communication	Financial reporting and financial communications Investor meetings and events Other materials for investor communications	Various audit and evaluation processes Various meetings and events Participation in the activities of co-operation bodies	Interviews Info events Social media Releases	Personal meetings Public communications Workshops, seminars

Environmental responsibility

In co-operation with our customers, we can best influence the global carbon footprint.

As an international provider of building systems and industrial services, we can significantly contribute to the sustainable development of the built environment.

Our own operations have certain environmental impacts, for which we want to take responsibility. However, in co-operation with customers, we can best influence the global carbon footprint. We continuously develop our products and services to help our customers reduce their environmental impacts.

Energy efficiency is strategically important business for Caverion.

Today, buildings account for 40% of energy consumption and 36% of carbon dioxide emissions within the EU. The European Union aims to improve energy efficiency and reduce emissions by 2020 as follows:

- 20% reduction in greenhouse gas emissions within the EU compared with 1990
- 20% of energy consumption from renewables
- 20% reduction in primary energy consumption

Energy-efficient building systems, automation and the appropriate operation and maintenance of technical systems can reduce energy consumption in existing properties by up to 10–20%.

Caverion provides its customers with energy efficiency-promoting services and solutions of varying extents. They include energy inspections and analyses, energy-efficient building systems and modernizations of existing systems, as well as adjustments and automation of systems, among others.

Energy efficiency is an integral part of our services and solutions. We always propose an energy-efficient option to our customers.

Energy efficiency is strategically important business for us. By developing this area, we demonstrate the added value we can offer our customers. At the same time, we aim for growth and profitability of our business through energy efficiency.

The increasing use of renewables

The EU directive on the energy efficiency of buildings requires that by the end of 2020, all new buildings should be nearly zero-energy buildings. The majority of energy should come from renewable natural sources, particularly from sources located closeby or produced in the building itself.

The use of renewables requires new, advanced technology. We provide our customers with technologies that enables the use of renewable energy sources, such as solar and wind power and seawater cooling, among others.

Increasingly important environmental certificates

Energy efficiency and environmental building certification are critical factors for customers when choosing the service provider.

The environmental classification of buildings makes it possible for investors, authorities and users to compare the energy efficiency of buildings using uniform methods. Classification enables transparent demonstration of the environmental impacts of buildings. Buildings must meet certain minimum requirements that are usually related to the consumption of energy, water and materials.

Environmental classification is considered to increase the building’s value, the return on invested capital, the utility rate and the rental income. In addition, a company on green premises has a responsible image.

LEED and BREEAM are two of the most important certificates in the countries in which Caverion operates.

- **LEED** (Leadership in Energy and Environmental Design) is awarded by the U.S. Green Building Council. Depending on the points earned, the building is given one of the following LEED grades: Certified, Silver, Gold or Platinum.
- **BREEAM** (Building Research Establishment's Environmental Assessment Method) is a British green building classification system, which is developed by a local research organisation. The BREEAM grades are pass, good, very good and excellent.

Energy efficiency promoted in co-operation

Co-operation with other players in the field further improves Caverion's possibilities to strengthen its competence in energy-efficient and eco-friendly building systems.

- We participate in the local activities of the international **Green Building Council** network in several countries: In Finland, Sweden, Norway and Germany, among others. The network promotes practices related to sustainable development in built environments, as well as the environmental classification of buildings.
- In Norway, we co-operate with **ENOVA**, which has provided financial support to many of our customers. ENOVA is an agency of the Norwegian Ministry of Petroleum and Energy. It promotes efficient energy use and the production of renewable energy.

MEMBER OF FIGBC

SWEDEN GREEN BUILDING COUNCIL

NORWEGIAN GREEN BUILDING COUNCIL breeam-no

DGNB® Deutsche Gesellschaft für Nachhaltiges Bauen e.V. German Sustainable Building Council

Caverion's energy efficiency services

Energy efficiency is part of all of our services and solutions, both in service and maintenance and projects deliveries.

We offer a wide range of services and solutions that promote energy efficiency:

Services and solutions that improve energy efficiency:

- Energy inspections and analyses in buildings
- Energy-efficient building systems and their modernization
- Optimisation of energy efficiency through the adjustment of systems
- Automation and remote monitoring of systems
- Technology for utilising renewable energy sources: solar and wind power, seawater cooling, ground heat, phase-changing materials for the cooling and heating of buildings
- Automatic collection of waste for entire residential areas
- ESCO and EPC energy savings projects

Energy-efficient building systems, the correct operation and maintenance of systems as well as building automation can reduce energy consumption in existing buildings by as much as 10–20%.

Demand-controlled ventilation and efficient heat recovery can reduce the energy consumption considerably, even in older buildings. And the energy efficiency of lighting can be improved by using LED lights or demand-controlled lighting, among others.

However, the majority of energy savings is achieved during operation and use. We scale, adjust and control systems to ensure correct conditions and efficient use of energy in the building. Service and maintenance ensures optimal performance and energy use of the systems.

Savings and predictable energy consumption through automation

Automation is an important factor in saving energy, because it controls the conditions in buildings. Customers can control and monitor the energy consumption in the building and use the available real-time condition dataflow from the remote monitoring system.

By connecting the building systems to Caverion’s 24/7 remote monitoring service, any deviations can be corrected and systems readjusted without delay, sometimes even using remote control. The monitoring data is useful for the planning of corrective measures.

Total deliveries of energy-saving projects attract interest in public sector

ESCO (Energy Service Company) and EPC (Energy Performance Contracting) are energy-saving contracts where Caverion guarantees the customer energy savings specified in the contract. We take on the overall responsibility for the planning, delivering, financing and maintenance of the energy savings investment during the contract period.

No initial investments are needed from the customer: The project is financed with the energy savings, which are typically split between the customer and Caverion. If the savings are not achieved, Caverion is responsible for the difference. The savings guarantee is one of our competitive strenghts, as few service providers can offer such a service.

The project starts with an energy use analysis. Our specialists analyse the consumption of heat, electricity and water in the building and inspect any detected deviations. On the basis of this analysis, we design corrective measures for the building, which typically include upgrading or adjustment of building systems and training related to their energy efficient use, among others. During the operational stage, we guarantee that the energy consumption is within the set limits. The total duration of the agreement may be up to twenty years.

There has been increasing demand for energy-saving projects particularly in the public sector. In 2013, we agreed on energy-saving project deliveries with Siilinjärvi municipality in Finland, the city of Beckum in Germany and Kalmar and Mora municipalities in Sweden, among others.

Public buildings, such as schools and offices, have significant potential for energy savings as they stand empty much of the time. Therefore It is possible to achieve savings by simply checking the performance of the building systems and connecting them to remote monitoring. Investments in energy-efficient building systems will further improve the building’s energy efficiency.

Technology for renewable energy

Along with rising energy prices, the need for energy-efficient heating of buildings and service water increases. We continuously develop new solutions related to the use of renewables, such as solar, wind and ground power and seawater cooling. In addition, we develop alternative heating methods, such as pellet-based solutions.

We have developed phase change materials (PCM) that turn into liquid or solid form depending on the temperature of the outside of the building. At the same time, they release or store large amounts of energy. These renewable materials reduce the need for coolers in buildings, considerably improving their energy efficiency.

Hi-tech of waste management

Caverion is a forerunner as a supplier of automatic waste collection systems. We have delivered Finland’s first vacuum waste collection system in Suurpelto, Espoo. In early 2014, similar system was operational in Jätkäsaari residential area in Helsinki, and another one is being built in Kalasatama area of the same city.

Using an underground pipe network, waste travels to the waste collection station. From there the waste is transported onwards and utilized as recycled material, incinerated for energy or turned into compost soil.

The residents sort out the waste and take them to the appropriate waste collection point located either in the yard or inside the house. The waste collection points empty themselves, automatically. traveling to the waste collection station to their designated waste containers. Trucks pick up the full containers from the station and transport the waste for further processing.

When fully operational, the vacuum system in Jätkäsaari will include approximately 165 waste collection stations and 10 kilometres of underground pipe network. About 19 tonnes daily travel through the system.

Caverion's delivery includes the design and installation of the system as well as the operation and maintenance services.

The system can be connected to Caverion's control room for monitoring and control.

Energy-saving contracts in 2013:

The town of Beckum, Germany. A 12-year contract that aims for savings of 20% in the energy and water consumption in more than 50 buildings, including schools and public swimming pools, among others. ESCO agreement. Value of project EUR 4.8 million.

Kalmar municipality, Sweden. One of Sweden’s largest energy-saving projects; the customer is guaranteed savings of EUR 21 million during the guarantee period of 20 years. Includes upgrading of building systems in schools, day care centres and administrative buildings. The project employs up to 70 persons during the initial implementation phase of 2013−2016.

Siilinjärvi municipality, Finland. The project covers nine properties and involves upgrading of automation, modification of heating methods and the use of ground heat and LED lighting. The buildings will be connected to Caverion’s control room through remote monitoring.

Söderhamn municipality, Sweden. EPC energy-saving contract that covers a total of over 400 000 m^2 in rental housing, schools, preschools and other municipal buildings. Starts in January 2014 with energy analysis, includes required investments in building systems as well as training of their correct operation.

> ”We offer a savings guarantee as a part of our total deliveries of energy-saving projects. This is a rare offering in the market.

> ”In 2013, we signed agreements for serveral new total deliveries of energy-saving projects.

Caverion's own carbon dioxide emissions

Our own emissions are mainly due to the fuel consumption of our service cars.

Caverion's business does not involve any significant environmental risks.

Our business operations involve project deliveries of technical systems and their service and maintenance, which consume little non-renewable natural resources and energy. Environmental impacts of our business mainly consist of locally induced noise, dust or vapours.

In addition, our operations generate waste, which we recycle and dispose of in an appropriate manner.

The risk of environmental damage is low. Possible mistakes during work seldom lead to a risk of severe damage; usually they reduce the efficiency of the process or equipment.

We promote economical driving

We have some 5,500 service cars that are among the most important tools in our daily work. Mostly we drive service vans, but passenger cars are also used at work. Materials are also mainly transported by car.

For the transport of material and people, we use logistical solutions that help reduce greenhouse gas emissions. Environmental aspects are also considered in the selection of company cars.

We emphasise efficient planning of routes and an economical way of driving, because carbon dioxide emissions from a car directly depend on the vehicle's fuel consumption. Economical driving can reduce fuel consumption and, consequently, carbon dioxide emissions by approximately 5–15%. We have increased the use of mobile devices in field, which for its part reduces unnecessary driving.

In 2013, Caverion's CO_2 emissions amounted to approximately 47 thousand tonnes. Proportioned to revenue, the ratio was 18.5. In 2013, about 82% of revenue came from ISO 14001 certified operations (in 2012: 77%). Through certification, the company improves the management of environmental issues and environmental conservation performance.

Caverion's energy consumption and CO_2 emissions in 2013

Consumption of direct energy sources, GWH	
Petrol	7.7
Diesel	121.3
Light fuel oil	0.2
Natural gas	2.3
Total	**131.5**

Consumption of indirect energy sources, GWH	
Electricity	41.8
District heating	59.4
Total	**101.2**

Emissions of direct energy sources, tons	
CO_2 emissions, petrol	1,947.2
CO_2 emissions, diesel	32,379.3
CO_2 emissions, light fuel oil	56.5
CO_2 emissions, natural gas	445.5
CO_2 emissions, other direct sources of energy	1,860.5
Emissions of indirect energy sources, tons	
CO_2 emissions, electricity	4,803.4
CO_2 emissions, district heating	5,474.4
Direct and indirect CO_2 emissions in total, tons	**46,966.9**

Ratio	
Direct and indirect CO_2 emissions/revenue	18.5

The figures cover the entire business operations of Caverion Group. The calculations are mainly based on real consumption data. In some coutries total consumption has been estimated, if exact data is available for only some of the consumption.

CO_2-emissions
47
thousand tonnes

ISO 14001-certified operations
82%
of revenue

We pay attention to the choice of fuel for service vans, careful route planning and economical way of driving.

Caverion as an employer

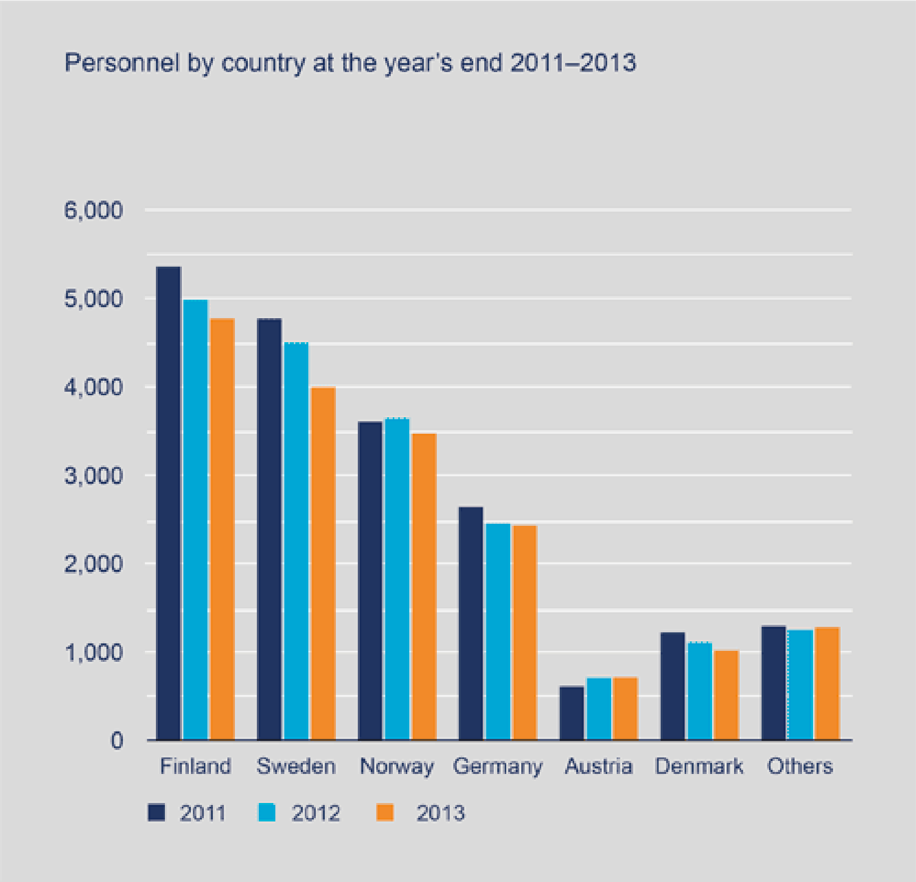
Caverion is a new company, but we already have a long history behind us and valuable competence in all of our operating areas. We operate in a personnel intensive industry. Instead of machinery, equipment or properties our most valuable assets are our people – nearly 18,000 employees in various fields of expertise in 13 countries.

Highlights in 2013

- We celebrated **the start of the new company** and established a strategy, corporate culture and values for it.
- We focused on areas such as the development of HR policy, payroll function and occupational health services, as well as questions related to personnel development, training models, recruitment and employment contracts.
- We continued our efforts in the field of occupational safety **towards the goal of zero accidents**. The number of occupational accidents has decreased steadily during the recent years, and 2013 was no exception in the positive trend: the accident frequency was 9 compared with 11 in 2012.
- We published our updated **Code of Conduct**, defining our common way of operating.
- We invested in **young talent** and employed a total of approximately 800 summer employees, thesis students and trainees in different countries.
- We developed our business across country borders as a uniform company.
- We identified key persons in the company management and started planning the further development of their competence. We aim to train all supervisors in all operating countries. In this way we will promote good management practices and goal-setting, as well as a positive attitude towards development-oriented corporate culture.

Key figures

	2013	2012	2011
Personnel on average	18,071	19,132	19,731
Non-salaried/salaried employees (%)	67 / 33	67 / 33	67 / 33
Women/men (%)	10 / 90	9 / 91	9 / 91
Fixed-term employees (%)	6	n/a	n/a
Average duration of employment, years	11.1	12.4	12.2
Age on average	42.1	41.8	42.1
Under 26 years of age (%)	13	n/a	n/a
26-55 years of age (%)	70	n/a	n/a
Over 55 years of age (%)	17	n/a	n/a
Employees that had performance/development discussions (%)	75	n/a	n/a
Response rate in personnel survey	66	n/a	n/a
Sick leave rate (%) (Hours of sick leave/ total available hours)	4.4	n/a	n/a
Accident frequency rate (accidents per one million work hours)	9	11	12
Fatal accidents	0	0	0
OHSAS 18001 -certified business (%)	75	70	n/a



Nearly 18,000 employees in 13 countries

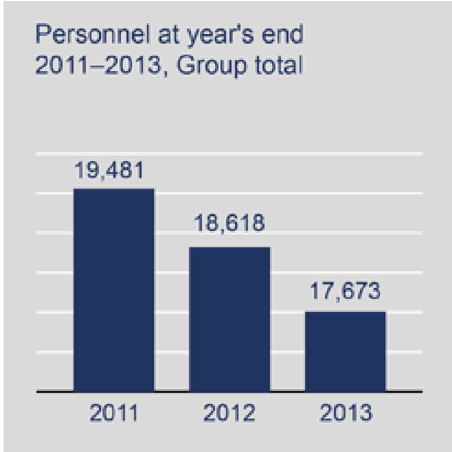
Caverion is present in 13 countries. In each one of these countries, we comply with the local legislation in matters pertaining to social security and employment. Our employees have the freedom of association, the freedom to form and join trade unions for the protection of their interests and the right of collective bargaining.

We pay particular attention to developing voluntary collaboration between the company and its employees, on the local, national and European levels. The EWC (European Works Council) agreement promotes active dialogue between employee representatives and the company management. It forms the basis for international collaboration at Caverion.

At the end of 2013, Caverion had 17,673 employees (12/2012: 18,618). In 2013, the improvement of operational efficiency in Northern Europe required measures such as closing down unprofitable units and streamlining the organisation. Lay-offs were unavoidable in order to improve profitability and ensure the continuity of business operations. The previously announced personnel reductions of 600 employees were completed by the autumn. Overall, the number of personnel decreased from January to December by a total of 945 employees (-5%), taking into account both new and leaving employees. Number of employees decreased the most in Sweden, Norway and Denmark.

We always aim to find alternative solutions and arrangements for lay-offs through, for example, pension arrangements and internal transfers, ending fixed-term agreements and implementing temporary redundancies.


Employees by country
at the end of December 2013
Finland 27%
Sweden 22%
Norway 20%
Germany 14%
Denmark 6%
Austria 4%
Other countries 7%


Personnel at year's end
2011–2013, Group total
19,481
18,618
17,673
2011
2012
2013

Corporate culture, values and management

We are building a strong corporate culture and lead the company in accordance with our values. The new company provides a good opportunity for development.

Caverion is operating an employee-intensive business, and our competence is strongly based on the experience and skills of our nearly 18,000 employees. A good service experience for customers depends on each employee's attitude, professional skills and desire to solve the customer's problems at once.

Our actions are always based on our joint values: a step ahead, cooperation, responsibility and high performance.

Our values

Step ahead

- Continuous learning ensures our high competence
- We develop sustainable solutions for a better future
- Our approaches are innovative

Cooperation

- Customer focus guides our actions
- We work as a team, respecting our partners
- We cooperate and share our knowledge

Responsibility

- We have high ethical standards
- We do what we promise
- We take the initiative

High Performance

- We create added value for different interest groups
- We go beyond expectations
- Our objective is to be best in our industry

Our leadership principles

• We lead courageously by example
• We set challenging goals
• We provide honest and constructive feedback
• We encourage personal and professional development of competences
• We support innovative approaches
• We care about our people
• We remain approachable and open whichever position we are in
• We give responsibility and authority

Sharing the values and goals of the new company

Our employees have mostly responded positively to the establishment of the new company. The change had the greatest impact on Group services personnel. The business operations itself, the country organisations and the units were less affected by the change and business more or less went on as usual. Our name and image are new, but we already have a long history behind us and strong competence in all of our operating areas. The new company is also seen as an opportunity to develop our operations.

As a new company, it is important for us to ensure that our employees, regardless of country and unit, have a similar understanding of our corporate culture and values. In the second half of 2013, we communicated our values, strategy and leadership principles to the personnel through various internal communication channels. The most important of these is the intranet, which was in use on the first day of business.

All of our employees in each country received a letter from the CEO, delivered to their homes, as well as a Welcome to Caverion leaflet that introduced our new company. We arranged local Caverion Day events to celebrate the new company and to explain more about our future together.

We promote eagerness for profit

We aim to arrange regular info events for our employees in each country. At these events, the local management will provide information on important matters, such as the financial development, the progress towards strategic goals and the measures taken in order to achieve them.

We want to promote a culture of Eagerness for Profit on all organisational levels and substantiate the importance of each employee for the achievement of the profitability goal. By explaining how the strategic goals affect our daily work, we hope to motivate our employees to commit themselves to the achievement of these goals. In 2013, we paid particular attention to strengthening the cash flow through faster invoicing.

We aim to develop our business operations even more strongly across the borders between countries. Countries and business areas work in close cooperation to develop operating models, processes and concepts, and to increase profitability and operational efficiency. In 2013, we initiated two strategic development programmes (Project Excellence and Service Efficiency) to facilitate the common development work.

> Our employees have responded positively to the establishment of the new company.

Competence development

We aim to provide our employees with the opportunity for continuous learning. Competence development is based on learning at work, supported by various courses and trainings.

Learning through daily work is the main means of competence development at Caverion. This on-the-job learning includes sharing competence and knowledge inside the team and company as well as learning through collaboration with customers. Job rotation, mentoring, giving and receiving feedback and self-assessment are other ways of continuous learning.

In addition to continuous learning at work, we arrange various training and coaching events for developing professional competence:

- orientation events for new employees
- trainings in managerial work
- coachings in sales, services and project management
- language and internationalisation training
- professional and specialist professional degrees and qualifications through in-service programmes

In 2013, training was arranged on, among other things, occupational safety, managerial work and leadership, sales and customer service and social media. We organised trainings in connection with the induction of new employees. In addition, we arranged plenty of training to improve professional skills. Some training programmes, such as the occupational safety and hot work permit programmes, were statutory.

Our goal: better service culture

Our success depends on our ability to respond to customers' needs. We promote a good customer service attitude and organise trainings to facilitate it.

In 2013, we launched a coaching programme in Finland, emphasising the understanding of customers' needs and the importance of good service in customer experience. All employees working in service and maintenance business in Finland are expected to participate in this coaching and pass the Service Pass test at the end of the course. The Service Pass culture will be developed further and we aim to include it as part of performance reviews, among others.

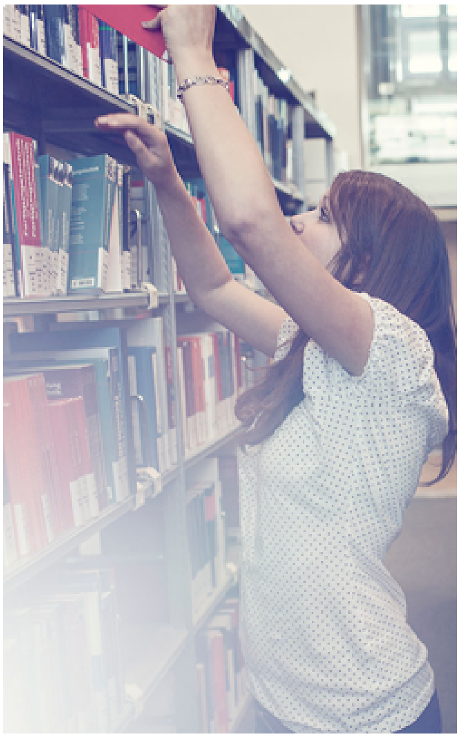
Performance reviews – an essential element of performance management

Management by key results (MBKR) and performance reviews are central components of our management system. In 2013, 75% of our employees had a performance review with his/her superior. Our aim is to increase their share. The objective is to conduct a performance review discussion with every employee at least once a year.

The purpose of the performance reviews is to ensure employees' commitment to achieving our joint goals. Our strategic goals are broken down into company, business division, unit and individual-level goals.

During the performance review, the achievement of goals set for the review period and the content of the employee's current job are assessed. In addition, the discussion includes setting goals for the next period. The goals are aligned with the company strategy and clear indicators are specified for them.

In future, goals will be set for a year at a time, so that they comply with the Group's annual planning and budgeting cycle. The goals will consist of Group, division and individual-level goals. The weight of each of these three will be specified and communicated during the first half of 2014. A performance-based bonus will be paid once a year, providing that the goals are reached. Halfway through the year, we will perform an interim assessment of the goals that also includes discussion on goals related to professional development.



In Finland, we expect all employees working in service business to participate in the service culture training.

In 2013, 75% of our employees had development discussions with their supervisors.

Occupational health and safety

We actively work on prevention of occupational accidents. Our goal is to be an accident-free workplace.

Occupational safety is important throughout our business. Our employees work in different types of properties and industrial plants in varying conditions that may involve ongoing and interrupted production, fault situations and temporarily bypassed protective measures. Processes and equipment can be fatally powerful in the event of an accident. In addition, our employees may work in places that involve special security planning, such as nuclear power plants and process plants.

Occupational safety is built on knowledge and attitude

We require both our employees, subcontractors and partners to strictly comply with safety regulations. In addition, we require all of our employees to wear protective clothing at all of Caverion's work sites. Accidents are seldom caused by outsiders. Usually they result from dangerous working methods or insufficient assessment of risks.

We aim to improve occupational safety by persistently aiming at changing attitudes and operating methods. Each employee in his or her own actions is responsible for safety at work.

We have promoted safety at work by developing and renewing guidelines, clarifying risk assessment on site and easier reporting of any shortcomings. All supervisors should ensure that their employees know their jobs and possible related risks and hazards. We arrange occupational safety training for different professional groups.

In cooperation with our customers, we systematically intervene whenever we notice safety-related shortcomings or neglect. Serious neglect of occupational safety may lead to termination of employment without warning.

Preventive safety measures

Preventive safety measures aim for the identification of risks and intervention before an accident happens.

They include:

- The Group's common safety regulations
- Work orientation for new employees, occupational instruction and guidance
- Safety trainings
- Risk assessment and safety plans before starting work
- Safety audits and inspections
- Supervisors' safety rounds at work sites and presentations at site meetings, regular safety inspections, safety discussions and quick safety infos
- Safety observations: reporting of incidents and close calls
- Active communication

Developing tools and ergonomics

In addition to the prevention of occupational accidents, we aim to prevent musculoskeletal disorders, which are a considerable risk in our field of business.

Our preventive measures include development of tools and ergonomics, among others. For instance, sometimes even the smallest changes can be significant in improving occupational health and safety. In Norway, for example, our maintenance staff have replaced ladders with walking stilts and gotten rid of some of their back and knee pains. Another pilot included moving heavy toolboxes on wheels.

The reporting of safety observations encouraged

We aim to continuously promote the reporting of safety observations, because the number of observations is inversely proportional to the number of accidents.
In some units and countries, teams are awarded for a zero accident rate. Individuals or teams can be awarded for reporting safety observations. The payment of a bonus can also be tied to the achievement of the occupational safety goals.

Cooperation with subcontractors

In order to ensure occupational safety at a site, we must collaborate seamlessly with our customers and partners.
In Finland, we have introduced an open-for-all safety website in Industrial services. Through this website, we report all safety observations and notifications from our employees and those subcontractors that we supervise. We receive the notifications for further processing and, at the same time, our customers are informed about them.

The accident frequency rate followed continuously

Our goal over the long run is zero accidents. We continuously monitor the accident frequency rate (the number of occupational accidents per one million working hours) on all organisational levels. The number of occupational accidents has decreased steadily during the recent years. In 2013, the accident frequency was 9 compared with 11 in 2012 and 12 in 2011.

We are heading in the right direction, but there is still a lot of work to be done. Despite active preventive measures dangerous situations and accidents still happen more than our goal permits.

We take every accident seriously. All accidents happening to our employees and subcontractors are immediately reported and inspected, in order to identify the reasons and learn from them.

We aim to increase the proportion of occupational health and safety-certified operations. In 2013, 75 % of our revenue came from OHSAS 18001-certified operations (2012: 70%).

9

Accident frequency rate in 2013 (2012: 11)

75%

OHSAS 18001-certified operations of revenue

> The number of occupational accidents has decreased steadily during the recent years.

> Identification of risks and intervention before an accident happens are essential. We also aim to make reporting of safety observations easier .

Job satisfaction

Personnel survey and performance reviews are key channels for collecting our employees' views and measuring job satisfaction.

Job satisfaction and well-being of our employees are important factors for us: in addition to recruiting new talents, we wish to keep the existing ones and motivate them to do their best.

Personnel survey will be renewed in 2014

Our goal is to conduct personnel surveys annually in order to find out about our employees' opinions and experiences of areas such as well-being at work and the quality of management.

We aim to carry out Caverion's first actual personnel survey in autumn 2014.The survey is planned to be implemented across all countries in identical, electronic format, and it will cover all of our employees.

At the beginning of 2013, Caverion employees' job satisfaction was still surveyed as part of YIT's personnel survey. 66% of our employees took part in the survey.

A high level of work safety was mentioned as one of our strengths. In addition, respondents genuinely felt that they were part of the working community and were collaborating with others in order to get the work done.

Supervisors trained on conducting performance reviews

In the survey, the quality and usefulness of performance reviews were mentioned as the areas that need most improvement. Employees hoped that their superiors would encourage and inspire them to perform their best and provide all the information they need in order to achieve the goals of the working community.

On the basis of the results of the personnel survey, in 2013 we arranged performance review info meetings for supervisors. The meetings discussed topics such as the importance of goals and how to set them.

> ”Our employees consider the high level of work safety as one of Caverion's strengths. They also feel that they are genuinely part of the working community.

Recruitment and employer image

We aim to be the most attractive employer in our field of business. We particularly focus on the recruitment of young students and graduates by offering them jobs and traineeships and by developing cooperation with educational institutes.

Competition for building systems and industrial services professionals is rather fierce in some areas. In particular, there is a major shortage of qualified service men and technicians in regions with a low unemployment rate.

We actively aim to recruit the most qualified and suitable professionals. Furthermore, we want to hold on to our good employees and motivate them by providing opportunities for career advancement and competence development. We offer fair and motivating compensation in order to ensure our competitiveness in the local market.

Need for young talent

In 2013, the average age of our employees was 42 years. Approximately 70% of our employees were aged 26–55. 13% were young, under 26 years of age, and 17% were aged over 55, so there is a clear need for young skilled employees. We believe it is important to have young people actively taking part in working life and we want to offer them work experience already during their studies.

We offer various summer jobs, traineeships and other fixed term jobs to young people. In 2013, we employed a total of approximately 800 summer employees, thesis students and trainees in different countries.

Cooperation with schools and institutes

We support cooperation with schools and higher education institutes, so that we will be able to train future employees and develop our image as an employer.

In many countries, apprenticeship is a common way of providing trainee jobs to young people. They involve alternating periods of study and work. An apprenticeship may last from three to four years.

We participate in the development of education programmes related to our field of business. In addition, our employees teach at educational institutions. In particular, we cooperate with vocational schools and universities of applied sciences in engineering.

VASTUULLINEN KESÄDUUNI

Building a strong employer image

In addition to offering trainee jobs, we promote Caverion by attending recruitment fairs arranged by educational institutes and by arranging student excursions.

In Finland, Caverion is participating in the campaign promoting responsible summer jobs. Taking part in the Vastuullinen kesäduuni (‘Responsible summer job’) campaign, we undertake to comply with the principles of good summer employment. These principles include suitable, motivating jobs, reasonable pay, good treatment of applicants, sufficient work orientation and guidance, and fair and equal treatment, among others.

In Germany, Caverion is participating in the Möglichmacher ("The Enabler") campaign that aims to promote employment in the field of building services and facility management. In 2013, Caverion also received an award as one of the best employers in Munich.

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In 2013, we employed approximately 800 summer employees, thesis students and trainees.

Code of Conduct

The objective of our Code of Conduct is to ensure we comply with our values in daily decision-making and work.

We published our updated Code of Conduct in early autumn 2013. It defines our way of working with different stakeholders, such as shareholders, customers, competitors, subcontractors and other partners.

The key content of the Code of Conduct:

- We do not exercise or tolerate any form of corruption, extortion or bribery.
- We support open and fair competition in all markets.
- We do not make financial contributions to political parties, groups or individual politicians.
- We comply with local labour laws and regulations in the countries in which we operate.
- We strive to provide a safe working environment for our employees and subcontractors.
- The marketing of our products and services is always truthful and our quality can be trusted.
- Environmentally friendly business is a strategically important activity for our company, and energy efficiency is incorporated in all of our services and solutions.
- We are committed to minimising the energy consumption and waste generation of our own operations, as well as our greenhouse gas emissions.

Suspected misconduct must be reported without delay

We expect every employee to report to their immediate superior or other member of the company management if they suspect misconduct. Employees can also report by e-mail to the Corporate General Counsel and head of Internal Audit.

In November 2013, we opened a web-based reporting channel through which employees can confidentially report their observations of suspected misuse, also anonymously. By the end of the year, no suspected cases of misconduct were reported through the reporting channel.

