

# Building Systems order backlog increased – residential start-ups will increase in 2011

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Roadshow, Paris & Brussels, May 3-4, 2011

**Shopping Centre MyZeil**  
Infrastructural building  
technology  
Frankfurt am Main  
Germany

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# Contents



- YIT Group in brief
- Highlights of Q1 report
- Financial targets and growth strategy
- Appendices

# 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



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



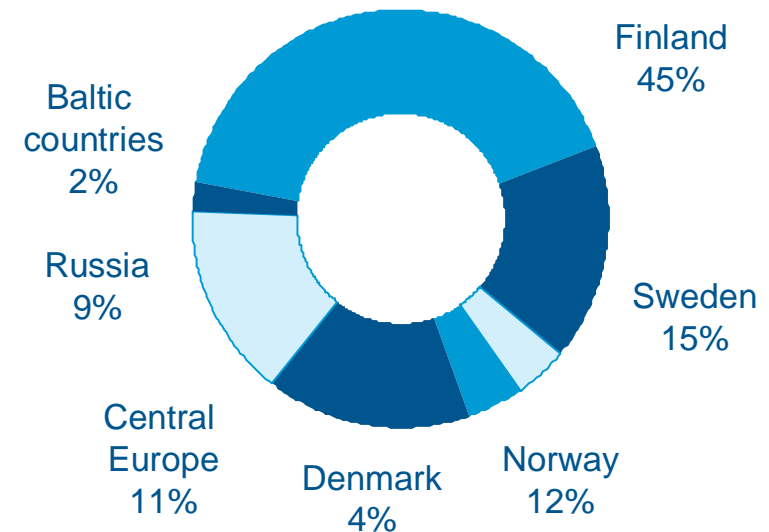
Over 32,000  
shareholders  
at the end of  
2010.



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

## Wide geographical scope

Revenue  
by area in 2010



2010 figures (Group reporting, IFRIC 15))

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# Business segments

<b>Building Services</b> <ul style="list-style-type: none"> <li>•Service and maintenance of building systems and industrial processes</li> <li>•Technical building systems installations</li> <li>•Project deliveries to industry</li> <li>•Two segments from Q1 on</li> </ul>	<b>Construction Services Finland</b> <ul style="list-style-type: none"> <li>•Residential development</li> <li>•Business premises</li> <li>•Infrastructure</li> </ul>	<b>International Construction Services</b> <ul style="list-style-type: none"> <li>•Residential development</li> <li>•Business premises</li> <li>•Building construction</li> </ul>
Nordic countries, Central Europe, Baltic countries, Russia	Finland	Russia, Baltic countries, Czech Republic, Slovakia
Revenue: EUR 2,353 million EBIT: EUR 105 million Personnel: ~19,600	Revenue: EUR 1,102 million EBIT: EUR 108 million Personnel: ~3,200	Revenue: EUR 471 million EBIT: EUR 35 million Personnel: ~2,700
		

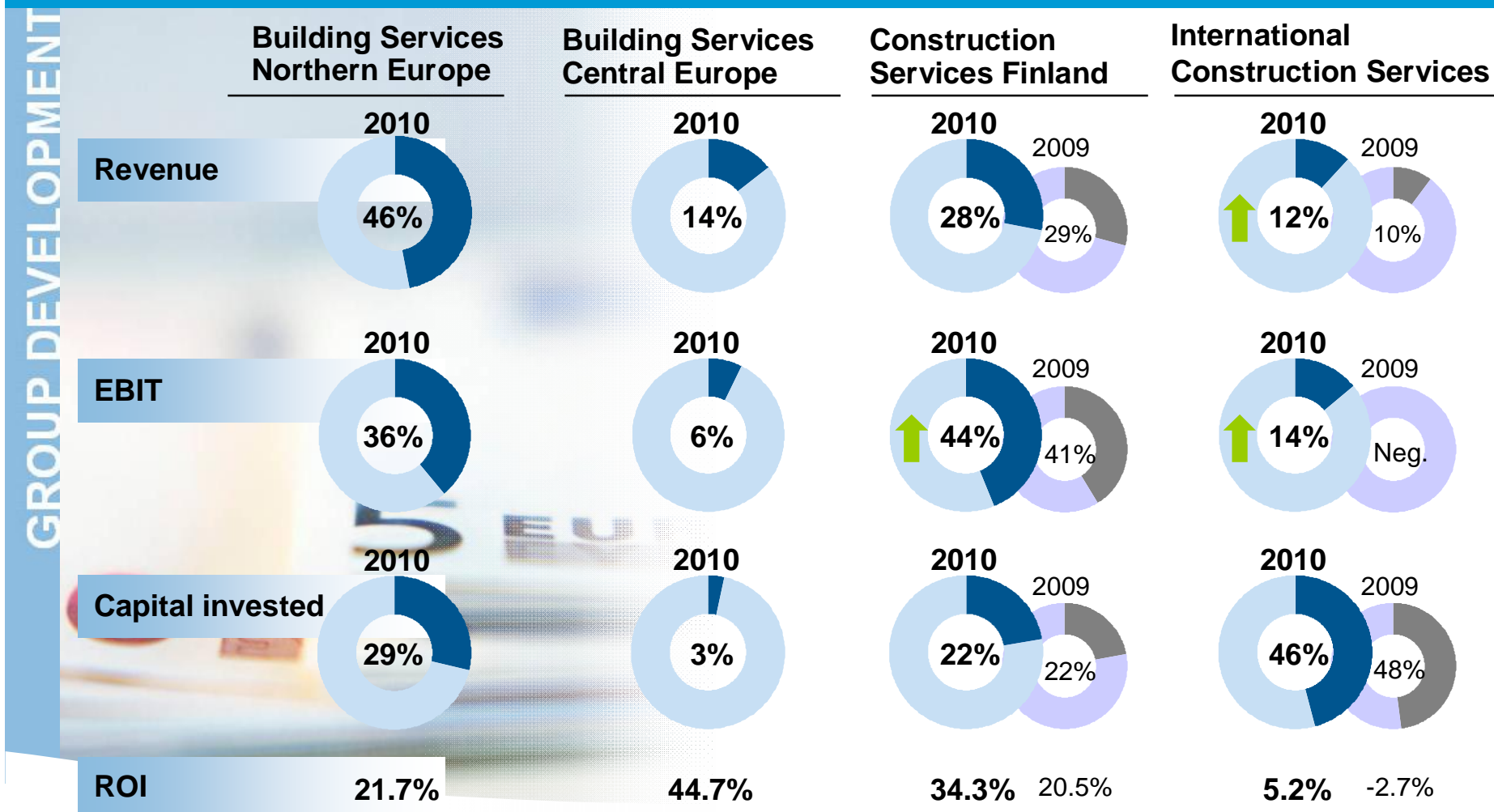
2010 figures, segment reporting (POC= Percentage of completion)

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# Business portfolio

## Performance of YIT business segments in 2010

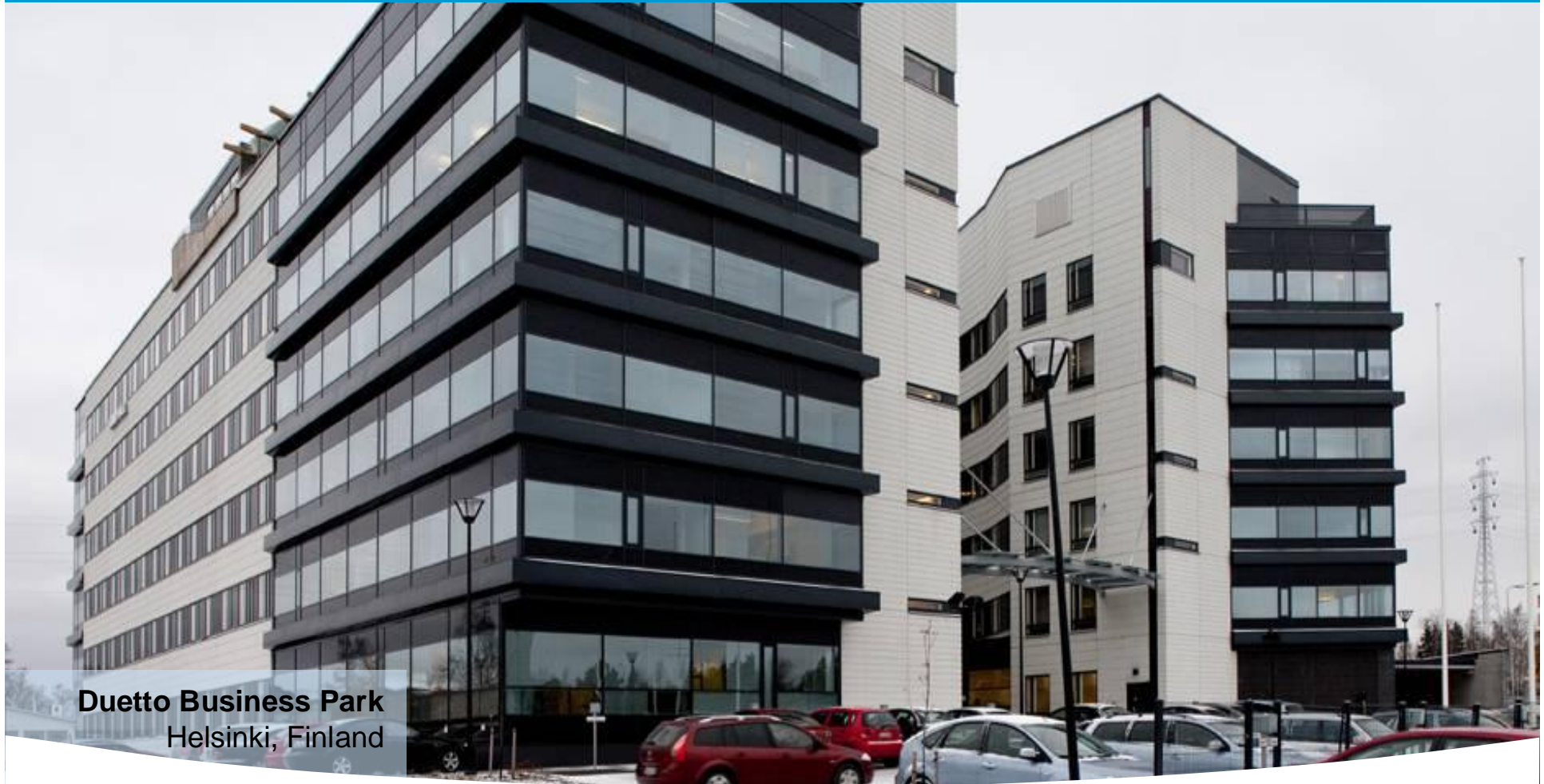


\* All figures based on segment reporting (POC=Percentage of completion)

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# Interim report 1-3/2011

## Group development



**Duetto Business Park**  
Helsinki, Finland

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# Q1 highlights

GROUP DEVELOPMENT

## PROFITABILITY AND SALES

### Profitable growth continues

- Revenue increased 25%, EBIT increased 13% y-o-y (POC)
- Strong residential sales for consumers in Finland

## ORDER BACKLOG

### Good development in order backlog

- Order backlog increased in Building Services: margin improvement especially in Germany
- Own developed residential start-ups correspond to good demand: ICS 1,286; Finland 605: More apartments for sale
- Acceleration of start-ups in 2011 in both segments compared to 2010

## OUTLOOK

### Favourable outlook intact

- YIT expects growth in revenue and clear growth in operating profit in 2011\*
- Good profitability improvement potential
  - Housing in Russia in Construction Services
  - Central Europe in Building Services

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

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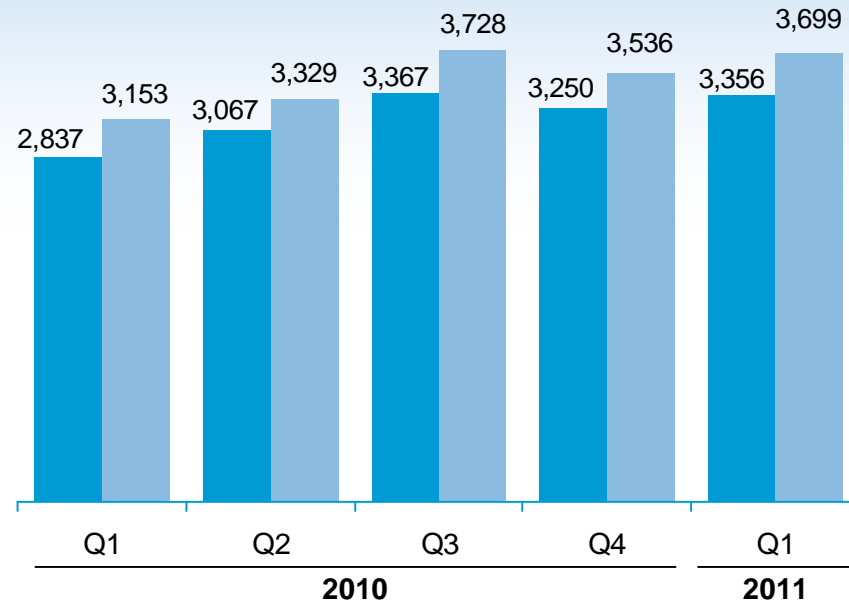


# Good development in order backlog and revenue

GROUP DEVELOPMENT

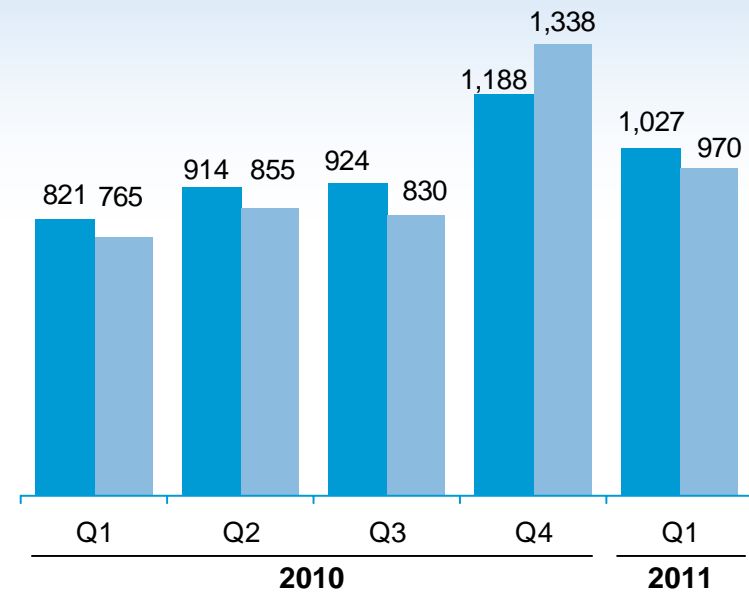
## Order backlog (EUR million)

Change Q1/10 - Q1/11: 18% (POC)



## Revenue (EUR million)

Change Q1/10 - Q1/11: 25% (POC)

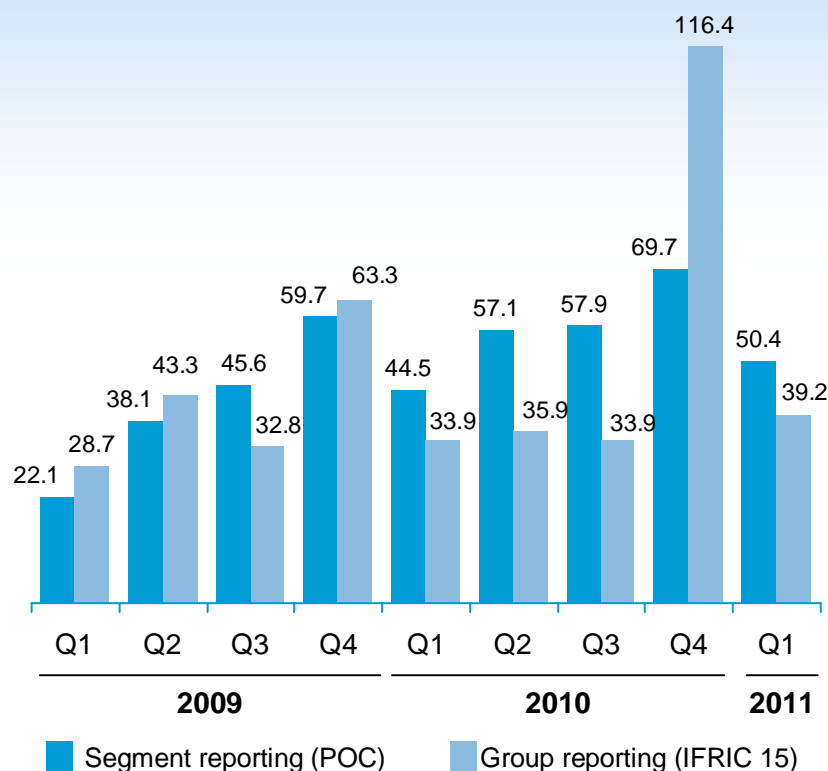


■ Segment reporting (POC) ■ Group reporting (IFRIC 15)

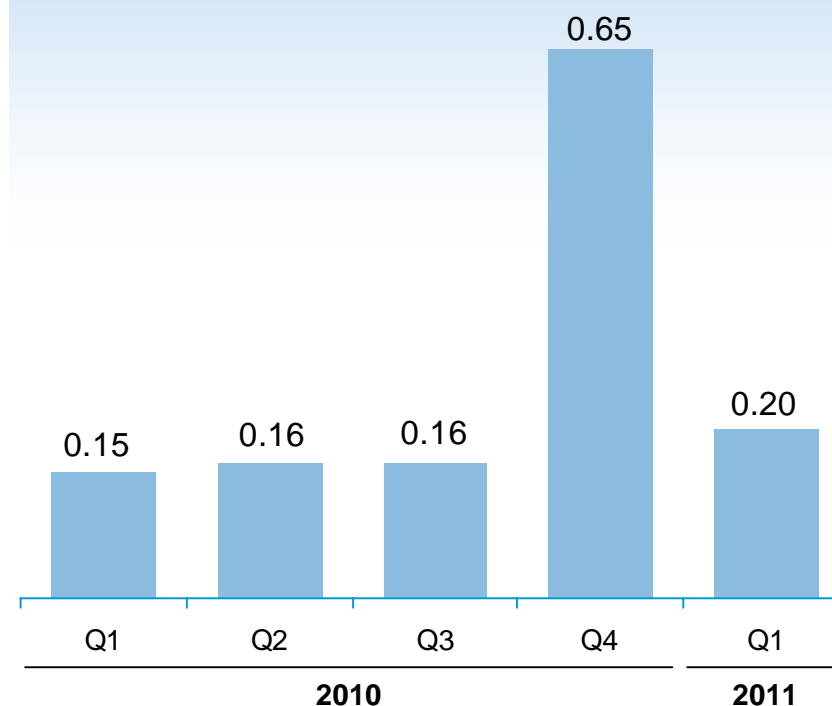
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# Normal seasonality in profitability

**Operating profit (EUR million)**  
Change Q1/10 - Q1/11: 13% (POC)



**Earnings per share (EUR)**  
Change Q1/10 - Q1/11: 33% (IFRIC 15)



EBIT in Building Services decreased by approx. EUR 3.3 million in Q3/10 and by approx. EUR 3.0 million in Q4/10 due to non-recurring costs related to acquisitions.

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# Key figures

EUR million

## Segment reporting (POC\*)

	1-3/11	1-3/10	Change	1-12/10
Revenue	1,027	821	25%	3,847
Operating profit	50.4	44.5	13%	229.1
% of revenue	4.9	5.4		6.0
Order backlog	3,356	2,837	18%	3,250

## Group reporting (IFRIC 15)

Revenue	970	765	27%	3,788
Operating profit	39.2	33.9	16%	220.1
% of revenue	4.0	4.4		5.8
Order backlog	3,699	3,153	17%	3,536
Profit before taxes	34.7	26.7	30%	194.8
Earnings per share, EUR	0.20	0.15	33%	1.12
Return on investment, % (last 12 months)	14.0	11.3	24%	14.3
Equity ratio, %	28.5	30.2	-6%	31.9
Operating cash flow after investments	16.1	33.8	-52%	-61.7
Personnel at the end of period	25,748	23,211	11%	25,832

\* POC= Percentage of completion

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# Building Services Northern Europe



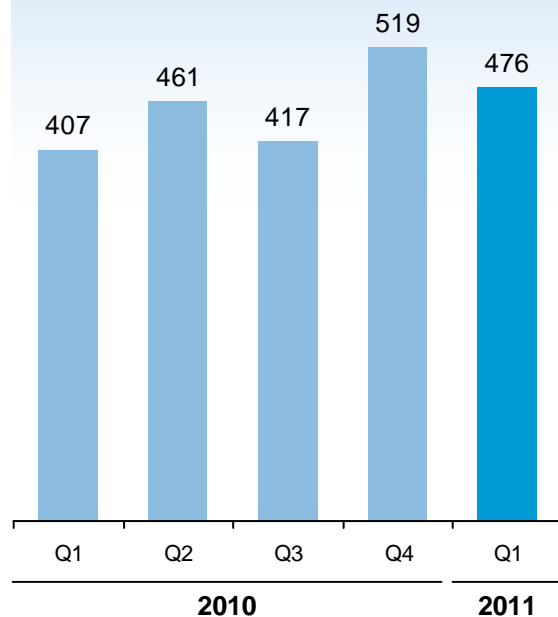
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# Order backlog strengthened

BUILDING SERVICES NORTHERN EUROPE

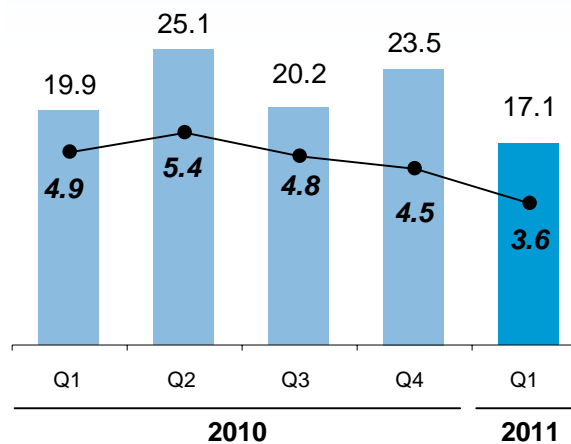
## Revenue (EUR million)

Change Q1/10 - Q1/11: 17%



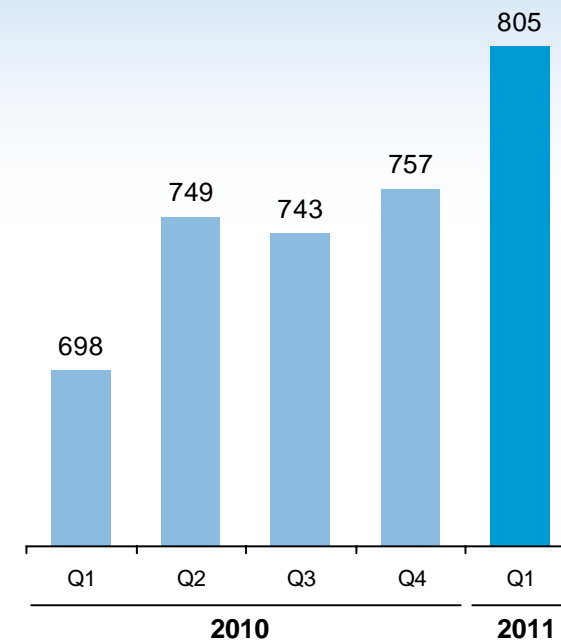
## Operating profit (EUR million)

Change Q1/10 - Q1/11: -14%



## Order backlog (EUR million)

Change Q1/10 - Q1/11: 15%



All figures according to segment reporting (POC)

■ Operating profit    ● % of revenue

EBIT in Building Services Northern Europe decreased by approx. EUR 1.4 million in Q3/10 due to non-recurring costs related to acquisitions.

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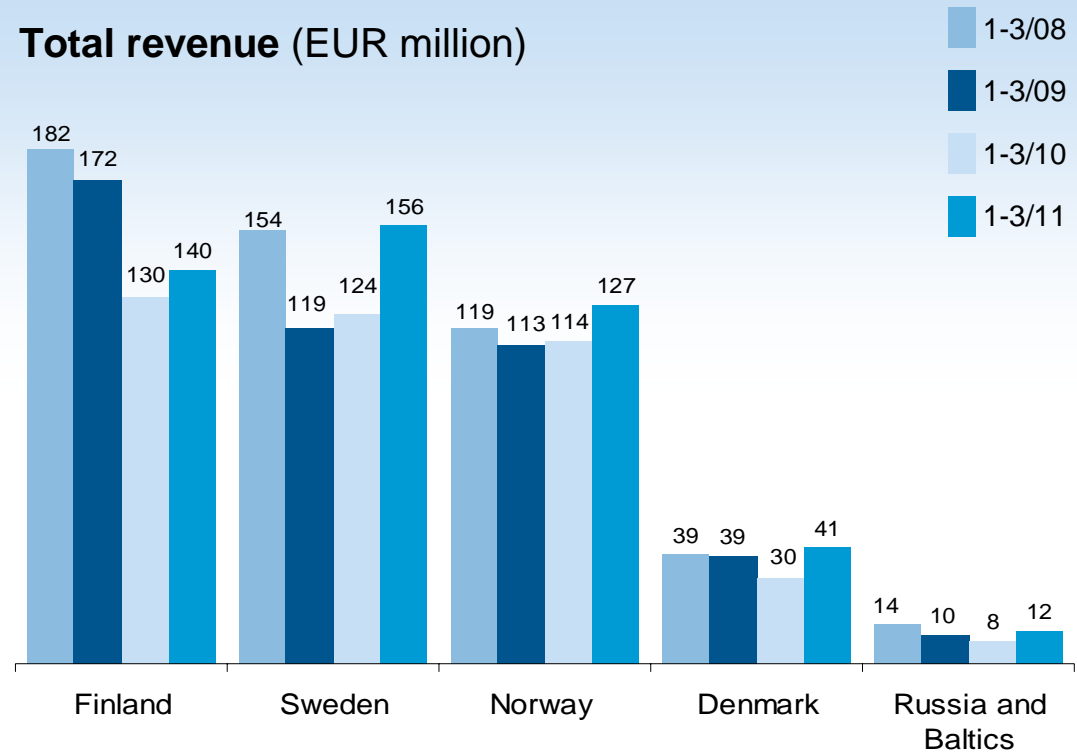
# Revenue development by country

BUILDING SERVICES NORTHERN EUROPE

- Highest profitability in Norway
- Low profitability in Finnish industrial services and in Denmark; however, the bottom has been passed in both areas



**Total revenue (EUR million)**





# Building Services Central Europe



**New Trade Fair Centre**  
Technical and commercial  
management  
Stuttgart, Germany

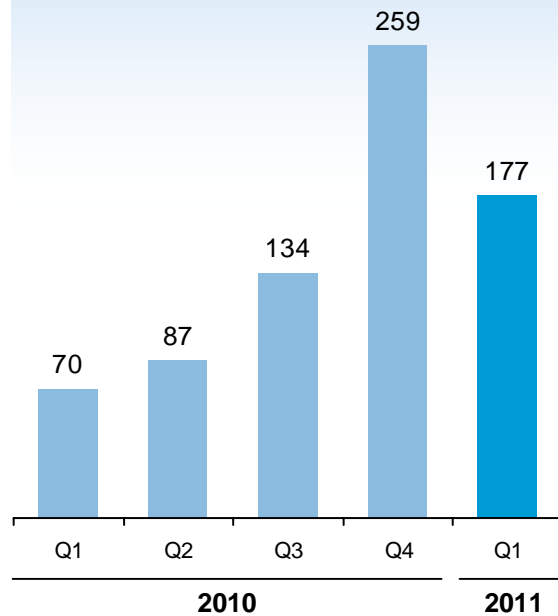
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# EBIT and revenue increased clearly, order backlog strengthened

BUILDING SERVICES CENTRAL EUROPE

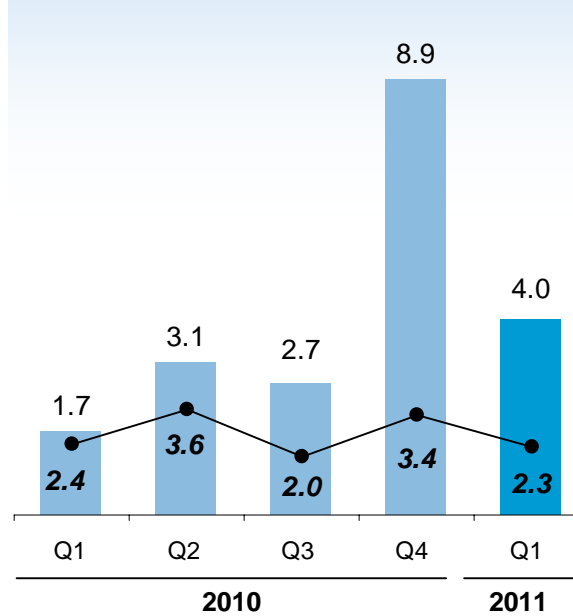
## Revenue (EUR million)

Change Q1/10 - Q1/11: 152%



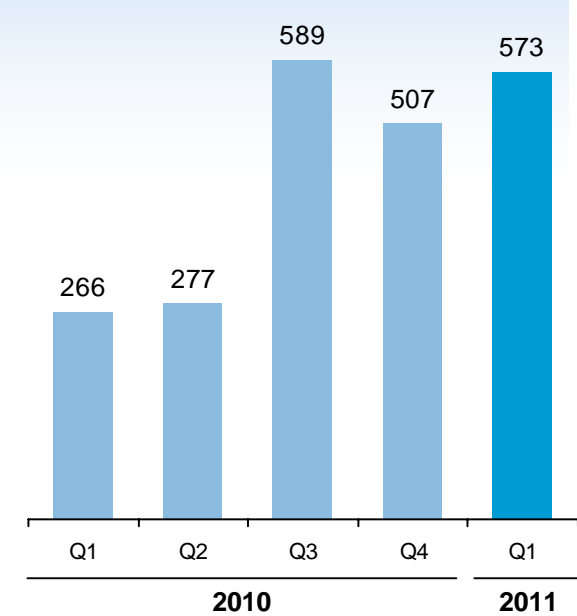
## Operating profit (EUR million)

Change Q1/10 - Q1/11: 135%



## Order backlog (EUR million)

Change Q1/10 - Q1/11: 113%



All figures according to segment reporting (POC)

■ Operating profit    ● % of revenue

EBIT in Building Services Central Europe decreased by approx. EUR 1.9 million in Q3/10 and by approx. EUR 3.0 million in Q4/10 due to non-recurring costs related to acquisitions.

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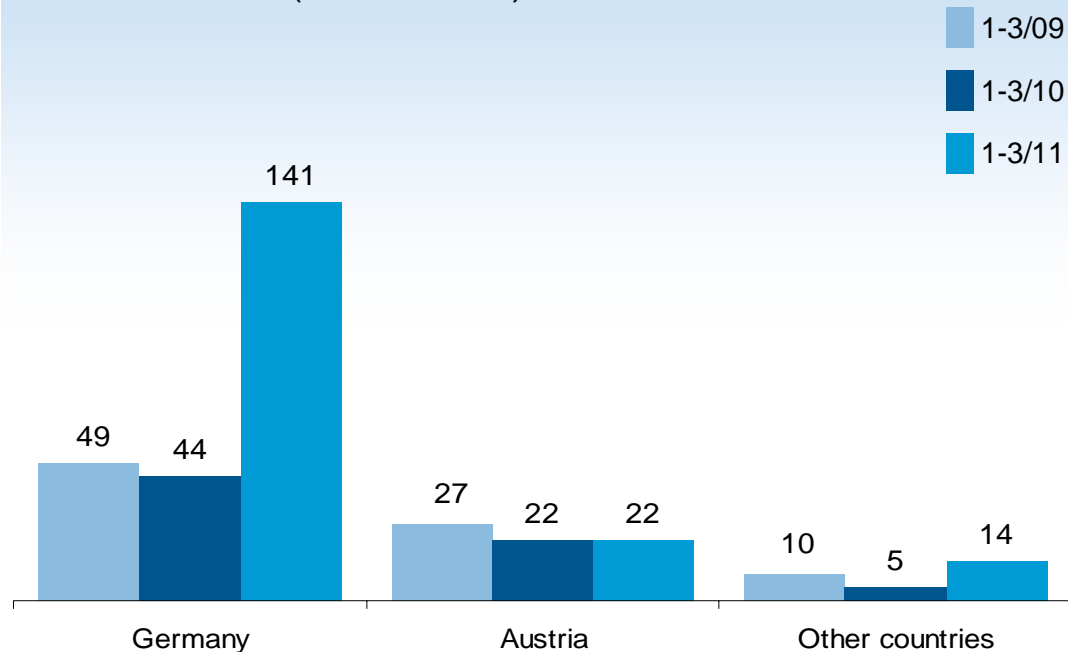


# Germany clearly the most important country in Central Europe

- Reasonable profitability in Germany and in Austria
- Good demand for new investments and service in Germany: the margin of order backlog in Germany has increased
- 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, Czech Republic and Hungary

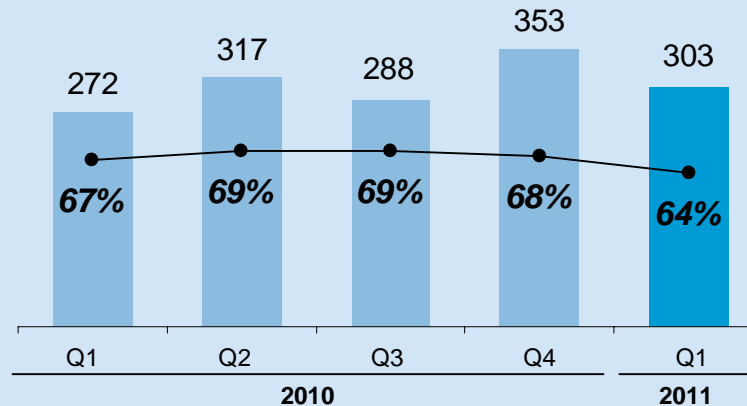


# Good possibilities to increase service and maintenance in Central Europe

BUILDING SERVICES



## Service and maintenance revenue in Northern Europe

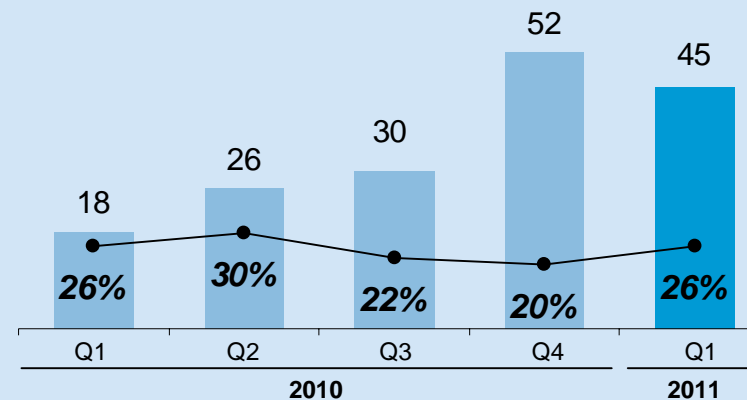


EUR 302.5 million in 1-3/2011

Change from 1-3/10: 11%

■ Service and maintenance revenue  
● % of segment revenue

## Service and maintenance revenue in Central Europe



EUR 45.3 million in 1-3/2011

Change from 1-3/10: 150%

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# Construction Services Finland



**Aurinkolahti**  
Helsinki, Finland

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# Good development in residential, infra weak

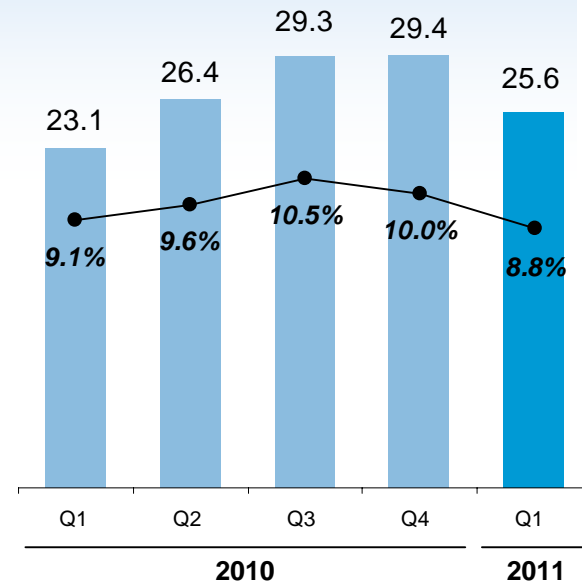
## Revenue (EUR million)

Change Q1/10 - Q1/11: 14%



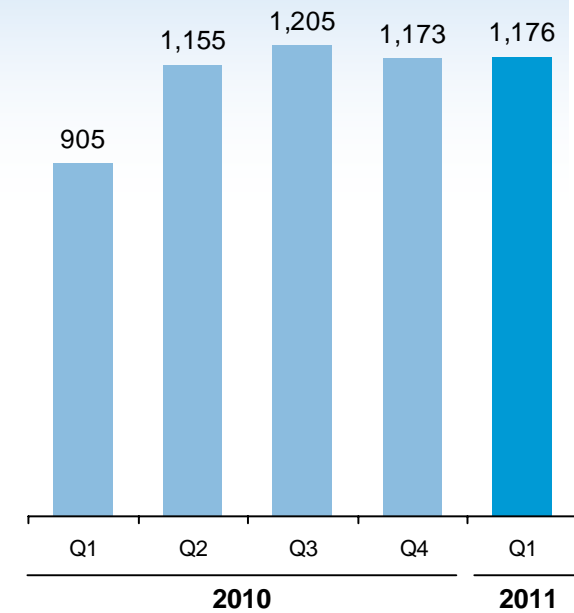
## Operating profit (EUR million)

Change Q1/10 - Q1/11: 11%



## Order backlog (EUR million)

Change Q1/10 - Q1/11: 30%



All figures according to segment reporting (POC)

■ Operating profit    ● % of revenue

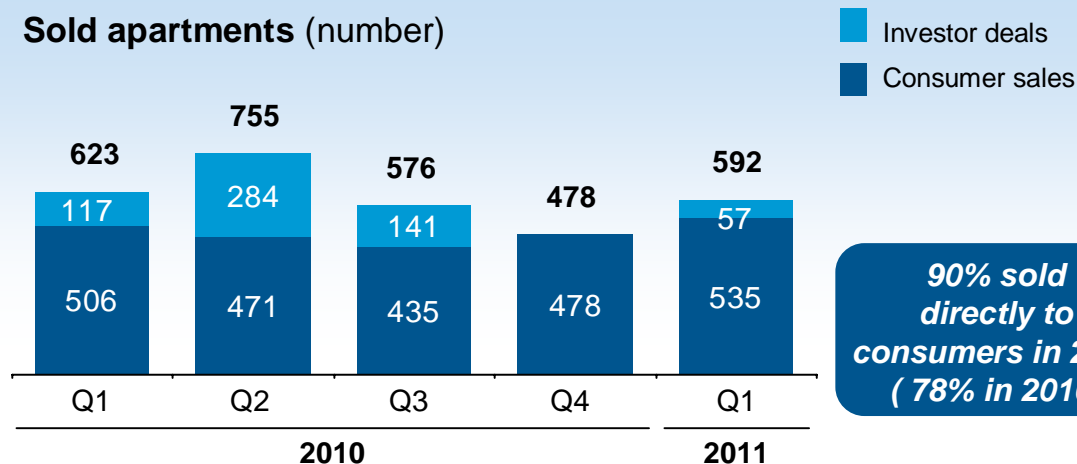
The operating profit of the segment includes EUR -1.5 million (1–3/2010: EUR -0.3 million) of borrowing costs according to IAS 23. EBIT margin in Q1/11 excluding these costs would be 9.3% (Q1/10: 9.2%).

