



# Strategy 2012–2014

## Balanced, profitable growth

### Road show

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Vita Nova  
St. Petersburg, Russia



# Contents



- YIT Group in brief
- Financial targets and growth strategy
- YIT's track record through business cycles
- Highlights of Q3/2011 Interim Report
- YIT's finance strategy and risk management in volatile economic environment
- Cost management and profitability drivers
- Appandices

# YIT Group in brief

A leading  
European service  
company.



Revenue in 2010  
EUR 3.8 billion.  
Operating profit  
EUR 220 million.

YIT offering:  
- Technical building systems  
- Services for industry  
- Construction services



Over 32,000  
shareholders  
at the end of  
2010.



Share quoted on  
NASDAQ OMX  
Helsinki  
(Large cap,  
Industrials)

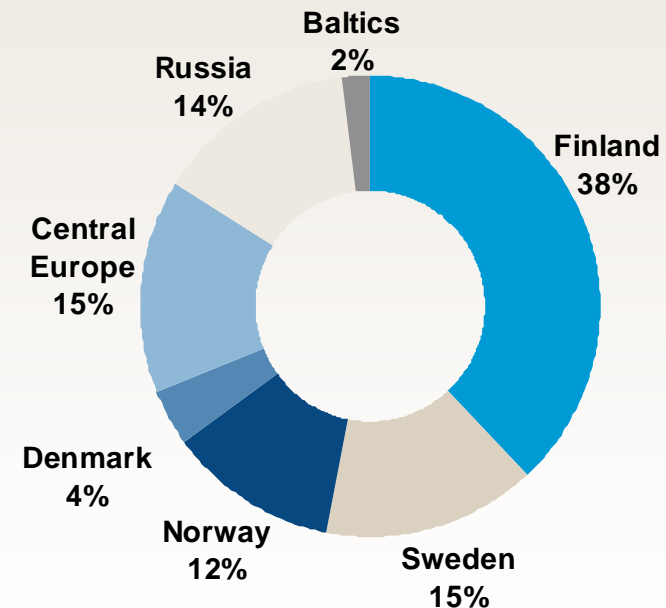


Operations in  
14 countries.  
Over 25,000  
professionals at  
the end of 2010.



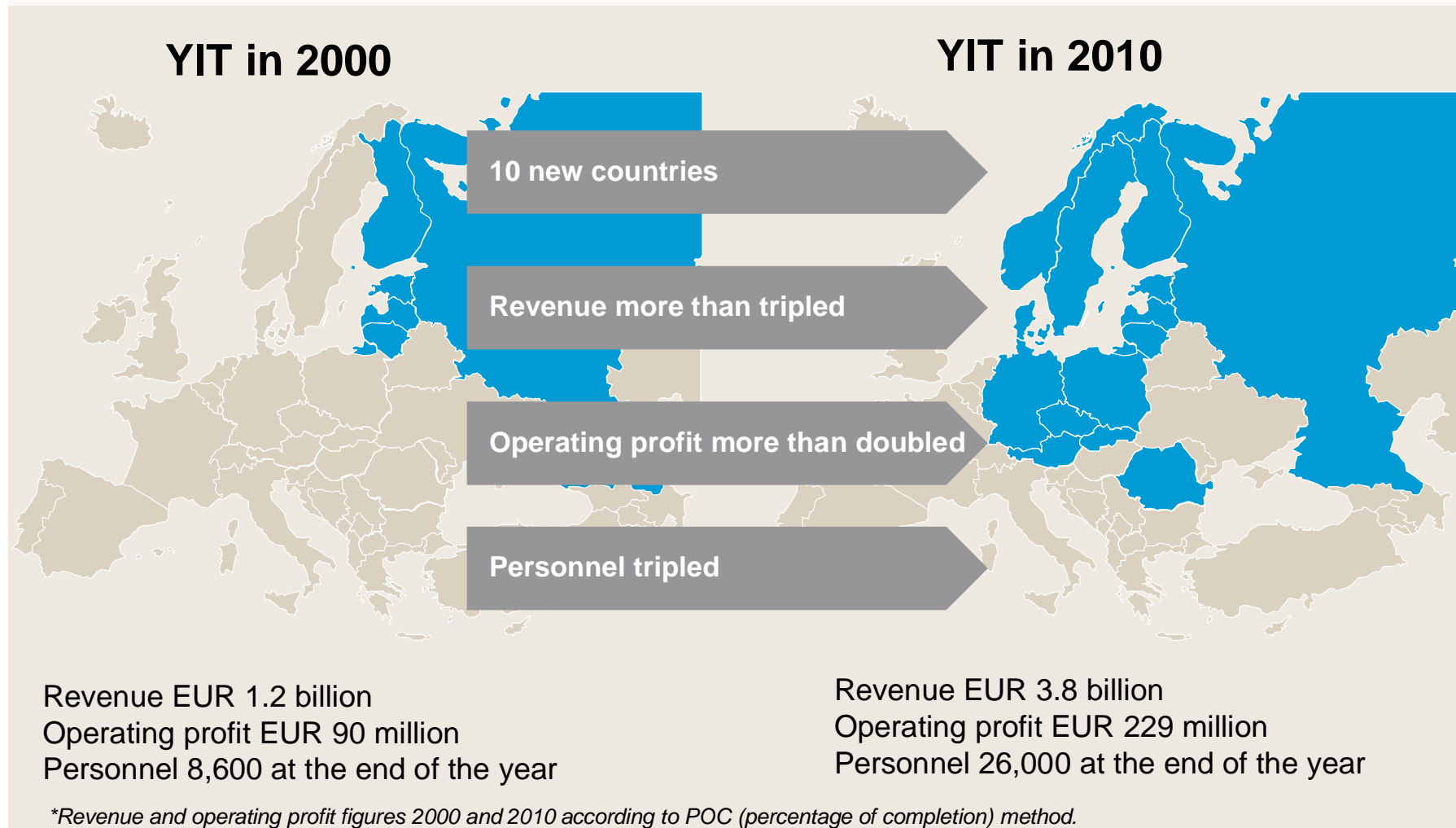
## Wide geographical scope

Revenue by area in 2010



2010 figures (Group reporting, IFRIC 15))

# Track record: big steps taken during last 10 years



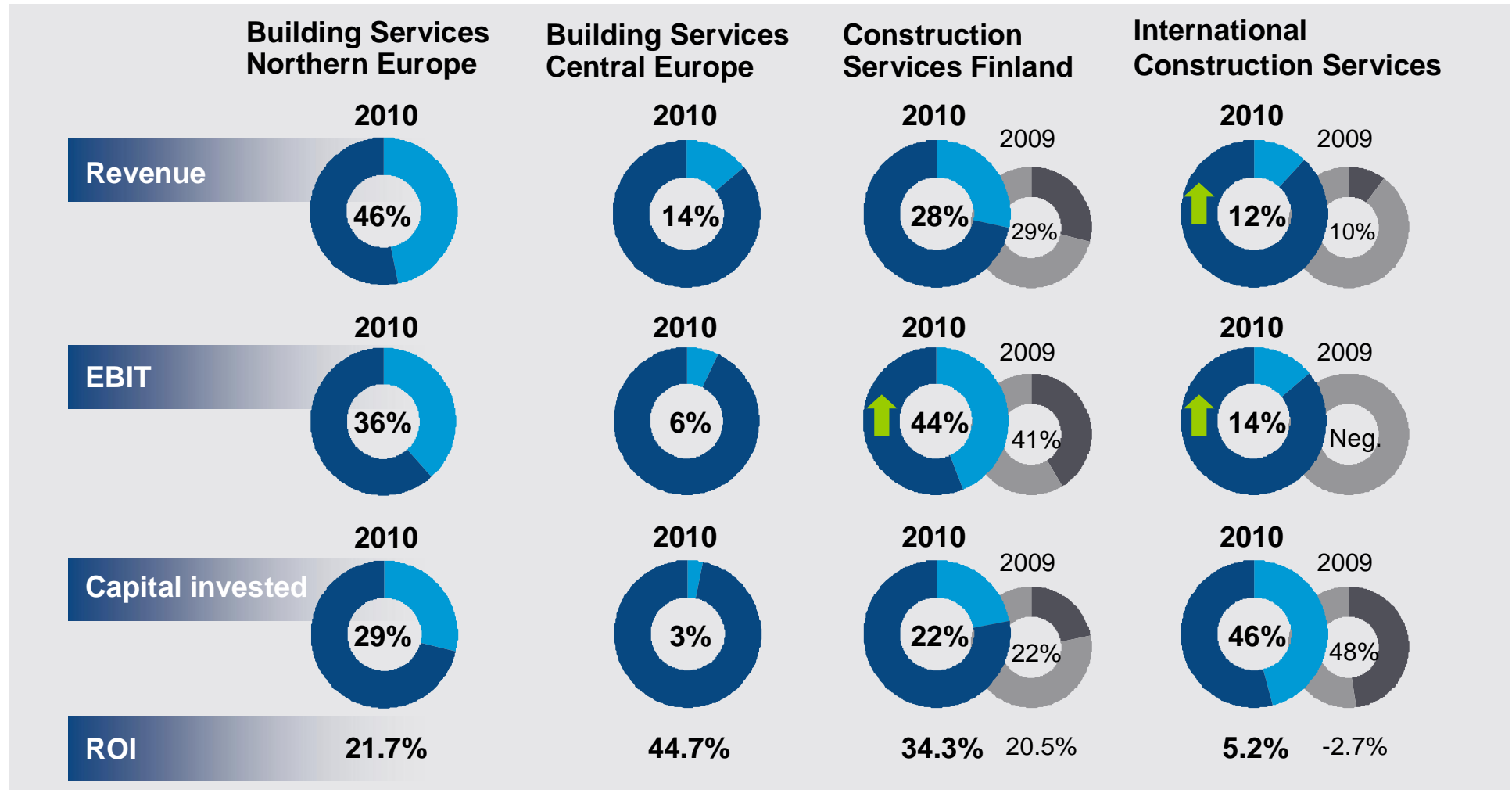
# Business segments in 2011

Building Services Northern Europe	Building Services Central Europe	Construction Services Finland	International Construction Services
<ul style="list-style-type: none"> <li>• Service and maintenance of building systems and industrial processes</li> <li>• Technical building systems installations                             <ul style="list-style-type: none"> <li>• Project deliveries to industry</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Service and maintenance of building systems and industrial processes</li> <li>• Technical building systems installations                             <ul style="list-style-type: none"> <li>• Project deliveries to industry</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Residential development                             <ul style="list-style-type: none"> <li>• Business premises                                     <ul style="list-style-type: none"> <li>• Infrastructure</li> </ul> </li> </ul> </li> <li>• Building construction</li> </ul>	<ul style="list-style-type: none"> <li>• Residential development                             <ul style="list-style-type: none"> <li>• Business premises</li> <li>• Building construction</li> </ul> </li> </ul>
Finland, Sweden, Norway, Denmark, Russia, Estonia, Latvia, Lithuania	Germany, Austria, Poland, the Czech Republic and Romania	Finland	Russia, Estonia, Latvia, Lithuania, the Czech Republic, Slovakia
Revenue: EUR 1,804 million EBIT: EUR 89 million Personnel: ~15,800	Revenue: EUR 550 million EBIT: EUR 16 million Personnel: ~3,800	Revenue: EUR 1,102 million EBIT: EUR 108 million Personnel: ~3,200	Revenue: EUR 471 million EBIT: EUR 35 million Personnel: ~2,700
			



# Business portfolio

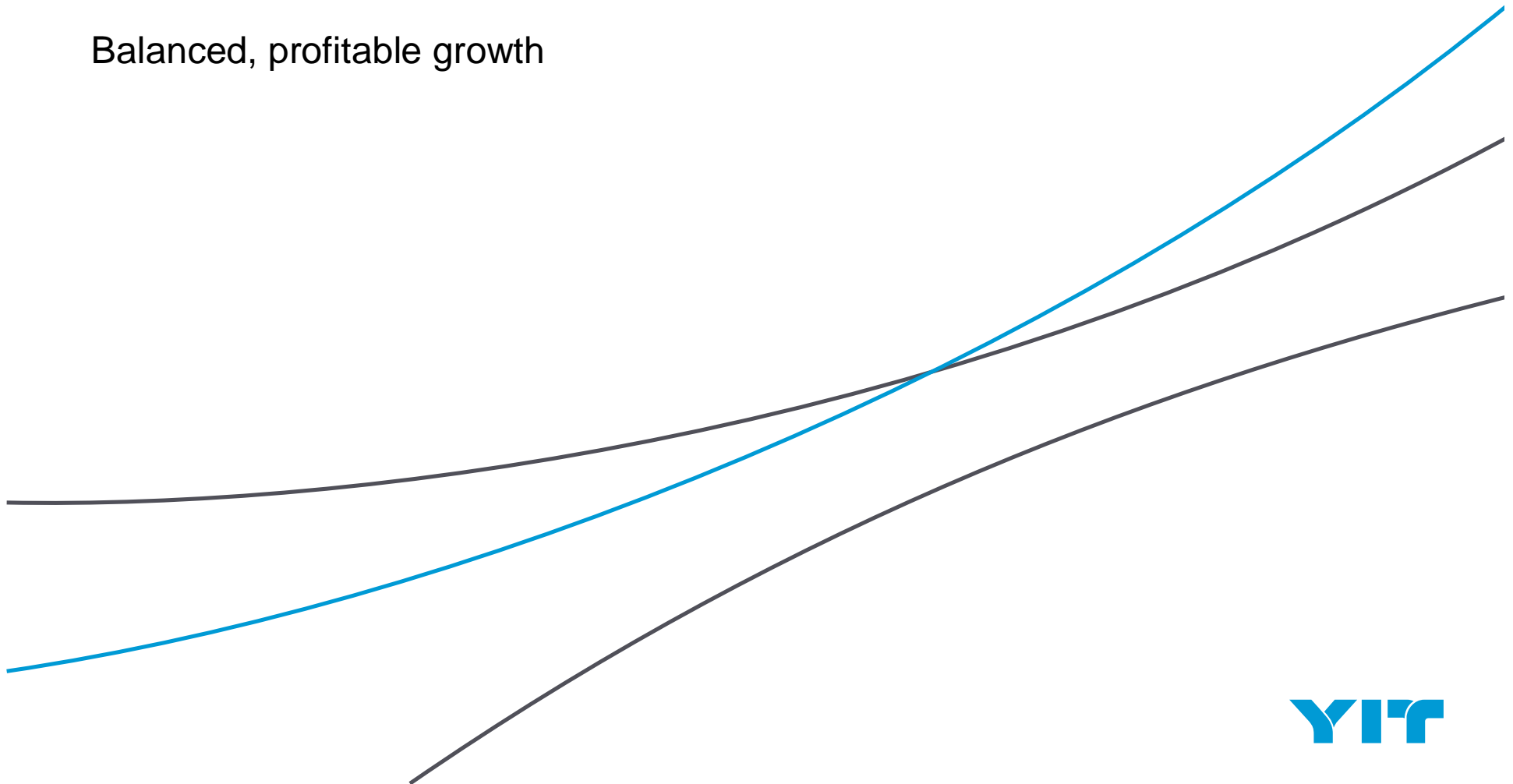
## Performance of YIT business segments in 2010



\* All figures based on segment reporting (POC=Percentage of completion)

# YIT's strategy 2012-2014

Balanced, profitable growth



# No changes to YIT's long term strategic target levels



- Average annual growth in revenue > 10%
- Return on investment 20%
- Cash flow from operating activities after investments sufficient for dividend payout and debt reduction
- Equity ratio 35%
- Dividend payout 40–60% of net profit for the period
- Financial targets are based on assumption that economic growth continues in YIT's operating countries



# YIT's strategy 2012-2014: Summary

- Revenue growth target >10% per year
  - Acquisitions and organic growth
- Business focus
  - Building Services: Service and maintenance
  - Construction Services: Residential production
- Geographical focus
  - Building Services
    - Strong growth in Central Europe, especially Germany
    - Strengthening position in Northern Europe
    - Potential expansion to Switzerland
  - Construction Services
    - Strong growth in Russia, Baltic Countries, Central Eastern Europe
    - Strengthening position in Finland
    - Potential expansion to Poland

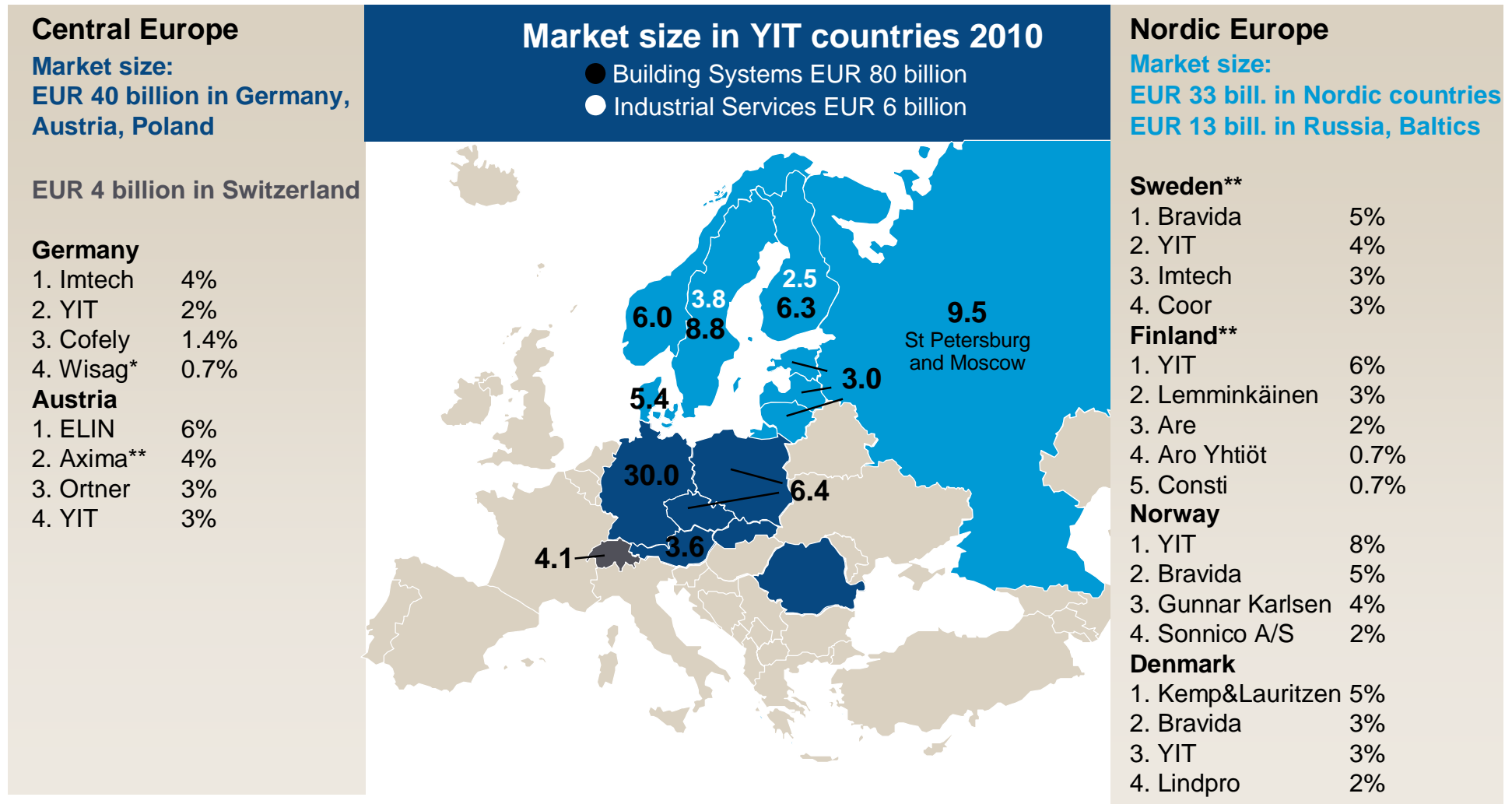


# Two key growth areas

	Residential development in Russia	Building Services in Central Europe
Market size	<ul style="list-style-type: none"> <li>Big market; e.g. more residential units constructed annually in St. Petersburg than in Finland</li> </ul>	<ul style="list-style-type: none"> <li>Big market; German market alone bigger than the combined market in the Nordic countries</li> </ul>
Demand	<ul style="list-style-type: none"> <li>Strong need for housing due to demographic changes and higher requirements of living standards</li> </ul>	<ul style="list-style-type: none"> <li>Share of technology in buildings high</li> <li>Only a small share of technical service and maintenance market outsourced</li> </ul>
Competition	<ul style="list-style-type: none"> <li>Mainly Russian developers, but no large foreign competitors in own-developed residential business</li> </ul>	<ul style="list-style-type: none"> <li>Very fragmented market with several small players</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>Widen coverage in current cities with plot acquisitions and good production volume based on current land bank</li> </ul>	<ul style="list-style-type: none"> <li>Organic growth and acquisitions to fill discipline gaps and expand into new areas</li> <li>Increase the share of service</li> </ul>
Competitive edge	<ul style="list-style-type: none"> <li>Most reliable partner</li> <li>New concepts from other YIT countries</li> </ul>	<ul style="list-style-type: none"> <li>Versatile competences and services over life-cycle of the project</li> <li>Local service network</li> </ul>

# Building Services

## Growth potential in fragmented markets



**Competitors and market shares based on revenues in 2010.**

•Revenue in 2009

\*\* Finnish and Swedish markets include both building systems and industrial services markets

Market size sources: Euroconstruct June 2011, VTT and YIT



# Market drivers in Building Services



## Technical service and maintenance

- Increasing share of technology in buildings
- Very low portion of service and maintenance outsourced to professional service companies

## Market consolidation

- Very fragmented market
- Economics of scale for large players
  - Wider service portfolio

## Requirements for energy-efficiency

- Tightening legislation
- Energy consumption continues growing
- Need for modernization and investments in energy sector

## Growth potential in new countries

- Switzerland

# Construction Services

## Good market position in all markets

### Finland

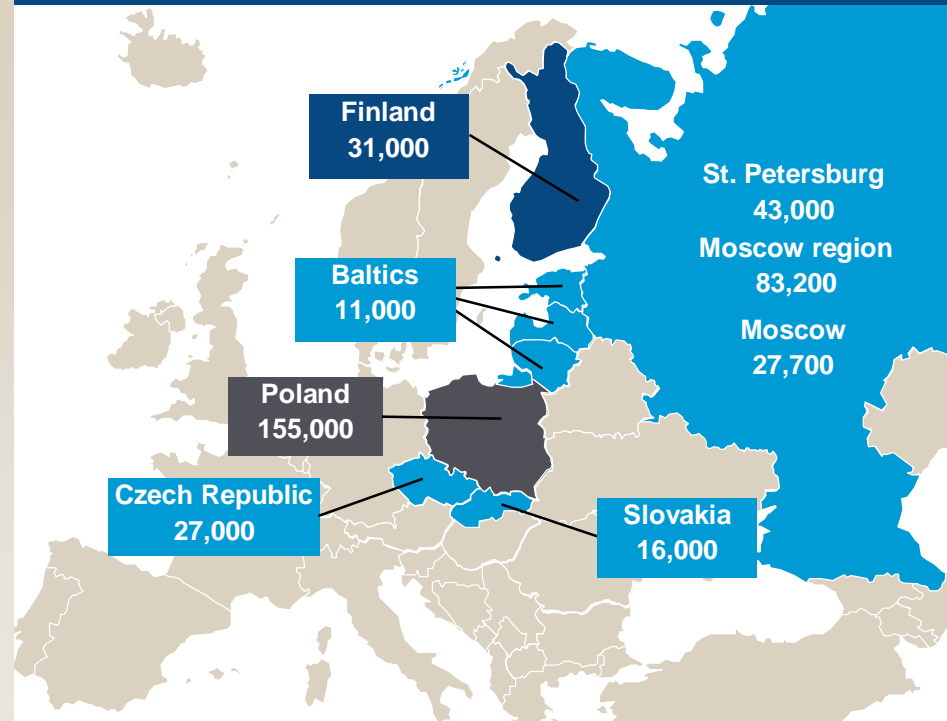
**Market size:**  
31,000 apartments

### Housing sales, units 2010

#### Finland\*

1. YIT	2,432
2. NCC	1,591
3. Skanska	1,138
4. Lemminkäinen*	911
5. SRV*	524

### Housing markets in YIT countries



Market information: Euroconstruct June 2011, RT August 2011, VTT Aug 2011

- Finland, the Czech Republic, Slovakia, Poland: start-ups estimate 2011
- Baltic countries: completions forecast 2011
- Russia: completions 2010

Housing sales 2010:

\*Includes only companies own housing development

### International

### Construction Services

**Market size:**  
207,900 apartments  
in St. Petersburg, Moscow  
region, Moscow, Baltics,  
The Czech Republic, Slovakia

**Potential new markets:**  
155,000 apartments in Poland

### Housing sales, units 2010

#### Russia\*

1. PIK Group	6,533
2. Renova Story Group	5,667
3. Glavstroy	4,667
4. Morton	4,000
5. LSR Group	3,081
6. YIT	3,073
SU-155, LenSpetSMU,	
Don Story, Vedis	N/A

#### Baltic countries

1. MERKO	233
2. NCC	121
3. YIT	73

# Strong growth in International Construction Services



## **Need for new apartments in Russia**

- Low living space and quality of existing buildings
- Increasing share of middle class with improving purchasing power
- Increase in number of households, smaller family-sizes
- Political support for housing development
- Developing mortgage market

## **Market possibilities in Baltics, the Czech Republic and Slovakia**

- Living space and quality, demand for modern apartments
- Housing markets very fragmented in Central Eastern Europe - only a few bigger players in residential construction

## **Potential geographical expansion**

- Poland



# Stronger position in Construction Services Finland



## Need for new housing

- Migration
- Increasing population
- Smaller family-sizes
- Increasing rents

## Need for business premises

- Concentration to growth centres
- City centre development, area development
- Need for space vs. vacancy rates
- Modernisation needs, change of purpose

## Possibilities in infra services

- Traffic-related projects
- Road and regional maintenance

# Building Services

## Strategic focus and actions

**Improved profitability**

**Growth in service and maintenance**

**Increasing the market share with wider presence and disciplines**

**Expanding operations into new countries in Central Europe**

- Increasing the amount of long-term service agreements
- Improving efficiency in project business
- Improving efficiency further in service and maintenance
- Increasing international material purchases
- Developing energy saving services
- Active participation in the market consolidation in Nordic countries, Germany and Austria
- Entering into Switzerland

# Construction Services

## Strategic focus and actions

**Growth in residential development in the current cities in Russia**

**Strengthening the market position in Finland**

**Securing solid sales and good profitability**

**Expanding operations into new countries in Central Eastern Europe**

- Ensuring versatile plot portfolio for residential development
- Increase the market share and strengthen the position in selected areas
- Innovating energy saving services
- Securing skilled and competent workforce
- Improving cost-efficiency in property development
- Improving capital efficiency through controlled investments
- Entering into Poland through acquisition or joint venture

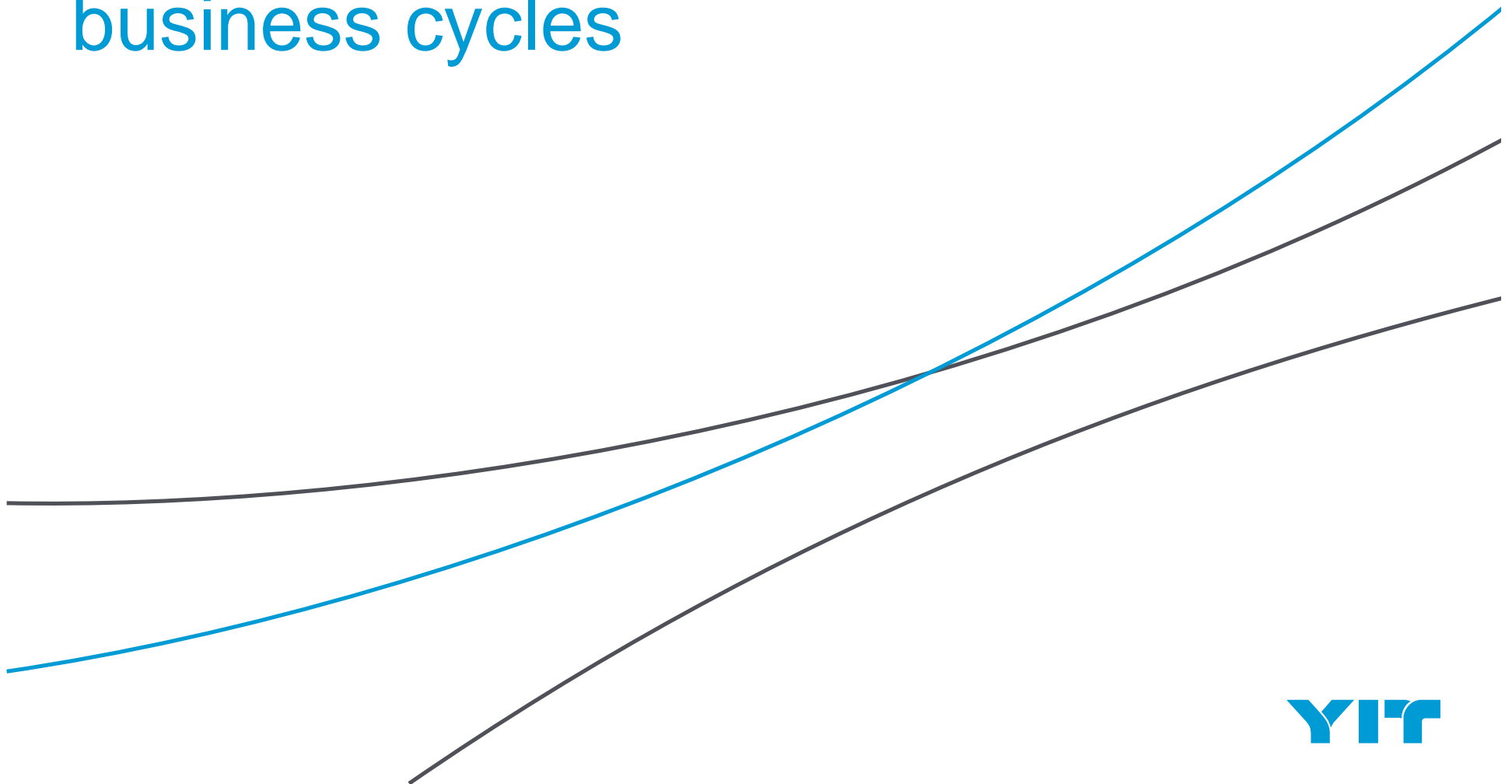


# Utilizing potentially weaker market situation



- Good financial and liquidity position enables to benefit also from weaker market situation
- Acquisition possibilities may improve
  - Plots and M&A activities
- YIT utilizes all market situations
  - Ability to adjust the housing production - up and down
  - Sales risk is well-managed
  - YIT has own housing sales: up to date market information
  - YIT increased market share in 2009 as a result of good timing in start ups
- YIT will keep its promises
- Management sees over short-term fluctuations

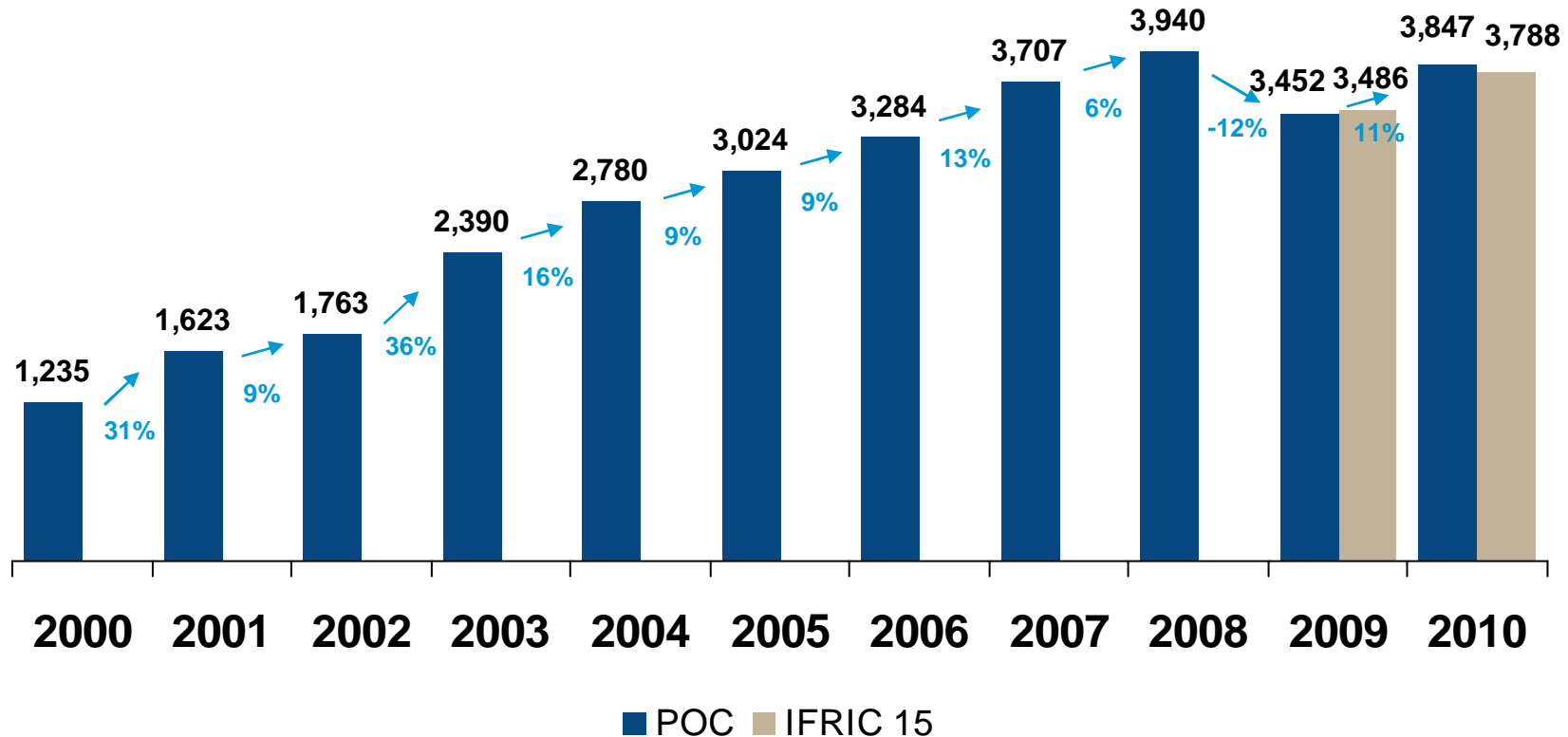
# YIT's track record through business cycles



# Revenue growth despite of economic cycles

## Group revenue 2000-2010

EUR million



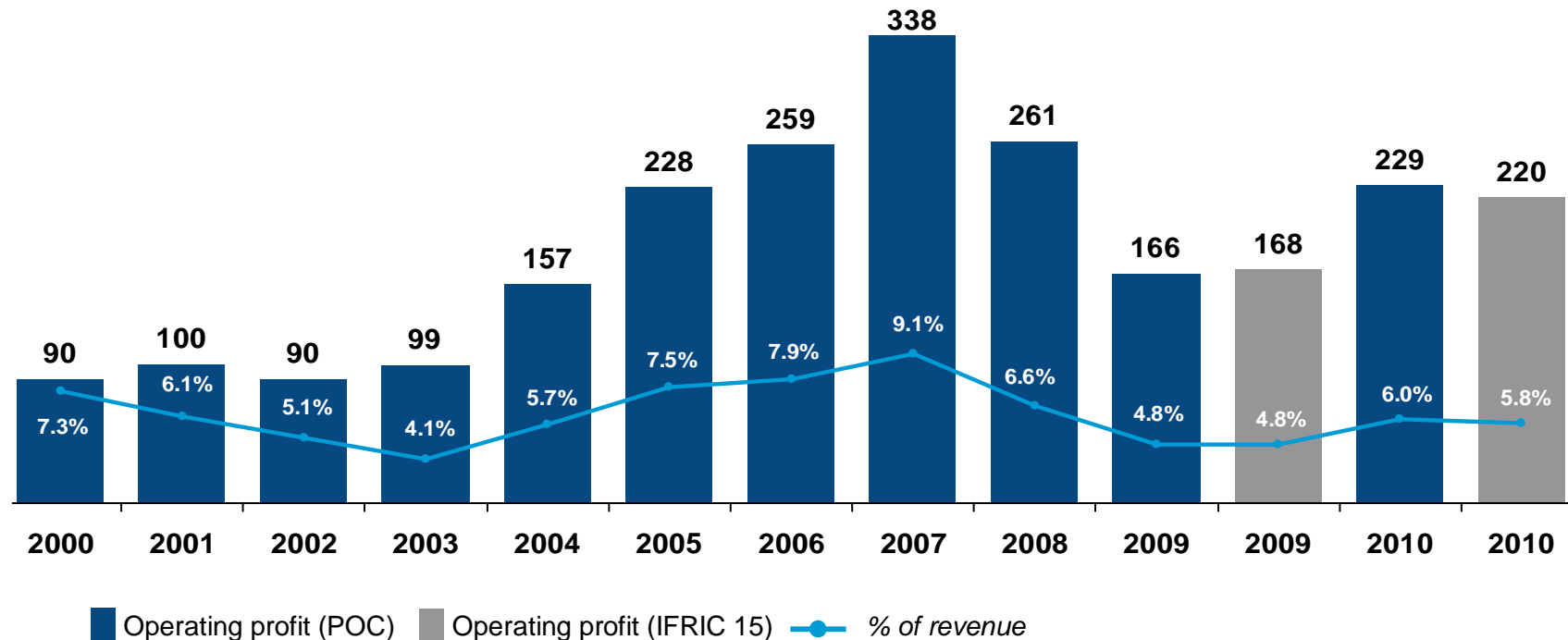
2000-2004: according to FAS, 2005-2010: according to IFRS  
YIT | 20 | Road show November 2011



# Group profitability has been on relatively good level also in downturns

## Operating profit 2000-2010

EUR million

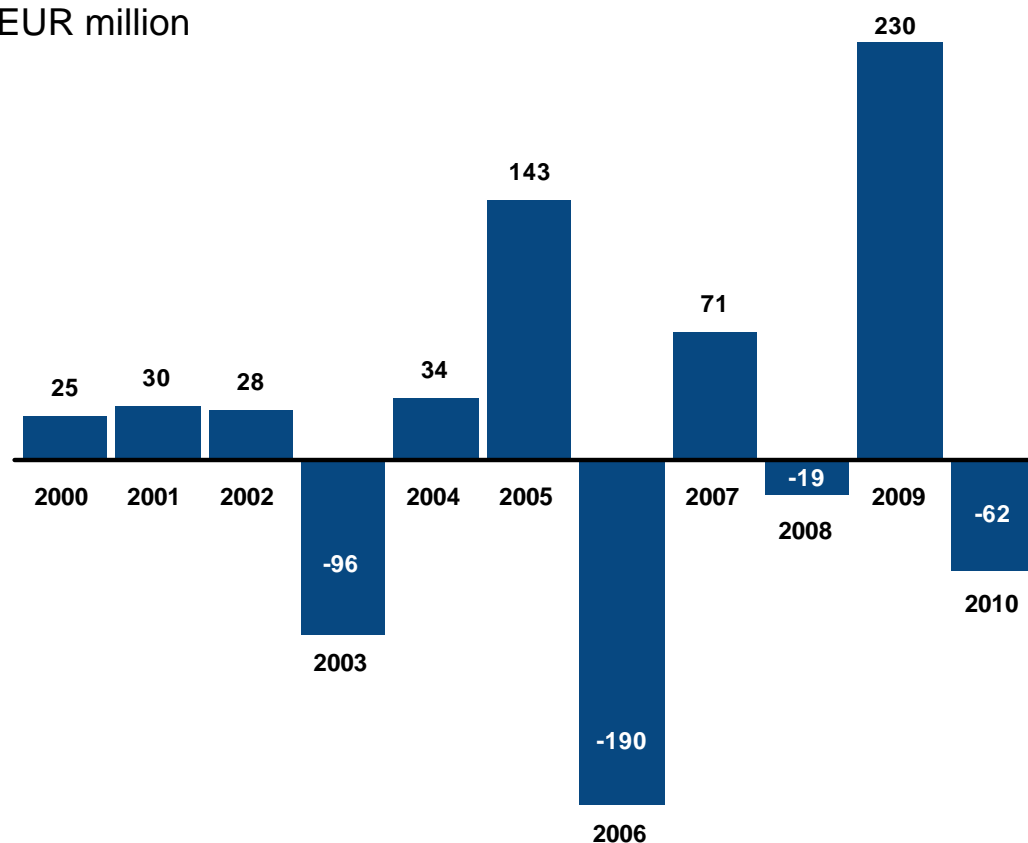




# Counter-cyclical cash flow

## Cash flow after investments 2000-2010

EUR million



2000-2004: according to FAS, 2005-2008: according to IFRS, 2009-2010: according to IFRIC 15

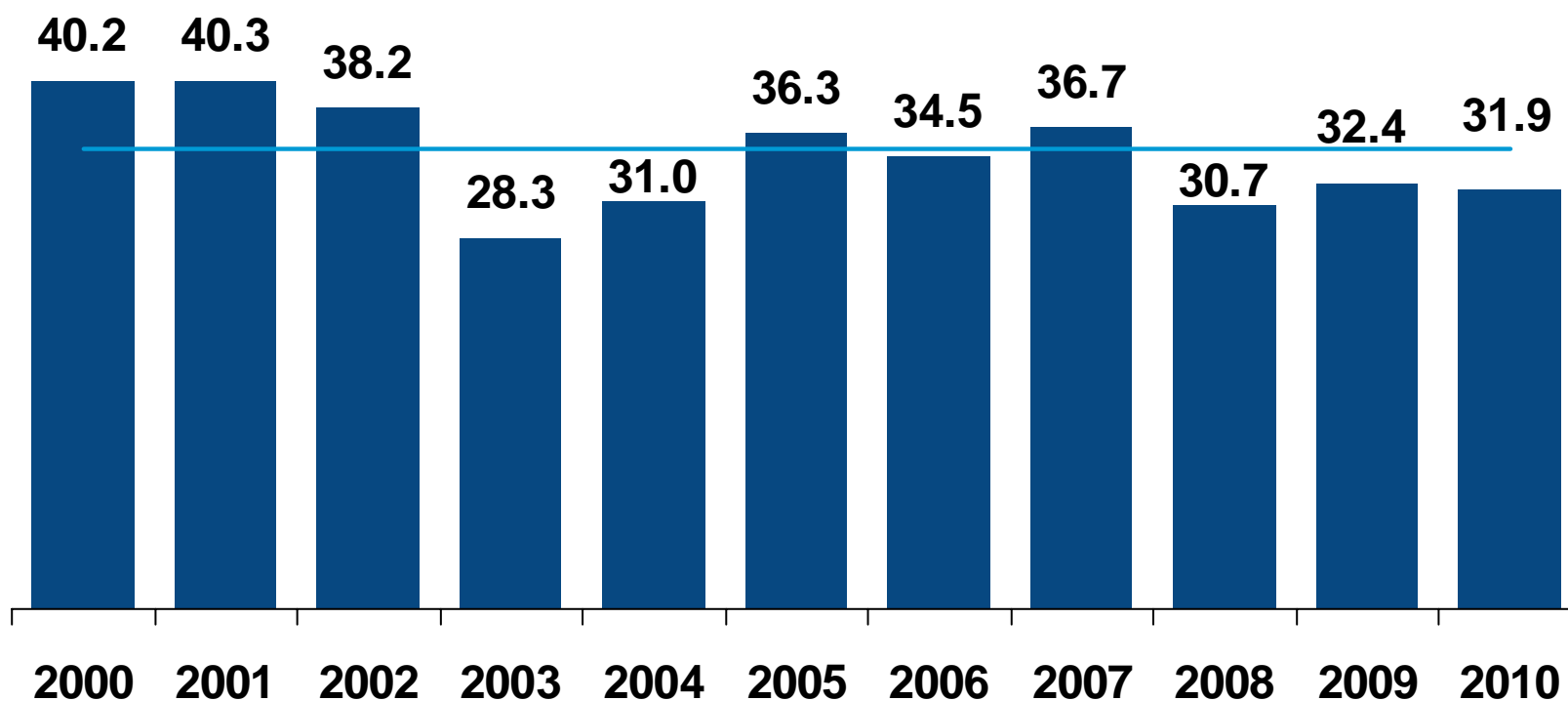
- Cash flow driven especially by plot acquisitions, utilization of existing land bank and housing production volume
  - In 2006, cash flow affected by the growth in the Russian housing
- Major acquisitions have also affected cash flow
  - 2003: ABB
- Cumulative cash flow in 2000-2010 EUR 193 million

