



# YIT – solid foundation for future growth

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Investor presentation, 6 May 2015

European Small & Mid Cap  
Symposium, London  
Timo Lehtinen, CFO  
Marcus Lindell, IR Specialist



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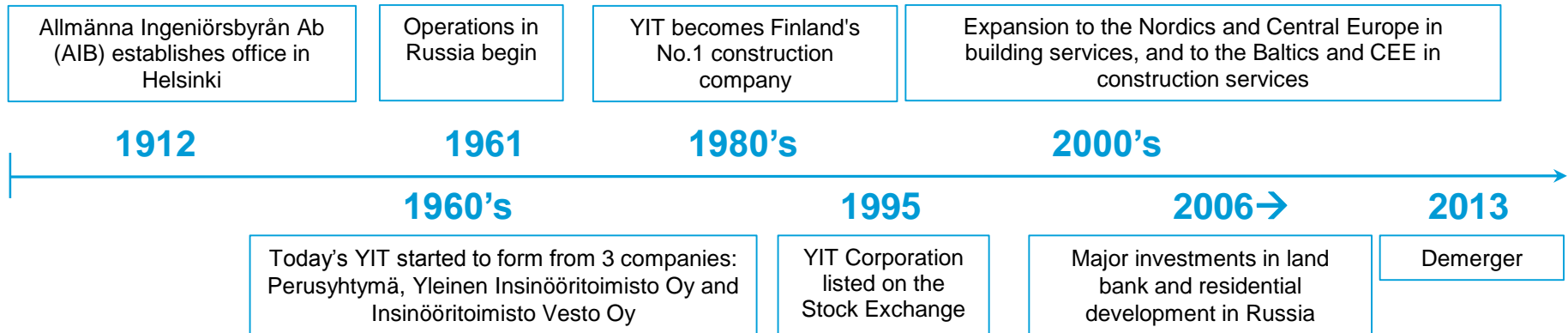
# 1

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## YIT in brief



# Over 100 years of experience in Finland, over 50 in Russia



## DEMERGER IN JUNE 2013

Building Services demerged into Caverion

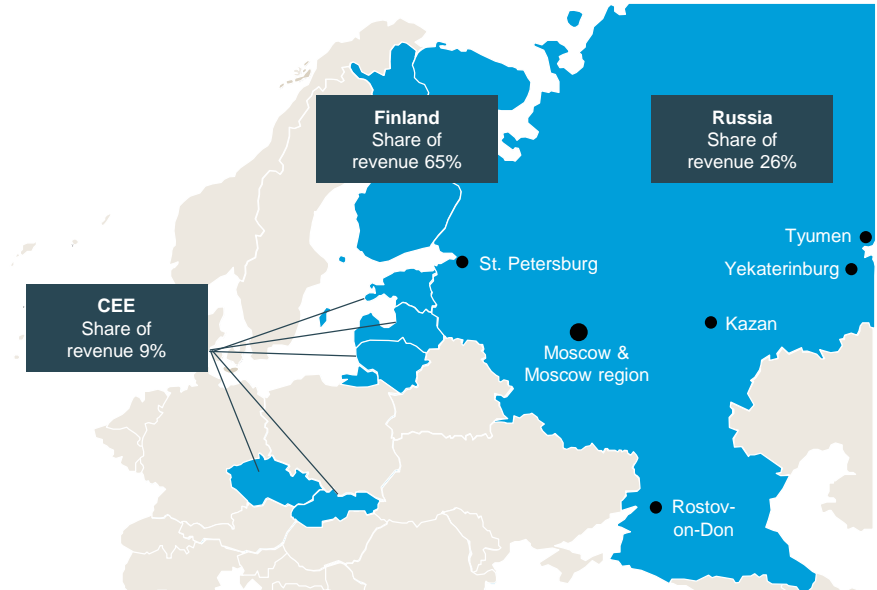
- Initiative from the Board of Directors – supported by main owners
- Both companies large enough to grow independently
- Independent strategies and different business models
- Meaningful geographical overlap only in Finland
- Better management focus in separate companies

# YIT – An innovative project developer and high-quality construction company

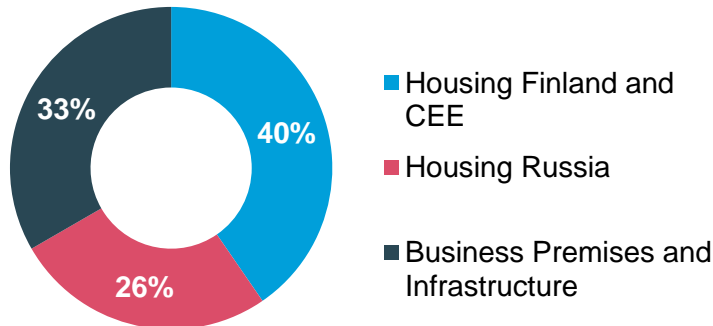
## Key investment propositions

- Strong market position and extensive experience in the main markets
  - Market leader in Finland, the largest foreign residential developer in Russia
- One of the most profitable construction companies in Europe through economic cycles
- Good corporate governance and high ethical standards

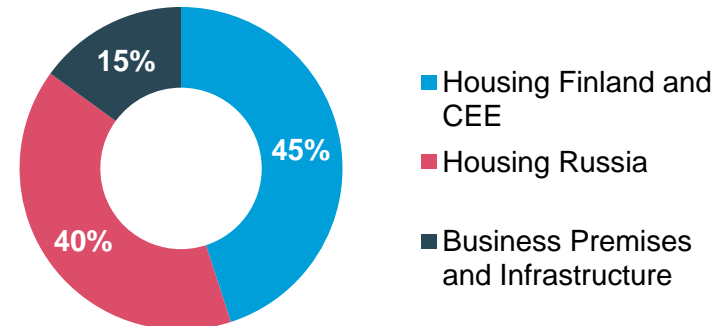
## Operations in 7 countries, 5,800 employees




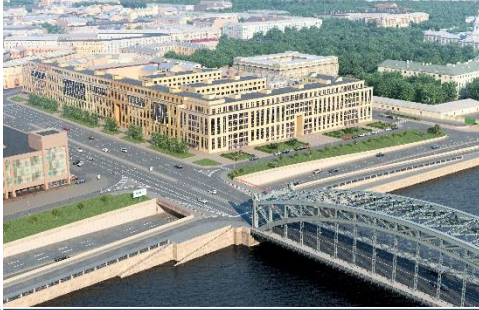

## Revenue by segment 2014 (EUR 1.8 billion)



## Operating profit\* by segment 2014 (EUR 126 million)



# Balanced business portfolio

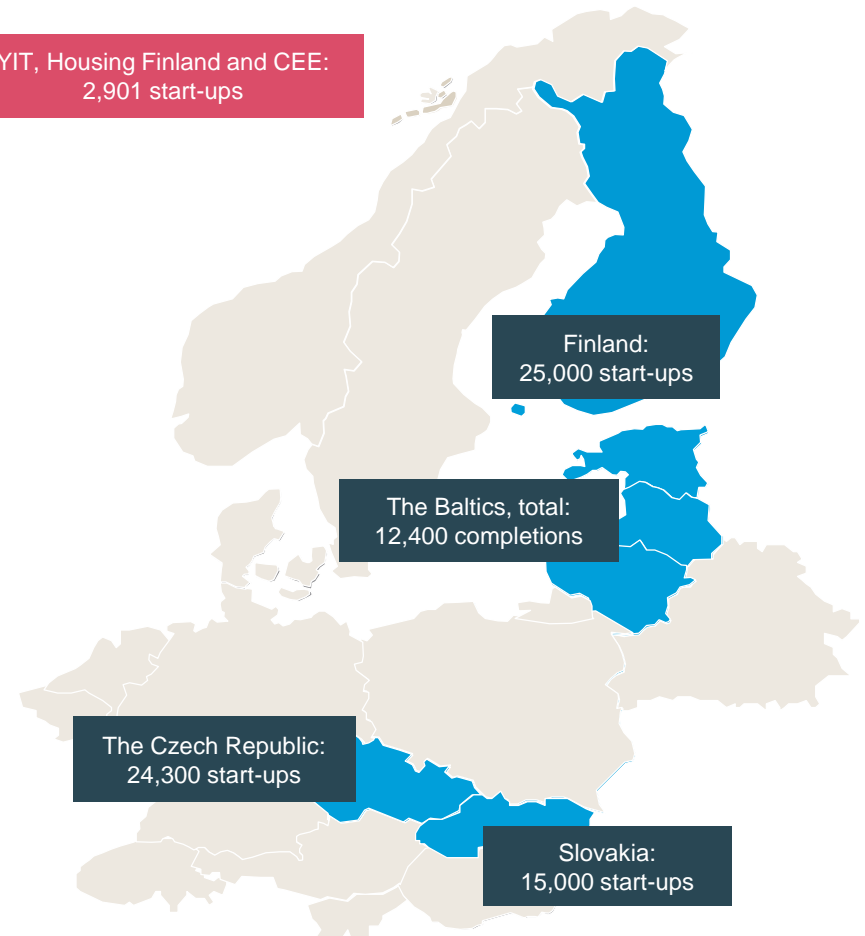
	 <b>Housing Finland and CEE</b>	 <b>Housing Russia</b>	 <b>Business Premises and Infrastructure</b>
<b>Business</b>	Focus on self-developed apartment buildings projects, selectively contracting	Only self-developed projects, mostly apartment buildings	Tender-based and self-developed projects: offices, shopping malls, care facilities, roads, rails, harbours and more
<b>Geographical areas</b>	Finland, Estonia, Latvia, Lithuania, Slovakia, the Czech Republic	St. Petersburg, Moscow, Moscow region, Yekaterinburg, Tyumen, Kazan, Rostov-on-Don	Business Premises: Finland, Estonia, Latvia, Lithuania, Slovakia Infrastructure: Finland
<b>Market position</b>	Market leader in Finland One of the key players in CEE	Largest foreign residential developer	One of the top players in Finland and Lithuania
<b>Customers</b>	Households, private and institutional investors	Mostly households	Companies, public sector, institutional investors
<b>Main competitors</b>	Lemminkäinen, SRV, Skanska, SRV, Merko Ehitus, local players in different countries	PIK, LSR, Etalon, SU-155, Lemminkäinen, NCC, local players in different cities	Lemminkäinen, SRV, Skanska, NCC, Merko Ehitus, Destia, Kreate, Peab etc.

# Urbanisation drives demand in the residential markets in Finland and CEE

- Internal migration and changing demographics create a need for new apartments
  - In Finland, the estimated long-term need for new apartments: 24,000-29,000 units annually
- Macro outlook supports residential markets in CEE-countries
  - Need for new, modern apartments

## Market sizes in 2014, units

YIT, Housing Finland and CEE:  
2,901 start-ups



Sources: Euroconstruct and Forecon, estimates

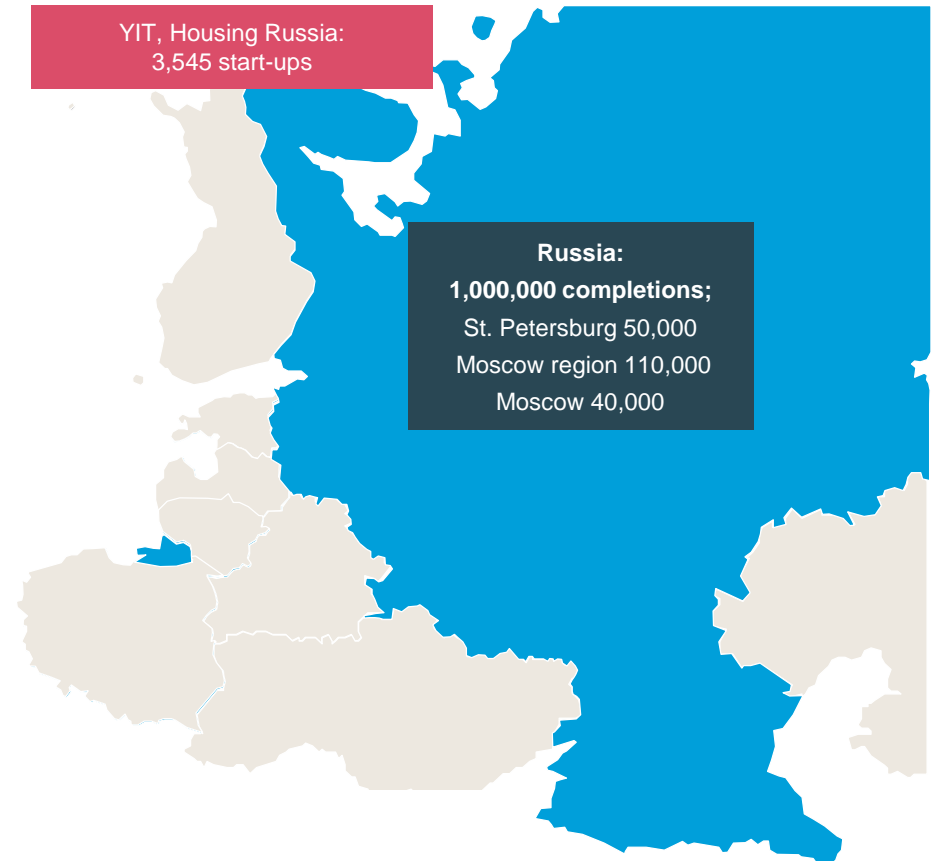


YIT is the market leader in Finland and one of the key players in CEE

# Fundamental need for new apartments in Russia

- Several fundamentals support strong demand
  - Internal migration to growth centres
  - Poor quality of existing building stock
  - Decreasing household-size
  - Living-space per capita roughly half compared to Western countries
- Developing mortgage market
  - Mortgages still below 5% of GDP

## Market size in 2014, units



Source: Forecon, estimates



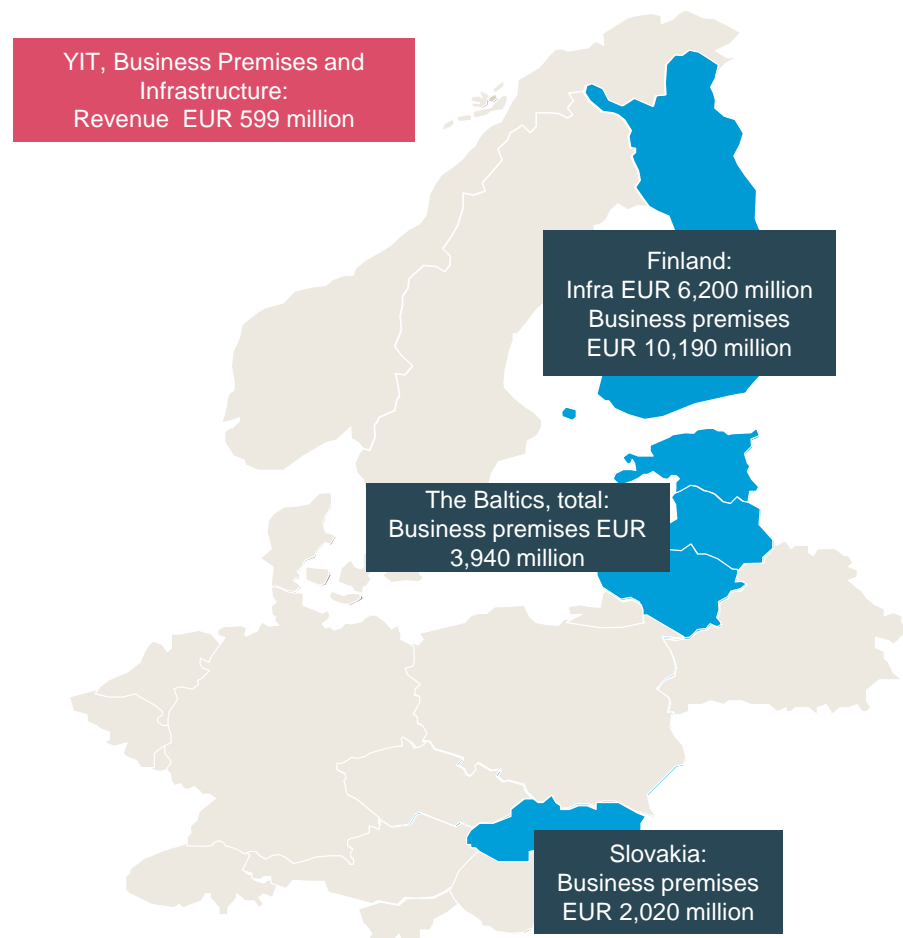
YIT is the largest foreign residential developer in Russia



# Opportunities for growth in several areas in business premises and infra services

- The condensing of urban structure creates a need for new infrastructure and hybrid construction
- Substantial maintenance backlog in Finland → opportunities in renovation and change of purpose
- Opportunities also in care services, road maintenance and the energy sector in Finland
- Low business premises stock per capita in the CEE countries

## Market sizes in 2014, volume of construction



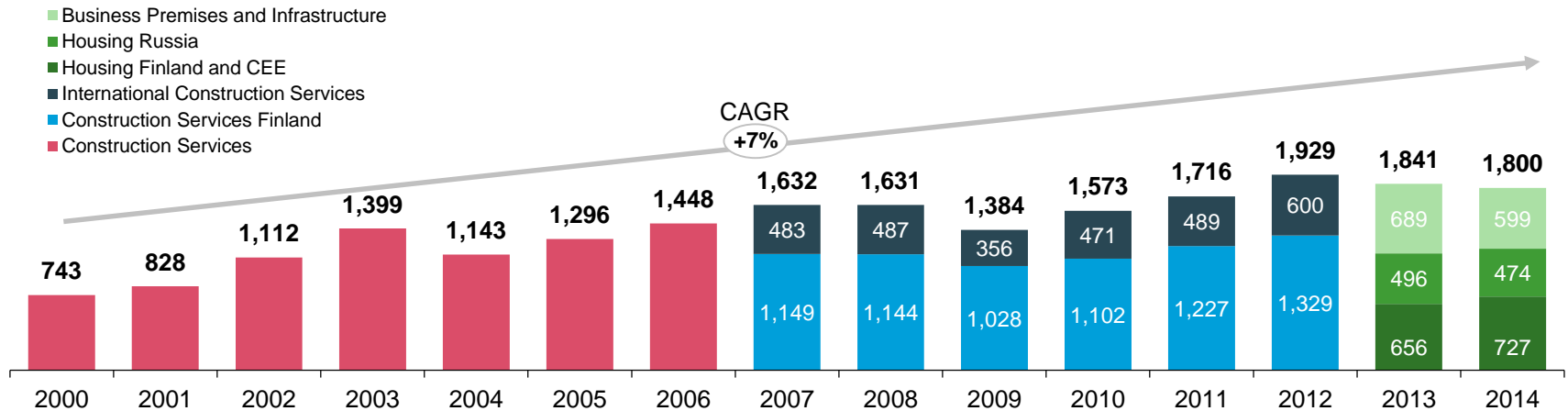
One of the top players in Finland and Lithuania

Source: Euroconstruct and Forecon, estimates

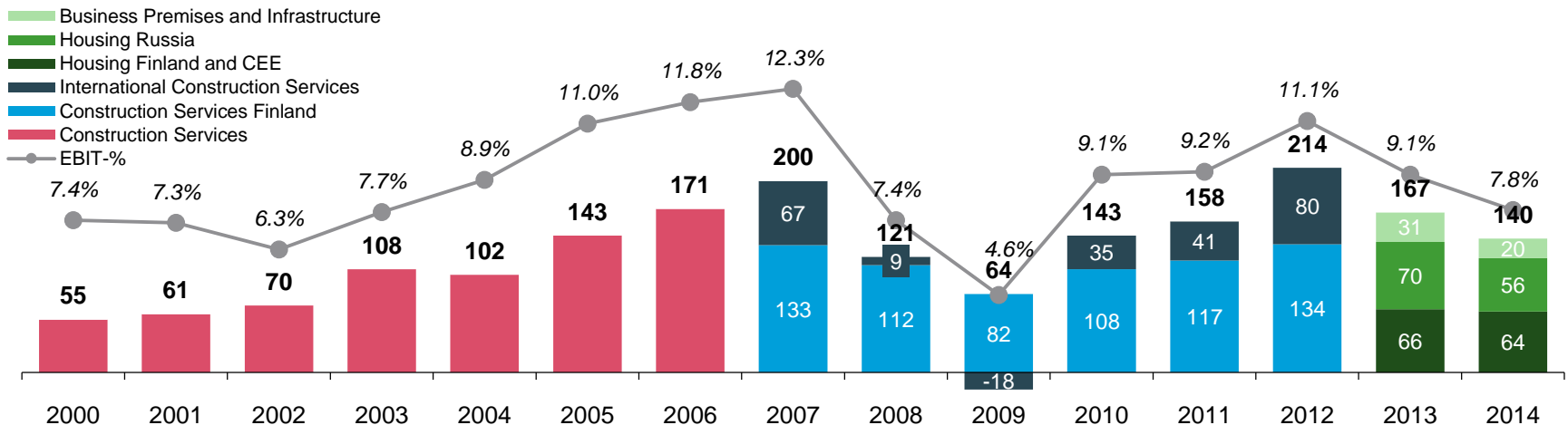


# Revenue growth and healthy profitability through economic cycles

## Revenue development (EUR million) by business segment

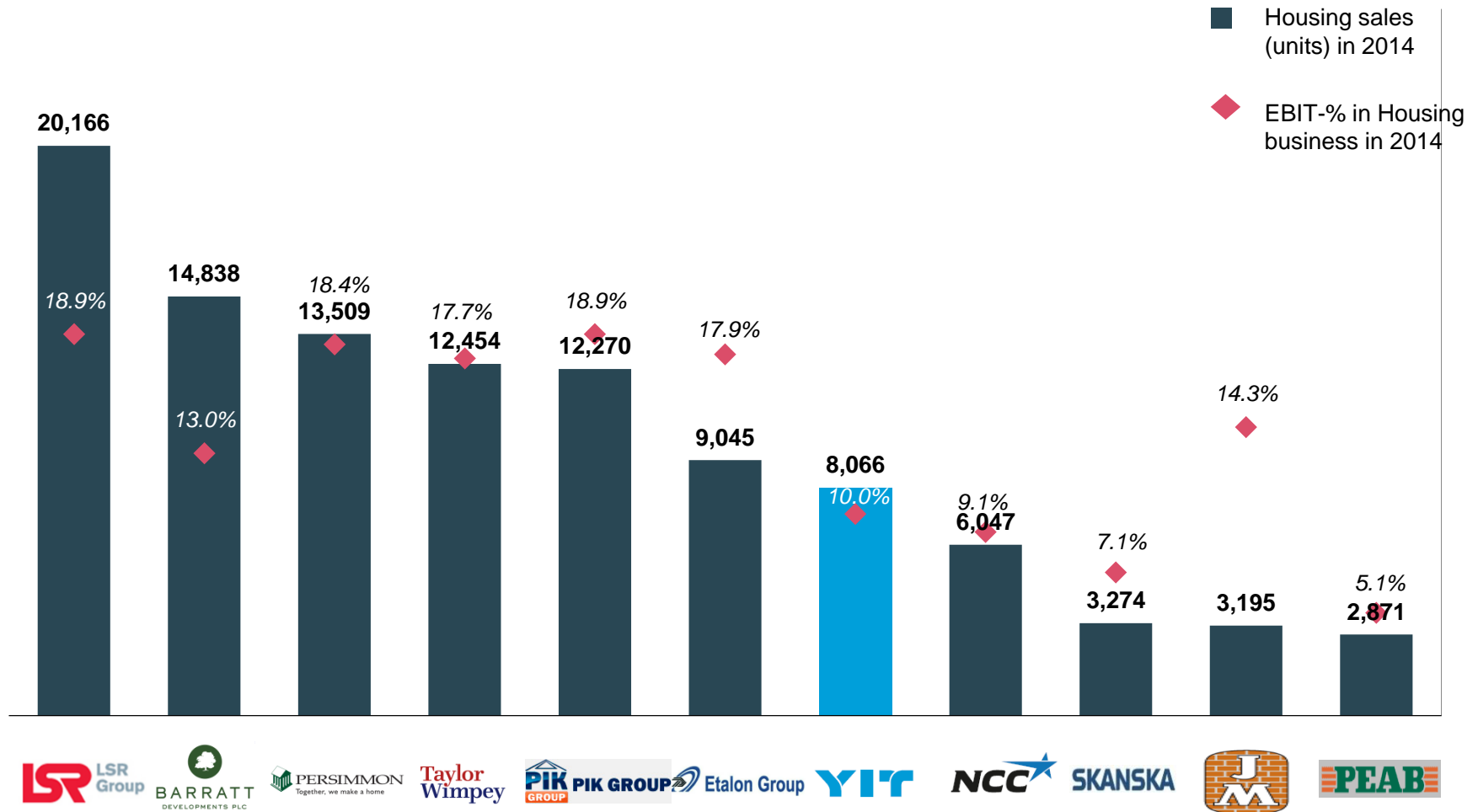


## Operating profit (EBIT) development (EUR million) by business segment, excluding group costs and non-recurring items



Note: Segment level figures (POC), i.e. sum of Construction Services related segment figures in YIT financial reporting and thus excluding effect of other items.

