



# YIT – solid foundation for future growth

---

High Yield and Hybrid Capital  
Seminar Stockholm

26 November 2015

Jukka Kalliomäki

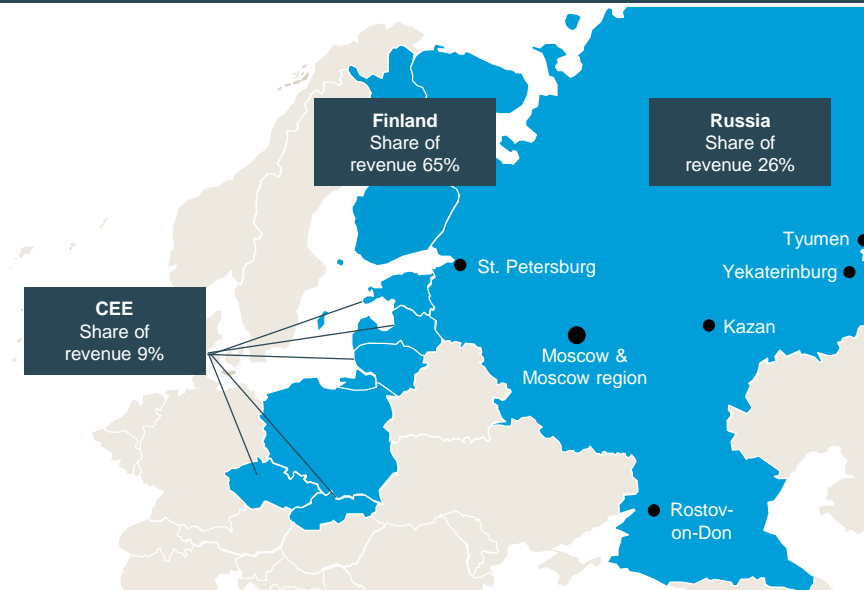


# YIT – An innovative project developer and high-quality construction company

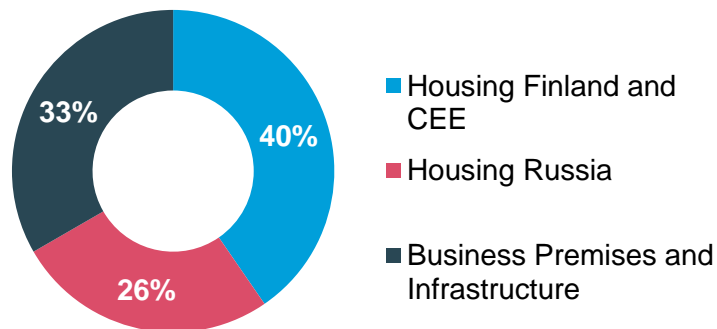
## Key investment propositions

- 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

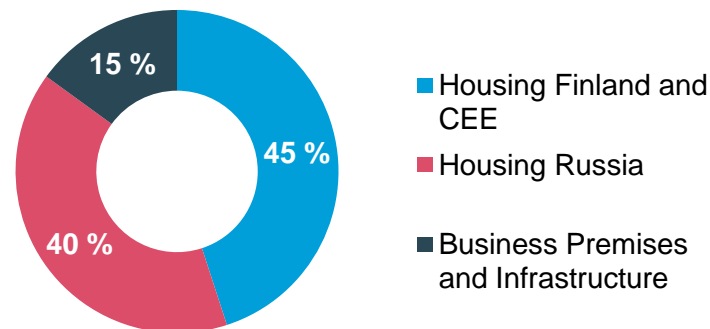
## Operations in 8 countries, 5,800 employees



## Revenue by segment 2014 (EUR 1.8 billion)



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



# Contents

- 1 Strategic focus areas
- 2 Housing Finland and CEE
- 3 Housing Russia
- 4 Business Premises and Infrastructure
- 5 Key financials
- 6 Looking ahead and conclusions
- 7 Appendices



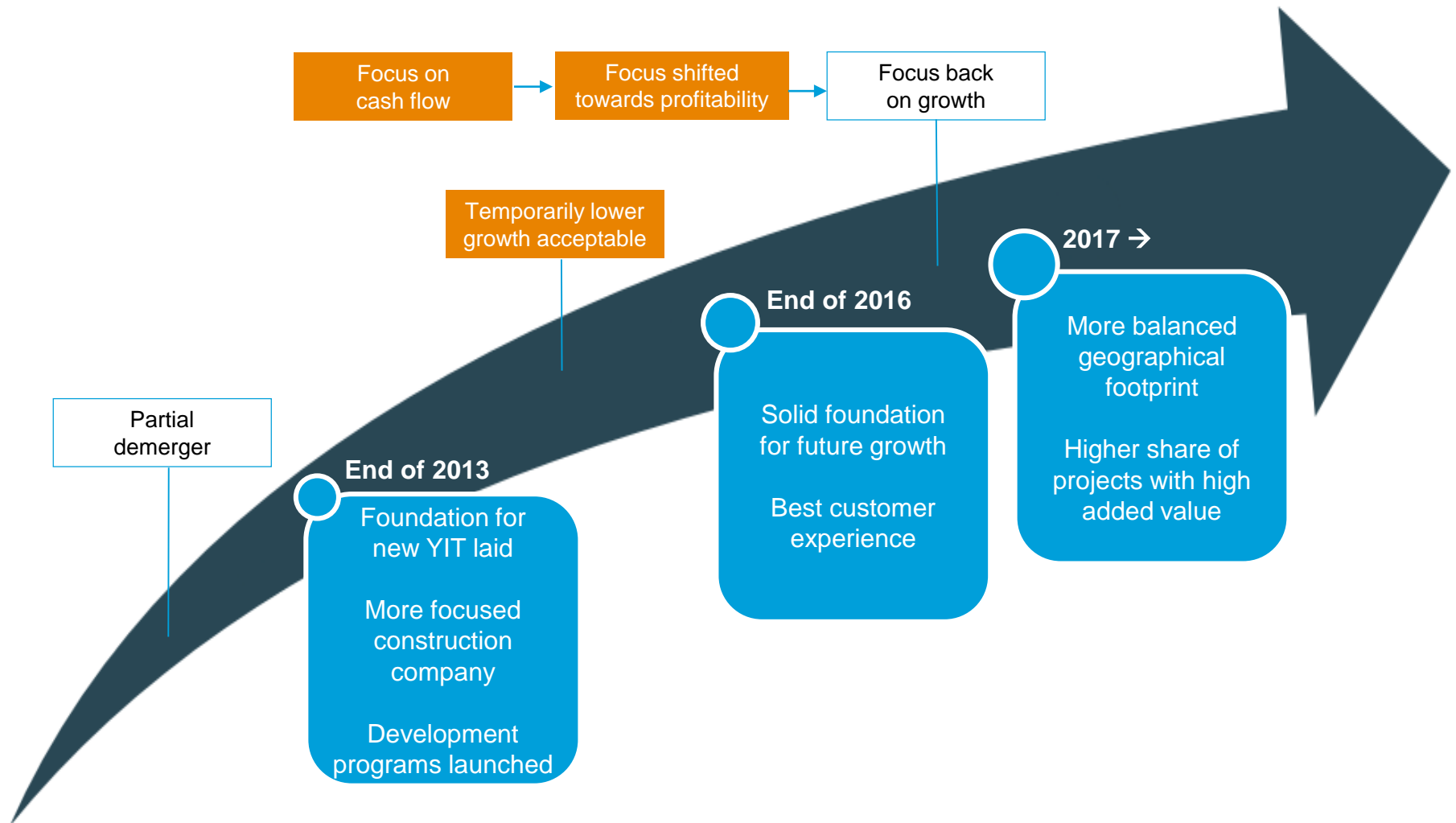
# 1

---

## Strategic focus areas



# Strategic roadmap



# Strategic focus areas

## Improving profitability



- Optimising the business mix
- Cost adjustments in Russia

## Growth initiatives



- Secured major projects and high value added projects
- Accelerating growth in CEE, entry to Poland






## Raising capital efficiency



- Completing the capital release program
- Further increasing the role of partnerships

# Financial targets as of September 16, 2015

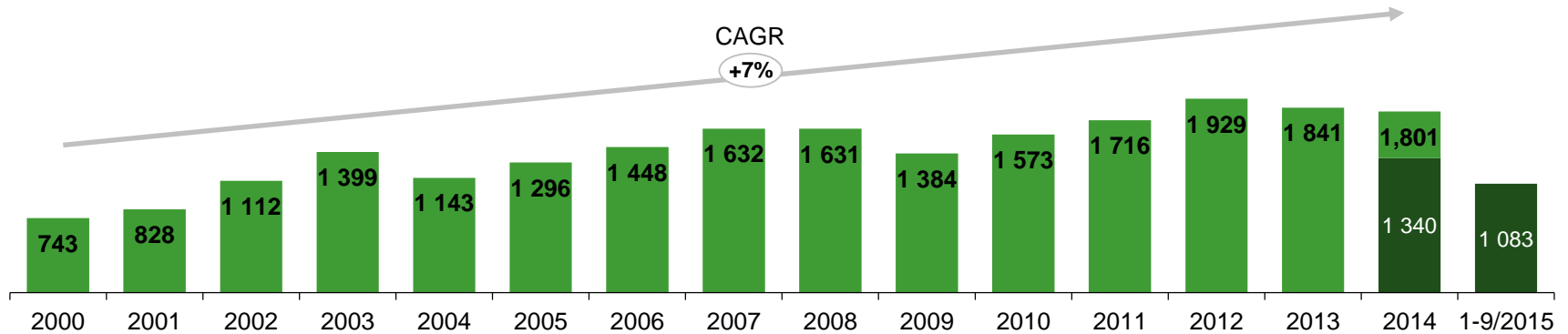
- Long-term ROI target revised to 15% from the earlier 20% due to lower weight of Russia in invested capital and future capital allocation
- Other long-term financial targets unchanged
- Separate short-term targets abandoned now that the net debt target has been reached

	Long-term targets	Status 6/2015	
Revenue growth	5 - 10% annually on average	LTM: -5.1% (+0.8% at comp. fx)	
Return on investment	15% (previously 20%)	6.4%	
Cash flow	Operating cash flow after investments sufficient for dividend payout and reduction of debt	LTM: EUR 309 million	
Equity ratio	40%	36.0%	
Dividend	Dividend payout 40 to 60% of net profit for the period	40% (2014)	

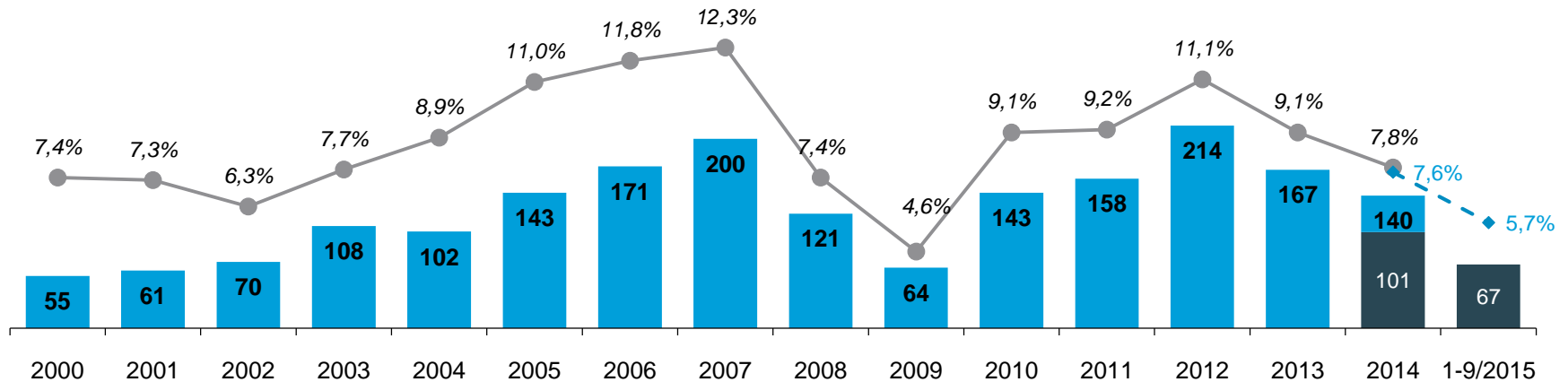
Segment figures (POC)

# Group profitability burdened by changes in the business mix, capital release and weak performance in Russia

Revenue development (EUR million) of continuing operations



Operating profit (EBIT) development (EUR million) of continuing operations, 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.



# 2

---

## Housing Finland and CEE

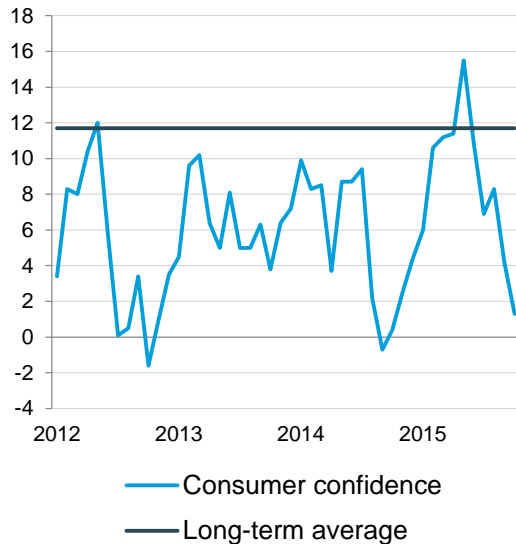


**Koti Hyacint**  
Prague, the Czech Republic

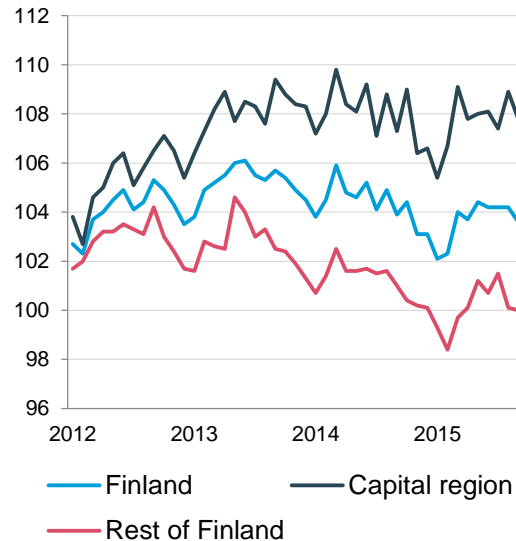
# Housing Finland and CEE: Operating environment in Finland

- Consumer confidence weakened
- Good 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
- The volume of new housing loans increased slightly

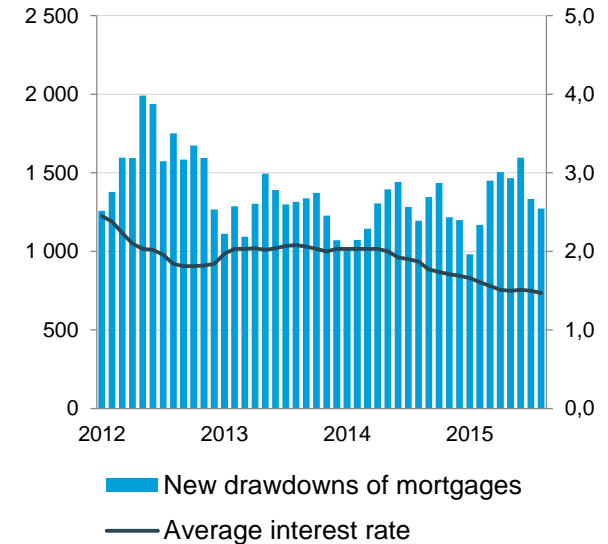
**Consumer confidence  
01/2012-10/2015**



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



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

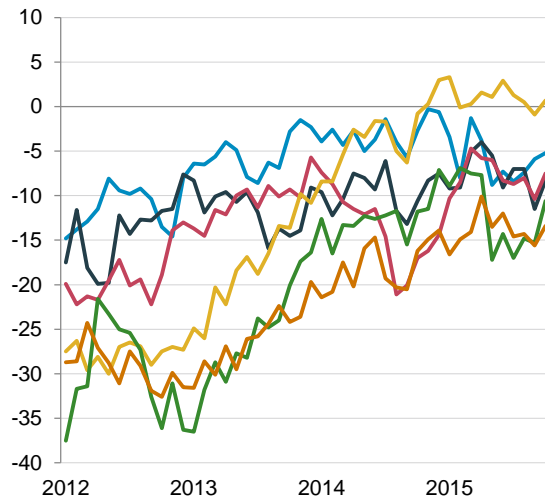


Sources: Statistics Finland and Bank of Finland

# Housing Finland and CEE: Operating environment in the CEE countries

- Positive macro development supported the residential market
- The market in the Czech Republic has been especially strong
- Prices of new apartments remained relatively stable in the CEE countries
- Interest rates of mortgages have remained on a low level
- Consumers' access to financing has remained good

Consumer confidence



— Estonia

— Latvia

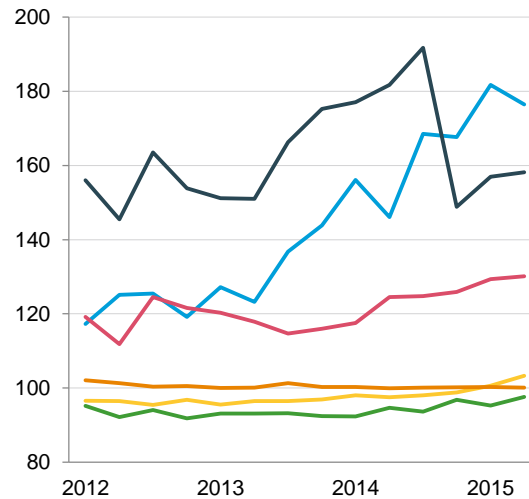
— Lithuania

— The Czech Republic

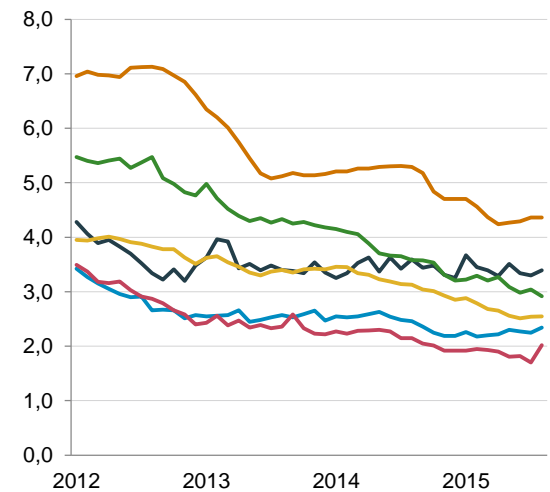
— Slovakia

— Poland

House price index, new dwellings, 2010=100



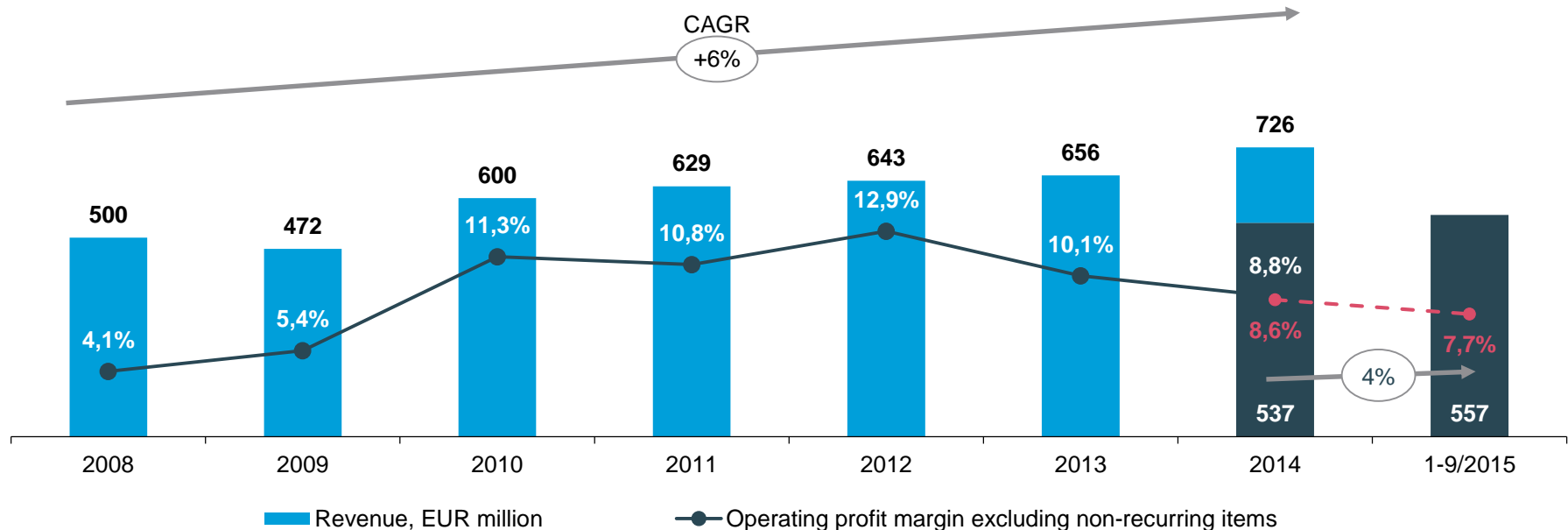
Average interest rate of mortgages (%)



