



YIT – solid foundation for future growth

Nordic Property Tour
May 20, 2015

Kari Kauniskangas, CEO



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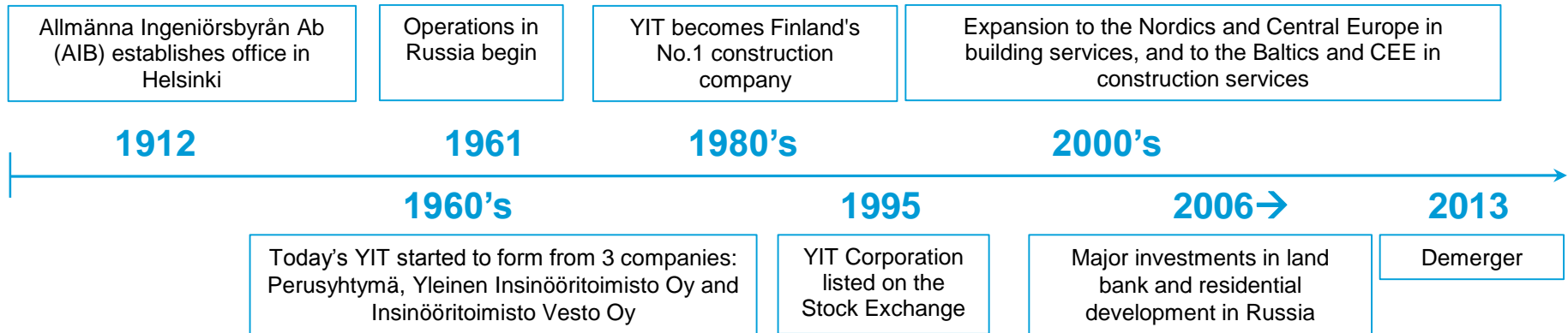


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YIT in brief



Over 100 years of experience in Finland, over 50 in Russia



DEMERGER IN JUNE 2013

Building Services demerged into Caverion

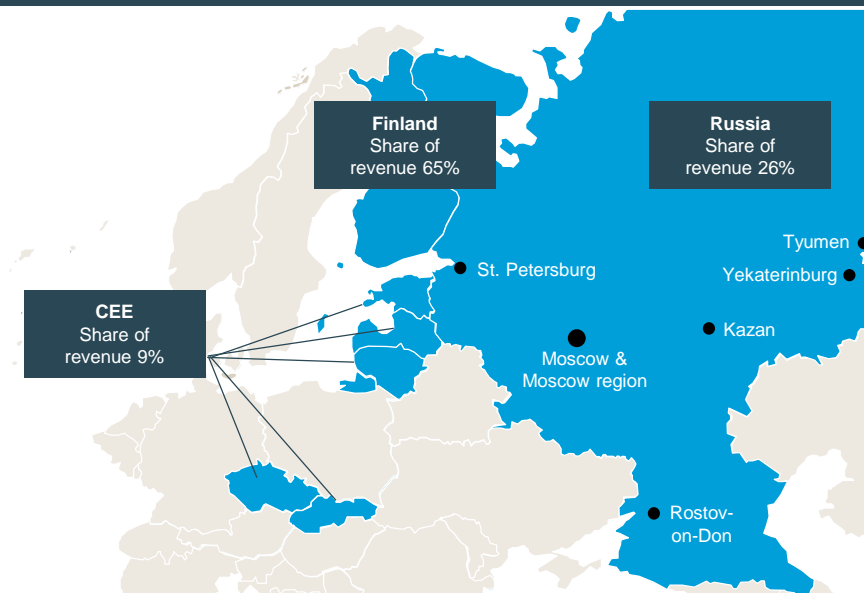
- Initiative from the Board of Directors – supported by main owners
- Both companies large enough to grow independently
- Independent strategies and different business models
- Meaningful geographical overlap only in Finland
- Better management focus in separate companies

YIT – An innovative project developer and high-quality construction company

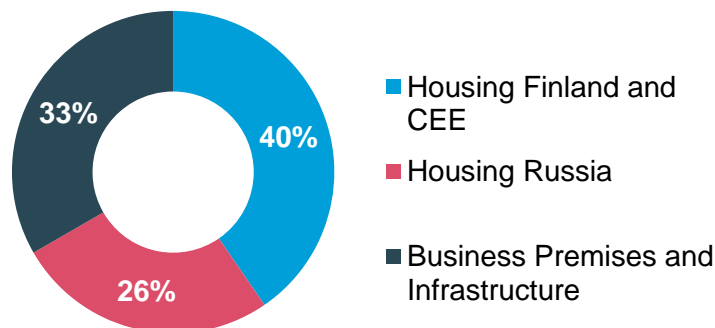
Key investment propositions

- Strong market position and extensive experience in the main markets
 - Market leader in Finland, the largest foreign residential developer in Russia
- One of the most profitable construction companies in Europe through economic cycles
- Good corporate governance and high ethical standards

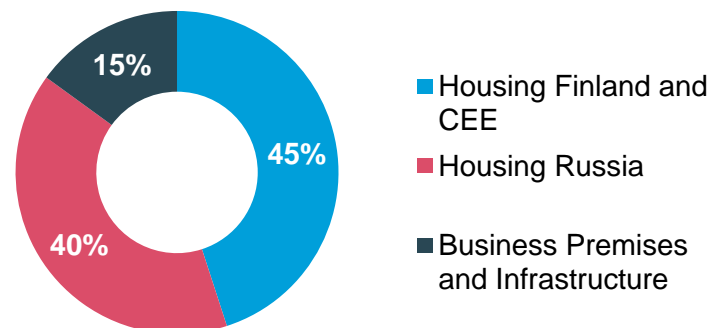
Operations in 7 countries, 5,800 employees




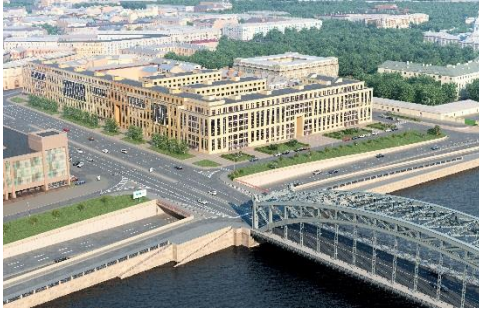
Revenue by segment 2014 (EUR 1.8 billion)



Operating profit* by segment 2014 (EUR 126 million)



Balanced business portfolio

			
	Housing Finland and CEE	Housing Russia	Business Premises and Infrastructure
Business	Focus on self-developed apartment buildings projects, selectively contracting	Only self-developed projects, mostly apartment buildings	Tender-based and self-developed projects: offices, shopping malls, care facilities, roads, rails, harbours and more
Geographical areas	Finland, Estonia, Latvia, Lithuania, Slovakia, the Czech Republic	St. Petersburg, Moscow, Moscow region, Yekaterinburg, Tyumen, Kazan, Rostov-on-Don	Business Premises: Finland, Estonia, Latvia, Lithuania, Slovakia Infrastructure: Finland
Market position	Market leader in Finland One of the key players in CEE	Largest foreign residential developer	One of the top players in Finland and Lithuania
Customers	Households, private and institutional investors	Mostly households	Companies, public sector, institutional investors
Main competitors	Lemminkäinen, SRV, Skanska, NCC, Merko Ehitus, local players in different countries	PIK, LSR, Etalon, SU-155, Lemminkäinen, NCC, local players in different cities	Lemminkäinen, SRV, Skanska, NCC, Merko Ehitus, Destia, Kreate, Peab etc.

Urbanisation drives demand in the residential markets in Finland and CEE

- Internal migration and changing demographics create a need for new apartments
 - In Finland, the estimated long-term need for new apartments: 24,000-29,000 units annually
- Macro outlook supports residential markets in CEE-countries
 - Need for new, modern apartments

Market sizes in 2014, units

YIT, Housing Finland and CEE:
2,901 start-ups

Finland:
25,000 start-ups

The Baltics, total:
12,400 completions

The Czech Republic:
24,300 start-ups

Slovakia:
15,000 start-ups



YIT is the market leader in Finland and one of the key players in CEE

Sources: Euroconstruct and Forecon, estimates



Fundamental need for new apartments in Russia

- Several fundamentals support strong demand
 - Internal migration to growth centres
 - Poor quality of existing building stock
 - Decreasing household-size
 - Living-space per capita roughly half compared to Western countries
- Developing mortgage market
 - Mortgages still below 5% of GDP

Market size in 2014, units

YIT, Housing Russia:
3,545 start-ups

Russia:
1,000,000 completions;
St. Petersburg 50,000
Moscow region 110,000
Moscow 40,000



YIT is the largest foreign residential developer in Russia

Source: Forecon, estimates

Opportunities for growth in several areas in business premises and infra services