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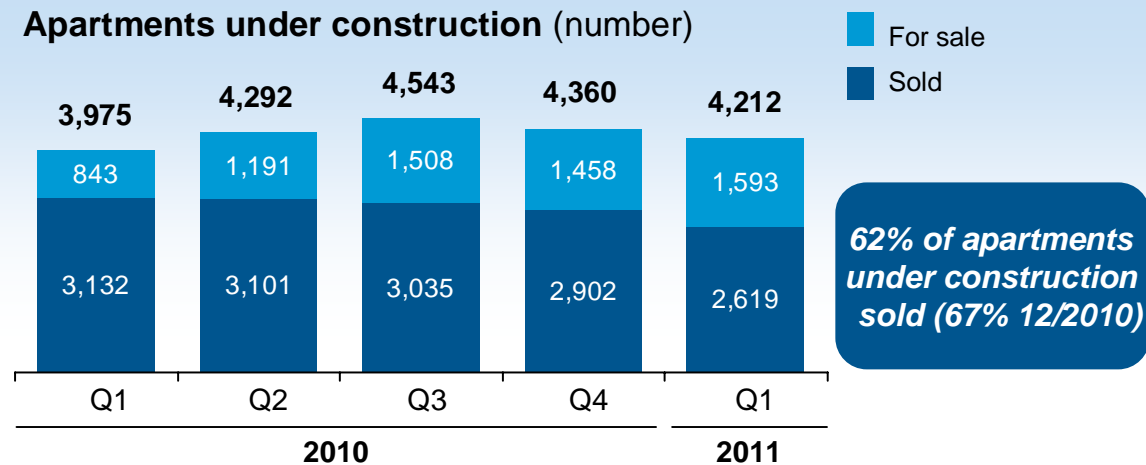
# Strong residential sales in Finland

**Sold apartments (number)**



**90% sold directly to consumers in 2011 (78% in 2010)**

**Apartments under construction (number)**



**62% of apartments under construction sold (67% 12/2010)**



- Good sales for all apartment types
- Prices increased slightly
- Supply has normalized
- Sales have continued at a good level in April as well
- Good activity in plot acquisitions supports future growth

At the end of the period

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# Focus on own residential development projects in Q1

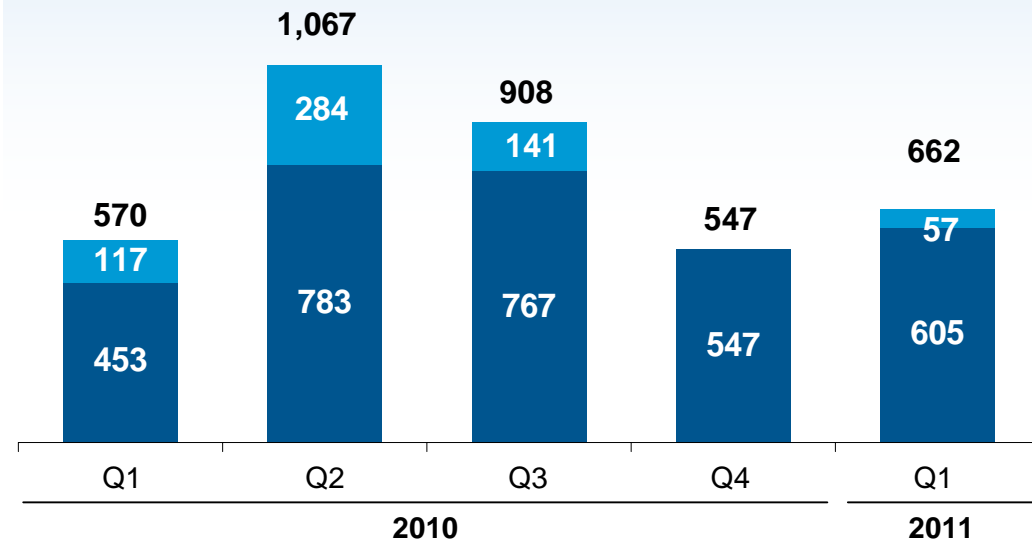
CONSTRUCTION SERVICES FINLAND



**Siltavahti**  
Kuopio, Finland

## Apartment start-ups in Finland

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



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# Further possibilities in business premises and infra

CONSTRUCTION SERVICES FINLAND



## In business premises, focus more on own development projects

- Market outlook has improved: rents have stabilized, international investors' interest has increased, investors' yield requirements have decreased to some extent
- Order backlog has clearly strengthened y-o-y
- Good renting activity in Q1 (19,000 m<sup>2</sup>)
- Projects for investor sale: Triotto office project in Helsinki and Tiilitie Trade Park in Vantaa

## Increased activity in preparing tenders in infra

- New orders related to Metro in Helsinki
- Preparation for E18 highway Koskenkylä-Kotka project tender continues in consortium with Destia (total value up to EUR 650 million)
- Railway track Kokkola-Ylivieska -decided to be in ordinary project structure (budget financing) instead of PPP-model and be executed as a part of railway track Seinäjoki-Oulu project

# International Construction Services



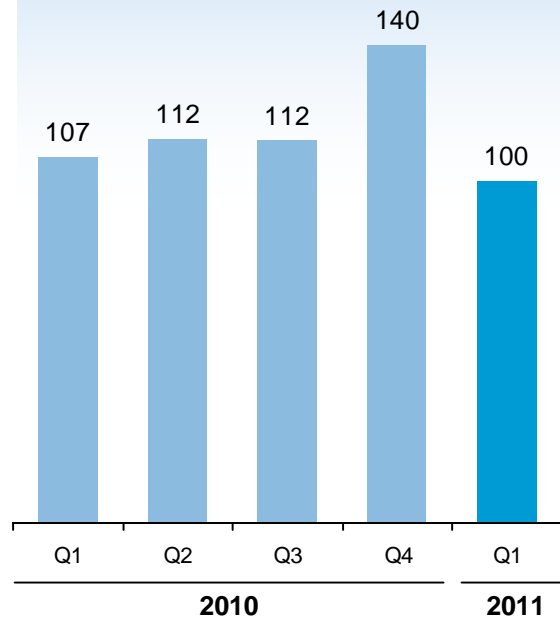
**Steel fixers**  
St. Petersburg, Russia

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# Q1 typically the weakest quarter due to Russian holidays

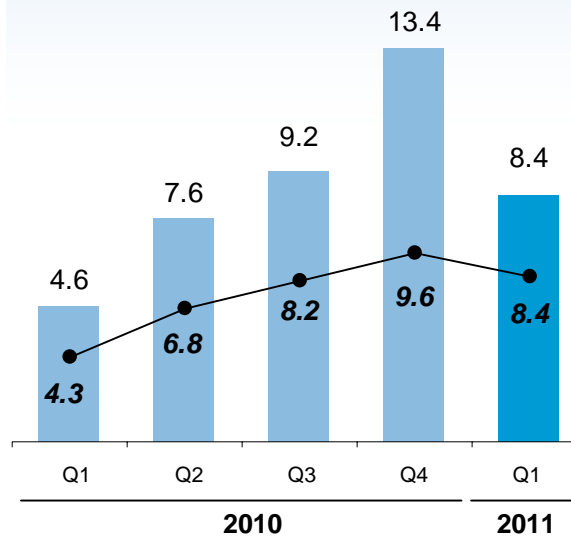
## Revenue (EUR million)

Change Q1/10 - Q1/11: -6%



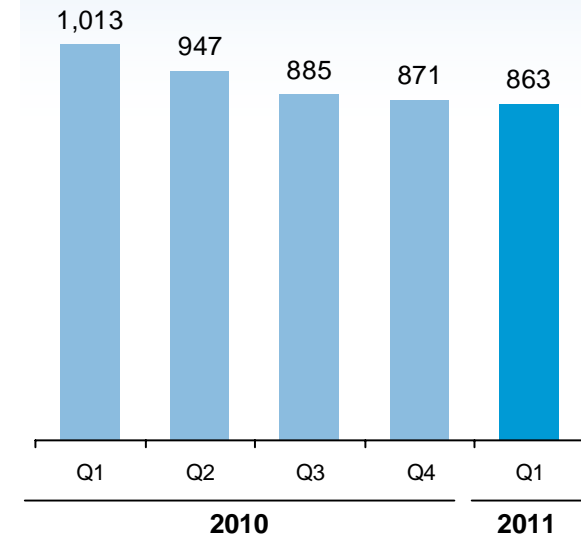
## Operating profit (EUR million)

Change Q1/10 - Q1/11: 83%



## Order backlog (EUR million)

Change Q1/10 - Q1/11: -15%



All figures according to segment reporting (POC)

■ Operating profit    ● % of revenue

The operating profit of the segment includes EUR -0.5 million (1–3/2010: EUR -0.0 million) of borrowing costs according to IAS 23. EBIT margin in Q1/11 excluding these costs would be 8.9% (Q1/10: 4.3%).

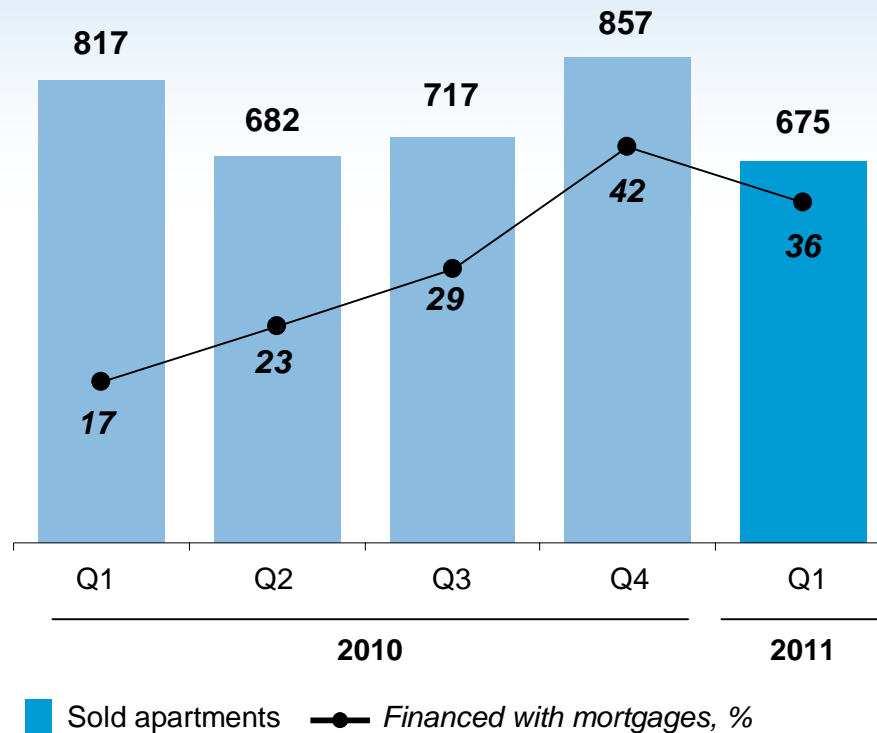
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# Good development in mortgage market supported residential sales in Russia

## Apartments sold in Russia

Number, %



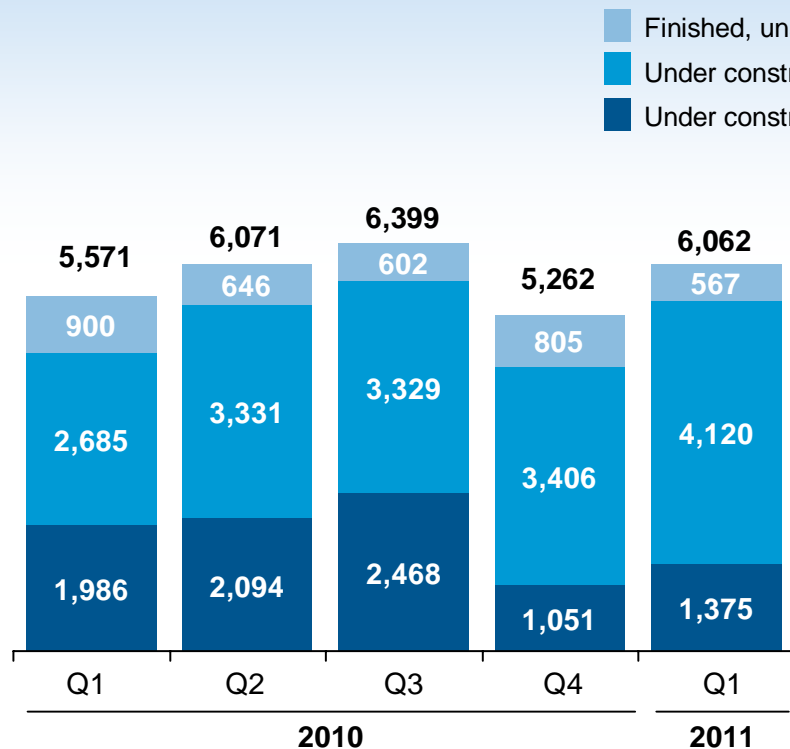
- Number of sold apartments decreased from the previous year to 675 apartments
- Sales have continued at a good level in April
- Market prices have slightly increased during Q1
- Sales supported by extensive mortgage co-operation with banks
  - 36% of sold apartments financed with mortgages in Q1/11
  - Improvement in Moscow Oblast



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# Sales mix lead to lower revenue recognition

**Apartments in Russia (number)**

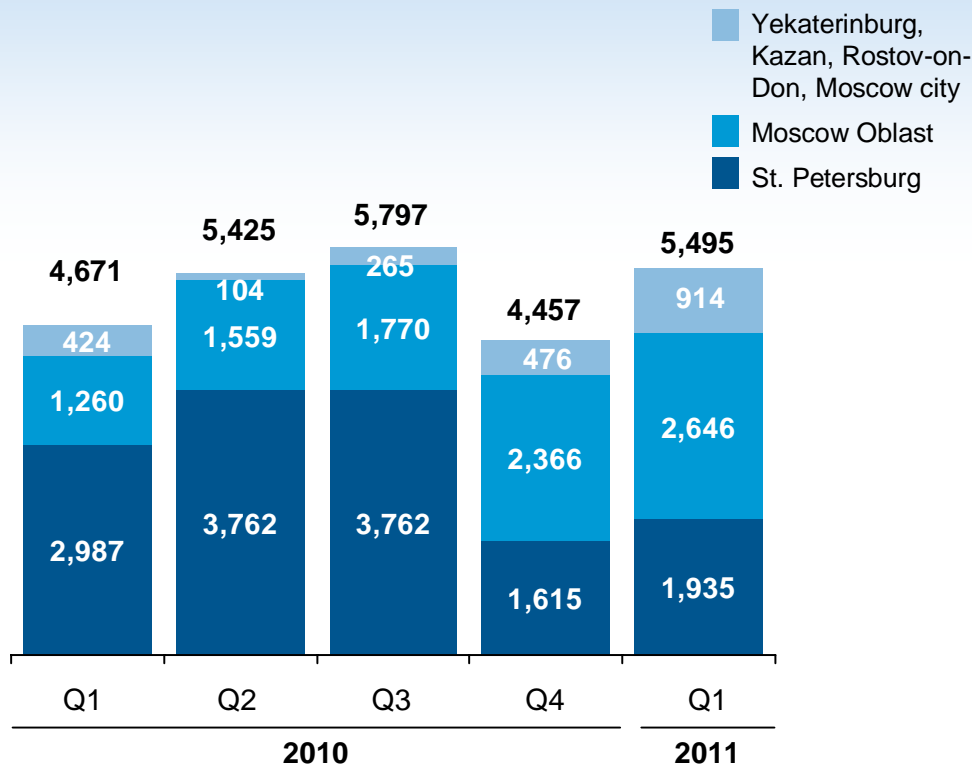


- Sales mix more towards apartments in early construction phase
  - Enabled by YIT's reputation and reliability
  - Lower revenue recognition
  - 105 apartments commissioned in Q1/11 (Q1/10: 321)
- Sales inventory has clearly increased compared to Q1/10
  - 4,687 apartments for sale at the end of March (3/10: 3,585 in Russia)
  - 25% of apartments under construction were sold

At the end of the period

# Wide recovery in Russian residential

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



- Apartments under construction have increased in all cities
- Promising sales start also in new projects

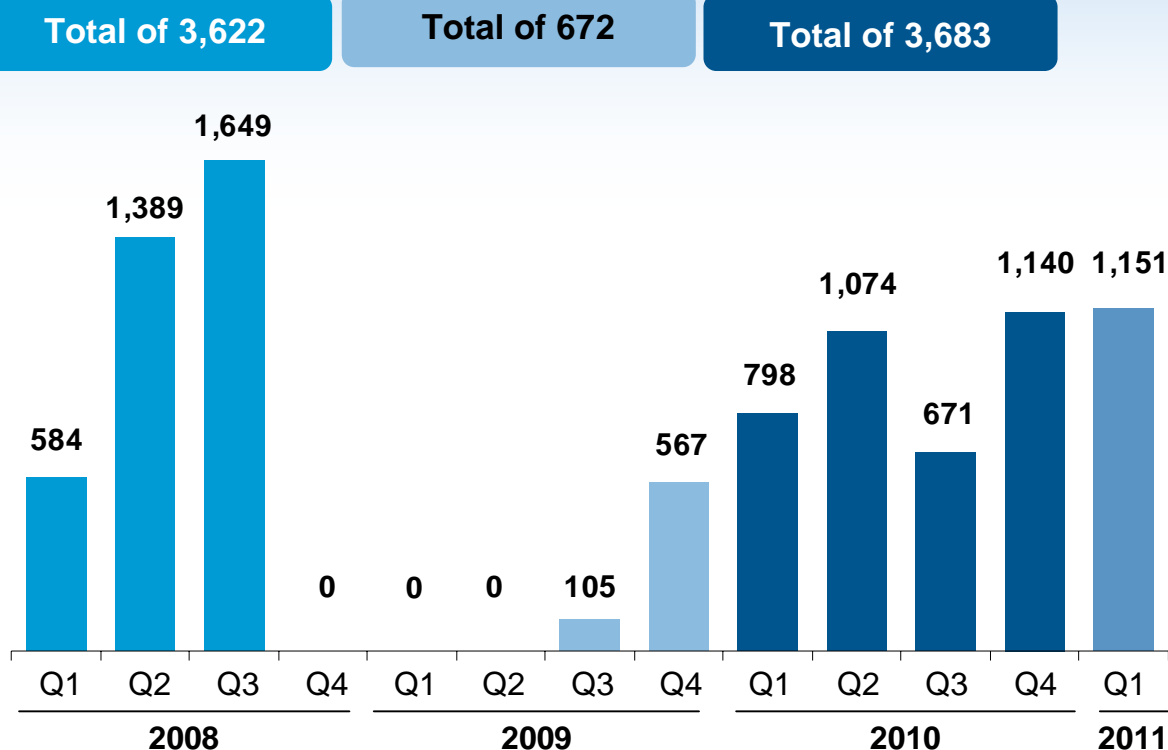


At the end of the period

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# Start-ups at a good level in Russia

Apartment start-ups in Russia (number)

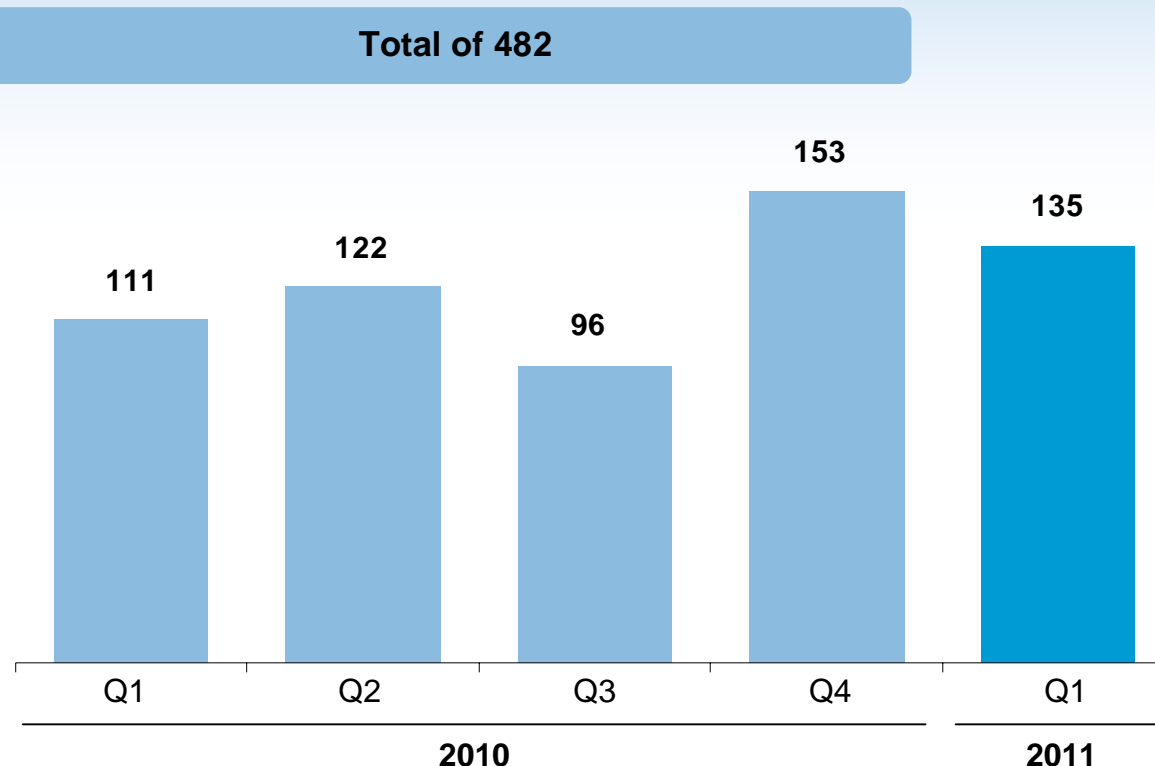


- In Q1 housing start-ups took place in St. Petersburg, Moscow Oblast, Rostov and Yekaterinburg
- Plot acquisitions in St Petersburg and Moscow Oblast
- Versatile plot portfolio: geographical distribution, customer segments



# Slightly improving market situation in Baltic countries, Czech Republic and Slovakia

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



- The bottom in the residential market has been passed in the Baltic countries, the Czech Republic and Slovakia
- Prices increased slightly
- Start-ups in Estonia, Lithuania, Latvia and Czech Republic in Q1
- Sales volumes improved: in Q1 YIT sold 57 apartments (5 in Q1 2010)
- Low volumes still hurt profitability

# Financial position and key ratios



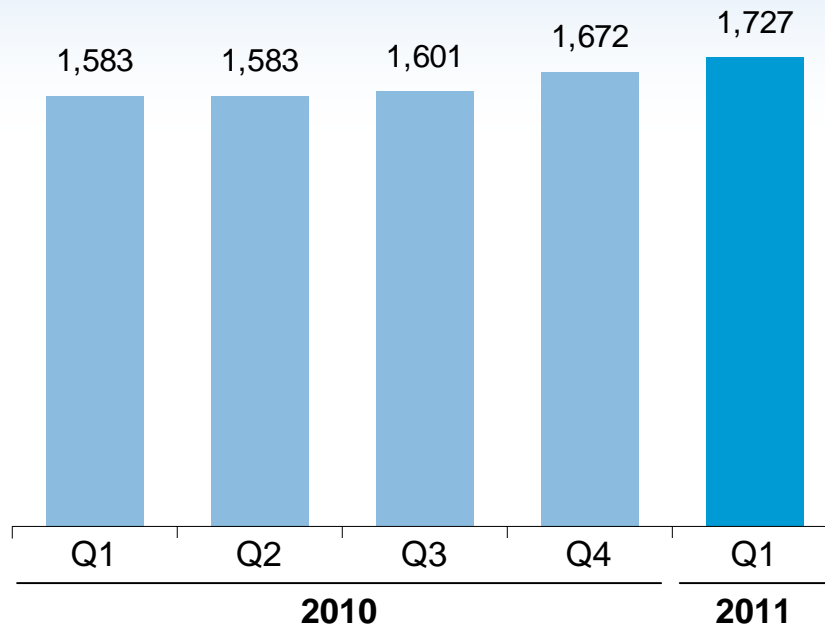
Ring road I  
Espoo, Finland

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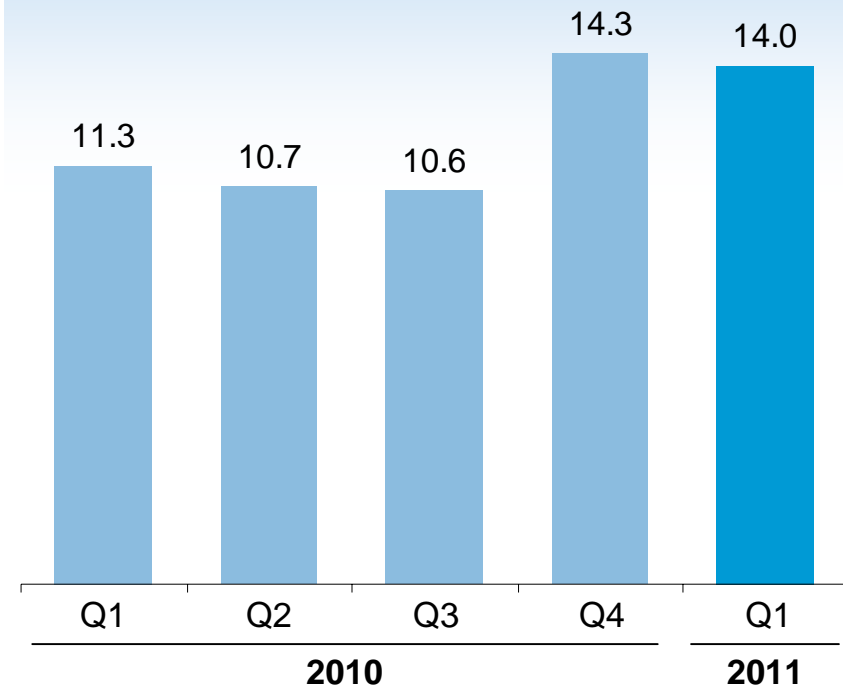
# Higher profitability will be the main driver to improve ROI

FINANCIAL POSITION AND KEY RATIOS

**Invested capital**  
EUR million



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



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

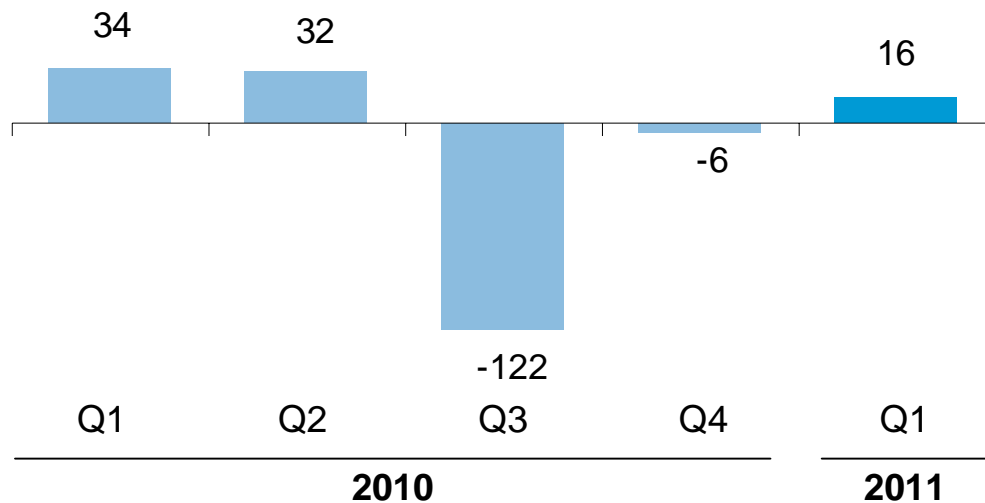
All figures based group reporting (IFRIC 15)

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# Cash flow positive in Q1

## Operating cash flow after investments (EUR million)

2010: EUR -62 million



## Investments to support growth had an impact on cash flow in Q1

- Increased working capital
  - Plot acquisitions
  - More own developed projects under construction
- Cash flow typically strong in Q1 in building services due to year-end invoicing

All figures based group reporting (IFRIC 15)

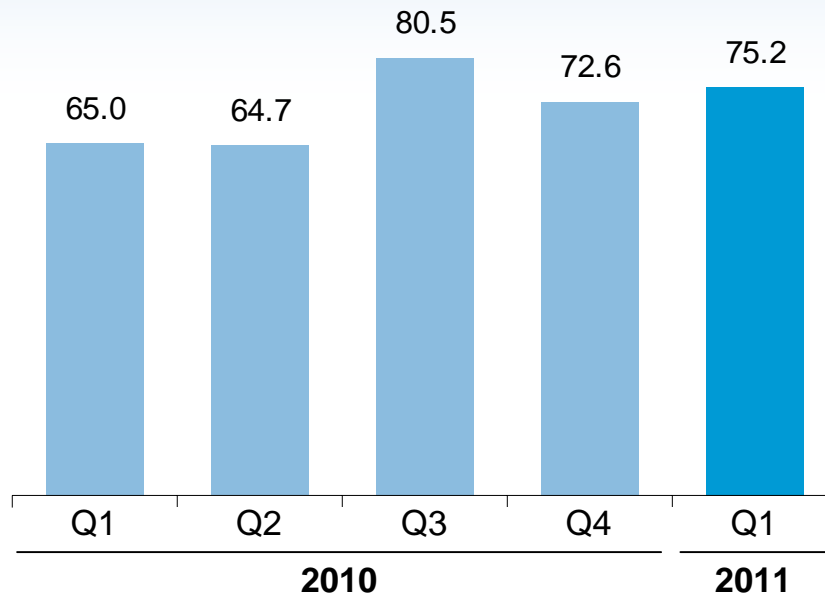
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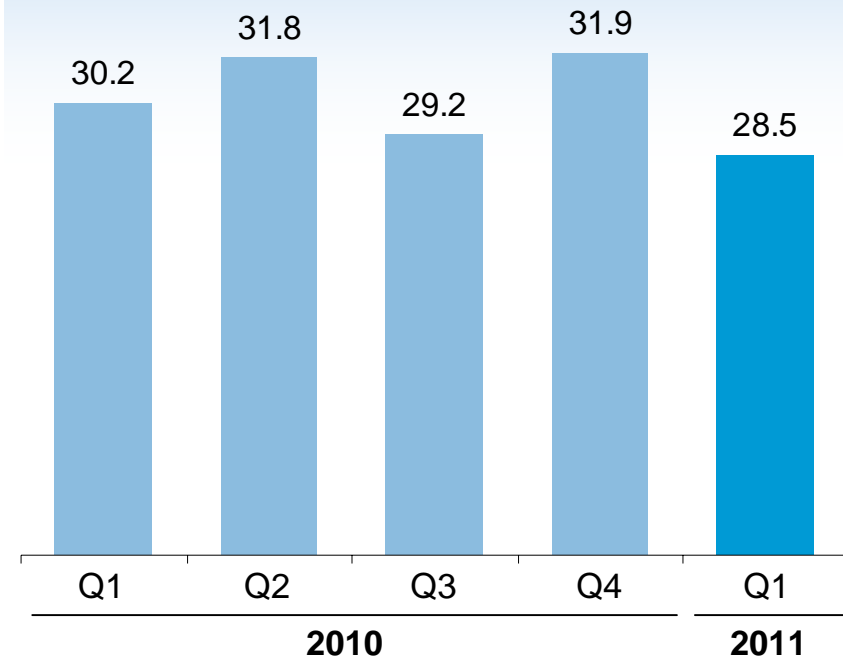
# Financial position enables growth strategy execution

FINANCIAL POSITION AND KEY RATIOS

**Gearing ratio**  
Percent



**Equity ratio**  
Percent



**Strategic target:**  
Equity ratio 35%

All figures based group reporting (IFRIC 15)

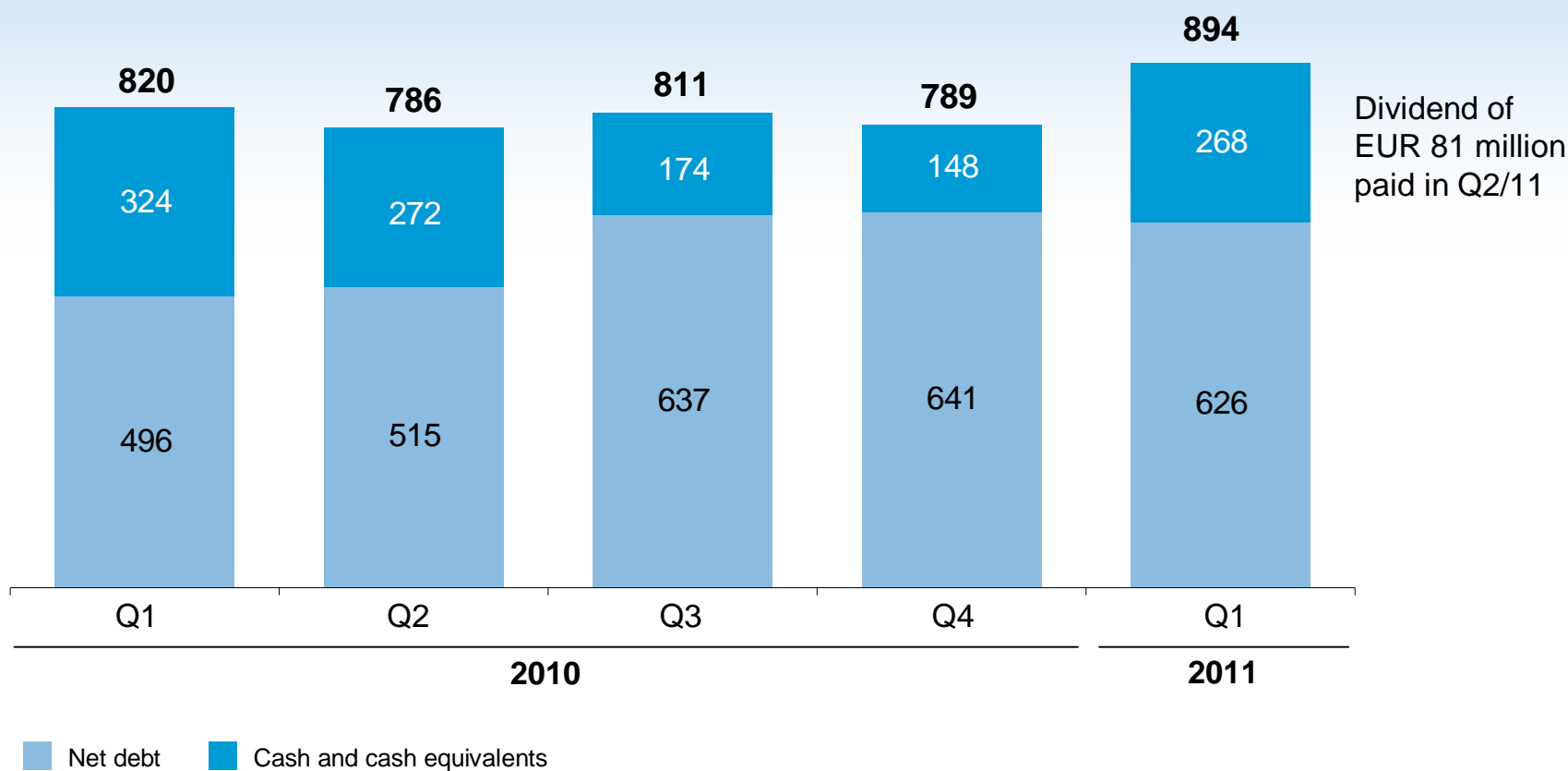
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# Good financial position