In 2013, there was an indication of anti-competitive practices at Caverion's Lier branch in Norway. Two of the employees at this branch had breached our Code of Conduct, and as a result, their employment was terminated. The authorities' investigation is still ongoing.

We support the authorities in their work

We will immediately take any necessary measures if signs of illegal or unethical action are detected in our business operations or supply network. If a breach of the Code of Conduct involves any illegal action, the incident will be reported to the authorities for further investigation and action. We support the authorities in their investigations to the best of our ability.

> The Code of Conduct concerns all Caverion employees in all the countries of operation, and it is available in all our languages.

Sponsoring

Our sponsoring is open and transparent.

Caverion has Group-wide sponsoring guidelines, the purpose of which is to help our employees in defining the targets for sponsoring. Sponsoring is a channel for marketing that enable us to make ourselves known and gain visibility.

In line with the company values and targets

All sponsoring at Caverion is open and transparent.The sponsored organization must be chosen according to Caverion's targets and values. We support teams, not individual persons.

Caverion does not sponsor any non-environmental friendly sport, event or team, such as motor sports. Neither do we sponsor political parties or politicians. If a customer or own employees apply for sponsorhip, their applications are evaluated critically, and they are handled in the same manner as any other applications. As a rule, we do not sponsor any team, group or event that is directly linked to our business.

If the sponsoring reaches the set limits for value, it should always be approved by the Group. The final decisions are made by our CEO.

Decisions on smaller-scale ponsoring is usually made in the country level. However, all countries should have a written process description, according to which requests are processed and decisions made.

Caverion's Board of Directors makes the decisions regarding all donations.

> The organisation we sponsor must not have a direct link to our business.

Customers, quality and product development

Our objective is to foster good customer relationships based on our competence, high quality, local presence and service attitude.

Caverion has an extensive and varied customer base. Our main customer groups are construction companies and developers (especially in project deliveries) and users of properties (in service and maintenance). Our other customers include property investors and owners, property service companies, property managers, public corporations and industrial companies.

Our objective is to foster good customer relationships based on our competence, high quality, local presence and service attitude.

Own product development at in-house R&D centre in Aachen, Germany

Our in-house research centre in Aachen, Germany, develops products and services for us, particularly focusing on the manufacture and product development of advanced ventilation, cooling and heating products.

In the test stations of the research centre, we can simulate the functioning of building systems in challenging conditions, such as in hospitals, laboratories, ice stadiums, fair centres or TV studios.

Our countries and units have initiative and development programmes in place that enable the further development of our employees' business and technology-related ideas.

Caverion's investments in research and development was EUR 12.7 million or 0.5% of revenue (2012: EUR 14.0 million and 0.5% or revenue). ISO 9001 quality certification covered 99.7% of our revenue (2012: 96%).

Creating a better service culture

We collect customer feedback and use it for the development of our operations to match our customers' needs.

Our customers expect from us:

- Service as agreed, carried out on schedule
- Professional skills and expertise
- Quality and reliability
- Good value for money
- Smooth interaction and friendly service

We measure customer satisfaction throughout our business operations, but the methods and extent vary depending on the country and unit. In some countries, we carry out less extensive surveys on a weekly basis, concerning specific deliveries, and annually more comprehensive surveys on general customer satisfaction. In some countries, these surveys are carried out each quarter or twice a year. Customer satisfaction surveys are often included in the terms and conditions of the service agreement.

It is the attitude that counts

We promote a good customer service attitude by means such as service culture-related training. We have traditionally focused on our strong technical competence. However, customer satisfaction cannot be achieved solely through technological solutions; the service experience plays a central role in it. Our target is a service level that is so good that the customer's experience is a competitive advantage for us.

In 2013, we launched the 10+ Asenne ratkaisee (‘It is the attitude that counts’) coaching programme in the Finnish services business. The coaching programme, targeted at our employees in service and maintenance business, emphasises the understanding of customers’ needs and the importance of good service for the customer experience. In addition, the service readiness and service quality are addressed in the coaching.

We expect that all our employees working in service and maintenance business participate in this coaching and pass the final test. In 2013, more than a thousand employees in Finland took the test. The coaching continues in 2014. The Service Pass culture will be developed further and included as part of performance reviews, among others.

ISO 9001 quality certification covered

100%

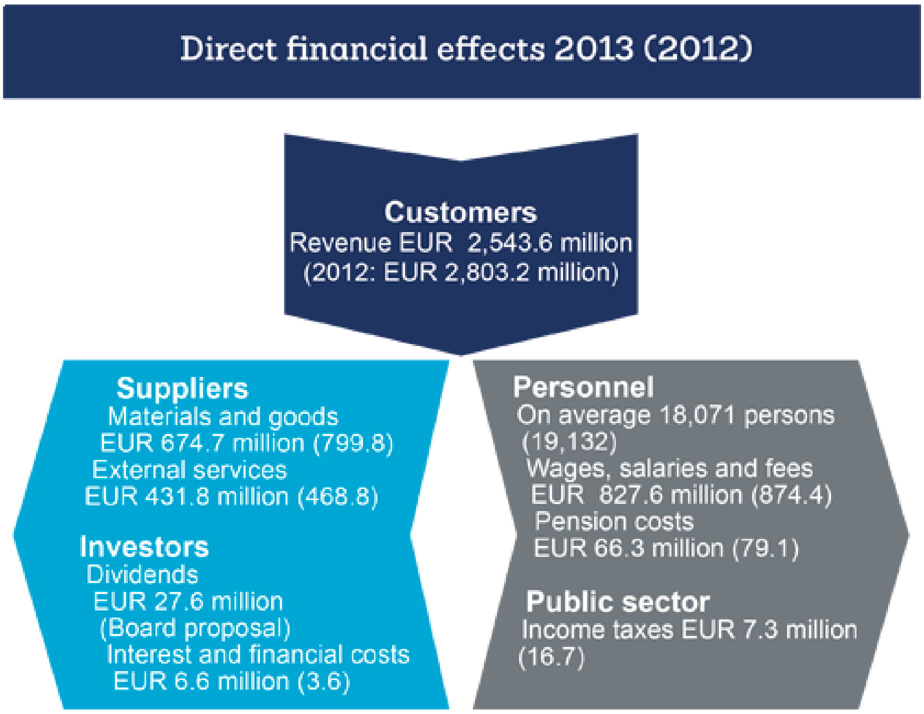
of our revenue

> In the test stations of our research centre, we can simulate the functioning of building systems in different conditions, such as in hospitals, laboratories, ice stadiums, fair centres or TV studios.

Direct financial effects

Good financial performance is essential for long-term continuity of our our operations. It provides the foundation for all responsible conduct.

We are a large employer with nearly 18,000 employees in 13 countries. Most of our human resources are our own employees. Subcontractors are used mainly in project business to respond to demand peaks.



GRI table

According to our own estimate, we apply the G3 guidelines of the Global Reporting Initiative (GRI) at C level in our 2013 reporting. An independent third party, PricewaterhouseCoopers Oy, has checked that reporting meets GRI's Application Level C requirements.

● Reported fully

◐ Reported partially

	GRI Content	Reported	Page	Remarks
1. Strategy and Analysis				
1.1	CEO's statement	●	From the CEO	
1.2	Key impacts, risks and opportunities	◐	Group strategy, Operating environment, Risks and risk management	
2. Organizational Profile				
2.1	Name of the organization	●	Corporate governance statement	
2.2	Primary brands, products and services	●	Business	
2.3	Operational structure	●	Board of directors report, Subsidiaries	
2.4	Location of organization's headquarters	●	Caverion in brief	
2.5	Number of countries and locations of operations	●	Caverion in brief	
2.6	Nature of ownership and legal form	●	Shares and shareholders	
2.7	Markets served	●	Caverion in brief	

2.8	Scale of the reporting organization	●	Financial development	
2.9	Significant changes regarding size, structure or ownership	●	Board of directors report	
2.10	Awards received in the reporting period	●		No such awards during the reporting period.

3. Reporting Principlest				
3.1	Reporting period	●	Accounting principles	1.1.-31.12.2013
3.2	Date of most recent report	●		This is Caverion's first Annual Report.
3.3	Reporting cycle	●	Responsibility	Once a year.
3.4	Contact point for questions regarding the report	●		email: communications (at) caverion.com. Contact details available at Caverion's website
3.5	Process for defining report content (materiality, prioritizing topics and stakeholders using the report)	●	Key themes of corporate responsibility in 2013, Responsibility	
3.6	Boundary of the report	●		Our reporting covers only Caverion's own operations. Subsidiaries are included in the reporting scope.
3.7	Limitations on the report's scope or boundarype)	●	Emissions from our operations	This report covers all of the Group's functions unless otherwise stated. The figures for energy consumption and emissions cover all of the Group's business operations. The calculations are mainly based on actual consumption figures, but in some countries, it has also been necessary to make estimates of total consumption in situations where accurate information has been available for only part of the consumption. Our reporting covers only Caverion's own operations. Subsidiaries are included in the reporting scope.
3.8	Basis for reporting subsidiaries, joint ventures, leased facilities, outsourced operations and other entities affecting comparability	●	Emissions from our operations	This report covers all of the Group's functions. If the reported figures deviate in terms of coverage, this is specified separately for each figure.
3.10	Explanation of the re-statements	●		This is Caverion's first Annual Report.
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods	●		This is Caverion's first Annual Report.
	GRI content index			

3.12	GRI content index		GRI table	
4. Governance, Commitments and Engagement				
4.1	Governance structure of the organization		Corporate governance statement, Board of directors and committees	
4.2	Position of the Chairman of the Board		Board of directors and committees	
4.3	Independence of the Board members		Board of directors and committees	
4.4	Mechanism for shareholder and employee consultation		Corporate governance statement	
4.5	Impact of organisation's performance on executive compensation (inc. social and environmental performance)		Remuneration statement	
4.6	Processes for avoiding conflicts of interest		Corporate governance statement	
4.7	Processes for determining Board members' expertise in strategic management and sustainability		Corporate governance statement	
4.8	Implementation of mission and values statements, code of conduct and other principles		Code of conduct, Corporate culture, values and management	
4.9	Procedures of the Board for overseeing management of sustainability performance, including risk management		Board of directors and committees, Risks and risk management	
4.10	Processes for evaluating the Board's performance		Board of directors and committees	
4.11	Addressing precautionary approach		Risks and risk management	
4.13	Memberships in associations		Emissions from our operations	We are taking part in the activities of the local working groups of the international Green Building Council in some of our operating countries.

4.14	List of stakeholder groups	Key stakeholders	
4.15	Identification and selection of stakeholders	Key stakeholders	
4.16	Approaches to stakeholder engagement	Key stakeholders, Customers,quality and product development, Investor relations, Employer image and recruitment	
4.17	Key topics raised through stakeholder engagement	Job satisfaction	
Economic Performance Indicators			
	Management approach to economic responsibility	Financial targets, Risks and risk management, Internal control and risk management systems in relation to the financial reporting process	
EC1*	Direct economic value generated and distributed	Direct financial effects	
EC3*	Financial implications, risks and opportunities due to climate change	Employee benefit obligations	
EC4*	Significant subsidies received from government		No significant subsidies during the reporting period.
Environmental Performance Indicators			
	Management approach to environmental responsibility	Key themes of corporate responsibility in 2013, Environment and energy, Responsibility	
EN3*	Direct energy consumption	Emissions from our operations	
EN4*	Indirect energy consumption	Emissions from our operations	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services	Environment and energy, Energy efficiency for customers, Customers,quality and product	Own product development in Aachen R&D centre, own products such as solutions based on PCM materials

		development	
EN16*	Total direct and indirect greenhouse gas emissions	Emissions from our operations	
EN17*	Other relevant indirect greenhouse gas emissions		The calculations take into account both direct and indirect (scope 1 and scope 2) sources of CO_2 emissions. In addition, other indirect (scope 3) CO_2 emissions have been identified, related to the operations of subcontractors, waste and air travel. Compared to the direct and indirect emissions, air travel and waste account for only a minor share of the total emissions.
EN18	Initiatives to reduce greenhouse gas emissions	Emissions from our operations	
EN23*	Total number and volume of significant spills		No significant spills during the reporting period.
EN26*	Mitigating environmental impacts of products and services	Energy efficiency for customers	
EN28*	Significant fines and sanctions for non-compliance with environmental regulations		No significant fines or sanctions during the reporting period.
EN29	Environmental impacts of transportation	Emissions from our operations	
Social Performance Indicators			
Labor Practices and Decent Work			
	Management approach to labor practices and decent work	Responsibility, Key themes of corporate responsibility in 2013, Caverion as an employer, Occupational safety and well being at work	
LA1*	Total workforce by employment type, employment contract and region	Caverion as an employer	
LA2*	Total number and rate of employee turnover by age group, gender and region	Caverion as an employer	
LA5*	Minimum notice period regarding operational changes	Caverion as an employer	Caverion complies with the local legislation.
LA7*	Rates of injury, occupational diseases, lost days, fatalities and absenteeism	Caverion as an employer	
LA11	Programmes for skills management and lifelong learning	Competence development	

LA12	Employees receiving regular performance and career development reviews	Competence development	
LA13*	Composition of governance bodies and breakdown of employees	Caverion as an employer, Board of directors on December 31-2013, Management board on December 31-2013	
Human Rights			
	Management approach to human rights	Responsibility	
HR6*	Operations identified as having significant risk for child labor and measures taken to contribute to the elimination of child labor		No significant risks for child labor identified in own operations.
HR7*	Operations identified as having significant risk for forced or compulsory labor and measures taken to contribute to the elimination of forced or compulsory labor		No significant risks for forced or compulsory labor identified in own operations.
Society			
	Management approach to society	Responsibility, Key themes of corporate responsibility in 2013	
SO4*	Actions taken in response to incidents of corruption.	Code of conduct	
SO6	Public policy positions and participation in public policy development and lobbying	Code of conduct	No political contributions during the reporting period. Caverion does not make contributions to political parties or individual politicians.
SO7	Legal actions for anti-competitive behaviour, anti-trust, and monopoly	Code of conduct	In 2013, there was an indication of anti-competitive practices at Caverion's Lier branch in Norway. The authorities' investigation is still ongoing.
Product Responsibility			
	Management approach to product responsibility	Key themes of corporate responsibility in 2013, Sponsoring	

PR5	Practices related to customer satisfaction and results of customer satisfaction surveys.	◐	Customers,quality and product development	
PR9*	Fines for non-compliance concerning the provision and use of products and services	●		No fines or sanctions during the reporting period.

Management and governance

Caverion is committed to good corporate governance.

The administration of Caverion Corporation and the Caverion Group complies with valid legislation, the company's Articles of Association and the rules and regulations of bodies that regulate and supervise the operations of Finnish listed companies.

In addition, Caverion's operations are guided by the common values and internal operating priciples confirmed in the company. Caverion fully complies with regulation of The Finnish Corporate Governance Code issued by the Securities Market Association.

We annually publish the following statements:

- Corporate Governance Statement
- Remuneration Statement

These documents are published in connection with the publication of our Annual Report.

We constatly update information regarding corporate governance on our website. This information includes the CVs and up-to-date share ownership data of the members of our Management Board an Board of Directors, among others. In addition, the Charters of the Board of Directors and their committees.

Annual General Meeting 2014

The Annual General Meeting will be held on March 17, 2014 at Finlandia Hall in Helsinki. The registration for the meeting has begun and it will end on March 12, 2014 at 10 a.m. EET.

More information and registration

Information Caverion's website:

- Annual General Meeting
- Caverion's governance bodies
- Articles of Association
- Code of Conduct

Elsewhere on the internet:

- Limited Liability Companies Act
- Rules of NASDAQ OMX Helsinki
- Finnish Corporate Governance Code

Caverion Corporation's Corporate Governance Statement 2013

This Caverion Corporation's Corporate Governance Statement has been prepared pursuant to the Securities Market Act and recommendation 54 of the Finnish Corporate Governance Code as an independent document from the Report of the Board of Directors. This statement is published on Caverion Corporation's website http://www.caverion.com/investors/Corporate_Governance.

Caverion Corporation was established on June 30, 2013 by the entry of YIT Corporation's partial demerger in the trade register. In that partial demerger the assets, debts and liabilities of YIT Building Systems business were transferred to Caverion Corporation.

The administration of Caverion Corporation complies with valid legislation, the company's Articles of Association and the rules and regulations of bodies that regulate and supervise the operations of Finnish listed companies. Caverion Corporation also complies with all recommendations of the Finnish Corporate Governance Code issued by the Securities Market Association. The Code took effect on October 1, 2010 and is publicly available on the website www.cgfinland.fi.

Caverion Corporation's statutory auditor, PricewaterhouseCoopers Oy, has checked that this Statement is issued and that the description of the main features of the internal control and risk management systems related to the financial reporting process included in this statement is consistent with the Financial Statements.

The Audit Committee of the Board of Directors reviewed the Statement in its meeting on January 27, 2014.

Annual General Meeting

Caverion Corporation’s highest decision-making body is the Annual General Meeting of the Shareholders. The matters to be handled at the General Meeting are determined on the basis of the Articles of Association of Caverion Corporation and the Finnish Limited Liability Companies Act

The Annual General Meeting makes decisions on adopting the financial statements, the payment of dividends, discharging the members of the Board of Directors and the President and CEO from liability, the election of the members of the Board of Directors and auditor and their remuneration and other matters requiring resolutions by the Annual General Meeting under the Limited Liability Companies Act.

The Annual General Meeting is convened at least once a year. The Annual General Meeting is held annually by the end of March. The Annual General Meeting is convened by the Board of Directors.

Board of Directors

According to the Articles of Association, the Board of Directors of Caverion Corporation consists of the Chairman, Vice Chairman and 3-5 members elected by the Annual General Meeting.

The Board of Directors is responsible for the administration and the proper organization of the operations of the company as well as for the appropriate arrangements of bookkeeping and financial administration. The Board of Directors has an approved charter, and it regularly assesses its validity. According to its charter, the Board of Directors controls and supervises the operations of the Company and the Group and approves the key operating principles, objectives and strategies. The Board of Directors oversees the operations, financials and risk management of the Group.

In particular, the following duties are handled and decided on by the Board of Directors;

- Appointment and dismissal of the CEO and his/her optional deputy and senior management and the terms of their employment
- The Group's strategy and long-term objectives
- Group budgets and business plans and overseeing their implementation
- Approving the financial statements and interim reports
- Significant acquisitions and divestments with a value more than 10 million euros and investments with a value of 5 million euros
- Bids and agreements with a value of more than 50 million euros
- Key Policies
- Organization of the Group and
- Principles of risk management

The Board of Directors convenes approximately once a month according to a pre-determined schedule, or whenever it deems it necessary. The Board of Directors assesses its performance annually.

The Annual General Meeting of Caverion Corporation elects the Chairman and Vice Chairman and 3-5 members to the Board of Directors. The term of office of the Board members is the time period between the end of the Annual General Meeting in which the member is elected and the end of the next Annual General Meeting.

The first Board of Directors of Caverion Corporation was elected by the Extraordinary General Meeting of YIT Corporation that decided on the partial demerger of YIT Corporation on June 17, 2013.

Board members and meetings in 2013

The members of Caverion Corporation's Board of Directors during the financial year that ended December 31, 2013 were;

- **Henrik Ehrnrooth** (Chairman), born 1954, M.Sc. Forest Economics, B.B.A.
- **Michael Rosenlew** (Vice Chairman), born 1959, M.Sc. (Econ), Managing Director of Mikaros AB
- **Anna Hyvönen** born 1968, Tech.Lic., Executive Vice President of Finland and Baltics, Ramirent Plc.
- **Ari Lehtoranta** born 1963, M.Sc. (Eng.), Executive Vice President of Kone Corporation, Central and North Europe & Customer Experience, and

- **Eva Lindqvist** born 1958, M.Sc. (Eng.)

All board members were independent of Caverion Corporation and, excluding Henrik Ehrnrooth, also of its major shareholders. Henrik Ehrnrooth along with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth indirectly holds a controlling interest in Structor S.A., which is the largest shareholder in Caverion Corporation.

The Board of Directors convened eight times in 2013 and the members' total average attendance rate was 97%. The secretary to the Board was Corporate General Counsel.

The focus areas of the Board's work in 2013 included e.g. enhancing the maintenance business, strengthening and development of the project business processes, improving cash flow and measures taken to decrease operating capital.

Committees to the Board of Directors

The Board of Directors adopted its charter at the meeting of June 17, 2013 and formed two committees; Audit Committee and Personnel Committee, and approved charters for both of them at the meeting of June 17, 2013.

Audit Committee in 2013

The Audit Committee assists the Board in the supervision of Caverion Group's reporting and accounting processes including controls, risk management, internal audit activity as well as monitoring and assessing external auditing.

The Audit Committee consists of three members. The Board annually appoints the Chairman and the members. The committee convenes at least four times a calendar year as stated in its charter, prior to approving each interim report and the financial statements.

The members of the Audit Committee of Caverion Corporation in 2013 were Michael Rosenlew (Chairman), Anna Hyvönen and Eva Lindqvist. All committee members attended the meetings of 2013. The Audit Committee convened two times during 2013, prior to the approval of the interim reports of Q2 and Q3. The secretary to the committee was Group CFO.

The Audit Committee discussed e.g. its task areas, development of internal and external reporting, efficiency of financing, monitoring and ensuring risk management, and litigation and claim processes.

Personnel Committee in 2013

The Personnel Committee assists the Board of Directors in the matters regarding appointment and remuneration of key persons to the Company. The Personnel Committee prepares among others proposals for development of corporate culture and Group Human Resources strategy, compensation and incentive schemes including those for key executives. Further, the committee tasks include identification of key talents, development of management and key personnel as well as succession plans for the management.

The Personnel Committee consists of a maximum of five persons. The Board of Directors decides on the number of committee members and appoints the Chairman and the members annually. The Personnel Committee carries out all the duties of the Nomination Committee and the Remuneration Committee as stated in the Finnish Corporate Governance Code.

The members of Caverion Corporation's Personnel Committee in 2013 were Henrik Ehrnrooth (Chairman) and Michael Rosenlew and Ari Lehtoranta.

The Personnel Committee convened in 2013 once and all members were present. The secretary to the committee was the Group Senior Vice President, HR.

The Personnel Committee prepared in its meeting the implementation plan of a long-term incentive scheme, approval of management bonuses and planning of the next annual bonus principles, initiative of the talent pool process and preparation of the proposal for Board member candidates for the Annual General Meeting.

Attendance of the board members in the meetings held 2013

	Board of Directors	Audit Committee	Personnel Committee

Henrik Ehrnrooth	7/8	–	1/1
Michael Rosenlew	8/8	2/2	1/1
Anna Hyvönen	8/8	2/2	–
Ari Lehtoranta	8/8	–	1/1
Eva Lindqvist	8/8	2/2	–
Average attendance rate, %	98	100	100

President and CEO

The President and CEO is in charge of the day-to-day management of the company in accordance with the instructions laid down by the Board of Directors. He also ensures that the company's accounting practices comply with the law and that the financial matters are handled in a reliable manner. The President and CEO is also the Chairman of the Group Management Board and is responsible for reporting to the Board of Directors.

The Board of Directors decides on the CEO's remuneration and other terms of employment.

The President and CEO of Caverion Corporation in 2013 was Juhani Pitkäkoski, LL.M., born in 1958. The Board of Directors has not appointed a deputy to the President and CEO.

Main features of the internal control and risk management systems in relation to the financial reporting process

The goal of the internal control and risk management systems is to provide reasonable assurance regarding the achievement of Caverion's strategic targets, reliability and integrity of financial and operational information, efficiency and transparency of operations, and compliance with applicable laws, regulations and internal policies and guidelines.

Caverion's business operations are organized into two business segments: Building Services Northern Europe and Building Services Central Europe and supporting Group functions.

Control environment

The Board of Directors approves Group level policies including Code of Conduct, Risk Management Policy, Treasury Policy, and Disclosure Policy.

The Audit Committee assists the Board in fulfilling its oversight responsibilities by monitoring the efficiency, adequacy and appropriate functioning of Caverion Group's internal control and risk management systems. In addition, it supervises the financial reporting and consolidated financial statement process.

The President and CEO is responsible for defining the strategies, processes and focus areas for risk management and internal control systems.

The Group Internal Audit function reports frequently on its results to the Audit Committee and to the President and CEO. The purpose, authority and responsibility of the Group Internal Audit is defined in a charter approved by the Board. The Audit Committee confirms the internal audit plan periodically.

Group Finance Management defines and communicates the principles related to financial reporting, maintains the common tools for accounting and reporting and prepares the financial information to be disclosed. The financial management of subsidiaries is responsible for ensuring that reporting is carried out in accordance with the Group's policies, guidelines and instructions.

The main internal control components at Caverion in relation to the financial reporting process include the Code of Conduct, approval policies, accounting manual, treasury policy as well as central application of accounting principles, centrally managed budgeting and monthly reporting process, common chart of account, common accounting tool (SAP) and reasonably automated interfaces between different systems in the monthly reporting process. Treasury, ICT, and mergers and acquisitions (M&A) are centralized functions in the Group.

Service efficiency process management and accounting, management of working capital and controlling of the cash flow have been focus areas of internal control development in 2013.

Caverion's Code of Conduct defines the behavioural manner in which Caverion people acts in business occasions and in relationship with other stakeholders. Each individual employee is expected to comply with the principles laid out in Code of Conduct in their daily duties.

There is a channel in place to report on breaches of Caverion Code of Conduct. Any person who notices such breaches may confidentially report them as indicated in the Code of Conduct document. Group's Ethics Committee manages the investigation process of such cases.

Risk assessment

In accordance with Group Risk Management Policy, Financial management on Group and subsidiary levels are responsible for identifying and assessing risks related to financial reporting and reporting on them to Group management. Development of the financial reporting process with related risk management and internal control systems will continue in 2014.

Internal Information and communication

Information related to the main internal control components, i.e. accounting manual, treasury policy, code of conduct, approval policies, and operating instructions for common tools and practices are available on Caverion intranet. Group's financial management is responsible for the development and maintenance of the information.

Caverion Group Financial Management has scheduled meetings with financial management of divisions in order to share the information and communicate the development in group policies and instructions. CEO, CFO and Group's financial management as well as Group Internal Audit function visit regularly in business units and share knowledge of Group's best practices.

Monitoring

The management of Caverion Group's subsidiaries are responsible for the accuracy of financial information reported to the Group.

The President and CEO and Caverion Group Financial Management are responsible for accuracy, extent, compliance and timely readiness of consolidated, external and internal, financial information prepared.

Group's financial controllers supervise and monitor the consistency of the reporting from divisions.

Caverion Group's financial performance is monitored monthly using a common planning and reporting system.

CEO, CFO and Group's financial management analyse monthly subsidiaries' performance, and deviations from previous month's forecasts. The monthly performance review practice represents the key monitoring procedure and it focuses both on the management and on financial reporting.

The Group Internal Audit function assesses the adequacy and efficiency of risk management, internal control systems and governance regarding the audit area under review. In addition, Group Internal Audit promotes the development in those areas. The scope of the Group Internal Audit covers all organisational levels and businesses.

The Board's Audit Committee reviews any information that will be published and submits it to the Board of Directors for approval.

Board of Director's Report

The Board of Directors has approved the report on 2013 at its meeting on January 27, 2014. The Board of Directors' Report, the Corporate Governance Statement and the Remuneration Statement are published on the company's website www.caverion.com/investors latest on February 21, 2014.

Caverion Corporation remuneration statement

The aim of Caverion's remuneration systems is to reward good performance, increase the personnel's motivation and commit the company's management and employees to the company's objectives over the long term.

Decision-making procedure regarding remuneration

Caverion Corporation's Annual General Meeting decides on the remuneration for the Board of Directors and its committees. The Board of Directors decides on the salary and benefits and other terms of employment of the President and CEO and other key Group employees, such as the members of the Group's Management Board.

The Board of Directors appoints the President and CEO and approves the President and CEO's terms of employment and remuneration. The Board of Directors also appoints the members of the Group's Management Board, approves their salaries and other remuneration and decides on the bases of the Group's remuneration system. The Personnel Committee of the Board of Directors is responsible for preparing these matters.

Remuneration of the Board of Directors in 2013

The Annual General Meeting decides on the remunerations for the Board of Directors. The Personnel Committee of the Board of Directors prepares the proposals to the General Meeting concerning the remuneration of members of Board of Directors.

Based on the decisions of the Extraordinary General Meeting that decided on the demerger of YIT on June 17, 2013, the members of the Board of Directors are entitled to the following fees:

- Chairman of the Board of Directors: EUR 6,600 per month (EUR 79,200 per year)
- Vice Chairman of the Board of Directors: EUR 5,000 per month (EUR 60,000 per year)
- Members of the Board of Directors: EUR 3,900 per month (EUR 46,800 per year)

A meeting fee of EUR 550 is paid for each Board and Committee meeting attended. Per diems for trips in Finland and abroad are paid in accordance with the Collective Agreement concerning compensation for travelling expenses.

The remuneration paid to the members of the Board of Directors totalled EUR 166,200 in 2013. None of the members of the Board of Directors elected by the Extraordinary General Meeting of June 17, 2013, including the Chairman and Vice Chairman, is employed or holds a position in Caverion Corporation, and they have not received shares in the company or share-based rights as remuneration.

Fees paid to the members of the Board of Directors based on the financial period that ended on December 31, 2013 (EUR)

Member of the Board of Directors	Monthly fees	Board of Directors meeting fees	Audit Committee meeting fees	Personnel Committee meeting fees	Total 2013
Henrik Ehrnrooth	39,600	3,850	-	550	44,000
Michael Rosenlew	30,000	4,400	1,100	550	36,050
Anna Hyvönen	23,400	4,400	1,100	-	28,900
Ari Lehtoranta	23,400	4,400	-	550	28,350

Eva Lindqvist	23,400	4,400	1,100	-	28,900
Total:	139,800	21,450	3,300	1,650	166,200

Remuneration principles at Caverion

In addition to fixed base salary, Caverion Corporation offers the President and CEO and other management and most salaried employees in the Group an annual performance bonus scheme aiming for excellent performance. The Board of Directors ratifies the rules of the annual performance bonus scheme, according to which the bonuses are paid.

Performance reviews are an essential part of Caverion's management by key results system. The aim of the annual performance bonus scheme is to reward the management and employees based on the achievement of pre-defined targets. Those covered by the performance bonus scheme are defined a target level based on which the bonus is determined as a percentage of annual base salary. The objectives represent an overall target opportunity and are not a guarantee that a payout will be made. The actual bonuses will be paid by comparing performance and results with the objectives and key performance indicators of the scheme. The indicators can be comprised of the entire Group's and the business unit's financial objectives as well as strategic and personal objectives. The amount of the potential bonus varies from zero to the maximum percentage of the taxable base salary for the target period before the bonus.

Other monetary rewards in use include years-of-service bonuses.

Caverion Corporation did not have a share-based incentive scheme, share price-linked option programme or voluntary supplementary pension benefits during the financial period ended December 31, 2013. For the sake of clarity, it is stated that due to the share-based incentive scheme in force at YIT Corporation, shares in the company have been returned to Caverion Corporation in accordance with the terms and conditions of said system.

Remuneration paid to the CEO

The remuneration paid to the President and CEO consists of salary and annual performance bonus. The President and CEO's annual performance bonus can be up to 60% of the annual taxable base salary before the performance bonus. In 2013, the financial targets of the annual performance bonus were connected with the Group's financial result and cash flow as well as strategic and personal objectives set by the Board of Directors. In addition to salary, the fringe benefits for President and CEO Juhani Pitkäkoski included a company car and meal benefit during the financial period ended December 31, 2013.

During the financial period ended December 31, 2013, President and CEO Juhani Pitkäkoski's salary including fringe benefits and performance bonus totalled EUR 421,123. During the earning period July 1 - December 31,2013, the share of fixed base salary was EUR 283,685, fringe benefits amounted to EUR 7,439 and bonuses totalled EUR 130,000.

Remuneration paid to the CEO in 2013 during the financial period ended on December 31, 2013 (EUR)

Fixed salary	Fringe benefits	Performance bonus	Total
283,685	7,439	130,000	421,123

Pension, retirement age and termination compensation

The contractual retirement age of the President and CEO is the statutory retirement age. The President and CEO's contractual period of notice is six months. If the company terminates the contract, the President and CEO is paid separate compensation amounting to 12 months' salary. The company has not provided the President and CEO with voluntary supplementary pension coverage.

Remuneration paid to the Management Board

The target level of the performance bonus scheme for the Group's Management Board members for 2013 is a maximum of 50% of the taxable annual base salary before performance bonus for the target period. In 2013, the financial targets of the performance bonus were connected with the Group's or business unit's result and cash flow as well as strategic and personal objectives. The remuneration paid to Group's Management Board members (excluding the President and CEO) including fringe benefits and performance bonuses totalled EUR 1,479,417 in 2013. During the earning period July 1 - December 31, 2013, the share of fixed salary was EUR 1,212,069, fringe benefits amounted to EUR 73,032 and performance bonuses totalled EUR 194,316.