Sources: European Commission, Eurostat, Statistics Poland and National Central Banks  
Note: Polish house price index is for all dwellings

# Housing Finland and CEE: long-term development

- Solid track record in growth and profitability
- EBIT margin currently burdened by high share of investor projects in Finland and capital release actions
- Profitability has improved clearly in the CEE countries

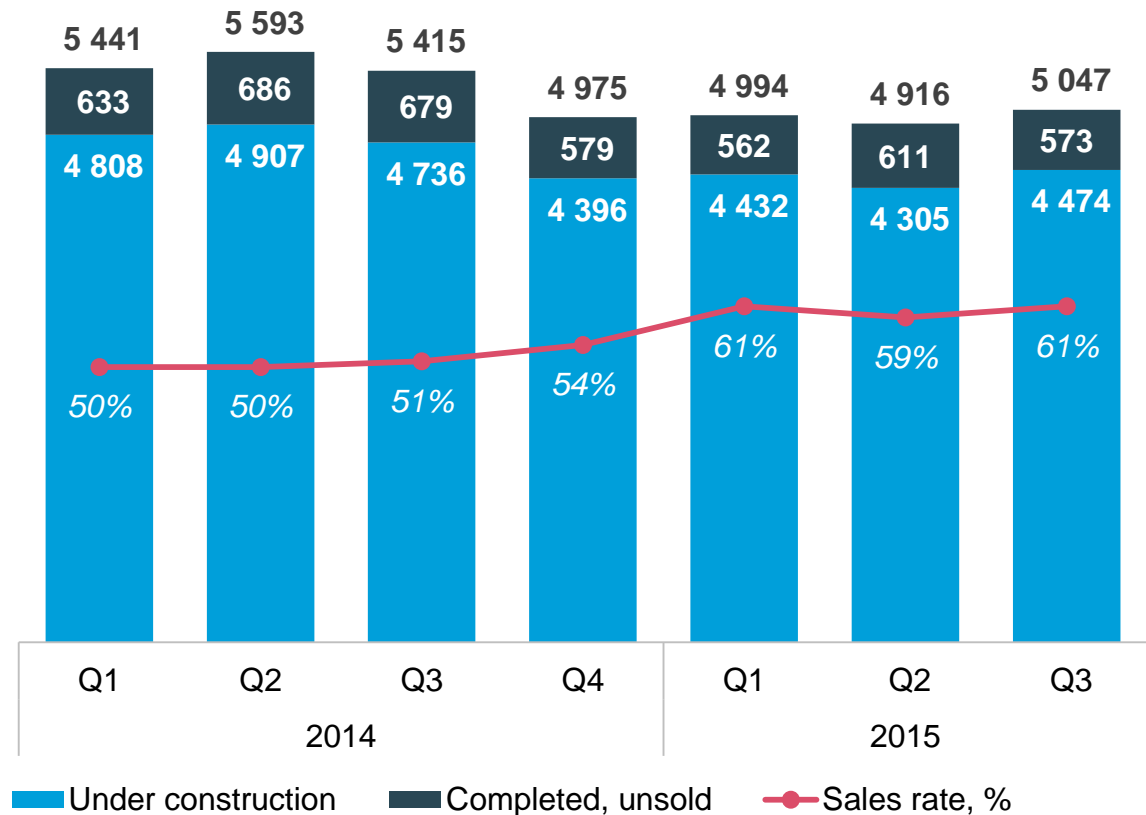


Note: The historical figures for 2008-2012 are calculated for illustrative purposes and are not completely comparable with YIT's segment structure. The main difference is in the division of fixed costs, which in the historical figures are weighted according to revenue and in the official figures are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

# Housing Finland and CEE: Number of unsold completed apartments declined in Finland

- Number of unsold completed apartments in Finland down to 373 (9/2014: 533)
- 61% of units under construction already sold moderating the sales risk
- The share of CEE of the sales portfolio (units) 42% (9/2014: 37%)

Apartment inventory (units)



# 3

---

## Housing Russia



Baltym Park  
Yekaterinburg, Russia

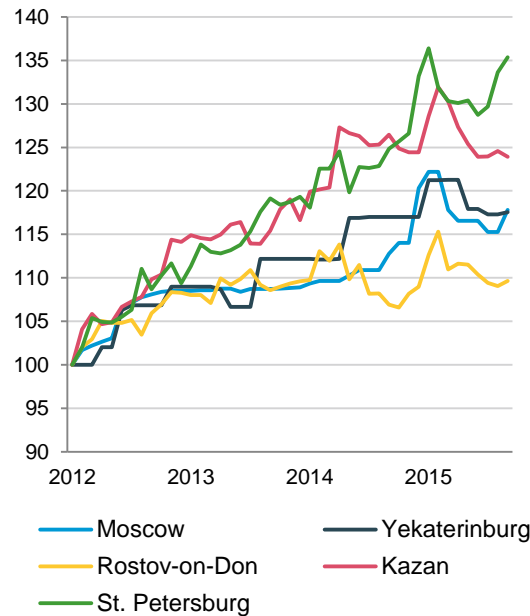
# Housing Russia: Operating environment

- The ruble was volatile during the quarter
- Demand focused especially on small apartments and apartments close to completion
- Residential prices remained stable, but decreased in real terms
- Mortgage interest rates for new apartments at around 11-12% due to government's mortgage subsidy program launched in late March 2015

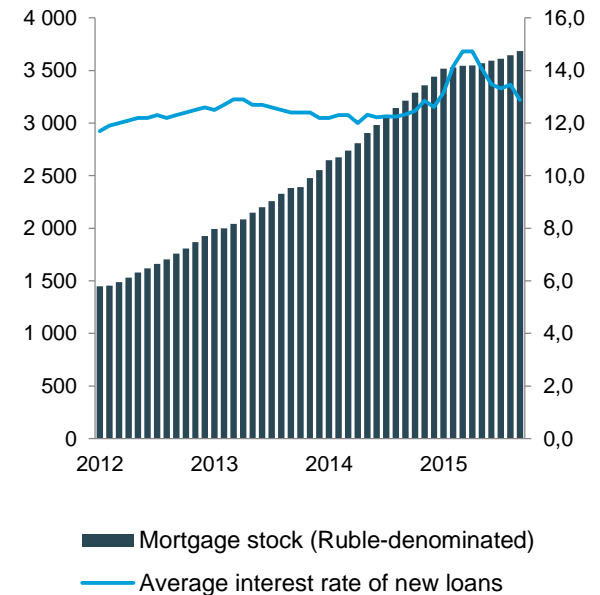
EUR/RUB exchange rate



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



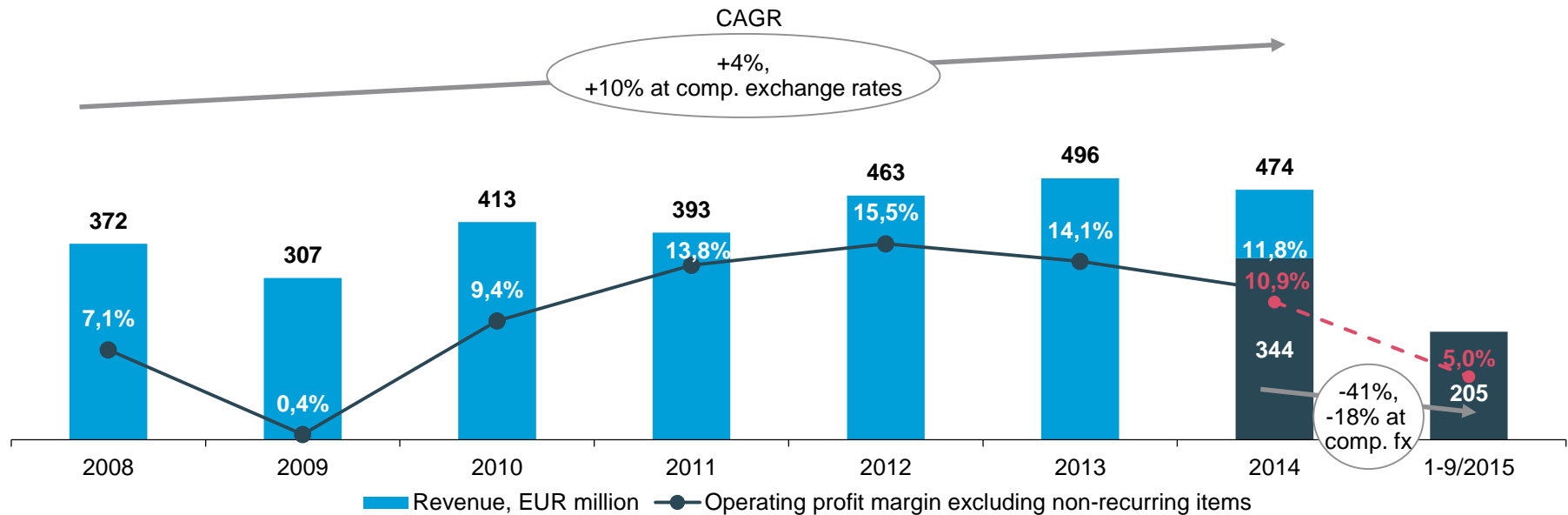
Mortgage stock and average interest rate, (RUB billion, %)



Sources: Bloomberg, YIT and Bank of Russia

# Housing Russia: long-term development

- Solid track record in growth and profitability
- EBIT margin currently burdened by lower volume, weakened project margins and capital release actions
- Target to decrease the amount of invested capital in Russia



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 Russia: Sales risk under control

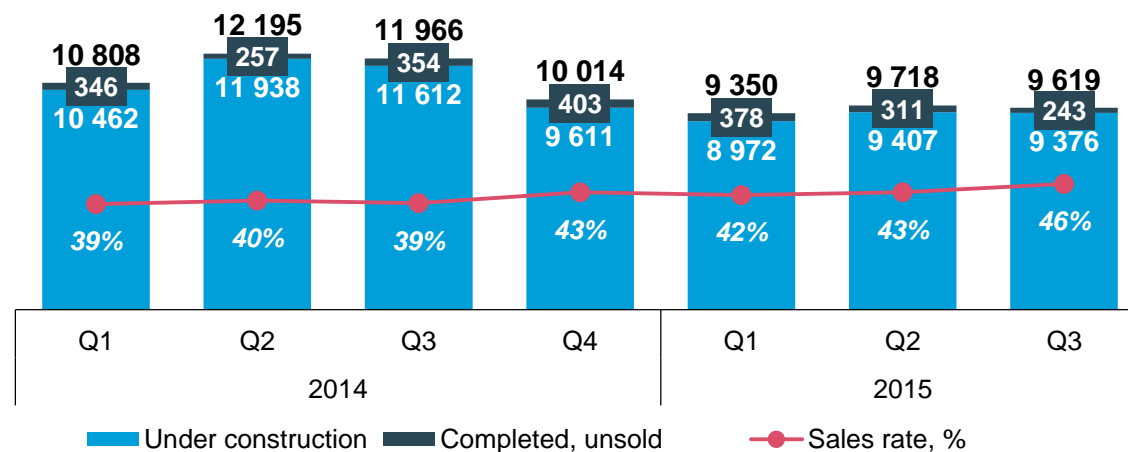
- Star-ups lowered clearly

- 1-9/2015: -46% YTD

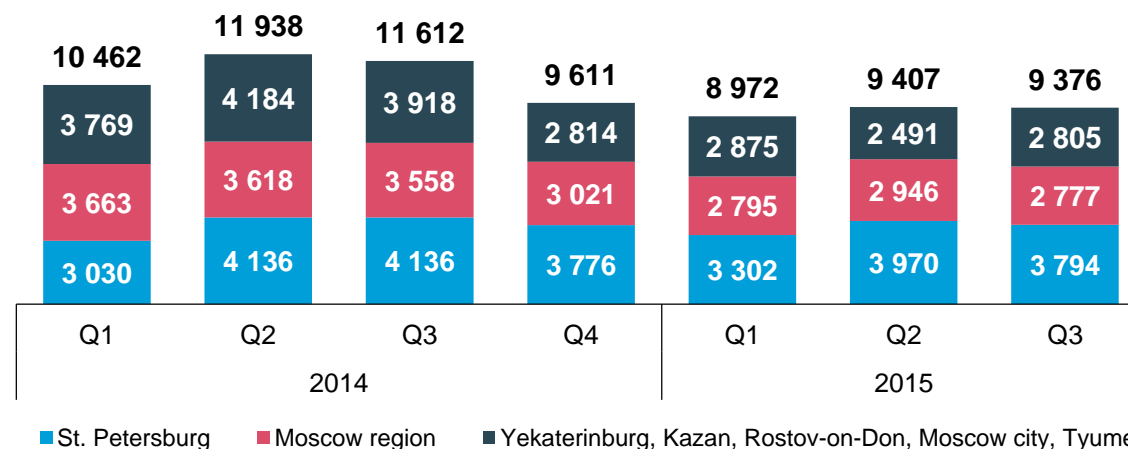
- Number of completed unsold apartments exceptionally low

- Sales rate exceptionally high

Apartment inventory (units)



Apartments under construction by area (units)



# 4

---

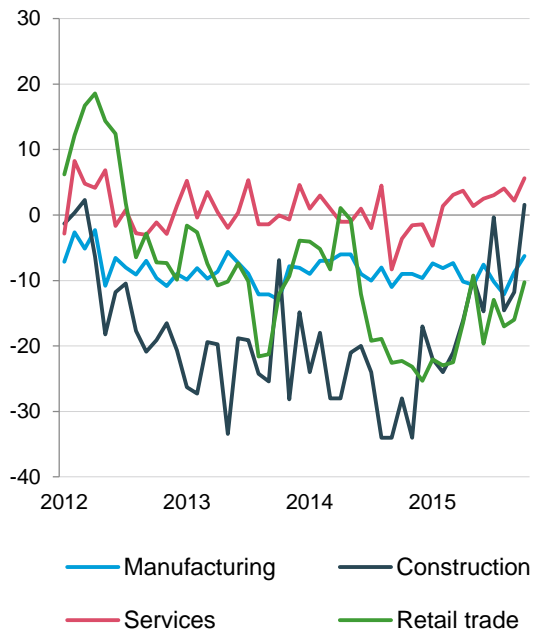
## Business Premises and Infrastructure



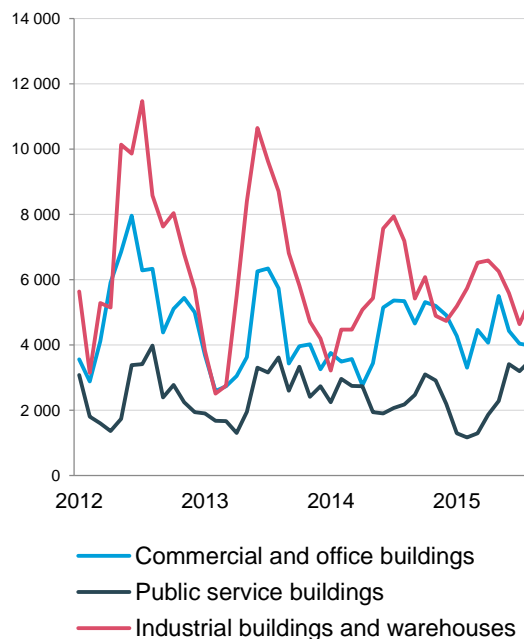
# Business Premises and Infrastructure: Operating environment

- Office and commercial premises markets remained soft
- Opportunities in contracting
- Slight increase in end-user demand, but competition for tenants is intense
- Investor demand stable
- Positive macro outlook supported the business premises market in the CEE countries

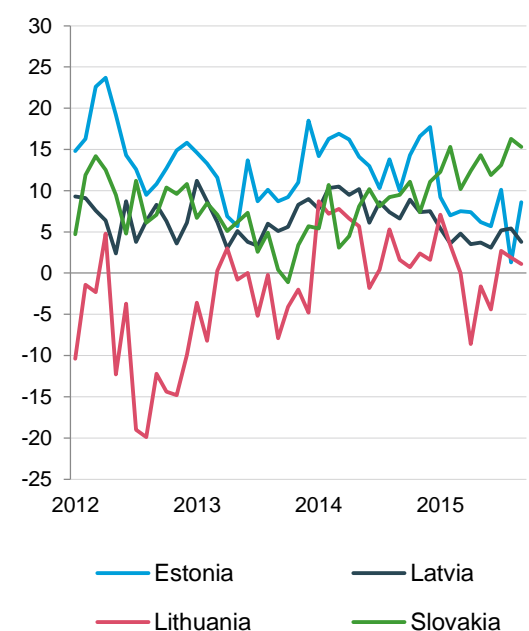
Confidence indicators in Finland



Start-ups in Finland, thousand m<sup>3</sup>, average last 3 months



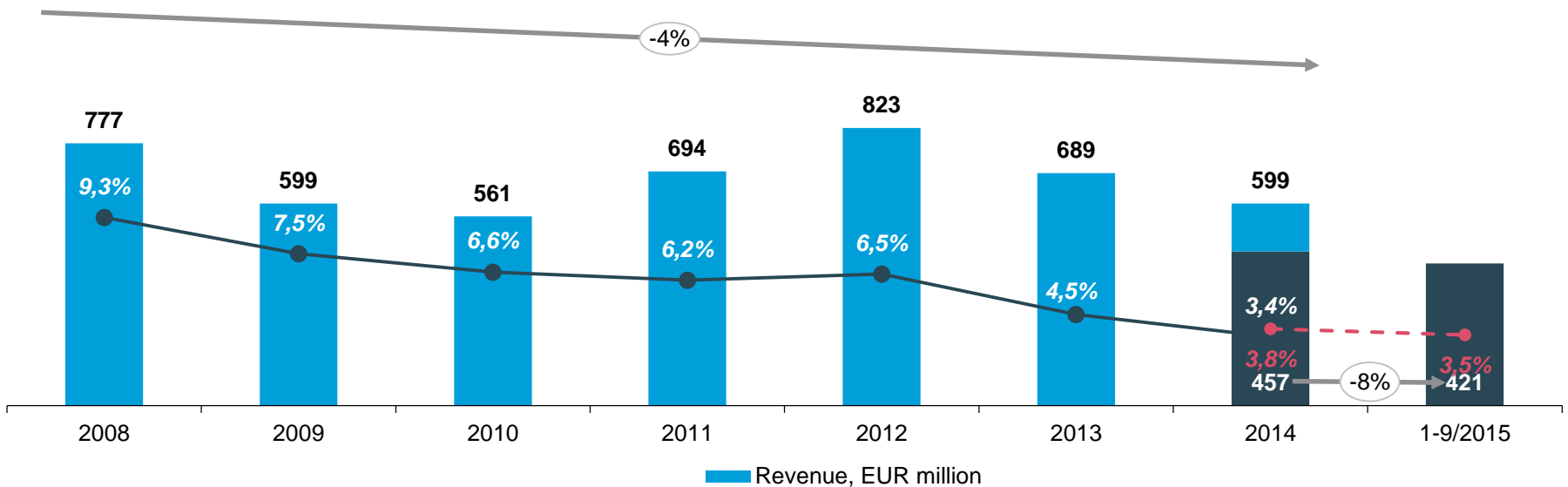
Retail trade confidence in the Baltic countries and Slovakia



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

# Business Premises and Infrastructure, long-term development

- Negative trend in growth and profitability due to the weakening of the business premises market, however outlook positive due to major projects started in Q2
- Order backlog has recently strengthened clearly providing a good base for future growth and profitability
- Tripla project will be a major growth driver in the coming years

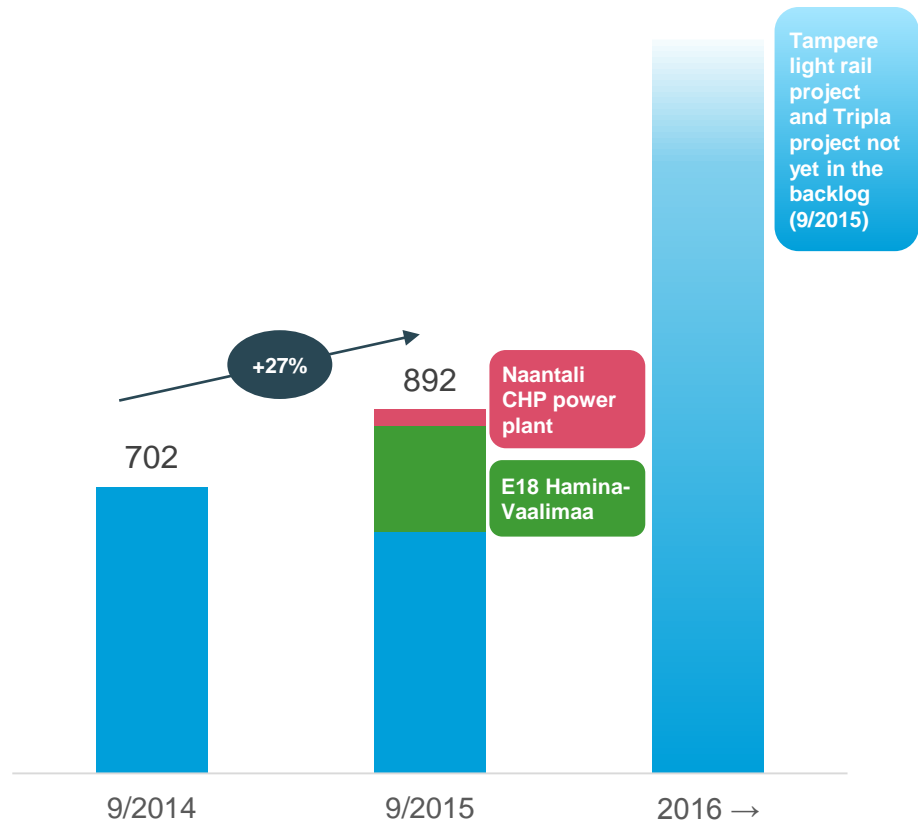


Note: The historical figures for 2008-2012 are calculated for illustrative purposes and are not completely comparable with YIT's segment structure. The main difference is in the division of fixed costs, which in the historical figures are weighted according to revenue and in the official figures are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

