

YIT Analyst breakfast

June 13, 2019

Agenda

1. How to turn around underperforming segments
2. Finnish residential market outlook
3. Financing update
4. Last words

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How to turn around underperforming segments

Kari Kauniskangas
President and CEO



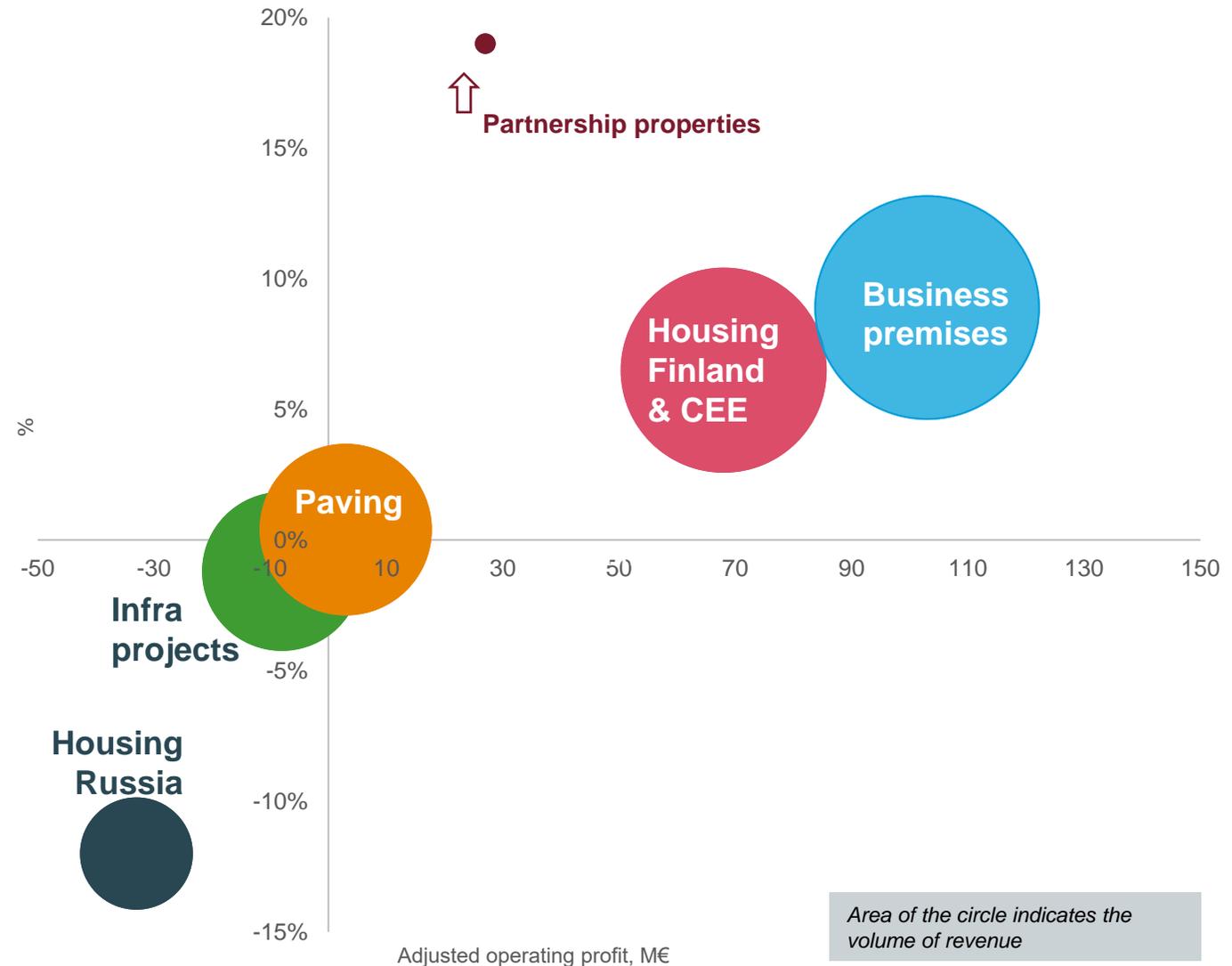
Adjusted operating profit per segment in 2018

- Strong performers:

- Housing Finland & CEE
 - Business premises
 - Partnership properties
- = Total EUR 199 million**

- Underperforming segments:

- Paving
 - Infrastructure projects
 - Housing Russia
- = Total EUR -38 million**