## Versatile financing sources, stable maturity structure

FINANCIAL POSITION AND KEY RATIOS

Interest-bearing debt (EUR million)



# Future outlook



## YIT Research and Development Centre

Twist diffuser for TV studios  
Aachen, Germany

## Focus areas in R&D

- Air outlets for industrial and comfort application
- Heating and cooling systems
- Decentralized façade systems
- Cleanroom products
- Product and system development

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# Market outlook 2011

## Building Services Northern Europe

FUTURE OUTLOOK



**LED lighting**  
Helsinki, Finland

### **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
- High energy prices and tightening legislation supports 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

FUTURE OUTLOOK



**Technical University**  
Technical and infrastructural  
building management  
Garching, Germany

**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 favorable especially in Germany
- New investments in building systems are expected to return to a relatively good level throughout YIT's market area in Central Europe, with Germany and Austria leading the recovery
- New investments in building systems are expected to grow by 2-4 percent in 2011
- Investments by industrial customers started to increase during the previous year and demand for business premises is also growing

**Energy efficiency services expected to grow**

- High energy prices and tightening environmental legislation support the demand

# Market outlook 2011

## Construction Services Finland

FUTURE OUTLOOK



**Aaloppi Office and  
Commercial Building**  
Järvenpää, Finland

### Residential Construction

- Forecasted housing start-ups 30,500 units in Finland in 2011 while the estimated long-term annual need is 35,000 units
- Housing demand is expected to remain on a good level: it is supported by relatively low interest rates, good consumer confidence, migration and demographic factors
- Housing prices expected to increase slightly
- Construction costs increasing

### Business Premises Construction

- Signs of improvement: rents expected to rise 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

### Infra Services

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

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# Market outlook 2011

## International Construction Services

FUTURE OUTLOOK

**Komendansky  
Kvartal**  
St. Petersburg, Russia

### **Russia**

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

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

- Signs of improvement in the market
- Long-term need to improve living conditions
- Housing prices expected to increase slightly

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# Guidance for 2011

YIT estimates growth in revenue and  
clear growth in operating profit in 2011

(Guidance has not been updated since 4.2.2011)

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

Ring road I  
Espoo, Finland

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# YIT's financial targets and growth strategy



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# YIT's strategic target levels

## GROWTH STRATEGY

- **Average annual growth in revenue > 10%**
  - Previous target: 5-10%
- 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



# YIT strategy 2011-2013

## GROWTH STRATEGY

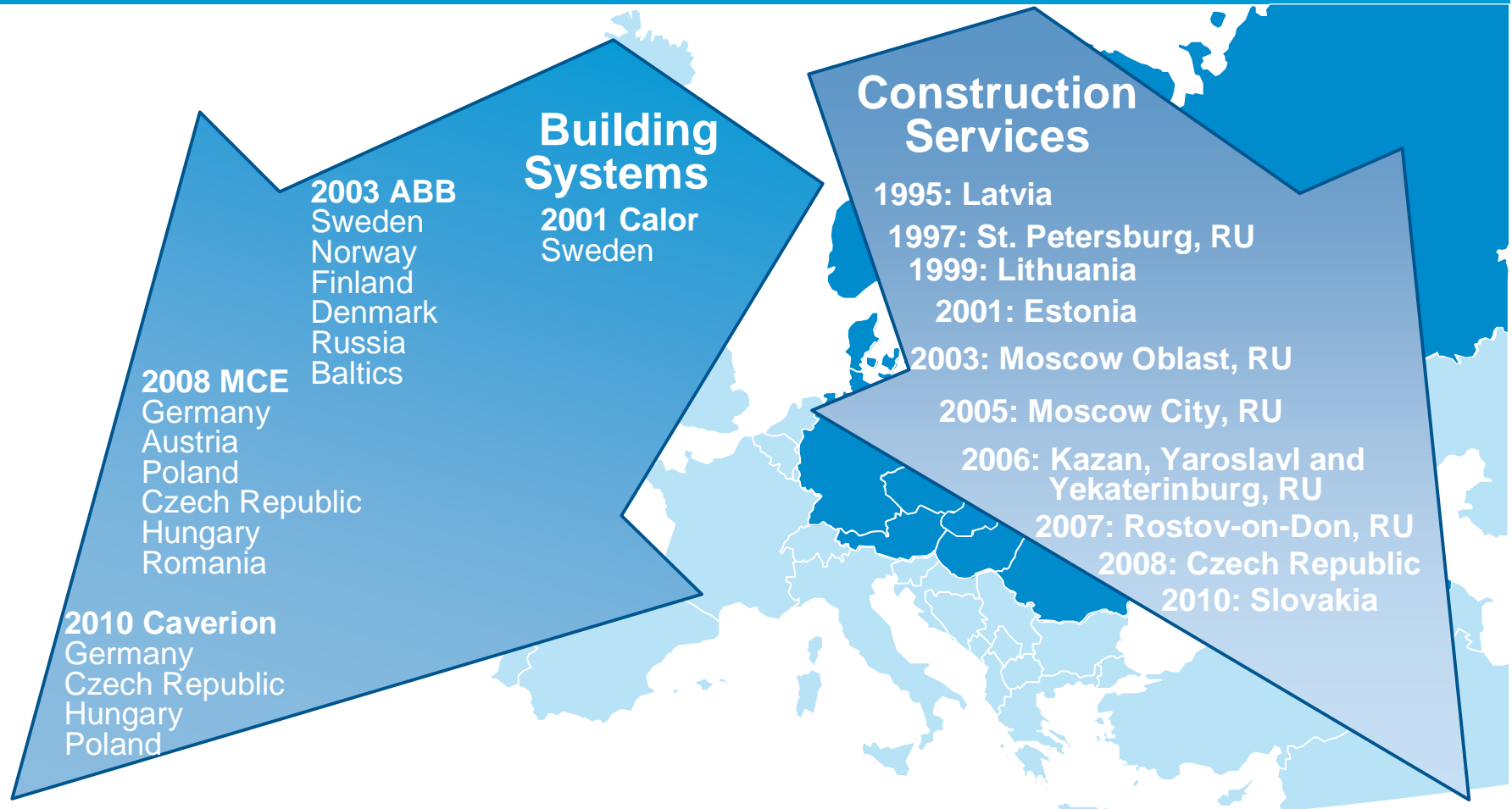
- Revenue growth target >10% per year
  - Acquisitions and organic growth
- Business focus
  - Building systems: Service and maintenance
  - Construction services: Residential production
- Geographical focus
  - Building systems
    - Nordic countries & Central Europe
    - Potential expansion to Great Britain, Netherlands, Belgium
  - Construction services
    - Finland, Russia, Baltic countries, Czech and Slovakia
    - Potential expansion to Poland



Together we can do it. **YIT**

# Expanding geographical presence through acquisitions and joint ventures

## GROWTH STRATEGY





# Growth drivers in Building Services

## GROWTH STRATEGY

### Technical service and maintenance

- Share of technology in buildings increases
- Efficiency targets
  - Potential for outsourcings

### Requirements for energy-efficiency

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

### Market consolidation

- Very fragmented market
  - YIT aims to increase market share particularly in Central Europe
- Economics of scale for large players
  - Wider service portfolio

# Building Services

## Growth potential in fragmented markets

### GROWTH STRATEGY

#### Competitors and market shares in largest BIS countries (net sales in 2010):

##### Finland\*

1. YIT (6%)
2. Lemminkäinen (3%)
3. Are\*\* (2%)
4. EMC Group\*\* (0,7%)
5. Sähköpeko\*\* (0,7%)

##### Sweden\*

1. Bravida (5%)
2. YIT (4%)
3. Imtech (3%)
4. Coor\*\* (3%)

##### Norway

1. YIT (8%)
2. Bravida (4%)
3. Gunnar Karlsen\*\* (3%)
4. Sonnicco A/S\*\* (3%)

##### Denmark

1. Kemp & Lauritzen\*\* (4%)
2. Bravida (3%)
3. YIT (3%)
4. Lindpro\*\* (3%)

##### Germany

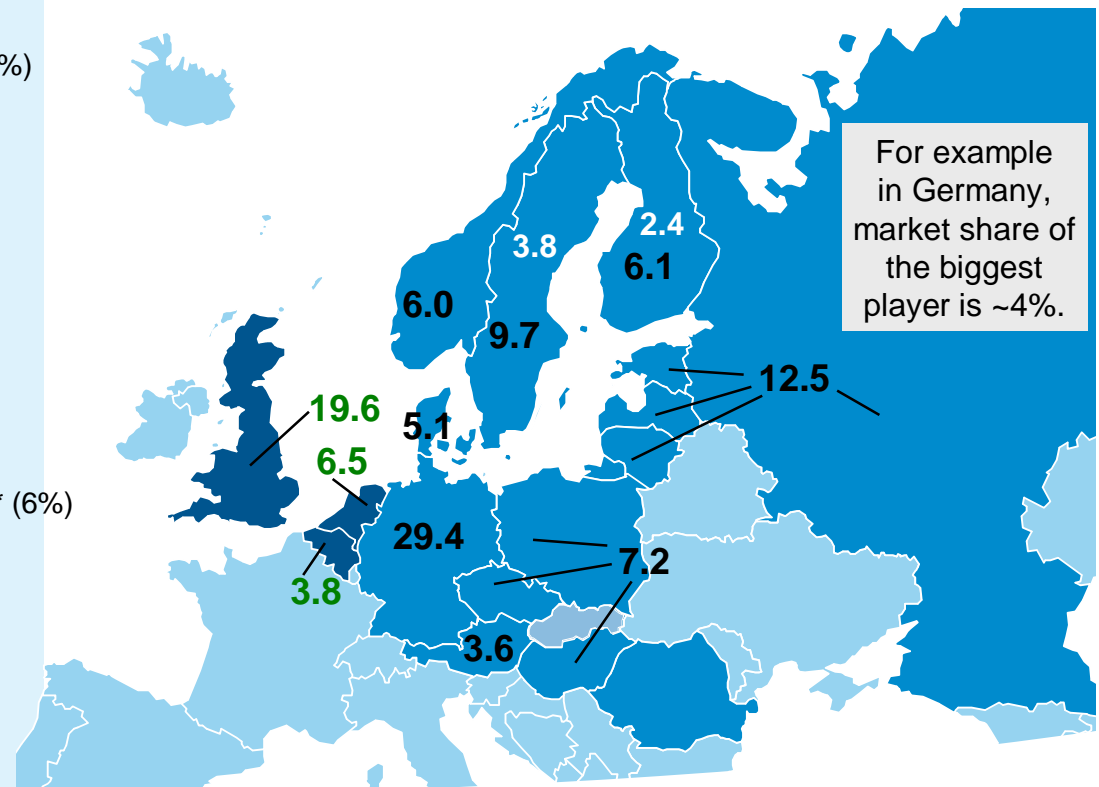
1. Imtech (4%)
2. YIT (2%)
3. Cofely\*\* (1,5%)
4. Wisag\*\* (0,7%)

##### Austria

1. Ortnr\*\* (7%)
2. Elin/Bacon(Siemens)\*\* (6%)
3. Axima\*\* (4%)
4. YIT (3%)

#### Market size in YIT countries 2010

- Building Systems EUR 80 billion
- Industrial Services EUR 6 billion



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

\*\*Net sales in 2009

Together we can do it. **YIT**

Sources: Euroconstruct December 2010, VTT December 2010 and YIT

# Growth drivers in CSF

## GROWTH STRATEGY

### Need for new housing

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

### Need for business premises

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

### Possibilities in infraservices

- Traffic-related projects
- Road and regional maintenance

# Growth drivers in ICS

## GROWTH STRATEGY

### Need for new housing in Russia

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

### Possibilities in the market in Baltic countries, Czech Republic and Slovakia

- Living space and quality
- Housing markets very fragmented in CEE - only a few bigger players in residential construction

### Need for business premises

- Western investments
- Need for retail space
- A-class office space



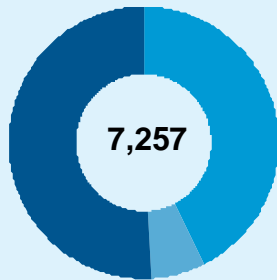
# Construction Services

## Fundamental need for housing

### YIT housing start-ups

1-12/2010

Russia  
3,683

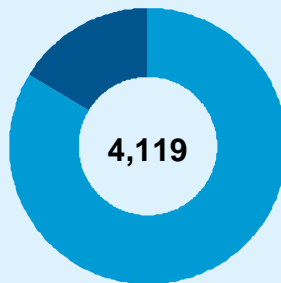


Finland  
3,092

Baltic countries, the  
Czech republic,  
Slovakia: 482

1-12/2009

Russia  
672



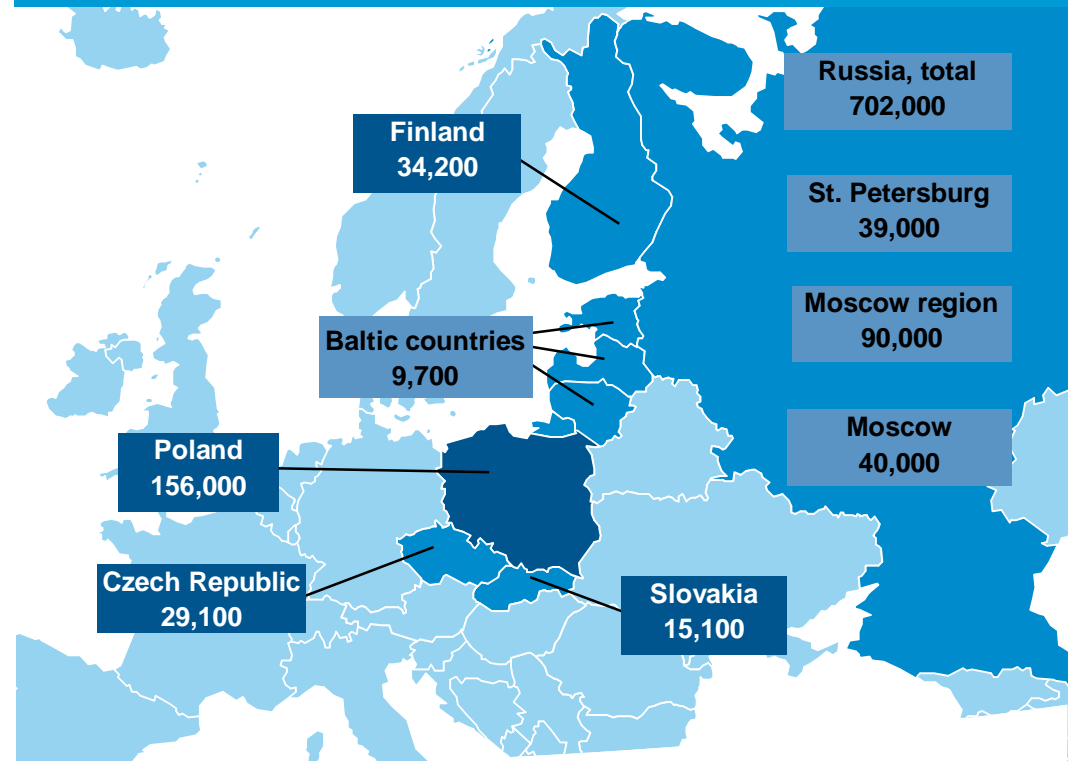
Finland  
3,447

Baltic countries,  
the Czech republic,  
Slovakia 0

### Housing markets in YIT countries

Finland, Czech Republic, Slovakia and Poland: start-ups estimate 2010

- Baltic countries: completions 2010
- Russia: completions 2009



Source: Euroconstruct December 2010, RT April 2011

Together we can do it.



# Capital invested in plot reserves

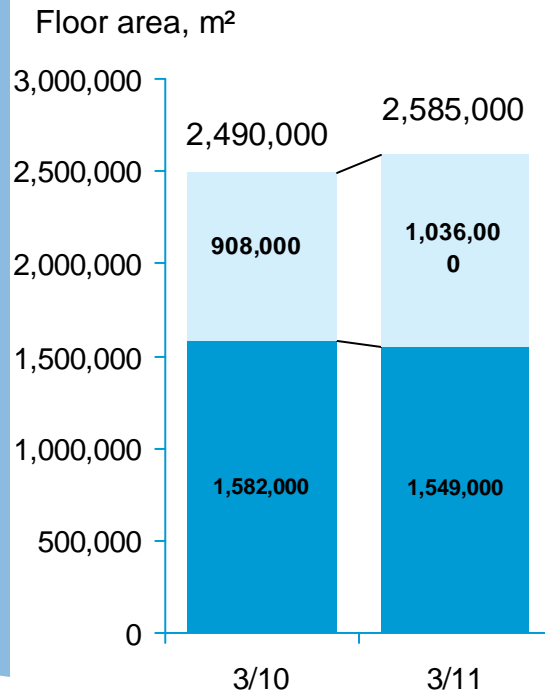
at the end of March 2011

GROWTH STRATEGY

## Finland

**3/10:**  
**MEUR 298**

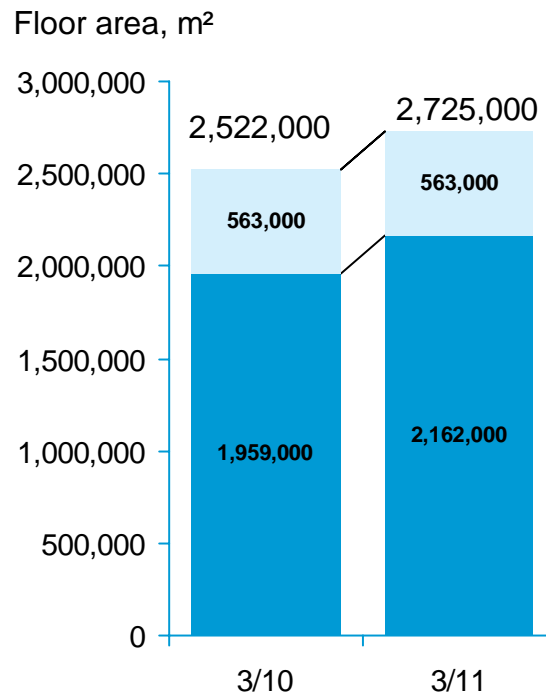
**3/11:**  
**MEUR 273**



## Russia

**3/10:**  
**MEUR 207**

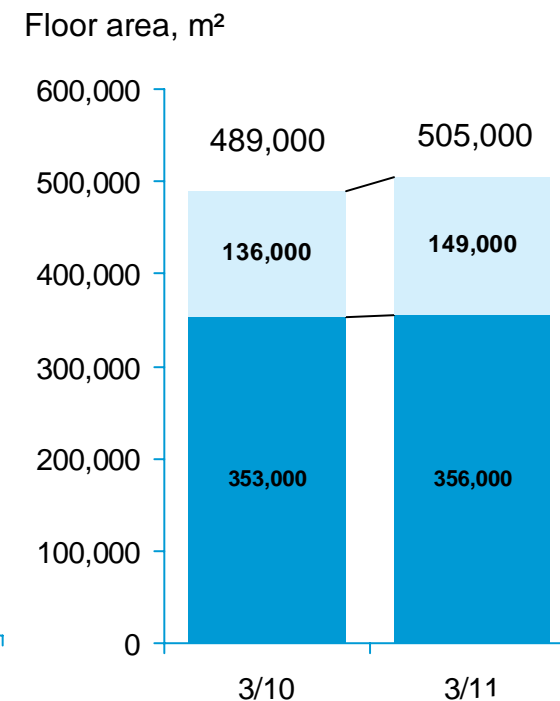
**3/11:**  
**MEUR 275**



## Baltic countries, Slovakia and the Czech Republic

**3/10:**  
**MEUR 76**

**3/11:**  
**MEUR 78**



Business premises plots  
Residential plots

Together we can do it.



# Building Services, Northern and Central Europe

## Operating profit and margin

### GROWTH STRATEGY

2007

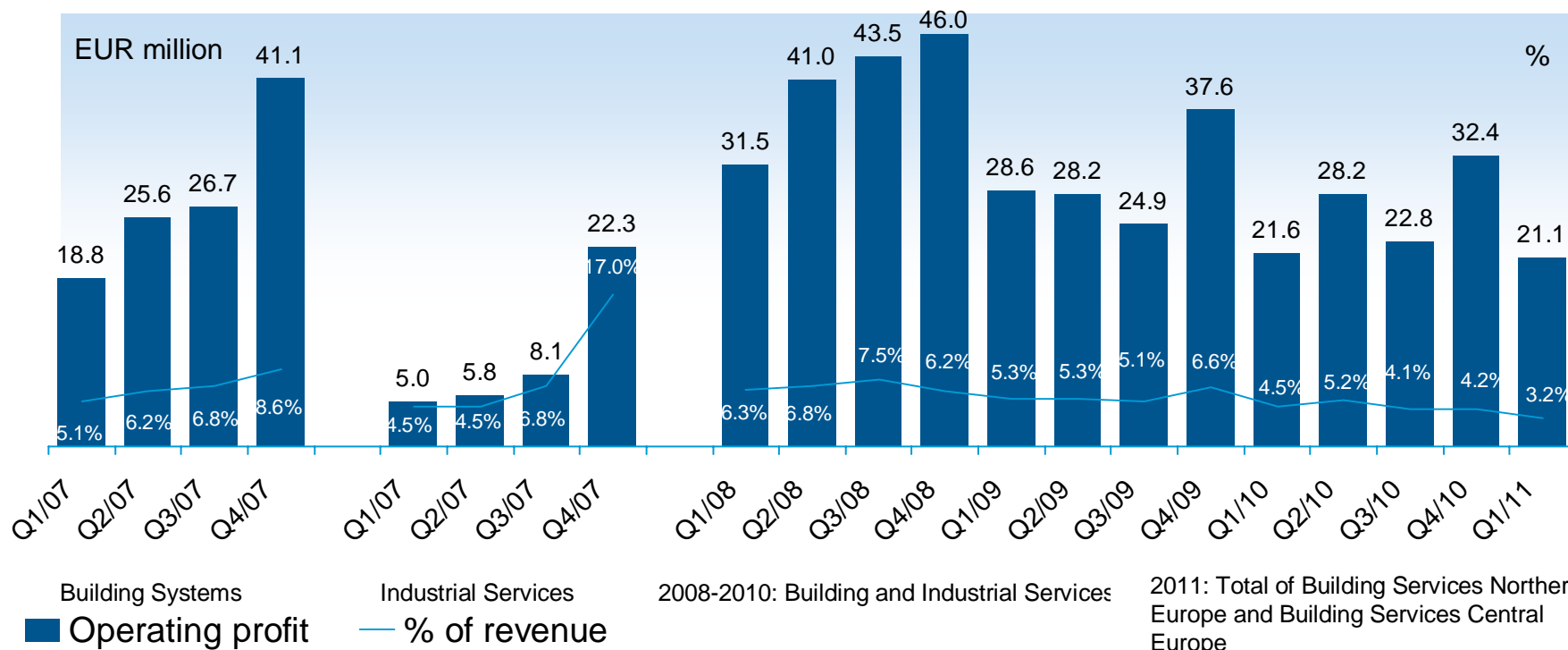
- Good non-residential market supported project demand
- Industrial investments at high level
- Sales of Network Services to Relacom

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



# Construction Services Finland

## Operating profit and margin

GROWTH STRATEGY

2007

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

2008

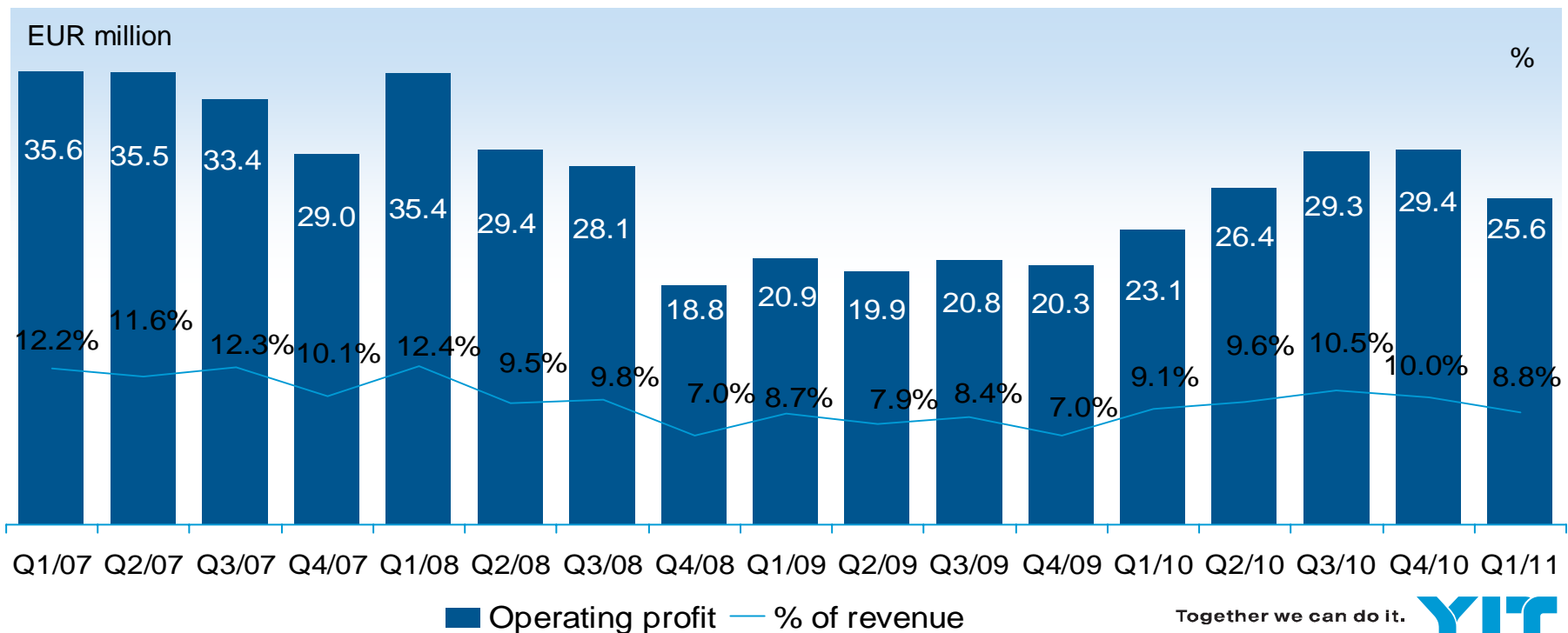
- Weakening residential market
- Good development in non-residential due to "old" order backlog

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



Together we can do it.





# International Construction Services

## Operating profit and margin

GROWTH STRATEGY

2007

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

2008

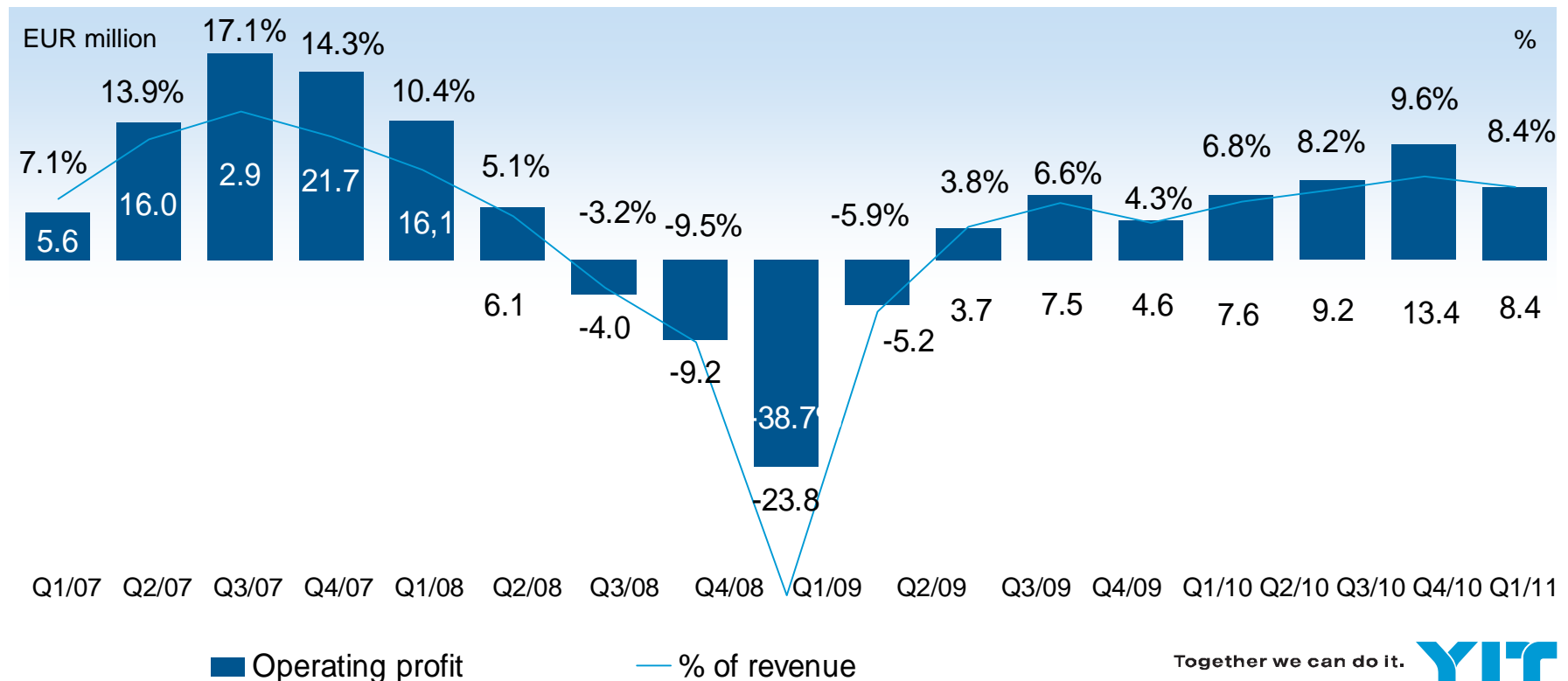
- Prices declining in Baltics and Russia (H2)
- Profitability hit particularly in Baltic countries

2009

- Housing prices stabilising in Russia (H2)
- Low business volumes in Baltics
- Fixed cost cuts

2010

- Slight increases in residential prices in Russia
- Low volumes in Baltics and CEE, though the bottom has been bypassed



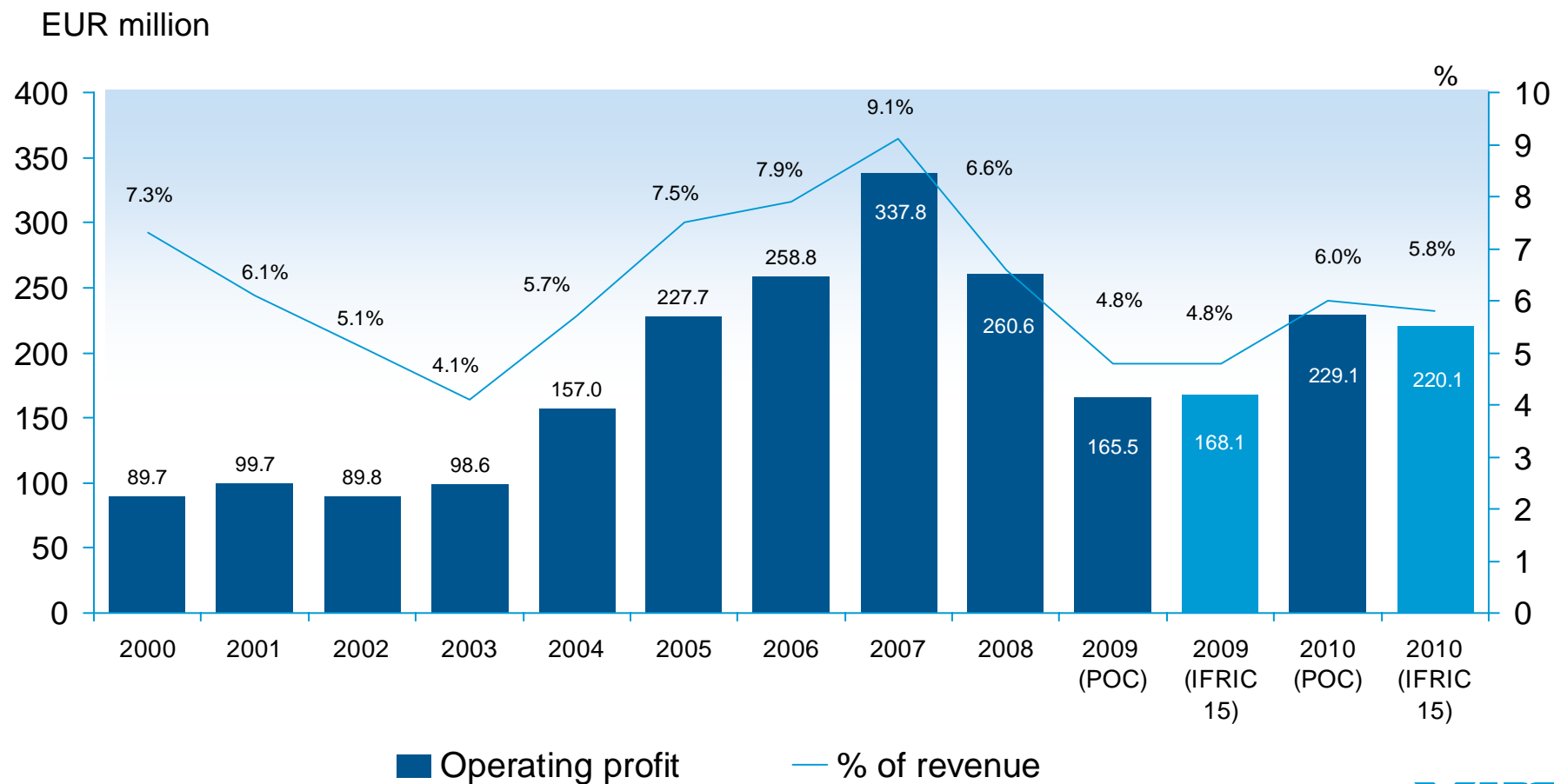
Together we can do it.



# Group operating profit and margin

## Annual

GROWTH STRATEGY



Together we can do it.



# Potential for profitability improvement

## GROWTH STRATEGY

### Building Services Northern Europe

- Actions to get BS Northern Europe back to track

### Building Services Central Europe

- Increasing share of service and maintenance
- Acquired companies' profitability below group level

### Construction Services Finland

- Business portfolio development
  - Non-residential market picking up
  - H2 expected to be stronger in infra
- International sourcing

### International Construction Services

- Successful price increases in 2010, prices expected to increase further in 2011
- Improving capital efficiency
  - Smaller projects
  - Shorter construction times

# Priorities in 2011

1

## Key growth focus areas

- Residential construction
  - Strengthen the position in the market
- Service and maintenance
- Germany

2

## Profitability potential

- Building Services Northern Europe back to track
- Potential for further profitability improvement especially services in Central Europe and housing in Russia

3

## Capital efficiency

- Good payment terms in plot acquisitions
- Small projects, shorter construction times in Russian residential







# More information

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Mobile +358 45 670 0626

[timo.lehtinen@yit.fi](mailto:timo.lehtinen@yit.fi)

## **Hanna-Maria Heikkinen**

Vice President, Investor Relations

Tel. +358 2043 32 635

Mobile +358 40 82 62 172

[hanna-maria.heikkinen@yit.fi](mailto:hanna-maria.heikkinen@yit.fi)

Together we can do it.



