YIT – Creating better living environments

Handelsbanken Credit Seminar
2 September 2016

Timo Lehtinen

Contents

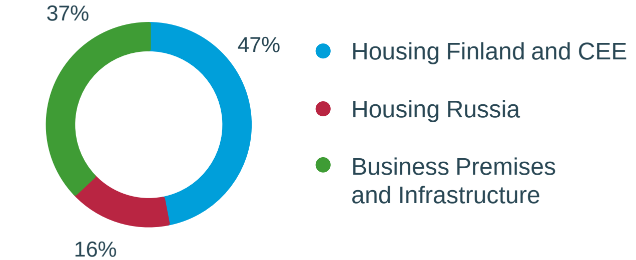
1

YIT in brief

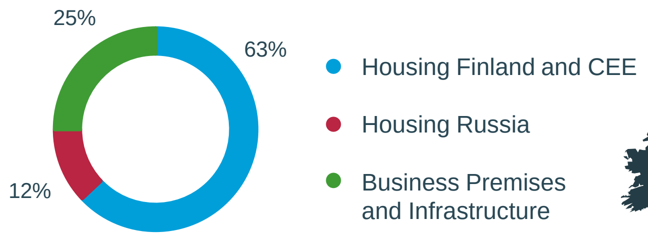
Merenkulkijanranta residential area
Helsinki, Finland

A real estate developer and construction company with solid track record

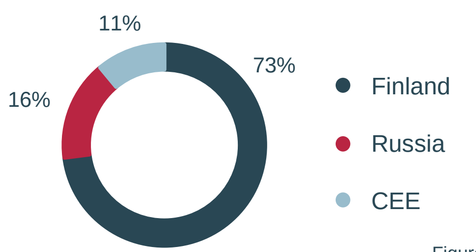
Revenue by segment, EUR 1.7 bn



Operating profit* by segment, EUR 76 million



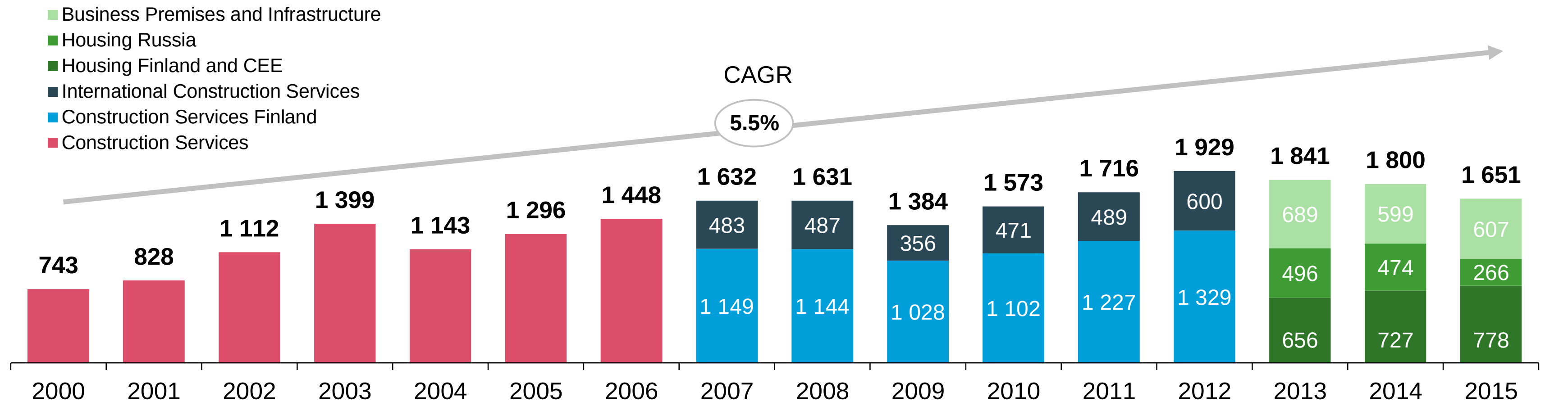
Revenue by geographical area, POC



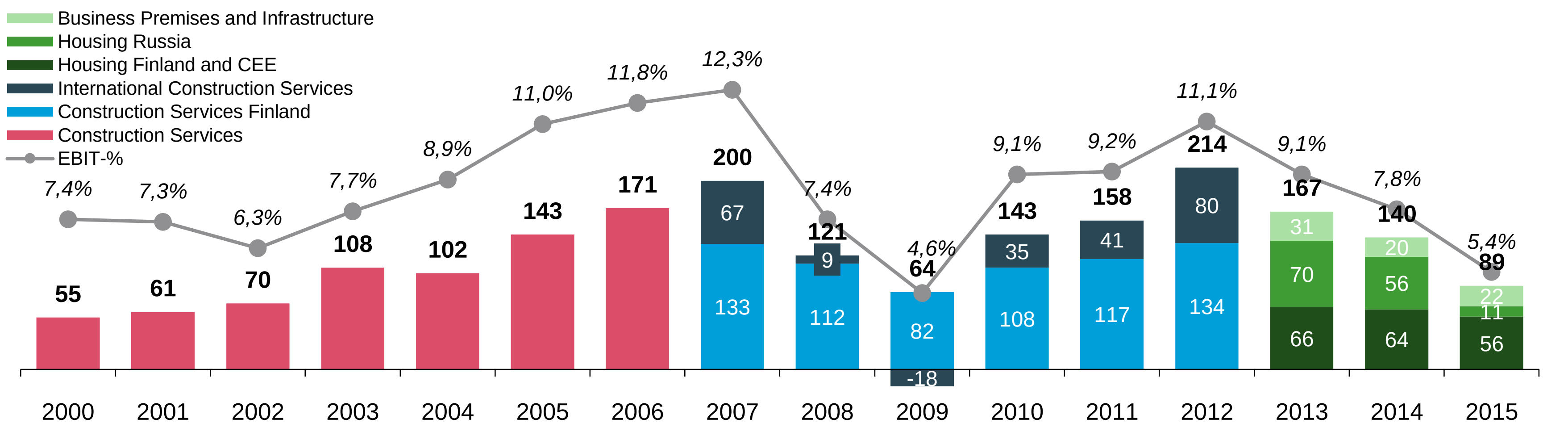
Figures based on segment reporting (POC), %-shares excluding other items
*Excluding adjustments.

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 adjustments

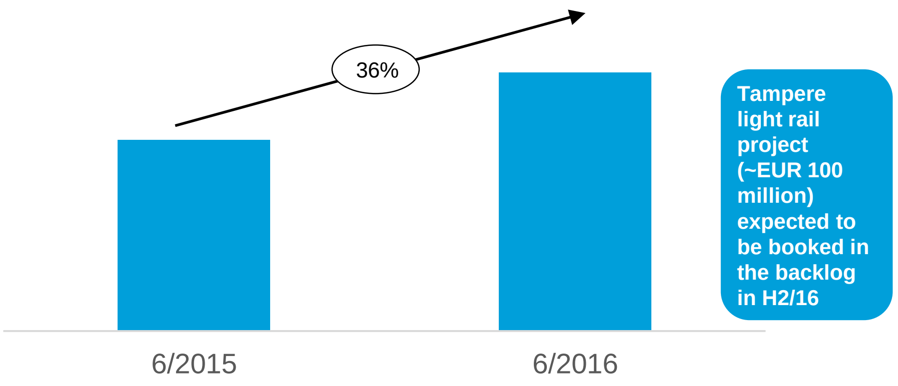


Note: Segment level figures (POC), i.e. sum of Construction Services related segment figures in YIT financial reporting and thus excluding effect of other items.

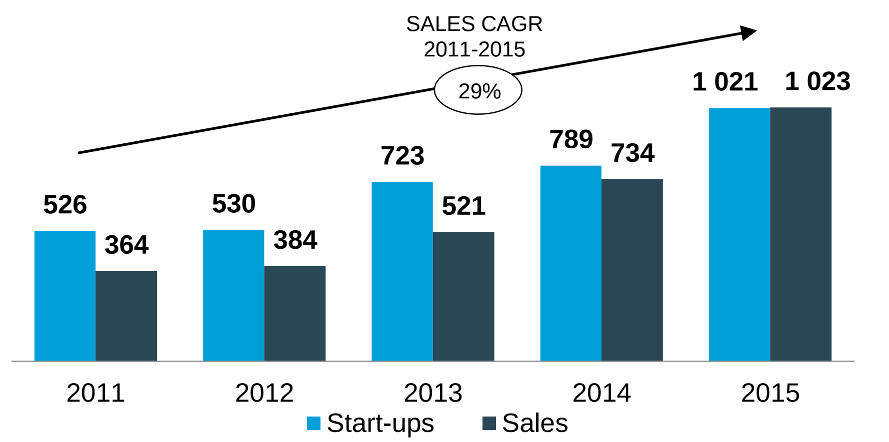
YIT getting back to the profitable growth trend

- Strong growth in the backlog of Business Premises and Infrastructure with improved margin content (37% of 2015 revenue)
- Investment in the growth in CEE to continue (11% of 2015 revenue) - first project in Poland expected to start in Q2/2016
- First positive signs in consumer demand in Finnish housing in Q1: Consumer sales +16% y-o-y, start-ups increased clearly
- Mix shift in Housing Finland and CEE supportive for profitability

Order backlog of Business Premises and Infrastructure, EUR million



Apartment start-ups and sales in CEE, units



2

Strategy and business model

Konepaja residential area
Helsinki, Finland

Strategic roadmap - focus shifting towards profitability and growth

2013	2014	2015	2016	2017
	Cash flow focus	Focus gradually towards profitability	Focus back to growth	

Partial demerger

1 Foundation for new YIT laid and development programmes launched

2 Solid foundation for future growth

3 More balanced geographical footprint, higher share of projects with high added value

Balanced growth initiatives

Strategic focus areas:

Improving profitability

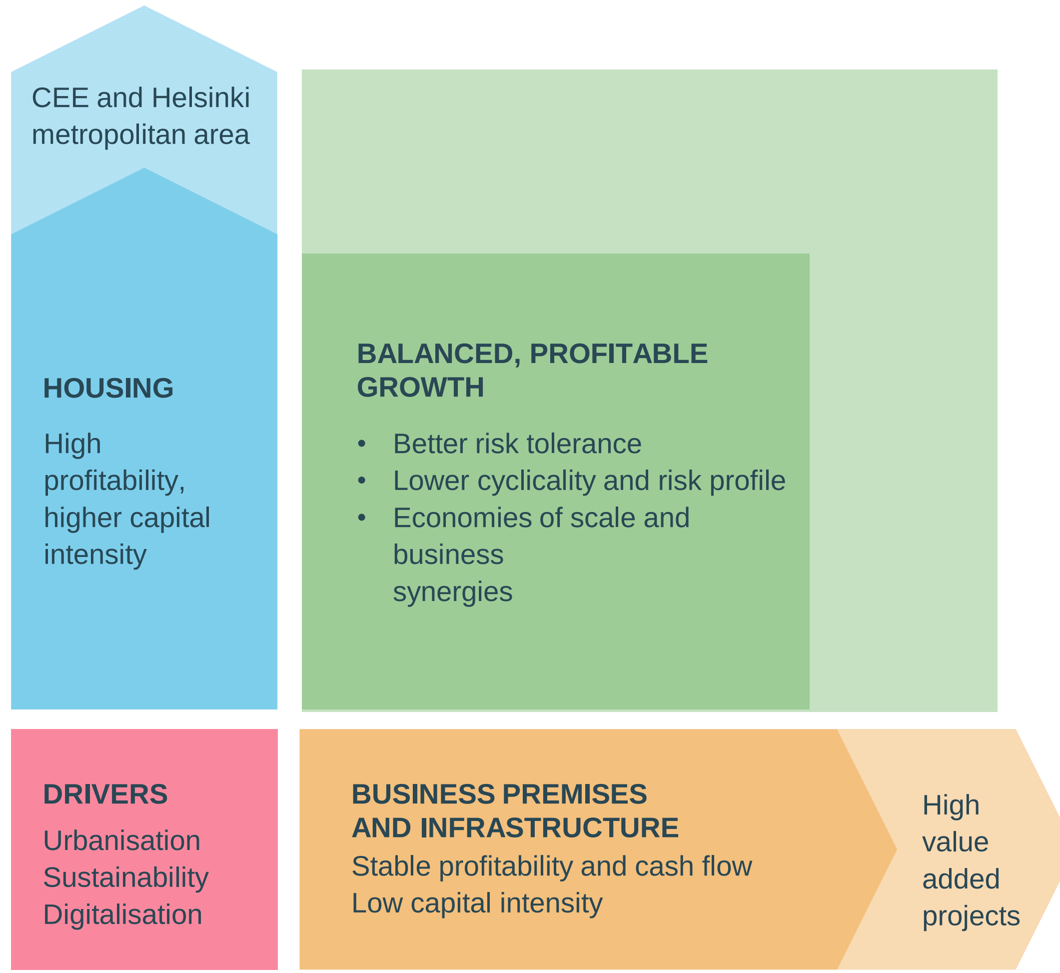
- Optimising the business mix
- Cost adjustments in Russia