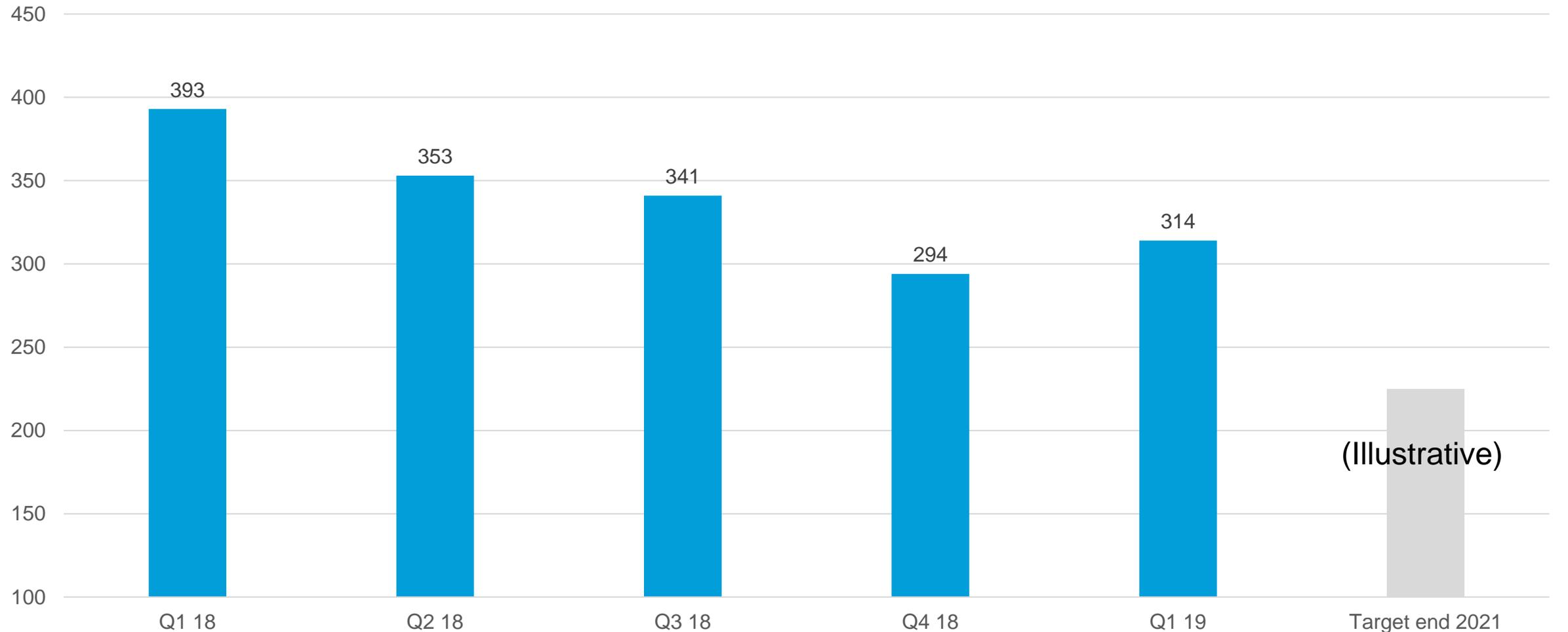


Housing Russia

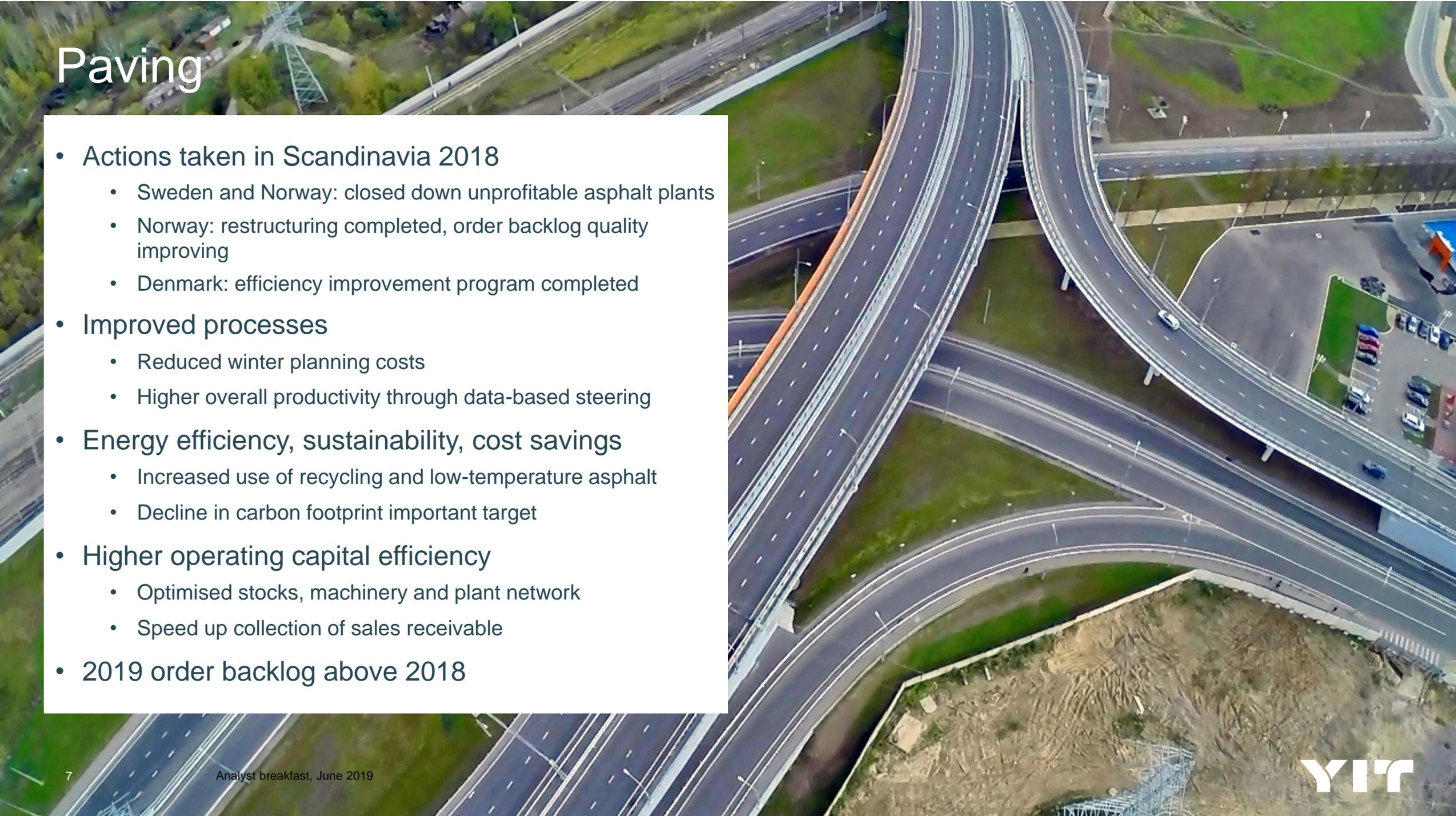
- Target to further reduce capital employed in Russia by EUR ~100 million by end of 2021
- Planned steps
 - Capital allocation into well-performing units (St Petersburg, Kazan, Tyumen, Yekaterinburg)
 - Complete open projects in contracting
 - Continue to mitigate issues and sell plots in Moscow and Moscow region
 - Legal structure simplified by end of 2019
 - Synergies as well as steps mentioned above have remarkable impacts to fixed costs
 - Decline in number of unsold completed apartments
- Changes in Law 214
 - Supporting positive market development from YIT's point of view
 - Only negative thing is escrow practice for payments

