Q4

Financial Statements Bulletin 2015

Financial Statements Bulletin 2015: Cash flow strengthened by improved capital efficiency

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

October-December 2015 (Segment reporting, POC)

- Revenue increased by 2% to EUR 468.5 (461.0) million. At comparable exchange rates, revenue increased by 4%.
- Operating profit excluding non-recurring items amounted to EUR 16.6 (31.4) million and operating profit margin excluding non-recurring items was 3.6% (6.8%).
- In October-December 2015, there were no non-recurring items (10–12/14: EUR -12.4 million)
- Order backlog decreased by 6% from the end of September, amounting to EUR 2,172.9 million.
- Operating cash flow after investments amounted to EUR 43.4 (139.9) million.

January-December 2015 (Segment reporting, POC)

- Revenue decreased by 8% to EUR 1,651.2 (1,801.2) million. At comparable exchange rates, revenue decreased by 3%.
- Operating profit excluding non-recurring items amounted to EUR 76.0 (126.4) million and operating profit margin excluding non-recurring items was 4.6% (7.0%).
- Non-recurring items were EUR -10.4 (-12.4) million.
- Operating cash flow after investments amounted to EUR 183.7 (151.9) million.
- Board of Directors proposes a dividend of EUR 0.22 (0.18) per share, 137.8% (40.0%) of earnings per share.

Guidance for 2016 (segment reporting, POC)

The Group revenue growth is estimated to be in the range of 0–10% at comparable exchange rates.

The adjusted operating profit* is estimated to grow from the level of 2015 (2015: EUR 76.0 million).

* The adjusted operating profit does not include material reorganisation costs or impairment.

Kari Kauniskangas, President and CEO:

The year 2015 was characterised by major changes in demand and our operating volume. The Business Premises and Infrastructure segment's order backlog and residential sales in Finland and the CEE countries grew by a third, in spite of the continued decline of consumer demand in Finland. In Russia, however, the ruble was significantly weaker than in the previous year, and residential sales declined by approximately a third. Adapting to these changes required rapid renewal in all of our business segments. Our response to the changes included the development of new affordable solutions for our customers. We also continued our long-term effort to achieve the best customer experience in each of our segments.

We achieved excellent results with regard to cash flow and capital efficiency, and our net debt decreased from EUR 696 million to EUR 529 million during the year. Cash flow was supported by our capital release programme, in which we made significant progress particularly with regard to plot co-operation and the sales of business premises projects. We also significantly reduced our capital tied up in completed unsold apartments in Finland.

The most significant successes in our business operations were achieved in the Business Premises and Infrastructure segment. The order backlog grew and its margin content improved due to the increased share of high value-added projects. In addition, the letter of intent signed regarding the implementation of the Mall of Tripla represents a significant step towards ensuring positive development in the coming years.

The situation in the Housing Finland and CEE segment was polarised. In Finland, an exceptionally high proportion of revenue came from investor sales, which was reflected in weaker profitability. In the CEE countries, sales growth was strong and profitability improved from the previous year. We continued to focus on growth in the CEE region by investing in new plots and establishing a new business unit in Poland.

In Russia, we restructured and adjusted our operations to a significantly lower volume than previously, as we do not expect the market environment to improve in 2016. Our goal is to achieve a positive operating result and cash flow in Russia, even under the prevailing circumstances.

Our main focus this year will be on improving profitability, strengthening our growth initiatives and further improving our capital efficiency. We expect to see results in these areas within the year.

I would like to thank our customers for their trust in our operations, and our personnel for their uncompromising and enthusiastic work to support our renewal and achieving our goals.

Segment reporting, POC

EUR million	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Revenue	**468.5**	**461.0**	**2%**	**1,651.2**	**1,801.2**	**-8%**
Housing Finland and CEE	220.8	189.2	17%	777.8	726.5	7%
Housing Russia	61.6	129.7	-52%	266.4	474.1	-44%
Business Premises and Infrastructure	186.0	142.4	31%	607.1	599.3	1%
Other items	0.0	-0.4		-0.1	1.4	
Operating profit	**16.6**	**19.0**	**-12%**	**65.7**	**114.0**	**-42%**
Operating profit margin, %	**3.6%**	**4.1%**		**4.0%**	**6.3%**	
Operating profit excluding non-recurring items	**16.6**	**31.4**	**-47%**	**76.0**	**126.4**	**-40%**
Housing Finland and CEE	13.4	17.5	-24%	56.0	63.7	-12%
Housing Russia	0.7	18.1	-96%	10.9	55.8	-80%
Business Premises and Infrastructure	7.4	3.0	145%	21.9	20.4	8%
Other items	-4.8	-7.2		-12.8	-13.5	
Operating profit margin, % excluding non-recurring items	**3.6%**	**6.8%**		**4.6%**	**7.0%**	
Housing Finland and CEE	6.0%	9.2%		7.2%	8.8%	
Housing Russia	1.2%	14.0%		4.1%	11.8%	
Business Premises and Infrastructure	4.0%	2.1%		3.6%	3.4%	
Profit before taxes	6.1	8.5	-29%	27.0	75.0	-64%
Profit for the review period[1]	4.6	5.5	-17%	20.0	56.6	-65%
Earnings per share, EUR	0.04	0.04	-17%	0.16	0.45	-65%
Earnings per share excluding non-recurring items, EUR	0.04	0.12	-70%	0.23	0.53	-57%
Operating cash flow after investments	43.4	139.9	-69%	183.7	151.9	21%
Return on investment (last 12 months), %	5.3%	7.7%		5.3%	7.7%	
Equity ratio at end of period, %	35.5%	32.4%		35.5%	32.4%	
Net interest-bearing debt at end of period	460.8	616.6	-25%	460.8	616.6	-25%
Order backlog at end of period	2,172.9	2,125.9	2%	2,172.9	2 ,125.9	2%

[1] Attributable to equity holders of the parent company

Group reporting, IFRS

	12/15	12/14	Change	12/15	9/15	Change
Net interest-bearing debt, EUR million	529.0	696.0	-24%	529.0	574.6	-8%
Gearing ratio, %	101.1%	129.9%		101.1%	106.1%	
Equity ratio, %	32.9%	29.2%		32.9%	33.1%	

	1–12/15	1–12/14	Change
Dividend per share, EUR	0.22[2]	0.18	22%

[2] Board of Directors' proposal to the Annual General Meeting

Group financial development based on segment reporting

Accounting principles applied in the Financial Statements Bulletin

YIT Corporation's management follows the development of the company's business according to the percentage of completion based segment reporting method (POC). Therefore, the explanatory statement of the Financial Statements Bulletin focuses on describing the company's performance according to this reporting. YIT also reports on its operations in accordance with IFRS guidelines, where the company applies, for example, the IFRIC 15 guidelines. The effects of the differences of the recognition principles are presented in detail in the tables to the Financial Statements Bulletin.

Revenue, POC

EUR million	10–12/15	10–12/14	Change	Change at comparable exchange rates	1–12/15	1–12/14	Change	Change at comparable exchange rates
Revenue	**468.5**	**461.0**	**2%**	**4%**	**1,651.2**	**1,801.2**	**-8%**	**-3%**
Housing Finland and CEE	220.8	189.2	17%	17%	777.8	726.5	7%	7%
Housing Russia	61.6	129.7	-52%	-45%	266.4	474.1	-44%	-25%
Business Premises and Infrastructure	186.0	142.4	31%	31%	607.1	599.3	1%	1%
Other items	0.0	-0.4			-0.1	1.4		

October-December

The Group's revenue increased by 2% year-on-year. At comparable exchange rates, revenue increased by 4%. In Housing Russia, revenue decreased substantially due to lower residential sales and the weakening of the ruble. The Housing Finland and CEE segment's revenue was supported by capital release actions and increased residential sales in the CEE countries. The revenue of the Business Premises and Infrastructure segment was supported by the sales of self-developed projects in particular.

January-December

The Group's revenue decreased by 8% year-on-year. At comparable exchange rates, revenue decreased by 3%. Revenue increased in the Housing Finland and CEE segment due to strong residential sales in the CEE countries and decreased in the Housing Russia segment due to lower residential sales and the weakening of the ruble. The revenue of the Business Premises and Infrastructure segment remained stable.

In 2015, 73% of the Group revenue came from Finland, 16% from Russia and 11% from the CEE countries. Russia's relative share of the Group revenue decreased substantially year-on-year due to lower residential sales and weak ruble. The CEE countries' share of the revenue increased slightly thanks to strong residential sales in the area.

Revenue by geographical area, %	10–12/15	10–12/14	1–12/15	1–12/14
Finland	76%	62%	73%	65%
Russia	13%	28%	16%	26%
CEE	11%	10%	11%	9%

Result, POC

EUR million	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Operating profit	**16.6**	**19.0**	**-12%**	**65.7**	**114.0**	**-42%**
Operating profit margin, %	**3.6%**	**4.1%**		**4.0%**	**6.3%**	
Non-recurring items		**-12.4**		**-10.4**	**-12.4**	
Operating profit excluding non-recurring items	**16.6**	**31.4**	**-47%**	**76.0**	**126.4**	**-40%**
Housing Finland and CEE	13.4	17.5	-24%	56.0	63.7	-12%
Housing Russia	0.7	18.1	-96%	10.9	55.8	-80%
Business Premises and Infrastructure	7.4	3.0	145%	21.9	20.4	8%
Other items	-4.8	-7.2		-12.8	-13.5	
Operating profit margin, % excluding non-recurring items	**3.6%**	**6.8%**		**4.6%**	**7.0%**	
Housing Finland and CEE	6.0%	9.2%		7.2%	8.8%	
Housing Russia	1.2%	14.0%		4.1%	11.8%	
Business Premises and Infrastructure	4.0%	2.1%		3.6%	3.4%	

October-December

Operating profit excluding non-recurring items declined by 47% year-on-year. Operating profit margin excluding non-recurring items stood at 3.6% (10–12/14: 6.8%). The profitability was burdened by the changes in the business mix, capital release actions that took place during the quarter and the Housing Russia segment's year-on-year lower revenue and weakened project margins in particular.

Changes in foreign exchange rates had a negative impact of EUR 0.6 million on operating profit excluding non-recurring items.

January-December

Operating profit excluding non-recurring items declined by 40% year-on-year. Operating profit margin excluding non-recurring items stood at 4.6% (1–12/14: 7.0%). The operating profit margin excluding non-recurring items was burdened by the Housing Russia segment's year-on-year lower revenue and weakened project margins in particular.

Changes in foreign exchange rates had a negative impact of EUR 4.4 million on operating profit excluding non-recurring items.

The operating profit includes non-recurring costs of EUR 10.4 million, of which EUR 2.7 million are related to the restructuring of the Russian operations and EUR 7.7 million impairment charge are related to development costs of projects in the Moscow region that YIT has decided not to implement.

