YIT – Well-managed, profitable growth from emerging markets with Western Corporate Governance

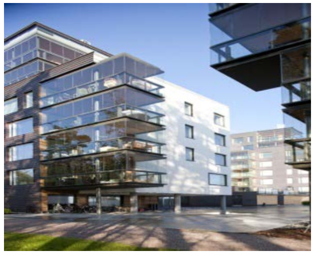
Credit analyst lunch
February 25, 2014

Tripla, Pasila Helsinki
(Suunniteltu Pasilan tornialue katkoviivoilla)

Contents

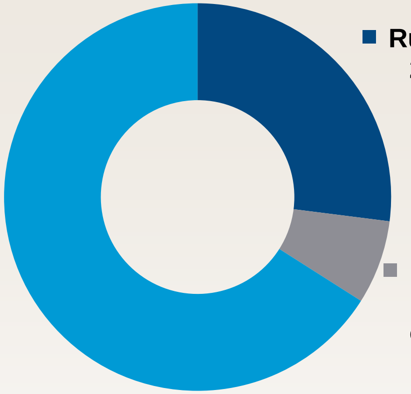
YIT Group in brief

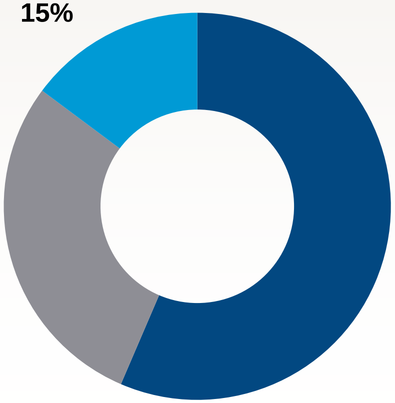
- Residential development, business premises and infrastructure
  - Focus on own-developed projects
- Operations in 7 countries
- Revenue EUR 1.9 billion in 2013
- Operating profit EUR 153 million in 2013
- More than 6,000 employees
- Share quoted on NASDAQ OMX Helsinki (Large cap, Industrials)
- More than 44,000 shareholders at the end of January 2014






Revenue split 2013* (EUR 1.9 billion)

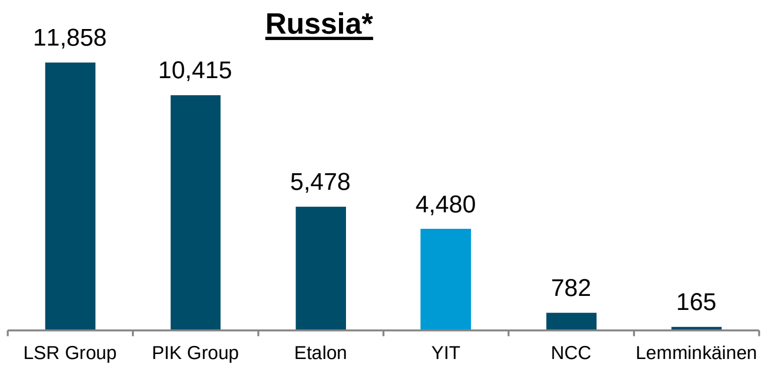


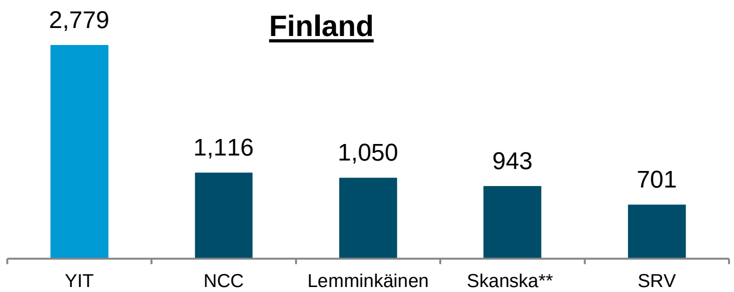


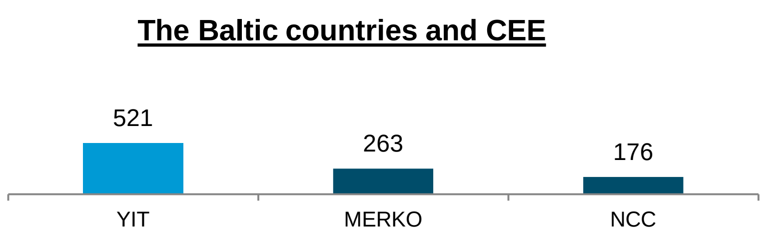
Adjusted non-IFRS figures based on segment reporting (POC), published on May 21, 2013
*Business area split according to 2012 figures

Strong market position in all markets
Market leader in Finland, biggest foreign residential developer in Russia

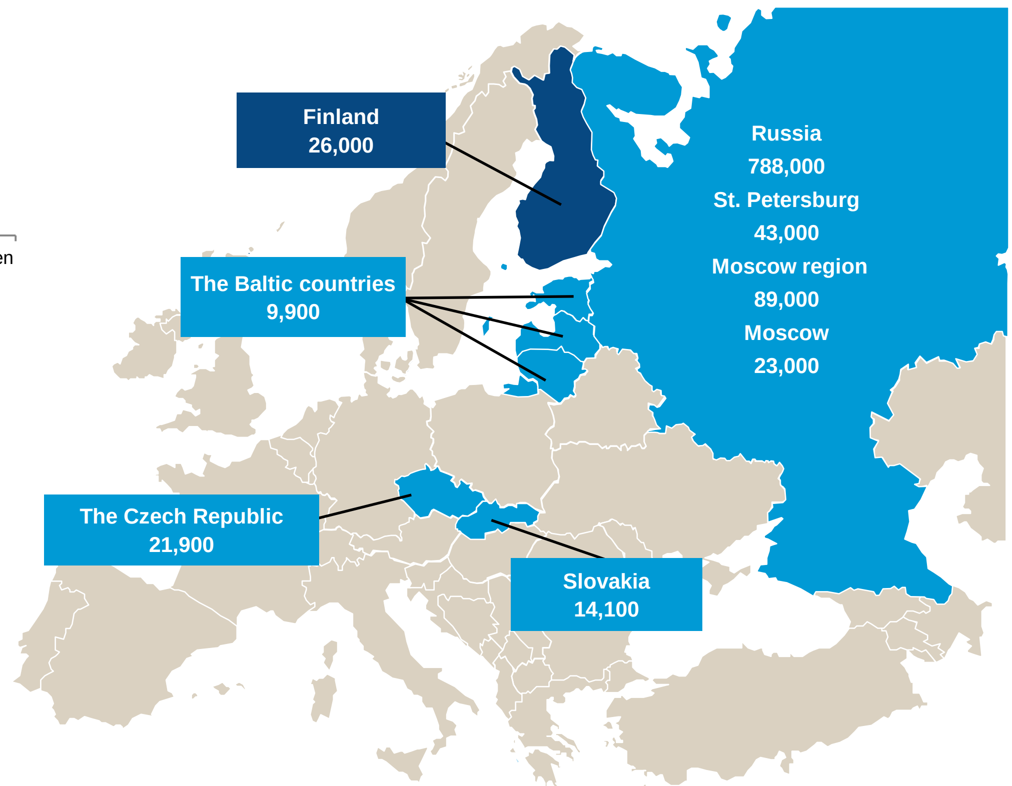
Construction companies on YIT's markets
Number of apartments sold in 2013







YIT's markets and market sizes 2013
Number of apartments



* Companies listed outside Russia
* Own development

Key market drivers in Finland

Housing	• Internal migration to growth centres • Decreasing family-sizes • Ageing population • Energy efficiency • Consumerism and lifestyles
Business premises	• Concentration to growth centres • City centre development, area development • Demand for modern and energy efficient premises • Modernisation needs, change of purpose
Infra services	• Urbanisation increases need for more complex infrastructure in city centres • Need to improve the road network • Sustainable power generation investments

YIT in Finland
Market leader in residential development

Business areas

- Housing
  - Eg. Blocks of flats, terraced houses, leisure homes
- Business Premises
  - Eg. offices, shopping centres, public premises
- Infrastructure
  - Eg. roads and bridges, rock construction, water works, road maintenance

Competitive edges

- Over 100 years' experience in Finland
- Strong, reliable brand and solid market position
- Superior project management skills in complex projects
- Strong plot portfolio and own sales network
- Design management
- Capability and knowledge for different kinds of projects ranging from small special works to large scale public-private-partnerships and hybrids

YIT FINLAND IN FIGURES (2013)	
Revenue	EUR 1,219.8 million
Plot reserves	EUR 282 million
Employees	~3,500
Residential start-ups	2,483
Apartments under construction (year-end figure)	3,562

Key market drivers in Russia, the Baltic countries and CEE

Opportunities in Russia

- Internal migration to growth centres
- Increase in number of households due to decreasing family-sizes
- Low living space and poor quality of existing buildings
- Increasing share of middle class with improving purchasing power
- Political support for housing development
- Developing mortgage market

Opportunities in the Baltic countries, the Czech Republic and Slovakia

- Low living space and poor quality, demand for modern apartments
- Housing markets very fragmented in Central Eastern Europe - only a few bigger players in residential construction
- Improving macro outlook

YIT in Russia
The largest foreign residential developer

Business areas

- Residential development
- Aftersales services to YIT's residential customers, just under 16,000 customers
- Geographical diversification through 7 locations

Competitive edges

- Over 50 years' experience
- Strong brand (reliable, Western quality)
- Local management
- Plot acquisition skills
- Efficient design management
- Mortgage cooperation with several banks

YIT RUSSIA IN FIGURES (2013)	
Revenue	EUR 496 million
Plot reserves	EUR 320 million
Employees	~1,970
Residential start-ups	5,099 apartments
Under construction (year-end figure)	10,780 apartments

Strategy

YIT's strategy 2014-2016 Well managed and profitable growth

Growth in own development | **5-10% growth per year**

- Strong growth in residential development and construction in emerging markets (Russia, the Baltic countries and CEE)
- Further strengthening the position in the Finnish residential market – new concepts and best customer experience with high quality brand
- Increasing the share of own-developed projects in Business Premises and Infrastructure

Wider financial operating space | **Capital for reuse >EUR 250 m**

- Releasing capital from slow-moving assets
- New funding sources and increasing utilization of partnerships in large area development
- Diverse financial instruments supporting business and customers

Solid set up for market cycles | **Cash flow annually > EUR 0**

- Strengthening sales risk -free and long-term cash flow business
- Agility to quickly react to changes in the market environment
  - Housing production and sales inventory management
  - Flexibility of cost base

Financial targets for 2014 – 2016 – Growth target revised

Strategic target	Target level	Status in 2013
Revenue growth	**5 - 10% annually on average** (Previously: More than 10% annually on average)	-5.1%
Return on investment (rolling 12 months)	20%	10.3%
Cash flow	Operating cash flow after investments sufficient for dividend payout and reduction of debt	EUR -87.9 million
Equity ratio	40%	37.8%
Dividend	Dividend payout 40 to 60% of net profit for the period	50.7%*

Segment figures (POC)
* Proposed by the Board

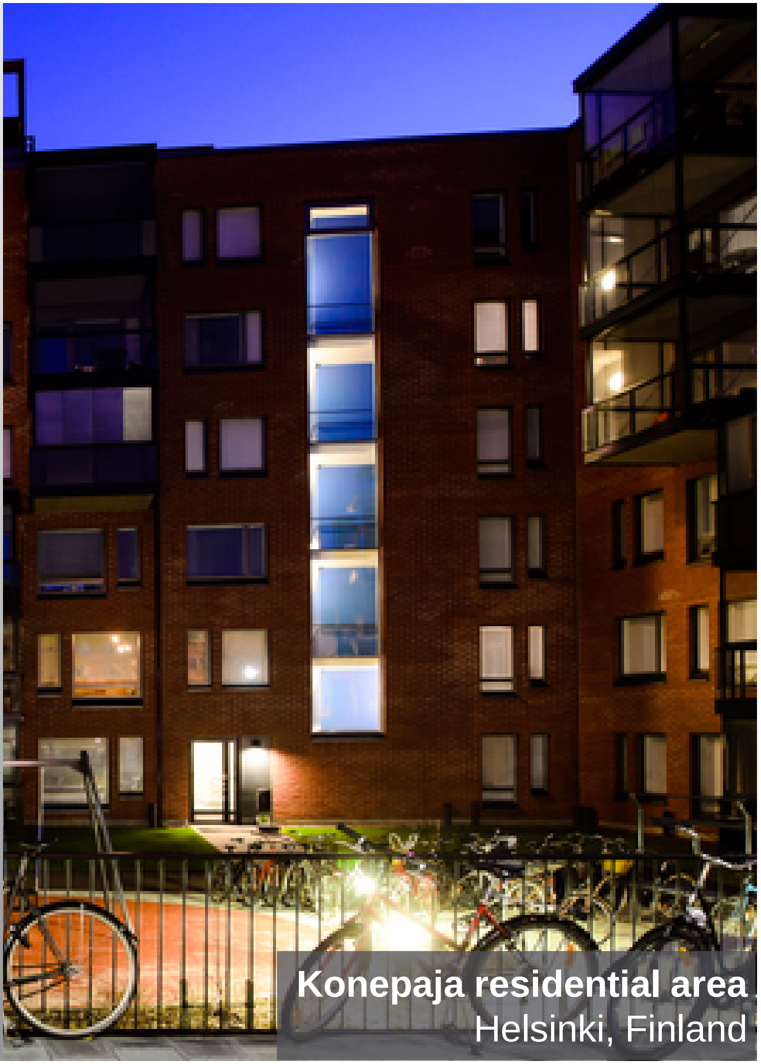
- The business is managed according to the current market situation, with focus on:
  - Profitability
  - Improving cash flow and ROI
  - Increasing capital efficiency
- YIT revises its growth target
  - New target: Revenue growth of 5 - 10% annually on average
  - Old target: Revenue growth of more than 10% annually on average
- YIT´s other financial targets were kept unchanged

Key priorities in 2014

1 Customer focus
- Faultless handover
- Improving the customer experience
- Online services
- Concept development

2 Cost efficiency
- Development of reasonably priced products
- Improving internal processes
- Continuous education of design management in all operating countries
- Tighter cross-border cooperation in sourcing

3 Cash flow and capital efficiency
- Reducing the number of completed unsold apartments
- Executing sales of Business Premises projects
- Utilizing off-balance sheet partnerships in plot acquisitions
- Releasing capital from slow-moving assets

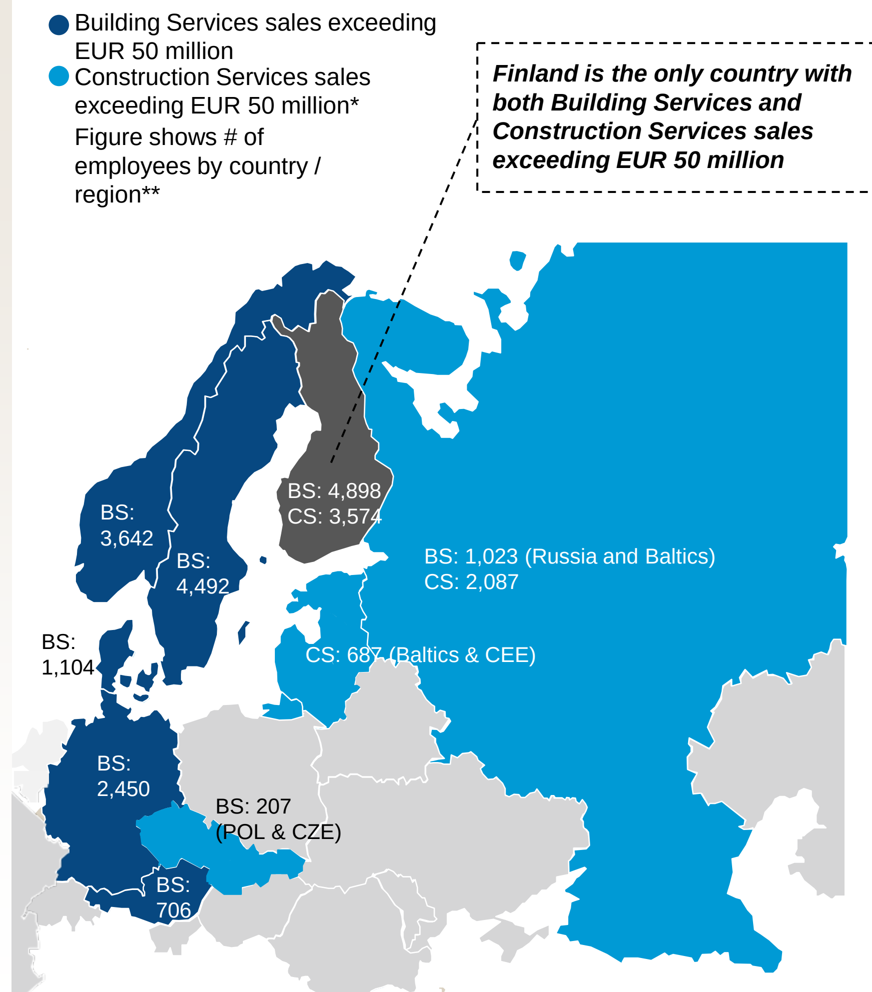


Konepaja residential area
Helsinki, Finland

Demerger and new YIT

Rationale for the partial demerger

- Independent strategies and different business models
  - Capital intensive Construction Services seeking growth from Russia, the Baltic countries and Central Eastern Europe and from Finland
  - Stable Building Services growing in developed Northern and Central Europe
- Meaningful geographical overlap only in Finland
- Better management focus in separate companies
- Good financing opportunities for both companies, large enough to grow independently
  - Stable cash generation in Building Services
  - Successful business model development in Construction Services



Note: Segment level figures (POC) in the annual report 2012
*) The Baltic countries, the Czech Republic and Slovakia together have CS sales exceeding EUR 50 million
**) Number of employees on Dec 31, 2012; In addition 396 employees in YIT Corp. and other Group Service functions and 17 BS employees in Asia

Financing arrangements related to the demerger

Several financing arrangements concluded to establish required financing packages for YIT and Caverion

Debt related to Building Services was transferred to Caverion (pension loans and NIB acquisition loans), construction financing remained in YIT

“General corporate purposes type debt” remained in YIT, including undrawn RCF agreements:

- Waivers obtained from banks and pension companies, financial covenant: equity ratio > 25%
- Bondholders compensated by higher coupon (fixed rate) or by tender offer to buy back bonds (floating rate); more details on following slides
- Commercial papers remained in YIT, new programme established for Caverion

New financing arrangements necessary to secure demerger:

- New EUR 267 million credit facility with a Nordic bank group → Caverion
- New EUR 150 million bank credit facility as a liquidity back-up and bond bridge facility

Group guarantee facilities were analysed, and facilities used by both companies were split. New guarantee facilities were concluded where necessary

Tender offer

Related to the partial demerger, YIT offered to prematurely buy back three floating rate notes issued by the company. The offer period for the invitation to tender was in May 2013:

	YITYH Float 03/26/14 note	YITYH Float 08/18/14 note	Notes due September 2016
ISIN	FI40000037874	FI40000037874	SE0001826686
Maturity	Mar 26, 2014	Aug 18, 2014	Sep 28, 2016
Amount EUR	50,000,000	50,000,000	25,010,000
Issue date	Mar 26, 2007	Feb 17, 2012	Sep 28, 2006
Coupon	3M euribor + 0.51%	3M euribor + 1.75%	3M euribor + 0.48%
The consideration offered	A cash amount equal to 100.1% of the nominal principal amount of each note, i.e. EUR 50,050 per each note.	A cash amount equal to 100.1% of the nominal principal amount of each note, i.e. EUR 100,100 per each note.	A cash amount equal to 100.1% of the nominal principal amount of each note, i.e. EUR 500,200.70 per each note.
Final result of the invitation to tender	The share of the Notes due March 2014 whose holders accepted the buyback offer was 43.1%. The outstanding principal amount of the remaining Notes is EUR 28,450,000.	The share of the Notes due August 2014 whose holders accepted the buyback offer was 0.2%. The outstanding principal amount of the remaining Notes is EUR 49,900,000.	The share of the Notes due September 2016 whose holders accepted the buyback offer was 24.0%. The outstanding principal amount of the remaining Notes is EUR 19,007,600.