Board of Directors on December 31, 2013

Henrik Ehrnrooth

Chairman

Born 1954, M.Sc. (Forest economics), B.Sc. (Econ.)Finnish citizen.Chairman of the Board of Directors, Chairman of the Personnel Committee.Independent of Caverion Corporation, but not independent from major shareholders. Henrik Ehrnrooth holds indirectly with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth a controlling interest in Structor S.A., which is the largest shareholder of Caverion Corporation.

Michael Rosenlew

Vice Chairman

Born 1959, M.Sc. (Econ.), Managing Director of Mikaros AB.Finnish citizen.Vice Chairman of Board of Directors, Chairman of Audit Committee, Member of Personnel Committee.Independent of Caverion Corporation and its major shareholders.

Anna Hyvönen

Member

Born 1968, Lic.Tech.Executive Vice President of Finland & Baltic, Ramirent Plc.Finnish citizen.Member of Audit Committee.
Independent of Caverion Corporation and its major shareholders.

Ari Lehtoranta

Member

Born 1963, M.Sc. (Eng.)Executive Vice President, Central and North Europe, Customer Experience at KONE Corporation.Finnish citizen.Member of Personnel Committee.
Independent of Caverion Corporation and its major shareholders.

Eva Lindqvist

Member

Born 1958, M.Sc. (Eng.), MBA, professional board member.Swedish citizen.Member of Audit Committee.
Independent of Caverion Corporation and its major shareholders.

Management Board on December 31, 2013.

Juhani Pitkäkoski

President and CEO of Caverion Corporation

Born 1958, LL.M.In the Group's employ since July 1, 2013.President and CEO of Caverion Corporation until the end of March 2014.

Karl-Walter Schuster

Building Services Central Europe and Project Excellence

Born 1950, M.Sc. (Eng.)In the Group's employ since July 1, 2013.Head of Project Excellence as of January 1, 2014.

Matti Malmberg

Building Services Northern Europe and Service Efficiency

Born 1960, M.Sc. (Eng.)In the Group's employ since July 1, 2013.Head of Service Efficiency as of January 1, 2014.

Antti Heinola

CFO

Born 1973, M.Sc. (Econ.), eMBAIn the Group's employ since July 1, 2013.

Sakari Toikkanen

Senior Vice President, Business Development

Born 1967, Lic. (Tech.)In the Group's employ since July 1, 2013.

Merja Eskola

Senior Vice President, Human Resources

Born 1961, MBA (E-business), BBA (Foreign Trade)In Group's employ since October 2013.

Päivi Alakuijala

Vice President, Marketing and Communications

Born 1967, M.Sc. (Agr. & Forest) In the Group's employ since July 1, 2013.

Jarno Hacklin

Managing Director, Caverion Suomi Oy (Finland, Russia and the Baltic countries)

Born 1978, B.Sc.(Eng)In the Group's employ since July 1, 2013.

Erkki Huusko

Managing Director, Caverion Industria Oy (Industrial services)

Born 1957, B.Sc.(Eng), eMBA
In the Group's employ since July 1, 2013

Ulf Kareliusson

Managing Director, Caverion Sverige AB (Sweden)

Born 1950, Vocational Qualification in Business and AdministrationIn the Group's employ since July 1, 2013.

Peter Rafn

Managing Director, Caverion A/S (Denmark)

Born 1968, M.Sc. (Econ.)In the Group’s employ since July 1, 2013.

Knut Gaaserud

Managing Director, Caverion Norge AS (Norway)

Born 1967, M.Sc. (Technology)
In the Group’s employ since July 1, 2013.

Manfred Simmet

Managing Director, Caverion Österreich GmbH (Austria)

Born 1966, B.Sc.(Eng).
In the Group's employ since July 1, 2013.

Risks and risk management

Our risk management policies aim to identify major risk factors and manage them so that the company achieves its strategic and financial targets.

The objective is the management of the Group's total risk exposure, not merely the management of individual risk factors.

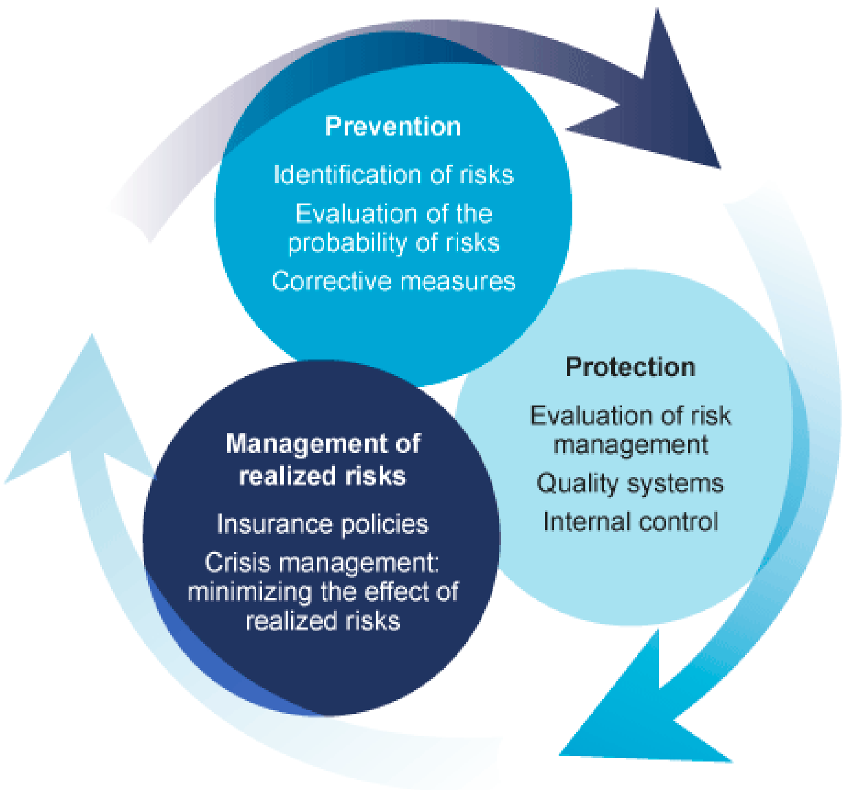
Definition of risk

We classify as risks those external or internal uncertainty factors that, should they materialise, will have a positive or negative effect on our possibilities to achieve our strategic and financial goals in a sustainable and ethical manner.

Risk management process

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. Risk management covers the identification and assessment of risks and contingency plans for all major risk categories.



Identification and assessment of risks

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. As a result of the assessment, the major risks of the business segments, Corporate functions and the Group level are compiled in a risk register and classified into a risk matrix based on their likelihood of occurrence and possible impacts.

The risk reports are reviewed by the Board of Directors, the Group Management Board and the Management Boards of the business divisions.

Operational and event risks are reported at the business unit and country level on a monthly basis as part of the normal monitoring of performance. Operational risks are related to the nature of business operations, and they can be managed by developing the operating and resolution procedures.

Financial risks are reported at the business unit, division and group level on a monthly basis as part of normal monitoring of performance and quarterly to the Board of Directors' Audit Committee. The risks associated with the financial reporting process are identified and assessed annually.

Risk management measures

We apply risk management measures to those risk factors that we have classified as the most significant for our operations.

Possible risk management measures include:

- **The reduction of the risk**, **sharing or transfer of risk** through means such as modification of operations, more efficient supervision, insurance policies or contractual means
- **Removal of the risk** through means such as discontinuing operations that involve excessive risk and preparing for risks by developing contingency plans, etc.
- **Acceptance of the risk** without any specific risk management measures.

The roles and responsibilities in risk management

Board of Directors

- Approves Caverion Group's risk management policy and its objectives, and guides and supervises the planning and execution of risk management.
- Deals with matters related to the Group strategy, the business segment structure, the organisation of business operations and significant investments.

Audit Committee

- Assists the Board of Directors with supervisory duties related to Caverion Group's reporting and accounting processes, including internal monitoring, risk management, internal auditing and the monitoring and supervision of the audit.

Personnel Committee

- Addresses matters related to personnel remuneration systems and successor planning.

Group CEO

- Overall responsibility for risk management.
- Responsible for the organisation and the planning, development, coordination and monitoring of the risk management strategy, as well as its implementation and communication throughout the organisation.
- Reports to the Board of Directors.

Heads of the business areas and divisions

- Identify, assess and monitor the major risks of their respective business area or division and draw up contingency plans for the risks.
- Attend to the implementation and supervision of risk management.
- Report to the Board of Directors.

Group's financial and finance management

- Is responsible for identifying and assessing financial risks
- Reports to the Group management.

Group's internal audit organisation

- Supports the management in arranging and developing risk management and internal control.
- Reports to the Audit Committee of the Board of Directors and to the President and CEO.

Risk types and means for their management

Strategic risks

Changes in the operating environment

Caverion has developed its business structure towards a more stable and balanced direction in order to handle changing economic cycles. 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 respond quickly to changes in the operating environment and to utilise the new business opportunities provided by them. The company has an extensive customer base, consisting of customers of various sizes from the public and private sector.

Execution of acquisitions

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.

Operational risks

Caverion's typical operational risks include risks related to contract tenders, service agreements, project management and personnel.

Project management

With regard to various 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. Inefficient and unsuccessful project management may have a material effect on Caverion’s ability to offer high-quality and profitable services. This, in turn, may have an unfavourable effect on Caverion’s business, result of operations and financial position.

Personnel

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 skilled personnel. 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 failure to attract new qualified personnel may have a material unfavourable effect on the company’s business, result of operations and financial position.

Financial risks

Credit loss-related risks

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

Impairment of goodwill

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.

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. Caverion Group's goodwill amounted to EUR 335.7 million on December 31, 2013.

Financial risks

Financial risks include risks related to the sufficiency of financing, currency and interest rates as well as credit and counterparty risks.

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. Financial risks and risks related to the financial reporting process are managed through accounting and financing policies, internal control as well as internal and external auditing.

Event risks

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.

Caverion divides its risks into four main categories:

Strategic risks,
Operational risks,
Financial risks and
Event risks

Result publications and investor information

Financial reporting in 2014

- Financial statements bulletin for 2013: January 28, 2014.
- Annual Report for 2013 including financial statements: week 8
- Interim report for January–March: April 24, 2014
- Interim report for January–June: July 22,2014
- Interim report for January–September: October 22, 2014

The financial statements bulletin and interim reports are published at approximately 8 a.m. Finnish time (EET).

A news conference for investors, analysts and media will be held in connection with the publication of interim reports and financial statements. It is also possible to participate in the event through a conference call. Webcasts in English will be available on our website both live and recorded.

Closed period

Prior to the Financial Statements bulletin and each Interim Report, Caverion follows a so called silent period which begins on January 1, April 1, July 1 and October 1, and lasts until the publication of the respective financial report.

Annual General Meeting

Caverion Corporation's Annual General Meeting will be held in Helsinki (Finlandia Hall) on March 17, 2014. Registration for the meeting has begun and will end on March 12 at 10.00 a.m. EET.

More information and registration

Investor information on Caverion's website

The Investors section on Caverion's website includes:

- financial reports, stock exchange releases, investor presentations and webcasts and summarised video material from investor events
- monthly updated information of our largest owners, as well as insiders with the duty to declare, including their shareholdings
- the share's trading information
- tools for share analysis, including share price search and a return calculator for calculating the value of your investment
- consensus forecasts on our result

- a calendar of future events

Investors website

IR app

Investor information about Caverion is available also through an iPad application. Through this application, you can read Caverion’s up-to-date investor information in a format optimised for iPad. The application provides iPad users with the latest financial information about Caverion, both in online and offline modes. You can download the application free of charge from App Store

Subscribe releases and publications

You can subscribe Caverion’s stock exchange releases, investor news and press releases to your e-mail address by completing the order form on our website.

The Annual Report is published online only. Caverion’s company brochure can be ordered from Corporate Communications:
communications@caverion.com

Our disclosure policy is available on our website

Shares and shareholders

At end of the year, Caverion has more than 33,000 shareholders.

Shares and shareholders

At the end of December 2013, the number of registered shareholders in Caverion was 33,353 (6/2013:39,250). At the end of December 2013, a total of 38.2% 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 December 31, 2013 are available on Caverion's website at www.caverion.com/Investors

Shares held by the Board of Directors, the President and CEO and the Group Management Board

On December 31, 2013, members of Caverion Corporation's Board of Directors and the CEO held a total of 17,193,100 Caverion shares, representing 13.69% of the company's shares and the votes conferred by them. Share ownership includes individuals' direct holdings and the holdings of their close associates and controlled corporations.

Management's shareholding on December 31, 2013

	Shares	% of shares
Board of Directors	17,140,000	13.65
CEO	53,100	0.04
The Group Management Board excluding the CEO	87,674	0.07
Total	**17,280,774**	**13.76**

Major shareholders on December 31, 2013

Shareholder	Shares, pcs	% of shares Capital
1. Structor S.A.	17,140,000	13.65
2. Varma Mutual Pension Insurance Company	7,732,100	6.16
3. Funds held by Antti Herlin, including directly held shares	6,250,180	4.98
4. OP funds	4,640,629	3.69
5. Ilmarinen Mutual Pension Insurance Company	4,056,215	3.23
6. Fondita funds	3,891,000	3.10
7. Nordea funds	2,282,561	1.82
8. Odin funds	1,736,637	1.38
9. The State Pension Fund	1,470,000	1.17
10. Danske Invest funds	1,407,325	1.12
11. Aktia funds	1,393,077	1.11

12. Brotherus Ilkka	1,304,740	1.04
13. Tapiola Mutual Pension Insurance Company	1,009,000	0.80
14. Evli funds	992,500	0.79
15. Etera Mutual Pension Insurance Company	757,446	0.60
16. Säästöpankki funds	533,181	0.42
17. Föreningen Konstsamfundet rf	423,002	0.34
18. Foundation of Brita Maria Renlunds minne	412,000	0.33
19. Veritas Pension Insurance Company Ltd.	371,091	0.30
20. Sigrid Jusélius Foundation	361,000	0.29
20 largest, total	58,163,684	46.30
All shares	125,596,092	100.00

Ownership structure by sector as per December 31, 2013

Sector	Number of shareholders	Proportion, %	Number of shares	% of share capital
Nominee-registered and non-Finnish	209	0.63	48,037,606	38.2
Households	30,946	92.78	25,097,113	20.0
General government	38	0.11	16,612,285	13.2
Financial and insurance corporations	86	0.26	15,638,211	12.5
Non-profit institutions	427	1.28	7,165,709	5.7
Non-financial corporations and housing corporations	1,647	4.94	13,045,168	10.4
On common and special accounts	0	0.00	0	0.0
Total	33,353	100.00	125,596,092	100

The ownership structure is based on the classification of sectors determined by Statistics Finland.
The information is based on the list of the company’s shareholders maintained by Euroclear Finland Ltd. Each nominee register is recorded in the share register as a single shareholder. The portfolios of several investors can be managed through one nominee-registered shareholder.

Ownership by number of shares held on December 31, 2013

Number of shares	Number of shareholders	Proportion of shareholders, %	Number of shares	Proportion of shares, %
1 - 100	9,479	28.4	600,515	0.50
101 - 500	13,707	41.1	3,834,041	3.10
501 - 1 000	4,876	14.6	3,852,807	3.10
1 001 - 5 000	4,281	12.8	9,353,126	7.40
5 001 - 10 000	496	1.5	3,587,220	2.90
10 001 - 50 000	386	1.2	8,198,182	6.50
50 001 - 100 000	53	0.2	3,674,200	2.90
100 001 - 500 000	51	0.2	11,439,092	9.10
500 001 -	24	0.1	81,056,909	64.50
Total	**33,353**	**100.0**	**125,596,092**	**100.0**

The information is based on the list of the company’s shareholders maintained by Euroclear Finland Ltd.

Caverion share

Share and share capital

Caverion's shares are listed on NASDAQ OMX Helsinki. The shares are included in the book-entry securities system maintained by Euroclear Ltd. The company has a single series of shares, and each share entitles its holder to one vote at the Annual General Meeting. All Caverion shares carry equal rights to dividends. The company's shares have no nominal value.

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.

Key information about the share (CAV1V)

- Listing: NASDAQ OMX Helsinki
- List: Nordic Mid Cap
- Listing date: July 1, 2013
- Trading currency: EUR
- Industry: Industrial Goods & Services
- Trading code: CAV1V
- ISIN code: FI4000062781
- Reuters code: CAV1V.HE
- Bloomberg code: CAV1V:FH

Indexes

In 2013, the Caverion share was included in the following indexes, among others:

- OMX Helsinki Industrials
- OMX Helsinki Industrial Goods & Services
- OMX Helsinki Support Services
- OMX GES Ethical Finland Index
- OMX Helsinki Cap
- OMX Helsinki
- OMX Helsinki Mid Cap
- OMX GES Sustainability Finland
- OMX Nordic EUR

Treasury shares

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 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 repurchase will decrease Caverion's distributable unrestricted equity. The authorisation is valid until March 31, 2014.

Caverion Corporation did not hold any treasury shares at the beginning of the financial period. During the financial period, 4,080 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 4,080 treasury shares at the end of December 2013.

Caverion has not made any decision regarding the issue of option rights or other special rights related to shares. During the reporting period, Caverion did not have any share-based incentive scheme.

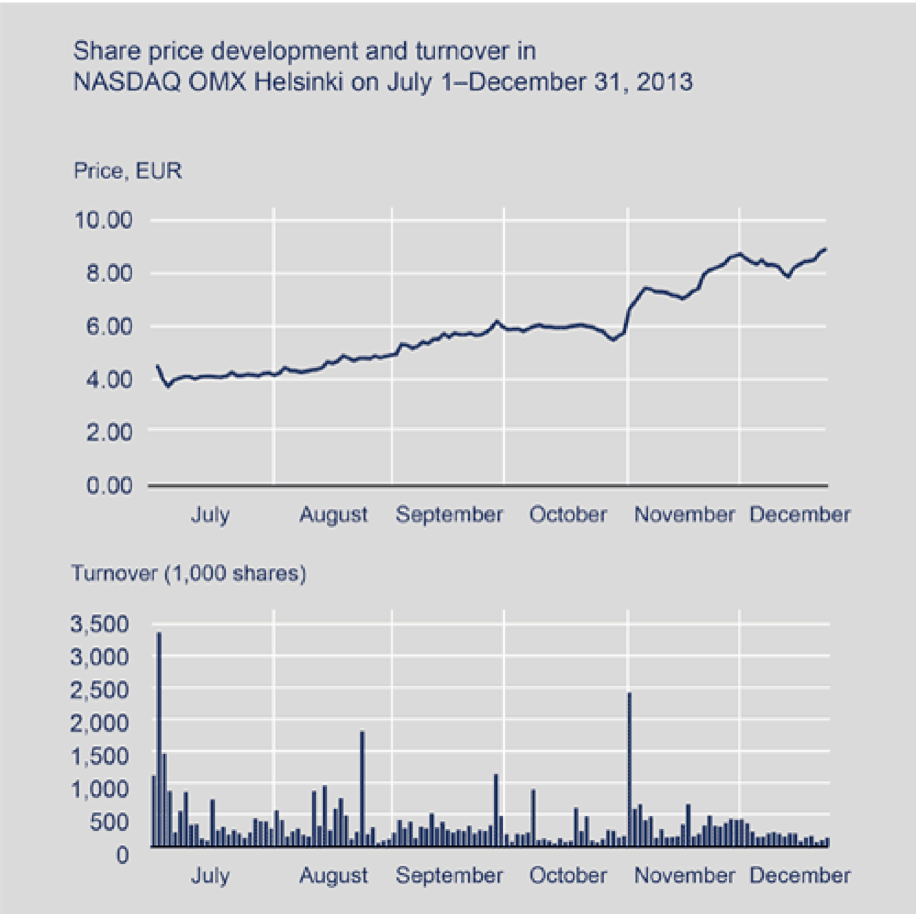
Trading in shares

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, 2013. The closing rate of the share on the last trading day of the review period (December 30, 2013) was EUR 8.90. The share price increased by 197% during July–December. The highest price of the share during the review period July–December was EUR 8.94, the lowest was EUR 3.00 and the average price was EUR 5.54. Share turnover on NASDAQ OMX Helsinki excluding OTC trading in July–December amounted to 46.2 million shares. The value of share turnover excluding OTC trading was EUR 255.7 million (source: NASDAQ OMX). The volume of OTC trading on NASDAQ OMX Helsinki was 80,000 shares or EUR 0.32 million in July–December.

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–December, 1.1 million Caverion Corporation shares changed hands in alternative market places, corresponding to approximately 2.1% of the total share trade. Of the alternative market places, Caverion shares changed hands particularly in BATS Chi-X. Furthermore, during July–December, 4.8 million Caverion Corporation shares changed hands in OTC trading outside NASDAQ OMX, corresponding to approximately 9.3% of the total share trade (source: Fidessa Fragmentation Index).

Caverion Corporation’s market capitalisation at the end of the review period was EUR 1,117.8 million. Market capitalisation has been calculated excluding the shares held by the company on December 31, 2013 (4,080 shares).




Earnings per share, basic, EUR
0.32
0.28
2012
2013

Investor relations

The aim of our investor relations activity is to support the appropriate valuation of the Caverion share by continuously and consistently communicating all essential information on Caverion to all market parties.

In addition, we aim to increase interest in the company among equity and debt investors and analysts, improve the loyalty of current shareholders and reach new investors and analysts interested in the company.

Activities in 2013

From June 2013, we met with approximately 1,900 investors and analysts. Starting in June, Caverion held 24 road show days and group meetings and other individual investor meetings, in which the company management met approximately 300 institutional investors in Europe and North America. In addition, we met with approximately 1,600 retail investors at events arranged by the Finnish Foundation for Share Promotion, Osakesäästäjät (an organisation for small investors) and NASDAQ OMX and at the Sijoitus Invest 2013 event.

Caverion's Capital Markets Day for investors, analysts and media was arranged on November 19, 2013 in Frankfurt, Germany. At the event, President and CEO Juhani Pitkäkoski presented the company's strategic milestones for reaching the profitability target. Presentations by Caverion's key management covered the newly established company's prospects for its two main businesses, project business and service and maintenance, as well as the company's financial performance, market situation, competitive landscape and M&A opportunities. The event was attended by 35 participants from Finland, Sweden, Norway, Germany, Austria, the United Kingdom and Luxembourg.

In June, we arranged an Analyst Day with YIT in Hättö. In addition, we arranged a site visit to the Karolinska Sjukhuset hospital and the Fatburen conference centre in Stockholm. Caverion is in charge of service and maintenance in these two properties.

Analysts following Caverion

According to Caverion's information, at least the following brokerage firms actively follow Caverion. They follow Caverion on their own initiative, and we are not responsible for their views.

- ABG Sundal Collier
- Berenberg
- Carnegie Investment Bank
- Credit Agricole Cheuvreux Nordic
- Danske Markets Equities
- Evli Bank
- Goldman Sachs International
- Handelsbanken Capital Markets
- Inderes
- Nordea Markets
- Pareto Öhman
- Pohjola Bank
- SEB Eskilda

- UBS

Contact details:

” In June-December 2013, we met with approximately 1,900 investors and analysts.

Debt financing

Financing position enables the implementation of the Group's strategy and loan repayments.

Treasury policy

Treasury Policy is carried out by the Treasury of Group in co-operation with subsidiaries under policies approved by the Board of Directors of Caverion Group. Subsidiaries are responsible for providing the Group Treasury with timely and accurate information on financial position, cash-flows and foreign exchange position in order to ensure the Group's efficient cash and liquidity management, funding and risk management.

The Group Treasury is responsible for maintaining sufficient funding, availability of different funding sources and controlled maturity profile of external loans. The Group Treasury evaluates and monitors continuously the amount of funding required in the Group's business activities to ensure it has adequate liquid fund to finance its operations and repay its loans at maturity.

Financial position

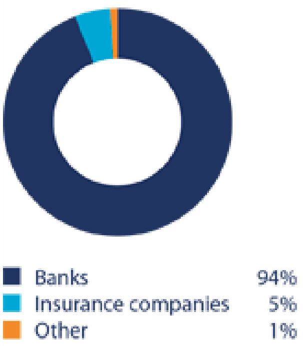
Financing position enables the implementation of the Group's strategy and loan repayments.

To manage liquidity risk the Group uses cash and cash equivalents, Group accounts with overdraft facilities, credit facilities and commercial papers. Caverion's cash and cash equivalents amounted to EUR 133.3 million at the end of December. In addition, Caverion has undrawn overdraft facilities amounting to EUR 19 million and undrawn committed revolving credit facilities amounting to EUR 60 million. The committed revolving credit facilities are valid until June 2016.

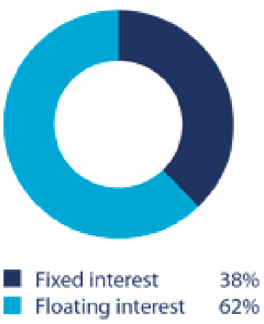
The Group's interest-bearing loans and borrowings amounted to EUR 219.8 million at the end of December, and the average interest rate after hedges was 2.31 percent. The maturity distribution of loans is balanced. A total of EUR 71.3 million of the interest-bearing loans and borrowings will fall due during the next 12 months.

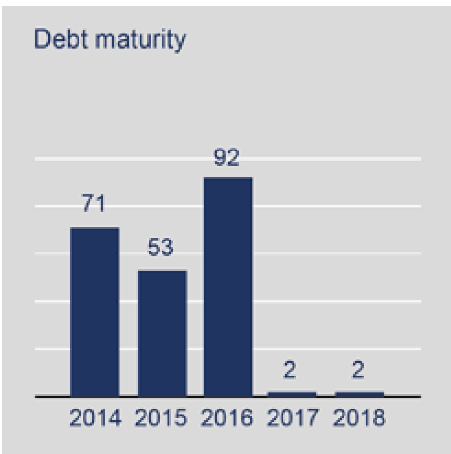
Caverion's external financing consists mainly of a credit facility with a Nordic bank group. The facility was transferred to Caverion Corporation upon the registration of the partial demerger. It includes an amortising long-term loan facility of EUR 140 million falling due in June 2016, a long-term revolving credit facility of EUR 60 million falling due in June 2016 (which was undrawn at the end of December) and a short-term bridge loan facility of EUR 22 million falling due in June 2014. In addition to the credit facility, amortising loans transferred to Caverion Corporation in the demerger amounted to EUR 58 million at the end of December.

Loan portfolio



Interest rate type (after hedges)





Annual General Meeting 2014

The Annual General Meeting of Caverion Corporation will be held on March 17, 2014 in Helsinki.The meeting will start at 11 a.m. EET.

The check-in of those who have registered for the meeting and the distribution of ballots will start at 10:00 a.m. Coffee will be available from 10:00 a.m.

Registration

Registration was opened on January 28 and it will end on March 12 at 10.00 a.m. EET. You can register either:

- By using the registration form on our website

or

- By phone: +358 20 770 6882 (Monday-Friday at 9-16:00)

Important dates

- AGM record date: March 5, 2014
- Last day to give notice of attendance: March 12, 2014 by 10:00 a.m. (Finnish time)
- AGM: March 17, 2014 at 11:00 a.m. (Finnish time)
- Dividend payment record date March 20, 2014
- Proposed dividend payment date: April 2, 2014

More information

Caverion's website

Board of Director's Report

January 1 - December 31, 2013

Introduction to the Caverion Group

Caverion Group is one of the leading providers of building systems in the Nordic countries and Central Europe. Caverion designs, builds and maintains user-friendly and energy-efficient building systems and offers industrial services. Caverion's services are used in offices and retail properties, housing, public premises and industrial plants, among other places. Caverion was established through the demerger of Building Services and Industrial Services businesses from YIT Group on June 30, 2013. Group's revenue in the reporting period was 2,543.6 million euros and it employed around 17,700 employees at the end of 2013. The company's shares are listed on the NASDAQ OMX Helsinki as of July 1, 2013.

The incorporation of Caverion Corporation and the formation of Caverion Group

Caverion Corporation was established in the partial demerger of YIT Corporation ("YIT"). In the demerger YIT's building and industrial services business was demerged from YIT Group and formed a separate group of companies with the ultimate parent company Caverion Corporation.

YIT's Board of Directors approved the demerger plan on February 21, 2013, according to which YIT demerged partially so that the assets, liabilities and responsibilities relating to its building and industrial services business were transferred to a new public limited company incorporated in the demerger, Caverion Corporation. The main assets transferred in the demerger to Caverion Corporation were the entire share capitals of the companies belonging to the building and industrial service business of YIT i.e. YIT Industry Ltd (incorporated in Finland with business identity code 1860875-1) and YIT Building Systems Ltd (incorporated in Finland with business identity code 1860867-1). The latter company owned directly or indirectly the share capitals of the building systems business companies in Finland, Russia, Estonia, Latvia, Lithuania, Sweden, Norway, Denmark, Germany, Austria, Czech Republic, Poland, Romania, Malaysia and Singapore. The extraordinary general meeting of YIT approved unanimously on June 17, 2013 the demerger as proposed by the Board of Directors.

Caverion Corporation was registered with the Finnish trade register on June 30, 2013 as of which date the partial demerger of YIT took effect.

The shareholders of YIT received as demerger consideration one (1) share in Caverion Corporation for each share owned in YIT. However, no demerger consideration was distributed to any treasury shares held by YIT. The number of Caverion Corporation's shares distributed as demerger consideration was thus 125,596,092 shares. The demerger consideration was distributed in the book-entry securities system so that the number of Caverion Corporation's shares (equal to the number of YIT shares less YIT treasury shares held by YIT) was registered on the book-entry accounts of YIT shareholders at the latest on June 30, 2013. No demerger consideration was distributed to YIT.

YIT's extraordinary general meeting on June 17, 2013 approved the demerger plan of YIT and thereby also the articles of association of Caverion Corporation and its share capital, which is one million euro (1.000.000 €).

Legal group structure

At the time of the effective date of the demerger of YIT, which is also the incorporation day of Caverion Corporation, the latter became owner of two subsidiaries: YIT Building Systems Ltd and YIT Industry Ltd. The said companies registered their new names Caverion NE Ltd and Caverion Industria Ltd on July 1, 2013.

Caverion NE Ltd owned directly the entire share capitals of subsidiaries in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and indirectly two subsidiaries in Russia. Furthermore Caverion NE Ltd owned the entire share capital of Caverion Central Europe GmbH which in its turn owned directly or indirectly subsidiaries in Austria, Czech Republic, Germany, Poland, Romania, Malaysia and Singapore.

Changes in Group structure during the period

Caverion NE Ltd was merged to Caverion Corporation on December 31, 2013. The merger simplified Caverion Group's structure and will decrease administration costs. The subsidiaries owned by Caverion NE Ltd have been direct subsidiaries of Caverion Corporation as of the day of the merger registration.

Organization of business operations

Caverion Group's business was operationally divided during the reporting period into two business segments: Building Services Northern Europe and Building Services Central Europe. The business segment structure remained unchanged during 2013.

Group financial development 2013

The financial information presented in this report of the Board of Directors 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 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 December 31, 2013, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period July–December 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.

Operating environment in January-December 2013

In 2013, the overall market situation was stable despite the general economic environment and overall uncertainty.

In Northern Europe, the service and maintenance market was stable in all operating countries in 2013. However, the customers postponed new investments, particularly in Sweden and Finland. In these countries the customers only carried out the necessary services related to maintenance of the core business and near term operational safety, which lead to postponed additional service and maintenance work throughout the year. The demand in the non-residential construction market remained low in Finland and the decline continued towards the rest of the year. In Sweden the project market developed relatively well despite the weaker prospects in the beginning of the year and improved towards the rest of the year. In Sweden the overall market was stable in service and maintenance, while technical facility services and especially EPC (Energy Performance Contracting) developed well and are expected to continue to grow also in 2014. Norway had a good operating environment in the project market throughout the year while the challenges in Caverion's profitability in the Norwegian project business were internal. In Denmark the project market developed slowly with a low level of activity. The industrial project market in Finland and Sweden remained at a low level throughout the year, which also had an impact on the demand for industrial service and maintenance. However, the demand for industrial outsourcing has improved. In Russia the project market remained stable and the market for service and maintenance continued to grow further. In the Baltic countries demand remained at a low level in both project business and service and maintenance.

In Central Europe, demand remained favourable and uncertainty in the project market eased in Germany and in Austria in 2013. Decision-making on new investments was still slow, but positive signs were emerging. After stagnation in 2012 new building system investments grew in 2013. The building system services market in the rest of Central Eastern Europe developed slowly with a low level of activity.

Competitive situation

Caverion has a strong market position in the North European building systems market measured by revenue. According to the company's estimate, Caverion holds a leading market position in Finland and Norway. Caverion is the third largest company in Sweden and Denmark measured by revenue (source of market sizes: Euroconstruct December 2013, VTT Technical Research Centre of Finland and the company's estimate based on public information from third parties).

In the Central European building systems market, Caverion's market position is the strongest in Germany and Austria in terms of revenue. In Germany, Caverion holds the fifth largest market position in relevant markets and third largest in Austria in terms of revenue (source of market sizes: Euroconstruct December 2013, VTT Technical Research Centre of Finland and the company's estimate based on public information from third parties).

Caverion is Finland's leading industrial service company, operating in the energy, forest, mining, process and marine industries, among others. The largest customer segments are the forest industry and the energy industry. The Company is also one of the leading providers of industrial services in Sweden.

