SEB investor lunch, May 21, 2018

Kari Kauniskangas
Esa Neuvonen

The merger of YIT and Lemminkäinen

YIT

Revenue: EUR 1,909 million
Adjusted EBIT: EUR 122.3 million
Personnel: 5,427

YIT creates more attractive and sustainable urban environments by building housing, business premises, infrastructure and entire areas.

Lemminkäinen

Revenue: EUR 1,847 million
Adjusted EBIT: EUR 46.6 million
Personnel: 4,632

An expert in complex infrastructure construction ana building construction in northern Europe and one of the largest paving companies in our market area.

2018 - MERGER

YIT is the largest Finnish and significant North European construction company. We develop and build apartments, business premises and entire areas.

We are also specialised in demanding infrastructure construction and paving. Together with our customers our 10,000 professionals are creating more functional, more attractive and more sustainable cities and environments.

We work in 11 countries: Finland, Russia, Scandinavia, the Baltic States, the Czech Republic, Slovakia and Poland.

Target to become together the leading urban developer in Northern Europe

* Revenue, adjusted EBIT and personnel at the end of period in 2017. YIT's figures according to POC (percentage-of-completion) and Lemminkäinen figures according to IFRS.

YIT

Merger rationale

1 | Strong platform for growth

- Target to become a leader in urban development
- More balanced business portfolio (housing, business premises, infrastructure projects, paving and 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 cyclicality of businesses and geographies
- Lower financing costs
- Lower dependency on investment demand

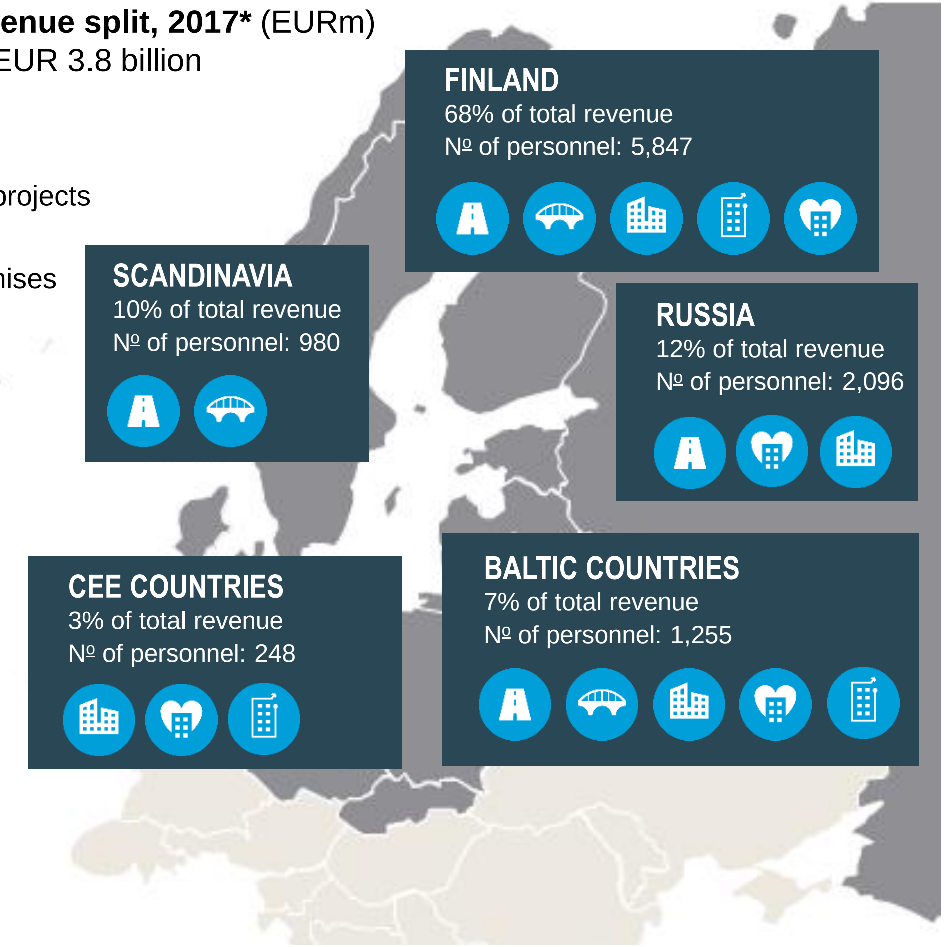
4 | Enhanced investment case

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

YIT and Lemminkäinen’s combined operations 2017

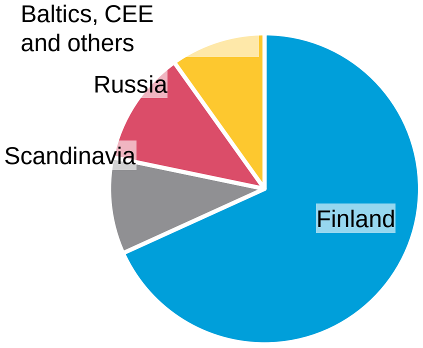
Geographic revenue split, 2017* (EURm)
Total revenue: EUR 3.8 billion

- Paving
- Infrastructure projects
- Business premises
- Partnership properties
- Housing

