



# YIT – solid foundation for future growth

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Roadshow London  
September 30, 2015

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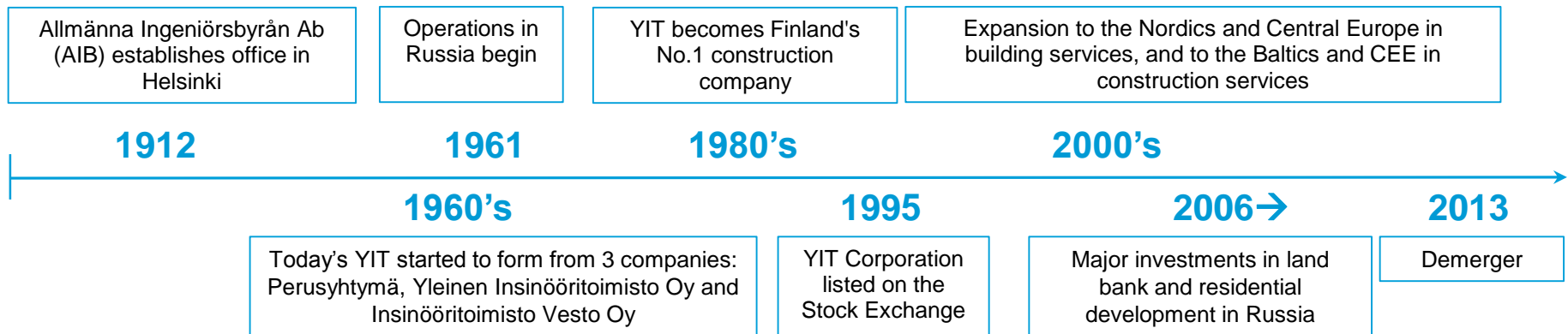
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## YIT in brief



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



## DEMERGER IN JUNE 2013

Building Services demerged into Caverion

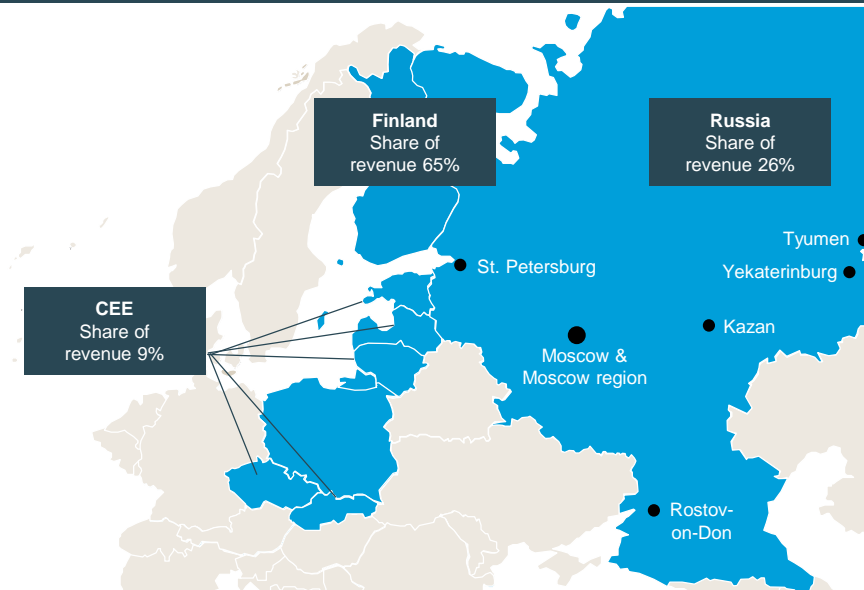
- Initiative from the Board of Directors – supported by main owners
- Both companies large enough to grow independently
- Independent strategies and different business models
- Meaningful geographical overlap only in Finland
- Better management focus in separate companies

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

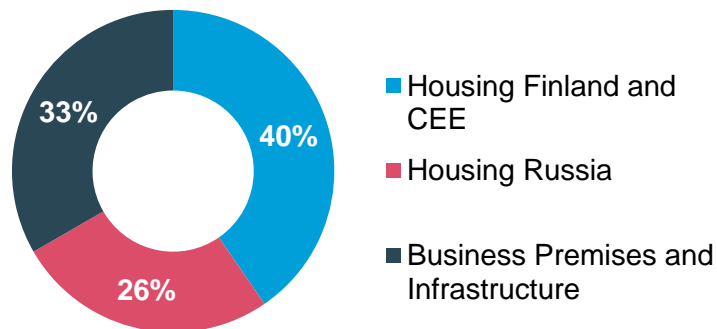
## Key investment propositions

- 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

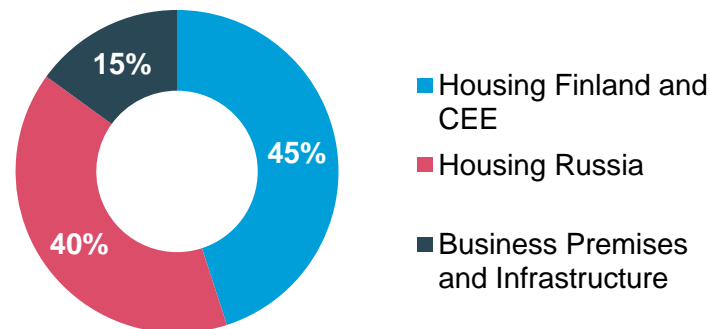
## Operations in 8 countries, 5,800 employees



## Revenue by segment 2014 (EUR 1.8 billion)



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



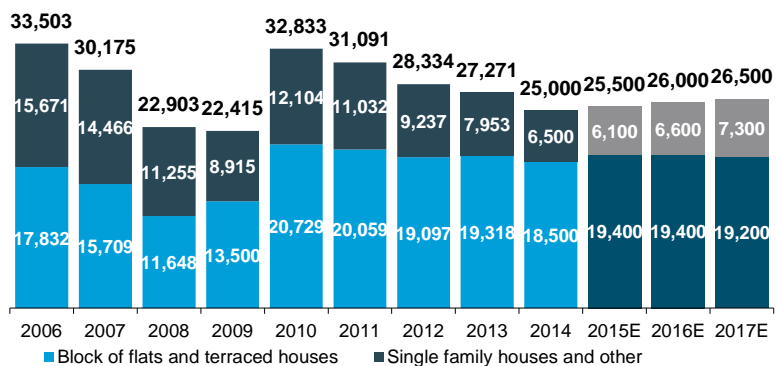
# Balanced business portfolio

	 <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 and Poland	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, NCC, 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

Residential start-ups in Finland, units

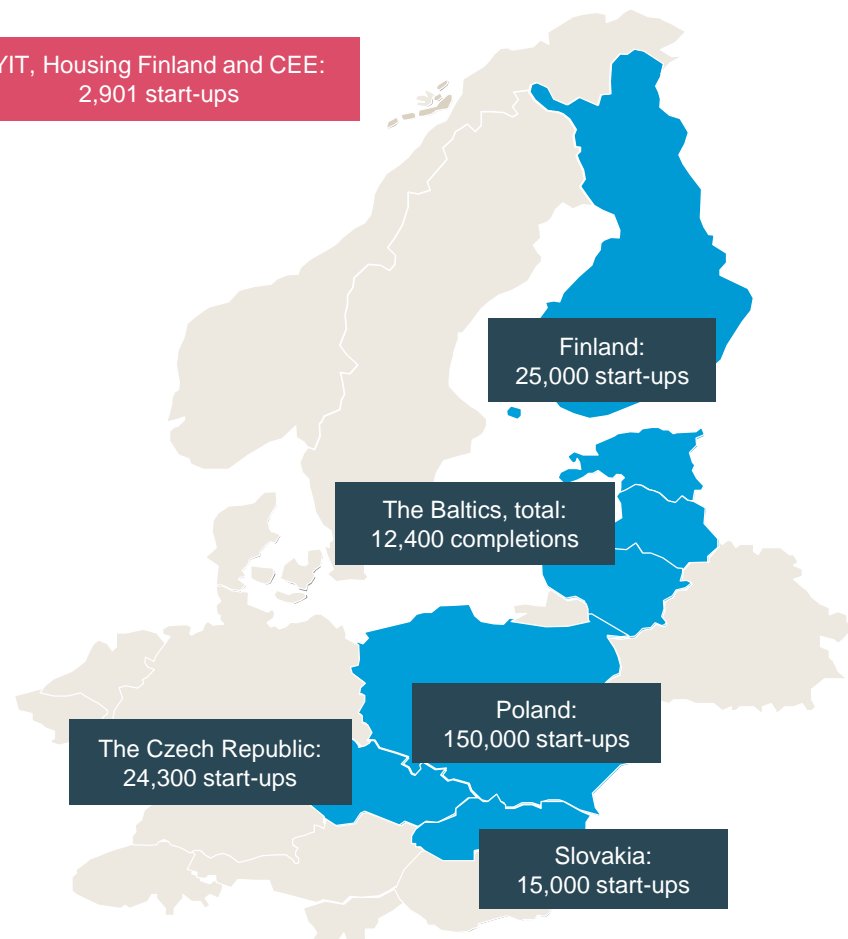


- Macro outlook supports residential markets in the CEE countries
  - Need for new, modern apartments

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

Market sizes in 2014, units

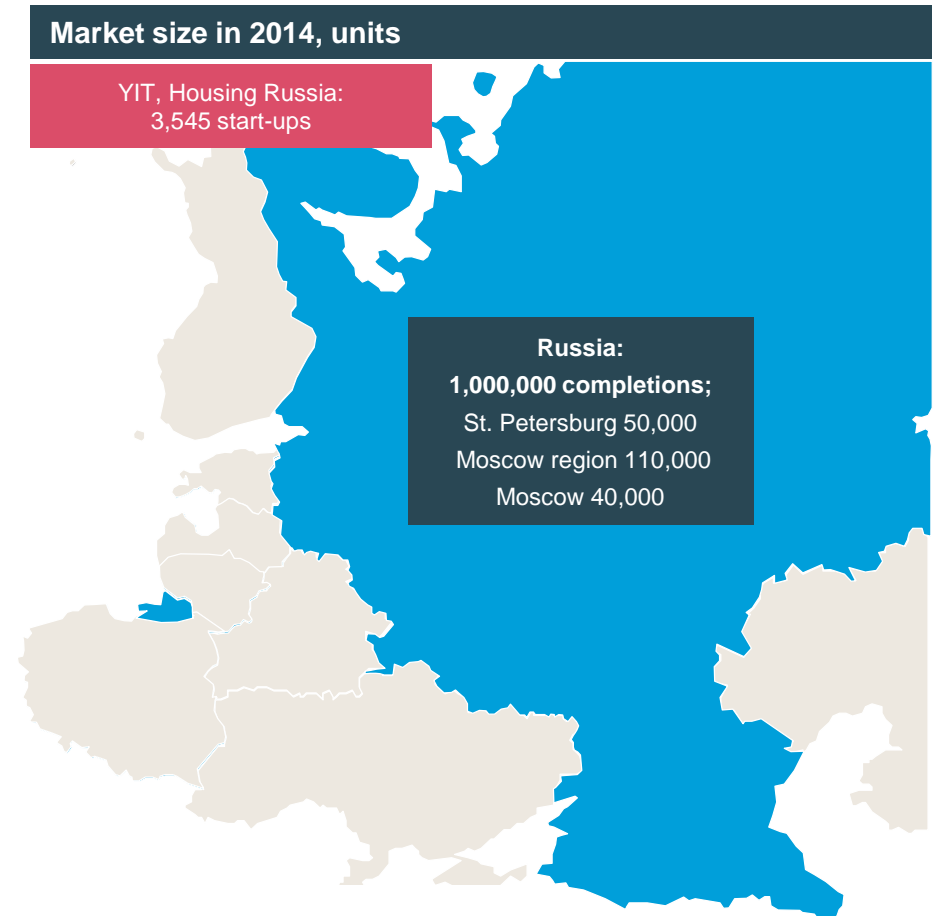
YIT, Housing Finland and CEE:  
2,901 start-ups



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



Source: Forecon, estimates



YIT is the largest foreign residential developer in Russia

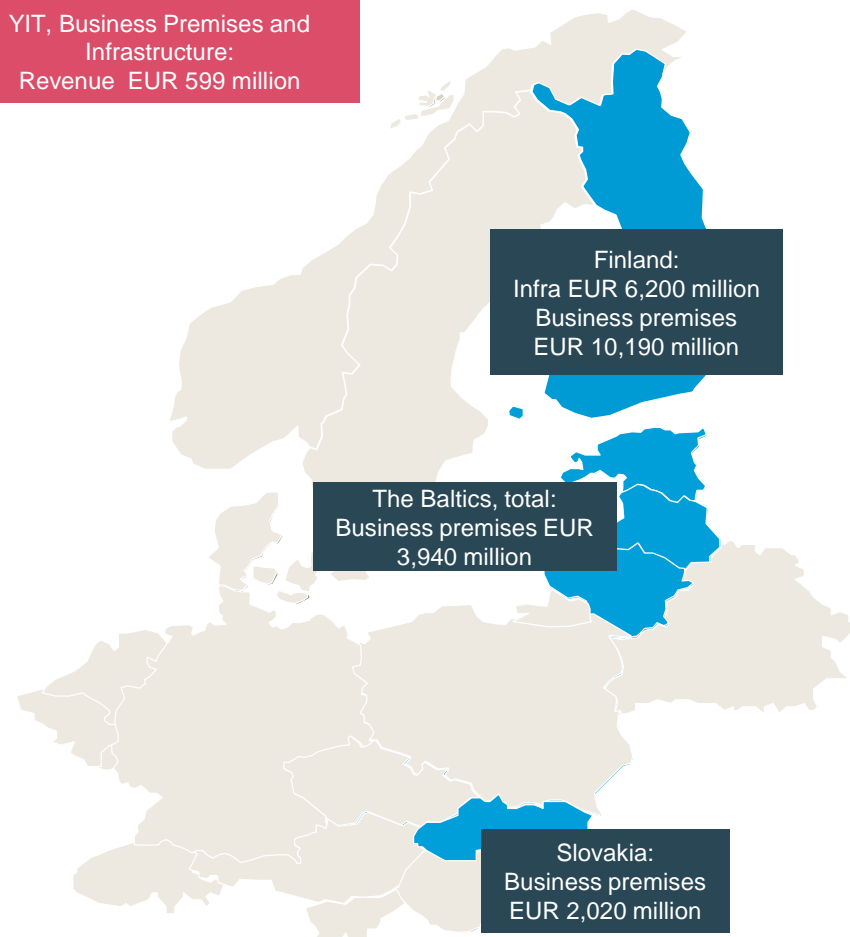


# Opportunities for growth in several areas in business premises and infra services

- 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

YIT, Business Premises and Infrastructure:  
Revenue EUR 599 million



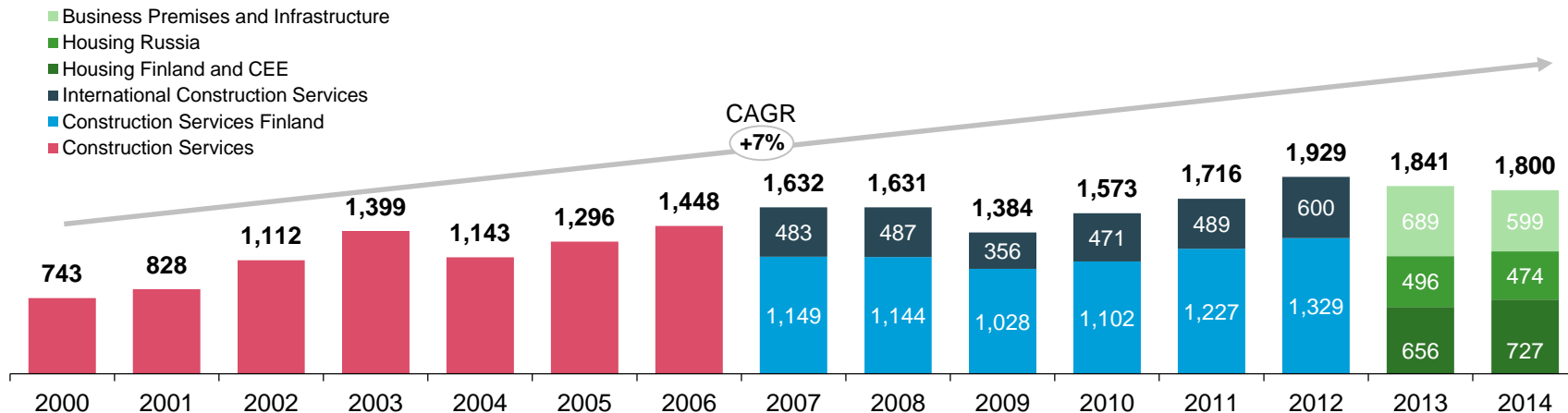
One of the top players in Finland and Lithuania

Source: Euroconstruct and Forecon, estimates

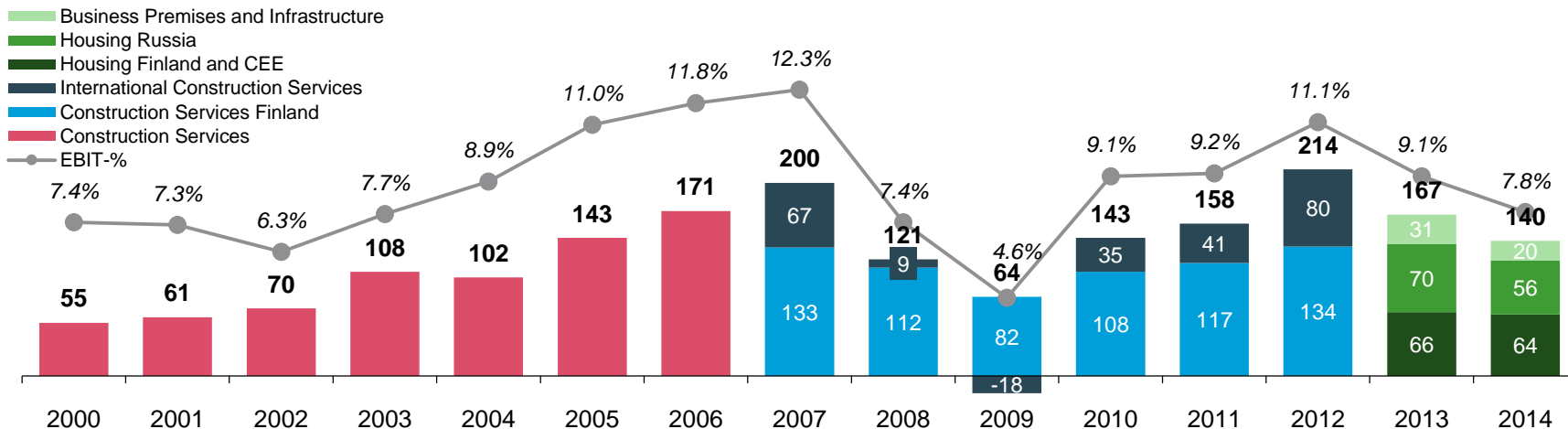


# Revenue growth and healthy profitability through economic cycles

## 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.

# 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.)

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, Division Industrial  
Solutions Caverion  
Corporation; former  
CEO of YIT

Independent of  
company: NO

Independent of owners:  
YES

Share ownership:  
50,100



**Teuvo Salminen**  
Board Member

Born 1954  
M.Sc. (Econ.)