- The condensing of urban structure creates a need for new infrastructure and hybrid construction
- Substantial maintenance backlog in Finland → opportunities in renovation and change of purpose
- Opportunities also in care services, road maintenance and the energy sector in Finland
- Low business premises stock per capita in the CEE countries

Market sizes in 2014, volume of construction

YIT, Business Premises and Infrastructure:
Revenue EUR 599 million

Finland:
Infra EUR 6,200 million
Business premises
EUR 10,190 million

The Baltics, total:
Business premises EUR
3,940 million

Slovakia:
Business premises
EUR 2,020 million

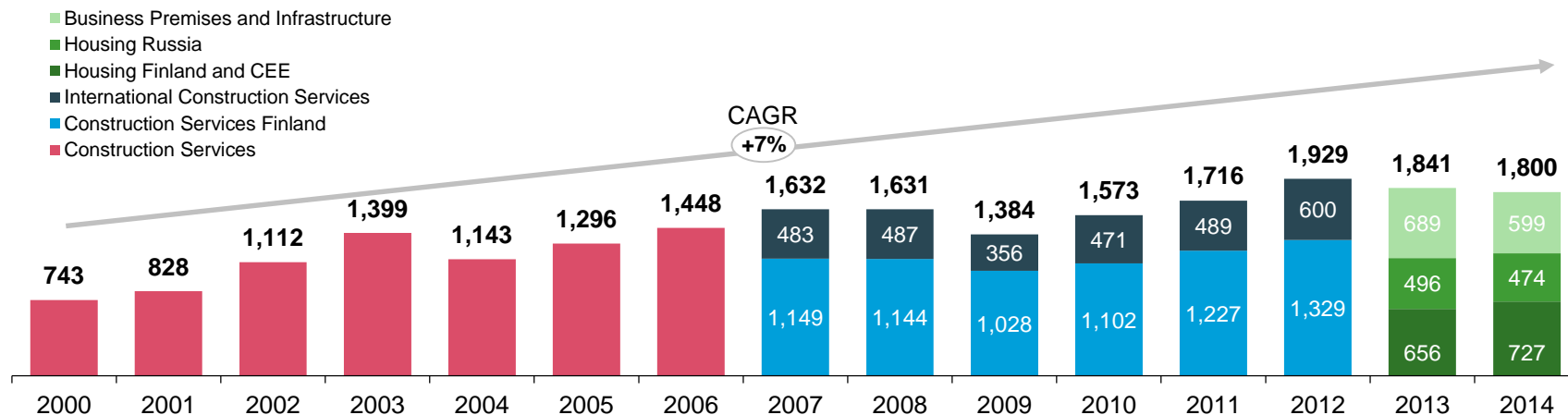
Source: Euroconstruct and Forecon, estimates



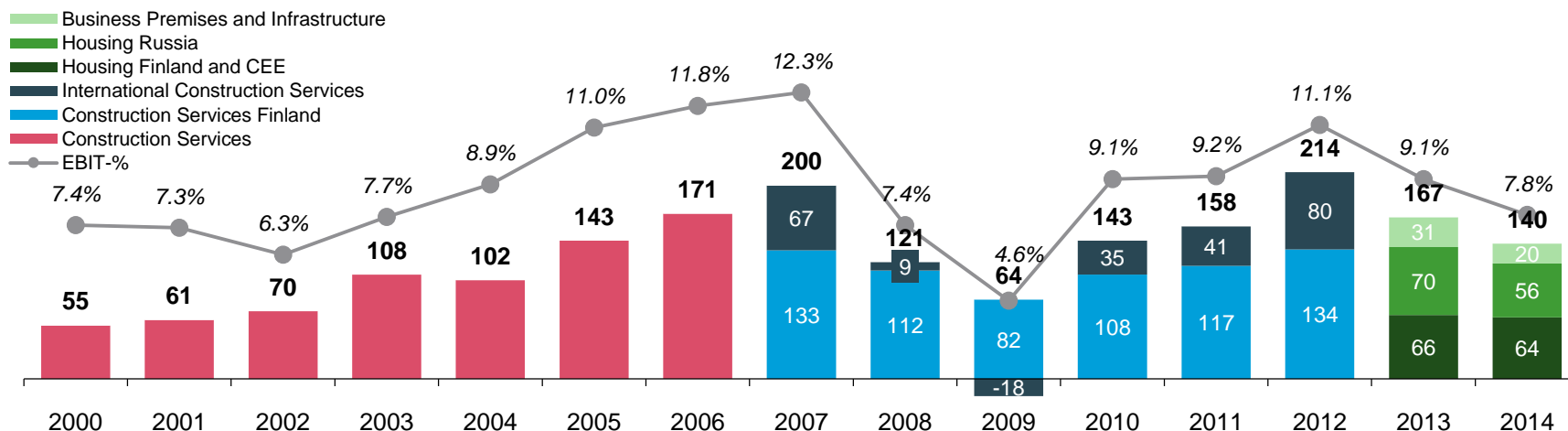
One of the top players in Finland and Lithuania

Revenue growth and healthy profitability through economic cycles

Revenue development (EUR million) by business segment



Operating profit (EBIT) development (EUR million) by business segment, excluding group costs and non-recurring items



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.

Board of Directors

Versatile expertise on board work, finance, construction industry and Russia



Reino Hanhinen
Chairman

Born 1943
M.Sc. (Eng.), D.Sc.
(Tech.) h.c.

Former CEO of YIT

Independent of
company: YES

Independent of
owners: YES

Share ownership:
81,800



Kim Gran
Vice Chairman

Born 1954
B.Sc. (Econ.)

Former President and
CEO of Nokian Tyres
Plc.

Independent of
company: YES

Independent of
owners: YES

Share ownership:
7,700



Satu Huber
Board Member

Born 1958
M.Sc. (Econ.)

CEO of Elo Mutual
Pension Insurance
Company

Independent of
company: YES

Independent of
owners: YES

Share ownership:
3,600



Erkki Järvinen
Board Member

Born 1960
M.Sc. (Econ.)

President and CEO of
Tikkurila Group

Independent of
company: YES

Independent of
owners: YES

Share ownership:
0



Juhani Pitkäkoski
Board Member

Born 1958
LL.M.

EVP, Division Industrial
Solutions Caverion
Corporation; former
CEO of YIT

Independent of
company: NO

Independent of owners:
YES

Share ownership:
50,100



Teuvo Salminen
Board Member

Born 1954
M.Sc. (Econ.)

Former EVP, Pöyry;
board professional

Independent of
company: YES

Independent of
owners: YES

Share ownership:
7,250

Ownership on April 29, 2015 including the holdings of the persons themselves, their close associates and their controlled corporations.

Experienced Group Management Board

Group Management Board as of January 1, 2015



Kari Kauniskangas
President and CEO

In the Group's employ: 1997
Share ownership: 17,624



Tero Kiviniemi
EVP, Head of Business
Premises and Infrastructure

In the Group's employ: 1996
Share ownership: 10,692



Timo Lehtinen
CFO

In the Group's employ: 2006
Share ownership: 8,550



Teemu Helppolainen
Head of Housing Russia

In the Group's employ: 2008
Share ownership: 4,800



Antti Inkilä
Head of Housing
Finland and CEE

In the Group's employ:
1994-2001 and 2002
Share ownership: 4,085



Juhani Nummi
SVP, Business
Development

In the Group's employ:
1998-2001 and 2003
Share ownership: 2,499



Pii Raulo
SVP, HR

In the Group's employ: 2004
Share ownership: 5,240

The Extended Group Management Board consists also of the heads of business divisions:

Kari Alavillamo

Head of Business Premises
business division

Harri Isoviita

Head of Residential Construction
business division

Matti Koskela

Head of Building Construction
business division

Tom Sandvik

Head of The Baltic Countries
and CEE business division

Jouni Forsman

Head of Infra Services
business division

Pavel Kocherezhkin

General Director of
YIT Moskovia

Timo Lehmus

Head of Real Estate Development
business division

Mikhail Voziyanov

General Director of YIT St
Petersburg

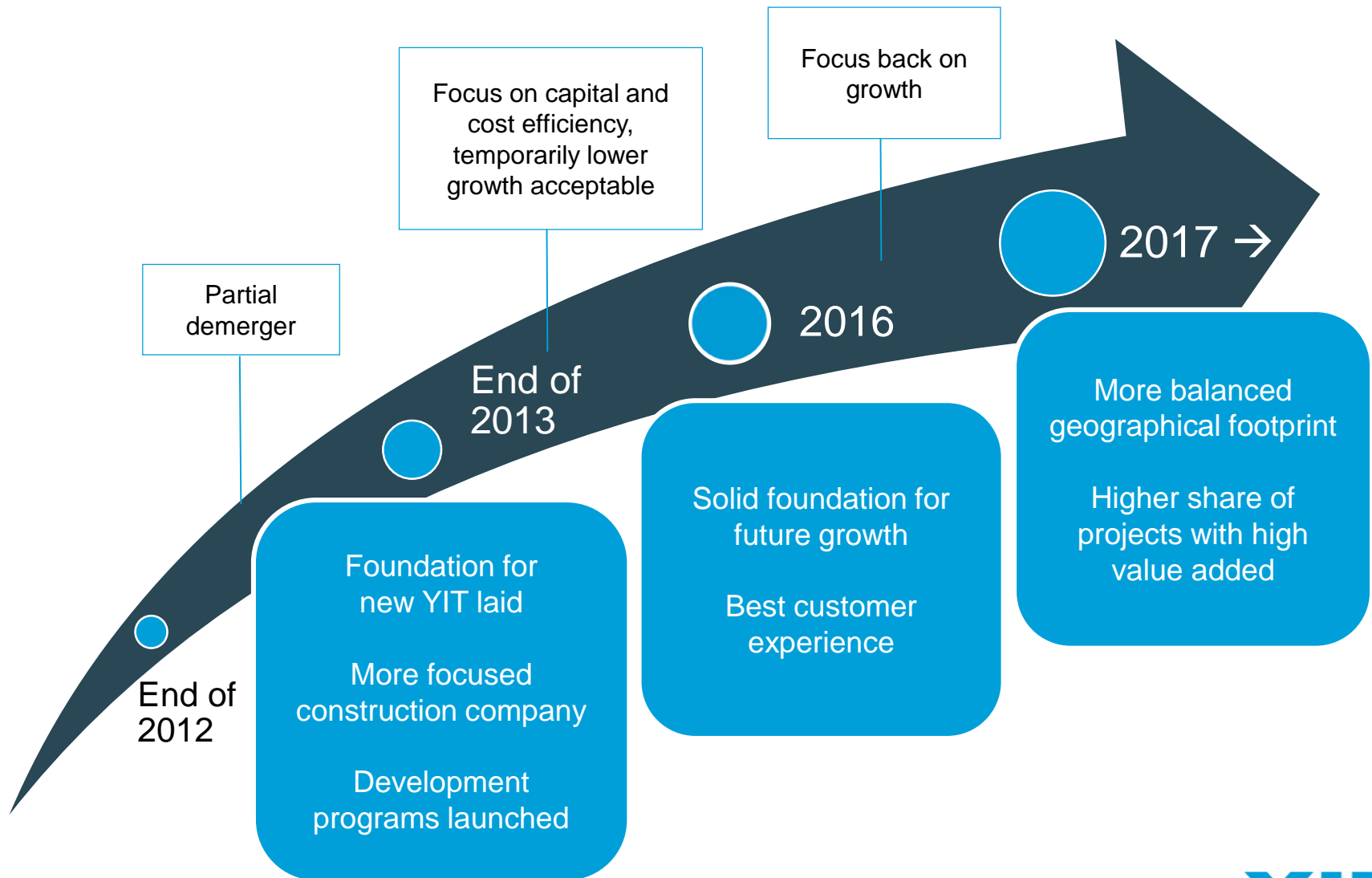
Ownership on April 29, 2015.

YIT's competitive edges

- High-quality brand and reputation as a reliable company
- Innovative concepts and effective design management
- Strong plot reserve
- Own sales network in all operating countries
- Broad special expertise and strong references
- Ability to construct demanding projects that combine housing, business premises and infrastructure



Strategic roadmap



Strategy for 2015-2017: Solid foundation for future growth



Wider financial operating space

Releasing capital by normalizing inventory and improving capital turnover
Increasing utilization of partnerships



Ensuring competitiveness and differentiation

Affordable and attractive product
Excellent customer experience



Growth from self-developed and high value added projects

Operating environment guides the volume and geographical focus of start-ups in housing
Co-operation projects and special expertise in Business Premises and Infrastructure
The weight of Central Eastern Europe will be increased

Financial targets

	Long term targets	Status in 2014
Revenue growth	5 - 10% annually on average	-3%, 2% at comp. exchange rates
Return on investment	20%	7.7%
Cash flow	Operating cash flow after investments sufficient for dividend payout and reduction of debt	EUR 152 million
Equity ratio	40%	32.4%
Dividend	Dividend payout 40 to 60% of net profit for the period	40.0%

- In the short term, the focus will be on improving capital and cost efficiency rather than growth
- The development of business will continue according to the long-term targets
- Group-wide competitiveness program supports reaching the targets

	Targets for 2015 – 2016
Revenue growth	0 - 5% annually
Return on investment	15%
Net debt (IFRS)	Under EUR 600 million

Segment figures (POC), unless otherwise noted

2

Group
development
in Q1/2015



Highlights in Q1/2015

- Financial standing improved
- Success in contracting and investor sales
- Reasonable sales in Russia despite demanding operating environment
- Good progress in CEE
- Profitability burdened by changes in the business portfolio
- Personnel survey shows an improvement in engagement and leadership

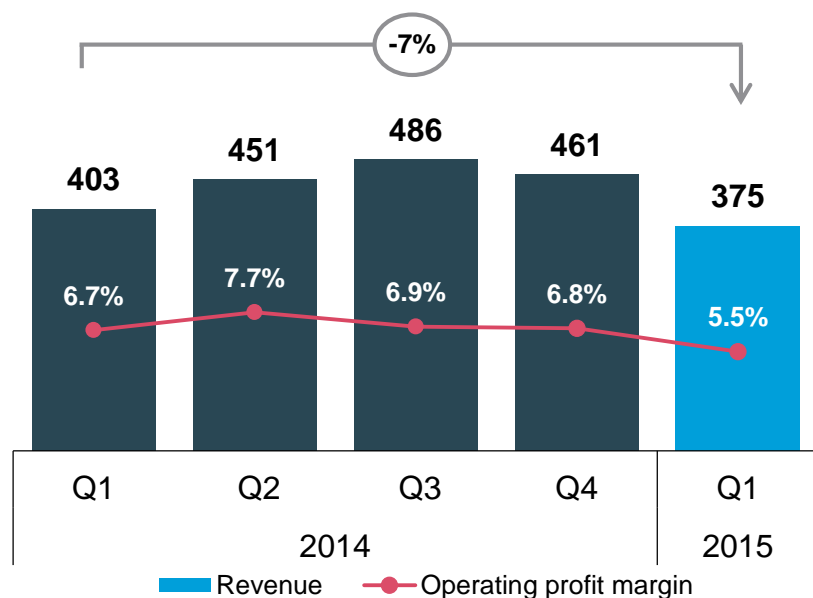


Group: Revenue stable at comparable exchange rates

- Revenue stable at comparable exchange rates (+1% y-o-y)
- Order backlog at 2014 end level, several major contracts/pre-agreements not yet in the backlog
- Operating profit margin decreased due to changes in the business portfolio

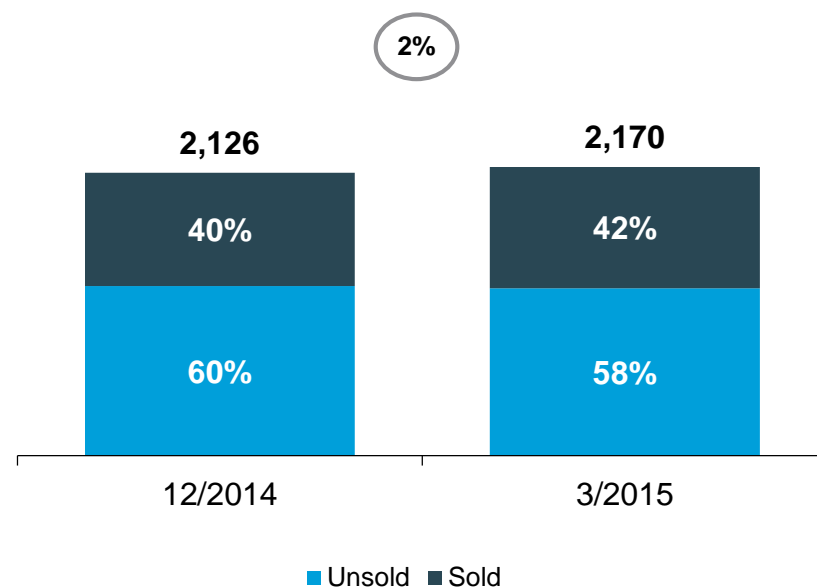
Revenue and profitability, excluding non-recurring items (EUR million, %)

2014: 1,801, 7.0%



All figures according to segment reporting (POC)