# Equity ratio has been kept strong

## Equity ratio 2000-2010

%

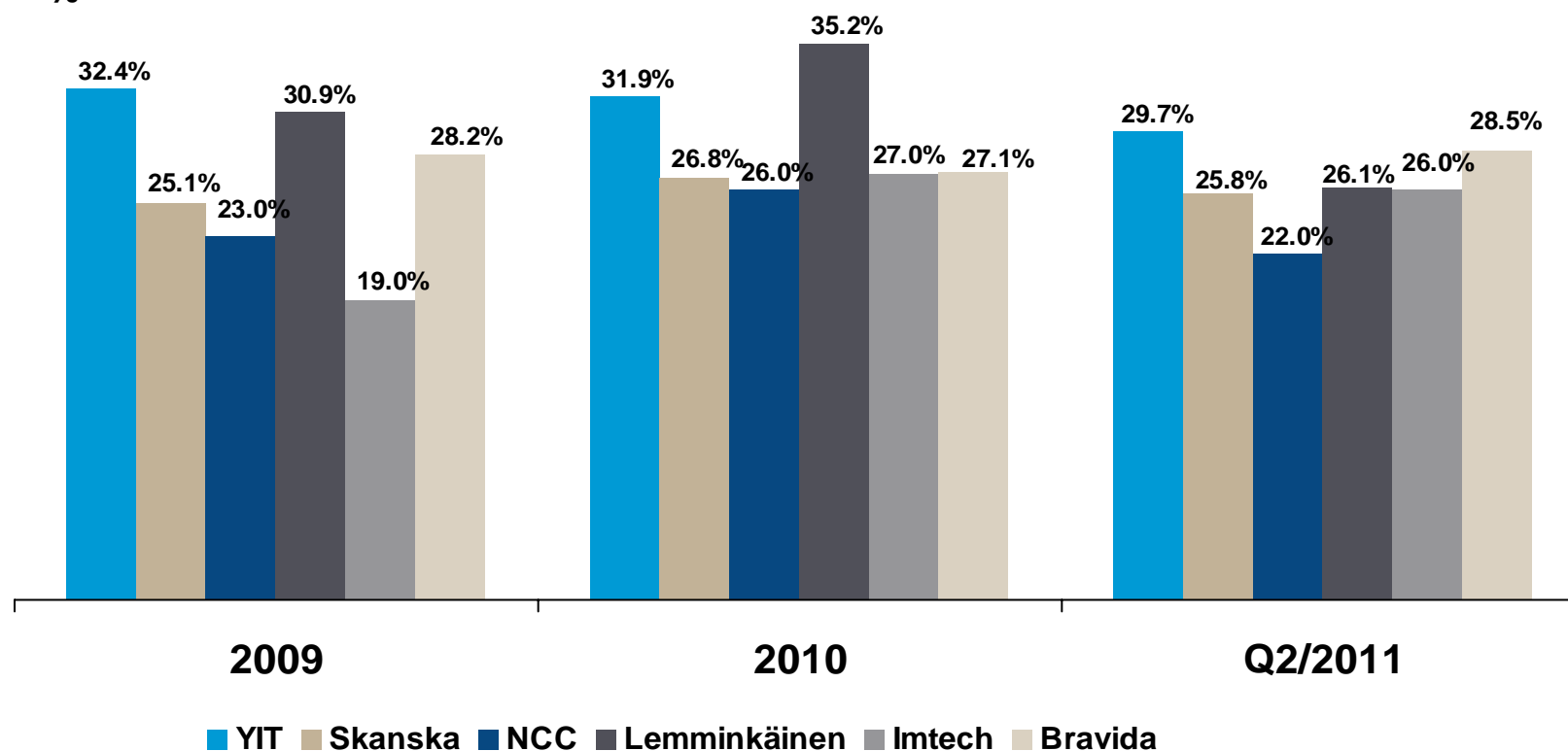
Strategic target:  
Equity ratio 35%



# Equity ratio is among highest in peer group

## Equity ratio

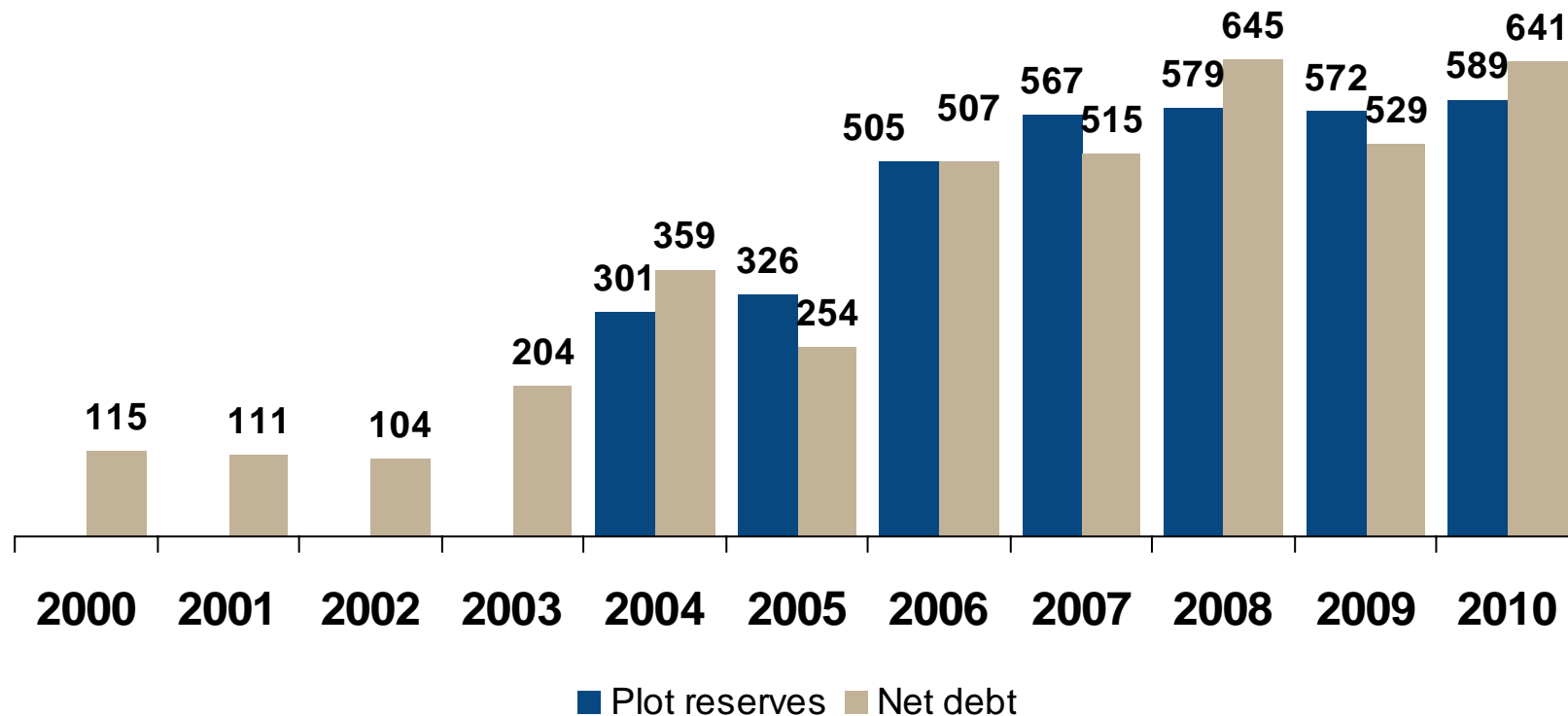
%



# Plot reserves vs. net debt

## Plot reserves and net debt at the end of the period

EUR million

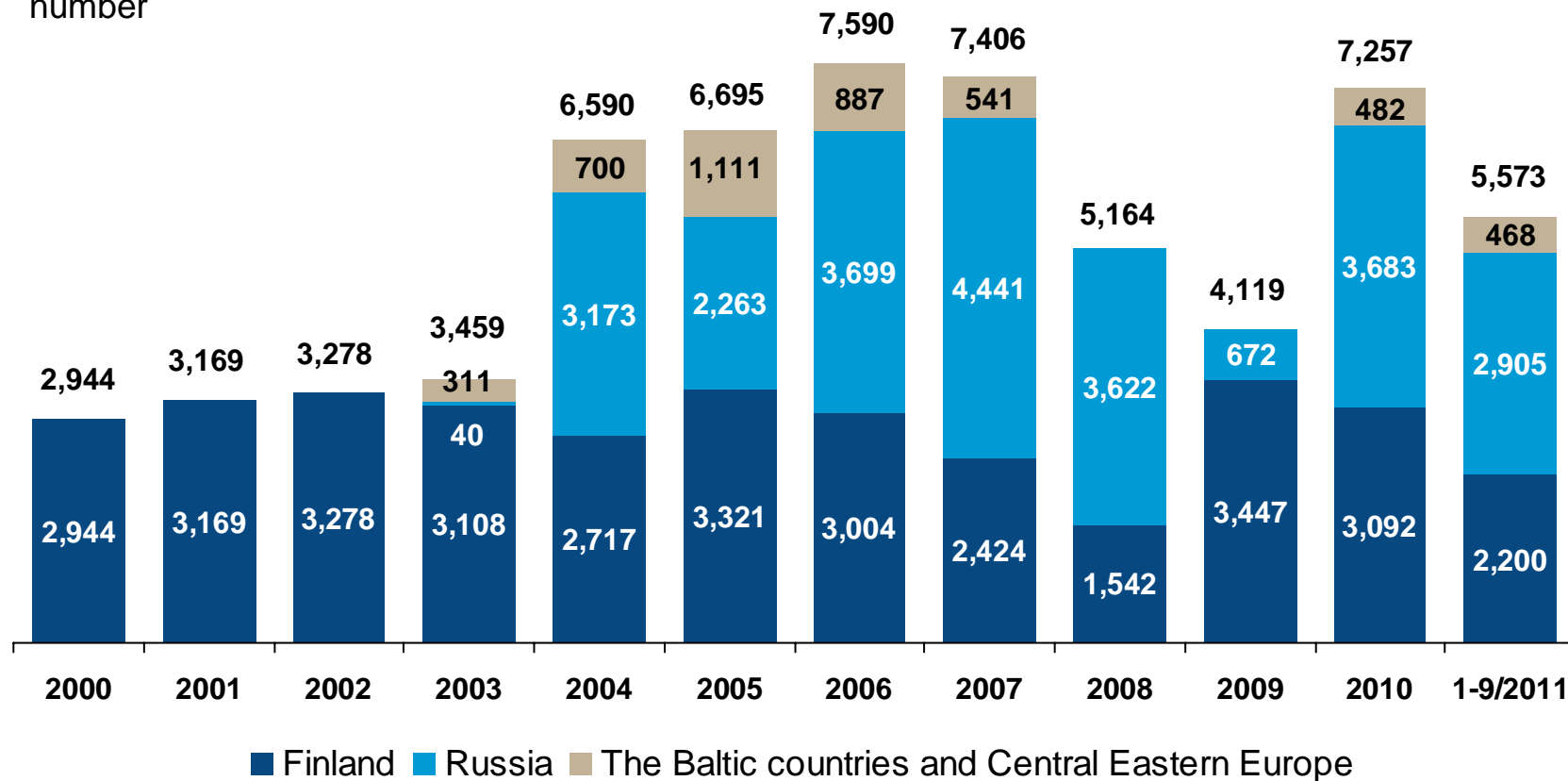




# Flexibility and good timing in housing start-ups

## Housing start-ups 2000-9/2011

number



# Acquisitions over the cycle

## YIT's M&A criteria

- Return on investment > 20 %
- Good strategic fit (geographical coverage, business portfolio, customer sectors)
- Complementary skills & resources
- Business culture
- Value creation potential
  - Profitability turn-around
- Strong local market position which works as add-on to YIT's existing market presence

## Cash flow effect of YIT's acquisitions 2000-2010

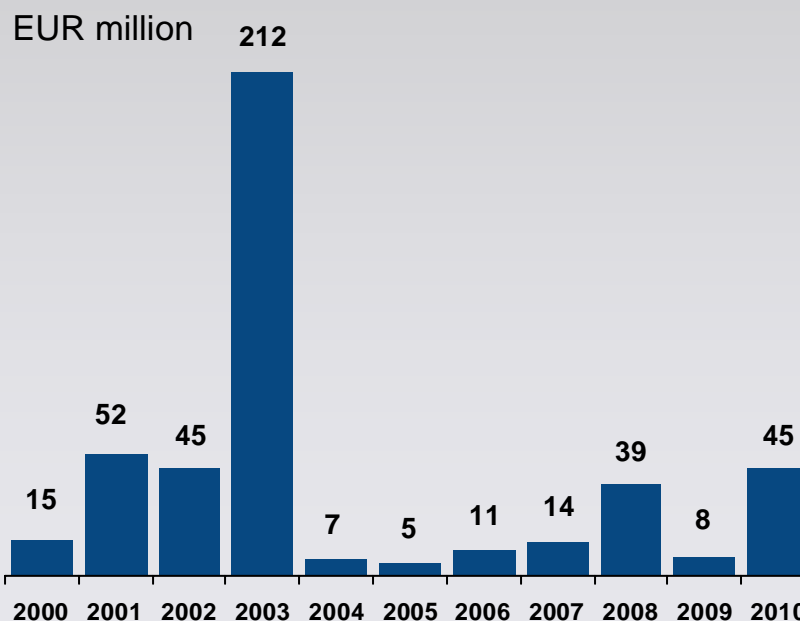
### Largest acquisitions (purchase price)

**2001:** Calor Sweden (EUR 57 million)

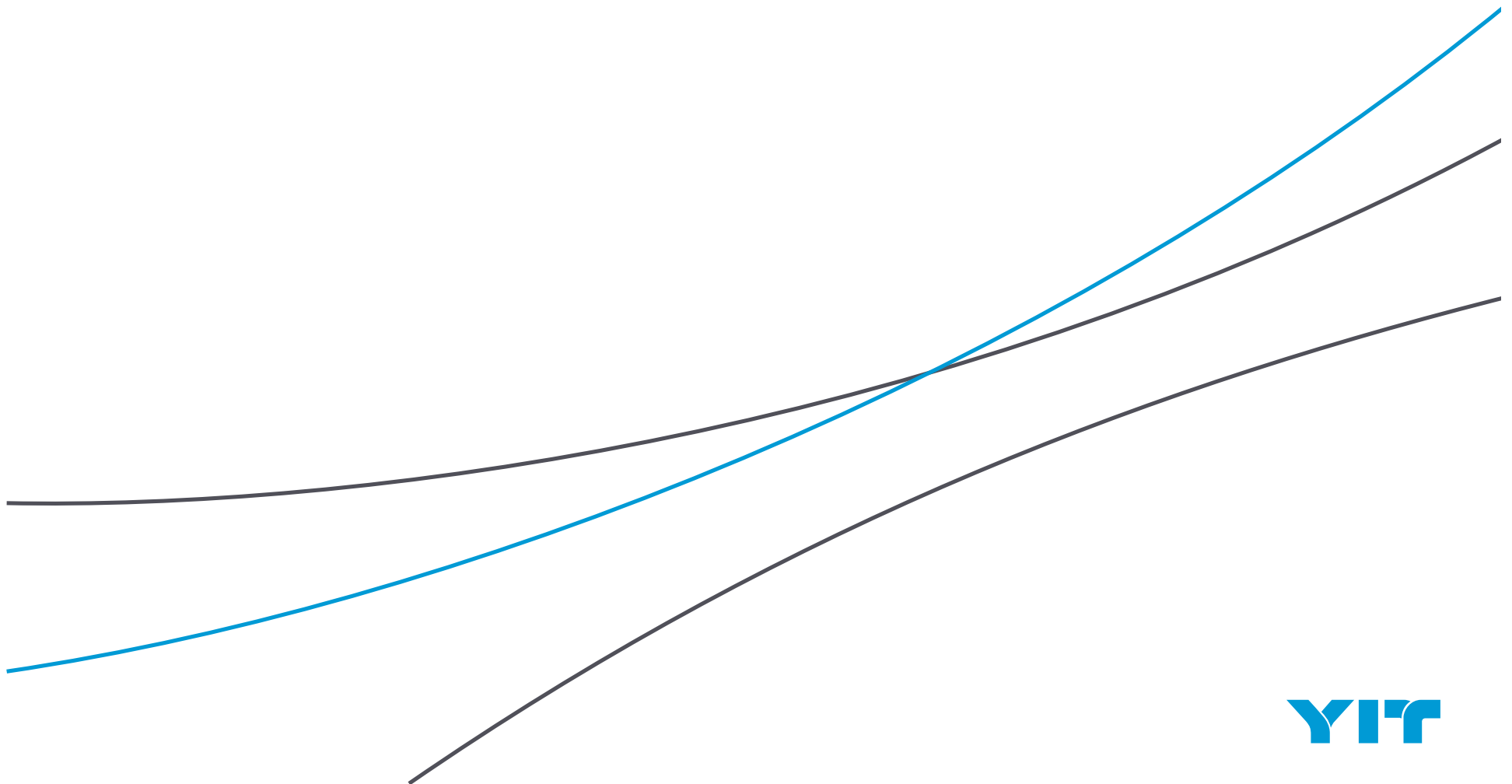
**2003:** ABB (EUR 203 million)

**2008:** MCE (EUR 55 million)

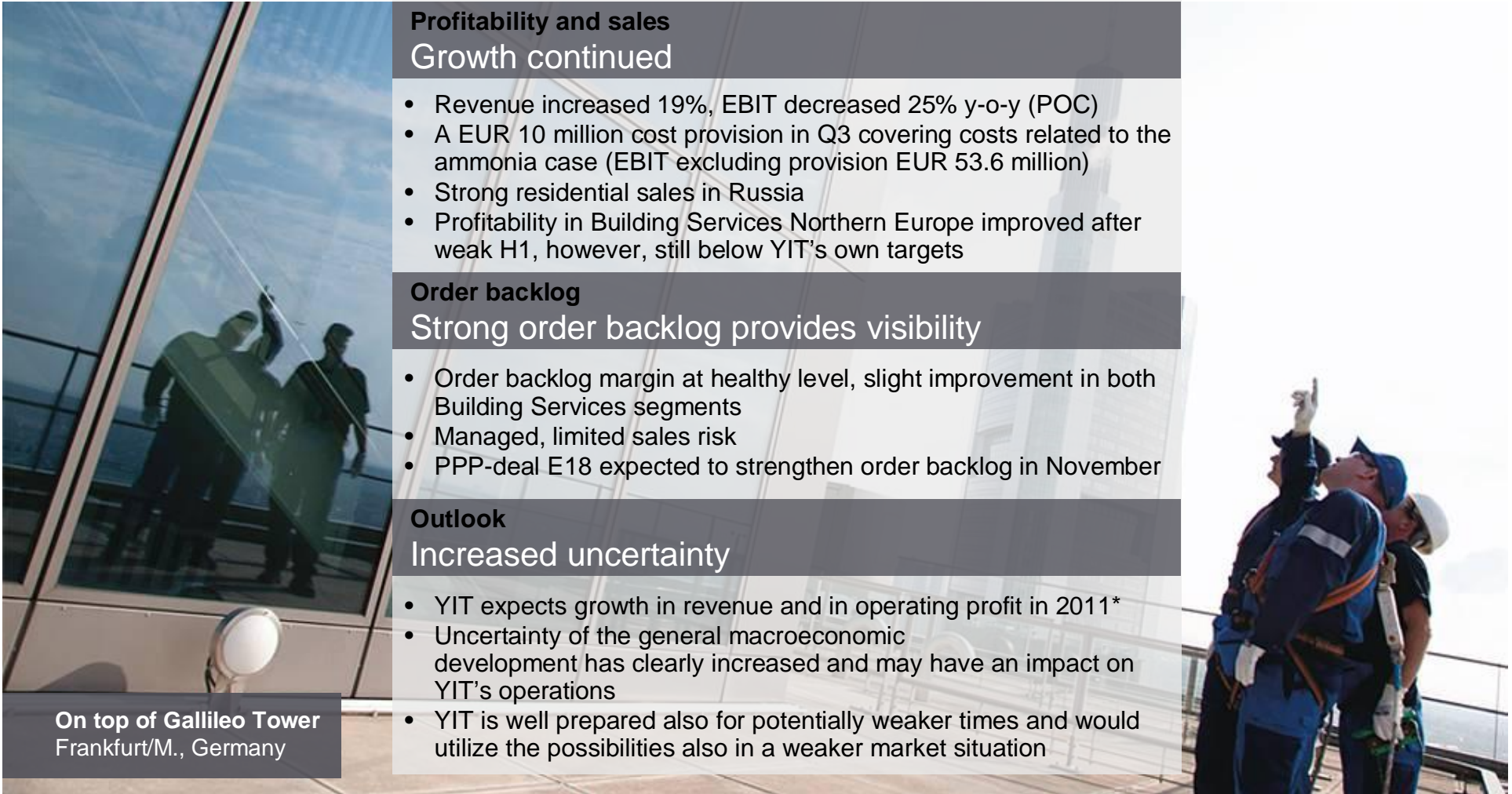
**2010:** Caverion (EUR 73 million)



# Group development



# Q3 highlights



**Profitability and sales**  
**Growth continued**

- Revenue increased 19%, EBIT decreased 25% y-o-y (POC)
- A EUR 10 million cost provision in Q3 covering costs related to the ammonia case (EBIT excluding provision EUR 53.6 million)
- Strong residential sales in Russia
- Profitability in Building Services Northern Europe improved after weak H1, however, still below YIT's own targets

**Order backlog**  
**Strong order backlog provides visibility**

- Order backlog margin at healthy level, slight improvement in both Building Services segments
- Managed, limited sales risk
- PPP-deal E18 expected to strengthen order backlog in November

**Outlook**  
**Increased uncertainty**

- YIT expects growth in revenue and in operating profit in 2011\*
- Uncertainty of the general macroeconomic development has clearly increased and may have an impact on YIT's operations
- YIT is well prepared also for potentially weaker times and would utilize the possibilities also in a weaker market situation

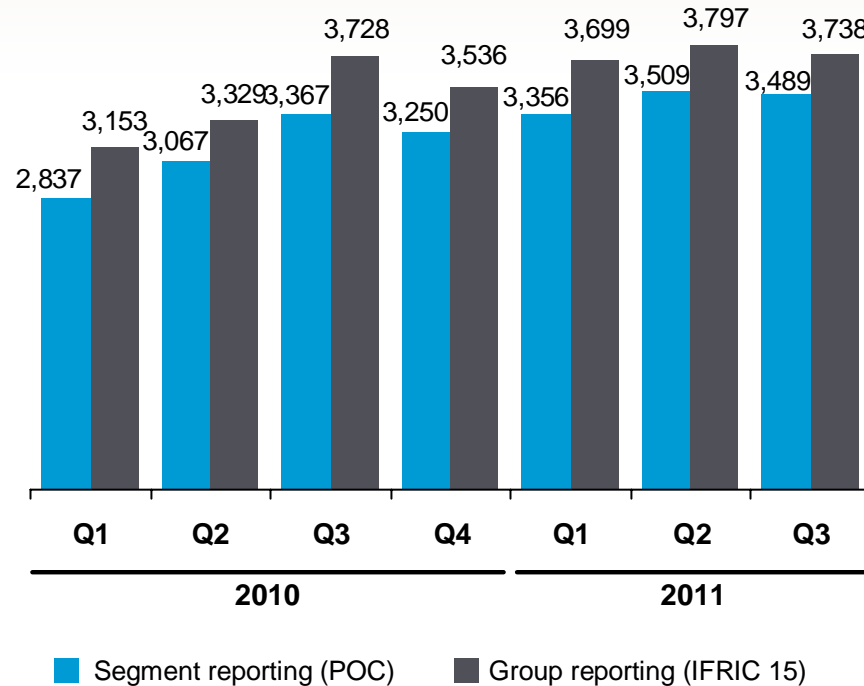
**On top of Gallileo Tower**  
Frankfurt/M., Germany

\* Guidance is based on segment reporting (POC=Percentage of completion)

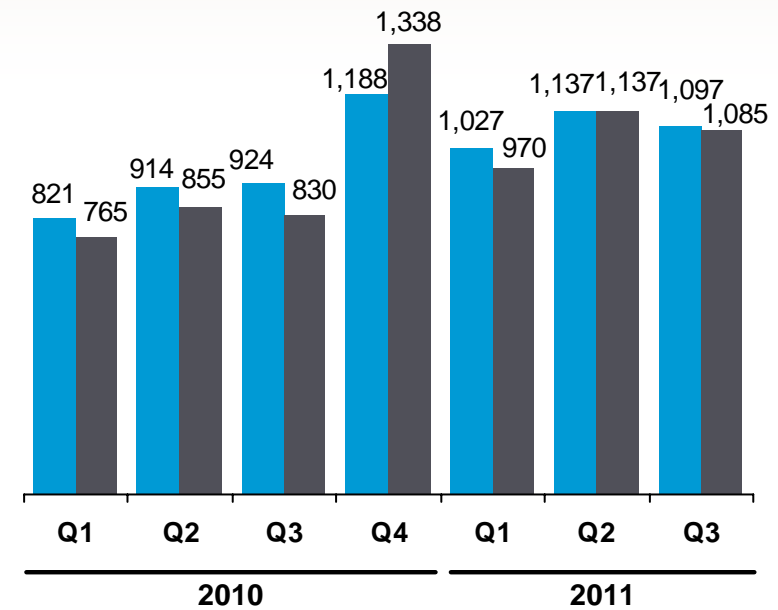


# Order backlog at good level

**Order backlog** (EUR million)  
Change Q3/10 - Q3/11: 4% (POC)

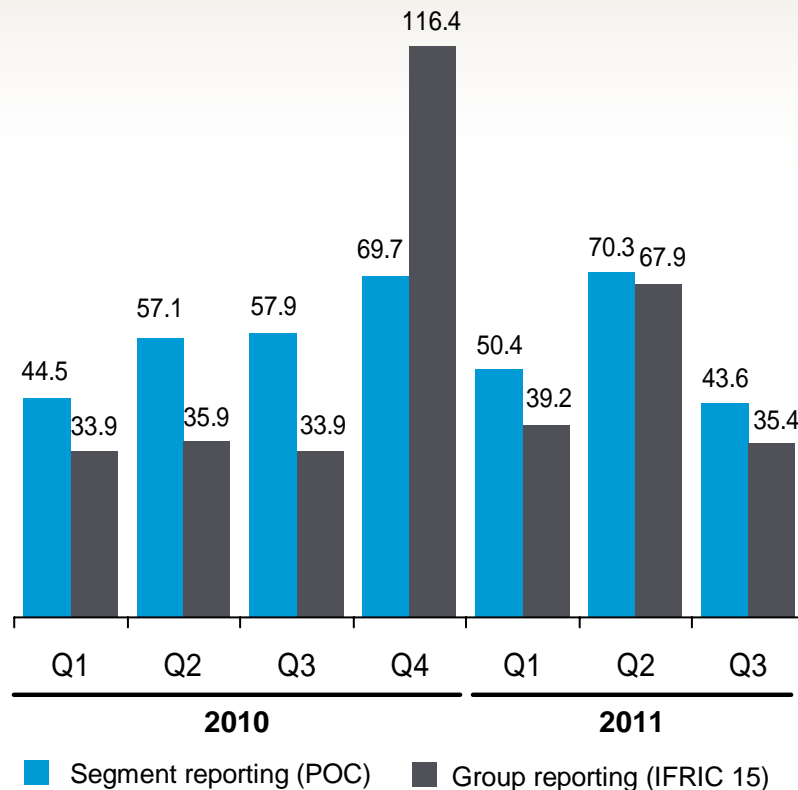


**Revenue** (EUR million)  
Change Q3/10 - Q3/11: 19% (POC)

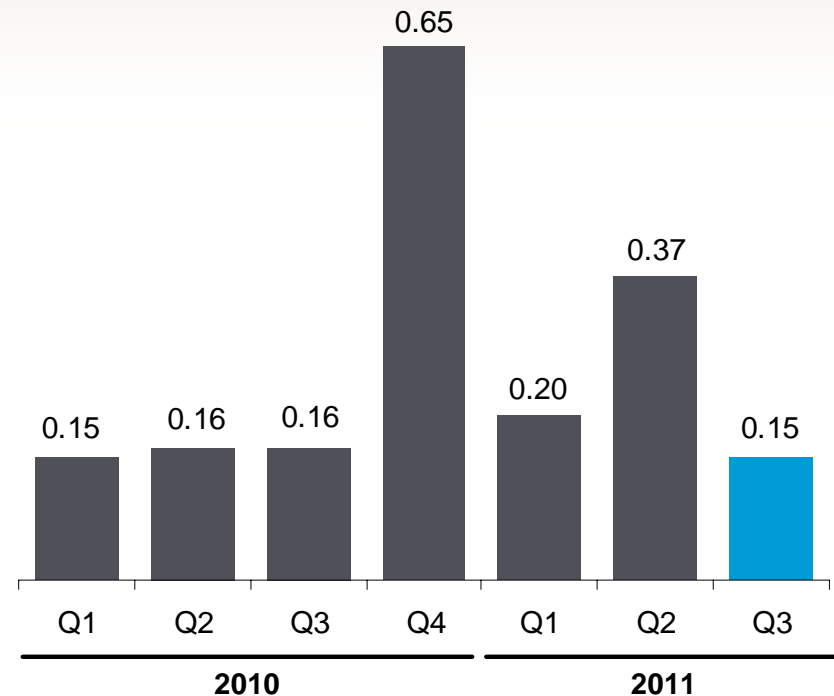


# Operating profit 1-9/2011 at 2010 level

**Operating profit (EUR million)**  
Change Q3/10 - Q3/11: -25% (POC)



**Earnings per share (EUR)**  
Change Q3/10 - Q3/11: -6% (IFRIC 15)



EBIT in International Construction Services in Q3/11 decreased by EUR 10 million cost provision covering costs related to the ammonia case.  
EBIT in Building Services Central Europe in Q2/11 included EUR 5.0 million sales gain related to the divestment of Hungarian operations. EBIT in Building Services Northern Europe in Q2/11 decreased by EUR 3.0 million due to reservation related to a single customer project.

# Focus on personnel development

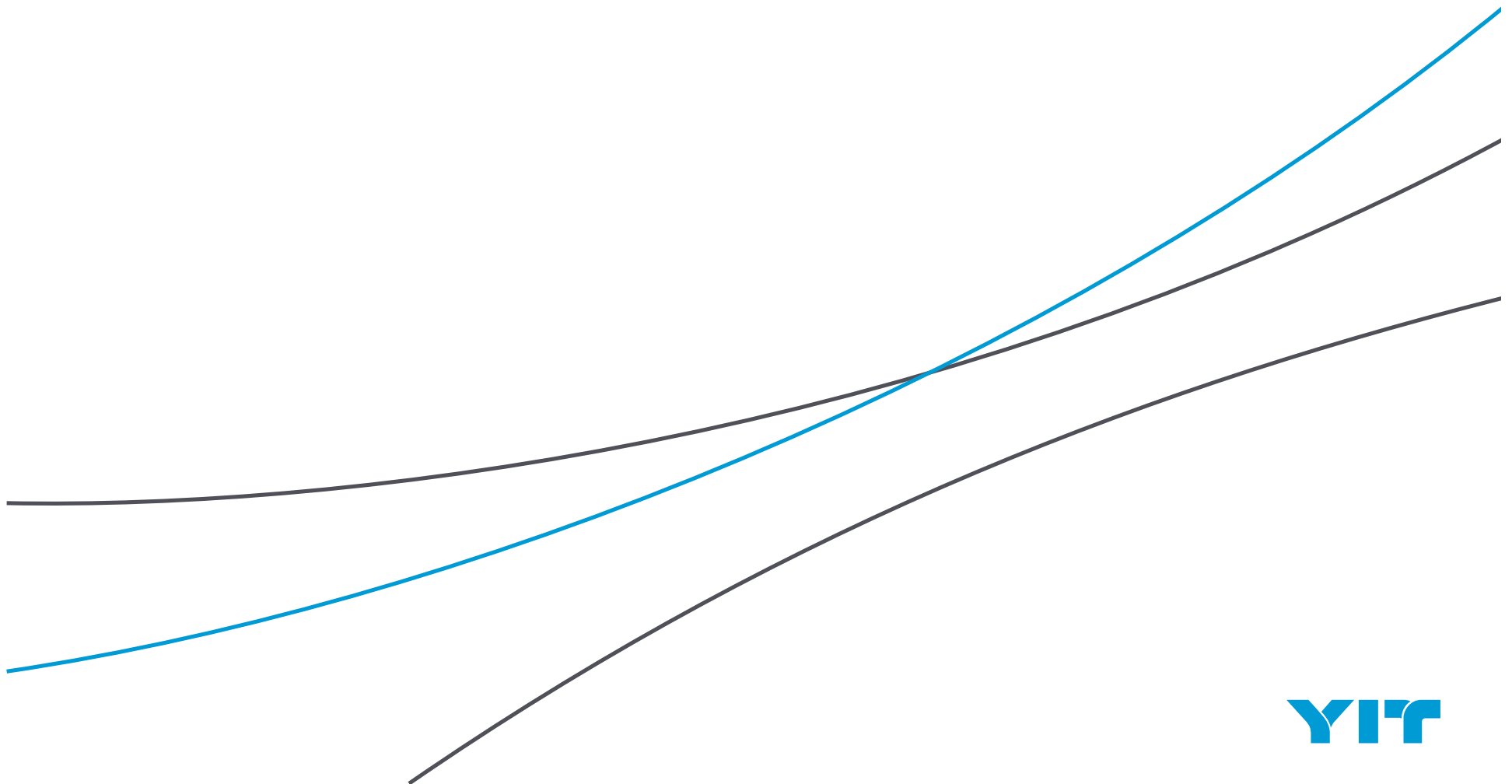


- The most important development areas regarding personnel:
  - YIT culture with strong ethics and values
  - Managing talent
  - Well-being of YIT people
- Some of the concrete actions taken:
  - YIT Opinnot (YIT Studies) will start in two Finnish polytechnics in November
    - Target to support the availability of skilful workforce in the future
    - Learning through e.g. getting to know YIT's construction sites
  - YIT Leader training in Russia and in CEE
    - 4th training starting
    - Target to increase leadership and management skills inside the company
  - Project management and work safety training in Building Services Nordic countries underway
- YIT received "the most responsible summer job in Finland" award

# Key figures

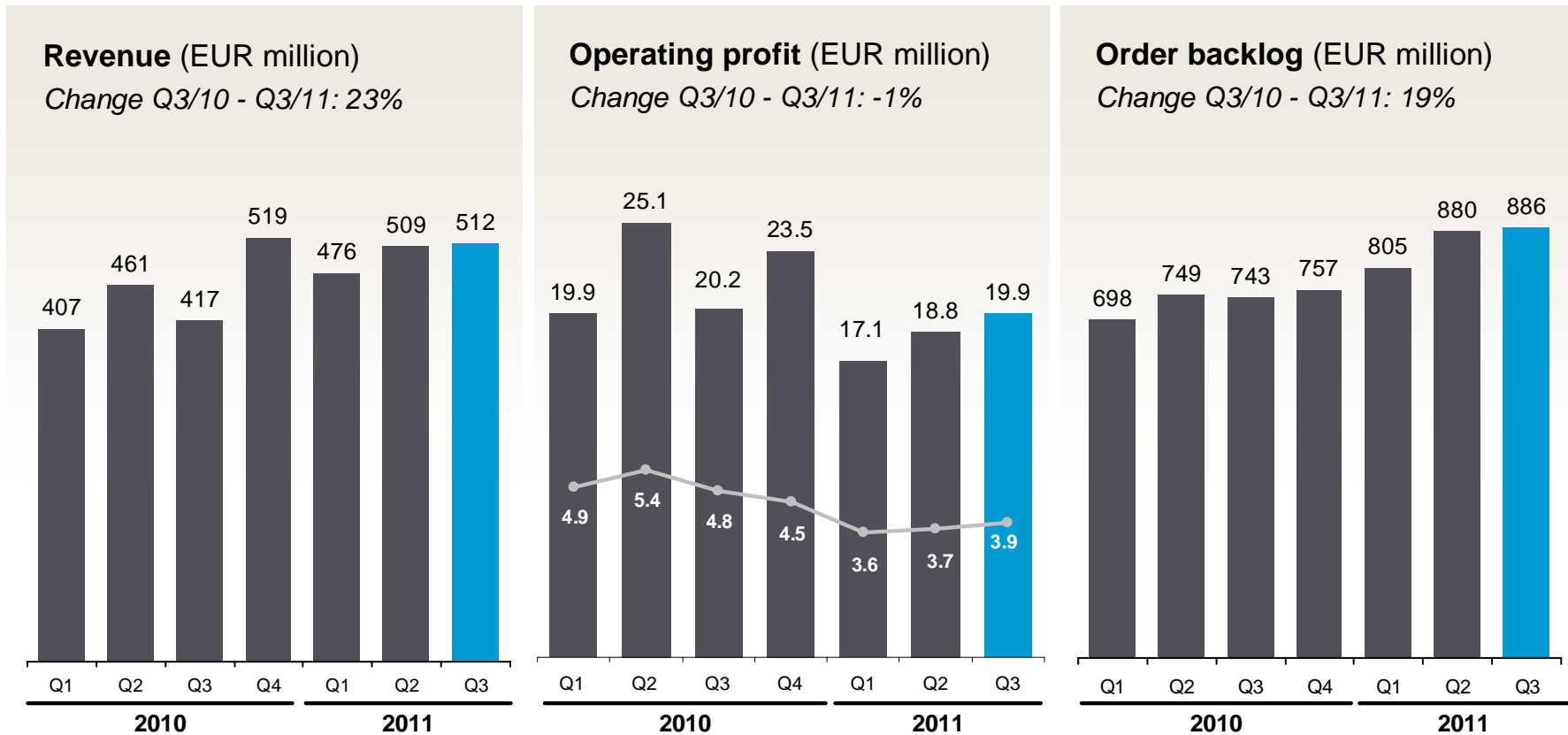
EUR million	7-9/11	7-9/10	Change	1-9/11	1-9/10	Change
<b>Segment reporting (POC*)</b>						
Revenue	1,097	924	19%	3,260	2,659	23%
Operating profit	43.6	57.9	-25%	164.3	159.4	3%
% of revenue	4.0	6.3		5.0	6.0	
Order backlog	3,489	3,367	4%	3,489	3,367	4%
<b>Group reporting (IFRIC 15)</b>						
Revenue	1,085	830	29%	3,192	2,450	30%
Operating profit	35.4	33.9	4%	142.5	103.7	37%
% of revenue	3.3	4.1		4.5	4.2	
Order backlog	3,738	3,728	1%	3,738	3,728	1%
Profit before taxes	27.6	27.0	3%	125.3	81.6	54%
Earnings per share, EUR	0.15	0.16	-6%	0,72	0.47	53%
Return on investment, % (last 12 months)	15.5	15.6		15.5	10.6	
Equity ratio, %	29.2	29.7		29.2	29.2	
Net debt	755.0	636.6	19%	755.0	636.6	19%
Cash at the end of the period	224.1	234.1	-4%	224.1	234.1	-4%
Operating cash flow after investments	-47.3	-121.6	61%	-31.4	-56.1	44%
Personnel at the end of the period	26,502	25,943	2%	26,502	25,943	2%
* POC= Percentage of completion						

# Building Services Northern Europe





# Margin improvement after challenging H1



All figures according to segment reporting (POC)

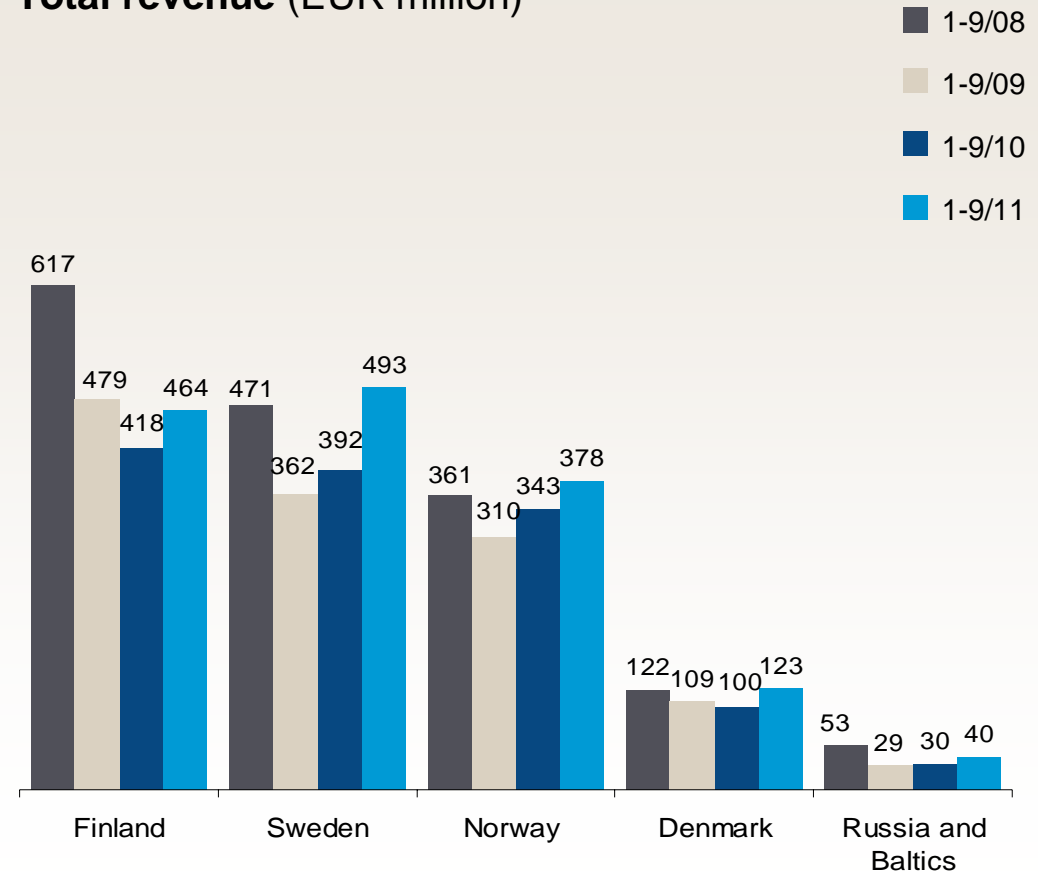
■ Operating profit    ● % of revenue

EBIT in Q2/11 decreased by EUR 3.0 million due to reservation related to a single customer project.