Strategic targets and their achievement

Caverion's long term strategic objective is to achieve a leading position in the European building systems market. In 2013 the strategy had 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.

YIT's Board of Directors set the following financial targets for Caverion until 2016 on June 3, 2013.

- Revenue growth (%): Average annual growth in revenue of more than 10 percent
- Profitability (%): EBITDA over six percent of revenue
- Operating cash flow after investments (EUR million): Strong operating cash flow to enable organic growth, repayment of loans and distribution of dividend.

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

- Revenue growth (%): Average annual growth in revenue of more than 10 percent
- Profitability (%): EBITDA over six percent of revenue
- Working capital: Negative

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. Working capital does not include non-current provisions or pension obligations.

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.

Key figures

Financial key figures	2013	2012 1)	2011
Revenue, EUR million	2,543.6	2,803.2	2,875.7
EBITDA, EUR million	70.9	85.3	125.3
EBITDA margin, %	2.8	3.0	4.4
Operating profit, EUR million	49.4	61.1	105.0
Operating profit margin, %	1.9	2.2	3.7
Profit before taxes, EUR million	42.8	57.5	102.0
Net profit for the period, EUR million	35.5	40.8	73.0
Attributable to			
Equity holders of the parent company, EUR million	35.5	40.7	72.9
Non-controlling interest, EUR million	0.0	0.1	0.1
Equity ratio, %	22.2	32.4	–
Gearing ratio, % 2)	34.6	-2.5	–
Number of personnel at Dec 31	17,673	18,618	19,481
Number of personnel on average during the year	18,071	19,132	19,701
Share-related key figures	**2013**	**2012 1)**	**2011**
Earnings/share, EUR 3)	0.28	0.32	–
Earnings /share, diluted EUR	0.28	0.32	–
Equity/share, EUR	2.0	3.1	–
Dividend/share, EUR	0.22*)	–	–
Dividend per earnings, %	77.8*)	–	–
Effective dividend yield, %	2.5*)		
Price/Earnings ratio (P/E ratio)	31.5		
Share price trend	**2013**	**2012 1)**	**2011**
Share price at Dec 31, EUR	8.90	–	–
Low, EUR	3.00	–	–
High, EUR	8.94	–	–
Average, EUR	5.54	–	–
Market capitalization at Dec 31, EUR million	1,117.7	–	–
Share turnover trend			
Share turnover, thousands	46,168	–	–
Share turnover of shares outstanding, %	85.0	–	–
Average number of shares outstanding (thousands)	125,595	–	–
Number of outstanding shares at the end of the period (thousands)	125,592	–	–

The historical carve-out financial statements for 2011-2012 do not necessarily reflect what the combined results of operations, financial position and cash flows of would have been, had Caverion with its subsidiaries operated as an independent group and had it presented stand-alone financial statements during the periods presented.

*) Board of Directors' proposal

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, operating profit and profit before taxes decreased correspondingly by EUR 0.1 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-December would have amounted to approximately EUR 8.4 million.

EBITDA	=	Operating profit (EBIT) + depreciation, amortisation and impairment
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
Share-issue adjusted earnings per share (EUR)	=	Net profit for the period (attributable for equity holders) / Share issue-adjusted average number of outstanding shares during period
Equity / share (EUR)	=	Shareholders' equity / Share issue-adjusted number of outstanding shares at the end of period
Share-issue adjusted dividend per share (EUR)	=	Dividend per share for the period / Adjustment ratios of share issues during the period and afterwards
Dividend per earnings (%)	=	Dividend per share x 100 / Earnings per share
Effective dividend yield (%)	=	Share issue-adjusted dividend per share x 100 / Share issue-adjusted share price on December 31
Price/earnings ratio (P/E ratio)	=	Share issue-adjusted share price on December 31 / Share issue-adjusted earnings per share
Market capitalisation	=	(Number of shares – treasury shares) x share price on the closing date by share series
Share turnover (%)	=	Number of shares traded x 100 / Average number of outstanding shares

Revenue

Revenue decreased by 9 percent in January–December compared to the previous year, amounting to EUR 2,543.6 million (1–12/2012: EUR 2,803.2 million). The revenue decreased mainly due to increased selectiveness in project business in Norway and Sweden, lower service and maintenance revenue and postponements in Caverion's project start-ups in Germany. Changes in foreign exchange rates decreased the revenue for January–December by EUR 21.2 million compared to the previous year.

The revenue of Building Services Northern Europe decreased 8 percent in January–December compared to the previous year, amounting to EUR 1,922.7 million (1–12/2012: EUR 2,089.2 million). Changes in foreign exchange rates decreased the revenue for January–December by EUR 20.8 million compared to the previous year.

The revenue of Building Services Central Europe decreased by 13 percent in January–December compared to the previous year, amounting to EUR 621.3 million (1–12/2012: EUR 714.2 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 backlog at the end of 2012, restructuring of operations and the closing of unprofitable units.

Revenue, EUR million	1–12/13	1–12/12	Change
Building Services Northern Europe	1,922.7	2,089.2	-8%
Building Services Central Europe	621.3	714.2	-13%
Eliminations	-0.4	-0.2	
Group, total	2,543.6	2,803.2	-9%

Revenue, EUR million	1–12/13	1–12/12	Change
Sweden	665.9	704.3	-5%
Finland	546.8	603.7	-9%
Norway	516.4	580.4	-11%
Germany	458.4	541.8	-15%
Austria	148.1	154.3	-4%
Denmark	139.8	145.6	-4%
Other countries	68.2	73.2	-7%
Group, total	2,543.6	2,803.2	-9%

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

Profitability

EBITDA

The Group EBITDA decreased by 17 percent in January–December compared to the previous year being 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 5.2 million. The Group EBITDA excluding the one-off items above amounted to EUR 81.6 million in January–December (1–12/2012: EUR 91.1 million), corresponding to an EBITDA margin of 3.2 percent in January–December (1–12/2012: 3.2%).

In Building Services Northern Europe, the EBITDA for the review period decreased by 12 percent from the previous year. The segment EBITDA for January–December is burdened by one-off items relating to restructuring amounting to EUR 4.2 million and demerger related costs amounting to EUR 3.6 million. EBITDA for the fourth quarter in 2012 was burdened by significant project forecast changes. The weak profitability of the project business in Norway and low business volume contributed to the decrease in the segment EBITDA in January–December. Customers also postponed additional service and maintenance work, and as a result, the utility rate of operations was too low. Caverion aims to improve the profitability of Building Services Northern Europe. The reduction of 600 employees was carried out by the end of the third quarter. In Sweden and Denmark, the efficiency programme was progressing well and the profitability developed according to plan. In Norway, the project business (especially in the capital region) had weak profitability in the second half of the year while the results from the actions taken to improve profitability are expected to be seen during 2014. Furthermore, a service efficiency programme is on-going in all countries in which Caverion operates.

In Building Services Central Europe, the EBITDA for January–December decreased by 29 percent compared to the previous year, mainly due to the lower volume of German operations. EBITDA of Building Services Central Europe for January–December was burdened by HOCHTIEF Service Solutions M&A related project costs amounting to EUR 1.4 million and demerger related costs of EUR 1.1 million.

EBITDA, EUR million/margin	1-12/13	Margin, %	1-12/12 1)	Margin, %	Change
Building Services Northern Europe	52.3	2.7	59.5	2.8	-12%
Building Services Central Europe	23.6	3.8	33.2	4.7	-29%
Group services and other items	-5.0		-7.4		
Group, total	70.9	2.8	85.3	3.0	-17%

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.

Operating profit

Operating profit, EUR million/margin	1–12/13	Margin, %	1–12/12 1)	Margin, %	Change
Building Services Northern Europe	36.4	1.9	41.1	2.0	-11%
Building Services Central Europe	18.8	3.0	27.4	3.8	-31%
Group services and other items	-5.8		-7.4		
Group, total	49.4	1.9	61.1	2.2	-19%

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.

Depreciation, amortisation and impairment amounted to EUR 21.5 million in January–December (1-12/2012: EUR 24.2 million) of which EUR 10.2 million were allocated intangibles related to acquisitions and EUR 11.4 million were other depreciations.

The other factors affecting operating profit have been described in more detail under EBITDA.

Order backlog

Order backlog, EUR million	12/13	12/12	Change
Building Services Northern Europe	764.6	819.0	-7%
Building Services Central Europe	476.0	380.1	25%
Group, total	1,240.7	1,199.1	3%

The order backlog grew by 3 percent from the end of 2012 and was EUR 1,240.7 million at the end of December. Changes in foreign exchange rates decreased the order backlog for January–December by EUR 26.2 million compared to the previous year.

In addition to the project business, only the long-term contracts of the service and maintenance business are included in the order backlog.

The order backlog of Building Services Northern Europe decreased by 7 percent from the end of 2012 due to selectiveness in projects. The order backlog of Building Services Central Europe increased by 25 percent from the end of 2012. The weaker order backlog at the end of 2012 has been reflected as lower revenue in January–December compared to the previous year. The improved order backlog in 2013 was a positive sign, but is not expected to contribute to revenue until the first half of 2014.

Capital expenditure and acquisitions

Gross capital expenditure on non-current assets included on the balance sheet totalled EUR 27.8 million (1–12/2012: EUR 16.2 million) during January–December, representing 1.1 percent (1–12/2012: 0.6%) of revenue. Investments in information technology totalled EUR 22.5 million (1–12/2012: EUR 1.3) and related primarily to the partial demerger. Other investments amounted to EUR 5.3 million (1–12/2012: EUR 5.3 million).

Caverion made no acquisitions or disposals during January–December 2013 (1−12/2012: EUR 9.5 million). The sale and purchase agreement negotiations on the German HOCHTIEF Service Solutions pursuant to the initial, non-binding offer made by YIT in May ended without result on June 28, 2013.

Research and development

The Group's investments in research and development efforts in 2013 amounted to approximately EUR 12.7 million, representing 0.5 percent of revenue. In 2012, investments in research and development amounted to EUR 14.0 million (0.5 percent of revenue) and in 2011, EUR 14.4 million (0.5 percent of revenue).

The most significant business development investment in the Group has been the Building Service Efficiency development programme, which focuses particularly on improving the efficiency of service and maintenance operations in Building Services.

Operative invested capital

Return on operative invested capital (last 12 months), % [1]	1–12/13	1–12/12
Building Services Northern Europe	11.6	11.0
Building Services Central Europe	19.1	32.5

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	12/13	12/12	Change
Building Services Northern Europe	283.5	344.8	-18%
Building Services Central Europe	100.6	96.6	4%

At the end of December, the Group's operative invested capital amounted to EUR 470.0 million (12/2012: EUR 478.6 million). Invested capital is calculated by deducting non-interest bearing liabilities from the balance sheet total.

Cash flow

The Group's operating cash flow after investments for January–December amounted to 74.2 million (1–12/2012: EUR 40.5 million), which was burdened by demerger-related IT investments of EUR 21.3 million. Operating cash flow for the fourth quarter was seasonally very strong supported by release in working capital.

Working capital

Caverion's target is to reach negative working capital by the end of 2016. By addressing this, the company can free up capital tied into operations and improve cash flow going forward.

Working capital decreased significantly compared to the previous year and amounted to 46.0 million at the end of December (12/2012: EUR 94.0 million).

Profit before taxes and earnings per share

Profit before taxes amounted to EUR 42.8 million and earnings per share amounted to EUR 0.28 in January–December, 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 of YIT. 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–December would have amounted to approximately EUR 8.4 million.

The effective tax rate of the Group was 17.0 percent in January–December (1–12/2012: 29.0 %). The tax rate changes for 2014 in Finland, Norway and Denmark and revaluation of deferred tax assets and liabilities had a positive impact on the effective tax rate in 2013. Excluding the effects of these changes the effective tax rate would have been approximately 27 percent.

Development by business area

Group revenue, EUR million	1–12/13	% of total	1–12/12	% of total	Change
Service and maintenance	1,409.3	55	1,542.4	55	-9%
Project business	1,134.3	45	1,261.0	45	-10%
Group, total	2,543.6	100	2,803.2	100	-9%

Service and maintenance business

Service and maintenance revenue, EUR million	1–12/13	% of total	1–12/12	% of total	Change
Northern Europe	1,173.5	83	1,322.6	86	-11%
Central Europe	235.8	17	219.8	14	7%
Group revenue of service and maintenance	1,409.3	100	1,542.4	100	-9%

The Group revenue of service and maintenance business decreased by 9 percent in 2013 and was EUR 1,409.3 million, or 55 percent of the Group's total revenue.

In Building Services Northern Europe the service and maintenance business generated EUR 1,173.5 million, or 61 percent of the segment's total revenue in January–December.

In Building Services Central Europe the service and maintenance business generated EUR 235.8 million, or 38 percent of the segment's total revenue in January–December. The share of service and maintenance was still significantly lower in Building Services Central Europe (1–12/2013: 38%) than in Building Services Northern Europe (1–12/2013: 61%), and therefore the opportunities for increasing it in Building Services Central Europe are good. The revenue of service and maintenance increased by 7 percent in January–December from the corresponding period the previous year. The opportunities, both internal and market driven, for increasing the share of service and maintenance in Building Services Central Europe remain good.

Project business

Project business revenue, EUR million	1–12/13	% of total	1–12/12	% of total	Change
Northern Europe	749.0	66	766.8	61	-2%
Central Europe	385.4	34	494.2	39	-22%
Group revenue of project business	1,134.3	100	1,261.0	100	-10%

The Group revenue of project business decreased by 10 percent in 2013 and was EUR 1,134.3 million, or 45 percent of the Group's total revenue.

In Building Services Northern Europe, the project business generated EUR 749.0 million, or 39 percent of the segment's total revenue in January–December.

In Building Services Central Europe, the project business generated 385.4 million, or 62 percent of the segment's total revenue in January–December.

Financing

Refinancing relating to the partial demerger was finalized as planned during June. As a result, Caverion's loan portfolio 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 133.3 million at the end of December (12/2012: EUR 100.8 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 219.8 million at the end of December (12/2012: EUR 91.0 million), and the average interest rate after hedges was 2.31 percent. Fixed-rate loans after hedges accounted for approximately 38 percent of the Group's borrowings. Approximately 94 percent of the loans have been raised from banks and other financial institutions and approximately 5 percent from insurance companies. A total of EUR 71.3 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 December) and a short-term bridge loan facility of EUR 22 million falling due in June 2014. In addition to the credit facility, amortising loans transferred to Caverion Corporation in the demerger amounted to EUR 58 million at the end of December.

The Group's net financing expenses in January–December amounted to EUR 6.6 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–December would have amounted to approximately EUR 8.4 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 86.5 million at the end of December (12/2012: EUR -9.8 million).

Management

Board of Directors

The extraordinary shareholders' meeting of YIT on June 17, 2013 elected Caverion Corporation's first Board of Directors consisting of the chairman Henrik Ehrnrooth, deputy chairman Michael Rosenlew and three members Anna Hyvönen, Ari Lehtoranta and Eva Lindqvist and approved also their remuneration. According to Caverion's articles of association the annual general meeting of the shareholders elects the chairman, deputy chairman and 3 – 5 members to the Board of Directors of the company.

More detailed information of Caverion's board members and their remuneration as well as board committees can be found in Corporate Governance Statement and Remuneration Statement which are published separately on Caverion's website www.caverion.com/Investors – Corporate Governance.

President and CEO

In accordance with the stipulations of the demerger plan YIT Corporation's Board of Directors elected in May 2013 Mr. Juhani Pitkäkoski as the president and CEO of Caverion Corporation. Mr. Pitkäkoski acted as YIT Corporation's president and CEO until and including the effective date of the demerger i.e. 30.6.2013. As of the effective date of the demerger Caverion Board of Directors elects or dismisses the president and CEO of the company.

Management Board

The management Board of Caverion Group consisted of thirteen (13) members at the end of 2013:

- Juhani Pitkäkoski, President and CEO of Caverion Corporation
- Päivi Alakuijala, VP Communications and Marketing, Caverion Corporation
- Merja Eskola, SVP Human Resources, Caverion Corporation
- Knut Gaaserud, Managing Director, Caverion Norge AS
- Jarno Hacklin, Managing Director, Caverion Suomi Oy
- Antti Heinola, Chief Financial Officer, Caverion Corporation
- Erkki Huusko, Managing Director, Caverion Industria Ltd
- Ulf Kareliusson, Managing Director, Caverion Sverige AB
- Matti Malmberg, SVP, Building Services Northern Europé and Service Efficiency
- Peter Rafn, Managing Director, Caverion Denmark A/S
- Karl-Walter Schuster, SVP, Building Services Central Europe and Project Exellence
- Manfred Simmet, Managing Director, Caverion Österreich GmbH
- Sakari Toikkanen, SVP Development, Caverion Corporation

Personnel

In 2013, the Group employed 18,071 people on average, which was 6 percent less than in 2012 (2012: 19,132). At the end of the year, the Group employed 17,673 people (12/2012: 18,618). The personnel expenses for 2013 decreased by 6 percent during 2013 and amounted to a total of EUR 1,062.8 million (1–12/2012: EUR 1,127.4 million and 1–12/2011: EUR 1,091.2 million). The largest countries by number of personnel were Finland (27% of total employees), Sweden (22%), Norway (20%) and Germany (14%) at the end of December 2013.

In 2013, the uncertainty over macroeconomic development was reflected in Caverion's orders received, especially through postponed additional service and maintenance work, among others. In Northern Europe, improving the profitability required restructuring of organization, such as closing down un-profitable units and decreasing the organization levels. Also personnel reductions were necessary to improve profitability. Previously announced personnel reductions of 600 employees were completed in the third quarter of 2013. During 2013, the number of employees decreased most in Sweden, Finland and Norway.

Personnel by country	12/13	12/12	Change
Finland	4,772	4,977	-4%
Sweden	3,993	4,492	-11%
Norway	3,469	3,642	-5%
Germany	2,429	2,450	-1%
Austria	711	706	1%
Denmark	1,019	1,104	-8%
Other countries	1,28	1,247	3%
Group, total	17,673	18,618	-5%

Personnel by business segment	12/13	12/12	Change
Building Services Northern Europe	14,259	15,159	-6%
Building Services Central Europe	3,328	13,380	-2%
Corporate Services	86	79	9%
Group, total	17,673	18,618	-5%

The focus areas for human resource management in 2013 were building the new company's personnel policy, remuneration, health care system as well as models for personnel development and training. Furthermore, the goal was to secure efficient recruitment and administration of employment relationships. The company is committed to ethical ways of working and published its updated Code of Conduct in 2013.

One of the key targets of the company's human resource management is working for health and safety of its employees and zero occupational accidents.

Environmental issues

Caverion's business does not include significant environmental risks. The most significant opportunity for influencing global carbon footprint is the result of cooperation with customers. Caverion continuously develops its products and services that make it possible to decrease the environmental impacts of its customers' operations. Caverion offers its customers a variety of energy efficiency services: for example, property energy inspections and analyses, energy-efficient building systems and modernisations adjustment and automation of systems.

The carbon dioxide emissions of Caverion's own operations are mainly caused by the fuel consumption of its service vehicles. The company utilises logistics solutions that help to decrease greenhouse gas emissions in the transport of both goods and personnel. Attention is also paid to route optimisation, economical driving as well as fuel used in vehicles.

ISO 14001 certification covered 82% (2012: 77%) of revenue.

In cooperation with other companies, Caverion has better opportunities for strengthening its expertise in energy efficiency. The company takes part in the activities of the local working groups of the international Green Building Council network in many of the countries in which it operates, among others.

Information about shares in Caverion Corporation

Shares and share capital

Caverion Corporation is a public limited company organised under the laws of the Republic of Finland, incorporated on the effective date of YIT's partial demerger on June 30, 2013. Caverion Corporation's share capital and the number of shares did not change from the date of its incorporation until the end of the reporting period. The number of shares in Caverion Corporation was 125,596,092 at the end of the reporting period on December 31, 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 and to an equal dividend. Caverion Corporation's share capital is EUR one million (1,000,000). The company's shares have no nominal value. Caverion's articles of association neither have any redemption or consent clauses nor any provisions regarding the procedure of changing the articles.

Shares held by the company, pledging, option rights

Caverion Corporation did not hold any treasury shares on the date of its incorporation. At the end of the reporting period Caverion holds 4,080 own shares, which were received on the basis of the return of shares conveyed from the 2011 and 2012 earning periods under the share-based incentive scheme of YIT Corporation in 2010−2016 for key persons, pursuant to the terms and conditions of the scheme.

Own shares held by Caverion Corporation represent 0.0003% of the total number of shares and voting rights.

Caverion or its subsidiaries do not have any Caverion Corporation shares as a pledge.

Caverion has not made any decision regarding the issue of option rights or other special rights entitling to shares. During the reporting period Caverion did not have any share-based incentive plan.

Trading in shares

The trading with 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, 2013. The closing price of the share on the last trading day of the reporting period (December 30, 2013) was EUR 8.90. The share price increased 197 percent during July–December. The highest price of the share during the review period was EUR 8.94, the lowest was EUR 3.00 and the average price was EUR 5.54. Share turnover on NASDAQ OMX excluding OTC trading in July–December amounted to 46.2 million shares. The value of share turnover excluding OTC trading was EUR 255.7 million (source: NASDAQ OMX). The volume of OTC trading on NASDAQ OMX was 80,000 shares or EUR 0.32 million in July–December.

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–December, 1.1 million Caverion Corporation shares changed hands in alternative market places, corresponding to approximately 2.1 percent of the total share trade. Of the alternative market places, Caverion shares changed hands particularly in BATS Chi-X. Furthermore, during July–December, 4.8 million Caverion Corporation shares changed hands in OTC trading outside NASDAQ OMX, corresponding to approximately 9.3 percent of the total share trade (source: Fidessa Fragmentation Index).

Caverion Corporation's market capitalisation at the end of the review period was EUR 1,117.8 million. Market capitalisation has been calculated excluding the 4,080 shares held by the company as per December 31, 2013.

Shareholders

At the end of December 2013, the number of registered shareholders in Caverion was 33,353 (6/2013: 39,250). At the end of December 2013, a total of 38.2 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 are available on Caverion's website at www.caverion.com/investors and on Caverion's IR App.

Caverion Corporation has not had a meeting of shareholders during the reporting period.

Largest shareholders on December 31, 2013

Shareholder	Shares, pcs	% of shares
1. Structor S.A.	17,140,000	13.65
2. Varma Mutual Pension Insurance Company	7,732,100	6.16
3. Funds held by Antti Herlin, including directly held shares	6,250,180	4.98
4. OP funds	4,640,629	3.69
5. Ilmarinen Mutual Pension Insurance Company	4,056,215	3.23
6. Fondita funds	3,891,000	3.10
7. Nordea funds	2,282,561	1.82
8. Odin funds	1,736,637	1.38
9. The State Pension Fund	1,470,000	1.17
10. Danske Invest funds	1,407,325	1.12
11. Aktia funds	1,393,077	1.11
12. Brotherus Ilkka	1,304,740	1.04
13. Tapiola Mutual Pension Insurance Company	1,009,000	0.80
14. Evli funds	992,500	0.79
15. Etera Mutual Pension Insurance Company	757,446	0.60
16. Säästöpankki funds	533,181	0.42
17. Föreningen Konstsamfundet rf	423,002	0.34
18. Foundation of Brita Maria Renlunds minne	412,000	0.33
19. Veritas Pension Insurance Company Ltd.	371,091	0.30
20. Sigrid Jusélius Foundation	361,000	0.29
20 largest, total	58,163,684	46.30
All shares	125,596,092	100.00

Ownership structure by sector on December 31, 2013

Sector	Shareholders	% of owners	Shares	% of Share Capital
Nominee registered and non-Finnish holders	209	0.63	48,037,606	38.2
Households	30,946	92.78	25,097,113	20.0
General government	38	0.11	16,612,285	13.2
Financial and insurance corporations	86	0.26	15,638,211	12.5
Non-profit institutions	427	1.28	7,165,709	5.7
Non-financial corporations and housing corporations	1,647	4.94	13,045,168	10.4
On common and special accounts	0	0.00	0	0.0
Total	33,353	100.00	125,596,092	100

The ownership structure is based on the classification of sectors determined by Statistics Finland.

The information is based on the list of company shareholders maintained by Euroclear Finland Oy. Each nominee register is recorded in the share register as a single shareholder. Through one nominee register it is possible to administrate portfolios of several investors.

Management ownership

Members of the Board	Caverion Share
Ehrnrooth Henrik (30.06.2013 -),Chairman of the Board of Directors	0
Holdings of Interest Parties	17,140,000
Hyvönen Anna (30.06.2013 -)	0
Holdings of Interest Parties	0
Lehtoranta Ari Tapio (30.06.2013 -)	0
Holdings of Interest Parties	0
Lindqvist Eva (30.06.2013 -)	0
Holdings of Interest Parties	0
Rosenlew Michael (30.06.2013 -)	0
Holdings of Interest Parties	0
Total	**17,140,000**

Management	Caverion Share
Pitkäkoski Juhani (30.06.2013 -), CEO	53,100
Holdings of Interest Parties	0
Alakuijala Päivi (30.06.2013 -)	1,150
Holdings of Interest Parties	0
Eskola Merja (07.10.2013 -)	0
Holdings of Interest Parties	0
Gaaserud Knut (30.06.2013 -)	506
Holdings of Interest Parties	0
Hacklin Jarno (30.06.2013 -)	7,586
Holdings of Interest Parties	0
Heinola Antti (30.06.2013 -)	9,261
Holdings of Interest Parties	0
Huusko Erkki (30.06.2013 -)	7,180
Holdings of Interest Parties	0
Kareliusson Ulf (30.06.2013 -)	3,091
Holdings of Interest Parties	0
Malmberg Matti (30.06.2013 -)	7,485
Holdings of Interest Parties	0
Rafn Peter (30.06.2013 -)	691
Holdings of Interest Parties	0
Schuster Karl-Walter (30.06.2013 -)	8,465
Holdings of Interest Parties	0
Simmet Manfred (30.06.2013 -)	2,377
Holdings of Interest Parties	0
Toikkanen Sakari (30.06.2013 -)	39,882
Holdings of Interest Parties	0
Total	**140,774**
Auditors	**Caverion Share**
Lassila Heikki (30.06.2013 -), Auditor with chief responsibility for audits	0

Holdings of Interest Parties	0
Total	**0**

Control and Shareholder Agreements

No shareholder, member or other person is controlling Caverion as meant in the Securities Markets Act section 2 paragraph 4. Caverion is not subject to any arrangements which separate the possession of the securities and the economic rights vested in them. The Board of Directors is not aware of any shareholder agreements having effect on Caverion shareholders.

Auditors

The Extraordinary General Meeting of YIT Corporation on June 17, 2013 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, to audit the company’s governance and accounts in 2013. The auditor with the main responsibility is Heikki Lassila, Authorised Public Accountant.

Major events after the end of reporting period

The Board of Directors of Caverion Corporation decided on 27 January, 2014 that Caverion's external reporting structure will be changed as of January 1, 2014 to better match the company's new management structure and business areas. The segments based on geographical areas (Building Services Northern Europe and Building Services Central Europe) are replaced by one single operative segment, that will also include the Group services and other items. Since Caverion's establishment, both service and maintenance and project businesses have been developed strongly across all countries. Therefore, replacing reporting segments that are purely based on geographical areas was an evident decision. The first interim report based on the new reporting structure will be published on April 24, 2014 (interim report for January–March 2014). The change in reporting structure will have no effect on the Group's strategic targets. At the same time, Caverion is renewing its guidance terminology so that it will more closely reflect the newly established company's practice in estimating the future financial development. In the future, the company will give a verbal guidance with regard to revenue and profitability. However, the development of profitability in 2014 will be estimated also in absolute figures, due to the exceptional comparison period.

Caverion announced on January 20, 2014 that its Board of Directors had chosen Fredrik Strand as Caverion's new President and Chief Executive Officer. He will take up the new position during Q2, 2014. Currently, Fredrik Strand works as President and CEO at Sodexo, being responsible for the company's Nordic businesses. Swedish citizen Fredrik Strand has worked in his current position since 2009. Between 1989 and 2009 he worked at Ericsson in several leadership positions. During this period he led e.g. Ericsson's global service delivery operations and its development. He has also been responsible for the company's service business in Latin America and the United States. Caverion's current President and CEO Juhani Pitkäkoski will continue in his position until Fredrik Strand will take up the position. After that Pitkäkoski will support onboarding of the new CEO and will enhance development of Caverion's strategic growth process, reporting to Fredrik Strand.

Outlook for 2014

Guidance

The Board of Directors of Caverion Corporation confirmed in its meeting on 27 January, 2014 the outlook and guidance for 2014.

Caverion estimates that the Group's revenue for 2014 with comparable exchange rates will remain at the previous year's level and EBITDA for 2014 excluding non-recurring items will grow clearly to EUR 90–110 million.

In 2014 the EBITDA increase will be executed by improving the operational efficiency, growing the service and maintenance business as well as increasing the project business in Germany. The potential changes in general macroeconomic environment nonetheless may have an effect on Caverion's business and customers.

Market outlook for Caverion's services in 2014

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 opportunities to grow in service and maintenance business are still favourable in all Caverion's operational areas. As technology in buildings is increasing the need for new services and the demand for energy efficiency services are expected to remain stable.

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

The tightening of environmental legislation will improve the growth potential of energy efficiency services. Environmental certifications and energy efficiency will be significant factors that will allow the property owners to upgrade their property value. An increasing number of properties will be connected to remote monitoring through command centres. Furthermore, services and projects related to traffic infrastructure maintenance are estimated to develop favourably.

Major risks and uncertainties

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.

From strategic point-of-view Caverion has developed its business structure towards a more stable and balanced direction in order to handle changing economic cycles. 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. The company has an extensive customer base, comprised of customers of various sizes from the public as well as private sector.

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.

Caverion's typical operational risks include risks related to contract tenders, service agreements, project management and personnel. With regard to various 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. 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 unfavorable 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. 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 unfavorable effect on the company's business, 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 on 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.

Goodwill recognized 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 unfavorable effect on Caverion's result of operations and shareholders' equity. Caverion Group's goodwill amounted to EUR 335.7 million on December 31, 2013.

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

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 Financial Statements note 30.

Authorizations

Share issue

The extraordinary general meeting of YIT, held on June 17, 2013, approved also the authorization for the Board of Directors of Caverion Corporation to organize a share issue. Altogether no more than 25,000,000 shares may be issued in a single issue or a series of share issues.

The Board of Directors may decide on a directed share issue in deviation from the shareholders' pre-emptive rights. The Board of Directors will be authorised to decide to whom and in which order the shares will be issued. In the share issue, shares may be issued for subscription against consideration or for no consideration. Based on the authorisation, the Board of Directors may also decide on a share issue without consideration directed to the company itself, provided that the number of shares held by the company after the share issue would be a maximum of 10 percent of the all shares in the company. This amount includes the shares held by the Company and its subsidiaries in the manner provided for in Chapter 15, Section 11(1) of the Limited Liability Companies Act.

This 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 to the share capital.

The share issue authorisation set out in this section includes the authorisation of the Board of Directors to decide on the transfer of own shares that may be acquired on the basis of the proposed authorisation. This authorisation applies to a maximum of 12,500,000 shares in the Company. The Board of Directors is 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.

The Board of Directors has not used the authorization during the reporting period.

Repurchase of own shares

The extraordinary general meeting of YIT, held on June 17, 2013, approved the authorization for the Board of Directors of Caverion Corporation to repurchase its own shares. Altogether no more than 12,500,000 shares may be repurchased by using unrestricted equity of the company. In case shares will be repurchased it will be made through NASDAQ OMX Helsinki Ltd public trading and otherwise than in proportion of the number of shares owned by each of the shareholder. The authorization shall expire on March 31, 2014.

The Board of Directors has not used the authorization during the reporting period.

Branches

Caverion Corporation does not have any branches abroad.

Capital loans and loans, liabilities and commitments to related parties

Caverion Corporation has not issued any capital loans or any type of loans, liabilities or commitments to the related parties.

Board's proposal for the use of distributable equity

The distributable equity of Caverion Corporation on December 31, 2013 is:	
Retained earnings	154,145,083.77
Profit for the period	3,787,653.81
Retained earnings, total	157,932,737.58

The Board of Directors proposes to the Annual General Meeting that the distributable equity be disposed of as follows:	
Payment of a dividend from retained earnings EUR 0.22 per share to shareholders	27,630,242.64
To remain in distributable equity	130,302,494.94

No significant changes have taken place in the company's financial position after the end of the financial year. The company's liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not jeopardise the company's solvency.

