

# Q3



YIT'S TRIGONI, NOMINATED WINNER OF THE HELSINKI HIGH-RISE COMPETITION  
HELSINKI, FINLAND

Interim Report January–September 2018

Kari Kauniskangas, President and CEO



# Presentation of financial information in Q3

- 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 1–9/2018 to include Lemminkäinen's financial statements for January 1–January 31, 2018
  - Balance sheet based figures as at September 30, 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.



# Contents

- 1 Group development in Q3/2018
- 2 YIT's strategy 2019-2021
- 3 Segment reviews
- 4 Financial position and key ratios
- 5 Outlook and guidance
- 6 Appendices



# 1

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## Group development in Q3/2018



# Q3 in brief

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**Segments'  
operational  
performance  
as expected**

**53.8**

EUR million adjusted operating profit (66.1).  
Impact of postponements of handovers  
EUR -6.5 million

**Success in  
property  
leasing**

**50,000**

sq. metres let during Q3

**Strong order  
backlog**

**4,991**

EUR million order backlog at the end of period (4,379)

**Guidance  
unchanged**

**130–160**

EUR million guidance for adjusted operating profit for 2018 (138.9)

# Segments update Q3



## HOUSING FINLAND AND CEE

- Revenue **EUR 244.2 million (329.1)**, with a **9.8%** margin (10.1)
- Low revenue due to low y-o-y number of completed projects in the Helsinki Metropolitan area and small average size of completed apartments
- Solid apartment sales in Finland and excellent in the CEE countries



## HOUSING RUSSIA

- Capital employed<sup>1</sup> **EUR 341.0 million** (6/18: 352.5)
- Adjusted EBIT weak due to postponement of handovers, given discounts on completed apartments and weakened margins in contracting
- Sales continued on a good level, prices are on a low but stable level



## BUSINESS PREMISES

- Order backlog **EUR 1,631 million** (6/18: 1,589)
- Several new projects booked in order backlog
- Success in leasing market supporting the sale negotiations of several office premises



## INFRASTRUCTURE PROJECTS

- Adjusted EBIT **EUR 3.9 million** (7.6)
- Result includes additional costs related to the Court of Appeal's decision in a dispute related to the Niittykumpu metro tunnels
- Action plan to improve sales mix and competitiveness as well as to allocate resources to areas with highest demand



## PAVING

- Adjusted EBIT **EUR 29.3 million** (27.4) with a **9.8%** margin (8.8)
- Successful quarter in all market areas, supported by actions taken during H1
- Order backlog continuously strong, EUR 522 million (512)



## PARTNERSHIP PROPERTIES

- Project pipeline strengthened further
- Value of new projects approximately **EUR 1 billion** e.g. Telia Campus, Trigoni Helsinki High rise (published in October)
- Preparations for first major divestment ongoing

<sup>1</sup> Actual reported figures

# Success in property leasing during Q3

## DEVELOPMENT OF OCCUPANCY RATE

Project	Size, sq.m	Anchor tenant	Duration of rental agreement	Occupancy rate Q2	Occupancy rate Q3	Ownership	POC at 9/2018
Tripla Workery East	28,000	Telia Finland	15 years	0%	80%	100%	64%
Tripla Workery West	22,000	Otava-media Oy	10 years	~45%	50%	100%	37%
Tietotie 6	26,000	City of Espoo	10-20 years, 14 years on average	~40%	100%	Regenero: 40% YIT directly: ~30%	43%



## MAJOR AGREEMENTS DURING Q3

- Agreement with Telia Finland signed
- Tietotie 6 agreement signed with the City of Espoo

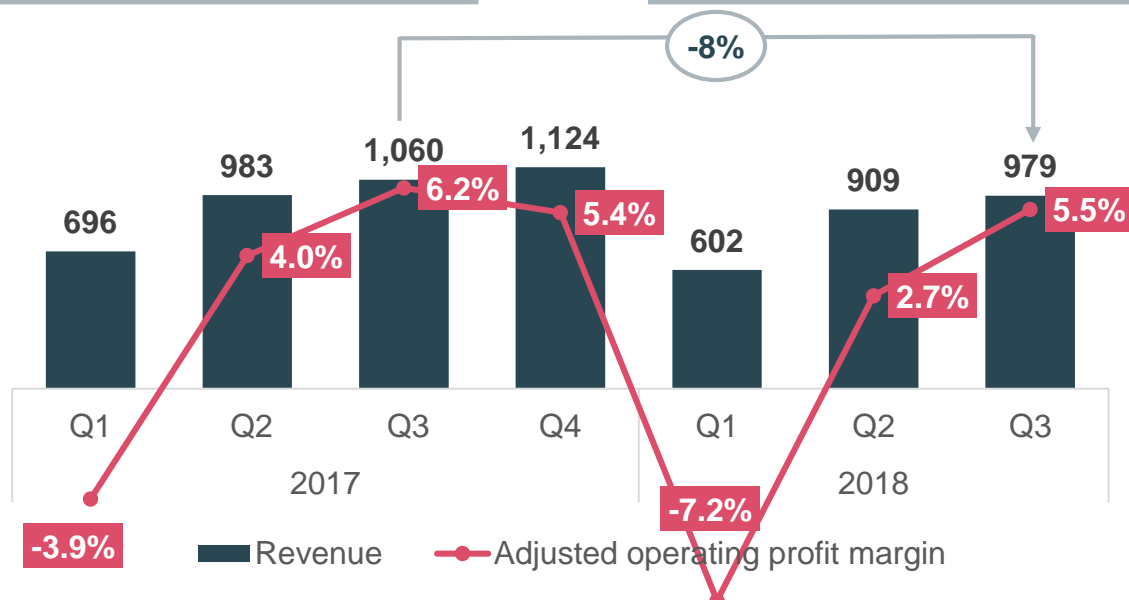
# Revenue and adjusted operating profit decreased

- Revenue decreased mainly in Housing Finland and CEE due to low y-o-y number of completed projects in the Helsinki Metropolitan area and small average size of completed apartments
- Postponements of residential projects handovers in Housing Finland & CEE and Housing Russia had an EUR -6.5 million impact on adjusted operating profit
- Order backlog strengthened 14% year-on-year to EUR 4,991 million (4,379) and 62% of it was sold (6/2018: 53)

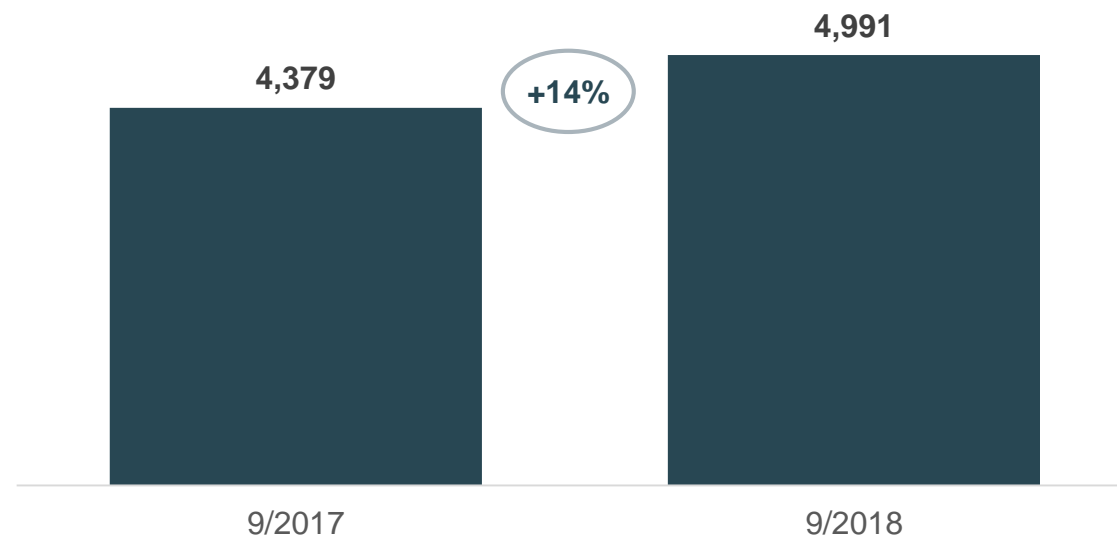
## REVENUE AND ADJUSTED OPERATING PROFIT MARGIN<sup>1</sup> (EUR million, %)

1-9/2017: EUR 2,739 million, 2.9%

1-9/2018: EUR 2,490 million, 1.4%



## ORDER BACKLOG (EUR million)



Figures above are pro forma figures. Order backlog for 9/2017 is pro forma and 9/2018 actual reported figure.

<sup>1</sup>The adjusted operating profit margin does not include material reorganisation costs, impairment or other items impacting comparability.

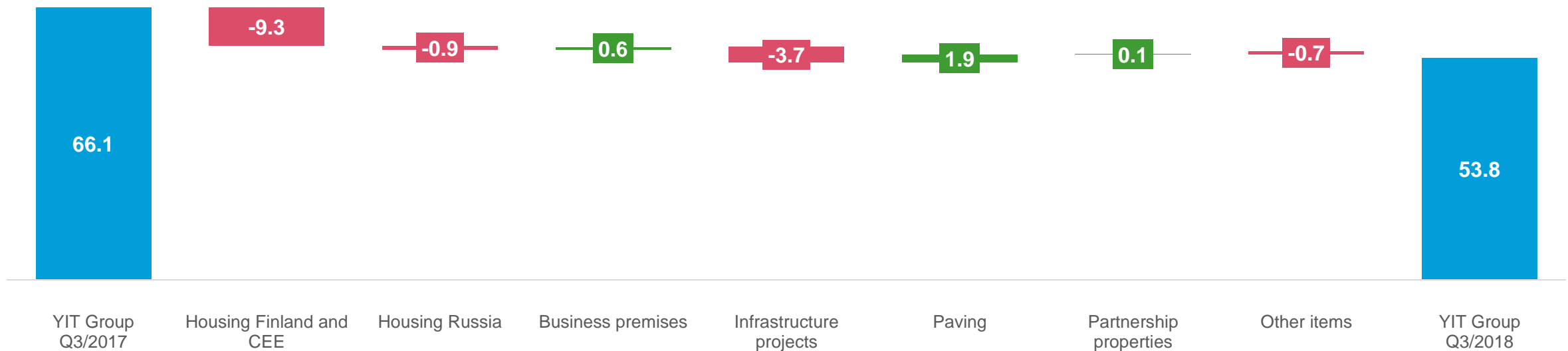


Group

# Adjusted EBIT bridge Q3/2017–Q3/2018

- Adjusted operating profit was mainly weakened in Housing Finland and CEE due to low y-o-y number of completed projects in the Helsinki Metropolitan area and small average size of completed apartments
- In Infrastructure projects, the adjusted operating profit includes costs related to the Niittykumpu metro station Court decision
- Paving had a successful quarter in all market areas
- Partnership properties will start generating profit in Q4

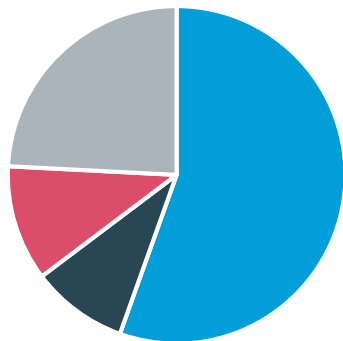
## ADJUSTED OPERATING PROFIT CHANGE, Q3/2017–Q3/2018 (EUR million)



Figures above are pro forma figures.

# 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 in 2018–2019**

## TIMING OF SYNERGY BENEFIT MEASURES

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

*cumulative from 2018, EUR million*

## ESTIMATION OF ACHIEVED SYNERGY BENEFITS, REPORTED IN EBIT

Q1/2018A	H1/2018A	1-9/2018A	2018E	2019E	2020E
3	7	9	16–20	32–40	40–50

*annual, EUR million*

## ESTIMATED INTEGRATION COSTS<sup>2</sup>

3/2018A	6/2018A	9/2018A	2018E	2019E	2020E
5	8	11	16–20	35	40

*cumulative from 2017, EUR million*

**ANNUAL SYNERGY BENEFIT TARGET<sup>1</sup> AT LEAST**

**40–50**

EUR MILLION

**COST ESTIMATE AT MAXIMUM**

**40**

EUR MILLION

<sup>1</sup> 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.

<sup>2</sup> Integration costs for 2017, EUR 4 million included in the cumulative figure

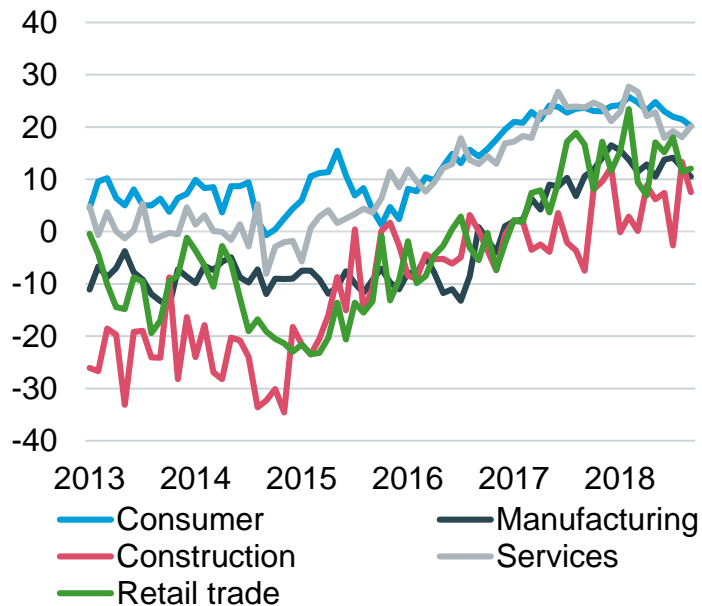
# Operating environment for housing in Q3

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

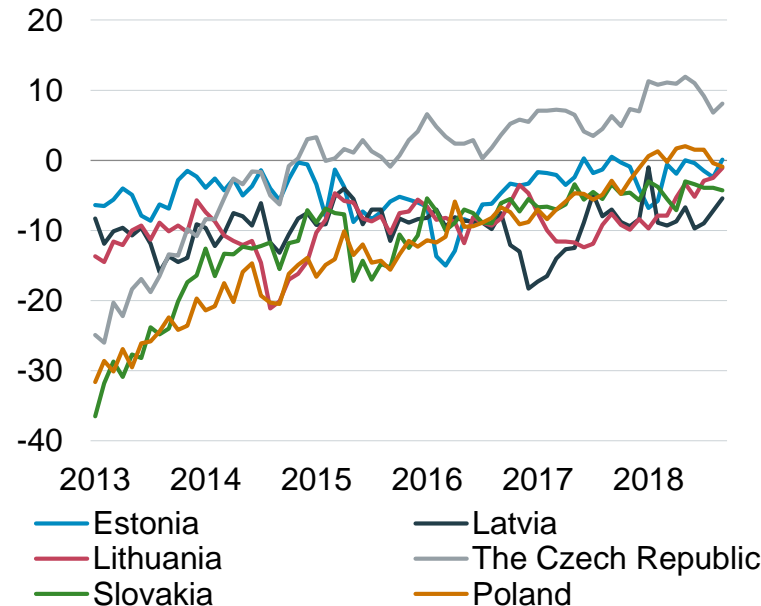
- Consumer demand was brisk in all CEE countries
- Due to increased construction volume, shortage of resources caused cost pressure

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

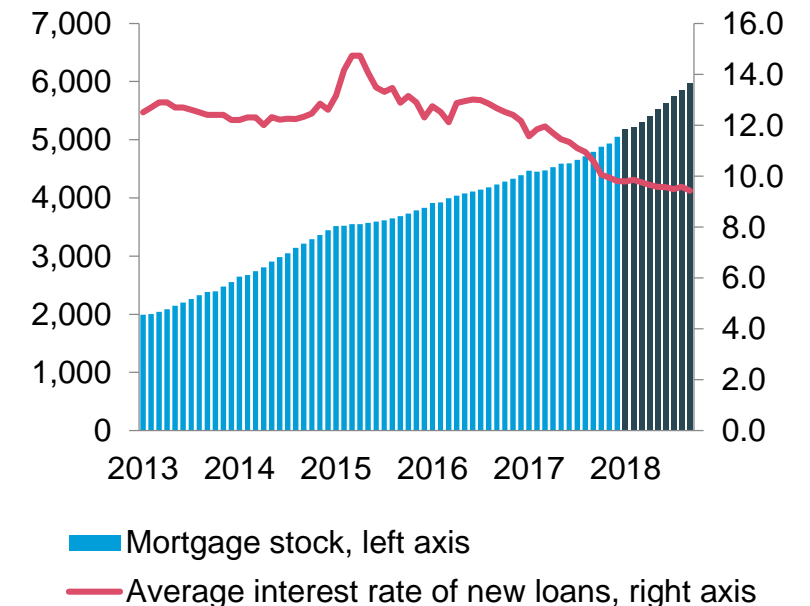
## CONFIDENCE INDICATORS IN FINLAND



## 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

# Group

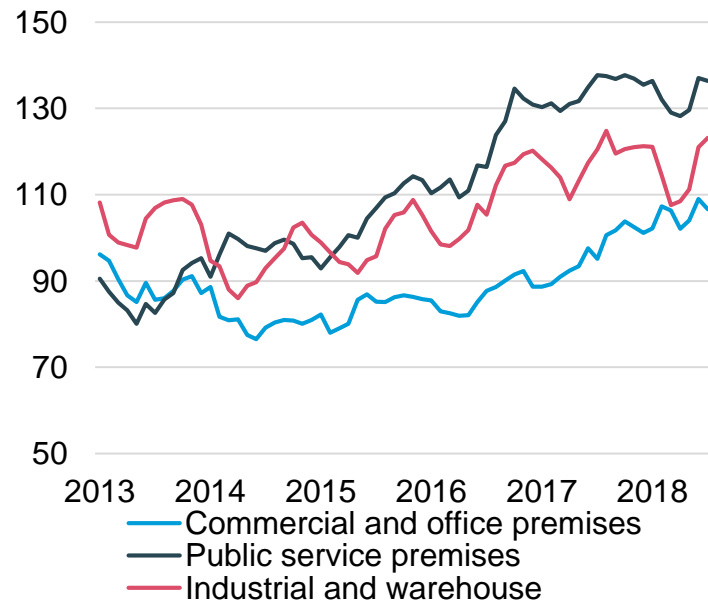
## Operating environment for business premises, infrastructure projects and paving in Q3

- 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

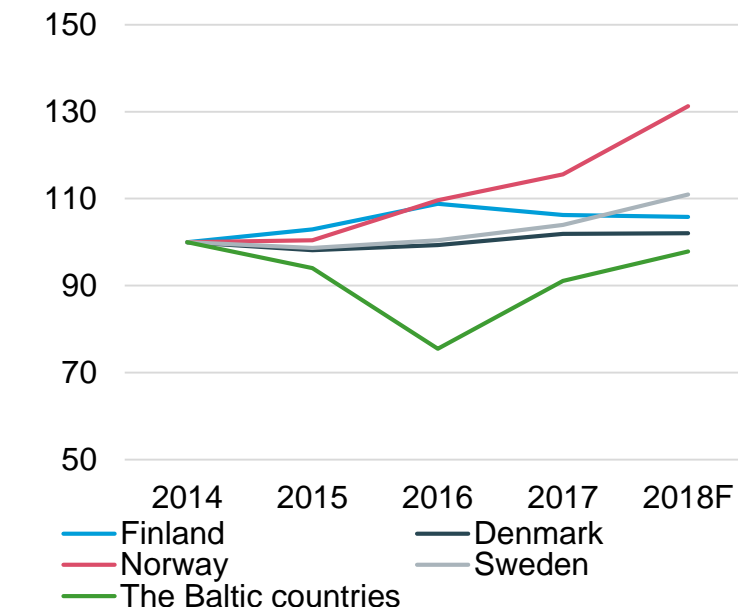
- The market for infrastructure was strong in especially in Sweden and Norway, many new infrastructure projects ongoing or in pipeline
- In Finland, volume in infrastructure construction has started to decline due to a lower number of new construction projects

- 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

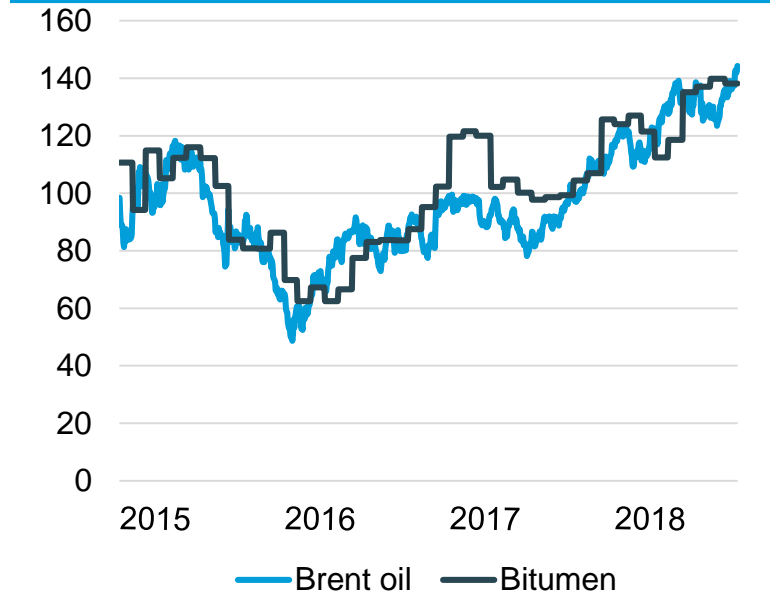
**VOLUME OF NEW CONSTRUCTION IN FINLAND**  
(index 2010=100)



**INFRASTRUCTURE MARKET**  
(index 2013=100)



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



Sources: Statistics Finland, Euroconstruct, June 2018, Bloomberg

# Market outlook for 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

# 2

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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

Focus in self-developed, longer value chain and negotiation based projects

#### NON-CYCLICAL BUSINESSES

Annual EBIT EUR >100 million from non-cyclical businesses from 2019 on



### CORNERSTONES OF SUCCESS

#### TOP PERFORMANCE

- Synergies EUR 40–50 million
- Focus on productivity improvement

#### CAPITAL EFFICIENCY

- Leaner operating model in Russia
- Annual free cashflow EUR +150 million

#### SUCCESS WITH CUSTOMERS AND PARTNERS

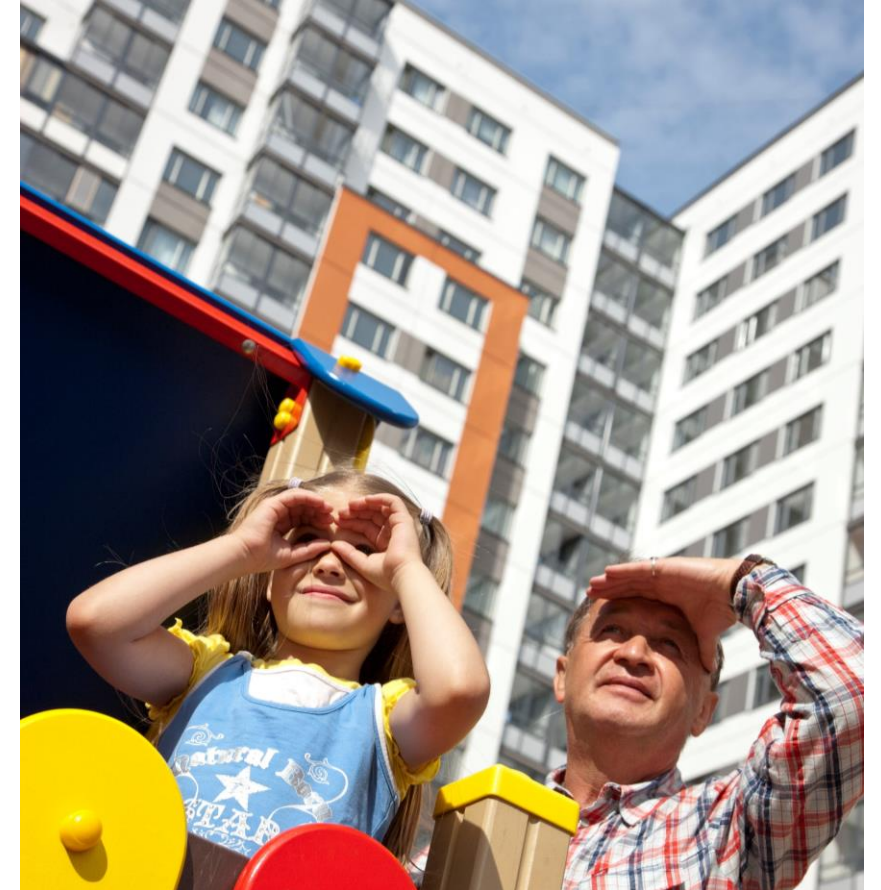
- Improving customer experience and NPS
- Deeper partnerships, higher value, more speed

