



YIT in Russia

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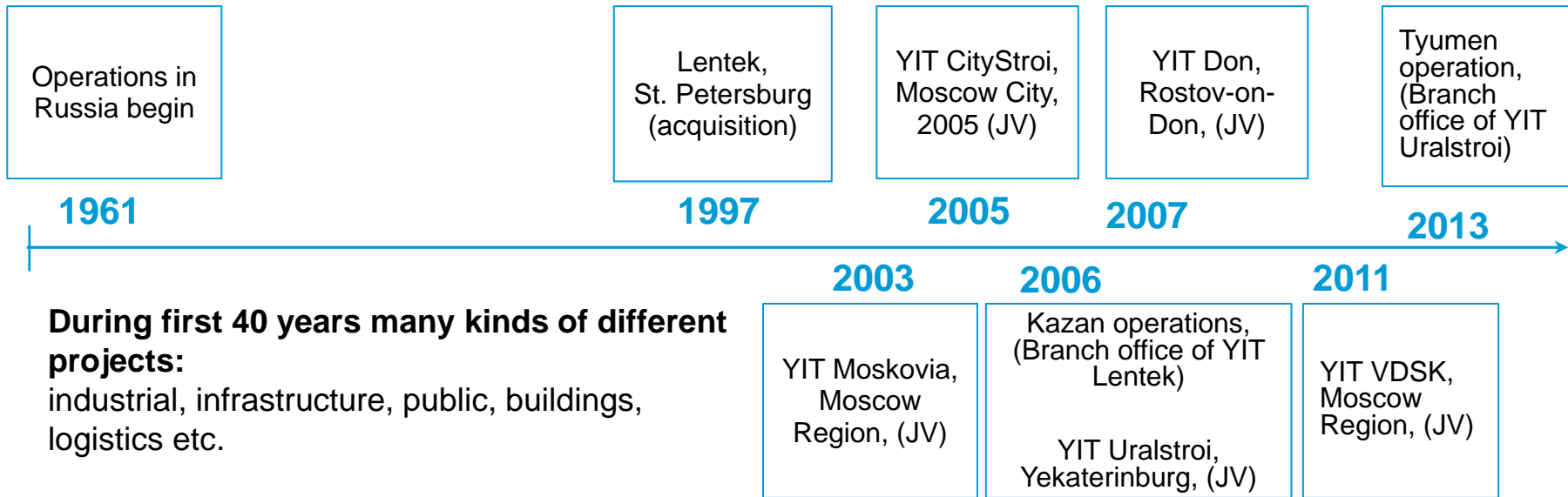
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YIT's Russian operations in brief



Forest residential area
Yekaterinburg, Russia

More than 50 years' experience in Russia



Kostomuksha Industrial Complex, Republic of Karelia 1977



The State Tretyakov Gallery, Moscow 1984



Ardalin Oil Field Facilities, Timan-Pechora 1995



Toreza 44 Residential Building, St. Petersburg 2008



Residential Building in Verhnaya Pyshma, Sverdlovsk Oblast, Yekaterinburg, Russia 2014

Housing Russia: Residential development in 7 locations

Focus of operations

- Blocks of flats, terraced houses
 - Self-developed projects
 - Focus increasingly on large area development, executed in phases
- After-sales services and maintenance for housing

Housing Russia in figures (2013)

Revenue	EUR 496.0 million
Operating profit	EUR 70.2 million
ROI-%	12.3%
Plot reserves*	EUR 320.1 million
Employees	1,986
Residential start-ups	5,099
Apartments under construction (12/2013)	10,780

*Includes Gorelovo industrial park



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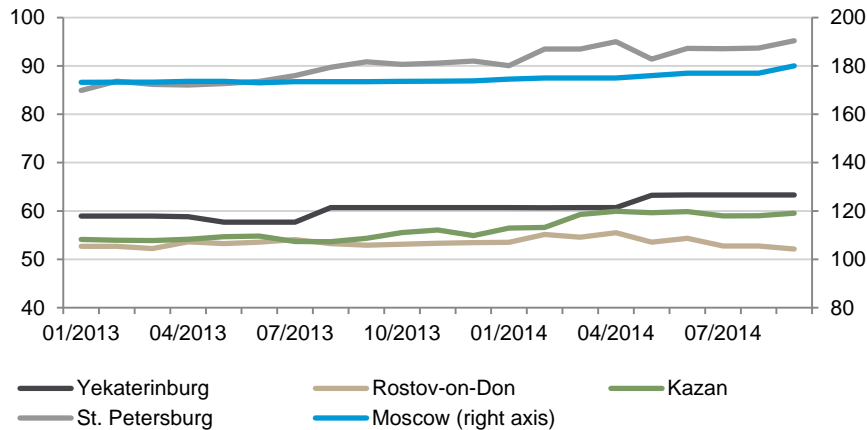
Operating environment and market position

Residential area in Dom Oborony
Tyumen, Russia

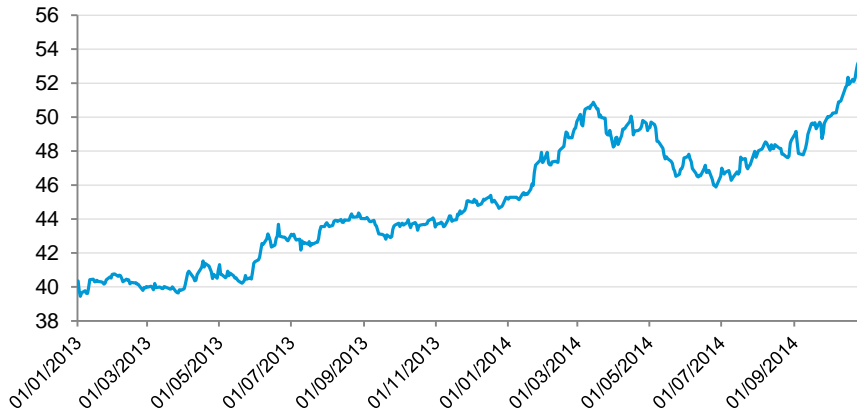


Housing market development in Russia

House prices in primary markets, thousand RUB (01/2013-09/2014)



