



Annual Report
2016

Caverion

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Caverion in brief



Caverion designs, builds, operates and maintains user-friendly and energy-efficient technical solutions for buildings, industries and infrastructures in Northern, Central and Eastern Europe. Our services and solutions are used in commercial, industrial, public and residential buildings and processes ensuring business continuity, safe, healthy and comfortable conditions, optimised performance and cost control.

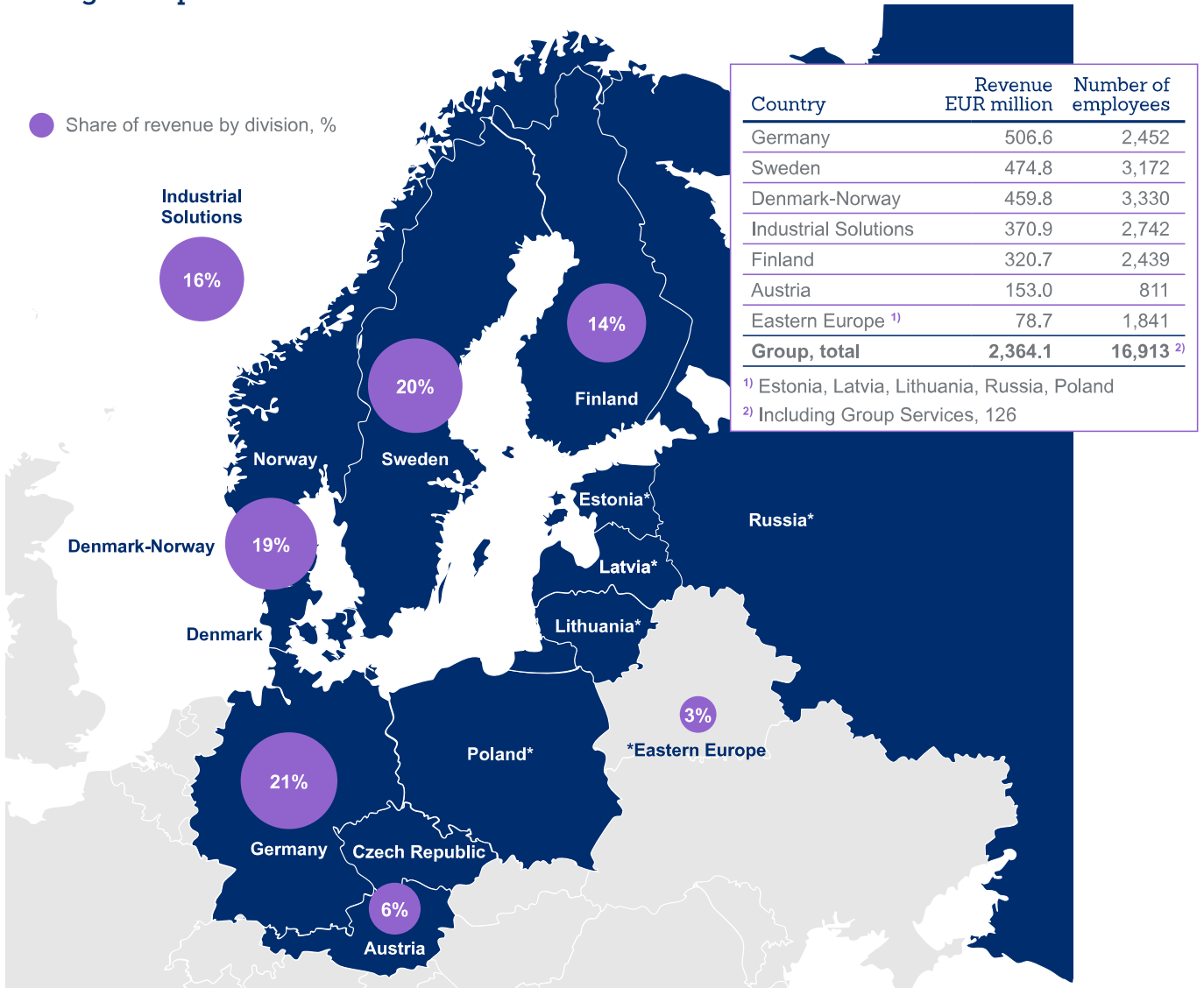
Caverion's revenue for 2016 amounted to approximately EUR 2.4 billion. The company is among Europe's leading providers of technical solutions for buildings and industries.

Caverion operates in 12 countries and employs about 17,000 people. Our head office is located in Helsinki, Finland. The Caverion share (CAV1V) is listed on the Nasdaq Helsinki.

Key figures

EUR million	2016	2015
Order backlog	1,408.1	1,461.4
Revenue	2,364.1	2,443.0
EBITDA	-11.4	91.5
EBITDA margin, %	-0.5	3.7
Earnings per share, basic, EUR	-0.25	0.37

Strong local presence in 12 countries



Five quick facts about Caverion in 2016:

- 30,000 spaces serviced
- ~280 branch offices
- 5,700 service cars
- ~31,000 shareholders
- 93% of our revenue comes from ISO 14001 certified operations

"Year of restructuring"

For Caverion, 2016 was both a very special and a very disappointing year. Many of our problems were related to issues in our project business and we have implemented several actions that will help us to improve our project performance.

Our Technical Maintenance and Managed Services business areas, which represent our Services business, continued to perform well in 2016.

The year was unfortunately also a year of restructuring. With the completed and ongoing actions, together with the organisational and management changes, we will continue to lay a better foundation for our operations in the future.



From the CEO

For Caverion, 2016 was both a very special and a very disappointing year. We found out that our performance was clearly lower than we estimated, and further studies brought up issues that were both dramatic and fundamental.

Many of our problems were related to issues in our project business. During 2016, we reviewed all ongoing and completed projects. As a result of the reviews, 6,000 of them, Caverion made the necessary forecast changes, which resulted in project write-downs related to our project portfolio, as we have previously communicated. We have implemented several actions that will help us to improve our project performance to the right level. Going forward, I believe our risk level will be lower.

We had some other challenges as well including, for example low utilisation rate and some code of conduct issues from the past.

Our Technical Maintenance and Managed Services business areas, which represent our service business, continued to perform well in 2016. We won many life cycle contracts in several divisions and performed the services reaching the targets we had. We also renewed our concept for preventive maintenance, called ServiFlex+, our flagship product. We will launch its sales in 2017.

The year was unfortunately also a year of restructuring. We have now completed personnel reductions for 2016. These actions were necessary to improve our utilisation rate going forward. Several changes have also been made in our organisation and management at group and division level. Together with our personnel, we are now building a new organisational culture, which will better support our business but also, I believe, make Caverion a better place to work.

In 2016, we also took several positive steps. Our customer satisfaction survey gave us good insight into customer

expectations and showed that the overall satisfaction of our customers was at a good level. We also improved in work safety and other areas of sustainability. We managed to decrease the accident frequency rate significantly. Our first common e-learning concentrated on Code of Conduct and ethical business principles.

Environment and energy issues are important for us. We did well in the environment and climate evaluation CDP 2016, which is the leading climate index.

With the completed and ongoing actions, together with the organisational and management changes, we will continue to lay a better foundation for our operations in the future. In the short term, we will naturally concentrate on improving our profitability and cash flow. We have also started to prepare our strategy for 2020.

Finally, I want to thank all our stakeholders for keeping their faith in us. Closer cooperation with our customers is a critical success factor for us. This is something I want to make happen together with all our employees. The company's service portfolio and industry knowledge are great and we have made rapid progress in digitalisation. Caverion has every opportunity to become the industry leader and I believe that we will soon start reporting good progress, leading to a future that our customers, stakeholders and employees deserve.

Ari Lehtoranta, President & CEO of Caverion

Strategy

The year 2016 was a difficult one for Caverion. The core of our strategy remained intact. However, the Group had profitability problems due to resource overcapacity and challenges in the project business.

From May 2016, Caverion focused on restructuring its operations and reviewing the project portfolio. The challenges related to project management and execution mainly related to the Sweden, Denmark-Norway, Germany and Industrial Solutions divisions. The total amount of jobs impacted by the restructuring actions in 2016 was 1,060. There were also several changes in Caverion's management board.

New Projects and Services functions were established to respond to the challenges in executing and managing projects and help secure the targeted utilisation rate in the service business. During the year, the company also cut back on internal development projects to lower fixed costs and to focus on the implementation of the most important development projects.

Megatrends

The group has defined four megatrends that are changing the market in which Caverion operates. The megatrends drive Caverion's strategy and support the future demand for our business.

Increasing technology

- Technology in buildings currently accounts for 40–60% of building costs.
- Integrated technologies require multi-discipline expertise.
- Maintenance is increasingly based on preventive measures as well as on actual needs and conditions.

Improving energy efficiency

- Tightening legislation relating to energy efficiency.
- Integrated technologies require multi-discipline expertise.
- Increasing demand for energy-efficient solutions also for existing buildings.

Growing digitalisation

- All technologies in buildings have an IP address.
- Demand for remote monitoring is increasing.
- 10,000 buildings currently under Caverion's remote control.

Urbanisation continues

- Needs for necessary infrastructure (water, sanitation, energy, information, transportation) increase.
- Urban development management important (management of land, housing, working environment, transportation).

Caverion's strategic financial targets remained the same during the year. However, reaching the targets will take more time due to the restructuring and other strategic changes.

The strategy for 2017–2020 is under preparation and will be published during 2017. Ari Lehtoranta started as Caverion's new CEO on 1 January 2017.

Our vision, mission and values

Caverion's vision is to be a leading European provider of advanced and sustainable life cycle solutions for buildings and industries.

