Q2

Half-year report 1-6/2019

Half-year report January 1 – June 30, 2019

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

Continuing and discontinued operations

- The text section of this half-year report concerns continuing operations, i.e. the five reported segments listed below.
- Nordic paving and mineral aggregate 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 22nd, 2019.
- The result from 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 the 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"
- The 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, are 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 half-year 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 are presented in the tables in the columns "Pro forma, restated 1–6/18" 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 half-year 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.

April–June

- Revenue was on the level of the comparison period and was EUR 756.5 million (759.4).
- Adjusted operating profit[1] amounted to EUR 28.5 million (20.3) and adjusted operating profit margin was 3.8% (2.7).
- Operating profit amounted to EUR -22.8 million (11.8) and operating profit margin was -3.0% (1.6). The operating profit includes a one-time write-down of EUR 31 million and a provision of EUR 9 million related to the closing down or sale of businesses in connection with the arrangements to reduce capital and enhance profitability in Russia. Additionally, a write-down of EUR 4 million is allocated to paving Russia related to purchase price allocation in connection with the Lemminkäinen and YIT merger.
- Reported operating cash flow after investments amounted to EUR -51.0 million (reported 129,9). YIT increased investments in plots in Finland and CEE.
- Order backlog increased 8% quarter-on-quarter but decreased by 3% year-on-year and was EUR 4,652.1 million (4,772.8).
- Adjusted net debt[2] was EUR 672.1 million. Net debt[2] including among others lease liabilities was EUR 939.3 million.
- Adjusted gearing[2] was 70.7%. Gearing[2] including among others lease liabilities was 98.8%.
- Realised cumulative synergies were EUR 34 million by the end of the second quarter of 2019.
- Adjusted earnings per share for continuing operations were EUR -0.01 (0.02) and earnings per share for review period were EUR -0.22 (-0.02).

January–June

- Revenue increased by 7% and was EUR 1,431.6 million (1,338.8).
- Adjusted operating profit[1] amounted to EUR 18.8 million (1.4) and adjusted operating profit margin was 1.3% (0.1).
- Operating profit amounted to EUR -34.9 million (-8.8) and operating profit margin was -2.4% (-0.7). The operating profit includes a one-time write-down of EUR 35 million and a provision of EUR 9 million related to the closing down or sale of businesses in connection with the arrangements to reduce capital and enhance profitability in Russia.
- Reported operating cash flow after investments amounted to EUR -54.2 million (reported -22.8).
- Adjusted earnings per share for continuing operations were EUR -0.10 (-0.10) and earnings per share for review period were EUR -0.40 (-0.27).

[1]The adjusted operating profit reflects the result of ordinary course of business and does not include material reorganisation costs, impairment charges or other items affecting comparability. Adjusted operating profit is disclosed to improve comparability between reporting periods. Adjusting items are defined more precisely in note 4 in the tables section.
[2] Definitions of financial key performance indicators can be found in table 4.3 in the tables section.

Guidance for 2019

The Group revenue of continuing operations for 2019 is estimated to be in the range of +5% and -3% 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 -5% compared to 2018.

In 2019, the adjusted operating profit of continuing operations is now estimated to be EUR 160-200 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 150-210 million.

Guidance rationale

The result guidance for 2019 is based, for instance, on the completion of Mall of Tripla in the last quarter, the estimated time of completion of residential projects under construction, and the company's solid order backlog. At the end of June, 77% of the order backlog was sold.

Significant fluctuation is expected to take place between the quarters due to normal seasonal variation, sales of business premises projects and the timing of completion of residential projects and 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 third quarter of 2019 will decrease from the comparison period (pro forma, restated 6-9/2018: EUR 31.4 million) and be clearly positive.

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 adjusted. 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 the IFRS 16 adoption on the second quarter of 2019 can be found in the notes of this half-year report.

Kari Kauniskangas, President and CEO:

Q2: Solid performance and strategic decisions

The adjusted operating profit for the second quarter improved year-on-year and revenue remained at the level of the comparison period. From the end of March, the order backlog strengthened in almost all segments. Our outlook is positive: we estimate the adjusted operating profit of the company's continuing operations to improve also during the second half of the year.

During the last months we have made significant decisions to execute the company's strategy. Right after the reporting period we decided to sell the Nordic paving and mineral aggregates operations to Peab for EUR 280 million. We will record a positive cash flow effect of approximately EUR 240 million and a capital gain of approximately EUR 40 million from the sale upon the estimated completion of the transaction in January 2020. With the transaction, YIT's business portfolio will be streamlined, the balance sheet will be further strengthened, and the seasonal earnings volatility of the company will decline. With the help of the cash flow received from the transaction, we will be able to lower our gearing ratio ahead of time to a level in line with our strategic goals as well as to invest in large urban development projects and growth of service businesses.

At the end of June we announced considerable steps in Russia to reduce capital and enhance profitability in line with our strategy: we decided to discontinue residential construction in Moscow, the Moscow region and Rostov-on-Don, as well as contracting and paving in Russia. We will focus our operations to the cities in which business has remained profitable throughout the Russian recession. These cities are characterised by good plot availability and size, sensible average sales price levels and sufficient consumer purchasing power with respect to YIT's housing product. The changes to be implemented release capital and improve the result in Russia markedly going forward, even though we in this quarter record a one-off negative item in the operating profit.

These strategic moves enable YIT to accelerate growth and improve profitability in the priority areas defined in the group strategy: urban development and non-cyclical businesses. These decisions will focus our operations, enhance our performance and financial position as well as affect our reporting from this quarter on.

Regarding the continuing businesses, I am especially proud of the performance of Housing Finland and CEE segment as the profitability improved to a good level, over 10 per cent, supported in particular by Finnish residential construction. During the quarter, we increased residential start-ups in Finland and continued to invest in plots in Finland and CEE. The number of start-ups enables us to keep the volumes on a good level also next year.The increase in the adjusted operating profit came first of all from the result improvement in segments that underperformed last year. Also at the end of the period, the order backlog was approximately EUR 4.7 billion. The order backlog strengthened especially in Infrastructure projects and Business premises. Among others, the Raide-Jokeri light rail project in Helsinki and Espoo, wastewater tunnel in Stockholm and the expansion of Vaasa Central Hospital in Finland were added into the order backlog. In Infrastructure projects the margin quality of the order backlog improved supported by new contracts. We also agreed to build over 1,000 apartments for institutional investors in Finland.

In the first half of the year, construction volume has been at a good level in Finland. Demand for business premises has been brisk, in particular in the Helsinki capital region, Southern Finland and renovation business. The infrastructure construction outlook is supported by traffic investments planned by the new government for the next few years in Finland. In Sweden and Norway the infrastructure construction outlook has continued to be strong. In Finland, institutional residential demand has been good and consumer residential sales has been proceeding as anticipated. In the CEE countries, residential demand has been brisk. In Russia, the changes in the regulation concerning the housing market has increased general insecurity in the market.

Events after the review period

YIT to sell its Nordic paving and mineral aggregates businesses to Peab

On July 4, 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. The debt-free purchase price is EUR 280 million, in addition to which net debt related to IFRS 16 lease liabilities will be reduced by approximately EUR 25 million. YIT will record a positive cash flow effect of approximately EUR 240 million and a capital gain of approximately EUR 40 million from the sale, which is not part of adjusted operating profit and which will be recognised upon completion of the transaction that is estimated to take place in January 2020.

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. On June 20, 2019, YIT issued a stock exchange release on its intention to exit the paving business in Russia either by closing down or by selling the operations. The personnel working in said businesses will be transferred to Peab as part of the transaction. The businesses to be transferred employ a total of approximately 1,700 persons, the majority of whom work in Finland.

Transaction is expected to be completed on January 1, 2020 and it has an impact on YIT's reporting

YIT's paving operations will continue their business normally as part of YIT until the end of year 2019, when the terms and conditions of the transaction are expected to be fulfilled. 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 on January 1, 2020. The purchase price shall be adjusted at the time of completing the transaction on the grounds agreed by and between the parties and it shall be paid fully in cash in connection with the completion of the transaction.

Goodwill and purchase price allocation, totalling approximately EUR 100 million, associated with the Lemminkäinen and YIT merger, have been included in the estimated capital gain of EUR 40 million. Future depreciations will hence decrease and operating profit will increase respectively. In addition to the estimated positive cash flow effect of EUR 240 million, net debt related to IFRS 16 lease liabilities will be reduced by approximately EUR 25 million.

In connection with the above described transaction, 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 Paving segment is no longer reported. The Road maintenance division that was previously part of the 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 repaid its EUR 100 million fixed rate unsecured senior bond

On July 8, 2019, YIT announced having repaid its EUR 100 million fixed rate 7.375% unsecured senior bond on the maturity date of the bond. The repayment was financed with liquid funds and commercial papers. The repayment was part of the integration activities following the merger of YIT and Lemminkäinen, with the aim to reduce financial costs while at the same time preserving versatile funding sources in the loan portfolio.

Key figures, IFRS

EUR million	Reported 4–6/19	Pro forma, restated 4–6/18	Change	Reported 1–6/19	Pro forma, restated 1–6/18[1]	Change	Pro forma, restated 1–12/18[1]
Revenue, continuing operations	**756.5**	**759.4**	**0%**	**1,431.6**	**1,338.8**	**7%**	**3,201.0**
Housing Finland and CEE	286.4	316.7	-10%	542.6	559.6	-3%	1,157.9
Housing Russia	35.4	53.2	-33%	79.8	91.5	-13%	274.1
Business premises	247.1	212.2	16%	486.2	395.2	23%	1,045.2
Infrastructure projects	192.6	175.7	10%	334.0	296.7	13%	716.8
Partnership properties	0.1			0.1			0.0
Other items	-5.1	1.6		-11.2	-4.2	-165%	7.1
Operating profit, continuing operations	**-22.8**	**11.8**		**-34.9**	**-8.8**	**-296%**	**104.7**
Operating profit margin, %, continuing operations	**-3.0%**	**1.6%**		**-2.4%**	**-0.7%**		**3.3%**
Adjusted operating profit, continuing operations	**28.5**	**20.3**	**40%**	**18.8**	**1.4**		**132.0**
Housing Finland and CEE	29.1	30.4	-4%	38.4	50.9	-25%	103.3
Housing Russia	-2.7	-7.3	62%	-7.5	-21.1	64%	-32.8
Business premises	5.2	5.3	-2%	10.2	3.0	236%	67.8
Infrastructure projects	2.8	-0.8		-2.9	-11.7	76%	-6.5
Partnership properties	-0.2	-0.6	72%	-1.7	-0.8	-112%	26.9
Other items	-5.7	-6.6	14%	-17.7	-18.9	7%	-26.7
Adjusted operating profit margin, % continuing operations	**3.8%**	**2.7%**		**1.3%**	**0.1%**		**4.1%**
Housing Finland and CEE	10.2%	9.6%		7.1%	9.1%		8.9%
Housing Russia	-7.8%	-13.7%		-9.4%	-23.1%		-12.0%
Business premises	2.1%	2.5%		2.1%	0.8%		6.5%
Infrastructure projects	1.5%	-0.5%		-0.9%	-3.9%		-0.9%
Partnership properties							
Adjusting items	51.3	8.5	500%	53.7	10.1	432%	27.2
Profit before taxes	-32.2	-0.5		-54.5	-27.7	-97%	71.4
Profit for the review period , continuing operations	-42.7	-2.3		-60.5	-27.5	-120%	48.7
Profit for the review period , discontinued operations	-4.2	-2.0	-111%	-24.4	-28.9	16%	-15.4
Profit for the review period[2]	-46.9	-4.3	-995%	-84.9	-56.5	-50%	33.3
Earnings per share for the review period, EUR	-0.22	-0.02		-0.40	-0.27	-48%	0.16
Adjusted earnings per share for the review period, continuing operations, EUR	-0.01	0.02		-0.08	-0.10		0.32
Operating cash flow after investments	-51.0	129.9[4]		-54.2	-22.8[4]	-138%	148.6[4]
Net interest-bearing debt at the end of the period	939.3	734.0[4]	28%	939.3	734.0[4]	28%	562.9[4]
Adjusted net interest-bearing debt at the end of the period[3]	672.1	n/a		672.1	n/a		n/a
Gearing ratio at the end of the period, %	98.8	73.4[4]	35%	98.8	73.4[4]	35%	53.6[4]
Adjusted gearing ratio at the end of the period[3], %	70.7	n/a		70.7	n/a		n/a
Equity ratio at the end of the period, %	30.8	33.9[4]	-9%	30.8	33.9[4]	-9%	38.1[4]
Adjusted equity ratio at the end of the period[3], %	33.9	n/a		33.9	n/a		n/a
Adjusted return on capital employed[3] (ROCE, rolling 12m), %	10.0	n/a		10.0	n/a		n/a
Order backlog, at the end of the period, continuing operations	4,652.1	4,772.8[5]	-3%	4,652.1	4,772.8[5]	-3%	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 4–6/19	Pro forma, restated 4–6/18	Change	Reported 1–6/19	Pro forma, restated 1–6/18[1]	Change	Pro forma, restated 1–12/18[1]
Revenue, continuing operations	**756.5**	**759.4**	**0%**	**1,431.6**	**1,338.8**	**7%**	**3,201.0**
Housing Finland and CEE	286.4	316.7	-10%	542.6	559.6	-3%	1,157.9
Housing Russia	35.4	53.2	-33%	79.8	91.5	-13%	274.1
Business premises	247.1	212.2	16%	486.2	395.2	23%	1,045.2
Infrastructure projects	192.6	175.7	10%	334.0	296.7	13%	716.8
Partnership properties	0.1			0.1			0.0
Other items	-5.1	1.6		-11.2	-4.2	-165%	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.