Capital employed in Russia 2018-2019

EUR million

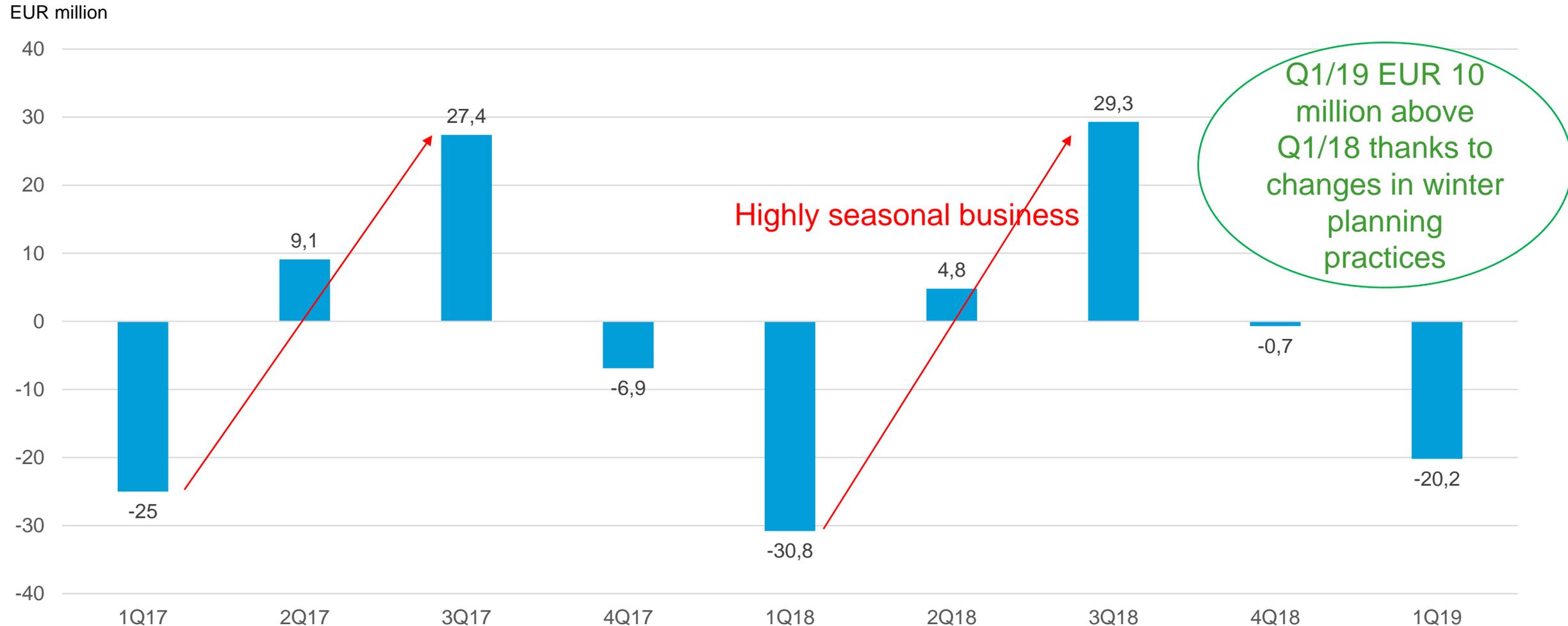


Paving



- **Actions taken in Scandinavia 2018**
 - Sweden and Norway: closed down unprofitable asphalt plants
 - Norway: restructuring completed, order backlog quality improving
 - Denmark: efficiency improvement program completed
- **Improved processes**
 - Reduced winter planning costs
 - Higher overall productivity through data-based steering
- **Energy efficiency, sustainability, cost savings**
 - Increased use of recycling and low-temperature asphalt
 - Decline in carbon footprint important target
- **Higher operating capital efficiency**
 - Optimised stocks, machinery and plant network
 - Speed up collection of sales receivable
- **2019 order backlog above 2018**

Paving 1Q17-1Q19, adjusted operating profit (pro forma)