EUR million	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Profit before taxes	6.1	8.5	-29%	27.0	75.0	-64%
Profit for the review period[1]	4.6	5.5	-17%	20.0	56.6	-65%
Earnings per share, EUR	0.04	0.04	-17%	0.16	0.45	-65%
Earnings per share excluding non-recurring items, EUR	0.04	0.12	-70%	0.23	0.53	-57%
Effective tax rate, %	24.9%	35.2%		25.5%	24.6%	

[1]Attributable to equity holders of the parent company

Order backlog, POC

EUR million	12/15	12/14	Change	12/15	9/15	Change
Order backlog	**2,172.9**	**2,125.9**	**2%**	**2,172.9**	**2,314.6**	**-6%**
Housing Finland and CEE	802.7	798.5	1%	802.7	823.0	-2%
Housing Russia	508.5	653.5	-22%	508.5	599.1	-15%
Business Premises and Infrastructure	861.6	673.9	28%	861.6	892.4	-3%

The order backlog increased by 2% year-on-year. The order backlog increased clearly in the Business Premises and Infrastructure segment where the company won significant new projects during the year. In Housing Russia, the order backlog decreased due to the year-on-year lower residential start-ups and the weakening of the ruble. The Tripla project and the Tampere light rail project were not yet included in the order backlog at the end of the year.

Changes in foreign exchange rates decreased the order backlog by EUR 57.5 million year-on-year. At the end of 2015, 49% of the order backlog had been sold (12/14: 40%).

Acquisitions and capital expenditure

EUR million	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Gross capital expenditure on non-current assets	3.4	5.0	-31%	12.0	13.9	-13%
% of revenue, POC	0.7%	1.1%		0.7%	0.8%	
Depreciation	3.1	3.0	2%	12.1	12.6	-3%

YIT did not make any business acquisitions in 2015. Gross capital expenditure on non-current assets amounted to EUR 12.0 million, or 0.7% of revenue. Investments in construction equipment amounted to EUR 3.6 million (1–12/14: EUR 2.8 million) and investments in information technology totalled EUR 5.1 million (1–12/14: EUR 5.8 million). Other investments including acquisitions amounted to EUR 3.3 million (1–12/14: EUR 5.3 million).

Cash flow and invested capital, POC

EUR million	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Operating cash flow after investments	43.4	139.9	-69%	183.7	151.9	21%
Cash flow of plot investments	-53.3	-21.3	150%	-138.1	-118.7	16%

EUR million	12/15	12/14	Change	12/15	9/15	Change
Invested capital	1,131.5	1,403.2	-19%	1,131.5	1,195.6	-5%
Return on investment (last 12 months), %	5.3%	7.7%		5.3%	5.1%	

Operating cash flow after investments in January-December increased by 21% year-on-year supported by actions to release capital. The company paid dividends of EUR 22.6 million for 2014 in compliance with the resolution of the Annual General Meeting.

Cash flow of plot investments increased by 16% year-on-year especially due to plot acquisitions in the CEE countries. 44% of the year's cash flow of plot investments was related to plot investments in the CEE countries.

Invested capital decreased by 19% year-on-year. Return on investment weakened year-on-year due to the decrease in operating profit.

One of YIT's key focus areas is to improve capital efficiency. In 2015, capital was released by measures including selling completed apartments to investors, continuing the plot cooperation with plot funds worth approximately EUR 58 million and agreeing on the sale of slow-moving assets worth around EUR 30 million. Around 80% of the ongoing EUR 380 million capital release program had been carried out by the end of December, in addition to which slow-moving assets have been reduced by impairment of EUR 9 million. The aim is to complete the program in 2016.

Development by business segment

Housing Finland and CEE

Operating environment

In 2015, consumers were still cautious in making purchase decisions, while investors remained active in Finland. The demand for small, reasonably priced apartments remained on a good level in growth centres. Large apartments faced some price pressure.

Positive macroeconomic development supported the residential demand in the CEE countries, and residential prices stayed stable on average. The housing market developed positively especially in the Czech Republic and Slovakia.

Mortgage interest rates were on a low level in all operating countries and the availability of financing was good. In Finland, new drawdowns of mortgages increased year-on-year.

EUR million	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Revenue	220.8	189.2	17%	777.8	726.5	7%
Operating profit	13.4	11.3	18%	56.0	57.6	-3%
Operating profit margin, %	6.0%	6.0%		7.2%	7.9%	
Operating profit excluding non-recurring items	13.4	17.5	-24%	56.0	63.7	-12%
Operating profit margin, % excluding non-recurring items	6.0%	9.2%		7.2%	8.8%	
Operative invested capital at end of period	437.1	579.8	-25%	437.1	579.8	-25%
Return on operative invested capital (last 12 months), %	11.0%	9.4%		11.0%	9.4%	
Order backlog at end of period	802.7	798.5	1%	802.7	798.5	1%

October-December

The segment's revenue increased by 17% year-on-year due to capital release actions in Finland and strong growth in the CEE countries.

The segment's operating profit excluding non-recurring items decreased by 24% year-on-year, and the operating profit margin excluding non-recurring items stood at 6.0% (10–12/14: 9.2%). Actions to release capital weakened the profitability in Finnish housing. In December, YIT sold a total of 66 apartments that were either under construction or completed to housing funds and residential plots worth around EUR 30 million to plot funds in order to improve the capital efficiency. The plot deals had no earnings effect. Positive profitability development continued in the CEE countries.

In October-December, consumer sales remained stable year-on-year, and investor sales were active in Finland. YIT signed agreements and pre-agreements on the construction of five rental projects with OP-Vuokratuotto non-UCITS fund and started the construction of a rental apartment project of over 100 apartments to Elo.

In the CEE countries, residential sales continued to be brisk. In October-December, unit sales increased by 53% year-on-year. YIT acquired two significant plots in Bratislava, Slovakia. The plan is to build over 1,800 apartments on the plots. In Prague, the Czech Republic, the first phase of an area development project was started and an apartment project of 75 apartments was started in Tallinn, Estonia.

January-December

The segment's revenue increased by 7% year-on-year supported by strong investor sales in Finland and positive development in the CEE countries.

Operating profit excluding non-recurring items decreased by 12% year-on-year, and the operating profit margin excluding non-recurring items stood at 7.2% (1–12/14: 8.8%). Profitability was burdened by investor projects' clearly higher share of revenue in Finland compared to the previous year and actions to release capital. Profitability development was positive in the CEE countries.

In 2015, residential sales activity was brisk in the CEE countries, and YIT acquired significant plots and started new projects in order to support growth in the area. YIT announced in September that it had established a new business unit in Warsaw to exploit the opportunities in Poland's residential market.

The segment's operative invested capital decreased year-on-year due to improved capital efficiency and the changes in the sales mix. The number of completed, unsold apartments in Finland declined by 33% year-on-year.

Residential construction in Finland, units	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Sold	659	621	6%	3,192	2,515	27%
of which initially started to consumers[1]	395	449	-12%	1,715	1,641	5%
Start-ups	579	291	99%	2,864	2,112	36%
of which to consumers	315	119	165%	1,387	1,238	12%
Completed	253	484	-48%	2,626	2,412	9%
of which to consumers	180	350	-49%	1,600	1,628	-2%
Under construction at end of period	3,500	3,262	7%	3,500	3,262	7%
of which sold at end of period, %	73%	65%		73%	65%	
For sale at end of period	1,259	1,587	-21%	1,259	1,587	-21%
of which completed	302	450	-33%	302	450	-33%
Plot reserve in the balance sheet at end of period, EUR million	134.0	165.7	-19%	134.0	165.7	-19%
Plot reserve at end of period[2], floor sq. m.	1,628,500	1,868,000	-13%	1,628,500	1,868,000	-13%
Cost of completion at end of period, EUR million	213.0	178.0	20%	213.0	178.0	20%

[1] Includes sales to residential property funds: 10–12/15: 66 units; 10–12/14: 125 units; 1–12/15: 464 units; 1–12/14: 326 units. [2] Includes pre-agreements and rental plots.

Residential construction in the CEE countries, units	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Sold	290	189	53%	1,023	734	39%
Start-ups	331	95	248%	1,021	789	29%
Completed	189	242	-22%	717	724	-1%
Under construction at end of period	1,442	1,134	27%	1,442	1,134	27%
of which sold at end of period, %	40%	22%		40%	22%	
For sale at end of period	1,014	1,012	0%	1,014	1,012	0%
of which completed	145	129	12%	145	129	12%
Plot reserve in the balance sheet at end of period, EUR million	112.7	65.9	71%	112.7	65.9	71%
Plot reserve at end of period, floor sq. m.	558,000	348,000	60%	558,000	348,000	60%
Cost of completion at end of period, EUR million	72.0	45.0	60%	72.0	45.0	60%

Housing Russia

Operating environment

In January 2015, the weakness of the ruble and the increased uncertainty in the Russian economy were still reflected in consumers' willingness to shift assets to fixed property, including apartments. Demand slowed down from the good level seen in January as consumers' purchasing power weakened. Demand focused especially on small apartments and apartments close to completion. Residential prices remained stable, but decreased in real terms. A mortgage interest rate subsidy program introduced for the primary market by the Russian government in March supported residential sales and led to mortgage interest rates for new apartments falling to a level of around 11–12%.

EUR million	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Revenue	61.6	129.7	-52%	266.4	474.1	-44%
Operating profit	0.7	12.1	-94%	0.6	49.8	-99%
Operating profit margin, %	1.2%	9.3%		0.2%	10.5%	
Operating profit excluding non-recurring items	0.7	18.1	-96%	10.9	55.8	-80%
Operating profit margin, % excluding non-recurring items	1.2%	14.0%		4.1%	11.8%	
Operative invested capital at end of period	363.0	378.1	-4%	363.0	378.1	-4%
Return on operative invested capital (last 12 months), %	0.2%	10.5%		0.2%	10.5%	
Order backlog at end of period	508.5	653.5	-22%	508.5	653.5	-22%

October-December

The segment's revenue decreased by 52% year-on-year. At comparable exchange rates, revenue decreased by 45%. Residential sales were burdened by weakened demand and lower sales inventory. Sales were on an exceptionally high level in the comparison period spurred by the weakening of the ruble.

Operating profit excluding non-recurring items declined by 96% and the operating profit margin excluding non-recurring items was 1.2% (10–12/14: 14.0%). The segment's profitability was burdened by the year-on-year lower revenue and weakened project margins, among other things. The profitability varied between cities. Weakening of the ruble had a negative impact of EUR 0.7 million on operating profit excluding non-recurring items.

In October-December, YIT started a 220-apartment project in Rostov-on-Don and a 280-apartment project in Yekaterinburg, among others.

In connection to the third quarter report, YIT told that the company had not been able to register a part of October's sales agreements due to a change in the real estate law 214 that came into effect in October. The change specified the conditions of the insurances that protect the consumer. The registration issue was solved during the remainder of the year but the capacity of the insurance companies that insure residential projects is still limited.

The share of residential deals financed with mortgages increased in October-December thanks to the mortgage subsidy program and was 58% (10–12/14: 36%).

January-December

The segment's revenue decreased by 44% year-on-year. At comparable exchange rates, revenue decreased by 25% due to lower residential sales.

Operating profit margin excluding non-recurring items declined by 80% and the operating profit margin excluding non-recurring items was 4.1% (1–12/14: 11.8%). The segment's profitability was burdened by the year-on-year lower revenue and weakened project margins, among other things. Weakening of the ruble had a negative impact of EUR 4.4 million on operating profit excluding non-recurring items.

