



Analyst day 2018

JUNE 6, 2018

Agenda

Impact of changes in YIT's structure and reporting principles

Kari Kauniskangas, President and CEO

YIT's paving business

Heikki Vuorenmaa, EVP, Paving segment

Paving process at Sammonmäki asphalt plant

Site visit

Kimmo Karjala, Production Manager

Key messages of the day

1

Change of YIT's reporting principles has remarkable impact

- Adjusted operating profit expected to fluctuate significantly between the quarters
- IFRS reporting impacts heavily to Housing segments revenue and profit recognition
 - There is no rule of thumb for estimating number of commissioned apartments
- Paving business is highly cyclical within the year, but cyclicity is quite predictable
- Sale of big self-developed projects impact heavily on Business Premises and Partnership Properties segments quarterly results

2

Outlook 2018 unchanged

- YIT estimates that in 2018, in Finland and CEE, approximately 5,000 – 5,500 apartments and approximately 3,000 apartments in Russia will be completed. In Russia the majority of them during the fourth quarter
- During the first months of the year, YIT has signed several significant, long-term lease agreements and estimates to sell several large office projects in the Helsinki metropolitan area during the remainder of the year to final investors.

3

The business logic in paving business

- Cyclical (within the year) process business, stable throughout the years
- Great market share and profitability in Finland, improvement potential in other market areas, extensive measures executed

No new information disclosed during the day

1

Impact of changes in YIT's structure and reporting principles



Outlook for 2018

- Due to the merger of YIT and Lemminkäinen, YIT does not issue numerical guidance for the Group but is issuing a general outlook that describes future development instead.
- YIT's outlook is based on assumptions and the management's estimates of the development of demand in the Group's operating environment and segments.
- The Board of Directors will assess, and later announce, whether it is appropriate to issue numerical guidance for the merged company.

The adjusted operating profit¹ is expected to fluctuate significantly between the quarters.

In its annual cash flow planning, YIT's target is to have a positive cash flow after dividends have been paid. This applies also to cash flow planning for year 2018.

YIT has adjusted its estimate on the total amount and timing of the synergy benefits of the merger. YIT estimates that the total synergies are larger and they will be achieved sooner than earlier announced. The company estimates the total annual synergies related to the merger to have an impact of EUR 40-50 million million by the end of 2020. Of this, EUR 40 million is expected to be achieved starting from the first quarter 2020. Previously the company estimated the annual total synergies to be EUR 40 million, and they were estimated to be reached in full by the end of 2020.

YIT estimates that in 2018, in Finland and CEE, approximately 5,000 – 5,500 apartments and approximately 3,000 apartments in Russia will be completed, the majority of them during the fourth quarter. During the first months of the year, YIT has signed several significant, long-term lease agreements and estimates to sell several large business premises in the Helsinki metropolitan area during the remainder of the year to final investors.

¹The adjusted operating profit reflects the result of ordinary course of business and it does not include material reorganisation costs, impairment charges or other items affecting comparability. Adjusted operating profit is disclosed to improve comparability between reporting periods. Adjusting items are defined more precisely in the tables in the Interim Report January–March 2018.

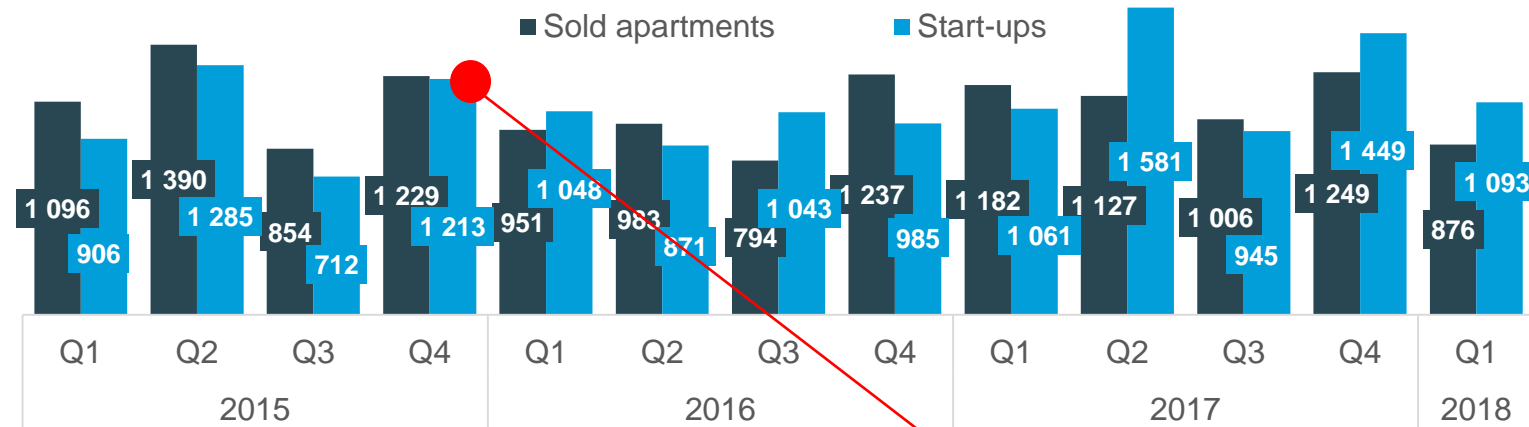
YIT Group organisation as of February 1, 2018

President and CEO <i>Kari Kauniskangas</i>						
Urban development <i>Juha Kostiainen</i>	Paving <i>Heikki Vuorenmaa</i> IFRS = POC	Infrastructure projects <i>Harri Kailasalo</i> IFRS = POC	Business premises <i>Esa Neuvonen</i> IFRS = POC	Partnership properties <i>Esa Neuvonen</i>	Housing Finland and CEE <i>Antti Inkilä</i> IFRS ≠ POC - Timing difference - Interest during construction period	Housing Russia <i>Teemu Helppolainen</i> IFRS ≠ POC - Timing difference - Interest during construction period
Finance <i>Ilkka Salonen</i>						
Personnel <i>Pii Raulo</i>						
Strategy and development <i>Jan Gustafsson</i>						
Integration <i>Juhani Nummi</i>						

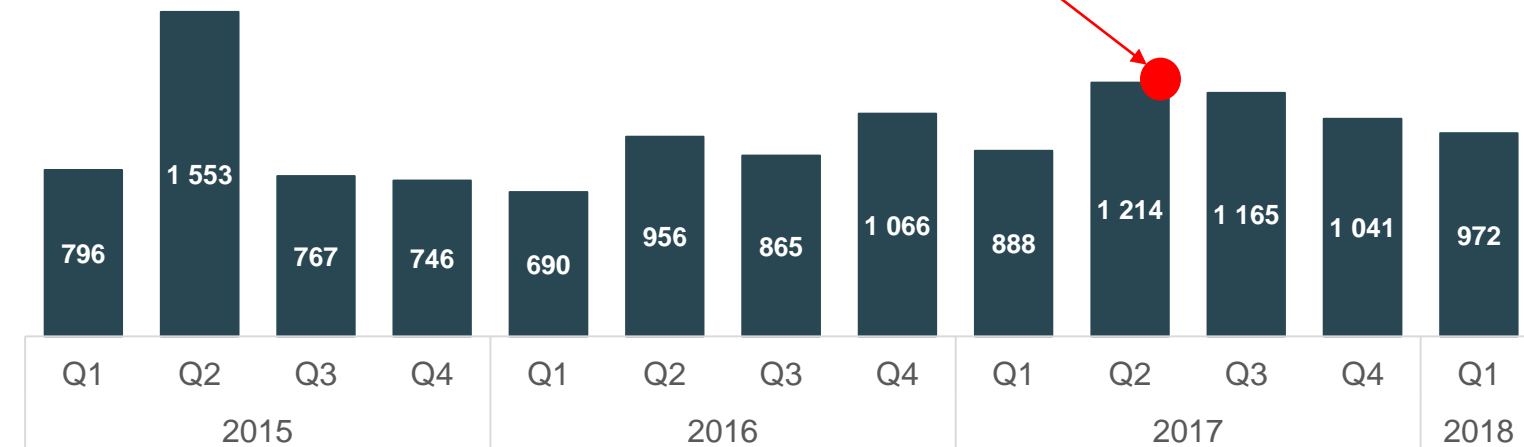
Housing Finland

Sales and start-ups

APARTMENTS SALES AND START-UPS (units)



