



# YIT – solid foundation for future growth

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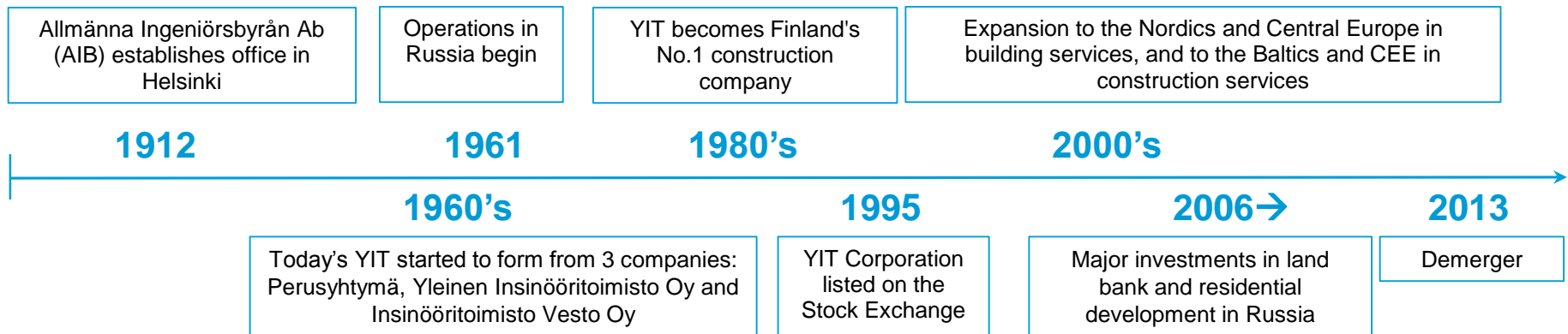
# 1

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## YIT in brief



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



## DEMERGER IN JUNE 2013

Building Services demerged into Caverion

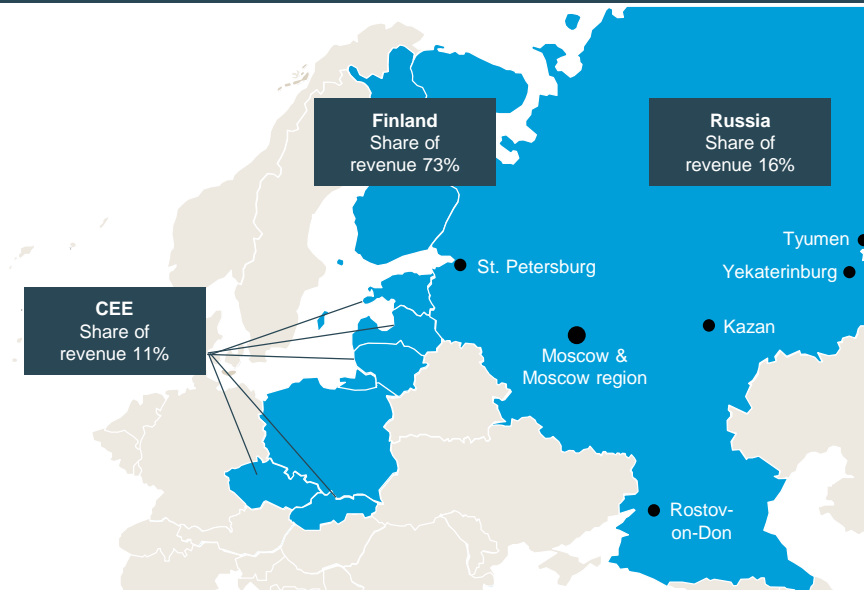
- Initiative from the Board of Directors – supported by main owners
- Both companies large enough to grow independently
- Independent strategies and different business models
- Meaningful geographical overlap only in Finland
- Better management focus in separate companies

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

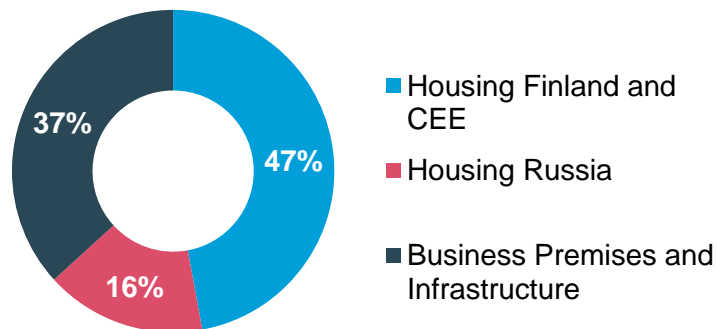
## Key investment propositions

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

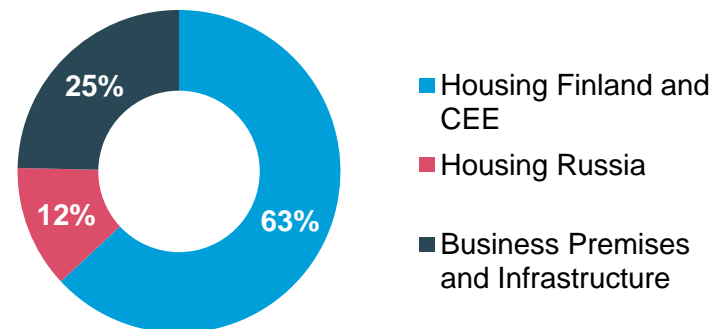
## Operations in 8 countries, 5,300 employees




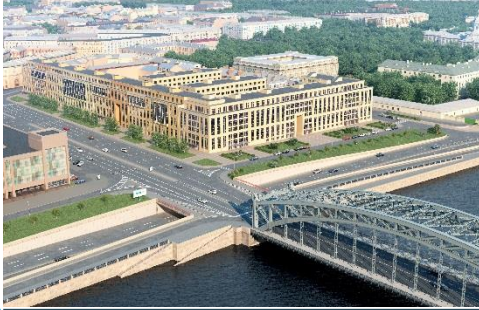
## Revenue by segment 2015 (EUR 1.7 billion)



## Operating profit\* by segment 2015 (EUR 76 million)



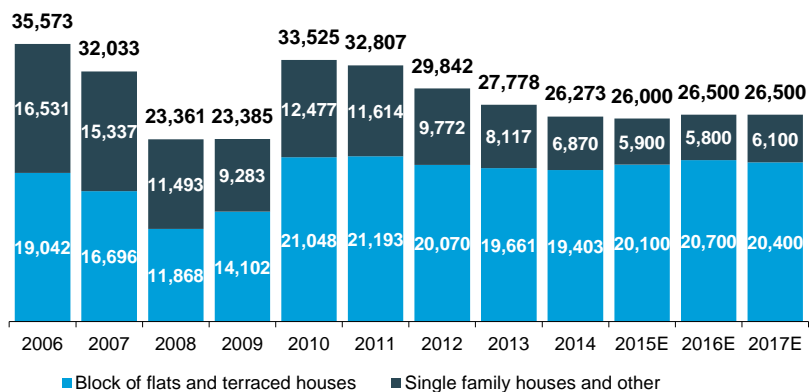
# Balanced business portfolio

	 <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 is around 30,000 units annually (source: VTT)

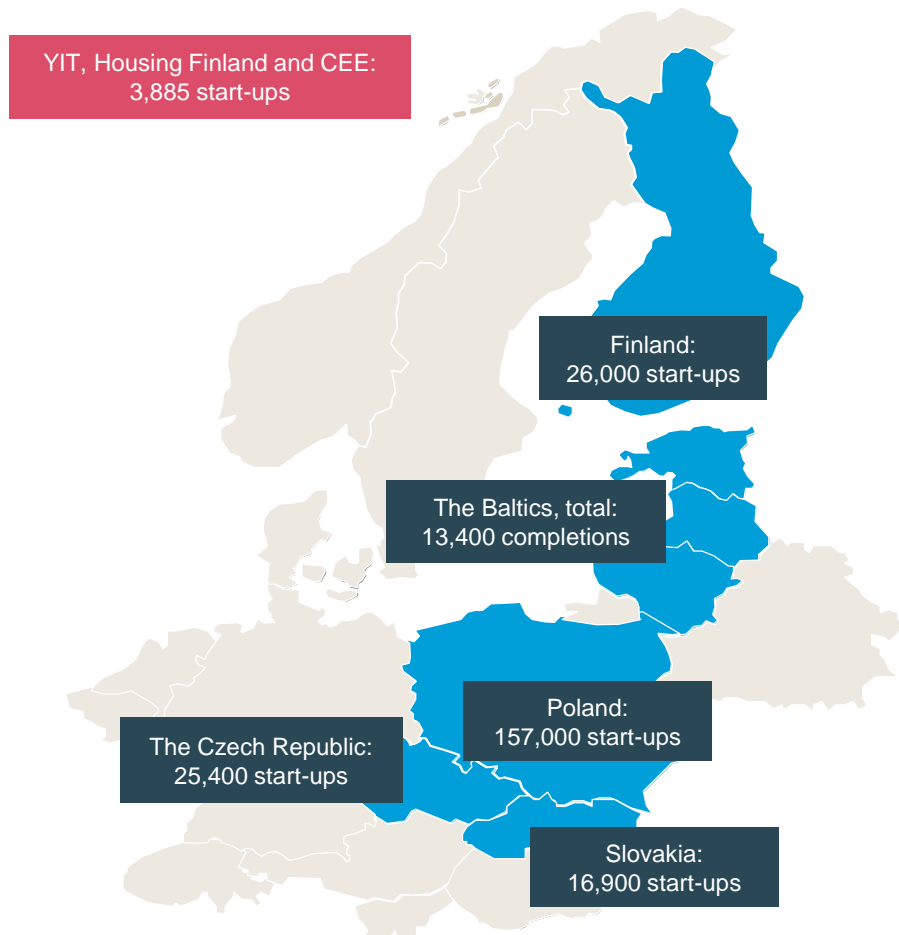
Residential start-ups in Finland, units



- 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 2015E, units

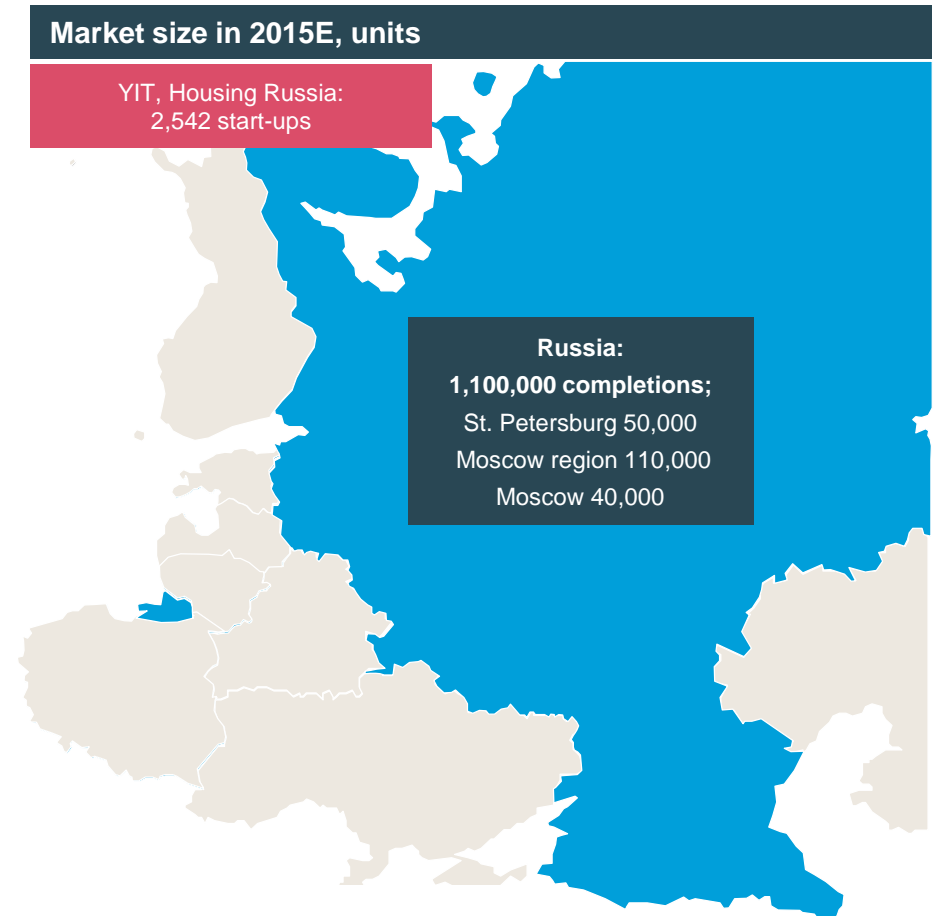


Sources: Euroconstruct and Forecon, estimates



# 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

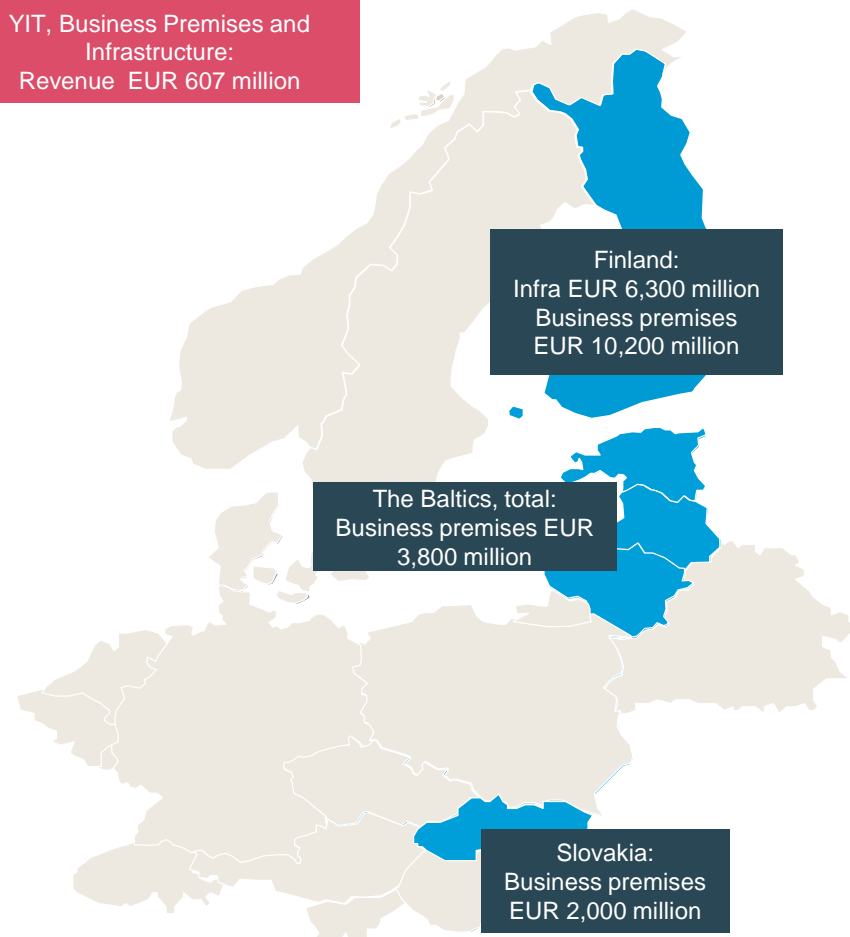


# Opportunities for growth in several areas in business premises and infra services

- 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 2015E, volume of construction

YIT, Business Premises and Infrastructure:  
Revenue EUR 607 million



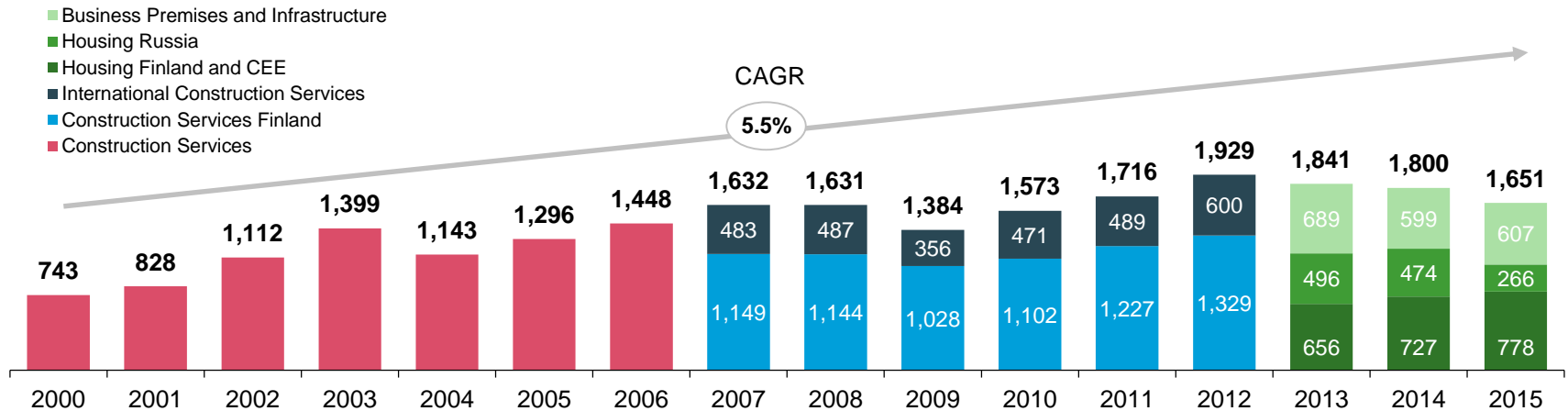
Source: Euroconstruct and Forecon, estimates



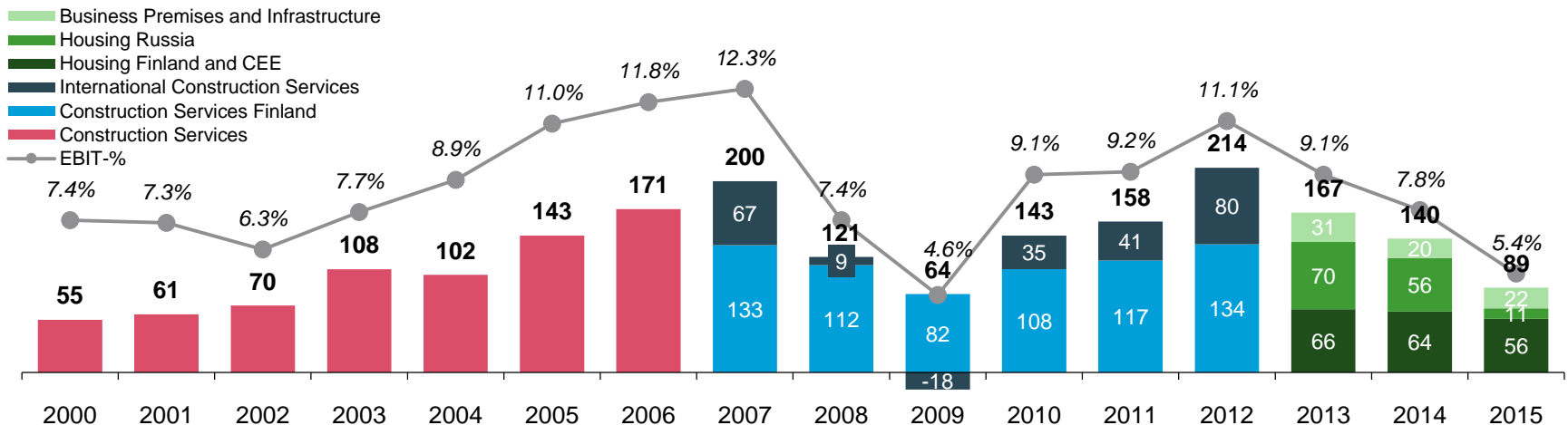
One of the top players in Finland and Lithuania

# 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.

# The Board of Directors 2016



**Matti Vuoria**

**Chairman of the Board of Directors (new)**

born 1951, BA, LL.M.

Independent of YIT Corporation and its major shareholders

**Primary working experience:**

Varma Mutual Pension Insurance Company, President and CEO 2004–2013  
Fortum Corporation, Full-time Chairman of the Board of Directors 1998–2003  
Ministry of Trade and Industry, Secretary General 1992–1998



**Juhani Pitkääkoski**

**Vice Chairman of the Board of Directors**

born 1958, LL.M

Not independent of YIT Corporation but is independent of YIT Corporation's major shareholders

**Primary working experience:**

Caverion Corporation: Executive Vice President & CEO, Division Industrial Solutions 2015–; Senior Vice President, Mergers & Acquisitions 2014–2015; President and CEO, 2013–2014  
YIT Corporation: President and CEO  
Worked for the YIT Group in various positions between 1991–2008



**Satu Huber**

**Member**

born 1958, M.Sc. (Econ.),  
Elo Mutual Insurance Company: Managing Director 2015-

Independent of YIT Corporation and its major shareholders

**Primary working experience:**

Elo Mutual Pension Insurance Company: Managing Director 2015 -; Vice President 2014-2015  
LocalTapiola Mutual Pension Insurance Company: Managing Director 2008-2013  
Federation of Finnish Financial Services: Managing Director 2006-2008  
State Treasury in Finland: Finance Division, Director 1997-2006



**Erkki Järvinen**

**Member**

born 1960, M.Sc. (Econ.), President and CEO of Tikkurila Group 2009-

Independent of YIT Corporation and its major shareholders

**Primary working experience:**

Tikkurila Group: President and CEO 2009–  
Rautakirja Corporation: President and CEO 2001-2008,  
President of Kiosk operations 1997-2001



**Inka Mero**

**Member (new)**

born 1976, Master of Economics,  
Co-Founder and Chairwoman,  
KoppiCatch Ltd

Independent of YIT Corporation and its major shareholders

**Primary working experience:**

KoppiCatch Oy, Co-Founder and Chairwoman 2008–  
Playforia Oy, CEO 2006 – 2008  
Nokia Plc, Director 2005 – 2006  
Digia Plc, VP Sales and Marketing 2001 – 2005  
Sonera Corporation, Investment Manager 1996 – 2001

# Experienced Group Management Board

## Group Management Board



**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: 3,115



**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

Ownership on February 29, 2016.