The operating profit includes non-recurring costs of EUR 10.3 million, of which EUR 2.6 million are related to the restructuring of the segment and EUR 7.7 million impairment charge are related to development costs of projects in the Moscow region that YIT has decided not to implement.

In 2015, the share of residential deals financed with mortgages was 50% (1–12/14: 41%). At the end of the year, YIT was responsible for the service and maintenance of nearly 22,000 apartments in Russia.

In 2015, the segment's risk level was reduced and start-ups lowered. The company reorganised its operations; the division structure was revised and fixed costs were reduced in line with the decline in the sales and the production volume. Part of the support functions were centralised to serve all divisions. In addition, a separate YIT Service Russia business unit was established to exploit the opportunities in the service business.

Residential construction in Russia, units	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Sold	721	1,641	-56%	3,129	4,817[1]	-35%
Start-ups	742	217	242%	2,542	3,545	-28%
Completed[2]	2,018	2,171	-7%	4,053	4,713	-14%
Under construction at end of period	8,100	9,611	-16%	8,100	9,611	-16%
of which sold at end of period, %	40%	43%		40%	43%	
For sale at end of period	5,329	5,913	-10%	5,329	5,913	-10%
of which completed	484	403	20%	484	403	20%
Plot reserve in the balance sheet at end of period[3], EUR million	174.7	184.4	-5%	174.7	184.4	-5%
Plot reserve at end of period[3], floor sq. m.	2,193,000	2,466,000	-11%	2,193,000	2,466,000	-11%
Cost of completion at end of period, EUR million	220.0	319.0	-31%	220.0	319.0	-31%

[1] Includes bundle deals of 177 apartments. [2] Completion of the residential projects requires commissioning by the authorities.
[3] Figures include Gorelovo industrial park.

Under construction at end of period, units	12/15	12/14	Change	12/15	9/15	Change
St. Petersburg	3,211	3,776	-15%	3,211	3,794	-15%
Moscow region	1,736	3,021	-43%	1,736	2,777	-37%
Kazan, Moscow, Rostov-on-Don, Tyumen and Yekaterinburg	3,153	2,814	12%	3,153	2,805	12%

Business Premises and Infrastructure

Operating environment

Investors' interest towards projects in prime locations was on a moderate level in the Finnish business premises market. Signs of a slight pickup in end users' renting activity were seen towards the end of the review period but the competition over tenants was intense. The contracting market was active.

In the Baltic countries and Slovakia, rental levels for business premises and investors' yield requirements remained stable in the review period. Activity in the contracting market remained high in Estonia and Lithuania.

The Finnish infrastructure market remained relatively stable in the review period. Several significant projects were in tendering phase in the beginning of the year.

EUR million	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Revenue	186.0	142.4	31%	607.1	599.3	1%
Operating profit	7.4	2.8	167%	21.9	20.1	9%
Operating profit margin, %	4.0%	1.9%		3.6%	3.4%	
Operating profit excluding non-recurring items	7.4	3.0	145%	21.9	20.4	7%
Operating profit margin, % excluding non-recurring items	4.0%	2.1%		3.6%	3.4%	
Operative invested capital at end of period	136.8	181.9	-25%	136.8	181.9	-25%
Return on operative invested capital (last 12 months), %	13.8%	10.8%		13.8%	10.8%	
Order backlog at end of period	861.6	673.9	28%	861.6	673.9	28%

Business premises, EUR million	12/15	12/14	Change	12/15	9/15	Change
Plot reserve in the balance sheet	78.1	93.2	-16%	78.1	86.8	-10%
Plot reserve, floor sq. m.	1,002,700	1,071,000	-6%	1,002,700	1,035,000	-3%
Cost of completion	13.0	47.5	-73%	13.0	17.6	-26%

October-December

The segment's revenue increased by 31% year-on-year. Revenue increased especially in the business premises construction.

Operating profit excluding non-recurring items increased by 145% and operating profit margin excluding non-recurring items stood at 4.0% (10–12/14: 2.1%). The improvement in profitability is explained by higher revenue and the sales of self-developed projects that took place during the quarter.

In October-December, YIT sold two significant self-developed business premises projects: Avia Line III office premises in Vantaa, Finland and an office project under renovation in Helsinki, Finland. In Lithuania, the company started a self-developed office project. YIT won two remarkable competitive biddings: a parking facility to be constructed in Töölö district in Helsinki and a new passenger terminal in West Harbour in Helsinki. Both projects were started in October-December.

In December, YIT signed a letter of intent to establish a joint venture to implement the Mall of Tripla and the parking facility of the Tripla project in Central Pasila, Helsinki with a Finnish investor consortium. YIT's share of ownership in the joint venture will be 35%, Etera's 35% and Fennia's and Onvest's 15% each. The building permit for the first implementation phase, the parking facility, was granted in November, and the excavation work is underway. The tenant negotiations for the shopping mall continued actively and the tenant interest has been good.

January-December

The segment's revenue remained stable year-on-year. However, the order backlog increased clearly during the year, and major projects started in the second quarter will support revenue as the construction progresses.

Operating profit excluding non-recurring items increased by 7% and operating profit margin excluding non-recurring items stood at 3.6% (1–12/14: 3.4%). The profitability improved especially in the business premises construction.

In 2015, YIT was successful in tendering for significant infrastructure projects. Service agreement regarding the E18 Hamina-Vaalimaa motorway project was signed and construction work was started in June. Furthermore, a consortium between YIT, VR Track and Pöyry was chosen to carry out the light rail project in Tampere. The development phase of the project to be carried out employing alliance model was started in July. If the project will proceed to implementation phase after the development phase, its value to YIT would be approximately EUR 100 million.

YIT was successful also in smaller competitive biddings in Finland and in the CEE countries. The company won for example contracts for Töölö parking facility and West Harbour new passenger terminal in Helsinki, Finland and Estonia National Archive construction project and school projects to be carried out by using life-cycle model in Finland.

Several self-developed projects, such as Lauttasaari shopping centre, BW Tower, Avia Line III and Lönnrotinkatu office premises were sold to investors in Finland.

In December, YIT signed a letter of intent to establish a joint venture to implement the Mall of Tripla and the parking facility of the Tripla project in Central Pasila, Helsinki with a Finnish investor consortium. The aim is to sign the final project agreements in early 2016. YIT's share of ownership in the joint venture will be 35%, Etera's 35% and Fennia's and Onvest's 15% each. The building permit for the first implementation phase, the parking facility, was granted in November, and the excavation work is underway. The tenant negotiations for the shopping mall continued actively and the tenant interest has been good.

The largest ongoing self-developed business premises projects

Project, location	Value, EUR million	Project type	Completion rate, %	Estimated completion	Sold/ for sale	Leasable area, sq. m.
Lauttasaari shopping centre, Helsinki	~40	Retail	61%	11/16	Sold	5,700
Dixi II, Tikkurila Railway Station, Vantaa	n/a	Office	21%	4/17	Sold	8,900
Dixi II, Tikkurila Railway Station, Vantaa	n/a	Retail	21%	4/17	Sold	4,100
Lönnrotinkatu 11, Helsinki	~23	Office	17%	10/16	Sold	4,400

The largest ongoing business premises and infrastructure contracts

Project	Value, EUR million	Project type	Completion rate %	Estimated completion
E18 Hamina-Vaalimaa motorway	~260	Infra	13%	12/18
Ring Road III junction	~50	Infra	98%	6/16
Naantali CHP power plant	~40	Infra	39%	9/17
Espoo's road maintenance contract	~30	Infra	26%	10/19
Töölö Parking Facility	~30	Infra	3%	5/19

Group financial development based on group reporting (IFRS)

EUR million	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Revenue	511.6	529.3	-3%	1,732.2	1,778.6	-3%
Operating profit	28.4	35.2	-19%	81.6	94.8	-14%
Operating profit margin, %	5.5%	6.7%		4.7%	5.3%	
Operating profit excluding non-recurring items	28.4	47.6	-40%	91.9	107.3	-14%
Operating profit margin, % excluding non-recurring items	5.5%	9.0%		5.3%	6.0%	
Profit before taxes	21.4	30.7	-30%	61.3	74.3	-18%
Profit for the review period[1]	16.0	22.4	-28%	47.2	55.9	-15%
Earnings per share, EUR	0.13	0.18	-28%	0.38	0.44	-15%
Operating cash flow after investments	43.4	139.9	-69%	183.7	151.9	21%
Order backlog at end of period	2,467.3	2,507.1	-2%	2,467.3	2,507.1	-2%
Invested capital at end of period	1,174.3	1,431.0	-18%	1,174.3	1,431.0	-18%
Return on investment (last 12 months), %	6.4%	6.4%		6.4%	6.4%	
Effective tax rate, %	24.4%	27.1%		22.9%	24.9%	

[1] Attributable to equity holders of the parent company

October-December

The Group's IFRS revenue decreased by 3% year-on-year. At comparable exchange rates, revenue increased by 4%. Revenue growth was supported by the positive development in the Business Premises and Infrastructure segment and actions to release capital.

IFRS operating profit excluding non-recurring items decreased by 40% year-on-year, and the Group's operating profit margin excluding non-recurring items was 5.5% (10–12/14: 9.0%). Profitability was burdened by year-on-year lower completions of residential projects targeted for consumers, among other things.

January-December

The Group's IFRS revenue decreased by 3% year-on-year. At comparable exchange rates, revenue increased by 4%. Revenue growth was supported by the positive development in the Business Premises and Infrastructure segment and actions to release capital.

IFRS operating profit excluding non-recurring items decreased by 14% year-on-year, and the Group's operating profit margin excluding non-recurring items was 5.3% (1–12/14: 6.0%). Profitability was burdened by year-on-year lower completions of residential projects targeted for consumers, among other things.

The operating profit includes non-recurring costs of EUR 10.4 million, of which EUR 2.7 million are related to the restructuring of the Russian operations and EUR 7.7 million impairment charge are related to development costs of projects in the Moscow region that YIT has decided not to implement.

In group reporting, self-developed residential projects are recognised as income upon project handover. In Russia, revenue recognition of a project requires commissioning by the authorities. The timing of completion of self-developed projects thus affects the Group's revenue recognition, and therefore group figures may fluctuate greatly between different quarters. In addition, in group reporting part of the interest expenses are capitalised according to IAS 23 and reported as project costs above the operating profit when the project is completed. This causes differences in operating result and financial expenses between segment reporting and group reporting.

Capital structure and liquidity position

IFRS, EUR million	12/15	12/14	Change	12/15	9/15	Change
Net interest-bearing debt	529.0	696.0	-24%	529.0	574.6	-8%
Cash and cash equivalents	122.2	199.4	-39%	122.2	88.1	39%
Interest-bearing debt	651.2	895.4	-27%	651.2	662.6	-2%
Bonds	204.9	210.7	-3%	204.9	204.9	
Commercial papers	38.8	147.4	-74%	38.8	64.6	-40%
Construction-stage financing	213.8	264.4	-19%	213.8	185.1	16%
Pension loans	102.6	123.5	-17%	102.6	111.3	-8%
Bank loans	91.1	149.3	-39%	91.1	96.7	-6%
Average interest rate, %	3.86%	2.92%		3.86%	3.94%	
Revolving credit facilities	300.0	300.0		300.0	300.0	
Overdraft facilities	63.2	57.9	9%	63.2	67.1	-6%
Equity ratio, %	32.9%	29.2%		32.9%	33.1%	
Gearing ratio, %	101.1%	129.9%		101.1%	106.1%	

IFRS, EUR million	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Net financial expenses	-7.0	-4.5	54%	-20.3	-20.5	-1%

At the end of the year, YIT's liquidity position was strong. Cash and cash equivalents amounted to EUR 122.2 million, in addition to which YIT had undrawn overdraft facilities amounting to EUR 63.2 million. YIT also has an undrawn, EUR 300.0 million revolving credit facility maturing in 2018.