Former EVP, Pöyry;  
board professional

Independent of  
company: YES

Independent of  
owners: YES

Share ownership:  
7,250

Ownership on September 25, 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: 1997-2000 and 2001 →  
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: 3,997



**Juhani Nummi**  
SVP, Business  
Development

In the Group's employ:  
1998-2001 and 2003 →  
Share ownership: 1,999



**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 September 25, 2015.

# YIT's competitive edges

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- 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

**“Best developer in Finland”,**  
Euromoney Real Estate Survey 2015

**“Developer of the year 2014”**  
in the Czech Republic

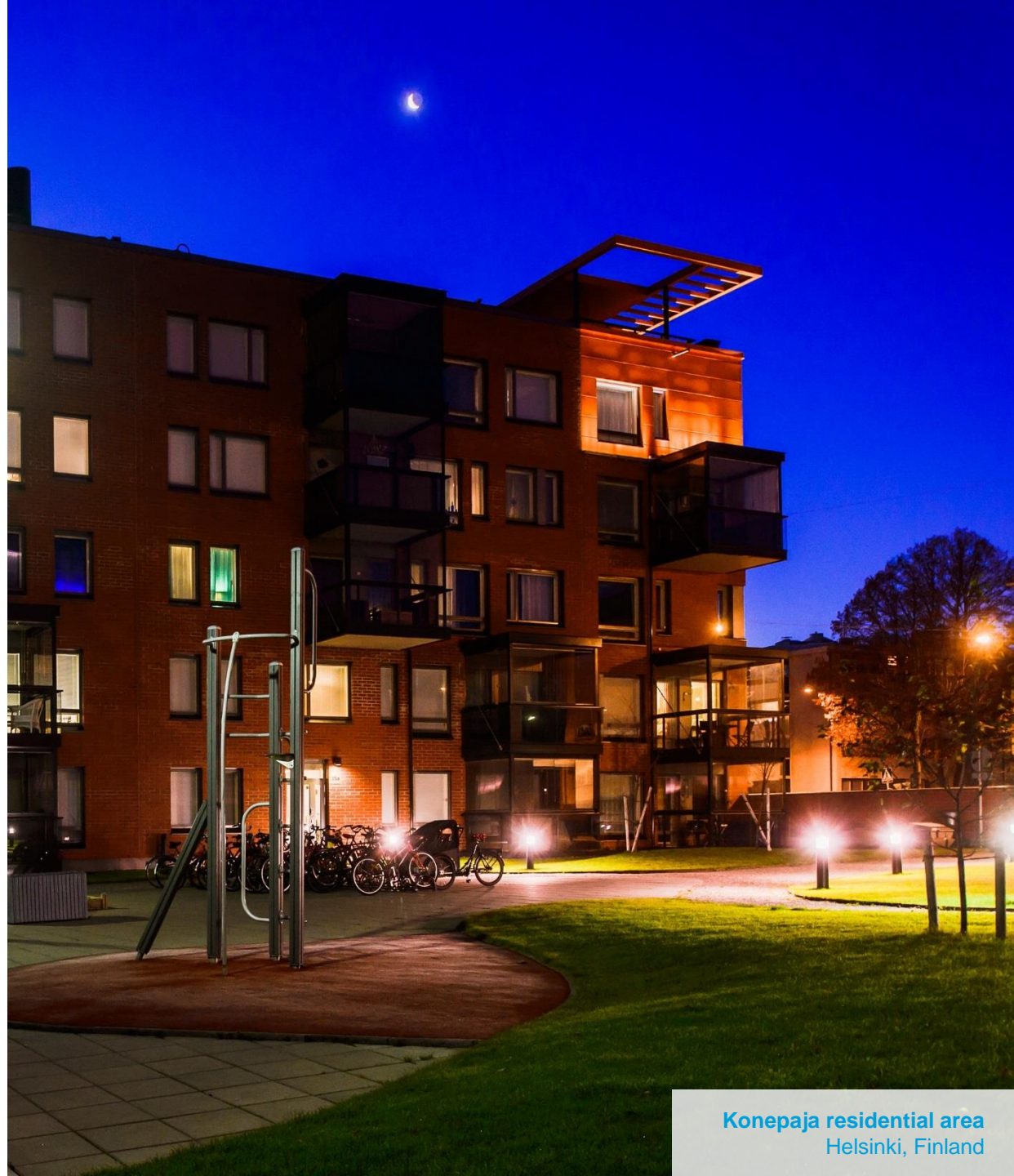
**”Developer and Construction  
Company of 2014”** in Slovakia

**“Best Housing Project 2014”**  
in Latvia, Lithuania and Slovakia

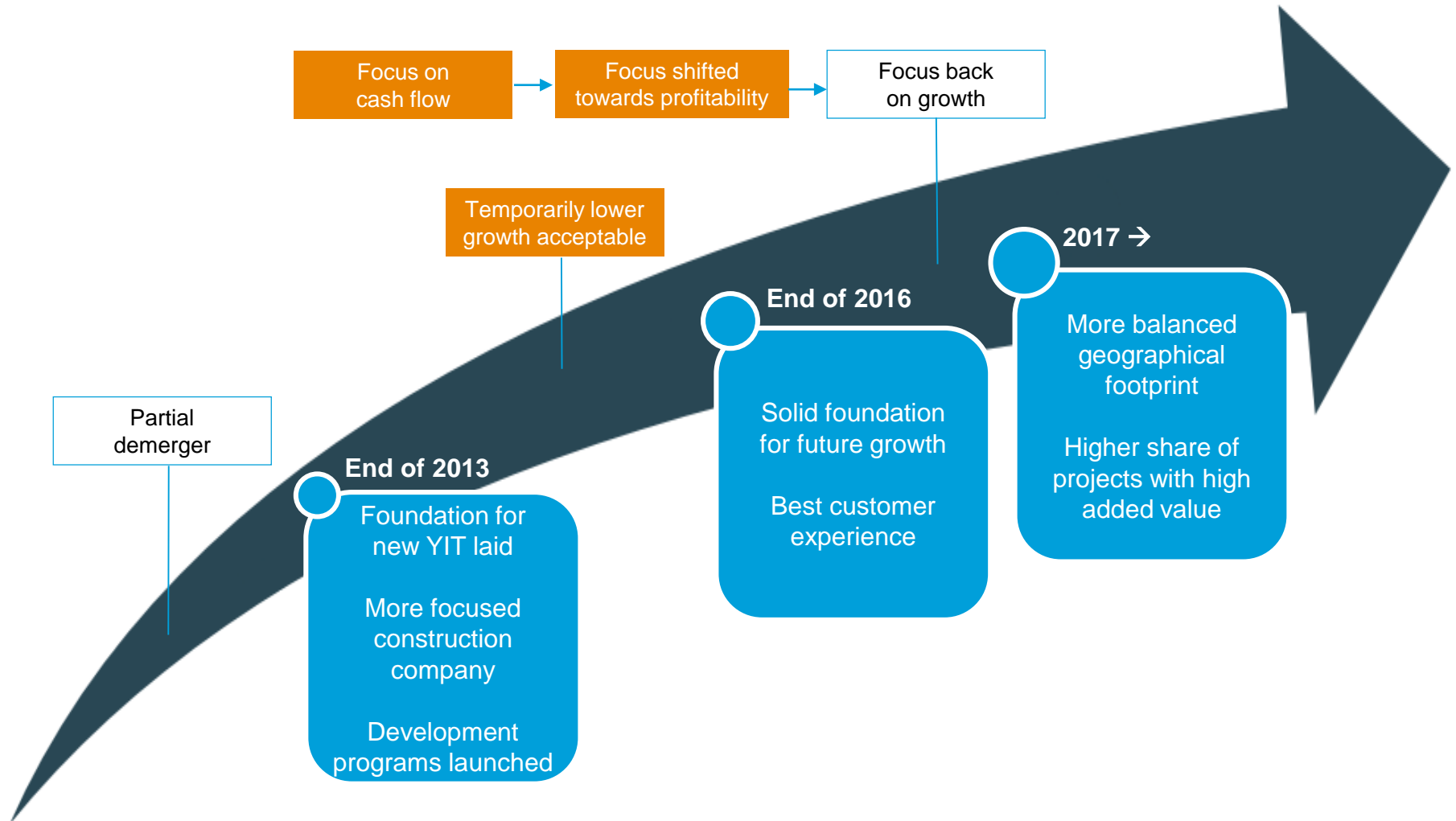
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## Strategy and business model



# 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

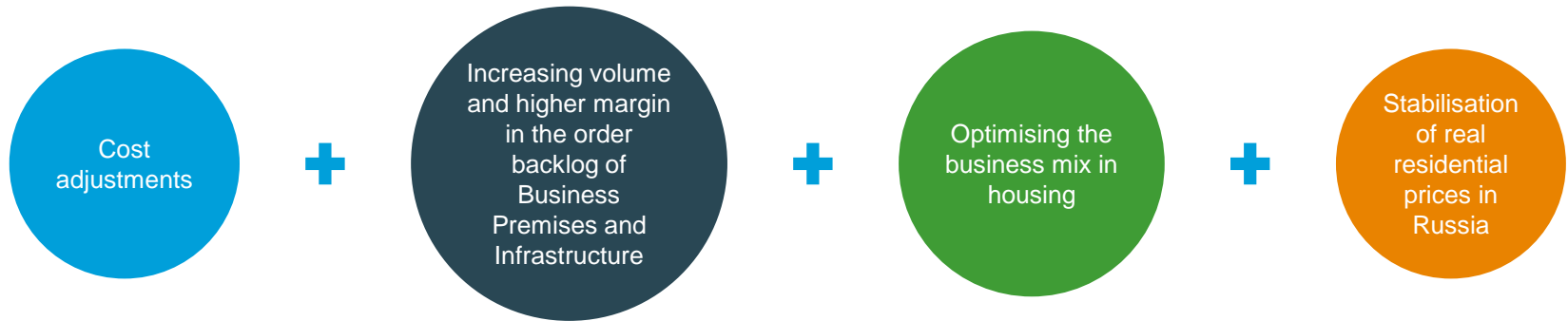
- Long-term ROI target revised to 15% from the earlier 20% due to lower weight of Russia in invested capital and future capital allocation
- Other long-term financial targets unchanged
- Separate short-term targets abandoned now that the net debt target has been reached

	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)

# Clearly higher EBIT needed to reach the targeted ROI

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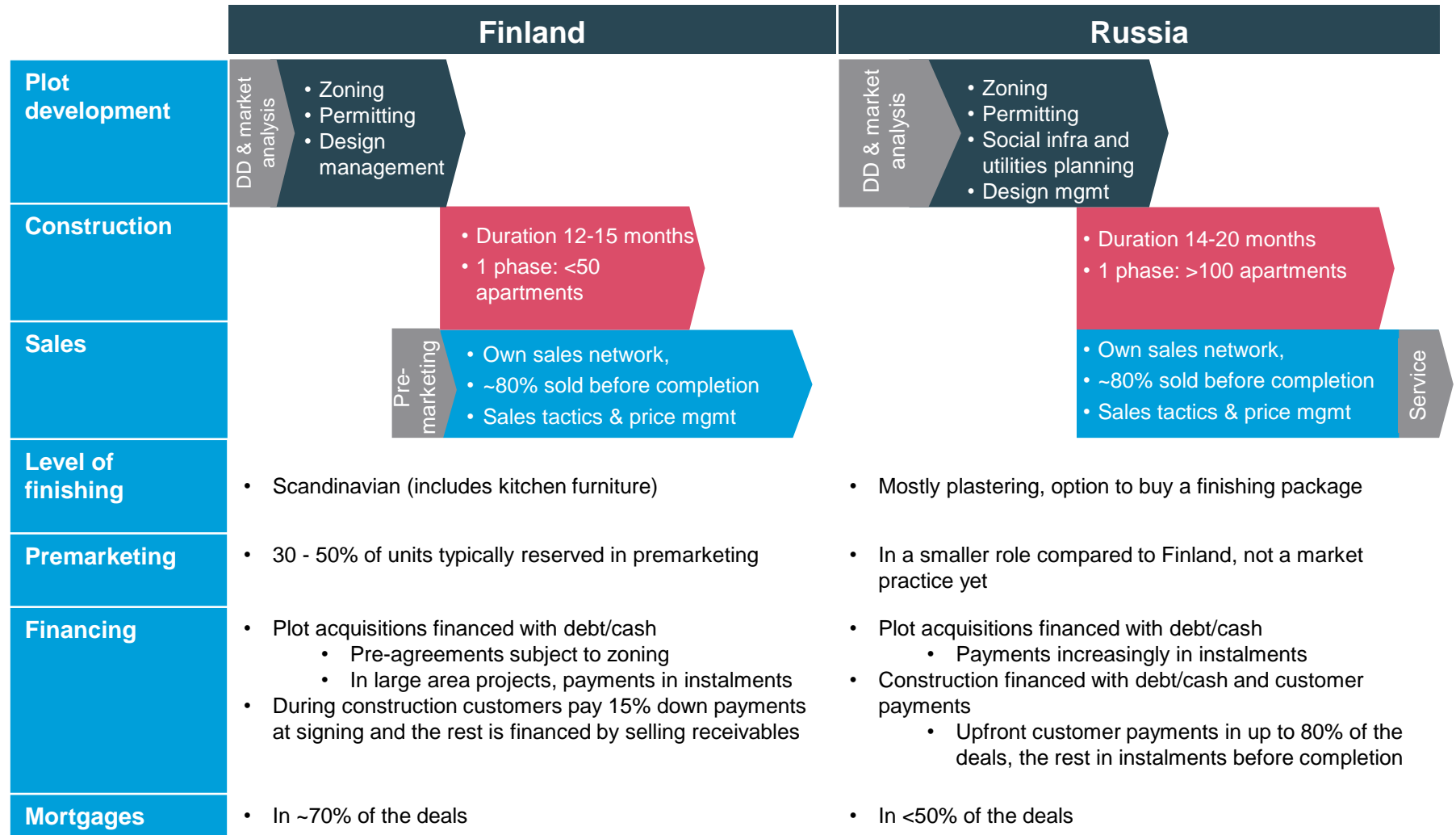


Dependence on market development

# 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

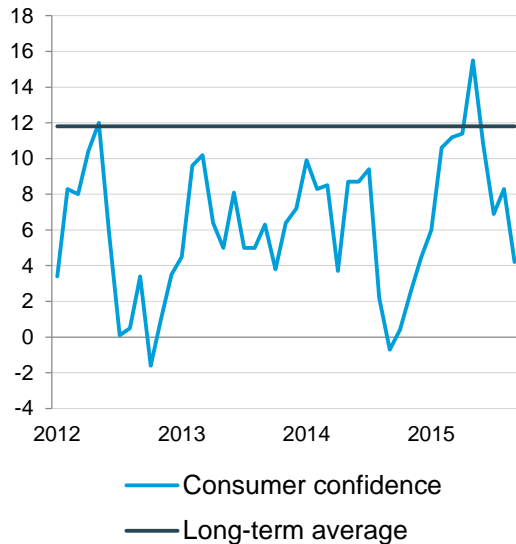


**Koti Hyacint**  
Prague, the Czech Republic

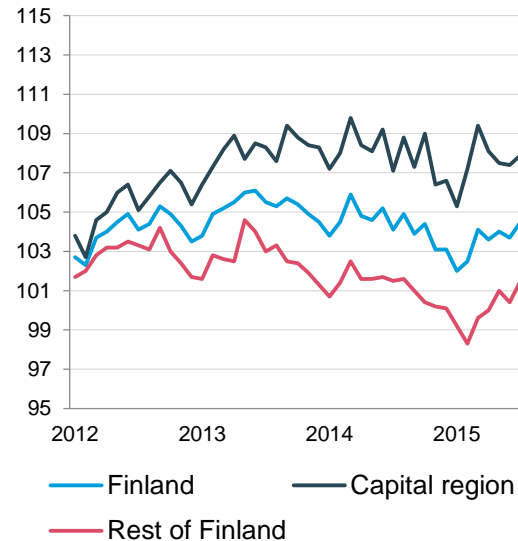
# Housing Finland and CEE: Operating environment in Finland

- Consumers still cautious in purchase decisions
- Good investor demand continued
- Good demand for small, affordable apartments in the growth centres
- Price pressure in large apartments
- Mortgage interest rates on a low level
- The volume of new housing loans has grown lately

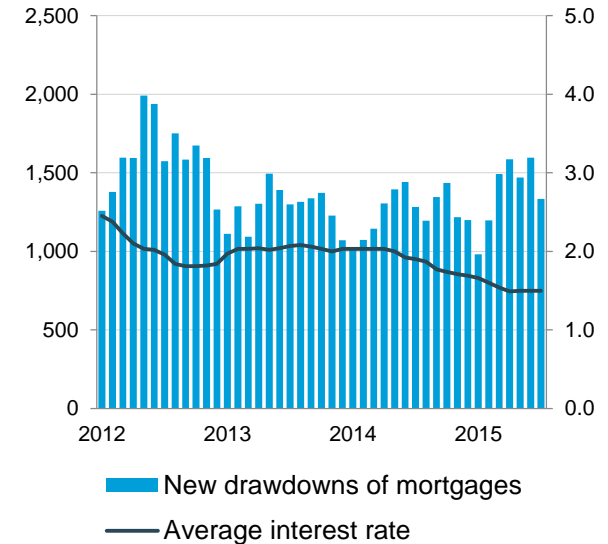
**Consumer confidence**  
01/2012-07/2015



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



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

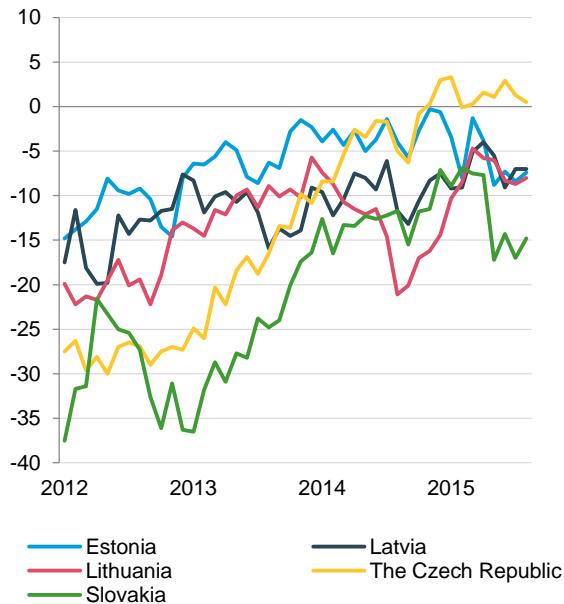


Sources: Statistics Finland and Bank of Finland

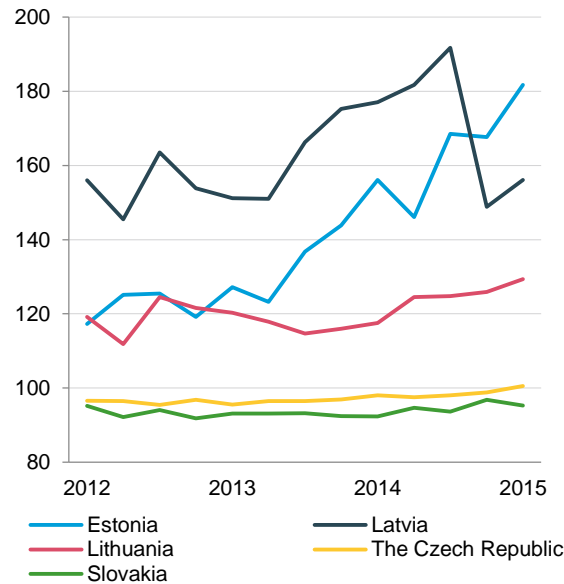
# Housing Finland and CEE: Operating environment in the CEE countries

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

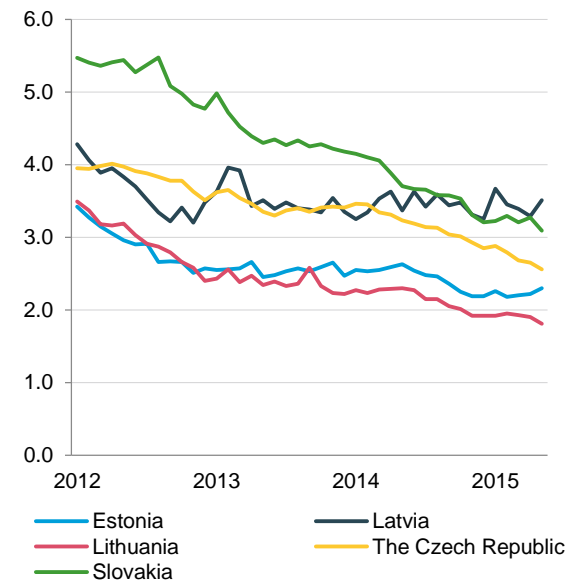
**Consumer confidence**



**House price index, new dwellings, 2010=100**



**Average interest rate of mortgages (%)**



Sources: European Commission, Eurostat and National Central Banks

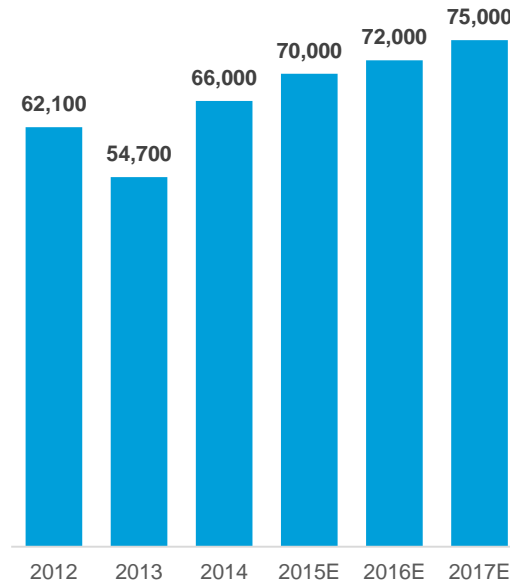


# Exploiting opportunities in Poland – local unit established

## 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



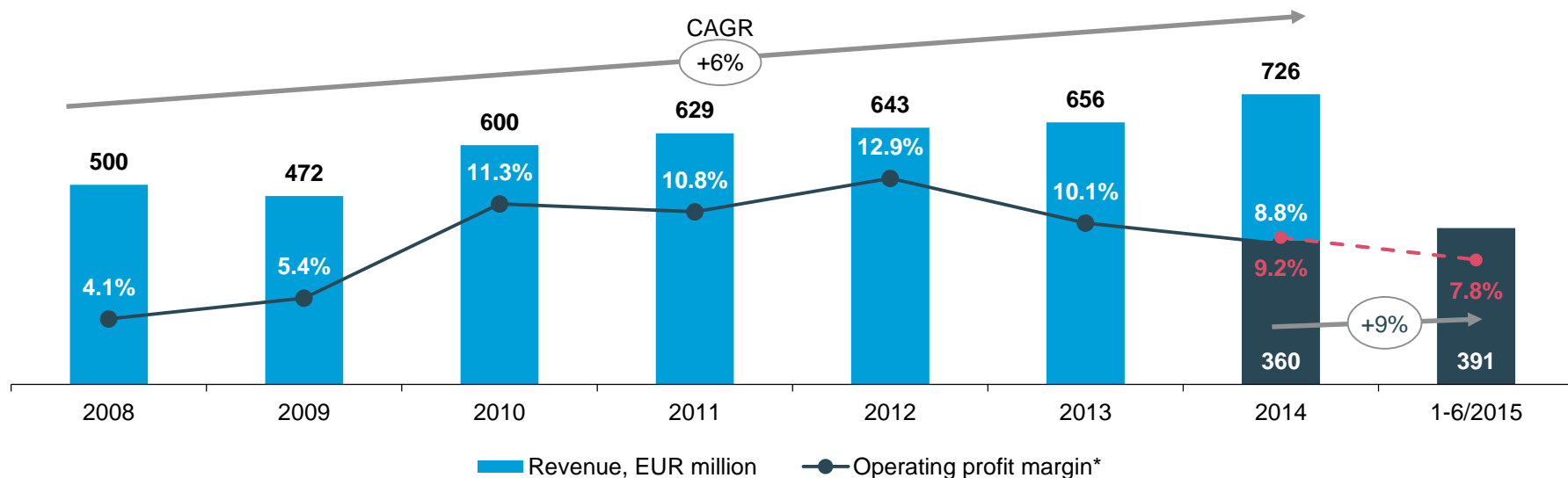
## Large population Population in Poland's largest cities