# Appendices



## Appendices

- Financial position
- Ownership
- General economic indicators
- YIT's market positions and competitors
- Housing indicators
- Building services offering
- BS NE indicators
- BS CE indicators
- Industrial indicators
- Infrastructure construction and construction costs



# Financial position

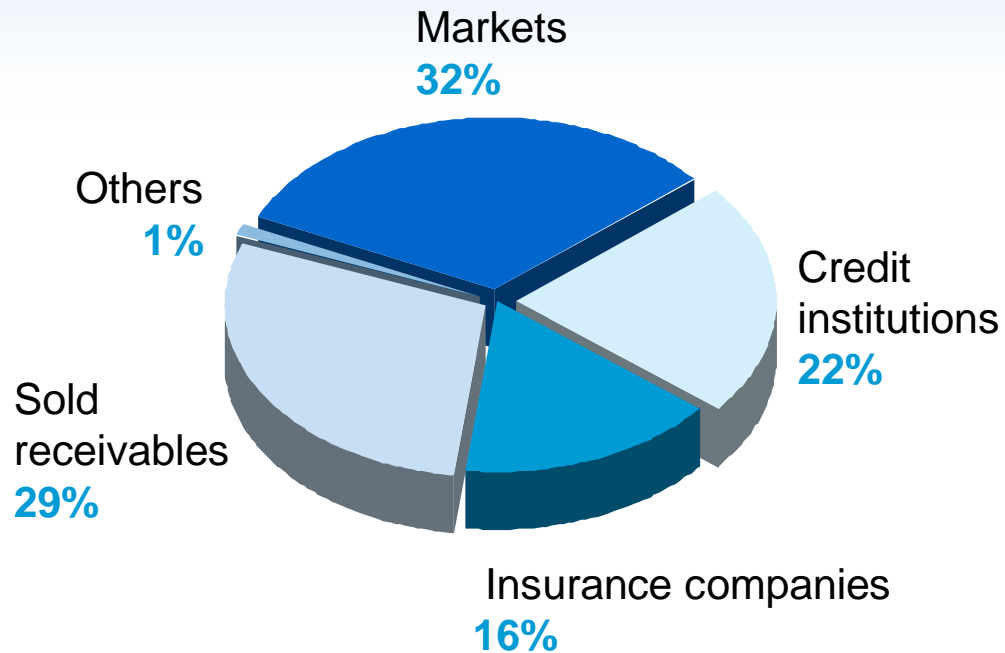


Together we can do it. **YIT**

# Balanced debt portfolio

**Debt portfolio 3/2011, total EUR 894 million (12/2010: 789 million)**

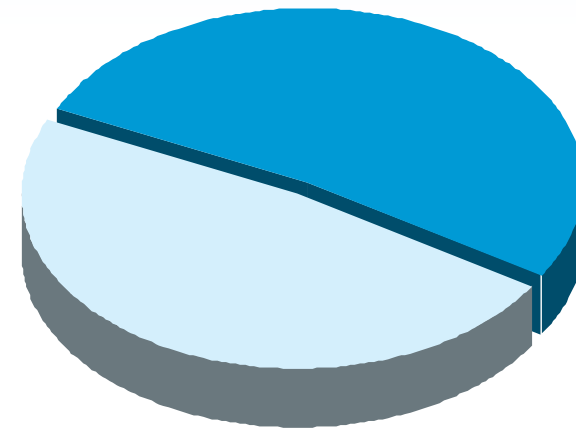
*Average interest rate 3.2% (12/2010: 3.4%)*



Fixed interest rate

**52%**

*Average interest rate 4.1%*



Floating interest rate

**48%**

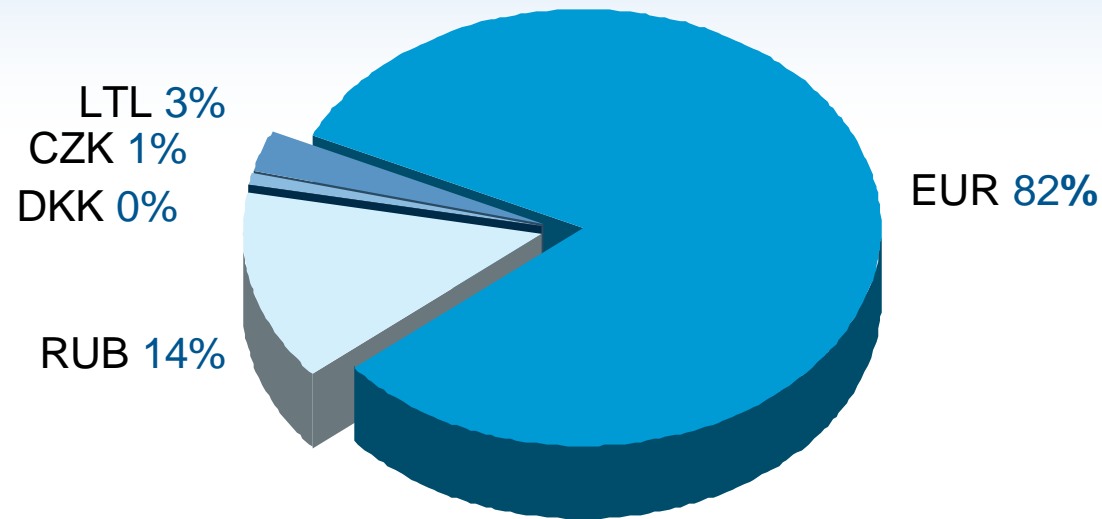
*Average interest rate 2.4%*



# Currency risk of debt portfolio managed well

FINANCIAL POSITION

Original debt portfolio and forward agreements 3/2011



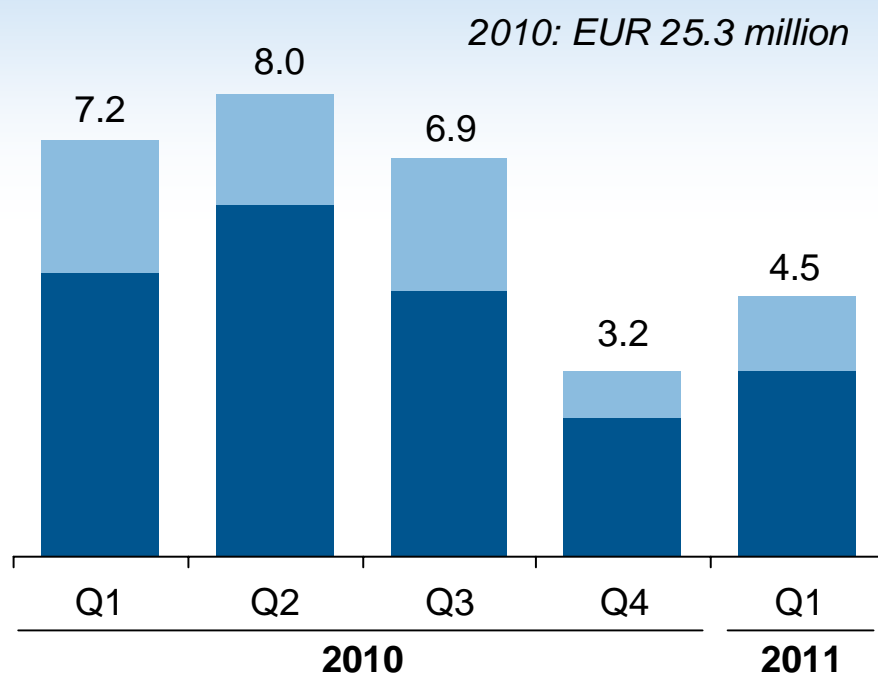
Loans taken by parent company as a rule EUR-denominated  
- parent company hedges foreign currency-denominated loans to subsidiaries

Together we can do it. **YIT**

# Net financial costs decreased

FINANCIAL POSITION

**Net financial costs**  
EUR million

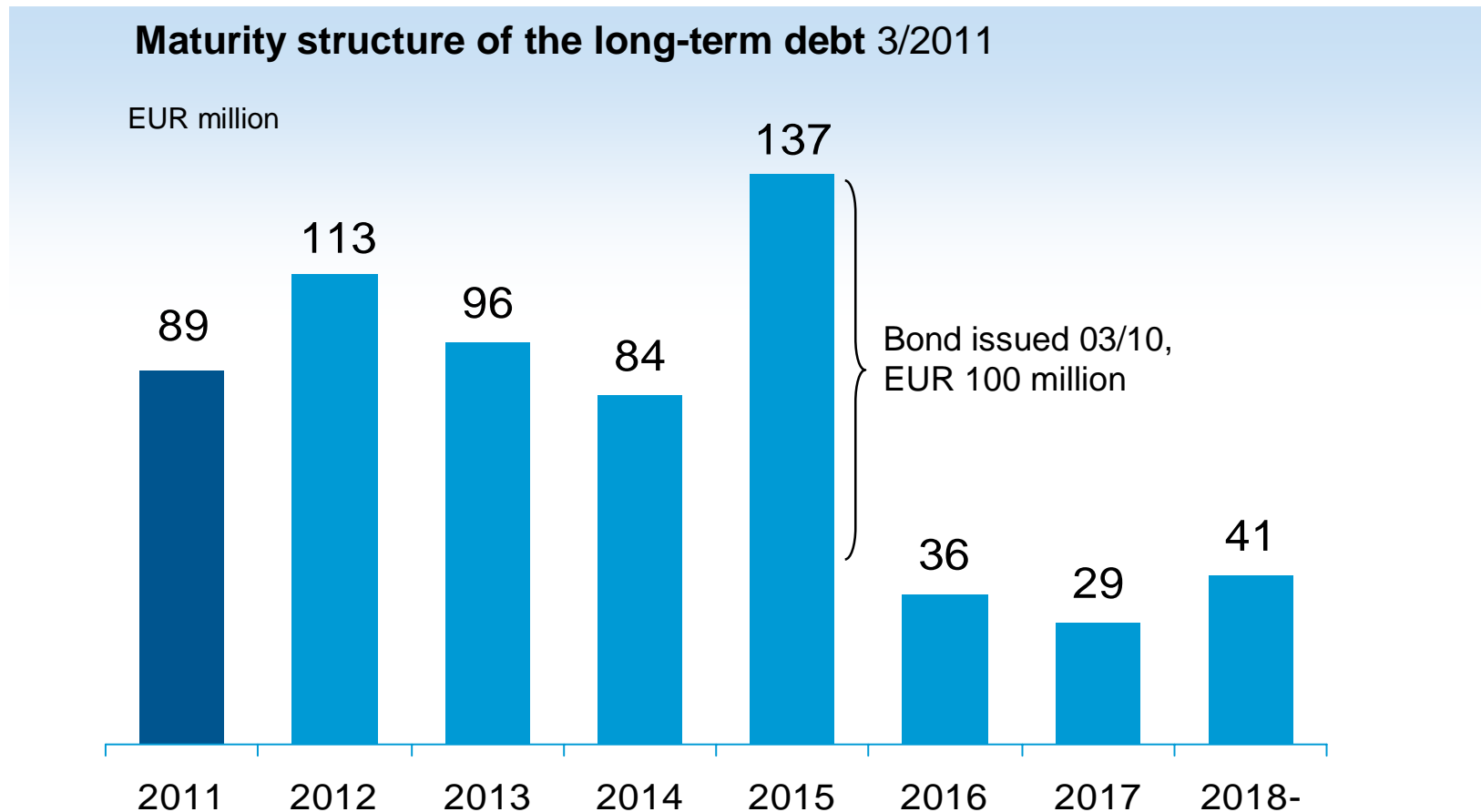


■ Net financial costs ■ Hedging costs

## Main factors impacting the decrease of net financial costs

- Decrease of average interest rate of debt portfolio
- Reduction of interest rate difference between rouble and euro
  - Lower hedging costs
- Bigger IAS 23 booking

# Stable maturity structure



# Ownership





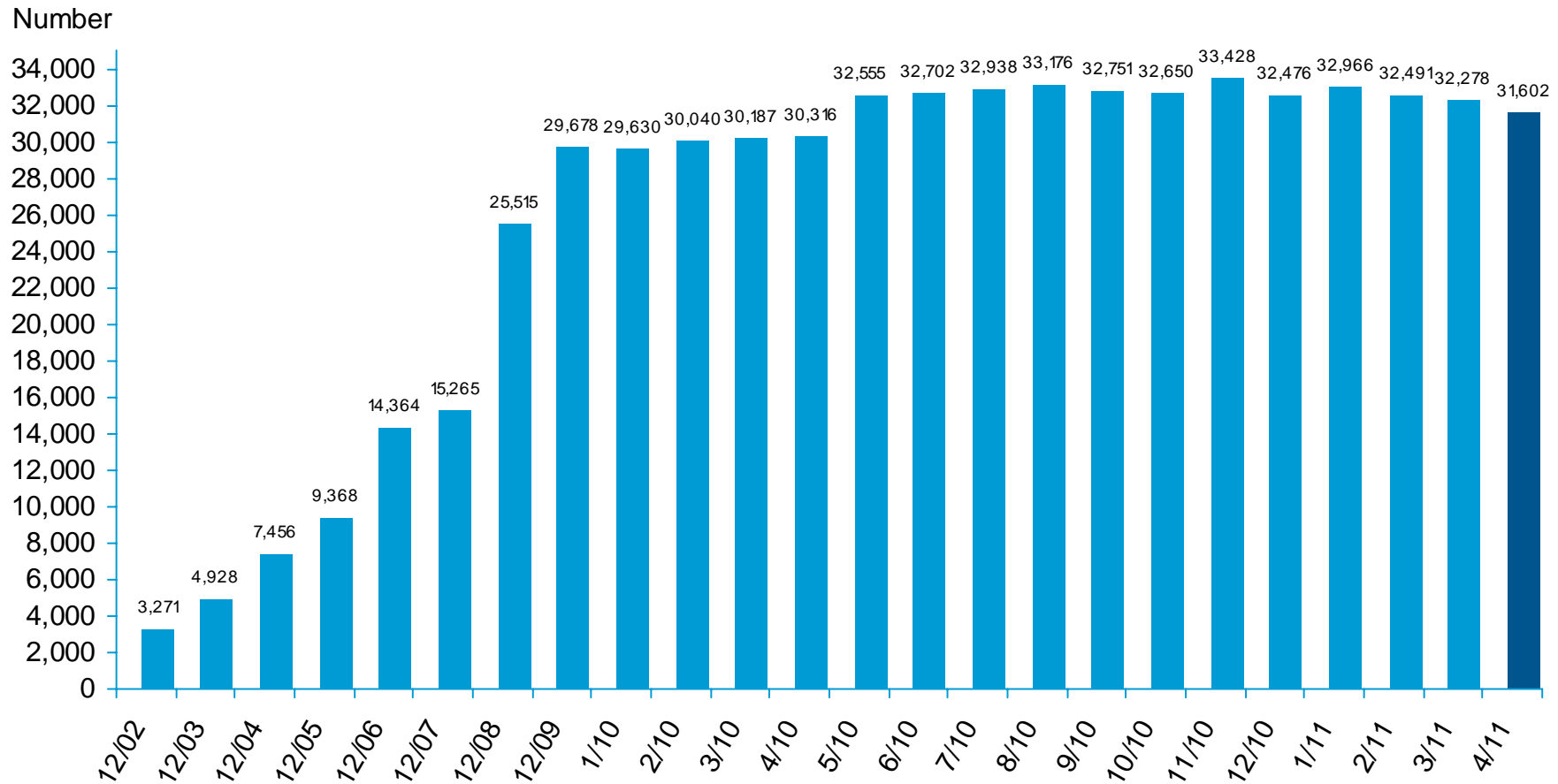
# YIT's major shareholders

on April 30, 2011

Shareholder	Shares	% of share capital
1. Structor S.A.	14,000,000	11.00
2. Varma Mutual Pension Insurance Company	7,260,144	5.71
3. Mandatum Life Insurance Company Limited	4,627,008	3.64
4. Ilmarinen Mutual Pension Insurance Company	3,549,185	2.79
5. YIT Oyj	2,145,000	1.69
6. Etera Mutual Pension Insurance Company	1,884,400	1.48
7. Svenska Litteratursällskapet i Finland r.f.	1,874,200	1.47
8. Tapiola Mutual Pension Insurance Company	1,785,000	1.40
9. The State Pension Fund	1,346,662	1.06
10. Brotherus Ilkka	1,324,740	1.04
Ten largest total	39,796,339	31.28
Nominee registered shares	35,257,461	27.71
Other shareholders	52,169,622	41.01
Total	127,223,422	100.00

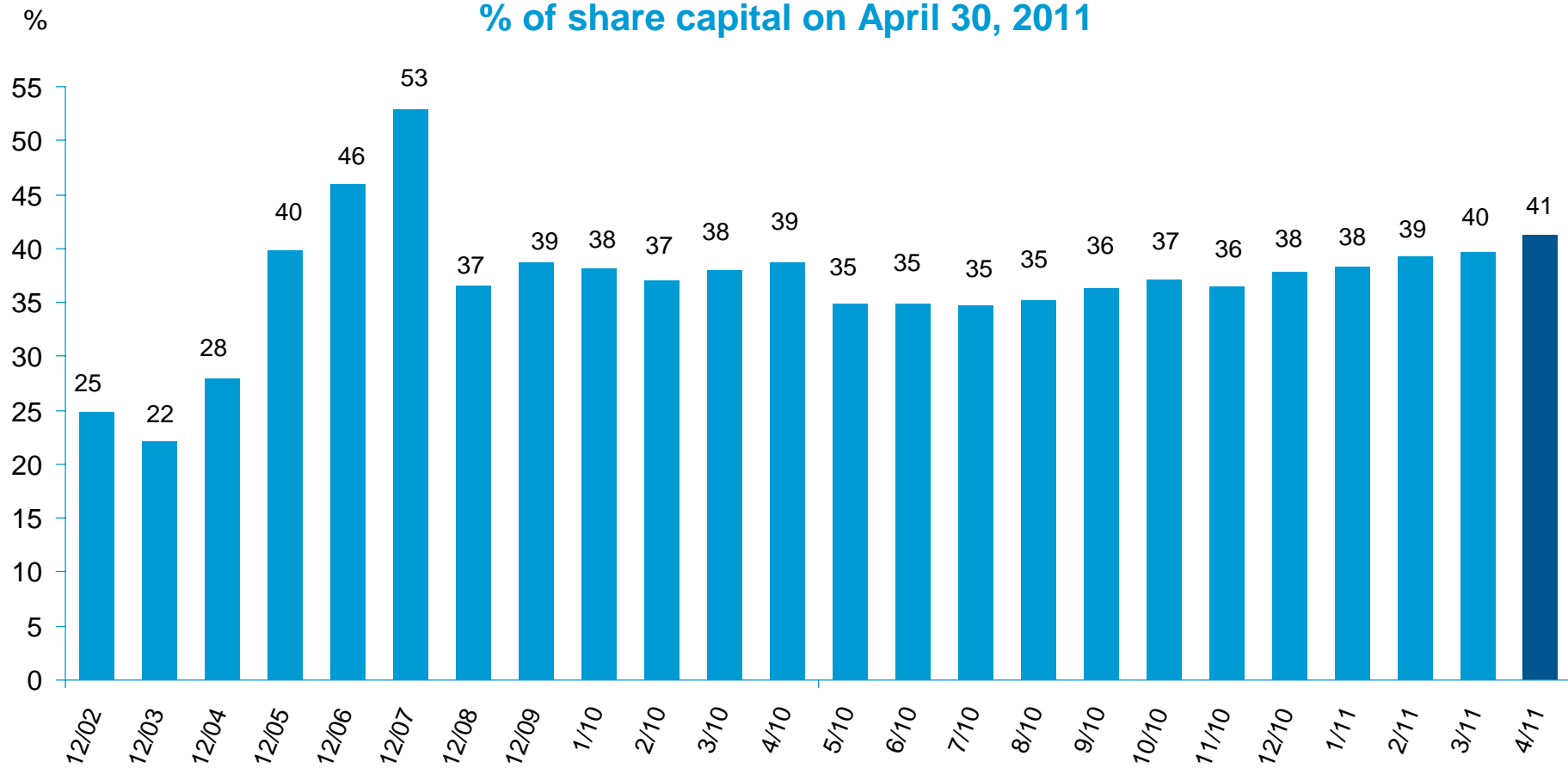
# Almost 32,000 shareholders

on April 30, 2011



# Over 40% of shares in international ownership

Non-Finnish ownership,  
% of share capital on April 30, 2011



Together we can do it. **YIT**

# General economic indicators

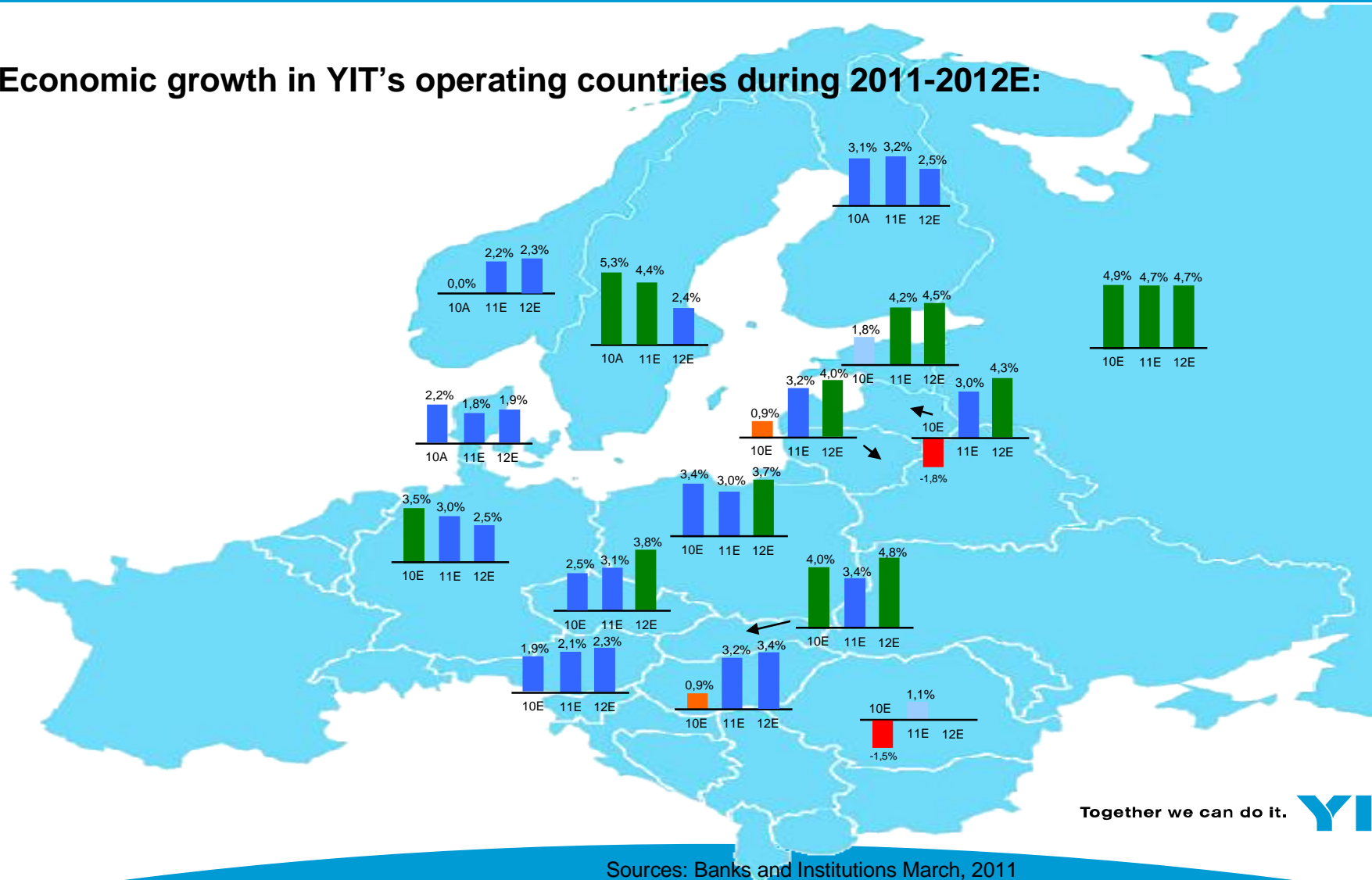


Together we can do it. **YIT**



# European GDP forecasts for 2011-2012

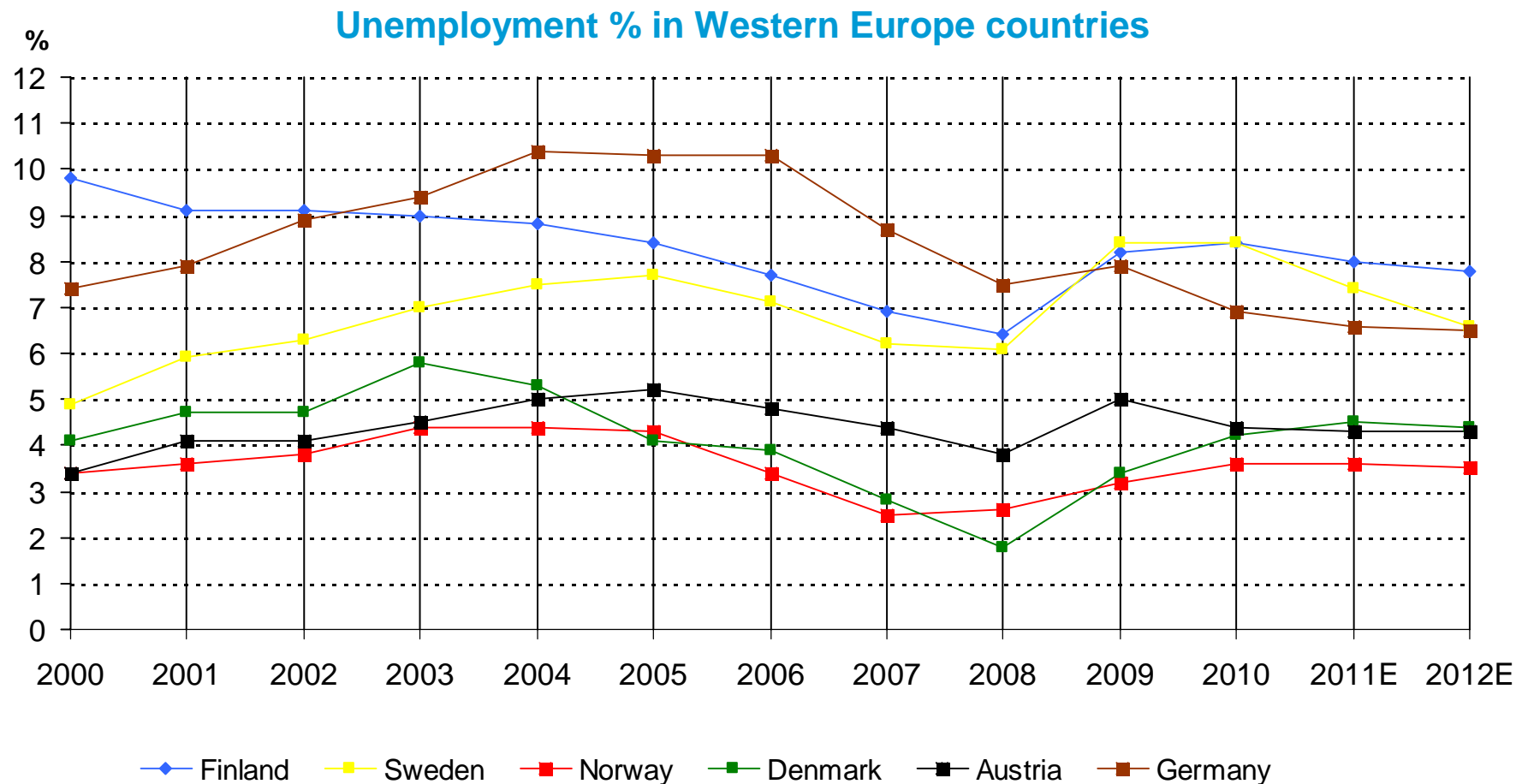
Economic growth in YIT's operating countries during 2011-2012E:



Together we can do it. **YIT**

Sources: Banks and Institutions March, 2011

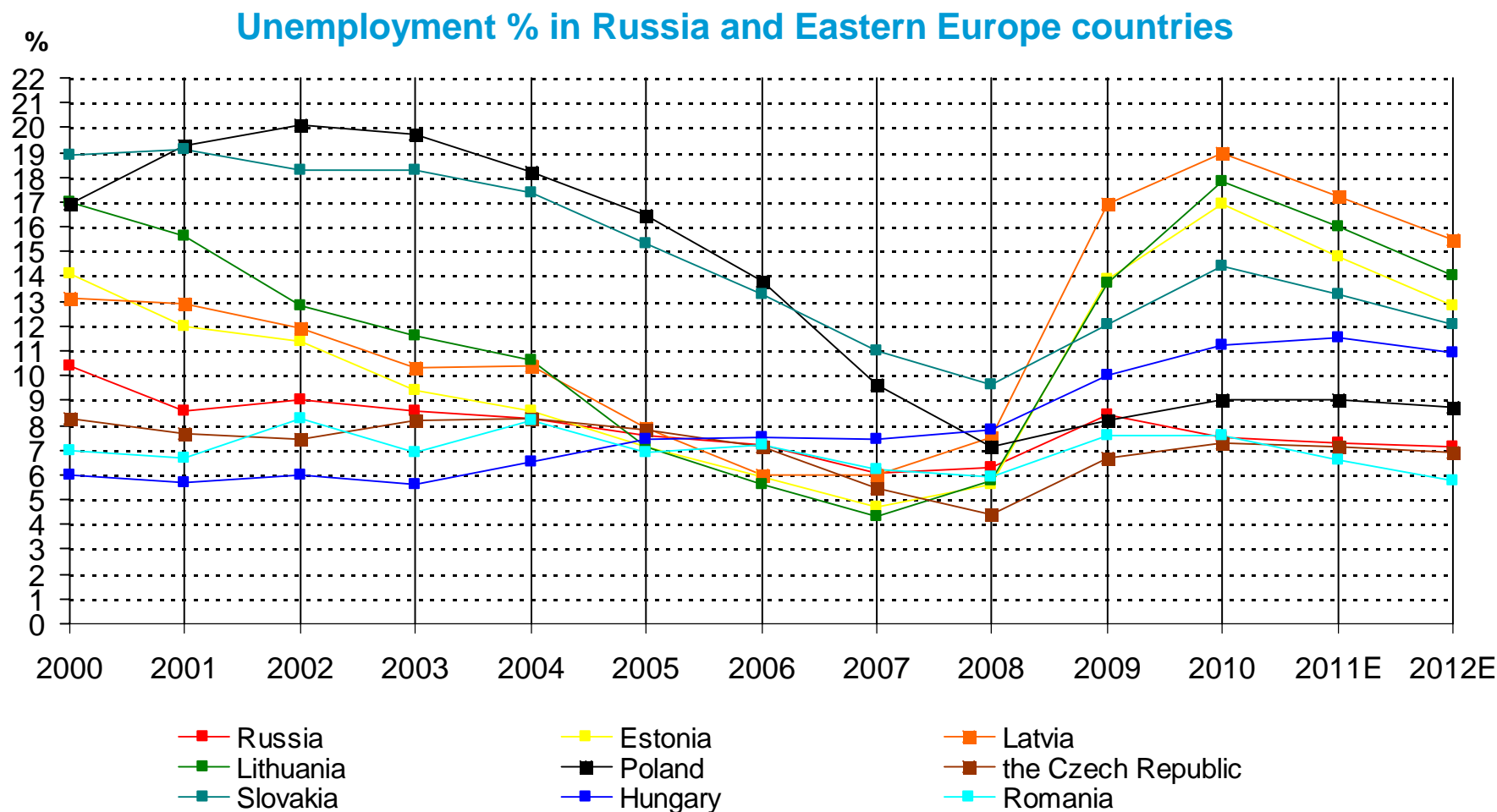
# Unemployment has started to decrease in Western Europe



Together we can do it. **YIT**

Sources: Eurostat December 2010 and Euroconstruct December 2010, Forecasts: IMF April, 2011

# Unemployment is also expected to decline in Russia and Eastern Europe



Together we can do it. **YIT**

Sources: Eurostat December 2010, Euroconstruct December 2010, Bofit December 2010 and Forecasts IMF April, 2011

# Market position and competitors



Together we can do it. **YIT**



# Strong market position

## Nordic countries:

### No 1 in Building Systems

Norway No 1: 7%; Finland No 1: 6%  
Sweden No 2: 4%; Denmark No 3: 3%

## Russia

Major foreign  
player in  
residential  
development

## Central Europe

Foothold in Building Systems,  
No 2 in Germany

Market share ~2%

## Baltic countries

Among market leaders in  
construction

## Finland

No 1 in Construction Services

## Central Eastern Europe

Start-up in residential  
development

Together we can do it.



# Building Services: Northern and Central Europe

## Growth potential in fragmented markets

### Competitors and market shares in largest BIS countries (net sales in 2010):

#### Finland\*

1. YIT (6%)
2. Lemminkäinen (3%)
3. Are\*\* (2%)
4. EMC Group\*\* (0,7%)
5. Sähköpeko\*\* (0,7%)

#### Sweden\*

1. Bravida (5%)
2. YIT (4%)
3. Imtech (3%)
4. Coor\*\* (3%)

#### Norway

1. YIT (8%)
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3. Gunnar Karlsen\*\* (3%)
4. Sonnicco A/S\*\* (3%)

#### Denmark

1. Kemp & Lauritzen\*\* (4%)
2. Bravida (3%)
3. YIT (3%)
4. Lindpro\*\* (3%)

#### Germany

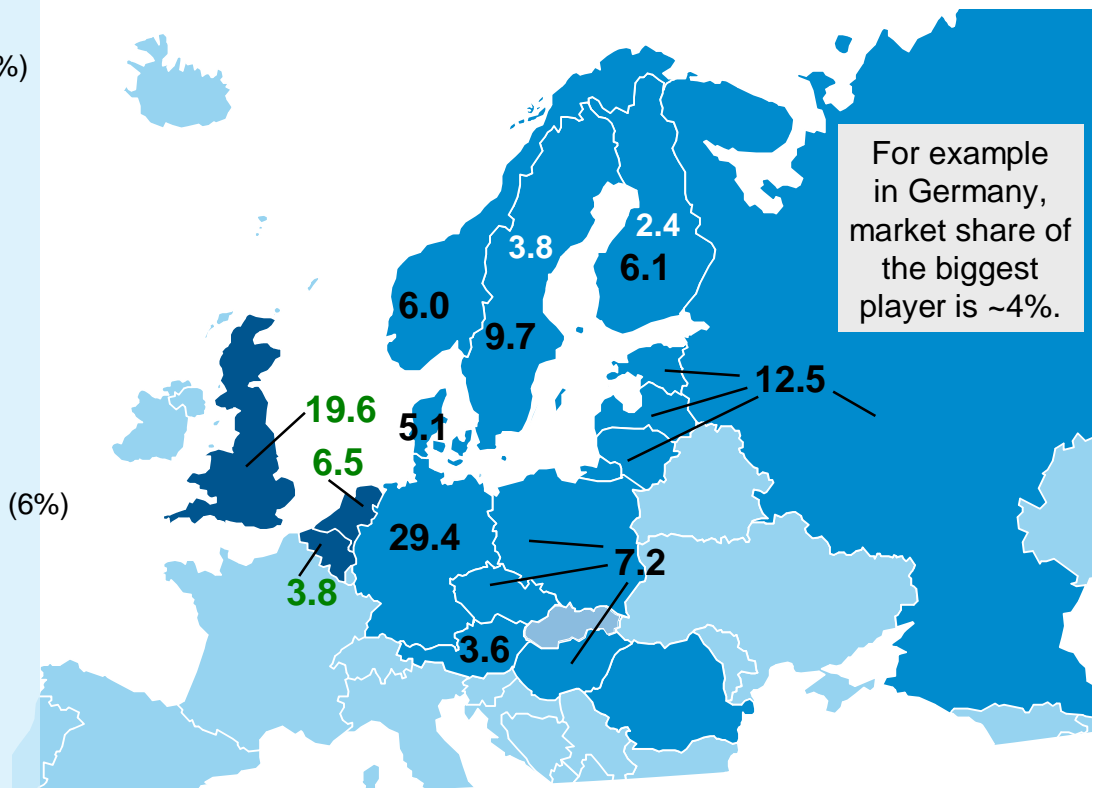
1. Imtech (4%)
2. YIT (2%)
3. Cofely\*\* (1,5%)
4. Wisag\*\* (0,7%)

#### Austria

1. Ortnner\*\* (7%)
2. Elin/Bacon(Siemens)\*\* (6%)
3. Axima\*\* (4%)
4. YIT (3%)

### Market size in YIT countries 2010

- Building Systems EUR 80 billion
- Industrial Services EUR 6 billion



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

\*\*Net sales in 2009

Together we can do it. **YIT**

Sources: Euroconstruct December 2010, VTT December 2010 and YIT

# Acquisition of Caverion doubles YIT's operations in Central Europe

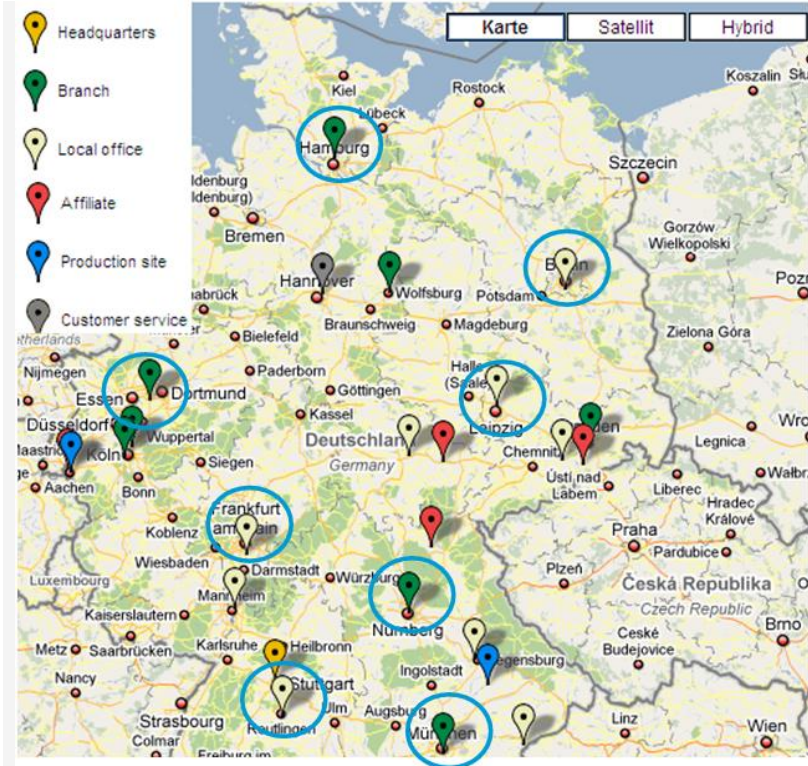
## With the acquisition:

- **YIT's revenue and personnel will double in Central Europe**
- **In building systems, YIT will be the second largest service provider in Germany and one of the leading actors in Central Europe**

## Caverion's key figures at closing:

- **The price of shares EUR 73 million**
- **Goodwill EUR 60 million**
- **Acquisition costs EUR 1.9 million**
- **Personnel ~ 2,000 people**
- **Order backlog EUR 306 million (9/10)**
- **Revenue in 2009 was EUR 440 million, of which 80% from Germany**
- **Operating profit 2009 EUR 10.9 million**

## YIT's presence in Germany



**Common locations with YIT:** Hamburg, Berlin, Ruhr Gebiet ( Essen ), Frankfurt, Nürnberg, Stuttgart, München, Halle / Leipzig. **New locations after Caverion acquisition:** Aachen, Bochum, Cologne, Dresden, Leverkusen, Wolfsburg, Kulmbach, Jena, Schmiedeberg

**Together we can do it.**



# Construction Services

## Growth potential in Russia and Eastern Europe

### YIT's largest competitors in Construction

#### Finland

Lemminkäinen  
Skanska  
NCC  
SRV  
Destia  
Hartela

#### Russia

SU-155  
Mirax Group  
PIK Group  
LSR Group  
GlavmosStroy  
LEK  
LenspetsSMU  
Strabag  
Don-Stroy  
GDSK  
CDS  
Comstrin

#### Baltic Countries

MERKO  
NCC  
Nordecon  
Skanska  
Hanner

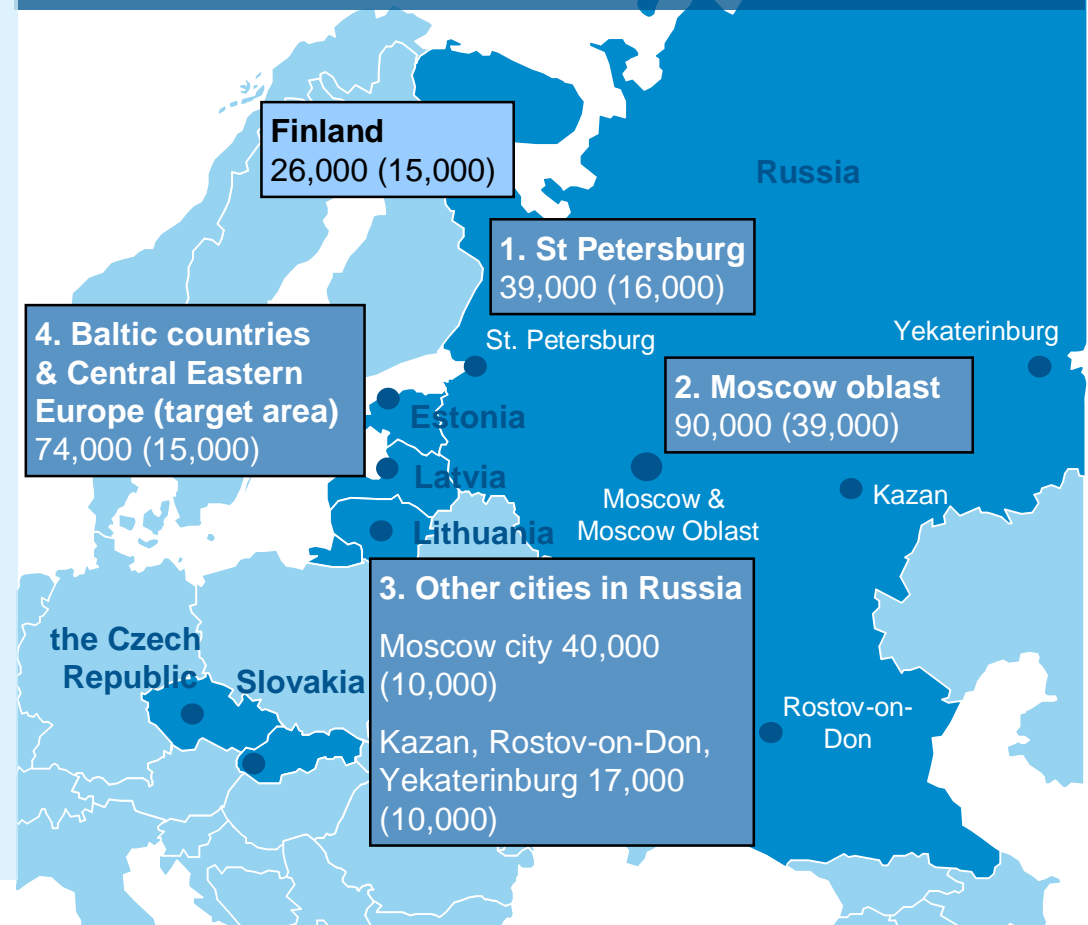
#### the Czech Republic

Metrostav  
Skanska  
M&K Development  
EKOSPOL

#### Slovakia

Skanska  
Strabag  
Skybau  
Hornet

### Number of commissioned apartments 2010 (YIT's potential market segment)



Sources: Euroconstruct December 2010, VTT December 2010 and YIT



# Housing indicators

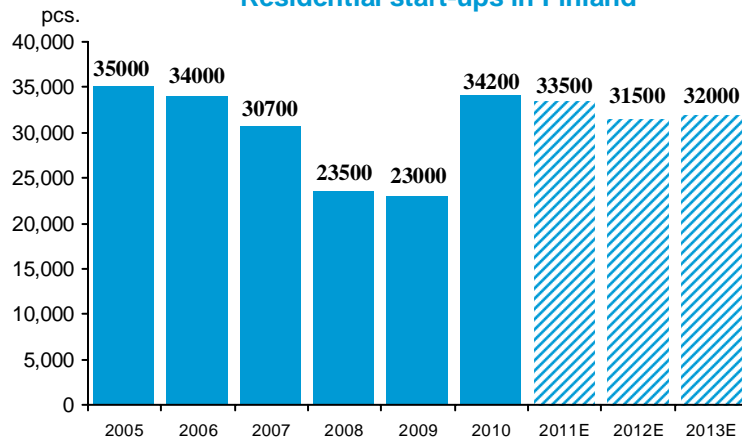


Together we can do it. **YIT**

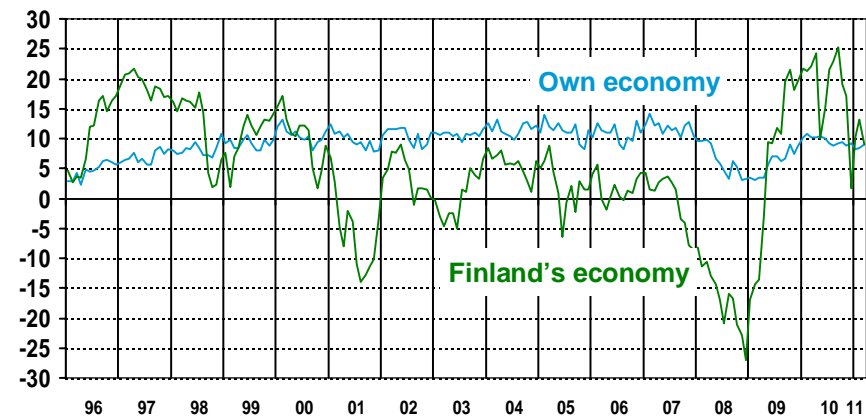
# Finland

## Stable demand in the housing market

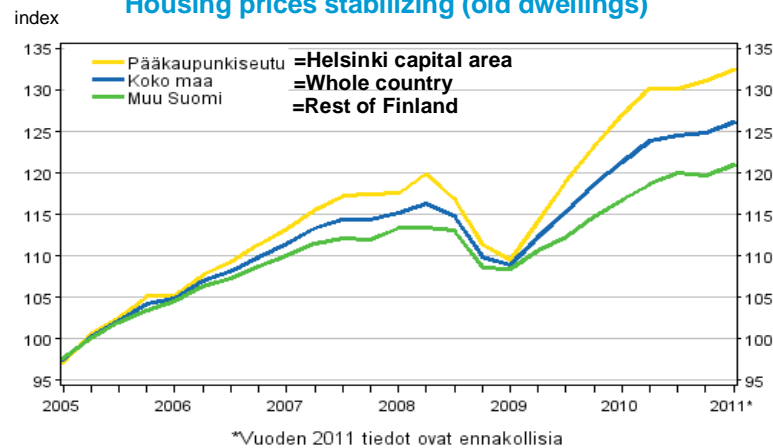
Residential start-ups in Finland



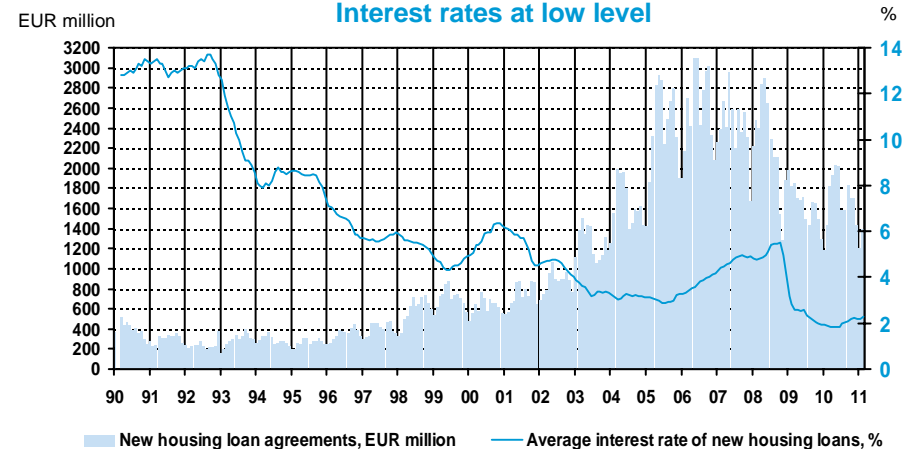
Views on economic situation after one year  
balance figure (percentage of positive answers - negative answers)



Housing prices stabilizing (old dwellings)



Interest rates at low level



Together we can do it.

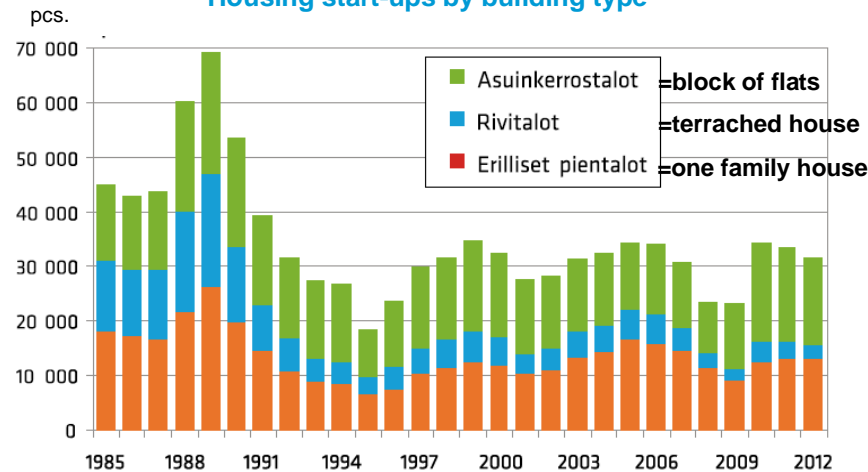


Sources: Residential start-ups: RT April 19, 2011, Consumer confidence: Statistics Finland March 28, 2011, Housing prices: Statistics Finland April 28, 2011 and Interest rates: Central Bank of Finland March 31, 2011

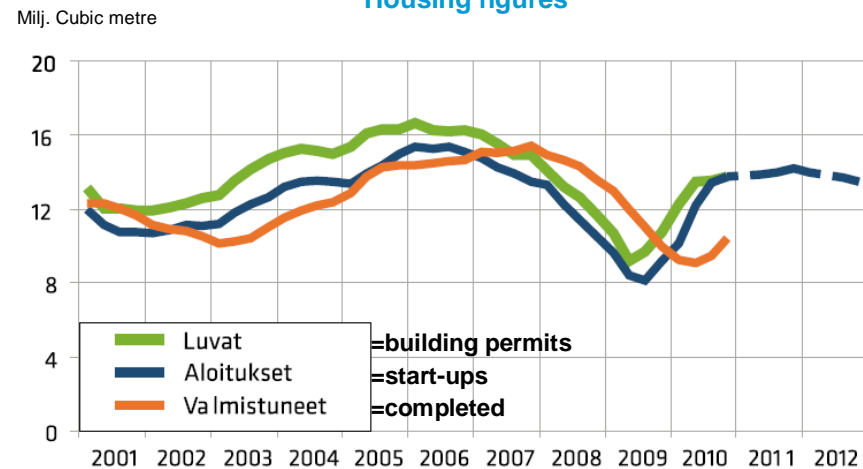
# Finland

## Positive indicators in Finnish housing sector

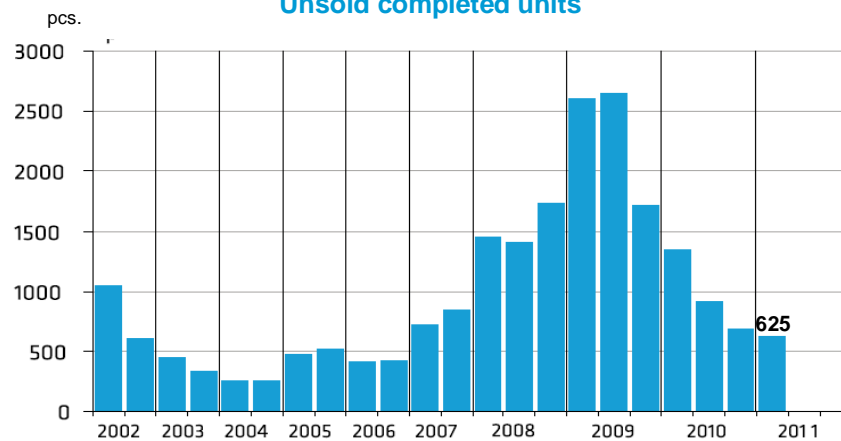
Housing start-ups by building type



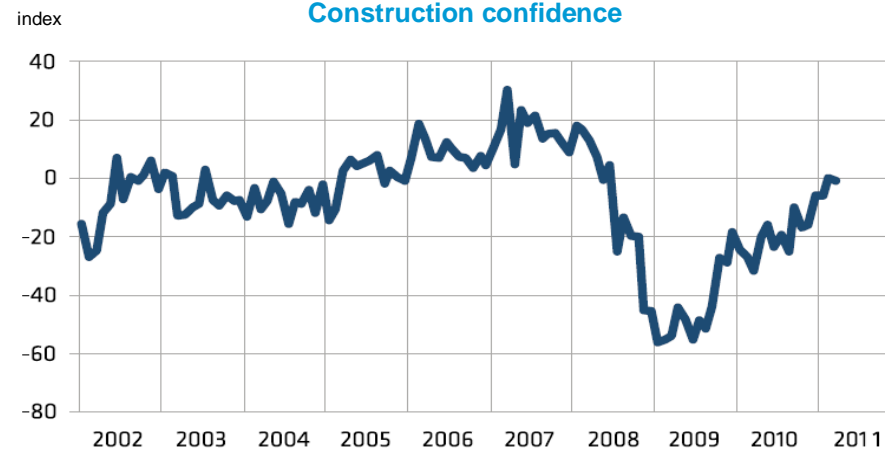
Housing figures



Unsold completed units



Construction confidence



Together we can do it.

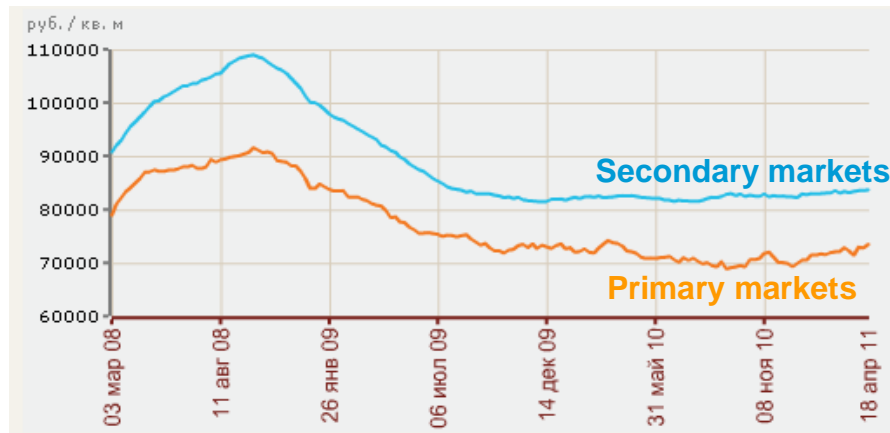


Source: RT April 19, 2011

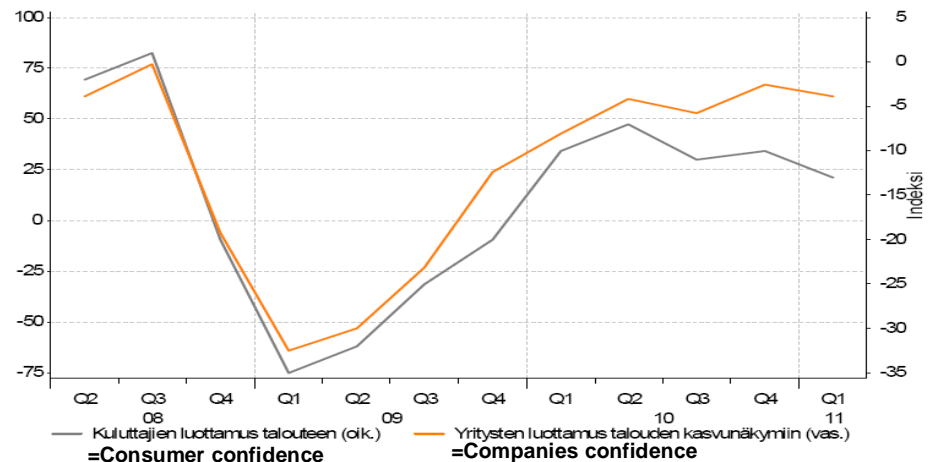
# Russia

## Favourable market conditions for housing

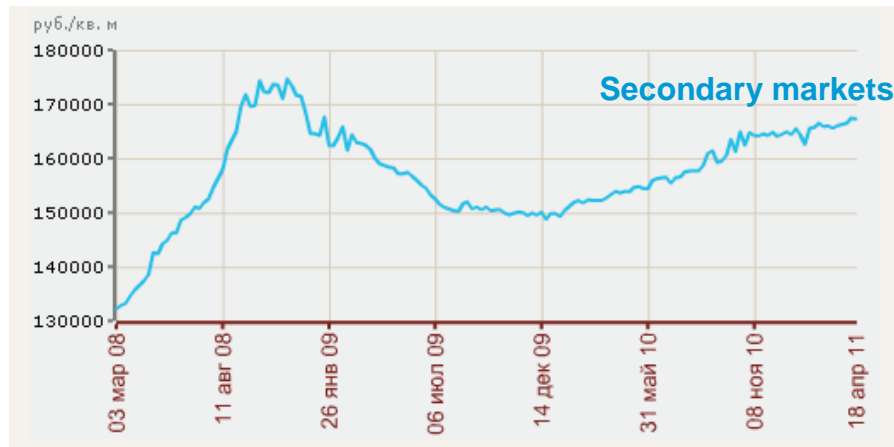
RUB/Square metre Housing prices: St. Petersburg (3/2008-4/2011)



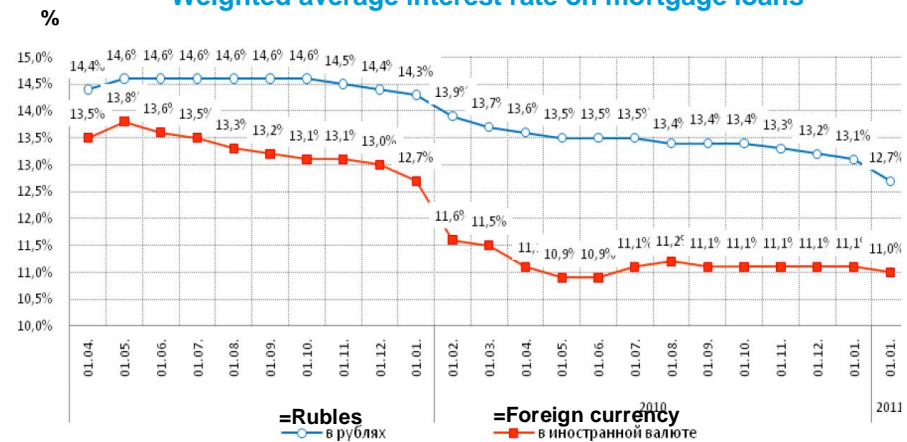
Consumer and company confidence in Russia



RUB/Square metre Housing prices: Moscow (3/2008-4/2011)



Weighted average interest rate on mortgage loans



Together we can do it.



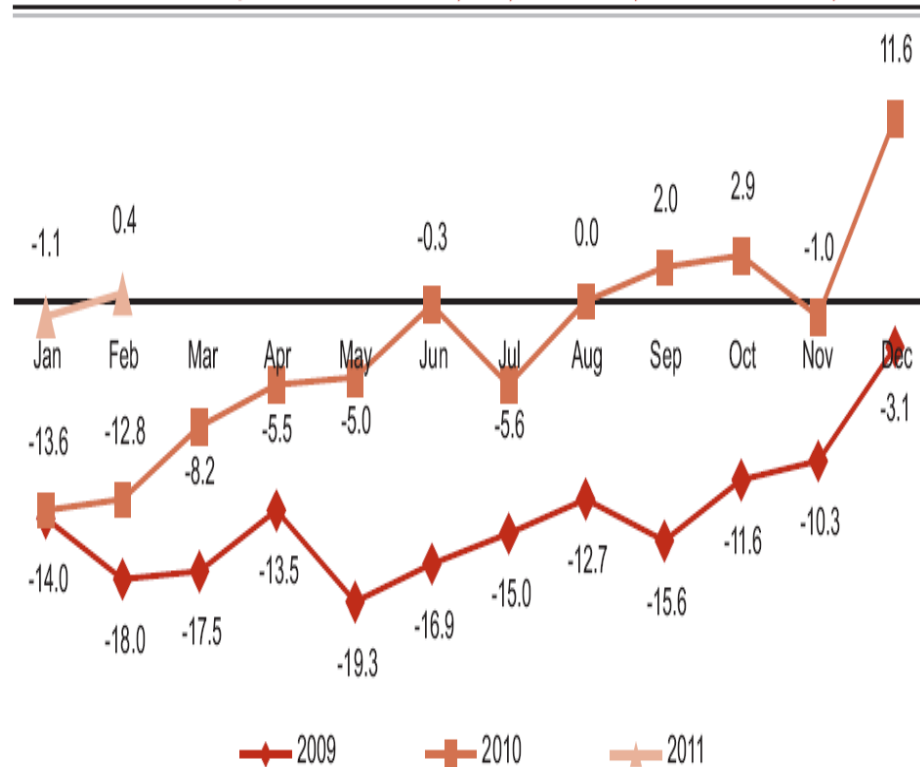
Sources: Housing prices: [www.bn.ru](http://www.bn.ru) April 18, 2011, Confidence indicators: Pohjola Pankki April 18, 2011 and Interest rates: [www.ahml.ru](http://www.ahml.ru) April 18, 2011



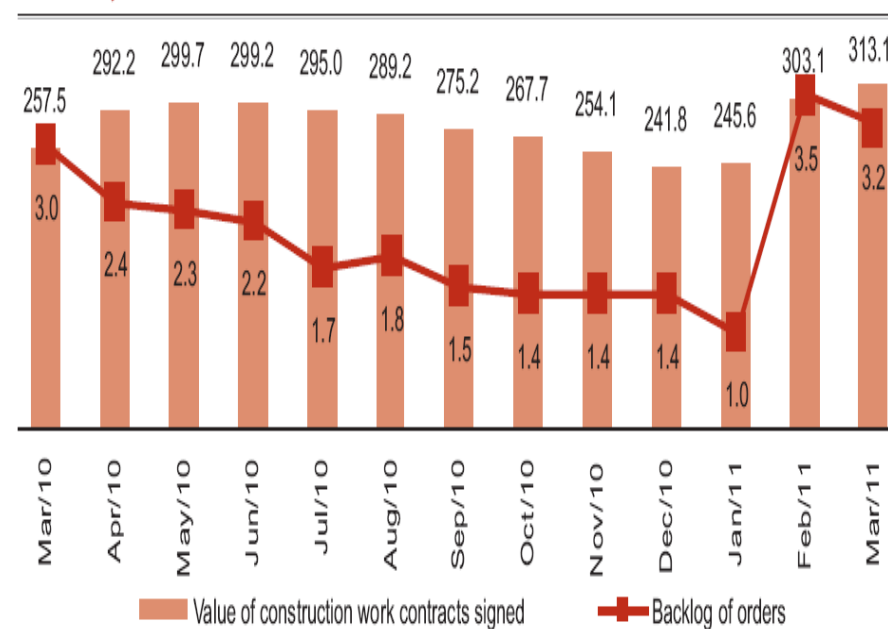
# Russia

## Construction sector continues to recover

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



Value of construction work orders signed and other construction orders (RUB bn) and backlog of orders in the Russian construction industry (months), March 2010-March 2011



Together we can do it.

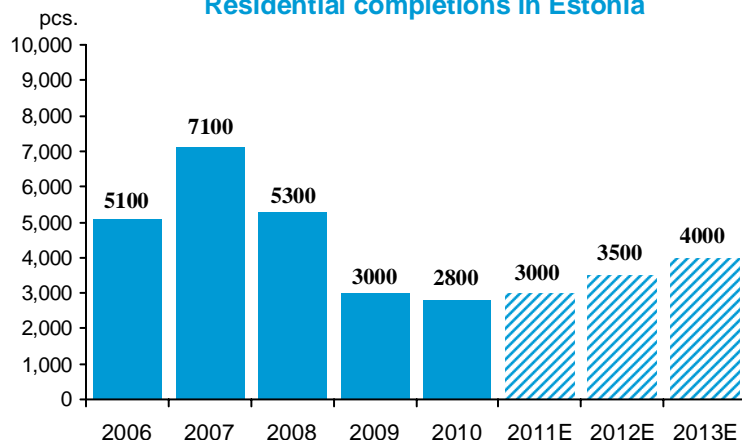


Source: PMR Construction Review April 19, 2011

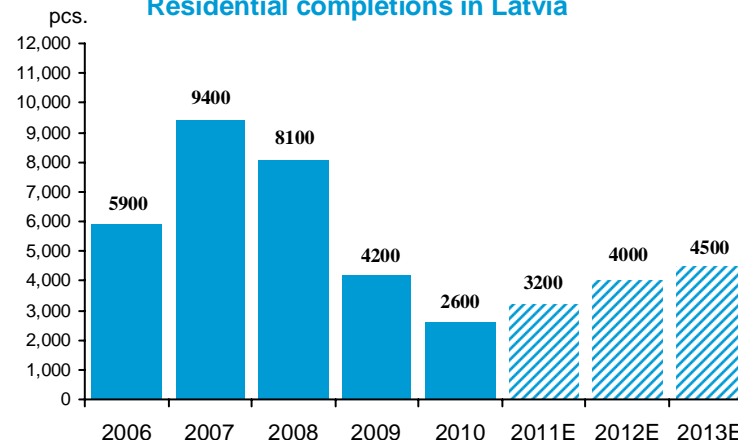
# Baltic countries

## Markets are expected to recover slowly

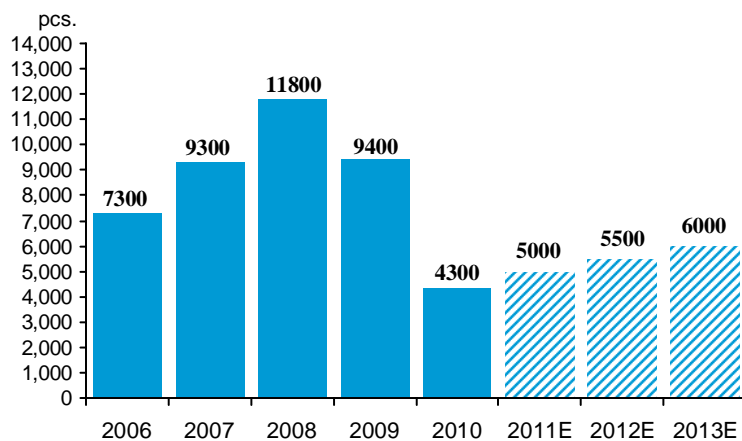
Residential completions in Estonia



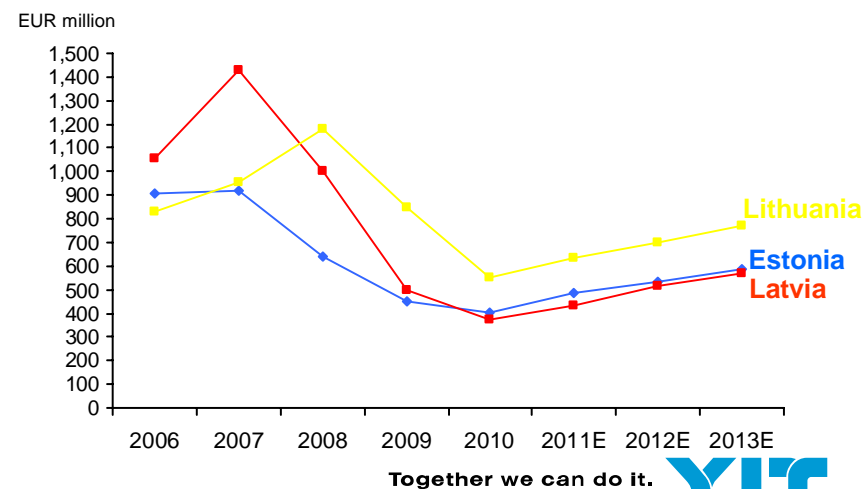
Residential completions in Latvia



Residential completions in Lithuania



Residential construction in Baltic Countries

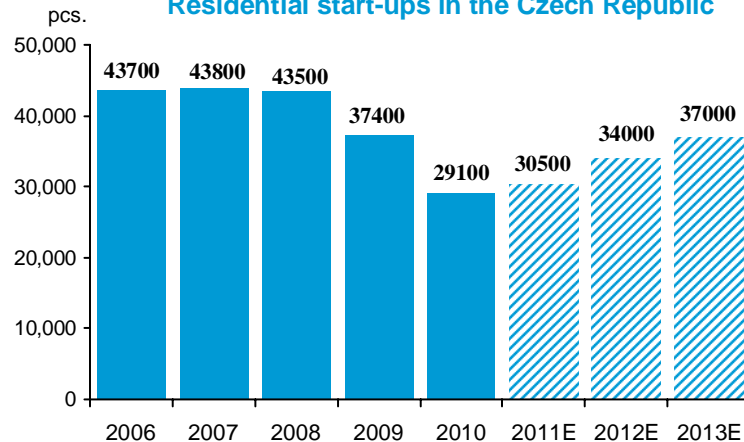


Source: Euroconstruct December 2010

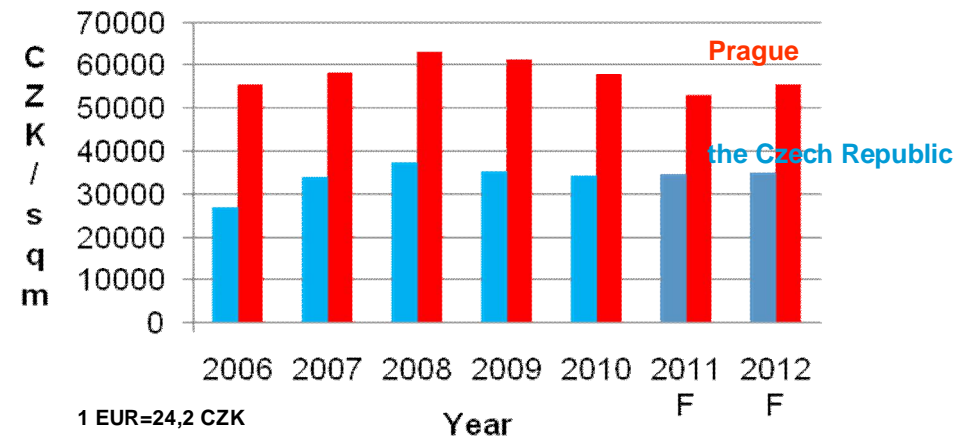
# the Czech Republic and Slovakia

## Markets estimated to remain stable

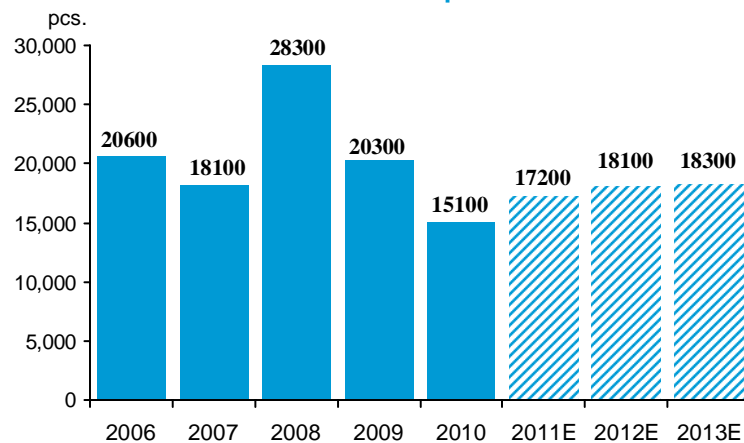
Residential start-ups in the Czech Republic



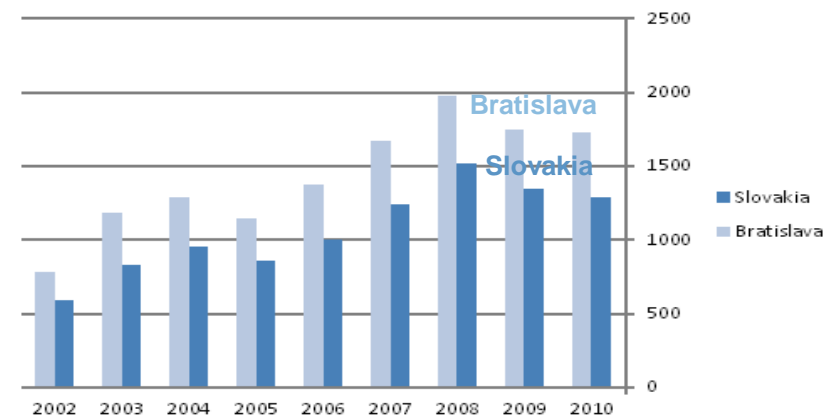
Housing prices in the Czech Republic and Prague



Residential start-ups in Slovakia



Housing prices in Slovakia and Bratislava



Together we can do it.



Sources: Residential start-ups: Euroconstruct December 2010, Other data: the Czech Republic: King Sturge April 26, 2011, Slovakia: National Bank of Slovakia, March 2010

# Building systems offering



We create and maintain desired conditions inside properties. We help industry to improve operational productivity and reliability and offer services for making energy use more efficient.

