

Q4



OODI CENTRAL LIBRARY
HELSINKI, FINLAND

Financial statements bulletin January–December 2018

Kari Kauniskangas, President and CEO



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All figures are pro forma, please see slide 36 for additional information and figures in brackets refer to comparison period unless otherwise stated.



YIT in brief

February 1, 2018

YIT and Lemminkäinen merged

10,000

employees

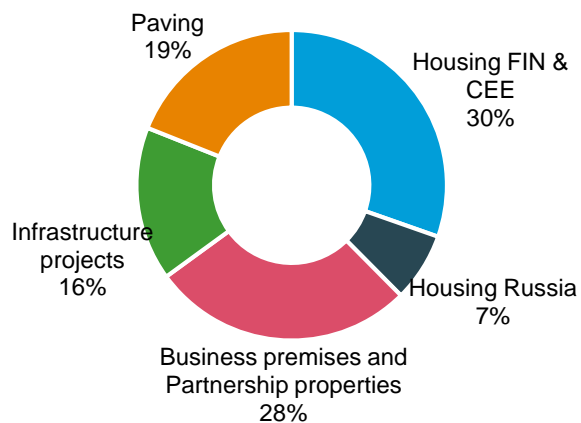
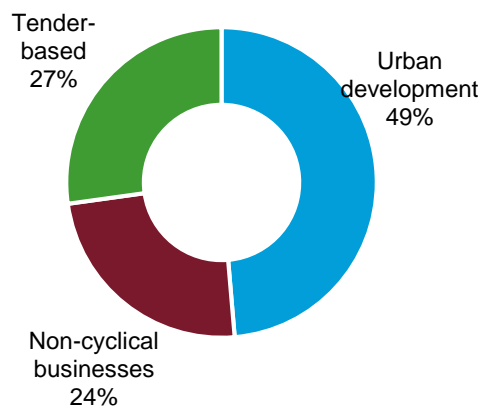
3.8 bn

EUR, pro forma revenue for 2018

11

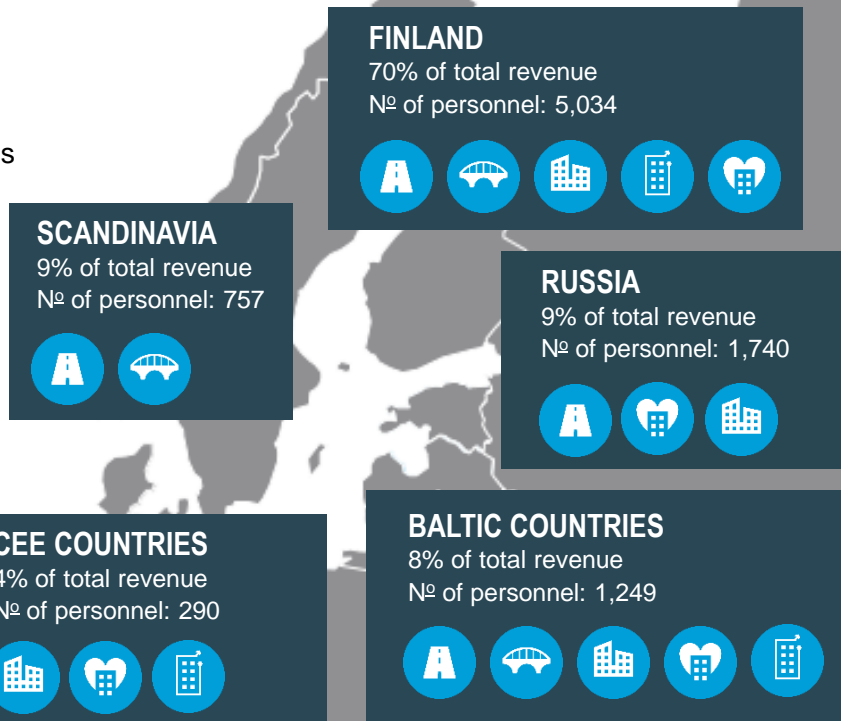
operating countries

ILLUSTRATIVE REVENUE PER BUSINESS AND SEGMENT IN 2018*, %



Geographic revenue split, 2018

- Paving
- Infrastructure projects
- Business premises
- Partnership properties
- Housing



* Illustrative estimates do not take into account for example Group figures so the illustrative information should not be viewed as pro forma information.

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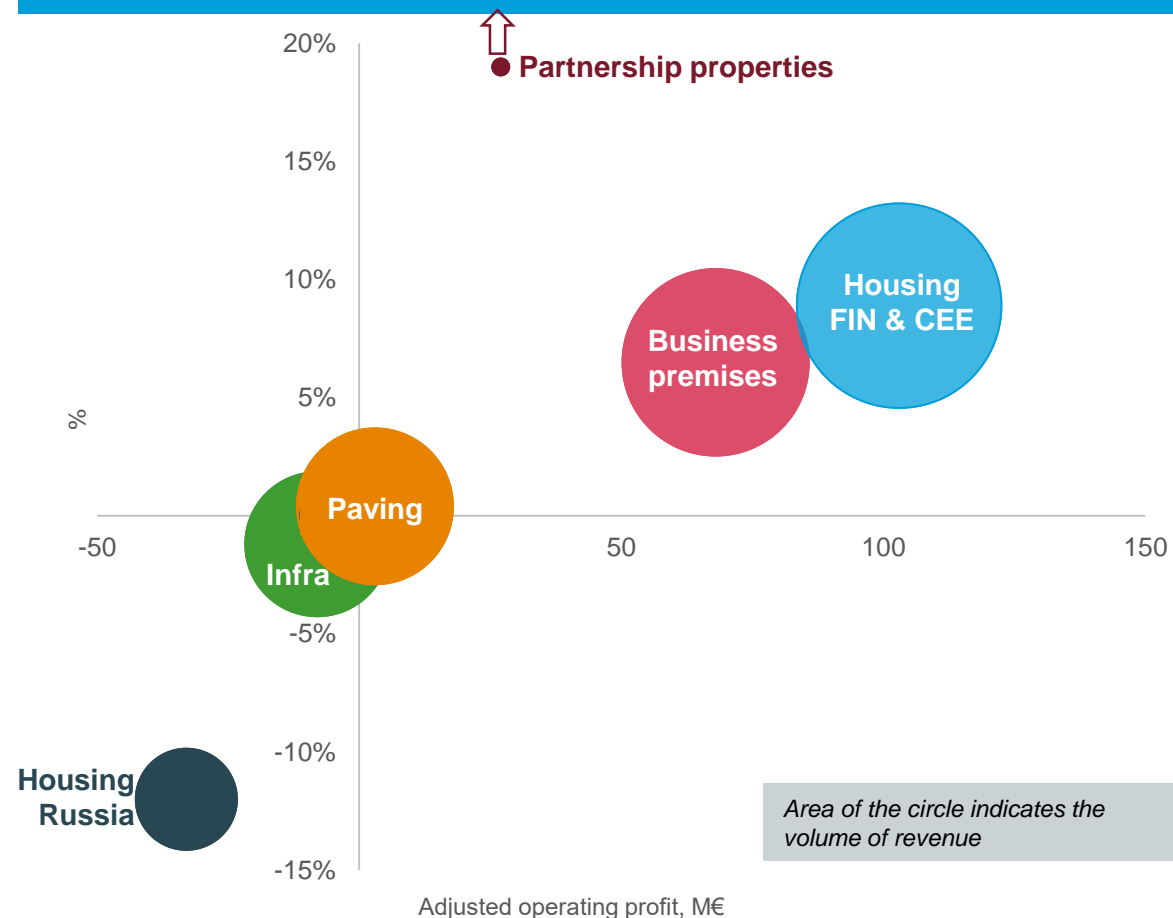
Group development in 2018



Year 2018 in brief

- YIT and Lemminkäinen merged on February 1st 2018, integration proceeded as planned
- Revenue 3,759 M€ (3,863) and adjusted operating profit 134.5 M€ (138.9)
 - Self-developed projects boosted revenue and profit in Housing Finland and CEE, Business premises and Partnership properties
 - Paving, Infrastructure projects and Housing Russia underperformed –more positive outlook for 2019 due to completed actions in 2018
- Strong operating cash flow amounting to 149 M€
- Strengthened urban development portfolio
- New strategy “Performance through cycles” for 2019-2021 prepared and published

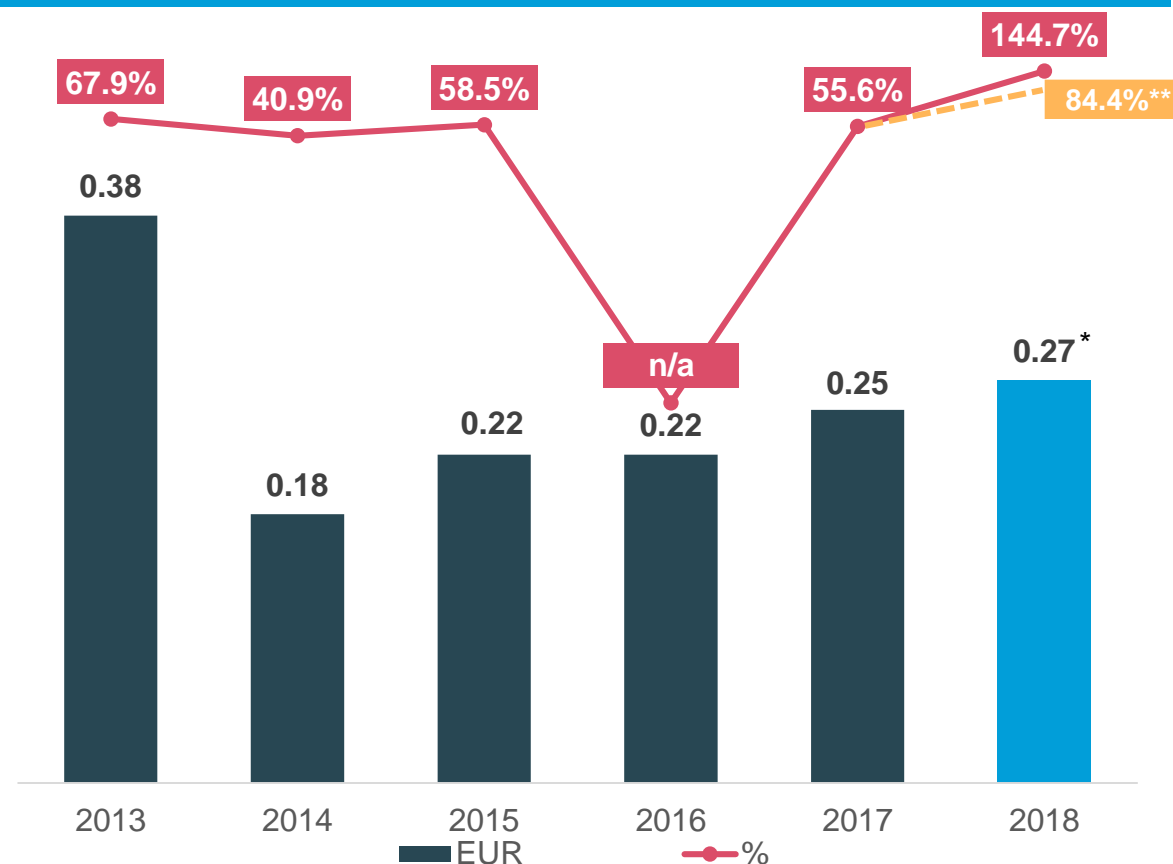
ADJUSTED OPERATING PROFIT PER SEGMENT IN 2018, EUR million, %



Proposal to the AGM: Dividend of EUR 0.27

- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.27 per share (0.25) be paid.
- The dividend proposal is 84% of the adjusted pro forma EPS of the year.
- Adjusted pro forma earnings per share were EUR 0.32 (0.35) and reported earnings per share EUR 0.19 (pro forma 0.13).
- According to YIT's new strategy, the company's target is an annually growing dividend per share. The proposal for 2018 is in line with this.

REPORTED DIVIDEND PER SHARE (EUR) AND PAYOUT RATIO (%)



* The Board of Directors' proposal to the AGM

** Calculated with the adjusted pro forma EPS

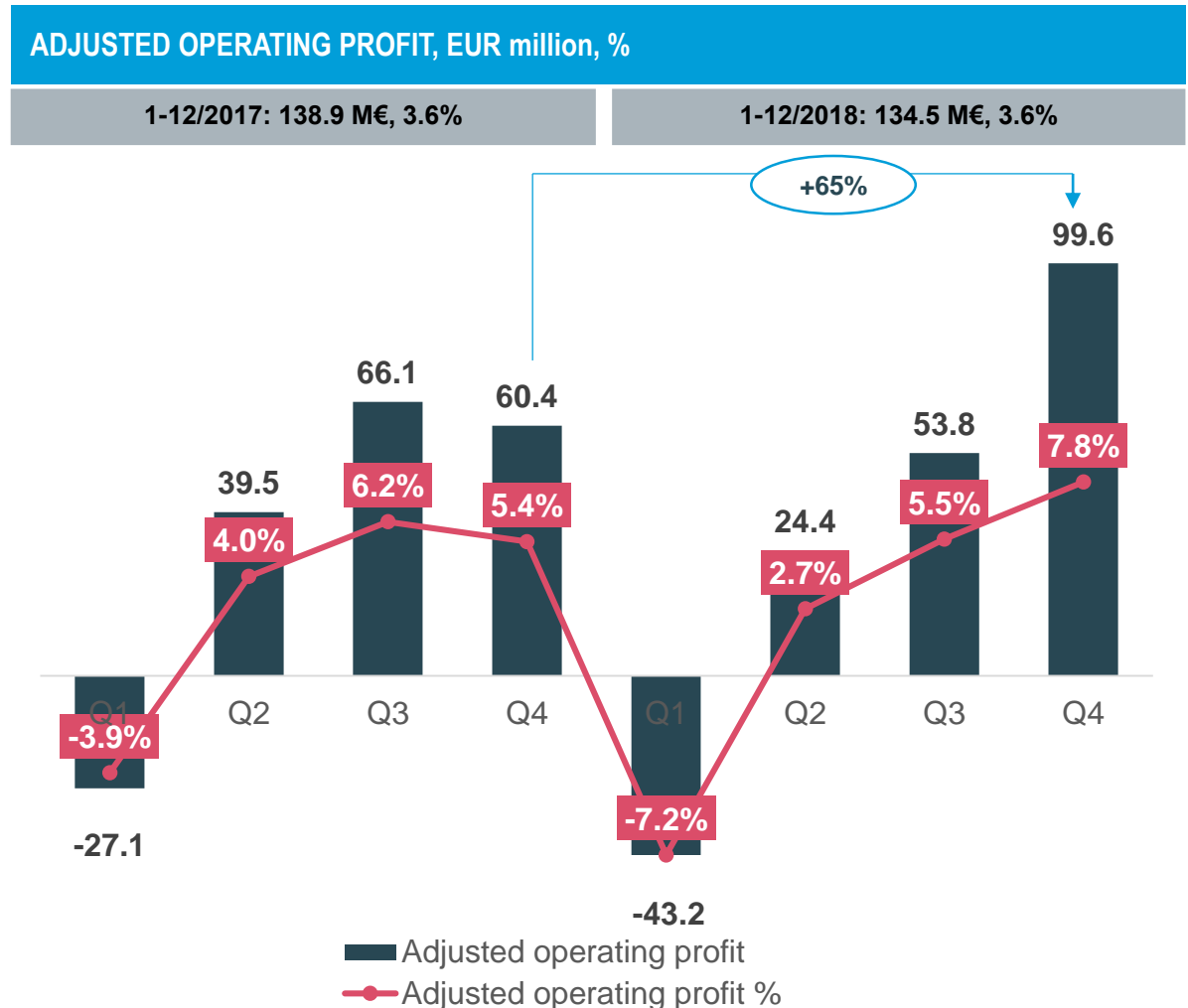
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Group development in Q4/2018



Q4 in brief

- Record-high adjusted operating profit, 99.6M€ (60.4), was boosted by several property sales and completions of self-developed housing projects in Finland and CEE countries
- Strong operating cash flow after investments, 205 M€
- The adjusted operating profit in Infrastructure projects and Housing Russia was weakened by lowered margins made to old projects
- Solid order backlog and financial position create a good basis for 2019

