



Smolny
St. Petersburg, Russia

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

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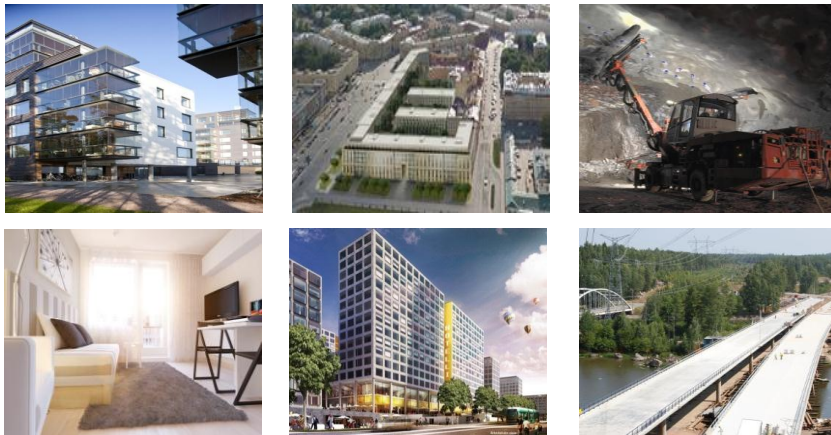
YIT's Russian operations in brief



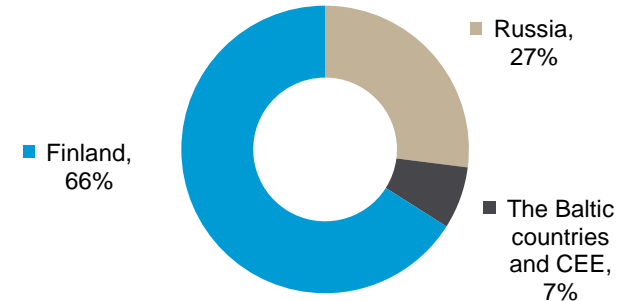
Pushkin residential area
St. Petersburg, Russia

YIT Group in brief

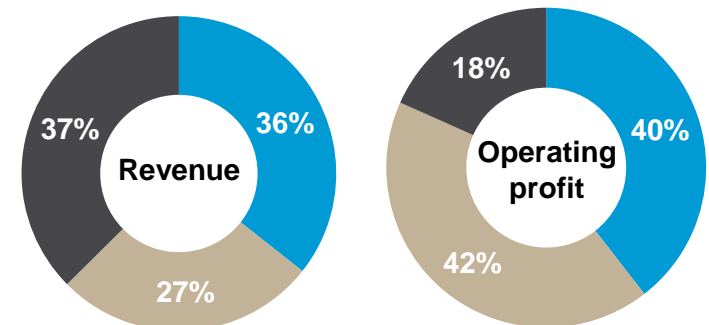
- Residential development, business premises and infrastructure
 - Focus on own-developed projects
- Operations in 7 countries
- Revenue EUR 1.9 billion in 2013
- Operating profit EUR 153 million in 2013
- More than 6,000 employees
- Share quoted on NASDAQ OMX Helsinki (Large cap, Industrials)
- Over 45,000 shareholders at the end of April 2014



Revenue by geographical area 2013

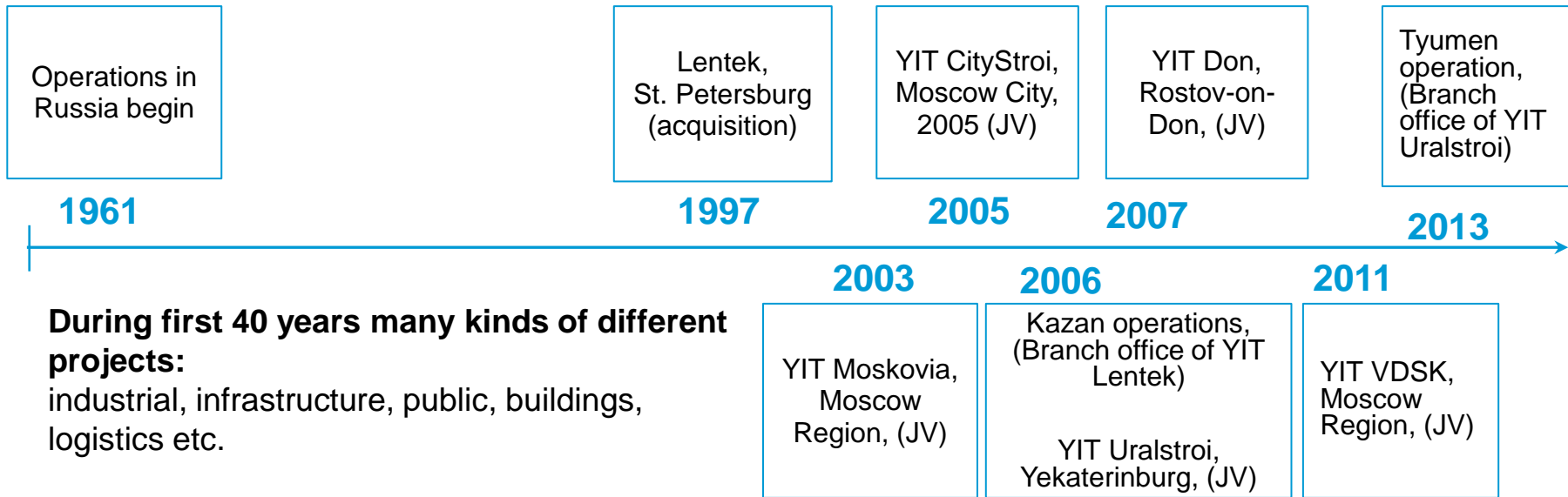


Revenue and operating profit by business area 2013



- Housing, Finland, the Baltic countries and CEE
- Housing, Russia
- Business Premises and Infrastructure

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 49.0 million
Operating profit	EUR 70.2 million
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



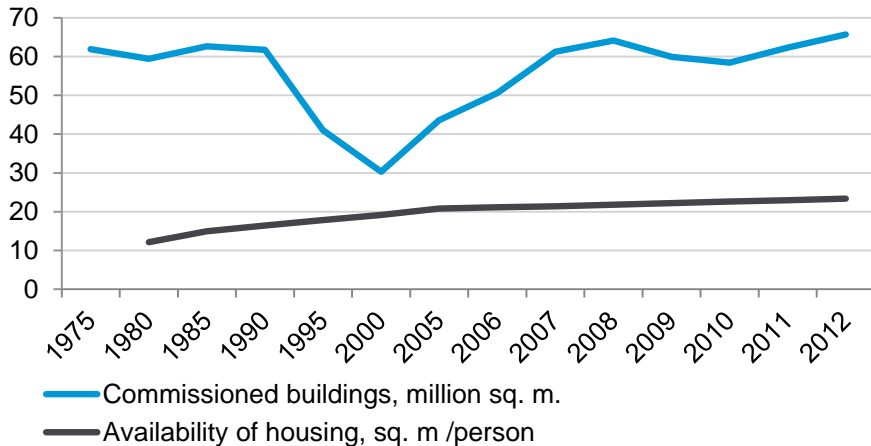
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Operating
environment
and market
position

