



Q4

Financial Statements Bulletin 2017

Kari Kauniskangas, President and CEO



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1

Group development in Q4/2017



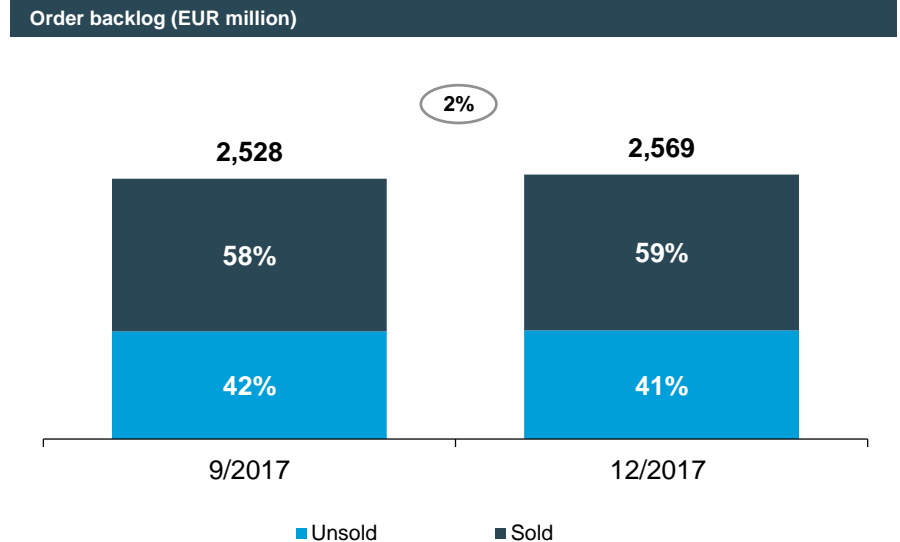
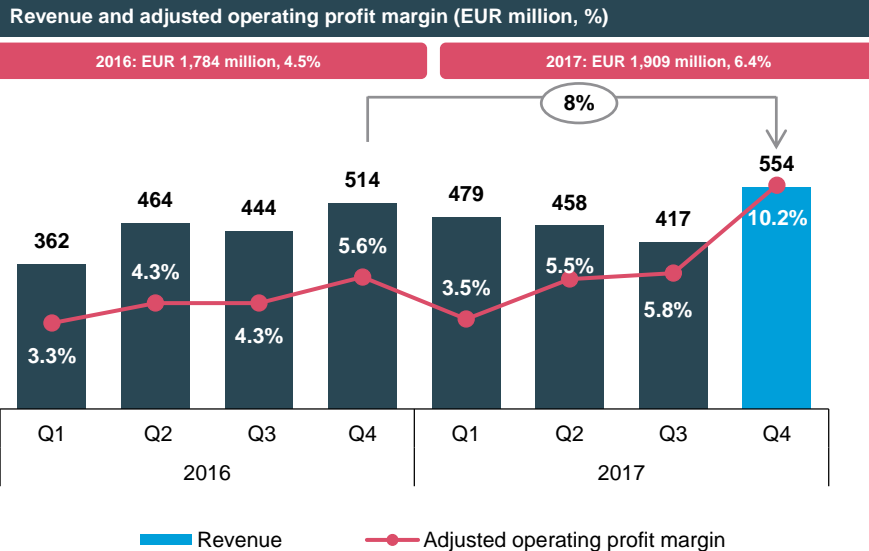
Key messages in Q4/2017

- Successful quarter on many angles, one of the all time high in profitability on group level
- The closing of co-owned Kasarmikatu 21 office property sale, among others, boosted the profitability of Business Premises and Infrastructure segment
- In Housing Finland and CEE, profitability was on a very good level
- In Housing Russia, apartment sales and profitability improved and profitability was on a satisfactory level
- On January 26, the FCCA approved the merger of YIT and Lemminkäinen unconditionally, and it was completed today



Group Profitability on a record high level in Q4

- Revenue increased by 8% in Q4 and by 7% in 2017
- Profitability improved in all segments and was one of the strongest in YIT's history
- Order backlog remained stable on a high level



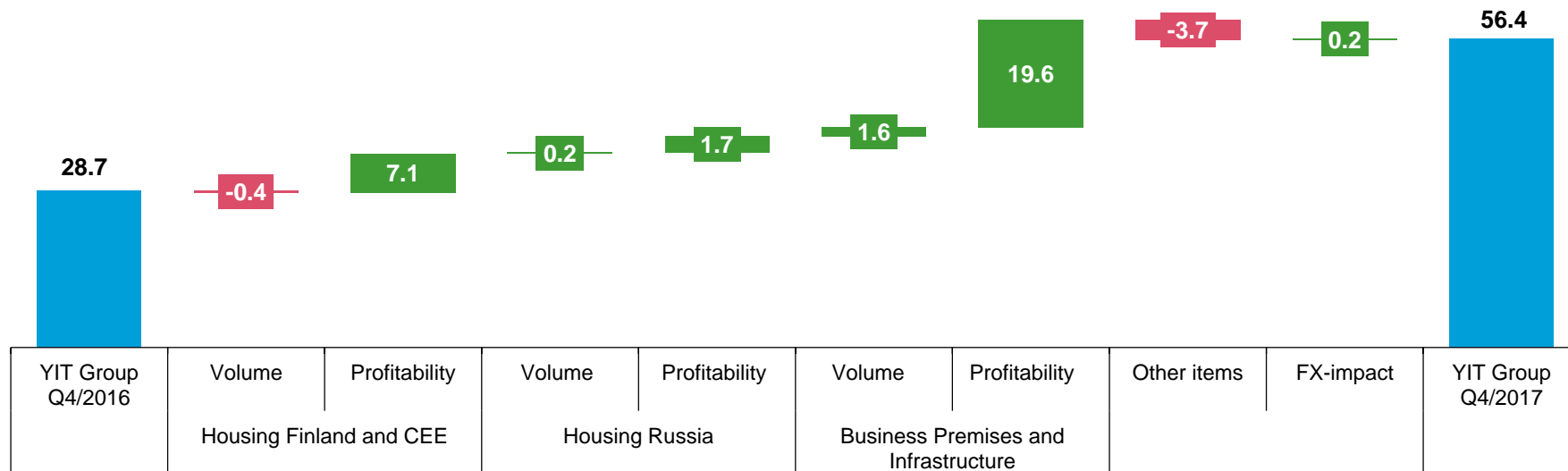
All figures according to segment reporting (POC)

Note: The adjusted operating profit margin does not include material reorganisation costs, impairment or other items impacting comparability

EBIT-bridge Q4/2016–Q4/2017

- The closing of co-owned Kasarmikatu 21 office property sale improved the profitability of the Business Premises and Infrastructure segment
- In Housing Russia, profitability improved due to increased sales volumes and a start-up in Moscow
- Strong consumer sales boosted the profitability in the Housing Finland and CEE segment
- Items excluded from adjusted operating profit include EUR 2.0 million costs related to the merger preparations and EUR 14.0 million related to asset revaluations

Adjusted operating profit (EUR million), change Q4/2016–Q4/2017: 97%



2

Housing Finland and CEE



Housing Finland and CEE

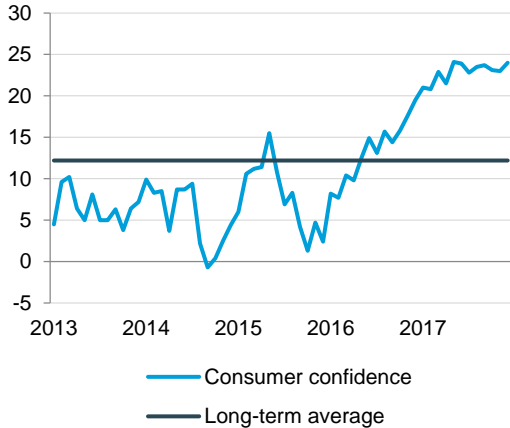
Operating environment in Finland in Q4

- Consumer confidence was on a record high level
- Residential investors were more selective, demand focused especially on capital region, Turku and Tampere

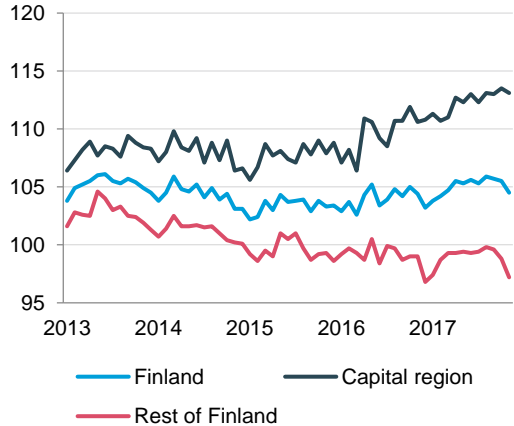
- Consumer demand was on a good level, no signs of overheating, supply on a high level
- Demand for larger apartments improved in addition to the good demand for affordable apartments

- Mortgage interest rates stayed on a low level and margins continued to decrease
- The volume of new housing loans increased y-o-y

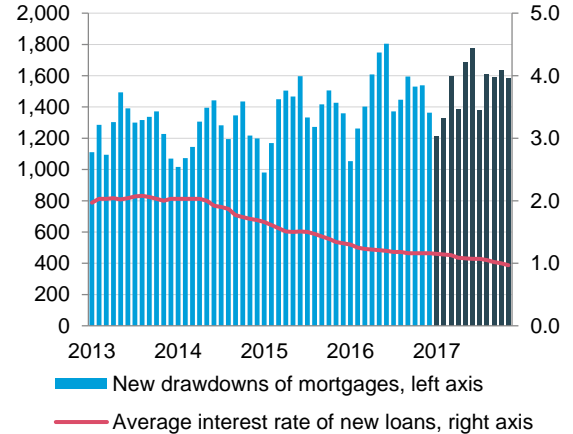
Consumer confidence



Prices of old apartments
(index 2010=100)



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

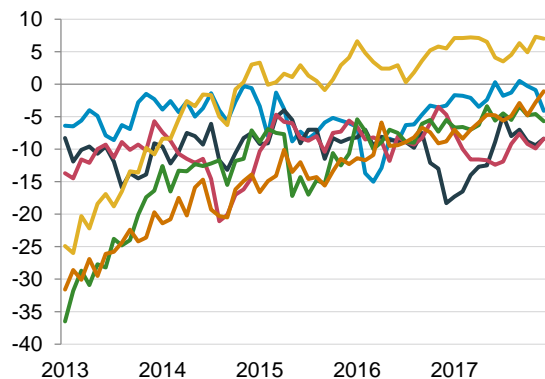


Sources: Statistics Finland and Bank of Finland

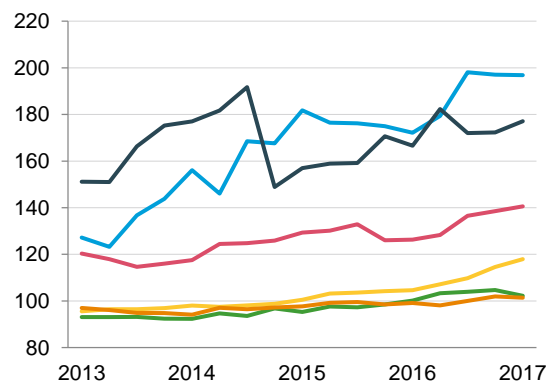
Operating environment in the CEE countries in Q4

- Residential demand was on a good level in all countries
- Prices of new apartments increased slightly on average
- Shortage of resources caused cost pressure especially in the Czech Republic and Slovakia
- Interest rates of mortgages remained on a low level
- Consumers' access to financing remained good

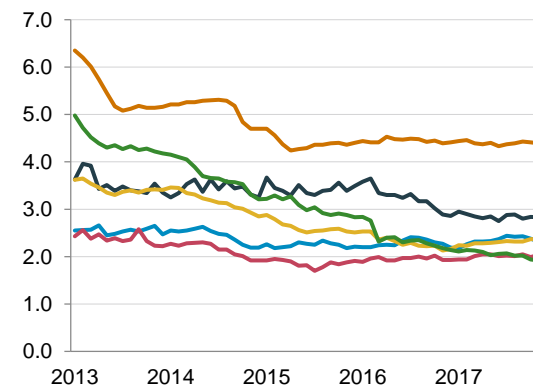
Consumer confidence



House price index, new dwellings (2010=100)



Average interest rate of mortgages (%)



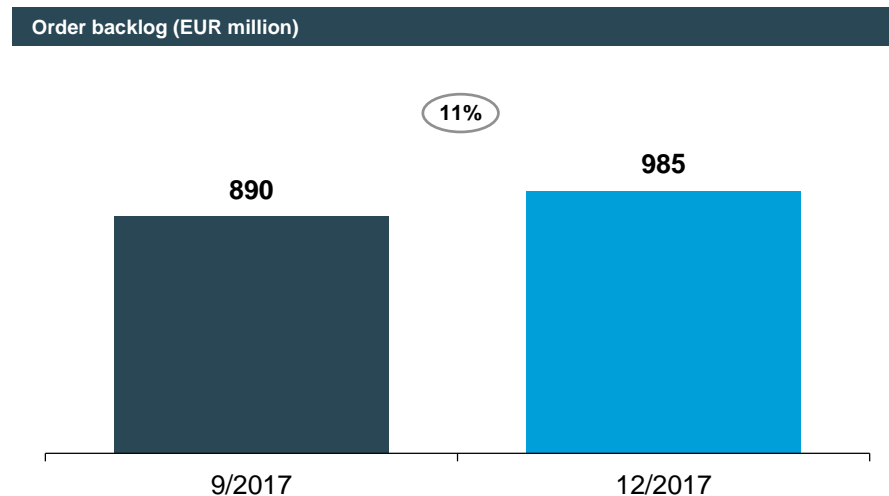
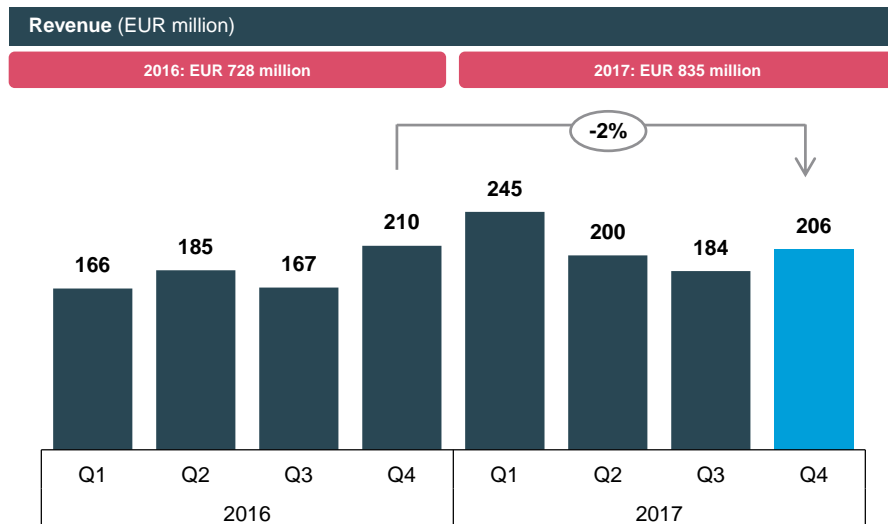
— Estonia — Latvia — Lithuania — The Czech Republic — Slovakia — Poland

Sources: European Commission, Eurostat and National Central Banks

Housing Finland and CEE

Order backlog increased close to EUR 1 billion

- Revenue remained stable Q4, and improved by 15% in 2017
- In Finland, the lower completion rate of sold apartments had a negative impact on revenue recognition
- Order backlog increased by 11% q/q

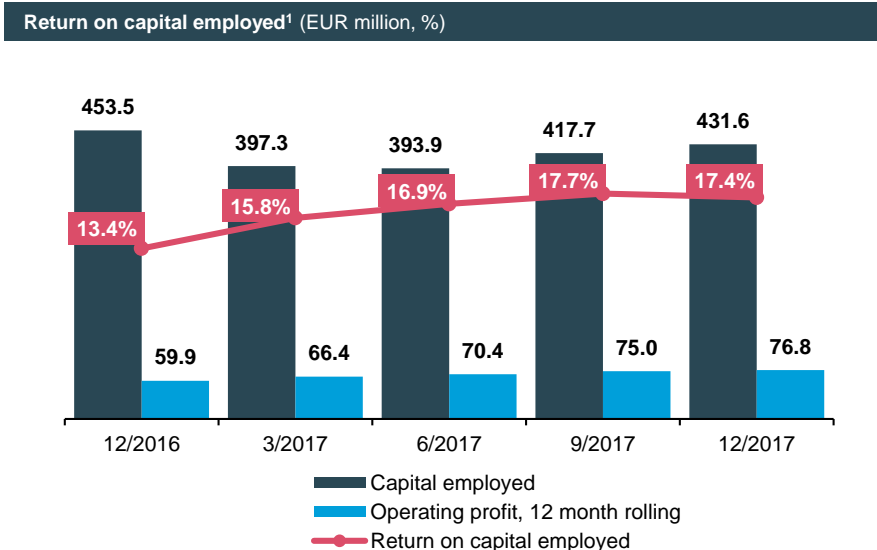
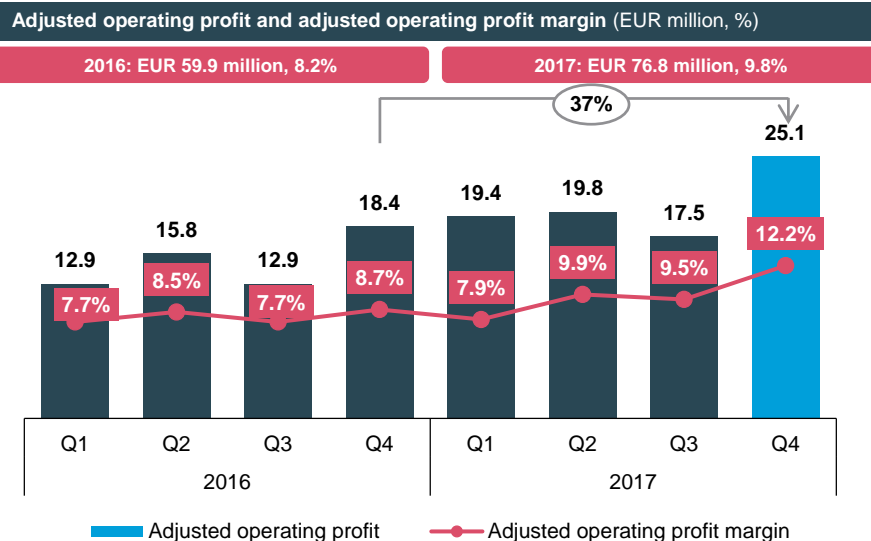


All figures according to segment reporting (POC)

Housing Finland and CEE

Operating profit improved clearly in Q4

- Profitability was excellent in Q4, and also 9.8% in 2017
- Adjustment items of EUR 4.9 million related to revaluation of several plots or balance sheet items booked in Q4
- ROCE on a good level



All figures according to segment reporting (POC).

¹As of the beginning of 2017, in order to clarify its financial figures terminology, YIT starts to use the terms Capital Employed and Return on Capital Employed (ROCE) for segment reporting instead of previously used Operative Invested Capital and Return on Operative Invested Capital (ROI). The formulas for these financial figures remain untouched.