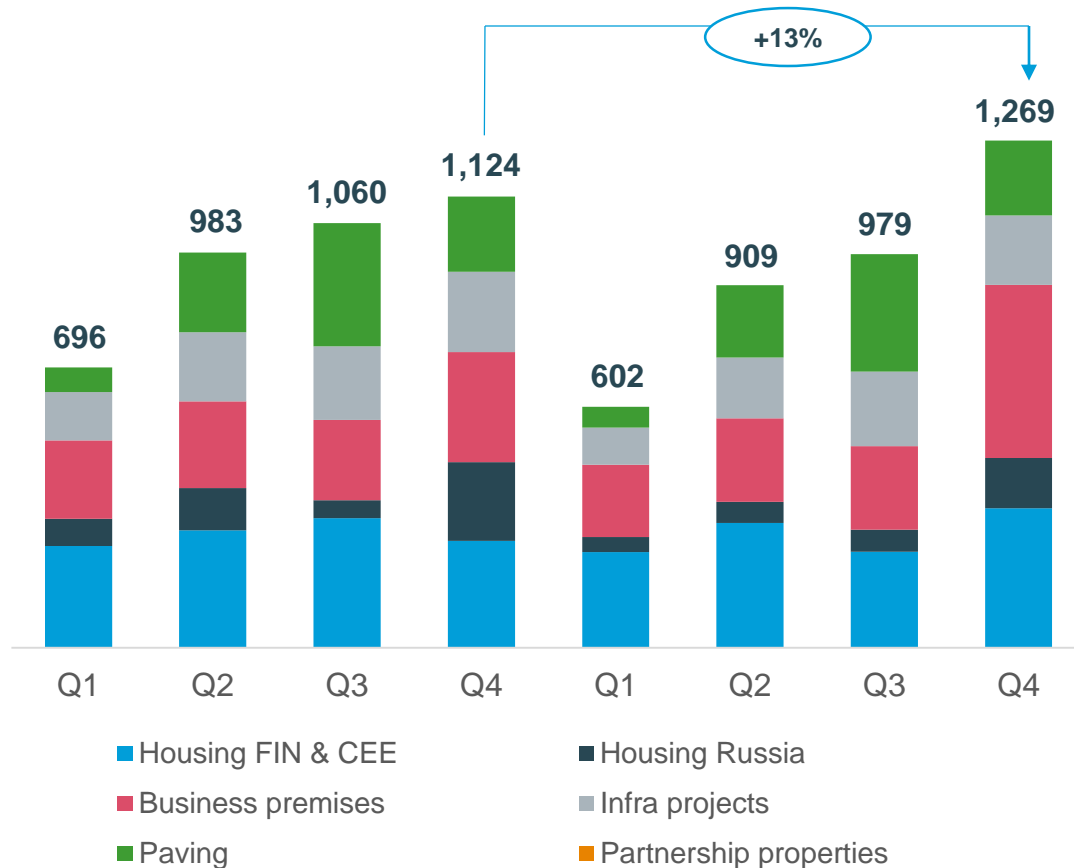


Revenue and order backlog grew from the comparison period

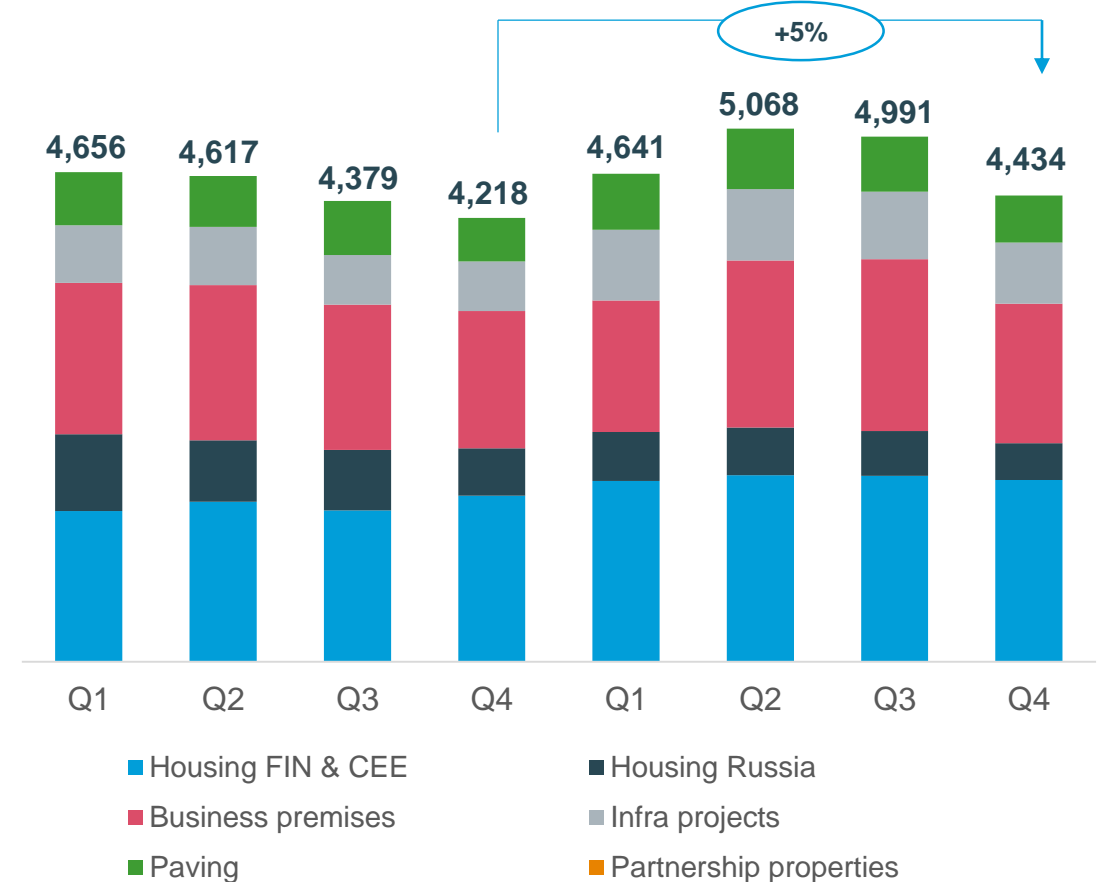
REVENUE PER SEGMENT, EUR million

1-12/2017: 3,863 M€

1-12/2018: 3,759 M€



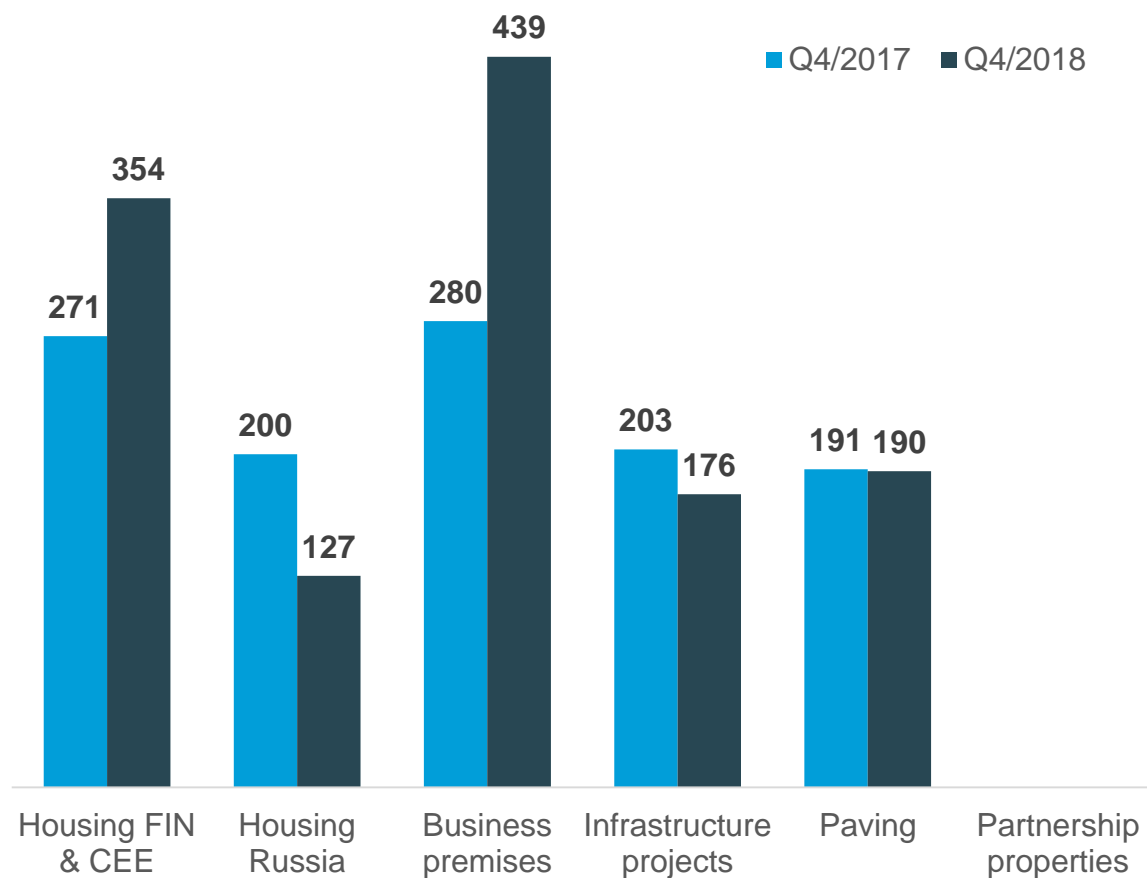
ORDER BACKLOG PER SEGMENT, EUR million



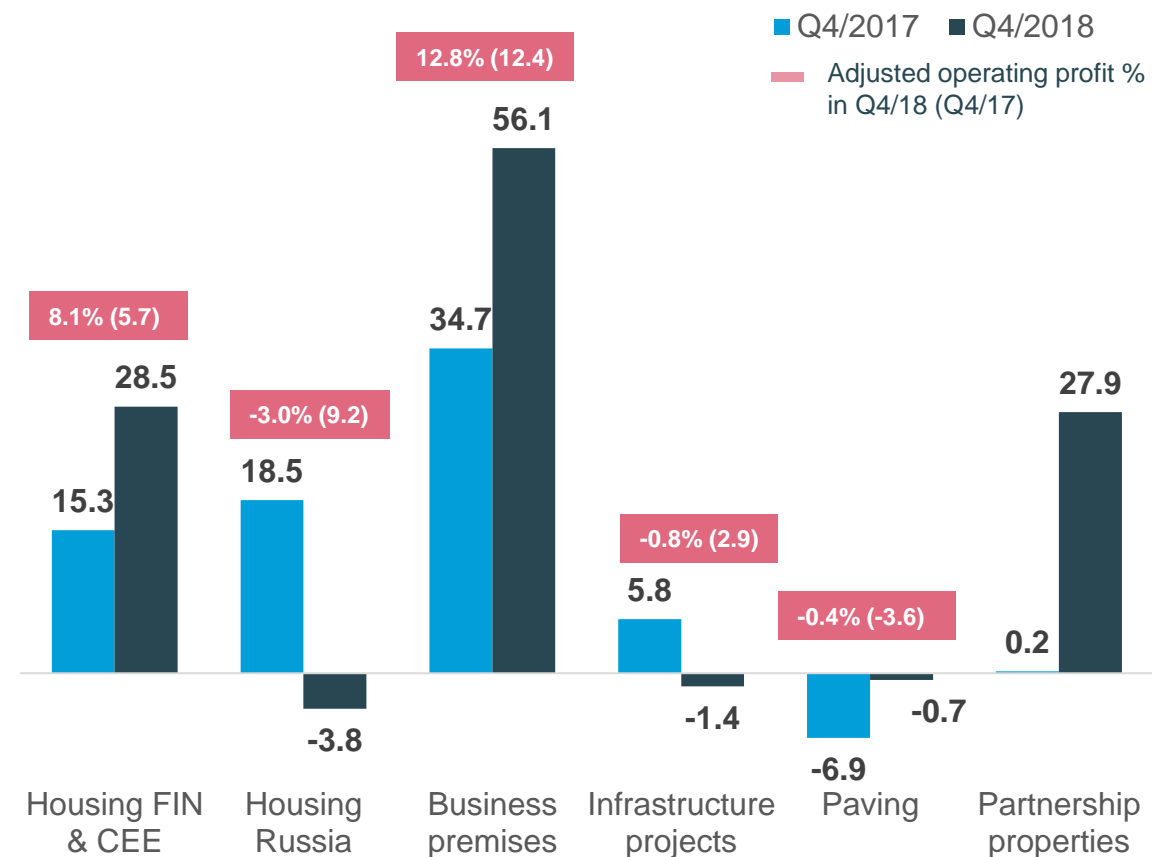
Figures for 2017 are pro forma figures and actual reported figures for 2018.

Performance by segment in Q4

REVENUE PER SEGMENT, EUR million

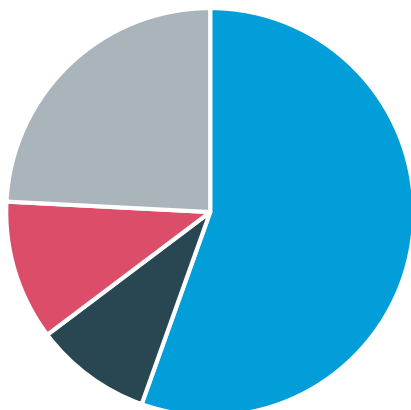


ADJUSTED OPERATING PROFIT PER SEGMENT, EUR million, %



Progress in synergy benefits and integration costs

MAIN SOURCES OF SYNERGY BENEFITS



- Changes in operating model, overlaps
- Premises
- IT systems
- Other

Additional synergy benefits expected from refinancing

TIMING OF SYNERGY BENEFIT MEASURES

3/2018A	6/2018A	9/2018A	12/2018A	2019E	2020E
6	34	38	40	45–50	45–50

cumulative from 2018, EUR million

ESTIMATION OF ACHIEVED SYNERGY BENEFITS, REPORTED IN EBIT

Q1/2018A	H1/2018A	1-9/2018A	1-12/2018A	2019E	2020E
3	7	9	19	34–40	45–50

annual, EUR million

ESTIMATED INTEGRATION COSTS²

3/2018A	6/2018A	9/2018A	12/2018A	2019E	2020E
5	8	11	22	35–40	40

cumulative from 2017, EUR million

ANNUAL SYNERGY BENEFIT ESTIMATE¹

45–50

EUR MILLION

COST ESTIMATE AT MAXIMUM

40

EUR MILLION

¹ According to the original target, full EBIT improvement potential per annum by the end of 2020, original target was set in June 2017. The target was raised in connection with Interim Report January–March 2018.

² Integration costs for 2017, EUR 4 million included in the cumulative figure

Market outlook for the next 12 months unchanged from Q3

	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

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YIT's strategy 2019–2021



YIT Strategy 2019–2021 – Performance through cycles

Profitable and financially stable YIT

STRATEGIC PRIORITIES

URBAN DEVELOPMENT 2018

Revenue EUR 1,855 million
Adjusted EBIT EUR 146 million

NON-CYCLICAL BUSINESSES 2018

Revenue EUR 921 million
Adjusted EBIT EUR 35 million

TENDER-BASED CONTRACTING 2018

Revenue EUR 1,037 million
Adjusted EBIT EUR -21 million



CORNERSTONES OF SUCCESS

TOP PERFORMANCE

EUR 19 million of realised synergies during 2018

CAPITAL EFFICIENCY

Capital employed EUR 319 million in Russia on 12/2018 (397)

SUCCESS WITH CUSTOMERS AND PARTNERS

52% Net Promoter Score in 2018

HAPPY PEOPLE

Exit rate (own request) 3.8% in 2018

Preliminary long-term financial targets set for the combined company in June 2017

Objective	Target	Actual 2018
Return of capital employed, pro forma	>12%	5.6% (n/a)
Equity ratio	>40%	38.1% (40.2)
Cash flow	Positive cash flow after dividend payout*	EUR 96 million
Dividend per share	Growing annually	EUR 0.27 (0.25)

* = Operating cash flow after investments – dividend payout

KEY ELEMENTS OF YIT CULTURE

VALUES

RESPECT

- We care about our customers and personnel
- We look for environmentally sustainable solutions

COOPERATION

- We are open and share knowledge
- We involve and partner to succeed

CREATIVITY

- We trust and build a positive spirit
- We empower people to innovate and challenge

PASSION

- We aim high with quality, expertise and results
- We work ethically and keep our promises



LEADERSHIP PRINCIPLES

- Act as one YIT team
- Lead by example
- Welcome change and new ideas
- Be available, listen and ask
- Celebrate success and learn from mistakes

MANAGEMENT PHILOSOPHY

- Management By Key Results, MBKR

TOGETHER WE CAN DO IT.

4

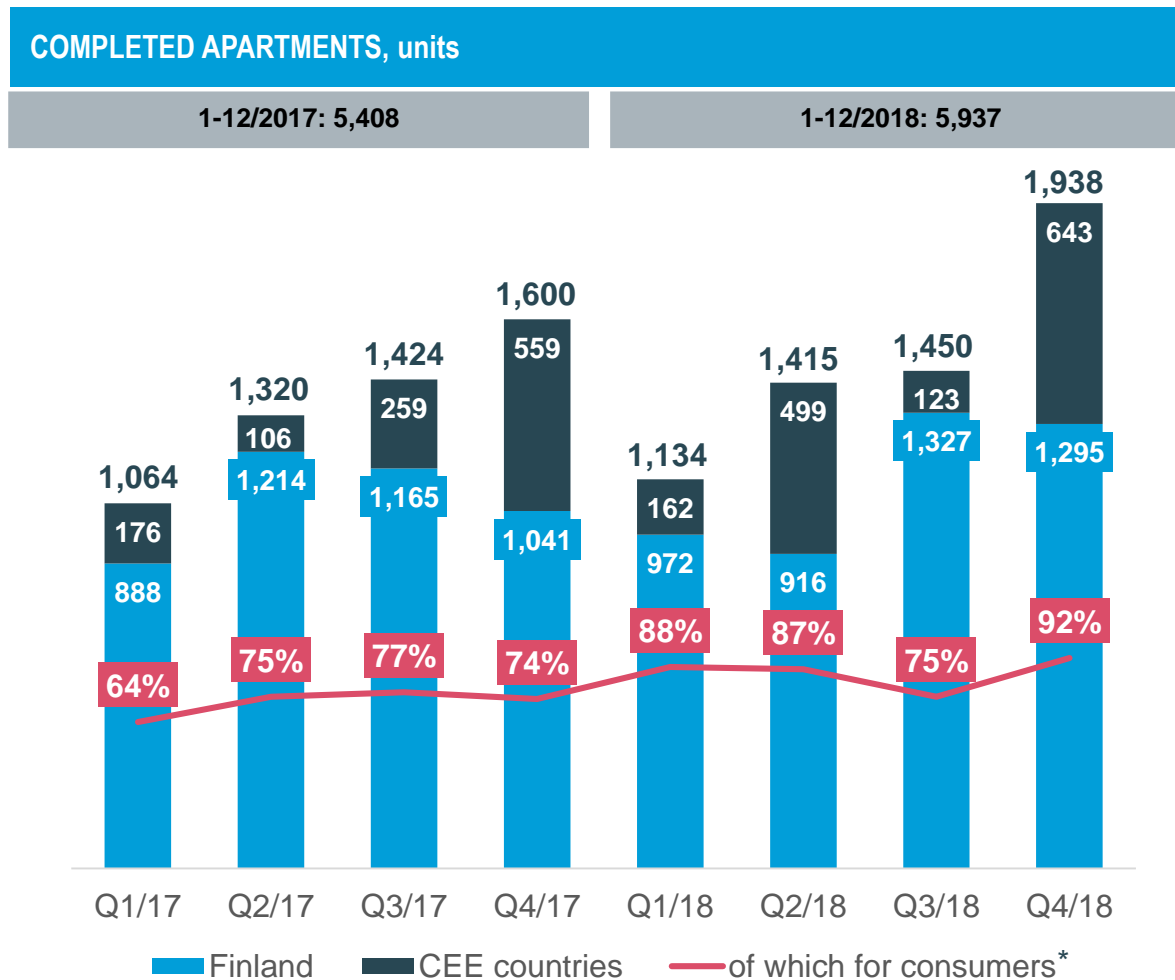
Segment reviews



Increased y-on-y number of completions improved revenue and result

- Both revenue and adjusted operating profit were especially supported by a higher year-on-year number of completed apartments for consumers.
- Number of unsold completed units at the end of the period was 422 in Finland (9/18: 337) and 130 in CEE countries (9/18: 122).
- Consumer demand has stayed stable, but demand of private investors has been weak in Finland.
- Consumer demand in CEE countries remained good.

EUR million (pro forma)	Q4/2018	Q4/2017	1-12/2018	1-12/2017
Revenue	354	271	1,158	1,156
Adjusted operating profit	28.5 8.1%	15.3 5.7%	103.3 8.9%	83.0 7.2%
Order backlog	1,729	1,580	1,729	1,580
Capital employed	585	526	585	526

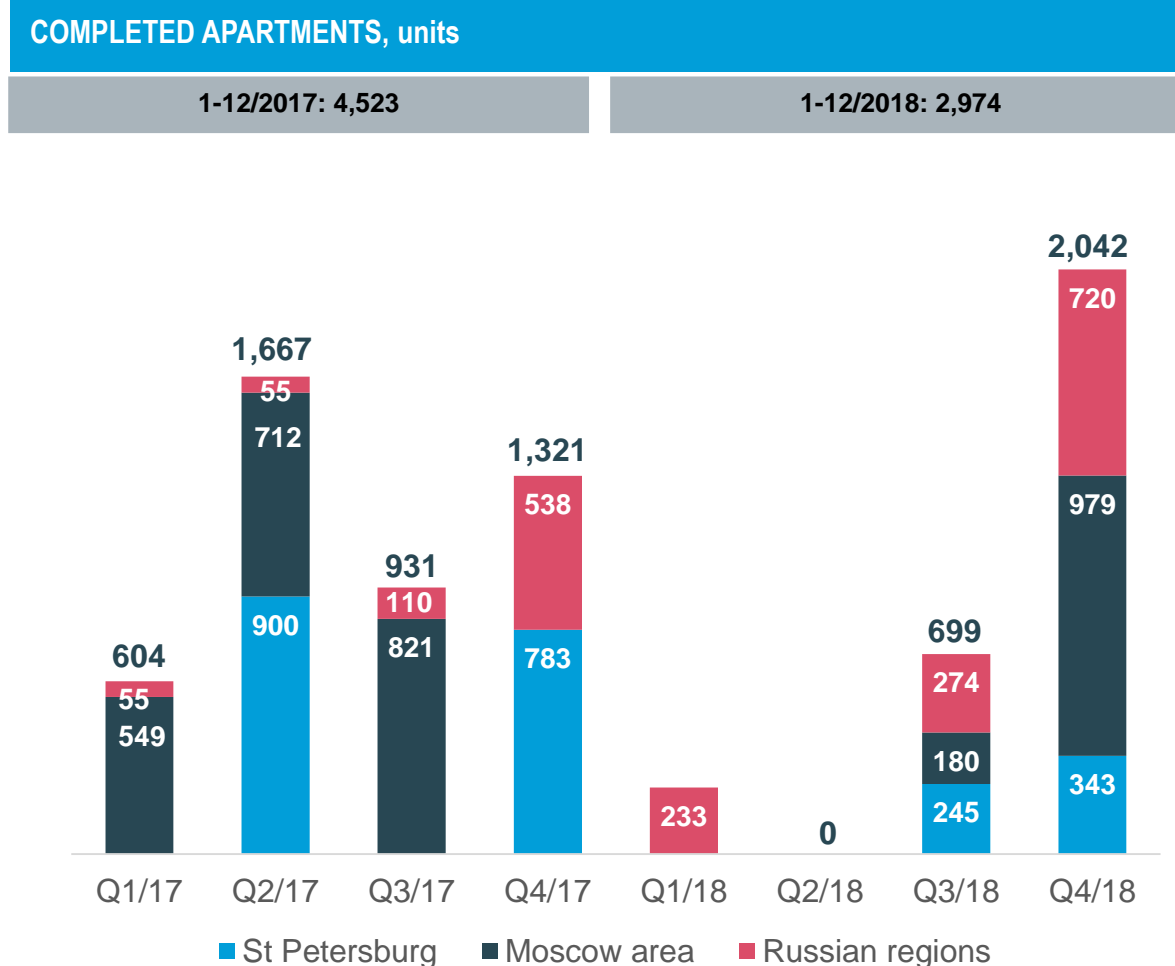


* Includes projects in the CEE sold to YCE housing I fund that is reported in the Partnership properties segment
 Quarterly apartment completions for 2017 are combined YIT and Lemminkäinen figures and Q1/2018 includes Lemminkäinen figures for January 2018.

Low margin of completed projects burdened result

- Adjusted operating profit were weakened by the lower year-on-year margin of completed apartments as well as lowered margins in certain contracting projects.
- The target to decrease capital employed in residential development to RUB 22 bn by end of 2018 was reached.
- Measures to improve Russian operations started in late 2017, including e.g. changes in operating model and tender principles.
- Number of unsold completed units at the end of the period was 683 (9/18: 722). Compared to 12/2017, YIT has released 54M€ of capital tied up in completed apartments.

EUR million (pro forma)	Q4/2018	Q4/2017	1-12/2018	1-12/2017
Revenue	127	200	274	421
Adjusted operating profit	-3.8 -3.0%	18.5 9.2%	-32.8 -12.0%	4.9 1.2%
Order backlog	349	449	349	449
Capital employed	294	418	294	418

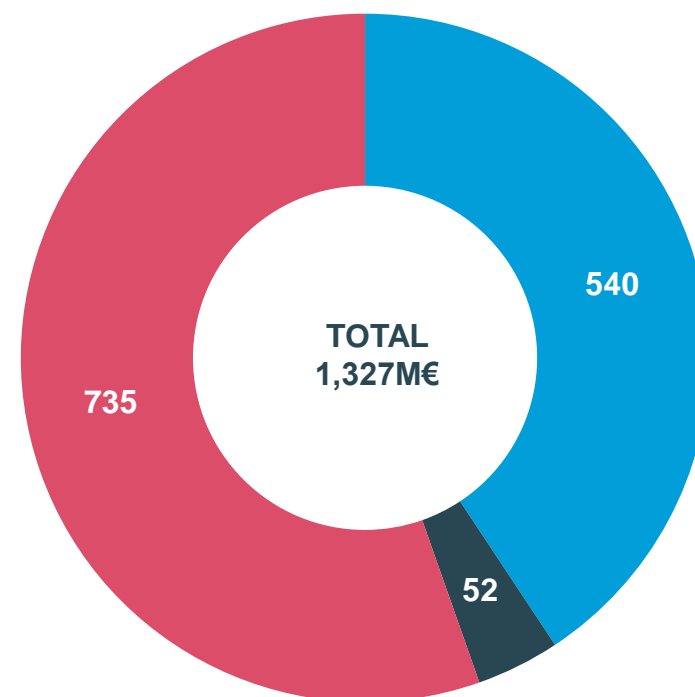


Property sales boosted revenue, result and cash flow

- Both revenue and adjusted operating profit were boosted by the sale of the Tripla office properties in Helsinki, Finland as well as the sale of the Duetto II office building in Vilnius, Lithuania.
- Strong operating cash flow due to the property sales.
- Success in getting new projects.
- The construction and leasing of the Mall of Tripla have proceeded very well and ahead of targets.

EUR million (pro forma)	Q4/2018	Q4/2017	1-12/2018	1-12/2017
Revenue	439	280	1,045	902
Adjusted operating profit	56.1 12.8%	34.7 12.4%	67.8 6.5%	51.5 5.7%
Order backlog	1,327	1,307	1,327	1,307
Capital employed	38	83	38	83

ORDER BACKLOG BY PROJECT TYPE IN Q4, EUR million



■ Self developed ■ Negotiated contracting ■ Others*

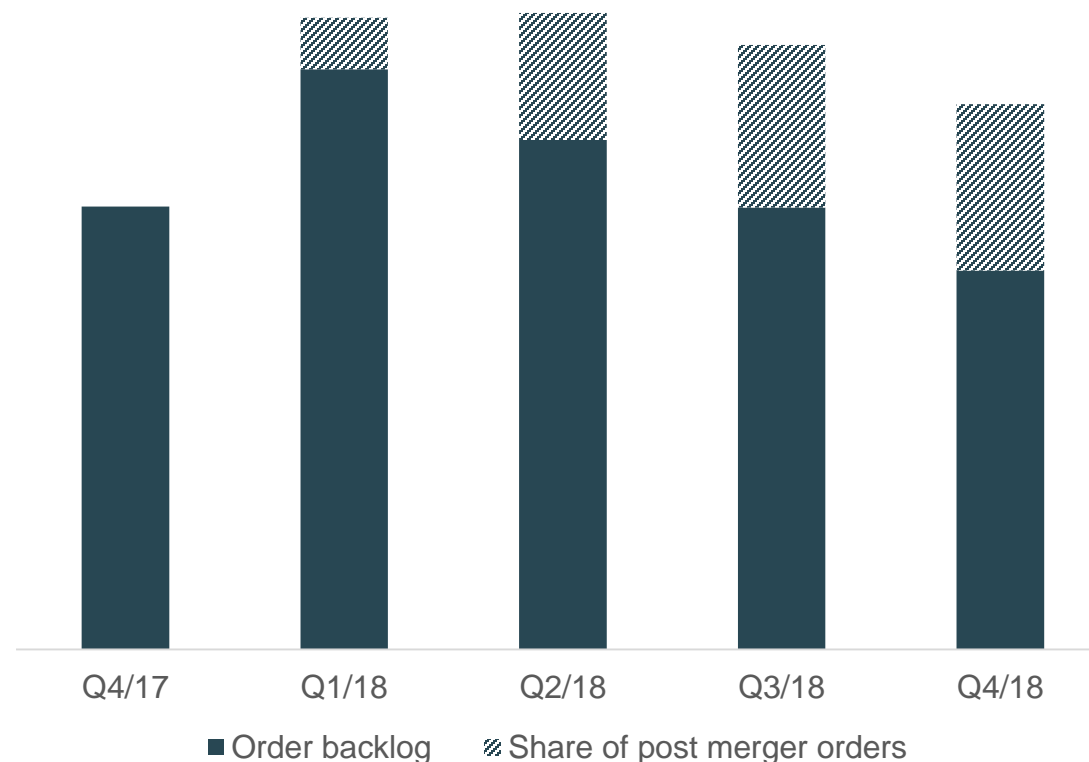
* Includes tender-based projects as well as lifecycle projects and their service agreements.