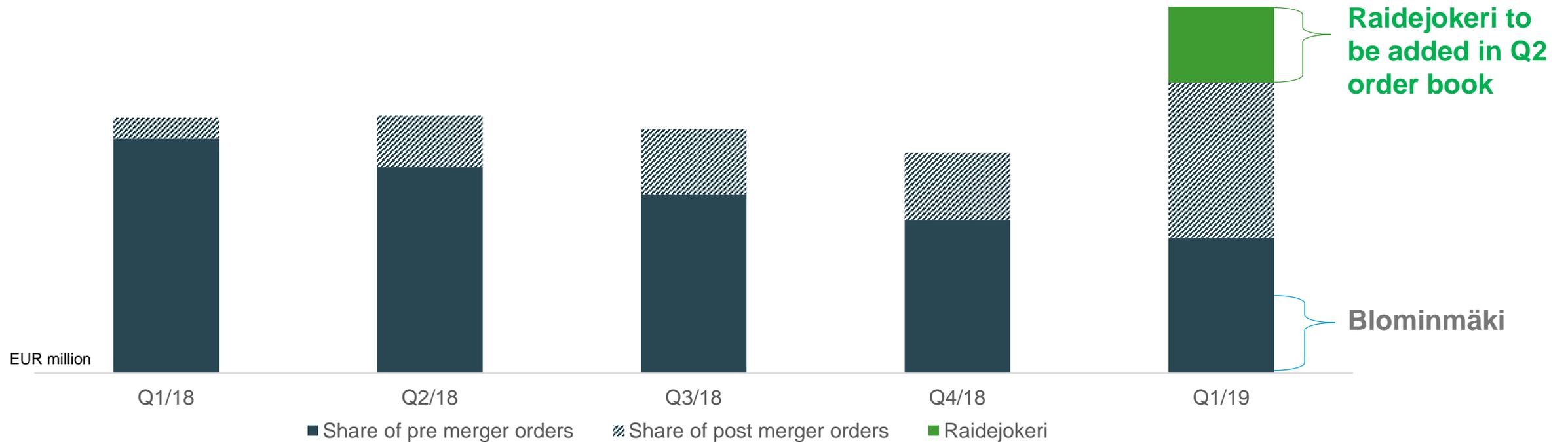
Infrastructure projects

- Special attention to management and risk management processes
 - Selective tendering
 - Price setting practices renewed
 - Margin quality of order backlog improving
 - New projects with clearly higher margins
- Improved project control and preventive actions
 - Cleaning of old projects proceeded well
 - Systematic attention to project status and forecasts of on-going projects
 - Blominmäki contract model changed to cost plus fee
- Construction of Raide-Jokeri light tramway alliance project started at the beginning of June
 - YIT's share approximately EUR 200 million



Infrastructure projects

Order backlog - illustrative share of post merger orders



Key elements of YIT culture

VALUES

RESPECT

- We care about our customers and personnel
- We look for environmentally sustainable solutions

COOPERATION

- We are open and share knowledge
- We involve and partner to succeed

CREATIVITY

- We trust and build a positive spirit
- We empower people to innovate and challenge

PASSION

- We aim high with quality, expertise and results
- We work ethically and keep our promises



LEADERSHIP PRINCIPLES

- Act as one YIT team
- Lead by example
- Welcome change and new ideas
- Be available, listen and ask
- Celebrate success and learn from mistakes

MANAGEMENT PHILOSOPHY

- Management By Key Results, MBKR

TOGETHER WE CAN DO IT.



Government policy

- Housing:
 - Build a carbon neutral society and improve the quality of construction
 - Support sustainable urban development and increase housing construction in growing urban areas
 - Eradicate homelessness within 2 government terms
- Infrastructure investments:
 - June 2019: a supplementary budget for launching significant transport projects
 - From 2020 onwards annual total increase of EUR 300 million in management of basic transport infrastructure
 - For winter maintenance, permanent increase of EUR 20 million
 - Rail investment to be increased from current level
- Taxation:
 - Tax deductibility of interest payments on home loans to be phased out
 - Study prospects for limiting the right to deduct housing company loan premium repayments from rental income
 - Study possibilities for collecting a reasonable tax on profits of real estate investments by foreign funds and tax-exempt corporations

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Finnish residential market outlook

