Caverion
Building Performance

Q3/2020
Interim Report 1-9/2020

Caverion Corporation Interim Report 5 November 2020 at 8.00 a.m. EET

Caverion Corporation's Interim Report for 1 January – 30 September 2020

Revenue and EBITA impacted by corona-related downturn, still improvement in January–September

1 July – 30 September 2020

- **Revenue:** EUR 515.5 (507.5) million, up by 1.6 percent, 2.3 percent in local currencies. Organic growth was -6.0 percent, impacted by the corona crisis and the downturn. Services business revenue up by 8.6 percent, 9.6 percent in local currencies.
- **Adjusted EBITDA:** EUR 34.8 (36.2) million, or 6.8 (7.1) percent of revenue.
- **Adjusted EBITA:** EUR 21.2 (23.0) million, or 4.1 (4.5) percent of revenue.
- **EBITA:** EUR 17.7 (22.1) million, or 3.4 (4.4) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR -28.0 (3.8) million, impacted by postponed authority payments due to corona totalling EUR 22.4 million.
- **Earnings per share, undiluted:** EUR 0.06 (0.08) per share.
- Strong liquidity position

1 January – 30 September 2020

- **Order backlog:** EUR 1,627.7 (1,676.9) million, down by 2.9 percent. Services backlog grew by 7.3 percent.
- **Revenue:** EUR 1,575.6 (1,534.2) million, up by 2.7 percent, 4.2 percent in local currencies. Organic growth was -3.5 percent. Services business revenue up by 8.1 percent, 10.1 percent in local currencies.
- **Adjusted EBITDA:** EUR 79.6 (73.3) million, or 5.0 (4.8) percent of revenue.
- **Adjusted EBITA:** EUR 38.1 (33.5) million, or 2.4 (2.2) percent of revenue.
- **EBITA:** EUR 36.1 (27.3) million, or 2.3 (1.8) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR 76.3 (63.0) million.
- **Earnings per share, undiluted:** EUR 0.08 (0.04) per share.
- **Net debt/EBITDA*:** 0.8x (1.1x).
- New EUR 35.0 million hybrid bond in May, redemption of old EUR 66.1 million hybrid notes in June

Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year.

* Based on calculation principles confirmed with the lending parties.

KEY FIGURES

EUR million	7–9/20	7–9/19	Change	1–9/20	1–9/19	Change	1–12/19
Order backlog	1,627.7	1,676.9	-2.9%	1,627.7	1,676.9	-2.9%	1,670.5
Revenue	515.5	507.5	1.6%	1,575.6	1,534.2	2.7%	2,123.2
Adjusted EBITDA	34.8	36.2	-3.8%	79.6	73.3	8.5%	120.4
Adjusted EBITDA margin, %	6.8	7.1		5.0	4.8		5.7
EBITDA	31.4	35.3	-11.1%	77.7	67.1	15.8%	103.0
EBITDA margin, %	6.1	7.0		4.9	4.4		4.8
Adjusted EBITA	21.2	23.0	-7.8%	38.1	33.5	13.7%	67.2
Adjusted EBITA margin, %	4.1	4.5		2.4	2.2		3.2
EBITA	17.7	22.1	-19.6%	36.1	27.3	32.4%	49.8
EBITA margin, %	3.4	4.4		2.3	1.8		2.3
Operating profit	13.9	18.9	-26.5%	25.3	16.4	54.3%	35.3
Operating profit margin, %	2.7	3.7		1.6	1.1		1.7
Result for the period	8.5	11.6	-26.7%	12.2	7.5	61.4%	22.6
Earnings per share, undiluted, EUR	0.06	0.08	-27.1%	0.08	0.04	105.1%	0.14
Operating cash flow before financial and tax items	-28.0	3.8		76.3	63.0	21.1%	143.7
Cash conversion (LTM), %				138.2	177.5		139.5
Working capital				-94.5	-46.8	-101.9%	-100.9
Interest-bearing net debt				187.5	172.9	8.4%	168.4
Net debt/EBITDA*				0.8	1.1		1.4
Gearing, %				93.8	79.5		73.6
Equity ratio, %				19.8	22.6		21.5
Personnel, end of period				15,649	14,606	7.1%	16,273

* Based on calculation principles confirmed with the lending parties.

Ari Lehtoranta, President and CEO:

"Caverion's profitability improved in the third quarter compared to the challenging second quarter. Despite the continuing corona pandemic, the restrictions imposed by governments were much more limited in the third quarter compared to the second quarter, enabling us to operate without bigger interruptions. However, there were more impacts to our business from the resulting economic downturn. The second wave of corona started in Caverion's operating countries towards the end of the third quarter, again increasing the risk exposure. At the same time there was not yet any visible impact from governmental or EU-level stimulus packages in the third quarter. We expect them to provide a helping hand in 2021.

Our order backlog decreased by 2.9 percent to EUR 1,627.7 (1,676.9) million in the third quarter. New order intake was positive especially in Services, whereas in Projects there was a negative impact from the downturn. The economic environment had an impact on both revenue and profitability. Our third quarter revenue was EUR 515.5 (507.5) million, up by 1.6 percent or 2.3 percent in local currencies. Measured in local currencies, the Services business revenue grew by 9.6 percent, while the Projects business revenue declined by 8.1 percent in the third quarter. The Services business accounted for 62.5 (58.5) percent of Group revenue. Adjusted EBITA was EUR 21.2 (23.0) million, or 4.1 (4.5) percent of revenue. In Services, our ad-hoc orders returned to almost normal levels in the quarter, while in the Industry division there was still an impact from delayed industrial shutdown services. In Projects, the corona pandemic continued to impact our productivity to a certain extent due to the need for increased social distancing and work site planning as well as challenges in the usage of foreign subcontracting. Mainly due to the decreased productivity due to corona, we made an additional EUR 2 million write-down to our remaining major risk project in Germany. In January-September, our adjusted EBITA improved to EUR 38.1 (33.5) million, or 2.4 (2.2) percent of revenue. This is less than our expectations pre-corona, but still an improvement.

Due to current downturn and its impacts on our revenue, we announced today that we plan to proactively further streamline and adjust our operations. As a result of the planned actions, we estimate that the company's headcount would reduce by approximately 500 by the end of the first half of 2021, with a large part of the reductions planned to be carried out by the end of 2020. The planned actions include personnel reductions, reorganisation and operating model development. Our people have shown strong performance during the corona crisis, in which light the reductions are very unfortunate but still necessary to secure our competitiveness in the future. The actions would impact all Caverion countries with a minor impact on the best-performing countries Finland and Austria. The resulting savings including some other cost-cutting measures are estimated to be at least EUR 25 million for 2021. A part of the savings will be invested in growing particularly our digital and smart technology businesses across our divisions. The initially estimated restructuring costs amount to approximately EUR 10 million in the fourth quarter of 2020.

Our operating cash flow before financial and tax items was EUR -28.0 (3.8) million in the third quarter. As we stated in our half-yearly report, cash flow was impacted by postponed authority payments to the value of EUR 22.4 million paid in the third quarter. The final postponed authority payments totalling EUR 10.2 million will be paid in the fourth quarter of 2020 and in the first quarter of 2021. Our liquidity position has remained strong and our leverage is at a low level. At the end of the third quarter, our interest-bearing net debt amounted to EUR 187.5 (172.9) million, or EUR 55.3 (41.7) million excluding lease liabilities. The net debt/EBITDA ratio was 0.8x (1.1x). Our cash and cash equivalents were EUR 84.8 (83.4) million. At the end of the third quarter, we closed the divestment of certain parts of our industrial operations in Finland as requested by the Finnish Competition and Consumer Authority.

The purpose of Caverion is to enable performance and people's well-being in smart and sustainably built environments. We are extremely well positioned to support our customers' sustainability efforts. We have today introduced our own sustainability targets. Caverion's target is to create sustainable impact through its solutions, with a positive carbon handprint 10 times greater than its own carbon footprint (Scope 1-2) by 2030. More detailed information on Caverion's sustainability work will be presented at the Sustainability Morning event in connection with our Q3 report news conference.

At present it is difficult to forecast how deep and long the current downturn will be and what will be the speed of the economic recovery. In the fourth quarter, the second wave of corona implies an additional risk to our revenue level. We will execute our above-mentioned Fit actions, while at the same time continue our most important development efforts in the areas of digitalisation, sustainability and energy efficiency. We are pleased that a significant amount of the economic stimulus packages that have been discussed on an European level seem likely to be directed towards sustainable investments enabling smart buildings and cities. This is the area where we have our strategic focus. Our target remains to come out of the crisis as a stronger company than entering it."

OUTLOOK FOR 2020

Market outlook for Caverion's services and solutions

A large part of Caverion's services is vital in keeping critical services and infrastructure up-and-running. This includes ensuring the continued functioning of energy and transportation infrastructure, health facilities, pharmaceutical and food industries, food retail and logistics as well as facilities and services used by public authorities. An important share of these services needs to be performed regardless of the corona pandemic. Going forward, the economic stimulus packages provided by governments and the EU are expected to increase infrastructure, health care and different types of sustainable investments in Caverion's operating area. There was however no visible impact yet from such new governmental or EU-level stimulus packages in the third quarter.

At the beginning of the third quarter, the corona pandemic was well contained in most Caverion countries, while the second wave of corona started to be more visible at the end of the third quarter, again increasing the risk exposure. The second wave of corona is currently leading to renewed lockdown measures also in Caverion countries and increasing the negative business impacts in the fourth quarter. Any further restrictions such as limiting industrial operations and shutdowns or temporary close-downs of premises or construction sites would further impact Caverion's revenue level and also profitability.

The corona crisis has led to a global downturn, but it is still unclear how deep and how long the downturn will be and what will be the speed of the economic recovery. The business volume and the amount of new order intake are important determinants to Caverion's performance going forward. While the digitalisation and sustainability megatrends are in many ways favourable to Caverion, a global downturn will most likely negatively impact the general level of demand and the pricing environment also for Caverion's offering. Most likely the demand for new construction projects will decrease, but there may also be an impact on smaller ad-hoc services and projects.

