Q3

Interim report 1-9/2019

Interim report January 1 – September 30, 2019

July–September

- Revenue grew 10% from the comparison period and was EUR 807.5 million (734.4).
- Adjusted operating profit[1] amounted to EUR 25.7 million (31.4) and adjusted operating profit margin was 3.2% (4.3).
- Operating profit amounted to EUR 18.4 million (27.3) and operating profit margin was 2.3% (3.7).
- Reported operating cash flow after investments amounted to EUR -27.3 million (reported -33.0).
- Order backlog was approximately on the same level as in the previous quarter, EUR 4,764.3 million (4,806.4).
- Adjusted net debt[2] was EUR 723.4 million.
- Adjusted gearing[2] was 74.4%.
- Adjusted earnings per share for continuing operations were EUR 0.05 (0.10) and earnings per share for the review period were EUR 0.13 (0.17).

January–September

- Revenue increased 8% year-on-year and was EUR 2,239.1 million (2,073.2).
- Adjusted operating profit[1] amounted to EUR 44.5 million (32.7) and adjusted operating profit margin was 2.0% (1.6).
- Operating profit amounted to EUR -16.5 million (18.5) and operating profit margin was -0.7% (0.9). The operating profit includes adjusting items of EUR 61 million (14.2). Key adjusting items include write-downs of EUR 35 million and provisions of EUR 9 million related to the closing down or selling of certain businesses in Russia. Other adjusting items are mainly related to merger related fair value cost effects and integration costs.
- Realised cumulative synergies by the end of the third quarter were EUR 36 million.
- Reported operating cash flow after investments amounted to -81.4 EUR million (reported -55.8).
- Adjusted earnings per share for continuing operations were EUR -0.05 (0.00) and earnings per share for the review period were EUR -0.28 (-0.10).

[1]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 note 4 in the tables section.
[2] Definitions of financial key performance indicators can be found in table 4.3 in the tables section.

YIT announced on July 4, 2019 the sale of its Nordic paving and mineral aggregates businesses and on June 20, 2019 measures in Russia to reduce capital and enhance profitability.

Continuing and discontinued operations

- The text section of this interim report concerns continuing operations, i.e. the five reported segments listed below.
- Nordic paving and mineral aggregates businesses are classified as held-for-sale assets and reported as discontinued operations.
- Reported and pro forma income statements of comparative periods have been retrospectively restated and published on July 22, 2019.
- The result of discontinued operations is presented in the income statement net of tax on the line “Result for the period, discontinued operations”.
- Assets and liabilities related to discontinued operations are presented in separate line items in the balance sheet in current assets and current liabilities from June 30, 2019 onwards. Assets are reported as “Assets classified as held-for-sale” and liabilities as “Liabilities directly associated with assets classified as held-for-sale”
- Balance sheet is not restated for comparative periods.
- Cash flow statement is not restated.

Change in the reported segments

- From the second quarter of 2019 on, YIT’s continuing operations include five reported segments: Housing Finland and CEE, Housing Russia, Business premises, Infrastructure projects and Partnership properties.
- The former Paving segment is no longer reported.
- Road maintenance in Finland, previously reported in the former Paving segment, is reported as part of Infrastructure projects.
- Paving business in Russia, previously reported in the former Paving segment, is reported under “Other items” in segment reporting.
- Segment figures for comparative periods have been retrospectively restated and published on July 22, 2019.

Restated pro forma figures

- YIT and Lemminkäinen merged on February 1, 2018.
- In this interim report, comparison figures are pro forma figures so that the financial statements of merged Lemminkäinen for the financial period January 1–January 31, 2018, excluding above mentioned discontinued operations, are included in the pro forma figures and presented in the tables in the columns “Pro forma, restated 1–9/18” and “Pro forma, restated 1–12/18”.

Additional information regarding the presentation of financial information is available at the end of the explanatory statement of the interim report.

Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year, are restated pro forma and of the same unit.

Guidance for 2019

The Group revenue of continuing operations for 2019 is estimated to be in the range of +6% and +2% compared to the 2018 combined revenue of continuing operations (pro forma, restated 2018: EUR 3,201.0 million). Previously the company estimated the revenue in 2019 to be in the range of +5% and -3% compared to 2018.

In 2019, the adjusted operating profit of continuing operations is estimated to be EUR 160-185 million (pro forma, restated 2018: EUR 132.0 million). Previously the company estimated the adjusted operating profit of continuing operations in 2019 to be EUR 160-200 million.

Guidance rationale

The result guidance for 2019 is based, for instance, on the estimated time of completion of residential projects under construction and the company's solid order backlog. At the end of September, 78% of the order backlog was sold.

Significant fluctuation is expected to take place between the quarters due to normal seasonal variation, closing of sales of business premises projects, the timing of completion of residential projects and the fair valuation of 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 the fourth quarter of 2019 will increase from the comparison period (pro forma, restated 10-12/2018: EUR 99.3 million).

The IFRS 16 Leases standard was issued in January 2016 and the company started applying the standard on January 1, 2019. The new standard replaces the IAS 17 Leases standard and related interpretations. YIT adopted the new standard based on the modified method, thus the comparison period is not restated. The company has published a stock exchange release on April 18, 2019 regarding the adoption of the IFRS 16 standard describing the accounting policies among others. The impact of IFRS 16 adoption can be found in note 3.3 of this interim report.

Kari Kauniskangas, President and CEO:

In the third quarter, group revenue increased year-on-year, and adjusted operating profit decreased as anticipated. Mall of Tripla opened as scheduled on October 17, attracting more than a million visitors right after its first opening week.

In the Infrastructure projects segment, revenue and profitability growth continued. The segment's profitability was on a good level at approximately 4.5%. The segment's order backlog has grown over 50% from the beginning of the year. After the reporting period, YIT was selected by the City of Helsinki, Finland, as the main alliance partner for the Crown Bridges tramway project.

Our dedicated work to improve customer experience and the consumers' trust in our brand were visible in the Housing Finland and CEE segment's sales figures. In Finland, sales to consumers grew 46% quarter-on-quarter and 22% year-on-year. The segment's adjusted operating profit decreased year-on-year, in line with our expectations, due to the clearly lower number of completions in Finland. The segment's consumer start-ups have been increased supported by good demand and high pre-booking rates. Sales to institutional investors continued to be good as well. At the end of the period, YIT agreed on the construction of rental housing projects worth approximately EUR 112 million for a company jointly established with Ålandsbanken.

In the Business premises segment, revenue increased year-on-year, but operating profit decreased year-on-year and was negative in the third quarter. The operating profit was impacted by project cost increases in the completion phase of Mall of Tripla and two other large projects. With regard to Mall of Tripla, after four years of construction we are proud to have successfully completed the largest shopping mall in the Nordic countries in time for its planned grand opening on October 17, 2019. The start of the operations has been a success: the one-million-visitor milestone was reached right after the first week of operation. The Tripla project is the biggest project in YIT's history, and as a whole it is uniquely profitable for us. The project will exceed the initial profit target even though costs in the third quarter were higher than anticipated. In the fourth quarter, the Partnership properties segment will recognise a significant positive effect in operating profit of fair valuation of the Mall of Tripla. After the reporting period, the company has won for instance the public private partnership bidding for the City of Espoo, Finland, on three day care centres and five large schools with 20 years maintenance, total contract value of approximately EUR 240 million.

The profitability of the Housing Russia segment improved due to a bigger number of project completions than last year, higher project margins and synergy savings visible in the segment's cost structure. Another factor contributing to the improved profitability of the segment was this summer's decision to focus business operations in profitable units and to discontinue operations in unprofitable or capital-intensive regions.

In September, we published our updated strategy and presented it in closer detail at our Capital Markets Day at the end of the month. We have taken decisive steps in implementing our strategy in the past year and we will achieve our targeted financial stability after the planned sale of the Scandinavian paving and mineral aggregates businesses has been completed in 2020. Now we are concentrating our efforts on improving profitability as well as developing and growing the non-cyclical Partnership properties and services businesses. In Partnership properties, we strive to extend our role in the value chain towards managing real estate assets, property management and life-cycle responsibility. In services, we target to be a holistic service provider, which means that also for instance rental apartments will be a larger part of our offering. Additionally, we will step up sustainability as we aim to considerably reduce our CO_2 emissions in the years to come.

Our outlook is positive. YIT's order backlog is strong, and after the completion of Mall of Tripla, fair valuation of the investment will be done during the last quarter. We estimate that the adjusted operating profit of the company's continuing operations will increase from the comparison period also in the last quarter of the year.

Events after the review period

Fair valuation of the Mall of Tripla investment

The Mall of Tripla shopping mall was opened in Pasila, Helsinki, Finland, on October 17, 2019. In the last quarter of the year, the Partnership properties segment will recognise a significant positive effect in operating profit of fair valuation of the investment in the company Mall of Tripla Ky. YIT's share of ownership in Mall of Tripla Ky is 38.75%.

The Tripla urban centre includes the Mall of Tripla, the largest shopping mall in the Nordic countries measured by number of shops, one of the largest hotels in Finland, 50,000 square metres of office space, the new Pasila railway station and more than 400 apartments. The project is estimated to be completed during the year 2020.

Large projects added into the order backlog

After the reporting period, a project company formed by YIT Corporation and Meridiam Investments II was selected by the City of Espoo, Finland, for the public private partnership project including financing, design, construction and maintenance for 20 years of three day care centres and five large schools to be built over the next five years. The total worth of the project is approximately EUR 240 million.

Additionally, YIT was selected by the City of Helsinki, Finland, as the main alliance partner for the Crown Bridges tramway project. The Crown Bridges will connect the Laajasalo, Korkeasaari and Kalasatama districts of Helsinki to the city centre with a 10-kilometre tramway.

Key figures, IFRS

EUR million	Reported 7–9/19	Pro forma, restated 7–9/18	Change	Reported 1–9/19	Pro forma, restated 1–9/18[1]	Change	Pro forma, restated 1–12/18[1]
Revenue, continuing operations	**807.5**	**734.4**	**10%**	**2,239.1**	**2,073.2**	**8%**	**3,201.0**
Housing Finland and CEE	251.8	244.2	3%	794.5	803.9	-1%	1,157.9
Housing Russia	52.7	55.8	-6%	132.5	147.4	-10%	274.1
Business premises	252.2	211.4	19%	738.4	606.5	22%	1,045.2
Infrastructure projects	250.0	215.2	16%	584.0	511.9	14%	716.8
Partnership properties				0.1			0.0
Other items	0.8	7.8		-10.4	3.5		7.1
Operating profit, continuing operations	**18.4**	**27.3**	**-33%**	**-16.5**	**18.5**		**104.7**
Operating profit margin, %, continuing operations	**2.3%**	**3.7%**		**-0.7%**	**0.9%**		**3.3%**
Adjusted operating profit, continuing operations	**25.7**	**31.4**	-18%	**44.5**	**32.7**	**36%**	**132.0**
Housing Finland and CEE	14.0	23.9	-41%	52.4	74.8	-30%	103.3
Housing Russia	0.3	-7.8		-7.3	-28.9	75%	-32.8
Business premises	-6.9	8.7		3.3	11.7	-72%	67.8
Infrastructure projects	11.5	5.9	95%	8.6	-5.8		-6.5
Partnership properties	3.1	-0.2		1.4	-1.0		26.9
Other items	3.7	0.9		-14.0	-18.0		-26.7
Adjusted operating profit margin, % continuing operations	**3.2%**	**4.3%**		**2.0%**	**1.6%**		**4.1%**
Housing Finland and CEE	5.6%	9.8%		6.6%	9.3%		8.9%
Housing Russia	0.5%	-14.0%		-5.5%	-19.6%		-12.0%
Business premises	-2.7%	4.1%		0.5%	1.9%		6.5%
Infrastructure projects	4.6%	2.7%		1.5%	-1.1%		-0.9%
Partnership properties							
Adjusting items	7.3	4.0	80%	61.0	14.2	330%	27.2
Profit before taxes	7.4	20.7	-64%	-47.1	-7.0		71.4
Profit for the review period , continuing operations	6.4	19.5	-67%	-54.1	-8.1		48.7
Profit for the review period , discontinued operations	20.1	16.6	21%	-4.2	-12.4	66%	-15.4
Profit for the review period[2]	26.5	36.0	-26%	-58.4	-20.4	-186%	33.3
Earnings per share for the review period, EUR	0.13	0.17	-24%	-0.28	-0.10	-180%	0.16
Adjusted earnings per share for the review period, continuing operations, EUR	0.05	0.10	-50%	-0.05	0.00		0.32
Operating cash flow after investments	-27.3	-33.0[4]	17%	-81.4	-55.8[4]	-46%	148.6[4]
Net interest-bearing debt at the end of the period	982.7	767.8[4]	28%	982.7	767.8[4]	28%	562.9[4]
Adjusted net interest-bearing debt at the end of the period[3]	723.4	n/a		723.4	n/a		n/a
Gearing ratio at the end of the period, %	101.0	75.5[4]		101.0	75.5[4]		53.6[4]
Adjusted gearing ratio at the end of the period[3], %	74.4	n/a		74.4	n/a		n/a
Equity ratio at the end of the period, %	31.0	34.8[4]		31.0	34.8[4]		38.1[4]
Adjusted equity ratio at the end of the period[3], %	34.0	n/a		34.0	n/a		n/a
Adjusted return on capital employed[3] (ROCE, rolling 12m), %	9.0%	n/a		9.0%	n/a		n/a
Order backlog, at the end of the period, continuing operations	4,764.3	4,806.4[5]	-1%	4,764.3	4,806.4[5]	-1%	4 285.6[5]

[1] Comparisons include pro forma figures with Lemminkäinen's financial statements for the accounting period of January 1–January 31, 2018, excluding discontinued operations.

[2] Attributable to the equity holders of the parent company.

[3] Definitions of financial key performance indicators can be found in table 4.3 in the tables section.

[4] Reported.

[5] Restated reported.

Group financial development

Revenue

Residential projects for consumers recognised as revenue upon completion.

EUR million	Reported 7–9/19	Pro forma, restated 7–9/18	Change	Reported 1–9/19	Pro forma, restated 1–9/18[1]	Change	Pro forma, restated 1–12/18[1]
Revenue, continuing operations	**807.5**	**734.4**	**10%**	**2,239.1**	**2,073.2**	**8%**	**3,201.0**
Housing Finland and CEE	251.8	244.2	3%	794.5	803.9	-1%	1,157.9
Housing Russia	52.7	55.8	-6%	132.5	147.4	-10%	274.1
Business premises	252.2	211.4	19%	738.4	606.5	22%	1,045.2
Infrastructure projects	250.0	215.2	16%	584.0	511.9	14%	716.8
Partnership properties				0.1			0.0
Other items	0.8	7.8		-10.4	3.5		7.1

[1] Comparisons include pro forma figures with Lemminkäinen's financial statements for the accounting period of January 1–January 31, 2018, excluding discontinued operations.

July–September

The Group's revenue grew 10% year-on-year and amounted to EUR 807.5 million (734.4). The Infrastructure projects segment's revenue increased due to higher year-on-year volumes, and the Business premises segment's revenue increased year-on-year mainly due to the fact that revenue from Tripla offices is now recognised according to percentage of completion. In Housing Finland and CEE, revenue was approximately on the level of the comparison period. Revenue decreased year-on-year in the Housing Russia segment due to reduced volumes in the contracting business.

YIT has announced to exit the paving business in Russia either by closing down or by selling the operations by the end of 2019 and it is reported under "Other items". Also the comparison period has been restated accordingly.

At comparable exchange rates, reported revenue was EUR 806.3 million.

January–September

The Group's revenue increased 8% year-on-year amounting to EUR 2,239.1 million (2,073.2). Revenue increased mainly due to higher year-on-year revenue in the Business premises and Infrastructure projects segments. The Business premises segment's revenue increased mainly due to renovation and the start of Tripla offices' revenue recognition according to percentage of completion after the sale of the offices in December 2018. In Infrastructure projects, revenue increased due to higher volumes year-on-year. In the Housing Finland and CEE segment, revenue decreased slightly from the comparison period due to a lower number of completions in Finland and in the CEE countries. In the Housing Russia segment, revenue decreased due to reduced volumes in the contracting business.

At comparable exchange rates, reported revenue was EUR 2,241.7 million.