#### HAPPY PEOPLE

- Common culture, open and involving way to lead
- Most preferred employer in the field

# Strategic financial targets

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





# 3

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## Segment reviews



# HOUSING FINLAND AND CEE

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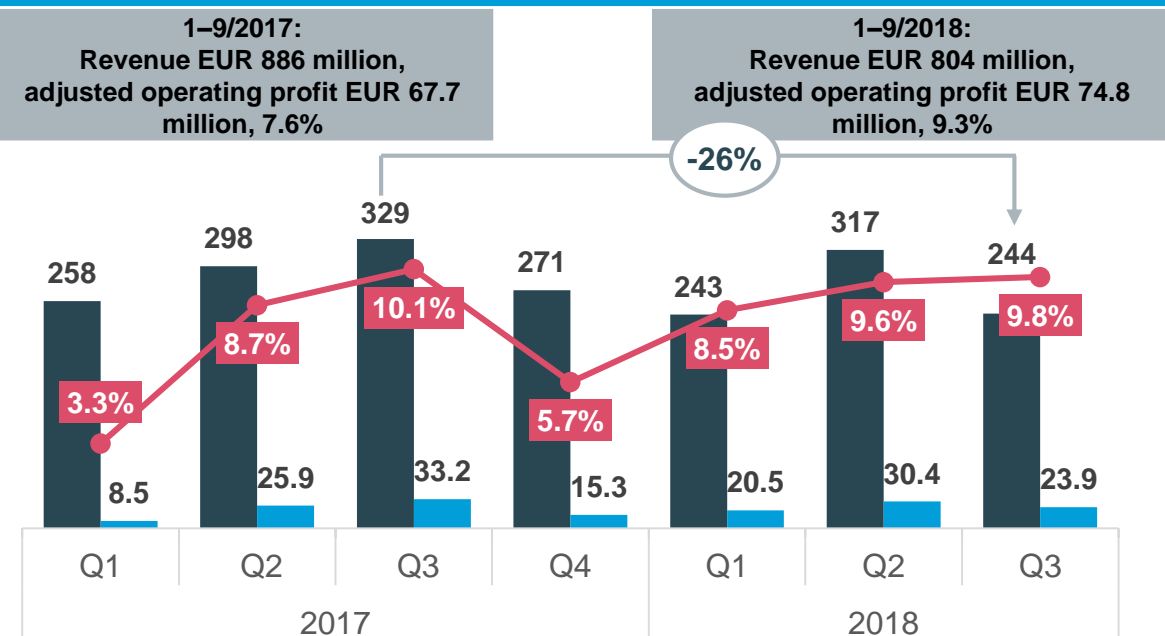
# Housing Finland and CEE

## Lower year-on-year revenue

### IFRS

- Declined revenue and adjusted operating profit due to a low y-o-y number of completed projects in the Helsinki Metropolitan area and small average size of completed apartments
- In Finland, 1,327 apartments<sup>1</sup> were completed during Q3 (1,165). In the CEE countries, 123 apartments were completed during Q3 (259)

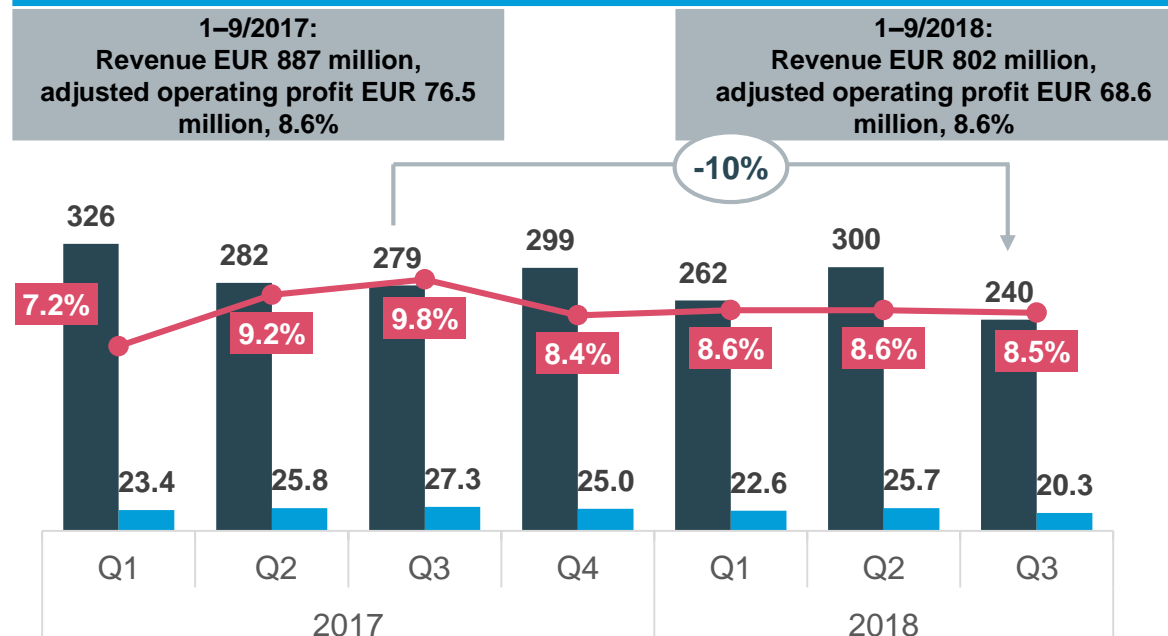
### REVENUE, ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN (IFRS, EUR million, %)



### POC

- The decline of private residential investors' demand compared to previous year had an impact on revenue and adjusted operating profit

### REVENUE, ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN (POC, EUR million, %)



Figures above are pro forma figures.

■ Revenue

■ Adjusted operating profit

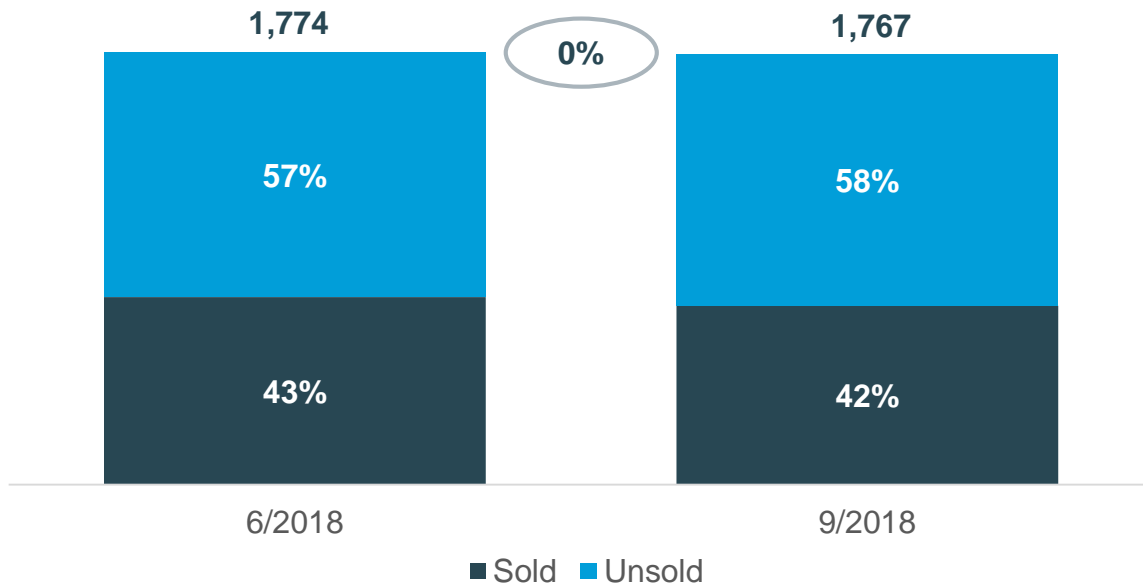
● Adjusted operating profit margin

# Housing Finland and CEE

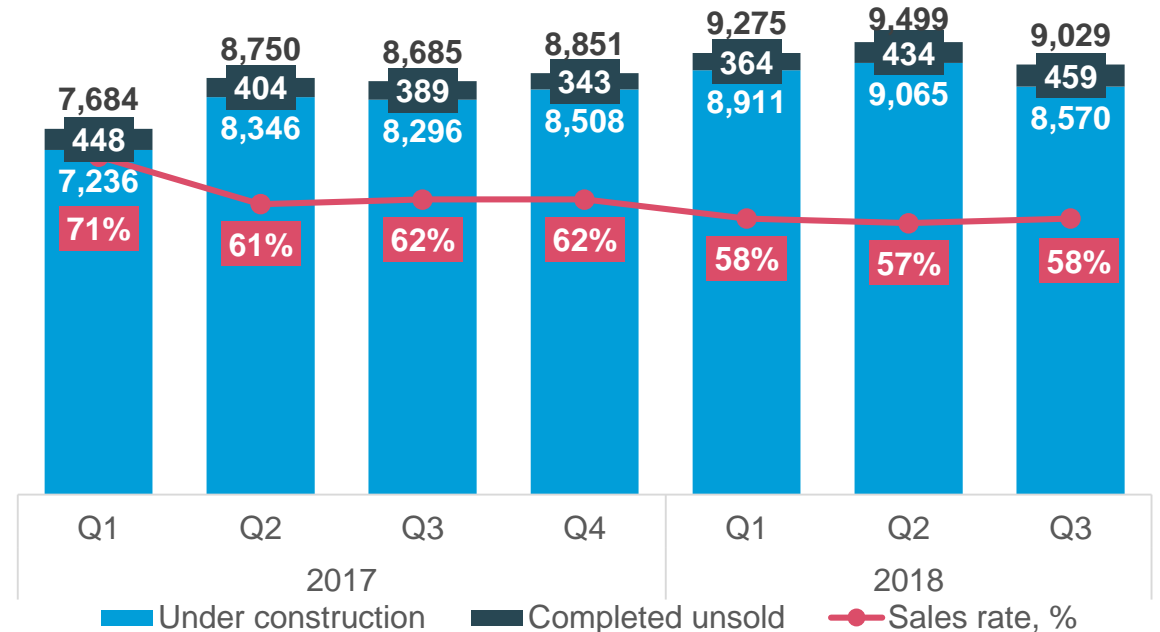
## Stable order backlog

- Number of completed unsold apartments was on the level of the end of June
- The share of CEE of the sales portfolio (units) was 32%

ORDER BACKLOG (EUR million)



APARTMENT INVENTORY (units)

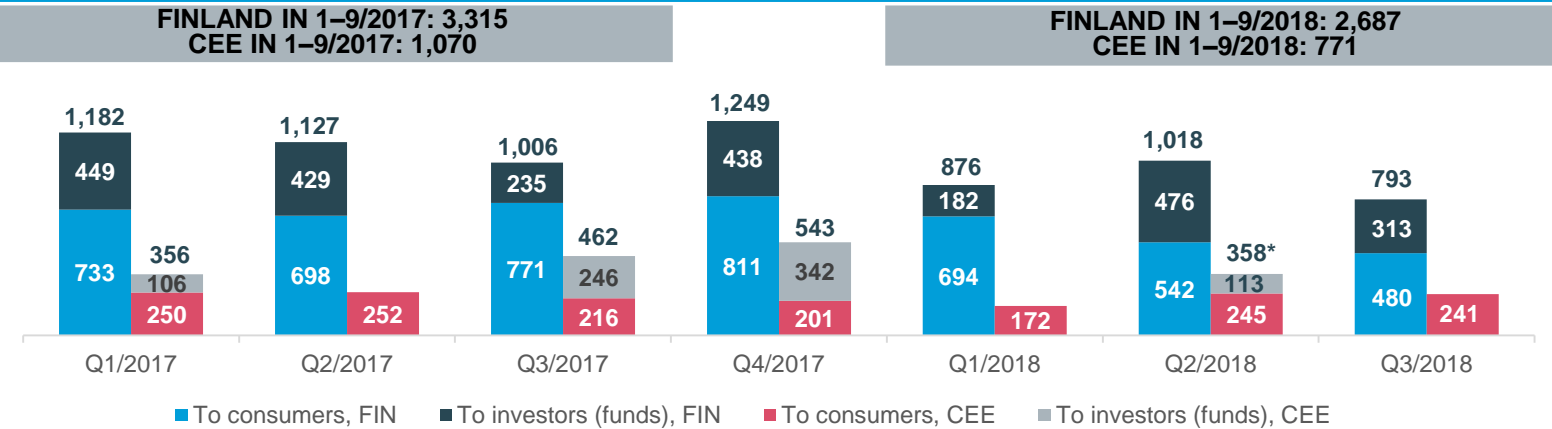


Order backlog for 6/2018 and 9/2018 are actual reported figures. Quarterly apartment inventory figures for 2017 are combined YIT and Lemminkäinen figures, and actual reported figures since Q1/2018.

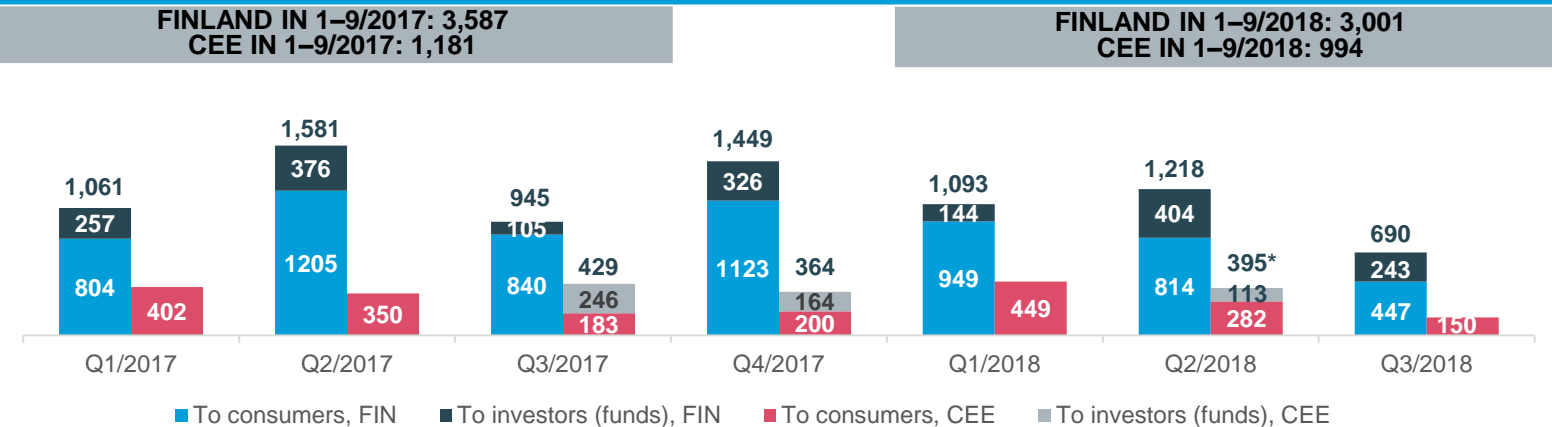
# Housing Finland and CEE

## Sales and start-ups in Q3

### SOLD APARTMENTS (units)



### APARTMENT START-UPS (units)



- Sold apartments and start-ups on the same level
- Share of apartments sold to consumers in Finland was 60%
- 70 apartments sold in bundles to investors in Finland (Q3/2017: 130)
- In October, estimated sales to consumers in Finland are about 140 units (10/2017: about 260 units) and in CEE about 120 units (10/2017: about 100 units)

- Of projects earlier sold to YCE Housing I fund and recorded as investor sales, YIT sold 66 apartments further to consumers (Q3/2017: 50)
- In October, estimated sales further to consumers are 28 units (10/2017: 28)

\* Figures have been adjusted according to sale to joint venture

# HOUSING RUSSIA

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# Revenue and adjusted operating profit decreased

## IFRS

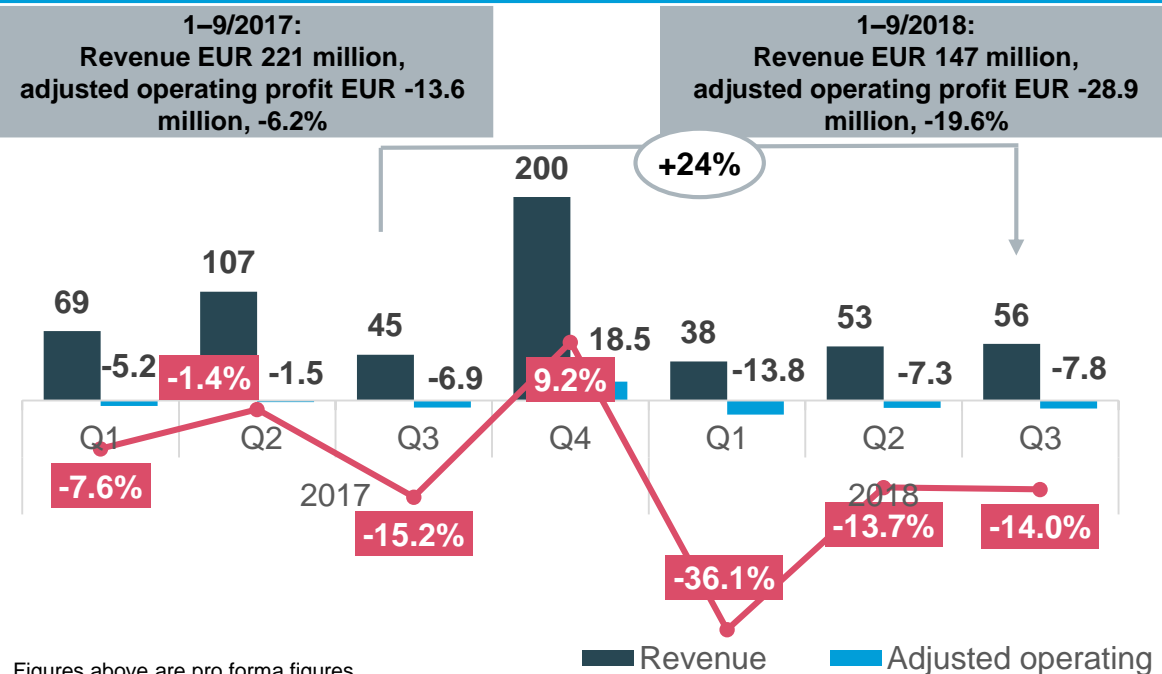
- A total of 699 apartments were completed during Q3 (931)
- Adjusted operating profit decreased due to postponement of handovers, given discounts on completed apartments to release capital employed as well as weakened margins in contracting

- Changes in the operating model made during 2018 will decrease fixed costs of the segment by EUR 10.5 million p.a. as of 6/2019.

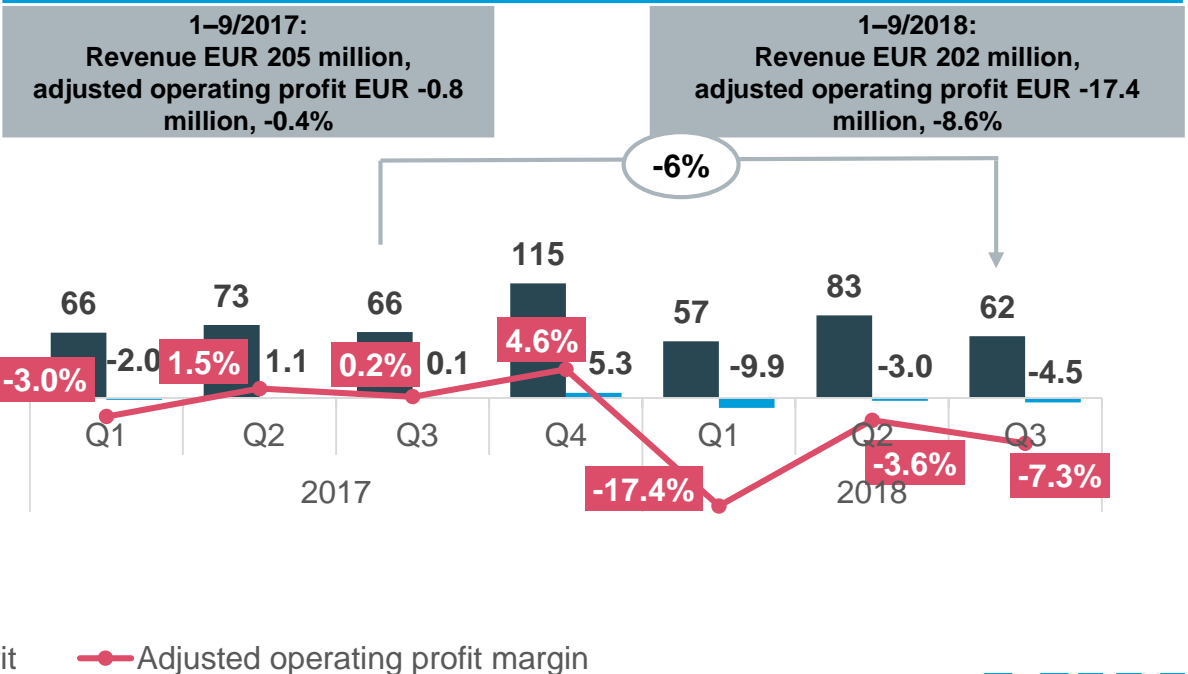
## POC

- Adjusted operating profit decreased due to given discounts to release capital employed and weakened margins in contracting

### REVENUE, ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN (IFRS, EUR million, %)



### REVENUE, ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN (POC, EUR million, %)

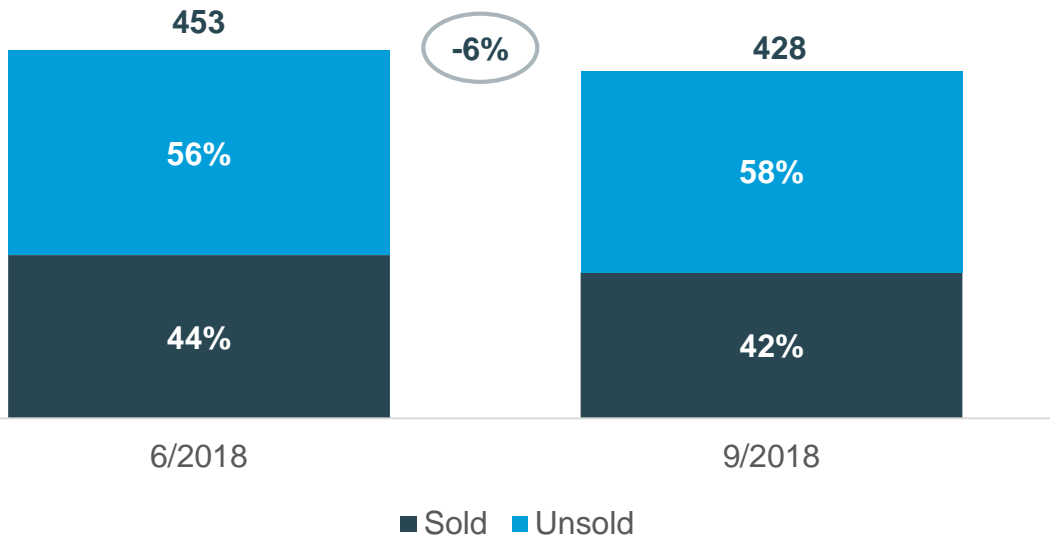


Figures above are pro forma figures.