The corona crisis and the resulting downturn may also promote additional demand and new opportunities for some of Caverion's solutions. As an example, remotely controlled buildings are helping customers to save time and money, but also enable to operate the buildings more safely. Special requirements also apply to ventilation and air-conditioning systems, increasing the demand for ventilation related upgrades based on new guidelines and requirements.

Despite corona and its economic effects, the overall megatrends in the industry, such as the increase of technology in built environments, energy efficiency requirements, increasing digitalisation and automation as well as urbanisation remain strong and are expected to promote demand for Caverion's services and solutions over the coming years. Especially the sustainability trend is expected to continue strong. Increasing awareness of sustainability is supported by both EU-driven regulations and national legislation setting higher targets and actions for energy efficiency and carbon-neutrality.

Services

The corona crisis and the economic downturn are in general expected to impact the demand environment negatively in Services, especially in ad-hoc services and small service projects. However, Caverion's Services business is by nature more stable and resilient through business cycles than the Projects business. As technology in buildings increases, the need for new services and digital solutions is expected to increase. Customer focus on core operations continues to open up outsourcing and maintenance as well as technical building management opportunities for Caverion. In some cases, the demand for smaller ad-hoc work in empty buildings may also increase. There is a continued interest for services supporting sustainability, such as energy management. In Cooling, there is a technical change ongoing from F-gases into CO_2-based refrigeration, providing increased need for upgrades and modernisations. Stimulus packages are also expected to gradually impact general demand in the Services business.

Projects

The corona crisis and the economic downturn are in general expected to impact the demand environment negatively in Projects. Most likely the demand for new construction projects will decrease, but on the other hand, renovation construction is expected to continue increasing. The current circumstances also allow doing repairs and many types of installation projects for unoccupied properties and sites. From the trends perspective, the requirements for increased energy efficiency, better indoor climate and tightening environmental legislation continue to drive demand over the coming years. Stimulus packages are also expected to gradually impact general demand in the Projects business.

Guidance for 2020

Caverion announced on 14 April 2020 that it withdraws its guidance for 2020 due to the increased uncertainty around the market outlook as a result of the corona pandemic. Due to the continued corona pandemic and economic uncertainty experienced at the end of the third quarter, Caverion has decided not to give any guidance for the remainder of 2020. Caverion's target is to provide guidance for 2021 in conjunction with the publication of its financial statements release for 2020.

INFORMATION SESSION, WEBCAST AND CONFERENCE CALL

Caverion will hold a joint news conference and webcast on its Q3 Interim Report and Sustainability Morning on Thursday, 5 November 2020, at 10.00 a.m. Finnish time (EET). The Sustainability Morning is expected to start at around 10.45 a.m. Finnish time (EET), immediately following the Q3 news conference. The news conference can be viewed live on Caverion's website at www.caverion.com/investors.

It is also possible to participate in the event through a conference call by calling the assigned number +44 (0)330 336 9105 at 9:55 a.m. (Finnish time, EET) at the latest. The participant code for the conference call is "9790402 / Caverion". More practical information on the news conference can be found on Caverion's website, www.caverion.com/investors.

Financial information to be published in 2020

Financial Statement Release for 2020 will be published on11 February 2021 at 8:00 a.m. (EET). Financial reports and other investor information are available on Caverion's website, www.caverion.com/investors, and IR App. The materials may also be ordered by sending an e-mail to IR@caverion.com.

CAVERION CORPORATION

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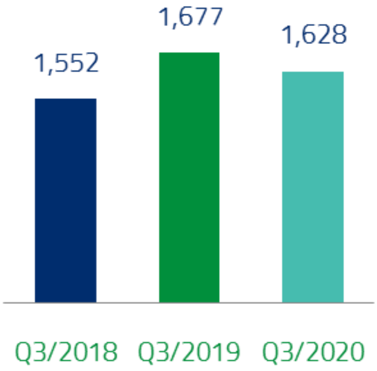
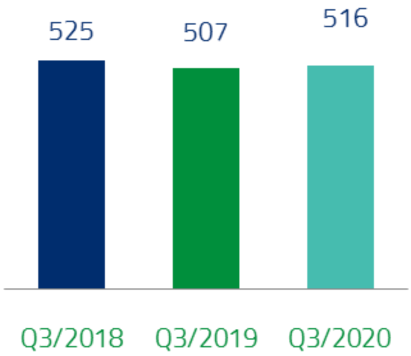
GROUP FINANCIAL DEVELOPMENT

Key figures

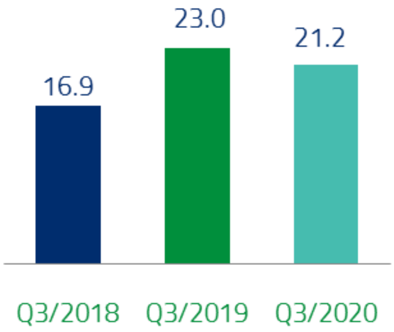
Order backlog
(EUR million)



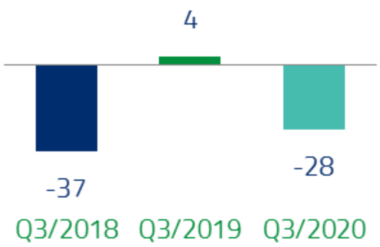
Revenue
(EUR million)



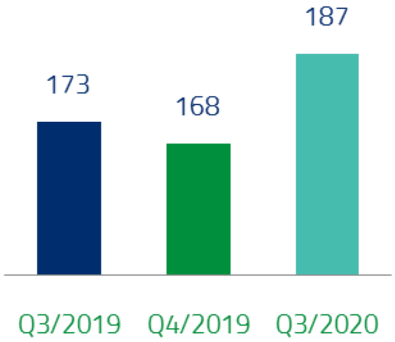
Adjusted EBITA
(EUR million)



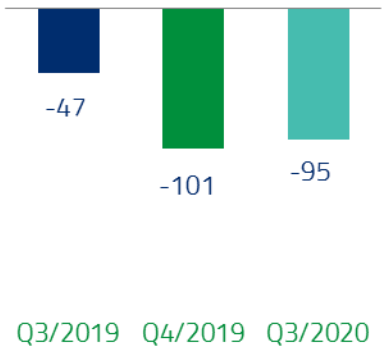
Operating cash flow before financial and tax items
(EUR million)



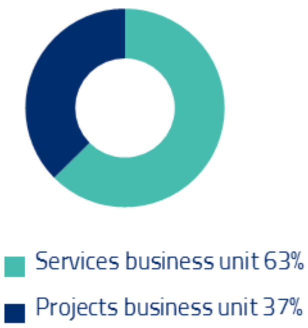
Net debt
(EUR million)



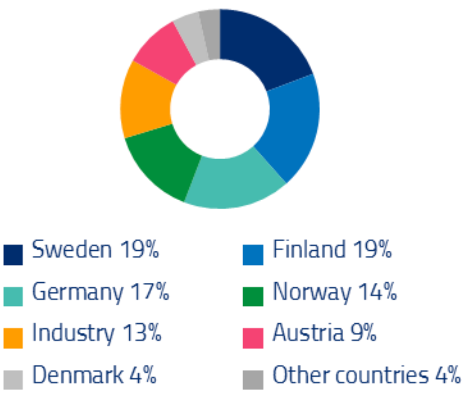
Working capital
(EUR million)



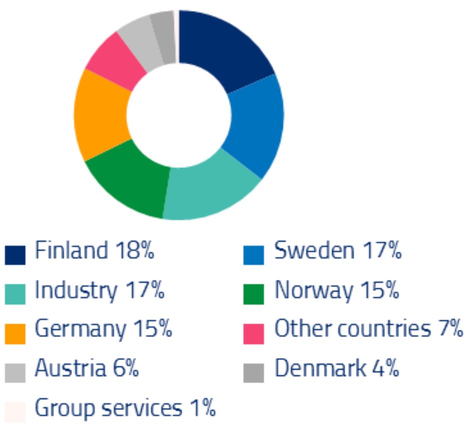
Revenue by business unit
% of revenue 1-9/2020



Revenue by division
% of revenue 1-9/2020



Personnel by division
at the end of September 2020



Comparative figures for 2018 have not been restated according to IFRS 16.

Operating environment in the third quarter and during the first nine months of 2020

The outbreak of the corona pandemic has had a major impact on the operating environment in 2020. The overall market and demand situation started to weaken in mid-March. Thereafter Caverion experienced more workforce absences as well as more work site delays and closures especially in April-May. Most of Caverion's operating countries were also locked down in the early part of the second quarter, after which government restrictions and the impacts to Caverion's business started to clearly ease up in June. At the beginning of the third quarter, the corona pandemic was well contained in most Caverion countries, while the second wave of corona started to be more visible at the end of the third quarter, again increasing the risk exposure. On a positive note, Caverion has not experienced any major constraints from the supply chain perspective.

In order to minimise the negative financial impacts from the pandemic on its operations, Caverion has implemented cost saving actions and adapted its resources. In most of the operating countries, the key flexibility measures were the use of temporary lay-offs and the reduction of subcontracting. Due to the increased uncertainty around the market outlook as a result of the corona pandemic, the President and CEO and the top management of Caverion also decided to voluntarily lower their compensation for 2020.

Services

The impacts of the first wave of the corona pandemic were more visible between mid-March and the end of May, at which time there were site access restrictions and less ad-hoc work orders, negatively impacting revenue and profitability. Government restrictions and the impacts to Caverion's business started to clearly ease up in June. At the beginning of the third quarter, the corona pandemic was well contained in most Caverion countries, while the second wave of corona started to be more visible at the end of the third quarter. In division Industry, the corona situation also postponed several annual spring and summer shutdowns in Finland until late autumn and 2021, which are estimated to be the next high season for industrial shutdowns. Pricing environment also tightened in Services as of the second quarter.

