

**Conference Title: YIT Oyj - Financial Statements Bulletin 2017**

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Hanna Jaakkola: Welcome to the new YIT. Finally, today is the day one. YIT and Lemminkäinen merged into one company, one new YIT is large cap company and now we can work together. I also have one – 10,000 new colleagues today. Our revenue combined is 3.8 billion which is a big number. It's very exciting to be here today and see so many of you here.

Today's agenda is not the typical full-year information agenda. We have first the YIT's results that is presented by our President and CEO, Kari Kauniskangas. He will go through YIT standalone. And please note that when he talks about YIT, he refers to YIT standalone, not the combined Company.

Thereafter, Esa Neuvonen, our CFO until yesterday, will present the financials and the key figures. Thereafter, our new CFO Ilkka Salonen will present Lemminkäinen's Full Year Results 2017. And please note again that he refers only to Lemminkäinen standalone figures when he talks about Lemminkäinen.

Thereafter, Kari comes back to the stage. He goes through the outlook and guidance for the combined company and talks about the merger that has been announced today, not announced today but was fulfilled today.

All the materials that you have here is available on YIT's webpages as usual. We have also conference call line. We will take questions first from the audience here, nice to see so many of you here, and thereafter from the conference call. We also had the chat system in the webcast system where you can post questions, and I will take those questions after the phone and audience questions.

So, without further ado, Kari, the stage is yours.

Kari Kauniskangas: Good morning on my behalf. It's a pleasure to be here – sorry, there is a new application coming today in this computer. It's a pleasure to be here. I'm proud on the performance of our team during last autumn. In addition to great results in business, 360 employees from YIT and Lemminkäinen together has put lots of effort to prepare the integration and merger of YIT and Lemminkäinen. And today, we really can start the work together and open the books.

We had overall successful quarter at the end of last year from several angles. From group profitability point of view, it was one of the highest profitability ever when our adjusted operating profit reached 10.2% from revenue. The closing of co-owned Kasarmikatu 21 office project. Among others, we actually had several other projects also impacting positively to the profitability of business premises and infrastructure segment.

In Housing Finland, there are now special items, but the profitability still reached 12.2% and it was on a very good level. In Housing Russia, apartment sales was the best during last two years and the profitability improved – and was on a satisfactory level.

I would say from result point of view, this was the great leap towards the right direction in our performance. And last week finally we got an acceptance from Finnish Consumer and Competition Authorities to merge with Lemminkäinen and really it has been executed today.

Last year, our revenue grew 7% overall and the last quarter profitability was 10.2%, which was really, really one of the best ever in YIT's history. The backlog of orders stayed stable on a high level.

The improvement in operating profit came from several sources practically from all segments. The main impact came from Business Premises and Infra, and also the profitability in housing segments were better than a year ago. The negative item in other items is mainly connected to development programmes which are helping us to improve our operations in the future making us more competitive in the future. Also, good performance has impacted that the bonuses to be paid to our employees.

Also, in Q4, we had €16 million adjustments. Of those €2 million, cost was related to the preparation of this merger and €14 million re-evaluation of assets mainly in Finland and Lithuania.

Then if we shortly look through the segments. The market environment in Finland, in housing, has stayed on a very good level. The consumer confidence has stayed in an exceptionally high level already several quarters. The price level of apartments in Finland has stayed quite stable. In Helsinki region, the prices have even slightly increased. The mortgage interest rate is on a lower level and the availability is very good. In CEE countries, the consumer confidence has stayed on a good level; the market outlook overall from our point of view has stayed stable on a good level.

In Housing Finland and CEE, the revenue grew 15% during last year and the backlog of orders reached almost €1 billion level. It's 18% higher than year ago.

The profitability of last quarter was 12.2. Also, in my category or terminology it's a very good level. On the whole year, we reached almost 10% level, 9.8 being more accurate. Return on capital employed is on a good level, 17.4%, and the invested capital or capital employed has started slightly to increase, when also the volumes overall are increasing. In this segment, we made adjustment items, adjustment were almost €5 million is mainly connected to assets in Lithuania.