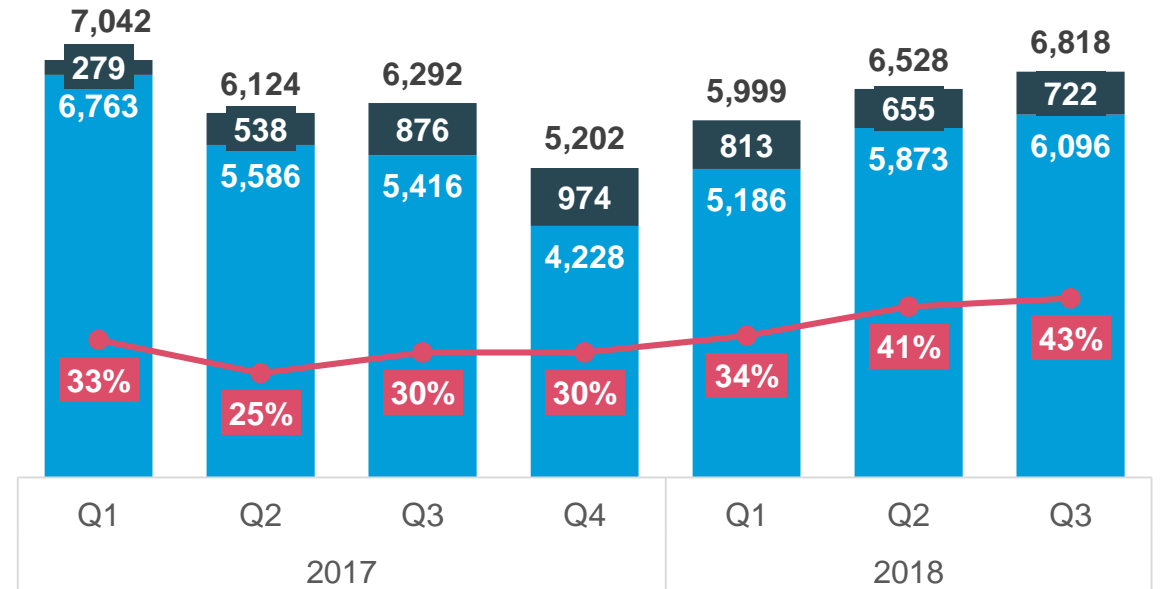
# Number of completed unsold apartments increased

- Order backlog decreased slightly
- At the end of September, YIT Service was responsible for the maintenance and the living services of almost 37,000 apartments (6/2018: almost 37,000) and in total over 46,500 clients (incl. parking spaces and business premises) (6/2018: over 46,000)

ORDER BACKLOG (EUR million, %)



APARTMENT INVENTORY (units)



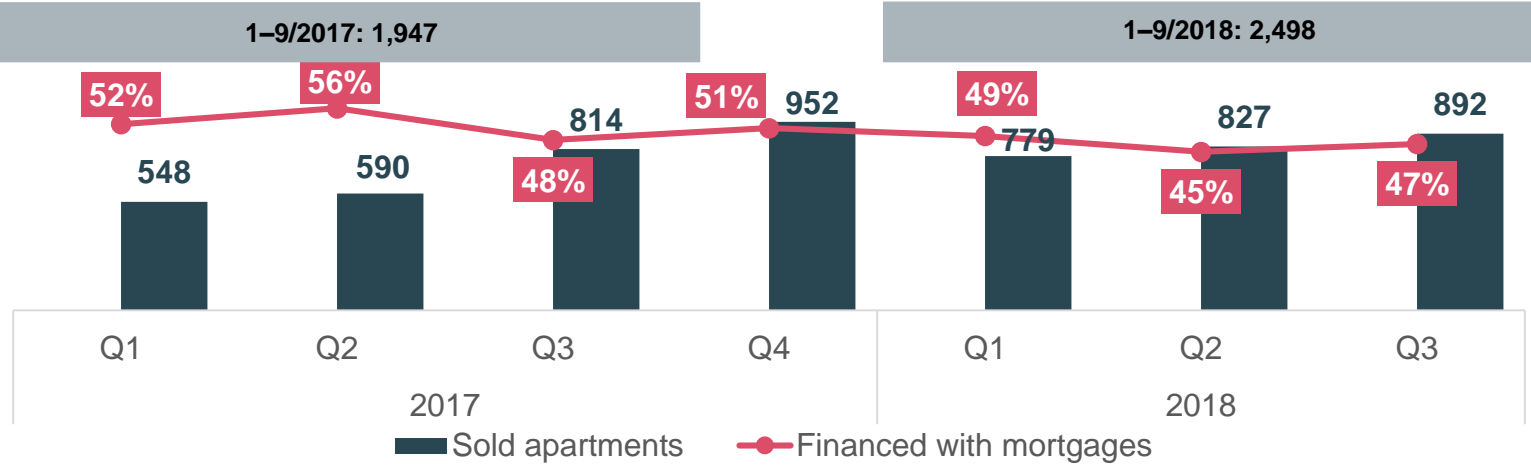
Order backlog for 6/2018 and 9/2018 are actual reported figures. Quarterly apartment inventory figures for 2017 are combined YIT and Lemminkäinen figures, and actual reported figures since Q1/2018.



# Housing Russia

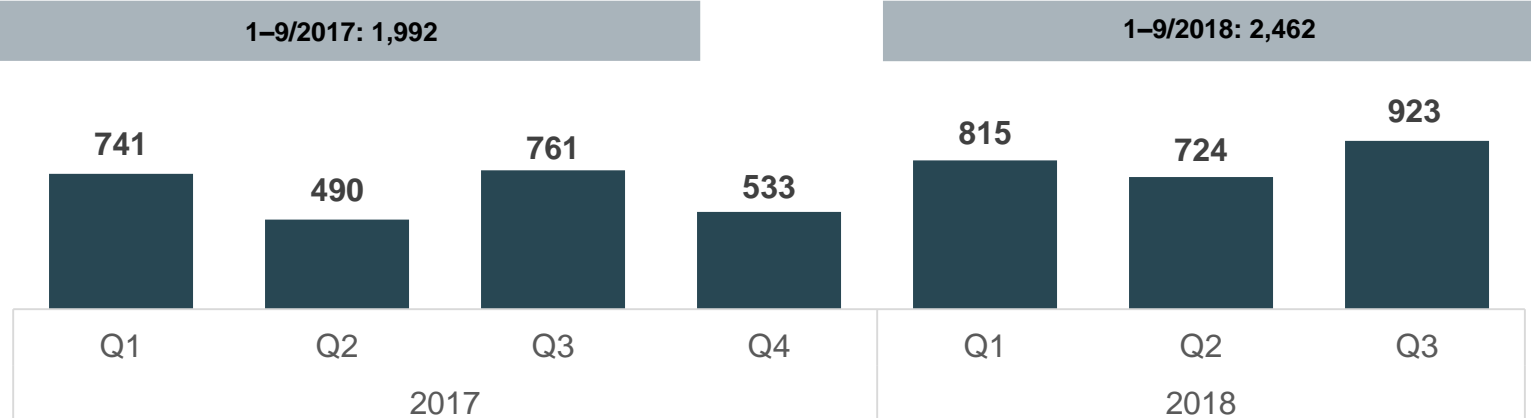
## Sales and start-ups in Q3

### SOLD APARTMENTS (units) AND SHARE OF SALES FINANCED WITH MORTGAGE (%)



- Apartment sales increased by 8%
- Start-ups increased by nearly 30%
- Share of sales financed with mortgages increased to 47%
- In October, estimated sales to consumers are around 350 units (10/2017: 250 units)

### APARTMENT START-UPS (units)



# BUSINESS PREMISES

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Telia

PASILA BC

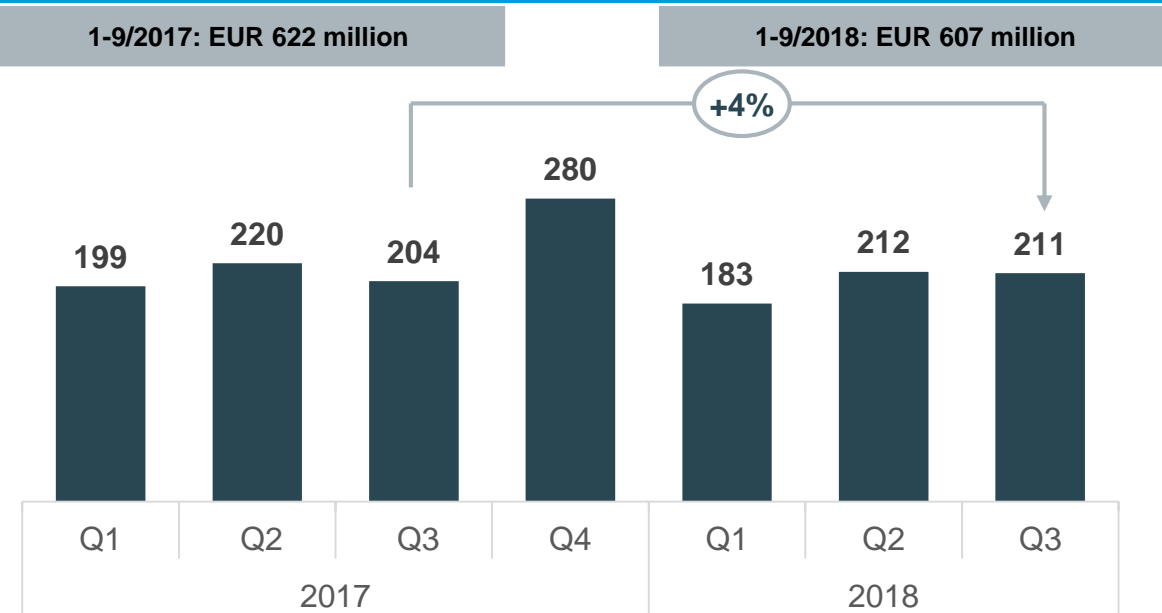
TELIA

# Business premises

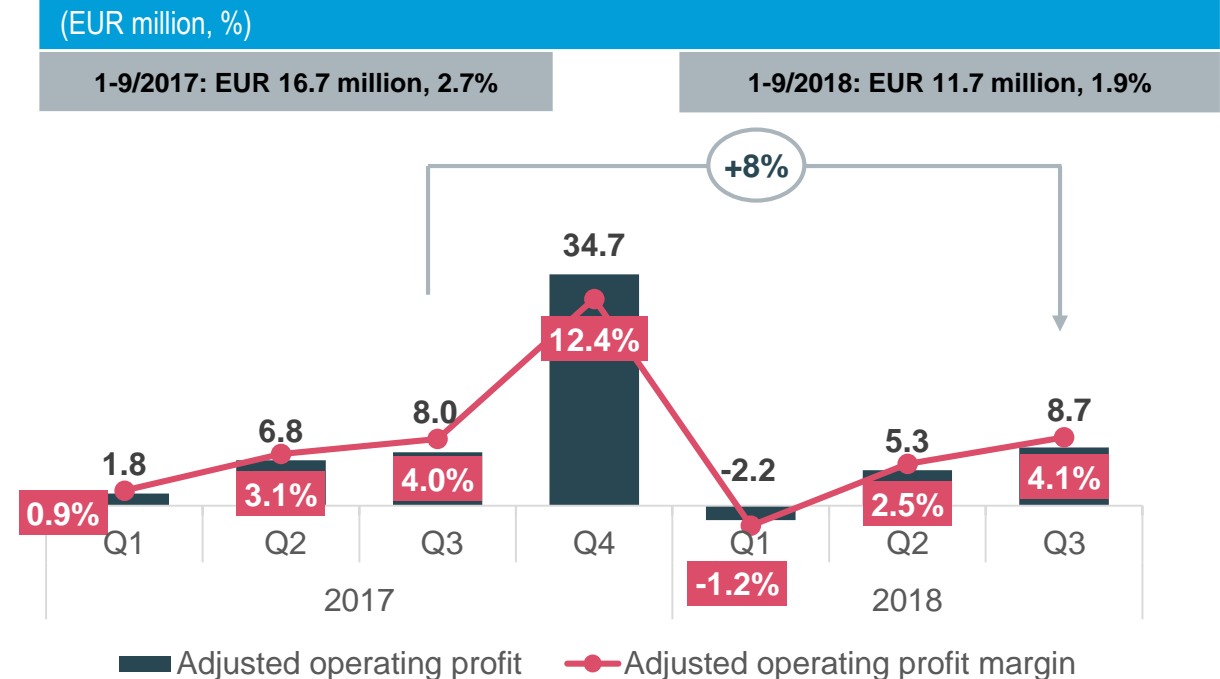
## Solid performance during third quarter

- Improved adjusted operating profit was driven by solid performance of construction sites
- Success in leasing market supporting the sale negotiations of several office premises
- YIT and Telia Finland signed a long-term lease agreement on the Tripla Workery East offices.

### REVENUE (EUR million)



### ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING PROFIT MARGIN (EUR million, %)



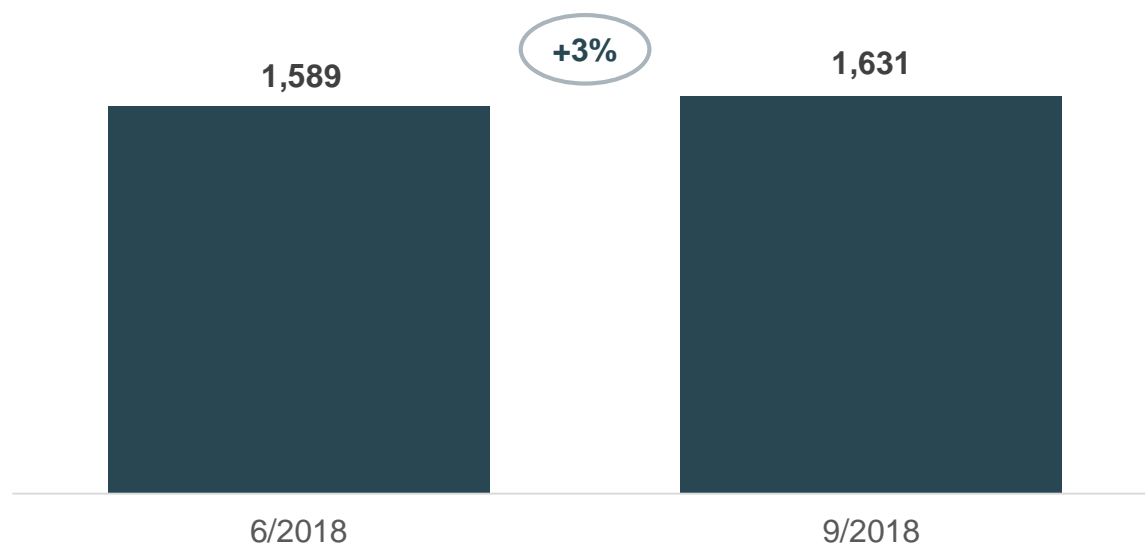
Figures above are pro forma figures.

# Business premises

## Order backlog strengthened

- Order backlog strengthened, new orders include schools, hotel, airport extension and renovation projects
- Large projects proceeding according to plan

### ORDER BACKLOG (EUR million)



Figures above are actual reported figures.

### LARGEST ONGOING BUSINESS PREMISES PROJECTS

Project, location	Project value, EUR million	Project type	Completion rate, %	Estimated completion	Sold / unsold / contracting
Mall of Tripla, Helsinki, Finland	600	Retail	64%	9/19	YIT's ownership 38.75%
Finavia air terminal expansion, Vantaa, Finland	200	Airport	69%	12/19	Contracting
Tripla hotel, Helsinki, Finland	88	Hotel	55%	3/20	Sold
Myllypuro campus, Helsinki, Finland	73	Public premises	71%	8/19	Contracting
Helsinki Central Library Oodi	61	Public premises	86%	11/18	Contracting

### UNSOLD SELF-DEVELOPED PROJECTS IN ORDER BACKLOG

Tripla office, West	n/a	Office	37%	Q1/20	Unsold
Tripla office, East I	n/a	Office	64%	Q1/20	Unsold
Tripla office, East II	n/a	Office	64%	Q1/20	Unsold

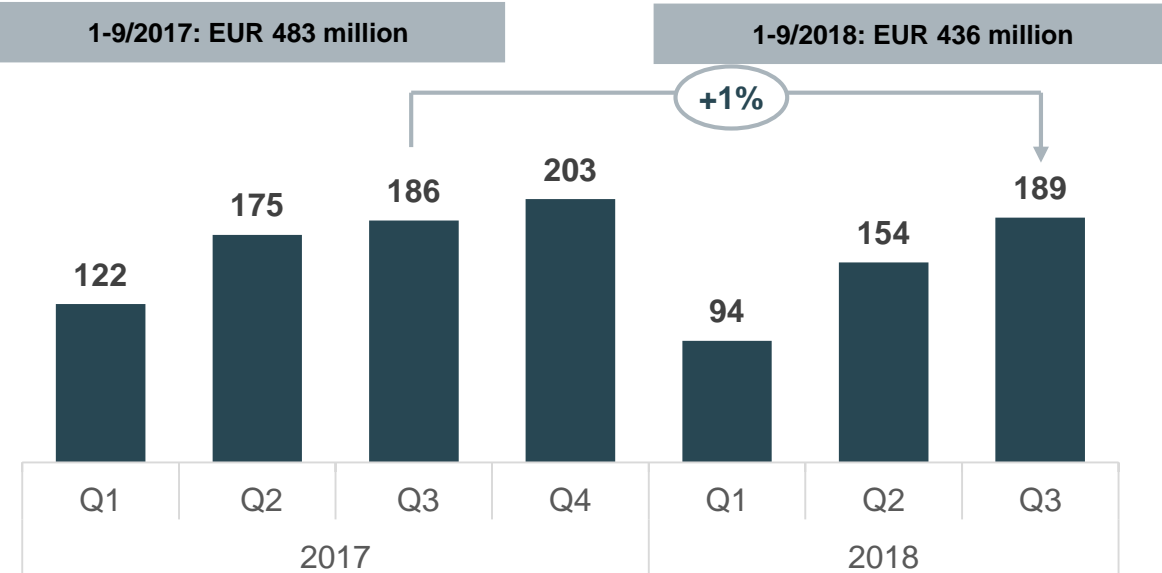
# INFRASTRUCTURE PROJECTS

# Infrastructure projects

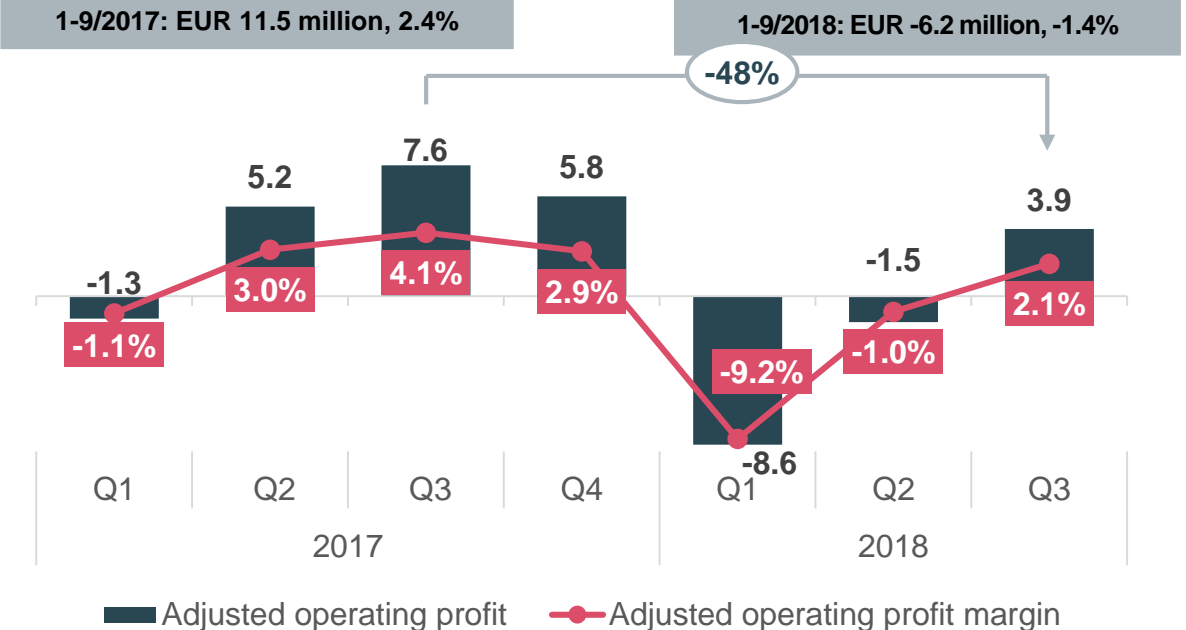
## Adjusted operating profit decreased

- Revenue was on par with the comparison period
- Adjusted operating profit decreased. The figure includes additional costs related to the Court of Appeal's decision in a dispute related to the construction of the Niittykumpu metro tunnels
- Action plan established to improve sales mix and competitiveness as well as to allocate resources to areas with highest demand

### REVENUE (EUR million)



### ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING PROFIT MARGIN (EUR million, %)

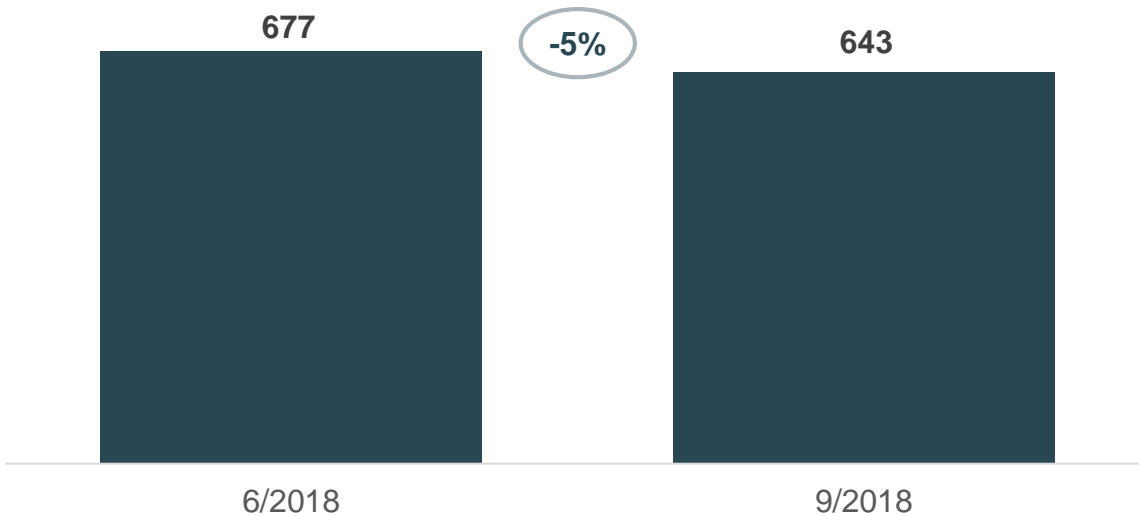


Figures above are pro forma figures.

# Order backlog declined

- Order backlog declined slightly
- New orders include for example West Metro’s Kaitaa metro station (worth EUR 33 million) and a hydro power plant in Western Norway (worth EUR 33 million)

## ORDER BACKLOG (EUR million)



Order backlog for 6/2018 and 9/2018 are actual reported figures.