# 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

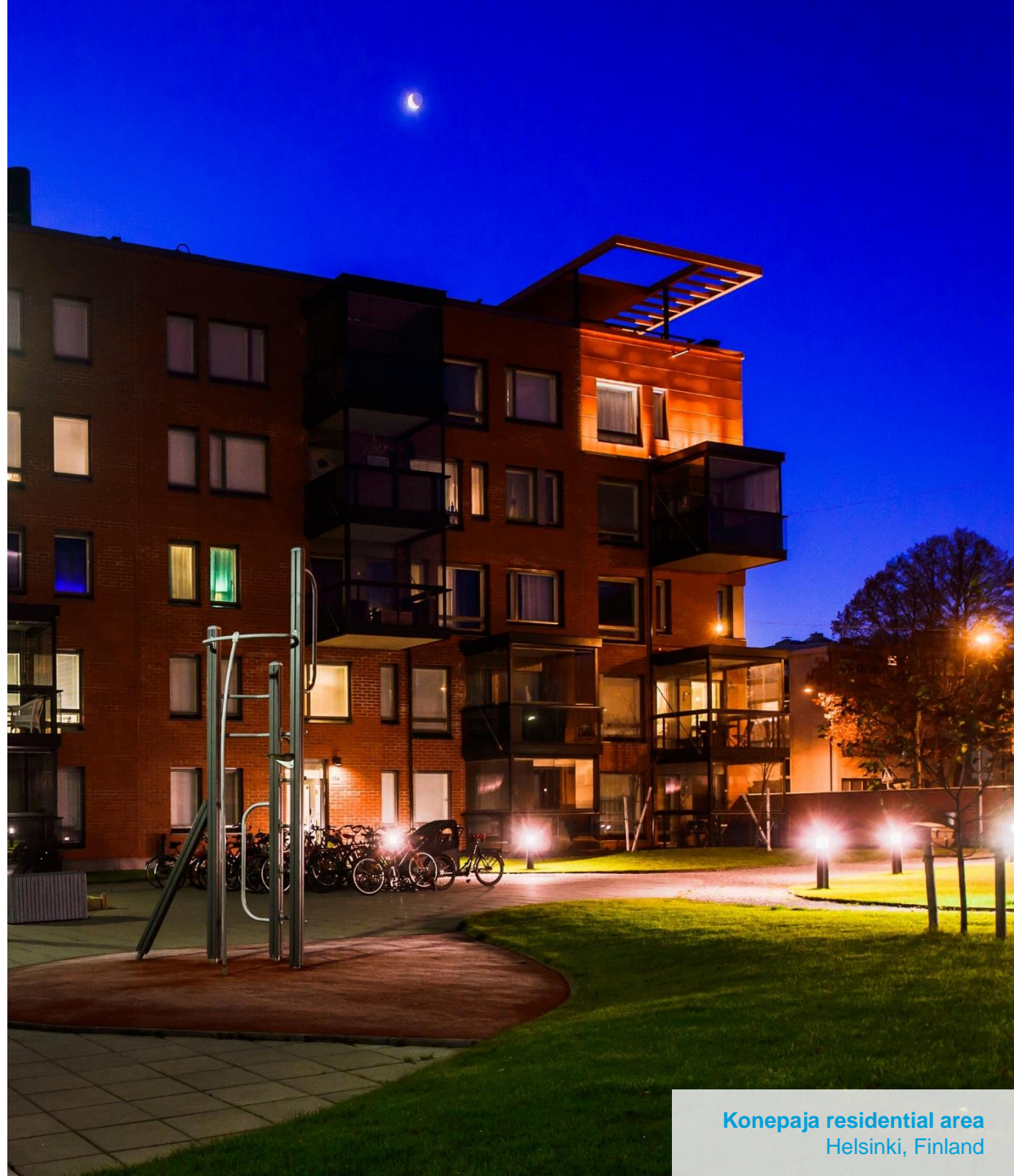
**”Developer and Construction  
Company of 2014”** in Slovakia

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

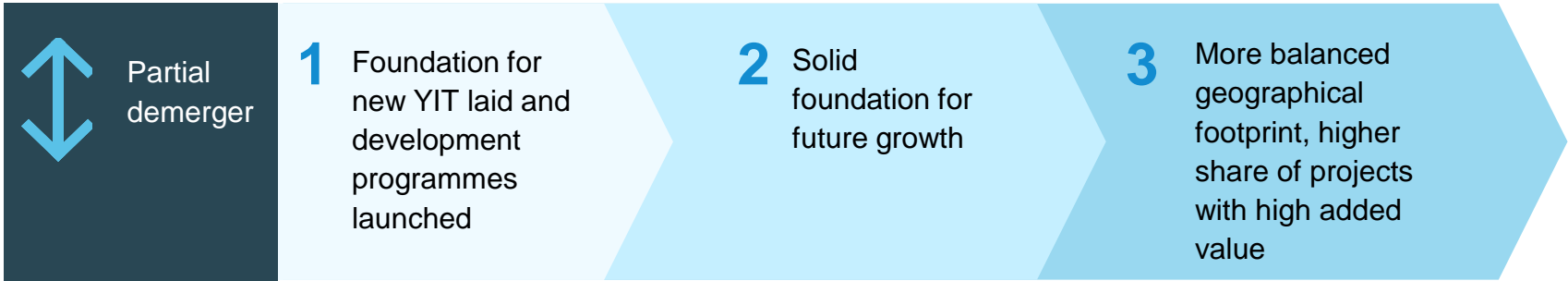
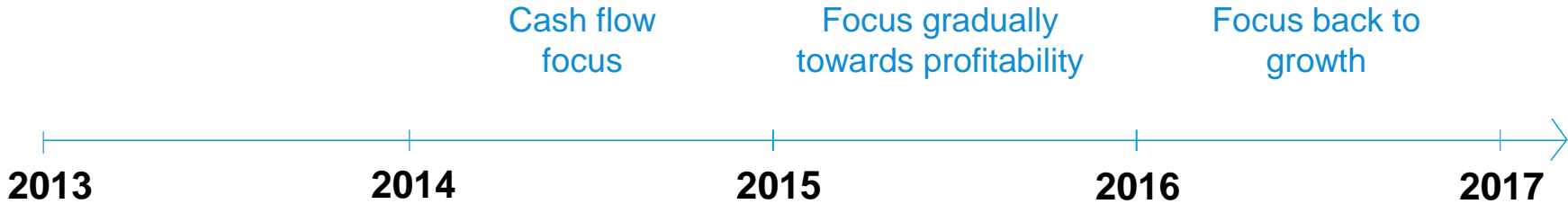
# 2

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## Strategy and business model



# Strategic roadmap - focus shifting towards profitability and growth



# 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



# 2015: Strong cash flow, balance sheet strengthened

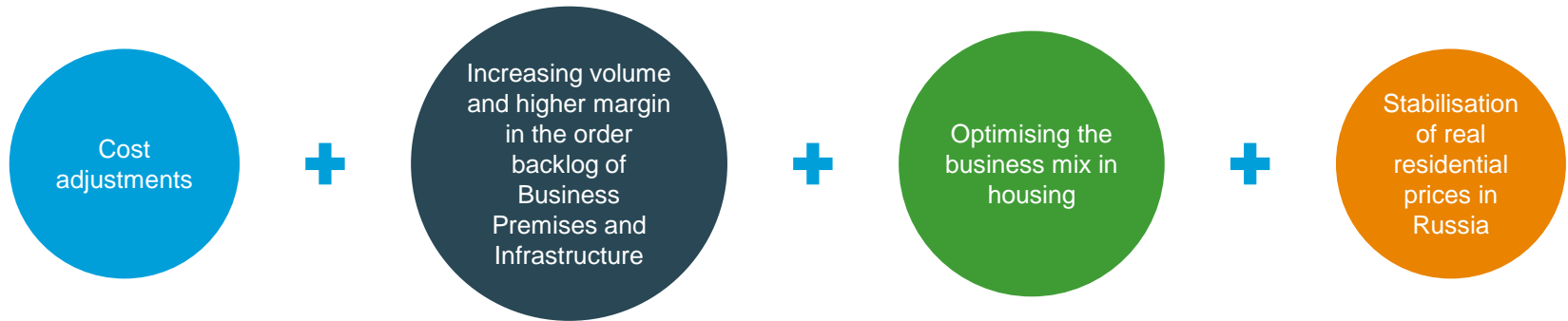
- Short term targets abandoned after reaching the net debt target ahead of schedule

Long-term financial targets	2015	2014
Revenue growth 5 - 10% annually on average	-8%, -3% at comp. exchange rates	-3%, 2% at comp. exchange rates
Return on investment 15%	5.3%	7.7%
Operating cash flow after investments sufficient for dividend payout and debt reduction	EUR 184 million	EUR 152 million
Equity ratio 40%	35.5%	32.4%
Dividend payout 40 to 60% of net profit for the period	137.5%	40.0%

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

# Clearly higher EBIT needed to reach the targeted ROI

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Dependence on market development

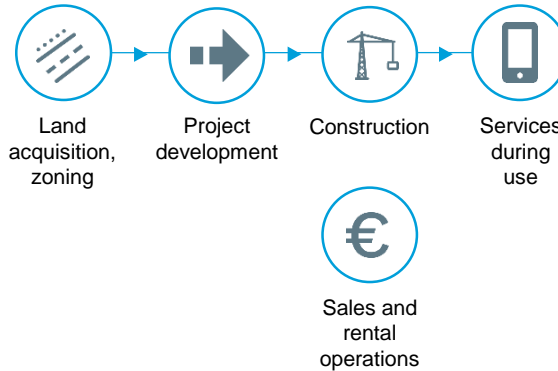
# Value creation: Long value chain with key competences in-house



# Our business model

## Strategic inputs

### SELF-DEVELOPED BUSINESS



## Outputs



## Impacts

**SUSTAINABLE AND ATTRACTIVE LIVING ENVIRONMENT**

**0.22**

Dividend/share, EUR

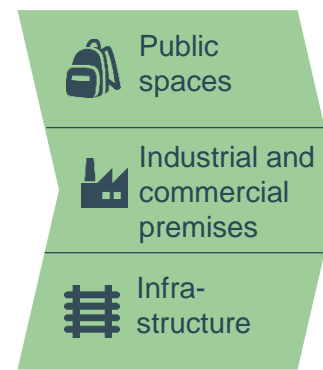
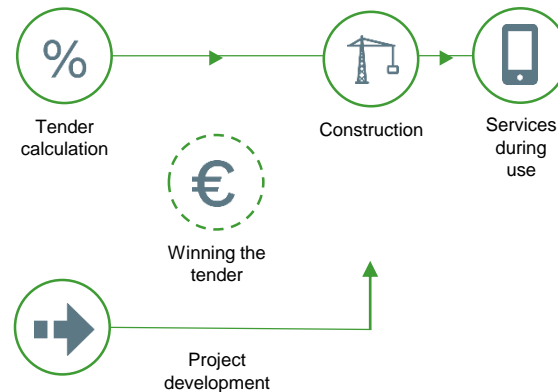
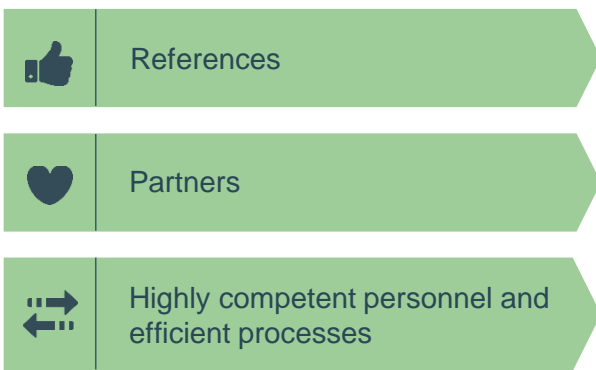
**5,430**

Own employees

**10**

Corporate taxes, EUR million

### CONTRACTING





# 3

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## Housing Finland and CEE

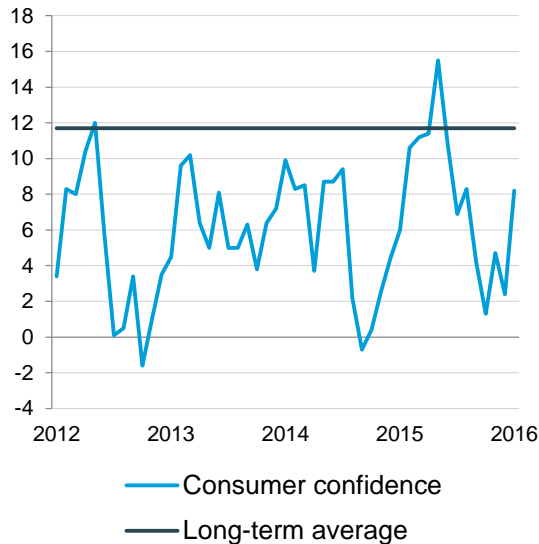


**Koti Hyacint**  
Prague, the Czech Republic

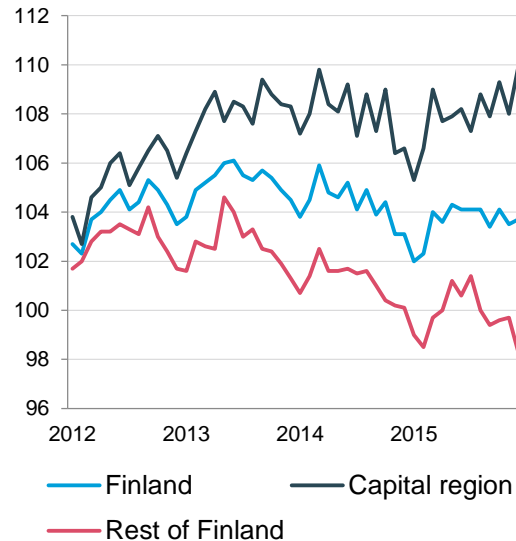
# Housing Finland and CEE: Operating environment in Finland in Q4

- Consumer confidence weakened in Q4
- 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

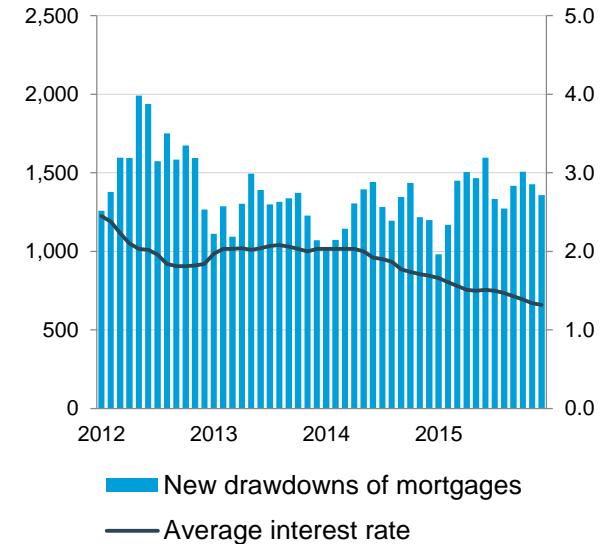
**Consumer confidence  
01/2012-01/2016**



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



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

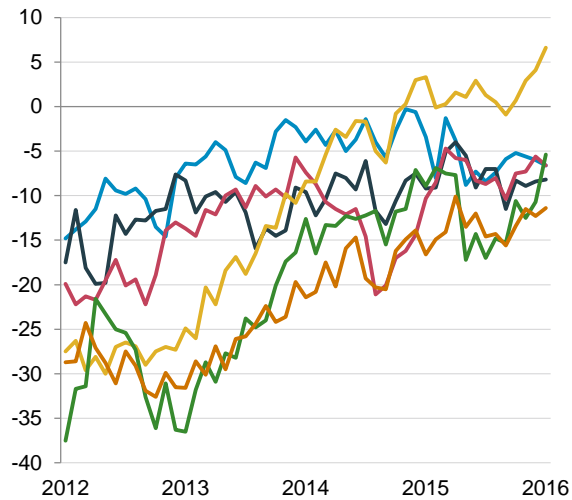


Sources: Statistics Finland and Bank of Finland

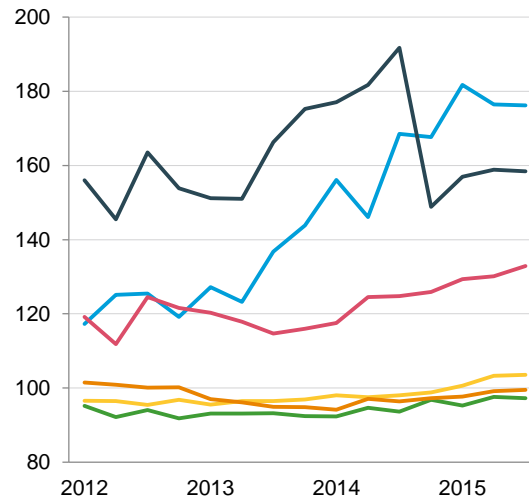
# Housing Finland and CEE: Operating environment in the CEE countries in Q4

- Positive macro development supported the residential market
- The market was especially strong in the Czech Republic and Slovakia
- 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

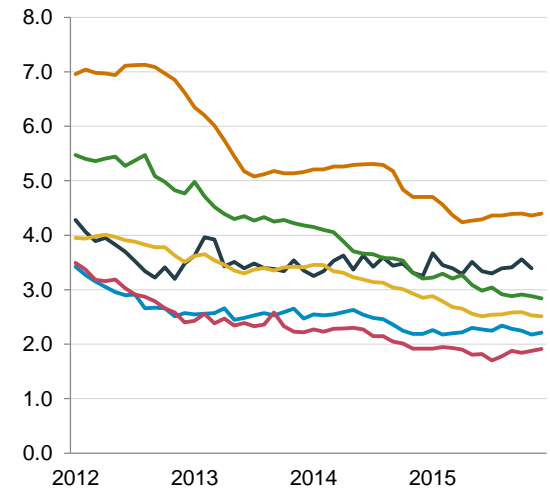
Consumer confidence



House price index, new dwellings, 2010=100



Average interest rate of mortgages (%)



— Estonia — Latvia — Lithuania — The Czech Republic — Slovakia — Poland

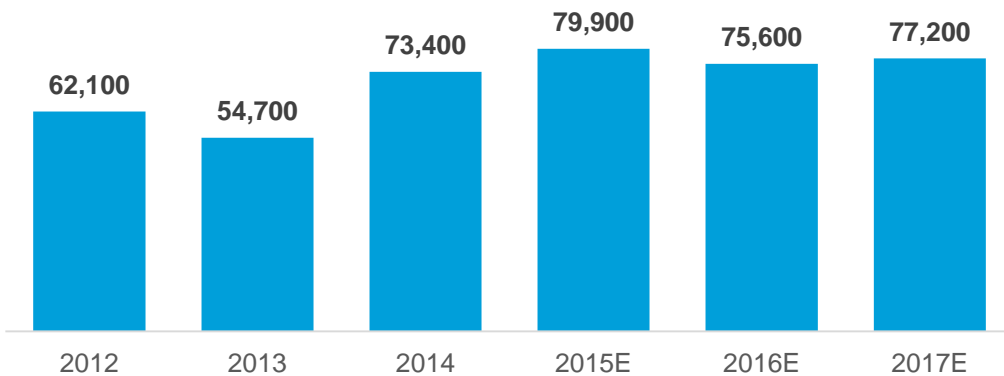
Sources: European Commission, Eurostat and National Central Banks

# 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

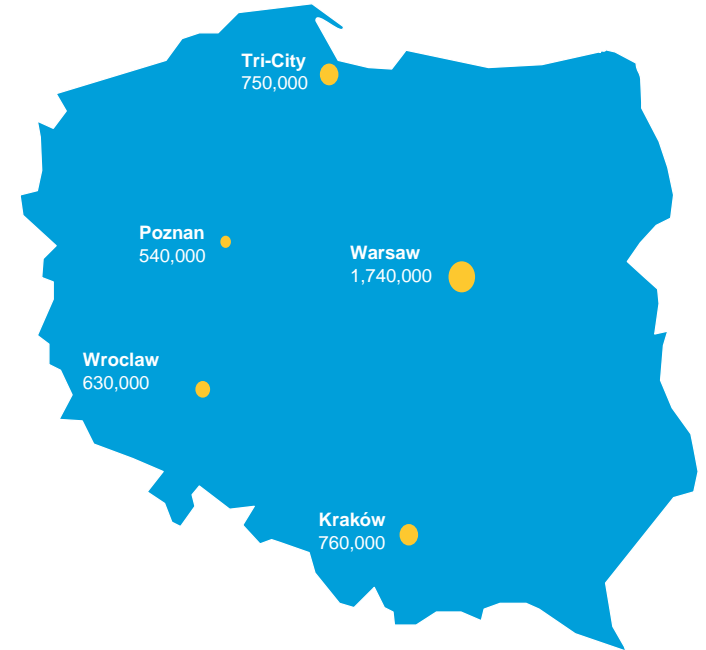
## Start-ups of blocks of flats in Poland Units



