Q3 2014

Interim Report 1-9/2014

Caverion

Profitability and cash flow increased, operational improvement according to the plan

July 1 – September 30, 2014

- **Order backlog:** EUR 1,379.5 (1,296.0) million at the end of September, an increase of 6% from the end of September 2013.
- **Revenue:** EUR 566.7 (594.8) million.
  - Revenue decreased by 3 percent at previous year's exchange rates for corresponding period.
- **EBITDA:** excluding non-recurring items EBITDA was EUR 25.3 (26.8) million, or 4.5 (4.5) percent of revenue.
  - Profitability improved from the previous quarter and the EBITDA margin excl. non-recurring items was at the same level as last year for corresponding period.
  - EBITDA including non-recurring items was EUR 21.5 (23.3) million, or 3.8 (3.9) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR 20.5 (11.1) million.
- **Working capital:** EUR 49.4 (119.9) million at the end of September. The target to reach negative working capital by the end of 2016 is progressing according to plan.

January 1 – September 30, 2014

- **Revenue:** EUR 1,746.4 (1,855.5) million.
  - Revenue decreased by 3 percent at previous year's exchange rates for corresponding period.
- **EBITDA:** excluding non-recurring items EBITDA was EUR 41.3 (55.0) million, or 2.4 (3.0) percent of revenue.
  - EBITDA including non-recurring items was EUR 33.2 (45.6) million, or 1.9 (2.5) percent of revenue.
  - The non-recurring items totalled EUR -8.2 million. The non-recurring costs of EUR 21.4 million consisted of expenses relating to a terminated M&A project, reorganisation costs and provisions for old, completed projects. These were offset by a non-recurring release of pension liability to pension costs of EUR 13.2 million following a transfer into a new pension scheme in Norway.
  - Projects in Norway and Denmark diluted the profitability in January−September 2014. The turnaround of the Norwegian project operations has progressed well during the third quarter, according to plan.
- **Operating cash flow before financial and tax items:** Improved from the previous year to EUR 13.4 (7.1) million as a result of focus on working capital management. Cash flow was burdened by IT license prepayments of EUR 4.3 million and a non-recurring payment of EUR 3.5 million related to a final settlement in Denmark.

Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year. Comparative figures for 2013 are carve-out figures for the periods before the effective date of the partial demerger (June 30, 2013).

KEY FIGURES

EUR million	7-9/14	7-9/13	Change	1-9/14	1-9/13	Change	1-12/13
Revenue	566.7	594.8	-5%	1,746.4	1,855.5	-6%	2,543.6
EBITDA	21.5	23.3	-8%	33.2	45.6	-27%	70.9
EBITDA margin, %	3.8	3.9		1.9	2.5		2.8
EBITDA excl. non-recurring items	25.3	26.8	-5%	41.3	55.0	-25%	81.7
EBITDA margin excl. non-recurring items, %	4.5	4.5		2.4	3.0		3.2
Operating profit	15.7	17.8	-12%	16.0	29.9	-46%	49.4
Operating profit margin, %	2.8	3.0		0.9	1.6		1.9
Net profit for the period	9.9	11.4	-13%	7.6	18.4	-59%	35.5
Earnings per share, basic, EUR	0.08	0.09	-13%	0.06	0.15	-59%	0.28
Working capital	49.4	119.9	-59%	49.4	119.9	-59%	46.0
Operating cash flow before financial and tax items	20.5	11.1	84%	13.4	7.1	89%	108.5
Interest-bearing net debt, end of period	131.6	190.1	-31%	131.6	190.1	-31%	86.5
Gearing, end of period, %	57.8	79.7		57.8	79.7		34.6
Personnel, average for the period	17,329	18,016	-4%	17,346	18,174	-5%	18,071

Word from the President and CEO Fredrik Strand

“At our Capital Markets Day held in Stockholm in September, we emphasised our clear plan for improving our profitability. In line with this, we reiterated our key focus to address the great potential of our life cycle solutions. The megatrends in our business field, such as tightening requirements for energy efficiency, digitalisation and fragmented markets, work in our favour.

The key to our ongoing profitability improvement lies in our own internal efficiency, which we are enhancing by making needed changes to our operational model and processes. We are transforming from a financial holding model into one coherent service and project company. Therefore, our operating principles and processes will be essentially the same in all countries. The project management related to project controls has already been improved, project business are being centralised into project office units and the ability to run projects according to set targets has improved. As a result, the turnaround of the Norwegian project operations has progressed well during the third quarter, according to plan. In addition, we have invested in systems, tools and further harmonisation to shorten the invoicing process. Our improved working capital management can be seen in our improved operating cash flow also for July–September.

We also had a positive development in our order backlog, up 6 percent from the end of September 2013, amounting to EUR 1,379.5 million at the end of September. We have announced several multi-million orders, such as the Henninger Tower project in Germany worth EUR 33 million, a project delivery of DZNE research centre in Bonn (close to EUR 9 million) and a deal to Aquis Plaza shopping centre in Aachen (around EUR 5 million). In Finland, some of our customers have had to postpone their projects, but we have also been able to secure relatively large new deals, such as the delivery of electricity systems to the Valkea shopping centre in Oulu, worth EUR 3.5 million. In Norway, we are providing a total technical solution for Arendal police station, also worth more than EUR 3 million.”

OUTLOOK FOR 2014

Market outlook for Caverion’s services and solutions

The increase of technology in buildings, energy efficiency requirements, increasing digitalisation and automation all promote demand for Caverion’s services and solutions over the coming years. The opportunities to grow in service and maintenance business are still favourable in all of Caverion’s divisions in 2014. As technology in buildings is increasing the need for new services and the demand for life cycle solutions are expected to increase. New investments in building systems are expected to increase slightly and positive signs can be seen in tendering activity. The growing public investments and the need for renovation and proactive maintenance are expected to be the key factors behind the growth. The tightening of environmental legislation will improve the growth potential of energy efficiency services. Environmental certifications and energy efficiency will be significant factors that will allow the property owners to upgrade their property value. An increasing number of properties will be connected to remote monitoring through command centres.

Overall changes in the operating environment due to growing uncertainty over the general marcoeconomic development and mounting geopolitical tensions have led to some expected cautiousness in project start-ups and service demand during the rest of the year.

Guidance for 2014 (unchanged)

Caverion estimates that the Group’s revenue with comparable exchange rates and EBITDA excluding non-recurring items for 2014 will remain at the previous year's level.

In 2014 the targeted EBITDA level will be reached by improving the operational efficiency, growing the service and maintenance business as well as increasing the project business in Germany. The potential changes in general macroeconomic environment nonetheless may have an effect on Caverion’s business and customers.

One single operative segment

The Board of Directors of Caverion Corporation decided on 27 January, 2014 that Caverion's external reporting structure will be changed as of January 1, 2014 to better match the company's new management structure and business areas. The segments based on geographical areas (Building Services Northern Europe and Building Services Central Europe) are replaced by one single operative segment, that will also include the Group services and other items. Since Caverion's establishment, both service and maintenance and project businesses have been developed strongly across all countries. This interim report is the third one based on the new reporting structure. The change in reporting structure has no effect on the Group's strategic targets.