In March, YIT issued an unsecured EUR 100 million bond as a private placement targeted to two domestic institutional investors. The bond matures on March 25, 2020, and carries a coupon of 6.25%. In May, YIT withdrew a EUR 25.0 million bank loan maturing in May 2017. The loan was withdrawn to improve the maturity structure of the debt portfolio.

YIT's revolving credit facilities, the bond issued in March and bank loans include a covenant requiring the Group's equity ratio based on the IFRS balance sheet to be higher than 25.0%. In addition, the revolving credit facility and two bank loans include a covenant requiring the Group's gearing ratio based on the IFRS balance sheet to be below 150.0%. At the end of the year, the equity ratio was 32.9% and the gearing ratio was 101.1%.

The total amount of interest-bearing debt was EUR 651.2 million at the end of the year and net interest-bearing debt decreased to EUR 529.0 million thanks to positive cash flow. A total of EUR 131 million of long-term loans will mature in 2016.

Net financial expenses remained stable year-on-year and amounted to EUR 20.3 million (1–12/14: EUR 20.5 million). Interest expenses at the amount of EUR 18.4 million (1–12/14: EUR 18.5 million) were capitalized in accordance with IAS 23.

The interests on participations in housing corporation loans are included in housing corporation charges and are thus booked in project expenses. Interests on the participations amounted to EUR 3.1 million in 2015 (1–12/14: EUR 3.3 million).

At the end of the year, EUR 98.6 million of the capital invested in Russia was debt investments (12/14: EUR 70.9 million) and EUR 219.0 million was equity investments or similar permanent net investments (12/14: EUR 246.0 million). In accordance with YIT's hedging policy, the debt investments are hedged against exchange rate risk, while equity investments are not hedged due to their permanent nature.

Research and development

In 2015, the total amount of development activity was increased in development projects on themes derived from the strategy and as part of the development of self-developed projects.

The three Group-wide development programmes launched in 2013 continued as planned. The aim of the *Best Living Experience* programme is to support the forerunner position and profitability in all operating countries. Efficient capital allocation, fast capital turnover and working capital management are the key areas of development within the *Wider Financial Operating Space* programme. The *Excellent Leadership and Balanced Values* programme also progressed further.

In Housing, the focus of development efforts in 2015 was on the brand and customer relationships. The customer experience was developed as part of the WOW programme. The Net Promoter Score (NPS), an index based on customer feedback, was implemented on a Group-wide basis in the evaluation of quality and the customer experience. Concept development in area development and construction continued and was reflected in a concrete manner for example, in the branding of new areas. Development efforts in the Housing segment also focused on profitability control methods and the product offering.

In the Business Premises and Infrastructure segment, the focus was particularly on development work related to customer relationships and the customer experience. Among the successes achieved in the development of large-scale projects, the Tripla project in Central Pasila is particularly worth mentioning. Alliance projects and the competencies required by them were also actively developed.

In strategic information management projects, the focus was on developing and implementing solutions for analysing and reporting on business operations, production control, customer service for buyers of YIT Homes, and master data management.

Other Group-wide development themes in 2015 were occupational safety, quality and responsibility. The Group-wide competitiveness programme was successfully completed at the end of 2015, but more focused efforts to strengthen competitiveness will continue.

The preparation of new strategic development programmes and the renewal of development operations, derived from the Group's confirmed business strategy, began in the autumn. The new development programmes will begin in 2016.

The Group's research and development costs in 2015 amounted to EUR 15.8 million (1–12/2014: EUR 14.5 million), representing 0.9% (1–12/2014: 0.8%) of the Group's IFRS revenue.

Personnel

Personnel by business segment	12/15	12/14	Change	12/15	9/15	Change
Housing Finland and CEE	1,719	1,783	-4%	1,719	1,705	1%
Housing Russia	1,582	1,980	-20%	1,582	1,784	-11%
Business Premises and Infrastructure	1,744	1,814	-4%	1,744	1,793	-3%
Group Services	295	304	-3%	295	292	1%
Personnel by country	**12/15**	**12/14**	**Change**	**12/15**	**9/15**	**Change**
Finland	3,104	3,210	-3%	3,104	3,147	-1%
Russia	1,569	1,963	-20%	1,569	1,769	-11%
The CEE countries	667	708	-6%	667	658	1%
Group, total	**5,340**	**5,881**	**-9%**	**5,340**	**5,574**	**-4%**

In 2015, the Group employed 5,613 people on average (1–12/14: 6,116). Personnel expenses totalled EUR 244.0 million (1–12/14: EUR 264.3 million).

The cost effect of YIT's share-based incentive scheme was approximately EUR 2.1 million (1–12/14: EUR 1.3 million).

Personnel-related focus areas in 2015 included leadership and managerial work, internal job rotation, occupational safety, well-being at work, project management, quality, customer experience, new information systems and the management of trainees.

Extensive training programmes were carried out in relation to these themes, and the feedback regarding the training was excellent. Job rotation was implemented for more than 70 employees, while trainee and thesis writing positions in 2015 totalled nearly 700. At the end of the year YIT also launched a pilot to give comprehensive school pupils who are in the familiarisation with working life (TET) period at elementary school the opportunity to form a broad view of the construction industry under the YIT Junior concept.

Key indicators illustrating the employee satisfaction and well-being of the Group's entire personnel increased further from the previous year, according to the personnel survey conducted in February. The leadership index was 82% (2014: 79%) and the engagement index was 83% (2014: 82%).

YIT's determined efforts to improve occupational safety produced results during the year as the accident frequency (number of accidents per one million working hours) decreased to 10 (1–12/14: 12). The number of sick days resulting from accidents fell by approximately 40% year-on-year. These positive developments were, however, shadowed by two fatal accidents at the company's construction sites in Finland and Russia. The tragic accidents led to immediate further specifications regarding operating methods, extensive discussion events as well as work stoppages at construction sites to increase awareness among personnel.

In well-being at work, progress has been in line with the action plan, with a particular focus on the prevention of symptoms arising from musculoskeletal disorders, activities aimed at promoting and maintaining the ability to work, as well as the development of supervisors' management of well-being at work. Absences resulting from musculoskeletal disorders declined by approximately one day per employee in 2015. Video consultations with doctors were piloted in Finland.

In 2015, YIT rewarded employees for good performance by performance-based bonuses as well as a long-term share-based incentive scheme. Other monetary rewards used included Generator bonuses for new ideas and initiatives, as well as years-of-service bonuses. The aim of remuneration systems is not only to reward good performance, but also to increase the personnel's motivation and commit the company's management and employees to the company's objectives in the long term.

Corporate social responsibility

The key premise and objective of YIT's approach to responsibility is to create added value for all stakeholders through the company's core business. Termed Sustainable urban environments, this approach is focused on creating ecologically, socially and economically sustainable urban environments that also allow YIT to utilise its diverse expertise.

In 2015, the company focused particularly on the practical implementation of the new approach, as well as internal and external communication. The most comprehensive example of the approach is the Tripla project in Central Pasila, where a complex served by excellent public transport connections will combine housing, jobs, commercial services and a hotel.

In the Merrasjärvi district in Lahti, YIT was involved in Finland's first-ever competition to develop an area art concept. The participants were tasked with developing a concept or model for utilising art in the residential area in question. The competition was conducted pursuant to the rules of the Artists' Association of Finland and involved professional judges.

With regard to ecological sustainability, a particularly demanding challenge is related to the E18 motorway construction project and the conservation of a rare population of brown trout in the area, where the release of sulphide clay into the waters could cause significant damage to the protected population.

YIT has continued to develop its responsibility reporting towards integrated reporting, with an increasingly clear focus on issues that are essential to stakeholders.

Strategic objectives and the outcome in 2015

YIT published its updated strategic focus areas on September 16, 2015. Reaching the targeted net debt level ahead of schedule allows a gradual shift of focus back to profitability and investing in growth initiatives. As one of the growth initiatives, YIT established a new unit in Warsaw to tap into the opportunities in Poland. Work to improve capital efficiency continues enabling in its part financing of the growth.

The Board of Directors also decided to revise YIT's long-term return on investment (ROI) target to 15% from the earlier 20% due to lower weight of Russia in invested capital and future capital allocation. Other long-term financial targets remain unchanged. Separate short-term targets were abandoned after reaching the net debt target.

YIT's strategy and financial targets were described at YIT's Capital Markets Day on September 24, 2015, in Helsinki, Finland. The presentation materials and recordings from the Capital Markets Day are available at www.yitgroup.com/investors.

Long-term financial targets	Target level	Outcome 2015
Revenue growth	5–10% annually on average	-8% (-3%[1])
Return on investment	15%	5.3%
Operating cash flow after investments	Sufficient for dividend payout and reduction of debt	EUR 183.7 million
Equity ratio	40%	35.5%
Dividend payout	40–60% of net profit for the period	137.8%[2]

The target levels are based on segment reporting method (POC).
[1] At comparable exchange rates [2] The Board of Directors' proposal to AGM

Resolutions passed at the Annual General Meeting

The Annual General Meeting of YIT Corporation was held on March 18, 2015. YIT published stock exchange releases on the resolutions passed at the Annual General Meeting and the organisation of the Board of Directors on March 18, 2015. The stock exchange releases and a presentation of the members of the Board of Directors are available on YIT's website at www.yitgroup.com.

Shares and shareholders

The company has one series of shares. Each share carries one vote and confers an equal right to a dividend.

Share capital and number of shares

YIT Corporation's share capital and the number of shares outstanding did not change during the review period. YIT Corporation's share capital was EUR 149,216,748.22 in the end of 2015 (2014: EUR 149,216,748.22), and the number of shares outstanding was 127,223,422 (2014: 127,223,422).

Treasury shares and authorisations of the Board of Directors

The Annual General Meeting of YIT Corporation resolved on March 18, 2015, to authorise the Board of Directors to decide on the repurchase of company shares and share issues as proposed by the Board of Directors. The authorisation is valid until March 31, 2016. The share issue authorisation also includes an authorisation to decide on the conveyance of treasury shares.

YIT Corporation held 1,639,430 treasury shares at the beginning of the review period. During the review period, 5,151 shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme, after which the company held 1,644,581 treasury shares at the end of December.

Trading on shares

The price of YIT's share was EUR 4.30 at the beginning of the year. The closing price of the share on the last trading day of the review period on December 30, 2015, was EUR 5.24. YIT's share price increased by approximately 22% during the review period. The highest price of the share during the review period was EUR 7.21, the lowest EUR 4.26 and the average price was EUR 5.65. Share turnover on Nasdaq Helsinki during the review period was approximately 157.9 million (1–12/14: 144.3 million) shares. The value of the share turnover was approximately EUR 883.8 million (1–12/14: EUR 1,029.2 million).