Our mission is to design, build, operate and maintain user-friendly and energy-efficient solutions for buildings, infrastructure and industrial plants.

Our values are being one step ahead, cooperation, responsibility and high performance.

Guidance for 2017

Caverion estimates that the Group's revenue will remain at the previous year's level in 2017 (2016: EUR 2,364 million). Caverion estimates that the Group's EBITDA excluding restructuring costs will more than double in 2017 (2016: EUR 15.6 million).

Long-term financial targets

Our long-term financial targets are:

Profitability

- EBITDA over 6% of revenue

Revenue growth

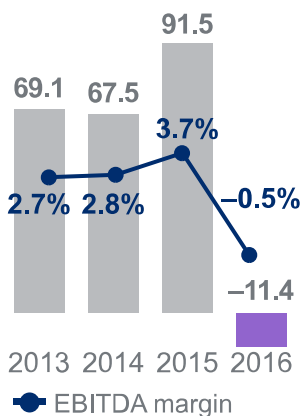
- Average annual revenue growth >10%

Working capital

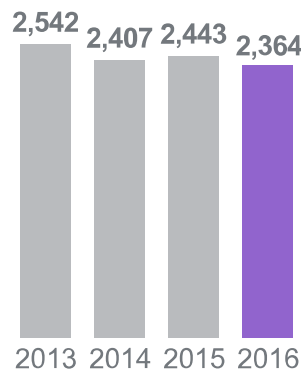
- Negative

Progress in reaching long-term financial targets 2013–2016

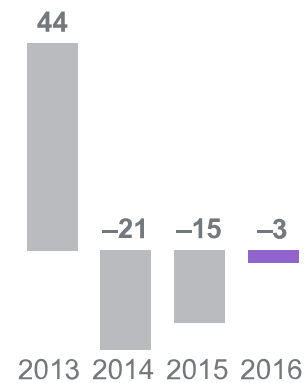
EBITDA (EUR million)



Revenue (EUR million)



Working capital (EUR million)



Key strengths

The key strengths of Caverion are:

- Life cycle solutions
- Geographically extensive operations in 12 countries and strong market position in all key operating countries
- Strong technical competence and own innovative solutions
- Energy efficiency always integrated into services and solutions
- Prerequisites for a strong, stable cash flow
- Competence and proven experience in growing through acquisitions

Operating environment

Caverion is among Europe’s leading providers of technical solutions for buildings and industries. Our market position remained strong in 2016.

Competitive landscape and market position

The European market for technical solutions for buildings and industries is very fragmented. Most players in the field are smaller companies with a limited range of services. The fragmented market provides opportunities for growth.

Technical maintenance is typically a very local or regional business and it is the most competitive of our businesses, mainly due to very low barriers of entry. To react to competition, Caverion developed a new service concept for preventive maintenance in 2016. ServiFlex+ brings together both remote monitoring and different service levels as a competitive package.

Caverion's market position*

Competition in the large project and technical installation market typically takes place on the national or international level. In Managed Services, the competitor spectrum covers everything from large international companies to small local ones and there are clearly fewer competitors than in the traditional maintenance market.

In 2016, we ranked among the five largest players in all of our largest operating countries: Finland, Sweden, Norway, Denmark, Germany and Austria. Additionally, Caverion is the leading industrial solutions company in Finland and one of the principal providers of industrial solutions in Sweden. The largest industrial client segments are the forest industry and the energy sector. Germany was clearly our largest addressable market in 2016. Therefore, based on the size of the market alone, there is large growth potential in Germany.



Market outlook for Caverion's business in 2017

Projects

- The Technical Installation and Large Projects markets are expected to remain good and stable but price competition tight in Technical Installation projects.
- In the Large Projects market, new tenders for buildings and industry are expected to remain on a good level and even to somewhat increase.
- The demand for Design & Build of Total Technical Solutions is expected to develop favourably in large and technically demanding projects. Good demand from both the public and private sectors is expected to continue.

Services

- The underlying demand for Technical Maintenance and Managed Services is expected to remain strong.
- The need for new services and the demand for Life Cycle Solutions are expected to increase.
- There are opportunities for Caverion in outsourced operations and maintenance especially within public authorities, industries and utilities.

Short-term demand prospects in Caverion's divisions

Division / Country	Technical Installations	Large Projects	Technical Maintenance	Managed Services
Finland	→	→	➔	➔
Sweden	➔	→	➔	➔
Norway	➔	➔	➔	→
Germany	➔	➔	➔	➔
Austria	→	→	→	→
Denmark	→	→	➔	➔
Industrial Solutions	➔	➔	→	➔
Eastern Europe	→	→	→	→

Sources: Euroconstruct, management estimates

Competitors by businesses

Technical Installation	Large Projects	Technical Maintenance	Managed Services
<ul style="list-style-type: none"> ◦ Apleona ◦ Are ◦ Assemblin ◦ Bilfinger Industrial Services ◦ Bravida ◦ Goodtech ◦ Gunnar Karlsen ◦ Ortner ◦ ROM Technik ◦ SPIE ◦ Strabag PFS ◦ Vinci 	<ul style="list-style-type: none"> ◦ Apleona ◦ Are ◦ Assemblin ◦ Bilfinger Industrial Services ◦ Bravida ◦ Cofely ◦ Ortner ◦ ROM Technik 	<ul style="list-style-type: none"> ◦ Apleona ◦ Are ◦ Assemblin ◦ Bilfinger Industrial Services ◦ Bravida ◦ Goodtech ◦ Gunnar Karlsen ◦ Maintpartner ◦ Ortner ◦ ROM Technik ◦ SPIE ◦ Strabag PFS ◦ Vinci 	<ul style="list-style-type: none"> ◦ Apleona ◦ Assemblin ◦ Coor ◦ Maintpartner ◦ Quant ◦ SPIE ◦ Vinci ◦ Wisag PFS

Clients

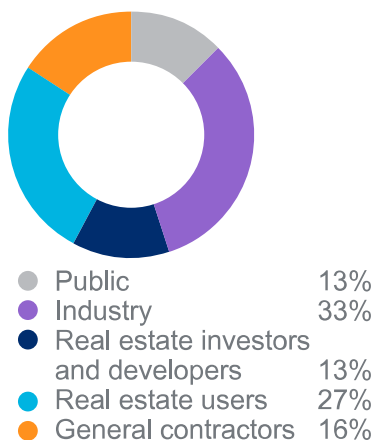
Caverion has five main client segments:

- Public
- Industry
- Real Estate Investors and Developers
- Real Estate Users
- General Contractors

Our objective is to foster long-term client relationships with our competence and local presence. Long-term relationships with clients and a wide client base support the stability of cash flow.

Caverion is not dependent on individual clients: in 2016, the three largest clients represented less than 7% of our revenue and the ten largest less than 14%. In addition, different client groups in the private and public sectors and geographically extensive presence reduce our dependency on economic cycles.

Revenue breakdown by client segment in 2016



Financial development in 2016

Guidance for 2017

Caverion estimates that the Group's revenue will remain at the previous year's level in 2017 (2016: EUR 2,364 million).

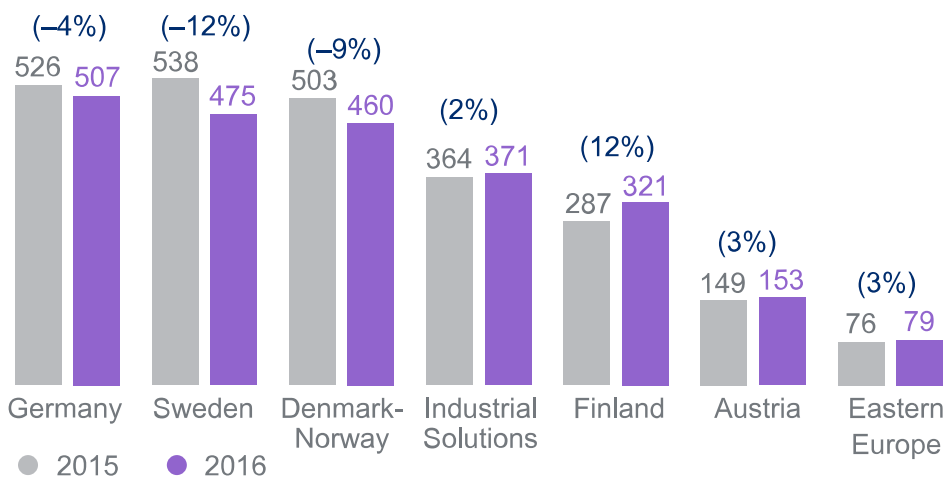
Caverion estimates that the Group's EBITDA excluding restructuring costs will more than double in 2017 (2016: EUR 15.6 million).