Helsinki, January 27, 2014

Caverion Corporation
Board of Directors

Henrik Ehrnrooth
Chairman

Michael Rosenlew
Vice Chairman

Anna Hyvönen

Ari Lehtoranta

Eva Lindqvist

Juhani Pitkäkoski
President and CEO

Consolidated income statement

EUR million	Note	1.1.-31.12.2013	%	1.1.-31.12.2012 Restated	%
Revenue	2, 4	**2,543.6**		**2,803.2**	
Other operating income	5	3.2		12.3	
Change in inventories of finished goods and in work in progress		-1.4		-0.6	
Production for own use		1.4		0.3	
Materials and supplies		-674.7		-799.8	
External services		-431.8		-468.8	
Employee benefit expenses	8	-1,062.8		-1,127.4	
Other operating expenses	6	-308.1		-333.9	
Share of results in associated companies	15	0.0		0.0	
Depreciation, amortisation and impairment	7	-21.5		-24.2	
Operating profit		**49.4**	**1.9**	**61.1**	**2.2**
Financial income		2.0		1.9	
Exchange rate differences (net)		-1.2		-0.3	
Financial expenses		-7.4		-5.2	
Financial income and expenses	9	-6.6		-3.6	
Profit before taxes		**42.8**	**1.7**	**57.5**	**2.1**
Income taxes	10	-7.3		-16.7	
Net profit for the financial year		**35.5**	**1.4**	**40.8**	**1.5**
Attributable to:					
Owners of the parent		35.5		40.7	
Non-controlling interests		0.0		0.1	
Earnings per share for profit attributable to owners of the parent: *					
Earnings per share, basic, EUR	11	0.28		0.32	
Earnings per share, diluted, EUR		0.28		0.32	

* Earnings per share for the financial year 2012 has been computed using the number of shares issued at the partial demerger.

The notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

EUR million	Note	1.1.-31.12.2013	1.1.-31.12.2012 Restated
Profit for the period		**35.5**	**40.8**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in the fair value of defined benefit pension		-2.1	16.6
- Deferred tax		1.5	-5.5
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedging	30	0.1	-0.1
- Deferred tax		0.0	0.0
Change in fair value of available-for-sale assets	16	-0.3	-0.4
- Deferred tax asset		0.1	0.1
Translation differences		-5.9	3.9
Other comprehensive income, total		**-6.6**	**14.6**
Total comprehensive income		**28.9**	**55.3**
Attributable to:			
Owners of the parent		28.9	55.2
Non-controlling interests		0.0	0.1

The notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

EUR million	Note	31.12.2013	31.12.2012 Restated	1.1.2012 Restated
ASSETS				
Non-current assets				
Property, plant and equipment	12	27.9	31.8	34.7
Goodwill	13, 14	335.7	335.7	336.6
Other intangible assets	13	48.4	39.0	32.8
Investments in associated companies	15	0.1	0.1	0.1
Available-for-sale financial assets	16	2.0	2.5	2.9
Receivables	17	2.3	5.3	6.4
Deferred tax assets	18	3.5	5.5	8.7
Total non-current assets		**420.1**	**419.9**	**422.2**
Current assets				
Inventories	19	29.5	39.0	37.5
Trade and other receivables	20	689.9	774.7	794.2
Income tax receivables		1.5	4.7	2.8
Cash and cash equivalents	21	133.3	100.8	155.4
Total current assets		**854.2**	**919.2**	**989.9**
TOTAL ASSETS		**1,274.3**	**1,339.0**	**1,412.0**

EUR million	Note	31.12.2013	31.12.2012 Restated	1.1.2012 Restated
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent	22			
Share capital		1.0		
Treasury shares		0.0		
Translation differences		1.7	7.7	3.8
Fair value reserve		-0.2	-0.1	0.2
Retained earnings		247.0		
Invested equity			379.3	408.5
		249.5	386.9	412.5
Non-controlling interests		0.6	0.6	0.5
Total equity		**250.1**	**387.4**	**413.0**
Non-current liabilities				
Deferred tax liabilities	18	62.1	68.7	55.3
Pension obligations	24	51.1	51.8	66.1
Provisions	25	9.1	6.9	9.9

Borrowings	26	148.5	75.6	90.3
Other liabilities	27	0.2	4.6	6.1
Total non-current liabilities		**270.9**	**207.6**	**227.7**
Current liabilities				
Trade and other payables	27	657.9	697.8	715.6
Income tax liabilities		7.3	7.4	13.4
Provisions	25	16.7	23.3	25.8
Borrowings	26	71.3	15.4	16.5
Total current liabilities		**753.2**	**743.9**	**771.3**
Total liabilities		**1,024.1**	**951.5**	**999.0**
TOTAL EQUITY AND LIABILITIES		**1,274.3**	**1,339.0**	**1,412.0**

The notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

EUR million	Note	1.1.-31.12.2013	1.1.-31.12.2012 Restated
Cash flow from operating activities			
Net profit for the financial year		35.5	40.8
Adjustments for:			
Depreciation, amortisation and impairment		21.5	24.2
Reversal of accrual-based items		-3.9	-12.3
Financial income and expenses		6.6	3.6
Gains on the sale of tangible and intangible assets		-0.5	-2.5
Taxes		7.3	16.7
Total adjustments		31.0	29.7
Change in working capital:			
Change in trade and other receivables		56.6	44.2
Change in inventories		8.4	0.4
Change in trade and other payables		-23.1	-40.9
Total change in working capital		**42.0**	**3.7**
Interest paid		-6.5	-5.0
Other financial items, net		2.4	-3.3
Interest received		1.7	1.3
Dividends received		0.1	0.0
Taxes paid		-5.7	-17.9
Net cash generated from operating activities		**100.4**	**49.3**
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash	3	-0.8	-7.3
Purchases of property, plant and equipment	12	-5.6	-5.7
Purchases of intangible assets	13	-22.2	-0.9
Proceeds from sale of tangible and intangible assets		2.2	4.4
Proceeds from sale of available-for-sale financial assets		0.2	0.7
Net cash used in investing activities		**-26.2**	**-8.8**
Operating cash flow after investments		**74.2**	**40.5**
Cash flow from financing activities			
Proceeds from borrowings	26	162.0	
Repayment of borrowings	26	-33.5	-15.0
Change in current liabilities, net	26	0.0	
Payments of finance lease debts		-0.7	-0.5

Equity financing with YIT Group		-164.5	-81.9
Net cash used in financing activities		**-36.8**	**-97.4**
Net change in cash and cash equivalents		**37.3**	**-56.9**
Cash and cash equivalents at the beginning of the financial year		100.8	154.5
Foreign exchange rate effect on cash and cash equivalents		-4.8	3.1
Cash and cash equivalents at the end of the financial year	21	**133.3**	**100.8**

The notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

		Attributable to owners of the parent								
EUR million	Note	Invested equity	Share capital	Retained earnings	Translation differences	Fair value reserve	Treasury shares	Total	Non-controlling interests	Total equity
Equity January 1, 2013 *		**379.3**			**7.7**	**-0.1**		**386.8**	**0.6**	**387.4**
Comprehensive income 1-6/2013										
Profit for the period		7.0						7.0	0.0	7.0
Other comprehensive income:										
Cash flow hedges	30					0.1		0.1		0.1
-Deferred tax						0.0		0.0		0.0
Change in fair value of available for sale financial assets	16					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 payments	23	-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	0.0	-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 7-12/2013										
Profit for the period				28.5				28.5	0.0	28.5
Other comprehensive income:										
Change in fair value of defined benefit pension				-2.1				-2.1		-2.1
- Deferred tax				1.5				1.5		1.5
Cash flow hedges	30					-0.1		-0.1		-0.1
-Deferred tax						0.0		0.0		0.0
Change in fair value of available for sale financial assets	16					-0.2		-0.2		-0.2
-Deferred tax						0.1		0.1		0.1
Translation differences					-4.3			-4.3		-4.3
Comprehensive income 7-12/13, total				27.9	-4.3	-0.2	0.0	23.3	0.0	23.3
Transactions with owners										
Share-based payments	23			0.1			0.0	0.1		0.1
Transactions with owners, total				0.1			0.0	0.1		0.1
Equity on December 31, 2013		**0.0**	**1.0**	**247.0**	**1.7**	**-0.2**	**0.0**	**249.5**	**0.6**	**250.1**

EUR million	Note	Attributable to owners of the parent Invested equity	Translation differences	Fair value reserve	Total	Non-controlling interests	Total invested equity
Invested equity January 1, 2012 *		**445.6**	**3.8**	**0.2**	**449.5**	**0.5**	**450.0**
Adoption of IAS 19, Employee benefits		-37.0			-37.0		-37.0
Restated invested equity January 1, 2012 *		**408.5**	**3.8**	**0.2**	**412.5**	**0.5**	**413.0**
Comprehensive income for the period							
Profit for the period		40.8			40.8	0.1	40.9
Profit for the period, re-measurement due to the IAS 19 change		-0.1			-0.1		-0.1
Other comprehensive income:							
Change in fair value of defined benefit pension, adoption of IAS 19 change		16.6			16.6		16.6
-Deferred tax		-5.5			-5.5		-5.5
Cash flow hedges	30			-0.1	-0.1		-0.1
-Deferred tax				0.0	0.0		0.0
Change in fair value of available for sale financial assets	16			-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 payments	23	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
Invested equity December 31, 2012 *		**379.3**	**7.7**	**-0.1**	**386.8**	**0.6**	**387.4**

* carve-out figures

The notes are an integral part of these consolidated financial statements.

1. ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Caverion Corporation (the “Parent company” or the “Company”) with its subsidiaries (together, “Caverion” or “Caverion Group”) is a service company in building systems, construction services and services for industry. Caverion designs, builds and maintains user-friendly and energy-efficient building systems and offers industrial services, covering all building systems throughout the life cycle of the property. Caverion’s services are used in offices and retail properties, housing, public premises and industrial plants.

Caverion Corporation is domiciled in Helsinki, and its registered address is Panuntie 11, 00620 Helsinki, Finland. The company’s shares are listed on the NASDAQ OMX Helsinki Ltd as of July 1, 2013. The copies of the consolidated financial statements are available at www.caverion.com or at the parent company’s head office, Panuntie 11, 00620 Helsinki.

On June 30, 2013, the partial demerger of Building Systems business (the “demerger”) of YIT Corporation became effective. At this date, all of the assets and liabilities directly related to Building Systems business were transferred to Caverion Corporation, a new company established in the partial demerger.

The financial information presented in these consolidated financial statements 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 these consolidated financial statements reflects the financial performance of the entities that have historically formed the Building Services business within YIT Group. Accordingly, the consolidated statement of financial position as of December 31, 2013, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period July – December 2013 and the related key figures are based on actual figures as an independent group. The financial information for the periods before June 30, 2013 is based on carve-out financial information of Building and Services business of YIT Group.

These consolidated financial statements were authorised for issue by the Board of Directors on January 27, 2014 after which, in accordance with Finnish Company Law, the financial statements are either approved, amended or rejected in the Annual General Meeting.

The consolidated financial statements have been prepared in accordance with the basis of preparation and accounting policies set out below.

Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted 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 for carve-out financial information” below. The notes to the consolidated financial statements also comply with the requirements of Finnish accounting and corporate legislation complementing the IFRS regulation.

The figures in these consolidated financial statements are presented in million euros, unless stated otherwise. Rounding differences may occur.

Caverion Group’s consolidated financial statements for the year ended 2013 have been prepared under the historical cost convention, except for available-for-sale investments, financial assets and liabilities at fair value through profit and loss and derivative instruments at fair value. Equity-settled share-based payments are measured at fair value at the grant date.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed under “Critical accounting estimates and judgements” below.

New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013 and have an impact on the Group:

- IAS 19, ‘Employee benefits’ was revised and its impact on the Group’s accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See note 36 Changes in accounting policies for the impact on the financial statements.

- Amendment to IAS 1, ‘Financial statement presentation’ regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. As a result of the amendments to IAS 1 the Group has modified the presentation of items of OCI in its consolidated statement of comprehensive income.

- IFRS 13, ‘Fair value measurement’, aims to improve consistency in fair value measurement and provide new disclosure requirements when such measurements are required or permitted by other IFRSs. Standard incorporate the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the amendments the Group has expanded disclosures of fair values.

Basis of accounting for the carve-out financial information

The carve-out financial information of Caverion Group for the year ended December 31, 2012 and for the six month period ended June 30, 2013 has been prepared on a carve-out basis from YIT’s consolidated financial statements, which comply with IFRS as adopted by the EU, comprising the historical income and expenses, assets and liabilities and cash flows attributable to Building Services business. The carve-out financial information also includes allocations of income, expenses, assets, liabilities and cash-flows from the YIT parent company and Perusyhtymä Oy. Caverion Group’s carve-out financial information include all those legal entities that have historically formed YIT’s reportable segments Building Service Northern Europe and Building Service Central Europe and which were transferred to Caverion Corporation in the partial demerger.

The carve-out financial information may not be indicative of Caverion Group’s future performance and it does not necessarily reflect what its combined results of operations, financial position and cash flows would have been, had Caverion with its subsidiaries operated as an independent group and had it presented stand-alone financial statements during the periods presented.

The following summarises the main carve-out adjustments and allocations made in preparing the carve-out financial information. Management of Caverion considers that the allocations described below have been made on a reasonable basis, but are not necessarily indicative of the costs that would have been incurred if Caverion had been a stand-alone entity.

Intercompany transactions and related party transactions

Intercompany transactions and assets and liabilities between Caverion entities have been eliminated in the carve-out financial information. Transactions with other YIT Group companies remaining with YIT have been treated as related party transactions. All intercompany receivables and liabilities and related financial income and expenses of YIT parent company with the counterparty of Caverion entity have been allocated to the Caverion parent company. Acquisition costs relating to Caverion subsidiaries owned by YIT parent company have been allocated to Caverion parent company and the acquisition method has been used to eliminate the acquisition of subsidiaries.

Invested equity

The net assets of Caverion group are represented by capital invested in Caverion Group and shown as “invested equity”. Changes in net assets allocated to Caverion are presented separately in the statement of changes in invested equity through line “Equity transactions with YIT Group” and in the cash flow statements through line “Equity financing with YIT Group, net”, reflecting the internal financing between YIT Group and Caverion Group during the periods presented. The amount of invested equity is affected by the net assets allocated to the Caverion parent company. The net assets allocated to Caverion parent company consists mainly of investments in group companies, intercompany receivables and liabilities, financial liabilities, other receivables and liabilities and net cash and cash equivalents.

Cash management and financing

Cash management within YIT was centralised so that YIT managed Group's cash needs mainly through cash pool arrangement. In the demerger Caverion Corporation received the proportion of cash and cash equivalents of YIT Corporation that equals the portion of intra-group account liabilities allocated to Caverion compared to the entire intra-group account liabilities to all YIT Group's direct and indirect subsidiaries. The historical cash and cash equivalents were allocated to the carve-out financial information using the similar method. No related interest income was allocated.

The external debt financing and related interest expenses of the demerging YIT parent entity and Caverion entities that were directly attributable to the operations of Caverion, were included in the carve-out financial information. External derivative contracts entered by YIT were allocated to Caverion if those were directly connected with Caverion, such as interest rate swap related to the financing loan and the currency derivatives relating to the cash pool arrangement.

In addition refinancing relating to the partial demerger was arranged and finalised during June 2013. A credit facility with a Nordic bank group was transferred to Caverion Corporation upon the registration of the partial demerger. It includes an amortising long-term loan facility, a long-term revolving credit facility and a short-term bridge loan facility. In addition to the credit facility, amortising loans attributable to the operations of Caverion were transferred to Caverion Corporation in the demerger. The carve-out financial information for the periods prior to the consummation of the demerger has not been adjusted to reflect the effects of this reorganisation of financing. Thus, the carve-out financial information is not comparable to the amounts reflected in the consolidated financial statements after the consummation of the demerger.

Income tax

While Caverion was part of YIT Group, the legal entities within the Caverion Group had operated as separate taxpayers. For these entities the tax charges and the tax liabilities and receivables in the carve-out financial information are based on actual taxation. The taxes allocated to Caverion parent company from the demerging YIT parent company have been calculated as Caverion parent company had been a separate taxpayer. Therefore, the income tax for the period of Caverion parent company is the amount of tax payable or refundable based on the entity's hypothetical tax returns, and it is presented as current tax expense in the income statement. In the balance sheet these tax entries are presented as transactions through invested equity, because any payable or refundable taxes will not arise to Caverion parent company due to these hypothetical taxes. Deferred taxes on temporary differences are recognised where such temporary differences exist.

Pensions

Pensions and other post-employment benefit plans and their respective portion of the plan liabilities, plan assets, interest and service costs have either been included or allocated to Caverion Group from YIT group for the purpose of preparing the carve-out financial information.

Centrally provided services

YIT Group has historically recharged centrally provided services from its subsidiaries, such as financing, IT, HR and services related to the premises. Historically these recharged costs have been allocated to Caverion Group entities, and they are included in the carve-out financial information based on these historical recharges.

YIT parent company has also been responsible for the management and general administration of the YIT Group. The income and expenses of YIT parent company have been allocated to the Caverion parent company mainly based on the transferring employers and subsidiary allocations. The carve-out financial information includes also employee cost allocations relating to Caverion employees' participation in the YIT share-based compensation plan.

Leases

In the carve-out financial information the non-cancellable operating leases allocated to Caverion Group include lease agreements of Caverion subsidiaries with third parties and lease agreements for office facilities with YIT Group. The minimum lease payments of the non-cancellable lease agreements made with YIT Group presented in the carve-out financial information are equivalent with the minimum lease payments of the corresponding external lease agreements made by YIT Group.

Caverion Group's accounting principles

Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The total consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Caverion Group. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's assets.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Associated companies

The consolidated financial statements include associated companies in which the Group either holds 20%-50% of the voting rights or in which the Group otherwise has significant influence but not control. Investments in associated companies are accounted for using the equity method of accounting. Investments in associates are initially recorded at cost, and the carrying amount is increased or decreased to recognise the Caverion's share of the profit or loss of the associates after the date of the acquisition. The Group's investment in associates includes goodwill identified on acquisition. The Group determines at each reporting date whether there is any objective that the investment in the associate is impaired.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When Group's share of losses in an associate exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated in to the extent of the Group's interest in each associate.

Transactions with non-controlling interests

The Group accounts transactions with non-controlling interests that do not result in loss of control as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any remaining interest in the entity is re-measured to its fair value at the date when control is lost, with the change in the carrying amount recognised through profit and loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if realised and recognised in the income statement. If the interest is reduced but control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are booked to non-controlling interest in equity.

Foreign currency translation

Items included in the consolidated financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in euros, which is the Group's presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of transaction or valuation, where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "Finance income and expenses". All other foreign exchange gains and losses are presented in the income statement above operating profit. Non-monetary items are mainly measured at the exchange rates prevailing on the date of the transaction date.

Translation of the financial statements of foreign Group companies

The income statements of foreign Group companies are translated into euro using the average exchange rate for the reporting period. The balance sheets are translated at the closing rate at the date of that balance sheet. Translating the result for the period using different exchange rates in the income statement and balance sheet results in a translation difference, which is recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income. When a foreign subsidiary is disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Currency exchange rates used in the consolidated financial statements:

		Income statement January-December, 2013	**Income statement January-December, 2012**	**Statement of financial position December 31, 2013**	**Statement of financial position December 31, 2012**
1 EUR =	CZK	25.9904	25.146	27.427	25.151
	DKK	7.4579	7.4438	7.4593	7.4610
	MYR	4.1858	3.9687	4.5221	4.0347
	NOK	7.8075	7.4752	8.3630	7.3483
	PLN	4.1971	4.1843	4.1543	4.0740
	RUB	42.3362	39.9239	45.3246	40.3295
	SEK	8.6514	8.7061	8.8591	8.5920
	SGD	1.6610	1.6059	1.7414	1.611
	USD	1.3281	1.2854	1.3791	1.3194
	LVL	0.7015	0.6973	0.7028	0.6977
	LTL	3.4528	3.4528	3.4528	3.4528

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the cost over their estimated useful lives as follows.

Buildings	40 years
Office equipment and furniture	5 years
Computers and computer supplies	3-5 years
Other tangible assets	10-40 years

The residual values and useful lives of assets are reviewed at the end of each reporting period. If necessary, they are adjusted to reflect the changes in expected economic benefits. Capital gains or losses on the disposal of property, plant and equipment are included in other operating income or expenses.

Government grants

Government grants relating to property, plant and equipment are deducted in calculating the carrying amount of an asset. Grants are recognised in the income statement over the expected useful life of a depreciable asset as a reduced depreciation expense. Government grants relating to costs are recognised in the income statement over the periods in which the related costs are expensed.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets of the acquiree and the fair value of the non-controlling interest in the acquiree on the date of acquisition. The net identifiable assets include the assets acquired and the liabilities assumed as well as the contingent liabilities. The consideration tranferred is measured at fair value.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill is allocated to cash-generating units. Goodwill is measured at the original acquisition cost less impairment. Impairment is expensed immediately in the income statement and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity disposed of.

Other intangible assets

An intangible asset is initially recognised in the balance sheet at acquisition cost when the acquisition cost can be reliably determined and the economic benefits are expected to flow from the asset to the Group. Intangible assets with a known or estimated limited useful life are expensed in the income statement on a straight-line basis over their useful life.

Other intangible assets acquired in connection with business acquisitions are recognised separately from goodwill if they meet the definition of an asset: they are separable or are based on contractual or other legal rights. Intangible assets recognised in connection with business acquisitions include e.g. the value of customer agreements and associated customer relationships, prohibition of competition agreements, and the value of acquired technology and industry-related process competence. The value of customer agreements and associated customer relationships and industry-related process competence is determined using the cash flows estimated according to the durability and duration of the assumed customer relations.

Acquired computer software and licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over the estimated useful life. Computer maintenance costs are expensed as they are incurred.

Research expenditure is expensed in the income statement as incurred. Expenditure on the design of new or more advanced products is capitalised as intangible assets in the balance sheet as from the date when the product is technically feasible, can be utilised commercially and is expected to provide future financial benefits. Capitalised development expenditure is amortised over the useful life. Amortisation begins when the asset is available for use. Assets that are not yet available for use are tested annually for impairment. Development expenses from which no economic benefits are expected to flow to the Caverion Group are expensed in the income statement. To date, the Group's research and development expenditure has not met the criteria for capitalization.

The amortisation periods of other intangible assets are as follows:

Customer relations and contract bases	3–5 years
Unpatented technology	3–5 years
Computer software and other items	2–5 years
Prohibition of competition	2-3 years

Impairment of tangible and intangible assets

At each closing date, Group evaluates whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of said asset is estimated. In addition, the recoverable amount is assessed annually for each of the following assets regardless of whether there is any indication of impairment: goodwill, intangible assets with an indefinite useful life and intangible assets not yet available for use. The need for impairment is assessed at the level of cash-generating units.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the value in use. The value in use is determined based on the discounted future net cash flows estimated to be recoverable from the assets in question or cash-generating units. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of the asset is higher than its recoverable amount. The impairment loss is recognised immediately in the income statement and is initially allocated to the goodwill allocated to the cash-generating unit and thereafter to other assets pro rata on the basis of their carrying amounts. An impairment loss is reversed when the circumstances change and the amount recoverable from the asset has changed since the date when the impairment loss was recorded. However, impairment losses are not reversed beyond the carrying amount of the asset that would have been determined had no impairment loss been recognised in prior years. Impairment losses on goodwill are never reversed. The calculation of recoverable amounts requires the use of estimates. For more information on impairment testing, see note 14.

Inventories

Inventories are stated at the lower of cost and net realisable value. The acquisition cost of materials and supplies is determined using the weighted average cost formula. The acquisition cost of work in progress comprises the value of materials, direct costs of labour, other direct costs and a systematic allocation of the variable manufacturing overheads and fixed overhead. The net realisable value is the estimated selling price in an orderly transaction less the estimated cost of completion and the estimated cost to make the sale.

Leases

Group as lessee

Leases concerning assets in which the Caverion Group holds a significant portion of the risks and rewards of ownership are classified as financial leases. A financial lease is recognised in the balance sheet at the lease's commencement at the lower of the fair value of the leased asset and the present value of minimum lease payments. Assets acquired under financial leases are depreciated over the shorter of the useful life of the asset and the lease term. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to income statement over the lease period so as to procure a constant periodic rate of interest on the remaining balance of the liability for each period. The liabilities arising from financial leases are included in the financial liabilities.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are treated as operating leases. Payments made under operating leases (net of any incentives received) are expensed in the income statement on a straight-line basis over the period of the lease.

Employee benefits

Pension liabilities

The Caverion Group has several different pension schemes both defined benefit and defined contribution pension plans, in accordance with local regulations and practices in countries where it operates.

Contributions to defined contribution pension plans are recognised in the income statement in the financial period during which the charge is due. The Caverion Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The Group has defined benefit pension plans in Norway, Austria, Germany and Finland. Obligations connected with the Group's defined benefit plans are calculated annually by independent actuaries using the projected unit credit method. The discount rate used in calculating the present value of the pension obligation is the market rate of high-quality corporate bonds. The maturity of the bonds used to determine the reference rate substantially corresponds to the maturity of the related pension obligation. In defined benefit plans, the pension liability recognised on the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. Pension expenditure is expensed in the income statement, allocating the costs over the employment term of the employees. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the income statement.

Occupational pensions in Sweden have been insured under a pension scheme shared with numerous employers. It has not been possible to acquire sufficient information on these pension obligation for allocating the liabilities and assets by employers. Occupational pensions in Sweden have been treated on a defined contribution basis.

Share-based payments

The equity-settled share-based payments are valued based on the market price of Caverion share as of the grant date and are recognised as an employee benefit expense over the vesting period with corresponding entry in the equity. The liability resulting from the cash-settled share-based transactions is measured based on the market price of Caverion share as of the balance sheet date and accrued as an employee benefit expense with corresponding entry in the current liabilities until the settlement date. As of December 31, 2013 Caverion's only share-based incentive plan was the one that YIT had for its key personnel in years 2010-2012 and which was transferred to Caverion in the demerger, see note 23 for more information.

Termination benefits

Termination benefits are payable when employment is terminated by the Caverion Group before normal retirement. The Caverion Group recognises termination benefits when it is committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. In addition, benefits that the Caverion Group has offered in connection with terminations to encourage voluntary redundancy are expensed. Benefits falling due more than 12 months after the balance sheet date are discounted to present value. Other possible liabilities arising from the termination of employees in different jurisdictions are assessed at the closing date and recognised as an expense and liability.

Provisions

Provisions are recorded when the Group has a legal or constructive obligation on the basis of a past event, the realisation of the payment obligation is probable and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditure required to settle the obligation. If reimbursement for some or all of the obligations can be received from a third party, the reimbursement is recorded as a separate asset, but only when it is practically certain that said reimbursement will be received. Provisions are recognised for onerous contracts when the obligatory expenditure required to meet obligations exceeds the economic benefits expected to be received from the contract. The amount of the warranty provision is set on the basis of experience of the realisation of these commitments. Provisions for restructuring are recognised when the Caverion Group has made a detailed restructuring plan and initiated the implementation of the plan or has communicated about it. Provisions are not recognised for the continuing operations of the Caverion Group. A contingent liability is an obligation that has possibly arisen as a result of past events and whose existence is confirmed only when the uncertain event that is beyond the Caverion Group's control is realised. In addition, an existing obligation that probably does not require the fulfilment of debt or whose amount cannot be reliably assessed is considered a contingent liability. Contingent liabilities are presented in the notes.

Income taxes

Tax expenses in the income statement comprise current and deferred taxes. Taxes are recognised in the income statement except when they are associated with items recognised in other comprehensive income or directly in shareholders' equity. Current taxes are calculated on the taxable income on the basis of the tax rate stipulated for each country by the balance sheet date. Taxes are adjusted for the taxes of previous financial periods, if applicable. The management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The tax provisions recognised in such situations are based on evaluations by the management.

Deferred taxes are calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred taxes are calculated on goodwill impairment that is not deductible in taxation and no deferred taxes are recognised on the undistributed profits of subsidiaries to the extent that the difference is unlikely to be reverse in the foreseeable future. Deferred taxes have been calculated using the statutory tax rates or the tax rates substantively enacted by the balance sheet date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. The most significant temporary differences arise from differences between the recognised revenue from construction contracts using the percentage of completion method and taxable income, depreciation differences relating to property, plant and equipment, defined benefit pension plans, provisions deductible at a later date, measurement at fair value in connection with business combinations and unused tax losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Financial assets

Classification and measurement

The financial assets are classified at initial recognition into the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the basis of the purpose for which they have been acquired.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets or derivatives held for trading that do not meet the criteria for hedge accounting. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives and other financial assets at fair value through profit and loss are initially measured at fair value, and transaction costs are expensed in the income statement. Subsequent to initial recognition, they are measured at fair value. Assets in this category are classified as non-current assets (Receivables) if expected to be settled after and current assets (Trade and other receivables) if expected to be settled within 12 months.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the reporting period. These are classified as non-current. These assets are initially recognised at fair value, and transaction costs are expensed in the income statement. Subsequent to initial recognition, they are carried at amortised cost using the effective interest rate method less any impairment. The group’s loans and receivables comprise loans receivables, trade receivables, cash and cash equivalents and other receivables.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in 12 months or less, they are classified as current. If not, they are presented as non-current.

Cash and cash equivalents include cash in hand, bank deposits withdrawable on demand and liquid short-term investments with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These assets are initially recognised at fair value, plus any transaction costs. Subsequent to initial recognition, they are carried at fair value. They are non-current financial assets as Group intends not to dispose of them within the 12 months

Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade-date which is the date on which the Caverion Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the Caverion Group has transferred substantially all risk and rewards of ownership.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within finance income and expenses in the period in which they arise. Interest income from loans and receivables are presented in the income statement within finance income in the period in which they arise. Dividend income from financial assets is recognised in the income statement as part of financial income when the Caverion Group’s right to receive payments is established.

Changes in the fair value of available for sale investments are recognised in other comprehensive income and are presented in the fair value reserves under shareholders' equity, net of tax. When investments are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement within financial income or expenses.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised costs

The Caverion Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (“a loss event”). That loss event must impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired includes: default or delinquency in interest or principal payments, significant financial difficulty, restructuring of an amount due to the Caverion Group, indications that a debtor will enter bankruptcy or other financial reorganisation, observable data indicating that there is measurable decrease in expected cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement within other operating expenses and reflected in an allowance account. The Caverion Group considers evidence of impairment at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

According to the Group’s policy for trade receivables, a loss of 50% is recognized in from all unsecured and doubtful receivables that are overdue more than 180 days and loss of 100% when receivables are overdue more than 360 days. Due to the application of the percentage of completion method, part of a reliably estimated impairment losses are included in the cost estimate of the project and considered as weakened margin forecast. Therefore impairment losses of trade receivables in onerous projects are included in the loss reserve.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement.

Assets classified as available for sale

For investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on investments are not reversed through the income statement.

Financial liabilities

Borrowings are recorded on the settlement date and initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost and any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Other borrowing costs are expensed in the period during which they are incurred. Fees paid on the establishment of loan facilities are recognised as expenses over the period of the facility to which it relates. Borrowings are derecognised when its contractual obligations are discharged or cancelled, or expire.

Borrowings are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current.

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date the Caverion Group becomes party to an agreement and are subsequently re-measured at their fair value. Directly attributable transaction costs are recognised in the income statement. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Gains and losses on derivative contracts that are not hedge accounted are recognised in the income statement within financial income and expense in the period in which they arise. Derivatives are classified as non-current liabilities when their contractual maturity is more than 12 months (Other liabilities) and current liabilities when maturity is less than 12 months (Trade and other payables).

The Caverion Group applies hedge accounting to hedge the benchmark rate of floating rate loans. The Caverion Group documents at inception of the transaction the relationship between the hedged item and the hedging instruments and assesses both at hedge inception and on an ongoing basis, of whether the derivatives are highly effective in offsetting changes in cash flows of hedged items. The effectiveness is assessed at each balance sheet date at minimum. The effective portion of changes in the fair value of derivative instruments, that qualify for cash flow hedges is recognised in other comprehensive income and accumulate in the fair value reserve, net of tax. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within financial income and expenses. Gains and losses accumulated in shareholders' equity are reclassified to income statement within financial income or expenses in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria of hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction occurs. Nevertheless, if the hedged forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within financial income or expense.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Revenue recognition

Income from the sale of products and services is recognised as revenue at fair value net of indirect taxes and discounts.

Goods and services sold

Group provides building services as well as industrial services and maintenance. Revenue from sales of goods is recorded when the significant risks and rewards and control associated with the ownership of the goods have been transferred to the buyer. Revenue for sales of short-term services is recognised in the accounting period in which the services are rendered.

Long-term contracts

Long-term service contracts and building service projects are recognised as revenue on the stage of completion basis when the outcome of the project can be estimated reliably. The stage of completion of long-term service contracts is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for the contract. Costs in excess of the stage of completion are capitalised as work in progress. Invoicing which exceeds the revenue recognised on the stage of completion basis is recognised in advances received from long-term projects. Invoicing which is less than the revenue recognised on the percentage of completion basis is deferred and presented as related accrued income. Advances received are deducted from the accrued income on the percentage of completion basis.

When it is probable that the total costs required to complete a contract will exceed the total revenue from the project, the expected loss is recognised as an expense immediately in all circumstances. Revenue recognition on the stage of completion basis for the long-term service agreements is based on estimates. If the estimates of the outcome of a contract change, the revenue and profits recognised are adjusted in the reporting period when the change first becomes known and can be estimated. In long-term contracts, the Group applies a procedure and policy in reporting which ensures that projects are estimated reliably. The duration of the long-term contracts vary by country approximately from one month to two years.