# YIT a significant player on European level in housing



Note: LSR's and PIK's sold units calculated by dividing their "new contract sales, sq. m." by the average apartment size reported by Etalon, 50.53 sq. m.

# Board of Directors

Versatile expertise on board work, finance, construction industry and Russia



**Reino Hanhinen**  
Chairman

Born 1943  
M.Sc. (Eng.), D.Sc.  
(Tech.) h.c.

Former CEO of YIT

Independent of  
company: YES

Independent of  
owners: YES

Share ownership:  
81,800



**Kim Gran**  
Vice Chairman

Born 1954  
B.Sc. (Econ.)

Former President and  
CEO of Nokian Tyres  
Plc.

Independent of  
company: YES

Independent of  
owners: YES

Share ownership:  
7,700



**Satu Huber**  
Board Member

Born 1958  
M.Sc. (Econ.)

Deputy CEO of Elo  
Mutual Pension  
Insurance Company

Independent of  
company: YES

Independent of  
owners: YES

Share ownership:  
3,600



**Erkki Järvinen**  
Board Member

Born 1960  
M.Sc. (Econ.)

President and CEO of  
Tikkurila Group

Independent of  
company: YES

Independent of  
owners: YES

Share ownership:  
0



**Juhani Pitkäkoski**  
Board Member

Born 1958  
LL.M.

EVP & CEO, Division  
Industrial Solutions  
Caverion Corporation

Independent of  
company: NO

Independent of owners:  
YES

Share ownership:  
50,100



**Teuvo Salminen**  
Board Member

Born 1954  
M.Sc. (Econ.)

Board professional

Independent of  
company: YES

Independent of  
owners: YES

Share ownership:  
7,250

Ownership on April 29, 2015 including the holdings of the persons themselves, their close associates and their controlled corporations.

# Experienced Group Management Board

## Group Management Board as of January 1, 2015



**Kari Kauniskangas**  
President and CEO

In the Group's employ: 1997  
Share ownership: 17,624



**Tero Kiviniemi**  
EVP, Head of Business  
Premises and Infrastructure

In the Group's employ: 1996  
Share ownership: 10,692



**Timo Lehtinen**  
CFO

In the Group's employ: 2006  
Share ownership: 8,550



**Teemu Helppolainen**  
Head of Housing Russia

In the Group's employ: 2008  
Share ownership: 4,800



**Antti Inkilä**  
Head of Housing  
Finland and CEE

In the Group's employ:  
1994-2001 and 2002  
Share ownership: 4,085



**Juhani Nummi**  
SVP, Business  
Development

In the Group's employ:  
1998-2001 and 2003  
Share ownership: 2,499



**Pii Raulo**  
SVP, HR

In the Group's employ: 2004  
Share ownership: 5,240

## The Extended Group Management Board consists also of the heads of business divisions:

**Kari Alavillamo**

Head of Business Premises  
business division

**Harri Isoviita**

Head of Residential Construction  
business division

**Matti Koskela**

Head of Building Construction  
business division

**Tom Sandvik**

Head of The Baltic Countries  
and CEE business division

**Jouni Forsman**

Head of Infra Services  
business division

**Pavel Kocherezhkin**

General Director of  
YIT Moskovia

**Timo Lehmus**

Head of Real Estate Development  
business division

**Mikhail Voziyanov**

General Director of YIT St  
Petersburg

Ownership on April 29, 2015.

# YIT's competitive edges

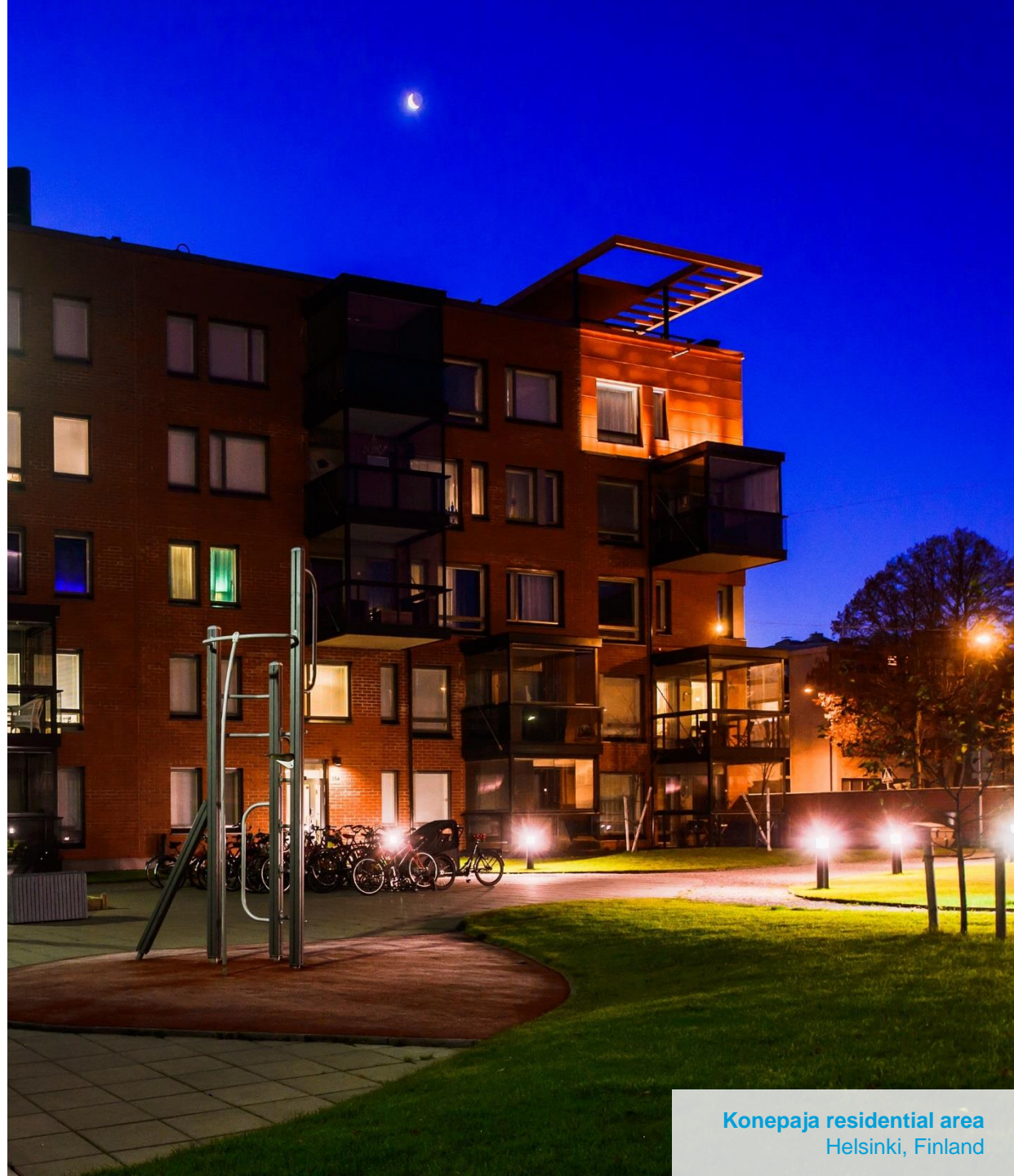
- High-quality brand and reputation as a reliable company
- Innovative concepts and effective design management
- Strong plot reserve
- Own sales network in all operating countries
- Broad special expertise and strong references
- Ability to construct demanding projects that combine housing, business premises and infrastructure



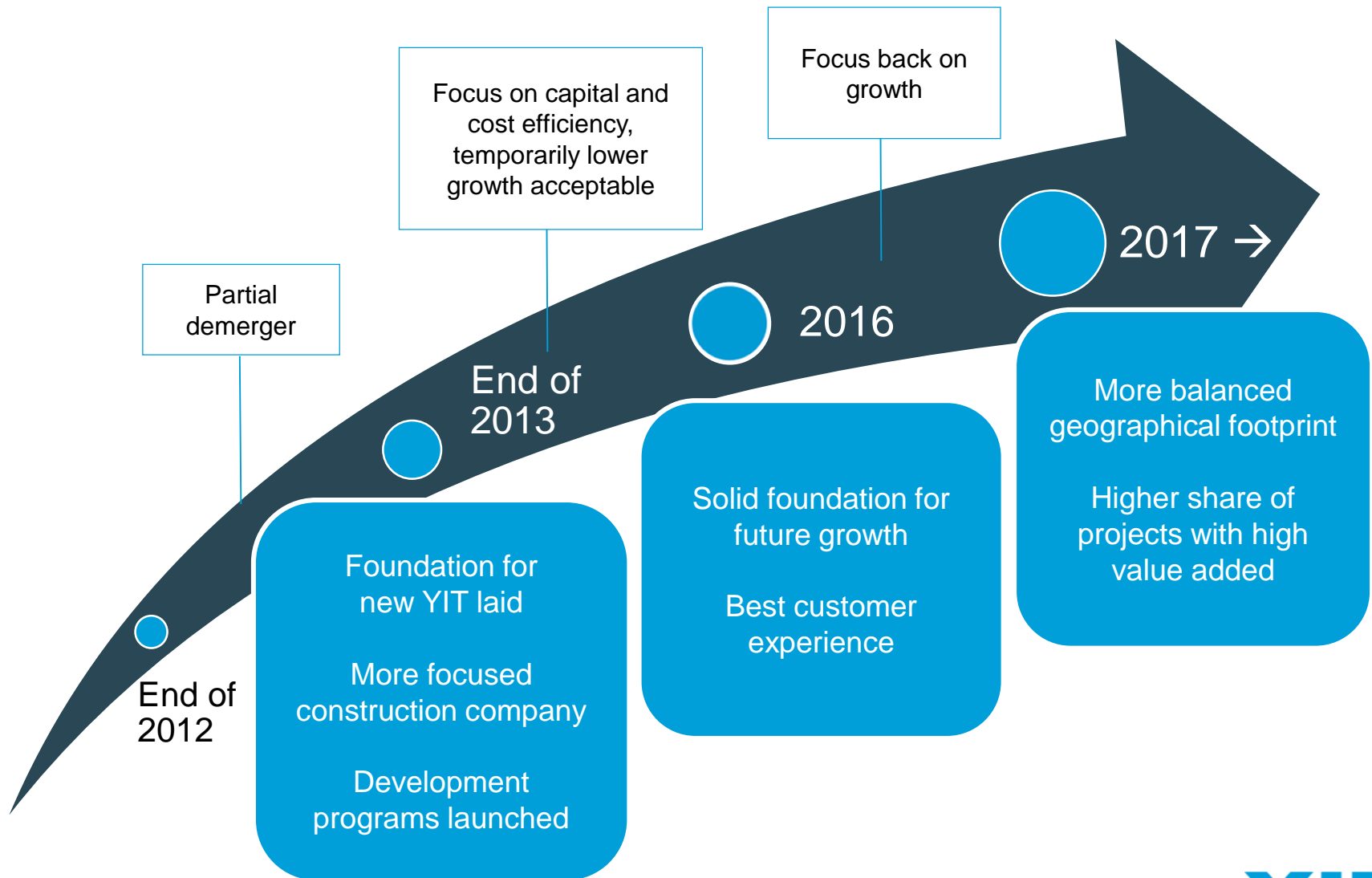
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## Strategy and business model



# Strategic roadmap





# Strategy for 2015-2017: Solid foundation for future growth



## Wider financial operating space

Releasing capital by normalizing inventory and improving capital turnover  
Increasing utilization of partnerships



## Ensuring competitiveness and differentiation

Affordable and attractive product  
Excellent customer experience



## Growth from self-developed and high value added projects

Operating environment guides the volume and geographical focus of start-ups in housing  
Co-operation projects and special expertise in Business Premises and Infrastructure  
The weight of Central Eastern Europe will be increased

# Financial targets

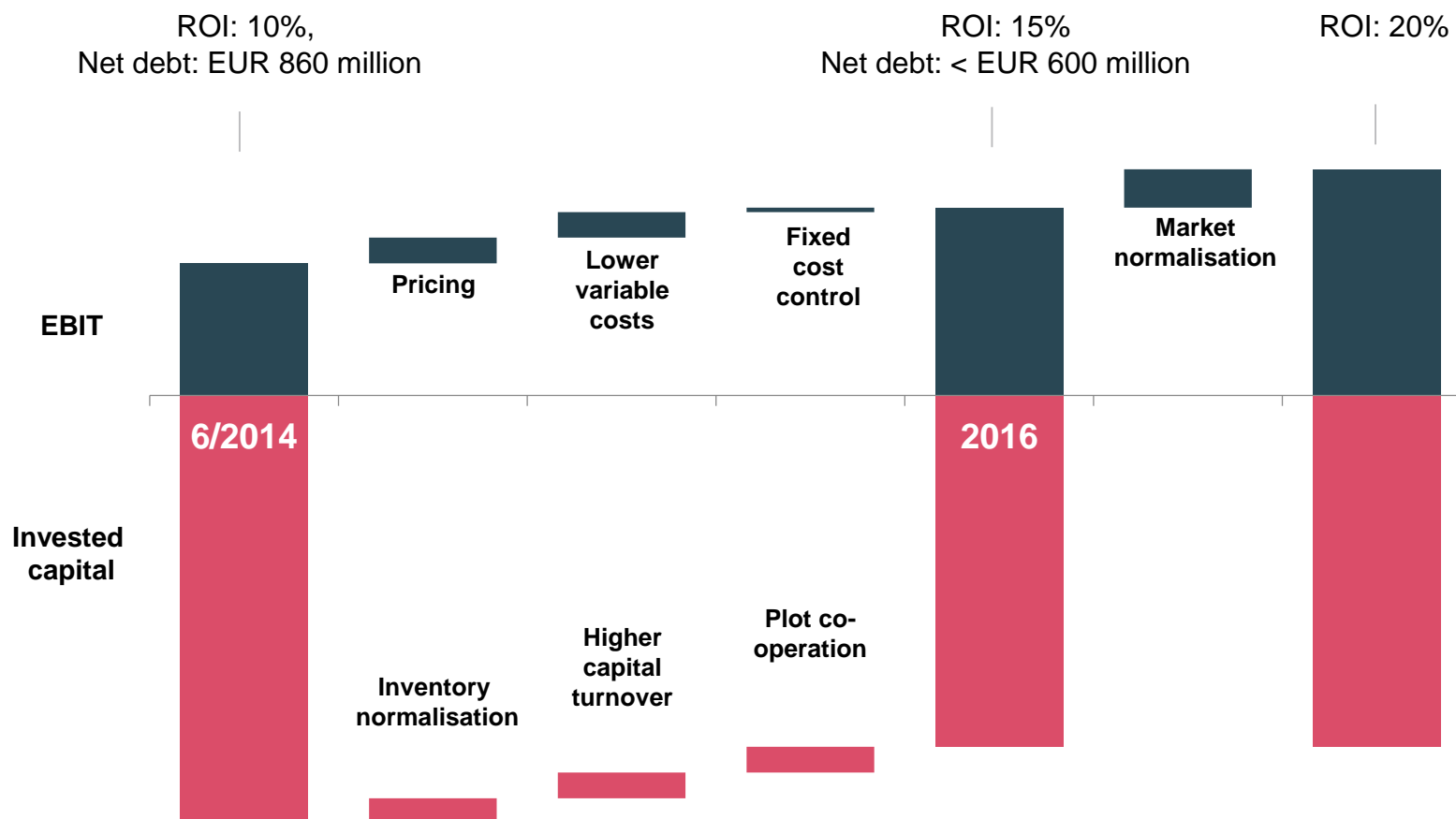
	Long term targets	Status in 2014
Revenue growth	5 - 10% annually on average	-3%, 2% at comp. exchange rates
Return on investment	20%	7.7%
Cash flow	Operating cash flow after investments sufficient for dividend payout and reduction of debt	EUR 152 million
Equity ratio	40%	32.4%
Dividend	Dividend payout 40 to 60% of net profit for the period	40.0%

- In the short term, the focus will be on improving capital and cost efficiency rather than growth
- The development of business will continue according to the long-term targets
- Group-wide competitiveness program supports reaching the targets

	Targets for 2015 – 2016
Revenue growth	0 - 5% annually
Return on investment	15%
Net debt (IFRS)	Under EUR 600 million

Segment figures (POC), unless otherwise noted

# Capital release and the competitiveness program support reaching the targets



ROI target according to segment reporting (POC), net debt target according to IFRS  
 Chart illustrative

# Focused development to improve profitability and strengthen the forerunner position



## Group-wide development programs

Centralized coordination, decentralized development

*"Best living experience"*

### Housing development

- New housing concepts
- Area development – "creating better living environments"
- Best customer experience through long-term customership
- Cost-efficiency and design management
- New online services

*"Deeper pocket"*

### Wider financial operating space

- Capital efficiency
- Developing mortgage cooperation

*"Inspiring YIT"*

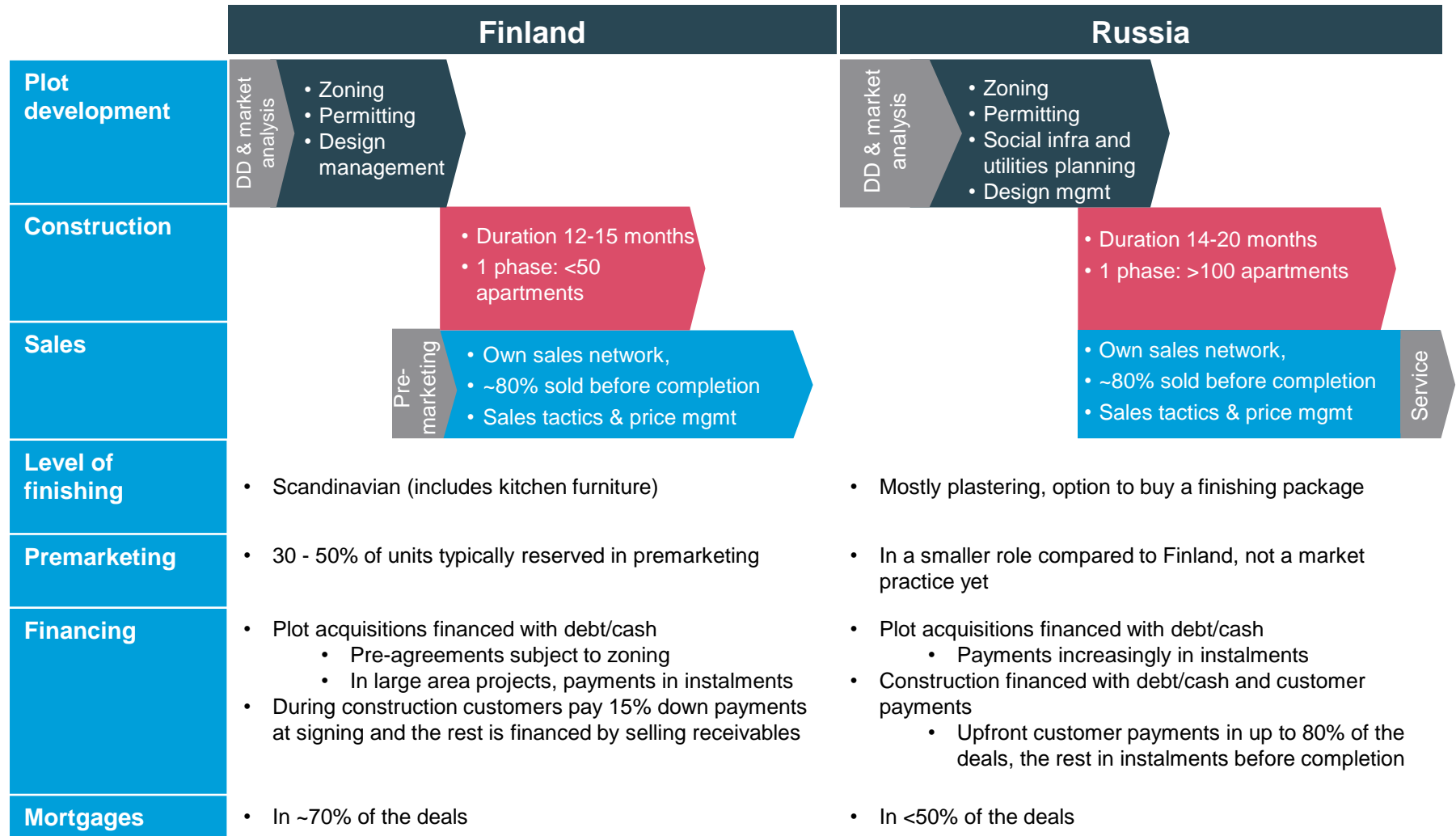
### Excellent leadership and balanced values

- Strong corporate culture through balanced values; Care, A step ahead, Cooperation, Performance
- Common management and leadership principles
  - Active communication
  - Clear promotion and recruiting criteria
  - Training programs
  - Rewarding

# Value creation: Long value chain with key competences in-house



# Business model – Self-developed housing



# Business model in Business Premises and Infrastructure: Focus on high value added projects



## Business Premises

- Contracting and co-operation projects
  - Schools, hospitals, offices etc.
  - Very low capital employed
  - Cash flow positive, advance payments
  - Increasing role in development
- Own development
  - Own concepts, e.g. commercial centres, offices, assisted living facilities
  - Anchor tenants typically secured before starting construction and investor in an early phase
  - Financing by selling receivables after the investor is secured

## Infrastructure

- Contracting and co-operation projects
  - E.g. route projects, rail and metro, power plants, road maintenance
  - Low capital employed
  - Cash flow positive, advance payments
  - Role of alliance and PPP models increasing
    - Active role in development
    - Life-cycle models
    - In PPPs, financing on a project company level
- Self-developed projects
  - E.g. wind farms, parking
  - Investor before start-up
  - Project financing

Internal co-operation in large projects

# 3

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## Housing Finland and CEE



**Koti Hyacint**  
Prague, the Czech Republic

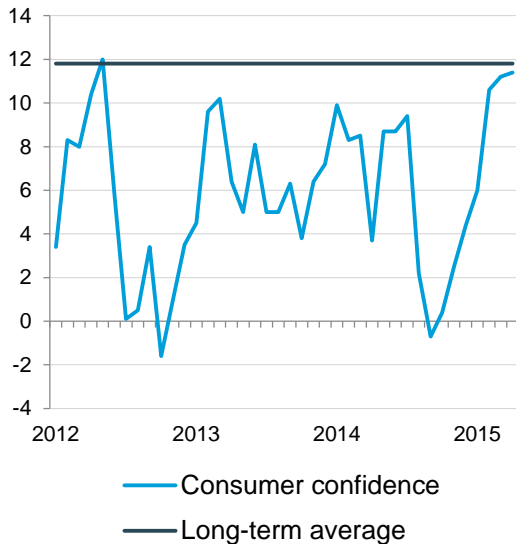


# Housing Finland and CEE:

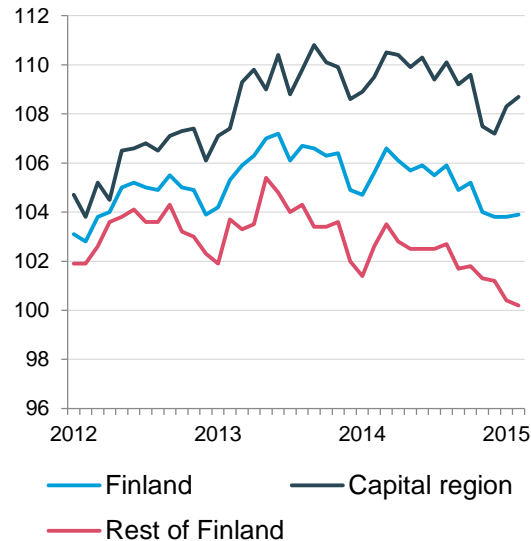
## Operating environment in Finland in Q1/2015

- Consumer confidence has improved, however consumers still cautious in purchase decisions
- Brisk investor demand continued
- Good demand for small, affordable apartments in the growth centres
- Price pressure in large apartments
- Mortgage interest rates stayed on a low level and margins continued to decrease slightly
- The volume of new housing loans increased slightly

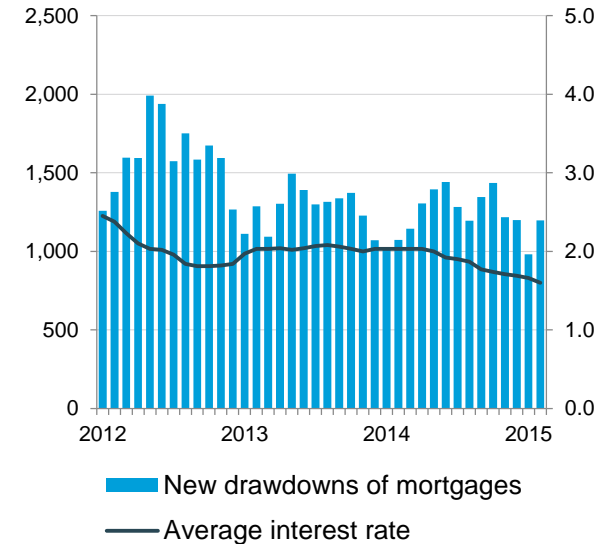
**Consumer confidence**  
01/2012-04/2015