Sources: Bloomberg, REAS

# Housing Finland and CEE: long-term development

2008	2009	2010	2011	2012	2013	2014	1-6/2015
<ul style="list-style-type: none"> <li>• Weakening market</li> <li>• Prices declined sharply in the Baltics</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on investor deals in Finland</li> <li>• Low business volumes in the Baltics</li> <li>• Fixed cost cuts</li> </ul>	<ul style="list-style-type: none"> <li>• Focus turned to consumer sales in Finland</li> <li>• Low volumes in the Baltics and CEE</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on consumer sales in Finland</li> <li>• Volumes increased in the Baltics and CEE</li> </ul>	<ul style="list-style-type: none"> <li>• Favourable residential sales continued in Finland</li> <li>• The Baltics and CEE continued to dilute profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Soft consumer demand in Finland</li> <li>• Active sales to investors</li> <li>• Gradual growth in the Baltics and CEE</li> </ul>	<ul style="list-style-type: none"> <li>• Good development in the Baltics and CEE</li> <li>• Cash flow focus impacted profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Strong residential sales in the CEE countries</li> <li>• Profitability burdened by clearly higher share of investor sales in Finland</li> </ul>
EBIT*: EUR 20.0 million	EBIT*: EUR 26.0 million	EBIT*: EUR 68.0 million	EBIT*: EUR 68.0 million	EBIT*: EUR 83.0 million	EBIT*: EUR 66.2 million	EBIT*: EUR 63.7 million	EBIT*: EUR 30.3 million

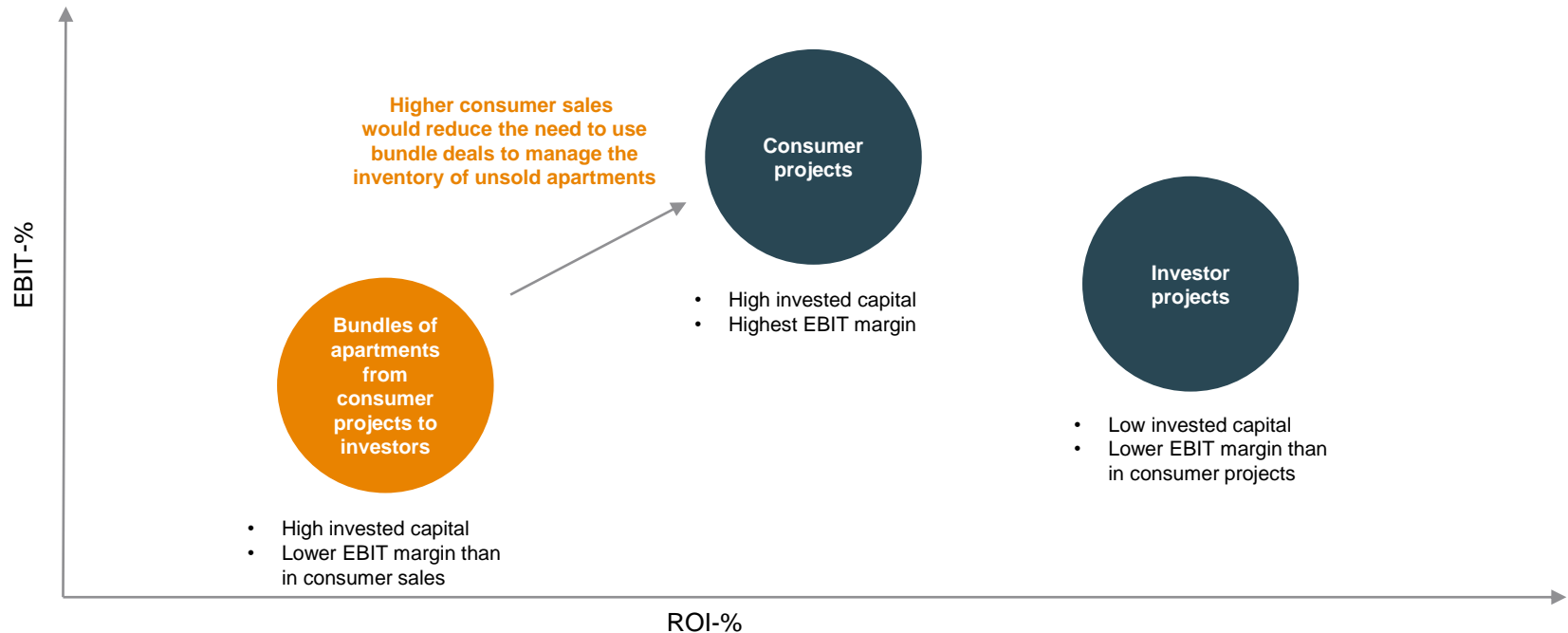


\* Excluding non-recurring items.

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.

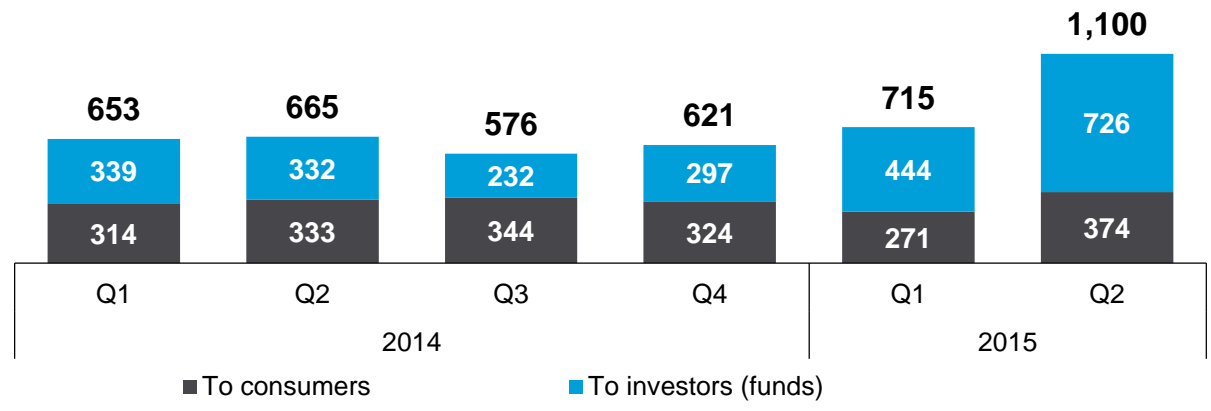
# Impact of the mix in Finnish housing

- Target to increase the share of consumer sales by improving affordability of the apartments



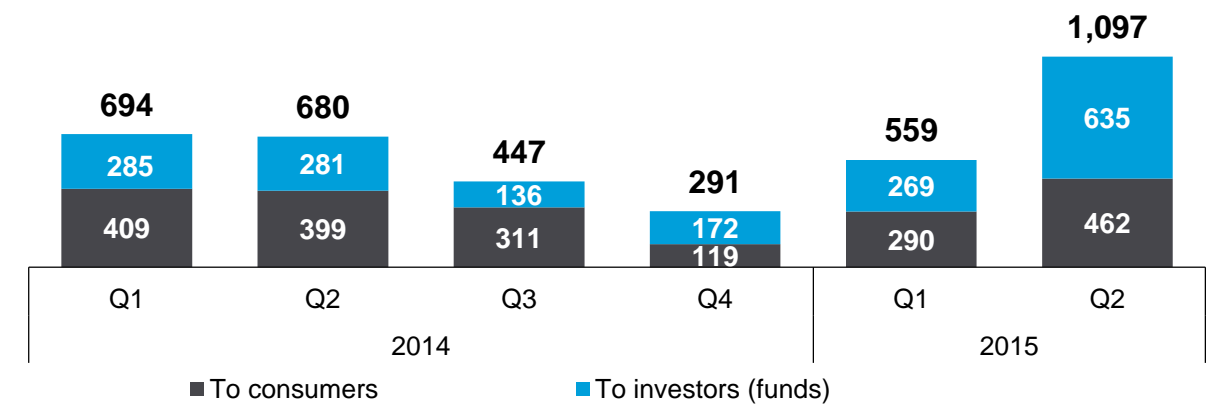
# Housing Finland and CEE: Sales and start-ups in Finland

**Sold apartments (units)**  
 2014: 2,515      1-6/2015: 1,815



- Consumer sales (units) grew by 12% y-o-y in Q2
- Several investor projects under the earlier signed pre-agreements started
  - Units sold to investors 64% in H1/2015 (51% in H1/2014)

**Apartment start-ups (units)**  
 2014: 2,112      1-6/2015: 1,656



- Consumer start-ups somewhat above sales in H1/2015
  - Good reservation and conversion rate in the started projects
- YIT's consumer sales estimated to be below 300 apartments in Q3/2015 in Finland (Q3/2014: 344)

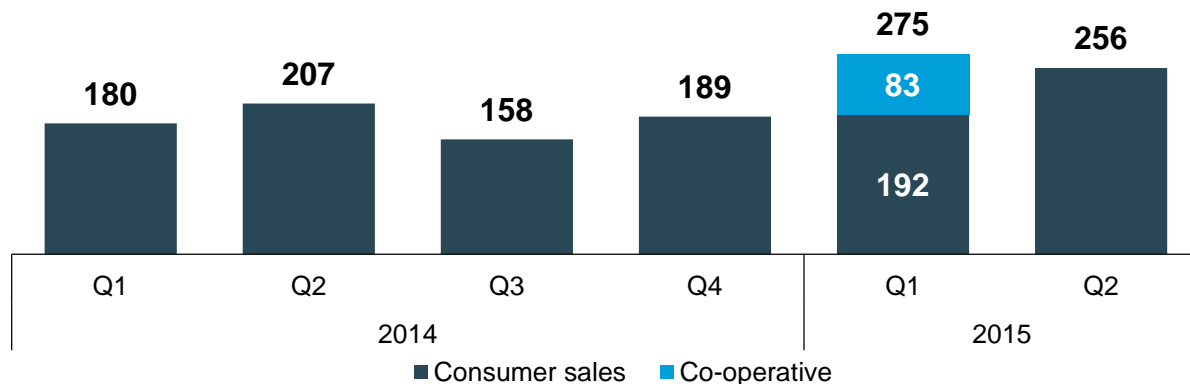


# Housing Finland and CEE: Sales and start-ups in the CEE countries

## Sold apartments (units)

2014: 734

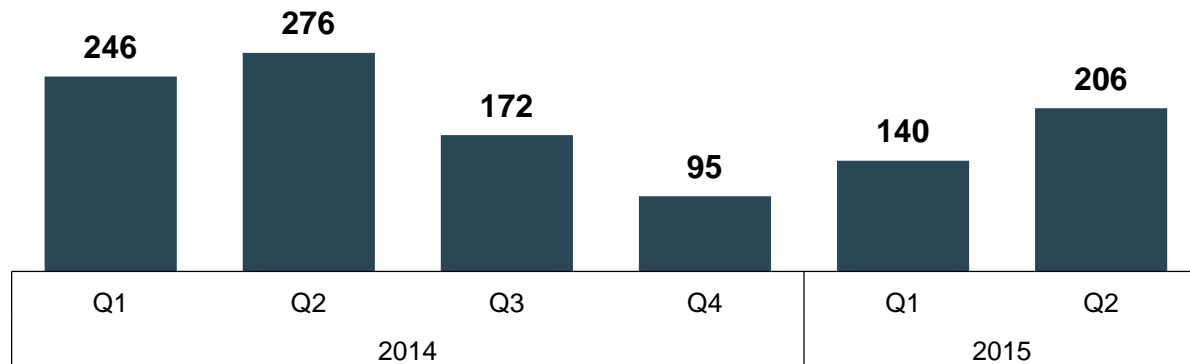
1-6/2015: 531



## Apartment start-ups (units)

2014: 789

1-6/2015: 346

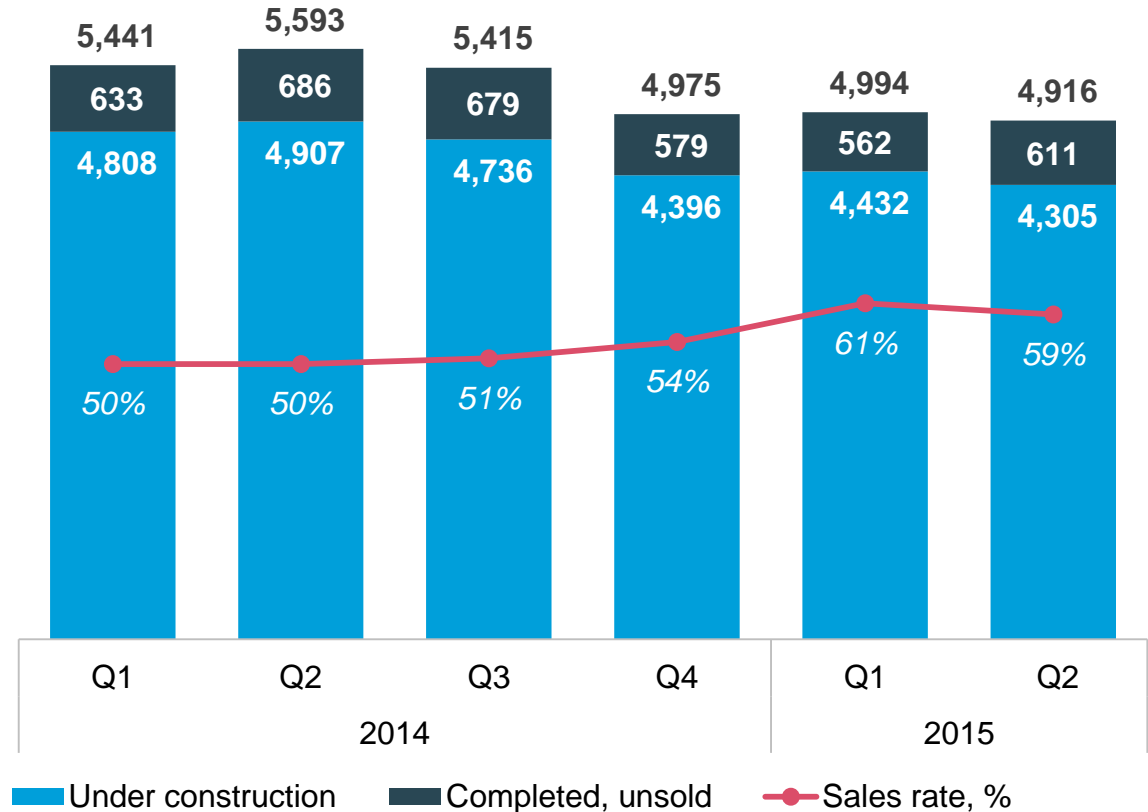


- Sales (units) grew by 37% y-o-y in H1/2015
- Major area projects started:
  - Rokytka, Prague, the Czech Republic nearly 900 apartments in total
  - STEIN2, Bratislava, Slovakia more than 400 apartments in total
- YIT's consumer sales estimated to be around 200 apartments in Q3/2015 in the CEE countries (Q3/2014: 158)

# Housing Finland and CEE: Sales rate remains high

- Several completions in Finland in Q2
  - Number of unsold completed apartments increased slightly in Q2/2015
- 59% of units under construction already sold moderating the sales risk
- The share of CEE of the sales portfolio (units) 37% (35% in 6/2014)

Apartment inventory (units)



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## Housing Russia

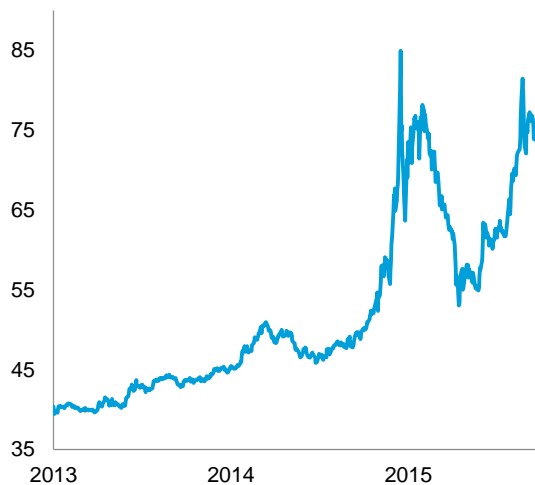


Baltym Park  
Yekaterinburg, Russia

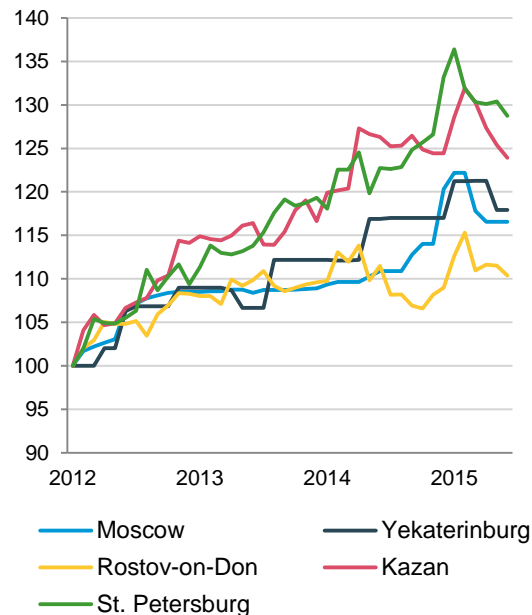
# Housing Russia: Operating environment

- The ruble has weakened again recently
- Residential prices have remained stable, but decreased in real terms
- Mortgage interest rates for new apartments at around 12% due to government's mortgage subsidy program launched in late March 2015

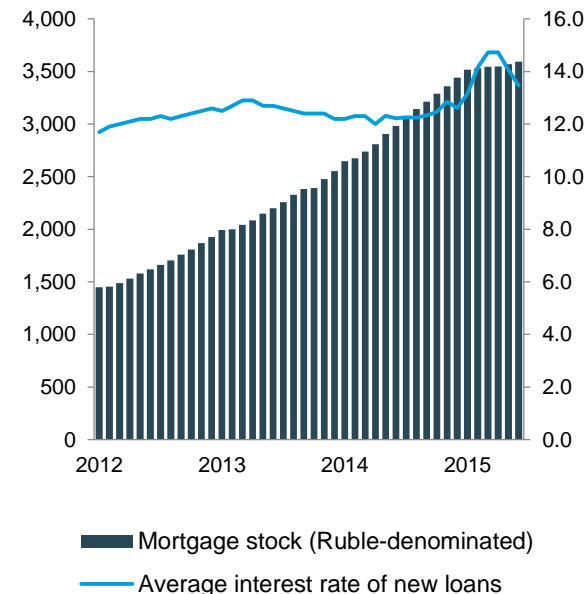
EUR/RUB exchange rate



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



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

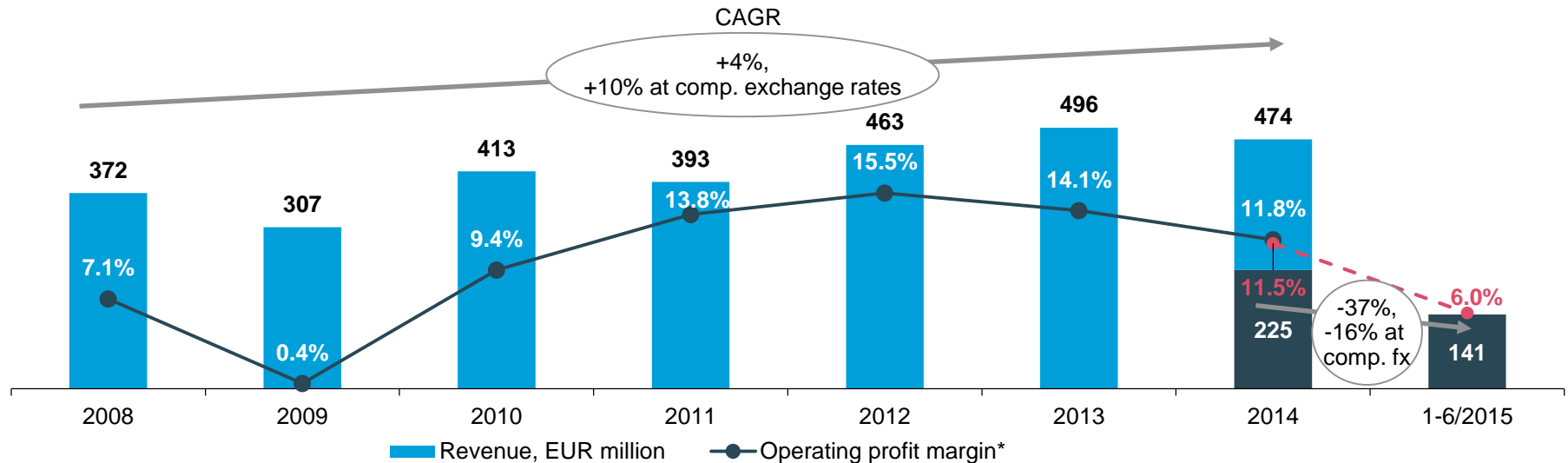


Sources: Bloomberg, YIT and Bank of Russia



# Housing Russia: long-term development

2008	2009	2010	2011	2012	2013	2014	1-6/2015
<ul style="list-style-type: none"> <li>Prices declined</li> <li>Profitability hit as volumes declined</li> </ul>	<ul style="list-style-type: none"> <li>Housing prices stabilising in H2</li> <li>Fixed cost cuts</li> </ul>	<ul style="list-style-type: none"> <li>Slight increases in residential prices</li> </ul>	<ul style="list-style-type: none"> <li>Prices increased (regional differences)</li> </ul>	<ul style="list-style-type: none"> <li>Prices increasing and good residential sales</li> <li>Margins improving</li> </ul>	<ul style="list-style-type: none"> <li>Stable residential prices</li> <li>Sales volume continued to develop positively</li> </ul>	<ul style="list-style-type: none"> <li>Increased uncertainty and weakening ruble</li> <li>Revenue grew 15% y-o-y at comp. exchange rates</li> </ul>	<ul style="list-style-type: none"> <li>Profitability burdened by lower revenue and weakened project margins, among other things</li> </ul>
EBIT*: EUR 26.0 million	EBIT*: EUR 1.0 million	EBIT*: EUR 41.0 million	EBIT*: EUR 54.0 million	EBIT*: EUR 72.0 million	EBIT*: EUR 70.2 million	EBIT*: EUR 55.8 million	EBIT*: EUR 8.5 million