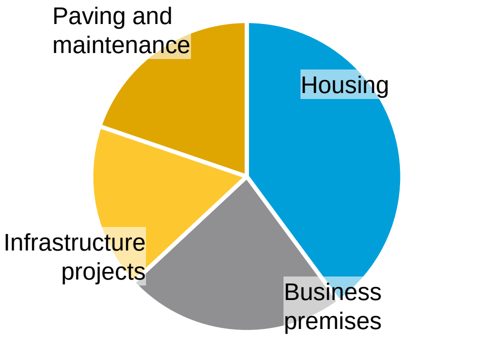


ILLUSTRATIVE COMBINED REVENUE SPLITS 2017*

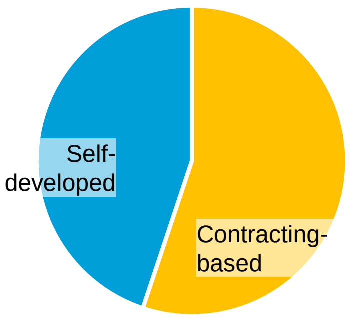
Geographic split*



Operational split*



Business logic split*



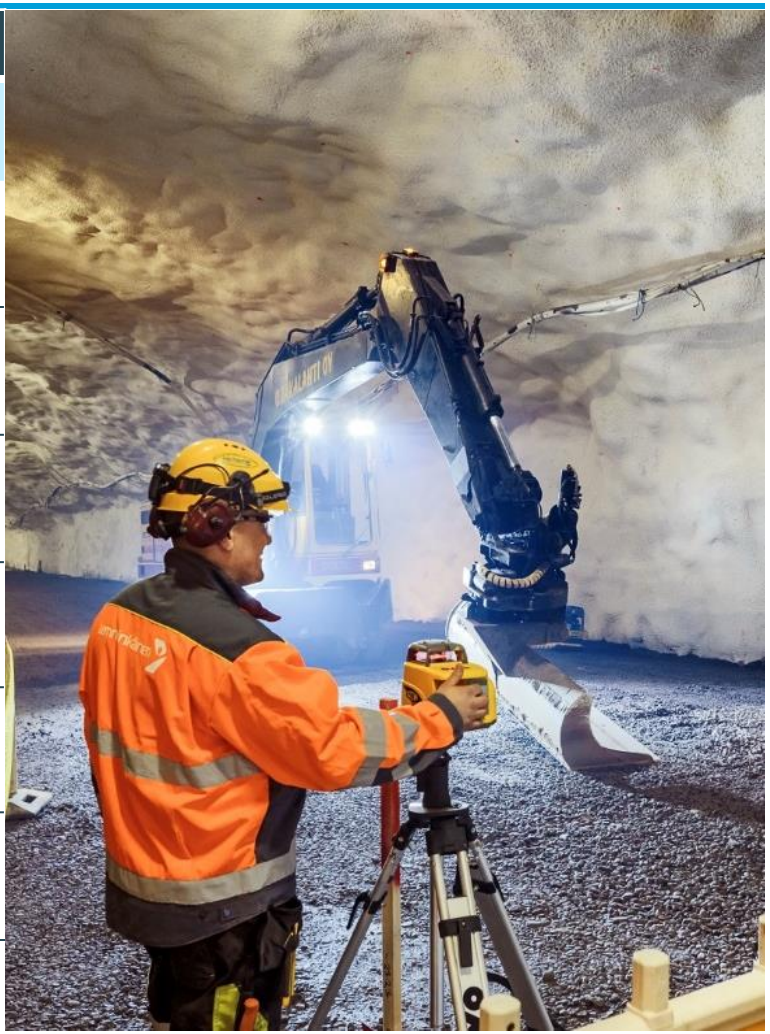
* Preliminary combined high level illustrative estimates for the geographical, operational and business logic splits reflect the external and internal reporting of YIT and Lemminkäinen prepared under IFRS principles for the year 2017. Illustrative high level estimates of splits presented are based on a hypothetical situation and are not intended to project the revenue split of the Combined entity in the future. The illustrative information should not be viewed as pro forma information.

YIT

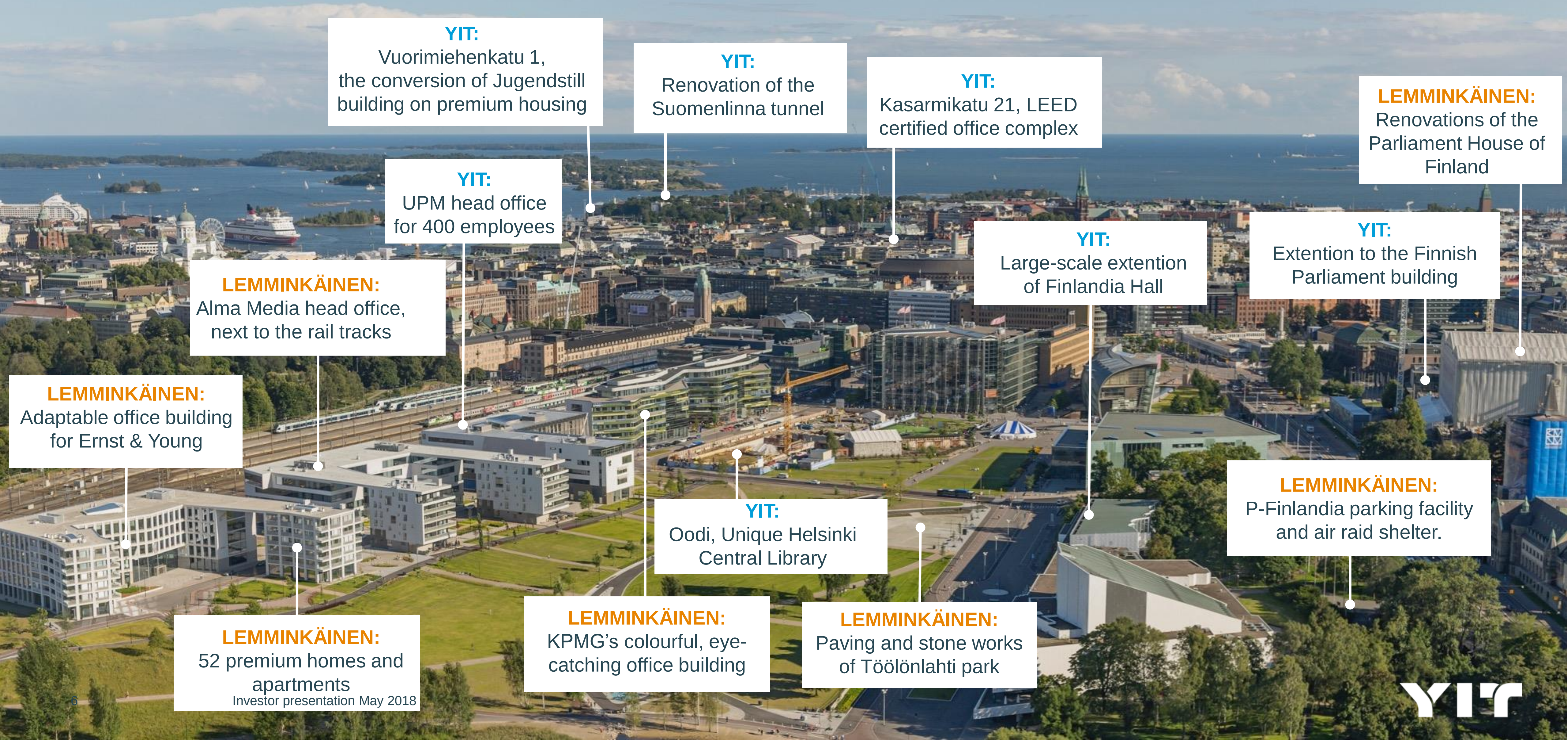
Pro forma and stand-alone key figures (IFRS)

IFRS	1–12/2017		
EUR million	**Pro forma**	**YIT** Stand-alone	**Lemminkäinen** Stand-alone
Revenue	3,862.5	1,993.8	1,847.2
Adjusted operating profit	138.9	105.6	46.6
Adjusted operating profit % of revenue[1)]	*3.6%*	*5.3%*	*2.5%*
Gearing	*59.9%*	*88.7%*	*40.0%*
Order backlog	4,218.3	2,912.7	1,305.6
Average number of personnel 2017[2)]	10,431	5,233	5,198

1) Adjusted operating profit reflects the result of ordinary course of business and does not include material re-organization costs, impairment charges or other items affecting comparability
2) Number of personnel varies somewhat during a year due to the seasonal nature of the businesses.