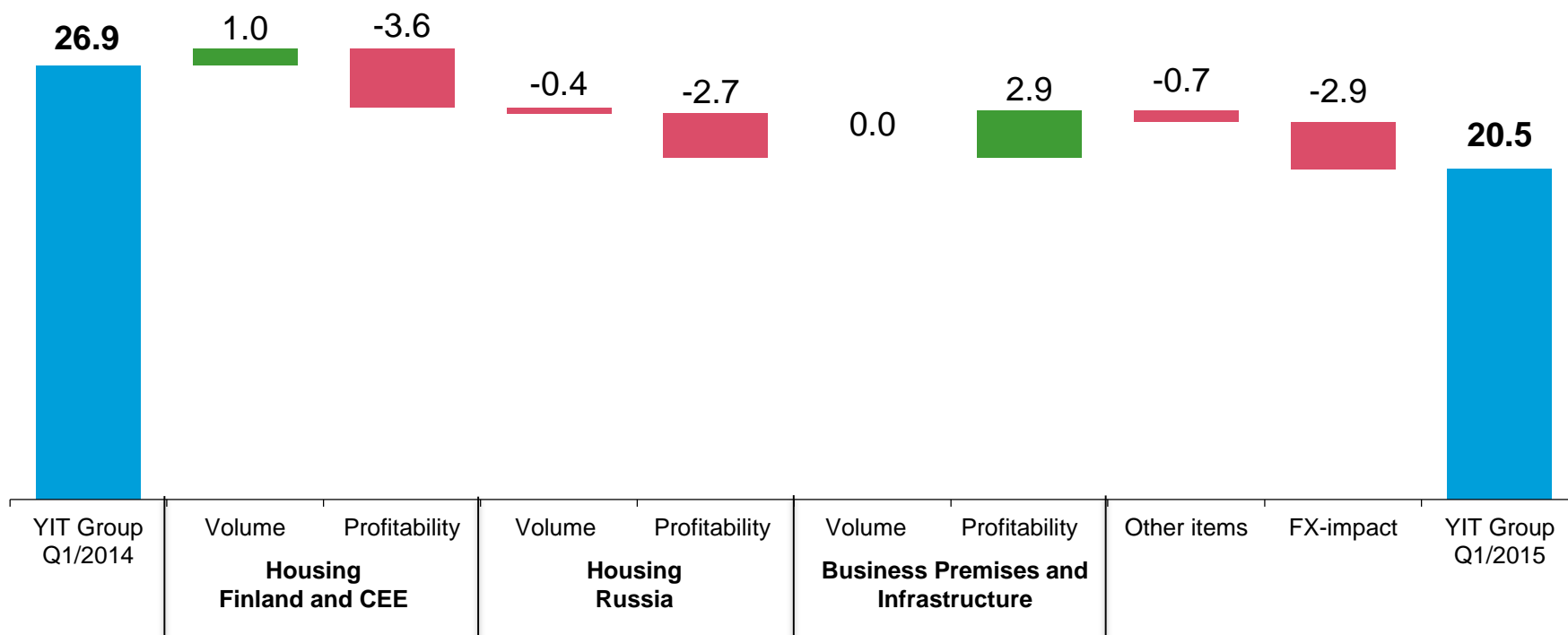
Order backlog (EUR million)



EBIT-bridge Q1/2014 – Q1/2015

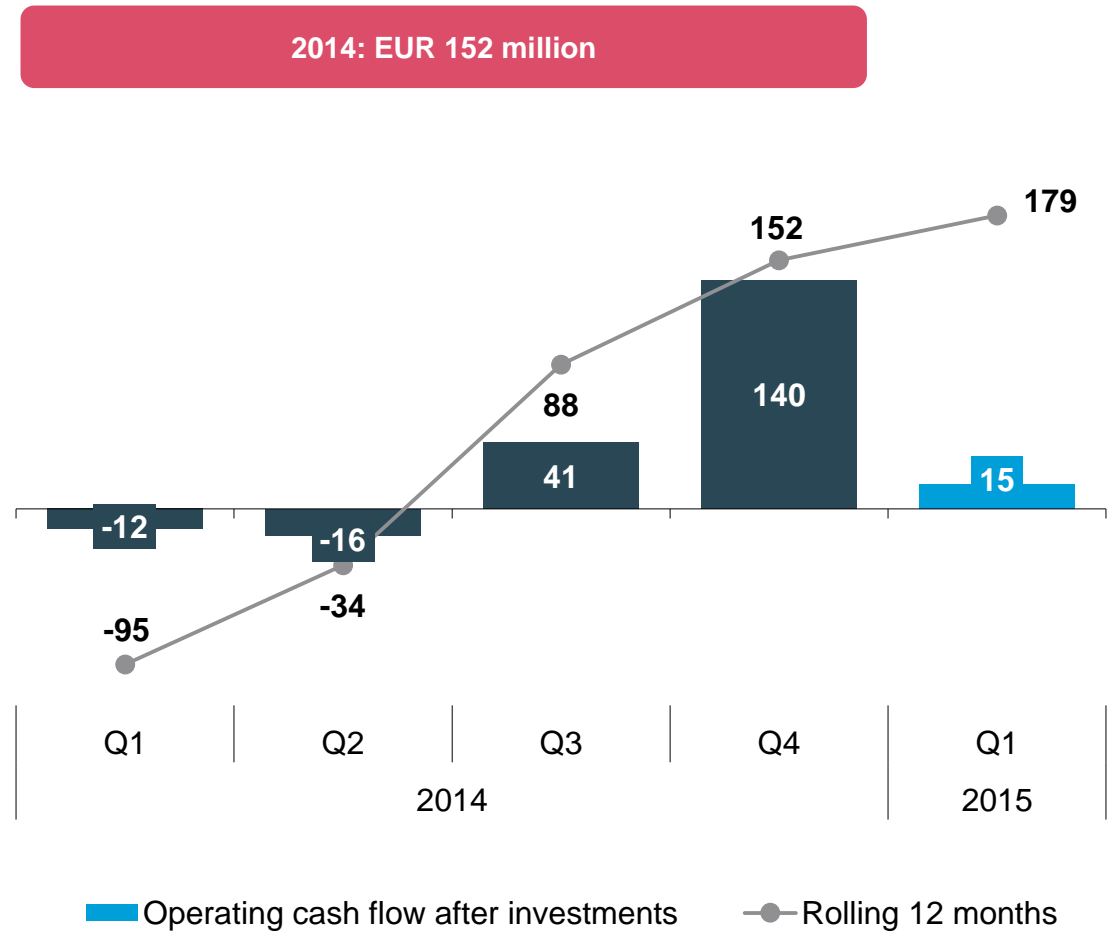
- Operating profit weakened due to the higher share of investor deals, lower profitability in Russia and the weakening of the ruble y-o-y

Operating profit, excluding non-recurring items (EUR million), change Q1/2014 – Q1/2015: -24%



Positive cash flow after investments in Q1/2015

- Cash flow of plot investments EUR 38.4 million
(Q1/2014: EUR 43.9 million)
- Dividend of EUR 22.6 million to be paid in May 2015



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Business Premises and Infrastructure



Arkkitehdin visio

Copyright YIT Rahoitus

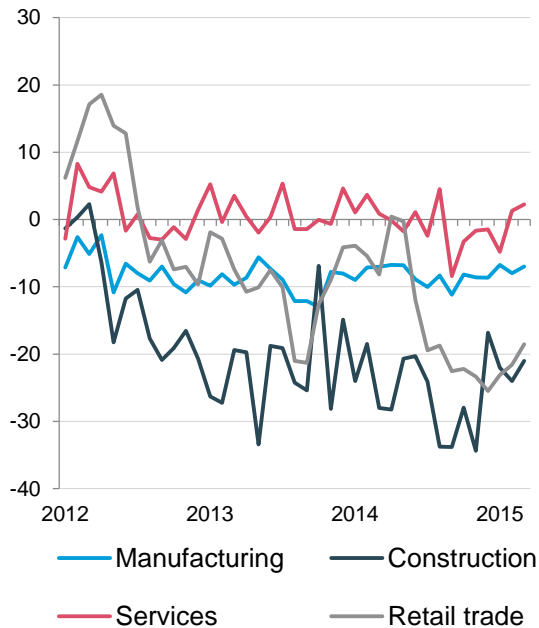
Tripla

Helsinki, Finland

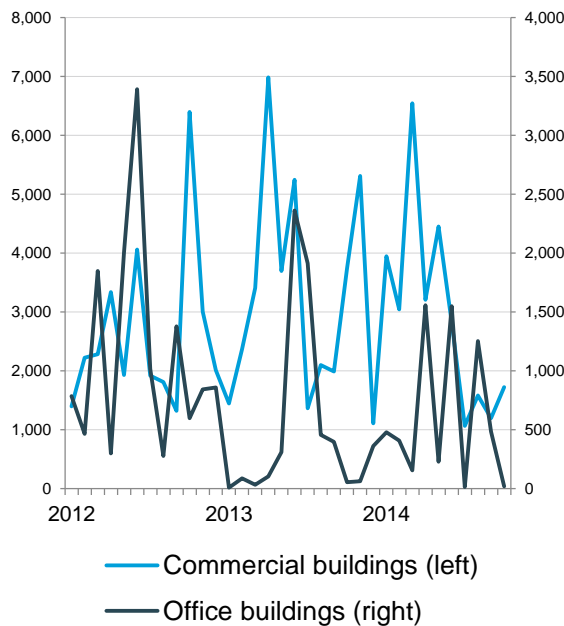
Operating environment in Q1/2015

- Office and commercial premises markets remained soft
- Opportunities in contracting
- End-users cautious, especially in the retail sector
- Signs of improving investor demand
- Positive macro outlook supported the business premises market in the CEE countries