Noteholders' meetings for fixed rate notes

On May 31, 2013 YIT held Noteholders' Meetings to decide on revised terms to compensate the effects of the demerger to noteholders of the following fixed rate notes:

YITYH 4.823 03/26/15:

Maturity	Amount EUR	Issue date	Coupon	ISIN
Mar 26, 15	100 million	Mar 26, 2010	4.823%	FI4000012067

- Increasing the actual annual interest of the notes by 0.50 percentage points from the original interest for the remaining term to maturity calculated from the partial demerger implementation date.
- The payable coupon interest was increased by 0.868 percentage points to 5.691 per cent.
- The proposed amendment is effective from the first coupon payment date following the demerger and will be payable on March 26, 2015.

YITYH 4.75 06/20/16:

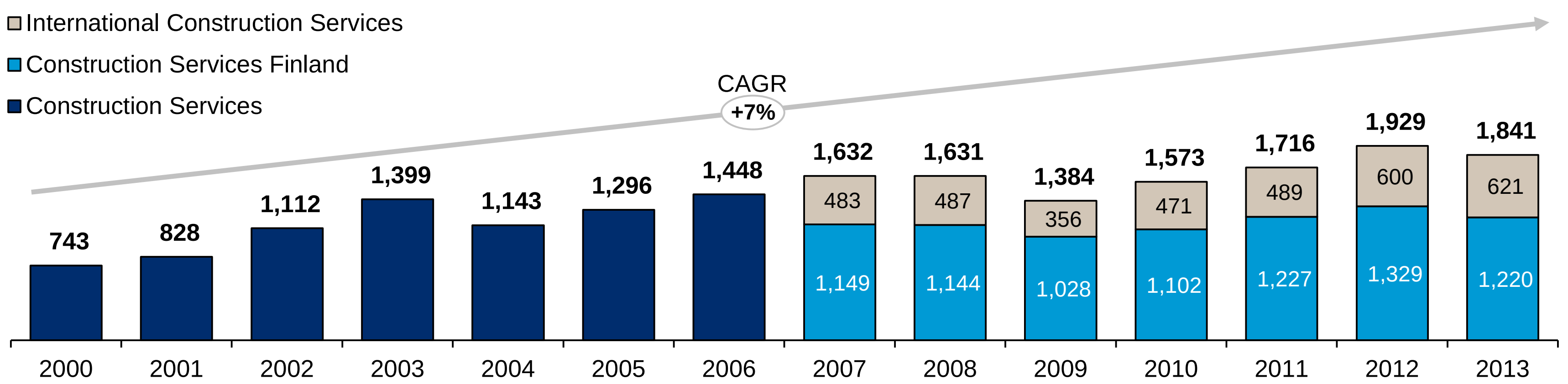
Maturity	Amount EUR	Issue date	Coupon	ISIN
Jun 20, 2016	100 million	Jun 20, 2011	4.75%	FI4000026653

- Increasing the actual annual interest of the notes by 0.550 percentage points from the original interest for the remaining term to maturity calculated from the partial demerger implementation date.
- The payable coupon interest was increased by 0.817 percentage points to 5.567 per cent.
- The proposed amendment is effective from the first coupon payment date following the demerger and will be payable on June 20, 2015 and June 20, 2016.

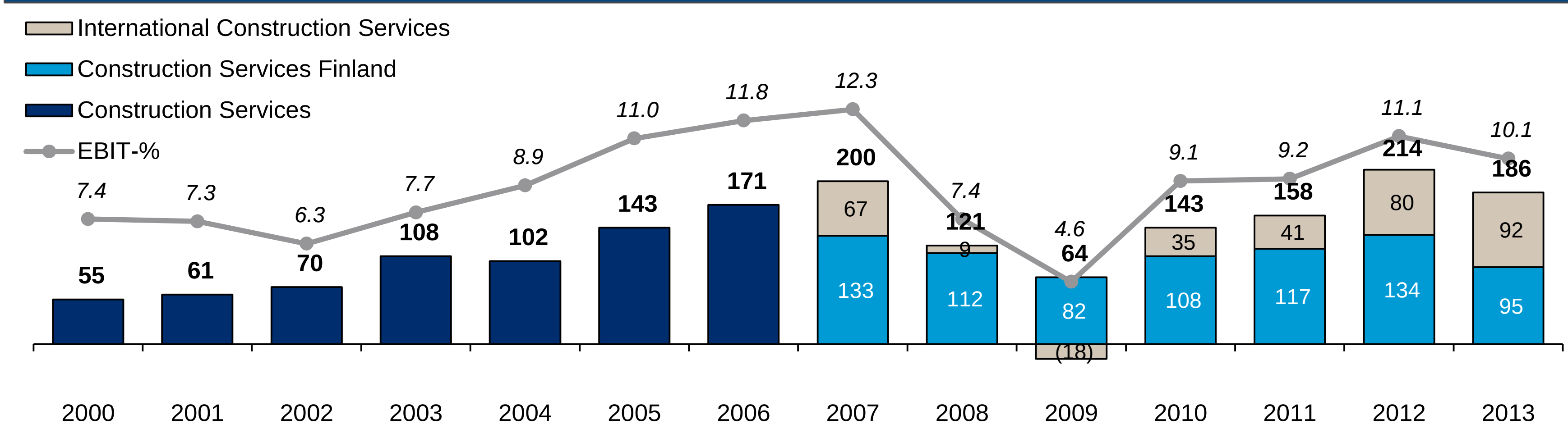
Key financials

Revenue growth and healthy profitability through economic cycles

Revenue development (EUR million) by business segment



Operating profit (EBIT) development (EUR million) by business segment



Note: Segment level figures (POC), i.e. sum of Construction Services related segment figures in YIT financial reporting and thus excluding effect of Other Items; International Construction Services part of Construction Services from 2000 to 2006; 2011 and 2012 figures excluding IAS 23 adjustment, i.e. in line with reporting standards adopted starting from January 1, 2013

Construction Services Finland: Stable profitability through economic cycles

2007
- Good residential market
- Good non-residential market, yields at low level

EBIT: EUR 133.4 million (11.6%)

2008
- Weakening residential market
- Good development in non-residential due to "old" order backlog

EBIT: EUR 111.7 million (9.8%)

2009
- Focus on investor deals in the residential market
- Weakening non-residential market
- Good performance in infra
- Fixed cost cuts

EBIT: EUR 81.9 million (8.0%)

2010
- In residential, focus turned to direct consumer sales
- Signs of improvement in non-residential market

EBIT: EUR 108.1 million (9.8%)

2011
- Focus on direct consumer sales
- Improvement in non-residential market
- Infra weak in H1, improvement in H2

EBIT: EUR 117.3 million (9.6%)

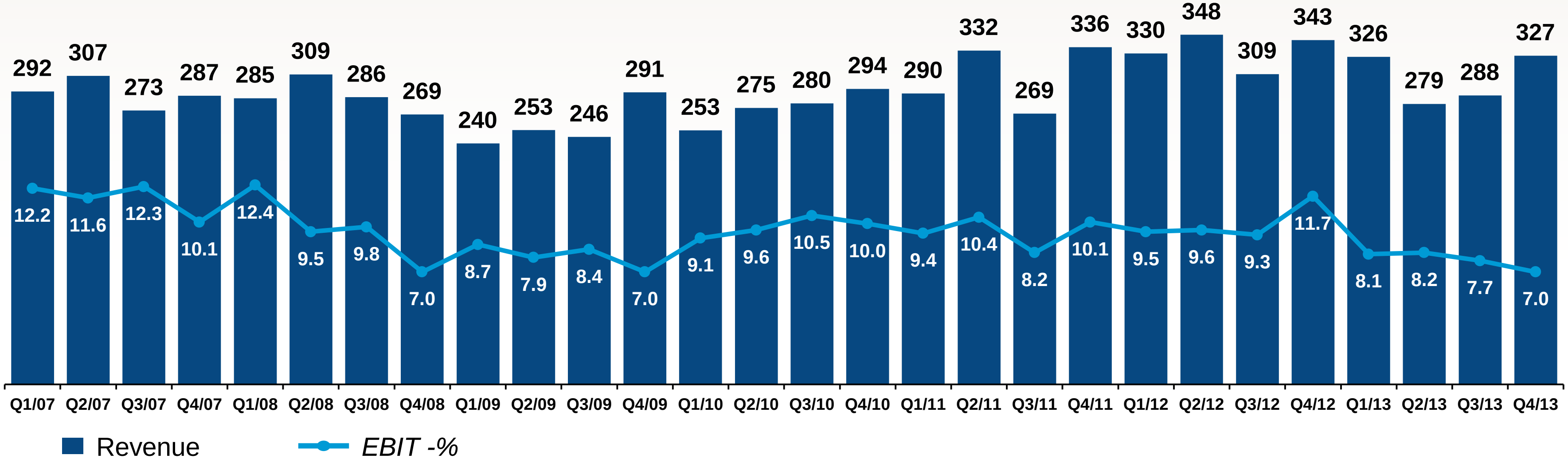
2012
- Favourable residential sales continued
- Stable development in the business and office premises market
- Infrastructure road projects proceeded as planned

EBIT: EUR 134.1 million (10.1%)

2013
- Weak non-residential market
- Soft consumer demand in the residential market
- Investor sales compensated for consumer sales
- Good performance in Infra Services

EBIT: EUR 94.5 million (7.7%)

EUR million



Note: A EUR 1.2 million non-recurring restructuring costs in Q4/13, of which EUR 1.0 million allocated to Construction Services Finland. Excluding non-recurring costs profitability would have been 7.3%

International Construction Services
Improving profitability

2007
- Good market conditions in Russia and the Baltic countries
- Increasing residential prices especially in Russia

EBIT: EUR 67.2 million (13.9%)

2008
- Prices declining in the Baltic countries and Russia (H2)
- Profitability hit particularly in the Baltic countries

EBIT: EUR 9.0 million (1.8%)

2009
- Housing prices stabilising in Russia (H2)
- Low business volumes in the Baltic countries
- Fixed cost cuts

EBIT: EUR -17.8 million (-5.0%)

2010
- Slight increases in residential prices in Russia
- Low volumes in the Baltic countries and CEE, although the bottom has been passed

EBIT: EUR 34.7 million (7.5%)

2011
- Prices increasing in Russia (regional differences)
- Volumes increasing in the Baltic countries and CEE, but still diluting the segment's profitability

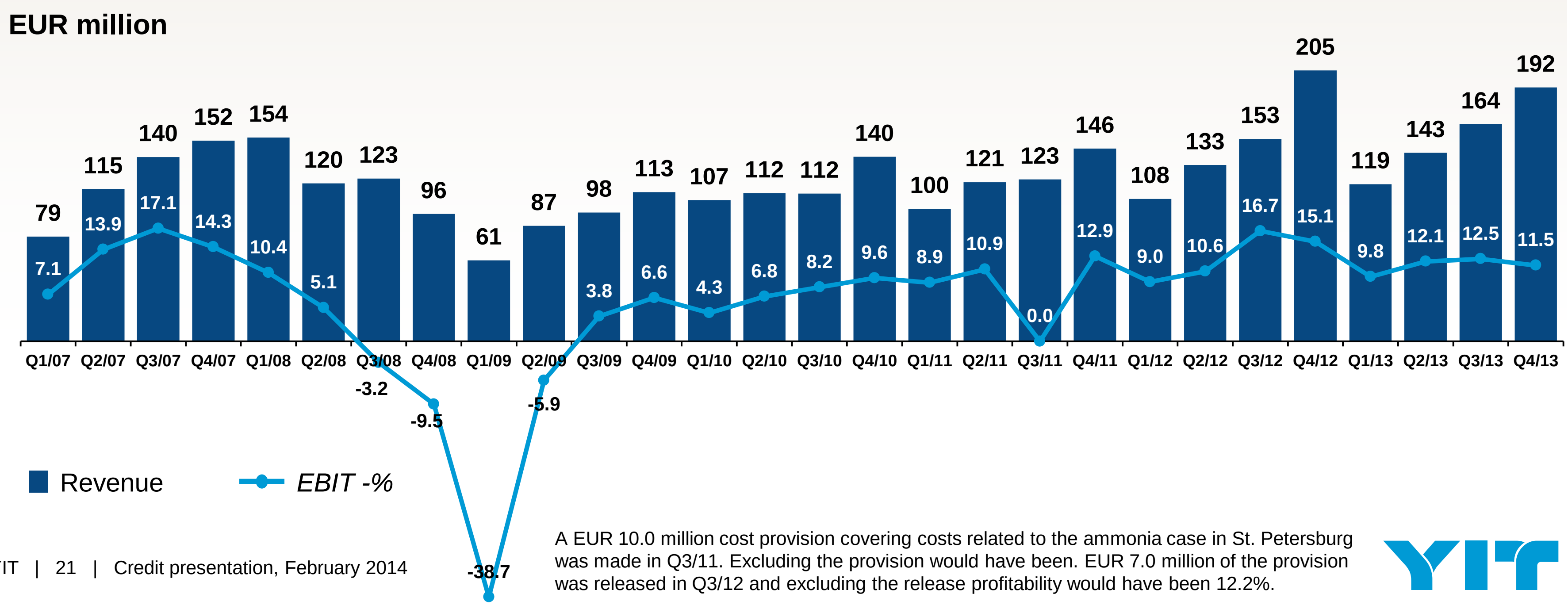
EBIT: EUR 40.9 million (8.4%)

2012
- Prices increasing and good residential sales in Russia
- Margins improving
- Low volume still in the Baltic countries and CEE

EBIT: EUR 80.4 million (12.3%)

2013
- Stable residential prices in Russia
- Sales volume continued to develop positively in Russia
- Focus shifted to own-development in the Baltic countries and CEE

EBIT: EUR 71.9 million (11.6%)



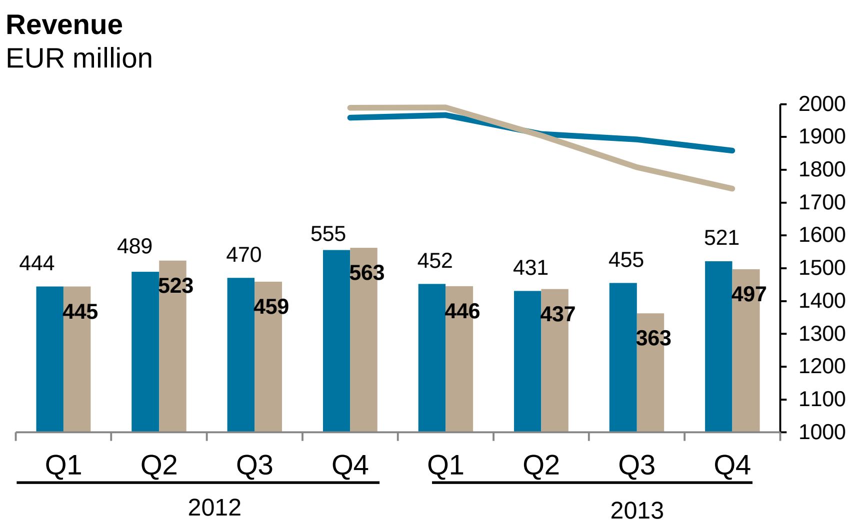
A EUR 10.0 million cost provision covering costs related to the ammonia case in St. Petersburg was made in Q3/11. Excluding the provision would have been. EUR 7.0 million of the provision was released in Q3/12 and excluding the release profitability would have been 12.2%.

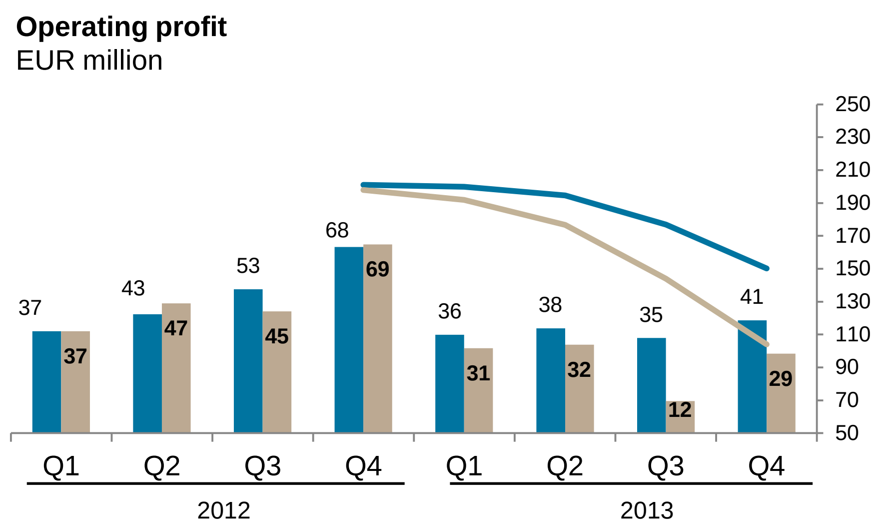
Differences between POC and IFRS in own-developed residential project

Revenue and profit recognition principles	
IFRS	Revenue and profit recognized **upon handover**. According to IAS 23, borrowing costs directly attributable to a construction project are capitalized and the costs are recognized as part of project costs (above EBIT).
POC	Revenue and profit recognized in line with **degree of completion x degree of sales.** Borrowing costs not capitalized but recognized under financial expenses.