Sources: Bloomberg, REAS and Euroconstruct

## Large population

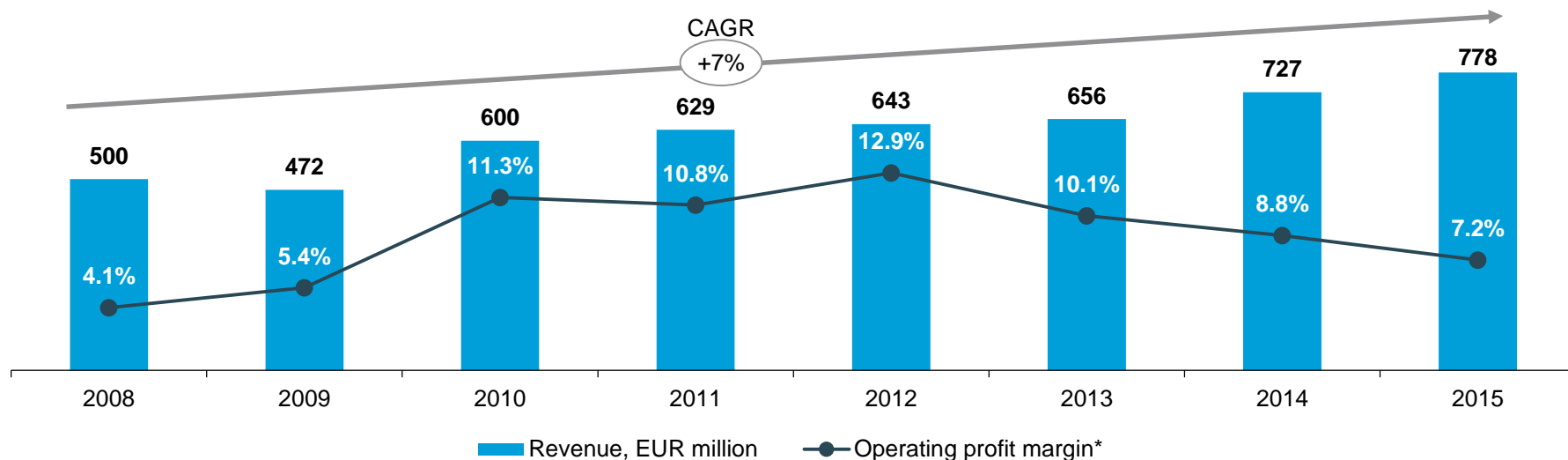
Population in Poland's largest cities





# Housing Finland and CEE: long-term development

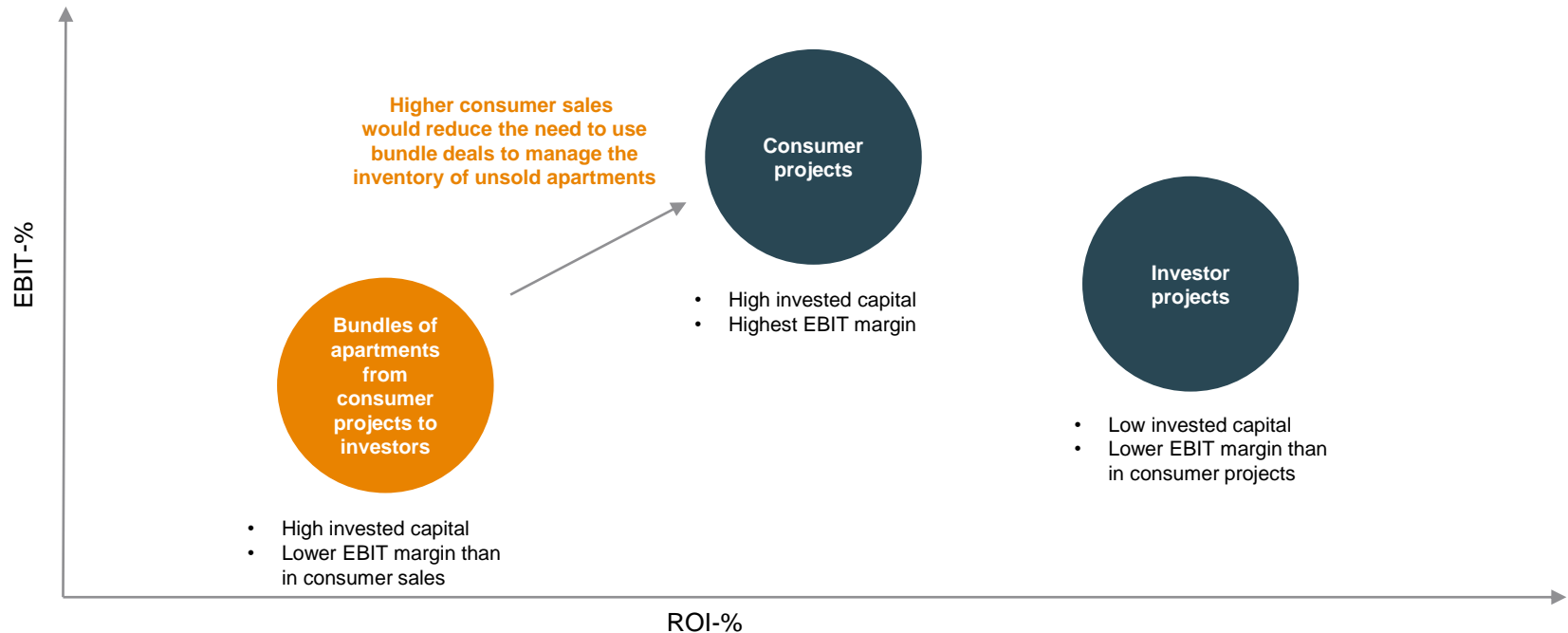
2008	2009	2010	2011	2012	2013	2014	2015
<ul style="list-style-type: none"> <li>• Weakening market</li> <li>• Prices declined sharply in the Baltics</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on investor deals in Finland</li> <li>• Low business volumes in the Baltics</li> <li>• Fixed cost 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 sales in CEE</li> <li>• Profitability burdened by capital release actions and 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 56.0 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 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

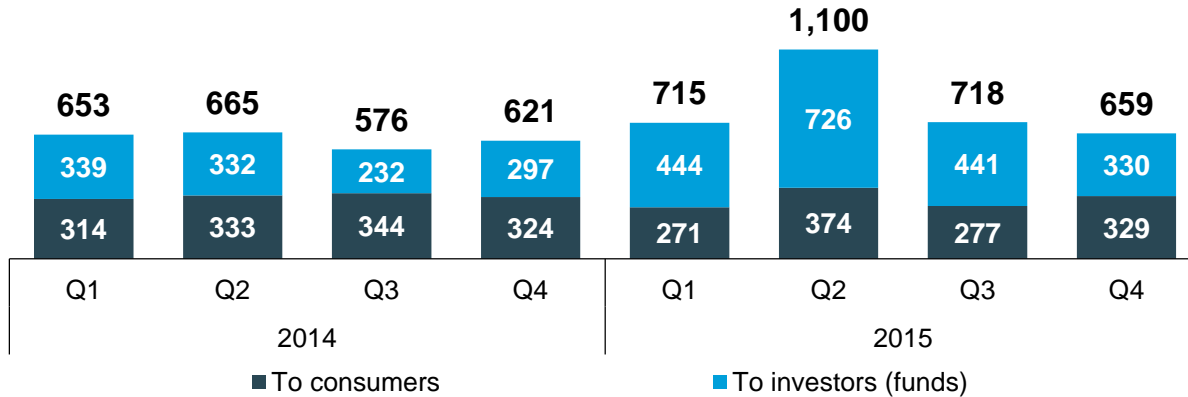


# Housing Finland and CEE: Sales and start-ups in Finland in Q4

## Sold apartments (units)

2014: 2,515

2015: 3,192, 27% y-o-y

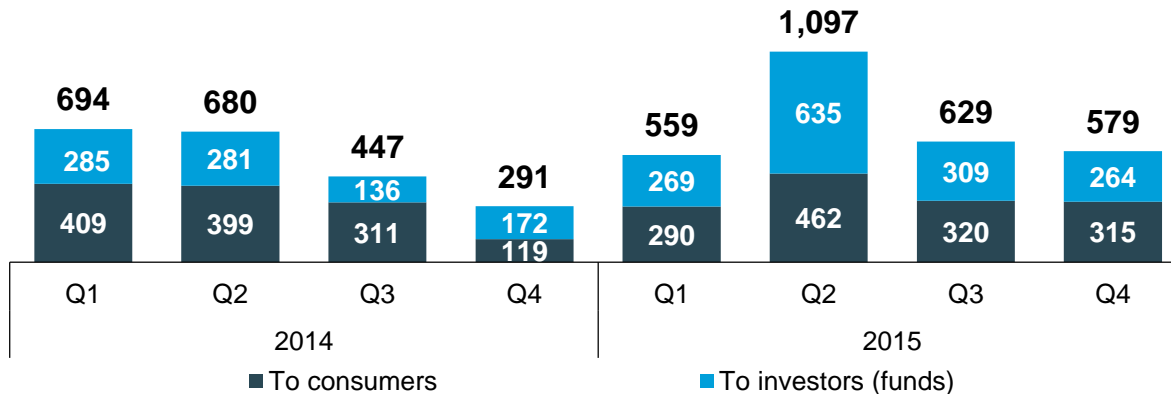


- Consumer sales (units) at the level of the comparison period
- 50% of units sold to investors in Q4/2015 (Q4/2014: 48%)
- 66 apartments from projects initially started for consumers sold to residential property funds
- In Q1/2016, sales to consumers estimated to be over 300 units (Q1/2015: 271 units)

## Apartment start-ups (units)

2014: 2,112

2015: 2,864, 36% y-o-y

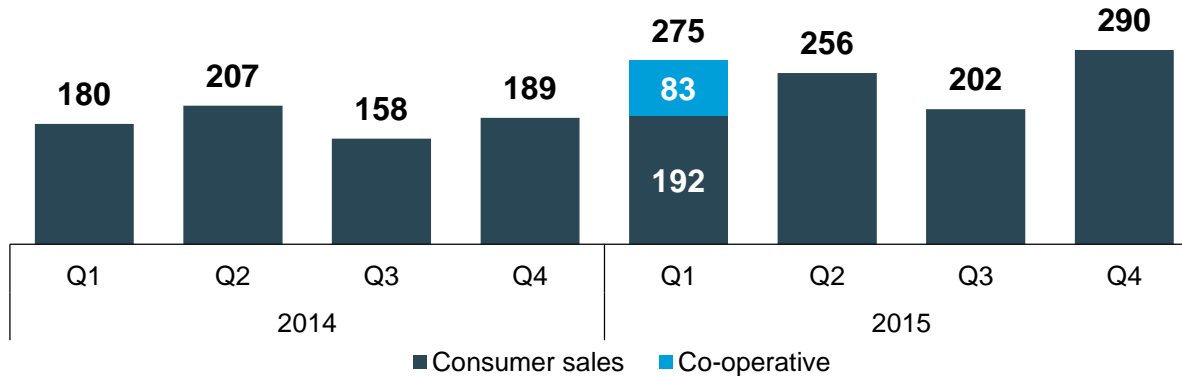


# Housing Finland and CEE: Sales and start-ups in the CEE countries in Q4

## Sold apartments (units)

2014: 734

2015: 1,023, 39% y-o-y



- Sales (units) grew by 53% y-o-y in Q4/2015

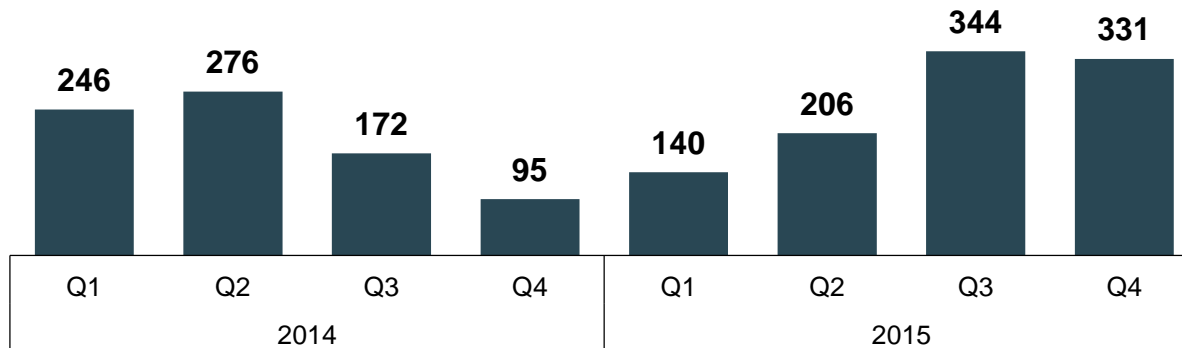
- High number of start-ups, especially in the Czech Republic, Estonia and Lithuania

- Plots for over 1,800 apartments acquired in Bratislava, Slovakia

## Apartment start-ups (units)

2014: 789

2015: 1,021, 29% y-o-y

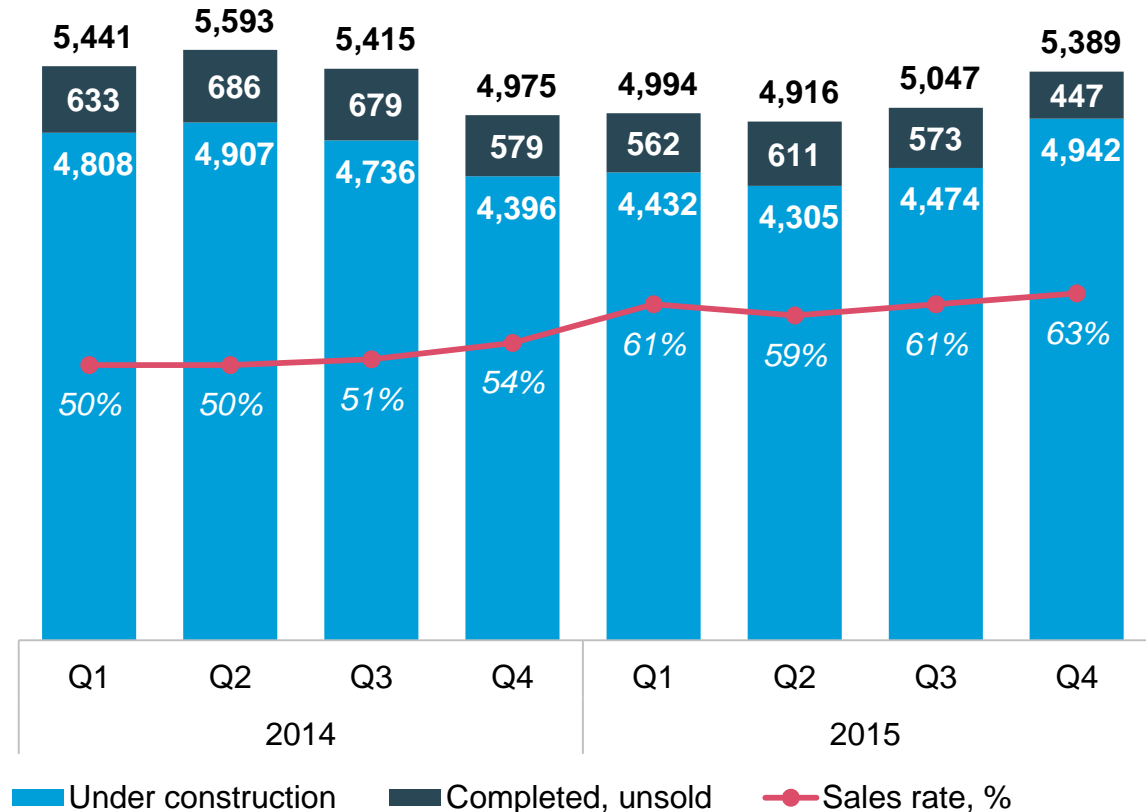


- In Q1/2016, sales to consumers estimated to be below 200 units (Q1/2015: 192 units)

# Housing Finland and CEE: The production volume (units) continued to grow in Q4

- Number of unsold completed apartments decreased to 302 in Finland (12/2014: 450)
- 63% of units under construction already sold moderating the sales risk
- The share of CEE of the sales portfolio (units) 45% (12/2014: 39%)

Apartment inventory (units)



# 4

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## Housing Russia



Baltym Park  
Yekaterinburg, Russia



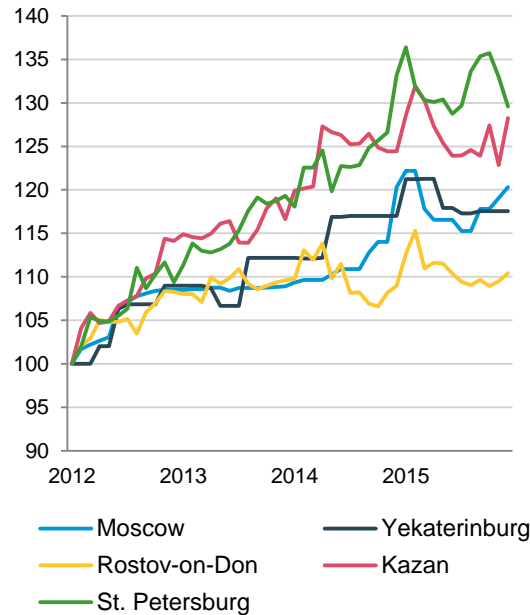
# Housing Russia: Operating environment in Q4

- The ruble weakened again during the quarter
- Demand focused especially on small apartments and apartments close to completion
- Residential prices remained stable, but decreased in real terms (CPI 12/2015: 12.9%)
- Mortgage interest rates for new apartments unchanged at around 11-12% due to government's mortgage subsidy program launched in late March 2015

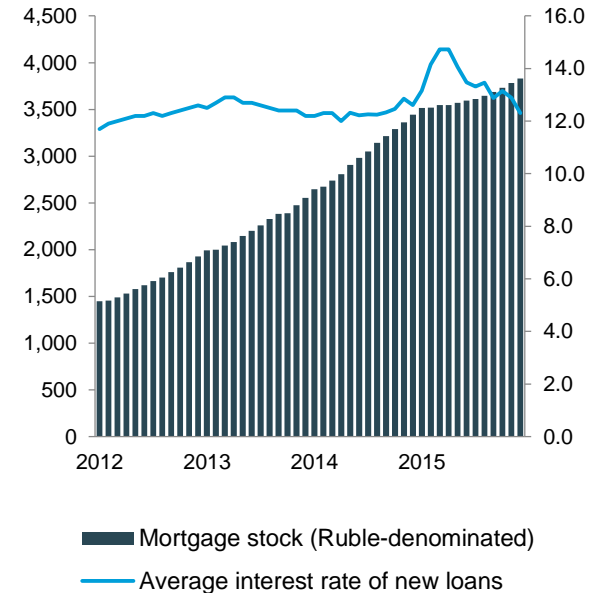
EUR/RUB exchange rate



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



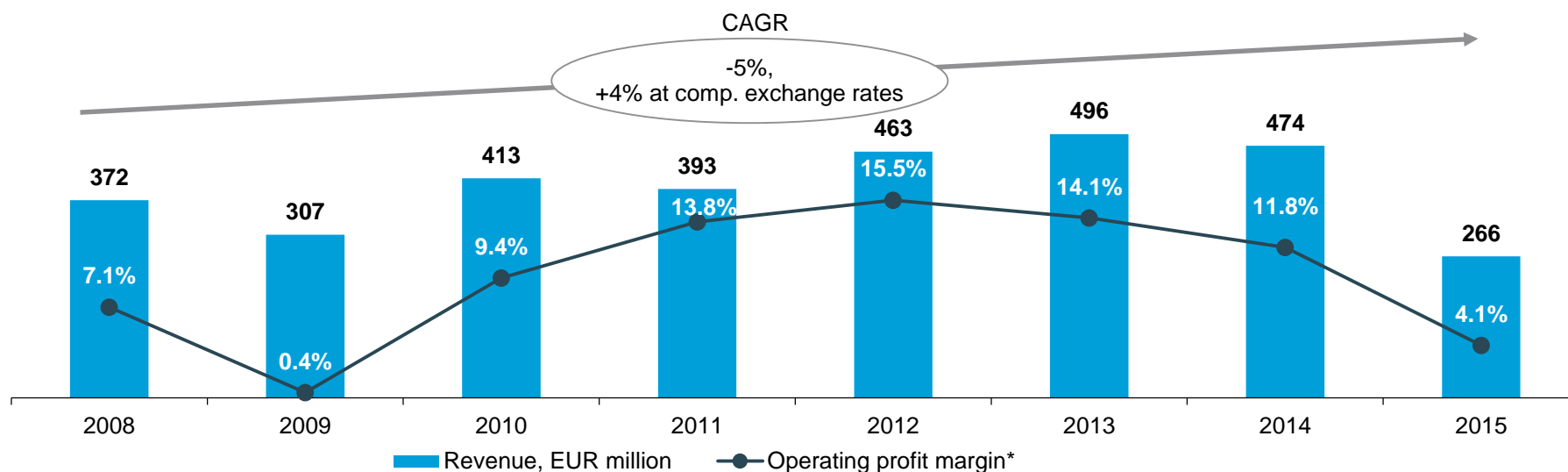
Mortgage stock and average interest rate, (RUB billion, %)



Sources: Bloomberg, YIT and Bank of Russia

# Housing Russia: long-term development

2008	2009	2010	2011	2012	2013	2014	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 10.9 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.