In CEE countries – Sorry, in Finland, the share of sales for consumers last year was 65% and the share of start-ups for consumers were 80%. Overall, the number of start-ups increased almost 20% when the sales increased around 10% last year.

In January, the sales has continued on a good level, being around 120 units. It's good to remember that a year ago we had very high level of sales due to those Smartti projects which sales was started at the end of the year.

In CEE, the number of start-ups was around 20% higher than a year ago and the sales increased almost 35%. The CEE Housing was having a great impact to the growth of revenue in this segment, also impacting positively to the profitability of the segment.

During one year, we have started almost 1,000 apartments for this YCE Housing fund I which we established together with partners around one year ago. The sales in this area in January was around on the same level than a year ago, being 80 apartments on those apartments which we are selling from our own ownership. In addition, we have sold apartments from this Vicus fund YCE housing fund during January.

And as you can see, the production volumes overall are continuously growing. The amount of unsold completed apartment is on an exceptionally low level and the sales rate is high in long-term perspective.

Then if we look at Russia, the overall market environment has improved since the summer. And the bottom of the market was reached at the beginning of last year. The price level has stayed quite stable and on a low level. There are some overproduction, in our opinion, in certain cities in Russia.

Extremely important point from our point of view is that the steering rate of Central Bank of Russia has been declining quite a lot and our clients already are getting mortgage loans with an interest rate below 9%. And , consumers still are expecting that the interest rates could decline in coming months and quarters.

Revenue increased strongly. It's good to remember that €16 million of the revenue, €96 million is explained by the plot sales we sold around half of the Novo-Orlovsky plot to the new owner. Worth €35 million. It will be paid in three pieces. The biggest part was paid in December. That was €16 million and that has been recognised also as a revenue in Q4. Also the revenue based on real operations improved due to improving sales. We had the best month or best quarter during the last two years.

In local currencies, the revenue declined 11% compared to last year. Even in euros, it was exactly on the same level than a year ago.

The operating profit was €6 million. The profitability without this plot sale was 7.5%, which is satisfactory level already. It was impacted by one big start-up in Moscow City having €2.5 million impact to that result. But also, the operations overall are improving and the operating margins of projects are on improving trend.

And as I said pieces of the sales in Q4 was the best during the last two years and we are expecting that the sales level could stay around in the same level than it was on average in H2 during this year. In January, the sales has been better than a year ago. Our estimation two days ago was that it will be close to 200 units in January.

In Russia, production volumes has stayed quite stable, is around 6,000 units at the moment. The number of unsold completed apartments increased, it's almost 1,000 units. It's tying our capital is almost €100 million. That's the reason that we had several completions during the year, first in

summer and also at the end of the year. Our target in Russia is to reduce RUB 6 billion from balance sheet or from invested capital by end of this year compared to what we had in our investments in summer of 2016.

We have been proceeding now in this programme well. The sale in Novo-Orlovsky was one part of that. We will get the next payment around €10 million by end of this year from the owner. And the main source for the cash flow is to sell those unsold completed apartments so that we can normalise the situation in that area by end of this year. I'm quite confident that we are able to make this action as we have planned one-and-a-half years ago.

Then Business Premise and Infrastructure; at the moment, the market environment overall is quite good. There are several big potential tenants looking for new premises. We have also today, announced some new agreements signed. Overall, there is a good demand among investors, they are looking for new projects, and we have all resources in use. So, the market is quite good. Last year, we succeeded to keep the revenue around on the same level than it was a year ago. The backlog of order has stayed stable on a very good level.

The profitability of last quarter was exceptionally high, almost 13%, it was boosted by the sale of the Kasarmikatu 21 project, when we sold also our share of ownership in this project. It brings us only profit, not revenues at all.

From a return on capital employed point of view, it's on good level, 26%, and this €200 million is including investments to Tripla joint ventures, around €100 million. And starting from the beginning of this year, that investment will be reported in Partnership Properties segment. So, it means that the return on capital employed in this segment really is close to 50%.

And really, we succeeded at almost every deal that was possible during the last quarter. So, it was very successful from several angles. We also closed the deal concerning the Dixi offices.