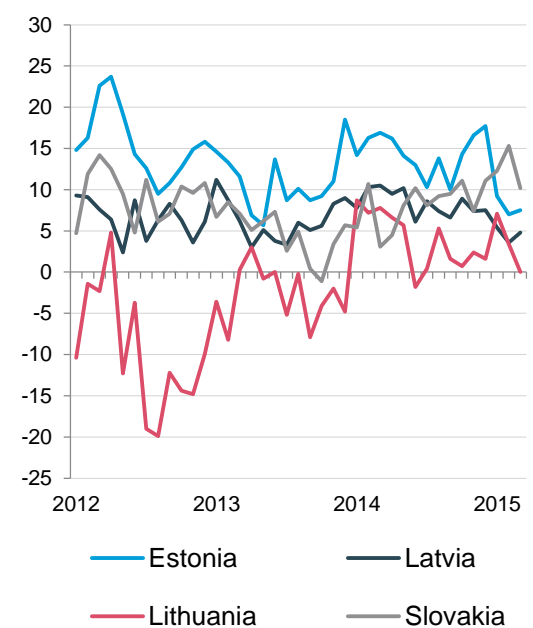
Confidence indicators in Finland



Granted building permits in Finland, thousand m³



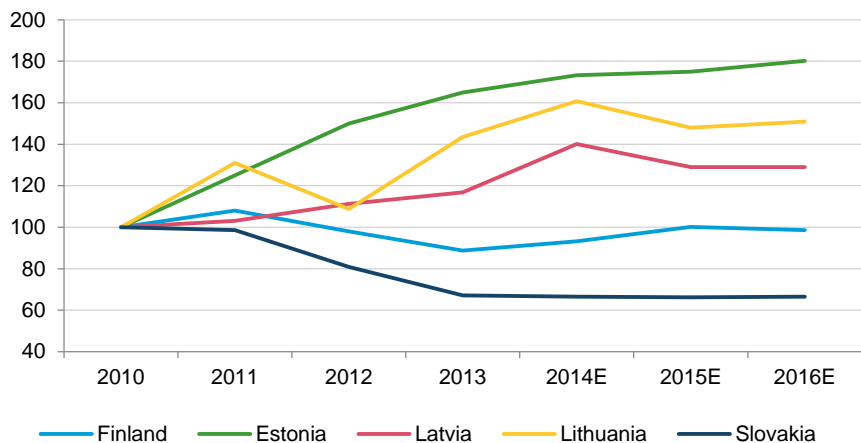
Retail trade confidence in the CEE countries



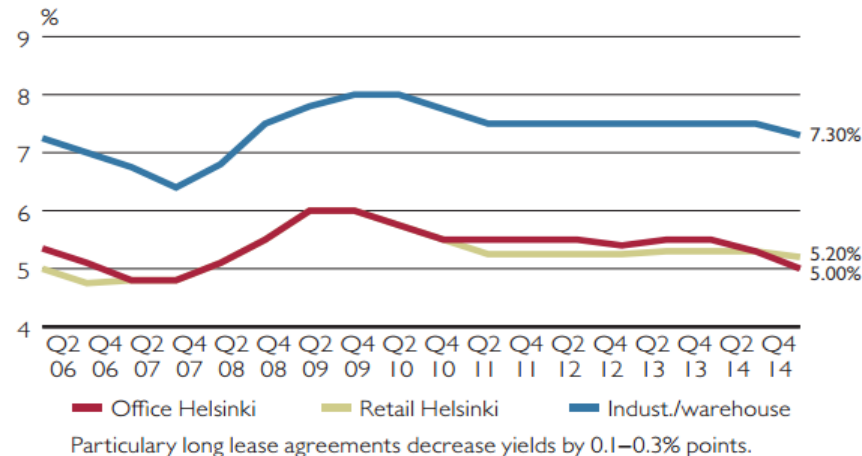
Sources: EK Confederation of Finnish Industries, Statistics Finland and European Commission

Prime yields have decreased slightly in HMA, Finland

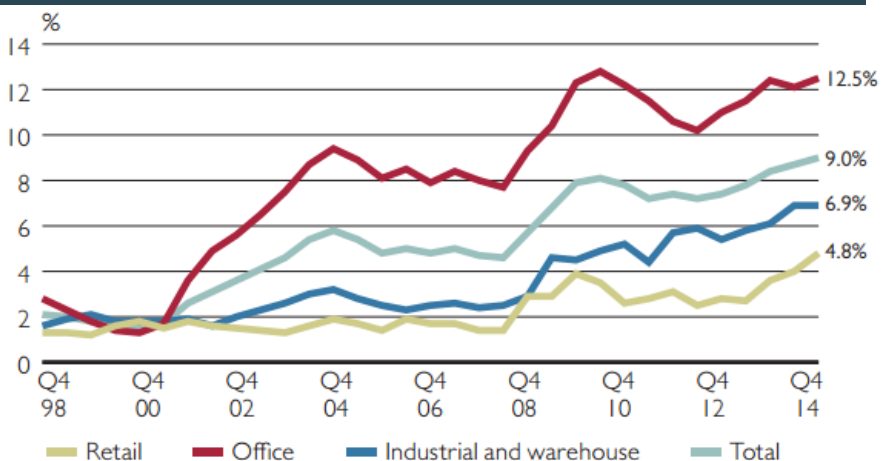
New non-residential construction volumes, index



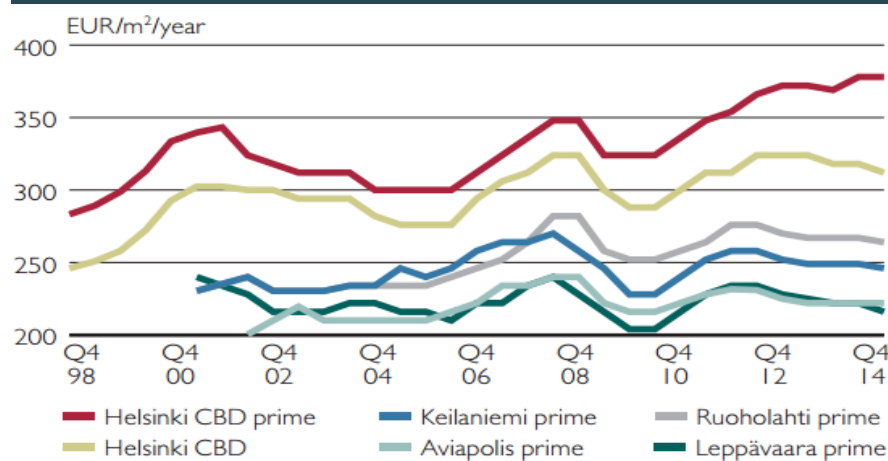
Prime yields in Helsinki Metropolitan Area, %



Vacancy rates in Helsinki Metropolitan Area



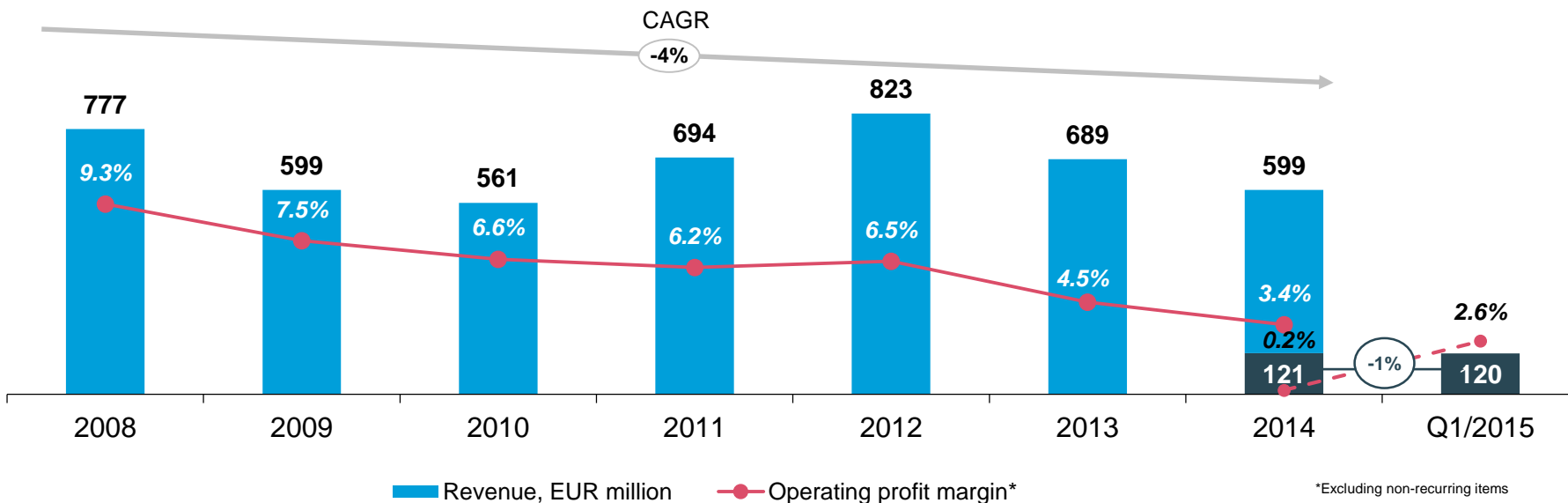
Rental levels of office premises (excl. VAT), new agreements