## Building Systems

- All technical building system solutions
  - Heating, ventilation, piping, cooling, electrification, security, automation and fire fighting systems
- Service and renovation
- Facilities management

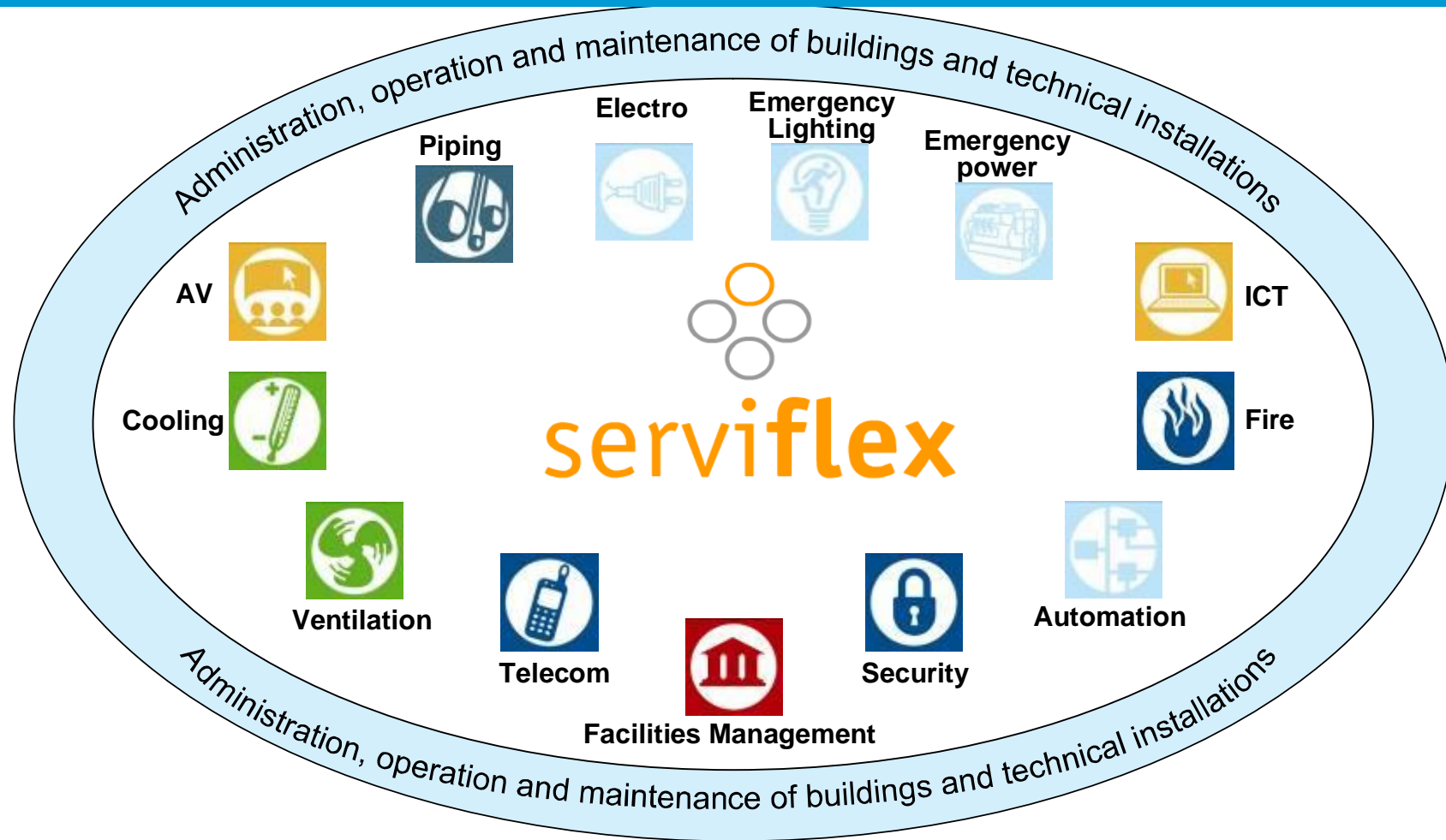
## Industrial Services

- Project deliveries to industry
  - Piping systems, tanks, boilers, electrification, automation, ventilation, water treatment
- Maintenance to industry

**Energy-saving services** for buildings and industry



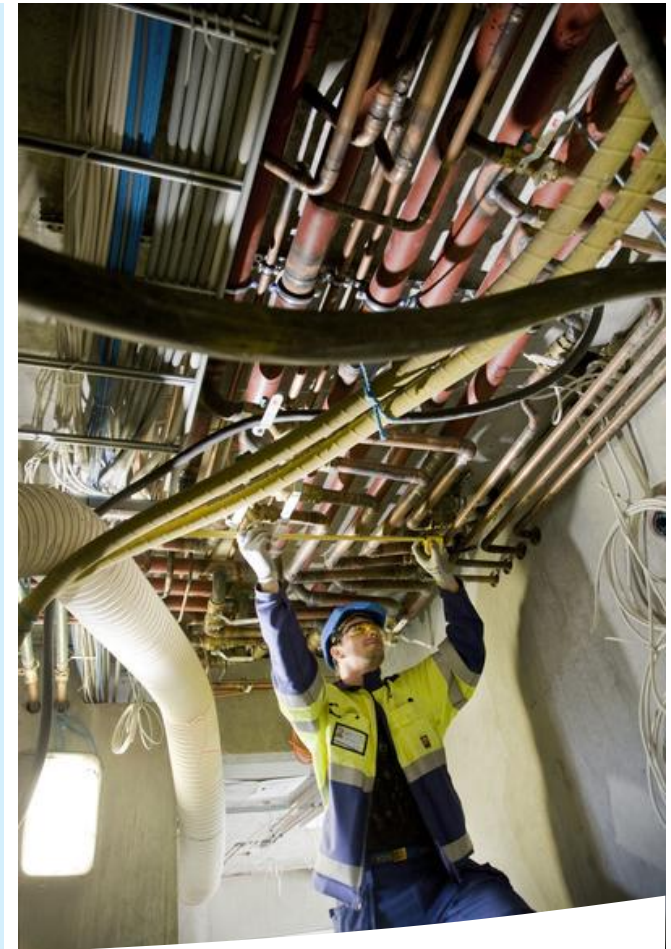
# YIT provides comprehensive services



Together we can do it. **YIT**

# Fragmented market, consolidation continues

- Large, fragmented market
  - Only a few large companies in each country
  - Few bigger international multi-discipline companies
  - Large number of smaller players focusing on one discipline in selected regions
- Activity in the acquisition market
  - An increasing number of small and medium-sized companies coming up for sale
  - Some international players have expanded geographically by acquisitions
  - Equity investors are still owners in companies



# Municipalities seeking new outsourcing solutions in Finland and Sweden

Sweden	Finland	Norway and Denmark	Germany and Austria
<b>Market opening up for technical maintenance outsourcings</b>	<b>Market slowly opening up in public outsourcings</b>	<b>Low activity in public outsourcings</b>	<b>Business as usual in public outsourcings</b>
<ul style="list-style-type: none"><li>• Public buildings<ul style="list-style-type: none"><li>-Schools, daycare centers, retirement homes, indoor swimming pools, sport halls, libraries</li></ul></li><li>• New companies<ul style="list-style-type: none"><li>- Water treatment facilities, heating and district heating plants</li></ul></li><li>• Regional county councils<ul style="list-style-type: none"><li>-Hospitals</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Public outsourcing<ul style="list-style-type: none"><li>-Schools, offices, health care</li></ul></li><li>• Public utility companies</li></ul>	<ul style="list-style-type: none"><li>• Low activity due to political priorities</li></ul>	<ul style="list-style-type: none"><li>• Public outsourcing has been going on for several decades</li><li>• Market develops steadily and outsourcing continues</li><li>• Health care and education have been privatized and maintenance outsourced</li></ul>

# EU objectives drive the demand for energy efficiency services

## Long term targets

- Emissions down by 20%
- Renewable sources of energy up by 20%
- Increase in energy efficiency up by 20%

**26%**  
Industry



**33%**  
Traffic



**41%**  
Existing buildings



Source: CEPMC

Together we can do it. **YIT**



# Other drivers for energy efficiency



## Public sector

- Public investments
  - Most ESCO agreements are with public sector
  - Long-term projects
  - ESCO (energy saving contract) projects for hospitals, schools and offices

## Private property owners

- Customers look for guaranteed energy savings
- Shorter expected payback period
- Project time frames 1-3 years

## Energy intensive industries

- Driven by chemical, pulp and paper, steel industries
- Short payback projects
- Project time frames 1-3 years

ESCO=energy saving contract

Together we can do it. **YIT**

# Building and Industrial Services

## Strategic focus

Leader in technical maintenance and energy services  
in Nordic countries and Central Europe

### Increase market share

- Organic growth and small local acquisitions
- Focus in Scandinavia and Central Europe

### Grow service and maintenance

- Service and maintenance operations increased at a faster rate than other operations
- Share of the service and modernisation business 2/3 of total business volume
- Increase market share in service up to 20% in top cities

### Develop energy services

- Development focus in operating services, energy saving solutions and own design and engineering

# Opportunities for organic growth

- With new and innovative products there is possibility to grow faster than markets
- Potential in new business areas: municipalities, hospitals, tunnel and railway infra etc.
- Total technical projects - delivering all disciplines
- Service productisation - ServiFlex



# Growing through acquisitions

## Targets of acquisitions

Complement YIT's expertise and filling in discipline gaps

Expand presence and strengthen local market position

Open new opportunities and footholds

Bring economies of scale (customers and suppliers)



## Criteria for acquisitions

Strategic compatibility

Operational synergies

Price and payback period

Business culture and competent personnel

## Selecting the countries

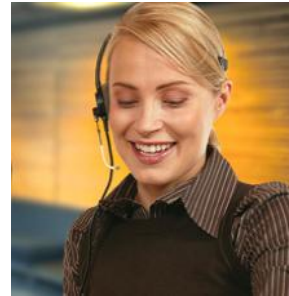
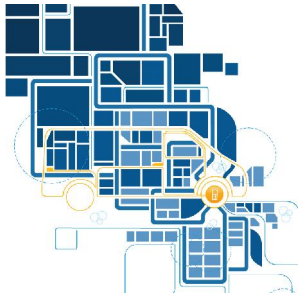
Focus on Central Europe

Countries with right kind of business culture





# Seeking growth in service and maintenance



## Service market development and production (ServiFlex)

### Long-term service agreements

- Duration can vary between 1-30 years
- Typically 1-3 years, after which re-negotiated
- Duration of ESCO agreements on average 10-15 years

### Outsourcings

### Local network for ad hoc service

### Control room and 24/7 helpdesk

Added to every long-term service agreement and project delivery

### Growth in new areas

Municipalities, hospitals, tunnel and railway infra depending on country's preferences and market situation

Together we can do it.



# Forerunner in energy-saving solutions

## New construction



- LuxCool and ClimaCeil for high efficiency building technical systems
- e-drift and Niagara building automation
- Electrical automation for power plants
- Heat recovery and accumulators for industry

## Modernisation



- ESCO projects in building technical systems and energy intensive industry
- LuxCool and ClimaCeil for building technical systems
- Boiler modernisation concept for energy industry

## Service



- Energy-saving and operational guarantee in ESCO projects
- Multidiscipline service
- Remote operating and monitoring
- e-drift and Niagara building automation

ESCO=energy saving contract

Together we can do it. **YIT**

# Some recent achievements in energy-saving services and projects

Total deliveries of energy-saving projects, ESCO agreements:

- Schwabach hospital, Germany
- The Halsnæs Municipality, the largest energy saving project in the history of Denmark
- Several Swedish municipalities
- Vehmasjärvi school thermal heating centre in Kuopio, Finland



- Energy-efficient building systems for Porsgrunn Naeringspark, Norway
- Renewable energy solutions for Sørlandsenteret shopping centre, Norway
- A delivery of a 10 kilometres long power net to one of the largest wind power plant areas in Europe for Enercon, Sweden

# YIT's strengths as a provider of building and industrial services



## Comprehensive service offering

- Multi-discipline deliveries, all technologies connected with buildings
- Services for the whole life-cycle: projects, maintenance and modernisations
  - Service market development and productisation (ServiFlex)
- Technical outsourcing, outsourcing of production line maintenance (iServiFlex)

## Globally local presence

- Extensive network: local presence in all 14 YIT countries and in all top cities
- Close to customers: 24/7 help desk, control rooms

## Long-term partner

- Long-term service agreements and comprehensive partnerships

## Leading technical competence

- Special know-how in electrification, HVAC, industrial piping and ventilation, industrial maintenance solutions
  - Own innovative solutions: LuxCool, ClimaCeil, Niagara, e-drift, Envac
- Energy-efficiency concepts: energy efficiency analyses and investments, ESCO and EPC projects

## Ability to grow through acquisitions

- Effective integration
- Profit development and growth

Together we can do it.





# Building Services

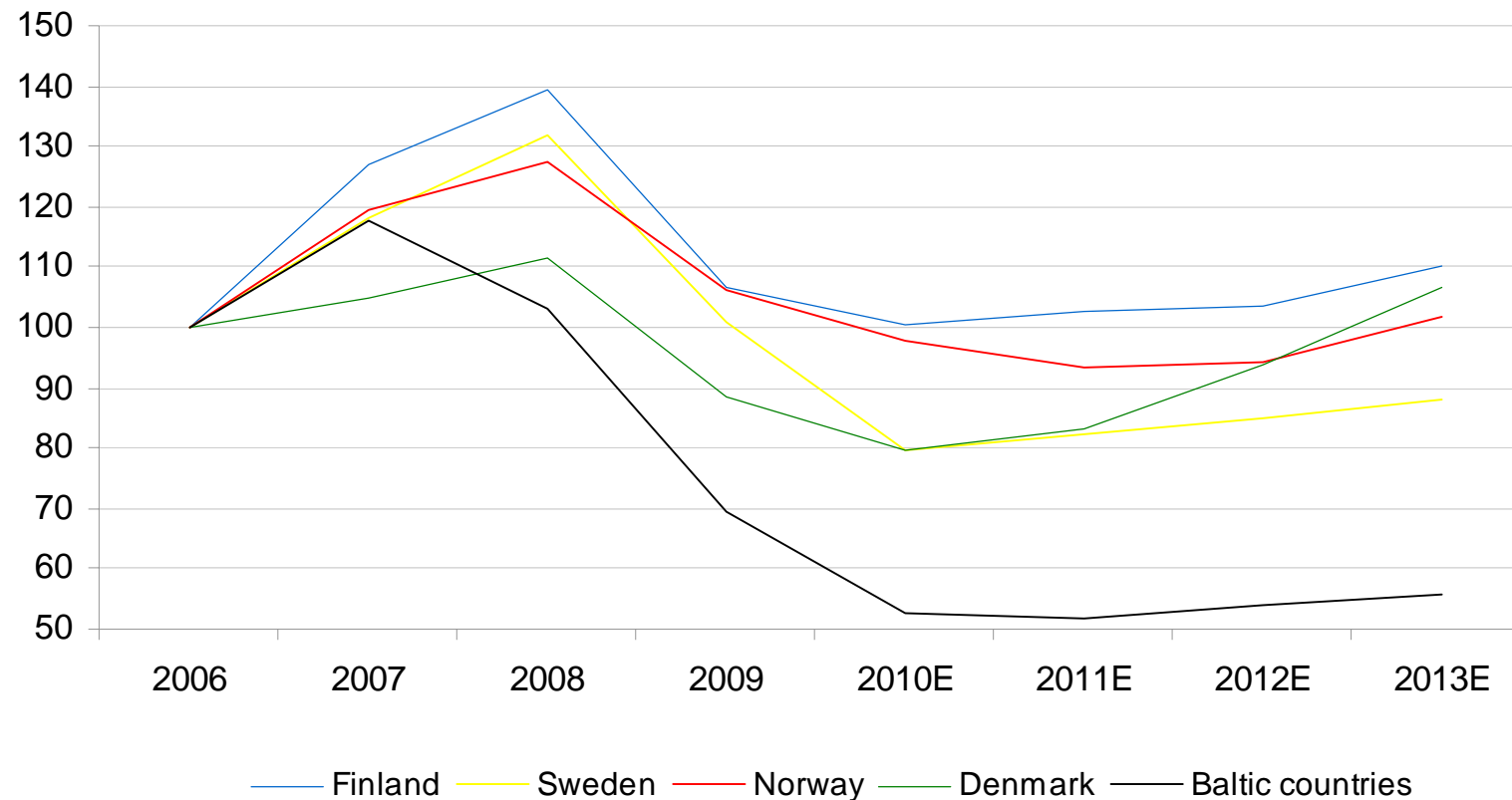
## Northern Europe indicators



Together we can do it. **YIT**

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

New non-residential construction volumes in Northern Europe, index



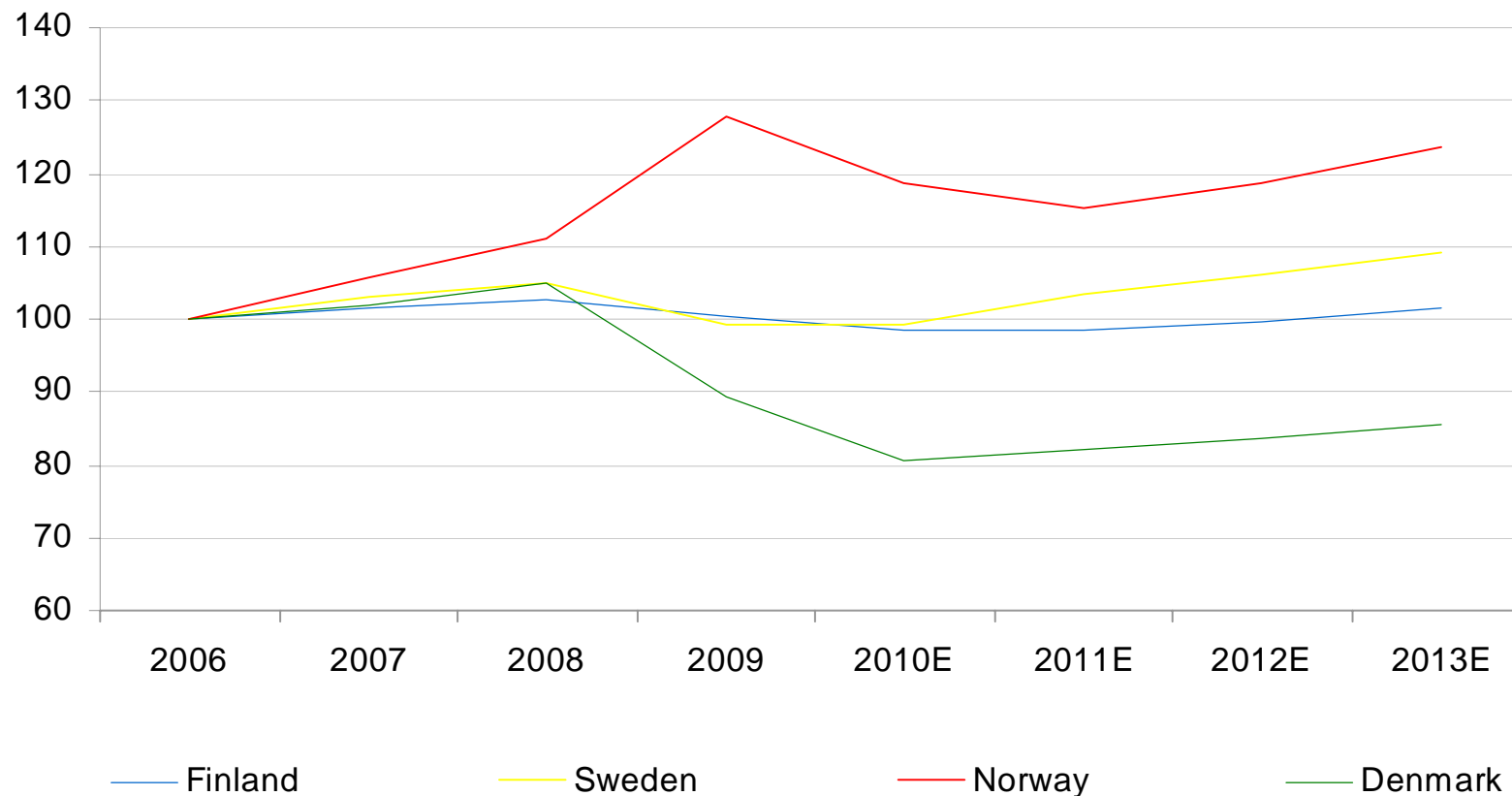
No data for Russia is available. Baltic countries figure includes both new non-residential and renovation.

Together we can do it. **YIT**

Source: Euroconstruct December 2010

# Stable 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.

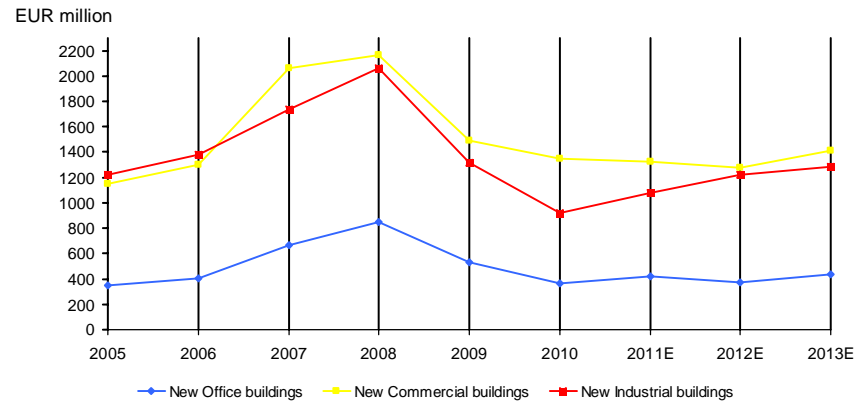
together we can do it. **YIT**

Source: Euroconstruct December 2010

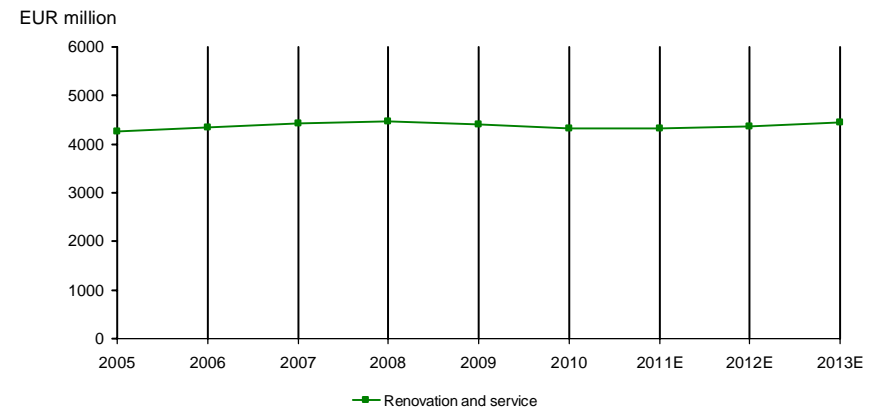
# Finland

## Non-residential construction estimated to pick up slowly

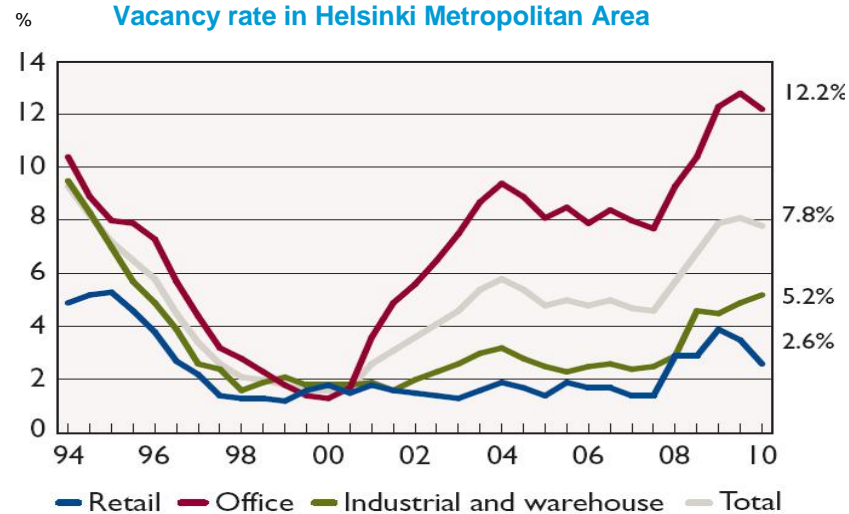
New non-residential construction by type of building



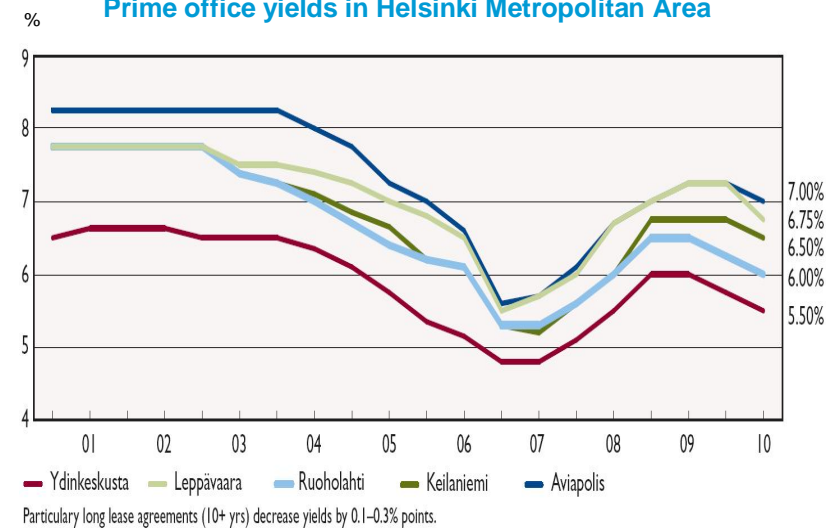
Non-residential renovation and service



Vacancy rate in Helsinki Metropolitan Area



Prime office yields in Helsinki Metropolitan Area



Particularly long lease agreements (10+ yrs) decrease yields by 0.1-0.3% points.

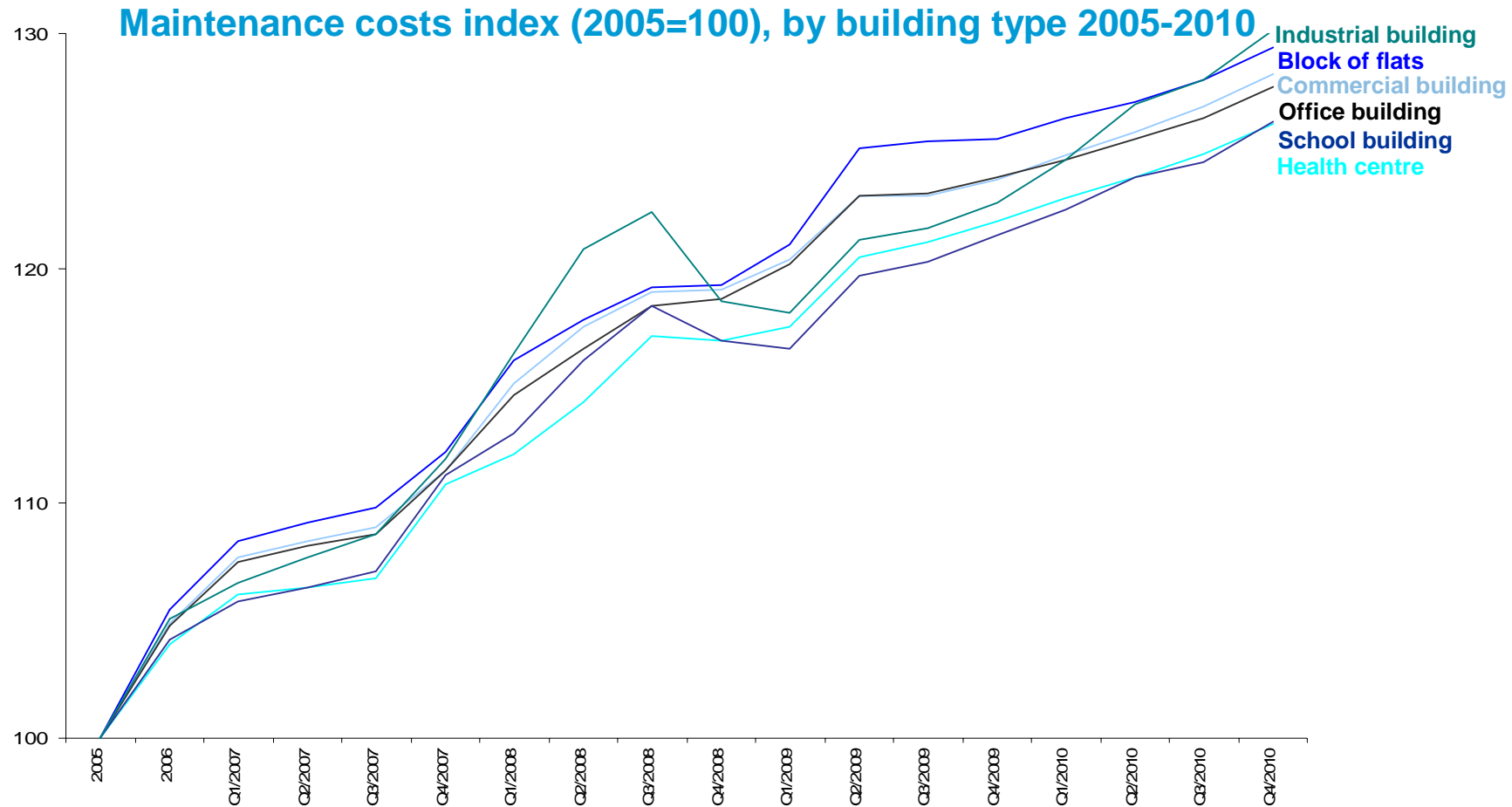
Together we can do it.



Sources: Non-residential construction: Euroconstruct December 2010, Vacancy rates and yields: Catella Market Report March 2011



# Building maintenance costs in Finland: Stable development in all sectors



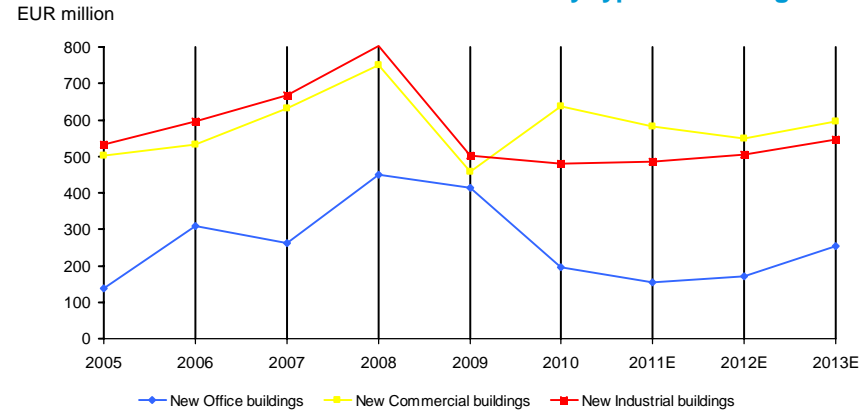
Together we can do it. **YIT**

Source: Statistics Finland 24, February 2011

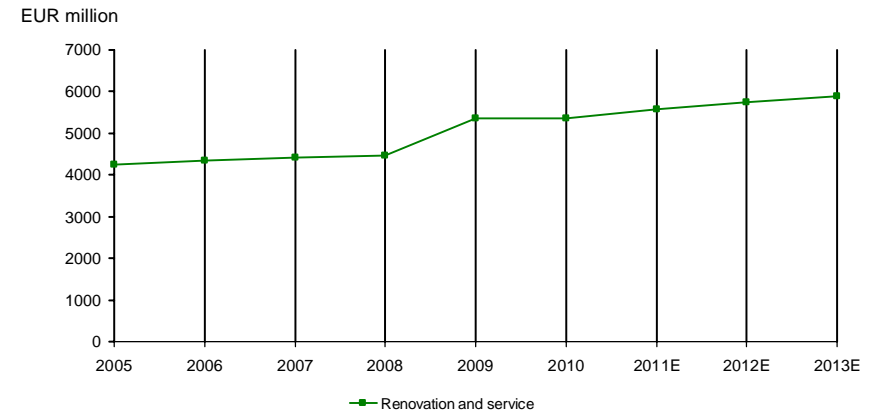
# Sweden

## Non-residential market is expected to improve slightly

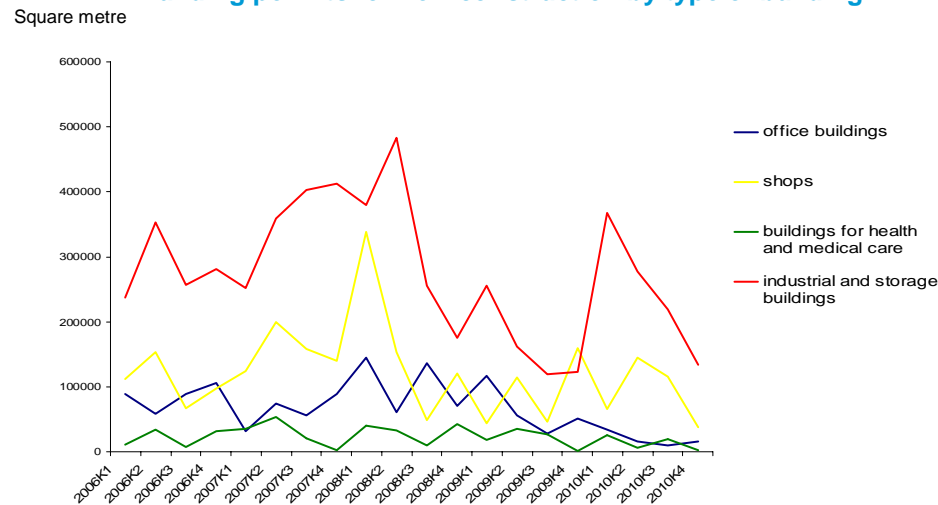
New non-residential construction by type of building



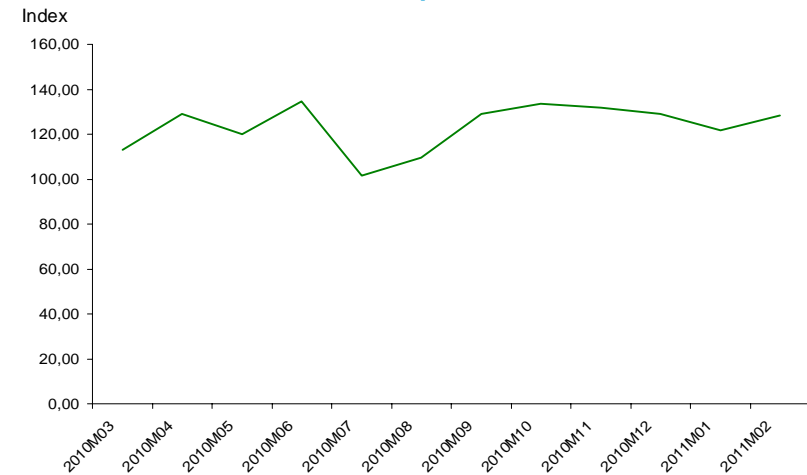
Non-residential renovation and service



Building permits for new construction by type of building



Construction production index



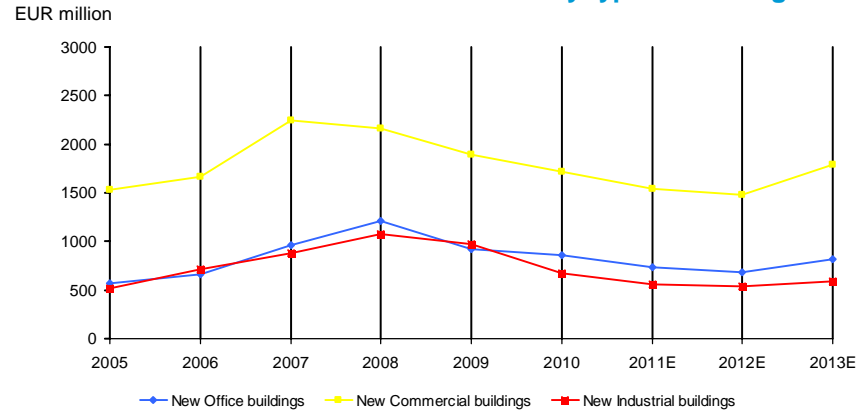
Together we can do it. **YIT**

Sources: Non-residential construction: Euroconstruct December 2010, other data: Statistics Sweden March 2010

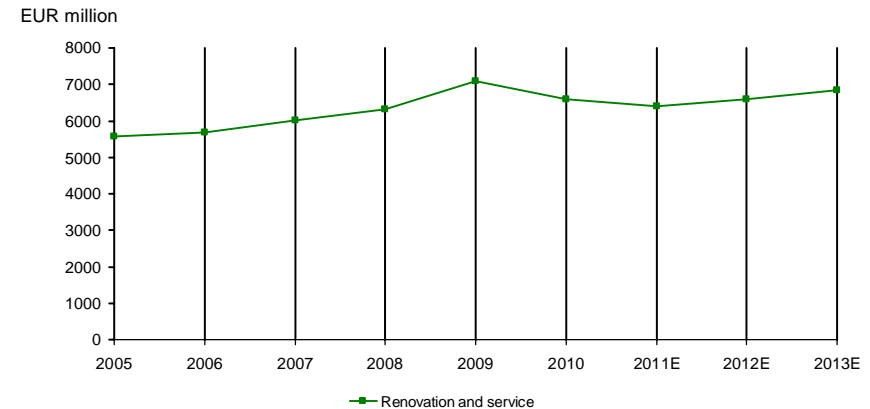
# Norway

## Investments are levelling off, service increasing

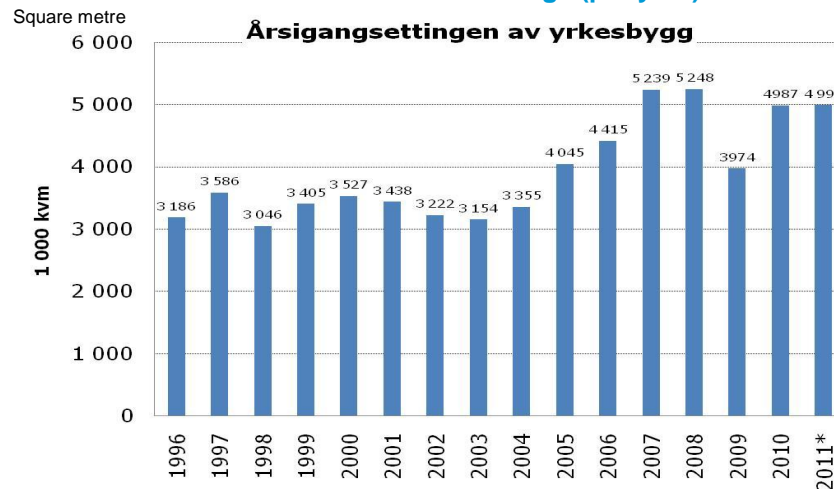
New non-residential construction by type of building



Non-residential renovation and service



Started non-residential buildings (per year)



Building permits, non-residential buildings



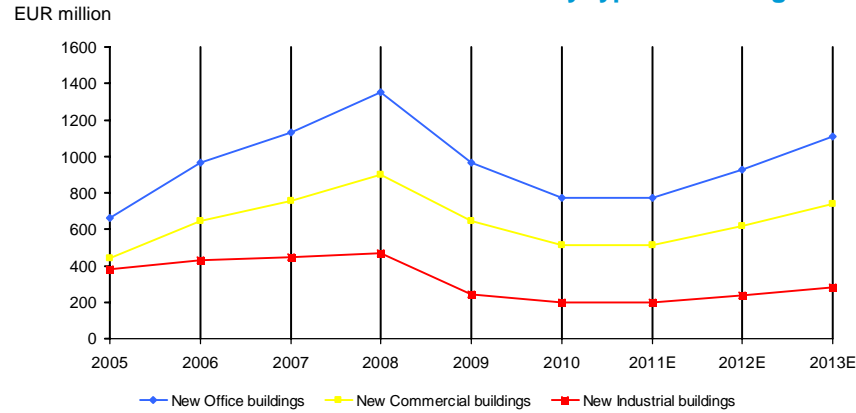
Together we can do it. **YIT**

Sources: Non-residential construction: Euroconstruct December 2010, other data: Statistics Norway March 2010

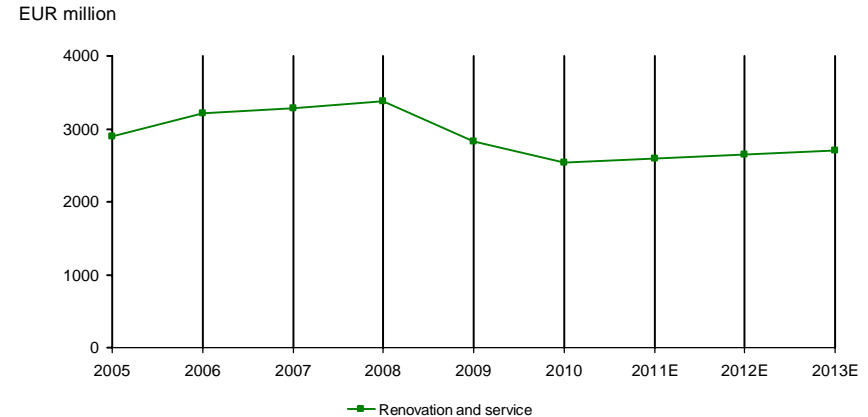
# Denmark

## Non-residential market remains weak

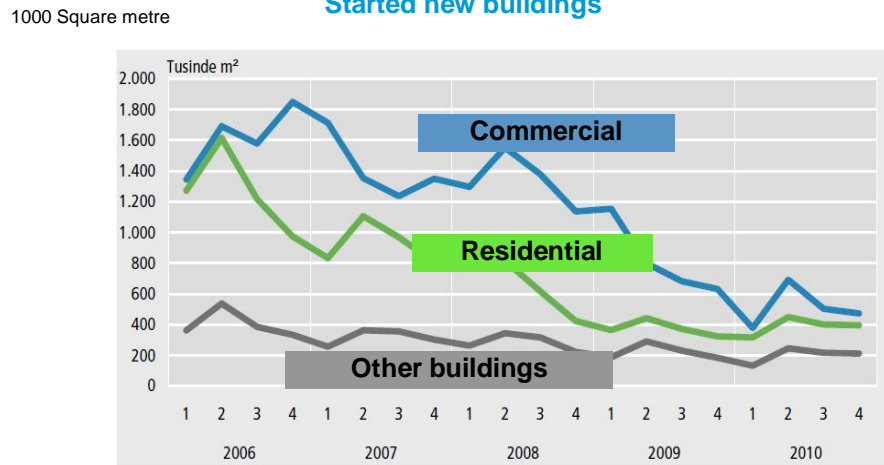
New non-residential construction by type of building



Non-residential renovation and service



Started new buildings



Construction confidence indicator



Together we can do it.