During the review period, approximately 98.1 million (1–12/14: 99.6 million) YIT Corporation shares changed hands in alternative market places, corresponding to approximately 38% (1–12/14: 41%) of the total share trade, source: Fidessa Fragmentation Index.

YIT Corporation's market capitalisation on the last trading day December 30, 2015 was EUR 658.0 million (December 30, 2014: EUR 536.2 million). The market capitalisation has been calculated excluding the shares held by the company.

Number of shareholders and flagging notifications

At the end of 2015, the number of registered shareholders was 41,944 (12/14: 44,312). At the end of the year, a total of 26.3% of the shares were owned by nominee-registered and non-Finnish investors (12/14: 29.3%).

On March 12, 2015, YIT received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of the mutual funds managed by BlackRock, Inc. in YIT had exceeded the threshold of 5 per cent.

On March 19, 2015, the company received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of the mutual funds managed by BlackRock, Inc. in YIT had gone below the threshold of 5 per cent.

On April 30, 2015, YIT received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of Structor S.A. in YIT had gone below the threshold of 10 per cent.

On November 11, 2015, YIT received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of Polaris Capital Management, LLC in YIT had exceeded the threshold of 5 per cent.

On December 14, 2015, YIT received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of Polaris Capital Management, LLC in YIT had gone below the threshold of 5 per cent.

On December 17, 2015, YIT received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of Polaris Capital Management, LLC in YIT had exceeded the threshold of 5 per cent.

Most significant short-term business risks

The general economic development, functioning of the financial markets and the political environment in YIT's operating countries have a significant impact on the company's business. Negative development in consumers' purchasing power, consumer or business confidence, the availability of financing or interest rates would likely weaken the demand for YIT's products and services. A drop in residential prices or an increase in investors' yield requirements would pose a risk for the profitability of the company, should these factors materialise.

At the moment, there is significant uncertainty related to the economic development of Russia in particular. The volatility of the oil price and the ruble, geopolitical tensions and high inflation may further weaken the demand for apartments due to a weakening in purchasing power and consumer confidence. Uncertainty about the continuation of the government mortgage interest subsidy program makes it difficult to predict the development of the mortgage market. Declining purchasing power and uncertainty related to the mortgage market mean there is also a risk that residential prices will decrease.

In 2015, Finland accounted for 73% of the company's revenue, which highlights the significance of Finland's economic development for YIT's business. If it persists, the weakness of the Finnish economy and the indebtedness of the public sector may further weaken consumers' purchasing power and general confidence, which would have a negative impact on the demand for apartments and business premises. A persistent increase of public sector debt could also make it more difficult to finance infrastructure investments. Investors have played an exceptionally central role in YIT's Finnish business in recent years. An increase in interest rates or weakening in tenant demand on the business premises or residential market could lead to a significant decrease in investor demand.

Ensuring competitive products and services corresponding to customer demand is critical for YIT's business. Changes in customer preferences and in the offerings of competitors present risks related to the demand for the company's products and services. In Finland, the availability of the resources needed for growing the production volume might prevent increasing the production as planned. Competitors' need for resources also presents a risk of losing key personnel and expertise.

Most of the company's business is project business, meaning that successful project management plays an integral role in ensuring the company's profit. The most significant project management risks are related to factors such as pricing, planning, scheduling, cost management and, in the company's self-developed business, also the management of sales risk. YIT's major business premises and infrastructure projects in Finland, such as the Tripla project in Central Pasila and the E18 Hamina-Vaalimaa motorway, make up a significant share of the company's expected revenue in coming years, meaning that successful project management in the projects is integral.

Changes in legislation and authorities' permit processes may slow down the progress of projects or prevent them from being realised. There are uncertainty factors related to authorities' actions, permit processes and their efficiency particularly in Russia and the CEE countries.

One of YIT's strategic focus areas is improving capital efficiency, and targets pertaining to the release of capital have been set accordingly. Measures to release capital in a challenging market situation involve the risk of financial losses.

The most significant financial risks are the risks related to foreign exchange rate development and the availability of financing. The Group's most significant currency risk is related to ruble-denominated investments. Further information can be found in the Capital structure and liquidity position section. More information on financial risks and their management is provided in Note 30 to the financial statements.

More information on the company's risks and risk management is provided in the Annual Report 2015.

Events after the review period

In January, residential sales to consumers were around 70 units in Finland (1/15: around 80), around 50 units in the CEE countries (1/15: around 40) and around 200 units in Russia (1/15: around 370). In Russia, the sales in the comparison period were exceptionally strong.

Outlook for 2016

Guidance (segment reporting, POC)

The Group revenue growth is estimated to be in the range of 0–10% at comparable exchange rates.

The adjusted operating profit* is estimated to grow from the level of 2015 (2015: EUR 76.0 million).

* The adjusted operating profit does not include material reorganisation costs or impairment.

In addition to the market outlook, the 2016 guidance is based on the following factors: At the end of 2015, 49% of YIT's order backlog was sold. Projects already sold and signed pre-agreements are estimated to contribute around half of the 2016 revenue, assuming that large projects such as Tripla progress as planned. The rest of the revenue estimate is based on estimated new sales during 2016 and capital release actions.

In Business Premises and Infrastructure, the growing volume and the improved margin content of the order backlog are estimated to support the segment's adjusted operating profit. The demanding market situation in Russia is expected to keep the profitability of Housing Russia on a low level. Similarly to the year 2015, the investor projects' share of revenue is estimated to remain high in Housing Finland and CEE, which will impact the segment's adjusted operating profit margin negatively. The execution of the capital release program started in autumn 2013 will continue actively in 2016, and the capital release actions are expected to have a negative effect on the adjusted operating profit margin.

In 2016, the first quarter is estimated to be the weakest quarter in terms of the adjusted operating profit.

Market outlook

Finland

In Finland, the macroeconomic uncertainty is estimated to affect the residential and business premises markets also in 2016.

Consumer demand is estimated to remain stable and consumers to be cautious in their purchase decisions. However, the demand for small apartments in growth centres is estimated to remain good. Residential price development is estimated to be polarized especially between small and large apartments. Access to mortgage financing is estimated to remain good. The investor activity is estimated remain on a good level but even more focus will be paid on the location.

In Finland, the tenants' demand for business premises is estimated to remain modest. The real estate investors' activity is expected to remain on a good level with focus on prime locations in the capital region. Business premises contracting is estimated to pick up slightly. Infrastructure market is expected to remain stable.

Russia

The visibility is weak in Russia and economic uncertainty is estimated to continue to have a negative impact also on the residential market. The construction costs are estimated to increase, while nominal residential prices are estimated to remain stable. The demand is estimated to focus especially on small apartments that are either close to completion or completed.

There is uncertainty regarding the mortgage market due to the unpredictable future of the government mortgage subsidy program.

The CEE countries

In the CEE countries, the demand in the residential and business premises markets is expected to be supported by the improved economic situation. Residential prices are estimated to increase in the Czech Republic, Slovakia and Lithuania, and to remain stable in Poland, Estonia and Latvia. Access to mortgage financing is expected to remain good and interest rates to remain on a low level.

Board of Directors' proposal for the distribution of distributable equity

The parent company's distributable equity on December 31, 2015 was EUR 303,743,378.12, of which the net profit for the financial year was EUR 4,480,908.50.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.22 per share be paid, resulting in a total amount of proposed dividends of EUR 27,627,345.02.

After the distribution of dividends, the remaining profits will be left in the company's distributable assets.

No significant changes have taken place in the company's financial position after the end of the financial year. The company's liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not jeopardise the company's solvency.

Annual General Meeting 2016

YIT Corporation's Annual General Meeting 2016 will be held on Tuesday, March 15, 2016 starting at 10 a.m. in the congress wing of Finlandia Hall, Helsinki.

The notice of the General Meeting, which contains the Board of Directors' proposals to the Annual General Meeting, will be published in its entirety as a separate stock exchange release on February 5, 2016.

Financial Statements Bulletin
January 1–December 31, 2015: Tables

The Financial Statements Bulletin is based on the audited financial statements for 2015.

1 Summary of Financial Statements

2 Notes, segment reporting

3 Notes, IFRS

1 Summary of Financial Statements

1.1 Consolidated income statement, IFRS and segment reporting POC

EUR million	10–12/15 IFRS	10–12/14 IFRS	Change IFRS	10–12/15 POC	10–12/14 POC	Change POC
Revenue	511.6	529.3	-3%	468.5	461.0	2%
of which activities outside Finland	196.7	247.0	-20%	115.4	177.6	-35%
Other operating income and expenses	-480.1	-491.2	-2%	-448.7	-439.1	2%
Share of results of associated companies and joint ventures	-0.1	0.1		-0.1	0.1	
Depreciation	-3.1	-3.0	2%	-3.1	-3.0	2%
Operating profit	28.4	35.2	-19%	16.6	19.0	-12%
% of revenue	5.5%	6.7%		3.6%	4.1%	
Financial income and expenses	-7.0	-4.5	54%	-10.6	-10.4	1%
Profit before taxes	21.4	30.7	-30%	6.1	8.5	-29%
% of revenue	4.2%	5.8%		1.3%	1.8%	
Income taxes	-5.2	-8.3	-37%	-1.5	-3.0	-49%
Profit for the review period	16.2	22.4	-28%	4.6	5.5	-17%
Equity holders of the parent company	16.0	22.4	-28%	4.6	5.5	-17%
Non-controlling interest	0.1	0.0		0.0	-0.0	
Earnings per share, attributable to the equity holders of the parent company						
Undiluted, EUR	0.13	0.18	-28%	0.04	0.04	-17%
Diluted, EUR	0.13	0.18	-29%	0.04	0.04	-18%

EUR million	1–12/15 IFRS	1–12/14 IFRS	Change IFRS	1–12/15 POC	1–12/14 POC	Change POC
Revenue	1,732.2	1,778.6	-3%	1,651.2	1,801.2	-8%
of which activities outside Finland	492.1	616.1	-20%	446.6	637.2	-30%
Other operating income and expenses	-1,638.5	-1,671.5	-2%	-1,573.4	-1,674.9	-6%
Share of results of associated companies and joint ventures	0.0	0.3	-96%	0.0	0.3	-96%
Depreciation	-12.1	-12.6	-3%	-12.1	-12.6	-3%
Operating profit	81.6	94.8	-14%	65.7	114.0	-42%
% of revenue	4.7%	5.3%		4.0%	6.3%	
Financial income and expenses	-20.3	-20.5	-1%	-38.7	-39.0	-1%
Profit before taxes	61.3	74.3	-18%	27.0	75.0	-64%
% of revenue	3.5%	4.2%		1.6%	4.2%	
Income taxes	-14.0	-18.5	-24%	-6.9	-18.5	-63%
Profit for the review period	47.2	55.8	-15%	20.1	56.5	-65%
Equity holders of the parent company	47.2	55.9	-15%	20.0	56.6	-65%
Non-controlling interest	0.0	-0.1		0.0	-0.0	
Earnings per share, attributable to the equity holders of the parent company						
Undiluted, EUR	0.38	0.44	-15%	0.16	0.45	-65%
Diluted, EUR	0.37	0.44	-16%	0.16	0.45	-65%