Together we aim to be the leading urban developer in Northern Europe



We offer the whole package

HOUSING FINLAND AND CEE

EUR 1.2 billion
EUR 83 million, 7.2%

HOUSING RUSSIA

EUR 400 million
EUR 5 million, 1.2%

Development and construction of apartments and entire living areas, living services, for consumers and investors

Mainly self-developed but also contracting

Finland
Poland, Slovakia,
the Czech Republic
Estonia, Latvia, Lithuania

Russia
St. Peterburg, Moscow,
Russian regions

BUSINESS PREMISES

EUR 900 million
EUR 52 million, 5.7%

Tailored office, retail, logistics, production, health and care premises, renovation services

Self-developed and contracting

Finland
Estonia, Latvia, Lithuania
Slovakia

INFRASTRUCTURE PROJECTS

EUR 700 million
EUR 17 million, 2.5%

Transportation infrastructure, industrial construction, water supply and power plants, excavation and reinforcement works

Contracting

Finland
Sweden, Norway
Estonia, Latvia, Lithuania

PAVING

EUR 800 million
EUR 5 million, 0.6%

Paving, production of mineral aggregates, stabilization, crushing, water-proofing, road maintenance

Contracting

Finland
Sweden, Norway, Denmark
Russia

PARTNERSHIP PROPERTIES

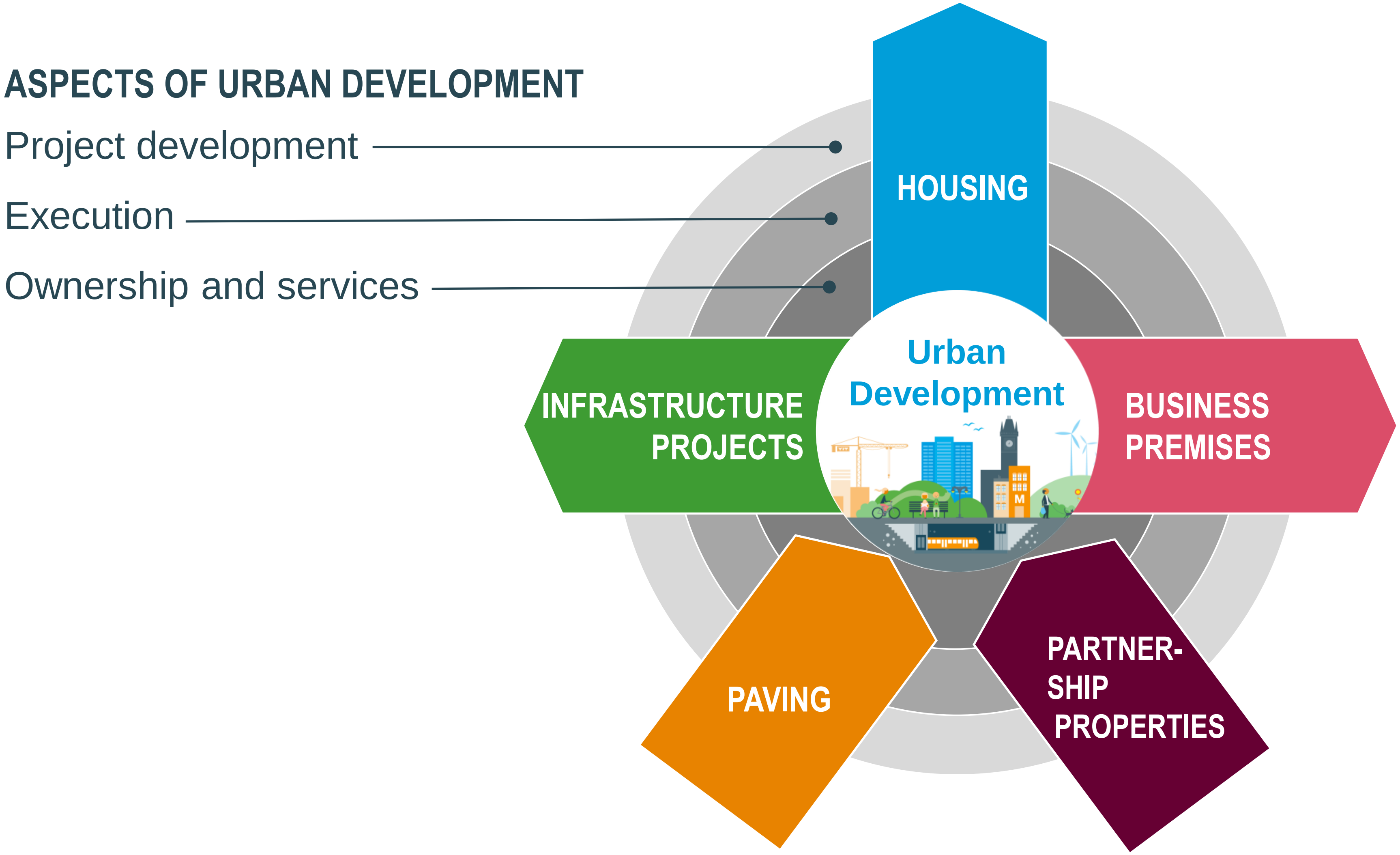
Equity investments / commitments:
EUR 152 million

Financing and partial ownership of projects together with partners

Ownership of project in:
- Business premises
- Housing Finland and CEE
- Infrastructure projects

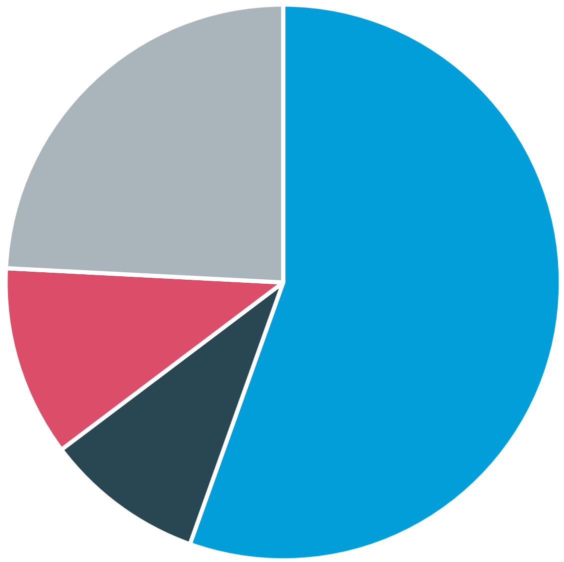
Revenue, adjusted operating profit and adjusted operating profit margin are pro forma figures for 2017. Equity investments and investment commitments are actual figures as at March 31, 2018.

Urban development boosts the growth of balanced business portfolio



Progress in synergy benefits and integration costs

MAIN SOURCES OF SYNERGY BENEFITS



Additional synergy benefits expected from refinancing in 2018–2019

ESTIMATED TIMING OF SYNERGY BENEFIT MEASURES, RUN RATE

Q1/2018	2018E	2019E	2020E
6	25–30	40–50	40–50

ESTIMATION OF ACHIEVED SYNERGY BENEFITS, BOOKED IN EBIT

Q1/2018	2018E	2019E	2020E
3	14–20	32–40	40–50

annual

ESTIMATED INTEGRATION COSTS[2]

Q1/2018	2018E	2019E	2020E
5	25	35	40

cumulative

ANNUAL SYNERGY BENEFIT TARGET[1] AT LEAST

40–50

EUR MILLION

COST ESTIMATE AT MAXIMUM

40

EUR MILLION

[1] Full EBIT improvement potential per annum by the end of 2020, target set in June 2017
[2] Integration costs for 2017 were EUR 4 million

Figures for 2017 and Q1/2018 are pro forma figures.