There was still a general increasing interest for services supporting sustainability, such as energy management and advisory services.

Projects

The impacts of the first wave of the corona pandemic were more visible between mid-March and the end of May. There were more workforce absences as well as more work site delays and closures. The government restrictions and the impacts to Caverion's business started to clearly ease up in June. At the beginning of the third quarter, the corona pandemic was well contained in most Caverion countries, while the second wave of corona started to be more visible at the end of the third quarter.

The demand for new construction projects was negatively impacted by the corona pandemic, however less for renovation construction. Pricing environment generally tightened in Projects as of the second quarter. Stimulus packages did not yet impact general demand.

Order backlog

Order backlog at the end of September decreased by 2.9 percent to EUR 1,627.7 million from the end of September in the previous year (EUR 1,676.9 million). At comparable exchange rates the order backlog decreased by 1.8 percent. Order backlog increased by 7.3 percent in Services compared to the previous year, while it decreased by 13.0 percent in Projects.

Revenue

July-September

EUR million	7-9/ 2020	7-9/ 2019	Change	Change in local currencies	Organic growth *	Currency impact	Acquisitions and divestments impact
Services	322.3	296.7	8.6%	9.6%	-3.9%	-1.0%	13.5%
Projects	193.2	210.7	-8.3%	-8.1%	-9.1%	-0.2%	1.0%
Group total	515.5	507.5	1.6%	2.3%	-6.0%	-0.7%	8.3%

** Revenue change in local currencies, excluding acquisitions and divestments*

Revenue for July–September was EUR 515.5 (507.5) million, an increase of 1.6 percent compared to the previous year. At the previous year's exchange rates, revenue was EUR 519.0 million and increased by 2.3 percent compared to the previous year. Changes in Swedish crona had a positive effect of EUR 3.1 million and changes in Norwegian krone and Russian rouble a negative effect of EUR 5.7 million and EUR 0.8 million, respectively.

Organic growth was -6.0 percent, impacted by the corona crisis and the downturn. Revenue was also impacted by fluctuations in currency exchange rates and the Maintpartner and Huurre acquisitions as of December 2019.

Revenue increased in Finland, Industry and Other countries, while it decreased in other divisions.

The revenue of the Services business unit increased and was EUR 322.3 (296.7) million in July–September, an increase of 8.6 percent, or 9.6 percent in local currencies. The revenue of the Projects business unit was EUR 193.2 (210.7) million in July–September, a decrease of 8.3 percent, or 8.1 percent in local currencies.

The Services business unit accounted for 62.5 (58.5) percent of Group revenue, and the Projects business unit for 37.5 (41.5) percent of Group revenue in July–September.

January-September

EUR million	1-9/ 2020	1-9/ 2019	Change	Change in local currencies	Organic growth *	Currency impact	Acquisitions and divestments impact
Services	986.4	912.4	8.1%	10.1%	-2.5%	-2.0%	12.5%
Projects	589.3	621.8	-5.2%	-4.4%	-5.1%	-0.8%	0.7%
Group total	1,575.6	1,534.2	2.7%	4.2%	-3.5%	-1.5%	7.7%

** Revenue change in local currencies, excluding acquisitions and divestments*

Revenue for January–September was EUR 1,575.6 (1,534.2) million, an increase of 2.7 percent compared to the previous year. At the previous year's exchange rates, revenue was EUR 1,598.7 million and increased by 4.2 percent compared to the previous year. Changes in Swedish crona had a positive effect of EUR 0.2 million and changes in Norwegian krone and Russian rouble a negative effect of EUR 22.0 million and EUR 1.1 million, respectively.

Organic growth was -3.5 percent, impacted by the corona crisis and the downturn. Revenue was also impacted by fluctuations in currency exchange rates and the Maintpartner and Huurre acquisitions as of December 2019.

Revenue increased in Finland, Germany, Industry and Other countries, while it decreased in other divisions.

The revenue of the Services business unit increased and was EUR 986.4 (912.4) million in January–September, an increase of 8.1 percent, or 10.1 percent in local currencies. The revenue of the Projects business unit was EUR 589.3 (621.8) million in January–September, a decrease of 5.2 percent, or 4.4 percent in local currencies.

The Services business unit accounted for 62.6 (59.5) percent of Group revenue, and the Projects business unit for 37.4 (40.5) percent of Group revenue in January–September.

Distribution of revenue by Division and Business Unit

Revenue, EUR million	7–9/ 2020	%	7–9/ 2019	%	Change	1–9/ 2020	%	1–9/ 2019	%	Change	1–12/ 2019	%
Sweden	87.9	17.1	97.7	19.3	-10.0%	303.3	19.2	312.2	20.3	-2.9%	435.4	20.5
Finland	98.6	19.1	90.6	17.9	8.8%	301.7	19.1	271.9	17.7	10.9%	384.3	18.1
Norway	70.3	13.6	76.4	15.1	-8.0%	227.2	14.4	265.0	17.3	-14.3%	359.6	16.9
Germany	94.8	18.4	97.2	19.1	-2.5%	275.1	17.5	263.2	17.2	4.5%	355.5	16.7
Austria	52.3	10.2	56.0	11.0	-6.6%	143.0	9.1	147.7	9.6	-3.2%	200.1	9.4
Industry	67.1	13.0	45.6	9.0	47.2%	201.8	12.8	143.6	9.4	40.5%	205.3	9.7
Denmark	22.0	4.3	26.9	5.3	-18.1%	68.1	4.3	80.2	5.2	-15.0%	109.5	5.2
Other countries*	22.4	4.3	17.0	3.4	31.7%	55.5	3.5	50.4	3.3	10.1%	73.6	3.5
Group, total	515.5	100.0	507.5	100.0	1.6%	1,575.6	100.0	1,534.2	100.0	2.7%	2,123.2	100
Services	322.3	62.5	296.7	58.5	8.6%	986.4	62.6	912.4	59.5	8.1%	1,274.9	60.0
Projects	193.2	37.5	210.7	41.5	-8.3%	589.3	37.4	621.8	40.5	-5.2%	848.3	40.0

** Other countries include the Baltic countries, Poland (until 28 February 2019) and Russia.*

Profitability

EBITA and operating profit

July-September

Adjusted EBITA for July–September amounted to EUR 21.2 (23.0) million, or 4.1 (4.5) percent of revenue and EBITA to EUR 17.7 (22.1) million, or 3.4 (4.4) percent of revenue.

In Services, ad-hoc orders returned to almost normal levels in the quarter, while in the Industry division there was still an impact from delayed industrial shutdown services. In Projects, the corona pandemic continued to impact productivity to a certain extent due to the need for increased social distancing and work site planning as well as challenges in the usage of foreign subcontracting.

In the adjusted EBITA calculation, the capital gains from divestments and the transaction costs related to divestments and acquisitions totalled EUR 0.4 million. The write-downs, expenses and/or income from separately identified major risk projects amounted to EUR 2.0 million. The Group's restructuring costs amounted to EUR 0.9 million, the majority of which related to Germany and Sweden. Other items totalled EUR 0.1 million.

The operating profit (EBIT) for July–September was EUR 13.9 (18.9) million, or 2.7 (3.7) percent of revenue.

Costs related to materials and supplies decreased to EUR 130.0 (132.7) million and external services increased to EUR 102.5 (100.2) million in July–September. Personnel expenses increased by 3.7 percent from the previous year and amounted to a total of EUR 201.8 (194.7) million for July–September, explained by the completed acquisitions in 2019. Personnel expenses decreased from the previous year excluding the effect of the acquisitions. Other operating expenses increased to EUR 51.6 (45.3) million. Other operating income was EUR 1.7 (0.8) million. The figures for 2019 do not include the costs of the companies acquired in late 2019.

Depreciation, amortisation and impairment amounted to EUR 17.6 (16.5) million in July–September. Of these EUR 13.7 (13.3) million were depreciations on tangible assets and EUR 3.9 (3.2) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 12.5 (12.0) million. The amortisations related to allocated intangibles on acquisitions and IT.

EBITA is defined as Operating profit + amortisation and impairment on intangible assets. Adjusted EBITA = EBITA before items affecting comparability (IAC). Items affecting comparability (IAC) in 2020 are material items or transactions, which are relevant for understanding the financial performance of Caverion when comparing the profit of the current period with that of the previous periods. These items can include (1) capital gains and/or losses and transaction costs related to divestments and acquisitions; (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 2019 and 2020, major risk projects only include one risk project in Germany reported under category (2). In 2019, legal and other costs related to the German anti-trust fine and a compensation from the previous owners of a German subsidiary related to the cartel case were reported under category (4). In 2020, costs related to a subsidiary in Russia sold during the second quarter have been reported under category (4).

January-September

Adjusted EBITA for January–September amounted to EUR 38.1 (33.5) million, or 2.4 (2.2) percent of revenue and EBITA to EUR 36.1 (27.3) million, or 2.3 (1.8) percent of revenue.

In the adjusted EBITA calculation, the capital gains from divestments and the transaction costs related to divestments and acquisitions totalled EUR -6.5 million. The write-downs, expenses and/or income from separately identified major risk projects amounted to EUR 5.1 million. The Group's restructuring costs amounted to EUR 3.0 million, the majority of which related to Sweden, Industry, Denmark and Germany. Other items totalled EUR 0.3 million.

The operating profit (EBIT) for January–September improved to EUR 25.3 (16.4) million, or 1.6 (1.1) percent of revenue.

Costs related to materials and supplies increased to EUR 389.3 (384.9) million and external services decreased to EUR 293.5 (294.4) million in January–September. Personnel expenses increased by 5.3 percent from the previous year and amounted to a total of EUR 667.2 (633.8) million for January–September, explained by the completed acquisitions in 2019. Personnel expenses decreased from the previous year excluding the effect of the acquisitions.