Growth initiatives

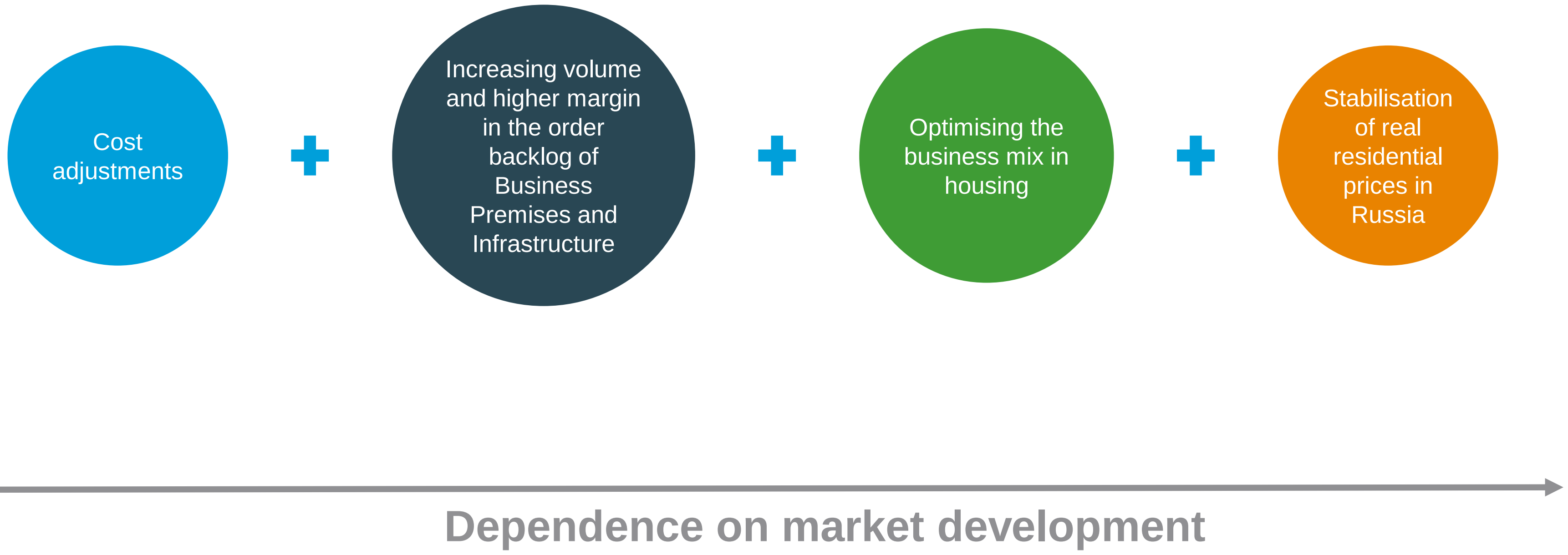
- Secured major projects and more high value added projects
- Accelerating growth in CEE, entry to Poland
- More affordable apartments

Raising capital efficiency

- Completing the capital release program
- Further increasing the role of partnerships
- Reducing invested capital in Russia



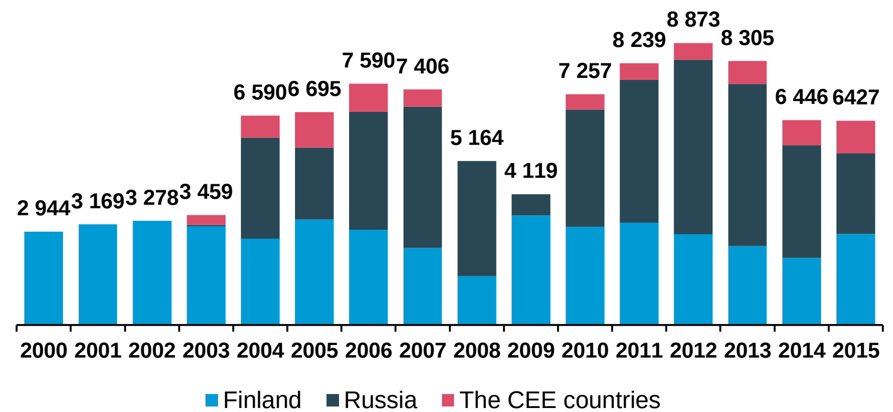
Clearly higher EBIT needed to reach the targeted ROI



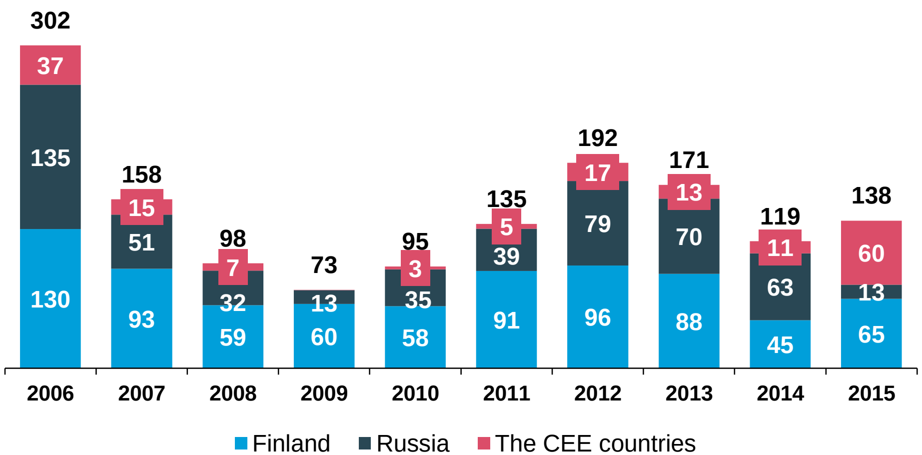
Capital efficiency and flexibility play a key role in the business model

- Good ability to manage cash flow
  - Start-ups and plot investments can be adjusted; existing plot reserve provides a good base for the coming years
- Flexibility in production costs
  - Both own personnel and subcontractors at construction sites
  - Use of rental equipment to manage the volatility in production volumes
  - Temporary layoffs possible in Finland
- Towards more efficient use of capital
  - More plot co-operation, involving YIT developing projects on leased land
  - Plot payments increasingly in instalments
  - Sharing the responsibility for financing by using joint ventures and project financing
  - Effective management of sales risk
  - Capital release programme continues actively until the end of 2016

Housing start-ups 2000-2015 (units)



Cash flow of plot investments 2006-2015 (EUR million)



Almost 90% of the capital release program completed

Target for capital release	Actions in Q2/2016	Cumulative progress since 9/2013
Reducing the inventory of unsold completed apartments in Finland >EUR 50 million	• Active sales covering a wide variety of apartments, EUR ~20 million	✓
Selling self-developed business premises projects in Finland (under construction) EUR 80 million		✓
Slow-moving assets >EUR 150 million*	• Several smaller deals in Russia and CEE: EUR around 3 million	• EUR ~94* million sold or agreed (not fully visible in revenue and cash flow yet)
New off-balance sheet partnership models in plot acquisitions >EUR 100 million		✓

*Target set at the balance sheet rate at 9/2013: EUR/RUB 43.8240, cumulative progress calculated using the same EUR/RUB rate.
Note: In addition to the progress presented in the table above, the slow-moving assets have been reduced by impairment of EUR 9 million made in Q4/2014

3

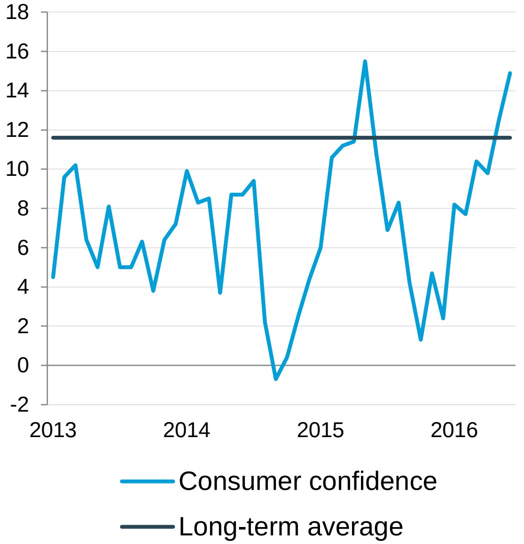
Housing Finland and CEE

Koti Hyacint
Prague, the Czech Republic

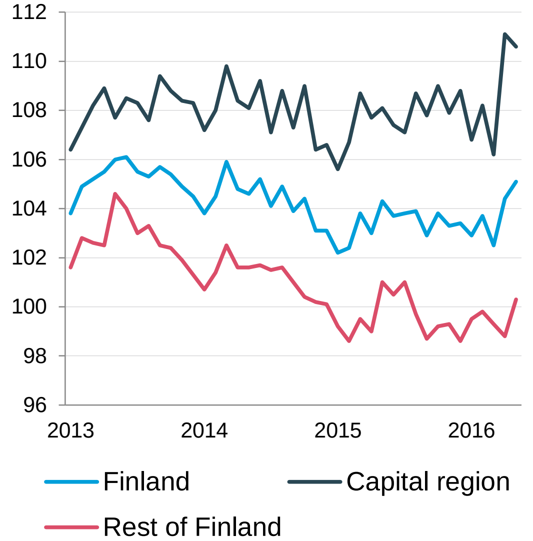
Operating environment in Finland in Q2

- Consumer confidence improved in Q2, visible also in housing demand
- Good investor demand continued
- Good demand especially for small, affordable apartments in the growth centres
- Mortgage interest rates stayed on a low level and margins continued to decrease
- The volume of new housing loans continued to increase

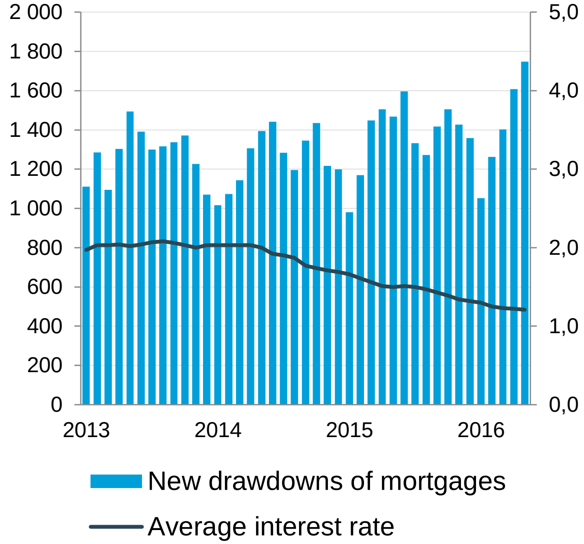
Consumer confidence 1/2013-6/2016



Prices of old apartments, index (2010=100)



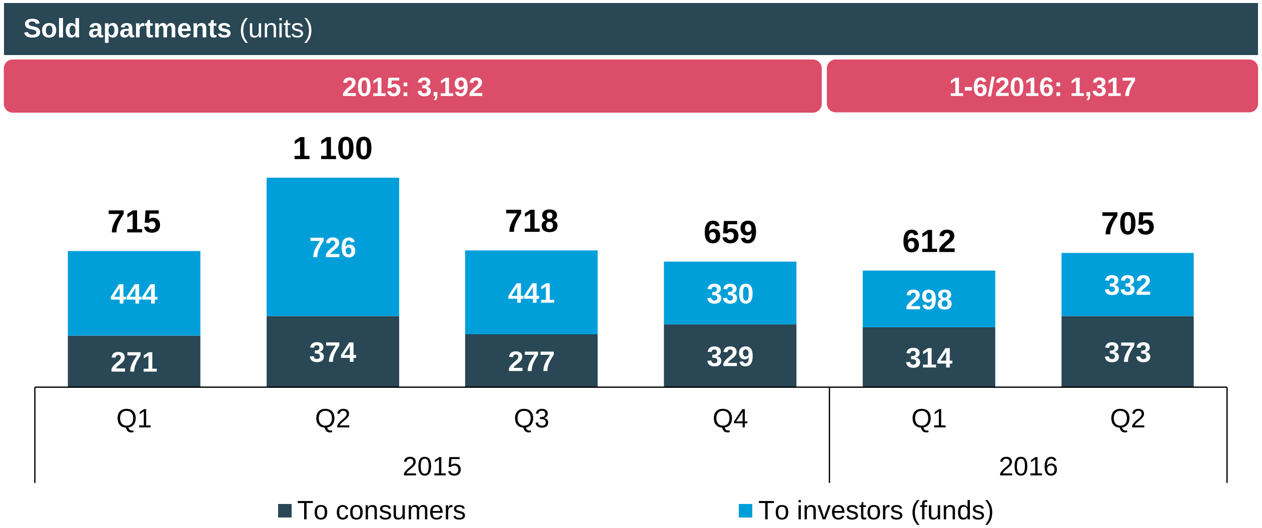
New drawdowns of mortgages and average interest rate, (EUR million, %)

