



# Strategy 2012–2014

## Balanced, profitable growth

Road show | London September 27-28, 2011

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Oriental  
St. Petersburg, Russia

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# 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)

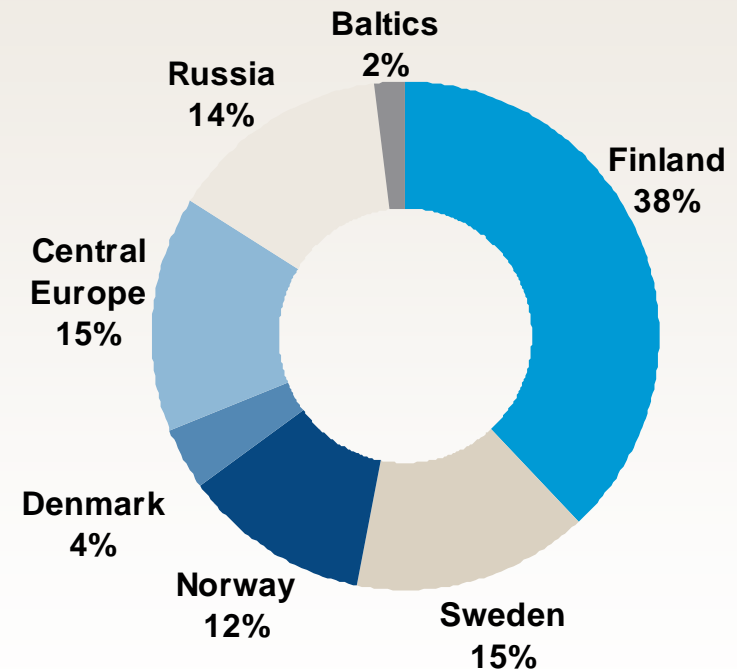


Operations in  
14 countries.  
Over 25,000  
professionals at  
the end of 2010.



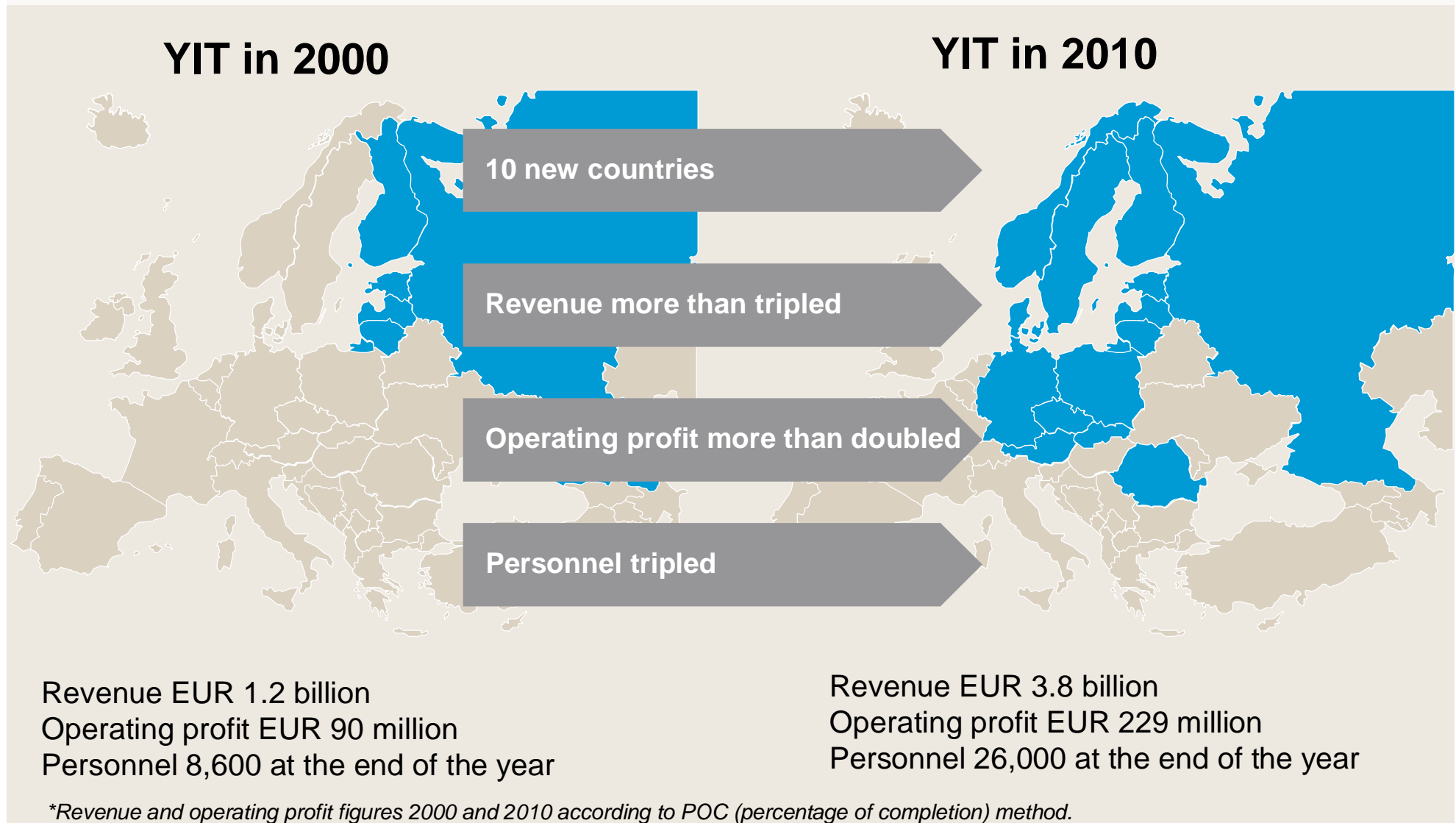
## Wide geographical scope

Revenue by area in 2010



2010 figures (Group reporting, IFRIC 15))

# Track record: big steps taken during last 10 years

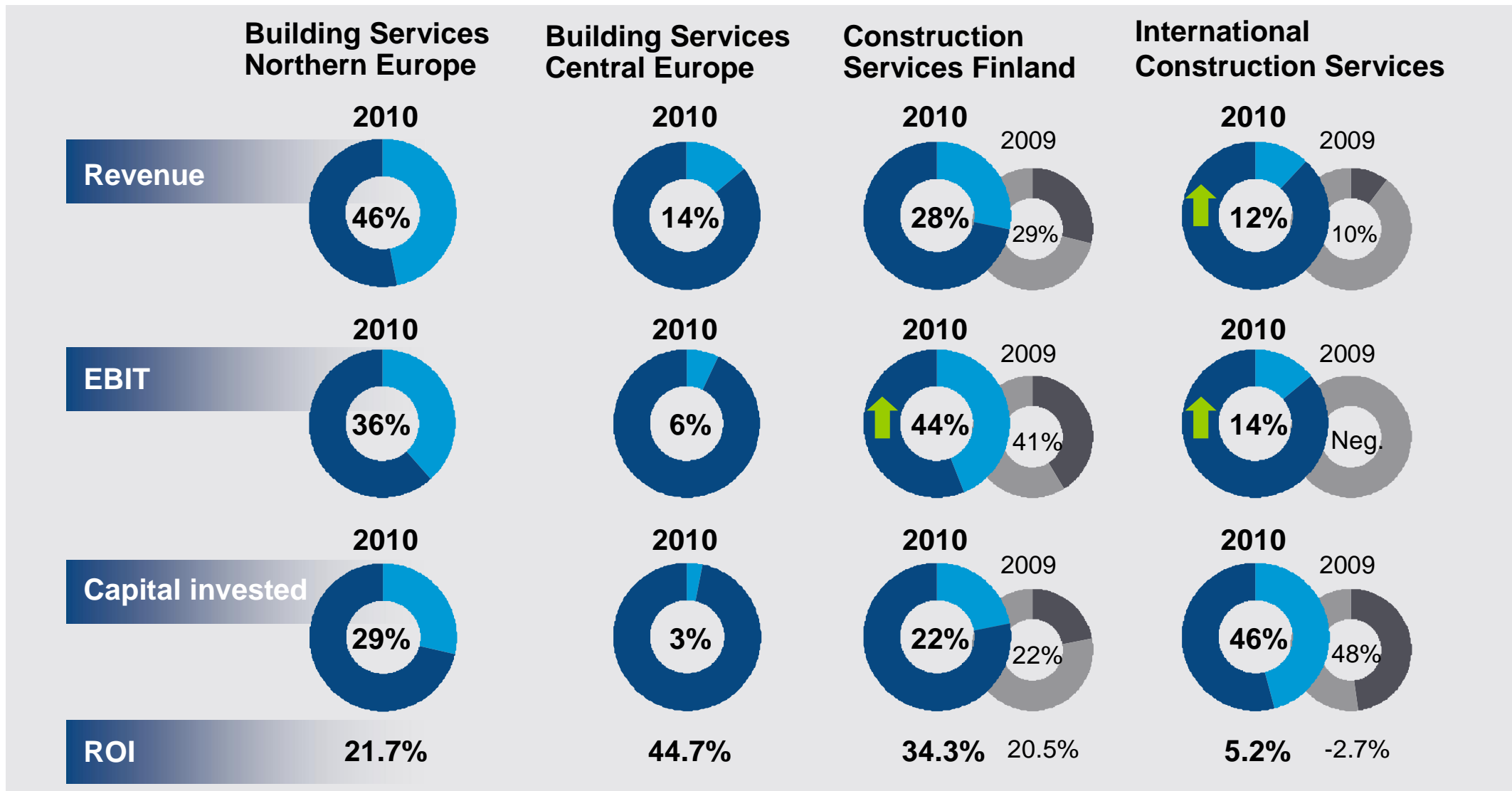


# Business segments in 2011

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
			

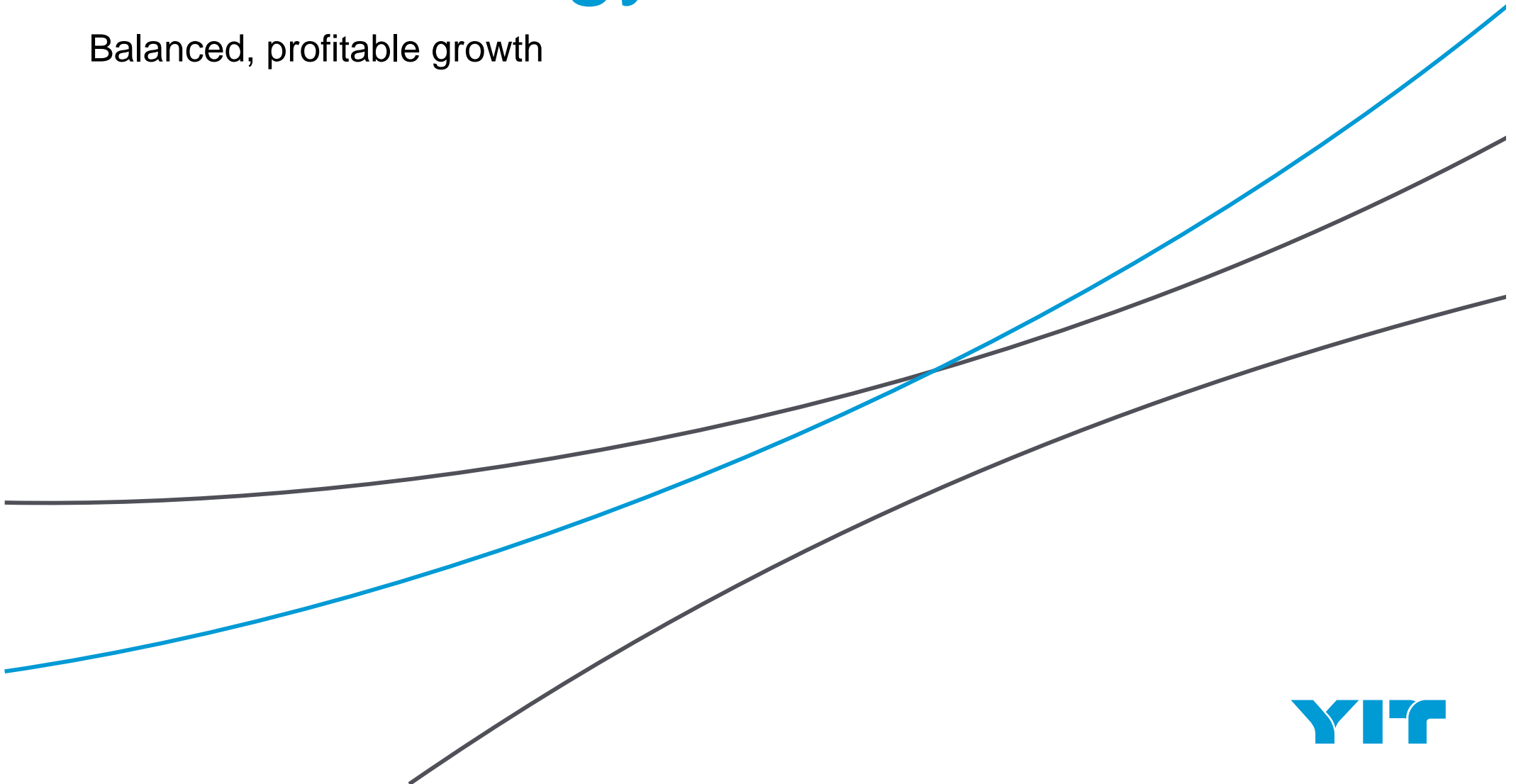
# Business portfolio

## Performance of YIT business segments in 2010



# 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

### Central Europe

Market size:

EUR 40 billion in Germany,  
Austria, Poland

EUR 4 billion in Switzerland

#### Germany

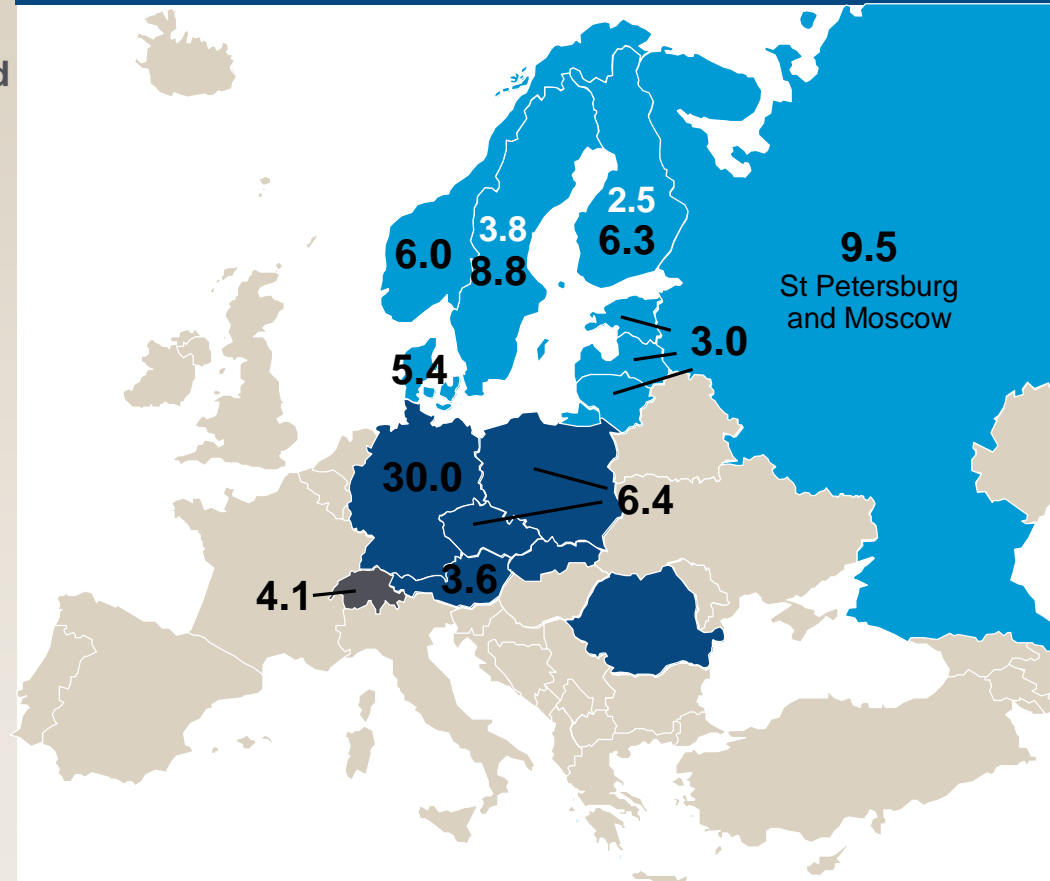
1. Imtech 4%
2. YIT 2%
3. Cofely 1.4%
4. Wisag\* 0.7%

#### Austria

1. ELIN 6%
2. Axima\*\* 4%
3. Ortner 3%
4. YIT 3%

### Market size in YIT countries 2010

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



### Nordic Europe

Market size:

EUR 33 bill. in Nordic countries  
EUR 13 bill. in Russia, Baltics

#### Sweden\*\*

1. Bravida 5%
2. YIT 4%
3. Imtech 3%
4. Coor 3%

#### Finland\*\*

1. YIT 6%
2. Lemminkäinen 3%
3. Are 2%
4. Aro Yhtiöt 0.7%
5. Consti 0.7%

#### Norway

1. YIT 8%
2. Bravida 5%
3. Gunnar Karlsen 4%
4. Sonnico A/S 2%

#### Denmark

1. Kemp&Lauritzen 5%
2. Bravida 3%
3. YIT 3%
4. Lindpro 2%

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:**

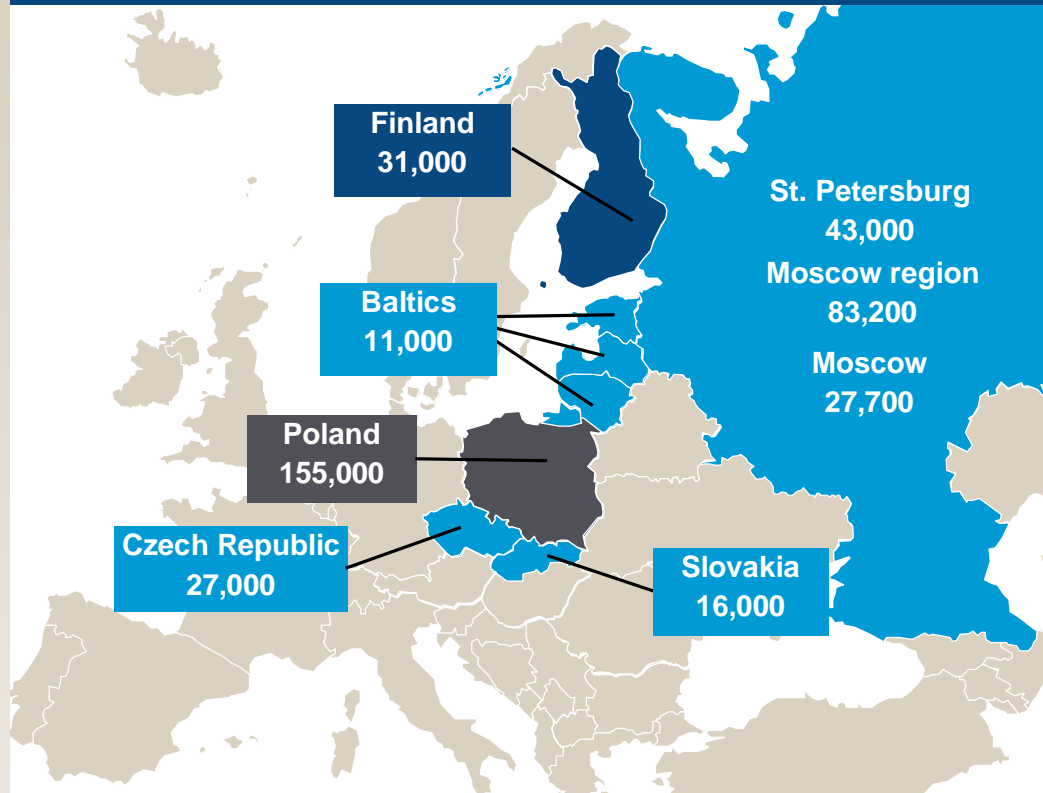
**31,000 apartments**

### 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**

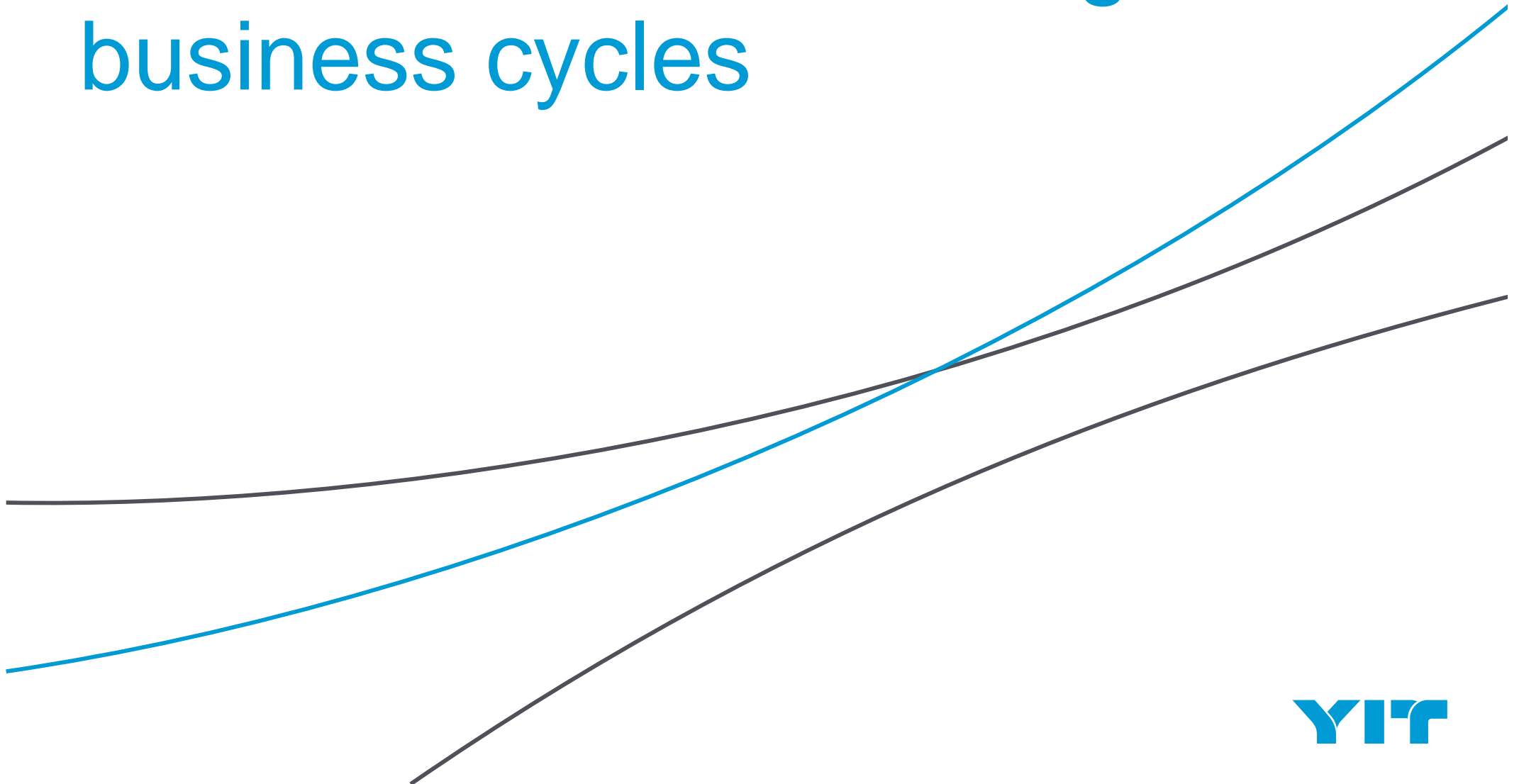
- Ensuring versatile plot portfolio for residential development
- Increase the market share and strengthen the position in selected areas
- Innovating energy saving services
- Securing skilled and competent workforce
- Improving cost-efficiency in property development
- Improving capital efficiency through 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

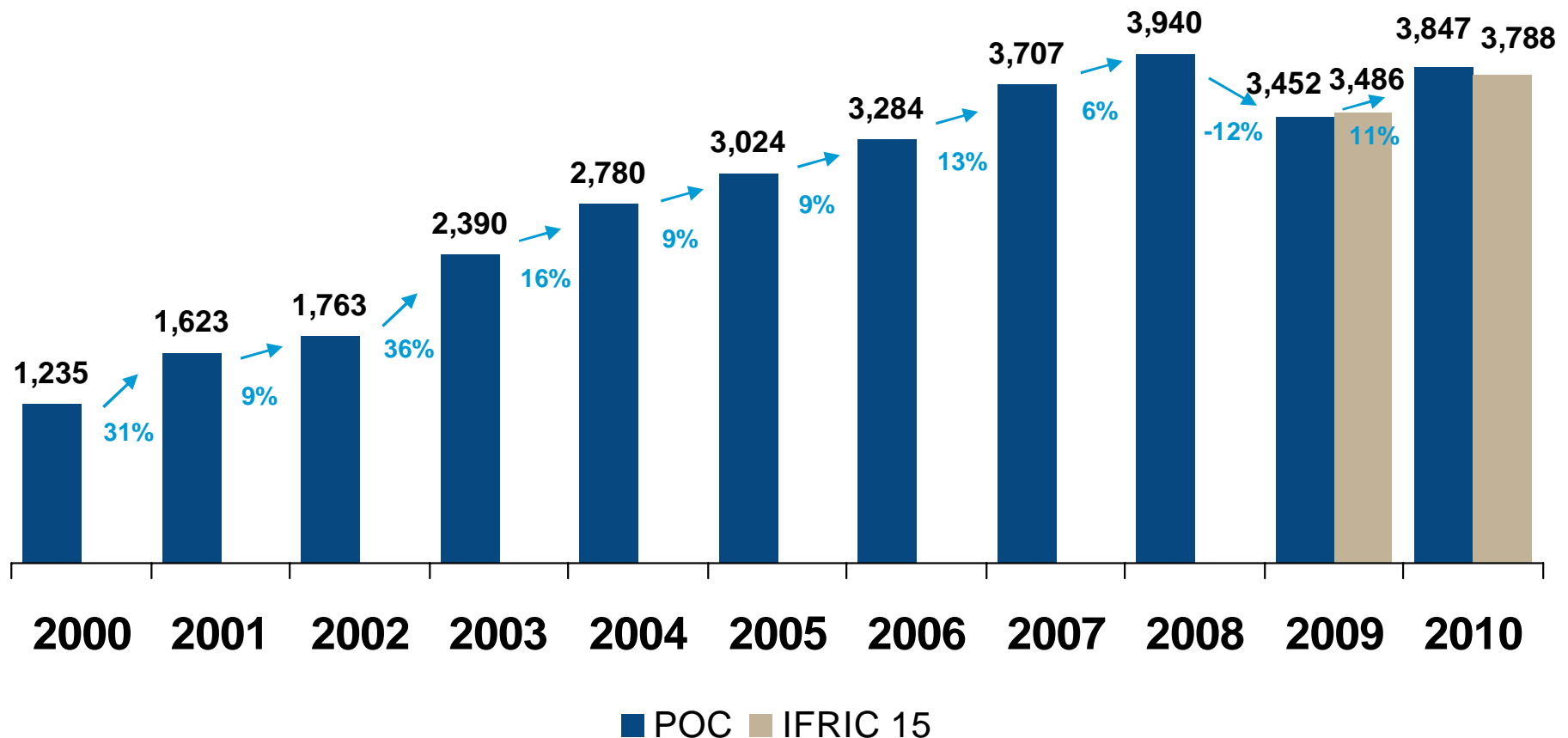
# YIT's track record through business cycles



# Revenue growth despite of economic cycles

## Group revenue 2000-2010

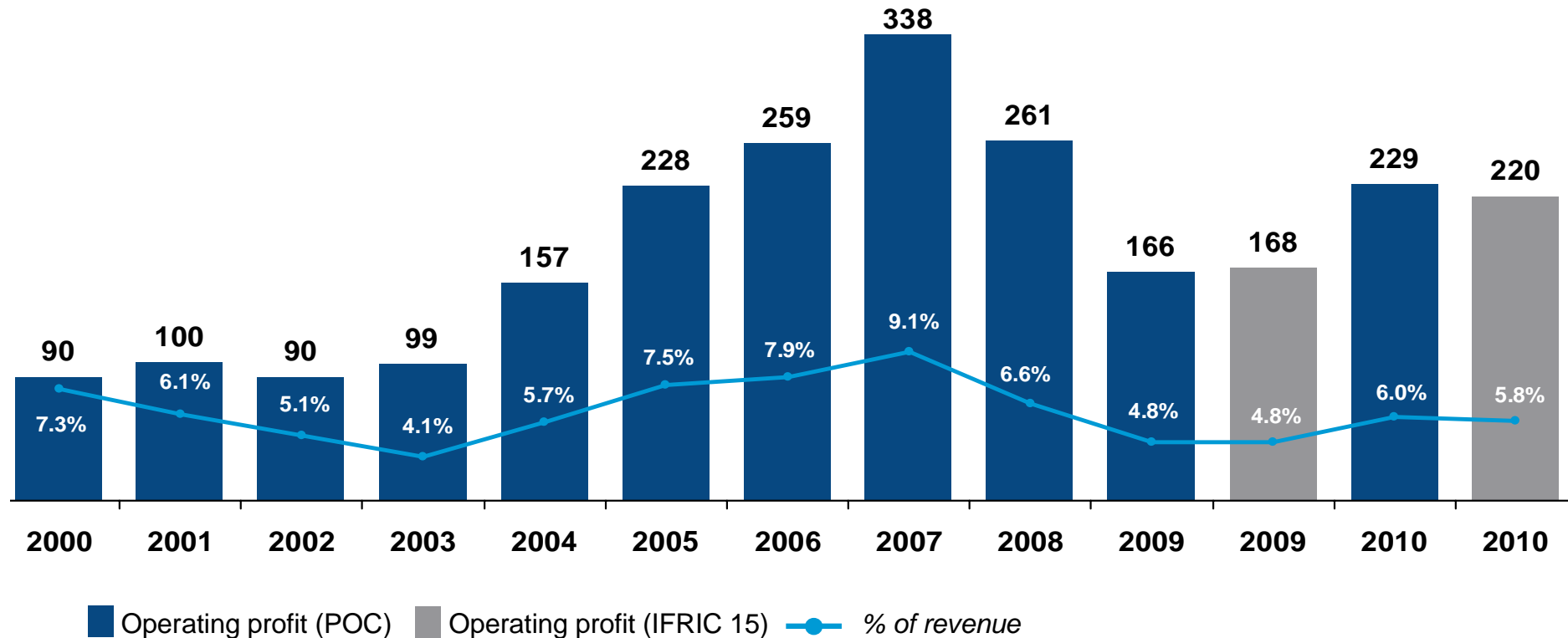
EUR million



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

## Operating profit 2000-2010

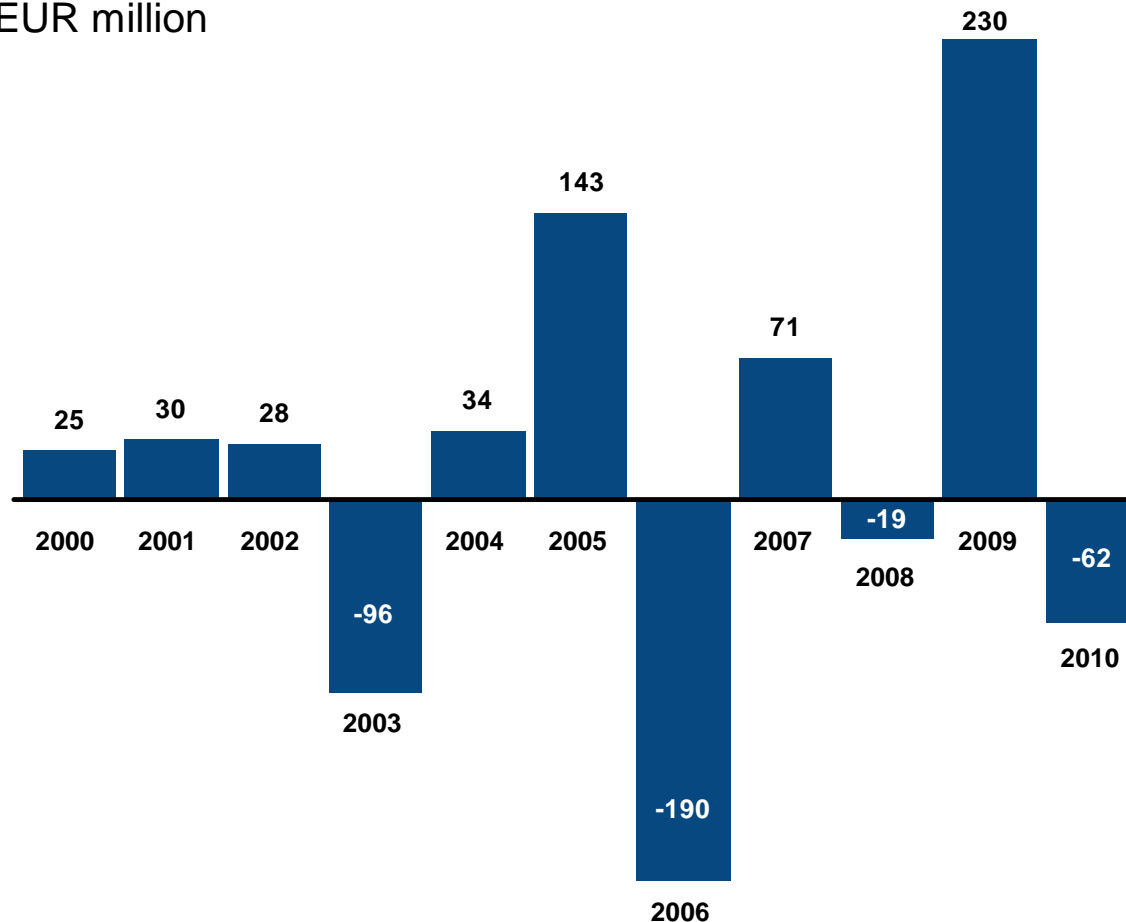
EUR million



# 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

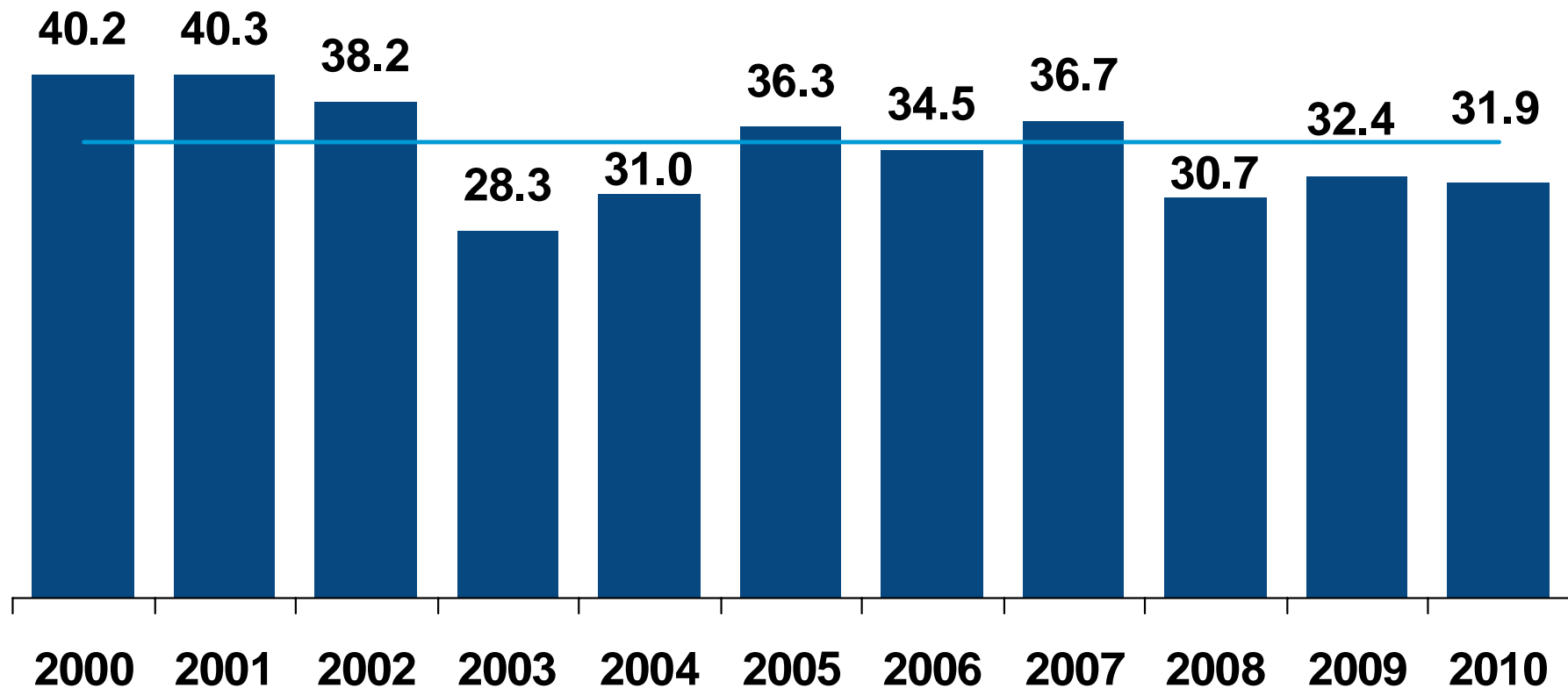
- Cash flow driven especially by plot acquisitions, utilization of existing land bank and housing production volume
  - In 2006, cash flow affected by the growth in the Russian housing
- Major acquisitions have also affected cash flow
  - 2003: ABB
- Cumulative cash flow in 2000-2010 EUR 193 million

# Equity ratio has been kept strong

## Equity ratio 2000-2010

%

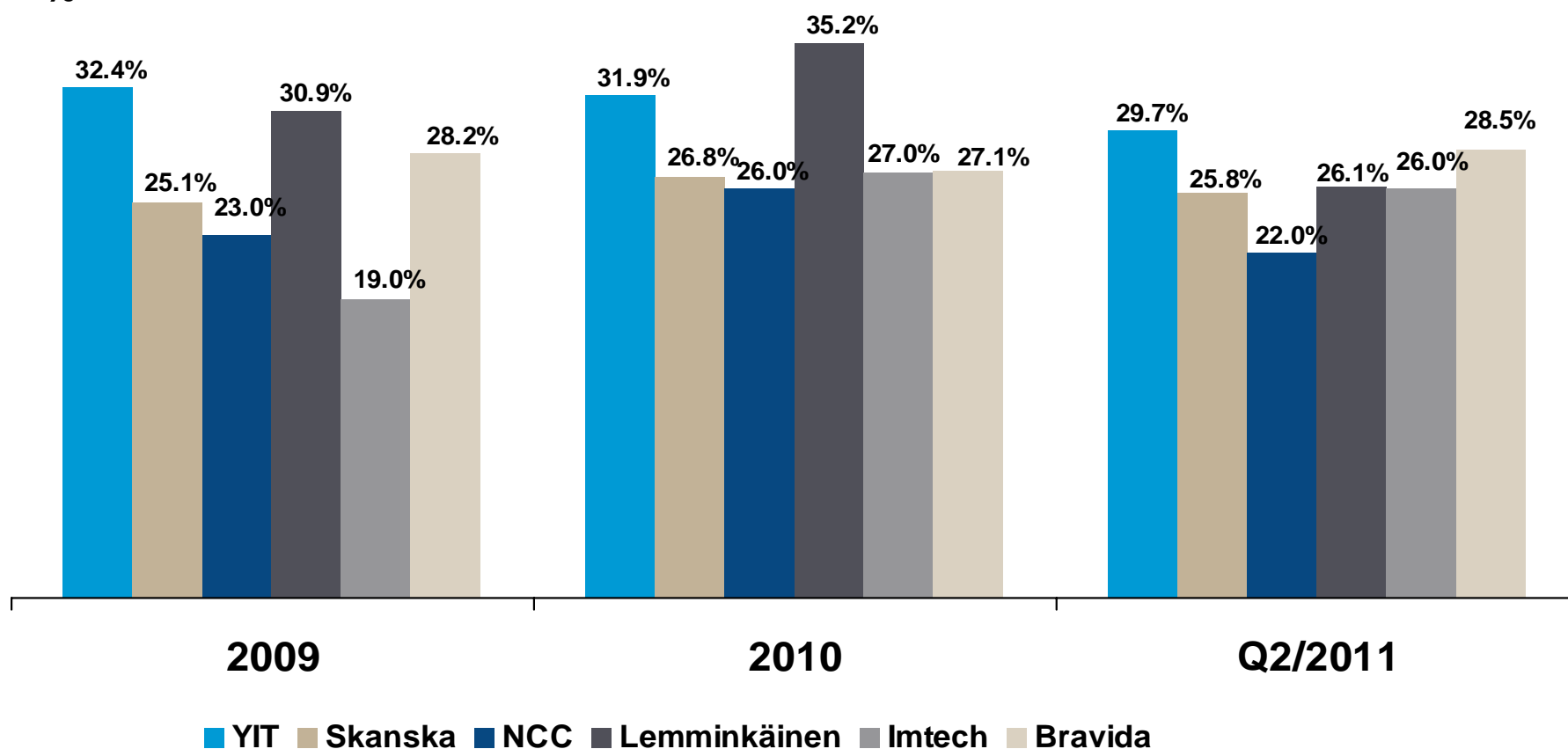
Strategic target:  
Equity ratio 35%



# Equity ratio is among highest in peer group

## Equity ratio

%



YIT according to IFRS 2006-2010

Skanska according to IFRS 2006-2010

NCC according to IFRS 2006-2010

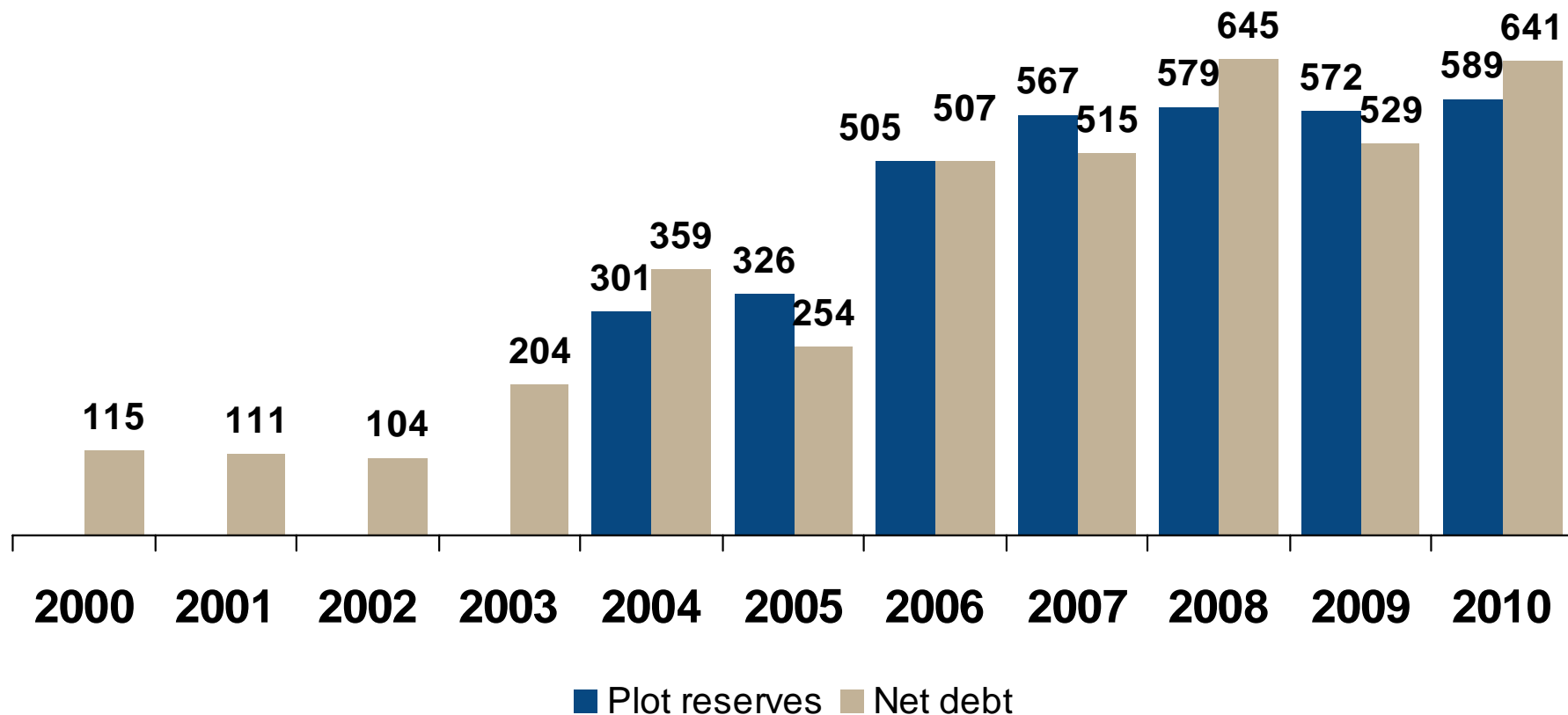
Lemminkäinen according to IFRS 2006-2010