Sources: Euroconstruct, November 2014 and Forecon, December 2014, Catella Property Market Trends Finland, February 2015

Business Premises and Infrastructure, long-term development

2008	2009	2010	2011	2012	2013	2014	Q1/2015
<ul style="list-style-type: none"> • Good development in Business Premises due to "old" order backlog • Good development in Infra Services 	<ul style="list-style-type: none"> • Weakening business premises market • Good performance in Infra Services • Fixed cost cuts 	<ul style="list-style-type: none"> • Signs of improvement in the business premises market • Stable development in Infra Services 	<ul style="list-style-type: none"> • Infra Services weak in H1, improvement in H2 • Result improved in Business Premises 	<ul style="list-style-type: none"> • Stable development in Business Premises • Stable development in Infra Services 	<ul style="list-style-type: none"> • Weak business premises market • Good performance in Infra Services 	<ul style="list-style-type: none"> • Weak business premises market • Profitability was weakened by low volume 	<ul style="list-style-type: none"> • Success in large projects and contracting
EBIT*: EUR 72.0 million	EBIT*: EUR 45.0 million	EBIT*: EUR 37.0 million	EBIT*: EUR 43.0 million	EBIT*: EUR 53.0 million	EBIT*: EUR 31.0 million	EBIT*: EUR 20.4 million	EBIT*: EUR 3.1 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.

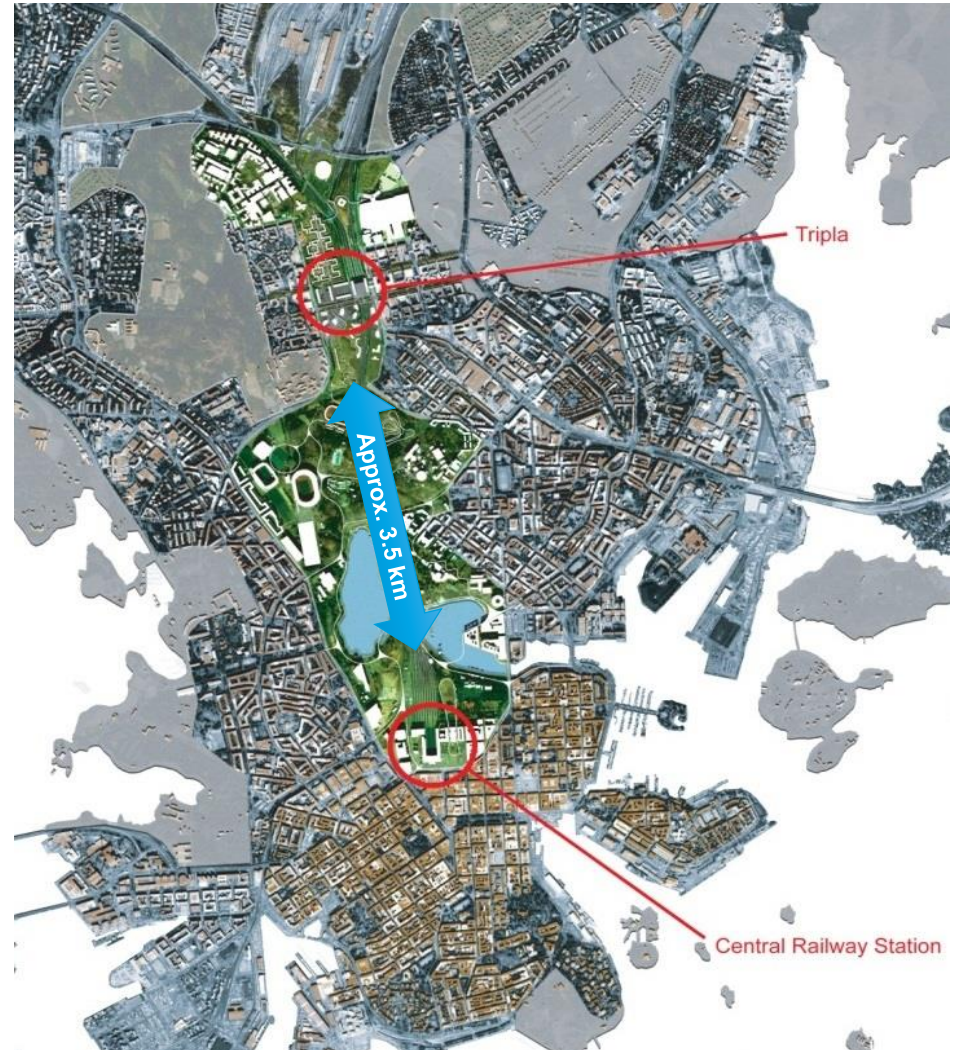
Tripla project supports growth in the coming years

Tripla project

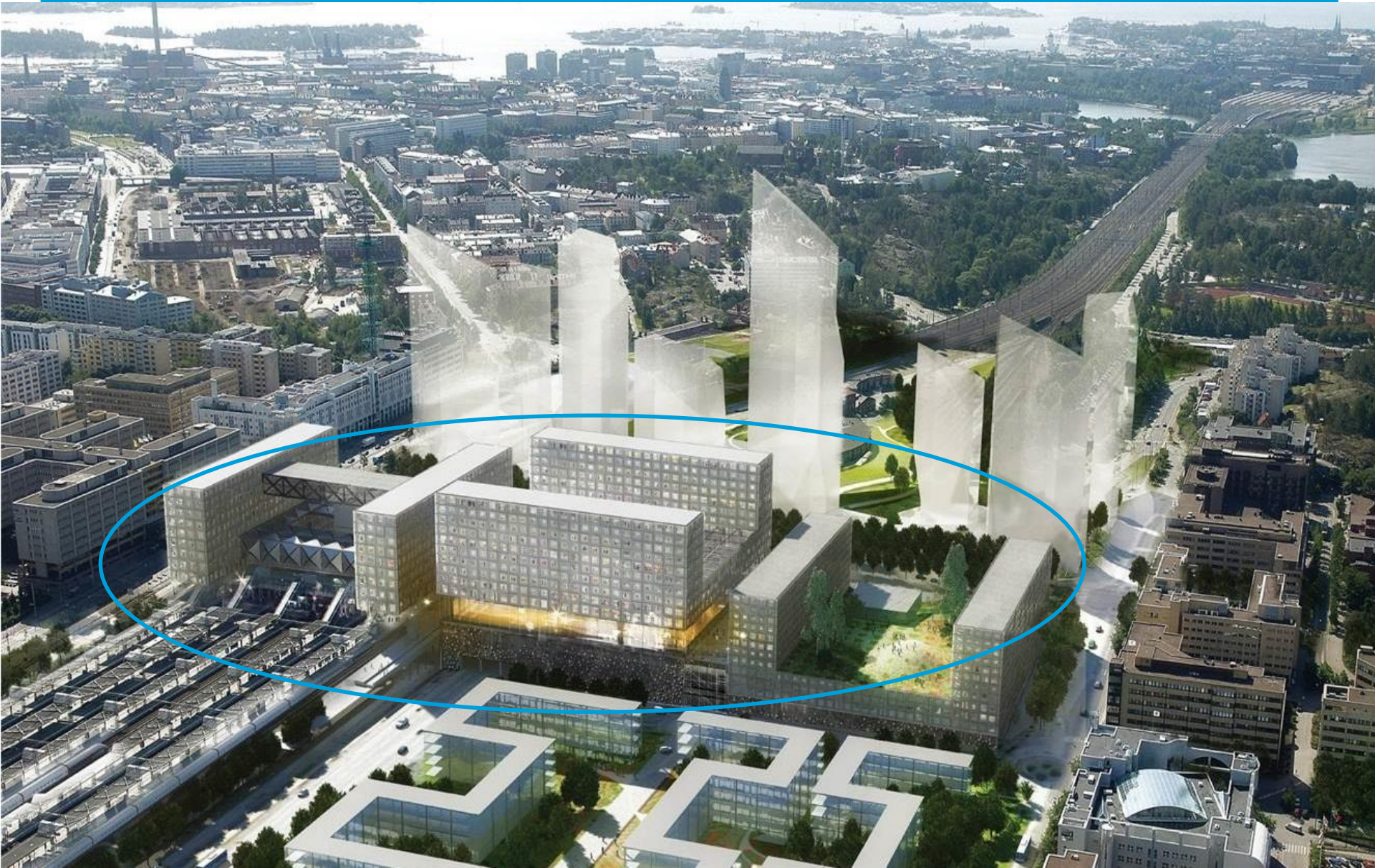
- EUR 1 billion hybrid project consisting of offices, shopping and congress center, hotels, public transport terminal and apartments
- Combines the breadth of YIT know-how in different areas of construction
- Project length ~ 10 years, constructed in phases

