



# Caverion publishes IFRS 15 restated figures for 2017 as well as its guidance for 2018 according to IFRS 15

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## Caverion publishes IFRS 15 restated figures and quarterly Adjusted EBITDA for 2017 as well as its guidance for 2018 according to IFRS 15

As a result of the retrospective adoption of the new IFRS 15 accounting principles effective from 1 January 2018, Caverion's revenue recognition will change. At the same time, Caverion will update its guidance for 2018 to comply with IFRS 15 accounting principles.

The IFRS 15 standard requires that revenue is recognised from any variable consideration at its estimated amount, if it is *highly probable* that no significant reversal of revenue will occur. Under the previous revenue recognition standards, revenue was recognised from variable consideration when it was assessed *probable* to occur. Revenue from variable considerations is thus to be recognised more prudently under IFRS 15 than under previous revenue recognition standards.

The IFRS 15 restated comparable Group key figures for 2017 are presented in the table below. The restated figures have not been audited. Caverion will report its results in accordance with IFRS 15 as of January-March 2018 interim report to be published on 24 April 2018. Furthermore, Caverion provides below the Adjusted EBITDA on a quarterly basis for the financial year 2017.

### KEY FIGURES RESTATEMENT UNDER IFRS 15

| EUR million                        | 12/16 | 1-3/17 | 4-6/17 | 7-9/17 | 10-12/17 | 1-12/17 |
|------------------------------------|-------|--------|--------|--------|----------|---------|
| Revenue                            |       | 574.6  | 563.3  | 545.6  | 592.3    | 2,275.8 |
| Adjusted EBITDA                    |       | 7.8    | 4.5    | 18.8   | -5.2     | 25.8    |
| Adjusted EBITDA margin, %          |       | 1.4    | 0.8    | 3.4    | -0.9     | 1.1     |
| EBITDA                             |       | -2.0   | -14.1  | 9.6    | 10.3     | 3.8     |
| EBITDA margin, %                   |       | -0.3   | -2.5   | 1.8    | 1.7      | 0.2     |
| Operating profit                   |       | -9.6   | -21.6  | 2.2    | 2.5      | -26.6   |
| Operating profit margin, %         |       | -1.7   | -3.8   | 0.4    | 0.4      | -1.2    |
| Result for the period              |       | -9.5   | -16.8  | 0.7    | -1.4     | -27.0   |
| Earnings per share, undiluted, EUR |       | -0.08  | -0.14  | 0.00   | -0.02    | -0.24   |
| Working capital                    | -32.3 | -21.3  | -8.6   | 37.0   | -30.8    | -30.8   |
| Total equity                       | 163.9 | 155.0  | 236.3  | 237.4  | 235.6    | 235.6   |
| Equity ratio, %                    | 16.9  | 16.7   | 25.8   | 24.8   | 25.8     | 25.8    |
| Gearing, %                         | 88.8  | 106.4  | 41.7   | 59.5   | 27.2     | 27.2    |

### PREVIOUSLY REPORTED KEY FIGURES

| EUR million                        | 12/16 | 1-3/17 | 4-6/17 | 7-9/17 | 10-12/17 | 1-12/17 |
|------------------------------------|-------|--------|--------|--------|----------|---------|
| Revenue                            |       | 582.3  | 565.1  | 545.1  | 590.3    | 2,282.8 |
| Adjusted EBITDA                    |       | 8.2    | 4.2    | 16.9   | -6.9     | 22.3    |
| Adjusted EBITDA margin, %          |       | 1.5    | 0.8    | 3.1    | -1.2     | 1.0     |
| EBITDA                             |       | 6.8    | -13.0  | 8.7    | 8.6      | 11.0    |
| EBITDA margin, %                   |       | 1.2    | -2.3   | 1.6    | 1.5      | 0.5     |
| Operating profit                   |       | -0.8   | -20.5  | 1.2    | 0.8      | -19.3   |
| Operating profit margin, %         |       | -0.1   | -3.6   | 0.2    | 0.1      | -0.8    |
| Result for the period              |       | -2.5   | -15.9  | 0.1    | -2.6     | -20.9   |
| Earnings per share, undiluted, EUR |       | -0.02  | -0.13  | -0.01  | -0.03    | -0.19   |
| Working capital                    | -2.6  | 17.3   | 31.0   | 75.7   | 6.1      | 6.1     |
| Total equity                       | 185.0 | 183.0  | 265.2  | 265.8  | 262.7    | 262.7   |
| Equity ratio, %                    | 18.7  | 19.2   | 28.1   | 27.0   | 27.9     | 27.9    |
| Gearing, %                         | 78.7  | 90.1   | 37.2   | 53.2   | 24.4     | 24.4    |

The adoption of the new IFRS 15 accounting principles has a negative impact on revenue of EUR -7.0 million and on EBITDA and operating profit of EUR -7.3 million for the financial year 2017. The Group's equity ratio decreases from 27.9 percent to 25.8 percent and gearing increases from 24.4 percent to 27.2 percent as at 31 December 2017. The negative impact on the Group's retained earnings amounts to EUR 27.2 million as at 31 December 2017.