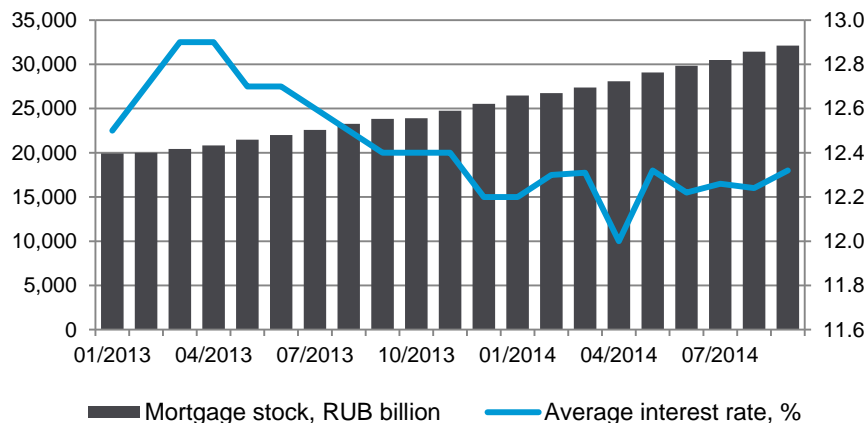
EUR/RUB exchange rate



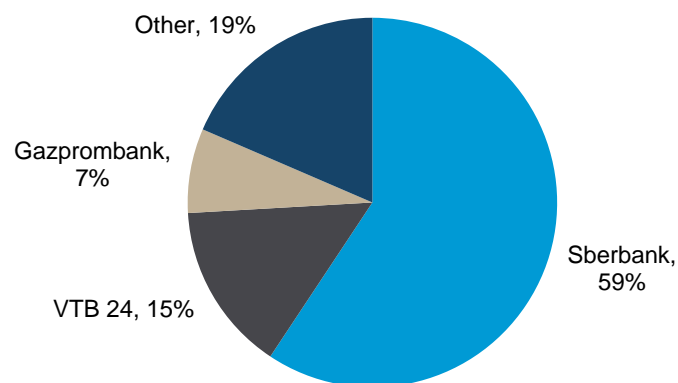
- Residential prices have remained stable on average
- In Q1/2014 weakening of the ruble and increasing uncertainty drove people to substitute cash for fixed assets
- Sanctions and prolongation of geopolitical tensions have increased uncertainty
- The ruble weakened again sharply in autumn
- The importance of affordability has grown for customers

Access to financing has remained good in Russia

Mortgage market



Market share of the mortgage stock at the end of 2013

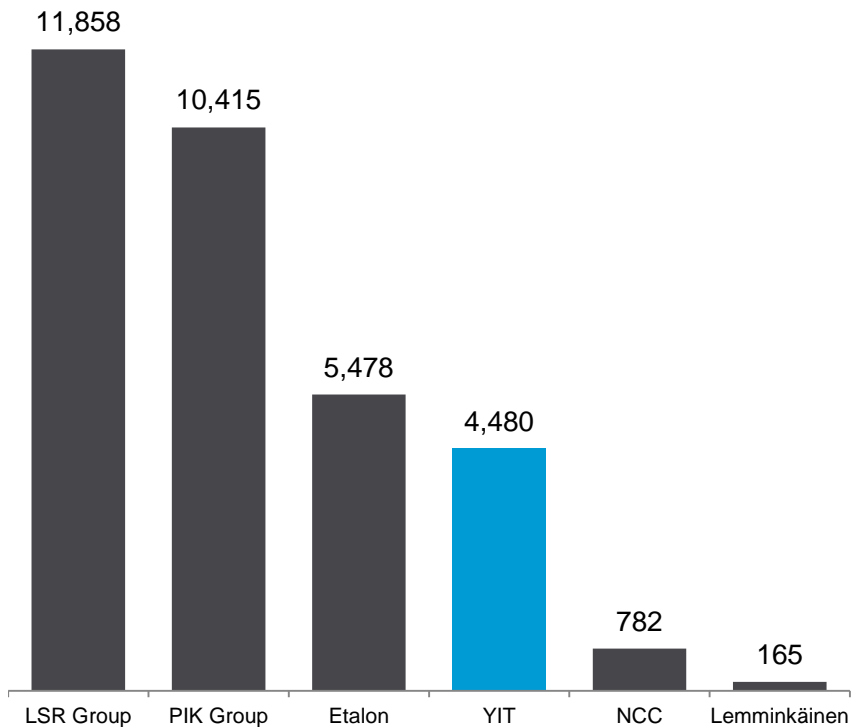


- The mortgage market has continued to grow
 - Only ~4% of GDP
 - 26% of housing sales were financed with mortgages in 1-6/2014
- Mortgage interest rates have increased slightly recently
- Sanctions have been imposed on the biggest players, but state owned banks have governmental support

Sources: Bank of Russia, Sberbank, VTB 24 and Gazprombank

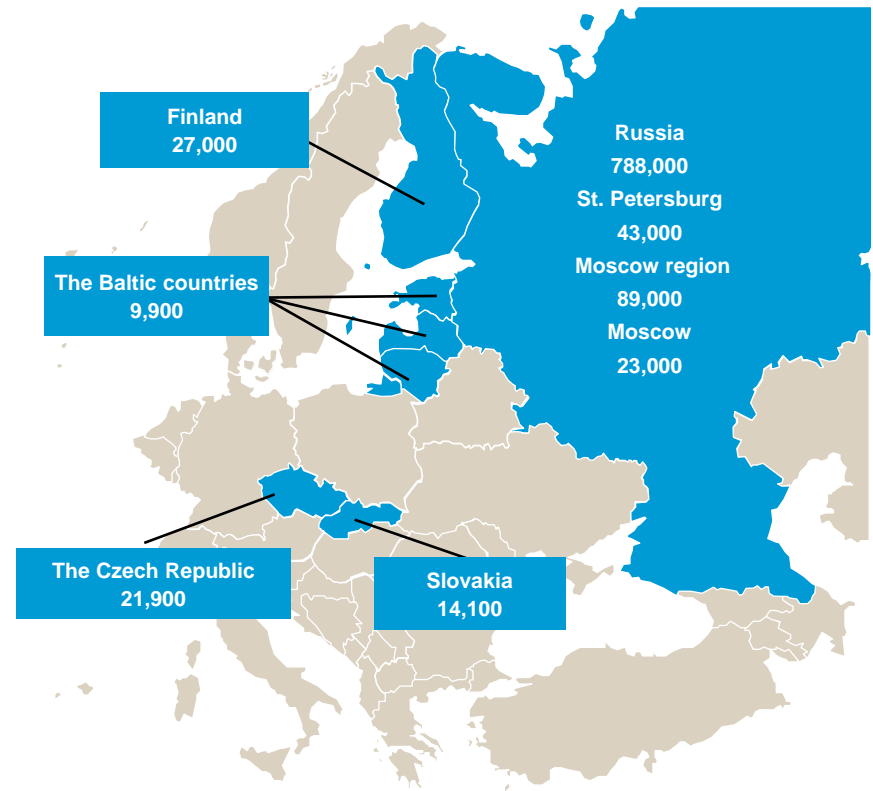
YIT is the largest foreign residential developer in Russia

Listed competitors in Russia
Number of apartments sold in 2013



* Companies listed outside Russia

YIT's markets and market sizes 2013
Number of apartments***



***Sources: Statistics Finland (start-ups), Euroconstruct (start-ups) and VTT Technical Research Center of Finland (commissioned)

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Strategy for the Russian operations



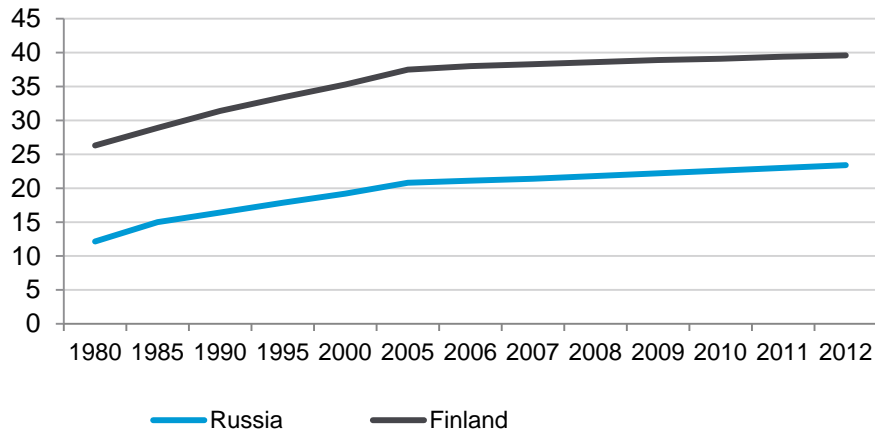
Pushkin residential area
St. Petersburg, Russia

Is there really a need for new housing in Russia? You decide...