# Strong order backlog

- Last years spent on investing into the future, relative share of fixed costs temporarily high
- Major high value added projects secured: E18 Hamina-Vaalimaa, Naantali CHP, Tampere light rail
- The Tripla project supports growth in the coming years
- Strong growth in the order backlog in all divisions, incl. CEE countries
- Margin content of the backlog on a good level

Order backlog of Business Premises and Infrastructure, EUR million



# Business Premises and Infrastructure: Solid execution of major projects



**E18 Hamina-Vaalimaa motorway PPP project**

- EUR 260 million\*
- Construction started 6/2015 and to be opened for traffic in 2018
- Proceeding according to the plans (planning, preparations, sourcing, construction)
- Strong experience from previous projects - E18 Koskenkylä-Kotka (PPP), Hamina bypass, Ring Road I-III



**The Tripla project**

- EUR ~1 billion
- Zoning confirmed and permit process progressing
- First infra works already completed successfully
- Good interest from investors and tenants
- Exceptional in-house competence - infrastructure, business premises and residential



**Tampere light rail alliance project**

- EUR ~100 million\*
- Development phase started in 6/2015
- Construction phase expected to start in 2016
- Strong references of the alliance members key in winning the project

\* YIT's share

# 5

---

## Key financials

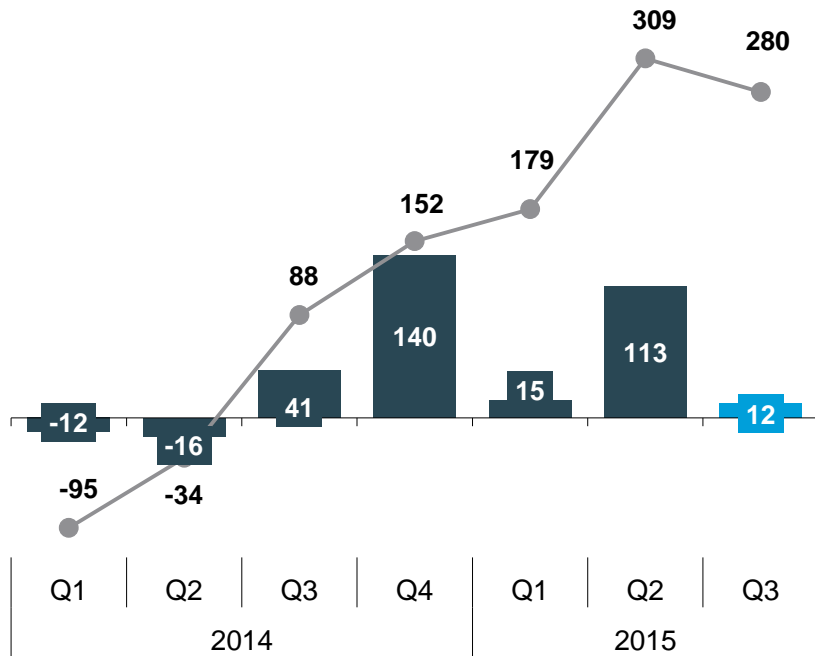


# Strong cash flow during recent quarters

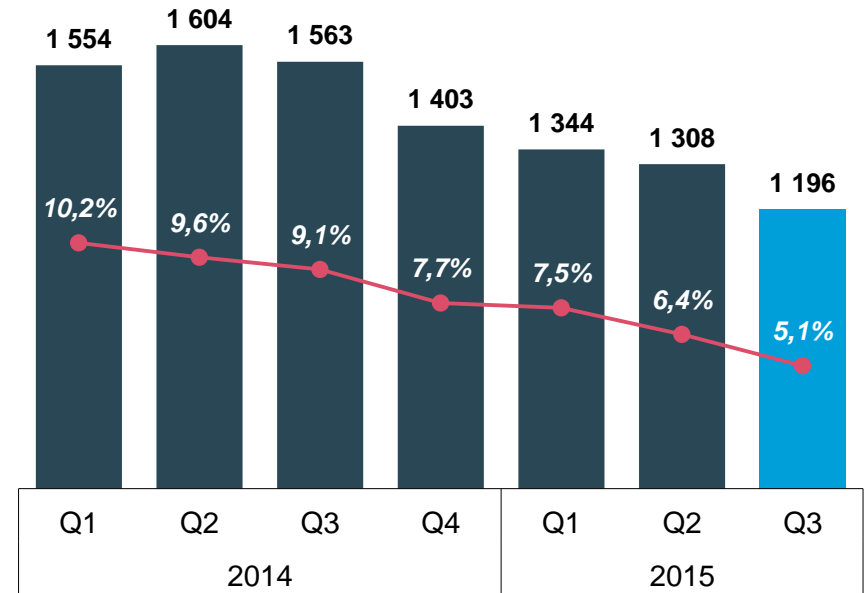
Operating cash flow after investments (EUR million)

2014: EUR 152 million

1-9/2015:  
EUR 140 million



Invested capital and ROI (EUR million, %)



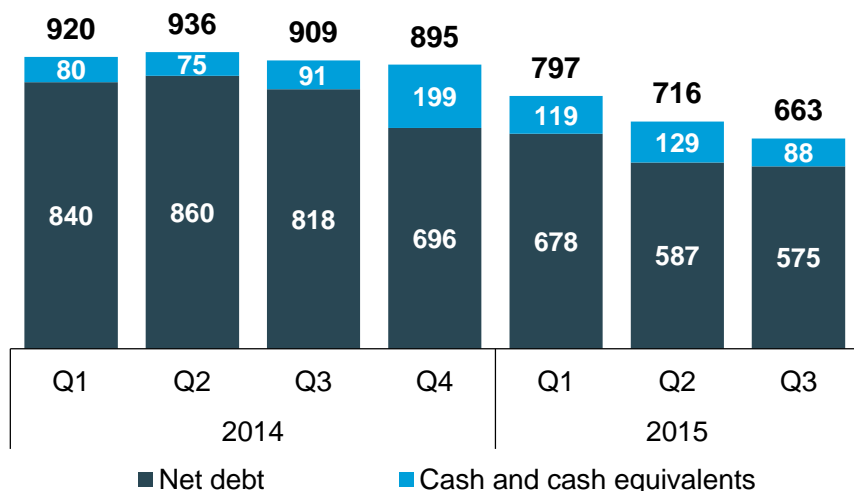
■ Operating cash flow after investments  
● Rolling 12 months

■ Invested capital      ● ROI



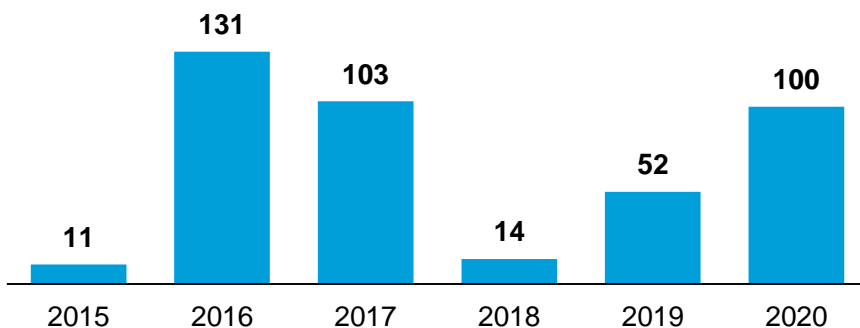
# Net debt decreased further

Interest-bearing debt (EUR million), IFRS



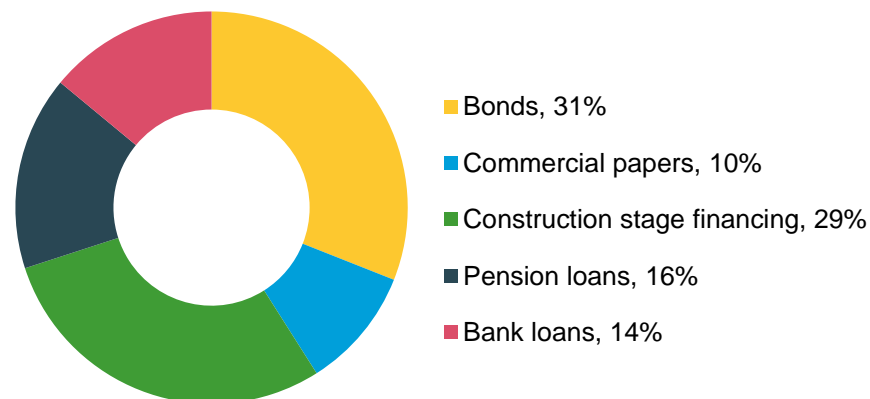
- Strong liquidity buffer
  - Cash and cash equivalents of EUR 88.1 million
  - Overdraft facilities of EUR 67.1 million of which EUR 64.8 million unused
  - Undrawn committed revolving credit facility of EUR 300 million
- Bond issue conducted during Q1/2015:
  - Unsecured EUR 100 million bond as a private 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 9/2015 (EUR million)\*



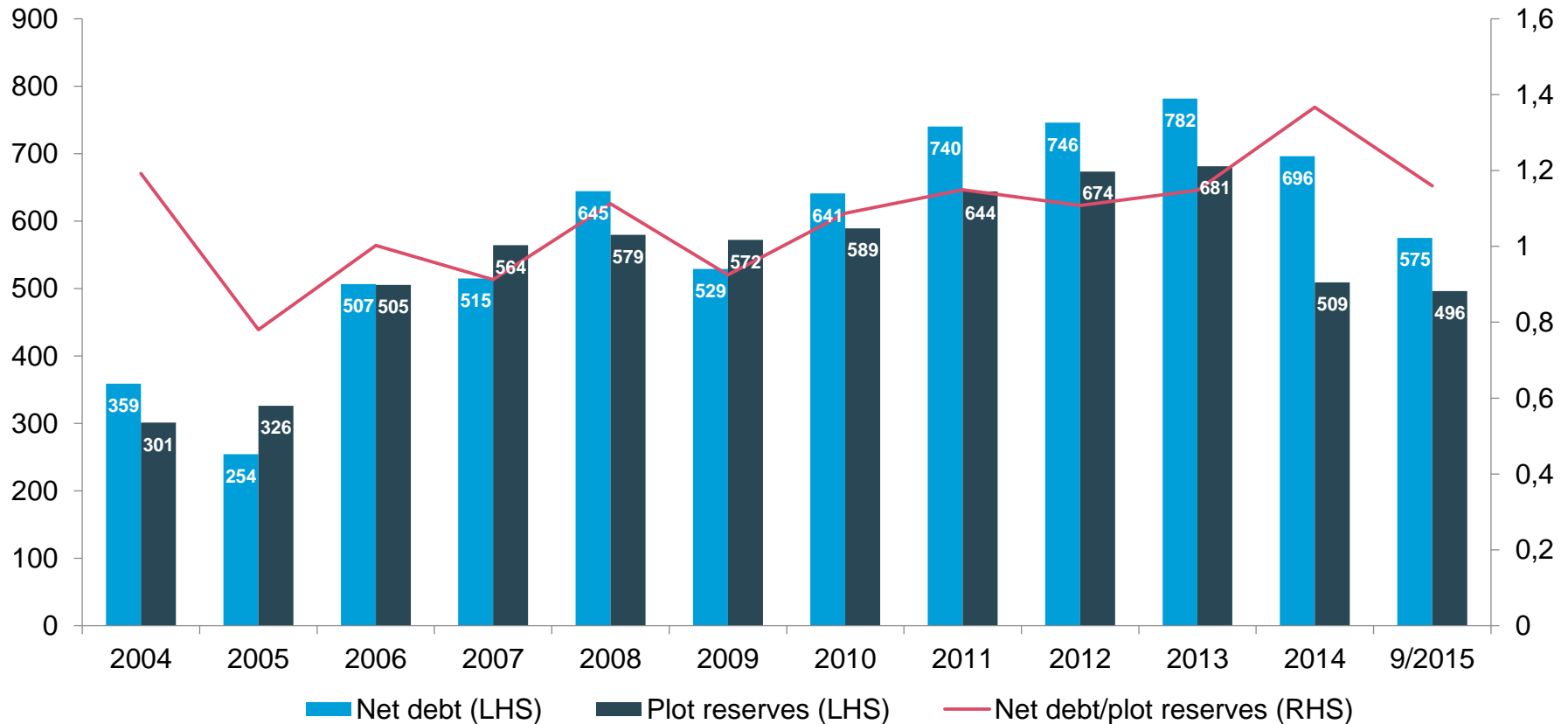
\* Excluding construction stage financing

Debt portfolio at the end of the period 9/2015, EUR 663 million



# Plot reserves vs. net debt

Plot reserves and net debt at the end of the period, EUR million

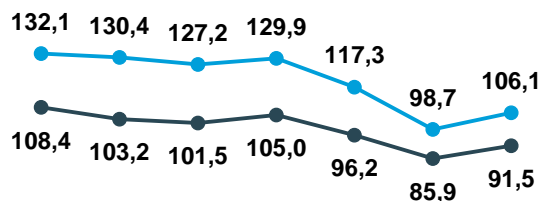


2004: according to FAS, 2005-2013: according to IFRS,  
 2000-2012 figures include liabilities related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger.

# Minor deterioration in financial key ratios

- Positive development from the decrease in net debt was offset by weakening of the ruble

### Gearing (%)

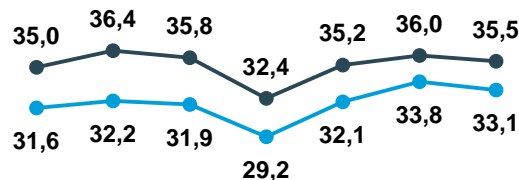


Q1	Q2	Q3	Q4	Q1	Q2	Q3
2014				2015		

● POC ● IFRS

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

### Equity ratio (%)

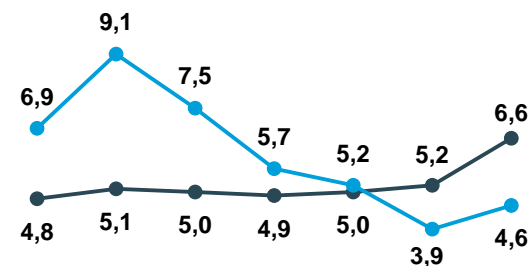


Q1	Q2	Q3	Q4	Q1	Q2	Q3
2014				2015		

● 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)

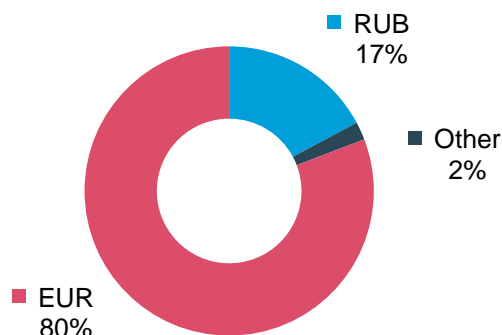


Q1	Q2	Q3	Q4	Q1	Q2	Q3
2014				2015		

● POC ● IFRS

# Ruble weakened in Q3

## Revenue split 1-9/2015



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

	Q3/2015	1-9/2015
Revenue, POC <sup>1)</sup>	-30.1	-78.6
EBIT, POC <sup>1)</sup>	2.8	-0.9
EBIT excl. non-recurring items, POC <sup>1)</sup>	-1.1	-4.8
Order backlog, POC	-104.5 <sup>2)</sup>	-6.6 <sup>3)</sup>
Equity, IFRS (translation difference)	-49.6 <sup>2)</sup>	-3.6 <sup>3)</sup>

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

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

<sup>3)</sup> Compared to the end of 2014

- The Russian ruble depreciated in Q3
  - Average EUR/RUB rate in 1-9/2015: 66.51 (1-9/2014: 48.03)
  - Quarter-end EUR/RUB rate: 73.24 (Q2/2015: 62.36)

## 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 88.9 million in 9/2015 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
  - Exposure: EUR 232.8 million in 9/2015

# Satisfactory progress in capital release

Target for capital release	Actions in Q3/2015	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 14 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 deals</li> </ul>	<ul style="list-style-type: none"> <li>EUR ~77* 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>EUR 3 million of plots sold to Hypo</li> </ul>	<ul style="list-style-type: none"> <li>The value of plots financed by external partners EUR ~67 million</li> </ul>

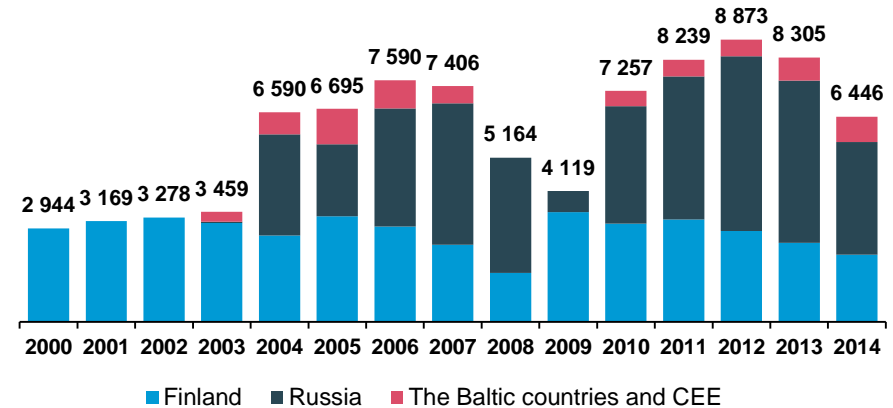
\* Target set at the balance sheet rate at 9/2013: EUR/RUB 43.8240, cumulative progress calculated using the same EUR/RUB rate.