COMPLETED APARTMENTS (units)

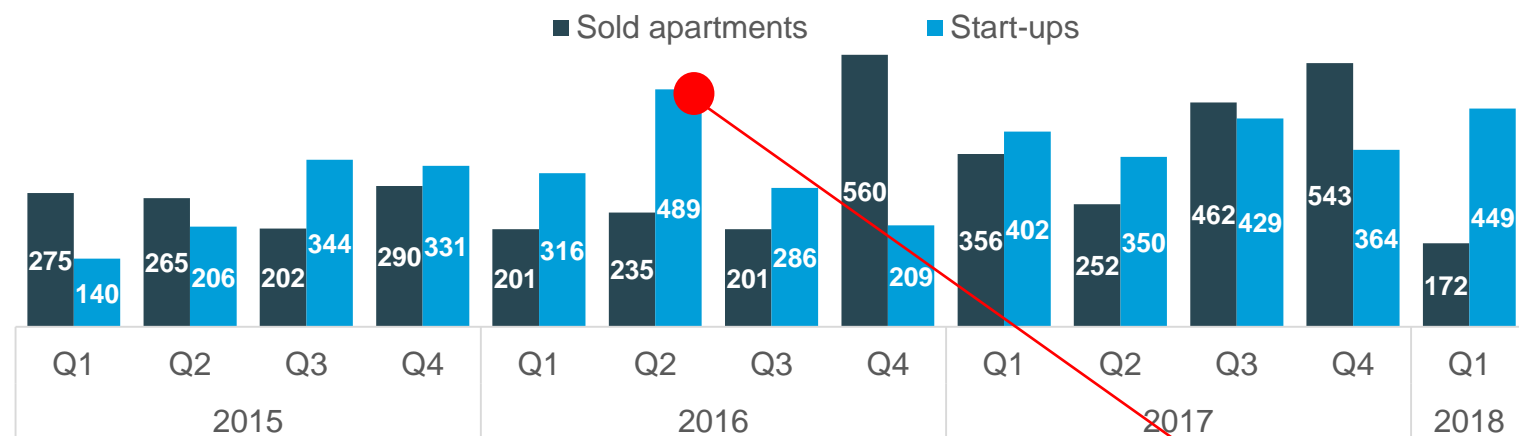


- Typical construction time for residential project in Finland is approximately 12–18 months from Start-up decision (includes preparation and construction time)
- Usually ~80% of apartments are sold when a project is completed
- The red bullets and arrow are illustrative
 - Duration of the projects vary a lot

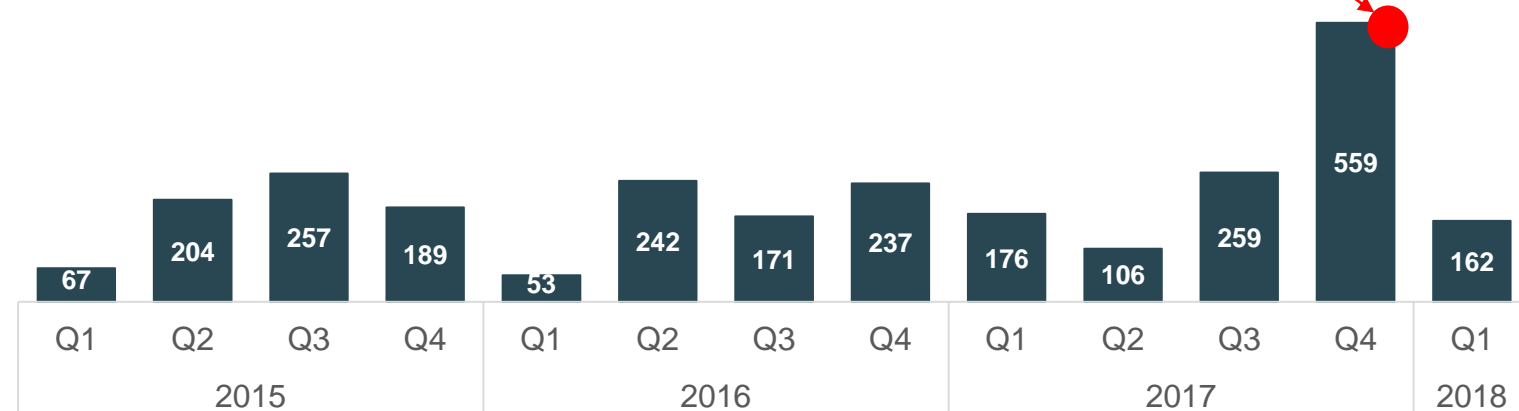
Housing CEE

Sales and start-ups

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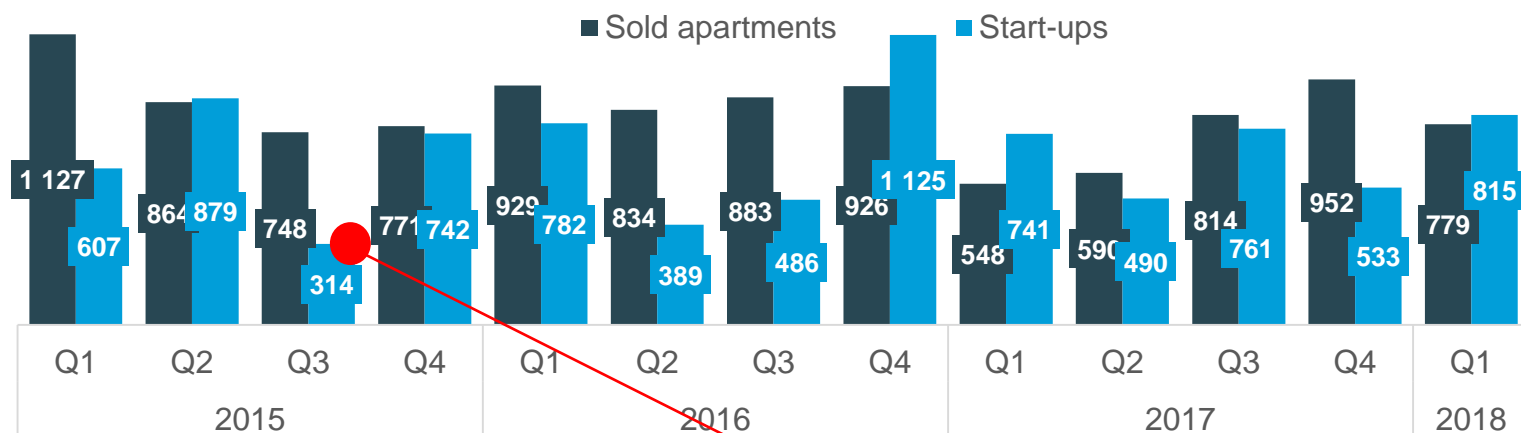