April–June

The Group's revenue was on the level of the comparison period and amounted to EUR 756.5 million (759.4). Revenue decreased in the Housing Finland and CEE segment due to lower year-on-year number of apartment completions in CEE countries. In Housing Russia, revenue decreased year-on-year due to reduced volumes. Additionally, in the comparison period, a plot was sold in the city of Pushkin, which increased the revenue. Infrastructure projects' revenue increased due to higher year-on-year volumes, and 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.

At comparable exchange rates, reported revenue was EUR 753.3 million.

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.

January–June

The Group's revenue increased by 7% year-on-year and amounted to EUR 1,431.6 million (1,338.8). Revenue increased mainly due to higher year-on-year volumes in Business premises and Infrastructure projects. The Business premises segment's revenue increased mainly due to the start of Tripla offices' revenue recognition according to percentage of completion after the sale of the offices in December 2018.

At comparable exchange rates, reported revenue was EUR 1,431.2 million.

Result

EUR million	Reported 4–6/19	Pro forma, restated 4–6/18	Change	Reported 1–6/19	Pro forma, restated 1–6/18[1]	Change	Pro forma, restated 1–12/18[1]
Operating profit, continuing operations	**-22.8**	**11.8**		**-34.9**	**-8.8**		**104.7**
Operating profit margin, continuing operations , %	**-3.0%**	**1.6%**		**-2.4%**	**-0.7%**		**3.3%**
Adjusting items	**51.3**	**8.5**	**500%**	**53.7**	**10.1**	**432%**	**27.2**
Adjusted operating profit, continuing operations	**28.5**	**20.3**	**40%**	**18.8**	**1.4**		**132.0**
Housing Finland and CEE	29.1	30.4	-4%	38.4	50.9	-25%	103.3
Housing Russia	-2.7	-7.3	62%	-7.5	-21.1	64%	-32.8
Business premises	5.2	5.3	-2%	10.2	3.0	236%	67.8
Infrastructure projects	2.8	-0.8		-2.9	-11.7	76%	-6.5
Partnership properties	-0.2	-0.6	72%	-1.7	-0.8	-112%	26.9
Other items	-5.7	-6.6	14%	-17.7	-18.9	7%	-26.7
Adjusted operating profit margin, continuing operations, %	**3.8%**	**2.7%**		**1.3%**	**0.1%**		**4.1%**
Housing Finland and CEE	10.2%	9.6%		7.1%	9.1%		8.9%
Housing Russia	-7.8%	-13.7%		-9.4%	-23.1%		-12.0%
Business premises	2.1%	2.5%		2.1%	0.8%		6.5%
Infrastructure projects	1.5%	-0.5%		-0.9%	-3.9%		-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 4–6/19	Pro forma, restated 4–6/18	Change	Reported 1–6/19	Pro forma, restated 1–6/18[1]	Change	Pro forma, restated 1–12/18[1]
Profit before taxes	-32.2	-0.5		-54.5	-27.7	-97%	71.4
Profit for the review period, continuing operations	-42.7	-2.3		-60.5	-27.5	-120%	48.7
Profit for the review period, discontinued operations	-4.2	-2.0	-111%	-24.4	-28.9	16%	-15.4
Profit for the review period[2]	-46.9	-4.3	-995%	-84.9	-56.5	-50%	33.3
Earnings per share for the review period, EUR	-0.22	-0.02		-0.40	-0.27	-48%	0.16
Adjusted earnings per share for the review period, continuing operations, EUR	-0.01	0.02		-0.10	-0.10		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.

April–June

The Group's adjusted operating profit was EUR 28.5 million (20.3), and adjusted operating profit margin was 3.8% (2.7).

Adjusted operating profit was supported by a very solid performance by Housing Finland and CEE. Adjusted operating profit margin of the segment was 10.2% (9.6) supported especially by residential construction in Finland, the adjusted operating profit of which improved compared to the last year. The segment's adjusted operating profit in the comparison period was high due to plot sales in particular in CEE.The segment's profitability was supported by good institutional sales.

In Infrastructure projects, adjusted operating profit increased due to the improved margin quality of new contracts. In Housing Russia, adjusted operating profit improved year-on-year. From the second quarter on, operating profit or loss from the businesses to be closed down or sold in Russia will be recorded in adjusting items and will not be presented in adjusted operating profit.

Reported adjusted operating profit at comparable exchange rates was EUR 26.9 million.

Operating profit was EUR -22.8 million (11.8), and the operating profit margin was -3.0% (1.6). The operating profit includes adjusting items of EUR 51.3 million (8.5) related to merger related fair value cost effects (see notes for additional information) as well as integration costs related to reaching the synergy targets. Operating loss from the businesses to be closed down or sold in Russia is also reported under adjusting items.

Key adjusting item in the operating profit is nevertheless the one-time write-down of EUR 31 million on the balance sheet values and a provision of EUR 9 million related to the closing down or selling of businesses in connection with the arrangements to reduce capital and enhance profitability in Russia. Additionally, a write-down of EUR 4 million is allocated to paving Russia related to purchase price allocation in connection with the Lemminkäinen and YIT merger. Of the write-down approximately EUR 25.5 million and of the provision approximately EUR 7.5 million is connected to the Housing Russia segment, the rest is connected to paving business in Russia. YIT has announced to exit the paving business in Russia either by closing down or by selling the paving operations by the end of 2019 and it is reported under “Other items”. Also the comparison period has been restated accordingly.

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

January–June

The Group’s adjusted operating profit was EUR 18.8 million (1.4), and adjusted operating profit margin was 1.3% (0.1). Infrastructure projects’ and Housing Russia segments’ adjusted operating profit increased due to better year-on-year margin levels and improvement actions taken. From the second quarter on, operating profit or loss from the businesses to be closed down in Russia will be recorded in adjusting items and will not be presented in adjusted operating profit. Profit recognition from Tripla offices according to percentage of completion started this year, which supported the adjusted operating profit of the Business premises segment.

Housing Finland and CEE segment’s adjusted operating profit in the comparison period was high due to plot sales in particular in CEE. Adjusted operating profit of construction operations in Finland improved compared to the last year.

Reported adjusted operating profit at comparable exchange rates was EUR 14.9 million.

The operating profit was EUR -34.9 million (-8.8), and the operating profit margin was -2.4% (-0.7). The operating profit includes adjusting items of EUR 53.7 million (10.1) mainly related to merger related fair value cost effects, integration costs, the write-down and provision related to the arrangements to reduce capital and enhance profitability in Russia as well as operating loss from the businesses to be closed down or sold in Russia.

Profit before taxes was EUR -54.5 million (-27.7) and profit for continuing operations for the reporting period was EUR -60.5 million (-27.5).

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.

The total synergy benefit measures recorded by the end of June amounted to approximately EUR 46 million and the achieved cumulative synergy benefits impacting the result were approximately EUR 34 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 38–42 million by the end of 2019 and approximately EUR 46–50 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 40 million during 2017–2019. During January–June 2019, merger-related integration costs totalled approximately EUR 2.5 million. The cumulative integration costs at the end of June totalled approximately EUR 25 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	1–6/19	Pro forma 1–12/18
Integration costs, total[1]	2.5	18.2

[1] Integration costs exclude transaction costs.

Acquisitions and capital expenditure

During the reporting period, the reported gross investments amounted to EUR 25.5 million (reported 36.8), or 1.6% (reported 2.6) of revenue. The investments consisted of investments in joint ventures, building equipment and information technology, among other things.

IFRS, EUR million	1–6/19	1-6/18	Change	1–12/18
Gross capital expenditure on non-current assets	25.5	36.8	-31%	64.4
% of revenue	1.6%	2.6%		1,7%

Capital structure and liquidity position, cash flow and investments

EUR million	Reported 6/19	Reported 6/18	Change	Reported 12/18
Adjusted net interest-bearing debt[1]	672.1	n/a		n/a
Net interest-bearing debt	939.3	734.0	28%	562.9
Cash and cash equivalents	113.5	285.6	-60%	263.6
Interest-bearing receivables	60.5	48.1	26%	65.1
Interest-bearing debt	1,113.3	1,067.6	4%	891.7
Bonds	349.5	355.7	-2%	352.6
Commercial papers	75.0	267.8	-72%	46.7
Pension loans	50.0	51.7	-3%	50.0
Loans from financial institutions	130.2	132.7	-2%	130.4
Housing corporation loans	205.5	206.2	0%	259.0
Lease liabilities[2]	267.2			
Finance lease liabilities[2]		18.5		17.8
Other interest-bearing debt	36.0	35.2	2%	35.2
Available committed revolving credit facilities	300.0	300.0	0%	300.0
Available overdraft facilities	73.4	74.1	-1%	72.2
Equity ratio, %	30.8%	33.9%		38.1%
Adjusted equity ratio[1], %	33.9%	n/a		n/a
Gearing ratio, %	98.8%	73.4%		53.6%
Adjusted gearing ratio[1], %	70.7%	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 4–6/19	Pro forma 4-6/18	Reported 1–6/19	Pro forma 1-6/18	Pro forma 1-12/18[1]
Operating cash flow after investments	-51.0	n/a	-54.2	n/a	n/a
Cash flow from plot investments	-33.5	n/a	-49.0	n/a	n/a
Cash flow from investments to associated companies and joint ventures	-1.5	n/a	-7.1	n/a	n/a
Net finance costs	-9.5	-12.2	-19.7	-18.9	-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 June, YIT's cash and cash equivalents amounted to EUR 113.5 million (reported 285.6), in addition to which YIT had undrawn overdraft facilities amounting to EUR 73.4 million (reported 74.1). 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 219.3 million (reported 304.4).

