

MERENKULKIJANRANTA | HELSINKI, FINLAND

PERFORMANCE THROUGH CYCLES

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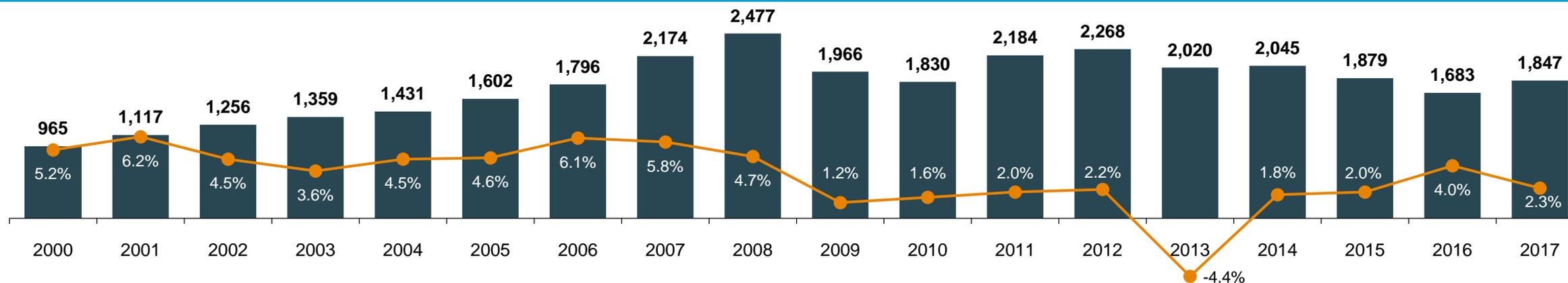
Recap since CMD 2017
and merger



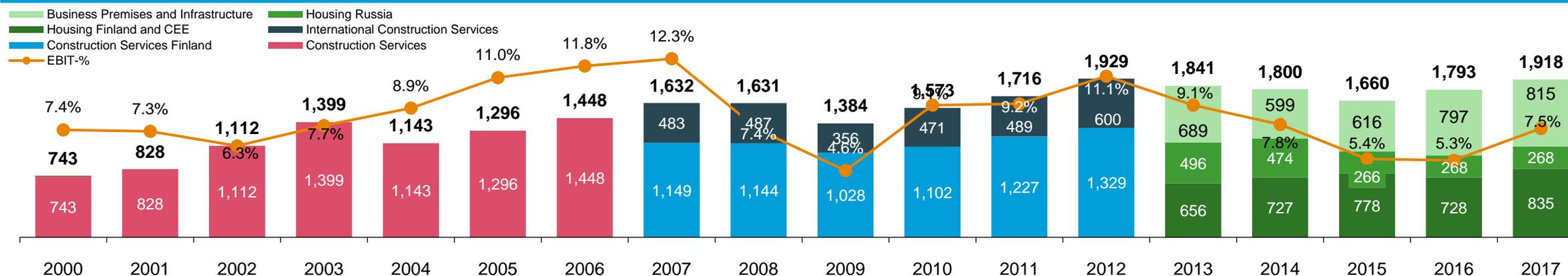
HELSINGIN KLYYGA APARTMENT BUILDING PROJECT
TRIPLA-PROJECT, HELSINKI, FINLAND

Track record of YIT's and Lemminkäinen's revenue and EBIT-%

EX-LEMMINKÄINEN'S REVENUE (EUR MILLION) AND OPERATING PROFIT MARGIN (EBIT) DEVELOPMENT BY GROUP, IFRS



EX-YIT'S REVENUE (EUR MILLION) AND ADJUSTED OPERATING PROFIT MARGIN (EBIT) DEVELOPMENT BY BUSINESS SEGMENT, EXCLUDING GROUP COSTS, POC



YIT's figures are segment level figures according to percentage of completion (POC) reporting, i.e. sum of Construction Services related segment figures in YIT financial reporting and thus excluding effect of other items. Lemminkäinen's figures are group figures according to IFRS.