Antti Inkilä
EVP, Housing Finland and CEE

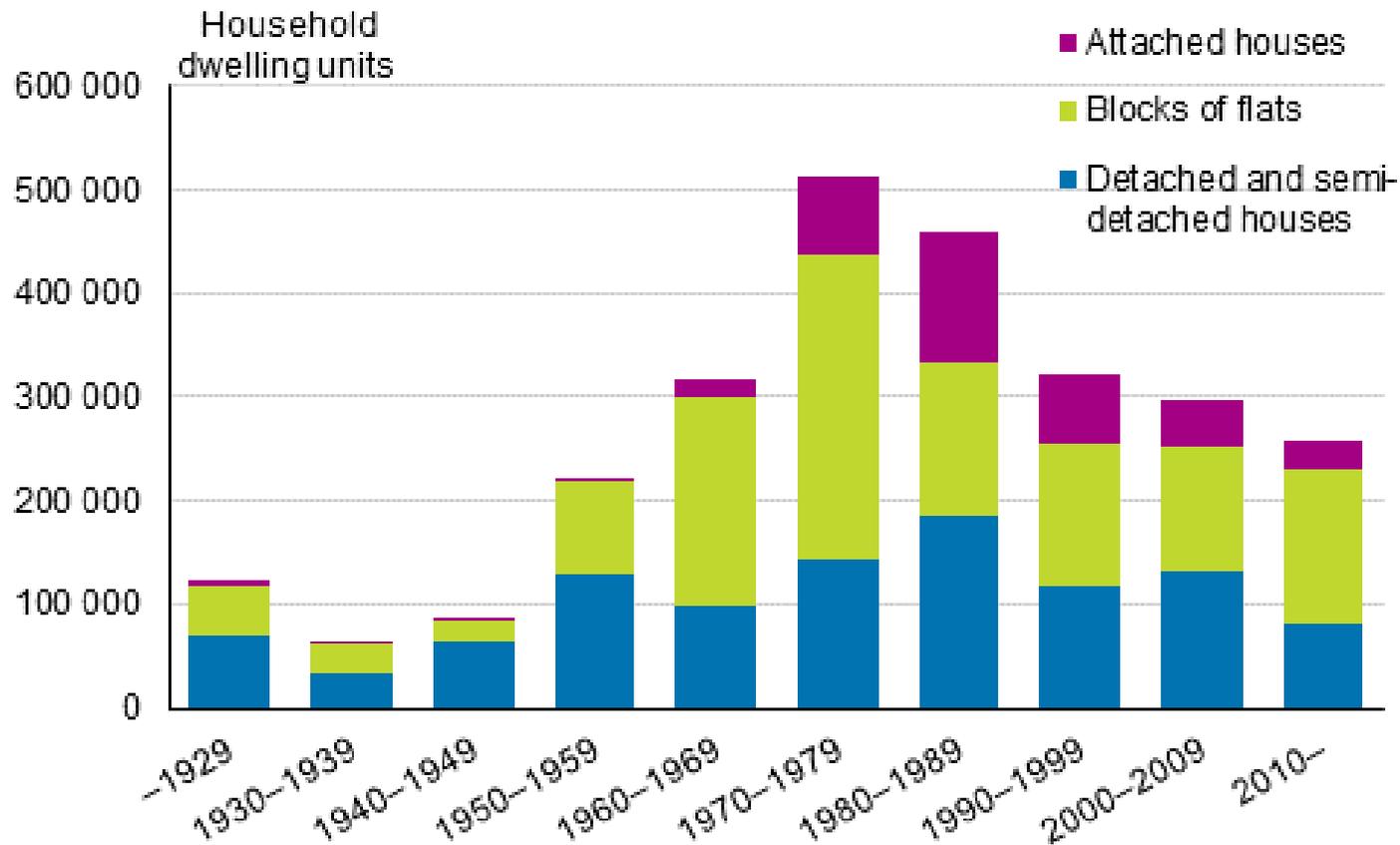


(Short-term) outlook in Finland

- Consumer and investor demand expected to remain stable at autumn 2018 level
 - Private residential investment on lower level than in previous year
 - Consumer confidence remaining above long-term average – families investing
- Population concentrating in urban centers with excellent public transport connections
 - Walking and cycling also important
 - Proximity to services and jobs
- Forms of housing changing
 - Owning vs renting
 - Service business potential
- Difference between growth centers and rest of Finland continues to widen