Key figures

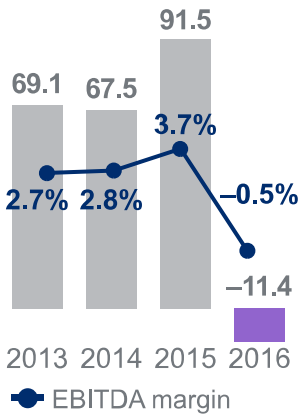
EUR million	2016	2015	Change
Order backlog	1,408.1	1,461.4	-3.6%
Revenue	2,364.1	2,443.0	-3.2%
EBITDA excluding restructuring costs	15.6		
EBITDA margin excluding restructuring costs, %	0.7		
EBITDA	-11.4	91.5	
EBITDA margin, %	-0.5	3.7	
Operating profit	-40.8	65.0	
Operating profit margin, %	-1.7	2.7	
Net profit for the period	-31.7	46.6	
Earnings per share, undiluted, EUR	-0.25	0.37	
Working capital	-2.6	-15.4	-83.4%
Free cash flow	-72.1	53.9	
Interest-bearing net debt	145.5	29.8	
Gearing, %	78.7	11.7	
Personnel, end of period	16,913	17,399	-2.8%

<p>Order backlog (EUR million)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Order backlog (EUR million)</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>1,241</td> </tr> <tr> <td>2014</td> <td>1,324</td> </tr> <tr> <td>2015</td> <td>1,461</td> </tr> <tr> <td>2016</td> <td>1,408</td> </tr> </tbody> </table>	Year	Order backlog (EUR million)	2013	1,241	2014	1,324	2015	1,461	2016	1,408	<ul style="list-style-type: none"> ◦ The completion of the restructuring actions and focus on higher product margins affected the order backlog in the second half of 2016. ◦ Order backlog amounted to EUR 1,408.1 million, a decrease of 3.6%.
Year	Order backlog (EUR million)										
2013	1,241										
2014	1,324										
2015	1,461										
2016	1,408										
<p>Revenue (EUR million)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Revenue (EUR million)</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>2,542</td> </tr> <tr> <td>2014</td> <td>2,407</td> </tr> <tr> <td>2015</td> <td>2,443</td> </tr> <tr> <td>2016</td> <td>2,364</td> </tr> </tbody> </table>	Year	Revenue (EUR million)	2013	2,542	2014	2,407	2015	2,443	2016	2,364	<ul style="list-style-type: none"> ◦ Revenue was EUR 2,364 million in 2016. ◦ Revenue growth was largest in Finland compared to the previous year. ◦ In project business, the project write-downs completed in Sweden, Germany, Denmark-Norway and Industrial Solutions had a negative effect on the revenue.
Year	Revenue (EUR million)										
2013	2,542										
2014	2,407										
2015	2,443										
2016	2,364										

Revenue breakdown by division (EUR million)

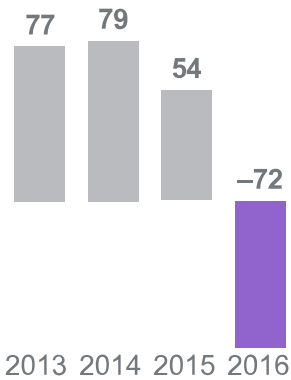


EBITDA (EUR million)

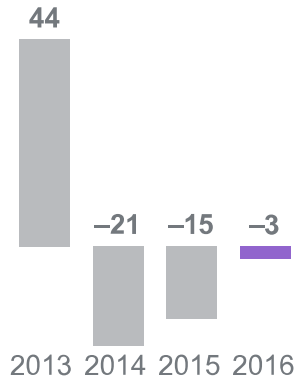


- EBITDA excluding restructuring costs amounted to EUR 15.6 million, or 0.7% of revenue in 2016. Affected by project write-downs of EUR 59.0 million.
- EBITDA was EUR -11.4 (91.5) million, or -0.5% of revenue. Affected by restructuring costs of EUR 26.9 million.

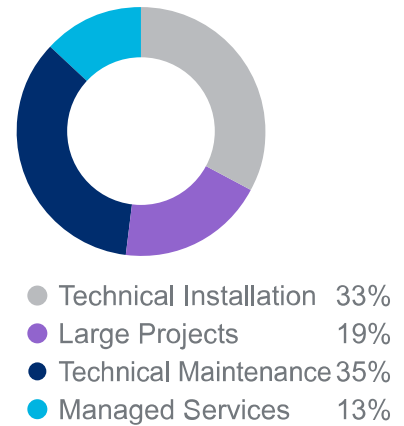
Free cash flow (EUR million)



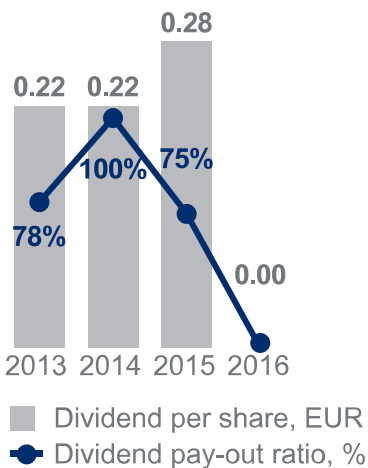
Working capital (EUR million)



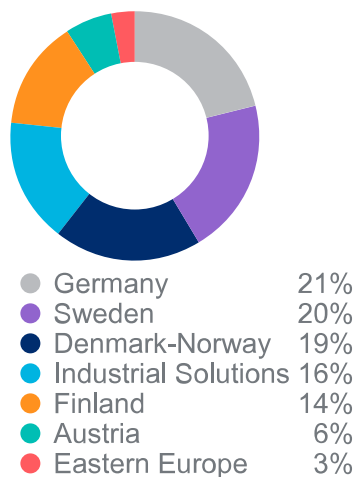
Revenue by business area, % of revenue 2016



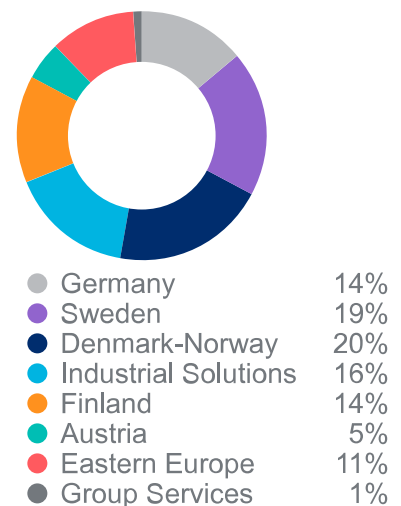
Dividend payout



Revenue by division, % of revenue 2016



Personnel by division at the end of 2016



Events in 2016

Q4

Client satisfaction survey and brand survey finalised



Our first group-wide client satisfaction survey collected valuable information for developing our operations, strategy work and understanding customer retention. At the same time, we implemented a brand survey which will form the basis for developing the Caverion brand.

Changes in Caverion Corporation's Board of Directors



Ari Lehtoranta resigned from the Board of Directors of Caverion Corporation and from the position of Chairman of the Human Resources Committee as of 15 November, 2016. **Michael Rosenlew**, Vice Chairman of the Board of Directors, will chair the Board of Directors until the closing of the next Annual General Meeting.

Ari Lehtoranta appointed as President and CEO



The Board of Directors of Caverion Corporation appointed **Ari Lehtoranta** as the new President and CEO of Caverion Corporation. He assumed the new position on January 1, 2017. Lehtoranta was a member of the Board of Caverion Corporation since 2013, and the Chairman of the Board since 2015.

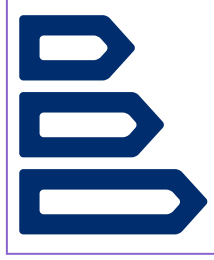
Q3

Hack the Office event in Helsinki, Finland



The first Hack the Office event in the Nordic property sector took place in November in Finland, bringing together the developer community. The most innovative ideas from the hackathon were announced at Slush 2016.

Restructuring of operations continued



The total amount of jobs impacted by the restructuring actions was 1,060. The positive impacts of the restructuring actions are expected to be visible in 2017.

Q2

Changes in Caverion's Group Management Board



Klas Tocklin was appointed as Executive Vice President, Division Sweden and a member of the Group Management Board of Caverion Corporation as of August 10, 2016. **Martti Ala-Härkönen** was appointed as CFO of Caverion and a member of the Group Management Board of Caverion Corporation as of September 19, 2016.

Golden Helmet Awards



Two teams and two individuals at Caverion were awarded with the Golden Helmet Award for doing extraordinarily excellent work in strategy execution.

Restructuring actions launched



The business review resulted in restructuring actions, with the main focus on divisions Sweden and Denmark-Norway and also on Group Services.

Caverion acquired Sähkötaso Esitystekniikka Oy



Caverion purchased a Finnish company, Sähkötaso Esitystekniikka Oy. The transaction complements Caverion's offering in the area of Information and Communication Services. Sähkötaso Esitystekniikka Oy is the leading provider of AV solutions in Finland.

One of the largest deals signed



Caverion signed a Managed Life Cycle project contract for a new office building at Kalvebod Brygge in Copenhagen, Denmark. The value of the project is more than EUR 80 million and it is one of the largest orders Caverion has ever received. Photo: Arkitema Architects K_S

1200 trainees and apprenticeships at Caverion



Caverion offered on-the-job learning opportunities for 1,200 trainees and apprentices. We also participated actively in the development of education programmes related to our field of expertise.

Fredrik Strand discontinued as President and CEO of Caverion



Caverion Corporation's Interim President and CEO was **Sakari Toikkanen** (Senior Vice President, Strategy and M&A) for the period May 17, 2016–December 31, 2016.

Q1

Annual General Meeting



The Annual General Meeting of Caverion Corporation was held on March 21, 2016 in Helsinki, Finland. 487 shareholders were present at the meeting, either in person or represented by proxy.

Changes in Caverion's external reporting as of Jan 1, 2016



The old business areas ("Service and Maintenance" and "Projects") were replaced by three new business areas: Technical Installation and Maintenance, Large Projects, and Managed Services. The geographical breakdown is reported by divisions.

Caverion Space Saga



Caverion's first common marketing campaign, Caverion Space Saga, reached almost one million views during 2016. The campaign will continue in 2017. www.caverion.com/Csaga

Caverion acquired Arneg Kühlmöbel



Caverion purchased an Austrian company, Arneg Kühlmöbel, which is one of the leading suppliers of cooling technology in Austria.