SRV according to IFRS 2006-2010

# Plot reserves vs. net debt

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

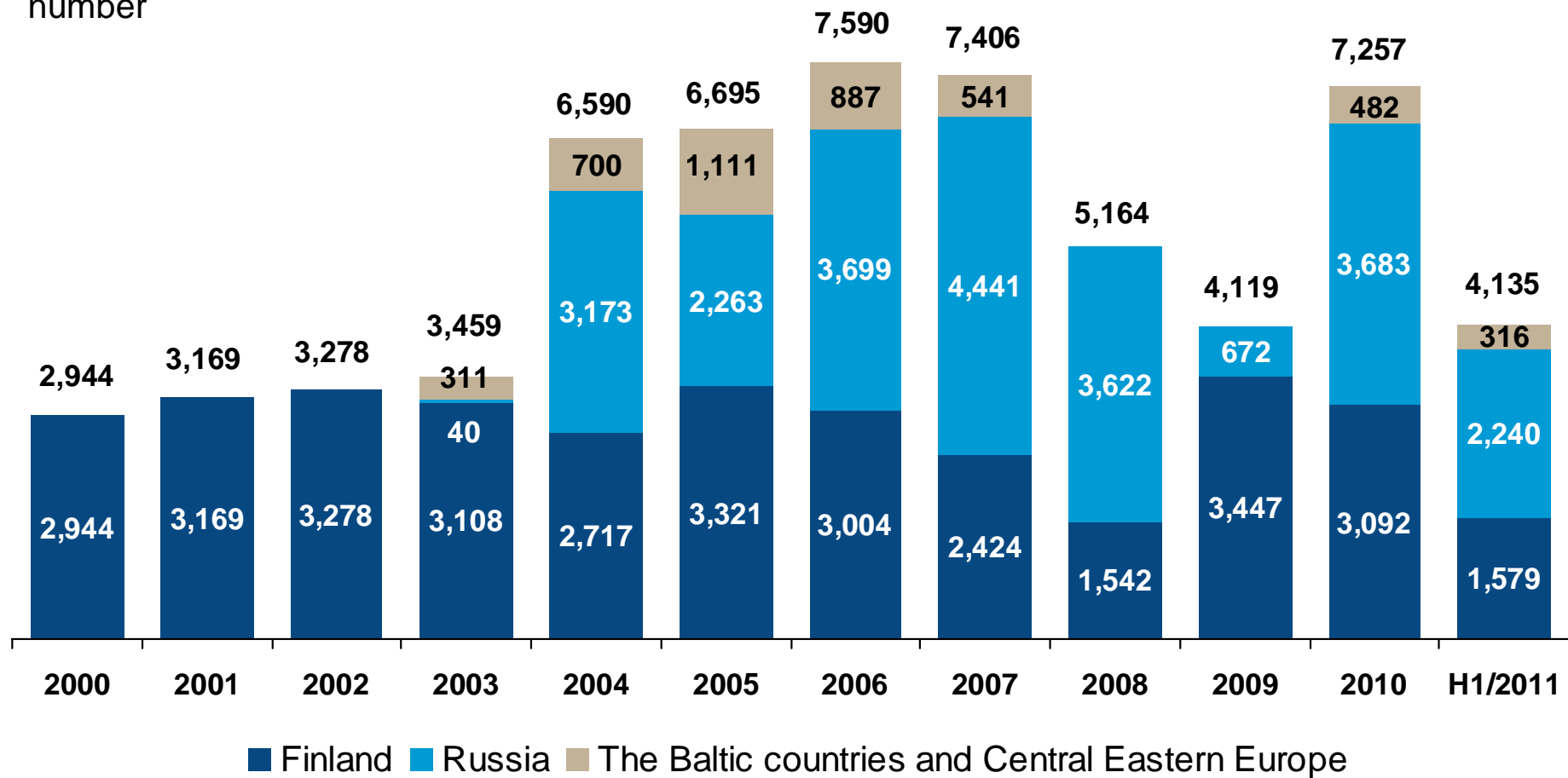
EUR million



# Flexibility and good timing in housing start-ups

## Housing start-ups 2000-2010

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

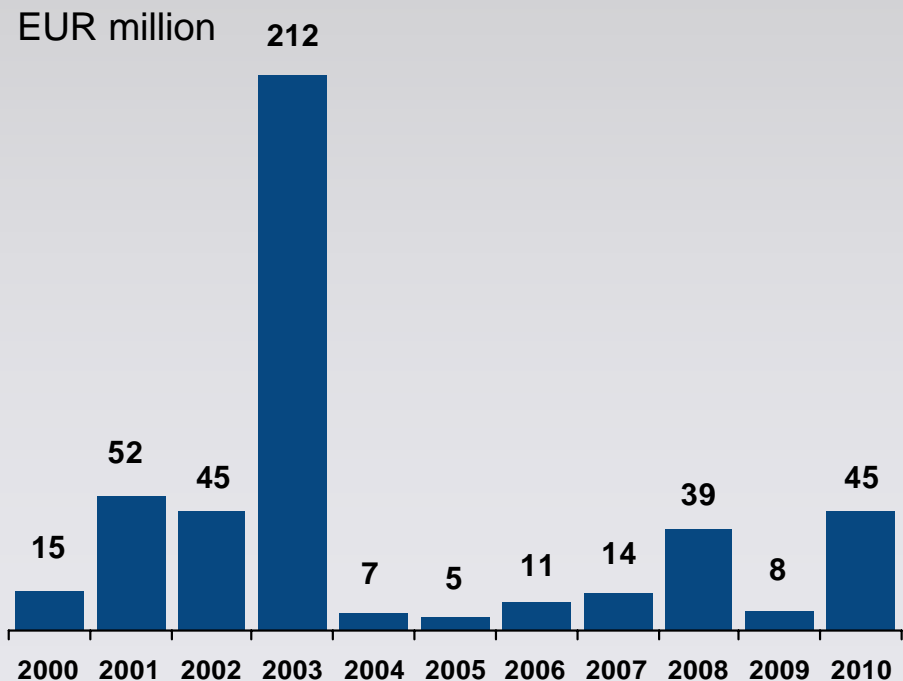
### Largest acquisitions (purchase price)

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

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

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

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



# 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

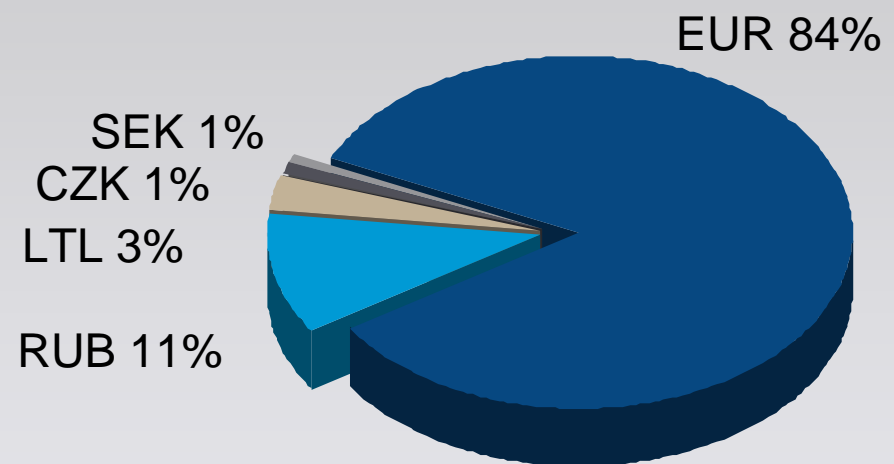


# Currency risk of debt portfolio managed well

## Principles of managing currency risks

- Items affecting the income statement by exchange rates are hedged
- Net investments in 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 6/2011



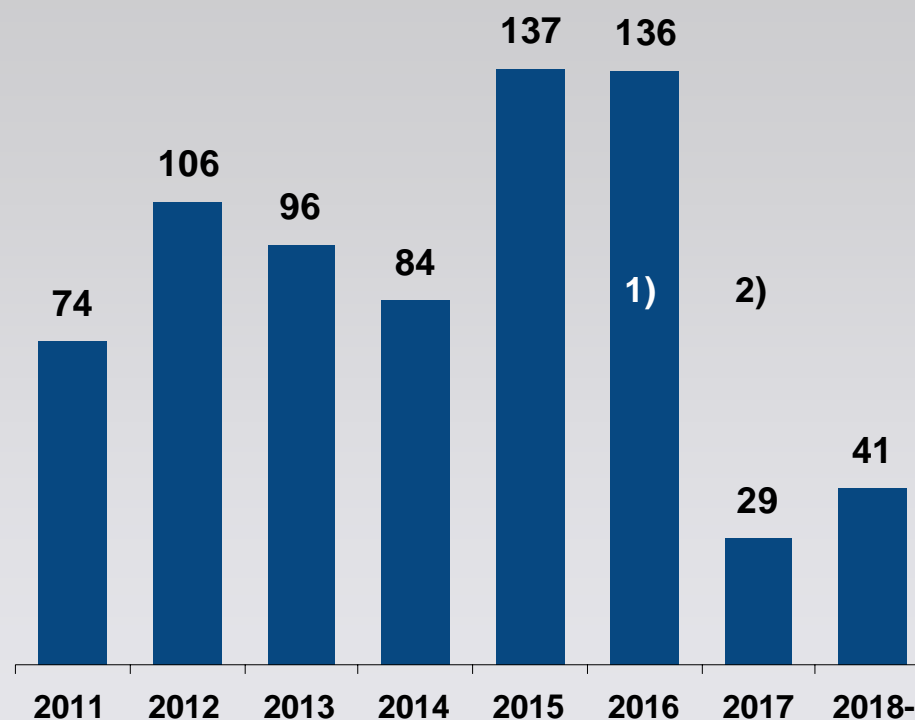
# Well-managed maturity structure

## Finnish non-rated emissions 2010-2011

Date	Company	Coupon, %	Maturity, years	Spread	Amount, EUR million
17.3.2010	YIT	4.823	5	240	100
20.5.2010	Sponda	3.000	5	230	100
4.6.2010	Amer Sports	4.823	5	325	150
14.6.2010	Rettig	4.375	5	300	100
17.6.2010	Outokumpu	5.375	5	310	250
28.6.2010	Neste Oil	5.000	5	290	300
7.9.2010	Lemminkäinen	5.125	4	295	60
3.11.2010	Ahlstrom	4.875	5	250	100
13.6.2011	YIT	4.250	5	210	100
14.6.2011	Uponor	6mE + 175	5	6mE + 175	20
14.6.2011	Uponor	6mE + 205	7	6mE + 205	80

## Maturity structure of the long-term debt 6/2011

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 6/2011 in total EUR 614 million

- Construction Services Finland
  - Housing EUR 309 million
  - Business Premises EUR 10 million
- International Construction Services
  - Housing EUR 295 million

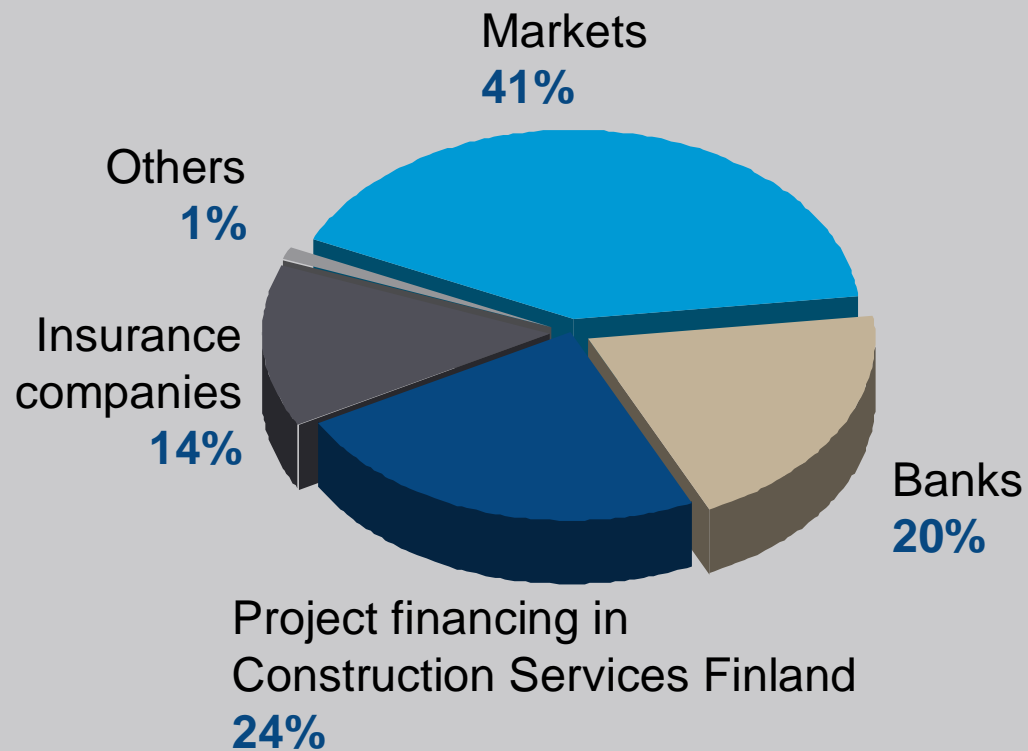
Long-term debt maturing in H2/2011 EUR 74 million

- Cash as per end of June 2011 EUR 234 million, committed credit facilities EUR 224 million
- Additional credit facility of EUR 100 million signed in September 2011
  - No financial covenants

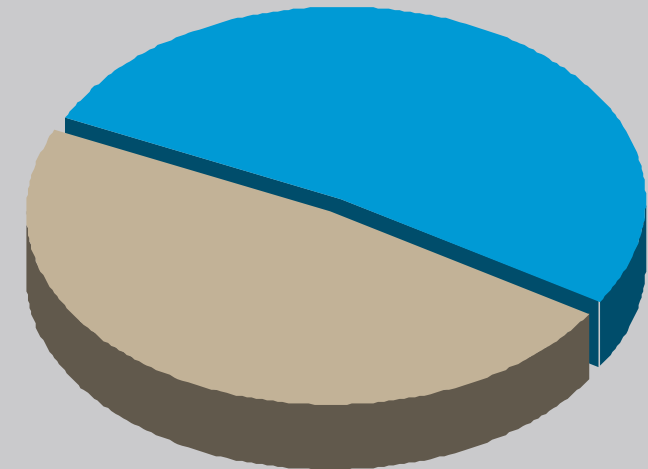
# Balanced debt portfolio

**Net debt portfolio 6/2011, total EUR 937 million (3/2011: 894 million)**

*Average interest rate 3.5% (3/2011: 3.2%)*



Fixed interest rate **58%**  
*Average interest rate 4.2%*

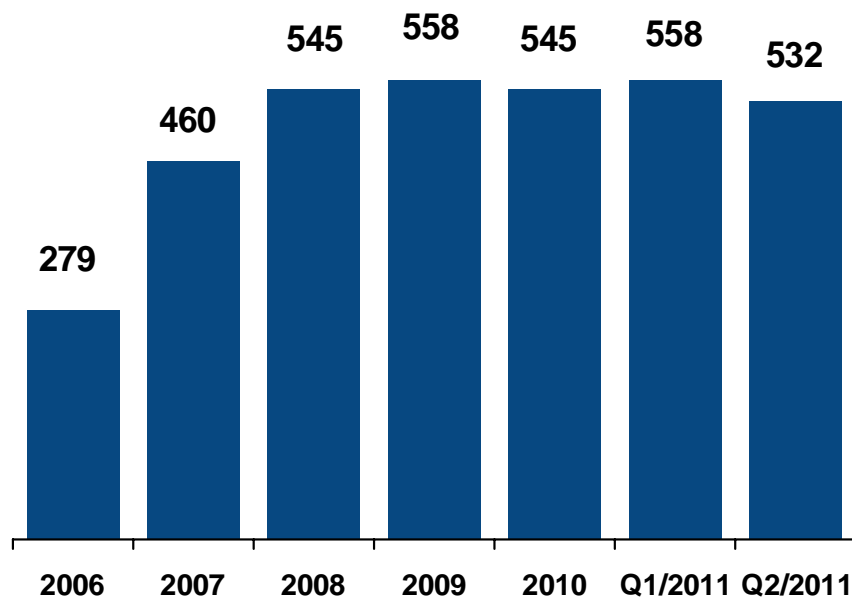


Floating interest rate **42%**  
*Average interest rate 2.6%*

# Capital invested in Russia

## Capital invested in Russia 2006-Q2/2011

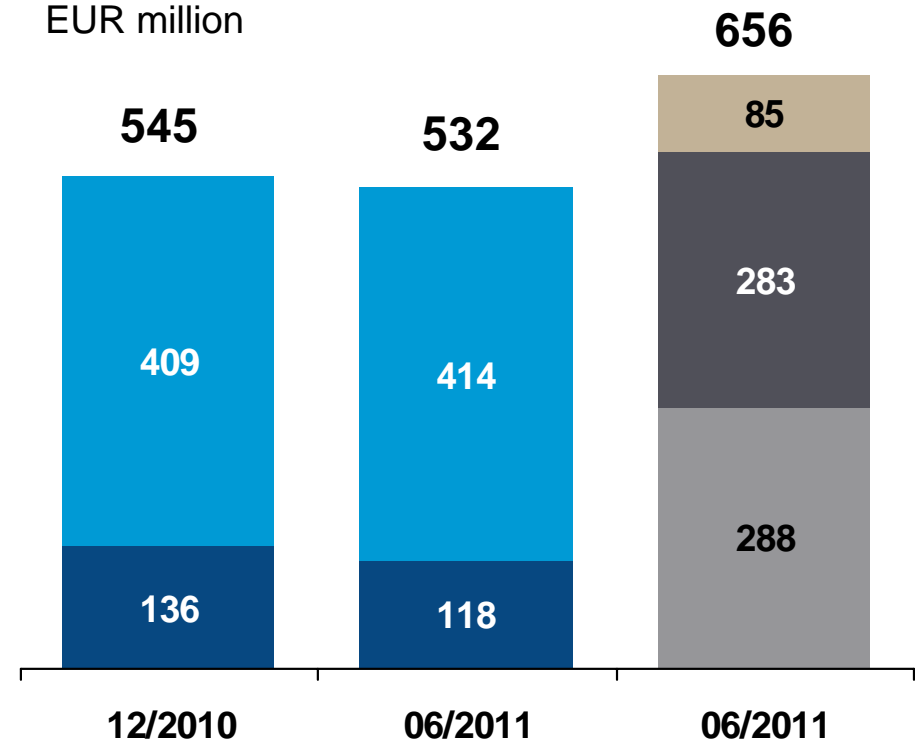
EUR million



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

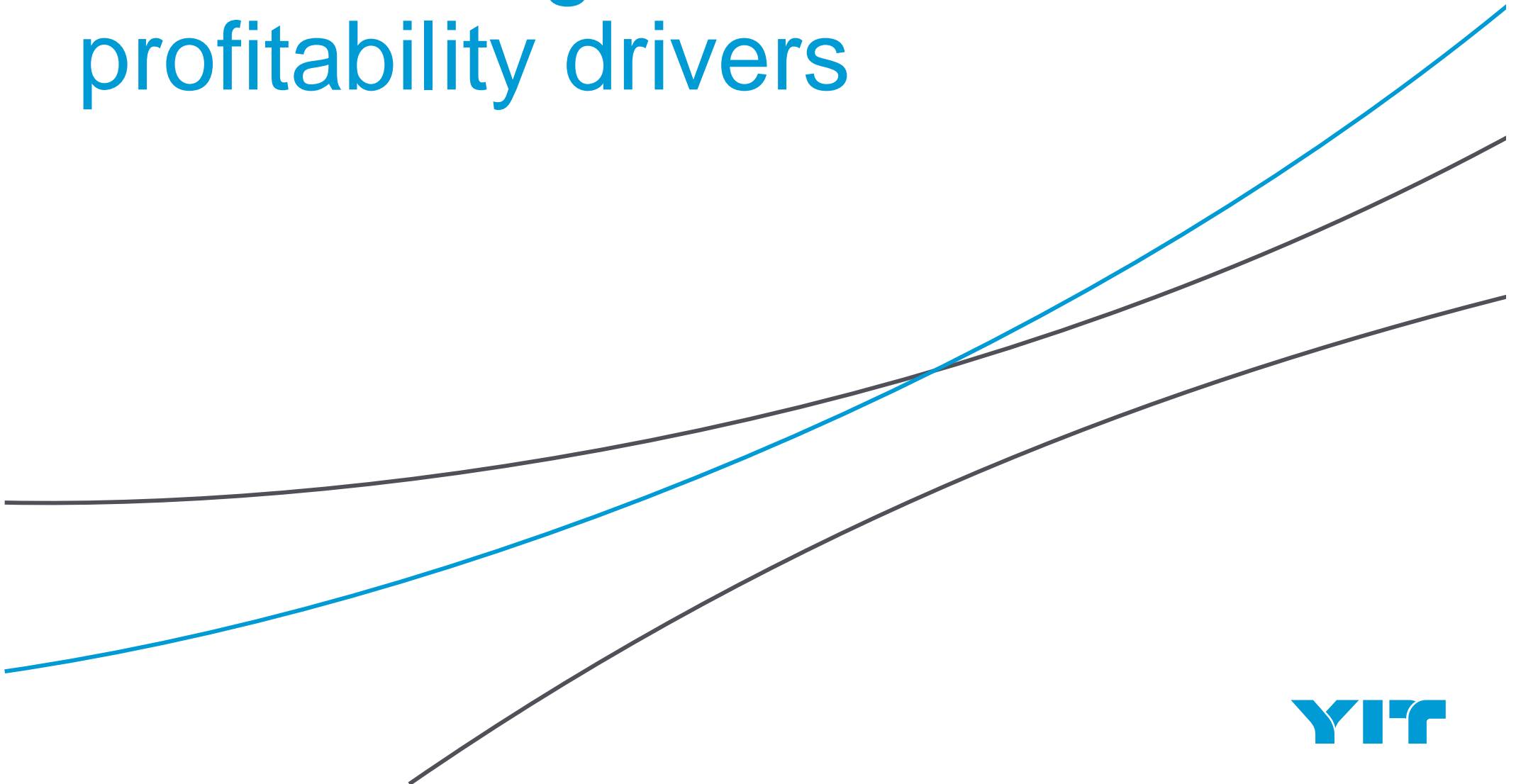
## Capital invested and assets in Russia

EUR million



According to IFRIC 15

# Cost management and profitability drivers



# Potential for profitability improvement

## 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' initial profitability providing upside potential

## Construction Services Finland

- Business portfolio development
  - Good volume in Business premises
  - H2/2011 expected to be stronger in Infra services
- International sourcing

## International Construction Services

- Successful price increases in H1/2011, prices expected to increase further in H2/2011
- Improving capital efficiency
  - Smaller projects
  - Shorter construction times

# Lessons learnt from the financial crisis



**No breaks in start-ups**

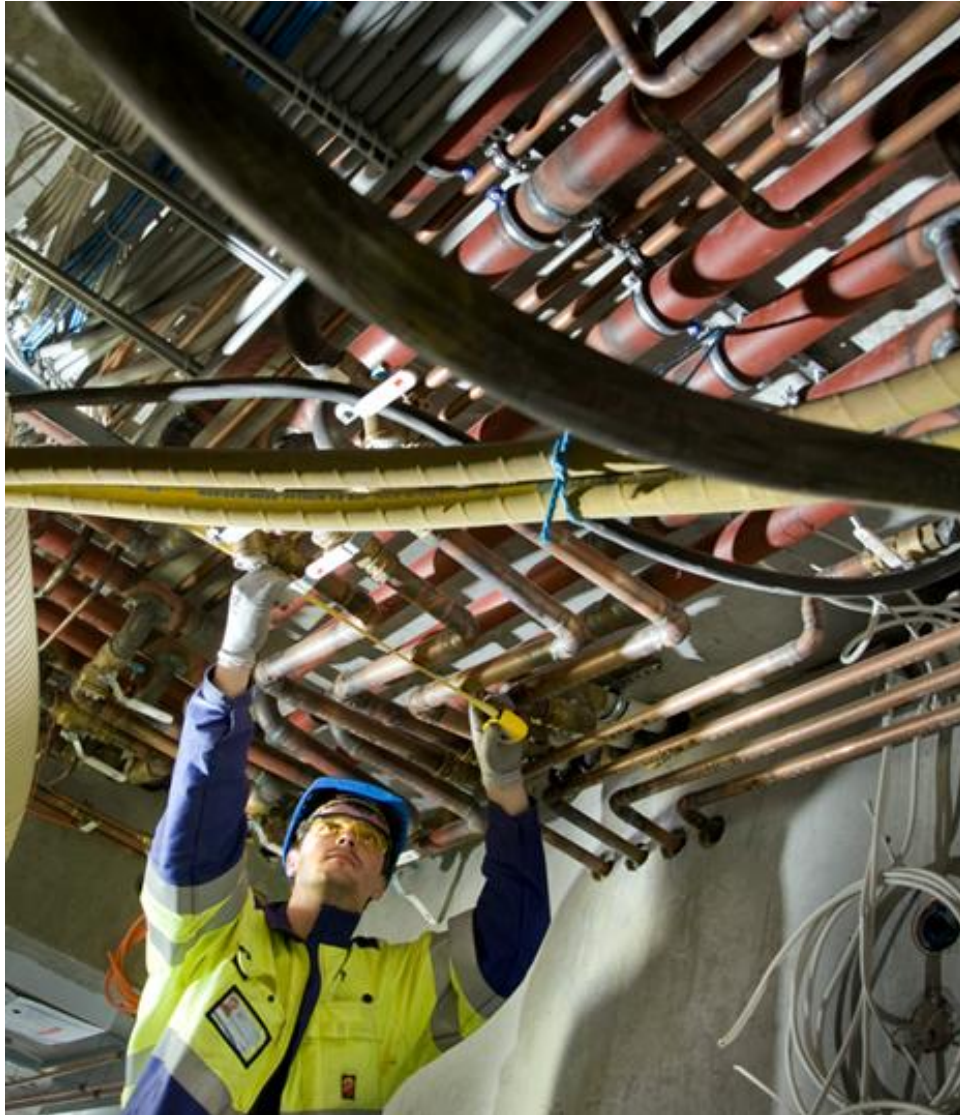
**No breaks in acquisitions**

**No breaks in plot acquisitions**

**Liquidity position must be kept strong**

- Cash and committed credit and overdraft facilities amounted to EUR 458 million at the end of June 2011
- Additional facility of EUR 100 million arranged in September 2011

# Summary



## Construction

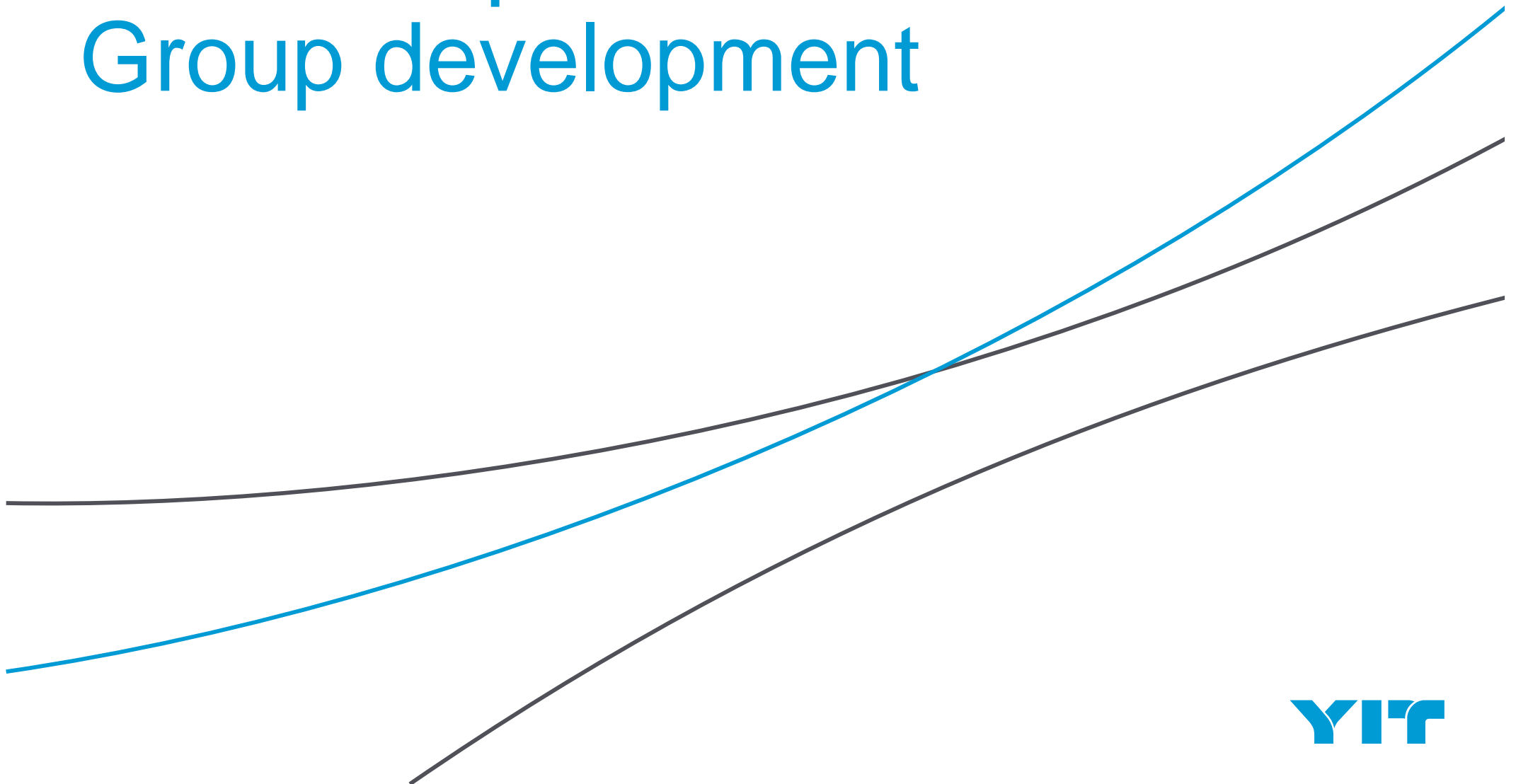
- Focus on residential development
- Long-term profitability improvement potential in International Construction Services
- Potential entry to Poland

## Building Services

- Profitability improvement
  - More service and maintenance business
  - Potential entry to Switzerland
- 
- YIT is financially strong player also in volatile business environment
  - YIT is well prepared also for weaker times and has ways to utilize also potentially weaker market environment

# Interim report 1-6/2011

## Group development



# Q2 highlights

## Profitability and sales

### Profitable growth continues

- Revenue increased 24%, EBIT increased 23% y-o-y (POC)
- Good profitability in Construction Segments
- Successful market attack in business premises in Finland
- Building Services in Germany developed strongly

## Order backlog

### Good development in order backlog

- Order backlog strengthened
- Acceleration of start-ups in 2011 in both Construction 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
  - Germany in Building Services Central Europe
  - Current underperformance in Building Services Northern Europe
- However, uncertainty of the general macroeconomic development has increased

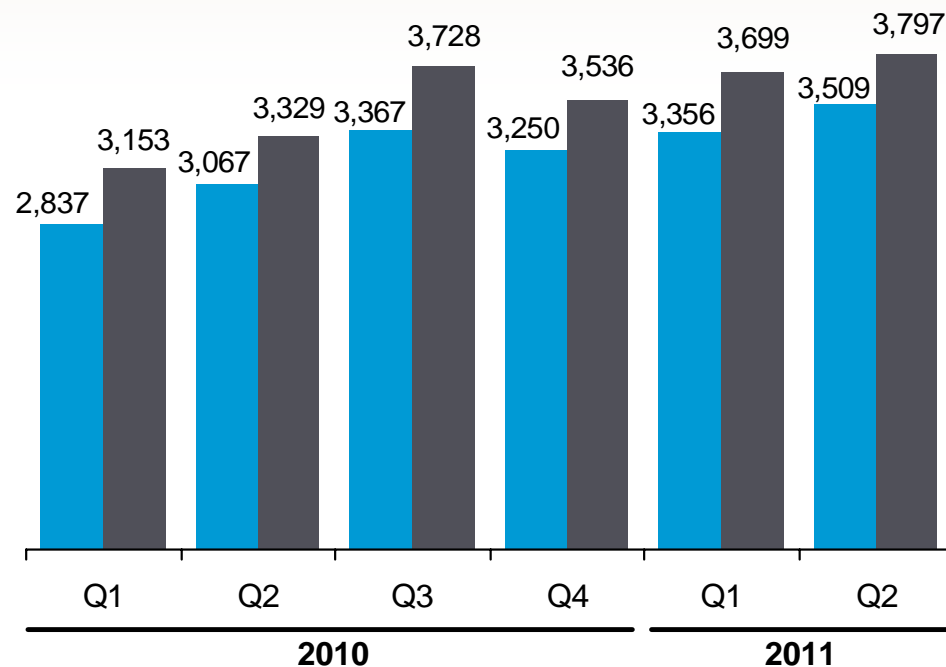
On top of Gallileo Tower  
Frankfurt/M., Germany

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

# Order backlog continued to strengthen

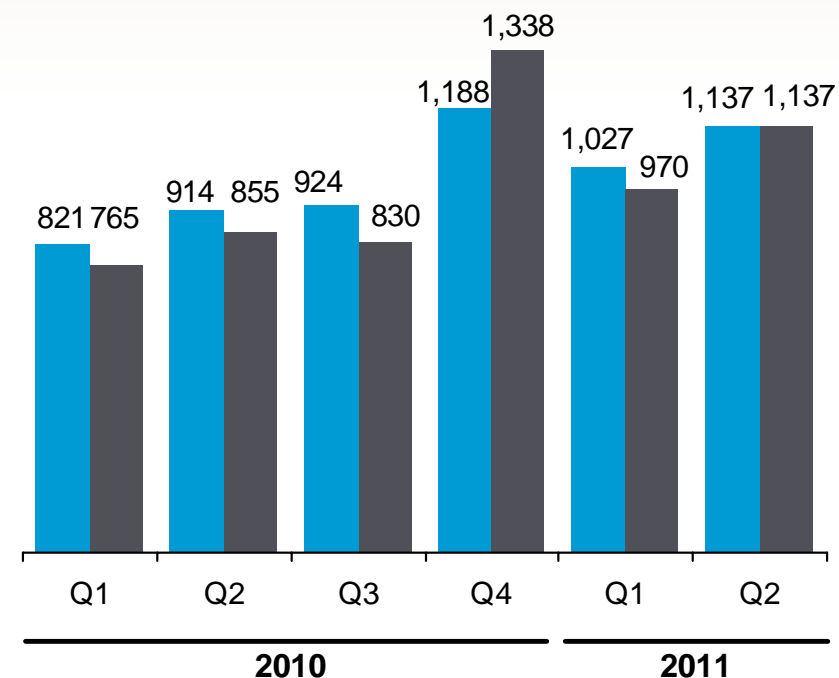
## Order backlog (EUR million)

Change Q2/10 - Q2/11: 14% (POC)



## Revenue (EUR million)

Change Q2/10 - Q2/11: 24% (POC)

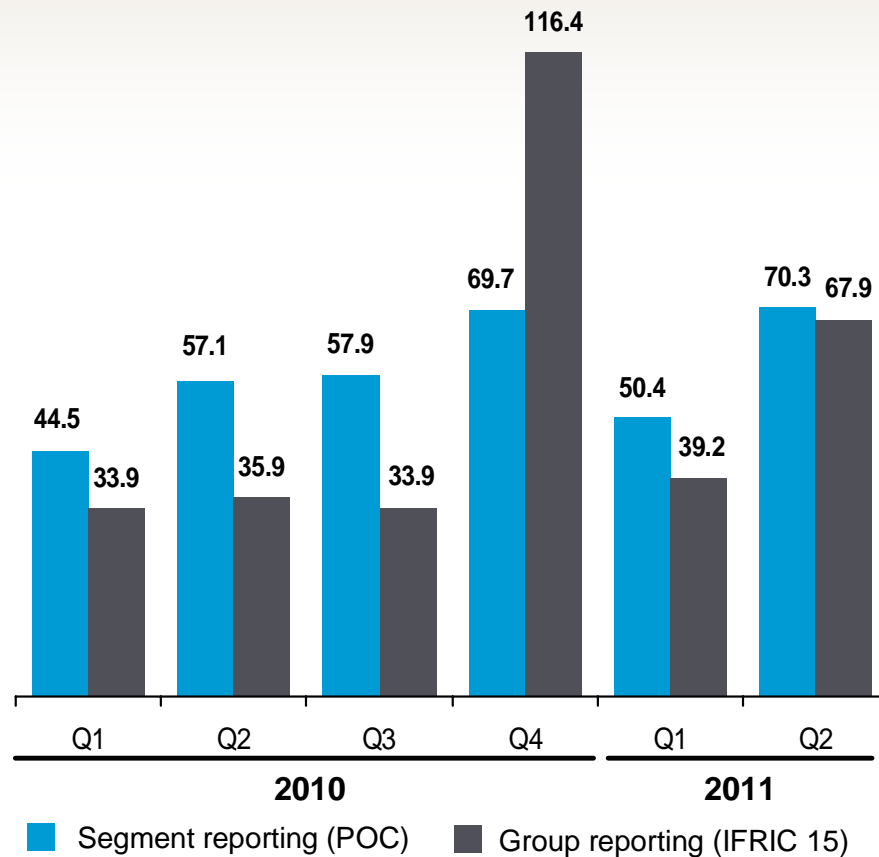


■ Segment reporting (POC) ■ Group reporting (IFRIC 15)

# EPS more than doubled

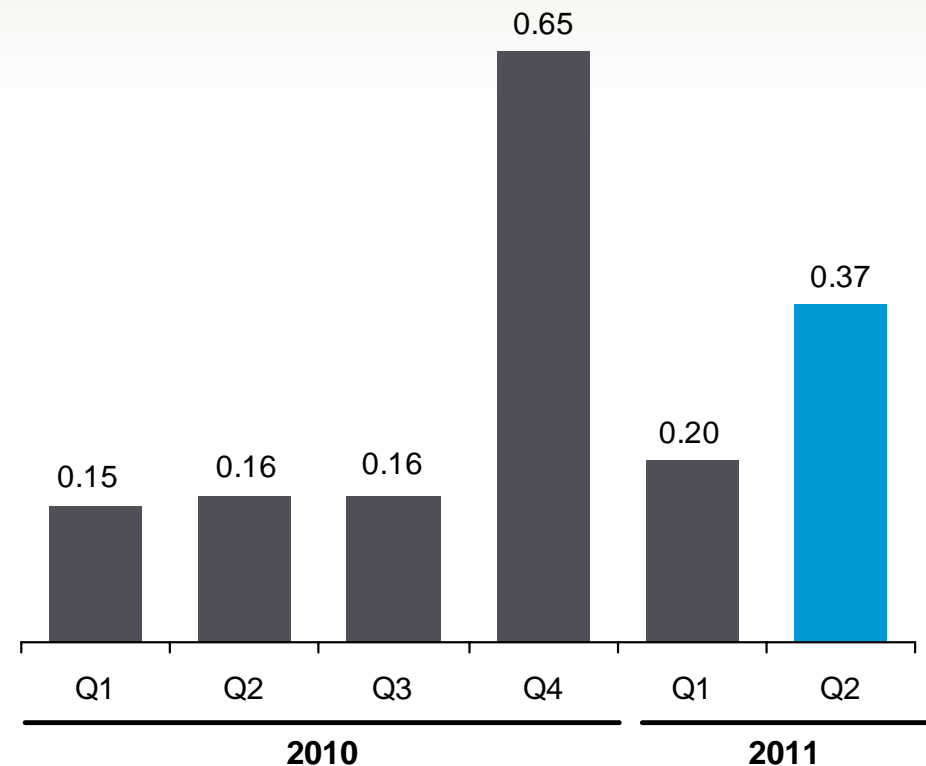
## Operating profit (EUR million)

Change Q2/10 - Q2/11: 23% (POC)



## Earnings per share (EUR)

Change Q2/10 - Q2/11: 131% (IFRIC 15)



EBIT in Building Services Central Europe in Q2/11 includes 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.