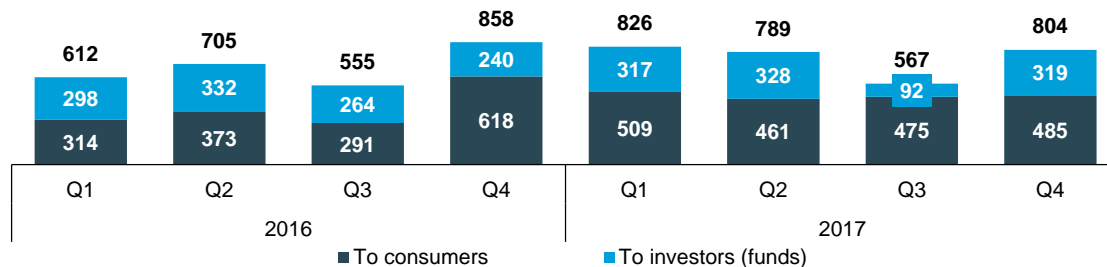
Housing Finland and CEE

Sales and start-ups in Finland in Q4

Sold apartments (units)

2016: 2,730

2017: 2,986

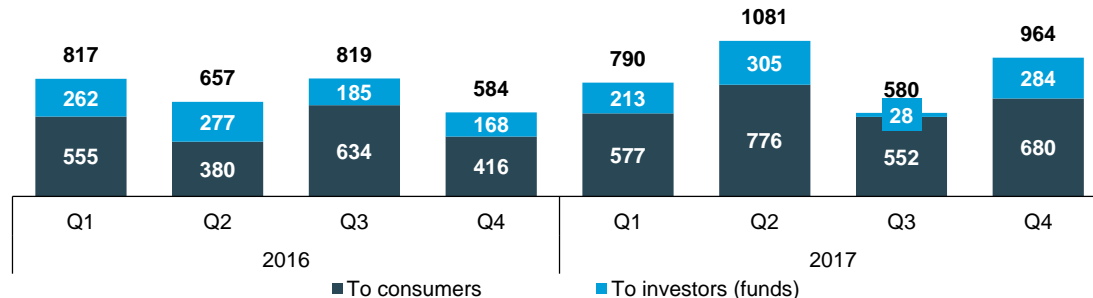


- In 2017, consumer sales increased by 21%
- In Q4, share of units sold to consumers was 60% (Q4/2016: 72%)
- 35 apartments sold in bundles to investors (Q4/2016: 72 units)
- The first apartments in Tripla started up, and were pre-booked in just hours
- In January, estimated sales to consumers are around 120 units (1/2017: around 150 units)

Apartment start-ups (units)

2016: 2,877

2017: 3,415



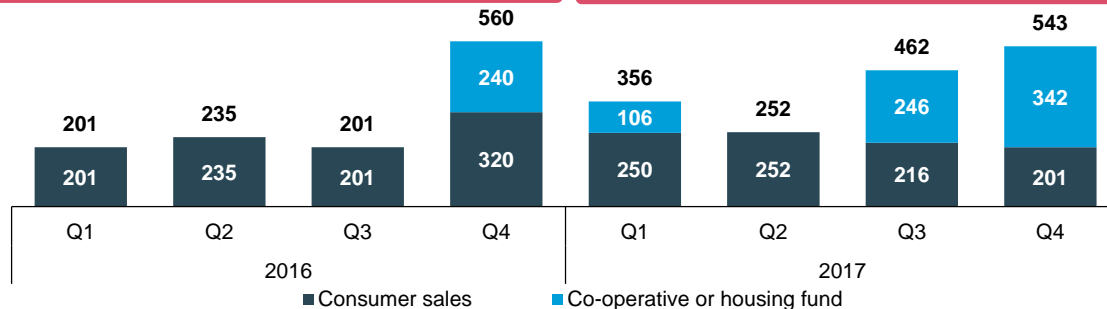
Housing Finland and CEE

Sales and start-ups in the CEE countries in Q4

Sold apartments (units)

2016: 1,197

2017: 1,613

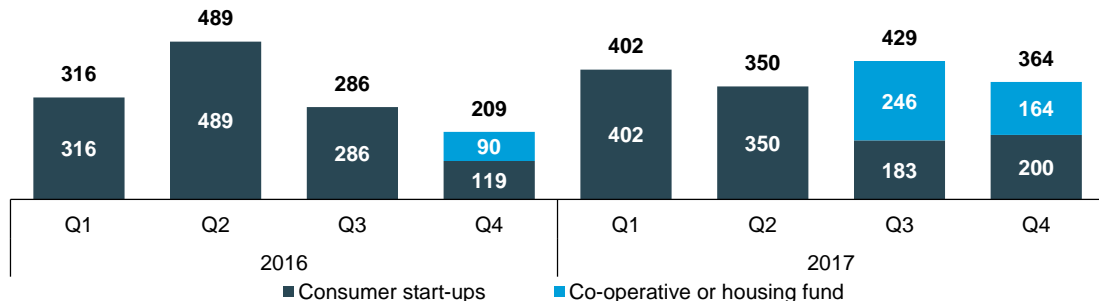


- Sales on the previous year's level in Q4, increased by 35% in 2017
- Start-ups increased by 74% from previous year in Q4
- Four projects in Bratislava, Slovakia and one project in Prague, the Czech Republic sold to YCE Housing I fund, 342 apartments in total
- In January, estimated sales to consumers are around 80 units (1/2017: around 80 units)

Apartment start-ups (units)

2016: 1.300

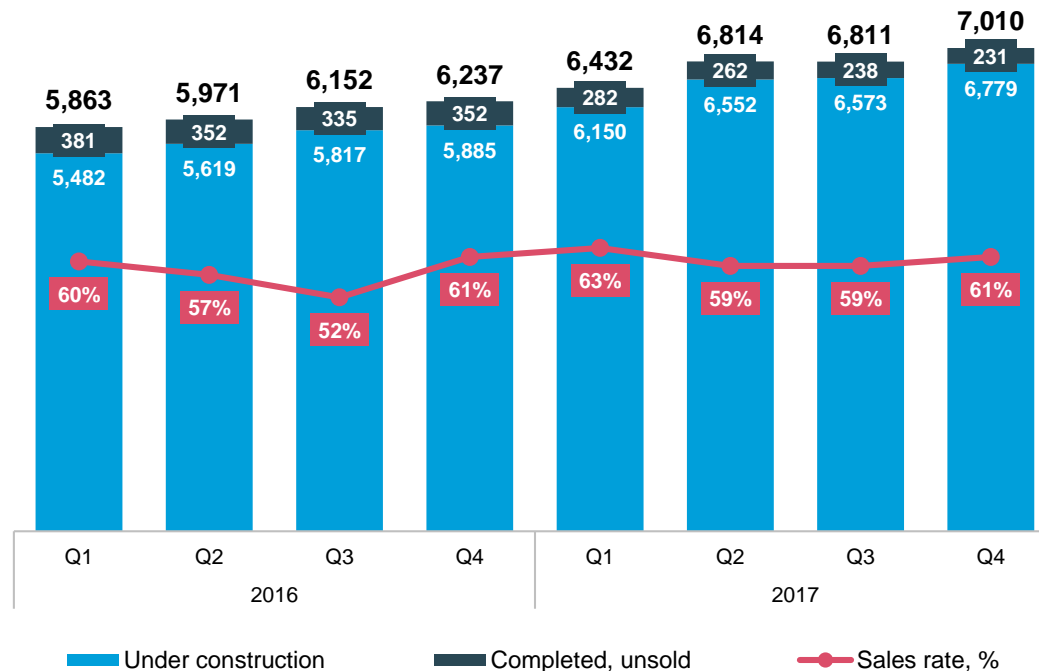
2017: 1.545



Housing Finland and CEE Apartment inventory over 7,000 units

- Number of apartments under construction increased from the previous quarter due to high number of start-ups
- Number of unsold completed apartments continued to decrease
- The share of CEE of the sales portfolio (units) 36% (12/2016: 47%)

Apartment inventory (units)



3

Housing Russia



Housing Russia

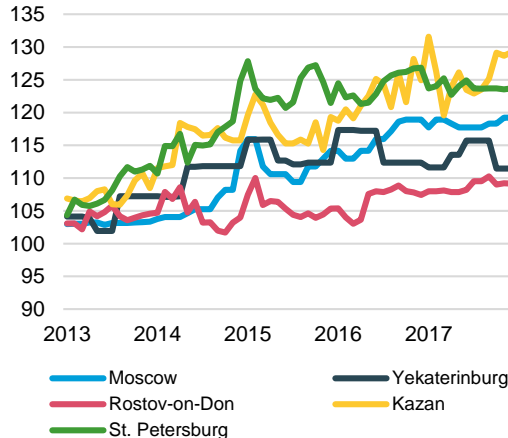
Operating environment in Q4

- Consumers continued to be cautious despite of the improvement of the Russian economy
- Consumer purchase power slightly improving from a low level
- Consumer demand for housing is modest, but slightly improved in Moscow and St. Petersburg
- Residential prices remained stable on average, supply still on a high level
- Mortgage interest rates for new apartments continued to decrease and are below the level of 10%
- The key rate cuts further increased expectations of a decrease in interest rates

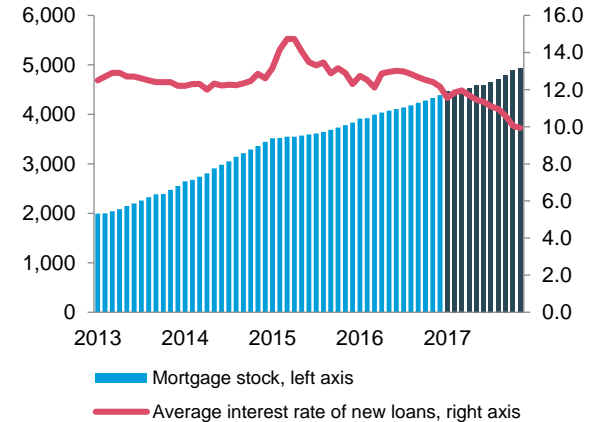
EUR/RUB exchange rate



Prices of new apartments (index 2012=100)



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



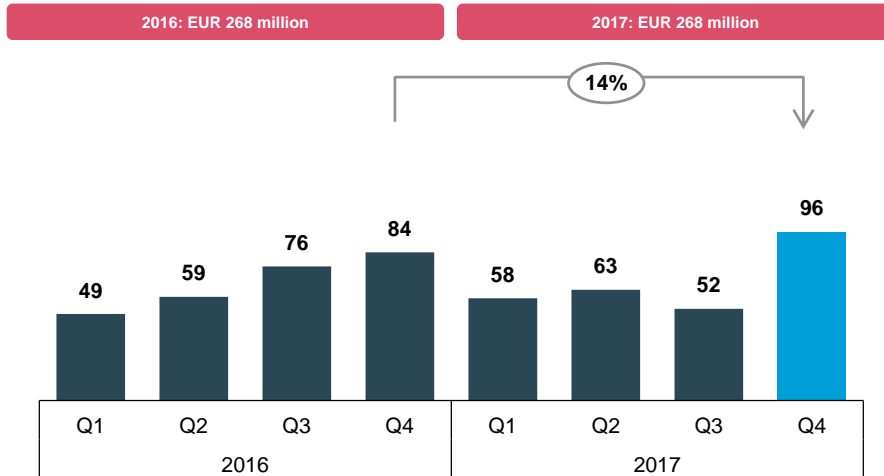
Sources: Bloomberg, YIT and Central Bank of Russia

Housing Russia

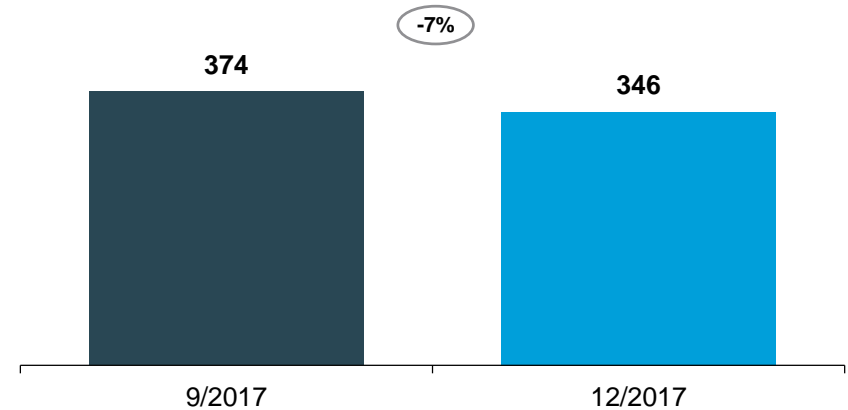
Revenue increased in Q4

- Revenue was supported by partial sale of Novo Orlovsky plot and improved apartment sales
 - RUB 1.1 billion (EUR 16 million) related to Novo Orlovsky plot sale recognised as revenue and cash flow in Q4, total value of the deal RUB 2.5 billion (EUR 37 million)
- Order backlog declined q-o-q due to low start-ups

Revenue (EUR million)



Order backlog (EUR million)



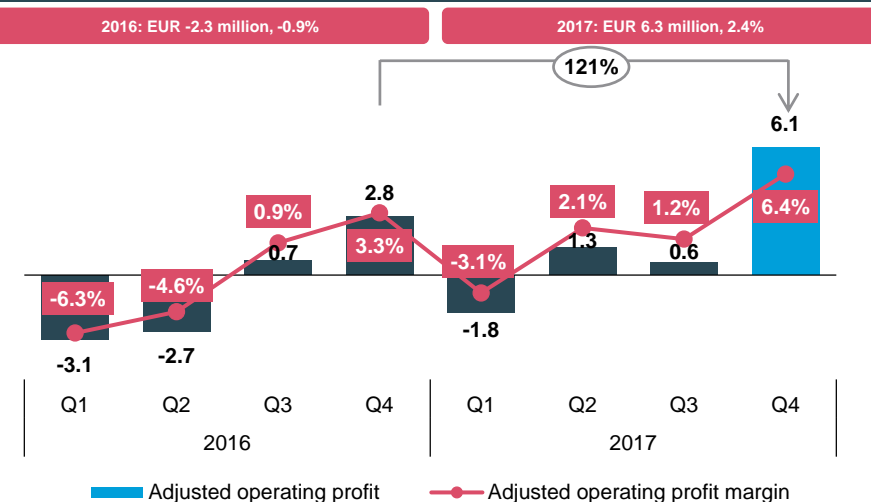
All figures according to segment reporting (POC)

Housing Russia

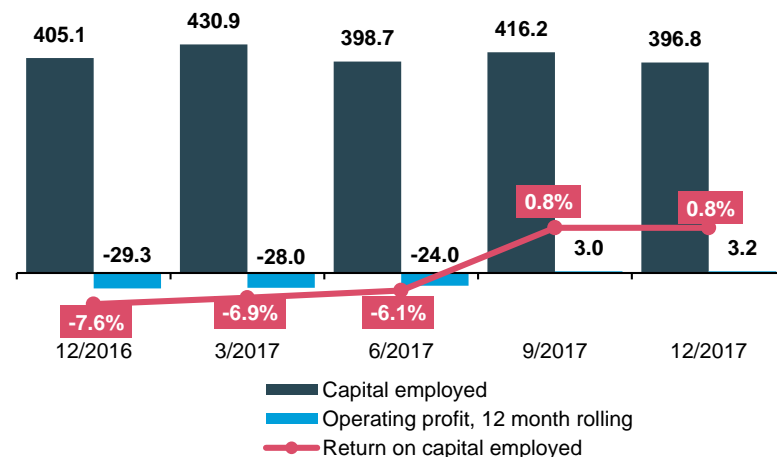
Operating profit improved in Q4

- Profitability was satisfactory, driven by improved sales volumes especially in St. Petersburg and Moscow as well as improved gross margins
- The partial sale of Novo Orlovsky plot didn't have an impact on profit, minor cost related to book value revaluations booked in Q4
- ROCE on previous quarter's level

Adjusted operating profit and adjusted operating profit margin¹ (EUR million, %)



Return on capital employed² (EUR million, %)



All figures according to segment reporting (POC).

¹EUR 27 million cost booked in Q3/2016 result from Housing Russia

²As of the beginning of 2017, in order to clarify its financial figures terminology, YIT starts to use the terms Capital Employed and Return on Capital Employed (ROCE) for segment reporting instead of previously used Operative Invested Capital and Return on Operative Invested Capital (ROI). The formulas for these financial figures remain untouched.

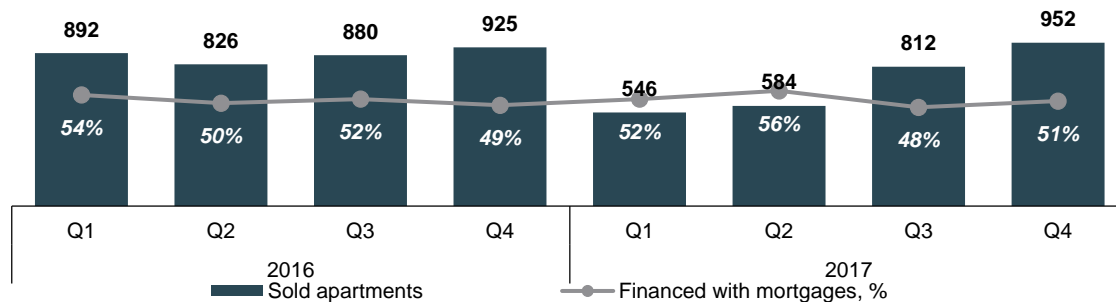
Housing Russia

Sales and start-ups in Q4

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

2016: 3,523 (51%)

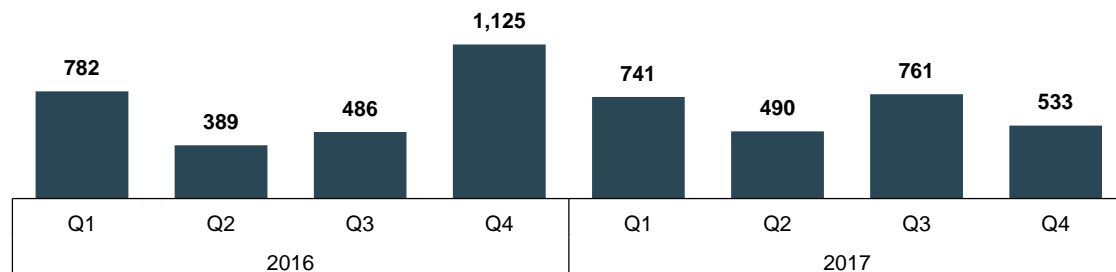
2017: 2,894 (51%)



Apartment start-ups (units)

2016: 2,782

2017: 2,525

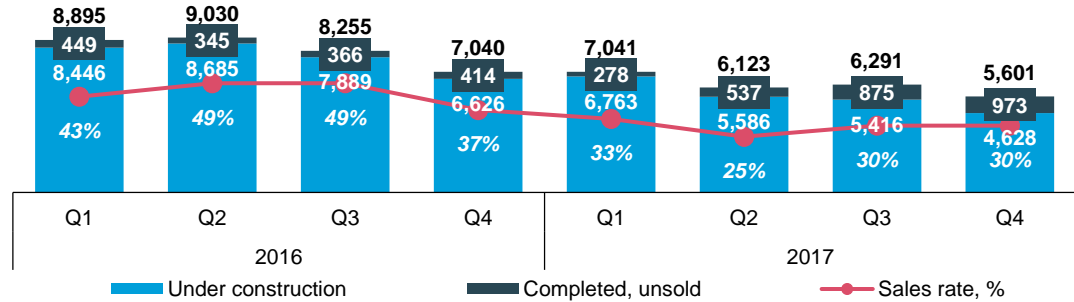


- Number of sold units increased by 3% y-o-y
 - No changes in price lists
 - Best quarter in two years
- Start-ups were on a low level
- Share of sales financed with mortgages increased to 51%
- In January, consumer sales estimated to be almost 200 units (1/2017: around 150 units)

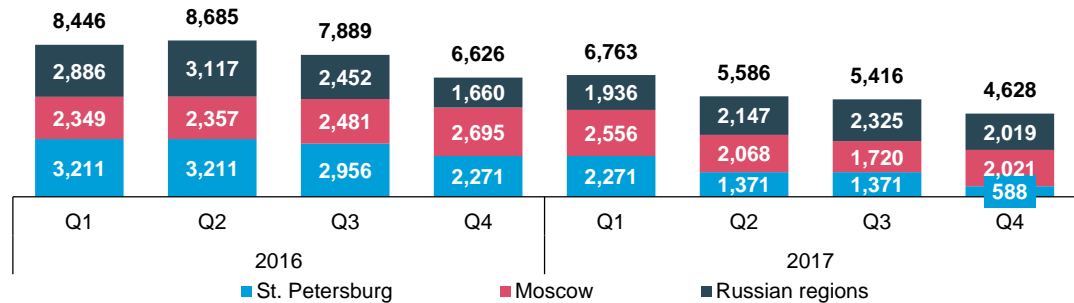
The production volume (units) continued to decrease in Q4

- Number of apartments under construction continued to decrease
- Number of completed unsold apartments increased due to high number of projects handed over
- At the end of December, YIT Service was responsible for the maintenance and the living services of over 34,000 apartments (9/2017: over 31,000) and in total over 42 000 clients (incl. parking spaces and business premises)

Apartment inventory (units)



Apartments under construction by area (units)



4

Business Premises and Infrastructure



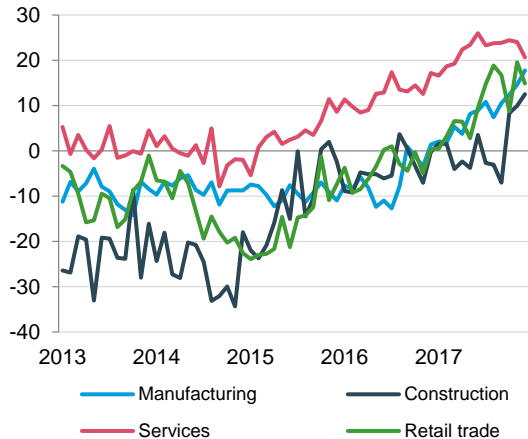
Business Premises and Infrastructure Operating environment in Q4