Example: Residential project with degree of completion 90%, degree of sales 90%

	POC	IFRS
Sales	90% x 90% = 81%	0%
EBIT	90% x 90% = 81%	0%

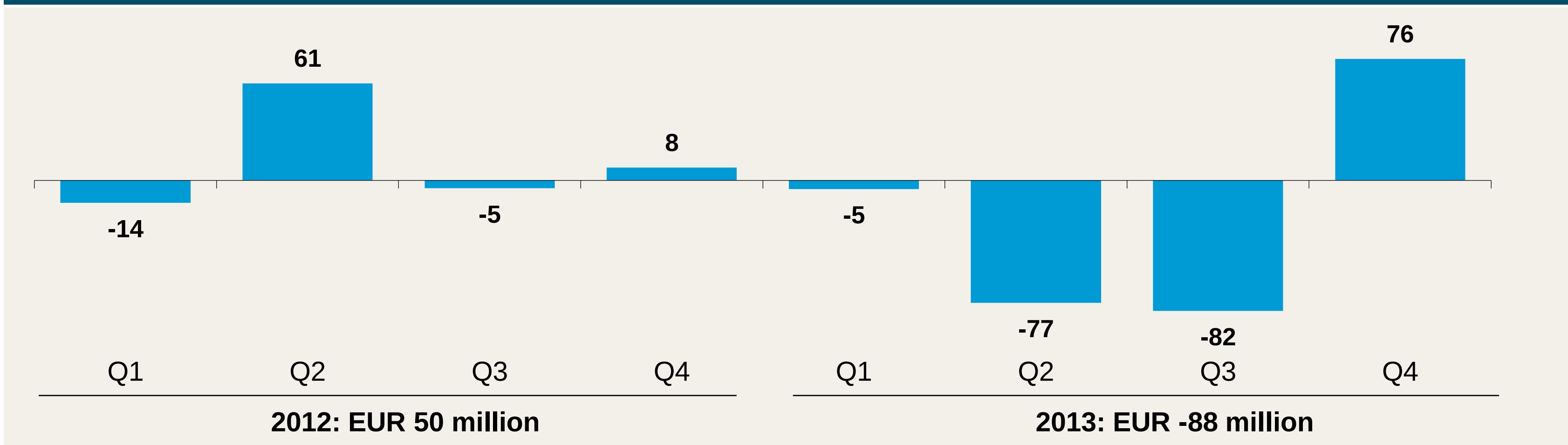




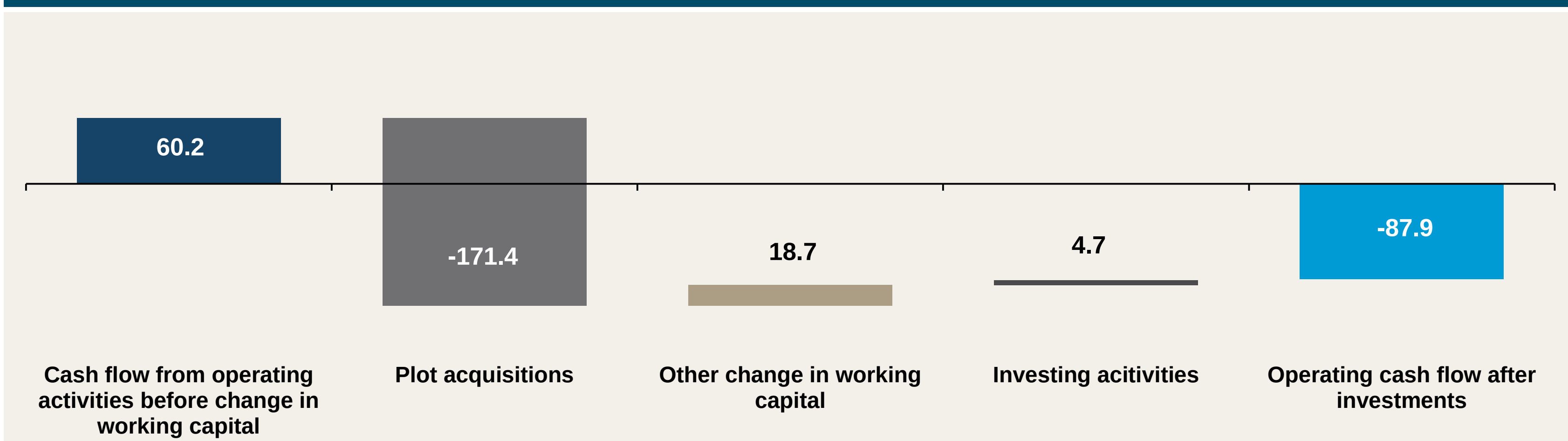
POC IFRS POC, rolling 12m IFRS, rolling 12m

Cash flow burdened by progress in production

Operating cash flow after investments (EUR million)



Cash flow bridge 1-12/2013 (EUR million)



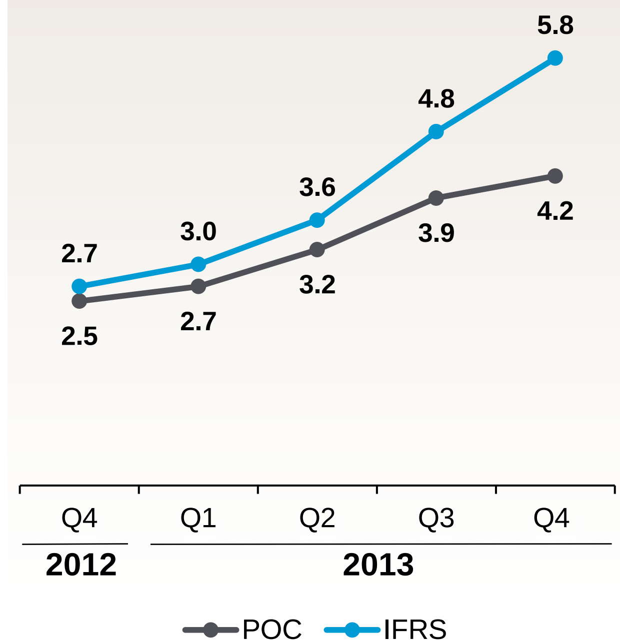
Weak cash flow impacting financial position – Trend turned at the end of the year

Gearing
Percent

Equity ratio
Percent

Strategic target: Equity ratio 40% (POC)

Net Debt/EBITDA
Multiple (x)



Note: 2012 and Q1/2013 non-IFRS figures published May 21, 2013.

Financial covenant tied to the Group's equity ratio (minimum level of 25.0%) according to Group reporting (IFRS) in bank loans and RCFs

Business model and financing

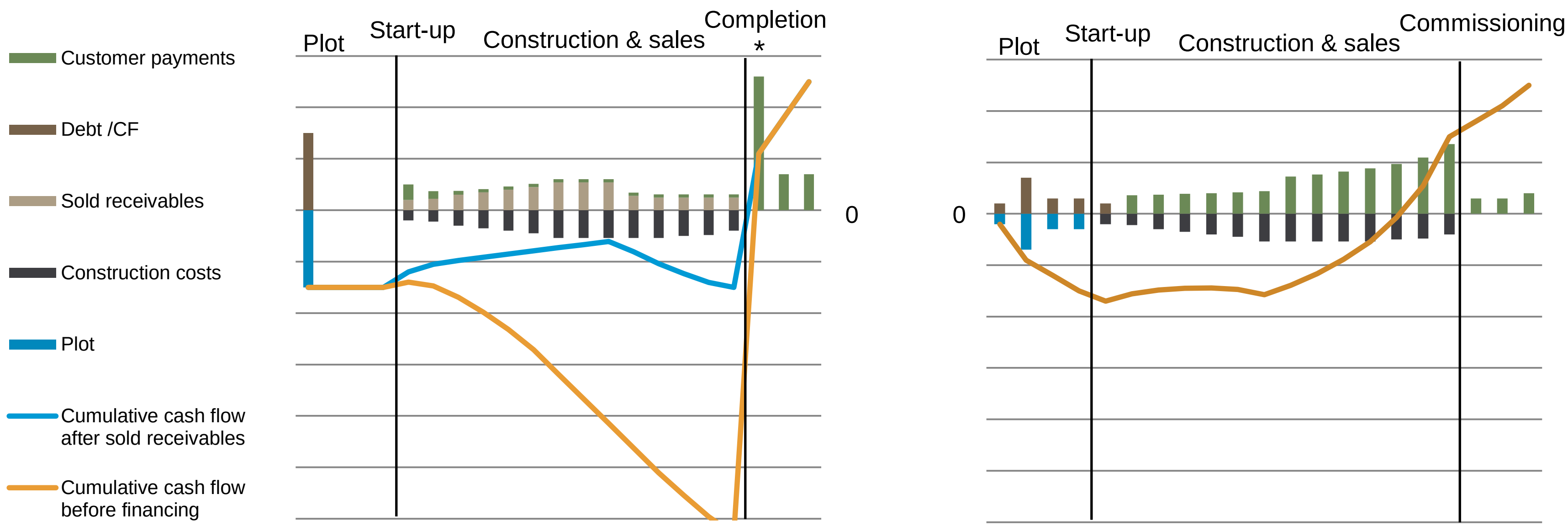
Business model – Own-developed housing

	Finland	Russia
Plot development	DD & market analysis • Zoning • Permitting • Design management	DD & market analysis • Zoning • Permitting • Social infra and utilities planning • Design mgmt
Construction	• Duration 12-15 months • 1 phase: <50 apartments	• Duration 14-20 months • 1 phase: >100 apartments
Sales	Pre-marketing • Own sales network, • ~80% sold before completion • Sales tactics & price mgmt	• Own sales network, • ~80% sold before completion • Sales tactics & price mgmt Service
Level of finishing	• Scandinavian (includes kitchen furniture)	• Mostly plastering, option to buy a finishing package
Premarketing	• 30 - 50% of units typically reserved in premarketing	• In a smaller role compared to Finland, not a market practice yet

Financing	• Plot acquisitions financed with debt/cash
	  • Pre-agreements subject to zoning
	  • In large area projects, payments in instalments
	• During construction customers pay 15% down payments at signing and the rest is financed by selling receivables
		• Plot acquisitions financed with debt/cash
		  • Payments increasingly in instalments
		• Construction financed with debt/cash and customer payments
		  • Upfront customer payments in up to 80% of the deals, the rest in instalments before completion

Mortgages	• In ~70% of the deals	• In <50% of the deals

Cash flow and financing in an own-developed residential project



* Customer payments – repayment of sold receivables

	Finland	Russia
Plot acquisition	• Financed with debt/cash flow • In large area projects, payments typically in instalments	• Financed with debt/cash flow, payments increasingly in instalments
Construction stage financing	• Customers pay 15% down payment • The remainder is funded by selling receivables	• Customer payments: 70-80% with upfront payments, the rest in instalments before hand-over
Upon completion	• Customers pay the remaining purchase price • Sold receivables are refinanced via a combination of housing corporation loans and customer payments	
Mortgages	• In ~70% of the deals	• In <50% of the deals

Construction stage financing

Financing of construction in a typical residential development project in Finland:

- YIT's subsidiary YIT Construction sells the contract receivables from Housing corporations (also owned by YIT) to financial institutions
  - The receivables are due upon completion
  - Sold in line with the progress of the project
- Customers' down payments 15% of value

→ **Financing for construction**

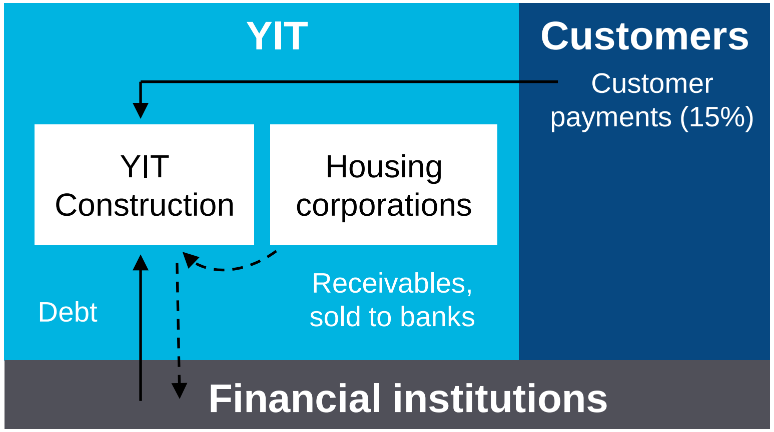
Limited refinancing risk:

- Sold receivables are included in current borrowings as they are linked to current assets. However, there is limited refinancing risk:
- Upon completion, Housing corporations pay for the construction by drawing housing corporation loans
  - 50-70% loan-to-value
  - +20 year maturities
  - The terms and conditions are agreed upon already when starting construction
- Customers pay the rest of the sales price

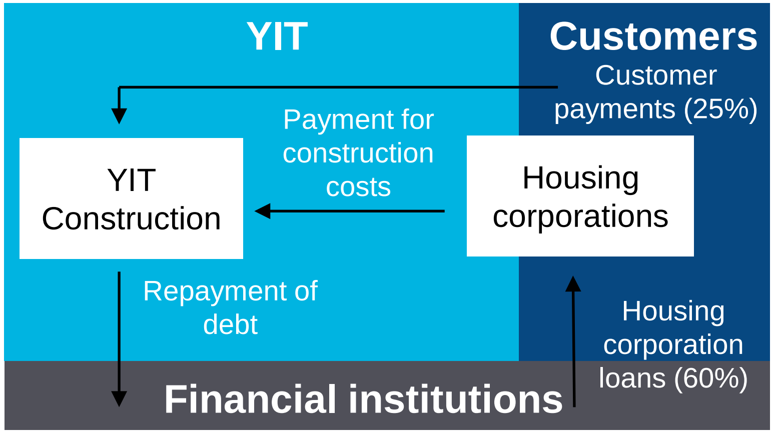
→ **Refinancing of the sold receivables**

- After completion the unsold apartments are in YIT's balance sheet as shares in housing corporations. Their share in the housing corporation loans is included in current borrowings as the loans are linked to current assets.

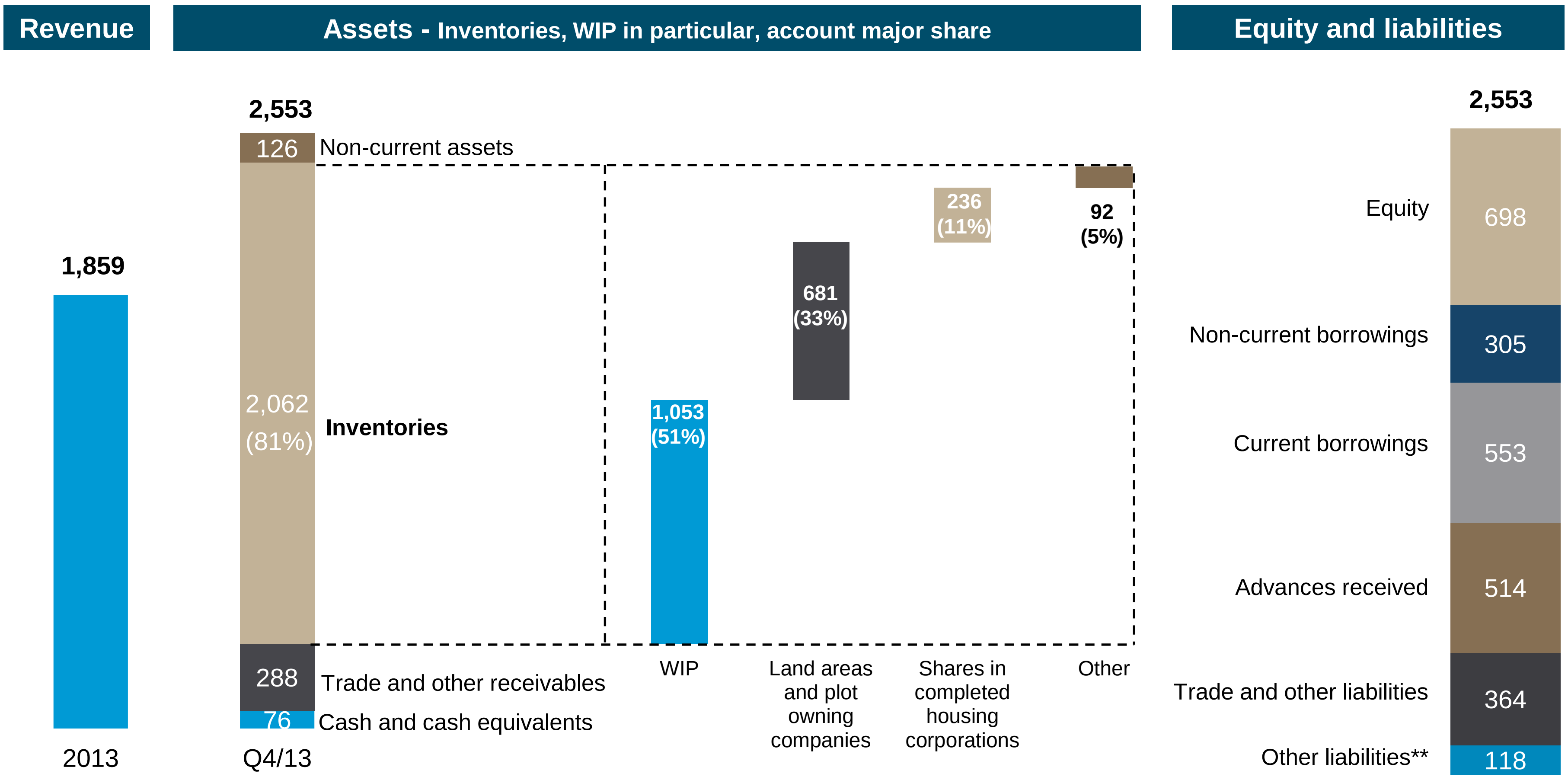
During construction:



Upon completion:



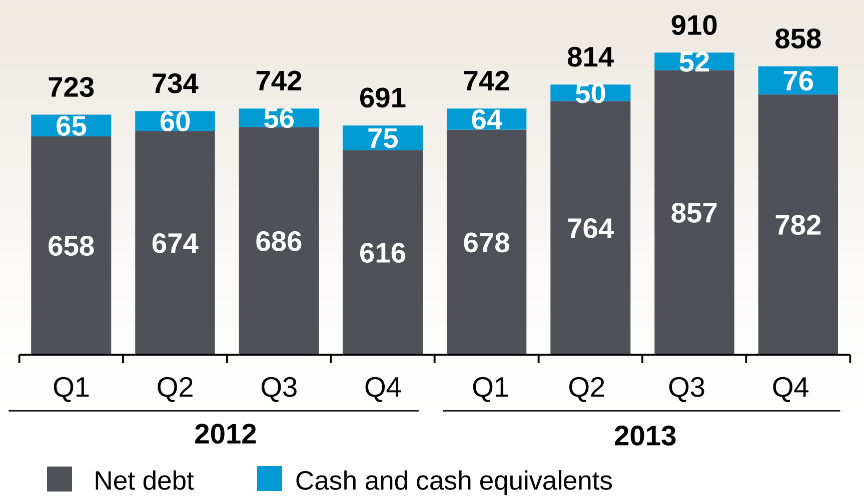
Consolidated balance sheet
as of December, 2013 (EUR million)



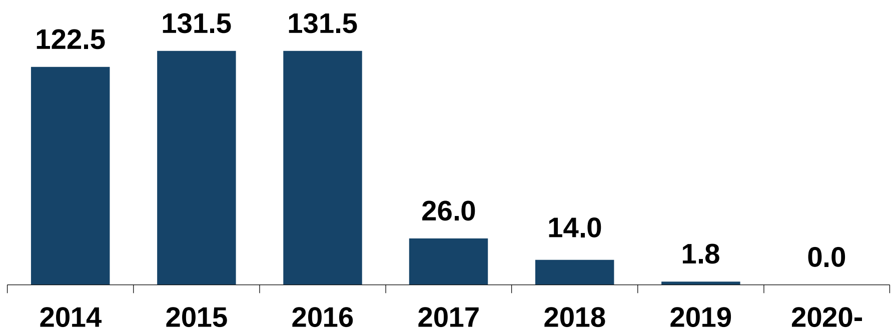
**) Includes deferred tax liabilities, pension obligations, provisions and other liabilities

Net debt increased – Liquidity buffer strengthened

Interest-bearing debt (EUR million)



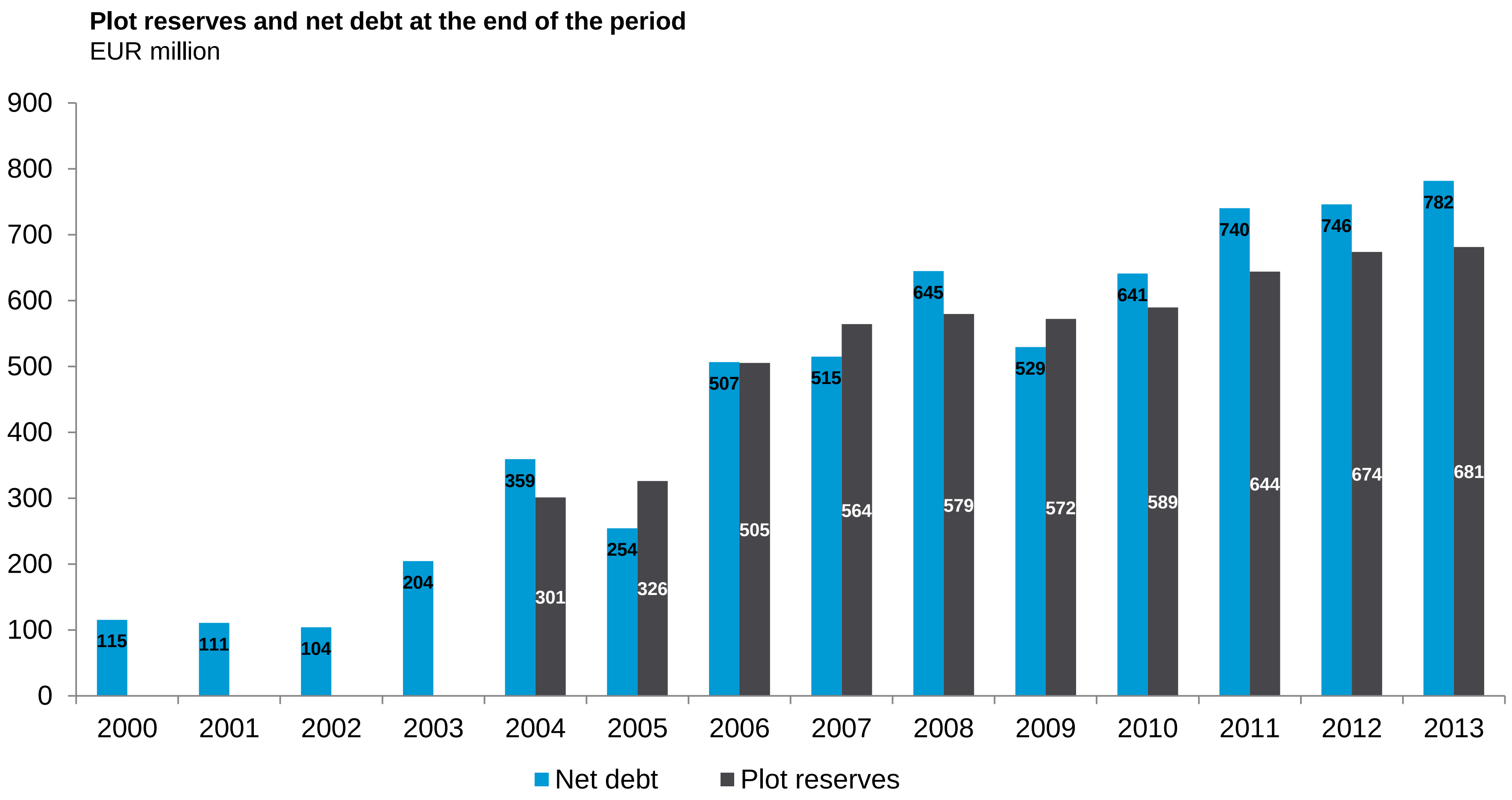
Maturity structure for long-term debt 12/13 (EUR million)



- Large share of the recent increase in debt comes from excess capital tied to
  - Ongoing Business Premises projects
  - Completed unsold apartments
- Debt reduced in Q4/13, mainly due to active investor sales in Finnish Housing and selling of Business Premises projects
- Liquidity buffer increased to EUR 365.3 million (12/13):
  - Undrawn committed credit facilities EUR 330 million
  - RUB 1.6 billion (EUR 35.3 million) undrawn bank loan
- Additional new loan agreement was signed in January to secure 2014 refinancing, undrawn amount approx. EUR 62 million

Note: 2012 and Q1/2013 non-IFRS figures published May 21, 2013.