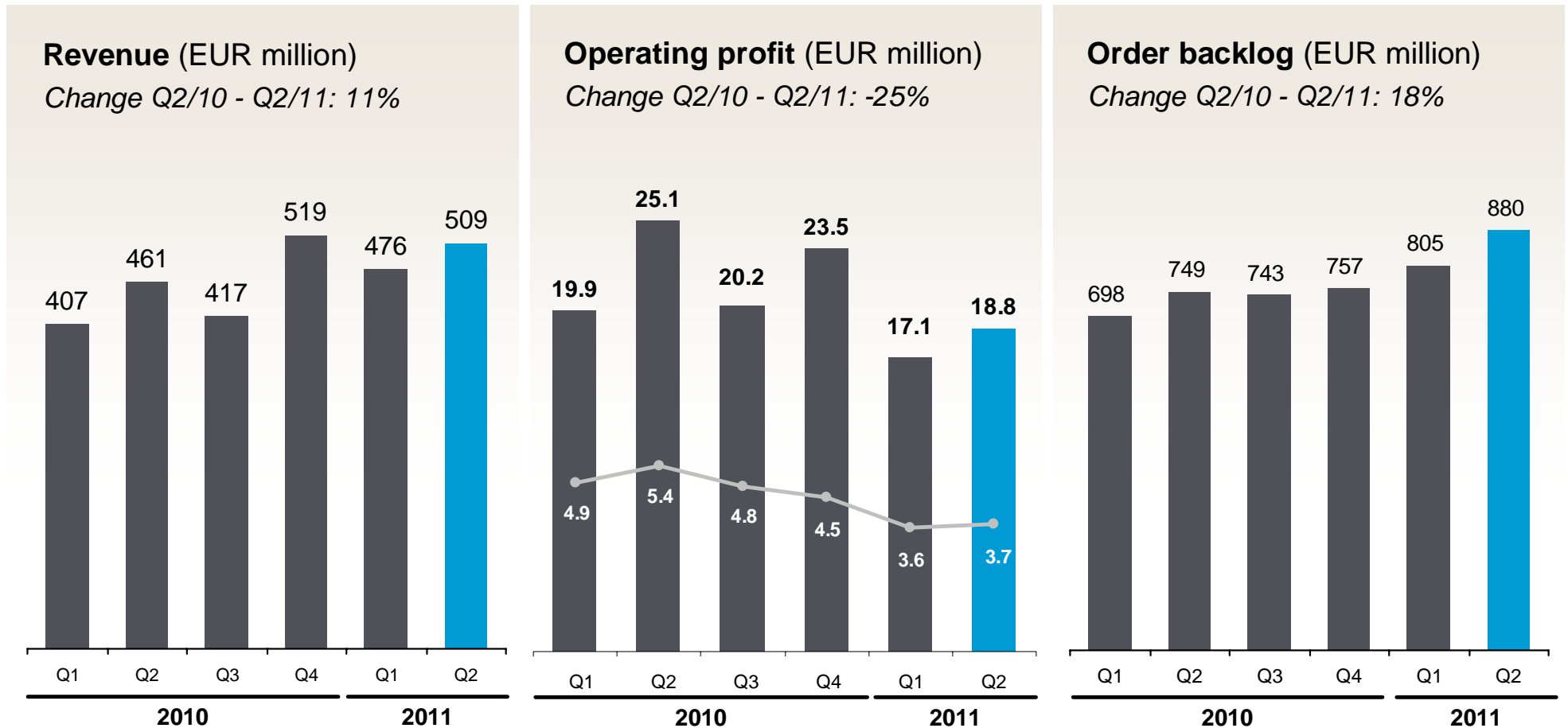
# Key figures

EUR million	4-6/11	4-6/10	Change	1-6/11	1-6/10	Change
<b>Segment reporting (POC*)</b>						
Revenue	1,137	914	24%	2,164	1,735	25%
Operating profit	70.3	57.1	23%	120.7	101.6	19%
% of revenue	6.2	6.2		5.6	5.9	
Order backlog	3,509	3,067	14%	3,509	3,067	14%
<b>Group reporting (IFRIC 15)</b>						
Revenue	1,137	855	33%	2,107	1,620	30%
Operating profit	68.0	35.9	89%	107.1	69.8	53%
% of revenue	6.0	4.2		5.1	4.3	
Order backlog	3,797	3,329	14%	3,797	3,329	14%
Profit before taxes	63.0	27.9	126%	97.7	54.6	79%
Earnings per share, EUR	0.37	0.16	131%	0.57	0.31	84%
Return on investment, % (last 12 months)	15.6	10.7		15.6	10.7	
Equity ratio, %	29.7	28.1		29.7	31.8	
Operating cash flow after investments	-0.2	31.7		15.9	65.5	-76%
Personnel at the end of period	26,807	23,877	12%	26,807	23,877	12%
* POC= Percentage of completion						

# Building Services Northern Europe



# Strong actions to end margin slide



All figures according to segment reporting (POC)

■ Operating profit    ● — % of revenue

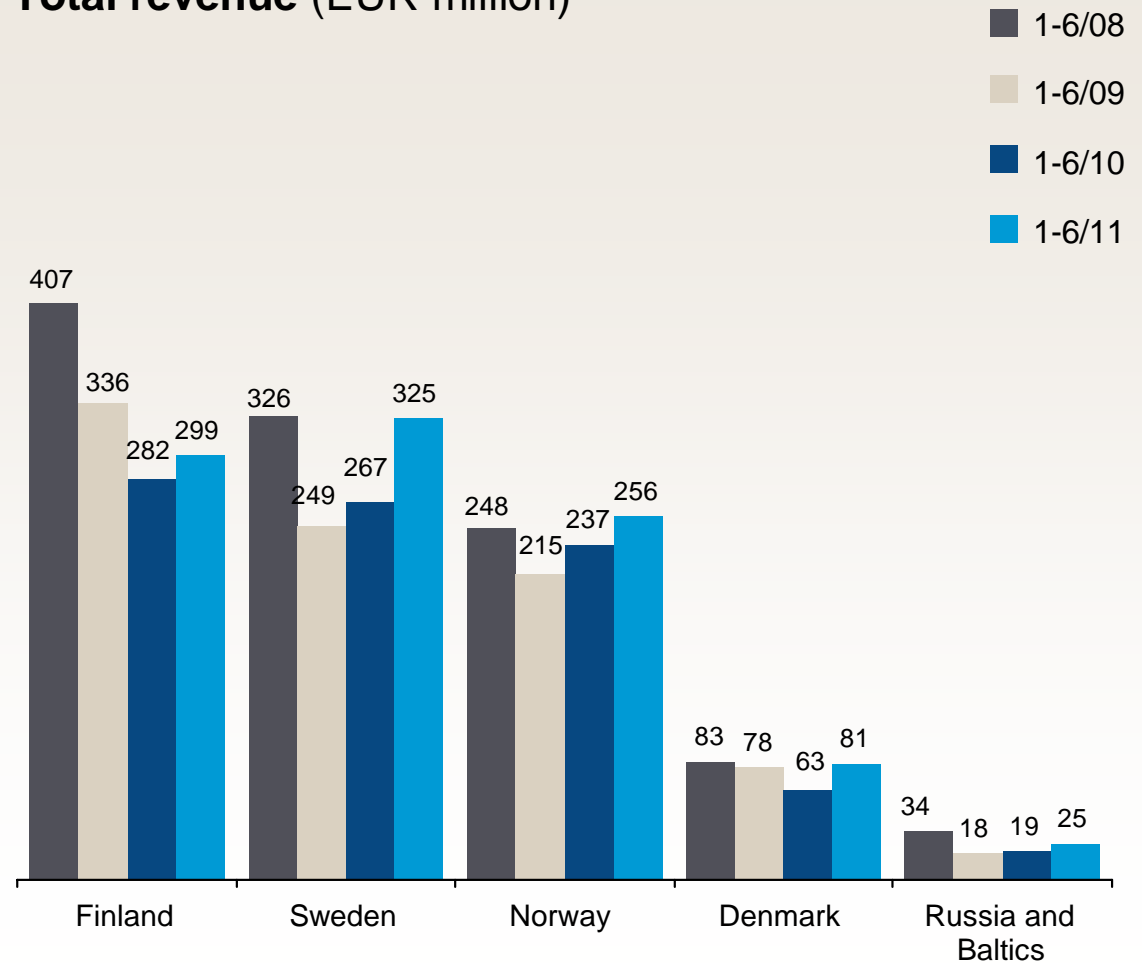
EBIT in Q2/11 decreased by EUR 3.0 million due to reservation related to a single customer project.

# Revenue development by country

- Highest profitability in Norway
- Still low profitability in Finnish industrial services and in Denmark



**Total revenue (EUR million)**

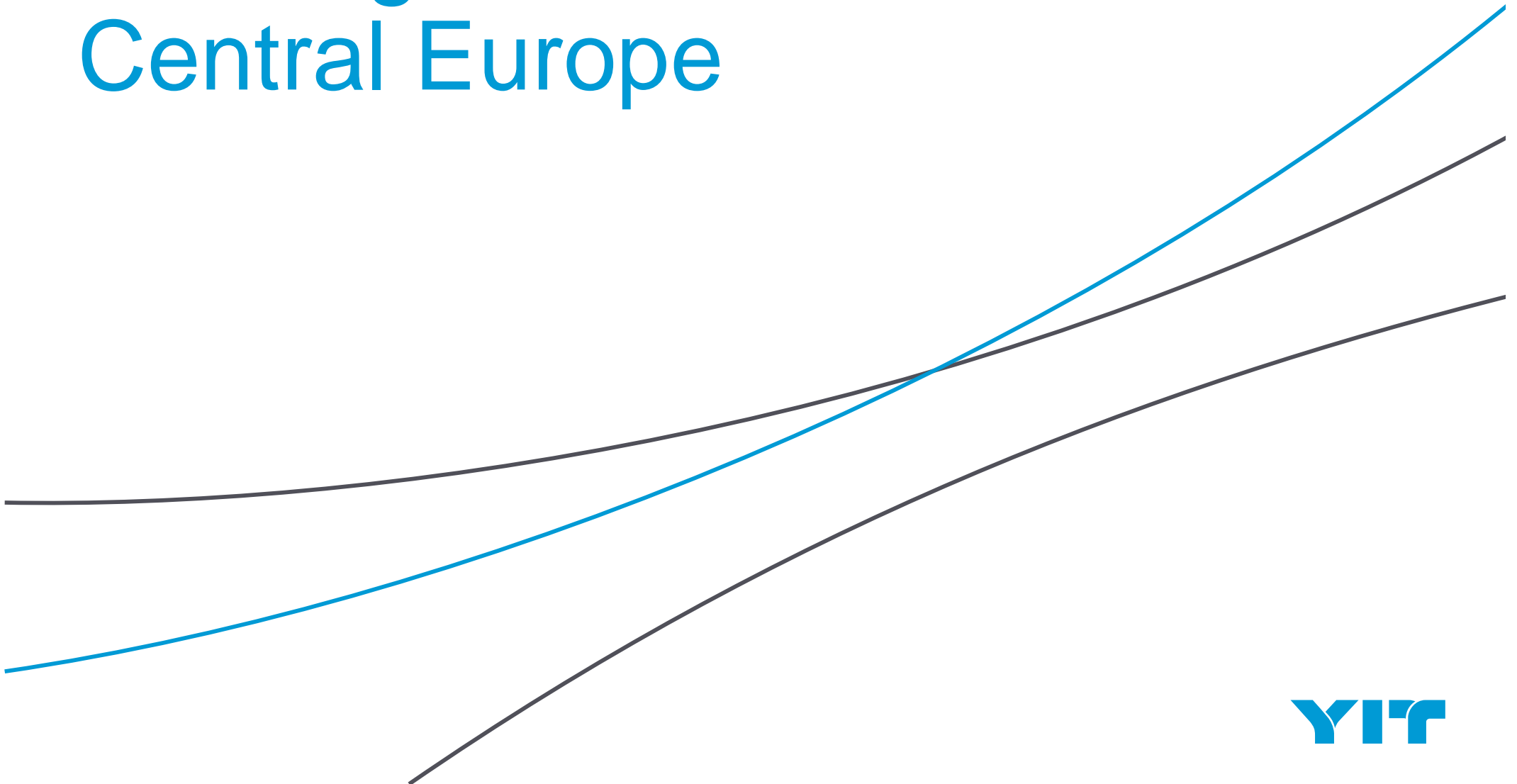


# Actions to improve profitability



- Right-sizing the organisation
  - Restructuring programme in Industrial Services and Denmark
  - Special focus on low-performing units: Closing or merging of units
- Increased minimum target margin in project business
  - More selective approach: bid / no bid process
- Project Bridge: More efficiency in purchasing
  - Aim to increase the share of international purchasing
  - Competence centre in Germany established

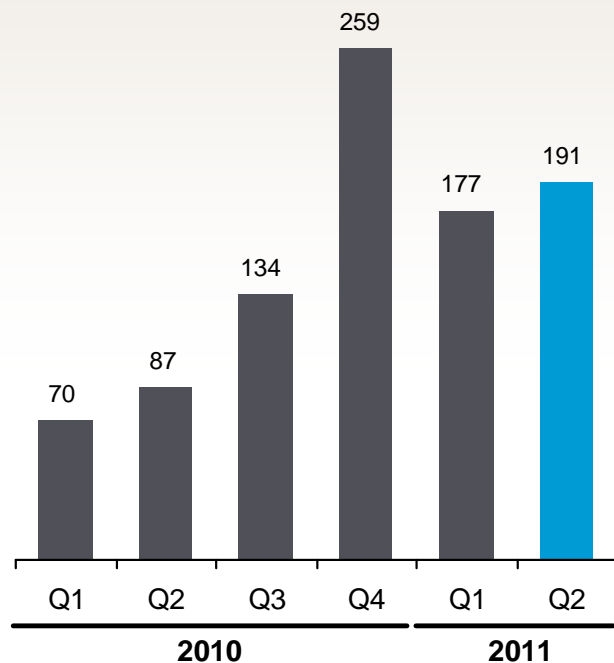
# Building Services Central Europe



# Business progressing as planned

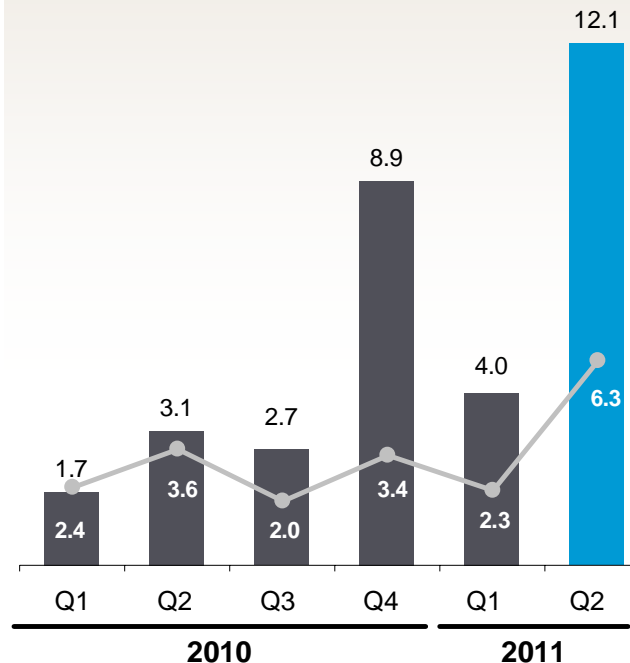
## Revenue (EUR million)

Change Q2/10 - Q2/11: 120%



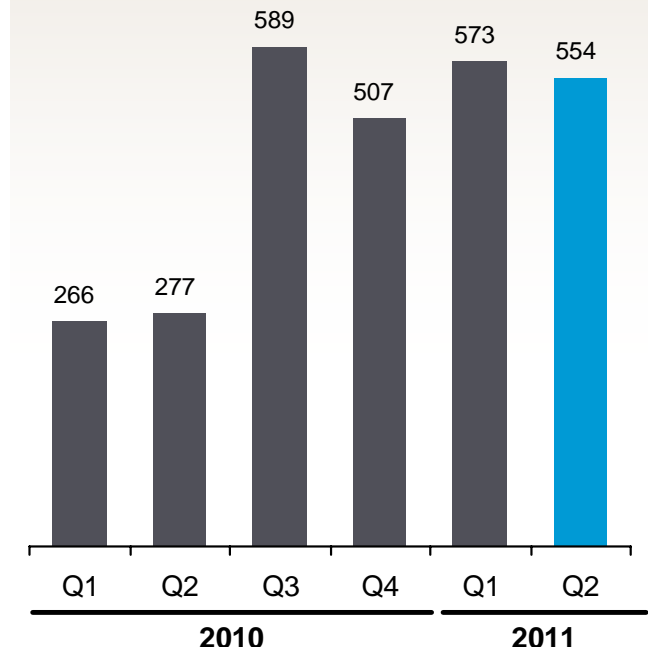
## Operating profit (EUR million)

Change Q2/10 - Q2/11: 290%



## Order backlog (EUR million)

Change Q2/10 - Q2/11: 100%



All figures according to segment reporting (POC)

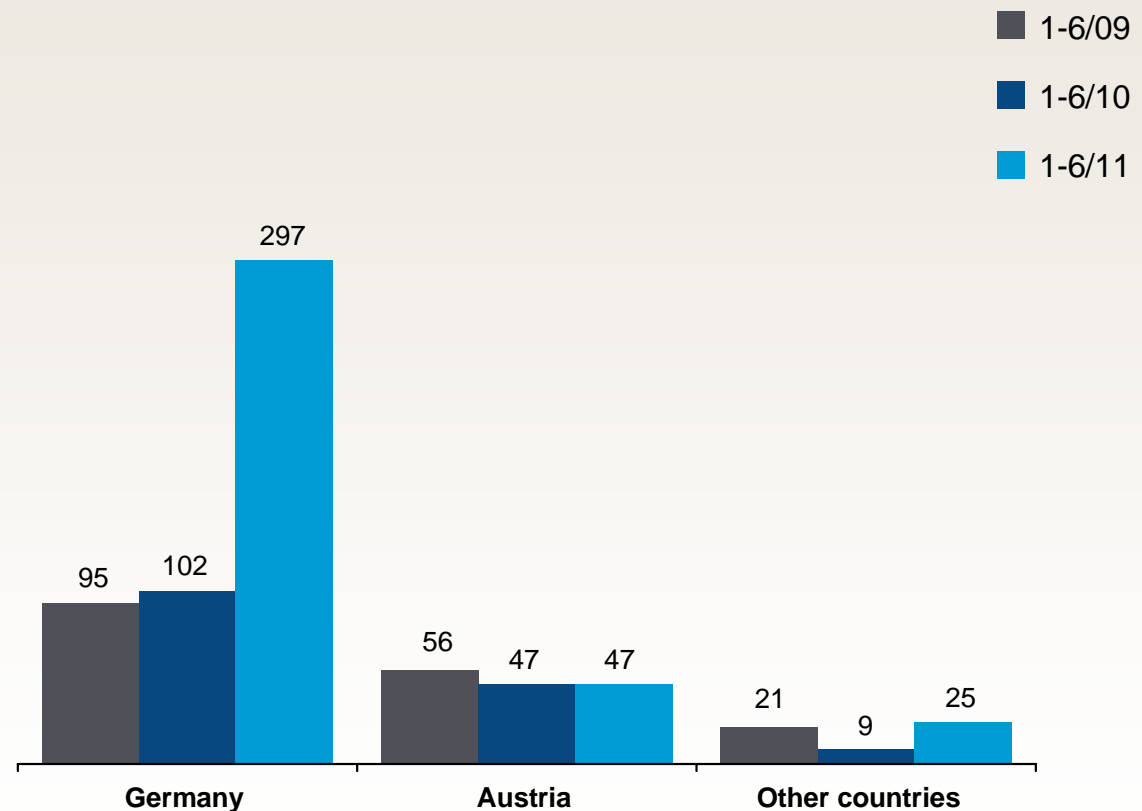
■ Operating profit    ● % of revenue

EBIT in Building Services Central Europe in Q2/11 includes EUR 5.0 million sales gain related to the divestment of Hungarian operations. EBIT-margin in Q2/11 excluding the sales gain would have been 3.7%.

# 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
- Serviflex implemented in Poland and in the Czech Republic
- Target to improve EBIT margin by one percentage point a year and strengthen the market position organically and by acquisitions

**Total revenue (EUR million)**



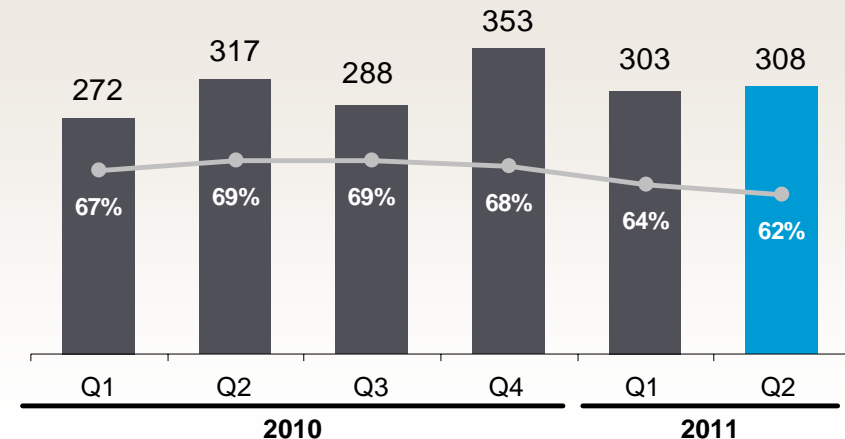
Other countries include Poland, the Czech Republic, Hungary and project sales  
Hungarian business sold in June 2011

# Good possibilities to increase service and maintenance in Central Europe

## Service and maintenance revenue in Northern Europe

EUR 611 million in 1-6/2011

Change from 1-6/10: 4%

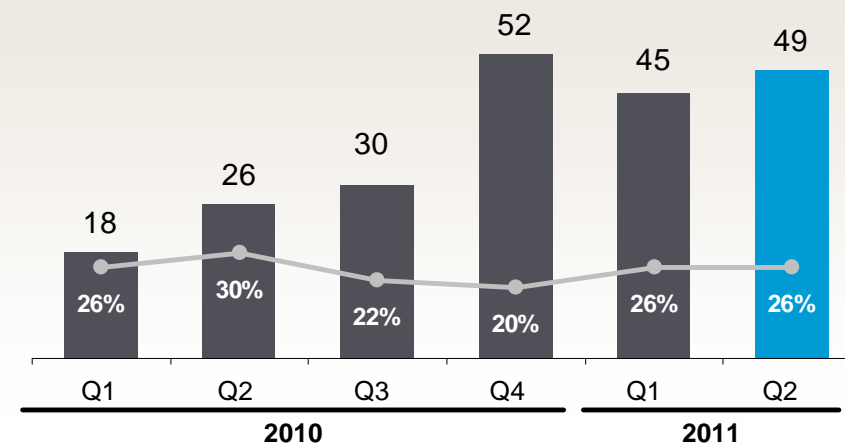


## Service and maintenance revenue in Central Europe

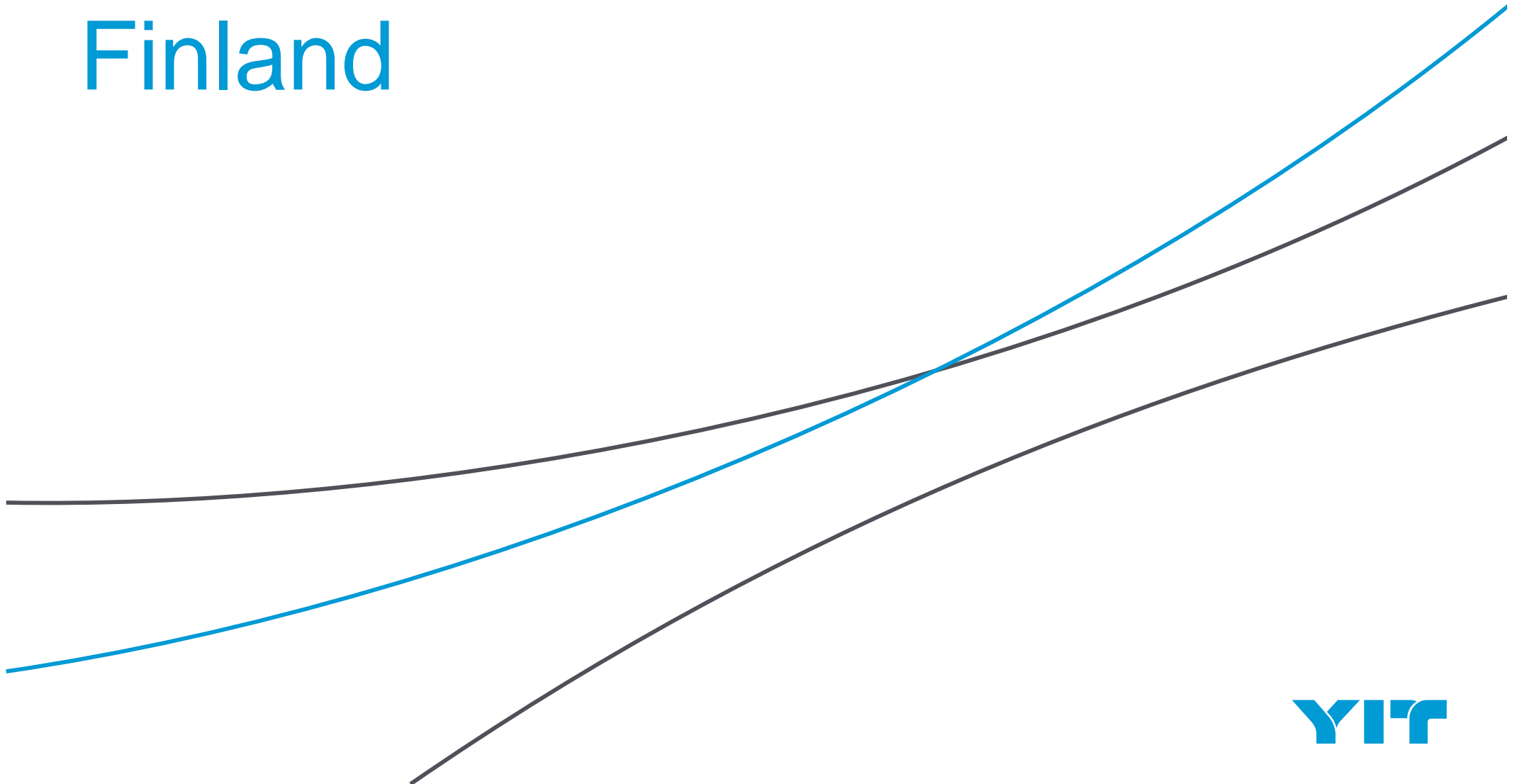
EUR 94 million in 1-6/2011

Change from 1-6/10: 112%

■ Service and maintenance revenue  
● % of segment revenue



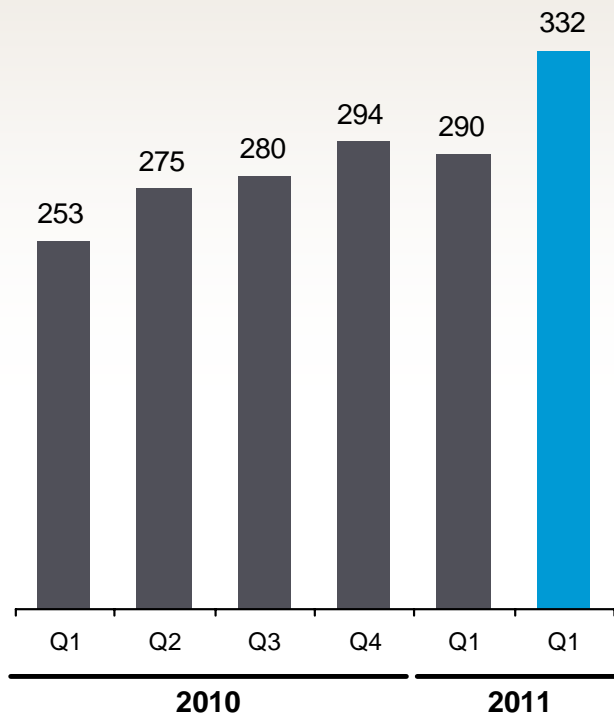
# Construction Services Finland



# Good development: residential and business premises performing well

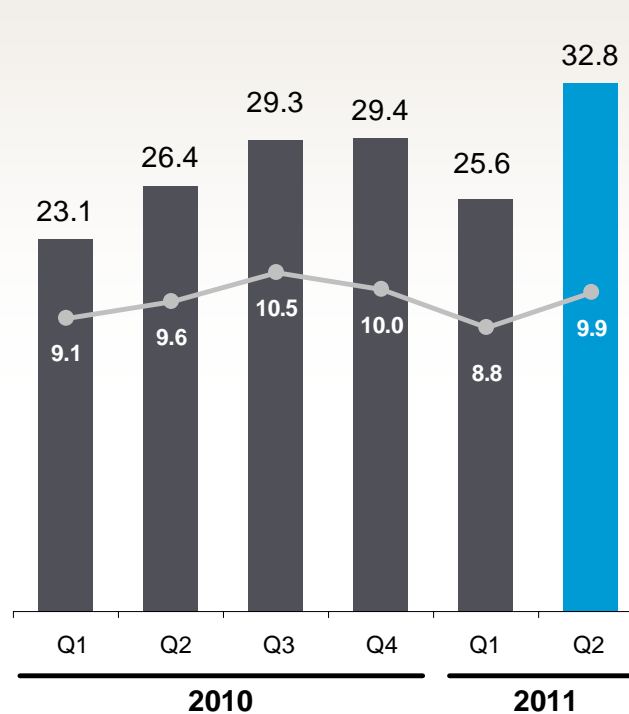
## Revenue (EUR million)

Change Q2/10 - Q2/11: 21%



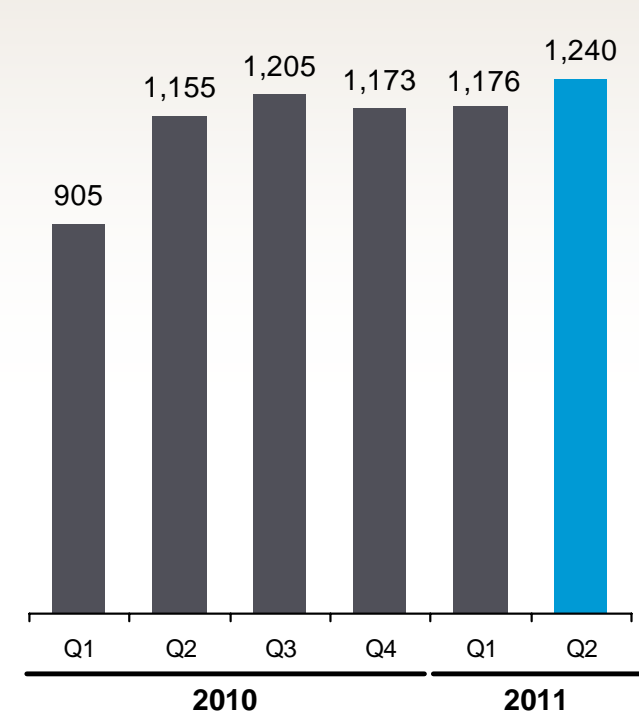
## Operating profit (EUR million)

Change Q2/10 - Q2/11: 24%



## Order backlog (EUR million)

Change Q2/10 - Q2/11: 7%



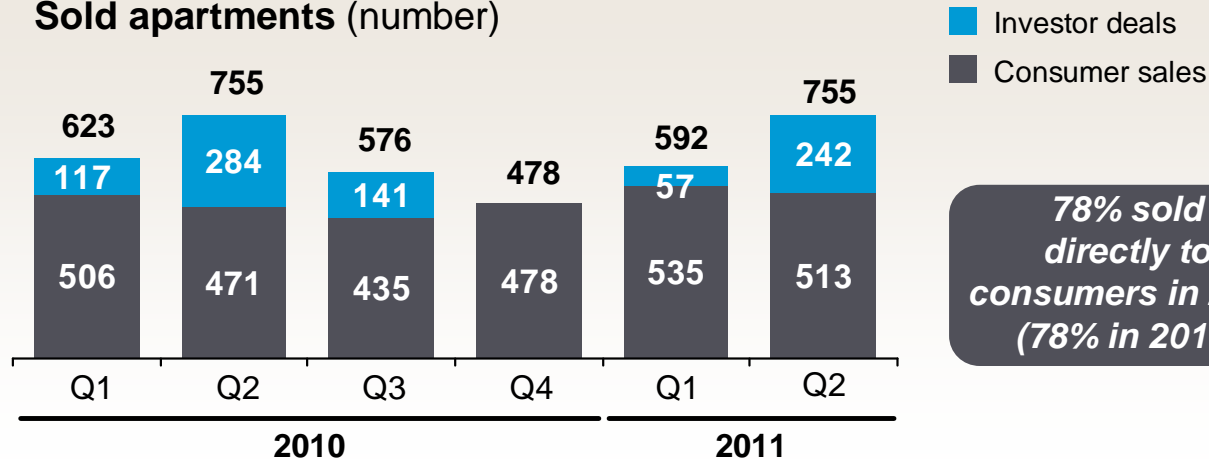
All figures according to segment reporting (POC)

■ Operating profit    ● % of revenue

The operating profit of the segment includes EUR -1,6 million (4–6/2010: EUR -0.6 million) of borrowing costs according to IAS 23. EBIT margin in Q2/11 excluding these costs would have been 10.4% (Q2/10: 9.8%).

# Good residential sales in Finland

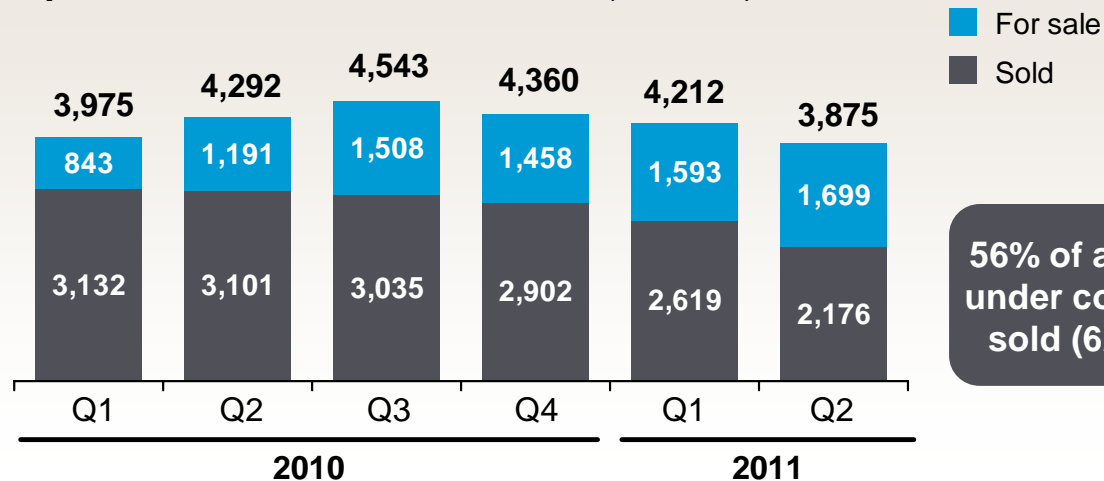
**Sold apartments (number)**



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

- Prices increased slightly
- Supply has normalized
- Sales continued at a normal level in July
- Good activity in plot acquisitions supports future growth: Agreement with VR Group important

**Apartments under construction (number)**



*56% of apartments under construction sold (62% 3/2011)*



At the end of the period

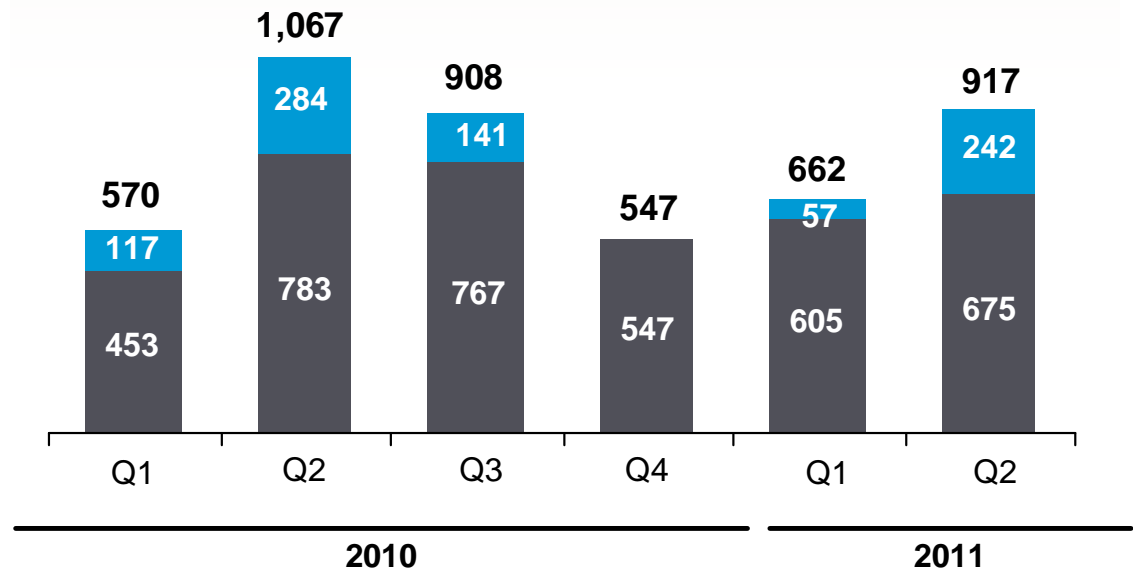
# Aim to increase start-ups in 2011



## Apartment start-ups in Finland

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

2010: Total of 3,092



# Successful market attack in business premises



**Shopping centre**  
Hyvinkää, Finland

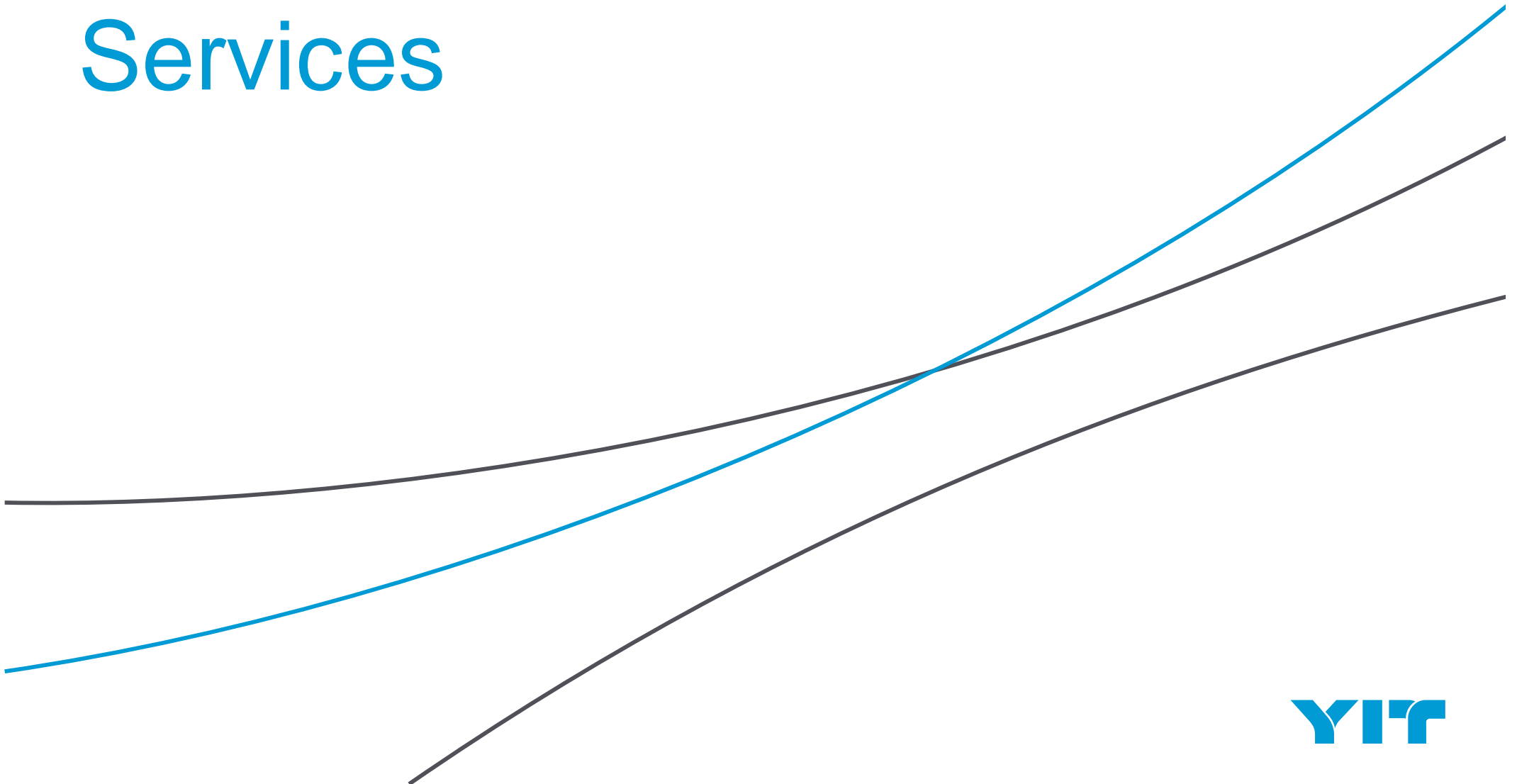
## **In business premises, focus more on own development projects**