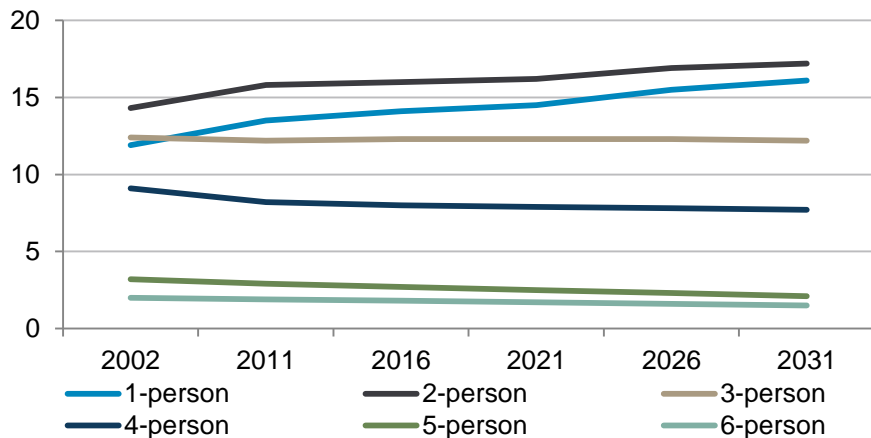


Fundamental need for new housing in Russia

Construction and living space in Russia



Number of households by household size, million

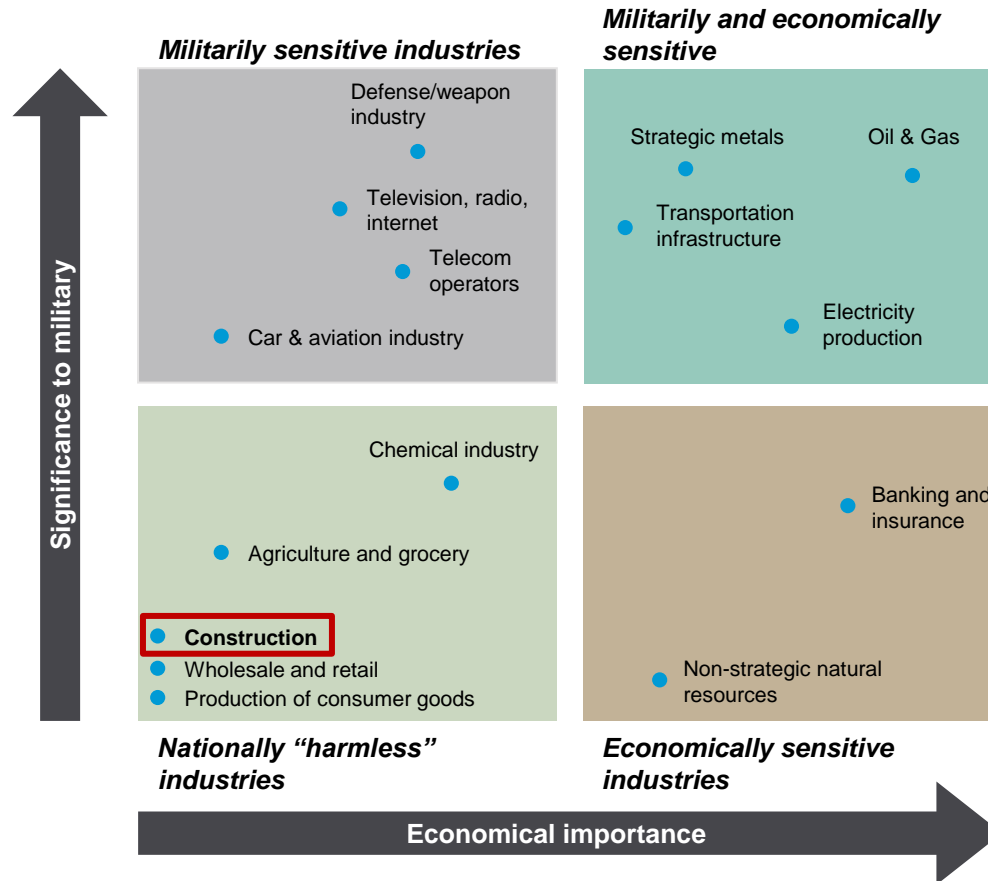


Source: Federal State Statistics Service

Key demand drivers

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

Construction business is not a politically sensitive sector in Russia

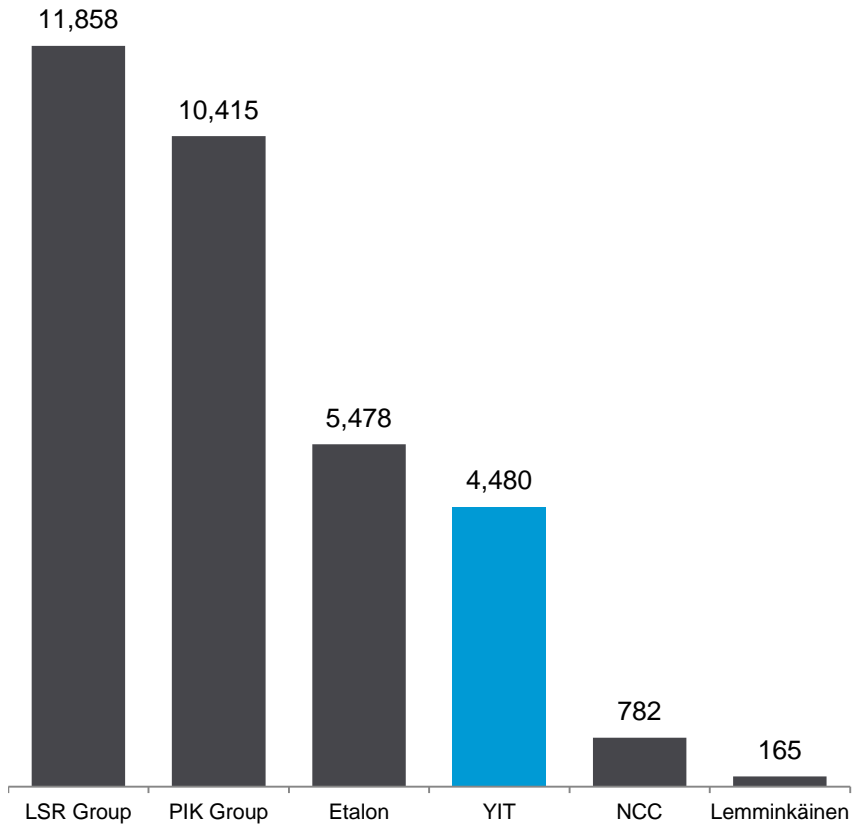


Source: Kari Liuhto (2007), Turku School of Economics

YIT is the largest foreign residential developer in Russia

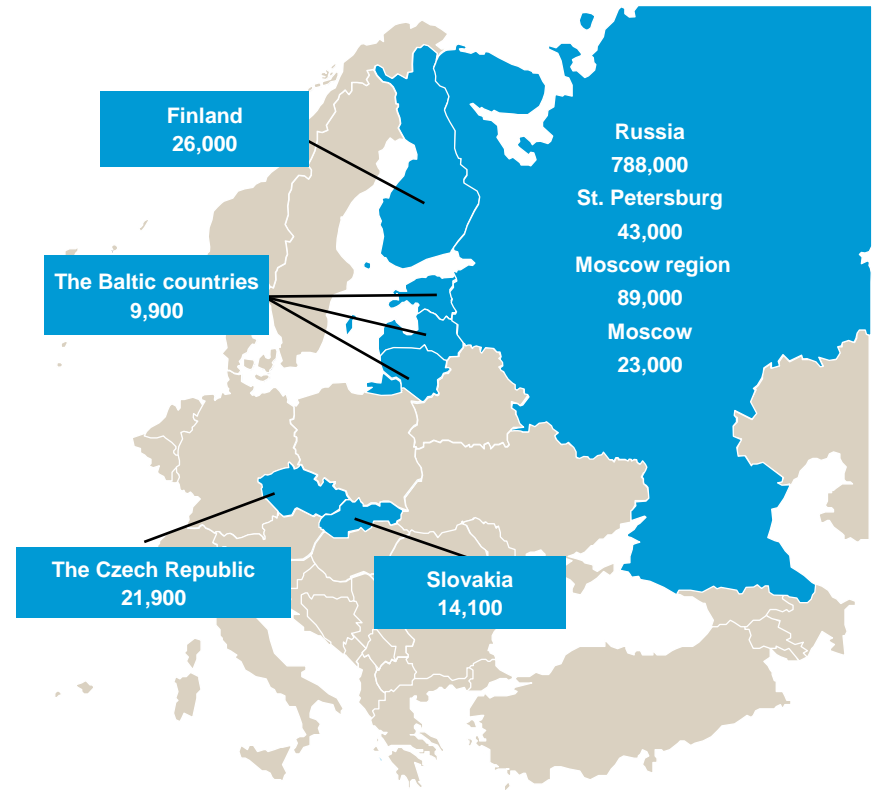
Construction companies on YIT's markets
Number of apartments sold in 2013

Russia*