## LARGEST ONGOING INFRASTRUCTURE PROJECTS

Project, location	Project value, EUR million	Completion rate, %	Estimated completion
E18 Hamina-Vaalimaa motorway, Finland	~260	99%	12/18
Blominmäki wastewater treatment plant, Espoo, Finland	~206	5%	2/22
Rantatunneli alliance project, Tampere, Finland	~180	99%	11/18
Light railway alliance, Tampere, Finland	~110	46%	12/21
Rimpi gold mine, Kittilä, Finland	~35	26%	12/21



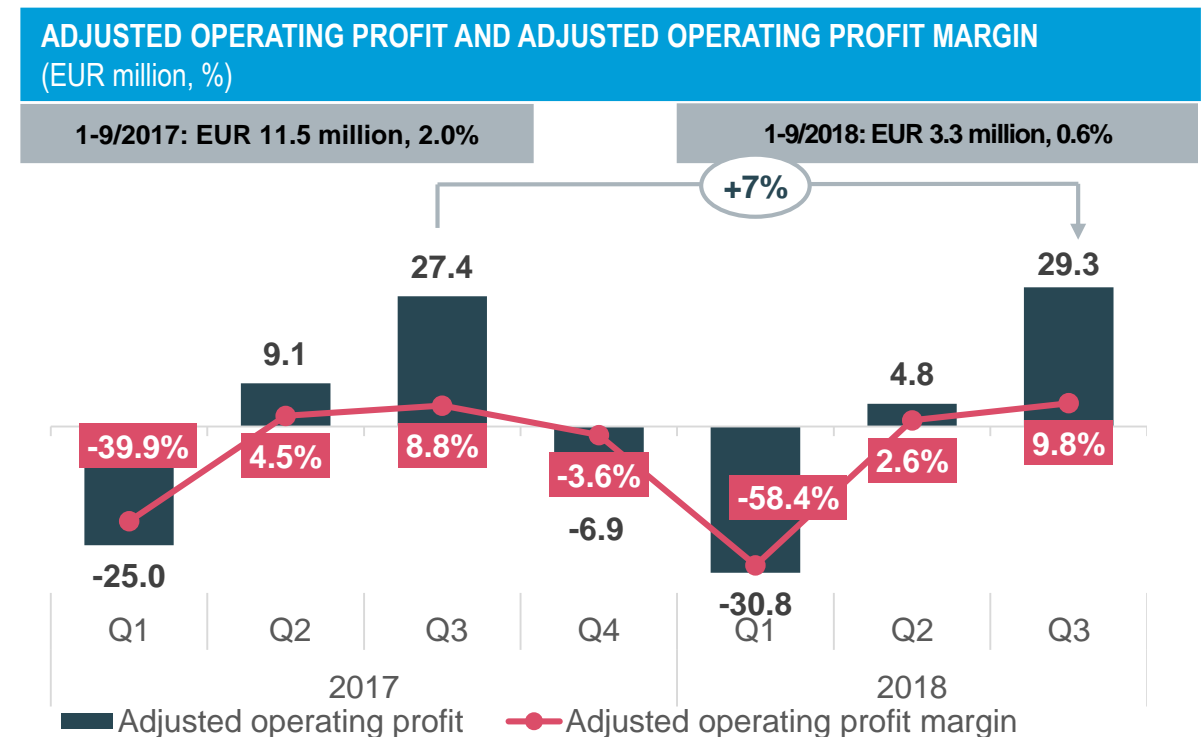
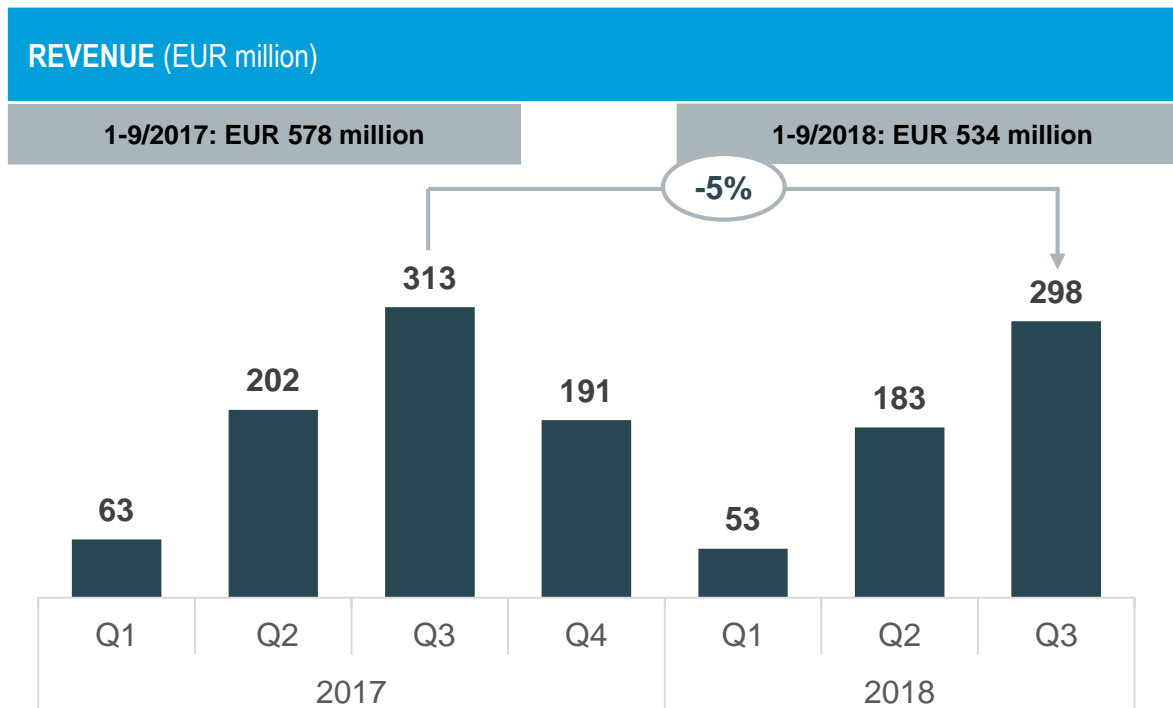
# PAVING

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# Paving Result improved year-on-year

- Revenue decreased due to lower year-on-year volumes caused by the close-downs of unprofitable asphalt stations in Sweden and Norway in H1/2018
- Adjusted operating profit and profitability improved year-on-year due to a successful quarter in all market areas, supported by actions taken during H1
- The total asphalt production volume for the third quarter was approximately 3.0 million tonnes (3.3)



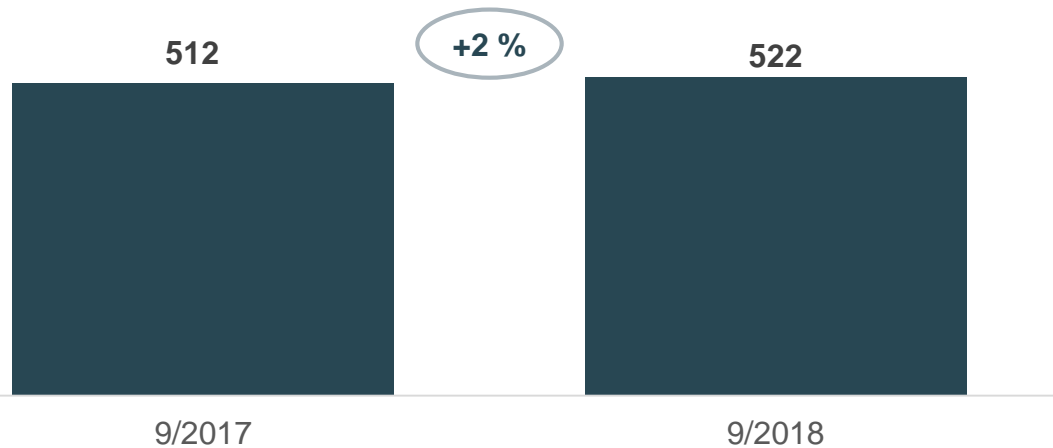
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# Paving

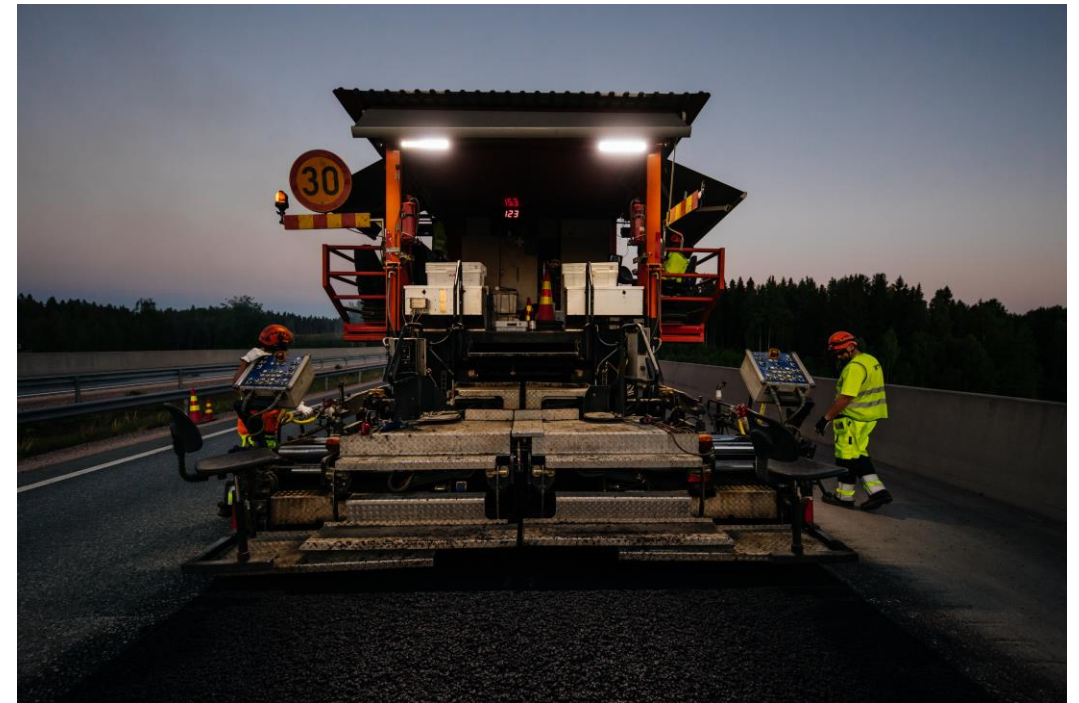
## Strong order backlog

- Order backlog is continuously strong and increased year-on-year to EUR 522 million (512). The order backlog decreased from the end of June (6/2018: 575) due to ordinary seasonal variation.
- Demand is mainly driven by the industrial and private customers as well as larger individual investments, such as highways and airports

### ORDER BACKLOG (EUR million)



Order backlog for 9/2017 is pro forma and 9/2018 actual reported figure.



# PARTNERSHIP PROPERTIES

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## Partnership properties

# Strong project portfolio

- Project pipeline strengthened further e.g. Telia Campus and Trigoni Helsinki High-rise (published in October)
- Preparations for first major divestment with Regenero Oy ongoing

Partnership (YIT's equity ownership)	Type of JV	YIT's equity investment commitments	Total investment capacity estimate, EUR million	Additional information
<b>Regenero Oy (50%)</b>	Project development company	20 <sup>1</sup>	~800 <sup>2</sup>	Jointly owned by YIT and HGR Property Partners. Regenero owns office properties in Keilaniemi and Tietotie 6, both in Espoo, Finland. The occupancy rate of the Keilaniemi property is over 60% and that of Tietotie 6 is 100%. Capital investments are made into Regenero based on needs of projects being developed.
<b>Mall of Tripla (38.75%)</b>	Shopping centre property company	117	600	Hybrid project Tripla's shopping centre part in Central Pasila, Helsinki, Finland. The joint venture is owned by YIT, Ilmarinen (38.75%), Onvest (15%) and Fennia (7.5%). Occupancy rate of the project is 82%, leasable area 85,000 square metres.
<b>E18 Hamina-Vaalimaa motorway (20%)</b>	Road company	5	235	Meridiam Infrastructure Finance II S.á.r.l. owns 80% and YIT 20% of the company. Maintenance contract until 2034.
<b>YCE Housing I fund (40%)</b>	Project development fund	15	100	Residential projects in Slovakia, the Czech Republic, Lithuania and Estonia. YIT constructs the projects owned by the fund and is responsible for selling the apartments further to consumers. Other investors include Ilmarinen (30%) and a group of Finnish investors. The fund's equity is approximately EUR 37 million.
<b>ÅB Lunastustontti I Ky plot fund (20%)</b>	Plot fund	10	100	Residential plots in Finland. YIT is responsible for finding plots for the fund. YIT develops, constructs and sells apartments built on plots owned by the fund. YIT owns 20% of the fund, other investors include Varma (40%) and Ålandsbanken (40%). The fund's equity is projected to be EUR 50 million.

<sup>1</sup> YIT's current equity investment in Regenero and YIT's direct investment in Tietotie 6

<sup>2</sup> Includes the entire Keilaniemenranta area development project

# 4

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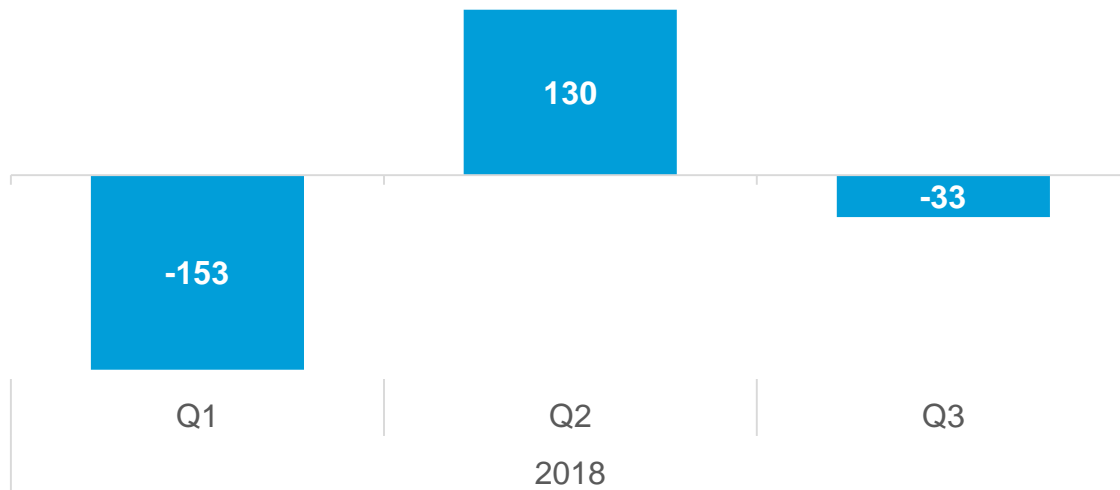
## Financial position and key ratios



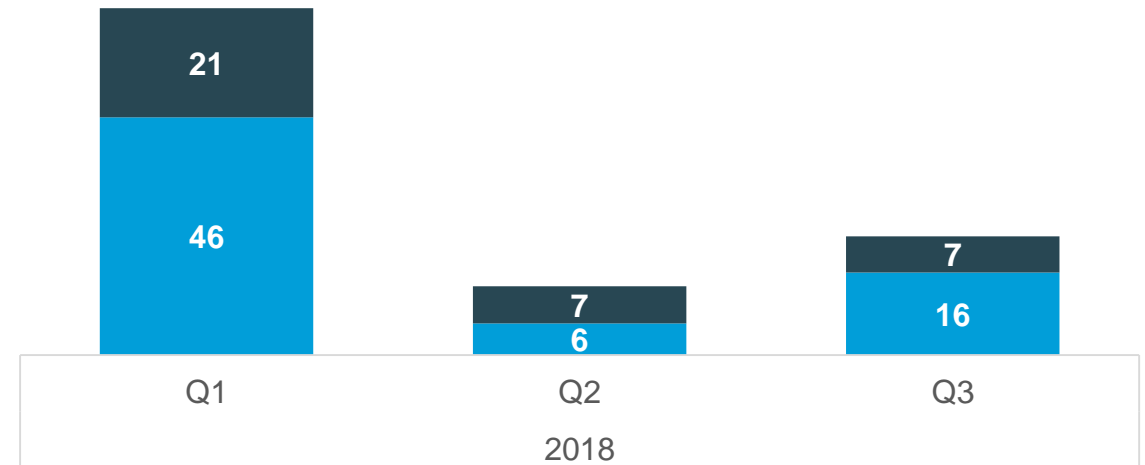
# Operating cash flow negative

- Operating cash flow after investments was EUR 33 million negative due to changes in working capital
- Strong cash flow in Paving, negative cash flow in Housing Finland & CEE and Business premises

OPERATIVE CASH FLOW AFTER INVESTMENTS (EUR million)



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



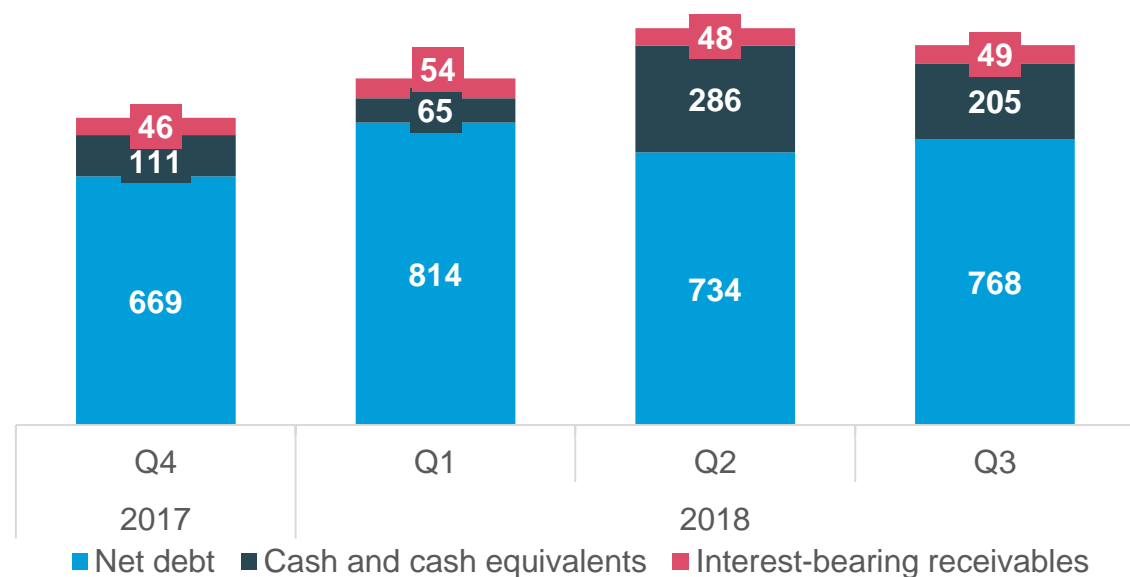
- Cash flow from investments to associated companies and joint ventures
- Cash flow from plot investments

Figures above are actual reported figures.

# Net debt increased due to negative operating cash flow

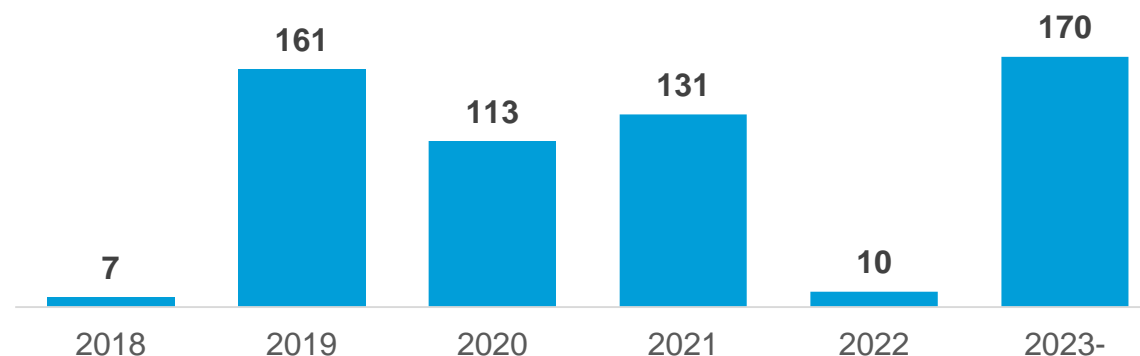
- No major changes in loan portfolio
- During Q3, the company agreed on using 1 year extension option of its RCF, new maturity is in August 2021.

INTEREST-BEARING NET DEBT (EUR million)



Figures above for 12/2017 are pro forma based and actual figures since 3/2018.

MATURITY STRUCTURE, NOMINAL AMOUNTS<sup>1</sup> (EUR million)

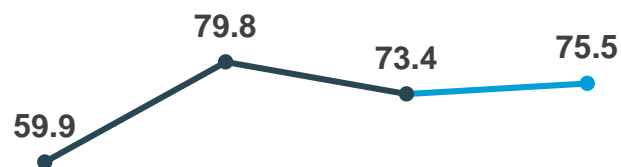


<sup>1</sup> Excluding housing corporation loans, EUR 237.8 million (these loans will be transferred to the buyers of the apartments when the units are handed over), and commercial papers, EUR 192.0 million.

# Financial key ratios in Q3

- Gearing was 75.5% (6/2018: 73.4)
- The company's new strategic target for gearing is 30–50%

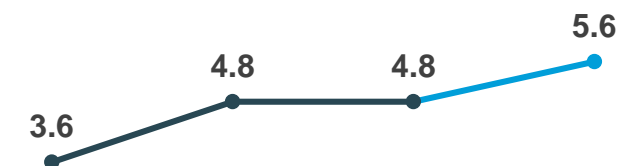
GEARING<sup>1</sup> (%)



EQUITY RATIO (%)



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



Q4 2017	Q1 2018	Q2 2018	Q3 2018

Q4 2017	Q1 2018	Q2 2018	Q3 2018

Q4 2017	Q1 2018	Q2 2018	Q3 2018

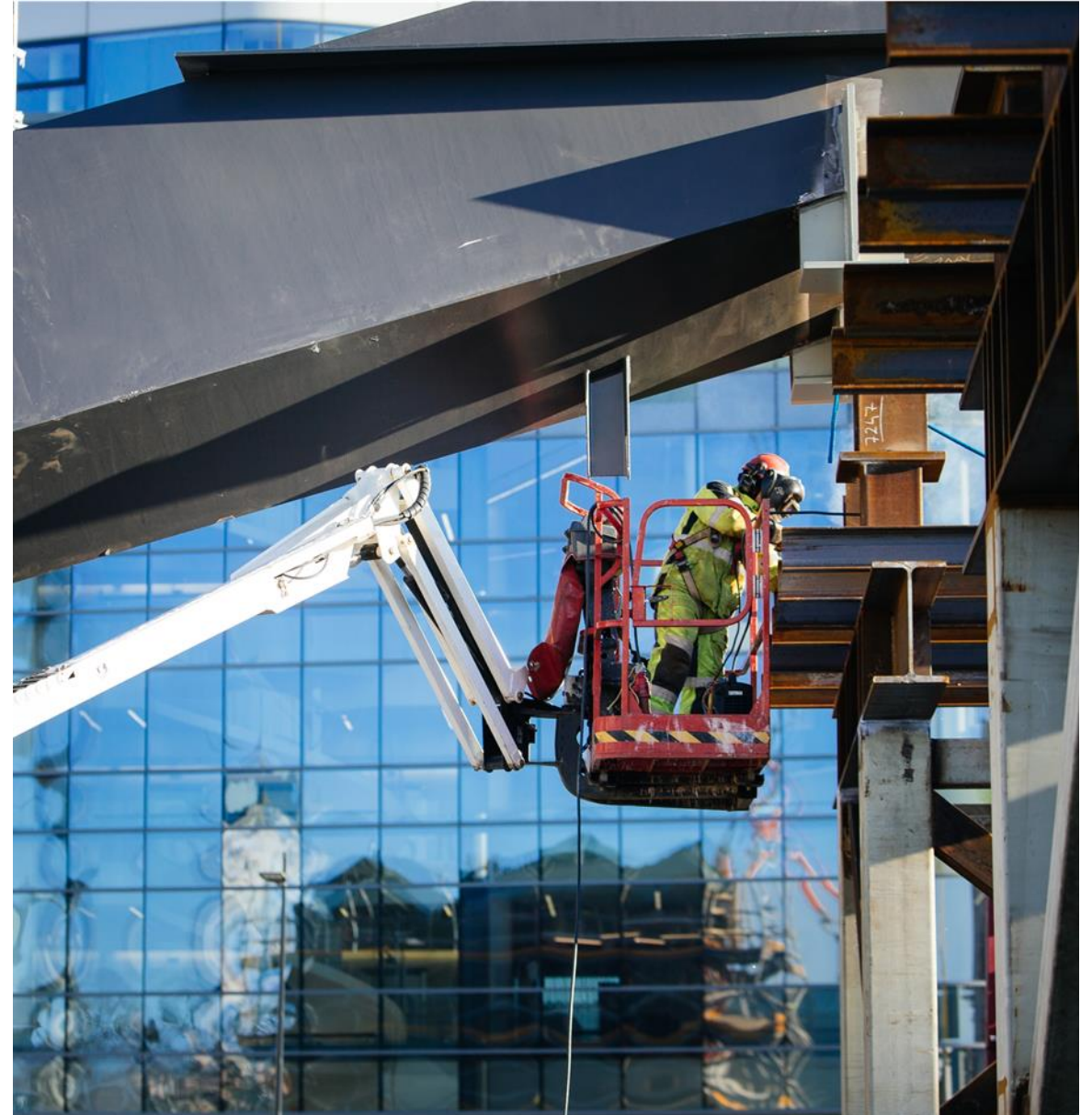
Q4/2017 figures are pro forma based and actual reported figures since Q1/2018.  
<sup>1</sup> YIT has changed the definition of gearing so that interest-bearing receivables are included in the calculation



# Summary of financials in Q3

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- Negative operative cash flow
- The company's new strategic target for gearing is 30–50%



# 5

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## Outlook and guidance



# Estimated completions of consumer apartment projects under construction

Apartments under construction in total on September 30, 2018: 14,666 (6/2018:14,938). The table below shows the company's current estimate of completed consumer apartment projects under construction, 13,250 apartments in total. In addition, the company has 1,416 apartments that are recognised in accordance with POC. Previously, the company has given estimate regarding the entire housing stock under construction. 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.

	1-9/2018 Actual	Q4/2018 Estimate	Q1/2019 Estimate	Q2/2019 Estimate	Q3/2019 Estimate	Later
Finland <sup>1</sup>	2,526	1,100	800	1,000	400	1,204
CEE <sup>2</sup>	784	600	300	400	600	750
Russia <sup>3</sup>	979	2,000	0	800	700	2,596
<b>In total</b>	<b>4,245</b>	<b>3,700</b>	<b>1,100</b>	<b>2,200</b>	<b>1,700</b>	<b>4,550</b>

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

<sup>2</sup> 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.

<sup>3</sup> 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 2018 unchanged (as given on June 27, 2018)

The Group **pro forma revenue 2018** is estimated to **decrease by -2% – -6%** from pro forma revenue 2017 (pro forma 2017: EUR 3,862.5 million).

In 2018, the **adjusted pro forma operating profit<sup>1</sup>** is estimated to be in the range of **EUR 130–160 million** (pro forma 2017: EUR 138.9 million).

## GUIDANCE RATIONALE

- The guidance for 2018 is based on, among others, the estimated timing of completions of residential projects under construction and the company's solid order backlog. YIT estimates that in 2018 approximately **5,100 apartments** in Finland and CEE<sup>1</sup>, and approximately **3,000 apartments** in Russia will be completed for consumers.
- At the end of September, **62%** of the backlog was sold.
- During the year, YIT has signed several significant, long-term lease agreements and the estimate regarding the adjusted operating profit<sup>2</sup> includes divestment of several business premises in the Helsinki metropolitan area to final investors during the fourth quarter. In the fourth quarter, the adjusted pro forma operating profit<sup>2</sup> is expected to be clearly better than last year.