- Investor demand for business premises in prime growth centres was on a good level in Finland
- Yield requirements decreased in HMA and rents of prime properties increased in Helsinki CBD

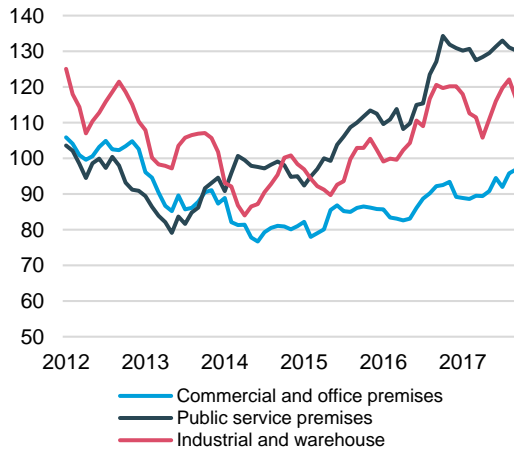
- In Finland, the positive overall market sentiment supported private investments
- The Finnish business premises tender market and infrastructure market were active especially in the capital region and growth centres

- Investor demand for business premises was good in the Baltic countries and Slovakia and rental levels stayed stable
- Tender market remained mainly stable in the Baltic countries

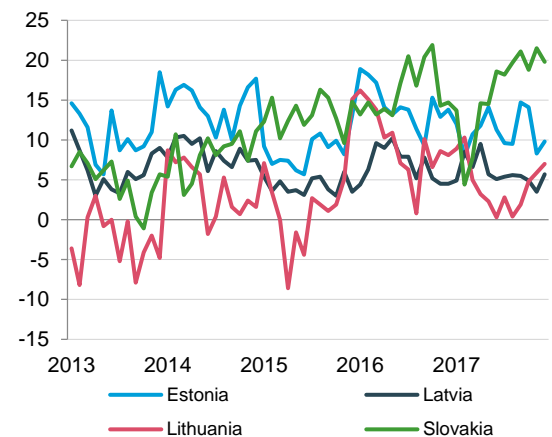
Confidence indicators in Finland



Volume of new construction in Finland
(index 2010=100)



Retail trade confidence in the Baltic countries and Slovakia

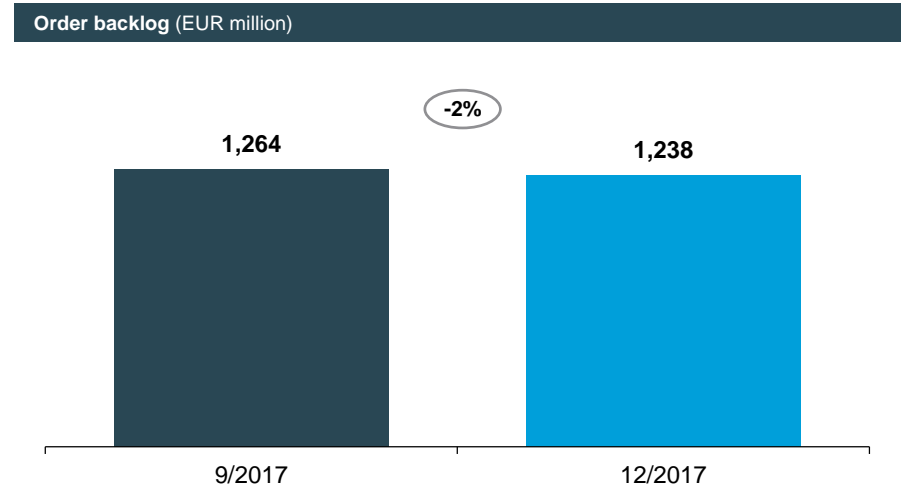
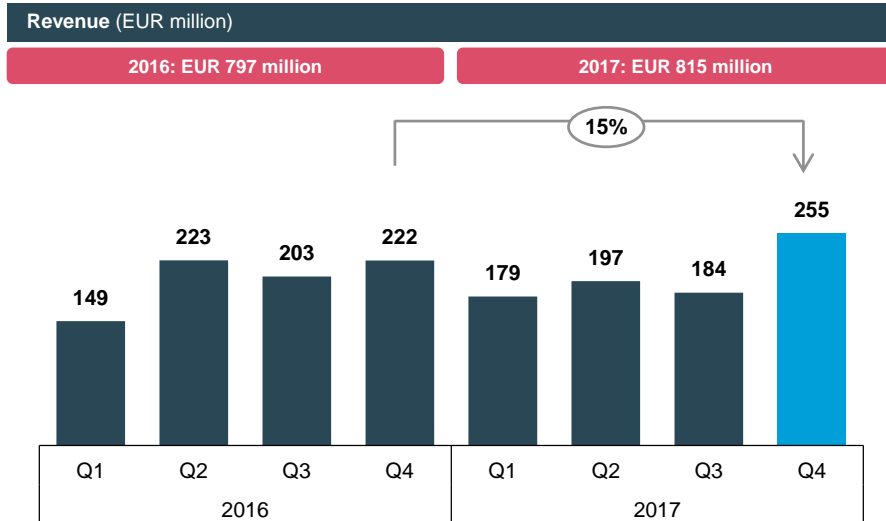


Sources: EK Confederation of Finnish Industries, Statistics Finland and European Commission

Business Premises and Infrastructure

Revenue increased in Q4

- Revenue increased due to closing of co-owned Kasarmikatu 21 office property sale leading also to recognition of earlier eliminated revenue and the closing of Dixi office project sale
- Order backlog on previous quarter's level

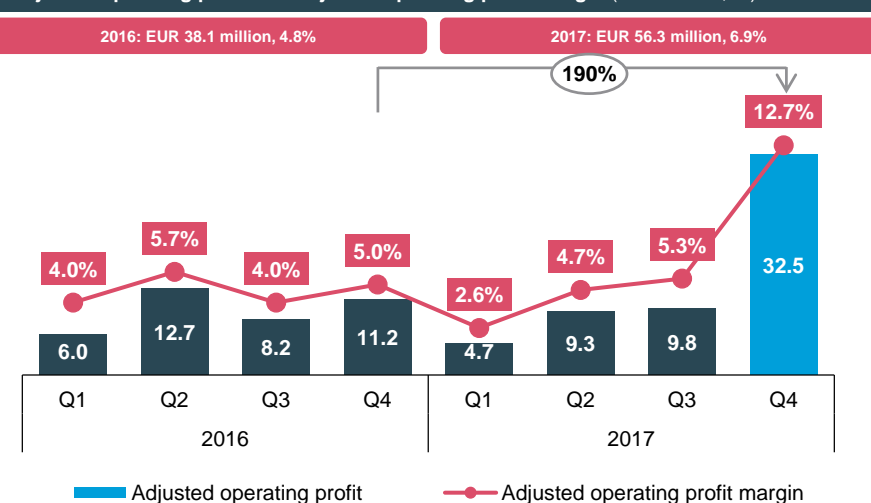


All figures according to segment reporting (POC)

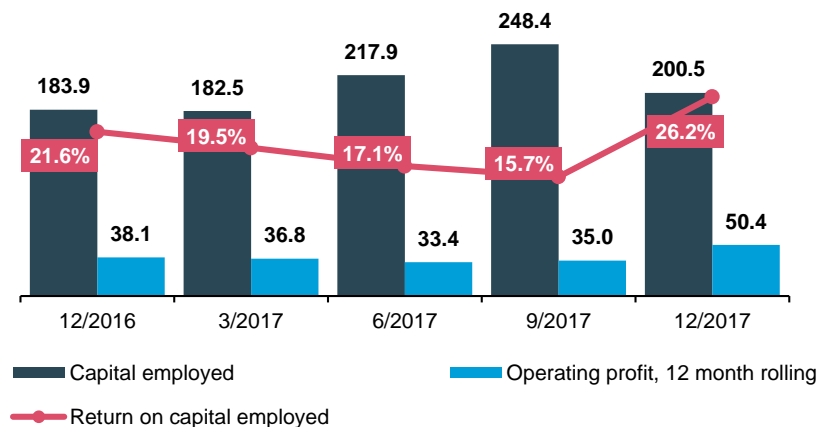
Operating profit on an exceptionally high level in Q4

- The closing of co-owned Kasarmikatu 21 office property sale boosted the operating profit and profitability of the segment
- Cost of EUR 5.9 million related to revaluation of several plots or balance sheet items in Finland booked in Q4
- Capital employed decreased, ROCE on a very good level

Adjusted operating profit and adjusted operating profit margin (EUR million, %)



Return on capital employed¹ (EUR million, %)



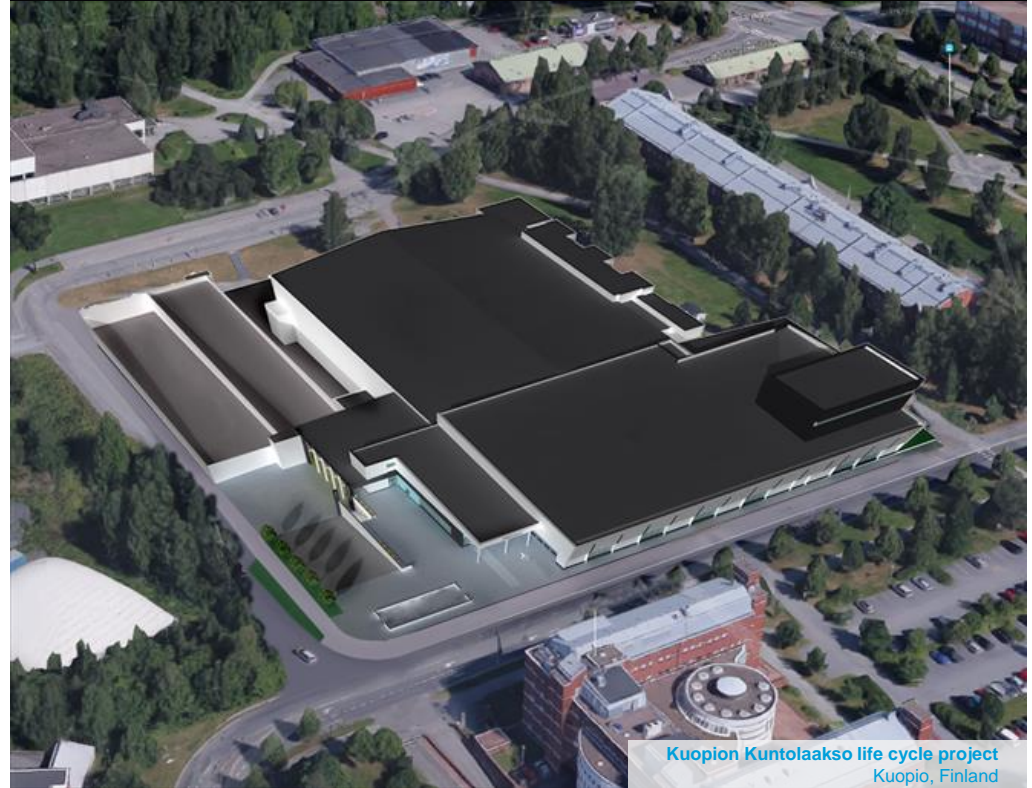
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Business Premises and Infrastructure

Successful activities in Q4

- The sales transaction of the second phase office properties in Dixi completed in December
- Regenero acquired Fortum's old headquarters in Keilaniemi, Espoo, Finland
- YIT chosen to carry out the Kuntolaakso life-cycle project in Kuopio, Finland in co-operation with Caverion
- The sale of co-owned Kasarmikatu 21 was completed in December
- The occupancy rate of Mall of Tripla increased to almost 70% in January ahead of schedule
- The first office spaces at Tripla leased
- New projects booked in Q4
 - The local service centre Hertsi, to be constructed in co-operation with Hartela
 - Part of EUR 39 million life cycle school projects in Espoo, Finland
 - Hybrid care facility project in Vantaa, Finland, EUR ~ 21 million
 - Deep level tunnels of a gold mine in Kittilä, Finland, EUR ~35 million
 - Road contract in Helsinki, Finland, EUR ~20 million



5

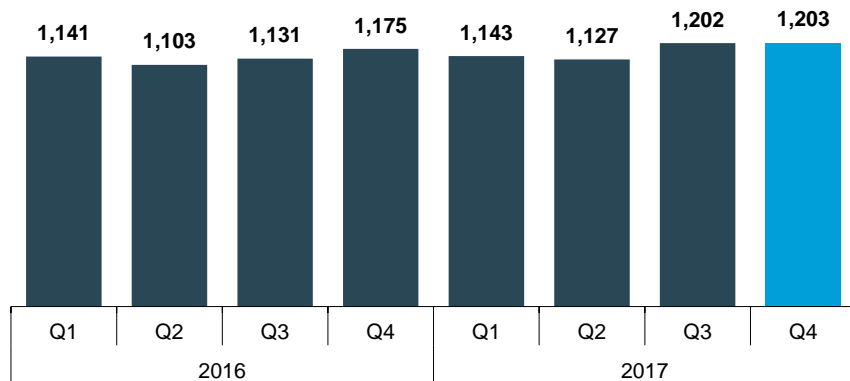
Financial position and key ratios



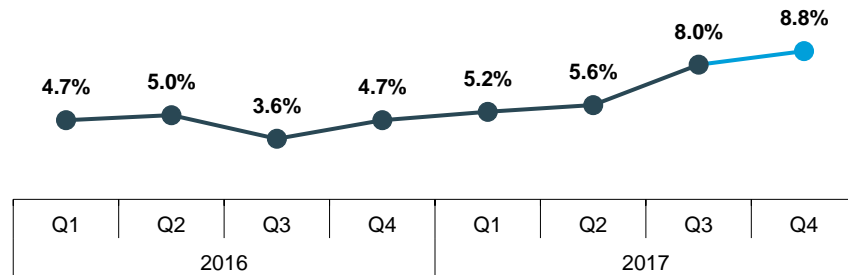
Positive trend in ROI improvement continued Q4

- Invested capital on previous quarter's level
- ROI continued to improve due to improvements in all segments
- Target to reduce capital employed in Russia by approximately RUB 6 billion by the end of 2018 (vs. 6/2016)

Invested capital (EUR million)



Return on investment¹ (%), rolling 12 months

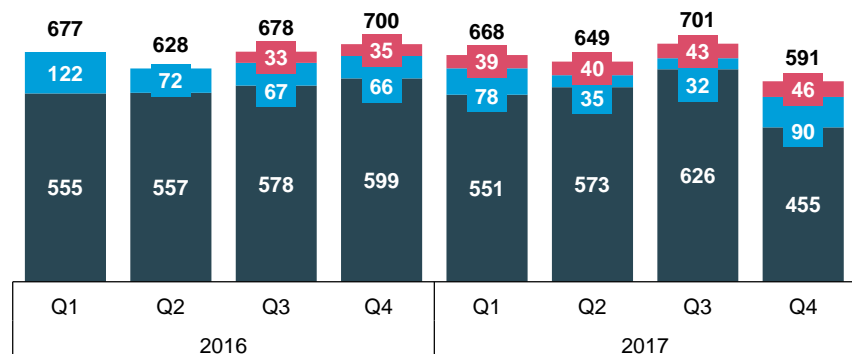


All figures according to segment reporting (POC)
¹EUR 27 million cost booked in Q3/2016 result from Housing Russia

Net debt EUR 455 million in Q4

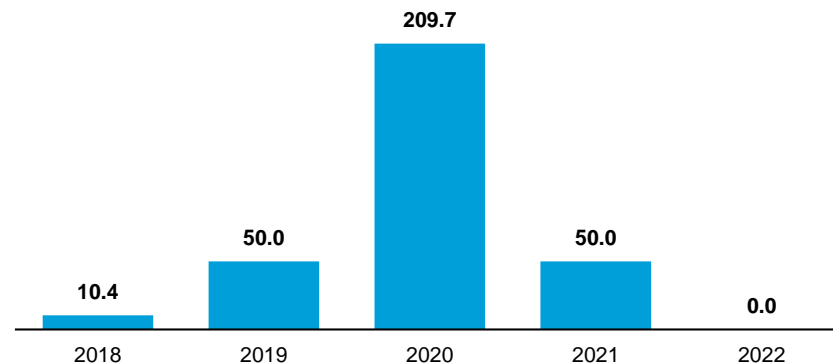
- Net debt decreased due to positive cash flow from operations and change in construction stage financing to meet market practice
- A new EUR 50 million, 3-year bilateral loan withdrawn in October

Interest-bearing debt (EUR million), IFRS



■ Net debt ■ Cash and cash equivalents ■ Interest-bearing receivables

Maturity structure of long-term debt 12/2017 (EUR million)¹



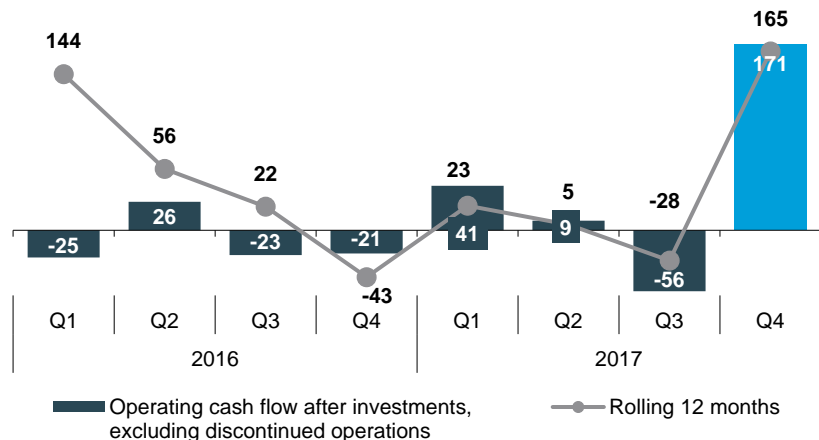
¹ Excluding housing corporation loans and other loans

Very strong cash flow in Q4

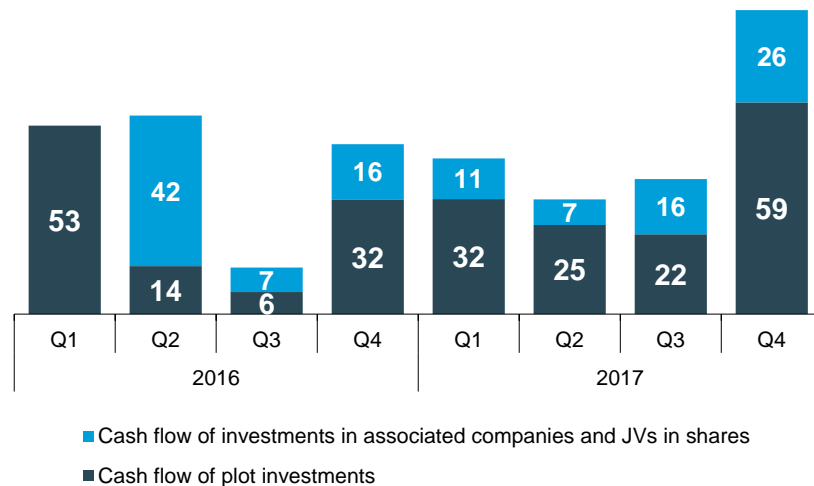
- Debt was decreased by EUR 123.5 million due to change in construction stage financing practice
- Cash flow improved significantly due to good residential sales, the partial sale of the Novo Orlovsky plot and the closing of Kasarmikatu 21 office property sale

Operating cash flow after investments, excluding discontinued operations (EUR million)

Long-term target:
Sufficient operating cash flow after investments,
excluding discontinued operations, for dividend payout



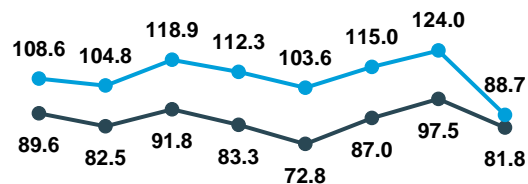
Cash flow of plot investments and investment in associated companies and JVs in shares (EUR million)



Financial key ratios clearly improved in Q4

- All key ratios were positively impacted by the decrease in net debt
- Improved profitability had a positive effect on Net debt / EBITDA ratio

Gearing (%)