Code of Conduct training



Our first common training concentrated on Code of Conduct issues. From 2016 onwards, all employees are required to complete the Code of Conduct training annually.

Business



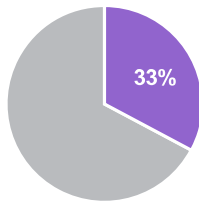
We have strong process and technological expertise and comprehensive services, including all technical disciplines throughout the entire life cycles of properties and plants.

Caverion has two business units: Projects and Services.

Projects

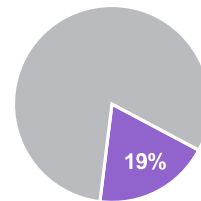
In 2016, the Project business accounted for 52 per cent of Group revenue, consisting of the Technical Installation revenue of EUR 782.3 million and Large Projects revenue of EUR 451.3 million.

Technical Installation



- Small and mid-size projects
- Single and multiple technologies
- Implemented for building systems clients and industrial clients

Large Projects

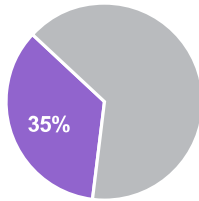


- Contract value of over EUR 5 million
- Design & build or tender-based projects
- Total Technical Solutions, Life Cycle Projects, project deliveries to industry
- About 50 Large Projects ongoing

Services

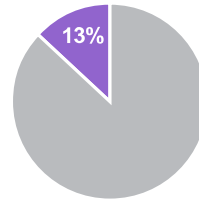
In 2016, the Service business accounted for 48 per cent of Group revenue, consisting of the Technical Maintenance revenue of EUR 817.8 million and Managed Services revenue of EUR 312.8 million.

Technical Maintenance



- Preventive maintenance, need-based maintenance and maintenance projects
- Typically fixed-priced ServiFlex contracts covering several technical disciplines
- Over 30,000 spaces in service

Managed Services



- Client-oriented and comprehensive service
- For example, all services related to facility management and maintenance during the life cycle or overall responsibility for maintenance for industrial clients
- Around one hundred Managed Services clients, most of which operate in the public sector and in the process and energy industries

Services throughout the life cycle

Caverion understands the complexity of buildings and related processes. Our comprehensive solutions ensure that end users can focus on their core business while Caverion enables optimal indoor climate and cost-efficiency. Caverion can take responsibility for designing and installing all of the technical systems and solutions, as well as for the service and maintenance of the property or industrial plant. Our services cover all technical disciplines.

Caverion is a system integrator capable of combining complex, customised solutions and operating them with a guaranteed performance over the life cycle of the building and industrial plant. Life cycle solutions encompass all our service areas. From the customer perspective, the life cycle approach means that their buildings, industrial facilities and processes are functional, safe, sustainable, and energy- and cost-efficient.

In 2016, we conducted our first common customer satisfaction survey. According to it, customers are satisfied with Caverion's technical expertise and the way we understand their challenges. We have room for improvement, for example in supporting customer loyalty.

Our technical disciplines

- Heating & Sanitation
- Ventilation & Air Conditioning
- Electricity
- Cooling
- Information & Communication Services
- Security & Safety
- Automation
- Industrial Installations
- Process Piping

Projects

In 2016, the revenue of the Projects business was EUR 1,233.6 million, consisting of the Technical Installation revenue of EUR 782.3 million and Large Projects revenue of EUR 451.3 million.

Technical installations for properties and industry

Technical installation is a particularly important business area for Caverion due to its volume. We deliver technical installations for both building renovations and future properties. Delivery contracts can cover one or more technical disciplines, such as material delivery and installation of ventilation, electricity or building automation. We have special expertise in technical design and installations for demanding facilities, such as clean rooms and premises with high acoustic demands.

Caverion also delivers projects to industrial clients across the Nordic countries, including pipe and electricity installations and customised project deliveries of maintenance and modernisation services during shutdown.

Large Projects are based on the single supplier model

In 2016, Caverion had about 50 ongoing Large Projects worth over EUR 5 million for real estate and industrial clients.

Large Projects are either design & build projects covering planning and execution or tender-based projects. In design & build projects, Caverion acts as partner to the main contractor and is in charge of procurement, planning and building systems. From the client perspective, working with one partner reduces the need for coordination between various contractors, makes risk management easier and improves execution quality. The coordination of the planning and execution phases also accelerates project implementation and reduces costs. For Large Projects, the planning and execution phases have an average duration of 3–12 months and 8–24 months, respectively. Caverion also uses subcontractors during project execution, especially in Central Europe.

Total deliveries of building systems account for an increasing share of our Large Projects. In these projects, Caverion is usually responsible for expert services, planning, coordination of building systems, project management, project execution and handover to the end user. Increasingly often, our delivery covers several building systems also in large tender-based projects.

In life cycle projects, Caverion focuses on life cycle, investment and operating costs, availability and the operation of properties in the long term. The model ensures the retention of property value, good indoor air and safe conditions throughout the life cycle. When we are involved already at the planning stage, we can use our expertise, our knowledge of technical maintenance and managed operations and our

experience to shorten the construction phase and reduce overall life cycle costs.

In addition to public sector and commercial clients, Caverion executes Large Projects for industrial clients in, for example, the energy, mining and forest industries. Our competitiveness in industrial projects and technical installations is based on advanced industrial prefabrication, excellent planning and good management of resources and logistics. For example, in short shutdown projects requiring efficiency, Caverion has the capacity to rapidly allocate hundreds of professionals to the worksite.

Measures to improve the profitability of the project business

In 2016, Caverion carried out a thorough review of its project portfolio to identify the challenges related to project management and execution. Based on the review, Caverion has made the necessary cost estimate adjustments, write-downs and provision increases (“project write-downs”) related to its project portfolio, which mainly relate to divisions Sweden, Germany and Industrial Solutions. The project write-downs totalled approximately EUR 59 million for the year 2016.

The Projects unit was established to support the divisions' project management offices (PMO). The unit's responsibilities include improving the profitability of the project business, managing risks and developing common approaches. We introduced a stricter bid approval and decision-making model for projects at all levels. In practice, we have for example raised minimum tender margin requirements and have set up proper tender go/no go analyses. In our new organisation, we have also clearly defined the units responsible for maintenance or projects, and all Large Project operations have been centralised to professional project management teams within the divisions.

At the end of 2016, we increased the efficiency of our project manager training courses in order to guarantee common project processes and common project management guidelines. Furthermore, we launched a survey to select a project management tool for the whole Group and, thereby, to improve risk management and forecasting.

In 2017, we will continue to instil common practices, develop the quality of tender pricing and improve economic predictability and the project managers' knowledge.

Caverion's expertise in the Project business is based on our:

- Technical expertise in all building systems and key technical disciplines for industry
- Solid experience in large and complex projects
- Project management offices in all divisions
- Strong market position

- Design and engineering knowledge in all client segments
- Integrated total deliveries of building systems
- Life cycle management and sustainability focus

See some examples of the orders we received in 2016

Services

Caverion is one of the major players in its market, serving both real estate and industrial clients. We aim to maintain this position and outgrow the market. In 2016, the revenue of the Services business was EUR 1,130.6 million, consisting of the Technical Maintenance revenue of EUR 817.8 million and Managed Services revenue of EUR 312.8 million.

New ServiFlex+ concept for technical maintenance of properties

The Technical Maintenance business provides real estate and industrial clients with predictive maintenance, need-based maintenance, repair services and service projects. In 2016, Caverion had more than 30,000 spaces in Technical Maintenance service.

Technical maintenance services are typically provided under fixed-price ServiFlex agreements covering several technical disciplines. In order to increase the share of agreement-based maintenance and deliver value for clients, we began to develop a new ServiFlex+ concept in 2016. The new ServiFlex+ offers clients various service levels and an opportunity for 24/7 remote property monitoring, which enables significant energy and cost savings and benchmarking the property's consumption history against similar properties. Remote monitoring also helps in optimising the performance and maintenance intervals of the property's technical equipment and systems. The sales of ServiFlex+ began in late 2016 in Norway and will be expanded to all countries in which Caverion operates over the course of 2017.

In addition to ServiFlex+, Caverion offers other, customised agreement models, intended to secure the operation of one or more technical disciplines in the short or medium term. Agreement-based maintenance business also provides the best opportunities for selling additional services. ServiFlex agreements are typically concluded for three years, after which they continue for a period that is a multiple of the original period. Agreements are normally paid up front at the beginning of the year. The annual turnover rate for ServiFlex agreements is only a few percent, and the likelihood of concluding an agreement in the bidding phase is significantly higher than with other agreement models. Agreements do not usually offer opportunities for additional bonuses for Caverion. As part of creating the ServiFlex+ concept, control room operations were centralised by division in a single unit in Finland, Germany, Norway and Sweden.

We serve industrial clients by providing maintenance and repair services that help them achieve improved availability, speed and uninterrupted operation of their production lines.

In 2016, Caverion's Technical Maintenance business also invested in increasing internal efficiency and implementing consistent processes. For example, service managers in Finland, Sweden, Norway, Denmark and Austria began to use mobile devices that make their work more efficient.

Managed Services takes overall responsibility for conditions and costs

In the Managed Services business, Caverion operates, develops and maintains technology and systems and related processes in commercial, industrial and residential buildings, taking overall responsibility and putting the client in the centre. Managed Services agreements can include Life Cycle Solutions, Managed Operations (including Technical Maintenance), Operational Performance Contracting and Energy Performance Contracting. Compared to traditional property maintenance, Managed Services agreements can cover all services related to facility management and maintenance, with Caverion assuming greater responsibility for achieving certain conditions and targets and controlling costs. For industrial clients, Managed Services partnerships mean that Caverion will shoulder overall responsibility for maintenance as well as partial responsibility for meeting production targets.