INFORMATION SESSION, WEBCAST AND CONFERENCE CALL

Caverion will hold a news conference and webcast on the Interim Report on Friday, October 31, 2014, at 11:00 a.m. (Finnish Time, EET) at Restaurant Bank, Unioninkatu 20, Helsinki, Finland. The news conference can also 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 20 31940550 (no conference ID or pin code required) at 10:55 a.m. (Finnish time, EET) at the latest. More practical information on the news conference can be found on Caverion's website, www.caverion.com/investors.

Financial information in 2014

Financial Statements Bulletin for January - December 2014 will be published on January 29, 2015 at 9:00 a.m. (Finnish Time, EET).

Financial reports and other investor information are available at 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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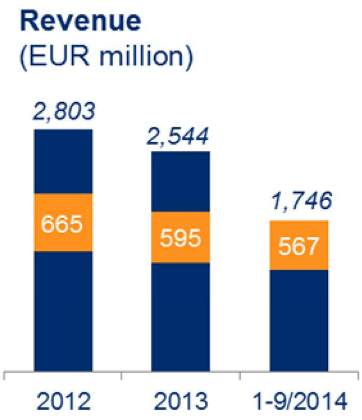
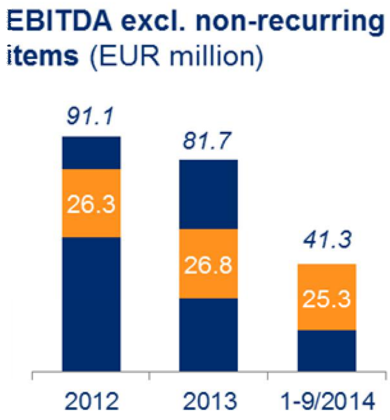
Distribution: NASDAQ Helsinki, principal media, www.caverion.com

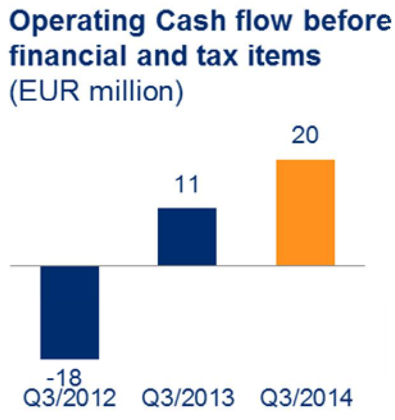
GROUP FINANCIAL DEVELOPMENT

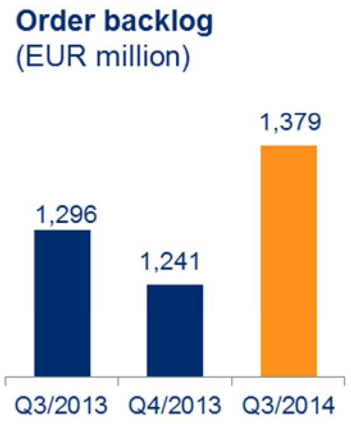
Comparative figures for 2013 are carve-out figures for the periods before the effective date of the partial demerger (June 30, 2013).

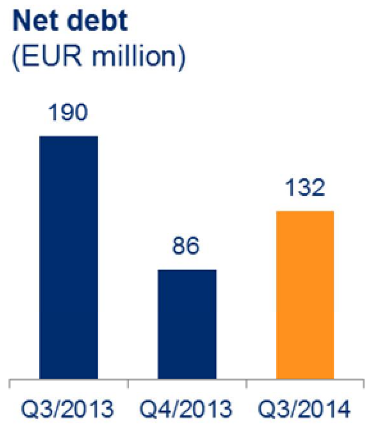
Key Figures

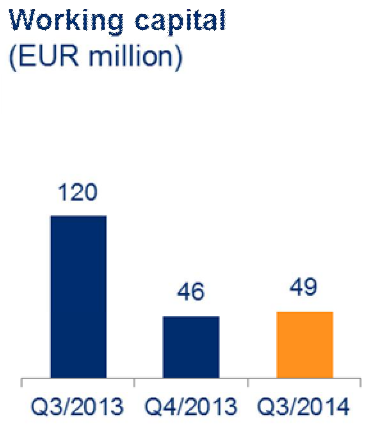


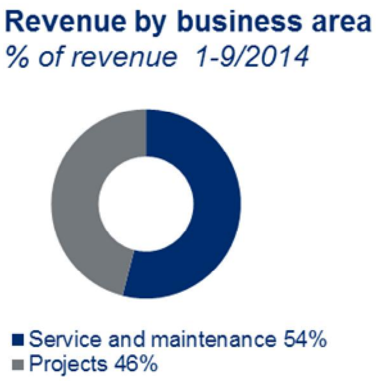


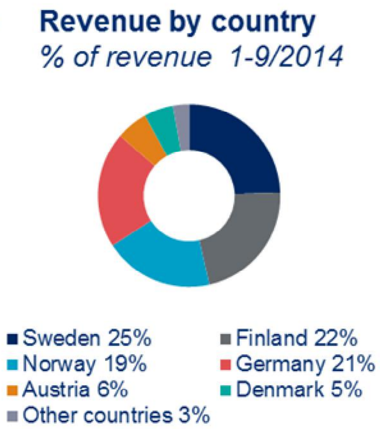


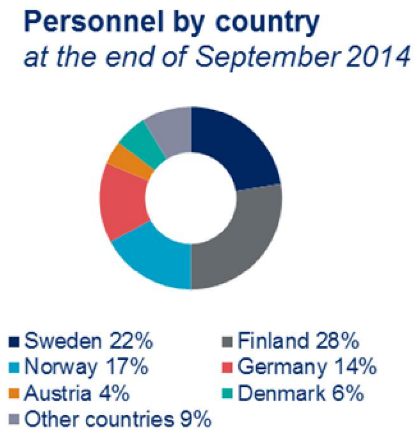












Operating environment in the third quarter and during the first nine months of 2014

The overall market situation has been stable despite the general economic environment and overall uncertainty.

The service and maintenance market was stable in all operating countries, with regional variations within the countries. The general interest in life cycle solutions is increasing in all markets. Especially in Sweden the EPC agreements (Energy Performance Contracting) continued to develop well and are also expected to continue to grow during the rest of 2014.

In Finland, some of our customers have had to postpone their projects in recent months, but we have also been able to secure relatively large new deals. In Sweden the project market has developed relatively well during the first nine months of 2014. Norway had also a good operating environment in the project market. Demand remained favourable and uncertainty in the project market eased in Germany. Positive signs can be seen in tendering activity.

Revenue

Revenue in January–September was EUR 1,746.4 (1,855.5) million, a decrease of 6 percent compared to the previous year. The revenue for July–September was EUR 566.7 (594.8) million. As a result of the improved order backlog in 2013 the revenue increased by 7 percent in Germany during January–September compared to the previous year and was EUR 358.5 (333.7) million. In Sweden and Norway revenue decreased during January–September compared to the previous year mainly due to increased selectiveness in projects.

Changes in foreign exchange rates decreased the Group's total revenue for January–September by EUR 53.5 million and for July–September by EUR 11.4 million compared to the previous year, of which the Norwegian crown accounted for EUR 27.2 million and EUR 2.7 million and the Swedish crown for EUR 21.3 million and EUR 7.3 million, respectively. Revenue decreased by 3 percent at previous year’s exchange rates for January–September and by 3 percent at previous year’s exchange rates for July–September.