- Typical construction time for residential project in CEE is approximately 15–24 months
- Usually ~80% of apartments are sold when a project is completed
- YIT sells part of its residential project to YCE Housing I fund, which is partly owned by YIT
 - Sales recorded as investor sales in YIT's reporting
 - YIT sells the apartments owned by the fund further to consumers
- The red bullets and arrow are illustrative
 - Duration of the projects vary a lot

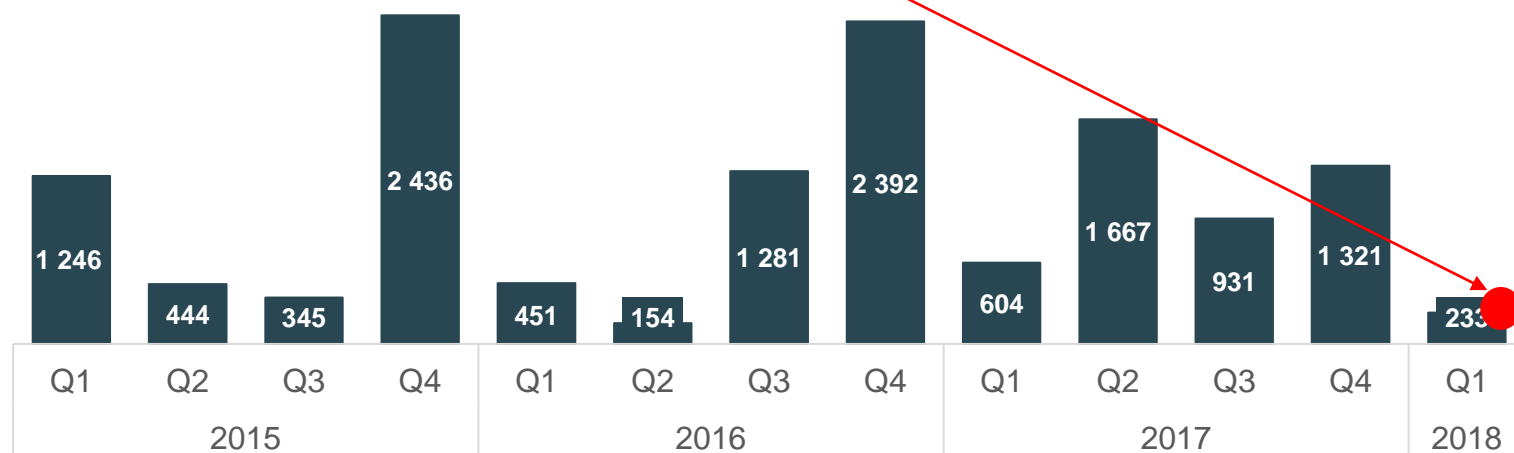
Housing Russia

Sales and start-ups

APARTMENTS SALES AND START-UPS (units)



COMPLETED APARTMENTS (units)

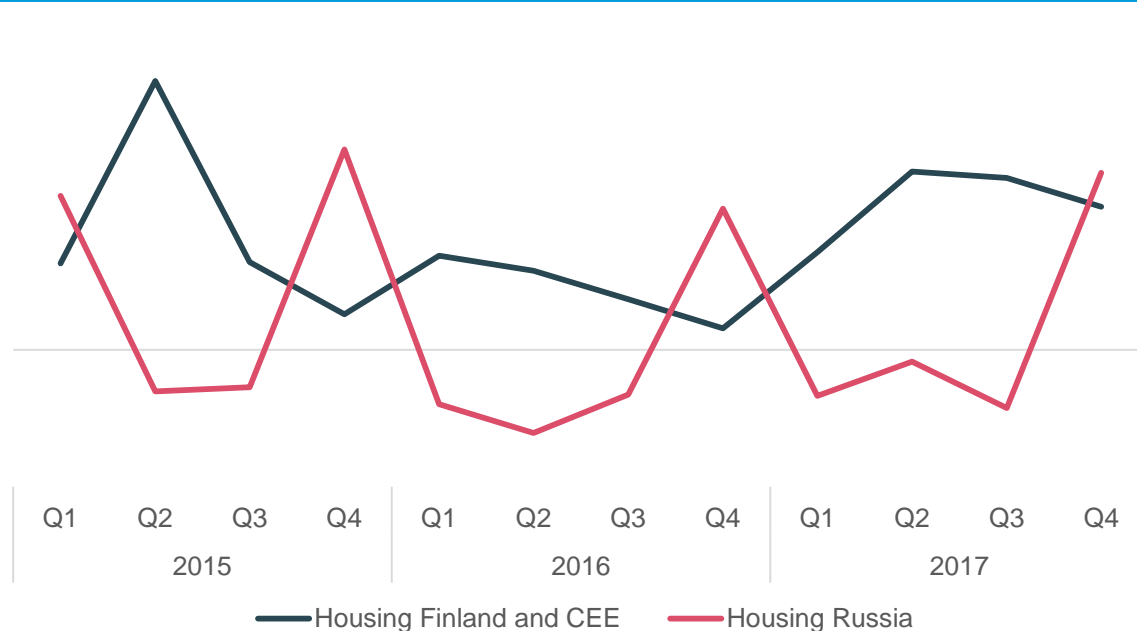


- Typical construction time for residential project in Russia is approximately 21–30 months
- Usually ~80% of apartments are sold when a project is completed
- The red bullets and arrow are illustrative
 - Duration of the projects vary a lot

Cyclicality in profit generation

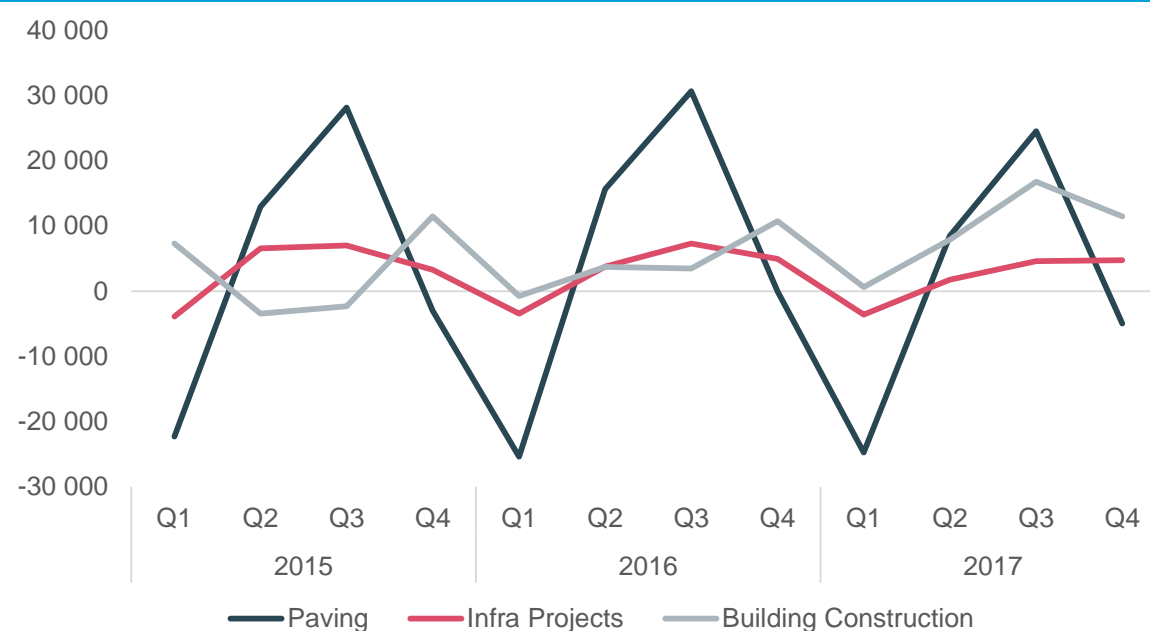
- In housing segments, revenue and profit recognition is highly dependent on the number of completed apartments
- Paving and infrastructure projects are cyclical within the year, especially paving business has practically no operations in Q1, which is reflected as low revenue and negative profit