Note: In addition to the progress presented in the table above, the slow-moving assets have been reduced by impairment of EUR 9 million made in Q4/2014

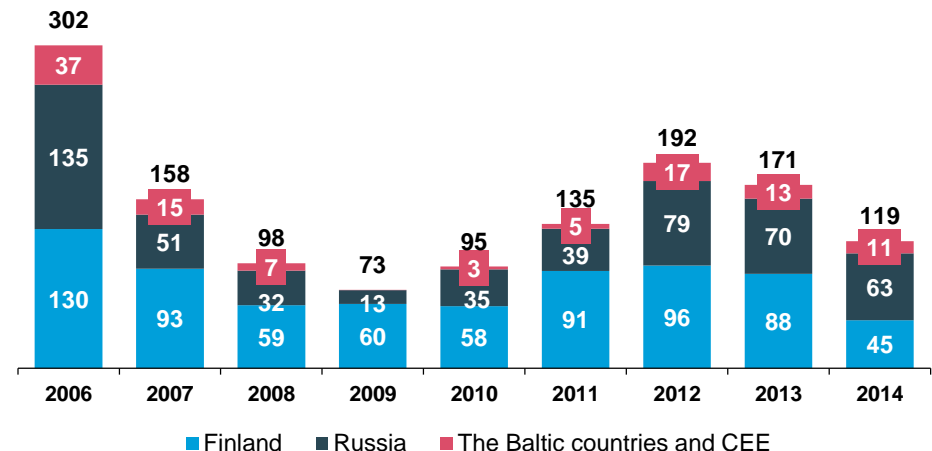
# Good financial flexibility

- 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)



# YIT's risk management

## Group-wide risk management in YIT

- Wide risk management practices
  - Due diligence process in plot acquisitions
  - Corporate governance
  - Simulations of market shocks impacting business

## Actions to mitigate impact of market shocks

- Securing balanced portfolio of self-developed projects
- Securing balanced and adequate financing
- Strict project control; design, apartment size etc.
- Consumer/investor option in Finnish housing
- Significant amount of 'sales risk free' order backlog
- Focus on reasonably priced housing

## Risk management in Russia

- Project risk lowered by managing project size
  - Smaller project size (< 300 pcs/phase)
  - Shorter project duration 4.4 → 3.0 years
  - Shorter duration of construction 2.7 → 1.4 years
  - Faster development period 1.7 → 1.2 years
- Sales risk mitigated by selling apartments earlier
  - Sales during construction
  - Availability of mortgage financing to YIT's customers growing
- Plot investments and development
  - Focus on low risk plots
  - Better cooperation with authorities in development issues
  - Paid increasingly in installments
- Geographical diversification to growth areas

# 6

---

Looking  
ahead and  
conclusions

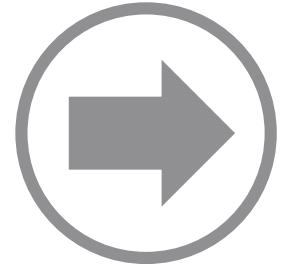




# Market outlook, expectations for 2015

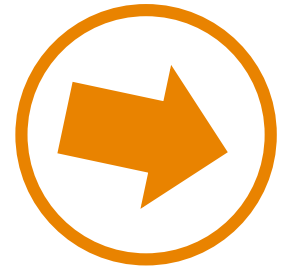
## Finland

- 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, investor activity on a moderate level. Focus on prime locations in the Capital region
- Opportunities in contracting, but fewer large projects in the tendering phase than in the beginning of 2015



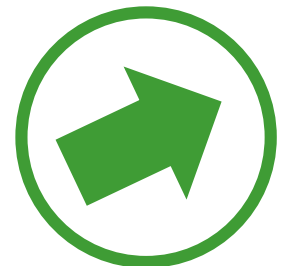
## Russia

- Weak visibility
- Construction costs to increase
- Residential prices stable
- Residential demand to focus on small apartments that are completed or close to completion
- Mortgage rates for new apartments to remain stable due to government subsidies
- The issue related to tightened requirements on insurances that impacts the registration of sales contracts is expected to be solved during the remainder of the year



## 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 specified (segment reporting, POC)

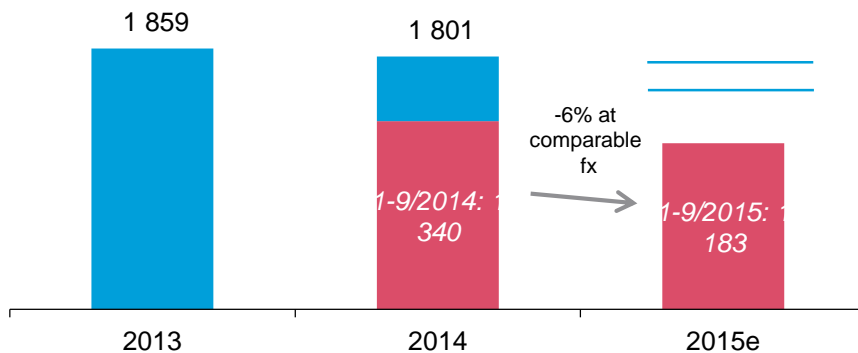
The Group revenue growth is estimated to be in the range of **-5–0%** at comparable exchange rates

The operating profit margin excluding non-recurring items is estimated to be in the range of **4–5%**

## The 2015 guidance is based on the following:

- Demanding market outlook, especially in Russia
- The issue related to tightened requirements on insurances in Russia that impacts the registration of sales contracts is expected to be solved during the remainder of the year
- Close to 60% of Q4/2015 revenue from sold projects and signed pre-agreements, the rest from new sales and capital release
- Share of investor projects and contracting to increase in Finland
- Capital release dilutes the operating profit margin

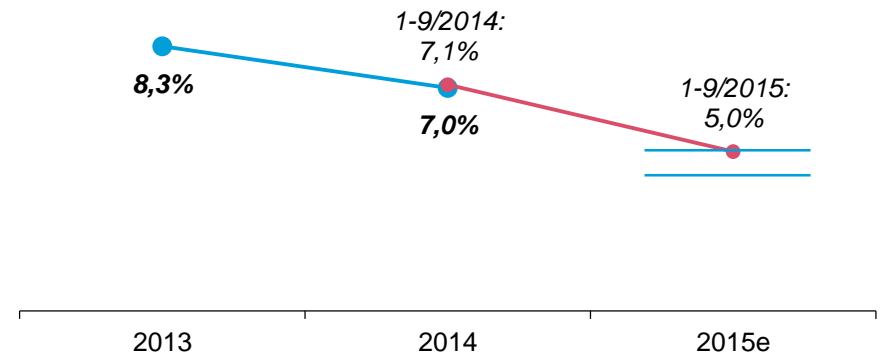
Revenue, EUR million



Figures based on segment reporting

\*Operating profit margin excluding non-recurring items

Operating profit margin\*, %



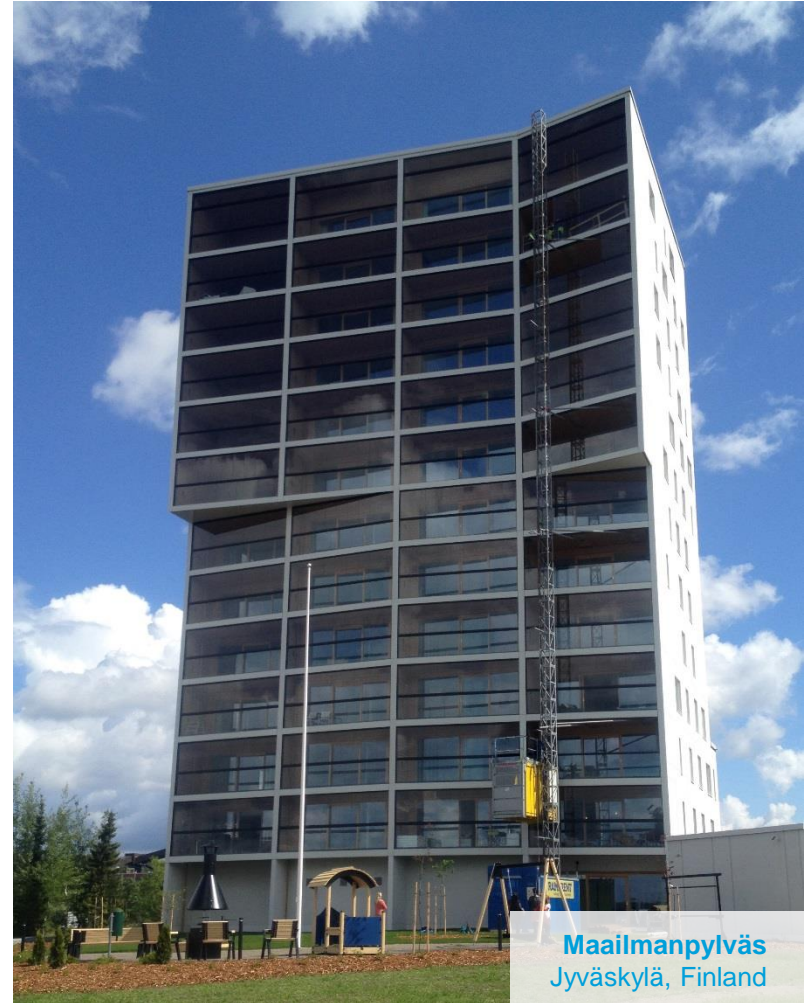
# Concluding remarks

**Focus on cash flow and capital efficiency have borne fruit and financial standing has improved**

**Balanced business portfolio, shifting towards a more diversified geographical footprint**

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

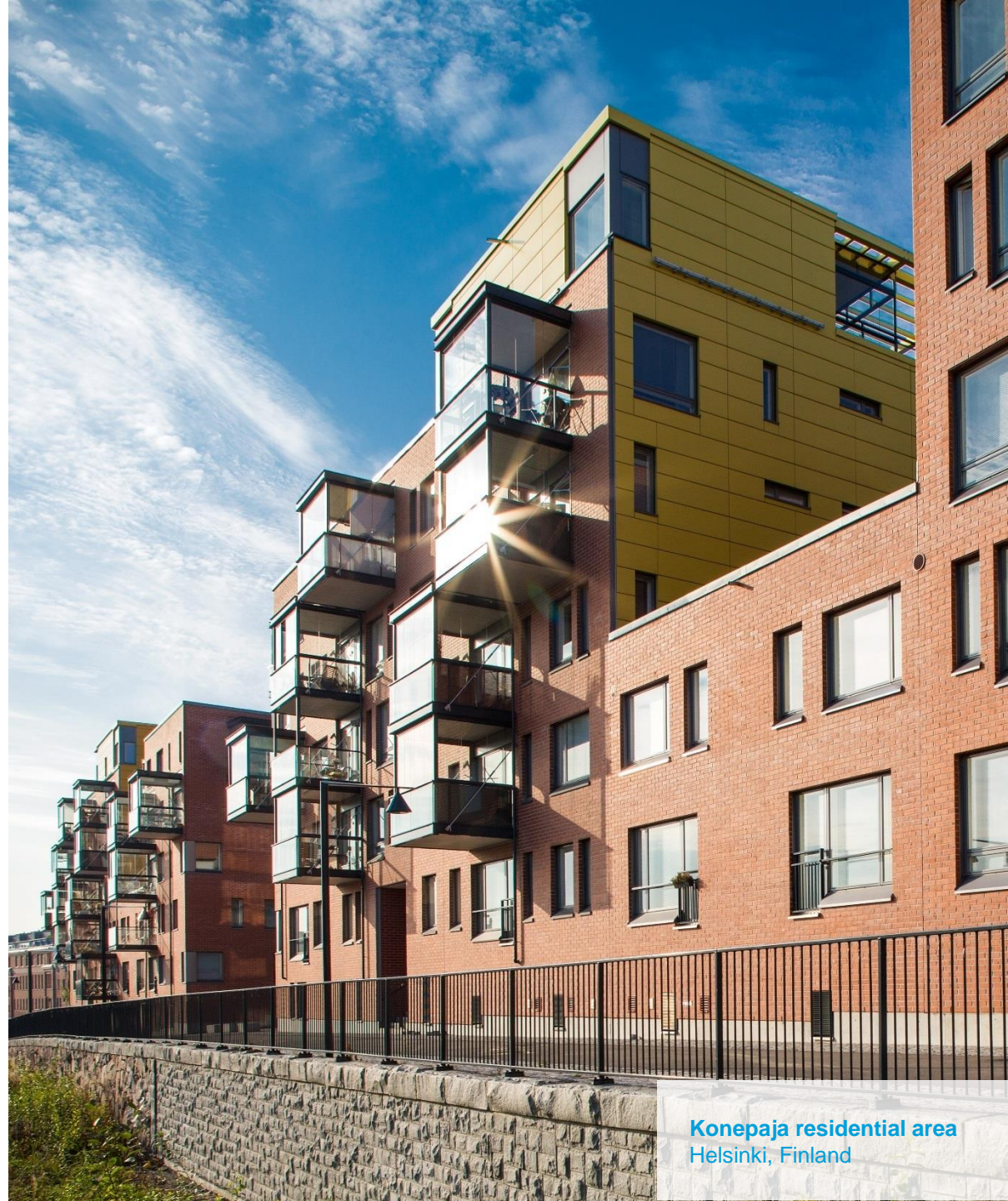
**Strong market position and long experience from Finland and Russia**



# 7

---

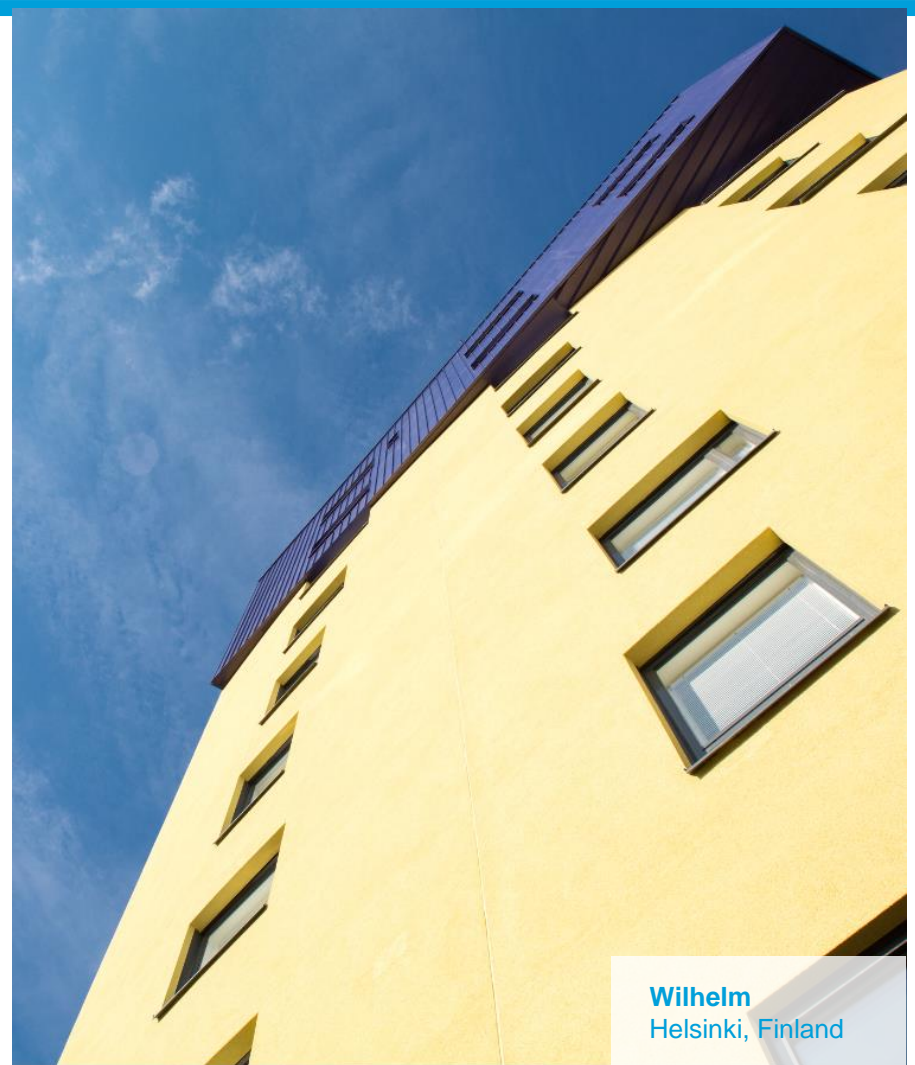
## Appendices



Konepaja residential area  
Helsinki, Finland

# Appendices

- I. Key market drivers
- II. Additional segment information
- III. Additional financial information
- IV. Housing indicators
- V. Business premises and infrastructure construction indicators
- VI. Ownership





---

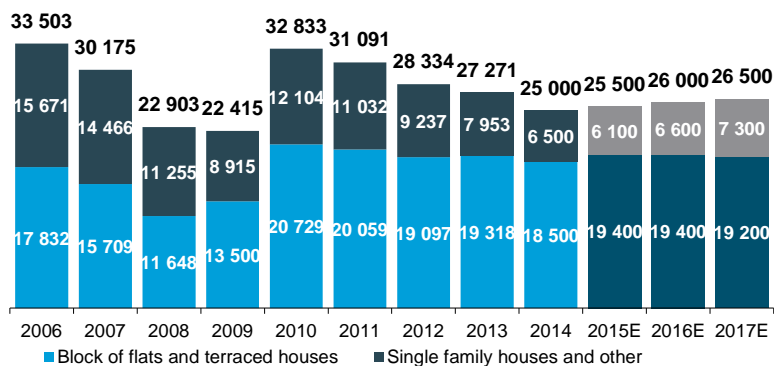
## Key market drivers



# 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

## Residential start-ups in Finland, units

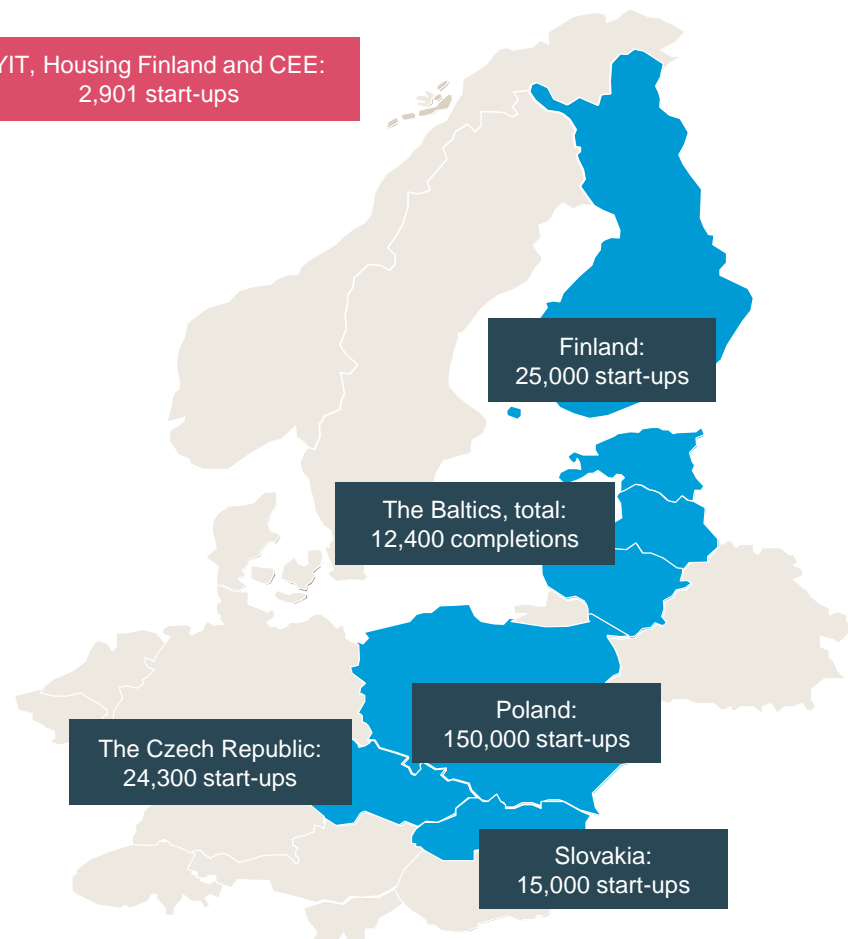


- Macro outlook supports residential markets in the CEE countries
  - Need for new, modern apartments

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

## Market sizes in 2014, units

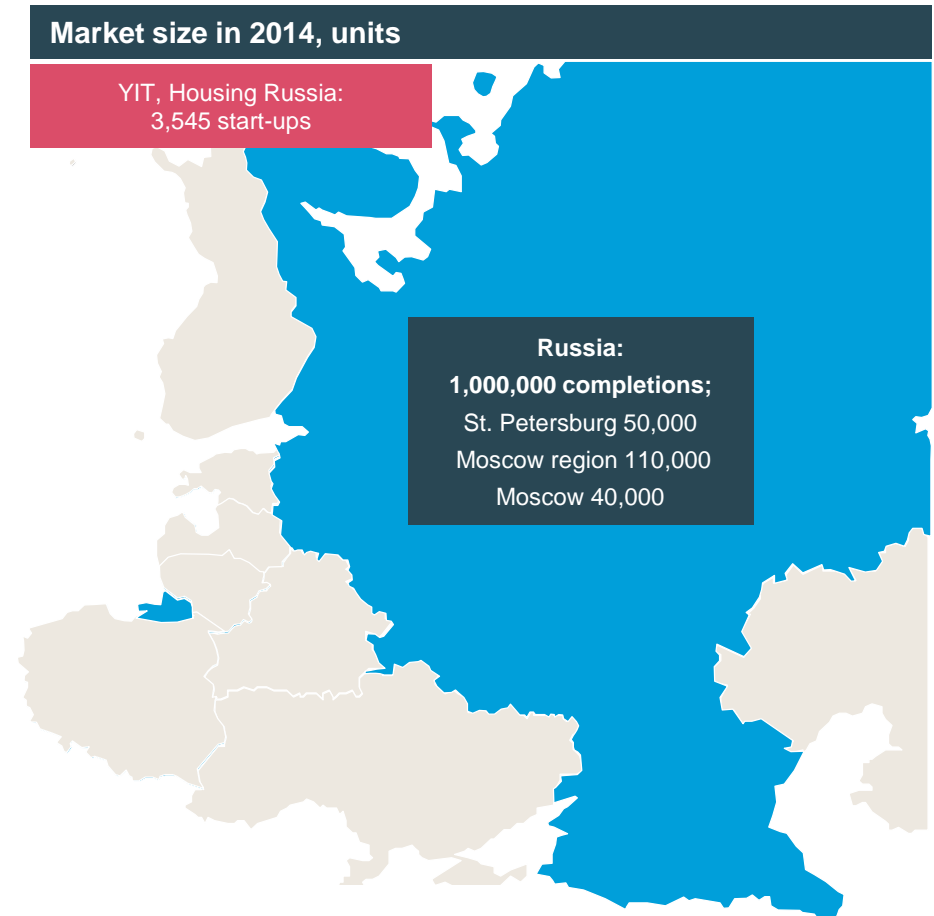
YIT, Housing Finland and CEE:  
2,901 start-ups