The Group revenue of service and maintenance business was EUR 947.2 (1,023.4) million, or 54 (55) percent of the Group's total revenue, a decrease of 7 percent in January–September compared to the previous year. The service and maintenance revenue for July–September was EUR 305.1 (320.4) million, or 54 (54) percent of the Group's total revenue. The Group revenue of project business was EUR 799.1 (832.1) million, or 46 (45) percent of the Group's total revenue, a decrease of 4 percent from the previous year in January–September. The project revenue for July–September was EUR 261.5 (274.3) million, or 46 (46) percent of the Group's total revenue.

Distribution of revenue

Revenue, EUR million	7-9/ 2014	%	7-9/ 2013	%	Change	1-9/ 2014	%	1-9/ 2013	%	Change	1-12/ 2013
Sweden	135.8	24%	149.0	25%	-9%	428.1	25%	487.7	26%	-12%	665.9
Finland	126.1	22%	131.7	22%	-4%	382.7	22%	398.9	21%	-4%	546.8
Norway	93.9	17%	108.9	18%	-14%	338.9	19%	379.5	20%	-11%	516.4
Germany	128.6	23%	119.0	20%	8%	358.5	21%	333.7	18%	7%	458.4
Austria	33.4	6%	38.5	6%	-13%	97.6	6%	108.4	6%	-10%	148.1
Denmark	30.3	5%	32.0	5%	-6%	90.3	5%	99.7	5%	-9%	139.8
Other countries	18.6	3%	15.8	3%	18%	50.2	3%	47.6	3%	6%	68.2
Group, total	566.7	100%	594.8	100%	-5%	1,746.4	100%	1,855.5	100%	-6%	2,543.6
- Service and maintenance	305.1	54%	320.4	54%	-5%	947.2	54%	1,023.4	55%	-7%	1,409.3
- Projects	261.5	46%	274.3	46%	-5%	799.1	46%	832.1	45%	-4%	1,134.3

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

Profitability

EBITDA

The Group EBITDA amounted to EUR 33.2 (45.6) million in January–September, or 1.9 (2.5) percent of revenue, a decrease of 27 percent compared to the previous year. EBITDA excluding non-recurring items amounted to EUR 41.3 (55.0) million in January–September, or 2.4 (3.0) percent of revenue. Projects in Norway and Denmark diluted the profitability in January−September 2014.

Profitability improved from the previous quarter in July–September and the EBITDA margin excl. non-recurring items for July–September was at the same level as last year for corresponding period. EBITDA excluding non-recurring items was EUR 25.3 (26.8) million, or 4.5 (4.5) percent of revenue in July–September. The Group EBITDA for July–September was EUR 21.5 (23.3) million, or 3.8 (3.9) percent of revenue. The turnaround of the Norwegian project operations has progressed well during the third quarter, according to plan.

The non-recurring items for January–September totalled EUR 8.2 million. The non-recurring costs of EUR 21.4 million consisted of expenses relating to a terminated M&A project, reorganisation costs and provisions for old, completed projects. These were offset by a non-recurring release of pension liability to pension costs of EUR 13.2 million following a transfer into a new pension scheme in Norway. A more detailed breakdown of the non-recurring items has been presented in the financial tables under note 5 “Non-recurring items affecting EBITDA and operating profit”.

The profitability for the period January–September is affected by the revision of the overall project portfolio more closely in all the divisions during the second quarter and the revision of the cost estimates and provisions relating to some low-performing projects. The review impacted negatively the reported EBITDA in April–June due to cost estimate adjustments to projects in the completion phase, provisions made for low-performing active projects and provisions made for old, completed projects. The latter were considered as non-recurring items as defined in the financial tables under note 5.

Operating profit

Caverion’s operating profit amounted to EUR 16.0 (29.9) million in January–September, or 0.9 (1.6) percent of revenue, a decrease of 46 percent compared to the previous year. The operating profit for July–September amounted to EUR 15.7 (17.8) million, or 2.8 (3.0) percent of revenue.

Depreciation, amortisation and impairment amounted to EUR 17.1 (15.8) million in January–September, of which EUR 7.4 million were allocated intangibles related to acquisitions and EUR 9.7 million were other depreciations. Depreciation, amortisation and impairment amounted to EUR 5.8 (5.6) million in July–September, of which EUR 2.5 million were allocated intangibles related to acquisitions and EUR 3.3 million were other depreciations.

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

Profit before taxes, net profit and earnings per share

Profit before taxes amounted to EUR 10.2 (25.5) million, net profit to EUR 7.6 (18.4) million and earnings per share to EUR 0.06 (0.15) in January–September. The net financing expenses in January–September 2014 were EUR -5.8 (-4.3) million. The carve-out figures for January–June 2013 exclude the financial cost effect of the new financing arrangements transferred to Caverion Corporation as a result of the partial demerger of YIT.

The effective tax rate of the Group was 25.5 (28.1) percent in January–September. The decrease in effective tax rate was caused by the lowering of tax rate levels in Finland, Norway and Denmark for 2014.

Order backlog

The order backlog grew by 2 percent from the end of June 2014 (EUR 1,350.3 million) and was EUR 1,379.5 million at the end of September. The order backlog grew by 6 percent from the end of September 2013, at which time it stood at EUR 1,296.0 million. Changes in foreign exchange rates decreased the order backlog for January–September by EUR 16.9 million compared to corresponding period in the previous year and increased the order backlog by EUR 6.5 million compared to the end of June 2014.

Capital expenditure and acquisitions

Gross capital expenditure on non-current assets included in the balance sheet totalled EUR 12.6 (23.4) million during January–September, representing 0.7 (1.3) percent of revenue.

Investments in information technology totalled EUR 8.1 (20.9) million during January–September 2014, mainly relating to the development of common business processes in 2014. Other investments amounted to EUR 4.5 (2.6) million.

Caverion made no acquisitions or disposals during January–September 2014.

Cash flow, working capital and financing

The Group's operating cash flow before financial and tax items amounted to EUR 13.4 (7.1) million in January–September 2014, burdened by IT license prepayments of EUR 4.3 million and a non-recurring payment of EUR 3.5 million related to a final settlement in Denmark. The Group's operating cash flow before financial and tax items amounted to EUR 20.5 (11.1) million in July–September 2014. The Group's operating cash flow after investments amounted to EUR -12.5 (-32.2) million in January–September 2014 and to EUR 13.8 (5.3) million in July–September 2014. Investments of EUR 12.1 million in January–September related mainly to IT and development of common business processes.

Caverion aims to reduce the level of working capital on an annual basis and its seasonality within the year. The target to reach negative working capital by the end of 2016 is progressing according to plan. Working capital increased by EUR 3.4 million compared to December 31, 2013 (EUR 46.0 million) and amounted to 49.4 million at the end of September. Working capital decreased by 59 percent compared to the previous year (EUR 119.9 million at the end of September 2013).

Caverion’s cash and cash equivalents amounted to EUR 41.9 million at the end of September (6/2014: EUR 50.9 million and 12/2013: EUR 133.3 million). In addition, Caverion has undrawn revolving credit facilities amounting to EUR 60 million and undrawn overdraft facilities amounting to EUR 19 million.

The Group’s interest-bearing loans and borrowings amounted to EUR 173.4 million at the end of September (6/2014: EUR 193.4 million and 12/2013: EUR 219.8 million), and the average interest rate after hedges was 2.4 percent. Fixed-rate loans after hedges accounted for approximately 47 percent of the Group’s borrowings. Approximately 93 percent of the loans have been raised from banks and other financial institutions and approximately 5 percent from insurance companies. A total of EUR 53.5 million of the interest-bearing loans and borrowings will fall due during the next 12 months.