**Prices of old apartments, index**  
(2010=100)



**New drawdowns of mortgages and average interest rate, (EUR million, %)**



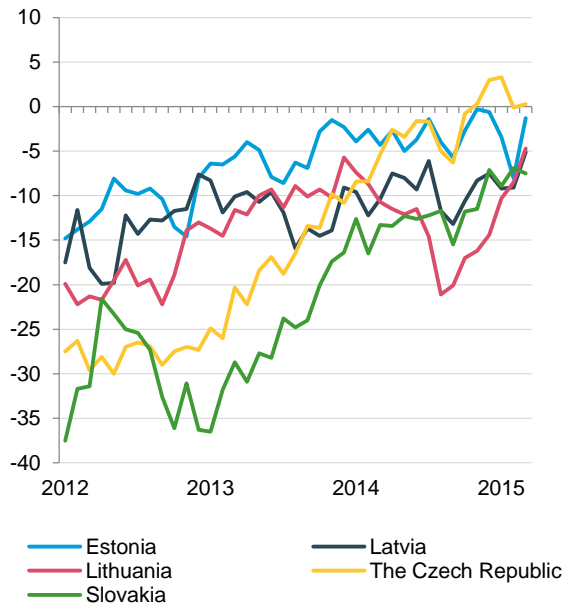
Sources: Statistics Finland and Bank of Finland

# Housing Finland and CEE:

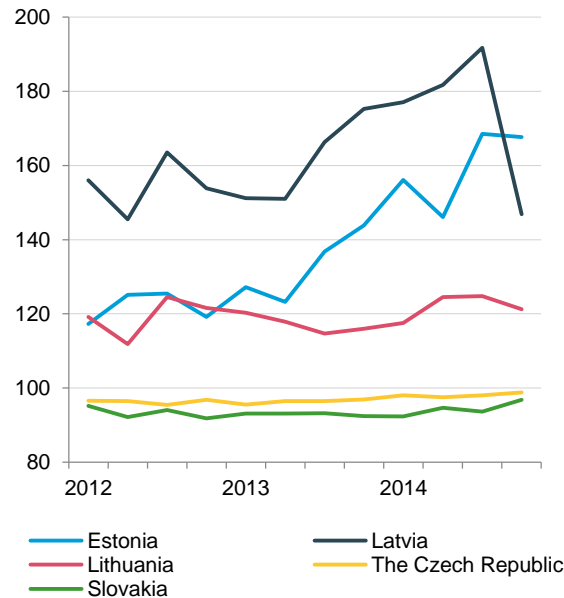
## Operating environment in the CEE countries in Q1/2015

- Despite of geopolitical tensions, consumer confidence improved
- Positive development in the macro economy supported the residential market
- Prices of new apartments remained stable in the Baltic countries and increased slightly in the Czech Republic and Slovakia
- Interest rates of mortgages have remained on a low level
- Consumers' access to financing has remained good

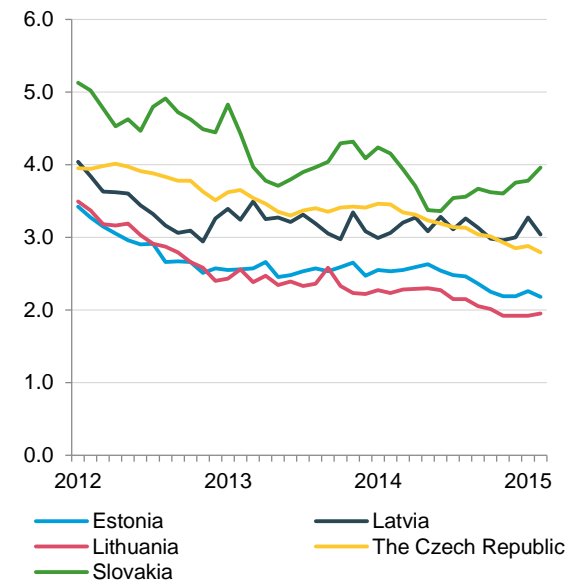
Consumer confidence



House price index, new dwellings, 2010=100

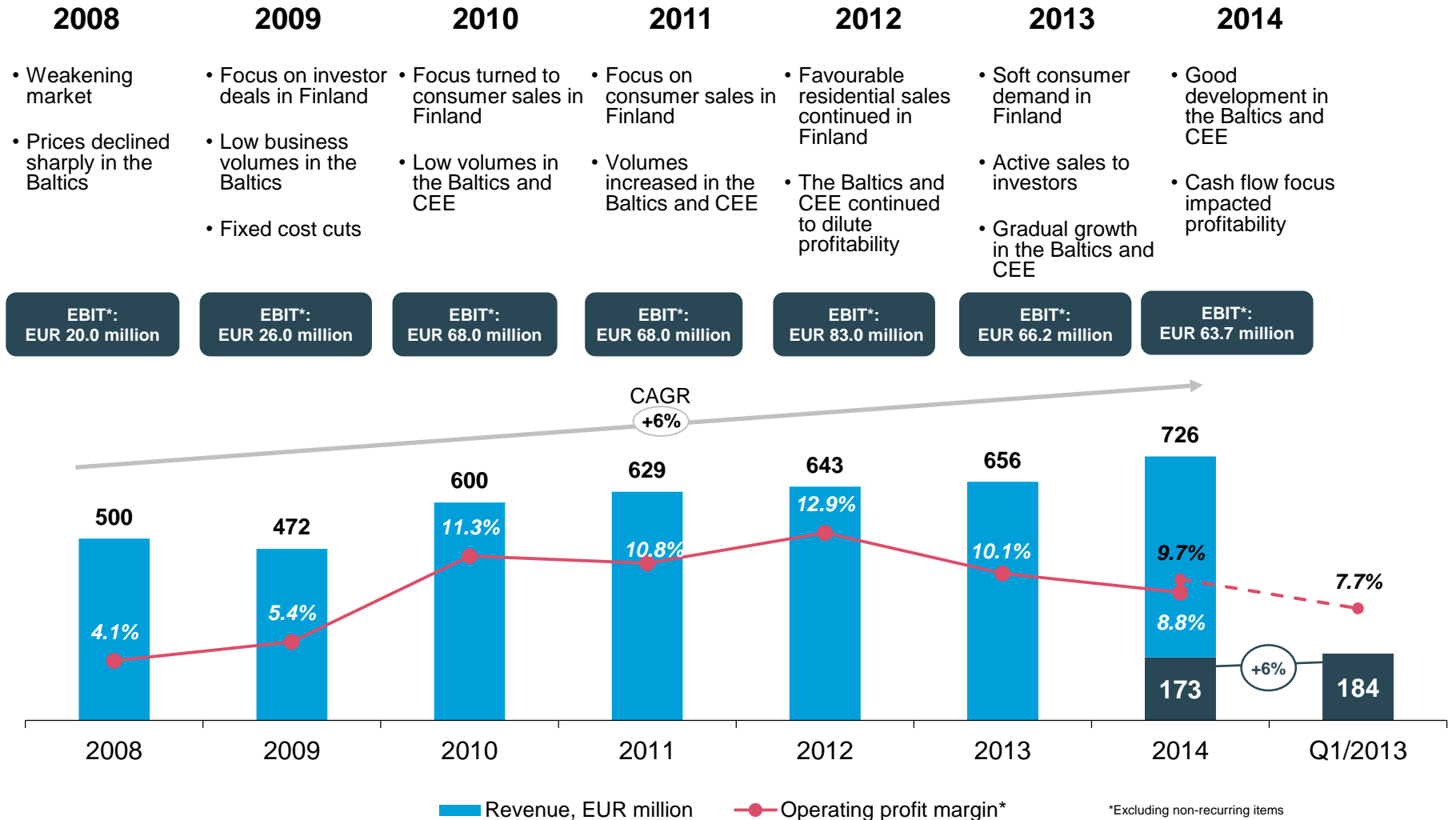


Average interest rate of mortgages (%)



Sources: European Commission, Eurostat and National Central Banks

# Housing Finland and CEE: long-term development

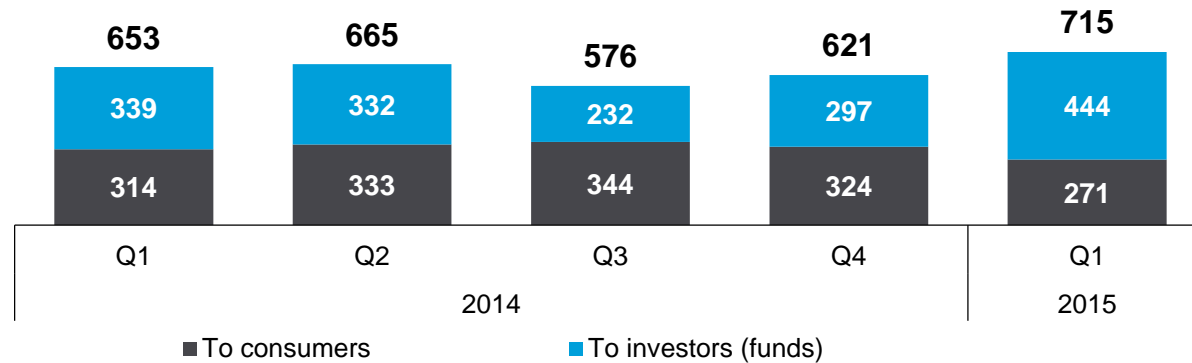


Note: The historical figures for 2008-2012 are calculated for illustrative purposes and are not completely comparable with YIT's segment structure. The main difference is in the division of fixed costs, which in the historical figures are weighted according to revenue and in the official figures are more accurately allocated according to each segment's estimated true share of the fixed costs.

# Housing Finland and CEE: Sales and start-ups in Finland

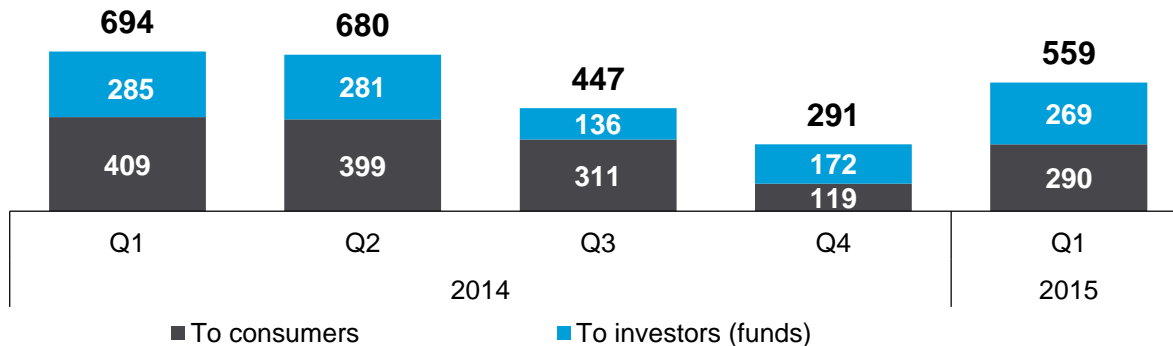
## Sold apartments (units)

2014: Total of 2,515



## Apartment start-ups (units)

2014: Total of 2,112

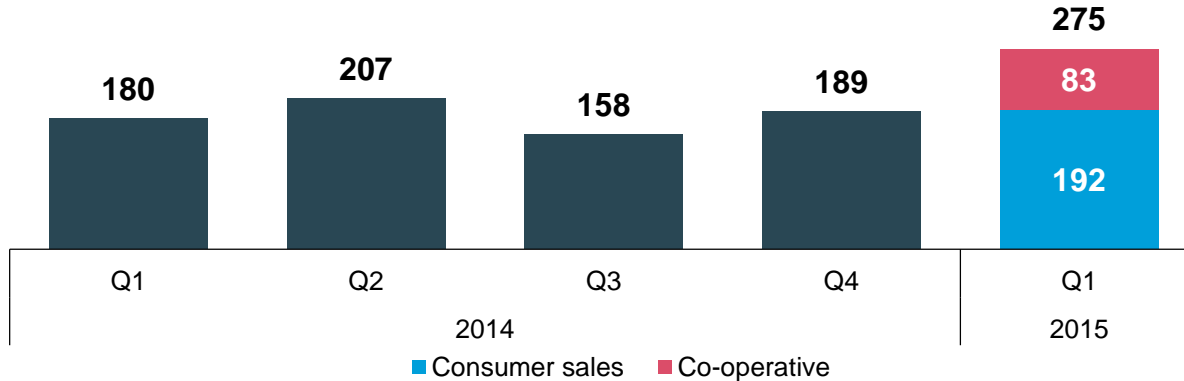


- Consumer demand on a low level, start-ups in line with sales
- In April, sales to consumers at around 140 units (4/2014: around 100 units)
- Units sold to investors 62% in Q1/2015 (52% in Q1/2014)
- A significant frame agreement signed with LocalTapiola (>550 apartments)

# Housing Finland and CEE: Sales and start-ups in CEE

## Sold apartments (units)

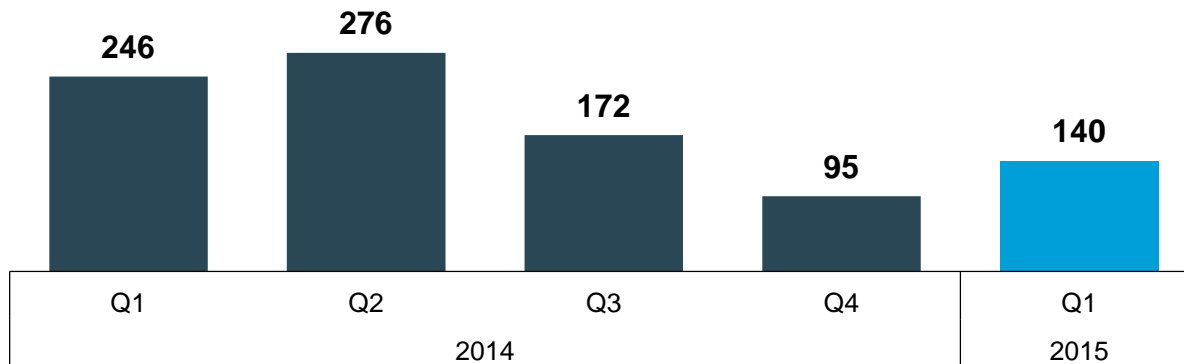
2014: Total of 734



- Sales (units) grew by 53% y-o-y in Q1
- Start-ups temporarily low, higher start-ups expected in the coming quarters
- A plot for close to 900 apartments acquired in Prague
- In April, sales to consumers estimated at around 70 units (4/2014: around 70 units)

## Apartment start-ups (units)

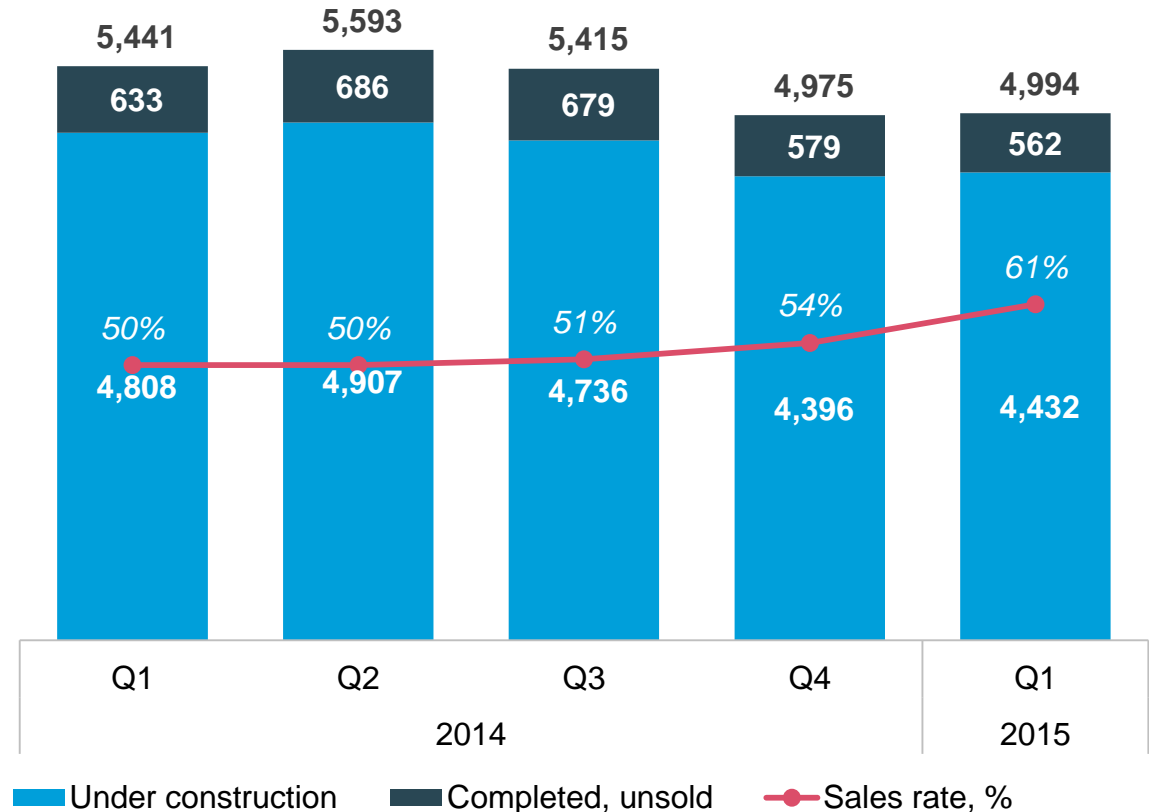
2014: Total of 789



# Housing Finland and CEE: Completed unsold apartments have decreased in Finland

- Number of unsold completed apartments continued to decrease in Finland in Q1
- 61% of units under construction already sold moderating the sales risk
- The share of CEE of the sales portfolio (units) increased to 38% (33% in 3/2014)

Apartment inventory (units)



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## Housing Russia



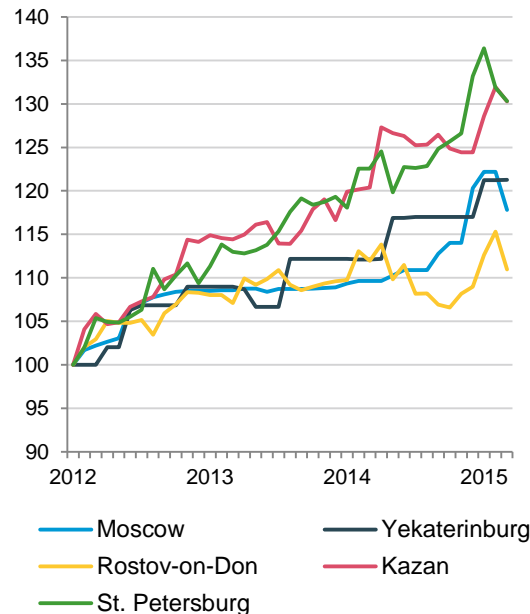
# Housing Russia: Operating environment in Q1/2015

- The ruble recovered from the weak levels seen in the end of 2014
- Demand focused especially on small apartments and apartments close to completion
- Residential prices stable
- The mortgage stock has continued to grow
- Mortgage interest rates decreased to a level of 12% due to government's new mortgage subsidy program launched in late March

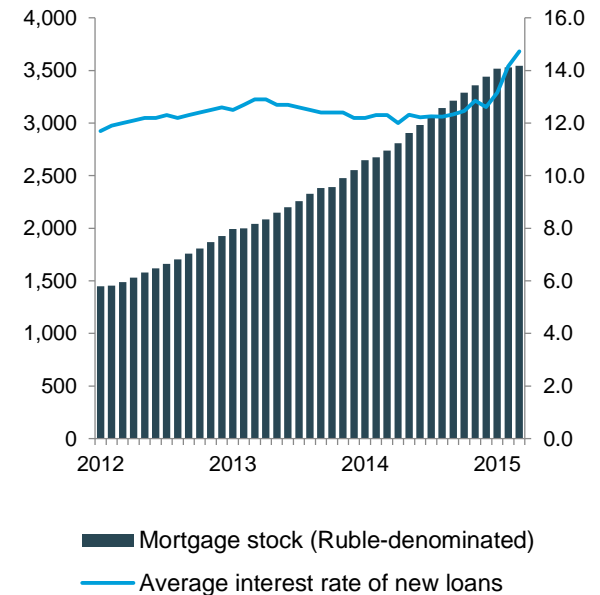
EUR/RUB exchange rate



Prices of new apartments, Index (01/01/2012=100)



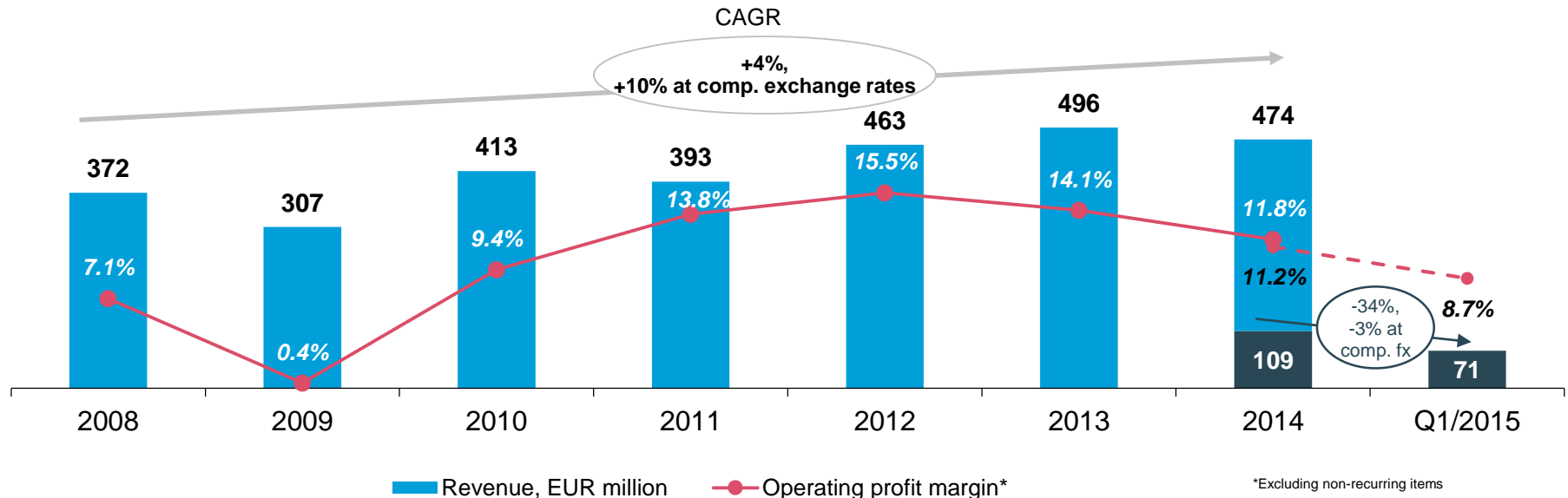
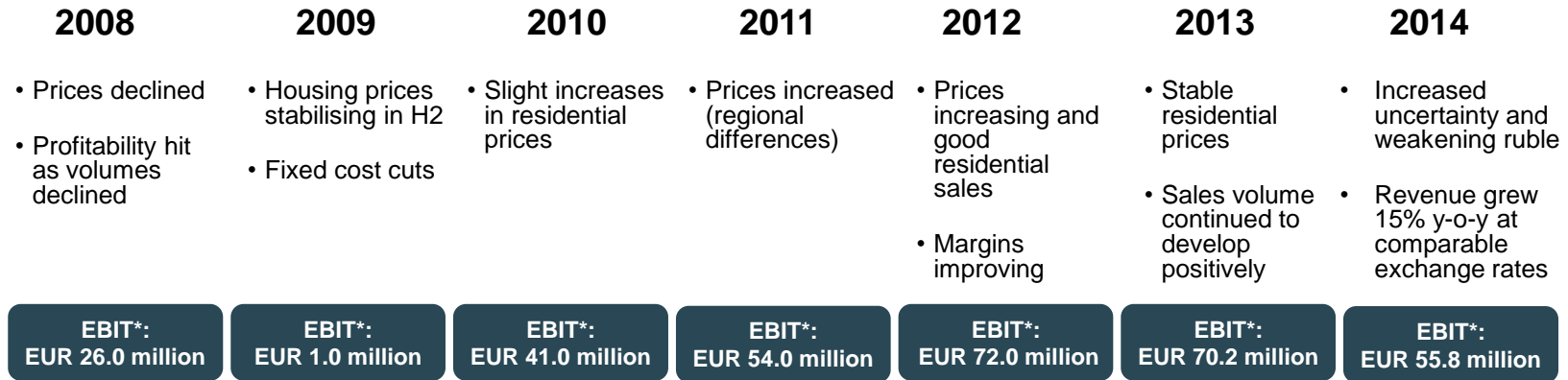
Mortgage stock and average interest rate, (RUB billion, %)



