



Half-Year Report January–June 2017

Kari Kauniskangas, President and CEO





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# 1

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## Group development in Q2/2017



Pärnu Promenade  
Pärnu, Estonia

# Key messages in Q2/2017

- Strong residential sales for consumers in Finland and CEE
- Operating profit turned positive in Housing Russia despite of weak demand and sales
- Profitability of Business Premises and Infrastructure was satisfactory
- Guidance raised in July
- YIT to establish a new Partnership Properties segment in the beginning of 2018
- YIT and Lemminkäinen to combine, as announced on June 19, 2017





# YIT and Lemminkäinen to combine

## Deal rationale

1

### **Strong platform for growth**

- Target to become a leader in urban development
- More balanced business portfolio (Infra, Housing, Business Premises, Partnership Properties)
- Wider geographical presence in several economic regions

2

### **Synergies and improved competitiveness**

- Good references and wide pool of professional people
- Potential for profitability improvement
- Wider opportunities for specialization and scale

3

### **Improved financial position and reduced risk profile**

- Counter cyclicity of businesses and geographies
- Lower financing costs
- Lower dependency on investment demand

4

### **Enhanced investment case**

- Significant market value, good liquidity of the share
- Balanced and improved risk profile
- Growing dividend expectation

# YIT and Lemminkäinen to combine Timetable



The registration site for YIT's EGM has been opened.  
The invitation, registration and more information available at [www.yitgroup.com/egm2017](http://www.yitgroup.com/egm2017)

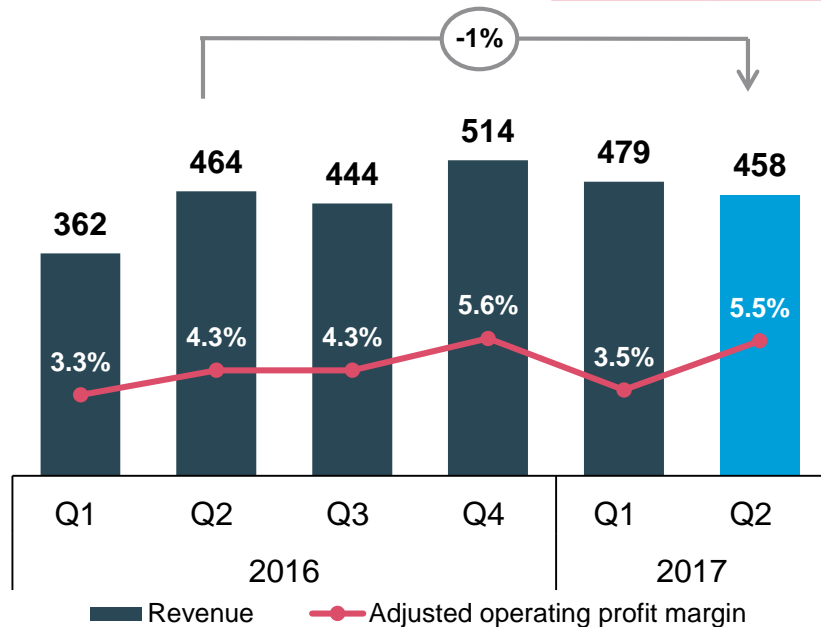
# Group Profitability improved

- Revenue remained stable y-o-y
- Profitability improved y-o-y due to improvement in Housing segments
- Order backlog remained stable q-o-q

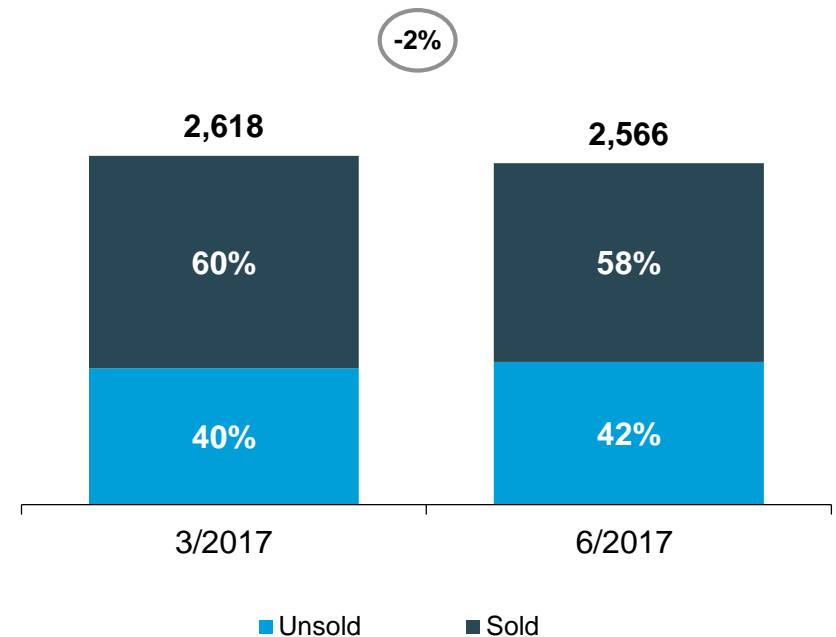
Revenue and adjusted operating profit margin (EUR million, %)

2016: EUR 1,784 million, 4.5%

1–6/2017: EUR 937 million, 4.5%



Order backlog (EUR million)



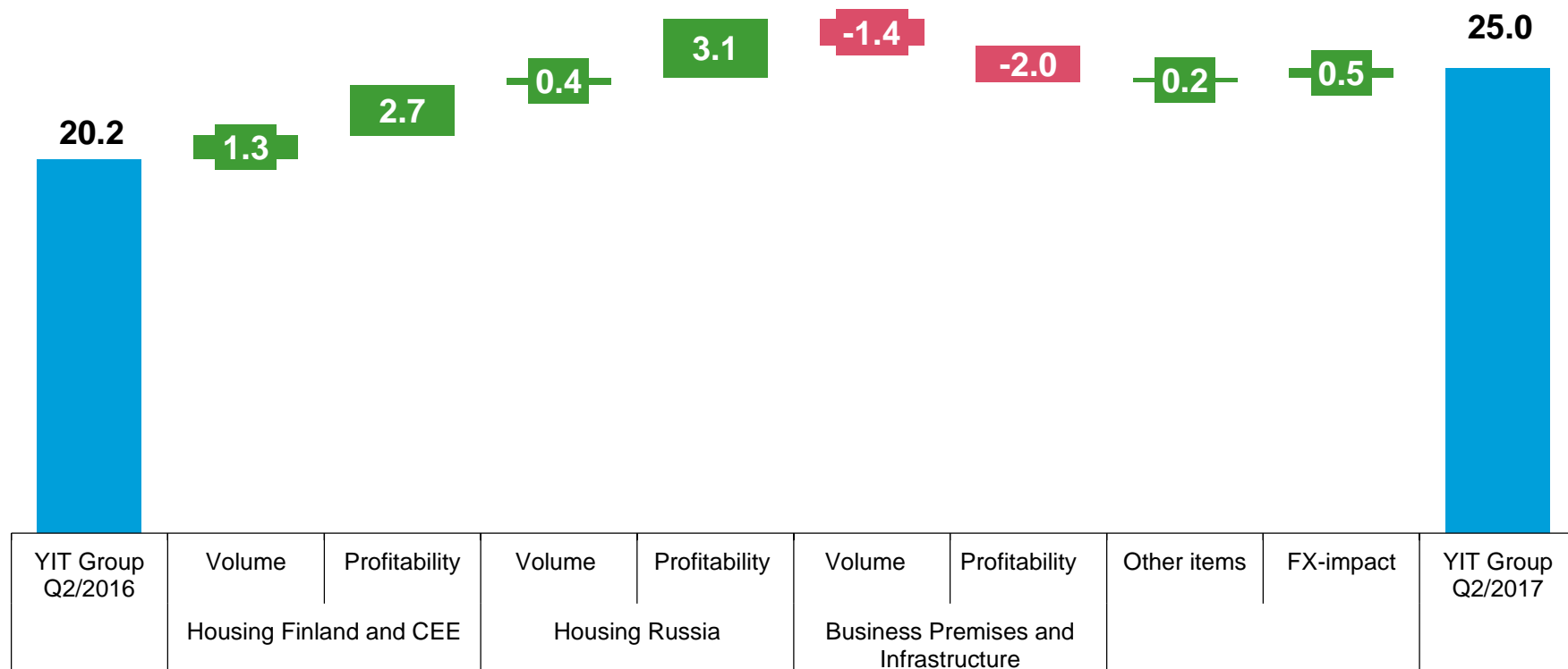
All figures according to segment reporting (POC)

Note: The adjusted operating profit margin does not include material reorganisation costs, impairment or other items impacting comparability

# EBIT-bridge Q2/2016–Q2/2017

- Positive EBIT development in Housing Finland and CEE due to strong consumer sales
- In Housing Russia, positive development due to improving gross margins
- In Business Premises and Infrastructure, strong comparison period due to Tripla project
- Adjustments include EUR 1.1 million cost related to the merger preparations

Adjusted operating profit (EUR million), change Q2/2016–Q2/2017: 24%





# 2

## Housing Finland and CEE



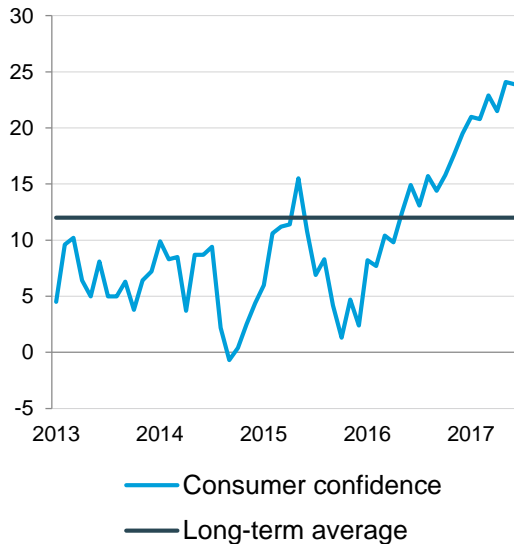
**Turun Fabriikki residential project**  
Turku, Finland

# Housing Finland and CEE

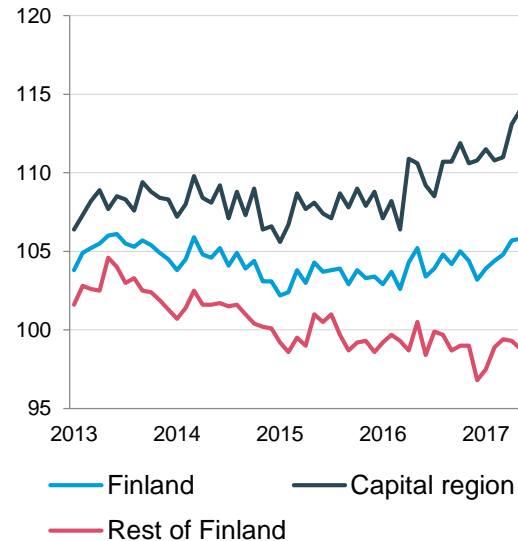
## Operating environment in Finland in Q2

- Consumer confidence was on a record high level
- Residential investors were more selective, demand focused on capital region
- Consumer demand was on a good level, no signs of overheating
- Demand especially for affordable apartments in the growth centres was on a good level
- Demand for larger apartments continued to improve
- Mortgage interest rates stayed on a low level and margins continued to decrease
- The volume of new housing loans decreased y-o-y

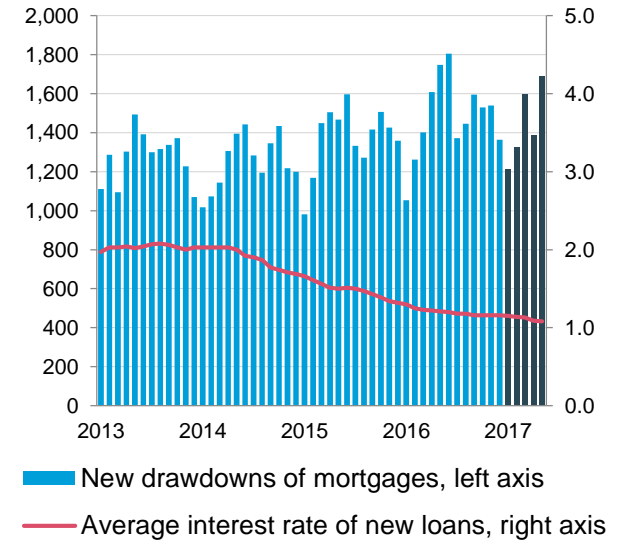
**Consumer confidence**



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



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



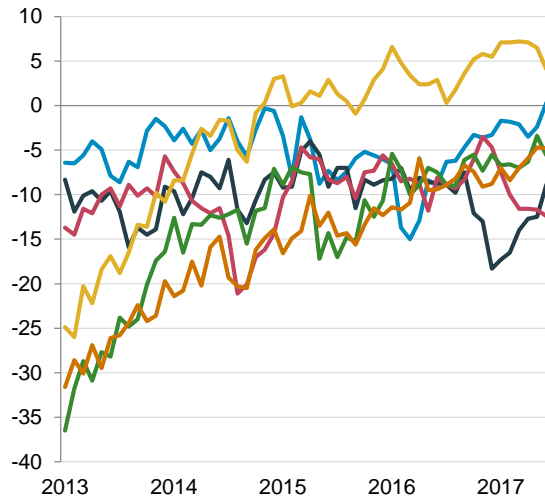
Sources: Statistics Finland and Bank of Finland



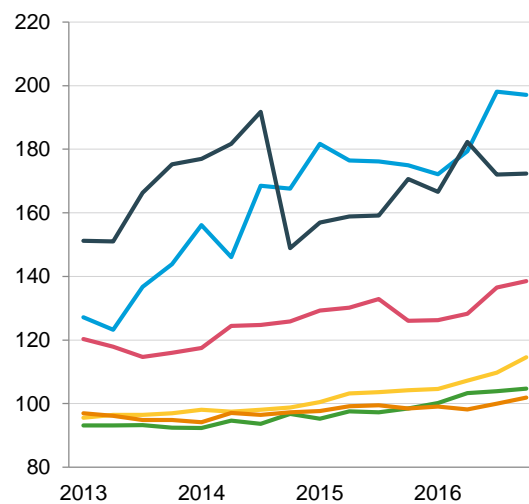
# Operating environment in the CEE countries in Q2

- Residential demand was on a good level especially in Slovakia, the Czech Republic and Latvia
- Prices of new apartments increased slightly on average
- Shortage of resources caused cost pressure especially in the Czech Republic and Slovakia
- Interest rates of mortgages remained on a low level
- Consumers' access to financing remained good

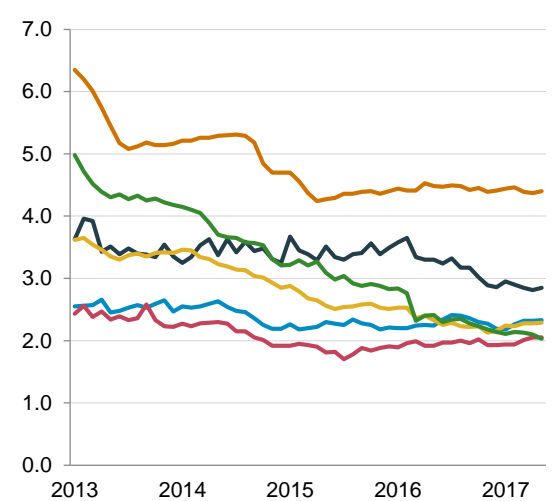
Consumer confidence



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

# Housing Finland and CEE

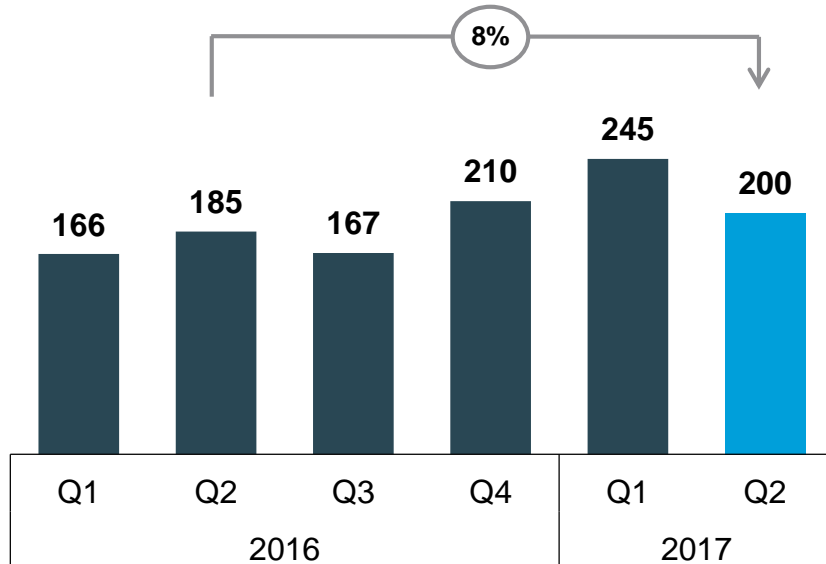
## Revenue increased in Q2

- Revenue increased by 8% y-o-y, good development especially in the CEE countries
- Order backlog increased by 8% q-o-q

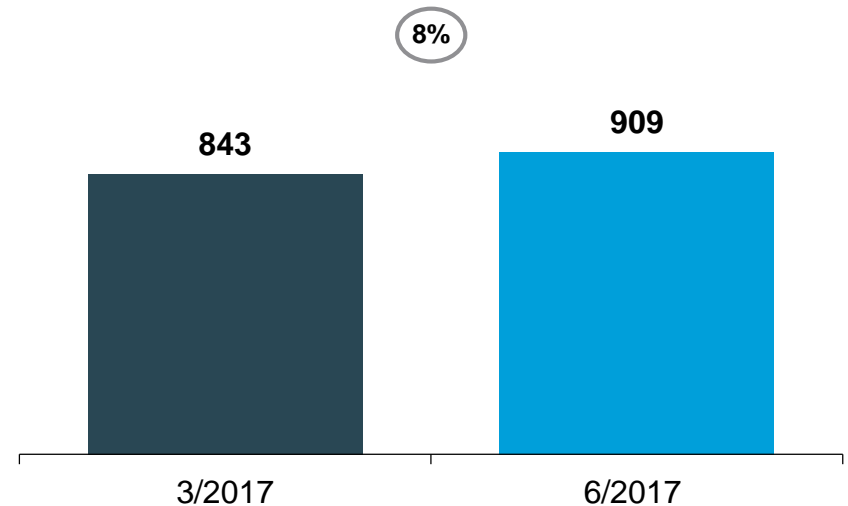
Revenue (EUR million)

2016: EUR 728 million

1–6/2017: EUR 445 million



Order backlog (EUR million)



All figures according to segment reporting (POC)



# Housing Finland and CEE

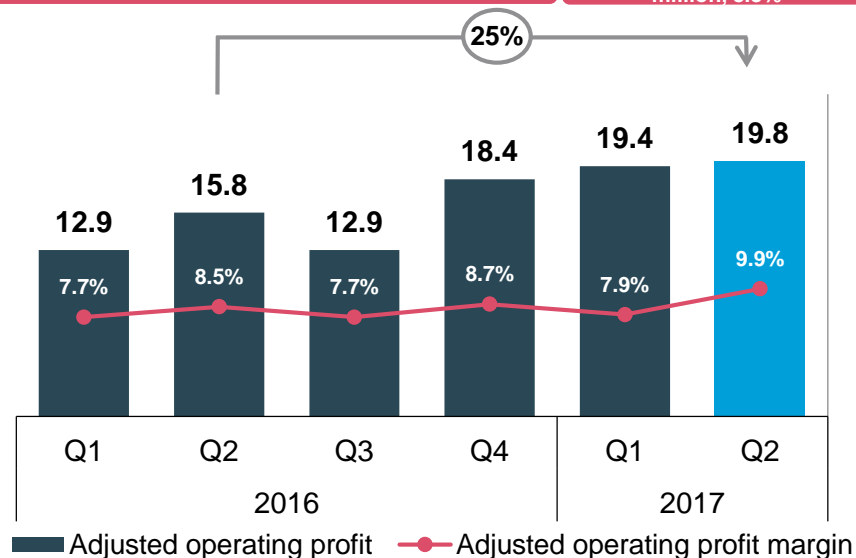
## Operating profit improved in Q2

- Operating profit and profitability improved due to strong consumer sales both in Finland and CEE
- ROCE continued to improve and was almost 17%

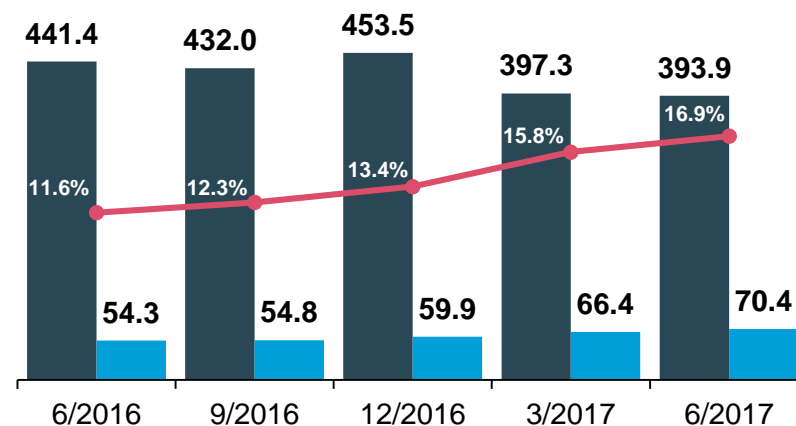
### Adjusted operating profit and adjusted operating profit margin (EUR million, %)

2016: EUR 59.9 million, 8.2%

1–6/2017: EUR 39.1 million, 8.8%



### Return on capital employed<sup>1</sup> (EUR million, %)



All figures according to segment reporting (POC).