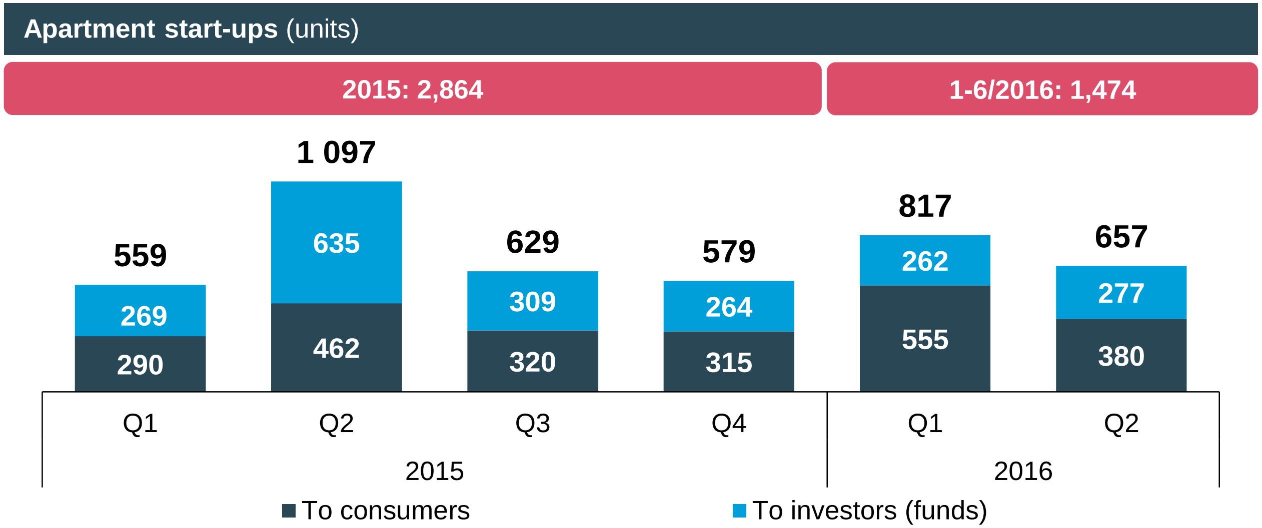


Sources: Statistics Finland and Bank of Finland

Housing Finland and CEE

Consumer sales and start-ups grew in Finland in H1 y-o-y



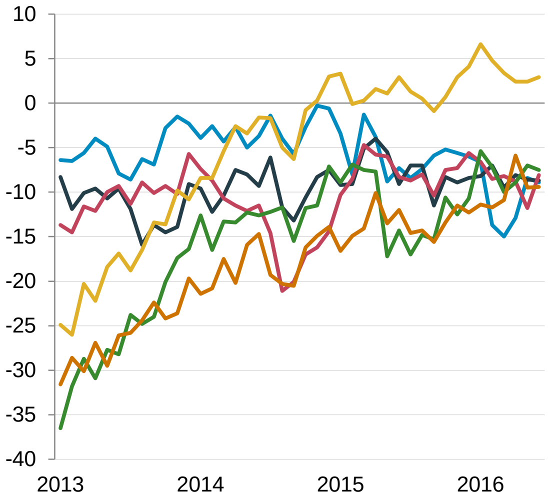


- Share of units sold to consumers up to 52% in H1/2016 (H1/2015: 36%)
- Smartti-concept launched in May, excellent demand in pre-marketing
- In July, sales to consumers at around 90 units (7/2015: around 90 units)

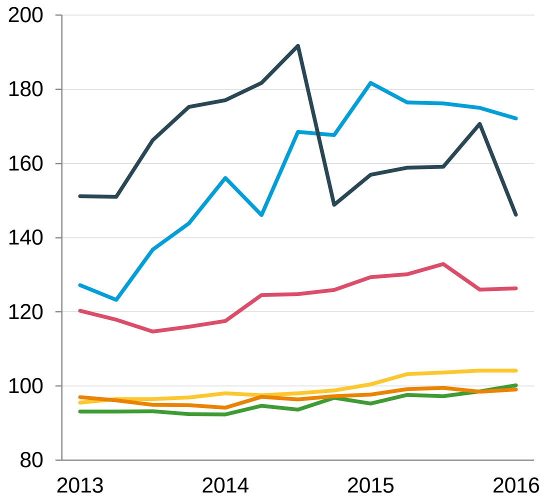
Operating environment in the CEE countries in Q2

- Positive macro development continued and residential demand remained good
- Prices of new apartments remained relatively stable in the CEE countries
- Interest rates of mortgages have remained on a low level
- Consumers' access to financing has remained good

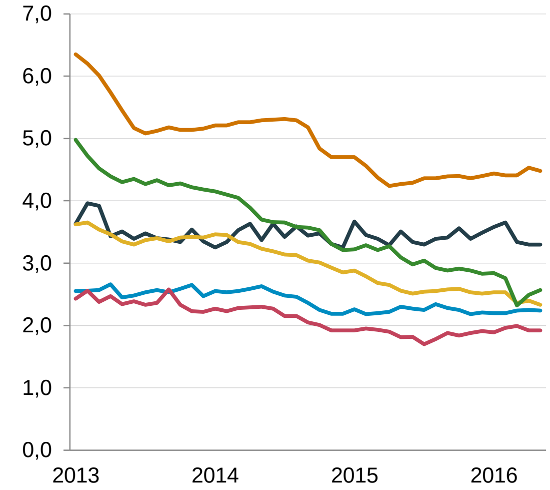
Consumer confidence



House price index, new dwellings, 2010=100



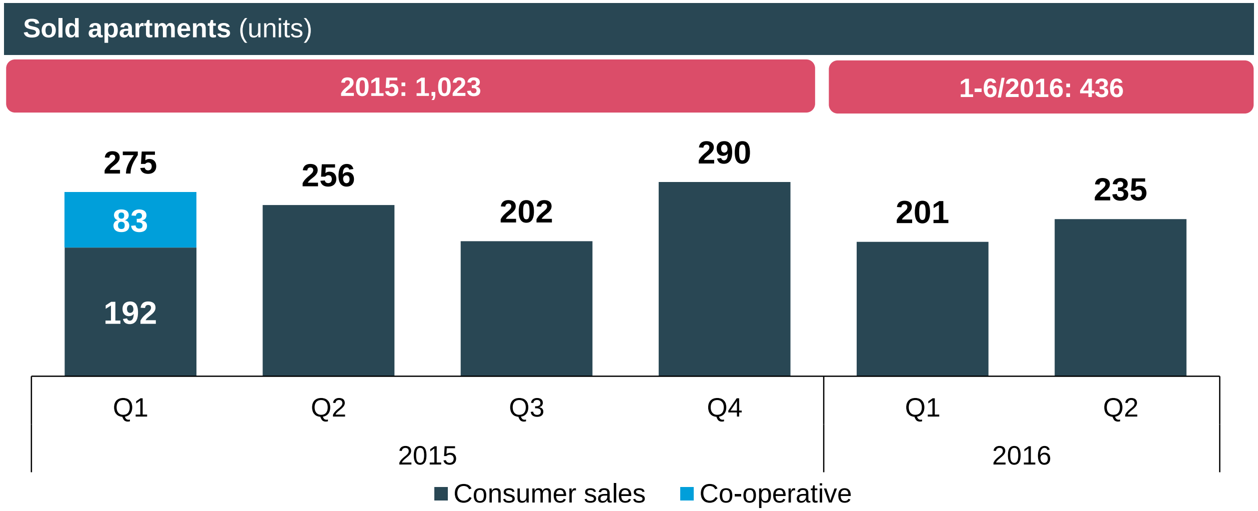
Average interest rate of mortgages (%)