Finnish housing stock statistics

Household-dwelling units by building type and completion decade in 2018

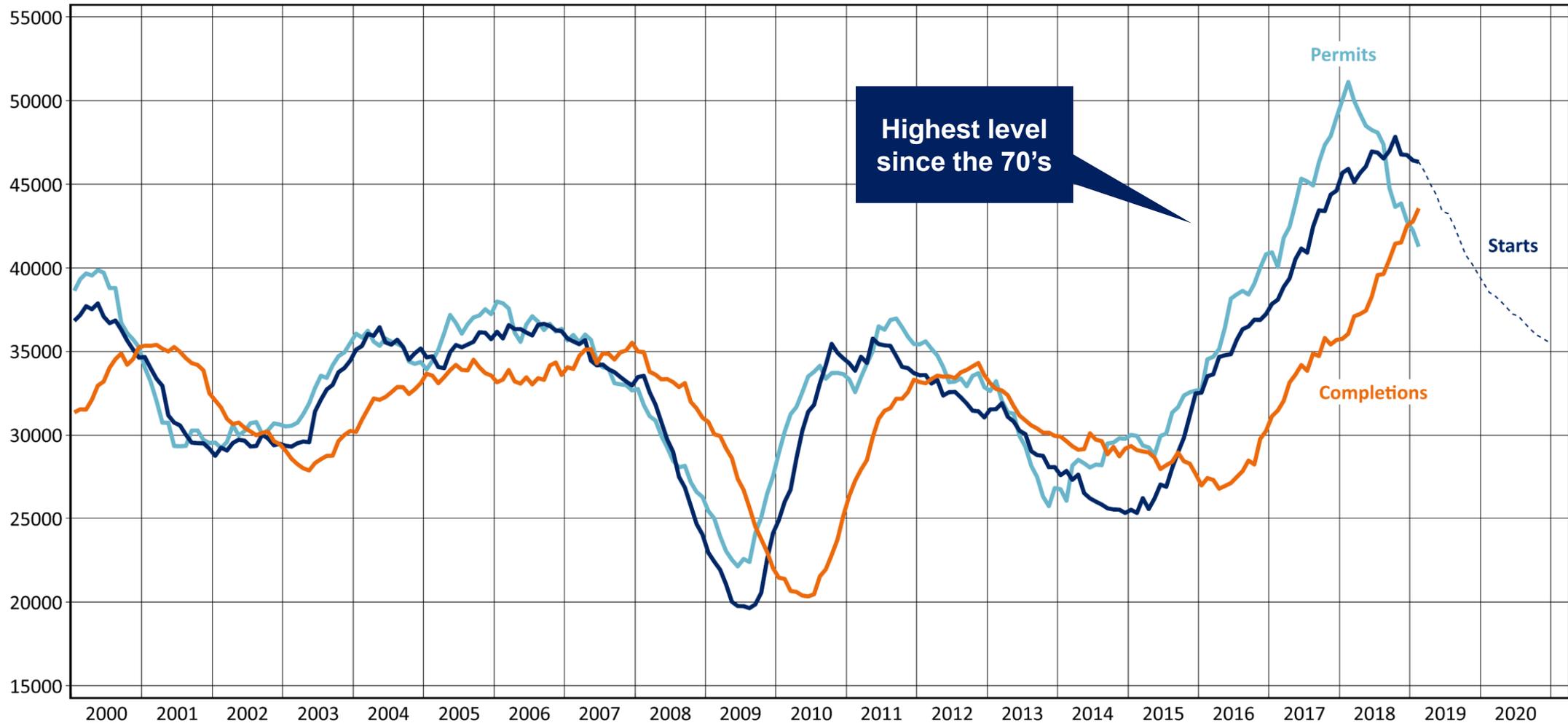


- ~20% live in dwellings from the 70's
- 50% live in dwellings completed after 1980
- Only 10% live in dwellings built in 2010's
- In 2018 statistics, 614,000 dwellings completed in the 2000's
- 1/3 of those located in Uusimaa
- In 2018, nearly 1.2 million persons lived alone (44% of all household-dwelling units)

Residential construction started to decline

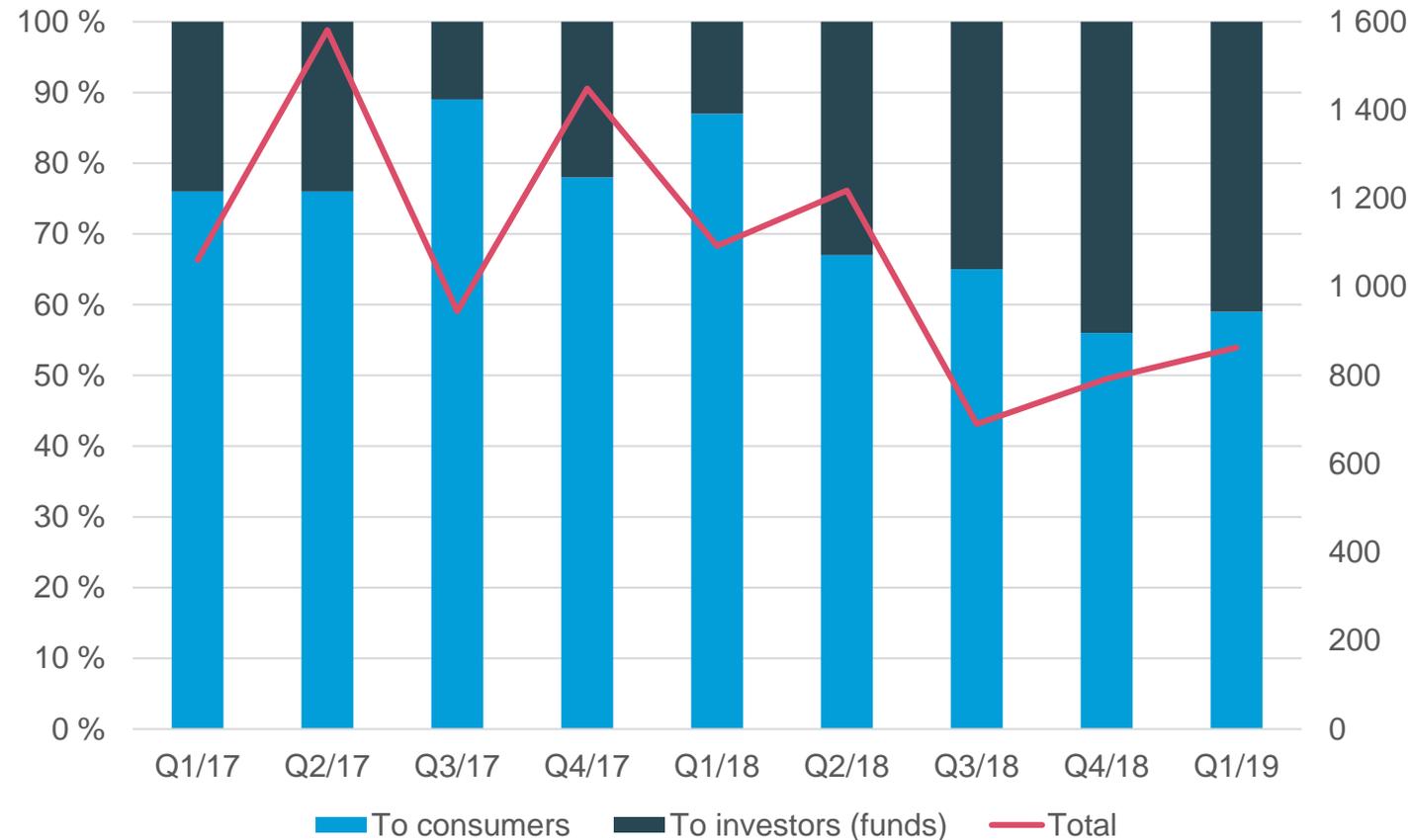
-10,000 apartments from 2018 high level 2019-2020

Residential building, apartments, million m³, yearly sum



Source: Macrobond/Confederation of Finnish Construction Industries RT, Statistics Finland