- Triotto office project in Helsinki and Tiilitie Trade Park in Vantaa were sold in Q2
- Market situation 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 continued in Q2 (19,600 m<sup>2</sup>)

## **Increased activity in infra**

- New orders in July: Motorway 3 the biggest
- Preparation for E18 highway Koskenkylä-Kotka project tender continues in consortium with Destia (total value up to EUR 650 million)
  - Preferred bidder announcement expected in Q3/11

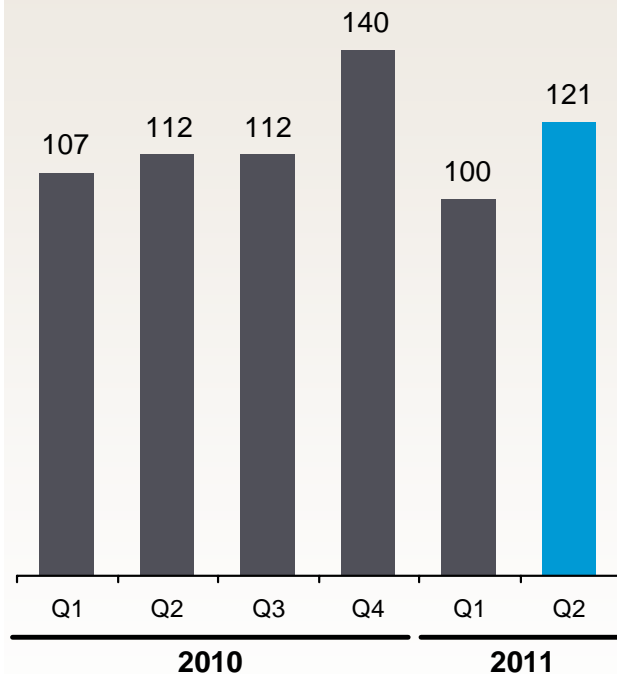
# International Construction Services



# Solid improvement in profitability, business volume increasing

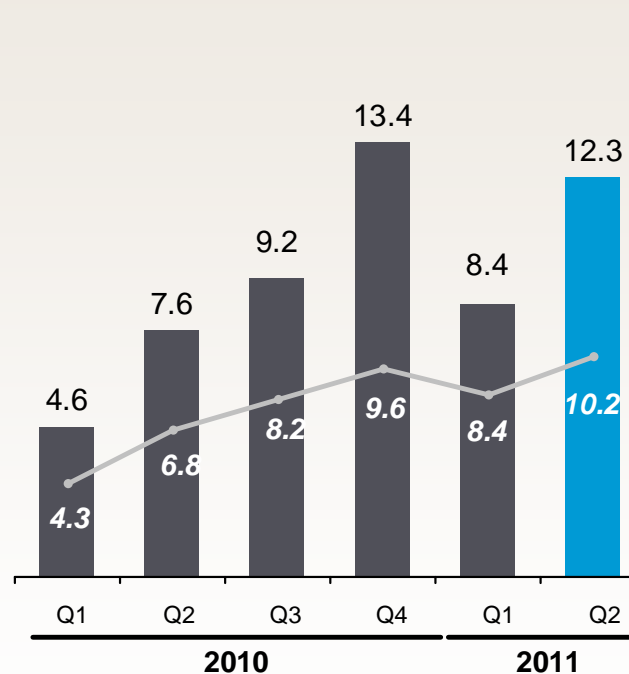
## Revenue (EUR million)

Change Q2/10 - Q2/11: 7%



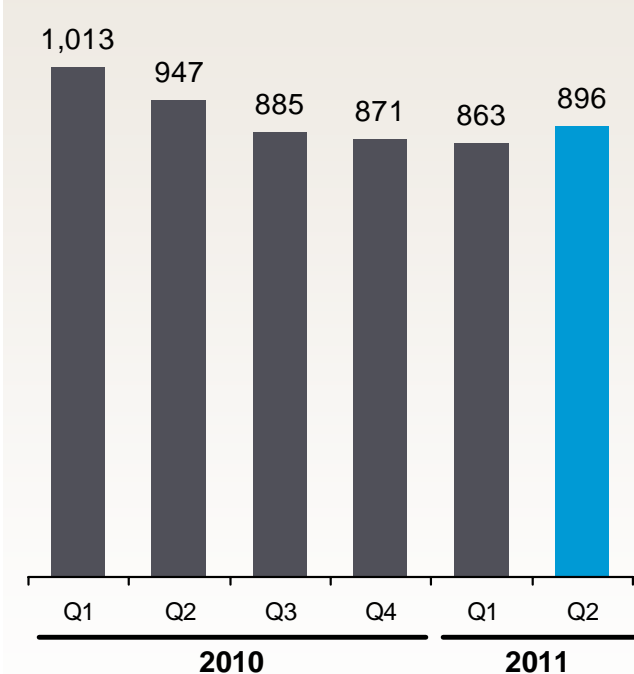
## Operating profit (EUR million)

Change Q2/10 - Q2/11: 62%



## Order backlog (EUR million)

Change Q2/10 - Q2/11: -5%



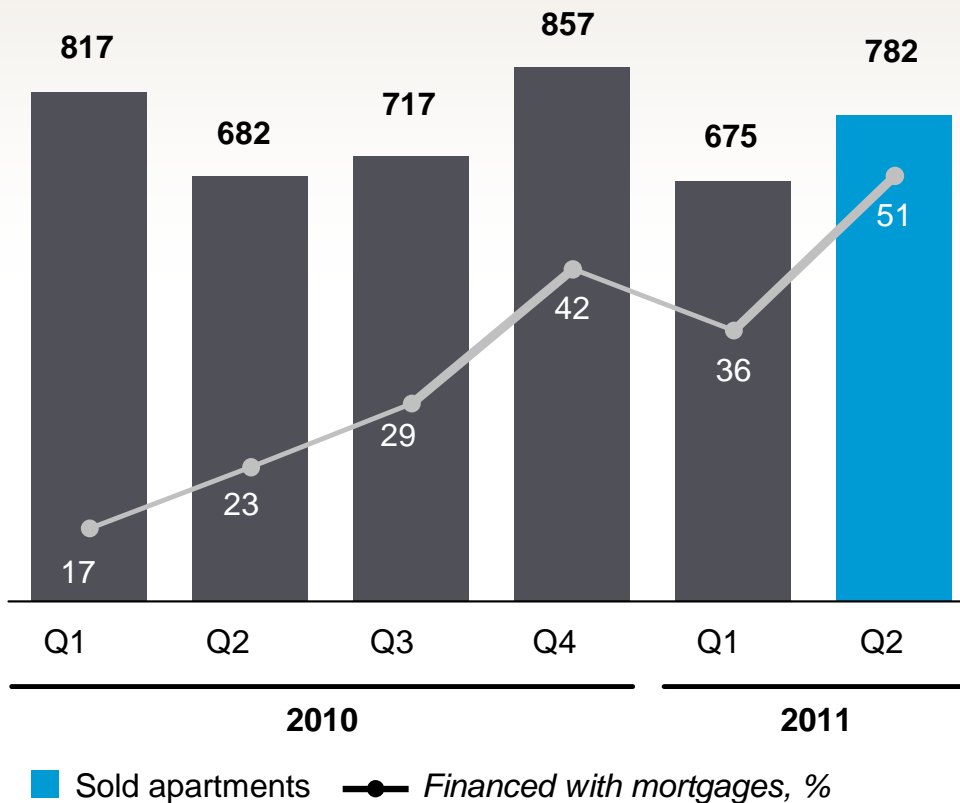
All figures according to segment reporting (POC)

■ Operating profit    ● % of revenue

The operating profit of the segment includes EUR -0.8 million (4–6/2010: EUR -0.1 million) of borrowing costs according to IAS 23. EBIT margin in Q2/11 excluding these costs would have been 10.9% (Q2/10: 6.9%).

# Good development in mortgage market supported residential sales in Russia

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

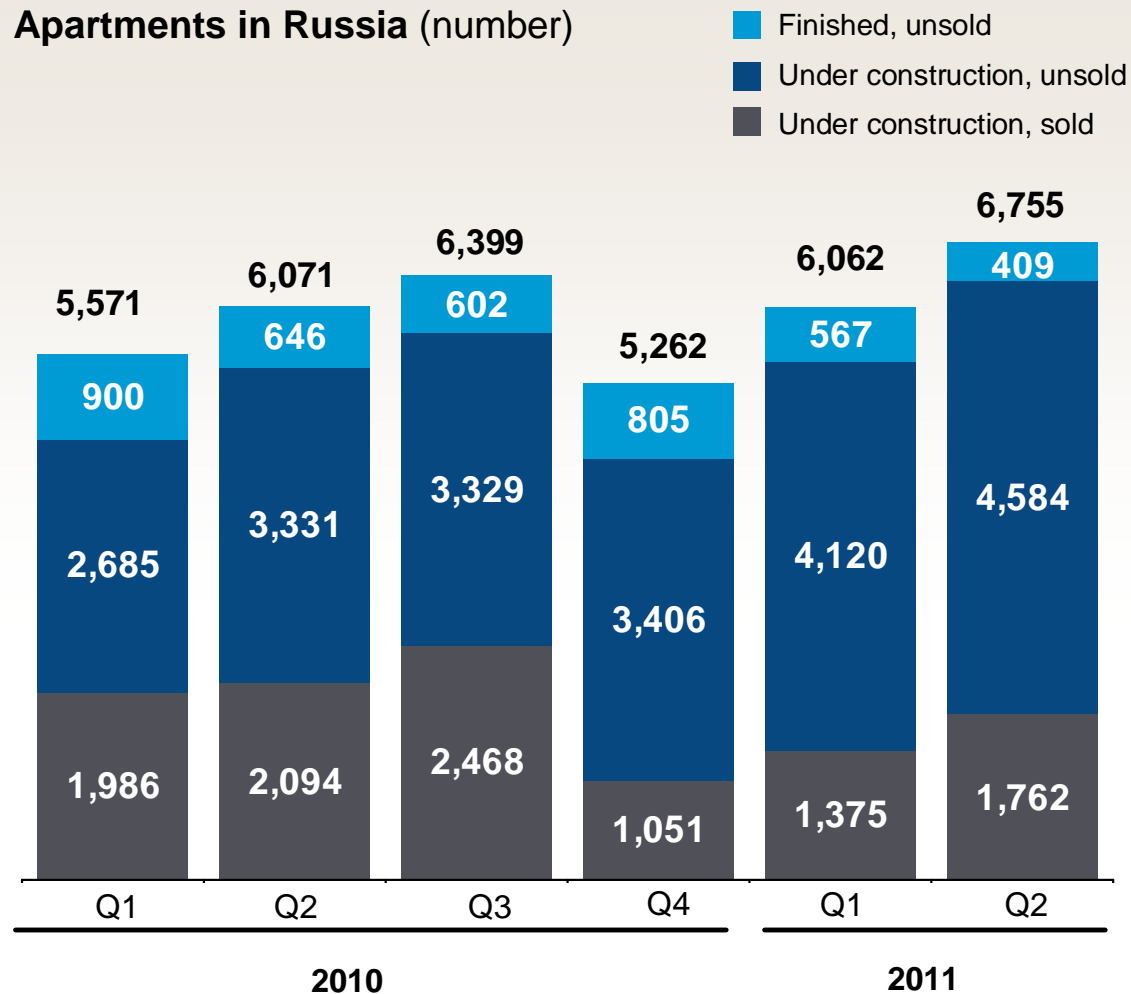


- Number of sold apartments increased from the previous year to 782 apartments
- Sales have continued at a good level in July
- YIT has increased prices in all operating cities during Q2
- Sales supported by extensive mortgage co-operation with banks
  - 51% of sold apartments financed with mortgages in Q2/11



# More units for sale

**Apartments in Russia (number)**

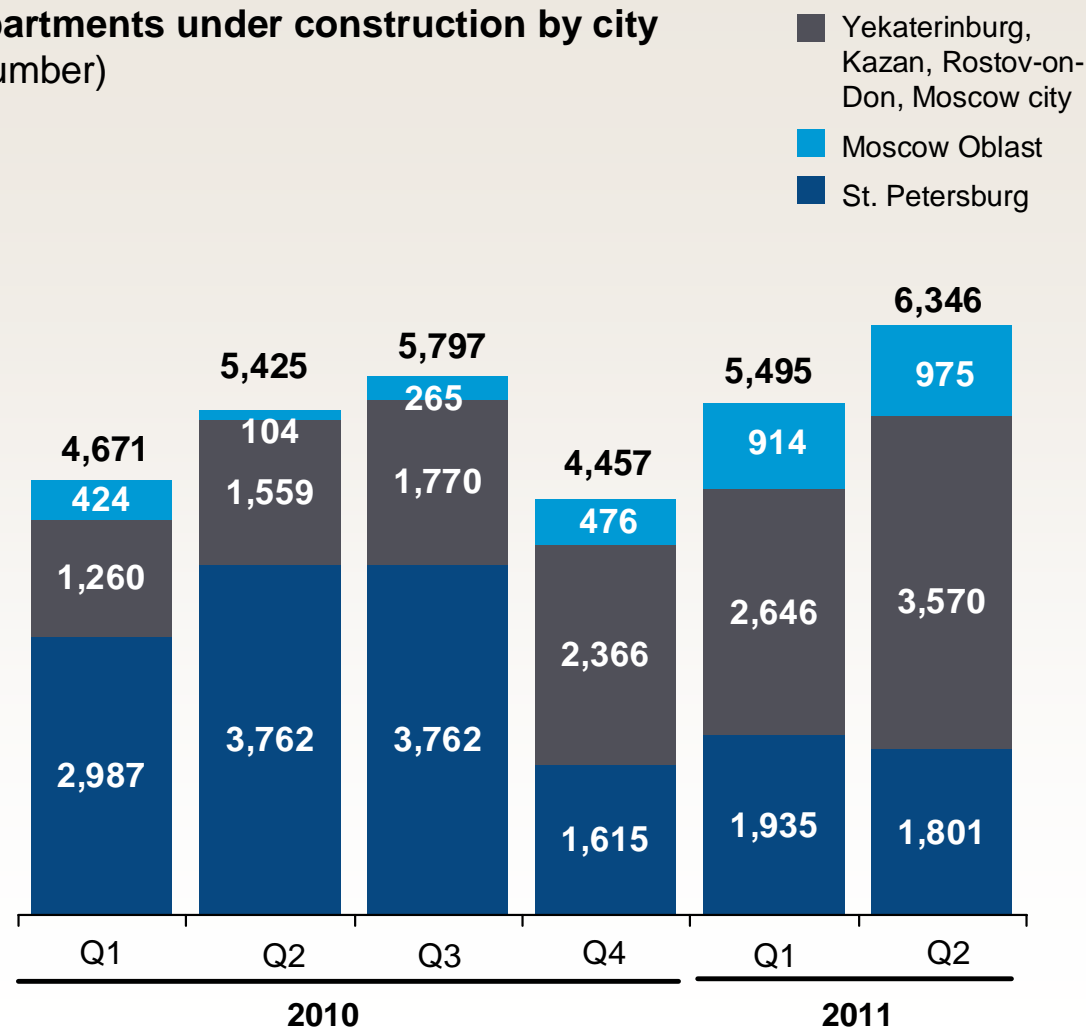


At the end of the period

- Sales inventory has clearly increased compared to Q2/10
  - 4,993 apartments for sale at the end of June in Russia (6/10: 3,977)
  - 26% of apartments under construction were sold (6/10: 34%)
- 238 apartments commissioned in Q2/11 (Q2/10: 320)

# Production volume increasing in Russian residential

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



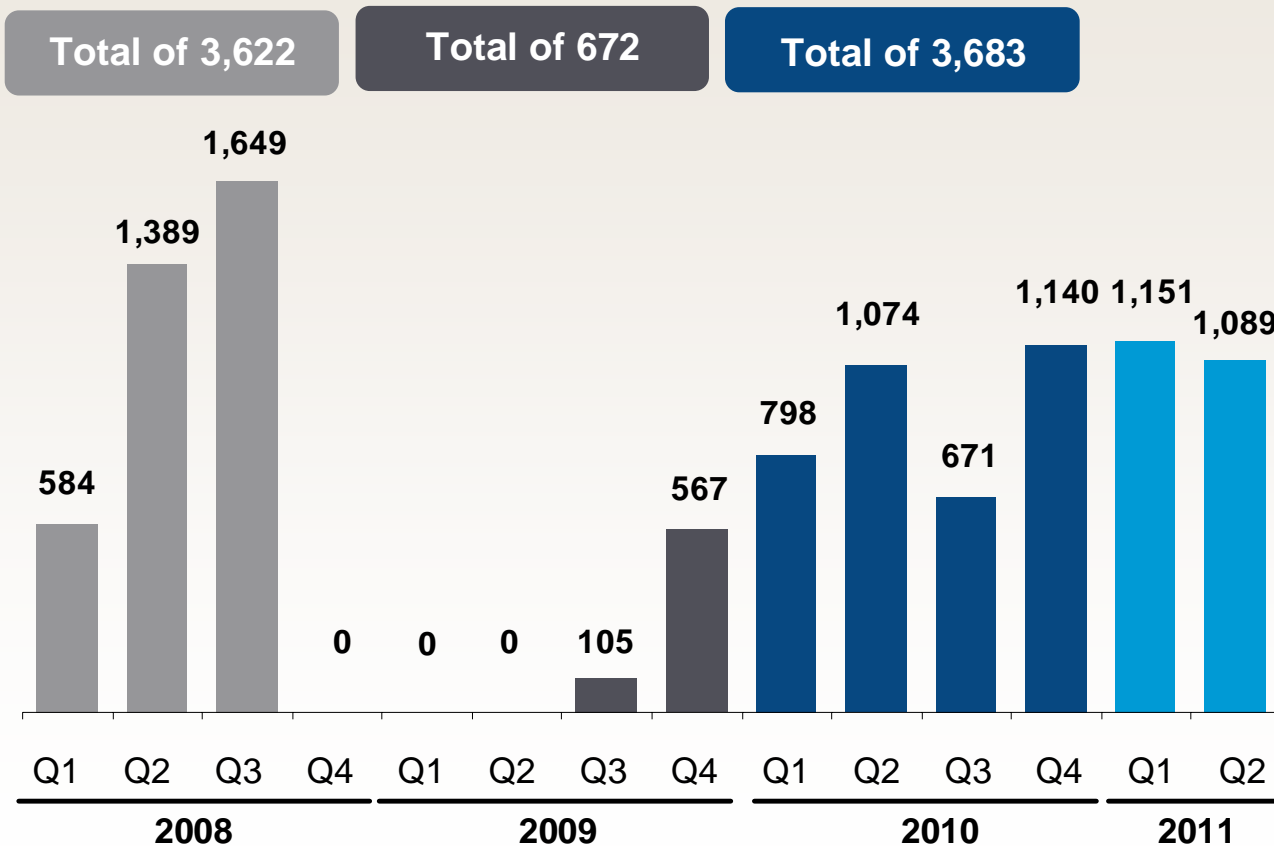
At the end of the period

- Apartments under construction have increased especially in Moscow Oblast
- Large number of start-ups under preparation
  - More balanced portfolio



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

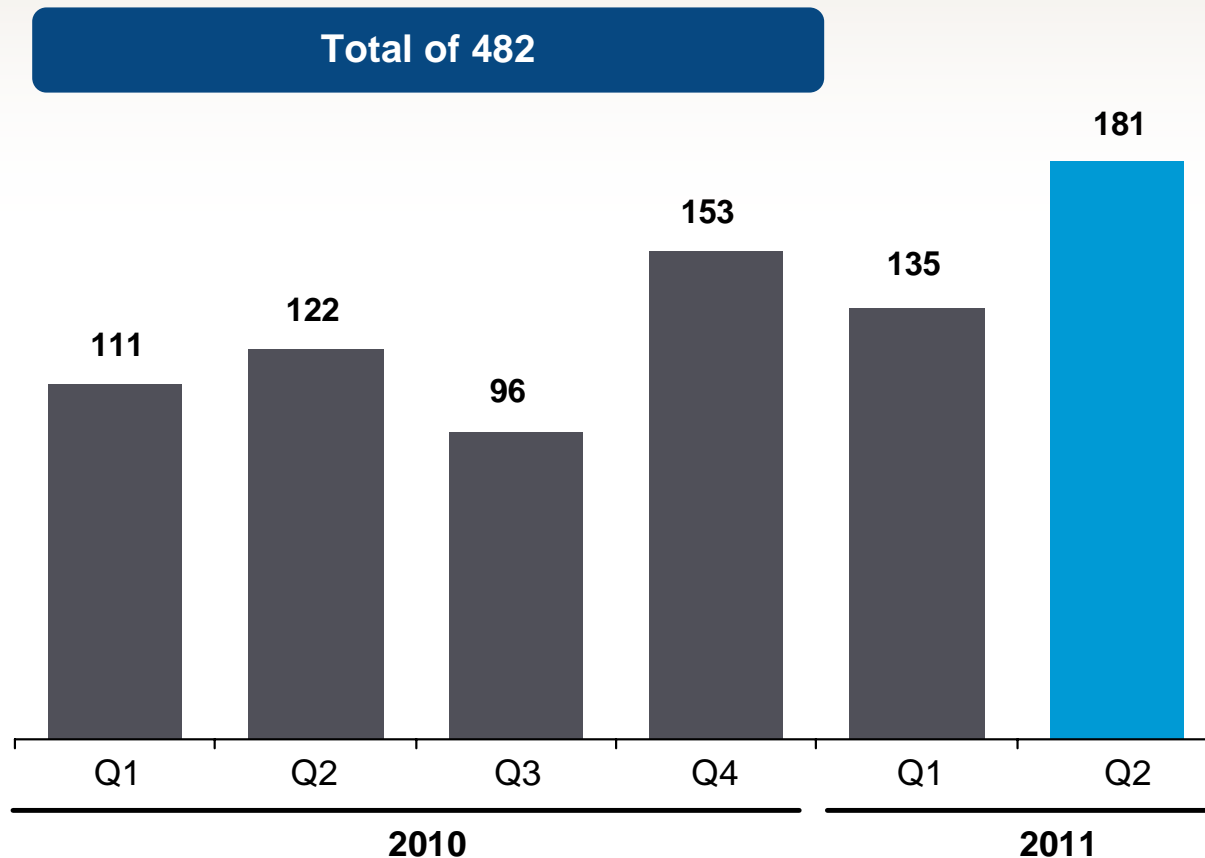
Apartment start-ups in Russia (number)



- In Q2 housing start-ups took place in Moscow region and Yekaterinburg
- Plot acquisitions made in St. Petersburg and Moscow region
- Versatile plot portfolio: geographical distribution, customer segments
- Established JV company for precast concrete manufacturing in Moscow region to support growth in the area
- Expansion to city of Serpukhov in Moscow region

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

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



- Demand in the residential market is increasing in the Baltic countries, the Czech Republic and Slovakia
- Moderate price development
- Start-ups in Estonia, Latvia and the Czech Republic in Q2
- Sales volumes improved in all countries: in Q2 YIT sold 99 apartments (Q2/10:15)
- Relatively low volumes still hurt segment's profitability especially in the Baltic countries

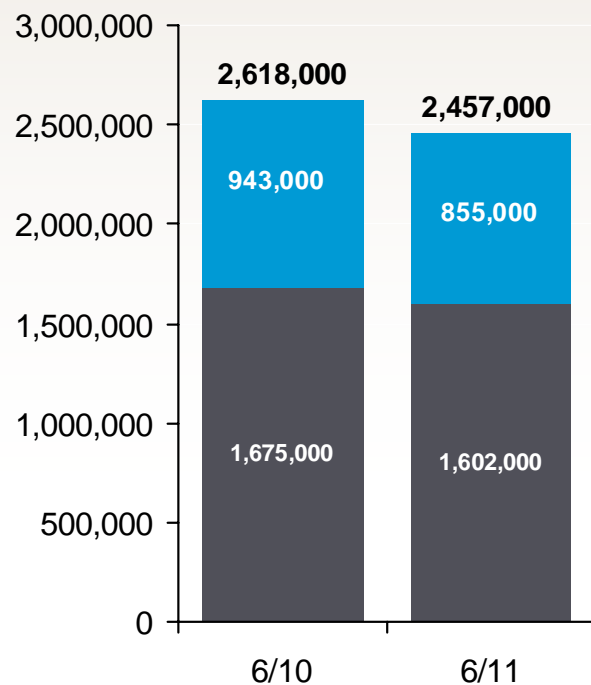
# Capital invested in plot reserves

at the end of June 2011

## Finland

6/10: EUR 289 million  
6/11: EUR 293 million

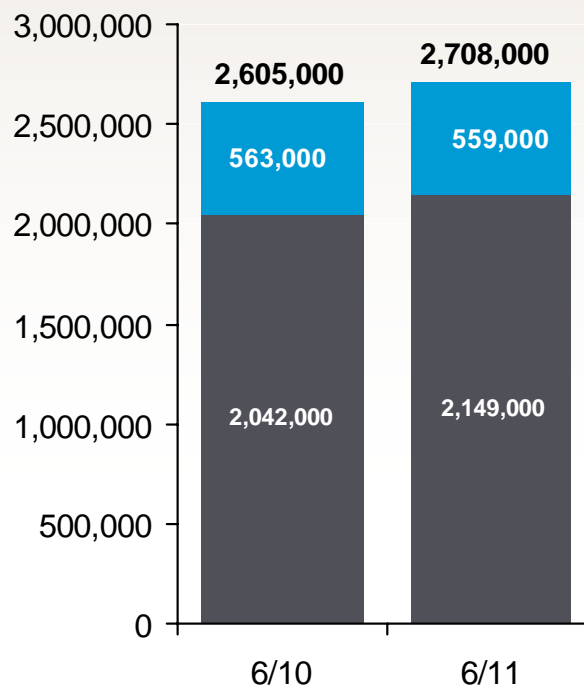
Floor area, m<sup>2</sup>



## Russia

6/10: EUR 218 million  
6/11: EUR 288 million

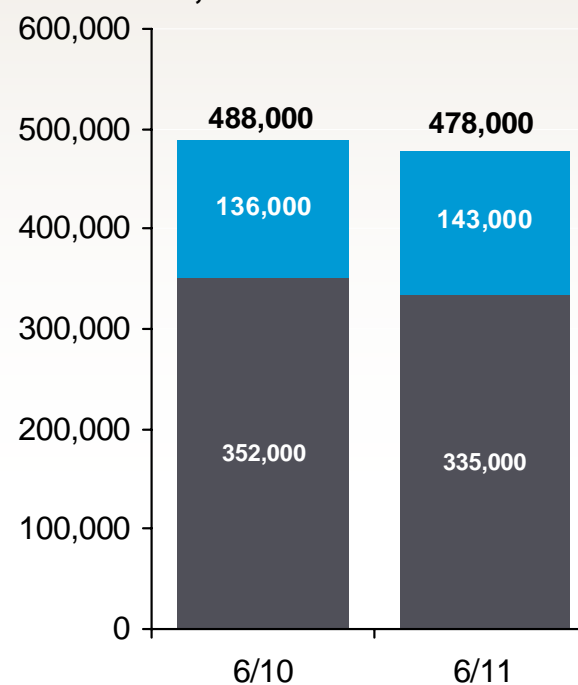
Floor area, m<sup>2</sup>



## The Baltic countries, Slovakia and the Czech Republic

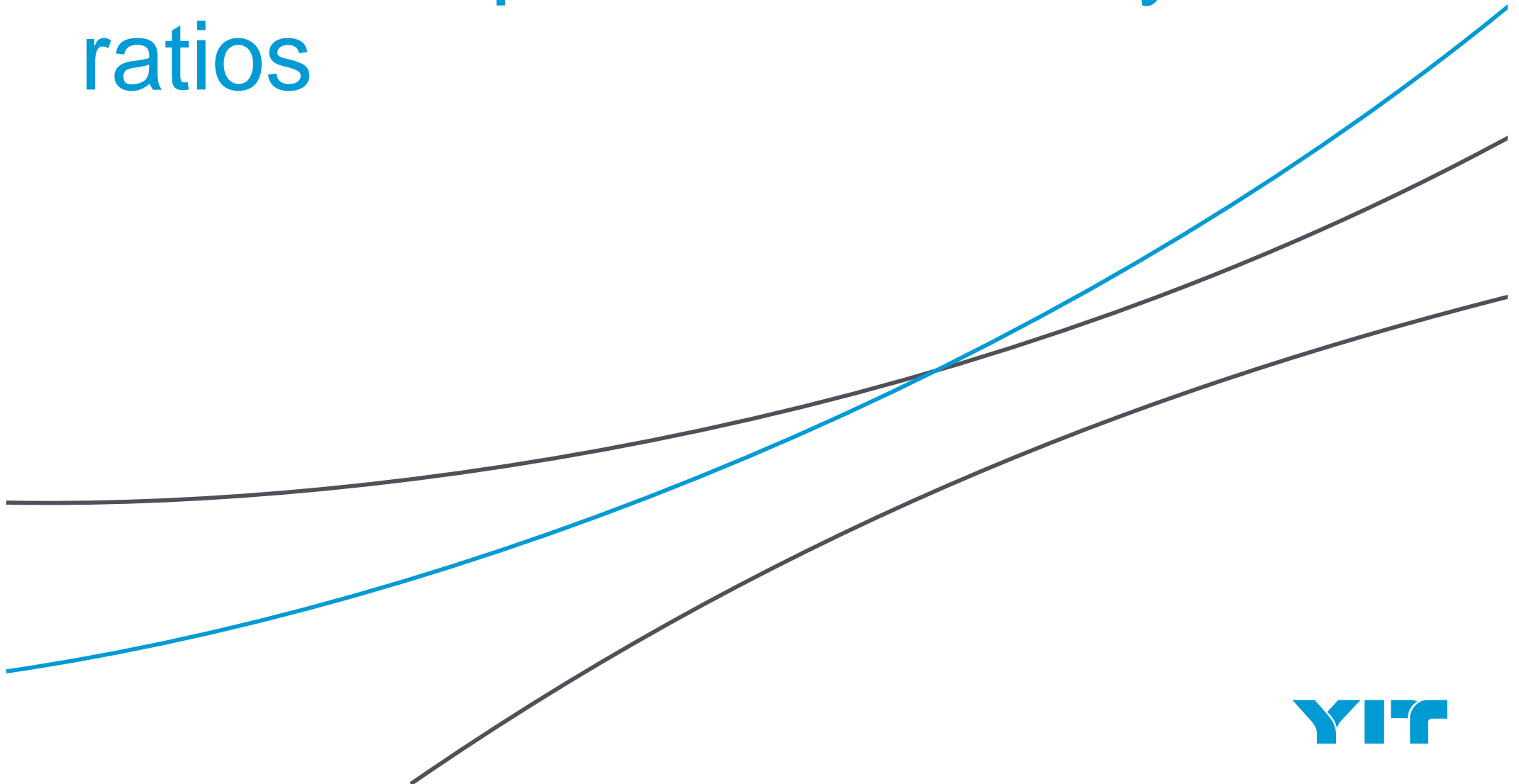
6/10: EUR 76 million  
6/11: EUR 83 million

Floor area, m<sup>2</sup>



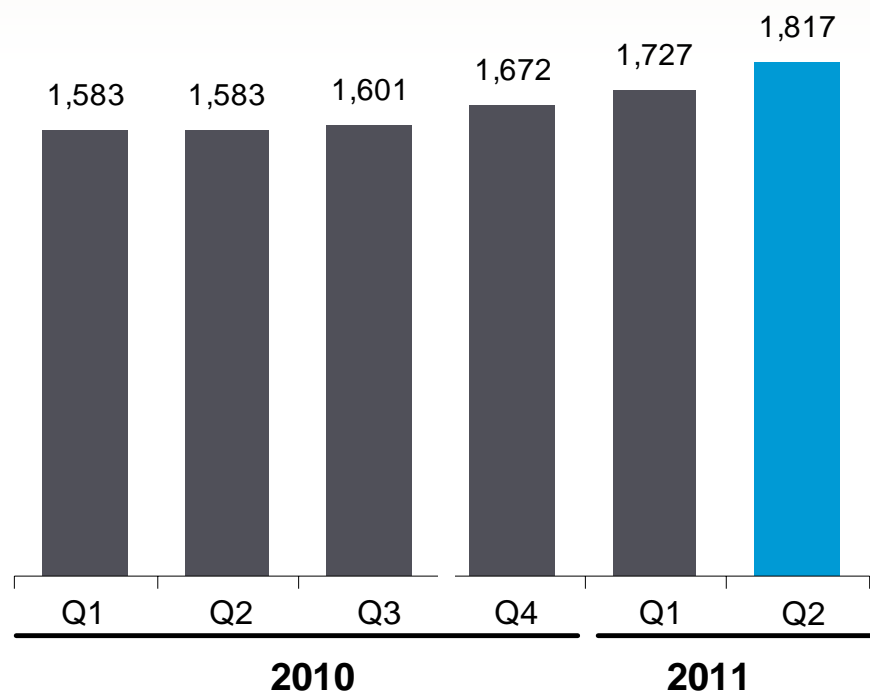
■ Business premises plots ■ Residential plots

# Financial position and key ratios

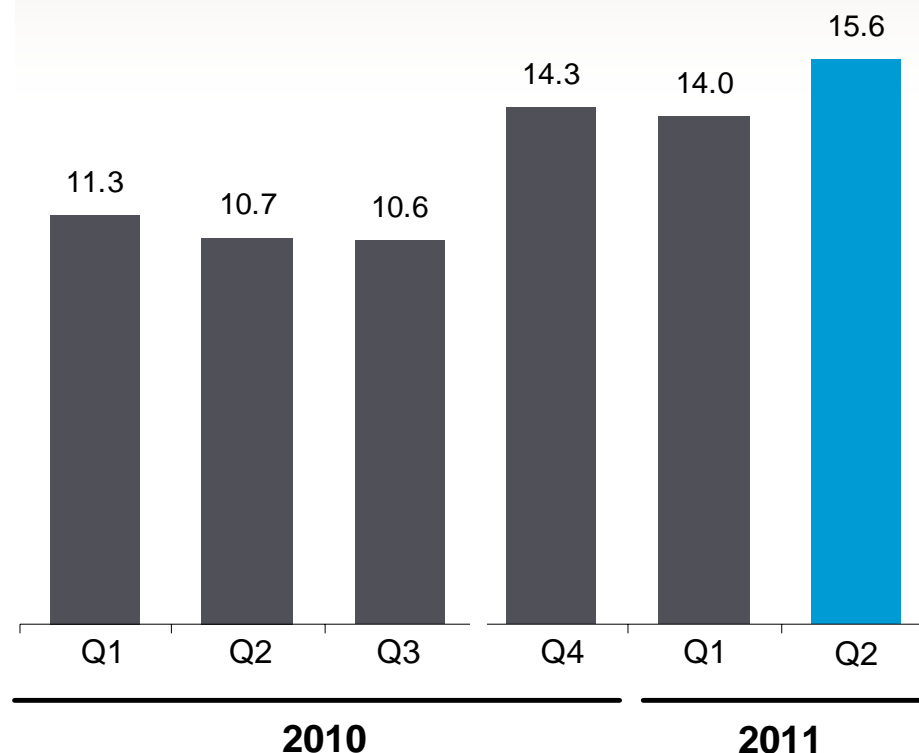


# Improved ROI driven by higher profit

**Invested capital**  
EUR million



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



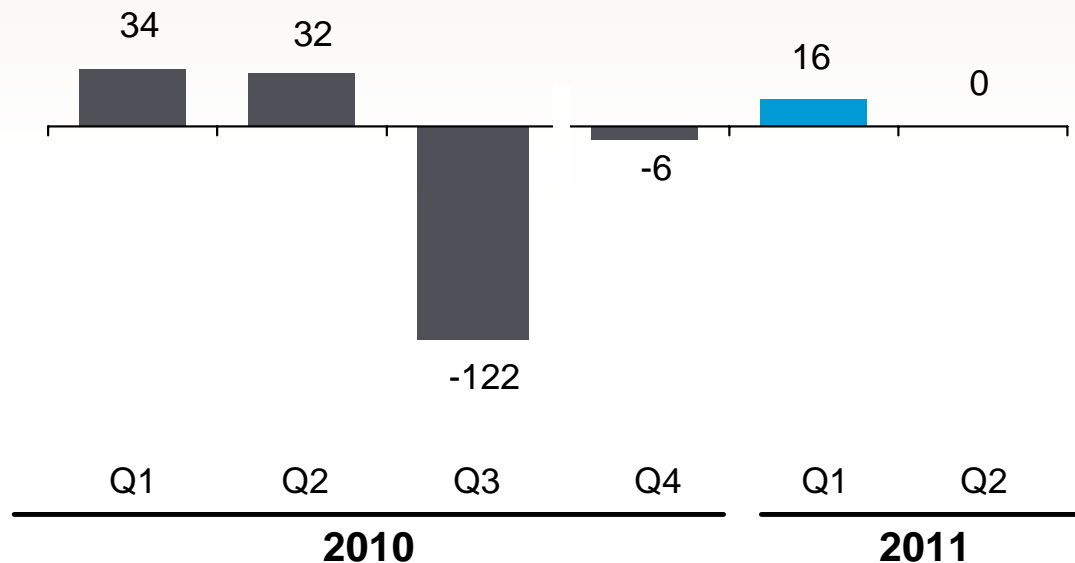
All figures based group reporting (IFRIC 15)

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

# Cash flow positive in H1

## Operating cash flow after investments (EUR million)

2010: EUR -62 million



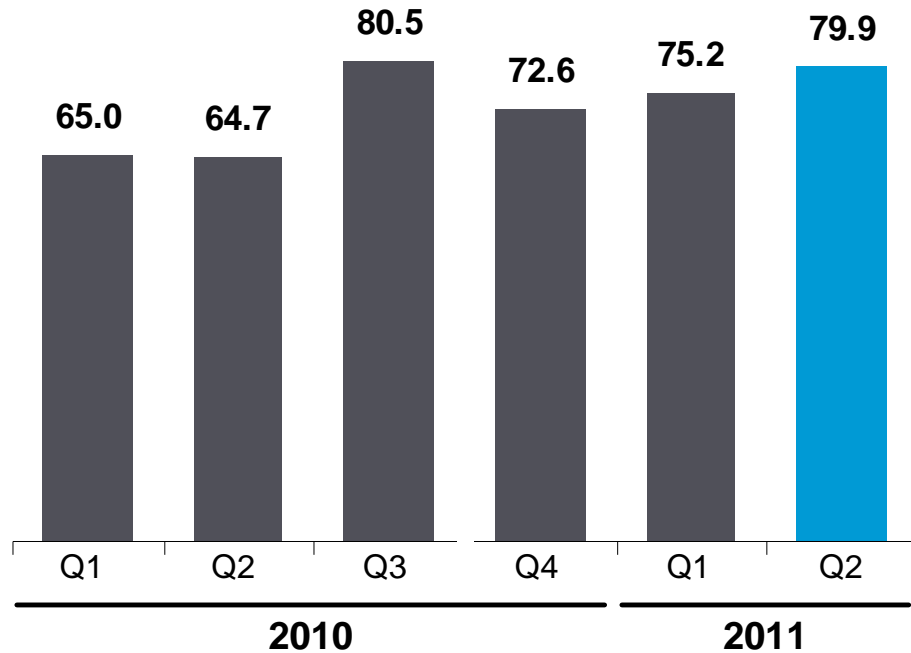
All figures based group reporting (IFRIC 15)

## Investments to support growth had an impact on cash flow in Q2

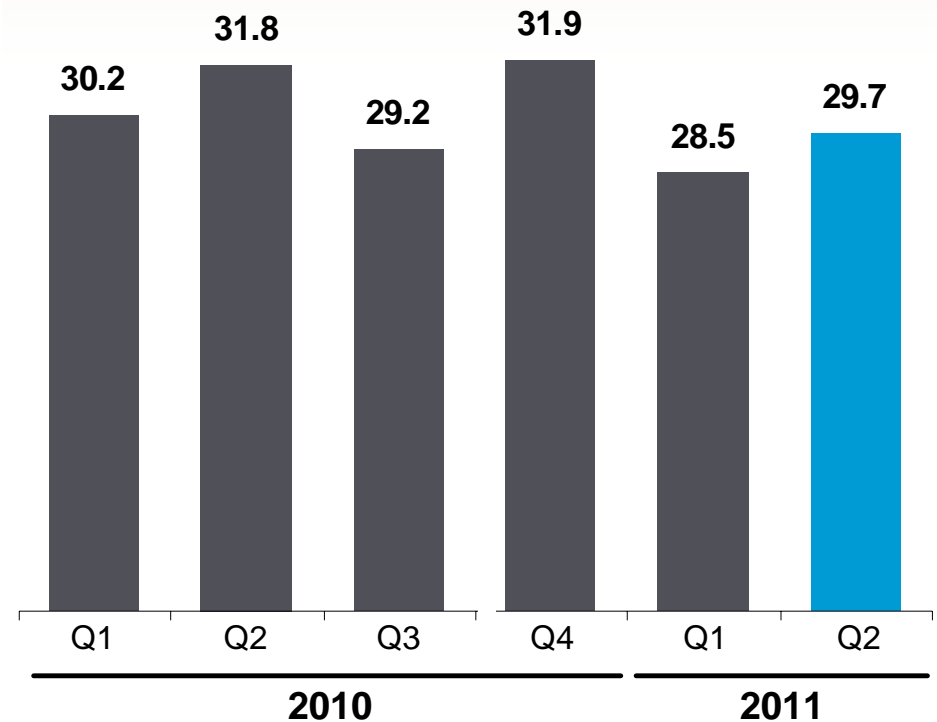
- Increased working capital
  - Plot acquisitions
  - More own developed projects under construction
  - Seasonal increase of receivables in Building Services