<sup>1</sup>As of the beginning of 2017, in order to clarify its financial figures terminology, YIT starts to use the terms Capital Employed and Return on Capital Employed (ROCE) for segment reporting instead of previously used Operative Invested Capital and Return on Operative Invested Capital (ROI). The formulas for these financial figures remain untouched.

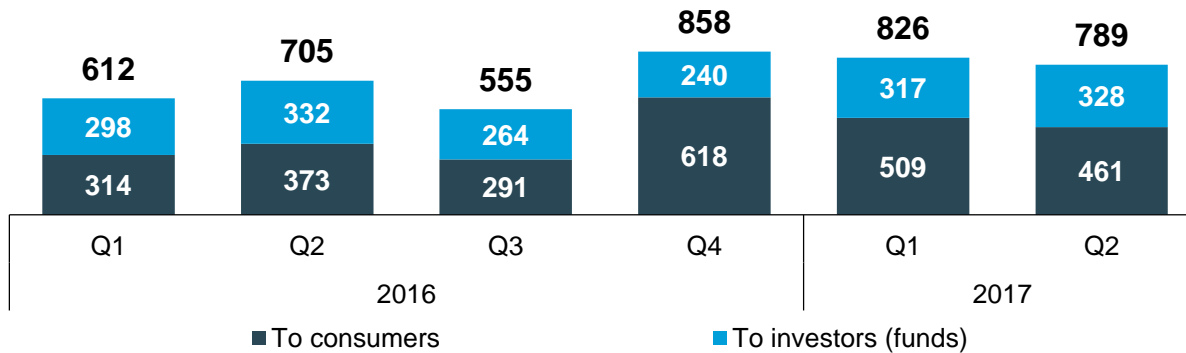
# Housing Finland and CEE

## Sales and start-ups in Finland in Q2

### Sold apartments (units)

2016: 2,730

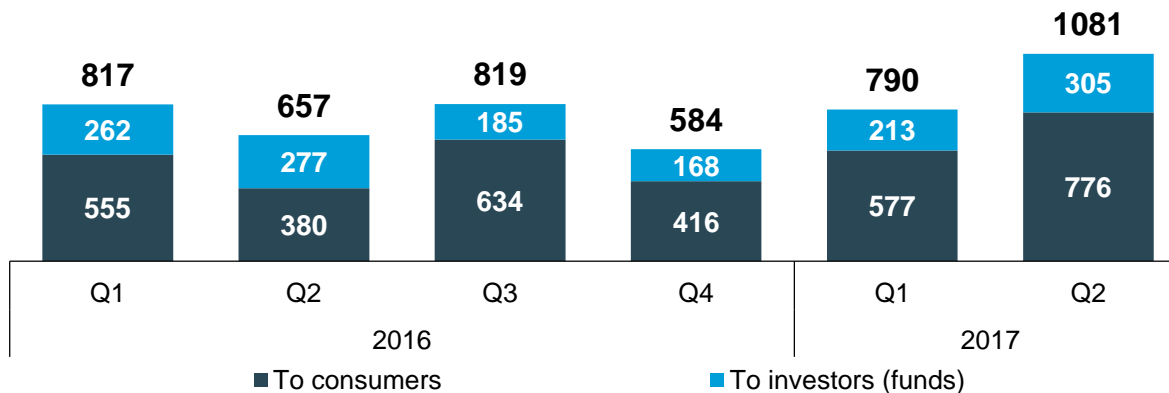
1–6/2017: 1,615



### Apartment start-ups (units)

2016: 2,877

1–6/2017: 1,871



- Consumer sales increased by 23%
- Share of units sold to consumers: 58% (Q2/2016: 53%)
- 23 apartments sold in bundles to investors (Q2/2016: 54 units)
- Seven residential projects sold to investors were started in Q2
- In July, estimated sales to consumers are around 110 units (7/2016: around 90 units)

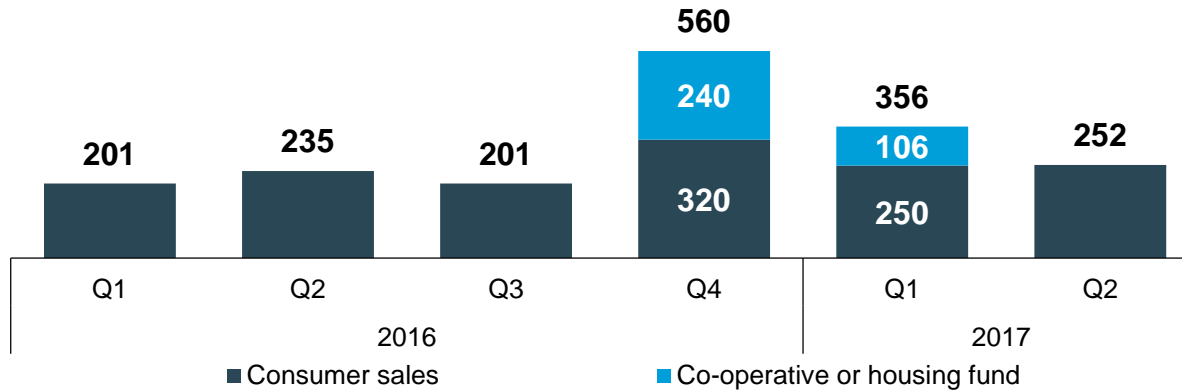


## Sales and start-ups in the CEE countries in Q2

### Sold apartments (units)

2016: 1,197

1–6/2017: 608

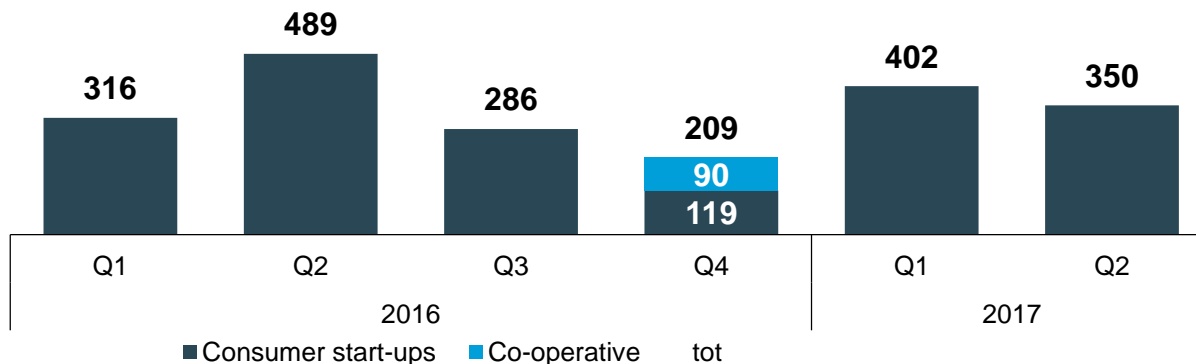


- Number of units sold to consumers grew by 7% y-o-y
- Number of start-ups decreased by 28%
- New projects started in Prague, Czech Republic; Bratislava, Slovakia and Warsaw, Poland, among others

### Apartment start-ups (units)

2016: 1,300

1–6/2017: 752

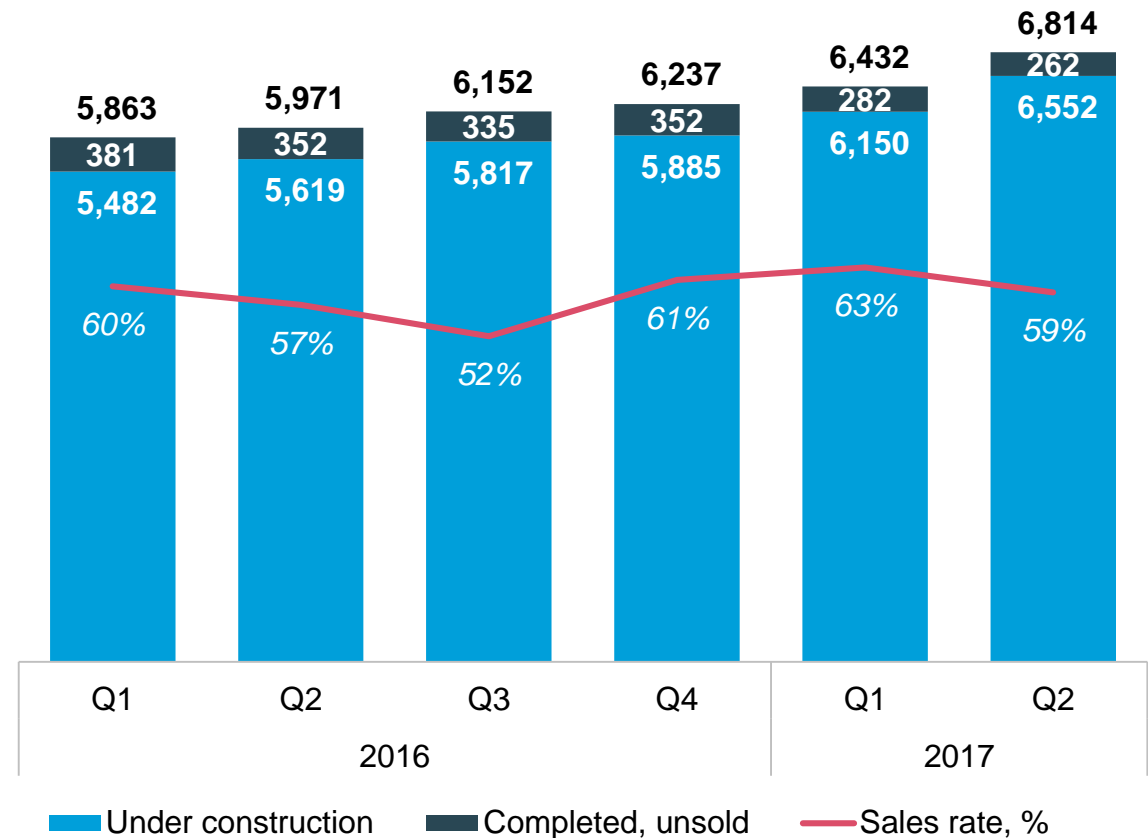


- In July, estimated sales to consumers are around 80 units (7/2016: around 60 units)

# The production volume (units) continued to grow in Q2

- Number of unsold completed apartments on a low level
- High number of start-ups in Finland decreased the sales rate of the inventory
- The share of CEE of the sales portfolio (units) 43% (6/2016: 49%)

Apartment inventory (units)



# 3

## Housing Russia



The Seasons project  
Rostov-on-Don, Russia



# Housing Russia

## Operating environment in Q2

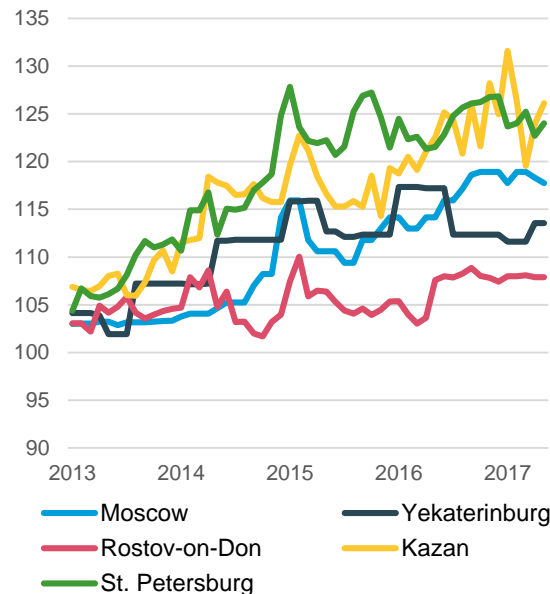
- Consumers continued to be cautious despite the stabilisation of the Russian economy
- The decline of consumer purchase power seems to have stopped

**EUR/RUB exchange rate**



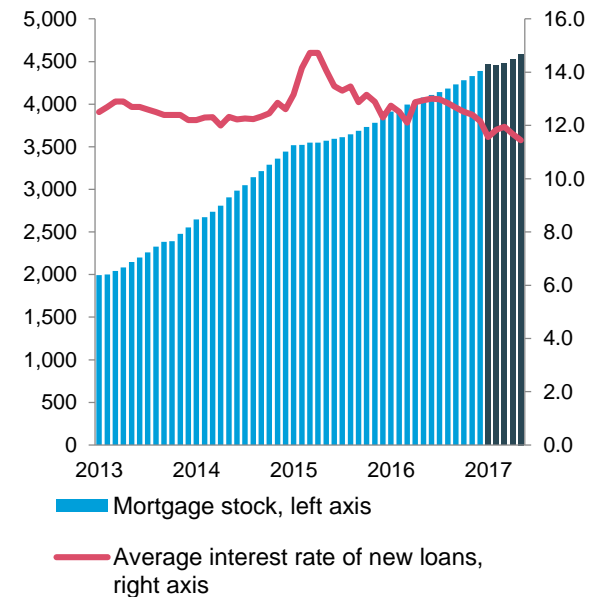
- Consumer demand for housing stayed weak
- Residential prices remained stable on average

**Prices of new apartments  
(index 2012=100)**



- Mortgage interest rates for new apartments continued to decrease and are below the level of 11%
- The key rate cuts further increased expectations of a decrease in interest rates

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



Sources: Bloomberg, YIT and Central Bank of Russia

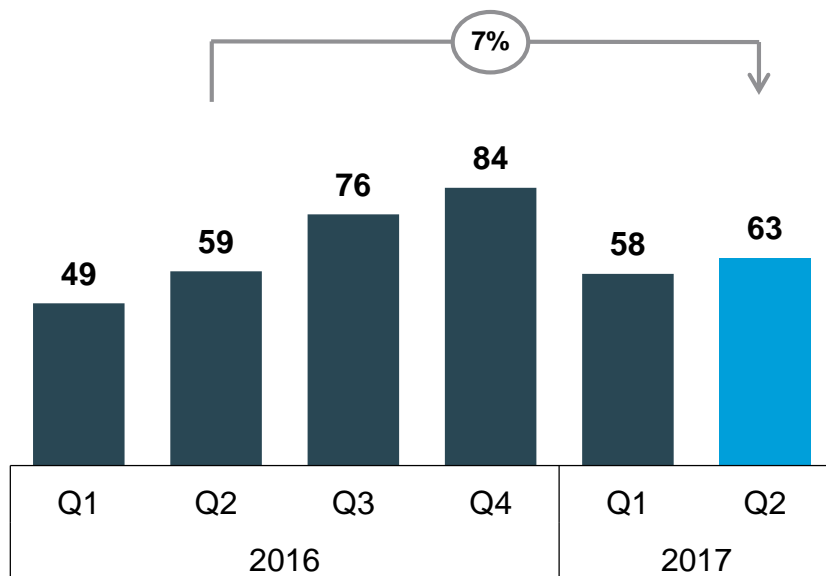
# Revenue decreased in Q2 at comparable FX

- Revenue decreased by 8% at comparable FX
- Order backlog decreased q-o-q due to low start-ups, FX impact was EUR -47 million

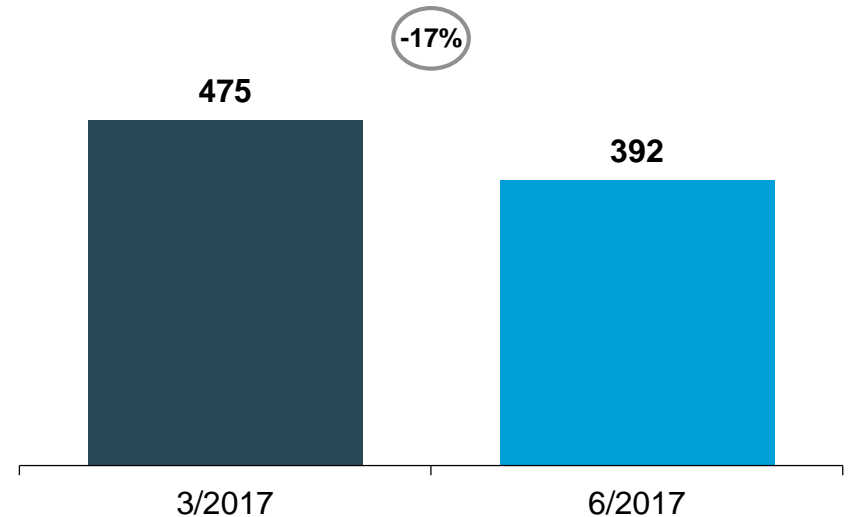
### Revenue (EUR million)

2016: EUR 268 million

1–6/2017: EUR 122 million



### Order backlog (EUR million)



All figures according to segment reporting (POC)