Sources: Euroconstruct and Forecon, estimates

# 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



YIT is the largest foreign residential developer in Russia

Source: Forecon, estimates

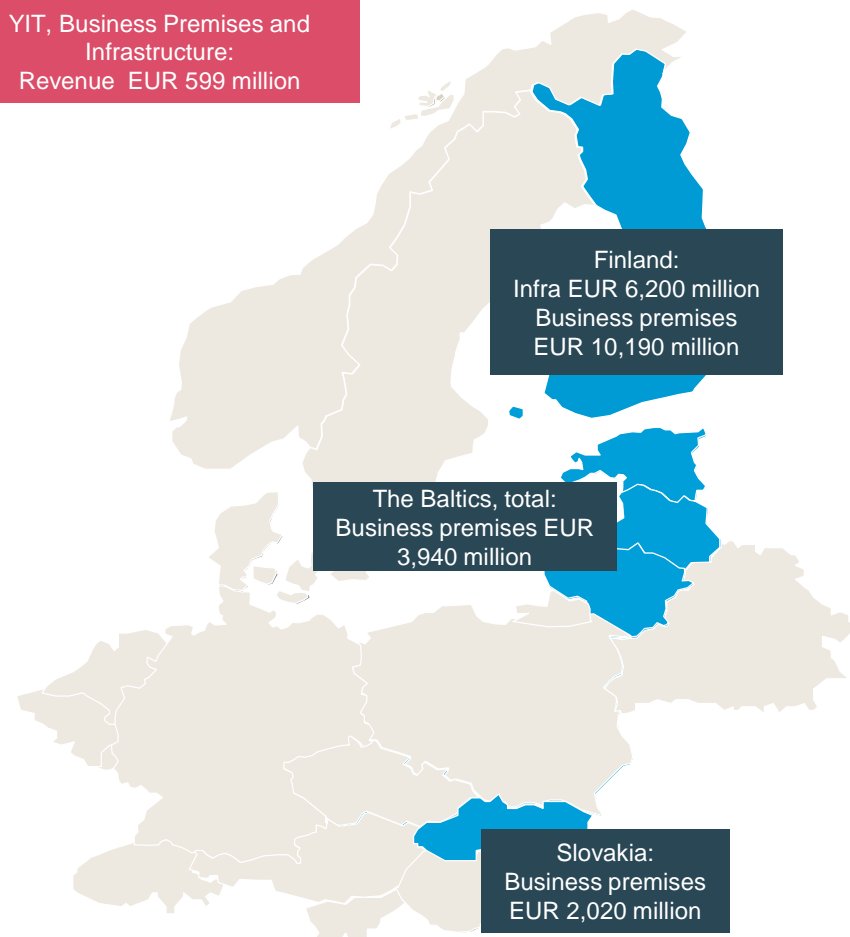


# Opportunities for growth in several areas in business premises and infra services

- 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

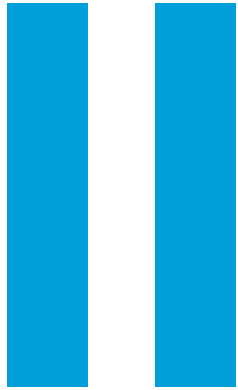
YIT, Business Premises and Infrastructure:  
Revenue EUR 599 million



Source: Euroconstruct and Forecon, estimates



One of the top players in Finland and Lithuania



---

## Additional segment information

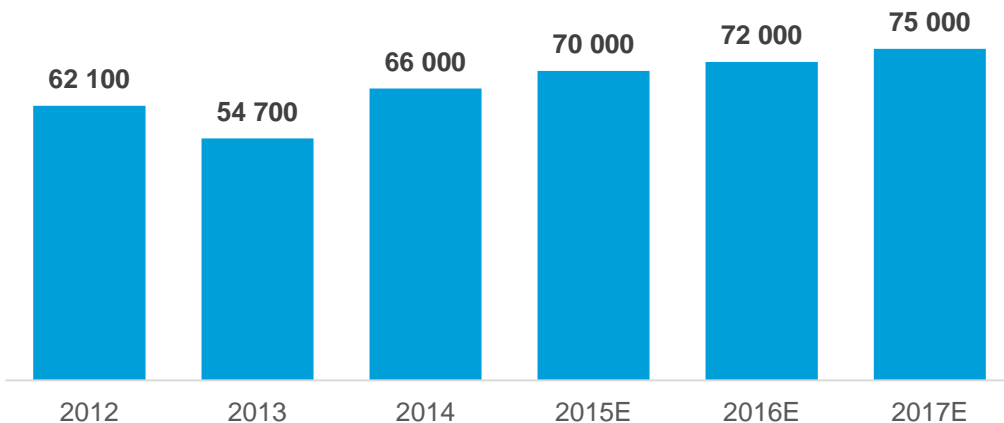


# Housing Finland and CEE: Exploiting opportunities in Poland – local unit established

## Why Poland?

- A population of around 40 million and growing economy
- Need to improve living conditions
- Opportunity to leverage YIT's housing process
- Utilising experience from successfully establishing greenfield operations
- Finnish brand valued in Poland

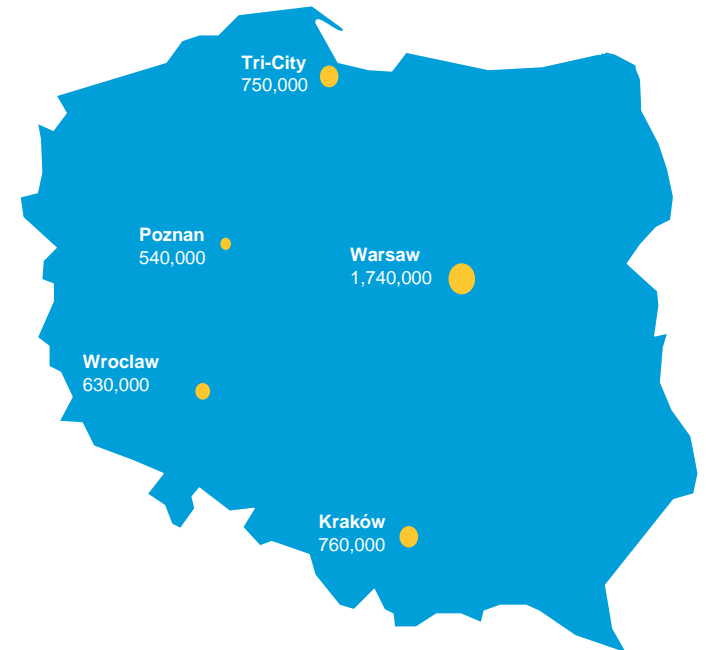
## Start-ups of blocks of flats in Poland Units



Sources: Bloomberg, REAS and Euroconstruct

## Large population

Population in Poland's largest cities

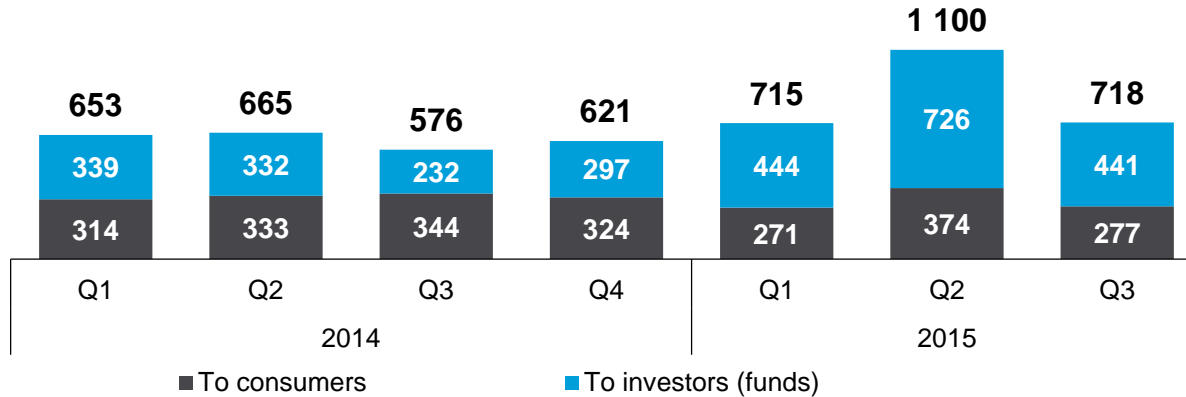


# Housing Finland and CEE: Sales and start-ups in Finland

## Sold apartments (units)

2014: 2,515

1-9/2015: 2,533

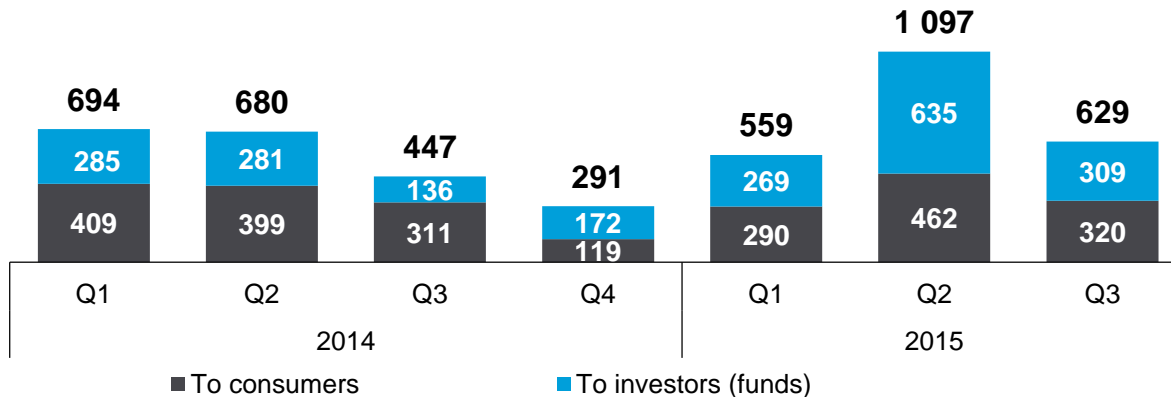


- In Q3, units sold to consumers -19% y-o-y in line with the decrease in apartments for sale
- In 1-9/2015, 398 apartments from projects initially started for consumers sold to residential property funds
- In October, sales to consumers at over 100 units (10/2014: around 150 units)

## Apartment start-ups (units)

2014: 2,112

1-9/2015: 2,285

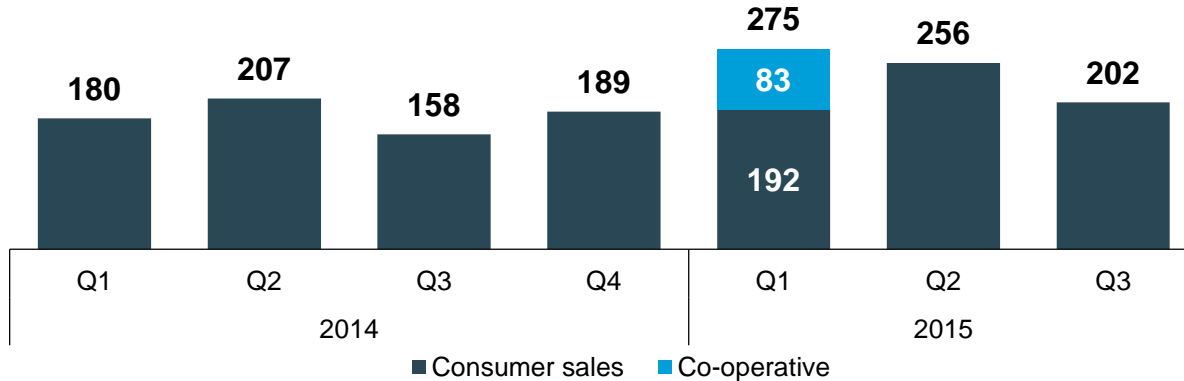


# Housing Finland and CEE: Sales and start-ups in the CEE countries

## Sold apartments (units)

2014: 734

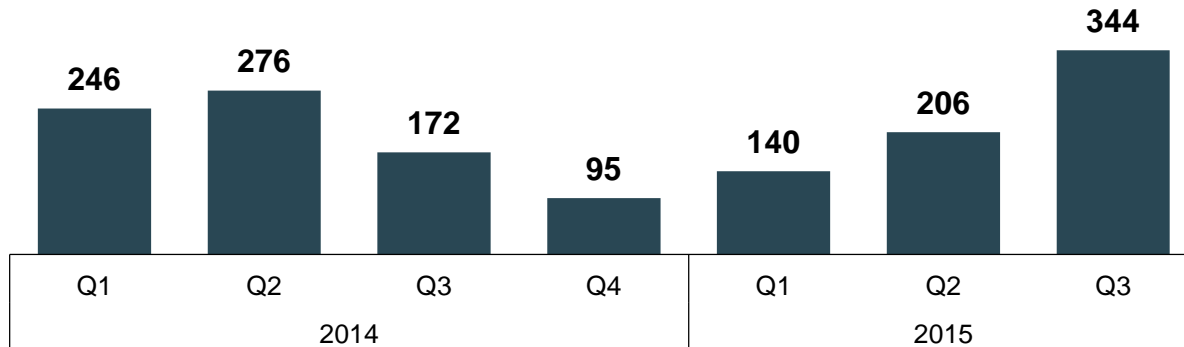
1-9/2015: 733



## Apartment start-ups (units)

2014: 789

1-9/2015: 690



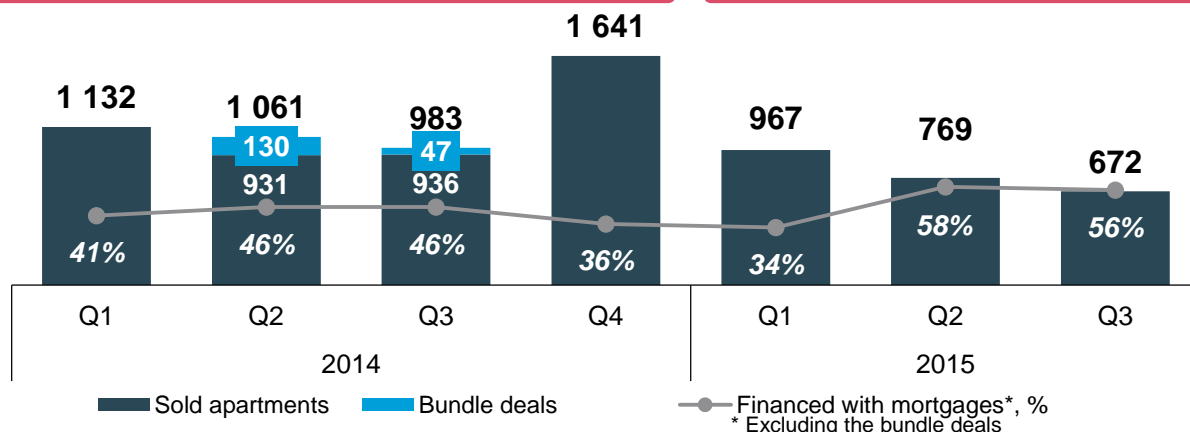
- Major area projects started in 2015:
  - Rokytká, Prague, the Czech Republic nearly 900 apartments in total
  - STEIN2, Bratislava, Slovakia more than 400 apartments in total
- A plot for nearly 1,000 apartments acquired in Bratislava, Slovakia in October
- In October, sales to consumers at around 80 units (10/2014: around 70 units)

# Housing Russia: Sales and start-ups

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

2014: 4,817 (41%\*)

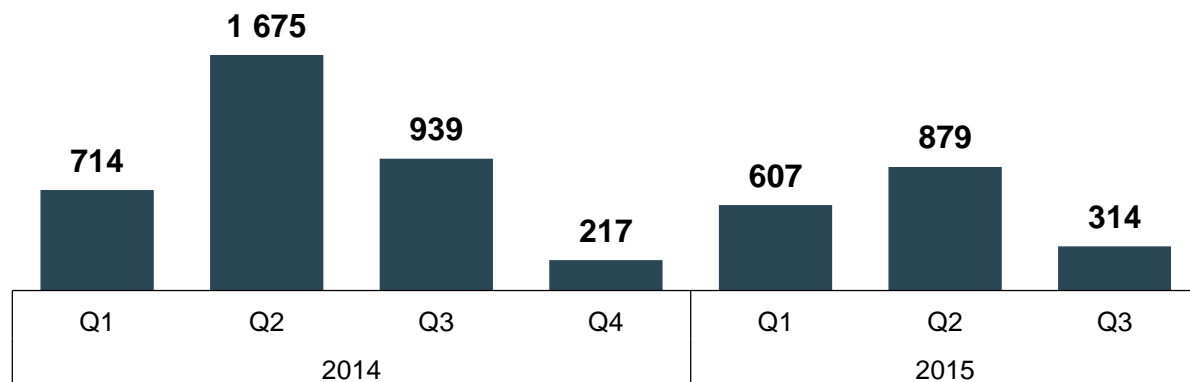
1-9/2015: 2,408 (48%)



## Apartment start-ups (units)

2014: 3,545

1-9/2015: 1,800

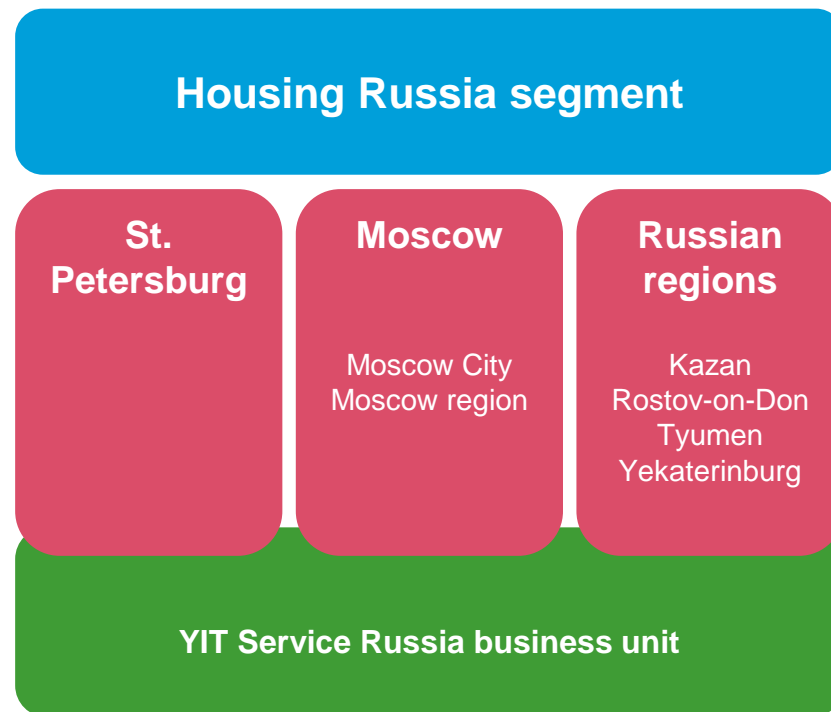


- In Q3, units sold to consumers -28% y-o-y
- Share of sales financed with mortgages increased in Q2/2015 due to the government's mortgage subsidy program launched in late March
- Start-ups lowered
- In October, registered sales to consumers at around 200 units (10/2014: around 400 units)
  - Number of preliminary agreements is around 100 units higher, but due to tightened requirements on insurances protecting consumers, YIT has not been able to register all of the deals

# Reorganisation of YIT's Russian operations

- Operations continue in all current locations
- Reorganisation to increase flexibility and to ensure cost efficiency and competitiveness
- Revision of the division structure and establishment of a separate business unit for Service covering all operating cities
- Centralised support functions
- The targeted annual cost savings from the measures announced now and in January 2015 are estimated to total around EUR 10 million

Structure of YIT's Russian operations as of January 1, 2016



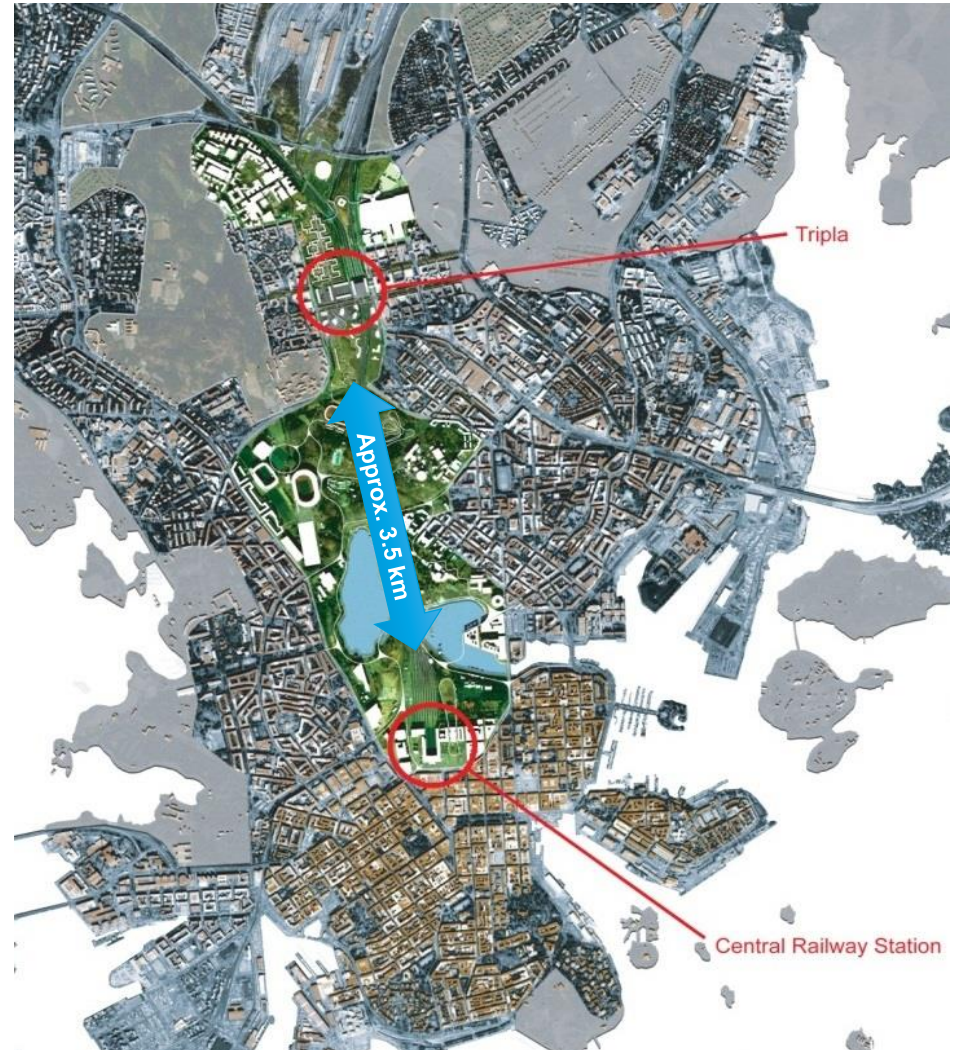
# Business Premises and Infrastructure: Tripla project supports growth in the coming years