Result

EUR million	Reported 7–9/19	Pro forma, restated 7–9/18	Change	Reported 1–9/19	Pro forma, restated 1–9/18[1]	Change	Pro forma, restated 1–12/18[1]
Operating profit, continuing operations	**18.4**	**27.3**	**-33%**	**-16.5**	**18.5**		**104.7**
Operating profit margin, continuing operations , %	**2.3%**	**3.7%**		**-0.7%**	**0.9%**		**3.3%**
Adjusting items	**7.3**	**4.0**	**83%**	**61.0**	**14.2**	**330%**	**27.2**
Adjusted operating profit, continuing operations	**25.7**	**31.4**	**-18%**	**44.5**	**32.7**	**36%**	**132.0**
Housing Finland and CEE	14.0	23.9	-41%	52.4	74.8	-30%	103.3
Housing Russia	0.3	-7.8		-7.3	-28.9	75%	-32.8
Business premises	-6.9	8.7		3.3	11.7	-72%	67.8
Infrastructure projects	11.5	5.9	95%	8.6	-5.8		-6.5
Partnership properties	3.1	-0.2		1.4	-1.0		26.9
Other items	3.7	0.9		-14.0	-18.0		-26.7
Adjusted operating profit margin, continuing operations, %	**3.2%**	**4.3%**		**2.0%**	**1.6%**		**4.1%**
Housing Finland and CEE	5.6%	9.8%		6.6%	9.3%		8.9%
Housing Russia	0.5%	-14.0%		-5.5%	-19.6%		-12.0%
Business premises	-2.7%	4.1%		0.5%	1.9%		6.5%
Infrastructure projects	4.6%	2.7%		1.5%	-1.1%		-0.9%
Partnership properties							

[1] Comparisons include pro forma figures with Lemminkäinen's financial statements for the accounting period of January 1–January 31, 2018, excluding discontinued operations.

EUR million	Reported 7–9/19	Pro forma, restated 7–9/18	Change	Reported 1–9/19	Pro forma, restated 1–9/18[1]	Change	Pro forma, restated 1–12/18[1]
Profit before taxes	7.4	20.7	-64%	-47.1	-7.0		71.4
Profit for the review period, continuing operations	6.4	19.5	-67%	-54.1	-8.1		48.7
Profit for the review period, discontinued operations	20.1	16.6	21%	-4.2	-12.4	66%	-15.4
Profit for the review period[2]	26.5	36.0	-26%	-58.4	-20.4	-186%	33.3
Earnings per share for the review period, EUR	0.13	0.17	-24%	-0.28	-0.10	-180%	0.16
Adjusted earnings per share for the review period, continuing operations, EUR	0.05	0.10	-50%	-0.05	0.00		0.32

[1] Comparisons include pro forma figures with Lemminkäinen's financial statements for the accounting period of January 1–January 31, 2018, excluding discontinued operations.
[2] Attributable to the equity holders of the parent company.

July–September

The Group's adjusted operating profit was EUR 25.7 million (31.4), and adjusted operating profit margin was 3.2% (4.3).

The year-on-year decrease in adjusted operating profit was mainly due to lower profitability in the Business premises and Housing Finland and CEE segments. In Business premises, the year-on-year decrease in adjusted operating profit was above all due to increased costs caused by the completion phase of the Mall of Tripla in Pasila, Helsinki, Finland, as well as by two other large projects. In the Housing Finland and CEE segment, adjusted operating profit decreased year-on-year due to a lower number of completions in Finland.

In Infrastructure projects, adjusted operating profit increased due to the improved margin quality of new contracts in the order backlog. In the Housing Russia segment, adjusted operating profit improved clearly year-on-year, supported by improved project margins. From the second quarter on, operating profit or loss from the businesses to be closed down or sold in Russia has been recorded in adjusting items and is not presented in adjusted operating profit.

In the Partnership properties segment, the main reason for improved adjusted operating profit was the business model based fair value change of a loan receivable of an investment.

Reported adjusted operating profit at comparable exchange rates was EUR 26.0 million.

Operating profit was EUR 18.4 million (27.3), and the operating profit margin was 2.3% (3.7). The operating profit includes adjusting items of EUR 7.3 million (4.0) related to merger related fair value cost effects (see note

4.2 for additional information) as well as integration costs. Operating loss from the businesses to be closed down or sold in Russia is also reported under adjusting items.

January–September

The Group's adjusted operating profit was EUR 44.5 million (32.7), and adjusted operating profit margin was 2.0% (1.6). The Infrastructure projects and Housing Russia segments' adjusted operating profit increased year-on-year due to better margin levels and improvement actions taken. From the second quarter on, operating profit or loss from the businesses to be closed down in Russia has been recorded in adjusting items and is not presented in adjusted operating profit. In the Partnership properties segment, the main reason for the segment's improved adjusted operating profit was the business model based fair value change of a loan receivable of an investment.

The Housing Finland and CEE segment's adjusted operating profit decreased year-on-year due to a lower number of completions both in Finland and in the CEE countries. In the Business premises segment, adjusted operating profit decreased mainly due to increased costs caused by the completion phase of the Mall of Tripla as well as by two other large projects.

Reported adjusted operating profit at comparable exchange rates was EUR 44.6 million.

Operating profit was EUR -16.5 million (18.5), and operating profit margin was -0.7% (0.9). The operating profit includes adjusting items of EUR 61 million (14.2). Key adjusting items include write-downs of EUR 35 million and provisions of EUR 9 million related to the closing down or selling of certain businesses in Russia. Other adjusting items are mainly related to merger related fair value cost effects and integration costs.

Profit before taxes was EUR -47.1 million (-7.0) and profit for continuing operations for the reporting period was EUR -54.1 million (-8.1).

The arrangements in Russia also have a negative impact on income taxes of the period.

Synergies and integration costs

The merger of YIT and Lemminkäinen is expected to create significant value for the shareholders of the merged company. When planning the merger, the total synergies were estimated to be approximately EUR 40 million annually, and they were expected to materialise in full by the end of 2020. Once the companies had merged, the sources of the synergies and the plans made could be verified and detailed further.

The savings are mainly attributable to a decrease in fixed expenses shown mainly across the segments. The biggest individual sources of synergies include eliminating overlaps in the combined company, shared and more efficient business premises and lower IT expenses. In addition, for example increasing the efficiency of operating methods and their harmonisation, lower financing costs, adoption of best practices, economies of scale in procurement and more efficient plot turnover rate create synergy benefits.

Total synergy benefit measures done and decided by the end of September amounted to approximately EUR 46 million and achieved cumulative synergy benefits impacting the result were approximately EUR 36 million, of which EUR 19 million were realised in 2018. The company has specified the synergy timetable and estimates that it will reach cumulative annual synergy benefits impacting the result approximately EUR 41 million by the end of 2019 and approximately EUR 48 million by the end of 2020.

Integration costs are estimated to result in a non-recurring negative cash flow effect and an effect on the result of approximately EUR 35 million during 2017–2020. During January–September 2019, merger-related integration costs totalled approximately EUR 4.6 million. Cumulative integration costs at the end of September totalled approximately EUR 27 million, including the costs recorded for Lemminkäinen in January 2018. The company estimates that the majority of the integration costs will be allocated to 2018 and 2019.

The integration costs will burden the operating profit, but have no effect on adjusted operating profit.

EUR million	1–9/19	Pro forma 1–12/18
Integration costs, total[1]	4.6	18.2

[1] Integration costs exclude transaction costs.

Acquisitions and capital expenditure

During the reporting period, reported gross investments amounted to EUR 45.3 million (reported 50.2), or 1.7% of revenue (reported 2.4). The investments consisted of investments in associated companies, joint ventures, building equipment and information technology, among other things.

EUR million	1–9/19	1-9/18	Change	1–12/18
Gross capital expenditure on non-current assets	45.3	50.2	-10%	64.4
% of revenue	1.7%	2.4%		2.0%

Gross capital expenditure includes investments in continuing and discontinued operations.

Capital structure and liquidity position, cash flow and investments

EUR million	Reported 9/19	Reported 9/18	Change	Reported 12/18
Adjusted net interest-bearing debt[1]	723.4	n/a		n/a
Net interest-bearing debt	982.7	767.8	28%	562.9
Cash and cash equivalents	95.8	204.7	-53%	263.6
Interest-bearing receivables	52.8	48.9	8%	65.1
Interest-bearing debt	1,131.3	1,021.4	11%	891.7
Bonds	249.4	354.1	-30%	352.6
Commercial papers	264.8	192.0	38%	46.7
Pension loans		51.7	-100%	50.0
Loans from financial institutions	130.2	132.6	-2%	130.4
Housing corporation loans	191.6	237.8	-19%	259.0
Lease liabilities[2]	259.3			
Finance lease liabilities[2]		17.9		17.8
Other interest-bearing debt	36.0	35.2	2%	35.2
Available committed revolving credit facilities	300.0	300.0		300.0
Available overdraft facilities	61.8	73.7	-16%	72.2
Equity ratio, %	31.0	34.8		38.1
Adjusted equity ratio[1], %	34.0	n/a		n/a
Gearing ratio, %	101.0	75.5		53.6
Adjusted gearing ratio[1], %	74.4	n/a		n/a

[1] Definitions of financial key performance indicators can be found in table 4.3 in the tables section.
[2] Lease liabilities include also old finance lease contracts which were reported as finance lease liabilities before year 2019.

EUR million	Reported 7–9/19	Pro forma 7-9/18	Reported 1–9/19	Pro forma 1-9/18	Pro forma 1-12/18[1]
Operating cash flow after investments	-27.3	n/a	-81.4	n/a	n/a
Cash flow from plot investments	-22.3	n/a	-71.3	n/a	n/a
Cash flow from investments to associated companies and joint ventures	-10.4	n/a	-17.3	n/a	n/a
Net finance costs	-11.0	-6.6	-30.6	-25.5	-33.3

[1] Comparisons include pro forma figures with Lemminkäinen's financial statements for the accounting period of January 1–January 31, 2018, excluding discontinued operations.
Cash flows presented include discontinued operations.

At the end of September, YIT's cash and cash equivalents amounted to EUR 95.8 million (reported 204.7), in addition to which YIT had undrawn overdraft facilities amounting to EUR 61.8 million (reported 73.7). Additionally, YIT's committed revolving credit facility of EUR 300 million (300) was completely undrawn, and undrawn and committed housing corporation loan agreements related to Finnish apartment projects amounted to EUR 263.4 million (reported 317.1).

At the end of September, YIT Group's reported equity ratio was 31.0 % (reported 34.8) and reported gearing ratio was 101.0 % (reported 75.5). Due to the IFRS 16 standard, YIT Group's equity ratio decreased by 3.0 percentage points and gearing ratio increased by 26.6 percentage points. Adjusted equity ratio was 34.0 % and adjusted gearing ratio was 74.4 %.

Reported interest-bearing debt amounted to EUR 1,131.3 million (reported 1,021.4) and reported net interest-bearing debt to EUR 982.7 million (reported 767.8) at the end of September. Due to the IFRS 16 standard, YIT Group's net interest-bearing debt increased EUR 259.3 million. Adjusted net interest-bearing debt was EUR 723.4 million.

During the third quarter, YIT repaid its EUR 100 million fixed rate 7.375% unsecured senior bond and also its EUR 50 million pension loan, both on their maturity dates.

During the third quarter, reported net finance costs amounted to EUR -11.0 million (pro forma -6.6). The impact of IFRS 16 standard to net finance costs was EUR 3.6 million negative.

At the end of September, the adjusted net debt/adjusted EBITDA ratio was 3.8. At the end of June, the net debt/adjusted pro forma EBITDA ratio was 3.5.

The adoption of IFRS 16 standard did not have a negative effect on YIT Group's financial covenants.

Capital employed was EUR 1,748.7 million. The impact of IFRS 16 standard on capital employed was EUR 256.0 million.

At the end of September, capital employed in Russia was EUR 314.2 million (reported 341.0). Reported equity investments in Russia were EUR 342.0 million (reported 377.1).

Operating cash flow after investments for July–September was EUR -27.3 million (reported -33.0). Cash flow from plot investments was EUR -22.3 million. Cash flow from investments to associated companies and joint ventures was EUR -10.4 million.

Order backlog

EUR million	Reported 9/19	Restated 9/18	Change	Restated 12/18
Order backlog, continuing operations	**4,764.3**	**4,806.4**	**-1%**	**4,285.6**
Housing Finland and CEE	1,761.6	1,767.1	0%	1,729.3
Housing Russia	425.5	428.2	-1%	348.8
Business premises	1,260.7	1,630.6	-23%	1,326.9
Infrastructure projects	1,313.5	952.2	38%	860.7
Partnership properties				
Other items	3.2	28.3	-89%	19.9

Reported order backlog continued to increase quarter-on-quarter and amounted to EUR 4,764.3 million (6/19: 4,652.1).

Order backlog was approximately on the same level as in the comparison period (9/18: 4,806.4). At the end of September, 78% of the order backlog was sold (6/19: 77%).

Segments, continuing operations

YIT's continuing operations include five reported segments: Housing Finland and CEE, Housing Russia, Business premises, Infrastructure projects and Partnership properties. The Nordic paving and mineral aggregations operations of the former Paving segment are presented under Discontinued operations, and the paving business in Russia is reported under "Other items". The road maintenance business in Finland of the former Paving segment is reported as part of the Infrastructure projects segment.

Housing Finland and CEE

Operating environment

High consumer demand for apartments continued. Also institutional investor demand was on a good level. In addition to good demand for affordable apartments in the Helsinki Metropolitan Area and Tampere, demand for larger apartments improved year-on-year. Private residential investor demand remained at a low level. Supply in the market was on a high level.

In the CEE countries, consumer confidence continued to be on a good level, and demand for apartments continued to be brisk. Shortage of resources due to increased construction volume caused cost pressure during the reporting period.

Prices of new apartments remained on average stable both in Finland and in the CEE countries.

Mortgage interest rates were on a low level in all operating countries, and availability of financing was good. In Finland, new mortgages continued to be actively drawn.

Housing Finland and CEE EUR million	Reported 7–9/19	Pro forma, restated 7–9/18	Change	Reported 1–9/19	Pro forma, restated 1–9/18[1]	Change	Pro forma, restated 1-12/18[1]
Revenue	251.8	244.2	3%	794.5	803.9	-1%	1,157.9
Operating profit	14.0	23.9	-41%	52.4	74.1	-29%	102.6
Operating profit margin %	5.6%	9.8%		6.6%	9.2%		8.9%
Adjusted operating profit	14.0	23.9	-41%	52.4	74.8	-30%	103.3
Adjusted operating profit margin %	5.6%	9.8%		6.6%	9.3%		8.9%
Order backlog at end of period	1,761.6	1,767.1[2]	0%	1,761.6	1,767.1[2]	0%	1,729.3[2]
Capital employed	714.1	571.7[2]	25%	714.1	571.7[2]	25%	584.9[2]

[1] Comparisons include pro forma figures with Lemminkäinen's financial statements for the accounting period of January 1–January 31, 2018 excluding discontinued operations.
[2] Restated reported.

July–September

The segment's revenue was approximately on the level of the comparison period and amounted to EUR 251.8 million (244.2). Adjusted operating profit was EUR 14.0 million (23.9) and adjusted operating profit margin was 5.6% (9.8). The segment's adjusted operating profit decreased year-on-year due to a lower number of completions in Finland.

During the period, YIT completed 581 apartments in Finland (1,327) and 260 apartments in the CEE countries (123). Number of unsold completed apartments decreased slightly from the end of June and was 507 (6/19: 511), thereof 396 in Finland.

Order backlog at the end of the period was EUR 1,761.6 million (1,767.1).

January–September

The segment's revenue decreased slightly amounting to EUR 794.5 million (803.9). Adjusted operating profit was EUR 52.4 million (74.8) and adjusted operating profit margin was 6.6% (9.3). The segment's revenue and adjusted operating profit decreased year-on-year due to a lower number of completions both in Finland and in the CEE countries.

Residential construction in Finland, units	7–9/19	7–9/18	Change	1–9/19	1–9/18[1]	Change	1–12/18[1]
Sold	845	793	7%	3,698	2,687	38%	3,502
of which initially started for consumers[2]	598	550	9%	2,105	1,896	11%	2,363
Start-ups	907	690	31%	3,407	3,001	14%	3,793
of which for consumers	660	447	48%	1,814	2,210	-18%	2,654
Completed	581	1,327	-56%	3,056	3,215	-5%	4,510
of which for consumers	387	960	-60%	2,321	2,526	-8%	3,657
Under construction at end of period	5,653	5,920	-5%	5,653	5,920	-5%	5,302
of which sold at end of period, %	63%	58%		63%	58%		56%
For sale at end of period	2,091	2,800	-25%	2,091	2,800	-25%	2,777
of which completed	396	337	18%	396	337	18%	422
Plot reserve in balance sheet at end of period, EUR million	470	255[4]	84%	470	255[4]	84%	222[4]
Plot reserve at end of period[3], floor square metres	1,880,000	2,346,000	-20%	1,880,000	2,346,000	-20%	2,226,000

[1] Combined figures of YIT and Lemminkäinen.
[2] Includes apartments sold to residential funds: 7–9/19: 14 units; 7–9/18: 70 units; 1-9/19: 687 units; 1-9/18: 180 units; 1-12/18: 180 units.
[3] Includes pre-agreements, rental plots and own plots.
[4] Excluding rental plots.