# Housing Russia

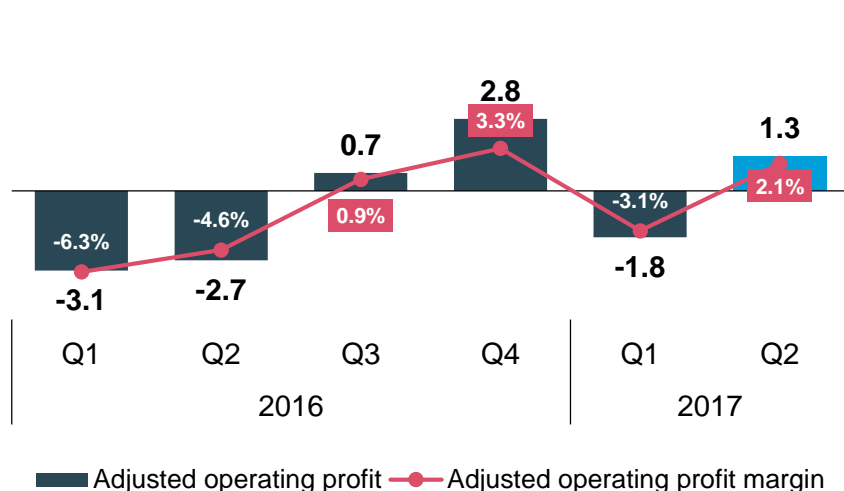
## Profitability improved and was positive in Q2

- Operating profit was positive in Q2 due to improved gross margins
- Capital employed decreased due to weakened ruble q-o-q, ROCE was on an unsatisfactory level

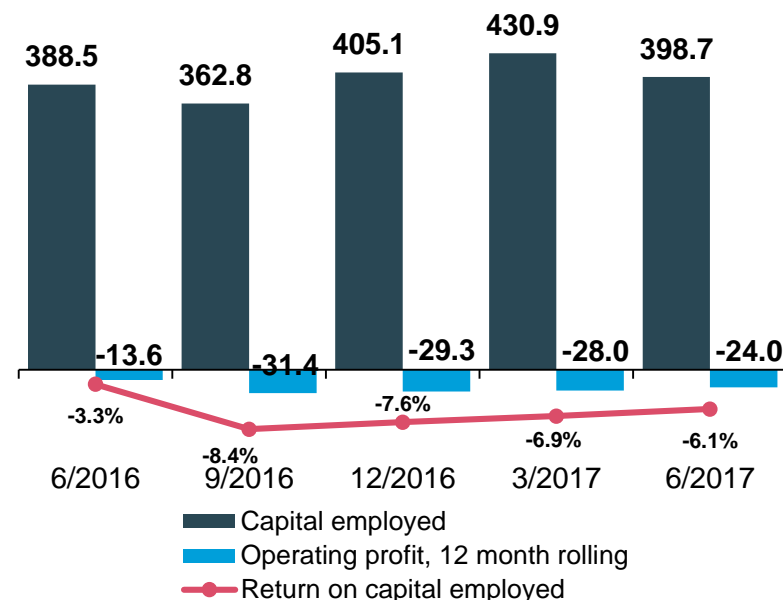
### Adjusted operating profit and adjusted operating profit margin (EUR million, %)<sup>1</sup>

2016: EUR -2.3 million, -0.9%

1–6/2017: EUR -0.4 million, -0.4%



### Return on capital employed<sup>2</sup> (EUR million, %)



All figures according to segment reporting (POC).

<sup>1</sup>EUR 27 million cost booked in Q3/2016 result from Housing Russia

<sup>2</sup>As of the beginning of 2017, in order to clarify its financial figures terminology, YIT starts to use the terms Capital Employed and Return on Capital Employed (ROCE) for segment reporting instead of previously used Operative Invested Capital and Return on Operative Invested Capital (ROI). The formulas for these financial figures remain untouched.



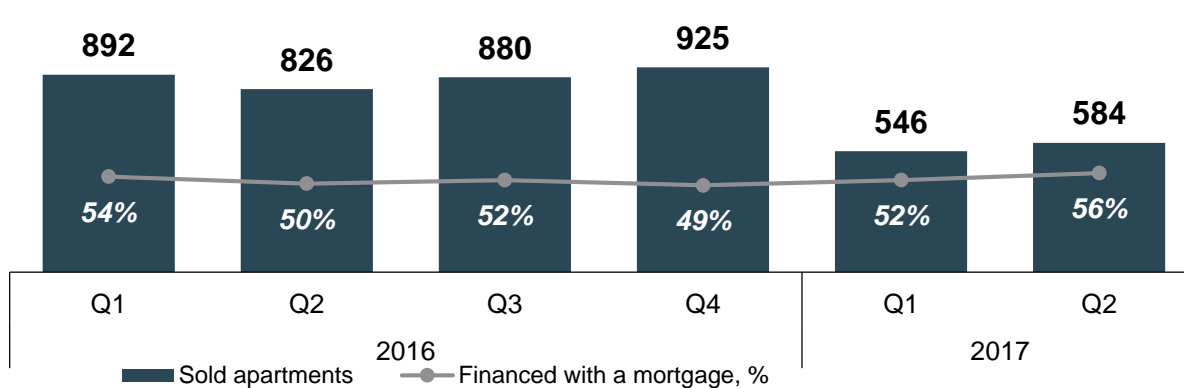
# Housing Russia

## Sales and start-ups in Q2

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

2016: 3,523 (51%)

1–6/2017: 1,130 (54%)

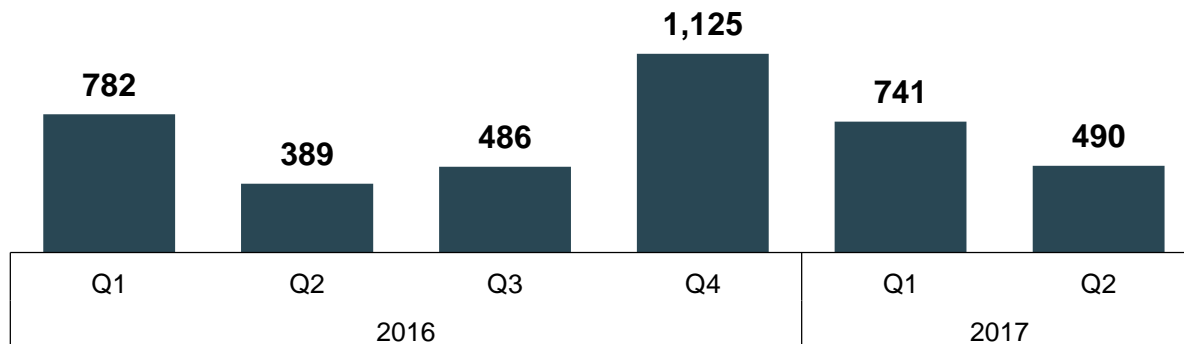


- Number of sold units decreased by 29% y-o-y
  - No changes in price lists
- Start-ups on a low level
- Share of sales financed with mortgages continued on a stable level
- In July, consumer sales estimated to be around 200 units (7/2016: around 200 units)

### Apartment start-ups (units)

2016: 2,782

1–6/2017: 1,231

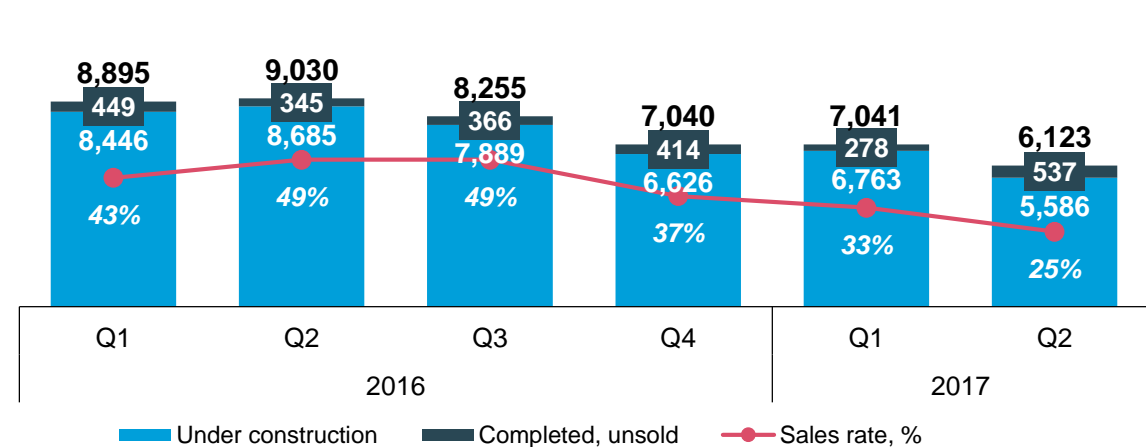


# Housing Russia

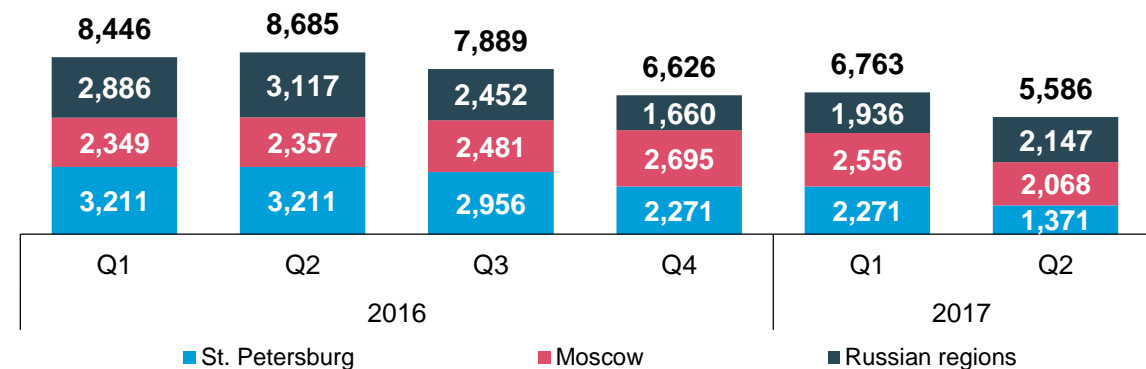
## YIT Service responsible already for 37,000 clients

- Number of completions on a high level: 1,667 units
  - High number of completions had a negative effect on the sales rate and number of completed unsold
- At the end of June, YIT Service was responsible for the maintenance and the living services of over 30,000 apartments (3/2017: over 23,000) and in total 37,000 clients (incl. parking spaces and business premises)

Apartment inventory (units)



Apartments under construction by area (units)



# 4

## Business Premises and Infrastructure

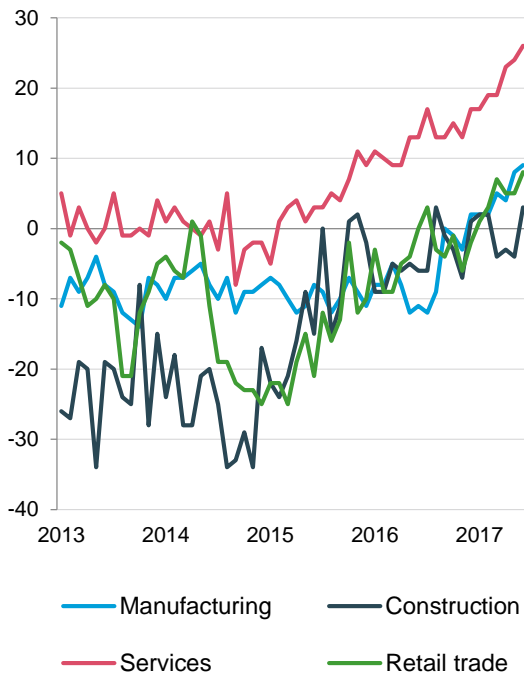


# Business Premises and Infrastructure

## Operating environment in Q2

- Investor demand for business premises in prime growth centres was on a good level in Finland
- In Finland, the good overall market sentiment supported private investments

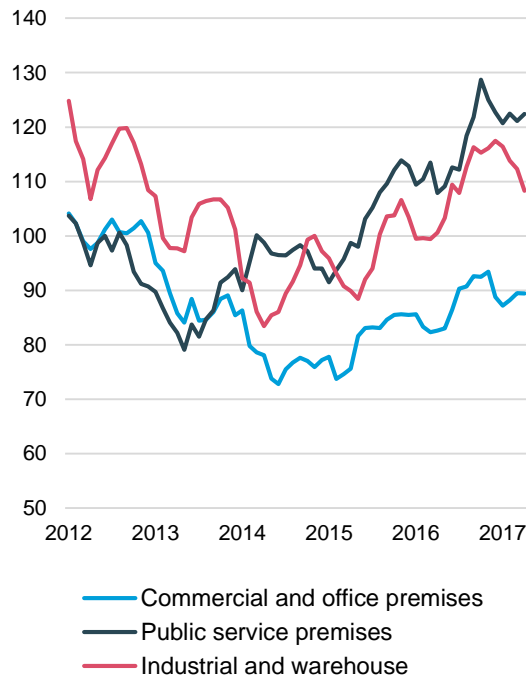
Confidence indicators in Finland



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

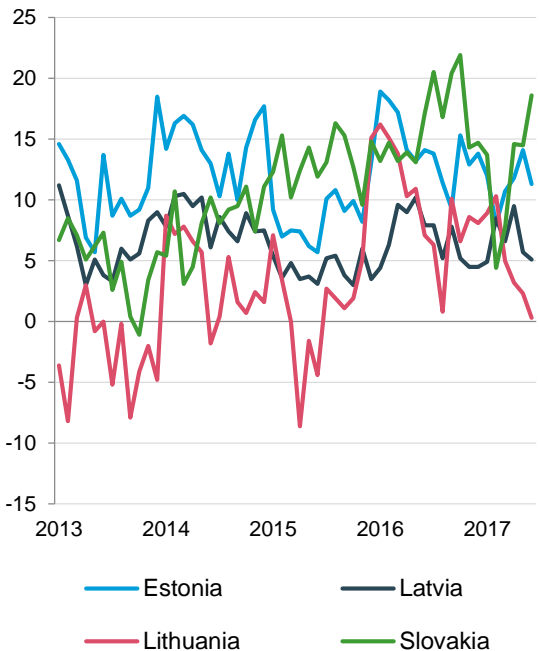
- The Finnish tender market and infrastructure market were active especially in the capital region and growth centres

Volume of new construction in Finland (index 2010=100)



- Investor demand for business premises was good in the Baltic countries and Slovakia
- Tender market remained stable in the Baltic countries

Retail trade confidence in the Baltic countries and Slovakia





# Business Premises and Infrastructure

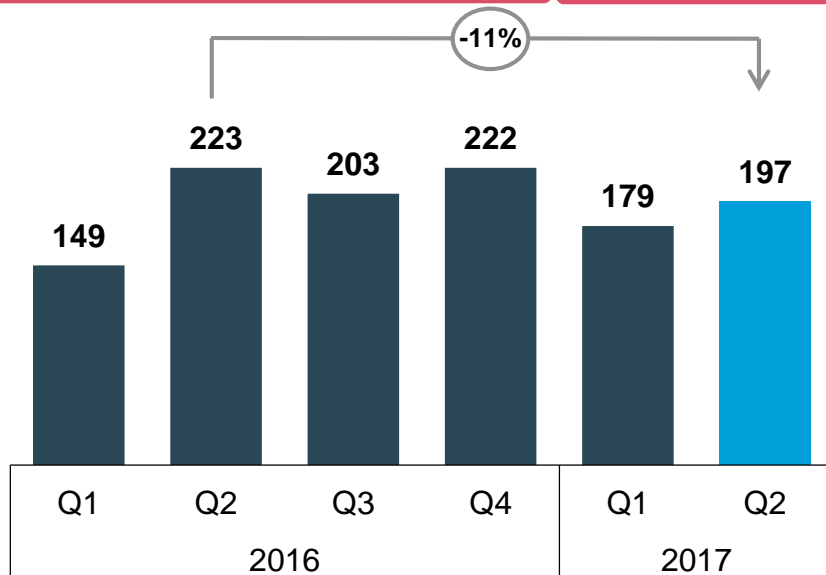
## Revenue decreased in Q2

- Revenue decreased by 11% due to started revenue recognition of Tripla project in the comparison period
- Order backlog declined slightly q-o-q

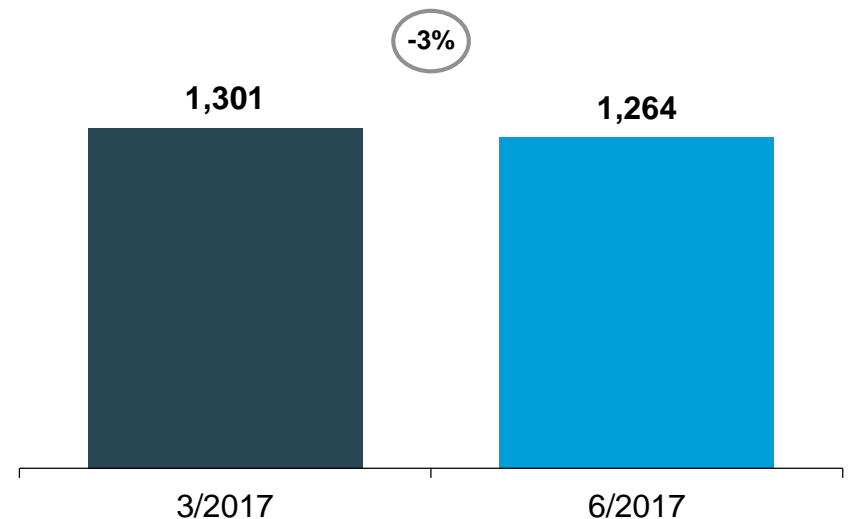
Revenue (EUR million)

2016: EUR 797 million

1–6/2017: EUR 376 million



Order backlog (EUR million)



All figures according to segment reporting (POC)

# Business Premises and Infrastructure

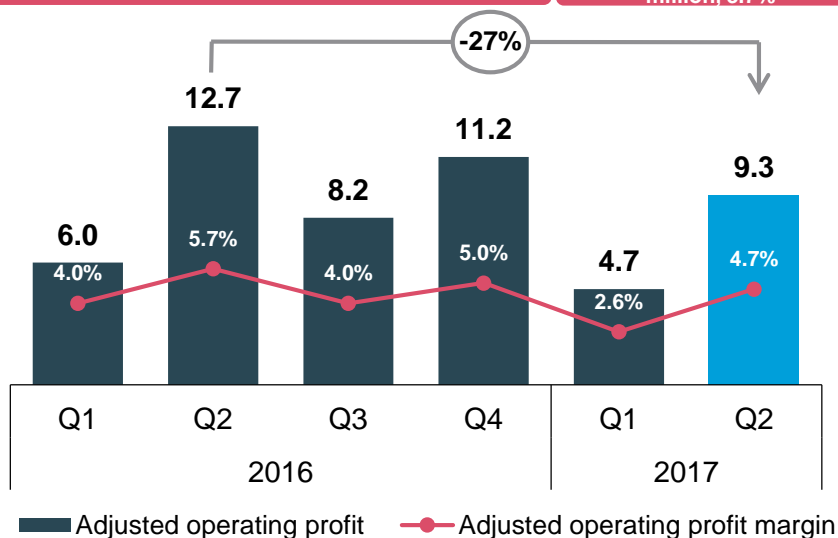
## Profitability back on a satisfactory level

- Operating profit decreased by 27% y-o-y due to started recognition of the Tripla project in the comparison period
- Profitability back on a satisfactory level
- Capital employed increased due to investments in the Tripla project

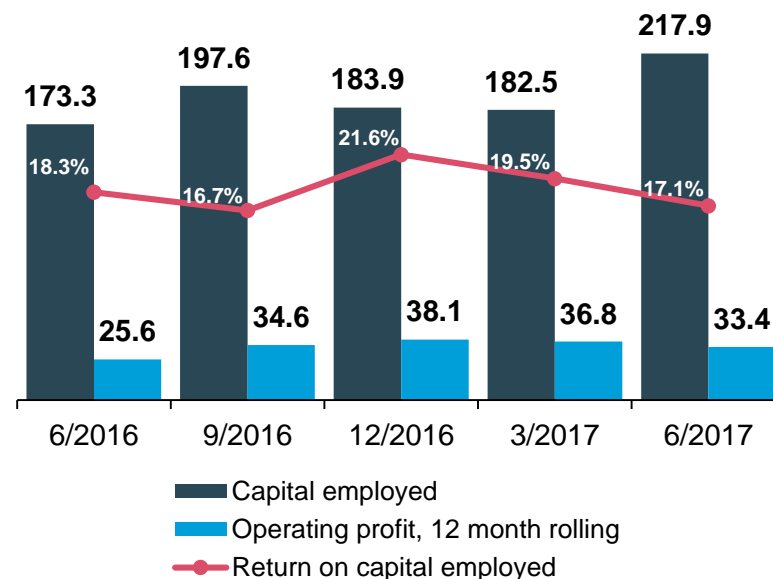
**Adjusted operating profit and adjusted operating profit margin**  
(EUR million, %)

2016: EUR 38.1 million, 4.8%

1-6/2017: EUR 14.0 million, 3.7%



**Return on capital employed<sup>1</sup> (EUR million, %)**



All figures according to segment reporting (POC).