Plot reserves vs. net debt

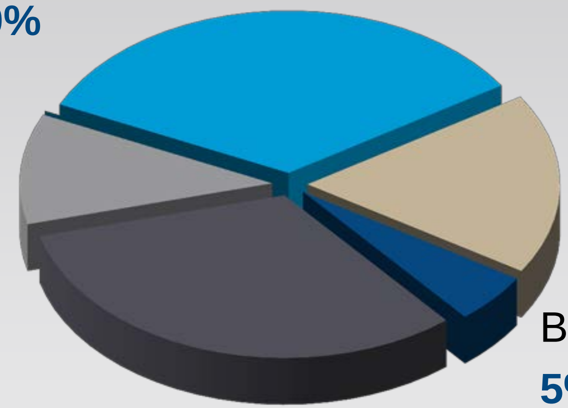


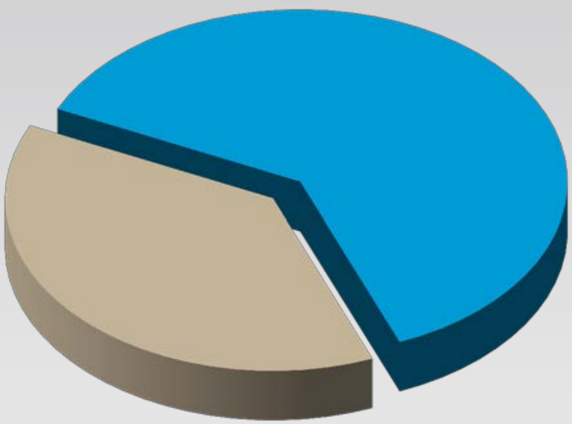
2000-2004: according to FAS, 2005-2013: according to IFRS, 2000-2003: YIT did not report its plot reserves in euros
2000-2012 figures include liabilities related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger. The key figures for the comparison periods do not yield a true image of the financial position and development of the continuing operations.

Bonds and CP's are key sources of financing

Debt portfolio 12/13, total EUR 858.0 million (9/13: EUR 909.7 million)

Average interest rate 2.7% (9/13: 2.7%)

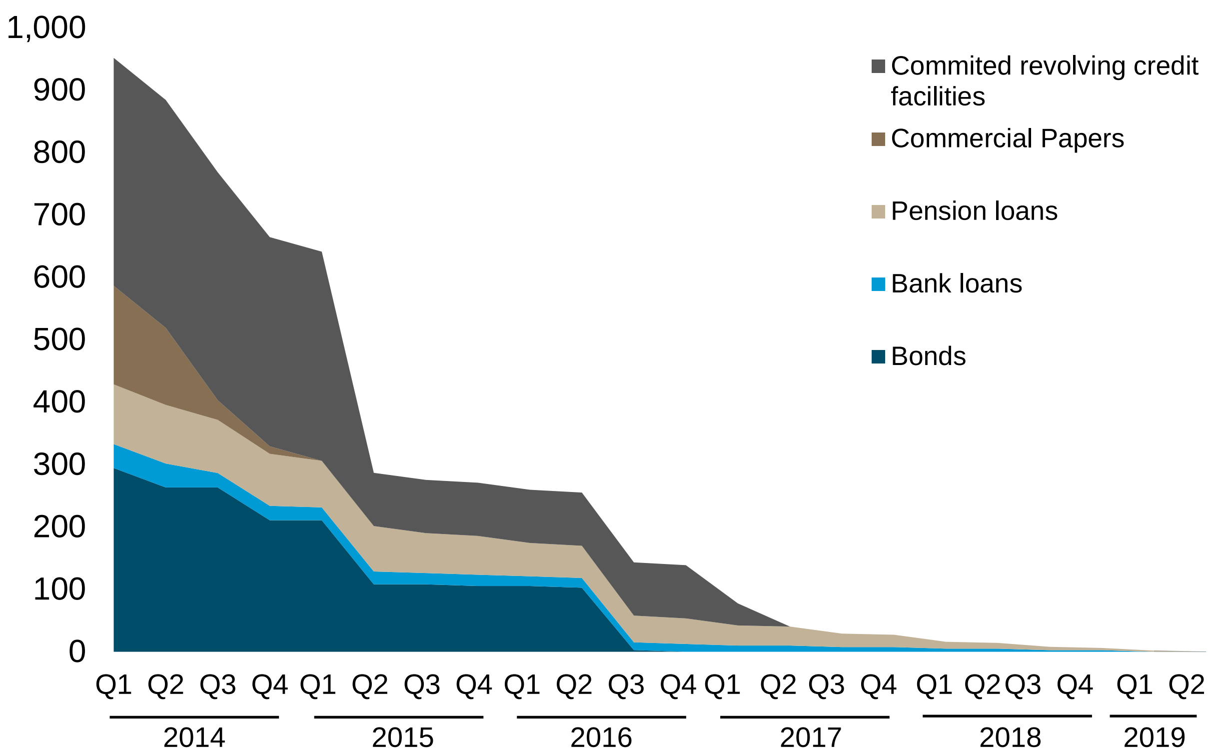




Maturity profile of the debt portfolio 12/2013 and liquidity risk management

Maturing long term debt per year (EUR million)

2014	2015	2016	2017	2018	2019
122.5	131.5	131.5	26.0	14.0	1.8



Managing liquidity risk

- **Funding requirements evaluated** based on the financial budget **every 6 months**, monthly financial forecast and short-term, timely cash planning
- According to the treasury policy **not more than 1/4 of interest-bearing debt may fall due during one calendar year**
  - Debt with committed backstops or take-out financing in place excluded from the calculation
- **Various methods to manage liquidity risk in use**
  - Cash and cash equivalents
  - Cash pool structures with overdraft facilities
  - Committed revolving credit facilities
  - Commercial paper programmes
  - Bond programmes

Figures excluding construction stage contract receivables sold to financial institutions and participation in the housing corporation loans of value of EUR 303.1 million. YIT also signed a EUR 62 million loan facility agreement in January to secure the refinancing for 2014. The agreement is excluded in the year-end figures.

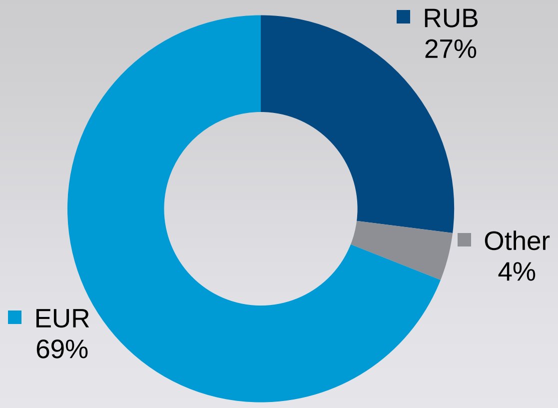
Weakening of the ruble impacted the 2013 numbers

- The Russian ruble weakened 11% against the euro during 2013
  - The average rate for 2013 was 6% below the 2012 level

Principles of managing currency risks

- Main currency risk relates to the Russian ruble
- Sales and costs typically in same currency locally, and all foreign currency items hedged → no transaction impact for the subsidiaries
- Currency positions which affect the income statement are hedged
  - Loans made available to subsidiaries in local currency (excluding equity-like investments in Russia)
  - All purchases in foreign currency
- Equity and equity-like investments in Russia are considered as long term investment of permanent nature and not hedged. FX changes recognized as translation difference in equity
  - Total exposure: EUR 407.7 million in 12/13

Revenue split 2013



Impact of changes in foreign exchange rates (EUR million)

	Q4/2013	2013
Revenue, POC	-14.1	-30.6
EBIT, POC	-2.1	-4.7
Order backlog, POC	-140.1	-140.1
Equity, IFRS (translation difference)	-13.6	-50.3

Main off-balance sheet items

Item	Description	12/2013
Repurchase commitments	The repurchase commitments are related to pre-agreements of plot acquisitions in Finland that are subject to completion of zoning. The actual plot acquisitions are expected to be completed during several years.	**EUR 319.0 million**
Operating leases	The operating leases are mostly related to long-term rental agreements of our offices. Roughly third of the lease liabilities mature in >5 years, and the rest during the next five years.	**EUR 165.0 million**
Parent company's guarantees on behalf of subsidiaries	The guarantees on behalf of subsidiaries are customary in construction industry and they are mainly performance guarantees related to the Group's construction activity and related contractual obligations. The remaining guarantees are payment and warranty guarantees. The total guarantee amount consists of group guarantees issued directly to beneficiaries or bank guarantees.	**EUR 956.7 million**

YIT credit story

Measures for capital release accelerated in Q4/13

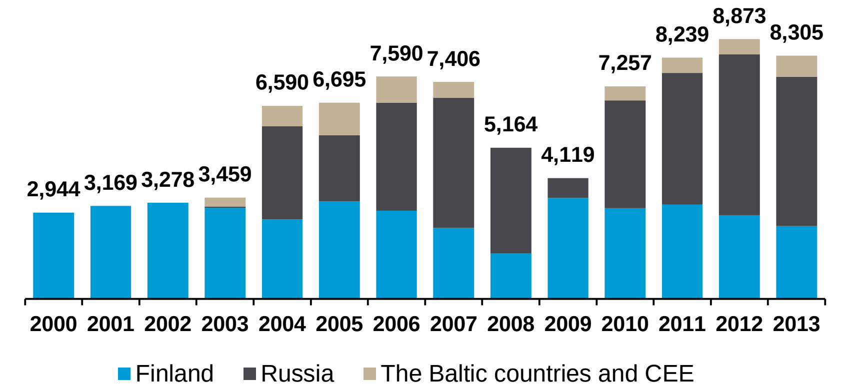
Target for capital release	Action in Q4/13	Progress
Reducing the inventory of unsold completed apartments in Finland >EUR 50 million	• Active sales to investors covering a wide variety of apartments	• Decrease in inventory of EUR 3.5 million
Selling own-developed business premises projects (currently under construction) EUR 80 million	• Phase 1 of the office properties of Tikkurila Commercial Centre Dixi and Motorcenter Espoonlahti sold to Etera Mutual Pension Insurance Company	• Sales value of approx. EUR 30 million* (revenue recognized only partly)
Slow-moving assets >EUR 150 million	• Slow-moving assets sold in the Moscow Oblast and St. Petersburg	• EUR 18 million sold or agreed (revenue recognized only partly)
New off-balance sheet partnership models in plot acquisitions >EUR 100 million	• Continuous cooperation with existing partner • Discussions with other possible investors and partners initiated	• The value of plots financed by external partners EUR 7.8 million

*In addition approx. EUR 30 million worth Phase 2 of office properties of Tikkurila Commercial Centre Dixi sold to Etera Mutual Pension Insurance Company

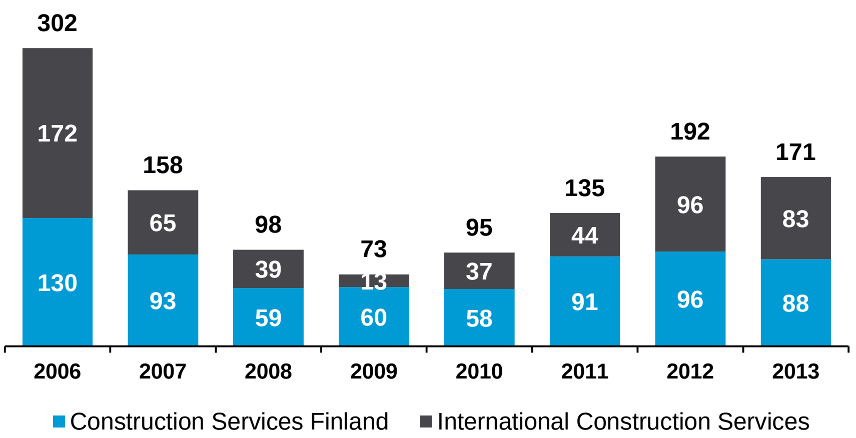
YIT's ability to manage cash flow is good

- Good ability to manage cash flow
  - Start-ups adjusted according to demand
  - Opportunity to adjust plot investments; current plot reserve provides a good base for growth and profitability for the coming years
- Balanced business portfolio in Finland
  - Investor deals in residential business complement consumer sales
  - Business Premises and Infrastructure counter cyclical by nature
- Improved situation in Russia
  - Project profitability on a good level
  - Flexibility in production costs:
    - Opportunity for salary cuts
    - Possibility to re-negotiate purchasing agreements
    - Relatively high share of outsourcing
  - More stable base load for each unit
  - Payment schedule for plots tied increasingly to permitting process and start-ups

Housing start-ups 2000-2013
Pcs



Cash flow of plot investments 2006-2013
EUR million



YIT's risk management

Group-wide risk management in YIT

- Wide risk management practices implemented throughout the Group
  - Due diligence process in plot acquisitions
  - Corporate governance
  - Simulations of market shocks impacting business

Continuous actions to mitigate impact of possible market shock

- Securing balanced portfolio of own-developed projects
- Securing balanced and adequate financing
- Strict project control; design, apartment size
- Consumer/investor option in Finnish housing
- Improving amount of 'sales risk free' order backlog
- Focus on reasonably priced housing and apartments for Russian middle class

Risk management in Russia

- Project risk lowered by managing project size
  - Smaller project size (< 300 pcs/phase)
  - Decreased project overall duration 4.4 -> 3.0 years
  - Shorter duration of construction 2.7 -> 1.4 years
  - Faster development period 1.7 -> 1.2 years
- Sales risk mitigated by selling apartments earlier
  - Sales already during construction
  - Mid-construction phase sales15% -> 30%
  - Availability of mortgage financing to YIT's customers growing
- Plot investments and development
  - Focus on low risk plots
  - Better cooperation with authorities in development issues
  - Paid increasingly in installments
- Geographical diversification to growth areas

Investment policy

The Group Investment Board responsible for planning of capital allocation and investments

- Centralised decision making ensures consistent investment risk management
- Members of the Group: CEO, deputy CEO, CFO, SVP, Investments and Business Development and VP, Group Accounting

The Group Investment Board reviews and decides:

- Plot investments, divestments and start-ups (housing and business premises development), proposals prepared by local management
- Equipment investments (> EUR 2 million and all investments outside accepted annual plan (6 months period))
- Acquisitions
- Group level development programs

Required project margins by region

- Lowest requirements in Finland, next CEE, highest requirements in Russia
- Group-wide targeted project return on investment 20%

Bond investor considerations

Target: To create value to investors by offering constructions services with good risk management	
Diversified business portfolio	• 3 main business areas, operations in 7 countries • Largest housing developer in Finland, largest foreign housing developer in Russia • Finnish housing market relatively stable, Russian operations focused on largest cities with solid long term demand for new apartments • Own development leading to higher margins in all business areas • Contracting (infra, partly business premises) provides more stable cash flow without sales risk
Constantly improving operational efficiency	• Improving operational efficiency a clear priority of top management • Clear improvement in profitability and capital efficiency in International Construction Services since the financial crisis • Good track record of efficient project management
Stable financial position and diversified financing strategy	• Net interest-bearing debt in line with plot reserves' balance sheet value (original acquisition price booked) • Solid liquidity position supported by readily available unutilized credit facilities • Versatile funding sources
Bondholder value creation	• Proven ability to generate profit through the business cycles • Creation of bondholder value through balanced portfolio, constant operational improvements, good risk management, sound financial strategy and focus on cash flow improvement

Future outlook and conclusions

Market outlook 2014
Housing (1/2)

Finland

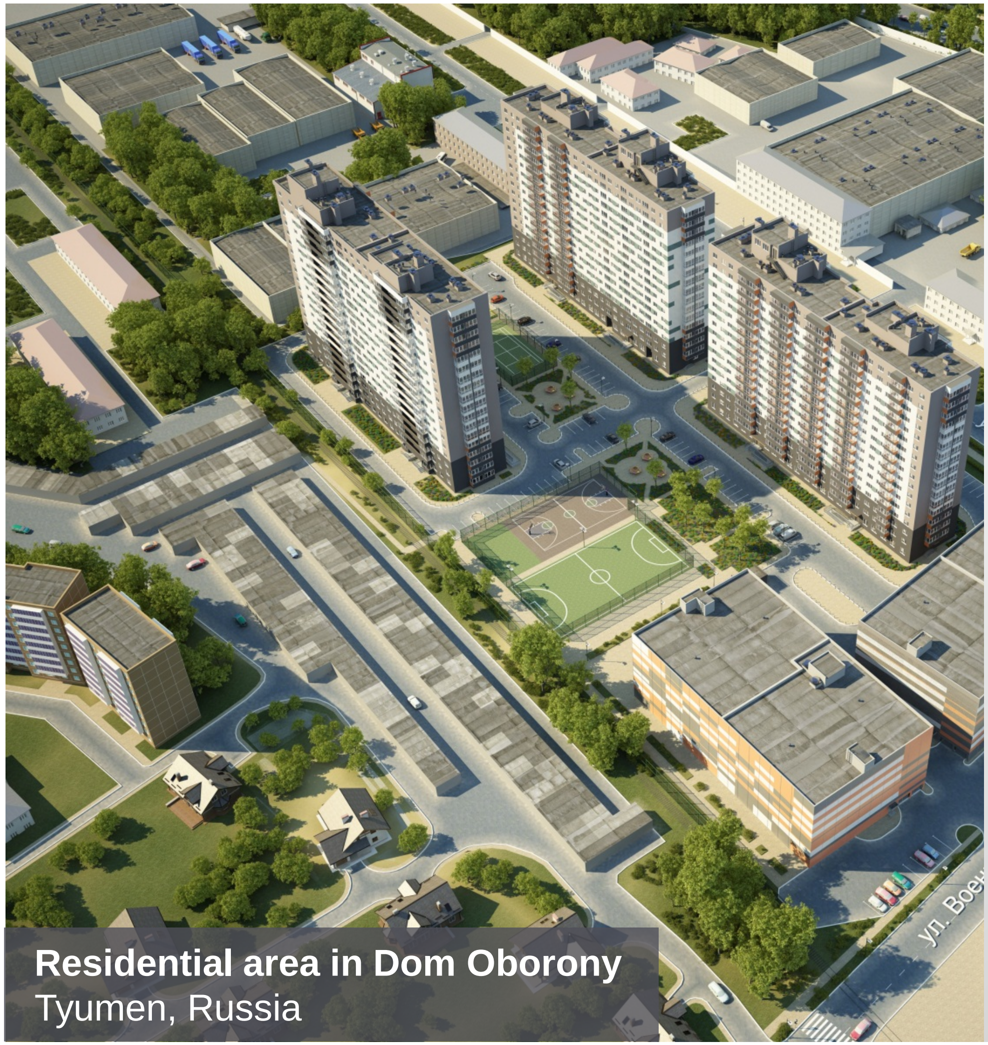
- Housing start-ups expected to decrease. Forecasted start-ups 25,000 units in Finland in 2014 (Euroconstruct, November 2013) while the estimated long-term annual need is 24,000-29,000 units (VTT Technical Research Centre of Finland, January 2012)
- Housing prices expected to remain stable
- Moderate increase in construction costs mainly due to changes in energy norms
- Macro uncertainties and below-average consumer confidence continue to impact the residential market
- Slight improvement in consumer's access to financing
- Plans for legislation on debt ceiling proceeding. Planned limits largely in line with current market practise
- Interest rates are expected to remain low