# Revenue development by country



Total revenue (EUR million)

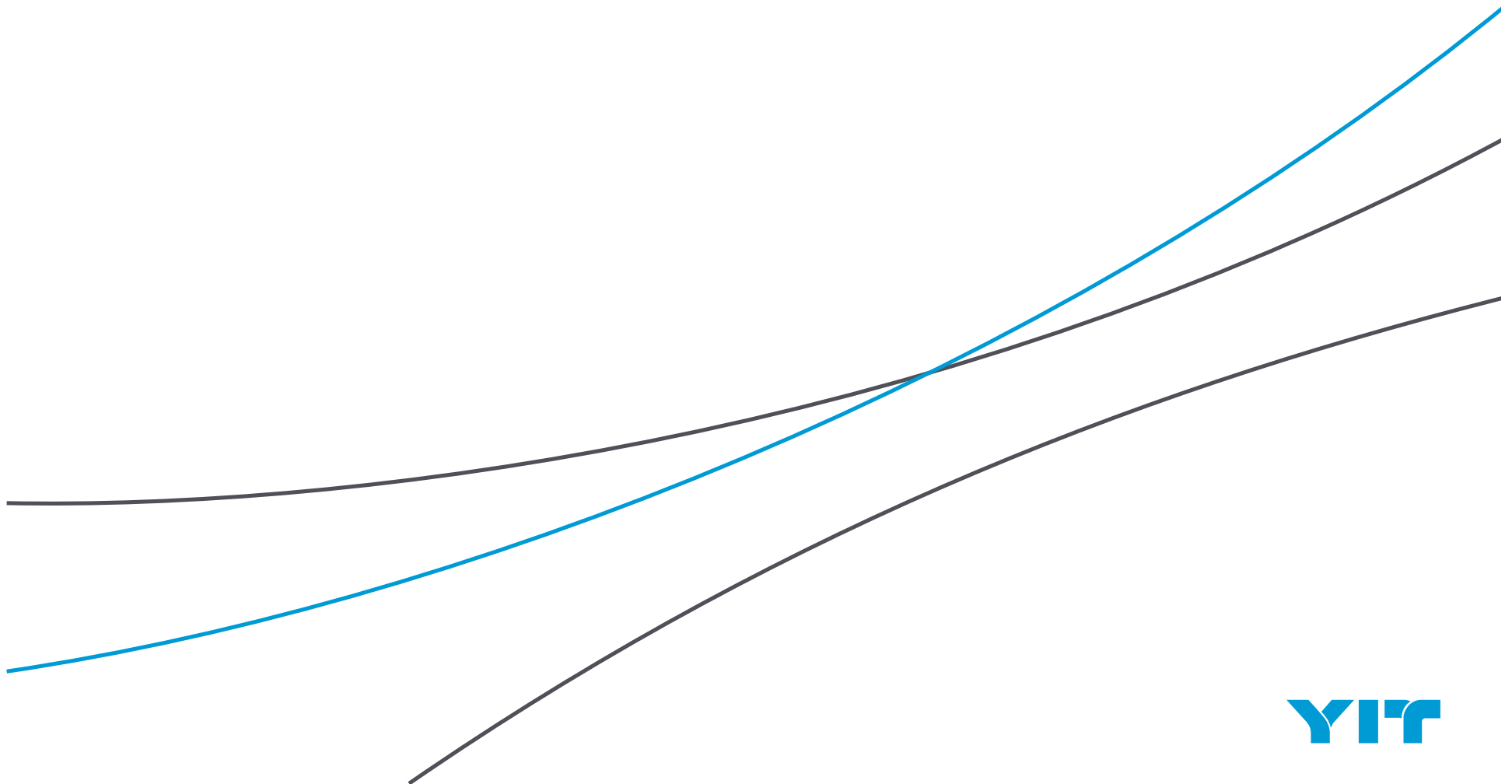


# Actions and results to improve profitability

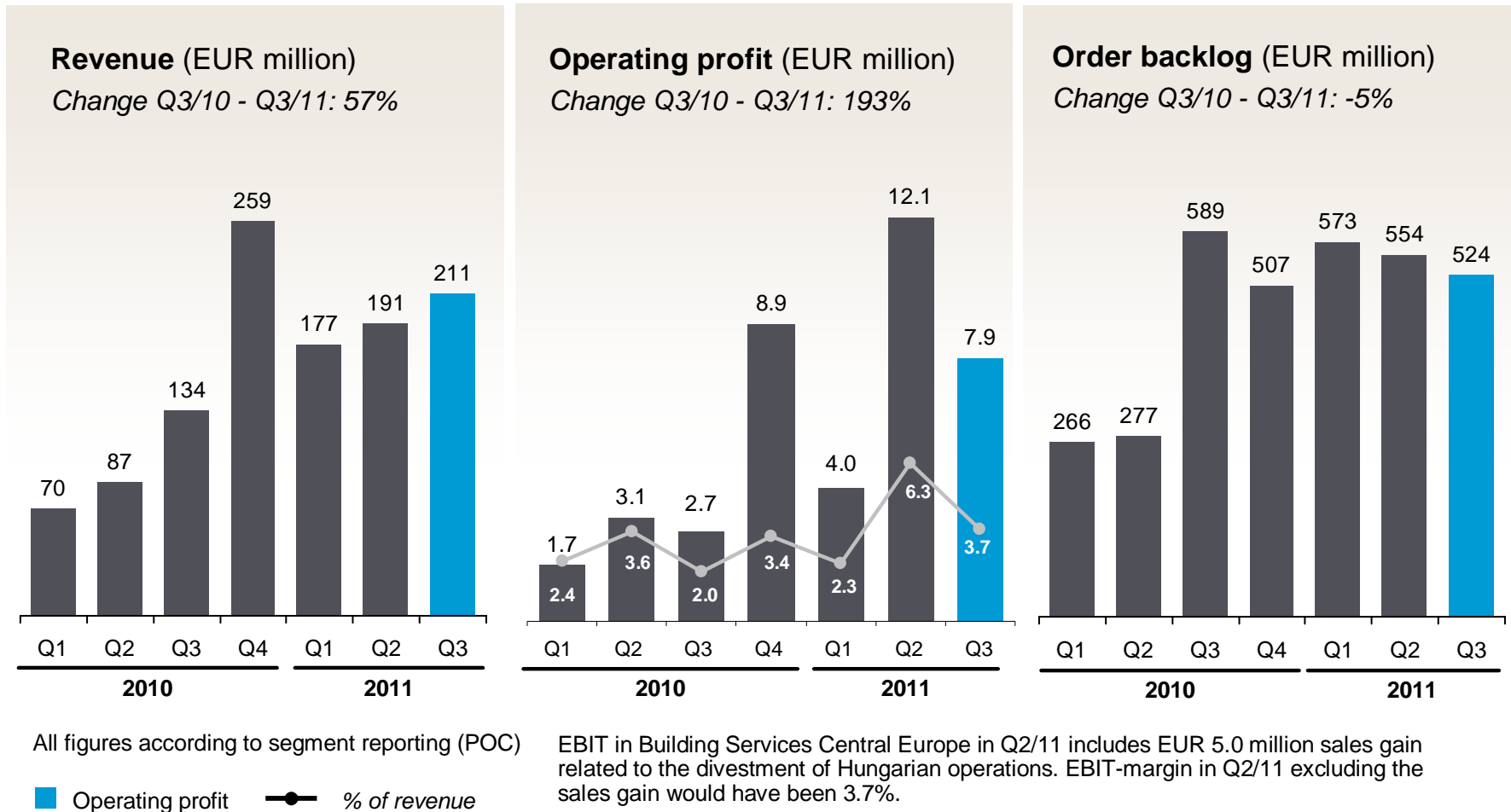


- **Right-sizing the organisation**
  - Restructuring programme ongoing in all countries
    - Decided personnel reduction so far approximately 800 persons (in total, all countries combined)
    - Targeted annual cost savings EUR 40 million from 2013 when the programme is fully implemented
- **Increased profitability in project business**
  - More selective approach: bid / no bid process
  - Margin on the order backlog improved slightly

# Building Services Central Europe



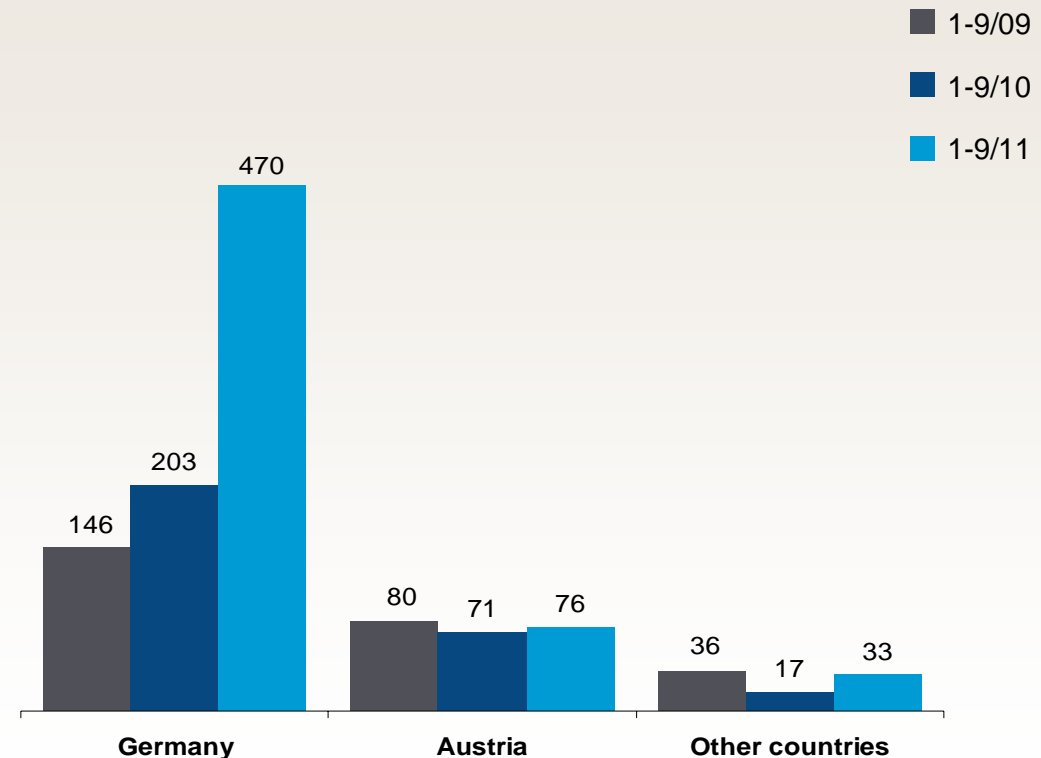
# Margin improved in the order backlog



# Germany clearly the most important country in Central Europe

- Good demand for new investments and service in Germany
- Some uncertainty seen in relation to investment decisions of large projects
- Business progressing according to our plan:
  - Target to improve EBIT margin by one percentage point a year and strengthen the market position organically and by acquisitions

**Total revenue (EUR million)**



Other countries include Poland, the Czech Republic, Hungary and project sales  
Hungarian business sold in June 2011

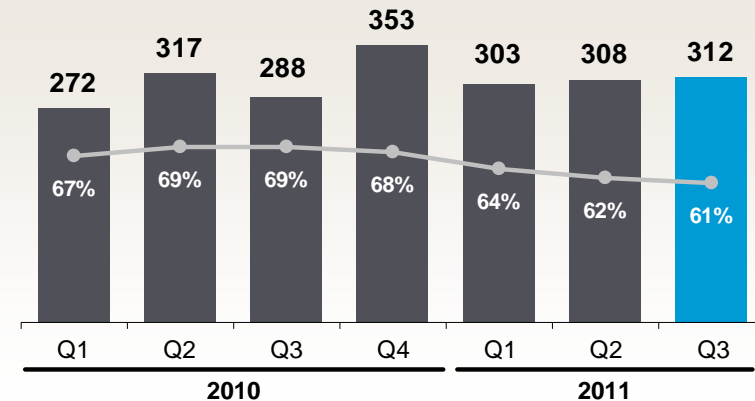


# Good possibilities to increase service and maintenance in Central Europe

## Service and maintenance revenue in Northern Europe

EUR 923 million in 1-9/2011

Change from 1-9/10: 5%

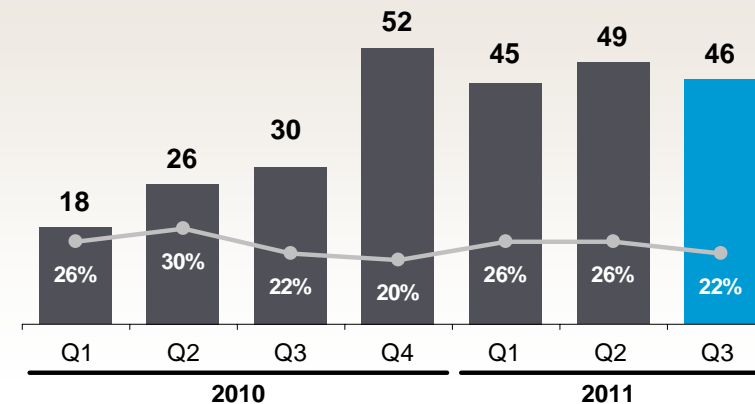


## Service and maintenance revenue in Central Europe

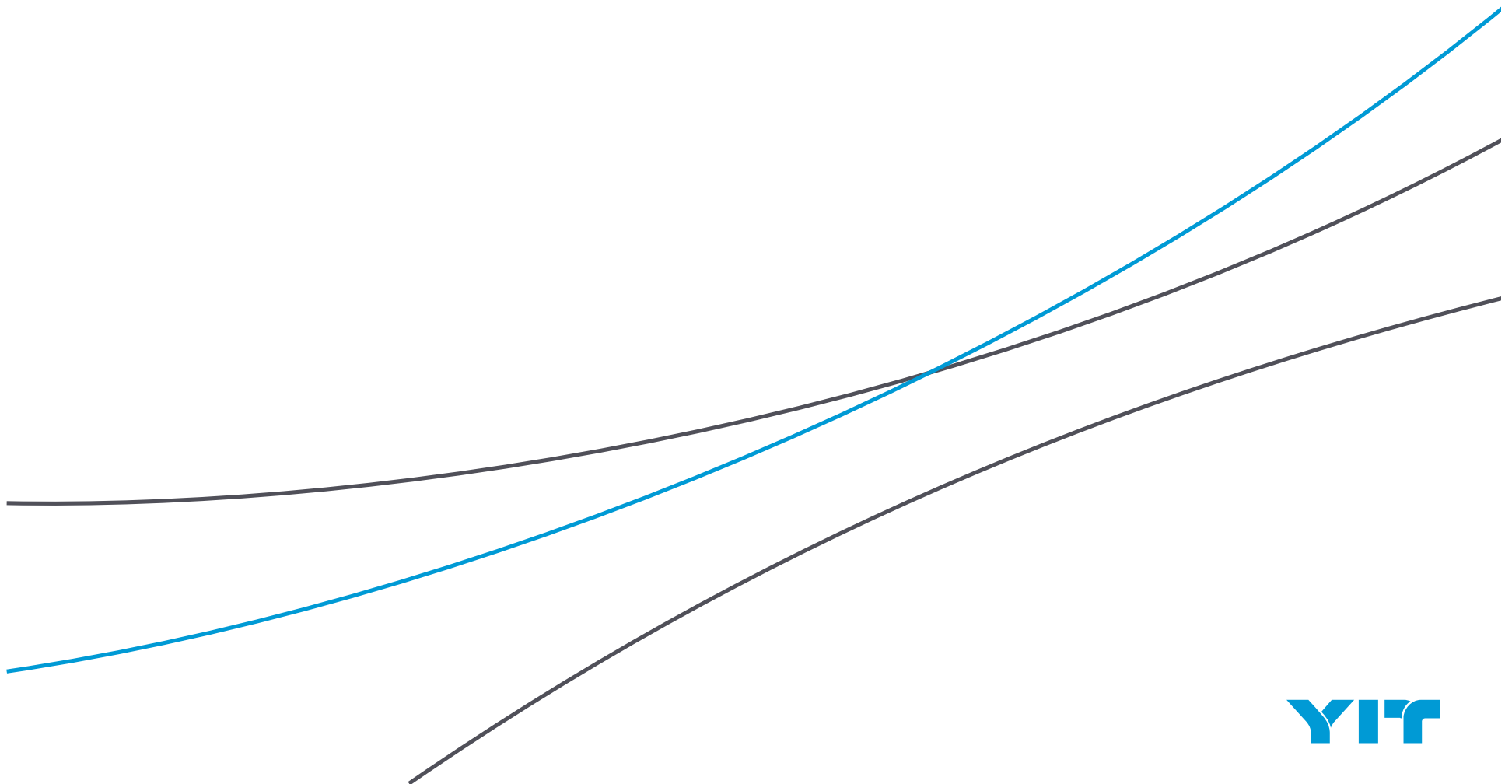
EUR 140 million in 1-9/2011

Change from 1-9/10: 47%

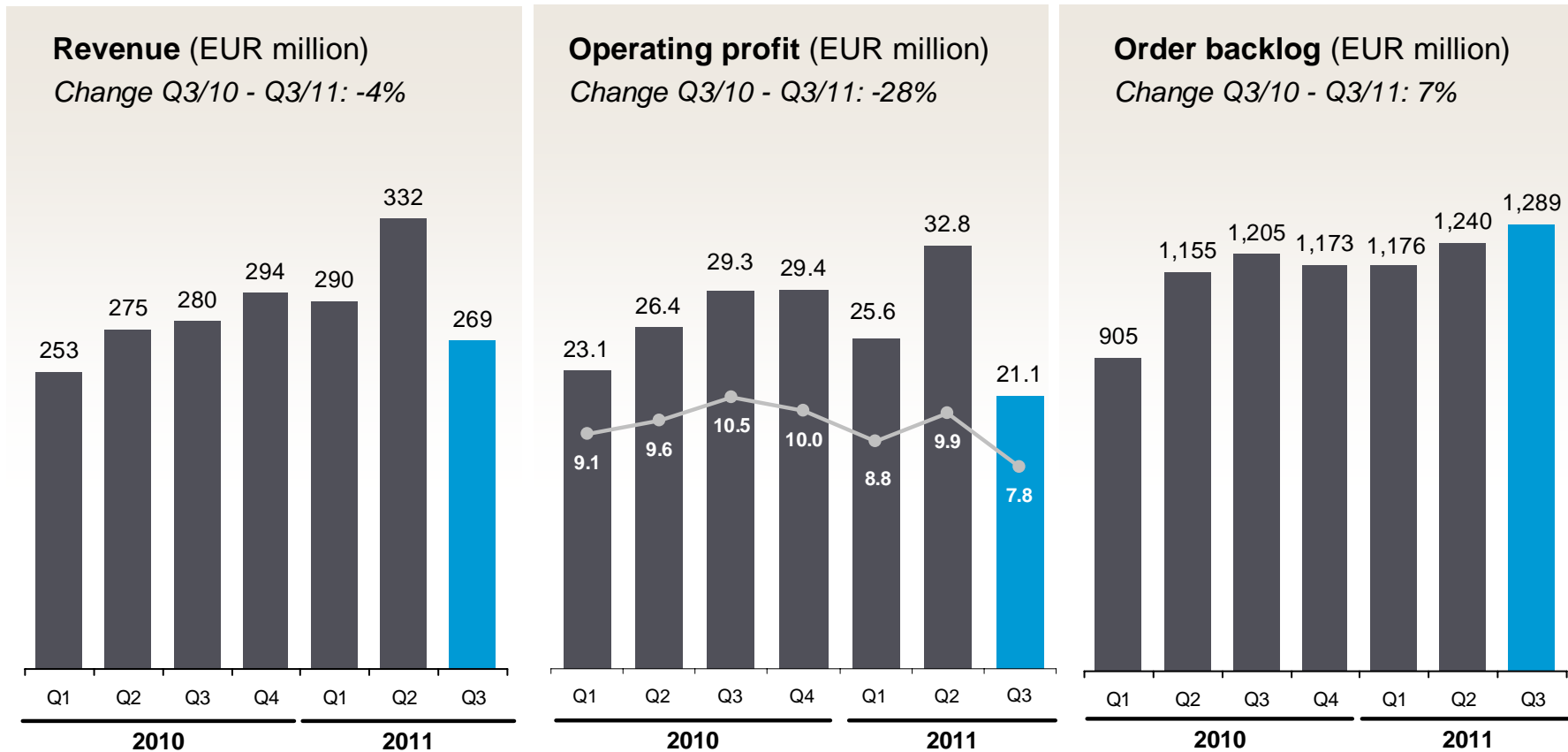
■ Service and maintenance revenue  
—●— % of segment revenue



# Construction Services Finland



# Still weak infra and slower high-end residential sales had negative impact on Q3



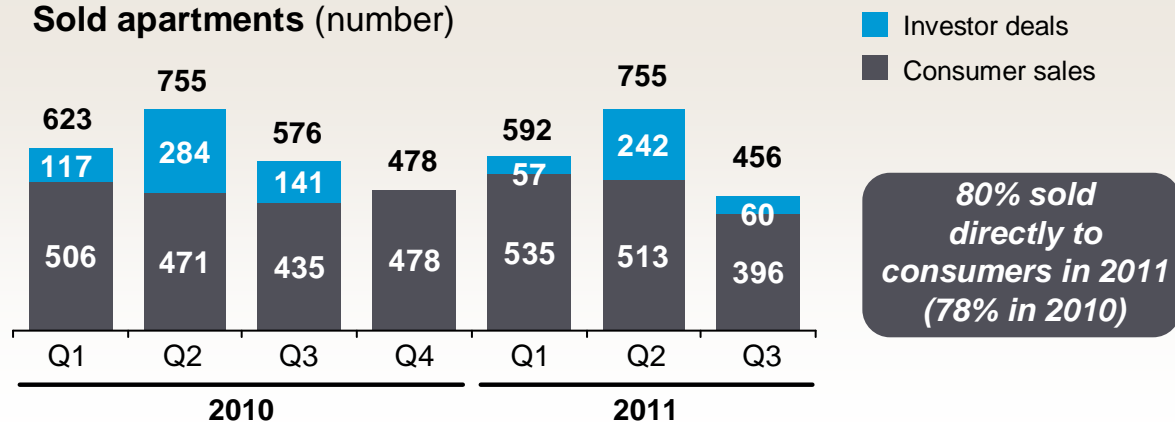
All figures according to segment reporting (POC)

■ Operating profit    ● — % of revenue

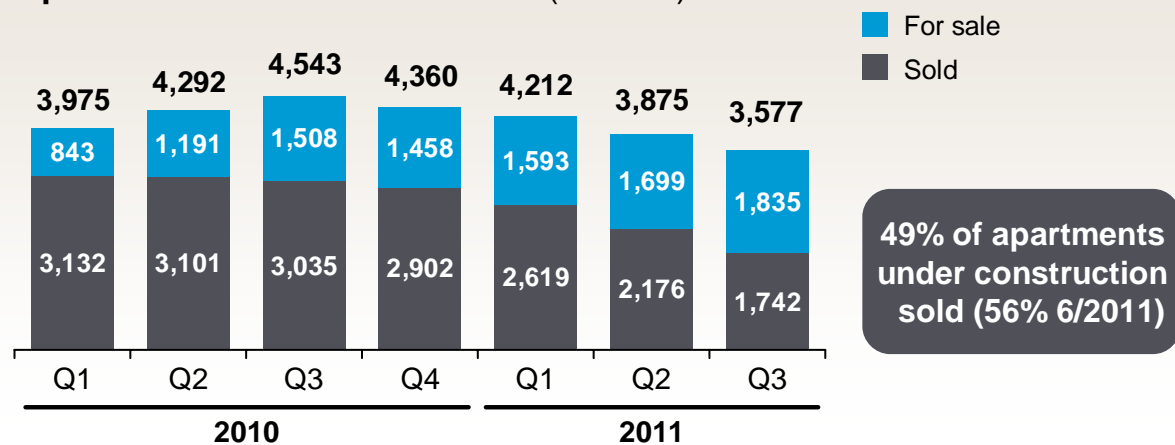
The operating profit of the segment includes EUR -0.9 million (7–9/2010: EUR -0.7 million) of borrowing costs according to IAS 23. EBIT margin in Q3/11 excluding these costs would have been 8.2% (Q3/10: 10.7%).

# Good sales inventory with new start-ups

**Sold apartments (number)**



**Apartments under construction (number)**



At the end of the period

- Prices increased slightly
- Supply has normalised
- YIT sold more smaller apartments
- Slower sales on high-end apartments
- Focus still on own development
- Good activity in plot acquisitions supports future growth
- Construction costs remaining EUR 374 million in own-developed projects

# Start-ups based on demand: good, diverse offering

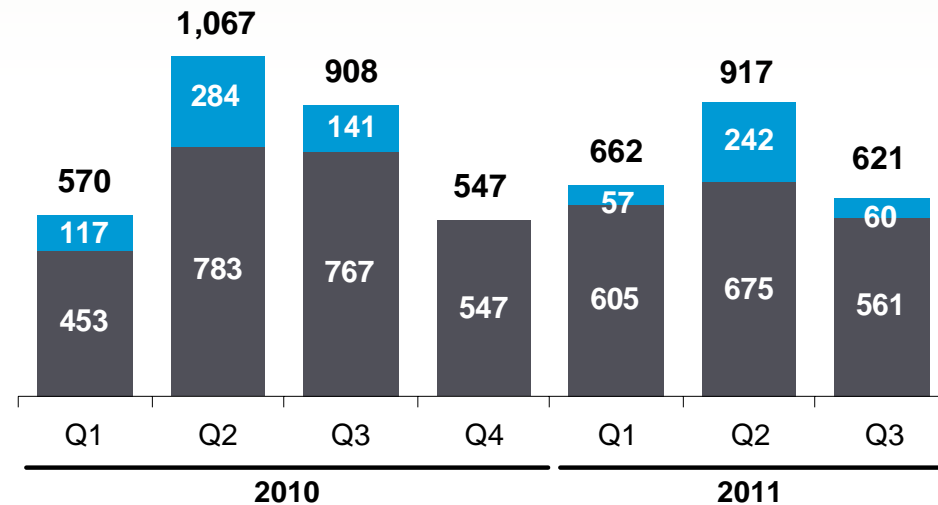


## Apartment start-ups in Finland

- Start-ups for investors (number)
- Start-ups directly for consumers (number)

2010: Total of 3,092

1-9/2011: Total of 2,200



# Improving position in infra



**Ring road I**  
Espoo, Finland

## Increased activity in infra

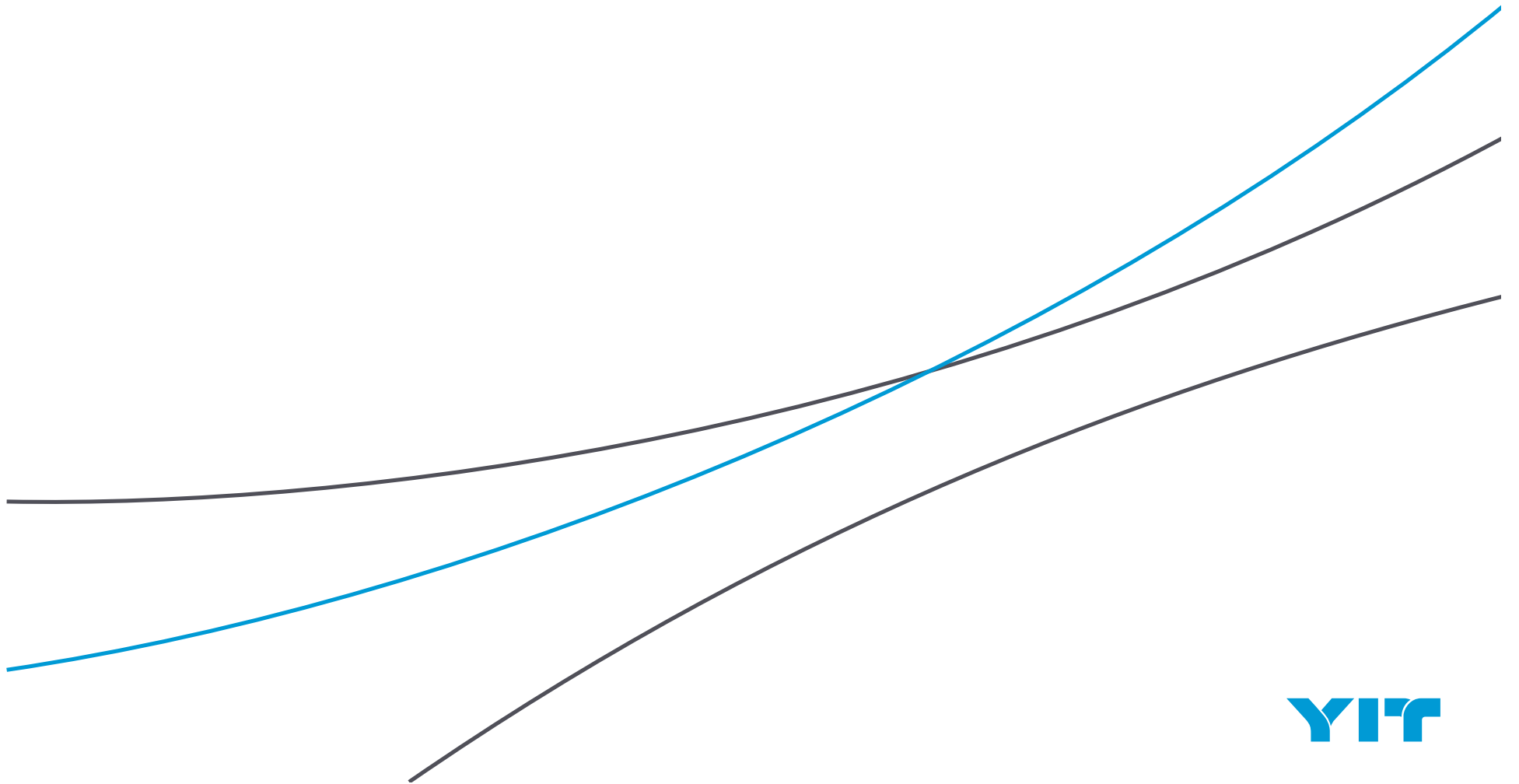
- Strengthened order backlog in infra after weaker H1
  - Contracting, i.e. no sales risk
- New orders in Q3: Motorway 3 and Western Metro (the Niittykumpu sub-contract)
- YIT's consortium with Destia was selected as preferred bidder for the E18 highway Koskenkylä-Kotka project
  - Total value up to EUR 650 million
  - Signing of the contract expected in November

## Limited sales risk in business premises

- Order backlog has clearly strengthened y-o-y
- Two projects, Safiiri Business Park and Ratinankaari for sale
- Market situation stable: rents have stabilised, international investors' interest unchanged, investors' yield requirements have stabilised
- Renting continued in Q3
- Continued interest in life cycle projects, two day-care projects won in Q3 (construction and maintenance work)



# International Construction Services



# Profitability weakened by the provision related to the ammonia case

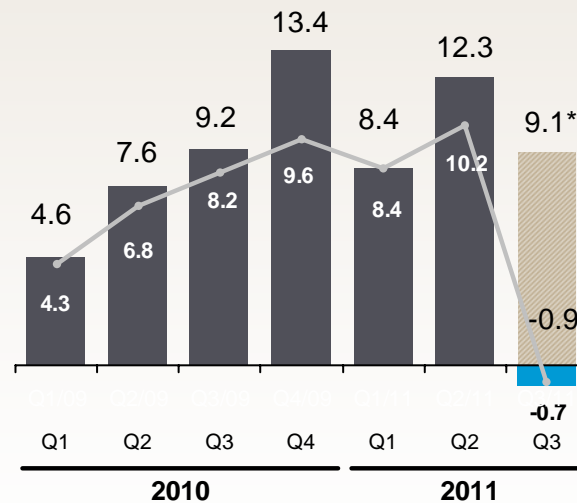
## Revenue (EUR million)

Change Q3/10 - Q3/11: 9%



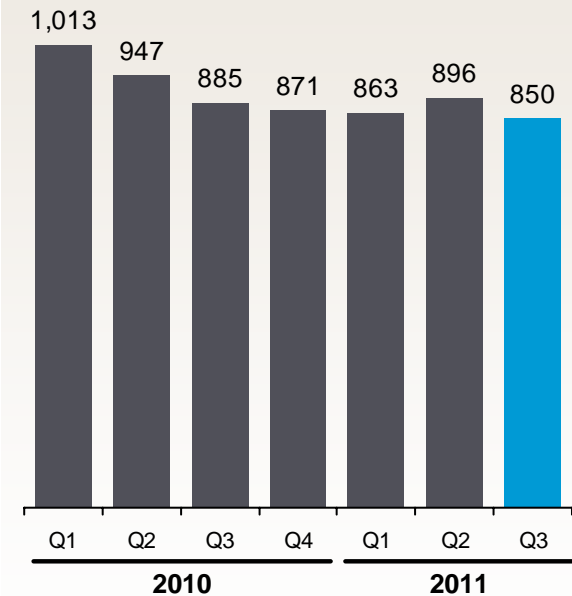
## Operating profit (EUR million)

Change Q3/10 - Q3/11: EUR -10.1 million



## Order backlog (EUR million)

Change Q3/10 - Q3/11: -4%



All figures according to segment reporting (POC)

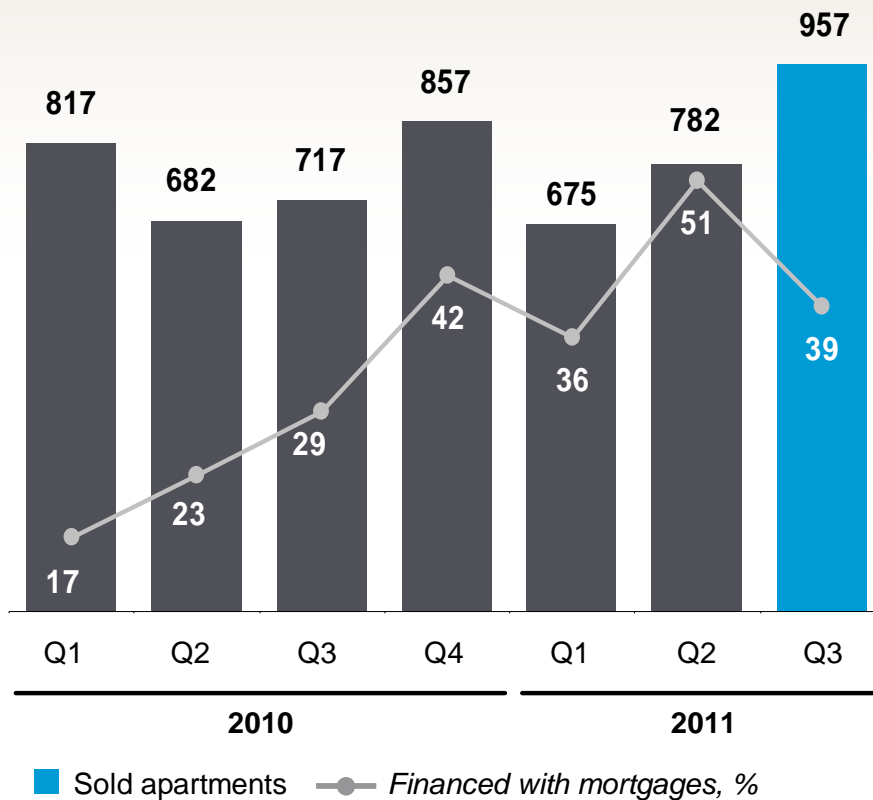
■ Operating profit    ● % of revenue

\*) A EUR 10 million cost provision covering costs related to the ammonia case was made in Q3/2011. Excluding the provision EBIT would have been EUR 9.1 million and the EBIT margin would have been 7.4%.

The operating profit of the segment includes EUR -0.9 million (7-9/2010: EUR -0.2 million) of borrowing costs according to IAS 23. EBIT margin in Q3/11 excluding these costs would have been 0.4% (Q3/10: 8.4%).

# Strong residential sales in Russia

**Apartments sold in Russia**  
(number, %)

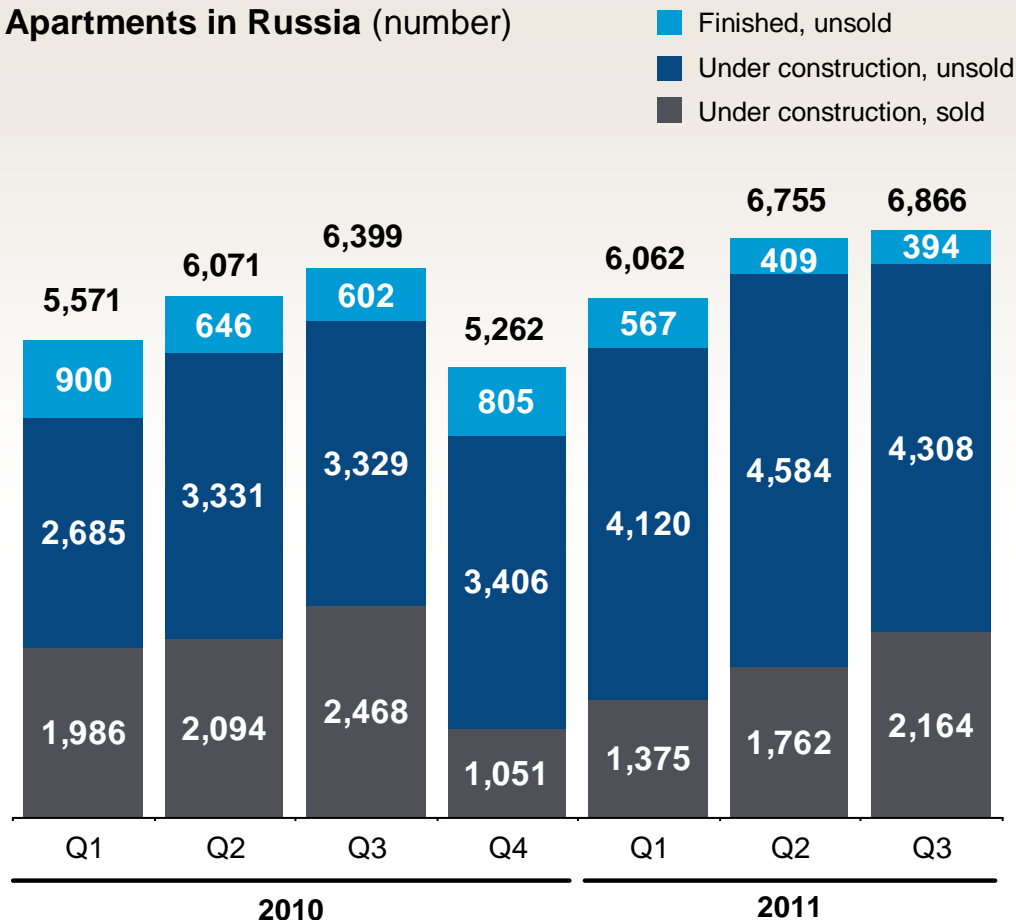


- Number of apartments sold increased from the previous year to 957 apartments
- Sales have continued at a good level in October
- YIT has continued slight price increases in all operating cities
- Sales supported by extensive mortgage co-operation with banks
  - 39% of apartments sold financed with mortgages in Q3/11
- Sales mix impacted revenue recognition, as YIT sold more units at early phase of construction



# Managed sales risk

**Apartments in Russia (number)**



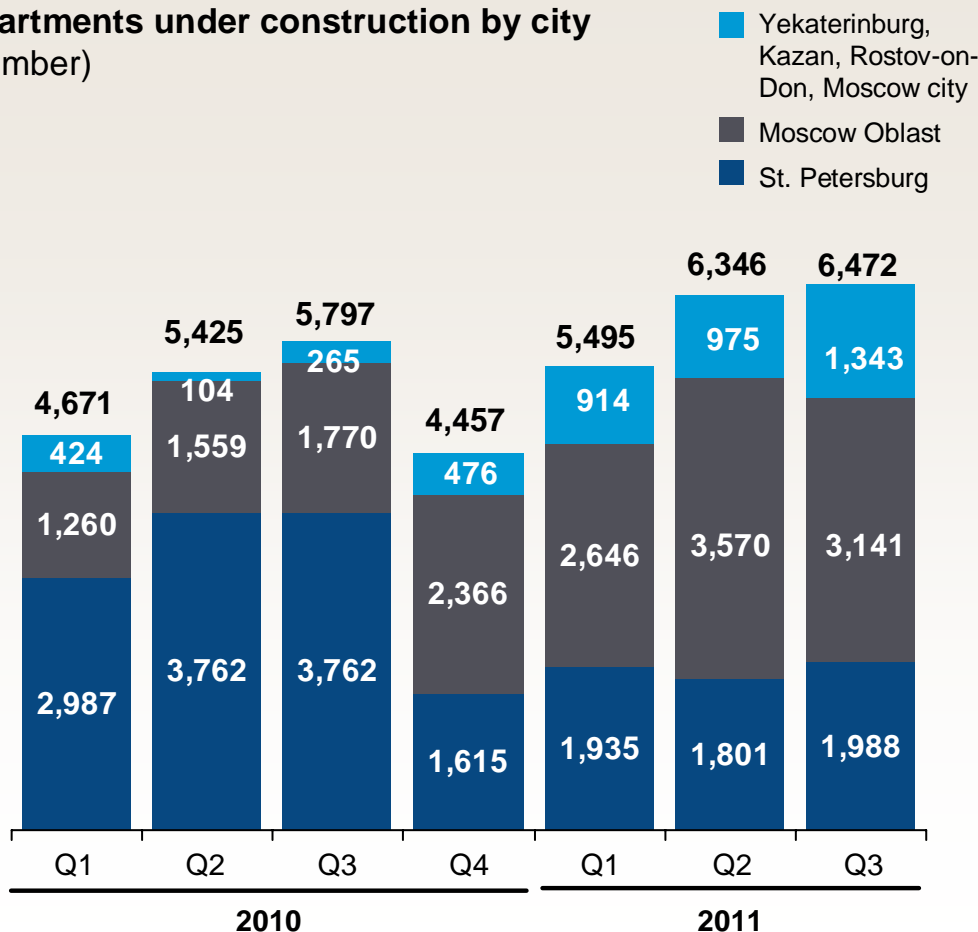
At the end of the period

- Sales inventory has increased compared to Q3/10
  - 4,702 apartments for sale at the end of September in Russia (9/10: 3,931)
  - 33% of apartments under construction were sold (9/10: 43%)
- 539 apartments commissioned in Q3/11 (Q3/10: 299)
- Construction costs remaining in ICS EUR 276 million



# Production volume increasing in Russian residential

**Apartments under construction by city**  
(number)



At the end of the period

- Apartments under construction have increased especially in Yekaterinburg and St. Petersburg
- Improved capital efficiency: smaller projects, shorter construction time, better sales during construction



# YIT is solving ammonia issue in co-operation with clients

- Reason for bad smell and above-norm ammonia level in the apartments is the used additive in concrete delivered by the supplier
- YIT expects that estimated cost impact is EUR 10 million and a cost provision of same size was made in Q3
- YIT continues negotiations on compensation with insurance companies and concrete suppliers
- Target is to preserve our good reputation in the area as a reliable and responsible partner and ensure execution of the defined strategy

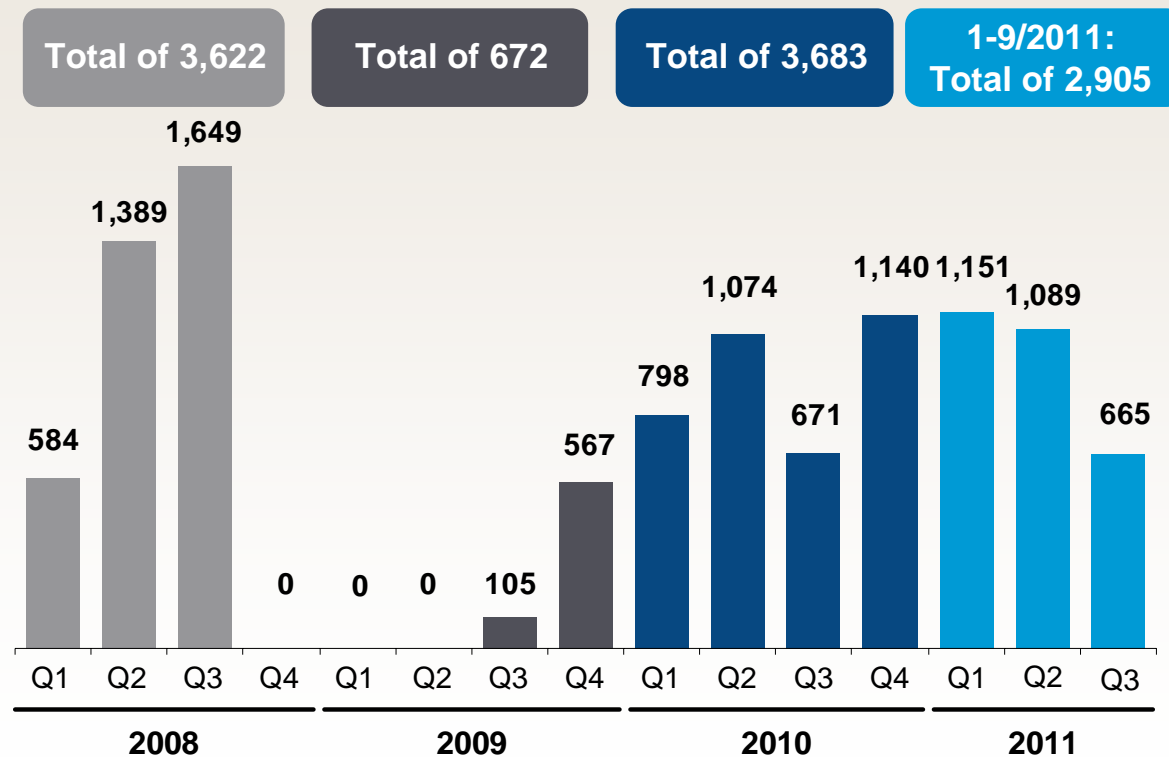
Facts as per September 30, 2011	(pcs)
Complaints from clients	50
Number of apartments agreed to be repaired	8
Number of apartments agreed to be bought back	1
Number of unsold completed apartments not for sale at the moment	83