Stronger together

GROWTH ECOSYSTEM

WIDER GROWTH OPPORTUNITIES

Strong possibilities for self-initiated growth in urban development

INCREASED STABILITY

1,000

EUR million businesses, which are stable or growing through economic cycles

ENGAGED PROFESSIONALS

COMMITMENT AND COMPETENCES

Excellent project management skills and resources for complex projects

STRENGTHENED EQUITY

+552

EUR million addition to YIT's equity at December 31, 2017

SOLID FINANCIAL POSITION

59.9%

Pro forma gearing at December 31, 2017

HIGH SYNERGY POTENTIAL

40–50

EUR million synergies by the end of 2020



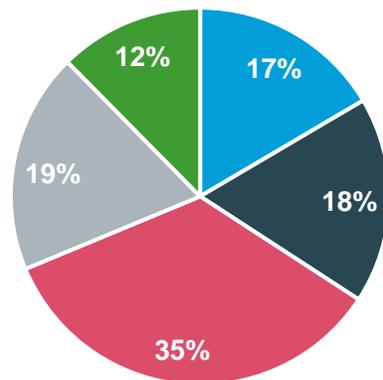
Results of the strategic development programmes launched in 2016

DEVELOPMENT PROGRAMMES	TARGETS	RESULTS	NEXT STEP
LIVING SERVICES	<ul style="list-style-type: none"> Improved customer experience Increased customer lifetime revenues 	<ul style="list-style-type: none"> ~400,000 users (dwelling units) for YIT's digital service platform in 5 countries ~50,000 units in maintenance in 4 countries, EUR 20 million revenue Several successful pilots of service concepts for inhabitants Digital customer journey well developed, NPS in housing on good level 	From pilots to sustainable business
RENOVATION SERVICES	<ul style="list-style-type: none"> Double the revenue to EUR 200 million 	<ul style="list-style-type: none"> Acquisition of Talon Tekniikka Oy Several conversion development projects established (Tietotie, Keilaniemi, Otava, Telia,...) Revenue of renovation services will be close to EUR 200 million in 2018 	Double the revenue from EUR 200 million to EUR 400 million
PERFORMANCE LEAP	<ul style="list-style-type: none"> Decreased production costs by >15% (B2C) Competitive edge of >10% (B2B) 	<ul style="list-style-type: none"> 15% less costs achieved in a Smartti pilot apartment building project Accelerated construction schedule by 40% in normal housing project 2–3 times faster delivery times for individual stages in leaned renovation site ~1,000 white-collars educated to Lean and moisture management 	Scale the practices of productivity pilots YIT wide

Capital release programme in the Housing Russia segment

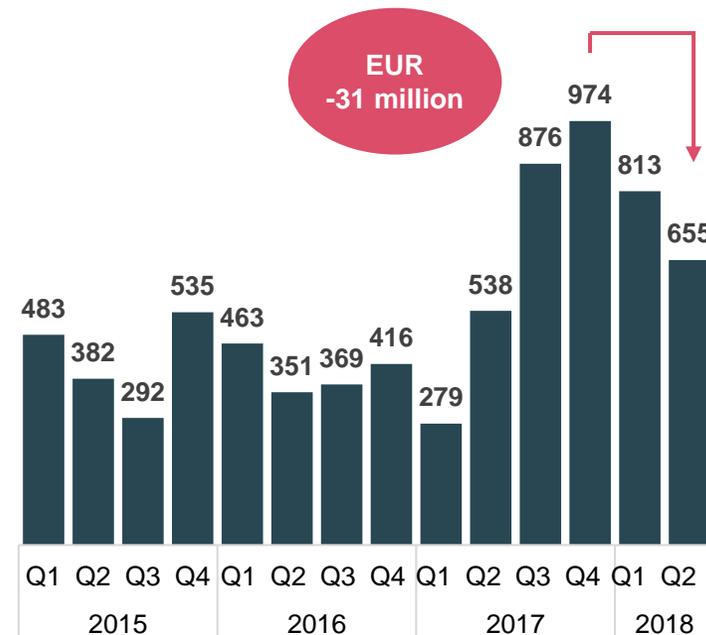
- Original target to reduce RUB 6 billion by end of 2018 vs. Q2/2016 (RUB 28 billion → RUB 22 billion)
- Target expected to be reached within winter 2018–2019 (reduction in number of completed unsold apartments as main driver)
- YIT will continue reduction of capital employed in Russia also in coming strategy period