Residential construction in the CEE countries, units	7–9/19	7–9/18	Change	1–9/19	1–9/18[1]	Change	1–12/18[1]
Sold	249	241	3%	842	771	9%	1,204
of which for consumers	249	241	3%	744	658	13%	950
Fund sales to consumers[1]	83	61	36%	319	315	1%	404
Start-ups	590	150	293%	1,254	994	26%	1,566
Completed	260	123	111%	567	784	-28%	1,427
Under construction at end of period	3,100	2,650	17%	3,100	2,650	17%	2,440
of which sold at end of period, %	44%	56%		44%	56%		46%
For sale at end of period	1,852	1,301	42%	1,852	1,301	42%	1,436
of which completed	111	122	-9%	111	122	-9%	130
Plot reserve in balance sheet at end of period, EUR million	185	119	56%	185	119	56%	112
Plot reserve at end of period[3], floor square metres	679,000	348,000	95%	679,000	348,000	95%	474,000

[1] Apartments sold to consumers in projects that YIT has previously sold to the YCE Housing I fund or a joint venture and has already reported the units as investor sales.

Housing Russia

Related to the arrangements being made in Russia to reduce capital and to improve profitability, from the second quarter 2019 on, operating profit or loss from the businesses to be closed down are recorded in adjusting items and will not be presented in adjusted operating profit.

Operating environment

Russian consumers were cautious with their apartment buying decisions. Residential demand and prices remained stable. The changes in the housing sales legislation that came into effect in the beginning of July caused uncertainty in the residential market.

Interest rates for mortgages for new apartments have slightly decreased during the period. The Russian government continues to support the citizens' apartment-buying with different programs.

Housing Russia, EUR million	Reported 7–9/19	Pro forma, restated 7–9/18	Change	Reported 1–9/19	Pro forma, restated 1–9/18[1]	Change	Pro forma, restated 1–12/18[1]
Revenue	52.7	55.8	-6%	132.5	147.4	-10%	274.1
Operating profit	-1.1	-8.4	87%	-45.0	-33.4	-35%	-37.3
Operating profit margin %	-2.1%	-15.1%		-33.9%	-22.7%		-13.6%
Adjusted operating profit	0.3	-7.8		-7.3	-28.9	75%	-32.8
Adjusted operating profit margin, %	0.5%	-14.0%		-5.5%	-19.6%		-12.0%
Order backlog at end of period	425.5	428.2[2]	-1%	425.5	428.2[2]	-1%	348.8[2]
Capital employed	288.3	332.7[2]	-13%	288.3	332.7[2]	-13%	294.3[2]

[1] Comparisons include pro forma figures with Lemminkäinen's financial statements for the accounting period of January 1–January 31, 2018, excluding discontinued operations.

[2] Restated reported.

July–September

The segment's revenue was EUR 52.7 million (55.8). Revenue decreased year-on-year due to reduced volumes in the contracting business.

Adjusted operating profit improved clearly year-on-year and amounted to EUR 0.3 million (-7.8). Adjusted operating profit margin was 0.5% (-14.0), supported by improved project margins. From the second quarter on, operating profit or loss from the businesses to be closed down or sold has been recorded in adjusting items and is not presented in adjusted operating profit.

At comparable exchange rates, reported revenue was EUR 50.2 million and reported adjusted operating profit at comparable exchange rates was EUR 0.5 million.

During the reporting period, 945 apartments (699) were completed. Number of unsold completed apartments increased from end of June and was 546 (06/19: 456) but reduced year-on-year (09/18: 722).

Share of residential deals financed with mortgage was 42% (47). At the end of September, YIT was responsible for the service and maintenance of over 41,000 apartments, 8,000 parking spaces and 4,000 business premises in Russia, totalling over 53,000 clients.

At the end of the period, order backlog was approximately on the level of the comparison period, amounting to EUR 425.5 million (428.2).

January–September

The segment's revenue declined 10% year-on-year and was EUR 132.5 million (147.4). Revenue decreased year-on-year due to reduced volumes in the contracting business.

Adjusted operating profit was EUR -7.3 million (-28.9) and adjusted operating profit margin was -5.5% (-19.6).

At comparable exchange rates, reported revenue was EUR 131.9 million; reported adjusted operating profit at comparable exchange rates was EUR -7.2 million.

In June, YIT announced that it will continue to take action in Russia to reduce capital and enhance profitability according to its strategy. YIT has decided to discontinue residential construction in Moscow and the Moscow region in stages approximately by the end of 2020, to entirely close down the contracting business in Russia as well as to discontinue residential construction in the city of Rostov-on-Don and to sell the undeveloped plots there. Furthermore, YIT will exit the paving business in Russia either by closing down or by selling the paving operations by the end of 2019.

Key adjusting items in the Group's operating profit include write-downs of EUR 35 million and provisions of EUR 9 million related to the closing down or selling of businesses in Russia, whereof a write-down of EUR 25.5 million and a provision of EUR 7.5 million are connected to the Housing Russia segment.

During the period, no new bids were made for contracting projects in Russia, as the closing down of the contracting business is being finalised.

Residential construction in Russia, units	7–9/19	7–9/18	Change	1–9/19	1–9/18[1]	Change	1–12/18
Sold	662	892	-26%	2,109	2,498	-16%	3,682
Start-ups	594	923	-36%	2,446	2,462	-1%	3,694
Completed[1]	945	699	35%	1,842	979	88%	2,974
Under construction at end of period	5,890	6,096	-3%	5,890	6,096	-3%	5,286
of which sold at end of period, %	32%	43%		32%	43%		33%
For sale at end of period	4,564	4,178	9%	4,564	4,178	9%	4,223
of which completed	546	722	-24%	546	722	-24%	683
Plot reserve in the balance sheet at end of period[2], EUR million	161	156	3%	161	156	3%	162
Plot reserve at end of period[2], floor square metres	1,194,000	1,278,000	-7%	1,194,000	1,278,000	-7%	1,546,000

[1] Completion of residential projects requires commissioning by the authorities.
[2] Figures include Gorelovo industrial park.

Under construction at end of period, units	9/19	9/18	Change	9/19	6/19	Change	1–12/18
St. Petersburg	1,184	732	62%	1,184	1,107	7%	819
Moscow	2,312	3,069	-25%	2,312	2,452	-6%	2,428
Russian regions	2,394	2,263	6%	2,394	2,682	-11%	2,039

Business premises

Operating environment

The good market situation in Finland continued to support public and private investments. The volume of construction continued to be on a high level. Outside the Helsinki metropolitan area, competition has intensified with residential construction growth slowing down.

Business premises contracting market was active in growth centres in Finland and especially in the Helsinki metropolitan area. Tenant demand is on a good level in the Helsinki metropolitan area that is also the main market of investor demand. Rental levels of business premises remained good in Finland and in the Baltic countries.

In the Baltic countries and in Slovakia, investor demand for business premises was good. The contracting market has remained stable in the Baltic countries.

Business premises, EUR million	Reported 7–9/19	Pro forma, restated 7–9/18	Change	Reported 1–9/19	Pro forma, restated 1–9/18[1]	Change	Pro forma, restated 1–12/18[1]
Revenue	252.2	211.4	19%	738.4	606.5	22%	1,045.2
Operating profit	-6.9	8.7		3.3	11.3	-71%	67.3
Operating profit margin %	-2.7%	4.1%		0.5%	1.9%		6.4%
Adjusted operating profit	-6.9	8.7		3.3	11.7	-72%	67.8
Adjusted operating profit margin %	-2.7%	4.1%		0.5%	1.9%		6.5%
Order backlog at end of period	1,260.7	1,630.6[2]	-23%	1,260.7	1,630.6[2]	-23%	1,326.9[2]
Capital employed	105.9	125.2[2]	-15%	105.9	125.2[2]	-15%	38.2[2]

[1] Comparisons include pro forma figures with Lemminkäinen's financial statements for the accounting period of January 1–January 31, 2018, excluding discontinued operations.
[2] Restated reported.

Business premises	9/19	6/19
Plot reserve in the balance sheet, EUR million	101	95
Plot reserve, floor square metres	842,000	862,000

July–September

The segment's revenue increased 19% year-on-year and amounted to EUR 252.2 million (211.4). Revenue increased year-on-year mainly due to the fact that revenue from Tripla offices is now recognised according to percentage of completion.

Adjusted operating profit was EUR -6.9 million (8.7), and adjusted operating profit margin was -2.7% (4.1). The year-on-year decrease in adjusted operating profit was above all due to increased costs caused by the completion phase of the Mall of Tripla in Pasila, Helsinki, Finland, as well as by two other large projects. Mall of Tripla was finalised as scheduled and opened after the reporting period in October. The rental rate of Tripla offices was 94% at the end of the period.

During the period, the Keravanjoki multipurpose building and the renovation project of residential buildings in Helsinki, Finland, as well as several school projects were added into the order backlog. At the end of the period, the segment's order backlog was EUR 1,260.7 million (1,630.6). In the comparison period, Tripla offices were included in the order backlog.

After the reporting period, a project company formed by YIT Corporation and Meridiam Investments II was selected by the City of Espoo, Finland, for the PPP project including financing, design, construction and maintenance for 20 years of five new schools and three daycare centres to be built over the next five years.

January–September

The segment's revenue increased 22% year-on-year and amounted to EUR 738.4 million (606.5). Adjusted operating profit was EUR 3.3 million (11.7), and adjusted operating profit margin was 0.5% (1.9).

The segment's revenue grew mainly due to renovation and the start of Tripla offices' revenue and profit recognition after the sale of the offices in December 2018. During the comparison period, the Tripla offices were constructed as a self-developed project and its revenue and profit were not recognised.

Adjusted operating profit decreased mainly due to increased costs caused by the completion phase of the Mall of Tripla as well as by two other large projects.

Largest ongoing Business premises projects

Project, location	Total value, EUR million	Project type	Completion rate, %	Estimated completion	Sold/ for sale contracting
Mall of Tripla, Helsinki, Finland	600	retail	100%	10/19[1]	YIT owns 38.75%
Tripla offices, East and West, Helsinki, Finland	n/a	office	94%, 89%	03/20	sold
Finavia air terminal expansion, Vantaa, Finland	250[2]	airport	82%	12/19	contracting
Tripla hotel, Helsinki, Finland	88	hotel	93%	12/19	sold
Myllypuro campus, Helsinki, Finland	73	public premises	100%	10/19	contracting

[1] Opened October 17, 2019.
[2] Project expanded.

Infrastructure projects

The Finnish Road maintenance business, previously reported as a part of the former Paving segment, has been transferred to the Infrastructure projects segment following the planned sale of Nordic paving and mineral aggregates businesses. Comparative segment figures have been restated starting from the beginning of 2018 to reflect the changes.

Operating environment

Urbanisation, industrial investments and investments in energy and traffic infrastructure have kept the demand for complex infrastructure construction on a good level. Especially in Sweden and Norway, the market remained strong, and there are several major infra projects and industrial investments ongoing or planned in both countries.

In Finland, the infrastructure construction outlook has improved following the new government policy and the additional state budget approved in June. In the Baltic countries, competition is intense.

Infrastructure projects EUR million	Reported 7–9/19	Pro forma, restated 7–9/18	Change	Reported 1–9/19	Pro forma, restated 1–9/18[1]	Change	Pro forma, restated, 1–12/18[1]
Revenue	250.0	215.2	16%	584.0	511.9	14%	716.8
Operating profit	11.5	5.9	83%	8.6	-6.1		-7.2
Operating profit margin %	4.6%	2.7%		1.5%	-1.2%		-1.0%
Adjusted operating profit	11.5	5.9	95%	8.6	-5.8		-6.5
Adjusted operating profit margin %	4.6%	2.7%		1.5%	-1.1%		-0.9%
Order backlog at the end of the period	1,313.5	952.2[2]	38%	1,313.5	952.2[2]	38%	860.7[2]
Capital employed	89.5	93.4[2]	-4%	89.5	93.4[2]	-4%	77.0[2]

[1] Comparisons include pro forma figures with Lemminkäinen's financial statements for the accounting period of January 1–January 31, 2018, excluding discontinued operations.
[2] Restated reported.

July–September

The segment's revenue increased 16% year-on-year due to higher volumes and amounted to EUR 250.0 million (215.2).

The segment's profitability improved clearly: adjusted operating profit was EUR 11.5 million (5.9) and adjusted operating profit margin was 4.6% (2.7). Adjusted operating profit increased due to the improved margin quality of new contracts in the order backlog.

Order backlog continued to strengthen due to e.g. the construction of a new wind farm in Örnsköldsvik, Sweden, two dam projects in Norway and the final disposal facility for Posiva Oy in Finland. Order backlog grew 38% year-on-year and was at the end of the period EUR 1,313.5 million (952.2).

After the reporting period, YIT was selected by the City of Helsinki, Finland, as the main alliance partner for the Crown Bridges tramway project.

January–September

The segment's revenue increased 14% year-on-year and amounted to EUR 584.0 million (511.9). Adjusted operating profit was EUR 8.6 million (-5.8) and adjusted operating profit margin was 1.5% (-1.1).

Revenue increased due to higher volumes year-on-year. Adjusted operating profit improved due to higher margin level year-on-year. The result was still partly burdened by the low margins recognised for old projects.

Largest ongoing infrastructure contracting projects

Project, location	Total value of the project, EUR million	Completion rate, %	Estimated completion
Raide-Jokeri light rail, Helsinki and Espoo, Finland	~200	5%	6/24
Blominmäki wastewater treatment plant, Espoo, Finland	~206	34%	2/22
Henriksdal wastewater tunnel, Stockholm, Sweden	~130	0%	10/26
Henriksdal wastewater treatment plant, Stockholm, Sweden	~60	7%	12/23
Light railway alliance, Tampere, Finland	~110	71%[1]	12/21

[1] Includes the entire Light railway alliance.

Partnership properties

Operating environment

Investors' interest in business premises located in Finland's major growth centres was at a good level, and residential investor interest remained stable. Yield requirements of office and retail properties decreased in the Helsinki metropolitan area, and rental levels for prime office properties increased in central Helsinki.

Partnership properties EUR million	Reported 7–9/19	Pro forma, restated 7–9/18	Change	Reported 1–9/19	Pro forma, restated 1–9/18[1]	Change	Pro forma, restated 1–12/18[1]
Revenue				0.1			0.0
Adjusted operating profit	3.1	-0.2		1.4	-1.0		26.9
Adjusted operating profit margin %							
Capital employed	170.0	148.7[2]	14%	170.0	148.7[2]	14%	145.0[2]

[1] Comparisons include pro forma figures with Lemminkäinen's financial statements for the accounting period of January 1–January 31, 2018, excluding discontinued operations.
[2] Restated reported.

EUR million	Reported 9/19	Reported 6/19	Change	Reported 12/18
Equity investments and investment commitments	184	166	11%	164
of which already invested in associated companies and joint ventures	154	148	4%	154

Projects

Partnership	Co-operation model	YIT's equity investment commitments, EUR million	Total investment capacity estimate, EUR million	YIT's ownership	Additional information
Regenero Oy	Project development company	8[1]	800[2]	50%	Owned by YIT and HGR Property Partners. Regenero owns office properties in Keilaniemi, Espoo, Finland. The occupancy rate of the Keilaniemi property is 72%. Capital investments in Regenero are made based on needs of projects being developed.
Mall of Tripla Ky	Shopping centre property company	117	600	38.75%	Hybrid project Tripla's shopping centre part in Pasila, Helsinki, Finland. The joint venture is formed by YIT, Ilmarinen (38.75%), Conficap (15%) and Fennia (7.5%). Occupancy rate of the Mall is approximately 96%, leasable area 85,000 square metres.
E18 Hamina-Vaalimaa motorway	Road company	5	235	20%	Meridiam Infrastructure Finance II S.á.r.l. holds 80% and YIT 20% of the company. Maintenance contract until 2034.
YCE Housing I fund	Project development fund	15	100	40%	Residential projects in Slovakia, the Czech Republic, Lithuania and Estonia. YIT constructs the projects owned by the fund and sells 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.
ÅB Lunastustontti I Ky	Plot fund	10	100	20%	Residential plot fund in Finland. YIT is responsible for finding plots for the fund. YIT develops, constructs and sells houses on plots owned by the fund. YIT owns 20% of the fund, other investors Varma (40%) and Ålandsbanken (40%). The fund's equity is projected to be EUR 50 million.
FinCap Asunnot Oy	Residential joint venture	11	100	49%	Joint venture investing in Finnish rental apartments built by YIT. Investors are YIT (49%) and a group of Finnish private investment companies. YIT has sold to the JV almost 600 apartments completed or in the final stage of construction throughout Finland, total value over EUR 100 million. The JV leases the apartments it owns. Administration of the apartment portfolio and reporting of the JV is outsourced to FinCap Group.
Ålandsbanken Kodit Ky	Joint housing investment company	18	112	40%	Company investing in rental apartments in Finland. YIT constructs the projects and will be responsible for letting the apartments.

[1] YIT's current equity investment in Regenero.
[2] Includes the entire Keilaniemenranta area development project.

July–September

The biggest factor affecting the segment's adjusted operating profit was the business model based fair value change of a loan receivable of an investment.