# Target to increase start-ups in 2011 in International Construction Services

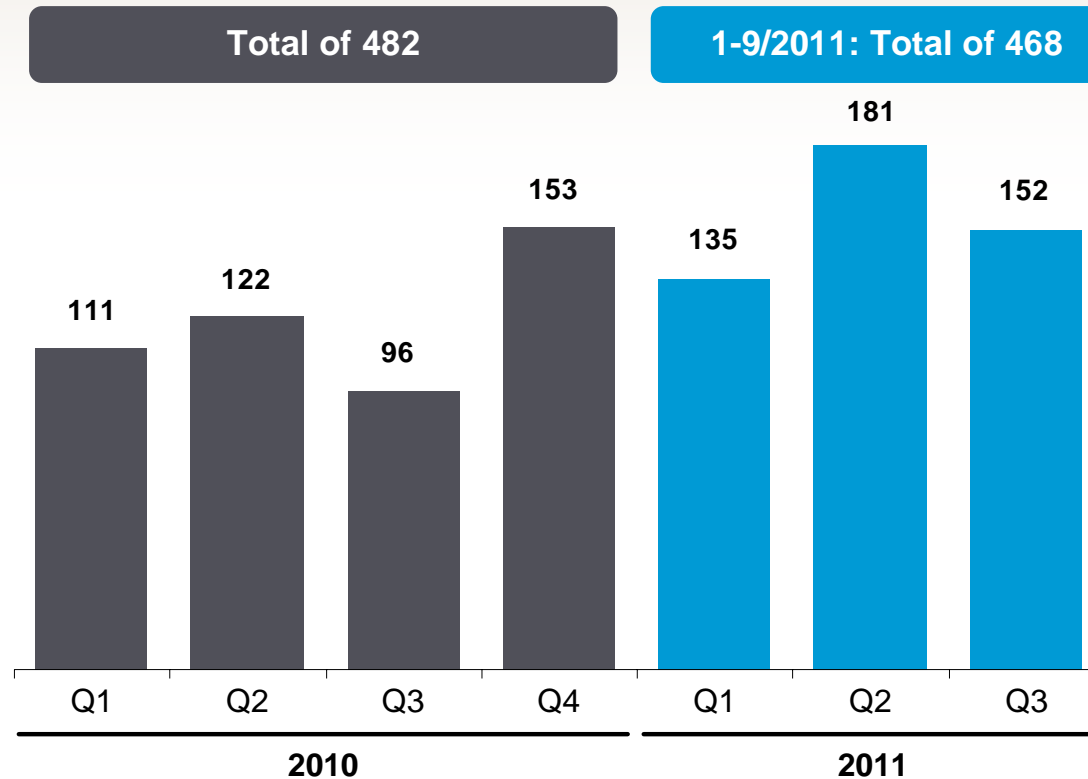
Apartment start-ups in Russia (number)



- In Q3 housing start-ups took place in St. Petersburg, Moscow region, Rostov-on-Don and Yekaterinburg
- Plot acquisitions made in St. Petersburg and Moscow region
- Diverse plot portfolio: geographical distribution, customer segments

# Volumes increasing in the Baltic countries, the Czech Republic and Slovakia

**Apartment start-ups in the Baltic countries, the Czech Republic and Slovakia (number)**



- Profitability has improved compared to Q3/2010, but is on average clearly under segment average
- Relatively low volumes still hurt segment's profitability especially in the Baltic countries
- The share of contracting still large
- Start-ups in Estonia, Latvia and Slovakia in Q3
- Sales volumes improved in all countries: in Q3 YIT sold 111 apartments (Q3/10: 13)
- Housing prices stable

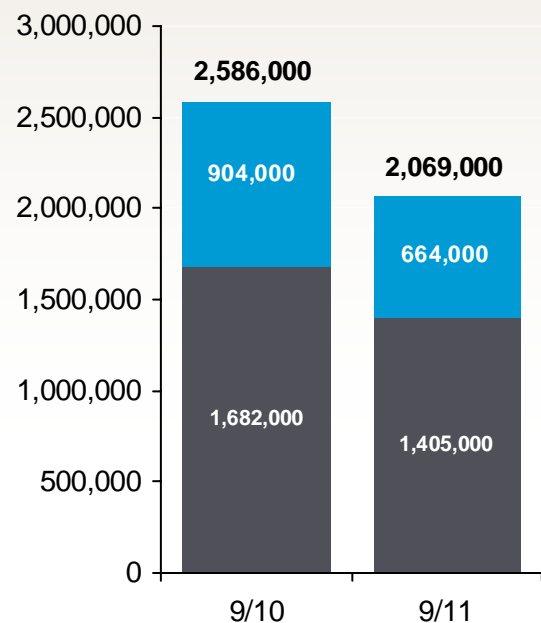
# Capital invested in plot reserves

at the end of September 2011

## Finland

9/10: EUR 284 million  
9/11: EUR 285 million

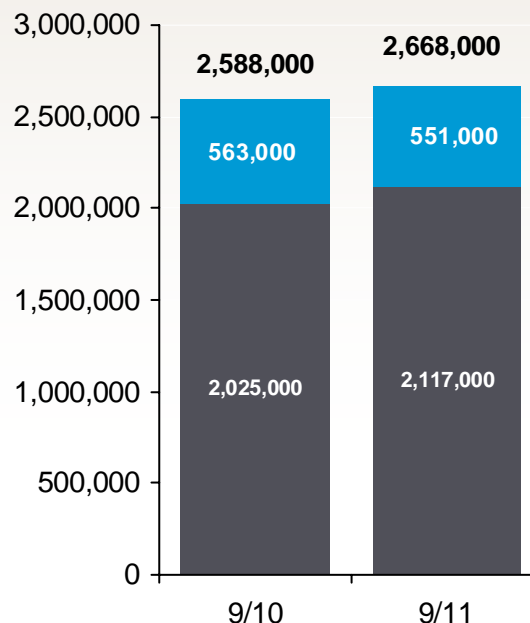
Floor area, m²



## Russia

9/10: EUR 208 million  
9/11: EUR 269 million

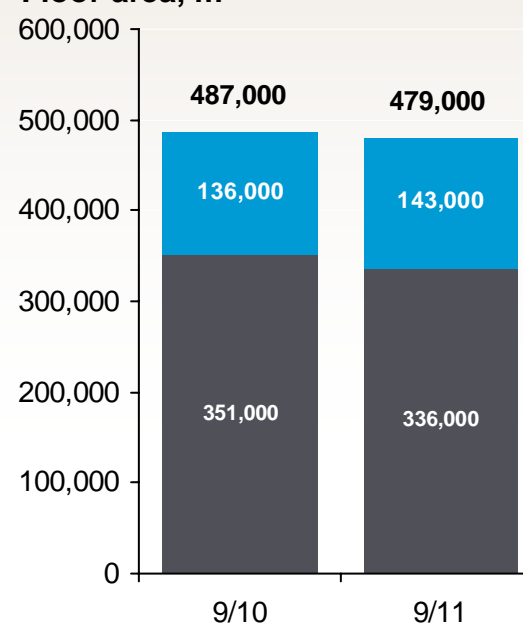
Floor area, m²



## The Baltic countries, Slovakia and the Czech Republic

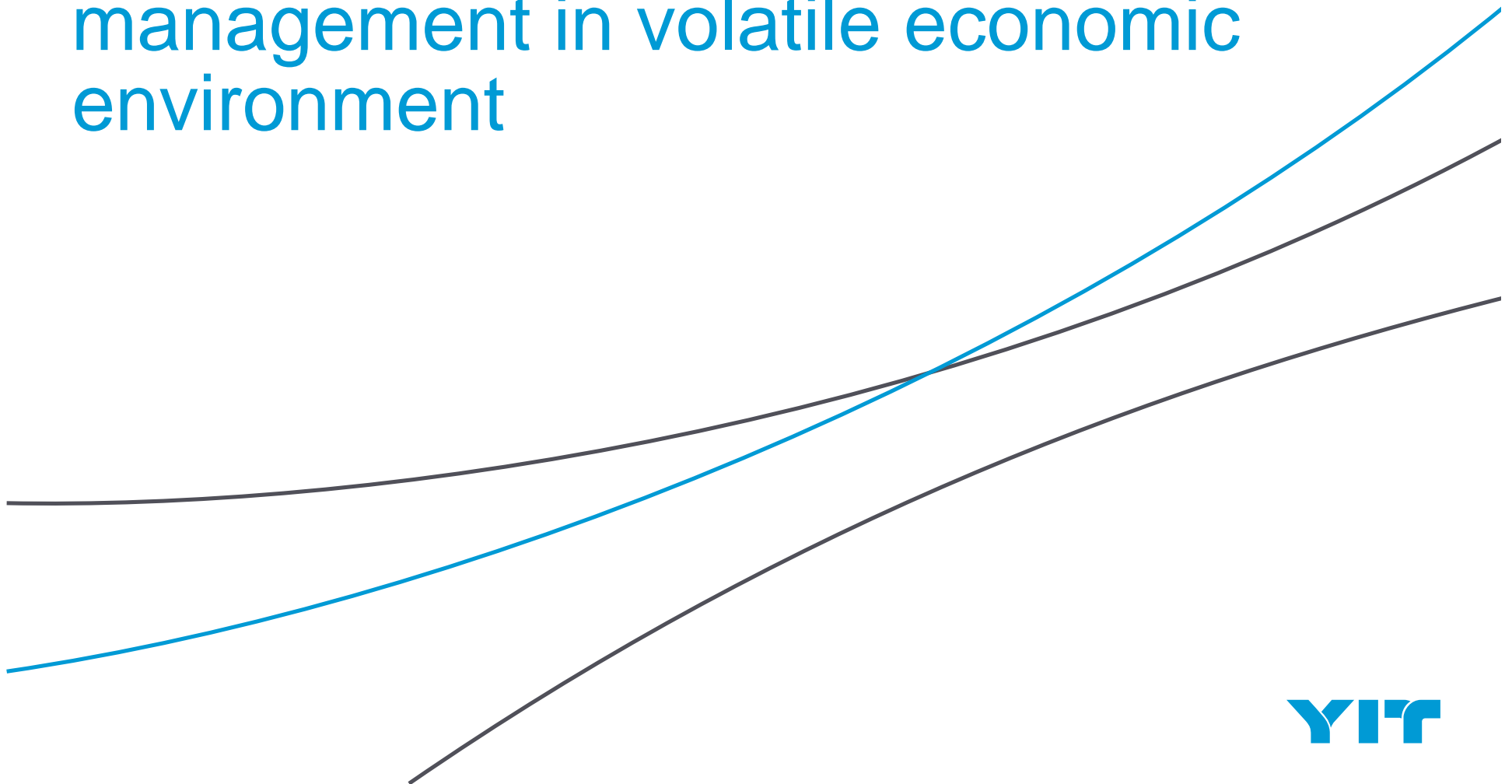
9/10: EUR 75 million  
9/11: EUR 80 million

Floor area, m²



■ Business premises plots ■ Residential plots

# YIT's finance strategy and risk management in volatile economic environment



# Versatile sources in debt financing

- Debt capital market for short term and long term issues is important funding source
- The aim of debt financing is to maintain diversified sources of debt and balanced maturity profile
  - According to the treasury policy  $\frac{1}{4}$  of long term debt is allowed to become due in a calendar year

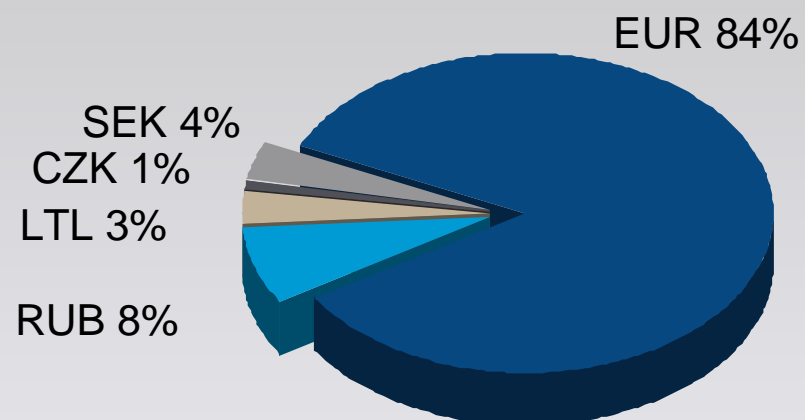


# Currency risk of debt portfolio managed well

## Principles of managing currency risks

- Items affecting the income statement by exchange rates are hedged
- Net investments on the balance sheet are not hedged
- Loans taken by parent company as a rule EUR-denominated
  - Loans made available to subsidiaries denominated in foreign currencies are fully hedged
- Due to unexpected disturbance in the forward agreement market for the relevant currency, hedging may vary between 50-100%

## Debt portfolio and forward agreements 9/2011

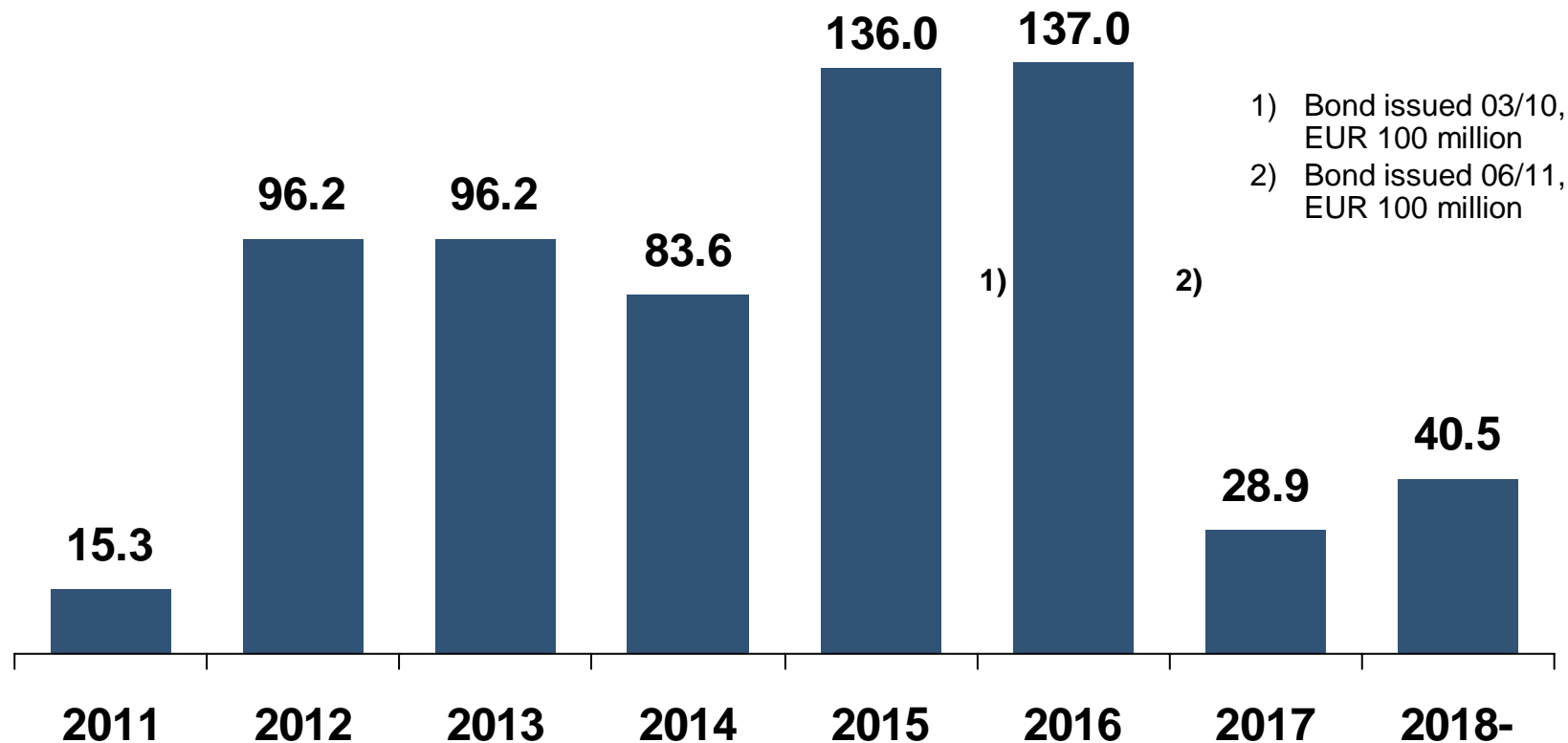




# Well-managed maturity structure

## Maturity structure of long-term debt 9/2011

EUR million



# Risk management in capital allocation



Key issues in capital allocation:

- ROI key issue in capital allocation
- Housing: sales risk of unsold inventory
- Acquisitions: payback time

Good finance and liquidity position

Construction costs remaining 9/2011 in total EUR 650 million

- Construction Services Finland
  - Housing and business premises EUR 374 million
- International Construction Services
  - Housing and business premises EUR 276 million

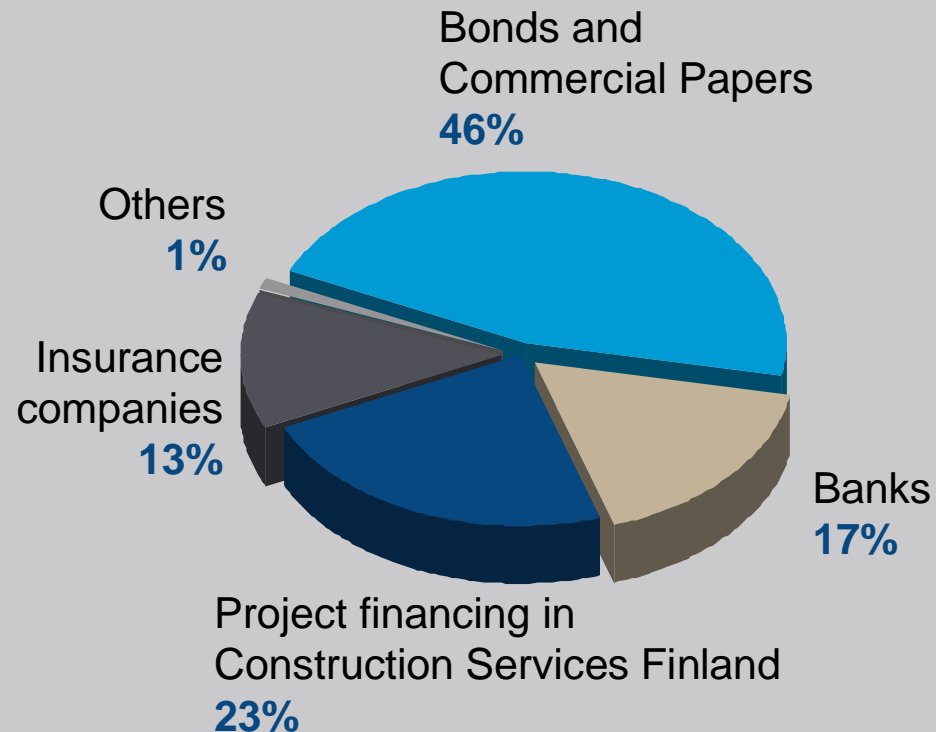
Long-term debt maturing in Q4/2011 EUR 15 million

- Cash as per end of September 2011 EUR 224 million, committed credit facilities EUR 316 million

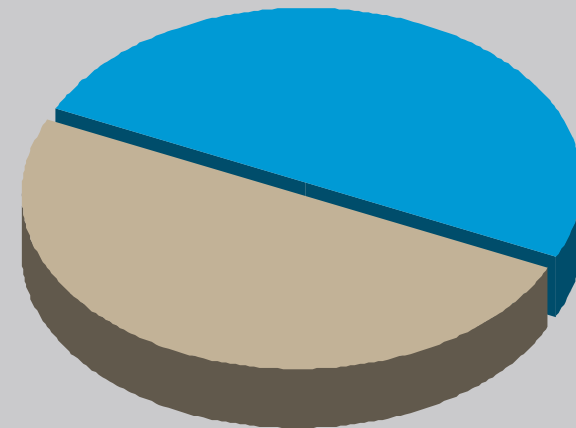
# Balanced debt portfolio

**Net debt portfolio 9/2011, total EUR 979 million (6/2011: 937 million)**

*Average interest rate 3.3% (6/2011: 3.5%)*



Fixed interest rate **50%**  
*Average interest rate 4.2%*

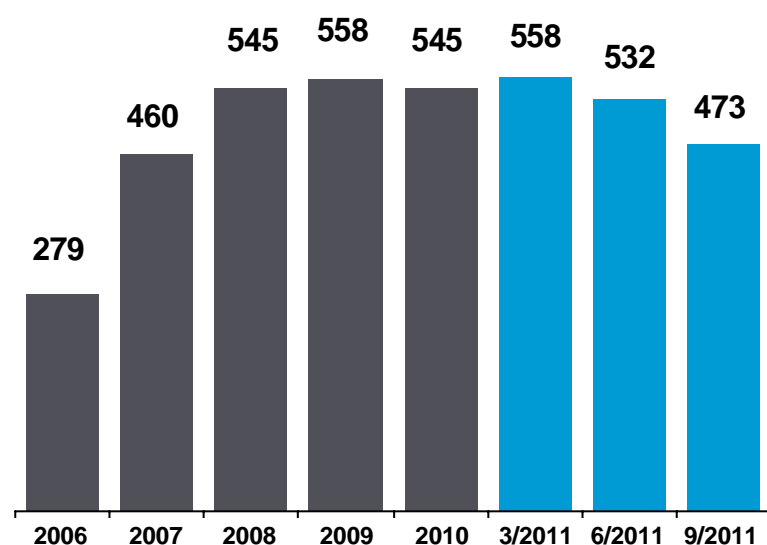


Floating interest rate **50%**  
*Average interest rate 2.5%*

# Capital invested in Russia

## Capital invested in Russia 2006-9/2011

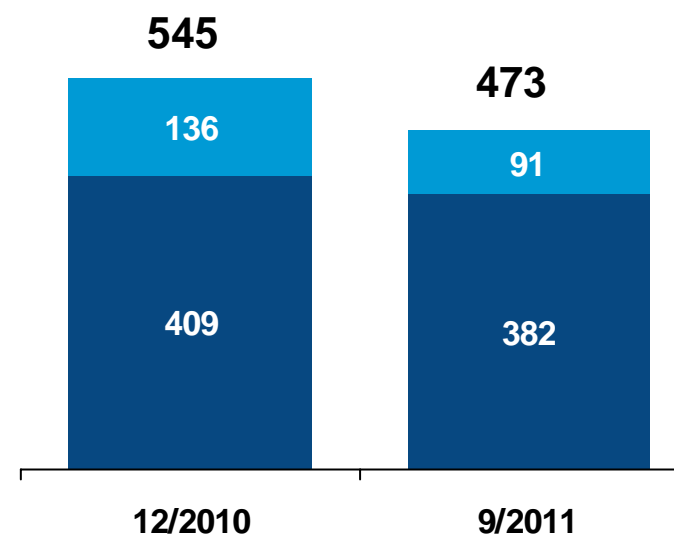
EUR million



2008: according to POC, 2009-2011: according to IFRIC 15

## Capital invested in Russia

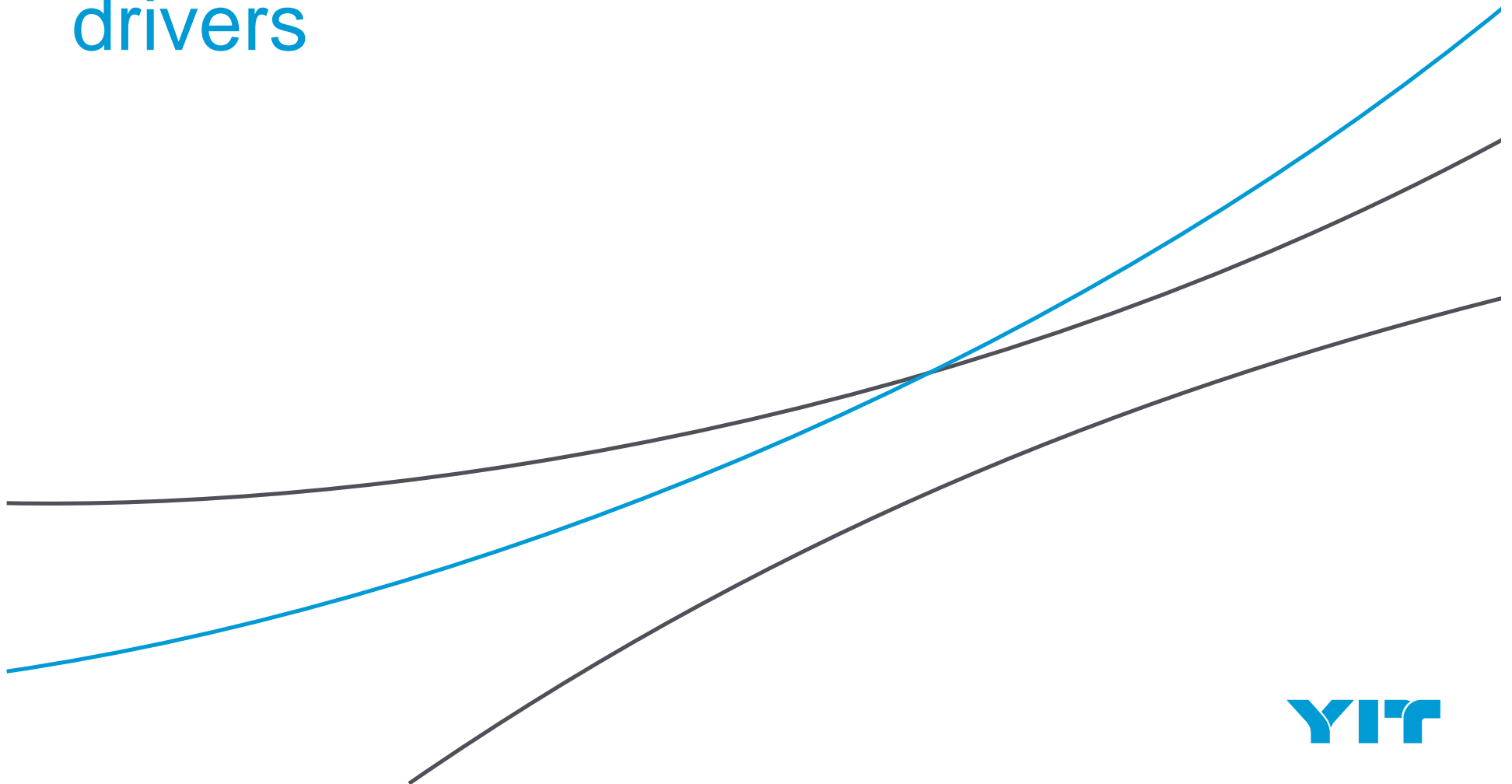
EUR million



■ Equity and equity-like fixed net investments ■ Debt

According to IFRIC 15

# Cost management and profitability drivers



# Potential for profitability improvement

<b>Building Services Northern Europe</b>	<ul style="list-style-type: none"><li>• Actions to get BS Northern Europe back to track</li></ul>
<b>Building Services Central Europe</b>	<ul style="list-style-type: none"><li>• Increasing share of service and maintenance</li><li>• Acquired companies' initial profitability providing upside potential</li></ul>
<b>Construction Services Finland</b>	<ul style="list-style-type: none"><li>• Business portfolio development<ul style="list-style-type: none"><li>– Good volume in Business premises</li><li>– Improving activity in Infra services</li></ul></li><li>• International sourcing</li></ul>
<b>International Construction Services</b>	<ul style="list-style-type: none"><li>• Successful price increases in 2011</li><li>• Improving capital efficiency<ul style="list-style-type: none"><li>– Smaller projects</li><li>– Shorter construction times</li><li>– Selling apartments at earlier phase of construction</li></ul></li></ul>



# Lessons learnt from the financial crisis



**No breaks in start-ups**

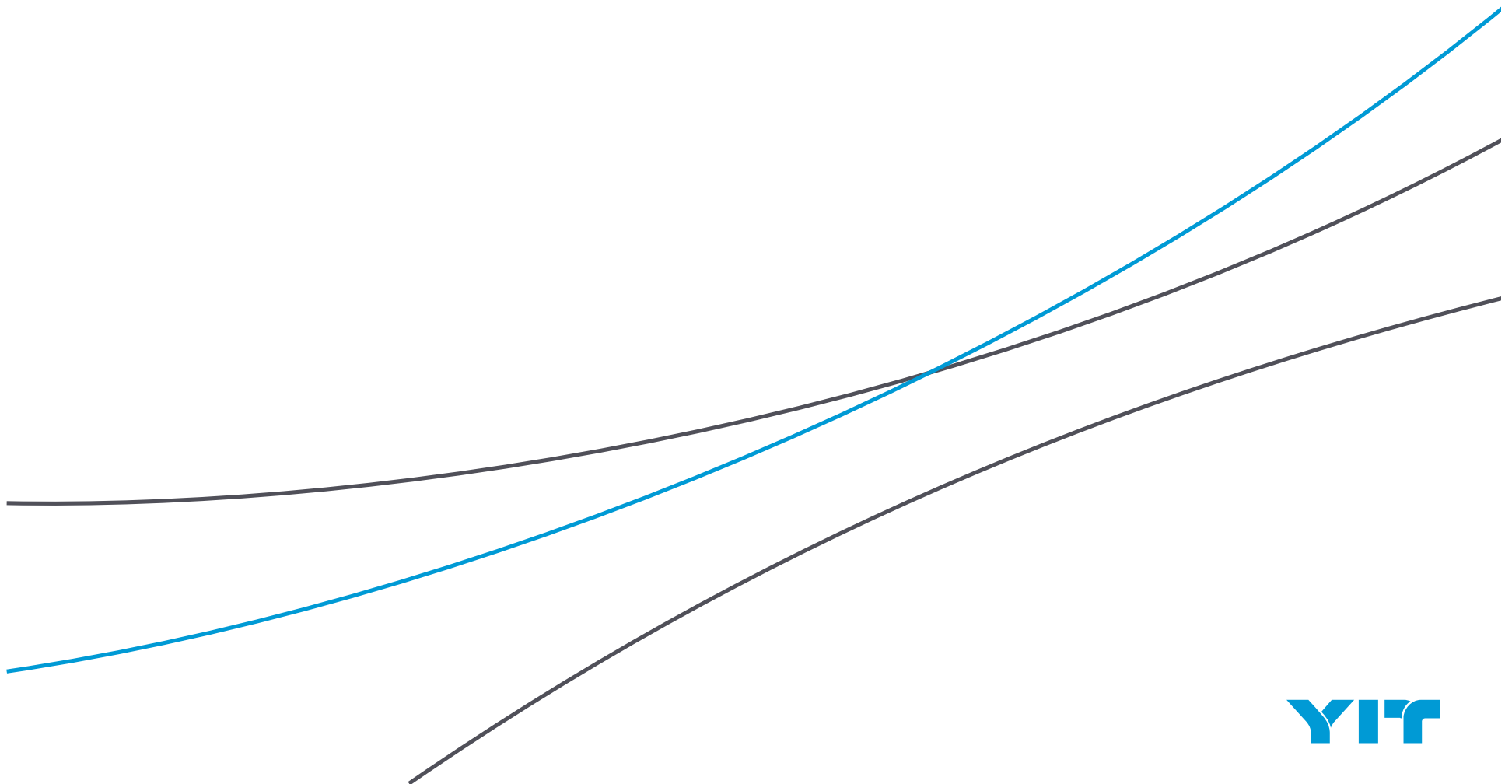
**No breaks in acquisitions**

**No breaks in plot acquisitions**

**Liquidity position must be kept strong**

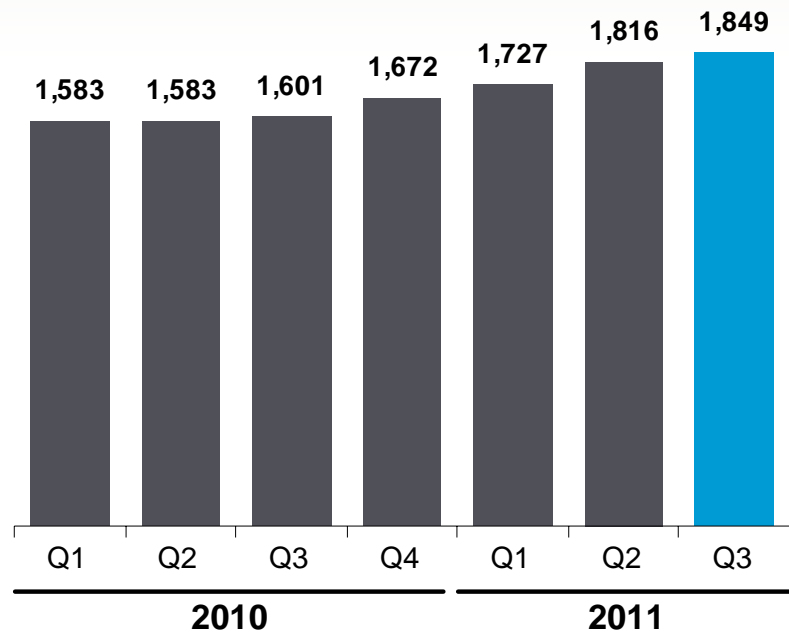
- Cash and committed credit and overdraft facilities amounted to EUR 540 million at the end of September 2011

# Financial position and key ratios

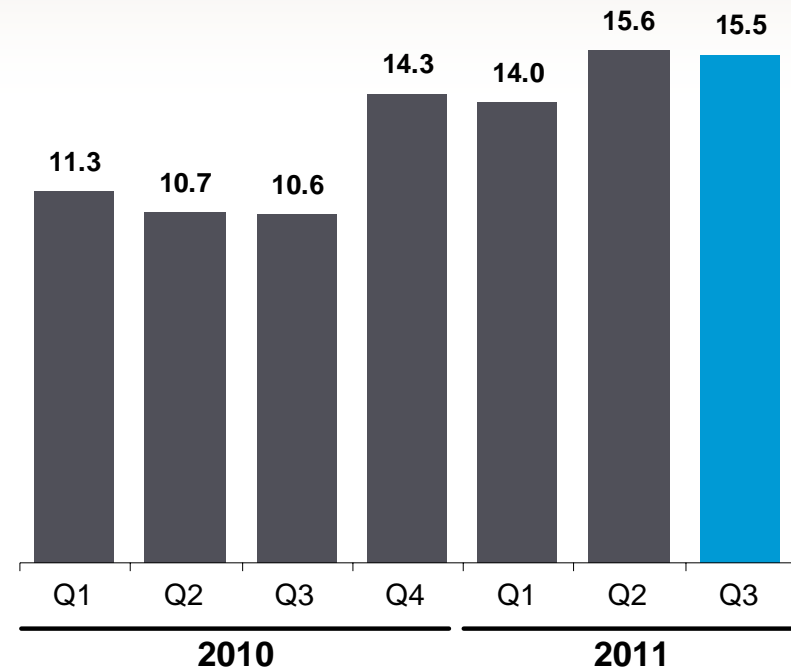


# Higher profit will be key driver to improve ROI

**Invested capital**  
EUR million



**Return on investment (ROI)**  
Last 12 months

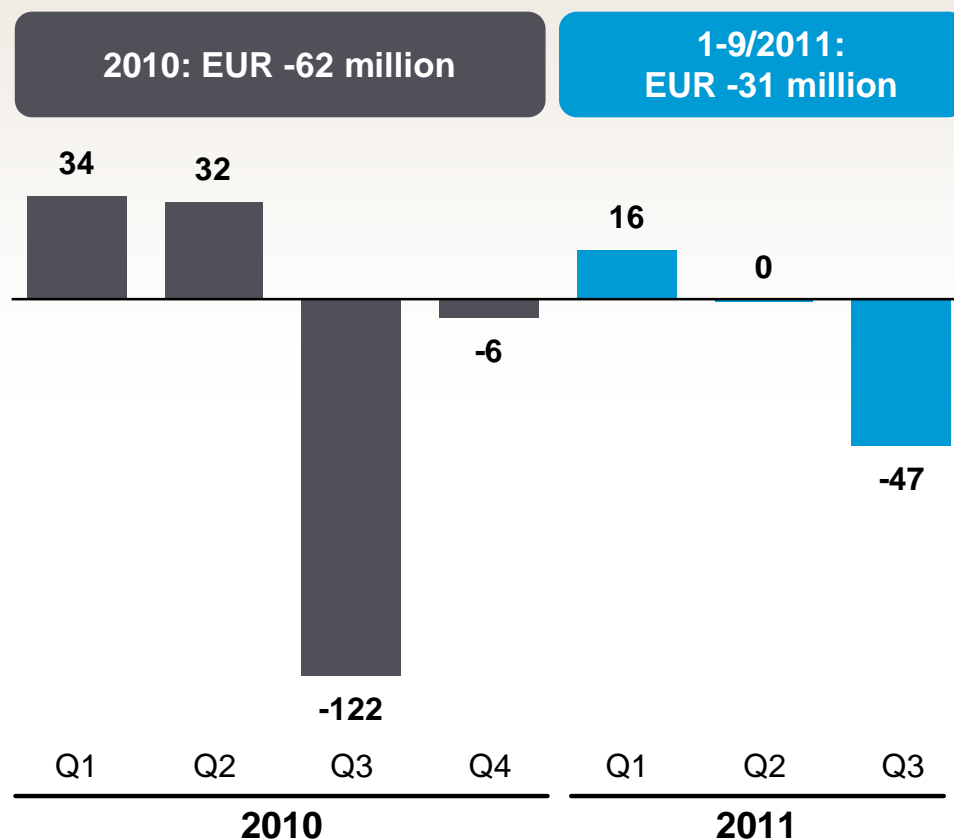


All figures based group reporting (IFRIC 15)

**Strategic target:**  
Return on investment 20%

# Investments had negative impact on cash flow Q3

## Operating cash flow after investments (EUR million)



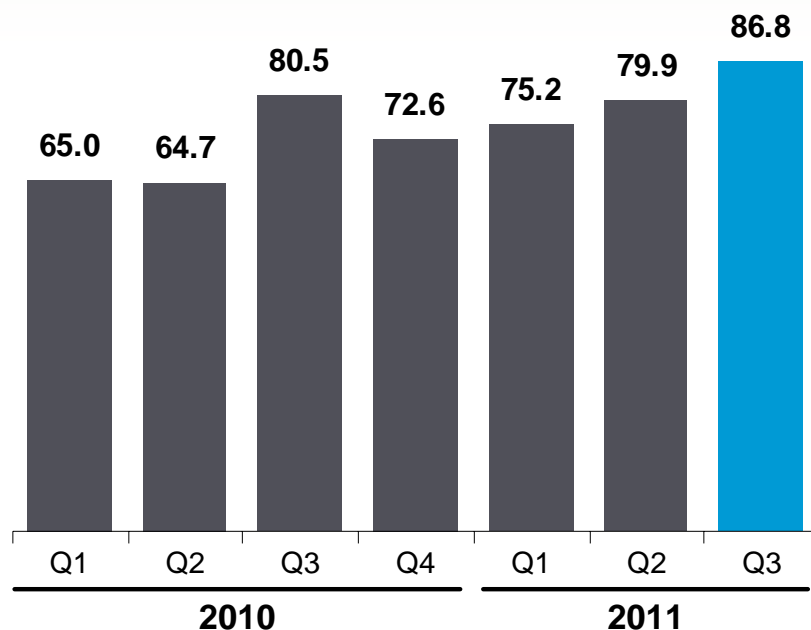
## Investments to support growth had an impact on cash flow in Q3

- Increased working capital
  - Plot acquisitions
  - Increased sales inventory of own developed projects in Finland
  - Temporary increase in receivables in Building Services Northern Europe
- ICS cash flow positive in 1-9/2011

# Financial position enables growth strategy execution

## Gearing ratio

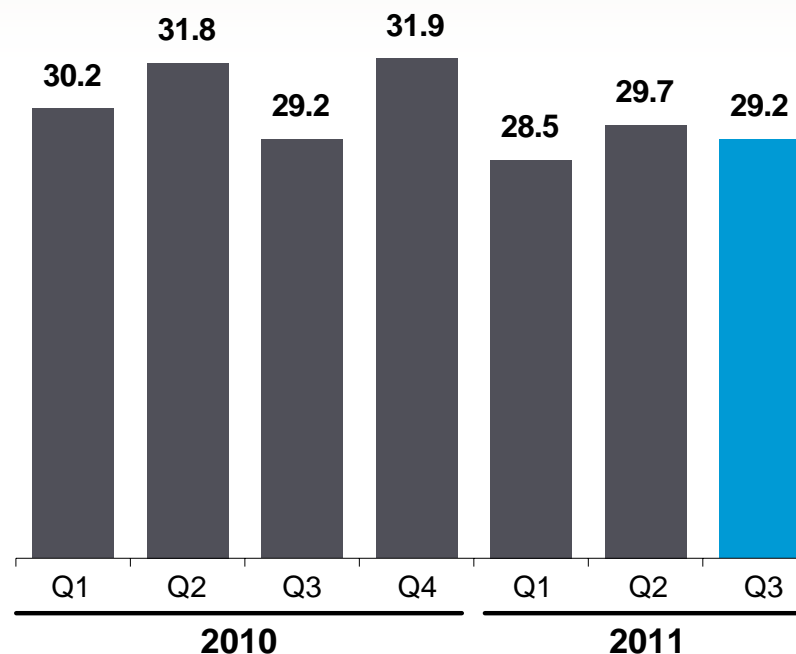
Percent



## Equity ratio

Percent

*Negative translation difference of EUR 23 million under shareholders' equity due to ruble devaluation*



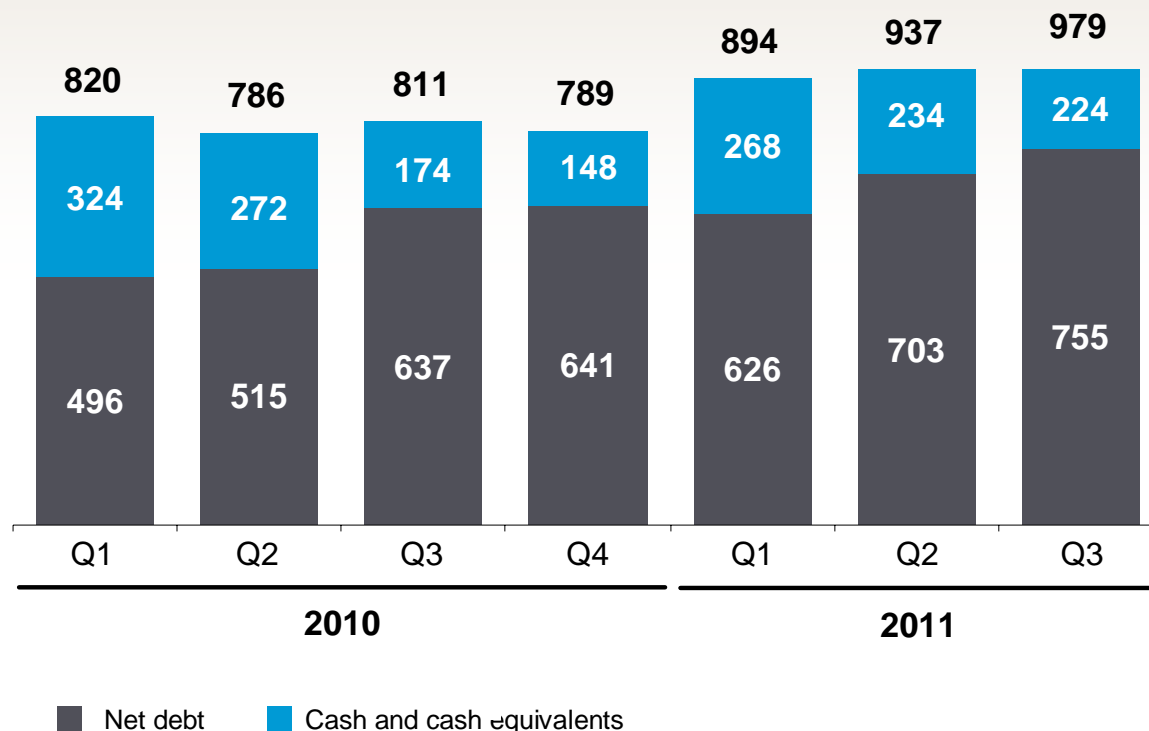
All figures based on group reporting (IFRIC 15)