## 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



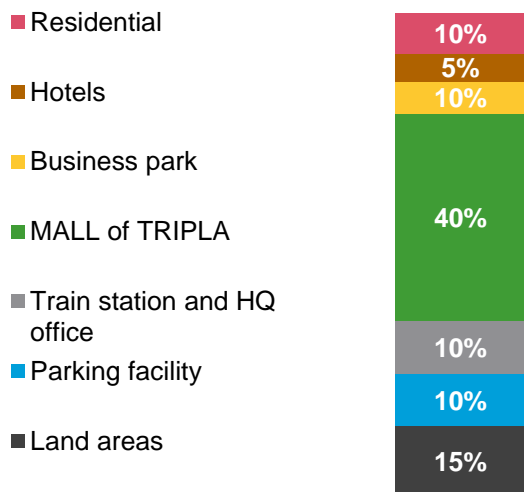


# Tripla project

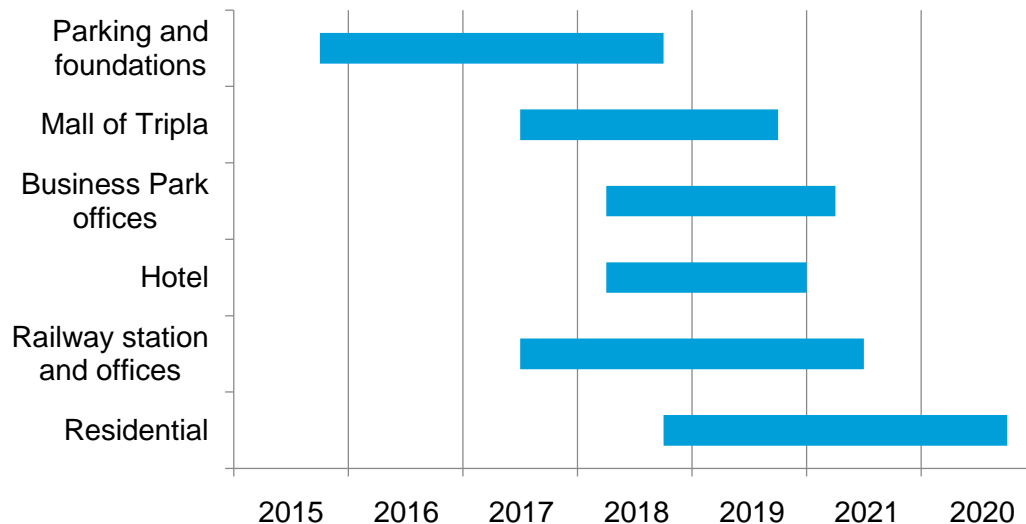
## – negotiations with tenants and investors continue

- City plan regarding the project became legally valid in March 2015
- Close negotiations with tenants and investors have continued
  - New lease agreements signed
  - Preparations for the investor contract have proceeded well. Signing of the contract on the shopping mall expected in spring 2016
  - Ground works on the self-developed part of the project expected to be started in November 2015

Indicative split of the value



Estimated timing of the different phases

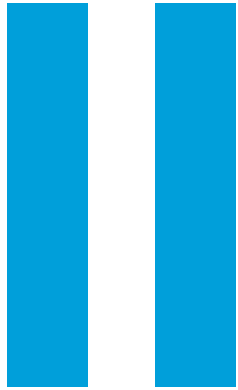


Note: The charts are an illustration of YIT's perception on a general level and do not reflect the actualized figures of YIT Group.

# 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





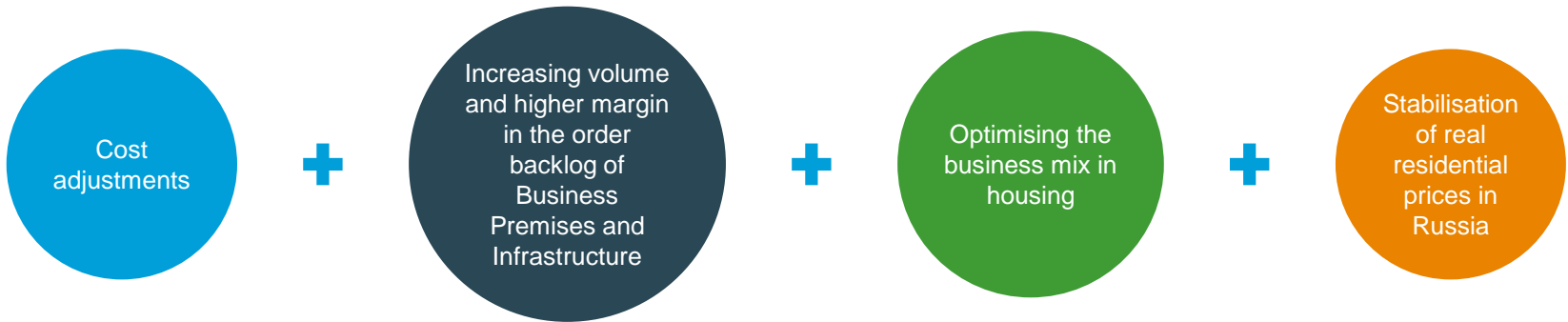
---

Additional  
financial  
information



# Clearly higher EBIT needed to reach the targeted ROI

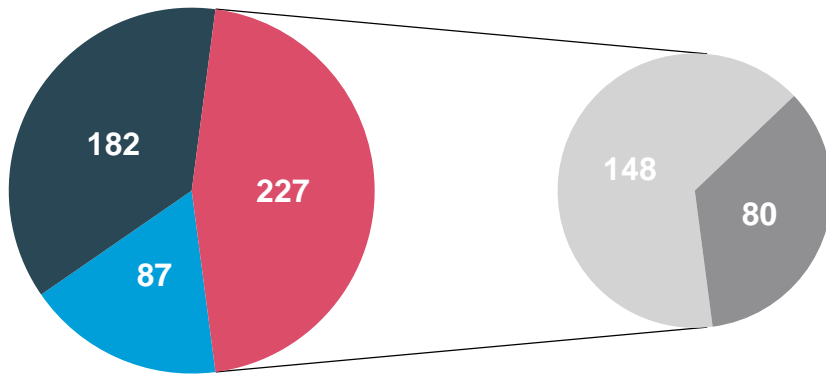
---



Dependence on market development

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

Plot reserves in the balance sheet 9/2015, EUR 496 million

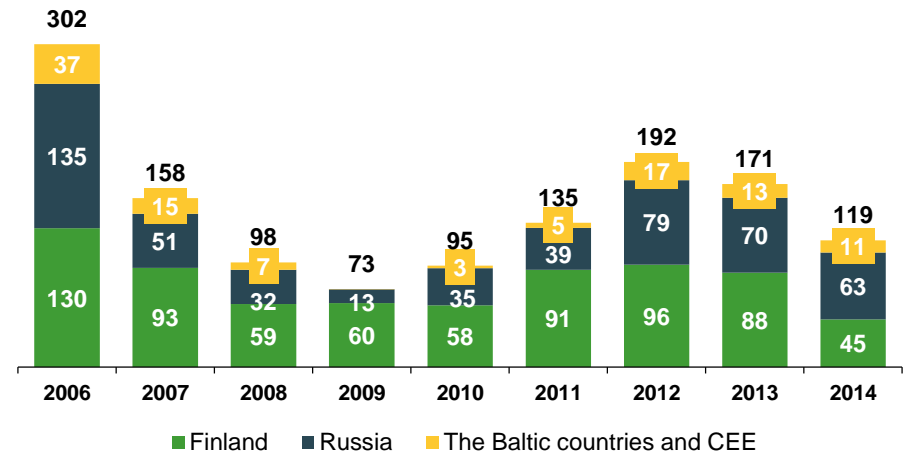


- Business Premises and Infrastructure
- Housing Russia\*
- Housing Finland and CEE
- Finland
- The CEE countries

Use of plot reserves in 2014, EUR 104 million

<b>Housing Finland and CEE</b>	<b>48</b>
Finland	33
The CEE countries	15
<b>Housing Russia**</b>	<b>48</b>
<b>Business Premises and Infrastructure</b>	<b>8</b>

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

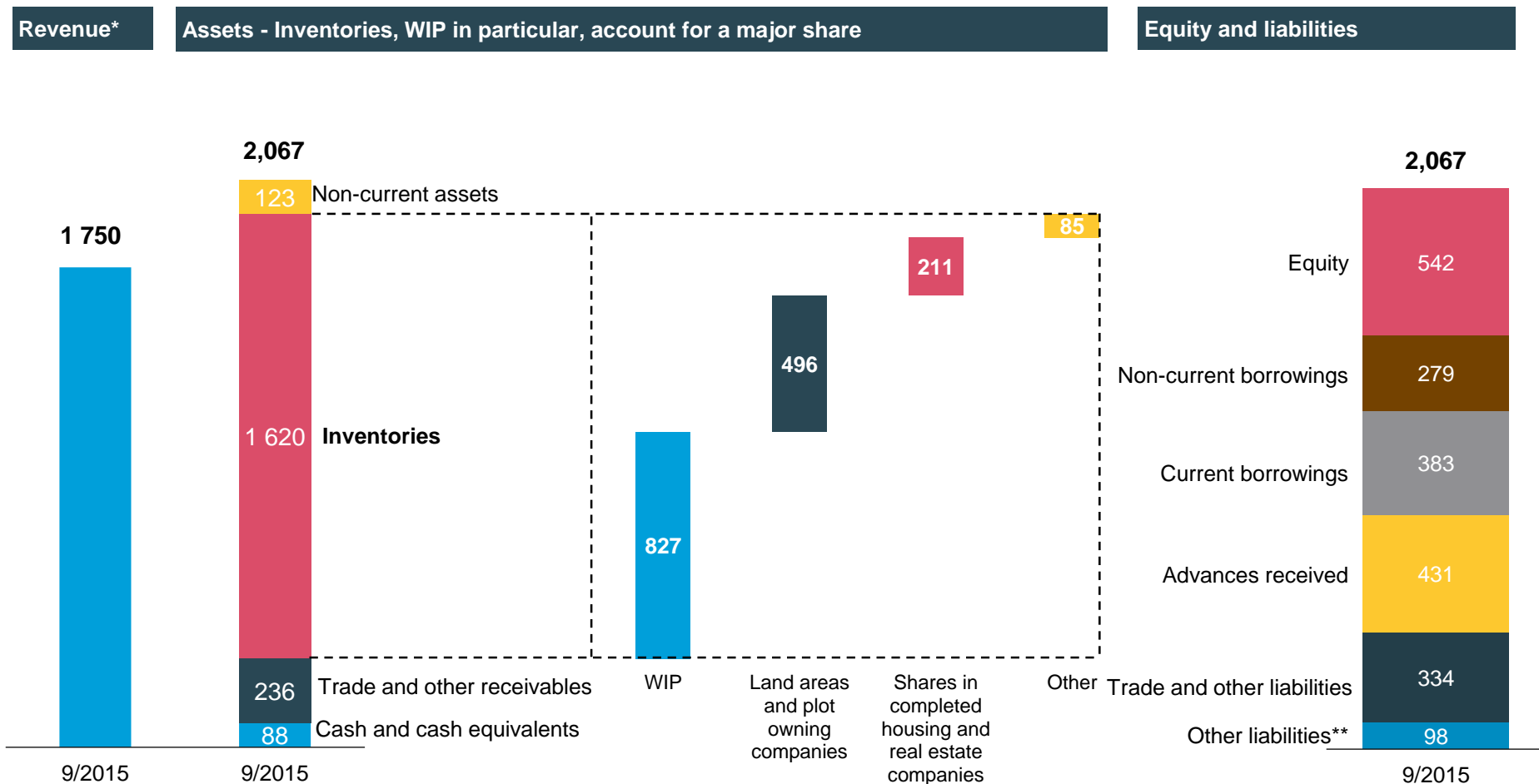


\*Includes Gorelovo industrial park

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

# Consolidated balance sheet

## September 30, 2015 (EUR million)



Note: Figures based on Group reporting (IFRS)

\*) Last 12 months

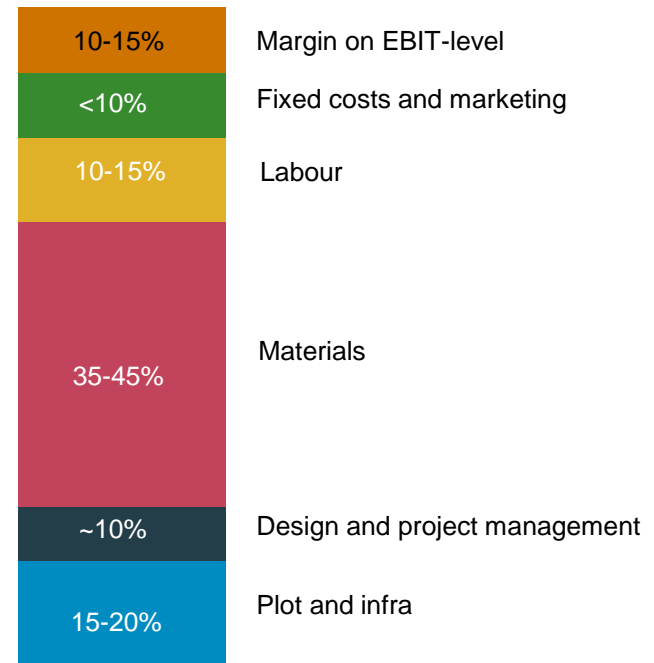
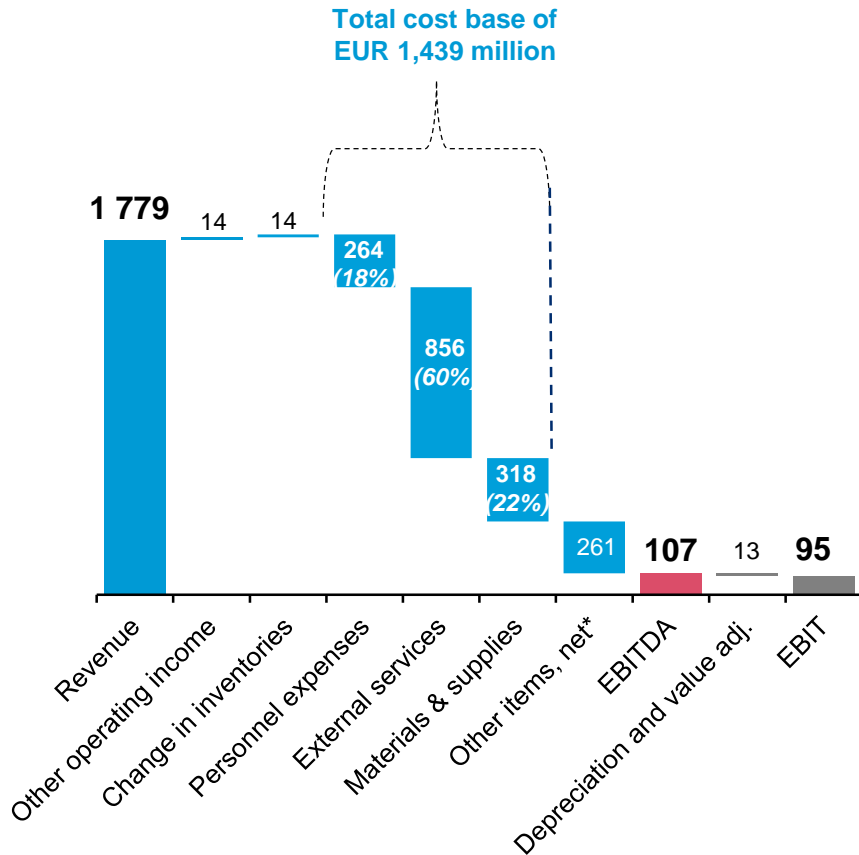
\*\*) Includes deferred tax liabilities, pension obligations, provisions and other liabilities

# 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

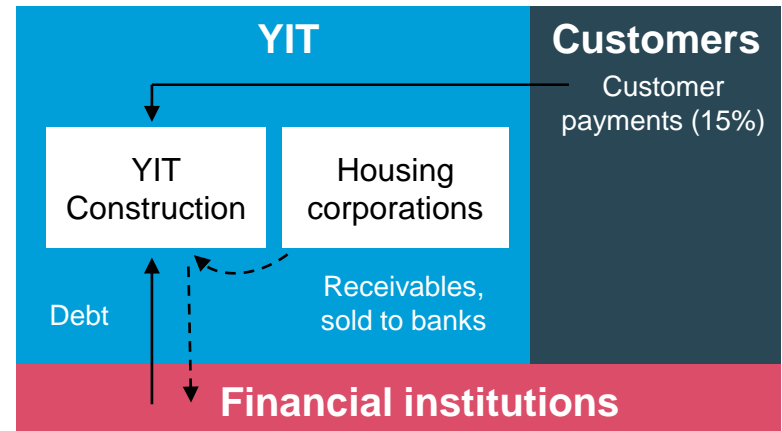
### Limited refinancing risk:

- 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

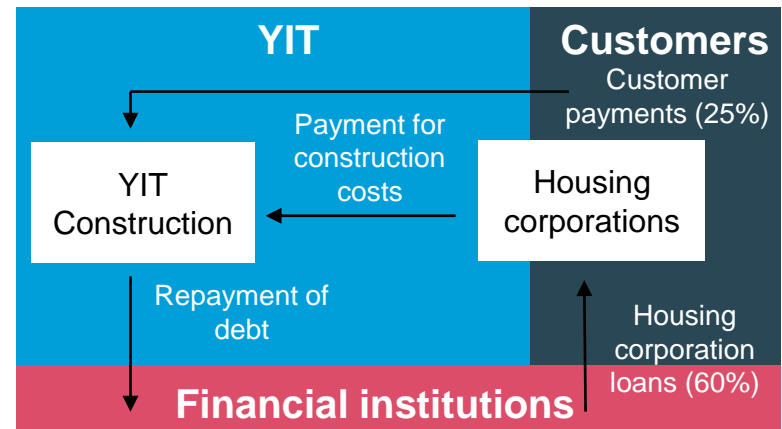
### → Refinancing of the sold receivables

- 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.