ADJUSTED EBIT DEVELOPMENT IN YIT BEFORE THE MERGER

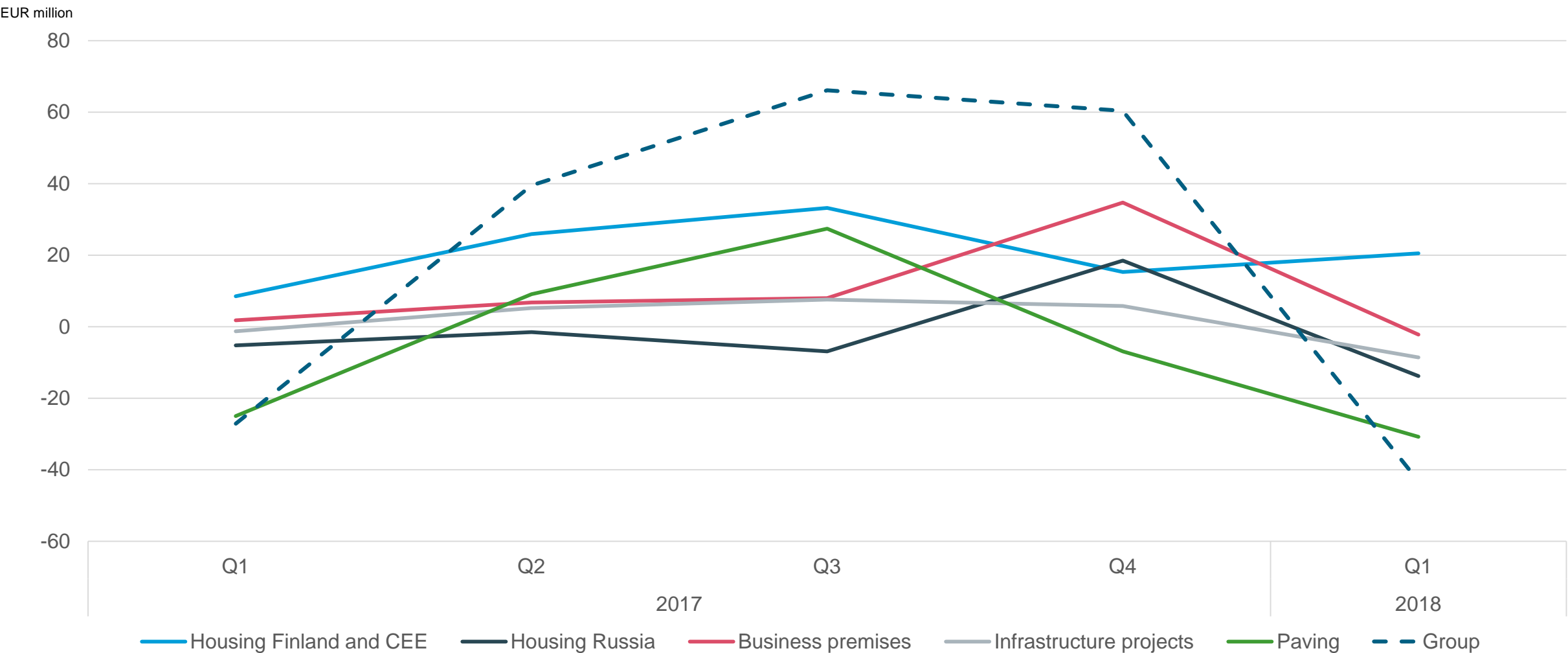


All figures are IFRS based

ADJUSTED EBIT DEVELOPMENT IN LEMMINKÄINEN BEFORE THE MERGER



EBIT development of the combined company



All figures are pro forma figures and IFRS based

More out of urban development

KEY ACTIONS

Step A

- Urban development unit
- Plot factory
- Development partnerships

Step B

- Partnership Properties segment
- Improved risk tolerance
- Strengthened balance sheet

Step C

- Living services
- Renovation services
- Data for value creation

More ideas ●

More projects ●

More investment capacity ●

More stable cashflow ●

Wider portfolio
of development projects

Faster turnover
of plot portfolio

Ownership and
quarterly valuation

Long-term
customerships

NEW APPROACH

Partnership properties: Case Mall of Tripla

Pasila, Helsinki in the future



Revenue recognition in Mall of Tripla

YIT'S ROLES

CONTRACTOR

DEVELOPER

INVESTOR

INCOME STREAMS

REVENUE RECOGNITION

61.25% recognition in line with construction progress

PROFIT RECOGNITION

61.25% recognition in line with construction progress

YIT'S EQUITY INVESTMENTS
+ DEBT

EUR 117 million

Mall of Tripla opens in H2/2019

2020

The best mall for sale in Finland (?)

Recognition of 38.75% of revenue and profit

RENTAL INCOME

FAIR VALUATION CHANGES

Recognition of profit, rental income and fair valuation

RECOGNITION OF PROJECT REVENUE AND MARGIN

- Revenue and EBIT recognition in line with construction progress, excluding YIT's internal group revenue and margin
- Internal group revenue and margin of the contract can be recognised when change in role in the partnership company from developer to investor

FAIR VALUATION AFTER INVESTMENT PHASE

- As a result of investor status, appraised assets to be classified as 'Equity investments' → fair value changes impacting P/L (not directly to equity)
- Fair valuation every quarter, annually by external appraiser
- Valuation based on rent roll, comparable property transactions, market demands etc.

RECOGNITION OF NET RENTAL INCOME

- Net rental income reported by consolidating the results of associated companies
- Reported under 'Share of results of associated companies and JVs' → EBIT impact. Thus, revenue not recognised under the segment

Market outlook stable in the next 12 months as at March 31, 2018

	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Paving	Partnership properties
Finland	●		●	●	●	●
Russia		●			●	
<i>The CEE countries</i>						
The Baltic countries	●		●	●	●	●
The Czech Republic, Slovakia, Poland	●		●			●
<i>Scandinavia</i>						
Sweden				●	●	
Norway				●	●	
Denmark					●	



Weakened outlook compared to the past 12 months' development



Unchanged outlook compared to the past 12 months' development



Improved outlook compared to the past 12 months' development

Outlook for 2018

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More information

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YIT'S CAPITAL MARKETS DAY

YIT's Capital Markets Day will be held on
September 27, 2018 in Helsinki
metropolitan area, Finland

2

YIT's paving business





A PAVING

We are experts in paving solutions, with over 100 years of experience

- Right paving materials for each application
- Forerunner in asphalt sustainability and innovation
- Wide range of services from paving and mineral aggregates to maintenance