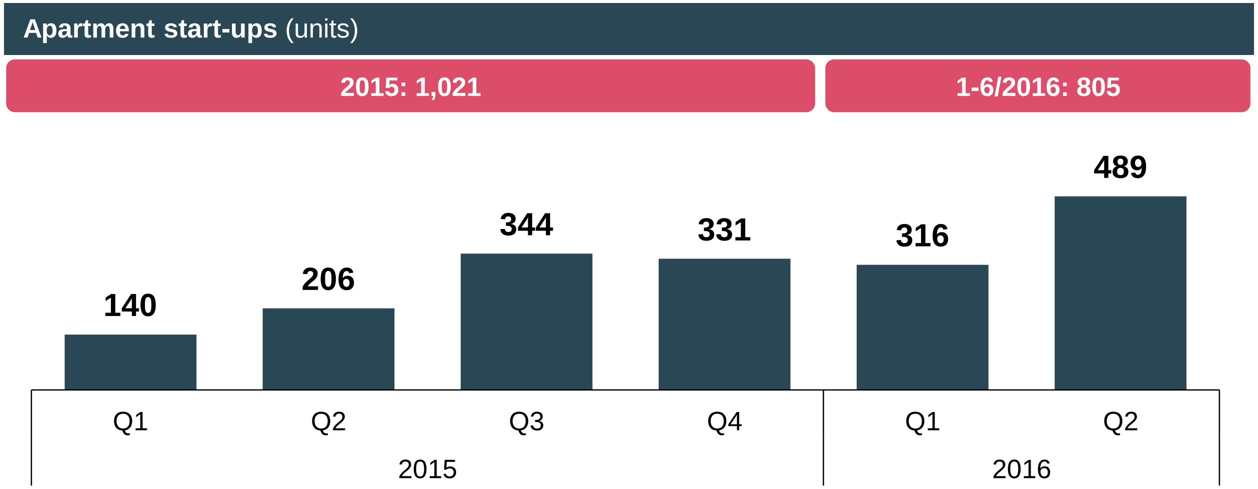


Estonia — Latvia — Lithuania — The Czech Republic — Slovakia — Poland

Sources: European Commission, Eurostat and National Central Banks

Housing Finland and CEE
Start-ups increased in CEE in Q2

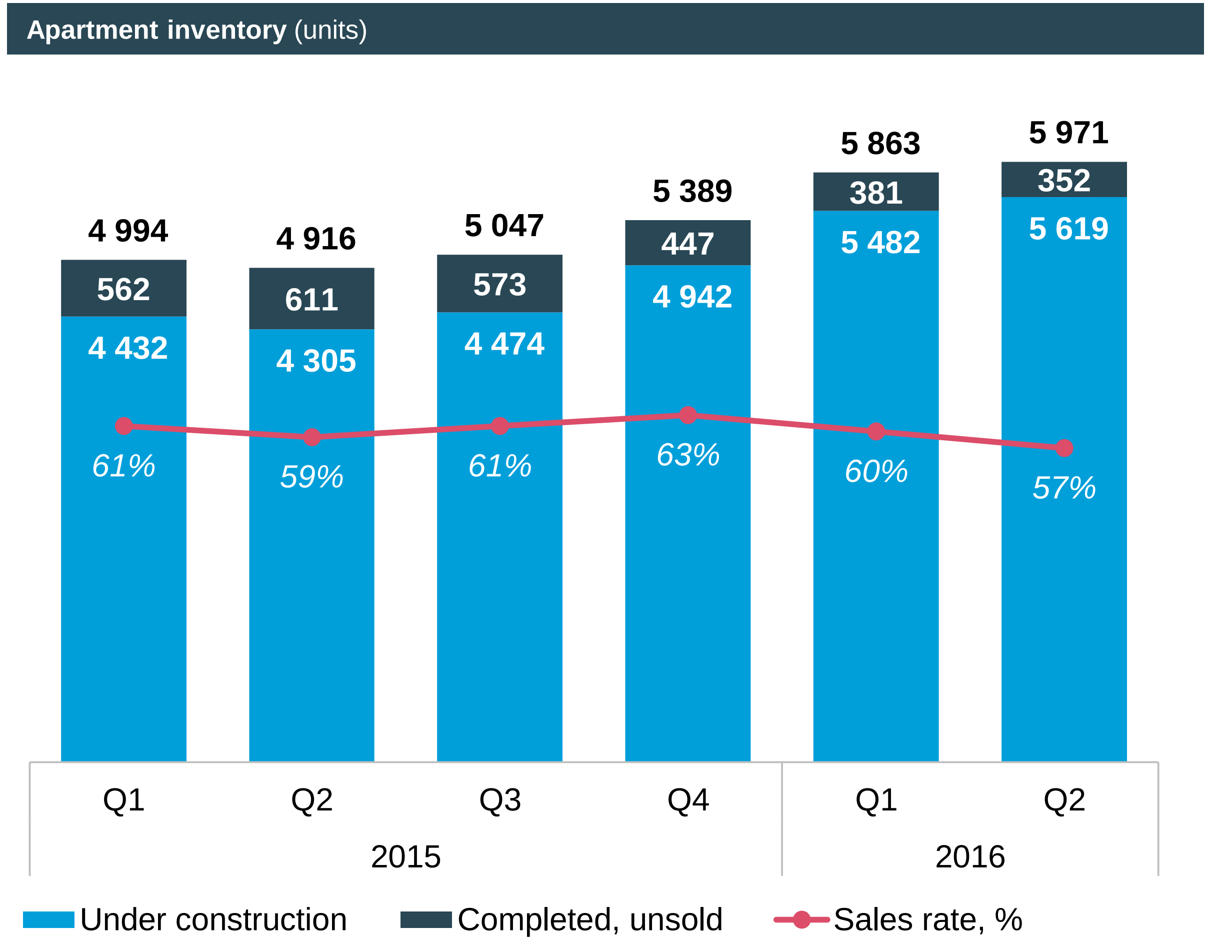




- Consumer sales (units) still modest in Q2/2016, higher sales expected in coming quarters due to strong start-ups
- Start-ups have been increased according to strategy
- First project started in Warsaw, Poland
- In July, sales to consumers at over 60 units (7/2015: around 60 units)

Housing Finland and CEE
The production volume (units) continued to grow in Q2

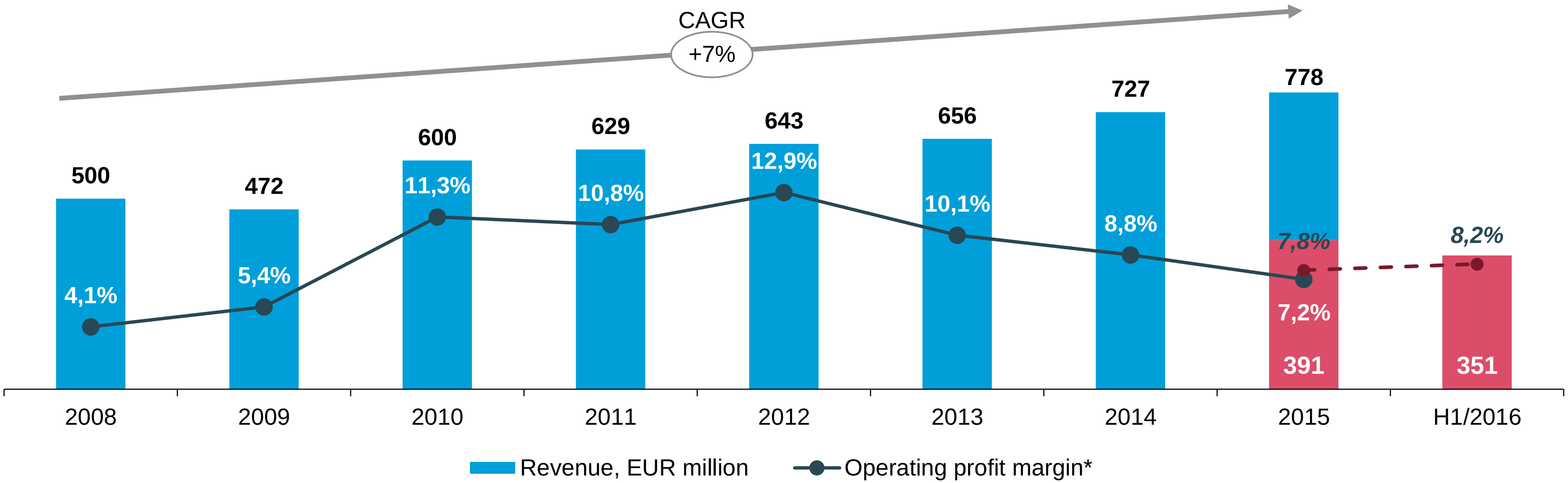
- Number of unsold completed apartments decreased to 237 in Finland (6/2015: 473)
- 57% of units under construction already sold moderating the sales risk
- The share of CEE of the sales portfolio (units) 49% (6/2015: 37%)



Housing Finland and CEE

Target to improve profitability by increasing consumer sales

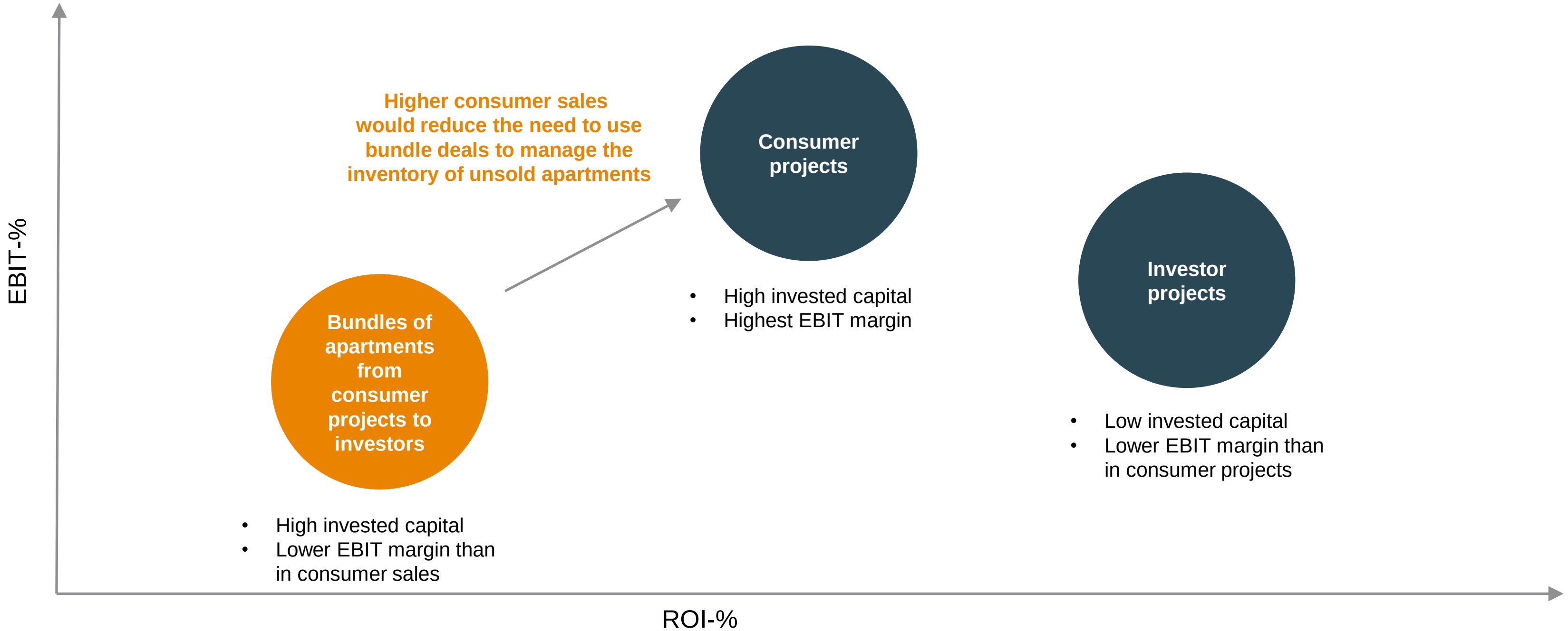
- The segment's profitability has been burdened by high share of investor deals in Finland and actions to release capital
  - Profitability started to improve in Q2/2016 due to less capital release actions
- Development in CEE has been positive
- Shifting focus from investor sales to consumer sales in Finland the key for profitability improvement, but will take time



* Excluding adjustments. 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 segments estimated true share of the fixed costs.

Impact of the mix in Finnish housing

- Target to increase the share of consumer sales by improving affordability of the apartments



- High invested capital
- Lower EBIT margin than in consumer sales

- High invested capital
- Highest EBIT margin

- Low invested capital
- Lower EBIT margin than in consumer projects

4

Housing Russia

Baltym Park
Yekaterinburg, Russia

Housing Russia
Operating environment in Q2

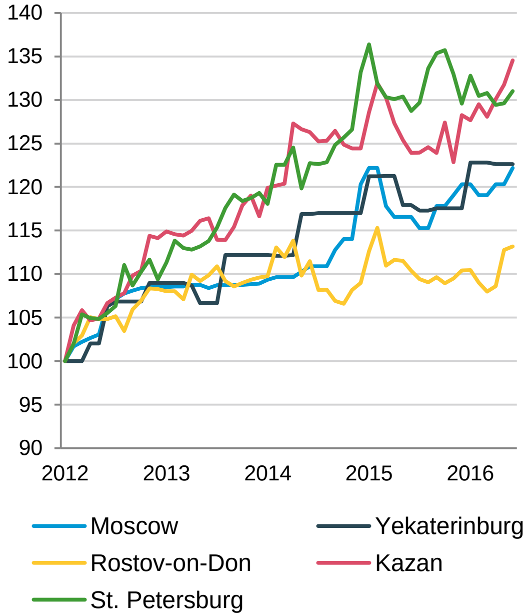
- The ruble strengthened during the quarter

- Demand focused especially on small apartments
- Residential prices remained stable, but decreased in real terms (CPI 6/2016: 7.5%)

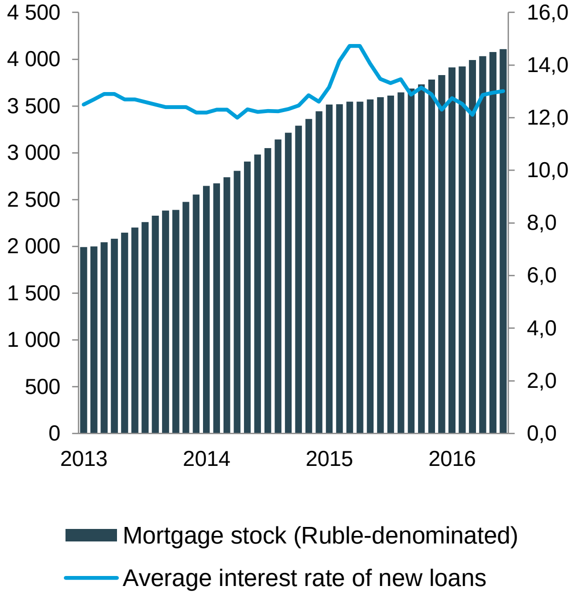
- Mortgage subsidy program extended until the end of 2016
- Mortgage interest rates for new apartments at around 12%

EUR/RUB exchange rate

Prices of new apartments, Index (01/01/2012=100)