Caverion’s external loans are subject to a financial covenant based on the ratio of the Group’s net debt to EBITDA. Net debt amounted to EUR 131.6 million at the end of September (6/2014: EUR 142.5 million and 12/2013: EUR 86.5 million).

PERSONNEL

Personnel by country	9/14	6/14	Change	9/14	9/13	Change	12/13
Finland	4,754	4,905	-3%	4,754	4,826	-1%	4,772
Sweden	3,876	3,939	-2%	3,876	4,029	-4%	3,993
Norway	2,956	3,060	-3%	2,956	3,595	-18%	3,469
Germany	2,444	2,390	2%	2,444	2,434	0%	2,429
Austria	724	721	0%	724	714	1%	711
Denmark	997	1,007	-1%	997	1,018	-2%	1,019
Other countries	1,512	1,395	8%	1,512	1,274	19%	1,280
Group, total	17,263	17,417	-1%	17,263	17,890	-4%	17,673

In January–September the Group employed 17,346 (18,174) people on average. At the end of September, the Group employed 17,263 (17,890) people. The personnel expenses for January–September amounted to a total of EUR 738.4 (784.8) million.

The key focus areas for people and human resources in January–September were to continue building a firm foundation for future growth and efficient way of operating. Furthermore, the goal is to ensure top professionals and excellent leaders for whole Caverion. In July–September 2014, Caverion hired heads of divisions of Sweden and Germany, Group CIO and strengthened international teams with key professionals. In addition Caverion Group employed approximately 300 summer trainees and 300 other trainees and apprentices during July-September. A development programme for the strategic focus area Excellent Leadership was established to lead effectively group-wide development projects such as people processes with integrated solutions, talent management as well as career and organisational development.

MOST SIGNIFICANT BUSINESS RISKS AND RISK MANAGEMENT

Caverion’s business involves a number of strategic, operational, financial and event risks. Risk management is an integral part of the Group’s management, monitoring and reporting systems. The nature and probability of strategic risks is continuously monitored and reported on. A strategic risk assessment is carried out at Group level once a year in connection with the review of the strategy.

Caverion’s financial statemens bulletin for January 1 – 31 December 2013 published on 28 January, 2014 describes the most significant business risks, and no significant changes have taken place compared to the status stated therein.

A more detailed account of the risks relating to Caverion and its operating environment and business has been published in the Board of Director’s Report published in the annual report for 2013. Financial risks have been described in more detail in the Financial Statements note 30 “Financial Risk Management”.

PARTIAL DEMERGER OF YIT

The demerger of YIT became effective when YIT's Extraordinary General Meeting approved the demerger and its implementation was recorded with the Finnish Trade Register on June 30, 2013. More detailed information related to the demerger is presented in the registration document according to the Finnish Securities Markets Act as well as the securities note and summary (together with the registration document “the Prospectus”), which have been available as of June 5, 2013, on YIT’s website at www.yit.fi/sijoittajat. The unofficial English translation of the Prospectus has been available as of June 5, 2013, on YIT’s website at www.yitgroup.com/investors. All demerger-related information is available in the Investors section of YIT's website at www.yitgroup.com/demerger.

RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

The Annual General Meeting of Caverion, held on March 17, 2014, decided on the composition of the Board of Directors of Caverion and their fees, the election of the auditor of Caverion and its fee as well as the authorisation of the Board of Directors of Caverion on the repurchase of own shares and share issues.

The Annual General Meeting elected a Chairman, Vice Chairman and three ordinary members to the Board of Directors. Henrik Ehrnrooth was elected as the Chairman of the Board of Directors, Ari Lehtoranta as the Vice Chairman and Anna Hyvönen, Eva Lindqvist and Michael Rosenlew as members of the Board of Directors. The Board of Directors’ term expires at the end of the next Annual General Meeting.

The stock exchange release on the resolutions passed at the general meeting of Caverion Corporation is available on Caverion’s website at www.caverion.com.

The Board of Directors of Caverion Corporation held its organisational meeting on March 17, 2014. 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.

DIVIDENDS AND DIVIDEND POLICY

The Annual General Meeting on March 17, 2014 decided that a dividend of EUR 0.22 were to be paid per share, or a total of EUR 27.6 million. No dividend was paid for the treasury shares. The date of record for dividend distribution was March 20, 2014, and the dividends were paid on April 2, 2014.

Caverion's aim is to distribute at least 50 per cent of the result for the year after taxes, excluding changes in fair value, as dividend and capital redemption to the company's shareholders. 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

Caverion Corporation is a public limited company organised under the laws of the Republic of Finland, incorporated on the effective date of YIT's partial demerger on June 30, 2013. 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

At the beginning of January 1, 2014, the number of shares was 125,596,092 and the share capital was EUR 1,000,000. Caverion held 4,080 treasury shares on January 1, 2014.

During January–September, 3,075 Caverion shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme of YIT Corporation.

Caverion also acquired 500,000 own shares related to the long-term share-based incentive plan of Caverion Corporation in public trading arranged by NASDAQ OMX Helsinki Ltd during July 23 – August 12. Caverion's Board of Directors approved a long-term share-based incentive plan 2014−2016 for the company's key senior executives on May 26, 2014. The grant date took place on September 16, 2014. If all targets will be reached, the share award will in total correspond to a maximum of 500,000 Caverion shares. More information on the a long-term share-based incentive plan has been released in a stock exchange release on May 26, 2014.

Caverion held 507,155 treasury shares at the end of September 2014. Number of shares outstanding was 125,088,937 on September 30, 2014. Caverion has not made any decisions regarding issuance 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 of own shares of the company

The Annual General Meeting of Caverion Corporation, held on March 17, 2014, authorised Caverion's Board of Directors to decide on the repurchase of own shares in accordance with the proposal by the Board of Directors. The authorisation covers the purchasing of a maximum of 12,500,000 company shares using the funds from the company's unrestricted equity. The shares are not to be purchased in proportion to the shareholders' holdings. The shares will be purchased in public trading arranged by NASDAQ OMX Helsinki Ltd.

The authorisation is valid until March 31, 2015. The Board of Directors resolved during the review period on July 21, 2014 to start a share repurchase program based on the authorization given by the Annual General Meeting of Shareholders on March 17, 2014. The Board of Directors resolved to acquire a maximum of 500,000 company's own shares, which were all acquired in public trading arranged by NASDAQ OMX Helsinki Ltd during July 23 – August 12.

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

The Annual General Meeting of Caverion Corporation, held on March 17, 2014, authorised Caverion's Board of Directors to decide on share issues in accordance with the proposal by the Board of Directors. The authorisation may be used in full or in part by issuing a maximum of 25,000,000 Caverion shares in one or more issues. The share issues may be directed, that is, in deviation from the shareholders' pre-emptive rights, and shares may be issued for subscription against payment or without charge. A share issue may also be directed to the company itself, within the limitations laid down in the Limited Liability Companies Act.

The share issue authorisation includes the authorisation to transfer own shares acquired through share issues. This authorisation applies to a maximum of 12,500,000 shares. The Board of Directors was authorised to decide on the purpose and the terms and conditions for such transfer.

The authorisation is valid until March 31, 2015. The Board of Directors has not used the authorization during 2014.