During the reporting period, YIT and the Ålandsbanken bank entered into an agreement to establish a company investing in rental apartments. YIT's share of the investment is 40%, and Ålandsbanken's 60%. In the same connection, YIT agreed on the sale of ten rental apartment buildings to the company. The investment value of the projects is approximately EUR 112 million.

The biggest project reported in the Partnership properties segment is the Mall of Tripla. The project was completed as scheduled and the mall was opened in October 2019. The occupancy rate of Mall of Tripla was approximately 96% at the end of period. During the period, also the leasing of other projects reported in the Partnership properties segment proceeded well.

After the reporting period, the conditions for the fair valuation of the Mall of Tripla came into effect.

January–September

YIT was involved in establishing a joint venture that invests in rental apartments the company has constructed in Finland. The investors in the joint venture are YIT (49%) and a group of Finnish private investment companies. At the same time, YIT Housing Finland and CEE segment sold almost 600 completed apartments or apartments that are in the final stage of construction throughout Finland to the new joint venture. The total value of the sold apartments is over EUR 100 million.

The joint venture will lease the apartments it owns, and YIT's rental apartment team will be partly responsible for the leasing. Administration of the apartment portfolio and the reporting of the joint venture is outsourced to FinCap Group. The transaction strengthened the investments of the segment in rental housing generating stable cash flow. The transaction enables YIT to speed up capital turnover, while keeping value upside on the portfolio.

Discontinued operations

Discontinued operations include the Nordic paving and mineral aggregates operations that are planned to be sold and related allocations.

Discontinued operations EUR million	7–9/19	Pro forma 7–9/18	Change	1–9/19	Pro forma 1–9/18[1]	Change	Pro forma 1–12/18[1]
Revenue	240.1	244.8	-2%	415.3	409.8	1%	558.3
Operating profit	24.8	20.1	23%	-1.2	-0.5	-140%	-13.4
Operating profit margin %	10.3%	8.2%		-0.3%	-0.1%		-2.4%
Order backlog at the end of the period	167.9	184.4	-9%	167.9	184.4	-9%	148.2

[1] Comparisons include pro forma figures with Lemminkäinen's financial statements for the accounting period of January 1–January 31, 2018.

July–September

Revenue of discontinued operations was EUR 240.1 million (244.8).

Operating profit of discontinued operations was EUR 24.8 million (20.1), and operating profit margin was 10.3% (8.2). Positive development in Norway and Sweden continued.

Operating profit of discontinued operations includes additional allocations such as fair value allocations from the Lemminkäinen merger and transaction costs.

Order backlog of discontinued operations was EUR 167.9 million (184.4) .

January–September

Revenue of discontinued operations was EUR 415.3 million (409.8).

Operating profit of discontinued operations was EUR -1.2 million (-0.5) and operating profit margin was -0.3% (-0.1).

In July 2019, YIT announced having signed an agreement with Peab for the sale of YIT's paving and mineral aggregates businesses in Finland, Sweden, Norway and Denmark. Carve-out preparation of the operations is proceeding as planned; closing of the transaction is expected to be completed in the first quarter of 2020.

Personnel

Personnel per segment, continuing operations	9/19	6/19	Change, nr of persons	12/18
Housing Finland and CEE	2,568	2,702	-134	2,632
Housing Russia	1,300	1,356	-56	1,424
Business premises	1,273	1,288	-15	1,177
Infrastructure projects	2,167	2,202	-35	1,969
Partnership properties	3	3	0	2
Group services	364	385	-21	352
Group total	**7,675**	**7,936**	**-261**	**7,556**

Personnel per geographic area, continuing operations	9/19	6/19	Change, nr of persons	12/18
Finland	4,397	4,633	-236	4,371
Russia	1,310	1,366	-56	1,432
CEE countries	1,685	1,669	16	1,539
Scandinavia	283	268	15	214
Group total	**7,675**	**7,936**	**-261**	**7,556**

During January–September, the Group's continuing operations employed on average 7,677 people (8,071). Including discontinued operations, the average number of personnel in January-September was 9,523 (9,999). Attending employee figures are used in reporting the number of personnel. The decrease in the Group's number of personnel from the end of June is mainly due to the high number of seasonal trainees' employment contracts ending in all segments.

Personnel expenses totalled 302.7 EUR million (306.7).

Accident frequency (number of accidents per one million working hours) was 9.9 (9/2018: 9.6, including discontinued operations). The accident frequency is calculated by dividing the number of workplace accidents that caused an absence of at least one day by one million hours worked. The accident frequency is calculated as a 12-month average.

Long-term financial targets

YIT's Board of Directors confirmed in September 2018 the company's reviewed strategy and long-term financial targets for 2020–2022. The adoption of IFRS 16 standard did not have an effect on the company's long-term financial targets.

Additionally, the Board of Directors decided to propose to the Annual General Meeting a change in dividend payment to be done in two tranches starting with the dividend paid for the year 2019.

Long-term financial targets	Target level
Return on capital employed (ROCE)	over 12%
Gearing	30–50% including the impact of IFRS 16 by the end of the strategy period
Dividend per share	Annually increasing

Strategy

In September 2019, YIT's Board of Directors confirmed the company's reviewed strategy for 2020–2022. The target of the reviewed strategy continues to be to improve profitability and to maintain financial stability.

The company's strategic priorities are, as previously, urban development and the non-cyclical Partnership properties and services businesses. Cornerstones of success supporting these priorities are top performance, success with customers and partners, happy people and, most recently, stepping up sustainability.

Each business segment sees to its own competitiveness in its market area through development work done in the segment. Additionally, YIT implements its strategy through four group-wide development programmes supporting the cornerstones of success and growth. The Performance, Green Growth and Customer Focus programmes started last year continue with adjusted content supporting the strategy review, such as actions targeting carbon neutrality and reduced CO_2 emissions. As a new one, the Services Development programme was started.

Resolutions passed at the Annual General Meeting

The Annual General Meeting of YIT Corporation was held on March 12, 2019. YIT published stock exchange releases on the resolutions of the Annual General Meeting and on the organisational meeting of the Board of Directors on March 12, 2019. The stock exchange releases and introductions of the members of the Board of Directors are available on YIT's web pages.

Shares and shareholders

The company has one series of shares. Each share carries one vote and confers an equal right to a dividend.

Share capital and number of shares

YIT's share capital and number of shares remained unchanged during the reporting period.

YIT Corporation's share capital was 149,716,748.22 euros in the beginning of 2019 (2018: 149,716,748.22) and the number of shares outstanding at the end of the reporting period was 208,768,363 (2018: 211,099,853).

Treasury shares and authorisations of the Board of Directors

On March 12, 2019, the Annual General Meeting of YIT Corporation resolved to authorise the Board of Directors to decide on the repurchase of company shares and share issues as proposed by the Board of Directors.

On July 25, 2019, YIT announced that the Board of Directors had passed a resolution to start repurchasing the company's own shares on the basis of the authorisation given by the Annual General Meeting.

On September 2, 2019, YIT announced having completed the repurchasing programme of the company's own shares. During the time period from July 26, 2019 to August 30, 2019, the company purchased through public trading organised by Nasdaq Helsinki Oy a total of 1,500,000 company's own shares at an average price per share of EUR 5.0080.

The Board of Directors decided on August 20, 2019 on a directed share issue for Lemminkäinen Performance Share Program reward payment from the 2016 performance period as agreed in connection with the merger of YIT and Lemminkäinen. On September 18, 2019, YIT announced that in the share issue, 41,014 YIT Corporation shares were issued and conveyed without consideration to the key persons participating in the incentive scheme according to the terms and conditions of the incentive scheme.

On September 30, 2019, YIT Corporation held 2,331,490 treasury shares.

Trading on shares

The opening price of YIT's share was EUR 5.08 on the first trading day of 2019. The closing price of the share on the last trading day of the reporting period on September 30, 2019 was EUR 5.28. YIT's share price increased by approximately 4% during the reporting period. The highest price of the share during the reporting period was EUR 5.93, the lowest EUR 4.77 and the average price was EUR 5.27. Share turnover on Nasdaq Helsinki during the reporting period was approximately 60.3 million shares (194.9). The value of the share turnover was approximately EUR 318 million (1,123), source: Nasdaq Helsinki.

During the reporting period, approximately 18 million (61) YIT Corporation shares changed hands in alternative market places, corresponding to approximately 23 per cent (24) of the total share trade, source: Euroland.

YIT Corporation's market capitalisation on the last trading day of the reporting period on September 30, 2019 was EUR 1,102.3 million (1,266.6). The market capitalisation has been calculated excluding the shares held by the company.

Number of shareholders and flagging notifications

At the end of September, the number of registered shareholders was 45,201 (48,347). A total of 13.6% of the shares were owned by nominee-registered and non-Finnish investors (12.2).

During the reporting period, YIT did not receive any flagging notifications.

Managers' transactions

YIT's managers' transactions during the reporting period have been published as stock exchange releases, and they are available on YIT's website.

Most significant short-term business risks

YIT's Board of Directors approves the company's risk management policy and its objectives, including the risk tolerance and risk appetite. Risk management planning and the evaluation of the overall risk position are part of the annual strategy process. Risk management is included in all of the Group's significant operating, reporting and management processes. Significant changes in risks are followed on monthly basis and reported according to the Group's governance and reporting practices.

The general economic development, functioning of the financial markets and the political environment in YIT's operating countries have a significant impact on the company's business. Negative development in consumers' purchasing power, consumer or business confidence, availability of financing for consumers or businesses, or general interest rate level would likely weaken the demand for YIT's products and services. They also impact parametres used for fair valuation of certain balance sheet items, such as the Mall of Tripla. A drop in residential prices or an increase in investors' yield requirements would pose a risk for the profitability of the company, should these factors materialise.

There is still uncertainty related to the economic development of Russia. The volatility of the oil price and the rouble, changes in legislation, geopolitical tensions and inflation may have an influence on the demand for apartments due to a weakening in purchasing power and consumer confidence. Declining purchasing power and oversupply of apartments would also impact the development of residential prices.

At the end of September, Finland accounted for the majority of the company's revenue, which highlights the significance of Finland's economic development for YIT's business. The slowing growth of the Finnish economy and the indebtedness of the public sector may weaken consumers' purchasing power and general confidence, which would have a negative impact on the demand for apartments and business premises. An increase of public sector debt could also make it more difficult to finance infrastructure investments. Investors have played a central role in YIT's Finnish business in recent years. An increase in price or interest levels, increased rental accommodation supply and/or weakening in tenant demand on the business premises or residential market and better yields of alternative investments could lead to a significant decrease in investor demand. Increased supply and slowdown of population growth or depopulation can pose a local risk for residential demand.

Ensuring competitive products and services corresponding to customer demand is critical for YIT's business. Changes in customer preferences and in the competitors' offerings pose risks related to the demand for the company's products and services. New competitors, business models and products on the housing market may pose risks related to the demand for the company's products and services.

Especially in Finland and the CEE countries, the availability of the resources needed for the increased production volume might prevent increasing the production as planned. Competitors' need for resources also poses a risk of losing key personnel and expertise. The overheating of market, should it materialise, would have an impact on price levels and availability of resources.

Completing the integration, the planned sale of Nordic paving and mineral aggregates businesses as well as arrangements in Russia take time from key personnel, cause uncertainty among employees and activate competitors to recruitment attempts. The company has taken measures as planned to mitigate these risks.

The company expects the annual total synergies to have an impact of EUR 48 million by the end of 2020. Of this, EUR 41 million is expected to be achieved by the end of 2019.

The assumptions related to the synergy benefits and integration costs are by nature uncertain and liable to numerous significant risks and uncertainties related to business, economy and competition. More detailed information on the risks related to the merger is published in the merger prospectus. The merger prospectus is available on YIT's website.

Most of the company's business is project business, meaning that successful project management plays an integral role in ensuring the company's profit. The most significant project management risks are related to factors such as pricing, planning, scheduling, procurement, cost management and customer behaviour as well as in the company's self-developed business, also the management of sales risk. YIT's major business premises and infrastructure projects in Finland, such as the Tripla project, make up a significant share of the company's expected operating profit in the coming years, meaning that successful project management in the projects is integral.

Among other measures, the company has continued to manage risks related to its business and to capital employed by utilising associated companies and joint ventures in its business operations. Being a party to associated companies and joint ventures is nevertheless subject to risks typical to them related to, among other things, potential disagreements regarding decision making, financing and business operations, as well as distribution of liabilities among parties.

Generally increased activity in cyber criminality may cause risks for the company's operations and information security. Malpractices of personnel may cause losses, financial or other, or risks to other employees.

Changes in legislation and authorities' processes may slow down the progress of projects, have a negative effect on net debt, increase the need for equity or debt funding or prevent additional funding from being realised. There are uncertainty factors related to authorities' actions, permit processes and their efficiency particularly in Russia and the CEE countries. Political tensions between e.g. EU, USA, Russia and China are materialised as sanctions, among others, that may have a significant impact on the company's business. Changes in the federal law regulating housing market in Russia may cause disturbance in companies' monetary transactions, current contract models and increase capital employed. The act has been specified in early summer 2019, which increases uncertainty. The role of banks in monitoring the law has been expanded and the incompleteness of the monitoring process may cause uncertainty.

In recent years, the company has decreased capital employed in Russia according to its strategy and the improvement of the capital turnover will continue as a part of normal business. The company's target is to further release capital employed in Russia.

The most significant financial risks are the risks related to foreign exchange rate development and the availability of financing. Availability of financing may be affected by negative development in the Nordic residential construction market. The Group's most significant currency risk is related to rouble-denominated investments. Additional information on financial risks and their management is provided in Note 29 to the Financial Statements 2018.

Legal proceedings

As a result of the execution of the merger between YIT and Lemminkäinen, all the assets, debts and liabilities of Lemminkäinen, including on-going litigations, were transferred to YIT. The litigations are covered more extensively in Lemminkäinen's Financial Statements 2017 bulletin, which is available on YIT's internet pages: www.yitgroup.com.

Damages related to the asphalt cartel

On September 6, 2017, the Supreme Court of Finland announced that it had granted leave to appeal to Lemminkäinen and certain cities regarding the legal proceedings concerning the damages related to the asphalt cartel. The Supreme Court announced on June 18, 2019 its decisions on matters related to the claims by the cities of Mikkeli and Rovaniemi. The Supreme Court approved for the most part YIT's claims related to the question on the share of value added tax. Additionally, the Supreme Court approved partly YIT's claim related to decreasing the damages due to dispersion of responsibility in the matter concerning the claim by the city of Rovaniemi. The Supreme Court dismissed YIT's corresponding claim concerning the claim by the city of Mikkeli.

On October 20, 2016, the Court of Appeal of Helsinki gave its decisions in the legal proceedings concerning the damages related to the asphalt cartel. According to the decisions, Lemminkäinen was entitled to receive refunds (based on Lemminkäinen's own share and those shares of other defendants that Lemminkäinen has paid) in total approximately EUR 19 million consisting of capital as well as interest and legal expenses.

The company deems as such the claims for damages unfounded.

In addition, Lemminkäinen has been served summons regarding 21 claims against the company and other asphalt companies for damages. The capital amount of these claims totals approximately EUR 26 million. For these claims, the company has made a provision worth approximately EUR 4.0 million based on the Helsinki Court of Appeal's decisions and the subsequent Supreme Court's decisions regarding the applications for leave to appeal.

Quality concerns related to ready-mixed concrete

Ready-mixed concrete, among other things, has been used in construction business as a raw material. During the year 2016, especially in some infrastructure projects, suspicions arose that the ready-mixed concrete used in Finland would not entirely fulfil the predetermined quality requirements.

The Hospital District of Southwest Finland presented claims for damages to YIT relating to the quality of the ready-mixed concrete as well as the work performance in the project for the construction of the concrete deck of the T3 building of Turku University Hospital.

YIT has in April 2019 signed a contract with the concrete supplier on agreeing the dispute between YIT and the concrete supplier.

Short-term outlook by region

Finland

Consumer and institutional investor demand for apartments is expected to remain on a good level. Activity among private residential investors is expected to be lower than in the previous years. Location and price level continue to play a key role. Demand for new rental apartments in good locations continues to be on a good level supported by low interest levels. Stricter lending practice by financial institutions and potential changes in legislation may impact consumer demand in the future.

Divergent development of apartment prices and demand between growth centres and the rest of Finland is expected to continue. The increased supply of apartments is anticipated to prevent the rise of housing prices.

Rental demand for business premises is expected to remain on a good level in growth centres. 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 contracting market is expected to remain active.

Renovation is expected to grow moderately due to increasing urbanisation and aging of building stock.

Construction costs are estimated to stay on a stable level. Construction volume is expected to return to a normal level.

Increased regulation and higher capital requirements imposed on financial institutions affect construction and property development. Financial institutions have tightened housing company lending in the market.

In infrastructure construction, complex infrastructure projects in urban growth centres as well as transport projects and industrial investments maintain demand. In 2019, the infrastructure construction market is expected to decline from the 2018 level but to revive in 2020. With the annual total increase of EUR 300 million in management of basic transport infrastructure in the new government policy, infrastructure construction volumes may be stabilised.