1.2 Statement of comprehensive income, IFRS

EUR million	1–12/15	1–12/14	Change
Profit for the review period	47.2	55.8	-15%
Items that may be reclassified subsequently to profit/loss:			
Cash flow hedges	0.2	0.4	-50%
-Deferrred tax	-0.0	-0.1	-60%
Change in fair value of for available for sale investments	0.0	-0.0	
-Deferrred tax	-0.0	0.0	
Change in translation differences	-32.9	-163.9	-80%
Other change		0.2	
Items that may be reclassified subsequently to profit/loss, total	**-32.7**	**-163.4**	**-80%**
Items that will not be reclassified to prof-it/loss:			
Change in fai value of defined benefit pension	-0.0	-0.2	-99%
- Deferred tax asset	0.0	0.0	-99%
Items that will not be reclassified to profit/loss, total	**-0.0**	**-0.2**	**-99%**
Other comprehensive income, total	**-32.7**	**-163.5**	**-80%**
Total comprehensive result	**14.5**	**-107.7**	
Attributable to equity holders of the parent company	14.5	-107.7	
Attributable to non-controlling interest	0.0	-0.1	

1.3 Consolidated balance sheet, IFRS and segment reporting POC

EUR million	12/15 IFRS	12/14 IFRS	Change IFRS	12/15 POC	12/14 POC	Change POC
ASSETS						
Non-current assets						
Property, plant and equipment	47.3	55.4	-15%	47.3	55.4	-15%
Goodwill	10.9	10.9	0%	10.9	10.9	0%
Other intangible assets	14.1	11.3	25%	14.1	11.3	25%
Shares in associated companies and joint ventures	0.7	0.8	-19%	0.7	0.8	-19%
Other investments	0.4	0.8	-46%	0.4	0.8	-46%
Other receivables	3.7	2.9	28%	3.7	2.9	28%
Deferred tax assets	40.5	41.6	-3%	34.6	33.6	3%
Current assets						
Inventories	1,528.4	1,682.6	-9%	1,265.2	1,363.9	-7%
Trade and other receivables	198.3	227.7	-13%	242.3	284.2	-15%
Cash and cash equivalents	122.2	199.4	-39%	122.2	199.4	-39%
Total assets	**1,966.6**	**2,233.4**	**-12%**	**1,741.4**	**1,963.2**	**-11%**
EQUITY AND LIABILITIES						
Equity						
Share capital	149.2	149.2	0%	149.2	149.2	0%
Other equity	373.8	381.1	-2%	399.1	432.6	-8%
Non-controlling interest	0.1	0.3	-82%	0.1	0.4	-71%
Equity total	**523.1**	**530.6**	**-1%**	**548.5**	**582.2**	**-6%**
Non-current liabilities						
Deferred tax liabilities	18.5	15.6	18%	18.0	20.0	-10%
Pension liabilities	0.9	0.9	0%	0.9	0.9	0%
Provisions	40.8	40.6	0%	40.8	40.6	0%
Borrowings	266.1	275.2	-3%	266.1	275.2	-3%
Other liabilities	10.4	22.9	-55%	10.4	22.9	-55%
Current liabilities						
Advances received	376.9	402.8	-6%	195.6	155.8	26%
Trade and other payables	324.7	304.4	7%	324.6	304.1	7%
Provisions	20.2	20.2	0%	19.6	20.7	-6%
Borrowings	385.1	620.2	-38%	317.0	540.8	-41%
Liabilities total	**1,443.5**	**1,702.8**	**-15%**	**1,193.0**	**1,381.0**	**-14%**
Total equity and liabilities	**1,966.6**	**2,233.4**	**-12%**	**1,741.4**	**1,963.2**	**-11%**

1.4 Consolidated cash flow statement

EUR million	10–12/15	10–12/14	Change	1–12/15	1–12/14	Change
Net profit for the period	16.2	22.4	-28%	47.2	55.8	-15%
Reversal of accrual-based items	18.8	25.2	-25%	69.1	70.7	-2%
Change in trade and other receivables	38.4	60.7	-37%	23.7	30.6	-22%
Change in inventories	34.7	71.2	-51%	91.4	17.0	438%
Change in current liabilities	-54.0	-56.9	-5%	11.0	-10.2	
Change in working capital, total	19.1	75.0	-74%	126.2	37.4	237%
Cash flow of financial items	-6.6	18.8		-35.9	1.4	
Taxes paid	-1.9	0.5		-10.9	-5.8	88%
Continuing operations, total	45.6	141.9	-68%	195.7	159.5	23%
Discontinued operations	-0.1	-1.7	-92%	-1.3	-4.7	-72%
Net cash generated from operating activities	**45.5**	**140.1**	**-68%**	**194.4**	**154.8**	**26%**
Acquisition of subsidiaries, net of cash	-0.6			-6.2	-0.5	Over thousand
Acquisition of associated companies and joint ventures				-0.1		
Cash outflow from investing activities	-3.1	-2.9	8%	-11.6	-11.8	-2%
Cash inflow from investing activities	1.5	1.0	51%	5.8	4.6	26%
Continuing operations, total	-2.2	-2.0	12%	-12.1	-7.6	59%
Net cash used in investing activities	**-2.2**	**-2.0**	**12%**	**-12.1**	**-7.6**	**59%**
Continuing operations, total	43.4	139.9	-69%	183.7	151.9	21%
Discontinued operations, total	-0.1	1.7		-1.3	-4.7	-72%
Operating cash flow after investments	**43.2**	**138.2**	**-69%**	**182.3**	**147.2**	**24%**
Change in loan receivables	1.9	-0.5		2.6	5.0	-48%
Change in current liabilities	0.4	-4.0		-160.5	-32.1	400%
Proceeds from borrowings				125.0	177.4	-30%
Repayments of borrowings	-8.8	-11.2	-22%	-203.9	-109.8	86%
Payments of financial leasing debts	0.0	-0.1		-0.1	-0.3	-71%
Dividends paid				-22.6	-47.7	-53%
Continuing operations, total	-6.4	-15.9	-60%	-259.5	-7.5	Over thousand
Discontinued operations						
Net cash used in financing activities	**-6.4**	**-15.9**	**-60%**	**-259.5**	**-7.5**	**Over thousand**
Net change in cash and cash equivalents	36.9	122.3	-70%	-77.1	139.7	
Cash and cash equivalents at the beginning of the period	87.1	90.9	-4%	199.4	76.3	161%
Change in the fair value of the cash equivalents	-1.9	-13.8	-87%	-0.1	-16.8	-100%
Cash and cash equivalents at the end of the period	122.2	199.4	-39%	122.2	199.4	-39%

1.5 Consolidated statement of changes in equity, IFRS

In the Financial Statements 2015 an error pertaining to previous financial periods was corrected. In accordance with retrospective accounting for errors pursuant to IAS 8, the overvaluation of work-in-progress inventory resulting from the error has been corrected in the opening balance equity for 2014, and the effect was EUR -8.0 million. The effect of the correction on equity in the closing balance sheet for the year 2014, taking exchange rate changes into account, was EUR 5.0 million, and its effect on equity in the closing balance sheet for the year 2015 was EUR 4.5 million.

	Equity attributable to equity holders of the parent company									
EUR million	Share capital	Legal reserve	Other reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Equity total
Equity on January 1, 2014	149.2	1.5	0.0	-63.5	-1.2	-8.2	614.9	692.7	0.4	693.1
Correction of prior financial period error							-8.0	-8.0		-8.0
Adjusted equity on January 1, 2014	149.2	1.5	0.0	-63.5	-1.2	-8.2	606.8	684.7	0.4	685.1
Comprehensive income										
Profit for the period							55.9	55.9	-0.1	55.8
Other comprehensive income:										
Cash flow hedges					0.4			0.4		0.4
-Deferred tax asset					-0.1			-0.1		-0.1
Change in fair value of available-for-sale assets					-0.0			-0.0		-0.0
-Deferred tax asset					0.0			0.0		0.0
Change in fair value of defined benefit pension							-0.2	-0.2		-0.2
-Deferred tax asset							0.0	0.0		0.0
Translation differences				-163.9				-163.9		-163.9
Other change							0.2	0.2		0.2
Comprehensive income, total				**-163.9**	**0.3**		**55.9**	**-107.7**	**-0.1**	**-107.7**
Transactions with owners										
Dividend distribution							-47.7	-47.7		-47.7
Share-based incentive schemes			-0.1			0.0	1.1	1.0		1.0
Transactions with owners, total			**-0.1**			**0.0**	**-46.6**	**-46.8**		**-46.8**
Equity on December 31, 2014	**149.2**	**1.5**	**-0.1**	**-227.3**	**-0.8**	**-8.3**	**616.1**	**530.3**	**0.3**	**530.6**

	Equity attributable to equity holders of the parent company									
EUR million	Share capital	Legal reserve	Other reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Equity total
Equity on January 1, 2015	149.2	1.5	-0.1	-227.3	-0.8	-8.3	616.1	530.3	0.3	530.6
Comprehensive income										
Profit for the period							47.2	47.2	0.0	47.2
Other comprehensive income:										
Cash flow hedges					0.2			0.2		0.2
- Deferred tax asset					-0.0			-0.0		-0.0
Change in fair value of available-for-sale assets					0.0			0.0		0.0
- Deferred tax asset					-0.0			-0.0		-0.0
Change in fair value of defined benefit pension							-0.0	-0.0		-0.0
- Deferred tax asset							0.0	0.0		0.0
Translation differences				-32.9				-32.9		-32.9
Comprehensive income, total				**-32.9**	**0.2**		**47.2**	**14.5**	**0.0**	**14.5**
Transactions with owners										
Dividend distribution							-22.6	-22.6		-22.6
Share-based incentive schemes			0.1			-0.0	1.2	1.2		1.2
Transactions with owners, total			**0.1**			**-0.0**	**-21.5**	**-21.4**		**-21.4**
Changes in ownership shares in subsidiaries										
Change in non-controlling interest							-0.4	-0.4	-0.3	-0.7
Changes in ownership shares in subsidiaries, total							**-0.4**	**-0.4**	**-0.3**	**-0.7**
Equity on December 31, 2015	**149.2**	**1.5**		**-260.2**	**-0.7**	**-8.3**	**641.4**	**523.0**	**0.1**	**523.1**

2 Notes, segment reporting

2.1 Segment reporting accounting principles

In reporting to the management the revenue from own residential and commercial development projects is recognised by multiplying the degree of completion and the degree of sale, i.e. according to the percentage of completion method, which does not fully comply with Group's IFRS accounting principles. According to the Group's IFRS accounting principles revenue from own residential construction projects is recognised on completion and the commercial development projects the recognition practice will be evaluated on a case-by-case basis and in accordance with the terms and conditions of each contract. The share of income and expenses to be recognised is calculated by multiplying the percentage of completion by the percentage of sale multiplied by the occupancy rate. YIT usually sells own commercial development projects to investors either prior to construction or during an early phase. The impact of the difference in reporting principles is shown in the line IFRS adjustment. As a result of the accounting policy, Group figures can fluctuate greatly between quarters.

In addition in group reporting the interest expenses are capitalized according to IAS 23 standard, which causes differences in operating profit and financial expenses between segment reporting and group reporting.