\*Excluding non-recurring items

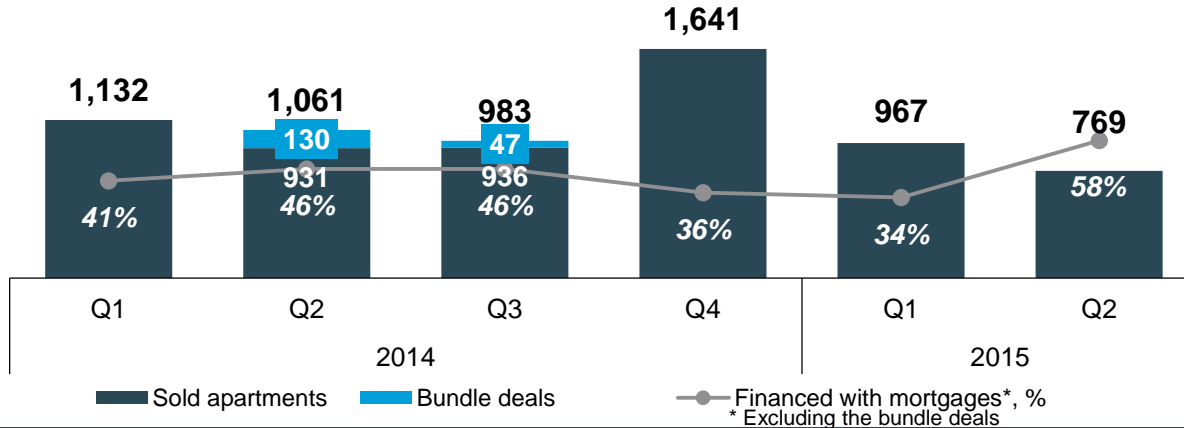
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# Housing Russia: Sales and start-ups

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

2014: 4,817 (41%\*)

1-6/2015: 1,736 (45%)



- Consumer sales (units) decreased by 16% y-o-y in H1/2015

- Share of sales financed with mortgages increased in Q2/2015 due to the government's mortgage subsidy program launched in late March

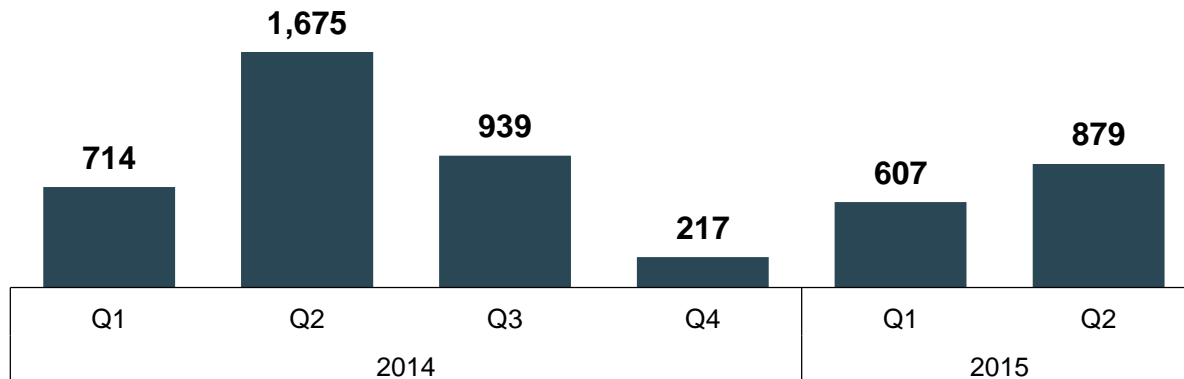
- Start-ups focused on maintaining volume in all cities

- Consumer sales estimated to be over 600 apartments in Q3/2015 (Q3/2014: 936)

## Apartment start-ups (units)

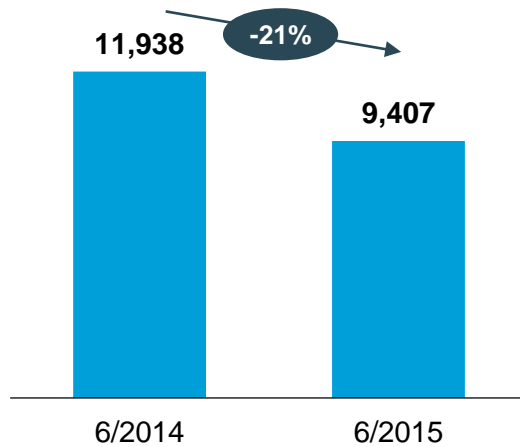
2014: 3,545

1-6/2015: 1,486

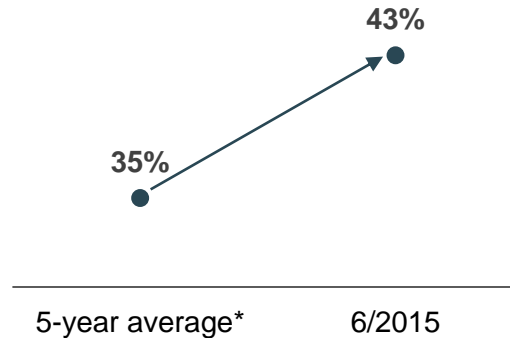


# Risk level has been reduced in Russia

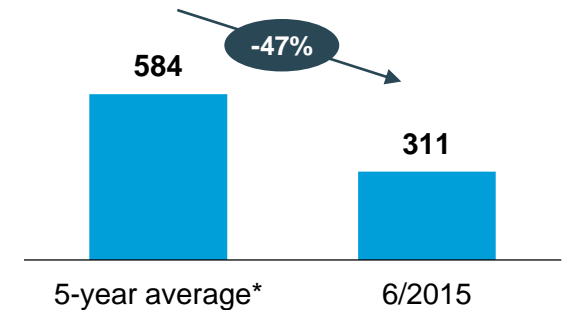
Lower number of units under construction



High sales rate of units under construction



Low number of completed, unsold units



\*Average of year-end statuses for 2010-2014.

# Defensive mode, maintaining ability to ramp up

	"New normal"	Significant deterioration in the operating environment
Plot acquisitions	Carefully selected plot acquisitions	Stop plot acquisitions
Start-ups	Maintain at least critical volume in all units	High selectivity
Construction	As planned	Slowdown, however filling contractual obligations
Pricing	Dynamic pricing to keep the sales in line with progress in construction	Accelerate sales with pricing
Costs	Reduce fixed costs Redesign some projects	Restructuring and major adjustments of size of operations

# 5

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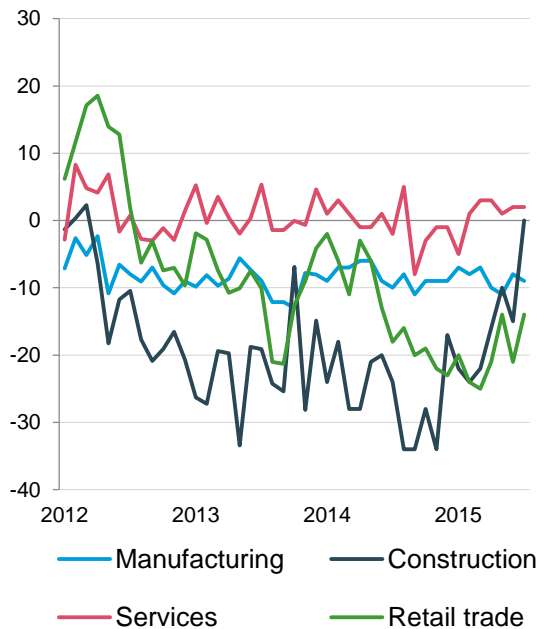
## Business Premises and Infrastructure



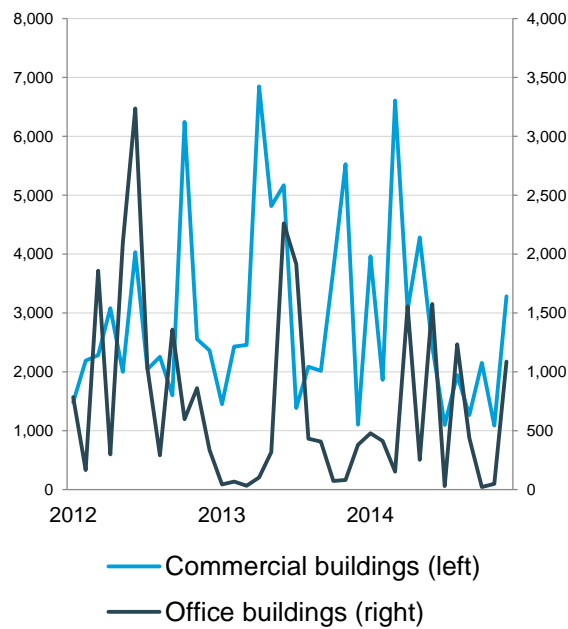
# Business Premises and Infrastructure: Operating environment

- Office and commercial premises markets soft
- Opportunities in contracting
- End-users cautious, especially in the retail sector, but signs of a slight increase in demand
- Investor demand stable
- Positive macro outlook supported the business premises market in the CEE countries

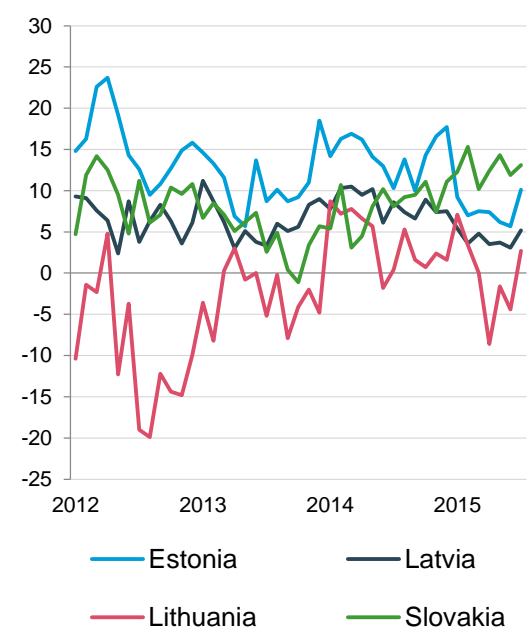
Confidence indicators in Finland



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



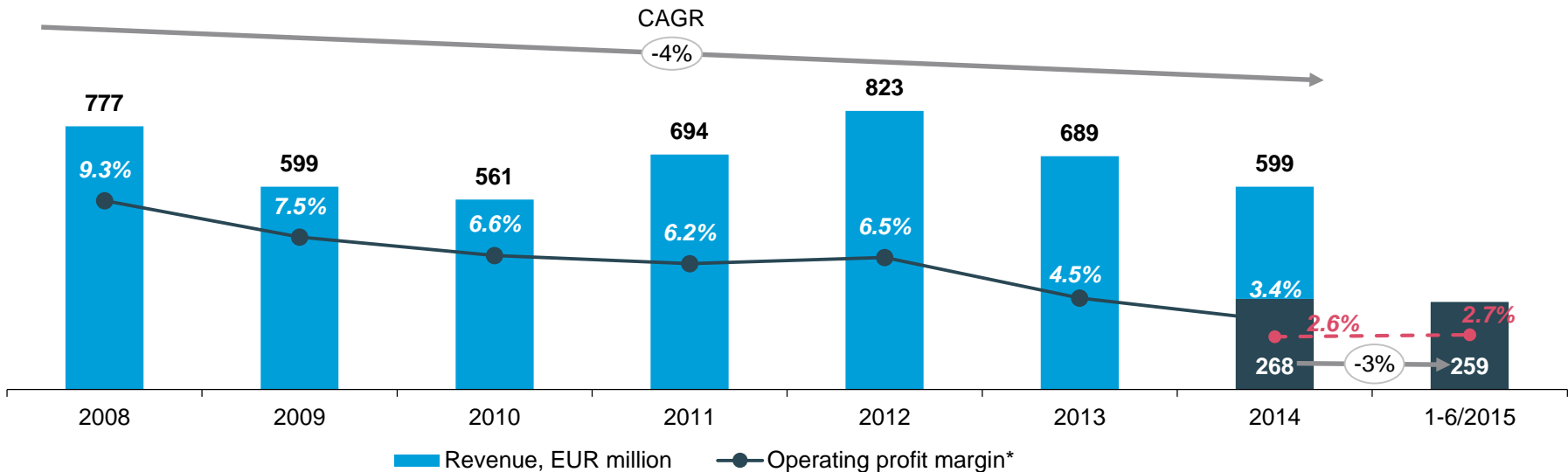
Retail trade confidence in the CEE countries



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	1-6/2015
<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>	<ul style="list-style-type: none"> <li>• Revenue decreased especially in Infra Services, which burdened operating profit</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	EBIT*: EUR 7.0 million



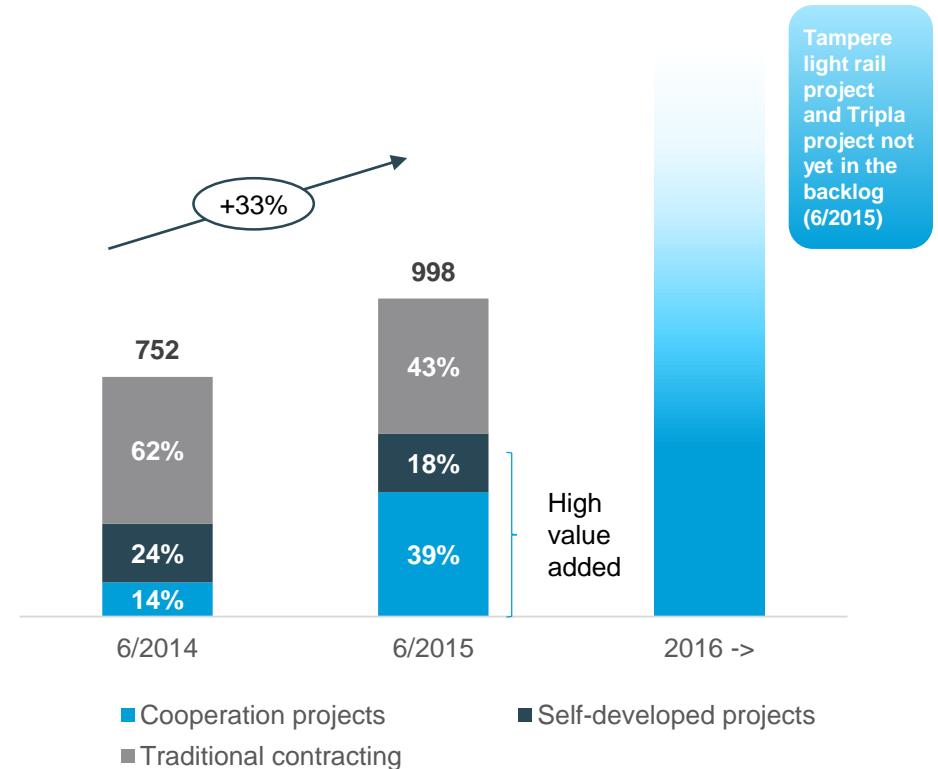
\* Excluding non-recurring items

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 provides a solid foundation for future growth

- Strong cash flow
- Lighter balance sheet - operative invested capital -26% y-o-y
- Major high value added projects secured – E18 Hamina-Vaalimaa, Naantali CHP, Tampere light rail
- Strong growth in the order backlog in all divisions, incl. CEE countries
- Margin content on a good level

Business Premises and Infrastructure, order backlog, EUR million





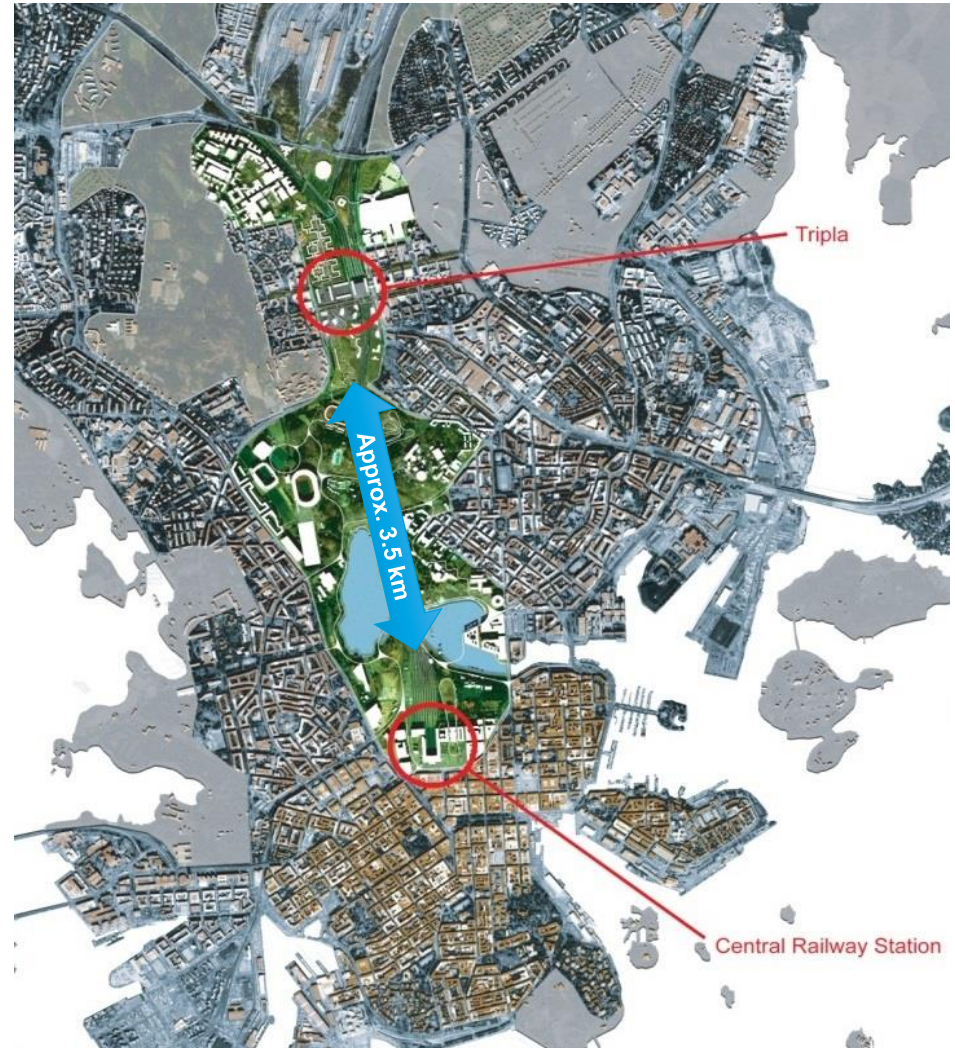
# Tripla project supports growth in the coming years

## Tripla project

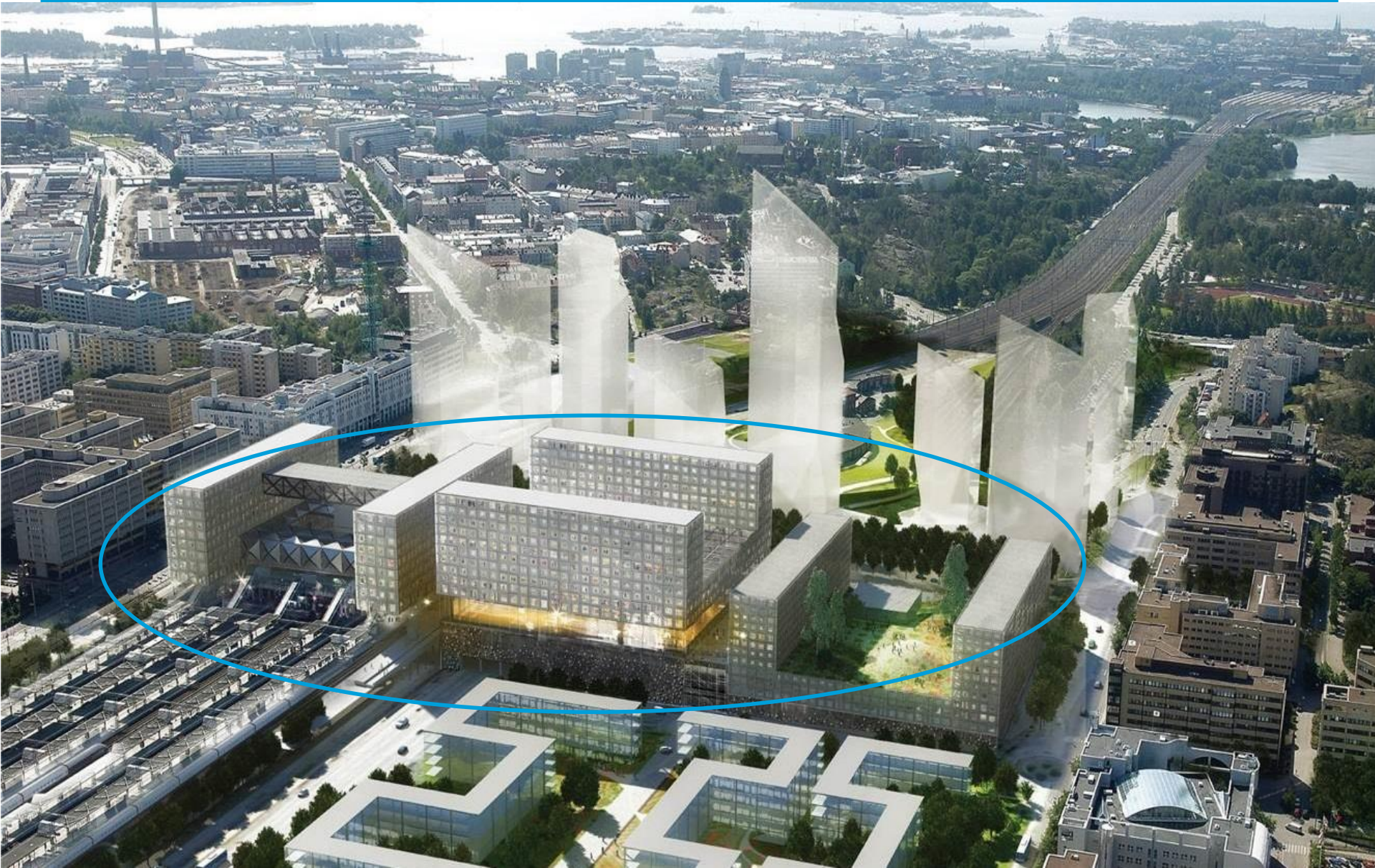
- EUR 1 billion hybrid project consisting of offices, shopping and congress center, hotels, public transport terminal and apartments
- Combines the breadth of YIT know-how in different areas of construction
- Project length ~ 10 years, constructed in phases