<sup>1</sup>As of the beginning of 2017, in order to clarify its financial figures terminology, YIT starts to use the terms Capital Employed and Return on Capital Employed (ROCE) for segment reporting instead of previously used Operative Invested Capital and Return on Operative Invested Capital (ROI). The formulas for these financial figures remain untouched.

# Business Premises and Infrastructure Projects in Finland in Q2

- All the large projects proceeded according to plan
- The final agreement on implementation of hotel for the Tripla project signed with value of approximately EUR 88 million
  - The occupancy rate of Mall of Tripla increased to over 50% at the end of review period ahead of schedule
- The leasing rate of the Kasarmikatu office property in Helsinki reached to 100%
  - Regarding the sales process of the project, based on the price and terms indications from potential investors and ongoing further negotiations YIT estimates that the transaction will be completed by the end of 2017



Kasarmikatu 21 office project  
Helsinki, Finland



# 5

## Financial position and key ratios

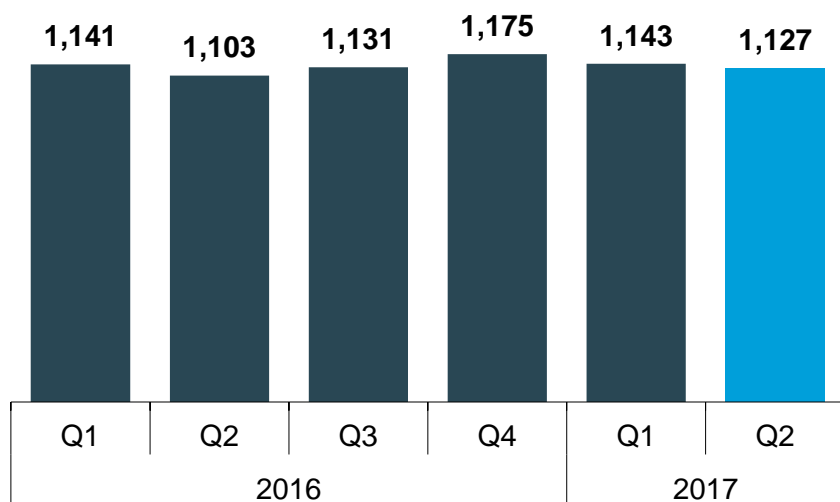


Promenadi Maja residential project  
Tallinn, Estonia

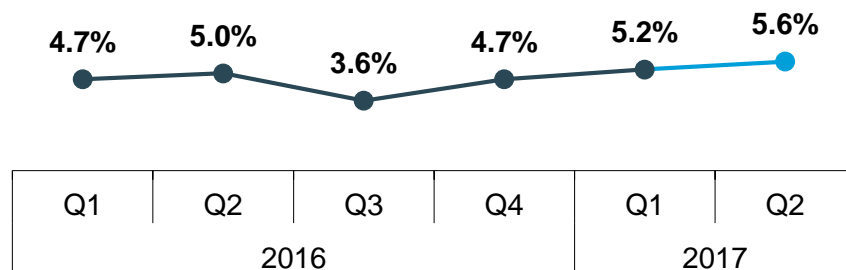
# ROI continued to improve in Q2

- Invested capital remained stable q-o-q
- ROI continued to improve
- Target to reduce capital employed in Russia by approximately RUB 6 billion by the end of 2018

Invested capital (EUR million)



Return on investment<sup>1</sup> (%), rolling 12 months



All figures according to segment reporting (POC)

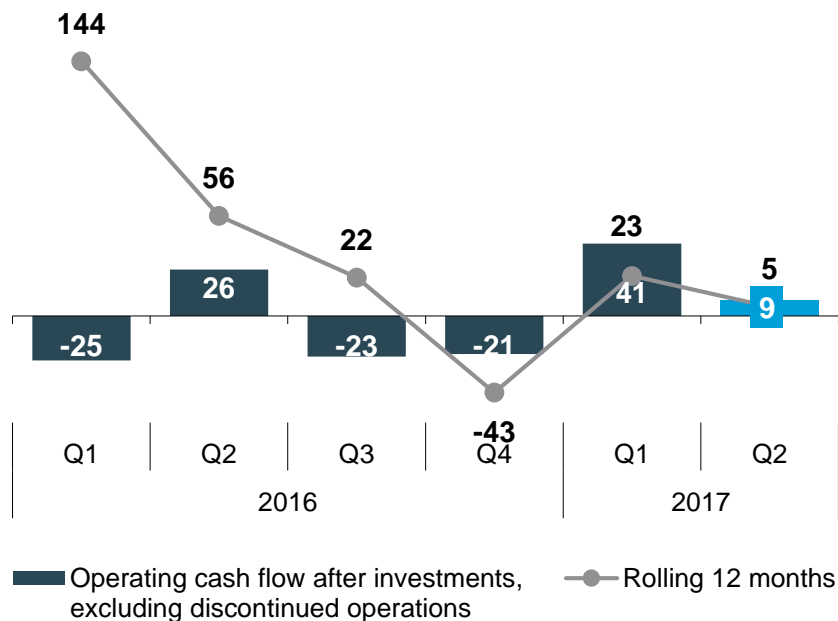
<sup>1</sup>EUR 27 million cost booked in Q3/2016 result from Housing Russia

# Cash flow in Q2

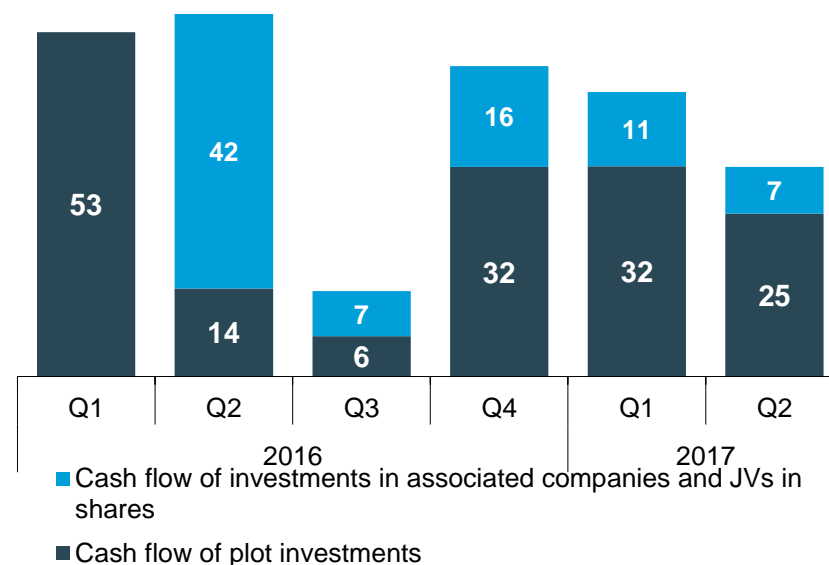
- Cash flow decreased
- In addition, dividend of EUR 27.6 million paid in Q2

Operating cash flow after investments, excluding discontinued operations (EUR million)

Long-term target:  
Sufficient operating cash flow after investments,  
excluding discontinued operations, for dividend payout



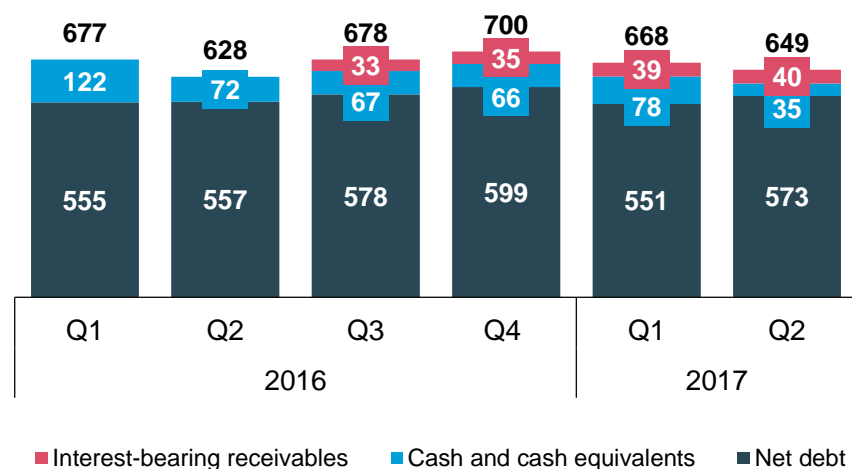
Cash flow of plot investments and investment in associated companies and JVs in shares (EUR million)



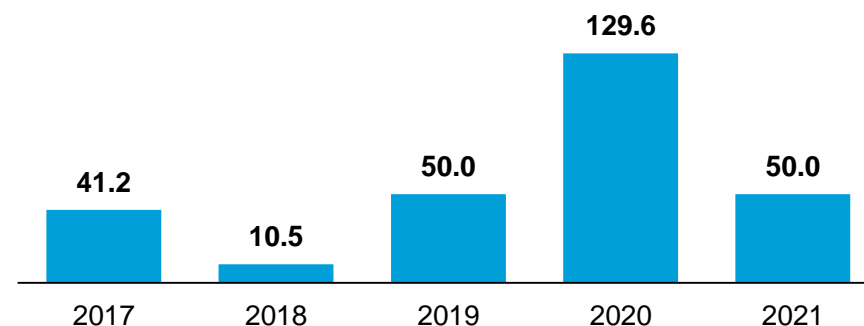
# Net debt increased in Q2

- Net debt increased moderately due to dividend payout and plot investments
- EUR 30 million already refinanced of the EUR 41.2 million maturing in H2

Interest-bearing debt (EUR million), IFRS



Maturity structure of long-term debt 6/2017 (EUR million) <sup>1</sup>



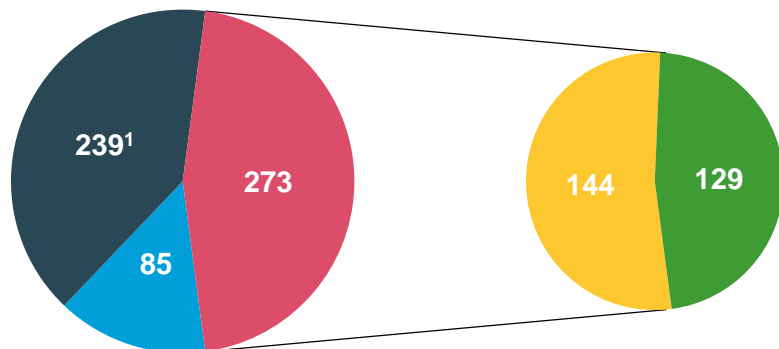
<sup>1</sup> Excluding construction stage financing



# Plots in the balance sheet by segments and geography

Plot reserves in the balance sheet 6/2017, (EUR million)

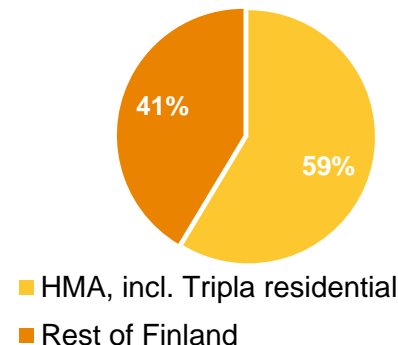
In total EUR 597 million



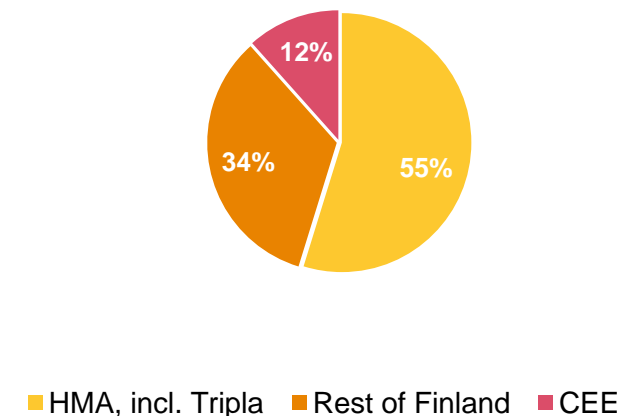
- Business Premises and Infrastructure
- Housing Russia
- Housing Finland and CEE
- Finnish housing
- CEE housing

<sup>1</sup>Includes Gorelovo industrial park

Division by geography in Finnish housing



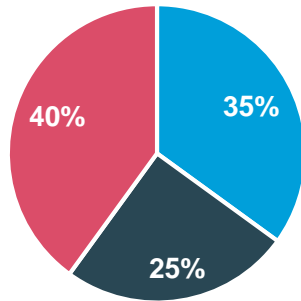
Division by geography in Business Premises and Infrastructure



# Plot reserve consists of own plots, pre-agreements and rental plots

Plot reserve in thousand floor square metres 6/2017, consists of own plots, pre-agreements and rental plots, 5.4 million floor sq. m in total (Q1/2017: 5.1)

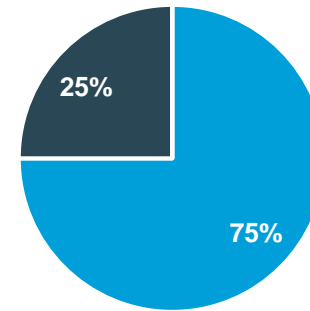
Finnish housing, total 2.0 million floor sq.m



Average annual use of plot reserves ~150,000–200,000 floor sq.m.

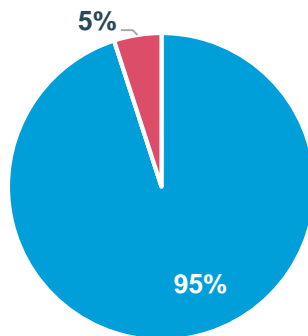
~ 70% of the own and rental plots have confirmed zoning

Housing Russia, total 2.2 million floor sq.m



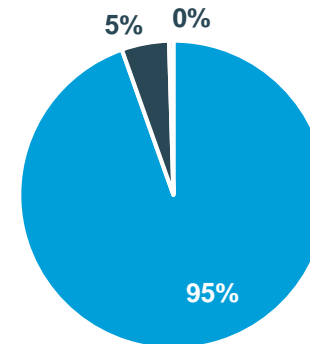
Average annual use of plot reserves ~150,000–200,000 floor sq.m.

CEE housing, total 0.6 million floor sq.m



Average annual use of plot reserves ~80,000–120,000 floor sq.m.

Business Premises and Infrastructure, total 0.6 million floor sq.m



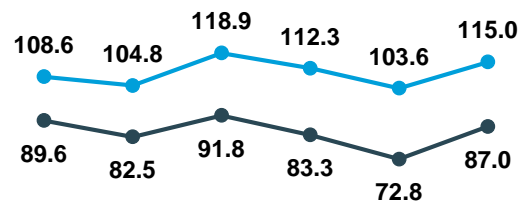
Average annual use of plot reserves ~30,000–70,000 floor sq.m.

■ Own ■ Rental ■ Pre-agreements

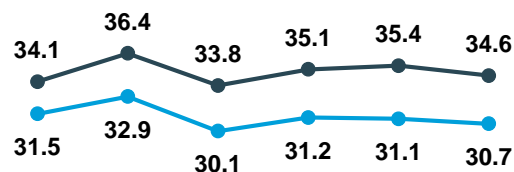
# Financial key ratios in Q2

- Gearing and equity ratio impacted by the weakened ruble and dividend payout
- Net debt/EBITDA (IFRS) continued to improve

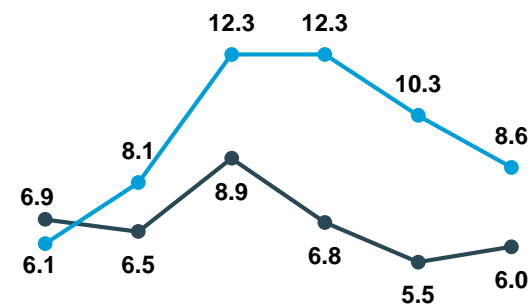
Gearing (%)



Equity ratio (%)



Net debt/EBITDA (Multiple, x)



Q1	Q2	Q3	Q4	Q1	Q2
2016				2017	

— POC — IFRS

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

Q1	Q2	Q3	Q4	Q1	Q2
2016				2017	

— POC — IFRS

Financial covenant tied to the equity ratio (minimum level of 25.0%, IFRS) in bank loans, the syndicated RCF agreement and the bonds issued in 2015 and 2016.