Preliminary financial targets

Long-term financial target	Target level
ROCE *[ROCE (excl. goodwill)]*	>12 % *[>15 %]*
Dividend per share	Growing annually
Equity ratio	>40 %
Cash flow	Positive after dividend payout

To be specified in the on-going strategy process and published later this year

Helsinki Central Library
Helsinki, Finland

1

Operating environment

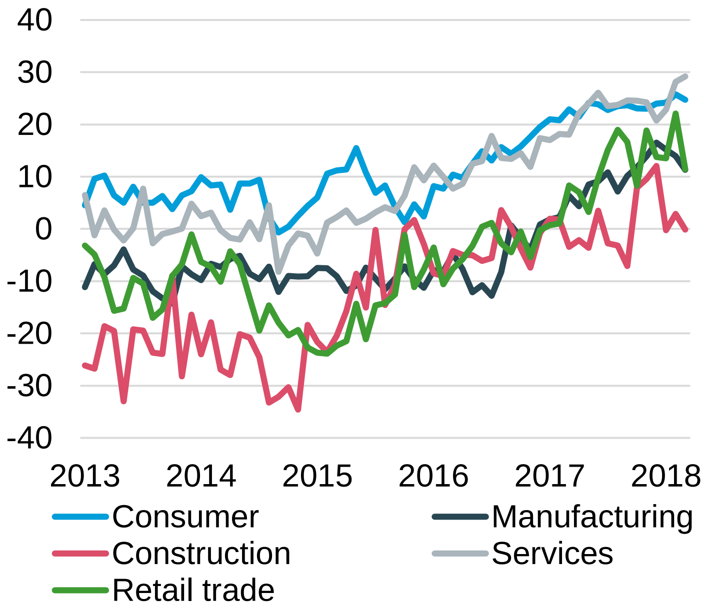
Operating environment for housing in Q1

- In Finland, consumer demand was on a good level, no signs of overheating, supply on a high level
- Residential investors' demand focused especially on capital region, Turku and Tampere

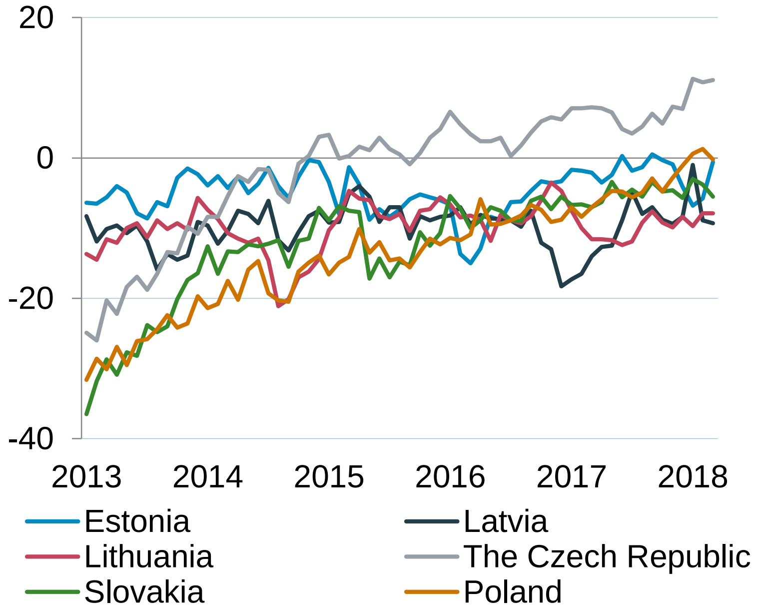
- Consumer demand was mainly brisk in the CEE countries
- Due to increased construction volume, shortage of resources caused cost pressure

- In Russia, consumers continued to be cautious despite of the mild improvement of the Russian economy
- Demand remained stable on the year-end level, improved slightly especially in the Moscow region

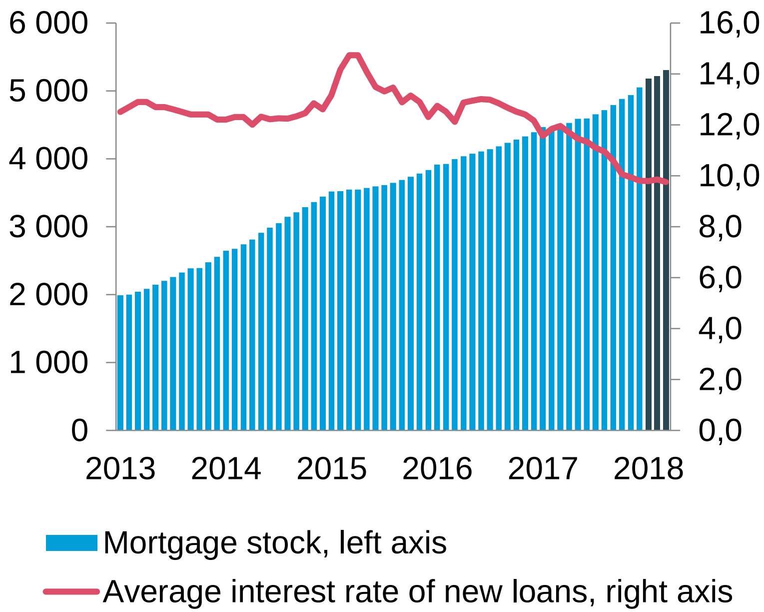
CONFIDENCE INDICATORS IN FINLAND



CONSUMER CONFIDENCE IN THE CEE COUNTRIES



MORTGAGE STOCK AND AVERAGE INTEREST RATE IN RUSSIA (RUB billion, %)



Sources: Statistics Finland and Confederation of Finnish Industries, EK; European Commission; Central Bank of Russia

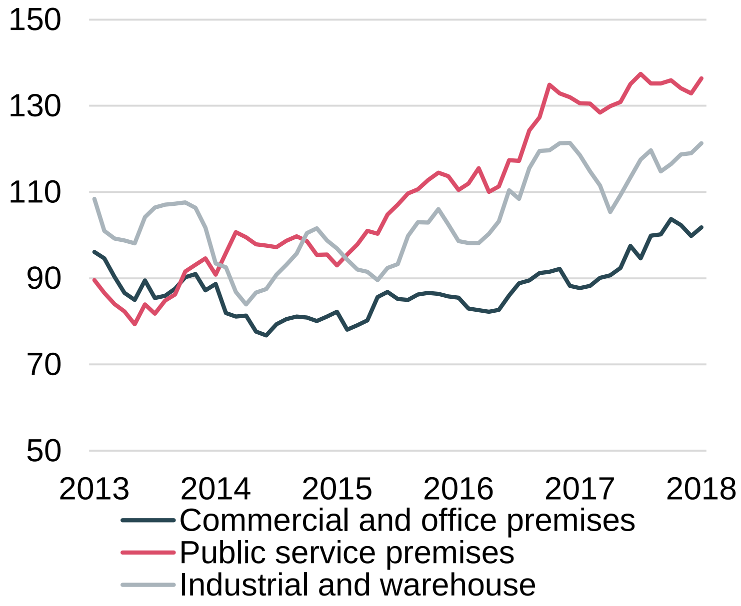
Operating environment for business premises, infrastructure projects and paving in Q1

- The volume of construction in Finland on a high level, the positive overall market sentiment supported investments
- Good investor demand for business premises in all markets