Lowered margins weakened adjusted operating profit

- Adjusted operating profit was weakened by decreased volumes and lowered margins made to certain old projects.
- After the merger, order backlog has been strengthened with new orders with healthy margins.
- New projects have already gradually started to improve the profitability of the portfolio and segment.

EUR million (pro forma)	Q4/2018	Q4/2017	1-12/2018	1-12/2017
Revenue	176	203	612	686
Adjusted operating profit	-1.4 -0.8%	5.8 2.9%	-7.6 -1.2%	17.4 2.5%
Order backlog	580	471	580	471
Capital employed	83	99	83	99

ORDER BACKLOG AND ILLUSTRATIVE SHARE OF POST MERGER ORDERS, EUR million



Paving

Successful closing of season

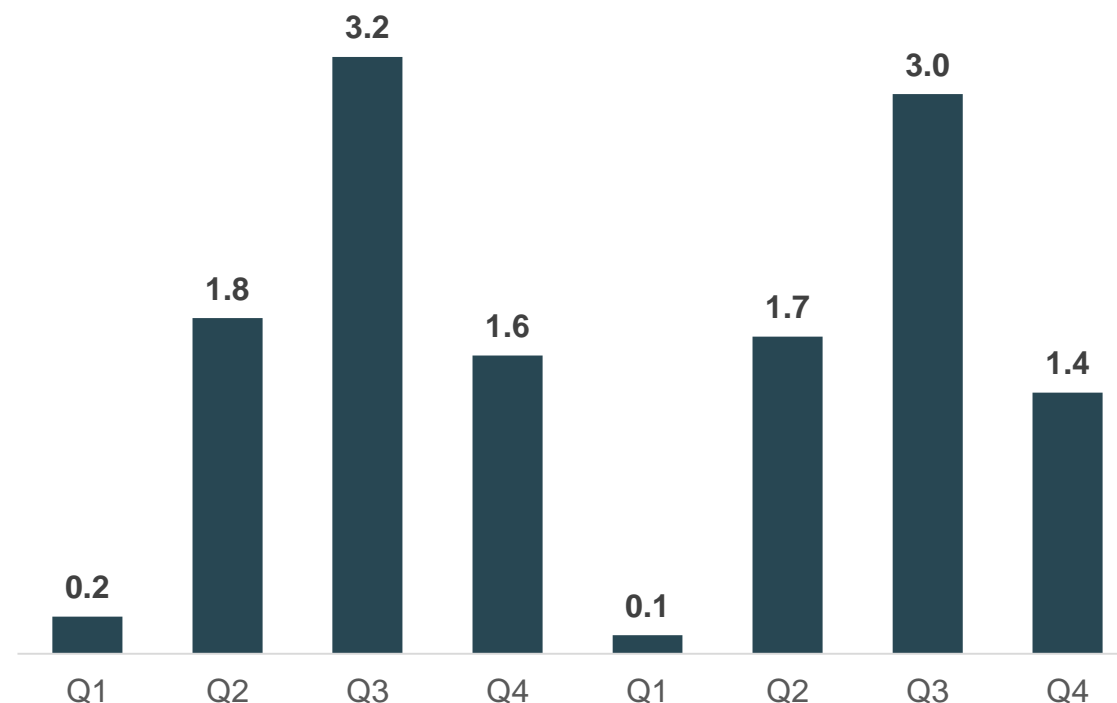
- Adjusted operating profit improved from the comparison period due to successful closing of the season as well as improved results in Sweden and Norway.
- In mineral aggregates, record-high production volume.
- EBIT in H2 improved EUR 8 million from the comparison period.
- Good customer satisfaction in paving: 61% NPS.

EUR million (pro forma)	Q4/2018	Q4/2017	1-12/2018	1-12/2017
Revenue	190	191	723	769
Adjusted operating profit	-0.7 -0.4%	-6.9 -3.6%	2.7 0.4%	4.7 0.6%
Order backlog	449	412	449	412
Capital employed	124	148	124	148

PRODUCED ASPHALT (MILLION TONNES)

1-12/2017: 6.8 million tonnes

1-12/2018: 6.2 million tonnes



Partnership properties

First major asset sale completed

- YIT, HGR and their joint venture Regenero sold the Tietotie 6 property in Espoo, Finland, value was not disclosed.
- YIT was chosen as the Garden Helsinki project's developer partner and constructor.
- The consortium operated by YIT and Keva was chosen as the developer for the extension of a start-up company campus in Helsinki, Finland

EUR million (pro forma)	Q4/2018	Q4/2017	1-12/ 2018	1-12/ 2017
Revenue	0	0	0	0
Adjusted operating profit	27.9	0.2	26.9	-0.5
Equity investments in associated companies and joint ventures	167	n/a	167	n/a

PROJECT	YIT'S OWNERSHIP	NEW IN 2018
E18 Hamina-Vaalimaa motorway	20%	
Mall of Tripla	38.75%	
Keilaniemi area: Accountor tower, Keilalampi and K tower	50% through Regenero	
YCE Housing I project development fund	40%	
ÅB Lunastustontti I Ky plot fund	20%	●
Trigoni Helsinki High Rise		●
Telia Campus		●
Maria Campus		●
Helsinki Garden		●

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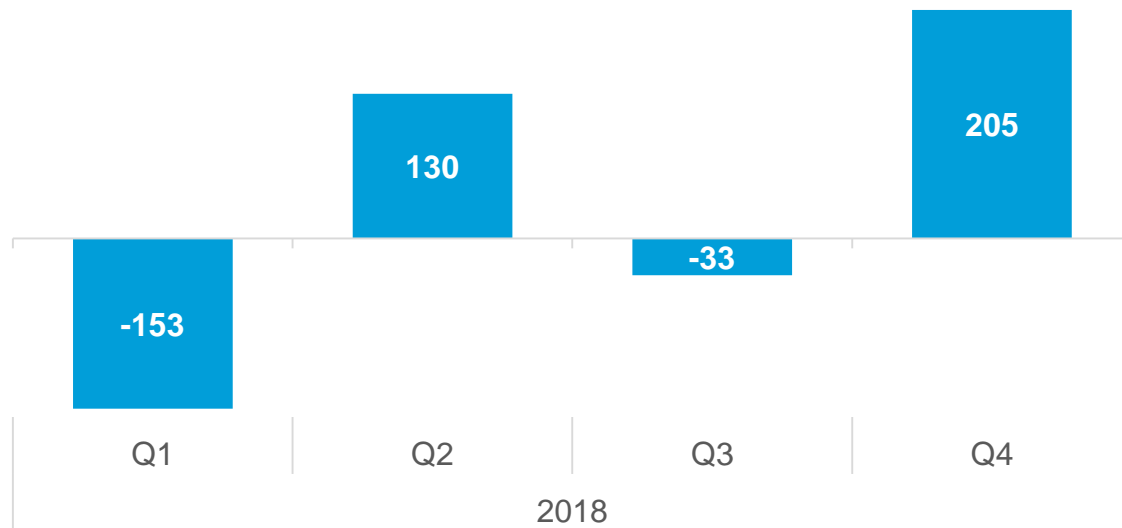
Financial position and key ratios



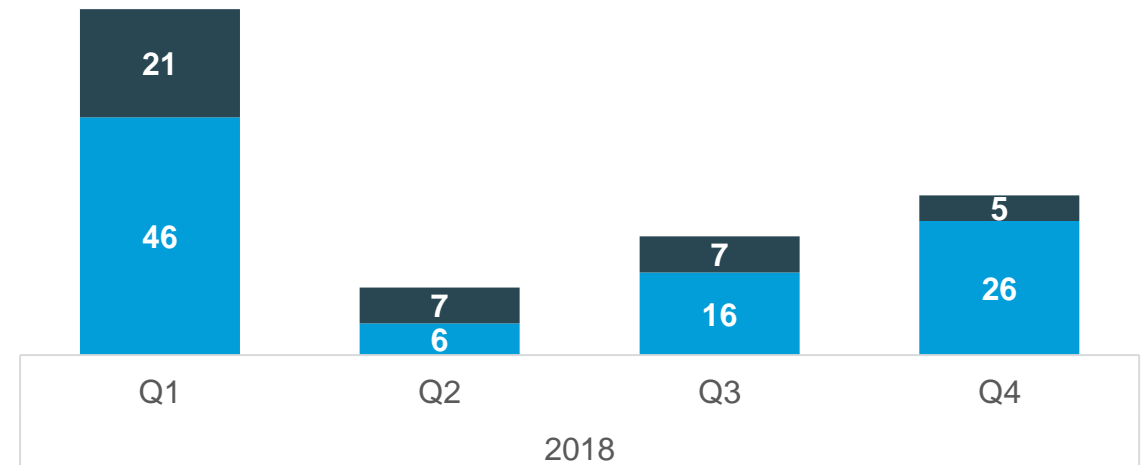
Strong operating cash flow

- Operating cash flow in Q4 after investments was EUR 205 million supported by the property sales
- Very strong cash flow especially in Business premises, but solid also in Partnership properties, Housing Russia as well as Housing Finland and CEE

OPERATING CASH FLOW AFTER INVESTMENTS (EUR million)



CASH FLOW OF PLOT INVESTMENTS AND INVESTMENTS TO ASSOCIATED COMPANIES AND JOINT VENTURES (EUR million)



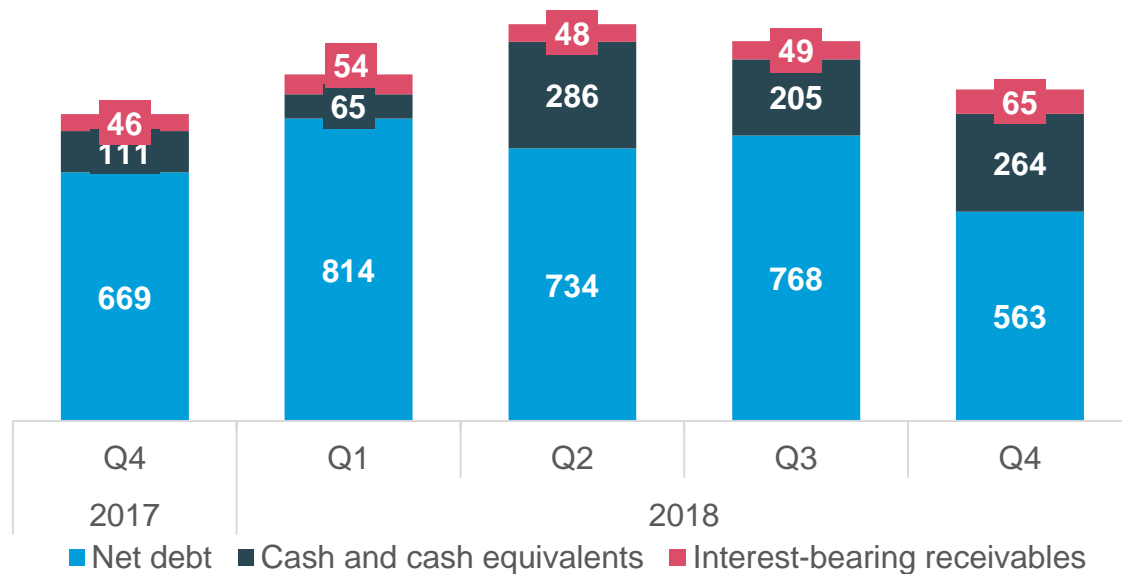
- Cash flow from investments to associated companies and joint ventures
- Cash flow from plot investments

Figures above are actual reported figures.

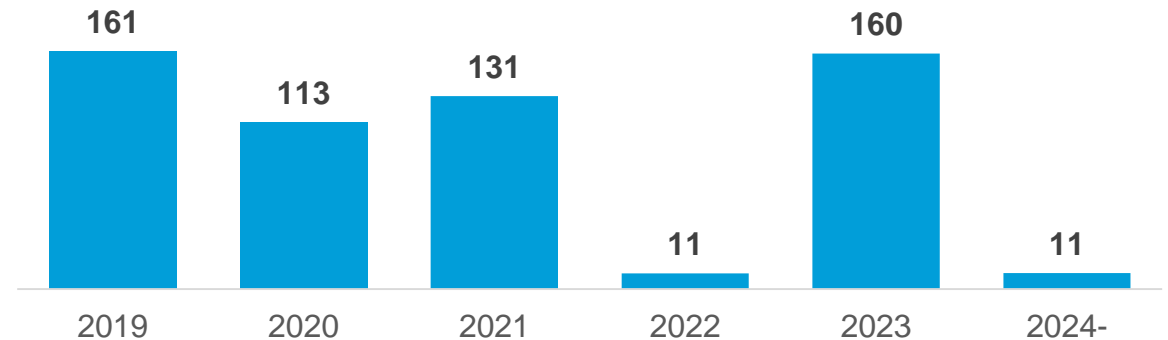
Net debt decreased

- Net debt decreased due to strong cash flow
- No major changes to loan portfolio

INTEREST-BEARING NET DEBT (EUR million)



MATURITY STRUCTURE, NOMINAL AMOUNTS¹ (EUR million)



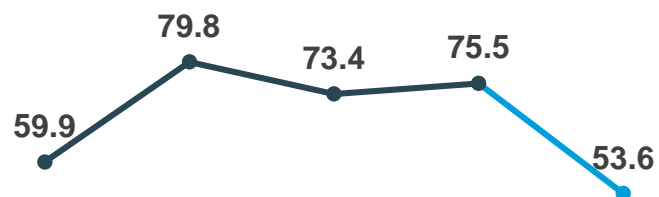
¹ Excluding housing corporation loans, EUR 259.0 million (these loans will be transferred to the buyers of the apartments when the units are handed over), and commercial papers, 46.7 EUR million.

Figures for 2017 are pro forma and since 2018 actual reported figures.

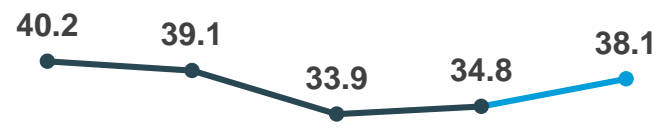
All financial key ratios improved in Q4

- Both gearing and equity ratio improved
- The company's new strategic target for gearing is 30–50%

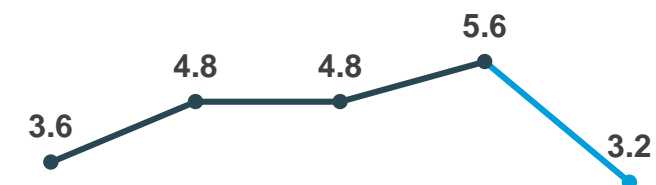
GEARING¹ (%)



EQUITY RATIO (%)



NET DEBT / ADJUSTED PRO FORMA EBITDA
(multiple, x)



Q4	Q1	Q2	Q3	Q4
2017				

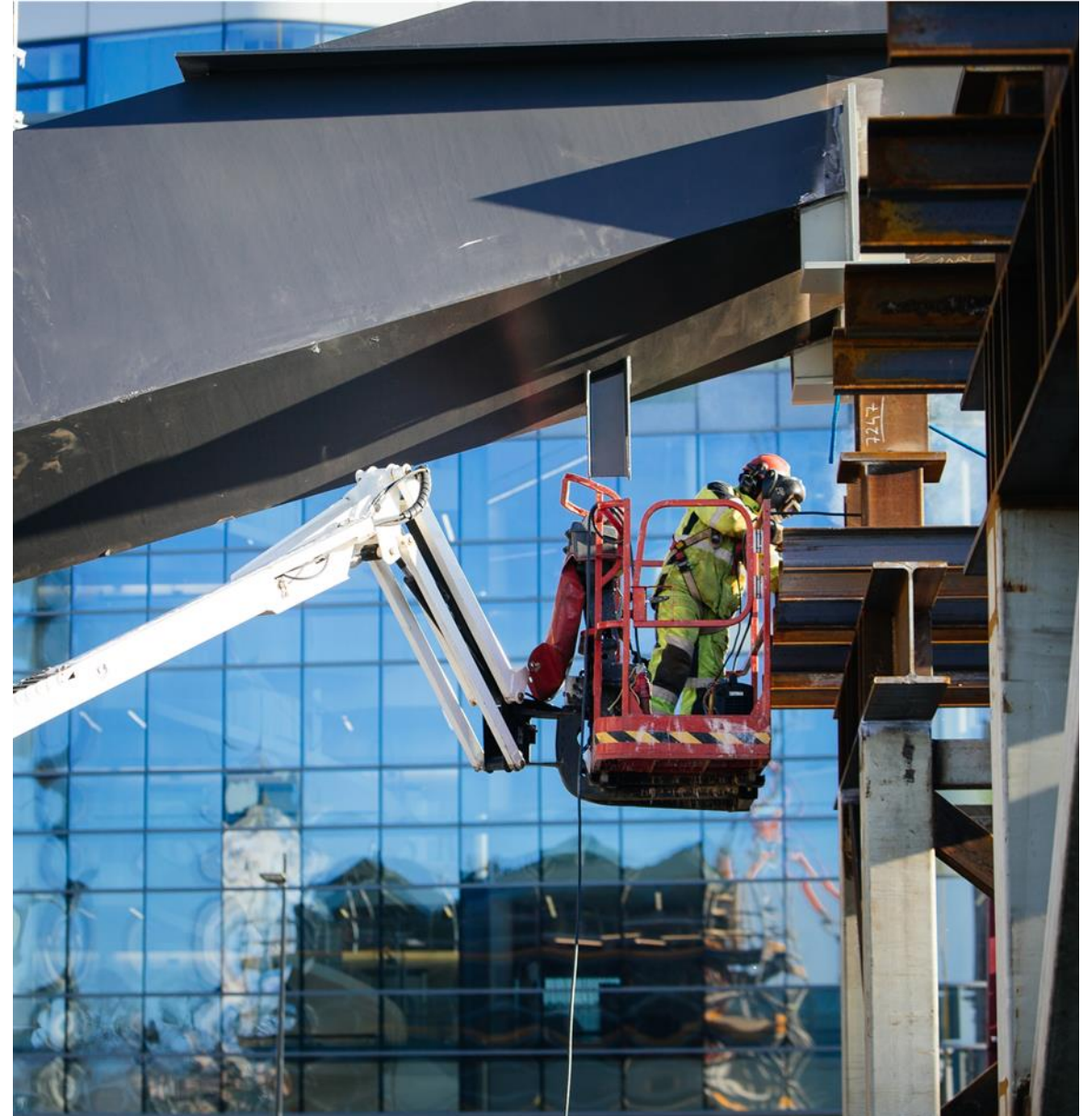
Q4	Q1	Q2	Q3	Q4
2017				

Q4	Q1	Q2	Q3	Q4
2017				

Q4/2017 figures are pro forma based and actual reported figures since Q1/2018.
¹ YIT has changed the definition of gearing so that interest-bearing receivables are included in the calculation

IFRS 16 Leases - update

- New IFRS 16 became effective on the 1st of January 2019.
- Lease agreements will be recognised in balance sheet.
- According to the current estimate
 - the adoption of the standard will increase the amount of property, plant and equipment, inventories, advances received and financial liabilities.
 - the standard is not expected to have a significant impact on profit for the accounting period or equity.
- The balance sheet total is estimated to increase EUR 300-350 million. The adoption of the standard will also have a positive impact on EBITDA.
 - Estimates will be updated when further information is available.



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Outlook and guidance

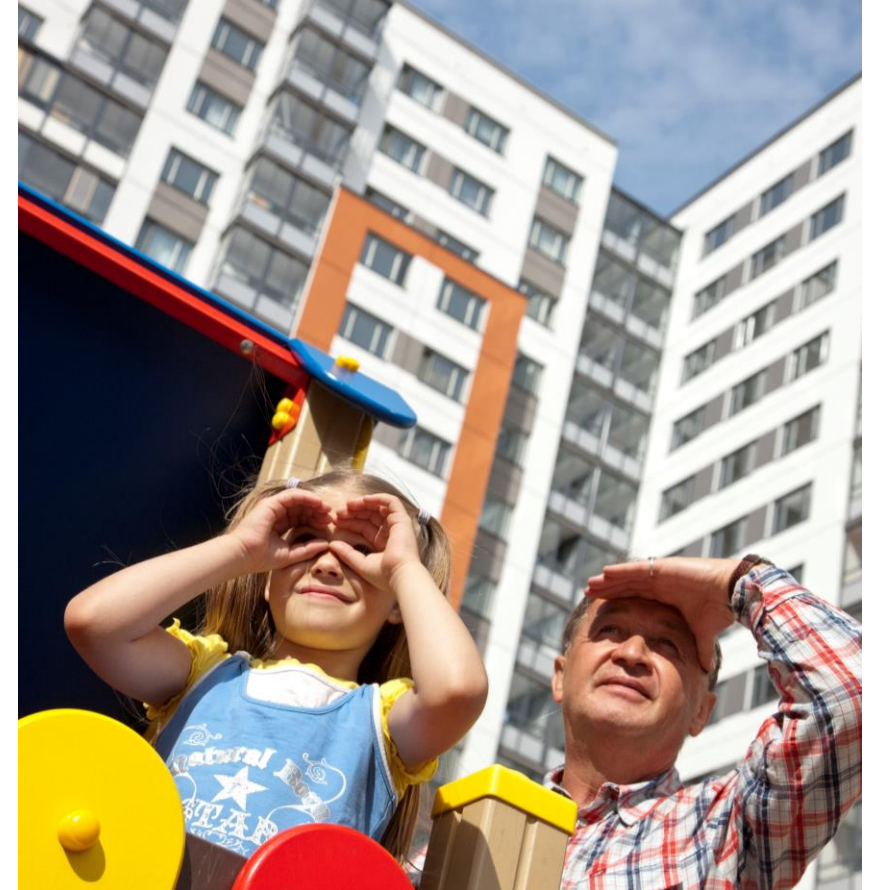


Strategic focus areas in 2019



Strategic financial targets for the strategy period 2019-2021

Financial target	Long-term target level
ROCE-%	>12%
Gearing	30–50%
Dividend per share	Growing annually



Estimated completions of consumer apartment projects under construction

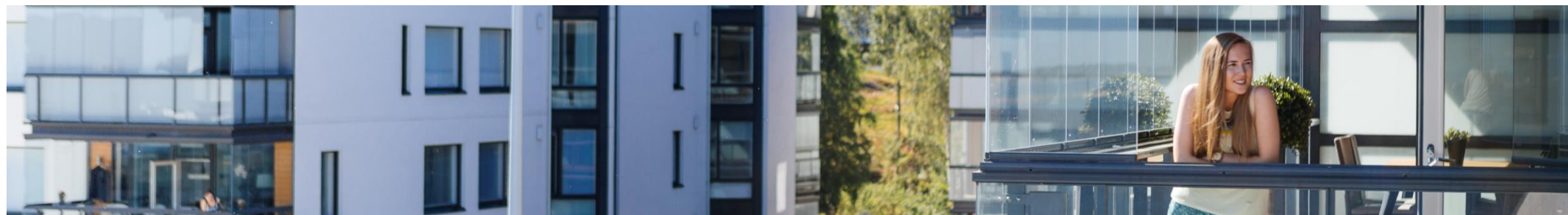
Apartments under construction in total on December 31, 2018: 13,028 (9/2018: 14,666). The table below shows the company's current estimate of completed consumer apartment projects under construction. In addition, the company has 1,429 apartments that are recognised in accordance with percentage of completion. The timing of the commissioning permit may deviate from the technical completion of a building, and the company cannot fully influence the reported completion date. Also other factors may influence the completion date.