Q1	Q2	Q3	Q4	Q1	Q2
2016				2017	

— POC — IFRS

# Summary of financials in Q2

- A solid quarter, all segments improved their profitability compared to Q1
- Financial key ratios impacted by weakened ruble and dividend payout
- Financial expenses (POC) decreased by 55% y-o-y mainly due to lower interest expenses and currency hedging costs and gains from interest rate derivatives
  - Financial expenses (POC) estimated to be over 25% lower y-o-y in 2017 assuming the current operating environment, excluding merger related financial expenses





# 6

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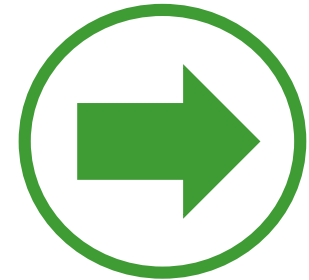
## Outlook and guidance



# Market outlook, expectations for 2017

## Finland

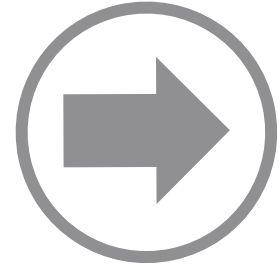
- Consumer demand to remain on a good level
- Investor activity to decline slightly, the importance of location remains significant
- Residential price polarisation between growth centres and other Finland to continue
- Availability of mortgages to remain good
- Tenant interest for business premises to pick up slightly in the growth centres. Investor activity on a good level, focus on especially prime locations in the capital region
- Business premises contracting to remain active
- New infrastructure projects to revitalise the market
- Construction costs expected to increase slightly
- Construction volume growth expected to slow down
- Bank regulation and increased capital requirements might have an impact on the construction and real estate development
- The increased competition for skilled labour due to high construction activity expected to continue



# Market outlook, expectations for 2017

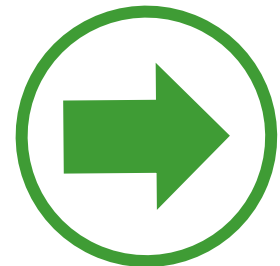
## Russia

- Macro environment to remain stable on the current level, the stabilisation of the economy expected to have a moderate, positive impact on the residential market
- The weakening of ruble and expectations of decrease of interest rate to influence consumer behaviour
- Residential prices stable
- Residential demand to focus on affordable apartments
- Construction cost inflation to remain on a moderate level



## CEE

- Residential demand to remain on a good level
- Good access to financing, low interest rates to support the residential demand
- Residential prices to remain stable or increase slightly
- Shortage of resources to increase construction cost inflation



# Guidance for 2017 raised (segment reporting, POC) on July 13, 2017

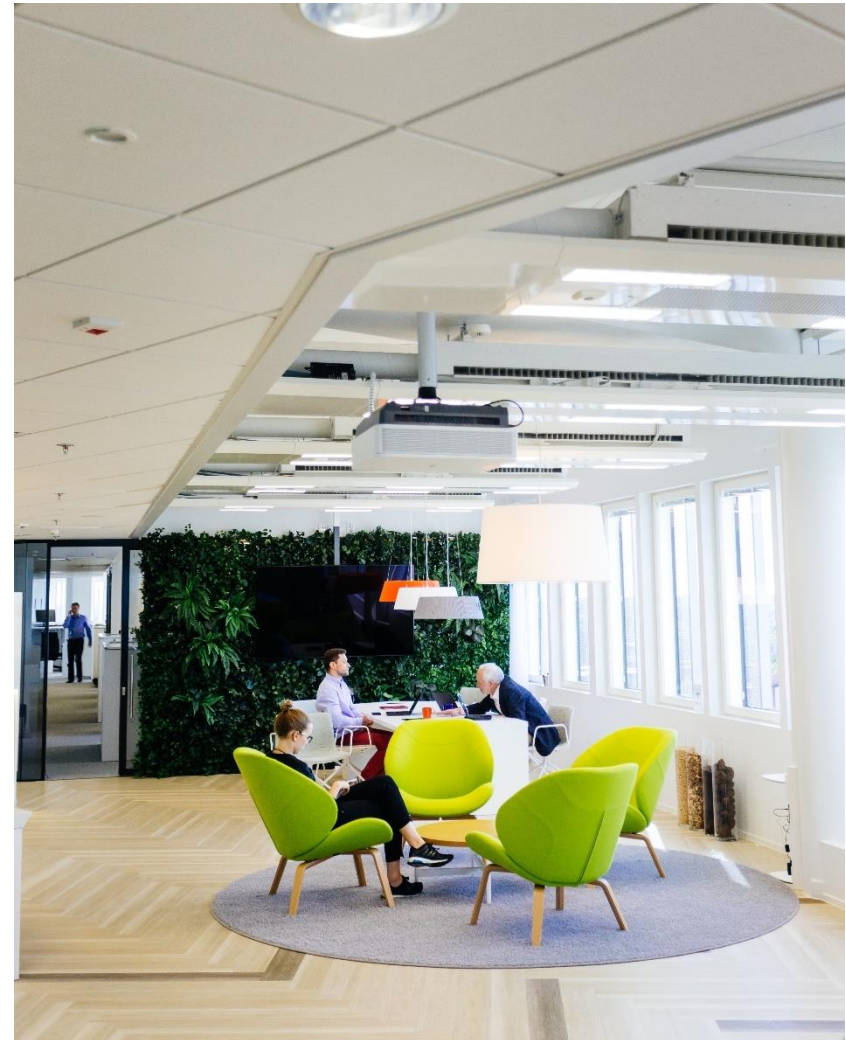
**The Group revenue** is estimated to **grow by 5–12%**.

**The adjusted operating profit<sup>1</sup>** is estimated to be in the range of **EUR 105–115 million**.

*Previously, the Group revenue was estimated to grow by 0–10% and the adjusted operating profit was estimated to be in the range of EUR 90–105 million.*

In addition to the market outlook, the 2017 guidance is based on the following factors:

- At the end of June, 58% of the Group order backlog was sold.
- Projects already sold or signed pre-agreements are estimated to contribute over half of rest of 2017 revenue.
- The increased share of consumer sales in Housing Finland and CEE is likely to have a moderate positive impact on the adjusted operating profit of the segment but the impacts of the shift to consumers will be visible in the result gradually.
- In Housing Russia, the adjusted operating profit is estimated to be positive but to remain on a low level. Capital release actions in Russia are likely to have a negative impact on the profitability.
- Regarding the sales process of the Kasarmikatu 21 office project in Helsinki, based on the price and terms indications from potential investors and ongoing further negotiations YIT estimates that the transaction will be completed by the end of 2017. The transaction has a positive impact on the Group's adjusted operating profit.



<sup>1</sup>The adjusted operating profit does not include material reorganisation costs, impairment or other items impacting comparability



## More information

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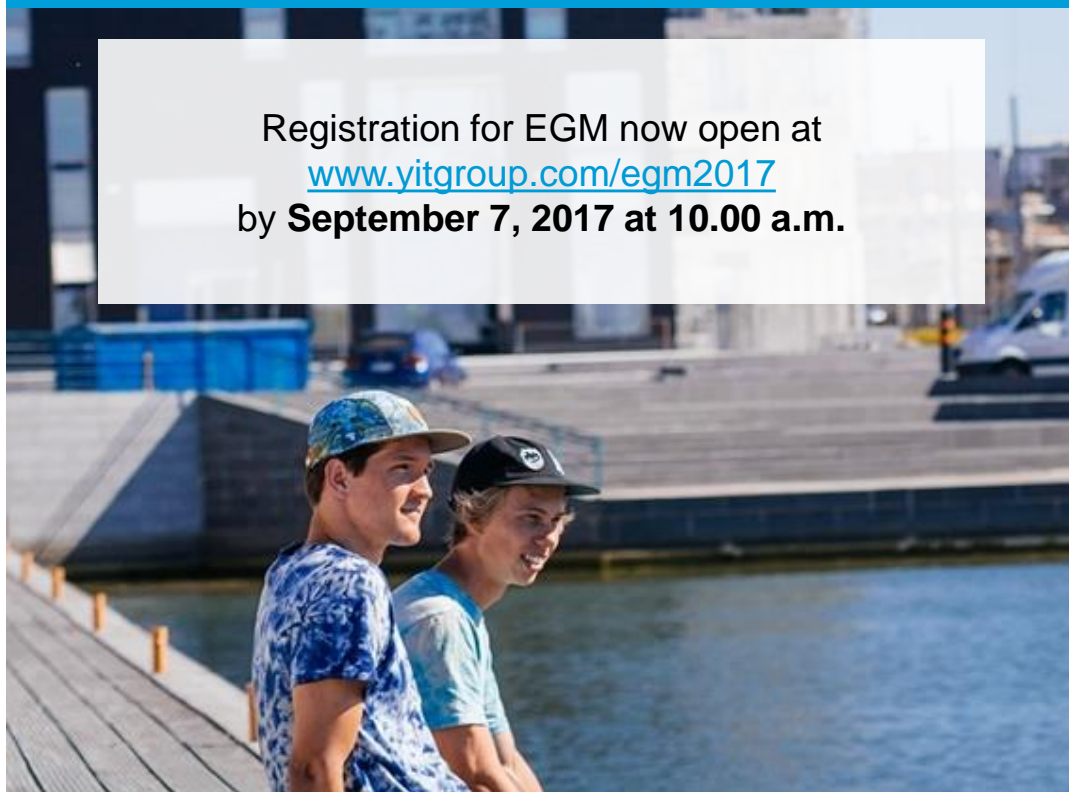
## Extraordinary General Meeting

September 12, 2017 at 10:00 a.m. at Finlandia Hall, Helsinki, Finland

Registration for EGM now open at

[www.yitgroup.com/egm2017](http://www.yitgroup.com/egm2017)

by **September 7, 2017 at 10.00 a.m.**



# 7

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## Appendices






# Appendices

- I. Key figures and additional information about financial position
- II. Ownership
- III. General economic indicators
- IV. Housing indicators
- V. Business premises and infrastructure indicators





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## Key figures and additional information about financial position





# Key figures

EUR million	4–6/2017	4–6/2016	Change	1–6/2017	1–6/2016	Change	1–12/2016
Revenue	457.8	463.7	-1%	937.0	826.1	13%	1,783.6
Operating profit	24.0	20.2	19%	40.7	32.2	26%	52.9
Operating profit margin, %	5.2%	4.3%		4.3%	3.9%		3.0%
Adjusted operating profit	25.0	20.2	24%	41.7	32.2	29%	79.9
Adjusted operating profit margin, %	5.5%	4.3%		4.5%	3.9%		4.5%
Adjustments	-1.1			-1.1			-27.0
Order backlog	2,565.7	2,714.1	-5%	2,565.7	2,714.1	-5%	2,613.1
Profit before taxes	19.5	10.2	90%	32.1	9.5	Over hundred %	13.8
Profit for the review period <sup>1</sup>	15.5	7.9	97%	24.4	7.3	Over hundred %	7.4
Earnings per share, EUR	0.12	0.06	97%	0.19	0.06	Over hundred %	0.06
Operating cash flow after investments, excluding discontinued operations	8.8	26.2	-66%	49.7	1.1	Over thousand %	-43.1
Return on investment, last 12 months, %	5.6%	5.0%		5.6%	5.0%		4.7%
Equity ratio, %	34.6%	36.4%		34.6%	36.4%		35.1%
Interest-bearing net debt (IFRS)	573.3	556.6	3%	573.3	556.6	3%	598.6
Gearing (IFRS), %	115.0%	104.8%		115.0%	104.8%		112.3%
Personnel at the end of the period	5,776	5,632	3%	5,776	5,632	3%	5,261

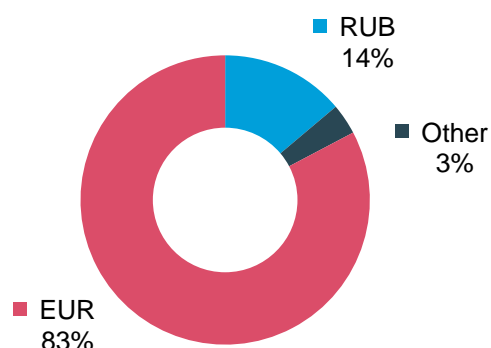
<sup>1</sup>Attributable to equity holders of the parent company

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

Note: The adjusted operating profit does not include material reorganisation costs or impairment

# Ruble weakened in Q2

## Revenue split Q2/2017 (POC)



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

	Q2/2017	1-6/2017
Revenue, POC <sup>1</sup>	9.2	23.1
Adjusted EBIT, POC <sup>1</sup>	0.5	0.4
Order backlog, POC <sup>2</sup>	-44.5	-44.5
Equity, IFRS (translation difference) <sup>2</sup>	-49.4	-49.4

<sup>1</sup> Compared to the corresponding period in 2016

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

## Principles of managing currency risks:

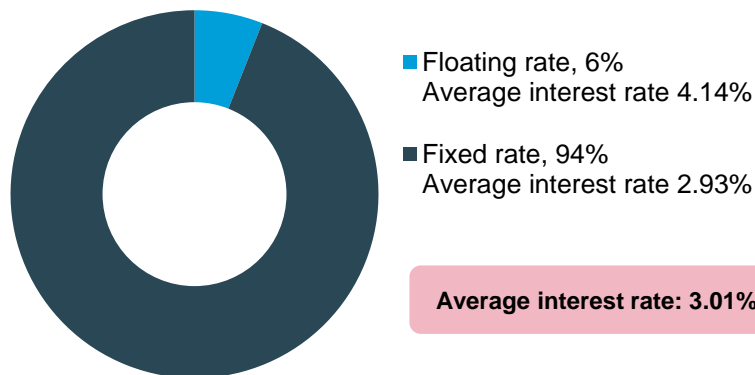
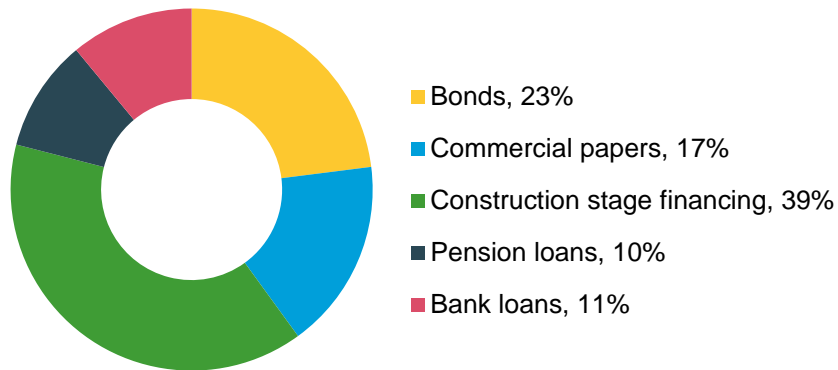
- Sales and project costs typically in same currency, all foreign currency items hedged  
→ **no transaction impact**
- Currency positions affecting the income statement, such as loans to subsidiaries, are hedged
- Equity and equity-like investments in foreign currency not hedged
  - Considered to be of permanent nature
  - FX changes recognized as translation difference in equity
- Invested capital in Russia in 6/2017:
  - Equity and equity-like investments: EUR 349.5 million
  - Loans to subsidiaries: EUR 34.8 million

## EUR/RUB exchange rates

	1-6/2017	1-6/2016
Average rate	62.7434	78.3384
Quarter-end rate	67.5449	71.5200

# Balanced debt portfolio

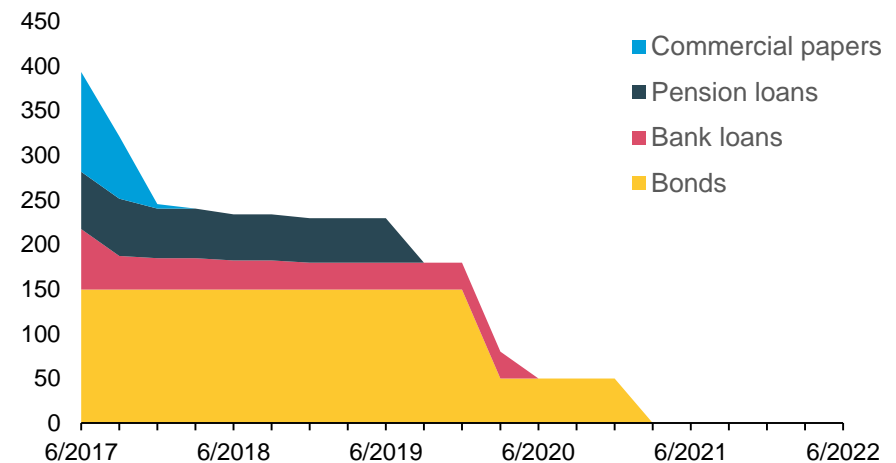
Debt portfolio at the end of the period 6/2017, EUR 649 million



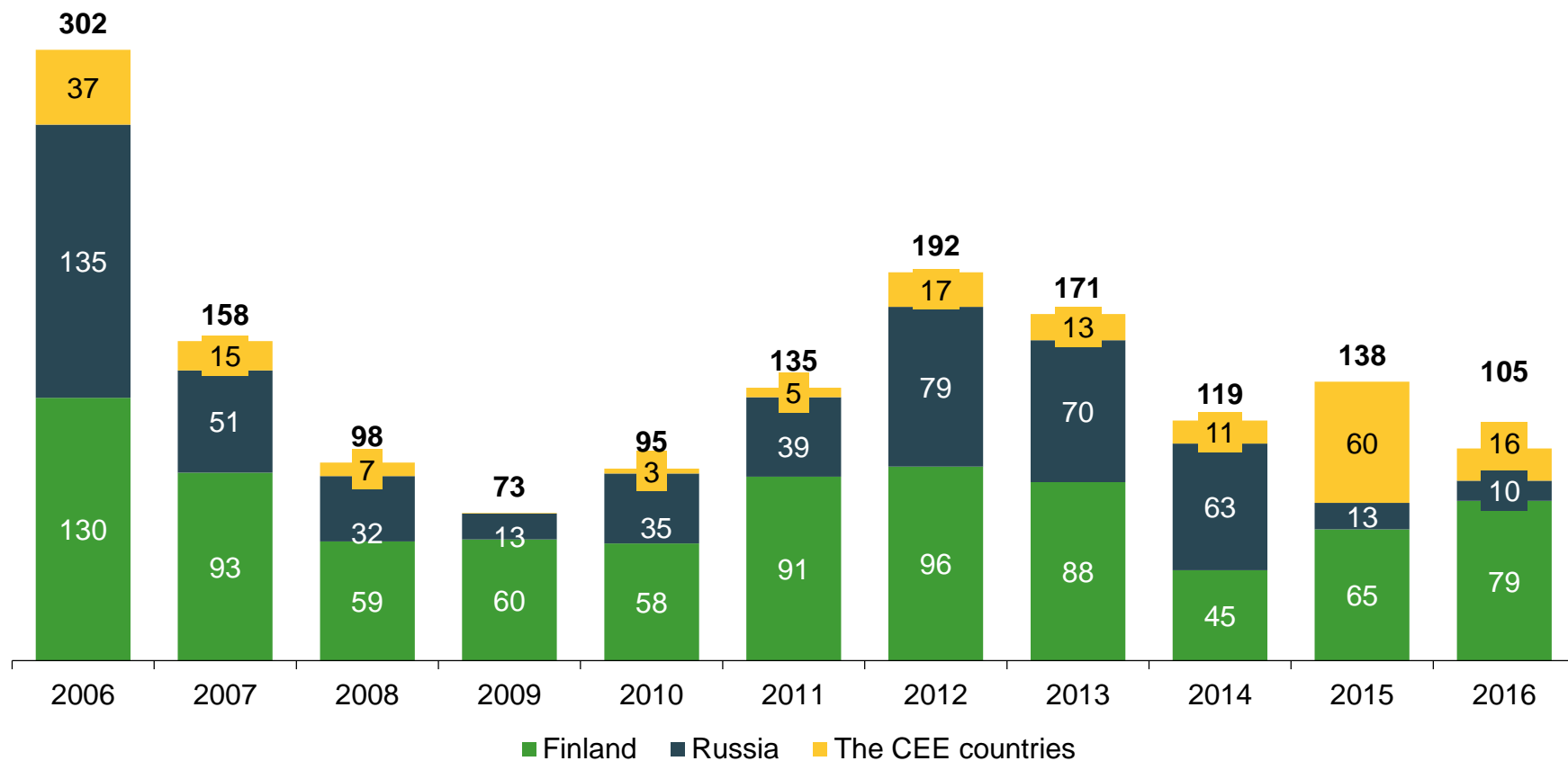
**Average interest rate: 3.01%**

Maturity structure at the end of the period 6/2017

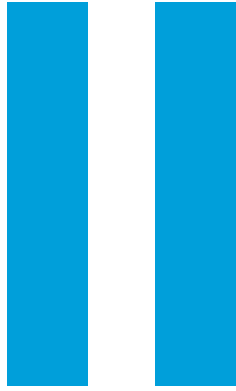
Maturity profile, excluding construction stage financing (EUR million)