We acquired their office from Fortum in Espoo, Keilaniemi. We signed the contract in Kuopio on Kuntolaakso project; it's a lifecycle project together with Caverion, and so on.

In January, we announced also that leasing rate in Tripla mall has reached almost 70%, and we are clearly ahead of the schedule. Also, concerning Tripla offices, we signed the first anchor tenant agreements during the quarter, and in backlog of orders we have been able to secure several new projects during the quarter.

Now, I give turn to Esa Neuvonen who will describe shortly, the financial figures of YIT at the end of last year.

Esa Neuvonen: Thank you, Kari. It's very nice to report such a good ending for the year, strong results in the last quarter. But I must say equally nice to end my role in CFO and give nice legacy to Ilkka – and start a the new role in the company.

I start with the return on investment. Return on investment has improved very nicely from the third quarter last year, more or less doubled from that level. The capital employed has stayed fairly flat during the period, increased slightly but not really having that much effect. If we exclude the adjustment items, our return on investment would have been already 10.4%. So, we are not that far away from our strategic target to have 15% return on investments.

Net debt decreased strongly, was €455 million by the end of last year. This was very strongly supported – the decline was very strongly supported by the new method, which we took in use in the construction state financing, but also, we had very strong cash flows in our operations.

Maturity profile is still looking very good for the next two years. And this gives us a good position to restructure our loan portfolio going forward. We have very strong cash flow in the last quarter, and it was strong despite the fact that we still had peaking level of investments. We invested

close to €60 million on plots and €26 million on the joint venture shares, mainly in the mall of Tripla.

Cash flow was, as I mentioned, supported by the new method, which we took in using the construction state financing; but also the underlying operative cash flow was very strong, close to €50 millions positive.

With this outcome, we actually met group's strategic target, which is to have a positive cash flow after dividend pay-out. So, we are very pleased with this outcome in the last quarter.

On financial key ratios, I have in many occasions mentioned that this is the area where our company needs improvement, and now we really had a good improvement on all of the key ratios. Gearing came down below 100%, which has been a challenging threshold for the Company. Equity ratio, coming closer to 35%, improving nicely; net debt-to-EBITDA in a good level already, below 4.

All in all, a very good quarter. The profitability improved in all of the segments, return on investments was already above 10% when excluding the adjustment items, key ratios on a, I would say, satisfactory level, as I mentioned. And on top of these all positive elements, our financing expenses were nearly halved compared to 2016. This had a very nice contribution to EPS.

So, I think that this is the best possible way to start a new role and give a nice legacy to Ilkka, to continue from such a good position.

Now back to Kari to continue on the presentation.



Kari Kauniskangas: Yes. So, if I shortly summarise the year 2017 from a YIT's point of view in a standalone position, of course, the biggest point from future point of view was the merger with Lemminkäinen, the announcement in June, and the great work done to prepare the merger and integration during the end, or second half of the year.

We had strong growth and clear leap in operating profit improvement, Q4 record high quarter from several angles. Key financial rates have improved, as Esa said, EPS almost tripled in POC based.

The big projects have been proceeding quite well, and we established and prepared establishment of Partnership Properties segment, which helps us in the future create new projects according to our strategy.

The strategic programmes we established a year ago have been proceeding quite well. By end of last year, we acquired Talon Tekniikka company to support our growth in renovation services. In performance leap, we have had several successful pilots to improve our efficiency and productivity on construction sites. And I'm confident that we are proceeding in the right direction in that area as well.

In living services, we have pilot several new services. In Russia, we have already 40,000 individual clients, and the amount is continuously growing. Last year, we had more than 800 trainees in our operations. Of those, we have already employed more than 100, and more than 200 will continue as a summer trainee next year. That's an important channel for us to ensure that we have enough resources to ensure the growth and plans that we have done as a Company.

And this slide also, I'm very pleased to show this one because this shows that we have been able to grow and improve the operating profit and profitability in every segment.

Also, the increase in other items is explained by investments to those development programmes which will give us competitive edges in the future.

Yesterday evening, Board of Directors of YIT decided to propose dividend 25 cents, which is exactly 50% of the earnings per share, and percentage of completion-based, and 56% of the earnings per share from IFRS-based. And it's according to our long-term strategic targets which is to a divide 40% to 60% of our earnings per share to our owners.