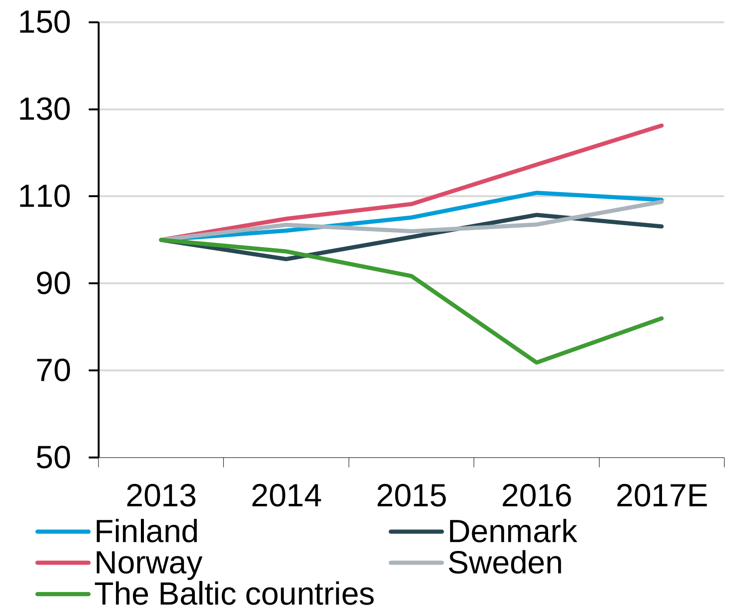
- The market for infrastructure was strong in especially in Sweden and Norway, many new infrastructure projects ongoing or in pipeline
- In Finland, the market was supported by infrastructure projects in growth centres and the general growth in the construction business

- In Finland, the state investments in paving declined slightly from the previous year's level
- The market situation in Sweden was good, the state investments in Norway increased, price competition remained tight in Denmark

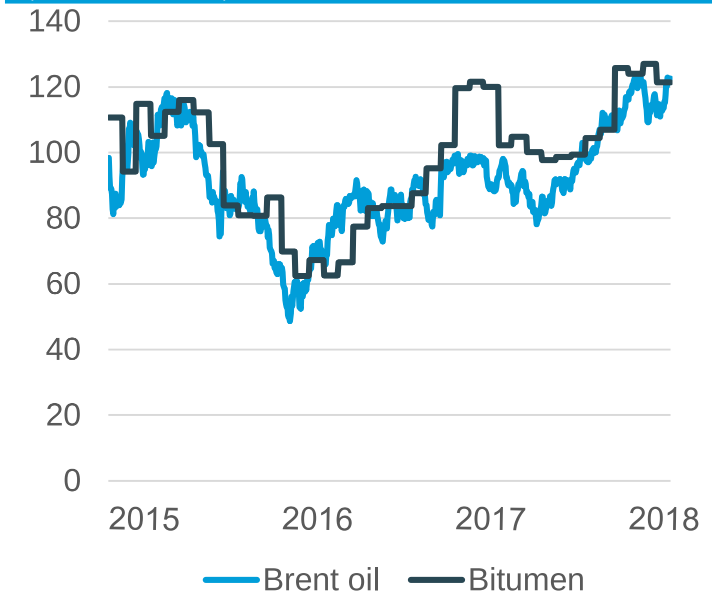
VOLUME OF NEW CONSTRUCTION IN FINLAND
(index 2010=100)



INFRASTRUCTURE MARKET
(index 2013=100)



BITUMEN AND BRENT OIL PRICE DEVELOPMENT
(index 2015=100)



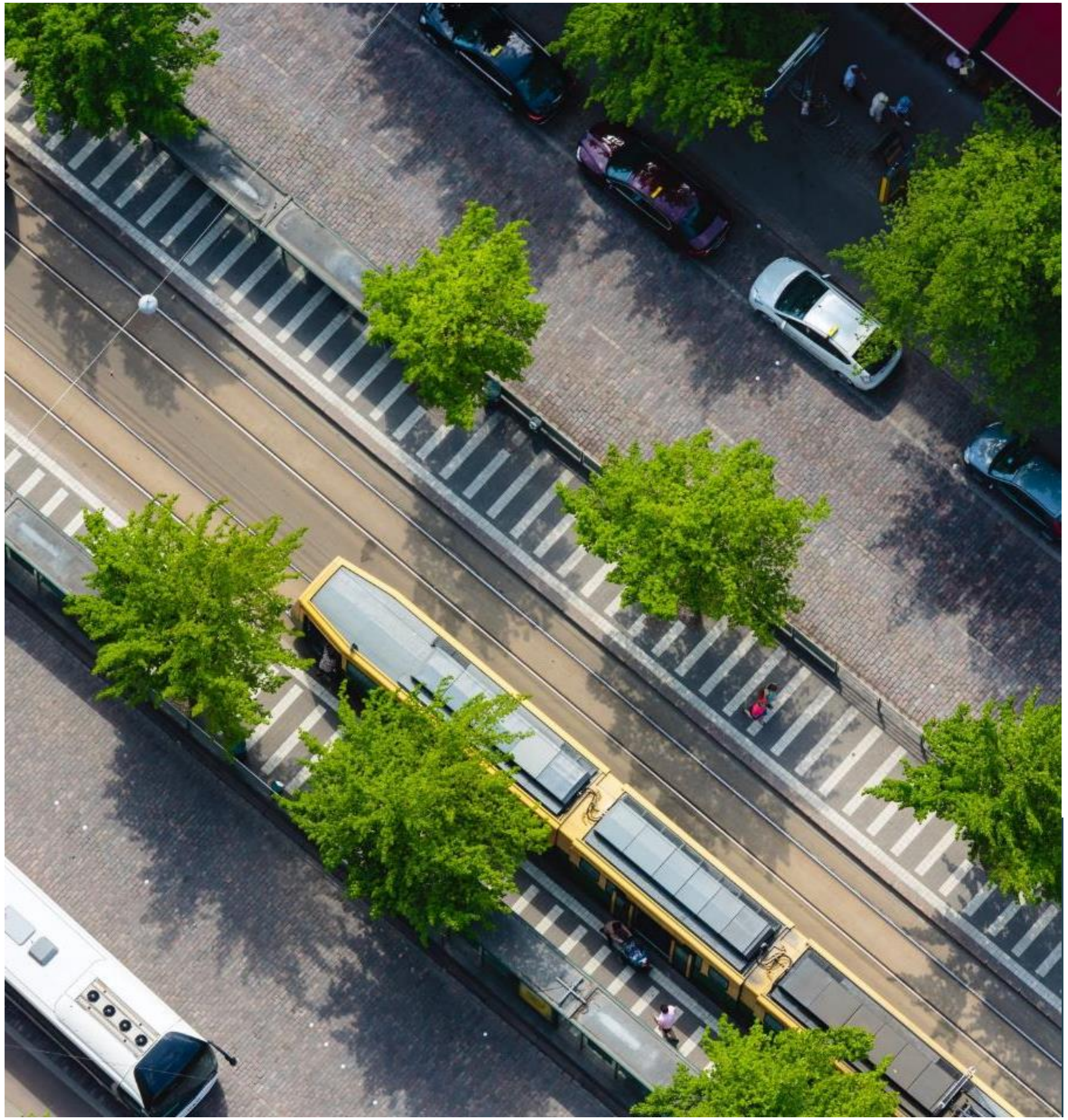
Sources: Statistics Finland, Euroconstruct, December 2017, Bloomberg