* Companies listed outside Russia

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

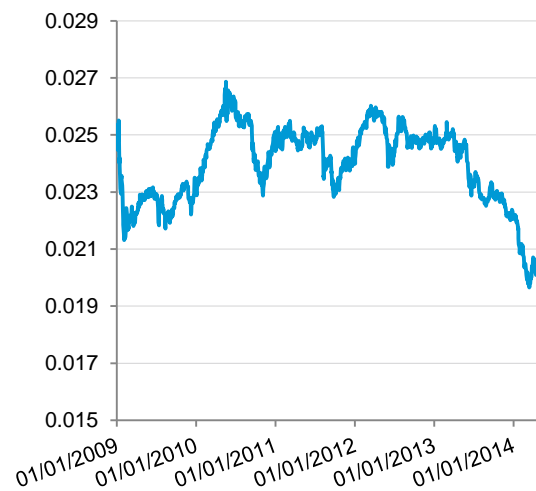


*** Source: Euroconstruct (start-ups) and VTT Technical Research Center of Finland (commissioned)

Operating environment in Q1/2014 in Russia

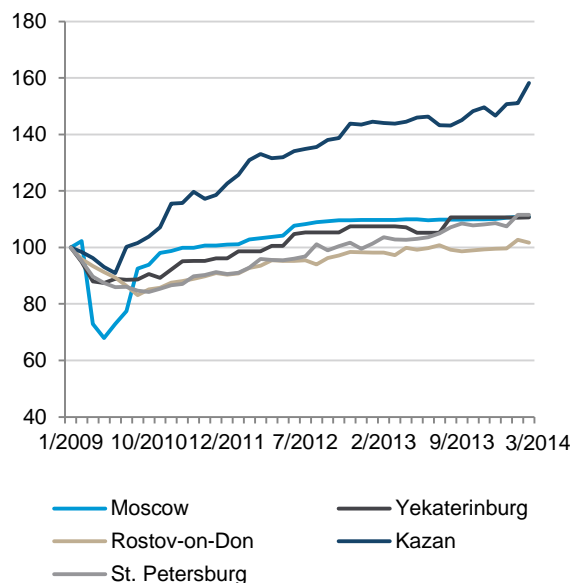
- Weakening of the ruble boosted housing sales

RUB/EUR exchange rate



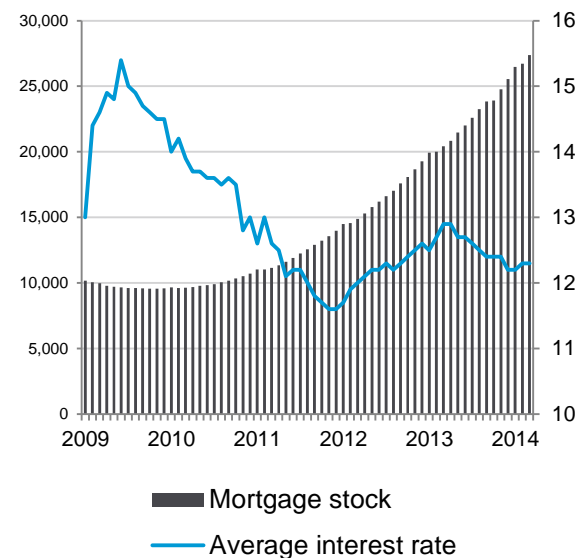
- Residential prices remained stable on average

Prices of new apartments, Index (2009=100)



- Mortgage interest rates have remained stable
- Consumers' access to financing has remained good

Mortgage stock and average interest rate, (RUB billion, %)