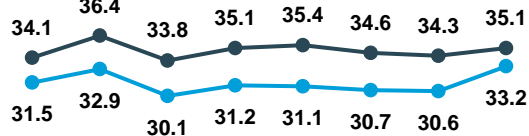


| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
|------|----|----|----|------|----|----|----|
| 2016 | | | | 2017 | | | |

—●— POC —●— IFRS

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

Equity ratio (%)

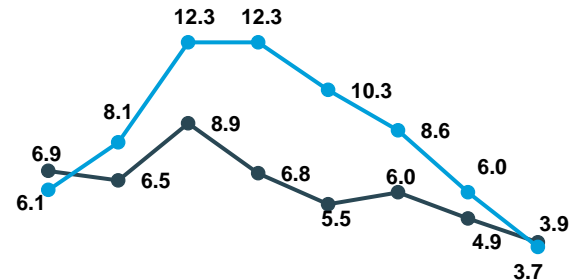


| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
|------|----|----|----|------|----|----|----|
| 2016 | | | | 2017 | | | |

—●— POC —●— IFRS

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)



| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
|------|----|----|----|------|----|----|----|
| 2016 | | | | 2017 | | | |

—●— POC —●— IFRS

Summary of financials in Q4

- Profitability improved in all segments, being very good in Housing Finland and CEE and exceptionally good in Business Premises and Infrastructure
- ROI continued to improve, while capital employed stayed stable
- Financial key figures improved due to positive cash flow from operations and change in construction stage financing to meet market practice
- Net financial expenses (POC) decreased by 45% y-o-y mainly due to lower interest expenses and currency hedging costs together with valuation gains from interest rate derivatives



6

Year 2017



Highlights in 2017

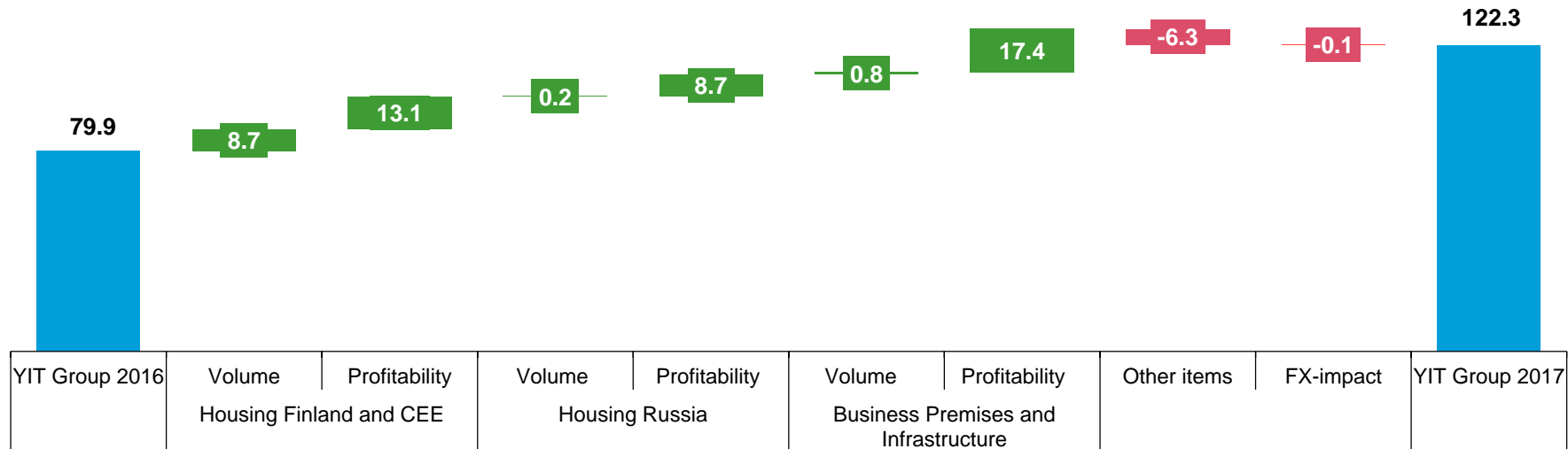
- The merger of YIT and Lemminkäinen announced
- Strong growth and operating profit improvement
 - Q4 was one of the highest quarter in profitability on group level
 - CEE had a strong impact on revenue growth with high profitability
- Key financial ratios improved to a good level
 - Financial expenses almost halved, EPS clearly improved
- Good progress in mega projects, Partnership properties established
 - The construction and sale of Kasarmikatu 21 office property completed successfully
 - Tripla project proceeding ahead of schedule
 - New projects in pipeline, such as Fortum's old Headquarters area development project under Regenero
- Strategic development programmes proceeding according to plan
 - Acquisition of Projektipalvelu Talon Tekniikka Oy to support growth in renovation services
 - Several successful pilots in improving productivity (e.g. Smartti)
 - Over 40,000 individual clients in Living Services in Russia
- Over 800 summer trainees during the year in Finland



EBIT-bridge 2016 – 2017

- Operating profit improved in all segments, growth boosted both by improved volume and profitability
- In Housing Finland and CEE, operating profit was boosted by strong sales and shift from investor sales to consumer sales
- In Housing Russia, the operating profit was positive for the whole year
- In Business Premises and Infrastructure, good profitability was supported by the sale of co-owned Kasarmikatu 21 office property

Adjusted operating profit (EUR million), change 2016–2017: 53%

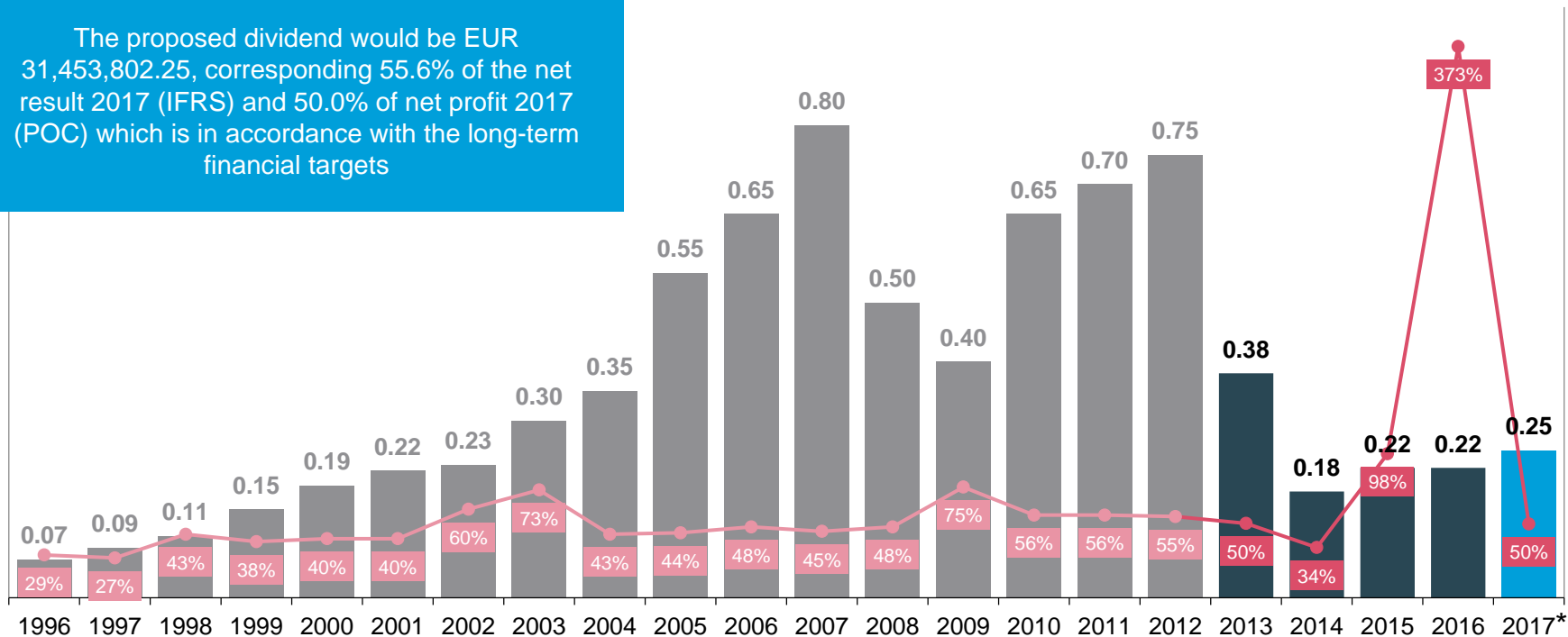


Proposal to AGM: Dividend of EUR 0.25

Dividend / share (EUR)

Note: Historical figures prior to 2013 are YIT Group pre demerger

The proposed dividend would be EUR 31,453,802.25, corresponding 55.6% of the net result 2017 (IFRS) and 50.0% of net profit 2017 (POC) which is in accordance with the long-term financial targets



* Proposal by the Board of Directors

Financial statements bulletin

1 January – 31 December 2017



Group performance
Balance sheet, financing and cash flow



Year 2017 in brief

- In June, announced plan to combine with YIT
- Net sales 1,847.2 M€ (1,682.7)
- Operating profit 41.8 M€ (67.6)
- Adjusted operating profit 46.6 M€ (45.1)
- Write-downs of deferred tax assets in Norway and Sweden increased the tax expense in the income statement EUR 10.2 million
 - The write-downs weakened the profit for the period and EPS
- Financial position
 - Interest-bearing debt 185.8 M€ (212.5)
 - Equity ratio 35.6% (35.4)*
 - Gearing 57.2% (38.8)*
- Cash flow from operating activities -13.6 M€ (131.7)
- Order book grew and stood at 1,305.6 M€ (1,265.2) at the end of the period
- After the reporting period, the merger of Lemminkäinen and YIT completed on 1 February 2018



Q4/2017 in brief

- Net sales 515.1 M€ (477.3)
- Operating profit 10.1 M€ (35.0)
- Adjusted operating profit 10.8 M€ (12.3)
- Plot sales and write-downs of plot inventory had a positive net impact of approximately EUR 7 million in total on operating profit
- Cash flow from operating activities -20.4 M€ (38.5)

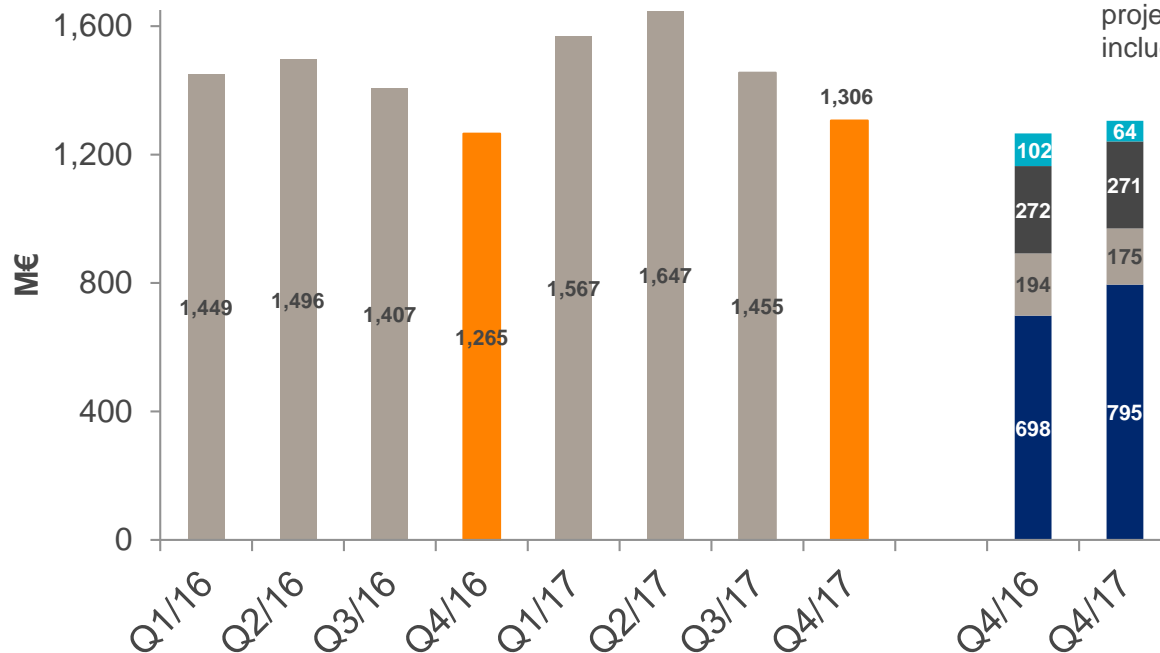


Group operating profit Q4/2017 vs Q4/2016

| Group Q4/2016 | Paving Q4/2017 (Q4/16) | Infra projects Q4/2017 (Q4/16) | BC Finland Q4/2017 (Q4/16) | Russia Q4/2017 (Q4/16) | Others Q4/2017 (Q4/16) | Group Q4/2017 |
|---------------|------------------------|--------------------------------|----------------------------|------------------------|------------------------|---------------|
| 35.0 | -5.0 (-0.1) | 4.8 (4.9) | 11.5 (10.7) | -1.0 (-4.4) | -0.2 (23.9) | 10.1 |



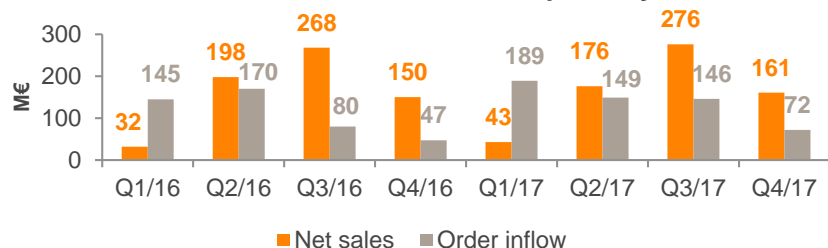
Order book improved year-on-year



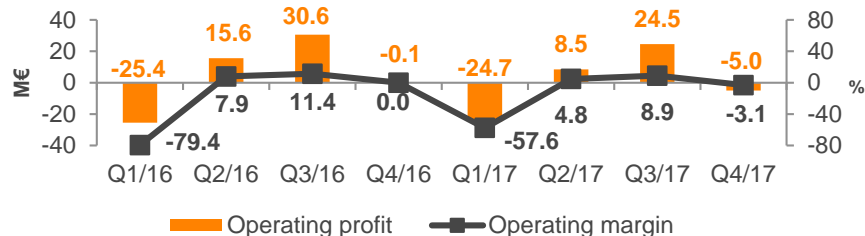
In December 2017, Lemminkäinen was selected to build the Blominmäki wastewater treatment plant in Espoo, Finland. This project of EUR 206 million is not yet included in the order flow or the order book.

Paving Q4/2017: profitability challenges, measures continued

Net sales and order inflow quarterly



Operating profit and operating margin quarterly



Net sales and operating profit

- Net sales grew due to higher volumes in Paving Finland
- Operating profit decreased despite good performance in Finland due to poor profitability in Scandinavia caused by weak operative performance and intense price competition
- Continued measures to improve competitiveness in Sweden and Norway

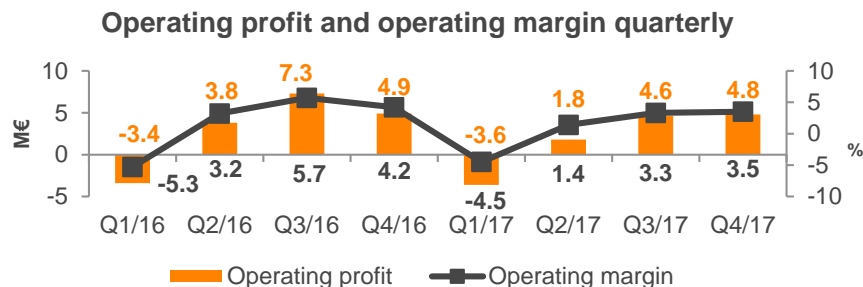
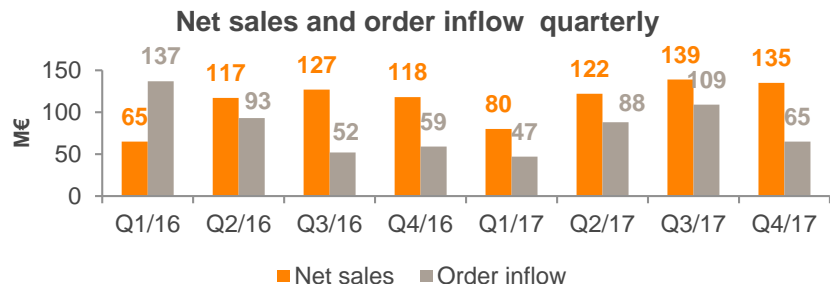
Order inflow and order book

- Order book stood at 175 M€ (194)

Balance sheet

- Operating capital at the end of the period was 181 M€ (189)

Infra projects Q4/2017: higher net sales and order inflow, lower operating profit



Net sales and operating profit

- Net sales increased due to higher volumes in the Baltic countries
- Operating profit remained on approximately same level as the year before

Order inflow and order book

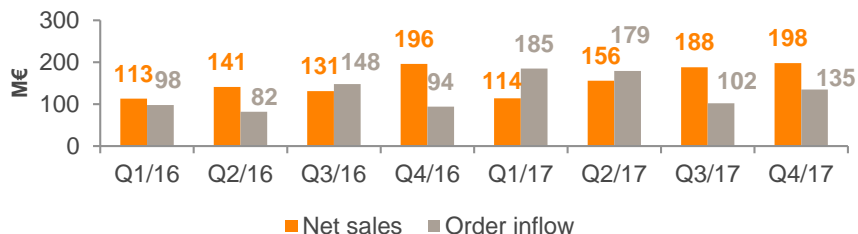
- Order book stood at 271 M€ (272)
- Order inflow includes an agreement for the rock engineering work in Henriksdal wastewater treatment plant in Stockholm, Sweden, and an agreement for building a new parking facility in Skellefteå, Northern Sweden
- Lemminkäinen was selected to build the Blominmäki wastewater treatment plant in Espoo, Finland (project of 206 M€ not yet included in order flow or order book)

Balance sheet

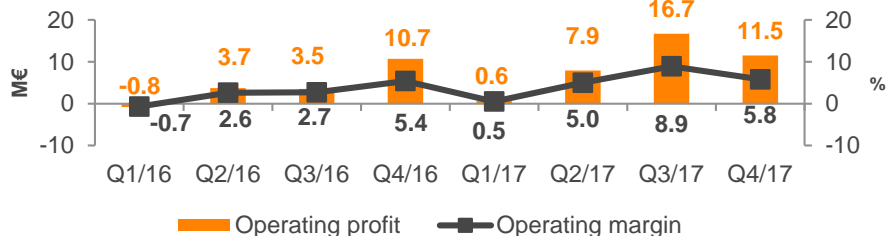
- Operating capital at the end of the period was 71 M€ (30)

Building construction, Finland Q4/2017: strong residential sales and higher operating profit

Net sales and order inflow quarterly



Operating profit and operating margin quarterly



Net sales and operating profit

- Net sales growth driven by higher volumes in residential development outside the capital region
- Operating profit improved due to higher volumes and better margins in residential development
- Plot sales and write-downs of plot inventory had a positive net impact of approximately EUR 7 million in total on operating profit
- 6 residential development projects (7) completed during Q4, totalling 323 units (300)

Order inflow and order book

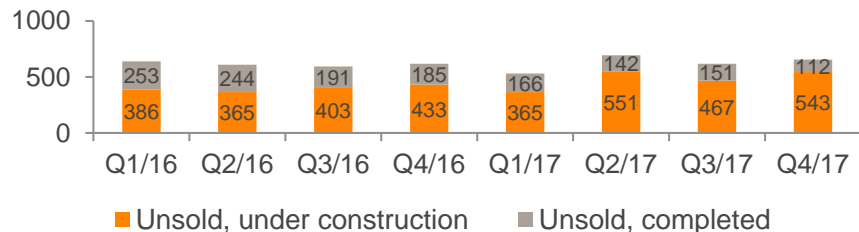
- Order book stood at 795 M€ (698)
- Order inflow includes 8 new residential development projects as well as a contract on building the Hiltulanlahti school in Kuopio, in Eastern Finland, using the PPP model
- Lemminkäinen is part of project group selected to design and construct a new building of Vaasa Central Hospital through a project alliance contract with the Vaasa Hospital District in Finland (not included in order flow or order book)