And, of course, today, we have new owners. The number of shares of YIT has increased from €127 million up to 211 million. So, all the owners will get according this proposal, this dividend.

Now, Ilkka Salonen will have the last task to explain the results of Lemminkäinen last year, and also start the position as the new CFO at YIT. Welcome!

Ilkka Salonen: Thanks, Kari. It is pleasure to be over here, yeah, please the last time when – Lemminkäinen full year results will be presented. And these are standalone figures. It's good also to mention that the books opened today at half past midnight. Before that, we haven't been able to see each others' figures. So, these are pretty much new for Kari and Esa as well.

If we look at last year, yes of course major event was the announcement of the merger with YIT. Then from the operations side, net sales increased, operating profit, adjusted operating profit improved somehow from the previous year, the difference between those two ones includes, for example, transaction cost and integration cost for this merger.

But the underlying business a better than the previous year, then in the last quarter, which has an impact for the EPS, is – we wrote down about a €10.2 million deferred tax assets from Norway and Sweden. And that comes out a little bit later why.

Financial position as well as balance sheet, we had a healthy level in the end of the quarter. And one major event for the last quarter is the order book, it increased compared to the last year, but especially in Infrastructure projects, we were able to win important new deals, the biggest one, the Blominmäki water treatment which was more than €200 million order, not in the order book yet.

Cash flow, slightly negative, I come to that a little bit later as well. And yes, the second most important thing is that the merger materialised today.

For Q3, pretty much following the full year view, the adjusted operating profit about the same as last year; net sales improved, and in the building construction side we had net effect of plot inventory and write-downs of – plot sales and write-downs of plot inventory roughly about €7 million, and the cash flow was negative. In the previous year, it's good to remember that we won the case in the asphalt cartel case where we got roughly about €27 million cash flow in the end of last year.

Full-year or the last year, the last quarter results the deviation in the others is fully explained by the decision of the court house a year ago. In Russia, yes, we improved in the EBIT level, but it's good to remember that we made some write-downs over there for one plot or the last plot in the end of Q4 last year or in 2016. So, it was pretty flat compared from that one.

Building construction improved. And if we look at the full-year, it was a major improvement compared to the previous year. And then if I have to say that where – I'm not so satisfied for our performance last year with the paving side, and I'll come to that a little bit later as well.

In the order book, building construction, clear improvement for the order book. Paving, it's reflecting quite nicely for the outlook of quite stable volumes in the coming year. In infra-projects,

we have been targeting increasing order book over there. It didn't materialise yet but it's good to mention that in December we were chosen as the partner for the Blominmäki waste water treatment which is roughly about €200 million which should materialise to the order book in the beginning of this year.

And then Russian operations, yes lower order book, but that's based on the decision in the end of last year. We had a full portfolio. Now, we are building up, and then during this year we need some new orders for that one.

Then to the paving side, if we look at generally about the performance last year; all the segments and divisions in Finland made a good result or very good results, and also, when it comes to the cash flow, those operations were well done.

Where we missed last year was mainly in the Scandinavian area; Norway, Sweden and Denmark. In Denmark it was pretty much driven by the market changes and that we missed in the results for a couple of first quarter but we got the business to the grip at the end of the year. So, the major deviations came from Norway and Sweden, and actions over there have started at the latter part of the last year.

There are new Country head, new Business controller, quite large-sized cost-cutting programmes going on and finalised actually.

And in Sweden, what we have done is we have streamlined our portfolio over there, look at that where we have our asphalt plant and we have put the Sweden operations under Finnish operations. So, the steering this year will come from Finland and from the Finnish management and then it will be better in the grip.

Infra-projects, quite stable. That's quite good picture when it comes to infra-projects. And the thing where we have to focus more during this year is – the cash flow, actually the working capital has increased in this business area roughly about 40 million last year. And it's driven by the fact that last year we had smaller projects and all the big projects were actually finalised last year. And now when we have got a new large-sized projects, not only in Finland but also in Sweden, it means that the cash flow position will improve during this year.