Russia

Demand for apartments is expected to remain at the same level as seen on average in 2018. Demand is expected to focus primarily on affordable apartments; this is also supported by demographic trends. The recent key rate cut by the Central Bank of Russia has lead to a slight decrease in mortgage interest rates.

Changes in regulation concerning the housing market are expected to continue to cause uncertainty and turbulence in the market, to maintain volatility in supply and sales practices as well as to increase housing prices in the longer term.

The Baltic countries and CEE countries

Residential demand in the Baltic countries is expected to remain on a good level. Availability of financing and low interest rates are expected to continue to support residential demand. Weaker outlook for the German economy might impact residential demand in the CEE countries. Residential prices are estimated to increase further.

The prices of plots have increased and competition for plots is expected to remain intense. Shortage of resources and long construction permit processes are expected to continue to increase construction cost inflation and to limit volume growth.

The contracting market for business premises is expected to remain at the current level or to decrease slightly in the Baltic countries.

In the Baltic countries, the volume of infrastructure construction is expected to continue to grow due to the states' investments in improving urban and transport infrastructure, but competition is expected to remain intense.

Scandinavia

In Norway and Sweden, infrastructure construction is boosted by multi-year, state-funded traffic infrastructure development programmes and urbanisation. In both countries, infrastructure construction is expected to grow in 2019. Large-scale road, railway projects and industrial investments are ongoing or planned in Sweden and Norway, which will increase demand for infrastructure projects. In addition, especially Norway is investing in the development and renewal of energy production.

Guidance for 2019

Guidance for 2019

The Group revenue of continuing operations for 2019 is estimated to be in the range of +6% and +2% compared to the 2018 combined revenue of continuing operations (pro forma, restated 2018: EUR 3,201.0 million). Previously the company estimated the revenue in 2019 to be in the range of +5% and -3% compared to 2018.

In 2019, the adjusted operating profit of continuing operations is estimated to be EUR 160–185 million (pro forma, restated 2018: EUR 132.0 million). Previously the company estimated the adjusted operating profit of continuing operations in 2019 to be EUR 160-200 million.

Guidance rationale

The result guidance for 2019 is based, for instance, on the estimated time of completion of residential projects under construction and the company's solid order backlog. At the end of September, 78% of the order backlog was sold.

Significant fluctuation is expected to take place between the quarters due to normal seasonal variation, closing of sales of business premises projects, the timing of completion of residential projects and the fair valuation of 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 the fourth quarter of 2019 will increase from the comparison period (pro forma, restated 10-12/2018: EUR 99.3 million).

Estimated completions of consumer apartment projects under construction

At the end of September, the company had 14,643 apartments under construction in total. The table below shows the company's current estimate of consumer apartment projects under construction to be completed. In the figures for Russia, all projects under construction are included, also the ones which are not included in adjusted operating profit. In addition, the company has 2,343 (6/19: 2,290) 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.

units	*1-12/18, actual*	1-12/19, estimate	*1-6/19, actual*	*3Q19, actual*	4Q19, estimate	1Q20, estimate	2Q20, estimate	3Q20, estimate	4Q20, estimate	Later
Finland [1]	3,657	2,800	1,934	387	500	500	600	500	1,100	110
CEE [2]	1,427	1,500	307	260	1,000	100	300	100	1,100	500
Russia [3]	2,974	3,900	897	945	2,100[4]	400	400	1,300	1,000	690
Total	8,058	8,200	3,138	1,592	3,600	1,000	1,300	1,900	3,200	1,300

[1] In Finland, the estimate of completions may deviate with tens of apartments depending on the construction schedule.
[2] In CEE countries, the estimate of completions may vary with tens of apartments, a deviation of over 100 apartments is possible depending on authorities' decisions.
[3] In Russia, the estimate of completions may vary with hundreds of apartments, a deviation of over 500 apartments is possible depending on authorities' decisions.
[4] Approximately 50% of the apartments to be completed are in the regions where the operations are to be sold or discontinued.

Factors affecting the guidance

The most significant factors with which YIT can meet the market demand are sales and pricing, project and project risk management, product development and product offering, measures to reduce production costs, cost management and measures affecting capital efficiency.

Factors outside of YIT's sphere of influence are mainly related to global economic development, functionality of financing markets and interest rate,

political environment, economic development in areas of operation, changes in demand for apartments and business premises, availability of resources such as key persons, functionality of labour markets, changes in public and private sector investments and changes in legislation, permit and authorisation processes and the duration thereof, as well as development of foreign exchange rates.

Due to the long-term nature of construction and urban development projects, changes in demand may be quicker than the company's ability to adapt its offering.

Additional information on the Group's reporting practices and presentation of financial information in this interim report

The text section of this interim report concerns continuing operations. In connection with the planned sale of Nordic paving and mineral aggregate businesses, YIT has classified the operations that are part of the transaction as held-for-sale assets and reports them as discontinued operations.

In its segment reporting, YIT reports only continuing operations, which means that the former Paving segment is no longer reported. The Road maintenance division that was previously reported in the former Paving segment is reported as part of the Infrastructure projects segment. The paving business in Russia that YIT has announced to exit either by closing down or by selling it by the end of 2019 is presented under "Other items" in the segment reporting.

The company has published its retrospectively adjusted consolidated group and segment level numbers for 2018 and 2019 on July 22, 2019.

YIT and Lemminkäinen merged on February 1, 2018. In this half-year report, comparison figures have been presented in the tables as pro forma figures excluding discontinued operations under "Pro forma, restated". The balance sheet is not restated.These unaudited pro forma financial disclosures, excluding discontinued businesses, reflect the current segment reporting structure and reporting practices.

The unaudited pro forma financial disclosures are based on YIT's and Lemminkäinen's IFRS-compliant historical financial data, adjusted for the effects of the merger. YIT's actual results may deviate materially from the assumptions used in preparing these unaudited pro forma disclosures.

The pro forma balance sheet is presented as if the merger had occurred on December 31, 2017, and as if YIT as the accounting acquirer had consolidated the acquisition balance sheet of Lemminkäinen in its group financial accounts at said time.

The pro forma income statements (excluding discontinued businesses) for the accounting period ending December 31, 2017 are presented as if the merger had occurred on January 1, 2017. Pro forma adjustments that do not have a continuing impact on YIT's result are presented in the income statement for the accounting period that ended December 31, 2017. Additional information about the historical financial figures of YIT or Lemminkäinen are available in YIT's and Lemminkäinen's audited consolidated financial statements and unaudited interim reports, available on YIT's website at www.yitgroup.com.

YIT applies IFRS in its group reporting as well as in its segment reporting. According to the IFRS accounting principles, revenue from residential projects for consumers is mainly recognised upon completion. Consequently, there may be significant fluctuation in the Group's results between the quarters depending on project completion dates.

The company no longer reports any figures for the Housing Finland and CEE segment and the Housing Russia segment under the percentage of completion (POC) as it did in 2018. YIT had previously, before the merger with Lemminkäinen February 1, 2018, used percentage of completion (POC) segment reporting as its primary reporting principle, and the Group's previous financial targets, for example, were based on POC reporting.

Interim report January 1 – September 30 2019: Tables

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES OF THE INTERIM REPORT

1.1 Basis of preparation

This interim report has been prepared in accordance with IFRS recognition and measurement principles, but all requirements of IAS 34 Interim Financial Reporting standard have not been applied. This interim report should be read together with YIT Corporation's financial statements 2018. The figures presented in the interim report are unaudited. In the interim report the figures are presented in million euros doing the rounding on each line, which may cause some rounding inaccuracies in column and total sums.

Pro forma information

Lemminkäinen merged into YIT on February 1, 2018. YIT as the accounting acquirer of Lemminkäinen has used the acquisition method to account for the merger. The identifiable assets acquired and liabilities assumed of Lemminkäinen have been recognised at their fair values as of the merger date, with excess of the purchase consideration over the provisional fair value of identifiable net assets acquired recognised as goodwill.

YIT has previously published unaudited pro forma financial information to illustrate the effects of the merger of YIT and Lemminkäinen to its results of operations and financial position. Following the classification of the Nordic paving and mineral aggegrates business as discontinued operations in YIT's half-year report 2019, YIT has restated the unaudited pro forma financial information to reflect the reporting of continuing and discontinued operations. 2018 published pro forma financial information was restated by separating the profits of the operations planned to be sold separately from continuing operations. Pro forma information is presented for illustrative purposes only and is unaudited. Pro forma information doesn't represent the actual historical result of YIT Corporation's operations.

1.2 Accounting policies

The same IFRS recognition and measurement principles have been applied in the preparation of this interim report as in the YIT Corporation's Financial Statements 2018 except for the changes described below.

IFRS 16 Leases

YIT started applying the IFRS 16 standard on January 1, 2019. The company adopted the new standard based on the modified method, thus the comparison period is not restated. A more detailed description of the new accounting policies related to IFRS 16 can be found in Note 3.3 Adoption of IFRS 16 Leases.

Discontinued operations

YIT announced on July 4, 2019 the sale of its Nordic paving and mineral aggregates businesses to Peab. YIT has applied the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in classifying, presenting and accounting for the transaction. YIT has classified the operations as held-for-sale assets and reports them as discontinued operations. Result from discontinued operations is reported separately from income and expenses from continuing operations in the consolidated income statement, with prior periods restated accordingly. Intra-group revenues and expenses between continuing and discontinued operations are eliminated, except for those revenues and expenses that are considered to continue after the disposal of the discontinued operation. The statement of financial position is not restated for prior periods.Assets and liabilities related to the discontinued operations are presented as separate line items in the statement of financial position in this interim report.

Segment reporting

Following the sale of its Nordic paving and mineral aggregates business, YIT reports only continuing operations in its segment reporting, which means that the former Paving segment is no longer reported. With effect from the second quarter of 2019, YIT has five reported segments: Housing Finland and CEE, Housing Russia, Business premises, Infrastructure projects and Partnership properties. The comparative segment figures have been restated to reflect the changes in the management reporting. Further information about the change and segments is found in Note 3.1 Segment information.

Classification of financial assets

Based on the business model of Partnership properties segment, YIT has classified a long-term loan receivable to be included in the fair value through profit and loss category. The fair value of the debt instrument is based on discounted cash flows. The discount rate is defined based on the perceived credit worthiness of the counterparty. The instrument is categorised on level 3. Changes in fair value are recognised in Other operating income in the consolidated income statement.

Significant management judgements

The preparation of this interim report required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim report, significant judgements made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those described in the consolidated financial statements for the year ended 31 December 2018, except for the new significant judgements related to lessee accounting under IFRS 16, which are described in Note 3.3 Adoption of IFRS 16 Leases.

Most relevant currency exchange rates used in the interim report

		Average rates			End rates		
		1–9/19	1-9/18	1-12/18	9/19	9/18	12/18
1 EUR =	CZK	25.7018	25.5725	25.6455	25.8160	25.7310	25.7240
	PLN	4.3010	4.2485	4.2612	4.3782	4.2774	4.3014
	RUB	73.0883	73.4342	74.0687	70.7557	76.1422	79.7153
	SEK	10.5676	10.2384	10.2584	10.6958	10.3090	10.2548
	NOK	9.7701	9.5877	9.6002	9.8953	9.4665	9.9483
	DKK	7.4644	7.4503	7.4532	7.4662	7.4564	7.4673

2 PRIMARY FINANCIAL STATEMENTS

2.1 Consolidated income statement, IFRS

EUR million	Reported 7-9/2019	Restated 7-9/2018	Pro forma, restated 7-9/2018	Reported 1-9/2019	Restated 1-9/2018	Pro forma, restated 1-9/2018	Restated 1-12/2018	Pro forma, restated 1-12/2018
Revenue	**807.5**	**734.4**	**734.4**	**2,239.1**	**2,010.6**	**2,073.2**	**3,138.5**	**3,201.0**
Other operating income	6.8	5.5	5.5	20.1	14.9	15.3	39.7	40.1
Change in inventories of finished goods and in work in progress	20.7	29.9	29.9	35.4	181.0	185.2	35.6	39.7
Production for own use	0.0	0.2	0.2	0.1	0.2	0.2	0.3	0.3
Materials and supplies	-149.0	-135.9	-133.2	-385.4	-448.7	-453.0	-632.1	-634.1
External services	-433.1	-427.7	-427.7	-1,250.6	-1,155.8	-1,202.0	-1,621.8	-1,668.0
Personnel expenses	-97.1	-78.5	-78.5	-302.7	-294.6	-306.7	-405.8	-417.8
Other operating expenses	-123.2	-95.4	-95.4	-324.1	-268.2	-271.0	-433.8	-436.7
Share of results in associated companies and joint ventures	-1.3	-0.2	-0.2	-2.6	-1.0	-1.0	9.0	9.0
Depreciation, amortisation and impairment	-13.0	-8.3	-7.6	-45.7	-21.9	-21.7	-30.0	-28.9
Operating profit	**18.4**	**24.0**	**27.3**	**-16.5**	**16.6**	**18.5**	**99.7**	**104.7**
Finance income	1.0	2.0	2.0	5.7	5.7	5.8	7.7	7.8
Exchange rate differences (net)	-0.9	-1.1	-1.1	-1.7	-1.3	-1.5	-2.1	-2.3
Finance expenses	-11.1	-7.5	-7.5	-34.6	-31.3	29.8	-40.3	-38.8
Finance income and expenses, total	-11.0	-6.6	-6.6	-30.6	-26.9	-25.5	-34.7	-33.3
Result before taxes	**7.4**	**17.3**	**20.7**	**-47.1**	**-10.3**	**-7.0**	**65.0**	**71.4**
Income taxes	-1.0	-0.5	-1.2	-7.0	3.0	-1.1	-17.9	-22.7
Result for the period, continuing operations	**6.4**	**16.8**	**19.5**	**-54.1**	**-7.3**	**-8.1**	**47.1**	**48.7**
Result for the period, discontinued operations	**20.1**	**15.6**	**16.6**	**-4.2**	**-3.9**	**-12.4**	**-7.9**	**-15.4**
Result for the period	**26.5**	**32.4**	**36.0**	**-58.4**	**-11.2**	**-20.4**	**39.2**	**33.3**
Attributable to equity holders of the parent company	**26.5**	**32.4**	**36.0**	**-58.4**	**-11.2**	**-20.4**	**39.2**	**33.3**
Earnings per share, attributable to the equity holders of the parent company								
Basic, EUR, total	0.13	0.17	0.17	-0.28	-0.06	-0.10	0.19	0.16
Diluted, EUR, total	0.13	0.17	n/a	-0.28	-0.06	n/a	0.19	n/a
Basic, EUR, continuing operations	0.03	0.09	0.09	-0.26	-0.04	-0.04	0.23	0.23
Basic, EUR, discontinued operations	0.10	0.08	0.08	-0.02	-0.02	-0.06	-0.04	-0.07
Diluted, EUR, continuing operations	0.03	0.09	n/a	-0.26	-0.04	n/a	0.23	n/a
Diluted, EUR, discontinued operations	0.10	0.08	n/a	-0.02	-0.02	n/a	-0.04	n/a

2.2 Statement of comprehensive income, IFRS

EUR million	Reported 7-9/2019	Reported 7-9/2018	Reported 1-9/2019	Reported 1-9/2018	Reported 1-12/2018
Result for the period	26.5	32.4	-58.4	-11.2	39.2
Items that may be reclassified subsequently to profit/loss:					
Cash flow hedges		0.0		0.1	0.0
Income tax relating to item above		0.0		0.0	0.0
Change in translation differences	3.1	-15.8	44.0	-40.3	-57.8
Items that may be reclassified subsequently to profit/loss, total	**3.1**	**-15.8**	**44.0**	**-40.3**	**-57.8**
Items that will not be reclassified to profit/loss					
Gain on sale of equity investments					0.1
Income tax relating to item above					0.0
Change in fair value of defined benefit pension					-0.2
Income tax relating to item above					0.0
Items that will not be reclassified to profit/loss, total					**-0.1**
Other comprehensive income, total					**-57.9**
Total comprehensive result	**29.6**	**16.6**	**-14.5**	**-51.5**	**-18.7**
Attributable to equity holders of the parent company	29.6	16.6	-14.5	-51.5	-18.7

2.3 Consolidated statement of financial position, IFRS

EUR million	Reported 9/2019	Reported 9/2018	Reported 1 Jan 2019[1]	Reported 12/2018
ASSETS				
Non-current assets				
Property, plant and equipment	77.6	198.9	183.4	202.3
Leased property, plant and equipment	97.9		137.9	
Goodwill	264.7	319.9	319.2	319.2
Other intangible assets	17.7	51.0	47.5	47.5
Investments in associated companies and joint ventures	159.0	155.6	150.7	150.7
Equity investments	2.2	2.3	2.2	2.2
Interest-bearing receivables	46.1	39.6	50.3	50.3
Other receivables	12.5	2.1	2.3	2.3
Deferred tax assets	66.9	75.9	64.4	64.4
Non-current assets total	**744.7**	**845.3**	**957.9**	**839.0**
Current assets				
Inventories	1,977.2	2,136.1	1,880.1	1,880.1
Leased inventories	177.7		187.4	
Trade and other receivables	525.7	610.2	495.5	495.5
Interest-bearing receivables	6.7	9.3	14.8	14.8
Income tax receivables	13.5	2.5	1.8	1.8
Cash and cash equivalents	95.8	204.7	263.6	263.6
Current assets total	**2,796.5**	**2,962.7**	**2,843.2**	**2,655.8**
Assets classified as held-for-sale	**356.4**			
Total assets	**3,897.6**	**3,808.1**	**3,801.1**	**3,494.8**
EQUITY AND LIABILITIES				
Total equity attributable to the equity holders of the parent company	972.8	1,016.6	1,049.8	1,049.8
Equity total	**972.8**	**1,016.6**	**1,049.8**	**1,049.8**
Non-current liabilities				
Deferred tax liabilities	8.7	29.7	28.8	28.8
Pension obligations	2.6	2.4	2.6	2.6
Provisions	82.0	81.9	80.7	82.2
Borrowings	355.4	425.2	414.6	424.1
Lease liabilities	199.9		245.5	
Other liabilities	48.4	67.5	52.2	52.2
Non-current liabilities total	**696.9**	**606.6**	**824.4**	**590.0**
Current liabilities				
Advances received[2]	757.5	890.2	752.9	739.1
Trade and other payables	675.9	637.9	575.9	575.9
Income tax payables	9.8	12.7	19.5	19.5
Provisions	36.0	47.9	46.4	53.0
Borrowings	516.5	596.2	459.3	467.6
Lease liabilities	59.4		72.9	
Current liabilities total	**2,055.1**	**2,184.8**	**1,926.9**	**1,855.1**
Liabilities directly associated with assets classified as held-for-sale	**172.7**			
Liabilities total	**2,924.8**	**2,791.5**	**2,751.3**	**2,445.0**
Total equity and liabilities	**3,897.6**	**3,808.1**	**3,801.1**	**3,494.8**

[1] Opening balance sheet January 1, 2019 includes the impact from adoption of the IFRS 16 leases standard to reported balance sheet.
[2] On September 30, 2019 the reported amount includes EUR 155.3 million (12/18: 161.5) non-cash considerations from customer contracts related to sold unfinished residential developments arising from housing company loans and plot lease liabilities.