Balance sheet

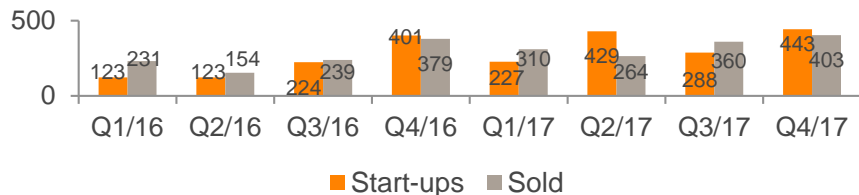
- Operating capital at the end of the period was 218 M€ (216)

Residential development in Finland: In 2017, the number of completed units was higher than in 2016

Unsold apartments, at the end of the quarter



Start-ups and sold apartments, during the quarter



31 December 2017

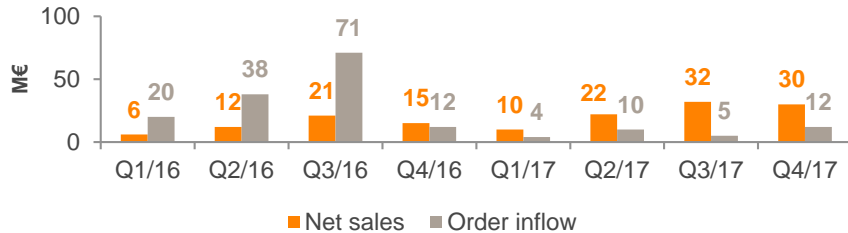
- Number of unsold completed units decreased to 112 (185)
- Number of unsold units under construction increased to 543 (433)

Q4/2017

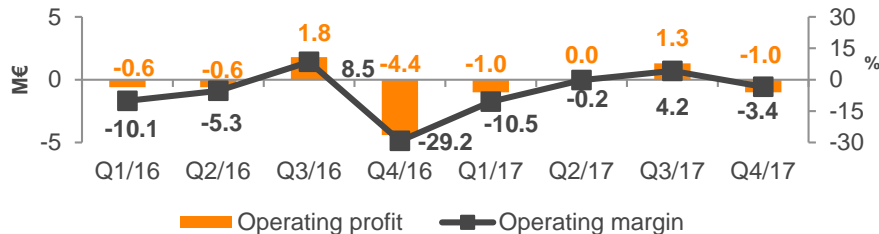
- 8 new residential development projects started, totalling 443 units (401)
- Number of sold development units was 403 (379)
- Share of investor sales during Q4 was 13% (12)

Russian operations Q4/2017: strategy change implementation continued

Net sales and order inflow quarterly



Operating profit and operating margin quarterly



Net sales and operating profit

- Volumes grew in building construction
- Operating profit was -1.0 MEUR (-4.4)
- Reaching the financial targets after the strategy change in 2015 will still take some time
- The number of unsold completed units on 31 December 2017 in Russia was 1 (2)
- The impact of currency exchange rates Q4/2017:
 - Net sales +1.0 M€
 - Operating profit -0.2 M€

Order inflow and order book

- Order inflow includes a contract on the construction of the second phase of a business premise in St. Petersburg and new orders for paving
- Order book stood at 64 M€ (102)

Balance sheet

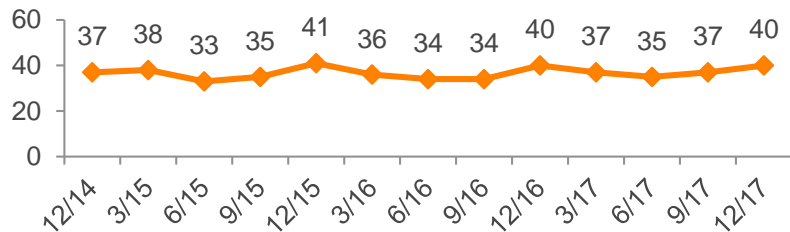
- Operating capital at the end of the period was 45 M€ (24)

Group performance
Balance sheet, financing and cash flow



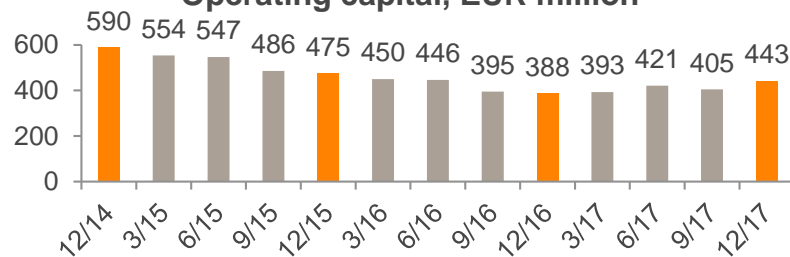
Borrowings and financial position

Equity ratio, %

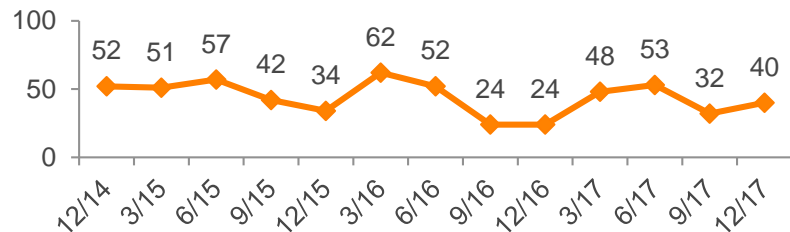


Note! If hybrid bonds were recognized as debt, equity ratio 12/17 would be 36% (12/16: 35%)

Operating capital, EUR million

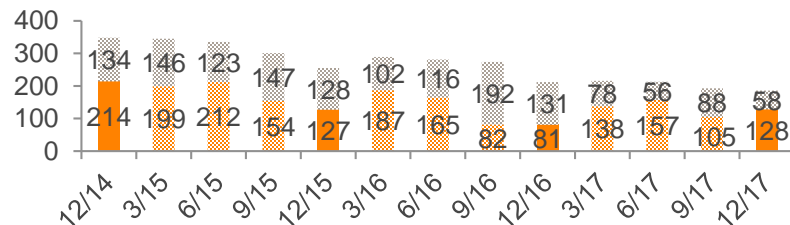


Gearing, %



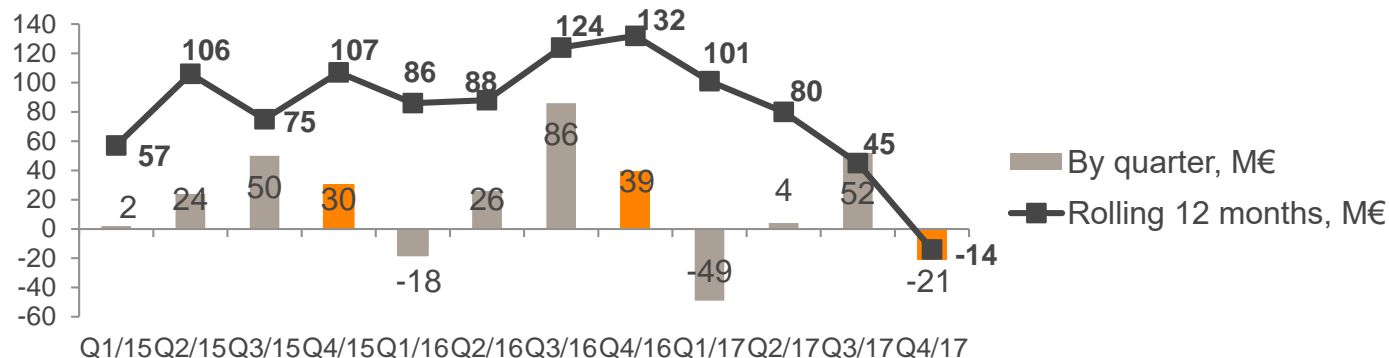
Note! If hybrid bonds were recognized as debt, gearing 12/17 would be 57% (12/16: 39%)

Interest-bearing debt, EUR million



■ IB net debt, M€ ■ Liquid funds, M€

Cash flow from operating activities



| Cash flow from operating activities and free cash flow, EUR million | Q4/2017 | Q4/2016 | 1-12/2017 | 1-12/2016 |
|---|--------------|-------------|--------------|--------------|
| Operating profit (excl. share of the profit of associates and joint ventures) | 10.3 | 34.0 | 41.6 | 66.1 |
| Depreciation and impairment | 8.0 | 9.6 | 31.8 | 34.5 |
| Provisions and other non-cash items | 3.6 | -1.1 | 2.9 | -9.0 |
| Cash flow from financing items and taxes | -3.7 | -5.9 | -20.5 | -32.7 |
| Change in working capital | -38.6 | 1.9 | -69.5 | 72.8 |
| Cash flow from operating activities | -20.4 | 38.5 | -13.6 | 131.7 |
| Cash flow from investing activities ¹⁾ | -2.5 | 4.2 | -12.4 | 1.3 |
| Free cash flow | -22.8 | 42.7 | -26.0 | 133.0 |

8

Outlook and guidance



Market outlook stable in the next 12 months

| | Housing Finland and CEE | Housing Russia | Business premises | Infrastructure projects | Paving | Partnership properties |
|--------------------------------------|-------------------------|----------------|-------------------|-------------------------|--------|------------------------|
| Finland | ● | | ● | ● | ● | ● |
| Russia | | ● | | | ● | |
| <i>The CEE countries</i> | | | | | | |
| The Baltic countries | ● | | ● | ● | ● | ● |
| The Czech Republic, Slovakia, Poland | ● | | ● | | | ● |
| <i>Scandinavia</i> | | | | | | |
| Sweden | | | | ● | ● | |
| Norway | | | | ● | ● | |
| Denmark | | | | | ● | |

● Weakened outlook compared to the past 12 months' development

● Unchanged outlook compared to the past 12 months' development

● Improved outlook compared to the past 12 months' development

Outlook for 2018

- Due to the merger of YIT and Lemminkäinen, YIT does not issue numerical guidance for the Group but is issuing a general outlook that describes future development instead.
- YIT's outlook is based on assumptions and the management's estimates of the development of demand in the Group's operating environment and segments.
- The Board of Directors will assess, and later announce, whether it is appropriate to issue numerical guidance for the merged company.

Housing Finland and CEE

Consumer demand for apartments is expected to remain at a good level. Activity among large residential investors is expected to be lower than in the previous years.

Business premises

The rental demand for business premises is expected to remain at the previous year's level in growth centres. The contracting market is expected to remain active, but contract sizes are expected to decrease on average.

Paving

The total volume of the paving market is expected to grow slightly in YIT's operating area

Housing Russia

The demand for apartments is expected to remain at the same level as seen on average in the second half of 2017. Residential prices are expected to remain low.

Infrastructure projects

Infrastructure construction market is expected to continue to grow slightly from the level of the year 2017.

Partnership properties

Activity among property investors is expected to remain at a good level, particularly for centrally located projects in the Helsinki metropolitan area and in major growth centres.

The adjusted operating profit¹ is expected to fluctuate significantly between the quarters. The adjusted operating profit for the first quarter of 2018 is expected to be low due to normal seasonal variation of the combined company.

¹Adjusted operating profit reflects the result of ordinary course of business and it does not include material reorganisation costs, impairment charges or other items affecting comparability. Adjusted operating profit is disclosed to improve comparability between reporting periods. Adjusting items are defined more precisely in the tables in the Financial Statements Bulletin 2017.

9

Merger

YIT

Lemminkäinen



Deal rationale

1 | Strong platform for growth

- Target to become a leader in urban development
- More balanced business portfolio (Infrastructure projects, Housing, Business Premises, Partnership Properties)
- Wider geographical presence in several economic regions

2 | Synergies and improved competitiveness

- Good references and wide pool of professional people
- Potential for profitability improvement
- Wider opportunities for specialization and scale

3 | Improved financial position and reduced risk profile

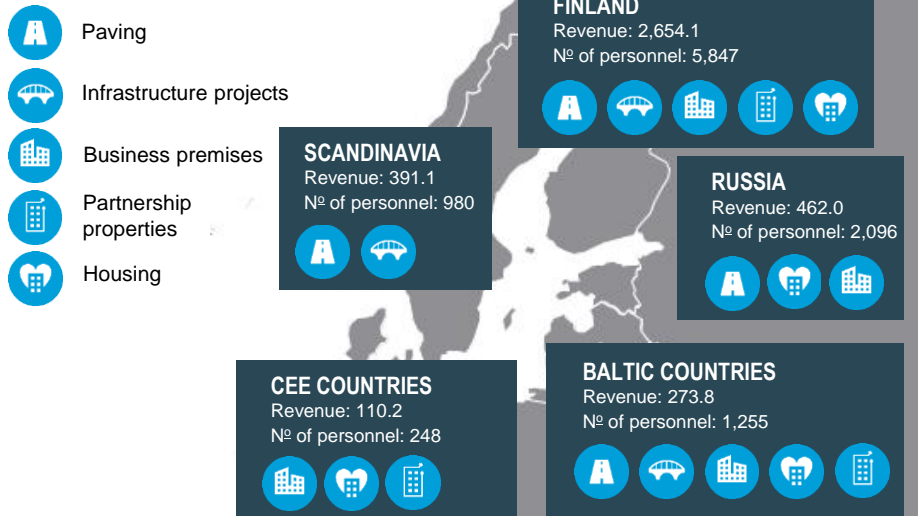
- Counter cyclicity of businesses and geographies
- Lower financing costs
- Lower dependency on investment demand

4 | Enhanced investment case

- Significant market value, good liquidity of the share
- Balanced and improved risk profile
- Growing dividend expectation

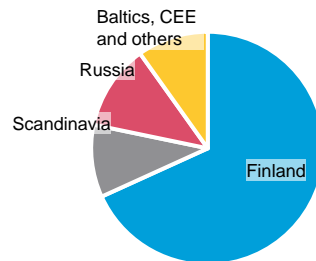
Combined portfolio 2017

Geographic revenue split, 2017* (EURm)

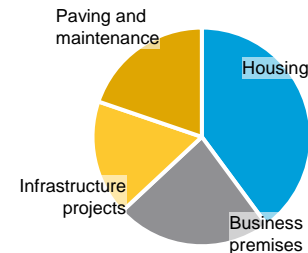


Illustrative combined revenue splits 2017*

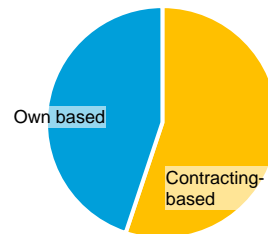
Geographic split*



Operational split*



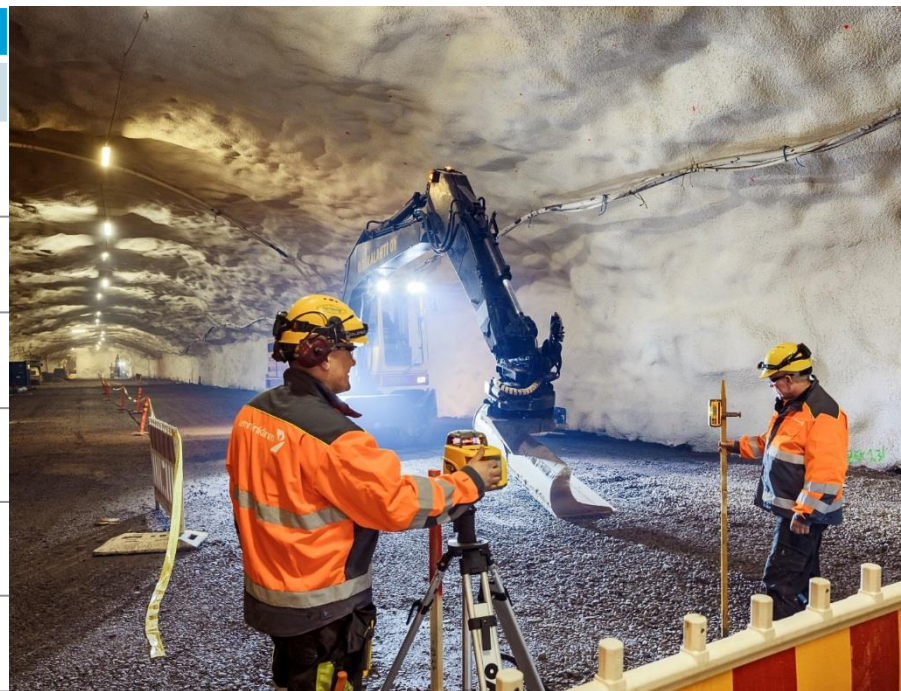
Business logic split*



* Preliminary combined high level illustrative estimates for the geographical, operational and business logic splits reflect the external and internal reporting of YIT and Lemminkäinen prepared under IFRS principles for the year 2017. Illustrative high level estimates of splits presented are based on a hypothetical situation and are not intended to project the revenue split of the Combined entity in the future. The illustrative information should not be viewed as pro forma information.

Combined income statement information (IFRS)

| IFRS | 1-12/2017 | | |
|--|-----------|---------|--------------|
| EUR million | Combined | YIT | Lemminkäinen |
| Revenue | 3,841.0 | 1,993.8 | 1,847.2 |
| Adjusted operating profit | 152.2 | 105.6 | 46.6 |
| <i>Adjusted operating profit % of net sales¹⁾</i> | 4.0% | 5.3% | 2.5% |
| Gearing | 59.3% | 88.7 % | 40.0 % |
| Order backlog | 4,218.3 | 2,912.7 | 1,305.6 |
| Average number of personnel 2017 ²⁾ | 10,431 | 5,233 | 5,198 |



The combined illustrative financial information is presented for illustrative purposes only and they should not be regarded as pro forma financial information. The combined illustrative income statement information and key figures are presented as if the business operations would have been in the same Group starting from the beginning of the year 2017.

1) Adjustments in the Combined adjusted operating profit are based on YIT's and Lemminkäinen's published financial statement information.

2) Number of personnel varies somewhat during a year due to the seasonal nature of the businesses.