Sources: Reuters, YIT and Bank of Russia

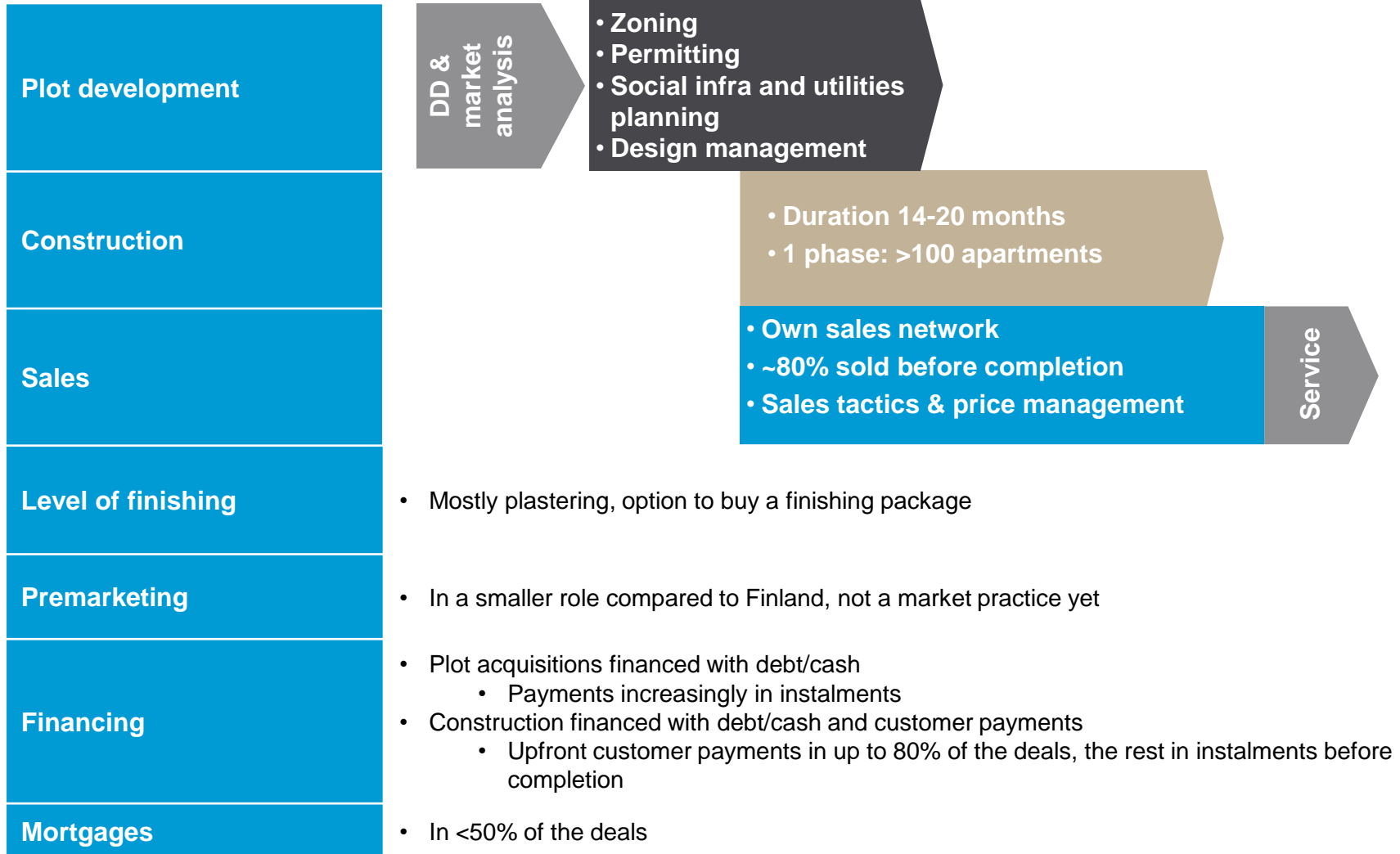
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Business model



Kirovogradskaya street
Moscow, Russia

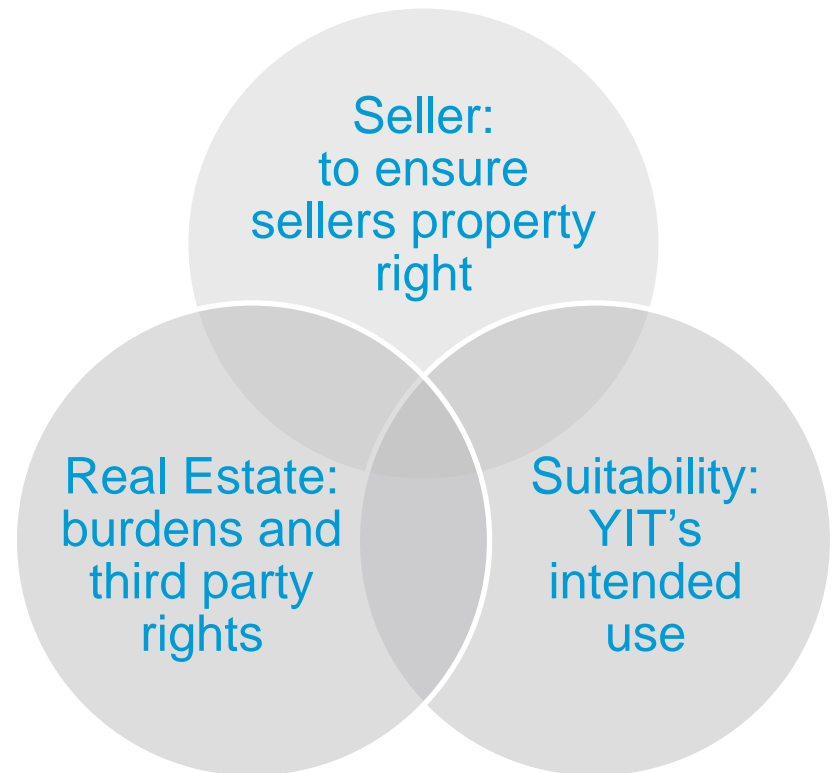
Business model – Self-developed housing



Risk management in plot acquisitions

- Thorough legal due diligence is crucial in plot acquisitions
 - Approximately 1.5% of investigated plots are acquired
 - Careful DD shortens development time considerably
- YIT has clear process for due diligence in plot acquisitions
- Plot DD team consists of business unit representatives and country level lawyers

Areas of Legal DD



Four segments' shares of YIT housing volume

15–20%

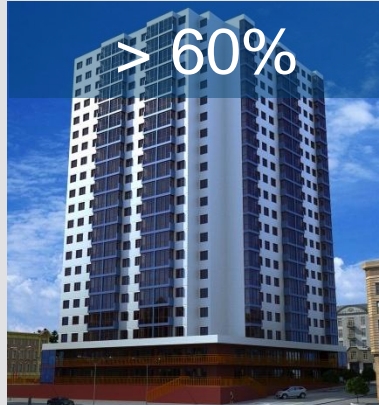


Rifei, Yekaterinburg

Economy+



> 60%



Parus, Rostov-on-Don

Comfort



10–15%

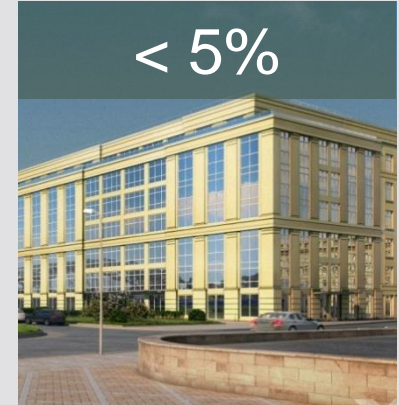


Aksioma, Moscow

Business



< 5%



Smolnii, St.Petersburg

Elite



YIT's actions to market drivers

- Internal migration
- Increase in number of households
- Increasing share of middle class

- Low living space per capita
- Poor quality of existing buildings

- Specific development requirements by 2020
- Energy consumption and efficiency requirements

- Political support for housing and mortgage market development

- Life is going online
- Sales moves from office to Internet

- Large area development
- Cross-regional sales

- Efficient flats to meet the demand
- New concepts

- Utilizing group-wide knowhow in developing energy efficient houses

- Building relationships with local authorities and banks

- Developing new, cost-efficient solutions
- "Safe-house"- concept
- Home portal concept

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 are 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