Managed Services agreements are typically life cycle agreements lasting up to 25 years. Instalments are paid monthly throughout the term of agreement. Opportunities for additional bonuses for Caverion and possible decreases in services are evaluated annually and are of minor economic value. Due to special features, the likelihood of concluding agreements is high. The retention rate for agreements is excellent and annual turnover is low.

In 2016, clients in Denmark and Finland, in particular, became increasingly interested in energy and cost efficiency throughout the life cycle of their buildings and plants. We currently have around one hundred Managed Services clients, most of which operate in the public sector and in the process and energy industries. Multinational corporations are also exhibiting more interest in cross-border service agreements, and the first agreements were signed during the year.

In the industry segment, Managed Services partnerships were established particularly in Finland during the year. Caverion is also in the process of expanding its industrial service offering to Germany.

Energy savings investments in the public sector are often implemented using the ESCO or EPC models, in which Caverion is responsible for energy savings and the optimisation of energy efficiency in properties, and also guarantees energy savings for the properties specified in the agreement. Energy efficiency investments can be implemented, in full or in part, by savings from the measures taken. In the Nordic countries, there is also increased interest in public-private partnerships, although the share of PPP and similar agreement models in the market is still relatively small.

Solutions for the entire life cycle

In their widest form, Managed Services are offered as Life Cycle Solutions encompassing all Caverion's service areas.

Clients can move life cycle responsibility from several suppliers to Caverion for 20–25 years in order to secure costs, energy efficiency and optimal conditions for even decades to come. Caverion provides most of the services in-house, excluding potential soft services that are outsourced, such as cleaning or the maintenance of outdoor areas.

In 2016, Caverion launched a major life cycle project in, for example, Kalvebod Brygge, Copenhagen. The life cycle agreement for a new office building is worth more than EUR 80 million, which makes it one of the largest orders in Caverion's history.

Caverion's expertise in Services business is based on our:

- Broad experience and efficiency in reducing costs, extending service life and minimising breakdowns
- Technical expertise in all building systems and key technical disciplines for industry
- Nation-wide local presence, ensuring short response times in maintenance
- Strong market position
- Long-term client relationships, extensive track record
- Life cycle and sustainability focus
- Remote property management
- Real-time client reporting
- Experienced and engaged teams, skilled personnel
- Harmonised processes and enterprise architecture for controlling costs, quality and agreements

[See some examples of the orders we received in 2016](#)

Case gallery

Examples of new orders in 2016



Case: Managed Life Cycle

Photo: Arkitema Architects K/S

Kalvebod Brygge, Office complex, Copenhagen, Denmark

Technical disciplines: Total Technical Solutions, including Heating and Sanitation, Ventilation and Air Conditioning, Electricity, Security and Safety, and Building Automation

Contract value: over EUR 80 million

Lifespan: Project delivery 2016–2018, operation and maintenance phase until the year 2038.

Caverion signed a Managed Services contract with A. Enggaard and Nordea to deliver a Managed Life Cycle project for a new office building to be used by several public sector authorities at Kalvebod Brygge in Copenhagen, Denmark. This is one of the largest public-private partnership (PPP) projects in Denmark and also one of the largest orders Caverion has ever received.



Case: Managed Services (Industrial Solutions)

Kemijoki Oy, Kemijoki watercourse area, Finland

Industrial maintenance

Contract value: not disclosed

Lifespan: 2016–

Caverion and Kemijoki Oy signed an extended contract on outsourcing the technical maintenance and operations of hydropower plants at the Kemijoki watercourse area. In the hydropower production, Kemijoki Oy operates as a commissioner and expert organisation, where a significant part of operations is sourced to service providers. Caverion's hydropower business unit in Northern Finland has approximately 110 employees.



Case: Large Projects and Technical Maintenance

New maintenance centre for trains, Cologne, Germany

Technical disciplines: Heating and Sanitation, Ventilation and Air Conditioning, Cooling and Automation

Contract value: approximately EUR 19 million

Lifespan: Project delivery 2016–2017, Technical Maintenance 2017–.

Caverion signed a Large Project and Technical Maintenance agreement with one of the world's leading passenger and logistics companies, Deutsche Bahn AG. After completion in May 2017, Caverion will take care of the Technical Maintenance of the 230,000 m² area.



Case: Managed Life Cycle

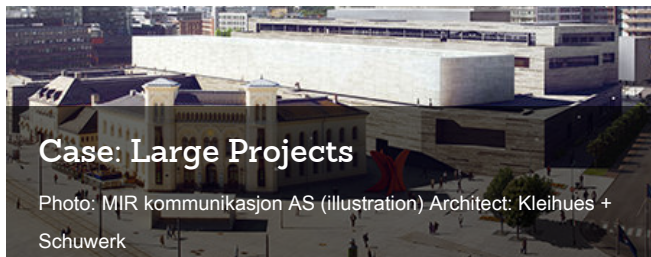
Nummi service centre, Hämeenlinna, Finland

Technical disciplines: Total Technical Solutions, including Heating and Sanitation, Ventilation and Air Conditioning, Cooling, Electricity, Information and Communication, Security and Safety and Automation

Contract value: approximately EUR 16 million

Lifespan: Project delivery 2016–2018, Technical Maintenance and Managed Services 2018–2038.

Caverion signed an agreement with the City of Hämeenlinna on the implementation of the Nummi service centre as a life cycle project. The project will be carried out in cooperation with YIT. The contract covers the delivery of Total Technical Solutions as well as Technical Maintenance and Managed Services for the 20-year contract period.



Case: Large Projects

Photo: MIR kommunikasjon AS (illustration) Architect: Kleihues + Schuwerk

New National Museum of Norway, Oslo, Norway

Technical disciplines: Ventilation, Electricity, Information and Communication Services, and Heating & Sanitation

Contract value: EUR 38.8 million

Lifespan: 2017–2019

Caverion signed an agreement with the Norwegian government's property developer Statsbygg to deliver a Large Project with technical solutions for Norway's new national museum. The National Museum for art, architecture and design will emerge as an iconic building and be the biggest museum in the Nordics.



Case: Large Projects

Photo: YIT

Upscale residential complex, St. Petersburg, Russia

Service areas: Project Management and Project Execution

Technical disciplines: Heating and Sanitation, Ventilation & Air Conditioning, Security and Safety

Contract value: not disclosed

Lifespan: Project is expected to be completed by the end of 2017

Caverion signed a contract with YIT for installation of building solutions to YIT's upscale residential complex "Smolny prospect" in the historic centre of St. Petersburg, Russia. The contract covers three newly constructed 7–8 floor buildings with a total surface area of 89,580m².



Case: Technical Installation

Klaus Tunnel chain on the A9 road, Austria

Technical disciplines: Electricity, Information and Communication Services, Security and Safety as well as Ventilation and Air Conditioning

Contract value: EUR 4.8 million

Caverion signed a contract with Strabag Infrastructure & Safety Solutions to design and install the operational and safety-related equipment. The Klaus tunnel chain section of the A9 Pyhrn Motorway in Austria is approximately 8 km long and it is located around 130 km east of Salzburg. It is one of the nine most important Alpine transit routes connecting the South-East of Europe with the North.



Case: Managed Services

Subway stations and train-depots (SL), Stockholm, Sweden

Technical disciplines: Heating and Sanitation, Ventilation & Air Conditioning, Cooling, Electricity, Information and Communication Services and Security & Safety

Contract value: EUR 35 million

Lifespan: 2017–2026

Caverion signed a new Managed Services agreement with SL, Stockholm Public Transport. Caverion will be responsible for Managed Operations including Technical Maintenance for all of Stockholm's 100 subway stations and for six train-depots. Each day close to 800,000 people use Stockholm's public transport.

Management and Governance



Caverion Corporation is committed to good corporate governance through compliance with laws and regulations and by implementing best practices. 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.

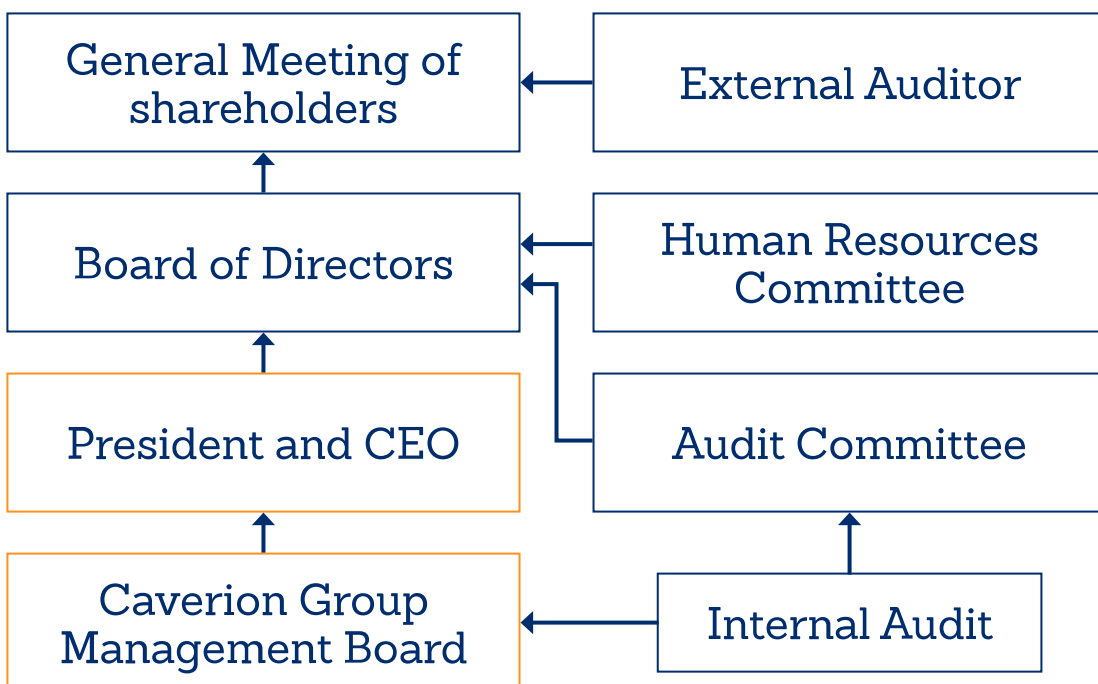
In addition, Caverion’s operations are guided by the common values and internal operating principles confirmed in the company.