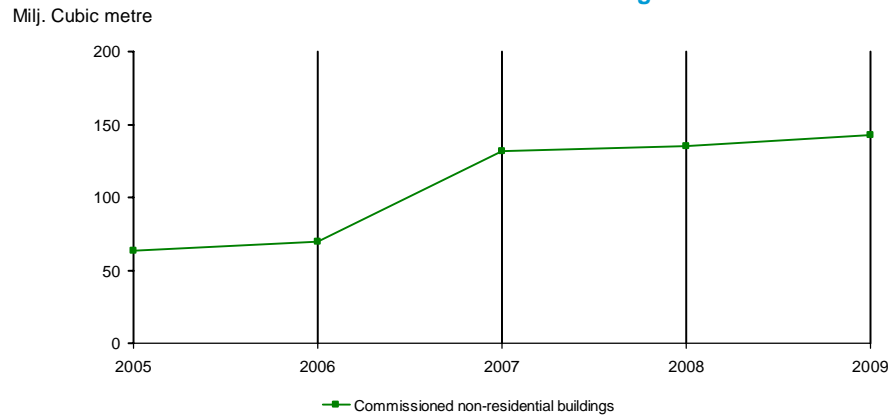


Sources: Non-residential construction: Euroconstruct December 2010, other data: Statistics Denmark March 2011

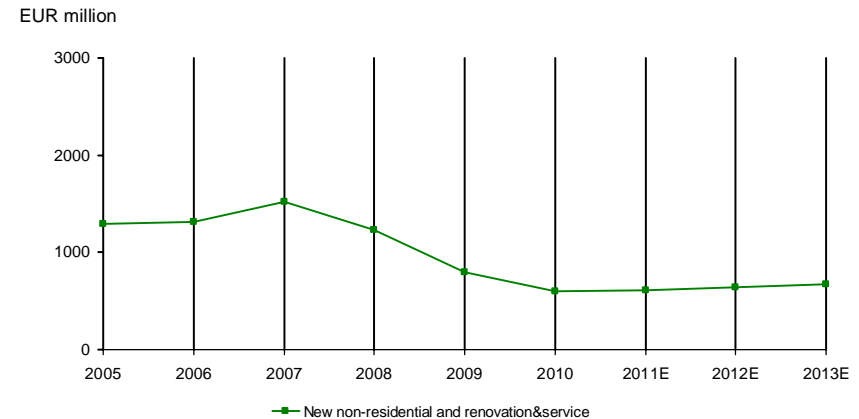
# Baltic Countries

## Non-residential construction at low level

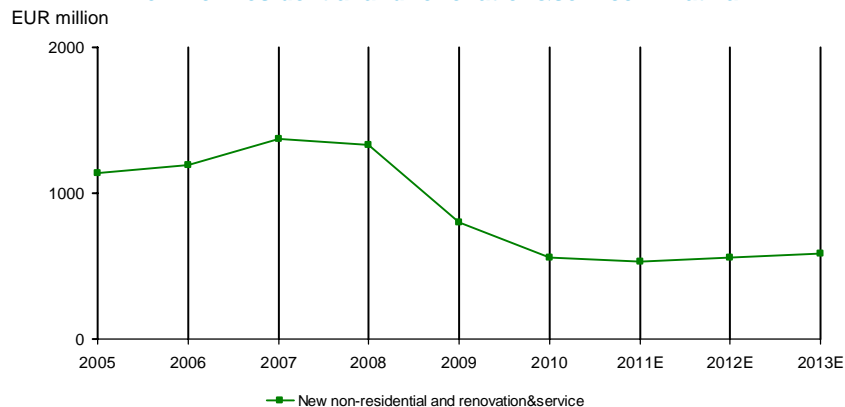
Commissioned non-residential buildings in Russia



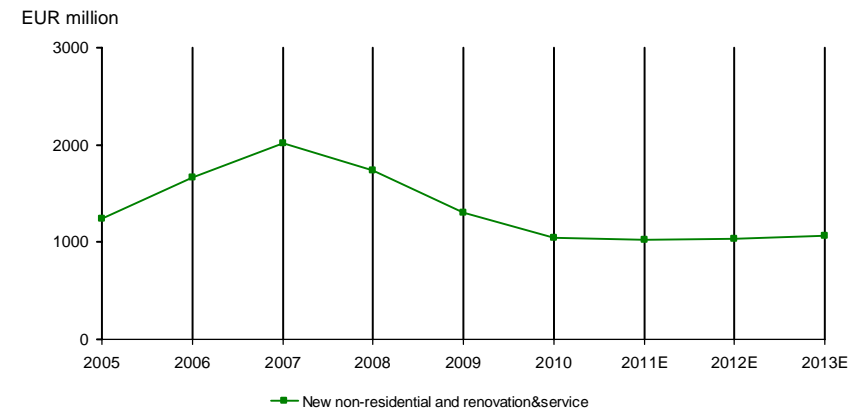
New non-residential and renovation&service in Estonia



New non-residential and renovation&service in Latvia



New non-residential and renovation&service in Lithuania



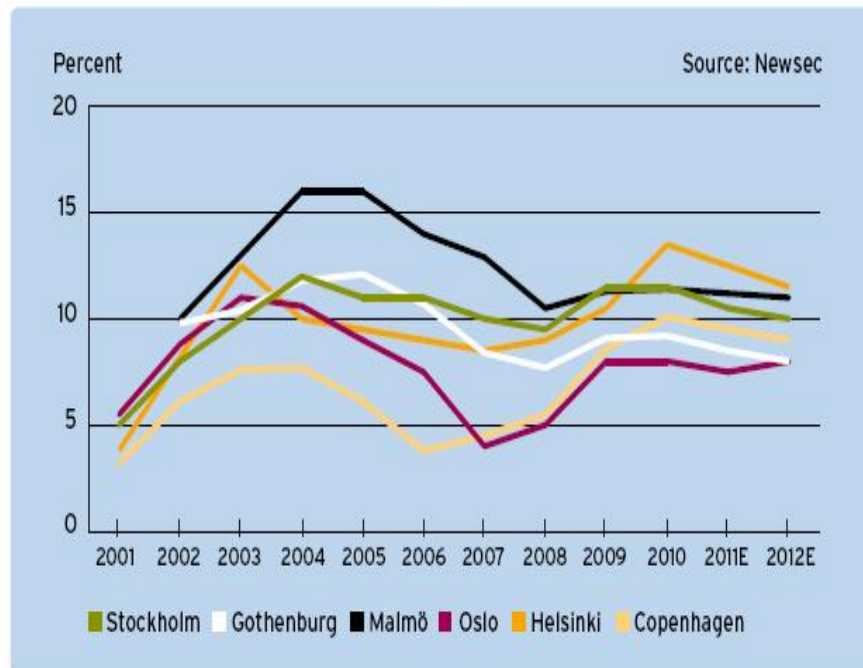


# Conclusion: Building Services Northern Europe

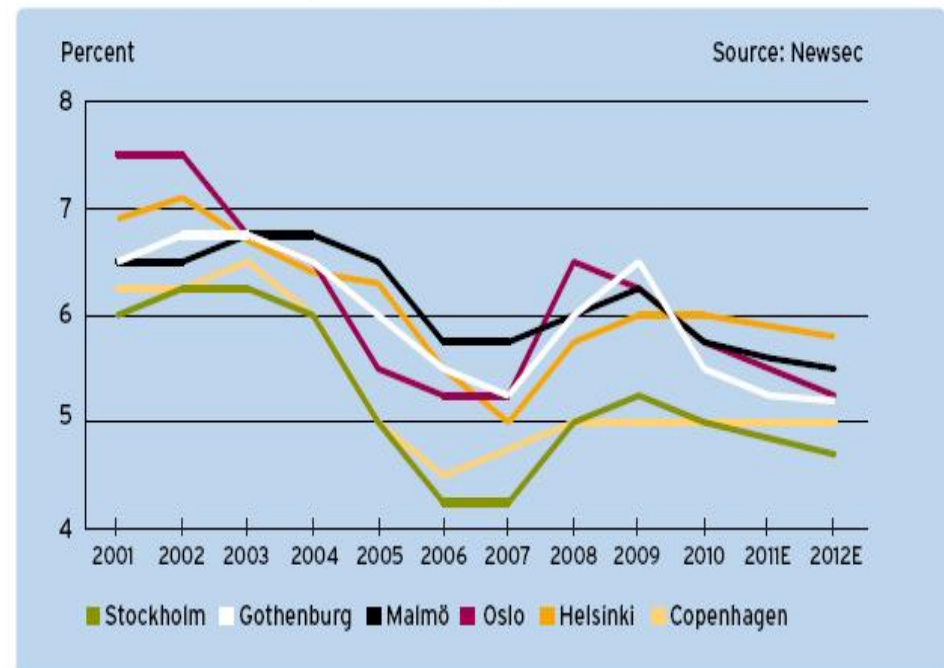
## Key indicators

### Nordic Countries

Office Vacancies | Nordic Region



Office Yields CBD | Nordic Region



# Building Services

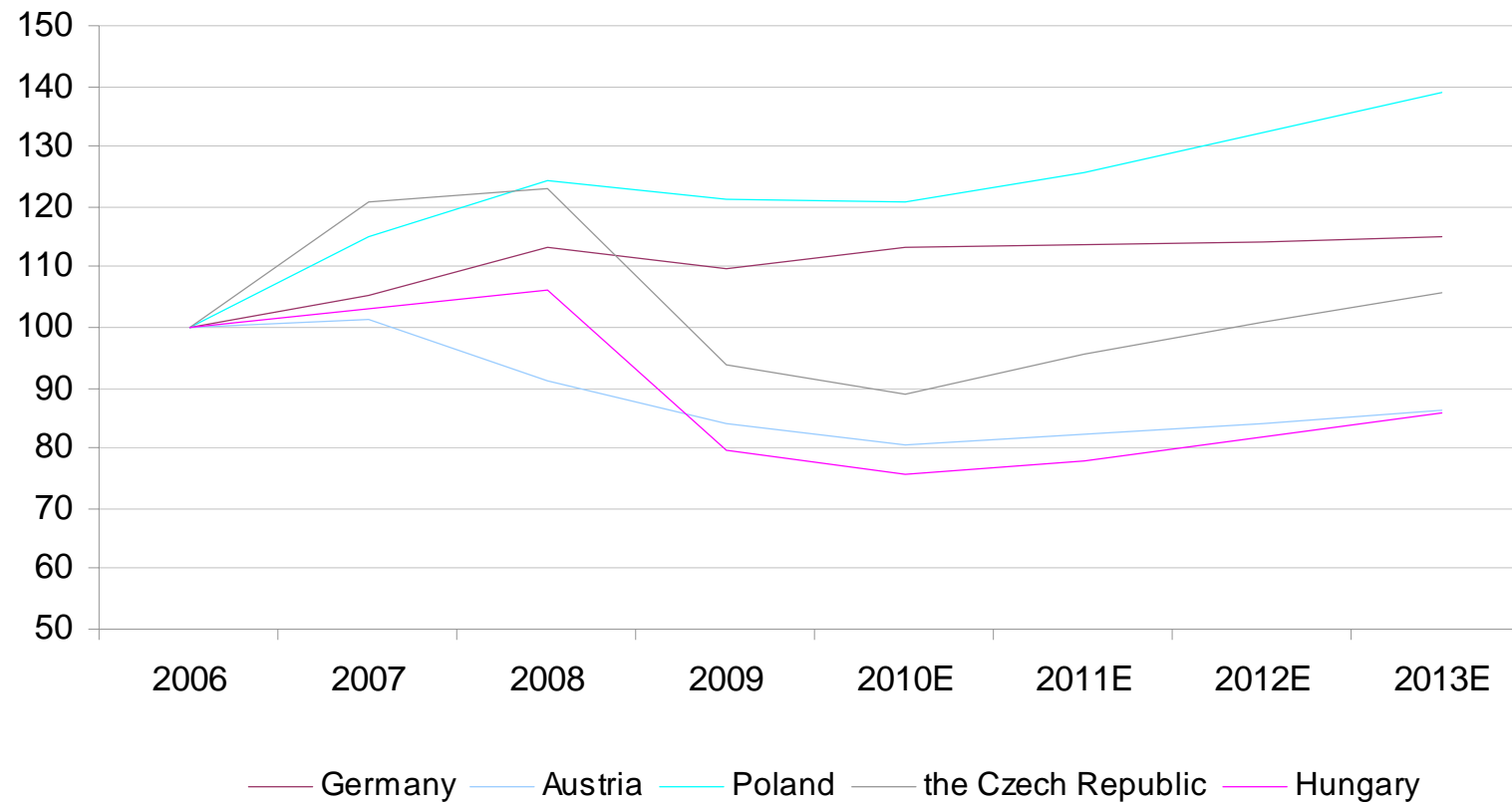
## Central Europe indicators



Together we can do it. **YIT**

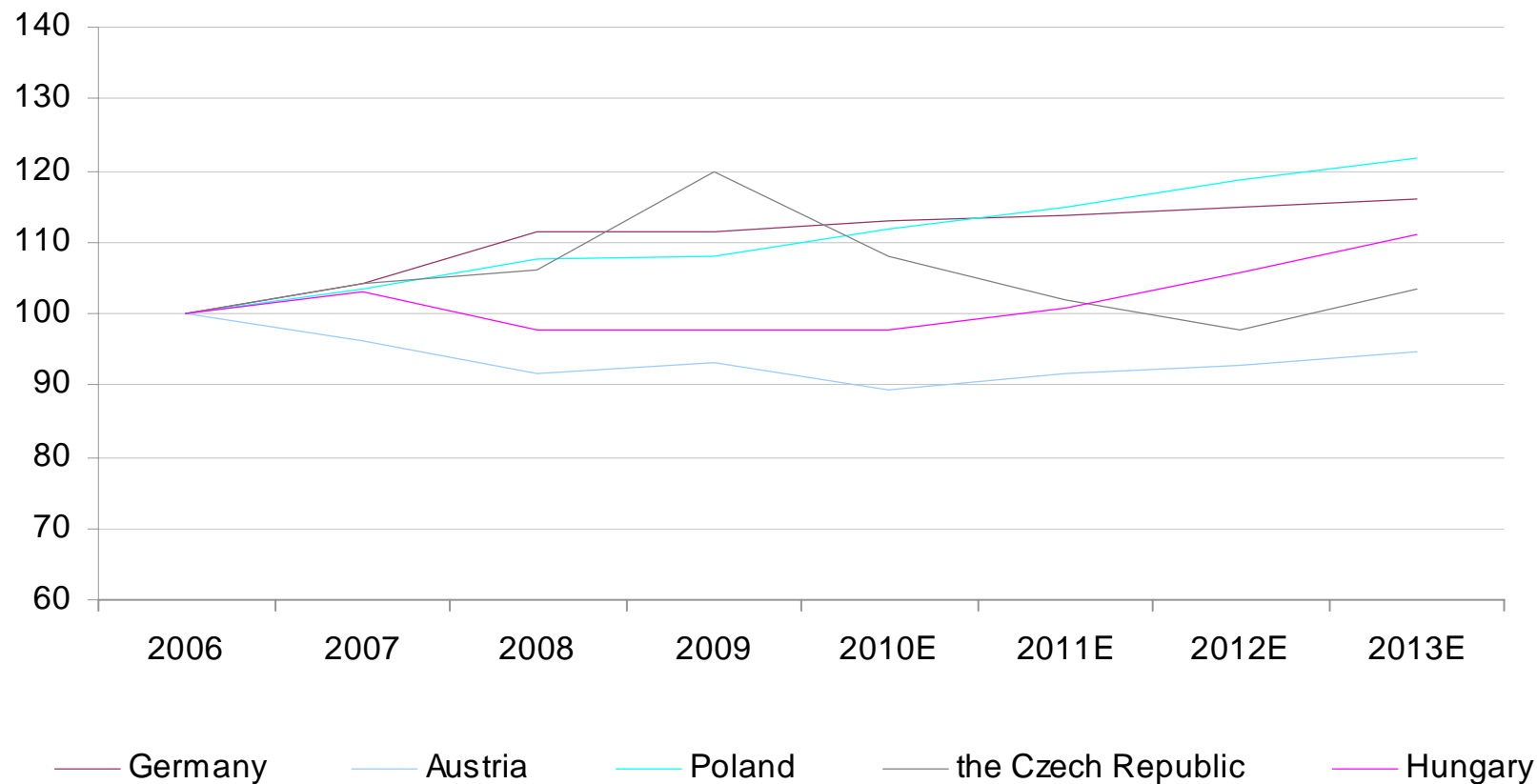
# New non-residential investments forecasted to stay at good level in Germany and Poland in 2011-2013

New non-residential construction volumes in Central Europe, index



# Good demand in service and maintenance during 2011-2013

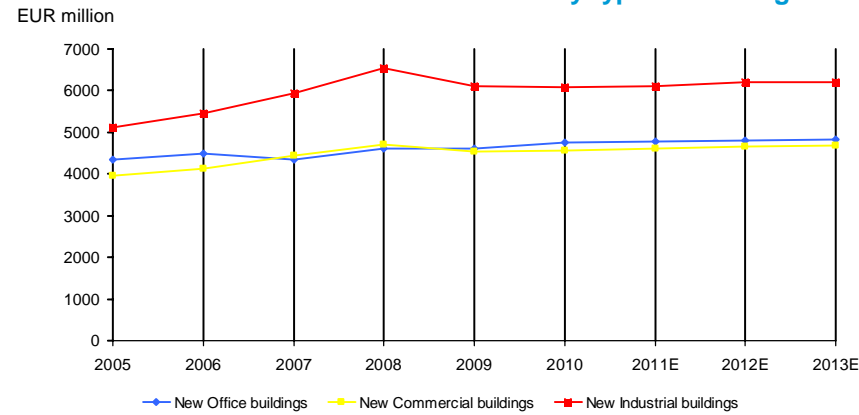
Non-residential service and renovation volumes in Central Europe, index



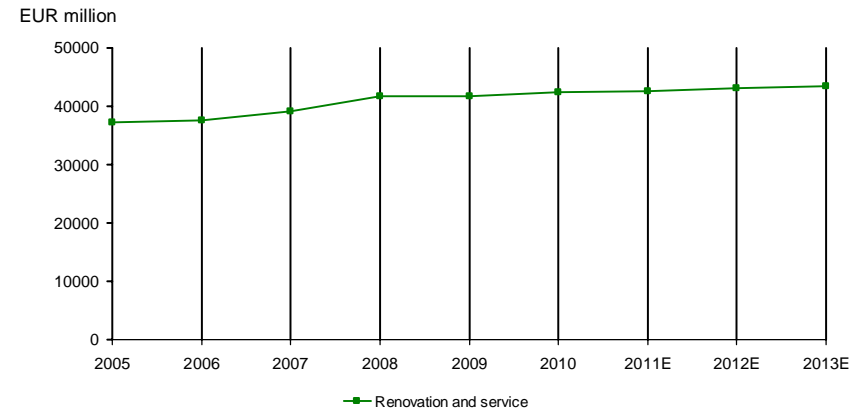
# Germany

## Big market with stable demand

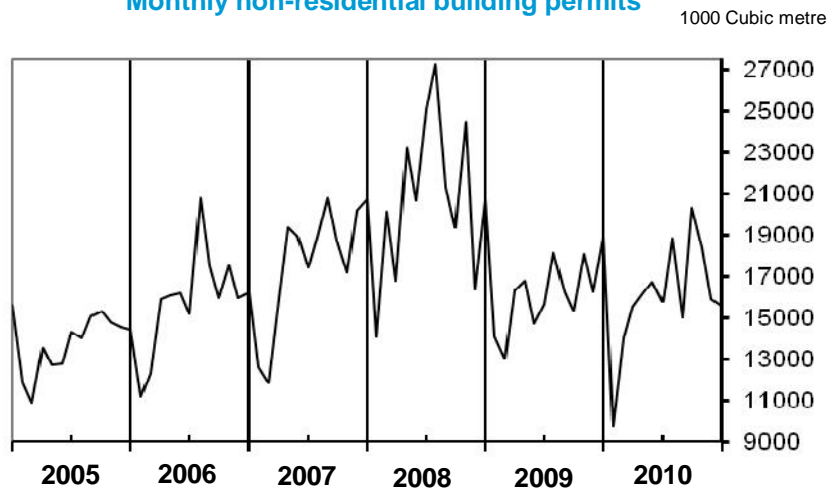
New non-residential construction by type of building



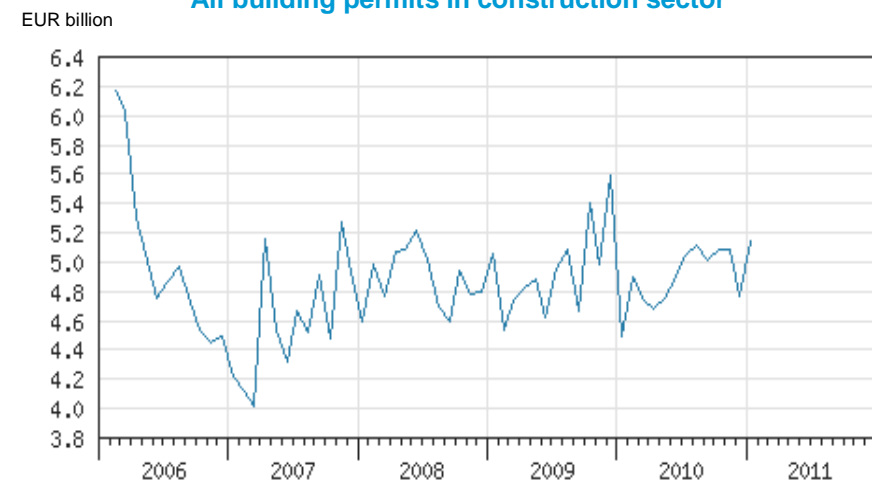
Non-residential renovation and service



Monthly non-residential building permits



All building permits in construction sector



Together we can do it.



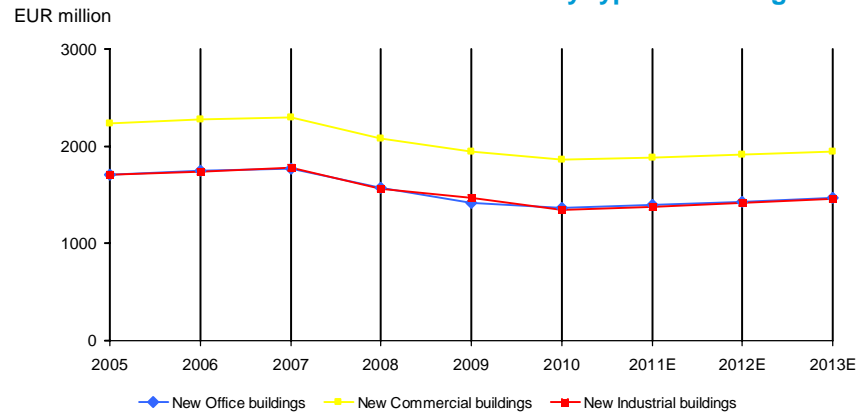
Sources: Non-residential construction: Euroconstruct December 2010, Non-residential permits: Statistisches Bundesamt Deutschland March 2011 All building permits: Bundesbank March 2011



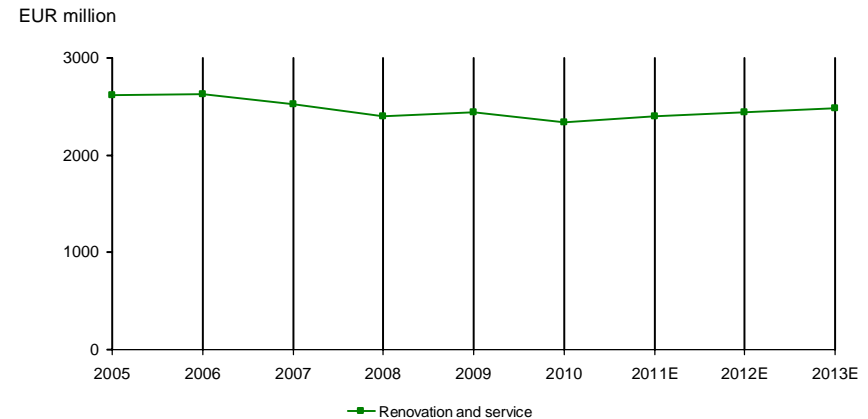
# Austria

## Market is estimated to pick up slightly

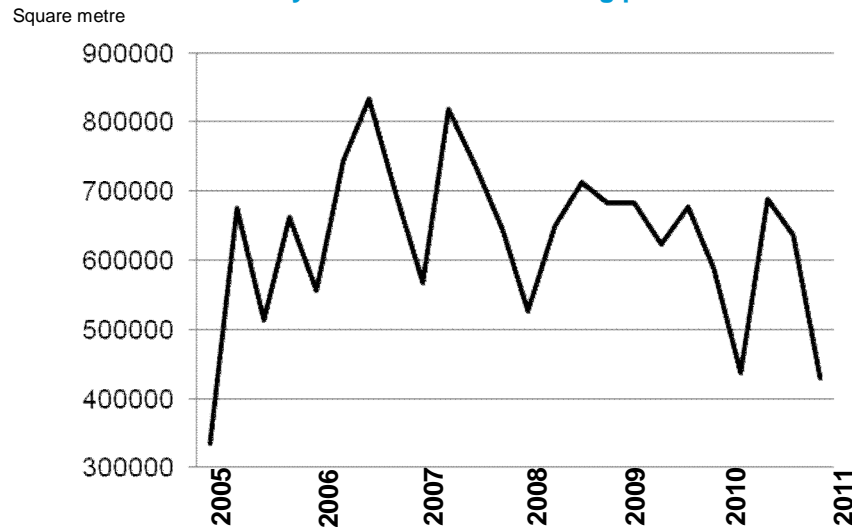
New non-residential construction by type of building



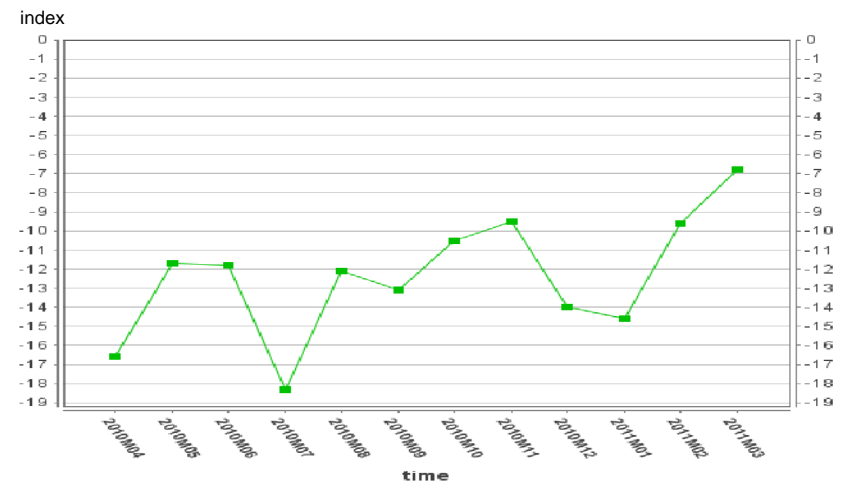
Non-residential renovation and service



Quarterly non-residential building permits



Construction confidence indicator



Together we can do it.

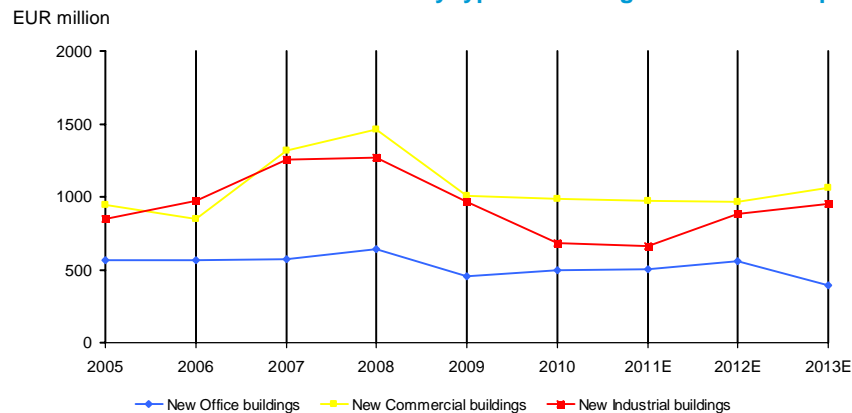


Sources: Non-residential construction: Euroconstruct December 2010, Permits: Statistik Austria January 2011, Construction confidence: Eurostat January 2011

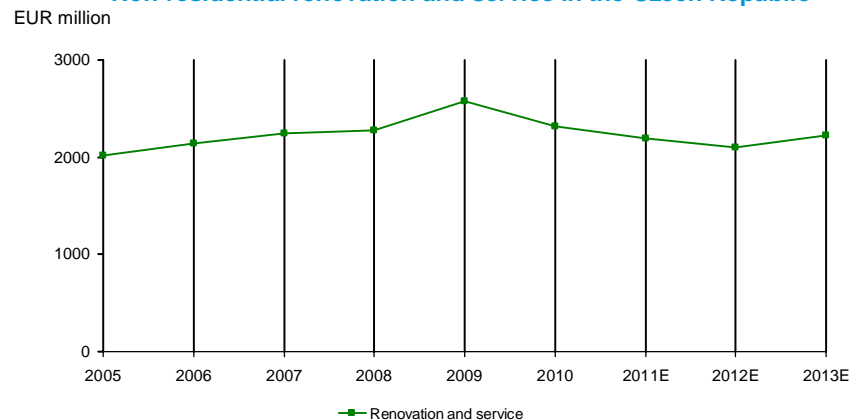
# the Czech Republic and Slovakia

## Signs of better market ahead

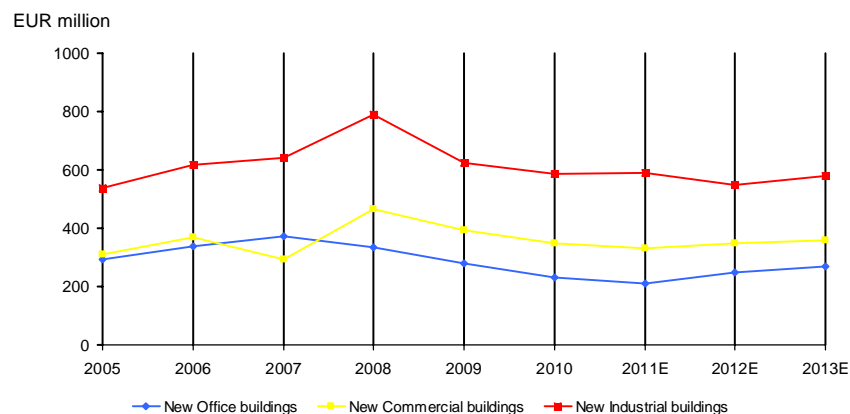
New non-residential construction by type of building in the Czech Republic



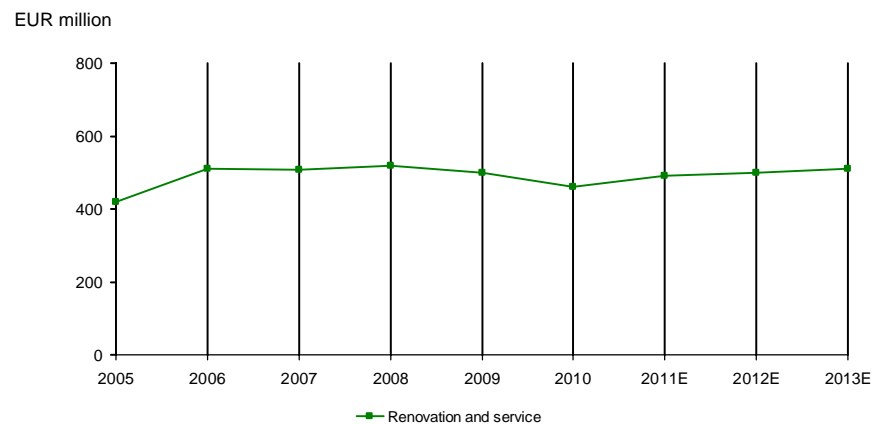
Non-residential renovation and service in the Czech Republic