Division Sweden received a grant from the government during the second quarter for short-term layoffs and sick-leave compensation amounting to about EUR 2.1 million. This has been presented in income statement as a reduction of personnel costs. Other operating expenses increased to EUR 158.7 (156.1) million. Other operating income was EUR 10.8 (2.0) million. The capital gain from the sale of a subsidiary in Russia is reported under other operating income for the period and it amounted to EUR 7.3 million, mainly consisting of cumulative translation differences. The transaction had no cash flow impact. The figures for 2019 do not include the costs of the companies acquired in late 2019.

Depreciation, amortisation and impairment amounted to EUR 52.3 (50.7) million in January–September. Of these EUR 41.5 (39.8) million were depreciations on tangible assets and EUR 10.8 (10.9) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 37.0 (35.9) million. The amortisations related to allocated intangibles on acquisitions and IT.

The definitions for EBITA and Adjusted EBITA have been presented above under July-September profitability.

Adjusted EBITA and items affecting comparability (IAC)

EUR million	7–9/ 2020	7–9/ 2019	1–9/ 2020	1–9/ 2019	1–12/ 2019
EBITA	17.7	22.1	36.1	27.3	49.8
EBITA margin, %	3.4	4.4	2.3	1.8	2.3
Items affecting comparability (IAC)					
- Capital gains and/or losses and transaction costs related to divestments and acquisitions	0.4	0.2	-6.5	2.7	4.8
- Write-downs, expenses and income from major risk projects*	2.0		5.1	1.6	17.1
- Restructuring costs	0.9	0.7	3.0	1.7	4.6
- Other items**	0.1	0.1	0.3	0.2	-9.0
Adjusted EBITA	21.2	23.0	38.1	33.5	67.2
Adjusted EBITA margin, %	4.1	4.5	2.4	2.2	3.2

** Major risk projects include only one risk project in Germany in 2019 and 2020.*

*** Including the German anti-trust fine related legal and other costs, a compensation from the previous owners of a German subsidiary related to the cartel case and costs related to a subsidiary in Russia sold during the second quarter*

Result before taxes, result for the period and earnings per share

Result before taxes amounted to EUR 16.6 (10.7) million, result for the period to EUR 12.2 (7.5) million, and earnings per share to EUR 0.08 (0.04) in January–September. Net financing expenses in January–September were EUR 8.7 (5.7) million. This includes an interest cost on lease liabilities amounting to EUR 3.4 (3.9) million and an exchange rate loss from an internal loan denominated in euros in Russia amounting to EUR 1.0 million.

In July-September, result before taxes was EUR 11.7 (16.5) million, result for the period EUR 8.5 (11.6) million, and earnings per share EUR 0.06 (0.08).

The Group's effective tax rate was 26.8 (29.3) percent in January–September.

Capital expenditure, acquisitions and disposals

Gross capital expenditure on non-current assets totalled EUR 13.3 (13.9) million in January–September, representing 0.8 (0.9) percent of revenue. Investments in information technology totalled EUR 7.1 (6.3) million. IT investments continued to be focused on building a harmonised IT infrastructure and common platforms as well as datacenter consolidation. IT systems and mobile tools were also developed to improve the Group's internal processes and efficiency going forward. Other investments, including acquisitions and investments in joint ventures, amounted to EUR 6.2 (7.7) million.

Caverion signed an agreement to acquire Gunderlund A/S, a Danish company specialising in power grid expansions and renovations in March 2020. The revenue of the acquired company amounted to EUR 3.2 million in a twelve-month period ending September 2019. Gunderlund employs about 10 people. The transaction value was not disclosed. The purchase price was paid in cash.

Caverion signed an agreement to sell certain Finnish operations of Caverion Industria Ltd to Elcoline Oy in June based on the conditions imposed on the Maintpartner transaction by the Finnish Competition and Consumer Authority (the "FCCA"). The buyer is a Finnish, internationally operating provider of industrial maintenance. The business transfer became effective on 30 September 2020. The transaction value will not be disclosed. According to a stock exchange release published by Caverion on 22 November 2019, the FCCA approval on the Maintpartner transaction included certain conditions based on which Caverion was to divest approximately 6.5 percent of the post-transaction revenue (approximately EUR 300 million in 2018) of the Industry division in Finland. The fulfilment of the conditions set out in the approval still requires final confirmation from the FCCA.

Caverion sold a subsidiary in Russia during the second quarter. The capital gain from the sale is reported under other operating income for the period and it amounted to EUR 7.3 million, mainly consisting of cumulative translation differences. The transaction had no cash flow impact.

Cash flow, working capital and financing

The Group's operating cash flow before financial and tax items improved to EUR 76.3 (63.0) million in January-September and cash conversion (LTM) was 138.2 (177.5) percent. The Group's free cash flow improved to EUR 60.5 (49.6) million. Cash flow after investments was EUR 53.6 (43.0) million.

In July-September, the Group's operating cash flow before financial and tax items was EUR -28.0 (3.8) million. Cash flow was impacted by postponed authority payments due to corona totalling EUR 22.4 million paid in the third quarter. The final postponed authority payments totalling EUR 10.2 million will be paid in the fourth quarter of 2020 and in the first quarter of 2021. The Group's free cash flow was EUR -30.5 (-2.5) million. Cash flow after investments was EUR -32.1 (-4.3) million.

The Group's working capital improved to EUR -94.5 (-46.8) million at the end of September. There were improvements in divisions Finland, Sweden, Industry, Germany and Austria compared to the previous year. The amount of trade and POC receivables increased to EUR 517.1 (513.4) million and other current receivables to EUR 25.1 (24.0) million. On the liabilities side, advances received increased to EUR 236.9 (207.9) million and other current liabilities to EUR 238.2 (209.1) million, while trade and POC payables decreased to EUR 182.9 (184.0) million.

Caverion's liquidity position was strong and Caverion had a high amount of undrawn credit facilities on 30 September 2020. Caverion's cash and cash equivalents amounted to EUR 84.8 (83.4) million at the end of September. In addition, Caverion had undrawn revolving credit facilities amounting to EUR 100.0 million and undrawn overdraft facilities amounting to EUR 19.0 million.

The Group's gross interest-bearing loans and borrowings excluding lease liabilities amounted to EUR 140.2 (125.0) million at the end of September, and the average interest rate was 2.6 (3.0) percent. Approximately 36 percent of the loans have been raised from banks and other financial institutions and approximately 64 percent from capital markets. Lease liabilities amounted to EUR 132.1 (131.3) million at the end of September 2020, resulting to total gross interest-bearing liabilities of EUR 272.3 (256.3) million.

The Group's interest-bearing net debt excluding lease liabilities amounted to EUR 55.3 (41.7) million at the end of September and including lease liabilities to EUR 187.5 (172.9) million. At the end of September, the Group's gearing was 93.8 (79.5) percent and the equity ratio 19.8 (22.6) percent. Excluding the effect of IFRS 16, the gearing would have amounted to 27.7 (19.1) percent and the equity ratio to 22.7 (26.2) percent.

Caverion raised a 5-year TyEL pension loan of EUR 15 million on 29 April 2020.

On 15 May 2020 Caverion issued a EUR 35 million hybrid bond, an instrument subordinated to the company's other debt obligations and treated as equity in the IFRS financial statements. The hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of the current shareholders. The coupon of the hybrid bond is 6.75 per cent per annum until 15 May 2023. The hybrid bond does not have a maturity date but the issuer is entitled to redeem the hybrid for the first time on 15 May 2023, and subsequently, on each coupon interest payment date. If the hybrid bond is not redeemed on 15 May 2023, the coupon will be changed to 3-month EURIBOR added with a Re-offer Spread (706.8 bps) and a step-up of 500bps.

The previously outstanding EUR 66.06 million 2017 Hybrid Capital Securities were redeemed in full on 16 June 2020 in accordance with their terms and conditions.

In June a one-year extension option to move the maturity of RCF (100M€) and term loan (50M€) from 2022 to February 2023 was utilised.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. The financial covenant shall not exceed 3.5:1. At the end of September, the Group's Net debt to EBITDA was 0.8x according to the confirmed calculation principles. The confirmed calculation principles exclude the effects of the IFRS 16 standard and contain certain other adjustments.

Recent changes in financial reporting affecting comparability

Caverion made three important acquisitions in 2019. Maintpartner and Huurre acquisitions were closed in the end of November 2019 and Pelsu Pelastussuunnitelma Oy in October 2019, thus affecting the reporting as of December 2019 and November 2019, respectively. In December 2018, Caverion announced the sale of its small subsidiaries in Poland and Czech Republic. These were completed on 28 February 2019 and on 2 January 2019, respectively.

PERSONNEL

Personnel by division, end of period	9/2020	6/2020	Change	9/2020	9/2019	Change	12/2019
Sweden	2,664	2,786	-4%	2,664	2,762	-4%	2,961
Finland	2,892	2,948	-2%	2,892	2,643	9%	2,795
Norway	2,386	2,354	1%	2,386	2,455	-3%	2,431
Germany	2,292	2,256	2%	2,292	2,245	2%	2,253
Industry	2,660	2,753	-3%	2,660	1,568	70%	2,929
Other countries	1,168	1,197	-2%	1,168	1,211	-4%	1,223
Austria	864	847	2%	864	842	3%	828
Denmark	599	637	-6%	599	764	-22%	734
Group Services	124	124	0%	124	116	7%	119
Group, total	15,649	15,902	-2%	15,649	14,606	7%	16,273

Caverion Group employed 15,934 (14,651) people on average in January–September 2020. At the end of September, the Group employed 15,649 (14,606) people. Personnel expenses for January–September amounted to EUR 667.2 (633.8) million.

Employee safety continued to be a high focus area in the first nine months of the year. Due to the corona situation, many extra actions have been taken to protect the employees, organise the work in a way that it is safe to complete and establish different supportive trainings, tools and communication methods. The Group's accident frequency rate at the end of September was 4.2 (5.2).