The chief operating decision-maker is the YIT Group's Management Board, which reviews the Group's internal reporting in order to assess performance and allocate resources to the segments.

2.2 Revenue, segment reporting POC

EUR million	1–12/15	1–12/14	Change
Housing Finland and CEE	777.8	726.5	7%
Housing Russia	266.4	474.1	-44%
Business Premises and Infrastructure	607.1	599.3	1%
Other items	-0.1	1.4	
Revenue total, POC	1,651.2	1,801.2	-8%
IFRS adjustment	81.0	-22.6	
Revenue total, IFRS	1,732.2	1,778.6	-3%

2.3 Operating profit and operating profit margin, segment reporting POC

Operating profit

EUR million	1–12/15	1–12/14	Change
Housing Finland and CEE	56.0	57.6	-3%
Housing Russia	0.6	49.8	-99%
Business Premises and Infrastructure	21.9	20.1	9%
Other items	-12.9	-13.5	
Operating profit total, POC	65.7	114.0	-42%
IFRS adjustment	15.9	-19.2	
Operating profit total, IFRS	81.6	94.8	-14%

Operating profit margin

%	1–12/15	1–12/14
Housing Finland and CEE	7.2%	7.9%
Housing Russia	0.2%	10.5%
Business Premises and Infrastructure	3.6%	3.4%
Group total, POC	4.0%	6.3%
Group total, IFRS	4.7%	5.3%

Profit before taxes

EUR million	1–12/15	1–12/14	Change
Profit before taxes, POC	27.0	75.0	-64%
IFRS adjustment	34.3	-0.7	
Profit before taxes, IFRS	61.3	74.3	-18%

2.4 Order backlog, segment reporting POC

EUR million	12/15	12/14	Change
Housing Finland and CEE	802.7	798.5	1%
Housing Russia	508.5	653.5	-22%
Business Premises and Infrastructure	861.6	673.9	28%
Order backlog, POC	2,172.9	2,125.9	2%
IFRS adjustment	294.4	381.1	
Order backlog, IFRS	2,467.3	2,507.1	-2%

2.5 Personnel

At the end of the period	12/15	12/14	Change
Housing Finland and CEE	1,719	1,783	-4%
Housing Russia	1,582	1,980	-20%
Business Premises and Infrastructure	1,744	1,814	-4%
Group Services	295	304	-3%
Personnel, total	5,340	5,881	-9%

2.6 Group figures by quarter, segment reporting POC

Revenue by segments

EUR million	10–12/15	7–9/15	4–6/15	1–3/15	10–12/14	7–9/14	4–6/14	1–3/14
Housing Finland and CEE	220.8	165.8	207.6	183.6	189.2	177.4	187.0	172.9
Housing Russia	61.6	63.9	69.6	71.3	129.7	119.0	116.8	108.5
Business Premises and Infrastructure	186.0	161.9	139.0	120.1	142.4	188.8	147.0	121.1
Other items	0.0	0.1	-0.1	-0.1	-0.4	0.5	0.6	0.6
Revenue total, POC	468.5	391.7	416.1	374.9	461.0	485.7	451.4	403.1
IFRS adjustment	43.1	-27.9	46.8	19.0	68.3	6.8	-97.7	0.0
Revenue total, IFRS	511.6	363.8	462.9	394.0	529.3	492.4	353.7	403.2

Operating profit by segments

EUR million	10–12/15	7–9/15	4–6/15	1–3/15	10–12/14	7–9/14	4–6/14	1–3/14
Housing Finland and CEE	13.4	12.3	16.2	14.2	11.3	13.3	16.2	16.8
Housing Russia	0.7	-8.6	2.3	6.2	12.1	11.7	13.8	12.2
Business Premises and Infrastructure	7.4	7.5	3.9	3.1	2.8	10.3	6.9	0.2
Other items	-4.8	-1.3	-3.8	-3.0	-7.2	-1.8	-2.1	-2.3
Operating profit total, POC	16.6	10.0	18.6	20.5	19.0	33.5	34.7	26.9
IFRS adjustment	11.7	-8.5	6.1	6.6	16.3	-5.4	-26.3	-3.7
Operating profit total, IFRS	28.4	1.5	24.6	27.1	35.2	28.1	8.3	23.2

Operating profit margin by segments

%	10–12/15	7–9/15	4–6/15	1–3/15	10–12/14	7–9/14	4–6/14	1–3/14
Housing Finland and CEE	6.0%	7.4%	7.8%	7.7%	6.0%	7.5%	8.6%	9.7%
Housing Russia	1.2%	-13.4%	3.2%	8.7%	9.3%	9.9%	11.8%	11.2%
Business Premises and Infrastructure	4.0%	4.7%	2.8%	2.6%	1.9%	5.4%	4.7%	0.2%
Group total, POC	3.6%	2.6%	4.5%	5.5%	4.1%	6.9%	7.7%	6.7%
Group total, IFRS	5.5%	0.4%	5.3%	6.9%	6.7%	5.7%	2.4%	5.8%

Key figures, segment reporting POC

	10–12/15	7–9/15	4–6/15	1–3/15	10–12/14	7–9/14	4–6/14	1–3/14
Profit before taxes, EUR million	6.1	-0.7	11.2	10.3	8.5	22.6	25.7	18.2
Profit for the review period, attributable to equity holders of the parent company, EUR million	4.6	-0.8	8.4	7.8	5.5	16.8	20.0	14.3
Earnings per share, undiluted, EUR	0.04	-0.01	0.07	0.06	0.04	0.13	0.16	0.11
Earnings per share, diluted, EUR	0.04	-0.01	0.07	0.06	0.04	0.13	0.16	0.11

	12/15	9/15	6/15	3/15	12/14	9/14	6/14	3/14
Equity per share, EUR	4.37	4.60	5.05	4.97	4.67	5.81	5.98	5.63
Invested capital, EUR million	1,131.5	1,195.6	1,308.0	1,344.0	1,403.2	1,562.8	1,603.8	1,553.7
Return on investment, from the last 12 months	5.3%	5.1%	6.4%	7.5%	7.7%	9.1%	9.6%	10.2%
Equity ratio	35.5%	35.5%	36.0%	35.2%	32.4%	35.8%	36.4%	35.0%
Net interest-bearing debt, EUR million	460.8	529.2	544.9	600.7	616.1	741.6	776.3	766.6
Gearing	84.0%	91.5%	85.9%	96.2%	105.0%	101.5%	103.2%	108.4%
Personnel at the end of the period	5,340	5,574	5,847	5,534	5,881	6,032	6,358	6,076

Order backlog by segments

EUR million	12/15	9/15	6/15	3/15	12/14	9/14	6/14	3/14
Housing Finland and CEE	802.7	823.0	834.7	784.2	798.5	929.8	953.2	956.7
Housing Russia	508.5	599.1	740.4	701.5	653.5	1,103.8	1,218.8	1,070.6
Business Premises and Infrastructure	861.6	892.4	998.3	684.1	673.9	702.3	751.9	669.4
Order backlog total, POC	2,172.9	2,314.6	2,573.5	2,169.8	2,125.9	2,736.0	2,923.9	2,696.7
IFRS adjustment	294.4	334.4	341.1	380.3	381.1	542.6	556.5	449.7
Order backlog total, IFRS	2,467.3	2,649.0	2,914.6	2,550.1	2,507.1	3,278.5	3,480.3	3,146.4

Operative invested capital

EUR million	12/15	9/15	6/15	3/15	12/14	9/14	6/14	3/14
Housing Finland and CEE	437.1	457.9	490.6	567.8	579.8	613.0	621.9	649.0
Housing Russia [1)]	363.0	390.6	443.9	428.5	378.1	564.0	601.6	549.2
Business Premises and Infrastructure	136.8	181.3	171.9	201.2	181.9	229.3	233.2	208.8

Return on operative invested capital

Rolling 12 months, %	12/15	9/15	6/15	3/15	12/14	9/14	6/14	3/14
Housing Finland and CEE	11.0%	10.1%	9.9%	9.0%	9.4%	9.5%	10.1%	9.7%
Housing Russia [1)]	0.2%	2.5%	6.2%	9.0%	10.5%	10.2%	11.4%	12.4%
Business Premises and Infrastructure	13.8%	8.4%	9.9%	11.2%	10.8%	12.1%	12.0%	15.6%

Only operational items are taken into account in calculating the segments' invested capital.

[1)] Includes the Gorelovo industrial park.

3 Notes, IFRS

3.1 Group figures by quarter, IFRS

	10–12/15	7–9/15	4–6/15	1–3/15	10–12/14	7–9/14	4–6/14	1–3/14
Revenue, EUR million	511.6	363.8	462.9	394.0	529.3	492.4	353.7	403.2
Operating profit, EUR million	28.4	1.5	24.6	27.1	35.2	28.1	8.3	23.2
% of revenue	5.5%	0.4%	5.3%	6.9%	6.7%	5.7%	2.4%	5.8%
Financial income and expenses net, EUR million	-7.0	-6.6	-2.1	-4.7	-4.5	-6.7	-4.8	-4.4
Profit before taxes, EUR million	21.4	-5.1	22.5	22.4	30.7	21.3	3.5	18.8
% of revenue	4.2%	-1.4%	4.9%	5.7%	5.8%	4.3%	1.0%	4.7%
Earnings per share, undiluted, EUR	0.13	-0.03	0.14	0.14	0.18	0.13	0.02	0.12
Earnings per share, diluted, EUR	0.13	-0.03	0.14	0.14	0.18	0.13	0.02	0.12
Gross capital expenditures, EUR million	3.4	2.1	4.0	2.5	5.0	3.2	3.6	2.0
% of revenue	0.7%	0.6%	0.9%	0.6%	0.9%	0.7%	1.0%	0.5%

	12/15	9/15	6/15	3/15	12/14	9/14	6/14	3/14
Balance sheet total, EUR million	1,966.6	2,062.1	2,210.3	2,212.7	2,233.4	2,560.5	2,625.6	2,502.4
Equity per share, EUR	4.16	4.31	4.73	4.60	4.26	5.12	5.25	5.06
Average share price during the period, EUR	5.65	6.50	5.85	5.28	7.35	8.02	8.37	8.88
Share price at the end of the period, EUR	5.24	4.89	6.41	5.12	4.27	6.11	8.41	7.73
Weighted average share-issue adjusted number of shares outstanding, undiluted, 1,000 pcs	125,582	125,582	125,583	125,584	125,587	125,588	125,589	125,590
Weighted average share-issue adjusted number of shares outstanding, diluted, 1,000 pcs	126,773	126,773	126,774	126,774	126,237	126,238	126,239	126,240
Share-issue adjusted number of shares outstanding at the end of the period, 1,000 pcs	125,579	125,581	125,582	125,583	125,584	125,585	125,586	125,588
Market capitalisation at the end of the period, EUR million	658.0	614.1	805.0	643.0	536.2	767.3	1,056.2	970.8
Return on investment, from the last 12 months	6.4%	6.6%	8.1%	6.8%	6.4%	6.1%	5.2%	6.1%
Equity ratio	32.9%	33.1%	33.8%	32.1%	29.2%	31.9%	32.2%	31.6%
Net interest-bearing debt, EUR million	529.0	574.6	587.3	678.0	696.0	817.9	860.2	840.3
Gearing ratio	101.1%	106.1%	98.7%	117.3%	129.9%	127.2%	130.4%	132.1%
Unrecognised order backlog at the end of the period, EUR million	2,467.3	2,649.0	2,914.6	2,550.1	2,507.1	3,278.5	3,480.3	3,146.4
-of which activities outside Finland, EUR million	898.3	1,053.0	1,194.3	1,123.2	1,061.4	1,697.3	1,838.2	1,568.3
Personnel at the end of the period	5,340	5,574	5,847	5,534	5,881	6,032	6,358	6,076
Personnel, average from the beginning of the year	5,613	5,675	5,665	5,616	6,116	6,172	6,169	6,102

3.2 Accounting principles of the Financial Statements Bulletin

YIT Corporation's Financial Statements Bulletin for January 1 – December 31, 2015, has been drawn up in line with IAS 34: Interim Financial Reporting.