# Cash flow of plot investments







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# Share ownership



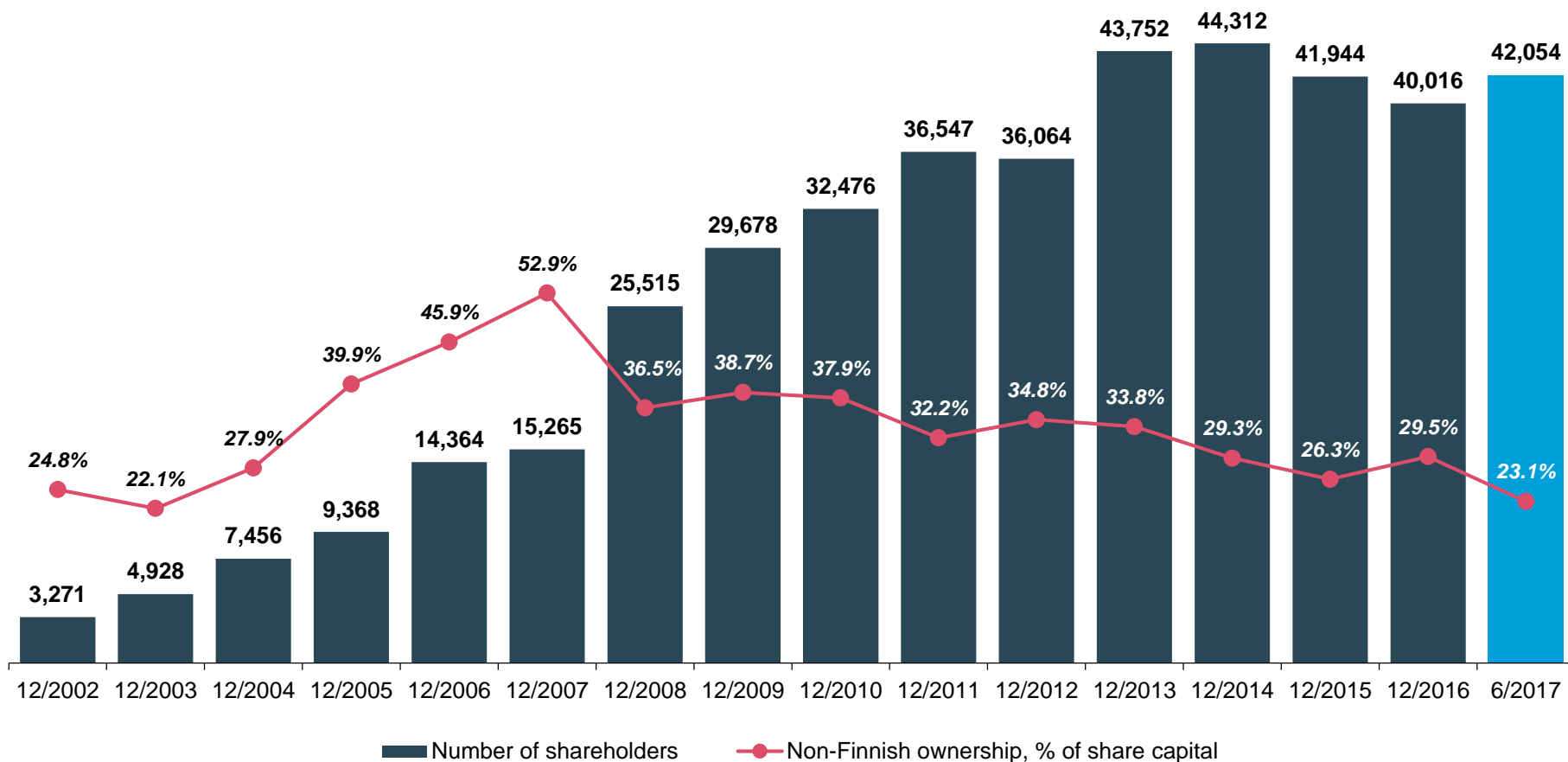
# YIT's major shareholders

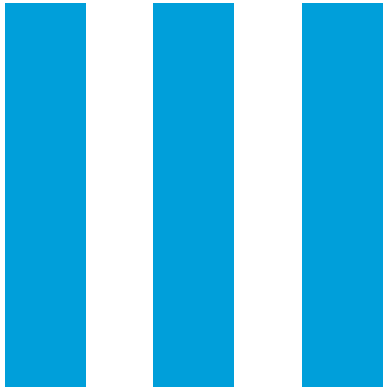
June 30, 2017

Shareholder	Shares	% of share capital
1. Varma Mutual Pension Insurance Company	12,000,000	9.43
2. OP funds	5,578,951	4.39
3. Herlin Antti	4,710,180	3.70
4. Elo Mutual Pension Insurance Company	3,335,468	2.62
5. The State Pension Fund	2,975,000	2.34
6. Danske Invest funds	2,937,448	2.31
7. Ilmarinen Mutual Pension Insurance Company	2,037,573	1.60
8. Aktia funds	1,530,000	1.20
9. OP Cooperative	1,512,882	1.19
10. Etera Mutual Pension Insurance Company	1,410,000	1.11
Ten largest total	38,027,503	29.89
Nominee registered shares	28,504,335	22.40
Other shareholders	60,691,584	48.71
<b>Total</b>	<b>127,223,422</b>	<b>100.00</b>

# More than 42,000 shareholders

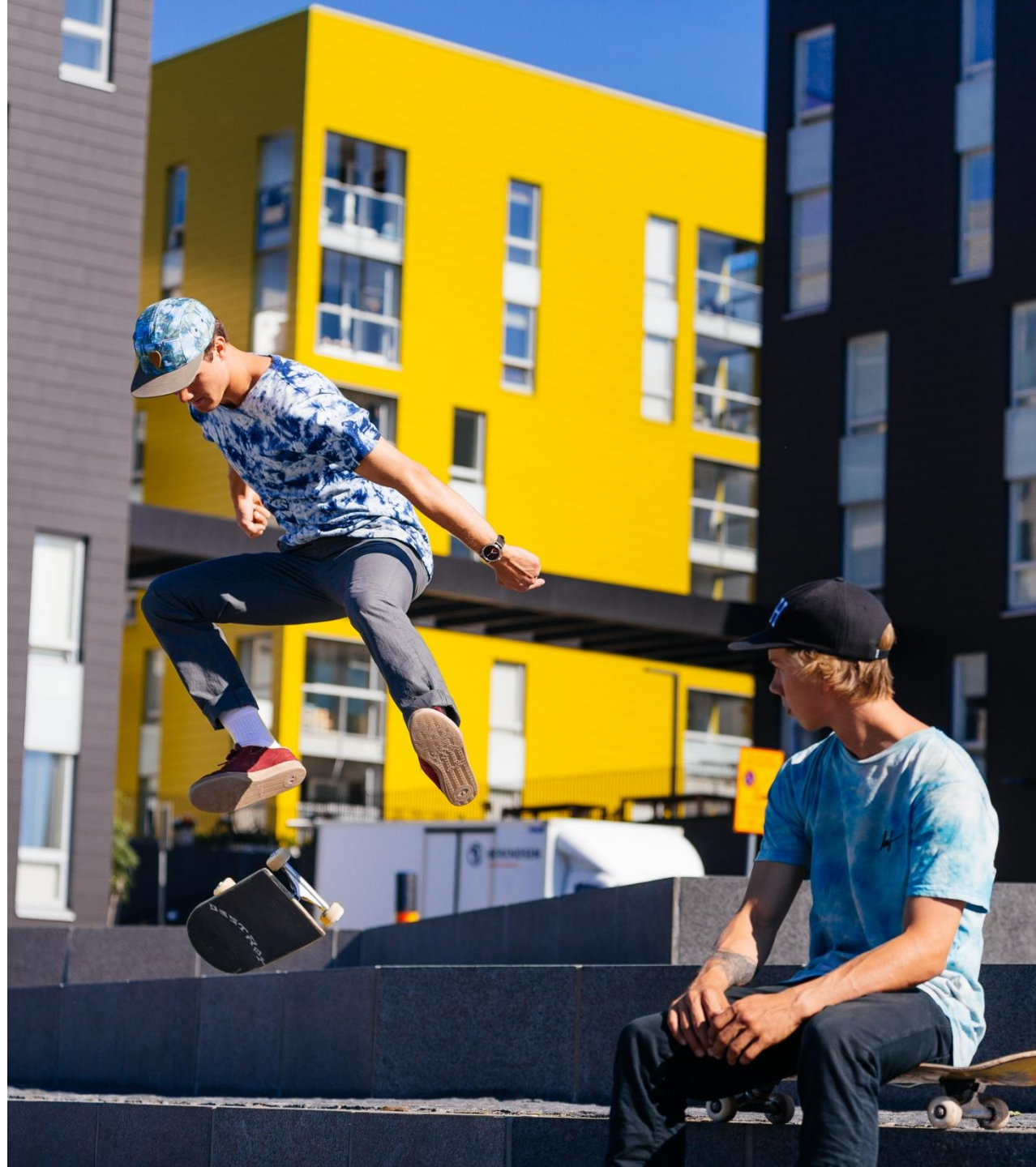
Number of shareholders and share of non-Finnish ownership, June 2017





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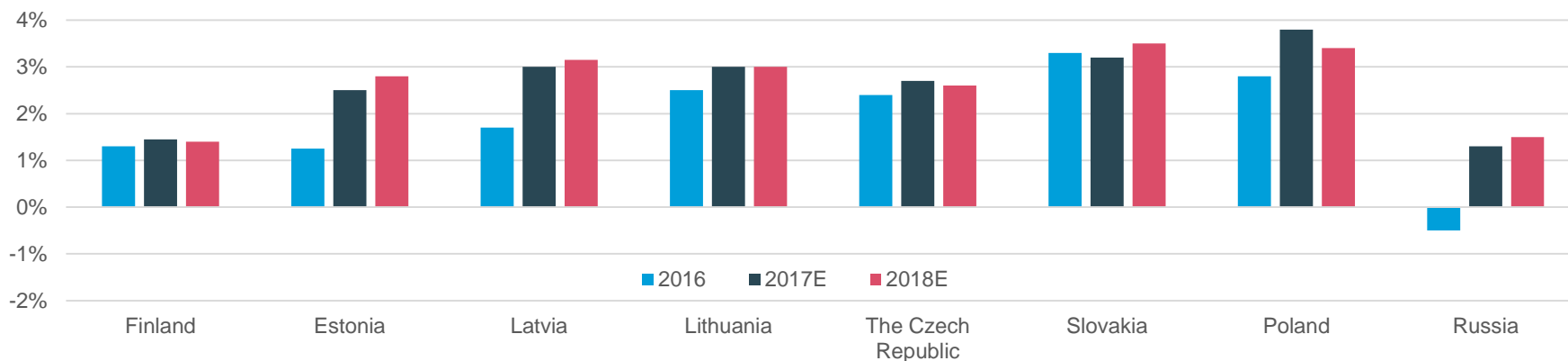
## General economic indicators



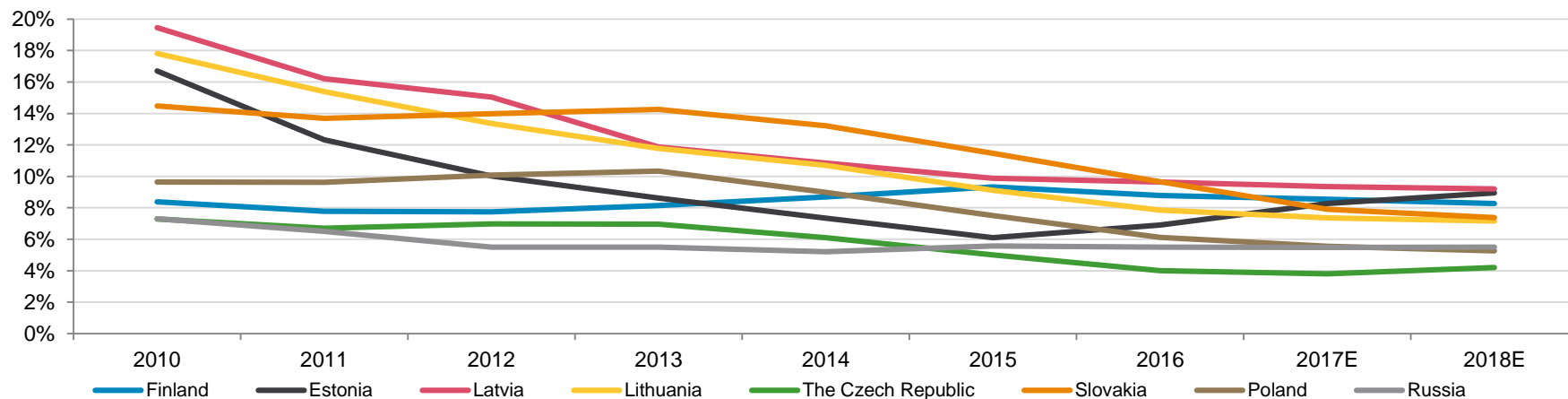


# Strong growth expected in the CEE countries

GDP growth in YIT's operating countries, %



Unemployment rate in YIT's operating countries, %



Sources: GDP growth: Bloomberg consensus, Unemployment: IMF

# IV

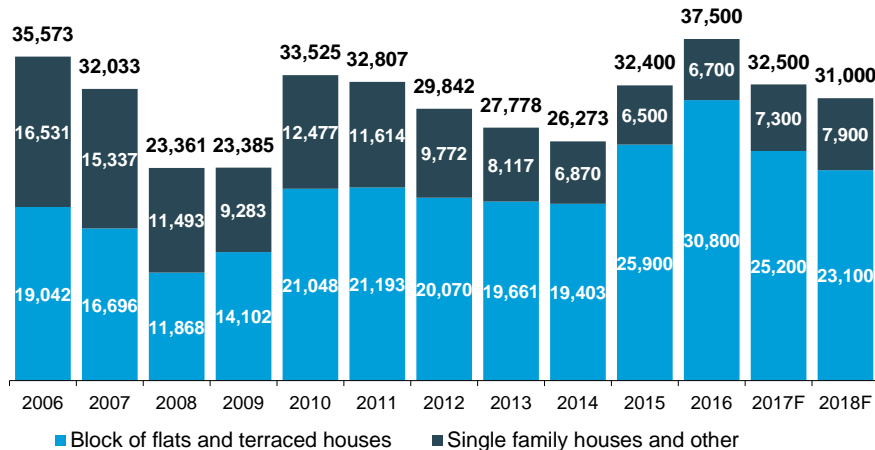
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**Housing indicators**  
Finland  
The CEE countries  
Russia



# Start-ups expected to decrease slightly in 2017 and 2018

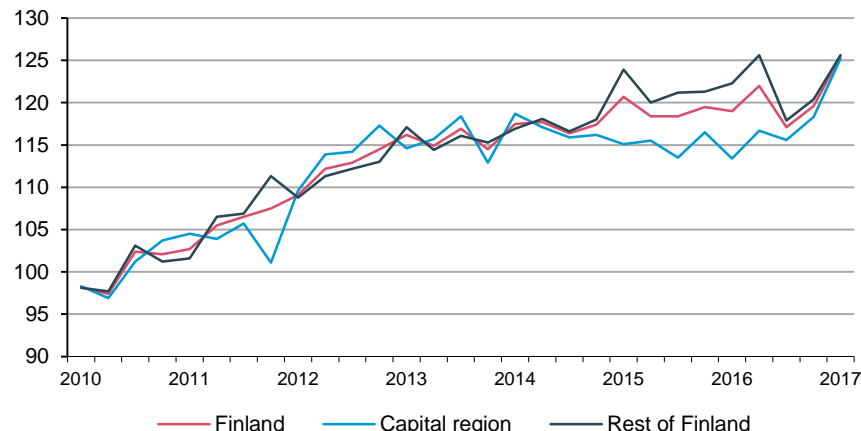
Residential start-ups (units)



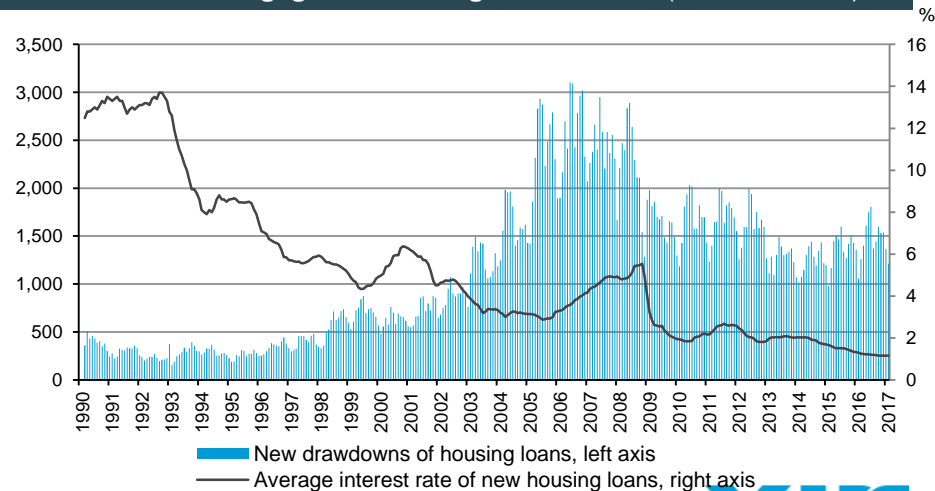
Consumers' views on economic situation in one year's time (balance)



Prices of new dwellings (index 2010=100)



Volume of new mortgages and average interest rate (EUR million, %)

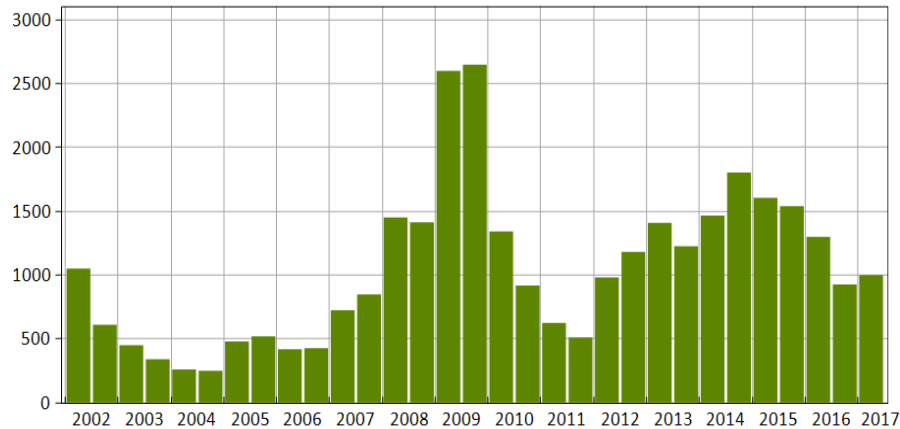


Sources: Residential start-ups: 2006-2014 Statistics Finland; 2015 – 2018F Euroconstruct, June 2017, Consumer confidence: Statistics Finland, Residential prices: Statistics Finland, Loans and Interest rates: Bank of Finland