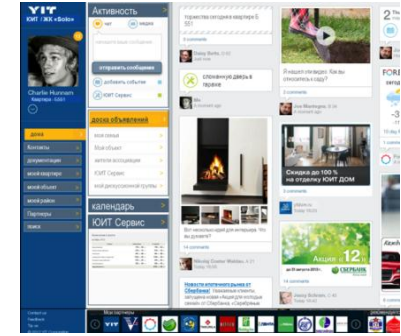


Safe Home

Reliable and secure building operation

Access control systems

Safe playgrounds



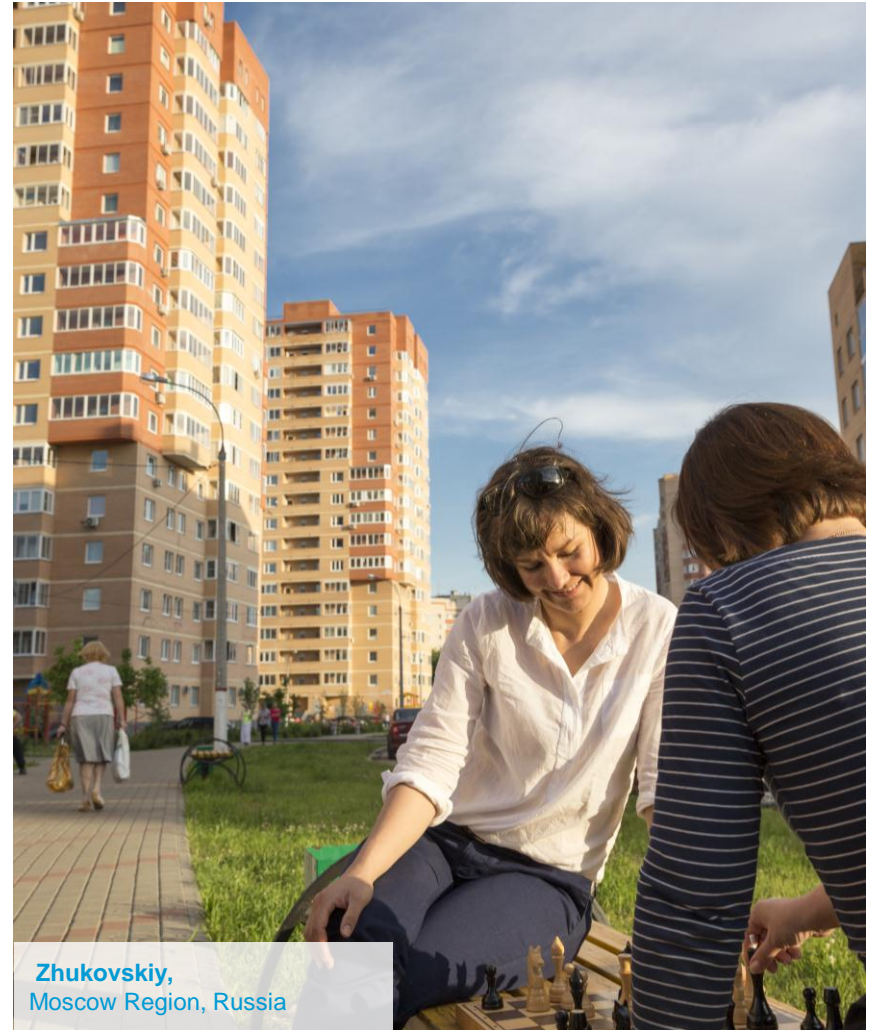
Home Portal

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

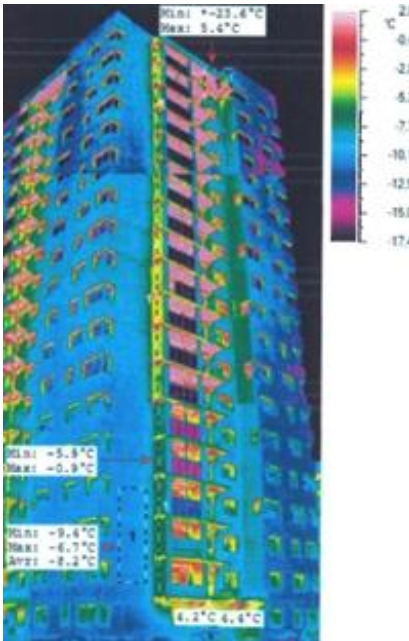
Features of the portal are tailored to the specific area

YIT's competitive edges in Russia

- Over 50 years' experience in Russia
- Strong, reliable brand and solid market position
 - Customers trust YIT
 - Largest foreign developer in Russia
- Superior project management skills in complex projects
- Strong plot portfolio and own sales network
- Design management and concepts
- Knowhow different kinds of projects ranging from small special works to large area development projects



Group know how utilized for superior energy efficiency



In general YIT promotes an attitude of energy savings



- Energy-efficient lighting in common areas
- Good insulation in external walls
- Insulation of windows is better than required
- Thermostatic radiator valves
- Water conservation techniques
- Energy consumption more than 20% lower than in standard buildings in Russia

4

Financial performance



Housing Russia

2008

- Prices declined, especially in H2
- Profitability hit as volumes declined

EBIT*:
EUR 26.0 million

2009

- Housing prices stabilising in H2
- Fixed cost cuts

EBIT*:
EUR 1.0 million

2010

- Slight increases in residential prices

EBIT*:
EUR 41.0 million

2011

- Prices increased (regional differences)

EBIT*:
EUR 54.0 million

2012

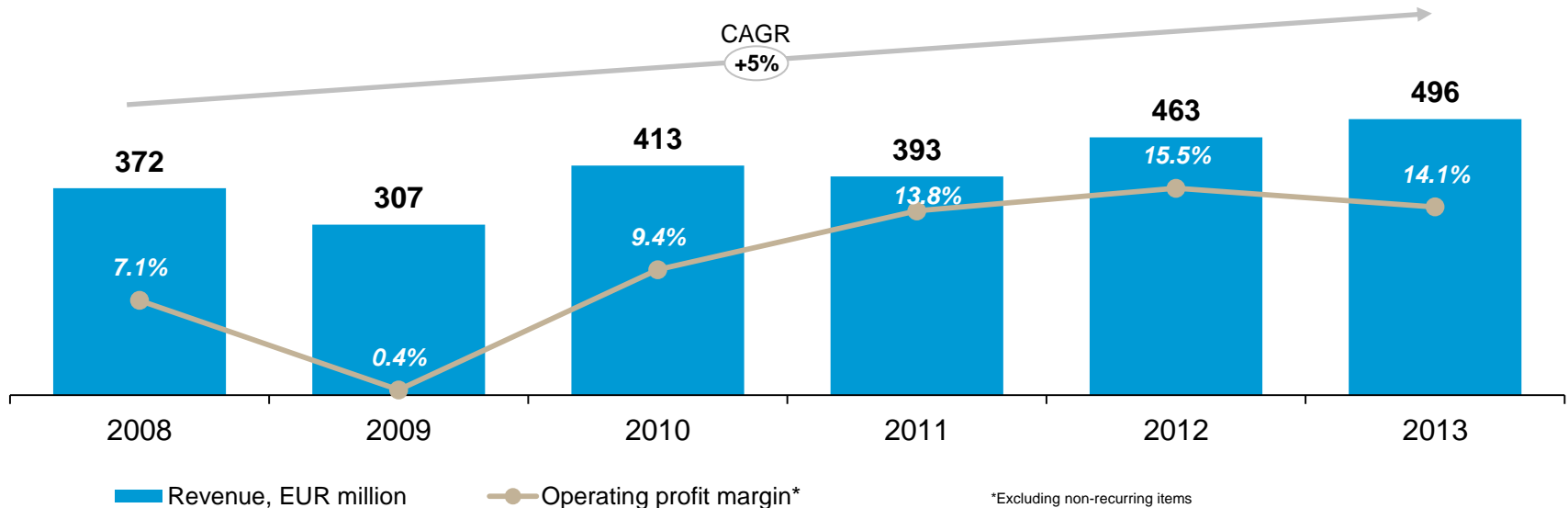
- Prices increasing and good residential sales
- Margins improving