Board of Directors as of February 1, 2018



Matti Vuoria
Chairman of
the Board



Berndt Brunow
Vice Chairman
of the Board



Erkki Järvinen
Member of the
Board



**Harri-Pekka
Kaukonen**
Member of the
Board



Inka Mero
Member of
the Board



Juhani Mäkinen
Member of the
Board



**Kristina
Pentti-von
Walzel**
Member of
the Board



Tiina Tuomela
Member of the
Board

YIT Group organisation as of February 1, 2018

President and CEO
Kari Kauniskangas

| | | | | | | |
|--|--|--|---|--|---|--|
| Urban development <i>Juha Kostiaainen</i> | Paving <i>Heikki Vuorenmaa</i> | Infrastructure projects <i>Harri Kailasalo</i> | Business premises <i>Esa Neuvonen</i> | Partnership properties <i>Esa Neuvonen</i> | Housing Finland and CEE <i>Antti Inkilä</i> | Housing Russia <i>Teemu Helppolainen</i> |
| Finance <i>Ilkka Salonen</i> | | | | | | |
| Personnel <i>Pii Raulo</i> | | | | | | |
| Strategy and development <i>Jan Gustafsson</i> | | | | | | |
| Integration <i>Juhani Nummi</i> | | | | | | |

Group Management Team as of February 1, 2018



Kari Kauniskangas
President and CEO



Ilkka Salonen
CFO
Deputy to CEO



Jan Gustafsson
EVP, Strategy and
development



Teemu Helppolainen
EVP, Housing Russia



Antti Inkilä
EVP, Housing
Finland and CEE



Harri Kailasalo
EVP,
Infrastructure
projects



Juha Kostiainen
EVP, Urban
development



Esa Neuvonen
EVP, Business
premises and
Partnership
properties



Juhani Nummi
EVP, Integration



Pii Raulo
EVP, Human
resources

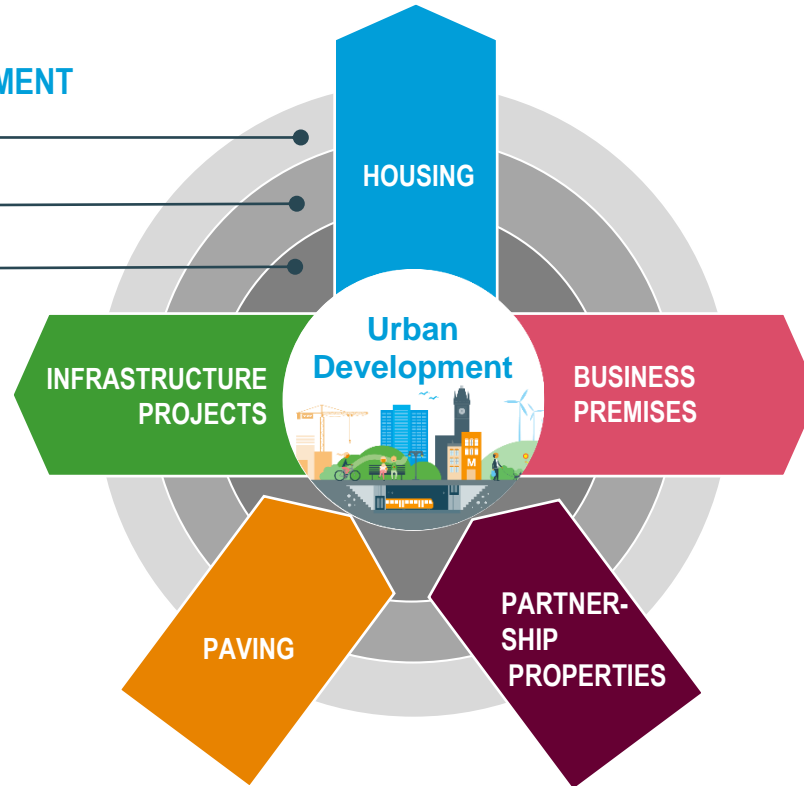


Heikki Vuoremaa
EVP, Paving

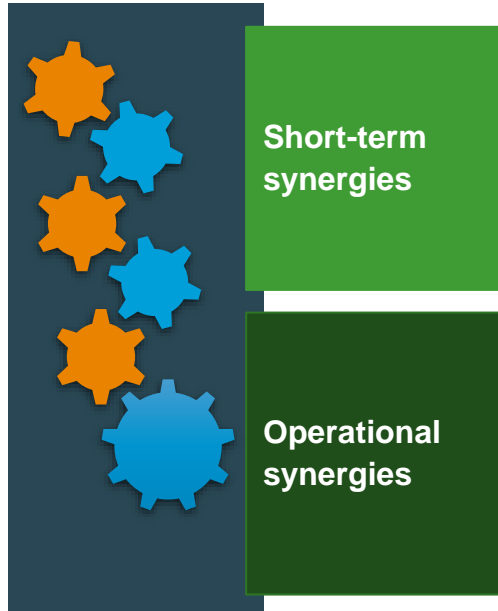
Urban development boosts the growth of balanced business portfolio

ASPECTS OF URBAN DEVELOPMENT

- Project development
- Execution
- Ownership and services



Synergy development to be disclosed starting from Q1 Interim Report



Description

- One top management and Group administration, savings from being one stock listed company
- Lowered financing costs based on improved key figures
- Harmonizing the IT systems and diminishing the number of systems
- Combined premises
- Unified operations and functions in overlapping areas
- Economies of scale in indirect and direct sourcing
- The improved turnover of the plot portfolio and enhancement of development capabilities by increasing self developed business
- Best practices from both sides, common processes and tools
- Economies of scale in using digitalization
- Better use and higher volume of international sourcing

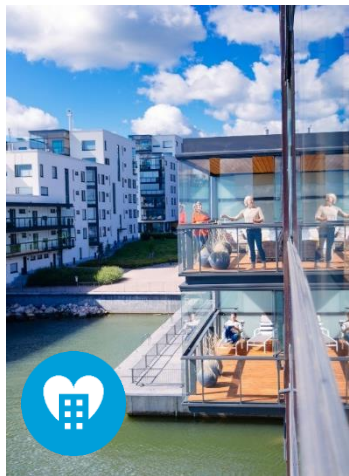
Full EBIT improvement potential per annum EUR 40 million by the end of 2020, target set in June 2017

Timetable

| 2018 | Feb 1 | Mar 16 | Mar 20 | Apr 11 | Apr 26 |
|------|-------------------------|------------|------------------------------------|---|------------------------------------|
| | Merger completed | AGM | <i>Lemminkäinen final accounts</i> | <i>Lemminkäinen shareholders' meeting</i> | Interim Report Jan-Mar 2018 |

Voluntary pro forma information will be given before Q1 results

Our offering to customers



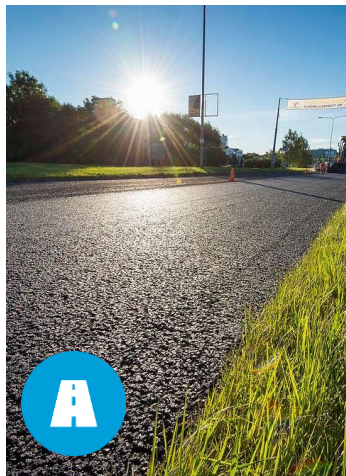
HOUSING

Functional homes and easy living for everyone



INFRA-STRUCTURE PROJECTS

Smooth traffic flows and sustainable living environments



PAVING

People, homes and offices connected through good road network



BUSINESS PREMISES

Attractive and tailored office, retail, logistics and production as well as care and health premises



PARTNERSHIP PROPERTIES

Profitable solutions for investors and owners

More information

Ilkka Salonen

Chief Financial Officer (CFO)

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ilkka.salonen@yit.fi

Hanna Jaakkola

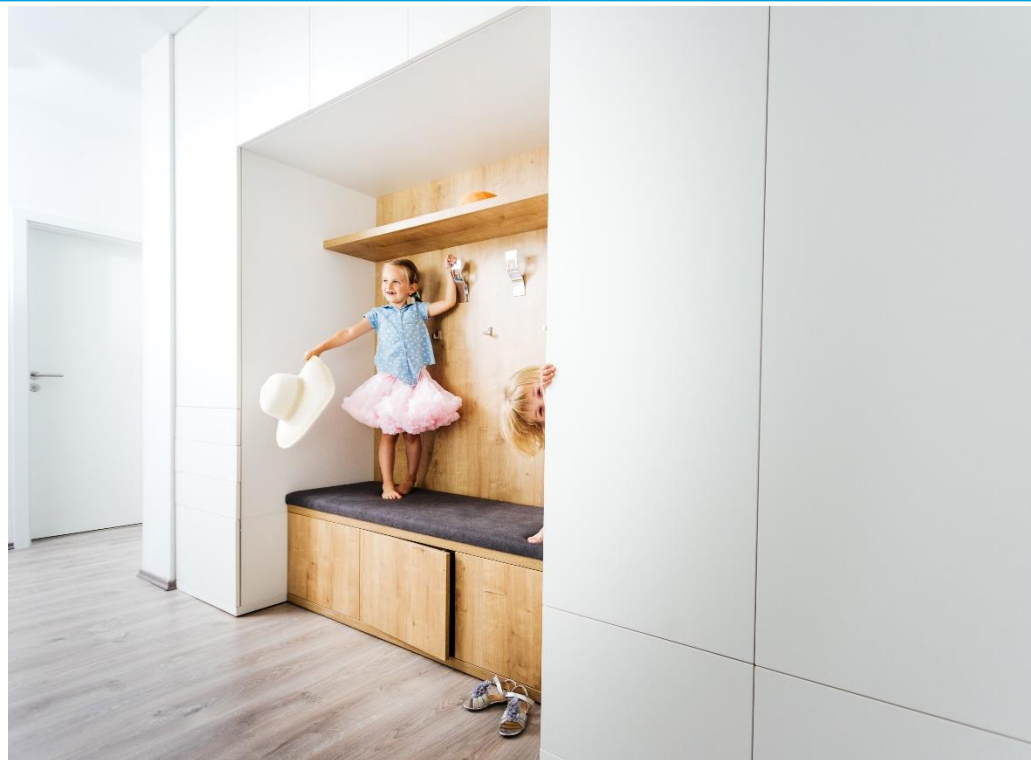
Vice President,
Investor Relations

+358 40 566 6070

hanna.jaakkola@yit.fi

Follow YIT on Twitter

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10

Appendices



Appendices

- I. Key figures and additional information about financial position
- II. Ownership
- III. General economic indicators
- IV. Housing indicators
- V. Business premises and infrastructure indicators





Key figures and additional information about financial position



Key figures

| EUR million | 10–12/2017 | 10–12/2016 | Change | 1–12/2017 | 1–12/2016 | Change |
|--|------------|------------|--------|-----------|-----------|--------|
| Revenue | 554.3 | 513.7 | 8% | 1,908.6 | 1,783.6 | 7% |
| Operating profit | 40.4 | 28.7 | 41% | 102.3 | 52.9 | 93% |
| Operating profit margin, % | 7.3% | 5.6% | | 5.4% | 3.0% | |
| Adjusted operating profit | 56.4 | 28.7 | 97% | 122.3 | 79.9 | 53% |
| Adjusted operating profit margin, % | 10.2% | 5.6% | | 6.4% | 4.5% | |
| Adjustments | -16.0 | | | -20.0 | -27.0 | 40% |
| Order backlog | 2,568.5 | 2,613.1 | -2% | 2,568.5 | 2,613.1 | -2% |
| Profit before taxes | 33.7 | 21.3 | 59% | 81.2 | 13.8 | 489% |
| Profit for the review period ¹ | 26.0 | 16.1 | 62% | 62.8 | 7.4 | 748% |
| Earnings per share, EUR | 0.21 | 0.13 | 61% | 0.50 | 0.06 | 747% |
| Operating cash flow after investments, excluding discontinued operations | 171.0 | -21.4 | | 164.5 | -43.1 | |
| Return on investment, last 12 months, % | 8.8% | 4.7% | | 8.8% | 4.7% | |
| Equity ratio, % | 35.1% | 35.1% | | 35.1% | 35.1% | |
| Interest-bearing net debt (IFRS) | 455.0 | 598.6 | -24% | 455.0 | 598.6 | -24% |
| Gearing (IFRS), % | 88.7% | 112.3% | | 88.7% | 112.3% | |
| Personnel at the end of the period | 5,427 | 5,261 | 3% | 5,427 | 5,261 | 3% |

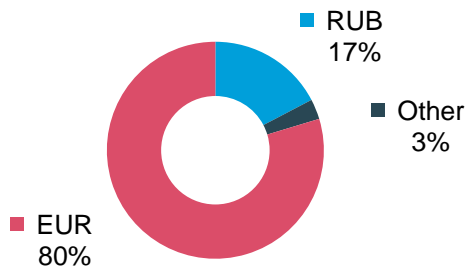
¹Attributable to equity holders of the parent company

All figures according to segment reporting (POC), unless otherwise noted

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

Ruble weakened in Q4

Revenue split 10-12/2017 (POC)



Impact of changes in foreign exchange rates (EUR million)

| | Q4/2017 | 1-12/2017 |
|--|---------|-----------|
| Revenue, POC ¹ | 5.1 | 30.5 |
| Adjusted EBIT, POC ¹ | 0.5 | 1.2 |
| Order backlog, POC ² | -3.7 | -3.7 |
| Equity, IFRS (translation difference) ² | -7.3 | -7.3 |

¹ Compared to the corresponding period in 2016

² Compared to the end of previous quarter

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, such as loans to subsidiaries, are hedged
- Equity and equity-like investments in foreign currency not hedged
 - Considered to be of permanent nature
 - FX changes recognized as translation difference in equity
- Invested capital in Russia in 12/2017:
 - Equity and equity-like investments: EUR 384.1 million
 - Loans to subsidiaries: EUR 27.4 million

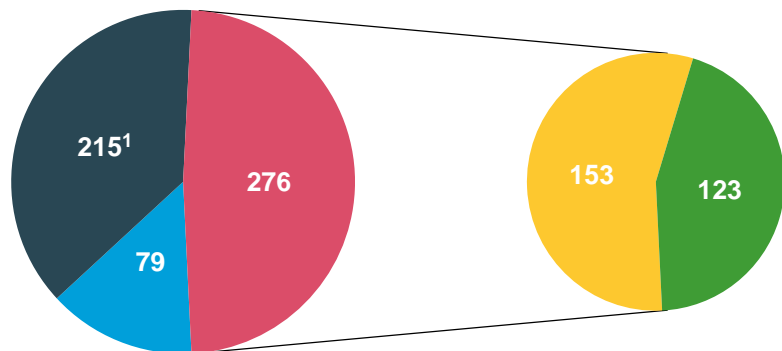
EUR/RUB exchange rates

| | 1-12/2017 | 1-12/2016 |
|------------------|-----------|-----------|
| Average rate | 65.9183 | 74.1466 |
| Quarter-end rate | 69.3920 | 64.3000 |

Plots in the balance sheet by segments and geography

Plot reserves in the balance sheet 12/2017, (EUR million)

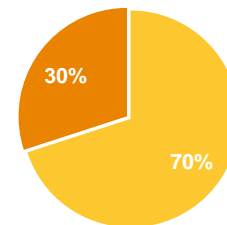
In total EUR 570 million



- Business Premises and Infrastructure
- Housing Russia
- Housing Finland and CEE
- Finnish housing
- CEE housing

¹Includes Gorelovo industrial park

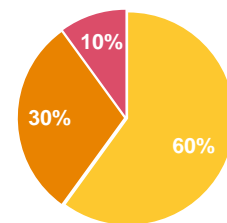
Division by geography in Finnish housing



■ HMA, incl. Tripla residential

■ Rest of Finland

Division by geography in Business Premises and Infrastructure



■ HMA, incl. Tripla

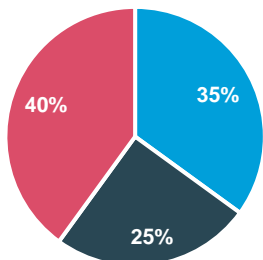
■ Rest of Finland

■ CEE

Plot reserve consists of own plots, pre-agreements and rental plots

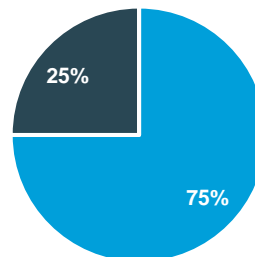
Plot reserve in thousand floor square metres 12/2017, consists of own plots, pre-agreements and rental plots, 4.7 million floor sq. m in total (Q3/2017: 5.3)

Finnish housing, total 1.8 million floor sq.m



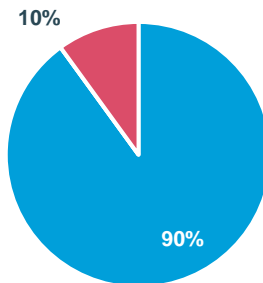
Average annual use of plot reserves ~150,000–200,000 floor sq.m.
~ 75% of the own and rental plots have confirmed zoning

Housing Russia, total 1.8 million floor sq.m



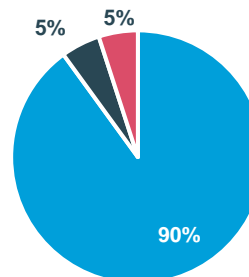
Average annual use of plot reserves ~150,000–200,000 floor sq.m.

CEE housing, total 0.6 million floor sq.m



Average annual use of plot reserves ~80,000–120,000 floor sq.m.

Business Premises and Infrastructure, total 0.5 million floor sq.m



Average annual use of plot reserves ~30,000–70,000 floor sq.m.

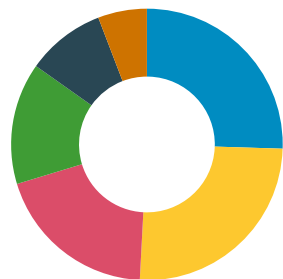
■ Own

■ Rental

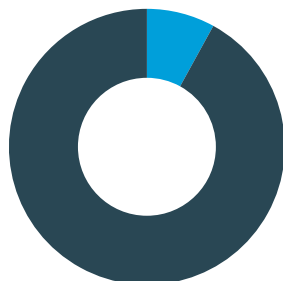
■ Pre-agreements

Balanced debt portfolio

Debt portfolio at the end of the period 12/2017, EUR 590.7 million



- Commercial papers, 26%
- Bonds, 25%
- Bank loans, 20%
- Housing corporation loans, 14%
- Pension loans, 9%
- Other loans, 6%

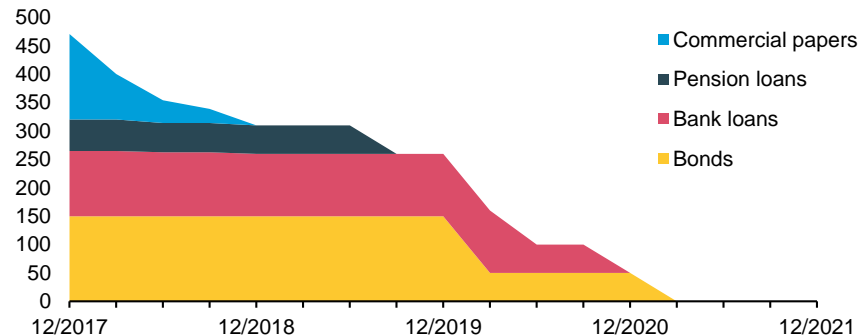


- Floating rate, 8%
Average interest rate 3.24%
- Fixed rate, 92%
Average interest rate 3.14%

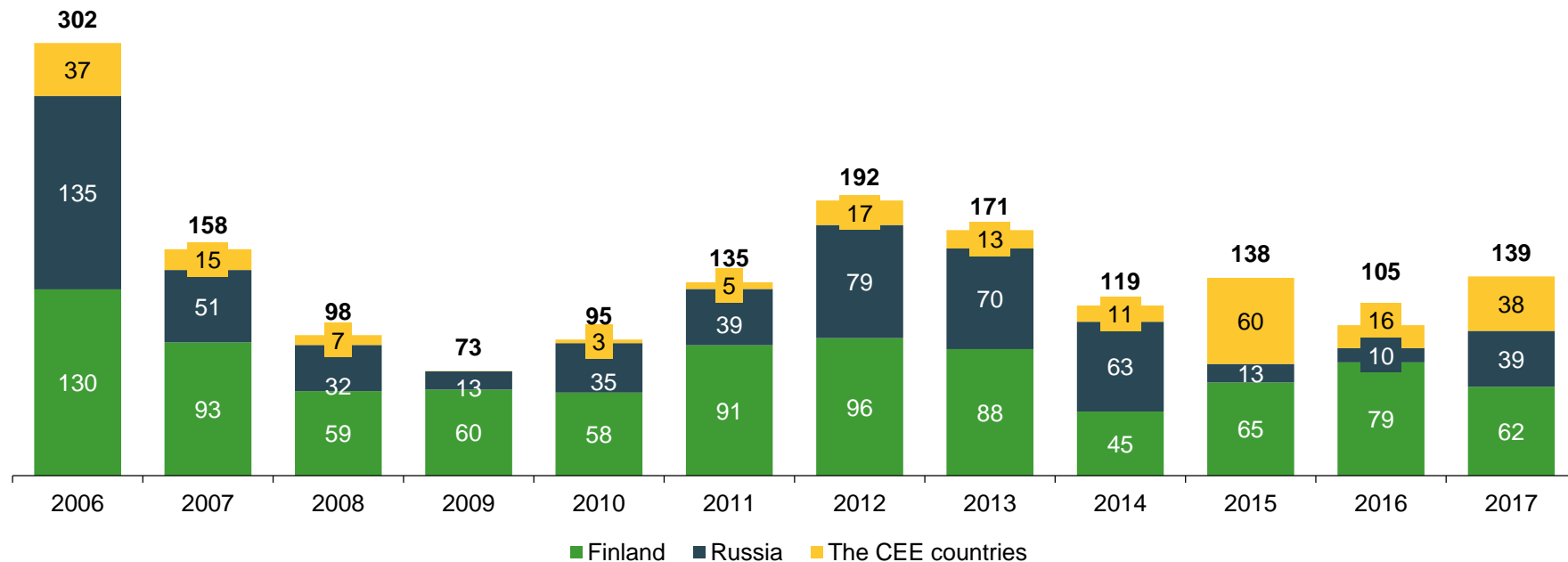
Average interest rate: 3.15%

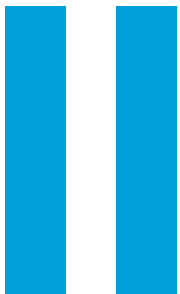
Maturity structure at the end of the period 12/2017

Maturity profile, excluding housing corporation loans and other loans
(EUR million)