Trading in shares

Trading in Caverion shares commenced on July 1, 2013.

The opening price of Caverion's share was EUR 8.90 at the beginning of the year 2014. The closing rate on the last trading day of the review period on September 30, 2014 was EUR 6.05. The share price decreased by 32 percent during January–September. The highest price of the share during the review period January–September was EUR 8.92, the lowest was EUR 5.80 and the average price was EUR 7.23. Share turnover on NASDAQ OMX in January–September amounted to 39.8 million shares. The value of share turnover was EUR 287.5 million (source: NASDAQ OMX).

In addition to the Helsinki Stock Exchange, Caverion's shares are also traded in other market places, such as BATS Chi-X, Frankfurt Stock Exchange (Open Market), Turquoise and Burgundy. During January–September, 2.5 million Caverion Corporation shares changed hands in alternative market places, corresponding to approximately 3.9 percent of the total share trade. Of the alternative market places, Caverion shares changed hands particularly in BATS Chi-X. Furthermore, during January–September, 21.2 million Caverion Corporation shares changed hands in OTC trading outside NASDAQ OMX, corresponding to approximately 33.4 percent of the total share trade (source: Fidessa Fragmentation Index).

Caverion Corporation’s market capitalisation at the end of the review period was EUR 756.8 million. Market capitalisation has been calculated excluding the shares held by the company.

Number of shareholders and flagging notifications

At the end of September 2014, the number of registered shareholders in Caverion was 33,860 (6/2014: 33,134). At the end of September 2014, a total of 30.9 percent of the shares were owned by nominee-registered and non-Finnish investors (6/2014: 34.4%).

On July 22, 2014 the company published a disclosure of change in ownership in Caverion Corporation in accordance with Chapter 9, section 5 of the Securities Market Act, according to which the total holdings of Antti Herlin and the companies controlled by him, Holding Manutas Ltd and Security Trading Ltd, in Caverion Corporation shares had exceeded the threshold of 1/10 (10 percent).

On May 19, 2014 the company published a disclosure of change in ownership in Caverion Corporation in accordance with Chapter 9, section 5 of the Securities Market Act, according to which the holdings of Security Trading Ltd, a company controlled by Antti Herlin, in Caverion Corporation shares had exceeded the threshold of 1/20 (5 percent).

On March 28, 2014 the company published a disclosure of change in ownership in Caverion Corporation in accordance with Chapter 9, section 5 of the Securities Market Act, according to which the total holdings of Varma Mutual Pension Insurance Company in Caverion Corporation shares had fallen below the threshold of 1/20 (5 percent).

On February 4, 2014 the company published a disclosure of change in ownership in Caverion Corporation in accordance with Chapter 9, section 5 of the Securities Market Act, according to which the total holdings of Antti Herlin and the companies controlled by him, Holding Manutas Ltd and Security Trading Ltd, in Caverion Corporation shares had exceeded the threshold of 1/20 (5 percent).

Updated lists of Caverion’s largest shareholders and ownership structure by sector as per September 30, 2014, are available on Caverion’s website at www.caverion.com/investors and on Caverion’s IR App.

INTERIM REPORT JANUARY 1–SEPTEMBER 30, 2014: FINANCIAL TABLES

Condensed consolidated income statement

EUR million	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Revenue	**566.7**	**594.8**	**1,746.4**	**1,855.5**	**2,543.6**
Other operating income and expenses	-545.2	-571.5	-1,713.3	-1,809.8	-2,472.7
Share of results of associated companies	0.0	0.0	0.0	0.0	0.0
Depreciation, amortisation and impairment	-5.8	-5.6	-17.1	-15.8	-21.5
Operating profit	**15.7**	**17.8**	**16.0**	**29.9**	**49.4**
% of revenue	2.8	3.0	0.9	1.6	1.9
Financial income and expenses, net	-2.5	-1.9	-5.8	-4.3	-6.6
Profit before taxes	**13.2**	**15.8**	**10.2**	**25.5**	**42.8**
% of revenue	2.3	2.7	0.6	1.4	1.7
Income taxes	-3.4	-4.5	-2.6	-7.2	-7.3
Profit for the period	**9.9**	**11.4**	**7.6**	**18.4**	**35.5**
% of revenue	1.7	1.9	0.4	1.0	1.4
Attributable to:					
Equity holders of the parent company	9.9	11.4	7.6	18.3	35.5
Non-controlling interest	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	0.08	0.09	0.06	0.15	0.28
Earnings per share, diluted, EUR	0.08	0.09	0.06	0.15	0.28

Consolidated statement of comprehensive income

EUR million	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Profit for the period	**9.9**	**11.4**	**7.6**	**18.4**	**35.5**
Other comprehensive income					
Items that will not be reclassified to profit/loss:					
- Change in fair value of defined benefit pension	0.6		3.0		-2.1
-- Deferred tax	0.0		-0.6		1.5
Items that may be reclassified subsequently to profit/loss:					
- Cash flow hedges	0.0	-0.1	0.1	0.1	0.1
-- Deferred tax	0.0	0.0	0.0	0.0	0.0
- Change in fair value of available for sale investments	0.0	-0.1	0.0	-0.2	-0.3
-- Deferred tax		0.0		0.0	0.1
- Translation differences	0.3	0.6	-2.0	-1.0	-5.9
Other comprehensive income, total	**0.9**	**0.4**	**0.5**	**-1.0**	**-6.6**
Total comprehensive result	**10.7**	**11.8**	**8.1**	**17.4**	**28.9**
Attributable to:					
Equity holders of the parent company	10.8	11.8	8.0	17.4	28.9
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

Condensed consolidated statement of financial position

EUR million	Sep 30, 2014	Sep 30, 2013	Dec 31, 2013
Assets			
Non-current assets			
Property, plant and equipment	26.2	27.8	27.9
Goodwill	335.7	335.7	335.7
Other intangible assets	48.0	47.7	48.4
Shares in associated companies	0.1	0.1	0.1
Other investments	2.1	2.2	2.0
Other receivables	2.1	2.2	2.3
Deferred tax assets	5.8	7.6	3.5
Current assets			
Inventories	22.9	39.9	29.5
Trade and other receivables	680.1	771.6	691.4
Cash and cash equivalents	41.9	56.2	133.3
Total assets	**1,165.0**	**1,291.1**	**1,274.3**
Equity and liabilities			
Equity	**227.5**	**238.6**	**250.1**
Non-current liabilities			
Deferred tax liabilities	68.5	70.5	62.1
Pension obligations	33.9	45.5	51.1
Provisions	8.9	6.9	9.1
Borrowings	119.9	172.2	148.5
Other liabilities	0.1	0.2	0.2
Current liabilities			
Advances received	181.2	160.9	147.4
Trade and other payables	453.6	505.4	517.8
Provisions	17.9	16.7	16.7
Borrowings	53.5	74.1	71.3
Total equity and liabilities	**1,165.0**	**1,291.1**	**1,274.3**

Working capital

EUR million	Sep 30, 2014	Sep 30, 2013	Dec 31, 2013
Inventories	22.9	39.9	29.5
Trade and POC receivables	626.0	702.3	647.1
Other current receivables	46.0	50.4	42.8
Trade and POC payables	-232.1	-279.3	-280.4
Other current payables *	-232.2	-232.6	-245.5
Advances received	-181.2	-160.9	-147.4
Working capital	**49.4**	**119.9**	**46.0**