The Baltic countries, the Czech Republic and Slovakia

- Housing construction volumes increasing from low levels in the Baltic countries (VTT Technical Research Centre of Finland, December 2013)
- Housing start-ups expected to decrease slightly in the Czech Republic and Slovakia (Euroconstruct, November 2013)
- Housing prices expected to increase slightly

Konepaja residential area
Helsinki, Finland

Market outlook 2014
Housing (2/2)



Residential area in Dom Oborony
Tyumen, Russia

Russia

- Housing construction is estimated to increase in 2014, but at a slower pace than in previous years (VTT Technical Research Centre of Finland, December 2013)
- YIT expects housing prices to be stable in 2014 and mortgage rates to stay on the level of 2013
- Macroeconomic weakness might impact the residential market
- GDP growth estimates have been cut recently; ruble has weakened against the euro

Market outlook 2014
Business Premises and Infrastructure

Business Premises in Finland

- Business Premises market expected to remain weak as the market reacts to improvements in the economy with a lag
  - Forecasts vary: commercial construction is expected to increase by 18% and office construction to decrease by 9% (Euroconstruct, November 2013)
- Vacancy rate in the office sector is high, demand will focus on modern and energy-efficient premises

Business Premises in the Baltic countries and Slovakia

- New non-residential construction is expected to grow by 5% in the Baltic countries (VTT Technical Research Centre of Finland, December 2013)
- New non-residential construction is expected to decrease by 8% in Slovakia (Euroconstruct, November 2013)

Infrastructure in Finland

- Infrastructure construction forecasted to decrease slightly (Euroconstruct, November 2013)
- Increased competition for smaller contracts

Tikkurila Commercial Centre Dixi
Vantaa, Finland

Guidance for 2014

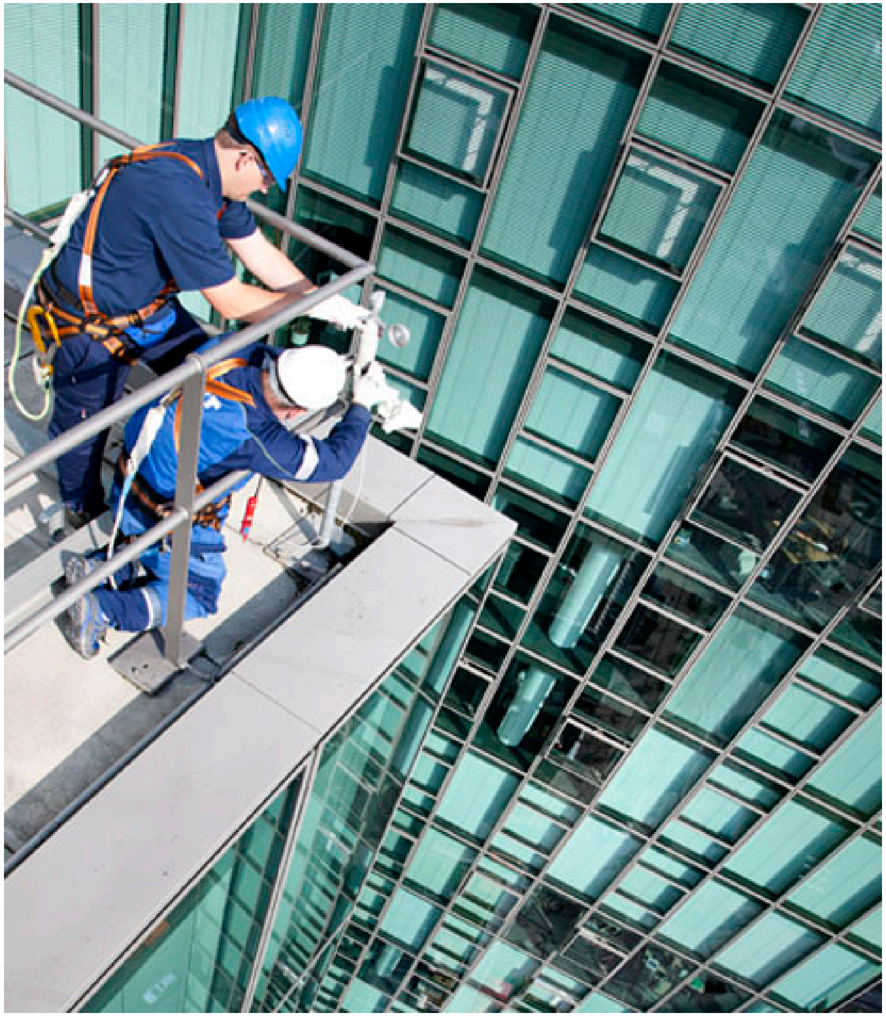
The Group revenue based on segment reporting is estimated to grow **by 0-10%** at comparable exchange rates.

The operating profit margin based on segment reporting is estimated to be **in the range of 7.5-8.5%** excluding non-recurring items.

Continuing uncertainty over the general macroeconomic development impacts YIT's business operations and customers.

Kirovogradskaya street
Moscow, Russia

Appendices



Appendix I
Additional financial information

Appendix II
General economic indicators

Appendix III
Housing indicators

Appendix IV
Business premises

Appendix V
Infrastructure construction and construction costs

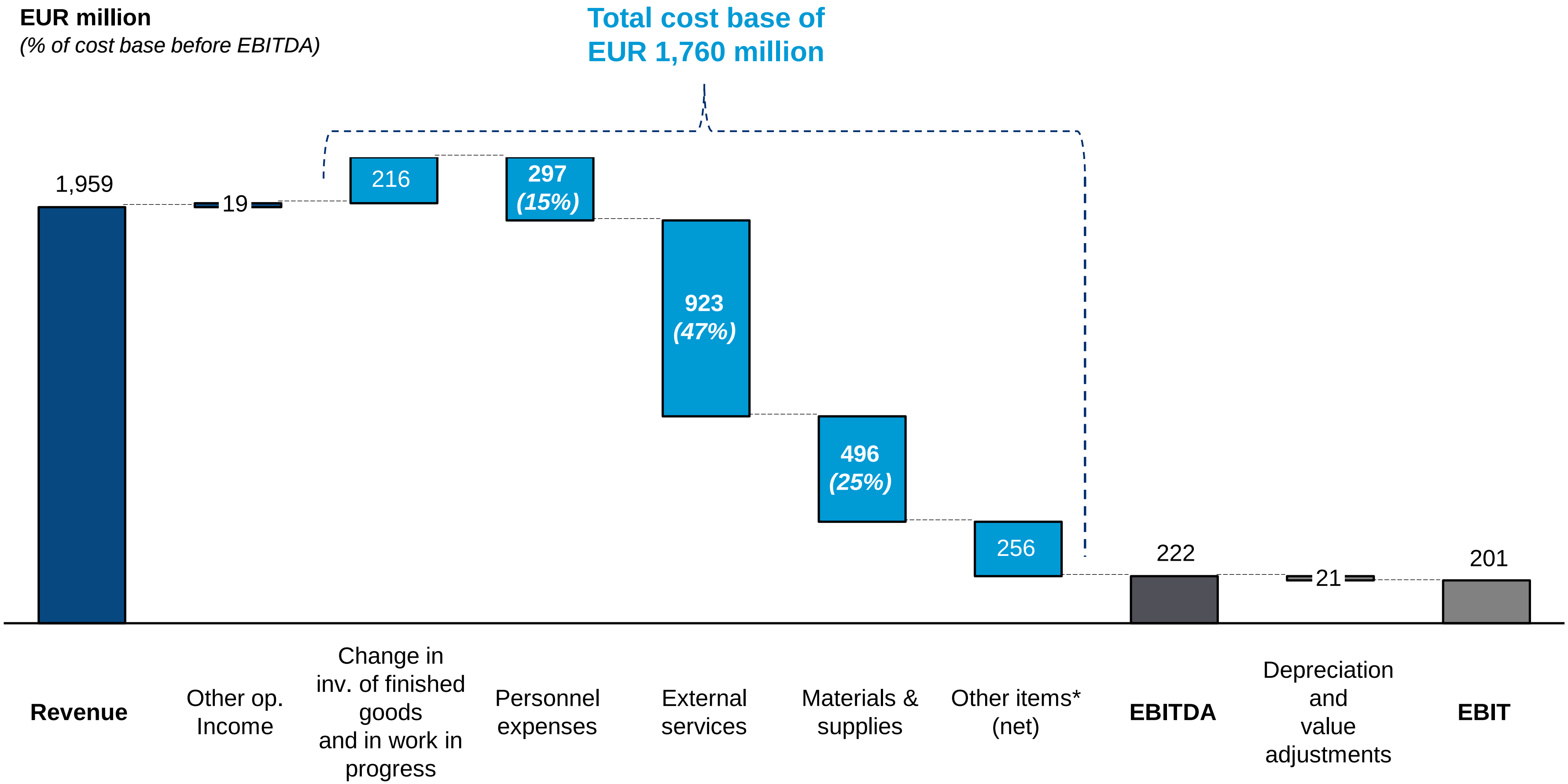
Appendix VI
Ownership

Appendix I

Additional financial information

YIT's cost base in 2012

External services account major share of YIT's costs



*) Includes: Other operating expenses, share of results in associated companies and production for own use
NOTE: Adjusted non-IFRS figures based on segment reporting (POC), published on May 21, 2013

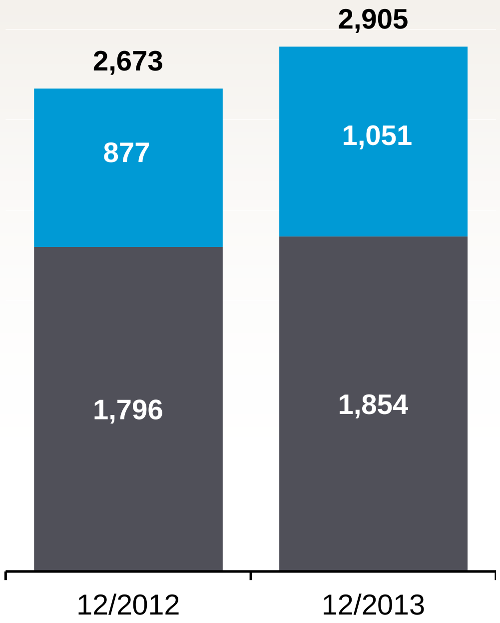
Capital invested in plot reserves

at the end of December, 2013

Finland

12/12: EUR 284 million | **12/13: EUR 282 million**

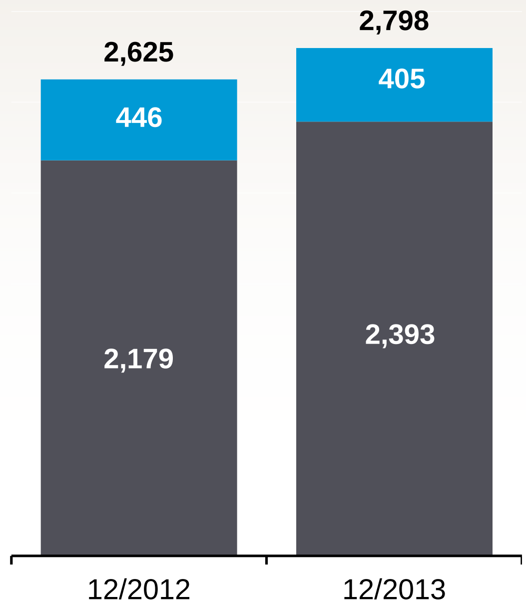
Building rights, thousand sq. m.



Russia

12/12: EUR 302 million | **12/13: EUR 320 million**

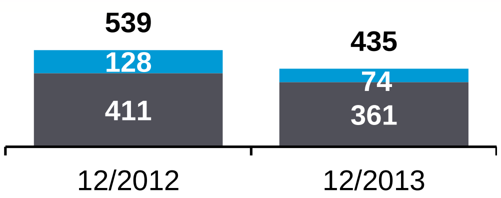
Building rights, thousand sq. m.



The Baltic countries, the Czech Republic and Slovakia

12/12: EUR 87 million | **12/13: EUR 79 million**

Building rights, thousand sq. m.



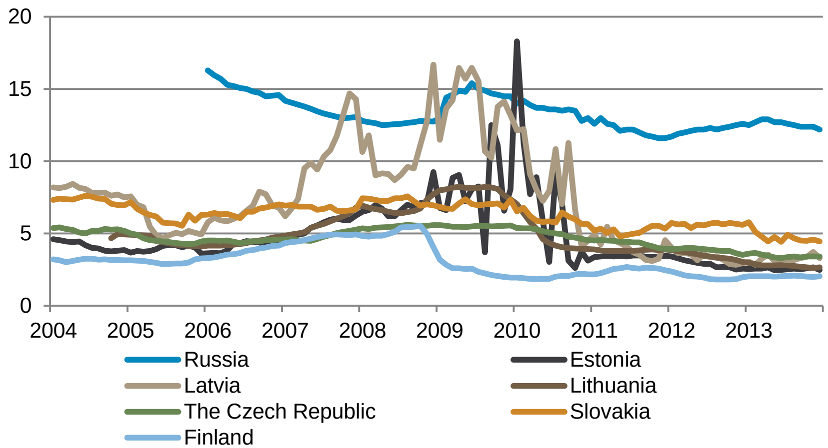
■ Business Premises plots ■ Residential plots

Appendix II

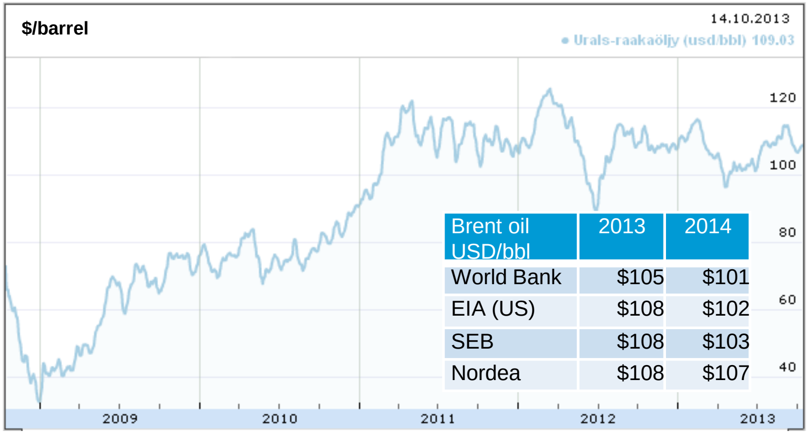
General economic indicators

Economic outlook

Average interest rates of mortgages (local curr., %)

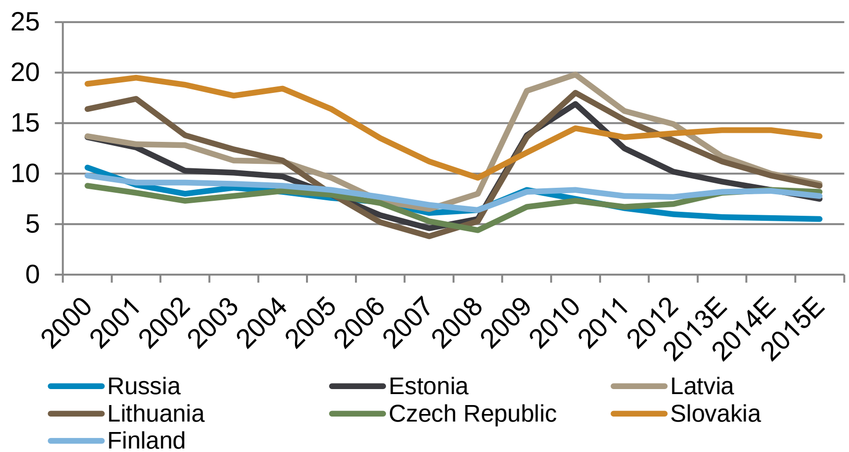


Price of Urals oil in Russia

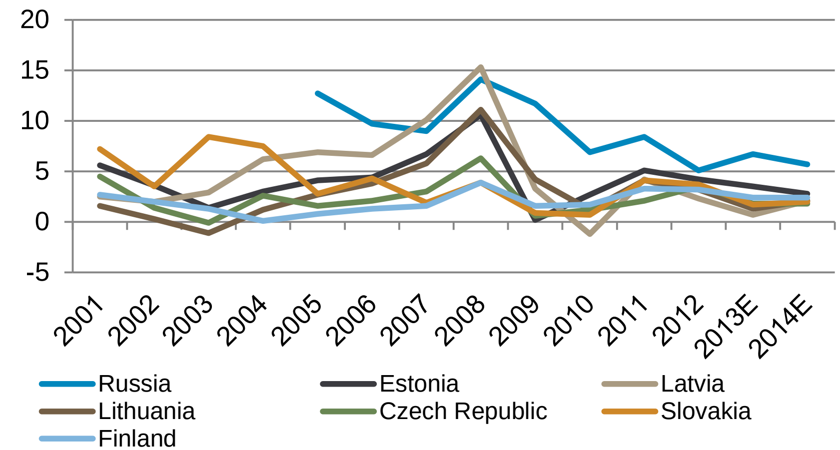


Brent oil USD/bbl	2013	2014
World Bank	$105	$101
EIA (US)	$108	$102
SEB	$108	$103
Nordea	$108	$107

Unemployment (%)



Inflation (consumer prices, %)



Sources: Eurostat, IMF, MoF, Nordea, SEB, Handelsbanken and national central banks

Macro Economics - Market outlook

Finland		H1 2013	2013	2014
	Consumption	→	↘	→
	Investment	↘	↘	→
	Industry	→	↘	→
	Exports	→	↘	↗
	Imports	→	↘	↗
Growth rate	GDP (% p.a.)		-0.7-0.5	1.0-2.0

Forecast for 2015 slight growth (1.5-2.0%)

Russia		H1 2013	2013	2014
	Consumption	→	↗	→
	Investment	→	↘	↗
	Industry	→	→	↗
	Exports	→	↘	→
	Imports	→	↘	↗
Growth rate	GDP (% p.a.)		1.5-2.2	2.5-3.5

Forecast for 2015 moderate growth (2.7-3.5%)

CEE		H1 2013	2013	2014
	Consumption	→	→	↗
	Investment	↘	↘	→
	Industry	↘	↘	→
	Exports	↘	↗	↗
	Imports	↘	↗	↗
Growth rate	GDP (% p.a.)		0.0-1.7	1.7-2.5

Forecast for 2015 moderate growth (2.3-2.8%)

Baltic Countries		H1 2013	2013	2014
	Consumption	→	↗	↗
	Investment	↘	→	↗
	Industry	→	↗	→
	Exports	→	→	↗
	Imports	→	↗	↗
Growth rate	GDP (% p.a.)		2.0-4.0	3.5-4.5