**Strategic target:**  
Equity ratio 35%

# Good financial position

## Diverse financing sources, stable maturity structure

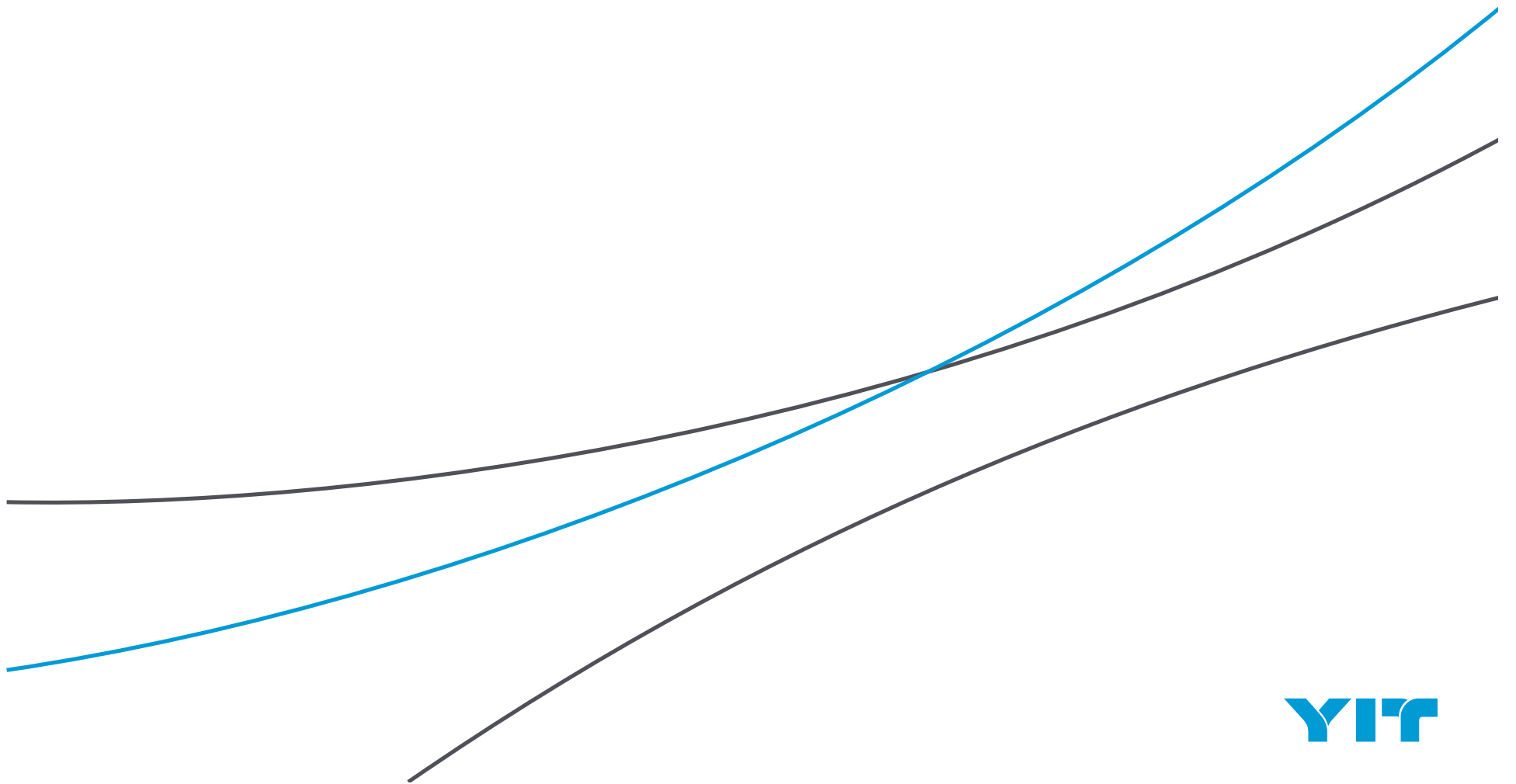
**Interest-bearing debt** (EUR million)



- Construction costs remaining 9/2011 in total EUR 650 million
- Long-term debt maturing in Q4/2011 EUR 15 million
- Cash as per end of September 2011 EUR 224 million
- Committed credit facilities
  - EUR 50 million until December 2013
  - EUR 200 million until December 2015
  - No financial covenants
- Overdraft facilities EUR 66 million



# Future outlook



# Market outlook 2011

## Building Services Northern Europe



Nordkalk  
Köping, Sweden

### **Service growth expected to exceed project business growth**

- Good opportunities in all countries in service and maintenance
- New investments in building systems are expected to increase slightly
  - However, investment decisions may take longer
- High energy prices and tightening legislation support the demand for energy saving solutions
- Industrial investments in Finland started to increase in 2010 from low levels, slight increase expected in 2011

### **Eastern Europe and Russia**

- Service market developing in Eastern Europe and Russia

# Market outlook 2011

## Building Services Central Europe

### **The service and maintenance market is expected to grow at the same rate as the project market**

- The opportunities for growth in service and maintenance are favourable especially in Germany
- New investments in building systems have returned to a relatively good level throughout YIT's market area in Central Europe, with Germany and Austria leading the recovery
- Despite increased uncertainty, new investments in building systems are expected to grow by 2-3 percent in 2011
- Investments by industrial customers are at a good level and demand for business premises has been growing

### **Energy efficiency services expected to grow**

- High energy prices and tightening environmental legislation support the demand



**The SQUAIRE**  
Frankfurt/ M., Germany



# Market outlook 2011

## Construction Services Finland

### Residential Construction

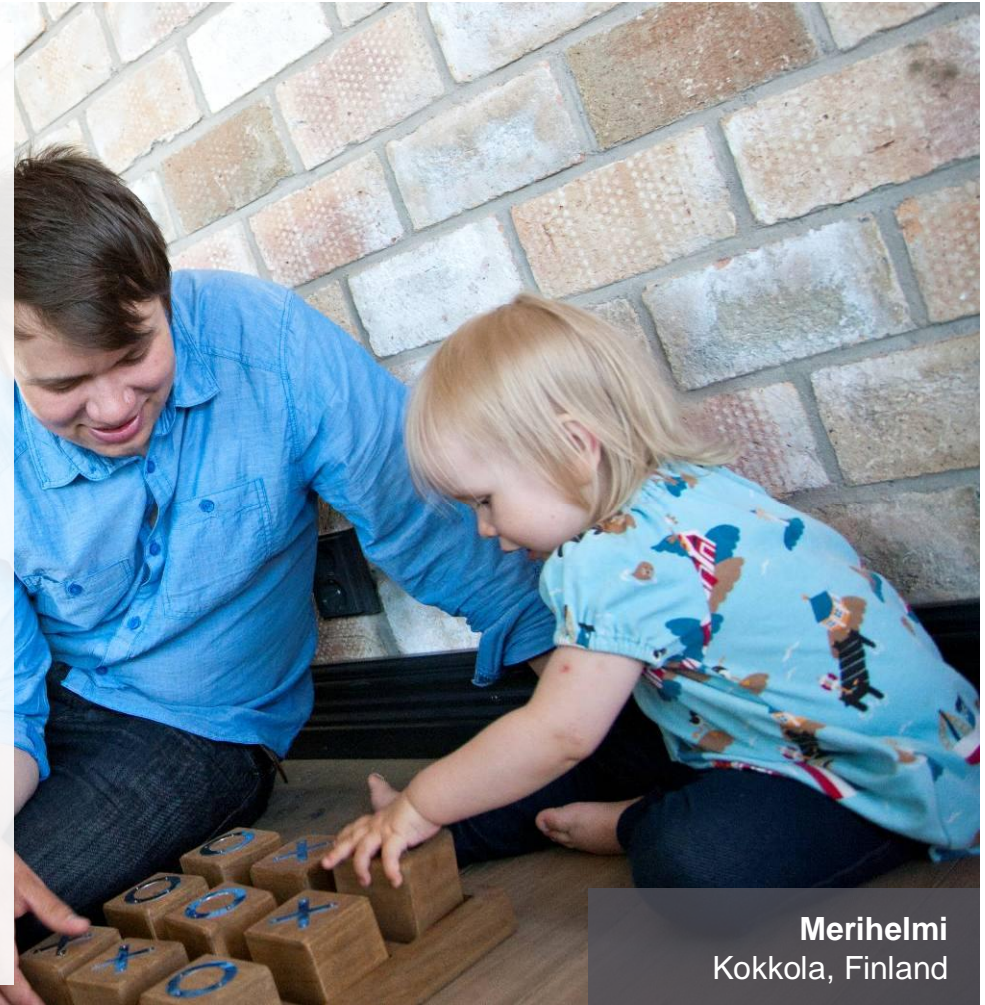
- Forecasted housing start-ups 30,500 units in Finland in 2011 (Confederation of Finnish Construction Industries, October 2011) while the estimated long-term annual need is 35,000 units
- Over the short term, risk of increasing unemployment may be seen as slower residential sales
- Housing prices expected to remain stable
- Upward pressure on construction costs easing
- Over the long term, housing demand is supported by migration and demographic factors

### Business Premises Construction

- Investor yields have stabilised and rents have risen in 2011
- Vacancies in the office sector high, but part of empty premises may not return to use due to low quality and bad locations
- Commercial and logistics construction remains stable
- Users' decisions may take longer time

### Infra Services

- Potential route projects will start in 2011 and 2012
- Risks related to public investments and delayed decision-making



**Merihelmi**  
Kokkola, Finland

# Market outlook 2011

## International Construction Services



Prozorovskoje-Golitsyno  
Kratovo, Russia

### **Russia**

- Huge long-term need for housing
- Housing demand and prices expected to increase in 2011
- Mortgage market development supports demand; however, slight increase seen on interest rates
- Increase in inflation will be seen also as higher construction costs

### **The Baltic countries, the Czech Republic and Slovakia**

- Signs of improvement in the market
- Long-term need to improve living conditions
- Housing demand expected to increase
- Construction costs increasing



# Guidance for 2011

YIT estimates growth in revenue and in operating profit in 2011

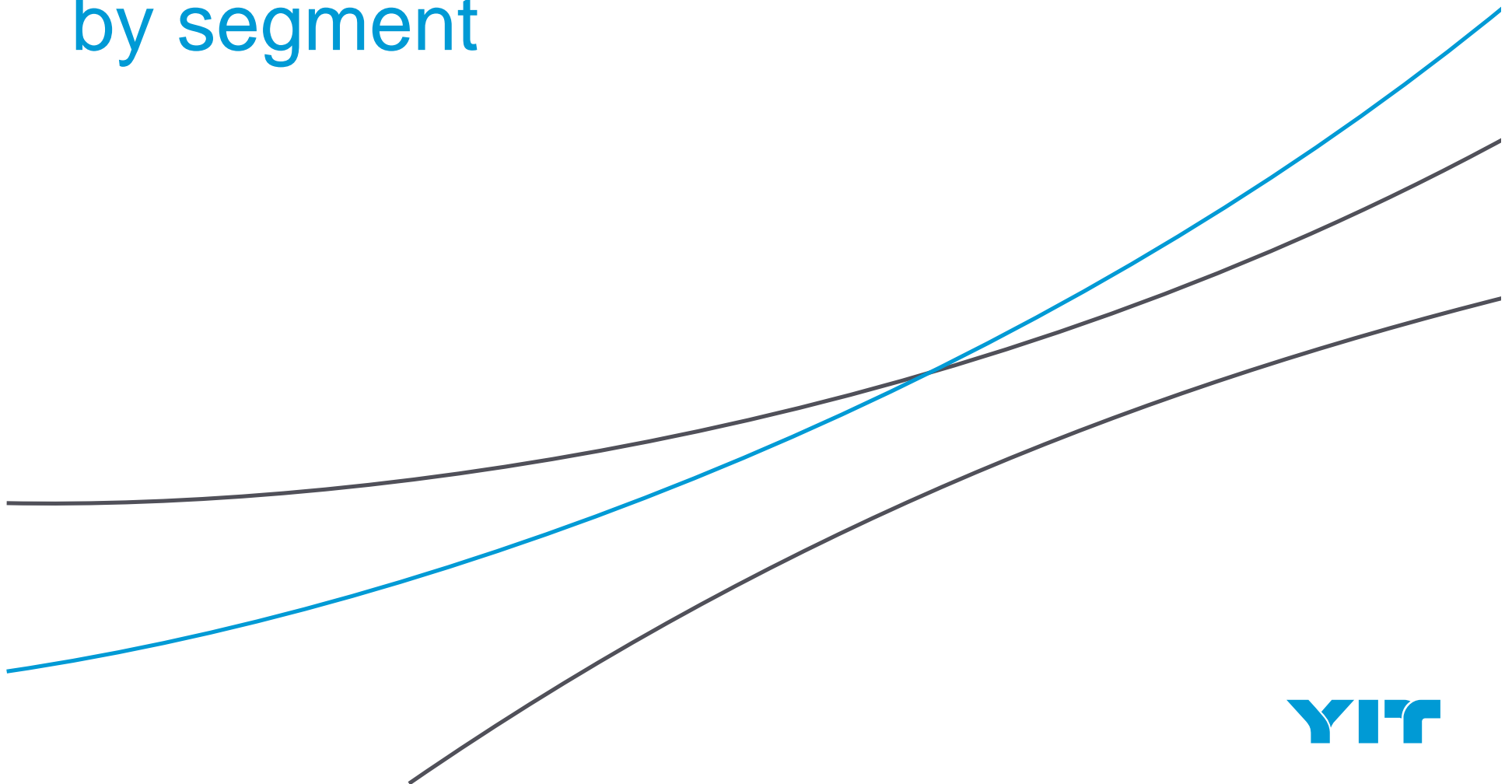
(Guidance was revised on October, 12, 2011)

Guidance is based on segment reporting  
(POC=Percentage of completion)

Technische Universität München  
Departments for Mathematics and Informatics  
Garching, Germany



# Long-term financial performance by segment



# Building Services, Northern and Central Europe

## Operating profit and margin

### 2007

- Good non-residential market supported project demand
- Industrial investments at high level
- Sales of Network Services to Relacom

### 2008

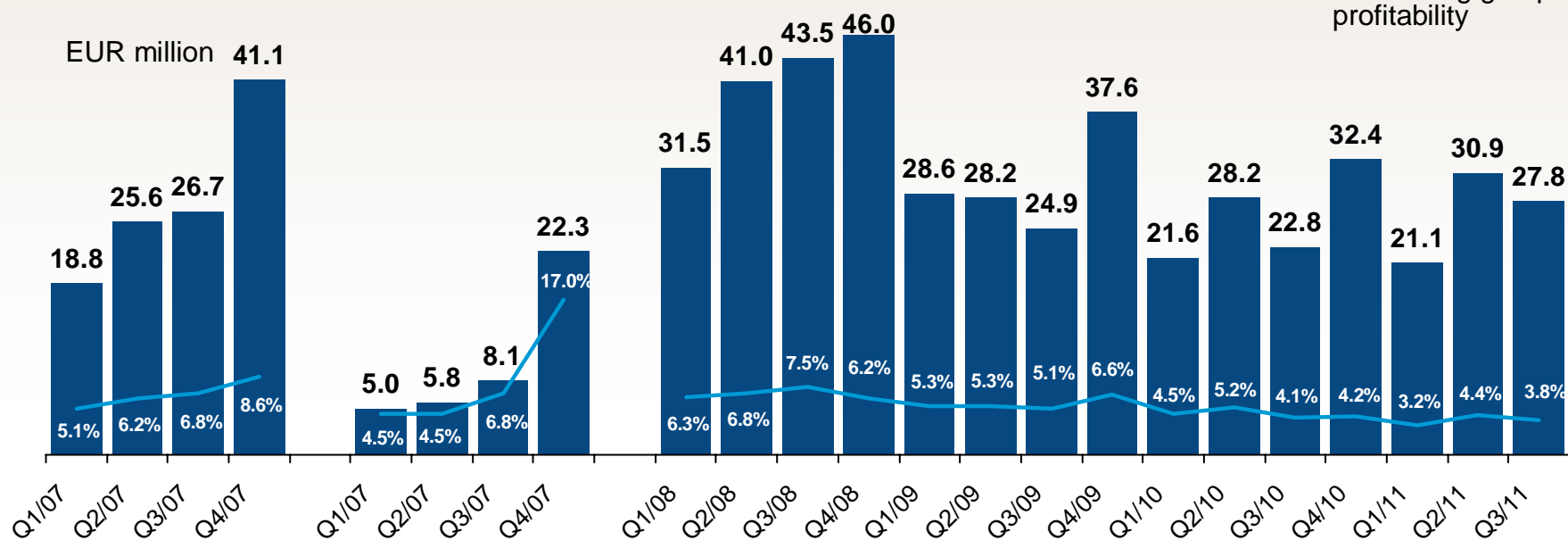
- Good non-residential market supported project demand

### 2009-2010

- Weak non-residential market, weak project demand
- Acquired companies' profitability below group level
- Industrial investments in Finland started to increase slightly from low level in 2010
- Fixed cost cuts 2009

### 2011

- Tight price competition in projects
- Relatively low new investments in building systems
- Acquired companies still diluting group profitability



2007: Building Systems and Industrial Services as separate segments

2008-2010: Building and Industrial Services

2011: Total of Building Services Northern Europe and Building Services Central Europe

■ Operating profit — % of revenue

# Construction Services Finland

## Operating profit and margin

### 2007

- Good residential market
- Good non-residential market, yields at low level

### 2008

- Weakening residential market
- Good development in non-residential due to "old" order backlog

### 2009

- Focus in investor deals in the residential market
- Weakening non-residential market
- Good performance in infra
- Fixed cost cuts

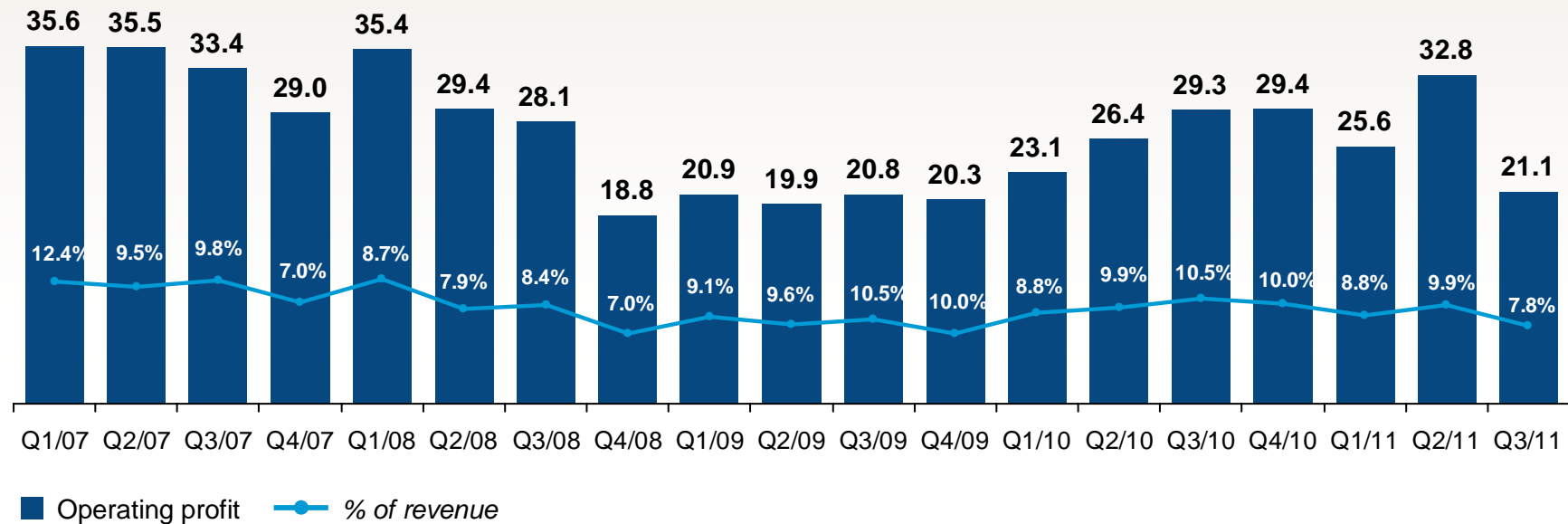
### 2010

- Residential focus turned to direct consumer sales
- Signs of improvement in non-residential market

### 2011

- Focus in direct consumer sales
- Improvement in non-residential market
- Infra weak in H1

EUR million



# International Construction Services

## Operating profit and margin

### 2007

- Good market conditions in Russia and Baltics
- Increasing residential prices especially in Russia

### 2008

- Prices declining in the Baltic countries and Russia (H2)
- Profitability hit particularly in Baltic countries

### 2009

- Housing prices stabilising in Russia (H2)
- Low business volumes in the Baltic countries
- Fixed cost cuts

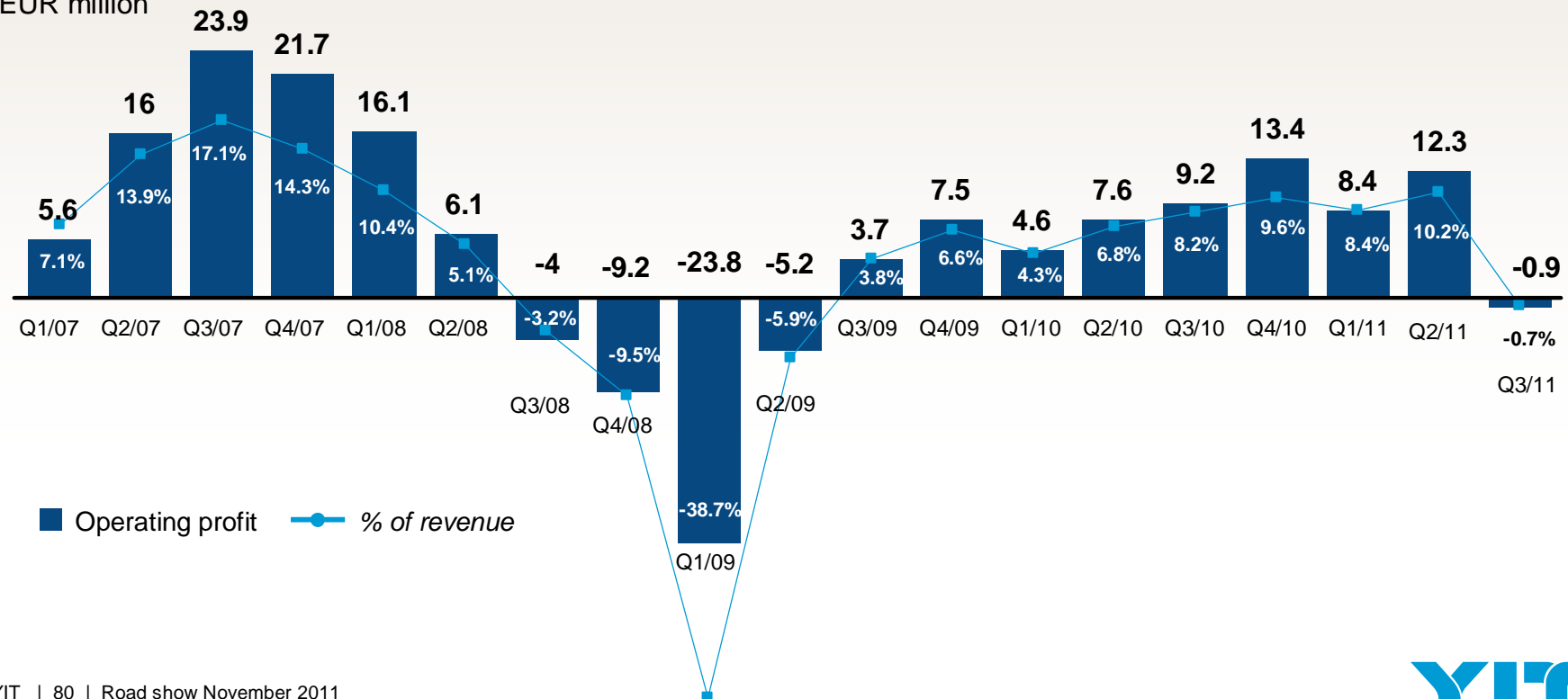
### 2010

- Slight increases in residential prices in Russia
- Low volumes in the Baltic countries and CEE, though the bottom has been passed

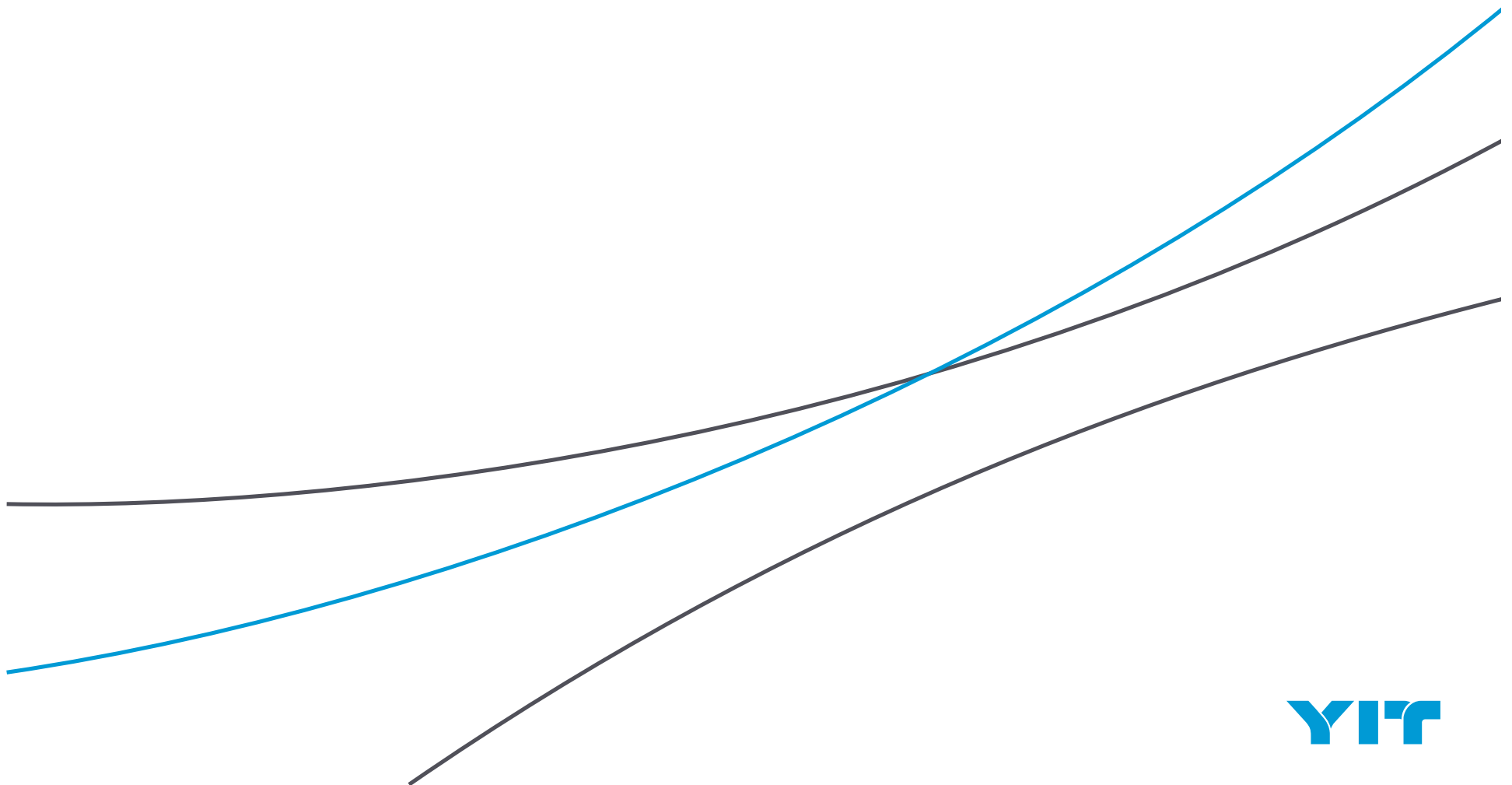
### 2011

- Prices increasing in Russia (regional differences)
- Volumes increasing in the Baltic countries and CEE

EUR million



# Ownership



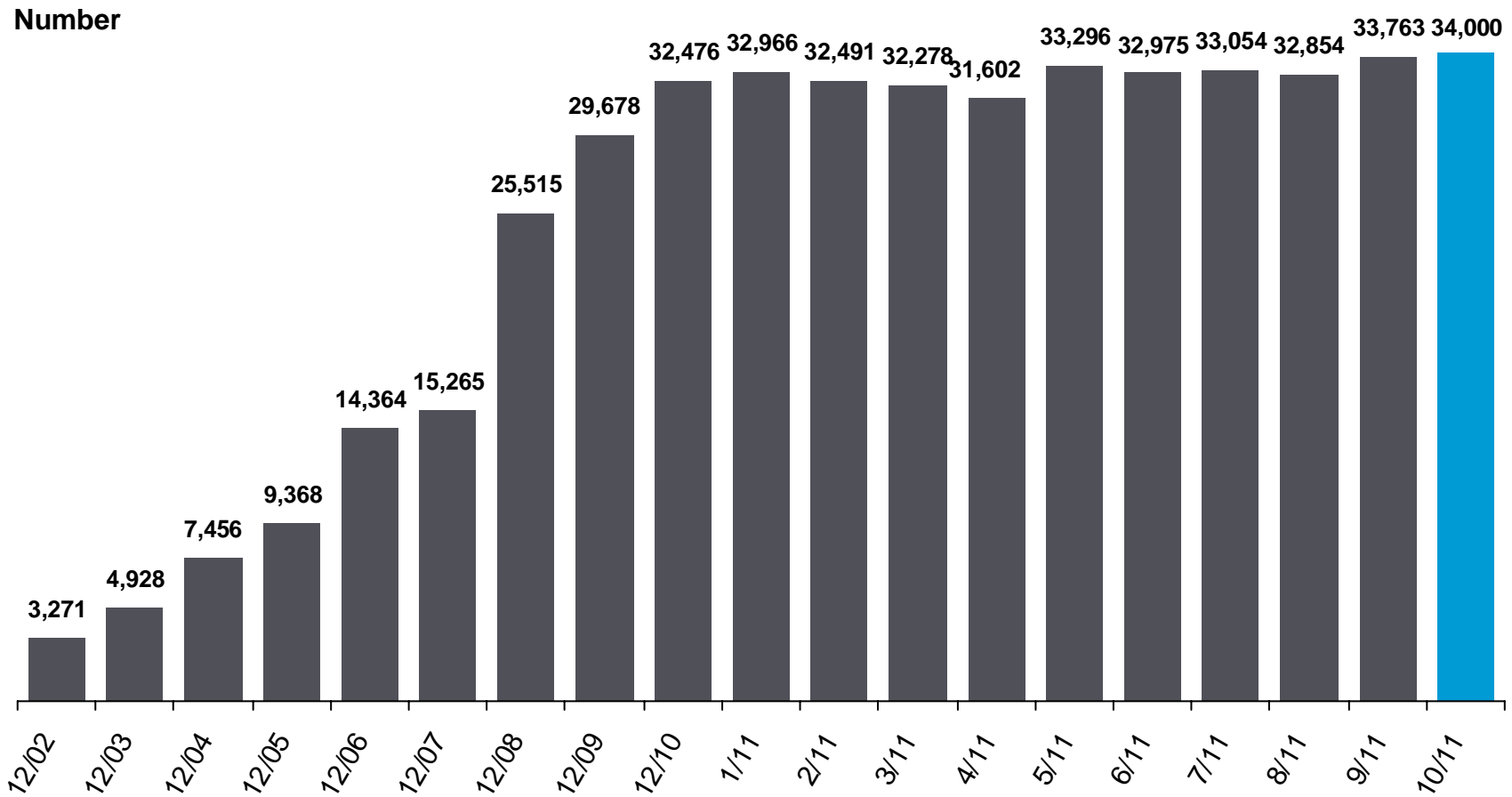
# YIT's major shareholders

on October 31, 2011

Shareholder	Shares	% of share capital
1. Structor S.A.	15,430,000	12.13
2. Varma Mutual Pension Insurance Company	10,000,000	7.86
3. Mandatum Life Insurance Company Limited	6,153,725	4.84
4. Ilmarinen Mutual Pension Insurance Company	5,593,255	4.40
5. YIT Corporation	1,951,392	1.53
6. Svenska Litteratursällskapet i Finland r.f.	1,859,200	1.46
7. Tapiola Mutual Pension Insurance Company	1,685,541	1.32
8. Brotherus Ilkka	1,324,740	1.04
9. The State Pension Fund	1,321,807	1.04
10. Odin Norden	1,315,466	1.03
Ten largest total	46,635,126	36.66
Nominee registered shares	23,560,379	18.52
Other shareholders	57,027,917	44.83
Total	127,223,422	100.00

# 34,000 shareholders

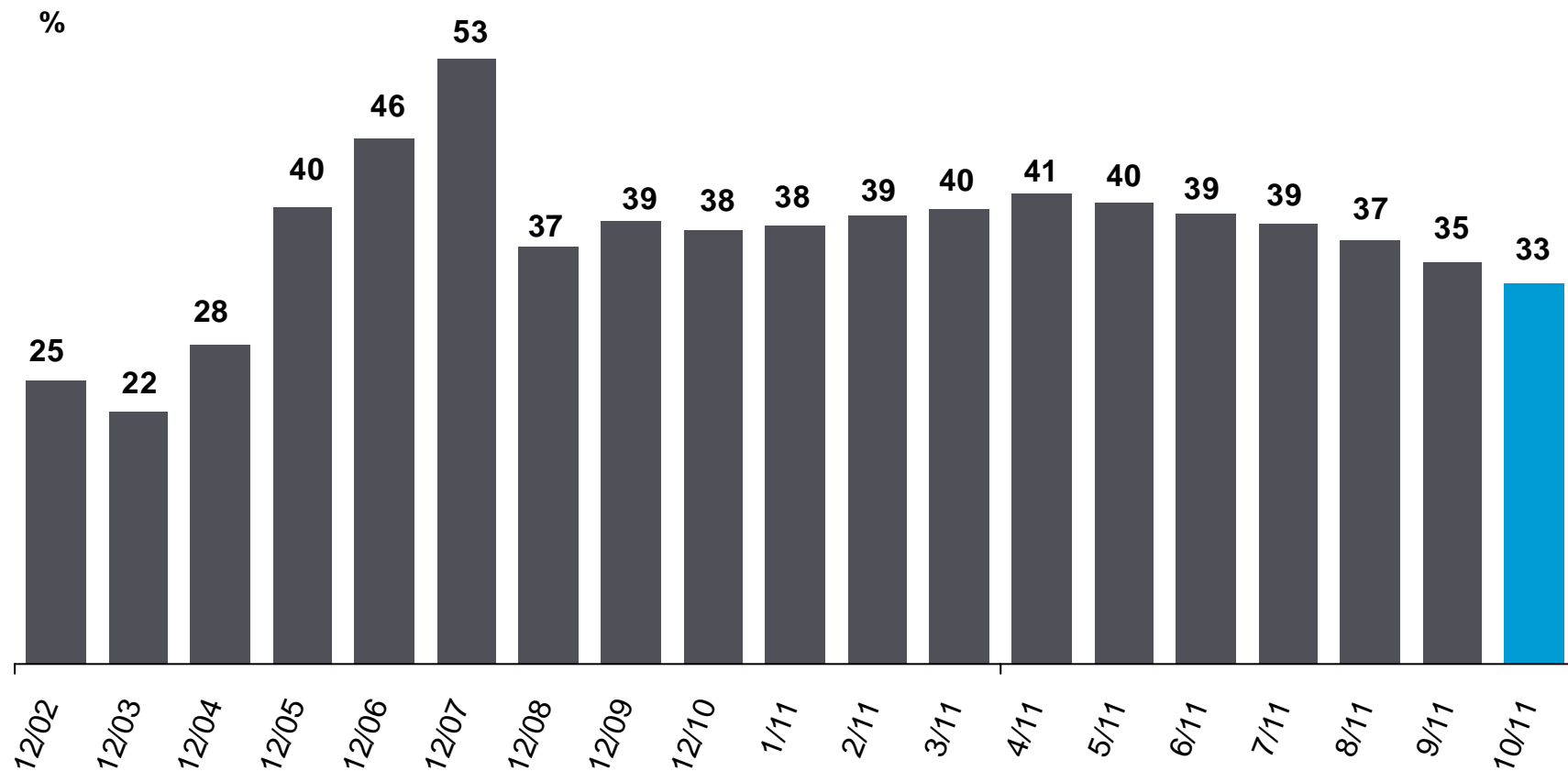
on October 31, 2011



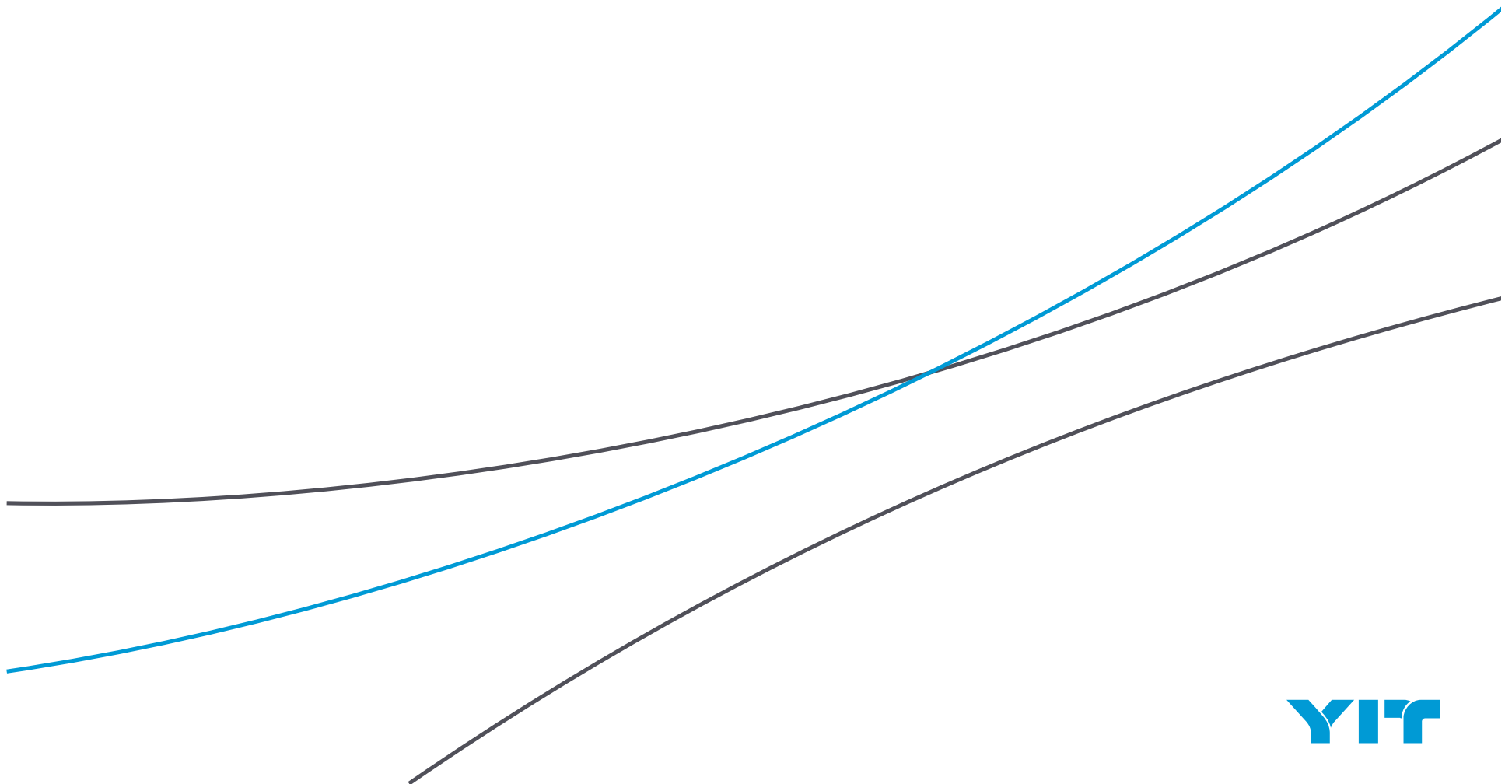


# Approximately 33% of shares in international ownership

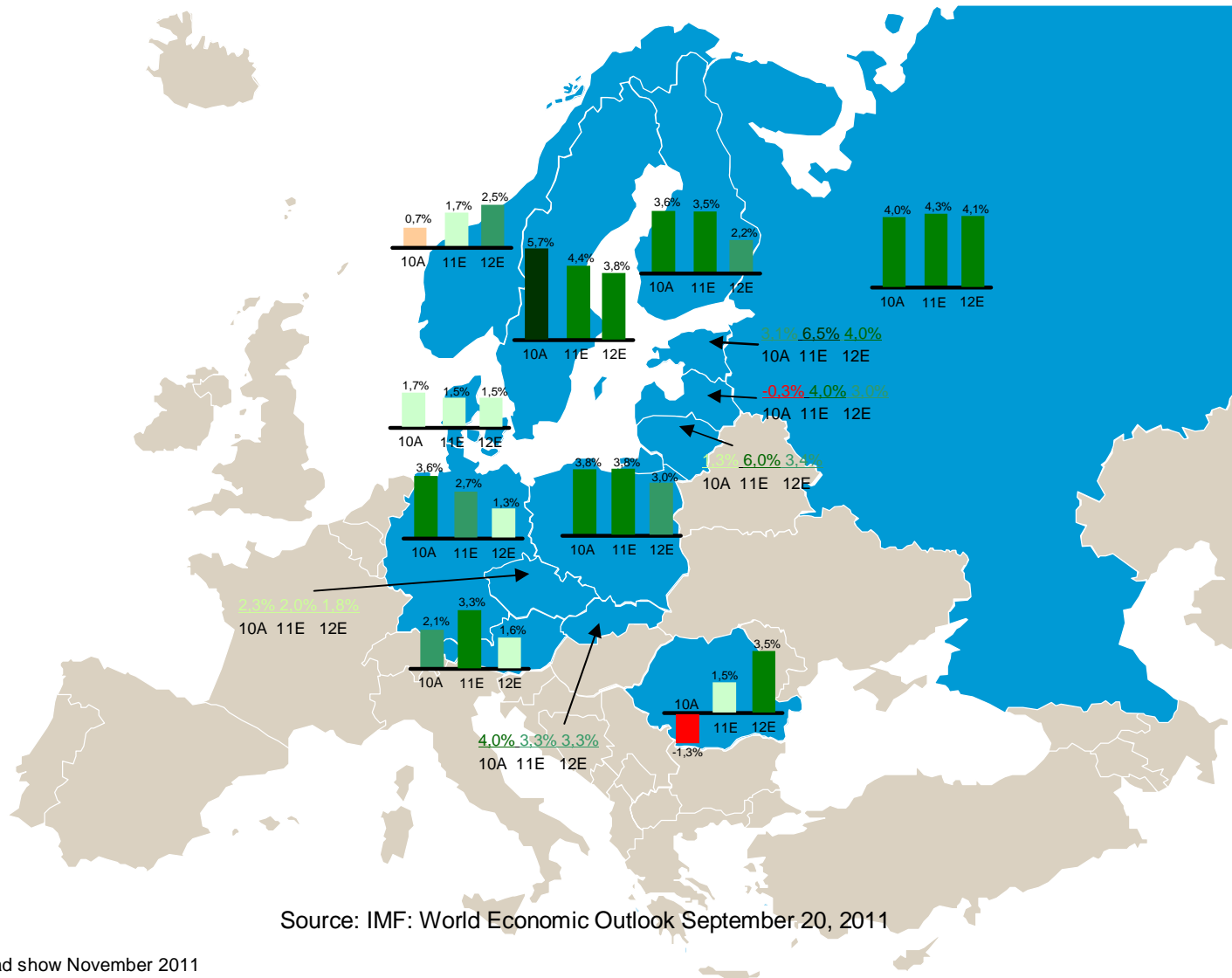
Non-Finnish ownership, % of share capital on October 31, 2011