<sup>1</sup> The figure for CEE includes projects sold to YCE housing fund I.

<sup>2</sup> 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 the tables section of the January–September 2018 Interim Report. YIT reports in accordance with IFRS principles.

# Additional information

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# 6

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## Appendices



# Appendices

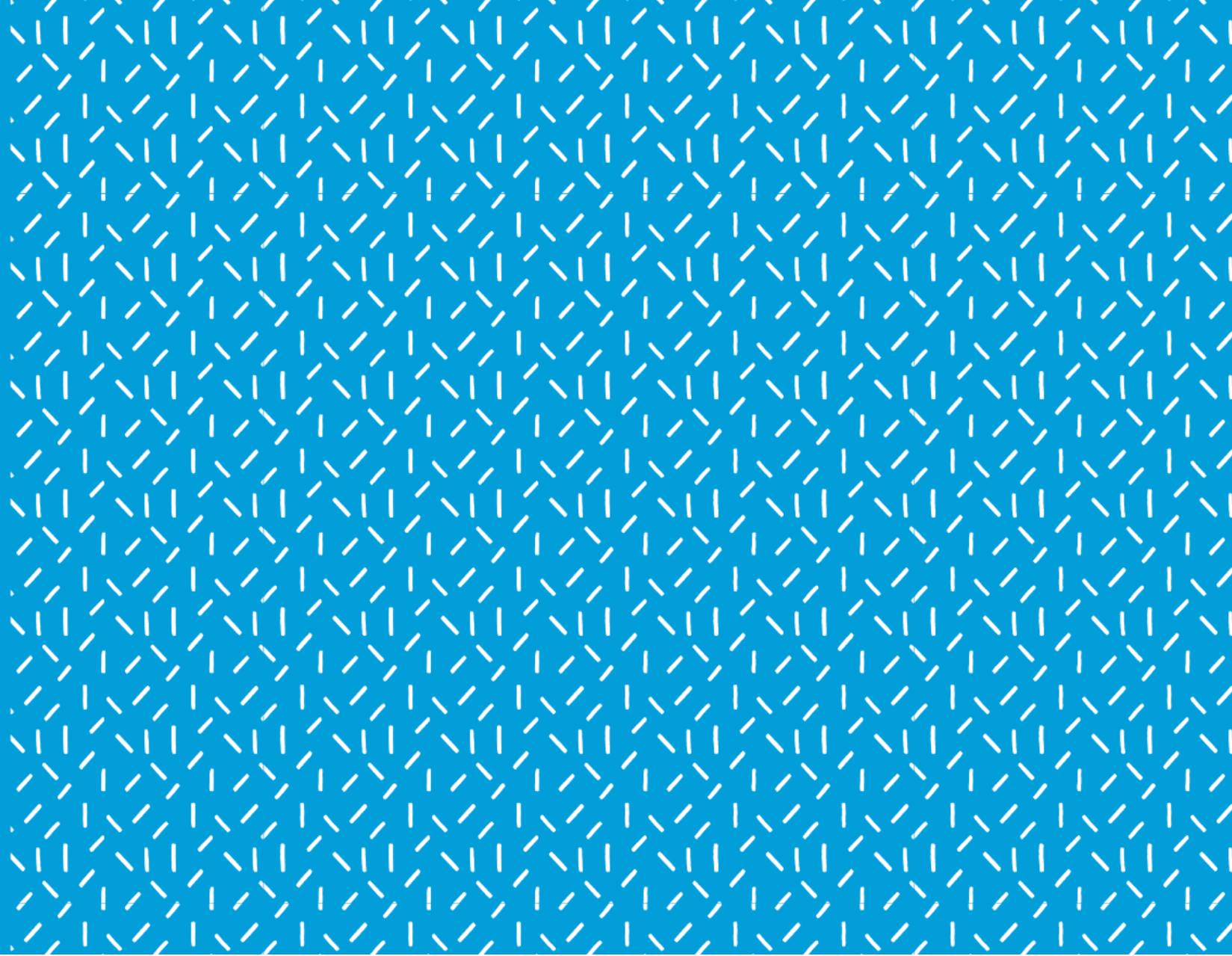
- I. Key figures and additional information about financial position
- II. Share ownership
- III. General economic and construction indicators
- IV. Housing indicators
- V. Business premises, infrastructure and paving indicators





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## Key figures and additional information about financial position





# Key figures

EUR million	Reported 7–9/18	Pro forma 7–9/18	Pro forma 7–9/17	Change	Reported 1–9/18	Pro forma 1–9/18	Pro forma 1–9/17	Change <sup>1</sup>	Pro forma 1–12/2017
Revenue	979.2	979.2	1,059.5	-8%	2,420.4	2,490.3	2,738.9	-9%	3,862.5
Operating profit	44.1	48.6	60.1	-19%	16.1	8.7	40.3	-78%	77.4
Operating profit margin, %	4.5%	5.0%	5.7%	-	0.7%	0.3%	1.5 %	-	2.0%
Adjusted operating profit	53.8	53.8	66.1	-19%	52.9	34.9	78.5	-56%	138.9
Adjusted operating profit margin, %	5.5%	5.5%	6.2%	-	2.2%	1.4%	2.9%	-	3.6%
Adjustments	9.7	5.2	6.0	-14%	36.8	26.2	38.2	-31%	61.5
Order backlog	4,990.8	4,990.8	4,378.9	14%	4,990.8	4,990.8	4,378.9	14%	4,218.3
Result before taxes	37.1	41.6	54.7	-24%	-11.5	-17.5	19.8	-	50.7
Result for the period <sup>2</sup>	32.4	36.0	44.5	-19%	-11.2	-20.4	15.5	-	26.3
Earnings per share, EUR	0.16	0.17	0.21	-18%	-0.06	-0.10	0.07	-	0.13
Operating cash flow after investments, excluding discontinued operations	-33.0	n/a	n/a	-	-55.8	n/a	n/a	-	n/a
Equity ratio, %	34.8%	n/a	n/a	-	34.8%	n/a	n/a	-	40.2%
Interest-bearing net debt	767.8	767.8	n/a	-	767.8	767.8	n/a	-	668.5
Gearing <sup>3</sup> , %	75.5%	n/a	n/a	-	75.5%	n/a	n/a	-	59.9%
Number of personnel at end of period	10,205	10,205			10,205	10,205			9,721

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

<sup>2</sup> Attributable to equity holders of the parent company

<sup>3</sup> 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

# Examples of new projects in Q3

- Long-term lease agreement on the Tripla Workery East offices with Telia
- Kaitaa metro station, Phase 2 of West Metro, Espoo, Finland (~EUR 33 million)
- New hydropower plant in the Hordaland County, Western Norway (~EUR 33 million)
- Merenoja comprehensive school in Kalajoki, Finland (~EUR 30 million)
- Several new road and city maintenance projects in Finland (total value ~EUR 45 million)
- New production, storage and office premises for Huhtamäki in Hämeenlinna, Finland
- Expansion of a water basin in Gällivare, Northern Sweden



# Foreign exchange rates in Q3

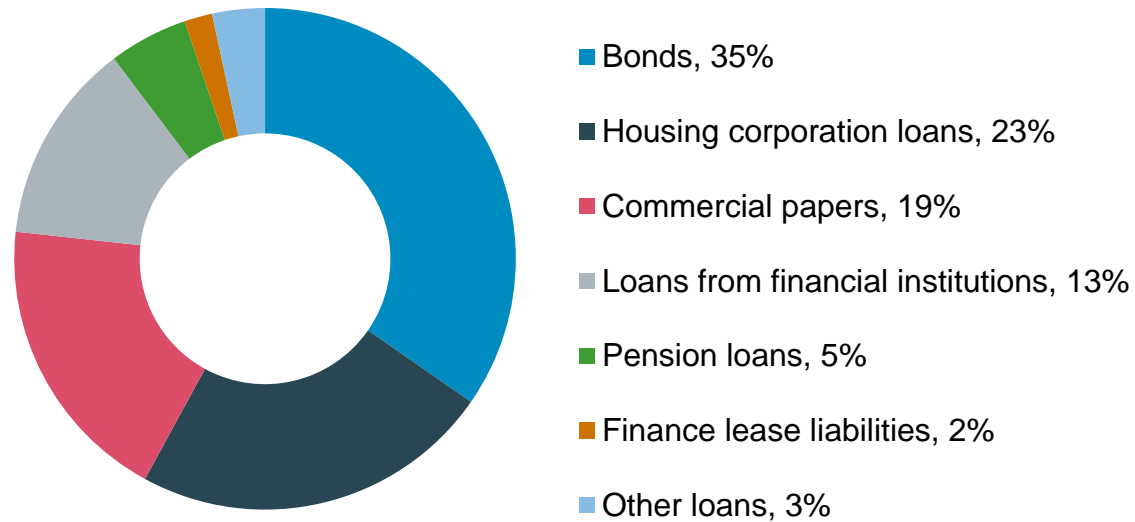
## PRINCIPLES OF MANAGING CURRENCY RISKS

- 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

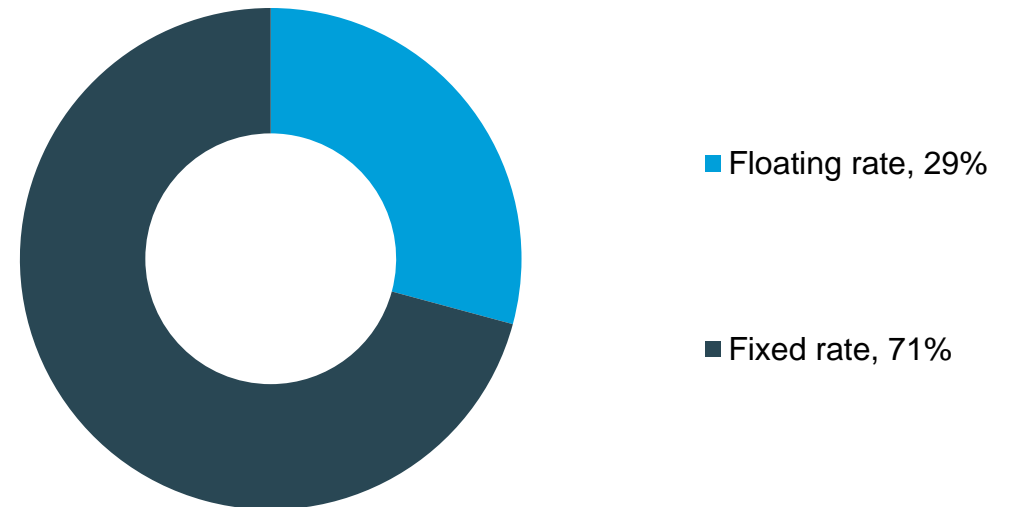
EUR/RUB exchange rates	1–9/2018	1–9/2017	1–12/2017
Average rate	73.4342	64.9392	65.9183
Quarter-end rate	76.1422	68.2519	69.3920

# Balanced debt portfolio

DEBT PORTFOLIO<sup>1</sup> AT THE END OF THE PERIOD 9/2018, EUR 1,021 MILLION



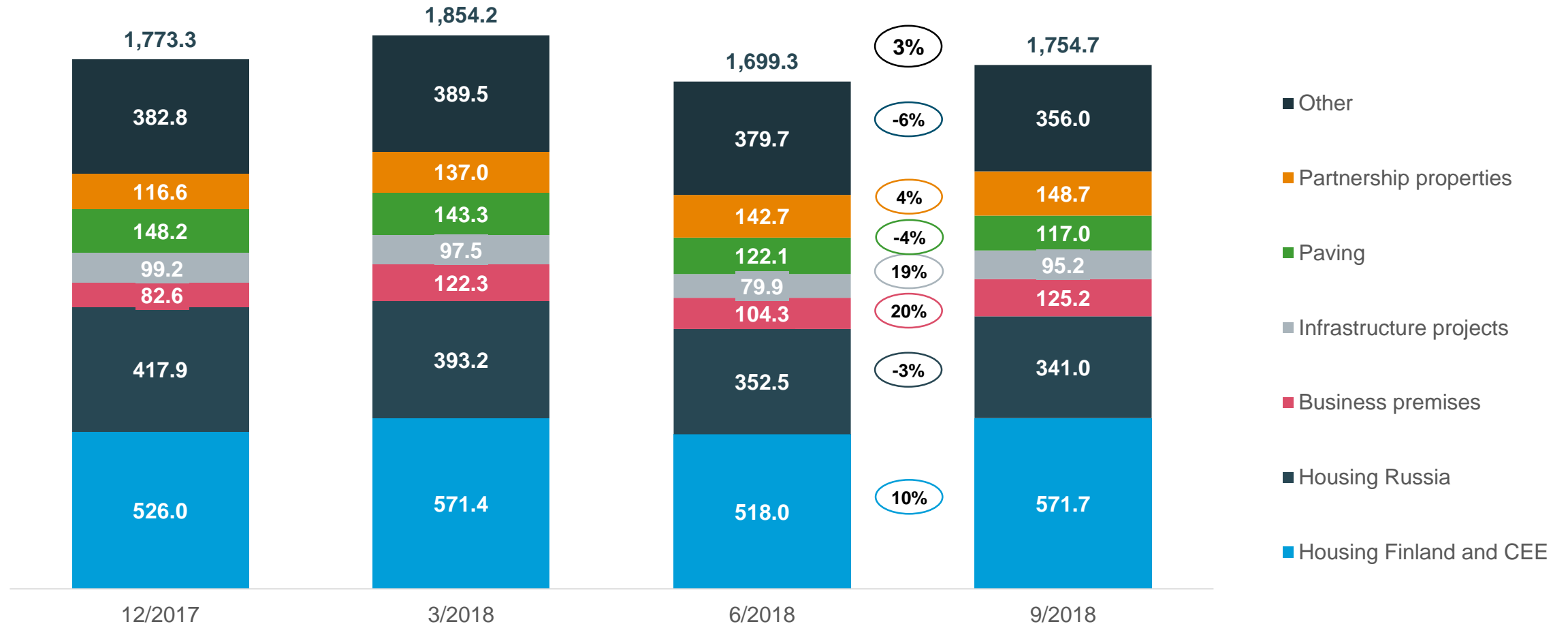
INTEREST RATE DISTRIBUTION OF THE DEBT PORTFOLIO AT THE END OF 9/2018



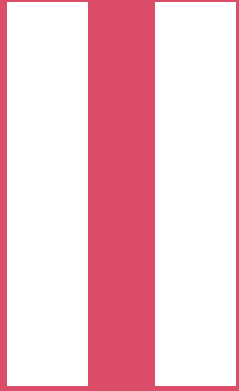
<sup>1</sup>Debt portfolio based on actual reported figures as at September 30, 2018

# Group Capital employed

CAPITAL EMPLOYED BY SEGMENTS<sup>1</sup> (at the end of period)



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



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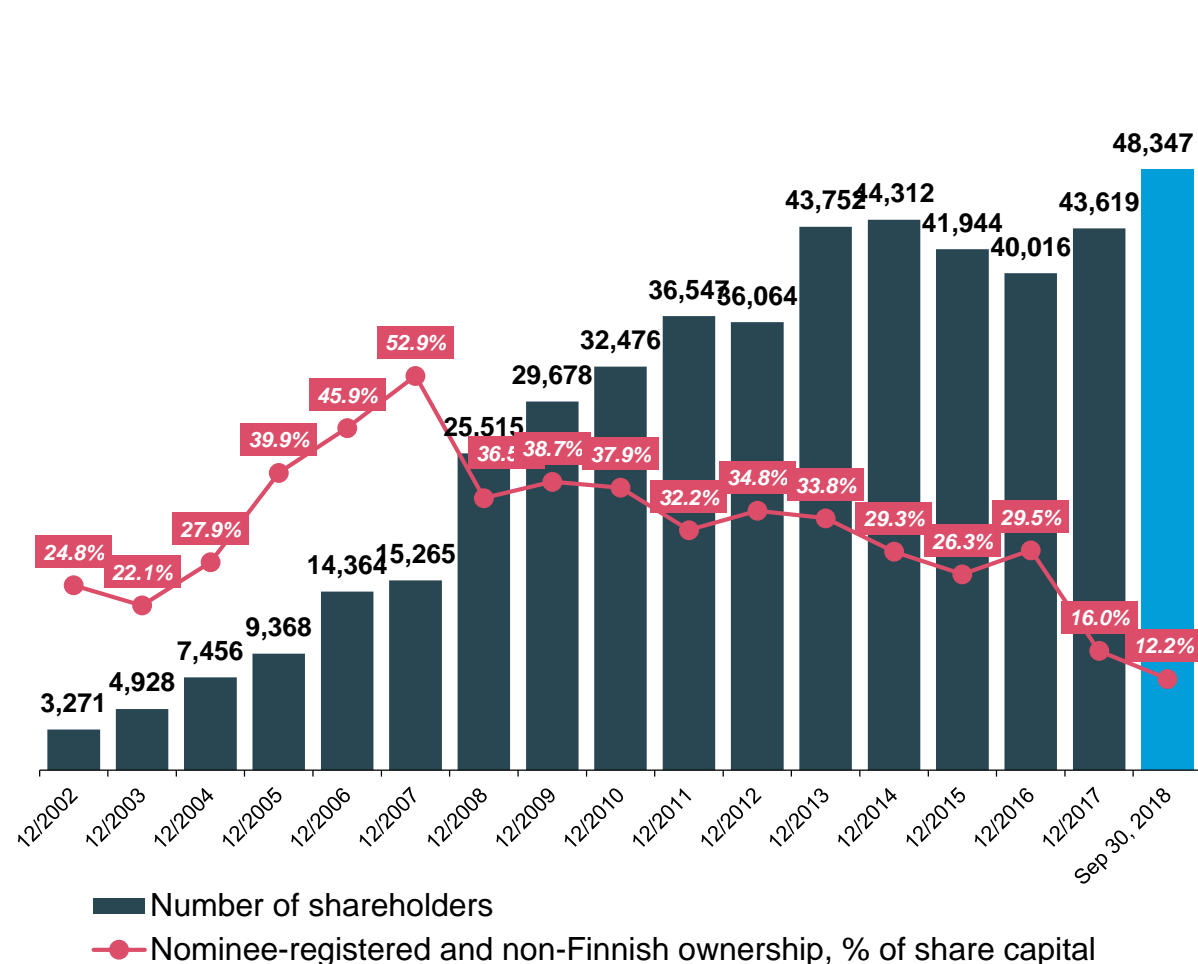
## Share ownership

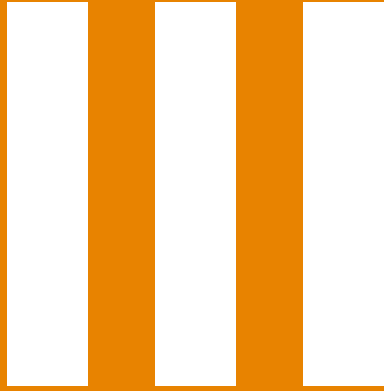
# YIT's shareholders

## MAJOR SHAREHOLDERS ON SEPTEMBER 30, 2018

Shareholder	Shares	% of share capital
1. Tercero Invest AB	21,675,000	10.27
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. The State Pension Fund	3,275,000	1.55
Ten largest total	92,060,663	43.61
Nominee registered shares	19,915,233	9.43
Other shareholders	99,123,957	46.96
<b>Total</b>	<b>211,099,853</b>	<b>100.00</b>

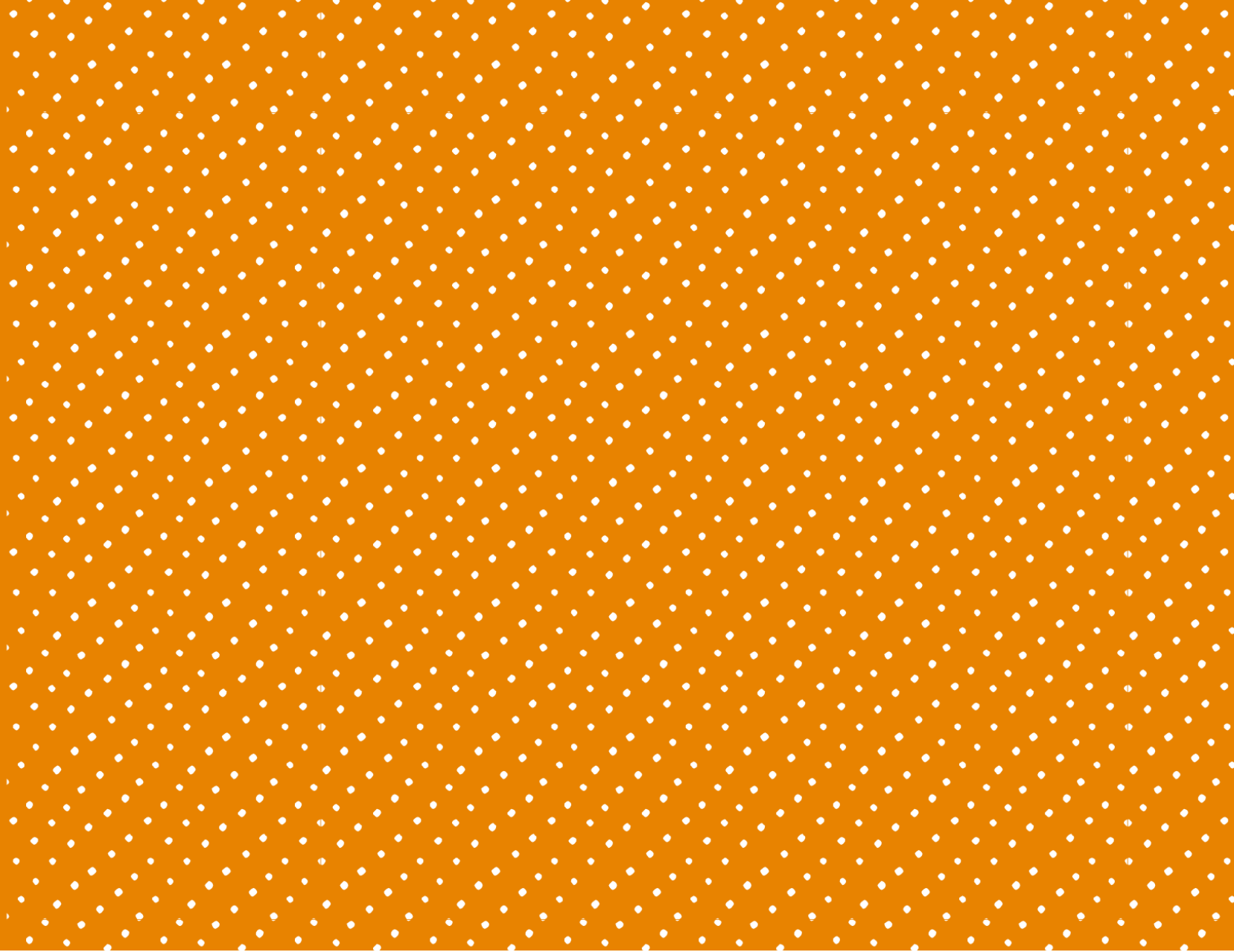
## NUMBER OF SHAREHOLDERS AND SHARE OF NOMINEE-REGISTERED AND NON-FINISH OWNERSHIP, SEPTEMBER 30, 2018





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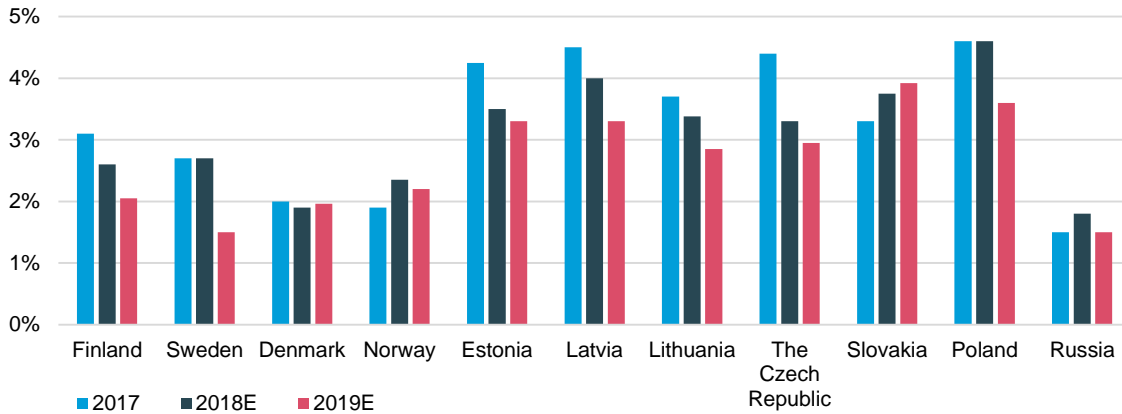
## General economic and construction indicators