# Financial position enables growth strategy execution

**Gearing ratio**  
Percent



**Equity ratio**  
Percent



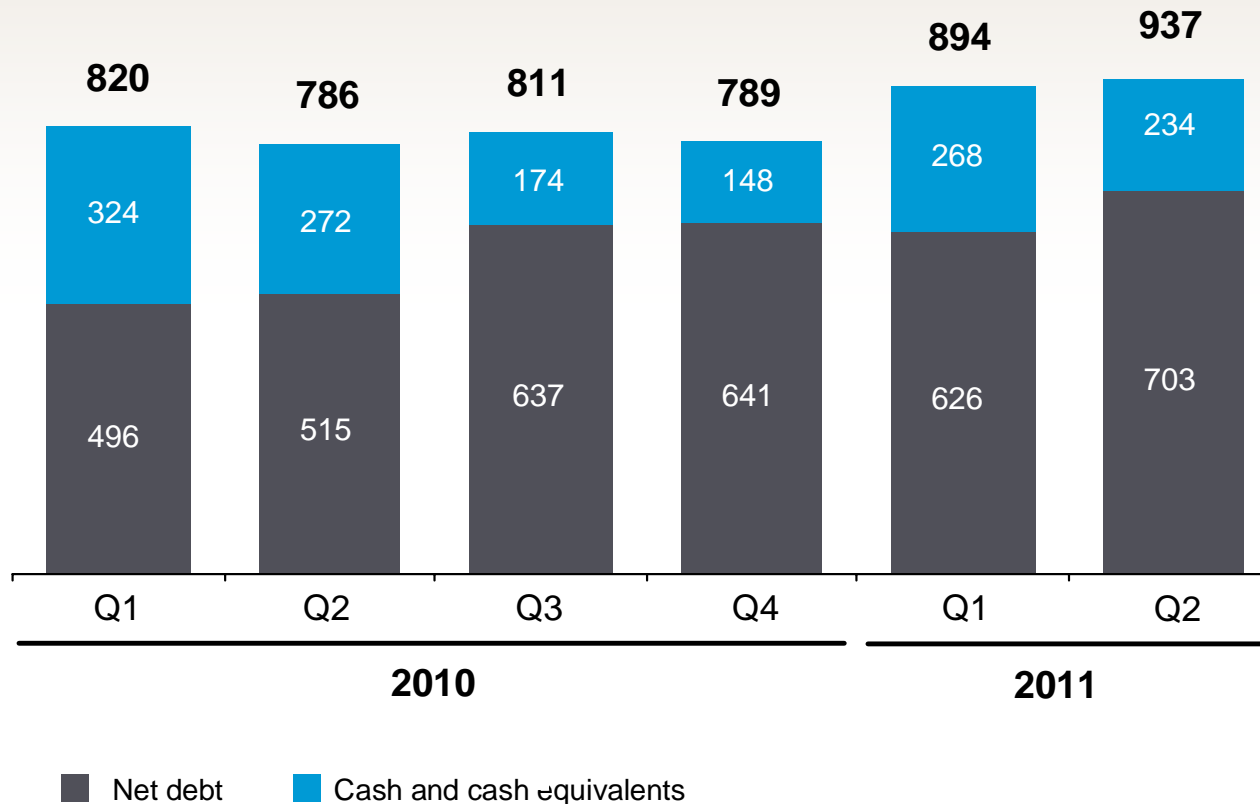
All figures based group reporting (IFRIC 15)

**Strategic target:**  
Equity ratio 35%

# Good financial position

## Versatile financing sources, stable maturity structure

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

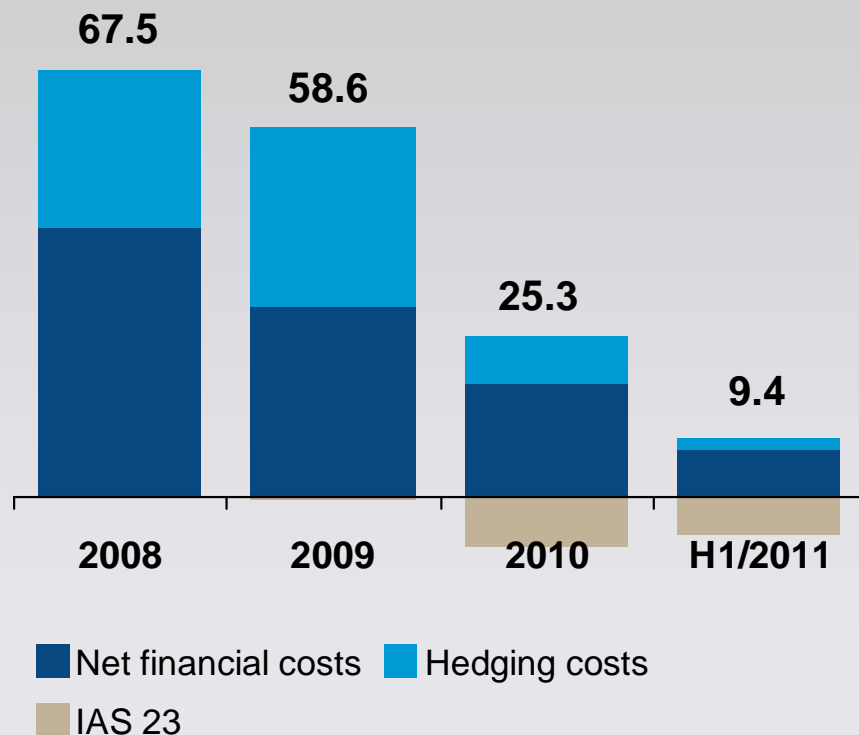


- Dividend of EUR 81 million paid in Q2/11
- Bond issue EUR 100 million in June for institutional and other investors
  - 5 years
  - Bond carries an annual fixed coupon of 4.750 per cent and had an issue price of 99.843 per cent, to give a yield of 4.786 per cent
- Net financial expenses EUR 8.1 million in Q2, after IAS 23 EUR 4.9 million

# Net financial costs decreasing

## Net financial costs

EUR million



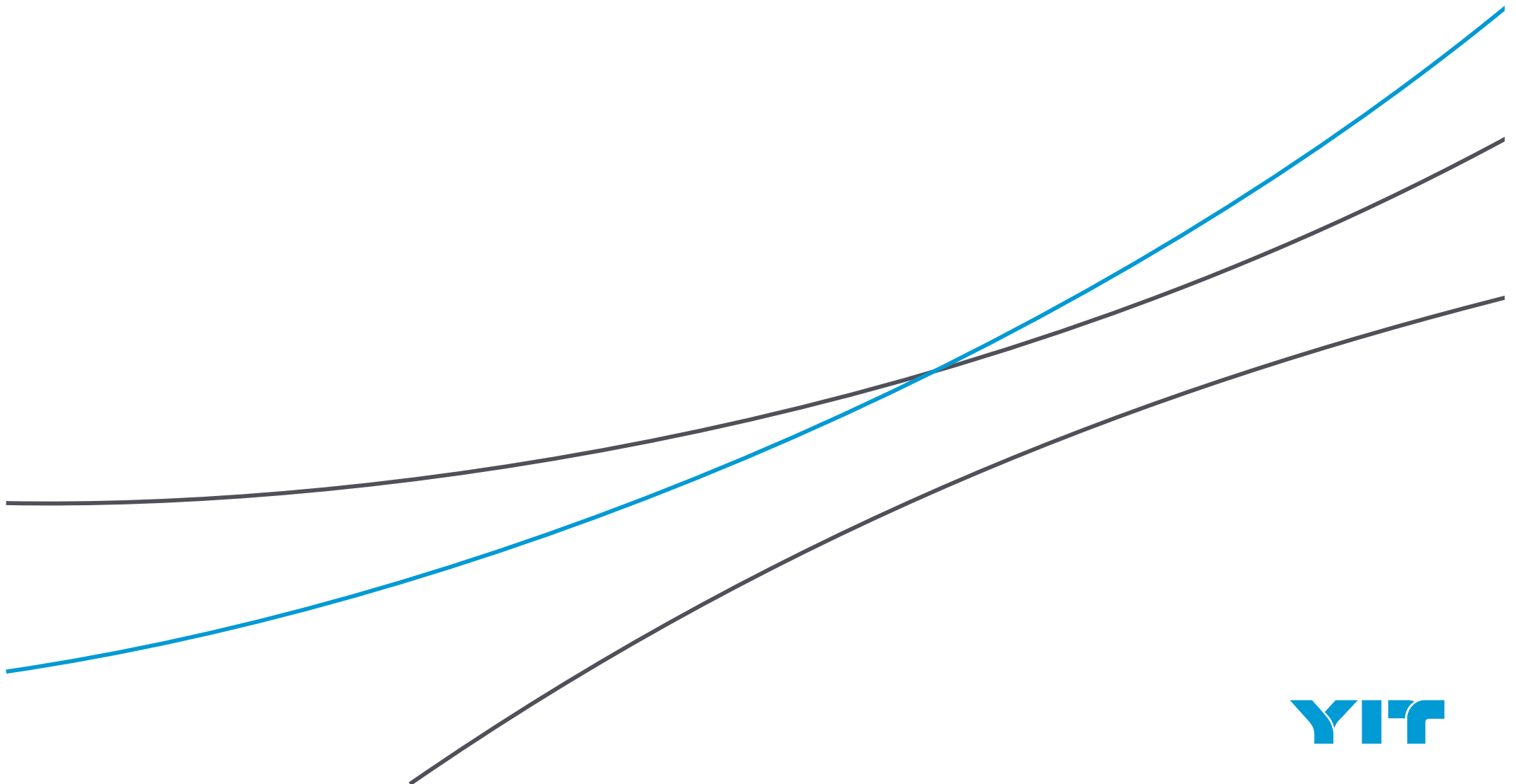
## Main factors impacting the decrease of net financial costs

- Reduction of interest rate difference between rouble and euro  
→ Lower hedging costs
- Bigger IAS 23 booking

## Debt portfolio

- 6/11: EUR 937 million, average interest rate 3.5%
- 12/10: EUR 789 million, average interest rate 3.4%
- 6/10: EUR 786 million, average interest rate 3.4%

# Future outlook



# Market outlook 2011

## Building Services Northern Europe



**Envac**  
Pipeline systems  
for waste collection

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

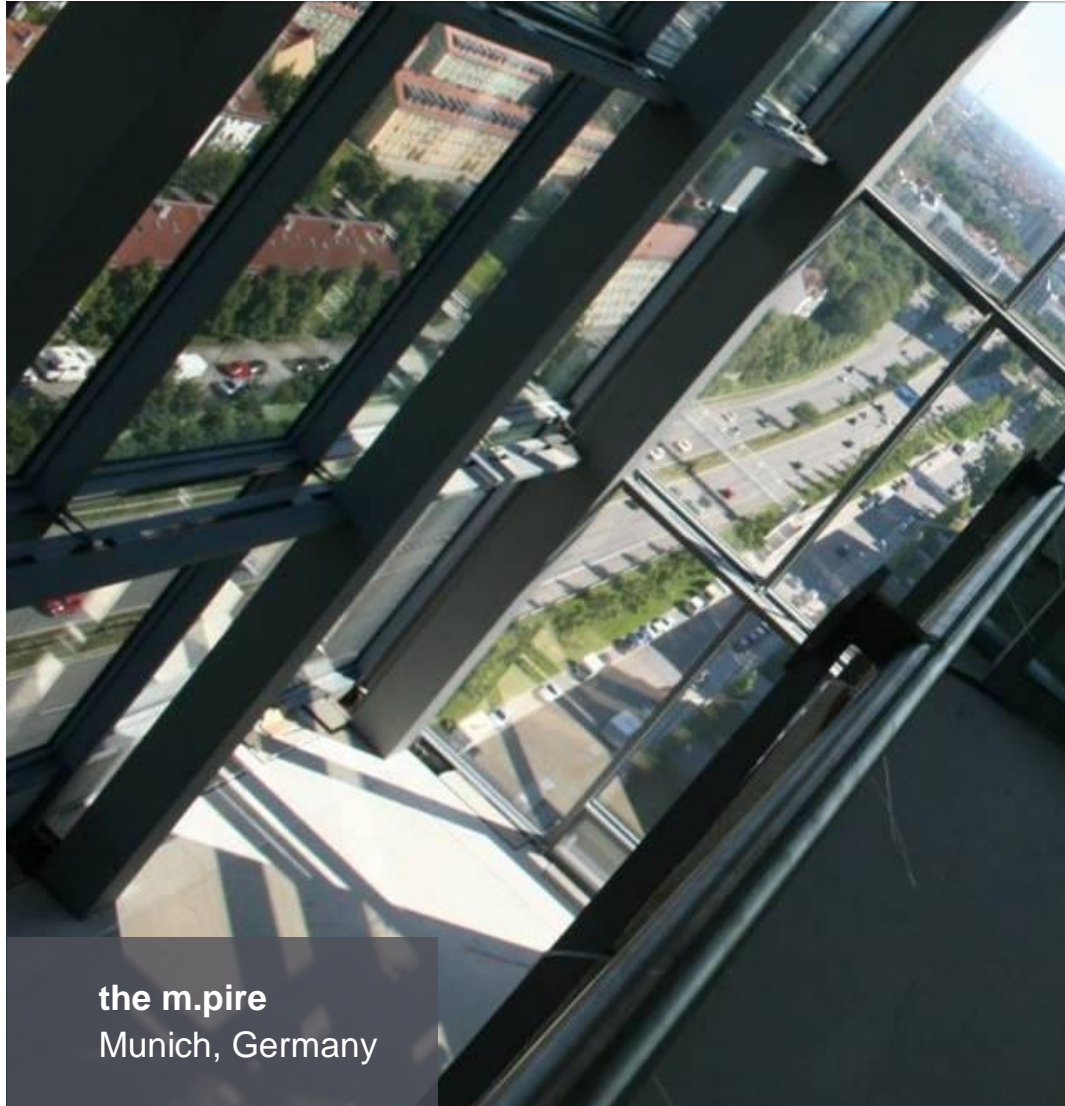
- Good opportunities in all countries in service and maintenance
- New investments in building systems are expected to increase slightly
- High energy prices and tightening legislation supports the demand for energy saving solutions
- Industrial investments in Finland started to increase in 2010 from 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



the m.pire  
Munich, 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 favourable 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



Merihelmi  
Kokkola, Finland

### Residential Construction

- Forecasted housing start-ups 33,500 units in Finland in 2011 (Confederation of Finnish Construction Industries, April 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, migration and demographic factors
- Housing prices expected to increase slightly
- Construction costs increasing

### Business Premises Construction

- Market has improved: 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 investments and delayed decision-making

# Market outlook 2011

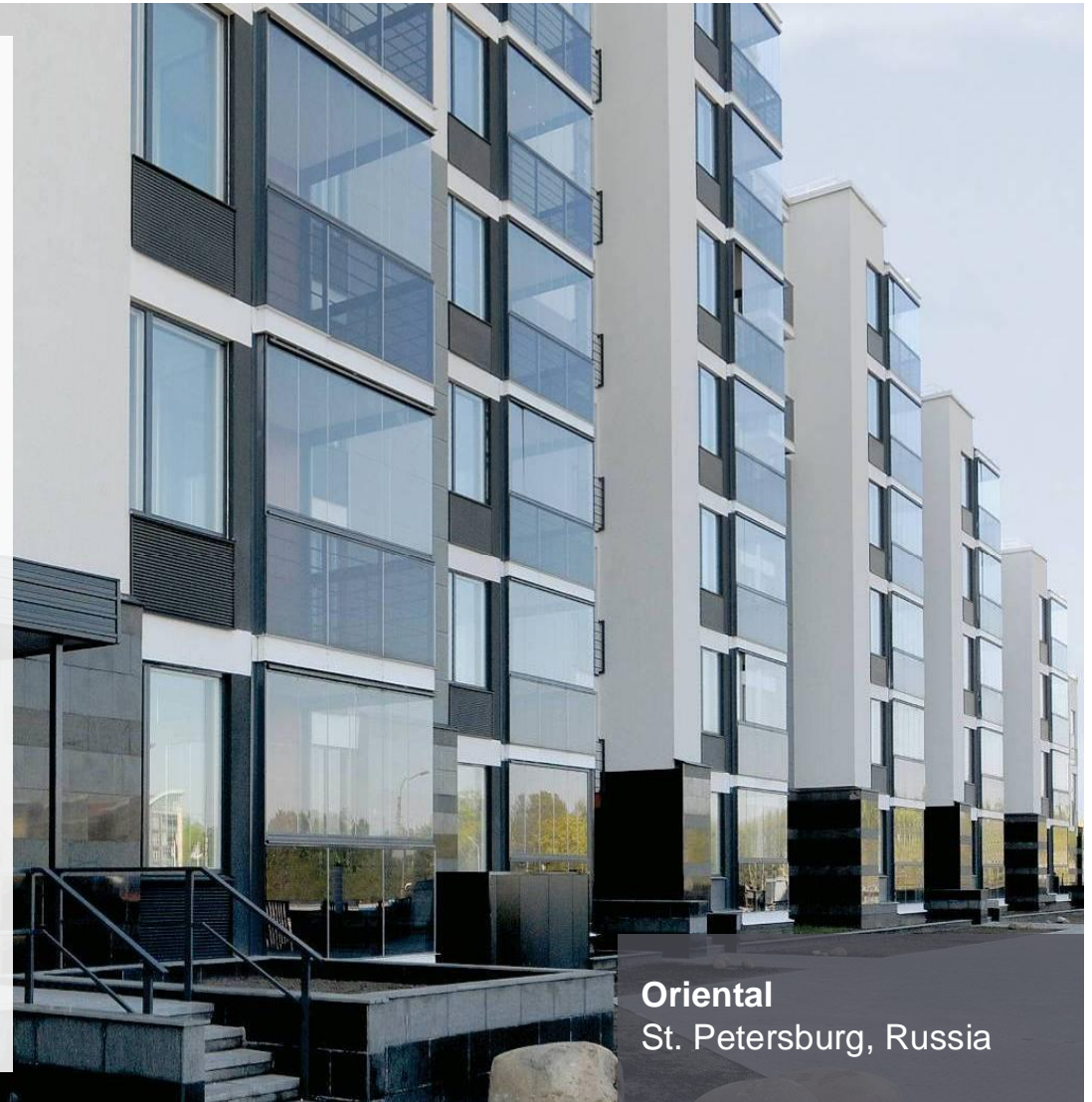
## International Construction Services

### **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 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



**Oriental**  
St. Petersburg, Russia

# Guidance for 2011



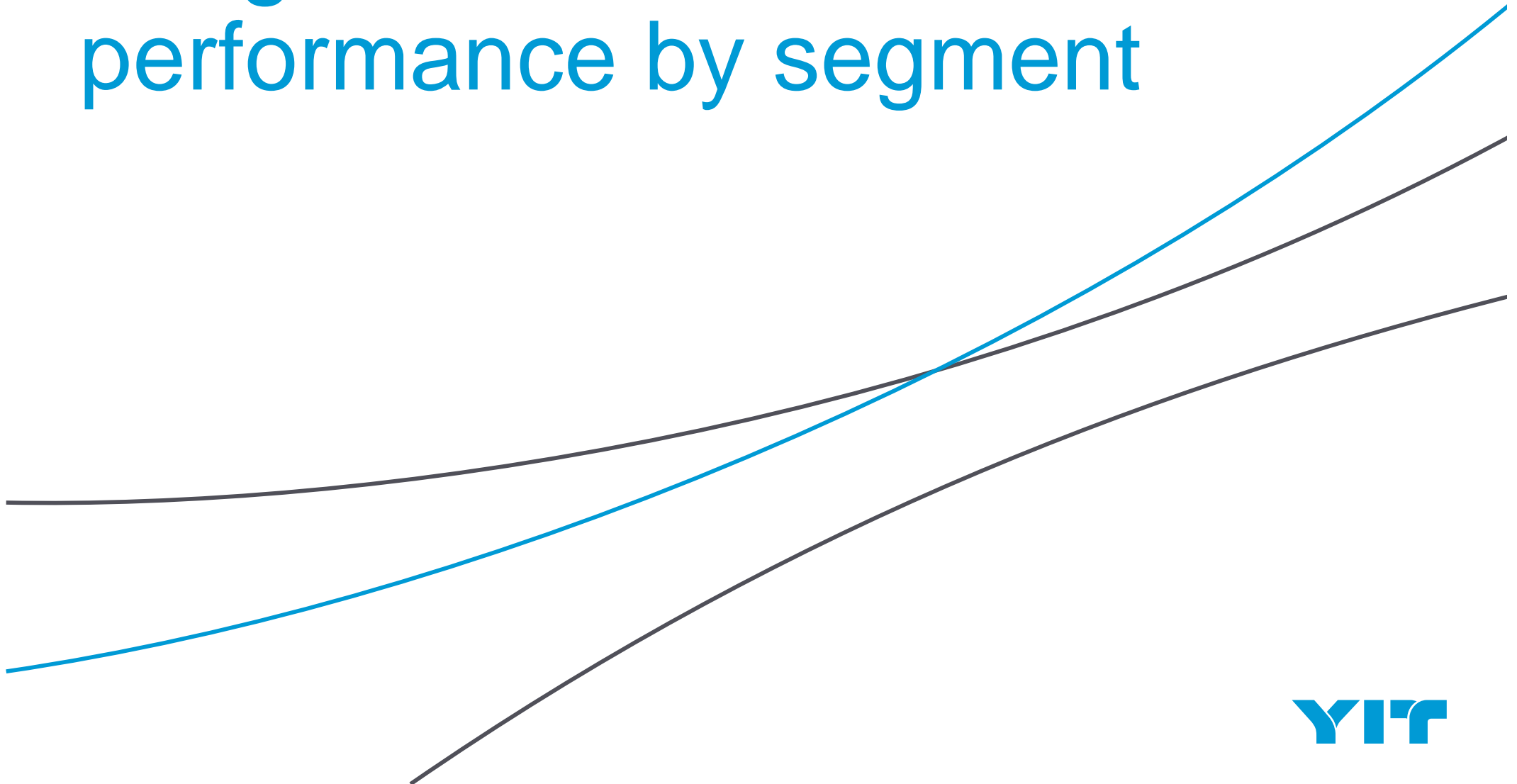
YIT estimates growth in revenue  
and clear growth in operating  
profit in 2011

(Guidance has not been updated since 4.2.2011)

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

**Merenkulkijanranta**  
Helsinki, Finland

# 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

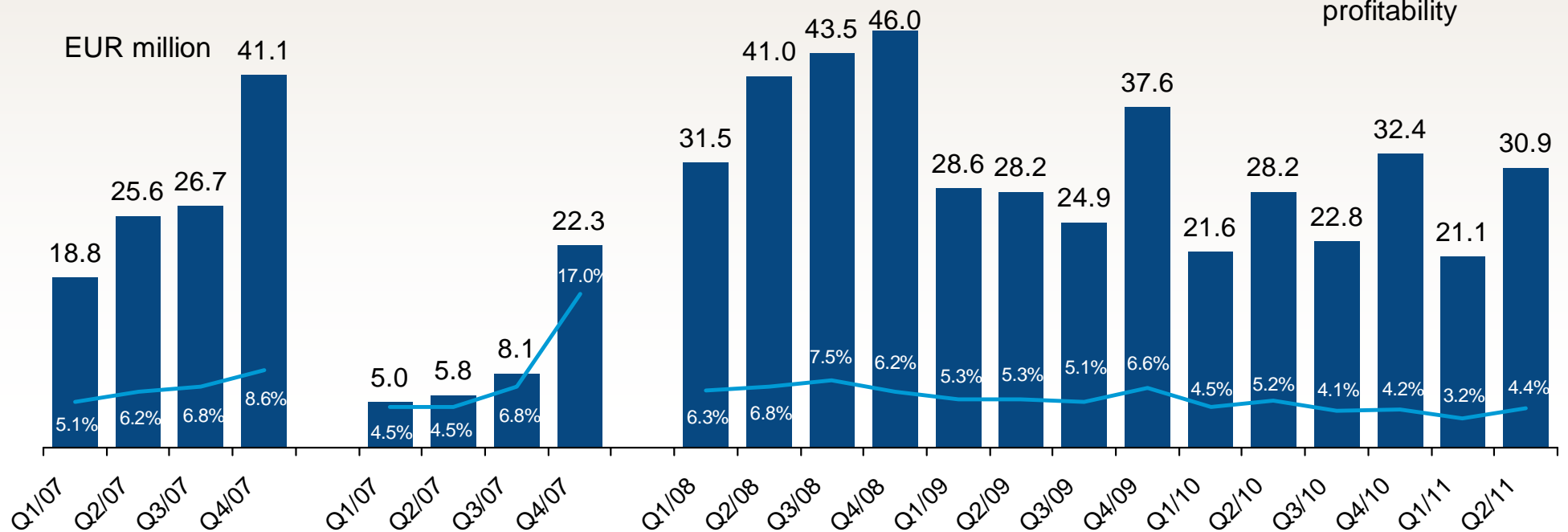
- Good non-residential market supported project demand

### 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

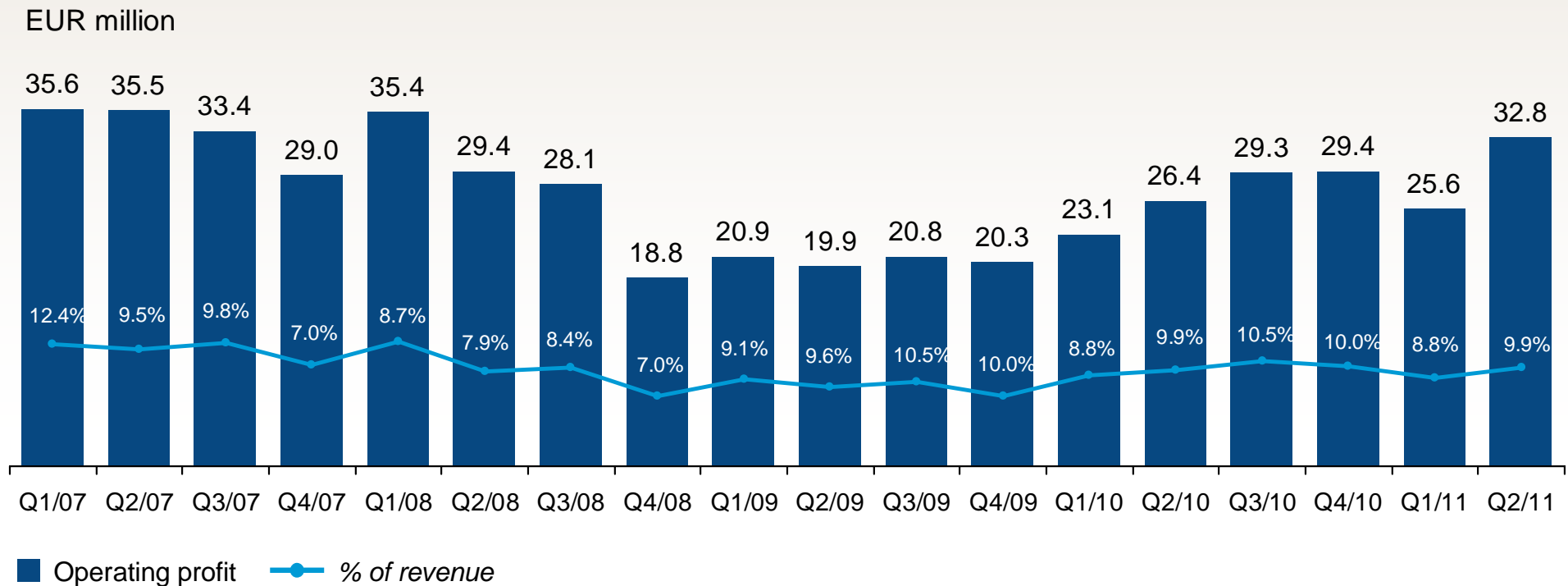
- Focus in investor deals in the residential market
- Weakening non-residential market
- Good performance in infra
- Fixed cost cuts

### 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



# 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

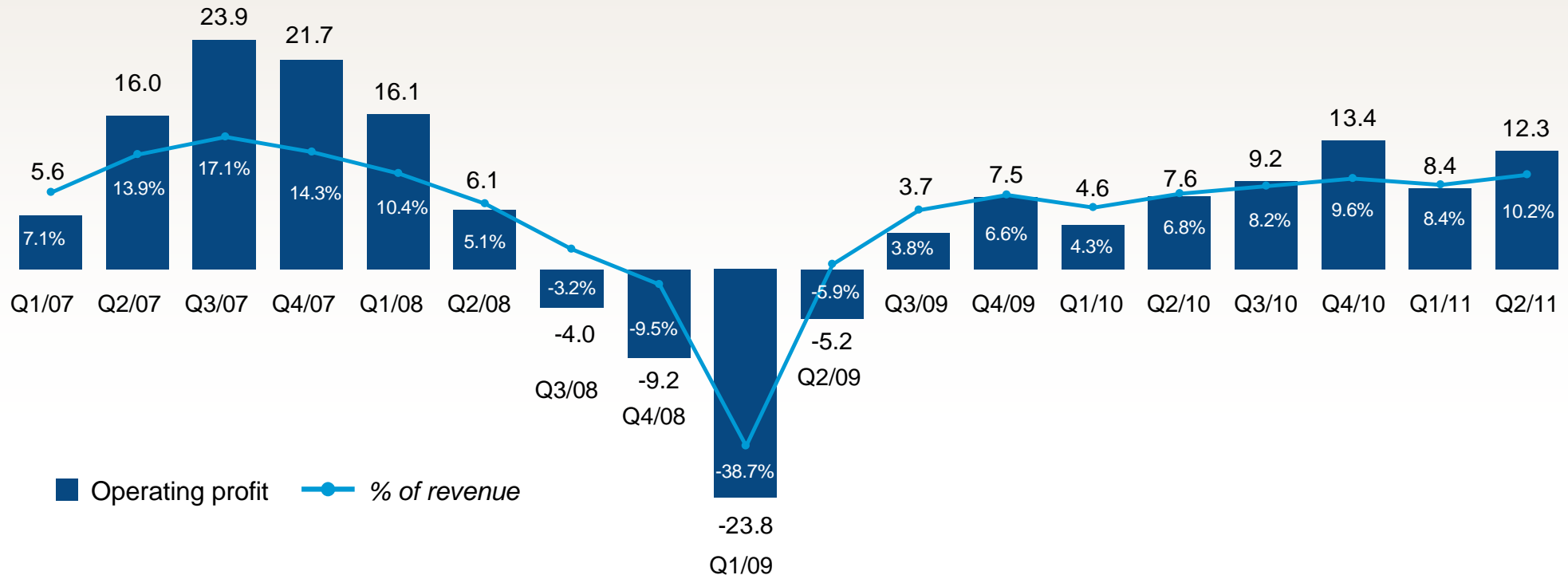
### 2010

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

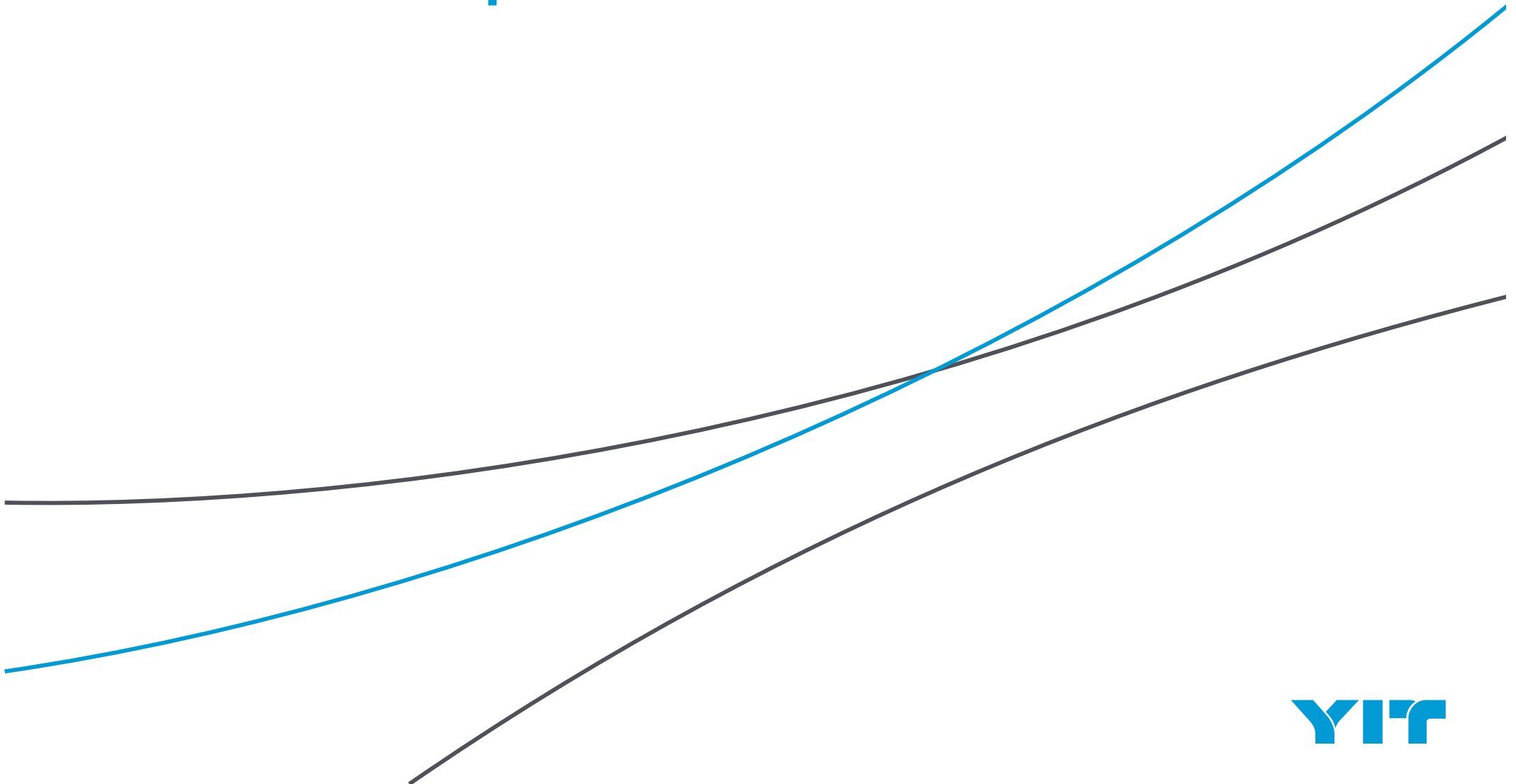
### 2011

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

EUR million



# Ownership



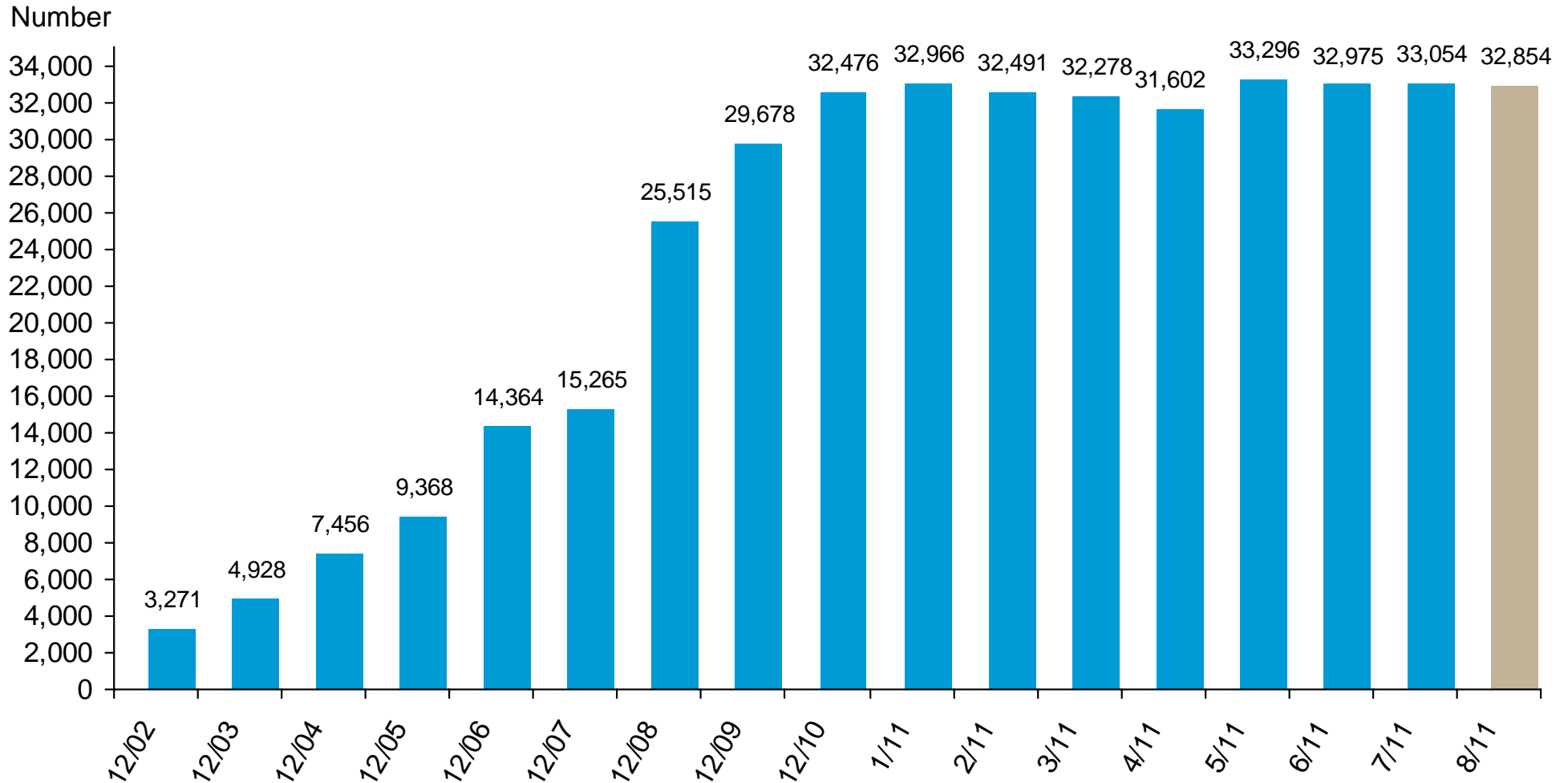
# YIT's major shareholders

on August 31, 2011

Shareholder	Shares	% of share capital
1. Structor S.A.	15,400,000	12.10
2. Varma Mutual Pension Insurance Company	7,886,826	6.20
3. Mandatum Life Insurance Company Limited	5,796,428	4.56
4. Ilmarinen Mutual Pension Insurance Company	3,563,255	2.80
5. YIT Corporation	1,949,614	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. The State Pension Fund	1,434,294	1.13
9. Etera Mutual Pension Insurance Company	1,359,400	1.07
10. Brotherus Ilkka	1,324,740	1.04
Ten largest total	42,259,298	33.22
Nominee registered shares	28,385,586	22.31
Other shareholders	56,578,538	44.47
Total	127,223,422	100.00