Changes in Caverion's Group Management Board and organisation structure

Elina Engman, M.Sc. (Tech.) (born 1970), was appointed as Head of Division Industrial Solutions and a member of the Group Management Board of Caverion Corporation as of 1 January 2020. She has previously worked as Vice President at ÅF Consult responsible for ÅF's renewables and energy business consulting, as President and CEO of Voimaosakeyhtiö SF, as Vice President, Energy at Kemira Corporation as well as in energy business related roles at Areva and Siemens.

SIGNIFICANT SHORT-TERM RISKS AND UNCERTAINTIES

There have been no material changes in Caverion's significant short-term risks and uncertainties compared to those reported in the Half-year Financial Report 2020. Those risks and uncertainties are still valid.

The impacts of the corona pandemic and the consequent economic downturn on Caverion, and the actions taken by the company are summarised separately after this section and described earlier in the report in the "Market outlook for Caverion's services and solutions" and "Operating environment in the third quarter and during the first nine months of 2020" sections.

The comprehensive description of Caverions' key risks is available in the Financial Statements 2019 and is still valid.

IMPACT OF CORONA PANDEMIC AND CONSEQUENT ECONOMIC DOWNTURN ON CAVERION

The first wave of the corona pandemic and the consequent economic downturn negatively impacted Caverion's business in the first half of 2020. After June, the impact reduced and was more limited during the third quarter.

The second wave of corona started in Caverion's operating countries towards the end of the third quarter, again increasing the risk exposure. The second wave of corona is currently leading to renewed lockdown measures also in Caverion countries and increasing the negative business impacts in the fourth quarter. Any further restrictions such as limiting industrial operations and shutdowns or temporary close-downs of premises or construction sites would further impact Caverion's revenue level and also profitability.

Caverion's business is exposed to various risks associated with corona and the economic downturn. These include, for example, suspension or cancellation of existing contracts by customers, lack of demand for new services, absenteeism of employees and subcontractor staff, closures of work sites and other work premises by customers or authorities, defaults in customer payments and lack or poor availability of financing.

Apart from its immediate effects, the corona pandemic has also led to a global economic downturn, which in many areas can negatively impact the general demand and the pricing environment also for Caverion. However, a material part of Caverion's offering is of such nature that customers will need these services also during a downturn.

It is still unclear how long the corona pandemic will last, how deep and long the consequent downturn will be and what will be the speed of the economic recovery. The business volume and the amount of new order intake are important determinants to Caverion's performance in the fourth quarter of 2020 and in 2021, but both are still difficult to predict at present.

RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

Caverion Corporation's Annual General Meeting, which was held under special arrangements in Vantaa on 25 May 2020, adopted the Financial Statements and the consolidated Financial Statements for the year 2019 and discharged the members of the Board of Directors and the President and CEO from liability. In addition, the Annual General Meeting resolved to authorise the Board of Directors to decide on the distribution of dividends, to support the presented Remuneration Policy for Governing Bodies, on the composition of members of the Board of Directors and their remuneration, the election of the auditor and its remuneration as well as authorised the Board of Directors to decide on the repurchase of the Company's own shares and/or acceptance as pledge of own shares as well as share issues.

The Annual General Meeting elected a Chairman, a Vice Chairman and five (5) ordinary members to the Board of Directors. Mats Paulsson was elected as the Chairman of the Board of Directors, Markus Ehrnrooth as the Vice Chairman and Jussi Aho, Joachim Hallengren, Thomas Hinnerskov, Kristina Jahn and Jasmin Soravia as members of the Board of Directors for a term of office expiring at the end of the Annual General Meeting 2021. The stock exchange release on the resolutions passed at the Annual General Meeting is available on Caverion's website at http://www.caverion.com/about-us/media/releases.

The Board of Directors held its organisational meeting on 25 May 2020. At the meeting the Board decided on the composition of the Human Resources Committee and the Audit Committee. A description of the committees' tasks and charters are available on Caverion's website at www.caverion.com/investors - Corporate Governance.

DIVIDENDS AND DIVIDEND POLICY

Caverion Corporation's Annual General Meeting, held on 25 May 2020, approved the proposal of the Board of Directors according to which no dividends will be distributed based on the balance sheet to be adopted for 2019 by a resolution of the Annual General Meeting, but that the Board of Directors be authorized to decide at their discretion on the distribution of dividends of a maximum amount of EUR 0.08 per share from the Company's retained earnings. Based on the authorization, the Board of Directors is entitled to decide on the amount of dividends within the limits of the above maximum amount, on the dividend record date, on the dividend payment date as well as for the other measures required by the matter. The Company will publish the possible dividend distribution decision by the Board of Directors separately and in the same connection notify the applicable record and payment dates.

Caverion's dividend policy is to distribute as dividends at least 50 percent of the result for the year after taxes, however, taking profitability and leverage level into account. Even though there are no plans to amend this dividend policy, there is no guarantee that a dividend or capital redemption will actually be paid in the future, and also there is no guarantee of the amount of the dividend or return of capital to be paid for any given year.

SHARES AND SHAREHOLDERS

The Caverion Corporation is a public limited company organised under the laws of the Republic of Finland, incorporated on 30 June 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. The company's shares have no nominal value.

Share capital and number of shares

The number of shares was 138,920,092 and the share capital was EUR 1,000,000 on 1 January 2020. Caverion held 2,849,360 treasury shares on 1 January 2020. At the end of the reporting period, the total number of shares in Caverion was 138,920,092. Caverion held 2,807,991 treasury shares on 30 September 2020, representing 2.02 percent of the total number of shares and voting rights. The number of shares outstanding was 136,112,101 at the end of September 2020.

The Board of Directors of Caverion Corporation decided in February 2020 on a directed share issue without payment for Caverion's Restricted Share Plan 2017–2019 reward payment. The decision on the directed share issue without payment is based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 25 March 2019. In the directed share issue without payment, 39,127 Caverion Corporation shares held by the company were on 27 February 2020 conveyed to 16 key employees according to the terms and conditions of the plan. Prior to the directed share issue, Caverion held a total of 2,849,360 treasury shares, of which 2,810,233 treasury shares remained with the company after the conveyance.

On 4 June 2020 a total of 4,431 own shares were returned to Caverion Corporation. The receipt of shares was related to the directed share issue announced on 18 December 2019, whereby shares held by the company were conveyed as payment from the Matching Share Plan 2018–2022. The shares were returned to the company based on the terms and conditions of the plan. After the receipt of shares Caverion held a total of 2,814,664 treasury shares.

The Board of Directors of Caverion Corporation decided in June 2020 on a directed share issue without payment for Caverion's Restricted Share Plan 2016–2018 reward payment. The decision on the directed share issue without payment is based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 25 May 2020. In the directed share issue without payment, 6,673 Caverion Corporation shares held by the company were on 26 June 2020 conveyed to a key employee according to the terms and conditions of the plan. Prior to the directed share issue, Caverion held a total of 2,814,664 treasury shares, of which 2,807,991 treasury shares remained with the company after the conveyance.

Caverion's Board of Directors approved in December 2019 the commencement of a new plan period 2020-2022 in the share-based long-term incentive scheme originally established in December 2018. The scheme is based on a performance share plan (PSP) structure targeted to Caverion's management and selected key employees. The Board approved at the same time the commencement of a new plan period 2020-2022 in the Restricted Share Plan (RSP) structure, which is a complementary share-based incentive structure for specific situations. Any potential share rewards based on PSP 2020-2022 and RSP 2020-2022 will be delivered in the spring 2023. More information on the plans have been published in a stock exchange release on 18 December 2019. The Board of Directors of Caverion has on 30 April 2020 decided, upon management's suggestion, to postpone the commencement of PSP 2020-2022 incentive plan, latest until the beginning of the year 2021.

The Restricted Share Plan (RSP) is based on a rolling plan structure originally announced on 18 December 2015 and the commencement of each new plan within the structure is conditional on a separate Board approval. Share allocations within the Restricted Share Plan will be made for individually selected key employees in specific situations. Each RSP plan consists of a three-year vesting period after which the allocated share rewards will be delivered to the participants provided that their employment with Caverion continues at the time of the delivery of the share reward. The potential share rewards based on the Restricted Share Plans for 2016-2018, 2017–2019, 2018–2020, 2019–2021 as well as 2020-2022 total a maximum of approximately 547,000 shares (gross before the deduction of applicable payroll tax). Of these plans, a maximum of 85,000 shares will be delivered in the spring of 2021, a maximum of 135,000 shares in the spring of 2022 and a maximum of 230,000 shares in the spring of 2023.

Caverion's Board of Directors approved the previous long-term share-based incentive schemes for the Group's senior management and key employees in December 2015 and in December 2018. The targets set for the Performance Share Plan 2016–2018 and 2017–2019 were not met, and no rewards thereof were paid. The targets set for the Performance Share Plan 2018–2020 were partially met and the respective share rewards will be delivered in February 2021. If all targets will be met, the share rewards based on PSP 2019–2021 will comprise a maximum of approximately 1.3 million Caverion shares (gross before the deduction of applicable taxes).

More information on the incentive plans has been published in stock exchange releases on 18 December 2015, 21 December 2016, 21 December 2017, 18 December 2018 and 18 December 2019.

Caverion has not made any decision regarding the issue of option rights or other special rights entitling to shares.

Authorisations of the Board of Directors

Authorising Caverion's Board of Directors to decide on the repurchase and/or on the acceptance as pledge of own shares of the company

The Annual General Meeting of Caverion Corporation, held on 25 May 2020, authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares in accordance with the proposal by the Board of Directors. The number of own shares to be repurchased and/or accepted as pledge shall not exceed 13,500,000 shares, which corresponds to approximately 9.7% of all the shares in the Company. The Company may use only unrestricted equity to repurchase own shares on the basis of the authorisation. Purchase of own shares may be made at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. The Board of Directors resolves the manner in which own shares be repurchased and/or accepted as pledge. Repurchase of own shares may be made using, inter alia, derivatives. Repurchase and/or acceptance as pledge of own shares may be made otherwise than in proportion to the share ownership of the shareholders (directed repurchase or acceptance as pledge).