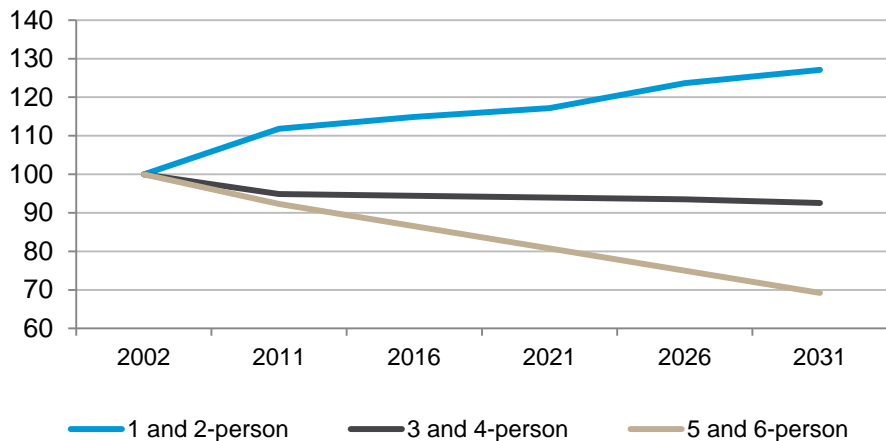


Fundamental drivers intact

Availability of housing, sq. m. / person



Number of households in Russia by household size, index



Source: Federal State Statistics Service and Statistics Finland

Key demand drivers

- Migration
- Growing number of households
- Low living space per person
- Poor quality of existing housing stock
- Larger middle class
- Political support for housing development
- Developing mortgage market

Opportunities in the market

Long term need for new apartments

Service and maintenance business and YIT Plus enable leveraging the customership

Leveraging group-level design management know-how and concepts

Room for cross sales and geographical expansion

YIT's competitive edges in Russia

- YIT-brand associated with high quality and reliability
- Effective design of the apartments and own concepts
- Mortgage co-operation with banks supported by reliable reputation
- Superior project management skills in complex projects
- Strong plot portfolio and own sales network
- Over 50 years' experience in doing business in Russia



Strategy for 2015-2017: Housing Russia

Growth from self-developed projects

- Readiness to scale up/down in an environment of weak visibility

Ensuring competitiveness and differentiation

- Concept development
- Affordable and attractive product
- Excellent customer experience

Wider financial operating space

- Capital turnover will be improved
→ reduction in the amount of invested capital

Large area development offers flexibility and efficiency in production



Novo-Orlovski, St. Petersburg

- Total area of ~570,000 sq. m.
- More than 10,000 apartments
- Started in December 2013
- Construction in 7 blocks and several phases including social infrastructure

Benefits of large area development

- Opportunities for area marketing and branding
 - Better living environment
- Flexibility in area design and volume management
- Standardization and optimization of design solutions
 - Reduction in construction costs
- Construction in phases
 - Permitting process influences less
 - Easier human resource management
 - Efficiency in cash flow management

New concepts according to demand



Low-rise development

Short period from construction start up to hand over, 3-4 months

Less complex process with authorities

Cheaper construction cost per sq. m.

Flexibility in heating solutions



Mini-apartments

Functional apartments

Excellent space solutions

For young families and elderly people

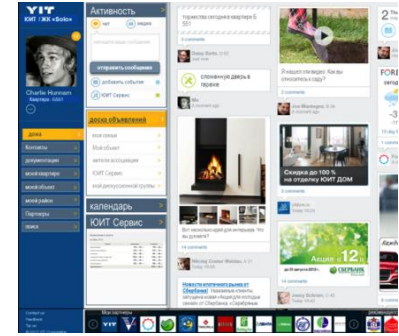


Safe Home

Reliable and secure building operation

Access control systems

Safe playgrounds



Home Portal

Modern online-portal for living for more than 15,000 apartment owners in Russia

Features of the portal are tailored to the specific area

Recent actions

1. Portfolio adjustments

- Start-ups in balance with sales
- Focus on small and affordable apartments
- Entry to Tyumen

2. Active concept and service development

- Expansion of mini apartment and Safe Home concepts
- New area development projects launched
- Service and maintenance business expanded to Kazan and Moscow City

3. Capital efficiency

- Modest progress in selling slow-moving assets
- Improved operational model and capital turnover
- Bundle deals in selected residential projects



A lot of potential to improve capital efficiency



- Selling slow moving assets
- Shortening project duration
- Improving payment terms



Capital turnover will be improved
→ reduction in the amount of invested capital

* Last 12 months, according to POC

**At the end of the period, according to IFRS

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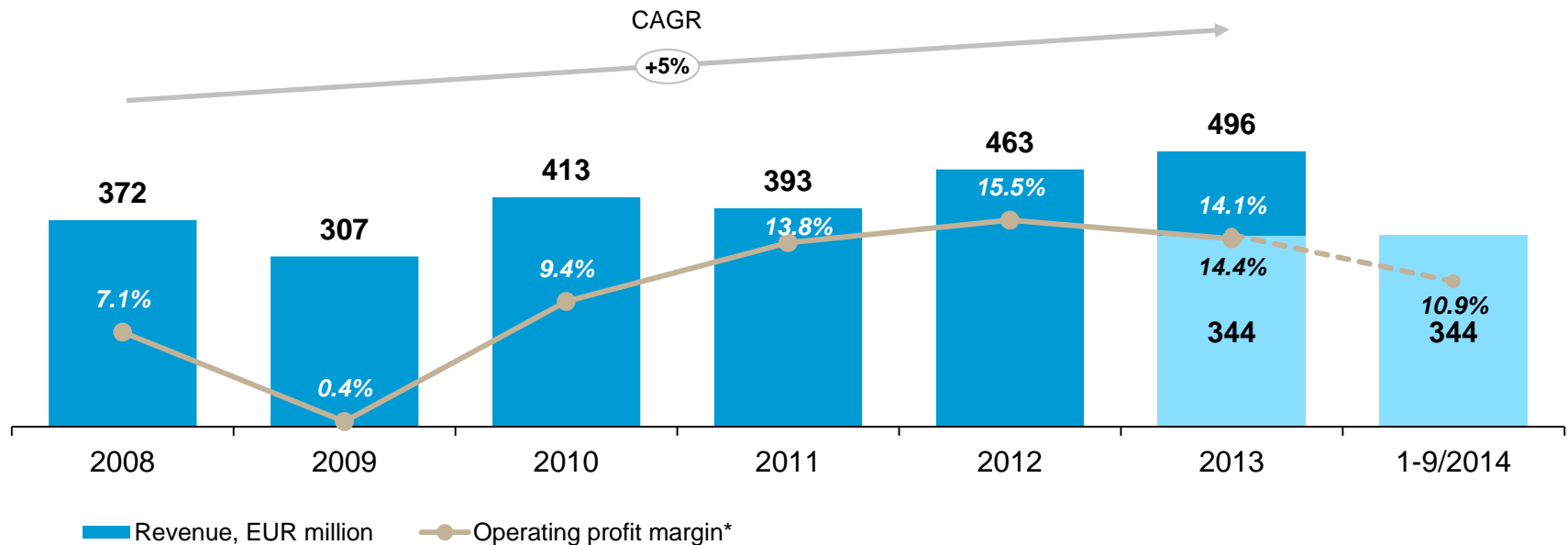
Financial performance