2.4 Consolidated cash flow statement, IFRS

	Reported	Reported	Reported	Reported	Reported
EUR million	**7-9/2019**	**7-9/2018**	**1-9/2019**	**1-9/2018**	**1-12/2018**
Result for the period	26.5	32.4	-58.4	-11.2	39.2
Reversal of accrual-based items	36.0	31.7	109.5	97.8	140.1
Change in trade and other receivables	-56.0	-32.2	-113.2	-136.9	-23.5
Change in inventories	-43.2	-37.8	-111.2	-201.6	38.7
Change in current liabilities	49.1	-4.8	194.9	299.3	52.6
Change in working capital, total	-50.1	-74.8	-29.6	-39.2	67.8
Cash flow of financial items	-17.4	-7.4	-45.3	-37.5	-50.7
Taxes paid	-6.8	-4.6	-31.0	-19.8	-23.1
Net cash generated from operating activities	**-11.9**	**-22.6**	**-54.8**	**-9.9**	**173.3**
Acquisition of subsidiaries, associated companies and joint ventures, net of cash	-12.5	-7.0	-24.5	-42.3	-50.7
Disposal of subsidiaries, associated companies and joint ventures	2.1		7.3	1.5	37.6
Cash outflow from investing activities	-7.8	-5.5	-23.0	-17.3	-30.8
Cash inflow from investing activities	2.8	2.3	13.5	12.2	19.3
Net cash used in investing activities	**-15.4**	**-10.4**	**-26.6**	**-45.9**	**-24.7**
Operating cash flow after investments	**-27.3**	**-33.0**	**-81.4**	**-55.8**	**148.6**
Change in equity	-7.5	-0.9	-6.7		1.4
Change in loan receivables	3.0		7.6	-1.0	-16.4
Change in current borrowings	176.4	-43.8	150.5	131.2	3.8
Proceeds from non-current borrowings		0.0		270.0	270.0
Repayments of non-current borrowings	-150.0	0.0	-150.2	-191.5	-195.6
Payments of lease liabilities	-11.5	-2.5	-36.4	-5.3	-7.0
Dividends paid	0.0		-56.7	-52.4	-52.4
Net cash used in financing activities	**10.3**	**-47.1**	**-91.9**	**151.0**	**3.7**
Net change in cash and cash equivalents	-17.0	-80.1	-173.3	95.1	152.3
Cash and cash equivalents at the beginning of the period	113.5	285.6	263.6	89.7	89.7
Cash generated from merger				21.6	21.6
Foreign exchange differences	-0.7	-0.6	5.5	-1.7	0.0
Cash and cash equivalents at the end of the period	**95.8**	**204.7**	**95.8**	**204.7**	**263.6**

2.5 Consolidated statement of changes in equity, IFRS

EUR million	Share capital	Legal reserve	Other reserves	Translation difference	Treasury shares	Retained earnings	Equity total
Equity on January 1, 2019	**149.7**	**1.5**	**553.5**	**-274.2**	**-5.6**	**624.8**	**1,049.8**
Comprehensive income							
Result for the period						-58.4	-58.4
Translation differences				44.0			44.0
Comprehensive income, total				**44.0**		**-58.4**	**-14.5**
Transactions with owners							
Dividend distribution						-56.7	-56.7
Share-based incentive schemes					0.8	1.0	1.8
Acquistion of treasury shares					-7.5		-7.5
Transactions with owners, total					**-6.7**	**-55.7**	**-62.4**
Equity on September 30, 2019	**149.7**	**1.5**	**553.5**	**-230.2**	**-12.2**	**510.7**	**972.8**

EUR million	Share capital	Legal reserve	Other reserves	Translation difference	Fair value reserve	Treasury shares	Retained earnings	Equity total
Equity on January 1, 2018	149.2	1.5	0.7	-216.5	0.0	-7.2	636.9	564.7
IFRS 9 adjustment							-0.7	-0.7
Adjusted equity on January 1, 2018	**149.2**	**1.5**	**0.7**	**-216.5**	**0.0**	**-7.2**	**636.3**	**564.0**
Comprehensive income								
Result for the period							-11.2	-11.2
Other comprehensive income:								
Cash flow hedges					0.1			0.1
-Income tax relating to item above					0.0			0.0
Translation differences				-40.3				-40.3
Comprehensive income, total				**-40.3**	**0.1**		**-11.2**	**-51.5**
Transactions with owners								
Merger	0.5		554.9					555.4
Cost related to share issue			-1.4					-1.4
Dividend distribution							-52.4	-52.4
Share-based incentive schemes						1.6	0.9	2.5
Transactions with owners, total	**0.5**		**553.5**			**1.6**	**-51.5**	**504.1**
Equity on September 30, 2018	**149.7**	**1.5**	**554.2**	**-256.8**	**0.1**	**-5.6**	**573.5**	**1,016.6**

EUR million	Share capital	Legal reserve	Other reserves	Translation difference	Fair value reserve	Treasury shares	Retained earnings	Equity total
Equity on January 1, 2018	149.2	1.5	0.7	-216.5	0.0	-7.2	636.9	564.7
IFRS 9 adjustment							-0.7	-0.7
Adjusted equity on January 1, 2018	**149.2**	**1.5**	**0.7**	**-216.5**	**0.0**	**-7.2**	**636.3**	**564.0**
Comprehensive income								
Result for the period							39.2	39.2
Other comprehensive income:								
Cash flow hedges					0.0			0.0
-Income tax relating to item above					0.0			0.0
Gain on sale of equity investments							0.1	0.1
-Income tax relating to item above							0.0	0.0
Change in fair value of defined benefit pension							-0.2	-0.2
-Income tax relating to item above							0.0	0.0
Translation differences				-57.8				-57.8
Comprehensive income, total				**-57.8**	**0.0**		**39.1**	**-18.7**
Transactions with owners								
Merger	0.5		554.9					555.4
Cost related to share issue			-1.4					-1.4
Dividend distribution							-52.4	-52.4
Share-based incentive schemes			-0.7			1.7	1.9	2.8
Transactions with owners, total	**0.5**		**552.8**			**1.7**	**-50.5**	**504.4**
Equity on December 31, 2018	**149.7**	**1.5**	**553.5**	**-274.2**		**-5.6**	**624.8**	**1,049.8**

3 NOTES

3.1 Segment information

Segment information is reported according to management reporting for the Group Management Board. The chief operating decision-maker is YIT Group's Management Board, which is responsible for the allocation of resources to the segments and the assessment of the segments' performance.

Following the sale of its Nordic paving and mineral aggregates business, YIT reports only continuing operations in its segment reporting, which means that the former Paving segment is no longer reported. With effect from the second quarter of 2019, YIT Corporation has five reported segments: Housing Finland and CEE, Housing Russia, Business premises, Infrastructure projects and Partnership properties. The paving business in Russia is reported under Other items. The Finnish road maintenance operations of the former Paving segment are reported as part of the Infrastructure projects segment. Capital employed is reported from segments and reconciliated to Group total. The comparative segment figures have been restated to reflect the changes in the management reporting.

The Housing Finland and CEE segment's business comprises development and construction of apartments, entire residential areas and leisure-time residences. The segment's main focus is on self-developed projects, and YIT mainly sells the constructed apartments itself to both consumers and investors. YIT also offers and develops different living services and concepts. The segment's geographical markets are Finland, the Czech Republic, Slovakia, Poland, Estonia, Latvia and Lithuania.

The Housing Russia segment's business comprises development and construction of apartments and entire residential areas in Russia.

The Business premises segment consists of business premises construction, project development and real estate management businesses. Majority of the revenue comes from Finnish operations. In this segment, YIT pursues both self-developed projects and contracting. The segment's geographical markets are Finland, Estonia, Latvia, Lithuania and Slovakia.

The Infrastructure projects segment's operations include construction of roads, bridges, railway and metro stations and ports and parking facilities as well as energy and water supply facilities and industrial plants. YIT also offers wind power plant foundation solutions with related services and maintenance. Additionally, YIT quarries tunnels and mines and reinforces soil using different methods and provides road maintenance services in Finland. The segment operates in Finland, Sweden, Norway, Estonia, Latvia and Lithuania.

The Partnership properties segment's income derives from investments, i.e. from rental income (cash flow from rents) and increased value of the assets. Additionally, the segment has revenue from different service agreements related to managing or sourcing the assets it partially owns.

Other items in segment reporting include the paving business in Russia. YIT plans to exit the paving business in Russia either by closing down or by selling the operations by the end of 2019. From the second quarter on, operating profit or loss from the businesses to be closed down or sold in Russia has been recorded in adjusting items and is not presented in adjusted operating profit. Additionally, other items include Group internal services, rental revenue from external customers and Group level unallocated costs. Merger related fair value allocations and goodwill have not been allocated to the segments' capital employed but are reported in segment level in "Other items".

Segment reporting accounting policies

YIT Corporation has prepared segment and group reporting in accordance with the International Financial Reporting Standards (IFRS). YIT regularly reports revenue, depreciation and operating profit and adjusted operating profit by segment to the management. In addition, capital employed by segment is reported.

The historical segment information of YIT doesn't give investors a comparable base for financial information of the present combined company. To add comparability, the comparative figures are presented as pro forma figures, which expresses the effect of the Lemminkäinen merger as if it had happened on January 1, 2017. Following the classification of the Nordic paving and mineral aggegrates business as discontinued operations in YIT's half-year report 2019, YIT has restated the unaudited pro forma financial information to reflect the reporting of continuing and discontinued operations.

Seasonality of business

Seasonality of certain operations of the company affects the company's profit and its timing. According to the IFRS accounting principles, certain customer contracts are recognised at a certain point in time. As a result, the profit of the company can fluctuate greatly between quarters depending on the completion of the projects. There may be some seasonality in the Infrastructure projects segment's foundation engineering business due to the timing of building construction projects.

Segment financial information, continuing operations

7-9/2019 reported							
EUR million	**Housing Finland and CEE**	**Housing Russia**	**Business premises**	**Infrastructure projects**	**Partnership properties**	**Other items**	**Group, IFRS**
Revenue	**251.8**	**52.7**	**252.2**	**250.0**		**0.8**	**807.5**
Revenue from external customers	251.8	52.6	251.5	246.6		5.1	**807.5**
Revenue Group internal		0.1	0.8	3.4		-4.3	
Depreciation, amortisation and impairment	-1.2	-0.2	-0.4	-4.6		-6.6	**-13.0**
Operating profit	**14.0**	**-1.1**	**-6.9**	**11.5**	**3.1**	**-2.2**	**18.4**
Operating profit margin, %	**5.6%**	**-2.1%**	**-2.7%**	**4.6%**			**2.3%**
Adjusting items		1.4				5.9	**7.3**
Adjusted operating profit	**14.0**	**0.3**	**-6.9**	**11.5**	**3.1**	**3.7**	**25.7**
of which the IFRS 16 impact		0.8	0.1	0.2		**0.7**	**1.8**
Adjusted operating profit margin, %	**5.6%**	**0.5%**	**-2.7%**	**4.6%**			**3.2%**

7-9/2018 Proforma, restated							
EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue	**244.2**	**55.8**	**211.4**	**215.2**		**7.8**	**734.4**
Revenue from external customers	244.1	55.6	209.8	206.1		18.7	**734.4**
Revenue Group internal	0.1	0.2	1.5	9.0		-10.9	
Depreciation, amortisation and impairment	-0.3	-0.2	-0.1	-3.8		-3.2	**-7.6**
Operating profit	**23.9**	**-8.4**	**8.7**	**5.9**	**-0.2**	**-2.5**	**27.3**
Operating profit margin, %	**9.8%**	**-15.1%**	**4.1%**	**2.7%**			**3.7%**
Adjusting items	0.0	0.6	0.0	0.0		3.4	**4.0**
Adjusted operating profit	**23.9**	**-7.8**	**8.7**	**5.9**	**-0.2**	**0.9**	**31.4**
Adjusted operating profit margin, %	**9.8%**	**-14.0%**	**4.1%**	**2.7%**			**4.3%**

7-9/2018 restated							
EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue	**244.2**	**55.8**	**211.4**	**215.2**		**7.8**	**734.4**
Revenue from external customers	244.1	55.6	209.8	206.1		18.7	734.4
Revenue Group internal	0.1	0.2	1.5	9.0		-10.9	
Depreciation, amortisation and impairment	-0.3	-0.2	-0.1	-3.8		-3.8	-8.3
Operating profit	**23.9**	**-8.4**	**8.7**	**5.9**	**-0.2**	**-5.8**	**24.0**
Operating profit margin, %	**9.8%**	**-15.1%**	**4.1%**	**2.7%**			**3.3%**
Adjusting items	0.0	0.6	0.0	0.0		6.8	7.4
Adjusted operating profit	**23.9**	**-7.8**	**8.7**	**5.9**	**-0.2**	**0.9**	**31.4**
Adjusted operating profit margin, %	**9.8%**	**-14.0%**	**4.1%**	**2.7%**			**4.3%**

1-9/2019 reported							
EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue	**794.5**	**132.5**	**738.4**	**584.0**	**0.1**	**-10.4**	**2,239.1**
Revenue from external customers	794.5	132.1	736.9	572.9	0.1	2.7	**2,239.1**
Revenue Group internal		0.4	1.5	11.2		-13.1	
Depreciation, amortisation and impairment	-3.6	-3.8	-1.6	-13.4		-23.2	**-45.7**
Operating profit	**52.4**	**-45.0**	**3.3**	**8.6**	**1.4**	**-37.2**	**-16.5**
Operating profit margin, %	**6.6%**	**-33.9%**	**0.5%**	**1.5%**			**-0.7%**
Adjusting items		37.7				23.3	**61.0**
Adjusted operating profit	**52.4**	**-7.3**	**3.3**	**8.6**	**1.4**	**-14.0**	**44.5**
of which the IFRS 16 impact	**3.9**	**0.9**	**0.3**	**0.3**		**2.1**	**7.6**
Adjusted operating profit margin, %	**6.6%**	**-5.5%**	**0.5%**	**1.5%**			**2.0%**

1-9/2018 Pro forma, restated							
EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue	**803.9**	147.4	**606.5**	**511.9**		**3.5**	**2,073.2**
Revenue from external customers	803.7	146.9	603.6	489.0		29.9	2,073.2
Revenue Group internal	0.1	0.4	2.9	22.9		-26.3	
Depreciation, amortisation and impairment	-0.9	-0.6	-0.3	-10.6		-9.3	-21.7
Operating profit	**74.1**	**-33.4**	**11.3**	**-6.1**	**-1.0**	**-26.4**	**18.5**
Operating profit margin, %	**9.2%**	**-22.7%**	**1.9%**	**-1.2%**			**0.9%**
Adjusting items	0.7	4.5	0.4	0.3		8.3	14.2
Adjusted operating profit	**74.8**	**-28.9**	**11.7**	**-5.8**	**-1.0**	**-18.0**	**32.7**
Adjusted operating profit margin, %	**9.3%**	**-19.6%**	**1.9%**	**-1.1%**			**1.6%**