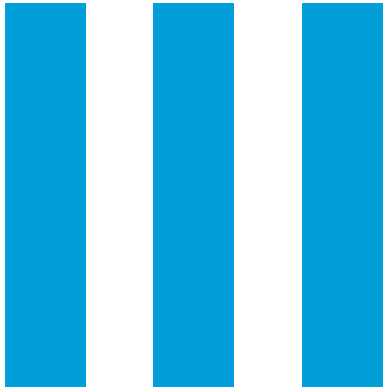
## During construction:



## Upon completion:







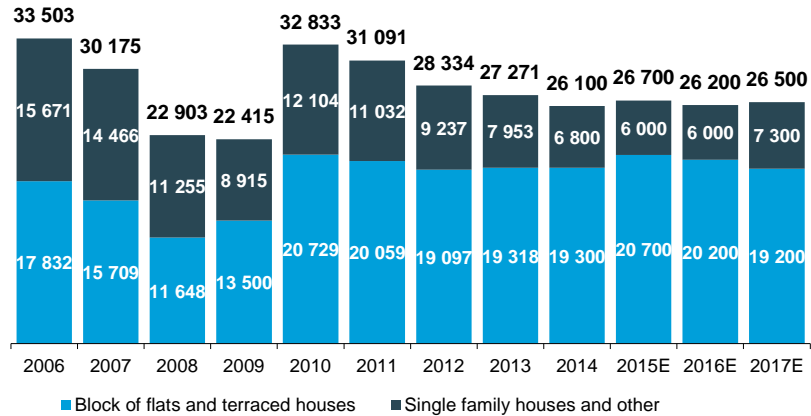
---

# Housing indicators



# Finland – Start-ups expected to increase in 2015

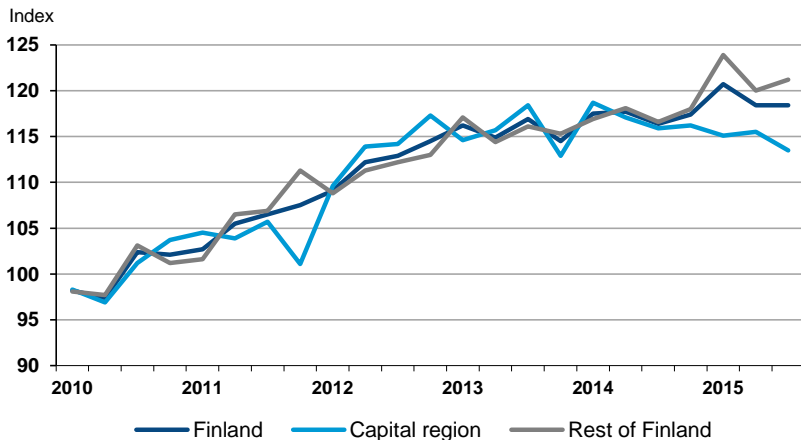
## Residential start-ups, units



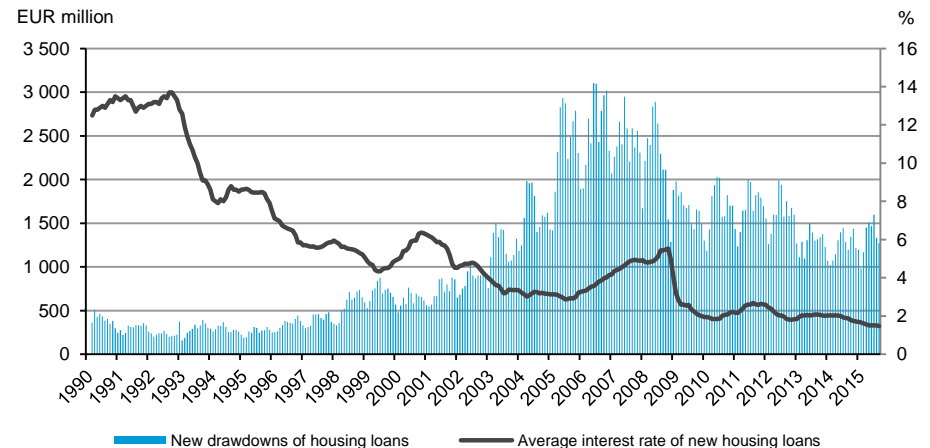
## Consumer confidence - Views on economic situation in one year



## Prices of new dwellings



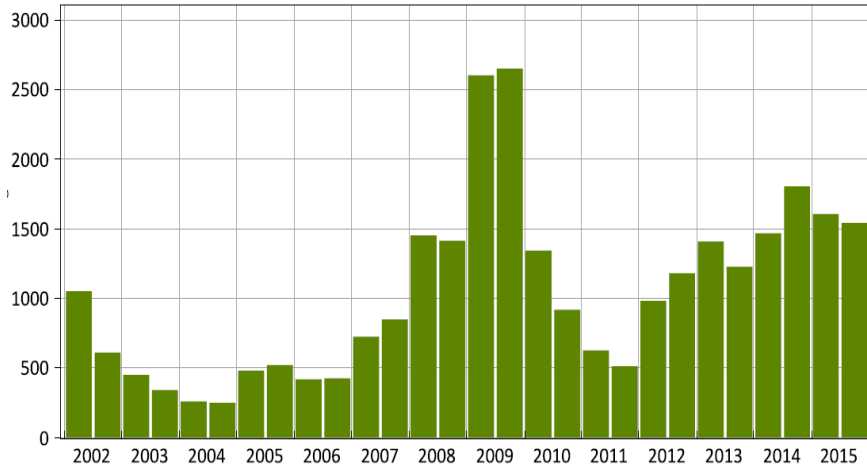
## Volume of new mortgages and average interest rate



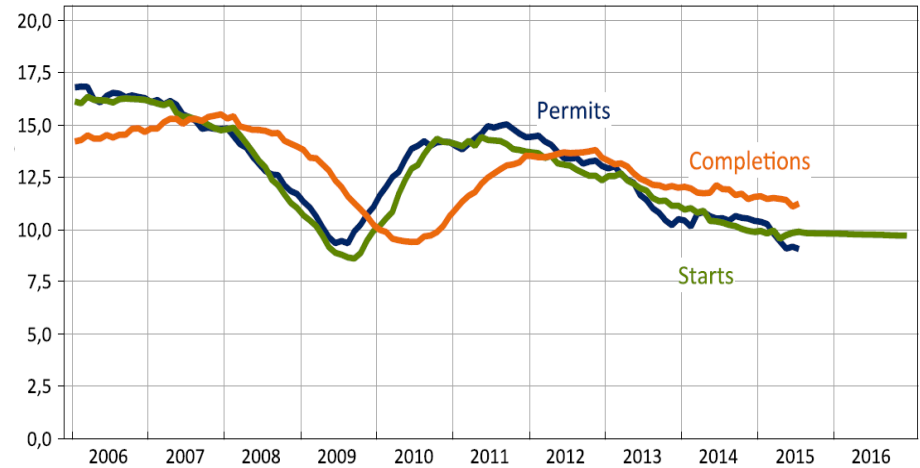
Sources: Residential start-ups: 2006-2013 Statistics Finland; 2014 - 2016E RT Confederation of Finnish Construction Industries, 2017E Euroconstruct, Consumer confidence: Statistics Finland, Residential prices: Statistics Finland  
Loans and Interest rates: Bank of Finland

# Housing indicators have weakened slightly in Finland

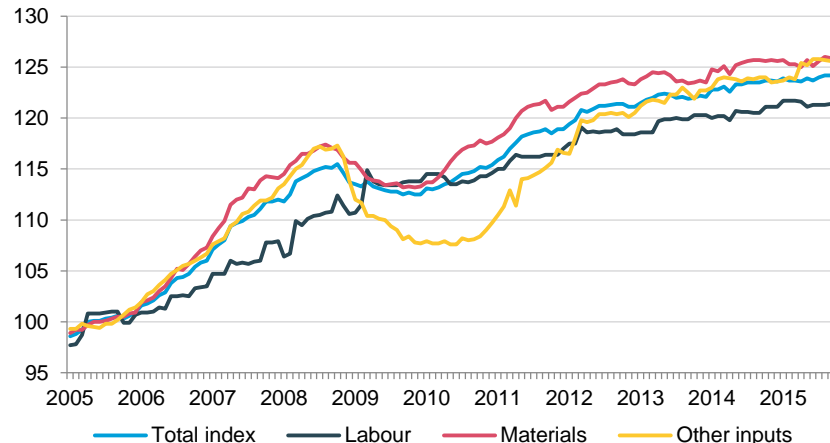
Unsold completed units (residential development projects)



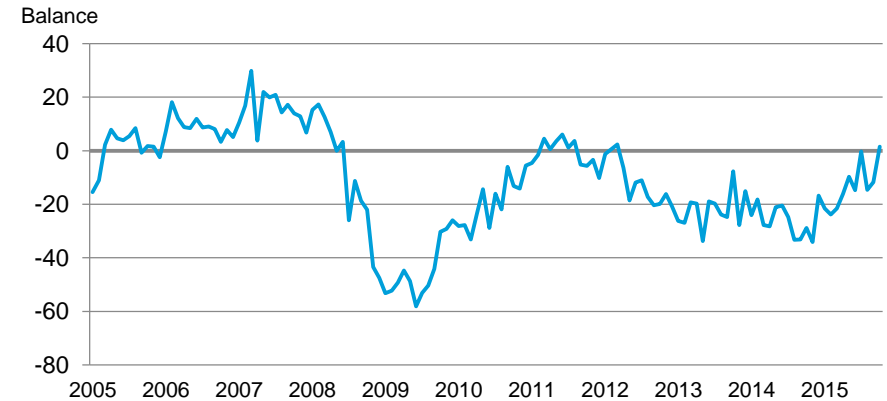
Residential building permits, start-ups and completions, million m3



Construction cost index (2005=100)

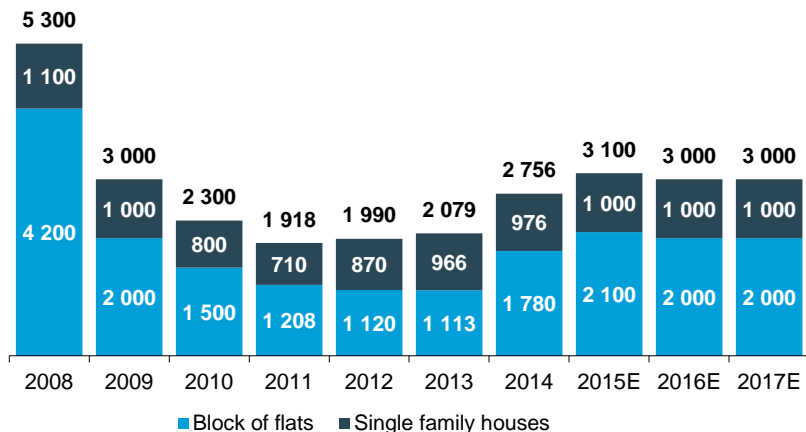


Construction confidence

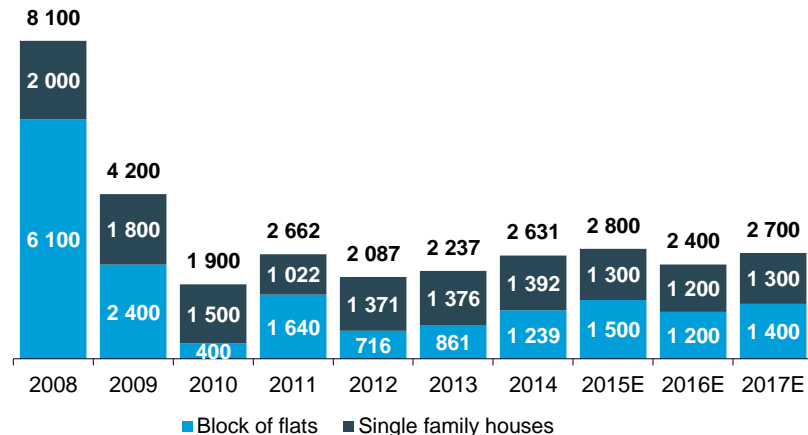


# The Baltic countries – Growth is expected in residential construction

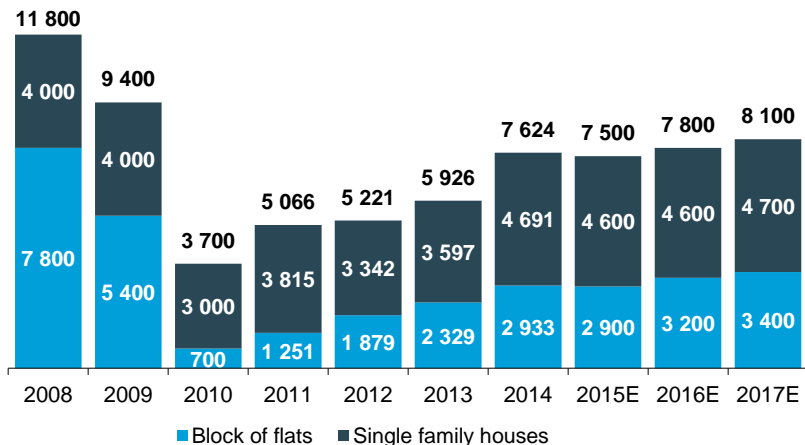
## Residential completions in Estonia, units



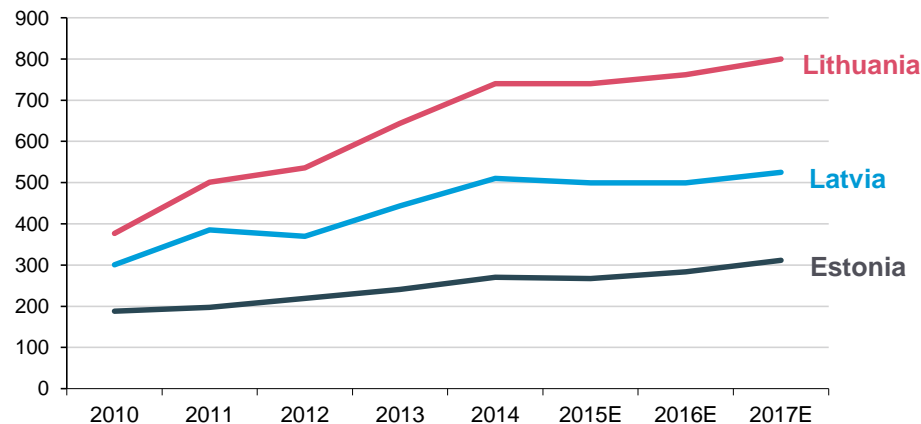
## Residential completions in Latvia, units



## Residential completions in Lithuania, units



## New residential construction volume, EUR million

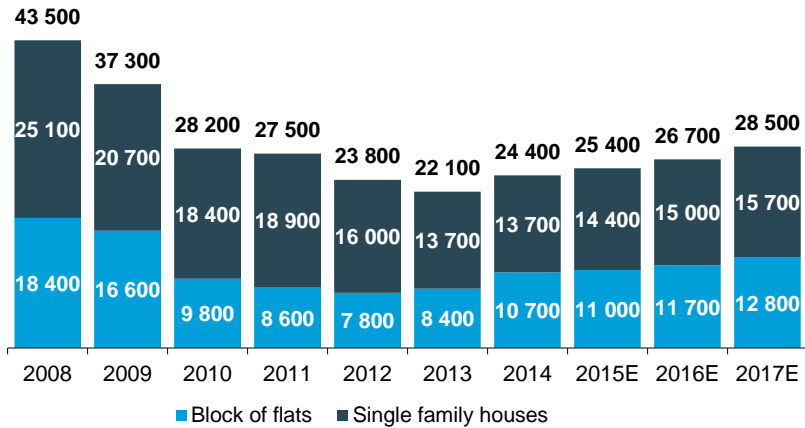


Source: Forecon, June 2015

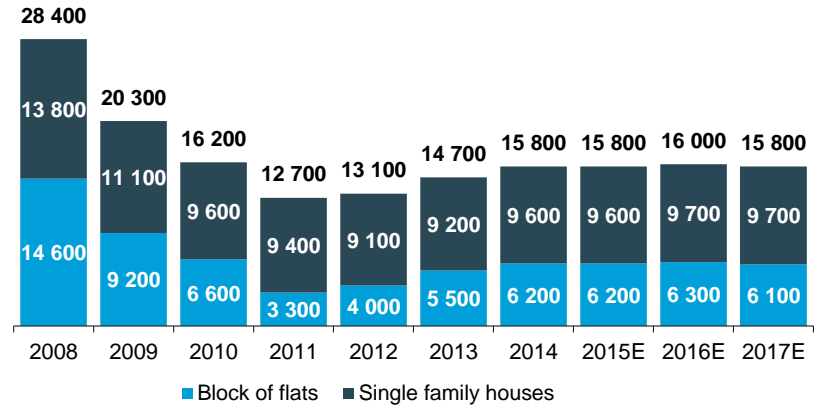


# The Czech Republic, Slovakia and Poland – Start-ups forecasted to increase

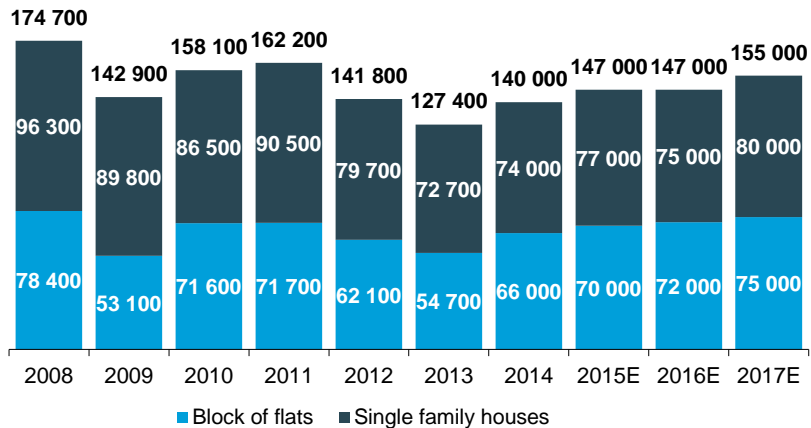
Residential start-ups in the Czech Republic, units



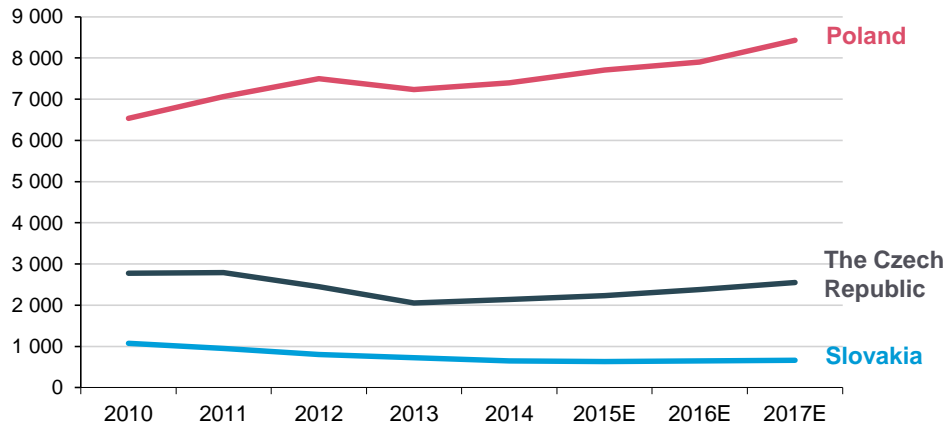
Residential start-ups in Slovakia, units



Residential start-ups in Poland, units



New residential construction volume, EUR million

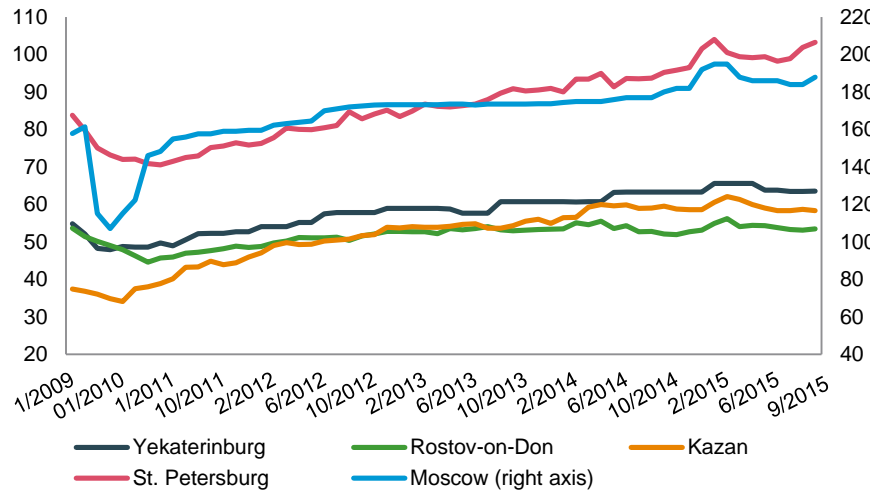


Source: Euroconstruct June 2015

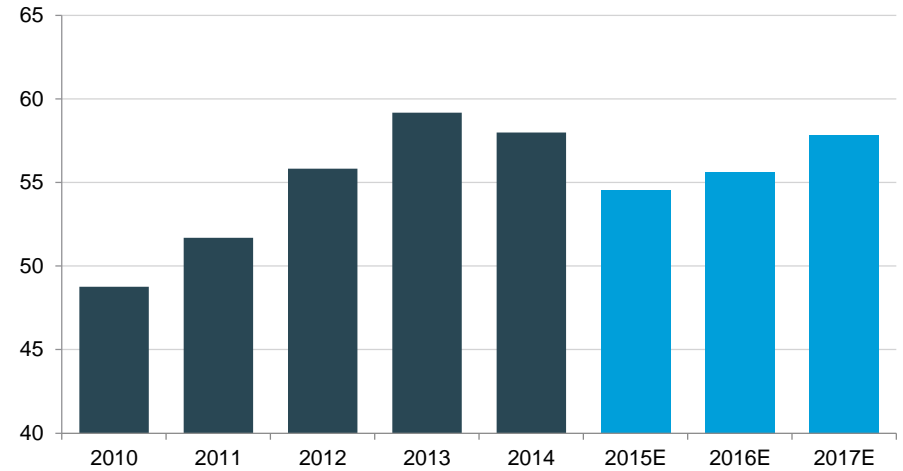


# Russia – Housing indicators

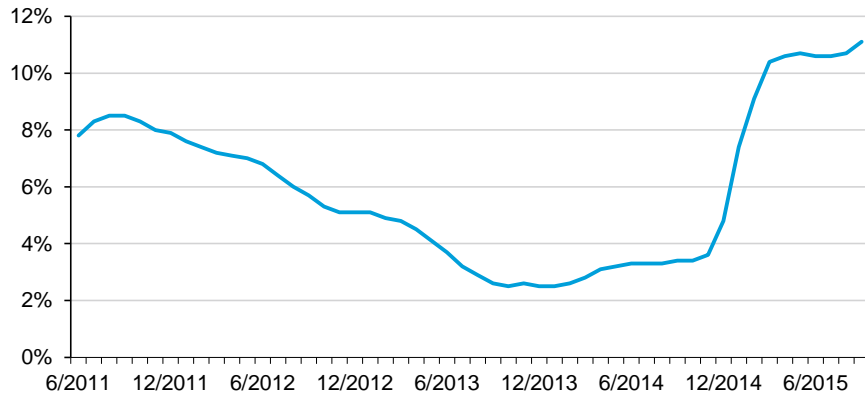
House prices in primary markets, thousand RUB per sq. m. (1/2009-9/2015)