The location

- Pasila is an excellent location approx. 3.5 km away from the Central Railway Station of Helsinki
- Connection point for all rail traffic in the Helsinki Metropolitan Area
- Daily people flow through Pasila railway station verges on 80,000
- 500,000 persons within the reach of 30 min by public transportation



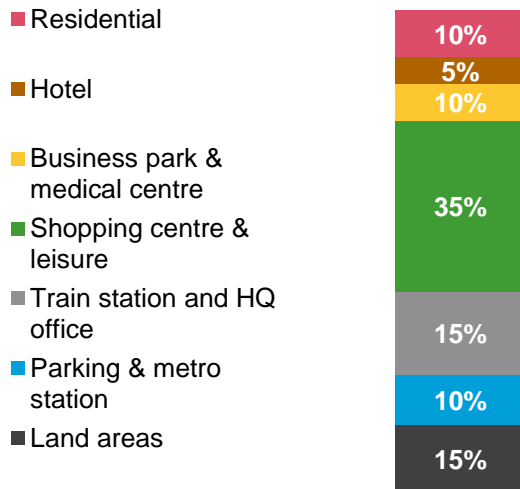
Tripla project: Pasila in the future



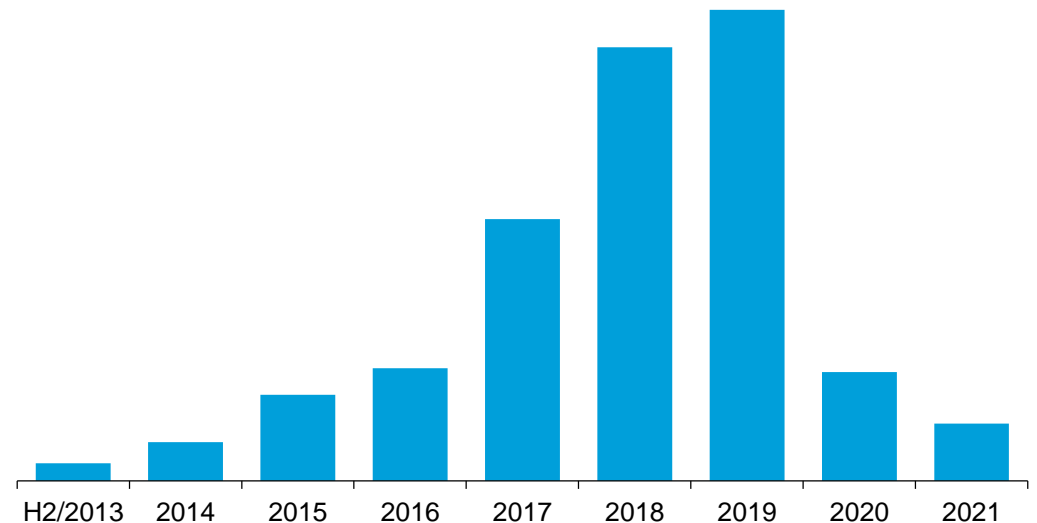
Tripla project proceeding as scheduled

- City plan regarding the project became legally valid in March 2015
 - Enables progress in negotiations with potential investors
- A building permit for the first phase (parking facility) will be applied for in June 2015
- After the investor/ investors have been confirmed, construction expected to start in the end of 2015
- Very good reception from potential tenants, more than 150 participants attended the launch event in November 2014
 - Target to have anchor tenants in place by the end of H1/2015

Indicative split of total investment



Estimated timing of the investment costs during the project



Note: The charts are an illustration of YIT's perception on a general level and do not reflect the actualized figures of YIT Group.

Business Premises and Infrastructure:

Major ongoing projects

Examples of projects won in Q1/2015:

- Parking facility in Finland, EUR 20 million
- National Archives of Estonia, EUR 8 million
- Torkinmäki school in Finland, EUR 9 million
- Shopping centre in Lithuania, EUR 10 million
- Päivänkehrä school in Finland, EUR 14 million

The largest ongoing self-developed business premises projects

Project, location	Value, EUR million	Project type	Completion rate, %	Estimated completion	Sold/ for sale	Leasable area, sq. m.
BW Tower, Lahti	~22	Office	60%	10/15	Sold	7,500
Porarinkatu, Espoo	~10	Hotel	26%	11/15	Sold	3,200
Osmontie 38, Helsinki	n/a	Office	58%	10/15	Sold	3,600
Lauttasaari shopping centre, Helsinki	-	Retail	13%	11/16	For sale	5,700
Aleksanterinkatu 11 Koy, Lahti	-	Retail	67%	9/15	For sale	6,700

The largest ongoing infrastructure contracts

Project	Value, EUR million	Project type	Completion rate, %	Estimated completion
Ring Road III junction	~40	Infra	65%	12/16
Naantali CHP power plant	~40	Infra	1%	9/17
Espoo's road maintenance contract	~30	Infra	10%	10/19
Kemi's road maintenance contract	~25	Infra	82%	10/16

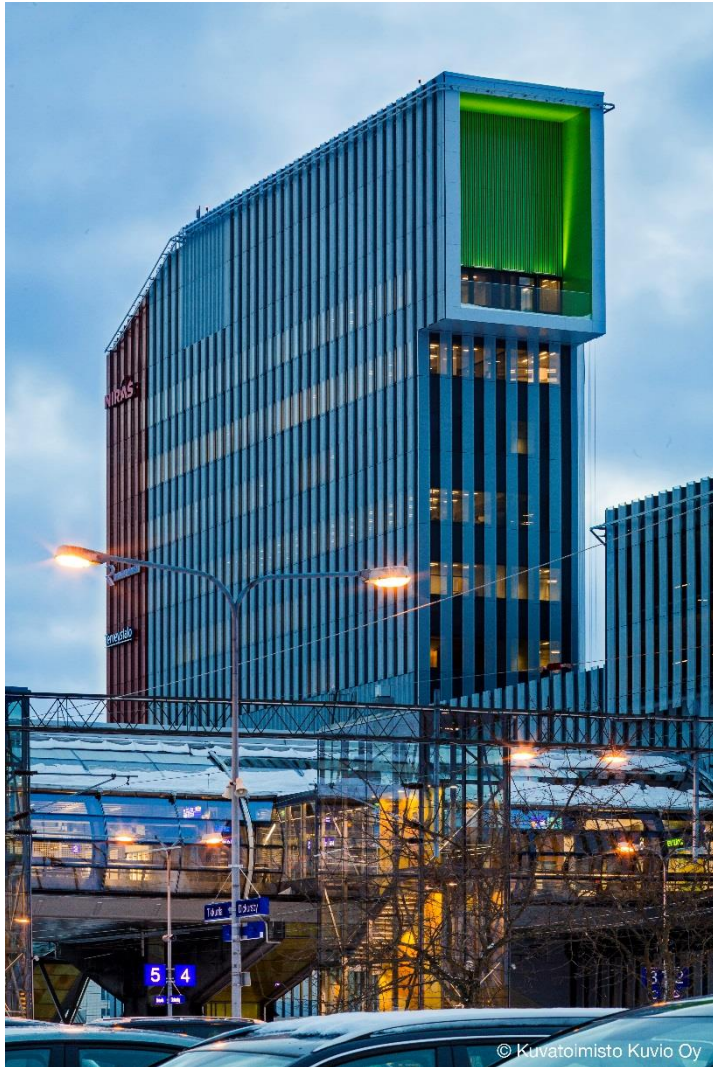
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Project references