The Group can also carry out a pre agreed single project or a long-term service agreement through a construction consortium. The construction consortium is not a separate legal entity. The participating companies usually have a joint responsibility. Projects and long-term service agreements performed by the consortium are included in the reporting of the group company concerned and are recognised as revenue on the stage of completion basis according to the group company's participation portion in the consortium.

Interest and dividends

Interest income is recognised using the effective interest method and dividend income when the right to receive payment is established.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and exercise judgement in the application of the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated impairment of goodwill

Goodwill is tested for any impairment annually in accordance with the accounting policy stated in note 14. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The cash flows in the value-in-use calculations are based on the management's best estimate of market development for the subsequent years. The discount rate may be increased with a branch specific risk factor.

The recoverable amounts have been assessed in relation to different time periods and the sensitivity has been analysed for the changes of the discount rate, profitability and in the increase of the residual value. In 2013, the goodwill testing did not result any impairment losses. In 2012, the goodwill testing resulted in an impairment loss of EUR 0.9 million regarding the goodwill in Poland. Otherwise, in 2013 these analyses and estimations have not given an indication for impairment, The recoverable amounts exceeded only slightly the tested carrying values in Poland and Czech As at December 31, 2013 and 2012 the goodwill of Caverion Group amounted to EUR 335.7 million and EUR 335.7 million, respectively.

Recognition of revenue from long-term projects on the stage of completion basis

Due to estimates included in the revenue recognition of long-term service contract and building service projects, revenue and profit presented by financial period only rarely correspond to the equal distribution of the total profit over the duration of the project. When revenue recognition from long-term projects is based on the percentage of completion method, the outcome of the projects is regularly and reliably estimated. Calculation of the total income of projects involves estimates on the total costs required to complete the project as well as on the development of billable work. If the estimates regarding the outcome of a contract change, the revenue and profits recognised are adjusted in the reporting period when the change first becomes known and can be estimated. If it is probable that the total costs required to complete a contract will exceed the total contract revenue, the expected loss is recognised as an expense immediately. For the years ended 31 December 2013, and 2012 the revenue from long-term service contract and building service projects amounted to EUR 1.780,6 million and EUR 2,006,4 million, respectively and they were 70% and 72% of the Caverion Group total revenue (Note 4).

Income taxes

The Group is subject to income taxes in several countries. Evaluating the total amount of income taxes at the Group level requires significant judgement, so the amount of total tax includes uncertainty. As at December 31, 2013 and 2012 the deferred taxes net liability amounted to EUR 58.6 million and EUR 63.2 million.

Provisions

The recognition of provisions involves estimates concerning probability and quantity. Provisions are recognised for onerous contracts when the unavoidable costs required to meet obligations exceeds the benefits expected to be received under the contract. The amount of the warranty provision is set on the basis of experience of the realisation of these commitments. As at December 31, 2013 and 2012 the provisions amounted to EUR 25.8 million and EUR 30.2 million.

Pension benefits

The present value of pension obligations depends on various factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Changes in the assumptions rate have an effect on the carrying amount of pension obligation. The discount rate used is the market rate of high-quality corporate bonds or the interest rate of treasury notes for the currency in which the benefits will be realised. The maturity of the instruments used to determine the reference rate used corresponds substantially to the maturity of the related pension obligation. Other assumptions are based on actuarial statistics and prevailing market conditions. As at December 31, 2013 and 2012 the pension liabilities amounted to EUR 51.1 million and EUR 51.8 million.

Trade receivables

The Group recognises an impairment loss on receivables when there is objective evidence that payment is not expected to occur. Caverion Group follows the measurement principle of trade receivables in business units when recognising an impairment loss. Recognised impairment loss includes estimates and critical judgements. The estimates are based on historical credit losses, past practice of credit management, client specific analysis and economic conditions at the assessment date. As at December 31, 2013 and 2012 trade receivables amounted to EUR 378.5 million and EUR 444.8 million.

Carve-out adjustments

Carve-out financial statements include the allocations of income, expense, assets, liabilities and cash flows that are described in note 1, which are based on management's judgment, assumptions and estimates. The areas in the carve-out adjustments that involve higher degree of judgment, assumptions and estimates in these carve-out financial statements are related to financial liabilities and interests, group administration costs, taxes and invested equity.

Evaluation of the future impact of new standards and interpretations

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. Of these the following are expected to have an effect on the consolidated financial statements of the Group:

- <u>IFRS 10 Consolidated financial statements and IAS 27 (revised 2011) Separate financial statements.</u> IFRS 10 defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. IAS 27 (revised 2011) includes provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.The Group will adopt the standards in its 2014 financial statements. The Group management is assessing the impact of the standards on the financial statements of the Group.

- <u>IFRS 11 Joint arrangements and IAS 28 (revised 2011) Investments in associates and joint ventures:</u> IFRS 11 include guidelines on how to consolidate joint arrangements. The treatment is focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.The Group will adopt the standards in its 2014 financial statements. The Group management is assessing the impact of the standards on the financial statements of the Group.

- <u>IFRS 12 Disclosures of interests in other entities:</u> The standard includes the disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group will adopt the standard in its 2014 financial statements. The Group management is assessing the impact of the standard on the financial statements of the Group.

- <u>Amendment to IFRSs 10, 11 and 12 on transition guidance.</u> These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Group will adopt the standard in its 2014 financial statements.

- Amendment to IAS 32 Financial instruments, Presentation - asset and liability offsetting: These amendments are to the application guidance in IAS 32, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group will adopt the standard in its 2014 financial statements.

- IFRS 9: Financial instruments: IFRS 9 is to replace IAS 39. Currently IFRS 9 contains new requirements for the classification and measurement of financial assets and liabilities. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for) financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The new guidance for hedge accounting aligns hedge accounting more closely with risk management. Also IFRS 9 relaxes the requirements for hedge effectiveness and change what qualifies as a hedged item. IFRS 9 allows hedge accounting for example for risk components of commodities, aggregated exposures, groups of items when hedging foreign currency and equity investments. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard has not yet been endorsed by EU. The Group management is assessing the impact of the standard on the financial statements of the Group.

- Annual improvements 2010-2012 and annual improvements 2011-2013: Small and less important improvements to different standards in the 2010-2012 and 2011-2013 reporting cycles. The impacts of the improvements vary by standard. The amendments have not yet been endorsed by EU.

2. SEGMENT INFORMATION

Caverion’s business and reportable segments are Building Services Northern Europe and Building Services Central Europe.

Caverion's reportable segments are based on the internal reports regularly reviewed by the Management Board of Caverion. The Management Board is the chief operating decision-maker, which reviews the Group's internal reporting in order to assess performance and allocate resources to the segments.

Segments' operating activities are organised as follows:

Building Services Northern Europe

- Servicing, repairs, renovation and modernisation works required in homes and in properties.
- Servicing and maintenance of the HEPAC, electrical and automation systems and individual contracted maintenance and servicing works.
- Maintenance of industrial plants, industrial processes, installations and repairing services. Industrial investments in electrical, automation and ventilation systems, piping and tanks.

Building Services Central Europe

- Servicing, repairs, renovation and modernisation works required in homes and in properties.
- Servicing and maintenance of the HEPAC, electrical and automation systems and individual contracted maintenance and servicing works.
- Maintenance of industrial plants, industrial processes, installations and repairing services. Industrial investments in electrical, automation and ventilation systems, piping and tanks.

Group services and other items

Other items include Group internal services and Group level unallocated costs.

Accounting principles in segment reporting

Building Services Northern Europe and Building Services Central Europe segments' reporting is based on and corresponds to the accounting principles described in these consolidated financial statements.

The segments’ operative invested capital and return on operative invested capital (%) are monitored and reported regularly on the segment level.

Operative invested capital is determined as follows:

+ Tangible and intangible assets
+ Goodwill
+ Investments in associates
+ Inventories
+ Trade receivables and other interest-free receivables (excl. items related to taxes, interests and distribution of assets)
= Segment’s assets

- Provisions
- Trade payables
- Advances received
- Other interest-free liabilities (excl. items related to taxes. interests and distribution of assets)
= Segment’s liabilities

Segment's assets - Segment's liabilities = Operative invested capital

Return on operative invested capital, % = $\frac{\text{Segment's operating profit}}{\text{Operative invested capital on average}}$ *100

Operating segments 2013

EUR million	Building Services Northern Europe	Building Services Central Europe	Group services and other items	Items allocated to segments, total
Segments' revenue	1,922.7	621.3		2,544.0
Group internal	-0.2	-0.2		-0.4
Revenue from external customers	**1,922.5**	**621.1**	**0.0**	**2,543.6**
Share of profit from associates	0.0			0.0
EBITDA	**52.3**	**23.6**	**-5.0**	**70.9**
Depreciation, amortisation and impairment	-15.9	-4.8	-0.8	-21.5
Operating profit	**36.4**	**18.8**	**-5.8**	**49.4**
Segments' assets	**786.5**	**335.2**	**12.2**	**1,133.9**
Total assets include:				
Investments	10.0	5.7	12.1	27.8
Investments in associates	0.1			0.1
Segments' liabilities	**503.0**	**234.6**	**-3.9**	**733.7**
Segment's operative invested capital	283.5	100.6		
Return on operative invested capital (last 12 months) % =	11.6	19.1		

Operating segments 2012

EUR million	Building Services Northern Europe	Building Services Central Europe	Group services and other items	Items allocated to segments, total
Segments' revenue	2,089.2	714.2		2,803.4
Group internal	0.0	-0.2		-0.2
Revenue from external customers	**2,089.2**	**714.0**	**0.0**	**2,803.2**
Share of profit from associates	0.0			0.0
EBITDA	**59.5**	**33.2**	**-7.4**	**85.3**
Depreciation, amortisation and impairment	-18.3	-5.8		-24.2
Operating profit	**41.1**	**27.4**	**-7.4**	**61.1**
Segments' assets	**880.1**	**344.8**	**0.6**	**1,225.5**
Total assets include:				
Investments	12.0	4.1		16.2
Investments in associates	0.1			0.1
Segments' liabilities	**535.3**	**248.2**	**0.4**	**783.9**
Segment's operative invested capital	344.8	96.6		
Return on operative invested capital (last 12 months) % =	11.0	32.5		

Segment information reconciliation

EUR million	Group 2013	Group 2012
Reconciliation of net profit for the financial year		
Operating profit	49.4	61.1
Unallocated items:		
Financial income and expenses	-6.6	-3.6
Profit before taxes	42.8	57.5
Taxes	-7.3	-16.7
Non-controlling interests	0.0	-0.1
Net profit for the financial year	**35.5**	**40.7**
Assets		
Assets allocated to segments	1,133.9	1,225.5
Unallocated items:		
Cash and cash equivalents	133.3	100.8
Available for sale assets	2.0	2.5
Tax related items	5.0	10.2
Assets total	**1,274.3**	**1,339.0**
Liabilities		
Liabilities allocated to segments	733.7	783.9
Unallocated items:		
Interest-bearing liabilities	219.8	91.0
Tax related items	69.4	76.0
Periodisations of financial items	1.2	0.7
Liabilities total	**1,024.1**	**951.5**

Geographical information

In geographical segments revenues are presented by location of customers and assets are presented by location of assets.

EUR million	2013 Revenue from external customers	2013 Non-current assets	2012 Revenue from external customers	2012 Non-current assets
Sweden	702.5	55.9	723.8	58.4
Finland	518.6	131.7	585.8	120.8
Norway	497.5	91.3	564.6	94.7
Germany	436.2	98.6	521.1	97.6
Austria	147.2	20.0	157.5	20.0
Denmark	131.7	10.4	142.8	10.6
Other Central Europe	25.6	3.5	32.3	3.6
Russia	31.5	0.2	32.0	0.3
Baltic countries	24.9	0.3	25.5	0.2
Other Europe	5.8		2.0	
Other countries	22.1	0.1	15.9	0.1
Group total	**2,543.6**	**412.1**	**2,803.2**	**406.5**

3. ACQUISITIONS AND DISPOSALS

Financial year 2013

Caverion did not carry out any acquisitions or disposals during the financial year 2013.

Financial year 2012

In Sweden, Building Services Northern European segment acquired the share capital of Elektriska Installationer i Finspång AB. a company specialising in electricity, telecommunications, data, alarm and low voltage installations, and its sister company Kraftmontage i Finspång AB. specialising in electrical installations in February 2012. In Norway, the share capital of electrical installations specialist Madla Elektro AS was acquired in March 2012. In Sweden, the security business operations of Level5 security was acquired in April 2012 and the share capital of electrical installations company Dala Elmontage Lindkvist & Bodin Ab was acquired in May 2012.

During the first half of the year 2012, two acquisitions were made in the Building Services Central Europe segment. In Austria, the Group acquired the share capital of P&P Kältenangebau GmbH. a cooling solutions and service provider, and the share capital of WM Haustechnik GmbH. an HVAC solution provider.

The total acquisition price amounted to EUR 9.5 million. The acquisitions did not result in goodwill.

Composition of acquired net assets and goodwill

EUR million	2012
Consideration	
Cash	8.5
Contingent consideration	1.1
Total consideration	**9.5**
Acquisition-related costs	
(recognised as expenses)	0.2

Recognised amounts of identifiable assets acquired and liabilities assumed

EUR million	2012
Cash and cash equivalents	1.1
Property, plant and equipment	0.5
Customer base	1.6
Order backlog	4.5
Other intangible assets	12.9
Inventories	0.9
Trade and other receivables	6.6
Deferred tax liabilities, net	-2.0
Trade and other liabilities	-16.6
Total identifiable net assets	**9.5**
Non-controlling interest	
Goodwill	
Total	**9.5**
Revenue included in the income statement for the period	17.4
Profit for the period included in the income statement for the period	0.2
Revenue had the consolidation taken place from the beginning of the financial year	19.0
Profit for the period had the consolidation taken place from the beginning of the financial year	0.4

4. LONG-TERM CONTRACTS

EUR million	2013	2012
Revenue recognised as revenue in the period from long-term service contracts and building service projects	1,780.6	2,006.4
Contract costs incurred and recognised profits less recognised losses to date for work in progress	2,124.9	2,366.8
Accrued income from long-term service contracts and projects	261.9	279.4
Advances received	46.3	75.4

For long-term service contracts and building service projects the costs incurred plus recognised profits, which are higher than the invoiced amount, are shown in the statement of financial position under "Trade and other receivables". Advances received and difference that arises if the costs incurred and recognised profits are lower than the invoiced amount is included in "Accounts payable and other liabilities".

5. OTHER OPERATING INCOME

EUR million	2013	2012
Gains on the sale of tangible and intangible assets	0.5	2.5
Rental income	0.4	0.2
Business combinations		4.0
Personnel-related allowances		2.4
Other income	2.3	3.2
Total	**3.2**	**12.3**

6. OTHER OPERATING EXPENSES

EUR million	2013	2012
Losses on the sale of tangible and intangible assets	0.0	0.0
Expenses for leased office facilities	37.8	41.3
Other expenses for leases	53.8	57.9
Voluntary indirect personnel expenses	16.0	17.2
Other variable expenses for work in progress	59.3	70.1
Travel expenses	48.9	50.6
IT expenses	37.2	42.0
Premises expenses	10.2	9.1
Other fixed expenses [1)]	45.1	45.6
Total	**308.1**	**333.9**

[1)] Other fixed expenses include administrative, marketing and other fixed costs.

The Group's research and development expenses amounted to EUR 12.7 (14.0) million in 2013.

Audit fee

EUR million	2013	2012
PricewaterhouseCoopers		
Audit fee	0.5	0.6
Statement	0.0	0.0
Tax services	0.2	0.3
Other services	0.5	0.2
Total	**1.2**	**1.1**

7. DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR million	2013	2012
Depreciation and amortisation by asset category		
Intangible assets		
Allocations	10.2	13.5
Other intangible assets	3.0	0.7
Tangible assets		
Buildings and structures	0.5	0.6
Machinery and equipment	4.8	5.5
Machinery and equipment, finance lease	0.6	0.4
Other tangible assets	2.4	2.5
Total	**21.5**	**23.3**
Impairment		
Goodwill		0.9
Depreciation, amortisation and impairment total	**21.5**	**24.2**

8. EMPLOYEE BENEFIT EXPENSES

EUR million	2013	2012 Restated
Wages and salaries	827.6	874.4
Pension costs, defined contribution plan	61.8	73.5
Pension costs, defined benefit plan	4.5	5.6
Other post-employment benefits	0.6	0.7
Share-based compensations	0.6	1.7
Other indirect employee costs	167.7	171.5
Total	**1,062.8**	**1,127.4**

Average number of personnel by business segment		
Building Services Northern Europe	14,674	15,588
Building Services Central Europe	3,313	3,462
Corporate services	85	83
Total	**18,071**	**19,132**

Information on the management's salaries and fees and other employee benefits are presented in note 34. Related party transactions.

9. FINANCIAL INCOME AND EXPENSES

EUR million	2013	2012
Financial income		
Dividend income on available for sale investments	0.1	0.0
Interest income on loans and other receivables	1.7	1.1
Realised gains on available for sale investments	0.2	0.5
Other financial income on loans and other receivables	0.1	0.2
Total financial income	**2.0**	**1.9**
Financial expenses		
Interest expenses on liabilities at amortised cost [1)]	-5.2	-4.6
Other financial expenses on liabilities at amortised cost	-2.2	-0.5
Interest expenses on finance leases	-0.1	0.0
Total financial expenses	**-7.4**	**-5.2**
Exchange rate gains	6.2	1.0
Exchange rate losses	-7.5	-1.3
Exchange rate differences, net	**-1.2**	**-0.3**
Financial expenses, net	**-6.6**	**-3.6**

[1)] Interest expenses on liabilities at amortised cost include EUR 0.0 (0.2) million interest expenses on derivatives with hedge accounting applied for.

Net financing expenses in 2013 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–December would have amounted to approximately EUR 8.4 million

10. INCOME TAXES

Income taxes in the income statement

EUR million	2013	2012
Tax expense for current year	9.9	9.8
Tax expense for previous years	0.7	-0.8
Change in deferred tax assets and liabilities	-3.3	7.7
Total income taxes	**7.3**	**16.7**

The reconciliation between income taxes in the consolidated income statement and income taxes at the statutory tax rate in Finland 24.5% is as follows:

EUR million	2013	2012
Profit before taxes	**42.8**	**57.5**
Income taxes at the tax rate in Finland (24,5%)	10.5	14.1
Effect of different tax rates outside Finland	0.5	2.4
Tax exempt income and non-deductible expenses	0.8	-1.1
Net results of associated companies	0.0	0.0
Impact of the changes in the tax rates on deferred taxes [1)]	-4.7	-1.1
Impact of losses for which deferred tax asset is recognised		-0.3
Impact of losses for which deferred taxes is not recognised	0.5	1.3
Reassessment of deferred taxes	-1.0	2.2
Taxes for previous years	0.7	-0.8
Income taxes in the income statement	**7.3**	**16.7**

[1)] The effect of the change of tax rate in Finland from 24.5% to 20.0%, in Denmark from 25.0% to 24.5% and in Norway from 28.0% to 27.0% in 2014 and in Sweden from 26.3% to 22.0% in 2013.

11. EARNINGS PER SHARE

The earnings per share figure is calculated by dividing the net income attributable to the owners of the parent company by the weighted average number of shares outstanding during the year.

	2013	2012
Profit attributable to the owners of the parent company, EUR million	35.5	40.7
Weighted average number of shares, million	125.6	125.6
Earnings per share, basic, EUR	0.28	0.32
Earnings per share, diluted, EUR	0.28	0.32

Earnings per share for the financial year 2012 has been computed using the number of shares issued at the partial demerger.

Diluted earnings per share is calculated by adjusting number of shares to assume conversion of all diluting potential shares. There were no diluting effects in 2013 and 2012.

12. PROPERTY, PLANT AND EQUIPMENT

2013

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets 1)	Advance payments	Total
Historical cost at January 1, 2013	1.6	17.9	70.6	17.2	0.5	107.8
Translation differences	0.0	0.0	-2.9	-0.9		-3.9
Increases		0.2	5.4	0.9	0.7	7.2
Decreases	-0.3	-1.2	-2.0	-0.4	-0.5	-4.4
Historical cost at December 31, 2013	**1.3**	**16.8**	**71.0**	**16.8**	**0.7**	**106.7**
Accumulated depreciation and impairment at January 1, 2013		-11.1	-56.9	-8.0		-76.0
Translation differences		0.0	2.5	0.4		2.9
Depreciation		-0.5	-5.4	-2.4		-8.3
Accumulated depreciation of decreases		0.3	2.0	0.4		2.7
Accumulated depreciation and impairment at December 31, 2013		**-11.3**	**-57.8**	**-9.6**		**-78.7**
Carrying value January 1, 2013	1.6	6.8	13.7	9.2	0.5	31.8
Carrying value December 31, 2013	1.3	5.5	13.2	7.2	0.7	27.9

2012

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets [1]	Advance payments	Total
Historical cost at January 1, 2012	1.7	20.0	67.1	15.9	0.4	105.1
Translation differences		-0.3	1.6	0.2		1.5
Increases		0.1	4.7	1.7	0.2	6.7
Acquisitions			0.5			0.5
Decreases	-0.1	-1.9	-3.3	-0.6	-0.1	-6.0
Historical cost at December 31, 2012	**1.6**	**17.9**	**70.6**	**17.2**	**0.5**	**107.8**
Accumulated depreciation and impairment at January 1, 2012		-11.7	-52.8	-5.9		-70.4
Translation differences		0.2	-1.2	-0.1		-1.1
Depreciation		-0.6	-5.9	-2.5		-9.0
Accumulated depreciation of decreases		1.0	3.0	0.5		4.5
Accumulated depreciation and impairment at December 31, 2012		**-11.1**	**-56.9**	**-8.0**		**-76.0**
Carrying value January 1, 2012	1.7	8.3	14.3	10.0	0.4	34.7
Carrying value December 31, 2012	1.6	6.8	13.7	9.2	0.5	31.8

[1] Other tangible assets include, among other things, leasehold improvement costs.

Finance lease assets

Tangible assets include assets leased by finance lease agreements as follows:

Machinery and equipment

EUR million	2013	2012
Historical cost at January 1	8.0	6.9
Translation differences	-0.7	0.2
Increases	1.6	0.9
Decreases		0.0
Accumulated depreciation	-7.1	-7.1
Carrying value December 31	**1.8**	**0.9**

No impairment losses have been recognised during the financial years 2013 and 2012. The government grant received is not material. The received government grants have been deducted from the carrying value.

13. INTANGIBLE ASSETS

2013

EUR million	Goodwill	Allocations from business combinations	Other intangible assets [1]	Total other intangible assets
Historical cost at January 1, 2013	336.6	81.7	13.7	95.4
Increases		2.9	22.2	25.1
Decreases		-1.8	-0.3	-2.1
Translation differences		-4.5	-0.7	-5.2
Historical cost at December 31, 2013	**336.6**	**78.3**	**34.9**	**113.2**
Accumulated amortisation at January 1, 2013	-0.9	-45.3	-11.1	-56.4
Amortisation		-10.2	-3.0	-13.2
Translation differences		2.6	0.3	2.9
Accumulated amortisation of decreases		1.8	0.2	2.0
Accumulated amortisation at December 31, 2013	**-0.9**	**-51.1**	**-13.7**	**-64.8**
Carrying value January 1, 2013	335.7	36.4	2.5	39.0
Carrying value December 31, 2013	335.7	27.2	21.2	48.4

2012

EUR million	Goodwill	Allocations from business combinations	Other intangible assets [1]	Total other intangible assets
Historical cost at January 1, 2012	336.6	57.1	17.6	74.7
Increases			0.9	0.9
Acquisitions		19.0		19.0
Decreases			-1.7	-1.7
Translation differences		5.6	-3.1	2.5
Historical cost at December 31, 2012	**336.6**	**81.7**	**13.7**	**95.4**
Accumulated amortisation at January 1, 2012		-26.9	-15.0	-41.9
Amortisation	-0.9	-13.5	-0.7	-14.2
Translation differences		-5.4	2.5	-2.9
Accumulated amortisation of decreases		0.5	2.1	2.6
Accumulated amortisation at December 31, 2012	**-0.9**	**-45.3**	**-11.1**	**-56.4**
Carrying value January 1, 2012	336.6	30.2	2.5	32.8
Carrying value December 31, 2012	335.7	36.4	2.5	39.0

[1] Other intangible assets include e.g. computer software and licenses.

Allocations from business combinations:

EUR million	2013	2012
Customer relations and contract bases	24.4	31.1
Unpatented technology	0.0	0.2
Order backlog	2.7	4.5
Prohibition of competition clause	0.0	0.6
Total	**27.2**	**36.4**

14. GOODWILL

Goodwill is allocated to the business segments and to the cash generating units (CGU) as follows:

EUR million	2013	2012
Building Services Northern Europe		
Finland	68.9	68.9
Sweden	41.8	41.8
Norway	69.7	69.7
Denmark	7.6	7.6
Industrial services	41.8	41.8
Total Building Services Northern Europe	**229.7**	**229.7**
Building Services Central Europe		
Germany	86.0	86.0
Austria	16.5	16.5
Poland	2.4	2.4
Czech	1.1	1.1
Total Building Services Central Europe	**106.0**	**106.0**
Total goodwill	**335.7**	**335.7**

The recoverable amount of all cash generating units (CGU) is based on the value in use calculations. The value in use cash flows are based on the set out budget for next year and set out strategy of next two years. A growth rate for the terminal value of 2 per cent has been used in the impairment testing in 2013 and 2012. Caverion's management considers that the 2 per cent better reflects the rate of expected long-term inflation. The estimated business volumes are based on the current Group structure. The estimates include e.g. the business potential in building service and maintenance sector in all Group countries. The estimates rest on the former experience and trends in these markets. Forecast of several research institutes related to growth, demand and price trends have also been utilised when preparing the estimates.

The discount factor employed is the calculated pre-tax WACC (Weighted Average Cost of Capital) for Caverion Group, which has been adjusted with the tax rates of the cash generating units. The pre-tax discount factor of 9.9 – 11.8 (2012: 10.2 - 10.9) per cent was used in testing of Building Services Northern Europe and 9.5 –- 11.0 (2012: 9.9 – 11.1) per cent in testing of Building Services Central Europe in 2013.

The goodwill test results are evaluated by comparing the recoverable amount (E) with the carrying amount of the CGU (T), as follows:

	Ratio			Result
E		<	T	Impairment
E	0 - 20%	>	T	Slightly above
E	20 - 50%	>	T	Clearly above
E	50% -	>	T	Substantially above

As a result of impairment testing in 2013, the recoverable amount (E) exceeded substantially the carrying value (T) in all CGUs except in Poland and Czech. The recoverable amount (E) exceeded only slightly the carrying value (T) in Poland and Czech, thus no impairment loss was recognised in 2013. As a result of impairment testing in 2012, a write-down of

EUR 0.9 million was made to the goodwill of Poland.

The sensitivity analysis for the recoverable cash flows has been made assessing the impact of changes in e.g. discount rate, profitability and terminal value. Even remarkable negative change in these factors would not lead to impairment losses of tested assets, except in Poland and Czech.

The sensitivity analysis for Poland and Czech indicate that goodwill of Poland EUR 2.4 million and Czech EUR 1.1 million are most sensitive to WACC of Poland 9.50% and Czech 9.56% parametre changes.

15. INVESTMENTS IN ASSOCIATED COMPANIES

EUR million	2013	2012
Historical costs on January 1	0.1	0.1
Share of the profit	0.0	0.0
Historical costs on December 31	**0.1**	**0.1**

The carrying amounts of the shares in associated companies do not include goodwill.

Group's associated companies and their assets, liabilities, revenue and profit/loss

EUR million	Company	Domicile	Assets	Liabilities	Revenue	Profit/loss	Ownership
2013	Arandur Oy	Vantaa	4.5	4.1	5.5	0.0	33.00%
2012	Arandur Oy	Vantaa	4.0	3.7	5.4	0.0	33.00%

16. AVAILABLE FOR SALE INVESTMENTS

EUR million	2013	2012
Carrying value January 1	2.5	2.9
Increases		
Decreases	-0.1	
Changes in fair values	-0.3	-0.4
Carrying value December 31	**2.0**	**2.5**

Available for sale investments consist of as follows:

Quoted shares	0.6	0.6
Unquoted shares	1.4	1.9
Total	**2.0**	**2.5**

17. NON-CURRENT RECEIVABLES

EUR million	2013 Carrying value	2013 Fair value	2012 Carrying value	2012 Fair value
Other receivables [1)]	2.3	2.3	5.3	5.3

[1)] Other receivables include defined benefit plan pension assets EUR 2.1 (1.7) million.

Reconciliation to note 29:

EUR million	2013	2012
Other receivables	2.3	5.3
Defined benefit pension asset	-2.1	-1.7
Difference	0.2	3.6

Non-current receivables do not include receivables from related parties.

18. DEFERRED TAX ASSETS AND LIABILITIES

EUR million	2013	2012 Restated
Deferred tax asset	3.5	5.5
Deferred tax liability	-62.1	-68.7
Deferred tax liability, net	**-58.6**	**-63.2**
Changes in deferred tax assets and liabilities:		
Deferred tax liability, net January 1	-63.2	-46.6
Translation difference	2.5	-1.7
Changes recognised in income statement	3.3	-7.7
Changes recognised in comprehensive income	1.6	-5.4
Acquisitions and allocations	-2.7	-2.0
Deferred tax liability, net December 31	**-58.6**	**-63.2**

Changes in deferred tax assets and liabilities before the offset

2013

EUR million	January 1	Translation difference	Recognised in the income statement	Recognised in comprehensive income	Acquisitions and allocations	December 31
Deferred tax assets:						
Provisions	5.2	-0.2	-0.4			4.6
Tax losses carried forward	7.0		1.1			8.1
Pension obligations	8.1	-0.7	0.2	1.6		9.2
Other items	3.3	-0.1	-1.5	0.1		1.8
Total deferred tax assets	**23.6**	**-1.0**	**-0.6**	**1.7**		**23.7**
Deferred tax liabilities:						
Allocation of intangible assets [1)]	46.9	-2.5	-6.0		2.7	41.1
Accumulated depreciation differences	7.5	-0.2	-1.0			6.3
Pension obligations	0.4		-0.1	0.1		0.4
Percentage of completion method	29.9	-0.6	2.4			31.7
Inventories	1.5		0.6			2.1
Available-for-sale investments	0.0	-0.1	0.1			0.0
Other items	0.7	-0.1	0.1			0.7
Total deferred tax liabilities	**86.9**	**-3.5**	**-3.9**	**0.1**	**2.7**	**82.3**

2012 (Restated)

EUR million	January 1	Translation difference	Recognised in the income statement	Recognised in comprehensive income	Acquisitions and allocations	December 31
Deferred tax assets:						
Provisions	5.0	0.1	0.1			5.2
Tax losses carried forward	8.5	0.1	-1.6			7.0
Pension obligations	13.5	-0.2	0.5	-5.7		8.1
Other items	3.0		0.3			3.3
Total deferred tax assets	**30.0**	**0.0**	**-0.7**	**-5.7**		**23.6**
Deferred tax liabilities:						
Allocation of intangible assets [1)]	39.8	0.9	4.2		2.0	46.9
Accumulated depreciation differences	8.8	0.3	-1.6			7.5
Pension obligations	0.6			-0.2		0.4
Percentage of completion method	24.0	0.3	5.6			29.9
Inventories	1.8		-0.3			1.5
Available-for-sale investments	0.1			-0.1		0.0
Other items	1.5	0.2	-1.0			0.7
Total deferred tax liabilities	**76.6**	**1.7**	**6.9**	**-0.3**	**2.0**	**86.9**

[1)] Capitalisation of intangible assets include besides capitalization of intangible assets, the deductible amount of the deferred taxes of goodwill from the separate entities

The deferred tax assets on the taxable losses will be booked to the extent the benefit is expected to be able to deduct from the taxable profit in the future. No deferred tax asset of EUR 2.3 (2.1) million has been recognised on accumulated losses, of which some part is not approved by tax authorities. Deferred tax liability on undistributed earnings of subsidiaries, where the tax will be paid on the distribution of earnings, has not been recognized in the statement of financial position, because distribution of the earnings is in the control of the Group and it is not probable in the foreseeable future.

19. INVENTORIES

EUR million	2013	2012
Raw materials and consumables	19.0	23.1
Work in progress	10.4	15.8
Advance payments	0.0	0.1
Total inventories	**29.5**	**39.0**

The Group didn't make any write-downs of inventories during financial years 2013 or 2012.

20. TRADE AND OTHER RECEIVABLES

EUR million	2013 Carrying value	2012 Carrying value
Trade receivables	378.5	444.8
Accrued income from long-term projects [1)]	261.9	279.4
Accrued income	33.0	39.3
Other receivables	16.5	11.1
Total	**689.9**	**774.7**

Trade receivables average amount was EUR 364.4 (397.8) million in 2013. Group has not received collaterals.