Building construction, quite shiny market and shine-shine, and actually volumes increased, profitability improved, a number of starting of new apartments increased, and in the end, the operating capital stayed at the same level than in the previous year. So, more volumes, more profit with the same capital usage; that's a good performance.

And then to the Russian operations, we changed our strategy over there. We don't have any own development projects going on, we went to the competitive projects. And the transformation over there, we are in the middle of that one. We are not in the cash flow – at the position yet where we see that we want to be. And on the other hand, in the EBIT level, we are still lagging a few millions over there, but pretty much the same performance in the big figures than in the previous year.

Balance sheet, equity ratio, gearing in a healthy level. Operating capital increased roughly about 60 million, which is fully driven by infra-projects as well as the Russian operations. Which is seen over here, the working capital change over there was 72 million last year, and that's fully explaining about the cash flow side. In infra-projects, due to the portfolio, it will improve during this year and in the Russian operations also portfolio mix will have an impact, a positive impact for the working capital towards the end of this year.

That was shortly of the last presentation of Lemminkäinen. And now, I pass to Kari.

Kari Kauniskangas: Okay. As you can imagine, we have opened the books today at 00.35, if I remember it right, and we don't have the exact figures to give you as a guidance for today. So, due to this merger, YIT and Lemminkäinen, we do not issue a numerical guidance for the group but we are giving some outlooks on how the market is looking from our point of view at the moment.

So, you can see the new segments and also the countries there. And the idea is that yellow is a sign that the outlook for the coming 12 months is around on the same level than what was the outlook 12 months back. Green means that the outlook is better and the red one means that the outlook is weaker than last year. So, it means that we have only one red flag there. It's in Denmark. It's explained by Ilkka already. So, the investment in government level with the road maintenance and paving is less. They have allocated capital differently than they have done earlier.

The outlook in infra practically in all areas is positive. And also in Russia, we see that the market is better than it was especially at the beginning of last year.

And the guidance looks like this: it's written segment-by-segment. The Board of Directors will later consider it's – were giving numerical guidance but we have to wait for that a bit.

Now, in Housing Finland and in CEE, the opinion is that the apartment demand will stay at a good level like it is today. Activity among those large residential investors is expected to be lower than last year.

In Business premises, rental demand for business premises is expected to remain at the previous level, which also means a good level. And contracting market, which is very active, stays but the contract sizes are expected to be a bit smaller than last year. In Paving, the total volume of the paving market is expected to grow slightly in our operating area.

Housing Russia, as I said, demand is expected to stay on the level that we saw during the second half of last year, and price level to stay still stable on low level. Infrastructure as said market is expected to grow slightly from the last year.

And we are expecting a fluctuation, significant fluctuation between the quarters. We also changed the reporting practices so that YIT will report according IFRS principles. We will still continue to give POC figures, percentage of completion figures on housing segments especially on a level of revenue and operating profit as we have done last year.

The adjusted operating profit for the first quarter 2018 is expected to be at low level due to normal seasonal variation of the combined company.

Then a few words on merger. Together we are the YIT – you may notice the advertisement at the first page of Helsingin Sanomat some other newspapers during today morning. It's one of the most significant days in YIT's history when we merged together with Lemminkäinen. We have prepared the merger and integration during the autumn in a way, which is possible for companies who continuously are competing against each other. So it means that only today we have opened the books and we can start to verify the plans which we have done to reach the targets announced in summer for the whole merger. Also the execution of this merger has started today.

At the beginning, I shortly repeat the deal rationales. And I'm convinced that these rationales are very relevant based on their experience during the last seven months. First, we create ourselves a strong and balanced platform for growth. So, we have different options depending on the market environment how to improve the business; wider geography, balanced business portfolio. We have noticed a lot of synergies but, which is even more important, we are able to improve our competitiveness also in the long run.

The financial figures, financial position will be clearly better than it has been for YIT especially during the last few years, I will show some combined figures later in this presentation. And overall, I believe that this is a good deal also for our owners from both sides. I'm believing on a continuous growing dividend, more stable structure and better risk profile gives us an to utilise the growth engine, in internal growth engine in urban development with partners wider than what we have been able to have done earlier.