# 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

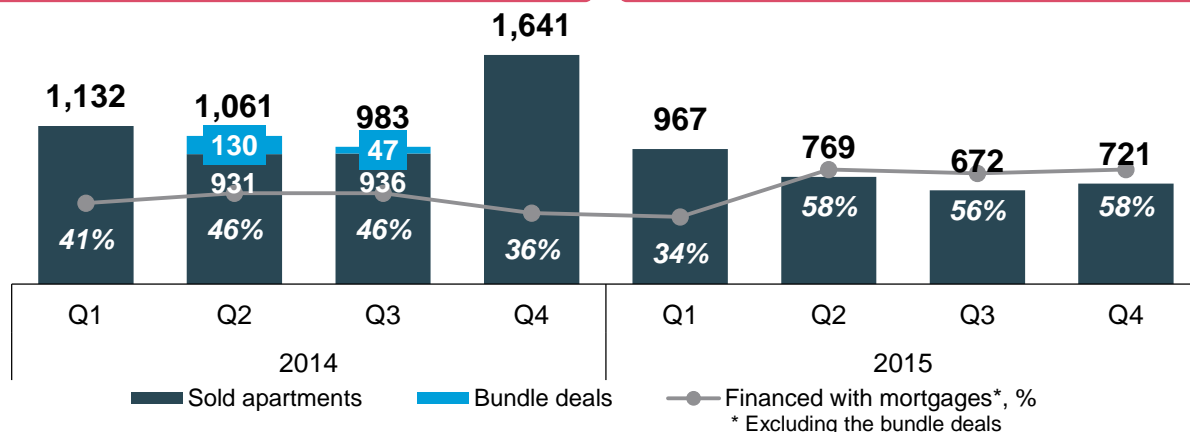


# Housing Russia: Sales and start-ups in Q4

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

2014: 4,817 (41%\*)

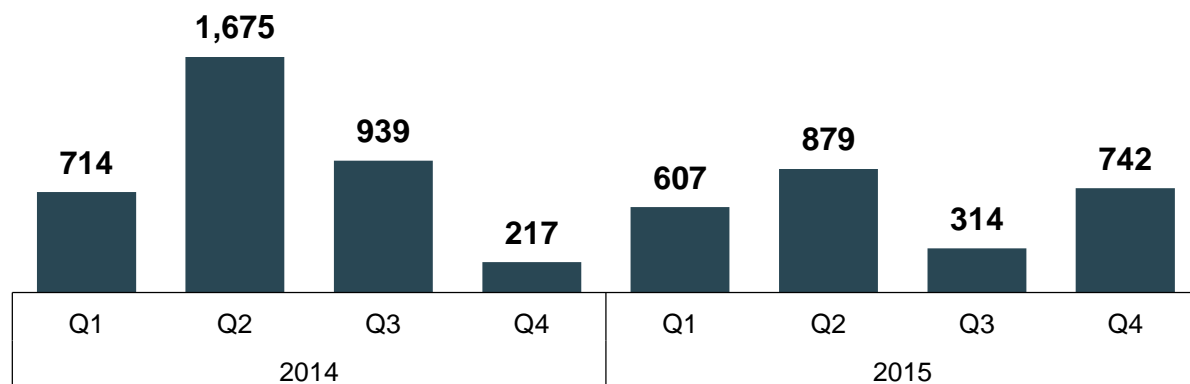
2015: 3,129 (50%), -35% y-o-y



## Apartment start-ups (units)

2014: 3,545

2015: 2,542, -28% y-o-y

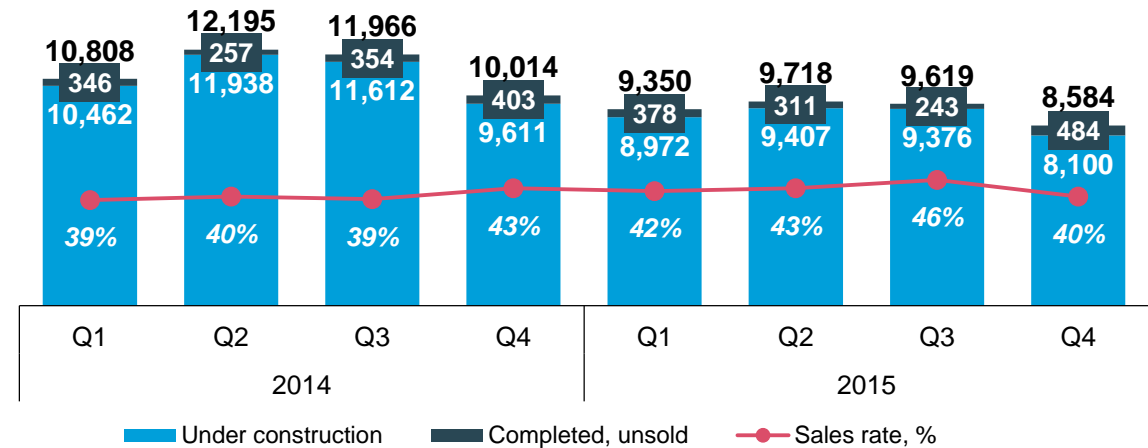


- Sales (units) decreased by 56% y-o-y from the record level in Q4/2014
  - Increase of 7% q-o-q
- Share of sales financed with mortgages high supported by the government's mortgage subsidy program
- Projects started, for example in Rostov-on-Don and Yekaterinburg
- Registration issue solved, but limited capacity available in the insurance market
- In Q1/2016, sales to consumers estimated to be over 750 (Q1/2015: 967 units)

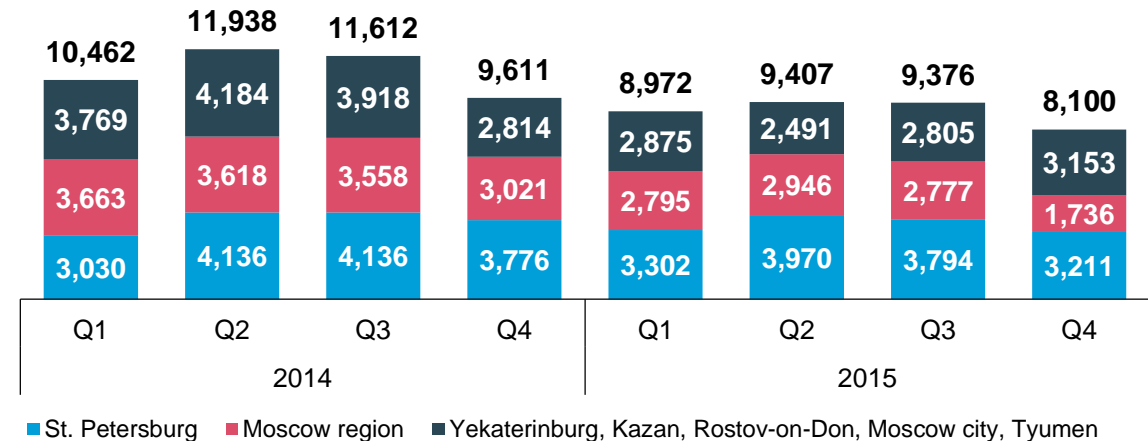
# Housing Russia: Apartment inventory in the end of Q4

- High number of completions
  - Completed unsold apartments increased but still on a relatively low level
  - Sales rate decreased
- Production volume lowered as planned

Apartment inventory (units)



Apartments under construction by area (units)



# 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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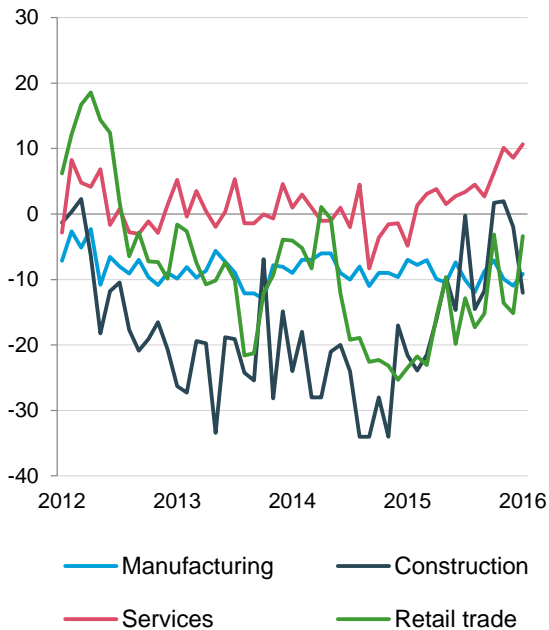
## Business Premises and Infrastructure



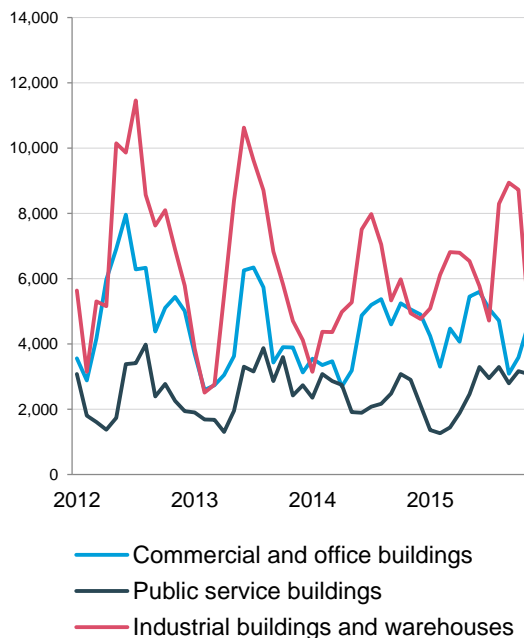
# Business Premises and Infrastructure: Operating environment in Q4

- Slight positive signs in the office and commercial premises markets
- Active contracting market
- Slight increase in end-user demand, but competition for tenants was intense
- Investor demand stable
- Positive macro outlook supported the business premises market in the CEE countries

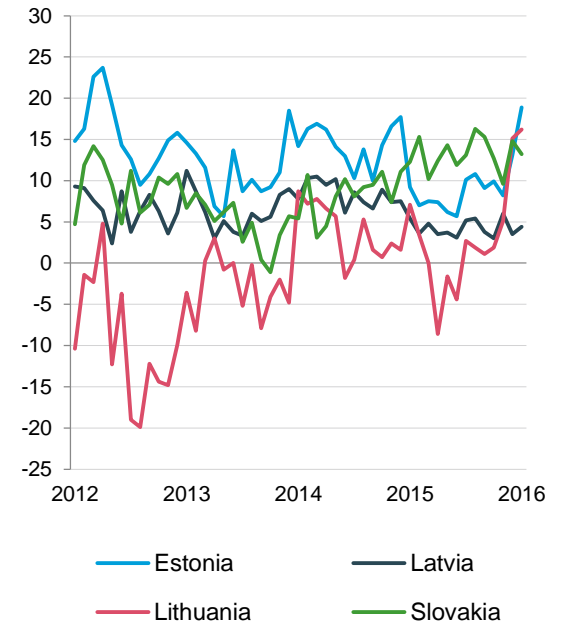
Confidence indicators in Finland



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



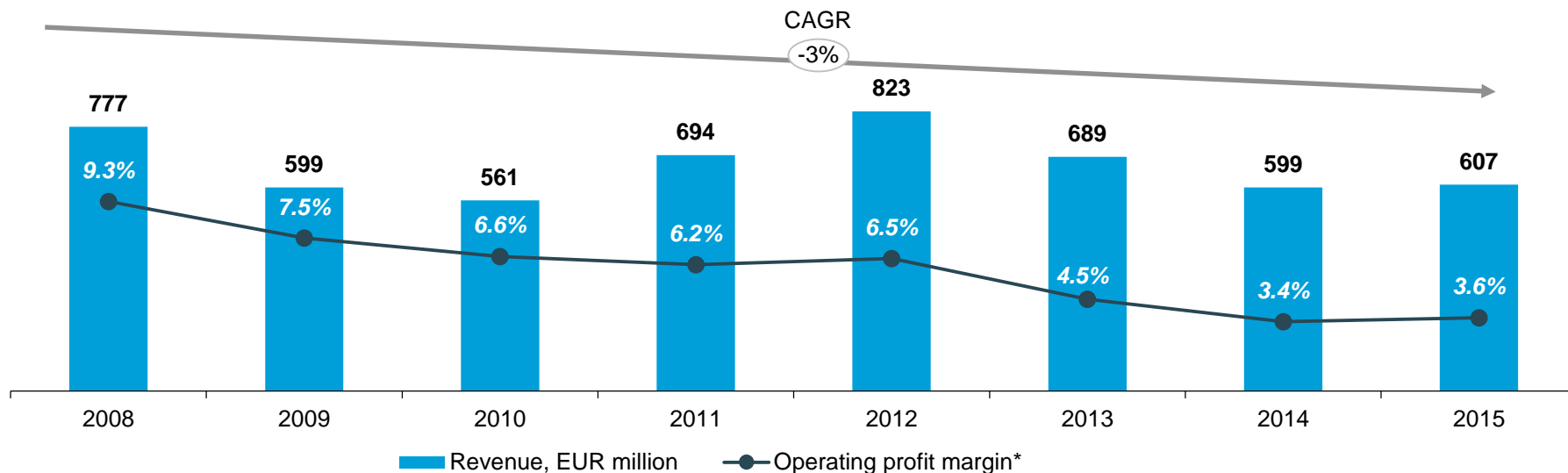
Retail trade confidence in the Baltic countries and Slovakia



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

# Business Premises and Infrastructure, long-term development

2008	2009	2010	2011	2012	2013	2014	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 stable, some improvement in profitability</li> <li>• Strong order backlog gives positive outlook</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 21.9 million



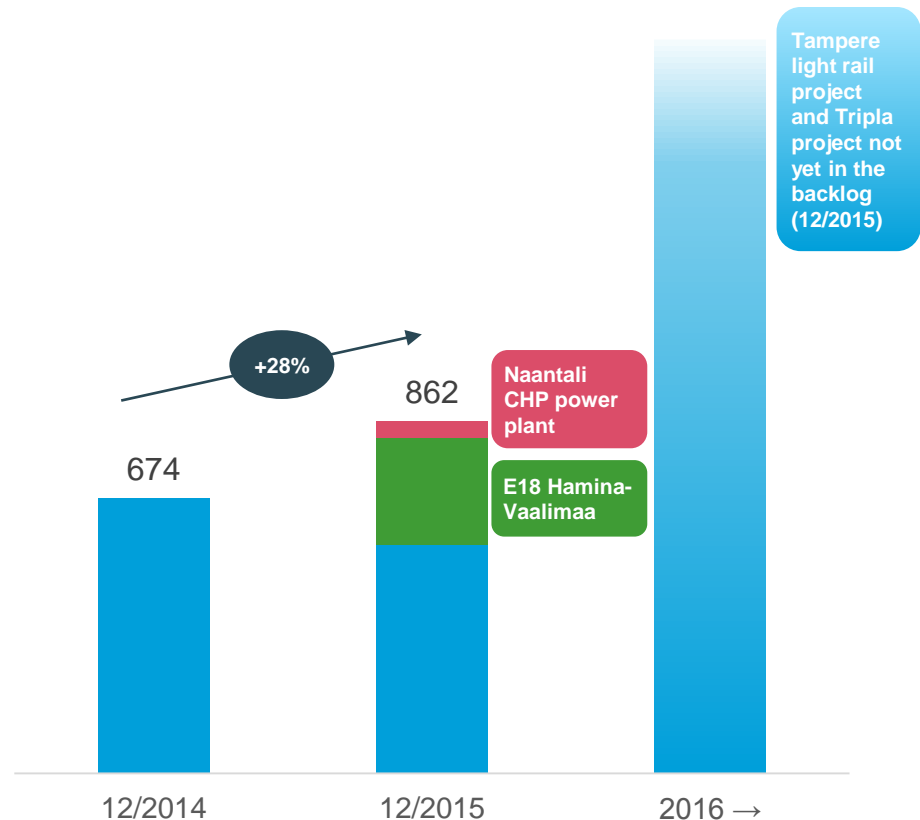
\* Excluding non-recurring items

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.

# Strong order backlog – solid foundation for future growth

- 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
- 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





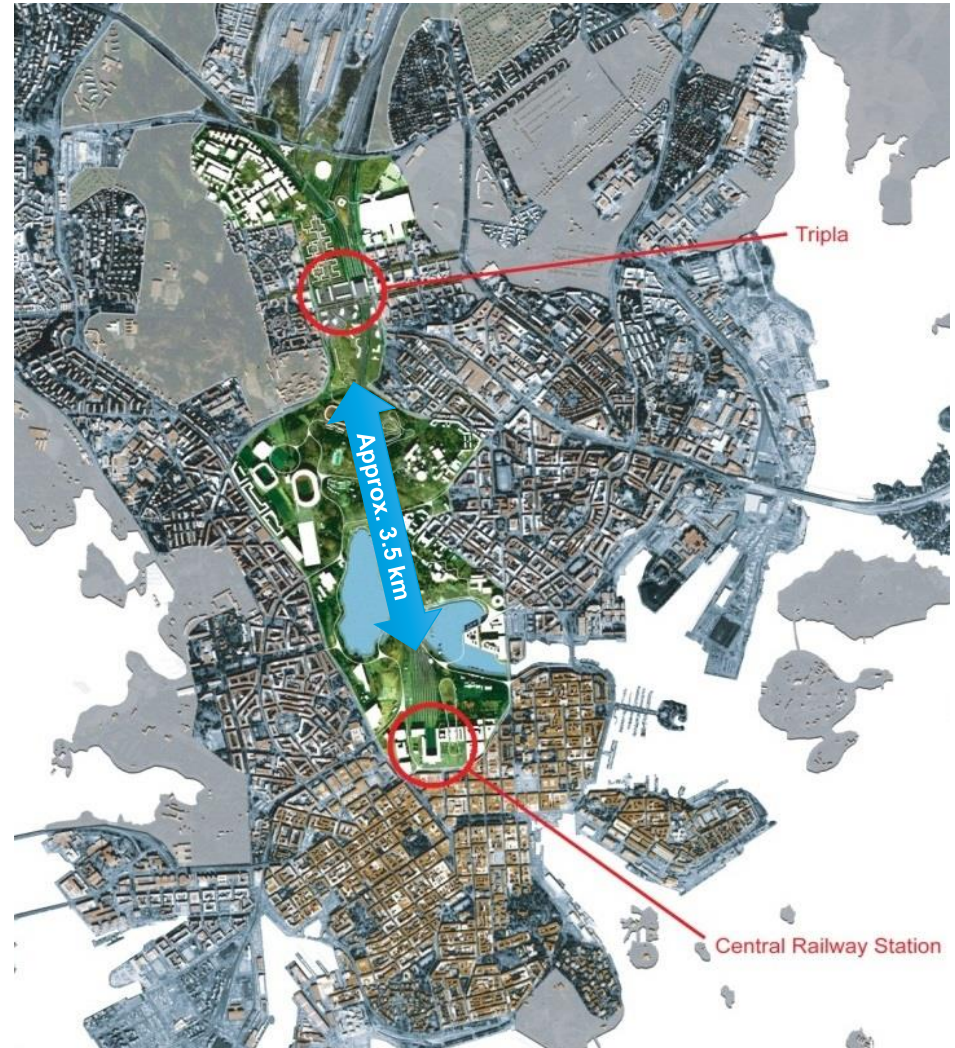
# Tripla project supports growth in the coming years

## 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

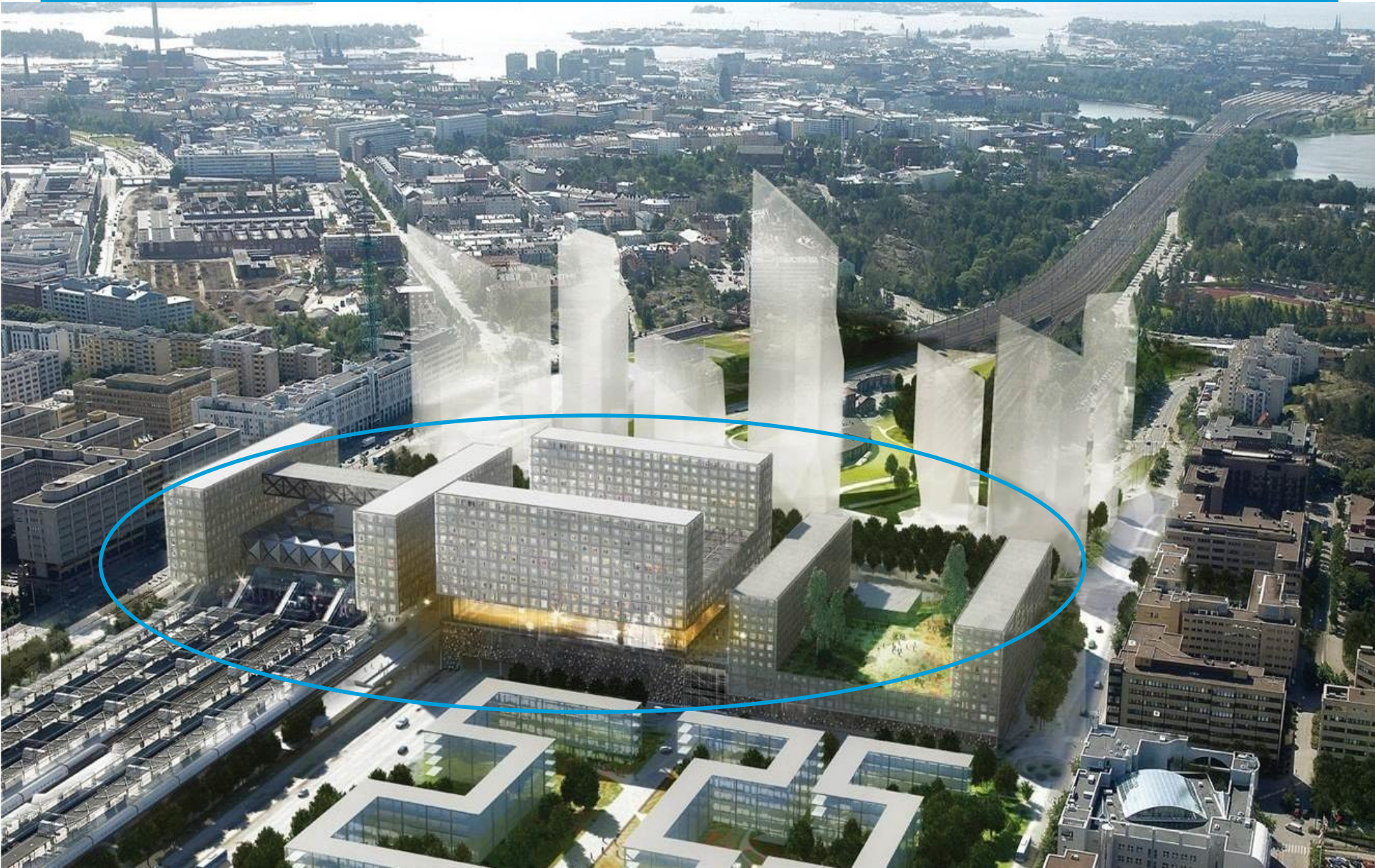
## The location

- 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

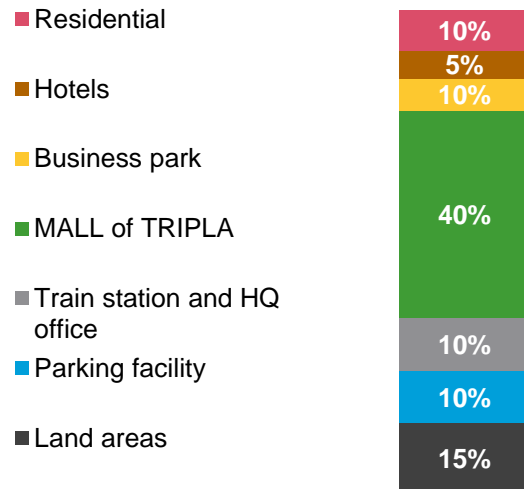




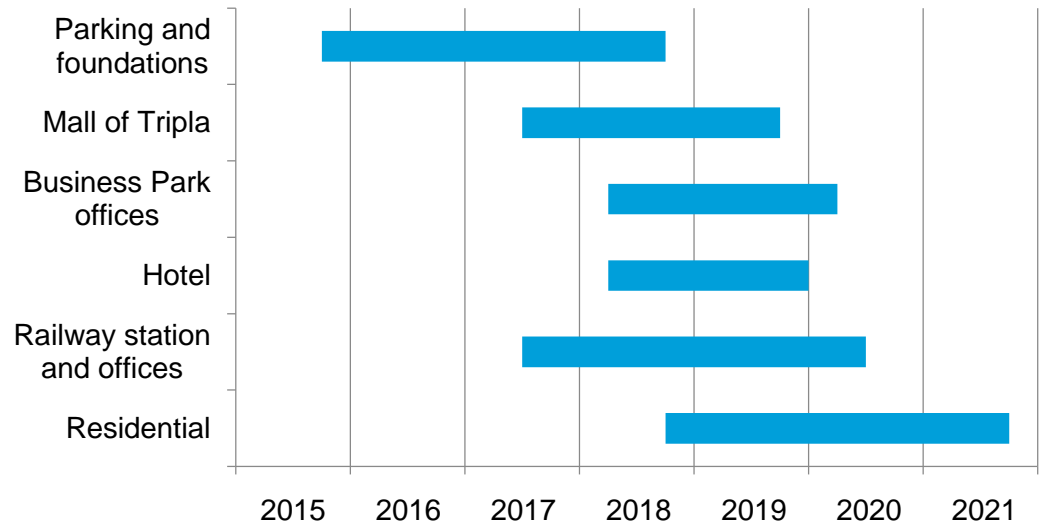
# Tripla project – a letter of intent signed to establish a JV