2

Q1/2018

Key messages in Q1/2018

- The merger was completed on February 1, 2018 and integration has started well
- The targeted synergy benefits will be realised sooner than expected, the total amount will increase
- Weakened margins in many projects in several segments
- Significant success in renting business premises – many large projects planned to be sold during 2018
- Cash flow was negative in Q1, as expected

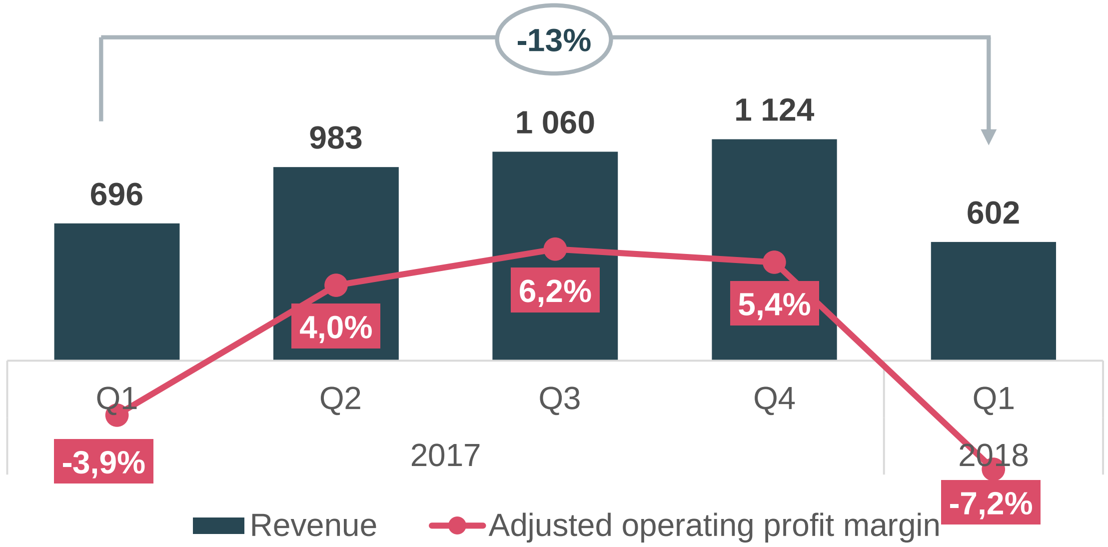


Revenue and profitability decreased

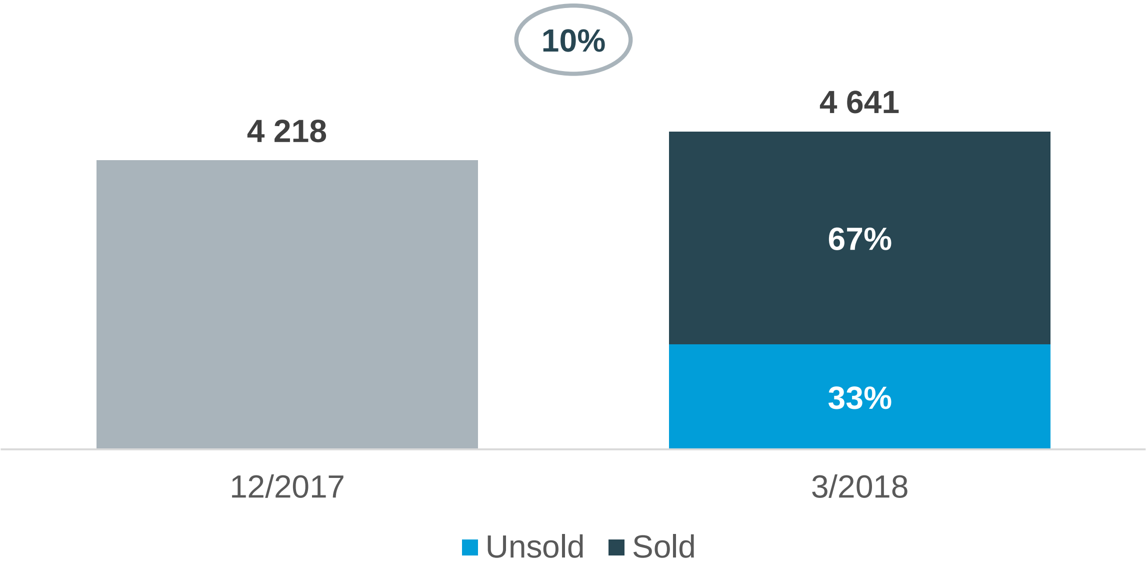
- Revenue decreased in all segments
- Profitability was negative due to normal seasonality and weakened margins in several projects
- Order backlog increased by 10% from year-end, increase especially in Infrastructure projects and Paving segments

REVENUE AND ADJUSTED OPERATING PROFIT MARGIN[1] (EUR million, %)

2017: EUR 3,863 million, 3.6%



ORDER BACKLOG (EUR million)



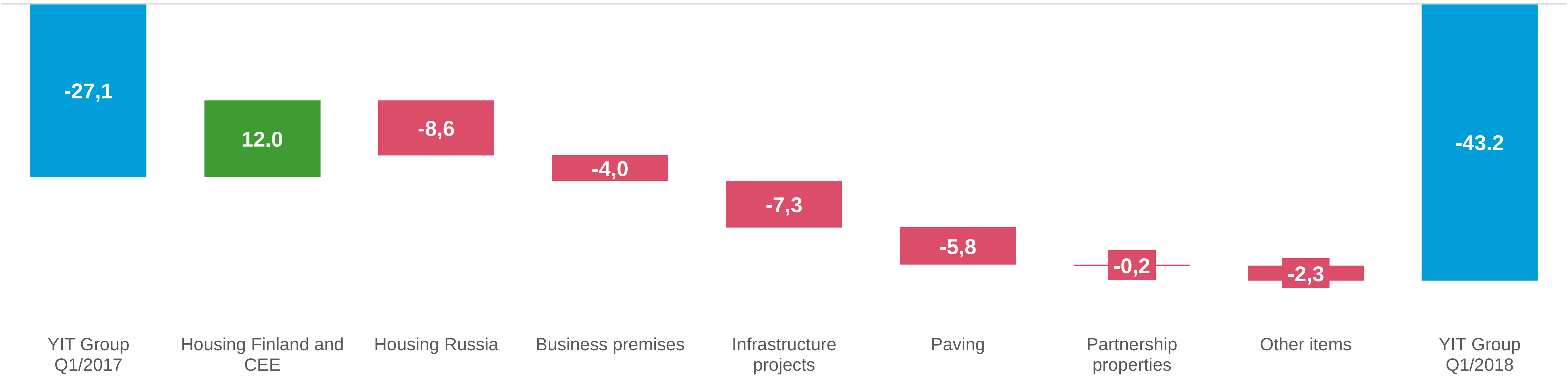
Figures above are pro forma figures. Order backlog 3/2018 is actual reported figure.

[1]The adjusted operating profit margin does not include material reorganisation costs, impairment or other items impacting comparability.

EBIT-bridge Q1/2017–Q1/2018

- The adjusted operating profit was burdened especially by lowered margins in the contracting business in Russia, in Infrastructure projects and Business premises as well as relatively low number of housing completions especially in Russia
- The improved profitability in Housing Finland and CEE segment had a positive effect on the result

ADJUSTED OPERATING PROFIT CHANGE, Q1/2017–Q2/2018 (EUR million)



Figures above are pro forma figures.