* including current provisions

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	Total	Non-controlling interest	Total equity
Equity on January 1, 2014	**1.0**	**247.0**	**1.7**	**-0.2**	**0.0**	**249.5**	**0.6**	**250.1**
Comprehensive income 1-9/14								
Profit for the period		7.6				7.6	0.0	7.6
Other comprehensive income:								
Change in fair value of defined benefit Pension		3.0				3.0		3.0
- Deferred tax		-0.6				-0.6		-0.6
Cash flow hedges				0.1		0.1		0.1
- Deferred tax				0.0		0.0		0.0
Change in fair value of available for sale Assets				0.0		0.0		0.0
- Deferred tax								
Translation differences			-2.0			-2.0		-2.0
Comprehensive income 1-9/14, total		10.0	-2.0	0.0		8.0	0.0	8.1
Transactions with owners								
Dividend distribution		-27.6				-27.6		-27.6
Purchase of own shares					-3.2	-3.2		-3.2
Share-based payments *		0.2			0.0	0.2		0.2
Transactions with owners, total		-27.5			-3.2	-30.6		-30.6
Equity on September 30, 2014	**1.0**	**229.5**	**-0.3**	**-0.1**	**-3.2**	**226.9**	**0.6**	**227.5**

* part of the cost from YIT Group's share-based incentive plan transferred to Caverion Group in the partial demerger

EUR million	Invested equity	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Total	Non-control-ling interest	Total equity
	Equity attributable to owners of the parent								
Equity on January 1, 2013	**379.3**			**7.7**	**-0.1**		**386.8**	**0.6**	**387.4**
Comprehensive income 1-6/13									
Profit for the period	7.0						7.0	0.0	7.0
Other comprehensive income:									
Cash flow hedges					0.1		0.1		0.1
- Deferred tax									
Change in fair value of available for sale assets					0.0		0.0		0.0
- Deferred tax					0.0		0.0		0.0
Translation differences				-1.5			-1.5		-1.5
Comprehensive income 1-6/13, total	7.0			-1.5	0.1		5.6	0.0	5.6
Transactions with owners									
Share-based payments *	-0.8						-0.8		-0.8
Equity transactions with YIT Group	-164.5						-164.5		-164.5
Transactions with owners, total	-165.3						-165.3		-165.3
Demerger on June 30, 2013	-221.0	1.0	220.0				0.0		0.0
Demerger related capitalised costs			-0.9				-0.9		-0.9
Equity on June 30, 2013	**0.0**	**1.0**	**219.1**	**6.1**	**0.1**		**226.2**	**0.6**	**226.8**
Comprehensive income 7-9/13									
Profit for the period			11.4				11.4	0.0	11.4
Other comprehensive income:									
Cash flow hedges					-0.1		-0.1		-0.1
- Deferred tax					0.0		0.0		0.0
Change in fair value of available for sale assets					-0.1		-0.1		-0.1
- Deferred tax					0.0		0.0		0.0
Translation differences				0.6			0.6		0.6
Comprehensive income 7-9/13, total			11.4	0.6	-0.1		11.8	0.0	11.8
Transactions with owners									
Share-based payments *						0.0	0.0		0.0
Transactions with owners, total						0.0	0.0		0.0
Equity on September 30, 2013	**-**	**1.0**	**230.4**	**6.7**	**-0.1**	**0.0**	**238.0**	**0.6**	**238.6**

* cost from YIT Group's share-based incentive plan transferred to Caverion Group in the partial demerger

	Equity attributable to owners of the parent								
EUR million	Invested equity	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Total	Non-controlling interest	Total equity
Equity on January 1, 2013	**379.3**			**7.7**	**-0.1**		**386.8**	**0.6**	**387.4**
Comprehensive income 1-6/13									
Profit for the period	7.0						7.0	0.0	7.0
Other comprehensive income:									
Cash flow hedges					0.1		0.1		0.1
- Deferred tax									
Change in fair value of available for sale assets					0.0		0.0		0.0
- Deferred tax					0.0		0.0		0.0
Translation differences				-1.5			-1.5		-1.5
Comprehensive income 1-6/13, total	7.0			-1.5	0.1		5.6	0.0	5.6
Transactions with owners									
Share-based payments *	-0.8						-0.8		-0.8
Equity transactions with YIT Group	-164.5						-164.5		-164.5
Transactions with owners, total	-165.3						-165.3		-165.3
Demerger on June 30, 2013	-221.0	1.0	220.0				0.0		0.0
Demerger related capitalised costs			-0.9				-0.9		-0.9
Equity on June 30, 2013	**0.0**	**1.0**	**219.1**	**6.1**	**0.1**		**226.2**	**0.6**	**226.8**
Comprehensive income 7-12/13									
Profit for the period			28.5				28.5	0.0	28.5
Other comprehensive income:									
Change in fair value of defined benefit pension			-2.1				-2.1		-2.1
- Deferred tax			1.5				1.5		1.5
Cash flow hedges					-0.1		-0.1		-0.1
- Deferred tax					0.0		0.0		0.0
Change in fair value of available for sale assets					-0.2		-0.2		-0.2
- Deferred tax					0.1		0.1		0.1
Translation differences				-4.3			-4.3		-4.3
Comprehensive income 7-12/13, total			27.9	-4.3	-0.2		23.3	0.0	23.3
Transactions with owners									
Share-based payments *			0.1			0.0	0.1		0.1
Transactions with owners, total			0.1			0.0	0.1		0.1
Equity on December 31, 2013	**-**	**1.0**	**247.0**	**1.7**	**-0.2**	**0.0**	**249.5**	**0.6**	**250.1**

* cost from YIT Group's share-based incentive plan transferred to Caverion Group in the partial demerger

Condensed consolidated statement of cash flows

EUR million	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Cash flows from operating activities					
Net profit for the period	9.9	11.4	7.6	18.4	35.5
Adjustments to net profit	10.8	11.5	12.1	25.7	31.0
Change in working capital	-0.2	-11.7	-6.2	-36.9	42.0
Operating cash flow before financial and tax items	**20.5**	**11.1**	**13.4**	**7.1**	**108.5**
Financial items, net	-0.6	0.6	-4.1	0.0	-2.3
Taxes paid	-2.2	-1.3	-9.7	-17.1	-5.7
Net cash from operating activities	**17.7**	**10.4**	**-0.4**	**-9.9**	**100.4**
Cash flows used in investing activities					
Acquisition of subsidiaries, net of cash	-0.1	0.0	-0.4	-0.8	-0.8
Capital expenditure and other investments, net	-3.8	-5.0	-11.7	-21.5	-25.5
Net cash used in investing activities	**-3.9**	**-5.0**	**-12.1**	**-22.3**	**-26.2**
Cash flows used in financing activities					
Change in current liabilities, net	-20.1	8.0	-1.7	22.7	-0.7
Proceeds from borrowings				162.0	162.0
Repayments of borrowings			-45.3	-29.5	-33.5
Equity financing with YIT Group				-164.5	-164.5
Purchase of own shares	-3.2		-3.2		
Dividends paid			-27.7		
Net cash used in financing activities	**-23.3**	**8.0**	**-77.8**	**-9.4**	**-36.8**
Change in cash and cash equivalents	**-9.5**	**13.4**	**-90.3**	**-41.6**	**37.3**
Cash and cash equivalents at the beginning of the period	50.9	43.8	133.3	100.8	100.8
Change in the fair value of the cash equivalents	0.5	-1.0	-1.2	-3.0	-4.8
Cash and cash equivalents at the end of the period	**41.9**	**56.2**	**41.9**	**56.2**	**133.3**

Notes to the Interim Report

1 Accounting principles

Caverion Corporation's Interim Report for January-September 2014 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'.