CAPITAL EMPLOYED IN HOUSING RUSSIA AS AT JUNE 30, 2018: RUB 26 BILLION / EUR 352.5 MILLION



- Projects under construction
- Plots
- Development costs
- Completed apartments
- Other

DEVELOPMENT OF THE AMOUNT COMPLETED UNSOLD APARTMENTS, UNITS¹



MAIN ACTIONS TAKEN

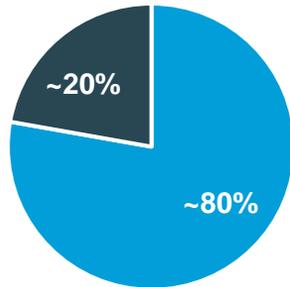
- Sale of slow moving plots (40–50% of the initial target)
 - Of Novo-Orlovski and Inkeri plot sales, EUR ~35 million recognised by 12/18 and EUR ~15 million in addition by 12/19
- Reduced working capital
- Reducing the number of completed unsold apartments (50–60% of the initial target)
 - The main impact for the rest of the year expected from this source

¹ Combined figures for YIT and Lemminkäinen

Good development continues in Housing in CEE

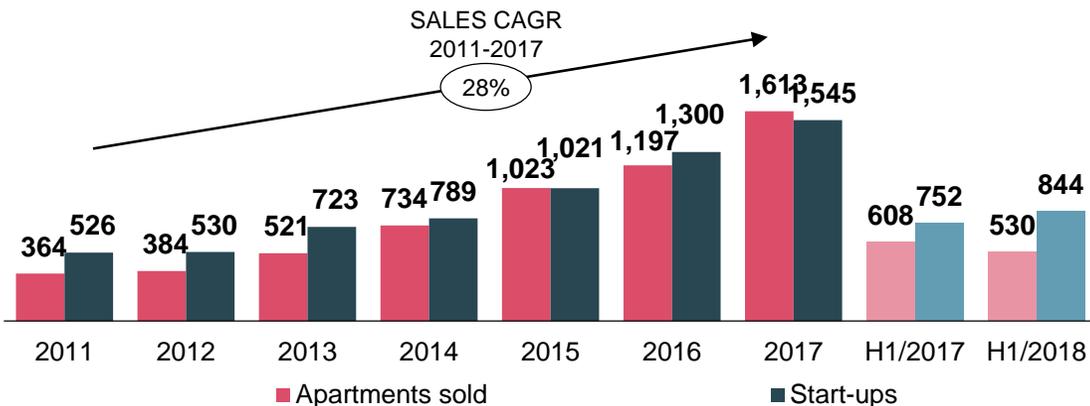
HOUSING FINLAND AND CEE REVENUE SPLIT IN H1/2018, %¹

Housing Finland and CEE pro forma revenue in H1/2018: EUR 559.6 million



■ Housing in Finland ■ Housing in CEE

APARTMENT SALES AND START-UPS, UNITS



- Gross margins in the CEE countries have been slightly over the segment average
- YIT has sold projects consisting of 861 apartments to YCE Housing I fund since Q4/2016, of which 760 have been sold further to consumers
 - No sales to fund in 2018 affecting the number of sold apartments H1/2018 (H1/2017: 106)
 - YIT's ownership share of 40% starts to recognise revenue during H2/2018 as the first projects are completed during this autumn
- Demand on good level in all CEE countries at the moment

¹ Illustrative split based on reported figures concerning Housing in CEE and pro forma figures concerning Housing Finland and CEE segment.