The authorisation cancels the authorisation given by the General Meeting on 25 March 2019 to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares. The authorisation is valid until 23 September 2021. The Board of Directors has not used the authorisation to decide on the repurchase of the Company's own shares during the period.

As part of the implementation of the Matching Share Plan, the company has accepted as a pledge the shares acquired by those key employees who took a loan from the company. As a result, Caverion had 689,056 Caverion Corporation shares as a pledge at the end of the reporting period on 30 September 2020.

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

The Annual General Meeting of Caverion Corporation, held on 25 May 2020, authorised the Board of Directors to decide on share issues in accordance with the proposal by the Board of Directors. The number of shares to be issued may not exceed 13,500,000 shares, which corresponds to approximately 9.7% of all the shares in the Company. The Board of Directors decides on all the conditions of the issuance of shares. The authorisation concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorisation can be used e.g. in order to develop the Company's capital structure, to broaden the Company's ownership base, to be used as payment in corporate acquisitions or when the Company acquires assets relating to its business and as part of the Company's incentive programs.

The authorisation is valid until the closing of the next annual general meeting, however no later than 24 May 2021.

The Board of Directors of Caverion Corporation decided in February 2020 on a directed share issue without payment for Caverion's Restricted Share Plan 2017–2019 reward payment. The decision on the directed share issue without payment is based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 25 March 2019. In the directed share issue without payment, 39,127 Caverion Corporation shares held by the company were on 27 February 2020 conveyed to 16 key employees according to the terms and conditions of the plan. Prior to the directed share issue, Caverion held a total of 2,849,360 treasury shares, of which 2,810,233 treasury shares remained with the company after the conveyance.

The Board of Directors of Caverion Corporation decided in June 2020 on a directed share issue without payment for Caverion's Restricted Share Plan 2016–2018 reward payment. The decision on the directed share issue without payment is based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 25 May 2020. In the directed share issue without payment, 6,673 Caverion Corporation shares held by the company were on 26 June 2020 conveyed to a key employee according to the terms and conditions of the plan. Prior to the directed share issue, Caverion held a total of 2,814,664 treasury shares, of which 2,807,991 treasury shares remained with the company after the conveyance.

Trading in shares

The opening price of Caverion's share was EUR 7.24 at the beginning of 2020. The closing rate on the last trading day of the review period on 30 September was EUR 6.08. The share price decreased by 16 percent during January–September. The highest price of the share during the review period January–September was EUR 8.25, the lowest was EUR 3.79 and the average price was EUR 5.72. Share turnover on Nasdaq Helsinki in January–September amounted to 56.7 million shares. The value of share turnover was EUR 324.4 million (source: Nasdaq Helsinki). Caverion's shares are also traded in other market places, such as Aquis, Cboe, POSIT Auction and Turquoise.

The market capitalisation of the Caverion Corporation at the end of the review period was EUR 827.6 million. Market capitalisation has been calculated excluding the 2,807,991 shares held by the company as per 30 September 2020.

Number of shareholders and flagging notifications

At the end of September 2020, the number of registered shareholders in Caverion was 26,710 (6/2020: 27,075). At the end of September 2020, a total of 30.4 percent of the shares were owned by nominee-registered and non-Finnish investors (6/2020: 29.8%).

Caverion Corporation received on 17 February 2020 a notification pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act from Solero Luxco S.à r.l. ("Solero Luxco", a company based in Luxembourg ultimately owned by Triton Fund IV). According to the notification, the holding in Caverion Corporation by Solero Luxco decreased below the 5 percent threshold on 17 February 2020. The holding of Solero Luxco in Caverion decreased to 0 shares, corresponding to 0.00 percent of Caverion's shares and voting rights.

Updated lists of Caverion's largest shareholders and ownership structure by sector as per 30 September 2020, are available on Caverion's website at www.caverion.com/investors.

INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2020: FINANCIAL TABLES

Condensed consolidated income statement

EUR million	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Revenue	**515.5**	**507.5**	**1,575.6**	**1,534.2**	**2,123.2**
Other operating income	1.7	0.8	10.8	2.0	14.0
Materials and supplies	-130.0	-132.7	-389.3	-384.9	-524.2
External services	-102.5	-100.2	-293.5	-294.4	-411.3
Employee benefit expenses	-201.8	-194.7	-667.2	-633.8	-868.9
Other operating expenses	-51.6	-45.3	-158.7	-156.1	-229.8
Share of results of associated companies			0.0	0.0	0.0
Depreciation, amortisation and impairment	-17.6	-16.5	-52.3	-50.7	-67.6
Operating result	**13.9**	**18.9**	**25.3**	**16.4**	**35.3**
% of revenue	2.7	3.7	1.6	1.1	1.7
Financial income and expense, net	-2.2	-2.3	-8.7	-5.7	-8.4
Result before taxes	**11.7**	**16.5**	**16.6**	**10.7**	**27.0**
% of revenue	2.3	3.3	1.1	0.7	1.3
Income taxes	-3.2	-4.9	-4.5	-3.1	-4.4
Result for the period	**8.5**	**11.6**	**12.2**	**7.5**	**22.6**
% of revenue	1.6	2.3	0.8	0.5	1.1
Attributable to					
Equity holders of the parent company	8.5	11.6	12.1	7.5	22.6
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Earnings per share attributable to the equity holders of the parent company					
Earnings per share, basic, EUR	0.06	0.08	0.08	0.04	0.14
Diluted earnings per share, EUR	0.06	0.08	0.08	0.04	0.14

Consolidated statement of comprehensive income

EUR million	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Result for the review period	**8.5**	**11.6**	**12.2**	**7.5**	**22.6**
Other comprehensive income					
Items that will not be reclassified to profit/loss					
- Change in fair value of defined benefit pension plans	0.4	0.5	2.7	-0.1	-5.7
-- Deferred tax					1.6
- Change in fair value of other investments	0.0	0.0	0.0	0.0	0.0
-- Deferred tax					
Items that may be reclassified subsequently to profit/loss					
- Cash flow hedges				0.1	0.1
- Translation differences	-1.2	-0.9	-12.1	0.7	0.7
Other comprehensive income, total	**-0.8**	**-0.4**	**-9.4**	**0.7**	**-3.3**
Total comprehensive result	**7.7**	**11.2**	**2.8**	**8.2**	**19.3**
Attributable to					
Equity holders of the parent company	7.7	11.2	2.7	8.2	19.3
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

Condensed consolidated statement of financial position

EUR million	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	19.4	15.7	19.3
Right-of-use assets	129.3	130.4	135.0
Goodwill	365.0	331.9	366.5
Other intangible assets	50.7	30.1	56.0
Shares in associated companies and joint ventures	1.7	1.7	1.7
Other investments	1.3	0.9	1.3
Other receivables	6.7	6.8	7.3
Deferred tax assets	21.6	12.6	19.3
Current assets			
Inventories	21.2	16.8	18.8
Trade receivables	269.8	274.1	329.6
POC receivables	247.4	239.3	197.6
Other receivables	25.6	24.3	33.7
Income tax receivables	3.3	2.6	1.7
Cash and cash equivalents	84.8	83.4	93.6
Total assets	**1,247.7**	**1,170.5**	**1,281.4**
Equity and liabilities			
Equity attributable to equity holders of the parent company			
Share capital	1.0	1.0	1.0
Hybrid capital	35.0	66.1	66.1
Other equity	163.5	150.2	161.5
Non-controlling interest	0.4	0.4	0.4
Equity	**199.9**	**217.6**	**228.9**
Non-current liabilities			
Deferred tax liabilities	32.1	30.0	32.6
Pension liabilities	48.1	43.6	49.1
Provisions	11.5	8.3	9.4
Lease liabilities	90.8	91.1	93.3
Other interest-bearing debts	137.2	125.0	125.0
Other liabilities	5.7	0.5	2.1
Current liabilities			
Advances received	236.9	207.9	216.2
Trade payables	162.0	164.9	173.7
Other payables	232.7	207.3	258.7
Income tax liabilities	18.2	11.6	15.6
Provisions	28.2	22.5	33.1
Lease liabilities	41.3	40.2	43.6
Other interest-bearing debts	3.0	0.0	0.0
Total equity and liabilities	**1,247.7**	**1,170.5**	**1,281.4**

Working capital

EUR million	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Inventories	21.2	16.8	18.8
Trade and POC receivables	517.1	513.4	527.2
Other current receivables	25.1	24.0	32.6
Trade and POC payables	-182.9	-184.0	-194.1
Other current liabilities	-238.2	-209.1	-269.2
Advances received	-236.9	-207.9	-216.2
Working capital	**-94.5**	**-46.8**	**-100.9**

Consolidated statement of changes in equity

	Equity attributable to owners of the parent									
EUR million	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Unrest-ricted equity reserve	Hybrid capital	Total	Non-controlling interest	Total equity
Equity on January 1, 2020	**1.0**	**103.4**	**-4.8**	**-0.1**	**-3.1**	**66.0**	**66.1**	**228.5**	**0.4**	**228.9**
Comprehensive income										
Result for the period		12.1						12.1	0.0	12.2
Other comprehensive income:										
Change in fair value of defined benefit pension plans		2.7						2.7		2.7
-Deferred tax										
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			-12.1					-12.1		-12.1
Comprehensive income, total		**14.8**	**-12.1**	**0.0**				**2.7**	**0.0**	**2.8**
Dividend distribution									0.0	0.0
Share-based payments		1.9						1.9		1.9
Transfer of own shares		-0.3			0.3					
Hybrid capital repayment							-66.1	-66.1		-66.1
Hybrid capital issue							35.0	35.0		35.0
Hybrid capital interests and costs after taxes		-2.4						-2.4		-2.4
Other change		-0.2						-0.2		-0.2
Equity on September 30, 2020	**1.0**	**117.3**	**-16.9**	**-0.1**	**-2.8**	**66.0**	**35.0**	**199.6**	**0.4**	**199.9**