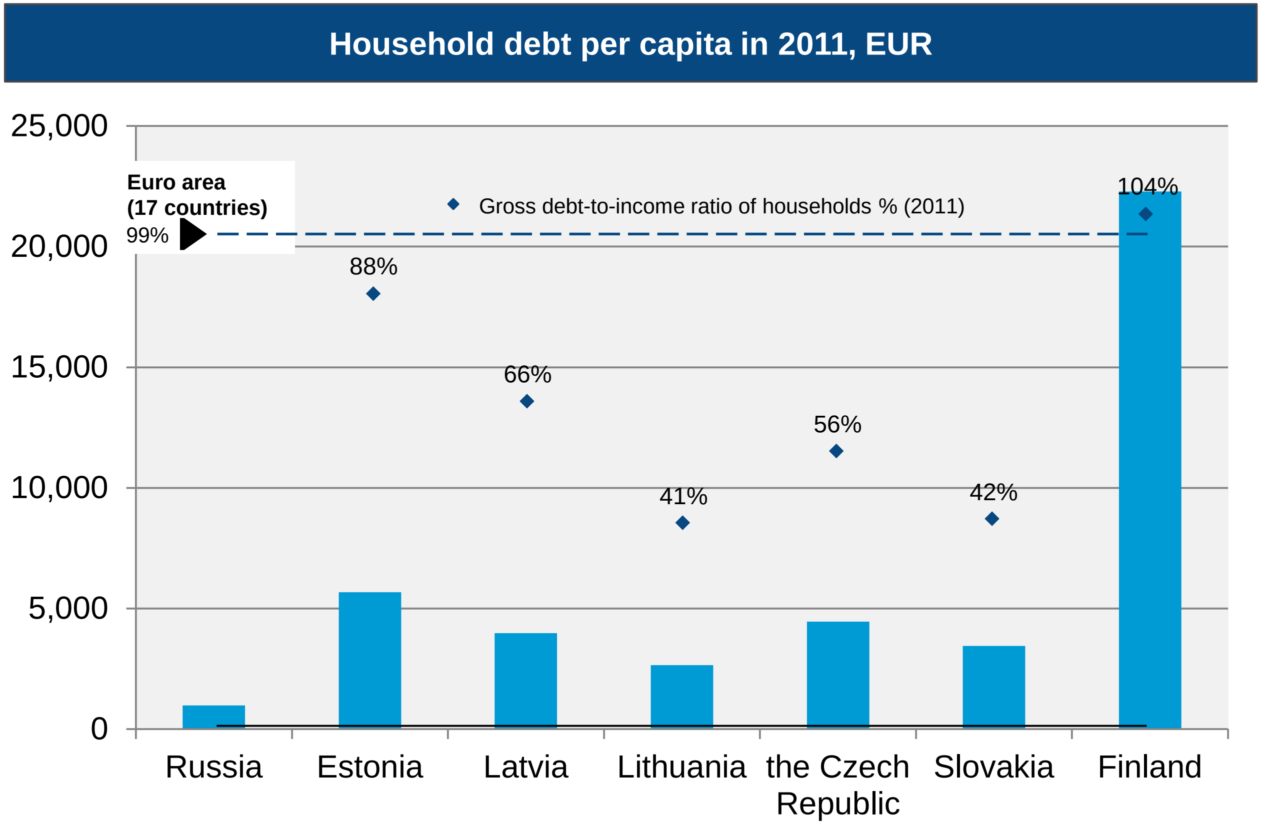
Forecast for 2015 moderate growth (3.0-4.0%)

Sources: Eurostat, IMF, MoF, Nordea, SEB, Handelsbanken and national central banks

Appendix III

Housing indicators

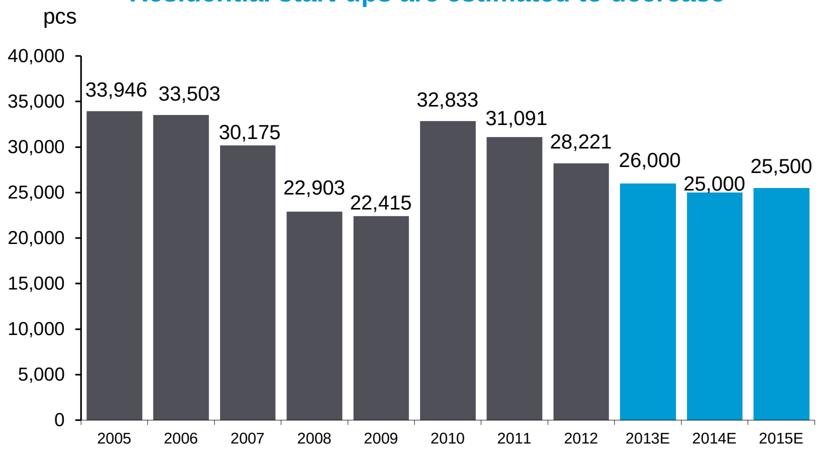
Household indebtedness



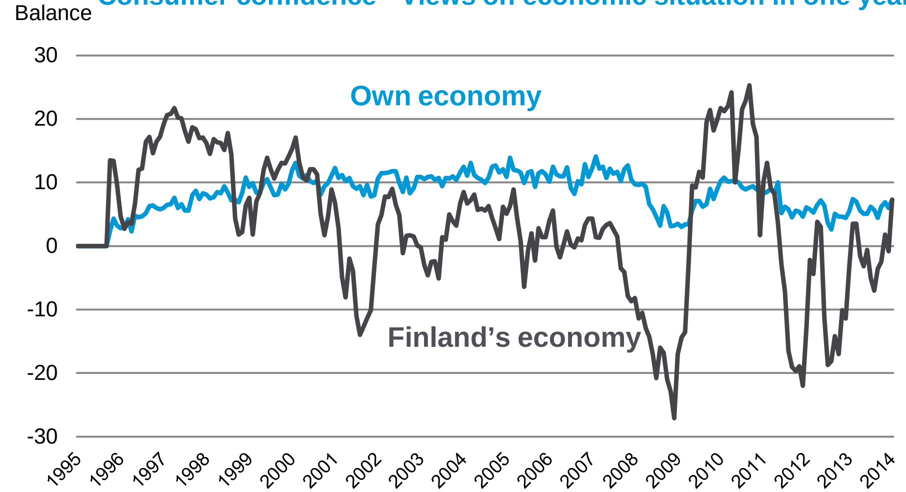
Sources: Eurostat and East Capital; No comparable data for Gross debt-to-income ratio of households % for Russia available

Finland
Housing start-ups expected to decrease in 2014

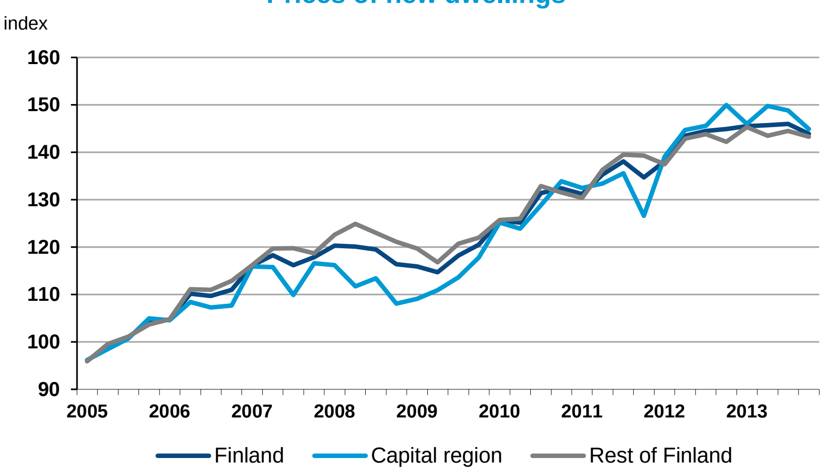
Residential start-ups are estimated to decrease



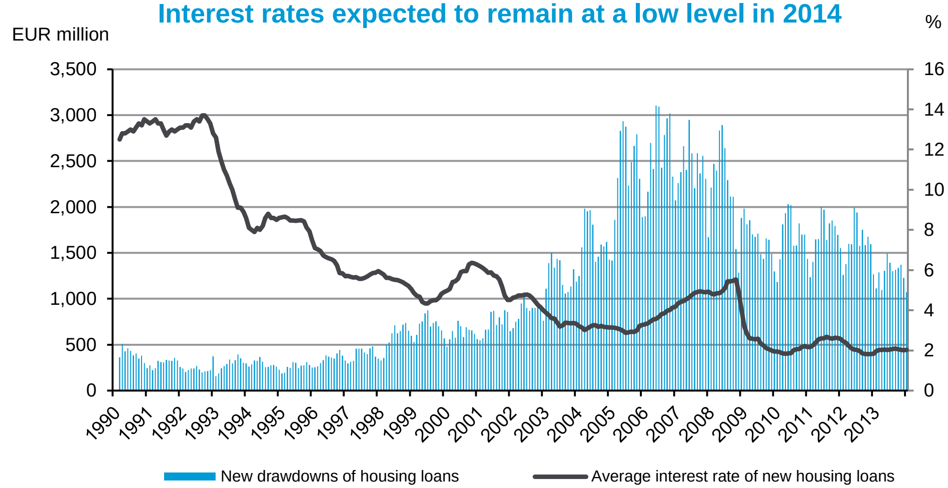
Consumer confidence - Views on economic situation in one year



Prices of new dwellings



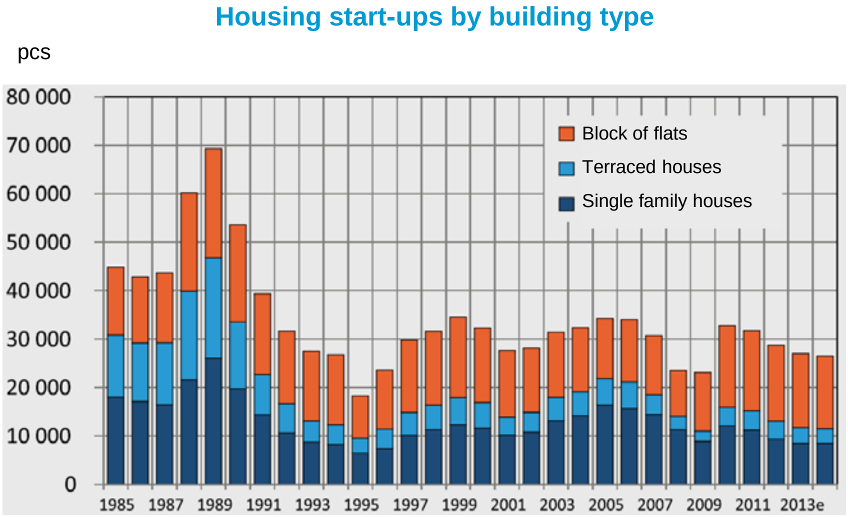
Interest rates expected to remain at a low level in 2014

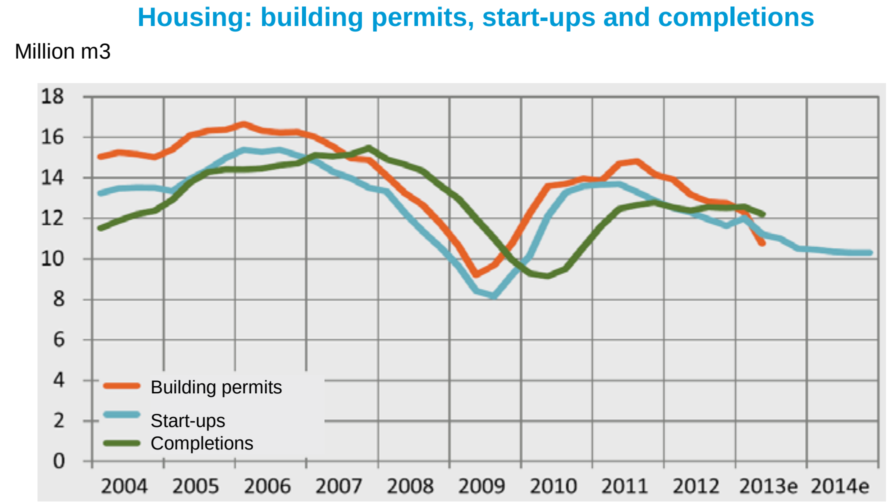


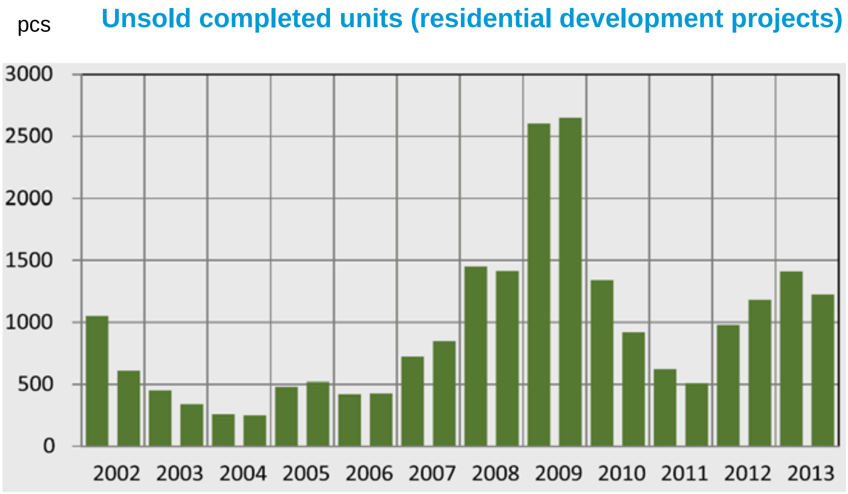
Sources: Residential start-ups: 2005-2012 Statistics Finland , 2013E - 2015E Euroconstruct, November 2013, Consumer confidence: Statistics Finland January 27, 2014, House prices: Statistics Finland January 28, 2014, Loans and Interest rates: Bank of Finland January 31, 2014

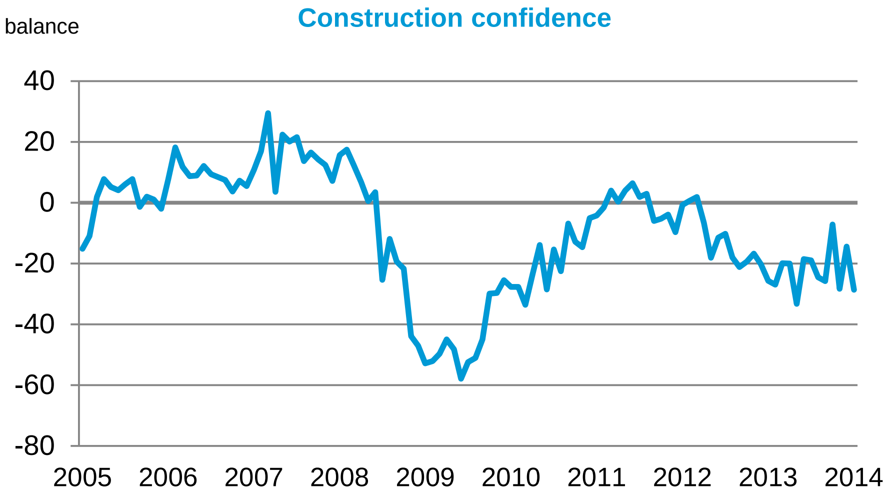
Finland

Housing indicators have weakened slightly







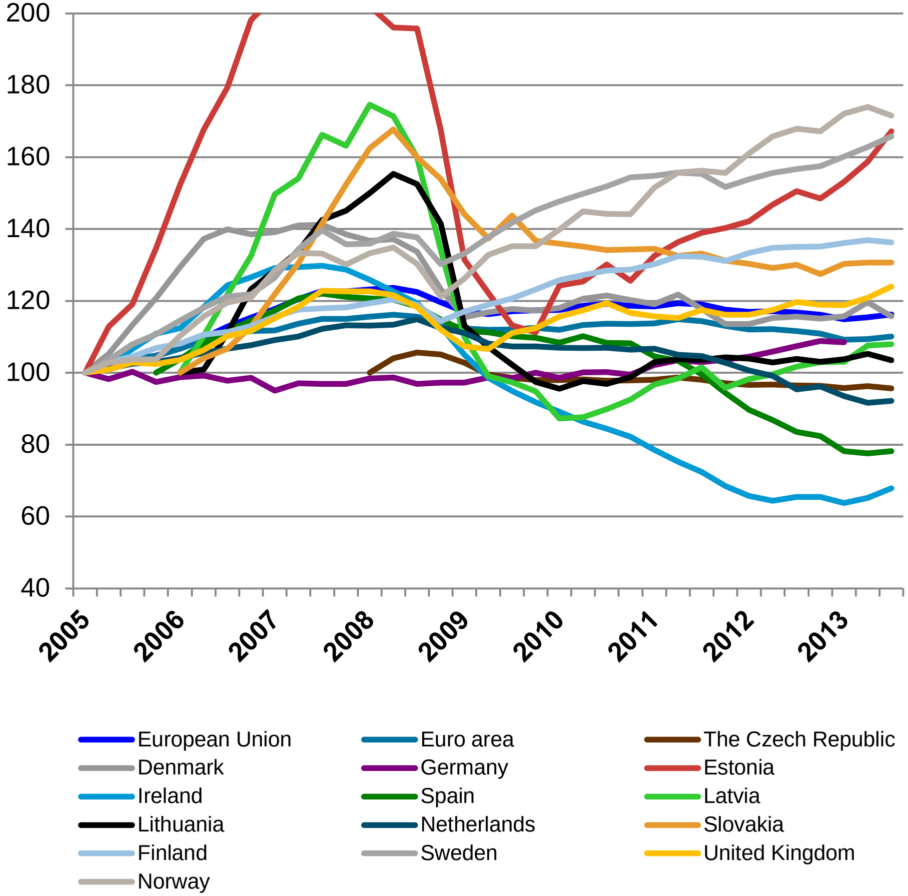


Sources: Confederation of Finnish Construction Industries RT, October 2013, Construction confidence: Confederation of Finnish Industries, January 2014

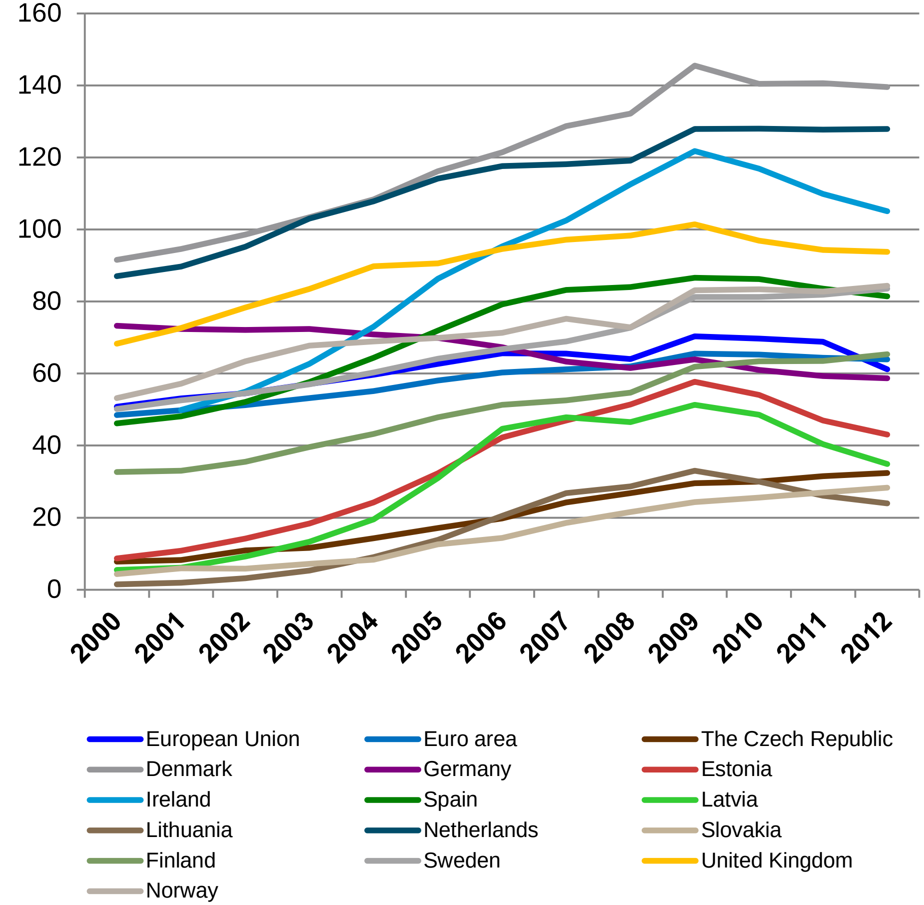
Finland

Household debt relatively low in Finland

House price index in different countries



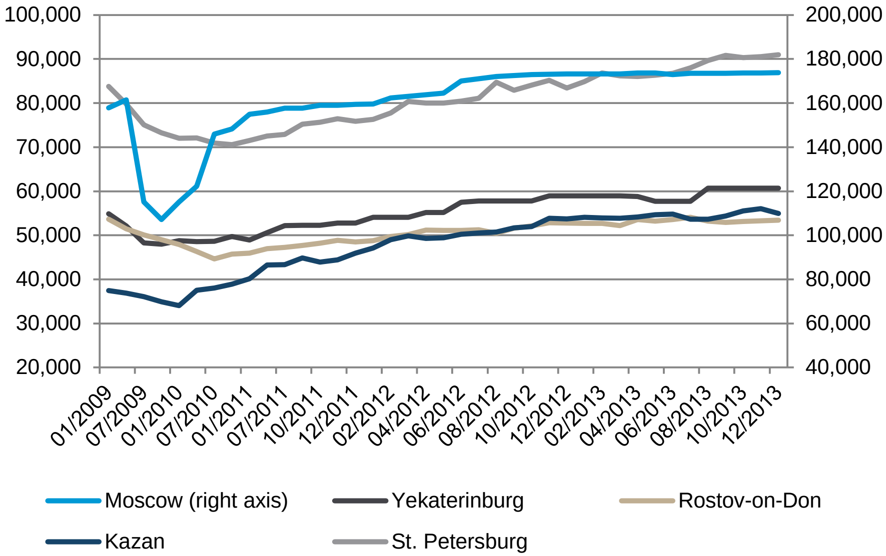
Households debt to GDP (%)