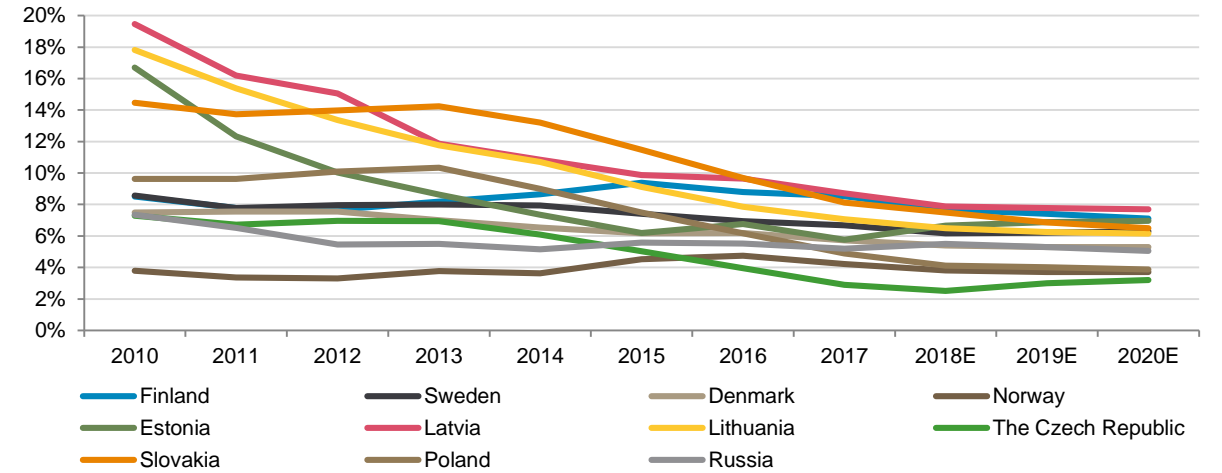


# General economic and construction indicators

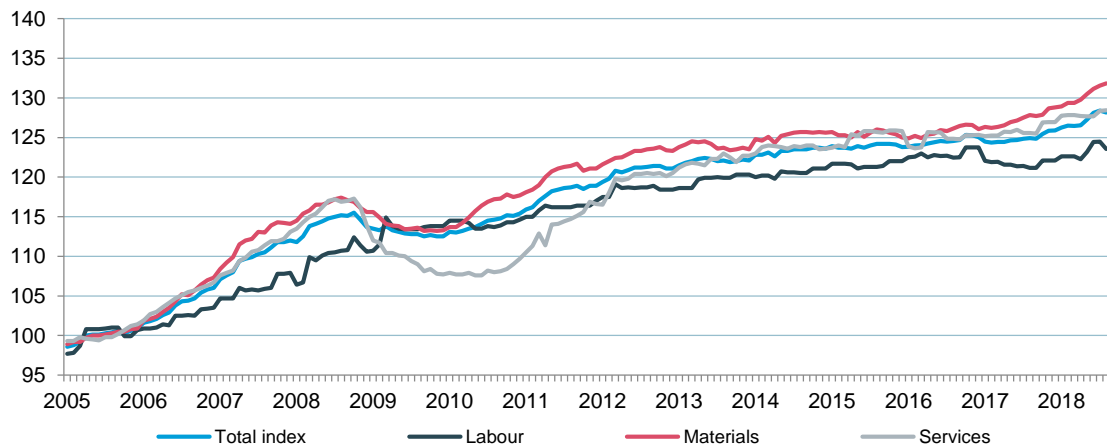
## GDP GROWTH IN YIT'S OPERATING COUNTRIES, %



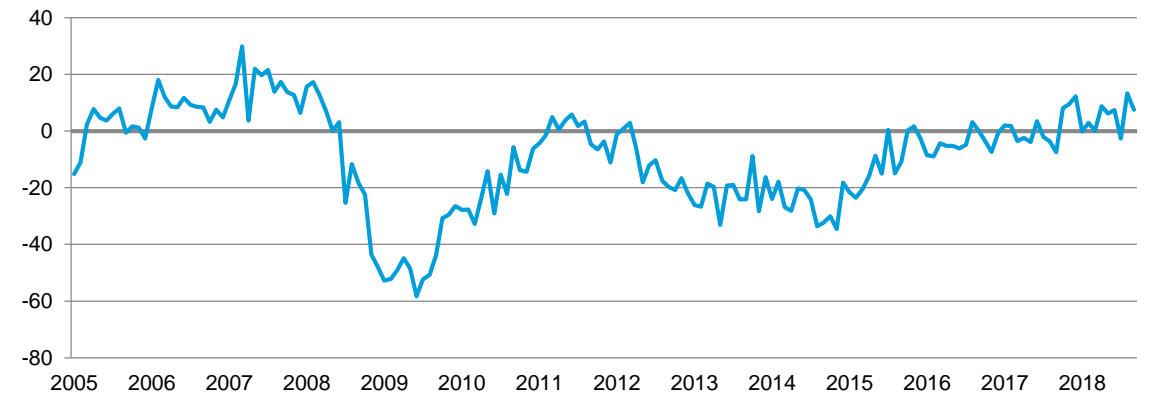
## UNEMPLOYMENT RATE IN YIT'S OPERATING COUNTRIES, %



## CONSTRUCTION COST INDEX (index 2005=100)



## CONSTRUCTION CONFIDENCE (balance)

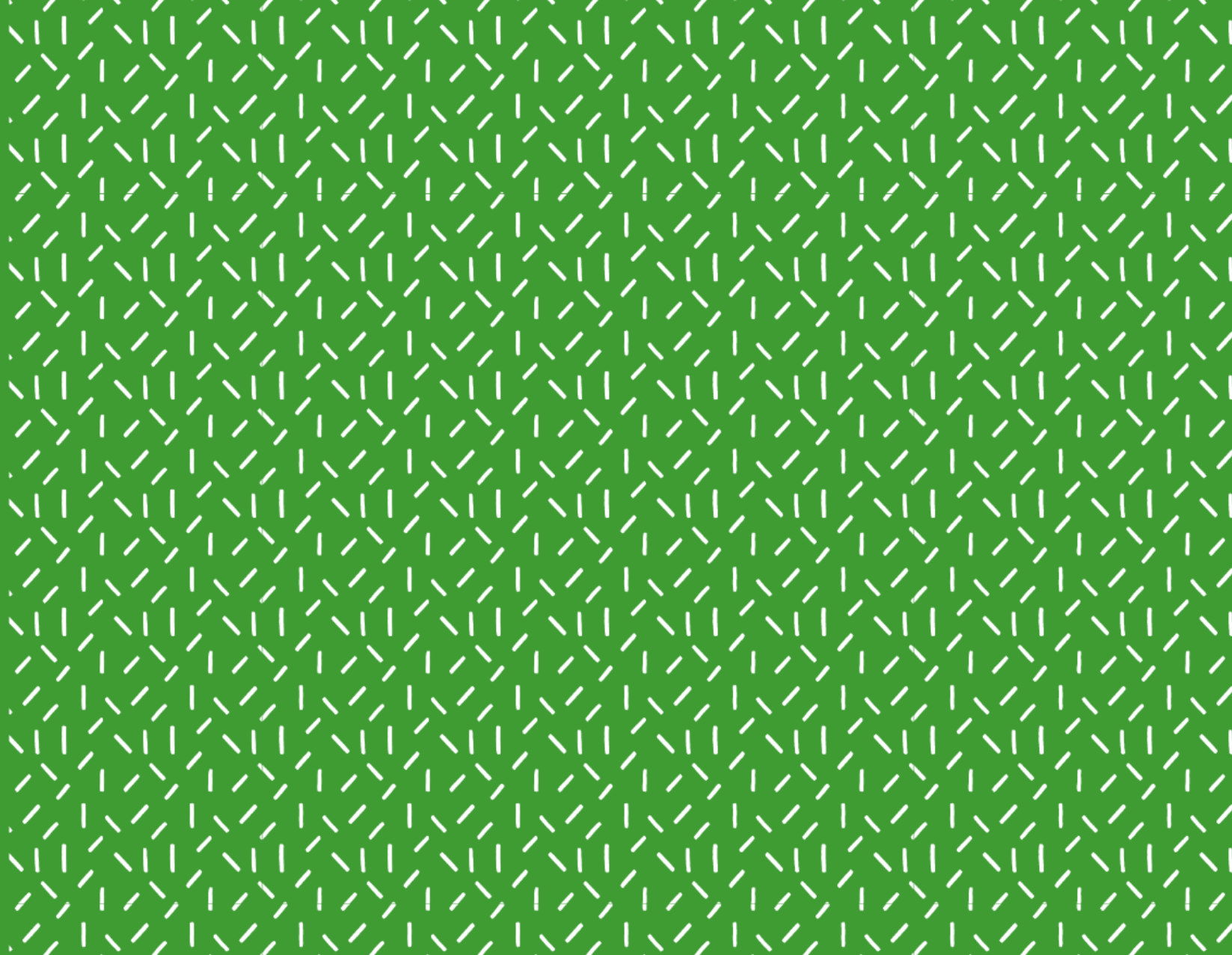


Sources: GDP growth: Bloomberg consensus 30 Sep 2018; Unemployment: IMF  
Construction cost index: Statistics Finland; Construction confidence: Confederation of Finnish Industries EK

# IV

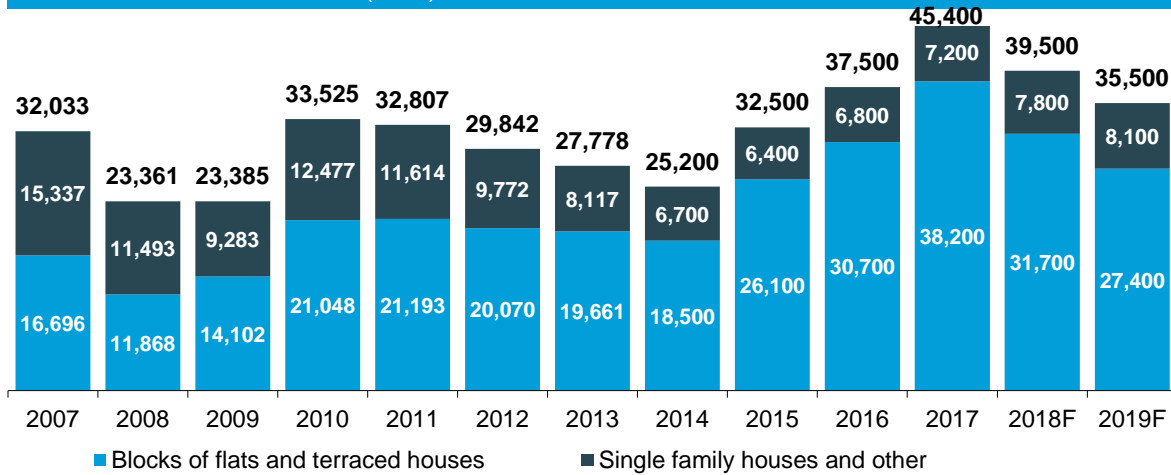
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## Housing indicators

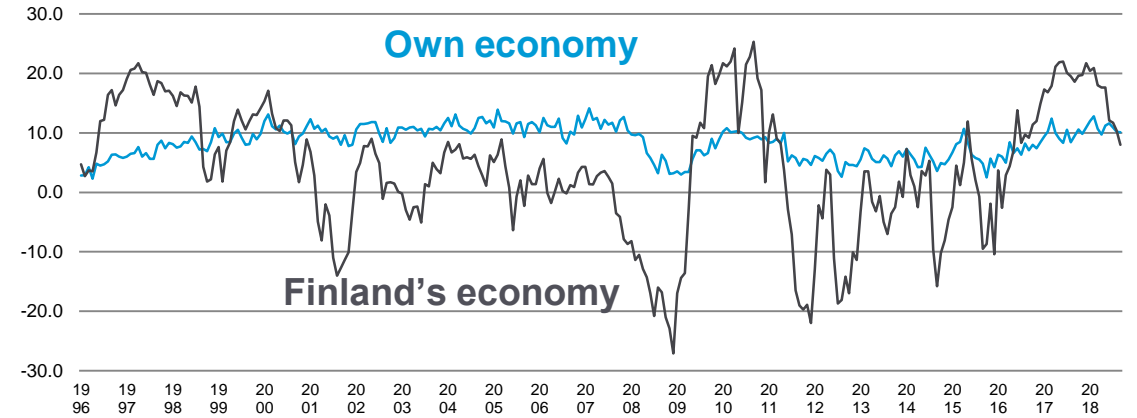


# Start-ups expected to decrease in 2018 and 2019

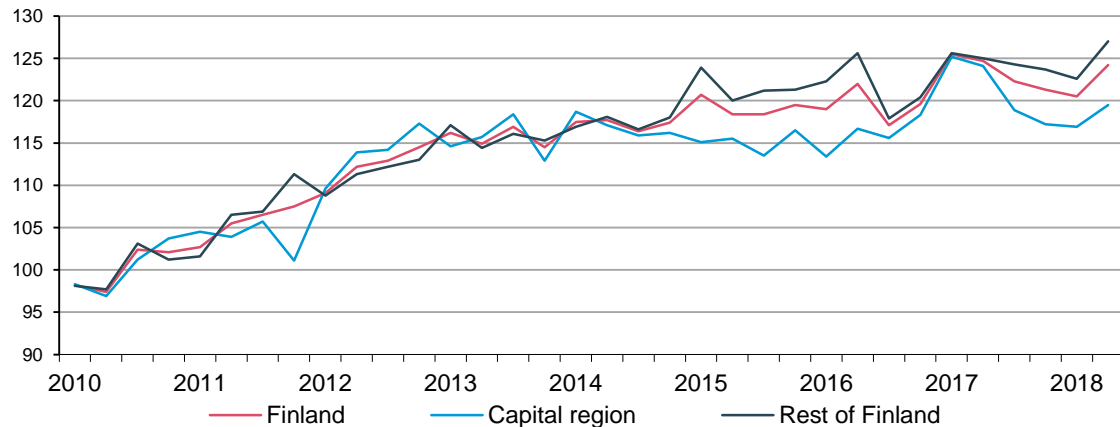
RESIDENTIAL START-UPS (units)



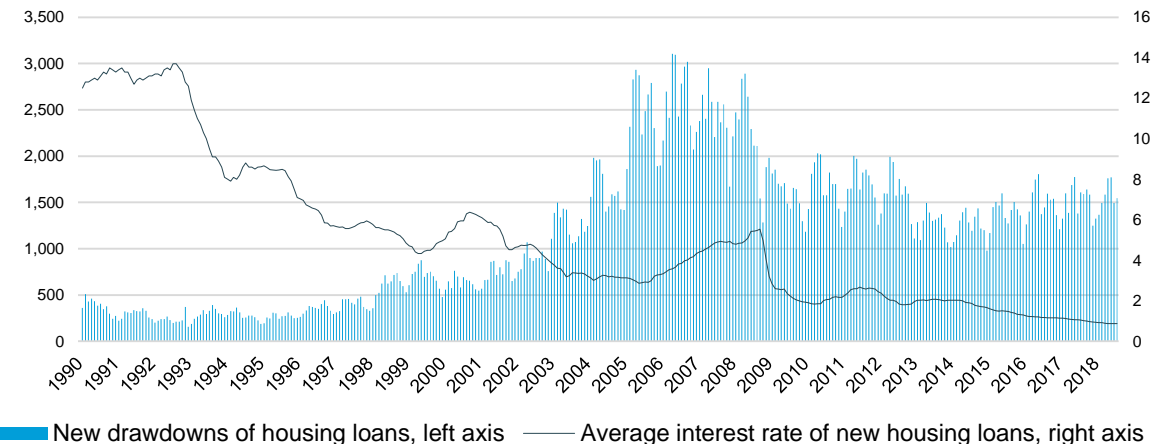
CONSUMERS' VIEWS ON ECONOMIC SITUATION IN ONE YEAR'S TIME (balance)



PRICES OF NEW DWELLINGS (index 2010=100)



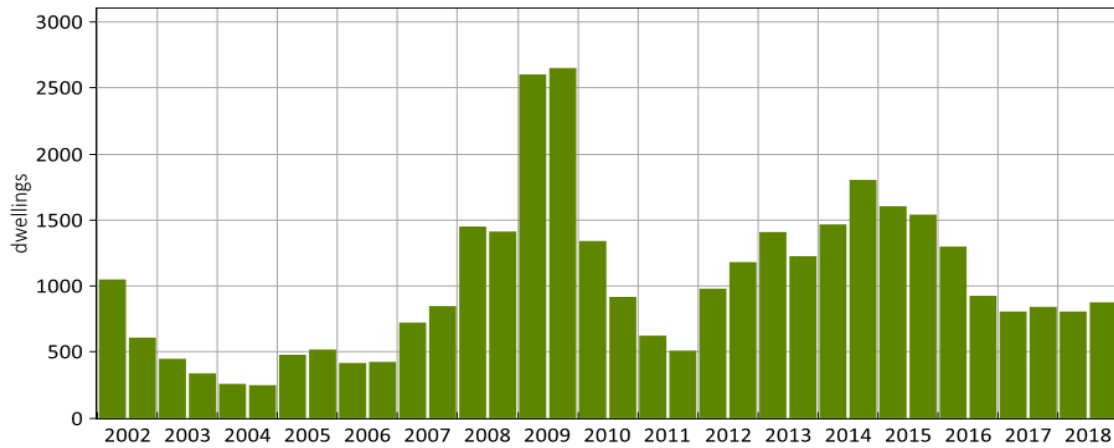
VOLUME OF NEW MORTGAGES AND AVERAGE INTEREST RATE (EUR million, %)



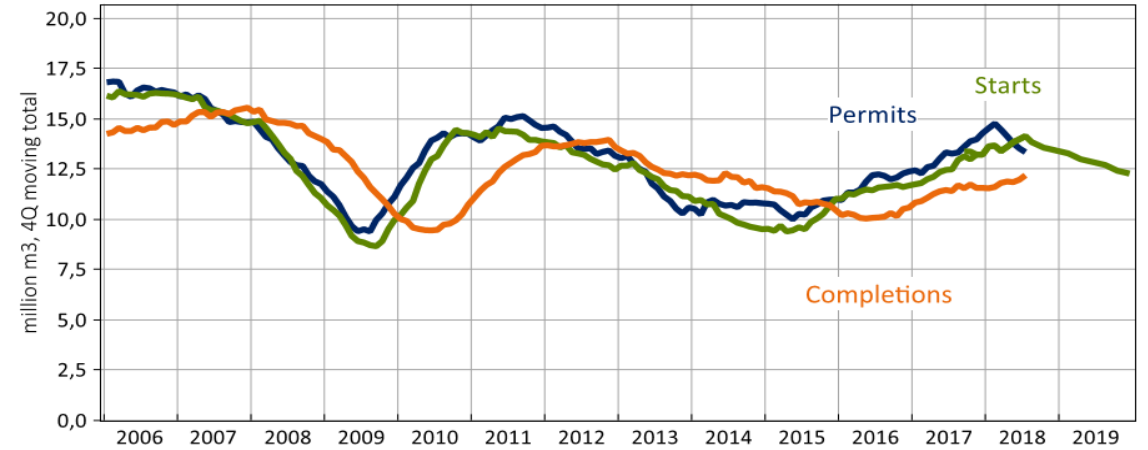
# Finland

## Construction indicators

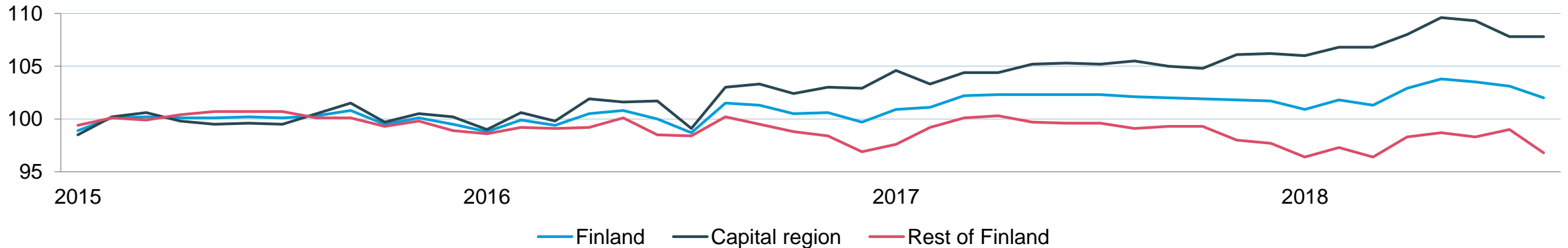
UNSOLD COMPLETED UNITS, RESIDENTIAL DEVELOPMENT PROJECTS (units)



RESIDENTIAL BUILDING PERMITS, START-UPS AND COMPLETIONS (million ,m<sup>3</sup>)



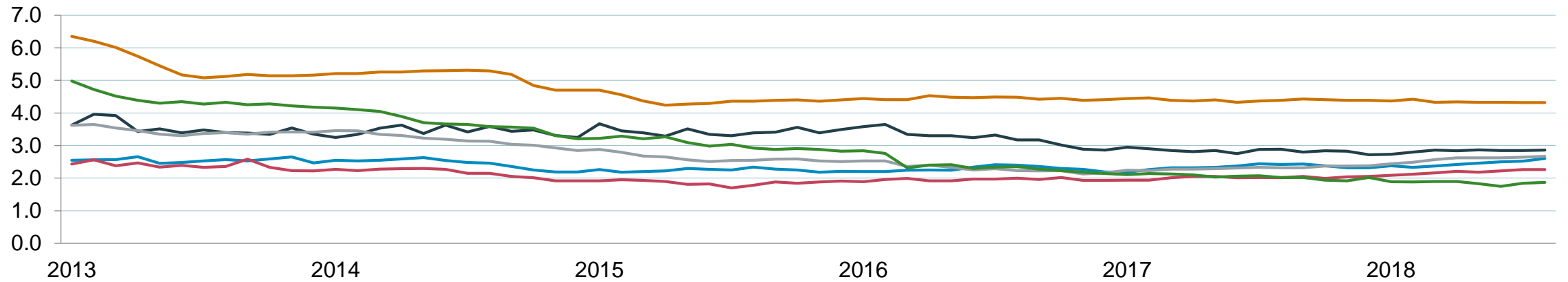
PRICES OF OLD APARTMENTS IN FINLAND (index 2015=100)



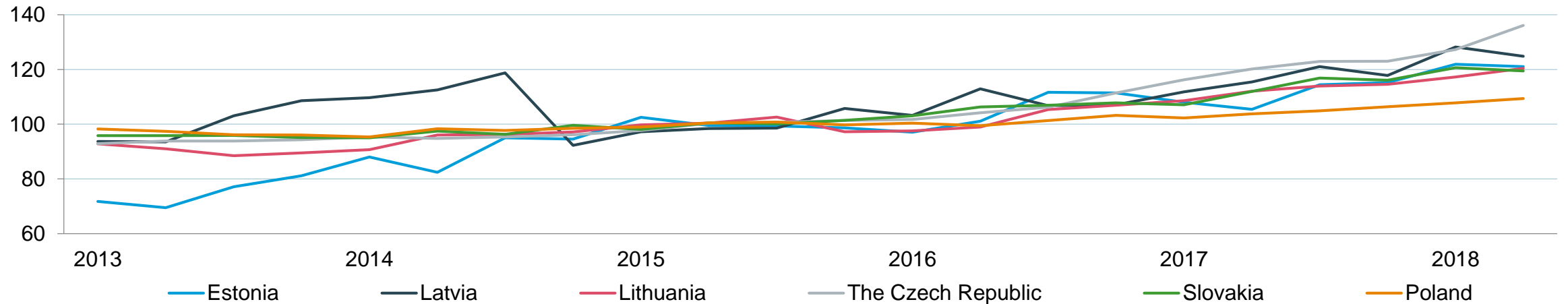
# CEE

## Operating environment in CEE

AVERAGE INTEREST RATE OF MORTGAGES IN CEE COUNTRIES (%)