86 asphalt plants in
8 countries

~300 stone pits in
5 countries

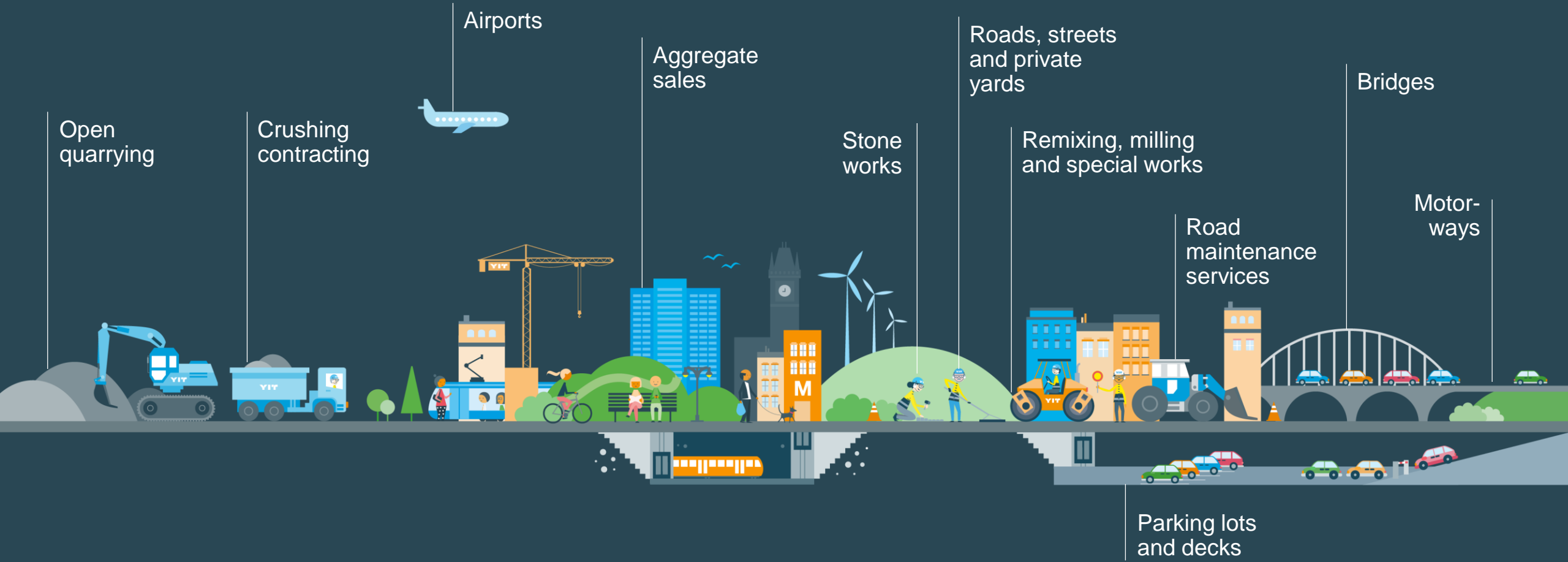
Each year, we produce more than
6 million tonnes
of asphalt, half of which in Finland.

30,000 km

of maintained road network in Finland

Paving segment offering

We have a wide range of products and services



Paving

BUSINESS IDEAS

- Majority of the business revenue comes from the public sector, rest come from private sector (large construction companies, corporates and consumers)
- Road maintenance operates mainly in Finland, in both cities and connecting road network
- Mineral aggregates supply the full service from open quarrying, crushing contracting to aggregate sales
- Our paving operations is one of the largest in the Nordic countries

AREAS OF OPERATIONS

Finland

- Paving
- Mineral aggregates
- Road maintenance

Scandinavia

- Paving
- Mineral aggregates

Russia

- Paving

Baltic Countries

- Paving as a part of Infrastructure projects



**90 asphalt plants
in 8 countries
(incl. Baltics)**

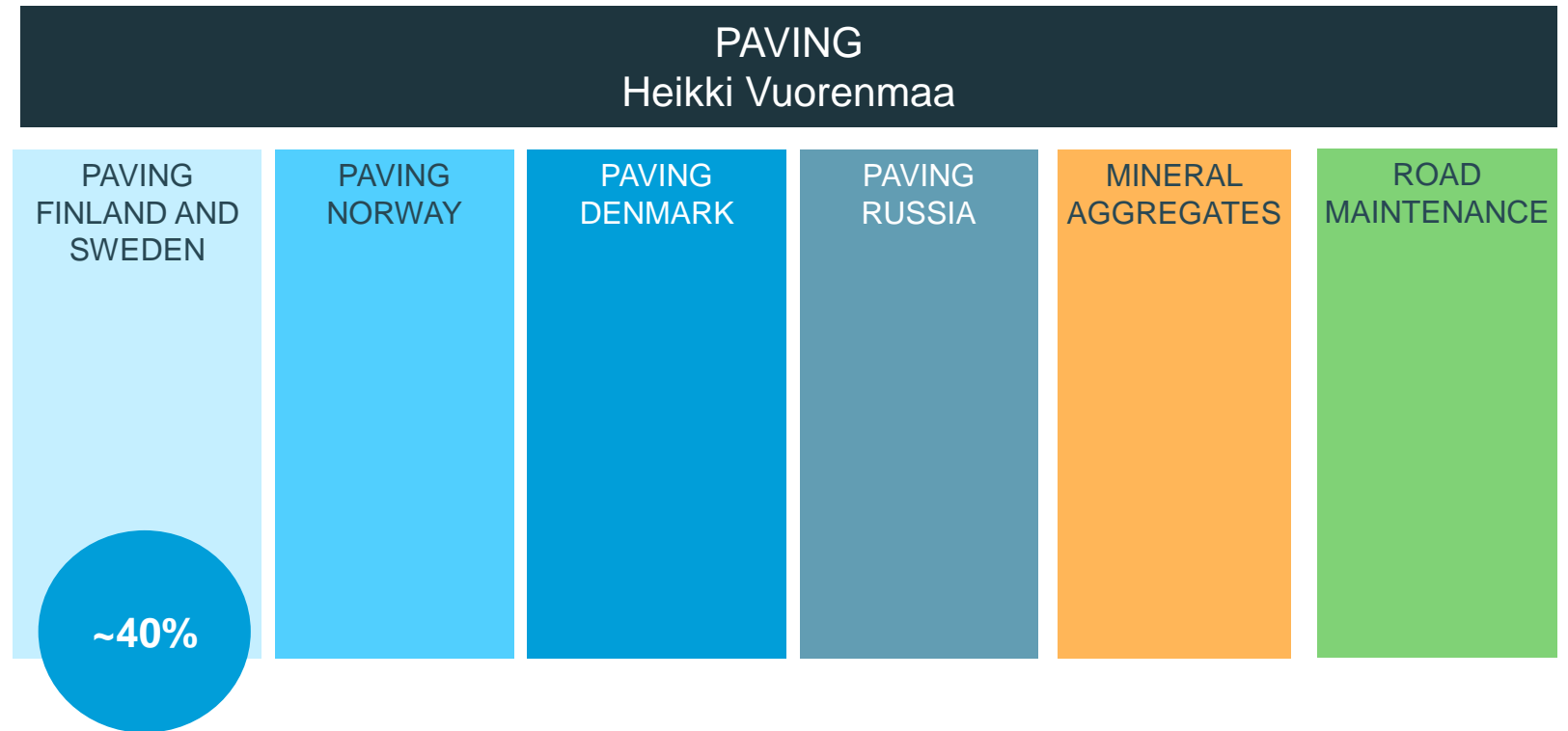
STRATEGIC VALUE FOR THE CUSTOMER

We offer our customers a full-scale offering through the road's life-cycle

We are over 100 year player. Our core competence are our knowledge and capabilities, with which we can offer a wide range of products and services to our customers.