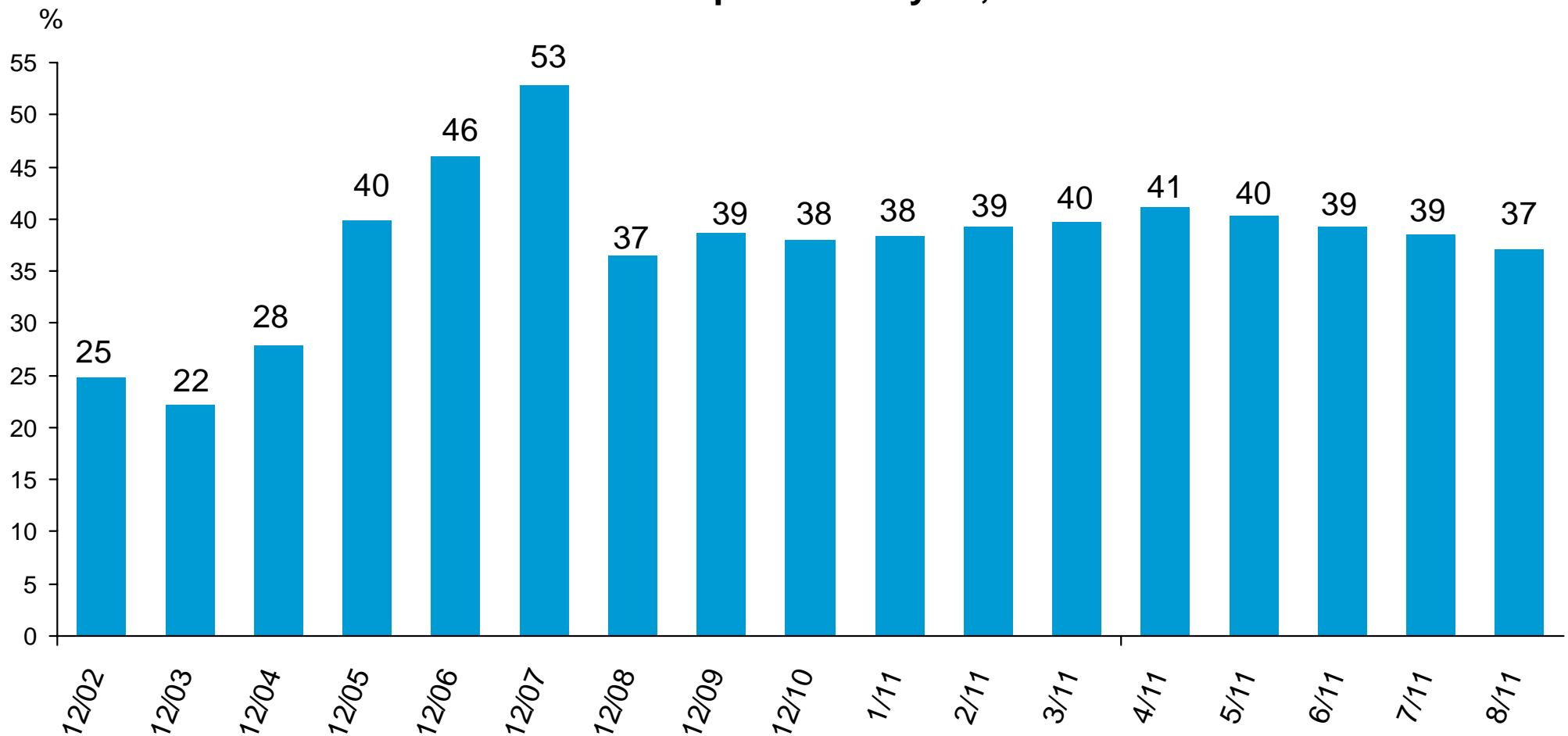
# Almost 33,000 shareholders

on August 31, 2011

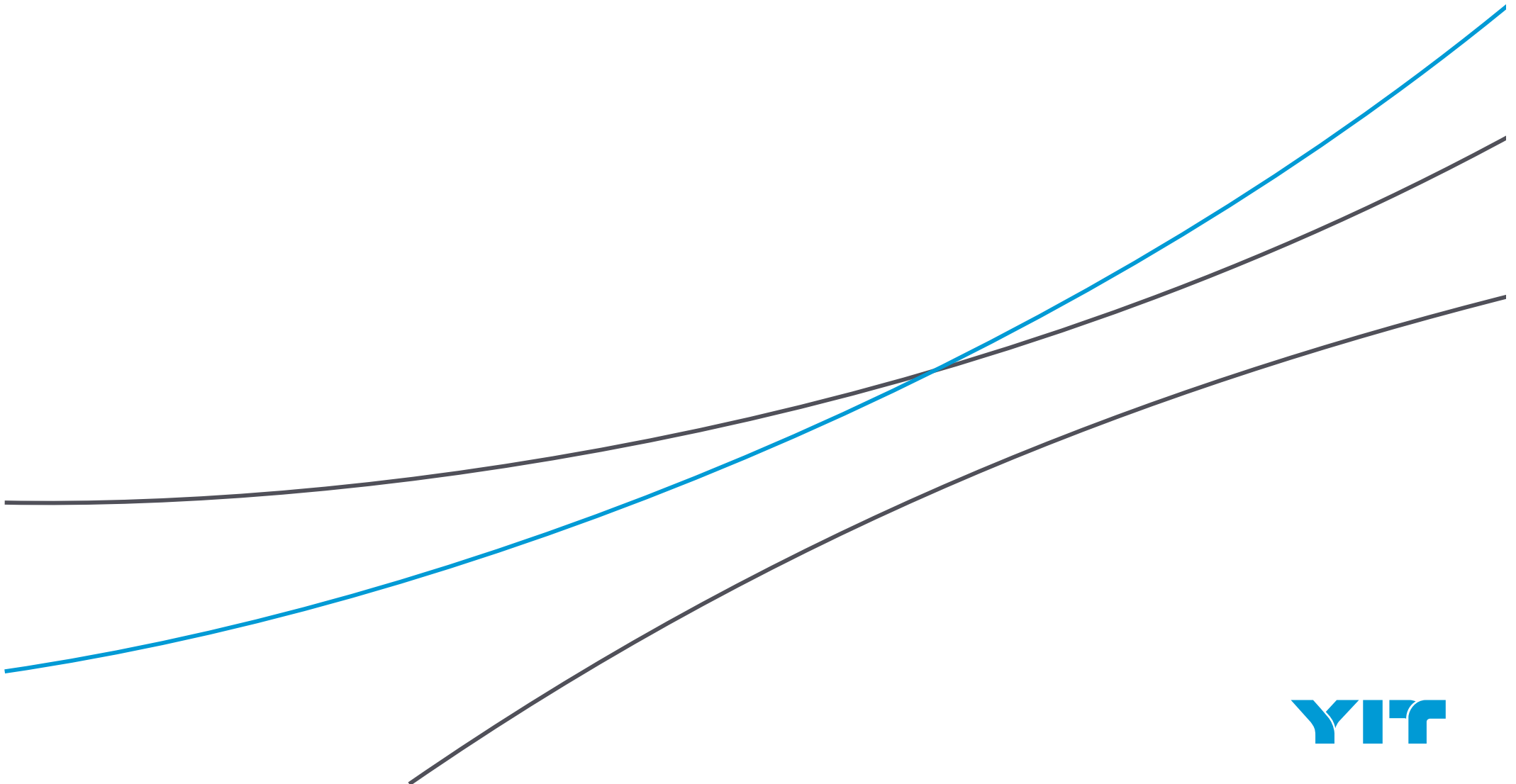


# Approximately 37% of shares in international ownership

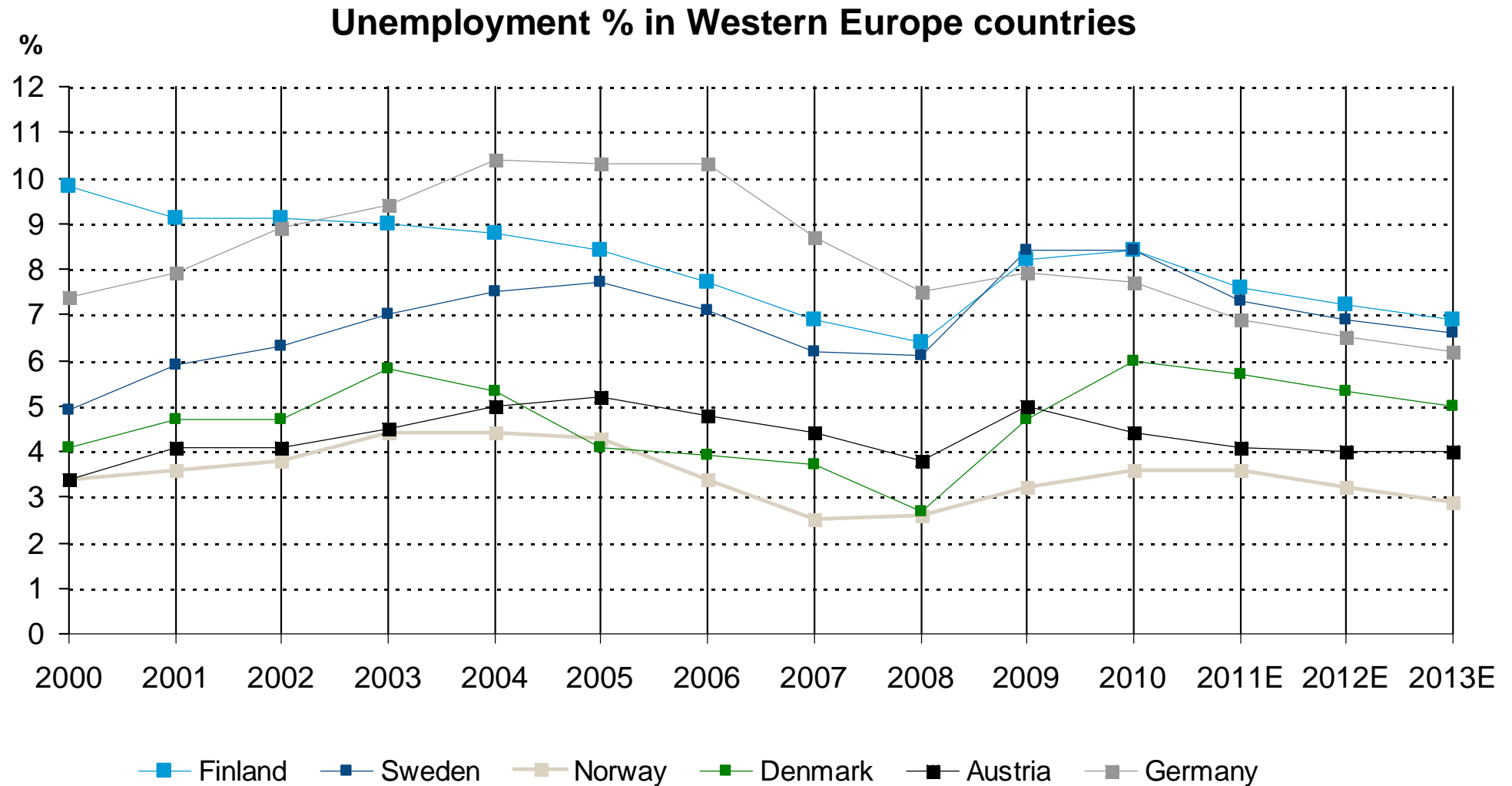
**Non-Finnish ownership,  
% of share capital on July 31, 2011**



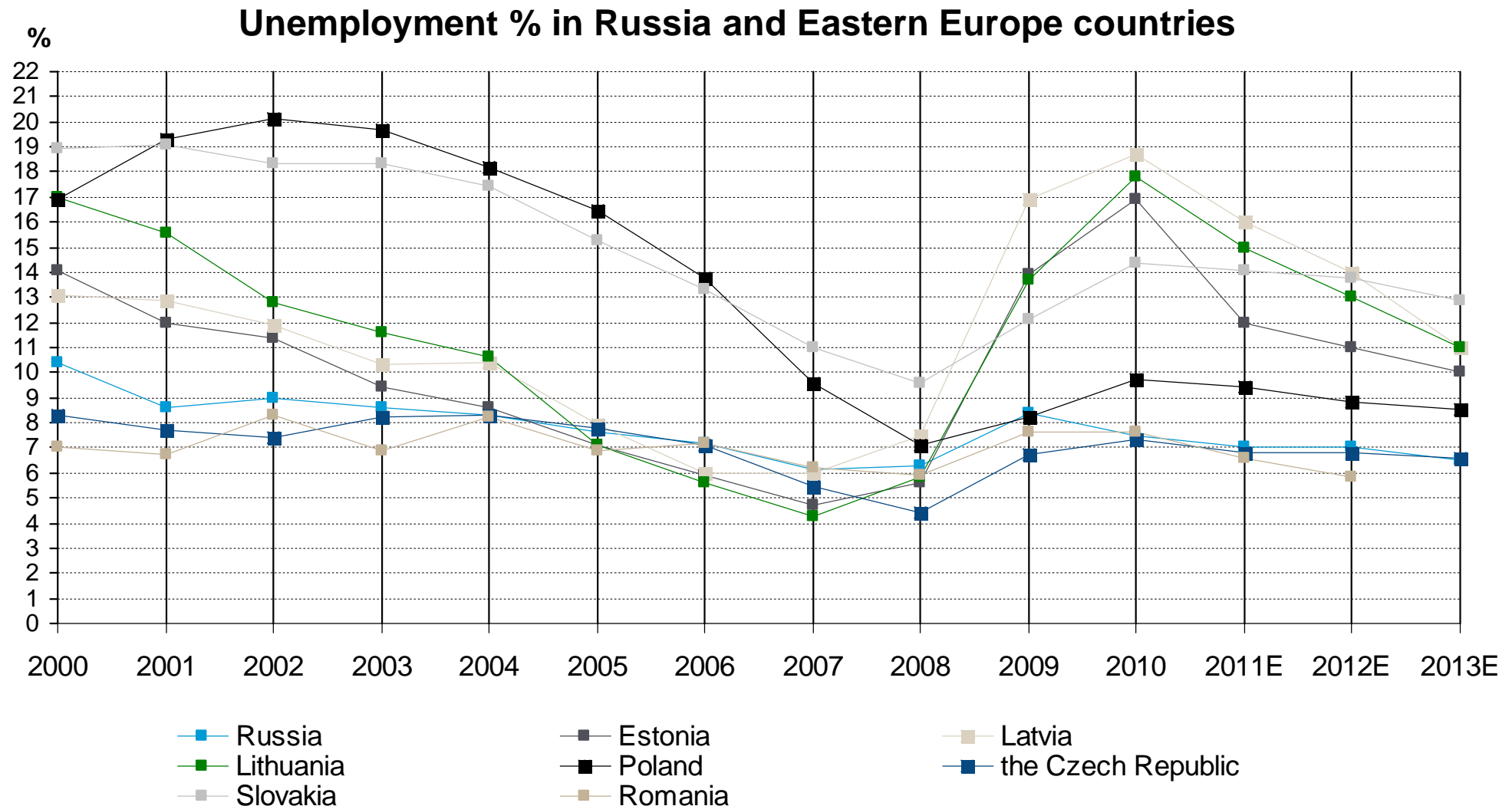
# General economic indicators



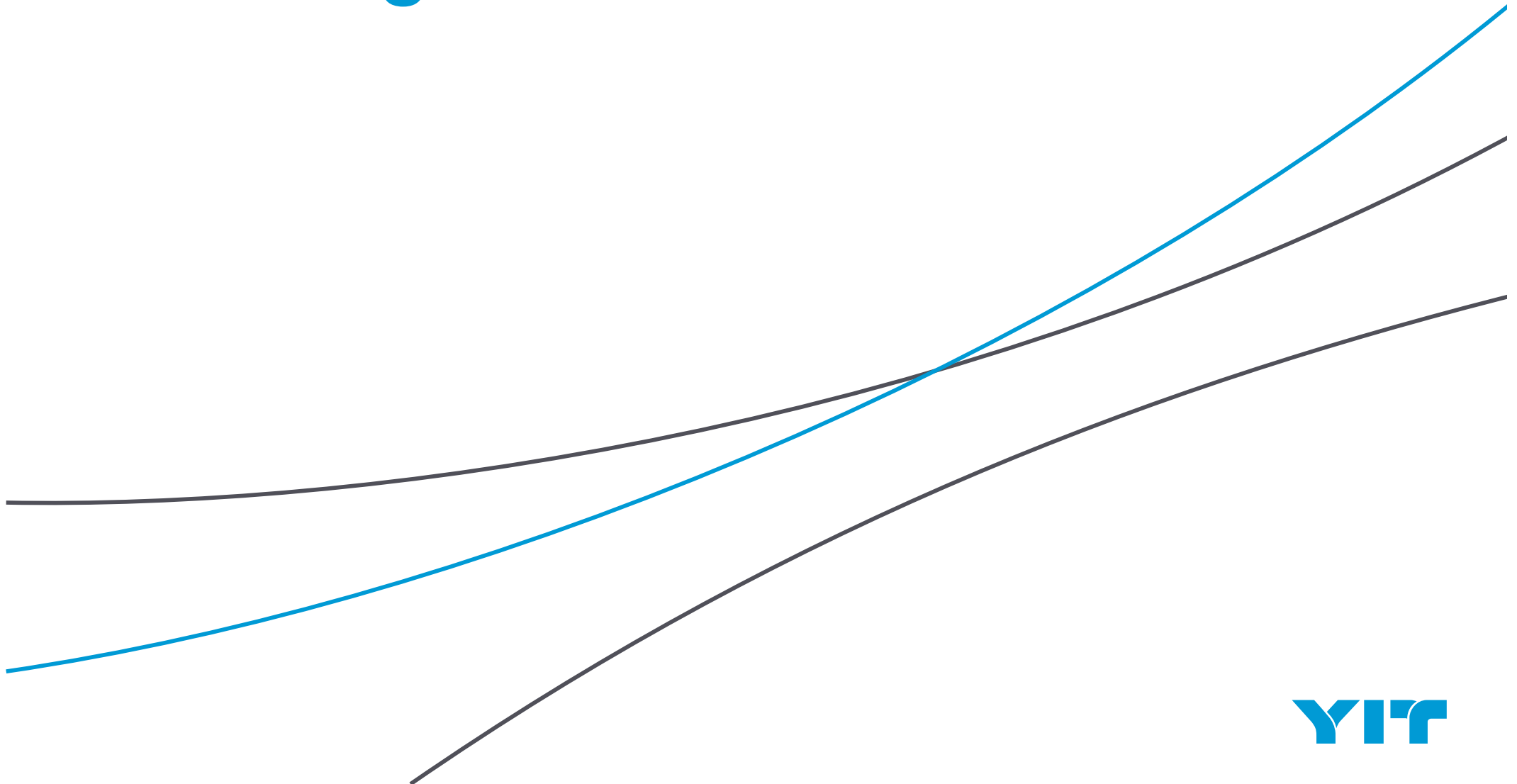
# Unemployment is decreasing in Northern and Central Europe



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

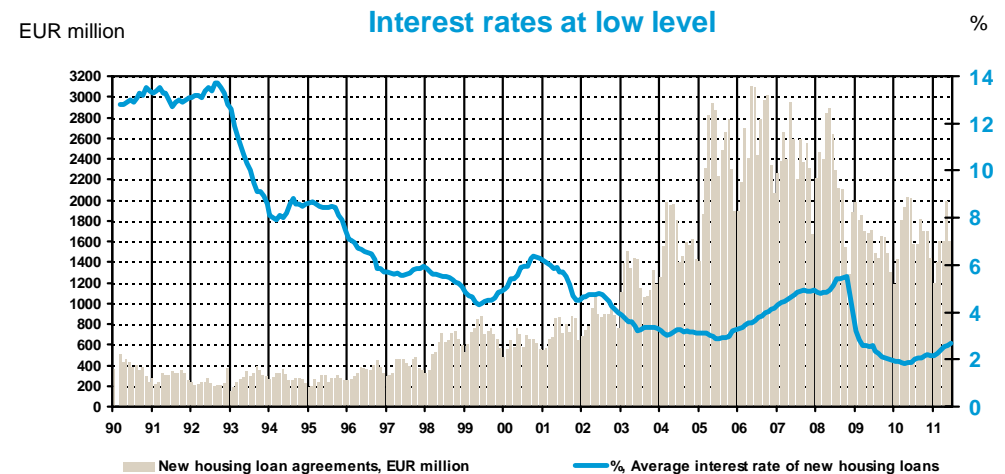
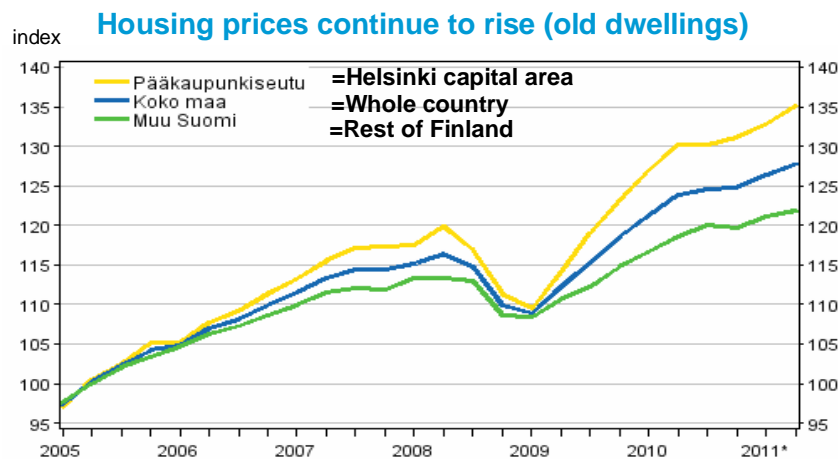
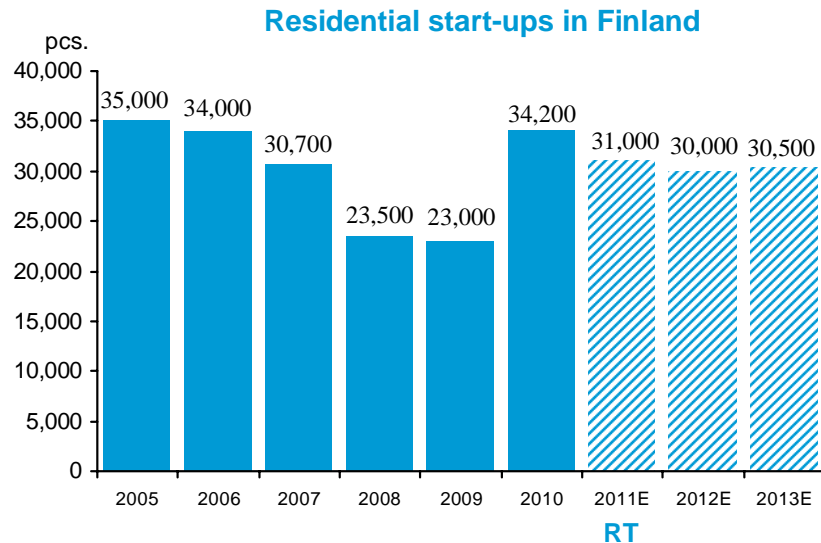


# Housing indicators



# Finland

## Stable demand in the housing market

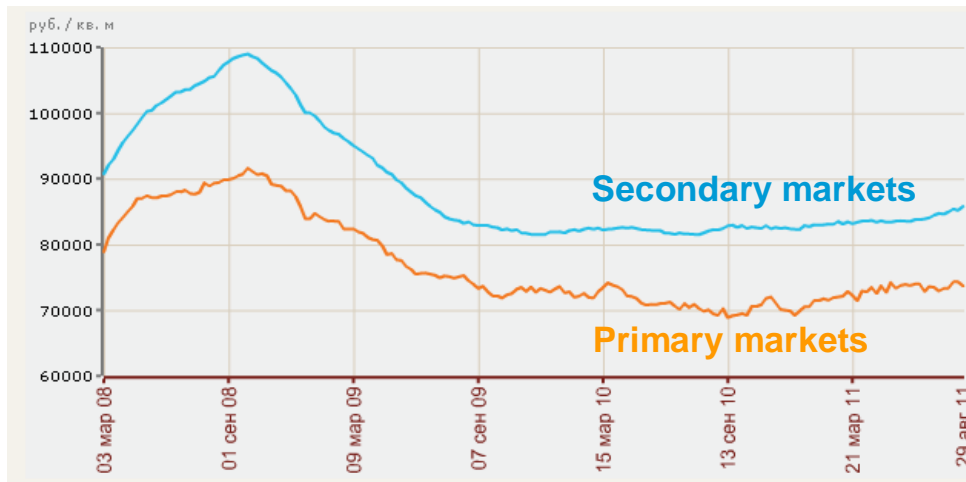


Sources: Residential start-ups: RT August and Euroconstruct June 2011, Consumer confidence: Statistics Finland August 28, 2011, Housing prices: Statistics Finland July 29, 2011 and Interest rates: Central Bank of Finland August 31, 2011

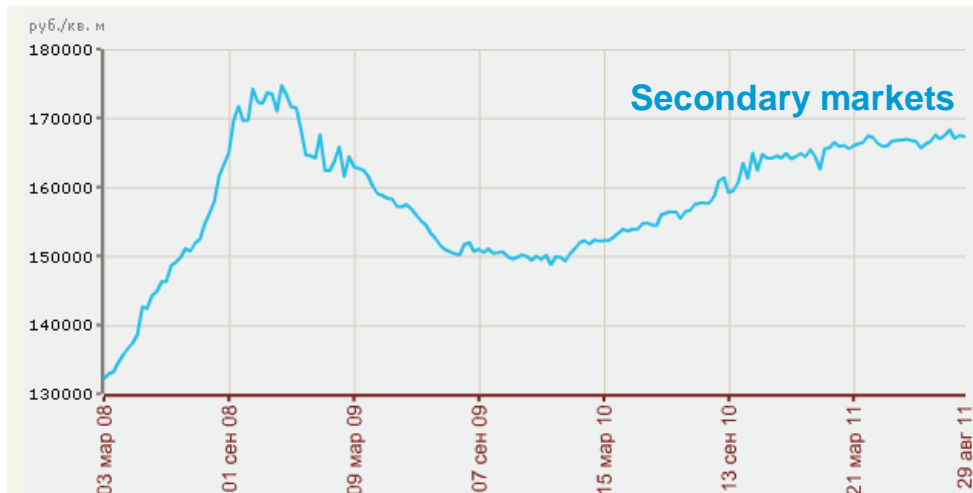
# Russia

## Favourable market conditions for housing

RUB/Square metre Housing prices: St. Petersburg (3/2008-8/2011)



RUB/Square metre Housing prices: Moscow (3/2008-8/2011)

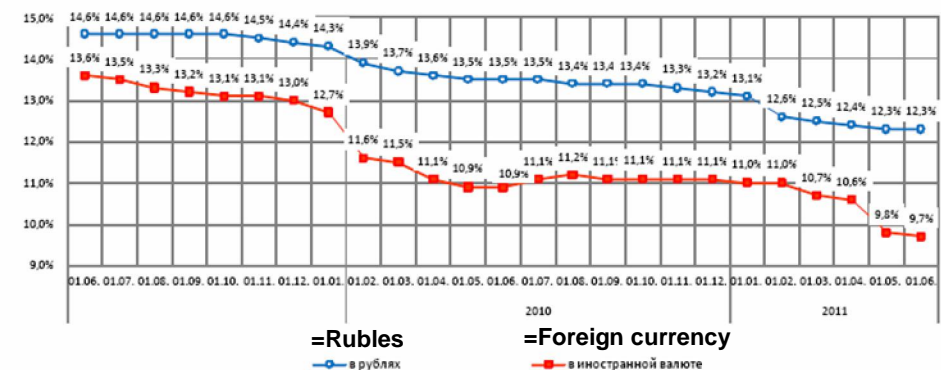


Price of Urals oil in Russia



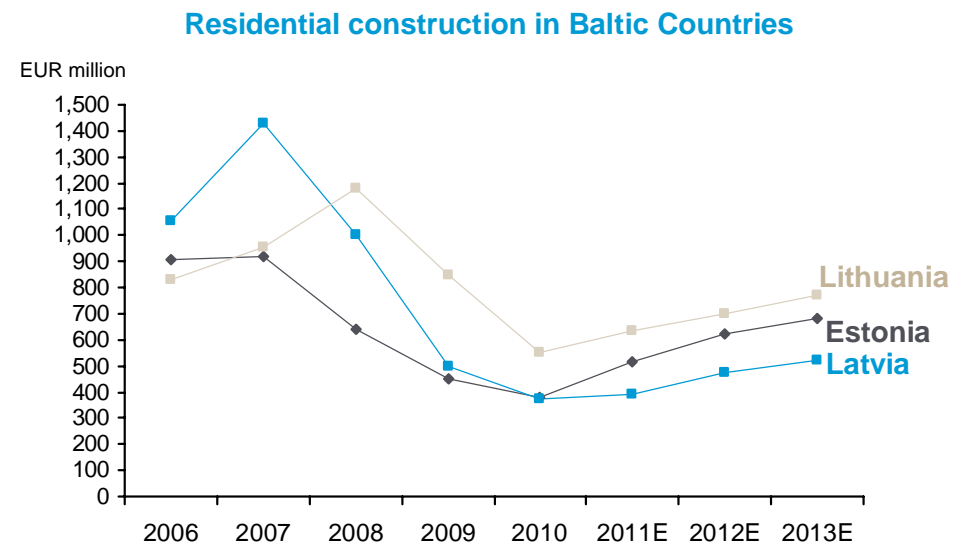
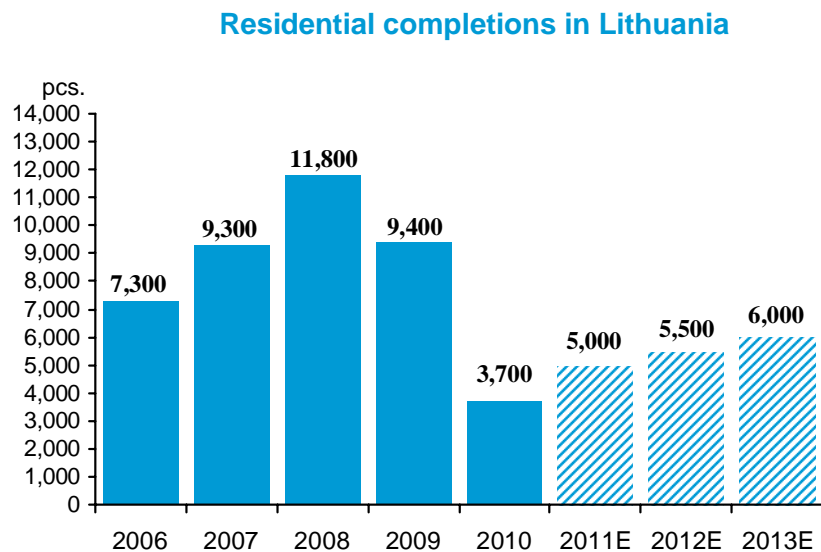
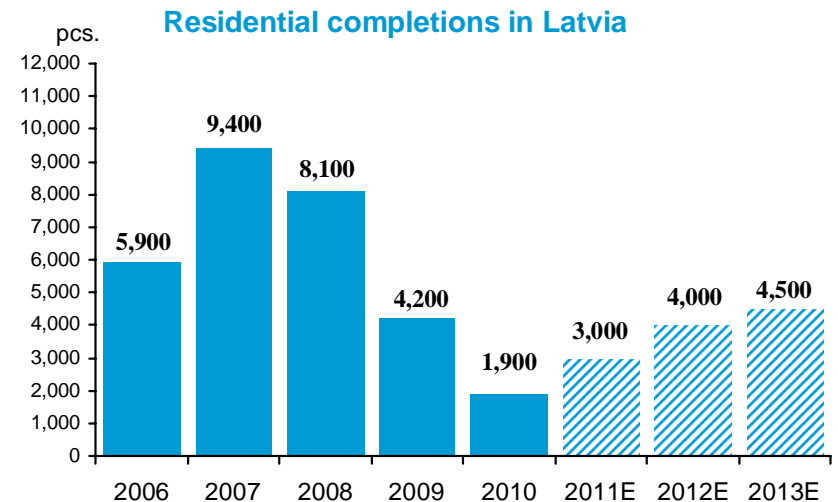
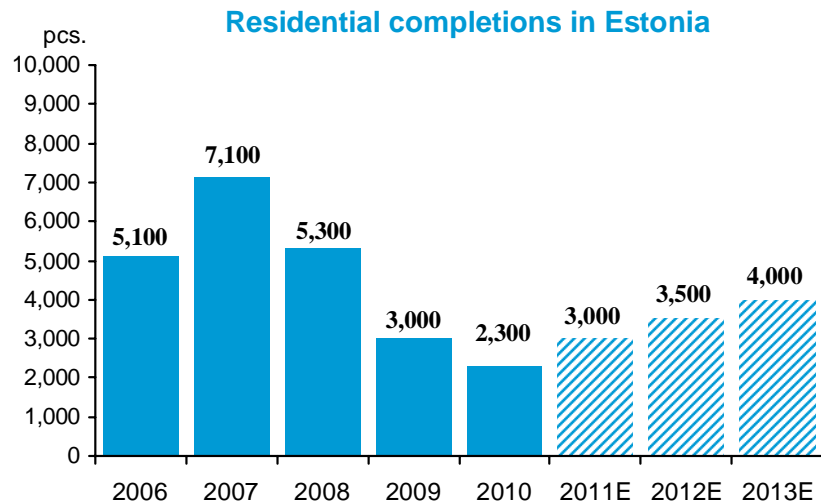
% Weighted average interest rate on mortgage loans

Рис. 2 Средневзвешенная ставка по ипотечным кредитам в рублях и иностранной валюте накопленным итогом с начала года (2009 – 2011 гг.)

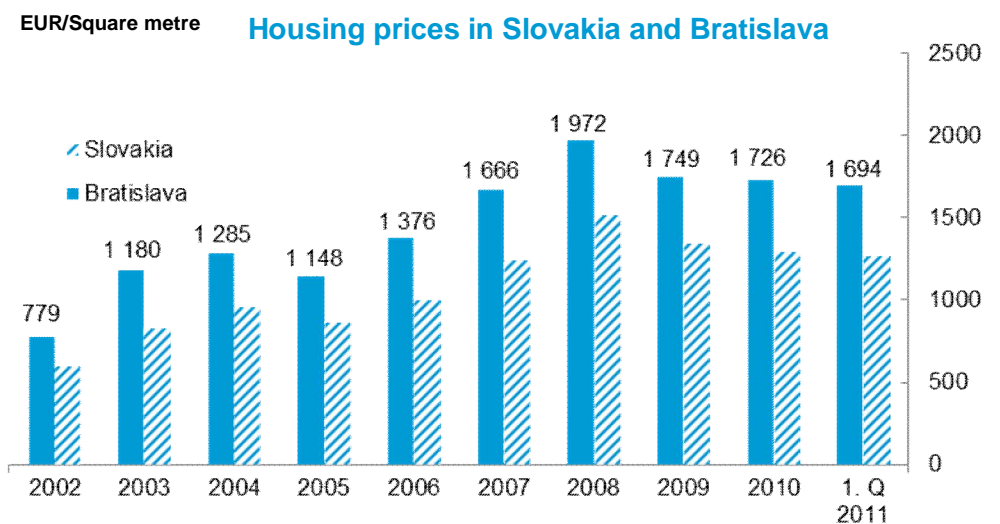
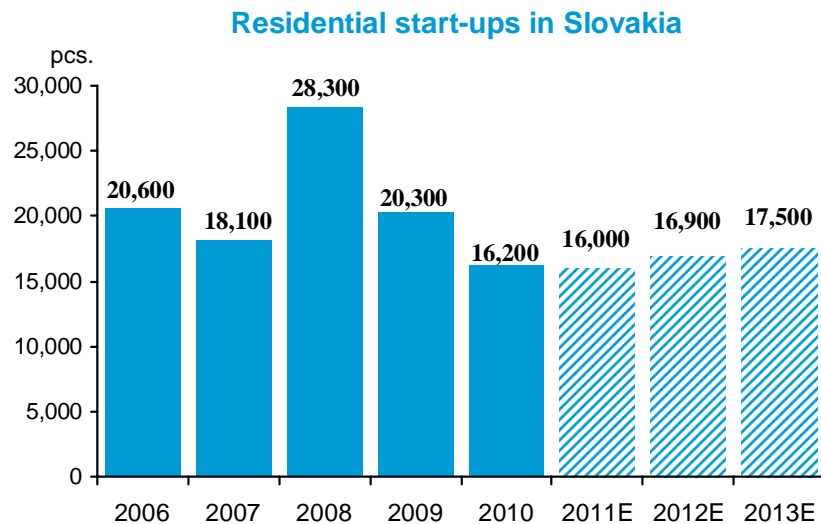
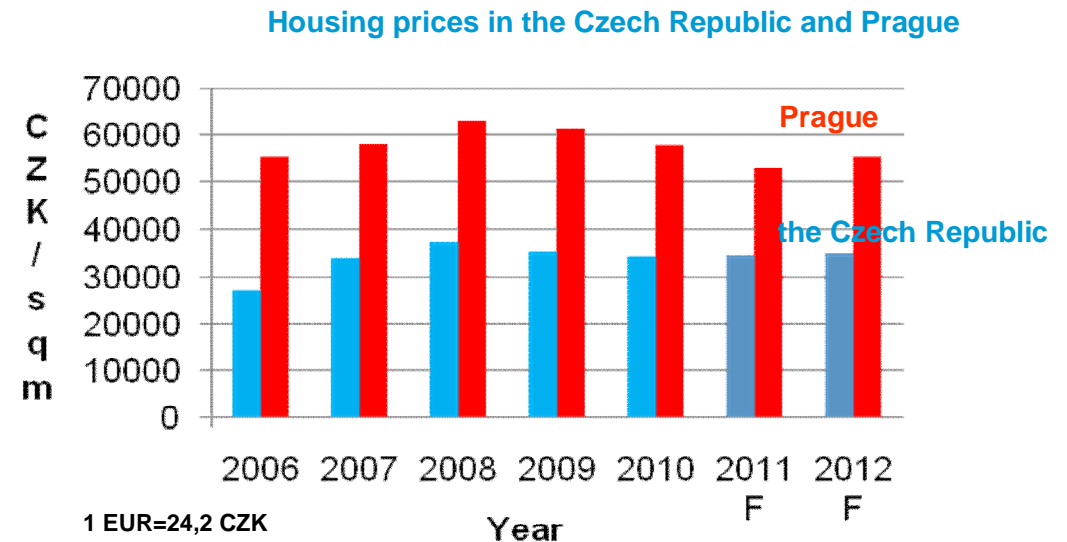
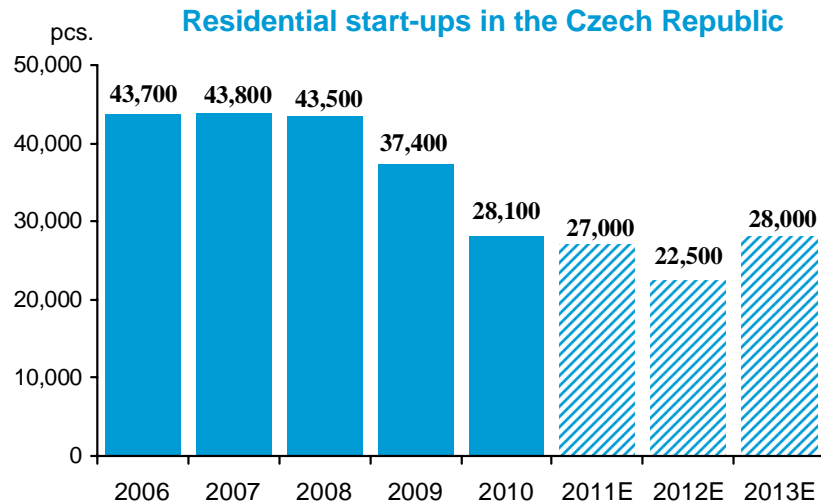


# The Baltic countries

## Markets are forecasted to start recover

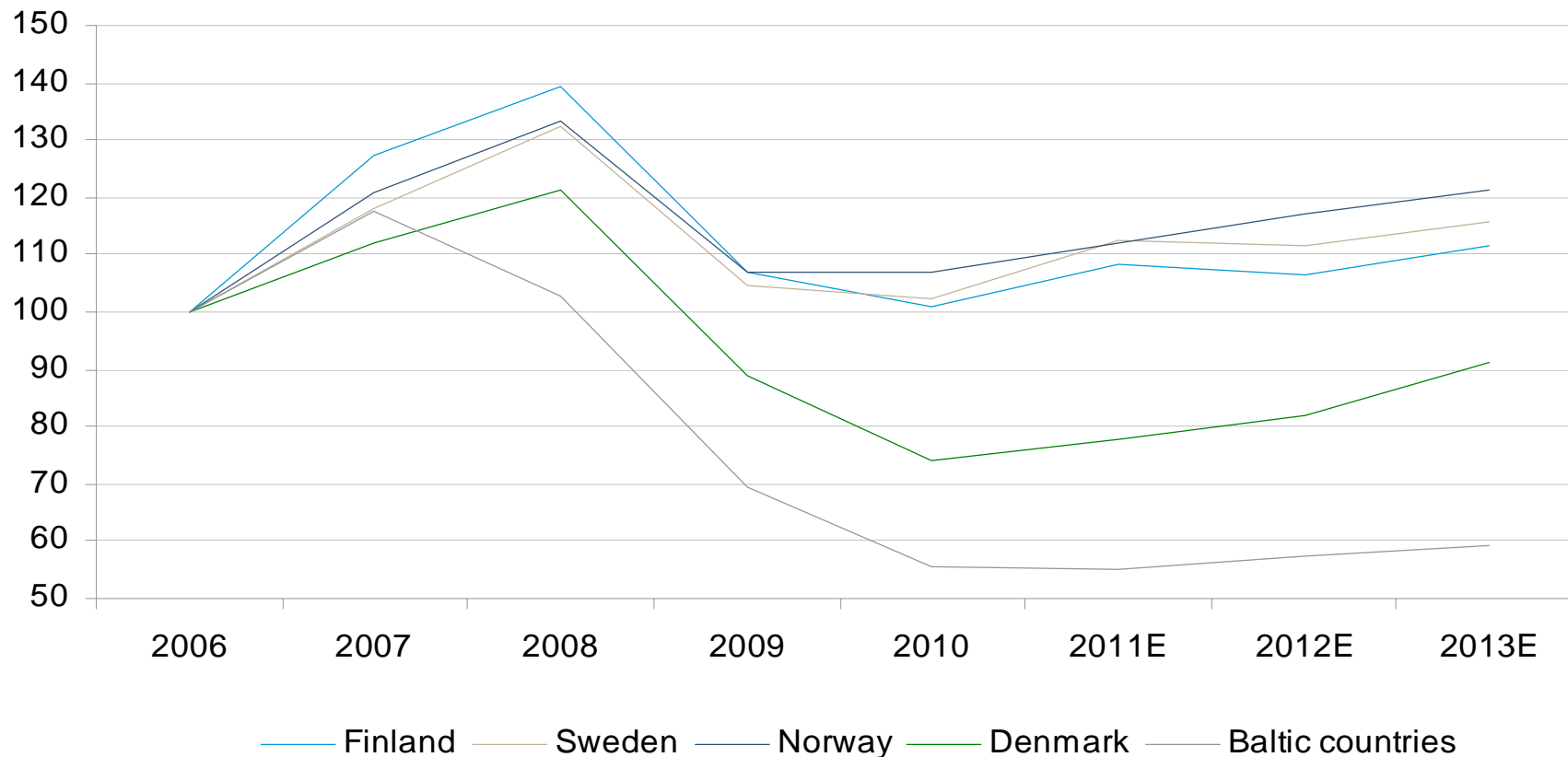


# the Czech Republic: Weaker market conditions ahead Slovakia: Markets remain stable



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

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

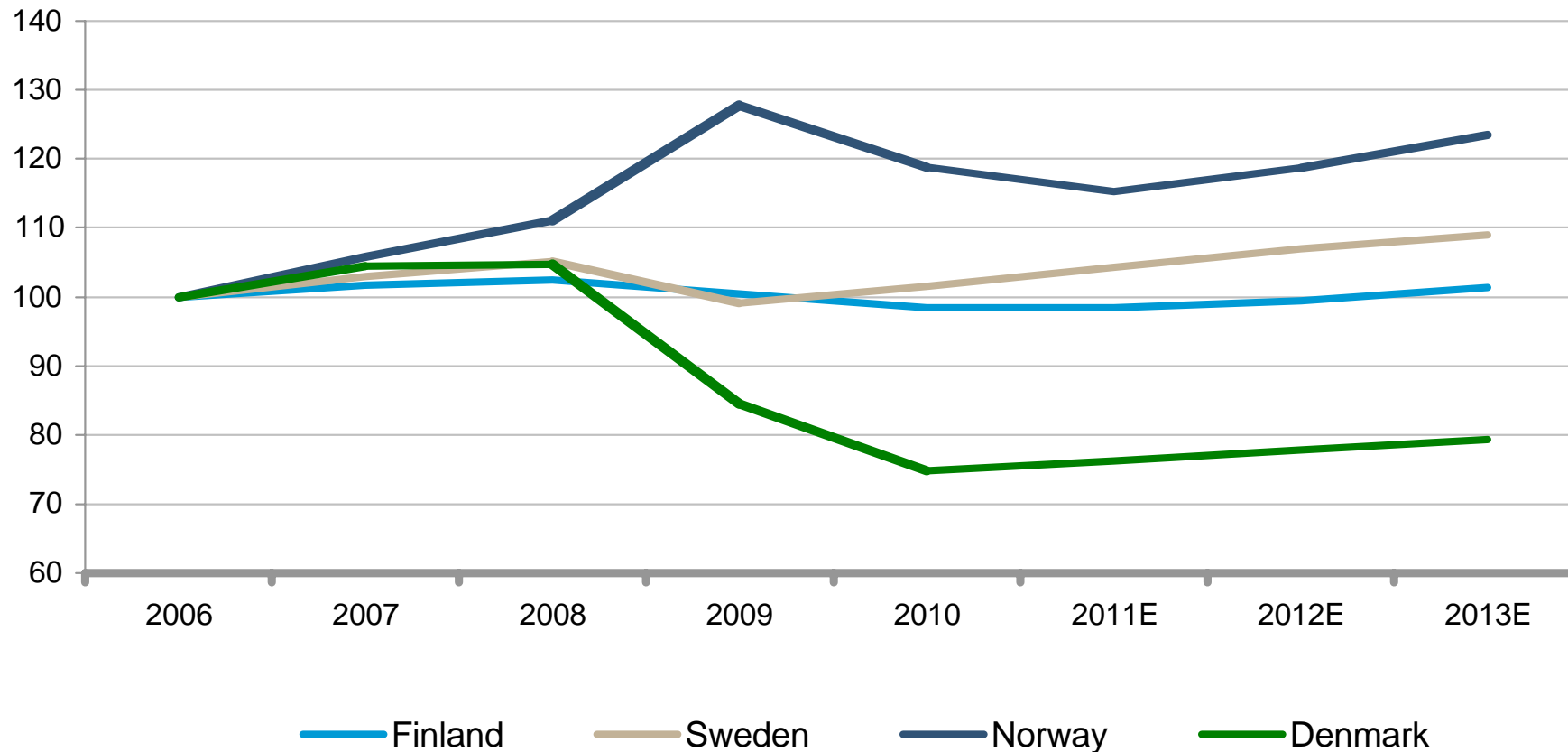


No data for Russia is available. Baltic countries figure includes both new non-residential and renovation.