We constantly update information regarding corporate [governance on our website](#). This information includes the resumes of the members of our Group Management Board and the Board of Directors, the Charters of the Board of Directors and their committees as well as the regulatory statements to be issued by a listed company.

- Corporate Governance Statement 2016
- Remuneration Statement 2016

Caverion’s governance bodies

Caverion Corporation’s highest decision-making body is the General Meeting of the Shareholders, which is composed of the company’s shareholders. The Board of Directors and the President and CEO are responsible for the management and strategy of the company. Other members of the Management Board assist and support the President and CEO in his tasks. The Board of Directors decides on the Group’s governance systems and ensures that the company complies with good corporate governance principles.



Board of Directors on December 31, 2016



Michael Rosenlew

Vice Chairman

Born 1959. M.Sc. (Econ.)
Finnish citizen.

Chairs the Board of Directors since 15, November, 2016 as Ari Lehtoranta resigned from the Board.

Professional board member.

Chairman of the Audit Committee and the Human Resources Committee.

Independent of Caverion Corporation and its major shareholders.



Markus Ehrnrooth

Member

Born 1985. MSc (Tech), BSc Political Science (Econ)

Finnish and Swedish citizen.

Knomi Oy, Co-Founder.

Member of the Audit Committee.

Independent of Caverion Corporation.



Anna Hyvönen

Member

Born 1968. Lic.Tech.
Finnish citizen.

Managing Director, Vianor Holding Oy.
Member of the Nokian Tyres' Management team.

Member of the Human Resources Committee.

Independent of Caverion Corporation and its major shareholders.



Eva Lindqvist

Member

Born 1958. M.Sc. (Eng.), MBA
Swedish citizen.

Professional board member.

Member of the Audit Committee.

Independent of Caverion Corporation and its major shareholders.



Ari Puheloinen

Member

Born 1951. General Staff Officer
Finnish citizen.

General (ret.).

Member of the Human Resources Committee.

Independent of Caverion Corporation and its major shareholders.

[See more detailed information](#)

Management Board on December 31, 2016



Ari Lehtoranta
President and CEO (as of January 1, 2017)
Born 1963. M.Sc. (Eng.)
Finnish citizen.
In Caverion's employ since January 2017.



Sakari Toikkanen
Interim President and CEO (until December 31, 2016) and Senior Vice President, Development & Marketing
Born 1967. Lic. (Tech.)
Finnish citizen.
In Caverion's employ since July 2013.



Martti Ala-Härkönen
Chief Financial Officer, Finance & Governance
Born 1965. Dr. Sc. (Econ.), Lic. Sc. (Tech.)
Finnish citizen.
In Caverion's employ since September 2016.



Merja Eskola
Senior Vice President, Human Resources & People
Born 1961. MBA (E-business), BBA (Foreign Trade)
Finnish citizen.
In Caverion's employ since October 2013.



Jarno Hacklin
Executive Vice President, Division Finland and Interim Head of Projects
Born 1978. B. Eng.
Finnish citizen.
In Caverion's employ since July 2013.



Matti Malmberg
Head of Services
Born 1960. M.Sc. (Eng.)
Finnish citizen.
In Caverion's employ since July 2013.



Knut Gaaserud
Executive Vice President, Division Denmark-Norway
Born 1967. M.Sc. (Technology)
Norwegian citizen.
In Caverion's employ since July 2013.



Werner Kühn
Executive Vice President, Division Germany
Born 1959. Postgraduate Degree in Business Informatics
German citizen.
In Caverion's employ since October 2014.



Juhani Pitkääkoski
Executive Vice President,
Division Industrial Solutions
Born 1958. LL.M.
Finnish citizen.
In Caverion's employ since July
2013.



Niclas Sacklén
Senior Vice President, Division
Eastern Europe
Born 1969. MBA, B. Eng.
Finnish citizen.
In Caverion's employ since May
2015.



Manfred Simmet
Senior Vice President, Division
Austria
Born 1966. B. Eng.
Austrian citizen.
In Caverion's employ since July
2013.



Klas Tocklin
Executive Vice President,
Division Sweden
Born 1963. B. Eng.
Swedish citizen.
In Caverion's employ since July
2013.

[See more detailed information](#)

Risk management

Risk management is an integral part of the Group's management, monitoring and reporting systems. Risk management is described in the [Corporate Governance Statement 2016](#).

From a strategic point of view Caverion has pursued to develop its business mix to be more stable and balanced, in order to handle changing economic cycles. Regular monitoring and analysis of the market make it possible to react quickly to changes in the operating environment and to capitalise on new business opportunities.

Caverion's target is to grow both organically and through acquisitions. Risks associated with acquisitions are managed by selecting targets according to strict criteria and effective integration processes which 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 tenders, service agreements, project management, personnel and availability and retention of skilled and competent staff.

During the year 2016, the focus has been in particular on the selectiveness of tenders, taking into account the risks, opportunities and profitability of the projects. Tender reviews include, among other things, the review of contractual terms and contract risks and are conducted according to the approval process and authority limits defined in Caverion.

The most significant risks and uncertainties are described in the Board of Directors' Report 2016.

In 2016, Caverion has continued the roll-out of the annual, group-wide compliance e-learning programme which all employees must complete as well as trained the division management on compliance matters. Also certain compliance-related policies have been reviewed and updated.

Caverion's business does not include significant environmental risks.

- Read more about risk factors in the [Board of Directors' Report 2016](#)
- Read more about our risk management system in our [Corporate Governance Statement \(pdf\)](#)

Sustainability



Caverion knows what is needed to create user-friendly, safe, energy-efficient and comfortable built environments. We efficiently manage the entire life cycle of properties – from individual technology to advanced total solutions. Energy-efficiency is part of our all services and solutions.

The following key themes define our way of doing sustainable business:

- We aim at reducing negative environmental impact.
- We emphasise excellent leadership.
- We ensure high-quality service.
- We operate responsibly.

Key figures in 2016

	2016	2015	2014
Personnel at year-end	16,913	17,399	17,355
Personnel on average	17,381	17,324	17,490
Nationalities	51	50	n/a
Fixed-term employees, %	12	9	7
Accident frequency rate ¹	6.3	8.3	10.1
Sick leave rate, % ²	4.1	4.1	4.3
CO ₂ emissions (tonnes) / revenue ^{3,4}	18.1	20.6	24.0
CO ₂ emissions, tonnes ^{3,4}	42,846.9	50,262.3	57,771.8
ISO 14001 certified operations ⁵	93	93	93
OHSAS 18001 certified operations ⁵	92	71	73
ISO 9001 certified operations ⁵	100	100	100

¹) LTIFR: The number of lost time injuries occurring in a workplace per one million man-hours worked.

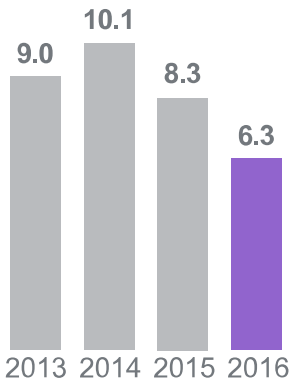
²) Hours of absence/total available hours, %

³) 2015–2016: market-based scope 2 figures used

⁴) 2015 emission figures are restated and differ from earlier published figures

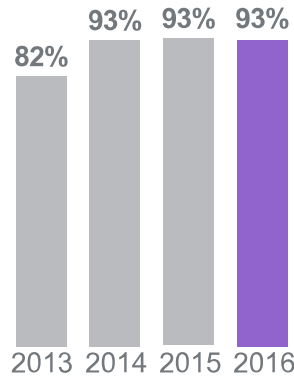
⁵) Share of total revenue

Accident frequency rate (LTIFR*)

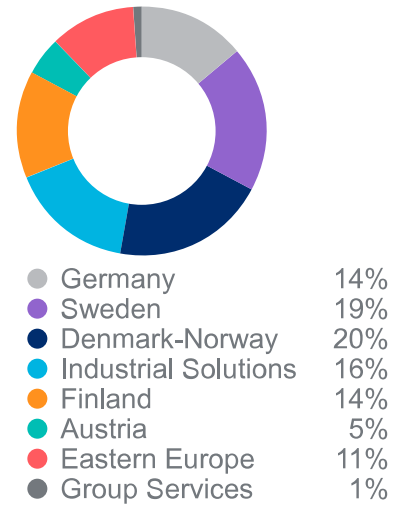


*LTIFR: Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million man-hours worked

ISO 14001 certified operations (share of total revenue)



Personnel by division at the end of 2016



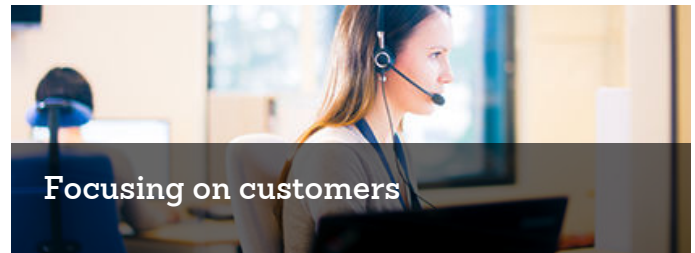
Sustainability highlights 2016



New life cycle projects and energy efficiency

We have several life cycle projects ongoing in Finland and Denmark. The customer can centralise life cycle responsibility into our hands and we, with our service offering, guarantee costs, energy efficiency and optimal conditions even for decades.