	1-12/2018 Actual	Q1/2019 Estimate	Q2/2019 Estimate	Q3/2019 Estimate	Q4/2019 Estimate	Later
Finland ¹	3,657	800	1,000	400	500	1,117
CEE ²	1,427	0	600	100	700	1,096
Russia ³	2,974	0	800	700	1,600	2,186
In total	8,058	800	2,400	1,200	2,800	4,399

¹ In Finland, the estimate of completions may deviate with tens apartments depending on the construction schedule.

² In CEE countries, the estimate of completions may vary with tens apartments, a deviation of over 100 apartments is possible depending on authorities' decisions. The figure includes projects sold to YCE housing fund I.

³ In Russia, the estimate of completions may vary with hundreds apartments, a deviation of over 500 apartments is possible depending on authorities' decisions.



Guidance for 2019

The Group revenue 2019 is estimated to be in the range of +5% – -5% compared to revenue 2018 (pro forma 2018: EUR 3,759.3 million).

In 2019, the adjusted operating profit¹ is estimated to be EUR 170–230 million (pro forma 2018: EUR 134.5 million).

GUIDANCE RATIONALE

- The guidance for 2019 is based, among others, on the completion of Mall of Tripla in the last quarter, the estimated timing of completion of the residential projects under construction and the company's solid order backlog. At the end of December, 63% of the order backlog was sold.
- Significant fluctuation is expected between the quarters due to normal seasonal variation, sales of business premises projects and the timing of completions of residential projects as well as Mall of Tripla. As in 2018, the last quarter of the year is expected to be clearly the strongest. The company estimates that the adjusted operating profit for first quarter of 2019 will be on par with the comparison period (pro forma).

¹ The adjusted operating profit reflects the result of ordinary course of business and 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 bulletin's the tables section.

Additional information

Ilkka Salonen

Chief Financial Officer (CFO)

+358 45 359 4434

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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Appendices



Presentation of financial information in Q4

- In this presentation, all figures are pro forma figures, unless otherwise stated, to facilitate the comparability of the combined company's financial information
 - Following the merger of YIT and Lemminkäinen on February 1, 2018, YIT published pro forma figures for 2016 and 2017, which are used as comparison figures in this presentation
 - YIT reports pro forma figures for 1–12/2018 to include Lemminkäinen's financial statements for January 1–January 31, 2018
 - Balance sheet based figures as at December 31, 2018 are actual reported figures
- All figures and comparisons are according to IFRS reporting unless otherwise stated.
- Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year and are of the same unit.

Merger related fair value cost effects and goodwill have not been allocated to the segments' capital employed but are reported in segment level in "other items and eliminations". Therefore, adjustments due to merger related items have no impact on the segments' results.



Appendices

- I. Key figures and additional information about financial position
- II. Housing sales and start-ups
- III. Share ownership
- IV. General economic and construction indicators
- V. Housing indicators
- VI. Business premises, infrastructure and paving indicators





Key figures and additional information about financial position

Key figures

EUR million	Reported 10–12/18	Pro forma 10–12/18	Pro forma 10–12/17	Change	Reported 1–12/18	Pro forma 1–12/18	Pro forma 1–12/17	Change ¹
Revenue	1,269.0	1,269.0	1,123.6	13%	3,689.4	3,759.3	3,862.5	-3%
Operating profit	78.5	82.7	37.1	123%	94.6	91.3	77.4	18%
Operating profit margin, %	6.2%	6.5%	3.3%	-	2.6%	2.4%	2.0%	-
Adjusted operating profit	99.6	99.6	60.4	65%	152.5	134.5	138.9	-3%
Adjusted operating profit margin, %	7.8%	7.8%	5.4%	-	4.1%	3.6%	3.6%	-
Adjustments	21.1	17.0	23.3	-27%	57.9	43.2	61.5	-30%
Order backlog	4,433.8	4,433.8	4,218.3	5%	4,433.8	4,433.8	4,218.3	5%
Result before taxes	70.6	74.7	30.8	142%	59.1	57.2	50.7	13%
Result for the period ²	50.4	53.7	10.8	397%	39.2	33.3	26.3	27%
Earnings per share, EUR	0.25	0.26	0.05	414%	0.19	0.16	0.13	22%
Operating cash flow after investments, excluding discontinued operations	204.5	n/a	n/a	-	148.6	n/a	n/a	-
Equity ratio, %	38.1%	n/a	n/a	-	38.1%	n/a	40.2%	-
Interest-bearing net debt	562.9	562.9	666.9	-	562.9	562.9	666.9	-
Gearing ³ , %	53.6%	n/a	59.9%	-	53.6%	n/a	59.9%	-
Number of personnel at end of period	9,070	9,070	9,721	-6.7%	9,070	9,070	9,721	-6.7%

¹ The change is calculated from pro forma figures including Lemminkäinen's financial statements from January 1–31, 2018

² Attributable to equity holders of the parent company

³ YIT has changed the definition of gearing on January 1, 2018 to include interest-bearing receivables in the calculation of this key figure. The pro forma gearing for the comparison period is given according to the new definition.

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

Foreign exchange rates in Q4

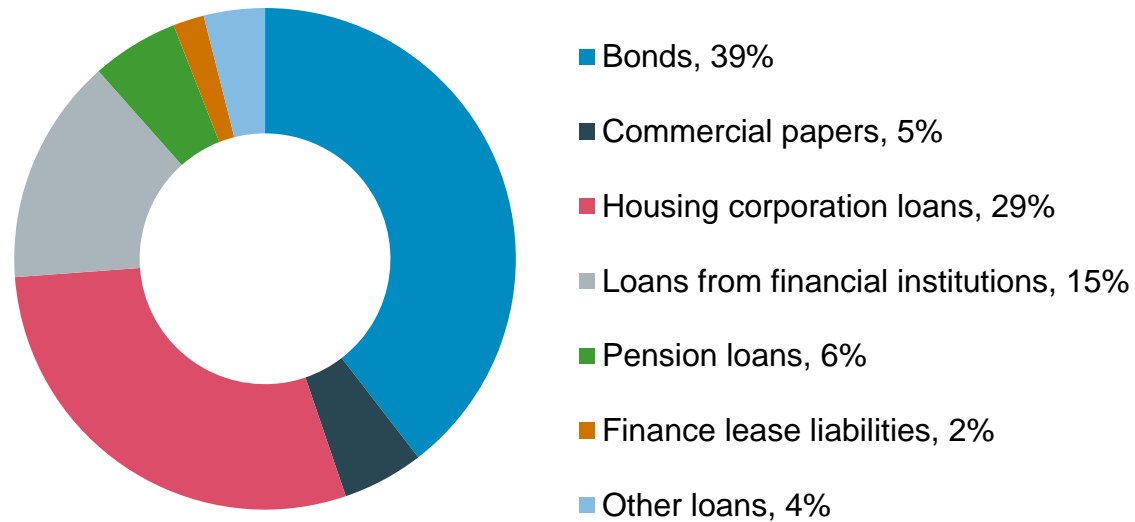
PRINCIPLES OF MANAGING CURRENCY RISKS

- 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 recognised as translation difference in equity

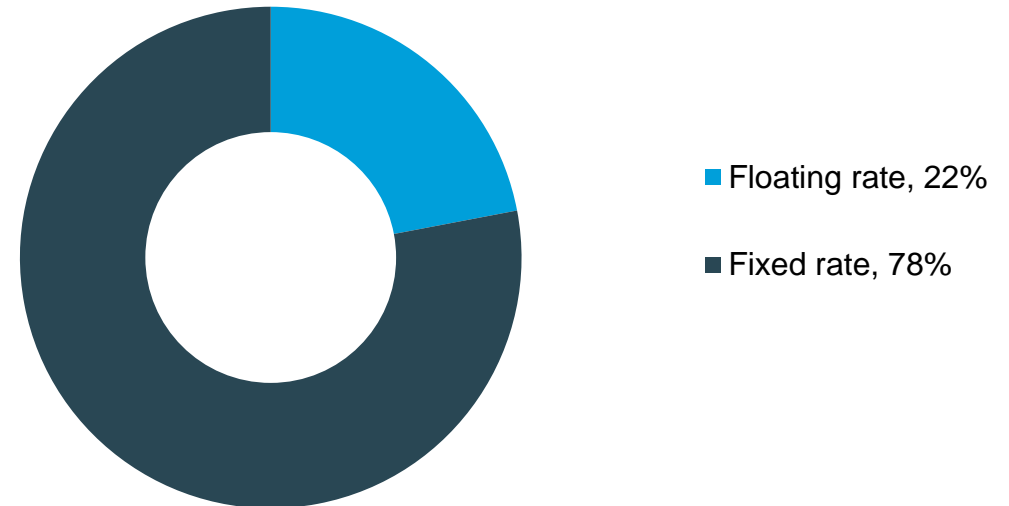
EUR/RUB exchange rates	1–12/2018	1–12/2017
Average rate	74.0687	65.9183
End of period	79.7153	69.3920

Balanced debt portfolio

DEBT PORTFOLIO¹ AT THE END OF THE PERIOD 12/2018, EUR 891.7 MILLION



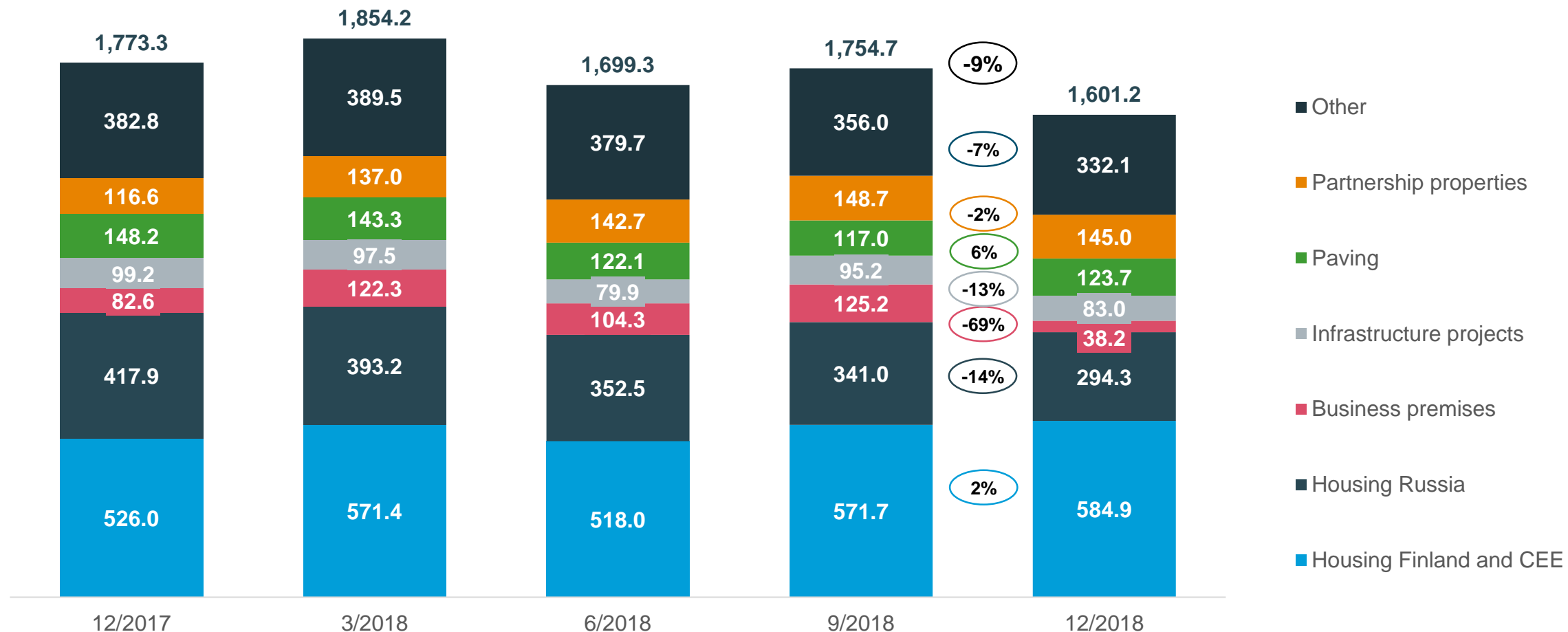
INTEREST RATE DISTRIBUTION OF THE DEBT PORTFOLIO AT THE END OF 12/2018



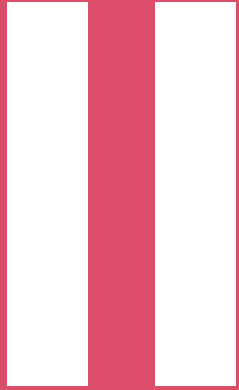
¹Debt portfolio based on actual reported figures as at December 31, 2018

Group Capital employed

CAPITAL EMPLOYED BY SEGMENTS¹ (at the end of the period)



¹ Capital employed at the end of period, 12/2017 figures are pro forma and since 3/2018 actual reported figures.



Housing sales and start-ups

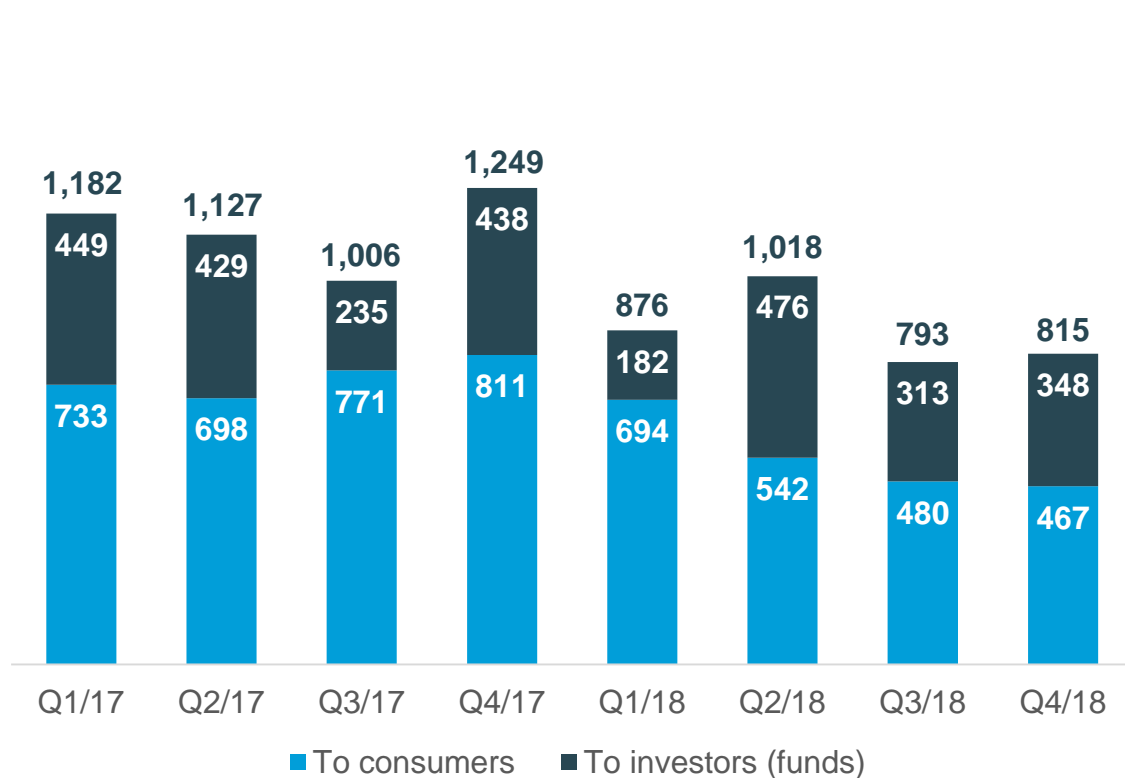
Housing Finland

Sales and start-ups in Q4

SOLD APARTMENTS (UNITS)

1-12/2017: 4,564

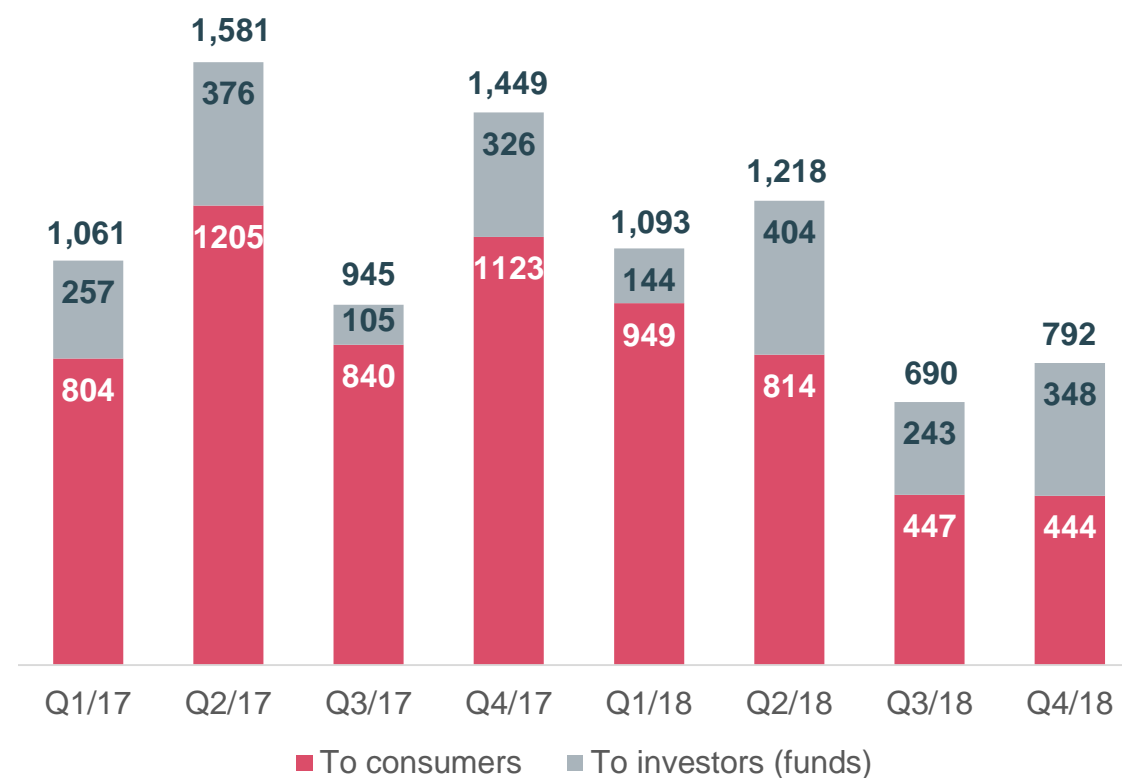
1-12/2018: 3,502



APARTMENT START-UPS (UNITS)

1-12/2017: 5,036

1-12/2018: 3,793



Housing CEE

Sales and start-ups in Q4

SOLD APARTMENTS (UNITS)