Respublikanskaya,
St. Petersburg, Russia

Revenue and profitability development

- Continued growth despite the demanding market and weakening of the rouble
- Profitability impacted by the pricing environment
- ROI improvement halted by weakened profitability (9/2014: 10.2%)



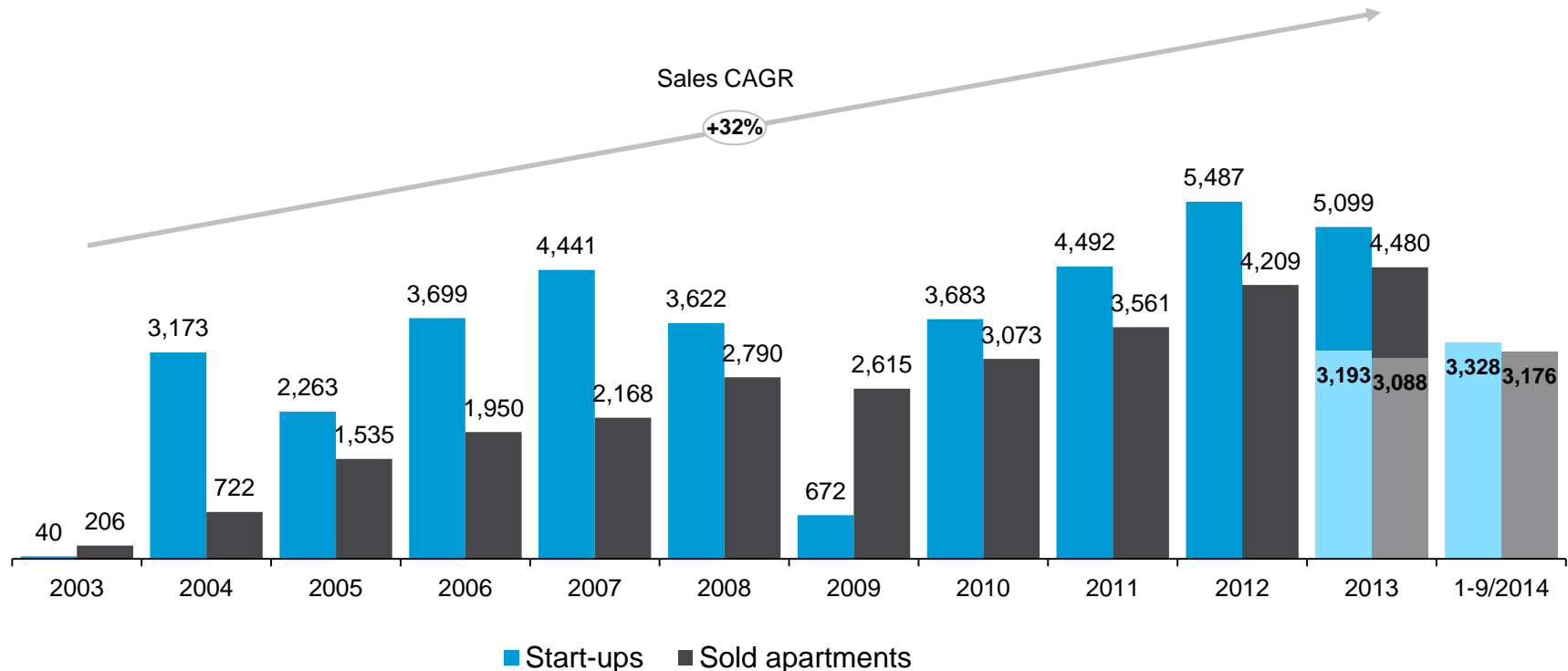
*Excluding non-recurring items

Note: The historical figures for 2008-2012 are calculated for illustrative purposes and are not completely comparable with YIT's segment structure. The main difference is in the division of fixed costs, which in the historical figures are weighted according to revenue and in the official figures are more accurately allocated according to each segment's estimated true share of the fixed costs.

Strict regional allocation and maintaining critical mass

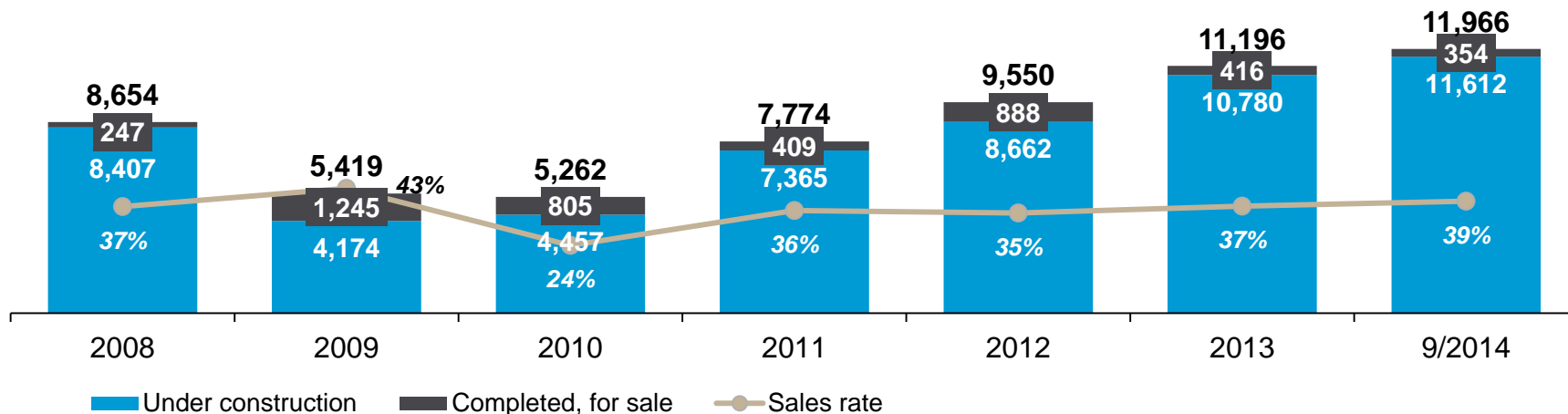
- In October, sales to consumers estimated to be around 400 units
- Start-ups are balanced with sales