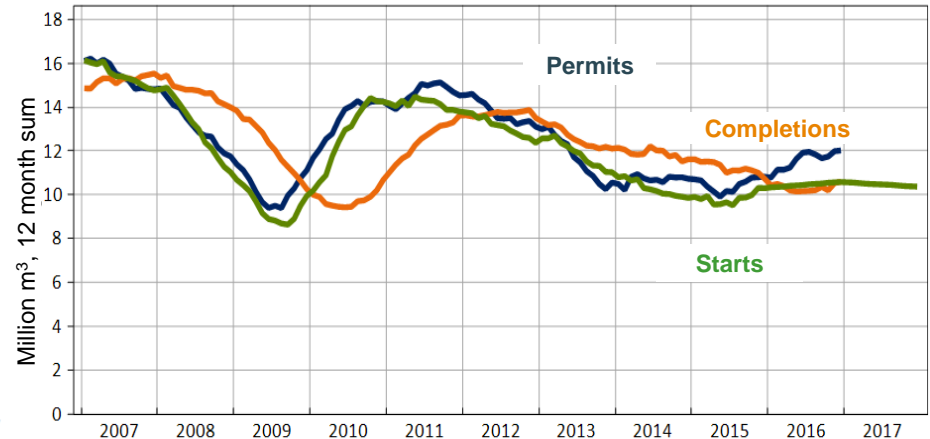
# Finland

## Housing indicators have improved slightly

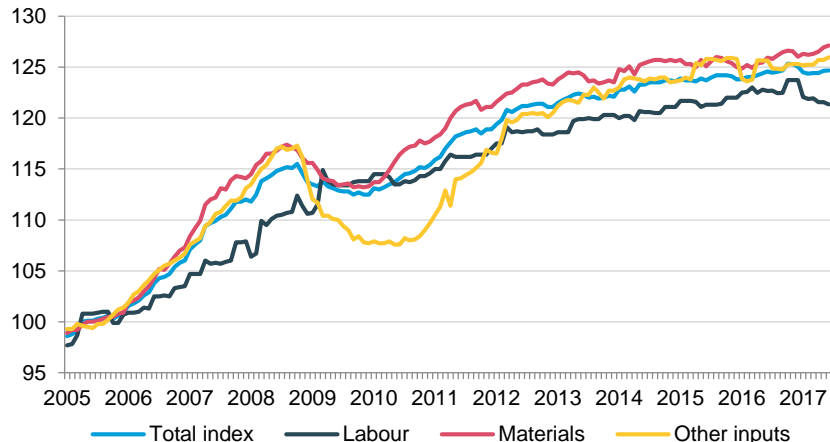
Unsold completed units (residential development projects)



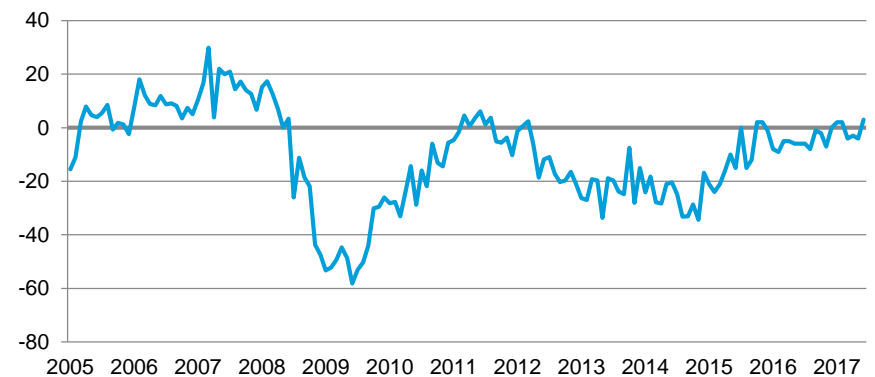
Residential building permits, start-ups and completions (million m<sup>3</sup>)



Construction cost index (2005=100)



Construction confidence (balance)



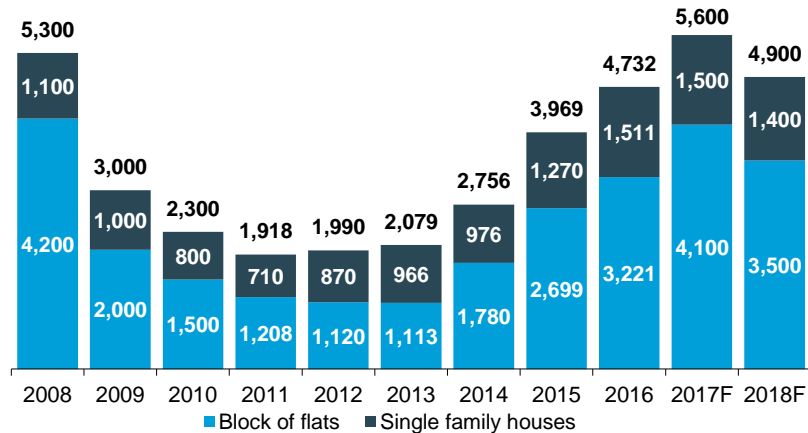
Unsold completed units: Confederation of Finnish Construction Industries RT, Residential building permits, Start-ups and completions: Confederation of Finnish Construction Industries RT,  
 Construction cost index: Statistics Finland, Construction confidence: Confederation of Finnish Industries EK  
 YIT | 55 | Half-Year Report January–June 2017



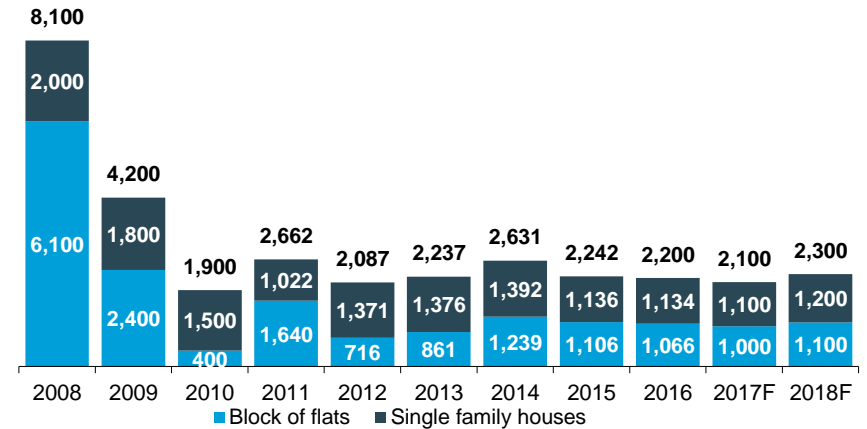
## The Baltic Countries

# Residential construction is expected to level off

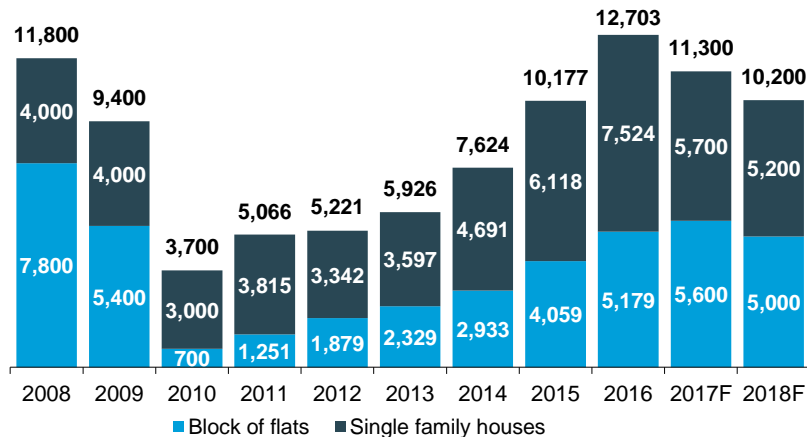
Residential completions in Estonia (units)



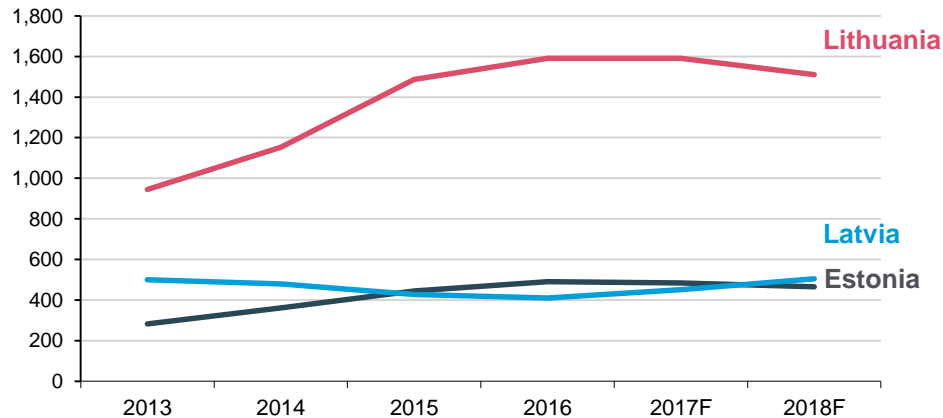
Residential completions in Latvia (units)



Residential completions in Lithuania (units)



New residential construction volume (EUR million)

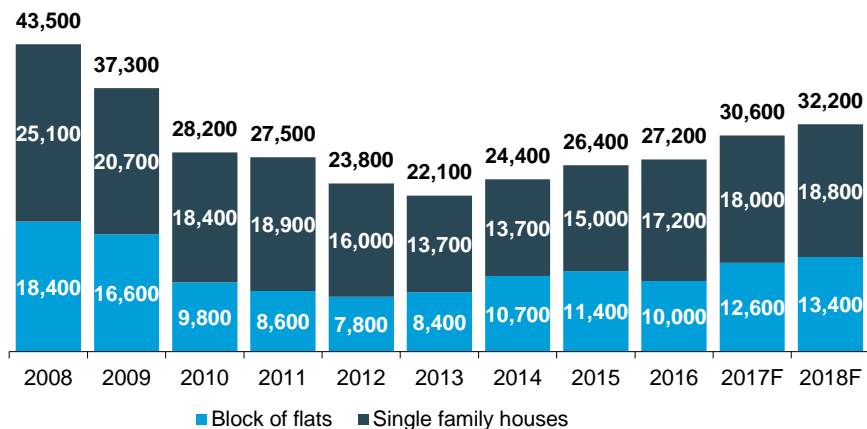


Source: Euroconstruct, June 2017

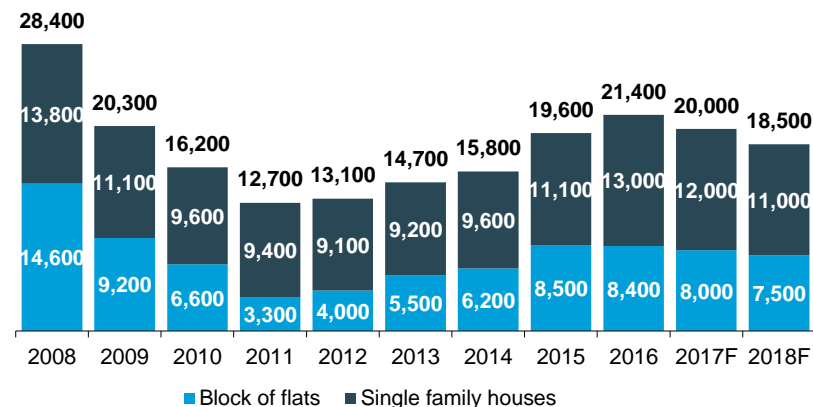
# The Czech Republic, Slovakia and Poland

## Start-ups forecasted to grow in the Czech Republic

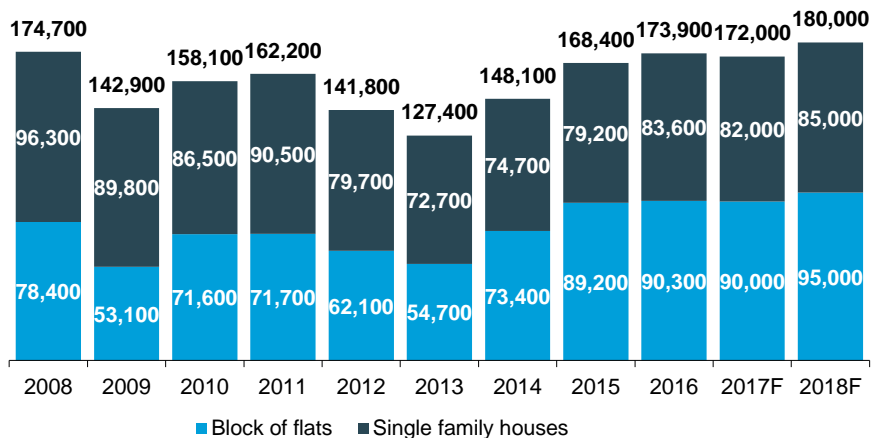
Residential start-ups in the Czech Republic (units)



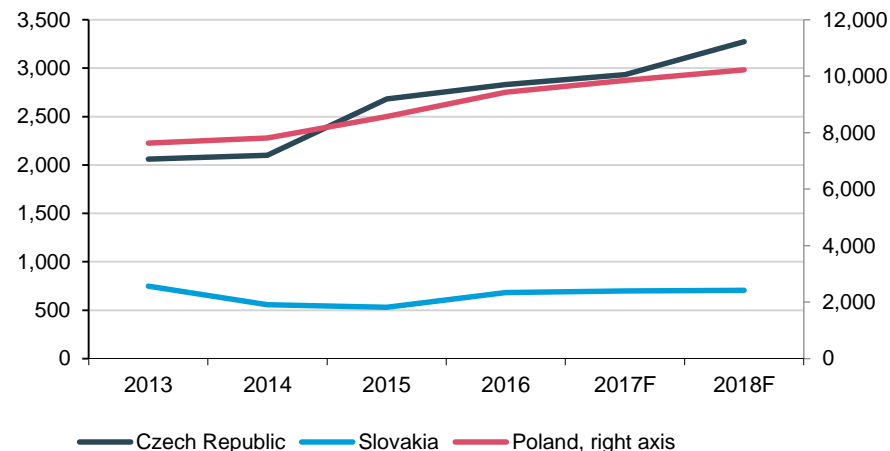
Residential start-ups in Slovakia (units)



Residential start-ups in Poland (units)



New residential construction volume (EUR million)

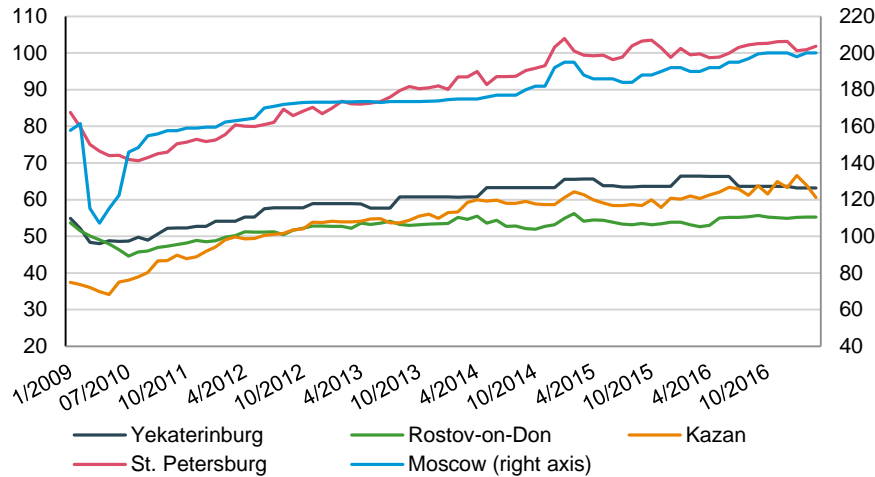


Source: Euroconstruct, June 2017

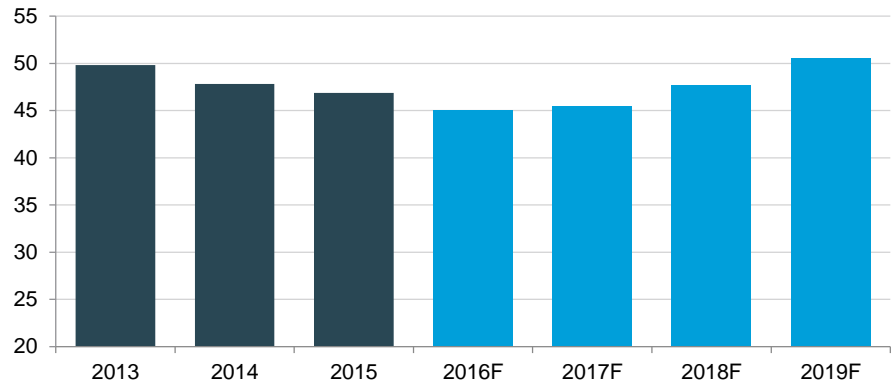
# Russia

## Housing indicators

House prices in primary markets (thousand RUB per sq. m.)