	Equity attributable to owners of the parent									
EUR million	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Unrestricted equity reserve	Hybrid capital	Total	Non-controlling interest	Total equity
Equity on December 31, 2018	**1.0**	**95.5**	**-5.5**	**-0.2**	**-3.2**	**66.0**	**100.0**	**253.6**	**0.4**	**254.0**
Change in accounting principle, IFRS 16		0.1						0.1		0.1
Equity on January 1, 2019	**1.0**	**95.7**	**-5.5**	**-0.2**	**-3.2**	**66.0**	**100.0**	**253.8**	**0.4**	**254.1**
Comprehensive income										
Result for the period		7.5						7.5	0.0	7.5
Other comprehensive income:										
Change in fair value of defined benefit pension plans		-0.1						-0.1		-0.1
-Deferred tax										
Cash flow hedges				0.1				0.1		0.1
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			0.7					0.7		0.7
Comprehensive income, total		**7.4**	**0.7**	**0.1**				**8.2**	**0.0**	**8.2**
Dividend distribution		-6.8						-6.8	0.0	-6.8
Share-based payments		0.0						0.0		0.0
Transfer of own shares		-0.1			0.1					
Hybrid capital repayment							-33.9	-33.9		-33.9
Hybrid capital interests and costs after taxes		-3.8						-3.8		-3.8
Disposal of subsidiaries		-0.2						-0.2		-0.2
Equity on September 30, 2019	**1.0**	**92.2**	**-4.8**	**-0.1**	**-3.1**	**66.0**	**66.1**	**217.2**	**0.4**	**217.6**

	Equity attributable to owners of the parent									
EUR million	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Unrest-ricted equity reserve	Hybrid capital	Total	Non-controlling interest	Total equity
Equity on December 31, 2018	**1.0**	**95.5**	**-5.5**	**-0.2**	**-3.2**	**66.0**	**100.0**	**253.6**	**0.4**	**254.0**
Change in accounting principle, IFRS 16		0.1						0.1		0.1
Equity on January 1, 2019	**1.0**	**95.7**	**-5.5**	**-0.2**	**-3.2**	**66.0**	**100.0**	**253.8**	**0.4**	**254.1**
Comprehensive income										
Result for the period		22.6						22.6	0.0	22.6
Other comprehensive income:										
Change in fair value of defined benefit pension plans		-5.7						-5.7		-5.7
-Deferred tax		1.6						1.6		1.6
Cash flow hedges				0.1				0.1		0.1
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			0.7					0.7		0.7
Comprehensive income, total		**18.5**	**0.7**	**0.0**				**19.3**	**0.0**	**19.3**
Dividend distribution		-6.8						-6.8	0.0	-6.8
Share-based payments		0.1						0.1		0.1
Transfer of own shares		-0.1			0.1					
Hybrid capital repayment							-33.9	-33.9		-33.9
Hybrid capital interests and costs after taxes		-3.8						-3.8		-3.8
Disposal of subsidiaries		-0.2						-0.2		-0.2
Equity on December 31, 2019	**1.0**	**103.4**	**-4.8**	**-0.1**	**-3.1**	**66.0**	**66.1**	**228.5**	**0.4**	**228.9**

Condensed consolidated statement of cash flows

EUR million	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Cash flows from operating activities					
Result for the period	8.5	11.6	12.2	7.5	22.6
Adjustments to result	24.0	24.5	59.1	63.6	95.9
Change in working capital	-60.5	-32.3	5.0	-8.1	25.2
Operating cash flow before financial and tax items	**-28.0**	**3.8**	**76.3**	**63.0**	**143.7**
Financial items, net	-1.6	-1.8	-6.9	-6.6	-9.6
Taxes paid	-1.6	-0.4	-5.0	-1.7	-4.7
Net cash from operating activities	**-31.3**	**1.6**	**64.4**	**54.8**	**129.4**
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash	0.0	-1.6	-2.1	-2.8	-50.3
Disposal of subsidiaries, net of cash	1.9	0.0	1.9	1.5	1.5
Capital expenditure and other investments, net	-2.7	-4.3	-10.6	-10.5	-16.2
Net cash used in investing activities	**-0.9**	**-5.9**	**-10.8**	**-11.7**	**-65.0**
Cash flow after investing activities	**-32.1**	**-4.3**	**53.6**	**43.0**	**64.5**
Cash flow from financing activities					
Change in loan receivables, net	0.1	0.0	0.3	-0.3	-0.3
Proceeds from borrowings			15.0	125.0	125.0
Repayments of borrowings		-3.3		-56.7	-56.7
Repayments of lease liabilities	-12.2	-11.2	-35.1	-34.1	-45.5
Hybrid capital issue			35.0		
Hybrid capital repayment			-66.1	-33.9	-33.9
Hybrid capital costs and interests			-3.0	-4.7	-4.7
Dividends paid and other distribution of assets			0.0	-6.8	-6.8
Net cash used in financing activities	**-12.1**	**-14.6**	**-53.8**	**-11.5**	**-23.0**
Change in cash and cash equivalents	**-44.2**	**-18.9**	**-0.2**	**31.5**	**41.5**
Cash and cash equivalents at the beginning of the period	130.2	103.6	93.6	51.2	51.2
Change in the foreign exchange rates	-1.2	-1.4	-8.5	0.7	0.9
Cash and cash equivalents at the end of the period	**84.8**	**83.4**	**84.8**	**83.4**	**93.6**

Free cash flow

EUR million	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Operating cash flow before financial and tax items	-28.0	3.8	76.3	63.0	143.7
Taxes paid	-1.6	-0.4	-5.0	-1.7	-4.7
Net cash used in investing activities	-0.9	-5.9	-10.8	-11.7	-65.0
Free cash flow	**-30.5**	**-2.5**	**60.5**	**49.6**	**74.0**

NOTES TO THE INTERIM REPORT

1 Accounting principles

Caverion Corporation's Interim Report for 1 January – 30 September 2020 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. Caverion has applied the same accounting principles in the preparation of the Interim Report as in its Financial Statements for 2019.

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

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

2 Key figures

	9/2020	9/2019	12/2019
Revenue, EUR million	1,575.6	1,534.2	2,123.2
EBITDA, EUR million	77.7	67.1	103.0
EBITDA margin, %	4.9	4.4	4.8
Adjusted EBITDA, EUR million	79.6	73.3	120.4
Adjusted EBITDA margin, %	5.0	4.8	5.7
EBITA, EUR million	36.1	27.3	49.8
EBITA margin, %	2.3	1.8	2.3
Adjusted EBITA, EUR million	38.1	33.5	67.2
Adjusted EBITA margin, %	2.4	2.2	3.2
Operating profit, EUR million	25.3	16.4	35.3
Operating profit margin, %	1.6	1.1	1.7
Result before taxes, EUR million	16.6	10.7	27.0
% of revenue	1.1	0.7	1.3
Result for the review period, EUR million	12.2	7.5	22.6
% of revenue	0.8	0.5	1.1
Earnings per share, basic, EUR	0.08	0.04	0.14
Earnings per share, diluted, EUR	0.08	0.04	0.14
Equity per share, EUR	1.5	1.6	1.7
Equity ratio, %	19.8	22.6	21.5
Interest-bearing net debt, EUR million	187.5	172.9	168.4
Gearing ratio, %	93.8	79.5	73.6
Total assets, EUR million	1,247.7	1,170.5	1,281.4
Operating cash flow before financial and tax items, EUR million	76.3	63.0	143.7
Cash conversion (LTM), %	138.2	177.5	139.5
Working capital, EUR million	-94.5	-46.8	-100.9
Gross capital expenditures, EUR million	13.3	13.9	73.4
% of revenue	0.8	0.9	3.5
Order backlog, EUR million	1,627.7	1,676.9	1,670.5
Personnel, average for the period	15,934	14,651	14,763
Number of outstanding shares at the end of the period (thousands)	136,112	135,973	136,071
Average number of shares (thousands)	136,102	135,825	135,866

3 Financial development by quarter

EUR million	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Revenue	515.5	518.5	541.6	589.0	507.5	512.3	514.4
EBITDA	31.4	22.1	24.1	35.9	35.3	9.1	22.6
EBITDA margin, %	6.1	4.3	4.4	6.1	7.0	1.8	4.4
Adjusted EBITDA	34.8	18.5	26.3	47.0	36.2	10.0	27.1
Adjusted EBITDA margin, %	6.8	3.6	4.8	8.0	7.1	2.0	5.3
EBITA	17.7	8.4	10.0	22.5	22.1	-4.1	9.3
EBITA margin, %	3.4	1.6	1.8	3.8	4.4	-0.8	1.8
Adjusted EBITA	21.2	4.8	12.1	33.7	23.0	-3.2	13.8
Adjusted EBITA margin, %	4.1	0.9	2.2	5.7	4.5	-0.6	2.7
Operating profit	13.9	5.0	6.5	18.9	18.9	-7.7	5.3
Operating profit margin, %	2.7	1.0	1.2	3.2	3.7	-1.5	1.0

	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Earnings per share, basic, EUR	0.06	0.01	0.01	0.11	0.08	-0.06	0.01
Earnings per share, diluted, EUR	0.06	0.01	0.01	0.11	0.08	-0.06	0.01
Equity per share, EUR	1.5	1.4	1.7	1.7	1.6	1.5	1.6
Equity ratio, %	19.8	18.6	22.0	21.5	22.6	20.8	21.3
Interest-bearing net debt, EUR million	187.5	138.8	142.8	168.4	172.9	158.9	162.7
Gearing ratio, %	93.8	72.5	62.3	73.6	79.5	77.3	75.1
Total assets, EUR million	1,247.7	1,265.3	1,261.1	1,281.4	1,170.5	1,186.6	1,205.5
Operating cash flow before financial and tax items, EUR million	-28.0	48.2	56.1	80.6	3.8	29.1	30.1
Cash conversion (LTM), %	138.2	160.7	162.4	139.5	177.5	169.9	na
Working capital, EUR million	-94.5	-161.3	-127.3	-100.9	-46.8	-80.8	-60.4
Gross capital expenditures, EUR million	1.1	4.0	8.3	59.5	5.7	3.8	4.4
% of revenue	0.2	0.8	1.5	10.1	1.1	0.7	0.9
Order backlog, EUR million	1,627.7	1,739.7	1,768.3	1,670.5	1,676.9	1,704.7	1,579.7
Personnel at the end of the period	15,649	15,902	16,010	16,273	14,606	14,681	14,489
Number of outstanding shares at end of period (thousands)	136,112	136,112	136,110	136,071	135,973	135,973	135,679
Average number of shares (thousands)	136,112	136,109	136,085	135,988	135,973	135,834	135,664