Start-ups and sold apartments, units

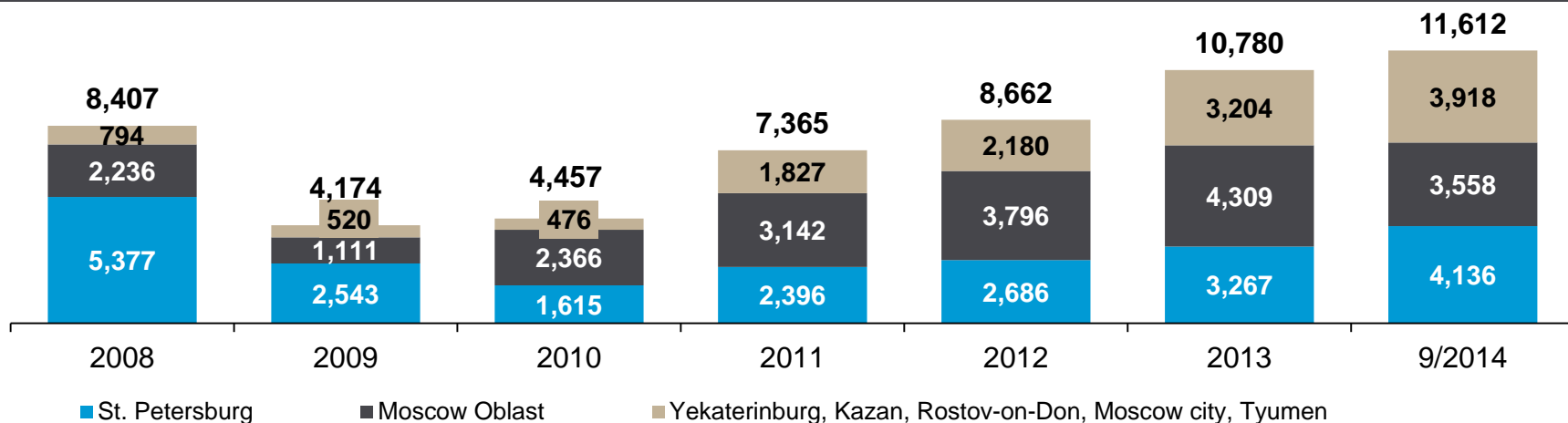


Portfolio is geographically balanced

Apartment inventory at the end of the period, units



Apartments under construction by city at the end of the period, units



Improving efficiency and lower risk

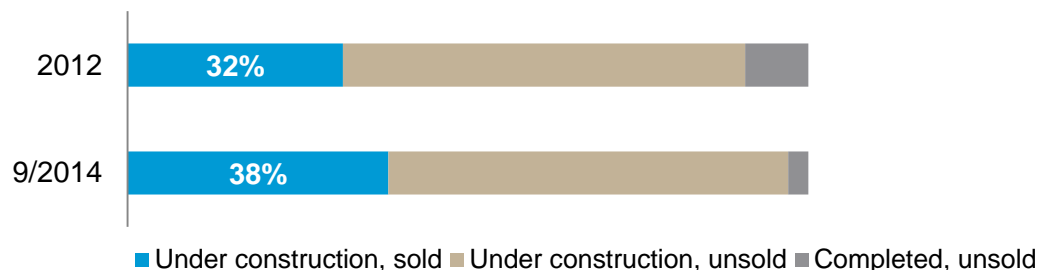
- **Capital efficiency has improved**

Revenue (RUB)* /
invested capital (RUB)**



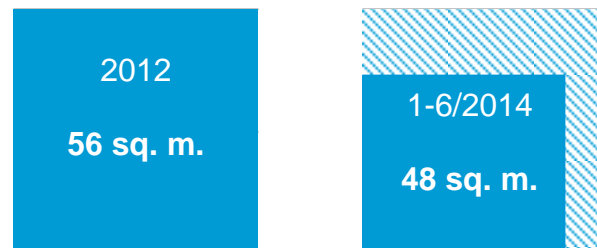
- **Sales risk has decreased**

Share of apartments sold,
at the end of the period



- **Average apartment size has decreased**

Average size of started
apartments***, sq. m.



* Last 12 months, according to POC

**At the end of the period, according to IFRS

***Excluding the Elite-class project Smolny, approx. 180 apartments with average size of approx. 150 sq. m.

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Looking ahead and conclusions



Apila residential area
Moscow region, Russia

Market outlook 2014

Housing Russia

- Housing construction is estimated stay on a par with the previous year (Forecon, June 2014)
- YIT expects housing prices to be stable on average and mortgage rates to increase during the rest of the year
- Weakened macro outlook might impact the residential market

Housing construction volumes***



Housing prices



Mortgage interest rates



***Source: Forecon, June 2014

Plans for alternate scenarios in Russia

	Normalized situation	Continuing uncertainty	Escalation of crisis	Large-scale conflict
Plot acquisitions	Increase plot acquisitions	Continue strategic plot acquisitions	Only critical plot acquisitions	Stop plot acquisitions
Start-ups	Increase start-ups according to growth target	Continue strategic start-ups	Only critical start-ups	Stop start-ups
Construction	As planned	As planned	As planned	Slowdown, however filling contractual obligations, stop projects with no sales
Pricing	Dynamic pricing	Dynamic pricing	Accelerate sales with pricing	Accelerate sales with pricing
Costs	Pursue improved project profitability	Pursue improved project profitability	Renegotiate subcontracts, reduce fixed costs	Restructuring and major adjustments of size of operations

Concluding remarks

Growth from self-developed projects in residential development

YIT's most profitable business area. Focus on improving capital efficiency

Good market position, strong brand and solid reputation

Geographical diversification part of prudent risk management

Long-term growth drivers of the housing market are intact

Geopolitical tensions have increased uncertainty recently



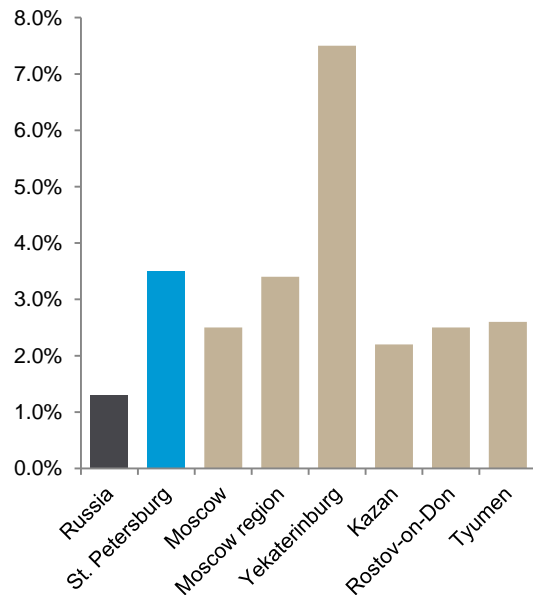
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Appendix

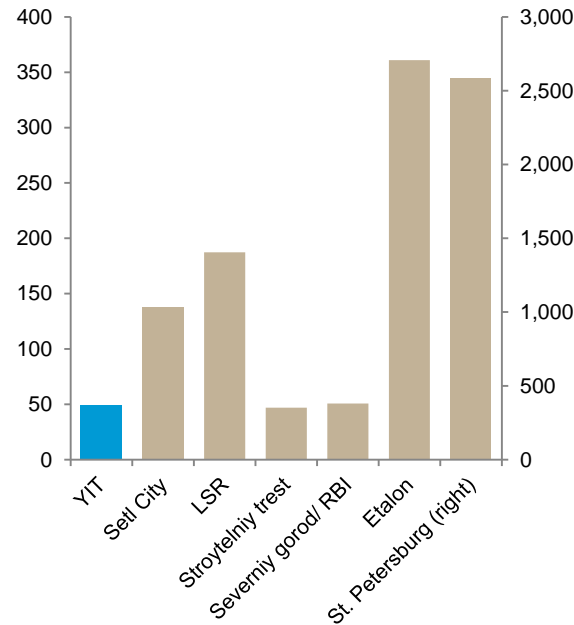
St. Petersburg

- Major logistics hub
- Population: 5.0 million
- Population growth in 2013: 2.0%
- Living space per capita: 24.0 sq. m.
- 8.5% of the Russian residential market
- YIT's market share in 2013: 1.9%