1-12/2017: 1,613

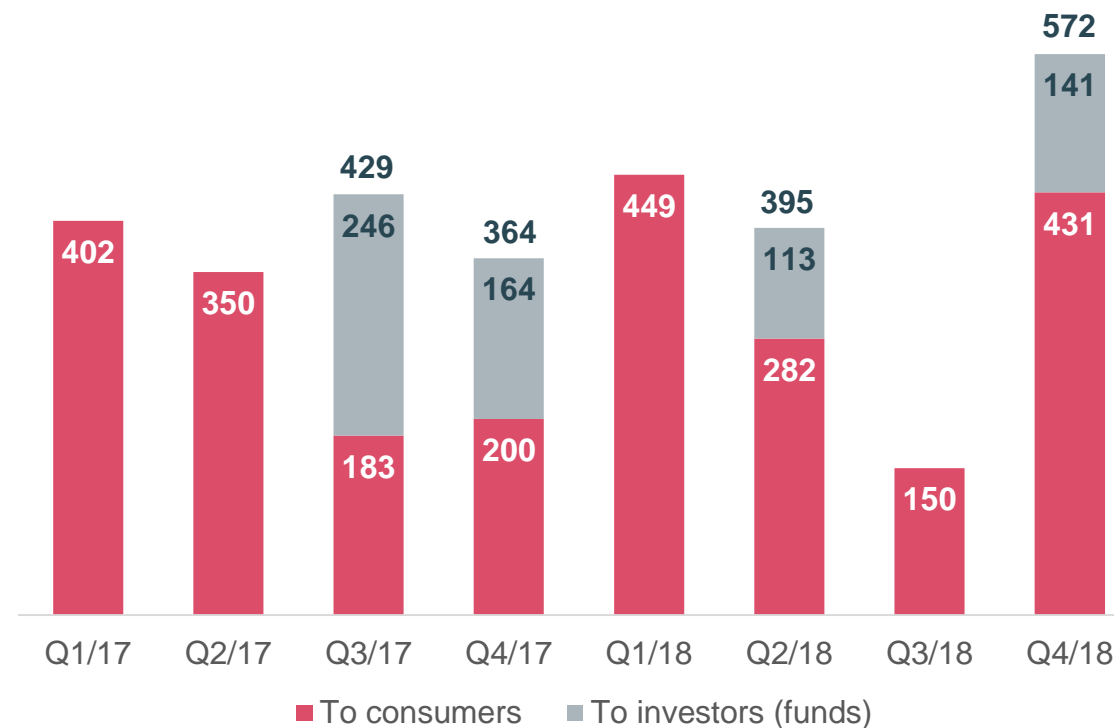
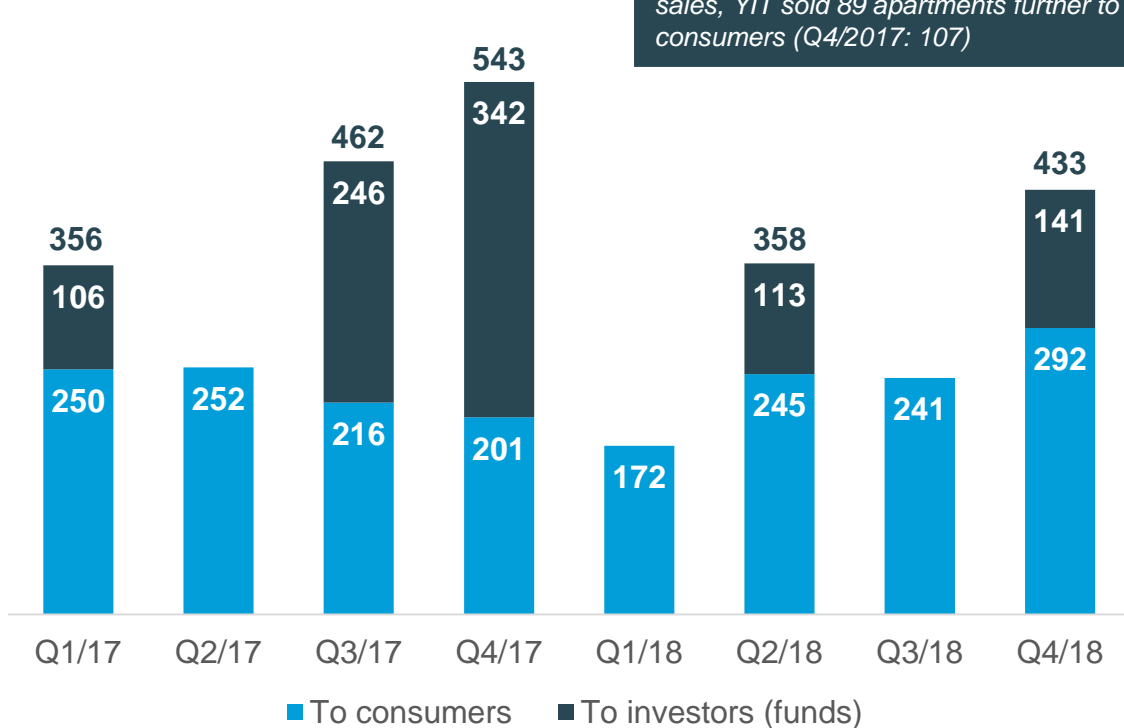
1-12/2018: 1,204

APARTMENT START-UPS (UNITS)

1-12/2017: 1,545

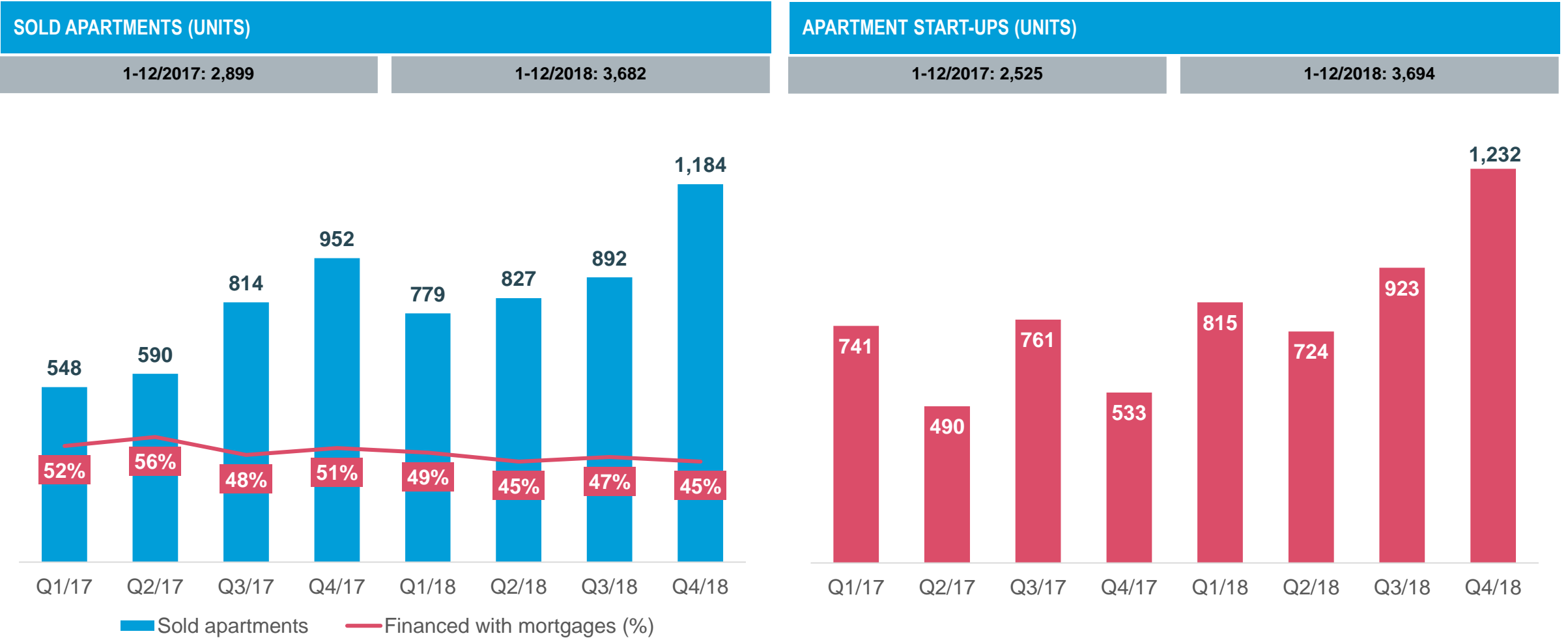
1-12/2018: 1,566

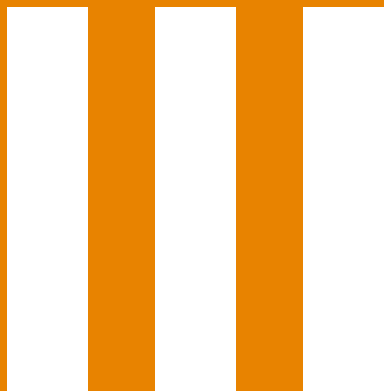
Of projects earlier sold to YCE Housing I fund or a JV, and recorded as investor sales, YIT sold 89 apartments further to consumers (Q4/2017: 107)



Housing Russia

Sales and start-ups in Q4





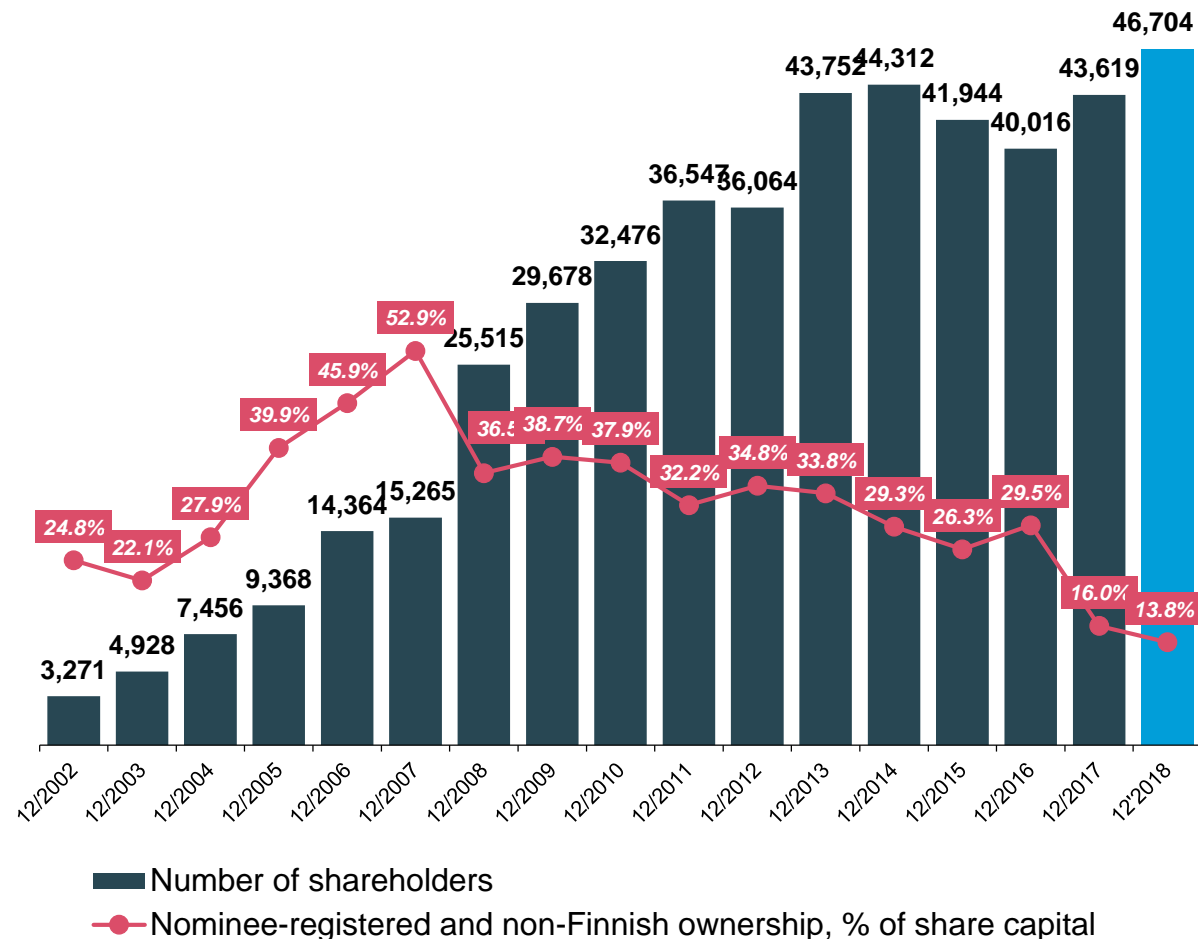
Share ownership

YIT's shareholders

MAJOR SHAREHOLDERS ON DECEMBER 31, 2018

Shareholder	Shares	% of share capital
1. Tercero Invest AB	23,100,000	10.94
2. Varma Mutual Pension Insurance Company	15,945,975	7.55
3. PNT Group Oy	15,296,799	7.25
4. Conficap Invest Oy	8,886,302	4.21
5. Pentti Heikki Oskari Estate	8,146,215	3.86
6. Ilmarinen Mutual Pension Insurance Company	5,610,818	2.66
7. Forstén Noora Eva Johanna	5,115,529	2.42
8. Herlin Antti	4,710,180	2.23
9. Pentti Lauri Olli Samuel	3,398,845	1.61
10. Fideles Oy	3,188,800	1.51
Ten largest total	93,399,463	44.24
Nominee registered shares	23,339,055	11.06
Other shareholders	94,361,335	44.70
Total	211,099,853	100.00

NUMBER OF SHAREHOLDERS AND SHARE OF NOMINEE-REGISTERED AND NON-FINISH OWNERSHIP, DECEMBER 31, 2018

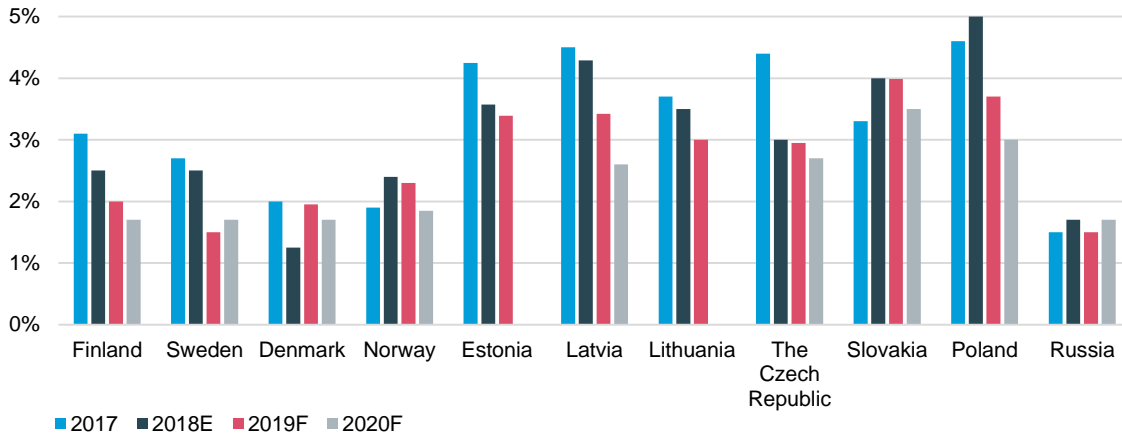


IV

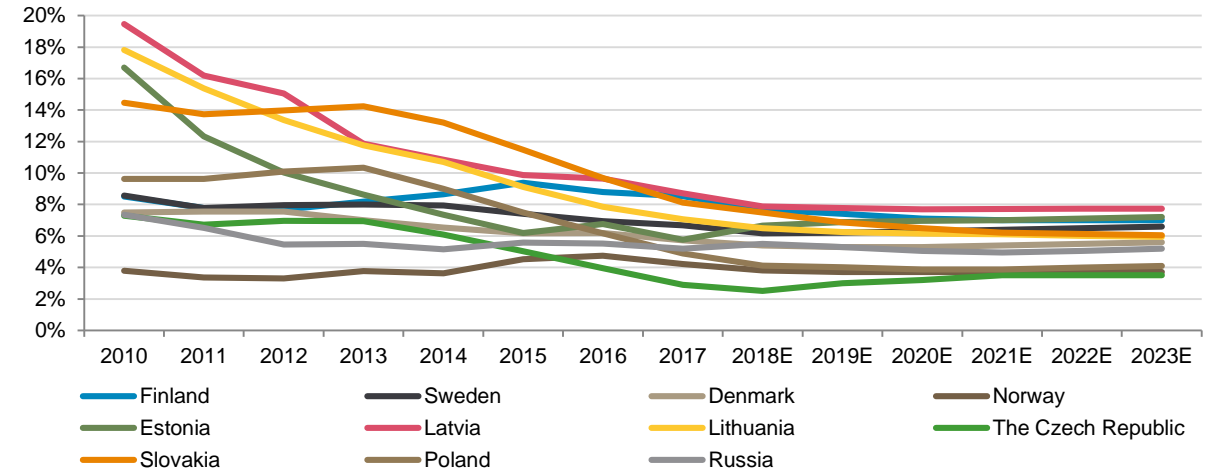
General economic and construction indicators

General economic and construction indicators

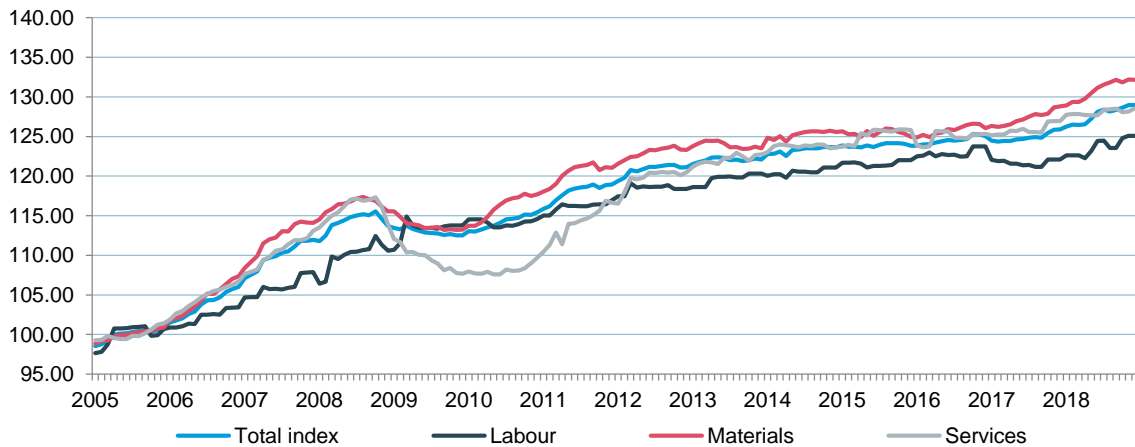
GDP GROWTH IN YIT'S OPERATING COUNTRIES, %



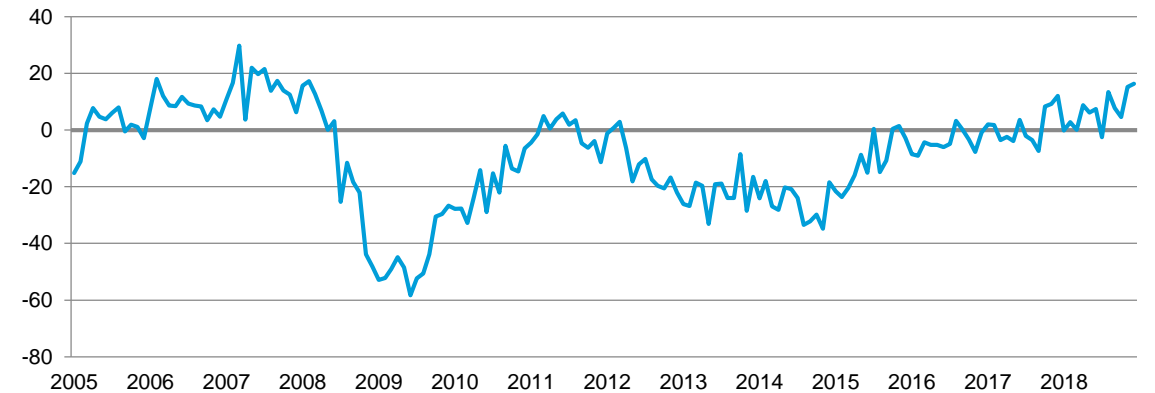
UNEMPLOYMENT RATE IN YIT'S OPERATING COUNTRIES, %



CONSTRUCTION COST INDEX (index 2005=100)



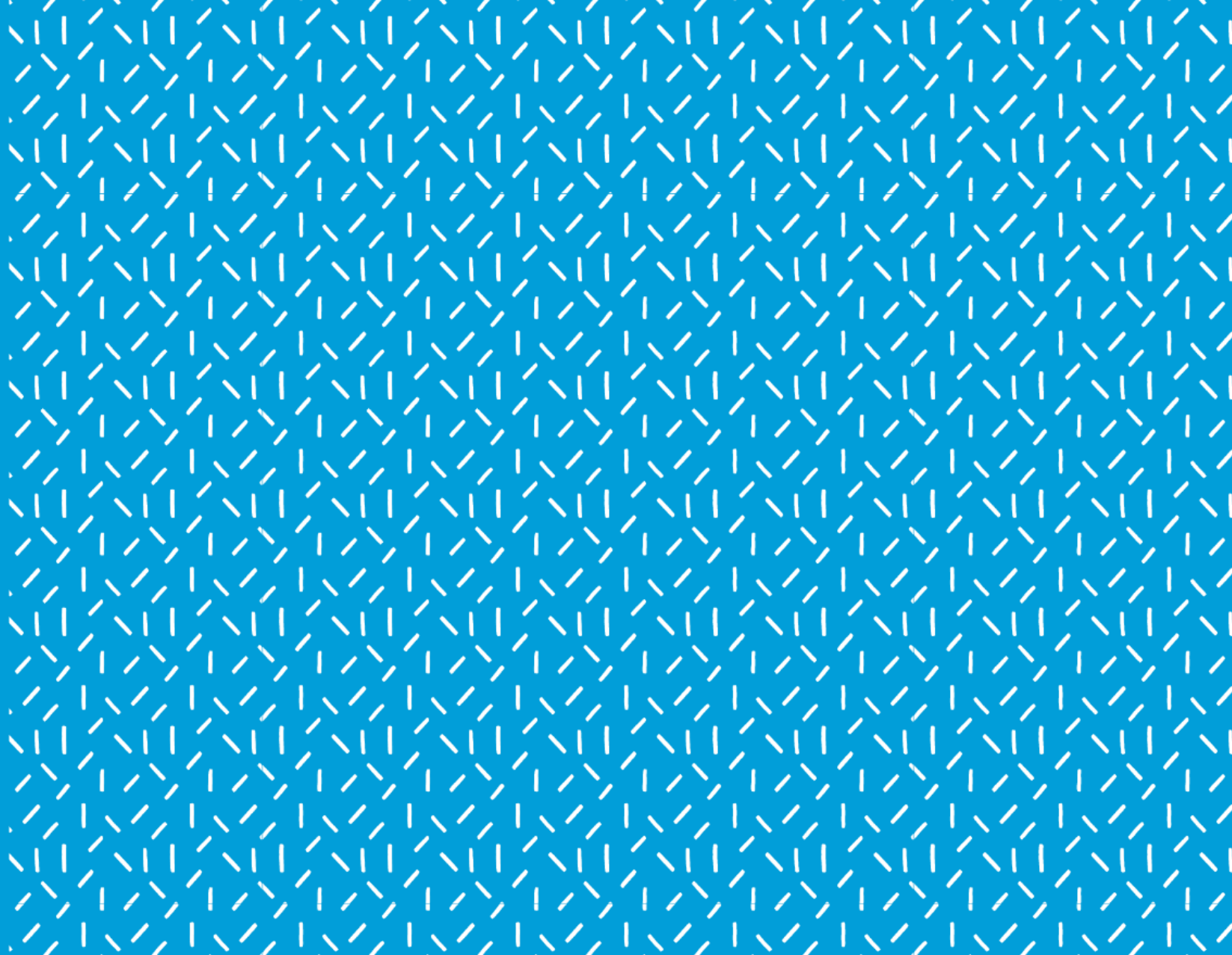
CONSTRUCTION CONFIDENCE (balance)



Sources: GDP growth: Bloomberg consensus 31 Dec 2018; Unemployment: IMF
Construction cost index: Statistics Finland; Construction confidence: Confederation of Finnish Industries EK