- LOI signed in December 2015 to establish a joint venture to implement the Mall of Tripla and the parking facility
  - The aim is to sign the final project agreements in early 2016
  - YIT's share of ownership 35%, Etera's 35% and Fennia's and Onvest's 15% each
- Building permit for the first implementation phase, the parking facility, was granted in November 2015, the excavation work is underway
- Purchase agreement on the Tripla plots signed in early March 2016
- Close negotiations with tenants have continued, new 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
- Letter of intent signed on establishing a JV
- Good interest from 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	10-12/2015	10-12/2014	Change	1-12/2015	1-12/2014	Change
Revenue	468.5	461.0	2%	1,651.2	1,801.2	-8%
Operating profit	16.6	19.0	-12%	65.7	114.0	-42%
Operating profit margin, %	3.6%	4.1%		4.0%	6.3%	
Operating profit, excluding non-recurring items	16.6	31.4	-47%	76.0	126.4	-40%
Operating profit margin, %, excluding non-recurring items	3.6%	6.8%		4.6%	7.0%	
Order backlog	2,172.9	2,125.9	2%	2,172.9	2,125.9	2%
Profit before taxes	6.1	8.5	-29%	27.0	75.0	-64%
Profit for the review period*	4.6	5.5	-17%	20.0	56.6	-65%
Earnings per share, EUR	0.04	0.04	-17%	0.16	0.45	-65%
Earnings per share, EUR, excluding non-recurring items	0.04	0.12	-70%	0.23	0.53	-57%
Operating cash flow after investments	43.4	139.9	-69%	183.7	151.9	21%
Return on investment, last 12 months, %	5.3%	7.7%		5.3%	7.7%	
Dividend per share, EUR				0.22	0.18	22%
Equity ratio, %	35.5%	32.4%		35.5%	32.4%	
Interest-bearing net debt (IFRS)	529.0	696.0	-24%	529.0	696.0	-24%
Gearing (IFRS), %	101.1%	129.9%		101.1%	129.9%	
Personnel at the end of the period	5,340	5,881	-9%	5,340	5,881	-9%

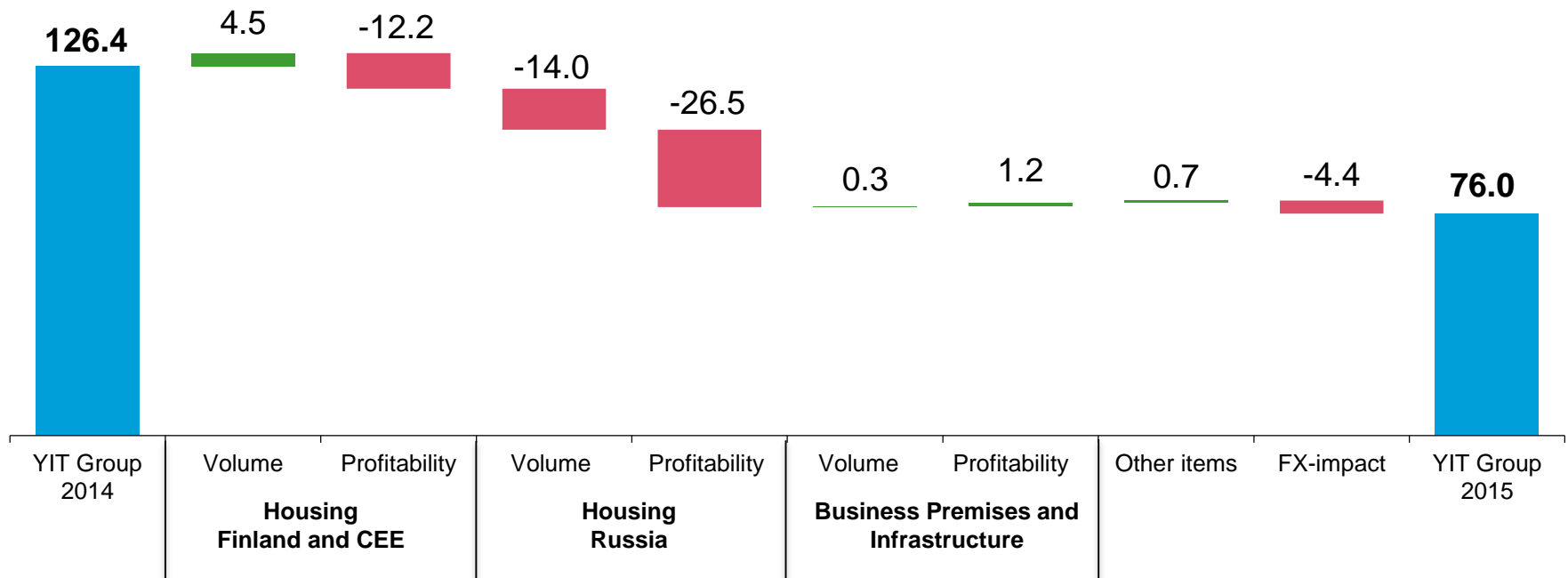
\* Attributable to equity holders of the parent company

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

# EBIT – bridge 2014 – 2015

- Profitability burdened by Housing Russia segment's low revenue and weakened project margins as well as the actions to ensure strong cash flow

EBIT, excluding non-recurring items (EUR million), change 2014 – 2015: -40%



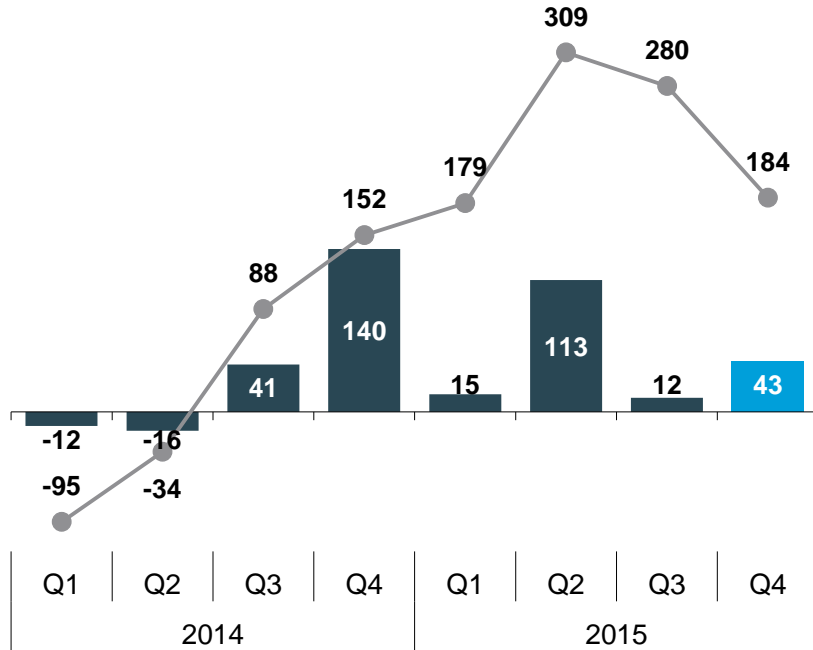


# Strong cash flow in 2015

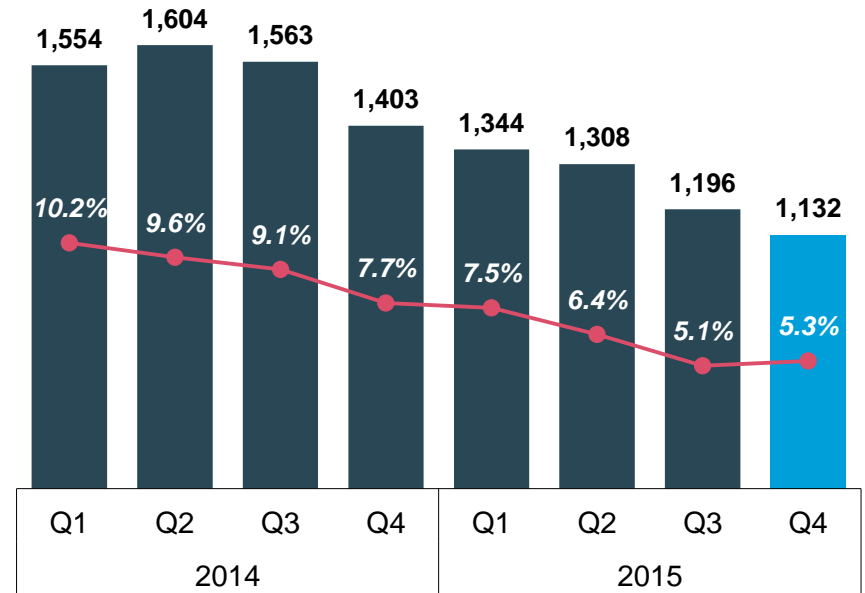
Operating cash flow after investments (EUR million)

2014: EUR 152 million

2015: EUR 184 million



Invested capital and ROI (EUR million, %)

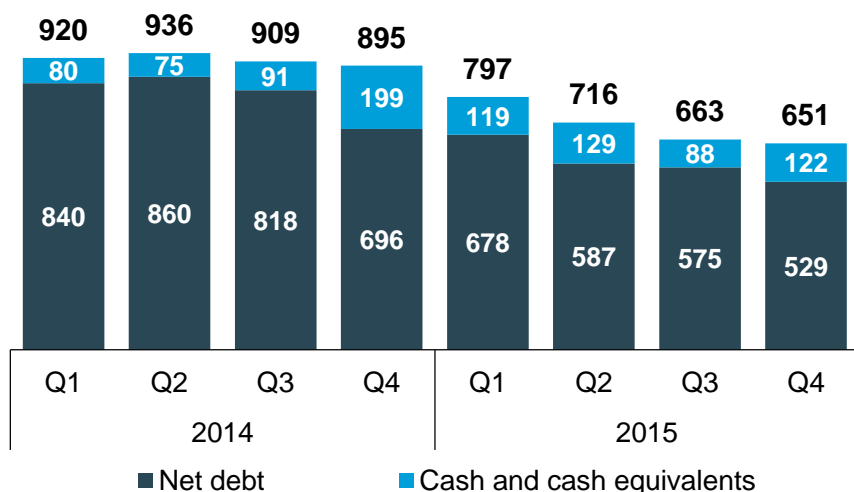


Operating cash flow after investments  
 Rolling 12 months

Invested capital
  ROI

# Net debt decreased further

Interest-bearing debt (EUR million), IFRS



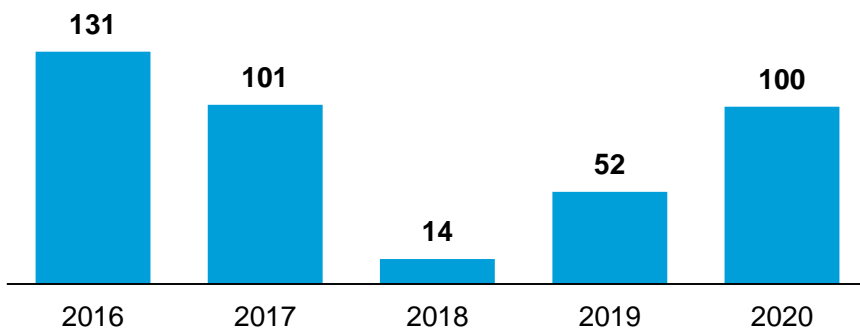
## Strong liquidity buffer

- Cash and cash equivalents of EUR 122.2 million
- Overdraft facilities of EUR 64.5 million of which EUR 63.2 million unused
- Undrawn committed revolving credit facility of EUR 300 million

## Bond issue conducted during Q1/2015:

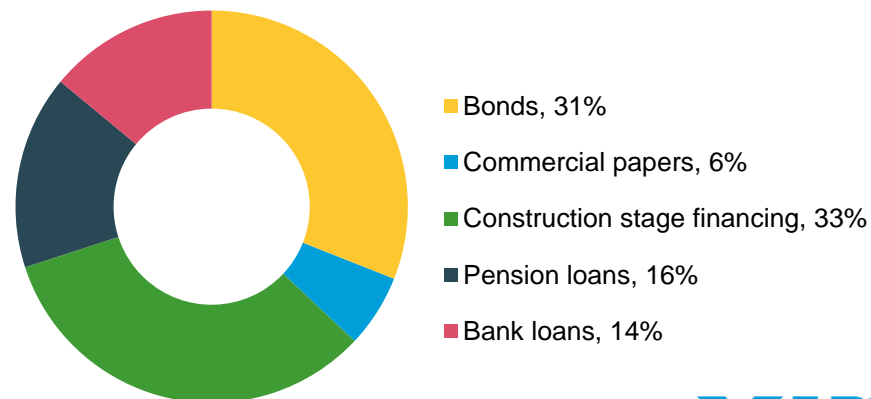
- Unsecured EUR 100 million bond as a private placement to two domestic institutional investors
- Maturity on March 25, 2020, a coupon of 6.25%
- The bond has a call-option and a covenant; the equity ratio (IFRS) has to be at least 25.0%

Maturity structure of long-term debt 12/2015 (EUR million)\*



\* Excluding construction stage financing

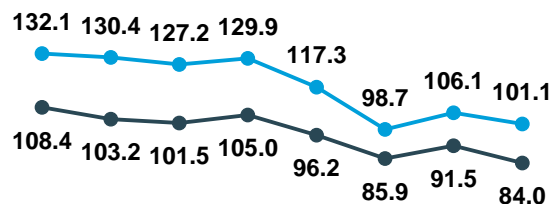
Debt portfolio at the end of the period 12/2015, EUR 651 million



# Minor improvement in financial key ratios

- Positive development from the decrease in net debt was offset by weakening of the ruble
- Excess cash weakened the equity ratio by around 1.5 pp

### Gearing (%)

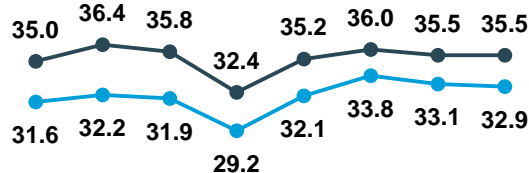


Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2014				2015			

● 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 (%)

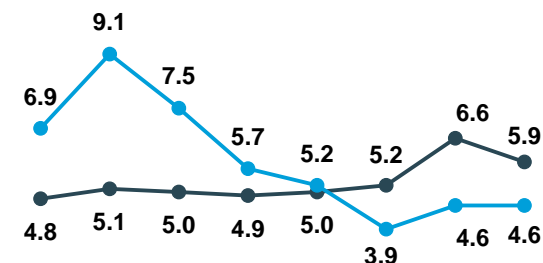


Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2014				2015			

● POC ● IFRS

Financial covenant tied to the equity ratio (minimum level of 25.0%, IFRS) in bank loans, the syndicated RCF agreement and the bond issued in 2015.

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



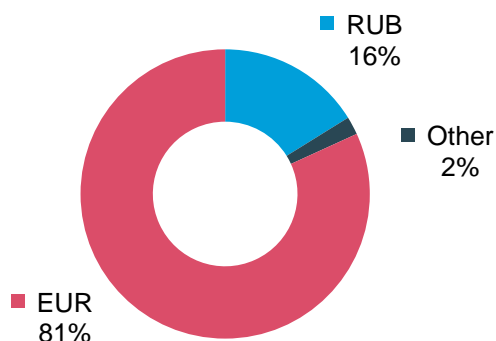
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2014				2015			

● POC ● IFRS



# Ruble weakened in Q4

## Revenue split 2015



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

	Q4/2015	2015
Revenue, POC <sup>1)</sup>	-9.5	-88.1
EBIT, POC <sup>1)</sup>	-0.6	-1.3
EBIT excl. non-recurring items, POC <sup>1)</sup>	-0.6	-4.4
Order backlog, POC	-51.4 <sup>2)</sup>	-57.5 <sup>3)</sup>
Equity, IFRS (translation difference)	-26.3 <sup>2)</sup>	-32.9 <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 Q4
  - Average EUR/RUB rate in 2015: 67.99 (2014: 51.04)
  - Quarter-end EUR/RUB rate: 80.67 (Q3/2015: 73.24)

## 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 98.6 million in 12/2015 to Russian subsidiaries
- Equity and equity-like investments in foreign currency not hedged
  - Considered to be of permanent nature
  - FX changes recognized as translation difference in equity
  - Exposure in Russian subsidiaries: EUR 219.0 million in 12/2015

# Good progress in capital release

Target for capital release	Actions in Q4/2015	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, value EUR ~17 million</li> </ul>	<ul style="list-style-type: none"> <li>EUR ~31 million</li> </ul>
Selling self-developed business premises projects in Finland (under construction) EUR 80 million	<ul style="list-style-type: none"> <li>Sale of Avia Line III office premise, value over EUR 8 million</li> </ul>	<ul style="list-style-type: none"> <li>EUR ~80 million</li> </ul> 
Slow-moving assets >EUR 150 million*	<ul style="list-style-type: none"> <li>Several smaller deals in Finland, Russia and CEE: EUR 10 million</li> </ul>	<ul style="list-style-type: none"> <li>EUR ~87* 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 ~40 million of plots sold to funds</li> </ul>	<ul style="list-style-type: none"> <li>The value of plots financed by external partners EUR ~108 million</li> </ul> 

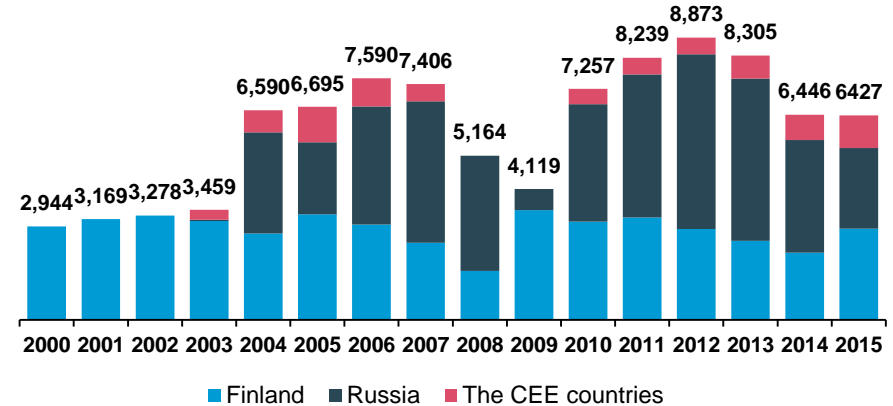
\* Target set at the balance sheet rate at 9/2013: EUR/RUB 43.8240, cumulative progress calculated using the same EUR/RUB rate.

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

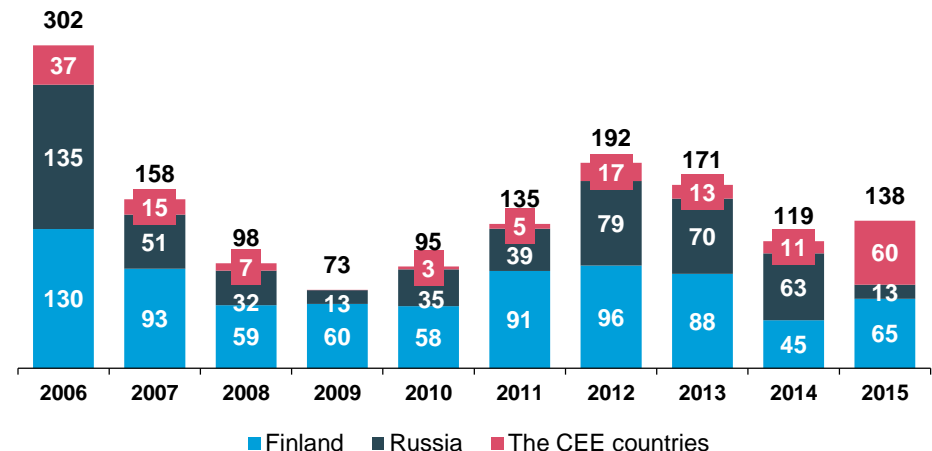
# Good financial flexibility

- 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 2000-2015 (units)



Cash flow of plot investments 2006-2015 (EUR million)

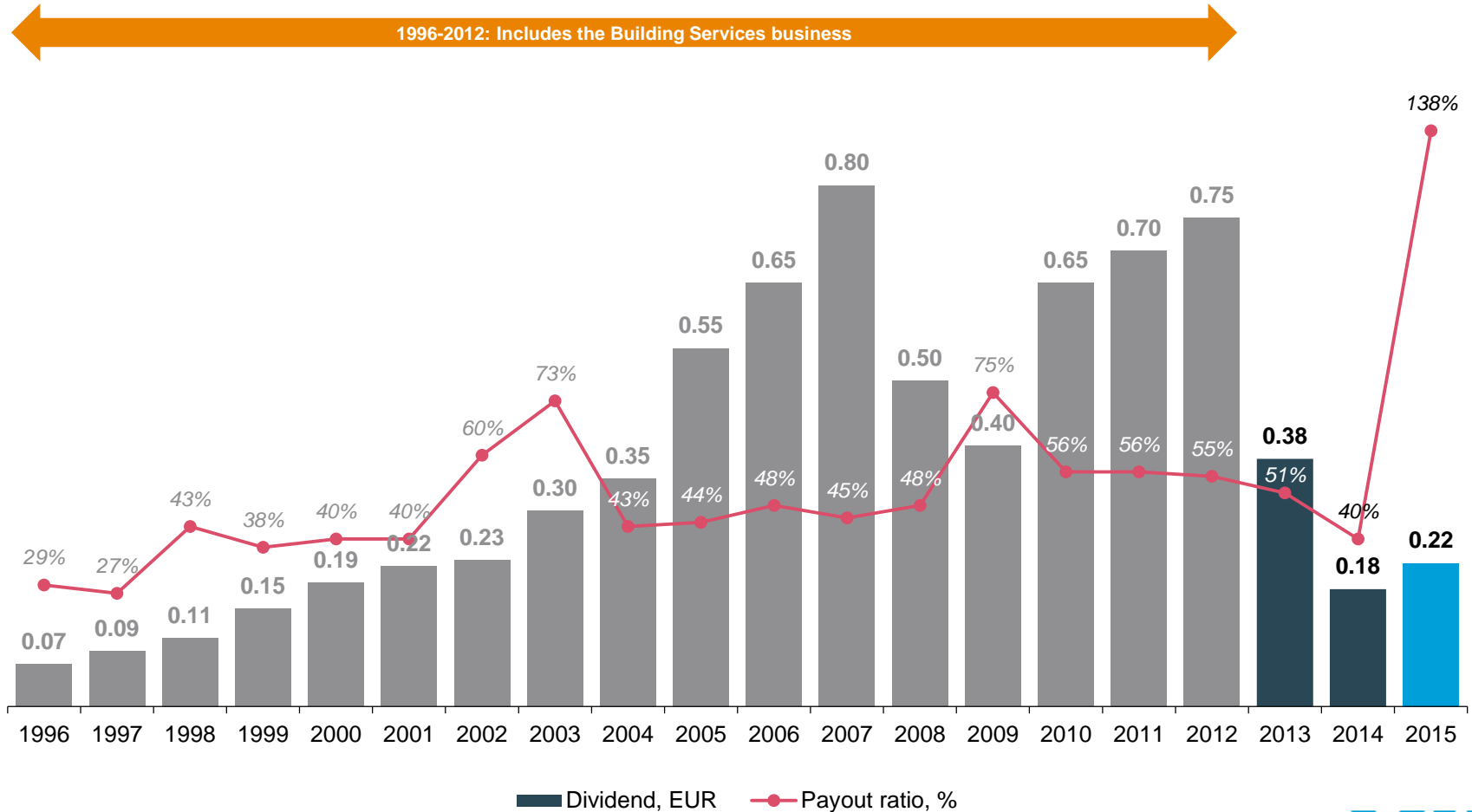




# Dividend payout target 40-60% of net profit for the period

## Dividend / share (EUR)

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



# 7

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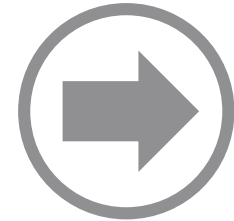
Looking  
ahead and  
conclusions