This is the first combined slide of the figures from last year. As you can see, around 70% of the revenue last year came still from Finland, around 10% from each area, Scandinavia, Russia and the CEE area. 40% of the revenue last year came from housing, 37% from infra and paving, and 23% from business premises. 45% of the revenue was based on an own-based project and 29% of the revenue was coming from business having stable revenue or upwards trending revenue through the cycles, I mean maintenance, renovation and paving operations.

This is figures of combined company based on IFRS figures. Last year, the revenue was around €3.8 billion. And it's good to remember that when we prepare our pro forma calculations, we have to take away those internal revenues which is not possible within few hours that we had in use.

Last year, the adjusted operating profit was €150 million, meaning around 4% operating profit of net sales. And then you can see that the impact of this way absorption merger, combined gearing is not the average of the gearing of companies, but it's different. It's below 60%, which is a good figure in our eyes. It's a figure of a healthy company, which gives us, of course, lot of opportunities in the future.

Backlog of order is in a good level, €4.2 billion. And as you can – as Ilkka mentioned that Lemminkäinen was very successful at the end of last year winning some or actually several important projects which are coming to our backlog of orders at the beginning of this year. We



have more than 10,000 employees and we really need those. Tomorrow, you can see the announcement of a huge amount of new employees that we are needing in our operations on-site.

Extraordinary general meeting was held on 12<sup>th</sup> September. And in that meeting, they selected these persons, to be Board of Directors of YIT starting this day until the end of the next general – annual general meeting, 16<sup>th</sup> March, this year. Matti Vuoria continues as the Chairman of the Board and Berndt Brunow as the Vice Chairman of the Board.

This Board of Directors had a meeting today morning and they have done several decisions including group management teams and a Deputy CEO, Ilkka Salonen, group structural reporting principles, this IFRS principle, and also location of our headquarters which will be here in Helsinki, Käpylä. Also we now have looked through the outlook and risks for the combined company together.

The group organisation starting today can be seen here. We have six segments, five operative segments based on the current segments or the segments of old companies. We have three functions, urban development unit, focusing to developing big or mega projects continues. And then we have also focus what is integration. And then we have one person with the transformation office focusing to that area during the coming quarters on one-and-a-half years.

Group Management Team is introduced here. In addition to me and Ilkka, Jan Gustaffson is responsible for Strategy and development. Teemu Helppolainen continues as the Head of Russian operations. Antti Inkilä, Housing Finland and CEE, Harri Kailasalo, Head of Infrastructure projects. Juha Kostiainen, responsible for Urban development. Esa Neuvonen, new position, Head of our Business premises segment and also Head of Partnership properties segment. Juhani Nummi is responsible for Integration. Pii Raulo, HR and Heikki Vuorenmaa, Paving.

I'm very satisfied on the team. We have had some meetings before this day one and I think this is a good team leading this company to the future.

As said in June, these companies are complementing each other perfectly. Each segment has a clear role in the business logic of the whole group explained in this segment.

As announced already a year ago, the growth engine YIT is based on our ability to develop projects ourself. YIT alone was able to develop on average during last four or five years, 500,000 to 600,000 square metres of building rights per a year. When we add the skills that we have also on Lemminkäinen side to this and then continue in that area. We really have great opportunities to continue our positive development in that area.

Urban development is supporting the growth, boosting the growth in housing, in business premises and infrastructure projects. And to be able to grow in this area, we need our stable skills to finance the operations. Paving has an extremely important role to give stable cash flow each year. It can be then invested to these development activities.

And this partnership properties gives us also opportunities financing those big development projects. A good example is being like this Fortum old headquarters or the Tietotie 6 in Helsinki, and Mall of Tripla of course.

We believe in urbanisation. We believe that people are coming and moving closer to city centres closer to public transportation, connection hubs, higher densities in cities, bigger and more complex projects where we really have to combine the skills that we have in our segments and business areas. And I really strongly believe that we are able to create a strong sustainable competitive edge when we combine the skills that we have in these operations.

I'm very excited to start the cooperation with new colleagues. We have lot of good opportunities, a good start for this joint journey. We have had today several announcements. Lemminkäinen has been able to increase their backlog of orders and we continue at a good speed.