The impact of the restatement on total equity for the financial year 2016 amounts to EUR -21.0 million. The equity ratio as at 31 December 2016 decreases from 18.7 percent to 16.9 percent and gearing increases from 78.7 percent to 88.8 percent.

### Updated Guidance for 2018 under IFRS 15:

Caverion estimates that the Group's revenue for 2018 will decrease compared to the previous year (2017: EUR 2,275.8 million). Caverion estimates that the Group's adjusted EBITDA will more than double in 2018 (2017: EUR 25.8 million).

Adjusted EBITDA = EBITDA before items affecting comparability (IAC).

Items affecting comparability (IAC) are material items or transactions, which are relevant for understanding the financial performance of Caverion when

comparing profit of the current period with previous periods. These items can include (1) capital gains and losses from divestments; (2) write-downs, expenses and/or income from separately identified major risk projects; (3) restructuring expenses and (4) other items that according to Caverion management's assessment are not related to normal business operations. In 2018, major risk projects include three completed Large Projects from Industrial Solutions. The financial impacts of these will be reported separately by Caverion under "Items affecting comparability (IAC)". The adjusted EBITDA figure for 2017 has been calculated accordingly.

#### Adjusted EBITDA – Items affecting comparability

| EUR million   | 1-12/17 |
|---|---------|
| EBITDA  | 3.8     |
| EBITDA margin, %  | 0.2     |
| <i>Items affecting EBITDA</i>                               |         |
| - Write-downs, expenses and income from major risk projects | 27.1    |
| - Restructuring costs                                       | 7.3     |
| - Capital gains and losses from divestments                 | -12.3   |
| Adjusted EBITDA   | 25.8    |
| Adjusted EBITDA margin, %                                   | 1.1     |

#### Previous Guidance for 2018:

Caverion estimates that the Group's revenue for 2018 will decrease compared to the previous year (2017: EUR 2,282.8 million). Caverion estimates that the Group's adjusted EBITDA will more than double in 2018 (2017: EUR 22.3 million).

Adjusted EBITDA = EBITDA before items affecting comparability (IAC).

Items affecting comparability (IAC) are material items or transactions, which are relevant for understanding the financial performance of Caverion when comparing profit of the current period with previous periods. These items can include (1) capital gains and losses from divestments; (2) write-downs, expenses and/or income from separately identified major risk projects; (3) restructuring expenses and (4) other items that according to Caverion management's assessment are not related to normal business operations. In 2018, major risk projects include three completed Large Projects from Industrial Solutions. The financial impacts of these will be reported separately by Caverion under "Items affecting comparability (IAC)". The adjusted EBITDA figure for 2017 has been calculated accordingly.

#### Adjusted EBITDA – Items affecting comparability

| EUR million   | 1-12/17 |
|---|---------|
| EBITDA  | 11.0    |
| EBITDA margin, %  | 0.5     |
| <i>Items affecting EBITDA</i>                               |         |
| - Write-downs, expenses and income from major risk projects | 16.3    |
| - Restructuring costs                                       | 7.3     |
| - Capital gains and losses from divestments                 | -12.3   |
| Adjusted EBITDA   | 22.3    |
| Adjusted EBITDA margin, %                                   | 1.0     |

In its revenue guidance Caverion applies the following guidance terminology.

| Positive change | Lower limit | Upper limit |
|-----------------|-------------|-------------|
|                 | %           | %           |
| Increases       | 0%          |             |
| Negative change | Lower limit | Upper limit |
|                 | %           | %           |
| Decreases       |             | 0%          |

In its adjusted EBITDA guidance Caverion applies the following guidance terminology, with a +/- 2pp (percentage point) threshold to the said limits.

| Positive change         | Lower limit | Upper limit |
|-------------------------|-------------|-------------|
|                         | %           | %           |
| At last year's level    | -5%         | 5%          |
| Grows                   | 5%          | 30%         |
| Grows significantly     | 30%         | 100%        |
| Doubles                 | 100%        |             |
| Negative change         | Lower limit | Upper limit |
|                         | %           | %           |
| Decreases               | -30%        | -5%         |
| Decreases significantly |             | -30%        |

CAVERION CORPORATION

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*Caverion provides smart technical solutions and services for buildings, industrial processes and infrastructure. Our unique service offering covers the entire life cycle: design, build and maintenance. Our vision is to be the first choice in digitalising environments for customers, employees, partners and investors. Our revenue in 2017 was approximately EUR 2.3 billion. Caverion has about 16,000 employees in 12 countries in Northern, Central and Eastern Europe. Caverion's shares are listed on Nasdaq Helsinki. [www.caverion.com](http://www.caverion.com) Twitter: @CaverionGroup*