Sources: Bloomberg, YIT and Bank of Russia



# Housing Russia: long-term development

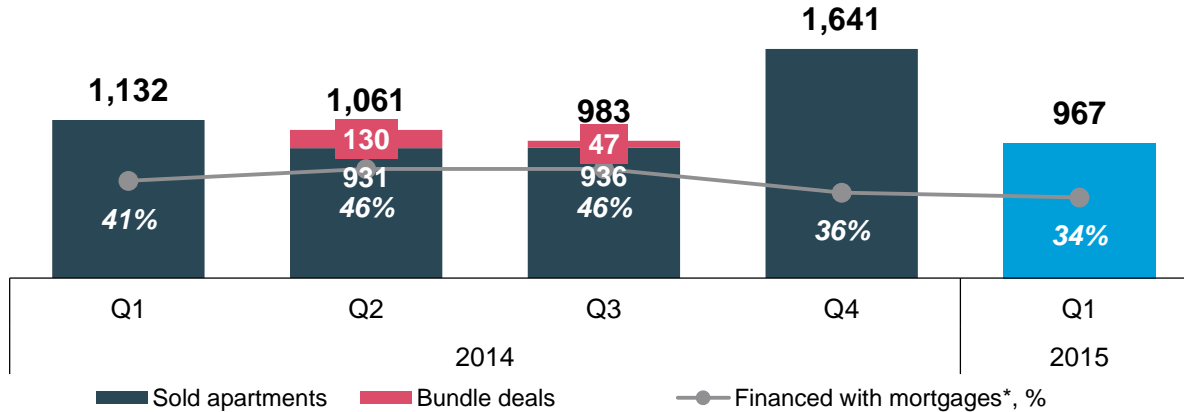


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# Housing Russia: Sales and start-ups

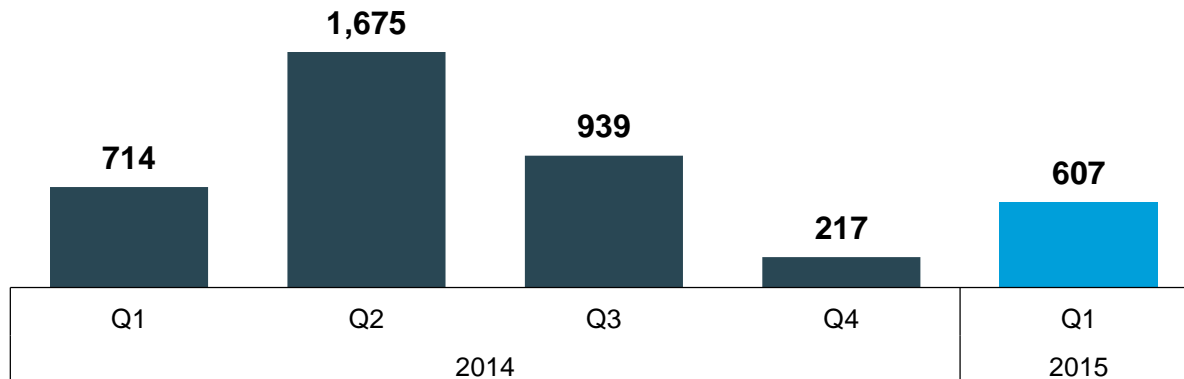
## Sold apartments (units) and share of sales financed with a mortgage (%)

2014: Total of 4,817 (41%\*)



## Apartment start-ups (units)

2014: Total of 3,545

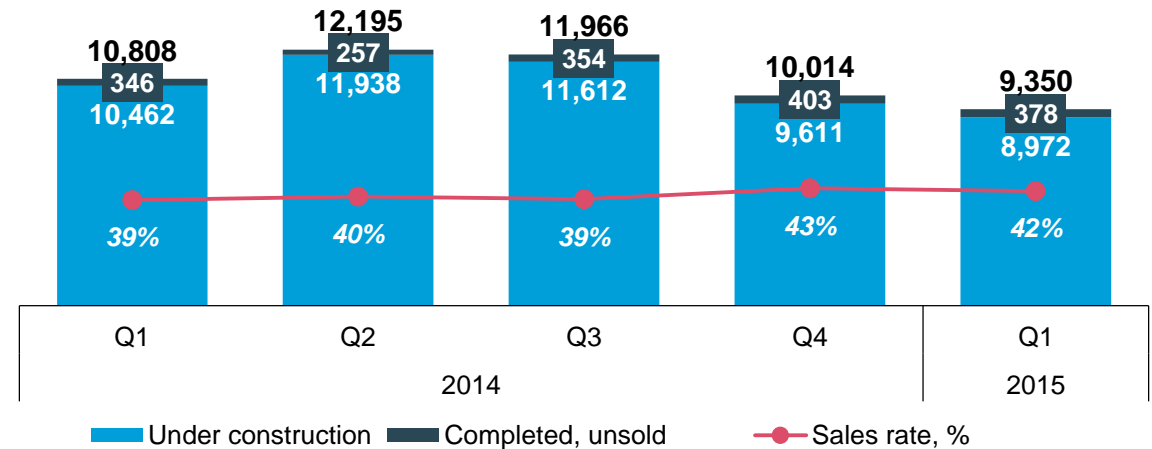


- Share of cash buyers continued to increase in Q1, share of mortgages on a good level considering the tighter mortgage market
- Start-ups focused on maintaining volume in all operating cities
- In April, sales to consumers at around 250 units (4/2014: around 340 units)

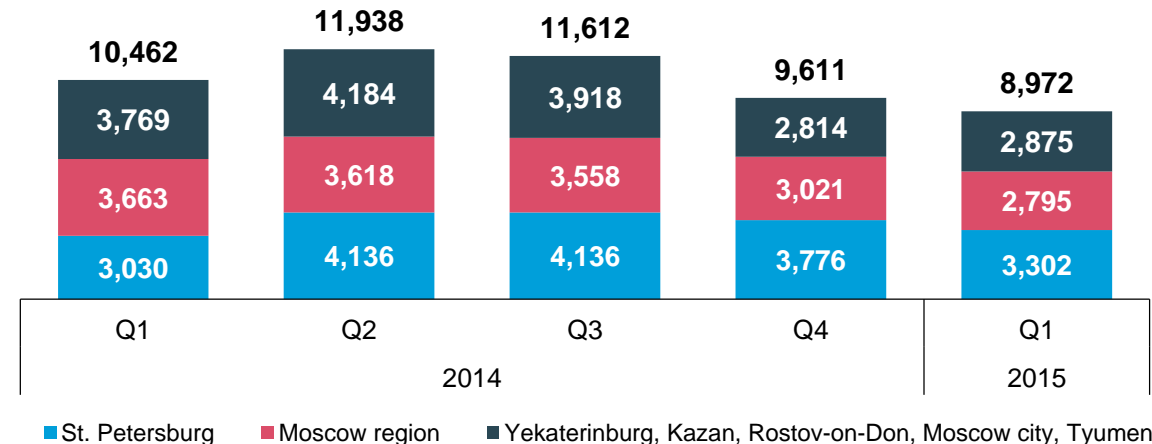
# Housing Russia: Inventory

- A lot of project completions combined with low start-ups has decreased the production volume
- Completed unsold apartments on a low level
- Sales rate stable on a high level

Apartment inventory (units)



Apartments under construction by city (units)

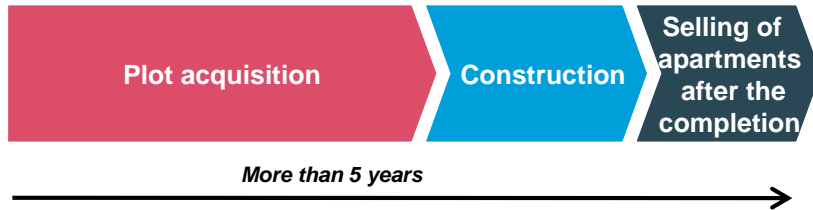


# Plans for alternate scenarios in Russia

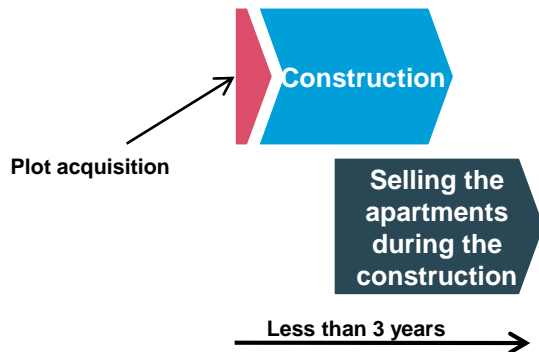
	Normalized situation	Continuing uncertainty	Escalation of crisis	Large-scale conflict
Plot acquisitions	Increase plot acquisitions	Continue strategic plot acquisitions	Only critical plot acquisitions	Stop plot acquisitions
Start-ups	Increase start-ups according to growth target	Continue strategic start-ups	Only critical start-ups	Stop start-ups
Construction	As planned	As planned	As planned	Slowdown, however filling contractual obligations, stop projects with no sales
Pricing	Dynamic pricing	Dynamic pricing	Accelerate sales with pricing	Accelerate sales with pricing
Costs	Pursue improved project profitability	Pursue improved project profitability	Renegotiate subcontracts, reduce fixed costs	Restructuring and major adjustments of size of operations

# Capital efficiency improving in Russia

## Cash conversion cycle before

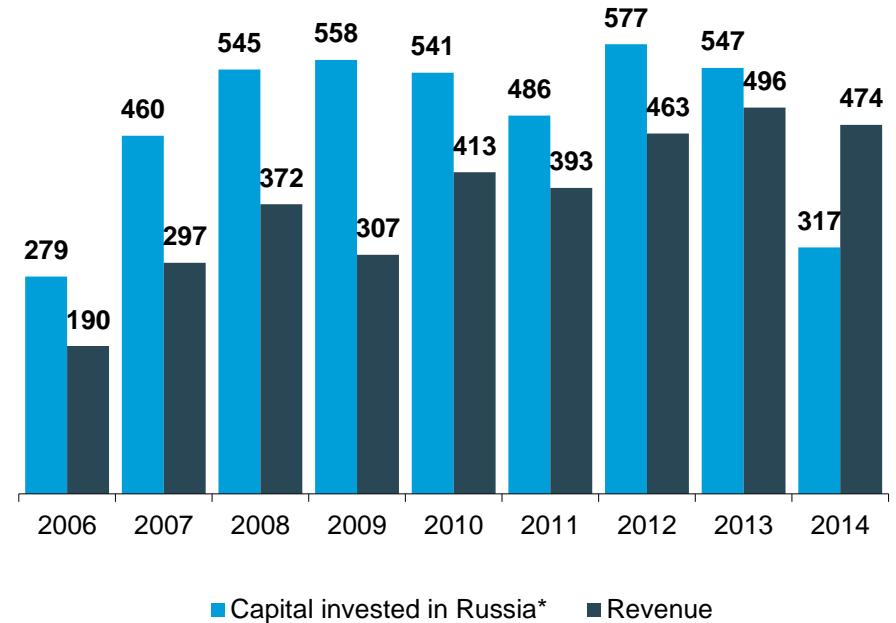


## Cash conversion cycle today



- Today, YIT aims to pay for the plots when starting construction

## Capital invested and Housing Russia revenue, EUR million



\*At the end of the period

Invested capital: 2006–2008: according to POC, 2009–2014: according to IFRIC 15 2006–2011: including building systems business, which was transferred to a new established company named Caverion Corporation 6/2013

Note: In 2014, changes in foreign exchange rates decreased invested capital in Russia by EUR 167 million

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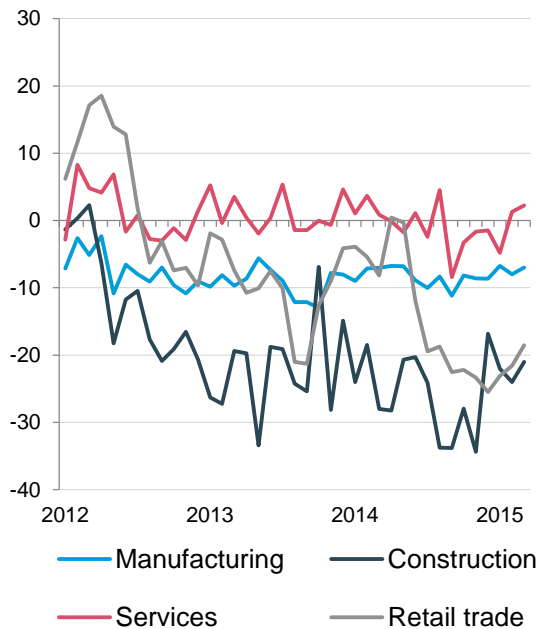
## Business Premises and Infrastructure



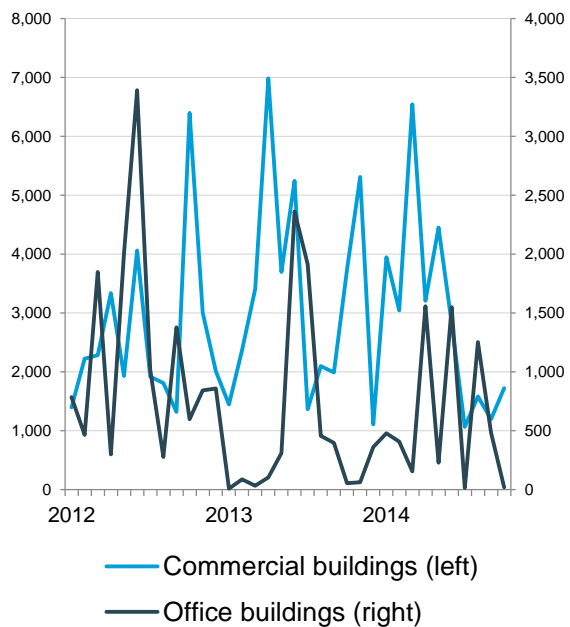
# Business Premises and Infrastructure: Operating environment in Q1/2015

- Office and commercial premises markets remained soft
- End-users cautious, especially in the retail sector
- Positive macro outlook supported the business premises market in the CEE countries
- Opportunities in contracting
- Signs of improving investor demand

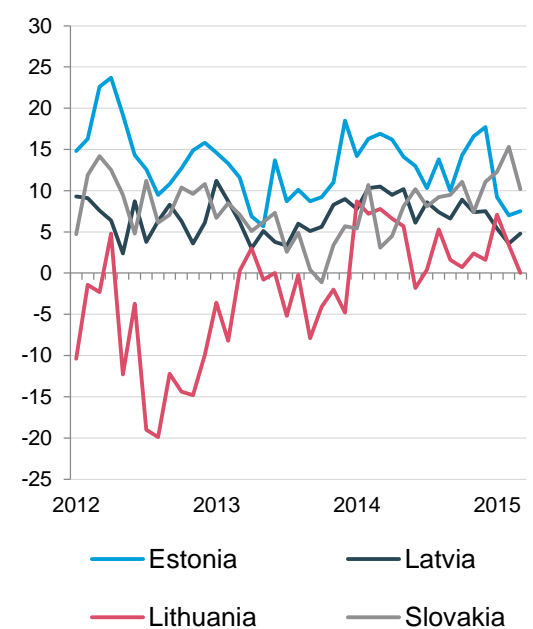
Confidence indicators in Finland



Granted building permits in Finland, thousand m<sup>3</sup>



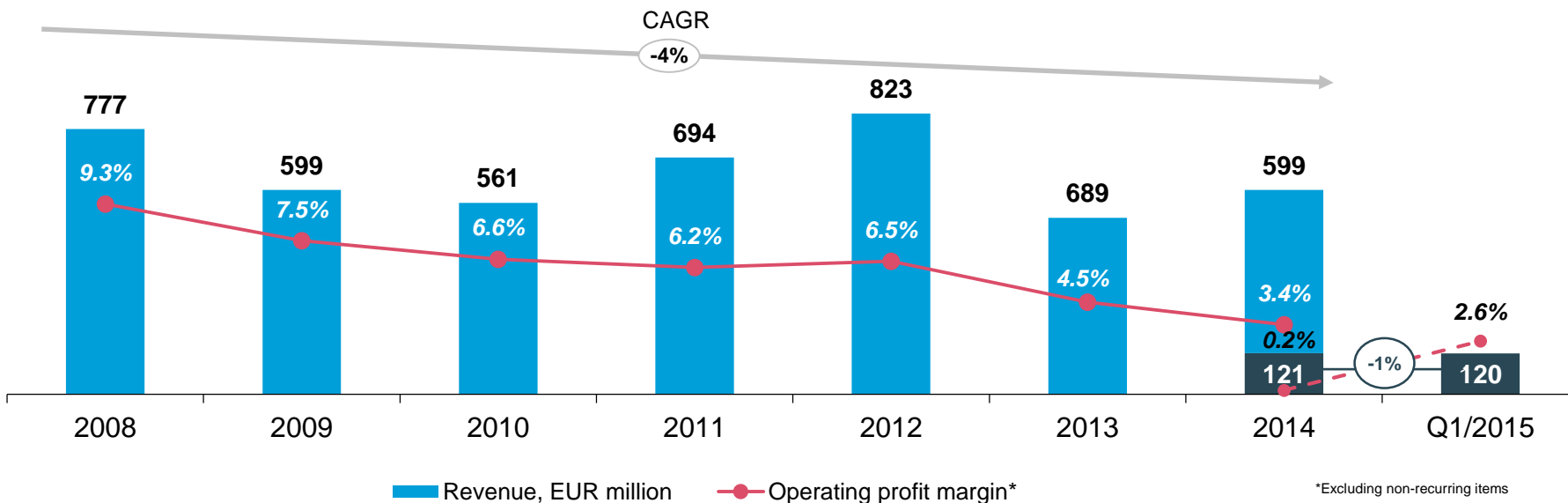
Retail trade confidence in the CEE countries



Sources: EK Confederation of Finnish Industries, Statistics Finland and European Commission

# Business Premises and Infrastructure, long-term development

2008	2009	2010	2011	2012	2013	2014
<ul style="list-style-type: none"> <li>• Good development in Business Premises due to "old" order backlog</li> <li>• Good development in Infra Services</li> </ul>	<ul style="list-style-type: none"> <li>• Weakening business premises market</li> <li>• Good performance in Infra Services</li> <li>• Fixed cost cuts</li> </ul>	<ul style="list-style-type: none"> <li>• Signs of improvement in the business premises market</li> <li>• Stable development in Infra Services</li> </ul>	<ul style="list-style-type: none"> <li>• Infra Services weak in H1, improvement in H2</li> <li>• Result improved in Business Premises</li> </ul>	<ul style="list-style-type: none"> <li>• Stable development in Business Premises</li> <li>• Stable development in Infra Services</li> </ul>	<ul style="list-style-type: none"> <li>• Weak business premises market</li> <li>• Good performance in Infra Services</li> </ul>	<ul style="list-style-type: none"> <li>• Weak business premises market</li> <li>• Profitability was weakened by low volume</li> </ul>
EBIT*: EUR 72.0 million	EBIT*: EUR 45.0 million	EBIT*: EUR 37.0 million	EBIT*: EUR 43.0 million	EBIT*: EUR 53.0 million	EBIT*: EUR 31.0 million	EBIT*: EUR 20.4 million



Note: The historical figures for 2008-2012 are calculated for illustrative purposes and are not completely comparable with YIT's segment structure. The main difference is in the division of fixed costs, which in the historical figures are weighted according to revenue and in the official figures are more accurately allocated according to each segment's estimated true share of the fixed costs.





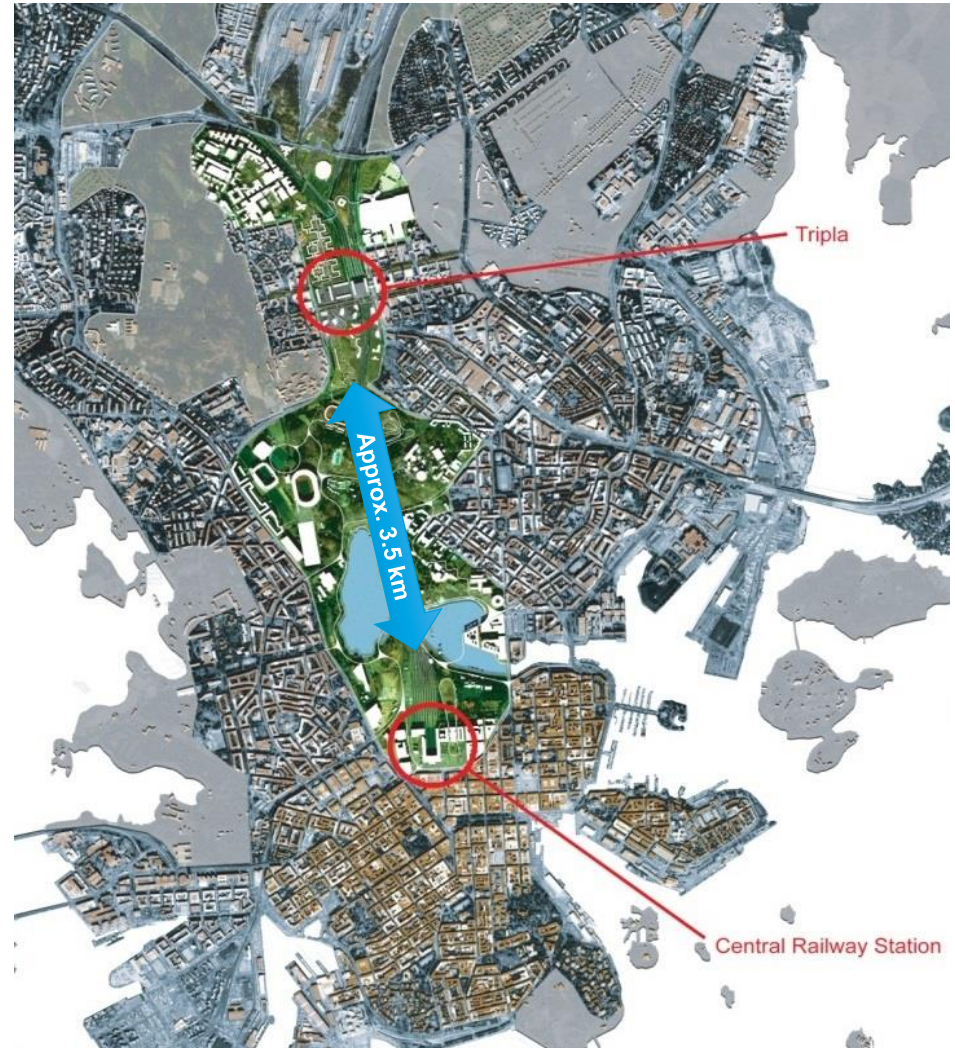
# Tripla project supports growth in the coming years

## Tripla project

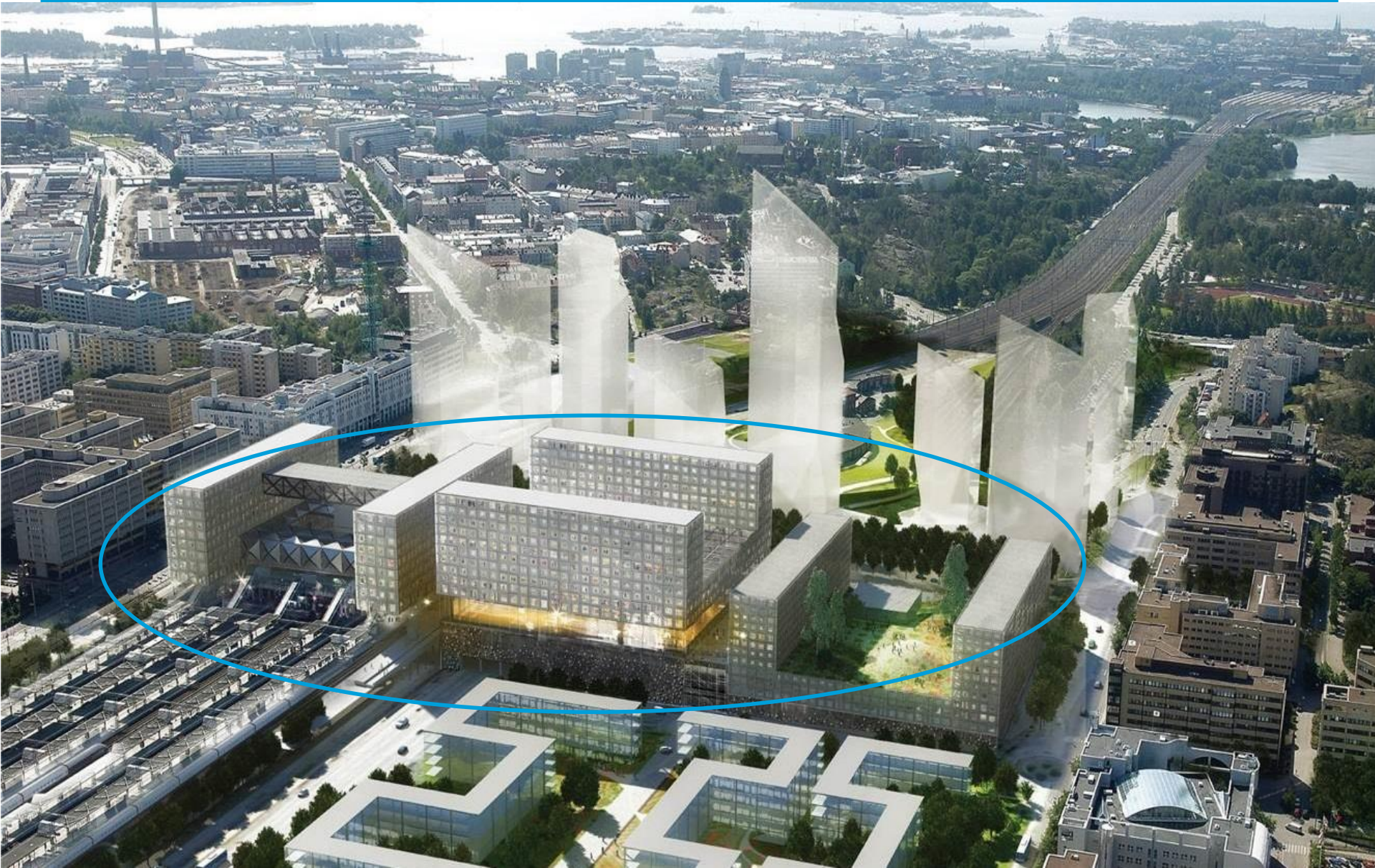
- EUR 1 billion hybrid project consisting of offices, shopping and congress center, hotels, public transport terminal and apartments
- Combines the breadth of YIT know-how in different areas of construction
- Project length ~ 10 years, constructed in phases