Caverion is a trusted partner also in energy efficiency projects. We analyse properties and implement measures to decrease energy consumption and environmental impacts. The projects can be financed entirely or partly from the achieved savings.



Focusing on customers

The first group-wide customer satisfaction survey gave us valuable information for developing our actions, strategy work and understanding customer retention.

According to the survey, customers are satisfied with Caverion's technical expertise and the way we understand their challenges and have a respectful attitude. We have room for improvement, for example in supporting customer loyalty.



First common training

Our first common training concentrated on Code of Conduct and good business ethics. During the year, 84% of our personnel completed the training online or in a group.

Code of conduct training will continue in 2017 with new content. Also other e-learnings, related to, for example safety and project management, will be launched in upcoming months.



Towards accident-free workplace

Our active work for promoting safe work environment has produced good results during recent years. We continued the positive development in 2016 and our accident frequency rate decreased significantly year on year.

We focus especially on preventive safety work. Common Safety Guideline and Ground Rules guide a safe working environment in all Caverion sites and offices. Our goal is to become an accident-free workplace, of which we can all be proud.



DRIVING SUSTAINABLE ECONOMIES

Good ranking from CDP to Caverion

Caverion received –B ranking in the CDP Climate Change 2016 evaluation (range A–D), representing good Nordic average. Caverion participated in the evaluation for the second time.

By holding the largest collection globally of self-reported climate change data, CDP is the leading environment and climate index for investors. CDP represents 827 investors with EUR 96 trillion in assets.



New young professionals

We employed approximately 1,200 summer employees, thesis students, trainees and apprentices. In Finland, we were ranked as one of the best summer employers in the large corporations category.

Trainee programmes and thesis cooperation give us a great opportunity to be involved in the professional development of young students. In fact, trainee programmes constitute an important channel of recruitment for Caverion and we get new knowledge and competences for our industry.

Read more about our sustainability at www.caverion.com/sustainability

Information for investors and shareholders



Annual General Meeting 2017

Caverion Corporation's Annual General Meeting will be held on Friday 17 March 2017 at 10 a.m. Finnish time in the Congress Wing of the Messukeskus Exhibition and Convention Centre Helsinki (Messuaukio 1, 00520 Helsinki), Finland.

The reception of persons who have registered to attend the Annual General Meeting and the distribution of voting slips will commence at 9 a.m. Finnish time. Refreshments will be served from 9 a.m.

Registration

Registration will end on Tuesday, 14 March 2017 at 10 a.m. EET. You can register either:

- on the company's website: caverion.com/AGM
- by phone: +358 20 770 6882 (Mon–Fri from 9 a.m. to 4 p.m. EET)

Financial information in 2017

Caverion will publish three more financial reports in 2017:

- Interim report for January–March on April 28, 2017
- Half-year financial report for January–June on July 20, 2017
- Interim report for January–September on October 27, 2017

Caverion follows a so-called closed period 30 days before the announcement of the said financial reports.

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.

In 2016, we organised slightly fewer investor events compared to the previous year, due to changes in group management and cost-saving actions. The management met with over 150 institutional investors in Europe and North America. Caverion held 20 road show days and group meetings for institutional investors. We also participated in various seminars for institutional investors, such as the Goldman Sachs European Small and Mid-Cap Symposium in London, the Handelsbanken Mid/Small Cap seminar in Stockholm and Carnegie Real Estate seminar in Helsinki. In addition, we met with approximately 1,000 retail investors at events arranged by Nordnet and Inderes, at the SijoitusInvest 2016 investor fair and in our Annual General Meeting.

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.

- Carnegie Investment Bank
- Danske Bank Markets

- Evli Bank
- Handelsbanken Capital Markets
- Inderes
- Nordea Markets
- OP Corporate Bank
- SEB

Subscribing to releases

Our stock exchange and press releases as well as investor news can be subscribed by e-mail from our website, www.caverion.com/investors

IR app

Investor information about Caverion is available also through an iPad app, including releases and consensus estimates collected by Vara Research. The app also provides the latest financial information, both in online and offline modes. You can download the app free of charge from the App Store.

Disclosure policy

The updated disclosure policy was ratified by the Board of Directors of Caverion Corporation on June 20, 2016 and it came into force on July 3, 2016.

The document is available in full at <http://www.caverion.com/investors/investor-relations/disclosure-policy>

Contact information

Milena Hæggström
Head of Investor Relations
Tel. +358 40 5581 328
E-mail: [milena.haeggstrom\(at\)caverion.com](mailto:milena.haeggstrom@caverion.com)

See up-to-date investor information at www.caverion.com/investors

Shares and shareholders

Shareholders

At the end of December 2016, the number of registered shareholders in Caverion was 30,539. At the end of December 2016, a total of 35.1 percent of the shares were owned by nominee-registered and non-Finnish investors.

The company published on December 9, 2016 an announcement under Chapter 9, Section 5 of the Finnish Securities Markets Act, according to which the holding of Solero Luxco S.à r.l. ("Solero Luxco", a company ultimately owned by Triton Fund IV) in Caverion has exceeded the threshold of 5 per cent.

Largest shareholders on December 31, 2016

Shareholder	Shares, pcs	% of all shares
1. Structor S.A.	17,565,000	13.99
2. Antti Herlin and persons closely associated	15,375,180	12.24
3. Ilmarinen Mutual Pension Insurance Company	5,013,946	3.99
4. Fondita funds	3,465,000	2.76
5. Nordea funds	3,144,827	2.50
6. Mandatum companies	3,015,237	2.40
7. Varma Mutual Pension Insurance Company	1,864,393	1.48
8. The State Pension Fund	1,850,000	1.47
9. Aktia funds	1,808,860	1.44
10. OP funds	1,724,398	1.37
11. Elo Pension Company	1,611,089	1.28
12. Säästöpankki funds	1,102,534	0.88
13. Brotherus Ilkka	1,048,265	0.83
14. Odin funds	944,797	0.75
15. Evli funds	719,225	0.57
16. Alandia companies	711,730	0.57
17. Ari Lehtoranta and persons closely associated	553,323	0.44
18. Caverion Oyj	512,328	0.41
19. Foundation of Brita Maria Renlunds minne	412,000	0.33
20. Kaleva Mutual Insurance Company	356,285	0.28
20 largest total	62,798,417	50.00
Other shareholders	37,590,624	29.9
Nominee registered total	25,207,051	20.1
All shares	125,596,092	100.0

The list of largest shareholders is based on the information given by the Euroclear Finland Ltd on the directly registered shareholders of Caverion. Furthermore, Caverion has on December 9, 2016 received a flagging announcement,

according to which the holding of Solero Luxco S.à r.l. (a company ultimately owned by Triton Fund IV) in Caverion corresponds to 5.20% per cent of Caverion's shares and voting rights.

Ownership structure by sector on December 31, 2016

Sector	Shareholders	% of owners	Shares	% of all shares
Nominee registered and non-Finnish holders	141	0.5	44,094,455	35.1
Households	28,535	93.4	24,743,563	19.7
General government	27	0.1	11,738,530	9.3
Financial and insurance corporations	72	0.2	15,490,309	12.3
Non-profit institutions	395	1.3	6,490,699	5.2
Non-financial corporations and housing corporations	1,369	4.5	23,038,536	18.3
On common and special accounts	0	0.0	0	0.0
Total	30,539	100.0	125,596,092	100.0

Management's shareholding on December 31, 2016

	Shares	% of share capital
Board of Directors	46,700	0.037
Group Management Board	145,526	0.115
Total	192,226	0.153
President and CEO (as of January 1, 2017) and persons closely associated	553,310	0.441

Ownership by number of shares held on December 31, 2016

Number of shares	Number of shareholders	Proportion of shareholders, %	Number of shares	Proportion of shares, %
1–100	8,250	27.0	509,025	0.4
101–500	12,315	40.3	3,460,360	2.8
501–1,000	4,572	15.0	3,632,371	2.9
1,001–5,000	4,393	14.4	9,588,301	7.6
5,001–10,000	512	1.7	3,726,516	3.0
10,001–50,000	369	1.2	7,440,699	5.9
50,001–100,000	54	0.2	3,955,025	3.1
100,001–500,000	53	0.2	10,781,557	8.6
500,001–	21	0.1	82,502,238	65.7
Total	30,539	100.00	125,596,092	100.00

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

Caverion share

Caverion's shares are listed on Nasdaq 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. The number of shares subject to public trading was 125,596,092 and the share capital was EUR 1,000,000 on December 31, 2016.

Key information about the share (CAV1V)

- Listing: Nasdaq 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

At the end of 2015, the Caverion share was included in the following indexes, among others:

- OMX GES Sustainability Finland
- OMX GES Sustainability Finland Cap
- OMX Helsinki
- OMX Helsinki Cap
- OMX Helsinki Industrials
- OMX Helsinki Industrial Goods & Services
- OMX Helsinki Mid Cap
- OMX Helsinki Support Services
- OMX Nordic EUR
- OMX Nordic Mid-Cap EUR
- MSCI Europe Small Cap
- MSCI World Small Cap

Treasury shares

Caverion held 512,091 treasury shares on January 1, 2016. During January–December, 237 Caverion shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme of YIT Corporation. Caverion held 512,328 treasury shares at the end of December 2016. The number of shares outstanding was thus 125,083,764 on December 31, 2016.