V

Housing indicators



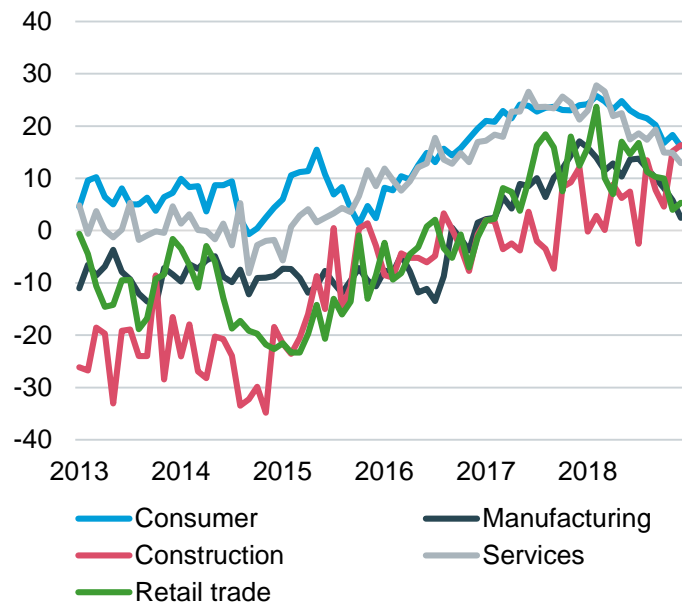
Operating environment for housing in Q4

- In Finland, consumer demand was on a good level, supply on a high level
- Residential demand of private investors continued to decline
- Availability of mortgages slightly tightened

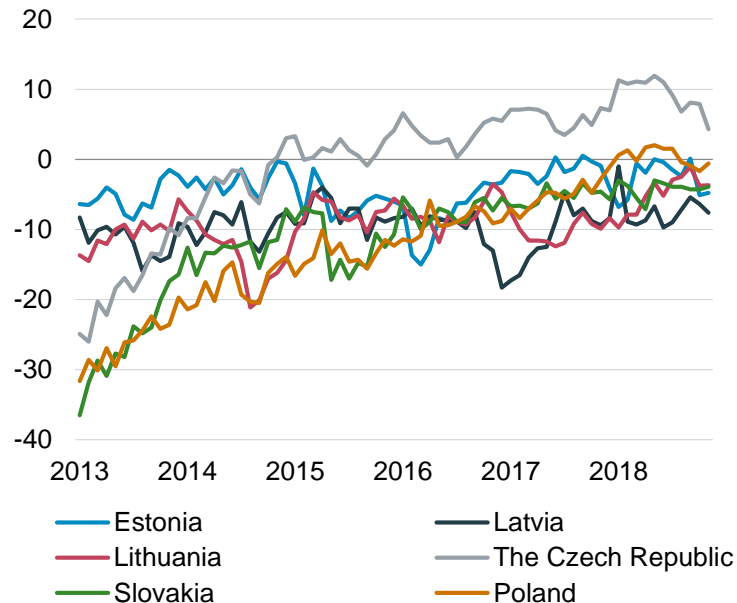
- Consumer demand was brisk in all CEE countries
- Due to increased construction volume, shortage of resources caused cost pressure

- In Russia, consumers continued to be cautious
- Demand remained stable on the year-end level

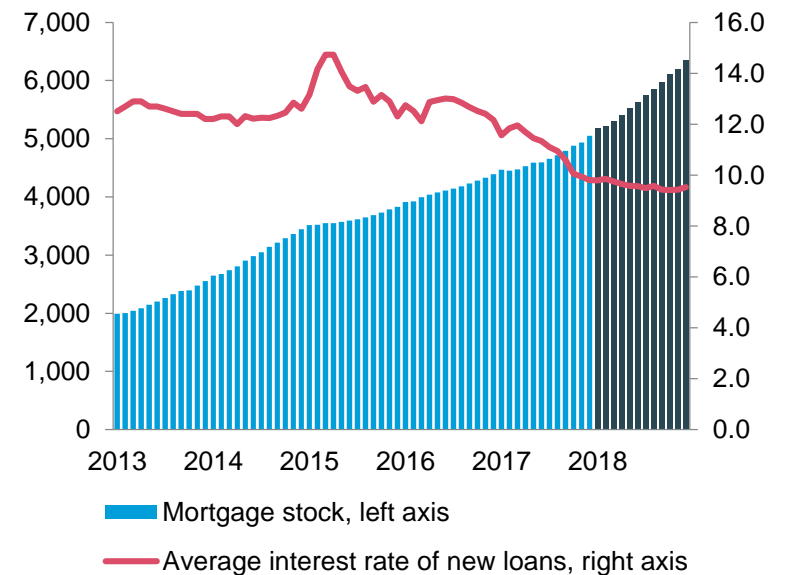
CONFIDENCE INDICATORS IN FINLAND



CONSUMER CONFIDENCE IN THE CEE COUNTRIES



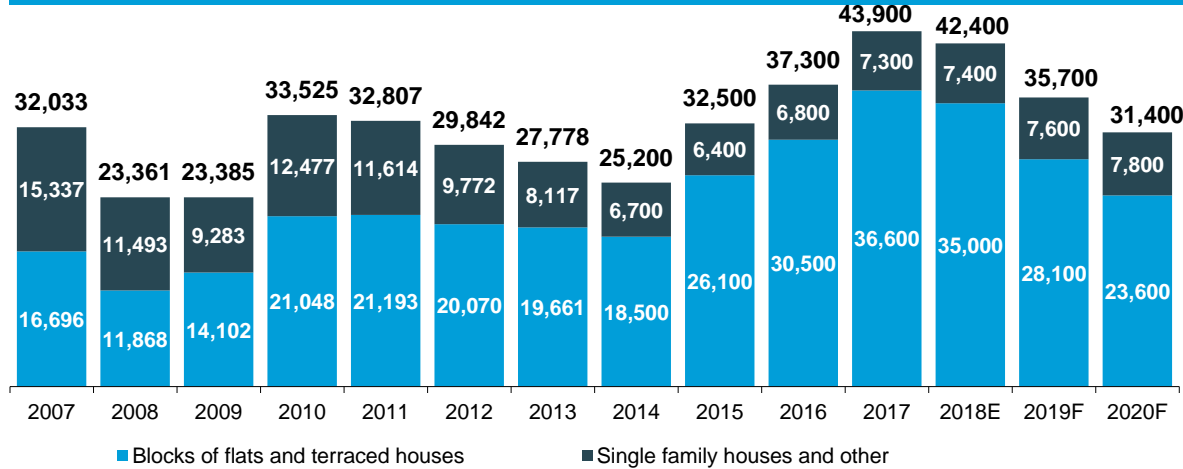
MORTGAGE STOCK AND AVERAGE INTEREST RATE IN RUSSIA (RUB billion, %)



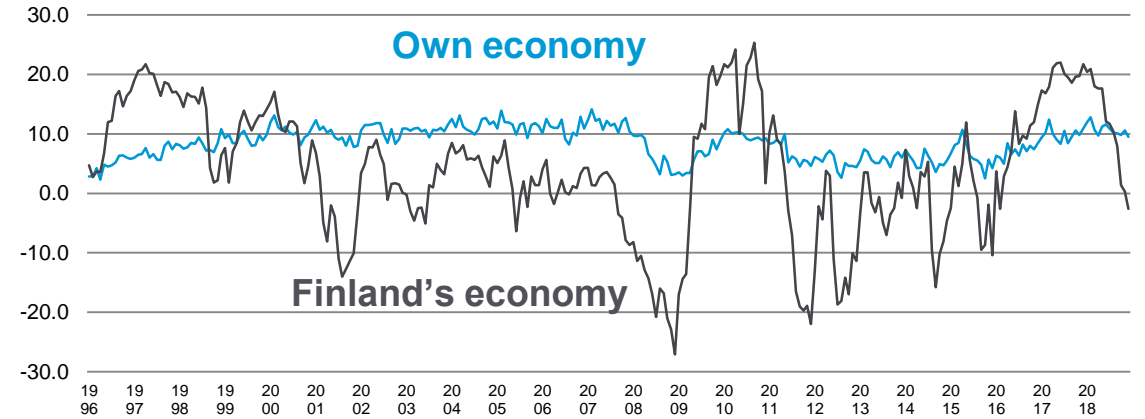
Sources: Statistics Finland and Confederation of Finnish Industries, EK; European Commission; Central Bank of Russia

Start-ups expected to decrease in 2019 and 2020

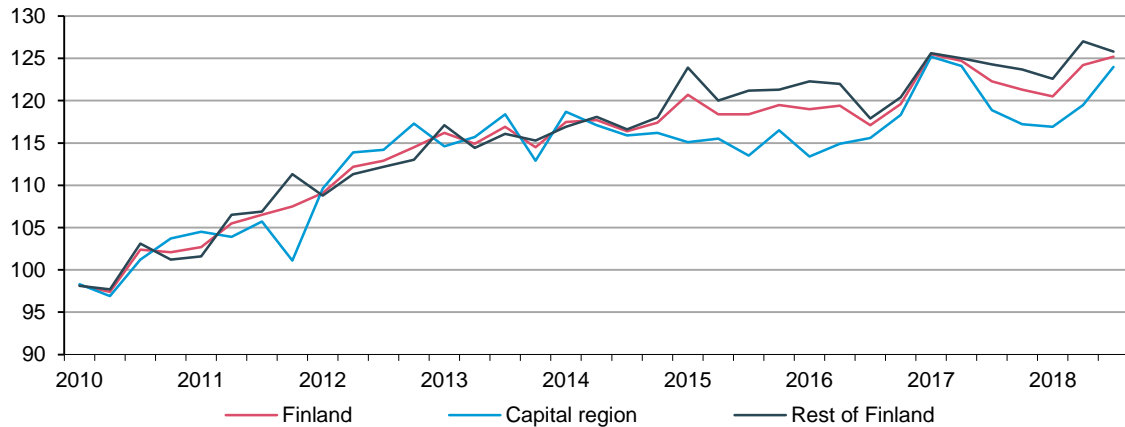
RESIDENTIAL START-UPS (units)



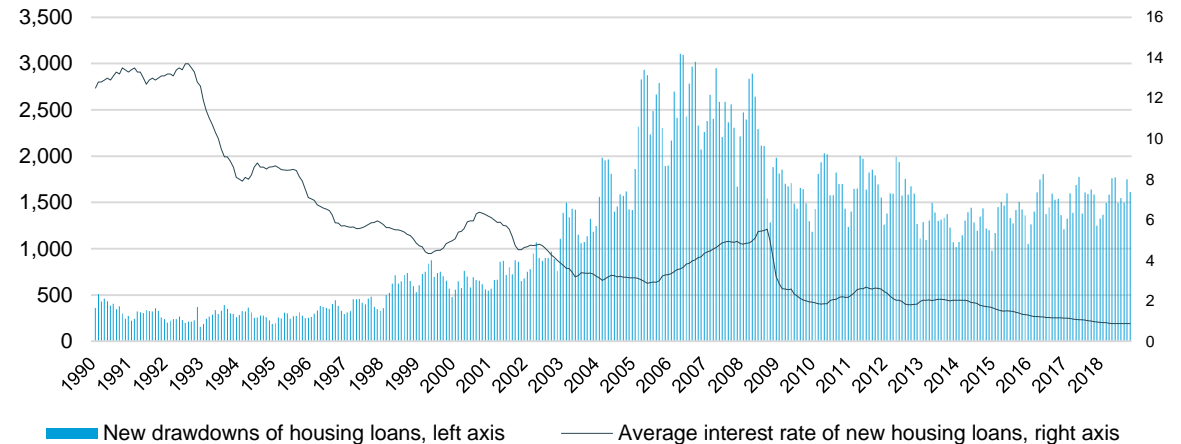
CONSUMERS' VIEWS ON ECONOMIC SITUATION IN ONE YEAR'S TIME (balance)



PRICES OF NEW DWELLINGS (index 2010=100)



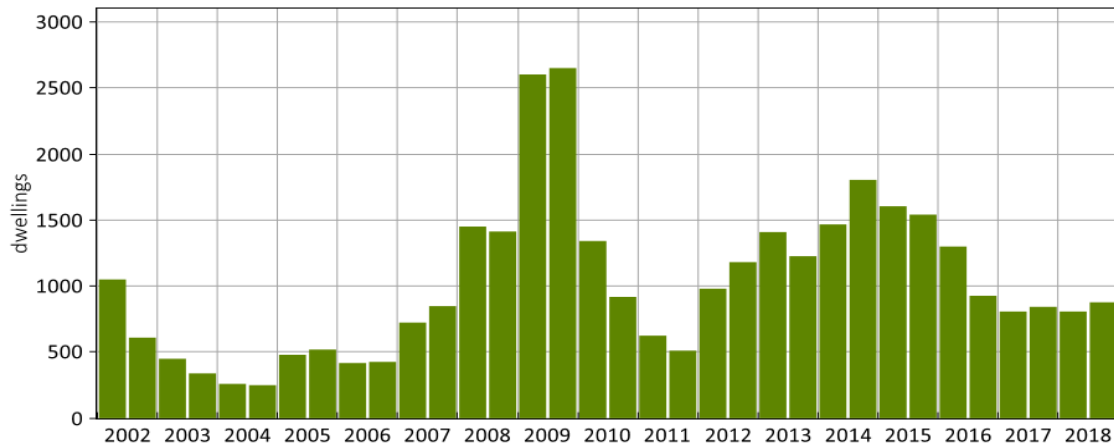
VOLUME OF NEW MORTGAGES AND AVERAGE INTEREST RATE (EUR million, %)



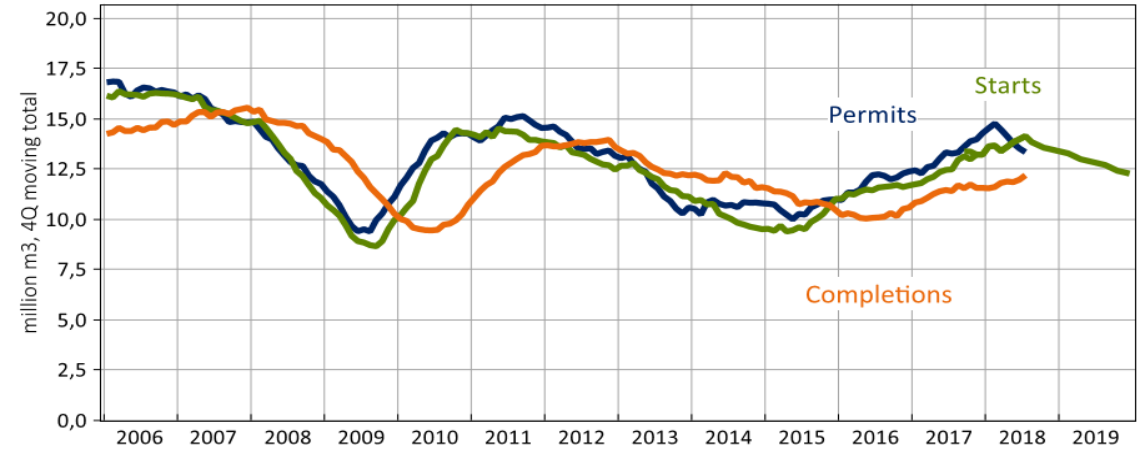
Finland

Construction indicators

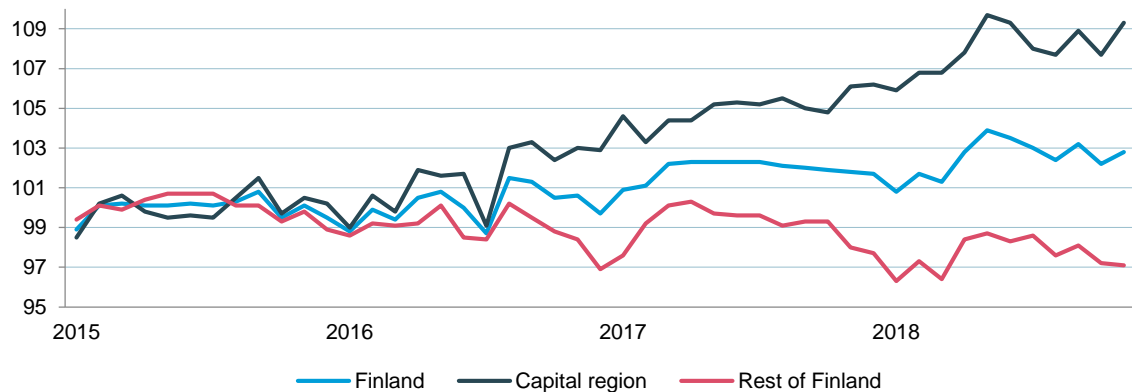
UNSOLD COMPLETED UNITS, RESIDENTIAL DEVELOPMENT PROJECTS (units)



RESIDENTIAL BUILDING PERMITS, START-UPS AND COMPLETIONS (million ,m³)



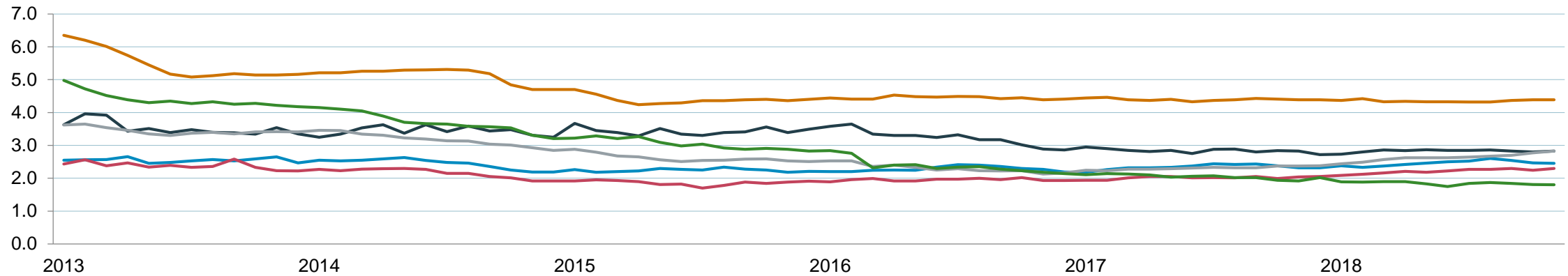
PRICES OF OLD APARTMENTS IN FINLAND (index 2015=100)



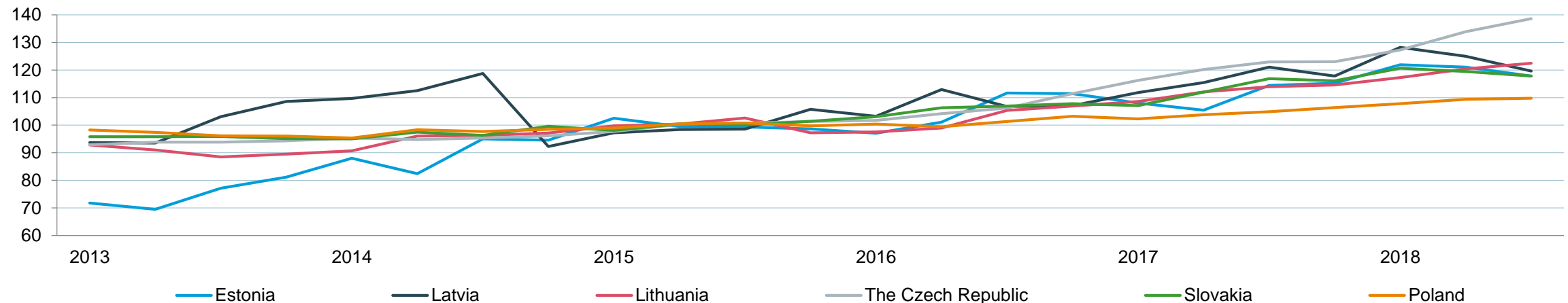
CEE

Operating environment in CEE

AVERAGE INTEREST RATE OF MORTGAGES IN CEE COUNTRIES (%)



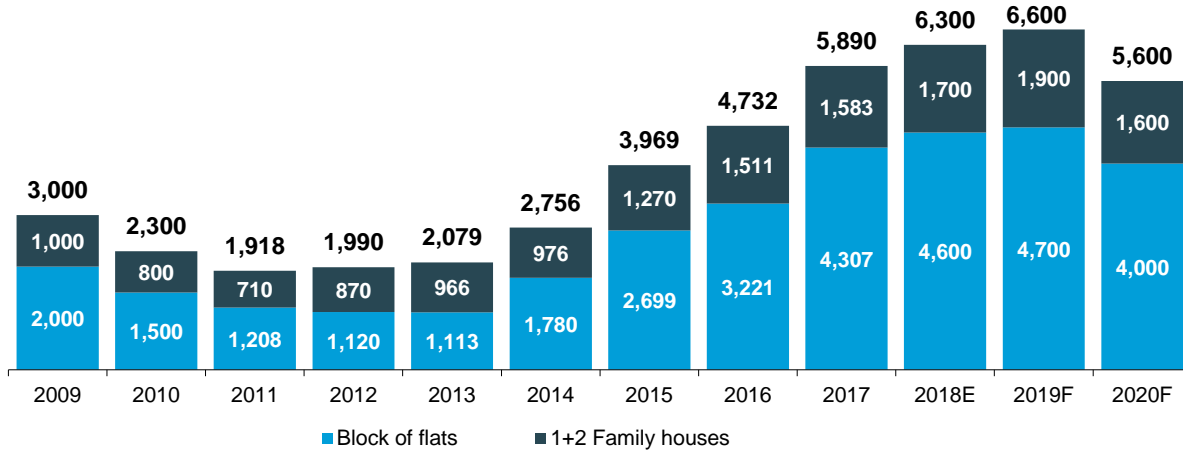
HOUSE PRICE INDEX, NEW DWELLINGS IN CEE COUNTRIES (2015=100)