## The location

- Pasila is an excellent location approx. 3.5 km away from the Central Railway Station of Helsinki
- Connection point for all rail traffic in the Helsinki Metropolitan Area
- Daily people flow through Pasila railway station verges on 80,000
- 500,000 persons within the reach of 30 min by public transportation



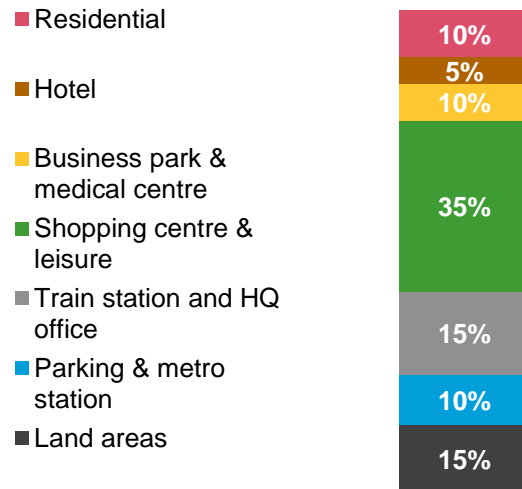
# Tripla project: Pasila in the future



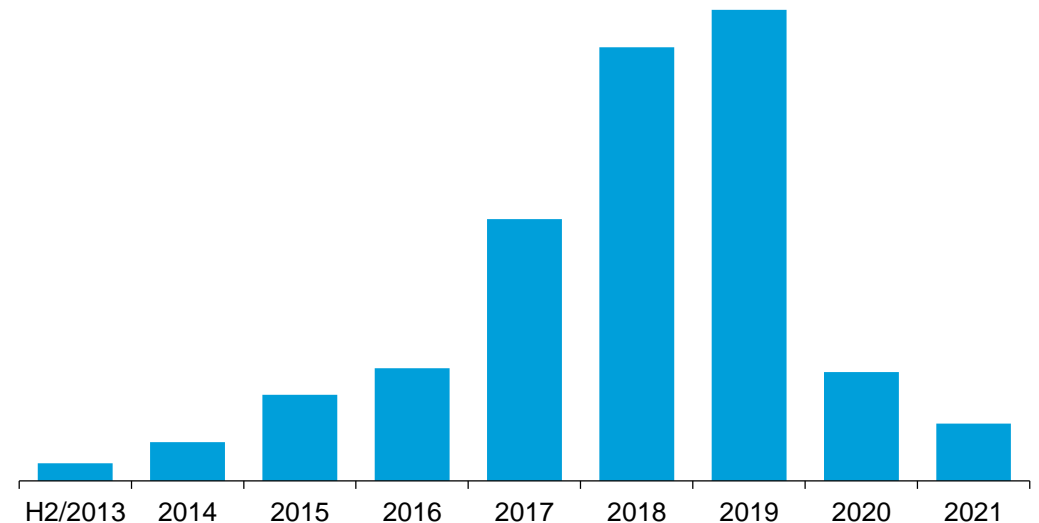
# Tripla project proceeding as scheduled

- City plan regarding the project became legally valid in March 2015
  - Enables progress in negotiations with potential investors
- A building permit for the first phase (parking facility) will be applied for in June 2015
- After the investor/ investors have been confirmed, construction expected to start in the end of 2015
- Very good reception from potential tenants, more than 150 participants attended the launch event in November 2014
  - Target to have anchor tenants in place by the end of H1/2015

Indicative split of total investment



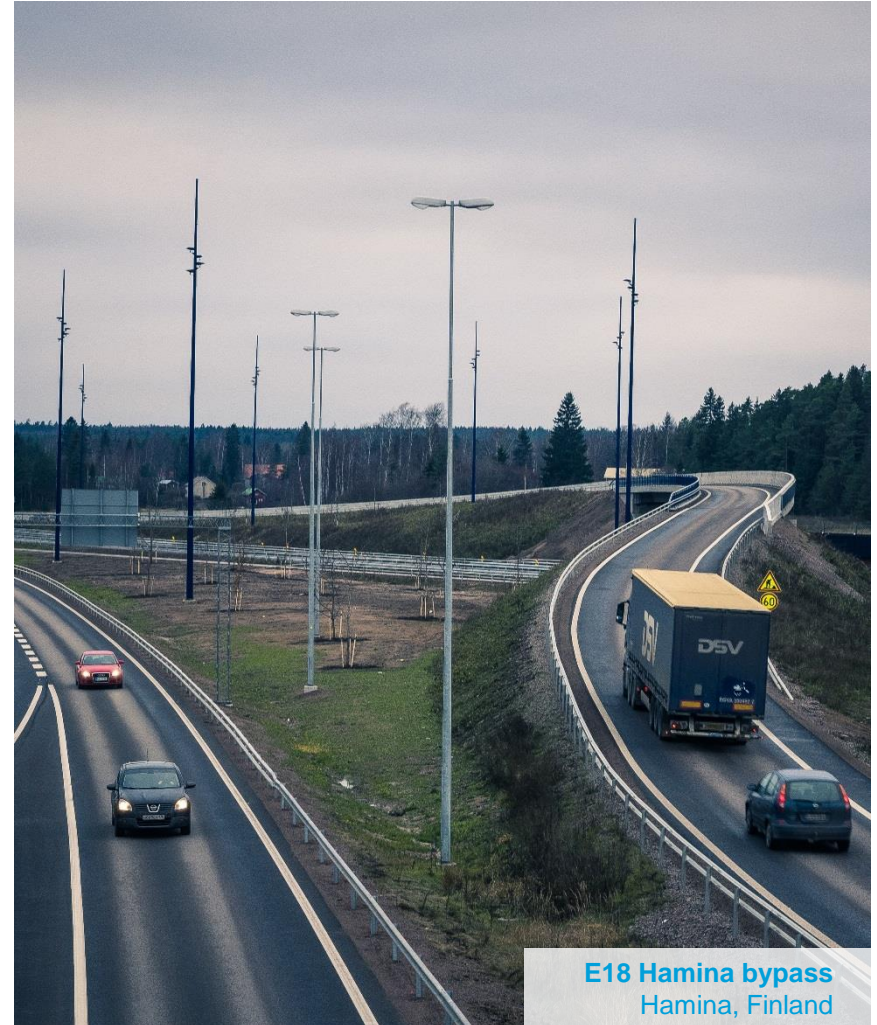
Estimated timing of the investment costs during the project



Note: The charts are an illustration of YIT's perception on a general level and do not reflect the actualized figures of YIT Group.

# E18 Hamina-Vaalimaa PPP, an important project for Infra Services

- A consortium formed by YIT and Meridiam Infrastructure II S.á.r.l was selected as the preferred bidder for E18 Hamina-Vaalimaa PPP motorway project
- The Finnish Transport Agency has a contract authorisation of approx. EUR 660 million including construction, maintenance and financing
- Final contract expected to be signed in the summer 2015
- YIT has previously carried out E18 Koskenkylä-Kotka and Hamina bypass successfully



# Business Premises and Infrastructure: Major ongoing projects

## Examples of projects

won in Q1/2015:

- Parking facility in Finland, EUR 20 million
- National Archives of Estonia, EUR 8 million
- Torkinmäki school in Finland, EUR 9 million
- Shopping centre in Lithuania, EUR 10 million
- Päivänkehrä school in Finland, EUR 14 million

### 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.
BW Tower, Lahti	~22	Office	60%	10/15	Sold	7,500
Porarinkatu, Espoo	~10	Hotel	26%	11/15	Sold	3,200
Osmontie 38, Helsinki	n/a	Office	58%	10/15	Sold	3,600
Lauttasaari shopping centre, Helsinki	-	Retail	13%	11/16	For sale	5,700
Aleksanterinkatu 11 Koy, Lahti	-	Retail	67%	9/15	For sale	6,700

### The largest ongoing infrastructure contracts

Project	Value, EUR million	Project type	Completion rate, %	Estimated completion
Ring Road III junction	~40	Infra	65%	12/16
Naantali CHP power plant	~40	Infra	1%	9/17
Espoo's road maintenance contract	~30	Infra	10%	10/19
Kemi's road maintenance contract	~25	Infra	82%	10/16

# 6

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## Key financials



# Key figures from Q1/2015

EUR million	1-3/2015	1-3/2014	Change	1-12/2014
Revenue	374.9	403.1	-7%	1,801.2
Operating profit	20.5	26.9	-24%	114.0
Operating profit margin, %	5.5%	6.7%		6.3%
Operating profit, excluding non-recurring items	20.5	26.9	-24%	126.4
Operating profit margin, %, excluding non-recurring items	5.5%	6.7%		7.0%
Order backlog	2,169.8	2,696.7	-20%	2,125.9
Profit before taxes	10.3	18.2	-43%	75.0
Profit for the review period*	7.8	14.3	-45%	56.6
Earnings per share, EUR	0.06	0.11	-45%	0.45
Operating cash flow after investments	15.1	-12.3		151.9
Return on investment, last 12 months, %	7.5%	10.2%		7.7%
Dividend per share, EUR			0.18	
Equity ratio, %	35.2%	35.0%		32.4%
Interest-bearing net debt (IFRS)	678.0	840.3	-19%	696.0
Gearing (IFRS), %	117.3%	132.1%		129.9%
Personnel at the end of the period	5,534	6,076	-9%	5,881

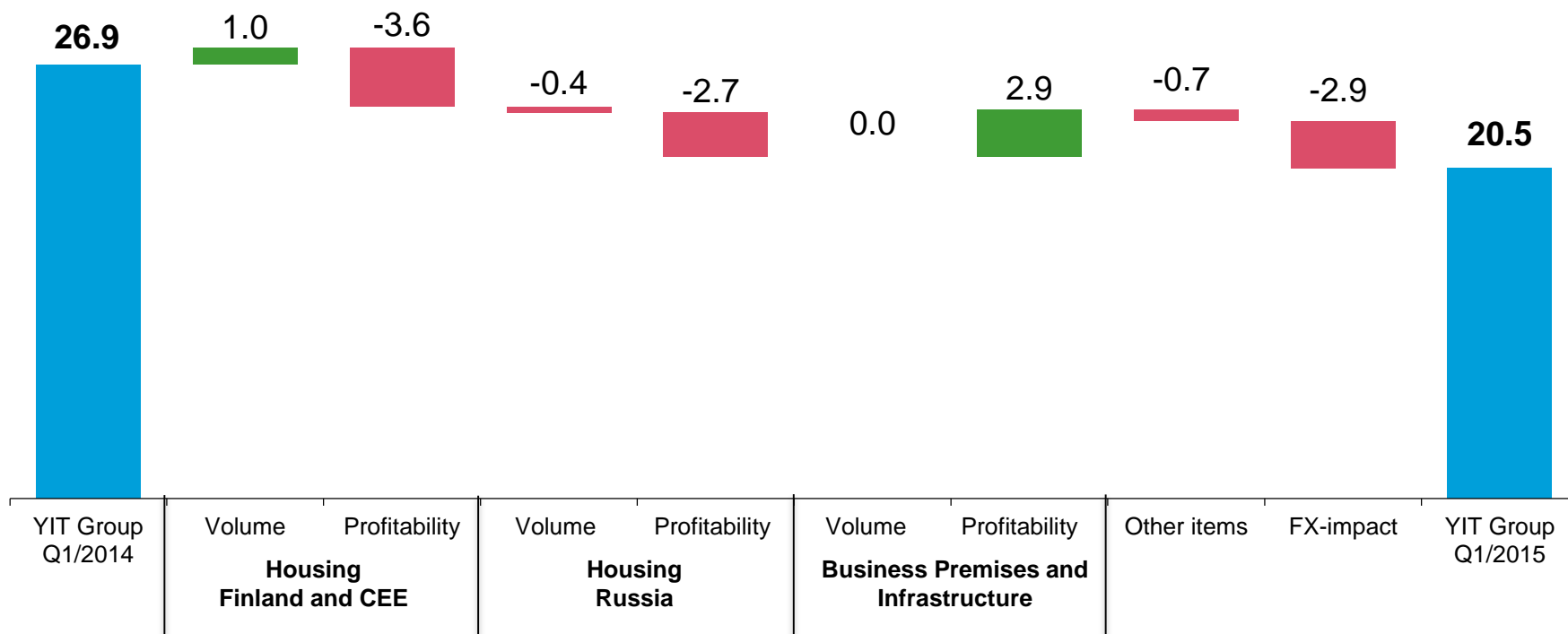
\* Attributable to equity holders of the parent company

All figures according to segment reporting (POC), unless otherwise noted

# EBIT-bridge Q1/2014 – Q1/2015

- Operating profit weakened due to the higher share of investor deals, lower profitability in Russia and the weakening of the ruble y-o-y

Operating profit, excluding non-recurring items (EUR million), change Q1/2014 – Q1/2015: -24%

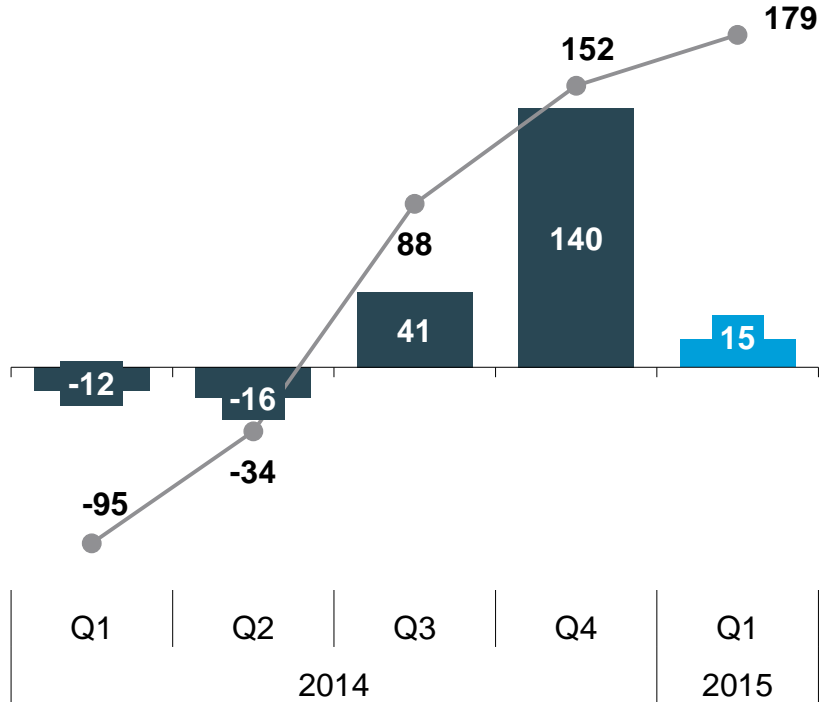




# Strong cash flow during recent quarters

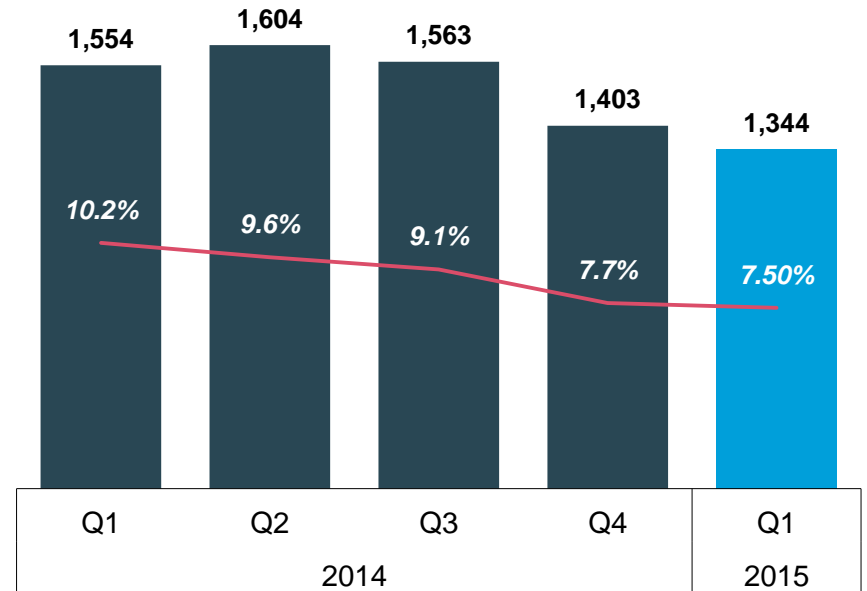
Operating cash flow after investments (EUR million)

2014: EUR 152 million



Invested capital and ROI (EUR million, %)

Short term target by the end of 2016: ROI 15%

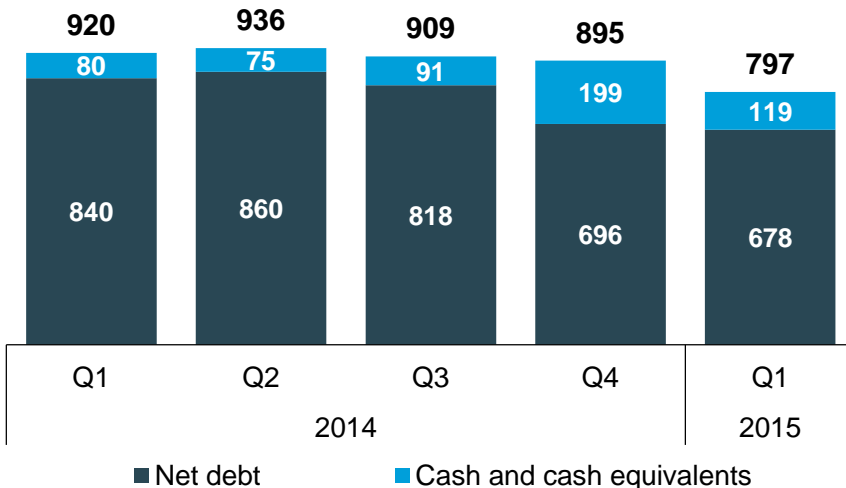


■ Operating cash flow after investments  
● Rolling 12 months

■ Invested capital — ROI

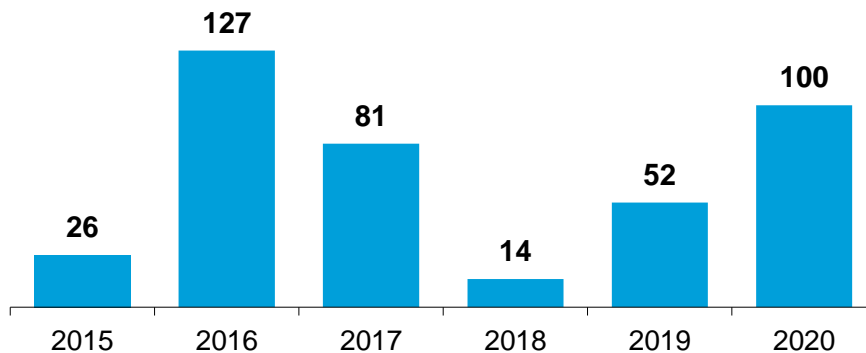
# Net debt decreasing towards the EUR 600 million target

Interest-bearing debt (EUR million), IFRS



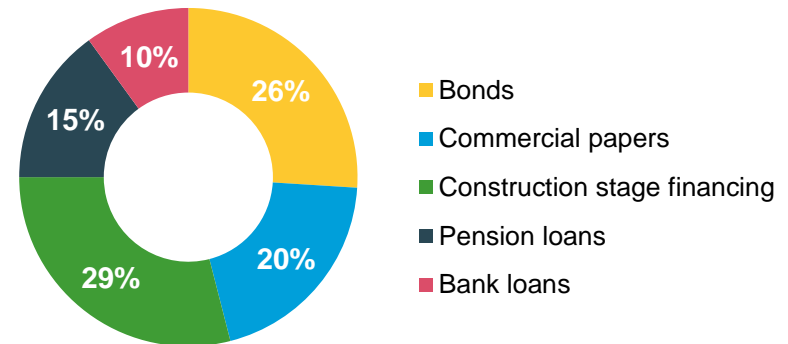
- Strong liquidity buffer
  - Cash and cash equivalents of EUR 118.6 million
  - Overdraft facilities of EUR 63.3 million
  - Undrawn committed revolving credit facility of EUR 300 million
- Bond issue conducted during Q1/2015:
  - Unsecured EUR 100 million bond as a private placement to two domestic institutional investors
  - Maturity on March 25, 2020, a coupon of 6.25%
  - The bond has a call-option and a covenant; the equity ratio (IFRS) has to be at least 25.0%

Maturity structure of long-term debt 3/2015 (EUR million)\*



\* Excluding construction stage financing

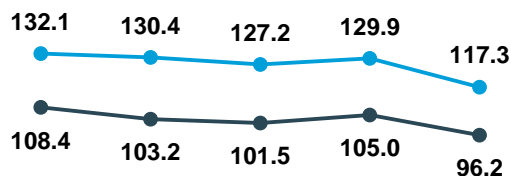
Debt portfolio 3/2015, average interest rate 3.89%



# Financial key ratios improved in Q1/2015

- Positive development as the RUB-stress diminished and net debt decreased
- Equity ratio positively impacted also by the normalisation of cash reserves

### Gearing (%)

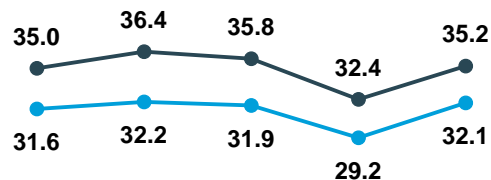


Q1	Q2	Q3	Q4	Q1
2014				2015

● POC ● IFRS

Financial covenant tied to gearing (maximum level of 150.0%, IFRS) in the syndicated RCF agreement and in one bank loan.

### Equity ratio (%)

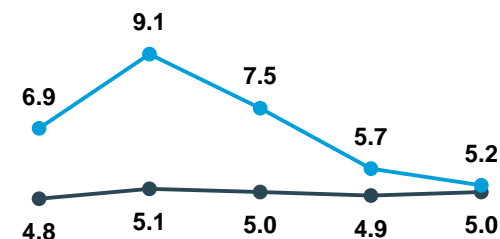


Q1	Q2	Q3	Q4	Q1
2014				2015

● POC ● IFRS

Financial covenant tied to the equity ratio (minimum level of 25.0%, IFRS) in bank loans, the syndicated RCF agreement and in the recently issued bond.