At the end of June, YIT Group's reported equity ratio was 30.8% (reported 33.9) and reported gearing ratio was 98.8% (reported 73.4). Due to the implementation of IFRS 16 standard and related practises, YIT Group's equity ratio decreased by 3.1 percentage points and gearing ratio increased by 25.4 percentage points. Adjusted equity ratio was 33.9% and adjusted gearing ratio was 70.7%.

Reported interest-bearing debt amounted to EUR 1,113.3 million (reported 1,067.6) and reported net interest-bearing debt to EUR 939.3 million (reported 734.0) at the end of June. Due to the implementation of IFRS 16 standard and related practises, YIT Group's net interest-bearing debt increased EUR 267.2 million. Adjusted net interest-bearing debt was EUR 672.1 million.

During the second quarter, reported net finance costs amounted to EUR 9.5 million (pro forma 12.2). The impact of IFRS 16 standard to net finance costs was EUR 3.6 million negative.

At the end of June, the adjusted net debt/adjusted EBITDA ratio was 3.5 and at the end of March net debt/adjusted pro forma EBITDA ratio was 3.0.

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

Capital employed was EUR 1,650.7million. The impact of IFRS 16 standard on the capital employed was EUR 261.9 million.

At the end of June, capital employed in Russia was EUR 310.7 million (reported 377.6). Reported equity investments in Russia were EUR 342.0 million (reported 354.2) at the end of June.

Operating cash flow after investments for April–June was EUR -51.0 million. YIT increased investments in plots in Finland and CEE. Positive cash flow in the comparison period was supported by improved capital efficiency related to integration. Cash flow from plot investments was EUR -33.5 million. Cash flow from investments to associated companies and joint ventures was EUR -1.5 million.

Order backlog

EUR million	Reported 6/19	Restated 6/18	Change	Restated 12/18
Order backlog, continuing operations	**4,652.1**	**4,772.8**	**-3%**	**4,285.6**
Housing Finland and CEE	1,649.3	1,773.9	-7%	1,729.3
Housing Russia	430.3	452.9	-5%	348.8
Business premises	1,285.8	1,589.0	-19%	1,326.9
Infrastructure projects	1,270.1	929.0	37%	860.7
Partnership properties				
Other items	16.6	28.0	-41%	19.9

Reported order backlog increased by 8% from the end of March and amounted to EUR 4,652.1 million (3/19: 4,301.9).

The order backlog decreased by 3% year-on-year (6/18: 4,772.8). At the end of June, 77% of the order backlog was sold.

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

Consumer confidence in Finland during the period was solid, which was reflected in good consumer demand for apartments. Supply in the market was on a high level. In addition to the good demand for affordable apartments in the Helsinki Metropolitan Area and Tampere, demand for larger apartments improved year-on-year.

The demand of private residential investors remained at a low level.

In the CEE countries, consumer confidence continued to be on a good level. Demand for apartments in the CEE countries was brisk.

Prices of new apartments remained on average stable both in Finland and in the CEE countries. Shortage of resources due to increased construction volume caused cost pressure during the reporting period in the CEE countries.

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

Housing Finland and CEE EUR million	Reported 4–6/19	Pro forma, restated 4–6/18	Change	Reported 1–6/19	Pro forma, restated 1–6/18[1]	Change	Pro forma, restated 1-12/18[1]
Revenue	286.4	316.7	-10%	542.6	559.6	-3%	1,157.9
Operating profit	29.1	29.7	-2%	38.4	50.2	-23%	102.6
Operating profit margin %	10.2%	9.4%		7.1%	9.0%		8.9%
Adjusted operating profit	29.1	30.4	-4%	38.4	50.9	-25%	103.3
Adjusted operating profit margin %	10.2%	9.6%		7.1%	9.1%		8.9%
Order backlog at end of period	1,649.3	1 773,9[2]	-7%	1,649.3	1 773,9[2]	-7%	1,729.3[2]
Capital employed	708.5	518.0[2]	37%	708.5	518.0[2]	37%	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.

April–June

The segment's revenue decreased by 10% and amounted to EUR 286.4 million (316.7). The segment's performance during the period was very solid. The adjusted operating profit was EUR 29.1 million (30.4) and the adjusted operating profit margin was 10.2% (9.6) supported especially by residential construction in Finland, the adjusted operating profit of which improved compared to last year. The segment's adjusted operating profit in the comparison period was high due to plot sales in particular in CEE. The segment's profitability was supported by good institutional sales.

During the period, YIT completed 1,395 apartments in Finland (916) and 307 apartments in the CEE countries (499). The number of unsold completed units increased from the end of March and was 447 (3/19: 289).

The order backlog at the end of the period was EUR 1,649.3 million (1,773.9).

January–June

The segment's revenue decreased by 3% amounting to EUR 542.6 million (559.6). The adjusted operating profit was EUR 38.4 million (50.9) and the adjusted operating profit margin was 7.1% (9.1). The segment's revenue and adjusted operating profit were lower year-on-year due to the plots sold to the joint venture and to the plot fund in the comparison period. In addition, fewer apartments were completed year-on-year in the CEE countries and in Finland, fewer apartments year-on-year were completed in the Helsinki Metropolitan Area.

Residential construction in Finland, units	4–6/19	4–6/18	Change	1–6/19	1–6/18[1]	Change	1–12/18[1]
Sold	1,481	1,018	45%	2,853	1,894	51%	3,502
of which initially started for consumers[2]	488	614	-21%	1,507	1,346	12%	2,363
Start-ups	1,637	1,218	34%	2,500	2,311	8%	3,793
of which for consumers	644	814	-21%	1,154	1,763	-35%	2,654
Completed	1,395	916	52%	2,475	1,888	31%	4,510
of which for consumers	1,076	731	47%	1,934	1,566	23%	3,657
Under construction at the end of the period	5,327	6,442	-17%	5,327	6,442	-17%	5,302
of which sold at the end of the period, %	63%	59%		63%	59%		56%
For sale at the end of the period	2,425	2,903	-16%	2,425	2,903	-16%	2,777
of which completed	447	267	67%	447	267	67%	422
Plot reserve in the balance sheet at the end of the period, EUR million	209	261	-20%	209	261	-20%	222
Plot reserve at the end of the period[3], floor square metres	1,839,000	2,390,000	-23%	1,839,000	2,390,000	-23%	2,226,000

[1] Combined figures of YIT and Lemminkäinen.
[2] Includes apartments sold to residential funds: 4–6/19: 87 units; 4–6/18: 72 units; 1-6/19: 673 units; 1-6/18: 110 units; 1-12/18: 180 units.
[3] Includes pre-agreements, rental plots and own plots.

Residential construction in the CEE countries, units	4–6/19	4–6/18	Change	1–6/19	1–6/18[1]	Change	1–12/18[1]
Sold	236	358	-52%	593	530	12%	1,204
of which for consumers	236	358	-34%	495	530	-7%	950
Fund sales to consumers[1]	107	141	-24%	236	254	-7%	404
Start-ups	345	395	-13%	664	844	-21%	1,566
Completed	307	499	-38%	307	661	-54%	1,427
Under construction at end of period	2,810	2 623	7%	2,810	2,623	7%	2,440
of which sold at end of period, %	49%	53%		49%	53%		46%
For sale at end of period	1,494	1,396	7%	1,494	1,396	7%	1,436
of which completed	64	167	-61%	64	167	-61%	130
Plot reserve in the balance sheet at end of period, EUR million	170	119	43%	170	119	43%	112.1
Plot reserve at end of period[3], floor square metres	674,000	507,500	33%	674,000	507,500	33%	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 on, operating profit or loss from the businesses to be closed down will be recorded in adjusting items and will not be presented in adjusted operating profit.

Operating environment

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

The interest rates for mortgages for new apartments were slightly above 10 per cent during the period. The Russian government continues to support the citizens' apartment-buying with different programs.

Housing Russia, EUR million	Reported 4–6/19	Pro forma, restated 4–6/18	Change	Reported 1–6/19	Pro forma, restated 1–6/18[1]	Change	Pro forma, restated 1–12/18[1]
Revenue	35.4	53.2	-33%	79.8	91.5	-13%	274.1
Operating profit	-39.1	-11.0	-255%	-43.8	-25.0	-75%	-37.3
Operating profit margin %	-110.3%	-20.7%		-54.9%	-27.3%		-13.6%
Adjusted operating profit	-2.7	-7.3	62%	-7.5	-21.1	64%	-32.8
Adjusted operating profit margin, %	-7.8%	-13.7%		-9.4%	-23.1%		-12.0%
Order backlog at end of period	430.3	452.9[2]	-5%	430.3	452.9[2]	-5%	348.8[2]
Capital employed	279.6	353.0[2]	-21%	279.6	353.0[2]	-21%	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.

April–June

The segment's revenue was EUR 35.4 million (53.2). The adjusted operating profit was EUR -2.7 million (-7.3) and the adjusted operating profit margin was -7.8% (-13.7).

The segment's revenue decreased year-on-year due to reduced volumes in the contracting business. Additionally, in the comparison period, a plot was sold in the city of Pushkin, which increased the revenue.

At comparable exchange rates, reported revenue was EUR 34.2 million and reported adjusted operating profit at comparable exchange rates was EUR -2.6 million.

Adjusted operating profit improved year-on-year. From the second quarter on, operating profit or loss from the businesses to be closed down or sold will be recorded in adjusting items and will not be presented in adjusted operating profit.

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 close down the contracting business in Russia entirely as well as to sell the undeveloped plots in the city of Rostov-on-Don and discontinue residential construction. Furthermore, YIT will exit the paving business in Russia either by closing down or by selling the paving operations by the end of 2019.

The Group's operating profit includes a one-time write-down of EUR 35 million on the balance sheet values of the businesses being closed down or sold in Russia and a provision of EUR 9 million related to the closing down or sale of businesses in connection with the arrangements to reduce capital and enhance profitability in Russia. Of the write-down EUR 25.5 million and of the provision EUR 7.5 million is connected to the Housing Russia segment, the rest is connected to paving business in Russia, thus reported under "Other items".

During the reporting period, 410 apartments (0) were completed. The number of unsold completed units decreased from end of March and was 456 (03/19: 584).

The share of residential deals financed with mortgage was 42% (45). At the end of June, 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.

The order backlog decreased 5% and was EUR 430.3 million (452.9) at the end of the period.

January–June

The segment's revenue was EUR 79.8 million (91.5). The adjusted operating profit was EUR -7.5 million (-21.1) and the adjusted operating profit margin was -9.4% (-23.1). The segment's operating profit was burdened by the above mentioned write-downs and provisions done in June.

At comparable exchange rates, reported revenue was EUR 14.9 million and reported adjusted operating profit at comparable exchange rates was EUR -7.7 million.

During the period, no new contracting projects were won in Russia, as the contracting business will be closed down.