1-9/2018 restated							
EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue	**789.5**	**143.5**	**586.0**	**487.4**		**4.2**	**2,010.6**
Revenue from external customers	789.3	143.1	583.4	464.9		29.9	2,010.6
Revenue Group internal	0.1	0.4	2.6	22.6		-25.7	
Depreciation, amortisation and impairment	-0.9	-0.6	-0.3	-10.2		-9.9	-21.9
Operating profit	**74.9**	**-32.5**	**11.6**	**-3.2**	**-1.0**	**-33.2**	**16.6**
Operating profit margin, %	**9.5%**	**-22.6%**	**2.0%**	**-0.7%**			**0.8%**
Adjusting items	0.7	4.5	0.4	0.3		18.6	24.4
Adjusted operating profit	**75.6**	**-28.0**	**12.0**	**-3.0**	**-1.0**	**-14.6**	**41.0**
Adjusted operating profit margin, %	**9.6%**	**-19.5%**	**2.1%**	**-0.6%**			**2.0%**

1-12/2018 Pro forma, restated							
EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue	**1,157.9**	**274.1**	**1,045.2**	**716.8**	**0.0**	**7.1**	**3,201.0**
Revenue from external customers	1,157.5	273.3	1,040.0	685.9	0.0	44.2	3,201.0
Revenue Group internal	0.3	0.8	5.2	30.8		-37.1	
Depreciation, amortisation and impairment	-1.2	-0.8	-0.4	-14.1		-12.5	-28.9
Operating profit	**102.6**	**-37.3**	**67.3**	**-7.2**	**26.9**	**-47.5**	**104.7**
Operating profit margin, %	**8.9%**	**-13.6%**	**6.4%**	**-1.0%**			**3.3%**
Adjusting items	0.8	4.5	0.5	0.6		20.8	27.2
Adjusted operating profit	**103.3**	**-32.8**	**67.8**	**-6.5**	**26.9**	**-26.7**	**132.0**
Adjusted operating profit margin, %	**8.9%**	**-12.0%**	**6.5%**	**-0.9%**			**4.1%**

EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
	1-12/2018 restated						
Revenue	**1,143.5**	**270.2**	**1,024.7**	**692.3**	**0.0**	**7.7**	**3,138.5**
Revenue from external customers	1,143.1	269.5	1,019.8	661.8	0.0	44.3	3,138.5
Revenue Group internal	0.3	0.8	4.9	30.5		-36.5	
Depreciation, amortisation and impairment	-1.2	-0.7	-0.4	-13.6		-14.0	-30.0
Operating profit	**103.4**	**-36.3**	**67.6**	**-4.3**	**26.9**	**-57.4**	**99.7**
Operating profit margin, %	**9.0%**	**-13.4%**	**6.6%**	**-0.6%**			**3.2%**
Adjusting items	0.8	4.5	0.5	0.6		34.1	40.6
Adjusted operating profit	**104.1**	**-31.8**	**68.1**	**-3.7**	**26.9**	**-23.3**	**140.3**
Adjusted operating profit margin, %	**9.1%**	**-11.8%**	**6.6%**	**-0.5%**			**4.5%**

Capital employed by segments

EUR million	Reported 9/2019	Restated 9/2018[2]	Restated 12/2018[2]
Housing Finland and CEE	714.1	571.7	584.9
Housing Russia	288.3	332.7	294.3
Business premises	105.9	125.2	38.2
Infrastructure projects	89.5	93.4	77.0
Partnership properties	170.0	148.7	145.0
Other items	380.8	285.7	249.3
Segments, total	**1,748.7**	**1,557.3**	**1,388.7**
Reconciliation[1]		197.3	212.5
Capital employed, total	**1,748.7**	**1,754.7**	**1,601.2**

[1] Reconciliation relates to discontinued operations which are not part of segment reporting.

[2] The figures from 2018 do not include the IFRS16 impact.

Order backlog at the end of the period, continuing operations

EUR million	Reported 9/2019	Restated 9/2018	Restated 12/2018
Housing Finland and CEE	1,761.6	1,767.1	1,729.3
Housing Russia	425.5	428.2	348.8
Business premises	1,260.7	1,630.6	1,326.9
Infrastructure projects	1,313.5	952.2	860.7
Partnership properties			
Other items	3.2	28.3	19.9
Order backlog, total	**4,764.3**	**4,806.4**	**4,285.6**

3.2 Discontinued operations

On July 4, 2019, YIT and Peab signed an agreement for the sale of YIT's paving and mineral aggregates businesses in Finland, Sweden, Norway and Denmark. The transaction comprises the operations of the company's Paving segment with the exclusion of the road maintenance business in Finland and paving business in Russia. The transaction is conditional upon the approval of the European competition authority and the fulfilment of certain other customary terms and conditions, and it is expected to be completed in the first quarter of 2020.

Change in translation differences related to discontinued operations amounted to EUR -1.2 million (-0.4).

Effect of discontinued operations on statement of financial position

EUR million	9/2019
Assets classified as held-for-sale	
Property, plant and equipment	98.2
Leased property, plant and equipment	31.0
Goodwill	54.8
Other intangible assets	22.4
Investments in associated companies and joint ventures	5.0
Deferred tax assets	0.4
Inventories	56.3
Trade and other receivables	88.2
Assets classified as held-for-sale, total	**356.4**
Liabilities directly associated with assets classified as held-for-sale	
Deferred tax liabilities	15.8
Provisions	9.4
Lease liabilities	31.0
Advances received	1.0
Trade and other payables	111.8
Income tax payables	3.6
Liabilities directly associated with assets classified as held-for-sale, total	**172.7**

Results of discontinued operations

EUR million	Reported 1-9/2019	Restated 1-9/2018[1]	Restated 1-12/2018[1]
Revenue	**415.3**	**409.8**	**550.9**
Other operating income	2.9	4.7	5.1
Change in inventories of finished goods and in work in progress	-1.4	-1.2	-3.9
Production for own use	0.4	0.3	0.4
Materials and supplies	-147.5	-152.7	-184.6
External services	-101.1	-96.2	-143.2
Personnel expenses	-89.8	-85.3	-121.4
Other operating expenses	-59.8	-63.6	-86.9
Share of results in associated companies and joint ventures	0.3	0.8	1.8
Depreciation, amortisation and impairment	-20.6	-17.0	-23.4
Operating profit	**-1.2**	**-0.5**	**-5.1**
Finance income	0.1	0.1	0.3
Finance expenses	-1.5	-0.7	-1.1
Finance income and expenses, total	-1.5	-0.6	-0.8
Result before taxes	**-2.7**	**-1.2**	**-5.9**
Income taxes	-1.6	-2.8	-2.0
Result for the period, discontinued operations	**-4.2**	**-3.9**	**-7.9**

[1] Restated reported figures do not include the figures from Lemminkäinens' financial statements bulletin January 1- January 31, 2018.

Cash flows (used in) discontinued operations

EUR million	Reported 1-9/2019	Restated 1-9/2018[1]	Restated 1-12/2018[1]
Net cash used in operating activities	19.0	35.3	22.0
Net cash used in investing activities	-7.7	-1.2	-3.6
Net cash used in financing activities	-8.7	-0.5	-2.3
Net cash flow for the period	**2.7**	**33.6**	**16.1**

[1] Restated reported figures do not include the figures from Lemminkäinens' financial statements bulletin January 1- January 31, 2018.

3.3 Adoption of IFRS 16 Leases

Transition

YIT started applying the IFRS 16 standard on January 1, 2019. The company adopted the new standard based on the modified method, thus the comparison period is not adjusted.

The table below presents relevant accounting policy decisions that YIT has made.

Relevant accounting policy	Short description of the policy
Transition method	The company applied the modified retrospective approach in transition. Lease liabilities are recognised based on the remaining lease payments discounted using incremental borrowing rates at the date of initial application.
Measurement of the right-of-use assets in transition	The company measured the right-of-use assets at an amount equal to the lease liability (adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application).
Measurement and recognition exemption for leases for which the underlying asset is of low value	The company did not recognise leases, for which the underlying asset is of low value, in the balance sheet.
Measurement and recognition exemption for leases for which the underlying asset is of low value	The company did not recognise short-term leases in the balance sheet. Short -term leases are lease contracts that have a lease term of 12 months or less.

Description of practical expedients used in transition

- The company did not reassess existing lease contracts but applied the guidance regarding the definition of a lease only to contracts entered into (or changed) on or after the date of initial application. This applied to both contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4 and those that were previously identified as leases in IAS 17 and IFRIC 4. This expedient was applied to all of the company's contracts.
- The company applied a single discount rate for a portfolio of similar leases.
- The company relied on previous assessment made at the date of initial application as to whether a lease is onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent assets instead of performing an impairment review.
- The company excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The company used hindsight for example in determining the lease period if the lease contract contains options to extend or terminate the contract.

Accounting policies

The Group assesses whether an agreement is, or contains, a lease at the inception date of an agreement. An agreement, or a part of an agreement, is classified as a lease, when the underlying asset can be identified, the lessee has the right to obtain substantially all the economic benefits from the use of the asset and has the right to direct how and for what purpose the asset is used throughout the period of use.

<u>The Group as a lessee</u>

The Group's most significant lease agreements include plot lease agreements related to own building development in Finland and lease agreements related to buildings and structures and machinery and equipment.

If the agreement or part of the agreement is classified as a lease, the lease liability and right-of-use asset are recognised at the commencement date of an agreement. The commencement date is the date when the underlying asset is available for use by the lessee.

The Group recognises lease payments related to short-term leases (lease term is 12 months or less) and leases for which the underlying asset is of low value on straight-line basis as an expense in income statement.

Measurement and presentation of lease liability
Lease liabilities are measured by discounting expected future lease payments to present value. Lease payments include fixed lease payments (including in-substance fixed payments), expected amounts payable related to residual value guarantee and possible exercise price of purchase option, if the decision to use a purchase option is reasonably certain. If the Group is reasonably certain to exercise a termination option, the possible termination fee is included in the lease liability. Lease term is the non-cancellable period of the lease covered by options to terminate if the termination is not reasonably certain. Possible extension options are included in the lease term, if the Group is reasonably certain to exercise the options.

The lease payments are discounted using the interest rate implicit in the lease, if the rate is readily determinable. If the interest rate implicit in the lease is not readily determined, the Group uses incremental borrowing rate as a discount rate.

The lease liabilities are subsequently measured using effective interest rate method and the Group remeasures the carrying amount to reflect any re-assessments or lease modifications. Reassessment of the lease liability takes place, if the cash flow changes based on the original terms and conditions of the lease, for example, if the lease term changes or if the lease payments change based on an index or a variable rate.

Many of the Group's significant lease agreements include lease payments, which are tied to an index. Lease liability is initially measured using the index at the commencement day of the lease agreement. Future changes in the index are considered in the measurement when there is a change in the cash flow.

Reassessment of extension and termination options are done only when a significant event or change in circumstances occur, that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option. The discount rate used in the reassessment varies based on the nature of the reassessment. For example, the reassessment due to an index change is done based on the original discount rate and reassessments due to the changes in the lease term is done using revised discount rate. The lease liability is presented as a separate line item in the balance sheet as non-current and current liability.

Measurement and presentation of right-of-use asset
Right-of-use assets are measured at cost based on the amount of the initial measurement of lease liability. Initial direct costs, restoration costs or any lease payments made at or before the commencement date less any lease incentives received are also included in the measurement of the right-of-use asset. The right-of-use assets are depreciated over the shorter of the lease term and the useful life of the asset, unless there is a transfer of ownership or a purchase option, which is reasonably certain to be exercised at the end of the lease term. Then the right-of-use asset is depreciated over the useful life of the underlying asset. Any remeasurements of the lease liability will be treated as a corresponding adjustment to the right-of-use asset.

Right-of-use assets related to tangible assets are presented on a separate line item in the balance sheet as leased property, plant and equipment. Right-of-use assets related to leased plots are presented on a separate line item in the balance sheet as leased inventory.

<u>Treatment of plot lease agreements related to own building development</u>

The Group has plot lease agreements related to own building development in Finland and in Russia. The plot lease agreements are presented in the balance sheet and income statement in a similar manner as the Group's own plots in inventory.

In Finland, the Group has own building development projects, where typically residential buildings are built either on to an owned or a leased plot. The plot lease agreements in Finland are typically long-term agreements, usually between 20-50 years. The leased plots related to own building development projects, as well as Group's own plots in inventory, form part of the performance obligation under the revenue recognition guidance to sell apartments to the customers. The leased plots related to own building development projects are initially measured according to measurement requirements of IFRS 16.

When the Group enters in Finland in the plot lease agreement related to own residential building development and the development project has not started, the right-of-use asset of the plot lease agreement is recognised in inventories and in the lease liability in the balance sheet. The plot lease agreement related to own building development will be derecognised from inventories under change in inventories when sale is recognized based on the revenue recognition policies of the Group.

The lease liability of plot lease agreements related to incomplete own residential building development projects in Finland is presented in the balance sheet either in lease liability or advances received depending on the degree of sale. The portion of the unsold apartments related to incomplete own residential building development projects is presented in lease liability in the balance sheet. The liability related to the sold apartments of incomplete own residential building development projects, is a non-cash consideration, and it is presented in advances received based on the underlying nature of the transaction. At the point of revenue recognition, the lease liability on the sold apartments will be recognised as revenue in income statement. The lease liability on completed unsold apartments is presented in lease liability in the balance sheet.

The Group as a lessor

The Group has subleased business premises it leases from third parties and these are treated as other lease agreements instead of finance leases. The classification is done with reference to the right-of-use asset of the original lease agreement. Rental income is recorded as income in the income statement during the lease period. The Group’s activities as a lessor are not material.

Significant management judgement related to lease agreements

The assessment of lease term and incremental borrowing rate have a significant impact on measurement of lease liabilities and right-of-use assets. When assessing the lease term, the Group will include the periods covered by extension options and termination options whether it’s reasonably certain to exercise or not to exercise such an option. The Group considers, for example, contractual terms and conditions for optional periods or costs related to termination of lease and signing of new replacement. Overall, the Group is always considering the importance of a certain asset to its operations. Typically, the plot lease agreements related to own building development are in the Group’s possession only for a short period of time. Considering the Group’s use of the of the plot lease agreements related to own building development, it can be assumed that the Group will not use possible termination, purchase or extension options. With office agreements the Group is considering the significance of the leasehold improvements and possible relocation costs.

If the lease term is indefinite, the Group assesses the period when the contract is enforceable to define what’s the earliest point in time at which both parties (lessee and lessor) can leave the contract and its contractual obligations without no more than an insignificant penalty. As a significant penalty the Group considers not only direct penalty payments to lessor but also indirect or economic penalties for both parties. The Group considers the facts and circumstances mentioned above, including the nature of the leased asset in relation to the corresponding business plan, to assess when it will be reasonably certain to terminate the lease contract. The lease term is assessed accordingly. The Group’s indefinite lease contracts are typically related to buildings and machinery and equipment.

In the definition of incremental borrowing rate, the Group has considered the nature of a leased asset, risk factors of the Group and geographical location, underlying currency and duration of an agreement.

Impact of IFRS 16 on the consolidated statement of financial position

EUR million	Dec 31, 2018	IFRS 16 impact of adoption	Jan 1, 2019
ASSETS			
Non-current asstes			
Property, plant and equipment	202.3	-18.9	183.4
Leased property, plant and equipment		137.9	137.9
Goodwill	319.2		319.2
Other intangible assets	47.5		47.5
Investments in associated companies and joint ventures	150.7		150.7
Equity investments	2.2		2.2
Interest-bearing receivables	50.3		50.3
Other receivables	2.3		2.3
Deffered tax assets	64.4		64.4
Non-current assets total	**839.0**	**118.9**	**957.9**
Current assets			
Inventories	1,880.1		1,880.1
Leased inventories		187.4	187.4
Trade and other receivables	495.5		495.5
Interest-bearing receivables	14.8		14.8
Income tax receivables	1.8		1.8
Cash and equivalents	263.6		263.6
Current assets total	**2,655.8**	**187.4**	**2,843.2**
Total assets	**3,494.8**	**306.3**	**3,801.1**
EQUITY AND LIABILITIES			
Total equity attributable to the equity holders of the parent company	1,049.8		1,049.8
Equity total	**1,049.8**		**1,049.8**
Non-current liabilities			
Deferred tax liabilities	28.8		28.8
Pension obligations	2.6		2.6
Provisions	82.2	-1.5	80.7
Borrowings	424.1	-9.5	414.6
Lease liabilities		245.5	245.5
Other liabilities	52.2		52.2
Total non-current liabilities	**590.0**	**234.4**	**824.4**
Current liabilities			
Advances received	739.1	13.8	752.9
Trade and other payables	575.9		575.9
Income tax payables	19.5		19.5
Provisions	53.0	-6.5	46.4
Borrowings	467.6	-8.3	459.3
Lease liabilities		72.9	72.9
Total current liabilities	**1,855.1**	**71.9**	**1,926.9**
Liabilities total	**2,445.0**	**306.3**	**2,751.3**
Total equity and liabilities	**3,494.8**	**306.3**	**3,801.1**

Finance lease assets, related to previous IAS 17 standard, are transferred from property, plant and equipment to leased property, plant and equipment and related finance lease liabilities are transferred from borrowings to lease liabilities. In addition, onerous lease contracts related to right-of-use assets are transferred from provisions to leased property, plant and equipment line item.