Source: Euroconstruct June 2011

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

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

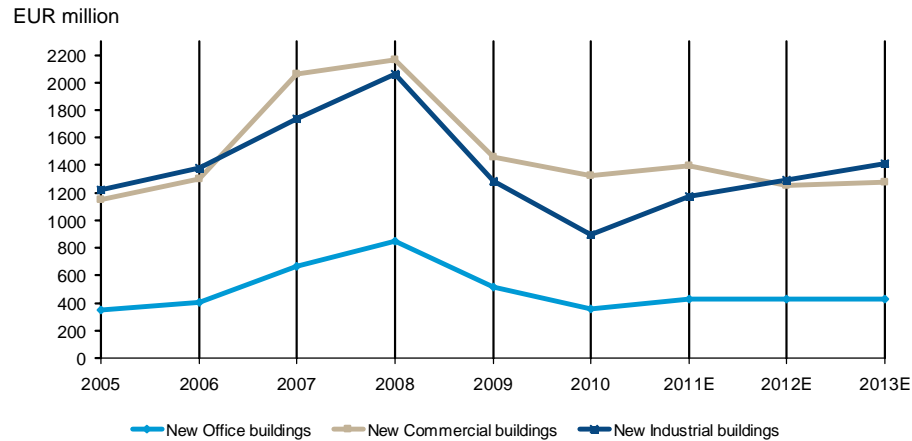


No data for Russia or Baltic countries is available.

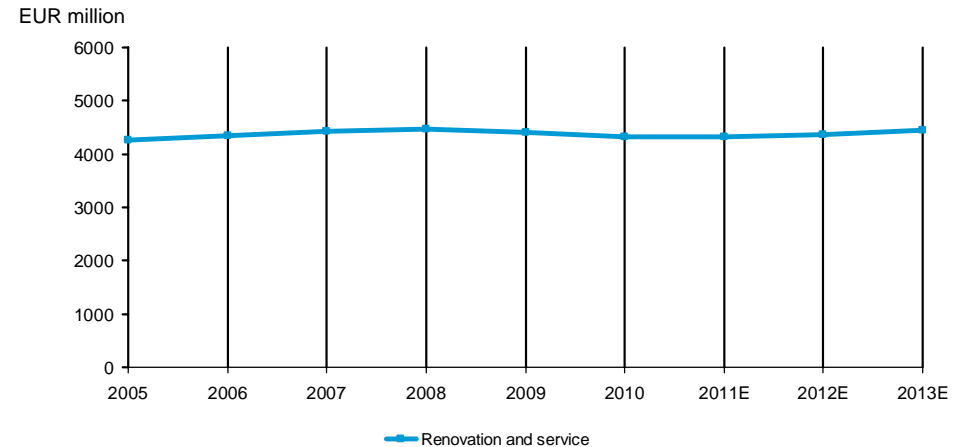
# Finland

## Non-residential construction estimated to pick up slowly

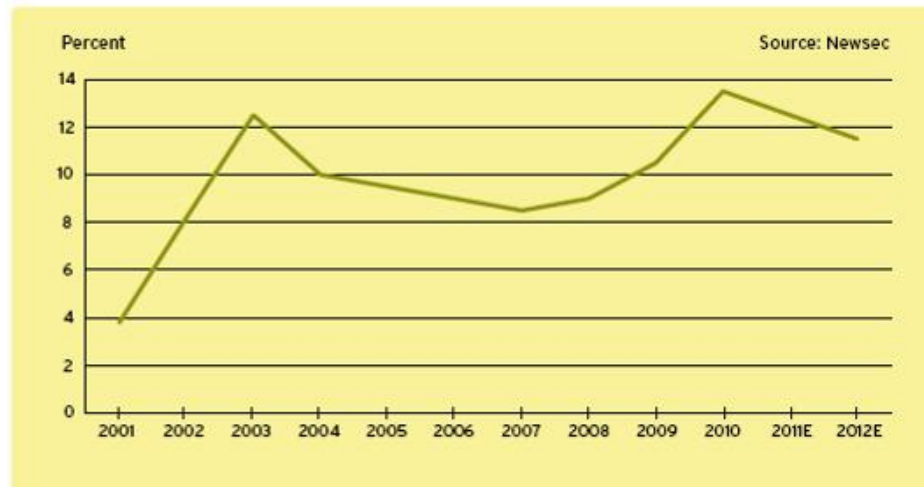
New non-residential construction by type of building



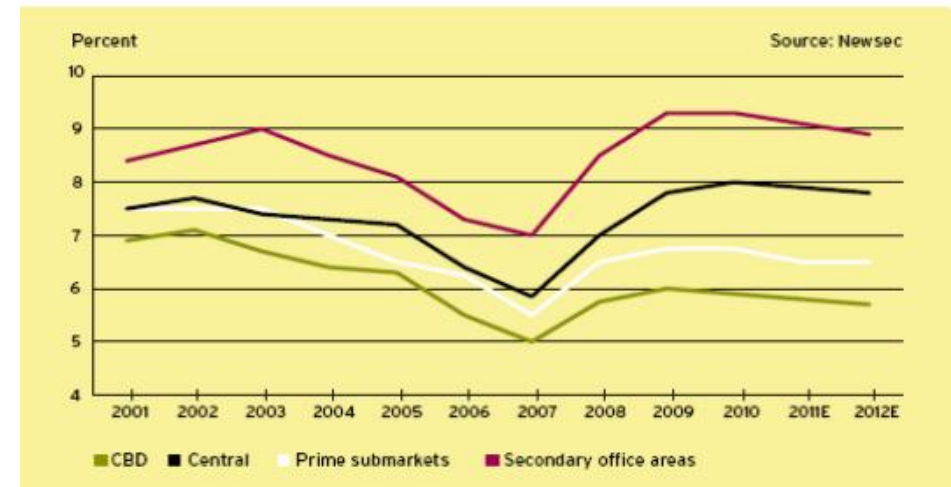
Non-residential renovation and service



Office vacancy rate in Helsinki Metropolitan Area



Office yields in Helsinki Metropolitan Area

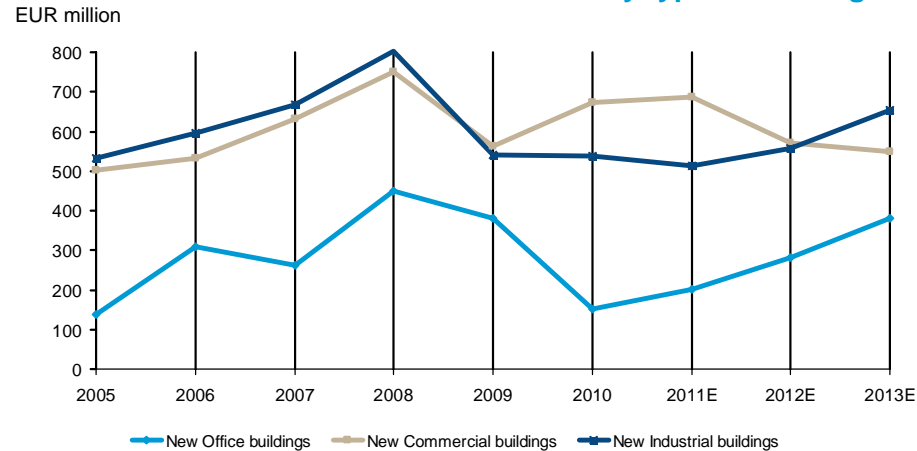


Sources: Non-residential construction: Euroconstruct June 2011, vacancy rates and yields: Newsec Market Report Spring 2011

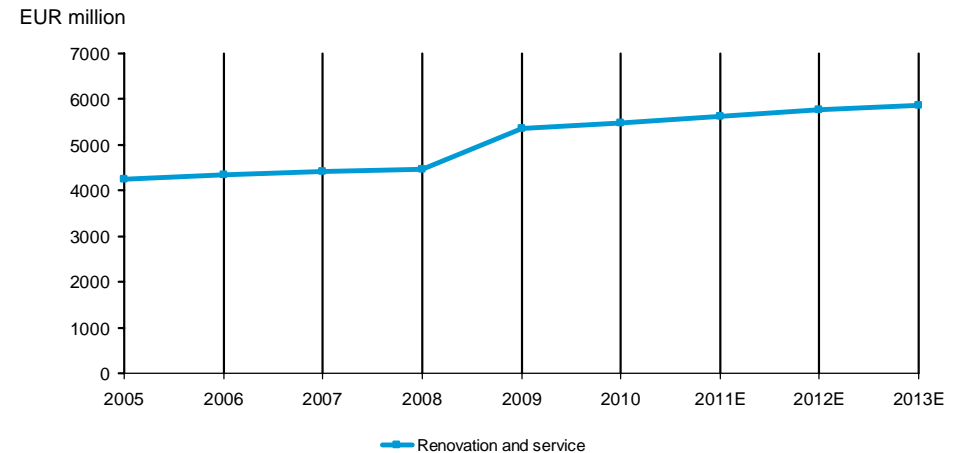
# Sweden

## Non-residential market is expected to improve

New non-residential construction by type of building



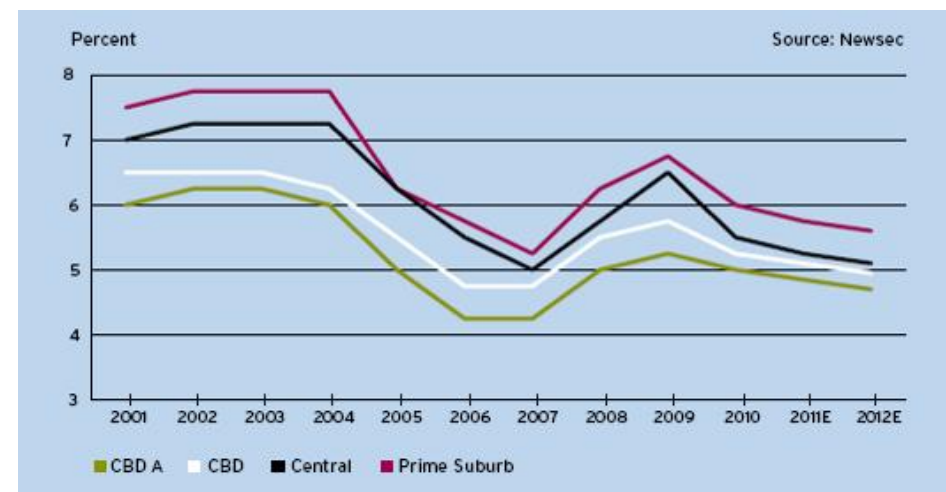
Non-residential renovation and service



Office vacancy rate in Stockholm



Office yields in Stockholm

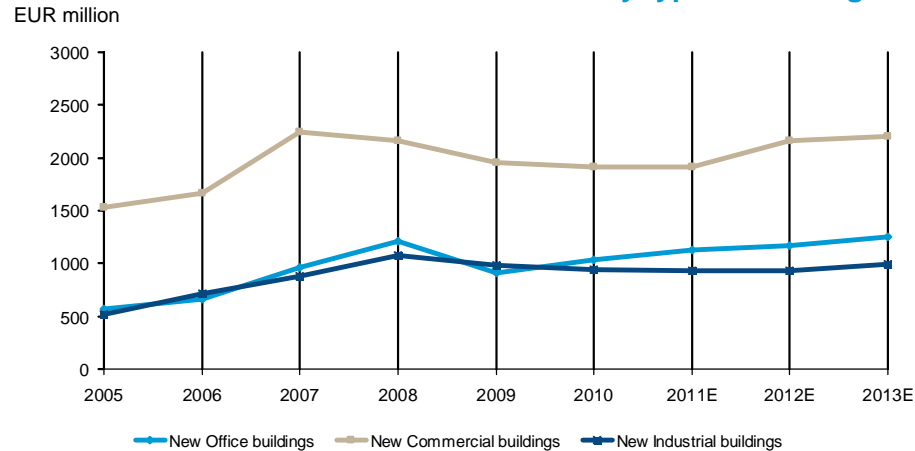


Sources: Non-residential construction: Euroconstruct June 2011, vacancy rates and yields: Newsec Market Report Spring 2011

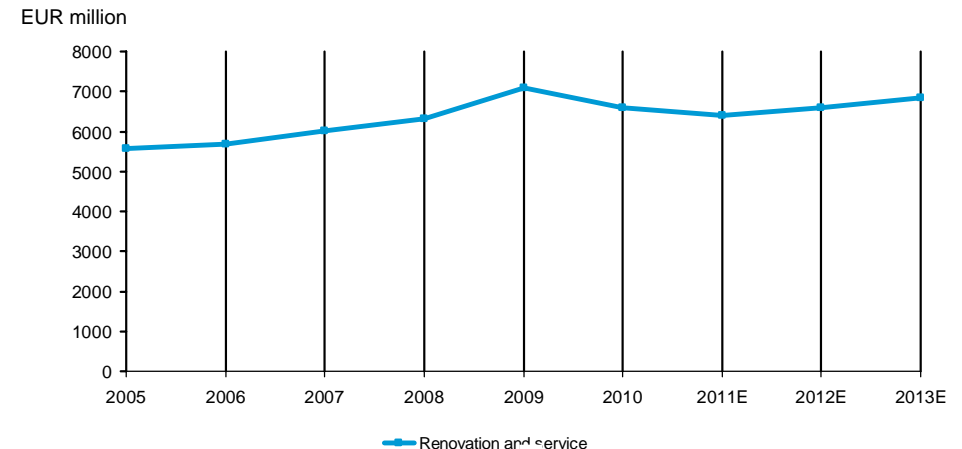
# Norway

## Investments are levelling off, service increasing

New non-residential construction by type of building



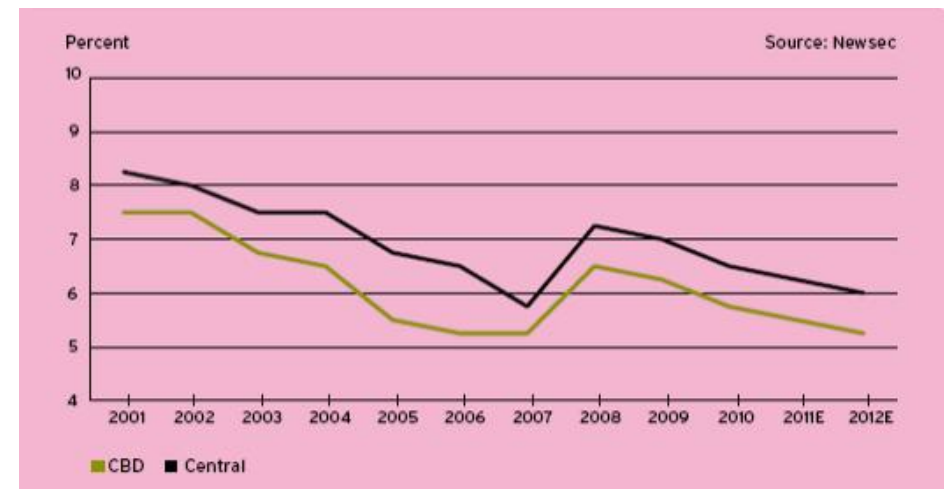
Non-residential renovation and service



Office vacancy rate in Oslo



Office yields in Oslo

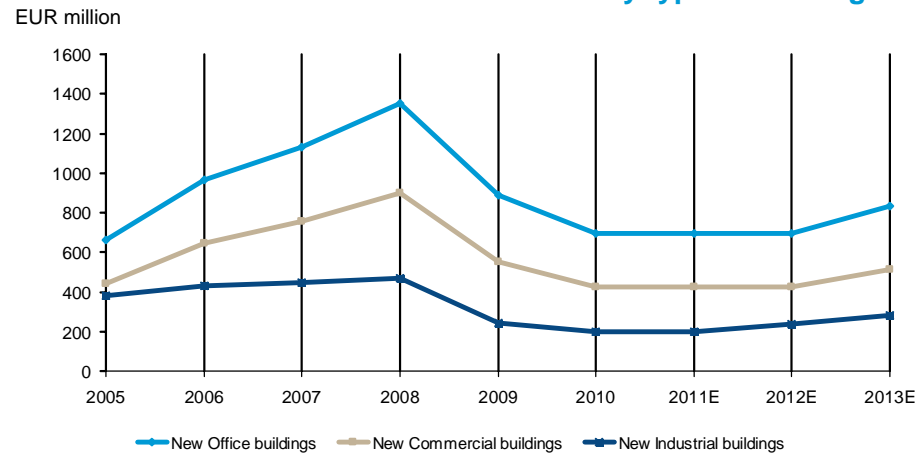


Sources: Non-residential construction: Euroconstruct June 2011, vacancy rates and yields: Newsec Market Report Spring 2011

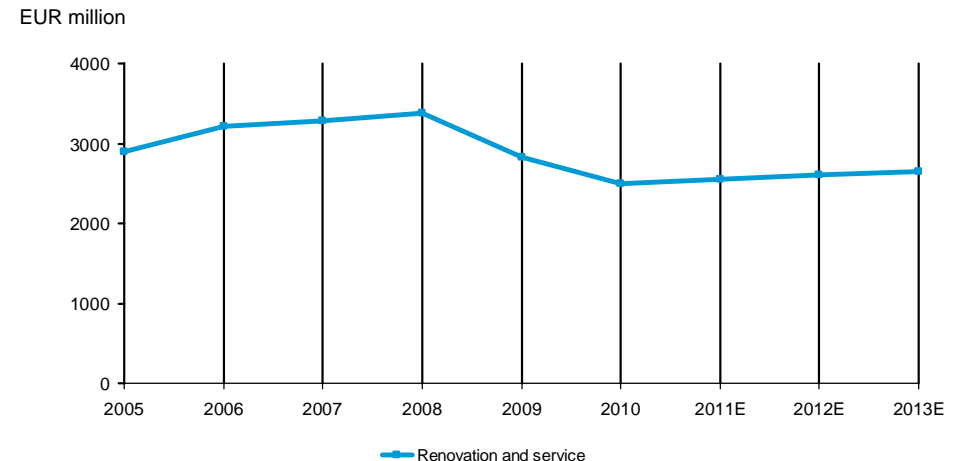
# Denmark

## Non-residential market remains at low level

New non-residential construction by type of building



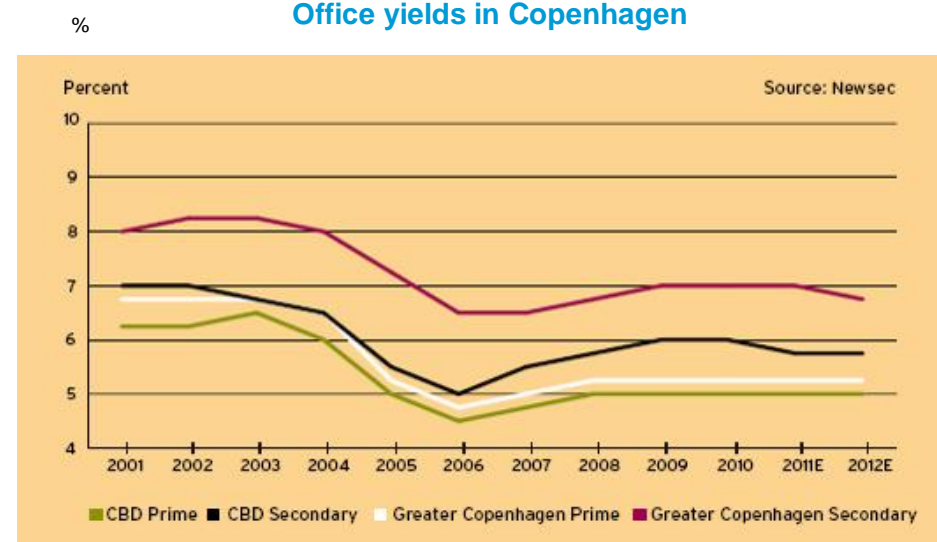
Non-residential renovation and service



Office vacancy rate in Oslo



Office yields in Copenhagen

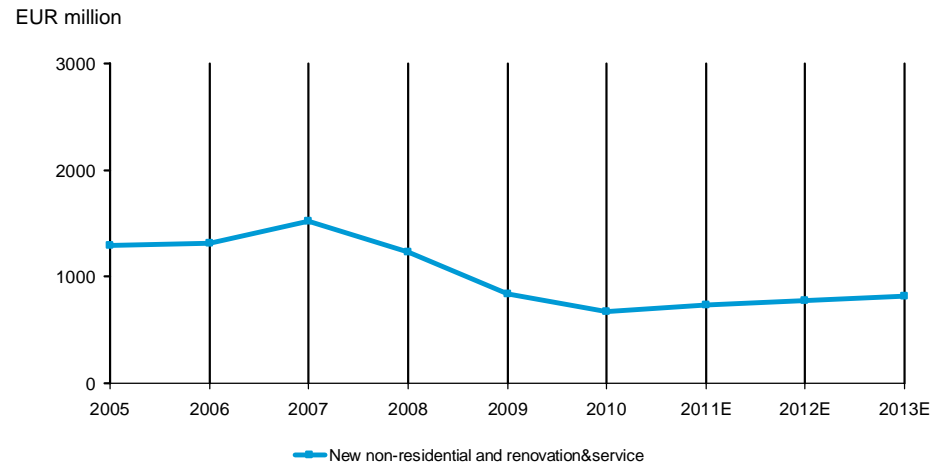


Sources: Non-residential construction: Euroconstruct June 2011, vacancy rates and yields: Newsec Market Report Spring 2011

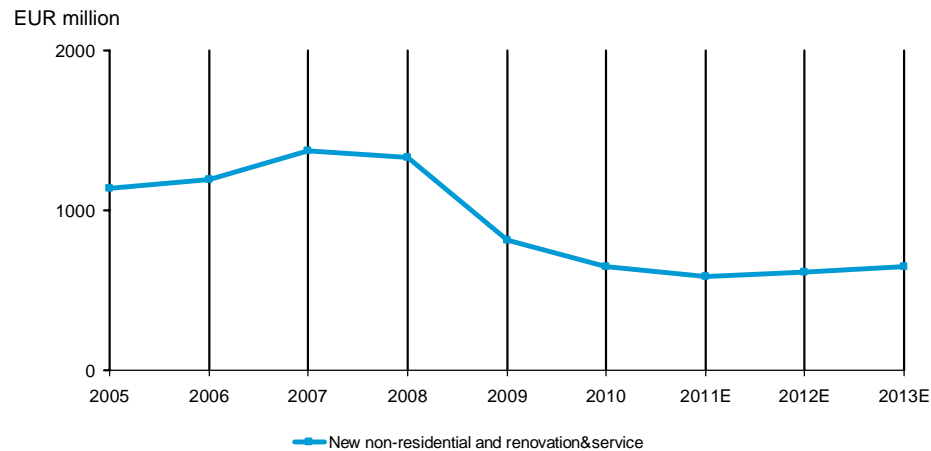
# The Baltic Countries

## Non-residential construction remains weak

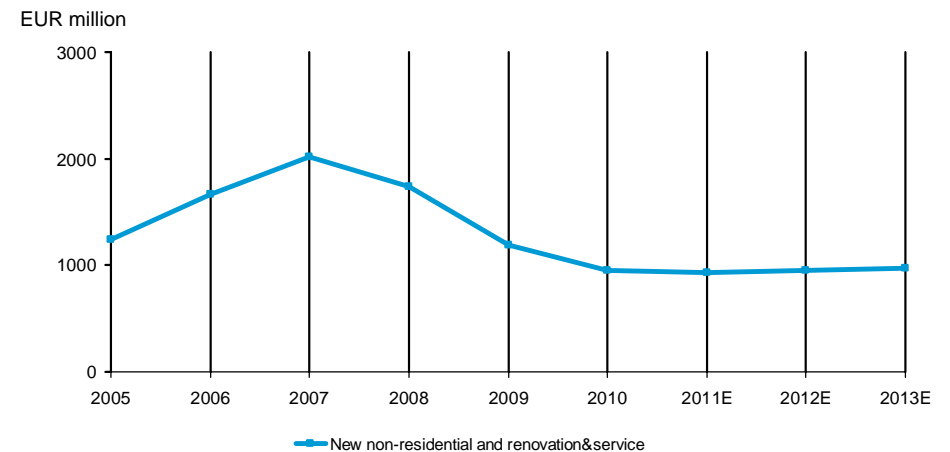
New non-residential and renovation&service in Estonia



New non-residential and renovation&service in Latvia



New non-residential and renovation&service in Lithuania



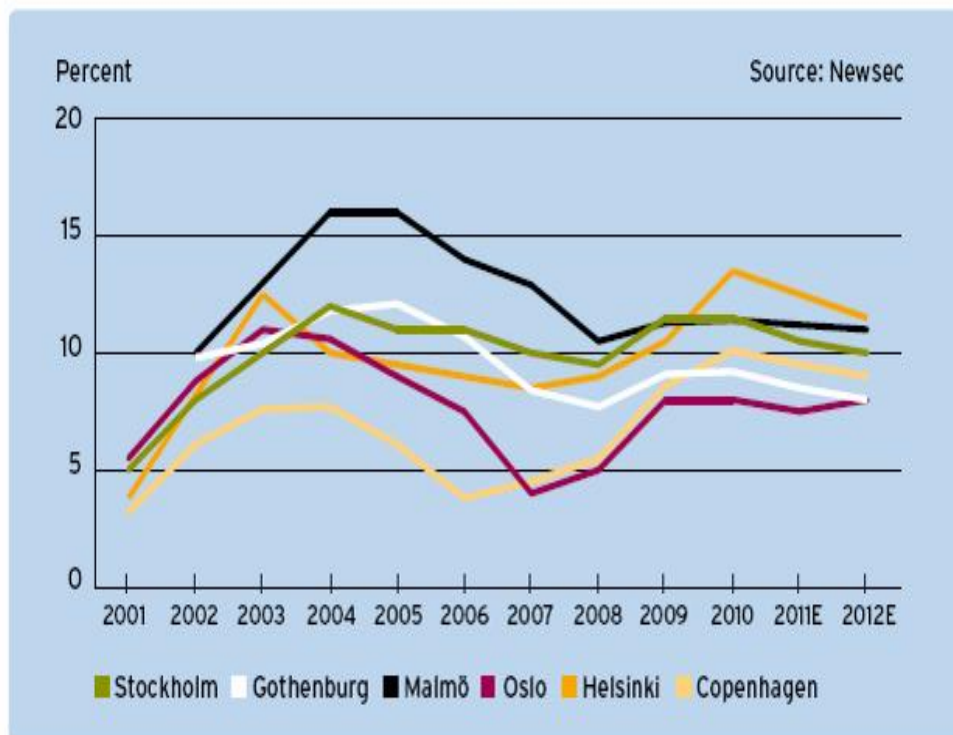
Source: Euroconstruct June 2011

# Building Services Northern Europe

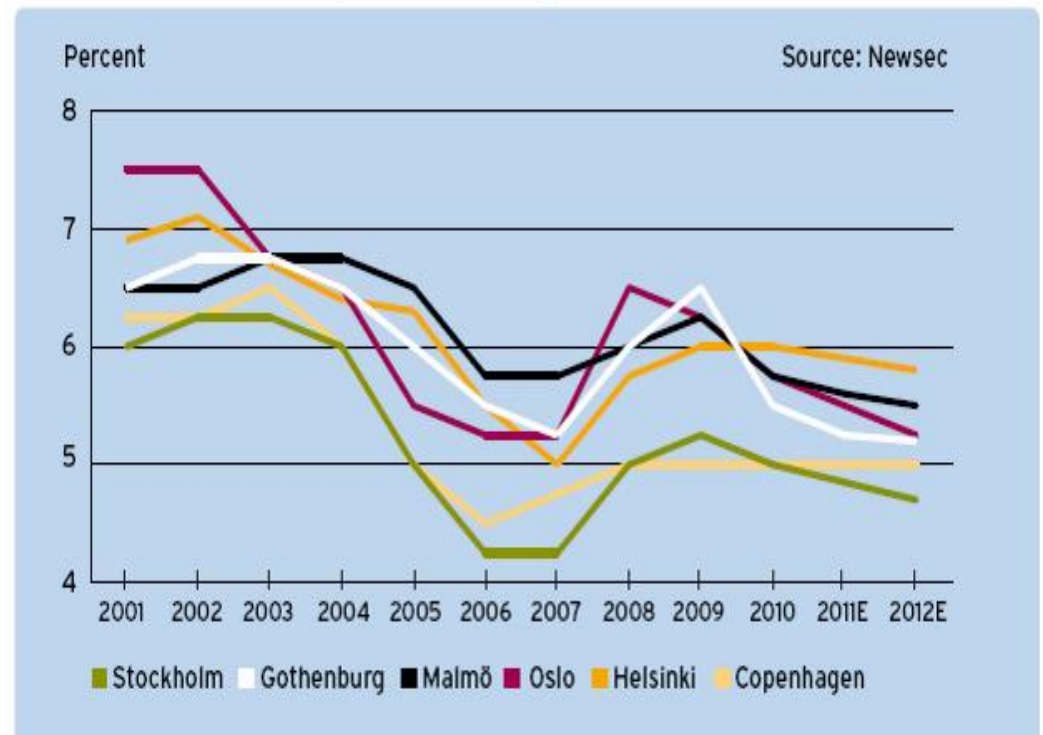
## Key indicators

### Nordic Countries

Office Vacancies | Nordic Region

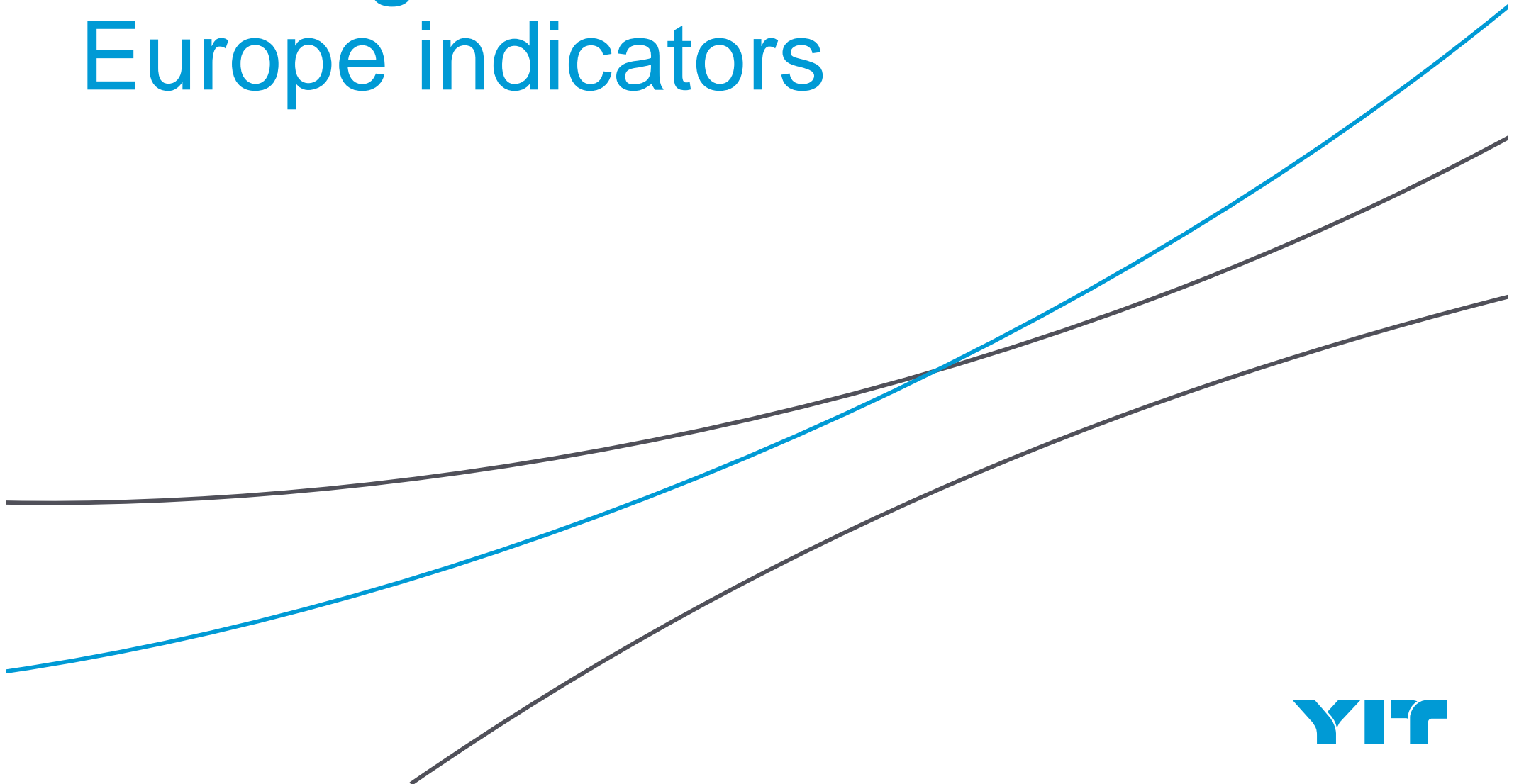


Office Yields CBD | Nordic Region



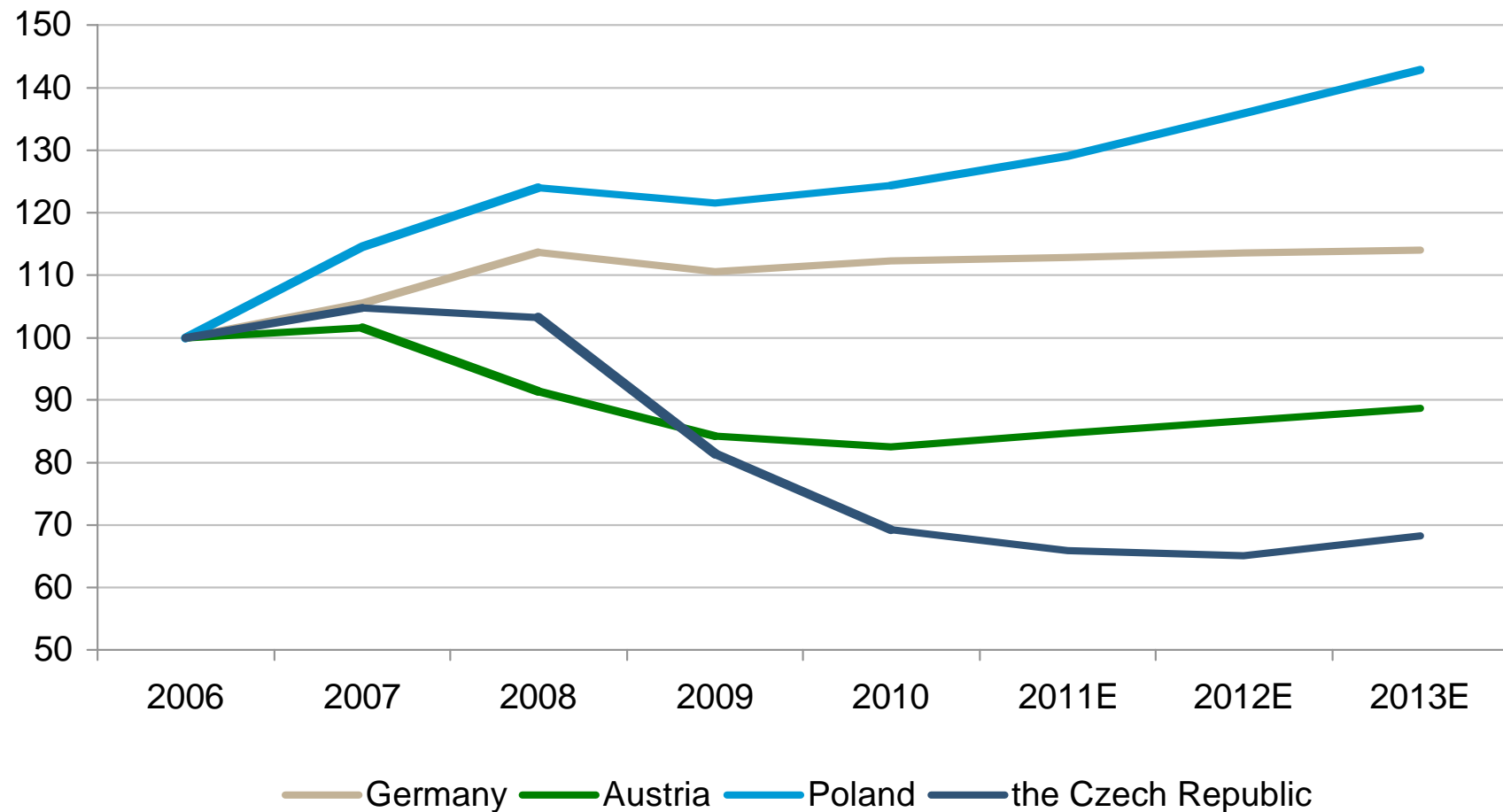
Source: Newsec Market Report Spring 2011