Residential construction in Russia, units	4–6/19	4–6/18	Change	1–6/19	1–6/18[1]	Change	1–12/18
Sold	725	827	-12%	1,447	1,606	-10%	3,682
Start-ups	1,281	724	77%	1,852	1,539	20%	3,694
Completed[1]	410	0	n/a	897	280	220%	2,974
Under construction at the end of the period	6,241	5,873	6%	6,241	5,873	6%	5,286
of which sold at the end of the period, %	33%	41%		33%	34%		33%
For sale at the end of the period	4,632	4,148	12%	4,632	4,148	12%	4,223
of which completed	456	655	-30%	456	655	-30%	683
Plot reserve in the balance sheet at the end of the period[2], EUR million	152.1	184.0	-17%	152.1	184.0	-17%	161.7
Plot reserve at the end of the period[2], floor square metres	1,135,000	1,718,000	-34%	1,135, 000	1,718,000	-34%	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	6/19	6/18	Change	6/19	3/19	Change	1–12/18
St. Petersburg	1,107	978	13%	1,107	1,017	9%	819
Moscow	2,452	2,835	-14%	2,452	2,360	4%	2,428
Russian regions	2,682	2,074	29%	2,682	2,183	23%	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.

The 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. The rental levels of business premises remained on a good level 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 4–6/19	Pro forma, restated 4–6/18	Change	Reported 1–6/19	Pro forma, restated 1–6/18[1]	Change	Pro forma, restated 1–12/18[1]
Revenue	247.1	212.2	16%	486.2	395.2	23%	1,045.2
Operating profit	5.2	4.9	7%	10.2	2.6	291%	67.3
Operating profit margin %	2.1%	2.3%		2.1%	0.7%		6.4%
Adjusted operating profit	5.2	5.3	-2%	10.2	3.0	236%	67.8
Adjusted operating profit margin %	2.1%	2.5%		2.1%	0.8%		6.5%
Order backlog at the end of the period	1,285.8	1,589.0[2]	-19%	1,285.8	1,589.0[2]	-19%	1,326.9[2]
Capital employed	76.7	104.3[2]	-26%	76.7	104.3[2]	-26%	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	6/19	3/19
Plot reserve in the balance sheet, EUR million	60.7	65.8
Plot reserve, floor square metres	862,000	690,000

April–June

The segment's revenue increased by 16% year-on-year and amounted to EUR 247.1 million (212.2). The adjusted operating profit was EUR 5.2 million (5.3), and the adjusted operating profit margin was 2.1% (2.5).

The segment's order backlog increased from the end of March. During the period, several large projects were added into the order backlog, such as the new H Building of Vaasa Central Hospital and the Hamburger Börs hotel in Turku. Mall of Tripla in Pasila, Helsinki will be finalised as scheduled and opened in October. The rental rate of Tripla offices was 89% at the end of the period. The order backlog at the end of the period was EUR 1,285.8 million (1,589.0). In the comparison period Tripla offices were included in the order backlog.

January–June

The segment's revenue increased by 23% year-on-year and amounted to EUR 486.2 million (395.2). The adjusted operating profit was EUR 10.2 million (3.0), and the adjusted operating profit margin was 2.1% (0.8).

The segment's revenue and operating profit improved mainly due to 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 was not recognised.

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	93%	9/19	YIT owns 38.75%
Tripla office, East and West, Helsinki, Finland	n/a	office	86%, 82%	6/20	sold
Finavia air terminal expansion, Vantaa, Finland	250[1]	airport	78%	12/19	contracting
Tripla hotel, Helsinki, Finland	88	hotel	84%	3/20	sold
Myllypuro campus, Helsinki, Finland	73	public premises	97%	8/19	contracting

[1] 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. All segment figures have been restated accordingly starting from the beginning of the year 2018.

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, the market is stable.

Infrastructure projects EUR million	Reported 4–6/19	Pro forma, restated 4–6/18	Change	Reported 1–6/19	Pro forma, restated 1–6/18[1]	Change	Pro forma, restated, 1–12/18[1]
Revenue	192.6	175.7	10%	334.0	296.7	13%	716.8
Operating profit	2.8	-1.1		-2.9	-12.0	76%	-7.2
Operating profit margin %	1.5%	-0.6%		-0.9%	-4.0%		-1.0%
Adjusted operating profit	2.8	-0.8		-2.9	-11.7	76%	-6.5
Adjusted operating profit margin %	1.5%	-0.5%		-0.9%	-3.9%		-0.9%
Order backlog at the end of the period	1,270.1	929.0[2]	37%	1,270.1	929.0[2]	37%	860.7[2]
Capital employed	77.5	72.2[2]	7%	77.5	72.2[2]	7%	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.

April–June

The segment's revenue increased by 10% year-on-year and amounted to EUR 192.6 million (175.7). The segment's adjusted operating profit was EUR 2.8 million (-0.8) and the adjusted operating profit margin was 1.5% (-0.5).

Revenue increased due to higher volumes year-on-year. Adjusted operating profit increased due to the improved margin quality of new contracts in the order backlog.

Order backlog strengthened especially due to the Raide-Jokeri light rail project in Helsinki and Espoo, Finland, and the Henriksdal wastewater tunnel project in Stockholm, Sweden. The order backlog grew 37% year-on-year and was at the end of the period EUR 1,270.1 million (929.0).

January–June

The segment's revenue increased by 13% year-on-year and amounted to EUR 334.0 million (296.7). The adjusted operating profit was EUR -2.9 million (-11.7) and the adjusted operating profit margin was -0.9% (-3.9).

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 burdened by the low margins of the 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	1%	06/24
Blominmäki wastewater treatment plant, Espoo, Finland	~206	23%	2/22
Henriksdal wastewater tunnel, Stockholm, Sweden	~130	0%	10/26
Light railway alliance, Tampere, Finland	~110	61%[1]	12/21
Henriksdal wastewater treatment plant, Stockholm, Sweden	~60	2%	12/23

[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 the residential investor interest remained stable. The yield requirements of office and retail properties decreased in the Helsinki metropolitan area, and the rental levels for prime office properties increased in central Helsinki.

Partnership properties EUR million	Reported 4–6/19	Pro forma, restated 4–6/18	Change	Reported 1–6/19	Pro forma, restated 1–6/18[1]	Change	Pro forma, restated 1–12/18[1]
Revenue	0.1			0.1			0.0
Operating profit	-0.2	-0.6	263%	-1.7	-0.8	112%	26.9
Operating profit margin %							
Capital employed	149.6	142.7[2]	5%	149.6	142.7[2]	5%	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 6/19	Reported 3/19	Change	Reported 12/18
Equity investments and investment commitments	166	166	0%	164
of which already invested in associated companies and joint ventures	148	146	1%	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 a head quarter property in Keilaniemi, Espoo. The occupanc rate of the Keilaniemi property is over 70%. Capital investments are made into Regenero based on needs of projects being developed.
Mall of Tripla	Shopping centre property company	117	600	38.75%	Hybrid project Tripla's shopping centre part in Central Pasila, Helsinki, Finland. The joint venture is formed by YIT, Ilmarinen (38.75%), Conficap (15%) and Fennia (7.5%). Occupancy rate of the project is approximately 94%, 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 is responsible for selling the apartments further to consumers. Other investors include Ilmarinen (30%) and a group of Finnish investors. The fund's equity is approximately EUR 37 million.
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 on plots owned by the fund. YIT owns 20% of the fund, other investors are Varma (40%) and Ålandsbanken (40%). The fund's equity is EUR 50 million.
FinCap Asunnot Oy	Residential joint venture	11	100	49%	The joint venture leases the apartments it owns and sells them when the moment is suitable. Administration of the apartment portfolio and the reporting of the joint venture is outsourced to FinCap Group.

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

April–June

The biggest project reported in the Partnership properties segment is the Mall of Tripla. The project proceeded as scheduled and the mall will be opened in October 2019. During the period, leasing of the projects reported in the Partnership properties segment proceeded well. The occupancy rate of the Mall of Tripla was approximately 94% at the end of period.

January–June

YIT was involved in founding 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 EUR million	4–6/19	Pro forma 4–6/18	Change	1–6/19	Pro forma 1–6/18[1]	Change	Pro forma 1–12/18[1]
Revenue	148.7	149.4	-1%	175.2	172.3	2%	558.3
Operating profit	-3.6	-0.7	-423%	-26.1	-31.1	16%	-13.4
Operating profit margin %	-2.4%	-0.5%		-14.9%	-18.1%		-2.4%
Order backlog at the end of the period	299.6	295.7	1%	299.6	295.7	1%	148.2

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

April–June

Revenue of discontinued operations was EUR 148.7 million (149.4).

The order backlog of discontinued operations was record-high EUR 299.6 million (295.7) .

Adjusted operating profit of the Nordic paving and mineral aggregates businesses was EUR 4.2 million lower year-on-year. In Finland, demand for mineral aggregates declined year-on-year due to declining construction volumes. Also, several significant projects were postponed to the third quarter. Clear improvement was seen in Norway and Sweden.

Adjusted operating profit of the former Paving segment divisions Road maintenance and Paving Russia were in line quarter-to-quarter.

Operating profit of discontinued operations was EUR -3.6 million (-0.7), and operating profit margin was -2.4% (-0.5). Operating profit of discontinued operations includes additional allocations such as fair value allocations from the Lemminkäinen merger and transaction costs.

January–June

Revenue of discontinued operations was EUR 175.2 million (172.3).

Operating profit of discontinued operations was EUR -26.1 million (-31.1) and operating profit margin was -14.9% (-18.1).

Personnel

Personnel per segment, continuing operations	6/19	3/19	Change, nr of persons	12/18
Housing Finland and CEE	2,702	2,519	183	2,632
Housing Russia	1,356	1,412	-56	1,424
Business premises	1,288	1,195	93	1,177
Infrastructure projects	2,202	1,955	247	1,969
Partnership properties	3	2	1	2
Group services	385	365	20	352
Group total	**7,936**	**7,448**	**488**	**7,556**

Personnel per geographic area, continuing operations	6/19	3/19	Change, nr of persons	12/18
Finland	4,633	4,226	407	4,371
Russia	1,366	1,424	-58	1,432
CEE countries	1,669	1,556	113	1,539
Scandinavia	268	242	26	214
Group total	**7,936**	**7,448**	**488**	**7,556**

During January–June, the Group's continuing operations employed on average 7,618 people (8,078). Personnel expenses totalled EUR 205.6 million (228.1, pro forma). The cost effect of YIT's share-based incentive scheme was EUR 0.4 million. Attending employee figures are used in reporting the number of personnel. The increase in the Group's number of personnel from the end of March is mainly due to the high number of seasonal trainees in all segments.

The accident frequency (number of accidents per one million working hours) was 9.9 (8.4, 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 the company's new strategy for 2019–2021 in September 2018. The adoption of IFRS 16 standard did not have an effect on the company's long-term financial targets.

Long-term financial targets	Target level
Return on capital employed (ROCE)	>12%
Gearing	30–50%
Dividend per share	Growing annually

Strategy

YIT's Board of Directors confirmed the company's new strategy for 2019–2021 in September 2018. The target of YIT's strategy is to improve profitability and to strengthen financial stability. The company's sources of growth and structural profitability include urban development and non-cyclical businesses. The cornerstones of success supporting these priorities include (1) top performance, (2) capital efficiency, (3) success with customers and partners, and (4) happy people.