The adoption of IFRS 16 increased in total the opening balance sheet by 306.3 million euros.

Impact of IFRS 16 on capital employed

EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Segments, total	Reconciliation [1]	Capital employed, total
Capital employed Dec 31, 2018	584.9	294.3	38.2	77.0	145.0	249.3	**1,388.7**	212.5	**1,601.2**
IFRS 16 impact of adoption	170.8	13.0	6.4	10.4		74.2	**274.7**	25.9	**300.6**
Capital employed Jan 1, 2019	755.7	307.3	44.6	87.4	145.0	323.5	**1,663.4**	238.4	**1,901.8**

[1] Reconciliation relates to discontinued operations which are not part of segment reporting.

The most significant items increasing the capital employed are leased plots, leased property as well as machinery and equipment. Leased plots increase the capital employed by approximately EUR 190 million, leased properties by approximately EUR 90 million and machinery and equipment approximately by EUR 30 million.

Key figures

EUR million	Jan 1, 2019
Equity ratio, %	34.4
Adjusted equity ratio, %	38.6
Interest-bearing net debt	863.5
Adjusted interest-bearing net debt	545.1
Gearing ratio, %	82.3
Adjusted gearing ratio, %	51.9

The adoption of the IFRS 16 standard did not have an impact on the key figures for 2018.

3.4 Inventories

EUR million	Reported 9/2019	Reported 9/2018	Reported 12/2018
Raw materials and consumables	18.2	59.6	44.4
Work in progress	979.7	1,142.8	973.4
Land areas and plot owning companies[1]	739.1	656.5	580.2
Shares in completed housing and real estate companies	172.3	195.2	204.8
Advance payments	63.7	58.7	54.5
Other inventories	4.3	23.2	22.8
Total inventories	**1,977.2**	**2,136.1**	**1,880.1**
Leased inventories	**177.7**		

[1]During the reporting period, a write-down of EUR 25.5 million (3.5) related to plots was made in Russia.

3.5 Derivative contracts

EUR million	Reported 9/2019	Reported 9/2018	Reported 12/2018
Value of underlying instruments			
Interest rate derivatives	180.0	252.5	230.0
Foreign exchange derivatives	155.0	155.8	122.5
Commodity derivatives	13.6	10.3	7.2
Fair value			
Interest rate derivatives	-2.7	-2.8	-2.9
Foreign exchange derivatives	-0.5	-1.3	1.0
Commodity derivatives	-1.1	1.2	-1.6

3.6 Contingent liabilities and assets and commitments

EUR million	Reported 9/2019	Reported 9/2018[2]	Reported 12/2018[2]
Guarantees			
Guarantees on behalf of others	2.3	5.6	4.9
Guarantees on behalf of consortiums	9.7		9.7
Guarantees on behalf of its associated companies and joint ventures	0.4	5.0	5.3
Guarantees on behalf of parent and other Group companies	1,671.8	1,662.9	1,616.1
Other commitments			
Investment commitments	55.3	15.9	13.8
Repurchase commitments	245.9	340.5	256.6
Operating leases[1]		168.1	165.7

[1]Due to the adoption of IFRS 16, leases are reported as of 1st of January 2019 as leased property, plant and equipment and lease liabilities in the balance sheet.
[2]Includes the effect of discontinued operations.

As a result of the partial demerger registered on June 30, 2013, YIT Corporation has secondary liability for guarantees transferred to Caverion Corporation, with a maximum total amount of EUR 7.8 million on September 30, 2019.

Legal proceedings

The litigations are covered in this interim report in the section Legal proceedings.

3.7 Events after the reporting period

The Mall of Tripla shopping mall was opened in Pasila, Helsinki, Finland, on October 17, 2019. In the last quarter of the year, the Partnership properties segment will recognise the significant positive effect in operating profit of fair valuation of the investment in the company Mall of Tripla Ky. Consequently the segment's capital employed will increase. YIT's share of ownership in Mall of Tripla Ky is 38.75%, which is the owner of the shopping mall. As of opening of the mall, YIT no longer has either joint control or significant influence in the investee. YIT will discontinue consolidating the investment using the equity method in the consolidated financial statements. The investment will be accounted as an equity investment at fair value through profit and loss.

4 ADDITIONAL INFORMATION

4.1 Key figures

	Reported 7-9/ 2019	Restated 7-9/ 2018	Pro forma, restated 7-9/2018	Reported 1-9/ 2019	Restated 1-9/ 2018	Pro forma, restated 1-9/2018	Restated 1-12/ 2018	Pro forma, restated 1-12/2018
Equity ratio, %	31.0%	34.8%	n/a	31.0%	34.8%	n/a	38.1%	n/a
Adjusted equity ratio, %	34.0%	n/a	n/a	34.0%	n/a	n/a	n/a	n/a
Net interest-bearing debt, EUR million	982.7	767.8	767.8	982.7	767.8	767.8	562.9	562.9
Adjusted net interest-bearing debt, EUR million	723.4	n/a	n/a	723.4	n/a	n/a	n/a	n/a
Net debt/adjusted pro forma ebitda, rolling 12 months	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.2
Adjusted net debt/adjusted ebitda, rolling 12 months	n/a	n/a	n/a	3.8	n/a	n/a	n/a	n/a
Gearing ratio, %	101.0%	75.5%	n/a	101.0%	75.5%	n/a	53.6%	n/a
Adjusted gearing ratio, %	74.4%	n/a	n/a	74.4%	n/a	n/a	n/a	n/a
Adjusted ROCE,rolling 12 months	9.0%	n/a	n/a	9.0%	n/a	n/a	n/a	n/a
Unrecognised order backlog at the end of the period, continuing operations, EUR million	4,764.3	4,806.4	4,806.4	4,764.3	4,806.4	4,806.4	4,285.6	4,285.6
- of which activities outside Finland, EUR million	1,417.5	1,043.4	1,043.4	1,417.5	1,043.4	1,043.4	1,000.1	1,000.1
Personnel at the end of the period, continuing operations	7,675	7,858	7,858	7,675	7,858	7,858	7,556	7,556
Gross capital expenditures, EUR million[1]	19.8	13.4	n/a	45.3	50.2	n/a	64.4	n/a
Average share price during the period, EUR	5.27	5.77	n/a	5.27	5.77	n/a	5.70	n/a
Share price at the end of the period, EUR	5.28	6.03	n/a	5.28	6.03	n/a	5.11	n/a
Market capitalisation at the end of the period, EUR million	1,102.3	1,266.6	n/a	1,102.3	1,266.6	n/a	1,073.3	n/a
Equity per share, EUR	4.66	4.84	n/a	4.66	4.84	n/a	5.00	n/a
Earnings per share, continuing operations, EUR	0.03	n/a	0.09	-0.26	n/a	-0.04	n/a	0.23
Adjusted earnings per share, continuing operations ,EUR	0.05	n/a	0.10	-0.05	n/a	0.00	n/a	0.32
Weighted average number of shares outstanding – basic, 1,000 pcs	210,208	200,619	209,058	210,208	200,619	209,058	203,002	208,952
Weighted average number of shares outstanding, Diluted, 1,000 pcs	210,615	201,410	n/a	210,615	201,410	n/a	203,778	n/a
Number of outstanding shares at end of period, 1,000 pcs	208,768	210,049	n/a	208,768	210,049	n/a	210,048	n/a

[1] Gross capital expenditure includes investments in continuing and discontinued operations.

4.2 Reconciliation of certain key figures

Reconciliation of adjusted operating profit

EUR million	Reported 7-9/2019	Restated 7-9/2018	Pro forma, restated 7-9/2018	Reported 1-9/2019	Restated 1-9/2018	Pro forma, restated 1-9/2018	Restated 1-12/2018	Pro forma, restated 1-12/2018
Operating profit (IFRS)	**18.4**	**24.0**	**27.3**	**-16.5**	**16.6**	**18.5**	**99.7**	**104.7**
Adjusting items								
Write-down of inventories		-0.1	-0.1		3.4	3.4	3.4	3.4
Restructurings and divestments[1]						-1.3		-1.3
Court proceedings				-1.0				
Transaction costs related to merger					1.4		1.4	
Integration costs related to merger	2.1	2.2	2.1	4.6	6.2	6.2	17.4	17.4
Operating profit from operations to be closed	4.1			53.9				
Inventory fair value adjustment from PPA[2]	0.5	3.5	0.8	1.6	9.2	2.5	12.1	3.4
Depreciation and amortisation expenses from PPA[2]	0.6	1.8	1.1	1.9	4.2	3.3	6.2	4.3
Adjusting items, total	**7.3**	**7.4**	**4.0**	**61.0**	**24.4**	**14.2**	**40.6**	**27.2**
Adjusted operating profit	**25.7**	**31.4**	**31.4**	**44.5**	**41.0**	**32.7**	**140.3**	**132.0**

[1] Restructurings and divestments concern business reorganisations of Norway and Sweden. This adjusting item is focused at both Paving segment and other items and reconciliations.
[2] PPA refers to merger related fair value adjustments.

Reconciliation of adjusted earnings per share, continuing operations

EUR million	1-9/2019
Result for the period, continuing operations	**-54.1**
Adjusting items, total (included in operating profit)	61.0
Adjusting items related to merger included in financial expenses, continuing operations	-6.1
Tax impact	-11.0
Adjusted result for the period, continuing operations, EUR million	-10.2
Weighted average number of shares outstanding – basic, pcs	210,208,277
Adjusted earnings per share, continuing operations – basic, EUR	**-0.05**

Reconciliation of adjusted ebitda, rolling 12 months

EUR million	9/2019
Adjusted operating profit	**143.8**
Depreciations and amortisations	53.8
Depreciation and amortisation expenses from PPA	-3.9
IFRS 16 leases adjusted ebitda impact	-28.3
Adjusted EBITDA from discountinued operations excluding IFRS 16 leases ebitda impact	25.8
Adjusted ebitda	**191.1**

Reconciliation of adjusted return on capital employed, rolling 12 months

EUR million	9/2019
Adjusted operating profit, rolling 12 months	**143.8**
IFRS 16 adjusted operating profit impact, rolling 12 months	-6.8
Adjusted operating profit less IFRS 16 impact, rolling 12 months	**137.0**
Capital employed, segments total 30 September 2019	**1,748.7**
Leased property, plant and equipment	-97.9
Leased inventories	-177.7
IFRS 16 leases impact on advances received	19.6
Adjusted capital employed, segments total 30 September 2019	**1,492.7**

4.3 Definitions of financial key performance indicators

Key figure	Definitions	Reason for use
Operating profit	Result for the period before taxes and finance expenses and finance income equalling to the subtotal presented in the consolidated income statement.	Operating profit shows result generated by operating activities excluding finance and tax related items.
Adjusted operating profit	Operating profit excluding adjusting items.	Adjusted operating profit is presented in addition to operating profit to reflect the underlying core business performance and to enhance comparability from period to period. Management believes that this alternative performance measure provides meaningful supplemental information by excluding items not part of YIT's core business operations thus improving comparability from period to period.
Adjusting items	Adjusting items are material items outside ordinary course of business such as write-down of inventories, impairment of goodwill, integration costs related to merger, transaction costs related to merger, costs, compensations and reimbursements related to court proceedings, write-downs related to non-core businesses, operating profit from businesses to be closed down, gains or losses arising from the divestments of a business or part of a business, costs on the basis of statutory personnel negotiations and adaption measures, and cost impacts of the fair value adjustments from purchase price allocation, such as fair value adjustments on acquired inventory, depreciation of fair value adjustments on acquired property, plant and equipment and amortisation of fair value adjustments on acquired intangible assets relating to business combination accounting under the provisions of IFRS 3, referred to as purchase price allocation ("PPA"). (YIT has changed the definition of this key performance indicator starting of April 1, 2019 to include operating profit from businesses to be closed down.)	
Capital employed	Capital employed includes tangible and intangible assets, shares in associates and joint ventures, investments, inventories, trade receivables and other non-interest bearing receivables, provisions, advance payments and other non-interest bearing debts excluding items related to taxes, finance items and profit distribution.	Capital employed presents capital employed of segment's operative business.

Adjusted capital employed, segments total	Segments' capital employed total includes tangible and intangible assets less leased property, plant and equipment, shares in associates and joint ventures, investments, inventories less leased inventories, trade receivables and other non-interest bearing receivables, provisions, advance payments and other non-interest bearing debts of segments total excluding items related to taxes, finance items, profit distribution and IFRS 16 impact. (YIT has introduced this new key performance indicators starting of January 1, 2019. Additionally, on June 30, 2019, the capital employed definition was changed to include only segments' capital employed.)	Adjusted capital employed, segments total improves comparability to previous years
Interest-bearing debt	Non-current borrowings, current borrowings and non-current and current lease liabilities.	Interest-bearing debt is a key figure to measure YIT's total debt financing.
Adjusted interest-bearing debt	Non-current borrowings and current borrowings. (YIT has introduced this new key performance indicator starting January 1, 2019.)	Adjusted interest-bearing debt improves comparability to previous years.
Net interest-bearing debt	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables.	Net interest-bearing debt is an indicator to measure YIT's net debt financing.
Adjusted net interest-bearing debt	Adjusted interest-bearing debt less cash and cash equivalents and interest-bearing receivables. (YIT has introduced this new key performance indicator starting January 1, 2019.)	Adjusted net interest-bearing debt improves comparability to previous years.
Equity ratio, %	Total equity / total assets less advances received.	Equity ratio is one of YIT's key longterm financial targets. It is a key figure to measure the relative proportion of equity used to finance YIT's assets.
Adjusted equity ratio, %	Total equity / total assets less advances received, leased property, plant and equipment and leased inventory. (YIT has introduced this new key performance indicators starting January 1, 2019.)	Adjusted equity ratio improves comparability to previous years.
Gearing, %	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables/total equity.	Gearing ratio helps to understand how much debt YIT is using to finance its assets relative to the value of its equity.
Adjusted gearing, %	Adjusted interest-bearing debt less cash and cash equivalents and interest-bearing receivables/total equity. (YIT has introduced this new key performance indicators starting January 1, 2019.)	Adjusted gearing ratio improves comparability to previous years.
Adjusted earnings per share, continuing operations	Earnings per share from continuing operations excluding adjusting items included in the operating profit and adjusting items related to merger included in financial expenses including tax impact. (On June 30, 2019, the definition was changed to include only continuing operations.)	Adjusted earnings per share from continuing operations is presented in addition to earnings per share in order to enhance comparability from period to period. Management believes that this alternative performance measure provides meaningful supplemental information by excluding items not

		part of YIT's core business operations thus improving comparability from period to period.
Adjusted return on capital employed, segments total (ROCE), %, rolling 12 months	Rolling 12 months adjusted operating profit less IFRS 16 leases operating profit impact/ adjusted capital employed, segments total on average during period. (YIT has changed the definition of return on capital employed on January 1, 2019 to exclude IFRS 16 leases related entries. On June 30, 2019, capital employed definition was changed to include only segment's capital employed.)	Adjusted return on capital employed, % describes segment's relative profitability, in other words, the profit received from capital employed.
Operating cash flow after investments	Operating cash flow presented in cash flow statement after investments. (On June 30, 2019, the definition was changed. Prior to change the operating cash flow after investments was deducted with cash flow effect from discontinued operations.)	
Gross capital expenditure	Investments in tangible and intangible assets, excluding additions in leases.	
Equity per share	Total equity divided by number of outstanding shares at the end of the period.	
Adjusted net debt / adjusted ebitda, rolling 12 months	Adjusted net debt/rolling 12 months adjusted earnings before depreciations and amortisations less IFRS 16 operating profit impact added with adjusted earnings before depreciations and amortisations from discontinued operations until disposal excluding IFRS 16 EBITDA impact from discontinued operations until disposal. (YIT has changed the definition of net debt/adjusted EBITDA on January 1, 2019 to exclude IFRS 16 leases related entries. On June 30, 2019, the definition of denominator was added with 12 months adjusted EBITDA from discontinued operations. The adjusted EBITDA from discontinued operations will be added to denominator until operations are disposed.)	Adjusted net debt to adjusted ebitda gives investor information on ability to service debt.
Market capitalisation	(Number of shares – treasury shares) multiplied by share price on the closing date by share series.	

Average share price	EUR value of shares traded during period divided by number of shares traded during period.

Together
we can
do it.

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