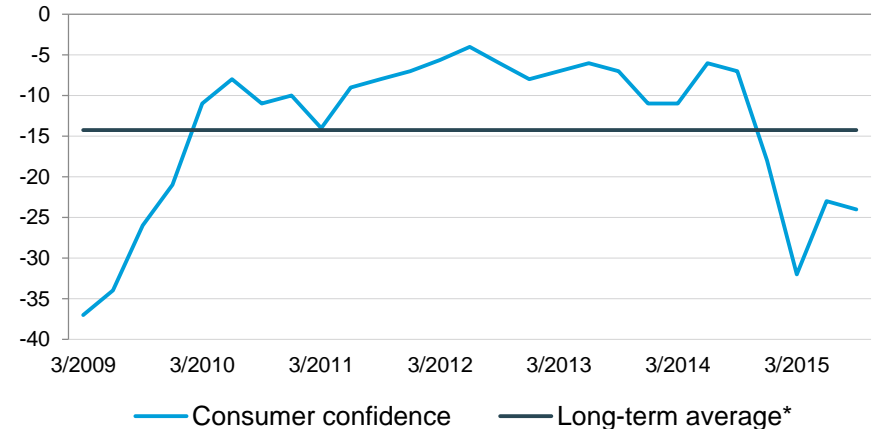
New residential construction volume, EUR billion



Inflation in building materials 6/2011-9/2015



Consumer confidence



Sources: House prices: YIT, \*New residential construction volume: Forecon, June 2015, Inflation in building materials: PMR Construction review, October 2015, Consumer confidence: Bloomberg

\*Average 12/1998-9/2015

# IV

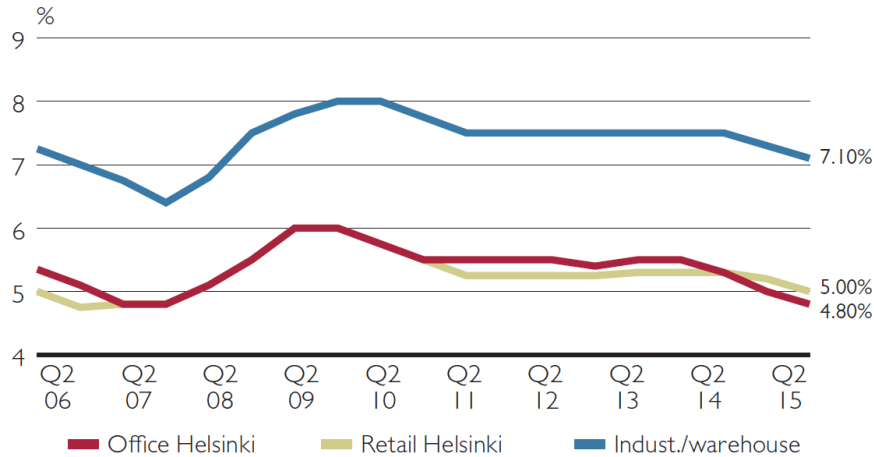
---

Business  
premises and  
infrastructure  
construction  
indicators

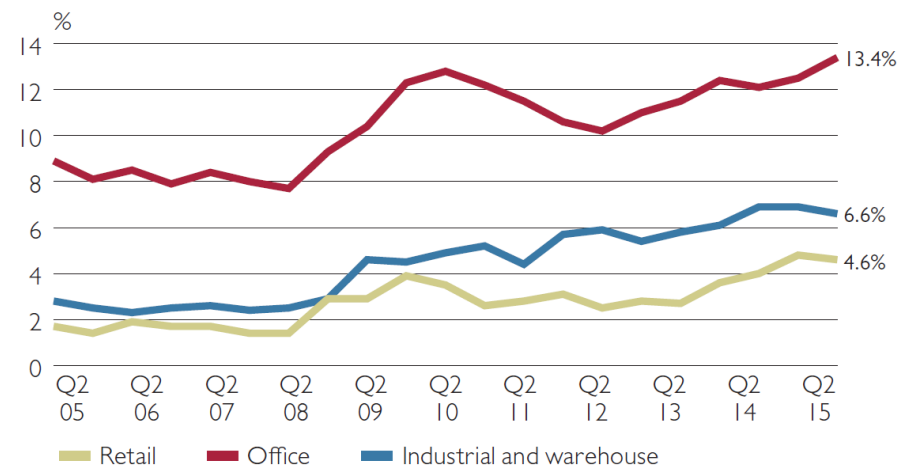


# Finland – Prime yields expected to decrease slightly

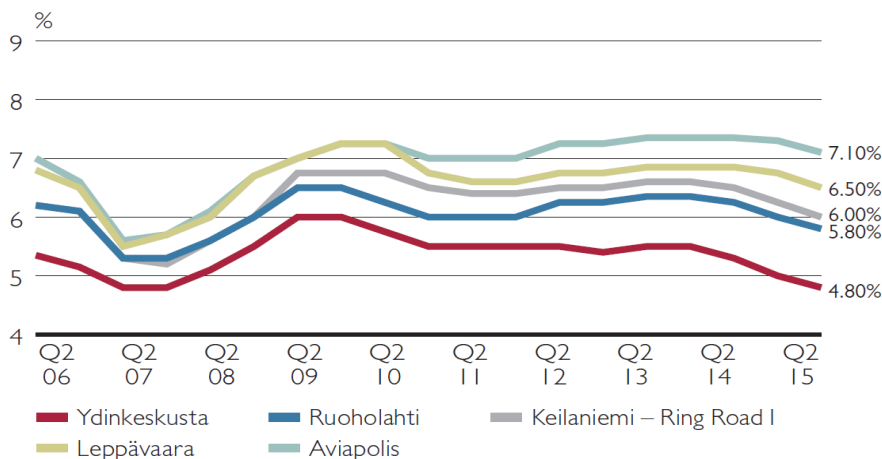
Prime yields in Helsinki Metropolitan Area, %



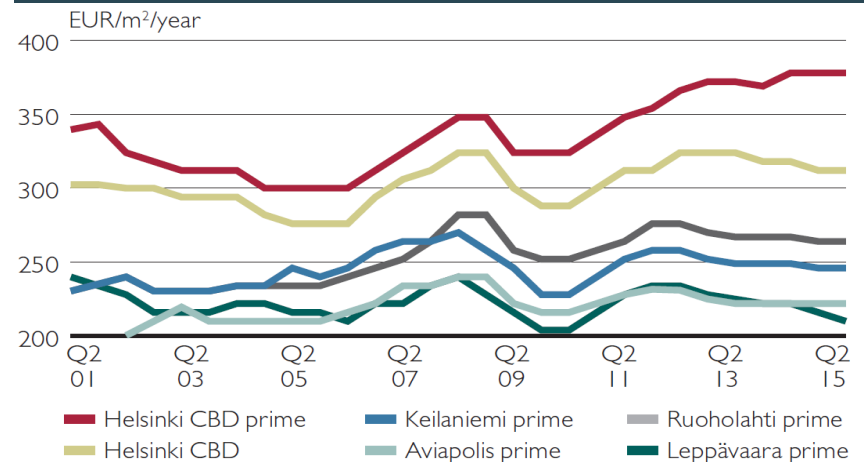
Vacancy rates in Helsinki Metropolitan Area, %



Office yields in Helsinki Metropolitan Area, %



Rental levels of office premises (excl. VAT), new agreements, EUR / sq. m. / year



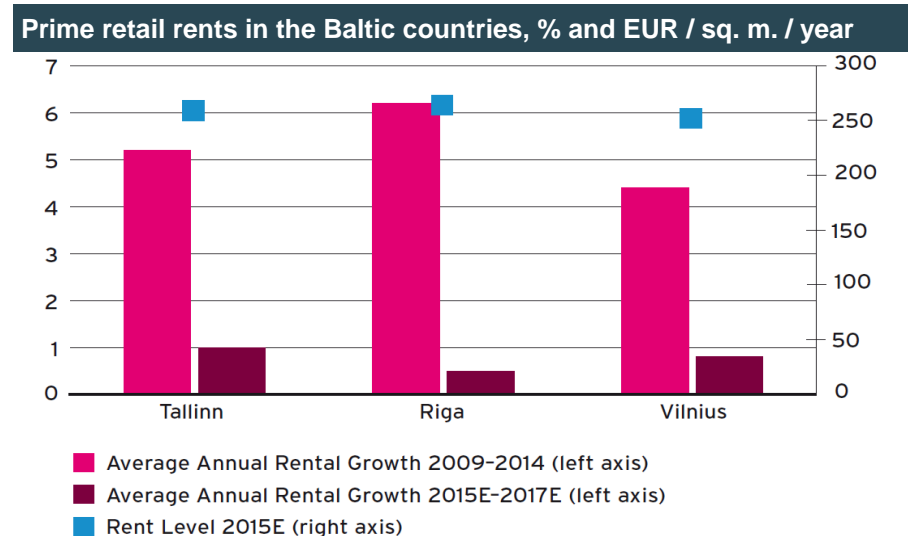
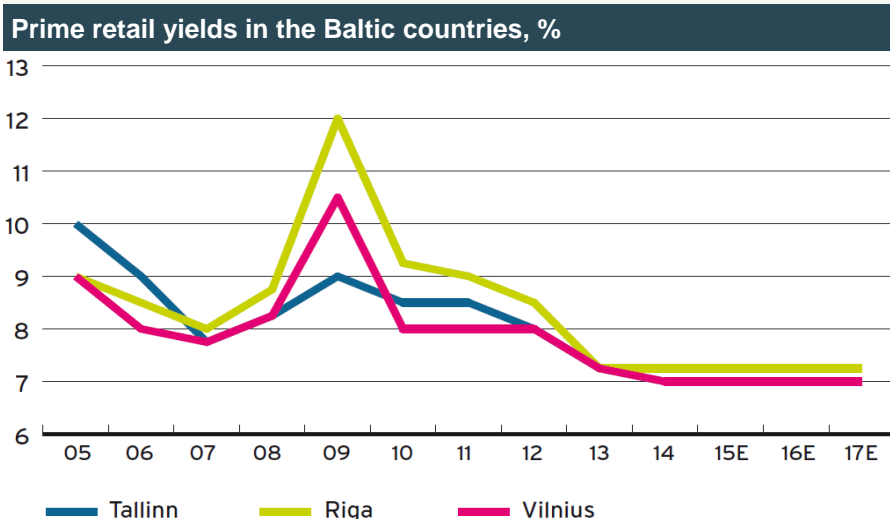
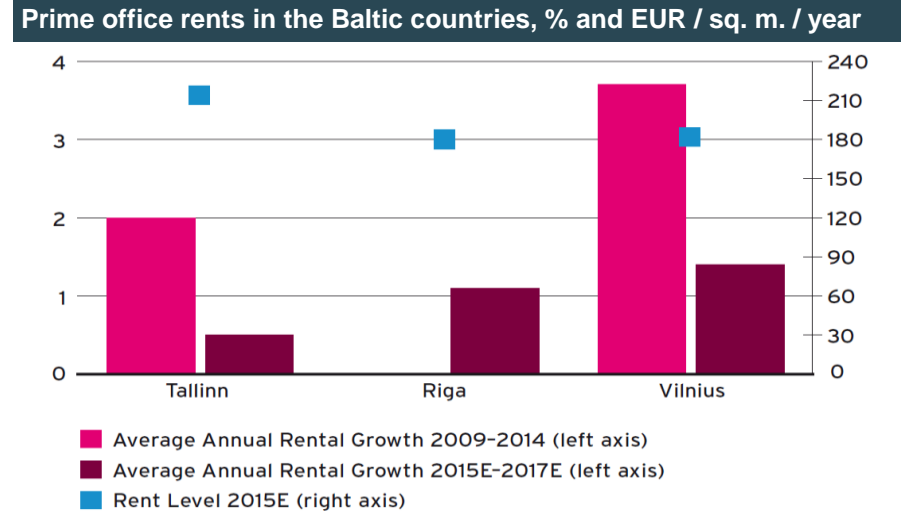
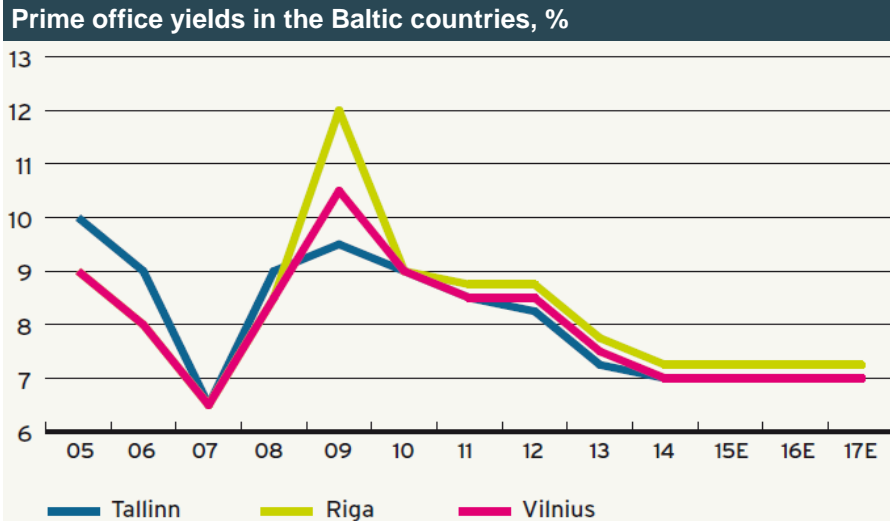
Source: Catella Property Market Trends Finland, September 2015

YIT | 64 | Investor presentation, November 2015





# The Baltic countries – Yields are expected to decrease



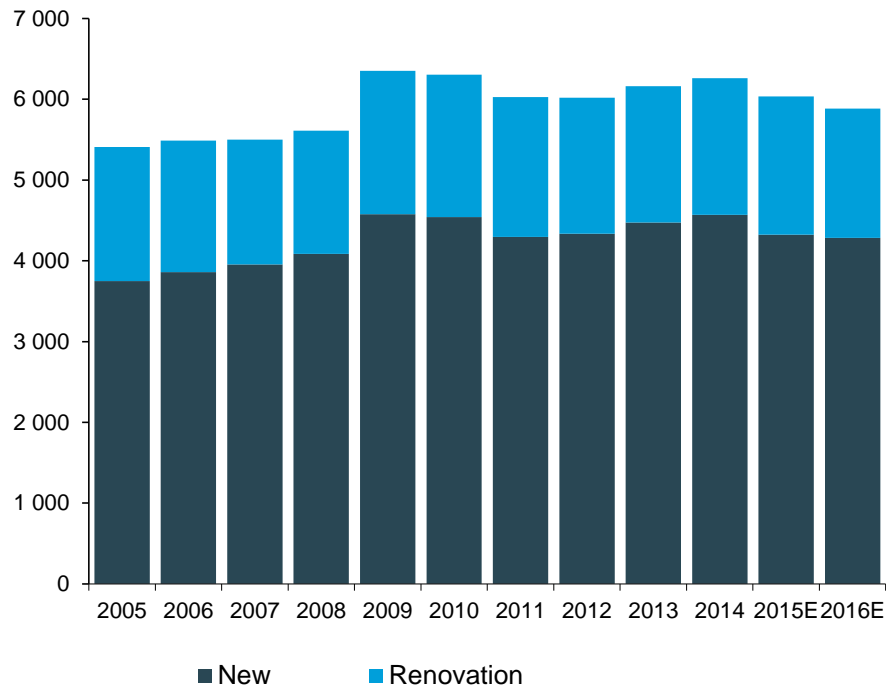
Source: Newsec Property Outlook, September 2015



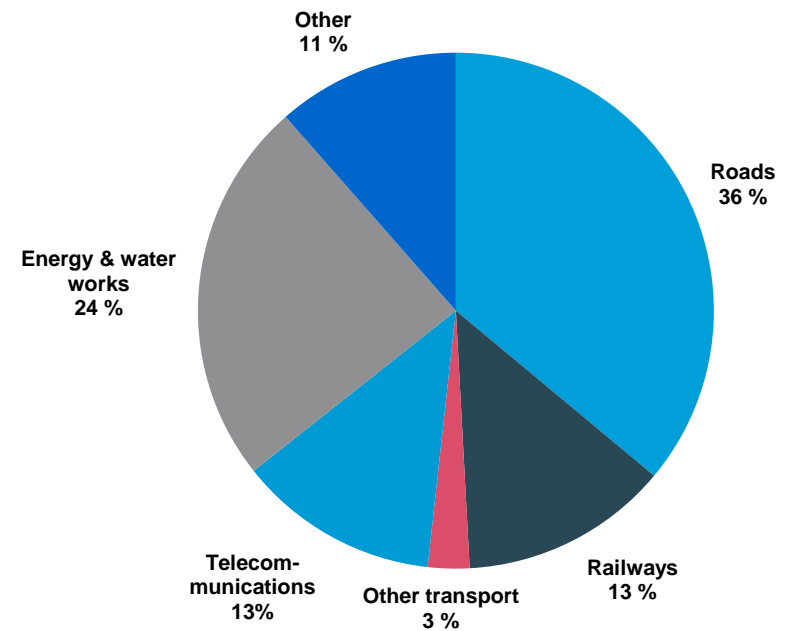
# Infrastructure construction in Finland

## – market expected to decrease slightly in 2015

Infrastructure market in Finland, EUR million



Infrastructure sectors in Finland (2014)



Source: Euroconstruct, June 2015

# V

---

Ownership

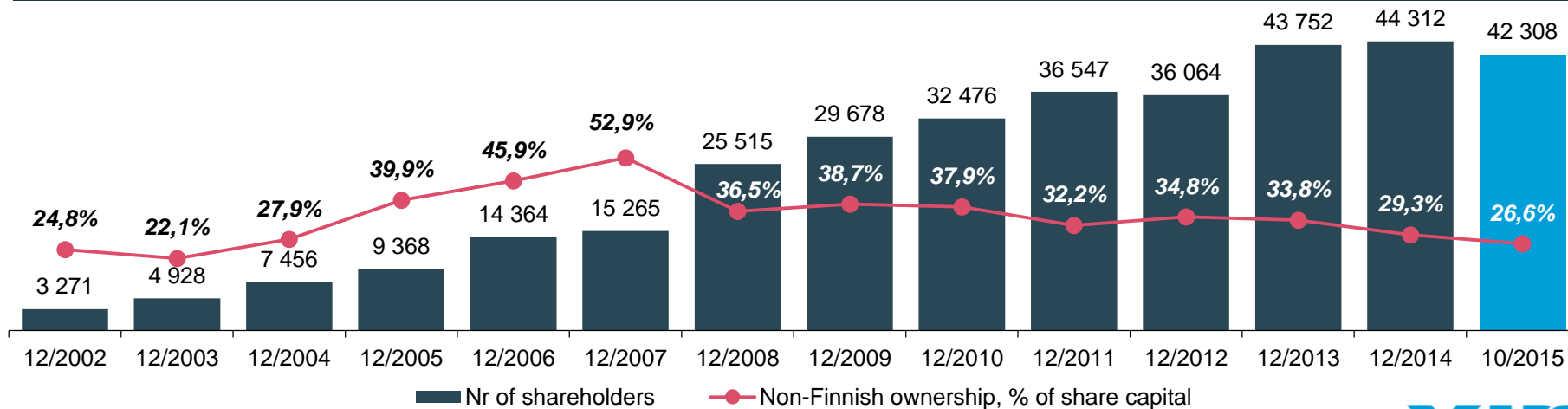


# YIT's major shareholders

October 31, 2015

Shareholder	Shares	% of share capital
1. Varma Mutual Pension Insurance Company	12,000,000	9.43
2. Structor S.A.	6,620,000	5.20
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	3,266,189	2.57
7. The State Pension Fund	2,222,865	1.75
8. Nordea funds	1,721,162	1.34
9. Etera Mutual Pension Insurance Company	1,700,000	1.34
10. YIT Corporation	1,642,218	1.29
Ten largest total	41,404,757	33.53
Nominee registered shares	25,862,941	20.33
Other shareholders	59,955,724	46.14
<b>Total</b>	<b>127,223,422</b>	<b>100.00</b>

## Number of shareholders and share of non-Finnish ownership, October 31, 2015



# Disclaimer

---

This presentation has been prepared by, and the information contained herein (unless otherwise indicated) has been provided by YIT Corporation (the “Company”). By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations. This presentation is being furnished to you solely for your information on a confidential basis and may not be reproduced, redistributed or passed on, in whole or in part, to any other person.

This presentation does not constitute or form part of and should not be construed as, an offer to sell, or the solicitation or invitation of any offer to buy, acquire or subscribe for, securities of the Company or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investments decision whatsoever. The information contained in this presentation has not been independently verified. No representation, warranty or undertaking, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Neither the Company nor any of its respective affiliates, advisors or representatives nor any other person shall have any liability whatsoever (in negligence or otherwise) for any loss however arising from any use of this presentation or its contents or otherwise arising in connection with the presentation. Each person must rely on their own examination and analysis of the Company and the transactions discussed in this presentation, including the merits and risks involved.

This presentation includes “forward-looking statements”. These statements contain the words "anticipate", “will”, "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this presentation. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The Company cautions you that forward-looking statements are not guarantees of future performance and that its actual financial position, business strategy, plans and objectives of management for future operations may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if the Company's financial position, business strategy, plans and objectives of management for future operations are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in future periods. Neither the Company nor any other person undertakes any obligation to review or confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation.

**Together  
we can  
do it.**