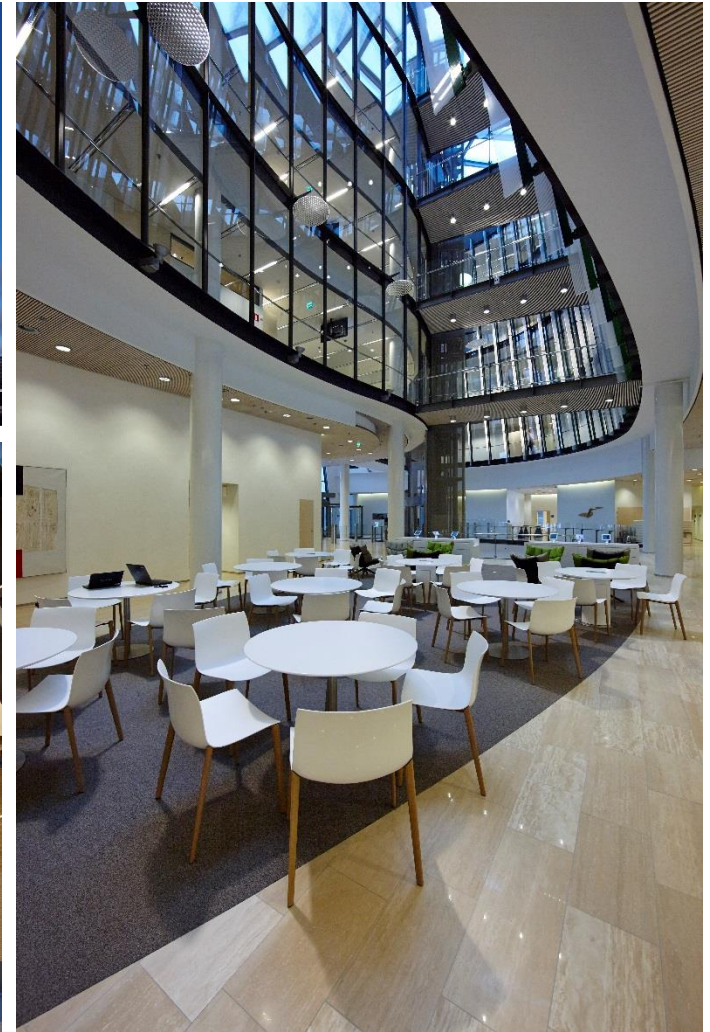
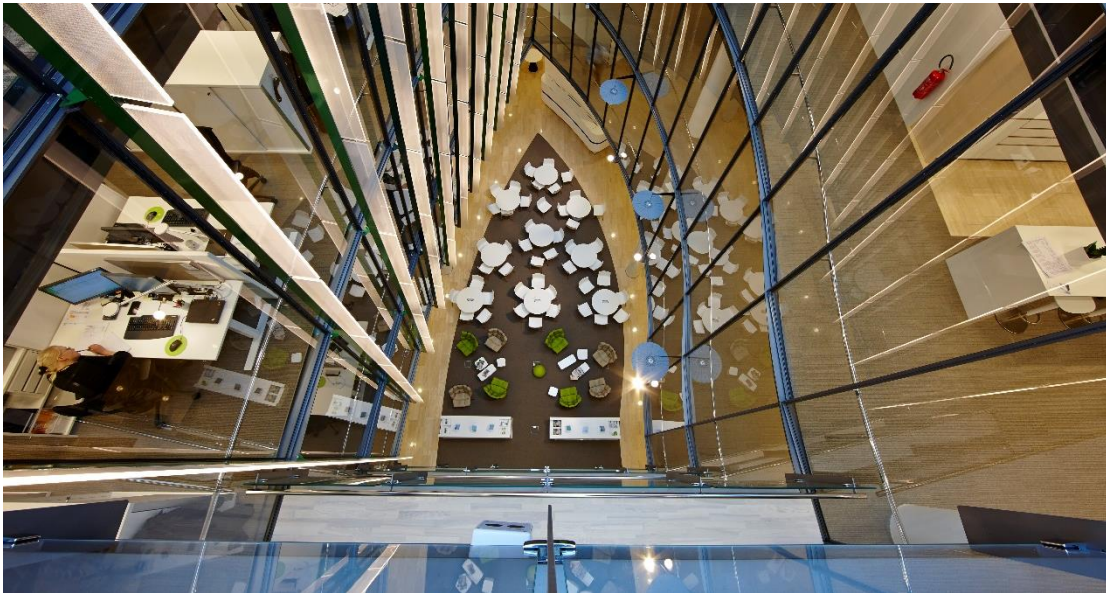
Self-developed project

Dixi shopping centre and offices in Vantaa, Finland



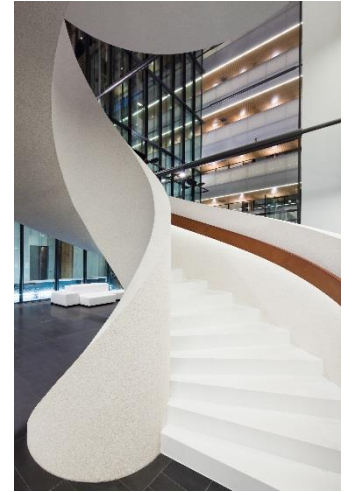
Tender-based project

UPM headquarters in Helsinki, Finland



Tender-based project

Tapiola headquarters in Espoo, Finland



MotorCenter - at the core of a driver's daily life

- A comprehensive set of services covering car inspection, repair, accessories and the “maintenance” of drivers
- The services form an extensive, appealing package where companies do not compete against each other, but mutually strengthen each other's appeal



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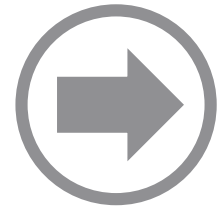
Looking
ahead and
conclusions



Market outlook, expectations for 2015

Finland

- Consumers cautious and investors active in the residential market, demand to focus on small apartments in growth centres
- Price polarisation, especially between small and large apartments
- Availability of mortgages good
- Modest demand for business premises with improving investor activity. Focus on prime locations in the Capital region
- Opportunities in contracting



Russia

- Weak visibility
- Consumers' purchasing power to decrease
- Construction costs to increase
- Uncertainty in residential price development
- Residential demand to focus on small apartments that are completed or close to completion
- Mortgage rates to remain stable due to government subsidies



CEE

- The improved economic situation to support residential and business premises demand
- Access to financing to remain good
- Residential prices to increase moderately



Guidance for 2015 unchanged (segment reporting, POC)

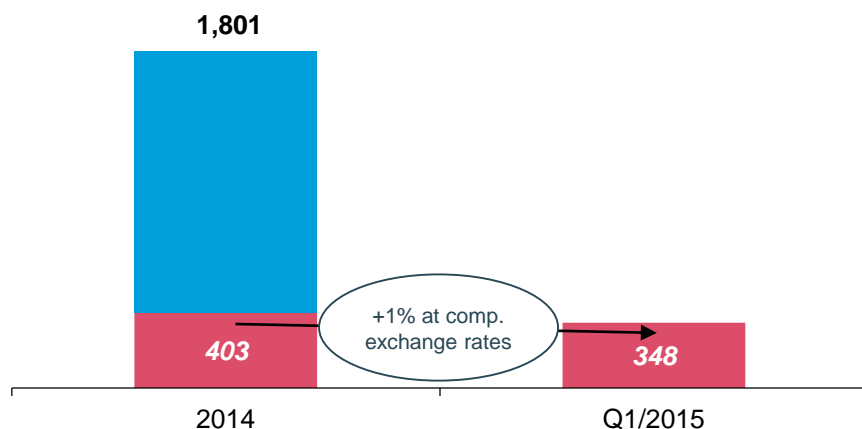
The **Group revenue growth** is estimated to be in the range of **-5 – 5%** at comparable exchange rates

The **operating profit margin** excluding non-recurring items is estimated to be **below the level of 2014**

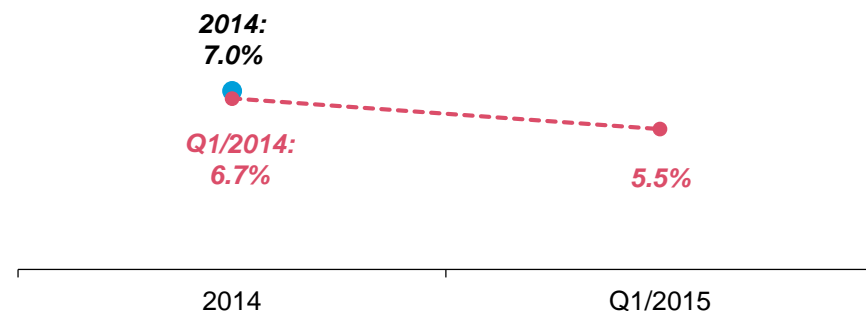
The **2015 guidance is based on the following:**

- Demanding market outlook
- ~40% of Q2-Q4/2015 revenue from sold projects and signed pre-agreements, the rest from new sales and capital release
- Housing Russia's share of revenue to decrease
- Share of investor projects and contracting to increase in Finland
- Capital release dilutes the operating profit margin

Revenue, EUR million



Operating profit margin*, %



Figures based on segment reporting (POC)

*Operating profit margin excluding non-recurring items

Concluding remarks

Growth from self-developed and co-operation projects, shifting towards a more balanced geographical footprint

Solid track record in profitability and execution through economic cycles

Strong market position and long experience from Finland and Russia

Current focus on cash flow and capital efficiency, efforts to improve capital efficiency starting to bear fruit



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we can
do it.**