2

Market outlook



Development of macro environment

FINLAND

The Finnish economy is in the upswing, investments to infra and public transportation.

After 2018, market volumes expected to decline somewhat in business premises.

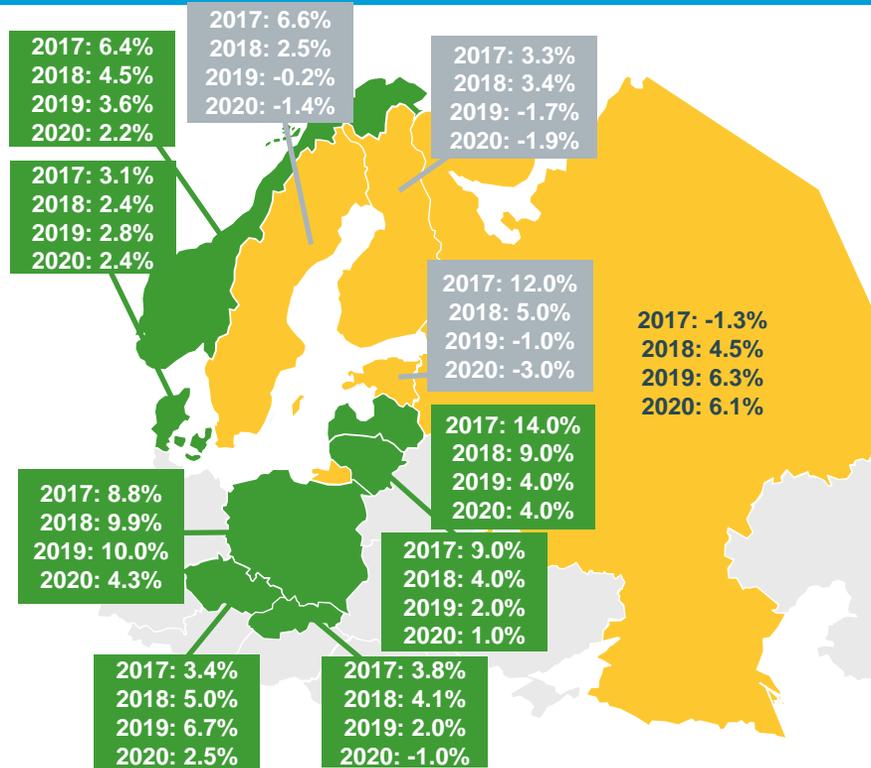
Many road projects ending in 2019, new decisions needed, rapid rise of price and cost level in housing.

NORDIC COUNTRIES

A lot of public investments to traffic infrastructure in Sweden and Norway.

Also the Danish government has increased road construction investments more than previously planned.

Intense competition especially in Sweden and Norway.



BALTIC COUNTRIES

Steady growth expected based on macro economy's good development, demand for affordable housing.

EU funds boost public investments.

Baltic property market in capitals still attractive for investors.

RUSSIA

Mortgage market working well and supporting business, road infra investments perceived as strategic need for Russia.

Ordinary families planning to improve their residential circumstances.

Insecurity connected to change of housing legislation and EU & US and Russian counter sanctions.

CEE COUNTRIES

Good economic development in all countries, strong migration especially in Slovakia and Poland.

Increasing housing prices in Czech Republic.

In Slovakia and Poland, lack of capacity may occur.

3

YIT strategy 2019–2021:
Performance through
cycles



**MISSION:
WE CREATE
BETTER LIVING
ENVIRONMENTS**



Megatrends Driving Growth and Productivity



URBANISATION

- Urban development
- Public transportation connections
- Complex projects



DIGITALISATION

- Customer experience
- Higher productivity
- Utilisation of data



SUSTAINABILITY

- Circular and sharing economy
- Resource efficiency
- Re-vitalisation of urban areas