Caverion Corporation has changed its segment reporting as of January 1, 2014 to better match the company's new management structure and business areas. The segments based on geographical areas (Building Services Northern Europe and Building Services Central Europe) are replaced by one single operative segment, that includes the Group services and other items as well. Otherwise Caverion has applied the same accounting principles in the preparation of the Interim Report as in its Financial Statements for 2013. Changes in IAS/IFRS standards have no material impact on the Interim Report.

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.

Accounting principles of carve-out financial information

Caverion has formed a separate legal group as of June 30, 2013 when the partial demerger of Building Services business ("demerger") of YIT Corporation became effective. At this date, all of the assets and liabilities directly related to the Building Services business were transferred to Caverion Corporation.

The financial information presented in this Interim Report is based on actual figures as an independent group after the consummation of the demerger and carve-out figures prior to the consummation of the demerger. The carve-out financial information presented in this Interim Report reflects the performance and financial position of the entities that have historically formed the Building Services business within YIT Group.

Accordingly, the income statements, statements of cash flows, statement of financial position, statement of changes in equity and the related key figues for the periods before June 30, 2013 are based on carve-out financial information of Building Services business of YIT Group and on actual figures as an independent group for the periods after the consummation of the partial demerger.

The earnings per share for the periods prior to the demerger were computed as if the shares issued at the demerger were outstanding for all periods presented.

Refinancing relating to the partial demerger was arranged and finalized during June 2013. The carve-out financial information for the periods prior to the consummation of the demerger have not been adjusted to reflect the effects of this reorganization of financing. Thus, the assets, equity and liabilities presented in this Interim Report are not comparable with all comparative periods.

The accounting priciples of the carve-out financial information have been described in more detail in the Financial Statements for 2013 published on February 21, 2014.

2 Key figures

	1-9/2014	1-9/2013	12/2013
Revenue, EUR million	1,746.4	1,855.5	2,543.6
EBITDA, EUR million	33.2	45.6	70.9
EBITDA margin, %	1.9	2.5	2.8
Operating profit, EUR million	16.0	29.9	49.4
Operating profit margin, %	0.9	1.6	1.9
Profit before taxes, EUR million	10.2	25.5	42.8
% of revenue	0.6	1.4	1.7
Profit for the period, EUR million	7.6	18.4	35.5
% of revenue	0.4	1.0	1.4
Earnings per share, basic, EUR	0.06	0.15	0.28
Earnings per share, diluted, EUR	0.06	0.15	0.28
Equity per share, EUR	1.8	1.9	2.0
Financial income and expenses, net, EUR million	-5.8	-4.3	-6.6
Equity ratio, %	23.1	21.1	22.2
Interest-bearing net debt, EUR million	131.6	190.1	86.5
Gearing ratio, %	57.8	79.7	34.6
Total assets, EUR million	1,165.0	1,291.1	1,274.3
Operating cash flow before financial and tax items, EUR million	13.4	7.1	108.5
Working capital, EUR million	49.4	119.9	46.0
Gross capital expenditures, EUR million	12.6	23.4	27.8
% of revenue	0.7	1.3	1.1
Order backlog, EUR million	1,379.5	1,296.0	1,240.7
Personnel, average for the period	17,346	18,174	18,071
Number of outstanding shares at the end of the period (thousands)	125,089	125,595	125,592
Average number of shares (thousands)	125,479	125,596	125,595

3 Financial development by quarter

EUR million	7-9/2014	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Revenue	566.7	588.4	591.3	688.1	594.8	652.8	607.9
EBITDA	21.5	2.1	9.6	25.3	23.3	12.9	9.4
EBITDA margin, %	3.8	0.4	1.6	3.7	3.9	2.0	1.5
Operating profit	15.7	-3.6	3.9	19.5	17.8	7.8	4.3
Operating profit margin, %	2.8	-0.6	0.7	2.8	3.0	1.2	0.7

	7-9/2014	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Earnings per share, basic, EUR*	0.08	-0.03	0.01	0.14	0.09	0.03	0.02
Earnings per share, diluted, EUR*	0.08	-0.03	0.01	0.14	0.09	0.03	0.02
Equity per share, EUR*	1.8	1.7	1.8	2.0	1.9	1.8	2.9
Financial income and expenses, net, EUR million	-2.5	-1.9	-1.5	-2.3	-1.9	-2.1	-0.3
Equity ratio, %	23.1	21.8	20.2	22.2	21.1	19.9	32.8
Interest-bearing net debt, EUR million	131.6	142.5	104.1	86.5	190.1	194.0	21.2
Gearing ratio, %	57.8	64.8	46.6	34.6	79.7	85.5	5.8
Total assets, EUR million	1,165.0	1,180.2	1,259.1	1,274.3	1,291.1	1,287.4	1,263.1
Operating cash flow before financial and tax items, EUR million	20.5	4.1	-11.1	101.3	11.1	-11.2	7.2
Working capital, EUR million	49.4	48.6	64.5	46.0	119.9	99.8	87.2
Gross capital expenditures, EUR million	4.3	5.2	3.1	4.4	0.8	21.7	0.9
% of revenue	0.8	0.9	0.5	0.6	0.1	3.3	0.1
Order backlog, EUR million	1,379.5	1,350.3	1,335.3	1,240.7	1,296.0	1,274.2	1,315.2
Personnel at the end of the period	17,263	17,417	17,267	17,673	17,890	18,125	18,264
Number of outstanding shares at the end of the period (thousands)	125,089	125,590	125,590	125,592	125,595	125,596	n/a
Average number of shares (thousands)	125,260	125,590	125,592	125,595	125,596	125,596	n/a

* Computed using the number of shares issued at the partial demerger for carve-out periods.

4 Formulas for calculation of financial indicators

EBITDA =	Operating profit (EBIT) + depreciation, amortisation and impairment
Working capital =	Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions
Equity ratio (%) =	Equity + non-controlling interest x 100 Total assets - advances received
Gearing ratio (%) =	Interest-bearing liabilities - cash and cash equivalents x 100 Shareholder's equity + non-controlling interest
Interest-bearing net debt =	Interest-bearing liabilities - cash and cash equivalents
Earnings / share, basic =	Net profit for the period (attributable for equity holders) Weighted average number of shares outstanding during the period
Earnings / share, diluted =	Net profit for the period (attributable for equity holders) Weighted average diluted number of shares outstanding during the period
Equity / share =	Shareholders' equity Number of outstanding shares at the end of period

5 Non-recurring items affecting EBITDA and operating profit

EUR million	7-9/2014	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
M&A expenses		-1.4				-1.4	
Reorganisation	-3.2	-3.8				-1.4	-2.8
Provisions for old, completed projects	-0.7	-8.9	-3.5				
Pension plan termination		13.2					
Demerger costs				-1.4	-3.5	-0.3	
Non-recurring items total	**-3.9**	**-0.8**	**-3.5**	**-1.4**	**-3.5**	**-3.1**	**-2.8**

The Group EBITDA for January–September is burdened by non-recurring items of EUR 8.2 million. In July–September 2014 the non-recurring costs totalled EUR 3.9 million, consisting of expenses relating to reorganisation costs and provisions for old, completed projects.