New non-residential construction by type of building in Slovakia



Non-residential renovation and service in Slovakia



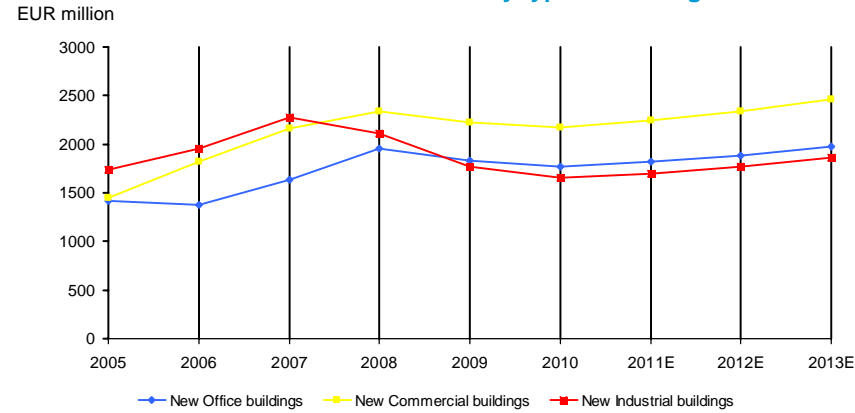
Together we can do it. **YIT**

Source: Euroconstruct December 2010

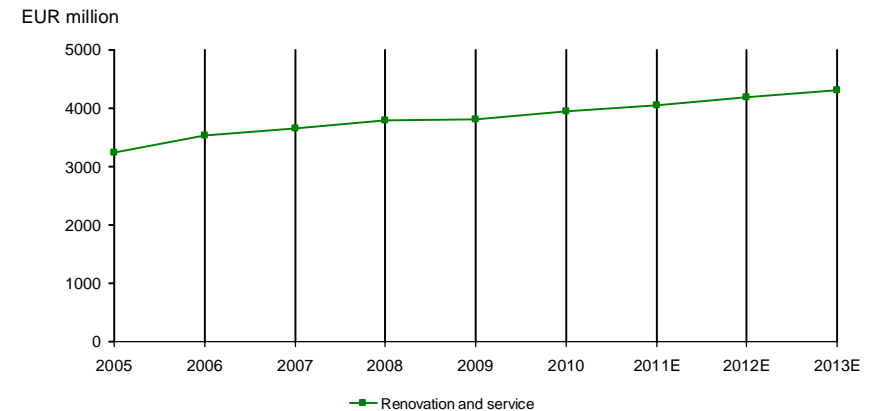
# Poland and Hungary

## Stable demand in renovation and service sector

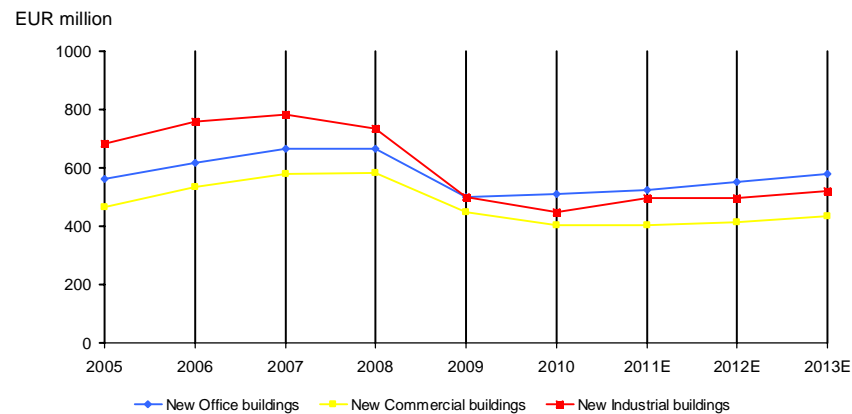
New non-residential construction by type of building in Poland



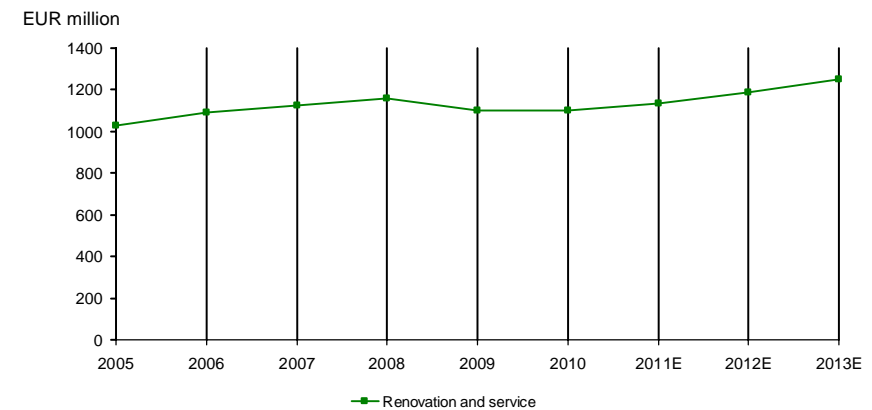
Non-residential renovation and service in Poland



New non-residential construction by type of building in Hungary



Non-residential renovation and service in Hungary



Together we can do it. **YIT**

Source: Euroconstruct December 2010

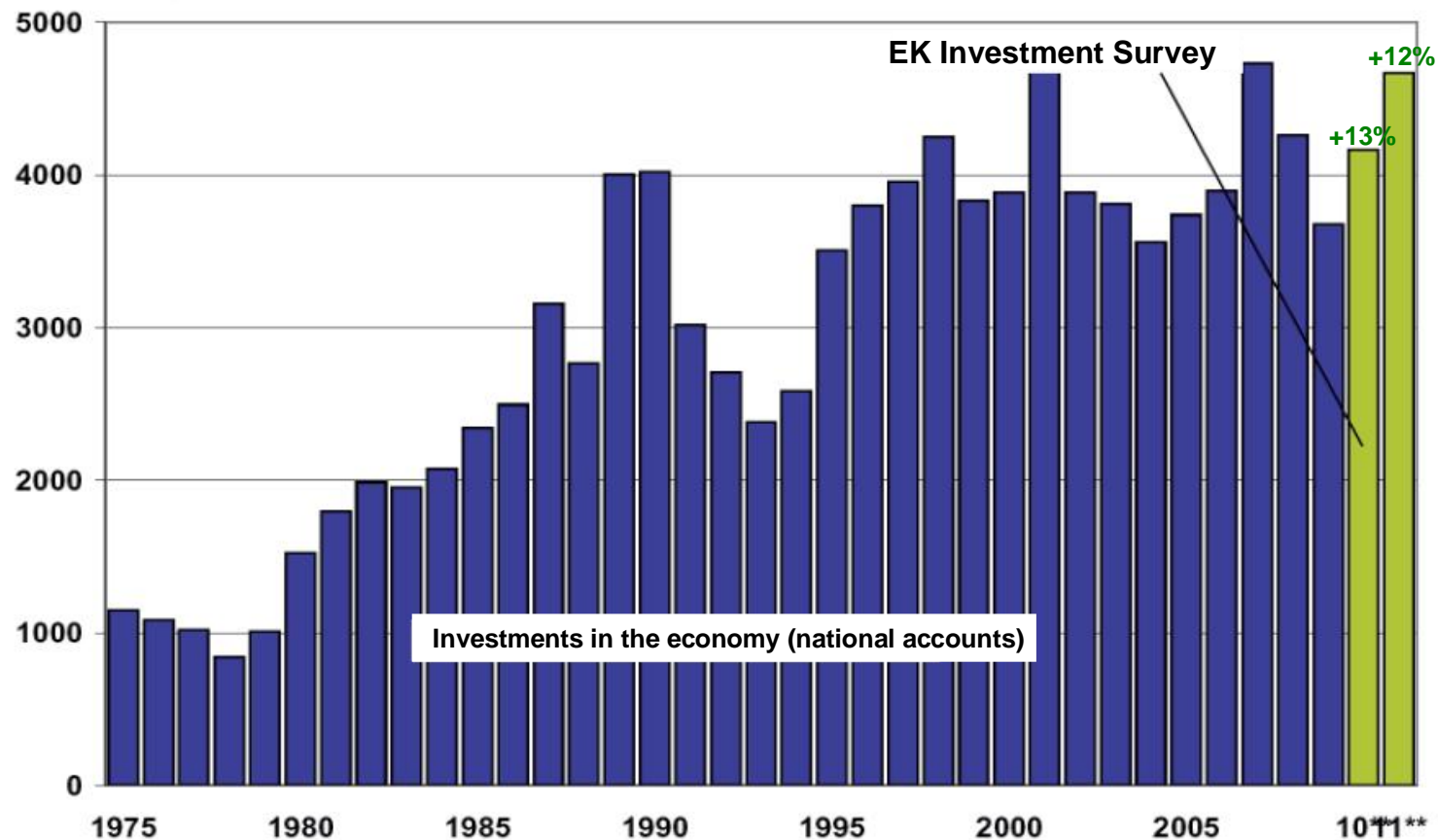
# Industrial indicators



Together we can do it. **YIT**

# Industrial investments are estimated to increase in Finland

Manufacturing and energy sectors' fixed investments in Finland



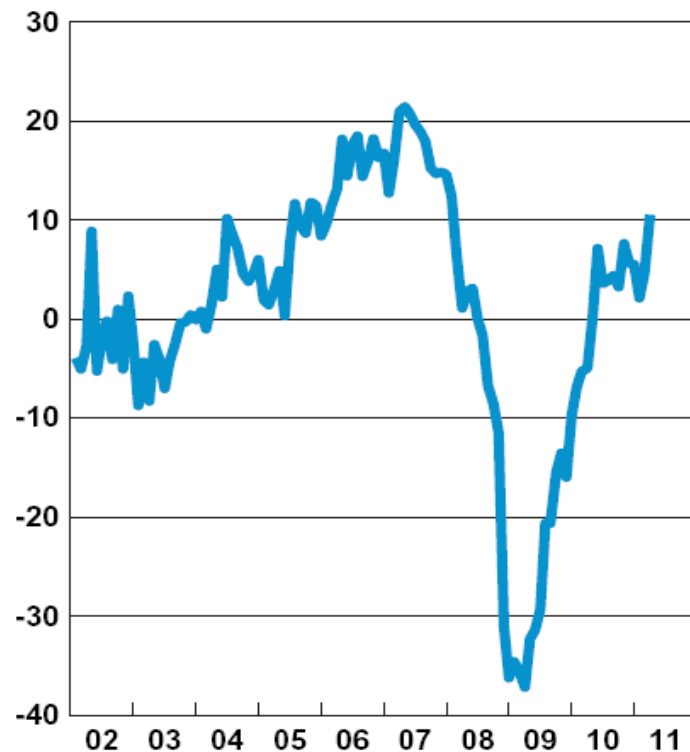
Together we can do it. **YIT**

Source: The Confederation of Finnish Industries EK, January 2011

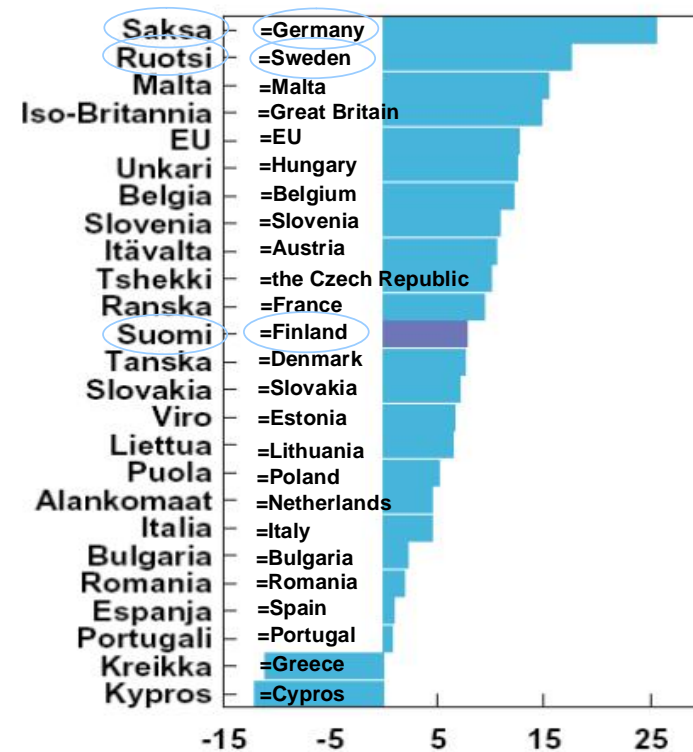


# Industrial confidence has improved

Industrial confidence in Finland



Industrial confidence in Europe

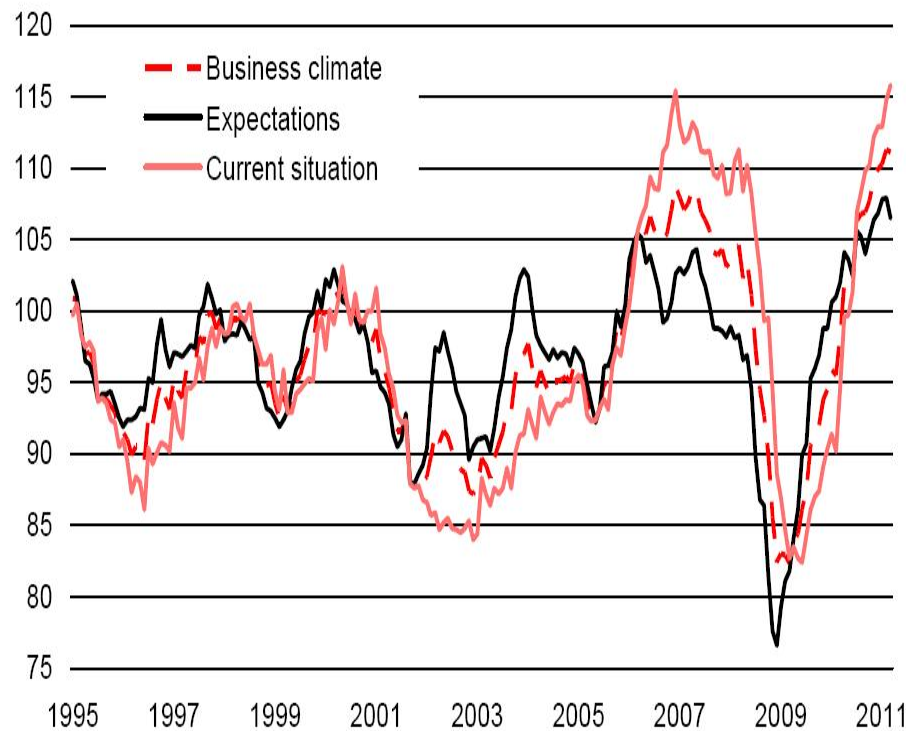


Together we can do it. **YIT**

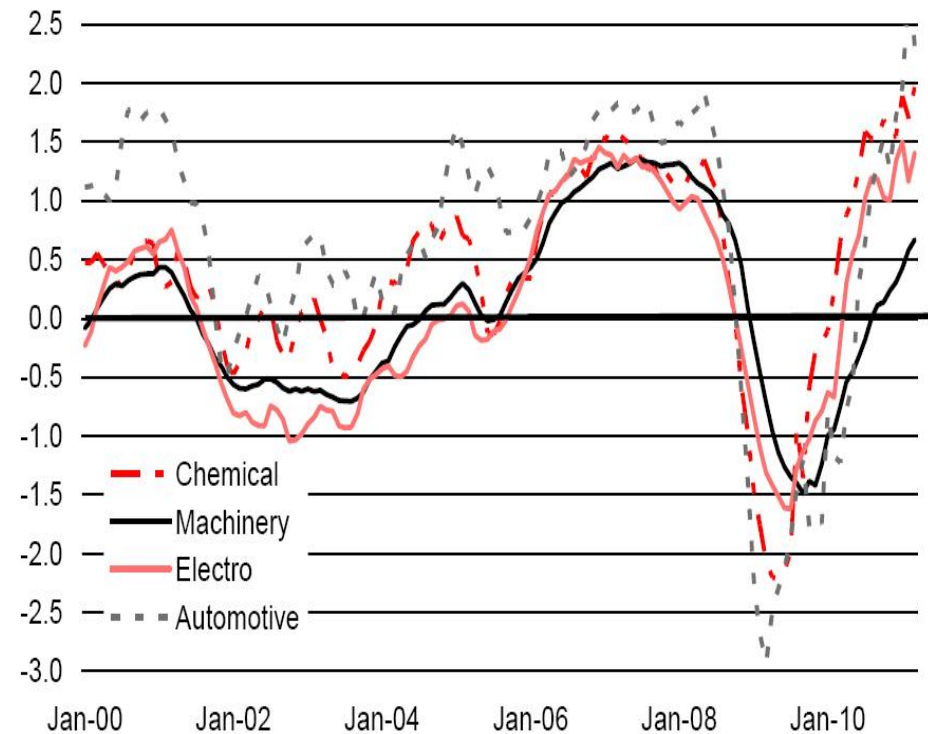
Source: Industrial confidence in Finland: The Confederation of Finnish Industries EK, March 2011, Industrial confidence in Europe: The Confederation of Finnish Industries EK, March 2011

# Industrial activity in Germany

Ifo index still very strong in Germany

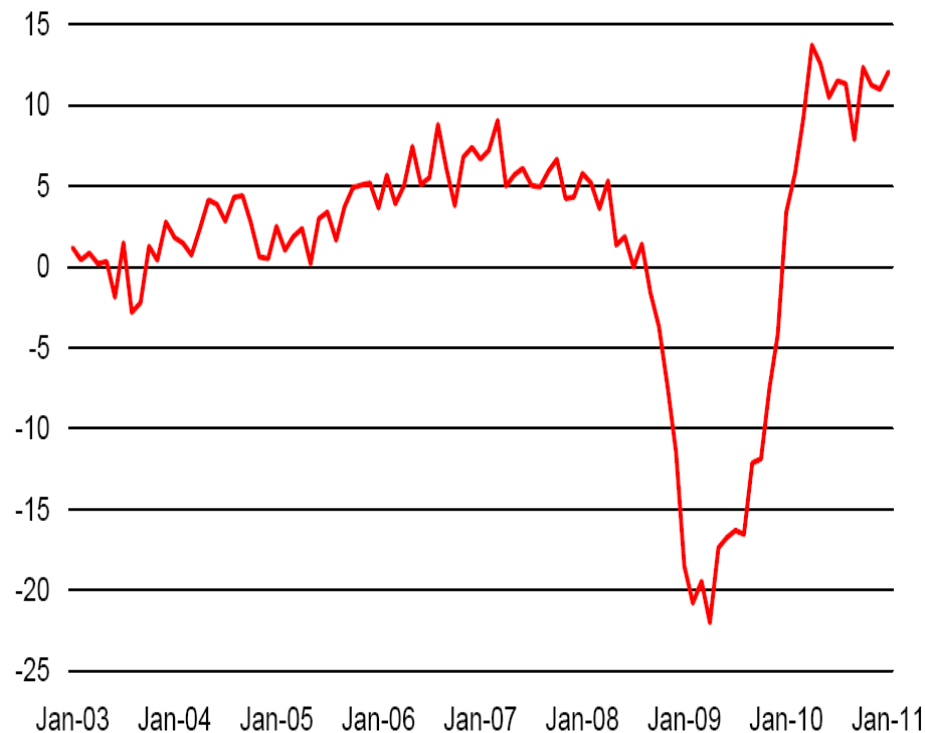


Order backlog development in German industries



# Industrial production and export in Germany

Industrial production, in % (y-o-y)

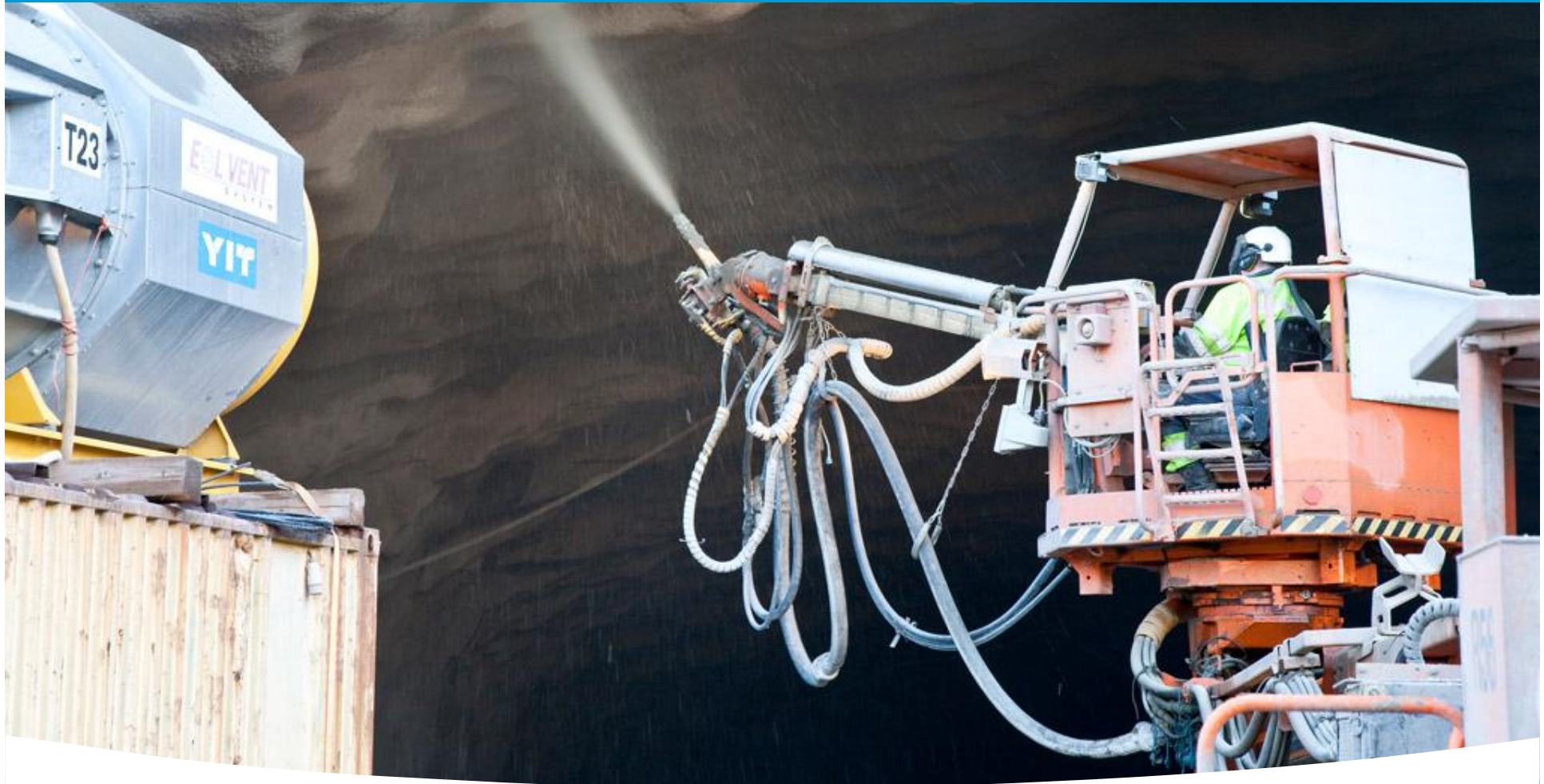


German export remains strong

## 3. Global export orders & German export



# Infrastructure construction and construction costs

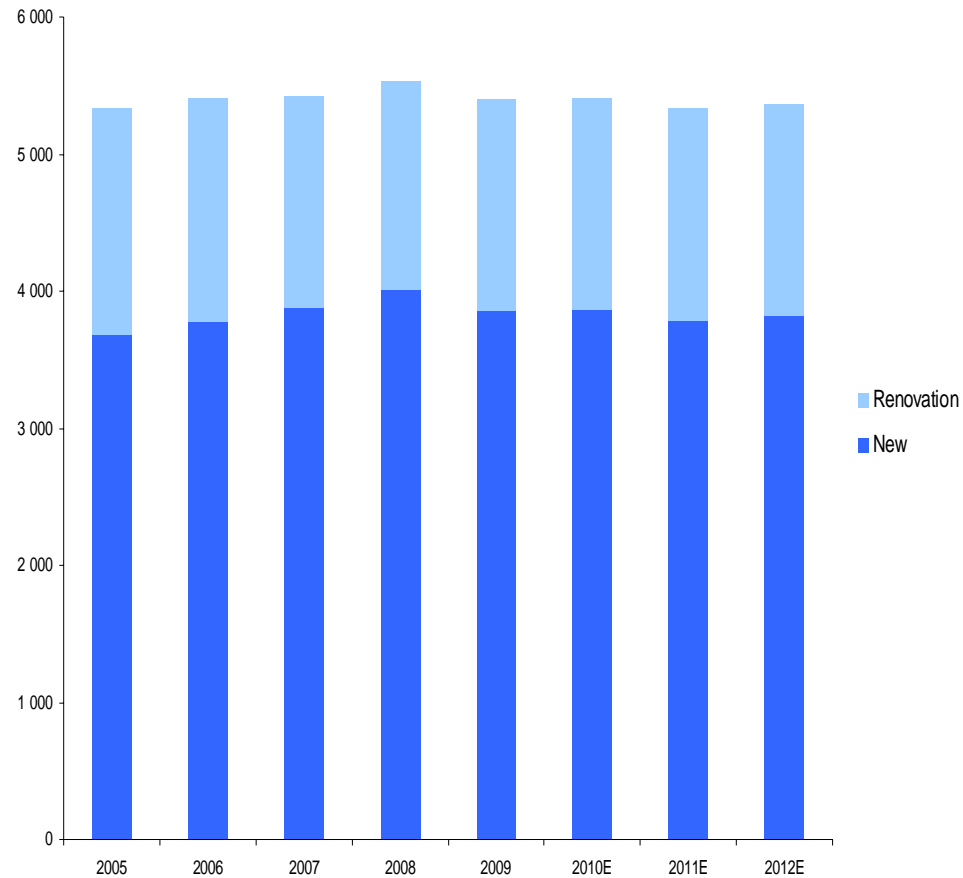


Together we can do it. **YIT**

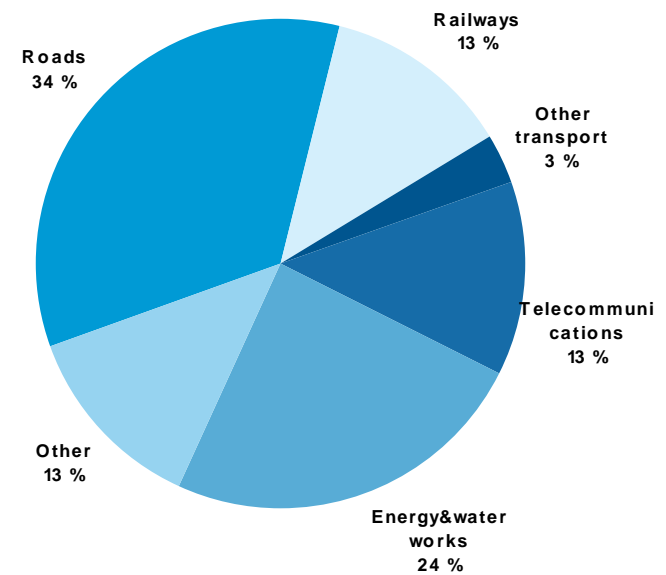
# Infrastructure construction

## Relatively stable development in Finland

EUR million **Infrastructure market in Finland**



**Infrastructure sectors in Finland (2010)**





# Opportunities in the Finnish Infrastructure market

## Potential infrastructure projects in Finland:

- **Railway track Seinäjoki-Oulu**  
Construction 2012-2017, completion of improvements  
Project will be conducted in the state budget financing  
Total value 254 MEUR
- **E18 highway Koskenkylä-Kotka**  
Construction 2011-2014, followed by maintenance agreement for 15 years  
Total value up to 650 MEUR, including maintenance  
(Consortium with Destia)
- **Hamina's relief road (new highway)**  
Construction 2011-2015  
Total value 180 MEUR
- **Road maintenance contracts**  
Competitive tendering for 13 road maintenance contracts across Finland in 2011  
Total value 132 MEUR

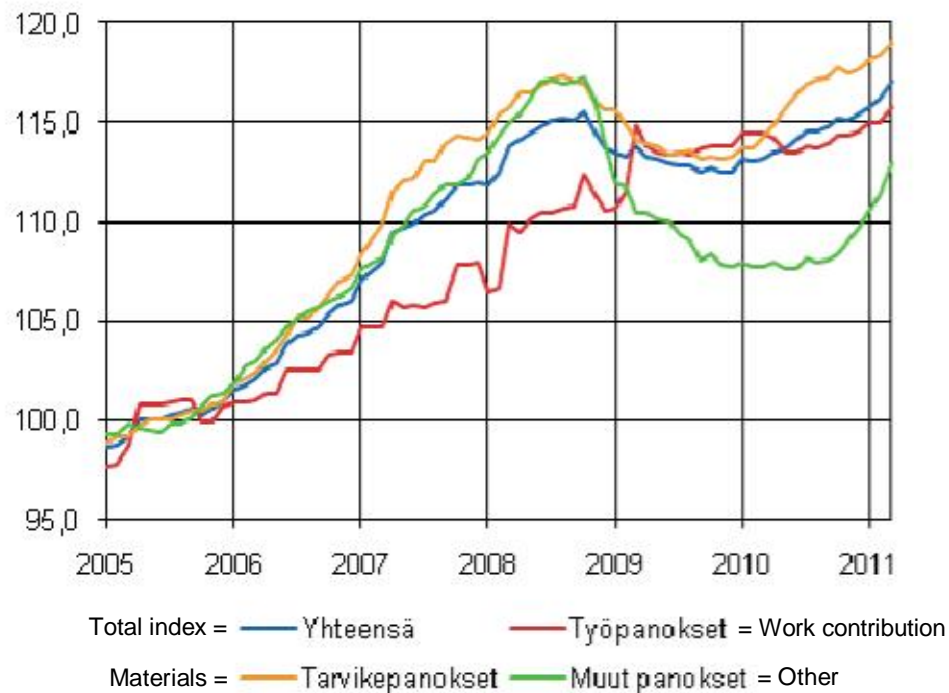


Together we can do it. **YIT**

Source: Ministry of Transport and Communications April, 2011

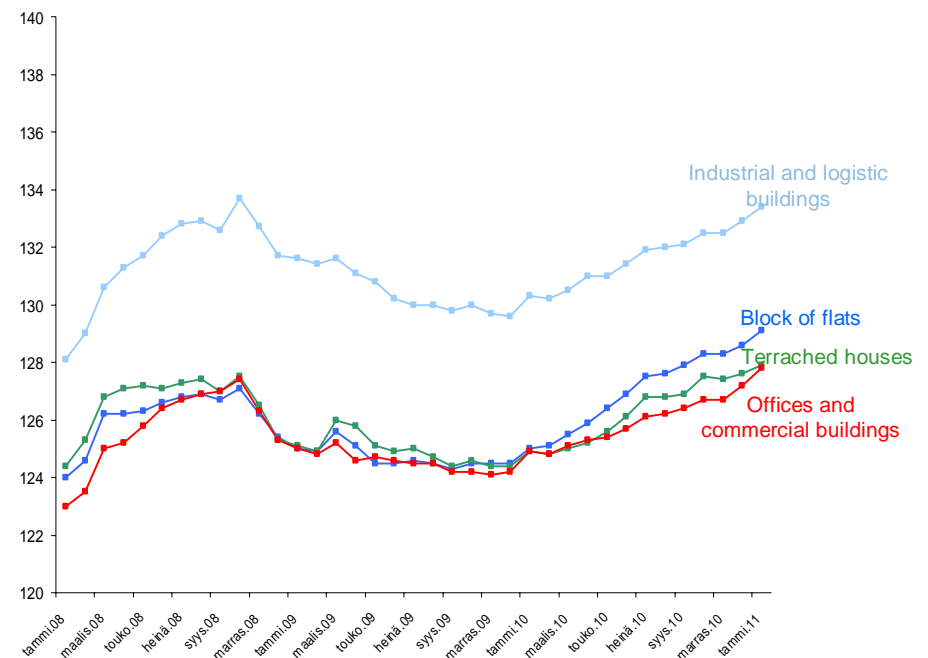
# Construction costs in Finland

Construction costs, index 2005-2010



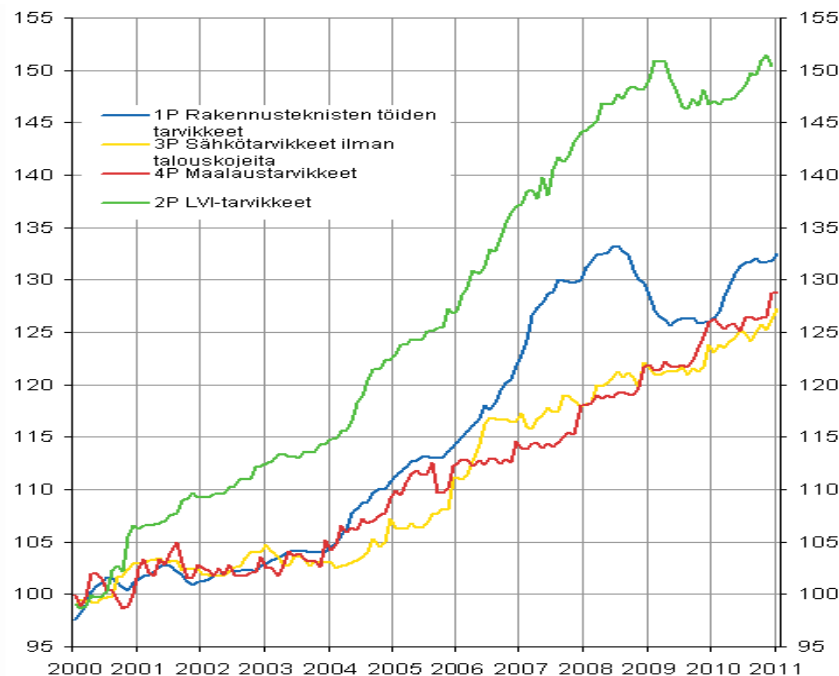
- Building costs were 3,2% higher in March 2011 than in March 2010
- Labour costs rose by 1,1% and prices of materials by 3,7% in the year
- Other inputs increased by 6,9%

Construction costs by building type, index 2008-2011



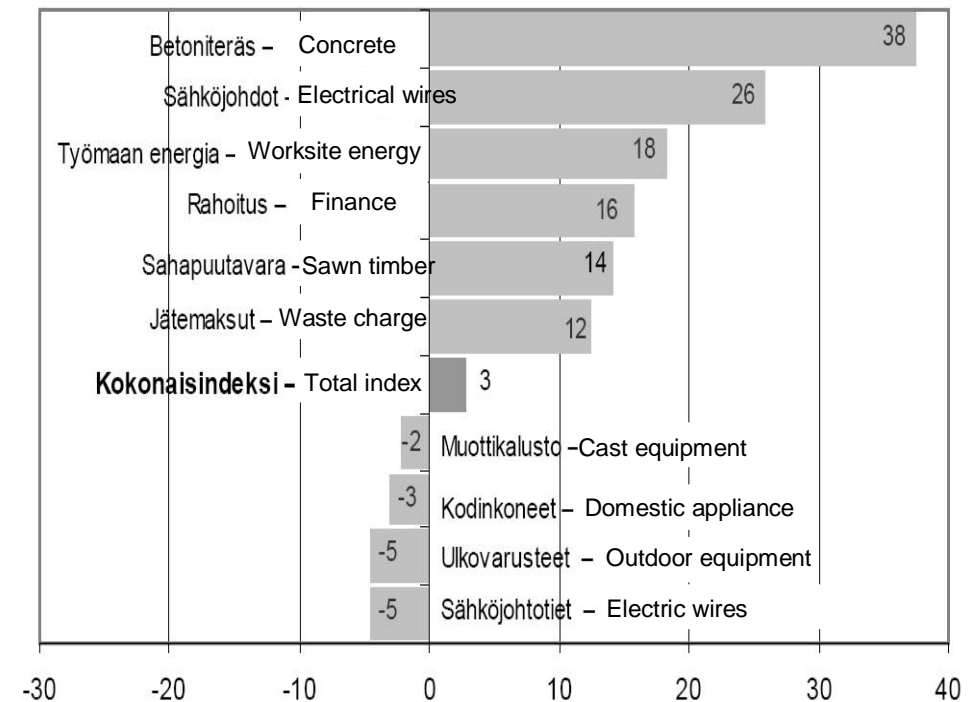
# Construction materials in Finland

Construction materials 2000-2011



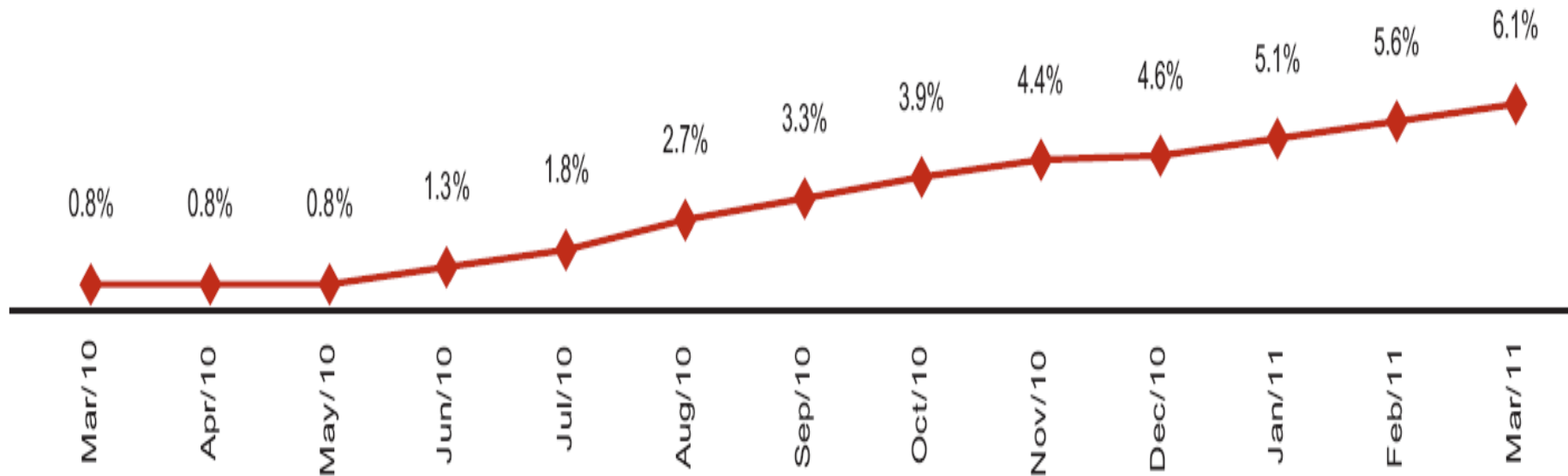
- Structural building equipment
- Heating, plumbing and ventilation equipment
- Electrical equipment without domestic appliances
- Painting equipment

Construction materials 2005-2/2011 Change %



# Construction costs in Russia

Inflation in building materials in Russia (y-o-y), March 2010-March 2011



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Source: PMR Construction Review April 19, 2011

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