The Financial Statements Bulletin is based on audited financial statements for 2015. In the Financial Statement the figures are presented in million euros doing the rounding on each line, which may cause some rounding inaccuracies in column and total sums.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). All of the IAS/IFRS standards and SIC/IFRIC interpretations approved by the EU Commission by 31 December 2015 have been complied with. The accounting principles are described in more detail in the accounting principles for the 2015 financial statements.

In the financial statement 2015 an error pertaining to previous financial periods was corrected. The error was due to the incorrect processing of area costs in the project reporting of one of YIT's Russian subsidiaries. In accordance with retrospective accounting for errors pursuant to IAS 8, the overvaluation of work-in-progress inventory resulting from the error has been corrected in the opening balance equity for 2014. The effect of correcting the error retrospectively in the opening balance equity for 2014 was as follows: work-in-progress inventory EUR -10.0 million, deferred tax assets EUR +2.0 million, and equity EUR -8.0 million. The error did not have any effect on the result for 2014 and 2015, nor did it have any cash flow effect. Correcting the error has only a minor effect on the key figures for previous periods presented in annual report and they have therefore not been adjusted.

Currency exchange rates used in the Financial Statement

		Average rates		Balance sheet rates	
		1–12/15	1–12/14	12/15	12/14
1 EUR =	CZK	27.2831	27.5364	27.0230	27.7350
	PLN	4.1828	4.1843	4.2639	4.2732
	RUB	67.9899	51.0378	80.6763	72.3370
	LTL		3.4528		3.4528

3.3 Definitions of key financial figures

Return on investment (ROI, %) =	Group's profit before taxes + interest expenses + other financial expenses +/- exchange rate differences x 100 Balance sheet total - non-interest bearing liabilities (average)
Segment's operative invested capital =	Tangible and intangible assets + goodwill + shares in associated companies + investments + inventories + trade receivables + other non-interest bearing operational receivables *) - provisions - trade payables - advances received – other non-interest bearing liabilities *) *) excluding items associated with taxes, distribution of profit and financial items
Return on operative invested capital (%) =	Segment's operating profit Segment's operative invested capital (average)
Equity ratio (%) =	Equity + non-controlling interest x 100 Balance sheet total - advances received
Gearing ratio (%) =	Interest-bearing liabilities - cash and cash equivalents x 100 Shareholders' equity + non-controlling interest
Segment reporting, earnings / share (EUR) =	Net profit for the period (attributable to equity holders), segment reporting Share issue-adjusted average number of outstanding shares during the period
Group IFRS reporting, earnings / share (EUR) =	Net profit for the period (attributable to equity holders), group reporting Share issue-adjusted average number of outstanding shares during the period
Equity/share (EUR) =	Equity Share issue-adjusted number of outstanding shares at the end of the period
Market capitalisation =	(Number of shares - treasury shares) x share price on the closing date by share series
Adjusted operating profit / Operating profit excluding non-recurring items =	Reported operating profit – Provisions made on the basis of statutory personnel negotiations and adaptation measures – impairment of assets – other non-recurring items [1)]

[1)] More detailed definition is described in the accounting principles for the Financial Statements.

3.4 Non-recurring items affecting operating profit

EUR million	1–12/15	1–12/14	Change
Housing Finland and CEE		-6.1	
Housing Russia	-10.3	-6.0	70%
Business Premises and Infrastructure		-0.2	
Other items	-0.1		
Group total	**-10.4**	**-12.4**	**-16%**

In 2015 the third-quarter operating profit of Housing Russia included non-recurring costs of EUR 10.3 million, of which EUR 2.6 million were related to the restructuring of the Russian operations and EUR 7.7 million impairment charge related to development costs of projects in the Moscow region that YIT has decided not to implement.

In 2015 the third-quarter operating profit of Other items included non-recurring costs of EUR 0.1 million, which are related to the restructuring of the Russian operations.

In year 2014, the operating profit of Housing Finland and CEE included non-recurring costs of EUR 6.1 million, of which EUR 0.2 million was related to restructuring measures in Finland and EUR 5.9 million was related to write-downs of assets under the capital release program in Baltic countries.

In year 2014, the operating profit of Housing Russia included non-recurring costs of EUR 6.0 million, of which EUR 3.1 million was related to restructuring measures and EUR 3.0 million was related to write-downs of assets under the capital release program.

In year 2014 the operating profit of Business Premises and Infrastructure included non-recurring costs of EUR 0.2 million, of which EUR 0.1 million was related to restructuring measures in Finland, and EUR 0.1 million was related to write-downs of assets under the capital release program in the Baltic countries.

3.5 Business combinations and disposals

There have been no acquisitions or disposals in year 2015.

3.6 Property, plant and equipment

EUR million	12/15	12/14	Change
Carrying value at the beginning of the period	55.4	65.2	-15%
Translation difference	-0.5	-3.7	-86%
Increase	6.6	6.5	1%
Decrease	-3.8	-2.3	63%
Depreciation and value adjustments	-10.3	-11.5	-11%
Reclassifications	-0.1	1.2	
Carrying value at the end of the period	**47.3**	**55.4**	**-15%**

3.7 Inventories

EUR million	12/15	12/14	Change
Raw materials and consumables	8.5	6.0	42%
Work in progress	749.9	867.7	-14%
Land areas and plot owning companies	499.6	509.1	-2%
Shares in completed housing and real estate companies	203.8	223.8	-9%
Advance payments	66.0	73.3	-10%
Other inventories	0.6	2.7	-77%
Total inventories	**1,528.4**	**1,682.6**	**-9%**

3.8 Notes on equity

Share capital and share premium reserve	Number of outstanding shares, pcs	Share capital, EUR million	Treasury shares, EUR million
Shares outstanding on January 1, 2015	125,583,992	149.2	-8.3
Return of treasury shares January 1 - March 31, 2015	-1,413		-0.0
Return of treasury shares April 1 - June 30, 2015	-752		-0.0
Return of treasury shares July 1 - September 30, 2015	-623		-0.0
Return of treasury shares October 1 - December 31, 2015	-2,363		-0.0
Shares outstanding on December 31, 2015	**125,578,841**	**149.2**	**-8.3**

3.9 Financial risk management

The main financial risks include liquidity risk, credit risk and market risks, such as currency and interest rate risk, and their management is a part of the Group's treasury policy. The Board of Directors has approved the Corporate Treasury Policy. The Group Treasury is responsible for the practical implementation of the policy in association with the business units.

The Group's strategic financial targets guide the use and management of the Group's capital. Achieving the strategic targets is supported by maintaining an optimum Group capital structure. Capital structure is mainly influenced by controlling investments and the amount of working capital tied to business operations.

A more detailed account of financial risks has been published in the notes to the financial statements for 2015.

3.10 Borrowings and fair value

Borrowings which have different fair value and carrying value

EUR million	12/15 Carrying value	12/15 Fair value	12/14 Carrying value	12/14 Fair value
Non-current liabilities				
Bonds	99.5	100.5	105.3	109.6
Loans from credit institutions	84.9	85.4	67.3	63.7
Pension loans	81.6	76.6	102.5	95.3
Non-current liabilities. total	**266.0**	**262.5**	**275.1**	**268.6**
Current liabilities				
Bonds	105.4	107.5	105.4	106.6

The fair values of bonds are based on the market price at the closing date. The fair values of other non-current loans are based on discounted cash flows. Discount rate is defined to be the rate YIT Group was to pay for equivalent external loans at the closing date. It consists of risk free market rate and company and maturity related risk premium 2.45-4.94% (2.12-4.08% on December 31, 2014) p.a.

Fair value estimation

Group measures the fair value measurement hierarchy as follows:

Level 1: The fair values of financial instruments are based on quoted prices in active markets. A market can be considered active if quoted prices are regularly available and the prices represent the actual value of the instrument in liquid trading.

Level 2: Financial instruments are not traded in active and liquid markets. The value of a financial instrument can be determined based on market value and potentially partially derived value measurement. If, however, the factors affecting the fair value of the instrument are available and observable, the instrument belongs to level 2.

Level 3: The valuation of a financial instrument is not based on observable market data, and other factors affecting the fair value of the instrument are not available and observable. The following table presents the Group's assets and liabilities that are measured at fair value and their levels. Following table presents the group's assets and liabilities that are measured at fair value and their levels.

Assets, EUR million	12/15 Level 1	12/15 Level 2	12/14 Level 1	12/14 Level 2
Available-for-sale investments	0.1		0.1	
Derivatives (hedge accounting not applied)		6.2		2.4
Total assets	**0.1**	**6.2**	**0.1**	**2.4**

Liabilities, EUR million	12/15 Level 1	12/15 Level 2	12/14 Level 1	12/14 Level 2
Derivatives (hedge accounting not applied)		6.3		4.9
Derivatives (hedge accounting applied)		0.9		1.1
Total liabilities		**7.2**		**6.0**

There were neither transfers between level 1 and 2 nor assets categorised at level 3.

3.11 Change in contingent liabilities and assets and commitments

EUR million	12/15	12/14	Change
Collateral given for own commitments			
Corporate mortgages			
Guarantees on behalf of its associated companies	5.0	6.8	-27%
Other commitments			
Purchase commitments	396.5	490.9	-19%
Operating leases	126.9	142.2	-11%
Rental guarantees for clients	7.1	1.4	405%
Liability under derivative contracts			
Value of underlying instruments			
Interest rate derivatives	340.0	318.0	7%
Foreign exchange derivatives	86.4	62.2	39%
Fair value			
Interest rate derivatives	-7.1	-6.0	18%
Foreign exchange derivatives	6.1	2.4	154%
YIT Corporation's guarantees on behalf of its subsidiaries	1,058.5	961.9	10%

As a result of the partial demerger registered on June 30, 2013, YIT Corporation had secondary liability for guarantees transferred to Caverion Corporation, with a maximum total amount of EUR 42.0 million on December 31, 2015 (December 31, 2014: EUR 114.8 million).

3.12 Transactions with associated companies and joint ventures

EUR million	1–12/15	1–12/14	Change
Sales	32.3	26.7	21%
Purchases			
EUR million	**12/15**	**12/14**	**Change**
Trade and other receivables	0.1	0.0	264%
Trade and other liabilities	2.3		

Together we can do it.

YIT Oyj
P.O. Box 36, Panuntie 11
FI-00621 Helsinki
tel. +358 20 433 111

www.yitgroup.com

twitter.com/
YITInvestors