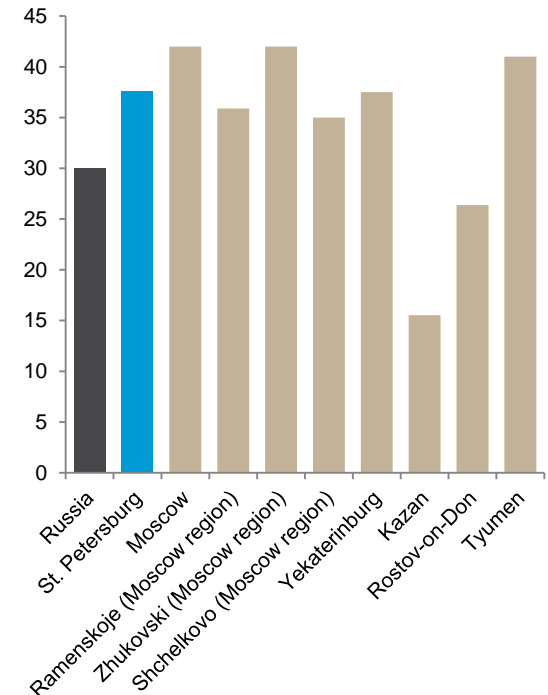
GDP –growth in 2013



Commissioned residential buildings in St. Petersburg in 2013, thousand sq. m.



Average monthly wage, thousand RUB

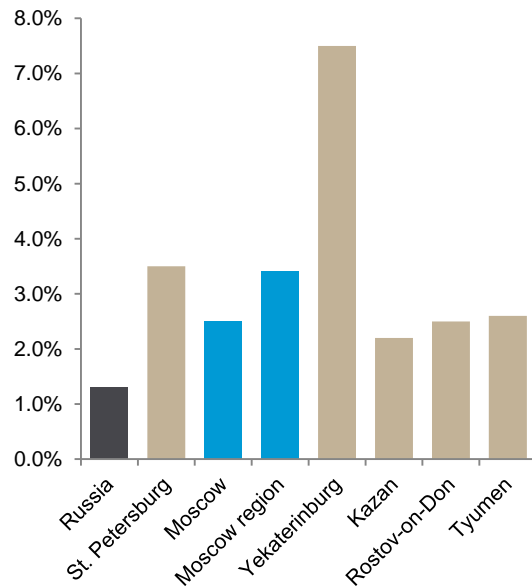


Sources: Forecon, PMR construction review, Federal State Statistics Service and YIT

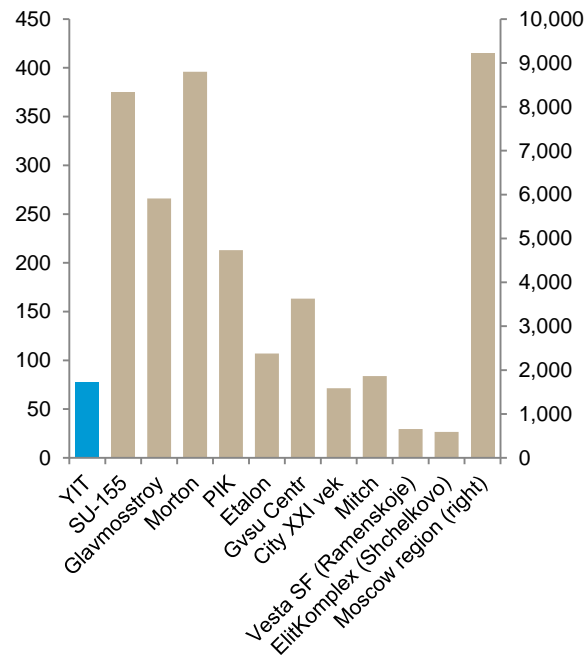
Moscow city and Moscow region

- Capital city with trade, financial sector and administration
- Population: 12.1 million, 19.2 in the region
- Population growth in 2013: 1.1%
- Living space per capita: 22.0 sq. m. in Moscow
- 14.5% of the Russian residential market
- YIT's market share in 2013: 0.8%

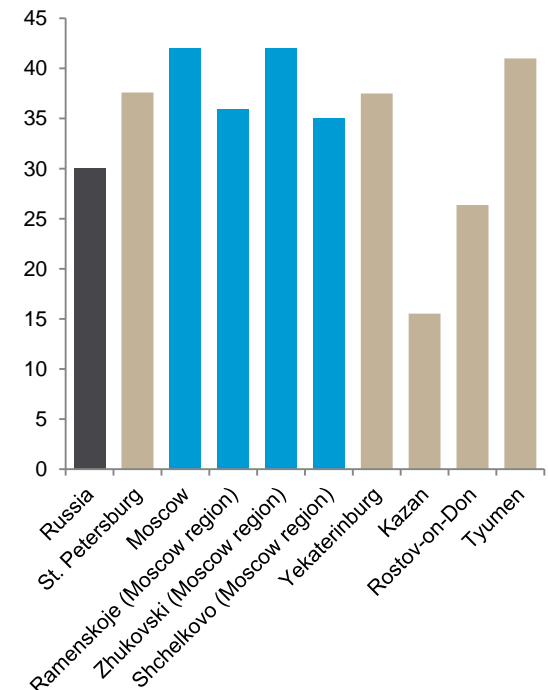
GDP –growth in 2013



Commissioned residential buildings in Moscow region in 2013, thousand sq. m.



Average monthly wage, thousand RUB

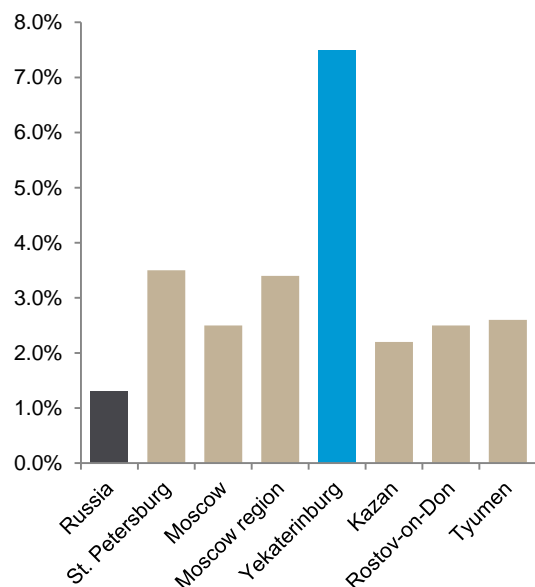


Sources: Forecon, PMR construction review, Federal State Statistics Service and YIT