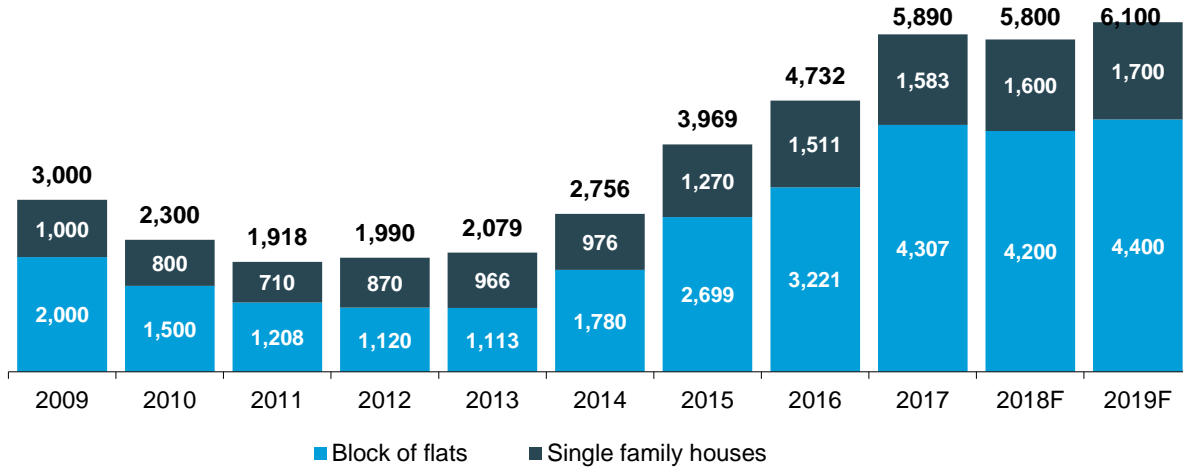


HOUSE PRICE INDEX, NEW DWELLINGS IN CEE COUNTRIES (2015=100)

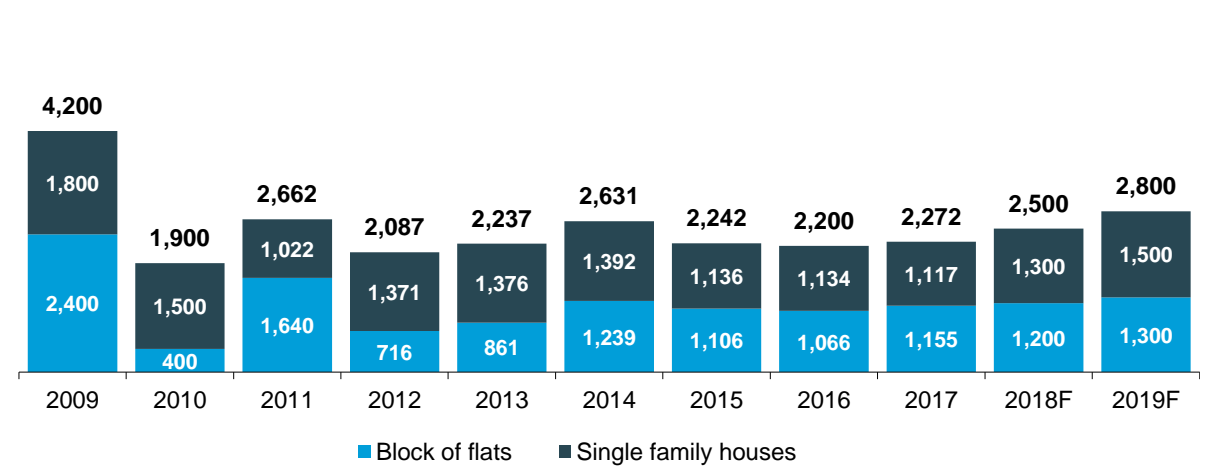


# Residential construction is expected to level off

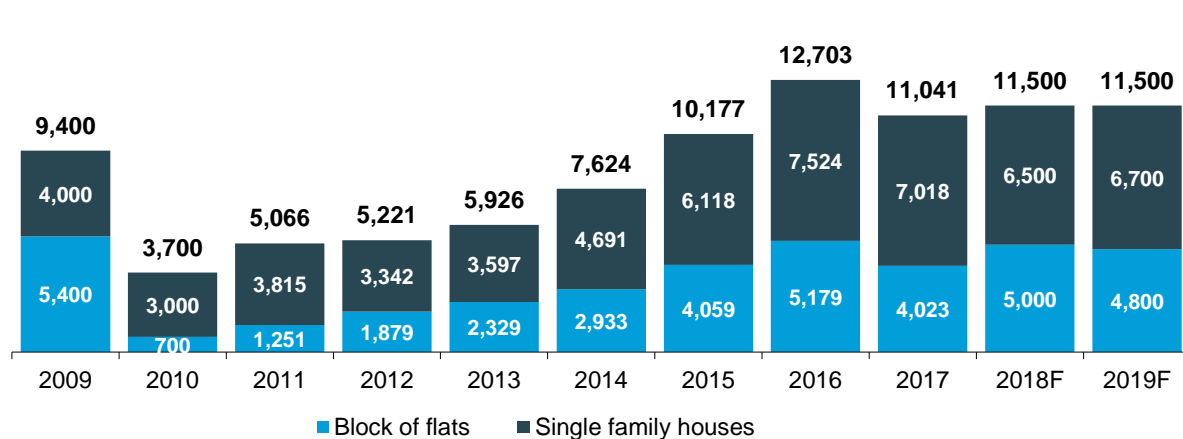
RESIDENTIAL COMPLETIONS IN ESTONIA (UNITS)



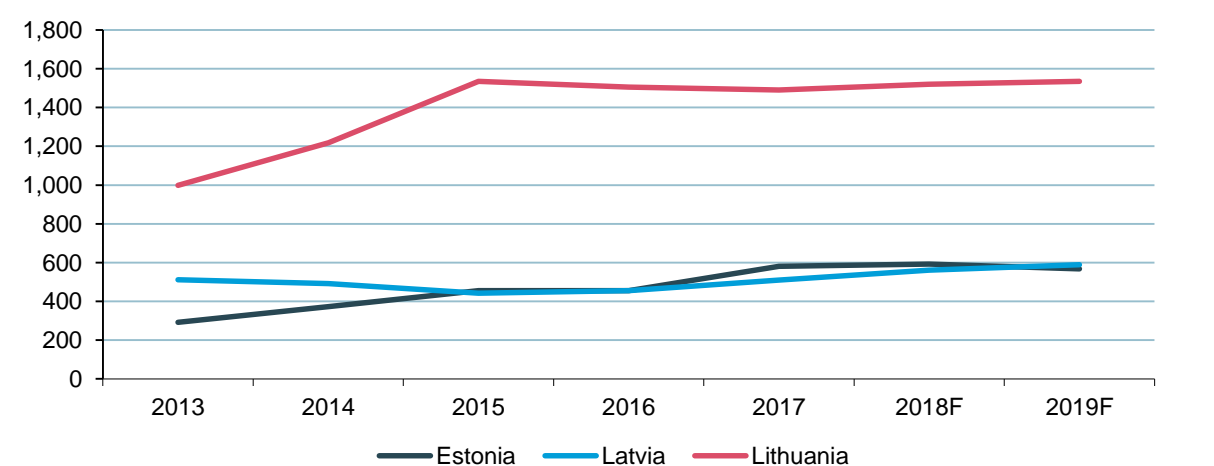
RESIDENTIAL COMPLETIONS IN LATVIA (UNITS)



RESIDENTIAL COMPLETIONS IN LITHUANIA (UNITS)

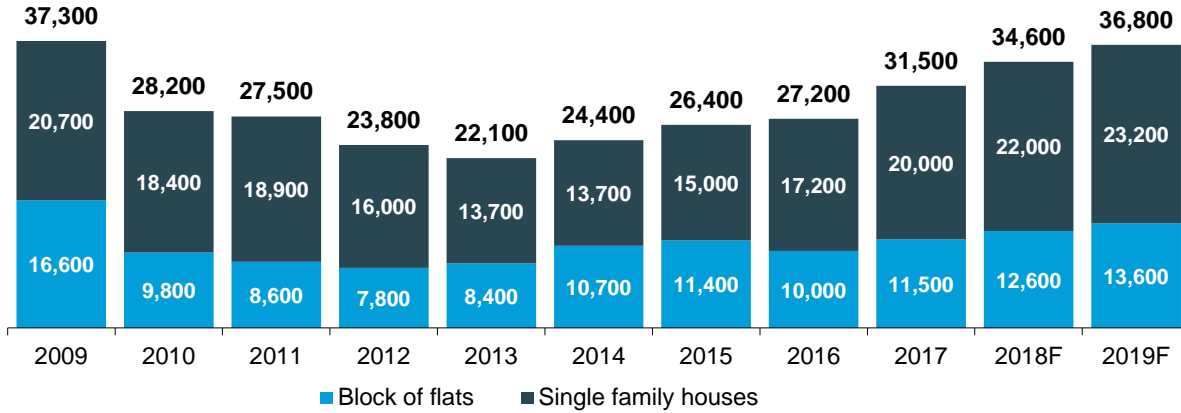


NEW RESIDENTIAL CONSTRUCTION VOLUME (EUR MILLION)

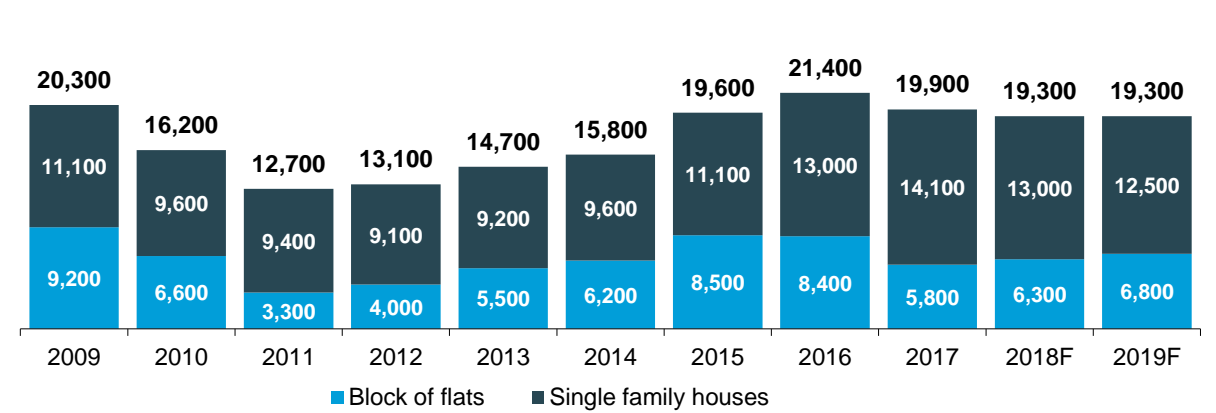


# Start-ups forecasted to grow in the Czech Republic

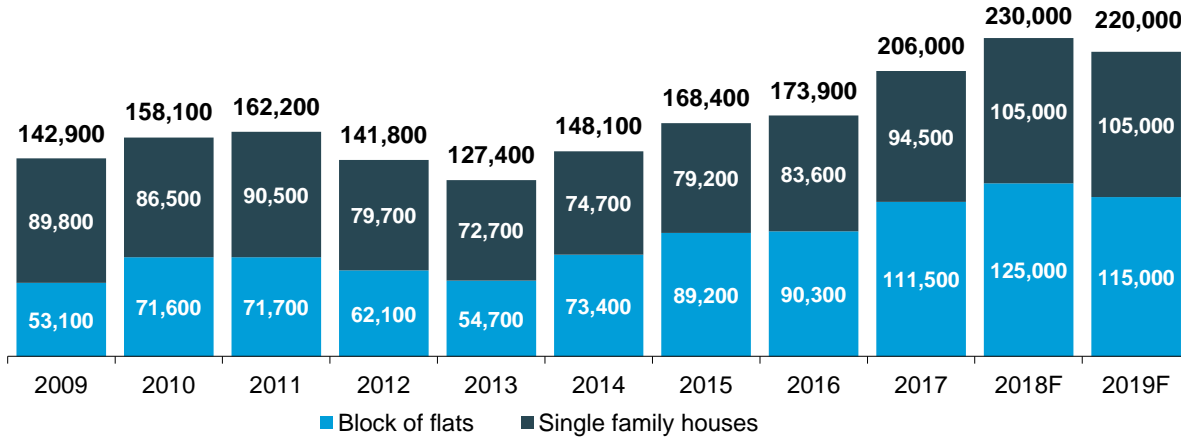
RESIDENTIAL START-UPS IN THE CZECH REPUBLIC (UNITS)



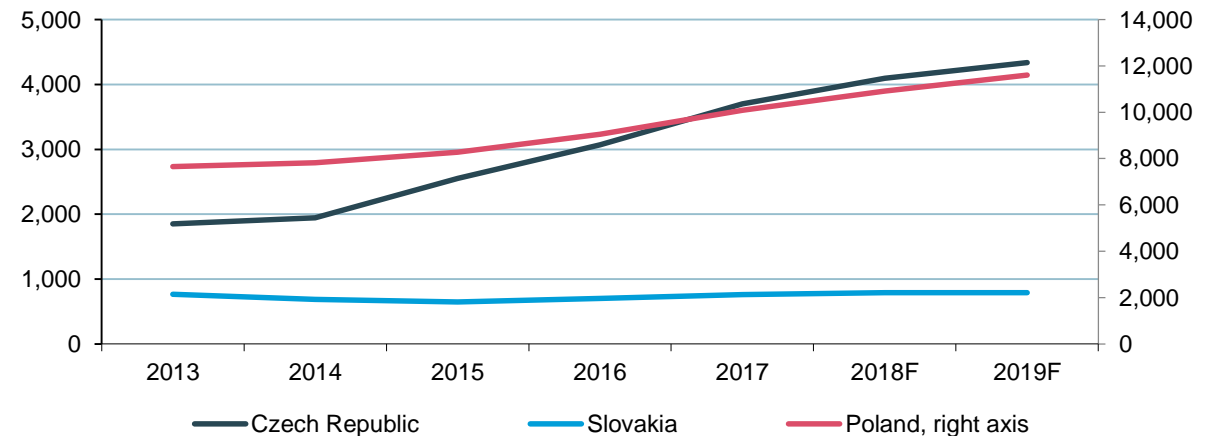
RESIDENTIAL START-UPS IN SLOVAKIA (UNITS)



RESIDENTIAL START-UPS IN POLAND (UNITS)



NEW RESIDENTIAL CONSTRUCTION VOLUME (EUR MILLION)



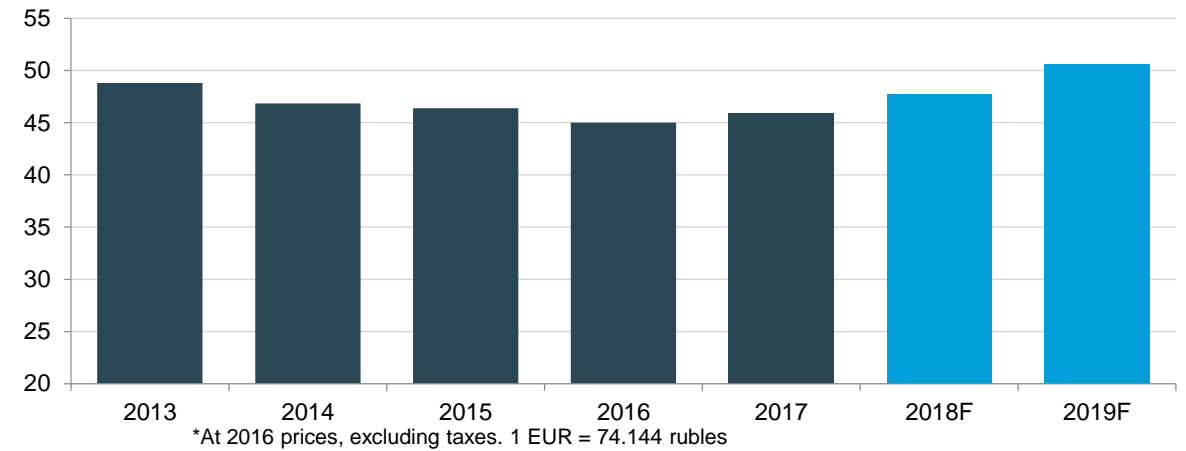
# Russia

## EUR/RUB exchange rate and housing indicators

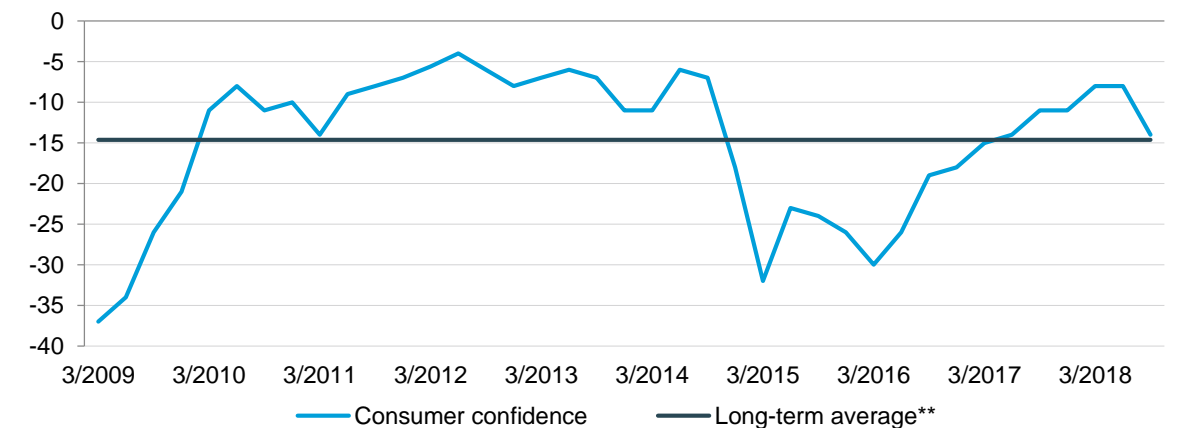
### EUR/RUB EXCHANGE RATE



### NEW RESIDENTIAL CONSTRUCTION VOLUMES (EUR billion\*)



### CONSUMER CONFIDENCE

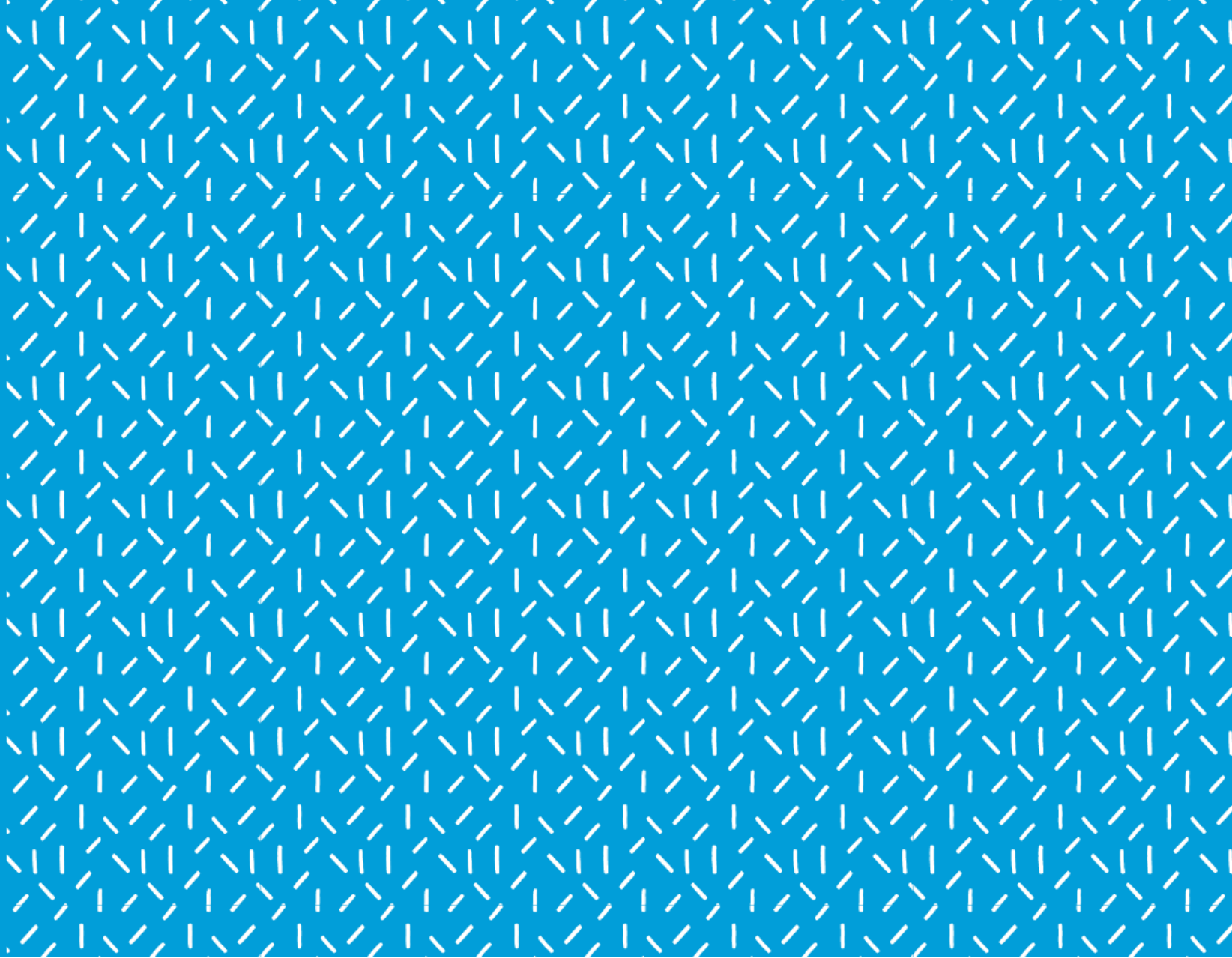




# V

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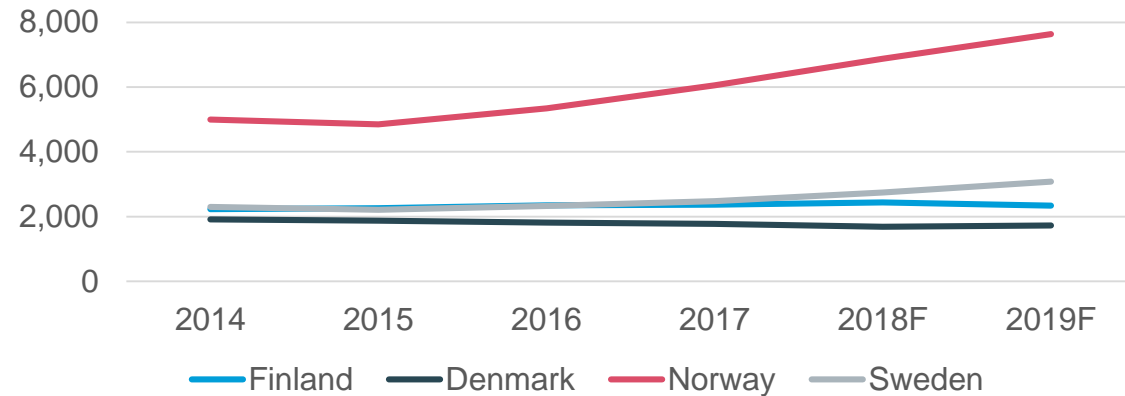
Business premises,  
infrastructure and paving  
indicators



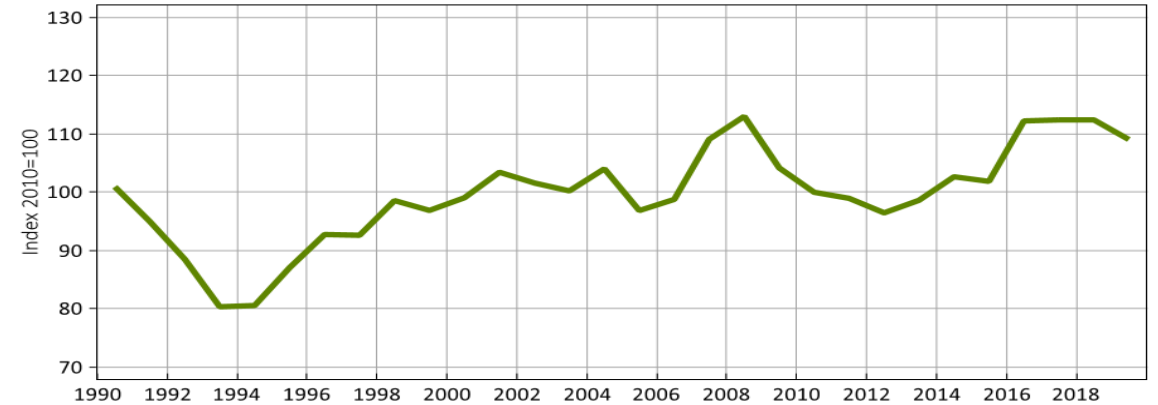
# Infrastructure, paving and business premises