# General economic indicators

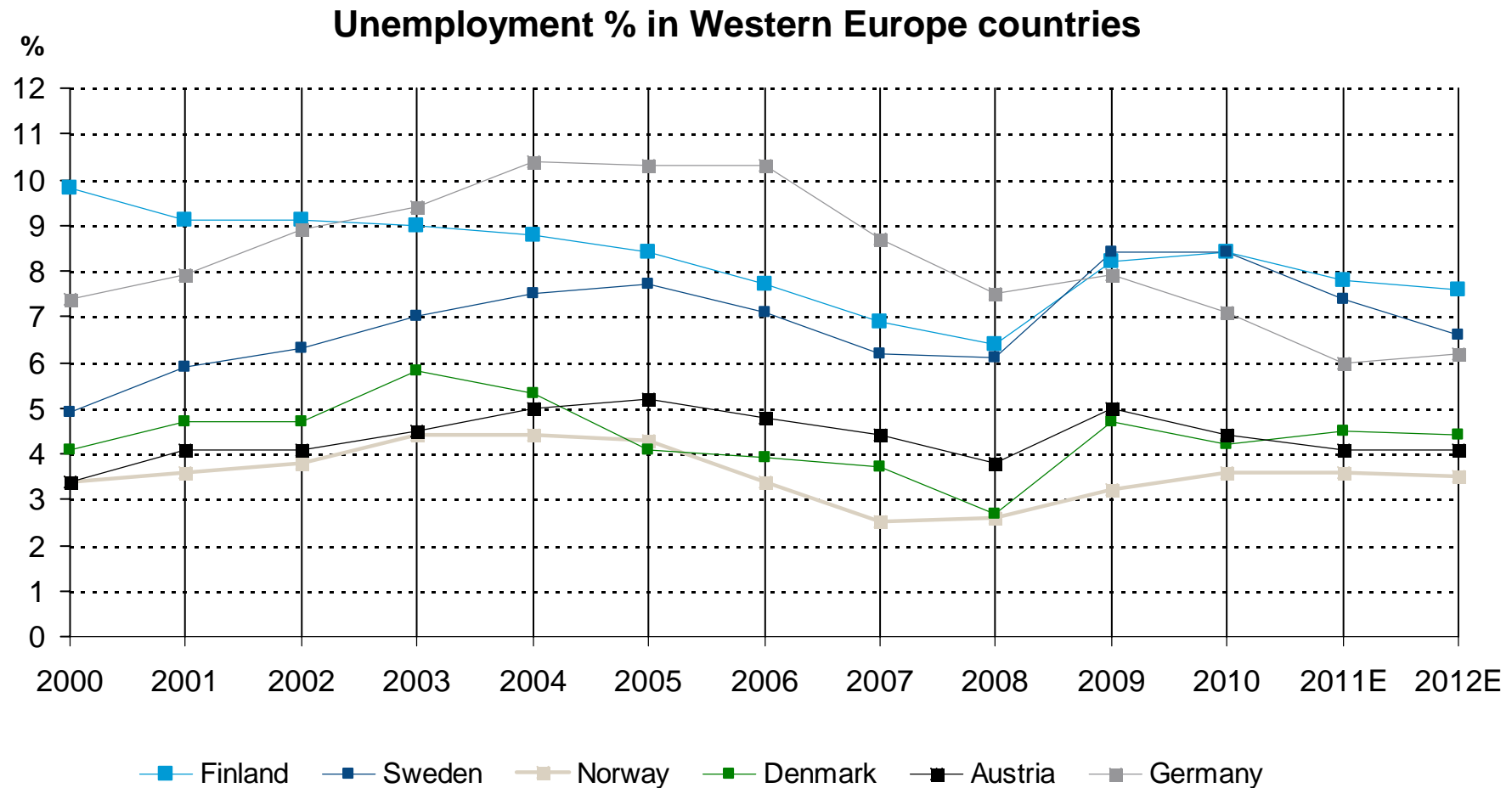


# GDP forecasts for YIT's operating countries



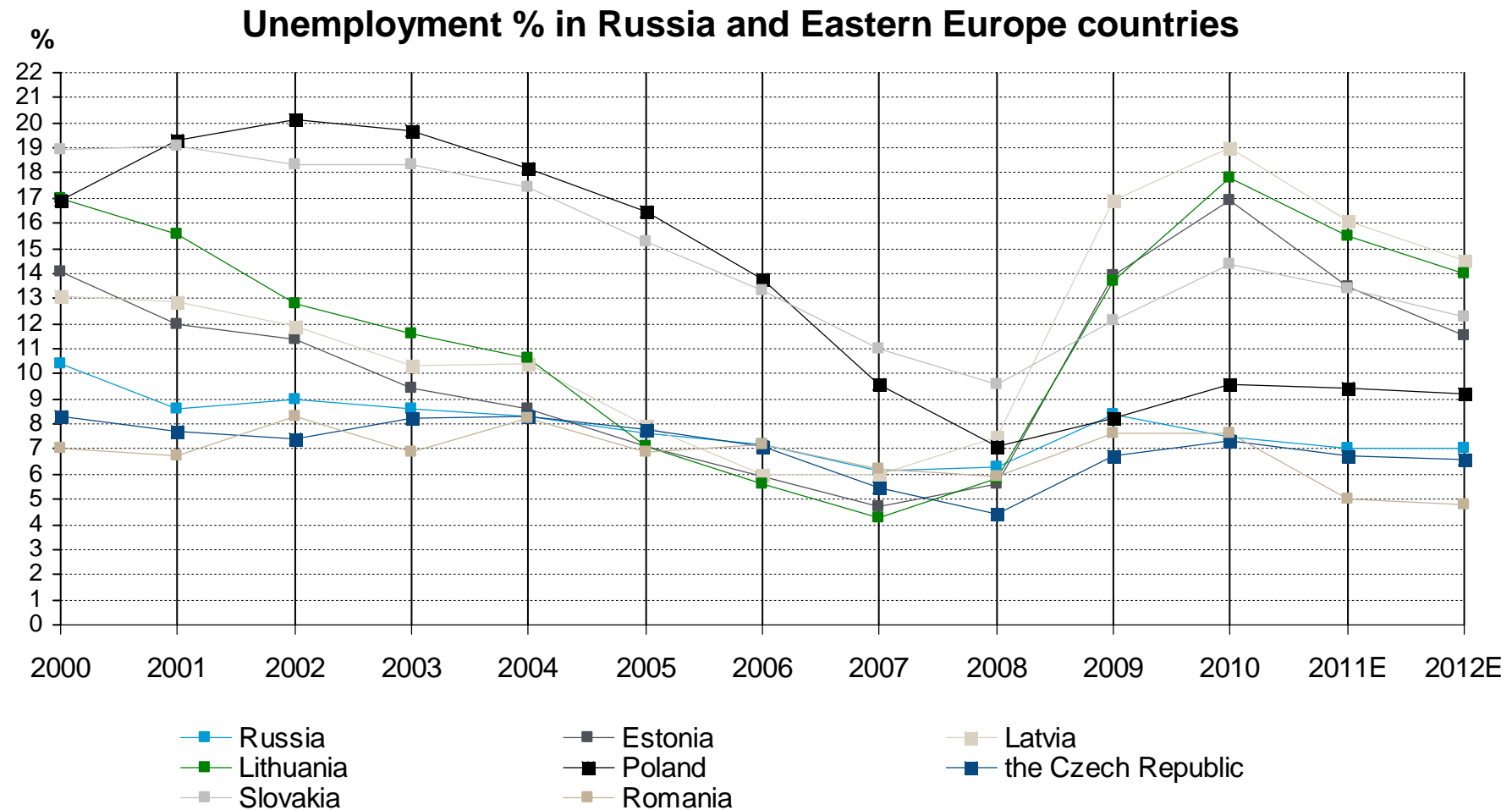
Source: IMF: World Economic Outlook September 20, 2011

# Unemployment is estimated to remain stable in Northern and Central Europe



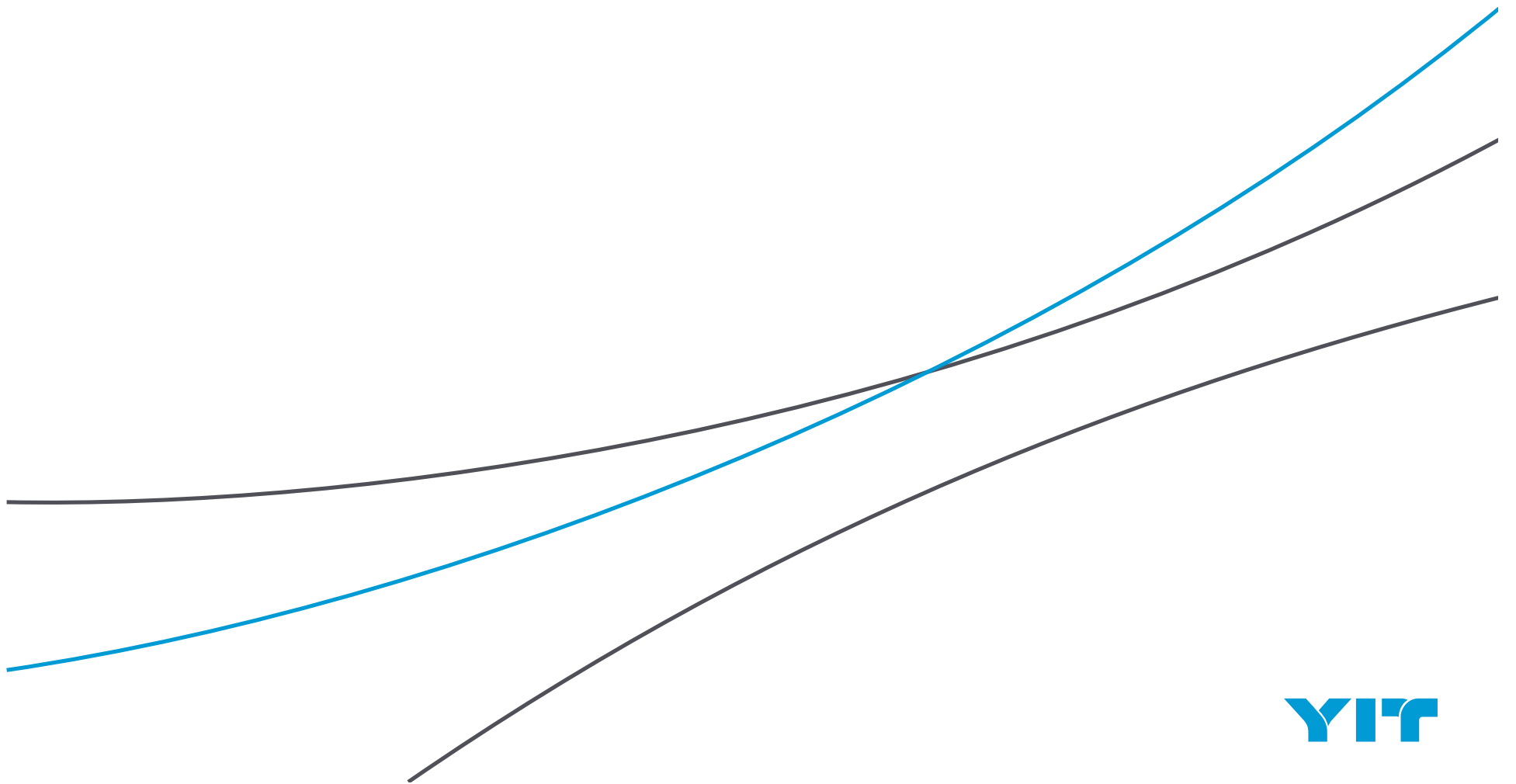
Sources: Historical data from Eurostat & Euroconstruct until 2009, 2010 figures and forecasts from IMF September 20, 2011

# Unemployment is expected to decrease in Russia and Eastern Europe



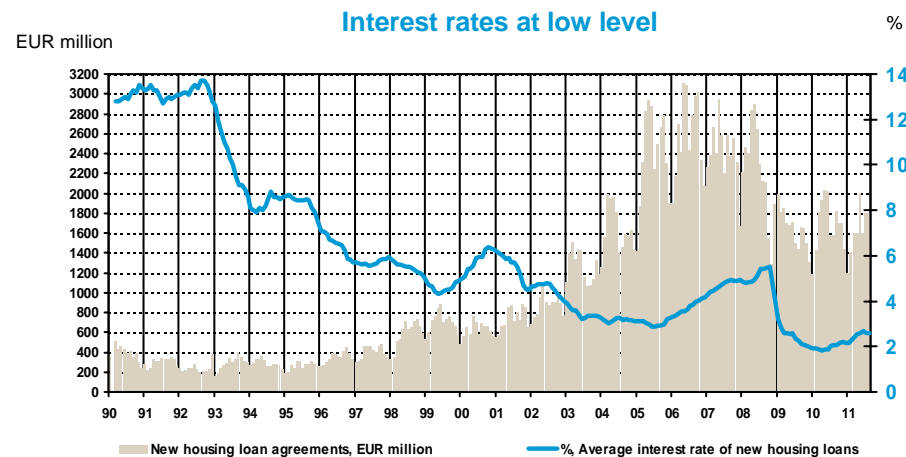
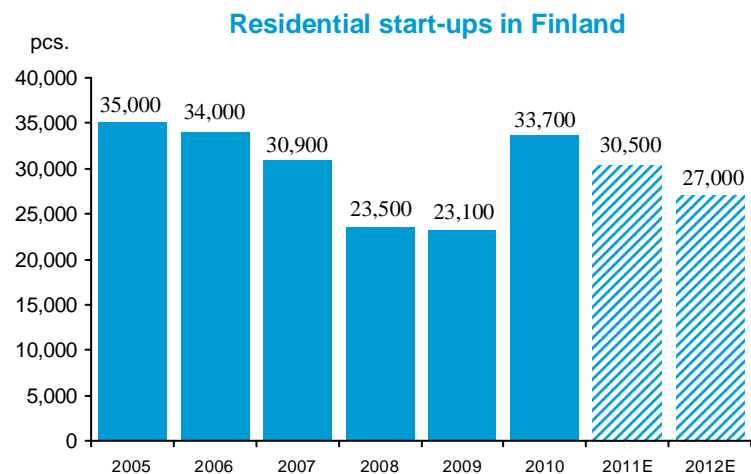
Sources: Historical data from Eurostat & Euroconstruct until 2009, 2010 figures and forecasts from IMF September 20, 2011

# Housing indicators



# Finland

## Stable demand in the housing market



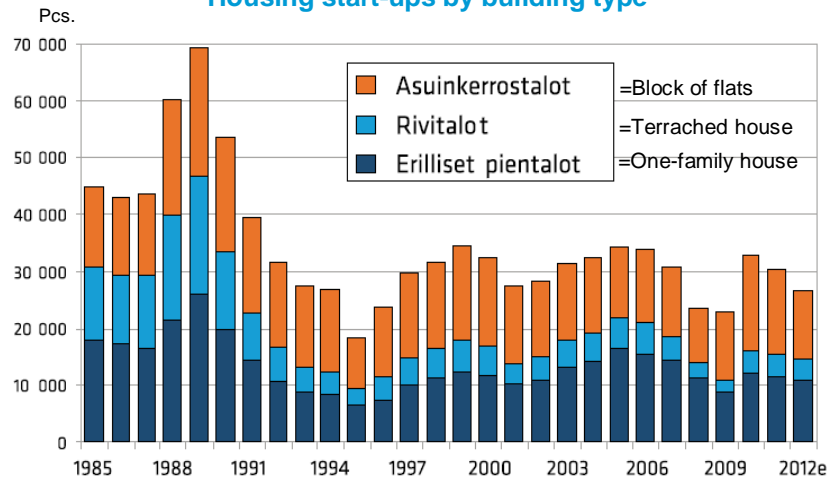
Sources: Residential start-ups: RT October 12, 2011, Consumer confidence: Statistics Finland October 30, 2011, Housing prices: Statistics Finland September 30, 2011 and Interest rates: Central Bank of Finland October 31, 2011



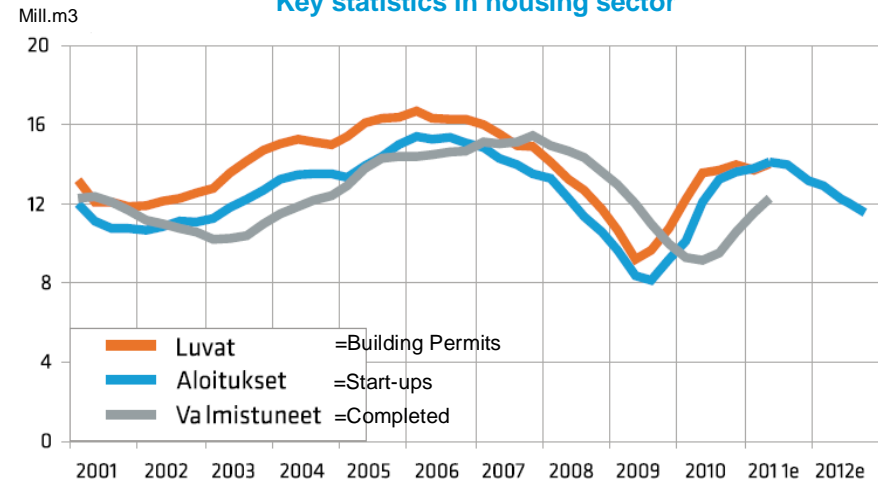
# Finland

## Housing indicators at fairly good level

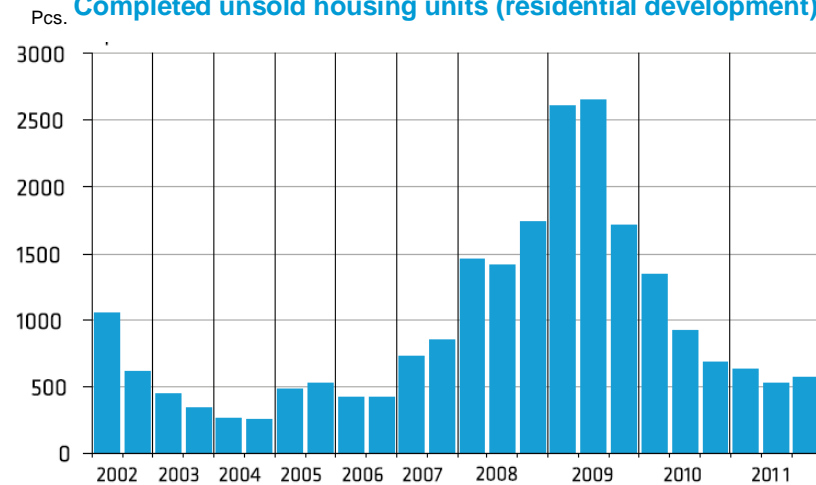
Housing start-ups by building type



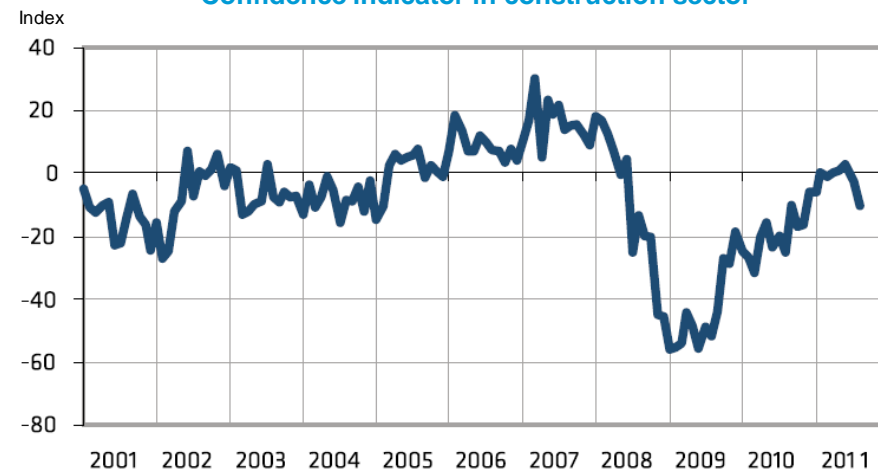
Key statistics in housing sector



Completed unsold housing units (residential development)



Confidence indicator in construction sector



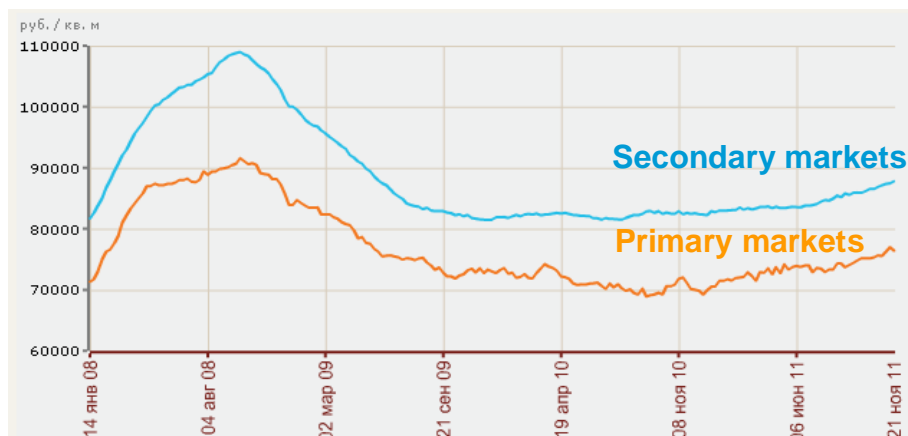
Source: RT October 12, 2011

# Russia

## Favourable market conditions for housing

Housing prices: St. Petersburg (1/2008-11/2011)

RUB/Square metre

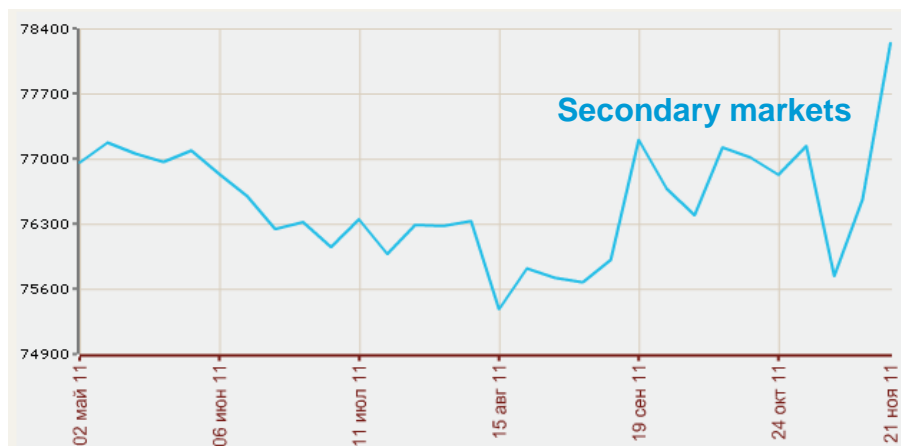


Oil price: Urals oil (2006-2011)

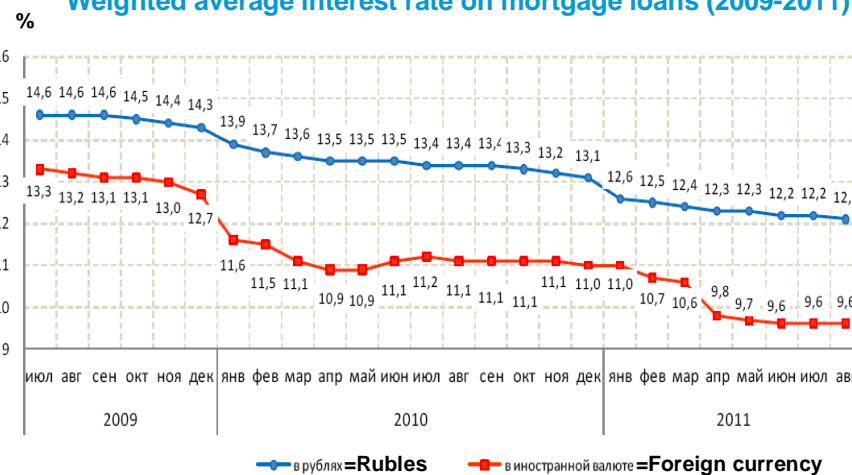


Housing prices: Moscow Oblast (5/2011-11/2011)

RUB/Square metre

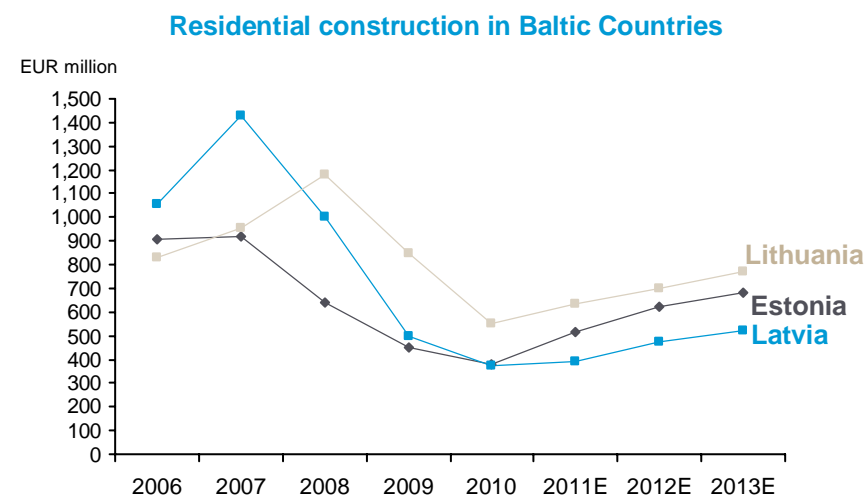
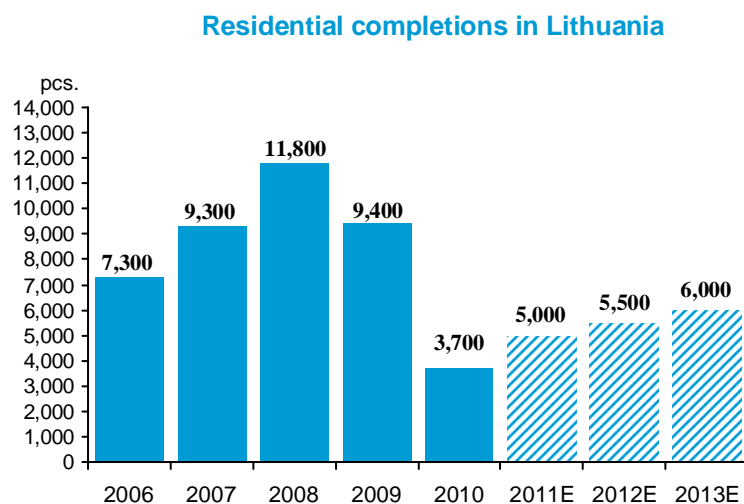
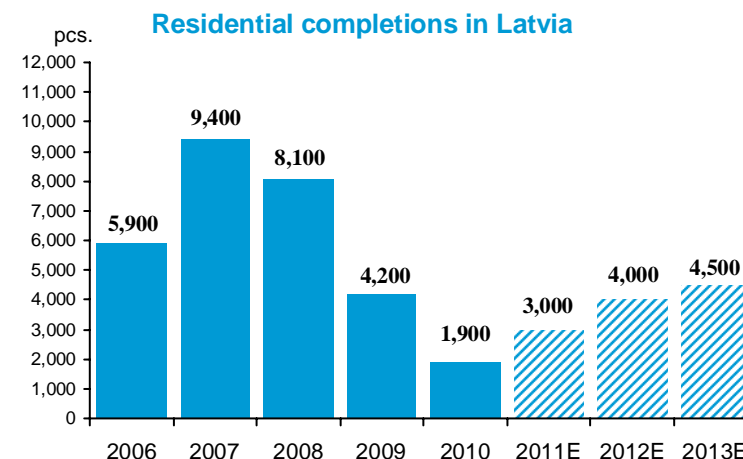
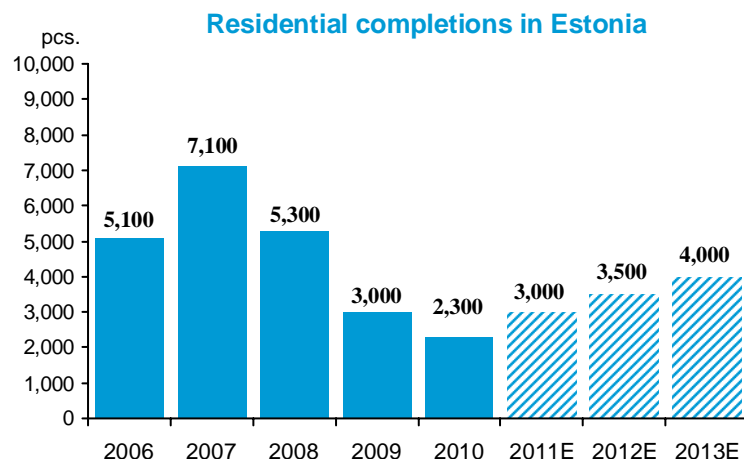


Weighted average interest rate on mortgage loans (2009-2011)



Sources: Housing prices: [www.bn.ru](http://www.bn.ru) November 23, 2011, Oil price: Urals oil, Neste Oil November 22, 2011 and Interest rates: [www.ahml.ru](http://www.ahml.ru) November 23, 2011

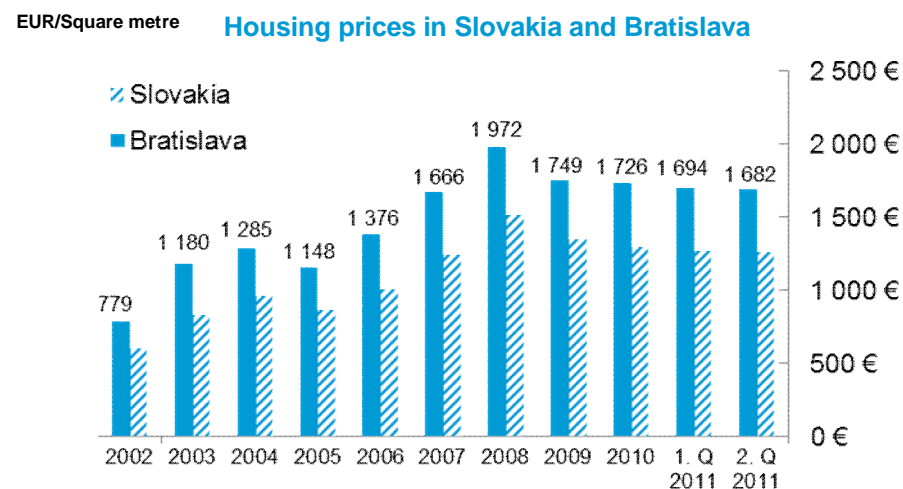
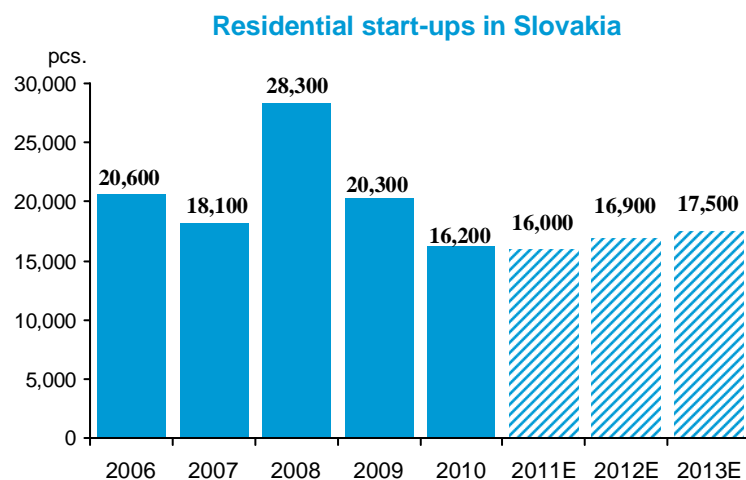
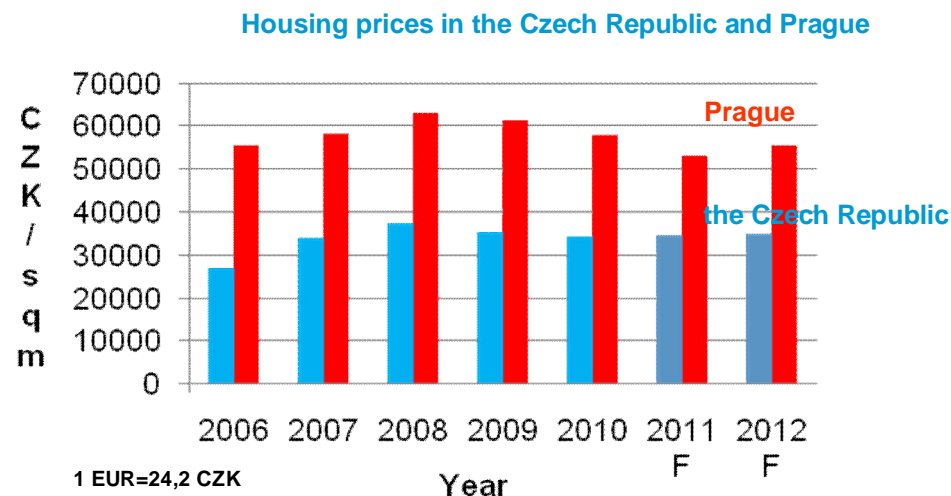
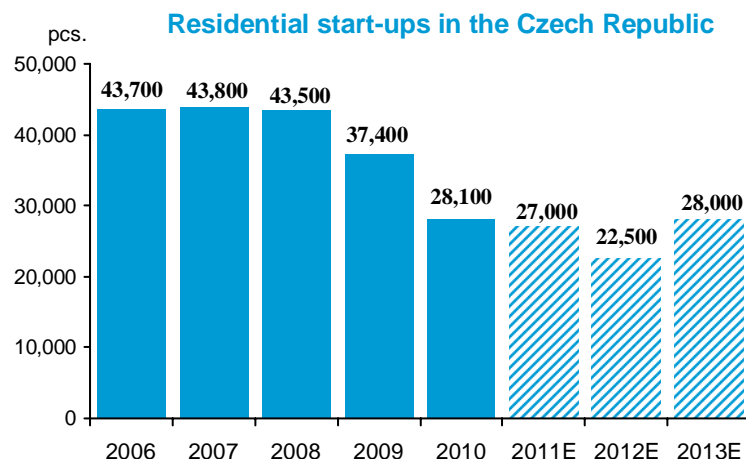
# The Baltic countries Markets have started to recover



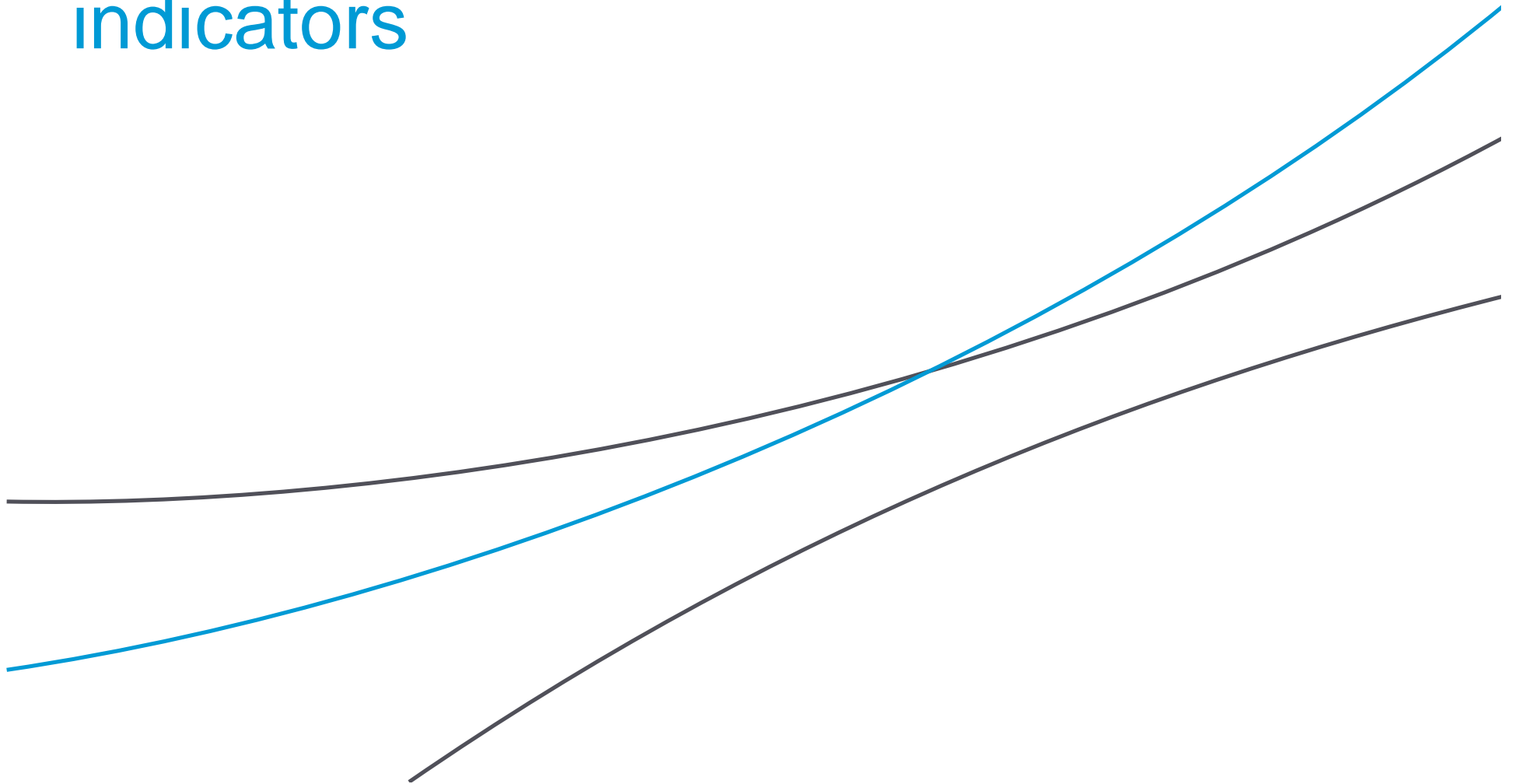
Source: Euroconstruct June 2011

# the Czech Republic: Relatively stable market conditions

## Slovakia: Markets remain steady

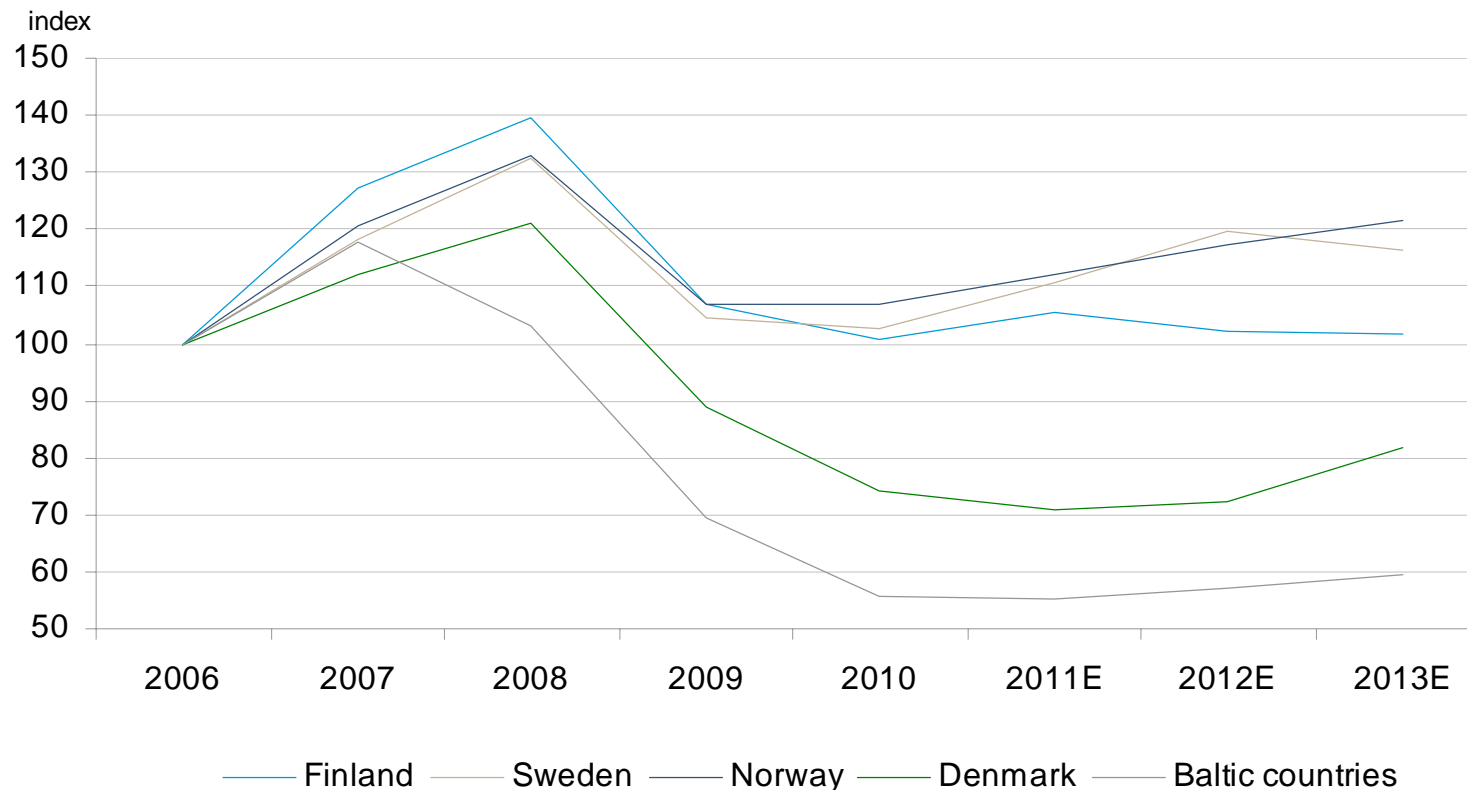


# Building Services Northern Europe indicators



# New non-residential investments forecasted to pick up slightly in Northern Europe in 2011-2013

**New non-residential construction volumes in Northern Europe, index**

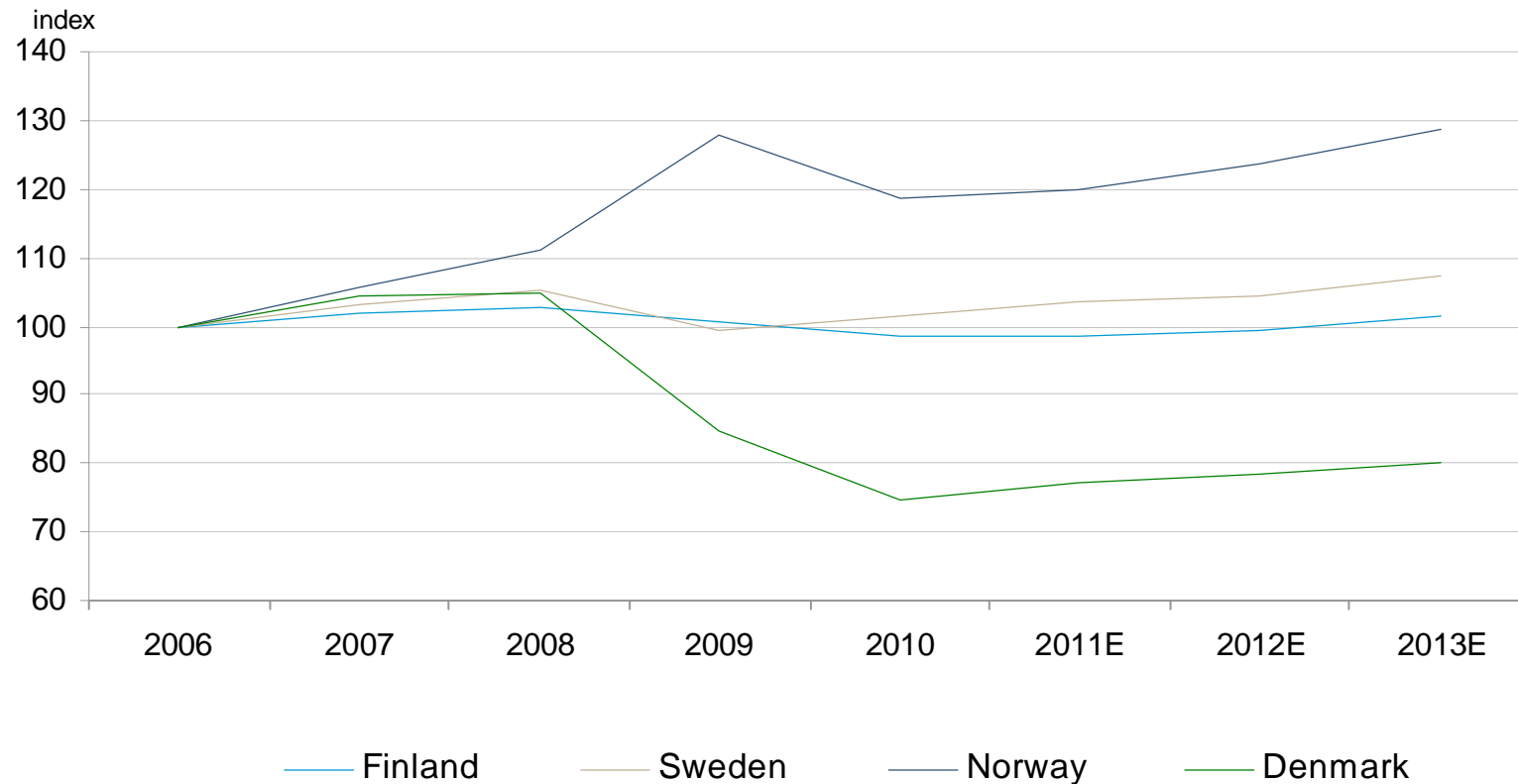


No data for Russia is available. Baltic countries figure includes both new non-residential and renovation. Baltic figures are from June Euroconstruct report