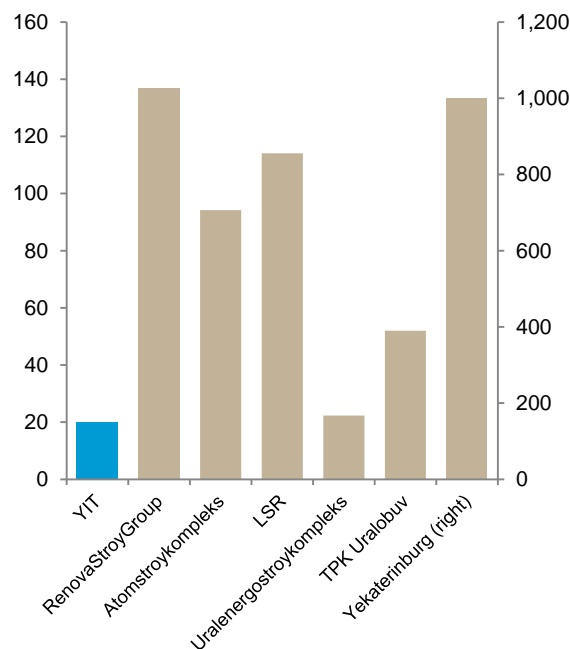
Yekaterinburg

- Economic centre in the Urals, manufacturing (defence industry) and logistics
- Population: 1.5 million, 4.3 million in the region
- Population growth in 2013: 1.1%
- Living space per capita: 23.5 sq. m.
- 1.4% of the Russian residential market
- YIT's market share in 2013: 2.0%

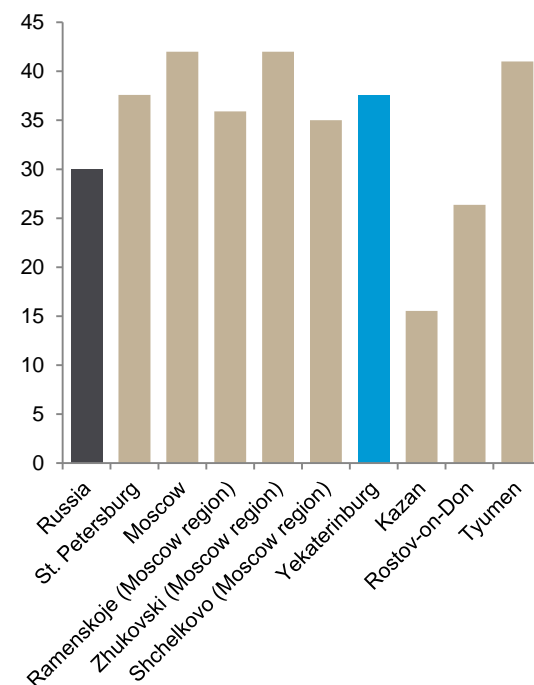
GDP –growth in 2013



Commissioned residential buildings in Yekaterinburg in 2013, thousand sq. m.



Average monthly wage, thousand RUB

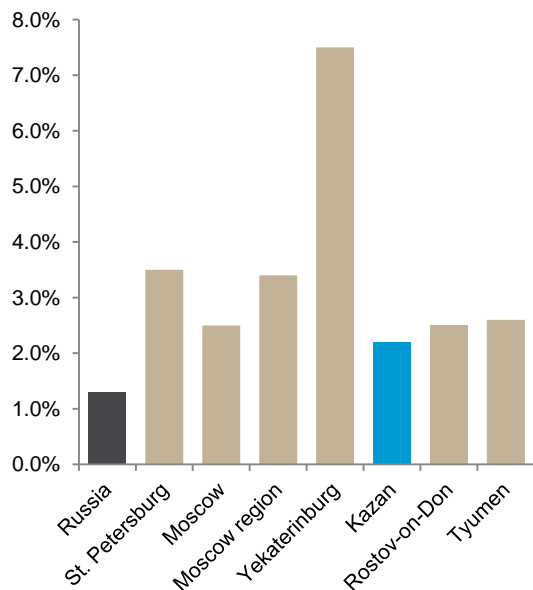


Sources: Forecon, PMR construction review, Federal State Statistics Service and YIT

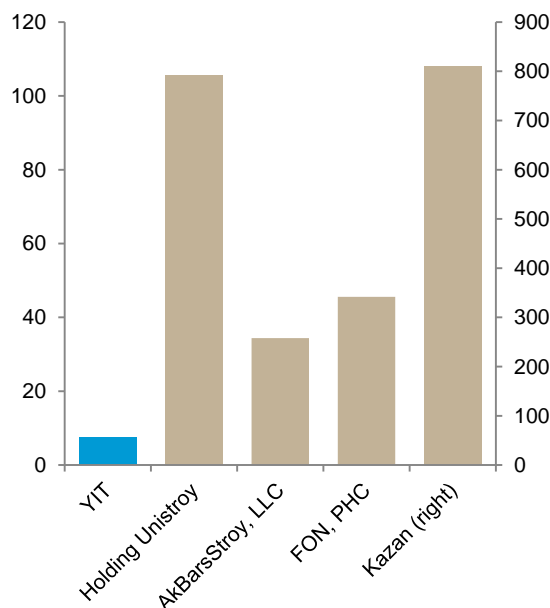
Kazan

- Oil and gas refining
- Population: 1.2 million, 3.8 million in the region
- Population growth in 2013: 0.8%
- Living space per capita: 24.0 sq. m.
- 1.2% of the Russian residential market
- YIT's market share in 2013: 0.9%

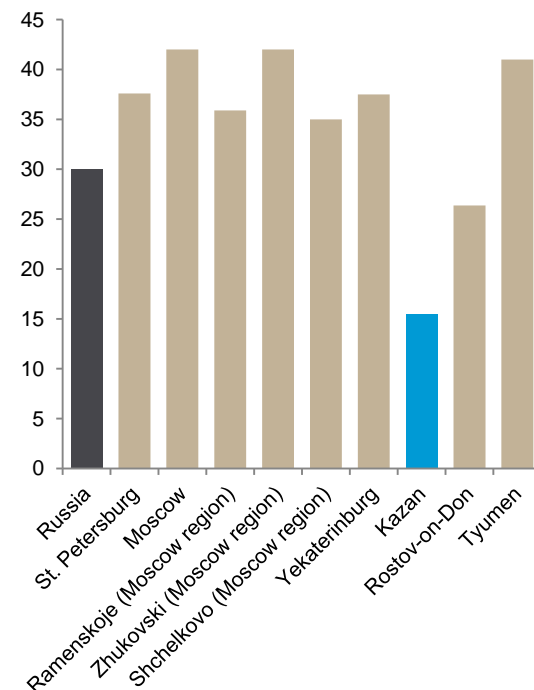
GDP –growth in 2013



Commissioned residential buildings in Kazan in 2013, thousand sq. m.