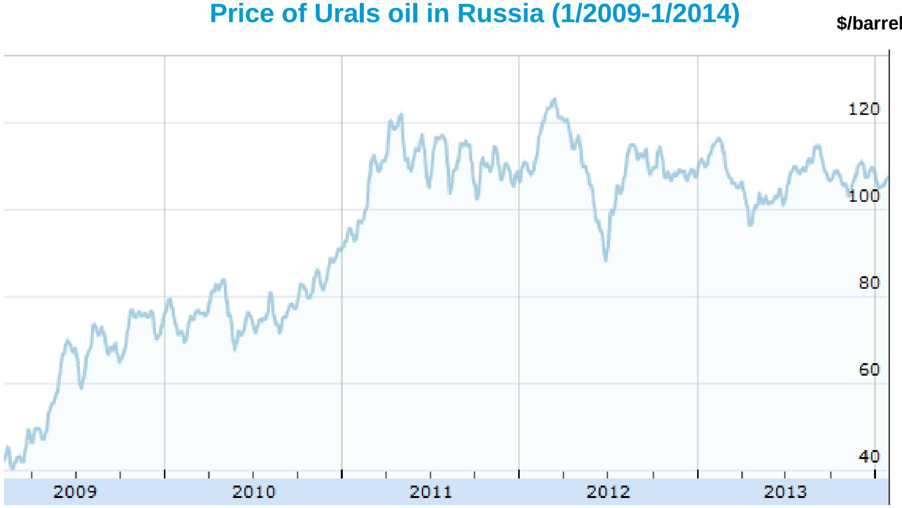
Source: Eurostat January 31, 2014

Russia
Housing indicators support demand

House prices in primary markets, RUB (1/2009-12/2013)

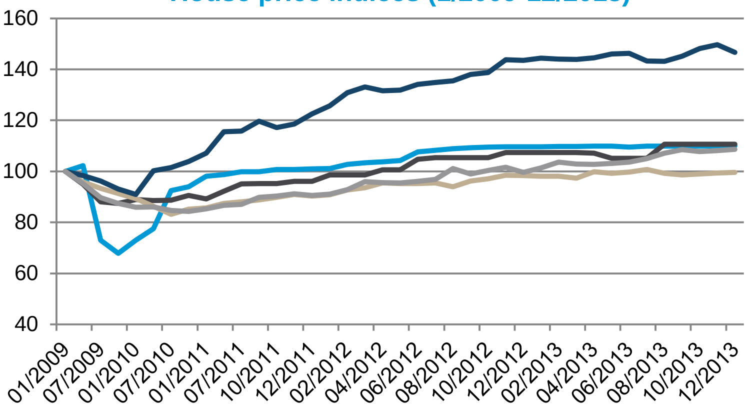


Price of Urals oil in Russia (1/2009-1/2014)



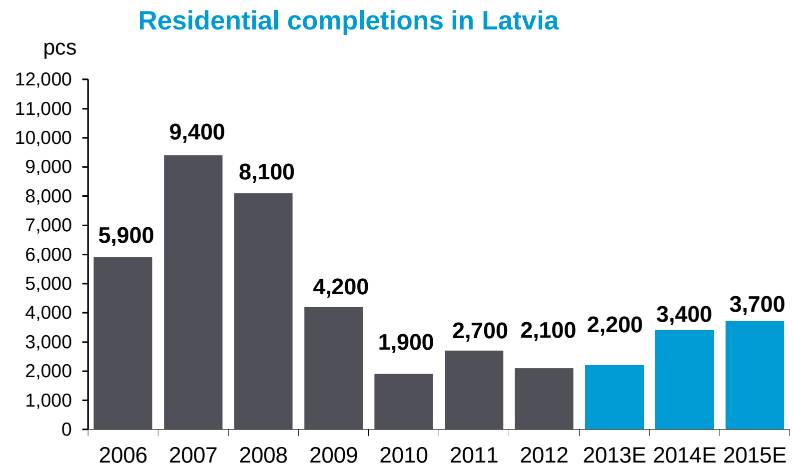
Weighted average interest rate on mortgage loans, RUB (1/2009-12/2013)

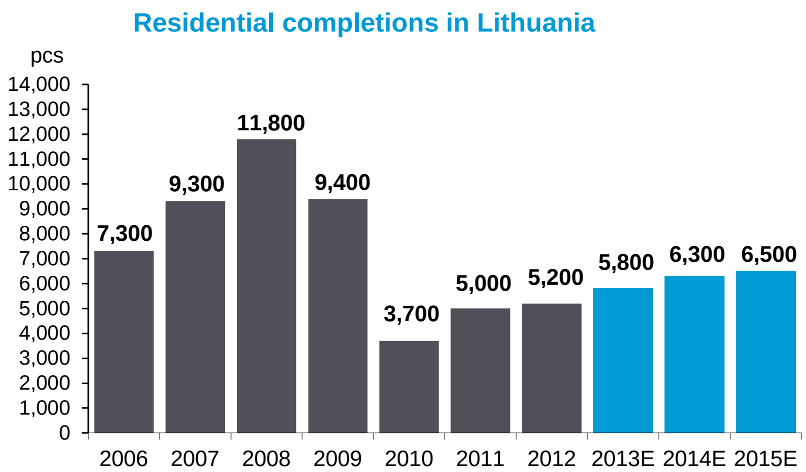
House price indices (1/2009-12/2013)

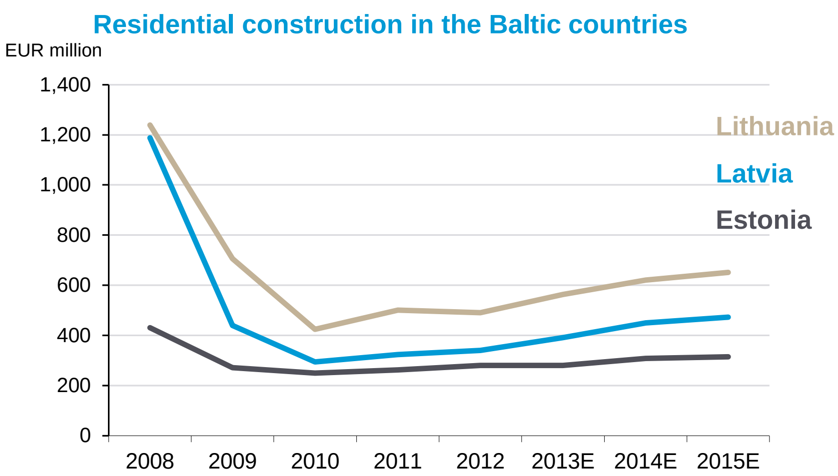


Sources: Oil price: Neste Oil January 30, 2014 and Interest rates: Bank of Russia January 30, 2014

The Baltic countries
Growth is expected in residential construction



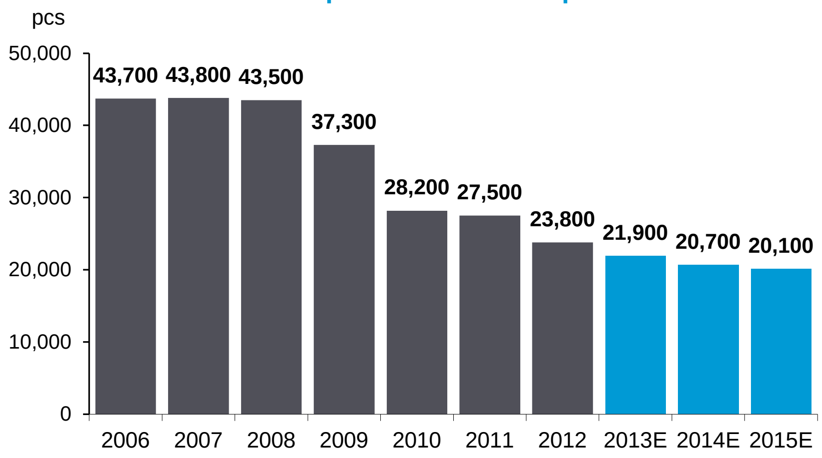




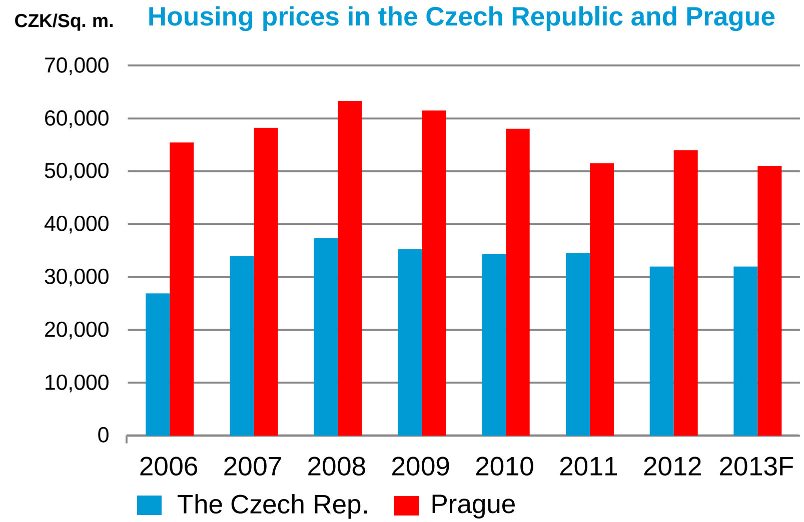
Source: VTT Technical Research Centre of Finland, December 2013

The Czech Republic and Slovakia
Start-ups forecasted to remain relatively low

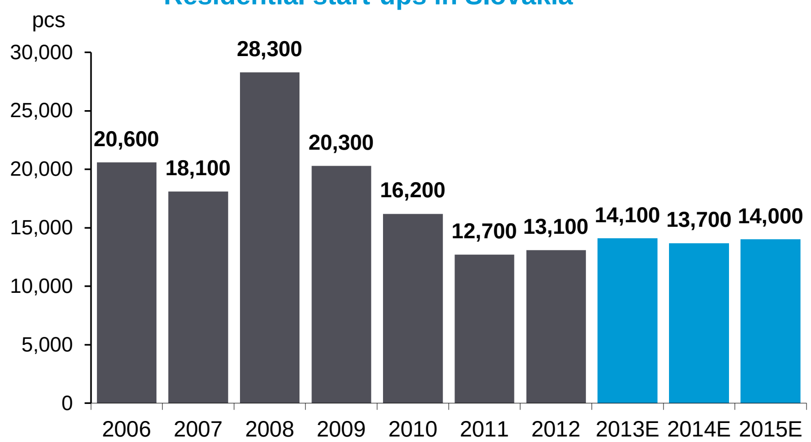
Residential start-ups in the Czech Republic



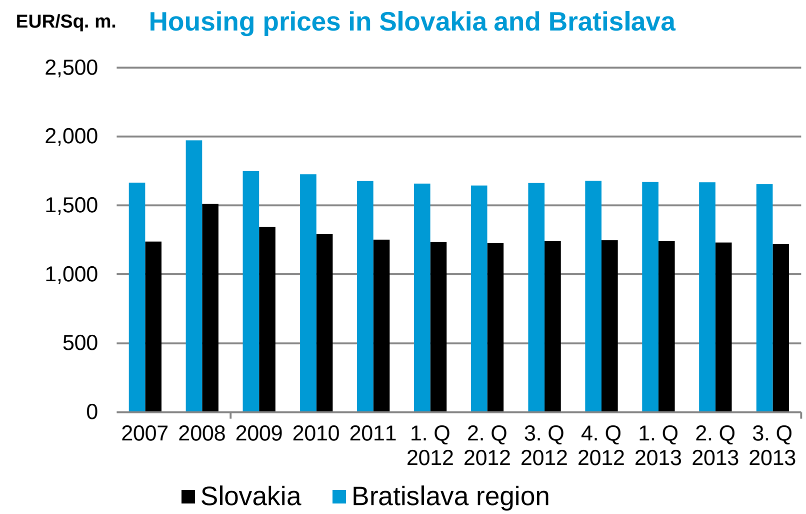
Housing prices in the Czech Republic and Prague



Residential start-ups in Slovakia



Housing prices in Slovakia and Bratislava



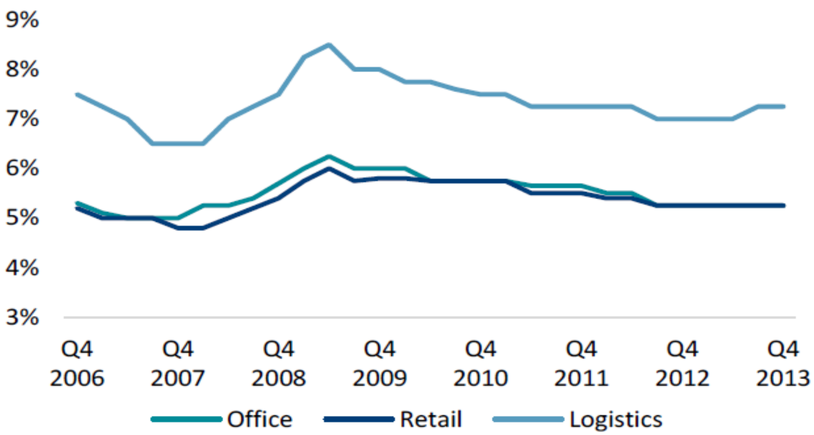
Sources: Residential start-ups: Euroconstruct, November 2013, Other data: The Czech Republic: JLL 2013, Slovakia: National Bank of Slovakia, December 2013

Appendix IV

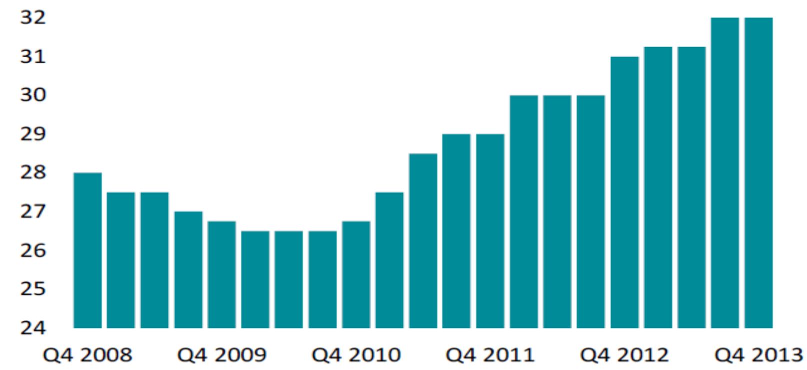
Business premises

Finland
Yields have increased slightly

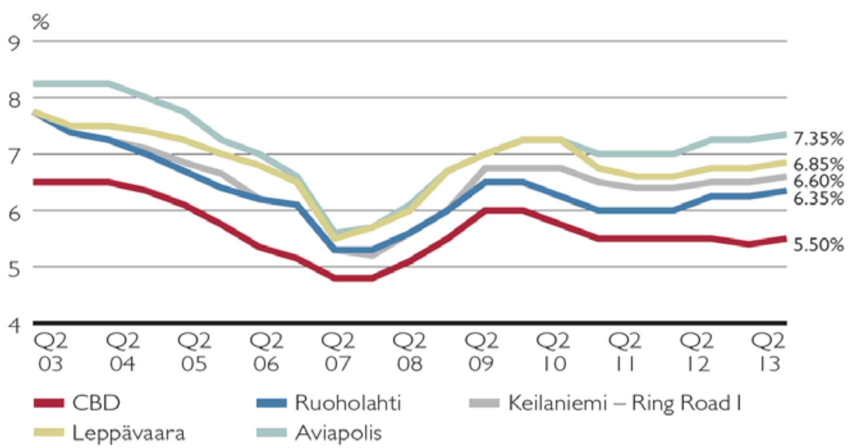
Prime yields in Helsinki Metropolitan Area



Prime office rents in Helsinki Metropolitan Area, EUR/sq. m./month

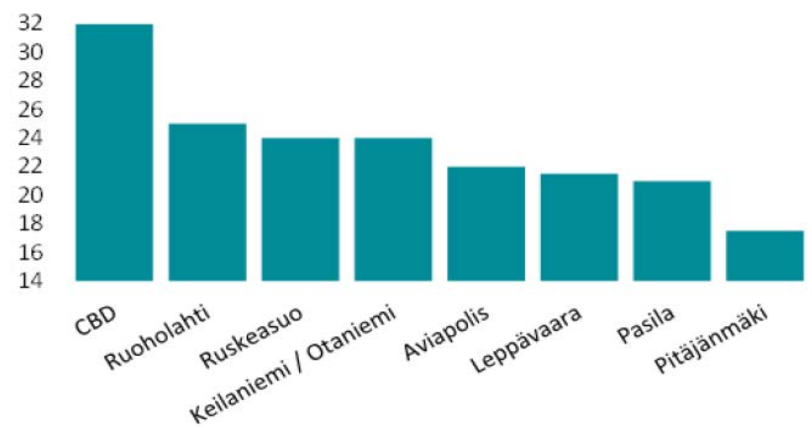


Office yields in Helsinki Metropolitan Area



Particulary long lease agreements decrease yields by 0.1–0.3% points.