# Market outlook, expectations for 2016

## Finland

- Consumers cautious, demand to focus on small and affordable apartments in growth centres
- Investor activity to remain on a good level but even more focus will be paid on the location
- Price polarisation, especially between small and large apartments
- Availability of mortgages good
- Modest tenant interest for business premises, investor activity on a good level. Focus on prime locations in the Capital region
- Business premises contracting to pick up slightly
- Infrastructure market to remain stable



## Russia

- Weak visibility
- Construction costs to increase
- Residential prices stable in nominal terms
- Residential demand to focus on small apartments that are completed or close to completion
- Uncertainty regarding the mortgage market due to the unpredictable future of the government subsidy program



## CEE

- The improved economic situation to support residential and business premises demand
- Access to financing to remain good and interest rates to remain on a low level
- Residential prices are estimated to increase in the Czech Republic, Slovakia and Lithuania, and to remain stable in Poland, Estonia and Latvia



# Guidance for 2016 (segment reporting, POC)

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

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

- Around half of 2016 revenue from sold projects and signed pre-agreements, assuming that large projects such as Tripla progress as planned. The rest from new sales and capital release
- In Business Premises and Infrastructure, the growing volume and the improved margin content of the order backlog are estimated to support the segment's adjusted operating profit
- The demanding market environment in Russia is expected to keep the profitability of Housing Russia on a low level
- Similarly to the year 2015, investor projects' share of revenue is estimated to remain high in Housing Finland and CEE, which impacts the segment's adjusted operating profit margin negatively
- Capital release is expected to dilute the adjusted operating profit margin
- Q1 expected to be the weakest quarter in terms of the adjusted operating profit

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





# 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**

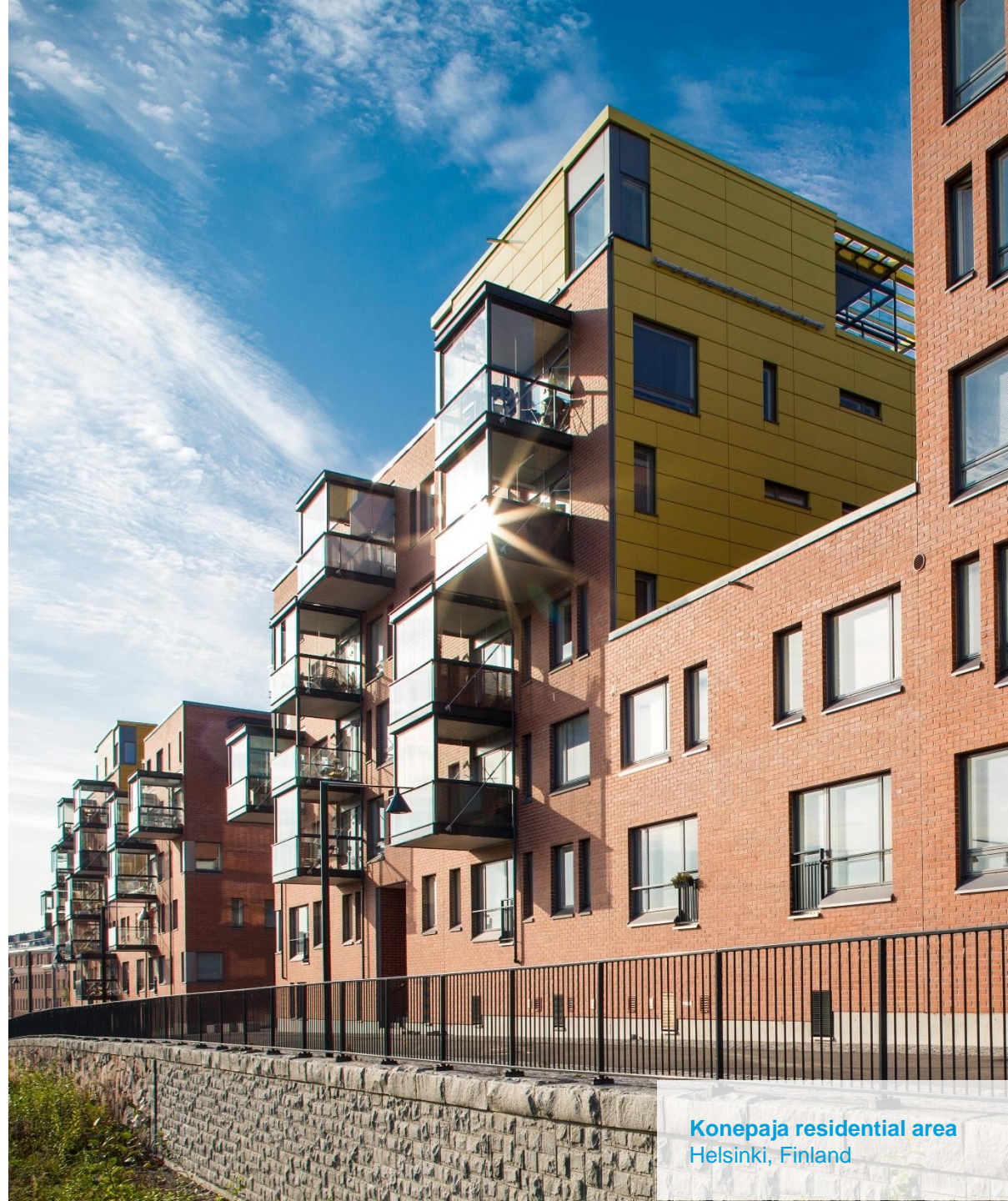
Photo: Jetro Matilainen, Finnish Transport Agency



# 8

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## Appendices

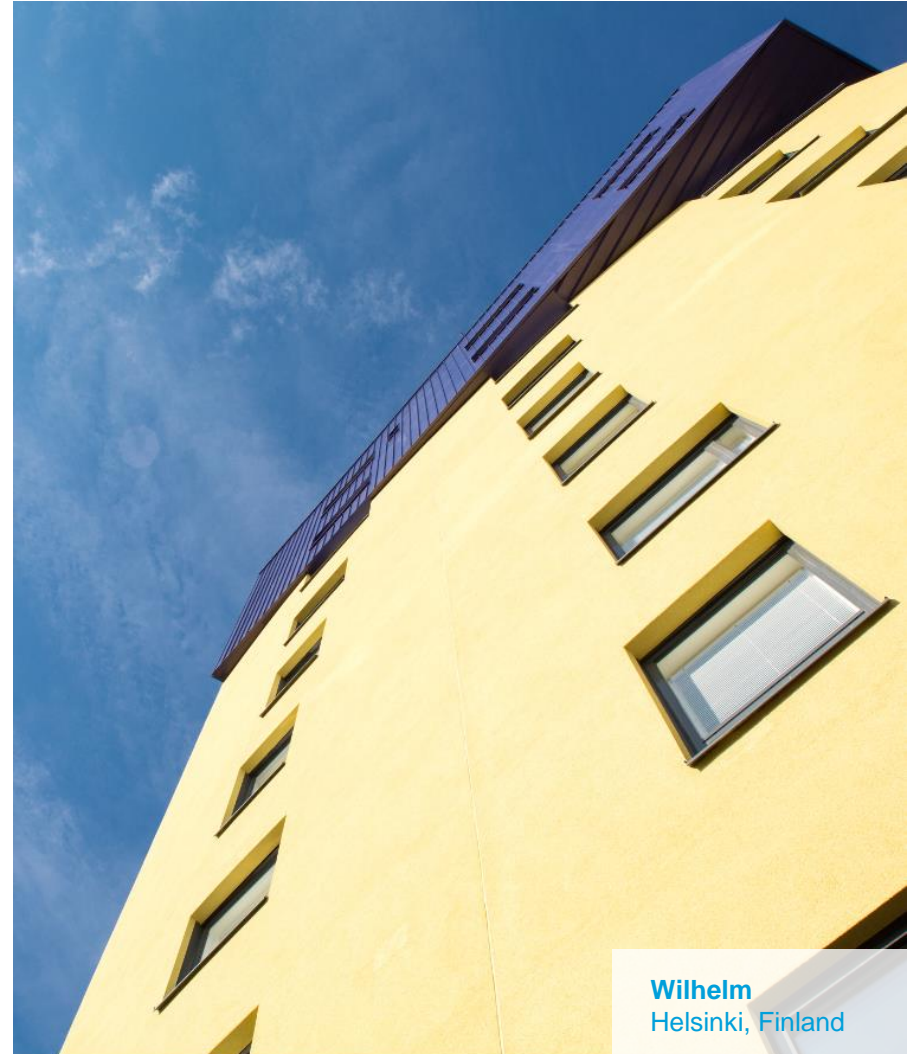


Konepaja residential area  
Helsinki, Finland



# Appendices

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





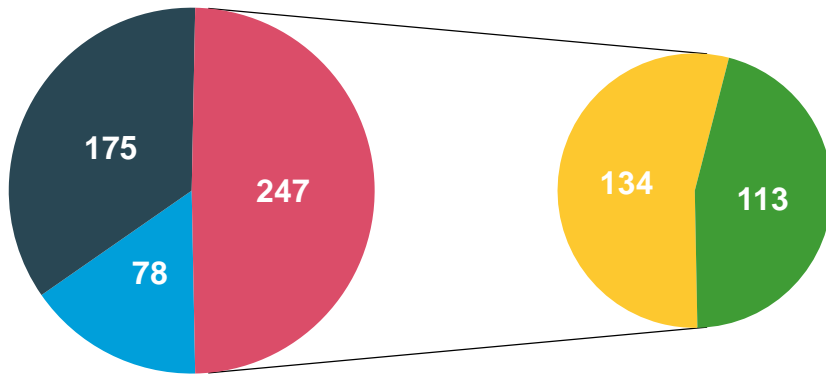
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## Additional financial information



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

Plot reserves in the balance sheet 12/2015, EUR 500 million

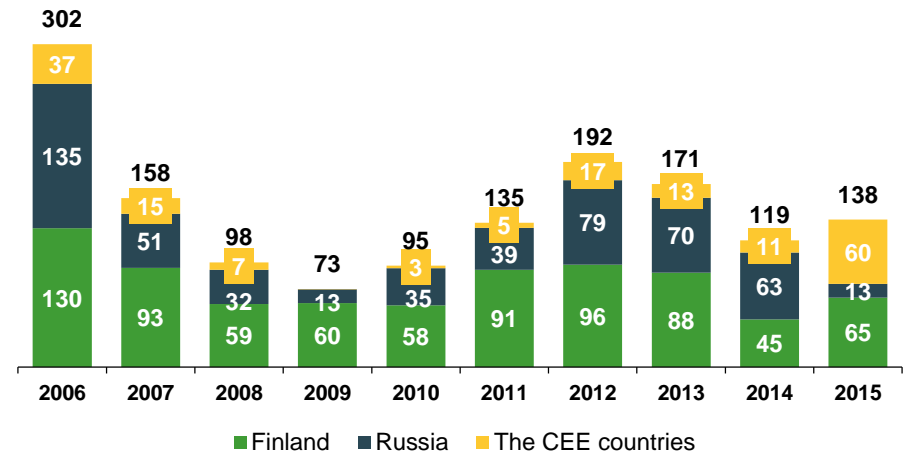


- Business Premises and Infrastructure
- Housing Russia\*
- Housing Finland and CEE
- Finland
- The CEE countries

Use of plot reserves in 2015, EUR 109 million

Housing Finland and CEE	64
Finland	55
The CEE countries	9
Housing Russia**	29
Business Premises and Infrastructure	16

Cash flow of plot investments 2006-2015 (EUR million)

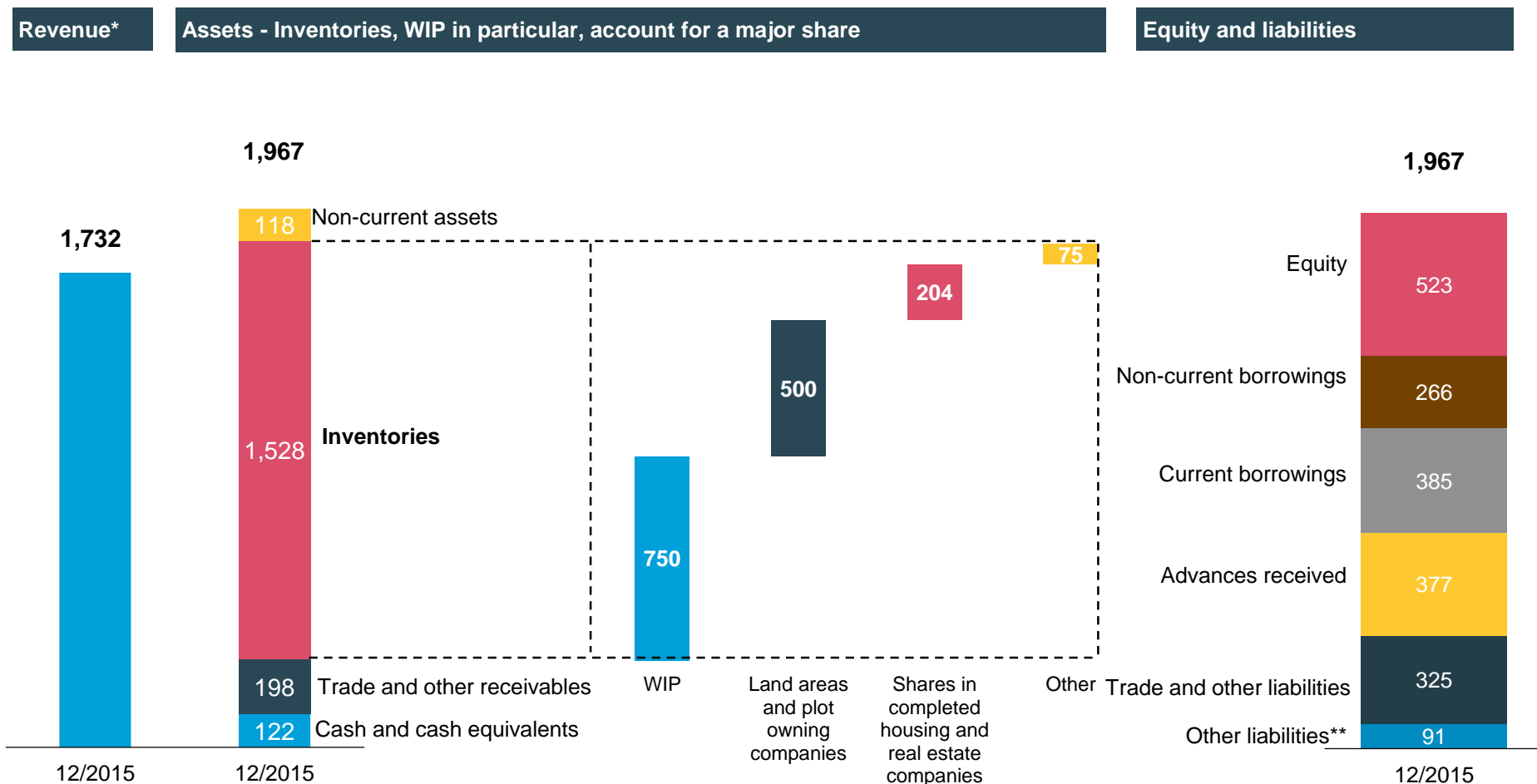


\*Includes Gorelovo industrial park

\*\* Calculated at the 12/2015 EUR/RUB exchange rate: 80.6736

# Consolidated balance sheet

## December 31, 2015 (EUR million)



Note: Figures based on Group reporting (IFRS)

\* Last 12 months

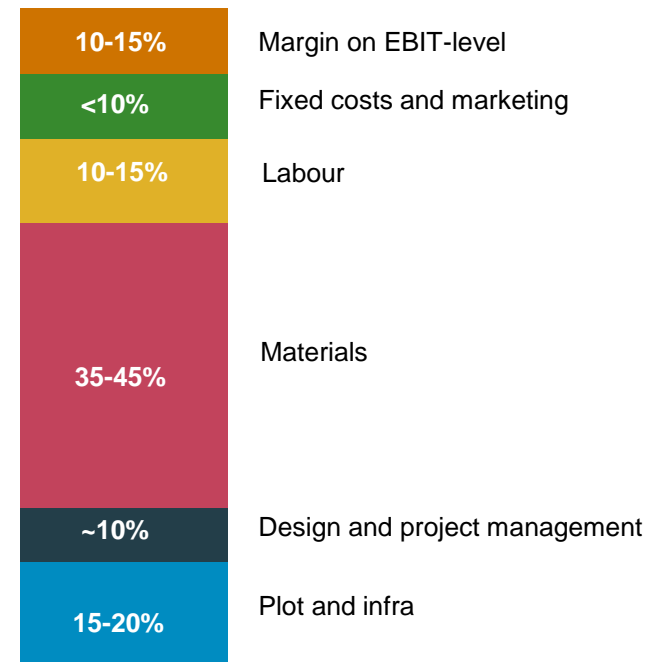
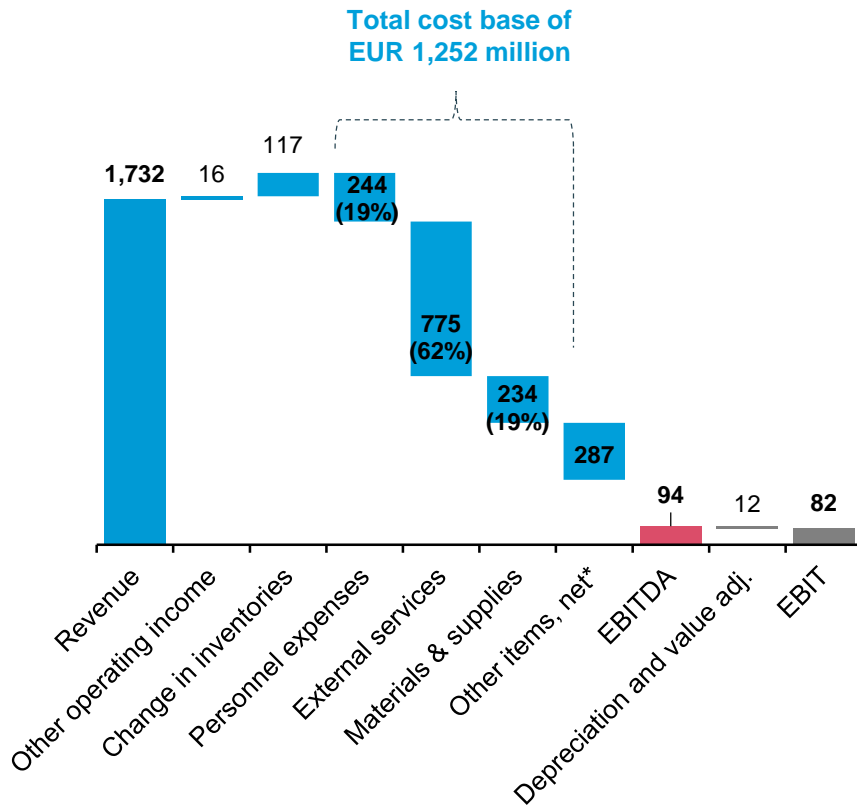
\*\* Includes deferred tax liabilities, pension obligations, provisions and other liabilities

# YIT's cost base in 2015

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

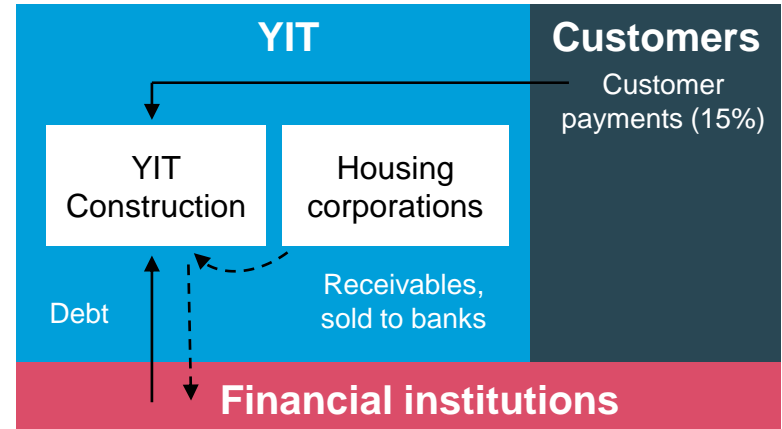
### Limited refinancing risk:

- 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

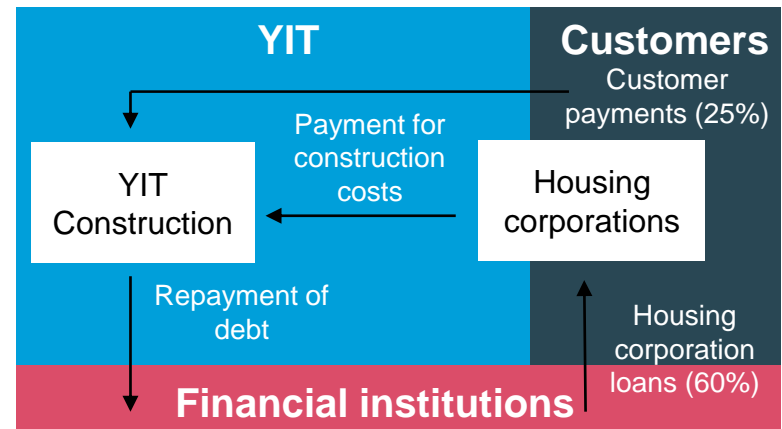
### → Refinancing of the sold receivables

- 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.