Reconciliation to note 29:

EUR million	2013	2012
Trade receivables	378.5	444.8
Accrued income from long-term projects [1)]	261.9	279.4
Other receivables	16.5	11.1
Total	**656.9**	**735.4**

[1)] Additional information is presented in note 4. Long-term contracts.

21. CASH AND CASH EQUIVALENTS

EUR million	2013 Carrying value	2013 Fair value	2012 Carrying value	2012 Fair value
Cash and cash equivalents	133.3	133.3	100.8	100.8

Cash and cash equivalents presented in the consolidated statement of cash flows:

EUR million	2013	2012
Cash and cash equivalents	133.3	100.8

22. NOTES TO THE EQUITY

Caverion Corporation was established in the partial demerger of YIT on June 30, 2013. Thus, it is not possible to present share capital or an analysis of equity reserves for the financial year 2012. The net assets of Caverion Group are represented by capital invested in Caverion Group, presented under “invested equity” on the statement of financial position in 2012.

Share capital and treasury shares

	Number of outstanding shares	Share capital EUR million	Treasury shares EUR million
Jun 30, 2013	125,596,092	1.0	-
Transfer of treasury shares			
Return of treasury shares	-4,080		0.0
Dec 31, 2013	**125,592,012**	**1.0**	**0.0**

The total number of Caverion Corporation's shares was 125,596,092 and the share capital amounted to EUR 1.0 million on December 31, 2013.

All the issued and subscribed shares have been fully paid to the company. Shares do not have a nominal value.

Treasury shares

Changes in treasury shares of Caverion Corporation during the accounting period:

	Number of shares
Jun 30, 2013	-
Treasury shares granted	
Return of treasury shares	4,080
Dec 31, 2013	**4,080**

The consideration paid for the treasury shares amounted to EUR 0.0 million and is disclosed as a separate fund in equity. The consideration paid on treasury shares decreases the distributable equity of Caverion Corporation. Caverion Corporation holds the own shares as treasury shares and has the right to return them to the market in the future.

Translation differences

Translation differences include the exchange rate differences recognised in group consolidation. In addition, the portion of the gains and losses of effective hedges on the net investment in foreign subsidiaries, which are hedged with currency forwards, is recognised in equity. There were no hedges of a net investment in a foreign operation in years 2013 and 2012.

Fair value reserve

Fair value reserve includes movements in the fair value of the available-for-sale financial assets and the derivative instruments used for cash flow hedging.

23. SHARE-BASED PAYMENTS

Caverion does not have any share-based incentive plan for its key personnel.

YIT Group had a share-based incentive plan for its key personnel in years 2010 - 2012. On April 25, 2013 the Board of Directors of the YIT Corporation made a decision about removing the restriction of transfer and obligation to return the shares from the YIT shares that were owned or received on the basis of the share-based incentive plan by employees transferring to Caverion Group. Respectively, in the demerger, a restriction of transfer and obligation to return the shares to Caverion Corporation in accordance with the original terms were added to the shares of Caverion Corporation to be given to the employees. In the carve-out financial statements of Caverion Group, expenses relating to the share-based incentive plan have been presented as historically realised at the YIT Group. For the period June 30 – December 31, 2013 expenses have been recognised based on revaluation as at July 1, 2013 of the Caverion Corporation's shares given to the employees.

The main features of the incentive plan

	Basis for period June 30 - December 31, 2013		Basis for carve-out periods	
	Year 2012 program	Year 2011 program	Year 2012 program	Year 2011 program
Grant day	June 30, 2013	June 30, 2013	February 29, 2012	March 18, 2011
Market value of the share on the transfer/grant day	4.10	4.10	16.55	20.67
Share rights granted 1)	-	-	252,136	274,917
Shares transferred/granted 2)	53,505	58,367	66,914	69,885
Share rights cancelled 3)	-	-	208,003	211,903
Delivery year of the shares 4)	2013	2012	2013	2012
Last year of the commitment period	2016	2015	2016	2015
The number of key employees	114	105	117	108

1) The maximum amount of granted shares

2) Shares transferred to Caverion / granted based on the financial key targets

3) The difference between the maximum and realised number of shares

4) Shares granted in 2013 that are based on the 2012 plan, were delivered on May 21, 2013

The consolidated financial statements include cost from share-based incentive plans amounting to EUR 0.6 (1.7) million. The accrued liabilities related to cash-settled part of the compensation amounted to EUR 0.0 (0.5) million in 2013. EUR 0.2 (0.3) million of the cost recognised are related to the Group management board.

24. EMPLOYEE BENEFIT OBLIGATIONS

Obligations in the statement of financial position:

EUR million	2013	2012 Restated
a) Defined benefit plans	42.1	43.7
b) Post-employment other benefits	8.9	8.1
Liability in the statement of financial position (interest-free)	51.1	51.8
Pension asset in the statement of financial position	-2.1	-1.7
Net liability	**48.9**	**50.2**

Income statement charge:

EUR million	2013	2012 Restated
a) Defined benefit plans	-4.5	-5.6
b) Post-employment other benefits	-0.6	-0.7
Included in financial expenses	**-1.6**	**-0.3**
Income statement charge, total	**-6.7**	**-6.6**

Remeasurements, included in other comprehensive income:

EUR million	2013	2012 Restated
a) Defined benefit plans	-2.3	11.5
b) Post-employment other benefits	-1.4	-0.3
Change in foreign exchange rates	3.0	-
Included in other comprehensive income, total	**-0.7**	**11.2**

a) Defined benefit pension plans

The amounts recognised in the statement of financial position are determined as follows:

EUR million	2013	2012
Present value of funded obligations	99.8	102.9
Fair value of plan assets	-79.3	-81.8
Net deficit of funded plans	**20.5**	**21.1**
Present value of unfunded obligations	19.5	20.9
Total net deficit of defined benefit pension plans	**40.0**	**42.0**
Liability in the statement of financial position	42.1	43.7
Receivable in the statement of financial position	-2.1	-1.7

The movement in the net defined benefit obligation over the year is as follows:

EUR million	Present value of obligation	Fair value of plan assets	Total net obligation
At January 1, 2013	123.8	-81.8	42.0
Current service cost	3.9	0.4	4.2
Interest expense	3.8	-2.5	1.3
Remeasurements:			
Return on plan assets, excluding interest expense		-1.1	-1.1
Gain/loss from change in demographic assumptions	5.3		5.3
Gain/loss from change in financial assumptions	-0.5		-0.5
Exchange difference	-12.0	9.0	-3.0
Employers' contributions	-0.8	-5.4	-6.2
Benefit payments from plans	-4.2	2.1	-2.1
At December 31, 2013	**119.3**	**-79.3**	**40.0**

EUR million	Present value of obligation	Fair value of plan assets	Total net obligation
At January 1, 2012	137.6	-80.3	57.3
Current service cost	5.6	0.4	6.0
Interest expense	3.6	-3.0	0.5
Remeasurements:			
Return on plan assets, excluding interest expense		2.6	2.6
Gain/loss from change in demographic assumptions	-23.1		-23.1
Gain/loss from change in financial assumptions	3.9		3.9
Exchange difference	0.2		0.2
Employers' contributions	-1.1	-4.0	-5.1
Benefit payments from plans	-2.8	2.5	-0.4
At December 31, 2012	**123.8**	**-81.8**	**42.0**

The weighted average duration of the defined benefit plan obligation in Caverion Group is 15 years.

The significant actuarial assumptions were as follows:

	Discount rate	Salary growth rate	Pension growth rate
2013			
Finland	3.75%	2.00%	2.10%
Norway	4.10%	3.75%	0.60%
Germany	3.75%	3.00%	2.25%
Austria	3.75%	1.50%	2.25%
2012			
Finland	3.50%	2.00%	2.10%
Norway	3.80%	3.50%	0.20%
Germany	3.50%	3.00%	2.30%
Austria	3.50%	1.30%	2.30%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation *		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by -8.9%	Increase by 9.9%
Salary growth rate	0.50%	Increase by 4.4%	Decrease by -8.7%
Pension growth rate	0.25%	Increase by 2.5%	Decrease by -2.6%

* Based on the sensitivity analyses of the Group's most significant pension arrangements. The impacts of the other pension arrangements are similar.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

Plan assets are comprised as follows:

EUR million	2013	%	2012	%
Equity instruments	12.6	16	12.1	15
Debt instruments	40.9	52	42.8	52
Property	10.0	13	10.4	13
Cash and cash equivalents	15.9	20	16.5	20
Total plan assets	**79.3**	**100**	**81.8**	**100**

The investments positions included in pension plans are managed by insurance companies using theirs investment policy to cover the duration and cash flow of the pension obligation.

Multi-employer plan in Sweden

In Sweden, Caverion participates in a multi-employer defined benefit plan in Alecta insurance company. 1,015 employees of Caverion Sverige AB are insured through this pension plan. This multi-employer plan has not been able to deliver sufficient information for defined benefit accounting purposes, thus Caverion has accounted for this pension plan as a contribution plan.

Alecta's possible surplus may be credited to employer company or to employee. The expected contributions to the plan for the next annual reporting period are EUR 0.4 million.

b) Other post-employment benefits

The amounts recognised in the statement of financial position are determined as follows:

EUR million	2013	2012
Present value of unfunded obligations	8.9	8.1
Liability in the statement of financial position	**8.9**	**8.1**

The movement in the net defined benefit obligation over the year is as follows:

EUR million	Present value of unfunded obligation
At January 1, 2013	7.8
Current service cost	0.2
Interest expense	0.2
Remeasurements:	
Return on plan assets, excluding interest expense	
Gain/loss from change in demographic assumptions	1.0
Gain/loss from change in financial assumptions	0.4
Benefit payments from plans	-0.8
At December 31, 2013	**8.9**

EUR million	Present value of unfunded obligation
At January 1, 2012	7.6
Current service cost	0.3
Interest expense	0.3
Remeasurements:	
Return on plan assets, excluding interest expense	
Gain/loss from change in demographic assumptions	0.0
Gain/loss from change in financial assumptions	0.3
Benefit payments from plans	-0.3
At December 31, 2012	**8.1**

The most significant risk factors in valuation of the Group’s defined benefit obligations are the future development of the interest and currency rates and the life-expectancy index.

25. PROVISIONS

EUR million	Guarantee reserve	Provisions for loss making projects	Restructuring provisions	Legal provisions	Other provisions	Total
January 1, 2013	14.2	3.4	2.1	3.0	7.5	30.2
Translation differences	-0.3	0.0	0.0	0.0	0.0	-0.4
Provision additions	8.2	1.3	4.1	1.1	3.0	17.7
Released during the period	-7.2	0.3	-3.4	-0.4	-4.2	-14.9
Reversals of unused provisions	-0.2	-2.5		-1.3	-0.9	-4.9
Reclassifications [1]	-0.1				-1.8	-1.9
December 31, 2013	**14.6**	**2.5**	**2.8**	**2.4**	**3.6**	**25.8**
Non-current provisions	5.4		1.3		2.4	9.1
Current provisions	9.1	2.5	1.4	2.4	1.2	16.7
Total	**14.6**	**2.5**	**2.8**	**2.4**	**3.6**	**25.8**

EUR million	Guarantee reserve	Provisions for loss making projects	Restructuring provisions	Legal provisions	Other provisions	Total
January 1, 2012	15.4	3.6	5.1	3.4	8.2	35.7
Translation differences	0.2	0.0	-0.1	0.0	0.3	0.4
Provision additions	7.6	2.6	1.1	0.5	4.5	16.3
Released during the period	-8.1	-3.0	-4.0	-0.6	-5.0	-20.7
Reversals of unused provisions	-1.0			-0.3	-0.6	-1.9
Acquisitions	0.1	0.2			0.1	0.4
December 31, 2012	**14.2**	**3.4**	**2.1**	**3.0**	**7.5**	**30.2**
Non-current provisions	3.7		1.0		2.1	6.9
Current provisions	10.4	3.4	1.1	3.0	5.4	23.3
Total	**14.2**	**3.4**	**2.1**	**3.0**	**7.5**	**30.2**

[1] The Group has reclassified items to other current liabilities that were included in other provisions in 2012.

Provisions for contractual guarantees are determined on the basis of experience of the realisation of commitments. Provisions are presented as non-current or current provisions based on the forecasted date of the release of the provision.

26. BORROWINGS

EUR million	2013 Carrying value	2012 Carrying value
Non-current liabilities		
Loans from financial institutions	138.1	63.5
Pension loans	8.0	10.0
Other loans	1.2	1.6
Finance lease liabilities	1.2	0.5
Non-current liabilities, total	**148.5**	**75.6**

EUR million	2013 Carrying value	2012 Carrying value
Current liabilities		
Loans from financial institutions	68.3	7.0
Pension loans	2.0	8.0
Other loans	0.4	0.0
Finance lease liabilities	0.5	0.4
Current liabilities, total	**71.3**	**15.4**

In the table are included all other liabilities than presented in note 27 Trade and other payables.

Finance lease liabilities

EUR million	2013	2012
Finance lease liabilities fall due in as follows:		
Minimum lease payments		
No later than 1 year	0.5	0.4
1-5 years	1.2	0.5
Total minimum lease payments	**1.7**	**0.9**
Present value of minimum lease payments		
No later than 1 year	0.6	0.4
1-5 years	1.2	0.5
Total present value of minimum lease payments	**1.8**	**0.9**
Future finance charges	0.0	0.0
Finance expenses charged to income statement	-0.1	0.0

Main finance lease agreements are the agreements of cars, machinery and equipment both in production and offices.

27. TRADE AND OTHER PAYABLES

EUR million	2013 Carrying value	2012 Carrying value
Non-current liabilities		
Liabilities of derivative instruments	0.0	0.1
Other liabilities	0.2	4.5
Total non-current payables	**0.2**	**4.6**
Current liabilities		
Trade payables	230.1	223.4
Accrued expenses	143.9	150.8
Accrued expenses in work in progress	50.3	77.8
Advances received [1)]	147.4	143.7
Other payables	86.2	102.0
Total current payables	**657.9**	**697.8**

[1)] Advances received consist of advances received and of invoiced advances. Advances received from the long-term contracts are presented in note 4.

Accrued expenses

EUR million	2013	2012
Accrued employee-related liabilities	116.7	116.7
Interest expenses	0.4	0.5
Liabilities of derivative instruments	0.8	0.6
Other accrued expenses	25.9	33.0

The carrying value of the interest-free liabilities reflects nearly the fair value of them.

Reconciliation to note 29:

EUR million	2013	2012
Non-current liabilities	0.2	4.6
Derivatives	0.0	-0.1
Total	**0.2**	**4.5**

EUR million	2013	2012
Current trade payables and other liabilities	657.9	697.8
Accrued expenses	-143.9	-150.8
Accrued expenses in work in progress	-50.3	-77.8
Total	**463.7**	**469.2**

28. NOMINAL VALUES AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

Nominal values

EUR million	2013	2012
Foreign exchange forward contracts, hedge accounting not applied	32.9	32.1
Interest rate forward contracts		
Hedge accounting applied		
Interest rate swaps	20.0	45.5
Forward rate agreements	50.0	

Fair values

EUR million	2013 Positive fair value (carrying value)	2013 Negative fair value (carrying value)	2013 Net value	2012 Positive fair value (carrying value)	2012 Negative fair value (carrying value)	2012 Net value
Foreign exchange forward contracts						
Hedge accounting not applied	0.1	-0.8	-0.7	0.2	-0.7	-0.5
Interest rate derivatives						
Hedge accounting applied		-0.1	-0.1		-0.2	-0.2

All derivatives are hedges according to Caverion Group's financial risk management policy, but hedge accounting as defined in IAS 39, is applied only on certain derivative contracts. Foreign exchange forward contracts are mainly designated as hedges of financial items and have been charged to P/L in finance income/expenses. Foreign exchange forward contracts maturity dates are within 2014. The average interest rate fixing term of Group's interest bearing loans has been increased by interest rate derivatives. The changes in the fair value of derivatives with hedge accounting applied for are recognised in fair value reserve in equity and the changes in fair value for derivatives with hedge accounting not applied for, are recognised in profit and loss account. All the interest rate derivatives to which hedge accounting is applied for are long-term agreements corresponding to the maturity of hedged liability.

29. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY AND FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2013

EUR million	Available for sale investments	Loans and other receivables	Held for trading	Derivatives in hedge accounting	Finance liabilities	Carrying value	Fair value				Note
Valuation	**Fair value**	**Measured at amortised cost**	**Fair value**	**Fair value**	**Measured at amortised cost**		**Level 1**	**Level 2**	**Level 3**	**Total**	
Non-current financial assets											
Available for sale investments	2.0					2.0	0.6		1.4	2.0	16
Trade receivables and other receivables		0.2				0.2					17
Current financial assets											
Trade receivables and other receivables		656.9				656.9					20
Derivatives (hedge accounting not applied)			0.1			0.1		0.1		0.1	20
Cash and cash equivalents		133.3				133.3					21
Total	**2.0**	**790.4**	**0.1**			**792.6**	**0.6**	**0.1**	**1.4**	**2.1**	
Non-current financial liabilities											
Loans from financial institutions					138.1	138.1		139.5		139.5	26
Pension loans					8.0	8.0		7.7		7.7	26
Other loans					1.2	1.2		1.2		1.2	26
Finance lease liabilities					1.2	1.2		1.3		1.3	26
Trade payables and other liabilities					0.2	0.2					27
Current financial liabilities											
Loans from financial institutions					68.3	68.3					26
Pension loans					2.0	2.0					26
Other loans					0.4	0.4					26
Finance lease liabilities					0.5	0.5					26
Trade payables and other liabilities					463.7	463.7					27
Derivatives (hedge accounting applied)				0.1		0.1		0.1		0.1	27
Derivatives (hedge accounting not applied)			0.8			0.8		0.8		0.8	27
Total			**0.8**	**0.1**	**683.7**	**684.5**		**150.6**		**150.6**	

2012

EUR million	Available for sale investments	Loans and other receivables	Held for trading	Derivatives in hedge accounting	Finance liabilities	Carrying value	Fair value				Note
Valuation	**Fair value**	**Measured at amortised cost**	**Fair value**	**Fair value**	**Measured at amortised cost**		**Level 1**	**Level 2**	**Level 3**	**Total**	
Non-current financial assets											
Available for sale investments	2.5					2.5	0.6		1.9	2.5	16
Trade receivables and other receivables		3.6				3.6					17
Current financial assets											
Trade receivables and other receivables		735.4				735.4					20
Cash and cash equivalents		100.8				100.8					21
Total	**2.5**	**839.8**				**842.3**	**0.6**		**1.9**	**2.5**	
Non-current financial liabilities											
Loans from financial institutions					63.5	63.5		56.3		56.3	26
Pension loans					10.0	10.0		9.2		9.2	26
Other loans					1.6	1.6		1.6		1.6	26
Finance lease liabilities					0.5	0.5		0.5		0.5	26
Trade payables and other liabilities					4.5	4.5					27
Current financial liabilities											
Loans from financial institutions					7.0	7.0					26
Pension loans					8.0	8.0					26
Other loans					0.0	0.0					26
Finance lease liabilities					0.4	0.4					26
Trade payables and other liabilities					469.2	469.2					27
Derivatives (hedge accounting applied)				0.2		0.2		0.2		0.2	27
Derivatives (hedge accounting not applied)			0.5			0.5		0.5		0.5	27
Total			**0.5**	**0.2**	**564.7**	**565.4**		**68.3**		**68.3**	

Measurement of fair values

Valuation techniques and significant unobservable inputs used in fair value measurement:

a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily funds and OMXH equity investments classified as available for sale.

b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair values for the derivative instruments categorised in Level 2 have been defined as follows: The fair values of foreign exchange forward and forward rate agreements have been defined by using the market prices at the closing day. The fair values of interest rate swaps are based on discounted cash flows. The fair values of non-current loans are based on discounted cash flows. Discount rate is defined to be the rate that Group was to pay for an equivalent external loan at the year-end. It consists of risk-free market rate and company and maturity related risk premium of 0.75-4.50 % p.a (0.80-4.00 % in 2012).

c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The available-for-sale investments categorised in Level 3 are non-listed equity instruments and they are measured at acquisition cost less any impairment or prices obtained from a broker as their fair value cannot be measured reliably.

There were no transfers between the levels of the fair value hierarchy during the period ended 31 December 2013.

Changes in the items categorized into level 3 are presented below:

EUR million	Assets 2013	Liabilities 2013	Assets 2012	Liabilities 2012
Opening balance	1.9		2.3	
Transfers into/from level 3				
Purchases and sales	-0.1			
Gains and losses recognised in profit and loss				
Gains and losses recognised in comprehensive profit and loss	-0.3		-0.4	
Closing balance	**1.4**		**1.9**	

30. FINANCIAL RISK MANAGEMENT

Caverion Group is exposed in its business operations to liquidity risk, credit risk and also foreign exchange risk and interest rate risk. The objective of Caverion's financial risk management is to minimise the uncertainty which the changes in financial markets cause to its financial performance.

Risk management is carried out by the Treasury of Caverion Group in co-operation with operating units under policies approved by the Board of Directors of Caverion Group. Financing activities are carried out by finance personnel and management in the operating units and subsidiaries. Responsibilities in between the Group Treasury and operating units are defined in the Group's treasury policy. Operating units are responsible for providing the Group Treasury with timely and accurate information on financial position, cash-flows and foreign exchange position in order to ensure the Group's efficient cash and liquidity management, funding and risk management. In addition to the above, the Group's treasury policy defines main principles and methods for financial risk management, cash management and specific financing-related areas e.g. commercial guarantees, relationships with financiers and customer financing.

Interest rate risk

Caverion has interest bearing receivables in its cash and cash equivalents but otherwise its revenues and cash flows from operating activities are mostly independent of changes in market interest rates.

Caverion's exposure to cash flow interest rate risk arises mainly from current and non-current loans and related interest rate derivatives. Borrowing issued at floating interest rates expose Caverion to cash flow interest rate risk, which is hedged by interest rate derivatives. To manage the interest rate risk, the Board of Directors of the Caverion Group 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 reporting date the average interest rate fixing term of net debt (excluding cash) was 9.0 months

Interest rate derivatives are used to hedge the re-pricing risk of floating-rate loans. Nominal hedged amounts are EUR 20 million (EUR 45.5 million in 2012) and EUR 50 million (EUR 0 million in 2012) and their reference interest rate is 6 month Euribor. Group applies cash flow hedge accounting for these interest rate derivatives and the hedged cash flows will realise within two subsequent reporting periods (notes 28 and 29). Hedges have been effective at the reporting date. The fair value of interest rate forward agreements are based on the counterparts' quoted prices. These quoted prices for interest rate swap agreements are derived from the discounted future cash flows, and the quoted prices for other agreements are based on general market conditions and common pricing models. Fair values of derivatives are recognised in the hedging reserve in OCI according to accounting policies.

The weighted average effective interest rate of the whole loan portfolio after hedges was 2.31% in 2013 (2.559% in 2012). Interest rate derivatives increase the average effective interest rate of the loan portfolio by 0.03 percentage points in 2013 (0.03 percentage points increase in 2012). Fixed-rate loans after hedges accounted for approximately 38 percent of the Group's borrowings.

In addition to the targeted average interest rate fixing term of net debt the Caverion Group management monitors monthly the effect of the possible change in interest rate level on the Caverion Group's financial result. The monitored number is the effect of one percentage point change in interest rate level on yearly net interest expenses. The effect on Caverion's yearly net interest expenses would have been EUR 0.7 million in 2013 (EUR 0.8 million in 2012) net of tax.

In addition to interest bearing net debt, foreign exchange forward contracts associated with the intra-group loans expose the Group's result to interest rate risk. Caverion's external loans are mainly denominated in euros, but subsidiaries are financed in their functional currency. Caverion is exposed to the interest rate risk of different functional currencies in the Group when hedging foreign exchange risk arising from foreign currency denominated loans granted to subsidiaries by foreign exchange forward contracts. The most significant currencies of the intra-group loans of Caverion Group are Swedish and Norwegian Crowns. The parent company receives or pays the interest rate difference between foreign currencies and euro through hedging the foreign currency receivables.

A one percentage point change in interest rates at the reporting date would have affected the consolidated balance sheet by EUR 0.4 million in 2013 (EUR 0.6 million in 2012) net of tax. The effect would have changed the fair values of the interest rate derivatives in hedge accounting, in the fair value reserve in equity.

Credit and counterparty risk

Caverion's credit risk arises from outstanding receivable balances, long term agreements with customers, as well as , cash and cash equivalents/deposits and derivative financial instruments with banks.The Group Treasury is responsible for the counterparty risk of derivative instruments and investment products. Local entities are responsible for managing the credit risk related to operating items, such as trade receivables. Customer base and the nature of commercial contracts differ in each Caverion's segments hence finance department of each segment manage the customer specific credit risk together with operating units.

Counterparties to the financial instruments are chosen based on the Caverion Group management's estimate on their reliability. Board of Directors of the Caverion Group accepts the main banks used by the Caverion Group and counterparties to short-term investments and derivative instruments and their limits. Short-term investments related to liquidity management are made according to the Caverion's treasury policy. No impairment has been recognised on derivative instruments or investment products in the reporting period. The Caverion Group's management does not expect any credit losses from non-performance by counterparties to investment products or derivative instruments.

The Group manages credit risk relating to operating items, for instance, by advance payments, front-loaded payment programs in projects, payment guarantees and careful assessment of the credit quality of the customer. Majority of the Caverion Group's operating activities are based on established, reliable customer relationships and generally adopted contractual terms. The payment terms of the invoices are mainly from 14 to 30 days. Credit background of new customers is assessed comprehensively and when necessary, guarantees are required and client's paying behaviour is monitored actively. The Caverion Group does not have any significant concentrations of credit risk as the clientele is widespread and geographically spread into the countries in which the Group operates.

The credit losses and impairment of receivables were EUR 0.9 million in 2013 and EUR 1.2 million in 2012. The Group's maximum exposure to credit risk at the balance sheet date (December 31, 2013) is the carrying amount of the financial assets.

Age analysis of trade December 31, 2013

EUR million	Carrying amount	Impaired	Gross
Not past due [1)]	286.4	-0.2	286.6
1 to 90 days	56.4	-0.3	56.7
91 to 180 days	8.9	-0.5	9.4
181 to 360 days	8.5	-1.3	9.8
Over 360 days	18.2	-9.2	27.5
Total	**378.5**	**-11.5**	**390.0**

Age analysis of trade December 31, 2012

EUR million	Carrying amount	Impaired	Gross
Not past due [1)]	312.5	-0.5	313.0
1 to 90 days	94.9	-0.2	95.1
91 to 180 days	16.6	-0.1	16.7
181 to 360 days	9.2	-2.4	11.6
Over 360 days	11.6	-10.3	21.9
Total	**444.8**	**-13.5**	**458.3**

[1)] There are no material trade receivables that would be otherwise past due but whose terms have been renegotiated.

For additional information on trade receivables, please see note 20.

Offsetting financial assets and liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

EUR million	Gross amounts of financial instruments in the statement of financial position	Related financial instruments that are not offset	Net amount
Assets December 31, 2013			
Derivative financial assets	0.1	-0.1	0.0
Total	**0.1**	**-0.1**	**0.0**
Liabilities December 31, 2013			
Derivative financial liabilities	0.9	-0.1	0.8
Total	**0.9**	**-0.1**	**0.8**
Assets December 31, 2012			
Derivative financial assets	0.2	-0.2	0.0
Total	**0.2**	**-0.2**	**0.0**
Liabilities December 31, 2012			
Derivative financial liabilities	0.9	-0.2	0.7
Total	**0.9**	**-0.2**	**0.7**

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements are settled on a gross basis. In certain circumstances – e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. Master netting agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognized amounts, because the right to offset is enforceable only on the occurrence of future events such as default on the bank loans or other credit events. Other financial assets or liabilities for example trade receivables or trade payables do not include any amounts subject to netting agreements.

Liquidity risk

The Caverion's management evaluates and monitors continuously the amount of funding required in the Group's business activities to ensure it has adequate liquid fund to finance its operations, repay its loans at maturity and pay annual dividends. The funding requirements have been evaluated based on semi-annual financial budget, monthly financial forecast and short-term, timely cash planning. The Caverion's Group Treasury is responsible for maintaining sufficient funding, availability of different funding sources and controlled maturity profile of external loans. According to the financing policy, only half of the non-current loans can mature over one calendar year. Approximately 94 percent of the loans have been raised from banks and other financial institutions and approximately 5 percent from insurance companies.

Caverion's external financing consists mainly of a credit facility with 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 December) and a short-term bridge loan facility of EUR 22 million falling due in June 2014. In addition to the credit facility, amortising loans transferred to Caverion Corporation in the demerger amounted to EUR 58 million at the end of December.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA.

To manage liquidity risk the Caverion Group uses cash and cash equivalents, Group accounts with overdraft facilities, credit facilities and commercial papers. Caverion's cash and cash equivalents amounted to EUR 133.3 million at the end of December (EUR 100.8 million in 2012). In addition, Caverion has undrawn overdraft facilities amounting to EUR 19 million and undrawn committed revolving credit facilities amounting to EUR 60 million. The committed revolving credit facilities are valid until June 2016.

Cash management and funding is centralized in the Caverion's Group Treasury. With a centralized cash management, the use of liquid funds can be optimized between different units of the Group.

The following table describes the contractual maturities of financial liabilities. The amounts are undiscounted. Interest cash flows of floating rate loans and derivative instruments are based on the interest rates prevailing on December 31, 2013 (December 31, 2012). Cash flows of foreign currency denominated loans are translated into euro at the reporting date. Cash flows of foreign currency forward contracts are translated into euro at forward rates.

The following table describes the contractual maturities of financial liabilities. The amounts are undiscounted. Interest cash flows of floating rate loans and derivative instruments are based on the interest rates prevailing on December 31, 2013 (December 31, 2012). Cash flows of foreign currency denominated loans are translated into euro at the reporting date. Cash flows of foreign currency forward contracts are translated into euro at forward rates.

Contractual maturity analysis of financial liabilities and interest payments at December 31, 2013

EUR million	2014	2015	2016	2017	2018	2019-	Total	Note
Loans from financial institutions	72.6	53.0	89.5				215.0	26,29
Pension loans	2.1	2.1	2.1	2.1	2.0		10.4	26,29
Finance lease liabilities	0.5	0.6	0.4	0.1	0.1		1.7	26,29
Other financial liabilities	0.4	0.7	0.5		0.1		1.7	26,29
Trade and other payables	463.7						463.7	27,29
Interest rate derivatives								
Hedge accounting applied	0.1	0.0					0.1	27,28,29
Foreign currency derivatives	0.7						0.7	27,28,29

Contractual maturity analysis of financial liabilities and interest payments at December 31, 2012

EUR million	2013	2014	2015	2016	2017	2018-	Total	Note
Loans from financial institutions	8.3	9.3	12.0	11.8	11.5	23.3	76.2	26,29
Pension loans	8.5	2.3	2.2	2.2	2.1	2.1	19.4	26,29
Finance lease liabilities	0.4	0.4	0.1	0.0			0.9	26,29
Other financial liabilities		0.4	0.7	0.5			1.6	26,29
Trade and other payables	469.2						469.2	27,29
Interest rate derivatives								
Hedge accounting applied	0.2	0.1	0.0				0.3	27,28,29
Foreign currency derivatives	0.5						0.5	27,28,29

Foreign exchange risk

The Caverion Group operates internationally and is exposed to foreign exchange risks arising from the currencies of the countries in which it operates. Risk arises mainly from the recognised assets and liabilities and net investments in foreign operations. In addition, commercial contracts in the subsidiaries cause foreign exchange risk. Although, the contracts are mainly denominated in the entity's own functional currencies.

The objective of foreign exchange risk management is to reduce uncertainty caused by foreign exchange rate movements on income statement through measurement of cash flows and commercial receivables and payables. By the decision of Board of Directors of Caverion Group, the investments in foreign operations are not hedged for foreign exchange translation risk.

Foreign currency denominated net investments at the balance sheet date

EUR million	Net investment 2013	Net investment 2012
SEK	52.1	53.6
NOK	0.4	44.5
DKK	9.5	4.1
Other currencies	11.4	4.7

Here net investment comprises equity invested in foreign subsidiaries and internal loans that qualify for net investment classification deducted by possible goodwill in the subsidiaries balance sheet.

According to the Caverion Group's Treasury policy, all group companies are responsible for identifying and hedging the foreign exchange risk related to the foreign currency denominated cash flows. All firm commitments over EUR 0.1 million must be hedged, by intra-group transactions with the Caverion Group Treasury. The Caverion Group Treasury hedges the net position with external counterparties but does not apply hedge accounting to derivatives hedging foreign exchange risk. Accordingly, the fair value changes of derivative instrument are recognised in consolidated income statement. In 2013 the most significant currencies in the Caverion Group, that related to commercial agreements and their hedges were Swedish Crown and Swiss Franc. If the euro had strengthened by 5% against to the Swedish Crown and Swiss Franc at the reporting date, valuation of the foreign exchange contracts would have caused a post-tax foreign exchange loss of EUR 0.1 million (SEK) and gain EUR 0.1 million (CHF).