## 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



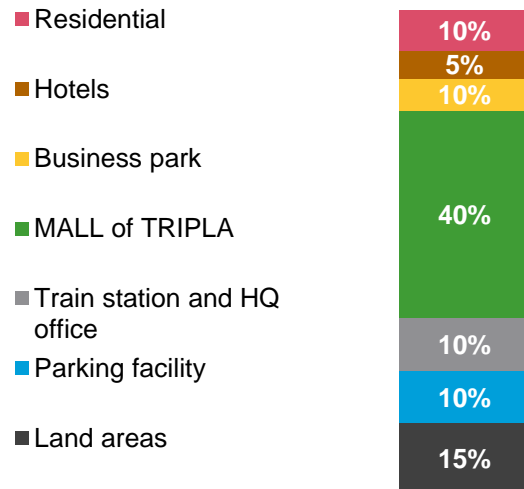
# Tripla project: Pasila in the future



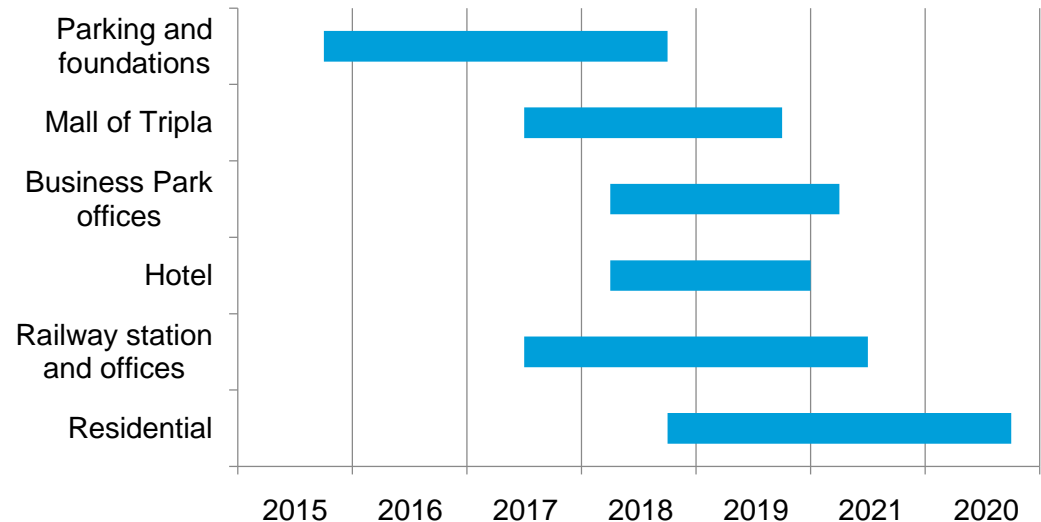
# Tripla project proceeding as scheduled

- City plan regarding the project became legally valid in March 2015
  - Enables progress in negotiations with potential investors
- After the investor/ investors have been confirmed, construction of the shopping mall 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
  - First lease agreements signed

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.

# 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

# 6

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## Key financials



# Key figures

EUR million	4-6/2015	4-6/2014	Change	1-6/2015	1-6/2014	Change
Revenue	416.1	451.4	-8%	791.0	854.5	-7%
Operating profit	18.6	34.7	-46%	39.1	61.5	-37%
Operating profit margin, %	4.5%	7.7%		4.9%	7.2%	
Operating profit, excluding non-recurring items	18.6	34.7	-46%	39.1	61.5	-37%
Operating profit margin, %, excluding non-recurring items	4.5%	7.7%		4.9%	7.2%	
Order backlog	2,573.5	2,923.9	-12%	2,573.5	2,923.9	-12%
Profit before taxes	11.2	25.7	-56%	21.5	43.9	-51%
Profit for the review period*	8.4	20.0	-58%	16.3	34.2	-53%
Earnings per share, EUR	0.07	0.16	-58%	0.13	0.27	-53%
Operating cash flow after investments	113.3	-16.4	-	128.4	-28.7	-
Return on investment, last 12 months, %	6.4%	9.6%	-	6.4%	9.6%	-
Equity ratio, %	36.0%	36.4%		36.0%	36.4%	
Interest-bearing net debt (IFRS)	587.3	860.2	-32%	587.3	860.2	-32%
Gearing (IFRS), %	98.7%	130.4%		98.7%	130.4%	
Personnel at the end of the period	5,847	6,358	-8%	5,847	6,358	-8%

\* Attributable to equity holders of the parent company

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

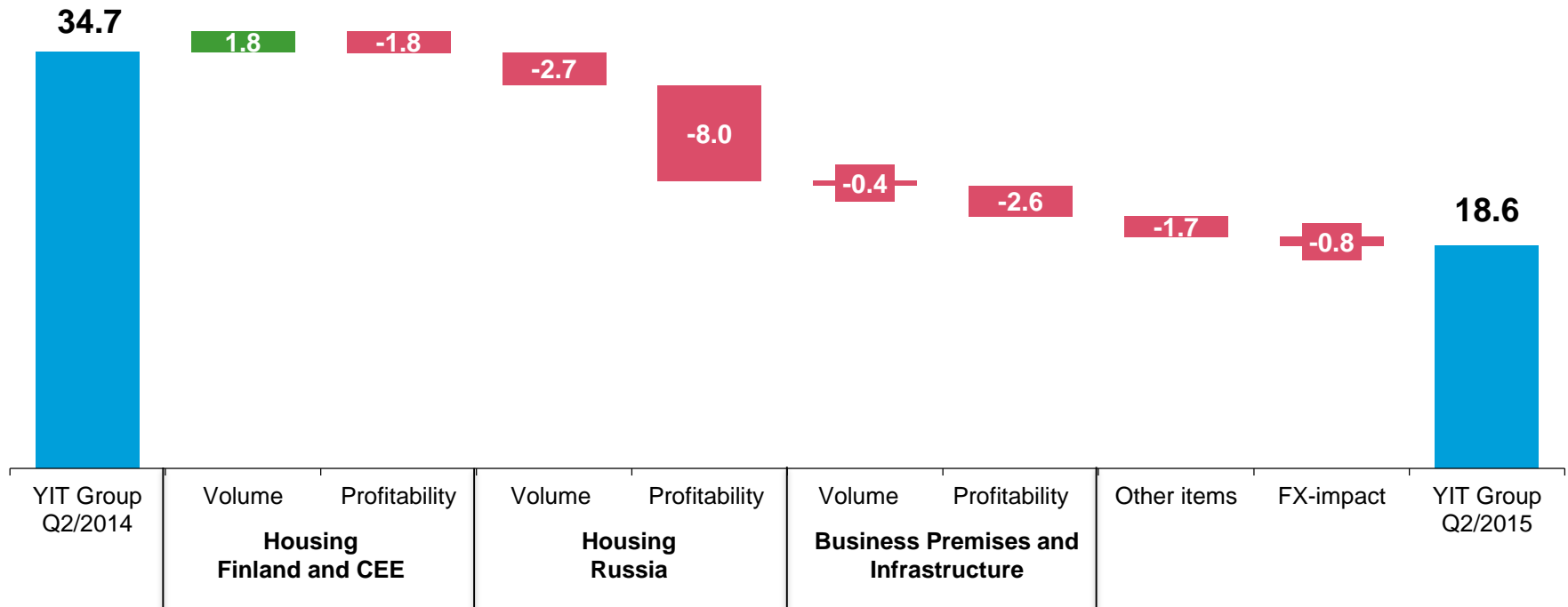
YIT | 46 | Investor presentation, September 2015



# EBIT-bridge Q2/2014 – Q2/2015

- Several factors weakened the operating profit in Q2/2015
  - In Russia, lower revenue and lower project margins burdened profitability

Operating profit, excluding non-recurring items (EUR million), change Q2/2014 – Q2/2015: -46%

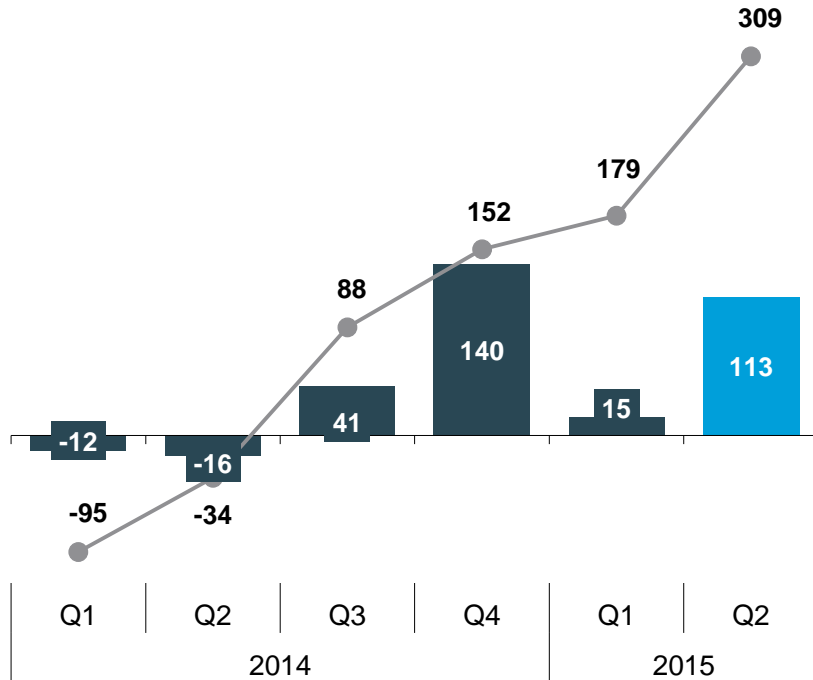


# Strong cash flow during recent quarters

Operating cash flow after investments (EUR million)

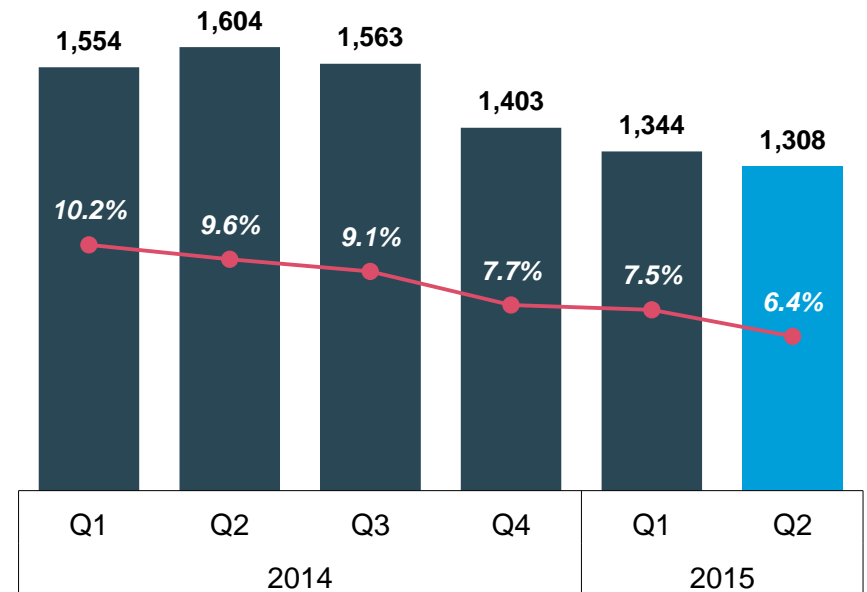
2014: EUR 152 million

1-6/2015:  
EUR 128 million



Invested capital and ROI (EUR million, %)

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



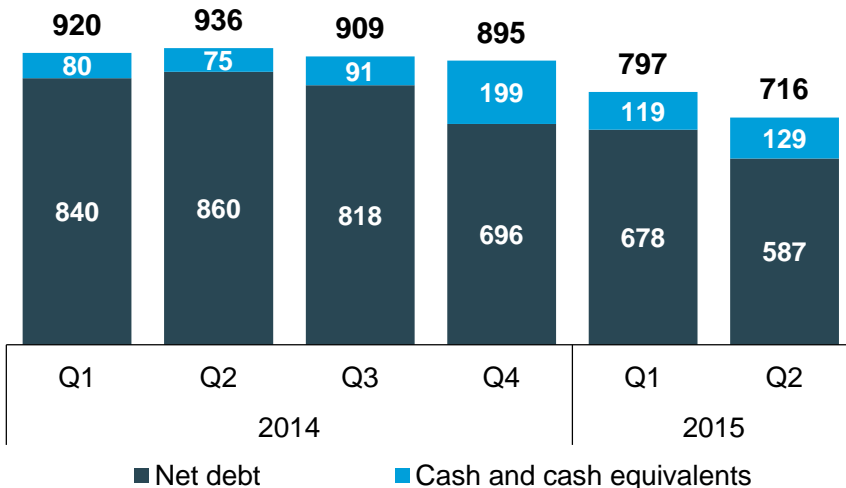
■ Operating cash flow after investments  
● Rolling 12 months

■ Invested capital ● ROI



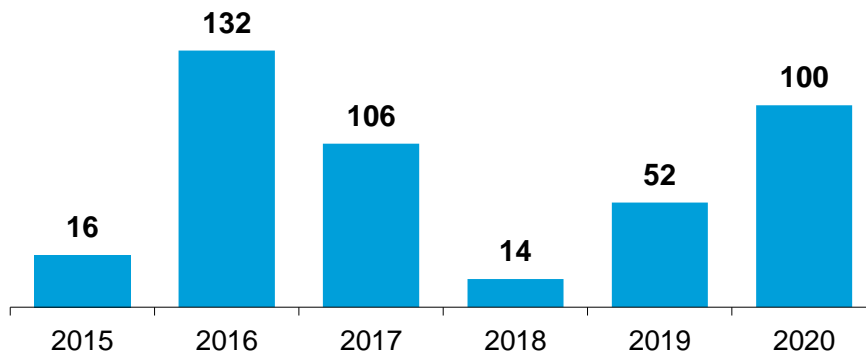
# Net debt target reached ahead of schedule

## Interest-bearing debt (EUR million), IFRS



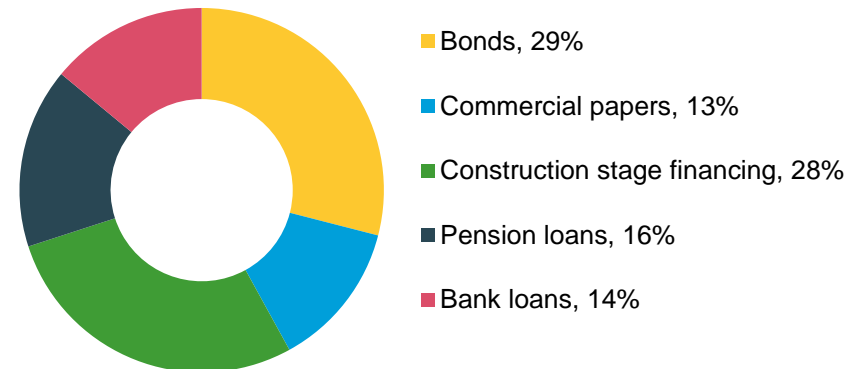
- Strong liquidity buffer
  - Cash and cash equivalents of EUR 129.0 million
  - Overdraft facilities of EUR 65.2 million of which EUR 64.5 million unused
  - Undrawn committed revolving credit facility of EUR 300 million
- Bond issue conducted during Q1/2015:
  - Unsecured EUR 100 million bond as a 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 6/2015 (EUR million)\*



\* Excluding construction stage financing

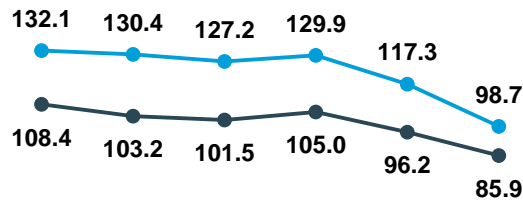
## Debt portfolio at the end of the period 6/2015, EUR 716 million



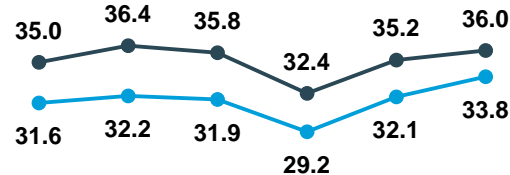
# Financial standing continued to improve in Q2, gearing below 100%

- Positive development due to the decrease in net debt and the stabilisation of the ruble against euro

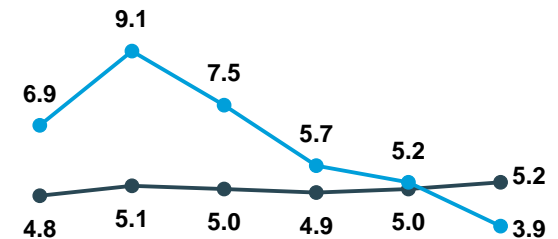
Gearing (%)



Equity ratio (%)



Net debt/EBITDA (Multiple, x)



Q1	Q2	Q3	Q4	Q1	Q2
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.

Q1	Q2	Q3	Q4	Q1	Q2
2014				2015	

—●— POC —●— IFRS

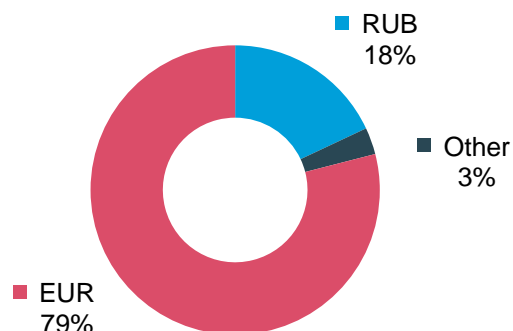
Financial covenant tied to the equity ratio (minimum level of 25.0%, IFRS) in bank loans, the syndicated RCF agreement and in the recently issued bond.

Q1	Q2	Q3	Q4	Q1	Q2
2014				2015	

—●— POC —●— IFRS

# Ruble remained stable in Q2

## Revenue split 1-6/2015



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

	Q2/2015	1-6/2015
Revenue, POC <sup>1)</sup>	-14.4	-48.5
EBIT, POC <sup>1)</sup>	-0.8	-3.7
Order backlog, POC	1.4 <sup>2)</sup>	102.8 <sup>3)</sup>
Equity, IFRS (translation difference)	-1.2 <sup>2)</sup>	46.0 <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 remained stable in Q2
  - Average EUR/RUB rate in 1-6/2015: 64.52 (1-6/2014: 48.02)
  - Quarter-end EUR/RUB rate: 62.36 (Q1/2015: 62.44)

## 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 85 million in 6/2015 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 307 million in 6/2015

# Satisfactory progress in capital release

Target for capital release	Actions in Q2/2015	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>No net progress</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>Letter of intent on the sale of one plot from Gorelovo industrial park signed with Telko</li> <li>Several other small deals</li> </ul>	<ul style="list-style-type: none"> <li>EUR ~69* 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>Sale of plots to HYPO, around EUR 13 million</li> </ul>	<ul style="list-style-type: none"> <li>The value of plots financed by external partners EUR ~64 million</li> </ul>

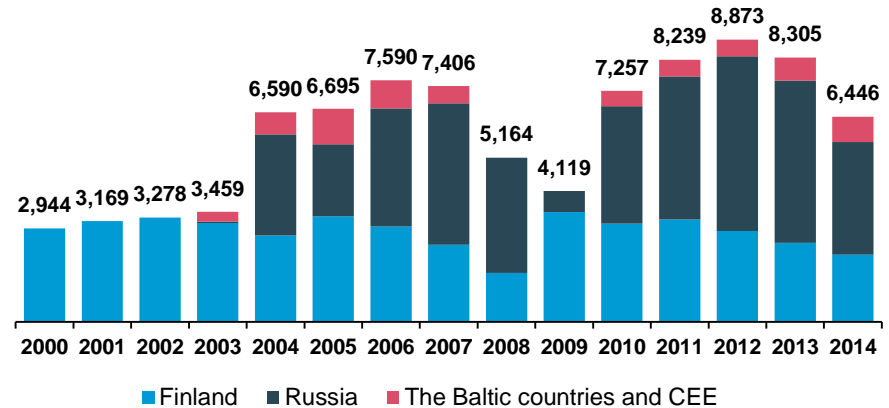
\* Target set at the balance sheet rate at 9/2013: EUR/RUB 43.8240, cumulative progress calculated using the same EUR/RUB rate.