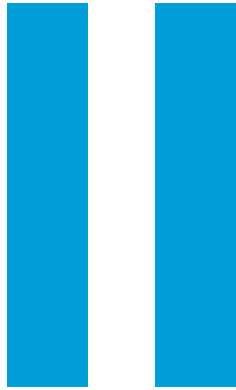
## During construction:



## Upon completion:







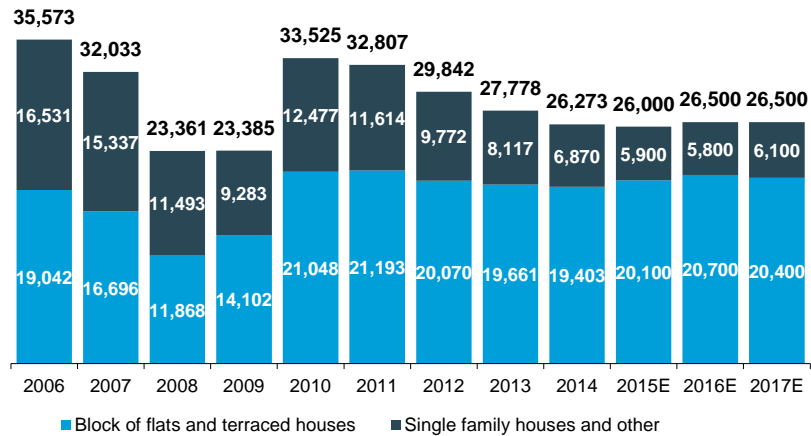
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# Housing indicators



# Finland – Start-ups expected to increase in 2016

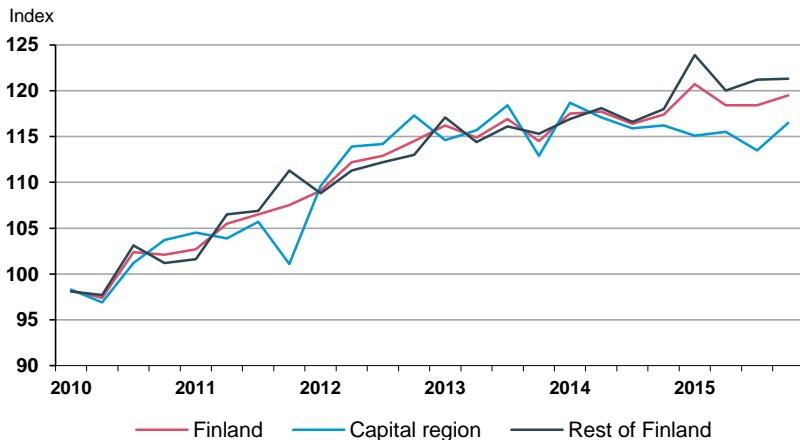
## Residential start-ups, units



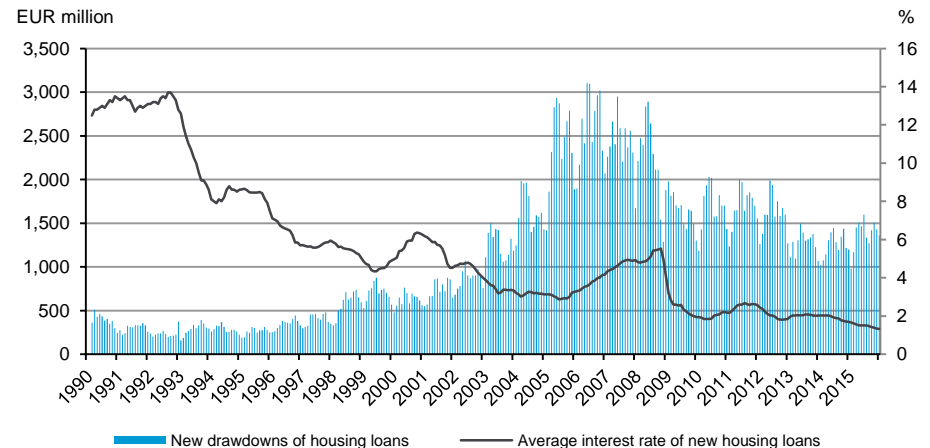
## Consumer confidence - Views on economic situation in one year



## Prices of new dwellings



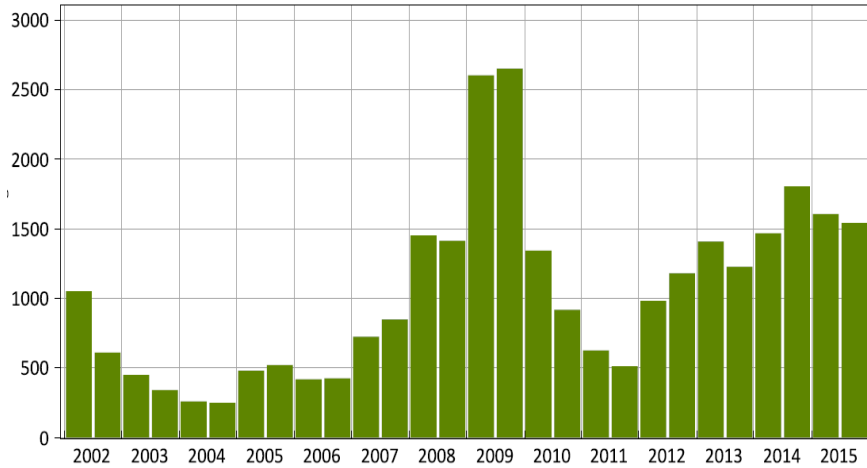
## Volume of new mortgages and average interest rate



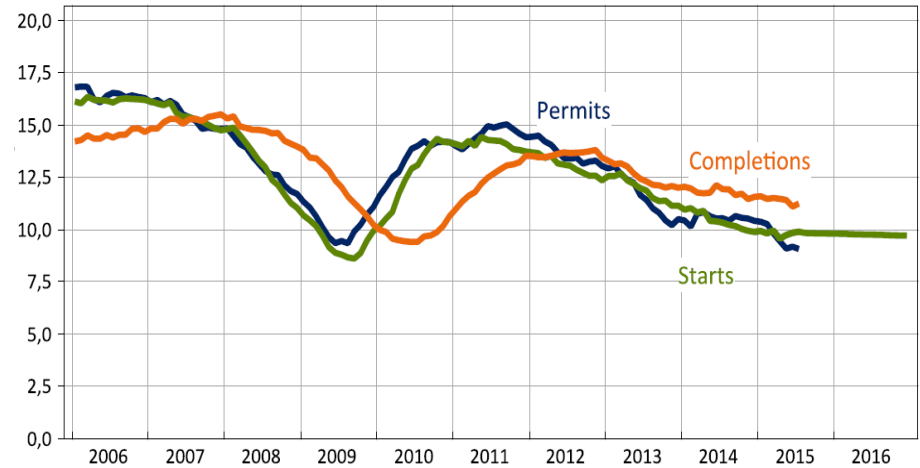
Sources: Residential start-ups: 2006-2014 Statistics Finland; 2015 - 2017E Euroconstruct, Consumer confidence: Statistics Finland, Residential prices: Statistics Finland  
Loans and Interest rates: Bank of Finland

# Housing indicators have weakened slightly in Finland

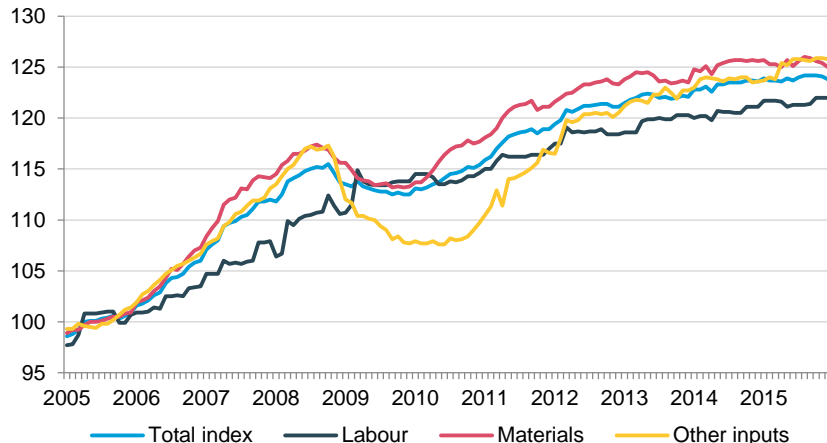
Unsold completed units (residential development projects)



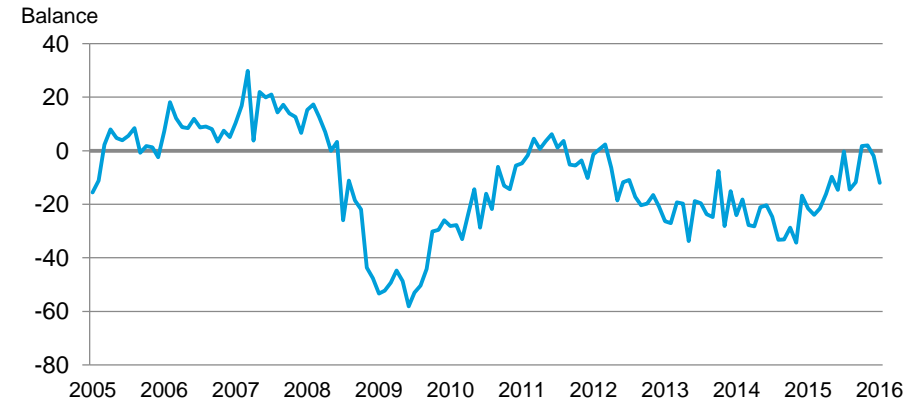
Residential building permits, start-ups and completions, million m<sup>3</sup>



Construction cost index (2005=100)

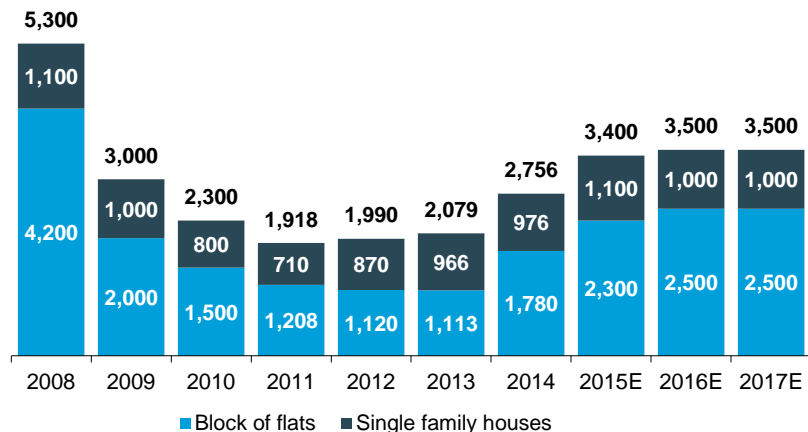


Construction confidence

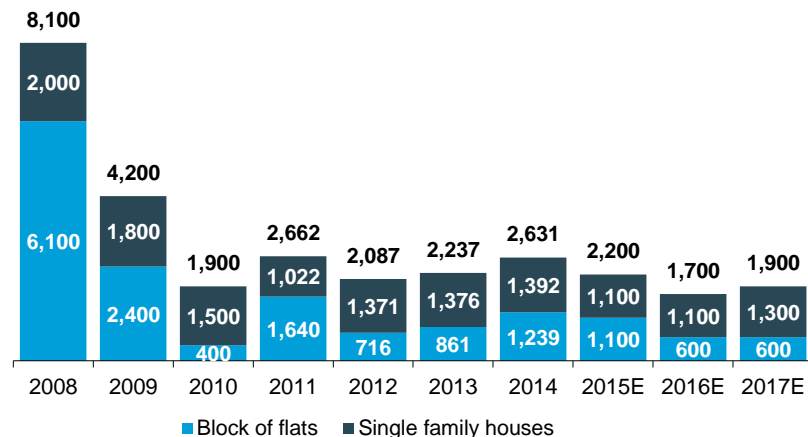


# The Baltic countries – Residential construction is expected to level off

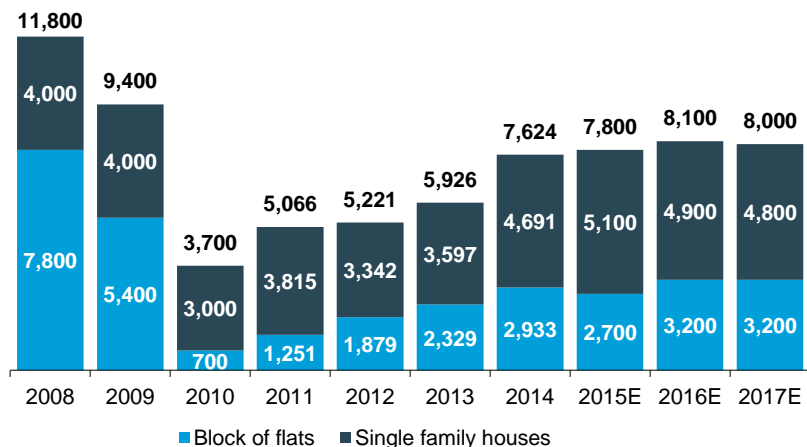
## Residential completions in Estonia, units



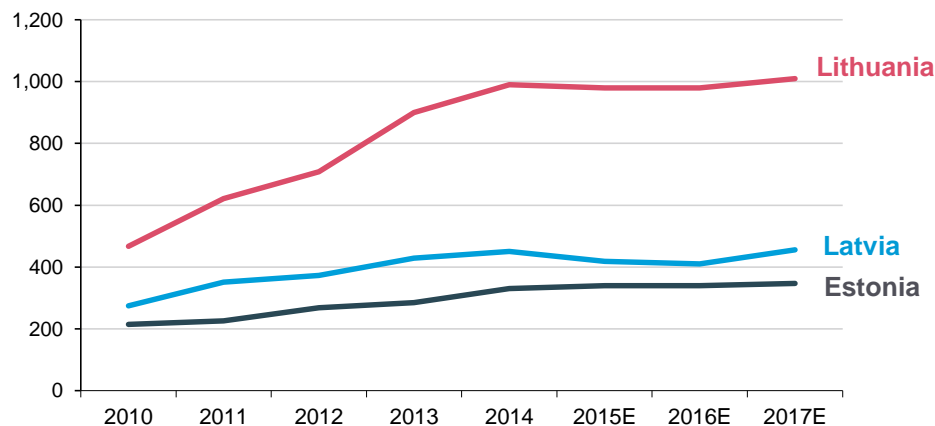
## Residential completions in Latvia, units



## Residential completions in Lithuania, units



## New residential construction volume, EUR million

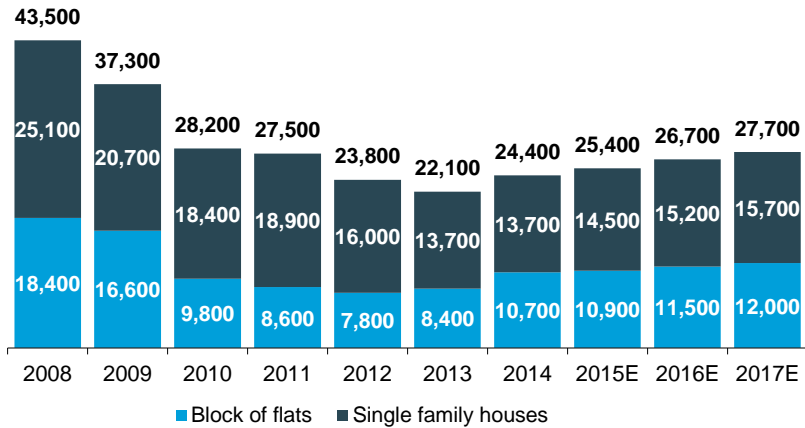


Source: Forecon, December 2015

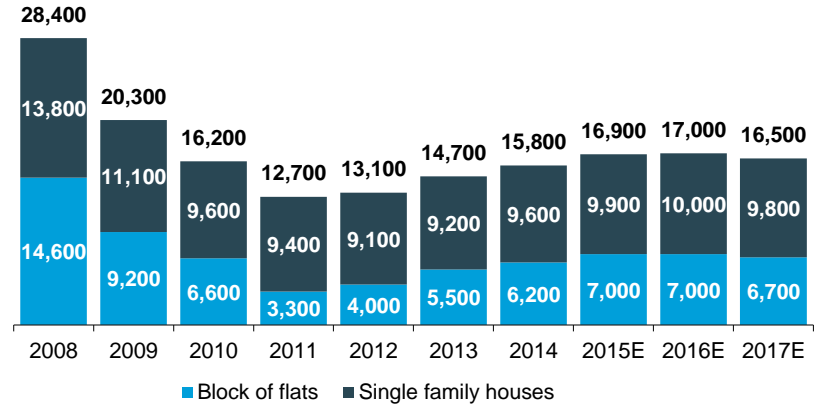


# The Czech Republic, Slovakia and Poland – Start-ups forecasted to increase in The Czech Republic and Slovakia

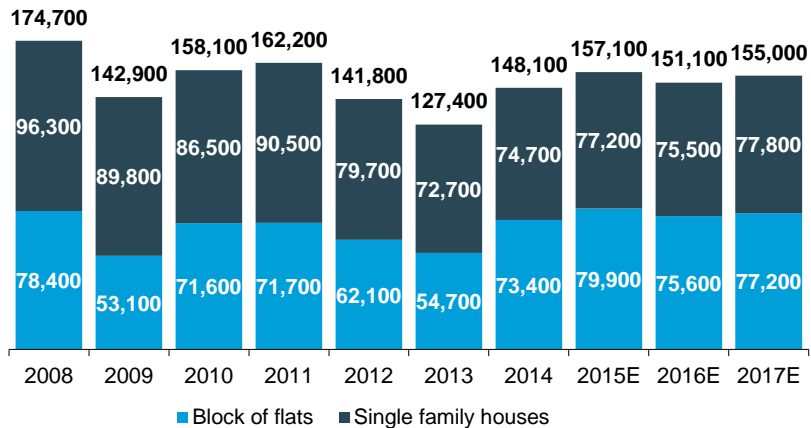
Residential start-ups in the Czech Republic, units



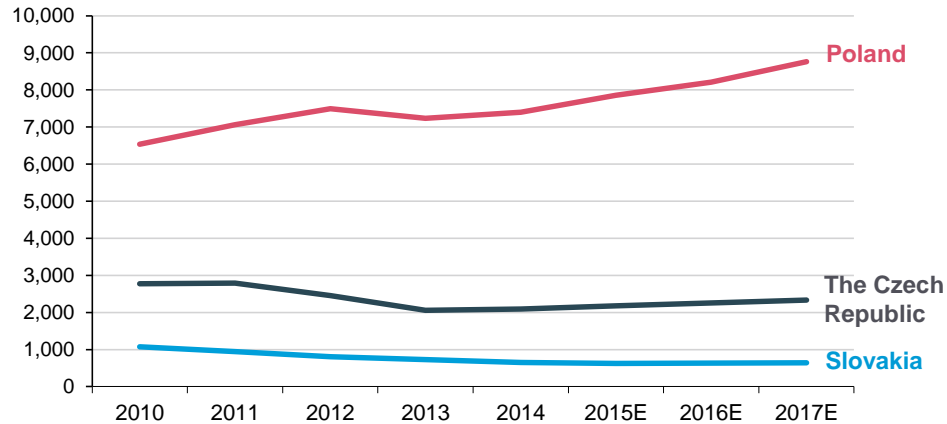
Residential start-ups in Slovakia, units