### Net debt/EBITDA (Multiple, x)



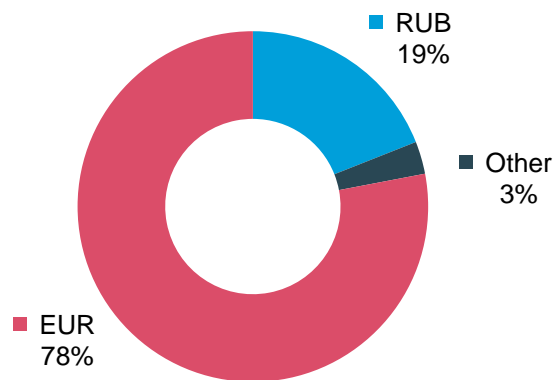
Q1	Q2	Q3	Q4	Q1
2014				2015

● POC ● IFRS



# Ruble impact in Q1/2015: Positive translation difference of close to EUR 50 million

## Revenue split Q1/2015



## Impact of changes in foreign exchange rates (EUR million)

	Q1/2015
Revenue, POC <sup>1)</sup>	-34.1
EBIT, POC <sup>1)</sup>	-2.9
Order backlog, POC <sup>2)</sup>	96.2
Equity, IFRS (translation difference) <sup>2)</sup>	47.2

<sup>1)</sup> Compared to the corresponding period in 2014

<sup>2)</sup> Compared to the end of previous quarter

- The Russian ruble has recovered from the 2014 end

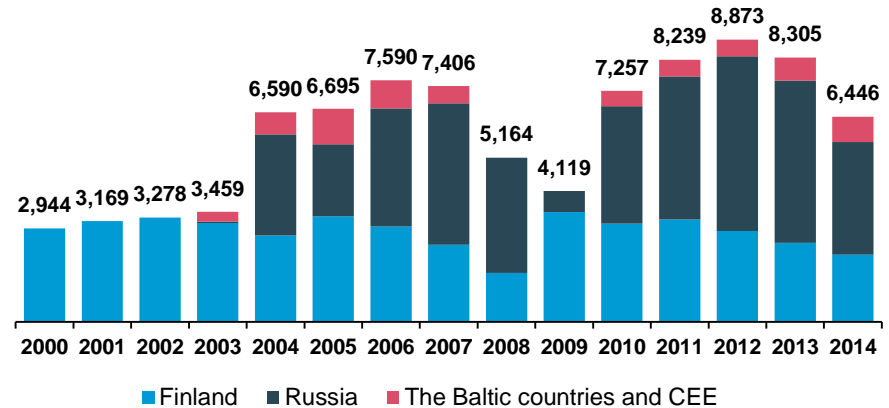
## Principles of managing currency risks:

- Sales and project costs typically in same currency, all foreign currency items hedged  
→ no transaction impact
- Currency positions affecting the income statement are hedged
  - Loans to subsidiaries in local currency, EUR 82 million in 3/2015 to Russian subsidiaries
- Equity and equity-like investments in Russia not hedged
  - Considered to be of permanent nature
  - FX changes recognized as translation difference in equity
  - Total exposure: EUR 312 million in 3/2015

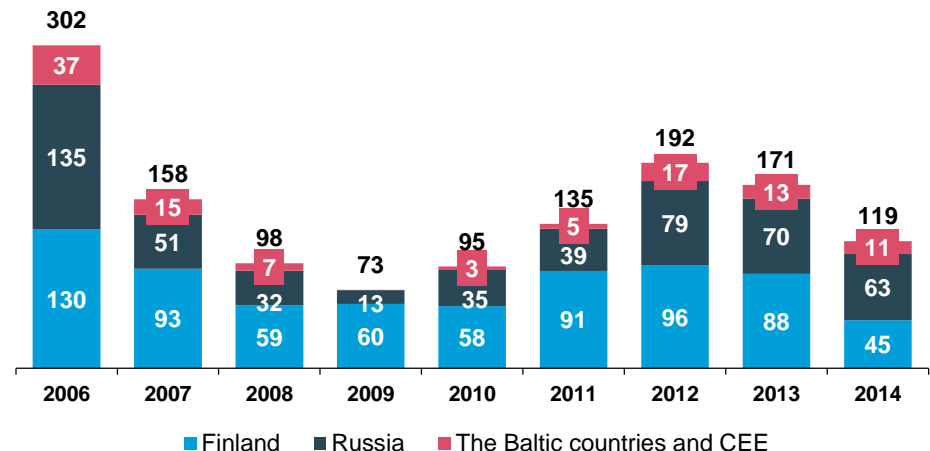
# Good financial flexibility

- Good ability to manage cash flow
  - Start-ups adjusted according to demand
  - Opportunity to adjust plot investments; existing plot reserve provides a good base for the coming years
- Flexibility in production costs
  - Both own personnel and subcontractors at construction sites
  - Use of rental equipment to manage the volatility in production volumes
  - Temporary layoffs possible in Finland
- Focus on payment terms in plot acquisitions
  - In Russia, payment schedule for plots tied increasingly to permitting process and start-ups
  - In Finland, a common practice to have pre-agreements that are subject to zoning

Housing start-ups 2000-2014 (units)



Cash flow of plot investments 2006-2014 (EUR million)



# Satisfactory progress in capital release

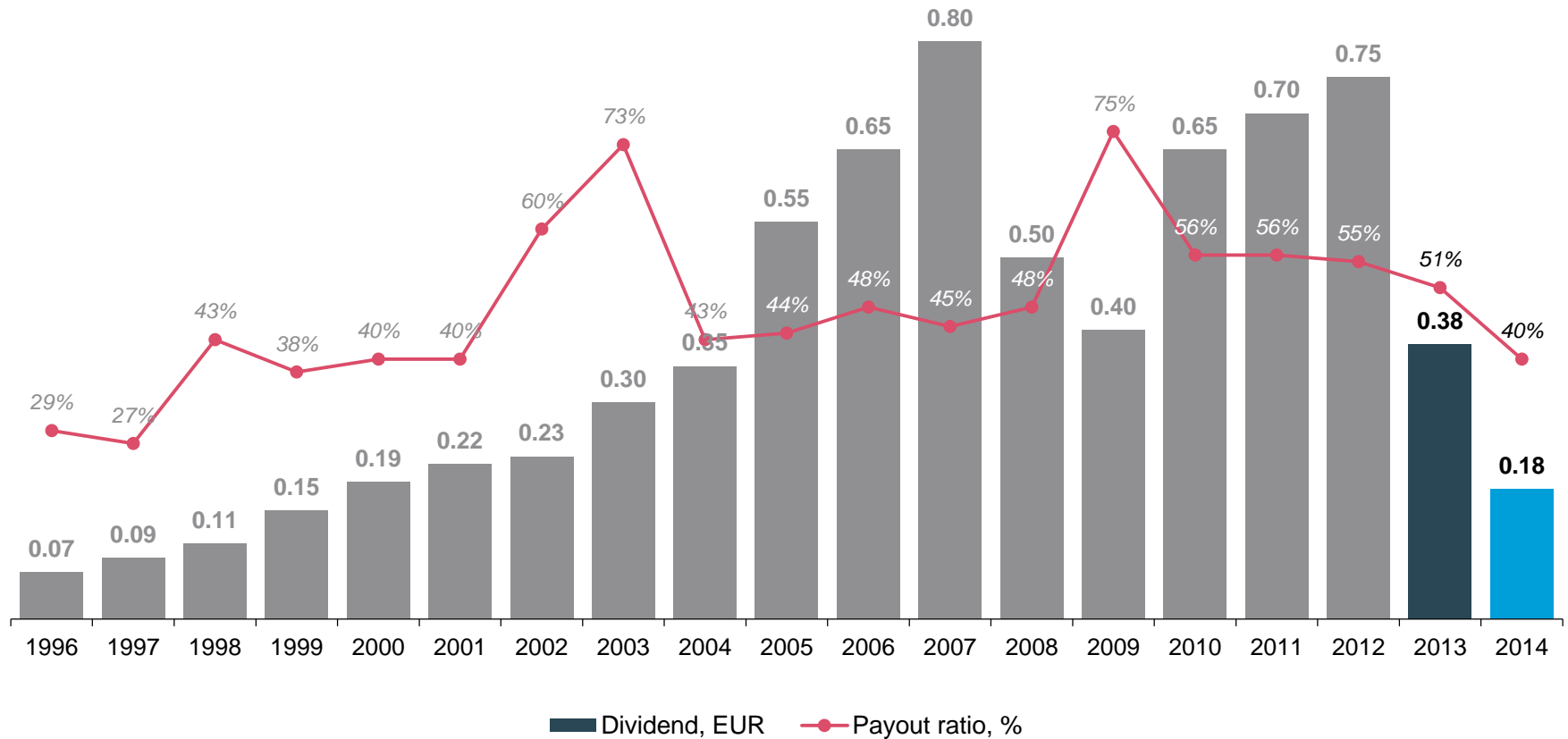
Target for capital release	Actions in Q1/2015	Cumulative progress since 9/2013
Reducing the inventory of unsold completed apartments in Finland >EUR 50 million	<ul style="list-style-type: none"> <li>Active sales to investors covering a wide variety of apartments</li> </ul>	<ul style="list-style-type: none"> <li>EUR 9 million</li> </ul>
Selling self-developed business premises projects in Finland (under construction) EUR 80 million	<ul style="list-style-type: none"> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>Over EUR 70 million</li> </ul>
Slow-moving assets >EUR 150 million*	<ul style="list-style-type: none"> <li>Several small deals in Russia</li> </ul>	<ul style="list-style-type: none"> <li>EUR 59* million sold or agreed (not fully visible in revenue and cash flow yet)</li> </ul>
New off-balance sheet partnership models in plot acquisitions >EUR 100 million	<ul style="list-style-type: none"> <li>One plot sold to HYPO, value EUR 2 million</li> </ul>	<ul style="list-style-type: none"> <li>The value of plots financed by external partner EUR 51 million</li> </ul>

\* Target set at the balance sheet rate at 9/2013: EUR/RUB 43.8240, cumulative progress calculated using the same EUR/RUB rate.

# Dividend payout target 40-60% of net profit for the period

## Dividend / share (EUR)

Note: Historical figures prior to 2013 are YIT Group pre demerger



# 7

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Looking  
ahead and  
conclusions





# Key priorities in 2015

## 1 Maintaining strong cash flow

- Cash flow focus in sales
- Capital release continues

## 2 Competitiveness program

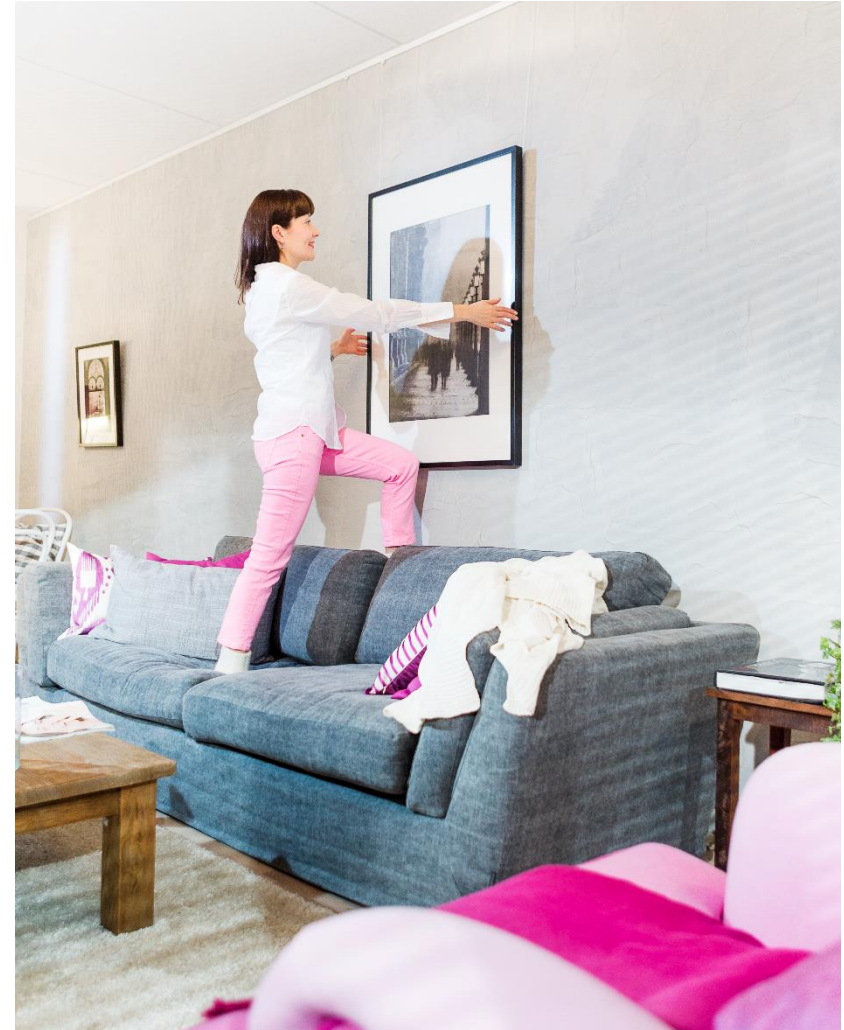
- Excellent execution
- Cost efficiency in design and operations

## 3 Best customer experience

- Development of concepts and affordable products continues
- Improved personal and online services

## 4 Inspired personnel

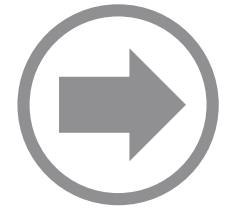
- Strengthening key competences
- Commitment to safety and quality



# Market outlook, expectations for 2015

## Finland

- Consumers cautious and investors active in the residential market, demand to focus on small apartments in growth centres
- Price polarisation, especially between small and large apartments
- Availability of mortgages good
- Modest demand for business premises with improving investor activity. Focus on prime locations in the Capital region
- Opportunities in contracting



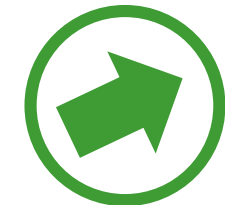
## Russia

- Weak visibility
- Consumers' purchasing power to decrease
- Construction costs to increase
- Uncertainty in residential price development
- Residential demand to focus on small apartments that are completed or close to completion
- Mortgage rates to remain stable due to government subsidies



## CEE

- The improved economic situation to support residential and business premises demand
- Access to financing to remain good
- Residential prices to increase moderately



# Guidance for 2015 unchanged (segment reporting, POC)

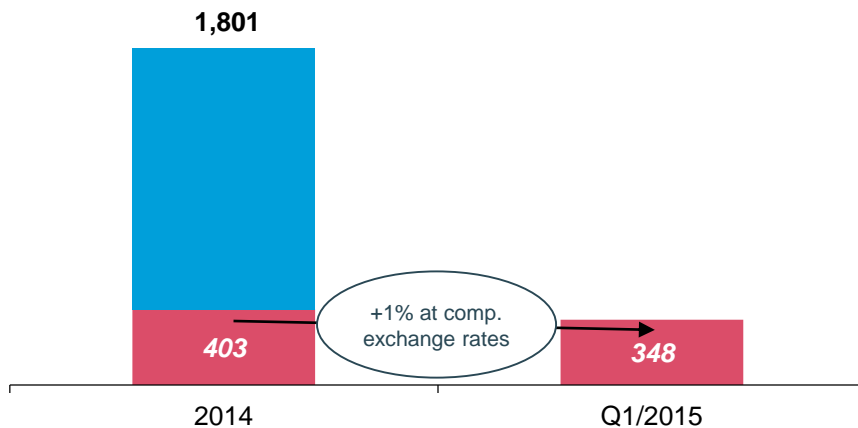
The Group revenue growth is estimated to be in the range of **-5 – 5%** at comparable exchange rates

The operating profit margin excluding non-recurring items is estimated to be **below the level of 2014**

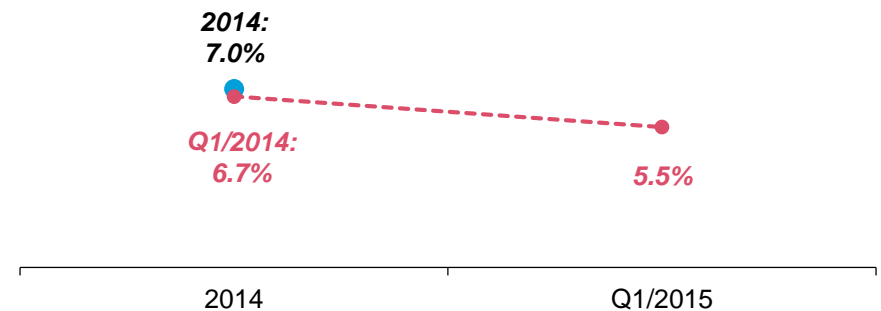
## The 2015 guidance is based on the following:

- Demanding market outlook
- ~40% of Q2-Q4/2015 revenue from sold projects and signed pre-agreements, the rest from new sales and capital release
- Housing Russia's share of revenue to decrease
- Share of investor projects and contracting to increase in Finland
- Capital release dilutes the operating profit margin

Revenue, EUR million



Operating profit margin\*, %



Figures based on segment reporting (POC)  
\*Operating profit margin excluding non-recurring items

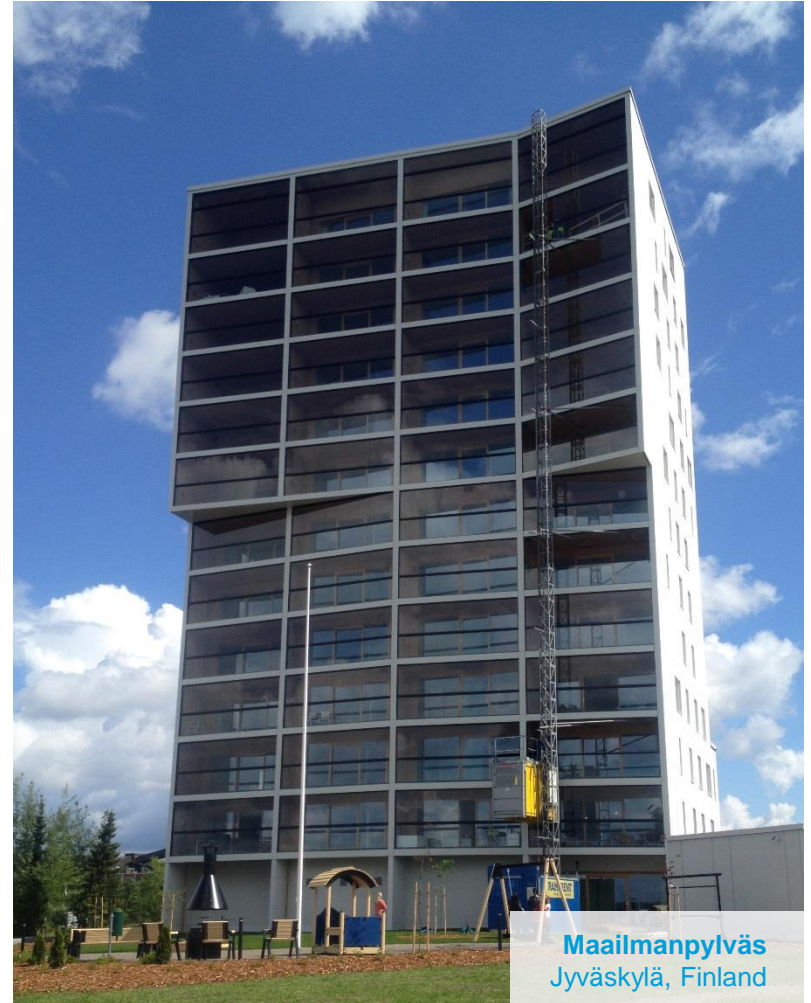
# Concluding remarks

**Growth from self-developed and co-operation projects, shifting towards a more balanced geographical footprint**

**Solid track record in profitability and execution through economic cycles**

**Strong market position and long experience from Finland and Russia**

**Current focus on cash flow and capital efficiency, efforts to improve capital efficiency starting to bear fruit**



# 8

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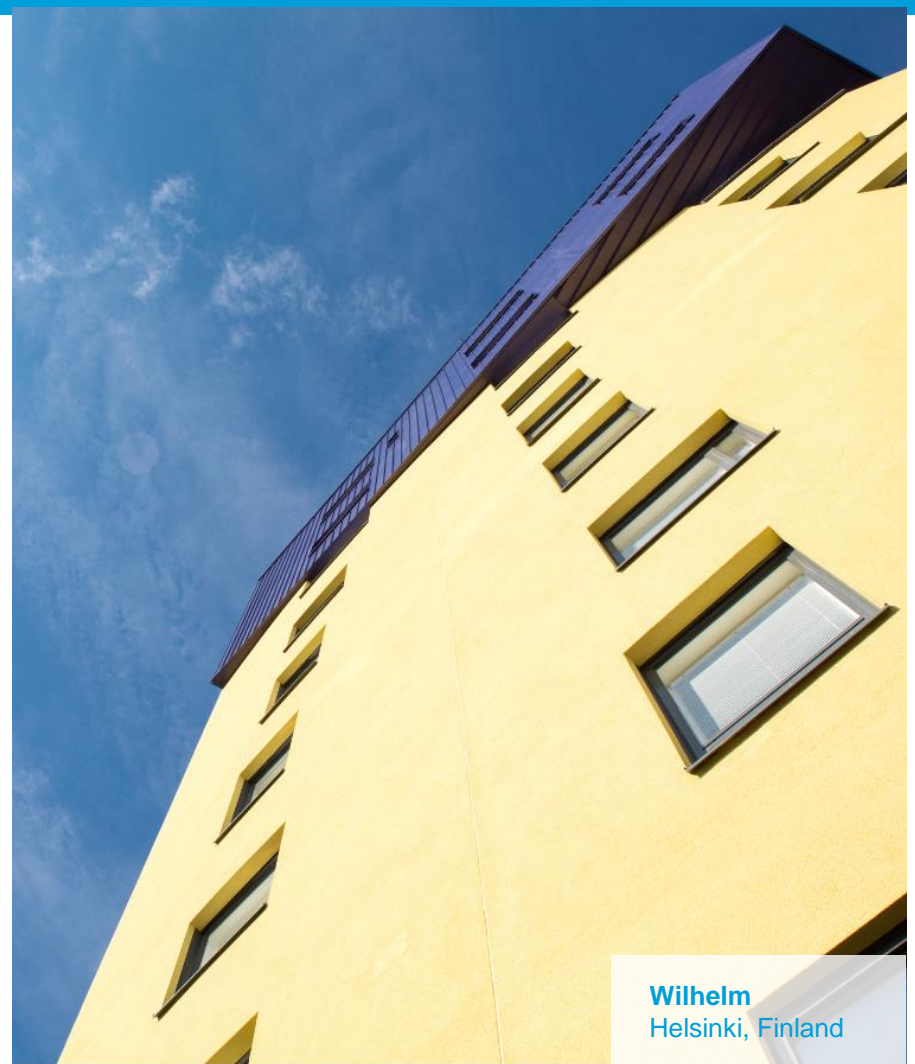
## Appendices



Konepaja residential area  
Helsinki, Finland

# Appendices

- I. Additional financial information
- II. Housing indicators
- III. Business premises and infrastructure construction indicators
- IV. Ownership





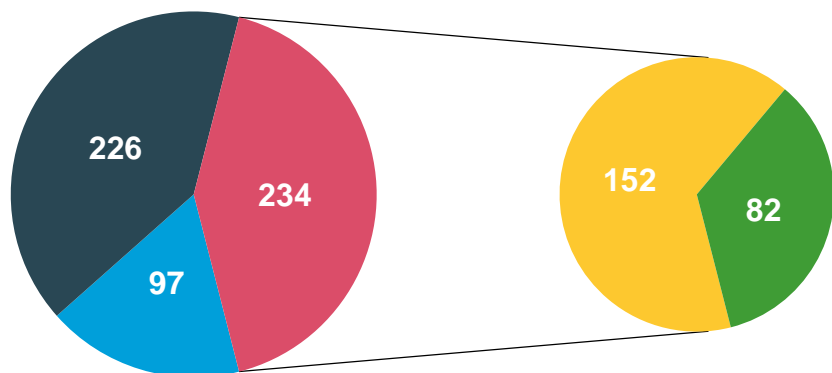
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## Additional financial information



# Solid plot portfolio, a basis for growth and financial flexibility

Capital invested in plot reserves 3/2015, EUR 557 million



- Business Premises and Infrastructure
- Housing Russia\*
- Housing Finland and CEE
- Finland
- The Baltic countries, the Czech Republic and Slovakia

Use of plot reserves in 2014, EUR 104 million

<b>Housing Finland and CEE</b>	<b>48</b>
<i>Finland</i>	33
<i>The Baltic countries, the Czech Republic and Slovakia</i>	15
<b>Housing Russia**</b>	<b>48</b>
<b>Business Premises and Infrastructure</b>	<b>8</b>

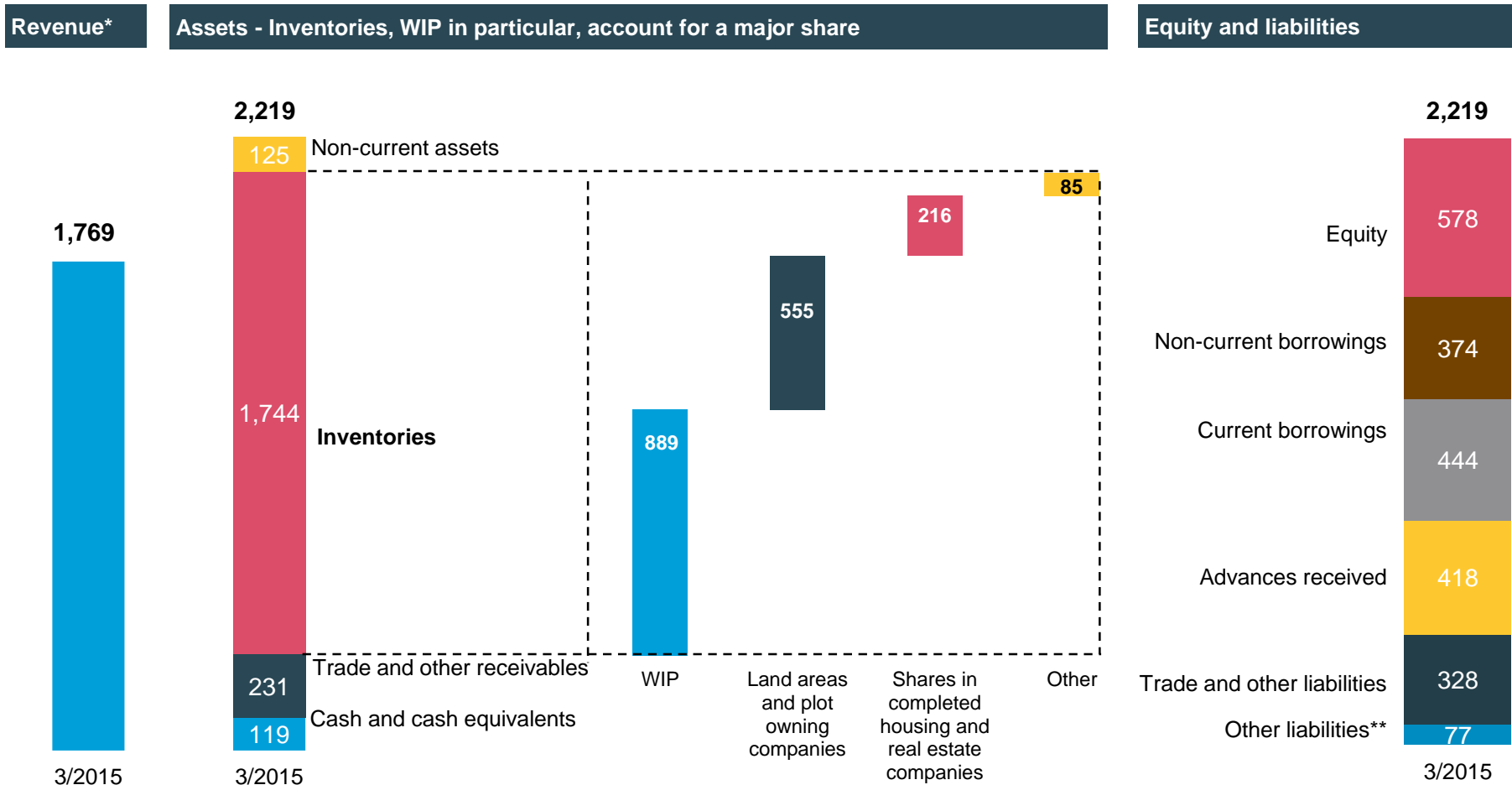
\*Includes Gorelovo industrial park

\*\* Calculated at the 12/2014 EUR/RUB exchange rate: 72.3370



# Consolidated balance sheet

## as of March 31, 2015 (EUR million)



Note: Figures based on Group reporting (IFRS)