YIT's housing starts 2017-2019



- Adapted offering already Q2/18
- Activity in housing started to increase at end of Q1/19
- Started more residential projects in 2019 than on average in the second half of 2018
- Increased sales to investors
- In Q1/19, established a JV with a group of investors and sold almost 600 completed apartments or apartments in the final stage to the JV

Consumer sales: innovative concepts

- Large variety of interior design solutions and materials in ready-made packages
- YIT yard concept for well-being and sense of community while increasing density
- Benefits for first-time buyers:
 - First year without maintenance charge
 - No transfer tax for first-time buyers
- "Kotietu" (home benefit):
 - Reserve by end of June, pay only EUR 10,000, rest upon completion
- Optional purchase right model:
 - Buy apartment directly or take a tenancy and buy on a fixed price within 5 years after completion
- Also rental apartments available



Our residential construction projects

Number of projects per region



- Helsinki, Espoo, Vantaa
- Greater Helsinki area
- Turku, Tampere, Hämeenlinna
- Rest of Finland



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Financing update

Ilkka Salonen
CFO



Impact of the IFRS 16 adoption in 2019 for YIT

ESTIMATED ANNUAL IMPACT ON INCOME STATEMENT

	IFRS 16 impact
Revenue	No material impact
EBITDA	+45 M€
Operating profit	+10 M€
Profit before tax	-7 M€
Profit for the period	-6 M€
EPS	EUR -0.03

The figures above describe the estimated annual impact and are based on current estimates that are subject to possible changes.

IMPACT ON BALANCE SHEET ON 1 JAN 2019

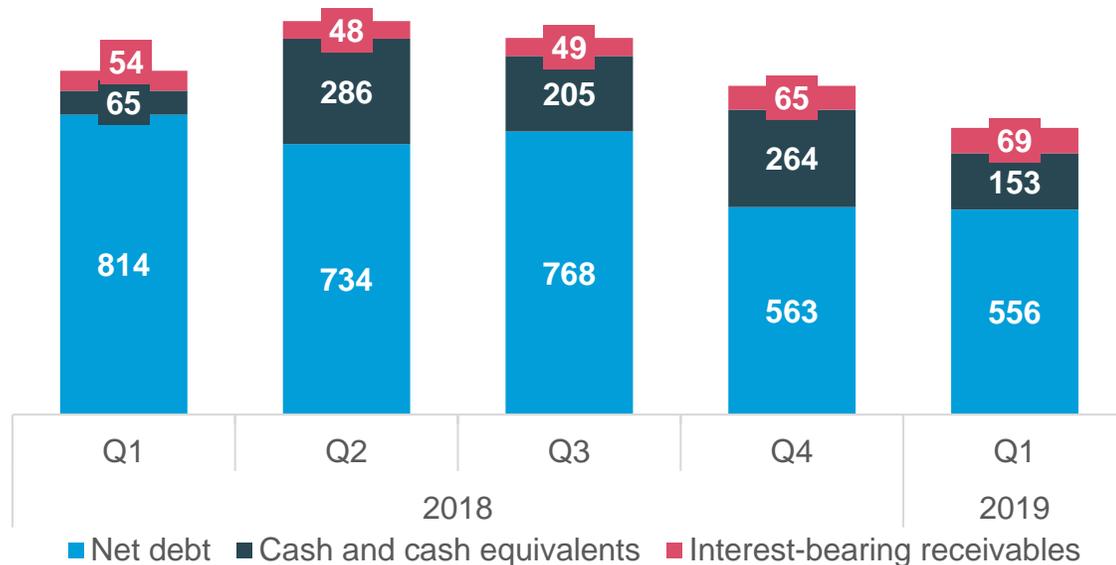
	IFRS 16 impact
Assets	+306 M€
Property plant and equipment	-19 M€
Leased property, plant and equipment	+138 M€
Leased inventories	+187 M€
Liabilities	+306 M€
Borrowings, non-current	-10 M€
Lease liabilities, non-current	+245 M€
Borrowings, current	-8 M€
Lease liabilities, current	+73 M€
Advances received	+14 M€
Provisions	-8 M€

The figures above describe the impact to the opening balance sheet on 1 Jan 2019.

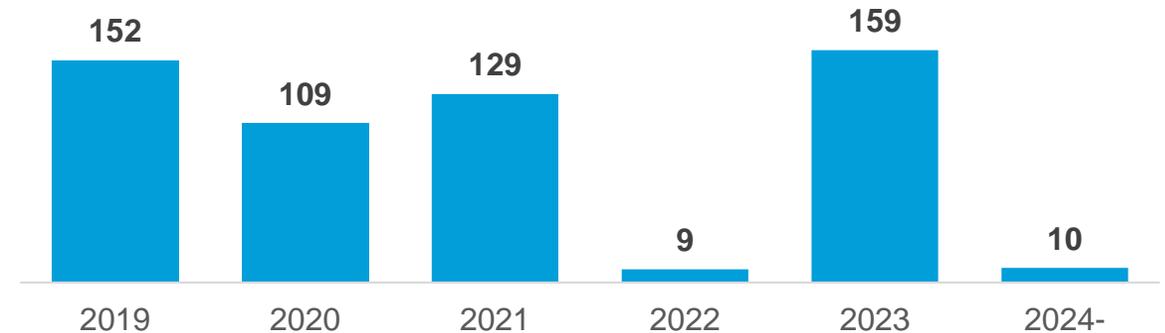
Adjusted net debt stable compared to 12/2018

- In order to improve comparability between quarters, the company has excluded the IFRS 16 impact from the graphs below
- Adjusted net debt amounted to EUR 556 million