Paving segment in new YIT

- Segment's areas of business in the new YIT
 - Paving operations
 - Mineral aggregates
 - Road maintenance
- Integrated road maintenance division includes former YIT's road maintenance
- Finland and Sweden Paving is led together in one division



General market description

SWEDEN

- Trafikverket submitted a new transport infrastructure plan for the years 2018 to 2029 with substantial increased investments compared to the previous plan
- **YIT's position:** Among the ten largest players, largest competitors include NCC, Skanska, Peab

NORWAY

- Norwegian National Transport Plan 2018-2029 with significant investment plans to both new roads and repaving
- Industrial sector and market overall also favorable for paving business
- **YIT's position:** Among the top three players. Largest competitors include Veidekke, NCC, Peab, Skanska

DENMARK

- Investments in road infrastructure declined during 2016-2018 due to emphasis on railroad investments
- **YIT's position:** Among the top three players. Largest competitors include NCC, Colas, Arkil



Estimated asphalt market volume (million tons)

FINLAND

- Many road projects are ending in 2019
- Approaching elections affecting visibility
- **YIT's position:** YIT is the market leader. Largest competitors include NCC, Skanska, Asfalttikallio on asphalt side, Destia on the road maintenance side

RUSSIA

- Road infrastructure investments perceived as strategic need for Russia - road network is outdated and in need of reconstruction
- Economical and political uncertainty create risks for the operating environment
- **YIT's position (St. Petersburg & Moscow):** Niche player, with focus on special products and more challenging projects. Largest competitors include ABZ-1, ABZ-Magistral, Beaton, among others

Bitumen price correlates with brent oil price development



- Bitumen price changes typically affect on paving demand
- YIT manages the price risk of bitumen through terms and conditions of its contracts and oil derivatives

Improving operative efficiency in Scandinavia

- Sizeable actions made in Sweden and Norway in order to improve operative efficiency during the beginning of the year, EUR 5.3 million adjustment items related to restructuring in Scandinavia
 - Reorganisation of operations in Sweden and Norway, reduction of 150 employees during the beginning of the year
 - Shutdown and sale of six non-profitable asphalt plants
 - Divestment of two partially owned subsidiaries since the reorganisation measures were started

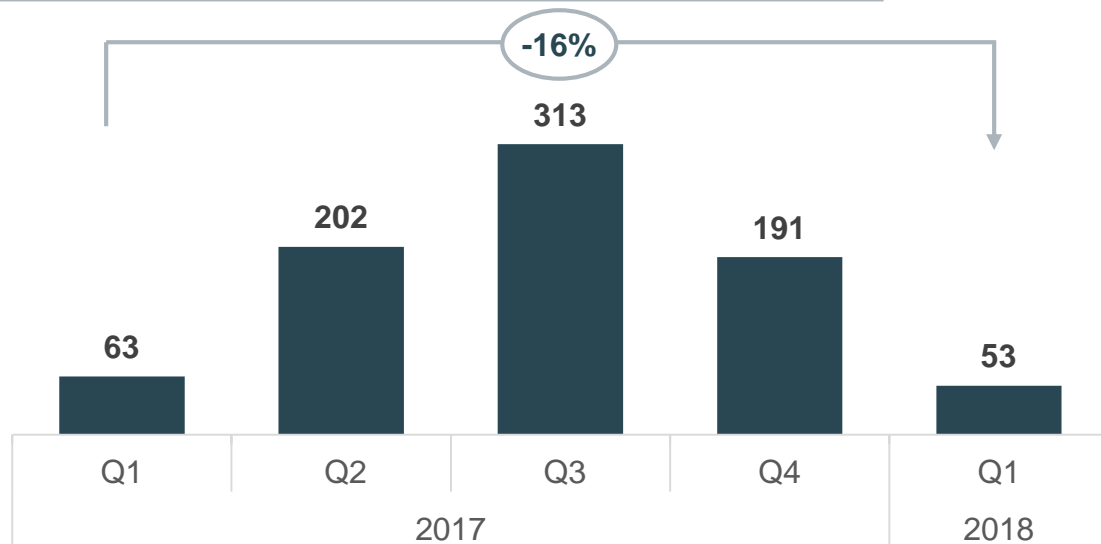


Revenue decreased by 16% in Q1

- Revenue decreased due to lower volumes especially in mineral aggregate business
- Several actions ongoing to reorganise the segment, which had an impact on the adjusted operating profit also

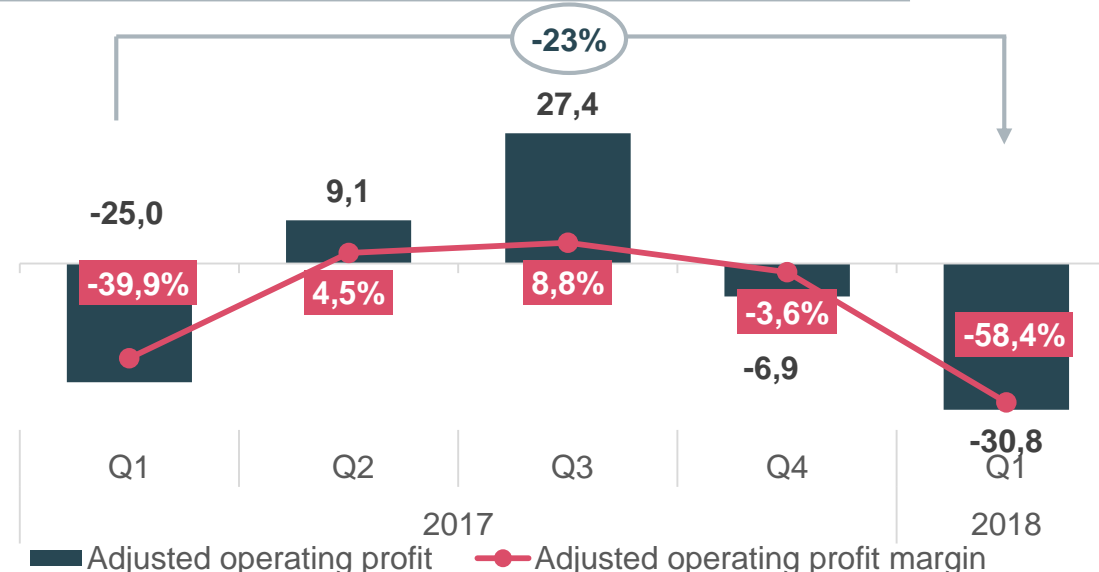
REVENUE (EUR million)

2017: EUR 769 million



ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING PROFIT MARGIN (EUR million, %)

2017: EUR 4.7 million, 0.6%

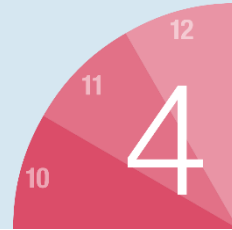


Figures above are pro forma figures.

Paving segment annual clock

Q4

- Paving work continues until end of October. After that, production shut down effectively
- Road maintenance start winter maintenance work



Q1

- No asphalt production due to winter stoppage, while road maintenance in full activity. Mineral aggregates also starting first projects
- Maintenance of equipment and servicing of plants in focus
- Order backlog is being built step by step, starting from state level contracts that are usually tendered for in the first months of the year



Q3

- High season for asphalt production and mineral aggregates as well
- Big focus on production efficiency and planning of the works to optimize capacity utilization