\*) Last 12 months

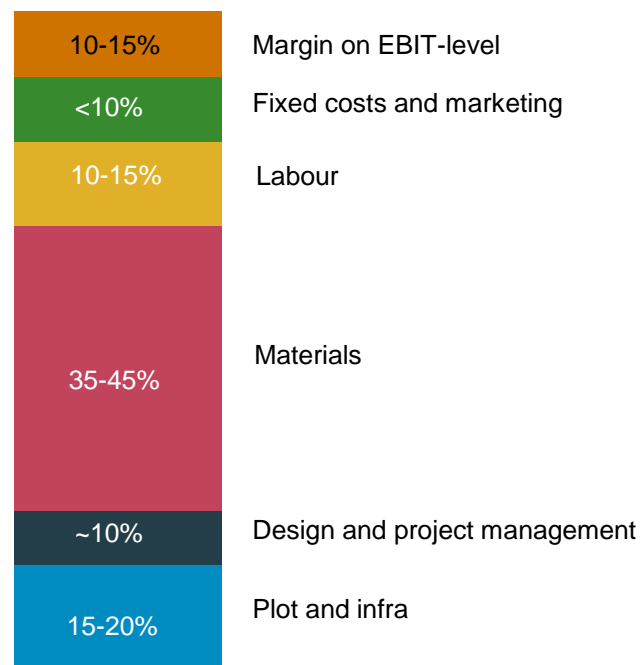
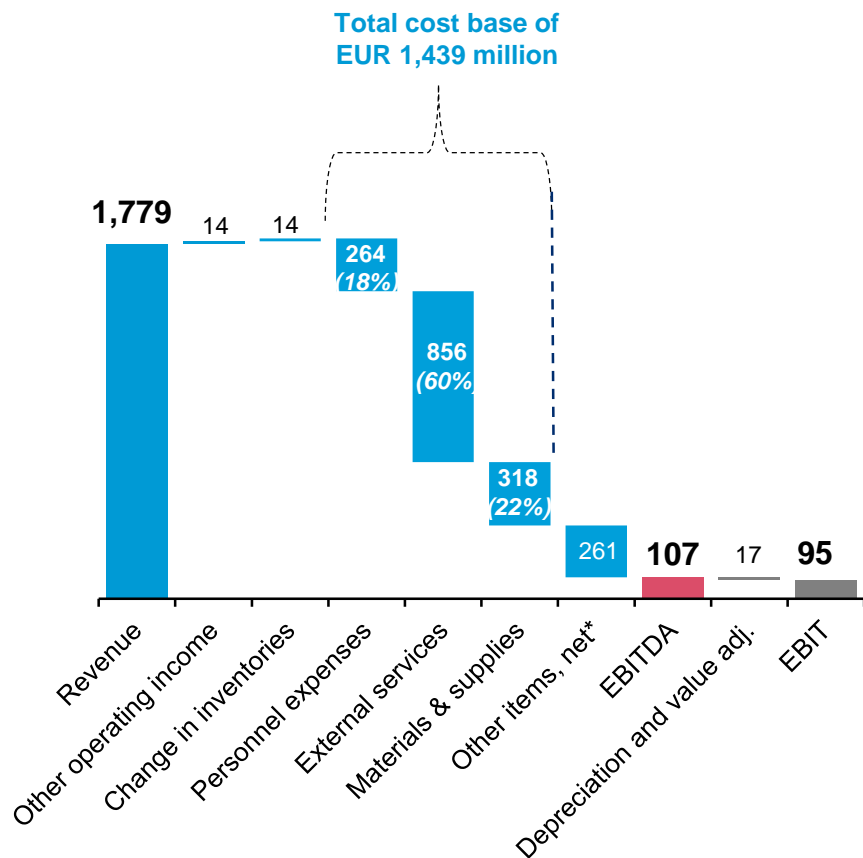
\*\*) Includes deferred tax liabilities, pension obligations, provisions and other liabilities

# YIT's cost base in 2014

## External services account for a major share of YIT's costs

IFRS, EUR million (% of cost base before EBITDA)

Indicative cost structure of a Finnish residential project



\*) Includes: Other operating expenses, share of results in associated companies and production for own use

NOTE: Figures based on Group reporting (IFRS)

# Construction stage financing

## Financing of construction in a typical residential development project in Finland:

- YIT's subsidiary YIT Construction sells the contract receivables from Housing corporations (also owned by YIT) to financial institutions
  - Due upon completion
  - Sold in line with the progress of the project
- Customers' down payments 15% of value

### → Financing for construction

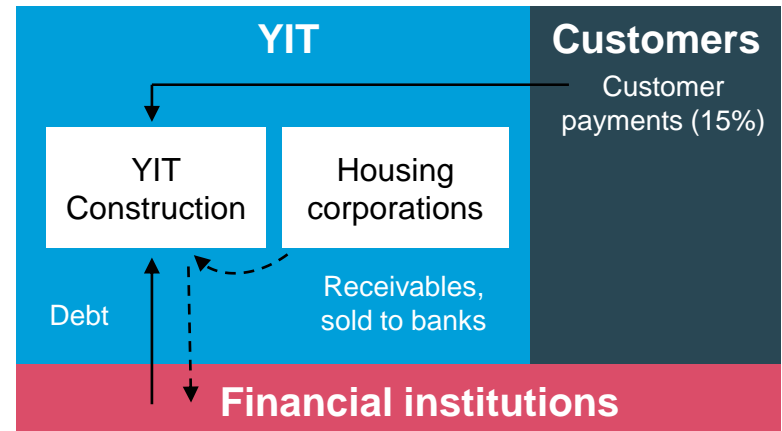
### Limited refinancing risk:

- Sold receivables are included in current borrowings as they are linked to current assets. However, there is limited refinancing risk:
- Upon completion, Housing corporations pay for the construction by drawing housing corporation loans
  - 50-70% loan-to-value
  - +20 year maturities
  - The terms and conditions are agreed upon already when starting construction
- Customers pay the rest of the sales price

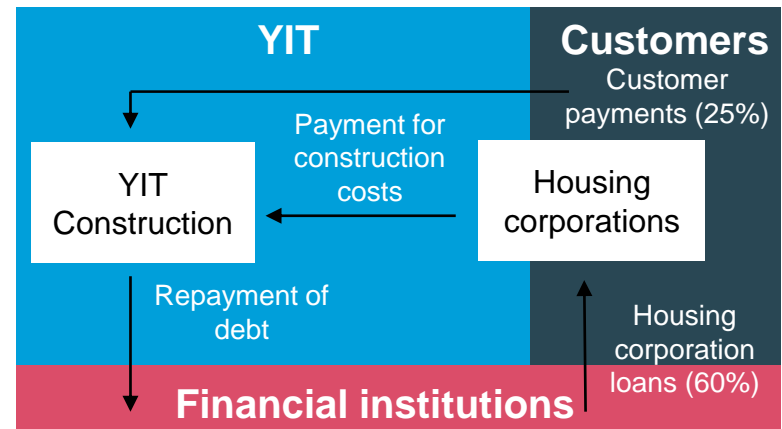
### → Refinancing of the sold receivables

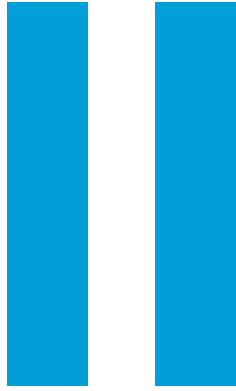
- After completion the unsold apartments are in YIT's balance sheet as shares in housing corporations. Their share in the housing corporation loans is included in current borrowings as the loans are linked to current assets.

## During construction:



## Upon completion:





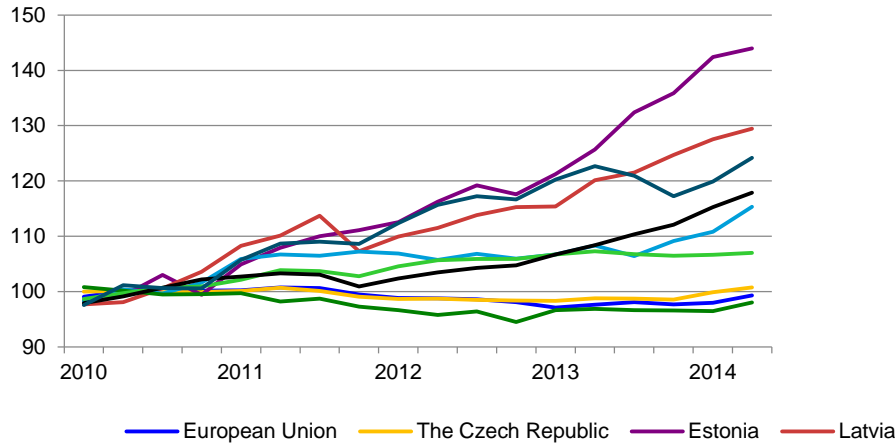
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# Housing indicators

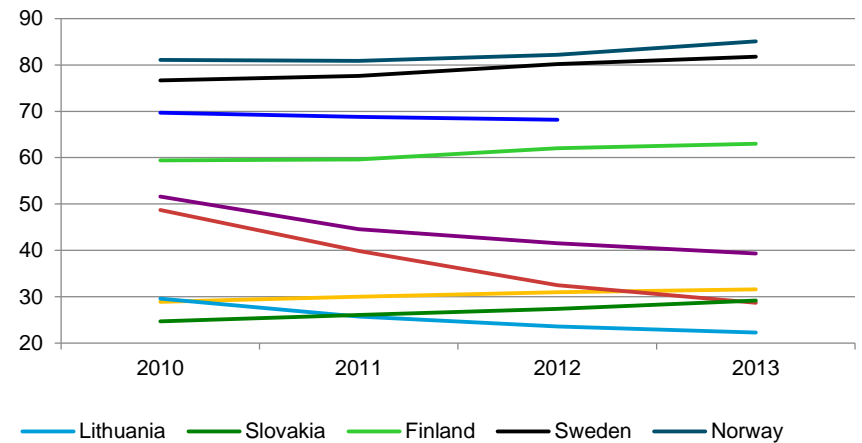


# Market fundamentals in YIT's operating countries

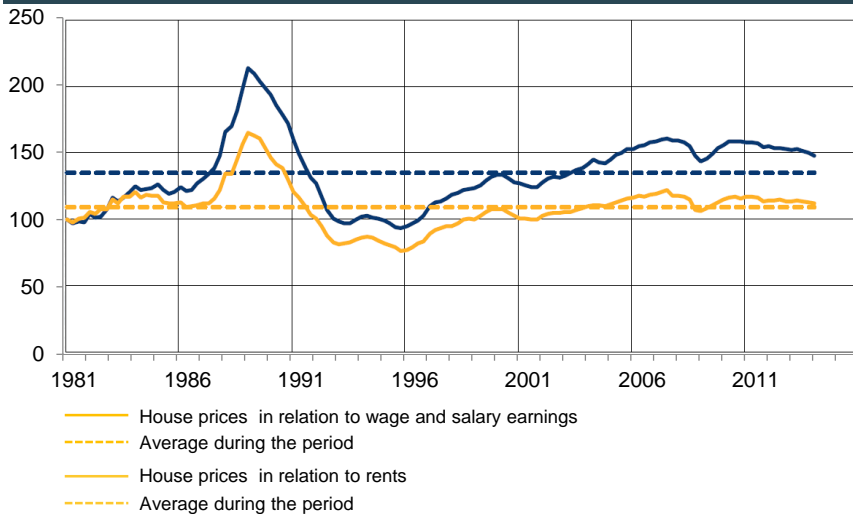
House price index, 2010 = 100



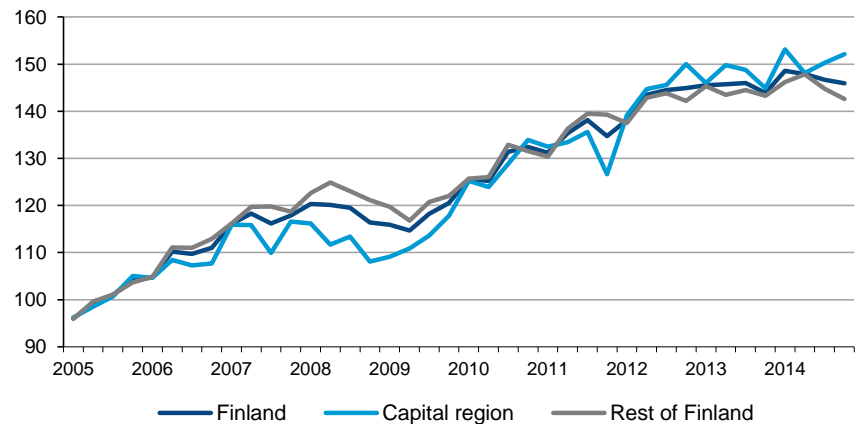
Households debt to GDP (%)



House prices in relation to income and rents in Finland, index (100=1981)

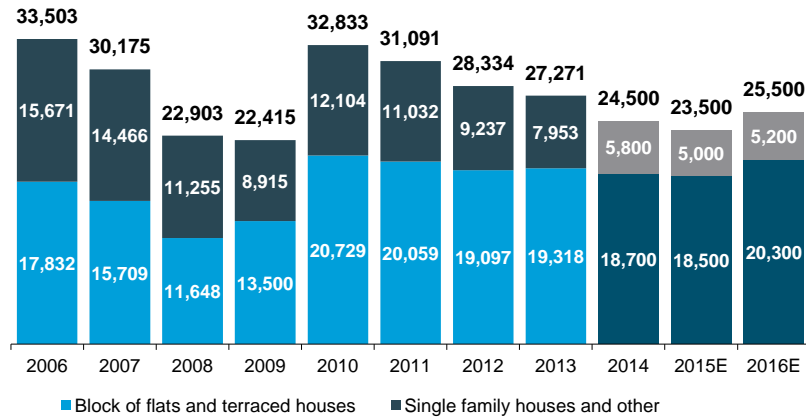


Prices of new dwellings, index

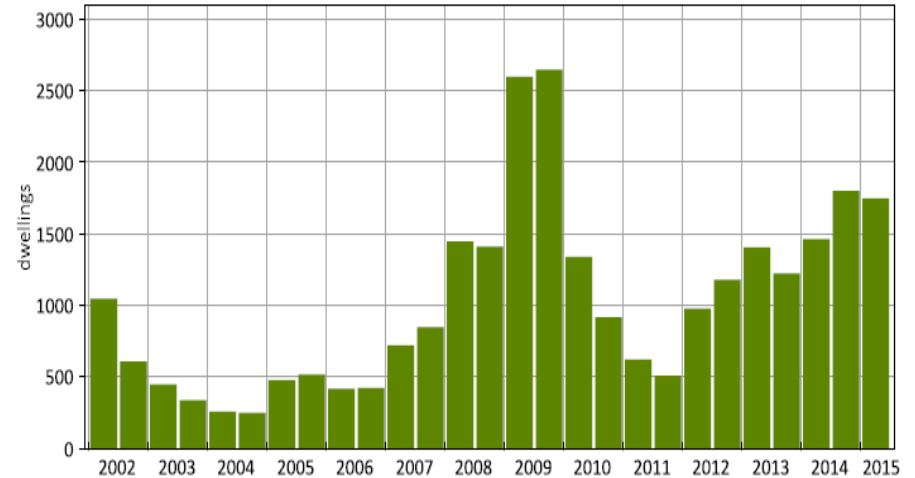


# Finland – Start-ups expected to bottom out in 2015

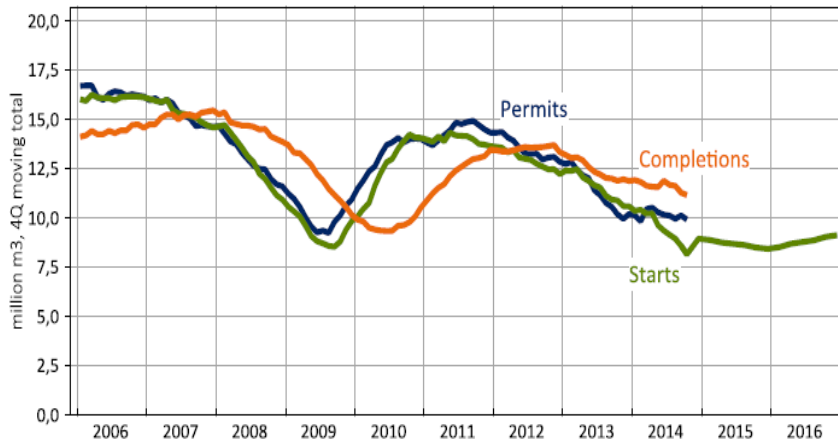
## Residential start-ups, units



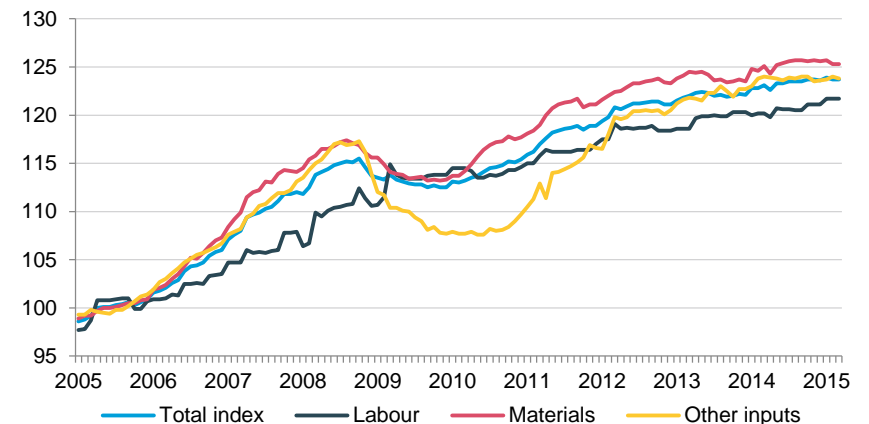
## Unsold completed units (residential development projects)



## Residential building permits, start-ups and completions, million m3



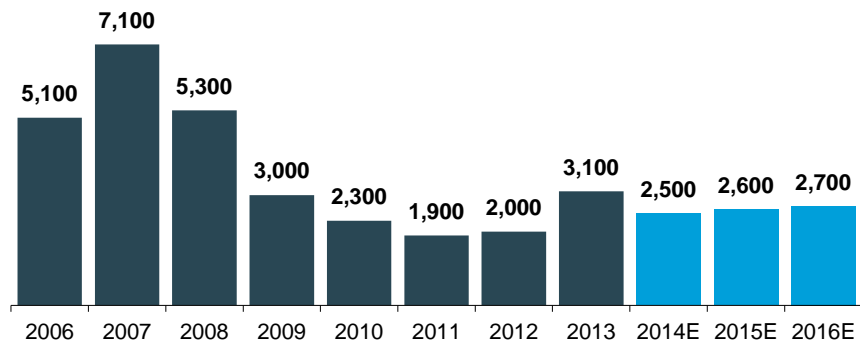
## Construction cost index (2005=100)



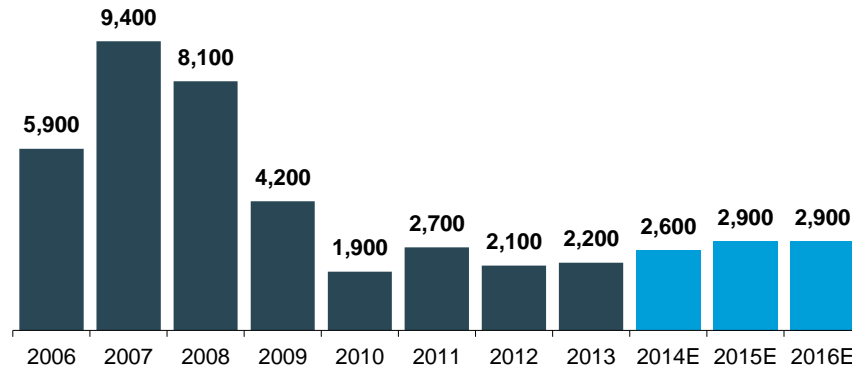
Sources: Residential start-ups: 2006-2013 Statistics Finland, 2014 - 2016E RT Confederation of Finnish Construction Industries, March 2015, Unsold completed units and residential building permits, start-ups and completions, RT March 2015, Construction cost index: Statistics Finland March 15, 2015

# The Baltic countries – Growth is expected in residential construction

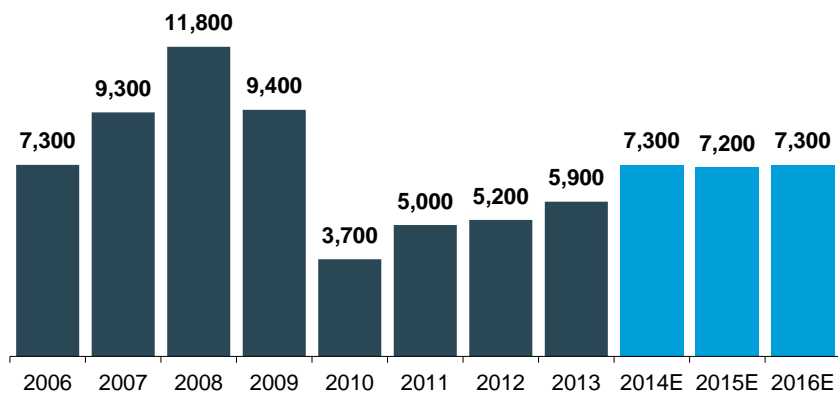
Residential completions in Estonia, units



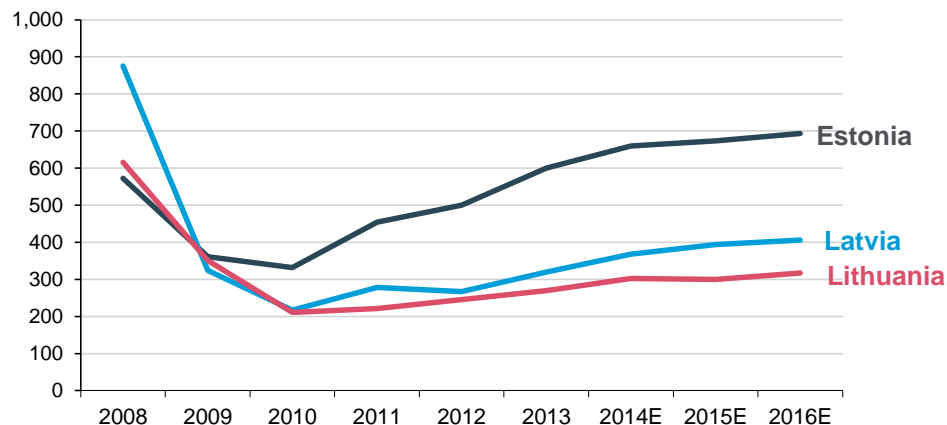
Residential completions in Latvia, units