The strategy is built on the strong megatrends of urbanisation, sustainability and digitalisation. The successful integration of YIT and Lemminkäinen, establishing common ways of working and a common culture as well as achieving synergies are an important part of the cornerstones of the company's success.

The foundation for the Group's strategy is that each segment will be competitive in its business and market area driven by development efforts at the segment level. Additionally, YIT will implement its strategy through three common development programmes: Performance, Customer Focus and Green Growth.

The company will provide additional information on its strategic priorities at the Capital Markets Day to be held in the autumn.

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 210,227,349 (2018: 211,099,853).

Treasury shares and authorisations of the Board of Directors

The Annual General Meeting of YIT Corporation resolved on March 12, 2019, to authorise the Board of Directors to decide on the repurchase of company shares and share issues as proposed by the Board of Directors. The authorisation is valid until June 30, 2020.

On June 30, 2019, YIT Corporation held 872,504 treasury shares.

No shares were returned to the company during the review period.

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 June 28, 2019 was EUR 5.41. YIT's share price increased by approximately 6% 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 5.34. Share turnover on Nasdaq Helsinki during the reporting period was approximately 42.7 million shares (71.1). The value of the share turnover was approximately EUR 228.0 million (724.9), source: Nasdaq Helsinki.

During the reporting period, approximately 47.4 million (75.0) YIT Corporation shares changed hands in alternative market places, corresponding to approximately 53 per cent (51) of the total share trade, source: Fidessa Fragmentation Index.

YIT Corporation's market capitalisation on the last trading day of the reporting period on June 28, 2019 was EUR 1,137.3 million (1,073.1). The market capitalisation has been calculated excluding the shares held by the company.

Number of shareholders and flagging notifications

At the end of June, the number of registered shareholders was 45,447 (48,377). A total of 14.3% of the shares were owned by nominee-registered and non-Finnish investors (11.9).

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. 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 June, 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 46–50 million by the end of 2020. Of this, EUR 40 million is expected to be achieved starting from the first quarter 2020.

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, increase the need for funding or prevent them 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. In connection with publishing its new strategy, the company announced that its target is to further release capital employed in Russia by approximately EUR 100 million.

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 stable at the autumn 2018 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.

The 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.

The 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.

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

Russia

Demand for apartments is expected to remain at the same level as seen on average in 2018. The recent key rate cut by the Central Bank of Russia to may lead to a slight decrease in mortgage interest rates.

Changes in regulation concerning the housing market are expected to maintain volatility in supply and sales practices. Recent regulatory changes might cause delay in banks' project financing abilities and cause uncertainty and turbulence in the market. Demand is expected to focus primarily on affordable apartments. Inflation in construction costs is expected to grow moderately due to changes in value added tax.

The Baltic countries and CEE countries

Residential demand is expected to remain at a good level. Residential prices are estimated to increase further. The prices of plots have increased and competition for plots is expected to remain intense. The availability of financing and low interest rates are expected to continue to support residential demand. The shortage of resources and long construction permit processes are expected to continue to increase inflation in construction costs and to limit volume growth. The contracting market for business premises is expected to remain at the current level or 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.

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 +5% and -3% 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 -5% compared to 2018.

In 2019, the adjusted operating profit of continuing operations is estimated to be EUR 160-200 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 150-210 million.

Guidance rationale

The result guidance for 2019 is based, for instance, on the completion of Mall of Tripla in the last quarter, the estimated time of completion of residential projects under construction, and the company's solid order backlog. At the end of June, 77% of the order backlog had been sold.

Significant fluctuation is expected to take place between the quarters due to normal seasonal variation, sales of business premises projects, and the time of completion of residential projects and 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 third quarter of 2019 will decrease from the comparison period (pro forma, restated EUR 31.4 million) and be clearly positive.

Estimated completions of consumer apartment projects under construction

At the end of June, the company had 14,378 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 2,290 (3/19: 2,364) 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	*1-12/2018 actual*	*Q1/2019, actual*	*Q2/2019, actual*	Q3/2019, estimate	Q4/2019, estimate	Q1/2020, estimate	Q2/2020, estimate	Later
Finland [1]	3,657	858	1,076	300	500	400	500	1,337
CEE [2]	1,427	0	307	400	700	100	100	1,510
Russia [3]	2,974	487	410	600[4]	2,400[4]	400	400	2,441
Total	8,058	1,345	1,793	1,300	3,600	900	1,000	5,288

[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 answer the market demand are sales and pricing, project and project risk management, product development and the product offering, measures to reduce production costs, cost management and measures affecting the capital efficiency.

Factors outside of YIT's sphere of influence are mainly related to global economic development, the functionality of financing markets and the interest rate, the political environment, economic development in areas of operation, changes in demand for apartments and business premises, the availability of resources such as key persons, the functionality of the labour markets, changes in public and private sector investments and changes in legislation, permit and authorisation processes and the duration thereof, as well as the development of foreign exchange rates.

Due to the long-term nature of construction and urban development projects, the 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 half-year report

The text section of this half-year 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 part of the 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 will no longer report 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.

Half year report January 1 – June 30 2019: Tables

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES OF THE HALF YEAR REPORT

1.1 Basis of preparation

This half year report has been prepared in accordance with IFRS recognition and measurement principles and all requirements of IAS 34- Interim Financial Reporting standard have been applied. This half year report should be read together with YIT Corporation's Financial Statements 2018. The figures presented in the half year report are unaudited. In the half year 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 of accounting 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 half year 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 applied the modified retrospective approach in transition and thus, the comparative figures are not be restated. A more detailed description of the new accounting policies related to IFRS 16 can be found in Note 3.5. Adoption of IFRS 16 Leases.

Discontinued operations

YIT announced on 4 July 2019 the sale of its Nordic paving and mineral aggregates business 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 in this half-year report 2019 because the sale was considered as highly probable on June 30, 2019 and presents a major line of business of the Group. 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.The assets and liabilities related to the discontinued operations are presented as separate line items in the statement of financial position on June 30, 2019.

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 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.

Significant management judgements

The preparation of this half year 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 half year report, the 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 3.5 Adoption of IFRS 16 Leases.

Most relevant currency exchange rates used in the half year report

		Average rates			End rates		
		1–6/19	1-6/18	1-12/18	6/19	6/18	12/18
1 EUR =	CZK	25.6834	25.4995	25.6455	25.4470	26.0200	25.7240
	PLN	4.2917	4.2206	4.2612	4.2496	4.3738	4.3014
	RUB	73,7181	71.9852	74.0687	71.5975	73.1582	79.7153
	SEK	10.5187	10.1536	10.2584	10.5633	10.4530	10.2548
	NOK	9.7294	9.5928	9.6002	9.6938	9.5115	9.9483
	DKK	7.4651	7.4476	7.4532	7.4636	7.4525	7.4673

2 PRIMARY FINANCIAL STATEMENTS

2.1 Consolidated income statement, IFRS

EUR million	Reported 4-6/2019	Restated 4-6/2018	Pro forma, restated 4-6/2018	Reported 1-6/2019	Restated 1-6/2018	Pro forma, restated 1-6/2018	Restated 1-12/2018	Pro forma, restated 1-12/2018
Revenue	**756.5**	**759.4**	**759.4**	**1,431.6**	**1,276.2**	**1,338.8**	**3,138.5**	**3,201.0**
Other operating income	6.0	5.1	5.1	13.3	9.4	9.8	39.7	40.1
Change in inventories of finished goods and in work in progress	37.2	94.4	94.4	14.7	151.1	155.3	35.6	39.7
Production for own use	0.0	0.0	0.0	0.1	0.0	0.0	0.3	0.3
Materials and supplies	-155.7	-203.3	-200.6	-236.5	-312.8	-319.7	-632.1	-634.1
External services	-432.2	-425.1	-425.1	-817.5	-728.1	-774.3	-1,621.8	-1,668.0
Personnel expenses	-108.5	-121.6	-121.6	-205.7	-216.1	-228.1	-405.8	-417.8
Other operating expenses	-106.9	-92.1	-92.1	-200.9	-172.8	-175.7	-433.8	-436.7
Share of results in associated companies and joint ventures	0.6	-0.5	-0.5	-1.3	-0.7	-0.7	9.0	9.0
Depreciation, amortisation and impairment	-19.7	-7.9	-7.3	-32.7	-13.6	-14.1	-30.0	-28.9
Operating profit	**-22.8**	**8.5**	**11.8**	**-34.9**	**-7.4**	**-8.8**	**99.7**	**104.7**
Finance income	2.4	2.2	2.2	4.7	3.7	3.8	7.7	7.8
Exchange rate differences (net)	-0.5	-0.4	-0.4	-0.8	-0.2	-0.4	-2.1	-2.3
Finance expenses	-11.4	-14.1	-14.0	-23.6	-23.8	-22.2	-40.3	-38.8
Finance income and expenses, total	-9.5	-12.3	-12.2	-19.7	-20.3	-18.9	-34.7	-33.3
Result before taxes	**-32.2**	**-3.8**	**-0.5**	**-54.5**	**-27.6**	**-27.7**	**65.0**	**71.4**
Income taxes	-10.4	-1.2	-1.8	-6.0	3.6	0.2	-17.9	-22.7
Result for the period, continuing operations	**-42.7**	**-5.0**	**-2.3**	**-60.5**	**-24.1**	**-27.5**	**47.1**	**48.7**
Result for the period, discontinued operations	**-4.2**	**-2.9**	**-2.0**	**-24.4**	**-19.6**	**-28.9**	**-7.9**	**-15.4**
Result for the period	**-46.9**	**-7.9**	**-4.3**	**-84.9**	**-43.6**	**-56.5**	**39.2**	**33.3**
Attributable to equity holders of the parent company	**-46.9**	**-7.9**	**-4.3**	**-84.9**	**-43.6**	**-56.5**	**39.2**	**33.3**
Earnings per share, attributable to the equity holders of the parent company								
Basic, EUR, total	-0.22	-0.03	-0.02	-0.40	-0.22	-0.27	0.19	0.16
Diluted, EUR, total	-0.22	-0.03	n/a	-0.40	-0.22	n/a	0.19	n/a
Basic, EUR, continuing operations	-0.20	-0.02	-0.01	-0.29	-0.12	-0.13	0.23	0.23
Basic, EUR, discontinued operations	-0.02	-0.01	-0.01	-0.12	-0.10	-0.14	-0.04	-0.07
Diluted, EUR, continuing operations	-0.20	-0.02	n/a	-0.29	-0.12	n/a	0.23	n/a
Diluted, EUR, discontinued operations	-0.02	-0.01	n/a	-0.12	-0.10	n/a	-0.04	n/a

2.2 Statement of comprehensive income, IFRS

EUR million	Reported 4-6/2019	Reported 4-6/2018	Reported 1-6/2019	Reported 1-6/2018	Reported 1-12/2018
Result for the period	-46.9	-7.9	-84.9	-43.6	39.2
Items that may be reclassified subsequently to profit/loss:					
Cash flow hedges		0.0		0.0	0.0
Income tax relating to item above		0.0		0.0	0.0
Change in translation differences	6.0	-14.7	40.9	-24.5	-57.8
Items that may be reclassified subsequently to profit/loss, total	**6.0**	**-14.7**	**40.9**	**-24.5**	**-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	**-40.8**	**-22.6**	**-44.1**	**-68.1**	**-18.7**
Attributable to equity holders of the parent company	-40.8	-22.6	-44.1	-68.1	-18.7