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

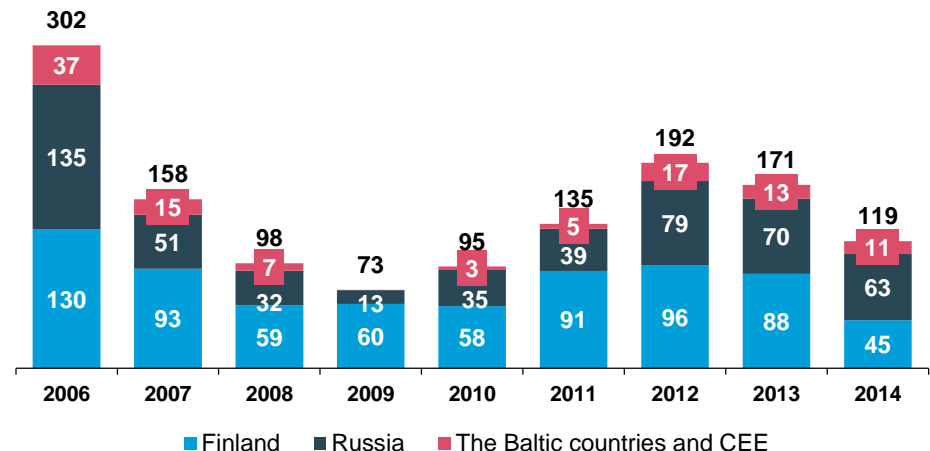
# Good financial flexibility

- 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)



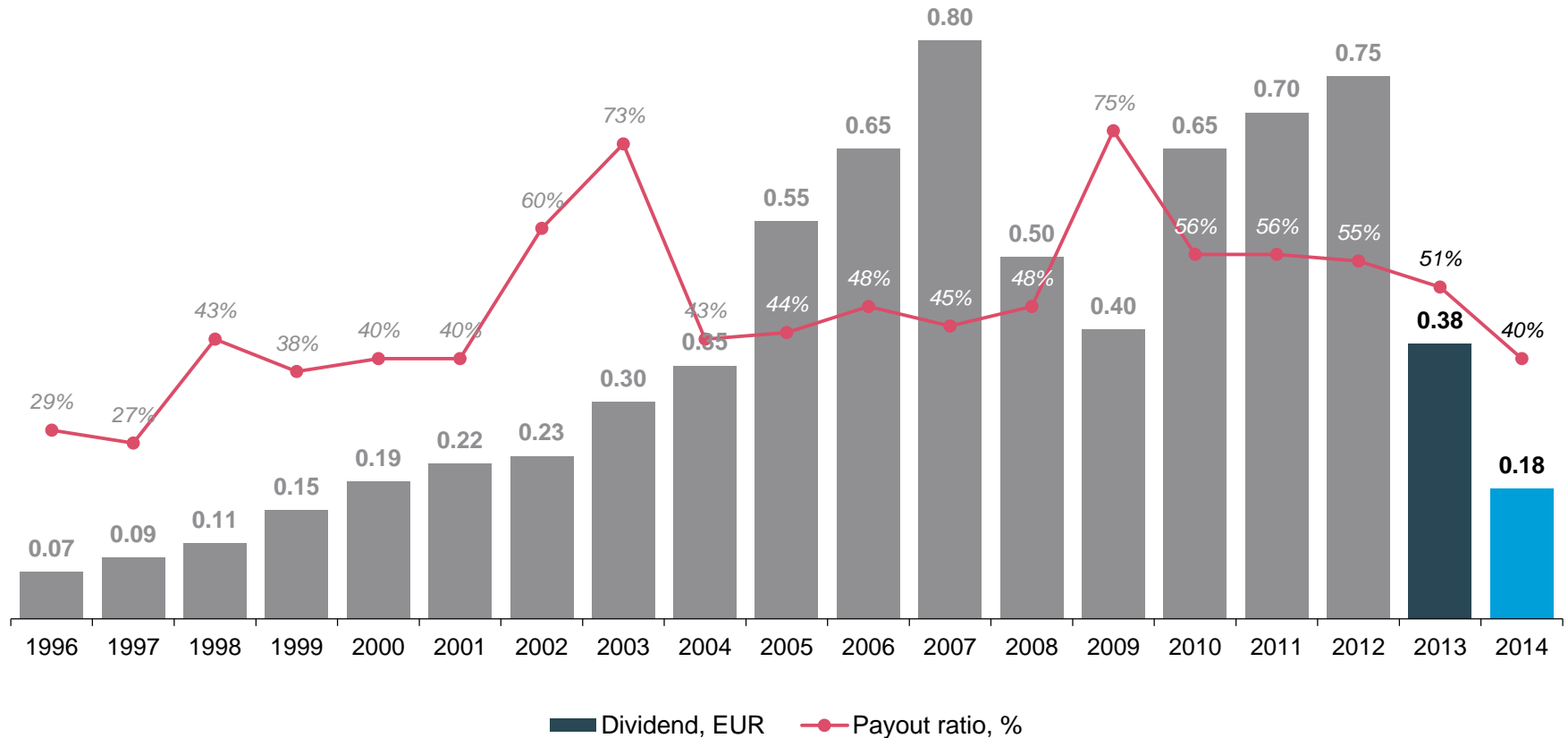
Cash flow of plot investments 2006-2014 (EUR million)



# 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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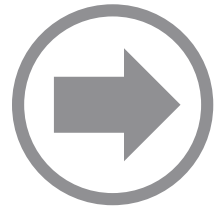
Looking  
ahead and  
conclusions



# 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
- Uncertainty in residential price development
- 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



## 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)

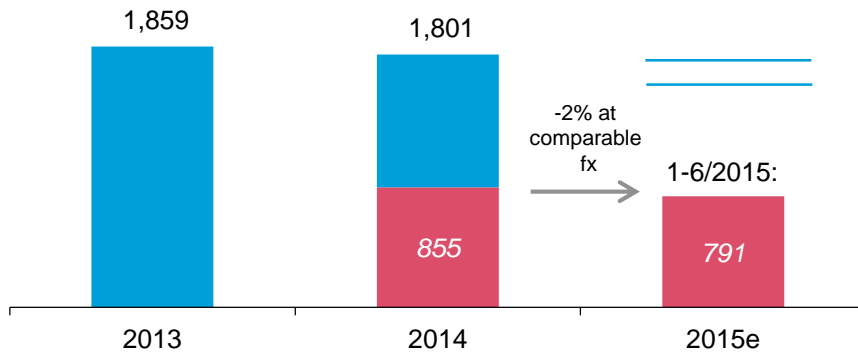
The Group revenue growth is estimated to be in the range of **-5 – 5%** at comparable exchange rates

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, especially in Russia
- More than 50% of Q3-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

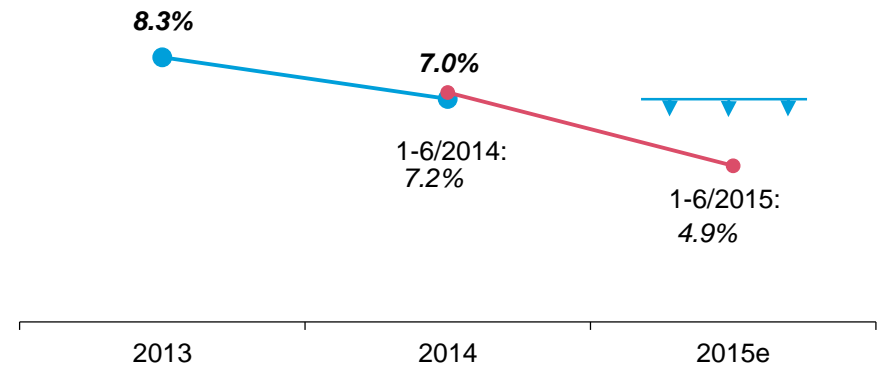
Revenue, EUR million



Figures based on segment reporting

\*Operating profit margin excluding non-recurring items

Operating profit margin\*, %



# Concluding remarks

- Strong market position and long track record in healthy profitability and solid execution through economic cycles
- Good progress in improving capital efficiency and increasing financial operating space
- Improving profitability, growth initiatives and raising the capital efficiency further in focus going forward
- Growth opportunities especially in Business Premises and Infrastructure and in CEE, local unit established in Poland



**E18 Hamina bypass**

Photo: Jetro Matilainen, Finnish Transport Agency

# 8

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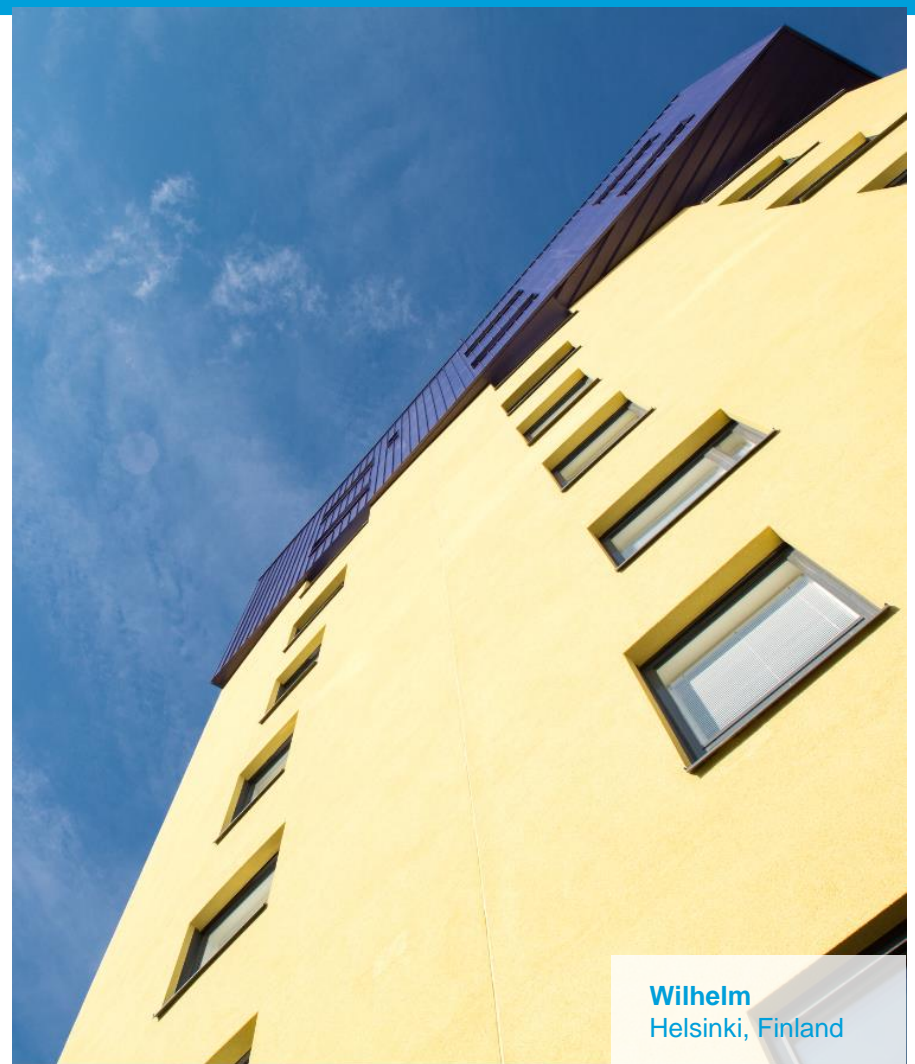
## Appendices



Konepaja residential area  
Helsinki, Finland

# Appendices

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





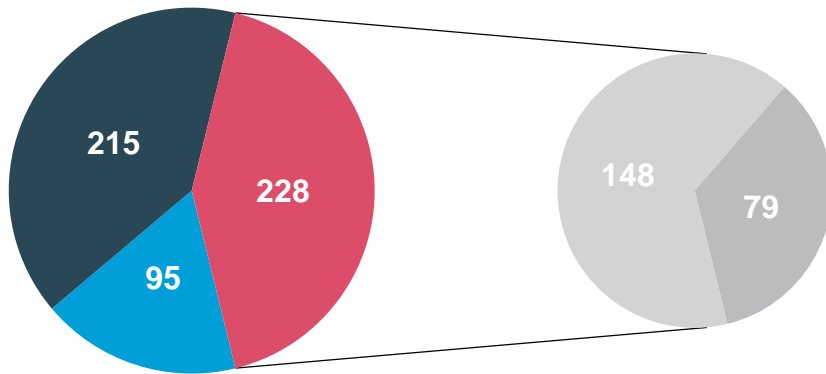
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## Additional financial information



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

Capital invested in plot reserves 6/2015, EUR 538 million

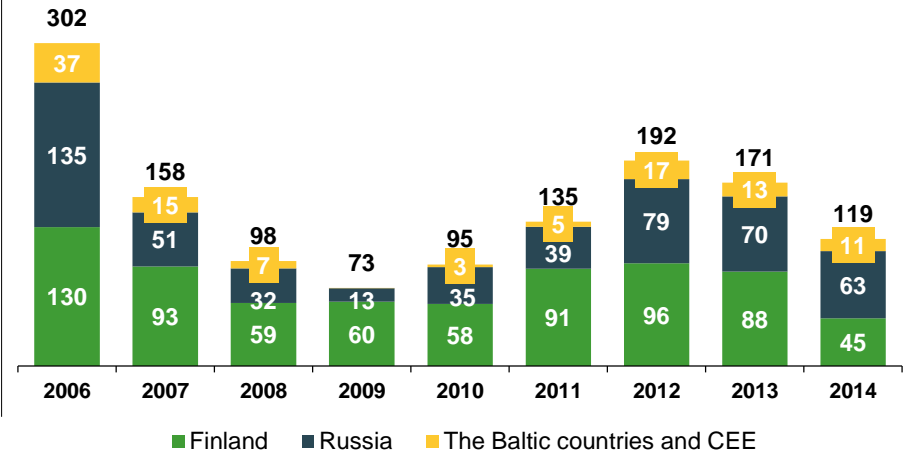


- Business Premises and Infrastructure
- Housing Russia\*
- Housing Finland and CEE
- Finland
- The Baltic countries, the Czech Republic and Slovakia

Use of plot reserves in 2014, EUR 104 million

Housing Finland and CEE	48
Finland	33
The CEE countries	15
Housing Russia**	48
Business Premises and Infrastructure	8

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



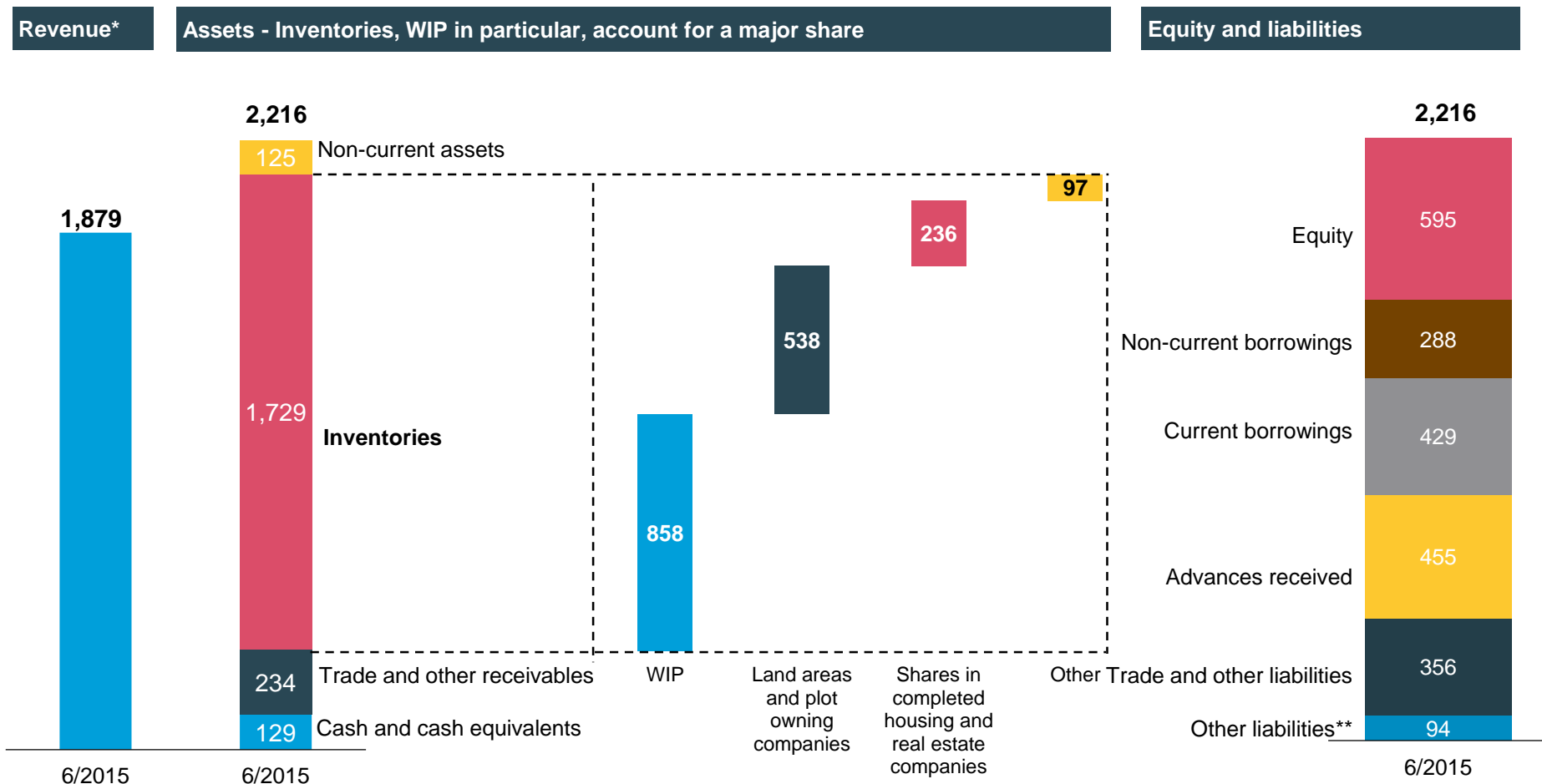
\*Includes Gorelovo industrial park

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

# Consolidated balance sheet

## as of June 30, 2015 (EUR million)

S



Note: Figures based on Group reporting (IFRS)

\*) Last 12 months

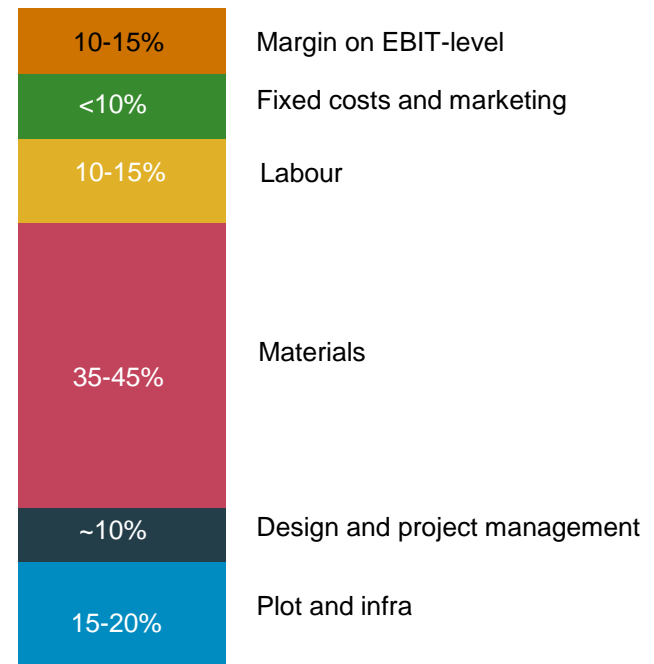
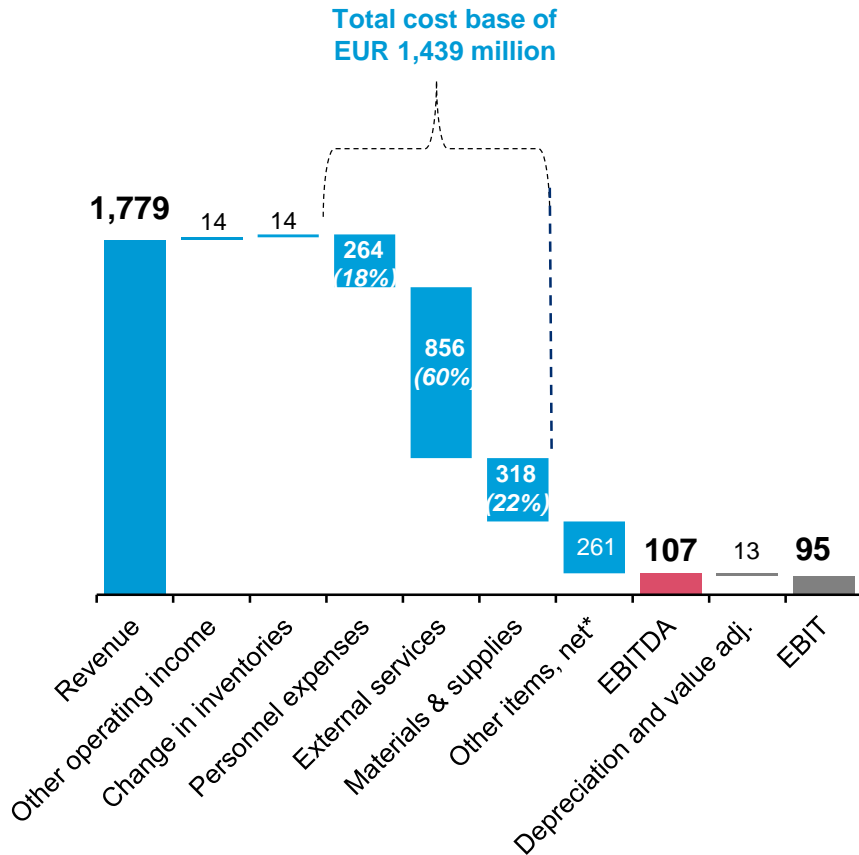
\*\*) Includes deferred tax liabilities, pension obligations, provisions and other liabilities

# 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

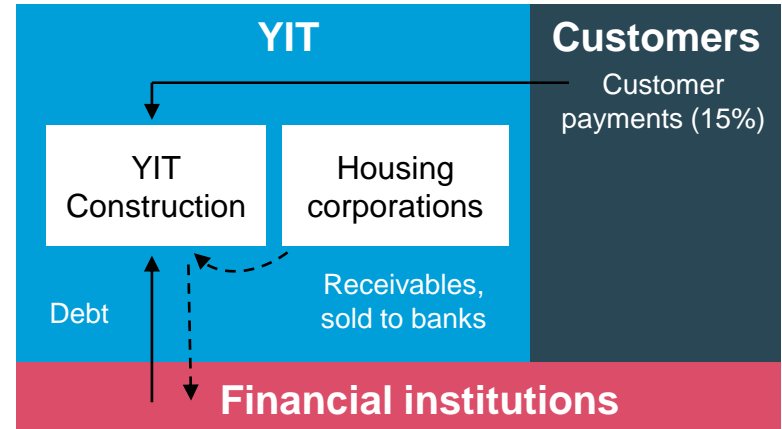
### Limited refinancing risk:

- 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

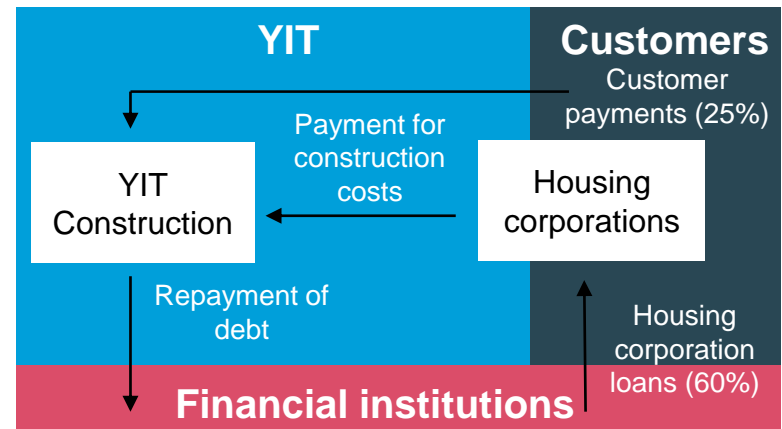
### → Refinancing of the sold receivables

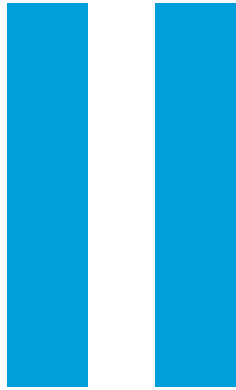
- After completion the unsold apartments are in YIT's balance sheet as shares in housing corporations. Their share in the housing corporation loans is included in current borrowings as the loans are linked to current assets.