Cash flow of plot investments





Share ownership



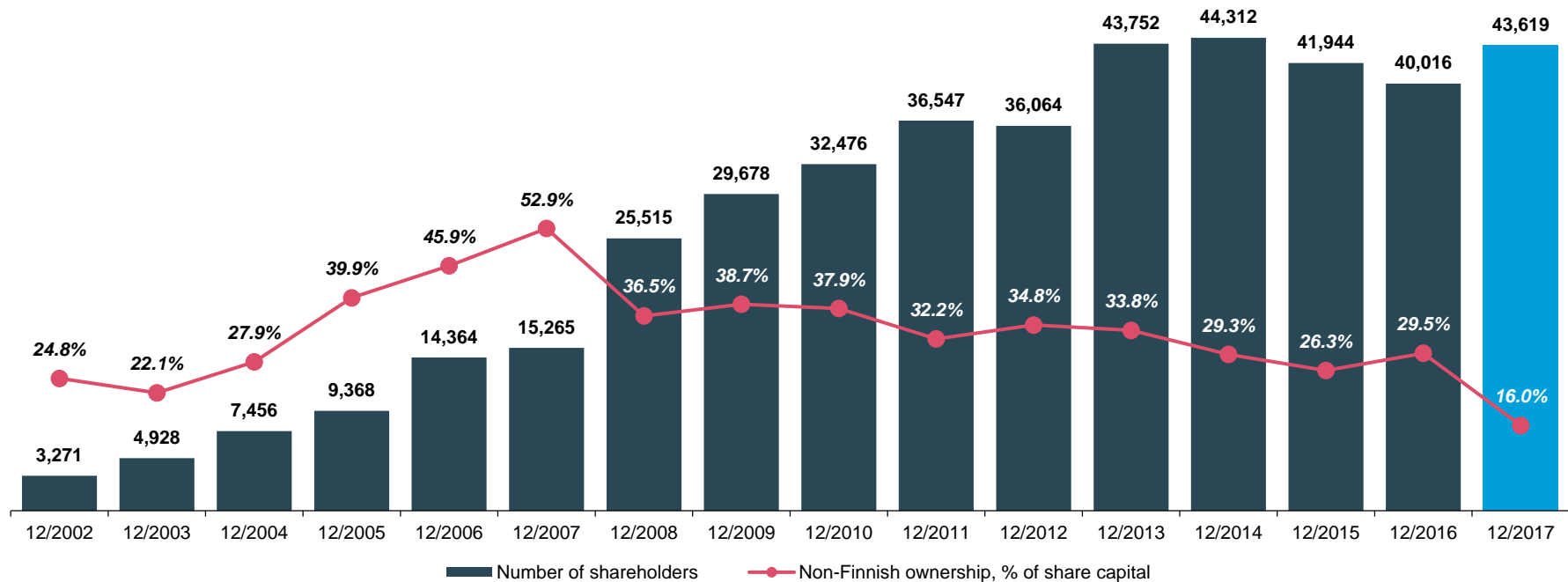
YIT's major shareholders

December 29, 2017

| Shareholder | Shares | % of share capital |
|---|--------------------|--------------------|
| 1. Varma Mutual Pension Insurance Company | 12,000,000 | 9.43 |
| 2. OP funds | 5,101,871 | 4.01 |
| 3. Herlin Antti | 4,710,180 | 3.70 |
| 4. Elo Mutual Pension Insurance Company | 3,335,468 | 2.62 |
| 5. The State Pension Fund | 3,275,000 | 2.57 |
| 6. Danske Invest funds | 3,253,169 | 2.56 |
| 7. Virala Oy Ab | 3,124,054 | 2.46 |
| 8. Ilmarinen Mutual Pension Insurance Company | 2,120,000 | 1.67 |
| 9. Föreningen Konstsamfundet r.f. | 1,623,000 | 1.28 |
| 10. Aktia funds | 1,530,000 | 1.20 |
| Ten largest total | 40,072,742 | 31.50 |
| Nominee registered shares | 19,481,458 | 15.31 |
| Other shareholders | 67,669,222 | 53.19 |
| Total | 127,223,422 | 100.00 |

More than 43,000 shareholders

Number of shareholders and share of non-Finnish ownership, December 2017



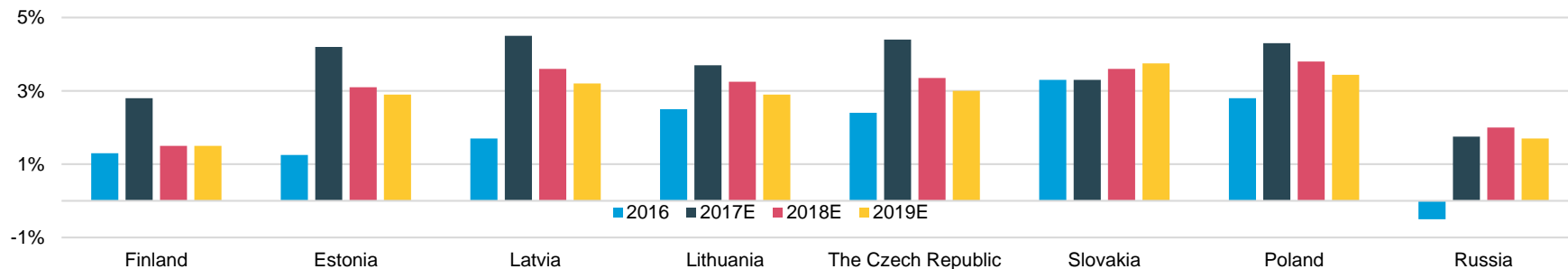


General economic indicators

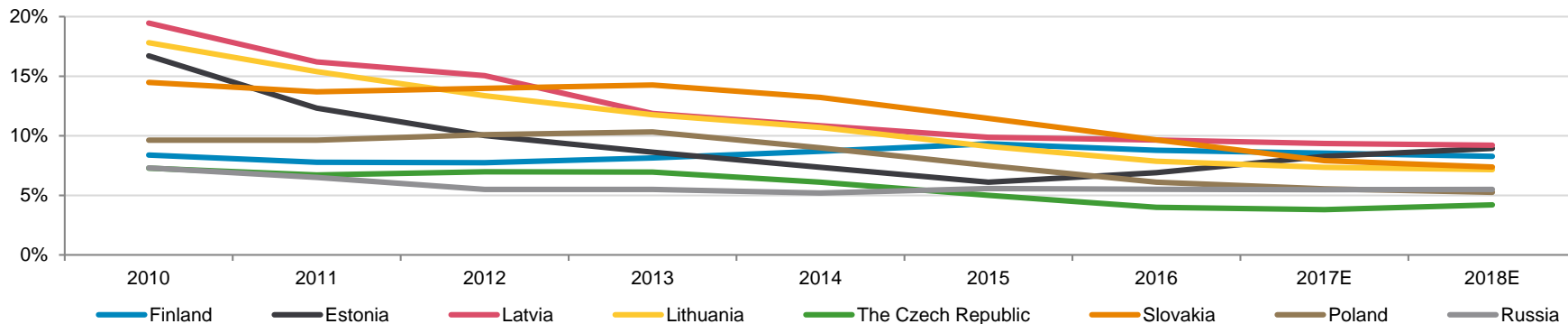


Growth expected to continue in Slovakia

GDP growth in YIT's operating countries, %



Unemployment rate in YIT's operating countries, %



Sources: GDP growth: Bloomberg consensus, Unemployment: IMF

IV

Housing indicators

Finland

The CEE countries

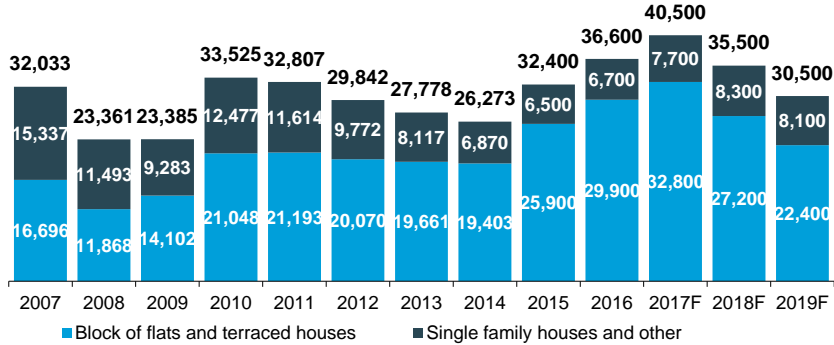
Russia



Aalto residential project
Moscow, Russia

Start-ups expected to decrease in 2018 and 2019

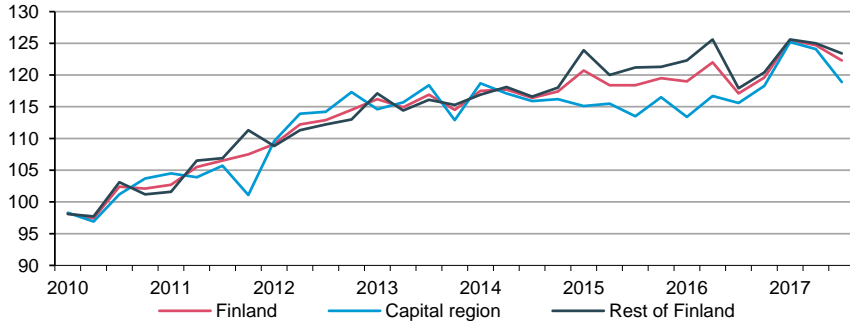
Residential start-ups (units)



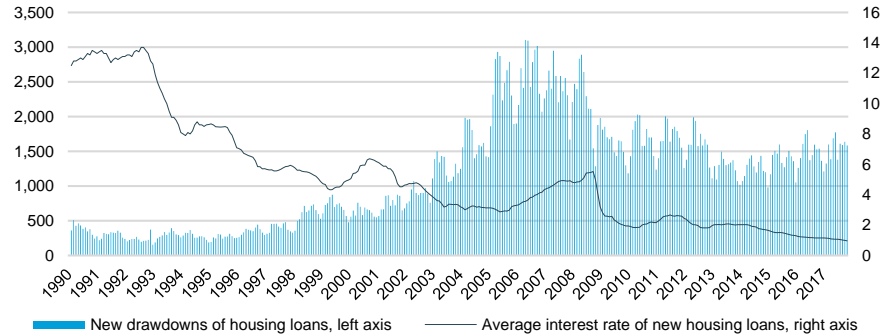
Consumers' views on economic situation in one year's time (balance)



Prices of new dwellings (index 2010=100)



Volume of new mortgages and average interest rate (EUR million, %)

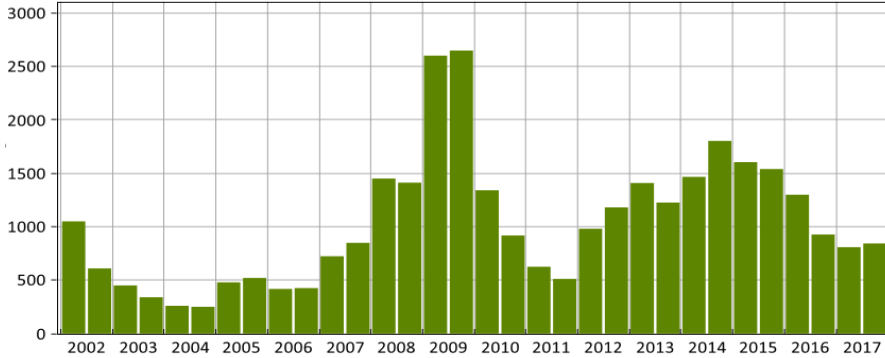


Sources: Residential start-ups: 2006-2014 Statistics Finland; 2015 – 2018F Euroconstruct, December 2017, Consumer confidence: Statistics Finland, Residential prices: Statistics Finland, Loans and Interest rates: Bank of Finland
80 Financial Statements Bulletin 2017

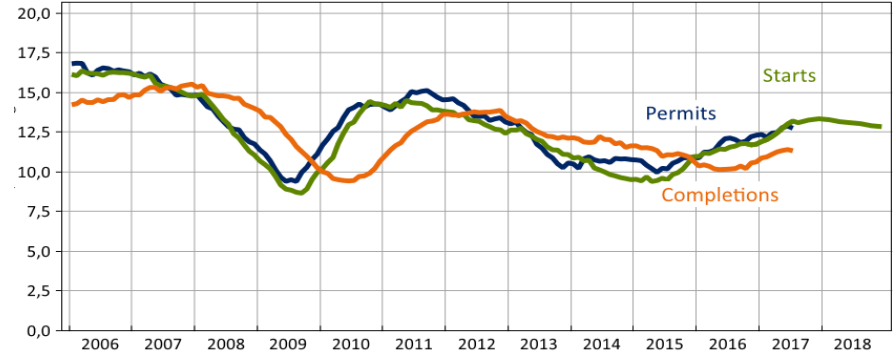
Finland

Housing indicators have improved slightly

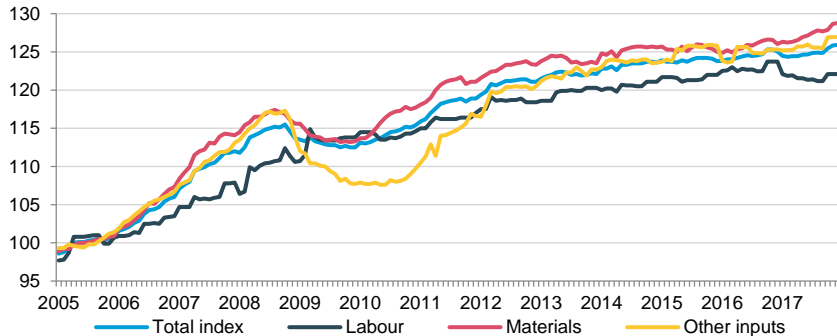
Unsold completed units (residential development projects)



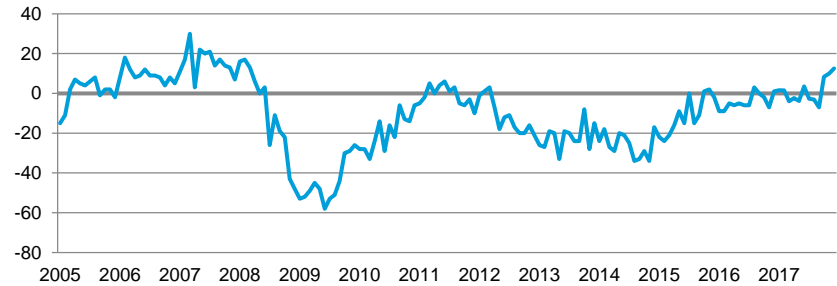
Residential building permits, start-ups and completions (million m3)



Construction cost index (2005=100)



Construction confidence (balance)

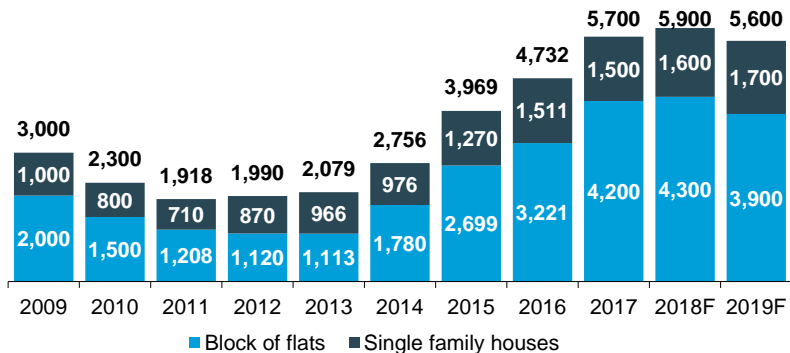


Unsold completed units: Confederation of Finnish Construction Industries RT, Residential building permits, Start-ups and completions: Confederation of Finnish Construction Industries RT, Construction cost index: Statistics Finland, Construction confidence: Confederation of Finnish Industries EK

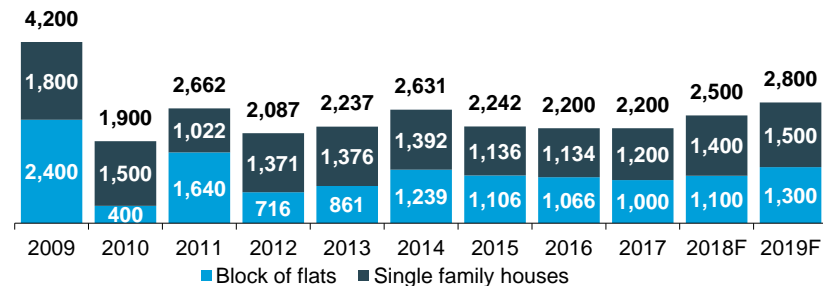
The Baltic Countries

Residential construction is expected to level off

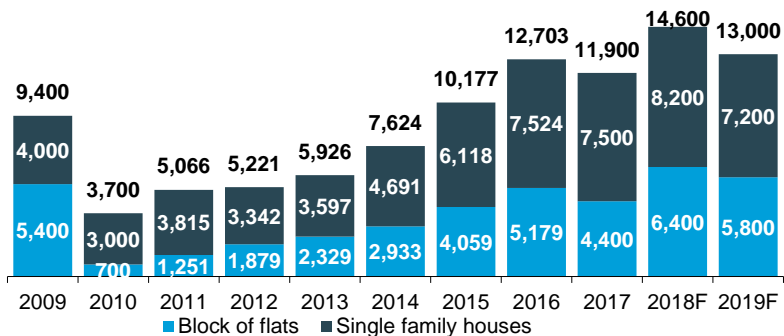
Residential completions in Estonia (units)



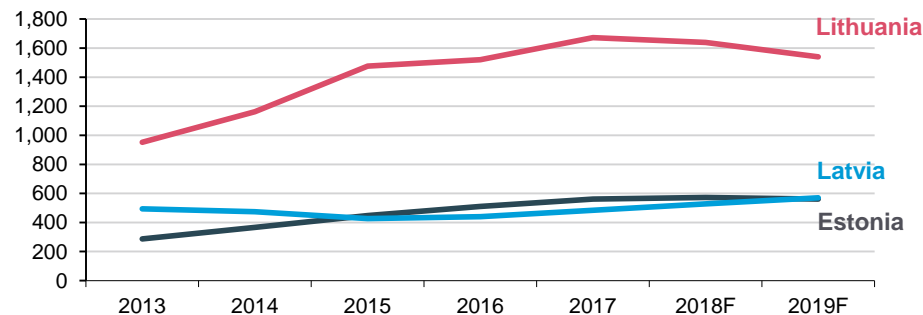
Residential completions in Latvia (units)



Residential completions in Lithuania (units)



New residential construction volume (EUR million)

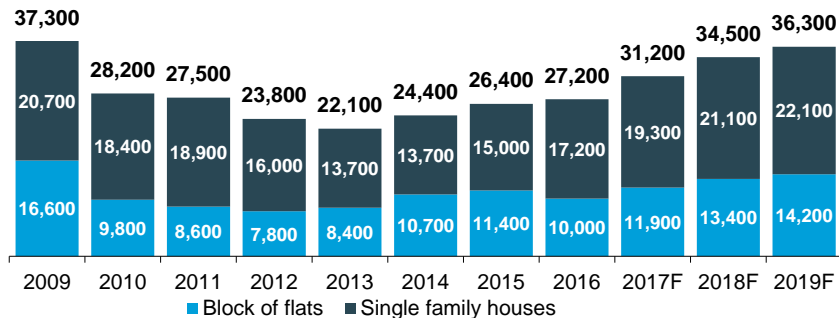


Source: Euroconstruct, December 2017

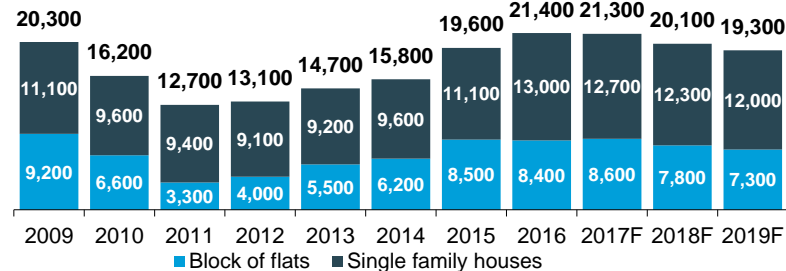
The Czech Republic, Slovakia and Poland

Start-ups forecasted to grow in the Czech Republic

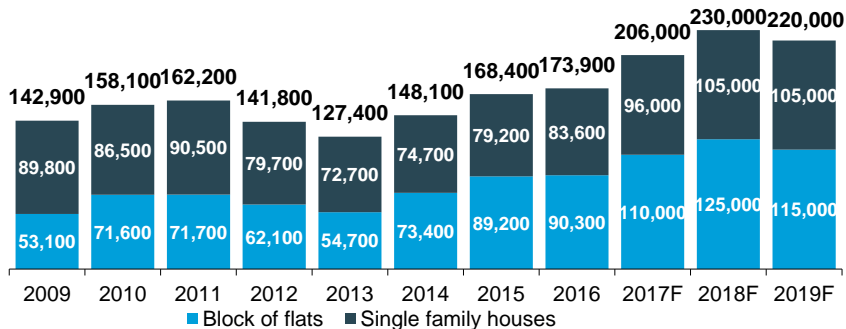
Residential start-ups in the Czech Republic (units)