Source: Euroconstruct November 2011

# Good demand estimated for service and maintenance during 2011-2013

**Non-residential service and renovation volumes in Northern Europe, index**



**No data for Russia or Baltic countries is available.**

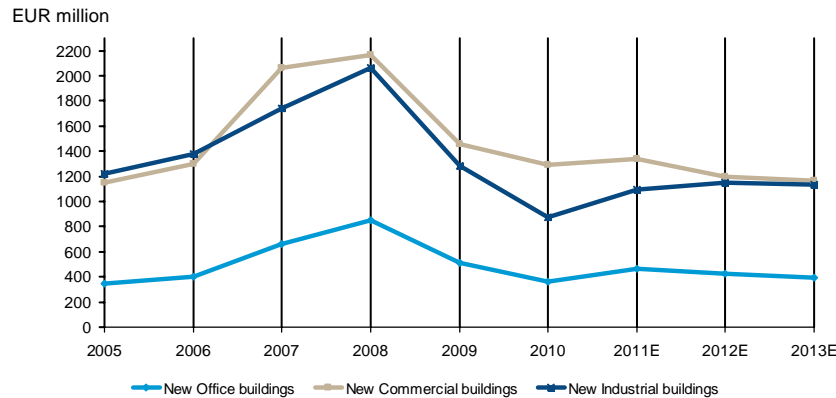
Source: Euroconstruct November 2011



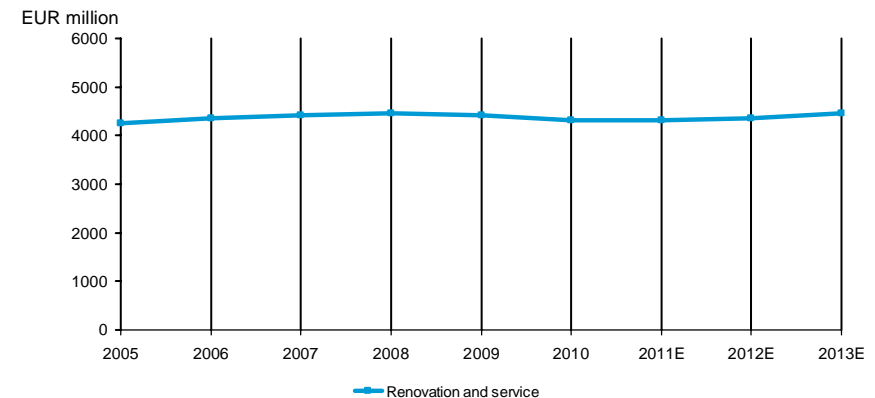
# Finland

## Non-residential construction has picked up slightly

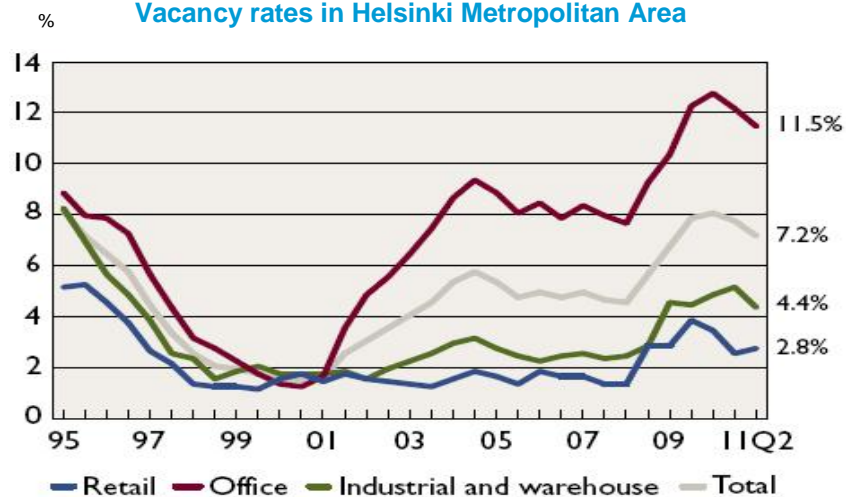
New non-residential construction by type of building



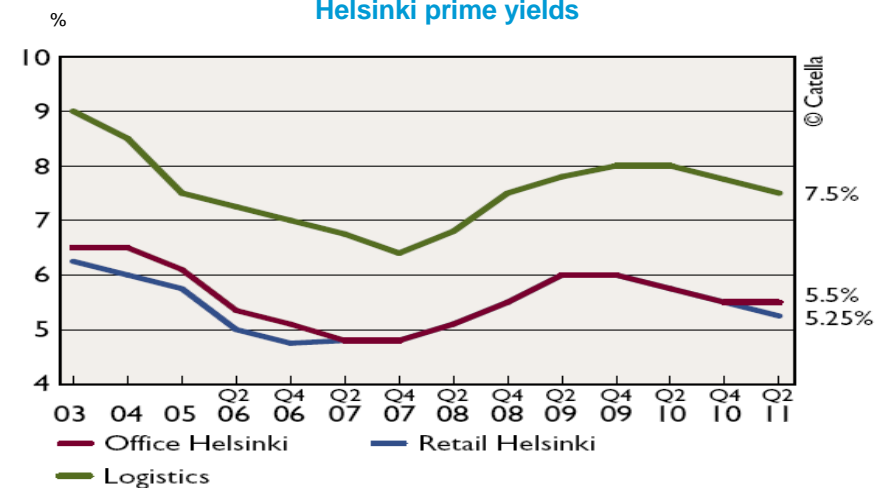
Non-residential renovation and service



Vacancy rates in Helsinki Metropolitan Area



Helsinki prime yields

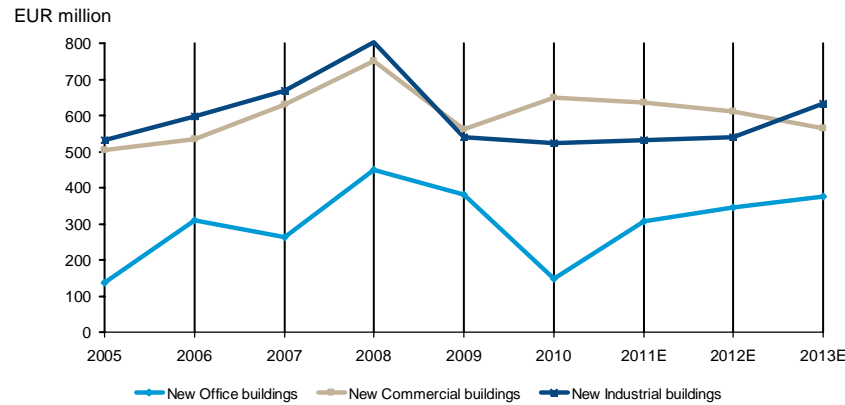


Sources: Non-residential construction: Euroconstruct November 2011, vacancy rates and yields: Catella Property Market Trends September 26, 2011

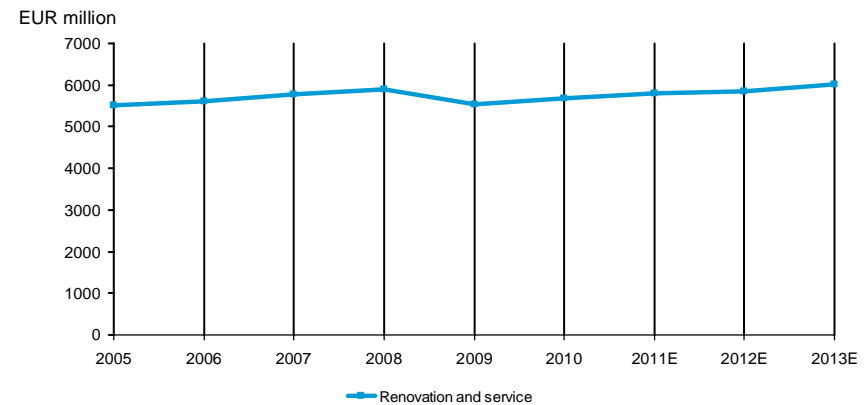
# Sweden

## Non-residential market is expected to improve

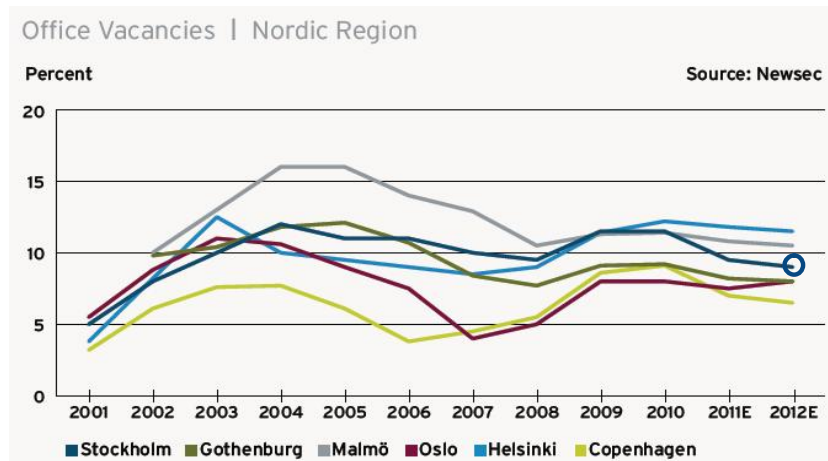
New non-residential construction by type of building



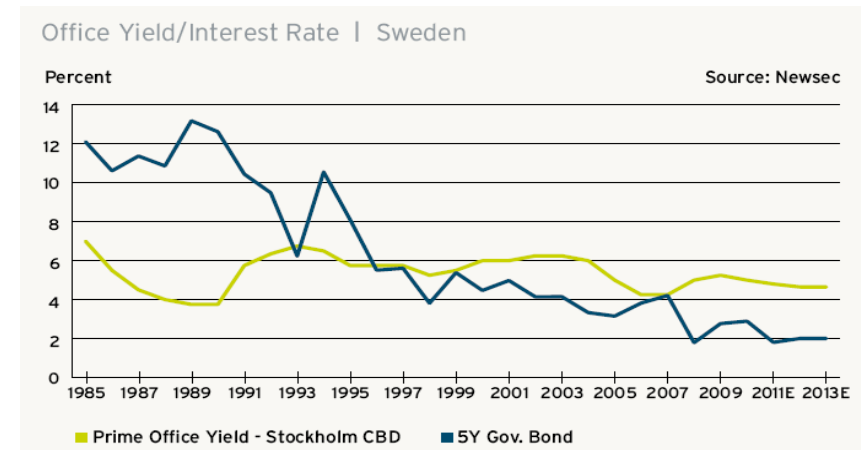
Non-residential renovation and service



Office vacancy rate in Nordic Countries



Office yield and interest rate in Sweden

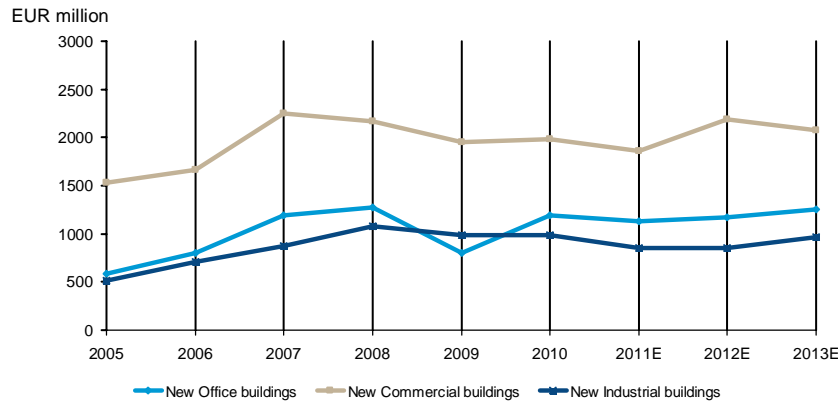


Sources: Non-residential construction: Euroconstruct November 2011, vacancy rates and yields: Newsec Market Report September 20, 2011

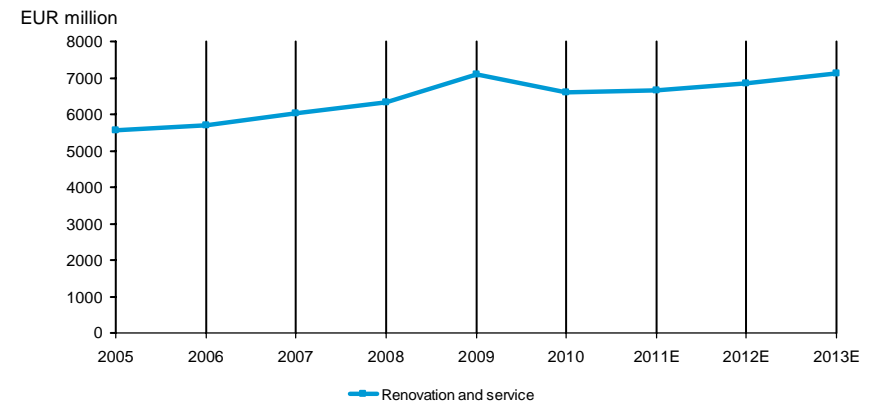
# Norway

## Project and service market fairly stable

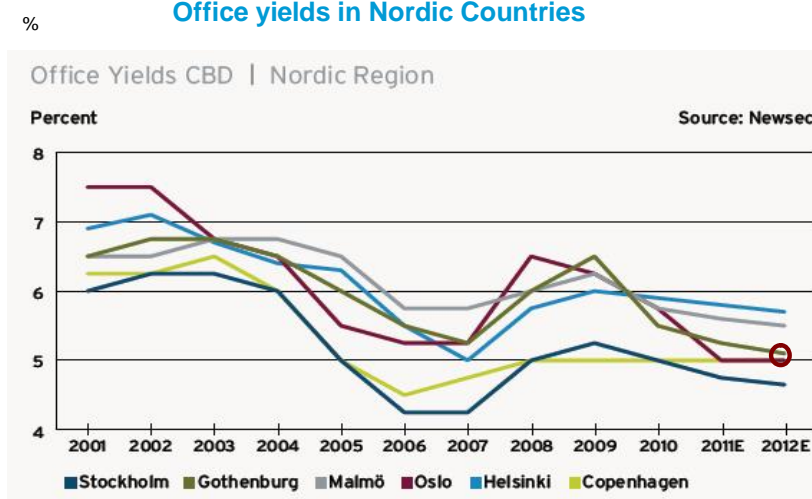
New non-residential construction by type of building



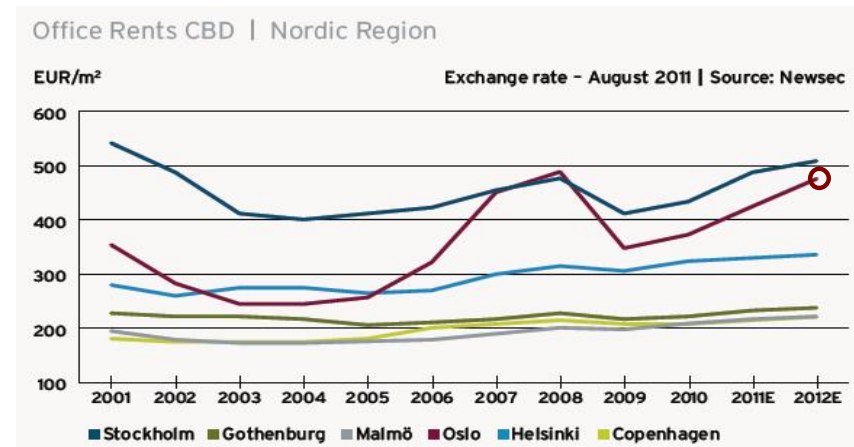
Non-residential renovation and service



Office yields in Nordic Countries



Office rents in Nordic Countries

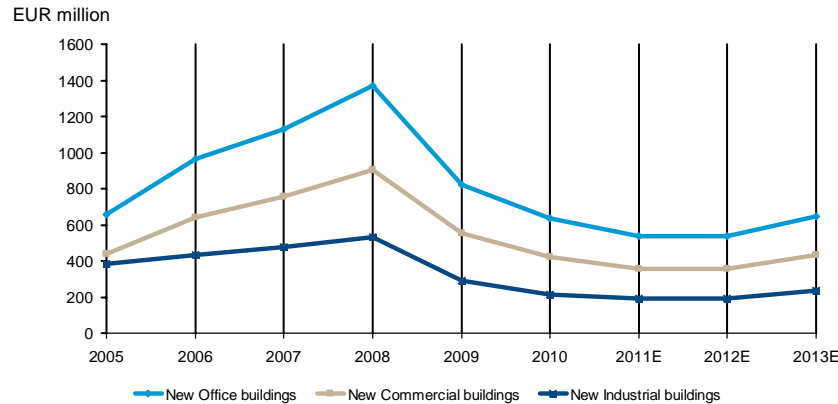


Sources: Non-residential construction: Euroconstruct November 2011, yields and rents: Newsec Market Report September 20, 2011

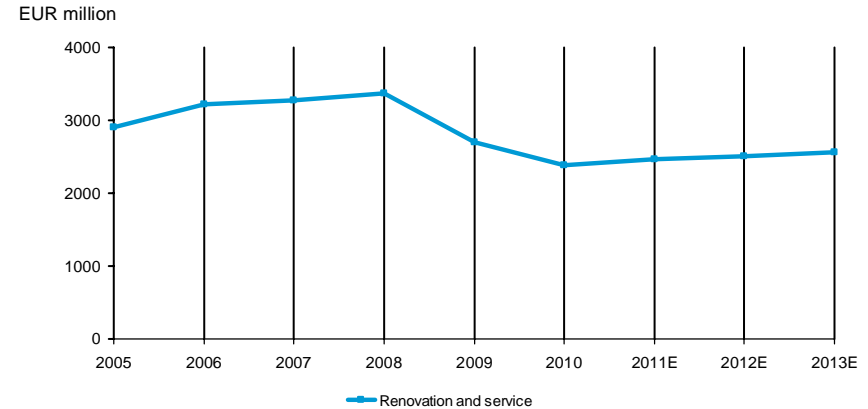
# Denmark

## Non-residential market remains at low level

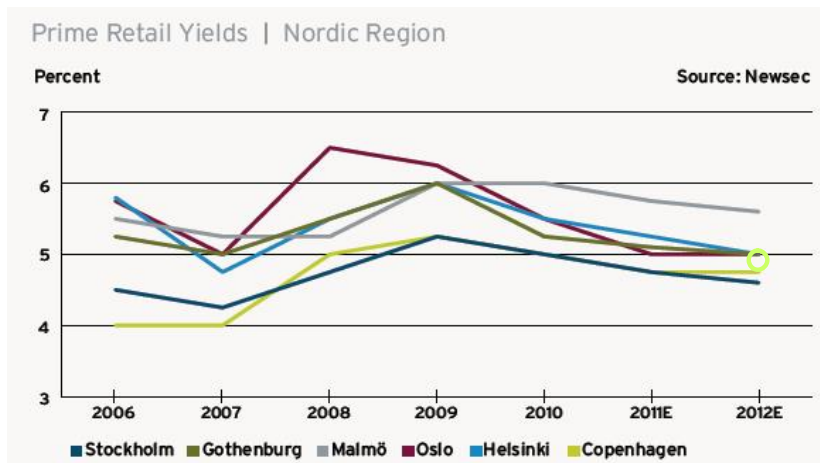
New non-residential construction by type of building



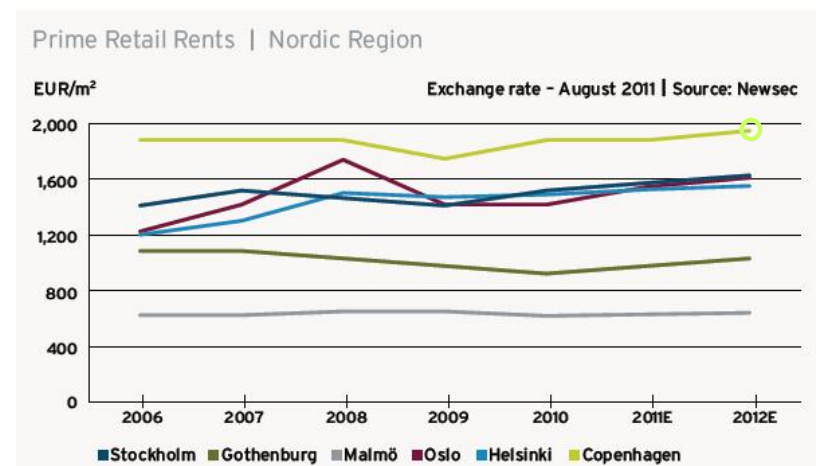
Non-residential renovation and service



Retail yields in Nordic Countries



Retail rents in Nordic Countries

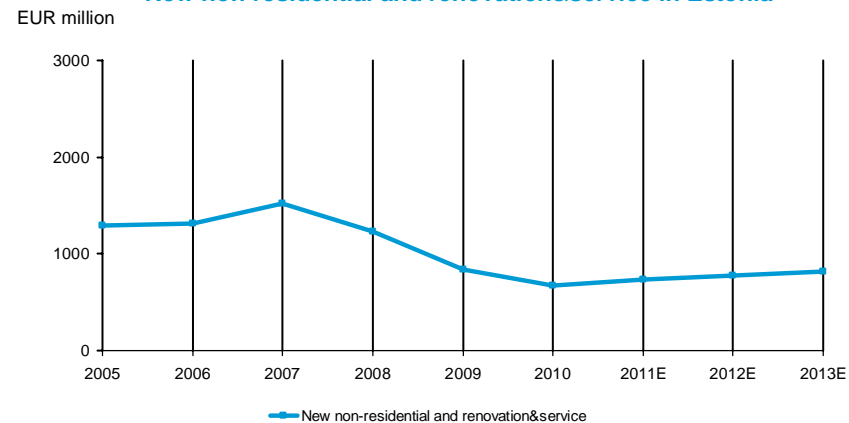


Sources: Non-residential construction: Euroconstruct November 2011, yields and rents: Newsec Market Report September 20, 2011

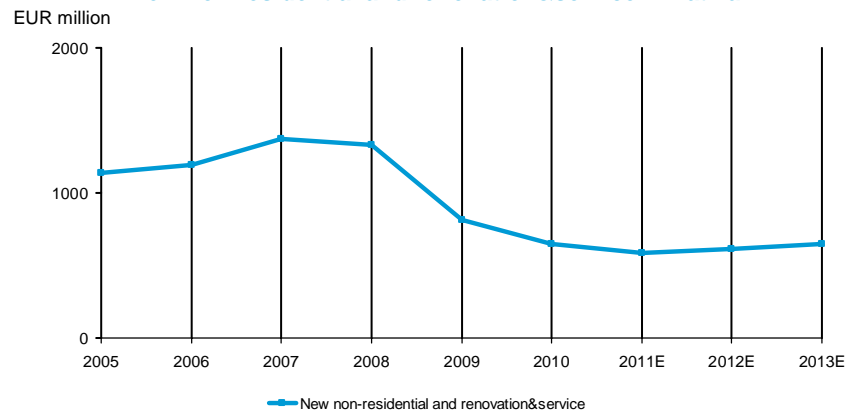
# The Baltic Countries

## Non-residential construction remains weak

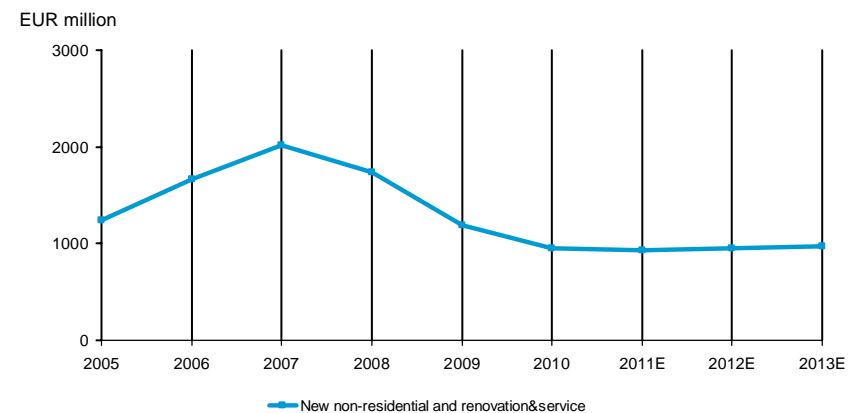
New non-residential and renovation&service in Estonia



New non-residential and renovation&service in Latvia

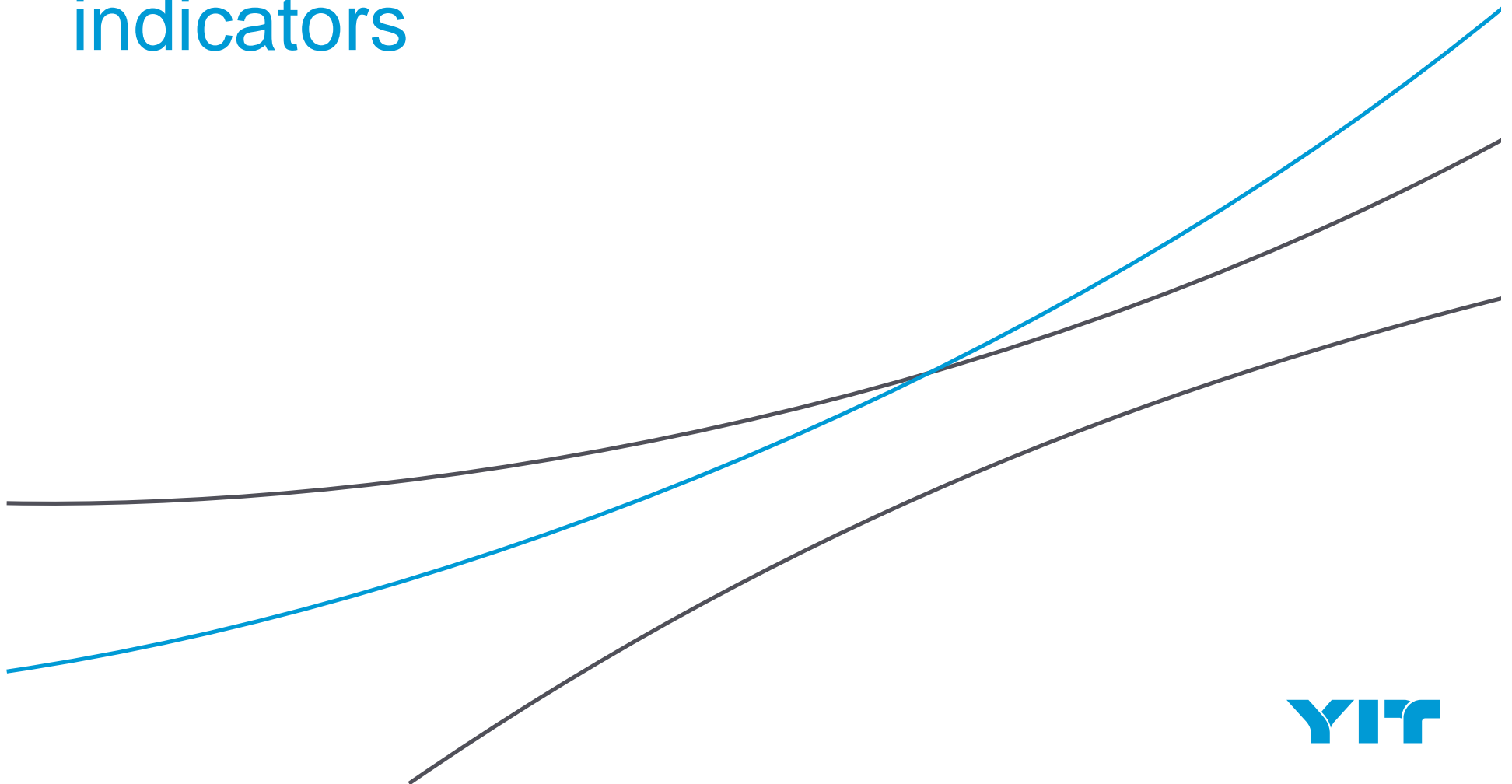


New non-residential and renovation&service in Lithuania



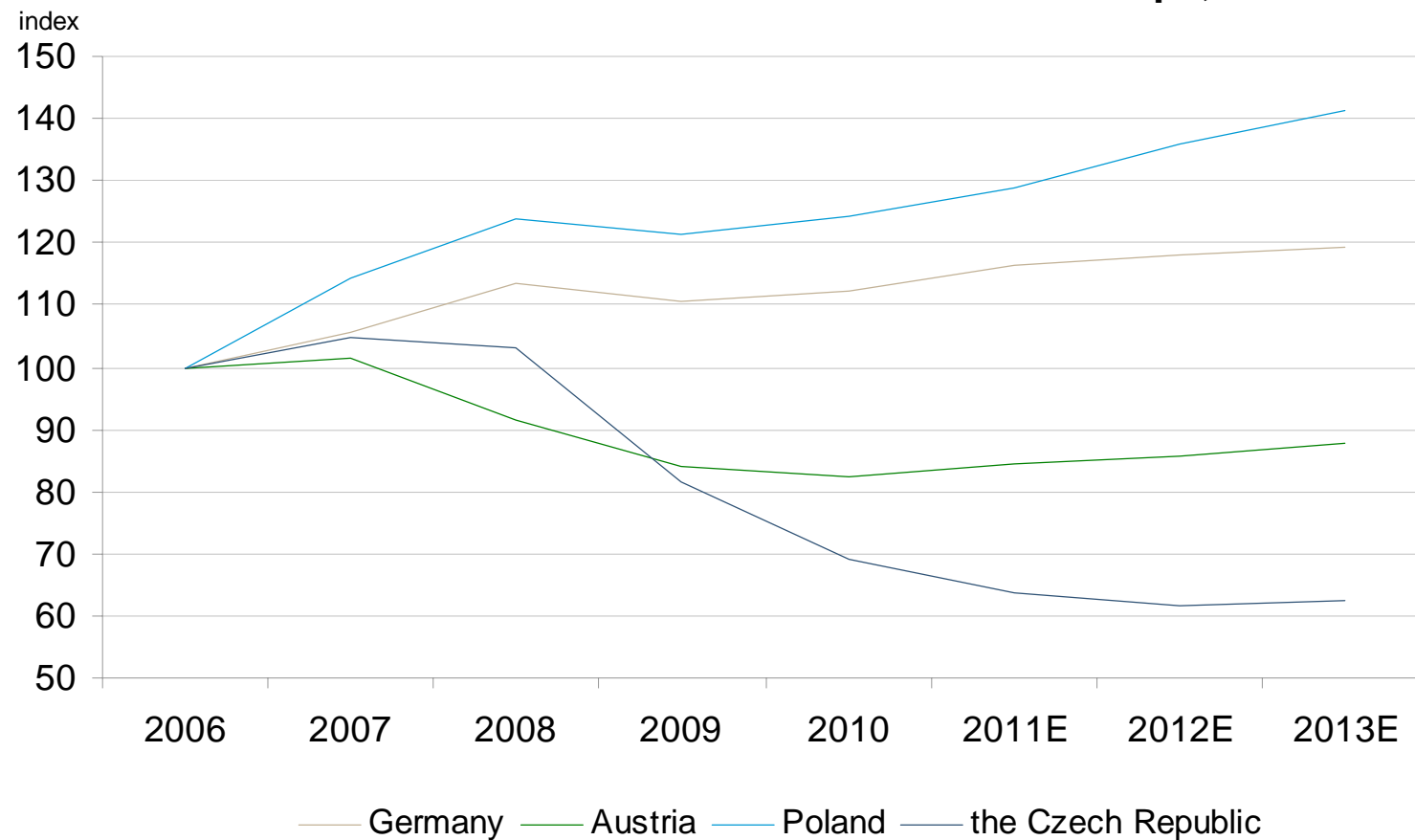
Source: Euroconstruct June 2011

# Building Services Central Europe indicators



# New non-residential investments forecasted to stay at good level in Germany and Poland in 2011-2013

**New non-residential construction volumes in Central Europe, index**

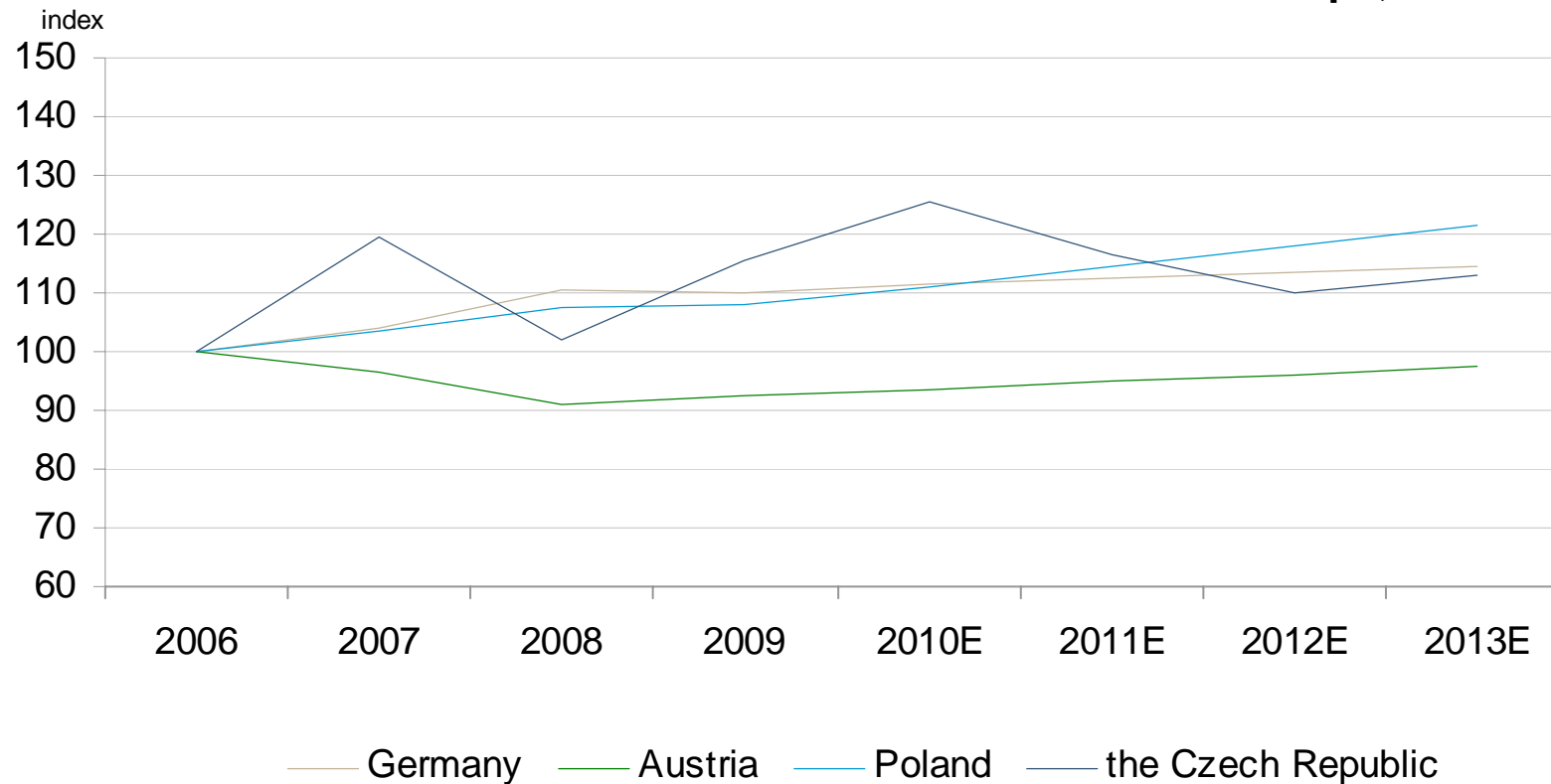


Source: Euroconstruct November 2011



# Stable demand in service and maintenance continues in 2011-2013

**Non-residential service and renovation volumes in Central Europe, index**

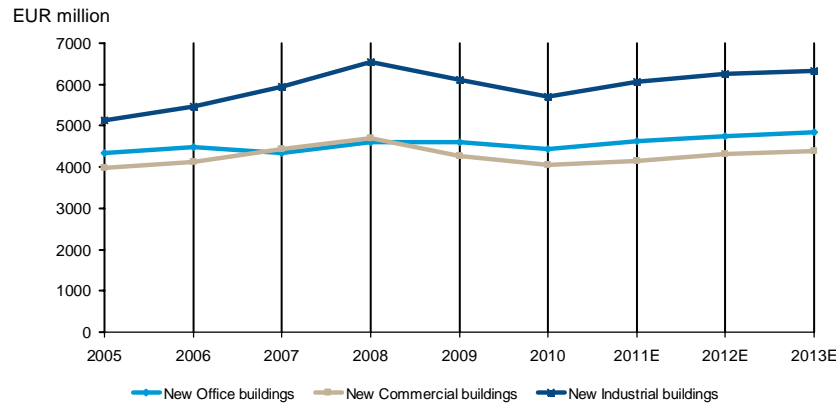


Source: Euroconstruct November 2011

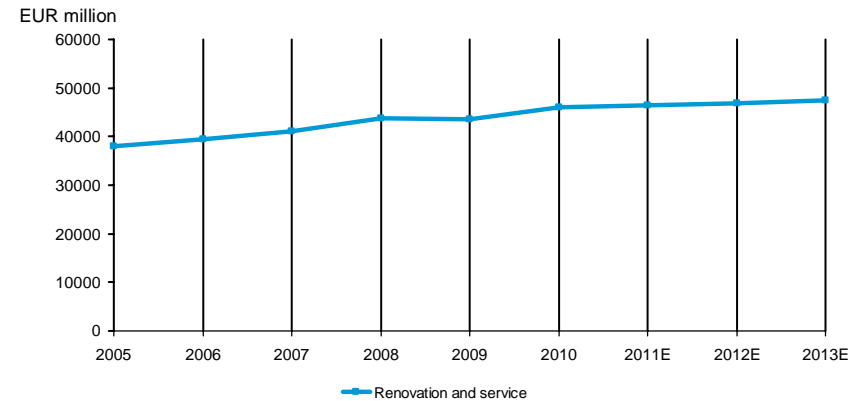
# Germany

## Big market with very stable demand

New non-residential construction by type of building



Non-residential renovation and service



IFO index (Business climate in Germany)



Germany: Export

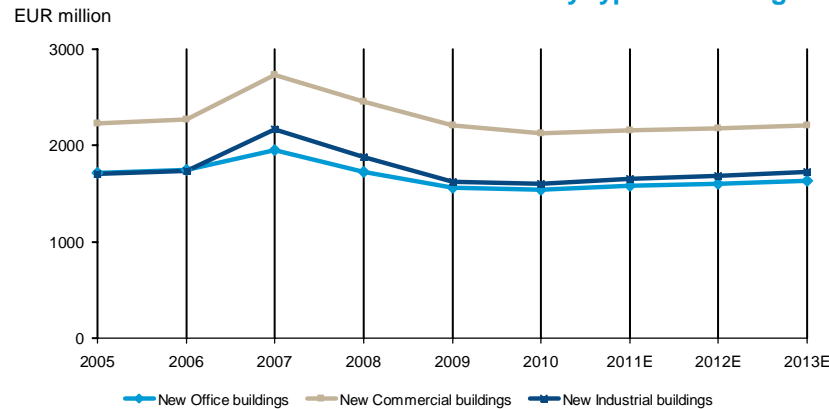


Sources: Non-residential construction: Euroconstruct November 2011, IFO index and Germany's export: Trading economies November 23, 2011

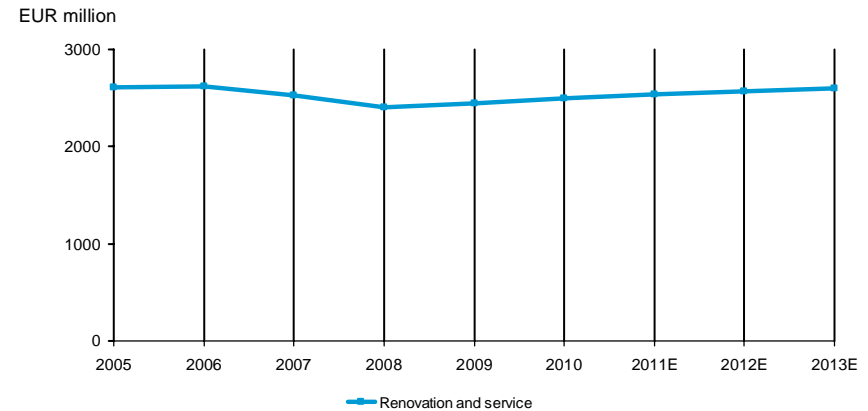
# Austria

## Market is estimated to stay weak

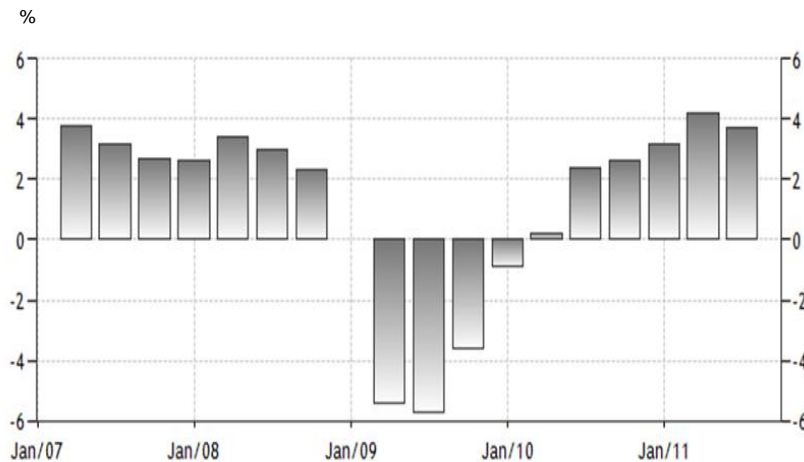
New non-residential construction by type of building



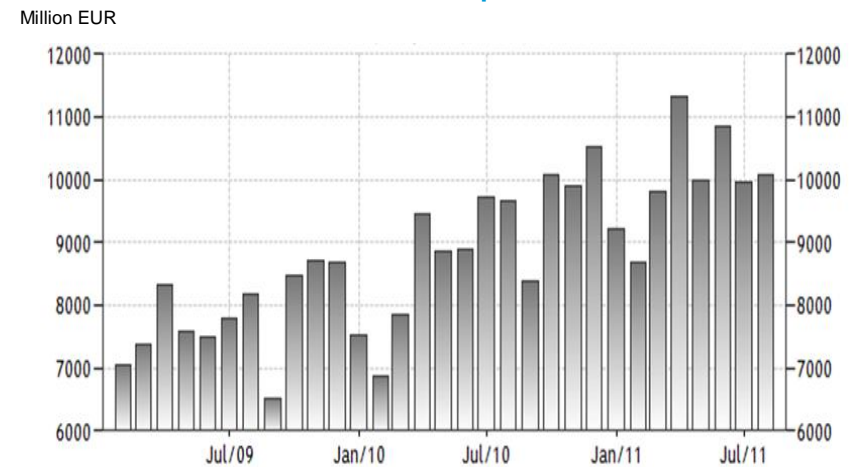
Non-residential renovation and service



Austria's GDP growth



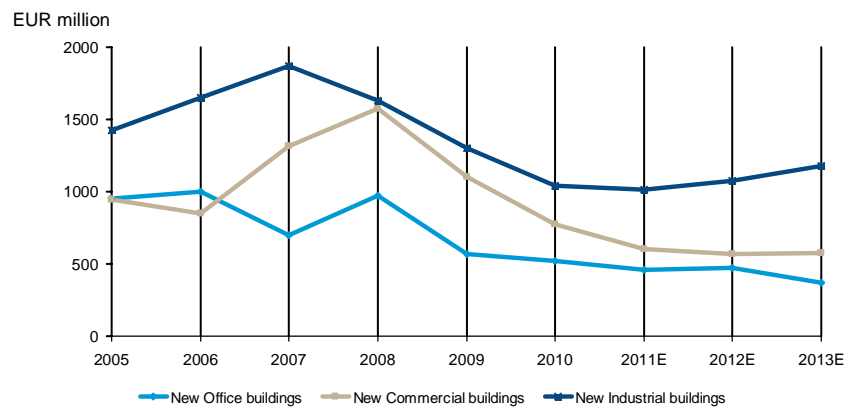
Austria: Export



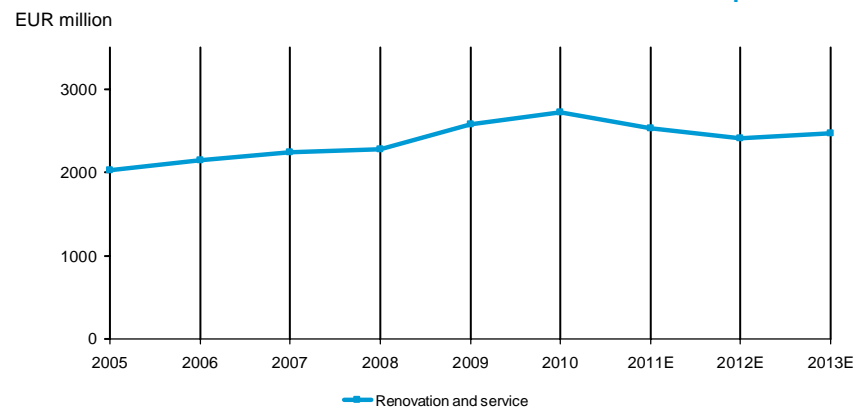
Sources: Non-residential construction: Euroconstruct November 2011, IFO index and Austria Export: Trading economies October 19, 2011