Also in June, we announced that the synergies are expected to be €40 million per year by end of 2020 and the cost being around 40 million in euros to reach those synergies.

And of course, the main costs being this year. And as you can imagine, we have now created plans, we have actually very good plans, in my opinion, we have reviewed those several times, but now we can start the verifying process. And the plan is that, since Q1 Interim Report, we start to report how we are proceeding – in integration, how we are proceeding with the synergies, and what really are the more exact plans and targets in that area.

Based on the work done in autumn, I'm very confident that at least the levels that we have announced will be reached.

Some steps going forward, we will have AGM, 16<sup>th</sup> March; Lemminkäinen will have some closing events during the March and April. And then by end of April, we have the Interim Report, when we also start, I said, reporting of synergies, and integration. We will provide pro forma figures before that according to our own schedules during March.

So, that was our presentation today. Now, if you have any questions, you have an opportunity to make questions. I will answer based on YIT's experience, as well as Esa and Ilkka will then use words if there are questions concerning Lemminkäinen. First in Käpylä, if there are any questions.

No questions. 55 minutes was enough. If there are any questions in online, please.

Operator: Thank you. Ladies and gentlemen, please press star one if you wish to ask a question. Our first question comes from Anssi Kiviniemi from SEB. Please go ahead, your line is open.

Anssi Kiviniemi: Yes, hi, it's Anssi from SEB. First of all, congratulations for finalising the merger. And due to the merger, I know that you guys have probably lots to do and probably better and more important things to do than give answers to my questions. So, I try to be short and ask just one question.

Housing Russia, the market seems to be improving and stabilising no matter which point of view you are looking at it. And you have accelerated, or been able to sell clearly, more units there, and guide that they're going to be stable going forward. I'm just trying to figure out how this is all going to be played out. You have significant amount of invested capital there, and now that you are able to generate some earnings there, decent earnings with good positive margins, will you accelerate your housing starts, or should we expect 500 units started that you, as a matter of fact, started in Q4? Or how should we look at the construction volumes there going forward? And that is for the old YIT. Thanks.

Kari Kauniskangas: First of all, the target reduced this RUB 6 billion by end of this year is still relevant; that's our main target in Russia. Second target has been to improve the operating profit or the profitability of each project, and in that area we have been proceeding quite well. Maybe so that the number of start-ups this year is a bit higher than it was last year. But anyway, that doesn't change the main target to release this capital by end of this year.

Anssi Kiviniemi: Okay, that was really clear. Thank you.

Operator: Thank you. And again, ladies and gentlemen, it's star one to ask a question. Our next question comes from Ari Järvinen, from Danske Bank. Please go ahead.

Ari Järvinen: Yes, hello. Well, it's Ari. But I have a few questions, first, starting for the old YIT. This underlying development in this Business Premises in Infra, could you give us some idea what kind of margin levels should we see, or what we saw basically in Q4, because apparently there were many divestments, and one exceptionally high margin completion of, say, commercial projects. So, the underlying margin level, we should be looking at when looking at the Business Premises and Infra. Any comments would be helpful.

Kari Kauniskangas: As said, profitability of the segment Q4 was exceptionally high. Earlier I have said that I'm satisfied if we are able to provide 5-7% EBIT in Business Premises and Infra segment. Of course, now when we go further, we have divided the segment into two. There is the Business premises segment separately and Infra project segment separately. We combine the figures and operations of Lemminkäinen to those segments.

So, at the moment, for me, it's a bit difficult to say what is the expected profitability of those segments at the beginning. But from YIT point of view, we are between those figures I mentioned, also below this Kasarminkatu and some other investments or divestments that we made in Q4.

Ari Järvinen: Okay, thanks. And just a detail on – what was the €2.5 million impact on the Russian EBIT for a project in Moscow, can you elaborate it?

Kari Kauniskangas: So, it's a big project in Moscow City. We have acquired a plot in a way that it's paid by giving apartments to the seller. And now, based on IFRS principles, we made a decision to start the project, we actually signed the sales contract of those apartments to the seller of the plot at the same time. So, from a percentage of completion point of view, the sales rate increased and the percentage of completion increased at the same moment. So, that explains why that project had so remarkable impact at the moment of start up.