ADJUSTED NET INTEREST-BEARING DEBT¹, EUR million



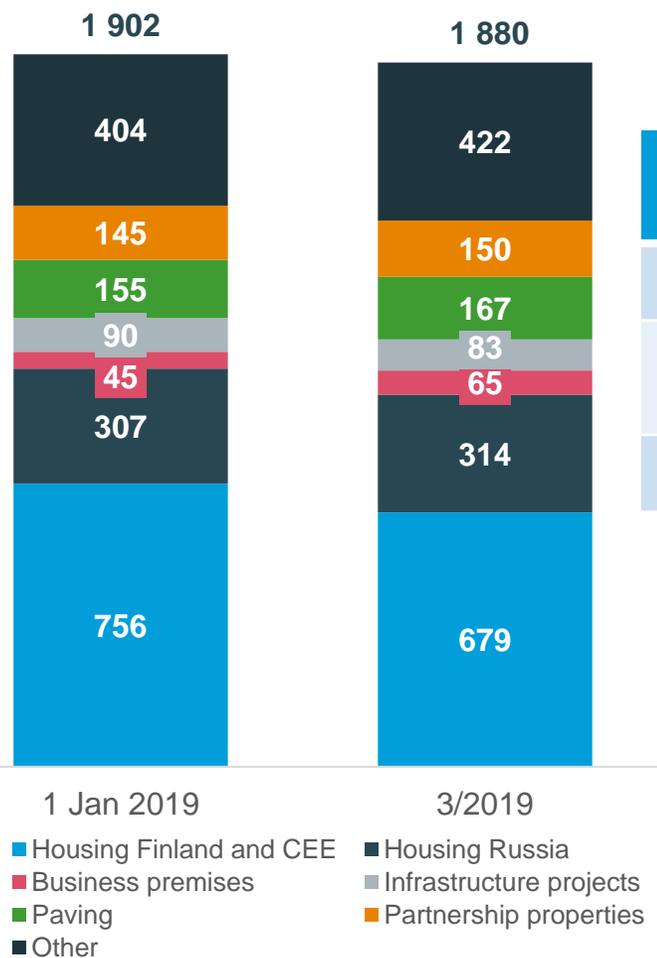
MATURITY STRUCTURE, NOMINAL AMOUNTS¹, EUR million



¹ Excluding IFRS 16 lease liabilities, 312.7 EUR million. Finance lease liabilities are included in lease liabilities as of 1.1.2019.

¹ Excluding housing corporation loans, EUR 210.5 million (these loans will be transferred to the buyers of the apartments when the units are handed over), and IFRS 16 lease liabilities, 312.7 EUR million.

Capital employed by segment



Impact of IFRS 16 standard implementation on capital employed on 1 Jan 2019

Capital employed, M€	Housing FIN & CEE	Housing Russia	Business premises	Infra projects	Paving	Partnership properties	Other and eliminations	Group, IFRS
31/12/2018	584.9	294.3	38.2	83.0	123.7	145.0	332.1	1,601.2
IFRS 16 impact of adoption	170.8	13.0	6.4	7.2	31.7	0.0	71.5	300.6
1/1/2019	755.7	307.3	44.6	90.2	155.4	145.0	403.6	1,901.8

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Last words



Market outlook for the next 12 months

	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

Estimated completions of consumer apartment projects under construction

Apartments under construction in total on March 31, 2019: 13,350. The table below shows the company's current estimate of completed consumer apartment projects under construction. In addition, the company has 2,364 apartments (12/18: 1,429) that are recognised in accordance with percentage of completion. The timing of the commissioning permit may deviate from the technical completion of a building, and the company cannot fully influence the reported completion date. Also other factors may influence the completion date.

	FY 2018 Actual	Q1/2019 Actual	Q2/2019 Estimate	Q3/2019 Estimate	Q4/2019 Estimate	Q1/2020 Estimate	Later
Finland ¹	3,657	858	1,000	300	600	400	1,305
CEE ²	1,427	0	500	700	400	200	905
Russia ³	2,974	437	400	600	2,400	400	1,760
In total	8,058	1,295	1,900	1,600	3,400	1,000	3,970

¹ In Finland, the estimate of completions may deviate with tens apartments depending on the construction schedule.

² In CEE countries, the estimate of completions may vary with tens apartments, a deviation of over 100 apartments is possible depending on authorities' decisions. The figure includes projects sold to YCE housing fund I.

³ In Russia, the estimate of completions may vary with hundreds apartments, a deviation of over 500 apartments is possible depending on authorities' decisions.



Guidance for 2019

The Group revenue 2019 is estimated to be in the range of +5% – -5% compared to revenue 2018 (pro forma 2018: EUR 3,759.3 million).

In 2019, the adjusted operating profit¹ is estimated to be EUR 170–230 million (pro forma 2018: EUR 134.5 million).

GUIDANCE RATIONALE

- The guidance for 2019 is based, among others, on the completion of Mall of Tripla in the last quarter, the estimated timing of completion of the residential projects under construction and the company's solid order backlog. At the end of March, 73% of the order backlog was sold.
- Significant fluctuation is expected between the quarters due to normal seasonal variation, sales of business premises projects and the timing of completions of residential projects as well as Mall of Tripla. As in 2018, the last quarter of the year is expected to be clearly the strongest.
- The company estimates that the adjusted operating profit for the second quarter of 2019 will improve slightly from the comparison period (pro forma).

¹ The adjusted operating profit reflects the result of ordinary course of business and 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 bulletin's the tables section.

**Together
we can
do it.**