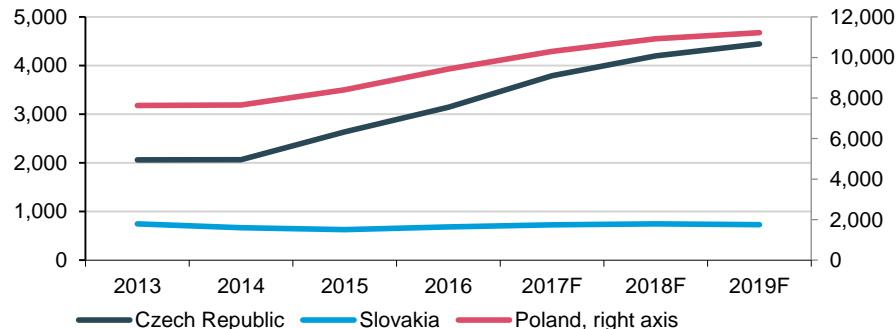
Residential start-ups in Slovakia (units)



Residential start-ups in Poland (units)



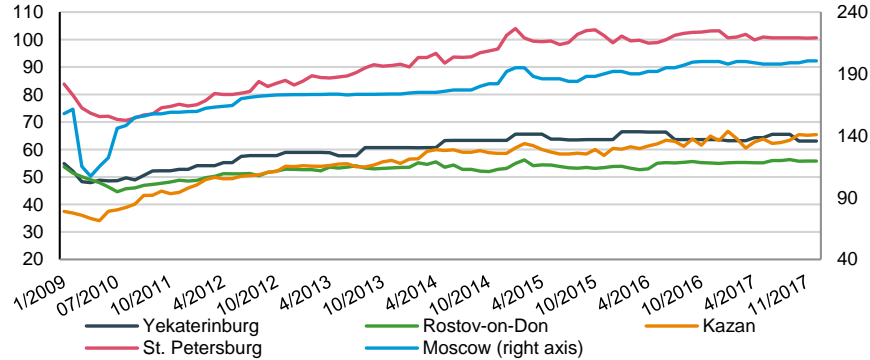
New residential construction volume (EUR million)



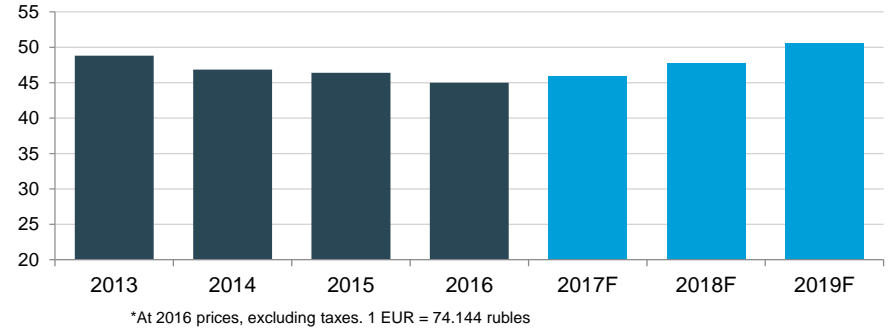
Source: Euroconstruct, December 2017

Russia Housing indicators

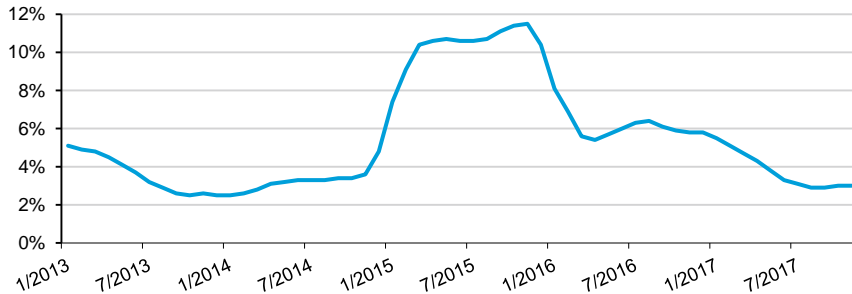
House prices in primary markets (thousand RUB per sq. m.)



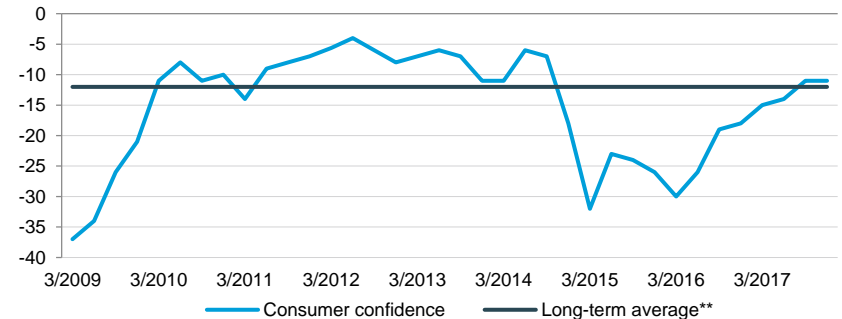
New residential construction volume (EUR billion*)



Inflation in building materials (%)



Consumer confidence



Sources: House prices: YIT, New residential construction volume: Euroconstruct, December 2017, Inflation in building materials: PMR Construction review, December 2017, Consumer confidence: Bloomberg
**Average 12/1998-12/2017



Business Premises

Finland

The Baltic countries

Slovakia

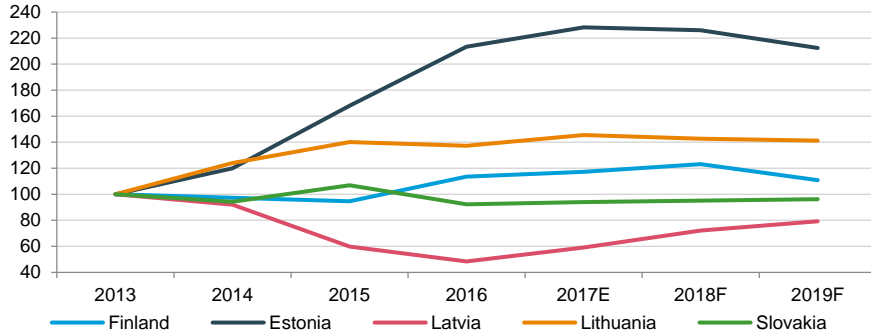
Infrastructure

Finland

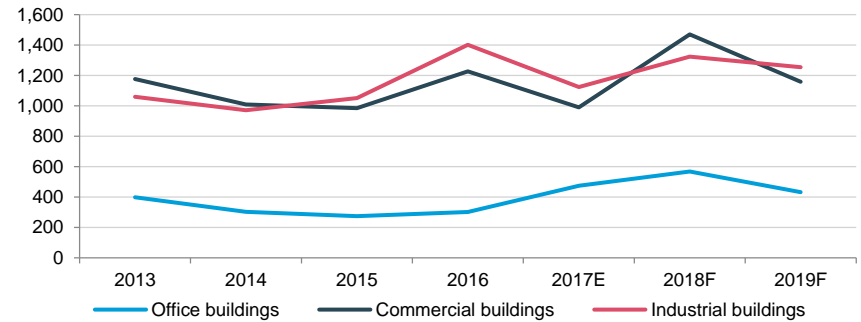


New non-residential construction forecasted to continue on a steady level

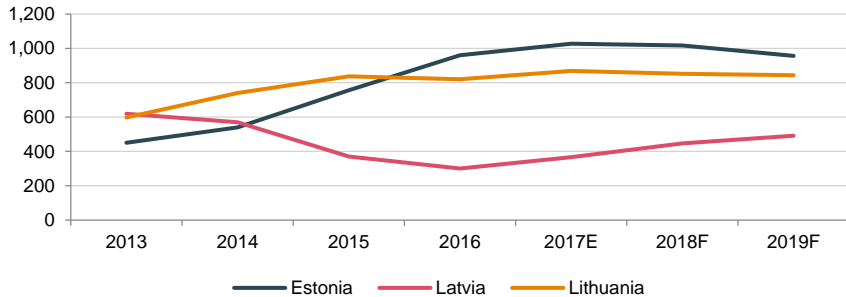
New non-residential construction volumes (index 2013=100)



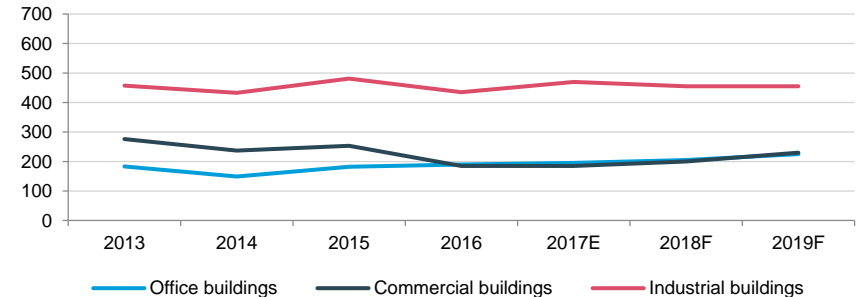
New non-residential construction in Finland (EUR million)



New non-residential construction in the Baltic countries (EUR million)



New non-residential construction in Slovakia (EUR million)

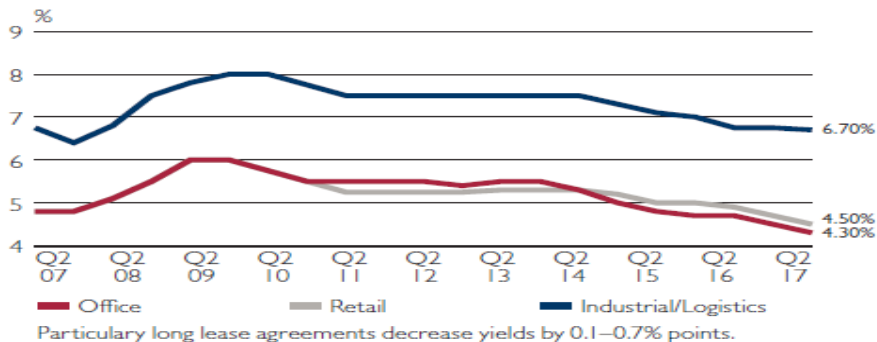


Sources: Euroconstruct and Forecon, December 2017

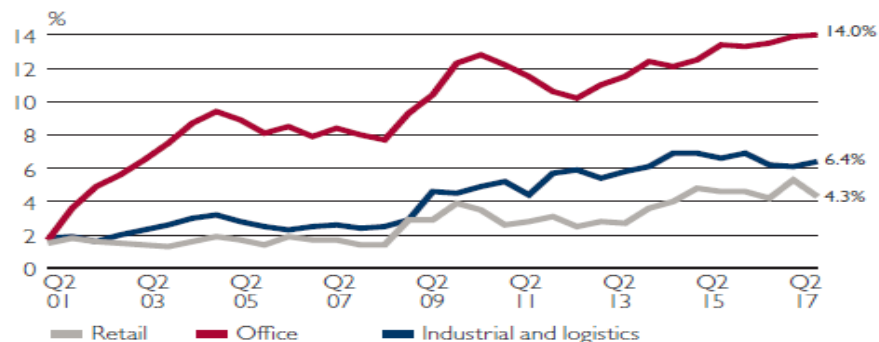
Finland

Prime yields expected to decrease slightly

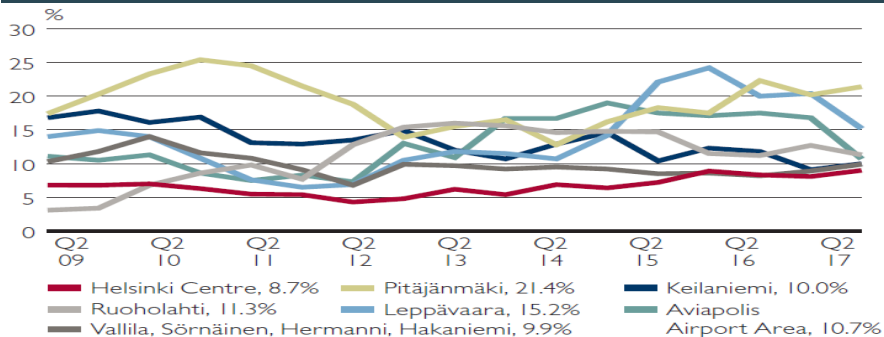
Prime yields in Helsinki Metropolitan Area (%)



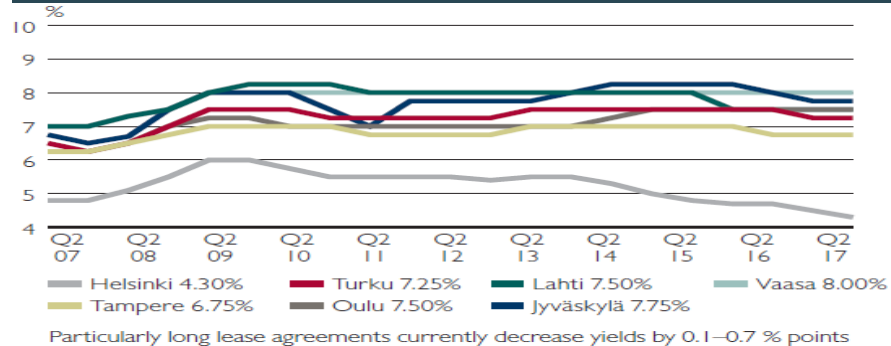
Vacancy rates in Helsinki Metropolitan Area (%)



Vacancy rates in selected districts in Helsinki Metropolitan Area, %



Prime office yields in Finland, %

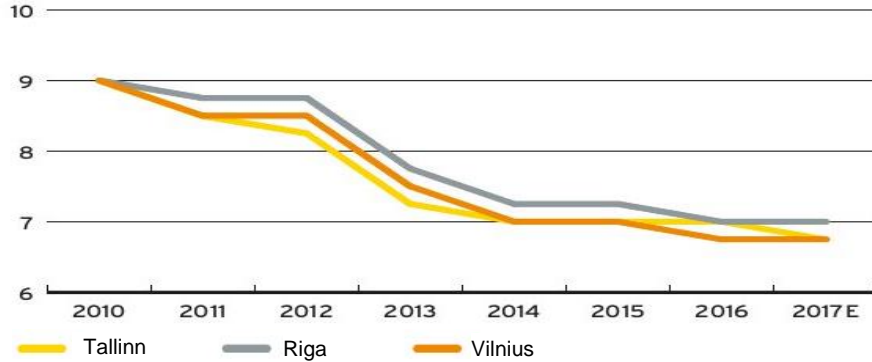


Source: Catella Finland Market Indicator, September 2017

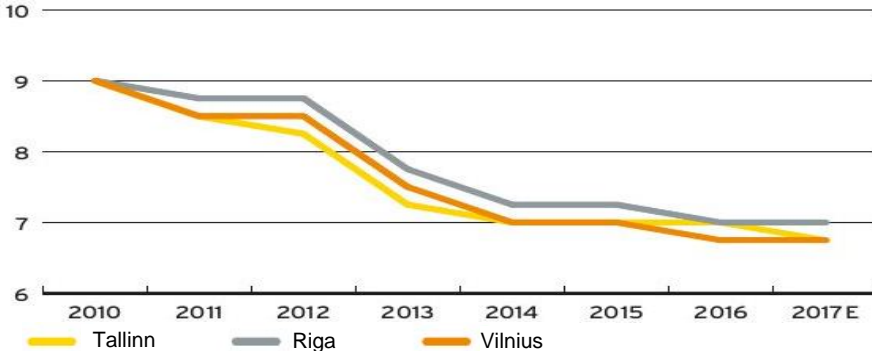
The Baltic countries

Yields are expected decrease slightly

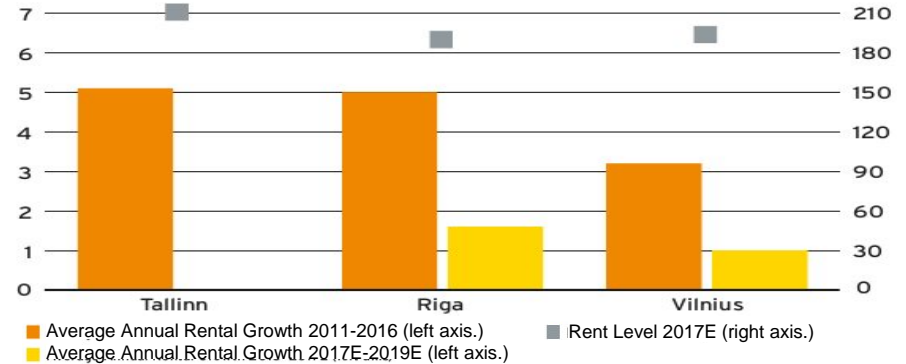
Prime office yields in the Baltic countries (%)



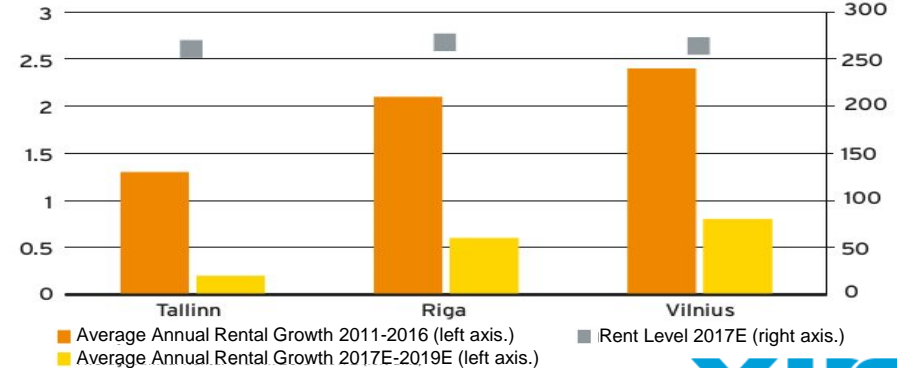
Prime retail yields in the Baltic countries (%)



Prime office rents in the Baltic countries, (% , EUR / sq. m. / year)



Prime retail rents in the Baltic countries, (% , EUR / sq. m. / year)

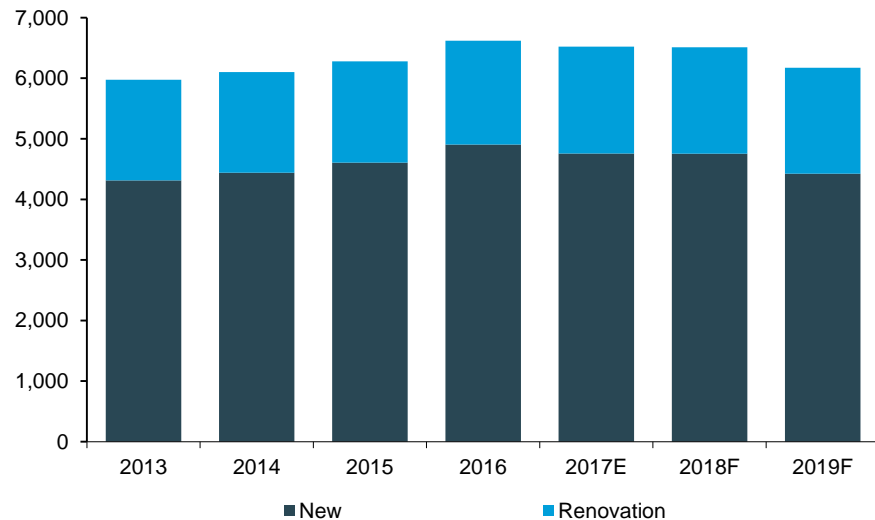


Source: Newsec Property Outlook, October 2017

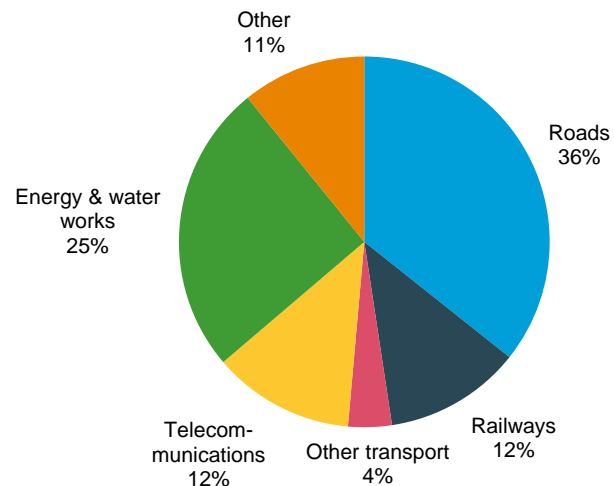
Infrastructure construction in Finland

Market expected to remain stable in 2018

Infrastructure market in Finland (EUR million)



Infrastructure sectors in Finland (2017)



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