Ari Järvinen: Okay. Thank you. And then I would be moving into what was used to be known as Lemminkäinen. So, basically, the Paving business, you have been struggling for quite many years with that Scandinavian business. And last year, again starting to see some problems after a brighter period. So, what are the re-structuring actions and what kind of magnitude or timing of this result should we expect to see on what you're trying to fix there?

Ilkka Salonen: Yeah. You're right, Ari, we have been struggling with the Nordic countries in the Paving for a couple of years. There has been better improvement, last year it was to the wrong direction.

The actions that we have made last year was in the Nordic area – in Norway, new country head, new business controller, new structure, more follow-up. And that 15% cost count programme was in the number of employees what we started in the end of last year.

What it means in the real life is that at the moment, Heikki Vuorenmaa who was appointed as new Head of segment in September, have a very strong, let's say, performance management background. His organisations is following winter planning at the moment name by name in Norway, in the weekly based and I look at to figures as well.

So, it's very detailed. We go very deep to the organisation and, let's say, quite detailed actions at the moment. And the major thing is – at the same time what we have looked at is what kind of portfolio we are having in Norway. Some areas we have had a number of years a negative results in some of the asphalt plants and then it's a question should the asphalt plants be at the place where it is today or if there is some other place where it should be, very basic things.

And in Sweden, actually the Swedish operations are today under the management of the Finnish operations which we really can steer and can manage the business. They have proven it for a number of years and say kind of the performance management will be adapting with the Swedish operations.

And, of course, what else we have done, there are quite a lot actions done also in the segment level when it comes to the operations and activities over there. And I'm very happy that Heikki Vuorenmaa is today the Head of paving segment at the place where you have turnaround Norway and Sweden. Was that Ari deep enough?

Ari Järvinen: Yeah, of course. That concludes – so, it's not about the few projects. It is more like a broad base review of the operational efficiency, right?

Ilkka Salonen: Exactly.

Ari Järvinen: Okay. And then finally from me. So, the building construction, Finland seems to be a bit of a rollercoaster ride with the margin there because the completions of those development projects that are having a positive impact on the EBIT, I understand, but basically, you had a good ending for 2016 with a good margin, and last year, the Q3 also was very good actually for the building construction division. And now, if we look at the €11.5 million, if there was the €7 million gain on a plot sale, then the underlying profitability was much weaker to feel free. So, could you help us to understand that kind of like the margin dynamics in the division, because overall the housing demand in Finland, Helsinki region is very good?

Ilkka Salonen: The performance of the building construction last year, I'm very satisfied for that one. What is good to remember is that we are reporting with IFRS figures. And even the number of housing completions in the end of last quarter was pretty much the same. We had 6 in the end of this year, last year was – 7. But the location had some impacts for the profitability as well. So, this year, we didn't have any completion in the metropolitan capital area. And last year we had a couple of those ones. That's pretty much the explanation.

Ari Järvinen: Okay, thanks. That's all from me.

Operator: Thank you. Gentlemen, there are no further questions from the audio line. So, at this point, I will return the call back to you. Thank you.

Kari Kauniskangas: Okay. Thank you. That was the first announcement event for new YIT.

Hanna Jaakkola: I have one more questions here.

Kari Kauniskangas: Okay.

Hanna Jaakkola: So, from the chat service. Why – This is a detailed question, residential sales in Finland. Why consumer sales declined by 25% units in Finland in Q4? It was a very strong comparsion period.

Kari Kauniskangas: A year ago, yeah. And the reason really was that in – at the end of 2016, you should combine that sales of Q3 and Q4 to get average sales because we have some postponements in actually several projects at the end of 2016. So, to reach the RS readiness so that we can start the sales, and there are a huge of amount of reservations in those projects. So, it means that in Q3 we had quite a weak sales, and then Q4 it was extraordinary high level.

Hanna Jaakkola: Thank you, Kari, Esa and Ilkka for your presentations. And here are the details. If you have any further questions, don't hesitate contacting me. Here are my details. Thank you.