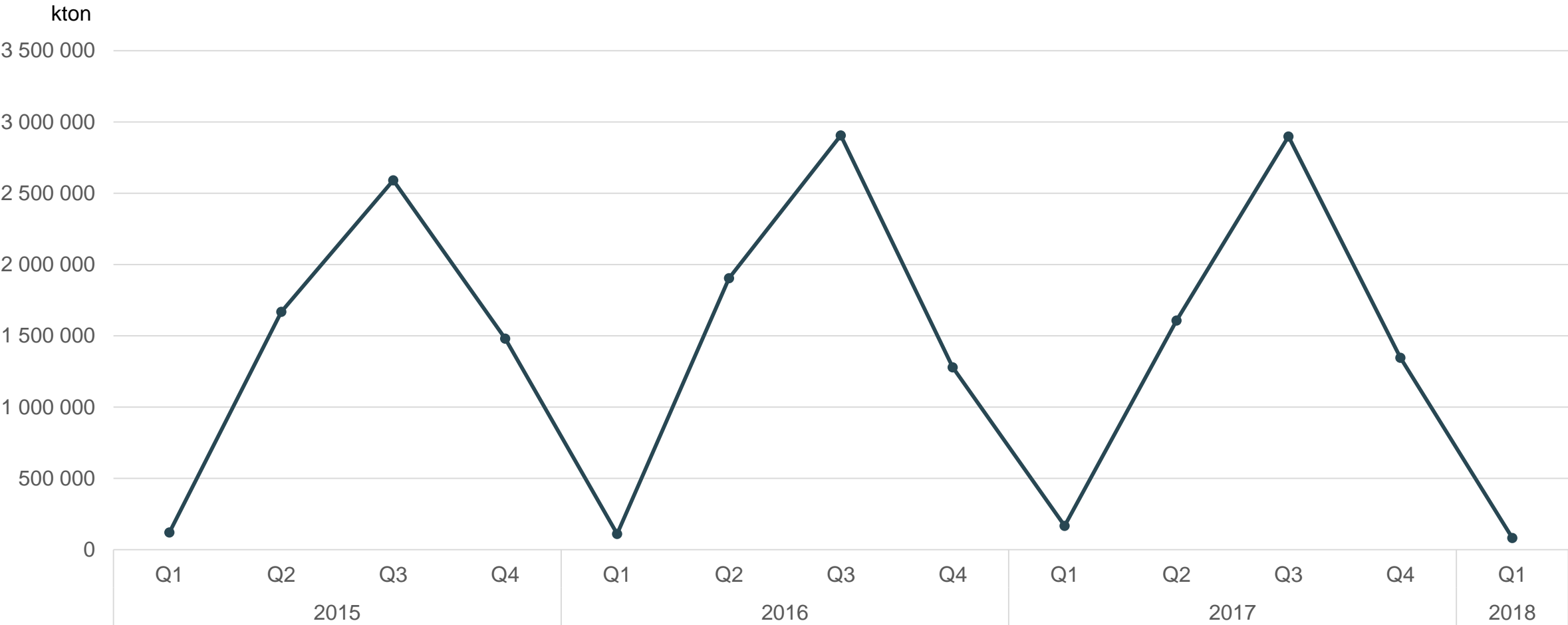
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Q2

- Paving work starts in April in Denmark, northernmost asphalt plants open in May-June – one month with full speed
- Mineral aggregates division in full activity
- Road maintenance focusing on summer maintenance work



Quarterly asphalt volumes by YIT



Paving Supply Chain

Information flow
Material flow

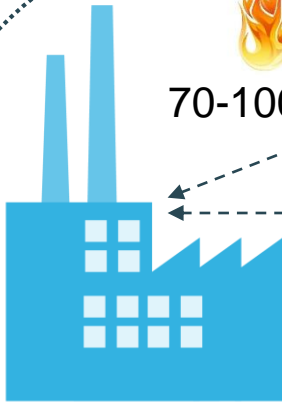
SUPPLY OF RAW MATERIAL

Bitumen
~6%

Mineral aggregates
& recycled asphalt
~92%

Other raw materials
(fillers, binders)
~2%

PRODUCTION AND DELIVERY



Asphalt plant

60-100 km

Sales and
operations
planning

Paving team

Paving team

CUSTOMERS



Laboratory: quality assurance and product development



Sustainability is at the core of what we do



WE OFFER SUSTAINABLE SOLUTIONS

- R&D at Paving
 - Recycled asphalt
 - Energy efficient asphalt production
 - Bio-oil as energy source in production
 - Low-temperature asphalt (LTA)
- Operational efficiency at asphalt plants and quarries
- Re-use and recycling:
 - YIT is a forerunner in the use of reclaimed asphalt

Sustainable business is good business



Paving bridges in Moscow area Russia

- We paved 118,000 sq.m. of bridge decks in the Moscow region
- Our expertise and own product development for mastic asphalt ensured the high quality
- The mastic asphalt technique has been used in Russia since 1994 for the repair and construction of bridges
- The 1,600 metres long Podolsk steel bridge is our largest bridge project in Russia so far
- We also repaired the 438-metre bridge in Stupino town and the 720-metre bridge in Nosovikhinskoye

An aerial photograph showing a complex highway interchange with multiple lanes and overpasses. In the background, a cityscape is visible under a blue sky with scattered clouds. A large grey circular callout is positioned in the lower right corner of the image.

The mastic
asphalt
technique is our
competitive
strength for the
repair and
construction of
bridges



E18 road projects Finland

- The E18 motorway (in Finland National road 7), is part of the Nordic Triangle transport corridor, which has been assigned as a high priority by the EU
- YIT has been involved in the implementation of 5 significant E18 projects, of which 3 between Loviisa's Koskenkylä district and the Vaalimaa border crossing point
- 3 of the projects are public-private partnership projects (PPP)
 - The latest, Hamina-Vaalimaa, is completed in spring 2018 and continues in the maintenance phase until 2034

The background image shows a wide, multi-lane asphalt motorway (E18) curving through a landscape. The road has white lane markings and is flanked by metal guardrails. In the distance, a bridge crosses the road. The surrounding area includes rocky embankments and some trees. The sky is overcast.

**E18
interconnects
the largest
cities,
harbours and
airports of
Southern
Finland**



Modern terminal for Baltic shipping Klaipeda, Lithuania

- A container terminal for global shipping group MSC
- Replacing the old terminal without disrupting the flow of freight between ships, trains and trucks
- The project involved earthworks and paving of the shipyard and other infrastructure like power, lighting and drainage
- The terminal can now service big container ships, reducing transport costs in the Baltic Sea region
- More efficient shipping will cut emissions by 50,000 tonnes a year



Upgraded
terminal
services
bigger ships
thus saving
costs and the
environment



Paving the Nordhavnsvej tunnel Denmark

- A new road, Nordhavnsvej, including 600-metre long tunnel, eases traffic considerably for commuters in Copenhagen
- Nordhavnsvej is 1.65 kilometres long in total. It has 4 lanes and connects Lyngbyvej with Strandvænget.
- The City of Copenhagen's most expensive infrastructure project so far, where requirements were extremely high



The combined road and tunnel will make life easier for both commuters and residents in the area



Paving the new highway Denmark

- Highway paving approx. 25 kilometers between the cities of Herning and Holstebro
- Schedule is tight for the new highway to be fully functional in 2018
- Work progresses with 1,400 meters per day. With a width of 12.5 meters in one go, it allows the crew to lay out one side first, then work their way back down on the other side.
- Asphalt volume needed is approx. 280,000 tonnes



A mix of
concrete and
sand, dug out
of the local
ground makes
for a steady
foundation



Paving the Tana Bridge Norway

- Paving of the bridge crossing the Tana River that flows through the Lapland region in Finland and the Finnmark county in Norway
- A new bridge will replace the current structure of bridge and will be 260 meters long
- The project is done in collaboration with HAK Entreprenør and the Norwegian Public Roads Administration
- The Tana Bridge will be completed in 2019, while the major part of the paving will be completed in 2018



A new bridge
will replace
the current
structure of
the bridge and
will be 260
meters long



Paving work at Helsinki Airport Finland

- A wide co-operation with Finavia since 1999
- Renovation and paving work, for example runways, taxiways and driveways
- In airport work, both materials and paving are subject to particularly strict quality requirements
- Long-term durability and lifecycle costs are important criteria for airport paving material
- Our strengths: safety, quality and speed of work



During the construction work airport is in use



Mineral aggregate deliveries for Oulu Airport Finland

- The 2,5 km runway of Oulu Airport, was repaired for Finavia. In addition, taxiways and the apron were refurbished.
- 169,000 tons of rock for the new pavement and foundation bed of the air traffic areas
- Accuracy and flexibility was needed in mineral aggregate deliveries in order to ensure smooth work and to keep up with the schedule
- The need for crushed aggregate for the foundation bed varied. At most the need was 70 truck loads a day.