YIT Strategy 2019–2021 – Performance through cycles

Profitable and financially stable YIT

STRATEGIC PRIORITIES

URBAN DEVELOPMENT

Focus in self-developed, longer value chain and negotiation based projects

NON-CYCLICAL BUSINESSES

Annual EBIT EUR >100 million from non-cyclical businesses from 2019 on



CORNERSTONES OF SUCCESS

TOP PERFORMANCE

- Synergies EUR 40–50 million
- Focus on productivity improvement

CAPITAL EFFICIENCY

- Leaner operating model in Russia
- Annual free cashflow EUR +150 million

SUCCESS WITH CUSTOMERS AND PARTNERS

- Improving customer experience and NPS
- Deeper partnerships, higher value, more speed

HAPPY PEOPLE

- Common culture, open and involving way to lead
- Most preferred employer in the field

Strategic priorities

URBAN DEVELOPMENT

More out of the urban development capability
Average ROCE >15% through the pipeline

Sustainable
urban
development

Project
development

Project
management and
construction

Rental incomes
Fair valuation
Service fees

Capital gain

NON-CYCLICAL BUSINESSES

Portfolio of businesses with stable nature and performance
> EUR 100 million of annual operating profit 2019 on

STABLE OR
GROWING
DEMAND
THROUGHOUT
CYCLES

LONG-TERM
SERVICE AND
RENTAL
AGREEMENTS

TIMELY AND
RECURRING
CAPITAL
GAINS

GROWING
DEMAND FOR
SUSTAINABILITY

Cornerstones for success

TOP PERFORMANCE

- Capture synergies of the integration
- Common management system (GRIP) as a foundation for continuous improvement
- Scaling up practices of successful productivity pilots group wide
- Systematic collection and utilisation of data and analytics



**SYNERGIES
EUR 40–50
MILLION**

**CLEARLY
SHORTER LEAD
TIMES**

CAPITAL EFFICIENCY

- Lower working capital and continued divestment of slow-moving assets
- Co-investments and external funds utilised
- Improved operating profit through higher productivity and captured synergies
- Decreased financing costs
- Reducing ownership in Mall of Tripla step by step



**GEARING
30–50%**

Cornerstones for success

SUCCESS WITH CUSTOMERS AND PARTNERS

- Increased customer activity and deeper customer insight
- Better product and service concepts
- Better customer experience
- Ensuring higher speed, innovativeness and financing capacity through deeper co-operation with partners



IMPROVING
NPS

IMPROVED
SALES MIX

HAPPY PEOPLE

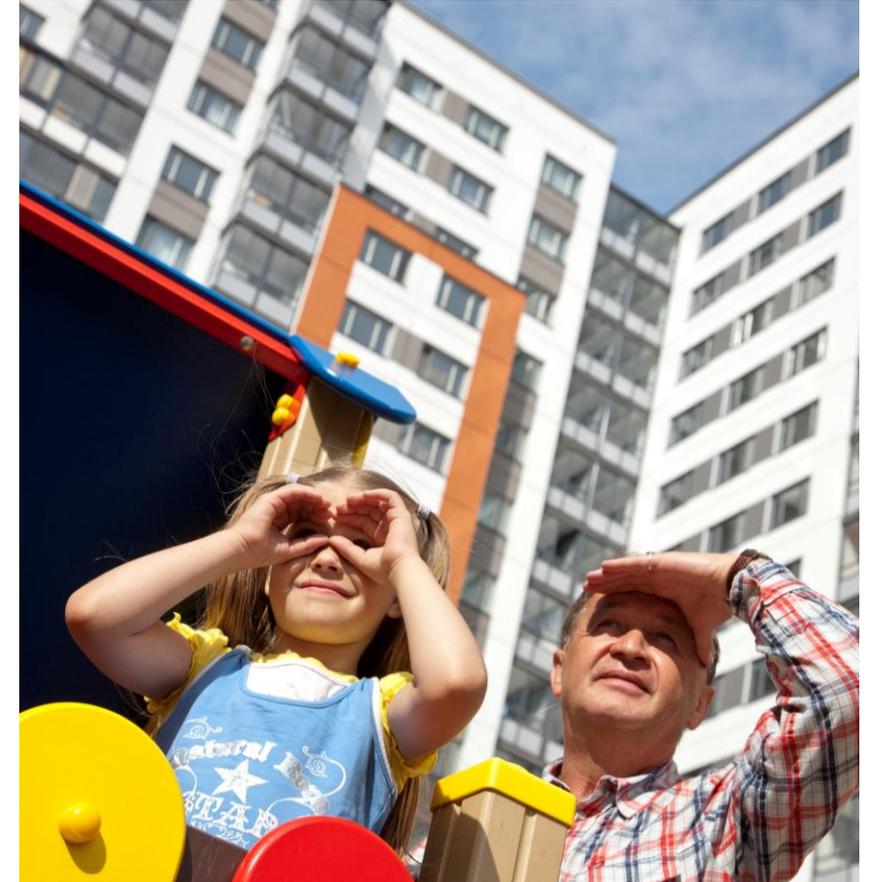
- Create common values and culture
- Ensure best resources
- Continue people development
- Confirm commitment
- Improve Occupational safety, health & well-being