4 Calculation of key figures

Key figures on financial performance

EBITDA =	Operating profit (EBIT) + depreciation. amortisation and impairment
Adjusted EBITDA =	EBITDA before items affecting comparability (IAC) *
EBITA =	Operating profit (EBIT) + amortisation and impairment
Adjusted EBITA =	EBITA before items affecting comparability (IAC) *
Equity ratio (%) =	$\frac{\text{(Equity + non-controlling interest) x 100}}{\text{Total assets - advances received}}$
Gearing ratio (%) =	$\frac{\text{(Interest-bearing liabilities - cash and cash equivalents) x 100}}{\text{Shareholders' equity + non-controlling interest}}$
Interest-bearing net debt =	Interest-bearing liabilities - cash and cash equivalents
Working capital =	Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions
Free cash flow =	Operating cash flow before financial and tax items – taxes paid – net cash used in investing activities
Cash conversion (%) =	$\frac{\text{Operating cash flow before financial and tax items (LTM) X 100}}{\text{EBITDA (LTM)}}$
Organic growth =	Defined as the change in revenue in local currencies excluding the impacts of (i) currencies; and (ii) acquisitions and divestments. The currency impact shows the impact of changes in exchange rates of subsidiaries with a currency other than the euro (Group's reporting currency). The acquisitions and divestments impact shows how acquisitions and divestments completed during the current or previous year affect the revenue reported.

Share related key figures

Earnings / share, basic =	$\frac{\text{Result for the period (attributable for equity holders)} \\ \text{- hybrid capital expenses and accrued unrecognised interests after tax}}{\text{Weighted average number of shares outstanding during the period}}$
Earnings /share, diluted =	$\frac{\text{Result for the period (attributable for equity holders)} \\ \text{- hybrid capital expenses and accrued unrecognised interests after tax}}{\text{Weighted average dilution adjusted number of shares outstanding during the period}}$
Equity / share =	$\frac{\text{Shareholders' equity}}{\text{Number of outstanding shares at the end of the period}}$

*Items affecting comparability (IAC) in 2020 are material items or transactions, which are relevant for understanding the financial performance of Caverion when comparing the profit of the current period with that of the previous periods. These items can include (1) capital gains and/or losses and transaction costs related to divestments and acquisitions; (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 2019 and 2020, major risk projects only include one risk project in Germany reported under category (2). In 2019, mainly legal and other costs related to the German anti-trust fine and a compensation from the previous owners of a German subsidiary related to the cartel case were reported under category (4). In 2020, costs related to a subsidiary in Russia sold during the second quarter have been reported under category (4).

ESMA (European Securities and Markets Authority) has issued guidelines regarding Alternative Performance Measures ("APM"). Caverion presents APMs to improve the analysis of business and financial performance and to enhance the comparability between reporting periods. APMs presented in this report should not be considered as a substitute for measures of performance in accordance with the IFRS.

5 Related party transactions

Caverion announced on 7 February 2018 in a stock exchange release the establishment of a new share-based incentive plan directed for the key employees of the Group ("Matching Share Plan 2018–2022"). The company provided the participants a possibility to finance the acquisition of the company's shares through an interest-bearing loan from the company, which some of the participants utilised. In the end of September 2020, the total outstanding amount of these loans amounted approximately to EUR 4.3 (4.5) million. The loans will be repaid in full on 31 December 2023, at the latest. Company shares have been pledged as a security for the loans.

Purchases from members of the Board

Caverion has a 10-month fixed term contract with a member of the Board concerning consulting services. The value of the contract is not material.

6 Financial risk management

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

The outbreak of the corona pandemic and the recent market turmoil have increased the general risk level related to the availability of financing, the availability of guarantee facilities as well as foreign exchange related risks.

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

No significant changes have been made to the Group's financial risk management principles in the reporting period. Further information is presented in Group's 2019 financial statement in note 5.5 Financial risk management.

Caverion's liquidity position is strong. The outbreak of the corona pandemic has led to even sharpened focus on optimising cash flow and working capital management. Ensuring adequate financing has also been prioritised.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. The covenant ratio is continuously monitored and evaluated against actual and forecasted EBITDA and net debt figures.

The table below presents the maturity structure of interest-bearing liabilities. Interest-bearing borrowings are based on contractual maturities of liabilities excluding interest payments. Lease liabilities are presented based on discounted present value of remaining lease payments. Cash flows of foreign-denominated liabilities are translated into the euro at the reporting date.

EUR million	2020	2021	2022	2023	2024	2025->	Total
Interest-bearing borrowings	1.5	3.0	3.0	128.0	3.0	2.0	140.5
Lease liabilities	9.7	39.8	28.2	19.3	11.7	23.4	132.1
Total	**11.2**	**42.8**	**31.2**	**147.3**	**14.7**	**25.4**	**272.7**

7 Financial liabilities and interest-bearing net debt

EUR million	Sep 30, 2020 Carrying amount	Sep 30, 2019 Carrying amount	Dec 31, 2019 Carrying amount
Non-current liabilities			
Senior bonds	74.7	74.6	74.6
Loans from financial institutions	49.9	49.9	49.9
Other financial loans	0.5	0.5	0.5
Pension loans	12.0		
Lease liabilities	90.8	91.1	93.3
Total non-current interest-bearing liabilities	**227.9**	**216.1**	**218.3**
Current liabilities			
Loans from financial institutions			
Pension loans	3.0		
Other financial loans			
Lease liabilities	41.3	40.2	43.6
Total current interest-bearing liabilities	**44.3**	**40.2**	**43.6**
Total interest-bearing liabilities	**272.3**	**256.3**	**261.9**
Total interest-bearing liabilities (excluding IFRS 16 lease liabilities)	**140.2**	**125.0**	**125.0**
Cash and cash equivalents	84.8	83.4	93.6
Interest-bearing net debt	**187.5**	**172.9**	**168.4**
Interest-bearing net debt excluding IFRS 16 lease liabilities	**55.3**	**41.7**	**31.5**

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

Derivative instruments

Nominal amounts EUR million	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Foreign exchange forwards	65.9	77.3	66.7

Fair values EUR million	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Foreign exchange forwards			
positive fair value	0.4	0.1	0.9
negative fair value	-0.1	-0.2	-0.2

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

8 Commitments and contingent liabilities

EUR million	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Guarantees given on behalf of associated companies		0.0	0.0
Parent company's guarantees on behalf of its subsidiaries	470.0	438.7	456.0
Other commitments			
- Other contingent liabilities	0.2	0.2	0.2
Accrued unrecognised interest on hybrid bond	0.9	0.9	1.7

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. As a consequence, a secondary liability up to the allocated net asset value was generated to Caverion Corporation, incorporated due to the partial demerger of YIT Corporation, for those liabilities that were generated before the registration of the demerger and remain with YIT Corporation after the demerger. Caverion Corporation has a secondary liability relating to the Group guarantees which remain with YIT Corporation after the demerger. These Group guarantees amounted to EUR 19.5 million at the end of September 2020.

The short-term risks and uncertainties relating to the operations have been described above under "Short-term risks and uncertainties". It is possible that especially the infringements in compliance may cause considerable damage to Caverion in terms of fines, civil claims as well as legal expenses. However, the magnitude of the potential damage cannot be assessed at the moment.

9 Events after the reporting period

Caverion announced on 29 October 2020 that it has come to the attention of Caverion Corporation that the public prosecutor has decided to press charges in a matter concerning suspected disclosure offence in a Nokian Tyres plc related matter against several persons including Ari Lehtoranta, the President and CEO of Caverion Corporation. Mr. Lehtoranta acted as the President & CEO of Nokian Tyres plc in 2015-2016, the period under investigation. The matter does not in any manner relate to Lehtoranta's position as the President and CEO of Caverion Corporation and he enjoys full trust of the Board of Directors. Caverion will monitor the progress of the proceedings and revisit the issue at the latest when the outcome of the proceedings has been determined. Ari Lehtoranta denies any involvement in criminal activity. The company will not comment on the matter.

Caverion published its sustainability targets, KPIs and actions in line with its strategy and purpose on 5 November 2020. Climate change continues to be the biggest threat our earth is facing. Caverion is contributing to a carbon-neutral society through its energy-efficient and sustainable solutions. Sustainability targets, KPIs and actions launched are available on Caverion's website at www.caverion.com.

Caverion announced on 5 November 2020 that due to the lengthened corona crisis and the resulting downturn, Caverion plans to proactively streamline and adjust its operations. As a result of the planned actions, Caverion estimates that the company's headcount would reduce by approximately 500 by the end of the first half of 2021, with a large part of the reductions planned to be carried out by the end of 2020. The planned actions include personnel reductions, reorganisation and operating model development. The actions would impact all Caverion countries with a minor impact on the best-performing countries Finland and Austria. The resulting savings including some other cost-cutting measures are estimated to be at least EUR 25 million for 2021. A part of the savings will be invested in growing particularly the digital and smart technology businesses across the divisions. The initially estimated restructuring costs amount to approximately EUR 10 million in the fourth quarter of 2020.

Caverion's Financial Information for 2020

Financial Statements Release for 2020 on 11 February 2021

Building Performance

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