EBIT*:
EUR 72.0 million

2013

- Stable residential prices
- Sales volume continued to develop positively

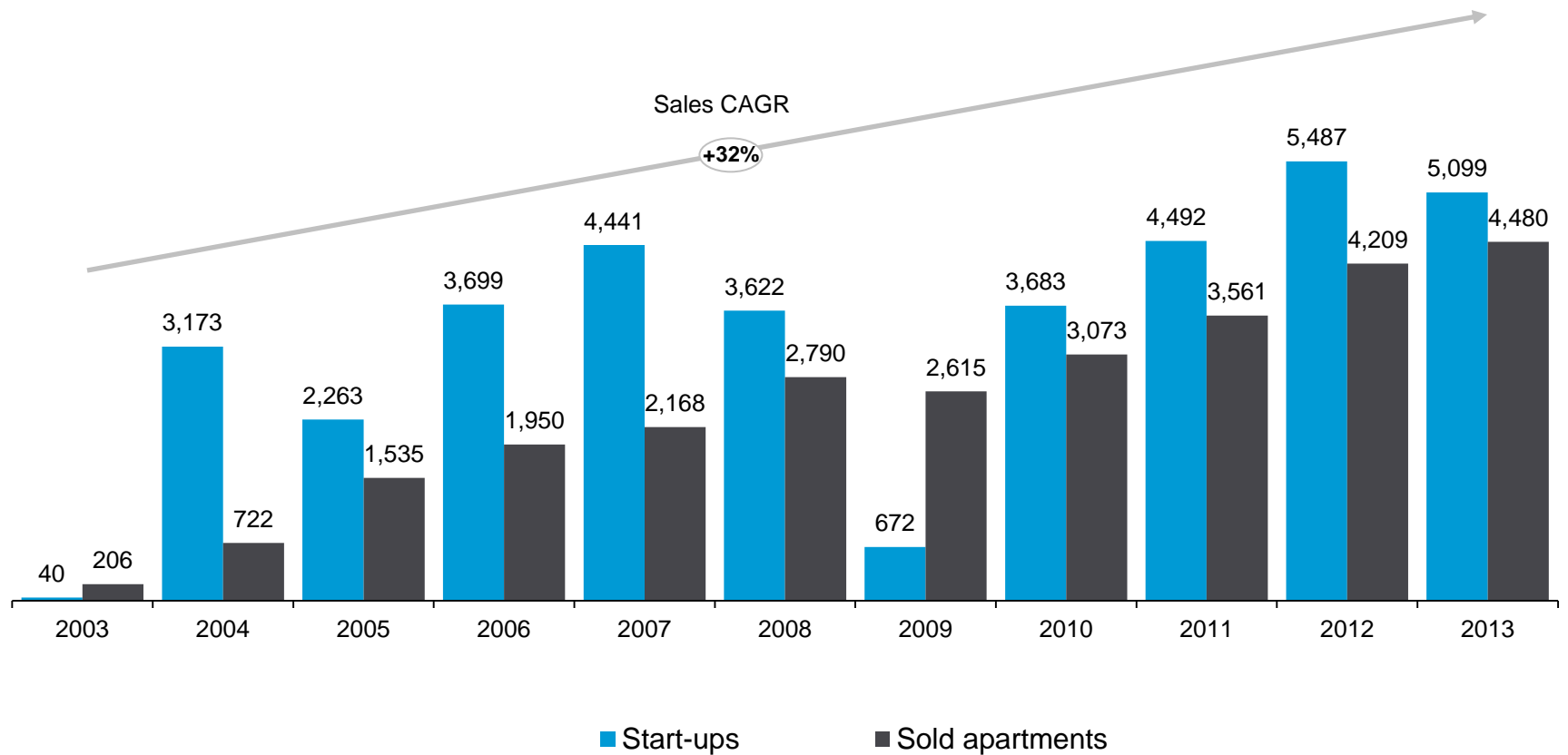
EBIT*:
EUR 70.2 million



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.