2.3 Consolidated statement of financial position, IFRS

EUR million	Reported 6/2019	Reported 6/2018	Reported 1 Jan 2019[1]	Reported 12/2018
ASSETS				
Non-current assets				
Property, plant and equipment	79.2	205.8	183.4	202.3
Leased property, plant and equipment	100.7		137.9	
Goodwill	266.1	322.2	319.2	319.2
Other intangible assets	18.5	54.5	47.5	47.5
Investments in associated companies and joint ventures	150.0	147,6	150.7	150.7
Equity investments	2.2	2.3	2.2	2.2
Interest-bearing receivables	55.1	39.3	50.3	50.3
Other receivables	2.1	2.2	2.3	2.3
Deferred tax assets	68.3	70.6	64.4	64.4
Non-current assets total	**742.3**	**844.4**	**957.9**	**839.0**
Current assets				
Inventories	1,925.9	2,119.4	1,880.1	1,880.1
Leased inventories	177.0		187.4	
Trade and other receivables	475.6	582.3	495.5	495.5
Interest-bearing receivables	5.4	8.8	14.8	14.8
Income tax receivables	7.4	9.6	1.8	1.8
Cash and cash equivalents	113.5	285.6	263.6	263.6
Current assets total	**2,704.8**	**3,005.7**	**2,843.2**	**2,655.8**
Assets classified as held-for-sale	**364.7**			
Total assets	**3,811.7**	**3,850.1**	**3,801.1**	**3,494.8**
EQUITY AND LIABILITIES				
Total equity attributable to the equity holders of the parent company	950.4	999.6	1,049.8	1,049.8
Equity total	**950.4**	**999.6**	**1,049.8**	**1,049.8**
Non-current liabilities				
Deferred tax liabilities	8.9	32.6	28.8	28.8
Pension obligations	2.6	2.4	2.6	2.6
Provisions	83.3	81.6	80.7	82.2
Borrowings	355.4	581.2	414.6	424.1
Lease liabilities	199.4		245.5	
Advances received	38.4			
Other liabilities	49.8	66.9	52.2	52.2
Non-current liabilities total	**737.8**	**764.6**	**824.4**	**590.0**
Current liabilities				
Advances received[2]	689.7	903.0	752.9	739.1
Trade and other payables	648.9	634.0	575.9	575.9
Income tax payables	10.4	10.2	19.5	19.5
Provisions	38.3	52.3	46.4	53.0
Borrowings	490.7	486.4	459.3	467.6
Lease liabilities	67.7		72.9	
Current liabilities total	**1,945.9**	**2,085.9**	**1,926.9**	**1,855.1**
Liabilities directly associated with assets classified as held-for-sale	**177.6**			
Liabilities total	**2,861.3**	**2,850.5**	**2,751.3**	**2,445.0**
Total equity and liabilities	**3,811.7**	**3,850.1**	**3,801.1**	**3,494.8**

[1] Opening balance sheet 1 Jan 2019 includes the impact from adoption of IFRS 16 leases standard to reported balance sheet.
[2] On June 30, 2019 the reported amount includes EUR 141.8 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	**4-6/2019**	**4-6/2018**	**1-6/2019**	**1-6/2018**	**1-12/2018**
Result for the period	-46.9	-7.9	-84.9	-43.6	39.2
Reversal of accrual-based items	69.1	44.7	73.5	66.1	140.1
Change in trade and other receivables	-91.9	-146.2	-57.3	-104.6	-23.5
Change in inventories	-92.4	-61.1	-68.0	-163.8	38.7
Change in current liabilities	138.5	329.3	145.8	304.0	52.6
Change in working capital, total	-45.8	122.0	20.5	35.6	67.8
Cash flow of financial items	-13.6	-17.5	-27.9	-30.1	-50.7
Taxes paid	-11.2	-3.4	-24.2	-15.2	-23.1
Net cash generated from operating activities	**-48.4**	**137.9**	**-42.9**	**12.7**	**173.3**
Acquisition of subsidiaries, associated companies and joint ventures, net of cash	-2.8	-8.7	-12.0	-35.3	-50.7
Disposal of subsidiaries, associated companies and joint ventures	1.7	0.7	5.3	1.7	37.6
Cash outflow from investing activities	-7.0	-6.7	-15.2	-10.2	-30.8
Cash inflow from investing activities	5.6	6.7	10.7	8.2	19.3
Net cash used in investing activities	**-2.6**	**-8.0**	**-11.3**	**-35.5**	**-24.7**
Operating cash flow after investments	**-51.0**	**129.9**	**-54.2**	**-22.8**	**148.6**
Change in equity					1.4
Change in loan receivables	8.3	5.5	4.7	-0.2	-16.4
Change in current liabilities	70.1	80.7	-25.2	175.0	3.8
Proceeds from borrowings		250.0		270.0	270.0
Repayments of borrowings	0.0	-191.5	0.0	-191.5	-195.6
Payments of lease liabilities	-13.2	-1.9	-24.9	-2.8	-7.0
Dividends paid	-56.7	-52.4	-56.7	-52.4	-52.4
Net cash used in financing activities	**8.6**	**90.5**	**-102.2**	**198.1**	**3.7**
Net change in cash and cash equivalents	-42.3	221.1	-156.4	175.3	152.3
Cash and cash equivalents at the beginning of the period	152.9	65.2	263.6	89.7	89.7
Cash generated from merger				21.6	21.6
Foreign exchange differences	2.9	-0.7	6.2	-1.1	0.0
Cash and cash equivalents at the end of the period	**113.5**	**285.6**	**113.5**	**285.6**	**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						-84.9	-84.9
Result for the period							
Translation differences				40.9		40.9	40.9
Comprehensive income, total				**40.9**		**-44.1**	**-44.1**
Transactions with owners							
Dividend distribution						-56.7	-56.7
Share-based incentive schemes					0.8	0.7	1.5
Transactions with owners, total					**0.8**	**-56.0**	**-55.2**
Equity on June 30, 2019	**149.7**	**1.5**	**553.5**	**-233.3**	**-4.7**	**483.9**	**950.5**

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							-43.6	-43.6
Other comprehensive income:								
Cash flow hedges					0.0			0.0
-Income tax relating to item above					0.0			0.0
Translation differences		0.0		-24.5				-24.5
Comprehensive income, total		**0.0**		**-24.5**	**0.0**		**-43.6**	**-68.1**
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						1.4	0.8	2.2
Transactions with owners, total	**0.5**		**553.5**			**1.4**	**-51.6**	**-50.2**
Equity on June 30, 2018	**149.7**	**1.5**	**554.2**	**-240.9**	**0.0**	**-5.8**	**541.0**	**999.6**

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 will report 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 the 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 commercial property and facilities 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 will be recorded in adjusting items and will not be 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

4-6/2019 reported							
EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue	**286.4**	**35.4**	**247.1**	**192.6**	**0.1**	**-5.1**	**756.5**
Revenue from external customers	286.4	35.2	246.8	189.1	0.1	-1.1	**756.5**
Revenue Group internal		0.2	0.3	3.5		-4.0	
Depreciation, amortisation and impairment	-1.3	-1.7	-0.6	-4.4		-11.7	**-19.7**
Operating profit	**29.1**	**-39.1**	**5.2**	**2.8**	**-0.2**	**-20.7**	**-22.8**
Operating profit margin, %	**10.2%**	**-110.3%**	**2.1%**	**1.5%**	**-193.9%**	**406.6%**	**-3.0%**
Adjusting items		36.3				15.0	**51.3**
Adjusted operating profit	**29.1**	**-2.7**	**5.2**	**2.8**	**-0.2**	**-5.7**	**28.5**
of which the IFRS 16 impact	2.3		0.1	0.2		**0.7**	**3.3**
Adjusted operating profit margin, %	**10.2%**	**-7.8%**	**2.1%**	**1.5%**	**-193.9%**	**112.1%**	**3.8%**

4-6/2018 Proforma, restated							
EUR million	**Housing Finland and CEE**	**Housing Russia**	**Business premises**	**Infrastructure projects**	**Partnership properties**	**Other items**	**Group, IFRS**
Revenue	**316.7**	**53.2**	**212.2**	**175.7**		**1.6**	**759.4**
Revenue from external customers	316.7	53.2	211.5	168.1		10.0	**759.4**
Revenue Group internal			0.7	7.6		-8.4	
Depreciation, amortisation and impairment	-0.3	-0.2	-0.1	-3.4		-3.3	**-7.3**
Operating profit	**29.7**	**-11.0**	**4.9**	**-1.1**	**-0.6**	**-10.0**	**11.8**
Operating profit margin, %	**9.4%**	**-20.7%**	**2.3%**	**-0.6%**			**1.6%**
Adjusting items	0.7	3.7	0.4	0.3		3.4	**8.5**
Adjusted operating profit	**30.4**	**-7.3**	**5.3**	**-0.8**	**-0.6**	**-6.6**	**20.3**
Adjusted operating profit margin, %	**9.6%**	**-13.7%**	**2.5%**	**-0,5%**			**2.7%**

4-6/2018 restated							
EUR million	**Housing Finland and CEE**	**Housing Russia**	**Business premises**	**Infrastructure projects**	**Partnership properties**	**Other items**	**Group, IFRS**
Revenue	**316.7**	**53.2**	**212.2**	**175.7**		**1.7**	**759.4**
Revenue from external customers	316.7	53.2	211.5	168.1		10.0	759.4
Revenue Group internal		0.1	0.7	7.6		-8.4	
Depreciation, amortisation and impairment	-0.3	-0.2	-0.1	-3.4		-3.9	-7.9
Operating profit	**29.7**	**-11.0**	**4.8**	**-1.1**	**-0.6**	**-13.3**	**8.5**
Operating profit margin, %	**9.4%**	**-20.7%**	**2.3%**	**-0.6%**			**1.1%**
Adjusting items	0.7	3.7	0.4	0.3		6.7	11.8
Adjusted operating profit	**30.4**	**-6.9**	**5.2**	**-0.9**	**-0.6**	**-6.6**	**20.6**
Adjusted operating profit margin, %	**9.6%**	**-13.0%**	**2.5%**	**-0.5%**			**2.7%**

1-6/2019 reported							
EUR million	**Housing Finland and CEE**	**Housing Russia**	**Business premises**	**Infrastructure projects**	**Partnership properties**	**Other items**	**Group, IFRS**
Revenue	**542.6**	**79.8**	**486.2**	**334.0**	**0.1**	**-11.2**	**1,431.6**
Revenue from external customers	542.6	79.5	485.4	326.3	0.1	-2.4	**1,431.6**
Revenue Group internal		0.3	0.8	7.7		-8.8	
Depreciation, amortisation and impairment	-2.4	-3.6	-1,1	-8.9		-16.7	**-32.7**
Operating profit	**38.4**	**-43.8**	**10.2**	**-2.9**	**-1.7**	**-35.0**	**-34.9**
Operating profit margin, %	**7.1%**	**-54.9%**	**2.1%**	**-0.9%**			**-2.4%**
Adjusting items		36.3				17.4	**53.7**
Adjusted operating profit	**38.4**	**-7.5**	**10.2**	**-2.9**	**-1.7**	**-17.7**	**18.8**
of which the IFRS 16 impact	**3.9**	**0.1**	**0.2**	**0.2**		**1.4**	**5.8**
Adjusted operating profit margin, %	**7.1%**	**-9,4%**	**2.1%**	**-0.9%**			**1.3%**