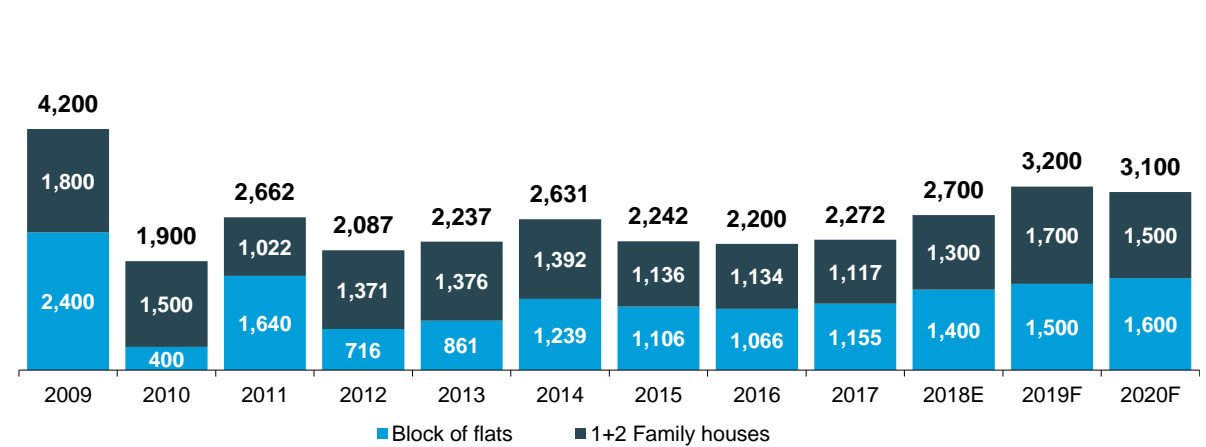
The Baltic Countries

Residential construction is expected to level off

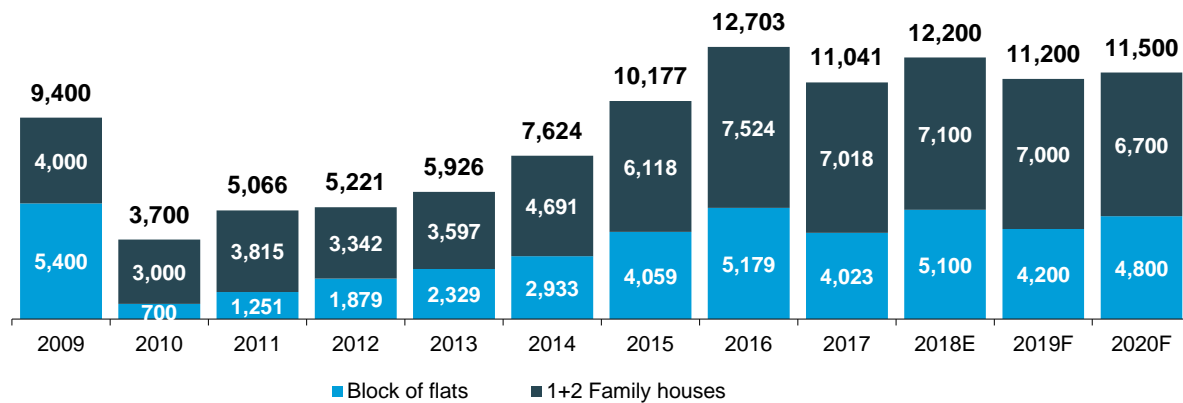
RESIDENTIAL COMPLETIONS IN ESTONIA (UNITS)



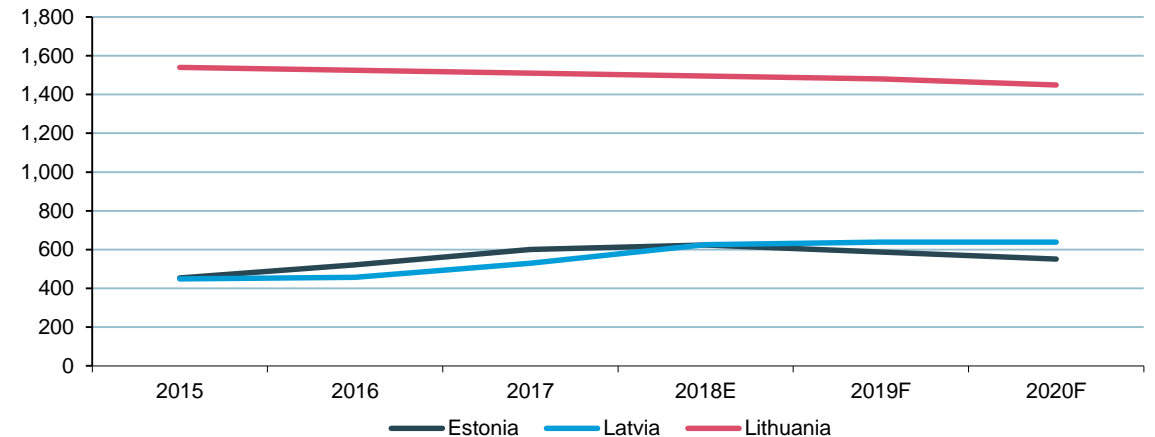
RESIDENTIAL COMPLETIONS IN LATVIA (UNITS)



RESIDENTIAL COMPLETIONS IN LITHUANIA (UNITS)

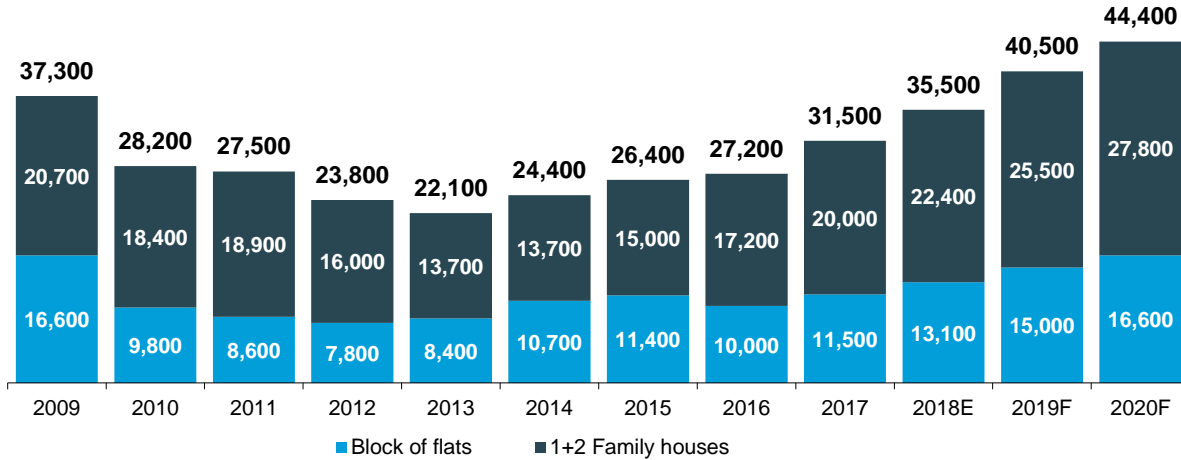


NEW RESIDENTIAL CONSTRUCTION VOLUME (EUR MILLION at 2017 prices, excl. taxes)

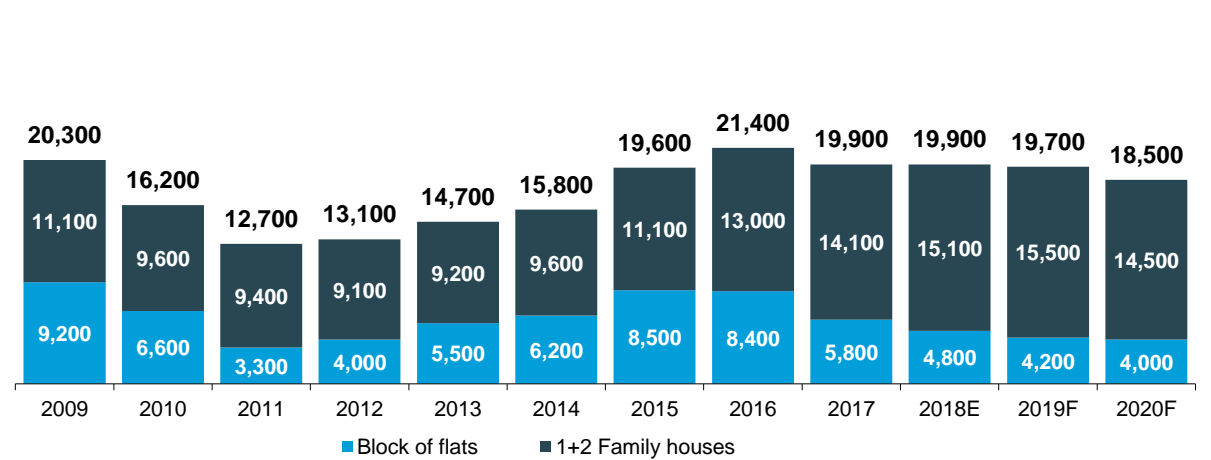


Start-ups forecasted to grow in the Czech Republic

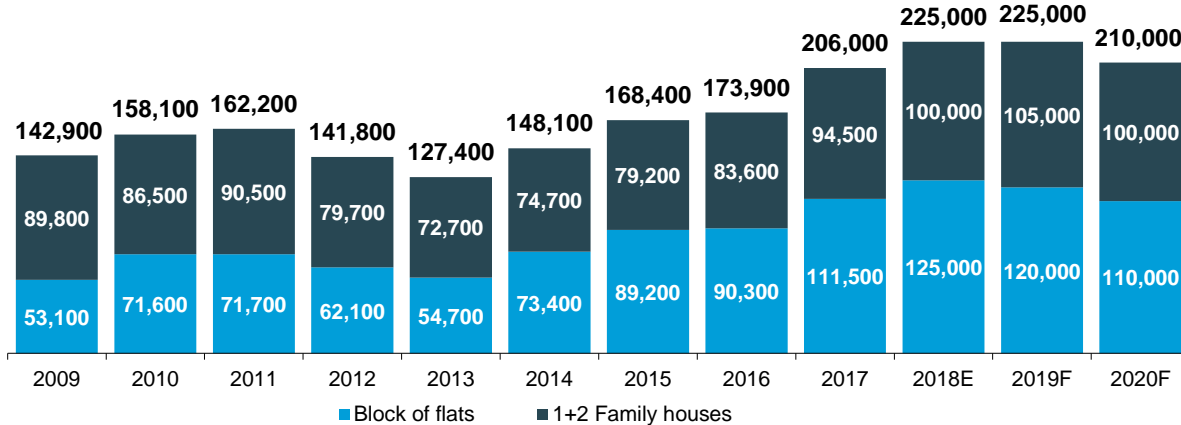
RESIDENTIAL START-UPS IN THE CZECH REPUBLIC (UNITS)



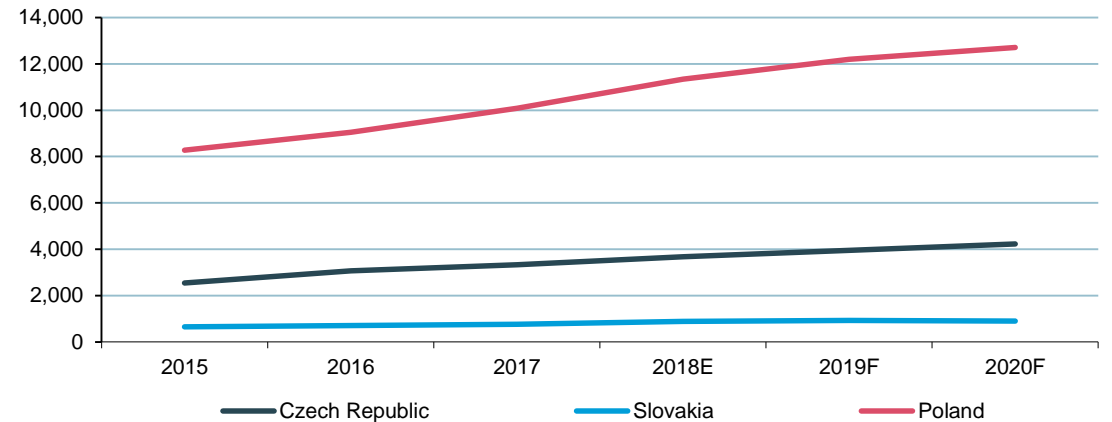
RESIDENTIAL START-UPS IN SLOVAKIA (UNITS)



RESIDENTIAL START-UPS IN POLAND (UNITS)



NEW RESIDENTIAL CONSTRUCTION VOLUME (EUR MILLION at 2017 prices)



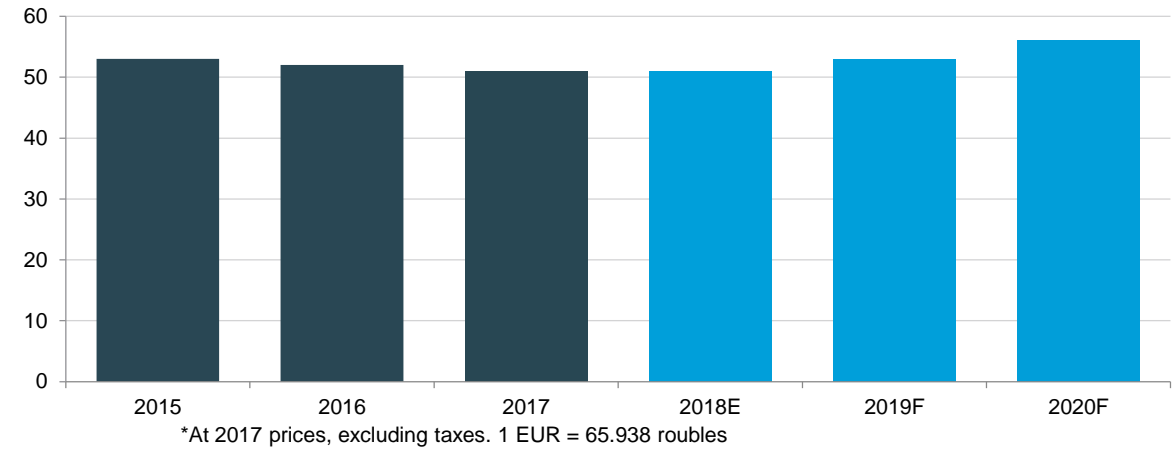
Russia

EUR/RUB exchange rate and housing indicators

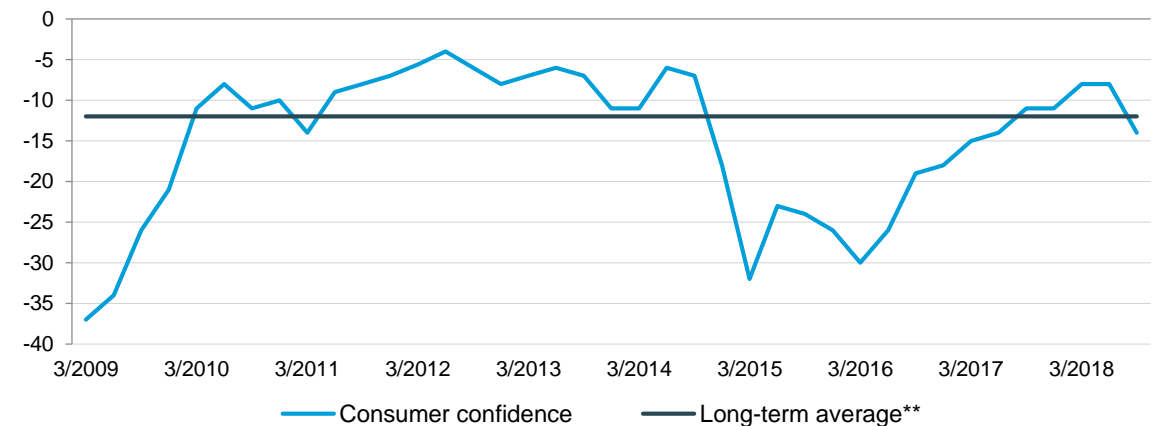
EUR/RUB EXCHANGE RATE



NEW RESIDENTIAL CONSTRUCTION VOLUMES (EUR billion*)



CONSUMER CONFIDENCE



VI

Business premises,
infrastructure and paving
indicators

Group

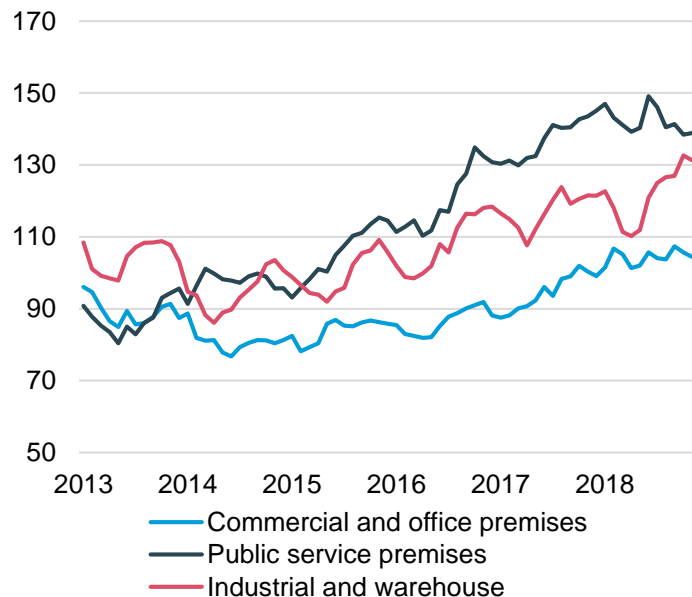
Operating environment for business premises, infrastructure projects and paving in Q4

- The volume of construction in Finland on a high level, the positive overall market sentiment supported investments
- Good tenant and investor demand for business premises in all markets

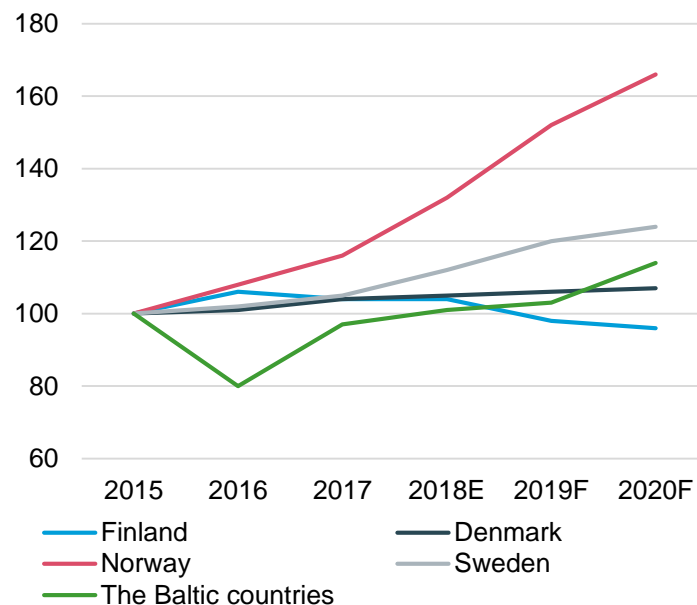
- The market for infrastructure was strong in especially in Sweden and Norway, many new infrastructure projects ongoing or in pipeline
- In Finland, volume in infrastructure construction has started to decline due to a lower number of new construction projects

- Higher bitumen price has reduced market volumes
- In Finland, the state investments in paving declined slightly from the previous year's level
- The market situation in Sweden was good, the state investments in Norway increased, price competition remained stable in Denmark

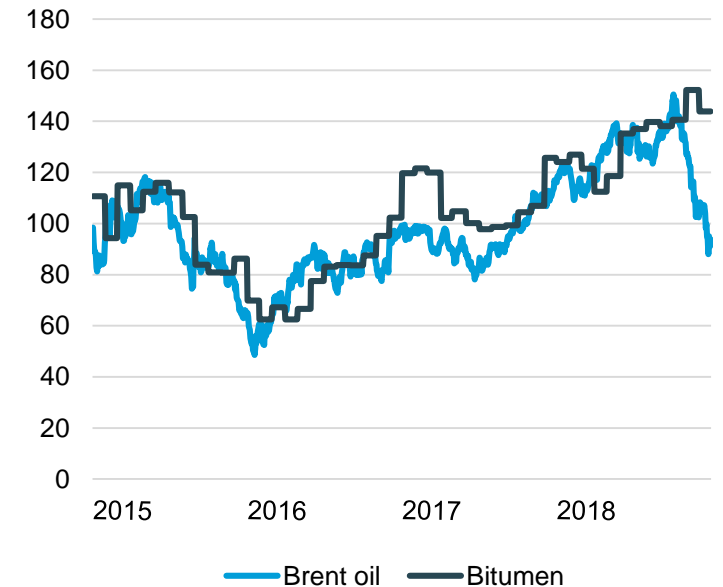
VOLUME OF NEW CONSTRUCTION IN FINLAND
(index 2010=100)



INFRASTRUCTURE MARKET
(index 2015=100)



BITUMEN AND BRENT OIL PRICE DEVELOPMENT
(index 2015=100)

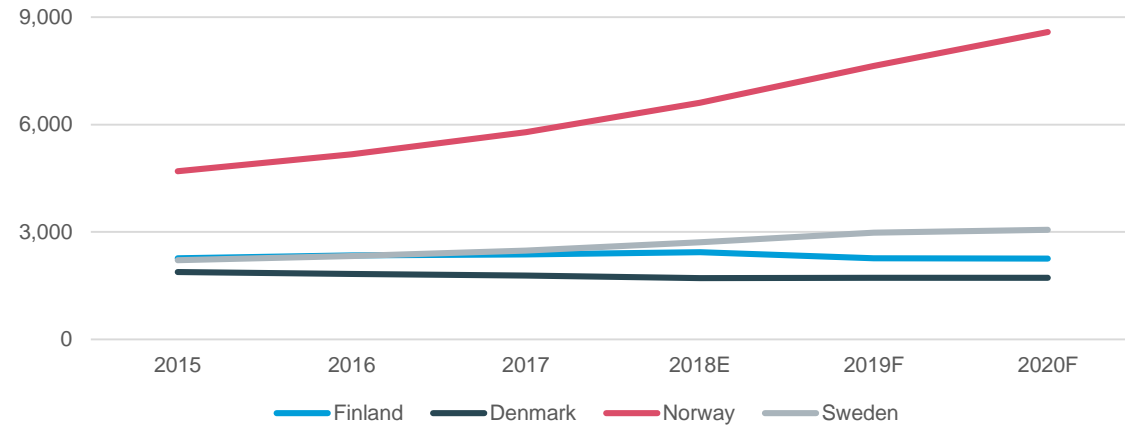


Sources: Statistics Finland, Euroconstruct, November 2018, Bloomberg

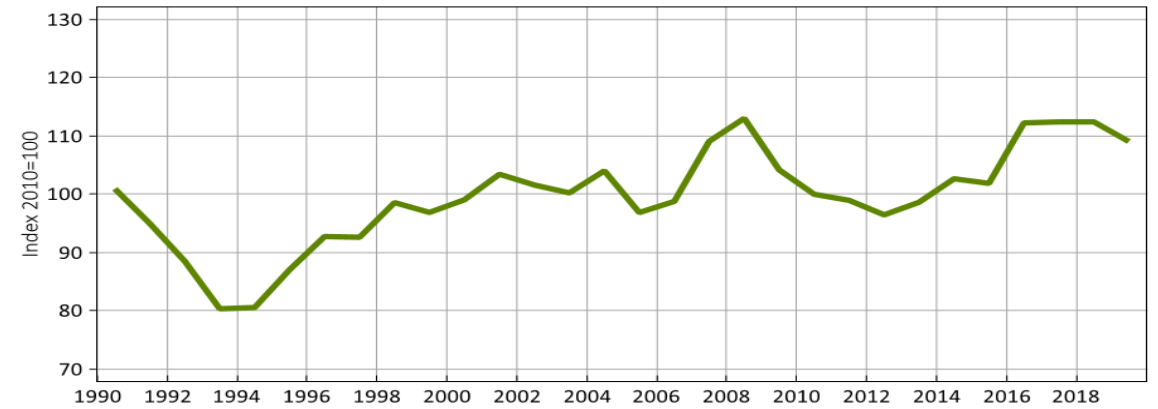
Infrastructure, paving and business premises