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

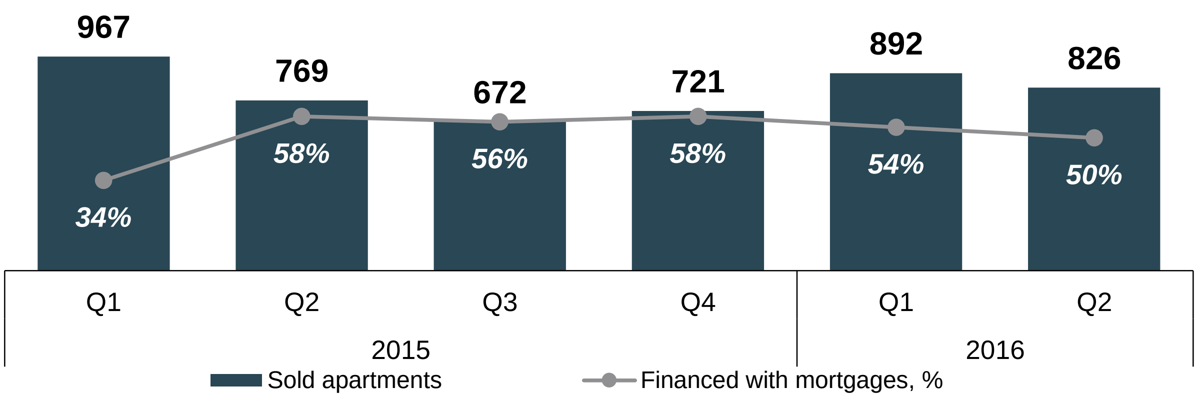


Sources: Bloomberg, YIT and Bank of Russia

Housing Russia
Sales and start-ups

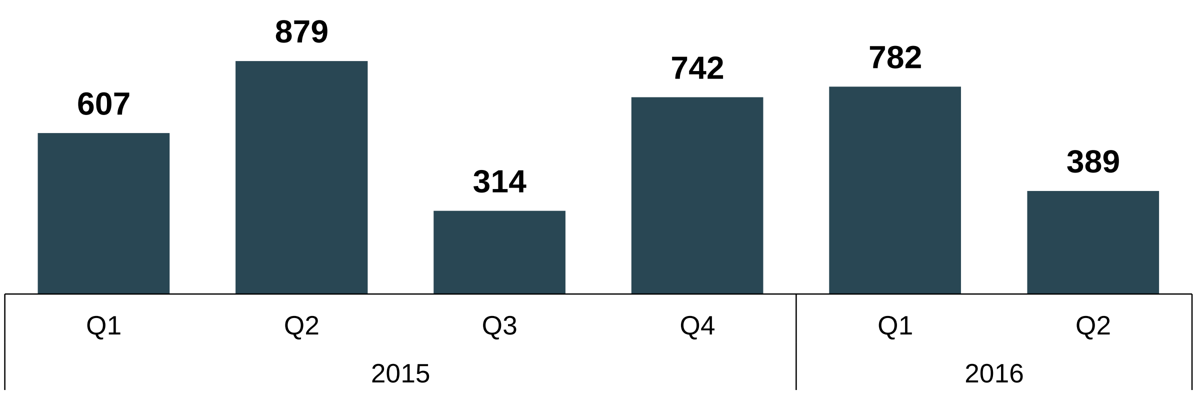
Sold apartments (units) **and share of sales financed with a mortgage** (%)

2015: 3,129 (50%) | **1-6/2016: 1,718 (51%)**



Apartment start-ups (units)

2015: 2,542 | **1-6/2016: 1,171**

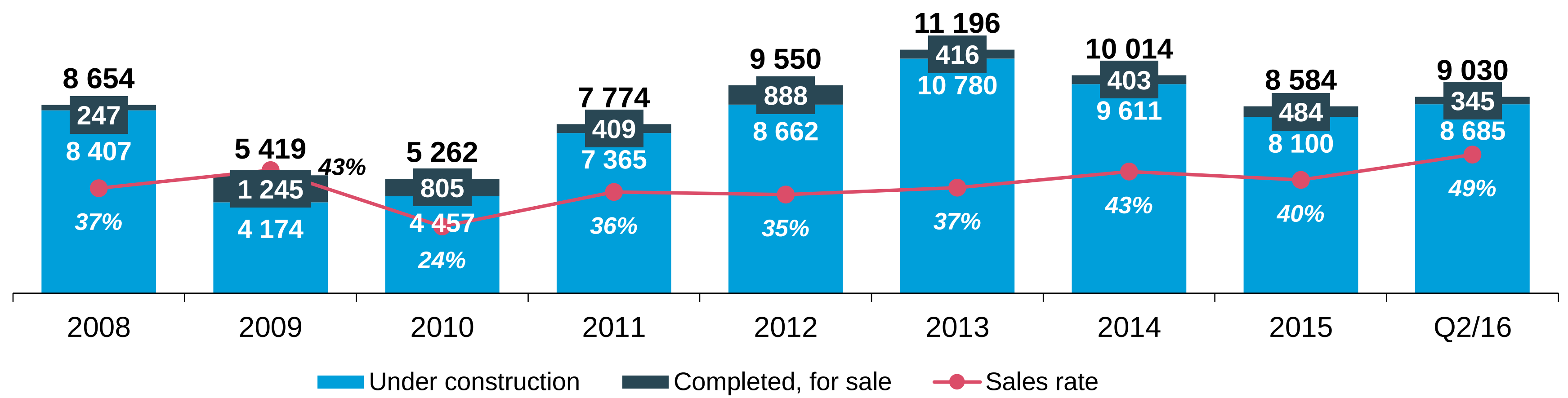


- Good sales in H1
- Share of sales financed with mortgages high supported by the government's mortgage subsidy program
- In July, sales to consumers over 200 units (7/2015: around 200 units)

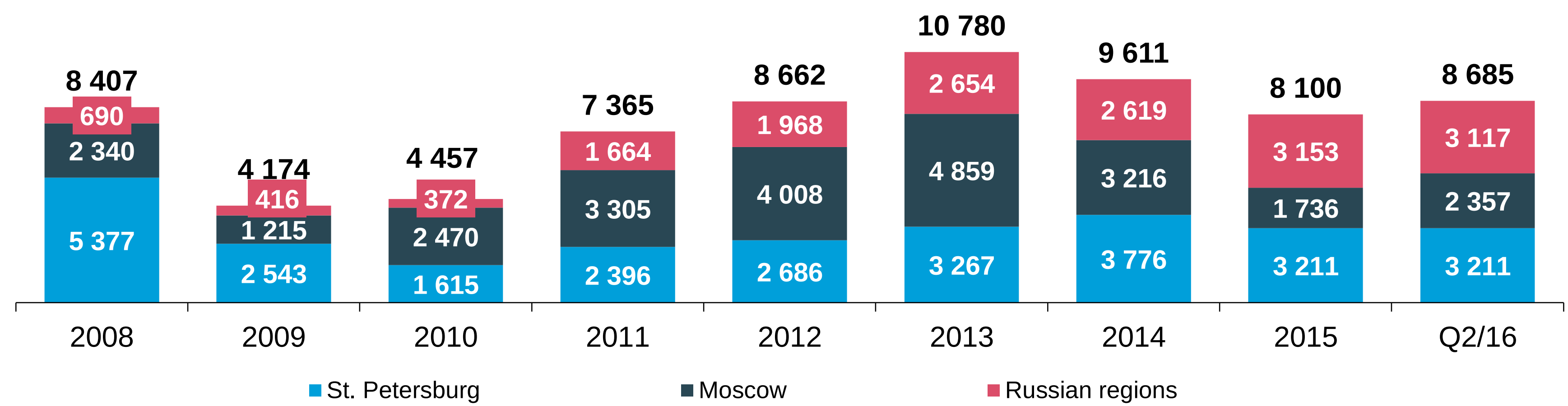
Housing Russia

Sales risk has decreased

Apartment inventory at the end of the period, units



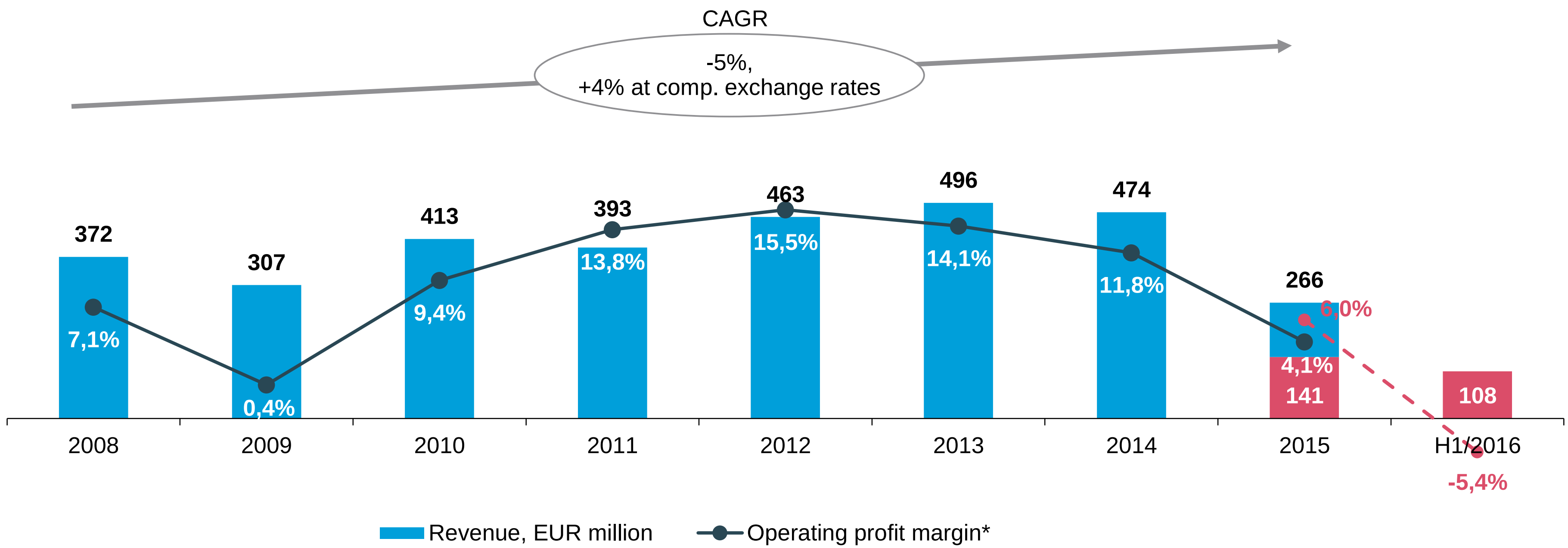
Apartments under construction by business unit at the end of the period, units



Housing Russia

Margin pressure persists

- Defensive mode in Russia, risk level reduced
  - Maintaining ability to ramp up
- Target to reduce the operative invested capital by continuing active sales
- The aim is to have positive operating profit for H2/2016



*Excluding adjustments
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 segments estimated true share of the fixed costs.

Housing Russia

Defensive mode, maintaining ability to ramp up

	"New normal"	Significant deterioration in the operating environment
Plot acquisitions	Carefully selected plot acquisitions	Stop plot acquisitions
Start-ups	Maintain at least critical volume in all units	High selectivity
Construction	As planned	Slowdown, however filling contractual obligations
Pricing	Dynamic pricing to keep the sales in line with progress in construction	Accelerate sales with pricing
Costs	Reduce fixed costs Redesign some projects	Restructuring and major adjustments of size of operations

5

Business Premises and Infrastructure

Tripla
Helsinki, Finland

Business Premises and Infrastructure

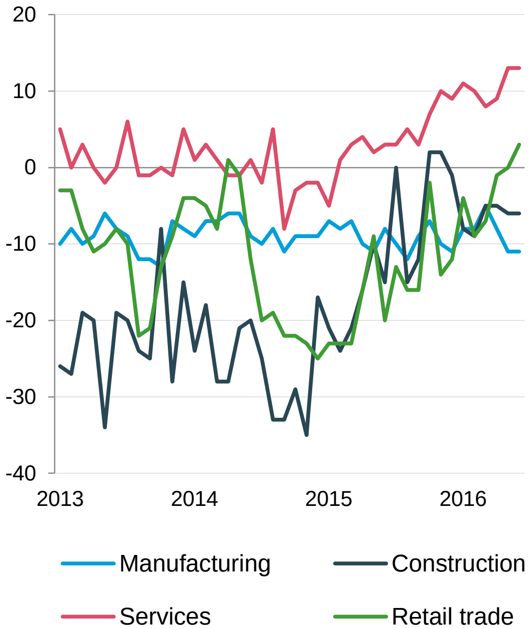
Operating environment in Q2

- Investor demand stable on a good level
- Competition for tenants remained intense

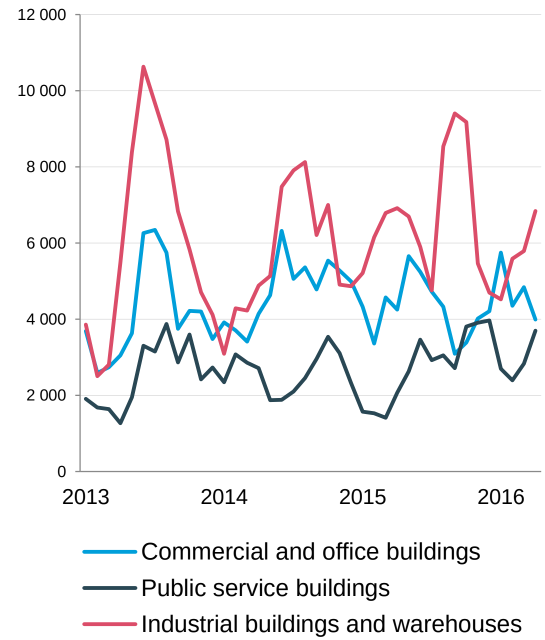
- The contracting market was active and several large projects were in tendering phase
- The volume of construction was increasing