Prime office rents in Helsinki Metropolitan Area in Q4/13, EUR/sq. m./month

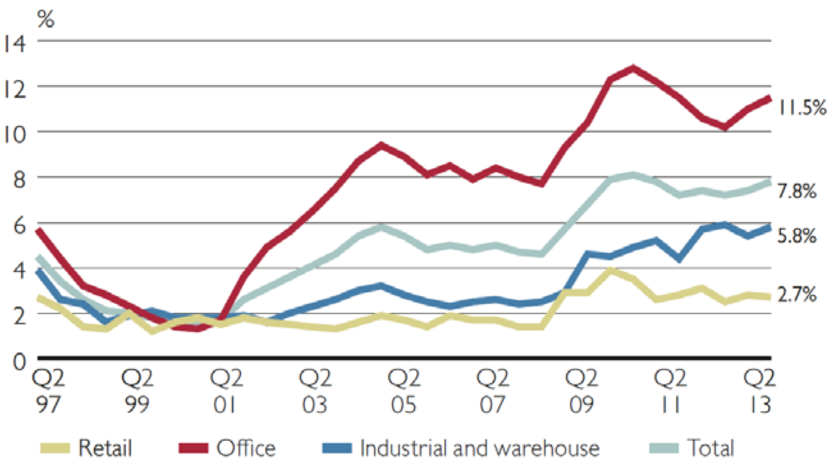


Sources: DTZ Property Times Helsinki, January 2014, Catella Property Market Trends Finland, September 2013

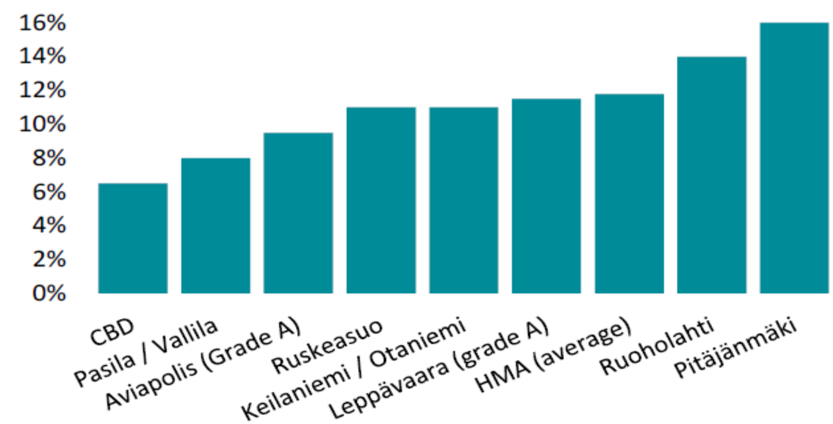
Finland

Vacancy rates vary between sub-sectors in Helsinki

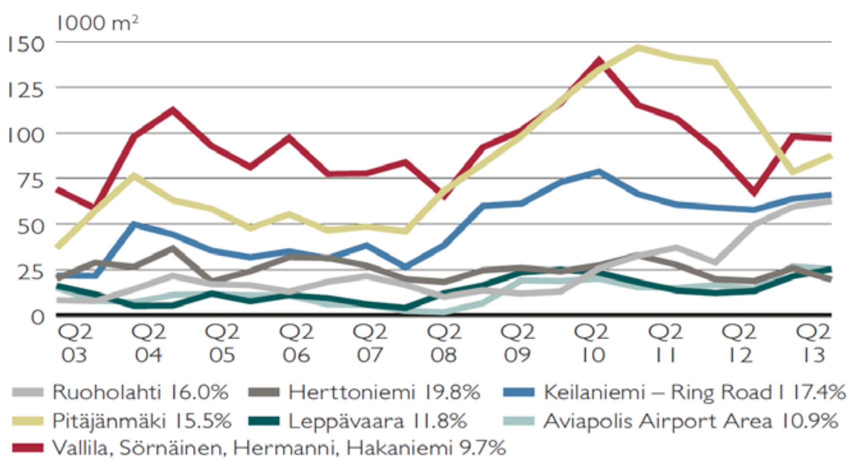
Vacancy rates in Helsinki Metropolitan Area



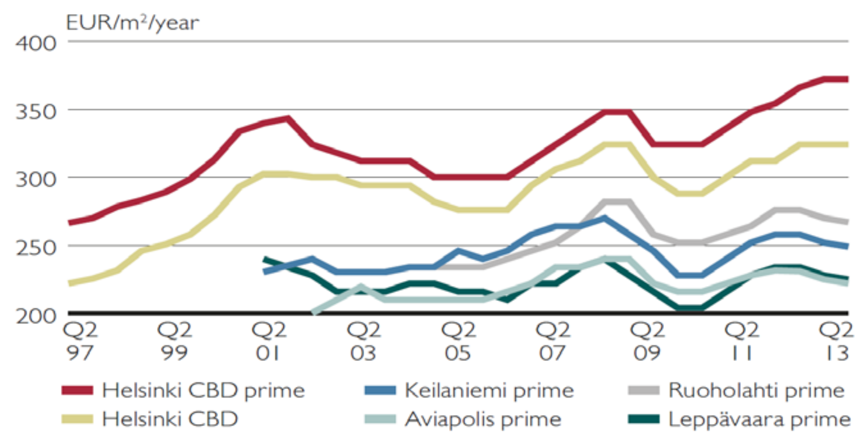
Office vacancy in Helsinki Metropolitan Area in Q4/13



Office vacancy in Helsinki Metropolitan Area



Rental levels of office space in Helsinki Metropolitan Area



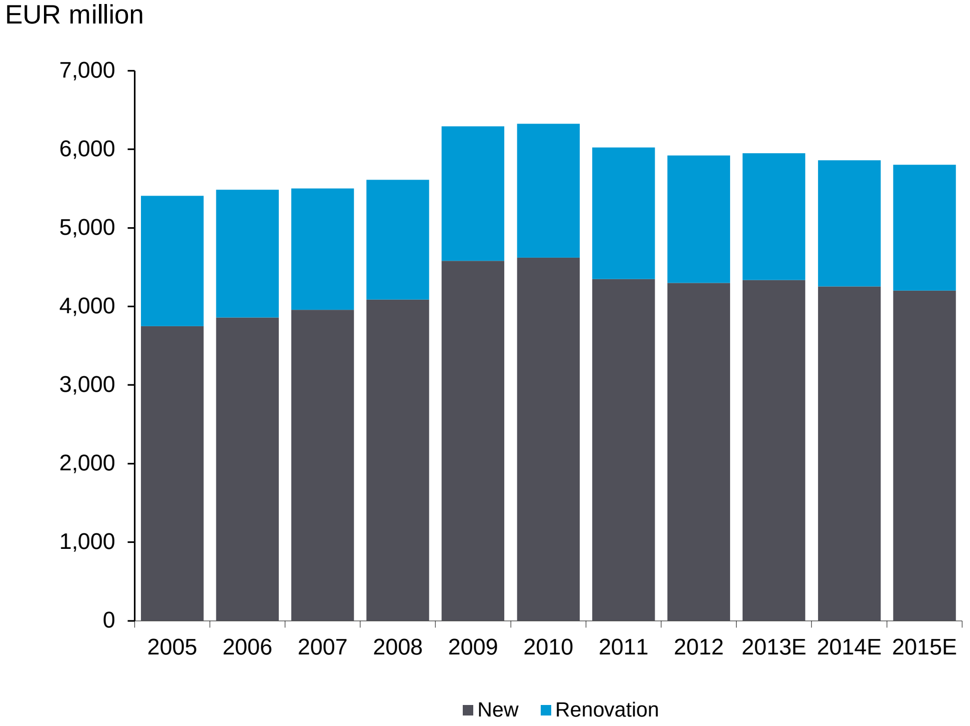
Sources: DTZ Property Times Helsinki, January 2014, Catella Property Market Trends Finland, September 2013

Appendix V

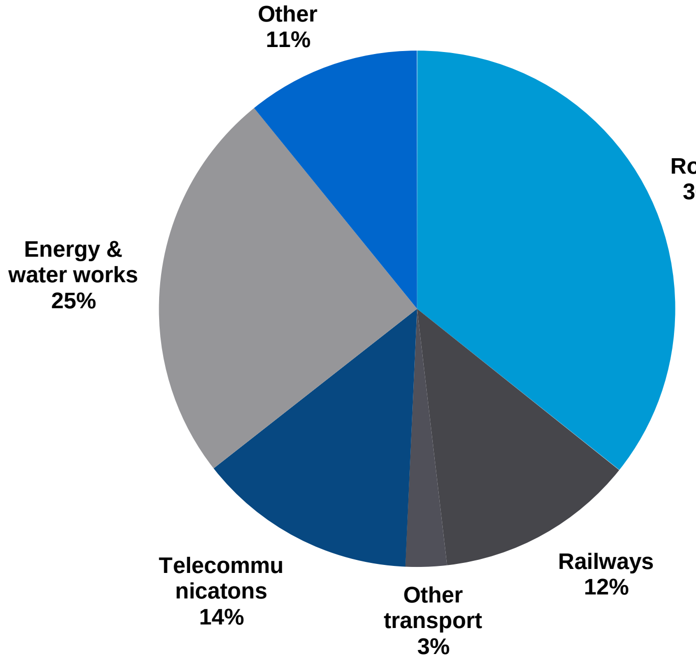
Infrastructure construction and construction costs

Infrastructure construction
Market expected to decrease slighlty in 2014

Infrastructure market in Finland



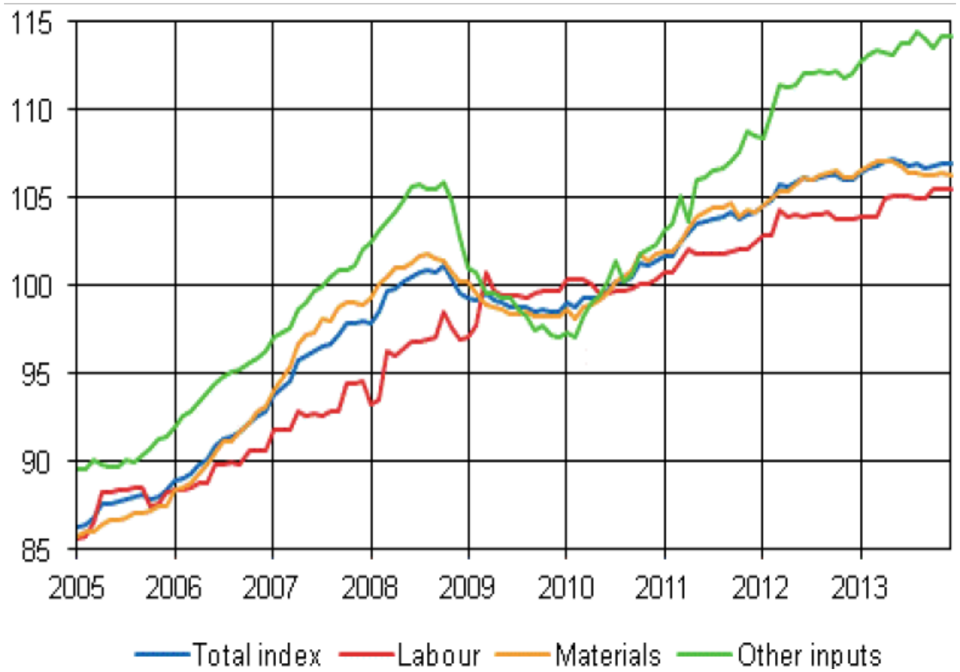
Infrastructure sectors in Finland (2013E)



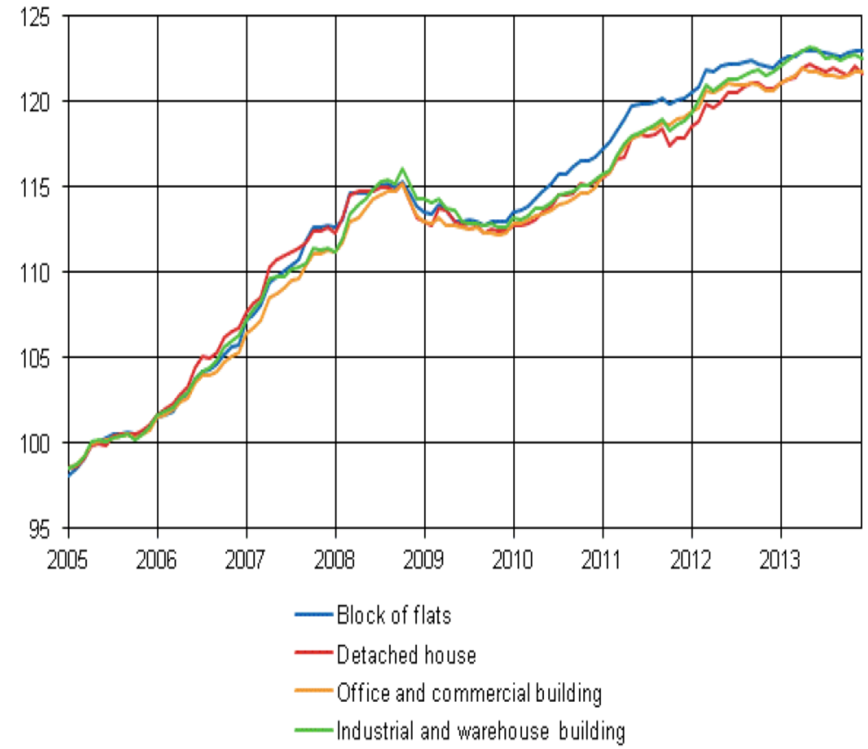
Source: Euroconstruct, November 2013

Finland
Construction costs have increased

Construction cost index



Construction costs by building type index

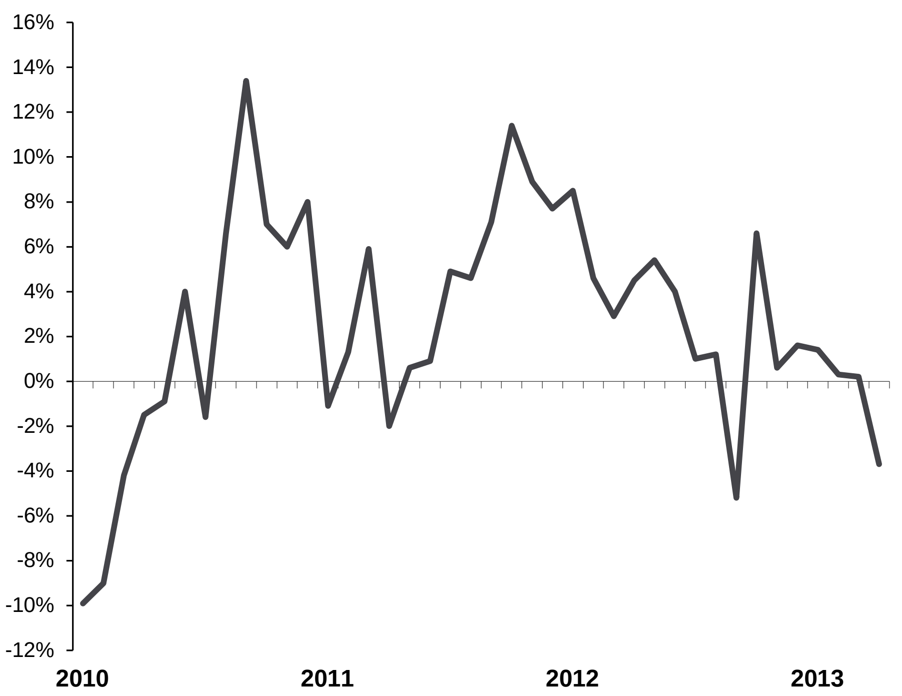


- Building costs increased by 0.8% y-o-y
- Labour costs increased by 1.6%, prices of materials by 0.1% and other costs by 1.9% y-o-y

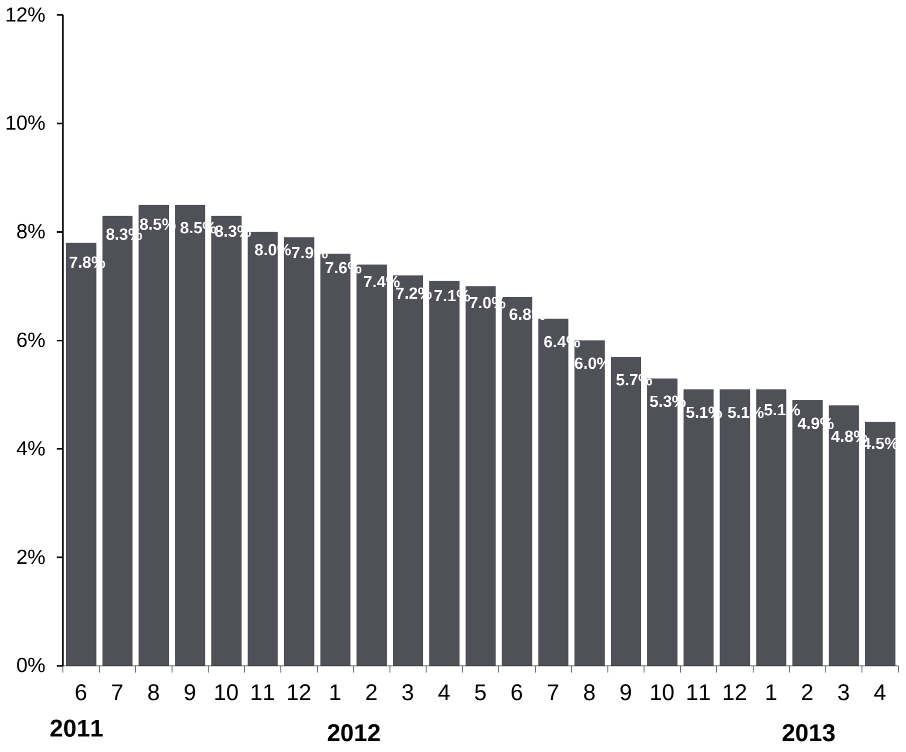
Source: Statistics Finland January 15, 2014

Russia
Construction output and construction costs

Construction output 1/2010-4/2013
(change compared to previous year)



Construction costs:
Inflation in building materials 6/2011-4/2013



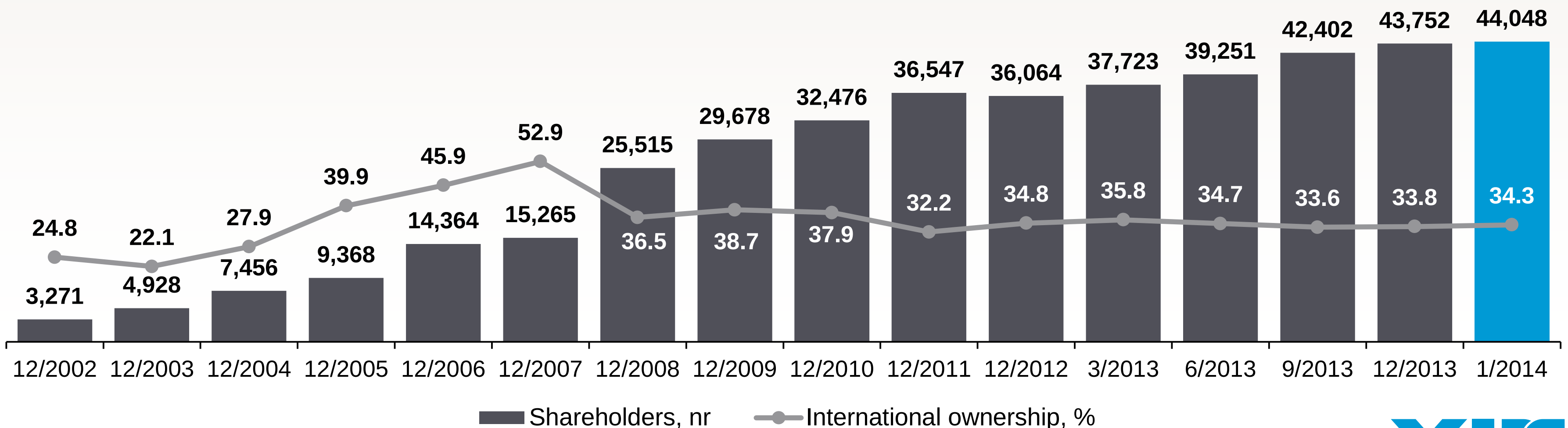
Source: PMR Construction Review May 28, 2013

Appendix VI

Ownership

Ownership
on January 31, 2014

Shareholder	Shares	% of share capital
1. Structor S.A.	12,930,000	10.16
2. Varma Mutual Pension Insurance Company	8,432,100	6.63
3. Herlin Antti	4,274,180	3.36
4. Mandatum Life Insurance Company Limited	4,171,675	3.28
5. Elo Mutual Pension Insurance Company	3,335,468	2.62
6. Odin funds	1,772,095	1.39
7. Svenska Litteratursällskapet i Finland r.f.	1,680,400	1.32
8. YIT Corporation	1,633,286	1.28
9. The State Pension Fund	1,570,000	1.23
10. Nordea funds	1,310,972	1.03
Ten largest total	41,110,176	32.30
Nominee registered shares	28,178,287	22.15
Other shareholders	57,934,959	45.55
Total	127,223,422	100.00



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