Own shares held by Caverion Corporation represent 0.41% of the total number of shares and voting rights.

Caverion's Board of Directors approved a long-term share-based incentive plan for the Group's senior management in December 2015 and continued the said plan in December 2016. The share-based incentive plan consists of a Performance Share Plan (PSP) as the main structure supported by a Restricted Share Plan as a complementary structure for specific situations. If all targets will be met, the share rewards based on Performance Share Plan 2017–2019 will comprise a maximum of approximately 850,000 Caverion

shares (gross before the deduction of applicable payroll tax). More information on the incentive plan was released in stock exchange releases on December 18, 2015 and December 21, 2016.

Furthermore, more information on the earlier long-term share-based incentive plan 2014–2016 for the company's key senior executives has been released in a stock exchange release on May 26, 2014. The targets set for this plan were not met. Caverion has not made any decision regarding the issue of option rights or other special rights entitling to shares.

Trading in shares

The opening price of Caverion's share was EUR 8.96 at the beginning of the year 2016. The closing rate on the last trading day of the review period on December 30 was EUR 7.92. The share price decreased by 12 per cent during January–December. The highest price of the share during the review period January–December was EUR 9.38, the lowest was EUR 5.50 and the average price was EUR 6.86. Share turnover on Nasdaq Helsinki in January–December amounted to 63.8 million shares. The value of share turnover was EUR 437.8 million (source: Nasdaq Helsinki).

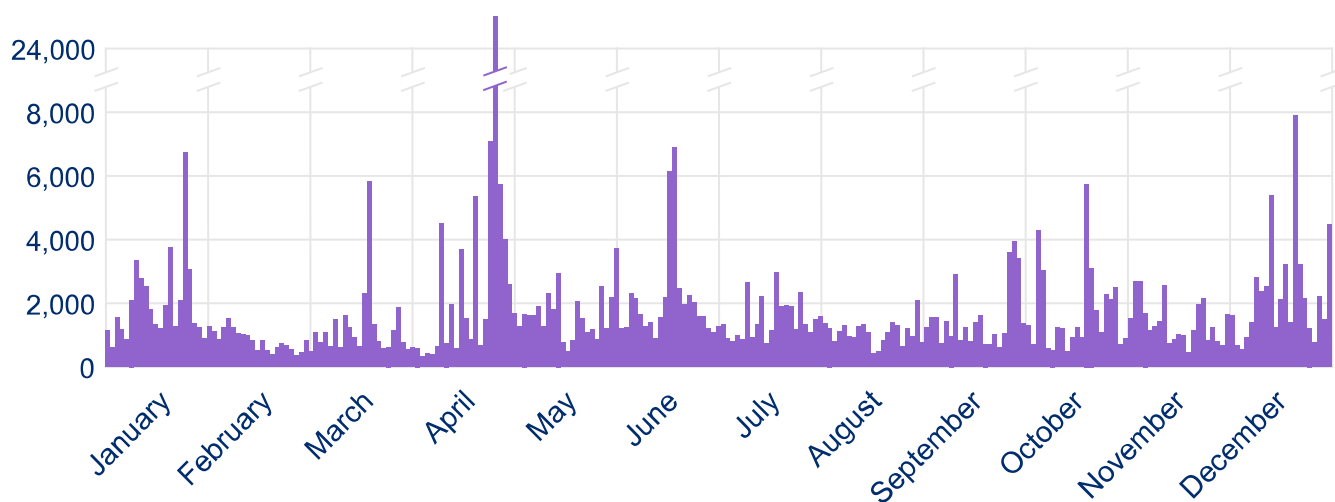
Caverion's shares are also traded in other marketplaces, such as BATS Chi-X Europe, Turquoise, Aquis and Frankfurt Stock Exchange (Open Market). During January–December, 16.0 million Caverion Corporation shares changed hands in alternative public marketplaces, corresponding to approximately 15.9 per cent of the total share trade. Of the alternative marketplaces, Caverion shares changed hands particularly in BATS Chi-X Europe. Furthermore, during January–December, 20.5 million Caverion Corporation shares changed hands in OTC trading outside Nasdaq Helsinki, corresponding to approximately 20.4 per cent of the total share trade (source: Fidessa Fragmentation Index).

Caverion Corporation's market capitalisation at the end of the review period was EUR 990.7 million. Market capitalisation has been calculated excluding the 512,328 shares held by the company as per December 31, 2016.

Share price development in Nasdaq Helsinki on Jan 4 – Dec 30, 2016



Turnover, 1,000 shares



Debt financing

Treasury policy

Treasury Policy is carried out by the Group Treasury 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.

Financing position at the end of 2016

Caverion's cash and cash equivalents amounted to EUR 47.7 million at the end of 2016. In addition, Caverion has undrawn revolving credit facilities amounting to EUR 100.0 million and undrawn overdraft facilities amounting to EUR 19.0 million.

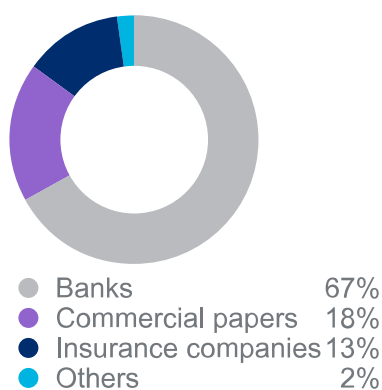
Caverion Corporation signed a new EUR 60 million unsecured long-term bullet term loan agreement with its core banks in

December. The loan will be used for general corporate purposes and it will balance the Group's debt maturity structure, provide financial flexibility and support the Group's liquidity management going forward. The loan was raised in late December and it will mature as a bullet loan in the end of February 2021.

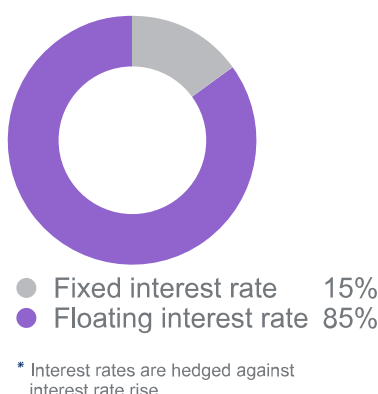
The Group's interest-bearing loans and borrowings amounted to EUR 193.3 million at the end of December (9/2016: EUR 206.8 million), and the average interest rate after hedges was 1.91 per cent. Approximately 67 per cent of the loans have been raised from banks and other financial institutions, approximately 18 per cent directly from the money markets and approximately 13 per cent from insurance companies. A total of EUR 65.7 million of the interest-bearing loans and borrowings will fall due during the next 12 months. The Group's net debt amounted to EUR 145.5 million at the end of December.

In connection with the financing arrangement agreed on December 22, 2016, Caverion and its lending parties confirmed the EBITDA calculation principles related to the Group's financial covenant (Net Debt/EBITDA). At the end of 2016, the Group's Net debt/EBITDA was 2.8 according to the confirmed calculation principles.

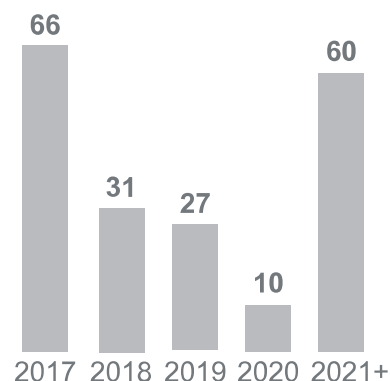
Loan portfolio



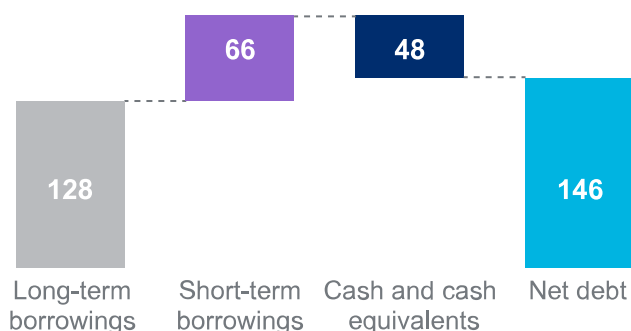
Interest rate type (after hedges)*

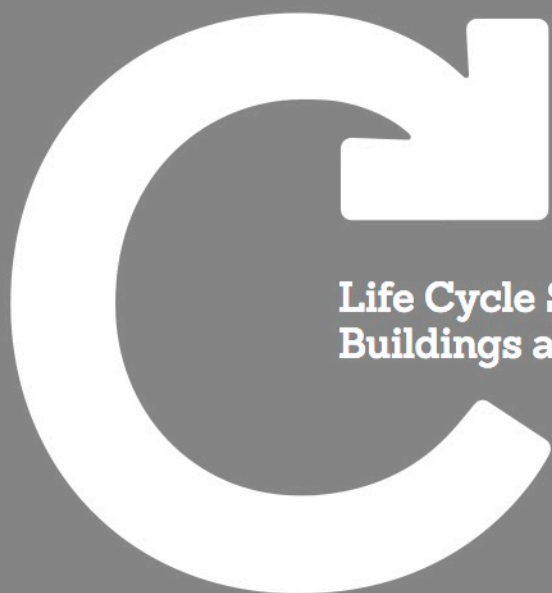


Debt maturity (EUR million)



Gross debt to net debt (EUR million)







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Buildings and Industries**

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