- Positive macro outlook supported the business premises market in the CEE countries
    - Strongest market in Slovakia

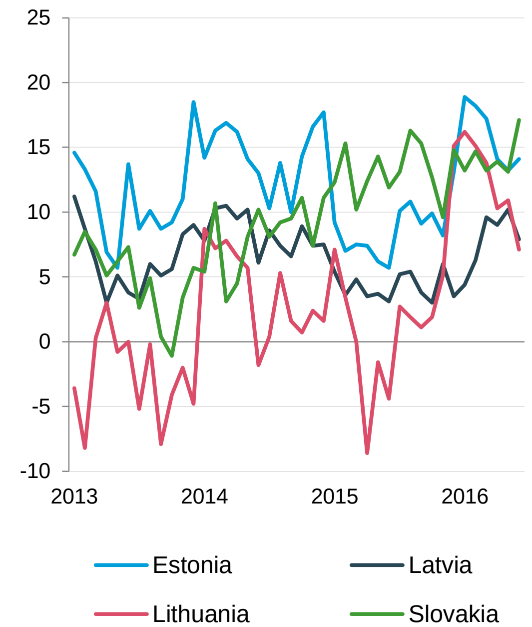
Confidence indicators in Finland



Start-ups in Finland, thousand m³, average last 3 months



Retail trade confidence in the Baltic countries and Slovakia

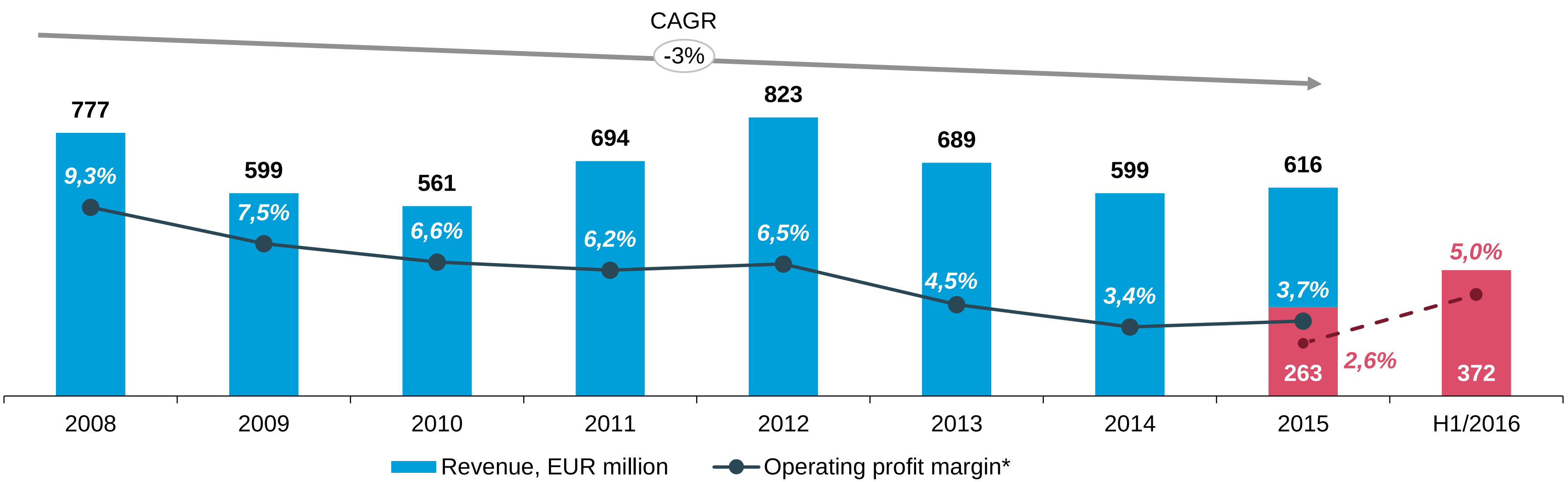


Sources: EK Confederation of Finnish Industries, Statistics Finland and European Commission

Business Premises and Infrastructure

Improving results

- Good progress in the segment in H1/2016
  - Increased revenue and improving profitability
- Solid order backlog, Q2/2016 +36% y-o-y, supports growth and profitability improvement



* Excluding adjustments

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 segments estimated true share of the fixed costs.

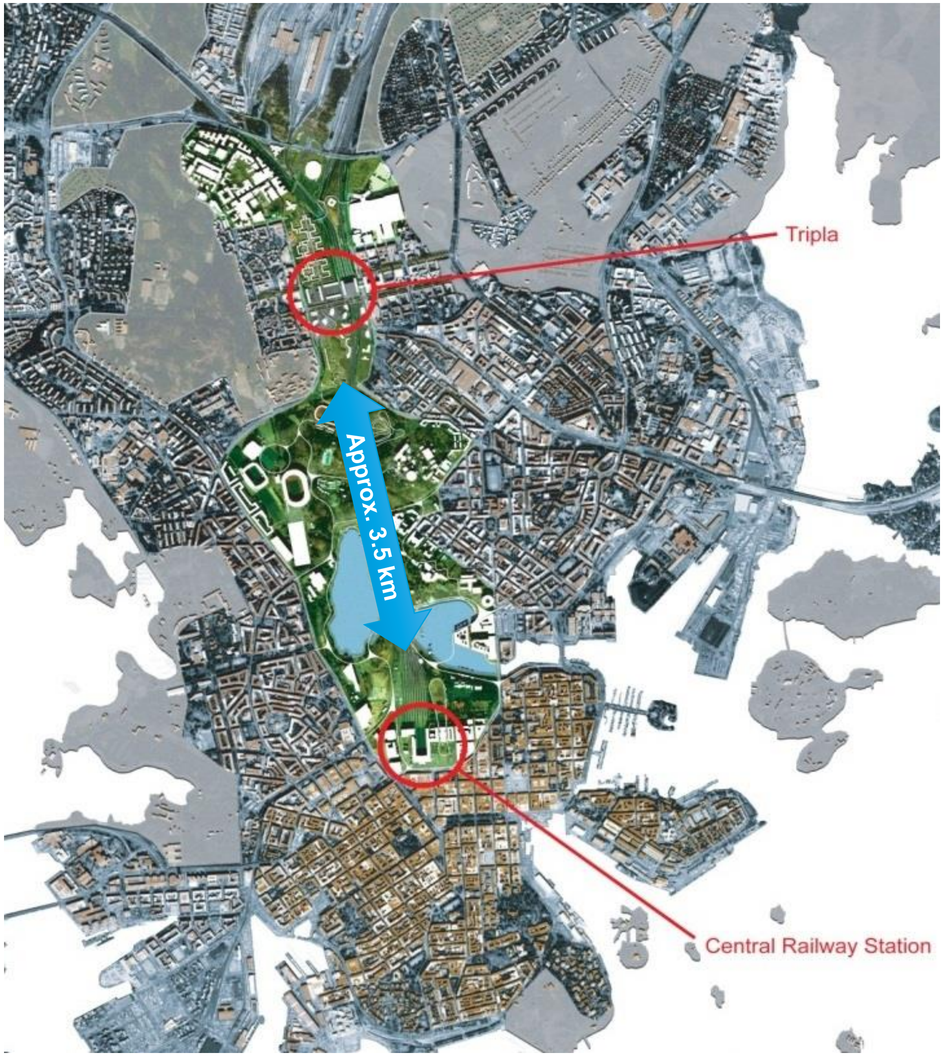
Tripla project supports growth in the coming years

Tripla project

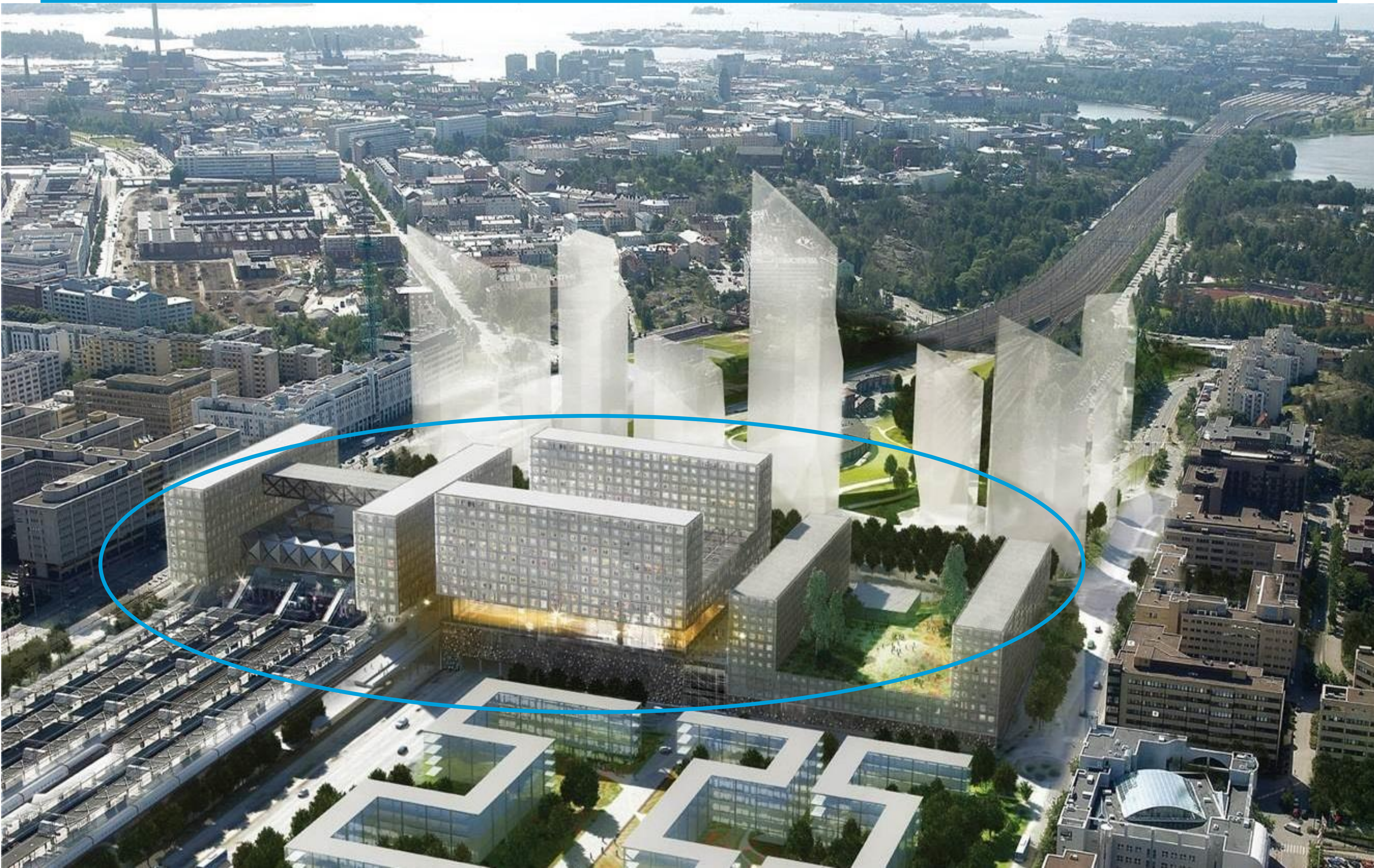
- EUR 1 billion hybrid project consisting of offices, shopping and congress center, hotels, public transport terminal and apartments
- Combines the breadth of YIT know-how in different areas of construction
- Project length ~ 10 years, constructed in phases