An aerial photograph showing the extensive construction work on the Oulu Airport. A long, straight runway and several intersecting taxiways are visible, with sections of new dark asphalt pavement laid down. The surrounding landscape is a mix of green fields and dense forests. In the background, airport terminal buildings and parking areas are visible. The overall scene depicts a large-scale infrastructure project in progress.

The repairs improved the safety and created better preconditions for business and tourism in the Oulu Region.



Paving work in the archipelago of Turku Finland

- Archipelago Trail paving in Iniö, Jumo, Nagu and Korpo
- The work was a part of the more extensive paving contract for the Centre for Economic Development, Transport and the Environment of Southwest Finland (ELY Centre)
- Our work in the archipelago required thorough planning, materials transported by ferry
- 31 kilometres of new paving
- About 4,500 cubic metres of soil exchange on the base of the road
- 10,000 tonnes of mineral aggregates for the new road base

The background image shows a long, straight asphalt road stretching into the distance. To the left of the road is a body of water, and to the right is a line of trees and a guardrail. The sky is clear and blue. The road surface is dark and appears to be newly paved.

The renewed paving makes it easier to move around and creates savings in road maintenance



Highway 21 repairs Finland

- Important traffic route in Northern Lapland
- Widening, paving and improving structures on the road between Muonio and Kilpisjärvi
- Soil exchange on palsa, or frost heave, sites
- The total length of road repaired: approximately 60 kilometres
- The contract is part of the more extensive Aurora project that creates a test area for intelligent traffic automation in arctic conditions

The background image shows a wide, gravel-covered road stretching into the distance under a cloudy sky. A yellow and red construction vehicle is visible on the right side of the road. The surrounding landscape is flat and green, with distant hills visible on the horizon.

Highway 21 is now safer to use. The route sees a great deal of lorry traffic and tourists.



Low-emission low-temperature asphalt

City of Turku, Finland

- The paving project of the stretch of Finnish National Road 8 with LTA, low-temperature asphalt
- A working temperature 20–30 degrees lower
- Significantly more energy-efficient production reduced carbon dioxide emissions and improved working conditions for employees
- Reduced fuel consumption during production
- Part of the City of Turku pilot to investigate the possibility of reducing emissions through more ecological types of paving



Low-temperature asphalt production reduces energy consumption and carbon dioxide emissions



The paving of Alastaro racing circuit Finland

- Paving the racing circuit demands special expertise, precise planning and the right kind of asphalt recipes
- Strict demands on paving: maximum grip, good friction and safe to drive
- Longitudinally seamless and trenchless asphalt surface
- Not the slightest inclination or surface defect that could affect water drainage was allowed
- Three kilometres long track, 16 metres wide at its widest point
- Approximately 5,000 tonnes of new asphalt mass



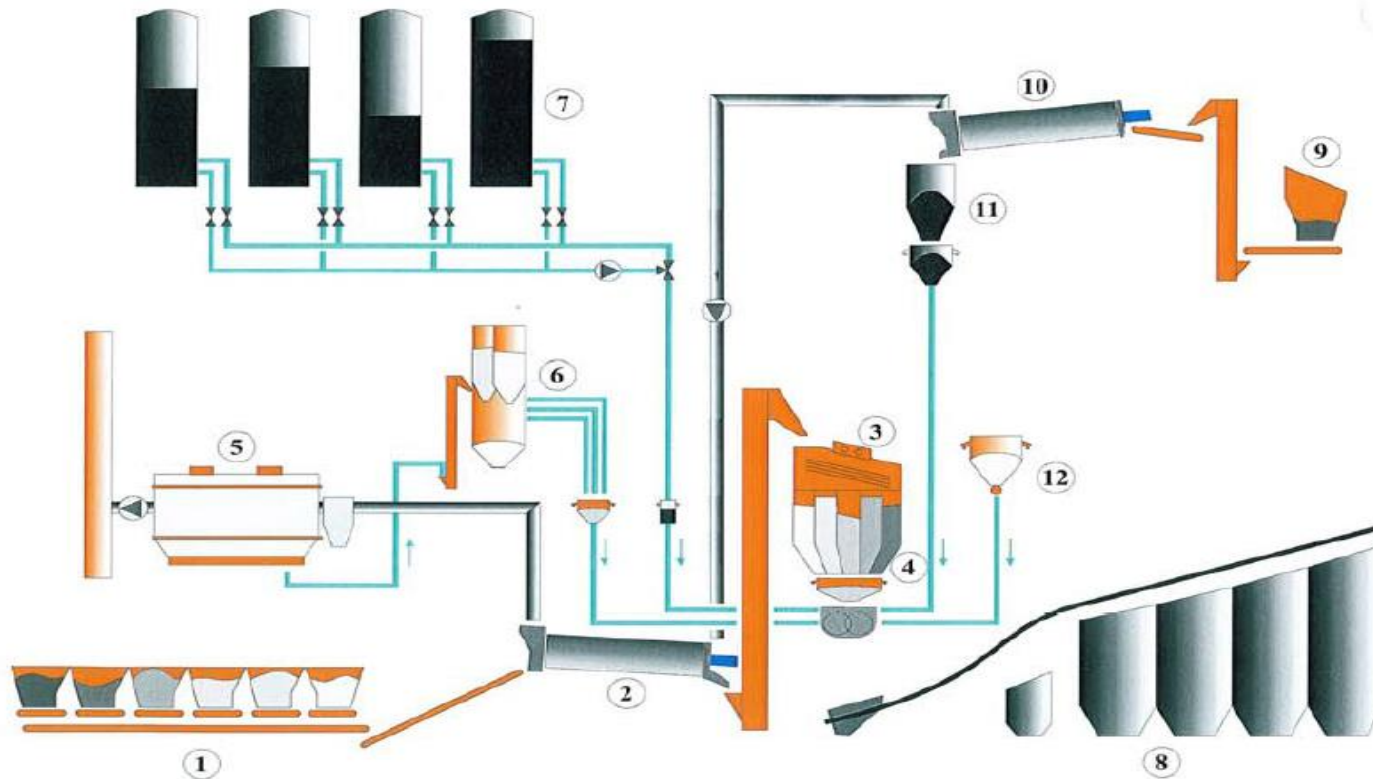
The circuit's
driving and
safety qualities
will be
enchanced to
the top
European level.

3

Sammonmäki asphalt plant



Asphalt production process



1. Feeder for mineral aggregates
2. Dryer/heating drum: Heating of mineral aggregates (120-200 degrees Celcius)
3. Screen: The aggregates are screened to different sizes and types
4. Mineral aggregates silos: The warm mineral aggregates are stored in silos
5. Dust filter: Dust is separated and directed towards the "filler material" silo
6. Filler silo: Mineral aggregates dust, calc. is directed to a separate silo
7. Bitumen tanks
8. Silos for asphalt mass
9. Silo for Recycled asphalt
10. Heating drum for recycled asphalt
11. Storage of asphalt
12. Fiber feeder