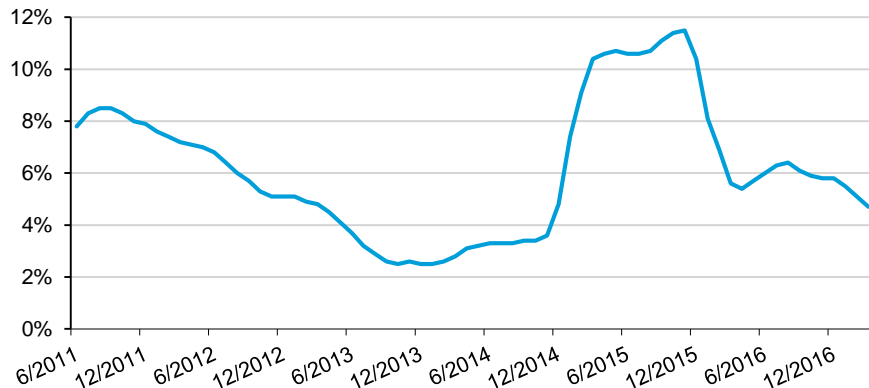


New residential construction volume (EUR billion\*)

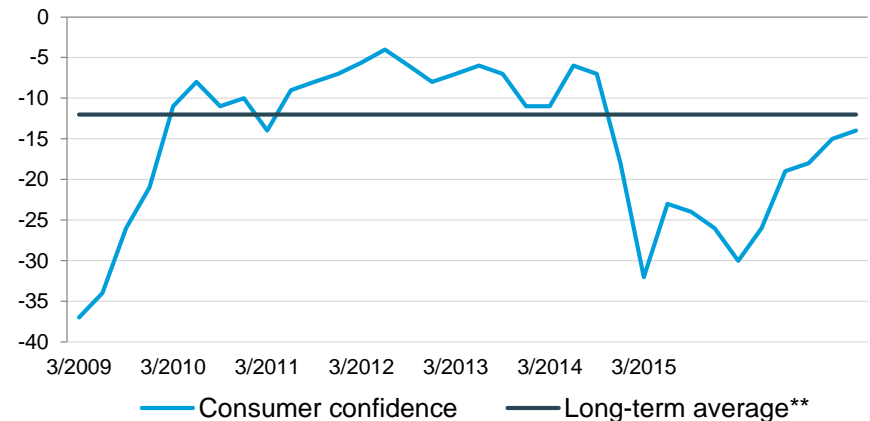


\*At 2016 prices, excluding taxes. 1 EUR = 74,144 rubles

Inflation in building materials (%)



Consumer confidence



Sources: House prices: YIT, New residential construction volume: Euroconstruct, June 2017, Inflation in building materials: PMR Construction review, April 2017, Consumer confidence: Bloomberg

\*\*Average 12/1998-6/2017



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## **Business Premises**

Finland

The Baltic countries

Slovakia

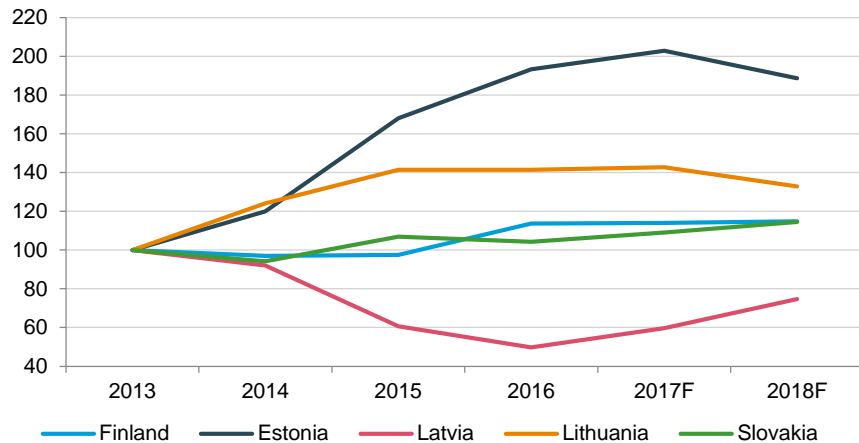
## **Infrastructure**

Finland

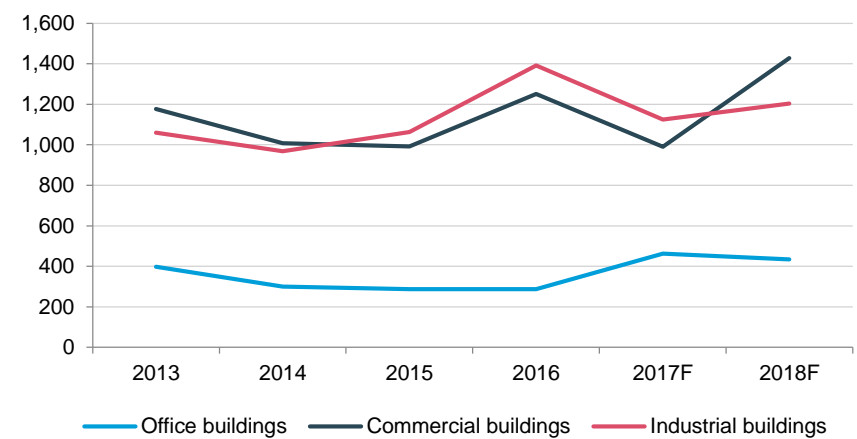


# New non-residential construction forecasted to pick up slightly in the Baltic countries in 2017

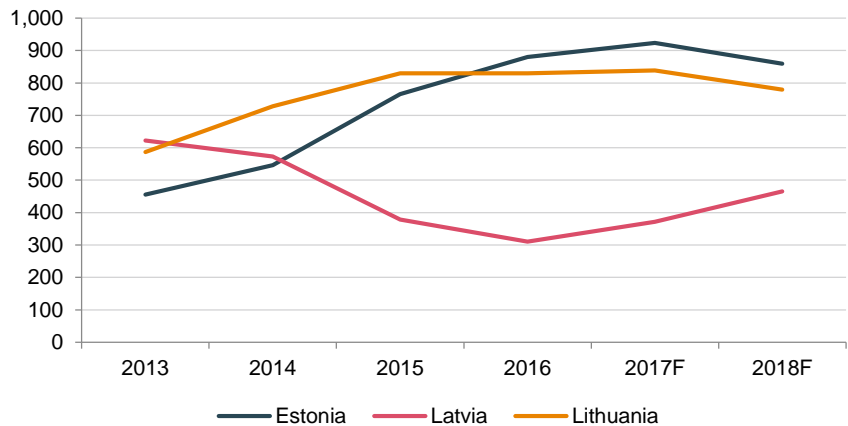
New non-residential construction volumes (index 2013=100)



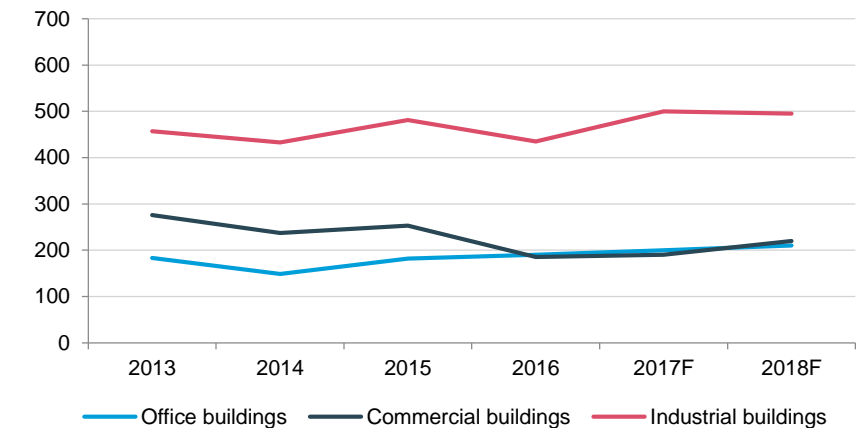
New non-residential construction in Finland (EUR million)



New non-residential construction in the Baltic countries (EUR million)



New non-residential construction in Slovakia (EUR million)



Sources: Euroconstruct and Forecon, June 2017



# Finland

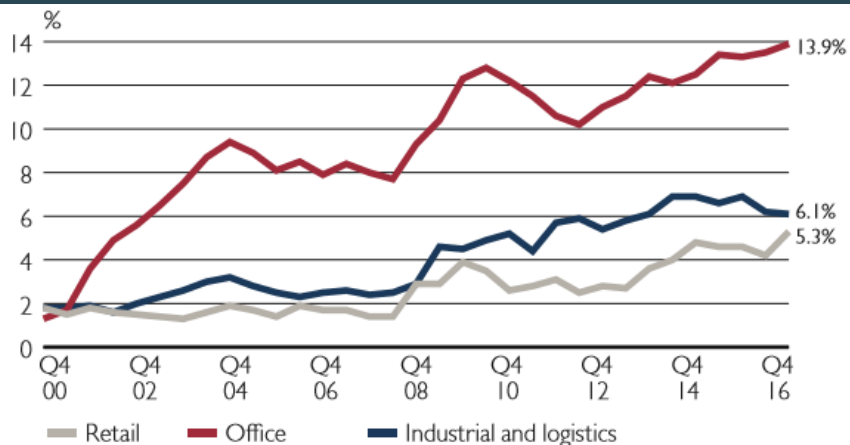
## Prime yields expected to decrease slightly

Prime yields in Helsinki Metropolitan Area (%)

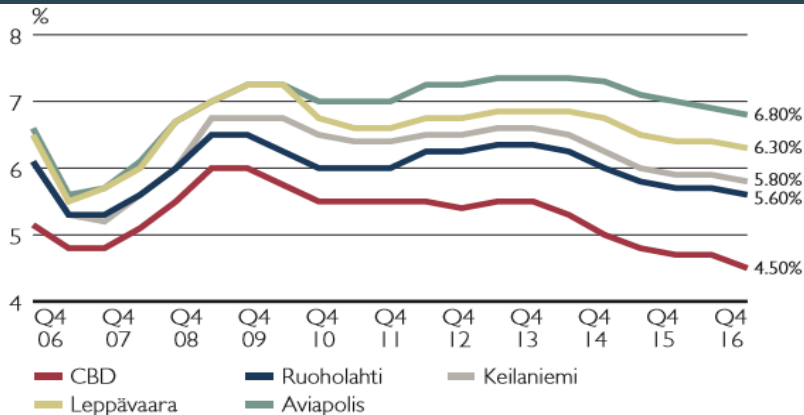


Particularly long lease agreements decrease yields by 0.1–0.5% points.

Vacancy rates in Helsinki Metropolitan Area (%)

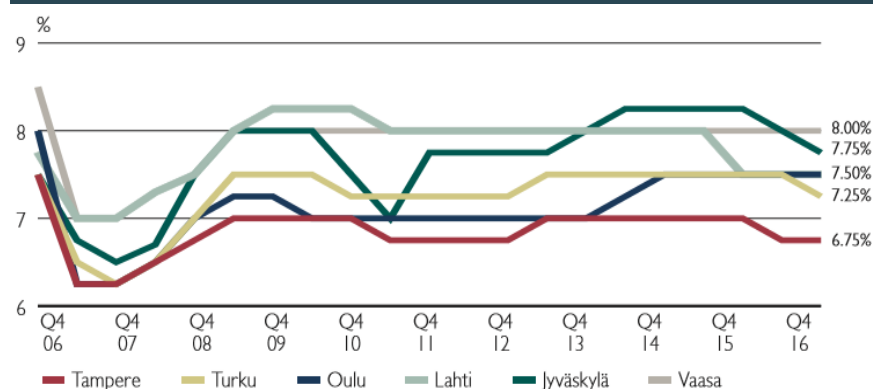


Office yields in Helsinki Metropolitan Area, %



Particularly long lease agreements decrease yields by 0.1–0.5% points.

Prime yields in growth centres, %

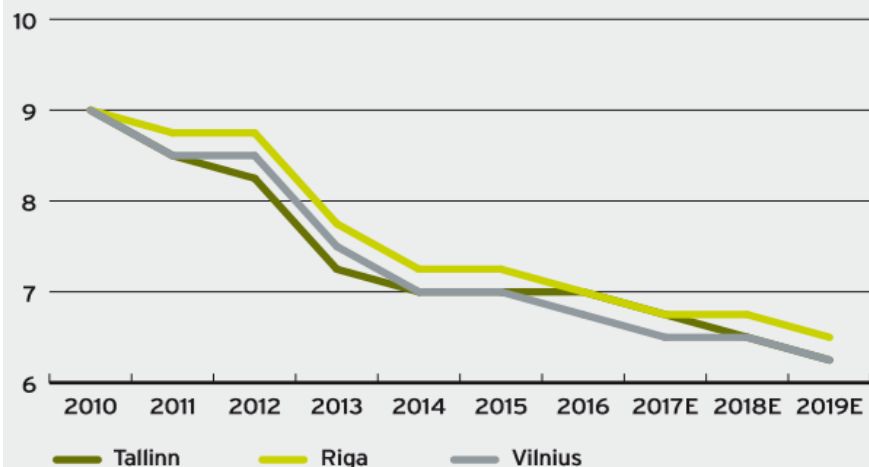


Particularly long lease agreements currently decrease yields by 0.1–0.5% points.

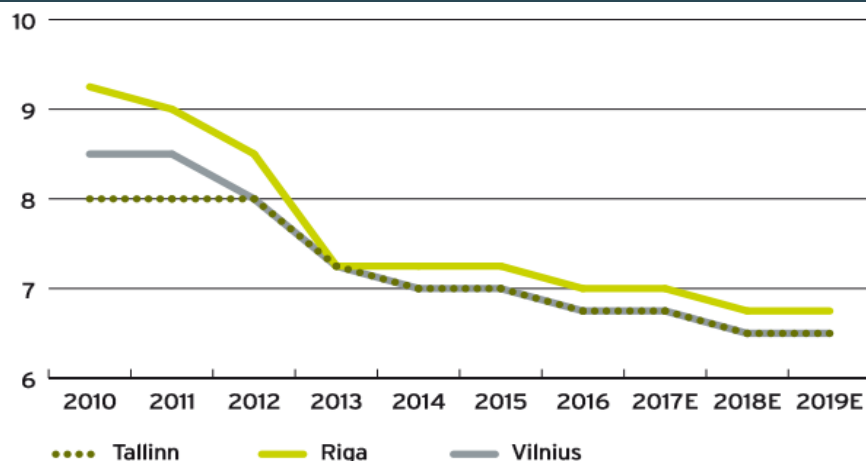
# The Baltic countries

## Yields are expected decrease slightly

Prime office yields in the Baltic countries (%)

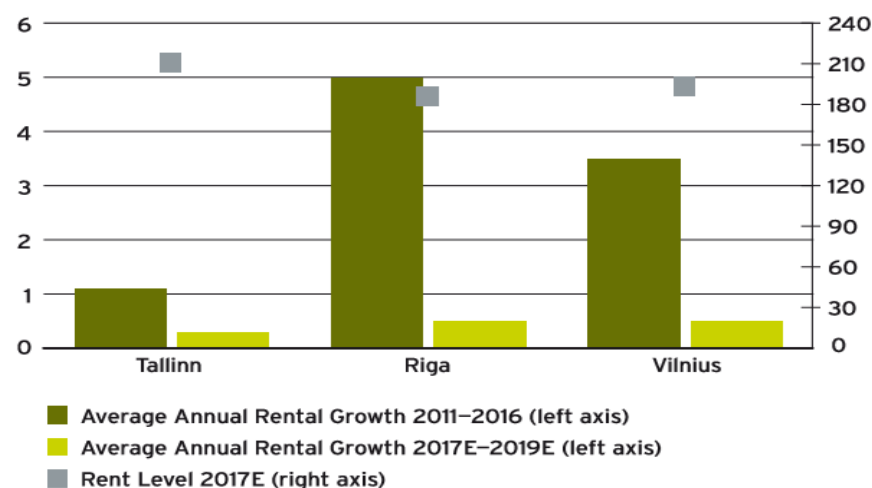


Prime retail yields in the Baltic countries (%)

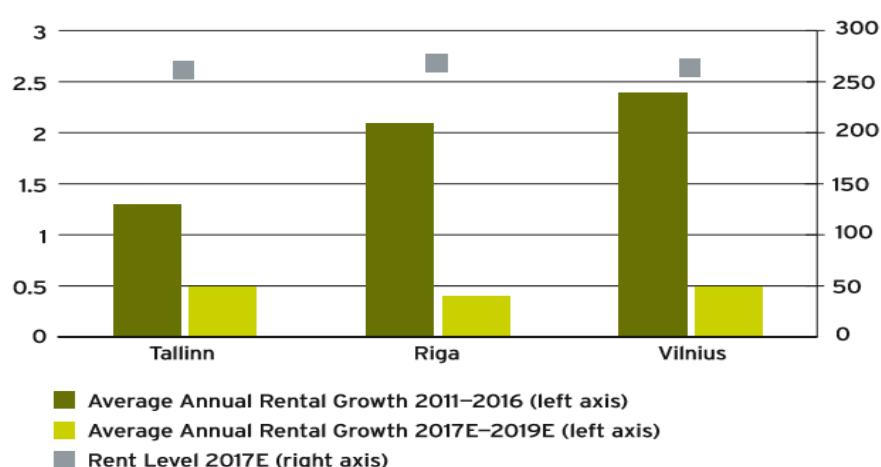


Source: Newsec Property Outlook, March 2017

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



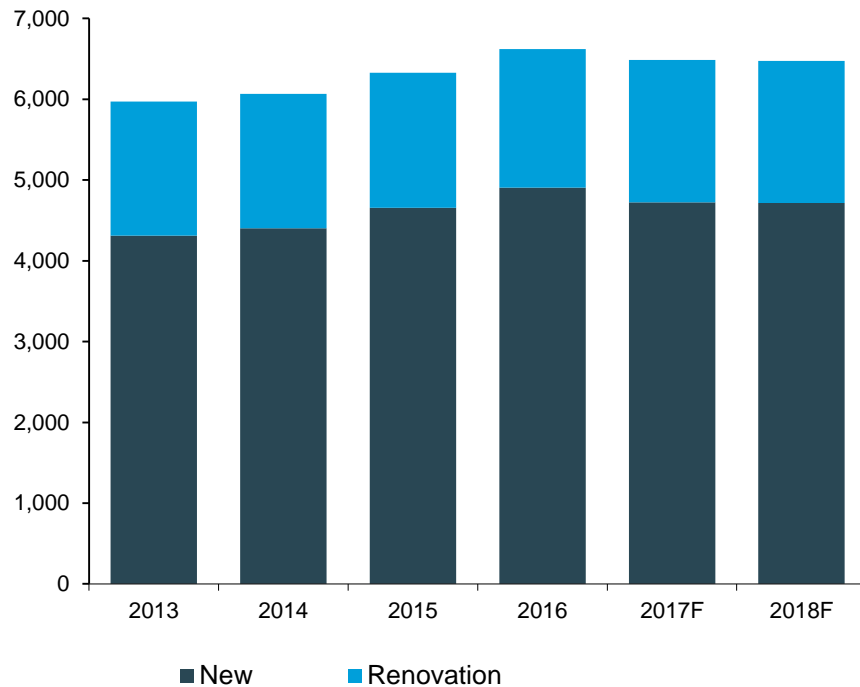
Prime retail rents in the Baltic countries, (% , EUR / sq. m. / year)



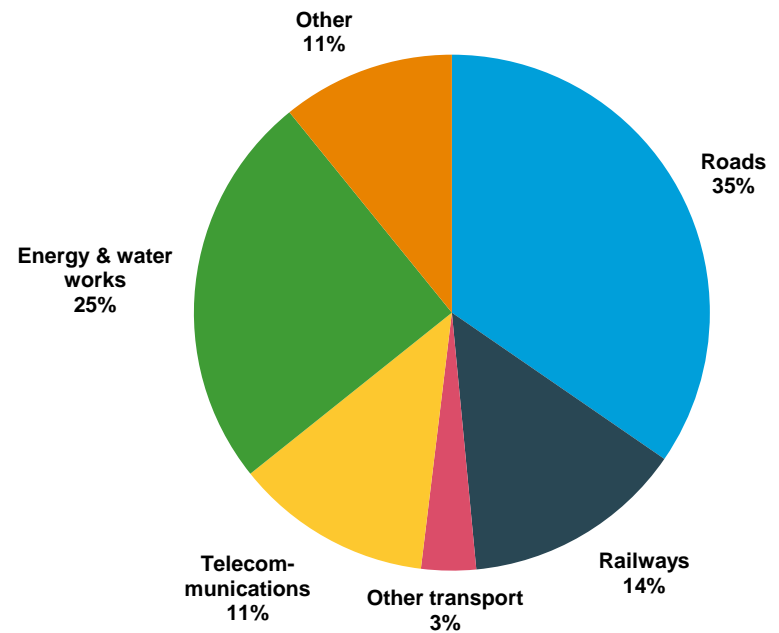
# Infrastructure construction in Finland

## Market expected to remain stable in 2017

Infrastructure market in Finland (EUR million)



Infrastructure sectors in Finland (2016)



Sources: Euroconstruct, June 2017

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# Disclaimer

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Lemminkäinen Corporation's shareholders should be aware that YIT Corporation may purchase Lemminkäinen Corporation's shares otherwise than under the merger, such as in open market or privately negotiated purchases, at any time during the pendency of the proposed merger.

**Together  
we can  
do it.**