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



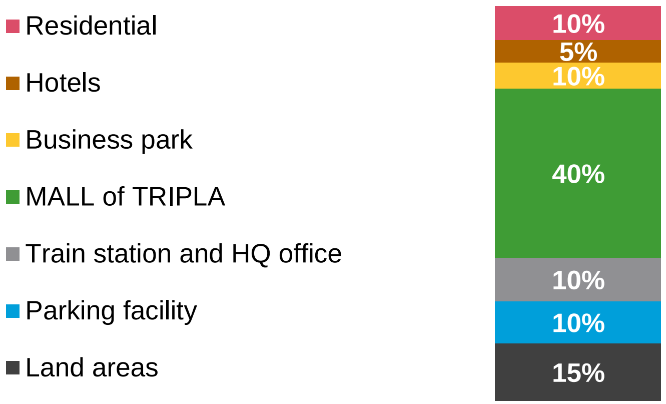
Tripla project: Pasila in the future



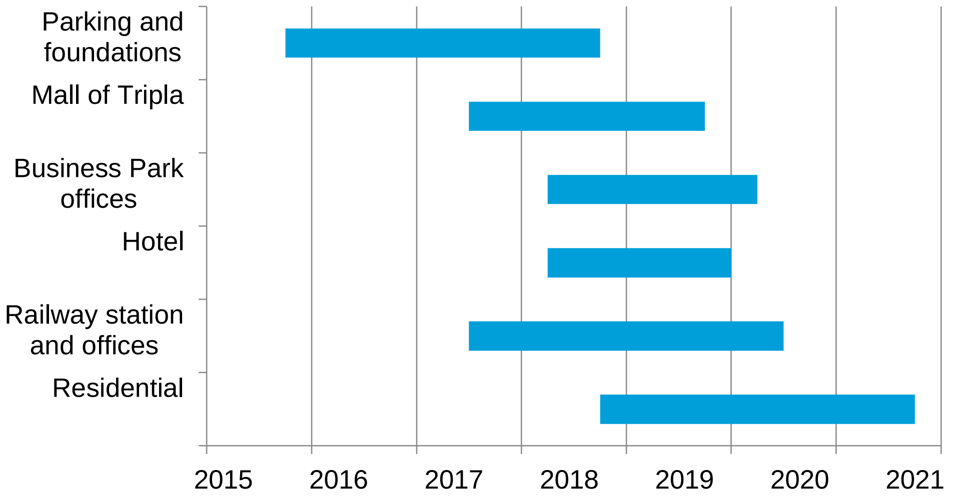
The Mall of Tripla investor deals closed in Q2

- YIT's final share of the joint venture 38.75%
- Valid building permits and required decisions from public authorities obtained
- Financing package of around EUR 300 million secured
- Project booked to the order backlog, revenue and profit recognition started
- Good interest from tenants – over 30% of premises already rented out

Indicative split of the value



Estimated timing of the different phases



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

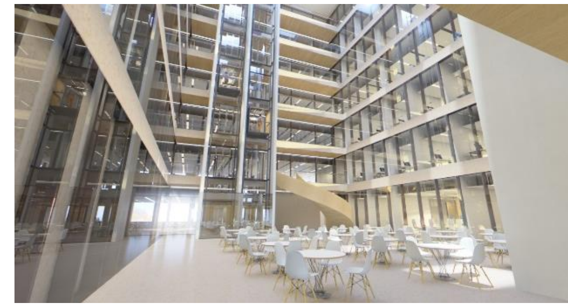
Other major projects proceeding well

E18 Hamina-Vaalimaa motorway PPP project

- EUR 260 million*
- Construction started 6/2015 and to be opened for traffic in 2018
- Proceeding according to the plans (planning, preparations, sourcing, construction)
- Strong experience from previous projects - E18 Koskenkylä-Kotka (PPP), Hamina bypass, Ring Road I-III

Tampere light rail alliance project

- EUR ~100 million*
- Development phase started in 6/2015
- Construction phase expected to start in 2016
- Strong references of the alliance members key in winning the project
- Project estimated to be booked in the order backlog in H2/2016



Other significant projects won or started in 2016

- A significant office building project started in Helsinki city centre, Kasarmikatu (value not disclosed)
- Framework agreement signed on building nine care facilities in Finland, value EUR ~75 million
- Project management contract for construction of the Helsinki Central Library, value EUR ~50 million signed in July, not yet in the order backlog

* YIT's share

6

Key financials

Key figures

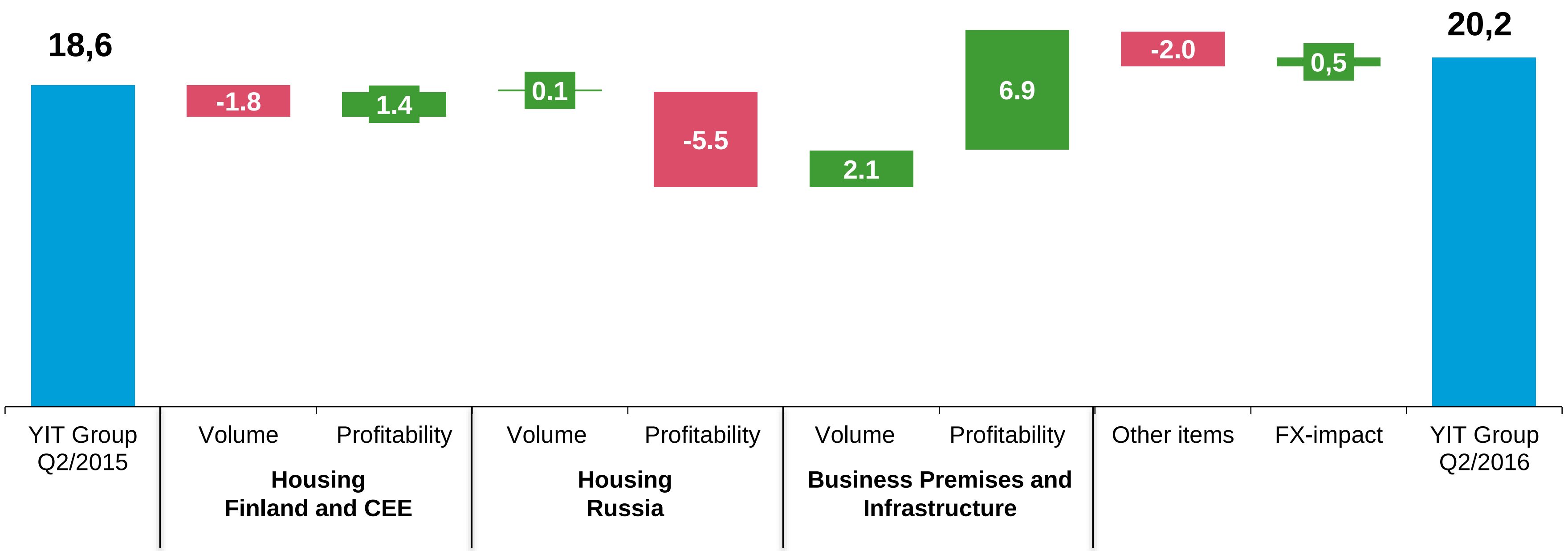
EUR million	4-6/2016	4-6/2015	Change	1-6/2016	1-6/2015	Change	1-12/2015
Revenue	463.7	416.1	11%	826.1	791.0	4%	1,651.2
Operating profit	20.2	18.6	9%	32.2	39.1	-17%	65.7
Operating profit margin, %	4.3%	4.5%		3.9%	4.9%		4.0%
Adjusted operating profit	20.2	18.6	9%	32.2	39.1	-17%	76.0
Adjusted operating profit margin, %	4.3%	4.5%		3.9%	4.9%		4.6%
Order backlog	2,714.1	2,573.5	5%	2,714.1	2,573.5	5%	2,172.9
Profit before taxes	10.2	11.2	-9%	9.5	21.5	-56%	27.0
Profit for the review period*	7.9	8.4	-7%	7.3	16.3	-55%	20.0
Earnings per share, EUR	0.06	0.07	-7%	0.06	0.13	-55%	0.16
Operating cash flow after investments	26.2	113.3	-77%	1.1	128.4	-99%	183.7
Return on investment, last 12 months, %	5.0%	6.4%		5.0%	6.4%		5.3%
Equity ratio, %	36.4%	36.0%		36.4%	36.0%		35.5%
Interest-bearing net debt (IFRS)	556.6	587.3	-5%	556.6	587.3	-5%	529.0
Gearing (IFRS), %	104.8%	98.7%		104.8%	98.7%		101.1%
Personnel at the end of the period	5,632	5,847	-4%	5,632	5,847	-4%	5,340

*Attributable to equity holders of the parent company
All figures according to segment reporting (POC), unless otherwise noted
Note: The adjusted operating profit does not include material reorganisation costs or impairment

EBIT-bridge Q2/2015 – Q2/2016

- Positive development in Business Premises and Infrastructure
- Profitability was disappointing in Russia

Adjusted operating profit (EUR million), **change Q2/2015 – Q2/2016: 9%**

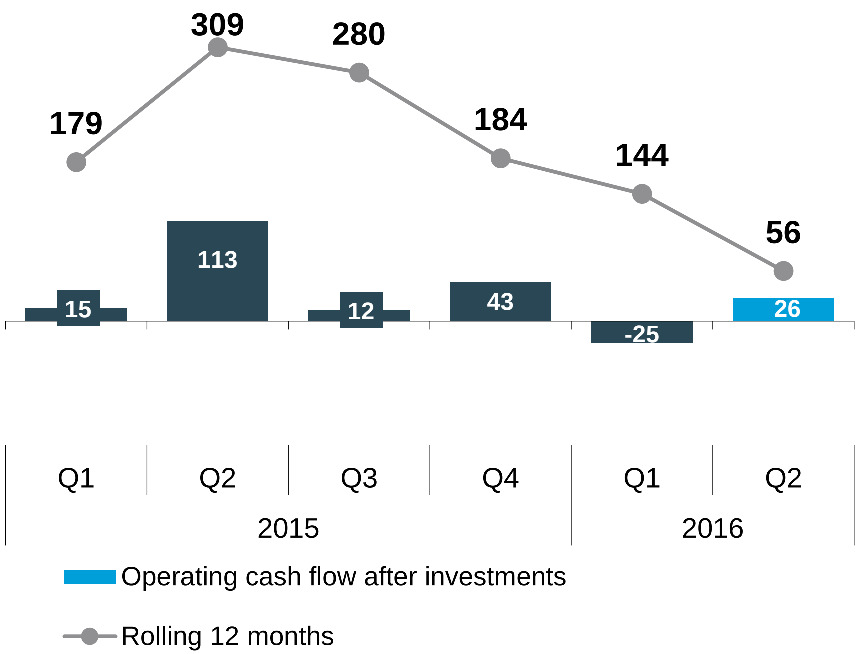


Cash flow after investments positive in Q2

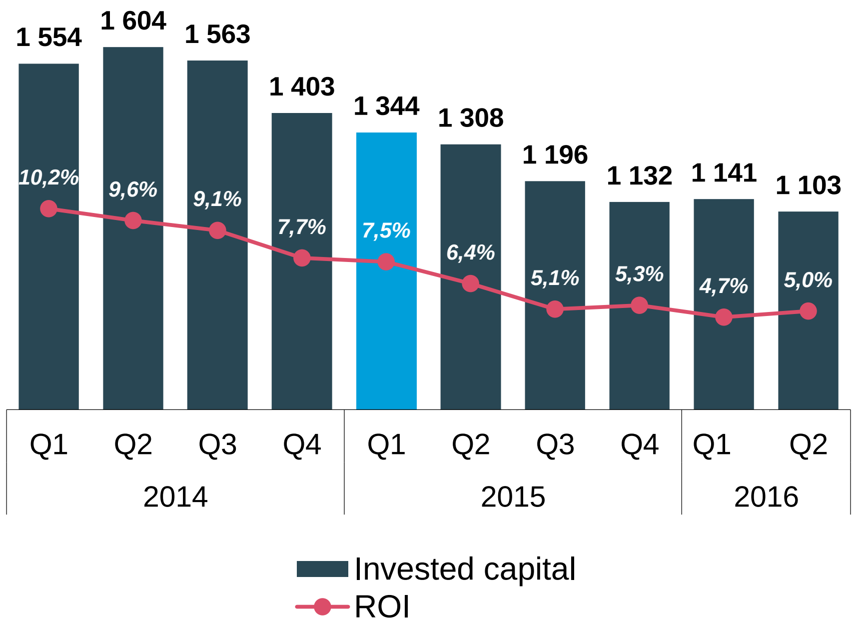
Operating cash flow after investments (EUR million)