3

Outlook and guidance

Market outlook stable in the next 12 months

	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Paving	Partnership properties
Finland	🟡		🟡	🟢	🟡	🟡
Russia		🟢			🟡	
The CEE countries						
The Baltic countries	🟡		🟡	🟢	🟢	🟡
The Czech Republic, Slovakia, Poland	🟡		🟡			🟡
Scandinavia						
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

- 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 profit[1] 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.

[1]The 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.

Market outlook for 2018 unchanged

HOUSING FINLAND AND CEE

Consumer demand for apartments is expected to remain at a good level. Activity among large residential investors is expected to be lower than in the previous years.

BUSINESS PREMISES

Rental demand for business premises is expected to remain at the previous year's level in growth centres. The contracting market is expected to remain active, but contract sizes are expected to decrease on average.

PAVING

The total volume of the paving market is expected to grow slightly in YIT's area of operation

HOUSING RUSSIA

Demand for apartments is expected to remain at the same level as seen on average in the second half of 2017. Residential prices are expected to remain low.

INFRASTRUCTURE PROJECTS

Infrastructure construction market is expected to continue to grow slightly from the level of the year 2017.

PARTNERSHIP PROPERTIES

Activity among property investors is expected to remain at a good level, particularly for centrally located projects in the Helsinki metropolitan area and in major growth centres.

PARTNERSHIP PROPERTIES

TRIPLA AREA DEVELOPMENT PROJECT
HELSINKI, FINLAND

More out of urban development

Partnership Properties

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

Fortum/Keilaniemi development project, Espoo, Finland

We focus on financing the development of major projects as well as owning and timely divesting the developed properties

For example

Tripla
Fortum Skyline
E18 motorway
Tietotie 6, Espoo
YCE Housing fund I

Allows YIT to execute large urban development projects according to its strategy

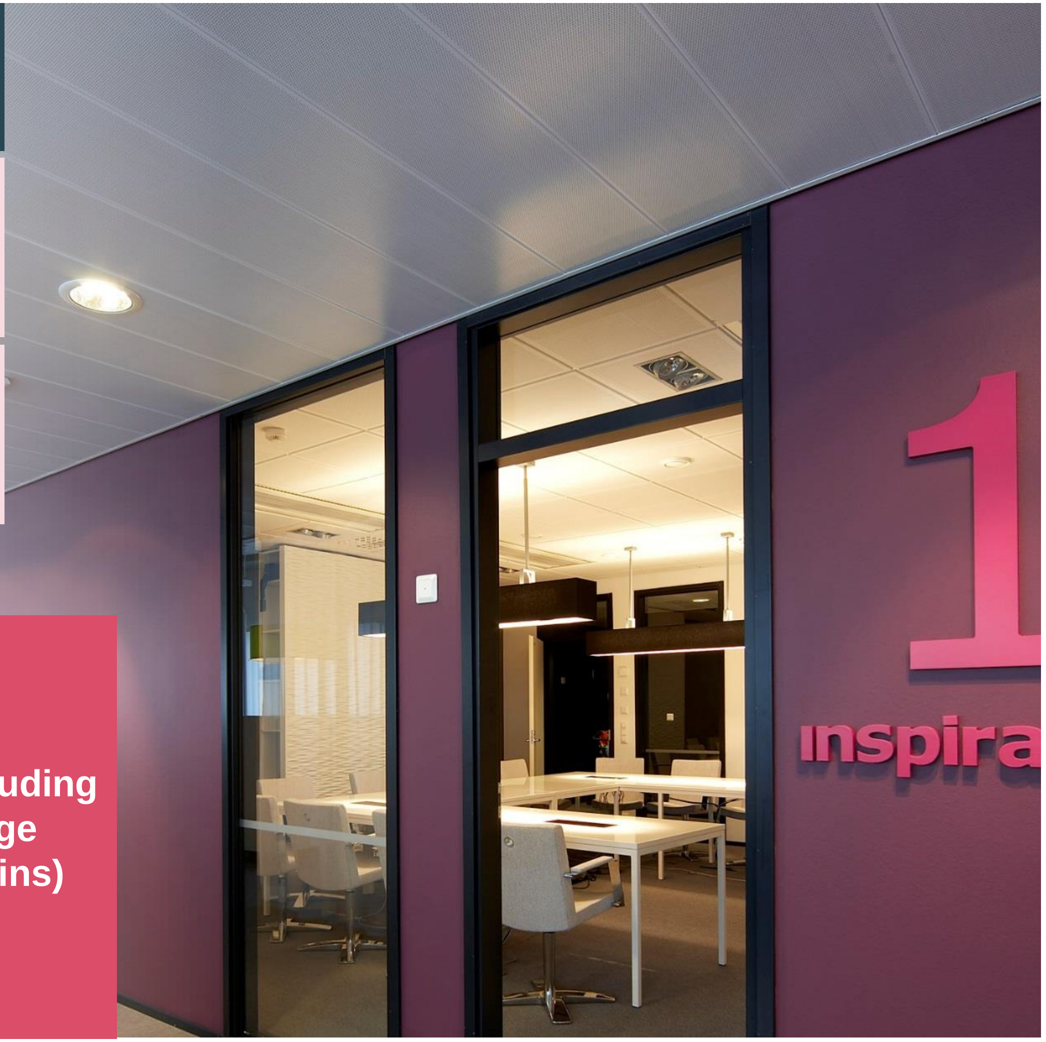
Target to increase total value of investments to over

€ 2 billion

by the end of 2020

Targets of the new business area

1 Improve group's growth capability	2 Improve visibility on true value of existing assets	3 Create portfolio of stable cash flows
Participation in sizeable urban developments	Sufficient information of assets	Diversified real-estate and urban area portfolio
	Clarified earnings model	
Substantial investment capacity through partnerships	Fair value of assets	Long-term customer relationships and living services



Targets

Total investment capacity from EUR 1,000 million (3/2017) to over EUR 2,000 million (12/2020)
Including YIT's and partners' equity and debt in joint ventures
Of which YIT's equity share to increase from approximately EUR 140 to 300–400 million

All investments in mega projects done with partners

Only equity share in YIT's balance sheet

ROE target for investment (excluding construction stage and fair value gains)
>10%

Projects under Partnership properties as at March 31, 2018

Co-operation model	Ownership structure	YIT's equity investment commitments	Total investment capacity estimate, EUR million	YIT's ownership	Additional information
Regenero Oy	Project development company	12[1]	n/a	50%	Owned by YIT and HGR Property Partners. Regenero owns a head quarter property in Keilaniemi, Espoo, and an office property in Tietotie 6, Otaniemi, Espoo, both in Finland. The occupancy rate of the Keilaniemi property is approximately 50% and that of Tietotie 6 over 40%.
Mall of Tripla	Shopping centre property company	117	600	38.75%	Hybrid project Tripla's shopping centre part in Central Pasila, Helsinki, Finland. The joint venture is formed by YIT, Ilmarinen (38.75%), Onvest (15%) and Fennia (7.5%). Occupancy rate of the project is 70%, leasable area 85,000 square metres.
E18 Hamina-Vaalimaa motorway	Road company	5	235	20%	Meridiam Infrastructure Finance II S.á.r.l. holds 80% and YIT 20% of the company. Maintenance contract until 2034.
YCE Housing I fund	Project development fund	15	100	40%	Residential projects in Slovakia, the Czech Republic, Lithuania and Estonia. YIT constructs the projects owned by the fund and is responsible for selling the apartments further to consumers. Other investors include Ilmarinen (30%) and a group of Finnish investors. The fund's equity is approximately EUR 37 million.