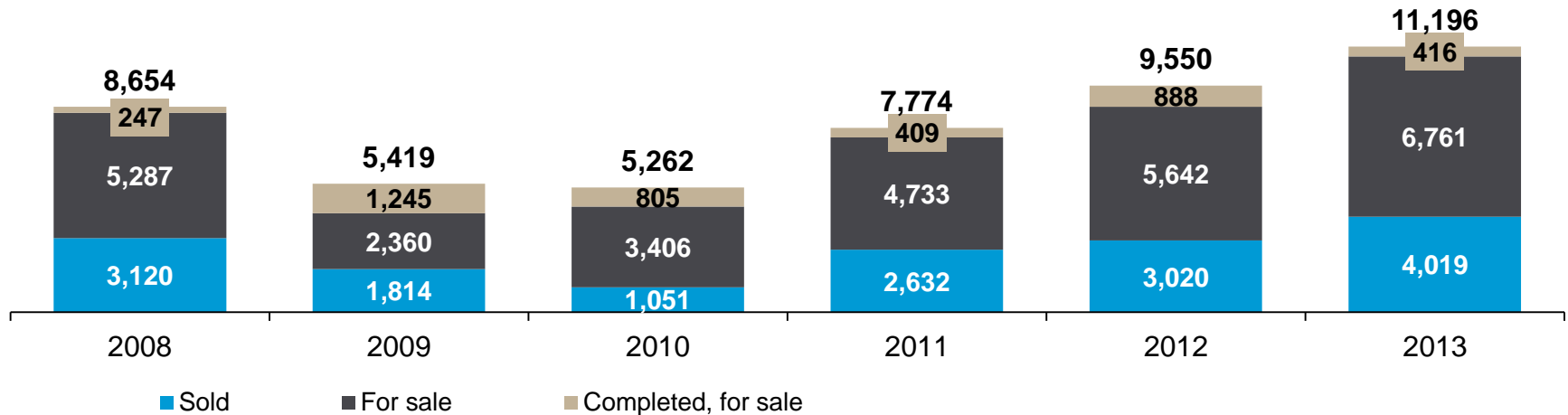
Strong growth in start-ups and sales

Start-ups and sold apartments, pcs

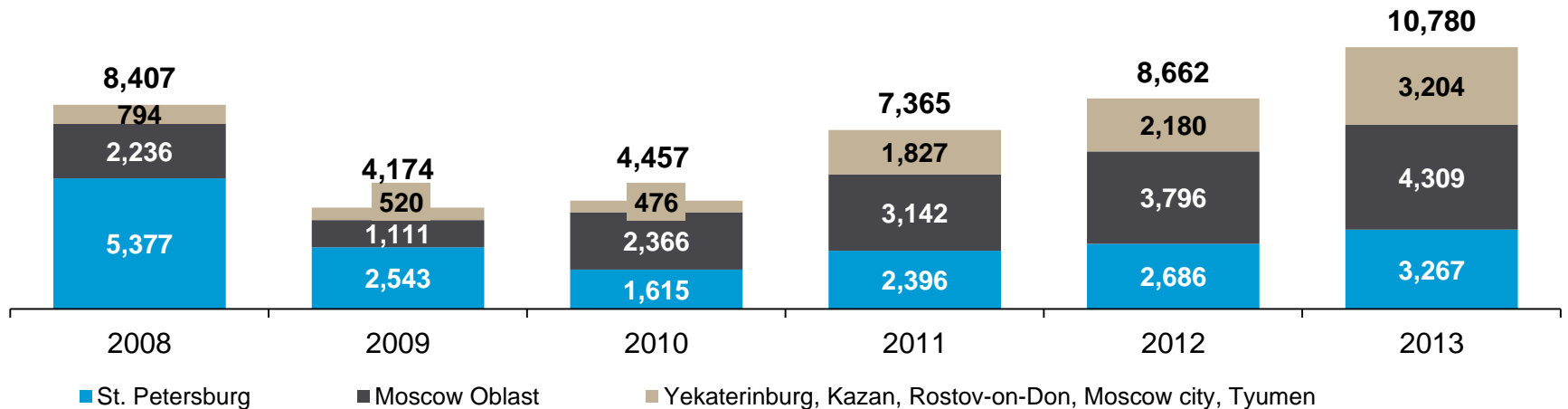


Portfolio is geographically balanced

Apartment inventory at the end of the period, pcs



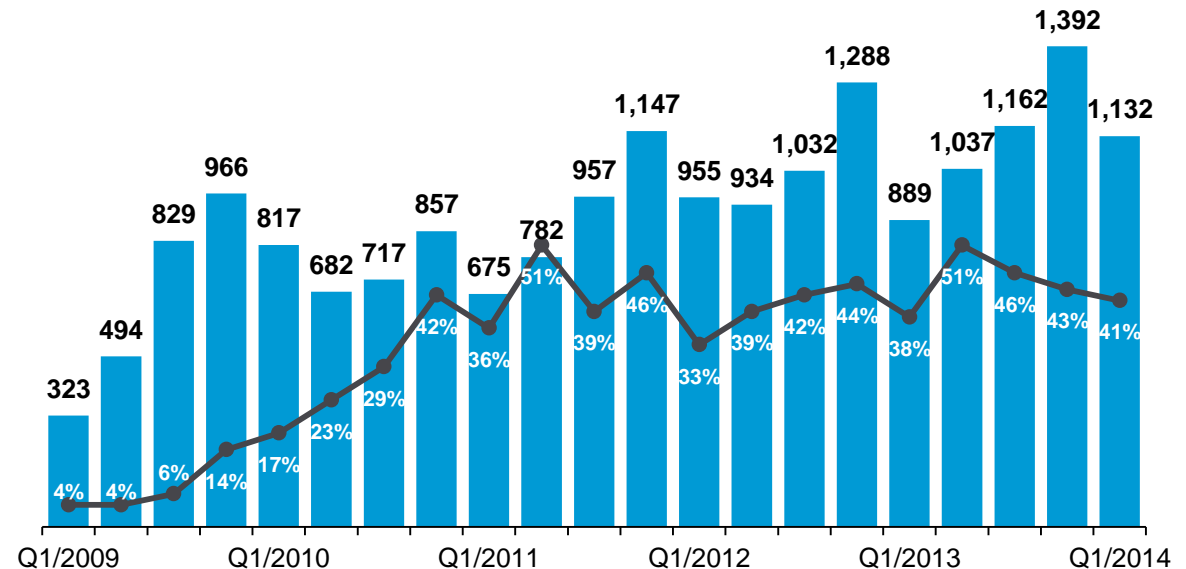
Apartments under construction buy city at the end of the period, pcs



Growing share of mortgages in YIT's sales

- Mortgages widen the customer base and have positive impact on the timing of cash flow
- YIT's customers have had access to housing loans with favorable terms and conditions due to YIT's extensive bank cooperation
- YIT's strong reputation makes it a trustworthy partner for both banks and customers

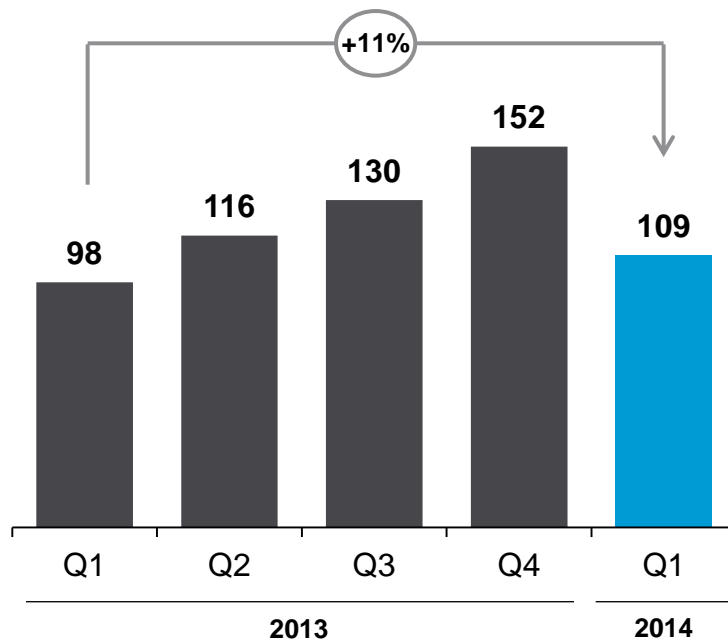
Share of mortgage financed sales in Russia 2009 - Q1/2014, %



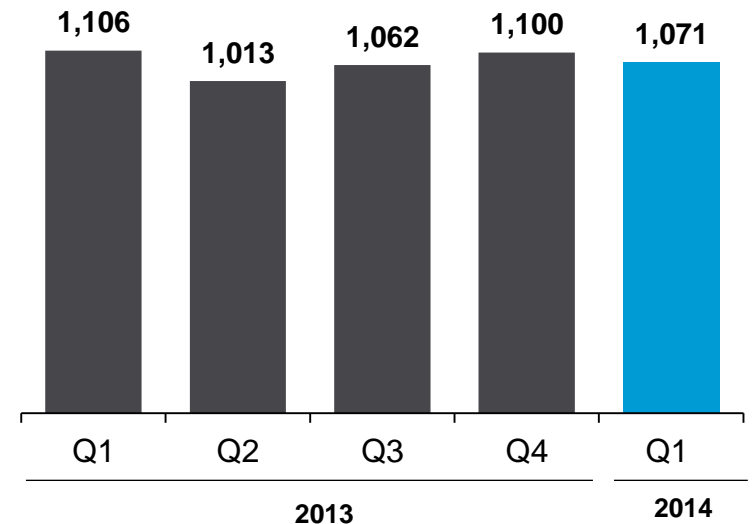
Housing Russia in Q1: Revenue increased

- Strong growth in sales volume continues
- Increased share of sales in St. Petersburg with higher average prices in Q1/2014
- Revenue grew by 33% y-o-y at comparable exchange rates in Q1/2014