2015: EUR 184 million

1-6/2016: EUR 1 million

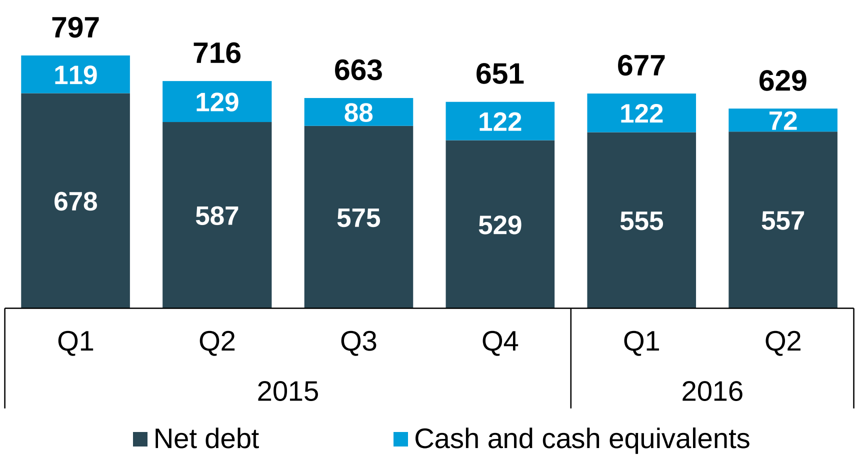


Invested capital and ROI (EUR million, %)



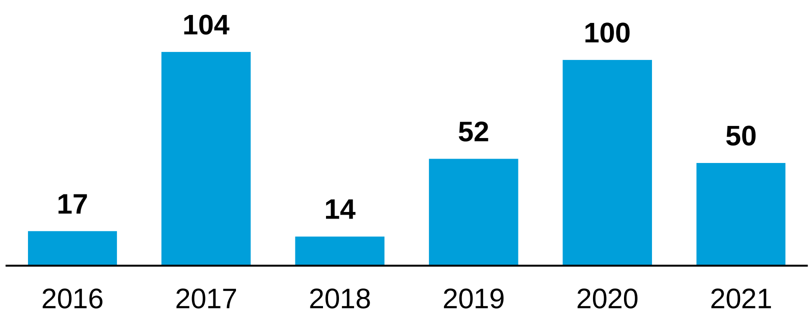
Net debt remained stable in Q2

Interest-bearing debt (EUR million), IFRS

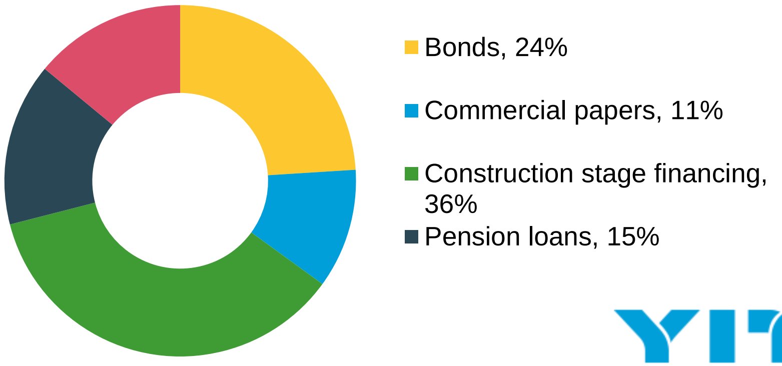


- Strong liquidity buffer:
  - Cash and cash equivalents EUR 71.8 million
  - EUR 64.8 million overdraft facilities of which EUR 63.5 million undrawn
  - Undrawn committed revolving credit facility, EUR 300 million
- Unsecured EUR 50 million bond issued in March as a private placement
- Competitive financing package secured for the joint venture of Mall of Tripla in June
- EUR 100 million bond repaid at maturity in June

Maturity structure of long-term debt 6/2016 (EUR million)*



Debt portfolio at the end of the period 6/2016, EUR 628 million

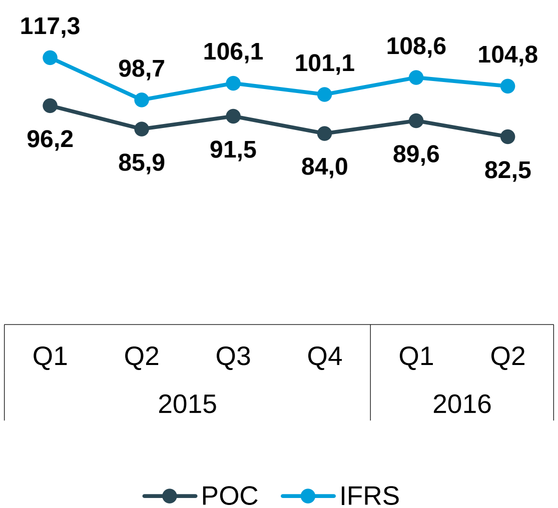


* Excluding construction stage financing

Financial key ratios improved slightly

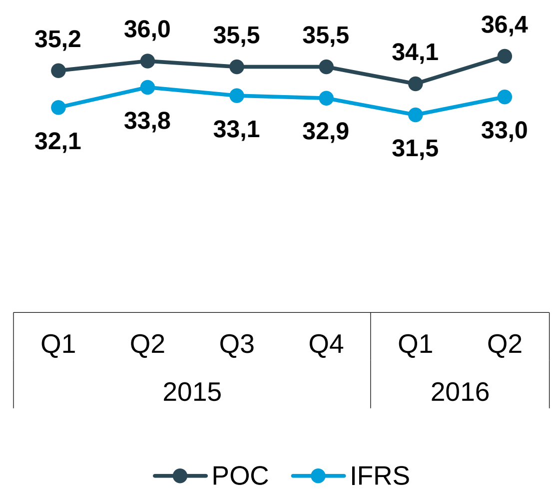
- Low number of residential project completions weakened the IFRS net debt / EBITDA ratio
- Positive translation difference in equity of EUR 19.1 million q-o-q
- Normalization of the cash position

Gearing (%)



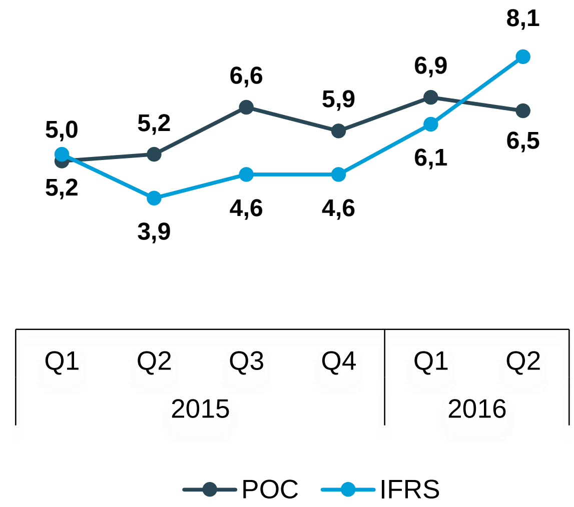
Financial covenant tied to gearing (maximum level of 150.0%, IFRS) in the syndicated RCF agreement and in two bank loans.

Equity ratio (%)



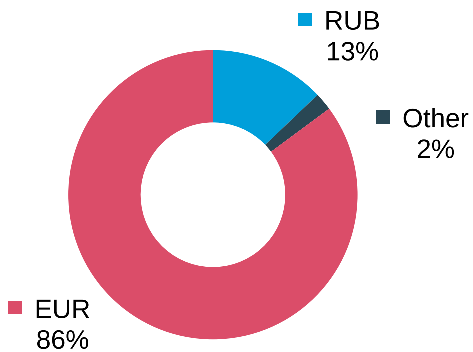
Financial covenant tied to the equity ratio (minimum level of 25.0%, IFRS) in bank loans, the syndicated RCF agreement and the bonds issued in 2015 and 2016.

Net debt/EBITDA (Multiple, x)



Ruble strenghtened in Q2

Revenue split 1-6/2016



Impact of changes in foreign exchange rates (EUR million)

	Q2/2016	1-6/2016
Revenue, POC[1)]	-15.2	-22.8
EBIT, POC[1)]	0.5	0.9
Order backlog, POC	30.3[2)]	55.4[3)]
Equity, IFRS (translation difference)	19.1[2)]	34.8[3)]

[1)] Compared to the corresponding period in 2015
[2)] Compared to the end of previous quarter
[3)] Compared to the end of 2015

- The Russian ruble appreciated in Q2/2016
  - Average EUR/RUB rate in 1-6/2016: 78.33 (1-6/2015: 64.52)
  - Quarter-end EUR/RUB rate: 71.52 (Q1/2016: 76.31)

Principles of managing currency risks:

- Sales and project costs typically in same currency, all foreign currency items hedged → no transaction impact
- Currency positions affecting the income statement are hedged
  - Loans to subsidiaries in local currency, EUR 101.7 million in 6/2016 to Russian subsidiaries
- Equity and equity-like investments in foreign currency not hedged
  - Considered to be of permanent nature
  - FX changes recognized as translation difference in equity
  - Exposure in Russian subsidiaries: EUR 240.2 million in 6/2016

7

Looking ahead and conclusions

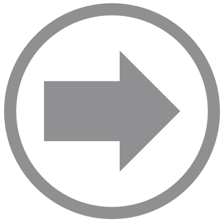
Market outlook, expectations for 2016

Finland

- Consumer demand to improve slightly, but demand to focus on small and affordable apartments in growth centres
- Investor activity to remain on a good level in the residential market, but even more focus will be paid on the location
- Residential price polarisation between growth centres and other Finland
- Availability of mortgages good
- Modest tenant interest for business premises, investor activity on a good level. Focus on prime locations in the Capital region
- Business premises contracting to remain active
- Political support for new infrastructure projects to revitalise the infrastructure market
- Lack of resources due to high construction activity

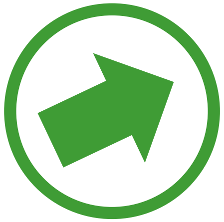
Russia

- Weak visibility
- Construction cost inflation to moderate
- Residential prices stable in nominal terms
- Residential demand to focus on small and affordable apartments



CEE

- The improved economic situation to support residential and business premises demand
- Access to financing to remain good and interest rates to remain on a low level
- Residential prices are estimated to increase in the Czech Republic, Slovakia and Lithuania, and to remain stable in Poland, Estonia and Latvia
- Construction costs to increase slightly



Guidance for 2016 (segment reporting, POC) specified

The Group revenue growth is estimated to be in the range of **5-10%** at comparable exchange rates.

The adjusted operating profit* is estimated to grow from the level of 2015 (2015: EUR 76.0 million).

Previously revenue growth was estimated to be in the range of 0-10% at comparable exchange rates.

- Over 60% of H2/2016 revenue from sold projects and signed pre-agreements. The rest from new sales and capital release
- In Business Premises and Infrastructure, the profit performance in H2/2016 is estimated to be on the level of H1/2016
- The demanding market environment in Russia is expected to keep the profitability of Housing Russia on a low level
- Similarly to the year 2015, investor projects' share of revenue is estimated to remain high in Housing Finland and CEE, which impacts the segment's adjusted operating profit margin negatively
- Capital release is expected to dilute the adjusted operating profit margin

Nummi service centre
Hämeenlinna, Finland

* The adjusted operating profit does not include material reorganisation costs or impairment

Concluding remarks

- Strong market position and long track record in healthy profitability and solid execution through economic cycles
- Good progress in improving capital efficiency and increasing financial operating space
- Improving profitability, growth initiatives and raising the capital efficiency further in focus going forward
- Growth opportunities especially in Business Premises and Infrastructure and in CEE, local unit established in Poland

E18 Hamina bypass
Photo: Jetro Matilainen, Finnish Transport Agency

Disclaimer

This presentation has been prepared by, and the information contained herein (unless otherwise indicated) has been provided by YIT Corporation (the “Company”). By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations. This presentation is being furnished to you solely for your information on a confidential basis and may not be reproduced, redistributed or passed on, in whole or in part, to any other person.

This presentation does not constitute or form part of and should not be construed as, an offer to sell, or the solicitation or invitation of any offer to buy, acquire or subscribe for, securities of the Company or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investments decision whatsoever. The information contained in this presentation has not been independently verified. No representation, warranty or undertaking, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Neither the Company nor any of its respective affiliates, advisors or representatives nor any other person shall have any liability whatsoever (in negligence or otherwise) for any loss however arising from any use of this presentation or its contents or otherwise arising in connection with the presentation. Each person must rely on their own examination and analysis of the Company and the transactions discussed in this presentation, including the merits and risks involved.

This presentation includes “forward-looking statements”. These statements contain the words "anticipate", “will”, "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this presentation. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The Company cautions you that forward-looking statements are not guarantees of future performance and that its actual financial position, business strategy, plans and objectives of management for future operations may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if the Company's financial position, business strategy, plans and objectives of management for future operations are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in future periods. Neither the Company nor any other person undertakes any obligation to review or confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation.

Together
we can
do it.