[1] YIT's current equity investment in Regenero

Partnership properties

- Reporting view

Partnership properties: Case Tripla

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

Partnership properties: Case Tripla

Revenue recognition in Mall of Tripla

YIT'S ROLES

- CONTRACTOR
- DEVELOPER
- INVESTOR

Mall of Tripla opens in H2/2019

2020

The best mall for sale in Finland(?)

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**	

Recognition of **38.75%** of revenue and profit

- RENTAL INCOME
- FAIR VALUATION CHANGES

Tripla project: Pasila, Helsinki in the future

4

Partnership properties - Appendix

Case Tripla

The financing package signed in June 2016

JOINT VENTURE PARTNERS (JV)

YIT	etera	ONVEST	Fennia
38.75%	38.75%	15%	7.5%

BANKS

European Investment Bank	NIB	Danske Bank	Handelsbanken
EUR 130 million	EUR 100 million	EUR 35 million	EUR 35 million

1 EQUITY, EUR 300 MILLION

2 SENIOR LOAN, EUR 300 MILLION

PROJECT COMPANY (KY)

YIT → 3

REAL ESTATE COMPANIES

- Construction agreement
- Plot acquisition
- Financing and design costs

1 JV partners invest equity in the project company 50% of the project costs. The equity investment has to be done before using the Senior loan

2 The bank group will finance 50% of the project with 10-year project credits, which become available when equity is used

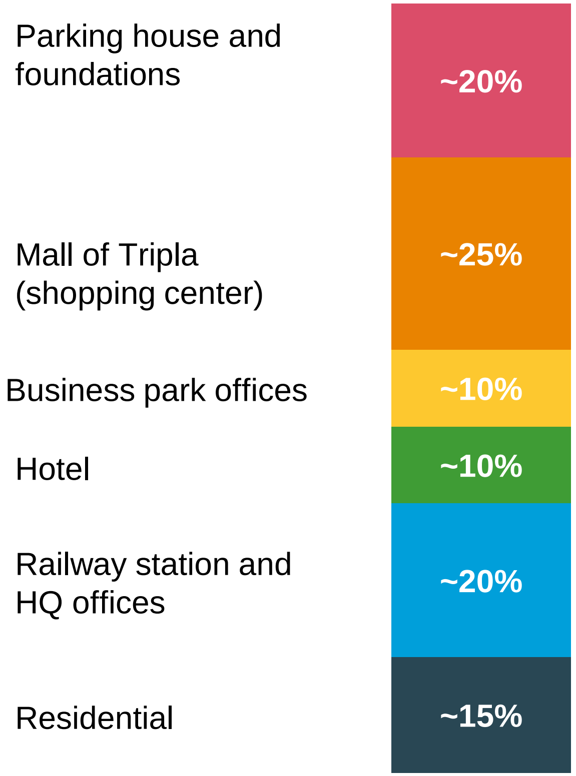
3 Construction agreements between real estate companies and YIT, Parking Station Commercial Area and new buildings Commercial Area

Tripla project supports growth in the coming years

Tripla project in brief

- Over EUR 1 billion hybrid project: 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
- Located in Pasila ~3.5 km away from the Central Railway Station of Helsinki
- Connection point for all rail traffic in HMA
- Daily people flow through Pasila railway station ~80,000
- 500,000 persons within the reach of 30 min by public transportation

Indicative value split



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

Current topics

- ✓ Hotel sold and construction started in 2017
- ✓ The first anchor tenant for office facilities secured, construction of the offices started in the beginning of 2018
- ✓ Construction of the first residential building started in Q4/2017, apartments reserved in record time
- ✓ The Mall of Tripla occupancy rate over 70% in March 2018

Mall of Tripla in a nutshell

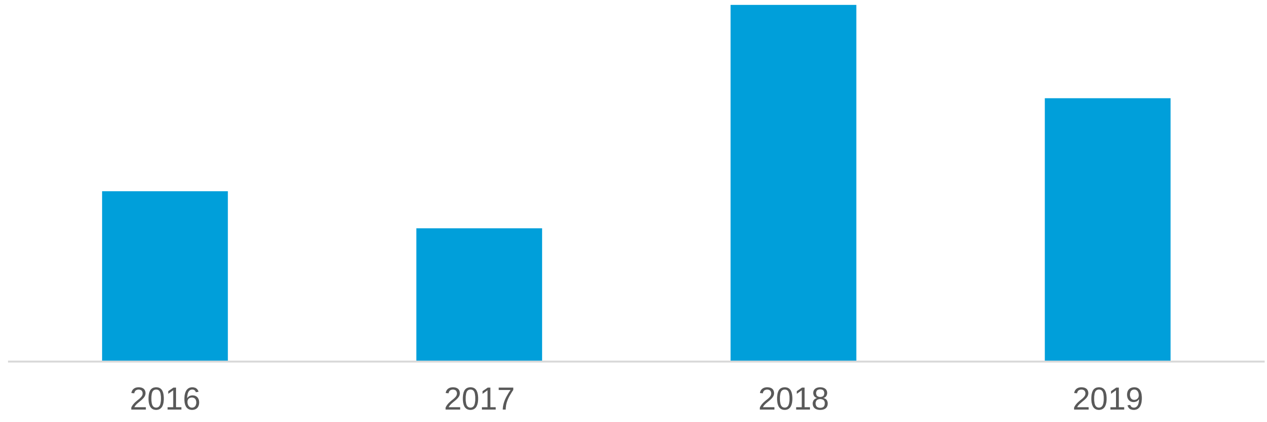
What has been achieved so far?

- Valid building permits and required decisions from public authorities obtained
- Financing package of ~EUR 300 million secured
- Investor deals closed, value ~EUR 600 million
- Revenue and profit recognition started in 2016
- Approximately 70% of the premises rented out, anchor tenants secured
- The ownership of Tripla will be reported under the Partnership properties segment starting from Q1/2018

JOINT VENTURE PARTNERS (JV)

YIT	ILMARINEN	ONVEST	Fennia
38.75%	38.75%	15%	7.5%

Illustration of revenue recognition on Tripla during 2016-2019*



*Based on the assumption that YIT won’t reduce its shareholding during the construction. Figures illustrative.

Current revenue recognition principles

- Revenue and EBIT recognition in line with construction progress
- However, 38.75% will be recognised as revenue and EBIT after YIT sells its share in the JV
- YIT has the right to reduce its shareholding to 20% during the construction
- YIT may sell the remainder of its shareholding at the earliest 3 years after the shopping centre is completed

Improved investment capacity, new projects in pipeline

- Adjusted operating profit was EUR -0.2 million, no revenue generated due to segment's operating model
- After the review period, YIT established a plot fund together with Ålandsbanken and Varma

INVESTMENT CAPACITY RELATED KEY FIGURES

EUR million	Reported 3/18	Pro forma 12/17	Change
Equity investments and investment commitments	152	n/a	
of which already invested in associated companies	137	n/a	

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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

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