Operating environment

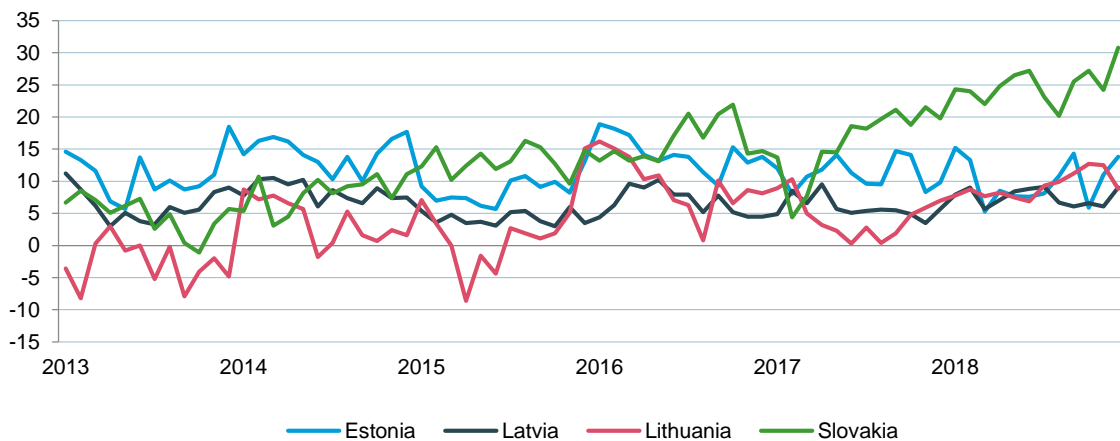
TRANSPORT INFRASTRUCTURE, ROADS (EUR million at 2017 prices)



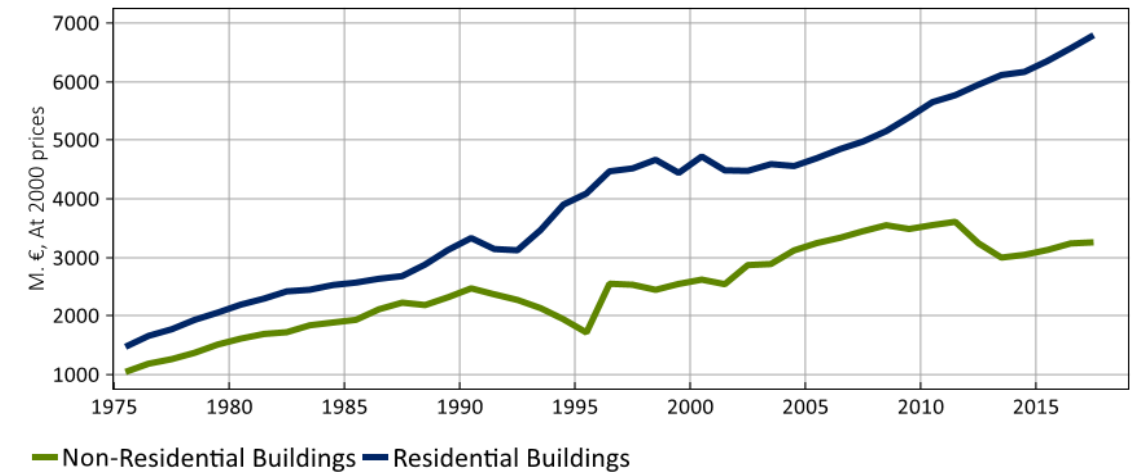
CIVIL ENGINEERING INVESTMENT VOLUME IN FINLAND



RETAIL TRADE CONFIDENCE IN THE BALTIC COUNTRIES AND SLOVAKIA



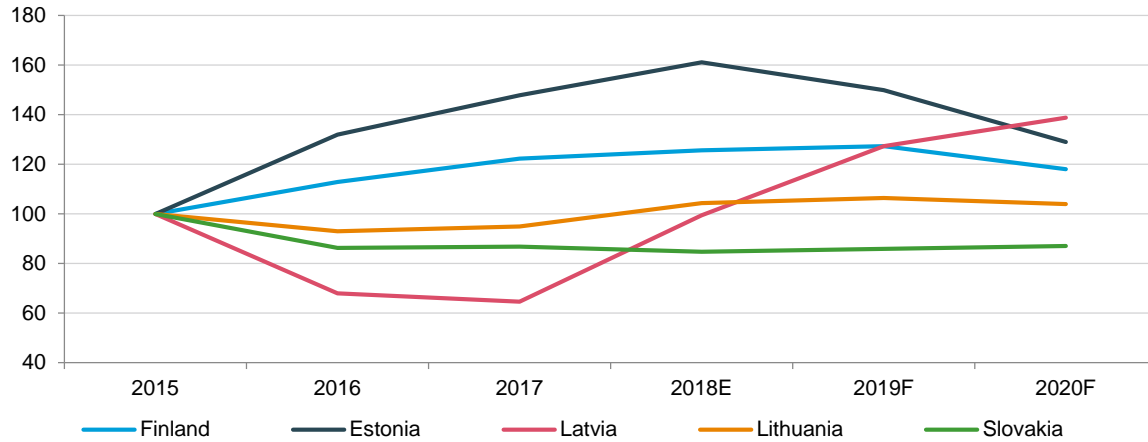
RENOVATION AND MODERNISATION OF BUILDING CONSTRUCTION IN FINLAND



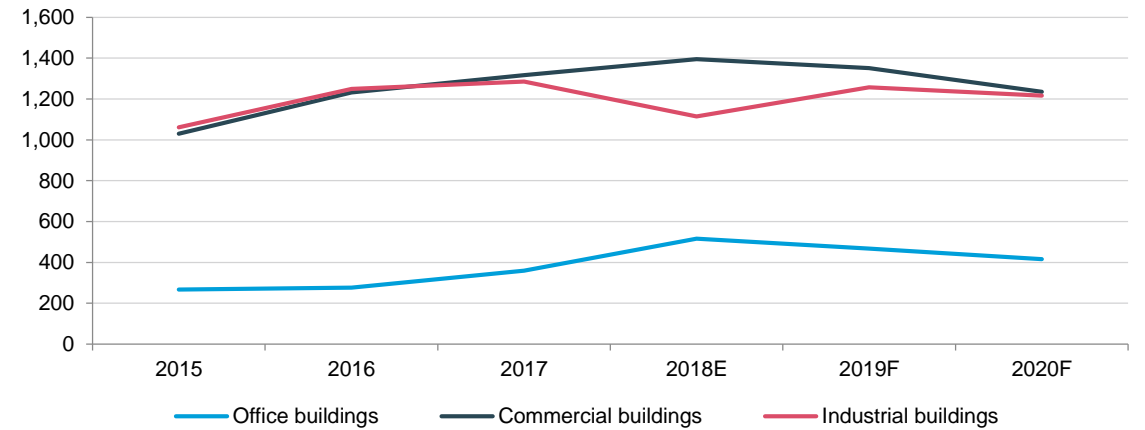
Finland, the Baltic countries and Slovakia

Non-residential construction volumes

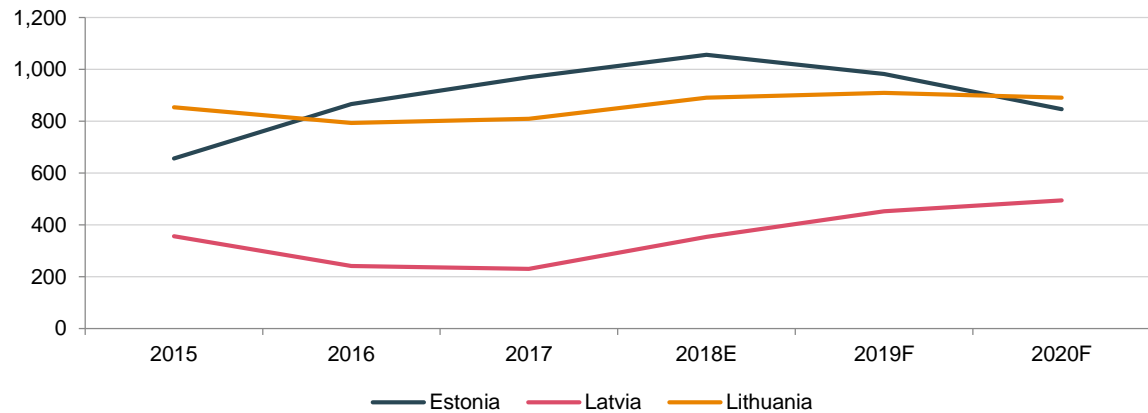
NEW NON-RESIDENTIAL CONSTRUCTION VOLUMES (index 2015=100)



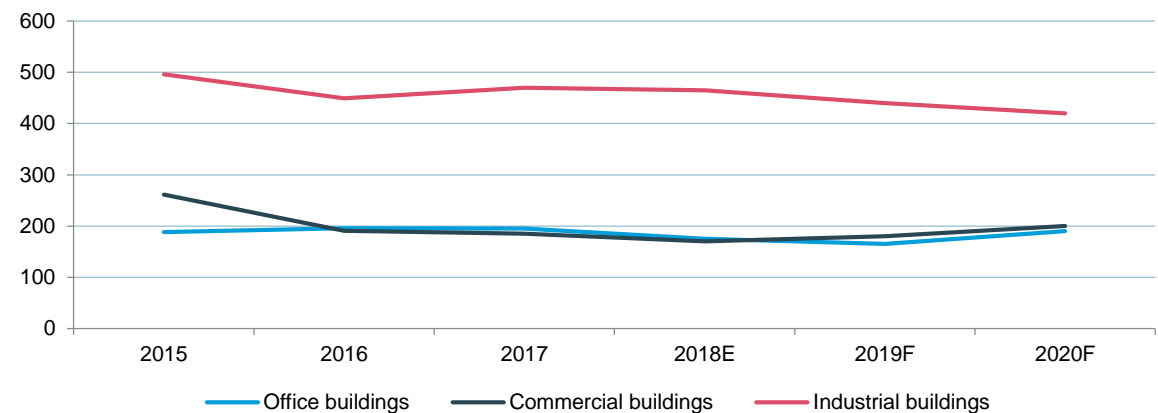
NEW NON-RESIDENTIAL CONSTRUCTION IN FINLAND (EUR million at 2017 prices)



NEW NON-RESIDENTIAL CONSTRUCTION IN THE BALTIC COUNTRIES (EUR million at 2017 prices)



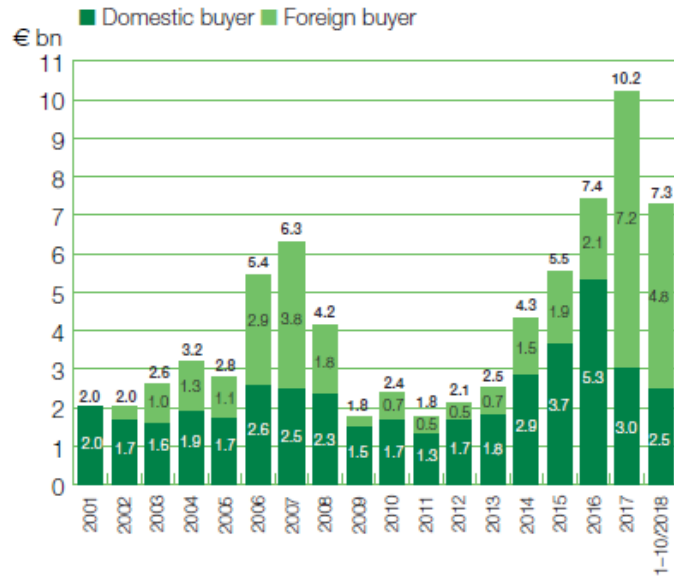
NEW NON-RESIDENTIAL CONSTRUCTION IN SLOVAKIA (EUR million at 2017 prices)



Finland

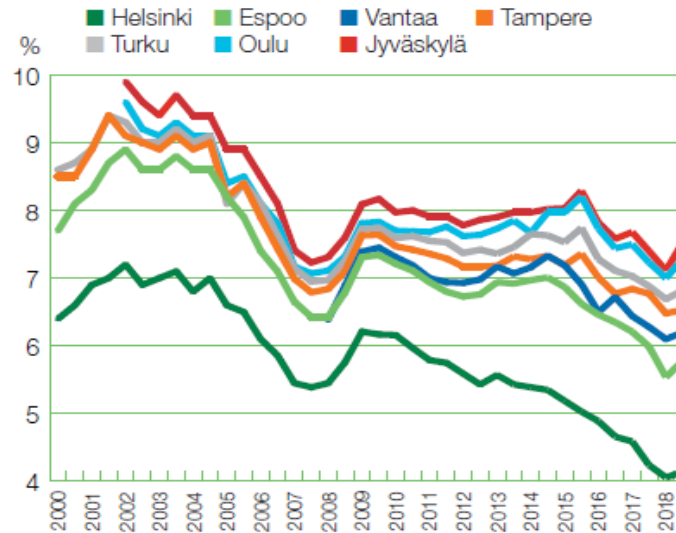
Yields and transaction volumes in Finland

TRANSACTION VOLUME IN THE FINNISH PROPERTY MARKET, (EUR billion)



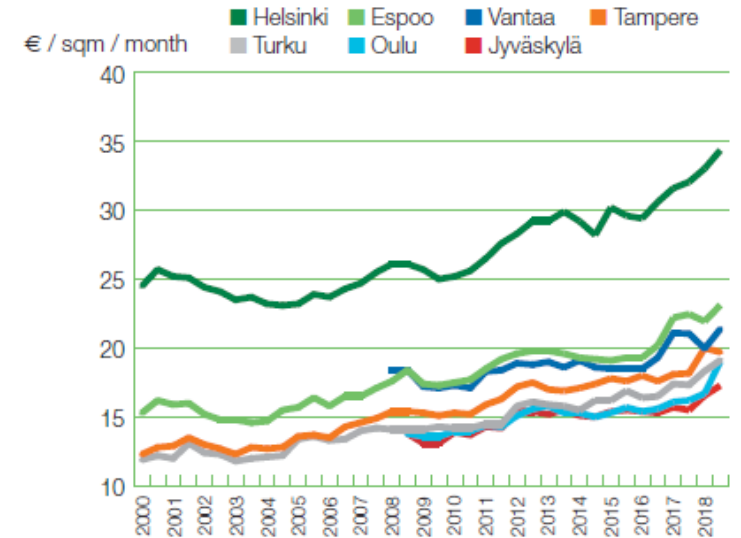
Source: KTI

PRIME OFFICE YIELDS IN MAJOR FINNISH CITIES, (%)



Source: RAKLI-KTI Property Barometer

PRIME OFFICE RENTS IN CITY CENTRE AREAS, (€/sqm/month)

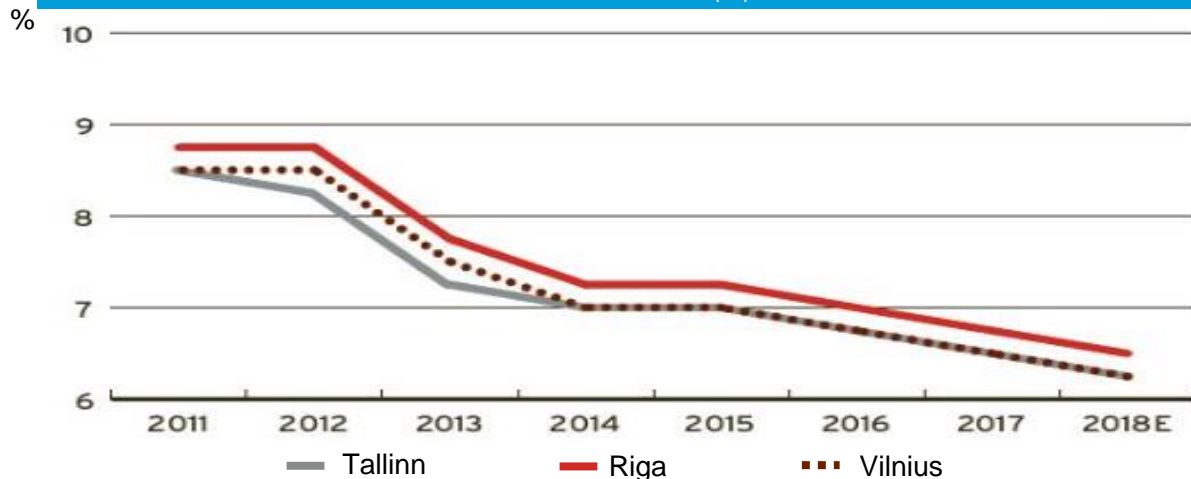


Source: RAKLI-KTI Property Barometer

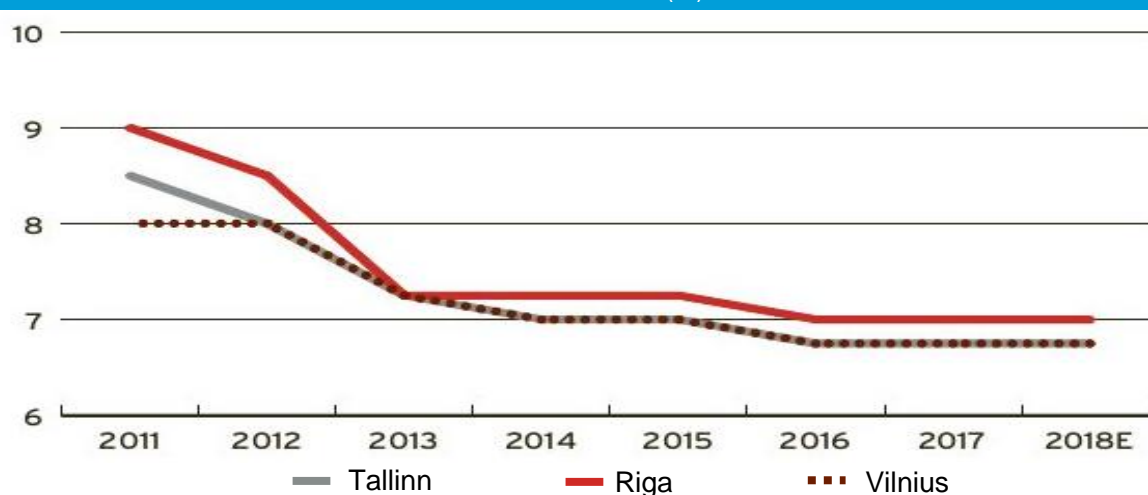
The Baltic countries

Yields are expected to decrease slightly

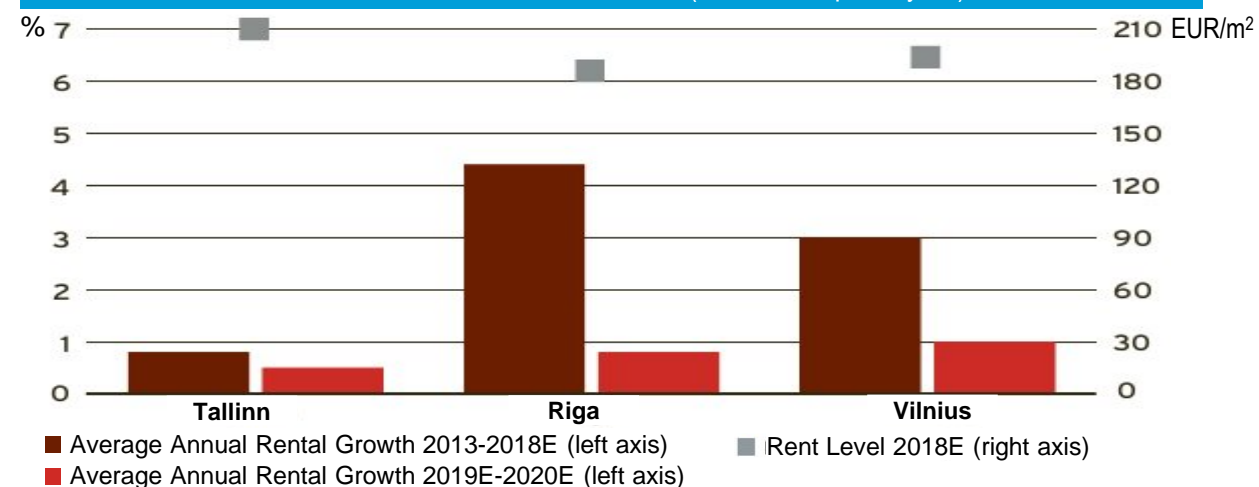
PRIME OFFICE YIELDS IN THE BALTIC COUNTRIES (%)



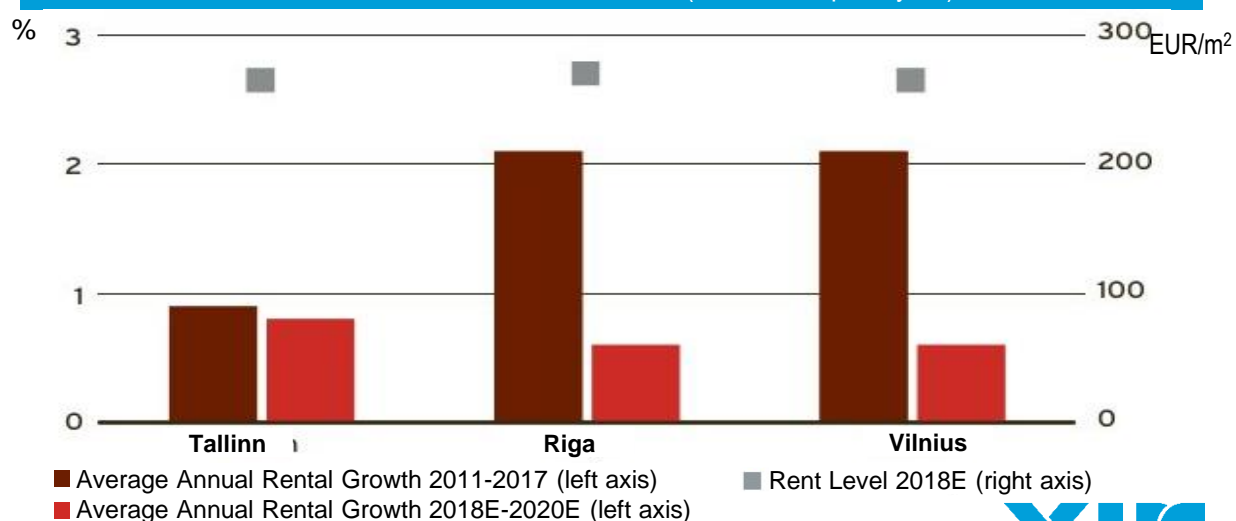
PRIME RETAIL YIELDS IN THE BALTIC COUNTRIES (%)



PRIME OFFICE RENTS IN THE BALTIC COUNTRIES (% , EUR / sq. m. / year)



PRIME RETAIL RENTS IN THE BALTIC COUNTRIES (% , EUR / sq.m. / year)



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**Together
we can
do it.**