## Operating environment

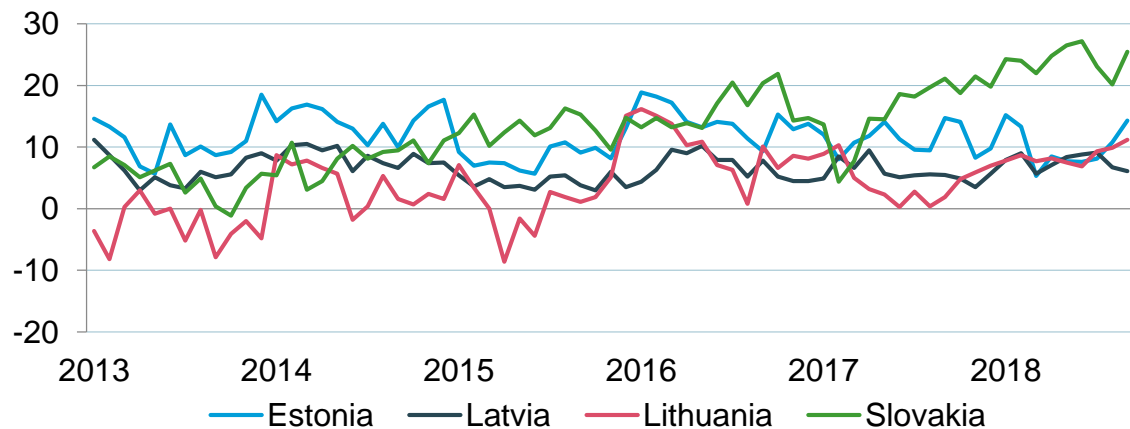
### TRANSPORT INFRASTRUCTURE, ROADS (EUR million)



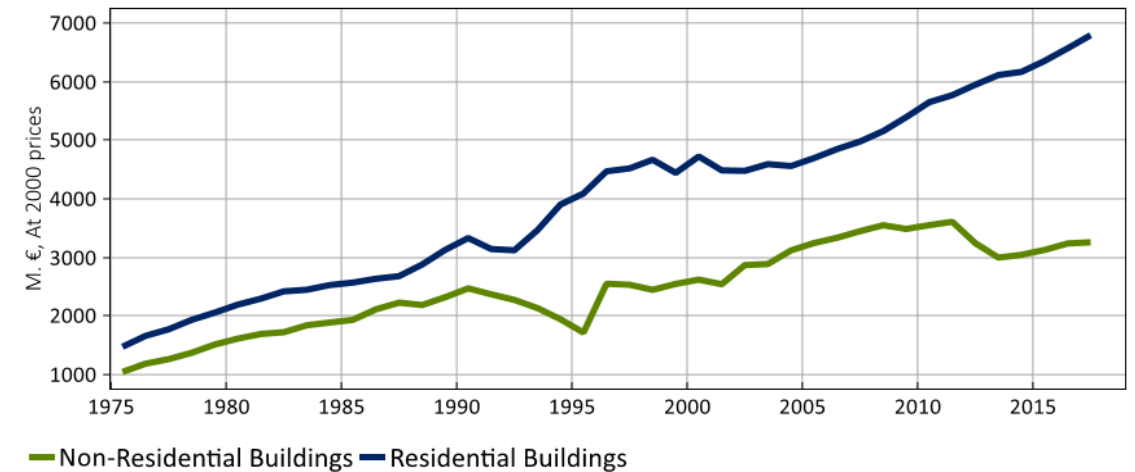
### CIVIL ENGINEERING INVESTMENT VOLUME IN FINLAND



### RETAIL TRADE CONFIDENCE IN THE BALTIC COUNTRIES AND SLOVAKIA



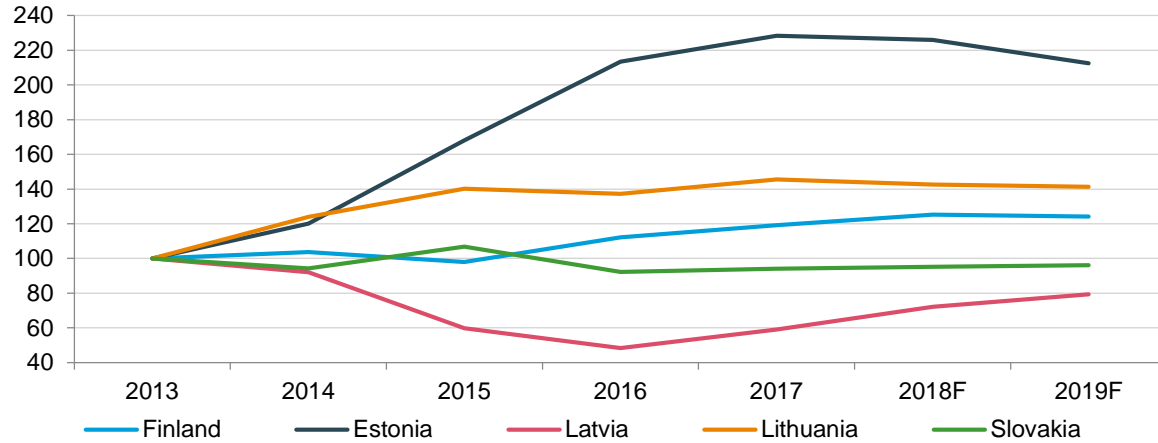
### RENOVATION AND MODERNISATION OF BUILDING CONSTRUCTION IN FINLAND



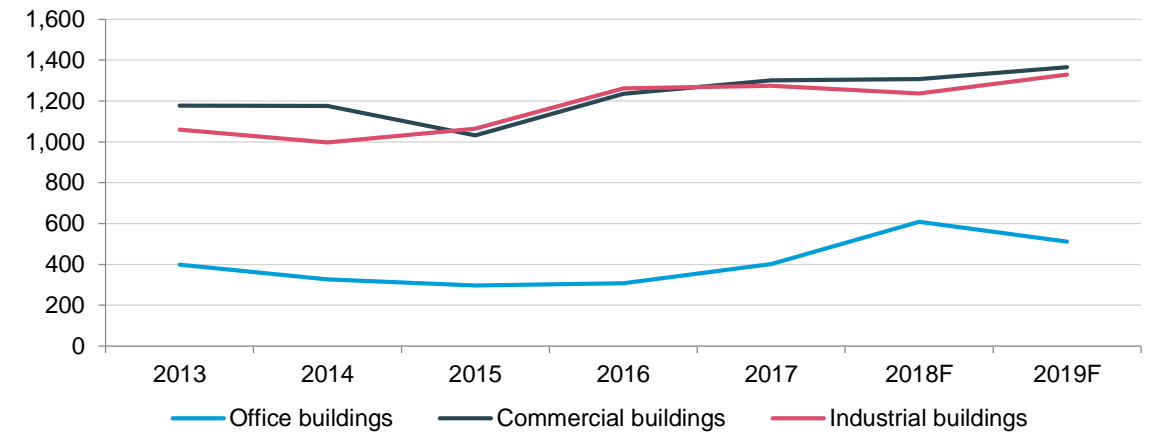
# Finland, the Baltic countries and Slovakia

## Non-residential construction volumes

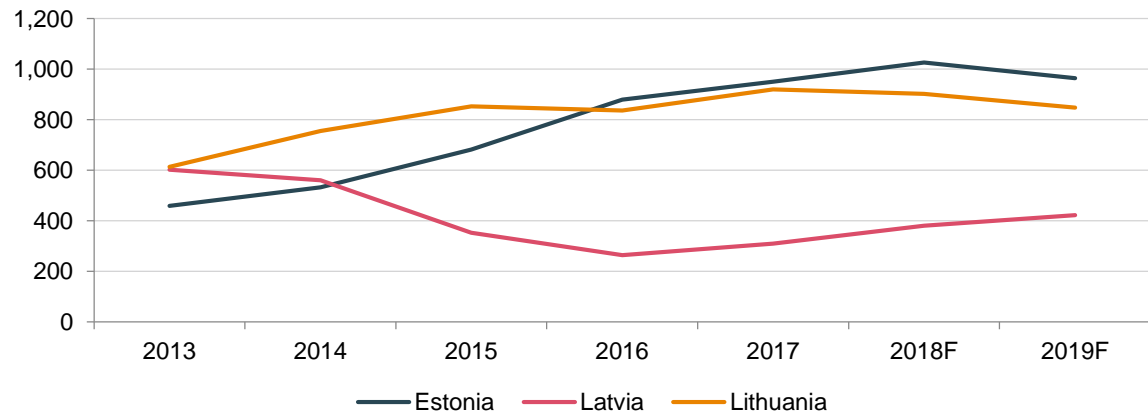
NEW NON-RESIDENTIAL CONSTRUCTION VOLUMES (index 2013=100)



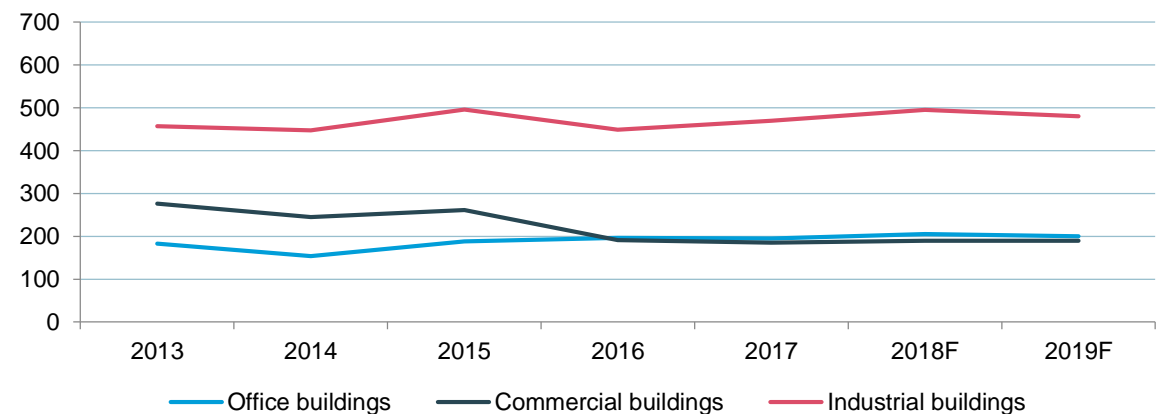
NEW NON-RESIDENTIAL CONSTRUCTION IN FINLAND (EUR million)



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



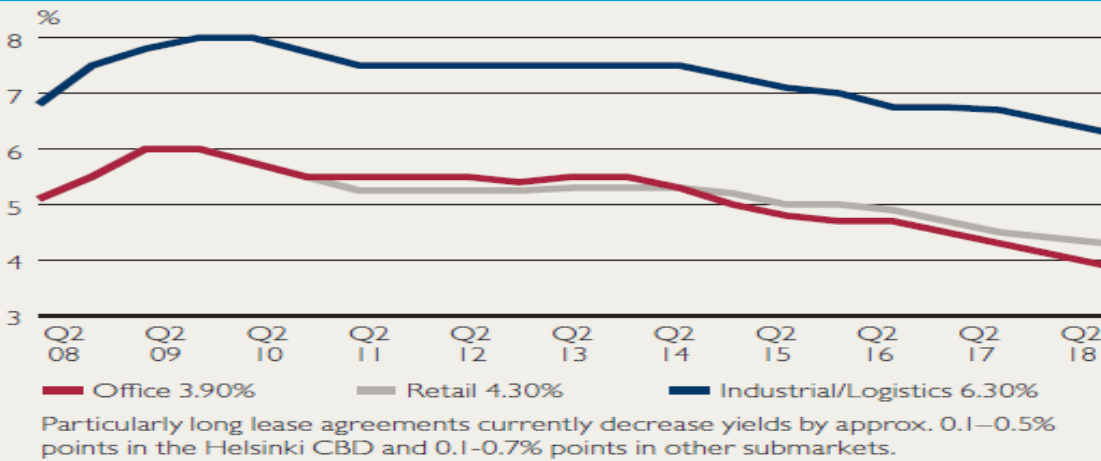
NEW NON-RESIDENTIAL CONSTRUCTION IN SLOVAKIA (EUR million)



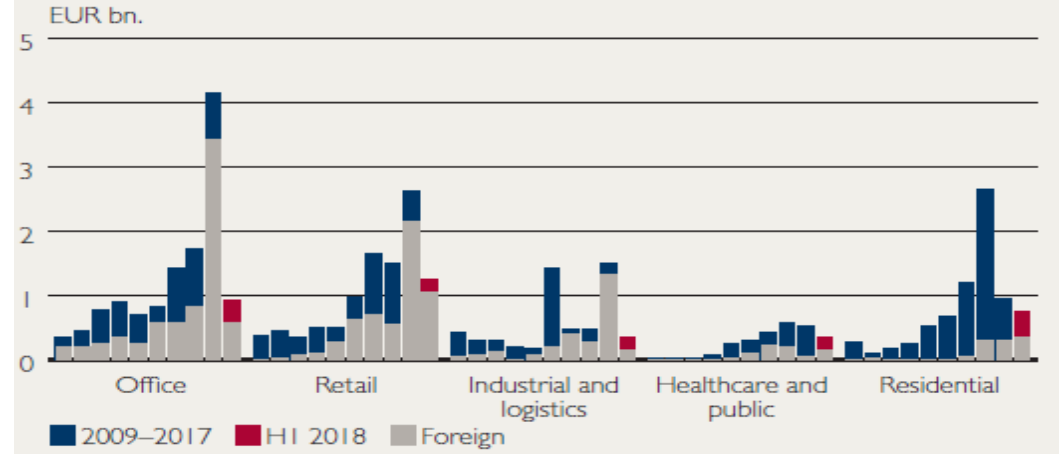
# Finland

## Yields and transaction volumes in Finland

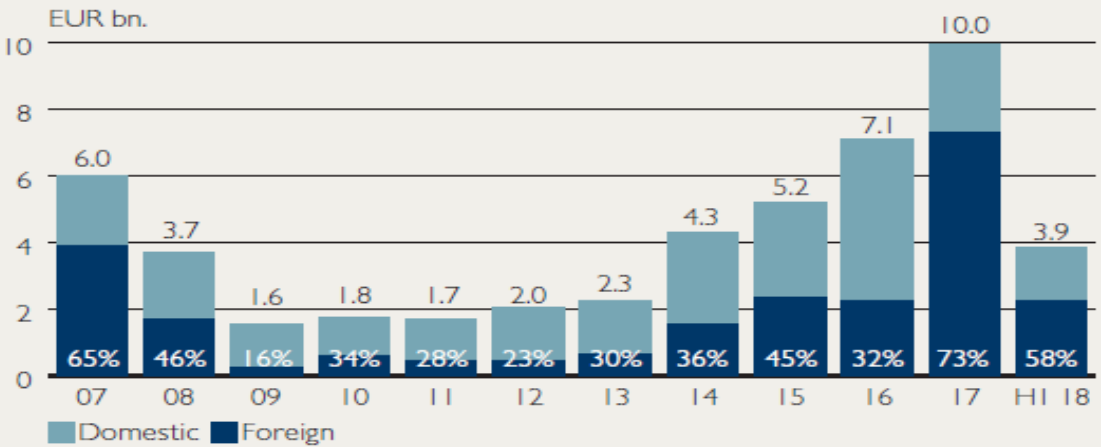
### PRIME YIELDS IN HELSINKI METROPOLITAN AREA, (%)



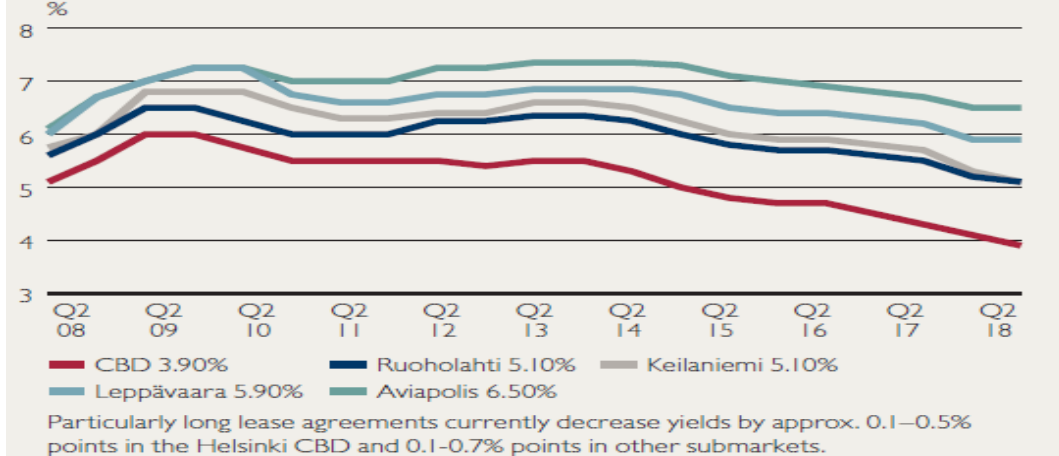
### TRANSACTION VOLUME BY PURPOSE OF USE, (EUR billion)



### TRANSACTION VOLUME IN FINLAND, (EUR billion)



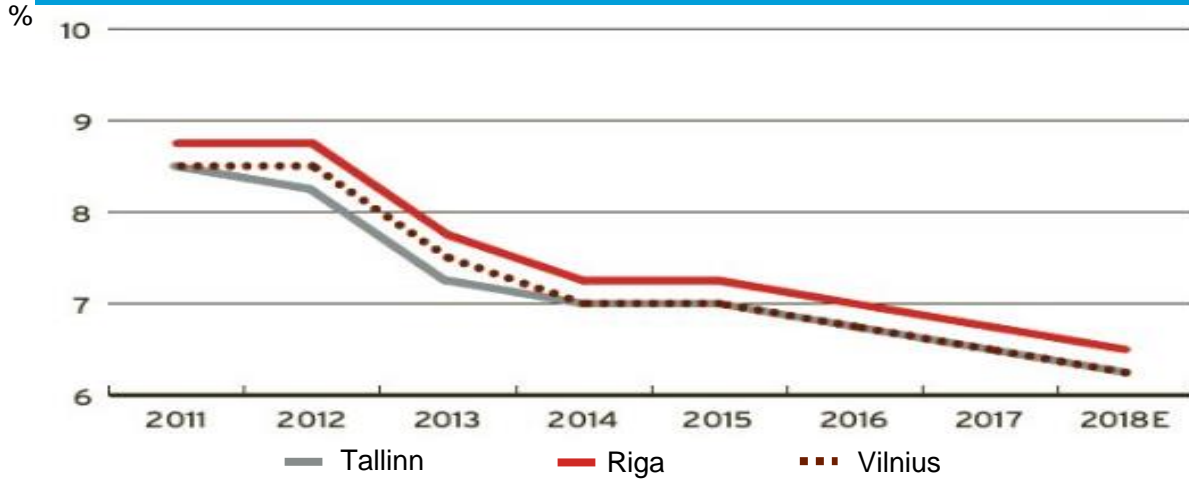
### OFFICE YIELDS IN THE HELSINKI METROPOLITAN AREA, (%)



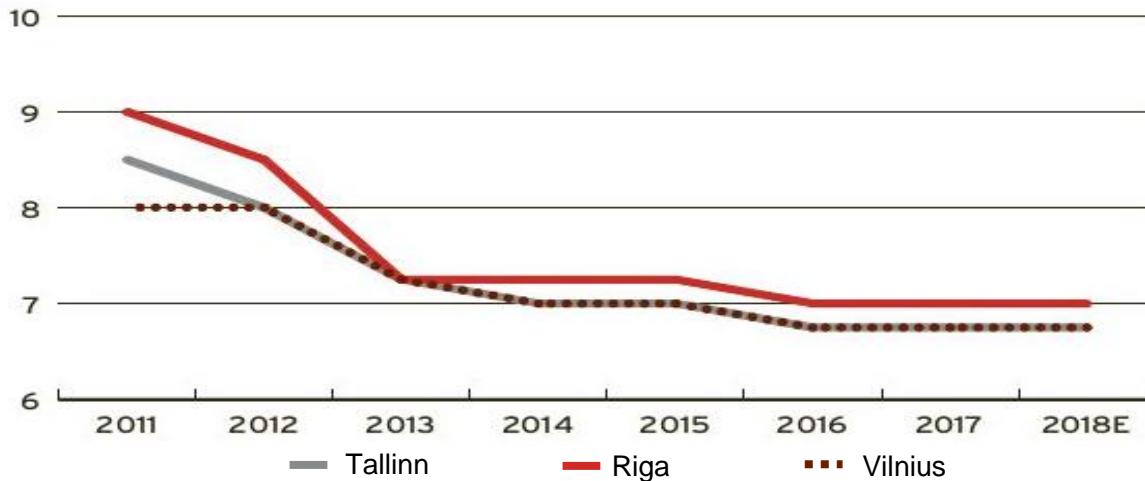
# The Baltic countries

## Yields are expected to decrease slightly

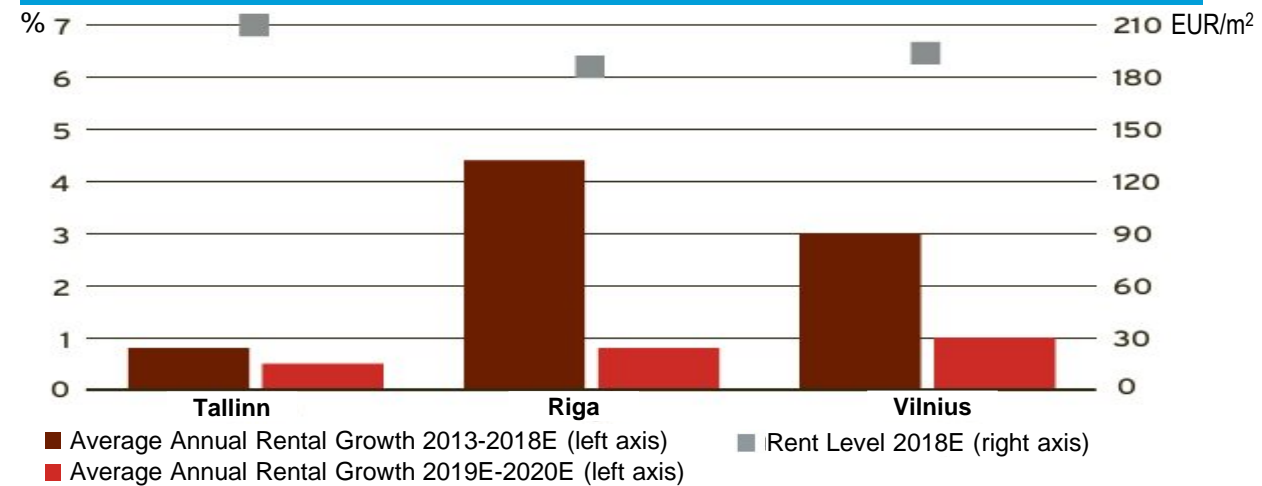
PRIME OFFICE YIELDS IN THE BALTIC COUNTRIES (%)



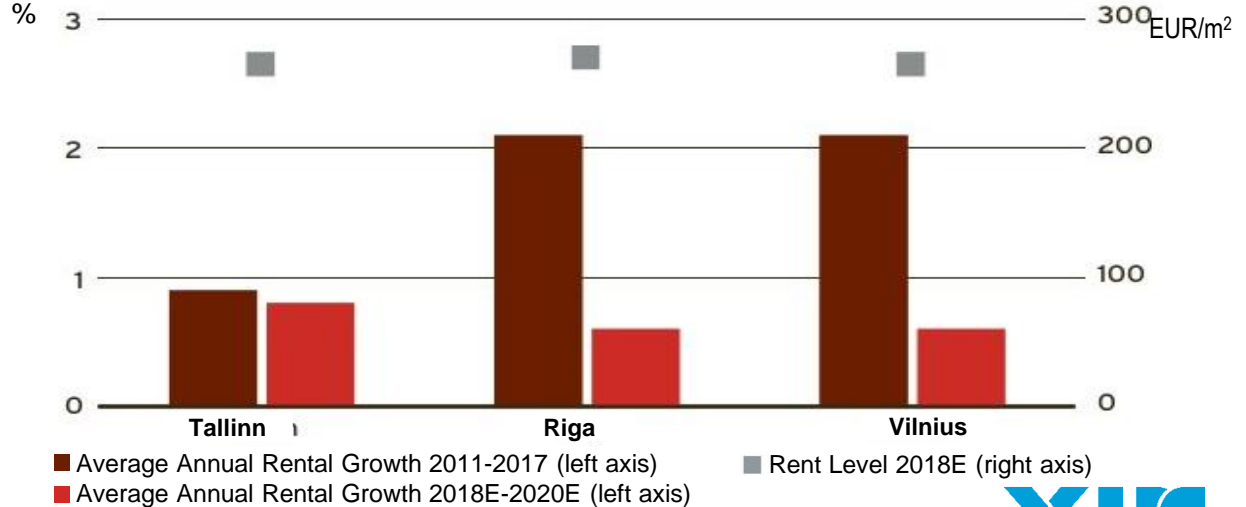
PRIME RETAIL YIELDS IN THE BALTIC COUNTRIES (%)



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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