Excluding foreign exchange differences due to derivatives relating to the commercial agreements, the strengthening or weakening of the Euro would not have a significant impact on the Caverion Group's result, if the translation difference in consolidation is not considered. The sensitivity analysis comprises the foreign exchange derivative contracts made for hedging, both the internal and external loans and receivables, which offset the effect of changes in foreign exchange rates.

31. OTHER LEASE AGREEMENTS

Group as lessee

The future minimum lease payments under non-cancellable operating leases:

EUR million	2013	2012
No later than 1 year	61.5	61.3
1 - 5 years	114.3	121.6
Later than 5 years	34.5	36.6
Total	**210.4**	**219.5**

The lease payments of non-cancellable operating leases charged to income statement amounted to EUR 60.6 (62.0) million.

The Group has leased the office facilities. The lease agreements of office facilities have a maximum validity period of 10 years. Most of the agreements include the possibility of continuing after the initial expiry date. The index, renewal, and other terms of the lease agreements of office facilities are dissimilar to each other. Operating leases include also the liabilities of operating lease agreements of employee cars, which have the average duration of four years.

32. COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	2013	2012
Collateral given for own liabilities		
Corporate mortgages		0.7
Pledged assets		
Guarantees given on behalf of associated companies	0.2	0.2
Other commitments		
Other contingent liabilities	0.2	0.2

The Group parent company has guaranteed obligations of its subsidiaries. On December 31, 2013 the total amount of these guarantees was EUR 468.1 (557.1) million.

Group companies are engaged in legal proceedings that are connected to ordinary business operations. The outcomes of the proceedings are difficult to predict, but if a case is deemed to require a provision that has been made on the basis of best estimate. It is the understanding of the Group management that the legal proceedings do not have a significant effect on the Group's financial position.

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. Nominal amount for these YIT Corporation's floating rate bonds was EUR 94.6 million on December 31, 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 389.1 million at the end of December 2013.

33. SUBSIDIARIES

Company name	Domicile	Holding, %
Shares in subsidiaries, owned by the Caverion Corporation		
Caverion Suomi Ltd	Helsinki	100.00
Caverion Central Europe GmbH	Munich	100.00
Caverion Industria Ltd	Helsinki	100.00
Caverion Sverige AB	Solna	100.00
Caverion Norge AS	Oslo	100.00
Caverion Danmark A/S	Fredericia	100.00
Caverion Eesti AS	Tallinn	100.00
Caverion Latvija SIA	Riga	100.00
UAB Caverion Lietuva	Vilnius	100.00
Caverion Huber Invest Ltd	Helsinki	100.00
Caverion Huber East Ltd	Helsinki	100.00
Shares in subsidiaries, owned by Caverion Central Europe GmbH		
Caverion Österreich GmbH	Vienna	100.00
Caverion Deutschland GmbH	Munich	100.00
Caverion Asia PTE	Singapore	85.00
Caverion Malaysia	Butterworth	100.00
Duatec GmbH	Munich	100,00
OOO Kaverion Geboidetehnik Rus	Moscow	100,00
Caverion Česká rebublika s.r.o	Prague	100,00
Caverion Polska Sp.z.o.o.	Warsaw	100,00
SC Caverion Building Services S.R.L	Sibiu	100,00
Shares in subsidiaries, owned by Caverion Sverige AB		
MISAB Sprinkler & VVS AB	Solna	100.00
Caverion Industria Sverige AB	Solna	100.00
Shares in subsidiaries, owned by Caverion Huber Invest Ltd		
ZAO Caverion St. Petersburg	St.Petersburg	100.00
OOO Caverion Elmek	Moscow	100.00
Shares in subsidiaries, owned by Caverion Industria Ltd		
Teollisuus Invest Ltd	Helsinki	100.00
OOO Peter Industry Service	St.Petersburg	100.00
Ltd Botnia Mill Service Ab [1)]	Kemi	49.83
Kiinteistö Ltd Leppävirran Teollisuustalotie 1	Leppävirta	60.00

[1)] Oy Botnia Mill Service Ab is fully consolidated due to Caverion Group’s controlling interest.

34. RELATED PARTY TRANSACTIONS

In these consolidated financial statements transactions and balance sheet items with YIT Group companies, that were considered as intercompany transactions in YIT reporting, have been treated as transactions with related parties until the consummation of the partial demerger on June 30, 2013.

EUR million	2013	2012
Sales of goods and services to YIT Group [1]	26.0	55.6
Sales of goods and services to other related parties	1.2	
Purchases of goods and services from YIT Group [2]	12.7	38.3
Purchases of goods and services from other related parties	0.1	
Trade and other receivables from YIT Group	5.2	5.1
Trade and other receivables from other related parties	0.1	
Trade and other payables to YIT Group	3.4	3.7

[1] Sales of goods and services consist of building services offered by Caverion to YIT Group (2013 before the partial demerger on June 30, 2013).

[2] The goods and services purchased consist of IT services as well as office lease costs purchased by Caverion from YIT Group (2013 before the partial demerger on June 30, 2013).

Goods and services to other related parties are sold on the basis of price lists in force with non-related parties.

Key management compensation [1]

Key management includes members of the Board of Directors and Management Board of Caverion Corporation. The compensation paid or payable to key management for employee services is presented below:

EUR million	2013	2012
Salaries and other short-term employee benefits	3.7	1.1
Termination benefits	2.8	0.9
Share-based payments [2]	0.7	0.2

[1] Key management compensation for financial year 2012 and for the six-month period ended June 30, 2013 include the allocated share of the employee benefits of the persons transferred to Caverion, consisting of YIT CEO, the deputy managing director and the group management and the Board of Directors.

[2] The total value of transferred shares, cash bonus and related taxes.

Information on share-incentive schemes has been presented in note 23. Share-based payments.

Compensation paid or payable for the members of the Board of Directors and President and CEO [1]

EUR million	2013
Pitkäkoski Juhani, President and CEO	0.4
Ehrnrooth Henrik, Chairman of the Board	0.0
Rosenlew Michael, Vice Chairman of the Board	0.0
Hyvönen Anna	0.0

Lehtoranta Ari	0.0
Lindqvist Eva	0.0

1) For the period July-December, 2013

Retirement age

The statutory retirement age applies to the CEO as well as to other members of the Management Board.

Termination compensation

The notice period of the CEO is 6 months. If the company terminates his contract, the CEO shall be paid separate compensation amounting to 12 months salary.

Loans to related parties

Loans to any related parties do not exist.

Lease commitments to related parties

The future minimum lease payments under non-cancellable operating leases:

EUR million	31.12.2013	31.12.2012
Total lease guarantees	0.0	68.3

Caverion has leased the office facilities used in Finland from YIT, and the period of the lease agreements are based on external contracts made by YIT. The lease agreements of the office facilities have a period of validity up to 10 years. Most of the agreements include the possibility of continuing after the initial expiry date. The index, renewal, and other terms of the lease agreements of office facilities are dissimilar to each other. On June 30, 2013 these lease agreements amounted to EUR 53.1 million (31.12.2012: EUR 68.3 million).

Equity transactions

Equity transactions made with the YIT Group has been presented in the statement of changes in equity.

35. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of Caverion Corporation decided on 27 January, 2014 that Caverion’s external reporting structure will be changed as of January 1, 2014 to better match the company’s new management structure and business areas. The segments based on geographical areas (Building Services Northern Europe and Building Services Central Europe) are replaced by one single operative segment, that will also include the Group services and other items. Since Caverion’s establishment, both service and maintenance and project businesses have been developed strongly across all countries. Therefore, replacing reporting segments that are purely based on geographical areas was an evident decision. The first interim report based on the new reporting structure will be published on April 24, 2014 (interim report for January–March 2014). The change in reporting structure will have no effect on the Group’s strategic targets.

Caverion announced on January 20, 2014 that its Board of Directors had chosen Fredrik Strand as Caverion's new President and Chief Executive Officer. He will take up the new position during Q2, 2014. Currently, Fredrik Strand works as President and CEO at Sodexo, being responsible for the company’s Nordic businesses. Swedish citizen Fredrik Strand has worked in his current position since 2009. Between 1989 and 2009 he worked at Ericsson in several leadership positions. During this period he led e.g. Ericsson’s global service delivery operations and its development. He has also been responsible for the company’s service business in Latin America and the United States. Caverion’s current President and CEO Juhani Pitkäkoski will continue in his position until Fredrik Strand will take up the position. After that Pitkäkoski will support onboarding of the new CEO and will enhance development of Caverion’s strategic growth process, reporting to Fredrik Strand.

36. CHANGES IN ACCOUNTING POLICIES

Adoption of new and amended standards January 1, 2013

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 financial year 2012 is presented in the tables below.

Combined income statement

EUR million	Reported Group, 2012	IAS 19 restatement	Restated Group, 2012
Revenue	**2,803.2**		**2,803.2**
Other operating income	12.3		12.3
Change in inventories of finished goods and in work in progress	-0.6		-0.6
Production for own use	0.3		0.3
Materials and supplies	-799.8		-799.8
External services	-468.8		-468.8
Employee benefit expenses	-1,127.3	-0.1	-1,127.4
Other operating expenses	-333.9		-333.9
Share of results in associated companies	0.0		0.0
Depreciation, amortisation and impairment	-24.2		-24.2
Operating profit	**61.2**	**-0.1**	**61.1**
Financial income	1.9		1.9
Exchange rate differences (net)	-0.3		-0.3
Financial expenses	-5.2		-5.2
Financial income and expenses	-3.6		-3.6
Profit before taxes	**57.6**	**-0.1**	**57.5**
Income taxes	-16.7	0.1	-16.7
Net profit for the financial year	**40.9**	**-0.1**	**40.8**

Attributable to:			
Owners of the parent	40.8	-0.1	40.7
Non-controlling interests	0.1		0.1
Earnings per share for profit attributable to owners of the parent:			
Earnings per share, EUR *	0.32		0.32

* Earnings per share for the financial year 2012 has been computed using the number of shares issued at the partial demerger.

Combined statement of comprehensive income

EUR million	Reported Group, 2012	IAS 19 restatement	Restated Group, 2012
Profit for the period	**40.9**	**-0.1**	**40.8**
Other comprehensive income			
Change in fair value of defined benefit pension		16.6	16.6
- Deferred tax		-5.5	-5.5
Cash flow hedges	-0.1		-0.1
- Deferred tax	0.0		0.0
Change in fair value of for available for sale investments	-0.4		-0.4
- Deferred tax	0.1		0.1
Translation differences	3.9		3.9
Other comprehensive income, total	**3.5**	**11.1**	**14.6**
Total comprehensive income	**44.5**	**10.9**	**55.3**
Attributable to:			
Owners of the parent	44.5	10.9	55.2
Non-controlling interests	0.1		0.1

Combined statement of financial position

EUR million	Reported Group, December 31, 2012	IAS 19 restatement	Restated Group, December 31, 2012
ASSETS			
Non-current assets			
Property, plant and equipment	31.8		31.8
Goodwill	335.7		335.7
Other intangible assets	39.0		39.0
Investments in associated companies	0.1		0.1
Available-for-sale financial assets	2.5		2.5
Receivables	15.6	-10.3	5.3
Deferred tax assets	5.5		5.5
Total non-current assets	**430.2**	**-10.3**	**419.9**
Current assets			
Inventories	39.0		39.0
Trade and other receivables	774.7		774.7
Income tax receivables	4.7		4.7
Cash and cash equivalents	100.8		100.8
Total current assets	**919.2**		**919.2**
TOTAL ASSETS	**1,349.4**	**-10.3**	**1,339.0**
INVESTED EQUITY AND LIABILITIES			
Total invested equity	**413.7**	**-26.2**	**387.4**
Non-current liabilities			
Deferred tax liabilities	78.0	-9.3	68.7
Pension obligations	26.7	25.1	51.8
Provisions	6.9		6.9
Borrowings	75.6		75.6
Other liabilities	4.6		4.6
Total non-current liabilities	**191.8**	**15.8**	**207.6**
Current liabilities			
Trade and other payables	697.8		697.8
Income tax liabilities	7.4		7.4
Provisions	23.3		23.3
Borrowings	15.4		15.4
Total current liabilities	**743.9**		**743.9**

Total liabilities	**935.7**	**15.8**	**951.5**
TOTAL INVESTED EQUITY AND LIABILITIES	**1,349.4**	**-10.3**	**1,339.0**

Combined statement of financial position

EUR million	Reported Group, January 1, 2012	IAS 19 restatement	Restated Group, January 1, 2012
ASSETS			
Non-current assets			
Property, plant and equipment	34.7		34.7
Goodwill	336.6		336.6
Other intangible assets	32.8		32.8
Investments in associated companies	0.1		0.1
Available-for-sale financial assets	2.9		2.9
Receivables	18.2	-11.8	6.4
Deferred tax assets	8.7		8.7
Total non-current assets	**434.0**	**-11.8**	**422.2**
Current assets			
Inventories	37.5		37.5
Trade and other receivables	794.2		794.2
Income tax receivables	2.8		2.8
Cash and cash equivalents	155.4		155.4
Total current assets	**989.9**		**989.9**
TOTAL ASSETS	**1,423.8**	**-11.8**	**1,412.0**
INVESTED EQUITY AND LIABILITIES			
Total invested equity	**450.0**	**-37.0**	**413.0**
Non-current liabilities			
Deferred tax liabilities	70.0	-14.7	55.3
Pension obligations	26.2	39.9	66.1
Provisions	9.9		9.9
Borrowings	90.3		90.3
Other liabilities	6.1		6.1
Total non-current liabilities	**202.5**	**25.2**	**227.7**
Current liabilities			
Trade and other payables	715.6		715.6
Income tax liabilities	13.4		13.4
Provisions	25.8		25.8
Borrowings	16.5		16.5
Total current liabilities	**771.3**		**771.3**

Total liabilities	**973.8**	**25.2**	**999.0**
TOTAL INVESTED EQUITY AND LIABILITIES	**1,423.8**	**-11.8**	**1,412.0**

Income statement, Parent company, FAS

EUR million	Note	30.6.-31.12.2013
REVENUE		0.0
Other operating income	1	10.2
Personnel expenses	2	-4.9
Depreciations and reductions in value	3	-0.8
Other operating expenses		-8.9
OPERATING LOSS		**-4.4**
Financial income and expenses	4	-0.9
LOSS BEFORE EXTRAORDINARY ITEMS		**-5.3**
Extraordinary items	5	10.3
PROFIT BEFORE APPROPRIATIONS AND TAXES		**5.0**
Appropriations	6	0.0
Income taxes	7	-1.2
NET PROFIT FOR THE FINANCIAL PERIOD		**3.8**

Balance sheet, Parent company, FAS

EUR million	Note	31.12.2013
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	8	4.6
Tangible assets	8	3.7
Investments	9	341.7
TOTAL NON-CURRENT ASSETS		**350.0**
CURRENT ASSETS		
Long-term receivables	10	80.0
Short-term receivables	10	55.8
Cash and cash equivalents		117.1
TOTAL CURRENT ASSETS		**252.9**
TOTAL ASSETS		**602.9**
EQUITY AND LIABILITIES		
EQUITY	11	
Share capital		1.0
Retained earnings		154.1
Net profit for the financial year		3.8
TOTAL EQUITY		**158.9**
APPROPRIATIONS	12	**0.0**
LIABILITIES		
Non-current liabilities	14	146.7
Current liabilities	15	297.3
TOTAL LIABILITIES		**444.0**
TOTAL EQUITY AND LIABILITIES		**602.9**

Cash flow statement, Parent company, FAS

EUR million	30.6.-31.12.2013
Cash flow from operating activities	
Profit/loss before extraordinary items	-5.3
Adjustments for:	
Depreciations	0.8
Financial income and expenses	0.9
Cash flow before change in working capital	**-3.6**
Change in working capital	
Change in trade and other receivables	11.7
Change in short-term interest-bearing receivables	-11.3
Change in long-term receivables	0.0
Change in trade and other payables	-10.3
Cash flow before financial items and taxes	**-13.6**
Interest paid and financial expenses	-9.7
Interest received and financial income	8.4
Cash flow from operating activities	**-14.9**
Cash flow from investing activities	
Purchases of tangible and intangible assets	-1.7
Cash flow from investing activities	**-1.7**
Cash flow from financing activities	
Change in current loans	111.6
Repayment of borrowings	-15.0
Cash flow from financing activities	**96.6**
Net change in cash and cash equivalents	**80.0**
Cash and cash equivalents at the beginning of the financial year	0.0
Increases, demerger	37.1
Increases, merger	0.0
Cash and cash equivalents at the end of the financial year	117.1

Notes to financial statements, Parent company

CAVERION CORPORATION ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the Finnish accounting standards (FAS).

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the date of transaction. The balance sheet has been translated using the European Central Bank rates on the closing date.

Valuation of assets

Intangible and tangible assets are recognized in the balance sheet at original purchase cost less depreciation according to plan and possible impairment.

Depreciations according to plan are calculated using the straight-line method to allocate the cost to over their estimated useful lives.

The estimated useful lives of assets are the following:

Intangible assets	2-5 years
Buildings	10 years
Machinery and equipment	3 years

Investments are stated at historical cost.

Income recognition

The income from intra-group service sales is recorded as other operating income when the service is completed.

Future expenses and losses

Future expenses and losses which relate to the financial year or previous financial years and are likely to materialize, are recognized as an expense in the income statement. When the precise amount or timing of realization is not known, they are presented in the balance sheet provisions for contingent losses.

Accrual of pension costs

The pension cover of parent company is handled by external pension insurance companies. Pension costs are recognized as costs in the income statement.

Interest income and expenses

Interest income and expenses of interest rate derivative contracts are recognized over the contract period, and are used to adjust the hedged interest rates. Interest rate and currency derivatives are measured at fair value.

Interest rate derivatives

Interest rate derivatives are used to hedge the re-pricing risk of floating-rate loans. Nominal hedged amounts are EUR 20 million and EUR 50 million and their reference interest rate is 6 month Euribor. Caverion applies cash flow hedge accounting for these interest rate derivatives and the hedged cash flows will realise within two subsequent reporting periods. Hedges have been effective at the reporting date.

Foreign exchange derivatives

Caverion operates internationally and is exposed to foreign exchange risks arising from the currencies of the countries in which it operates. Foreign exchange forward contracts are mainly designated as hedges of financial items and have been charged to P/L in finance income/expenses. All firm commitments over EUR 0,1 million must be hedged. Foreign exchange forward contracts maturity dates are within 2014.

Income taxes

Income taxes of the financial year are recognized in the income statement. Deferred taxes have not booked in the parent company's financial statements.

Notes to income statement, Parent company

EUR million	30.6.-31.12.2013

1. OTHER OPERATING INCOME

Service income	10.2

2. INFORMATION CONCERNING PERSONNEL AND KEY MANAGEMENT

Personnel expenses	
Wages, salaries and fees	4.0
Pension expenses	0.8
Other indirect personnel costs	0.1
Total	**4.9**

Salaries and fees to the management	
CEO	0.4
Members of the Board of Directors	0.2
Total	**0.6**

Average personnel	85

The fees for the auditors	
PriceWaterhouseCoopers Oy, Authorised Public Accountants	
Audit fee	0.1
Other services	0.0
Total	**0.1**

3. DEPRECIATIONS AND REDUCTIONS IN VALUE

Depreciations on intangible assets	0.8
Depreciations on buildings and structures	0.0
Depreciations on machinery and equipment	0.0
Total	**0.8**

4. FINANCIAL INCOME AND EXPENSES

Interest income from non-current receivables	
From group companies	2.0

Other interest and financial income	
From group companies	1.3
From others	0.1
Total	**1.4**

Other interest and financial expenses	
To group companies	-0.4
To others	-3.7
Total	-4.2

Exchange rate gains	4.7
Fair value change in derivatives	0.1
Exchange rate losses	-4.9
Total	**-0.1**

Total financial income and expenses	**-0.9**

5. EXTRAORDINARY ITEMS

Extraordinary income	
Group contributions	10.3

6. APPROPRIATIONS

Cumulative accelerated depreciation	0.0

7. INCOME TAXES

Income taxes on operating activities	1.2

Notes to balance sheet, Parent company

EUR million	31.12.2013

8. CHANGES IN FIXED ASSETS

Intangible assets

Intangible rights	
Historical cost at Jun 30	0.0
Increases, demerger	3.5
Increases	1.8
Historical cost at Dec 31	5.3

Accumulated depreciations and value adjustments Jun 30	0.0
Depreciations for the period	-0.7
Accumulated depreciations and value adjustments Dec 31	-0.7

Book value at December 31	**4.6**

Total intangible assets	**4.6**

Tangible assets

Land and water areas	
Historical cost at Jun 30	0.0
Increases, demerger	0.1
Historical cost at Dec 31	0.1
Book value at December 31	**0.1**

Buildings	
Historical cost at Jun 30	0.0
Increases, demerger	0.2
Historical cost at Dec 31	0.2
Accumulated depreciations and value adjustments Jun 30	0.0
Depreciations for the period	0.0
Accumulated depreciations and value adjustments Dec 31	0.0
Book value at December 31	**0.2**

Machinery and equipment	
Historical cost at Jun 30	0.0
Increases, demerger	0.0
Increases	0.1
Historical cost at Dec 31	0.1
Accumulated depreciations and value adjustments Jun 30	0.0
Depreciations for the period	0.0
Accumulated depreciations and value adjustments Dec 31	0.0
Book value at December 31	**0.1**

Advance payments and acquisitions in progress	
Historical cost at Jun 30	0.0
Increases, demerger	4.6
Increases	7.9
Decreases	-9.2
Historical cost at Dec 31	3.3
Book value at December 31	**3.3**

Total tangible assets	**3.7**

9. INVESTMENTS

Shares in Group companies	
Historical cost at Jun 30	0.0
Increases, demerger	133.6
Increases, merger	289.4
Decreases, merger	-81.3
Historical cost at Dec 31	341.7

Total investments	**341.7**

10. RECEIVABLES

Non-current receivables	
Receivables from group companies	
Loan receivables	80.0
Receivables from others	0.0
Total	80.0

Current receivables	
Receivables from group companies	
Trade receivables	7.2
Loan receivables	29.2
Other receivables	13.8
Receivables from others	
Other receivables	1.8
Accrued income	3.8
Total	55.8

Accrued income	
Accrued financial expenses	0.8
Other receivables	3.0
Total	3.8

11. EQUITY

Share capital Jun 30	0.0
Increases, demerger	1.0
Share capital Dec 31	**1.0**

Retained earnings Jun 30	0.0
Increases, demerger	140.3
Increases, merger	13.8
Return of treasury shares	0.0
Retained earnings Dec 31	**154.1**

Net profit for the financial period	3.8

Total equity	**158.9**

Distributable funds at Dec 31	
Retained earnings	154.1
Net profit for the financial period	3.8
Distributable fund from shareholders`equity	**157.9**

Treasury shares of Caverion Oyj

December 31, 2013 parent company had treasury shares as follows:

	Number	Total number of shares	% of voting rights
	4,080	125,596,092	0.0%

12. CHANGE IN DEPRECIATION DIFFERENCE

Change in cumulative accelerated depreciation Jun 30	0.0
Increases	0.0
Change in cumulative accelerated depreciation Dec 31	0.0

13. DEFERRED TAX RECEIVABLES AND LIABILITIES

Deferred tax receivables	
Postponed depreciation	0.0
Other temporary differences	0.4
Pension liabilities	0.0
Total	0.4

Deferred tax liabilities	
Cumulative accelerated depreciation	0.0
Other temporary differences	0.1
Total	0.1

Deferred taxes have not booked in the parent company`s financial statements.

14. NON-CURRENT LIABILITIES

Non-current liabilities	
Liabilities to group companies	
Other liabilities	8.0
Liabilities to others	
Loans from credit institutions	138.5
Pension liabilities	0.2
Total	146.7

15. CURRENT LIABILITIES

Current liabilities	
Liabilities to group companies	
Trade payables	0.3
Other liabilities	222.4

Accrued expenses	0.8
Liabilities to others	
Loans from credit institutions	68.5
Trade payables	1.0
Other liabilities	0.3
Accrued expenses	4.1
Total	297.3

Accrued expenses	
Personnel expenses	1.7
Interest expenses	0.4
Accrued taxes	1.2
Exchange rate forward agreements	0.8
Other expenses	0.0
Total	4.1

16. COMMITMENTS AND CONTINGENT LIABILITIES

Operating leasing commitments	
Payable during the current financial year	0.2
Payable in subsequent years	0.2
Total	0.4

Guarantees	
On behalf of group companies	
Contractual work guarantees	468.1
Leasing commitment guarantees	10.7

Derivative contracts	
External foreign currency forward contracts	
Fair value	-0.7
Value of underlying instruments	32.9

Internal foreign currency forward contracts	
Fair value	0.0
Value of underlying instruments	6.5

Interest rate swaps and future contracts	
Fair value	-0.1
Value of underlying instruments	70.0

17. SALARIES AND FEES TO MANAGEMENT

Decision-making regarding remuneration

Caverion Corporation's Annual General Meeting decides on the fees for the Board of Directors. The Board of Directors decides on the salary and fees and other terms of employment of the CEO and other key Group employees, such as members of the Group's Management Board.

The Personnel Committee of the Board of Directors prepares matters related to the appointment and remuneration of the Board members and the Group's key personnel as well as the Group's HR policy. Among other things, the Committee prepares proposals for the appointment of the Board members, President and CEO and other Group key personnel as well as their remuneration and other terms of employment. In addition, its tasks include preparing the Group's bonus schemes and other issues related to pay policy.

Remuneration of board members

The Extraordinary General Meeting June 17, 2013 decided that the Board of Directors' shall be paid remuneration as follows in 2013:

- Chairman EUR 6,600 per month (EUR 79,200 per year)
- Vice Chairman EUR 5,000 per month (EUR 60,000 per year)
- Members EUR 3,900 per month (EUR 46,800 per year).

In addition, a meeting fee of EUR 550 is paid for each Board and committee meeting. Per diems for trips in Finland and abroad are paid in accordance with the State's travelling compensation regulations.

Remuneration of the board

EUR	Board membership	Board meetings	Audit Committee meetings	Personnel Committee meetings	Total 2013
Ehrnrooth Henrik	39,600	3,850		550	44,000
Hyvönen Anna	23,400	4,400	1,100		28,900
Lehtoranta Ari	23,400	4,400		550	28,350
Lindqvist Eva	23,400	4,400	1,100		28,900
Rosenlew Michael	30,000	4,400	1,100	550	36,050
Board of Directors total	**139,800**	**21,450**	**3,300**	**1,650**	**166,200**

Management remuneration

The remuneration paid to the Group's Management Board is comprised of:

- Fixed salary
- Fringe benefits, such as company car and meal benefit
- Annual performance bonus, and
- Long-term incentive schemes.

Performance bonuses

The basis of remuneration is a fixed salary, in addition to which most of the Group's salaried employees are included in a performance bonus scheme. The Board of Directors confirms the criteria for the payment of performance bonuses every year.

The bonuses paid are determined on the basis of the fulfilment of personal profit objectives, the Group's financial result and fulfilment of profitability, growth and development objectives, such as occupational safety objectives. Performance and development discussions are an essential part of the management by key results system. In these discussions, employees and their superiors agree on the key objectives and their relative weighting and review the realization of the previously agreed objectives. The key principles and objectives for the result period influencing the personal performance bonuses are specified at the business group and unit level.

The maximum annual performance bonus paid to the CEO and the Management Board may equal 40%–60% of their annual taxable pay excluding the performance bonus.

Other monetary rewards in use at Caverion include new-initiative bonuses and years-of-service bonuses.

Pension, retirement age and termination compensation

The contractual retirement age of the CEO is statutory. The statutory retirement ages also apply to the other members of the Management Board. The CEO's contractual period of notice for is six months. If the company terminates the contract, the CEO shall also be paid separate compensation amounting to 12 months' salary.

Remuneration paid to the CEO and Management Board in 2013

In addition to salary, the fringe benefits for CEO Juhani Pitkäkoski included a company car and meal benefit. The bonuses paid to the CEO in 2013 totalled EUR 130,000. The bonuses paid to other members of the Group Management Board in 2013 totalled EUR 194,316. The performance bonus paid is based on the Group's financial performance and personal key results set by the Board of Directors.

Remuneration paid to CEO and Management Board

EUR	Fixed salary	Fringe benefits	Bonuses paid	Total 2013
President and CEO	283,685	7,439	130,000	421,123
GMB Members at Oyj, total	409,883	26,265	76,335	512,484

Includes the members' total remuneration from the period they were members of the Group Management Board.

Statutory pension costs of the CEO in 2013

EUR	Total 2013
Accrued statutory pension costs	72,391

Loans to associated parties

The President and CEO and the members of the Board of Directors did not have cash loans from the company or its subsidiaries on December 2013.

Board's proposal for the use of distributable equity

The distributable equity of Caverion Corporation on December 31, 2013 is:	
Retained earnings	154,145,083.77
Profit for the period	3,787,653.81
Retained earnings, total	157,932,737.58

The Board of Directors proposes to the Annual General Meeting that the distributable equity be disposed of as follows:	
Payment of a dividend from retained earnings EUR 0.22 per share to shareholders	27,630,242.64
To remain in distributable equity	130,302,494.94

No significant changes have taken place in the company's financial position after the end of the financial year. The company's liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not jeopardise the company's solvency.

Helsinki, January 27, 2014

Caverion Corporation
Board of Directors

Henrik Ehrnrooth
Chairman

Michael Rosenlew
Vice Chairman

Anna Hyvönen

Ari Lehtoranta

Eva Lindqvist

Juhani Pitkäkoski
President and CEO

Auditor's Report

(Translation from the Finnish Original)

To the Annual General Meeting of Caverion Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Caverion Oyj for the company's first financial period ended 31 December 2013. The financial statements comprise the consolidated statement of financial position as per 31 December 2013, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements for the period of 1 January 2013 - 31 December 2013, as well as the parent company's balance sheet as per 31 December 2013, income statement, cash flow statement and notes to the financial statements for the accounting period of 30 June 2013 - 31 December 2013.

Responsibility of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 28 January 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Key figures

Financial key figures	2013	2012 1)	2011
Revenue, EUR million	2,543.6	2,803.2	2,875.7
EBITDA, EUR million	70.9	85.3	125.3
EBITDA margin, %	2.8	3.0	4.4
Operating profit, EUR million	49.4	61.1	105.0
Operating profit margin, %	1.9	2.2	3.7
Profit before taxes, EUR million	42.8	57.5	102.0
Net profit for the period, EUR million	35.5	40.8	73.0
Attributable to			
Equity holders of the parent company, EUR million	35.5	40.7	72.9
Non-controlling interest, EUR million	0.0	0.1	0.1
Equity ratio, %	22.2	32.4	–
Gearing ratio, % 2)	34.6	-2.5	–
Number of personnel at Dec 31	17,673	18,618	19,481
Number of personnel on average during the year	18,071	19,132	19,701
Share-related key figures	**2013**	**2012 1)**	**2011**
Earnings/share, EUR 3)	0.28	0.32	–
Earnings /share, diluted EUR	0.28	0.32	–
Equity/share, EUR	2.0	3.1	–
Dividend/share, EUR	0.22*)	–	–
Dividend per earnings, %	77.8*)	–	–
Effective dividend yield, %	2.5*)		
Price/Earnings ratio (P/E ratio)	31.5		
Share price trend	**2013**	**2012 1)**	**2011**
Share price at Dec 31, EUR	8.90	–	–
Low, EUR	3.00	–	–
High, EUR	8.94	–	–
Average, EUR	5.54	–	–
Market capitalization at Dec 31, EUR million	1,117.7	–	–
Share turnover trend			
Share turnover, thousands	46,168	–	–
Share turnover of shares outstanding, %	85.0	–	–
Average number of shares outstanding (thousands)	125,595	–	–
Number of outstanding shares at the end of the period (thousands)	125,592	–	–

The historical carve-out financial statements for 2011-2012 do not necessarily reflect what the combined results of operations, financial position and cash flows of would have been, had Caverion with its subsidiaries operated as an independent group and had it presented stand-alone financial statements during the periods presented.

*) Board of Directors' proposal

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, operating profit and profit before taxes decreased correspondingly by EUR 0.1 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-December would have amounted to approximately EUR 8.4 million.

Calculation of key figures

EBITDA	=	Operating profit (EBIT) + depreciation, amortisation and impairment
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
Share-issue adjusted earnings per share (EUR)	=	Net profit for the period (attributable for equity holders) / Share issue-adjusted average number of outstanding shares during period
Equity / share (EUR)	=	Shareholders' equity / Share issue-adjusted number of outstanding shares at the end of period
Share-issue adjusted dividend per share (EUR)	=	Dividend per share for the period / Adjustment ratios of share issues during the period and afterwards
Dividend per earnings (%)	=	Dividend per share x 100 / Earnings per share
Effective dividend yield (%)	=	Share issue-adjusted dividend per share x 100 / Share issue-adjusted share price on December 31
Price/earnings ratio (P/E ratio)	=	Share issue-adjusted share price on December 31 / Share issue-adjusted earnings per share
Market capitalisation	=	(Number of shares – treasury shares) x share price on the closing date by share series
Share turnover (%)	=	Number of shares traded x 100 / Average number of outstanding shares