## During construction:



## Upon completion:





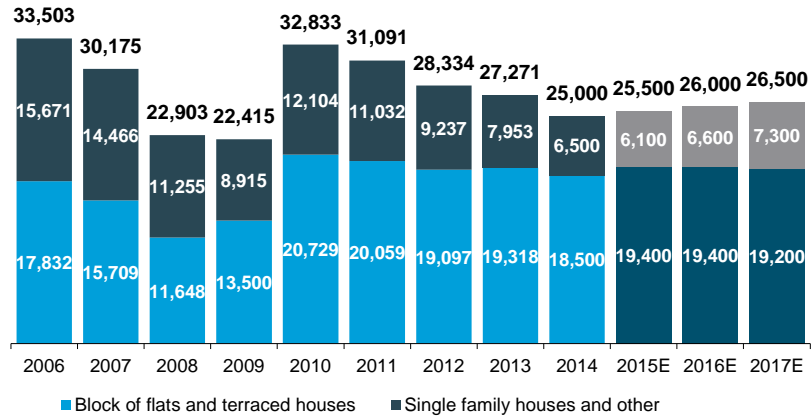
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# Housing indicators



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

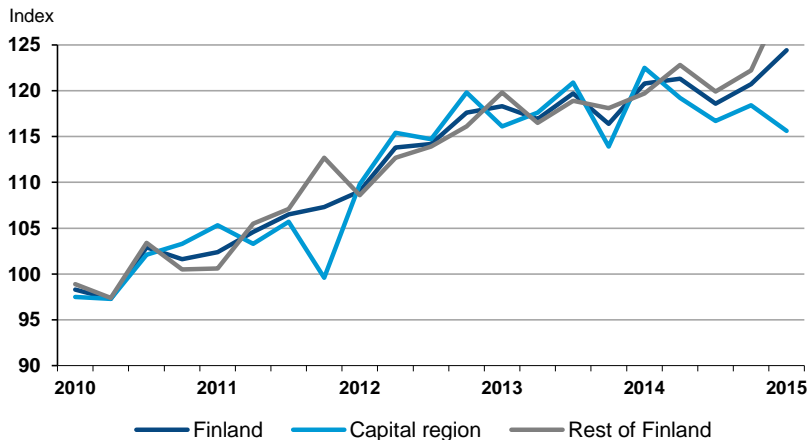
## Residential start-ups, units



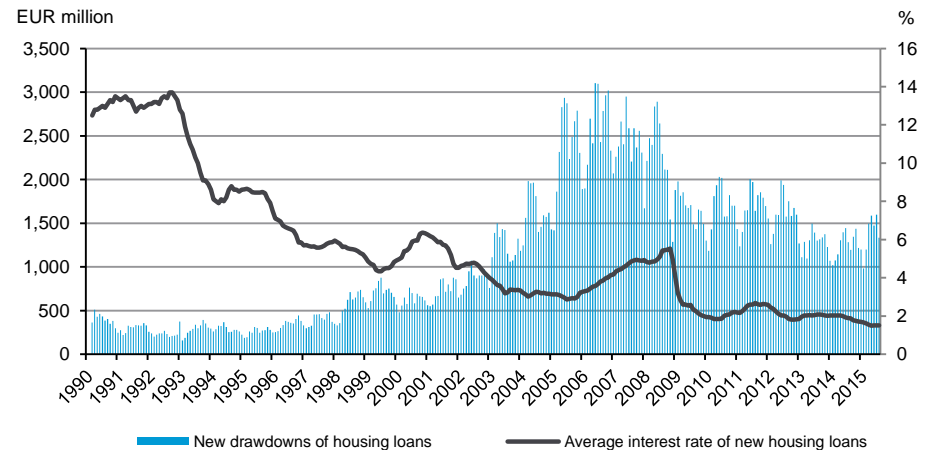
## Consumer confidence - Views on economic situation in one year



## Prices of new apartments, index 2010=100



## Volume of new mortgages and average interest rate

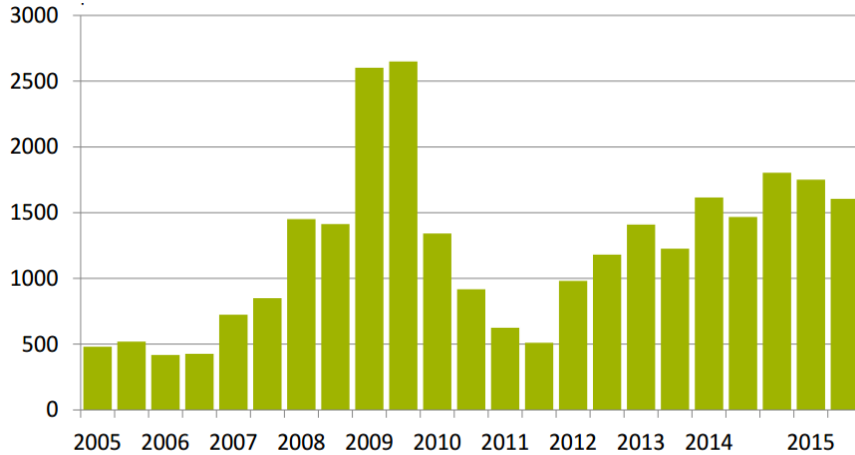


Sources: Residential start-ups: 2006-2013 Statistics Finland; 2014 - 2017E Euroconstruct June 2015, Consumer confidence: Statistics Finland September 28, 2015, Residential prices: Statistics Finland July 21, 2015, Loans and Interest rates: Bank of Finland August 30, 2015

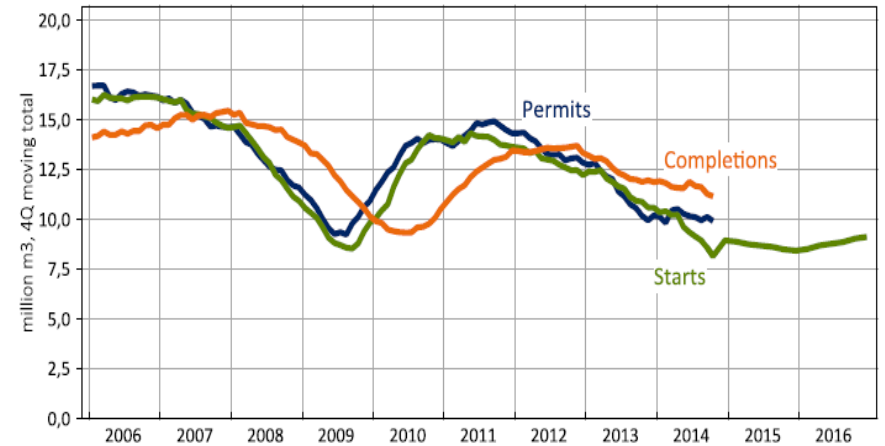


# Housing indicators in Finland

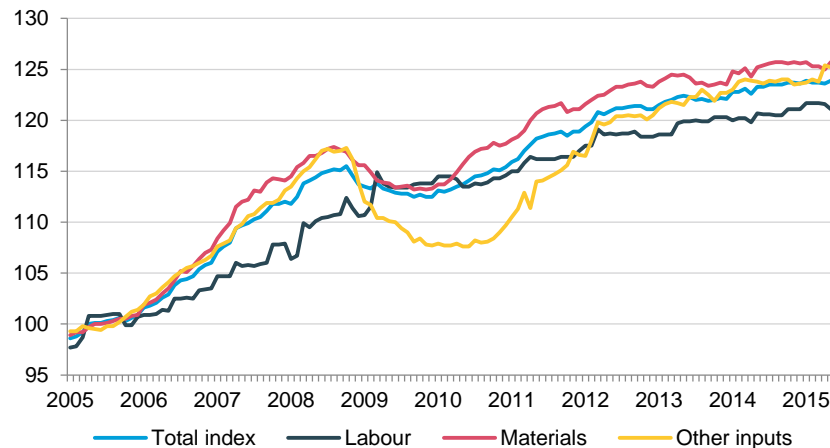
Unsold completed units (residential development projects)



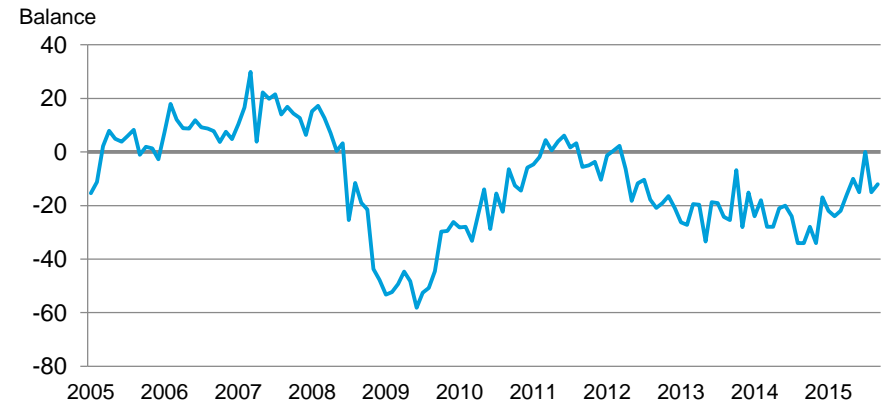
Residential building permits, start-ups and completions, million m3



Construction cost index (2005=100)

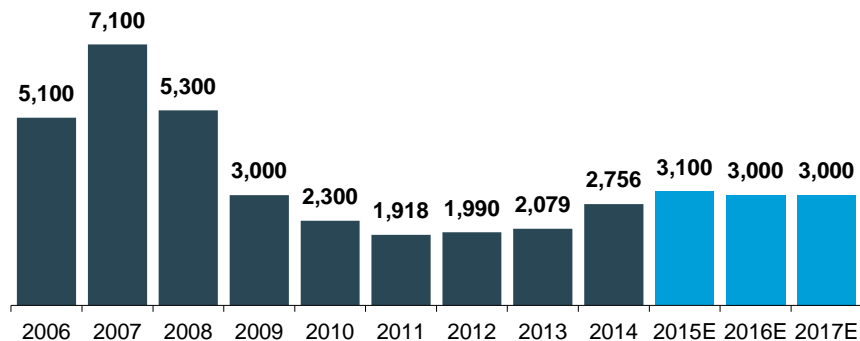


Construction confidence

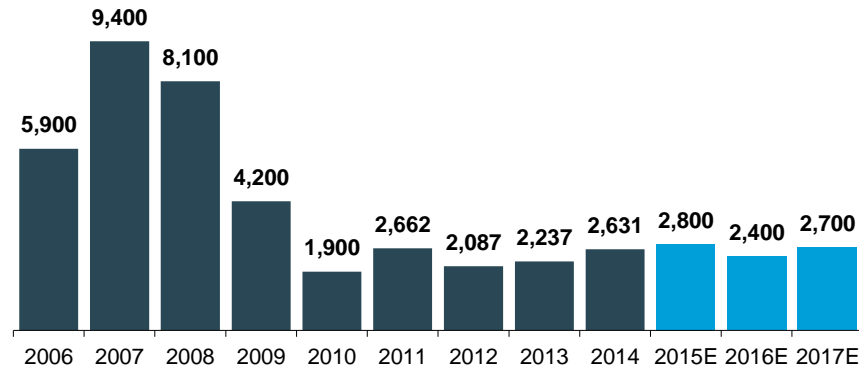


# The Baltic countries – Growth expected in residential construction

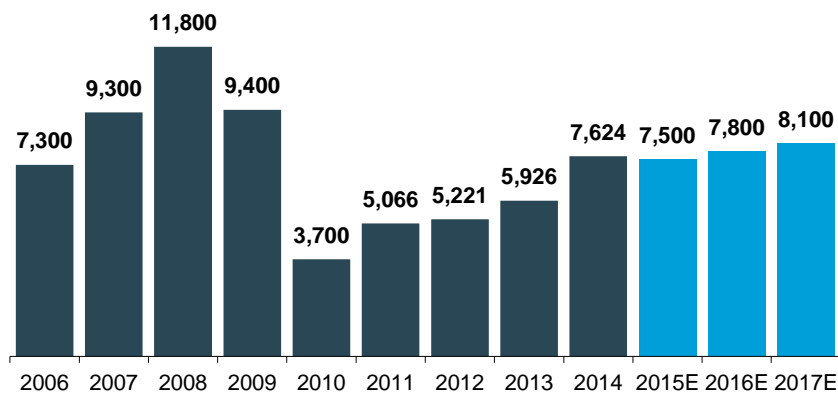
Residential completions in Estonia, units



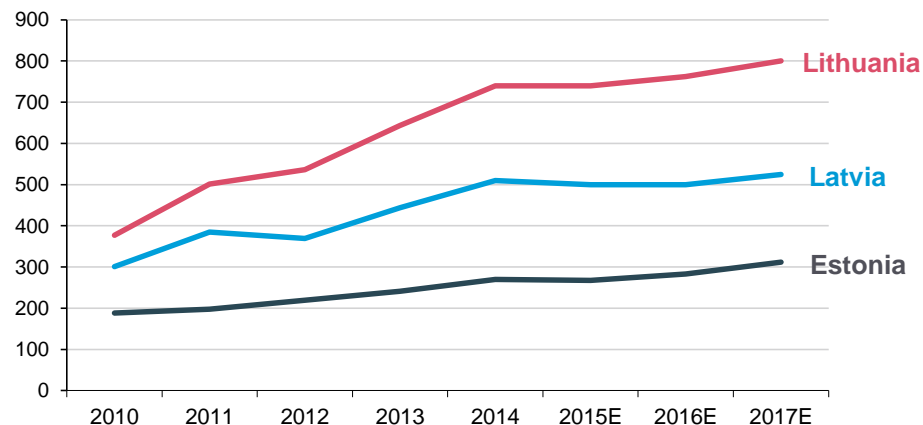
Residential completions in Latvia, units



Residential completions in Lithuania, units



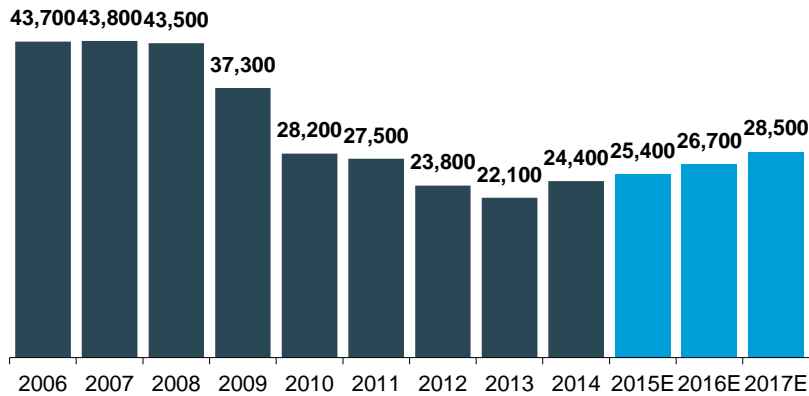
New residential construction in the Baltic countries, EUR million



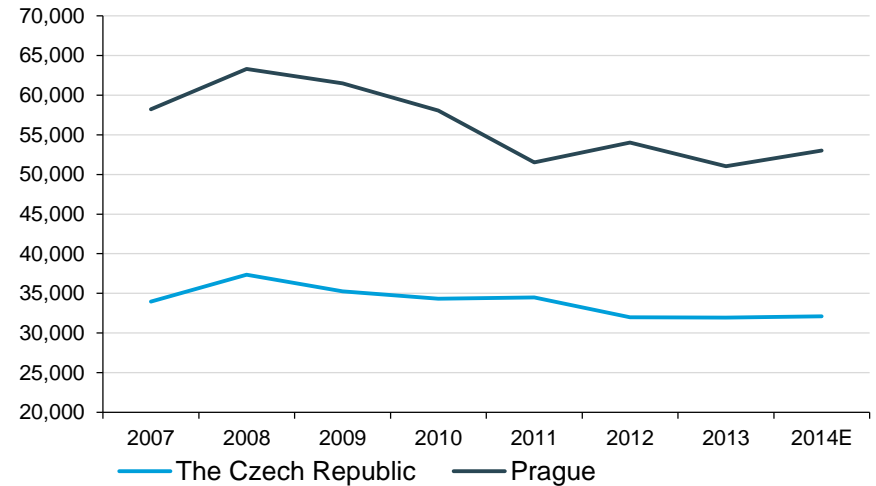
Source: Forecon, June 2015

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

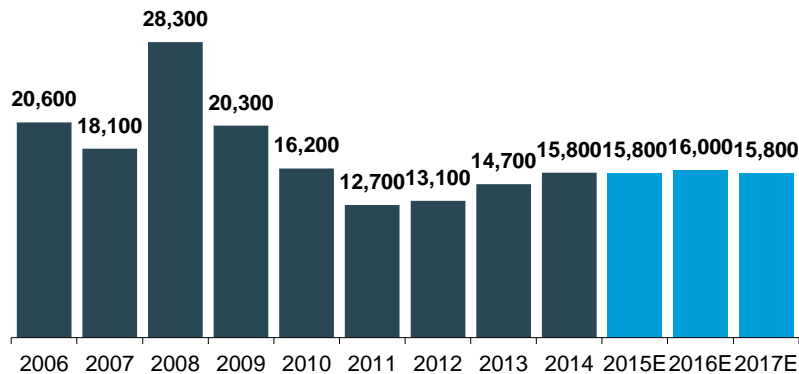
Residential start-ups in the Czech Republic , units



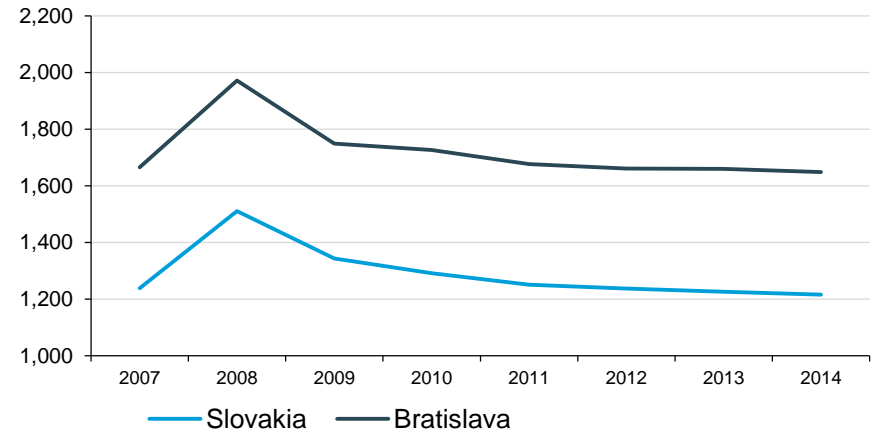
Residential prices in the Czech Republic and Prague CZK/ sq. m.