# the Czech Republic and Slovakia Market recovery postponed

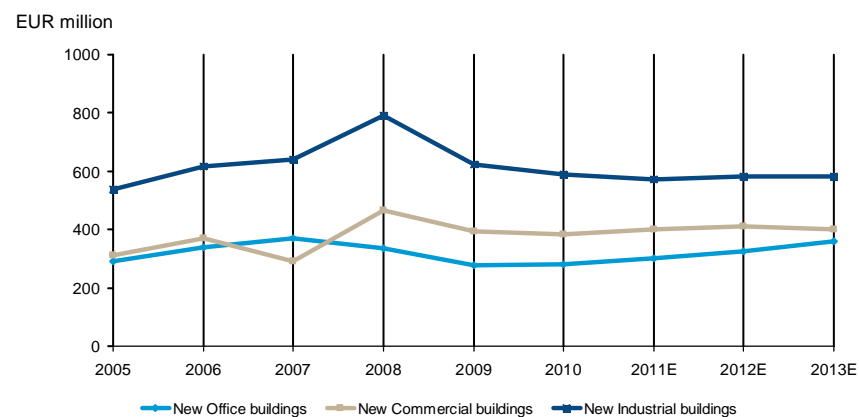
**New non-residential construction by type of building in the Czech Republic**



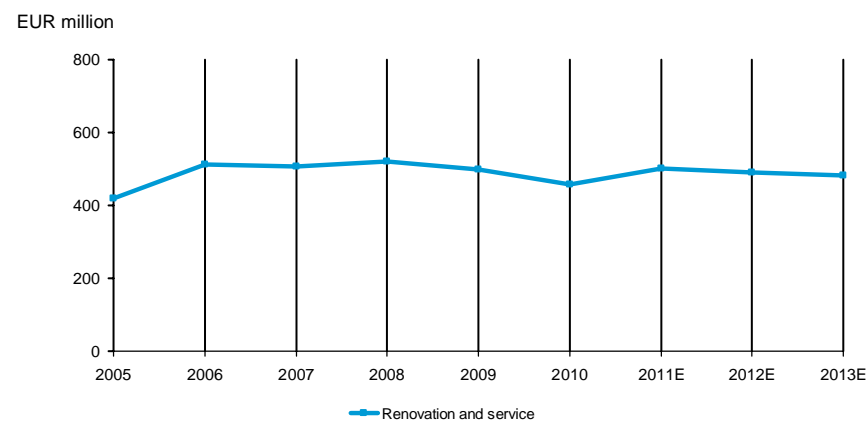
**Non-residential renovation and service in the Czech Republic**



**New non-residential construction by type of building in Slovakia**



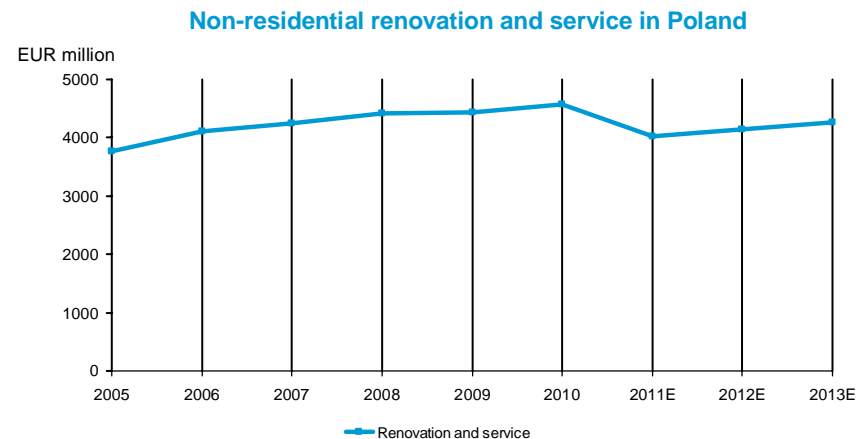
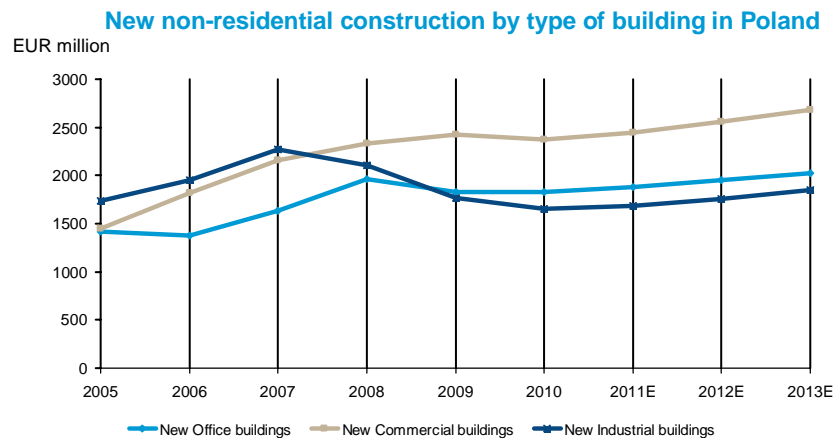
**Non-residential renovation and service in Slovakia**



Source: Euroconstruct November 2011

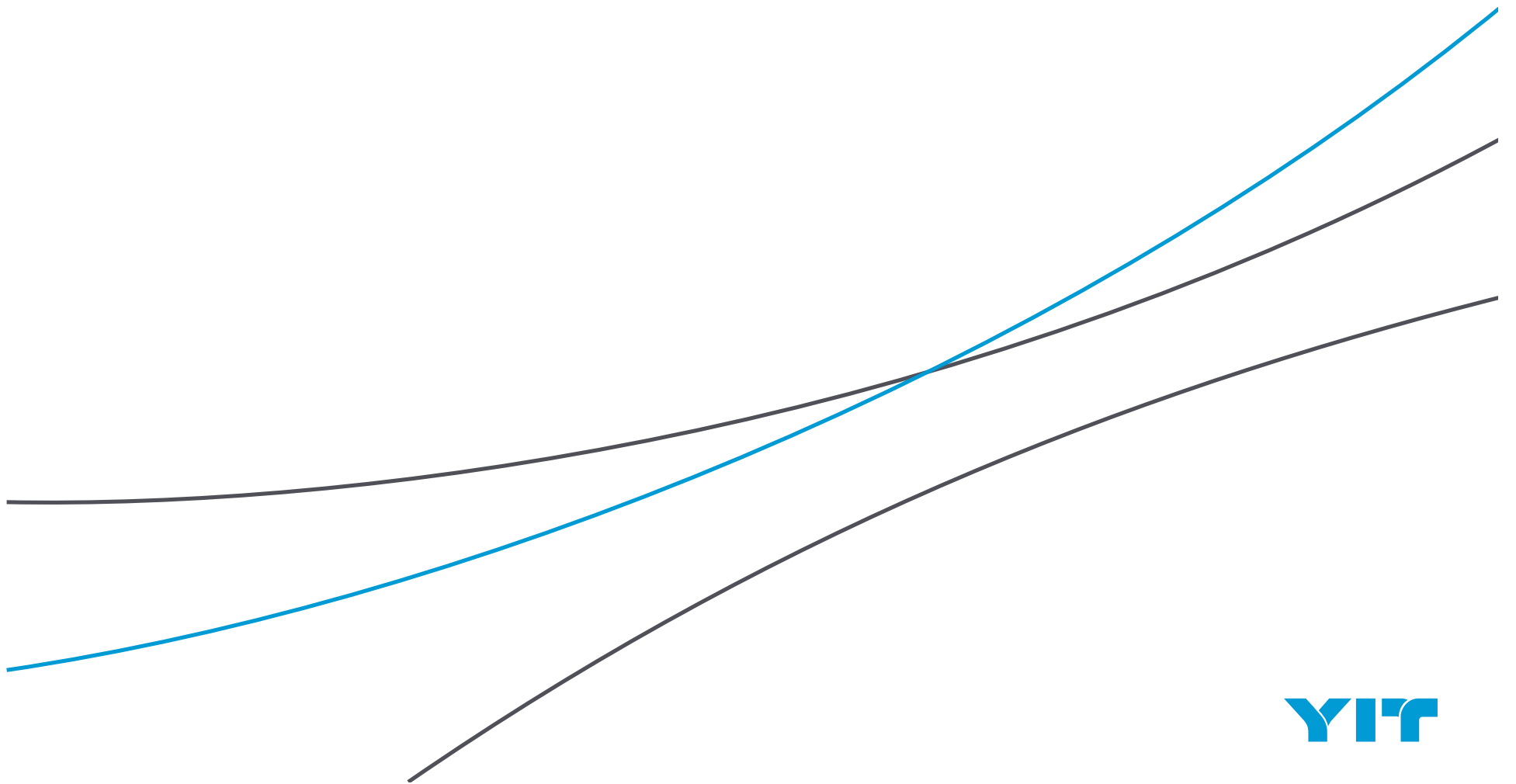
# Poland

## Market outlook remains good



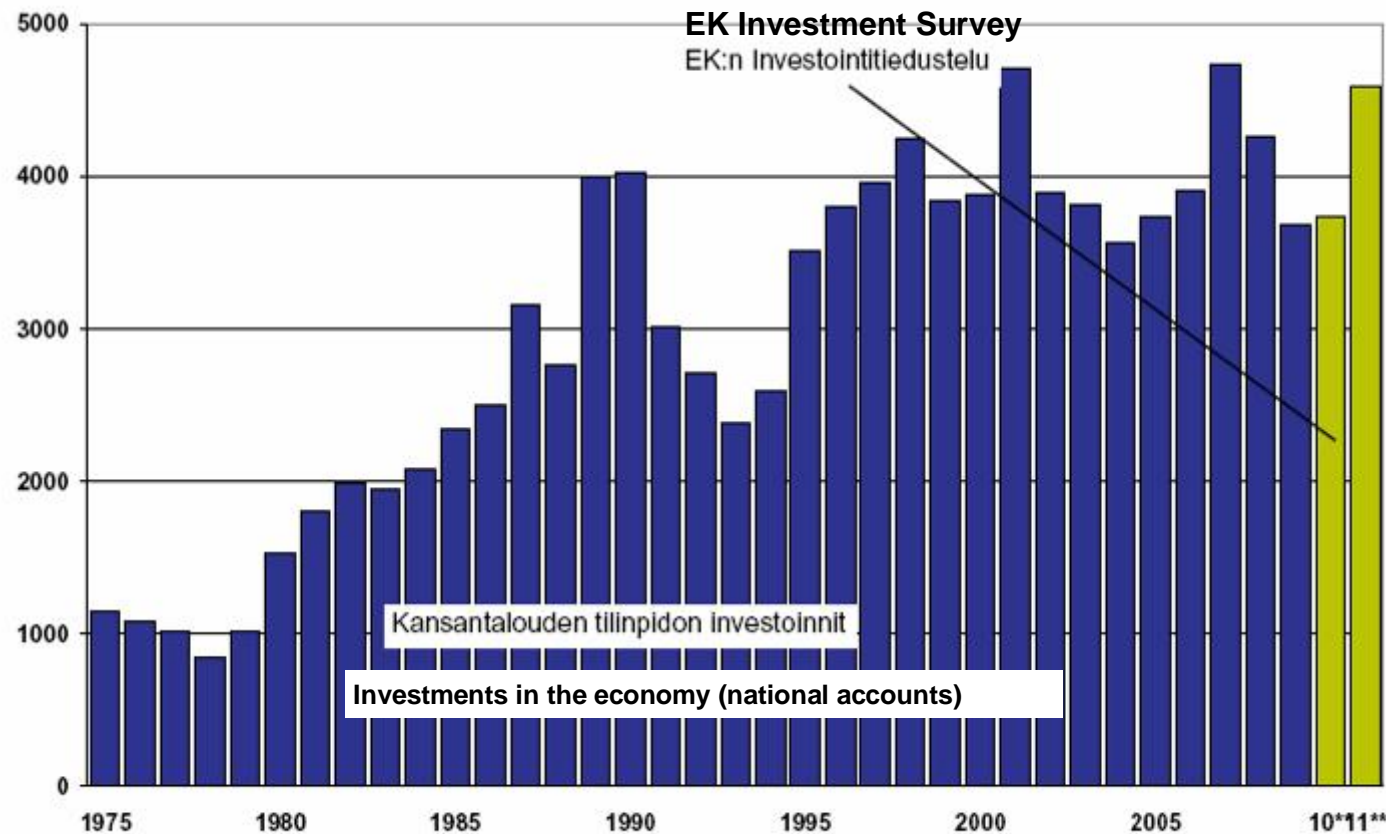
Source: Euroconstruct November 2011, Business confidence: Trading economies November 23, 2011

# Industrial indicators



# Industrial investments are estimated to increase in Finland

## Manufacturing and energy sectors' fixed investments in Finland

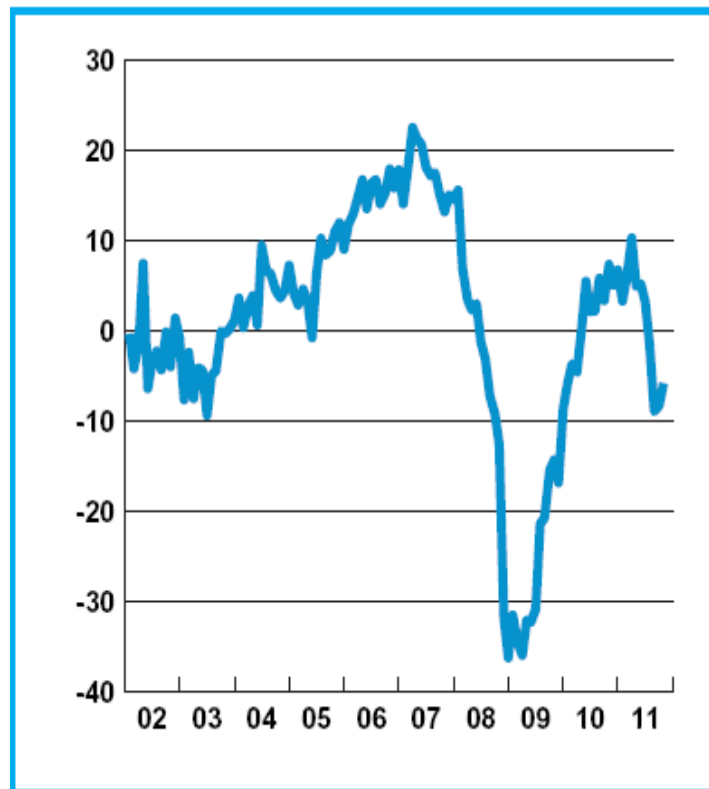


Source: The Confederation of Finnish Industries EK, June 2011

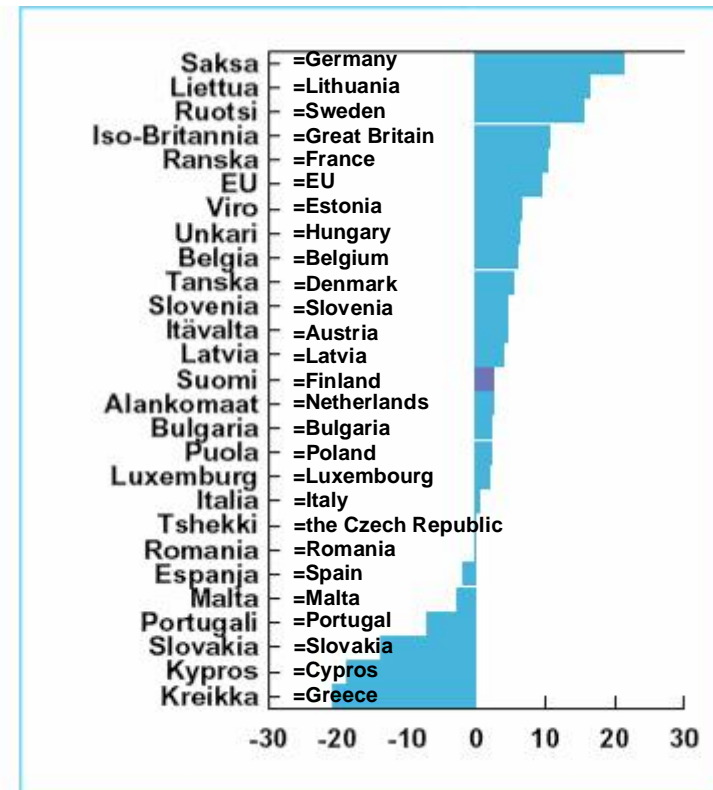


# Industrial confidence has declined in Finland

Industrial confidence in Finland

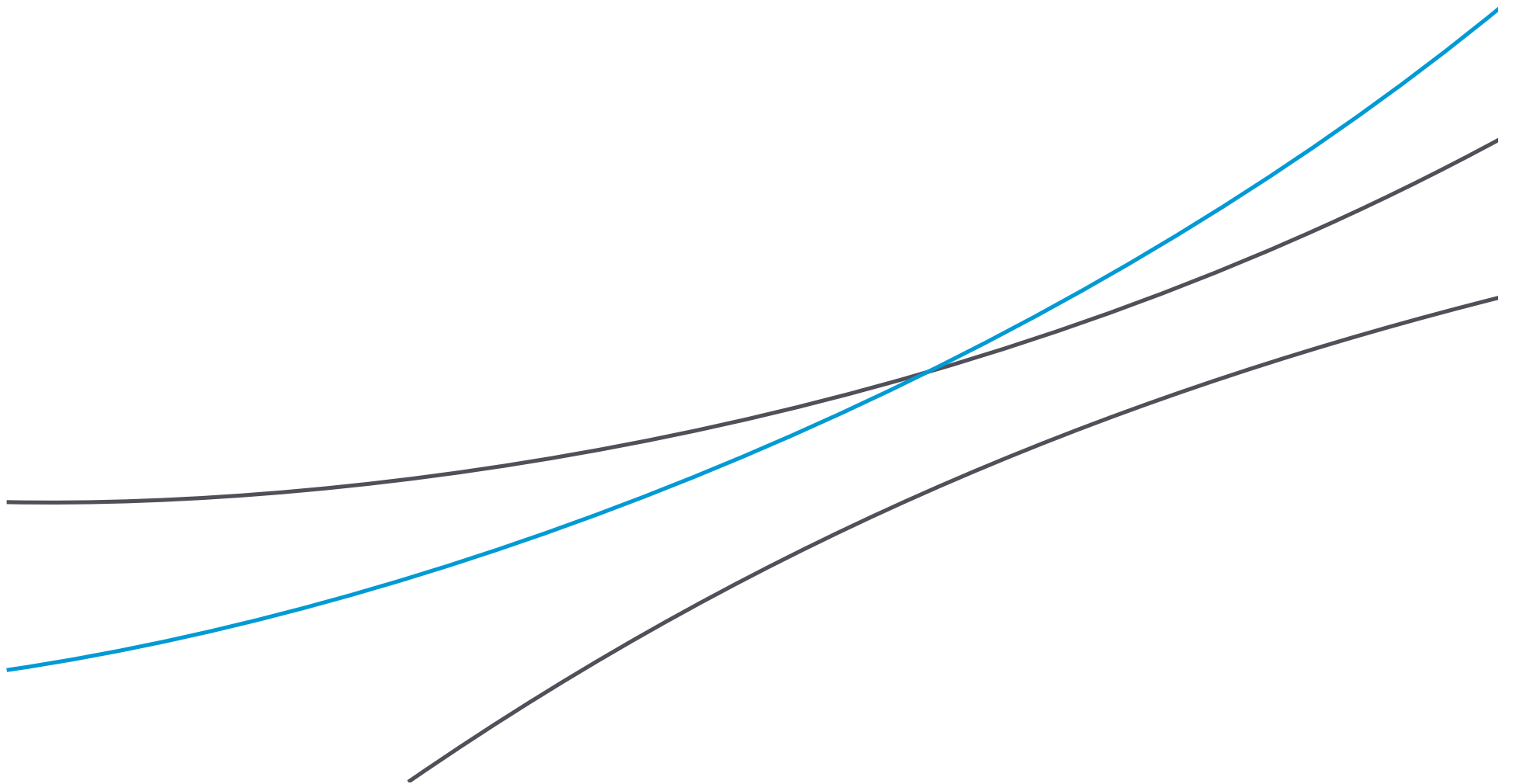


Industrial confidence in Europe



Source: Industrial confidence in Finland: The Confederation of Finnish Industries EK, October 2011, Industrial confidence in Europe: The Confederation of Finnish Industries EK, July 2011

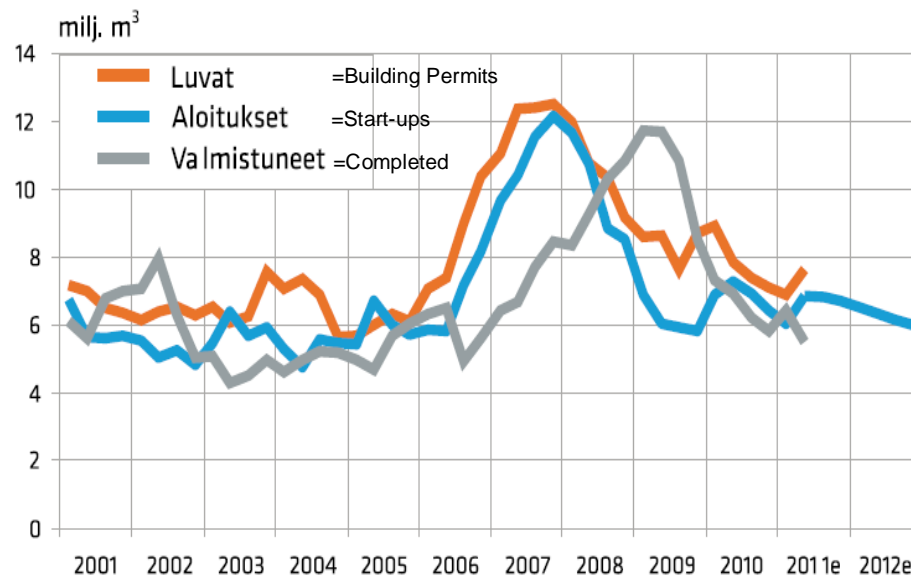
# Business Premises indicators



# Business premises market has improved slightly in Finland

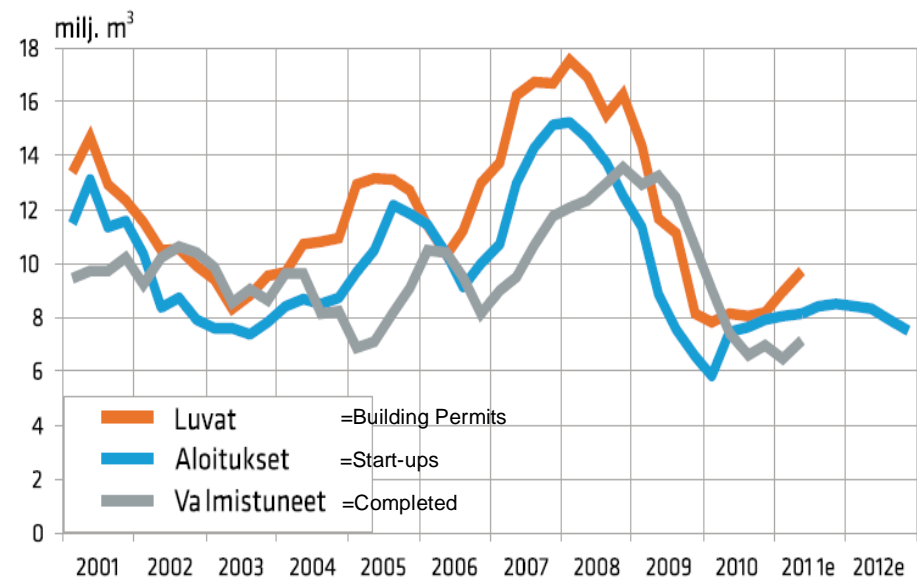
## Commercial and office buildings

vuosisumma =The annual sam of



## Industrial and warehouse buildings

vuosisumma =The annual sam of

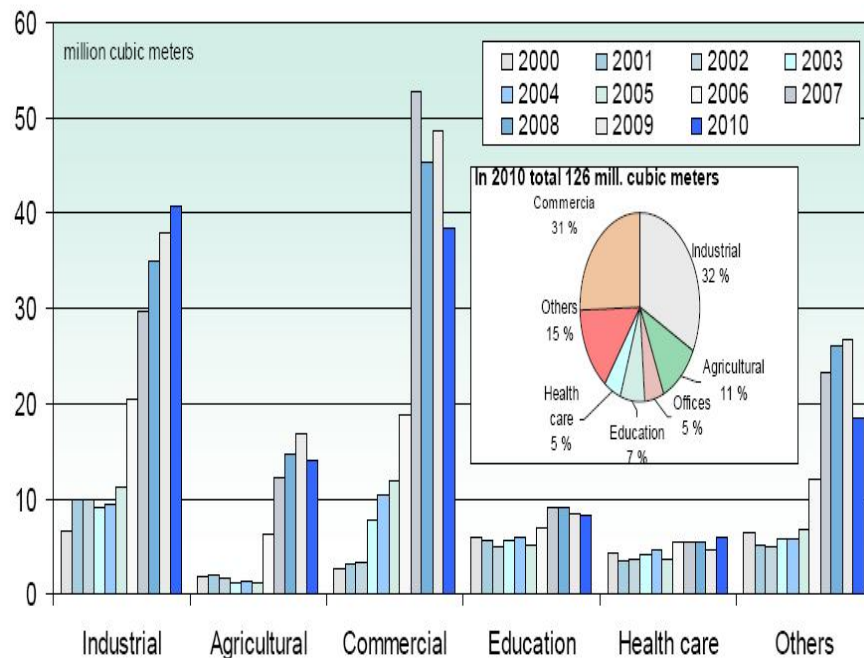


Source: RT October 12, 2011

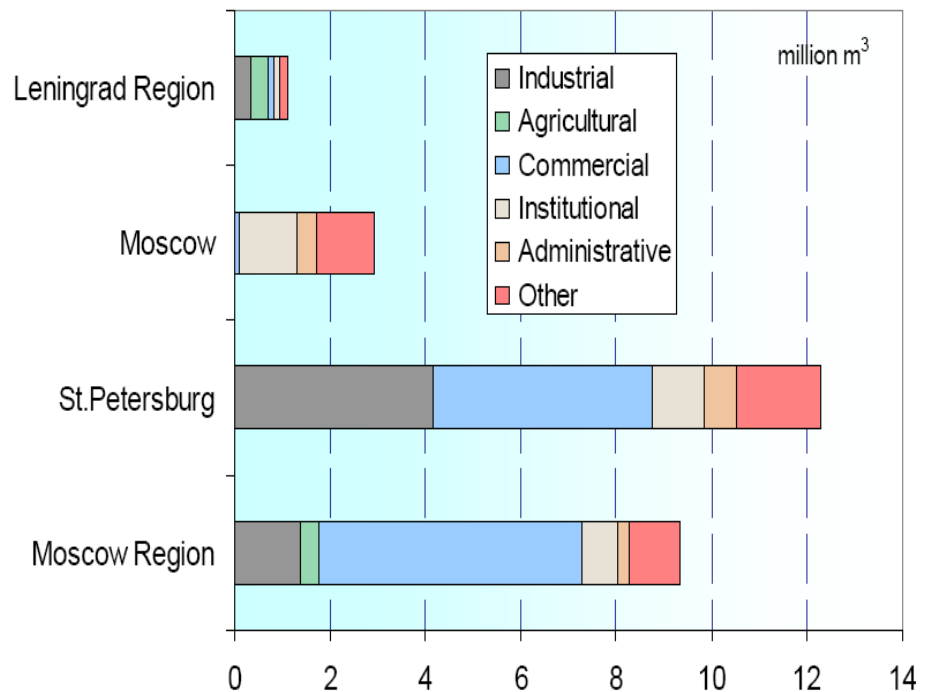
# Growth potential in Russian business premises market

## Commissioned Non-residential Buildings in Russia

including new and reconstructed non-residential buildings

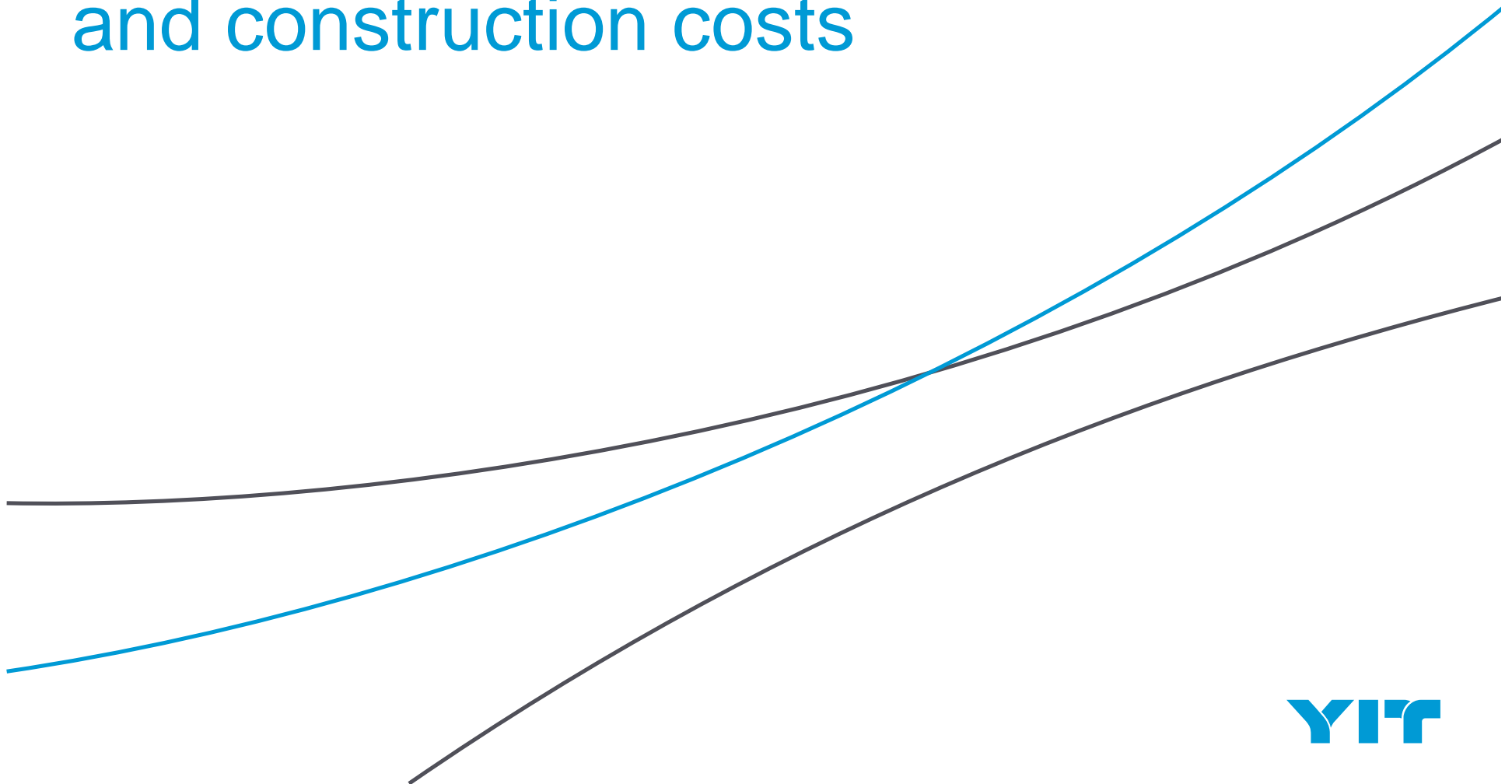


## Non-residential Construction in 2010



Source: Euroconstruct June 2011

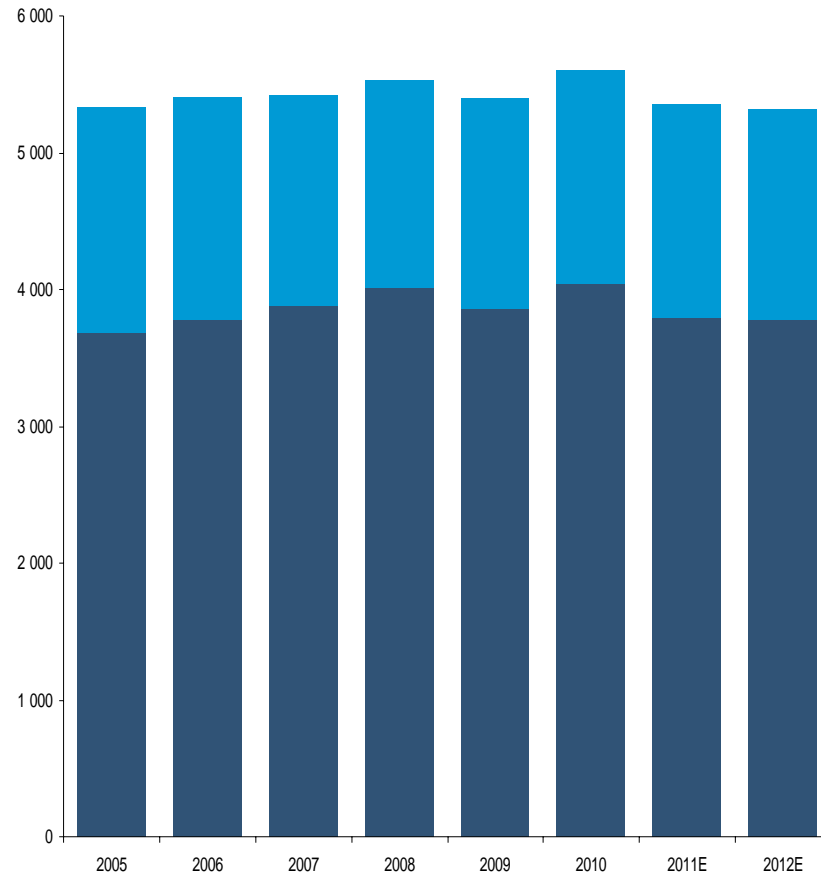
# Infrastructure construction and construction costs



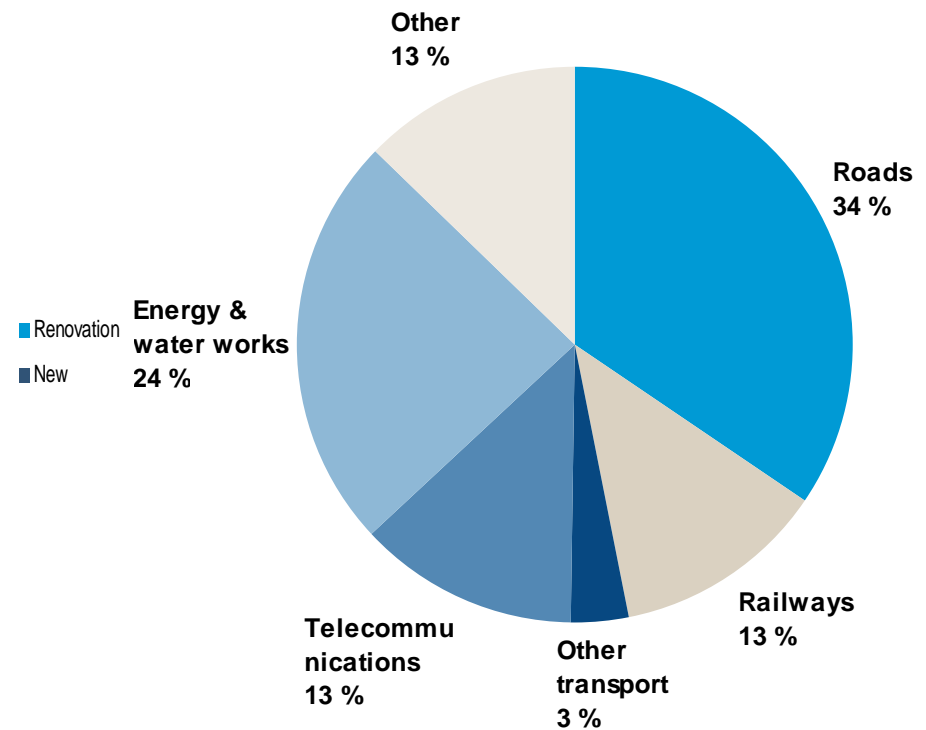
# Infrastructure construction

## Relatively stable development in Finland

EUR million **Infrastructure market in Finland**



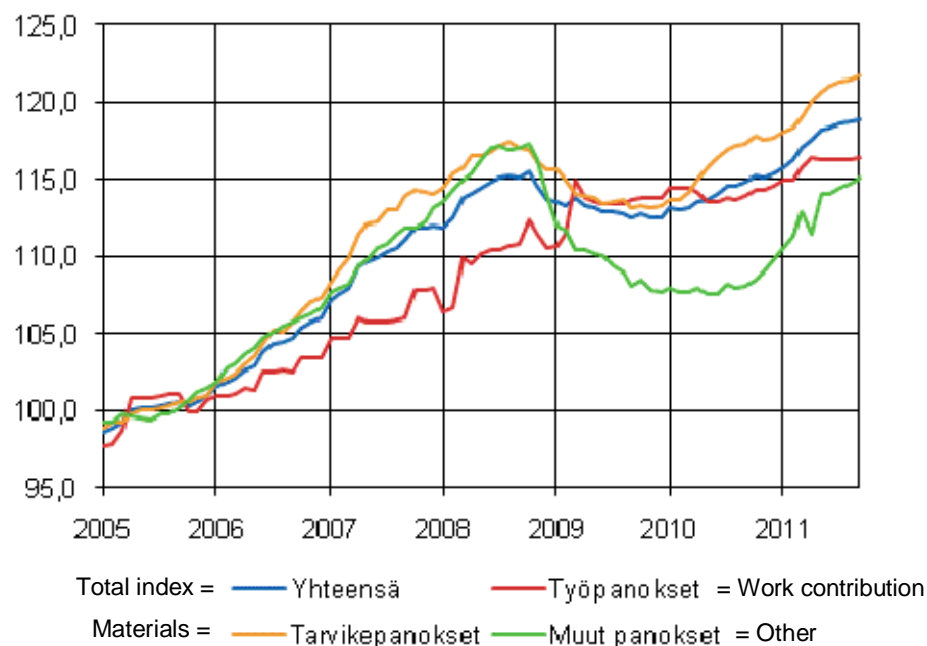
**Infrastructure sectors in Finland (2010)**



Source: Euroconstruct November 2011

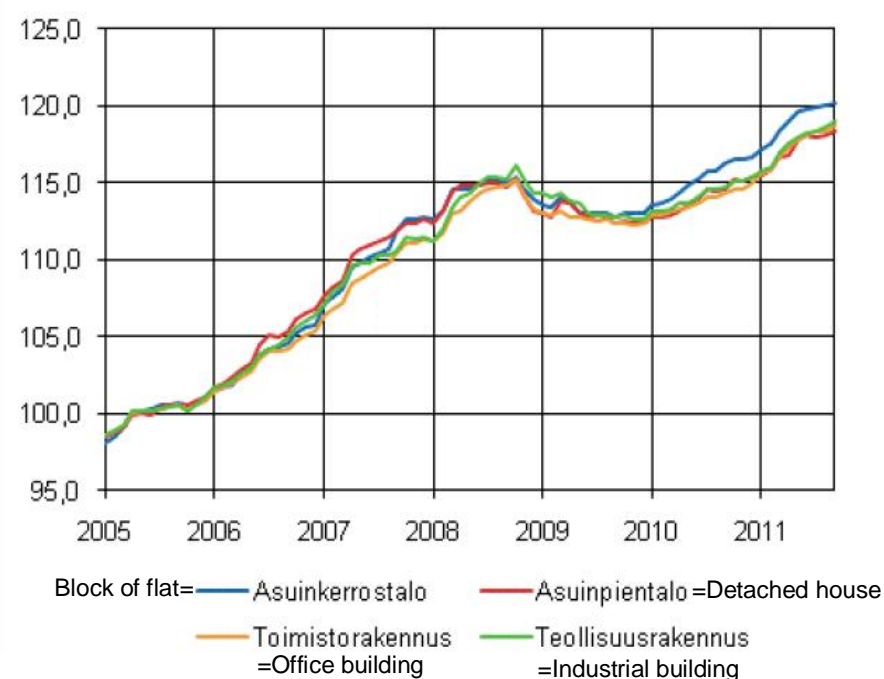
# Construction costs have increased the pace of inflation in Finland

Construction costs, index 2005-2011



- Building costs were 3,6% higher in September 2011 than in September 2010
- Labour costs rose by 2,1% and prices of materials by 3,8% compared to year ago. Other costs increased 6,4% y-to-y.

Construction costs by building type, index 2005-2011



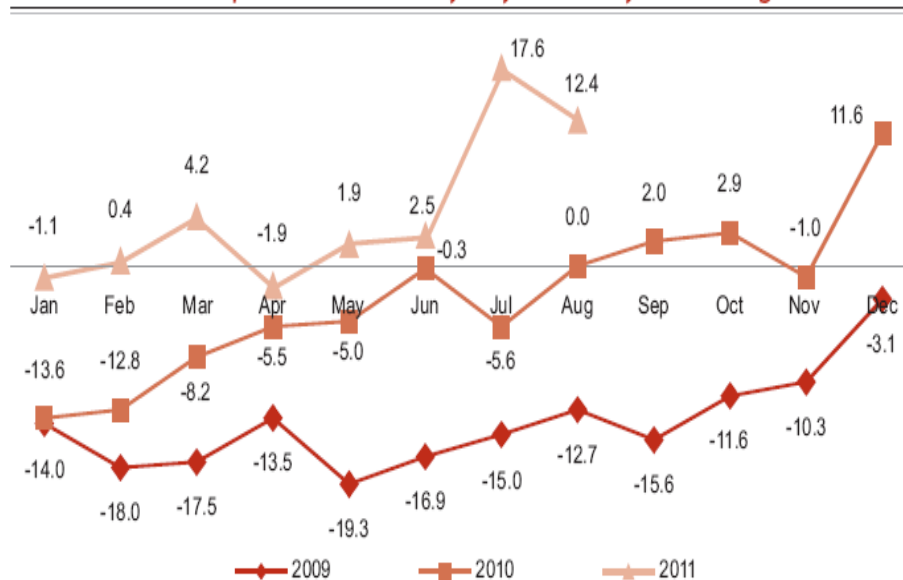
Source: Statistics Finland, October 12, 2011



# Construction output and construction costs in Russia

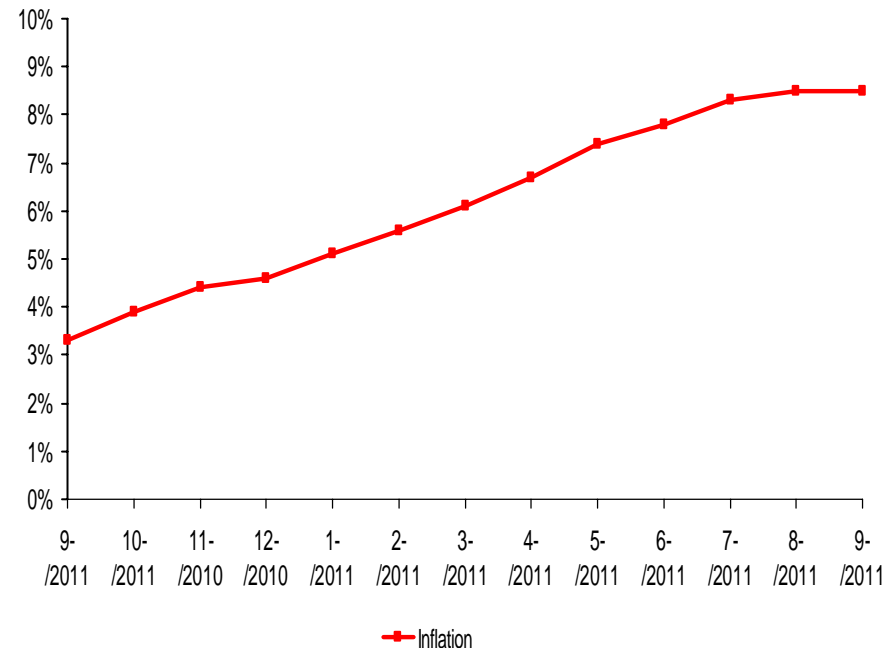
## Construction output 2009-2011

Construction output in Russia (% , y-o-y), January 2009-August 2011



## Construction costs 2010-2011

Inflation in building materials in Russia (y-to-y) one year



Source: PMR Construction Review October 18, 2011

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