1-6/2018 Pro forma, restated							
EUR million	**Housing Finland and CEE**	**Housing Russia**	**Business premises**	**Infrastructure projects**	**Partnership properties**	**Other items**	**Group, IFRS**
Revenue	**559.6**	**91.5**	**395.2**	**296.7**		**-4.2**	**1,338.8**
Revenue from external customers	559.6	91.3	393.8	282.9		11.2	1,338.8
Revenue Group internal	0.0	0.2	1.4	13.8		-15.4	
Depreciation, amortisation and impairment	-0.6	-0.4	-0.2	-6.8		-6.1	-14.1
Operating profit	**50.2**	**-25.0**	**2.6**	**-12.0**	**-0.8**	**-23.8**	**-8.8**
Operating profit margin, %	**9.0%**	**-27.3%**	**0.7%**	**-4.0%**			**-0.7%**
Adjusting items	0.7	3.9	0.4	0.3		4.9	10.1
Adjusted operating profit	**50.9**	**-21.1**	**3.0**	**-11.7**	**-0.8**	**-18.9**	**1.4**
Adjusted operating profit margin, %	**9.1%**	**-23.1%**	**0.8%**	**-3.9%**			**0.1%**

1-6/2018 restated							
EUR million	**Housing Finland and CEE**	**Housing Russia**	**Business premises**	**Infrastructure projects**	**Partnership properties**	**Other items**	**Group, IFRS**
Revenue	**545.2**	**87.7**	**374.7**	**272.2**		**-3.6**	**1,276.2**
Revenue from external customers	545.2	87.5	373.6	258.7		11.2	1,276.2
Revenue Group internal	0.0	0.2	1.1	13.5		-14.8	
Depreciation, amortisation and impairment	-0.6	-0.4	-0.2	-6.4		-6.1	-13.6
Operating profit	**51.0**	**-24.1**	**2.9**	**-9.1**	**-0.8**	**-27.3**	**-7.4**
Operating profit margin, %	**9.4 %**	**-27.5 %**	**0.8 %**	**-3.3 %**			**-0.6 %**
Adjusting items	0.7	3.9	0.4	0.3		11.8	17.0
Adjusted operating profit	**51.7**	**-20.2**	**3.3**	**-8.8**	**-0.8**	**-15.5**	**9.6**
Adjusted operating profit margin, %	**9.5 %**	**-23.1 %**	**0.9 %**	**-3.2 %**			**0.8%**

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%**

	1-12/2018 restated						
EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
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 1-6/2019	Restated 1-6/2018[2]	Restated 1-12/2018[2]
Housing Finland and CEE	708.5	518.0	584.9
Housing Russia	279.6	353.0	294.3
Business premises	76.7	104.3	38.2
Infrastructure projects	77.5	72.2	77.0
Partnership properties	149.6	142.7	145.0
Other items	358.9	293.1	249.3
Segments, total	**1,650.7**	**1,483.3**	**1,388.7**
Reconciliation[1]		216.0	212.5
Capital employed, total	**1,650.7**	**1,699.3**	**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 1-6/2019	Restated 1-6/2018	Restated 1-12/2018
Housing Finland and CEE	1,649.3	1,773.9	1,729.3
Housing Russia	430.4	452.9	348.8
Business premises	1,285.8	1,589.0	1,326.9
Infrastructure projects	1,270.1	929.0	860.7
Partnership properties			
Other items	16.6	28.0	19.9
Order backlog, total	**4,652.1**	**4,772.8**	**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 on January 1, 2020.

Change in translation differences related to discontinued operations amounted to EUR -0.5 million (-0.3).

Effect of discontinued operations on statement of financial position

EUR million	6/2019
Assets classified as held-for-sale	
Property, plant and equipment	100.2
Leased property, plant and equipment	34.5
Goodwill	53.3
Other intangible assets	23.1
Investments in associated companies and joint ventures	4.4
Deferred tax assets	0.2
Inventories	63.9
Trade and other receivables	85.1
Assets classified as held-for-sale, total	**364.7**
Liabilities directly associated with assets classified as held-for-sale	
Deferred tax liabilities	15.7
Provisions	10.9
Lease liabilities	31.4
Advances received	4.5
Trade and other payables	115.1
Liabilities directly associated with assets classified as held-for-sale, total	**177.6**

Results of discontinued operations

	Reported	Restated	Restated
EUR million	**1-6/2019**	**1-6/2018[1]**	**1-12/2018[1]**
Revenue	**175.2**	**164.9**	**550.9**
Other operating income	2.7	4.4	5.1
Change in inventories of finished goods and in work in progress	3.3	1.0	-3.9
Production for own use	0.3	0.3	0.4
Materials and supplies	-65.3	-64.0	-184.6
External services	-44.0	-35.9	-143.2
Personnel expenses	-51.9	-44.8	-121.4
Other operating expenses	-33.7	-36.6	-86.9
Share of results in associated companies and joint ventures	-1.2	-0.9	1.8
Depreciation, amortisation and impairment	-11.5	-9.0	-23.4
Operating profit	**-26.1**	**-20.6**	**-5.1**
Finance income	0.1	0.1	0.3
Finance expenses	-0.9	-0.4	-1.1
Finance income and expenses, total	-0.8	-0.3	-0.8
Result before taxes	**-26.9**	**-20.9**	**-5.9**
Income taxes	2.5	1.4	-2.0
Result for the period, discontinued operation	**-24.4**	**-19.6**	**-7.9**

[1] Restated reported figures do not include the figures from Lemminkäinen financial period January 1- January 31, 2018.

Cash flows (used in) discontinued operations

EUR million	Reported 1-6/2019	Restated 1-6/2018[1]	Restated 1-12/2018[1]
Net cash used in operating activities	-20.0	-6.4	22.0
Net cash used in investing activities	-5.6	-0.5	-3.6
Net cash used in financing activities	-5.0	-0.3	-2.3
Net cash flow for the period	**-30.6**	**-7.2**	**16.1**

[1] Restated reported figures do not include the figures from Lemminkäinen financial period January 1- January 31, 2018.

3.3 Revenue from customer contracts

The Group's revenue consists of revenue from contracts with customers. Other types of income is reported under Other operating income. Revenue is generated in the following operating segments and market areas:

1-6/2019 reported							
EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue by market area							
Finland	508.4		460.3	210.6	0.1	-10.7	1,168.6
Russia		79.5				9.8	89.3
CEE	34.3		25.1	52.9			112.3
Baltic countries	17.8		23.6	52.9			94.3
Czech, Slovakia, Poland	16.5		1.5				18.0
Scandinavia				62.8		-1.5	61.4
Sweden				38.9		-0.3	38.6
Norway				23.9		-1.2	22.7
Internal sales between segments		0.3	0.8	7.7		-8.8	
Total	**542.6**	**79.8**	**486.2**	**334.0**	**0.1**	**-11.2**	**1,431.6**

1-6/2019 reported							
EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Timing of revenue recognition							
Over time	138.6	27.2	438.1	310.2		8.8	922.8
At a point in time	404.0	52.3	47.3	16.2	0.1	-11.1	508.8
Internal sales between segments		0.3	0,8	7.7		-8.8	
Total	**542.6**	**79.8**	**486.2**	**334.0**	**0.1**	**-11.2**	**1,431.6**

1-6/2018 restated							
EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Revenue by market area							
Finland	414.2		340.6	165.5		2.4	922.6
Russia		87.5				10.4	97.9
CEE	131.0		33.0	52.7			216.7
Baltic countries	21.3		32.5	52.7			106.6
Czech, Slovakia, Poland	109.6		0.5				110.1
Scandinavia				40.6		-1.6	39.0
Sweden				28.4		-0.4	28.0
Norway				12.2		-1.2	11.0
Internal sales between segments	0.0	0.2	1.1	13.5		-14.8	
Total	**545.2**	**87.7**	**374.7**	**272.2**		**-3.6**	**1,276.2**

1-6/2018 restated							
EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties	Other items	Group, IFRS
Timing of revenue recognition							
Over time	98.0	31.2	371.1	251.8		12.0	762.5
At a point in time	447.2	56.3	2.5	7.0		-0.8	512.2
Internal sales between segments	0.0	0.2	1.1	13.5		-14.8	
Total	**545.2**	**87.7**	**374.7**	**272.2**		**-3.6**	**1,276.2**

3.4 Property, plant and equipment and leased property plant and equipment

Property, plant and equipment

EUR million	Reported 6/2019	Reported 6/2018	Reported 12/2018
Carrying amount at the beginning of the period	183.4	54.8	54.8
Exchange rate differences	1.3	-0.4	-1.6
Increases	14.0	9.5	29.7
Decreases	-2.2	-6.8	-18.0
Acquisitions		164.3	171.7
Depreciation, continuing operations	-13.3	-10.1	-21.1
Depreciation, discontinued operations	-4.0	-5.3	-15.9
Impairment of PPE	-1.9		
Transfers between items	2.2	-0.2	2.7
Moved to assets classified as held-for-sale	-100.2		
Carrying amount at the end of period, continuing operations	**79.2**	**205.8**	**202.3**

Leased property, plant and equipment

EUR million	Reported 6/2019
Carrying amount at the beginning of the period	137.9
Exchange rate differences	0.4
Increases	25.2
Decreases	-4.0
Depreciation, continuing operations	-16.4
Depreciation, discontinued operations	-4.0
Impairment of PPE	-3.8
Moved to assets classified as held-for-sale	-34.5
Carrying amount at the end of period, continuing operations	**100.7**

3.5 Adoption of IFRS 16 Leases

Transition

The company started applying the IFRS 16 standard on January 1, 2019. The company applied the modified retrospective approach in transition and thus, the comparative figures are not be restated.

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

Relevant accounting policy	Short description of the policy
Transition method	The company will apply the modified retrospective approach in transition. The 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 will measure 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 will 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 will 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 reassessed 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 shall 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.

The Group as a lessee

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.

Treatment of plot lease agreements related to own building development

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**	**2,836.6**
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.

3.6 Inventories

EUR million	Reported 6/2019	Reported 6/2018	Reported 12/2018
Raw materials and consumables	19.6	70.6	44.4
Work in progress	919.1	1,093.0	973.4
Land areas and plot owning companies[1]	726.4	661.4	580.2
Shares in completed housing and real estate companies	193.6	211.6	204.8
Advance payments	64.8	58.0	54.5
Other inventories	2.3	24.7	22.8
Total inventories	**1,925.9**	**2,119.4**	**1,880.1**
Leased inventories	**177.0**		

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

3.7 Financial assets and liabilities by category

The following table presents categories and measurement of financial instruments.