Residential start-ups in Slovakia, units



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

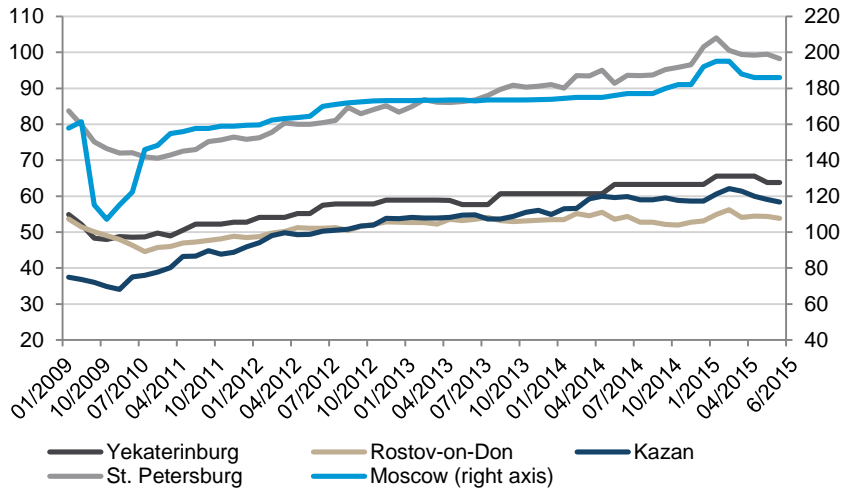


Sources: Residential start-ups: Euroconstruct June 2015, Other data: The Czech Republic: JLL 2014, Slovakia: National Bank of Slovakia April, 2015

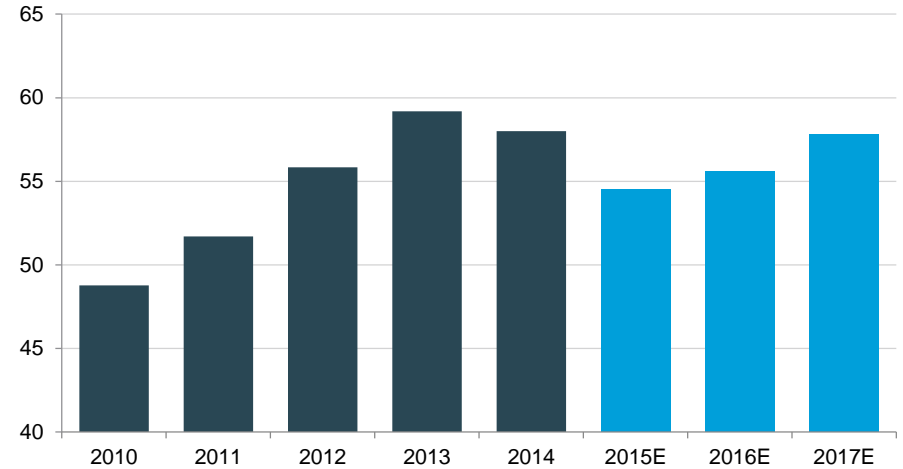


# Russia – Housing indicators

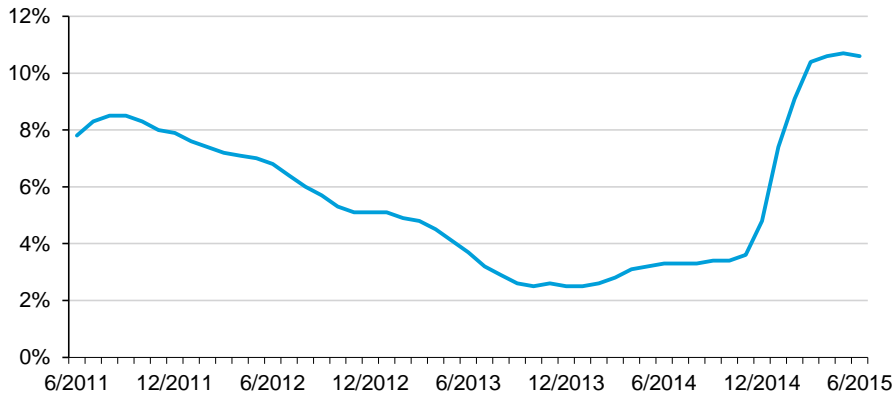
House prices in primary markets, thousand RUB (1/2009-6/2015)



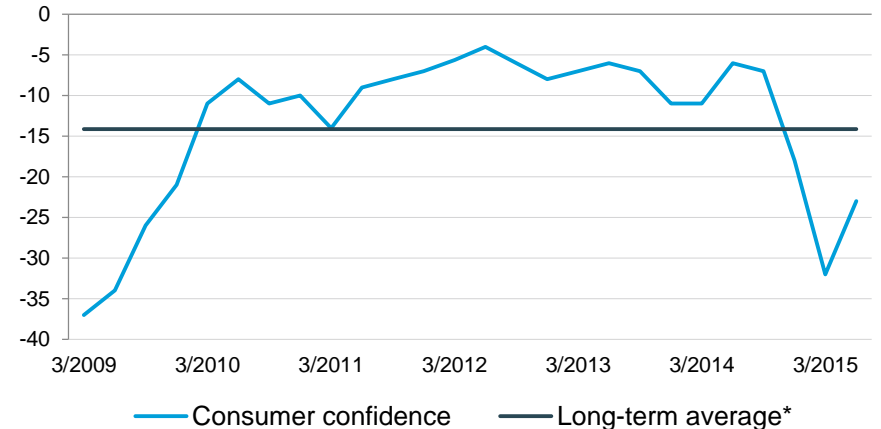
New residential construction, EUR billion



Inflation in building materials 6/2011-6/2015

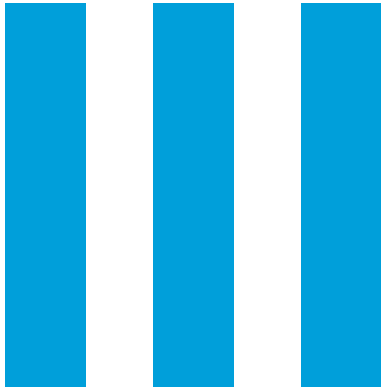


Consumer confidence



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

\*Average 12/1998-6/2015



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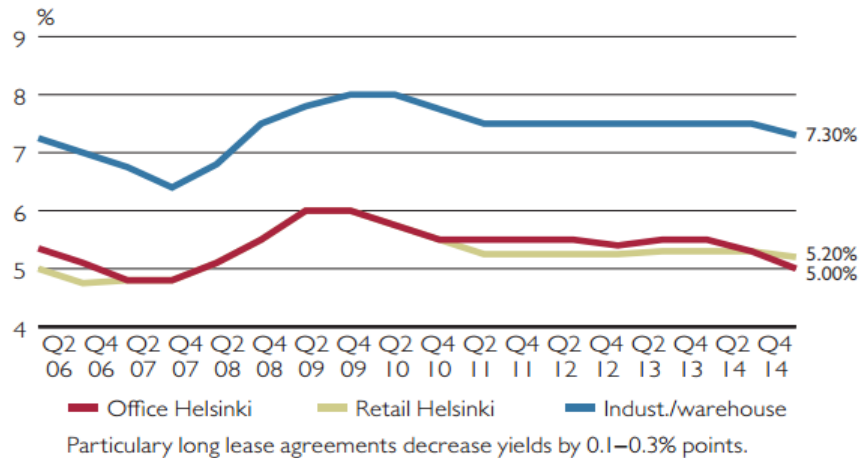
## Business premises and infrastructure construction indicators



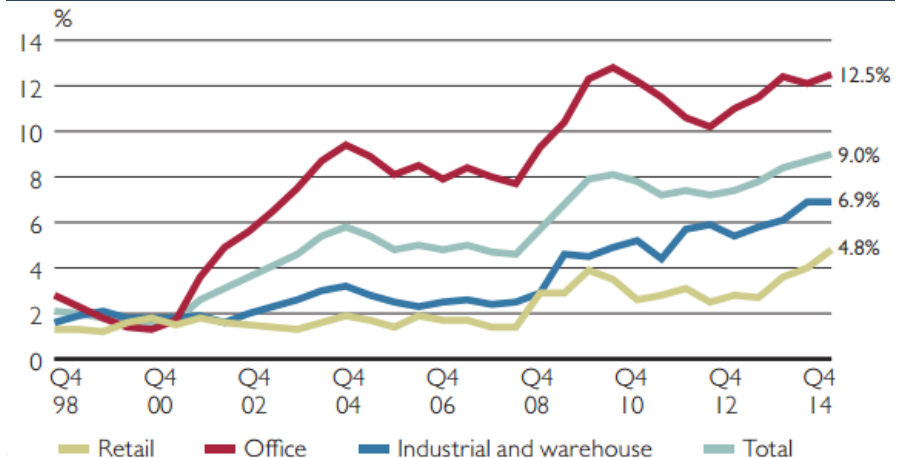


# Finland – Prime yields expected to decrease slightly

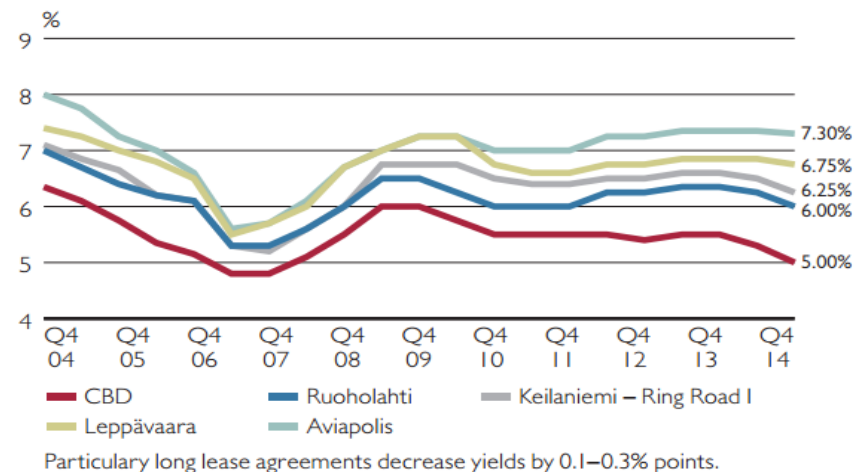
Prime yields in Helsinki Metropolitan Area, %



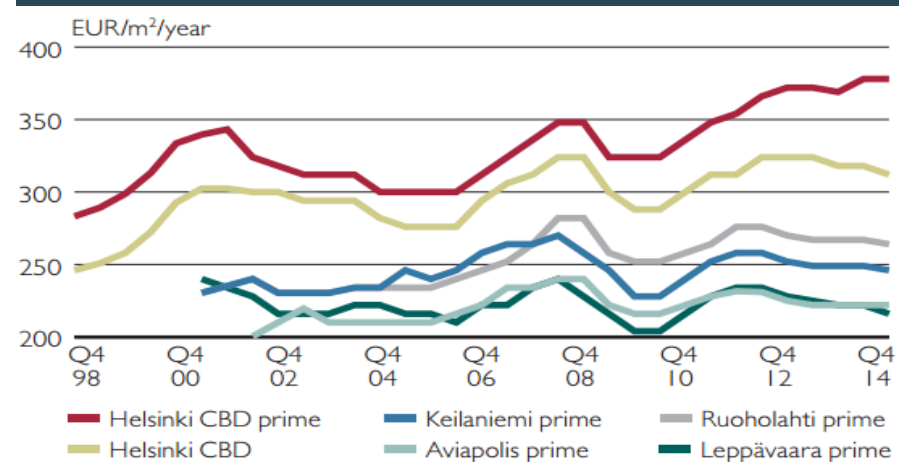
Vacancy rates in Helsinki Metropolitan Area



Office yields in Helsinki Metropolitan Area, %



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

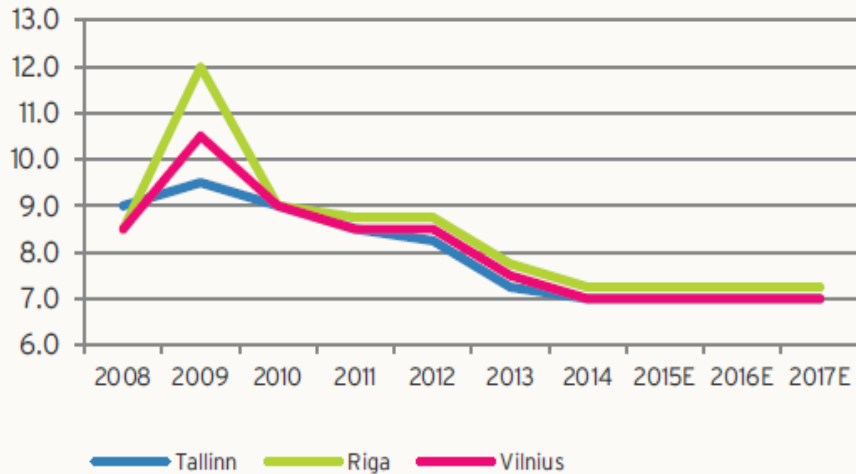


Source: Catella Property Market Trends Finland, February 2015

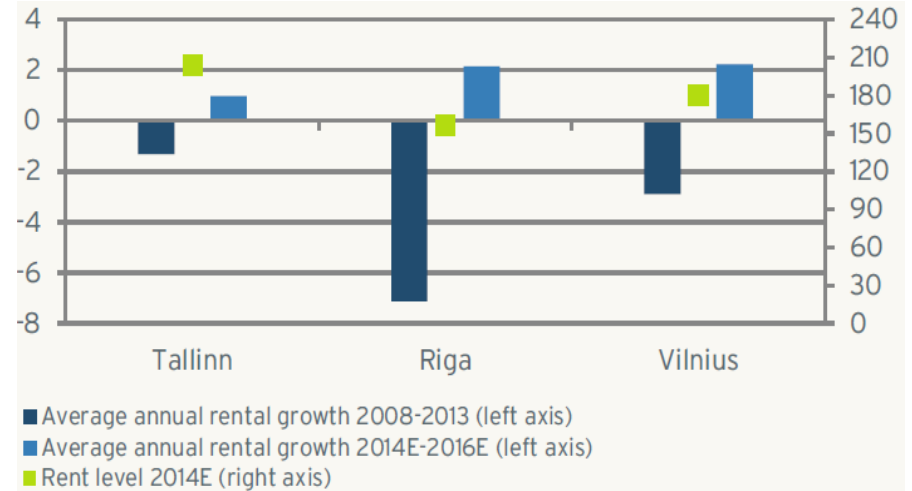


# The Baltic countries – Yields are expected to decrease

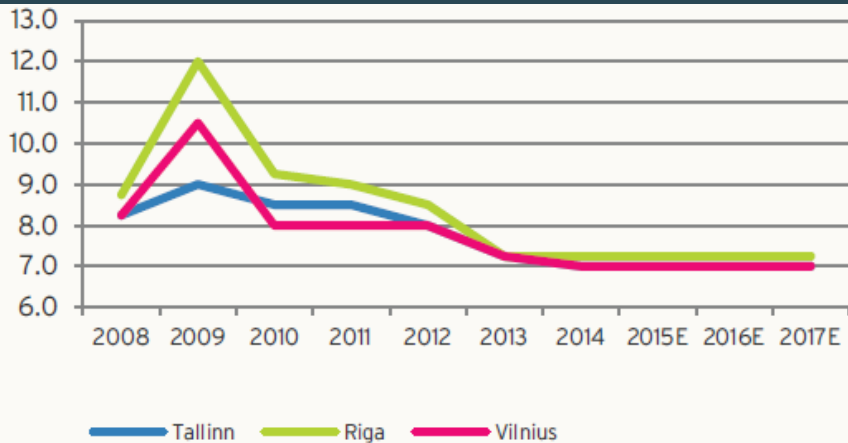
Prime office yields in the Baltic countries, %



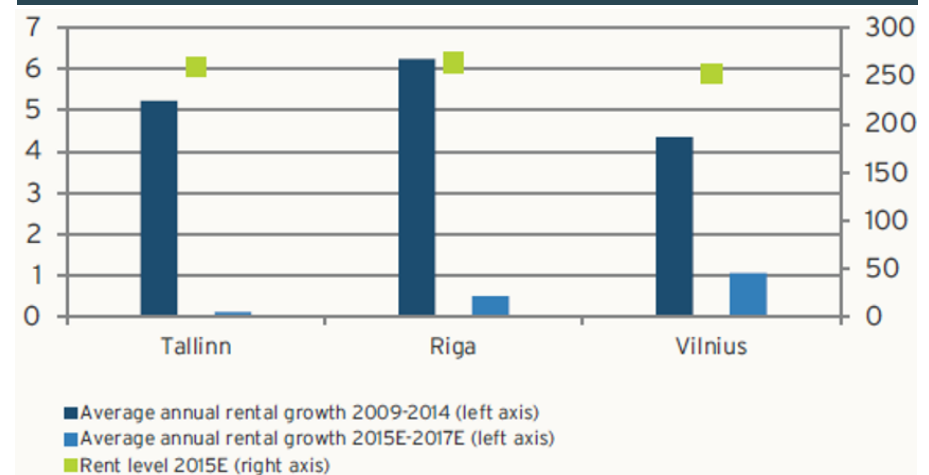
Prime office rents in the Baltic countries, % and EUR / sq. m. / year



Prime retail yields in the Baltic countries, %



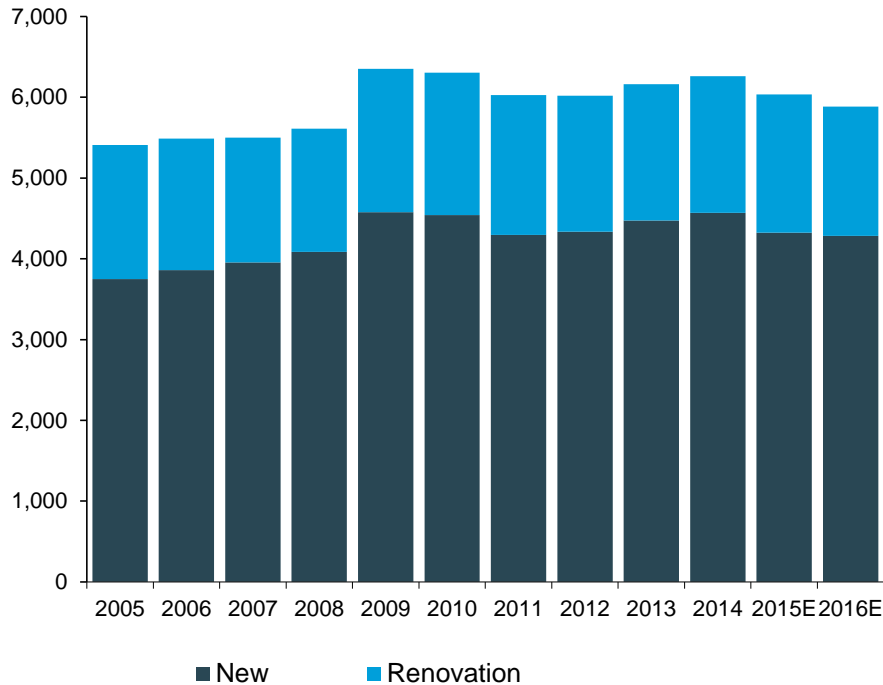
Prime retail rents in the Baltic countries, % and EUR / sq. m. / year



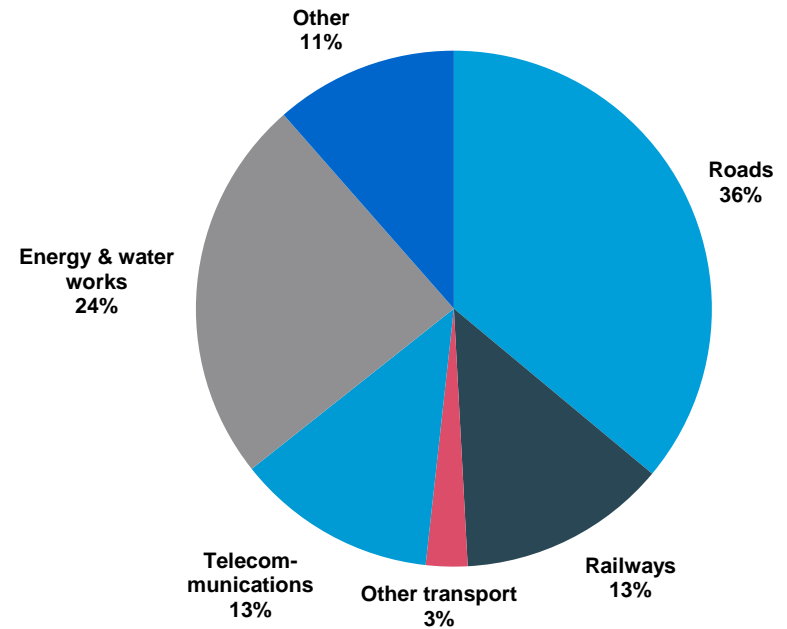
# Infrastructure construction in Finland

## – market expected to decrease slightly in 2015

Infrastructure market in Finland, EUR million



Infrastructure sectors in Finland (2014)



Source: Euroconstruct, June 2015

# IV

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Ownership

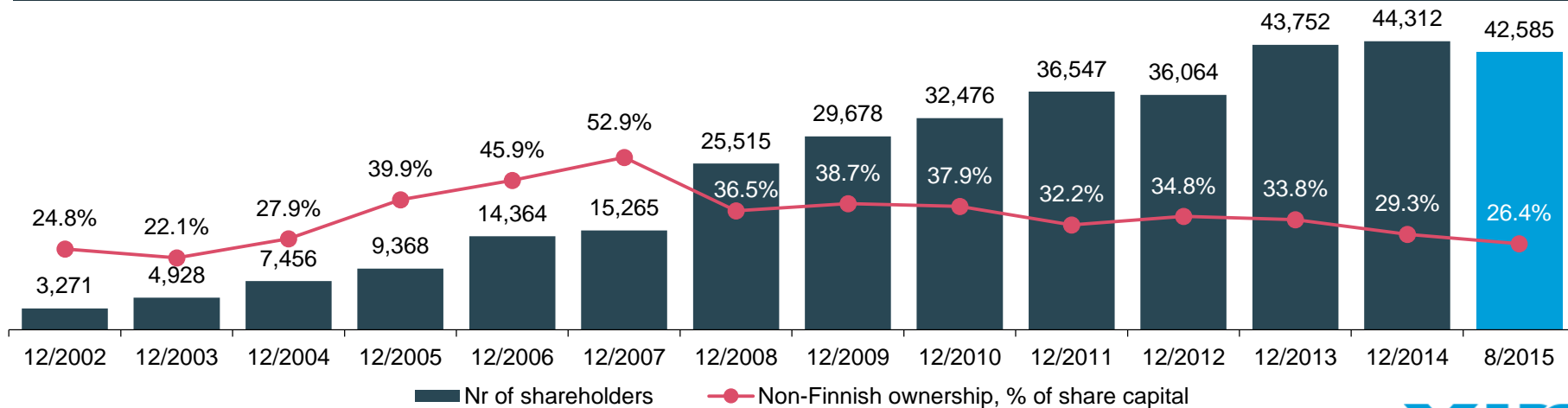


# YIT's major shareholders

August 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. OP Funds	3,359,577	2.64
6. Elo Mutual Pension Insurance Company	3,335,468	2.62
7. The State Pension Fund	2,222,865	1.75
8. Etera Mutual Pension Insurance Company	1,700,000	1.34
9. YIT Corporation	1,641,595	1.29
10. Danske Invest funds	1,450,577	1.14
Ten largest total	41,226,937	32.41
Nominee registered shares	25,561,259	20.09
Other shareholders	60,435,226	47.50
<b>Total</b>	<b>127,223,422</b>	<b>100.00</b>

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



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we can  
do it.**