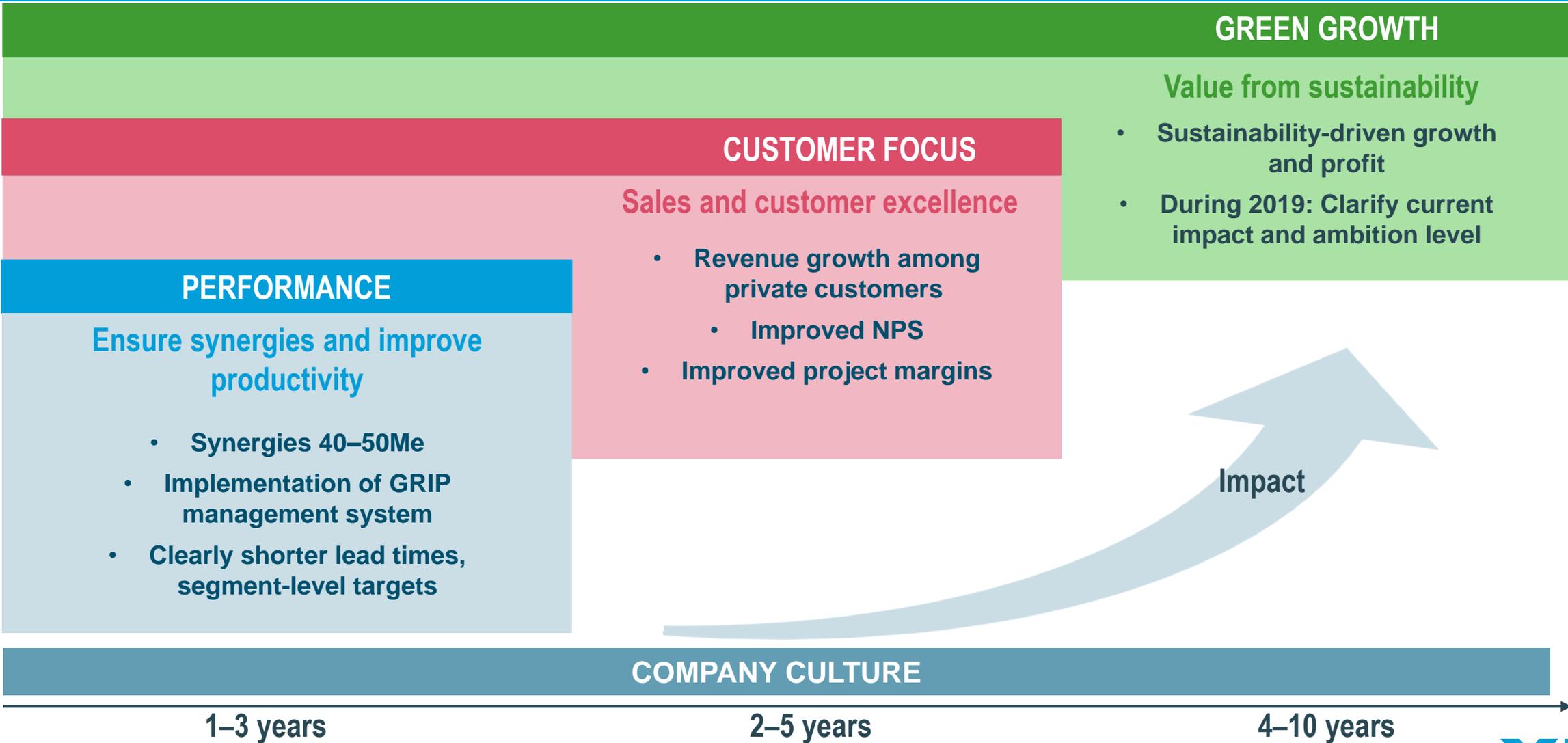
BEST EMPLOYER
AMONG
CONSTRUCTION
PROFESSIONALS
AND STUDENTS

Strategic financial targets

Financial target	Long-term target level
ROCE-%	>12%
Gearing	30–50%
Dividend per share	Growing annually



Implementation by strategic development programmes



Key implications and targets

Housing Finland and CEE and Housing Russia



HOUSING FINLAND AND CEE



- Customer experience improvement
- Industrialisation: Design management, BIM, modular construction
- Agile reactions to market changes
- Harmonised ways of working
- Focus in area development in plot investments



HOUSING RUSSIA



- Less capital intensive business model
 - Capital employed further down in Russia¹ by EUR ~100 million (RUB 8 billion)
- Implementation of common processes and new operating model to improve profitability
- Better sales mix in contracting
- Growth in Living services

¹ Including all operations in Russia

Key implications and targets

Infrastructure projects and Paving



INFRASTRUCTURE PROJECTS



- Focus in profitability improvement
 - Project and customer mix, operating model, risk management practices
- Harmonised ways of working
- Continuous hunting of competitive edges
 - Wider co-operation across units, segments and countries
- Growth in self-developed and collaboration projects



PAVING



- Business minded culture, good employer image and systematic training
- Customer-focused and proactive sales
- Harmonised ways of working, supported by digital and automated processes
- Developing sustainable products with strong laboratory network
- Optimised machinery and plant network