June 30, 2019, EUR million

Measurement category	Financial assets and liabilities recognized at fair value through other comprehensive income	Financial assets recognized at amortised cost	Financial assets and liabilities recognised at fair value through profit and loss	Financial liabilities recognized at amortised cost	Carrying amount	Fair value
Non-current financial assets						
Equity investments (level 3)	2.2				2.2	2.2
Trade and other receivables		57.0			57.0	61.0
Current financial assets						
Trade and other receivables[1]		259.5			259.5	259.5
Derivative assets (hedge accounting not applied, level 2)			0.8		0.8	0.8
Cash and cash equivalents		113.5			113.5	113.5
Financial assets total	**2.2**	**430.0**	**0.8**		**433.0**	**436.9**
Non-current financial liabilities						
Borrowings				355.4	355.4	359.2
Trade payables and other liabilities				46.8	46.8	46.8
Derivative liabilities (hedge accounting not applied, level 2)			3.0		3.0	3.0
Current financial liabilities						
Borrowings				490.7	490.7	490.8
Trade payables and other liabilities[2]				361.7	361.7	361.7
Derivative liabilities (hedge accounting not applied, level 2)			2.2		2.2	2.2
Financial liabilities total			**5.2**	**1,254.7**	**1,259.8**	**1,263.6**

June 30, 2018, EUR million

Measurement category	Financial assets and liabilities recognized at fair value through other comprehensive income	Financial assets recognized at amortised cost	Financial assets and liabilities recognised at fair value through profit and loss	Financial liabilities recognized at amortised cost	Carrying amount	Fair value
Non-current financial assets						
Equity investments (level 1)	0.1				0.1	0.1
Equity investments (level 3)	2.2				2.2	2.2
Trade and other receivables		41.4			41.4	43.5
Current financial assets						
Trade and other receivables[1]		331.4			331.4	331.4
Derivative assets (hedge accounting not applied, level 2)			3.8		3.8	3.8
Cash and cash equivalents		285.6			285.6	285.6
Financial assets total	**2.3**	**658.4**	**3.8**		**664.5**	**666.6**
Non-current financial liabilities						
Borrowings				581.2	581.2	584.2
Trade payables and other liabilities				63.9	63.9	63.9
Derivative liabilities (hedge accounting not applied, level 2)			2.9		2.9	2.9
Current financial liabilities						
Borrowings				486.4	486.4	486.4
Trade payables and other liabilities[2]				632.4	632.4	632.4
Derivative liabilities (hedge accounting applied, level 2)	0.0				0.0	0.0
Derivative liabilities (hedge accounting not applied, level 2)			1.2		1.2	1.2
Financial liabilities total	**0.0**		**4.2**	**1,764.0**	**1,768.1**	**1,771.1**

[1]Trade and other receivables do not include accruals or prepayments paid, as these are not classified as financial assets under IFRS.
[2]Trade payables and other liabilities do not include statutory obligations or prepayments received, as these are not classified as financial liabilities under IFRS.

The fair values of bonds are based on the market price at the reporting date. The fair values of other non-current receivables and liabilities are based on discounted cash flows. The discount rate is defined to be the rate YIT Group was to pay for equivalent external loans at the end of the reporting period. It consists of risk free market rate and company and maturity related risk premium of 2.31-3.00% (30.6.2018: 1.99-3.36 %). The fair values of current receivables and liabilities are equal to their carrying amounts.

Fair value measurement

The Group categorises financial instruments recognised at fair value by using a three-level fair value hierarchy.

Financial instruments within Level 1 are traded in active markets hence prices are obtained directly from the efficient markets. Fair values of financial instruments within Level 2 are based on observable market inputs and generally accepted valuation methods. Fair values of financial instruments within Level 3 are not based on observable market data. The fair value levels are presented in previous tables.

3.8 Contingent liabilities and assets and commitments

EUR million	Reported 6/2019	Reported 6/2018	Reported 12/2018
Guarantees			
Guarantees on behalf of others	4.2	6.4	4.9
Guarantees on behalf of consortiums	9.7		9.7
Guarantees on behalf of its associated companies and joint ventures	5.3	5.0	5.3
Guarantees on behalf of Group companies	1,698.6	1,585.8	1,616.1
Other commitments			
Investment commitments	21.8	33.5	13.8
Repurchase commitments	221.0	278.5	256.6
Operating leases[1]		145.9	165.7
Rental guarantees for clients		3.7	3.4
Liability under derivative contracts			
Value of underlying instruments			
Interest rate derivatives	180.0	252.5	230.0
Foreign exchange derivatives	162.9	141.0	122.5
Commodity derivatives	19.6	16.3	7.2
Fair value			
Interest rate derivatives	-2.9	-3.5	-2.9
Foreign exchange derivatives	-1.6	0.6	1.0
Commodity derivatives	0.2	2.6	-1.6

[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.

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 8.6 million on June 30, 2019.

Legal proceedings

As a result of the execution of the merger of YIT and Lemminkäinen, all the assets, debts and liabilities of Lemminkäinen, including on-going litigations, are transferred to YIT. The litigations are covered more extensively in this interim report in the section Legal proceedings.

3.9 Related party transactions

The Group's related parties include associated companies, joint ventures and key executives with their closely associated persons. Key executives include the members of the Board of Directors, President and CEO and the Management Team

EUR million	Reported 6/2019	Reported 6/2018	Reported 12/2018
Sale of goods and services			
Key management personnel	0.4		0.4
Associated companies and joint ventures	53.4	48.9	148.0
Purchases of goods and services			
Associated companies and joint ventures	2.1	0.2	6.7

EUR million	Reported 6/2019	Reported 6/2018	Reported 12/2018
Trade and other receivables			
Associated companies and joint ventures	3.1	14.1	4.5
Loan receivables			
Associated companies and joint ventures	24.7		30.0
Trade and other payables			
Associated companies and joint ventures	2.0		

Transactions with related party are made at a market price.

4 ADDITIONAL INFORMATION

4.1 Key figures

	Reported 4-6/ 2019	Restated 4-6/ 2018	Pro forma, restated 4-6/2018	Reported 1-6/ 2019	Restated 1-6/ 2018	Pro forma, restated 1-6/2018	Restated 1-12/ 2018	Pro forma, restated 1-12/2018
Equity ratio, %	30.8%	33.9%	n/a	30.8%	33.9%	n/a	38.1%	n/a
Adjusted equity ratio, %	33.9%	n/a	n/a	33.9%	n/a	n/a	n/a	n/a
Net interest-bearing debt, EUR million	939.9	734.0	734.0	939.3	734.0	734.0	562.9	562.9
Adjusted net interest-bearing debt, EUR million	672.1	n/a	n/a	672.1	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	4.8	n/a	3.2
Adjusted net debt/adjusted ebitda, rolling 12 months	n/a	n/a	n/a	3.5	n/a	n/a	n/a	n/a
Gearing ratio, %	98.8%	73.4%	n/a	98.8%	73.4%	n/a	53.6%	n/a
Adjusted gearing ratio, %	70.7%	n/a	n/a	70.7%	n/a	n/a	n/a	n/a
Adjusted ROCE,rolling 12 months	10.0%	n/a	n/a	10.0%	n/a	n/a	n/a	n/a
Unrecognised order backlog at the end of the period, continuing operations, EUR million	4,652.1	4,772.8	4,772.8	4,652.1	4,772.8	4,772.8	4,285.6	4,285.6
- of which activities outside Finland, EUR million	1,308.9	1,038.3	1,038.3	1,308.9	1,038.3	1,038.3	1,000.1	1,000.1
Personnel at the end of the period, countinuing operations	7,936	8,417	8,417	7,936	8,417	8,417	7,556	7,556
Gross capital expenditures, EUR million	9.2	12.5	n/a	25.5	36.8	n/a	64.4	n/a
Average share price during the period, EUR	5.34	5.99	n/a	5.34	5.99	n/a	5.70	n/a
Share price at the end of the period, EUR	5.41	5.11	n/a	5.41	5.11	n/a	5.11	n/a
Market capitalisation at the end of the period, EUR million	1,137.3	1,073.1	n/a	1,137.3	1,073.1	n/a	1,073.3	n/a
Equity per share, EUR	4.52	4.76	n/a	4.52	4.76	n/a	5.00	n/a
Adjusted earnings per share pro forma, continuing operations, EUR	n/a	n/a	0.02	n/a	n/a	-0.10	n/a	0.32
Adjusted earnings per share, continuing operations ,EUR	-0.01	n/a	n/a	-0.10	n/a	n/a	n/a	n/a
Weighted average number of shares outstanding – basic, 1,000 pcs	209,983	195,823	209,296	209,983	195,823	209,296	203,002	208,952
Weighted average number of shares outstanding, Diluted, 1,000 pcs	210,436	196,754	n/a	210,436	196,754	n/a	203,778	n/a
Number of outstanding shares at end of period, 1,000 pcs	210,227	209,998	n/a	210,227	209,998	n/a	210,048	n/a

4.2 Reconciliation of certain key figures

Reconciliation of adjusted operating profit

EUR million	Reported 4-6/2019	Restated 4-6/2018	Pro forma, restated 4-6/2018	Reported 1-6/2019	Restated 1-6/2018	Pro forma, restated 1-6/2018	Restated 1-12/2018	Pro Forma, restated 1-12/2018
Operating profit (IFRS)	**-22.8**	**8.5**	**11.8**	**-34.9**	**-7.4**	**-8.8**	**99.7**	**104.7**
Adjusting items								
Write-down of inventories		**3.5**	3.5		3.5	3.5	3.4	3.4
Restructurings and divestments[1]						-1.3		-1.3
Court proceedings	-1.0			-1.0				
Transaction costs related to merger					1.4		1.4	
Integration costs related to merger	1.3	3.1	3.1	2.5	4.0	4.0	17.4	17.4
EBIT from operations to be closed	49.8			49.8				
Inventory fair value adjustment from PPA[2]	0.5	3.6	0.8	1.0	5.8	1.7	12.1	3.4
Depreciation and amortisation expenses from PPA[2]	0.7	1.7	1.1	1.4	2.4	2.2	6.2	4.3
Adjusting items, total	**51.3**	11.8	**8.5**	**53.7**	17.0	10.1	**40.6**	**27.2**
Adjusted operating profit	**28.5**	**20.2**	**20.3**	**18.8**	**9.6**	**1.4**	**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	1-6/2019
Result for the period, continuing operations	**-60.5**
Adjusting items, total (included in operating profit	53.7
Adjusting items related to merger included in financial expenses, continuing operations	-3.5
Tax impact	-10.0
Adjusted result for the period, continuing operations, EUR million	-20.4
Weighted average number of shares outstanding – basic, pcs	209,982,887
Adjusted earnings per share, continuing operations – basic, EUR	**-0.10**

Reconciliation of adjusted ebitda, rolling 12 months

EUR million	6/2019
Adjusted operating profit	**149.5**
Depreciations and amortisations	49.1
Depreciation and amortisation expenses from PPA	-5.1
IFRS 16 leases ebitda impact	-21.3
Adjusted EBITDA from discountinued operations excluding IFRS 16 leases ebitda impact	22.3
Adjusted ebitda	**194.5**

Reconciliation of adjusted return on capital employed

EUR million	6/2019
Adjusted operating profit, rolling 12 months	**149.5**
IFRS 16 operating profit impact, rolling 12 months	-5.8
Adjusted operating profit less IFRS 16 impact, rolling 12 months	**143.7**
Capital employed, segments total 30 June 2019	**1,650.7**
Leased property, plant and equipment	-100.7
Leased inventories	-177.0
IFRS 16 leases impact on advances received	15.9
Adjusted capital employed, segments total 30 June 2019	**1,388.9**

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 1st of April 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 andother 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 1st of January 2019. On 30th of June 2019 capital employed definition was changed to include only segment's 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 1st of January 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 1st of January 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 1st of January 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 1st of January 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 30th of June 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 1st January 2019 to exclude IFRS 16 leases related entries. On 30th of June 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 30th of June 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 expenditures	Investments in tangible and intangible assets, excluding additions in leases.	
Equity per share (EUR)	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 1st January 2019 to exclude IFRS 16 leases related entries. On 30th of June 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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