Average monthly wage, thousand RUB

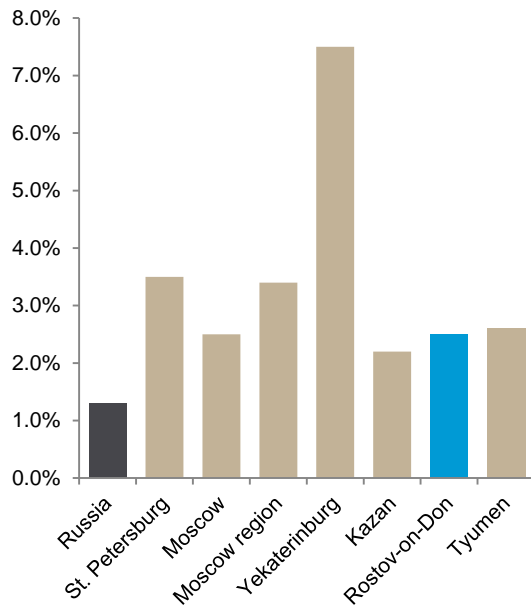


Sources: Forecon, PMR construction review, Federal State Statistics Service and YIT

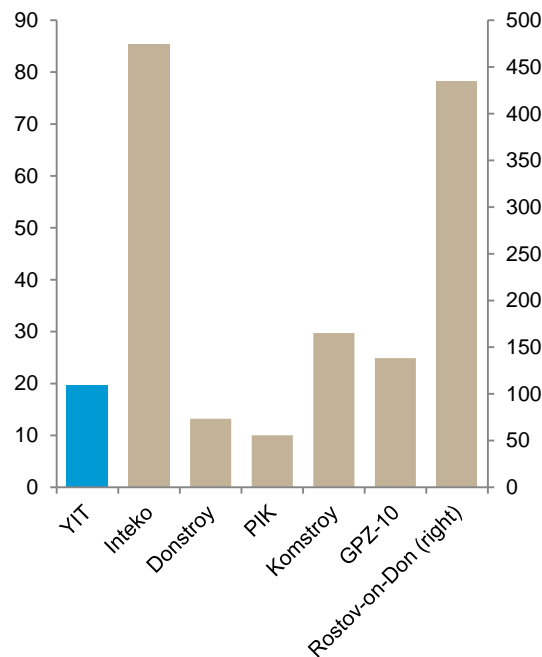
Rostov-on-Don

- Several machinery producing industries
- Population: 1.1 million, 4.2 million in the region
- Population growth in 2013: 0%
- Living space per capita: 24.2 sq. m.
- 0.6% of the Russian residential market
- YIT's market share in 2013: 4.5%

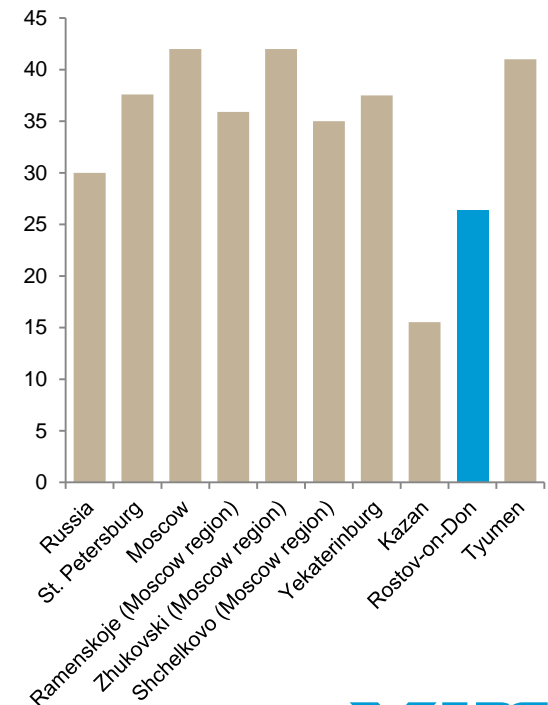
GDP –growth in 2013



Commissioned residential buildings in Rostov-on-Don in 2013, thousand sq. m.



Average monthly wage, thousand RUB

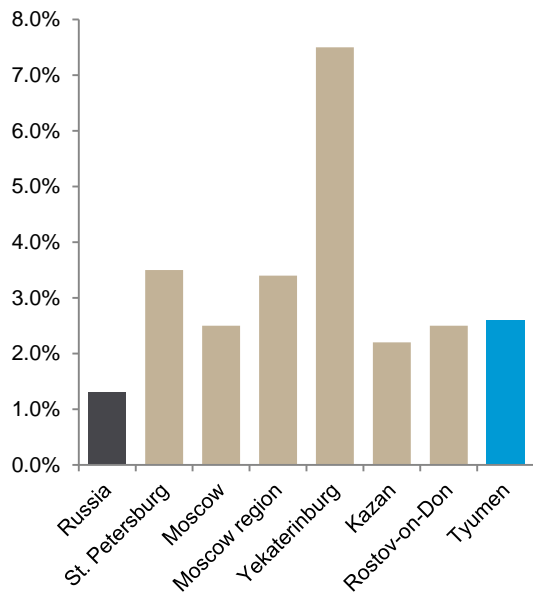


Sources: Forecon, PMR construction review, Federal State Statistics Service and YIT

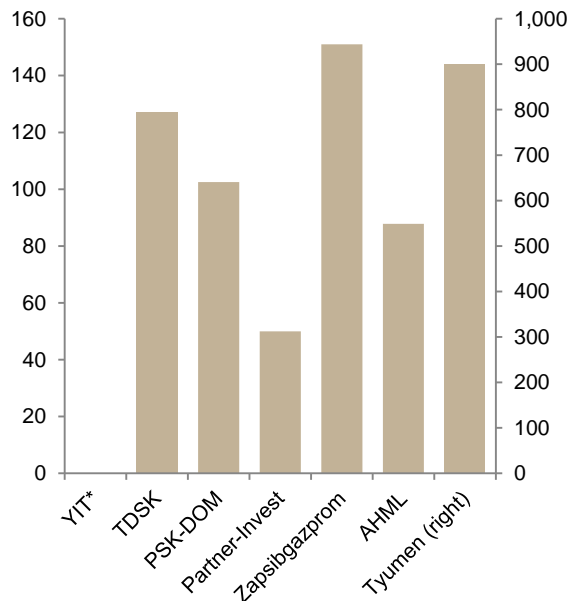
Tyumen

- Oil and gas capital
- Population: 0.6 million, 3.6 million in the region
- Population growth in 2013: 3.3%
- Living space per capita: 25.9 sq. m.
- 1.3% of the Russian residential market

GDP –growth in 2013

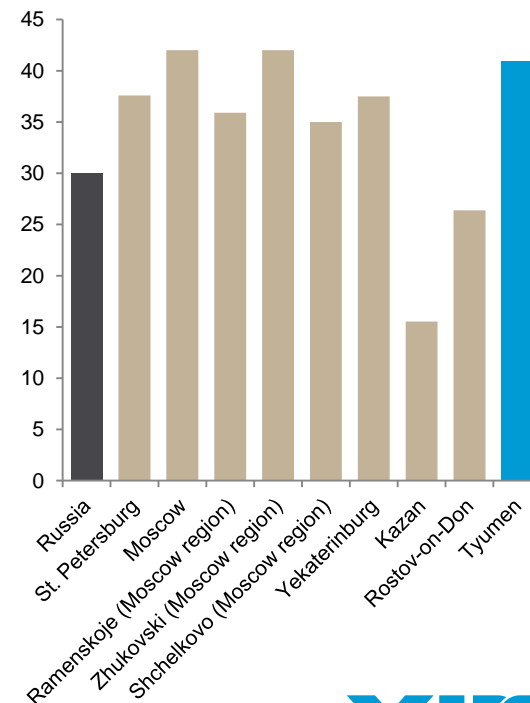


Commissioned residential buildings in Tyumen in 2013, thousand sq. m.



*First project started in 2013

Average monthly wage, thousand RUB



Sources: Forecon, PMR construction review, Federal State Statistics Service and YIT

**Together
we can
do it.**