Residential completions in Lithuania, units



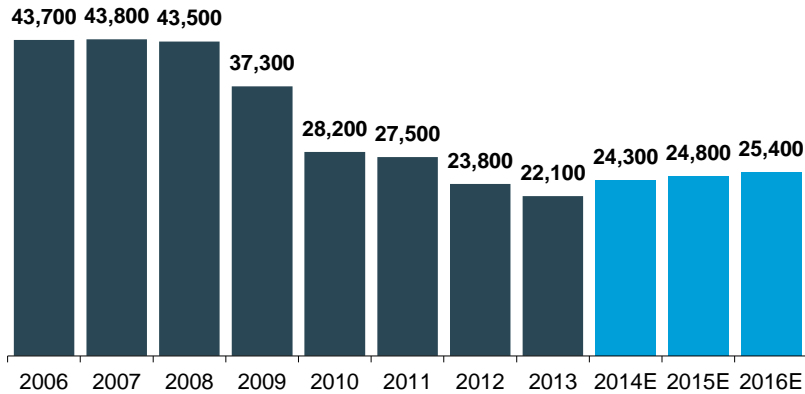
New residential construction in the Baltic countries, EUR million



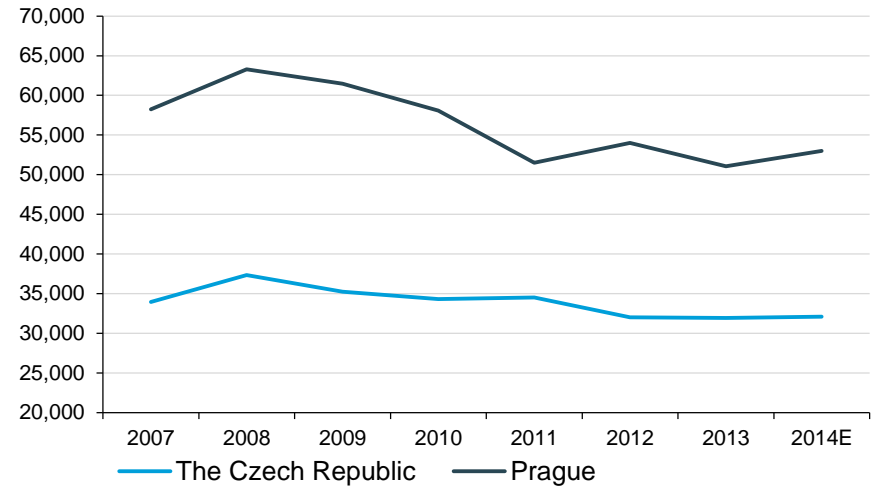
Source: Forecon, December 2014

# The Czech Republic and Slovakia – Start-ups forecasted to increase

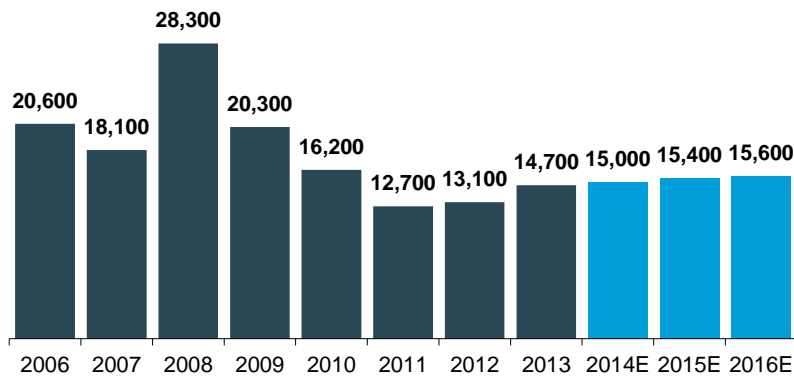
Residential start-ups in the Czech Republic , units



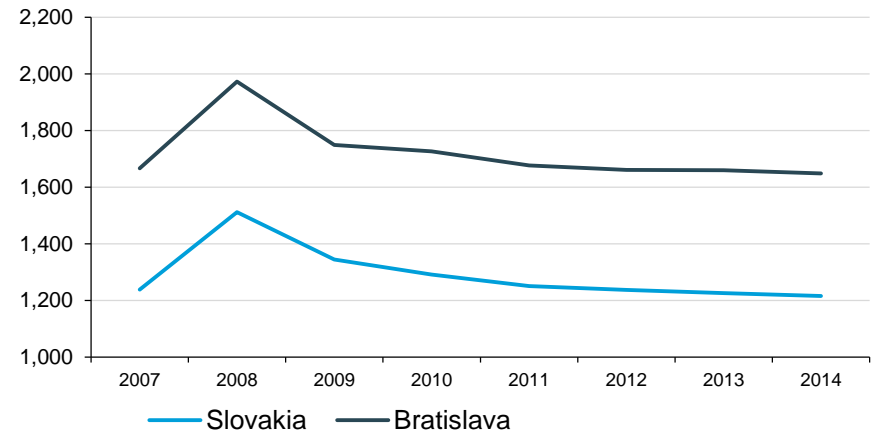
Residential prices in the Czech Republic and Prague CZK/ sq. m.



Residential start-ups in Slovakia, units



Residential prices in Slovakia and Bratislava, EUR/ sq. m.



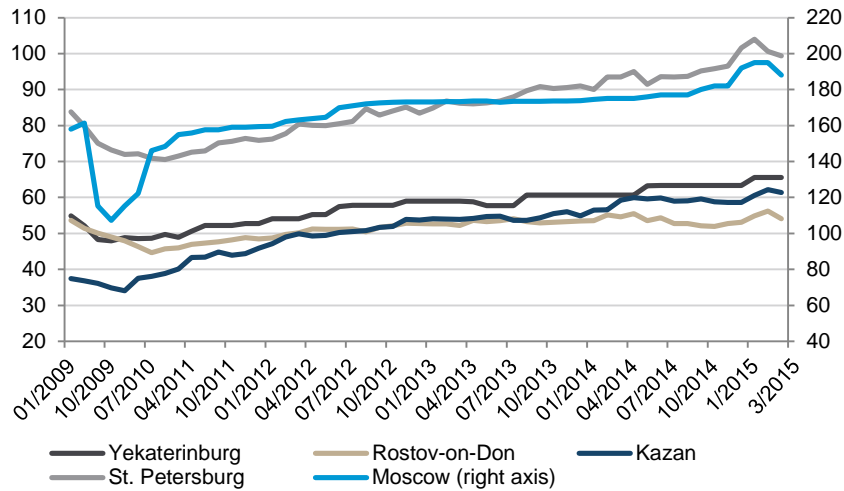
Sources: Residential start-ups: Euroconstruct November 2014, Other data: The Czech Republic: JLL 2014, Slovakia: National Bank of Slovakia April, 2015



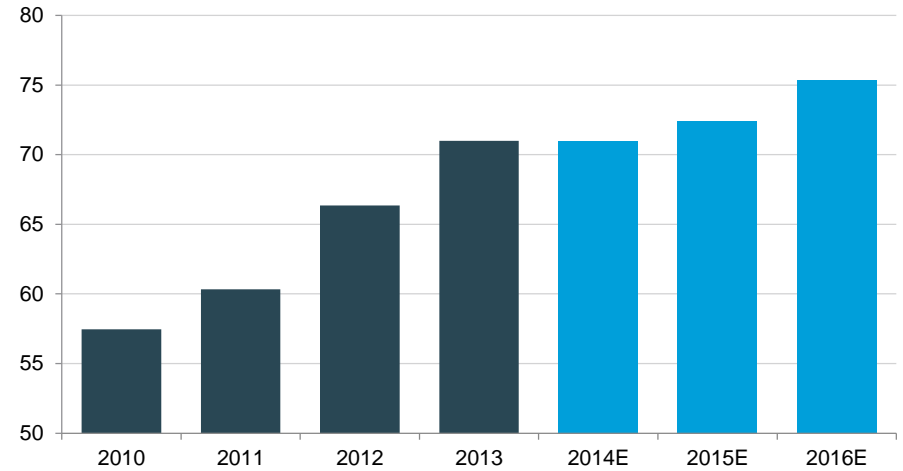


# Russia – Housing indicators

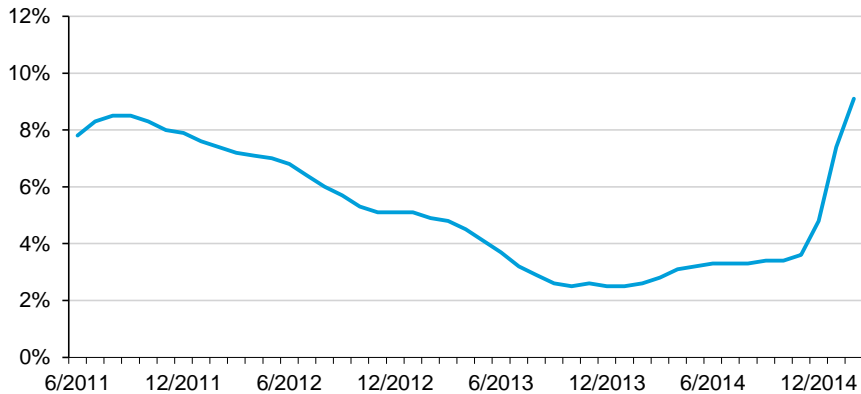
House prices in primary markets, thousand RUB (1/2009-3/2015)



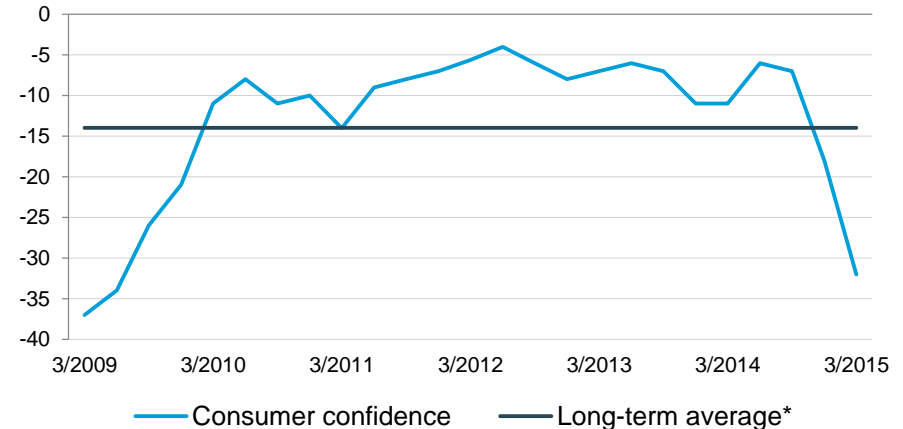
New residential construction, EUR billion



Inflation in building materials 6/2011-2/2015

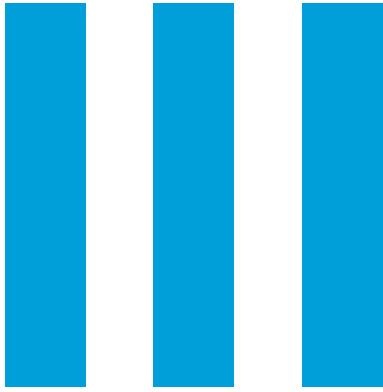


Consumer confidence



Sources: House prices: YIT, New residential construction volume: Forecon, December 2014, Inflation in building materials: PMR Construction review, March 2015, Consumer confidence: Bloomberg and tradingeconomics.com

\*Average 12/1998-3/2015



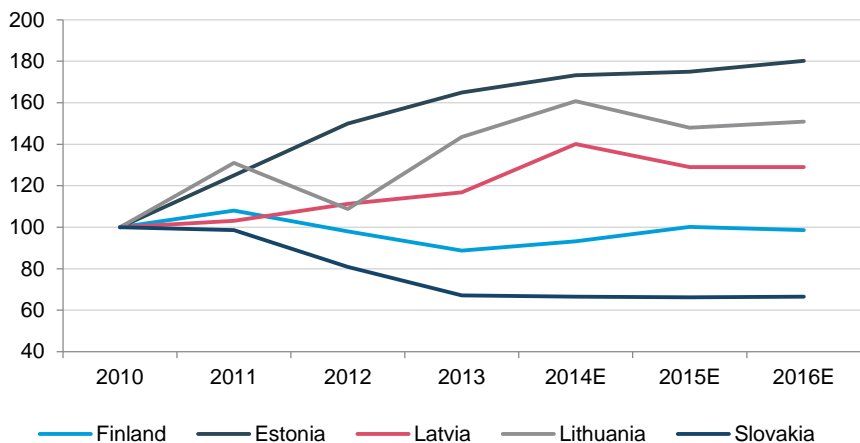
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## Business premises and infrastructure construction indicators

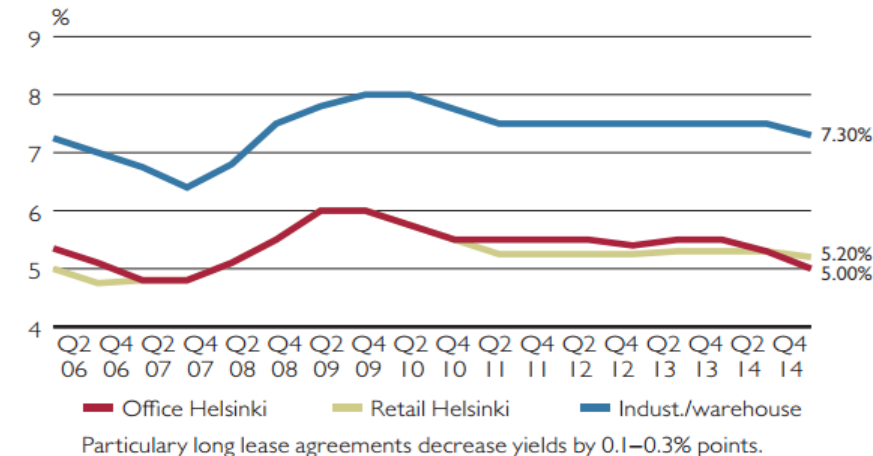


# Non-residential construction forecasted to pick up slightly in Finland and Slovakia

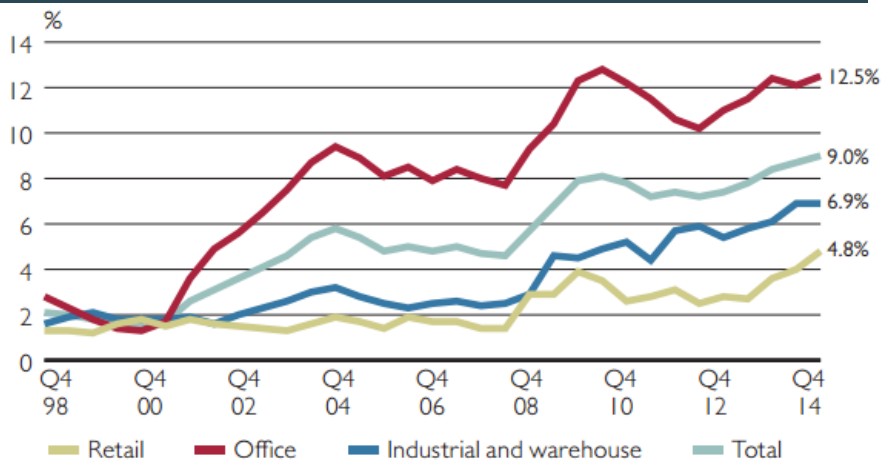
New non-residential construction volumes, index



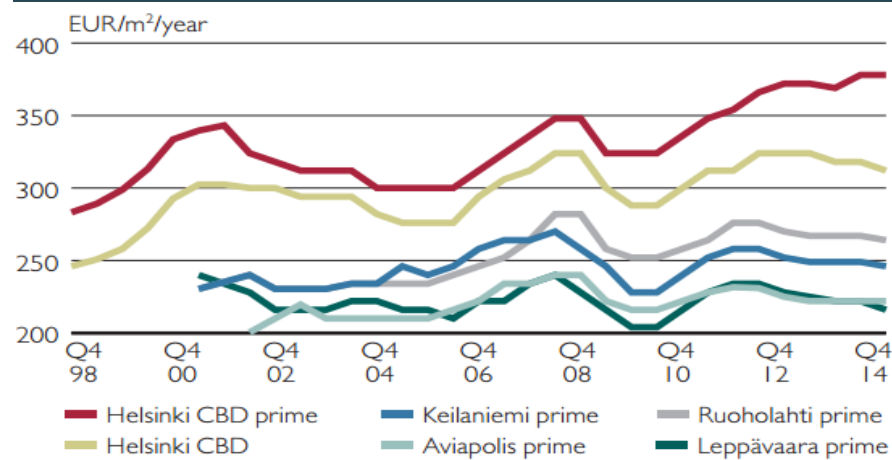
Prime yields in Helsinki Metropolitan Area, %



Vacancy rates in Helsinki Metropolitan Area



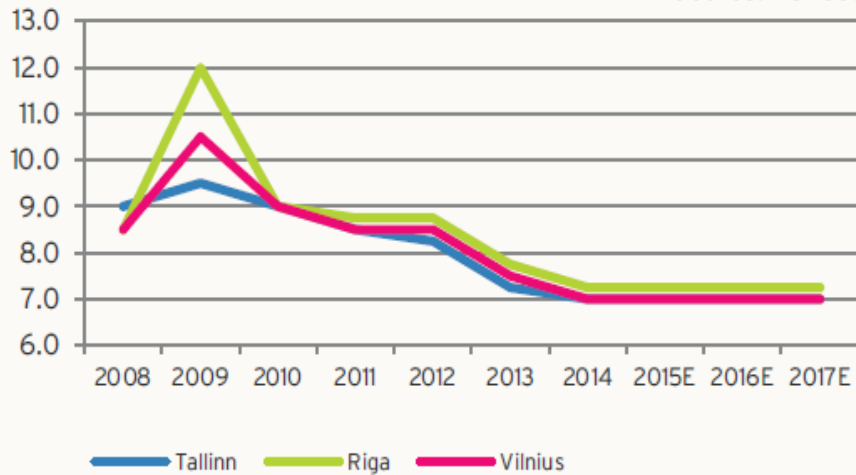
Rental levels of office premises (excl. VAT), new agreements



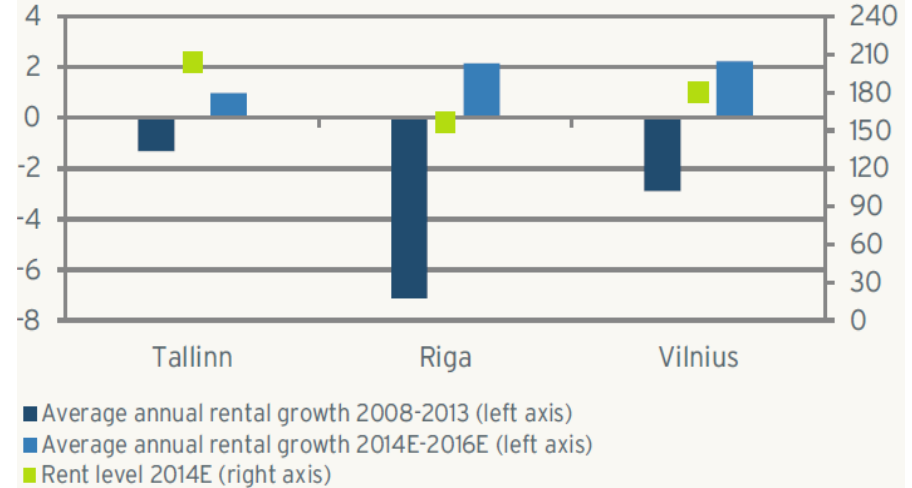
Sources: Euroconstruct, November 2014 and Forecon, December 2014, Catella Property Market Trends Finland, February 2015

# The Baltic countries – Yields are expected to decrease

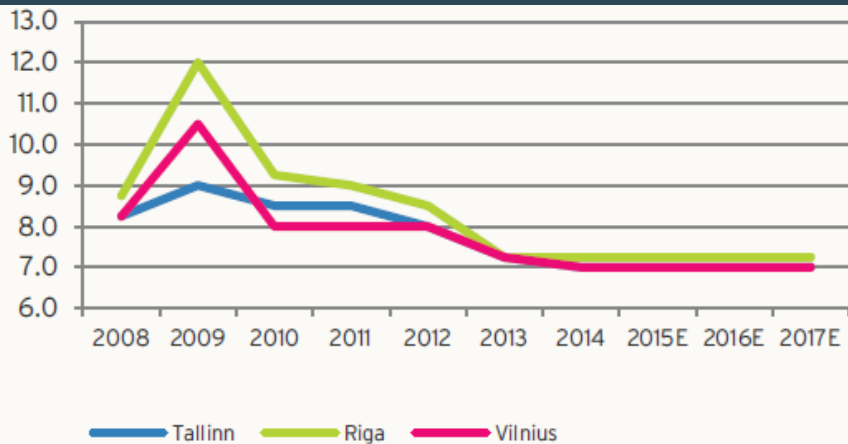
Prime office yields in the Baltic countries, %



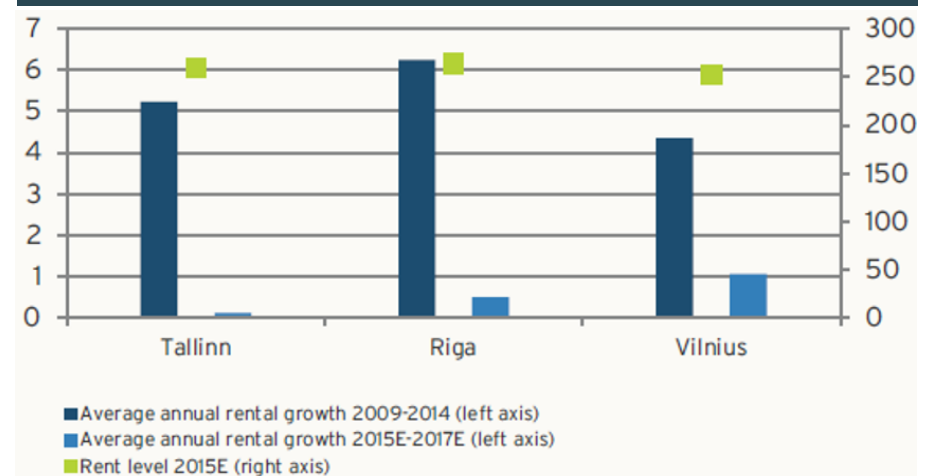
Prime office rents in the Baltic countries, % and EUR / sq. m. / year



Prime retail yields in the Baltic countries, %



Prime retail rents in the Baltic countries, % and EUR / sq. m. / year



# IV

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Ownership

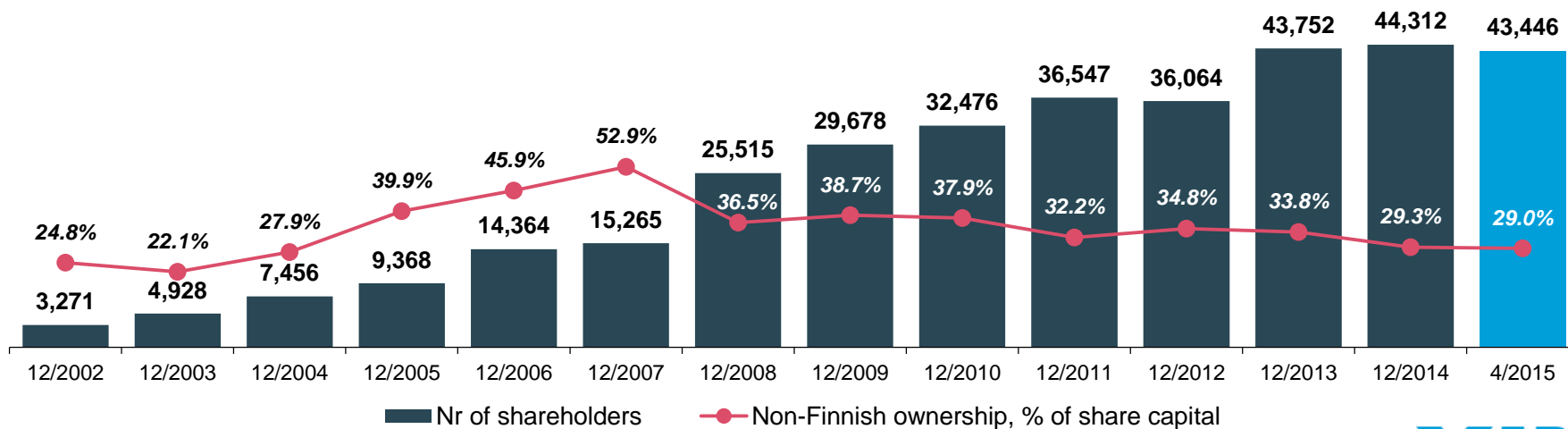


# YIT's major shareholders

April 30, 2015

Shareholder	Shares	% of share capital
1. Structor S.A.	12,750,000	10.02
2. Varma Mutual Pension Insurance Company	11,492,100	9.03
3. Herlin Antti	4,610,180	3.62
4. Mandatum Life Insurance Company Ltd.	4,286,675	3.37
5. Elo Mutual Pension Insurance Company	3,335,468	2.62
6. OP Funds	3,080,047	2.42
7. Etera Mutual Pension Insurance Company	1,700,000	1.34
8. YIT Corporation	1,641,595	1.29
9. The State Pension Fund	1,635,000	1.29
10. Kaleva Mutual Insurance Company	1,134,000	0.89
30 largest total	54,795,528	43.07
Nominee registered shares	22,891,678	17.99
Other shareholders	49,536,216	38.94
<b>Total</b>	<b>127,223,422</b>	<b>100.00</b>

## Number of shareholders and share of non-Finnish ownership, April 30, 2015



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we can  
do it.**