Residential start-ups in Poland, units



New residential construction volume, EUR million

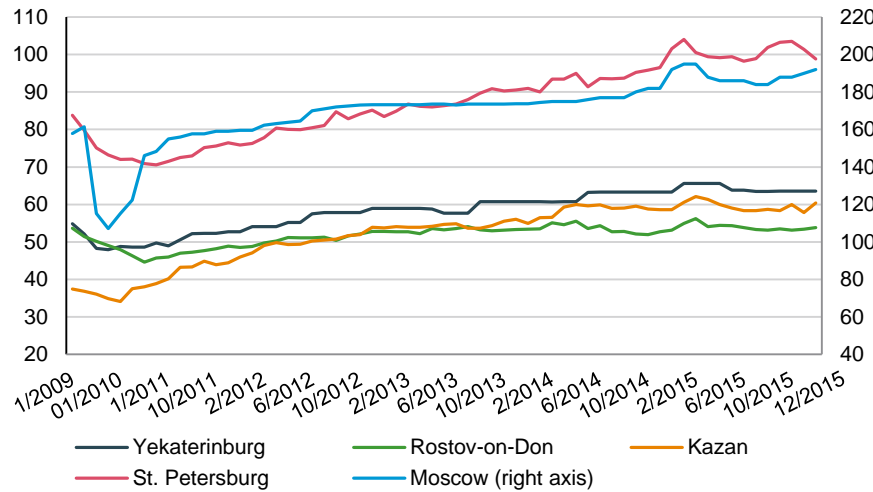


Source: Euroconstruct, December 2015

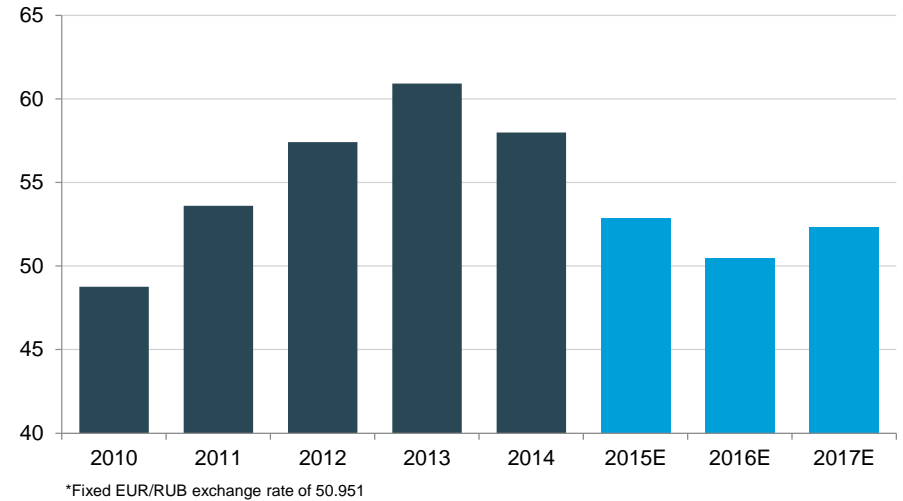


# Russia – Housing indicators

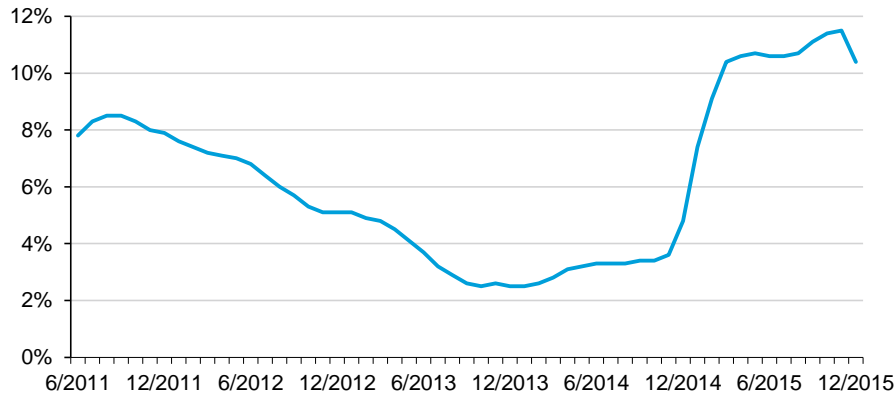
House prices in primary markets, thousand RUB per sq. m. (1/2009-12/2015)



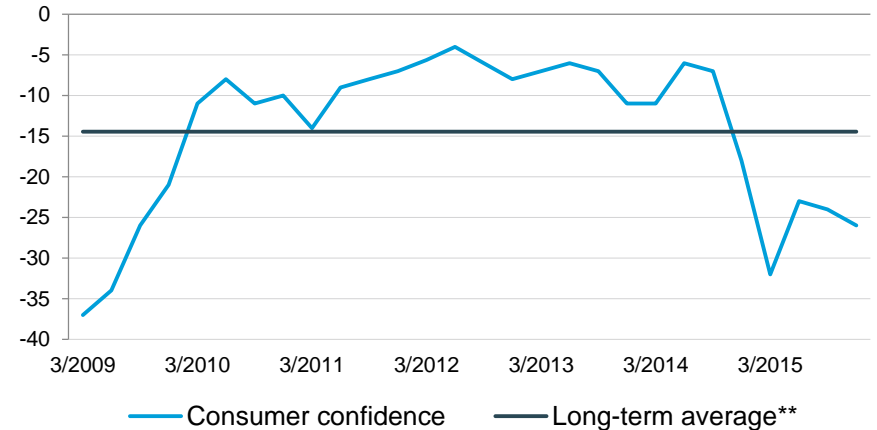
New residential construction volume, EUR billion\*



Inflation in building materials 6/2011-12/2015



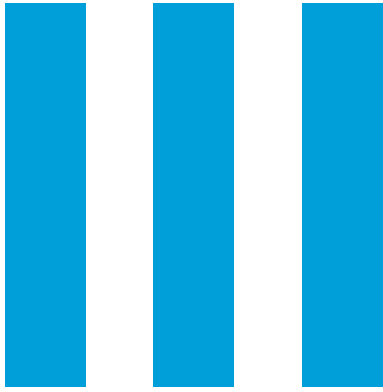
Consumer confidence



Sources: House prices: YIT, New residential construction volume: Forecon, December 2015, Inflation in building materials: PMR Construction review, February 2016, Consumer confidence: Bloomberg

\*\*Average 12/1998-9/2015





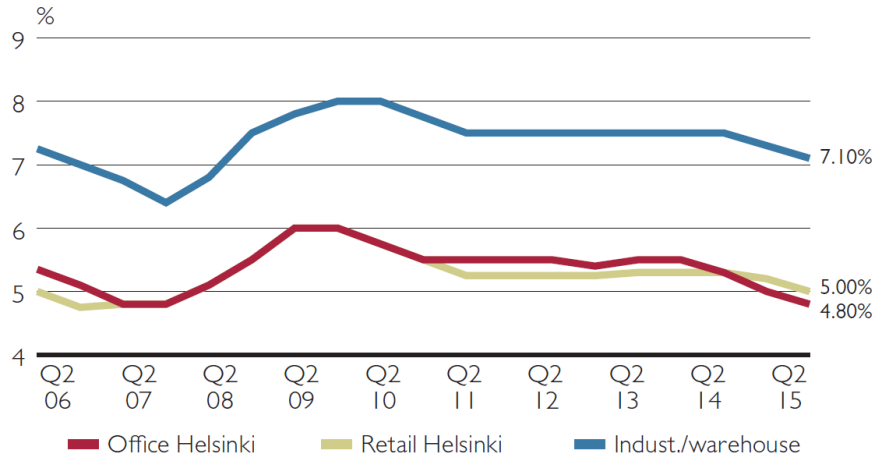
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## Business premises and infrastructure construction indicators

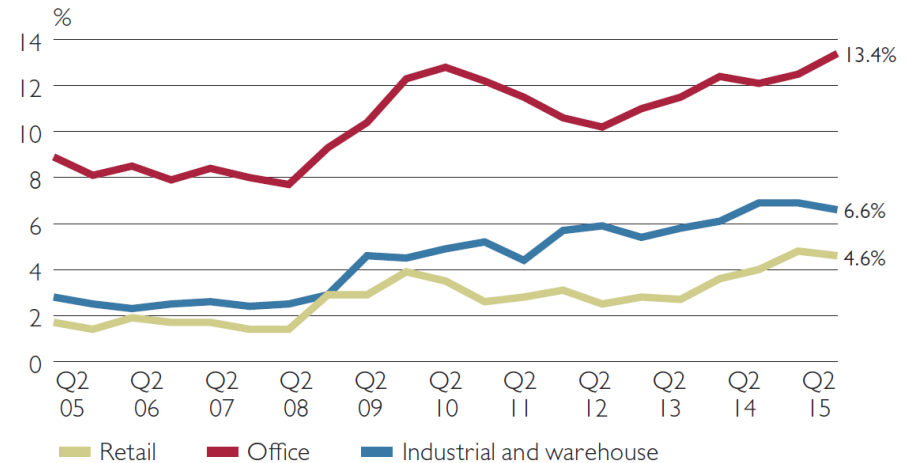


# Finland – Prime yields expected to decrease slightly

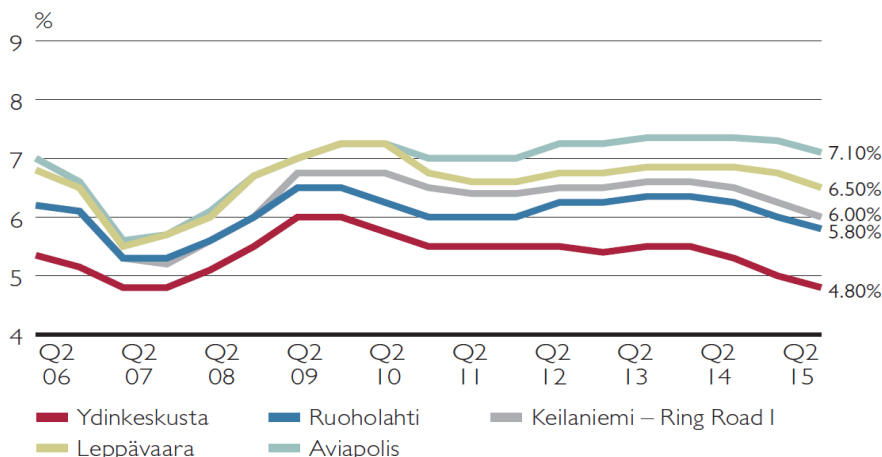
Prime yields in Helsinki Metropolitan Area, %



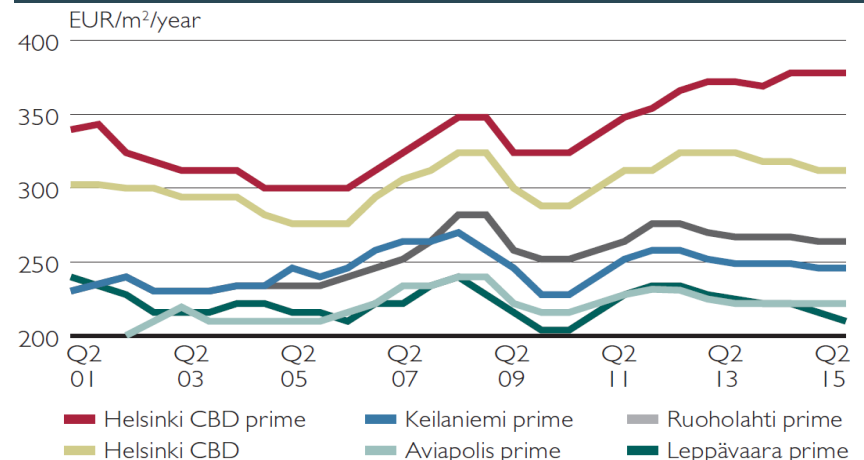
Vacancy rates in Helsinki Metropolitan Area, %



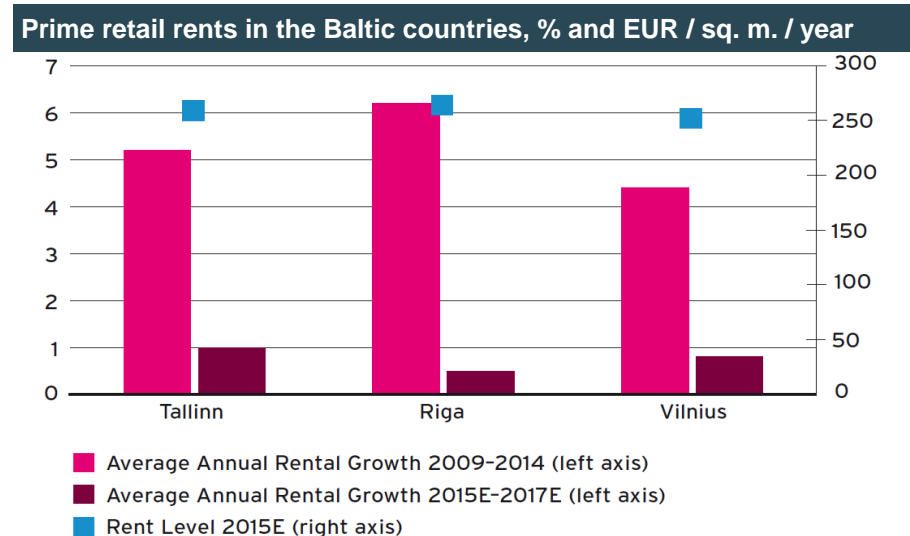
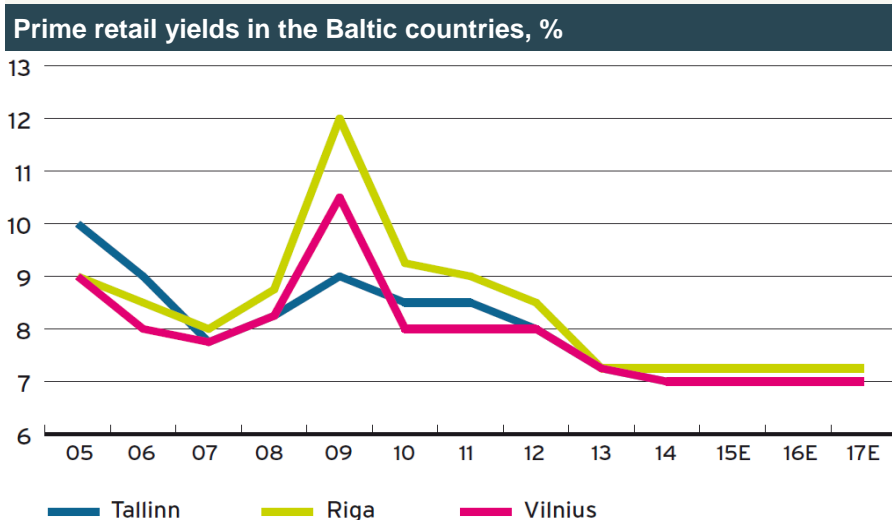
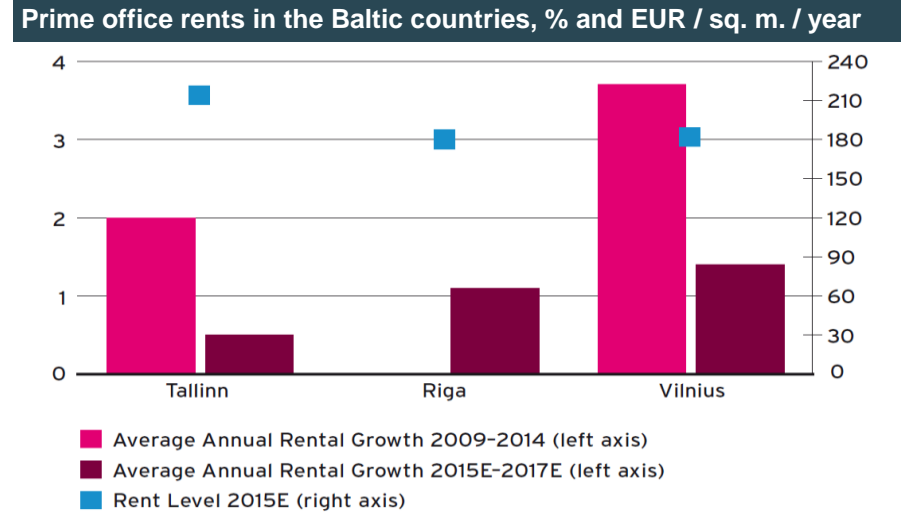
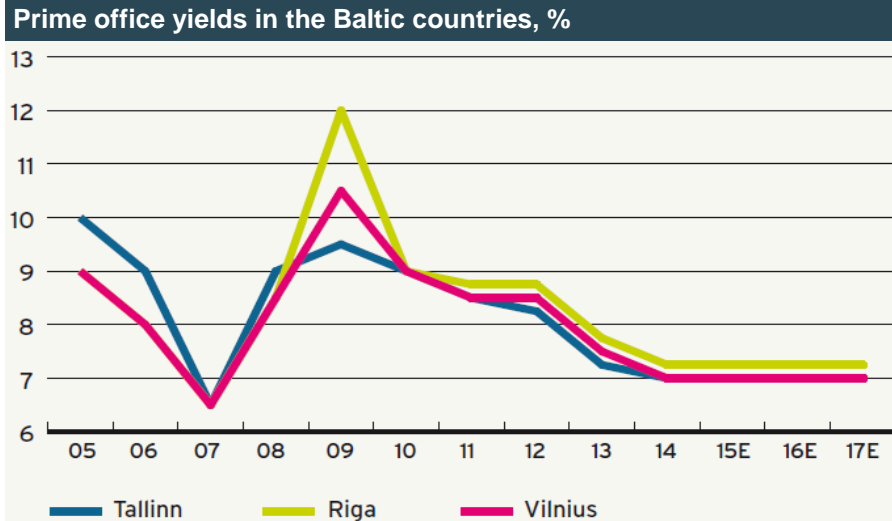
Office yields in Helsinki Metropolitan Area, %



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

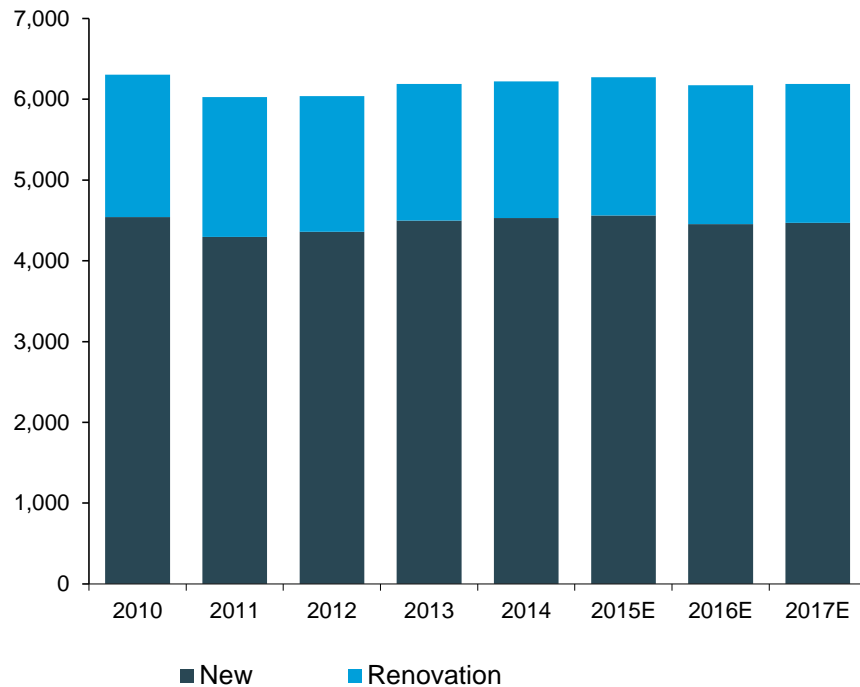


# The Baltic countries – Yields are expected to decrease

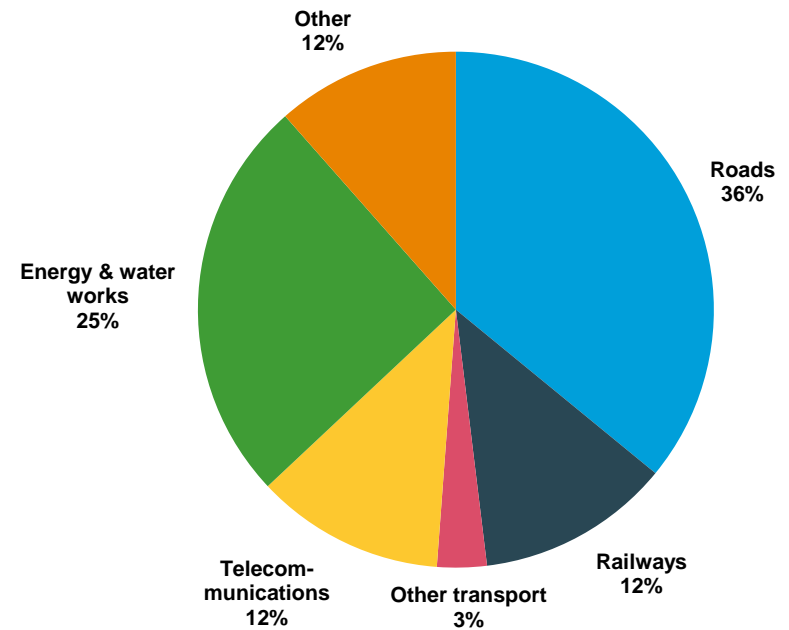


# Infrastructure construction in Finland– Market expected to decrease slightly in 2016

Infrastructure market in Finland, EUR million



Infrastructure sectors in Finland (2015E)



Sources: Euroconstruct, December 2015



# IV

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Ownership

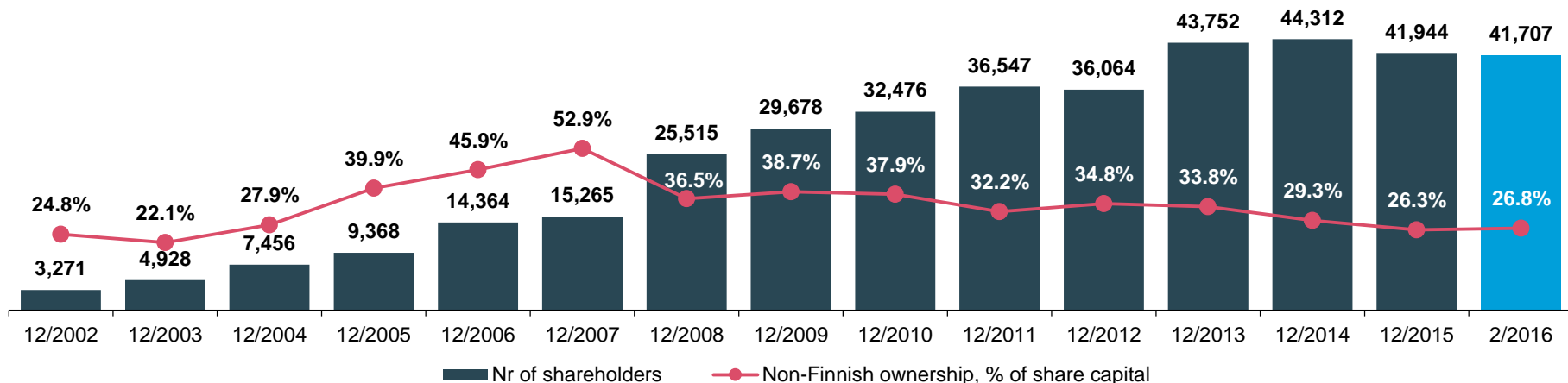


# YIT's major shareholders

February 29, 2016

Shareholder	Shares	% of share capital
1. Varma Mutual Pension Insurance Company	12,000,000	9.43
2. Structor S.A.	5,320,000	4.18
3. Herlin Antti	4,710,180	3.70
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	2,783,065	2.19
7. The State Pension Fund	2,600,000	2.04
8. Nordea funds	2,068,347	1.63
9. Danske Invest funds	1,763,276	1.39
10. Etera Mutual Pension Insurance Company	1,700,000	1.34
Ten largest total	40,567,011	31.89
Nominee registered shares	27,890,195	21.92
Other shareholders	58,766,216	46.19
<b>Total</b>	<b>127,223,422</b>	<b>100.00</b>

## Number of shareholders and share of non-Finnish ownership, February 29, 2016





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do it.**