Key implications and targets

Business premises and Partnership properties



BUSINESS PREMISES



- Increasing revenue from self-developed and negotiation based projects
- Growth in renovation services
- Higher activity among potential clients and better concepts for sales
- Harmonising processes for improved productivity and control



PARTNERSHIP PROPERTIES



- Ensuring continuously stronger project pipeline for upcoming years
- Stable operating profit recognition every year; mix of rental incomes, fair valuation and capital gain of assets
- Invested capital from EUR 150 million up to EUR 300 million by the end of 2021

Business development by segment

	2017	2018	2019
Housing Finland and CEE			
Housing Russia			
Infrastructure projects			
Paving			
Business premises			
Partnership properties	-		

Development estimates are based on current market environment, current order backlog and executed restructuring and reorganising actions.

More life in sustainable cities

STRATEGY 2019–2021:

PERFORMANCE THROUGH CYCLES

– Profitable and financially stable YIT –

Urbanisation
Digitalisation
Sustainability

MEGATRENDS

Urban
development

Non-cyclical
businesses

STRATEGIC PRIORITIES

Top
performance

Capital
efficiency

CORNERSTONES

Happy
people

Success with
customers
and partners

Customer
focus

Perfor-
mance

Green
growth

DEVELOPMENT PROGRAMMES

ROCE-% >12%
Gearing 30–50%
Dividend Growing
per share annually

FINANCIAL TARGETS



We create better living environments

FUNDAMENTS:

SAFETY FIRST
QUALITY ALWAYS

OUR VALUES

TO BE CONFIRMED IN Q4

**VISION:
MORE LIFE IN
SUSTAINABLE
CITIES**