Revenue (EUR million)



Order backlog (EUR million)

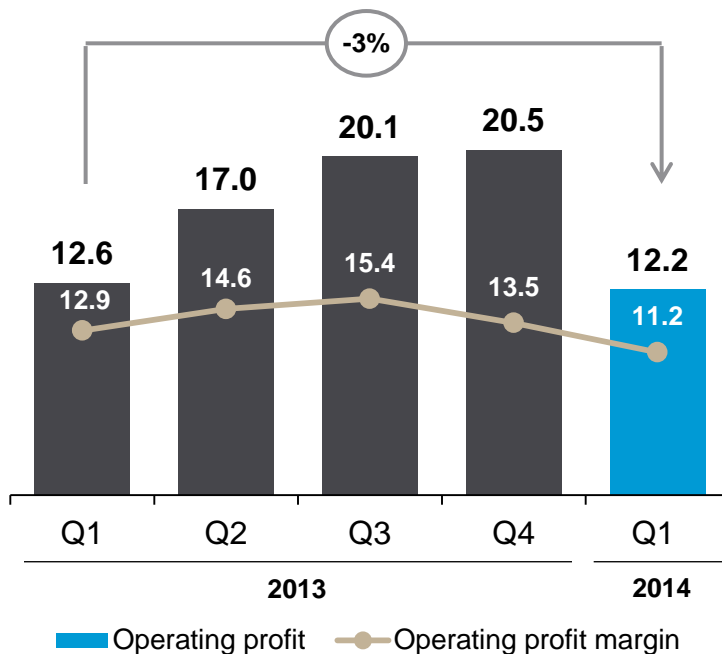


All figures according to segment reporting (POC)

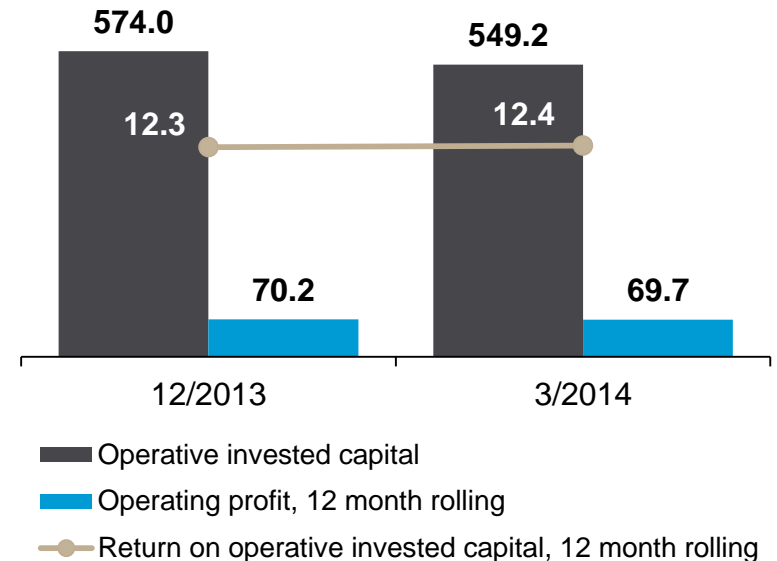
Housing Russia in Q1: EBIT and ROI remained stable

- Profitability was impacted by modest price development and lower completion rate of sold apartments in Q1/2014
- ROI remained stable

Operating profit and profitability (EUR million, %)



Return on operative invested capital (EUR million, %)



All figures according to segment reporting (POC)

Residential area in Dom Oborony
Tyumen, Russia

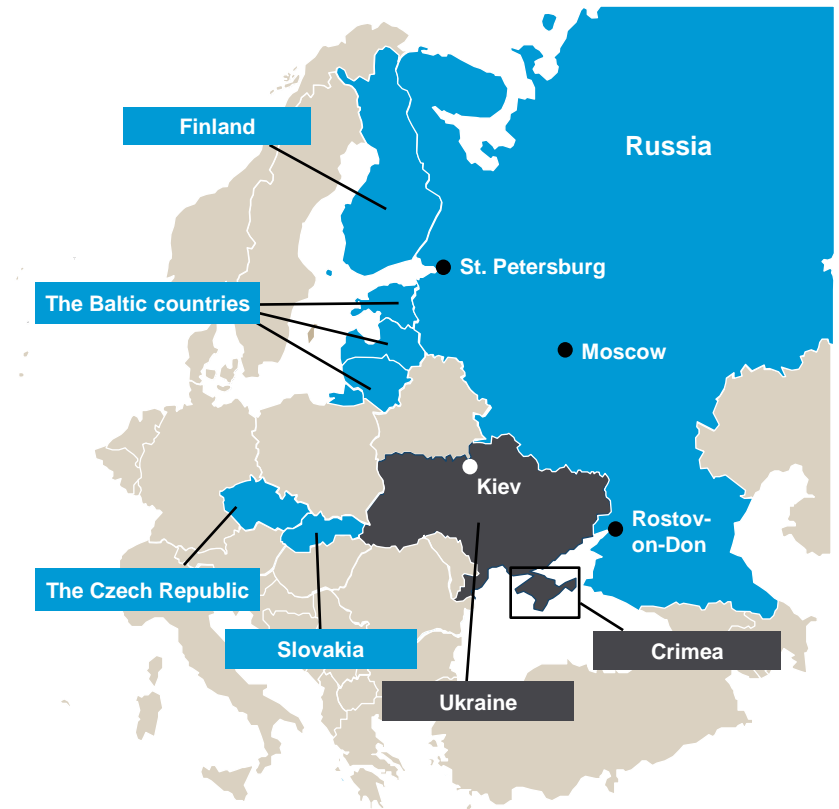
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Looking
ahead and
conclusions



Impacts of the Ukrainian crisis for YIT

- Weakening of the ruble supported residential sales in March, sales on a normal level in April
- Customers' access to financing has remained good and mortgage interest rates have remained stable
- The weakening of the ruble decreases YIT's euro-denominated revenue, profit, balance sheet and equity (no impact on profitability)
- Hedging costs for Russian investments have risen as the interest rate difference has increased
- Impacts of further sanctions are unpredictable
- Prolongation and potential escalation of the Ukrainian crisis would probably have a negative effect on YIT's business operations



Market outlook 2014

Housing 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
- GDP growth estimates have been cut recently; ruble has weakened against the euro
- Prolongation and potential escalation of the Ukrainian crisis would probably have a negative effect on YIT's business operations

Housing construction volumes*



Housing prices



Mortgage interest rates



Consumer confidence



*Sources: Euroconstruct, November 2013

Concluding remarks

Growth from self-developed projects in residential development

YIT's most profitable business area. Room for further improvement

Strong market position as well as long experience thanks to excellent risk management and execution

Long-term growth drivers of the housing market are intact

Ukraine crisis has increased uncertainty recently



More information

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do it.**