In April-June 2014 the non-recurring costs totalled EUR 14.0 million, consisting of expenses relating to a terminated M&A project, reorganisation costs and provisions for old, completed projects. These were offset by a non-recurring release of pension liability to pension costs of EUR 13.2 million following a transfer from Defined Benefit pension scheme to Defined Contribution pension scheme in Norway. Project estimate changes are regarded as non-recurring items only if they are significant and fill all the following criteria: 1) the project must have been technically completed, 2) the project revenue has mostly been recognised during previous financial years and 3) there is a dispute in the project.

In January–March 2014 a non-recurring payment of EUR 3.5 million was made which was related to a final settlement of an old export project in Danish operations due to bankruptcy of a joint venture partner.

Demerger related costs totalled EUR 1.4 million during October - December 2013 and EUR 3.5 million during July–September 2013.

During April–June 2013 Group entered one-off items relating to restructuring amounting to EUR 1.4 million. The operating profit was burdened by HOCHTIEF Service Solutions M&A related project costs amounting to EUR 1.4 million. Demerger related costs amounted to EUR 0.3 million during April-June 2013.

Approximately EUR 2.8 million of adjustment costs were entered during January–March 2013.

6 Business combinations and disposals

There have been no acquisitions or disposals in January–September 2014.

7 Financial risk management

Caverion's main financial risks are liquidity risk, credit risk and market risks including 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 the Group Treasury in co-operation with the subsidiaries.

To manage the interest rate risk, the Board of Directors has defined an average interest rate fixing term target of 18 months for the Group's net debt (excluding cash). The CFO is authorised to deviate +/- 18 months from the target interest rate fixing period. At the balance sheet date the average interest rate fixing term of net debt (excluding cash) was 4.1 months.

The objective of capital management in Caverion Group is to maintain the 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.

The table below presents the maturity structure of interest-bearing liabilities. The amounts are undiscounted. Cash flows of foreign denominated liabilities are translated into euro at the reporting date.

EUR million	2014	2015	2016	2017	2018	2019->	Total
Interest-bearing liabilities	24.9	52.8	91.7	2.0	2.0		173.4

8 Financial assets and liabilities

Those financial assets and liabilities for which their carrying amounts do not correspond to their fair values are presented in the table below.

EUR million	Sep 30, 2014 Carrying amount	Sep 30, 2014 Fair value	Dec 31, 2013 Carrying amount	Dec 31, 2013 Fair value
Non-current liabilities				
Loans from financial institutions	111.4	113.4	138.1	139.5
Pension loans	7.0	6.9	8.0	7.7
Other financial loans	0.5	0.5	1.2	1.2
Finance lease liabilities	1.0	1.1	1.2	1.3

Fair values for non-current loans are based on discounted cash flows. The discount rate used is the rate at which the Group could draw a similar external loan at the balance sheet date and it consists of risk-free market rate and a company-specific risk premium in accordance with the maturity of the loan.

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

Fair value hierarchy

The Group categorises the financial assets and liabilities measured at fair value into different levels of the fair value hierarchy as follows:

Level 1: The fair values are based on quoted prices in active markets for identical assets or liabilities.
Level 2: The fair values are based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: The fair values are based on inputs for the asset or liability that are not based on observable market data.

The table below presents the financial assets and liabilities measured at fair value categorised into different levels of the fair value hierarchy.

Assets Sep 30, 2014				
EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale investments	0.6		1.5	2.1
Derivatives (hedge accounting not applied)		0.4		0.4
Derivatives (hedge accounting applied)				
Total assets	**0.6**	**0.4**	**1.5**	**2.6**
Liabilities Sep 30, 2014				
EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives (hedge accounting not applied)		0.5		0.5
Derivatives (hedge accounting applied)		0.0		0.0
Total liabilities		**0.5**		**0.5**

Assets Dec 31, 2013				
EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale investments	0.6		1.4	2.0
Derivatives (hedge accounting not applied)		0.1		0.1
Derivatives (hedge accounting applied)				
Total assets	**0.6**	**0.1**	**1.4**	**2.1**
Liabilities Dec 31, 2013				
EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives (hedge accounting not applied)		0.8		0.8
Derivatives (hedge accounting applied)		0.1		0.1
Total liabilities		**0.9**		**0.9**

There were no transfers between the levels of the fair value hierarchy during the period ended September 30, 2014.

The fair values for the derivative instruments categorised in Level 2 have been defined as follows: The fair values of foreign exchange forward agreements have been defined by using the market prices on the closing day. The fair values of interest rate swaps are based on discounted cash flows.

The available-for-sale investments categorised in Level 3 are non-listed equity instruments and they are measured at acquisition cost less any impairment or prices obtained from a broker as their fair value cannot be measured reliably.

Changes in the items categorised into Level 3 are presented below:

EUR million	Assets Sep 30, 2014	Liabilities Sep 30, 2014	Assets Dec 31, 2013	Liabilities Dec 31, 2013
Opening balance	1.4		1.9	
Transfers into / from Level 3				
Purchases and sales			-0.1	
Gains and losses recognised in profit or loss				
Gains and losses recognised in other comprehensive income	0.0		-0.3	
Closing balance	1.5		1.4	

Derivative instruments

Nominal amounts EUR million	Sep 30, 2014	Sep 30, 2013	Dec 31, 2013
--Interest rate derivatives	20.0	120.0	70.0
--Foreign exchange forwards	43.2	31.7	32.9

Fair values EUR million	Sep 30, 2014	Sep 30, 2013	Dec 31, 2013
--Interest rate derivatives			
positive fair value		0.0	
negative fair value	-0.0	-0.0	-0.1
--Foreign exchange forwards			
positive fair value	0.4	0.5	0.1
negative fair value	-0.5	-0.2	-0.8

Hedge accounting in accordance with IAS 39 is applied to all interest rate derivatives. Hedge accounting is not applied to other derivative instruments.

9 Commitments and contingent liabilities

EUR million	Sep 30, 2014	Sep 30, 2013	Dec 31, 2013
Guarantees given on behalf of associated companies	0.2	0.2	0.2
Parent company's guarantees on behalf of its subsidiaries	518.1	499.1	468.1
Other commitments			
- Operating leases	190.8	196.3	210.4
- Other contingent liabilities	0.2	0.2	0.2

Entities participating in the demerger are jointly and severally responsible for the liabilities of the demerging entity which have been generated before the registration of the demerger. Hereby, a secondary liability up to the allocated net asset value has been generated to Caverion Corporation, incorporated due to the partial demerger of YIT Corporation, for those liabilities that have been generated before the registration of the demerger and remain with YIT Corporation after the demerger. Except for the bond holders of YIT Corporation's certain floating rate bonds, the creditors of YIT Corporation's major financial liabilities have waived their right to claim for a settlement from Caverion Corporation on the basis of the secondary liability. The nominal amount for these YIT Corporation's floating rate bonds was EUR 10.8 million on September 30, 2014, and they mature as follows: EUR 5.4 million in 2015 and EUR 5.4 million in 2016. In addition, Caverion Corporation has a secondary liability relating to the Group guarantees that remain with YIT Corporation after the demerger. These Group guarantees amounted to EUR 365.0 million at the end of September 2014.