# Building Services Central Europe indicators



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

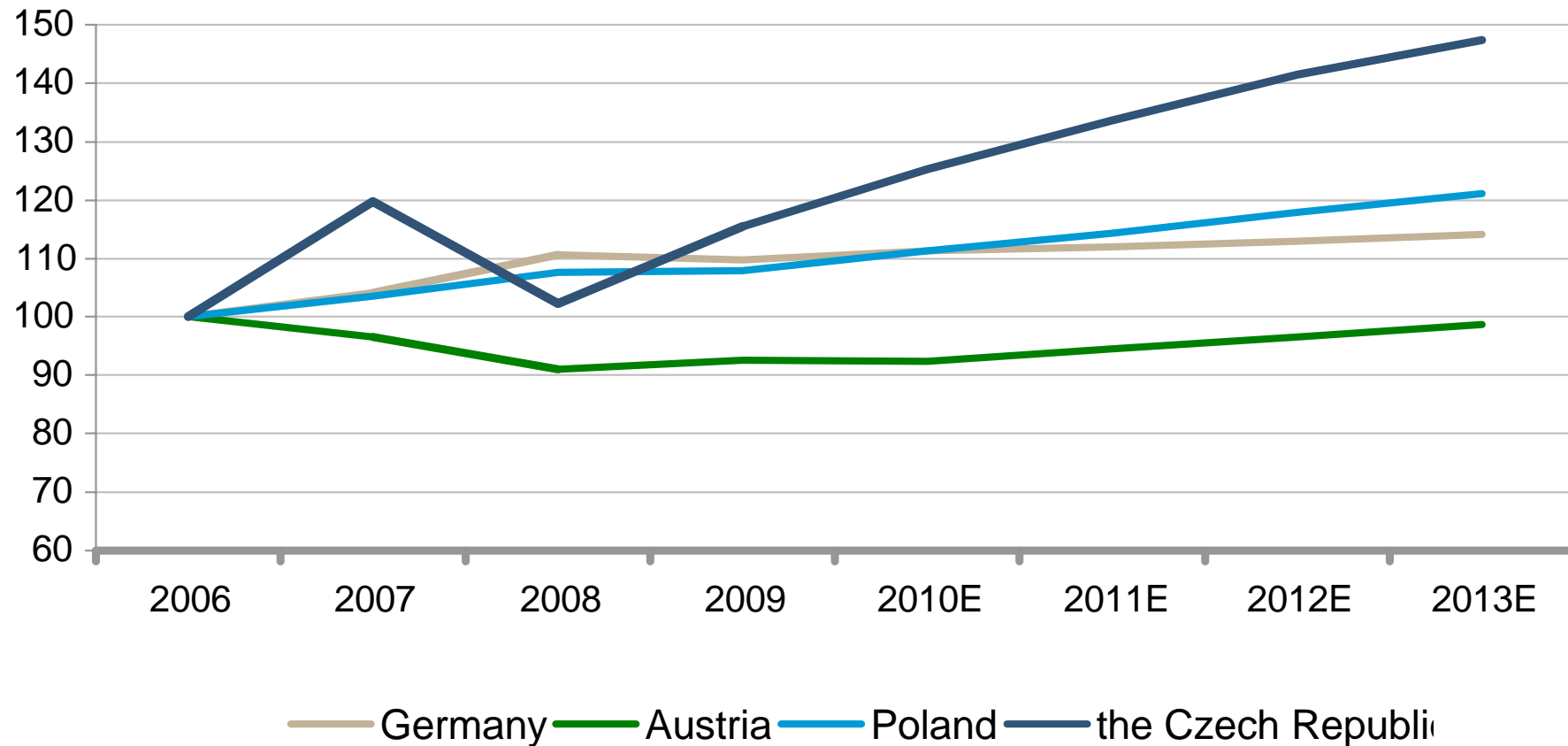
**New non-residential construction volumes in Central Europe, index**



Source: Euroconstruct June 2011

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

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

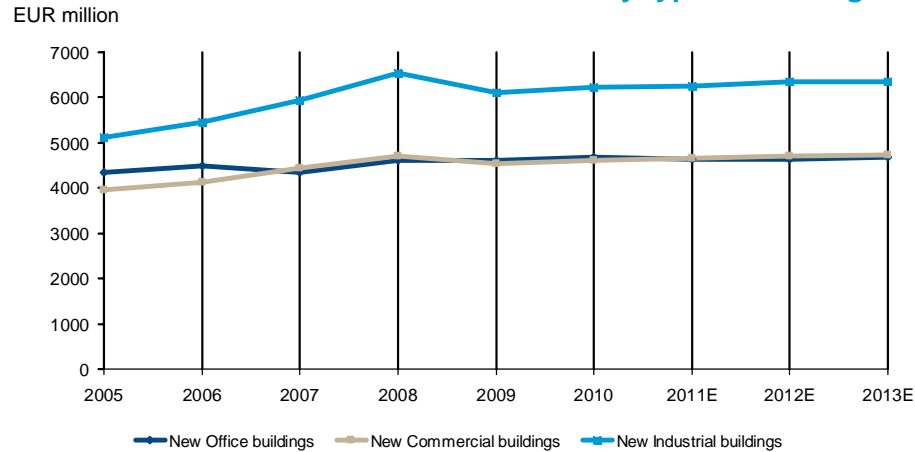


Source: Euroconstruct June 2011

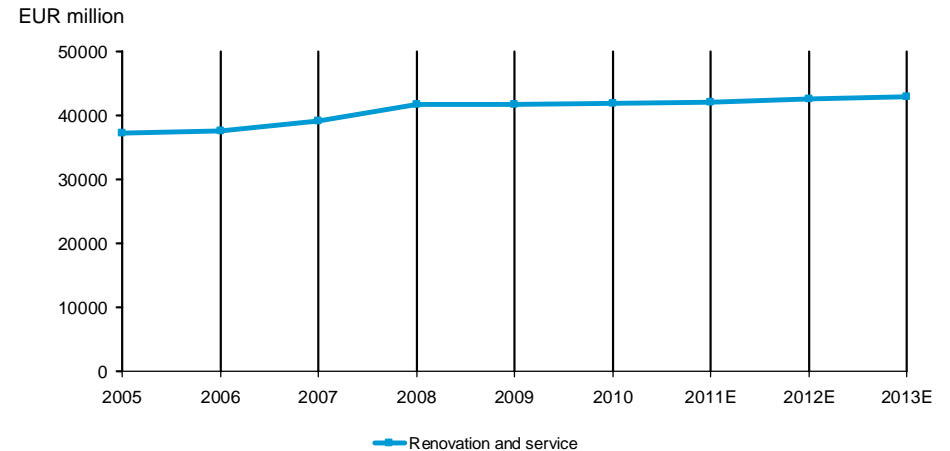
# Germany

## Big market with stable demand

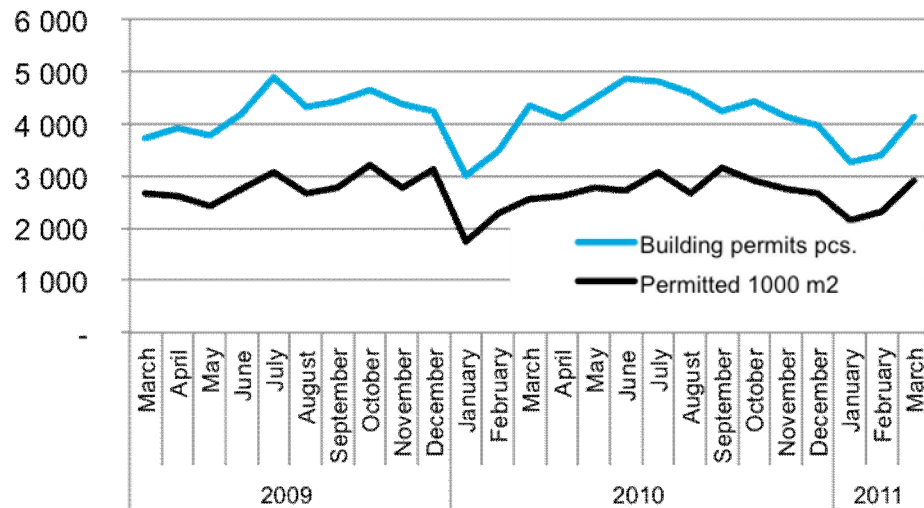
New non-residential construction by type of building



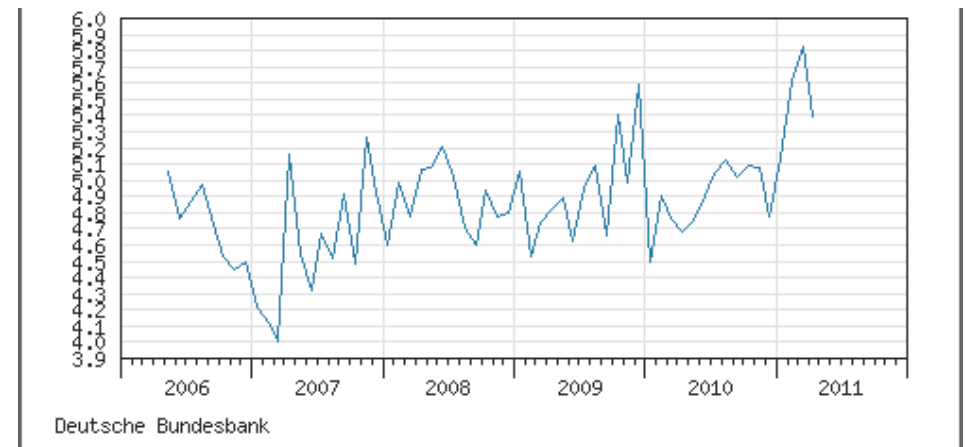
Non-residential renovation and service



Monthly non-residential building permits



All building permits in construction sector

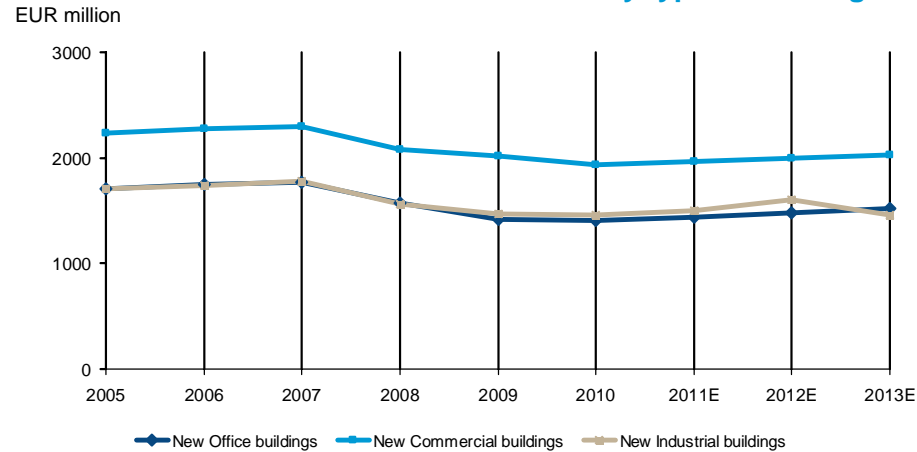


Sources: Non-residential construction: Euroconstruct June 2011, Non-residential permits: Statistisches Bundesamt Deutschland May 2011 All building permits: Bundesbank June 2011

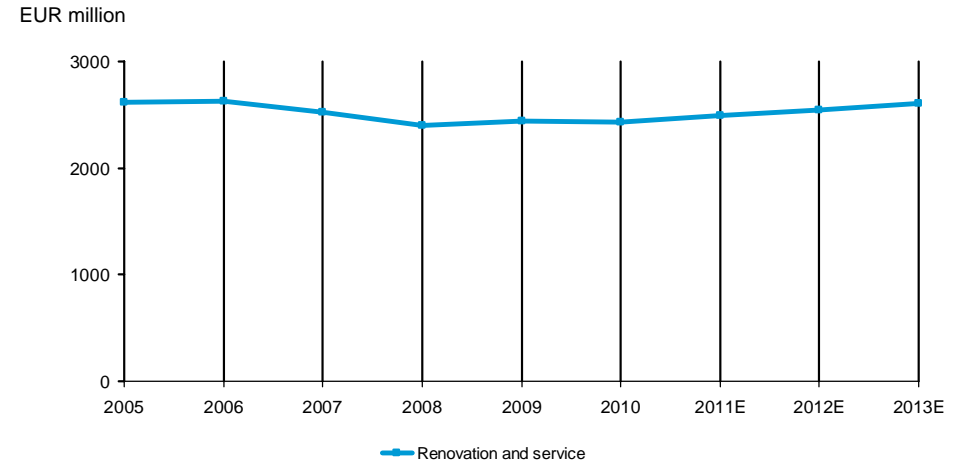
# Austria

## Market is estimated to pick up slightly

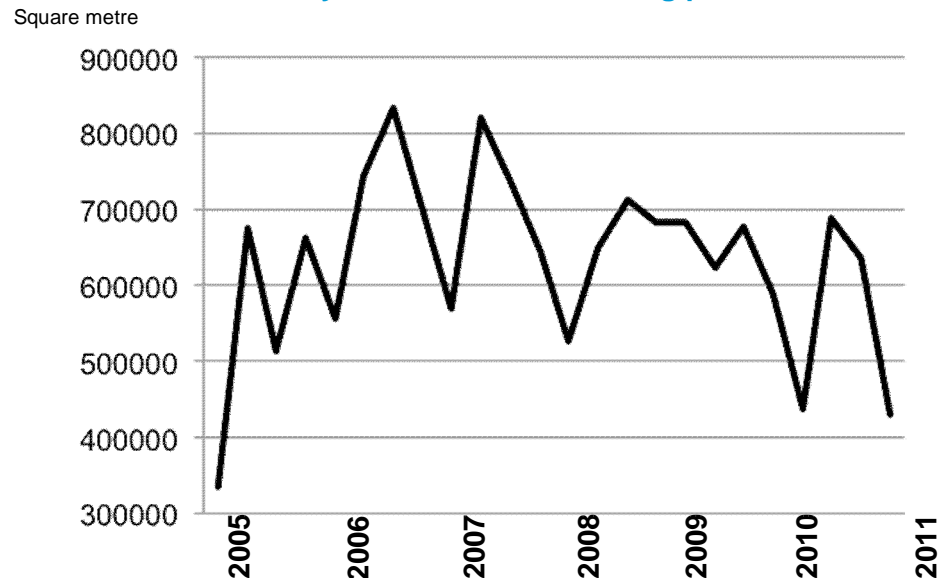
New non-residential construction by type of building



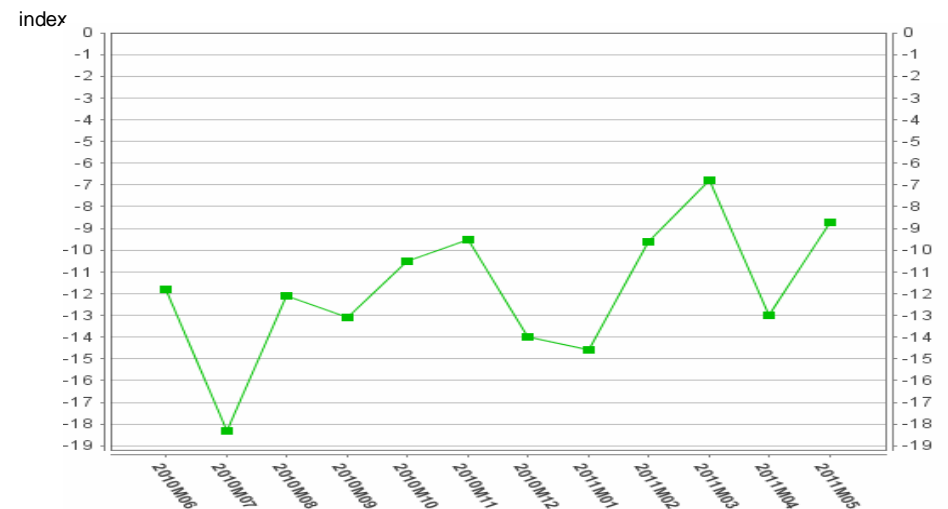
Non-residential renovation and service



Quarterly non-residential building permits



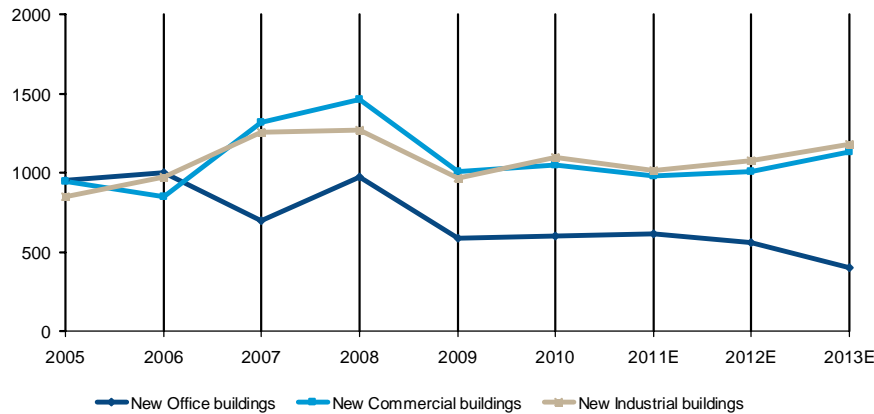
Construction confidence indicator



# the Czech Republic and Slovakia Markets are recovering slowly

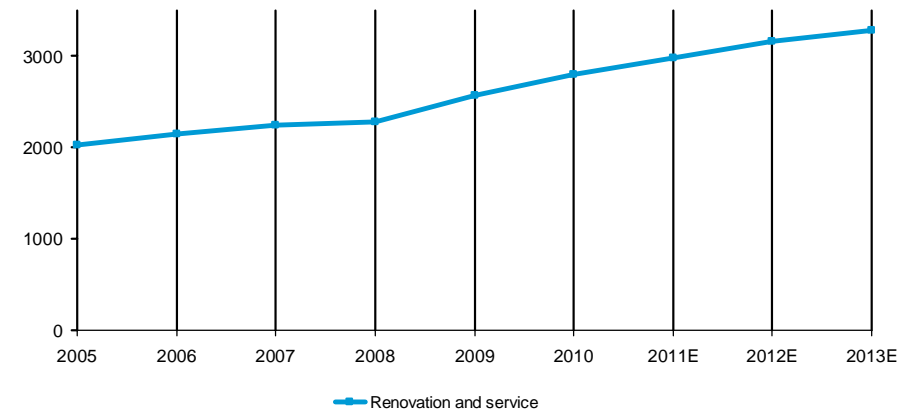
**New non-residential construction by type of building in the Czech Republic**

EUR million



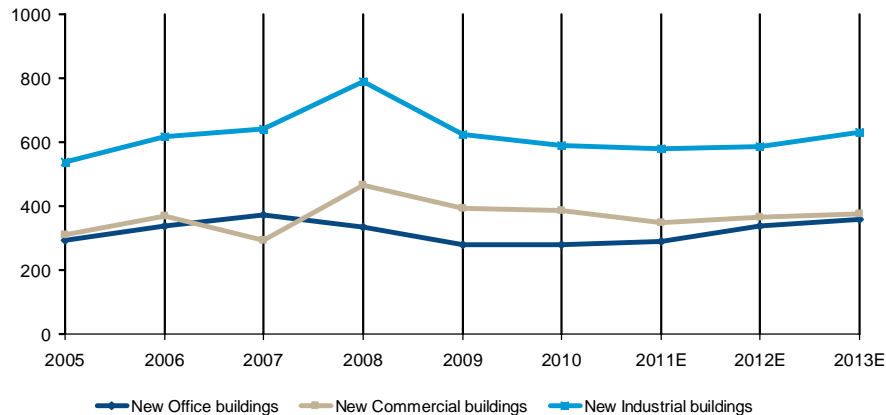
**Non-residential renovation and service in the Czech Republic**

EUR million



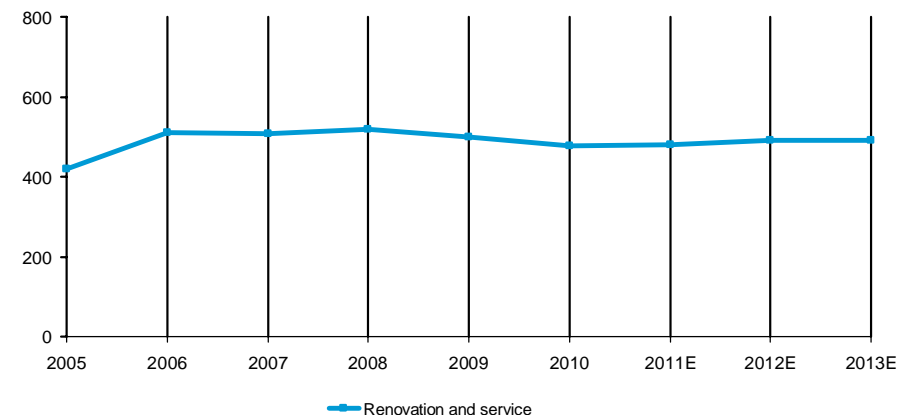
**New non-residential construction by type of building in Slovakia**

EUR million



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

EUR million

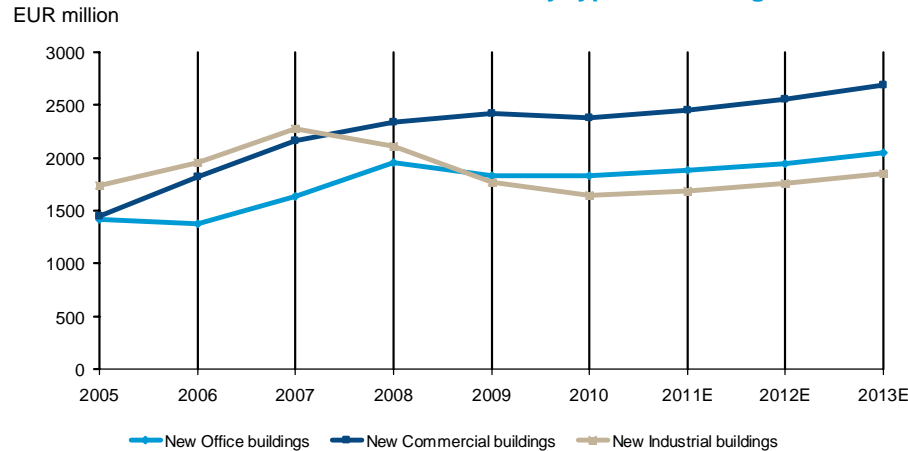


Source: Euroconstruct June 2011

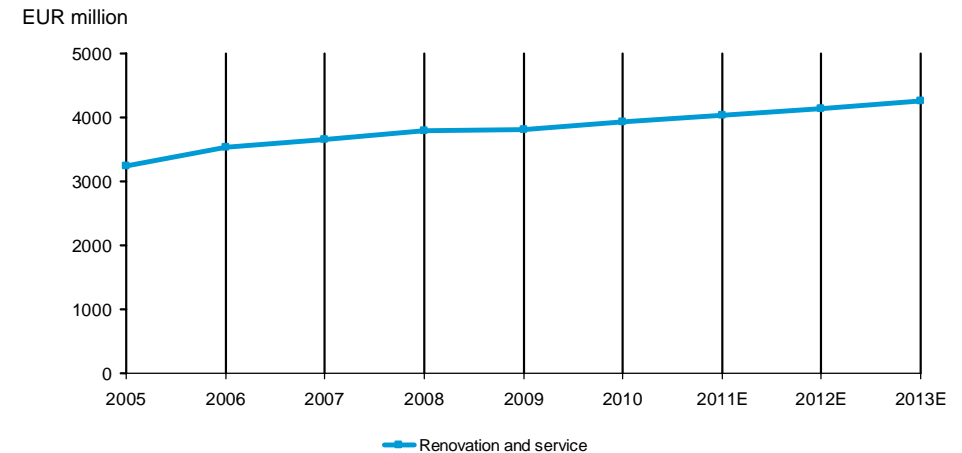
# Poland

## Market outlook is remains strong

New non-residential construction by type of building in Poland



Non-residential renovation and service in Poland

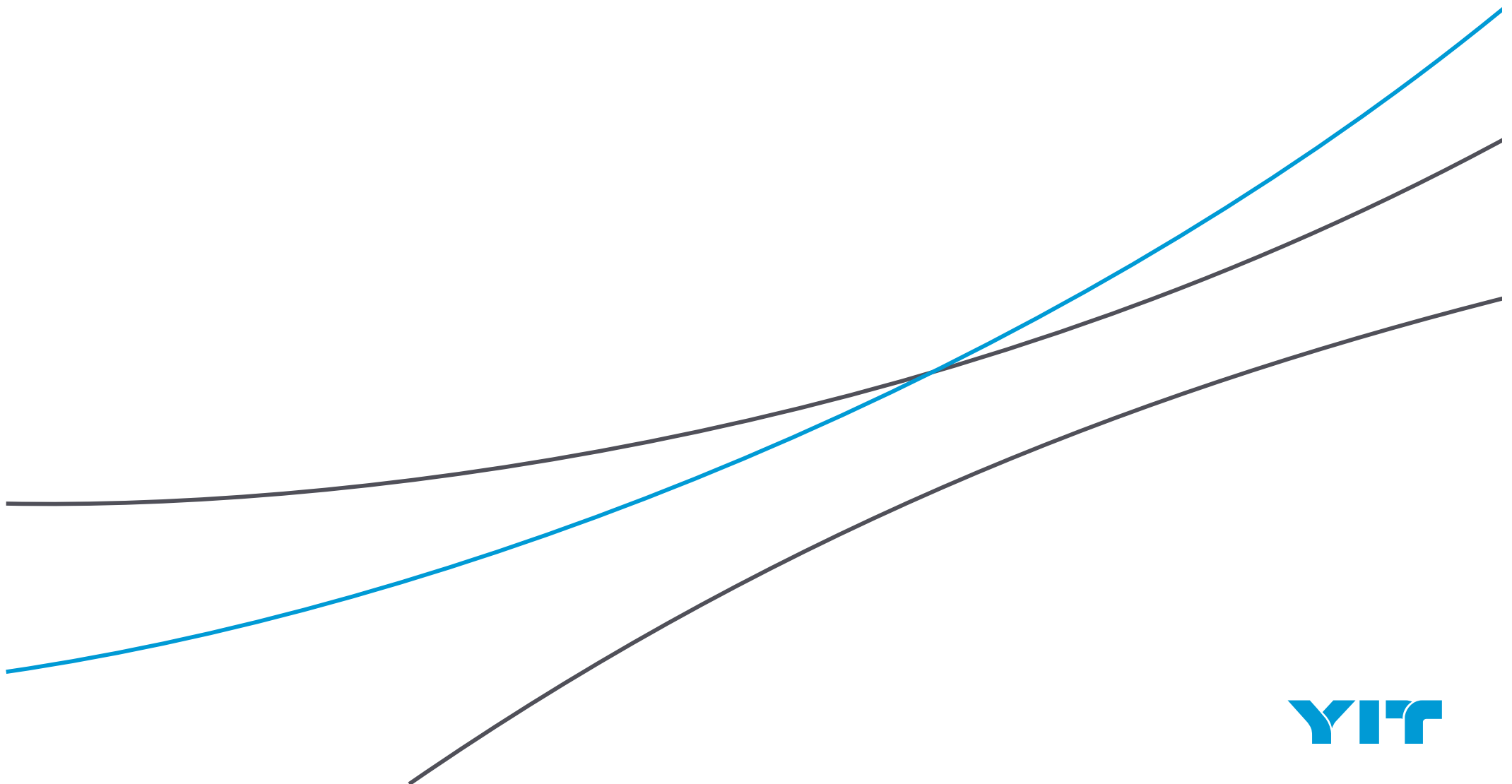


Construction and assembly output growth in Poland (% y-o-y), January 2010-May 2011



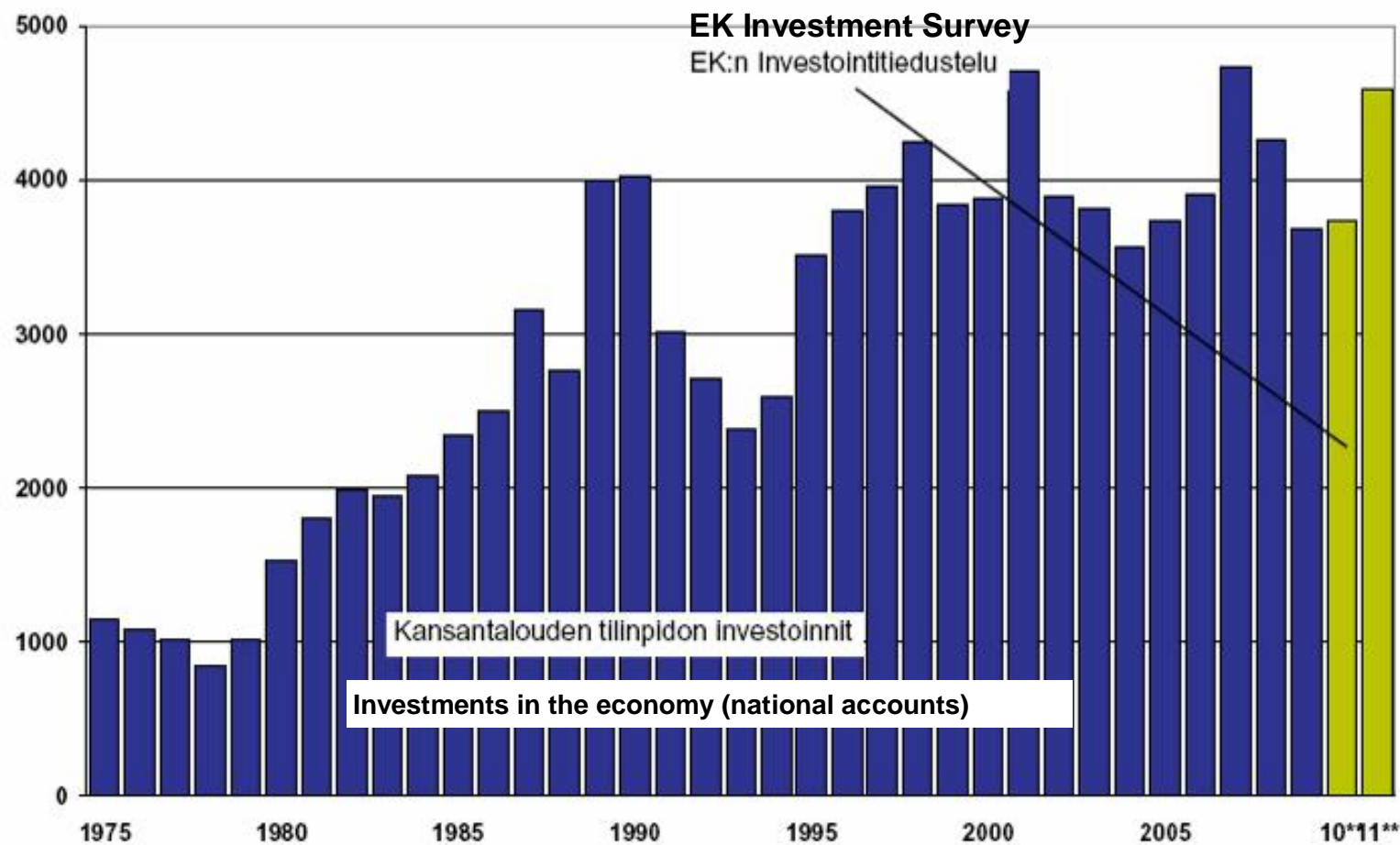
Source: Euroconstruct June 2011, Construction and assembly: PMR July 2011

# Industrial indicators



# Industrial investments are estimated to increase in Finland

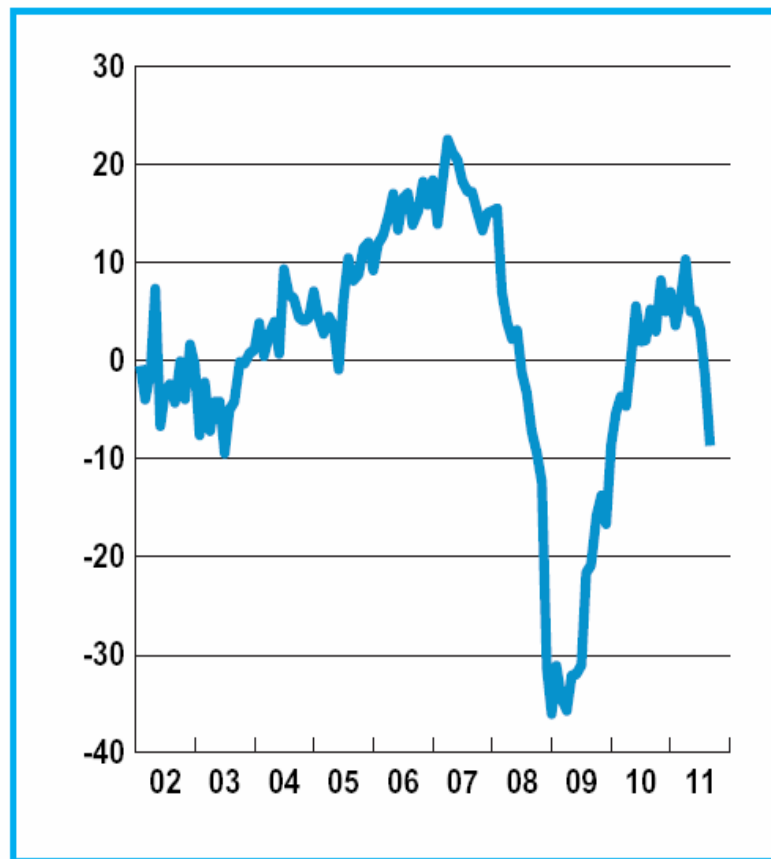
## Manufacturing and energy sectors' fixed investments in Finland



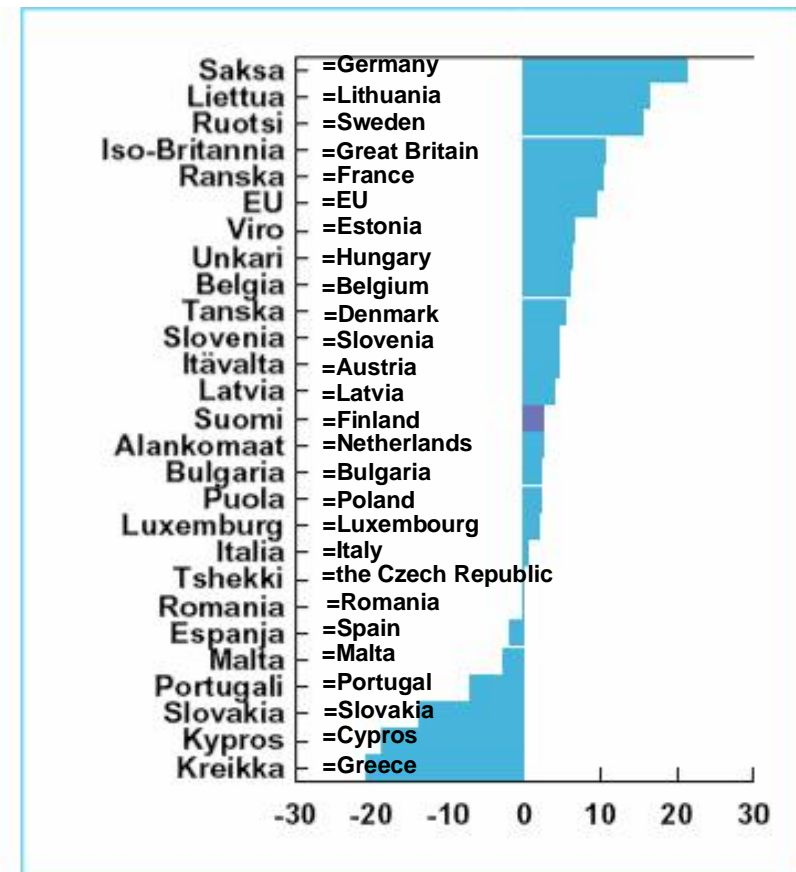
Source: The Confederation of Finnish Industries EK, June 2011

# Industrial confidence has decreased in Finland

Industrial confidence in Finland

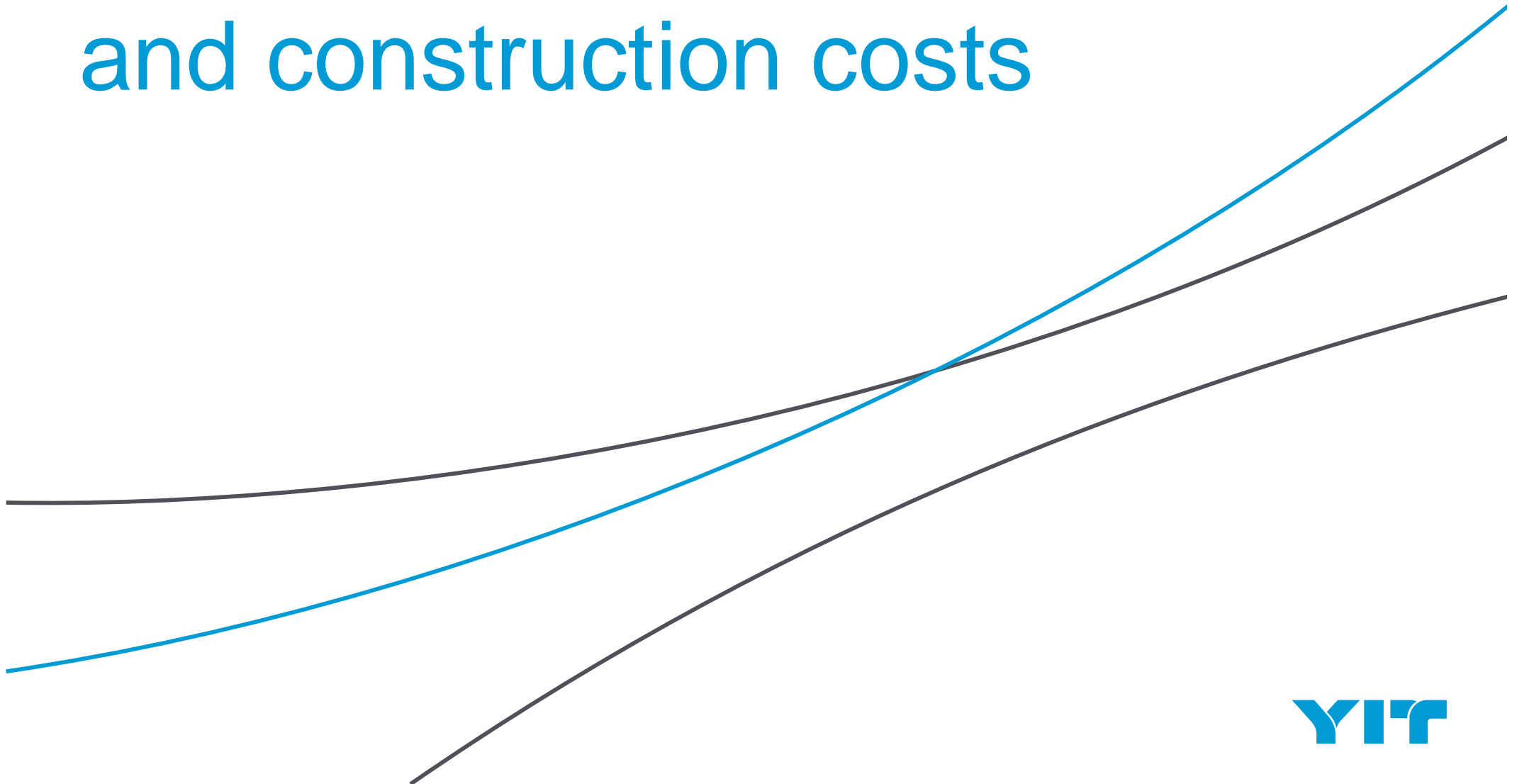


Industrial confidence in Europe



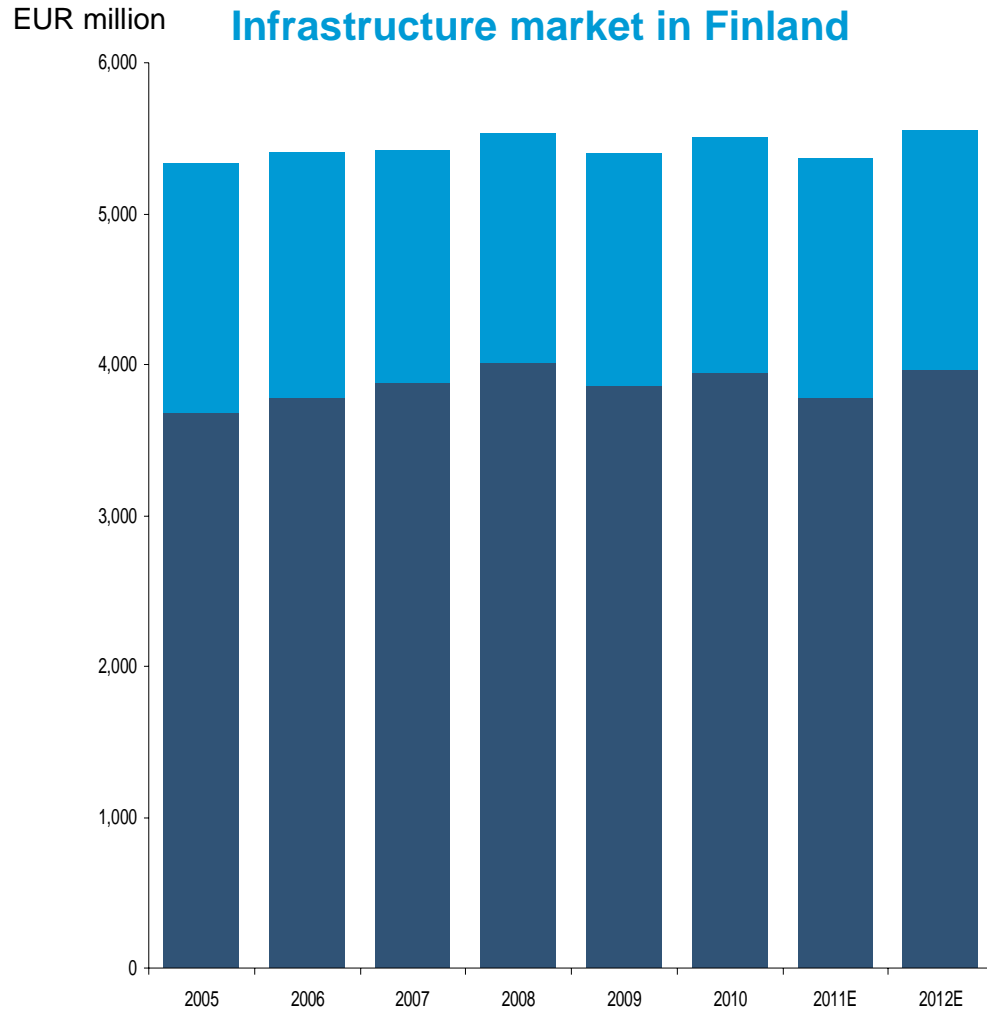
Source: Industrial confidence in Finland: The Confederation of Finnish Industries EK, August 2011, Industrial confidence in Europe: The Confederation of Finnish Industries EK, July 2011

# Infrastructure construction and construction costs

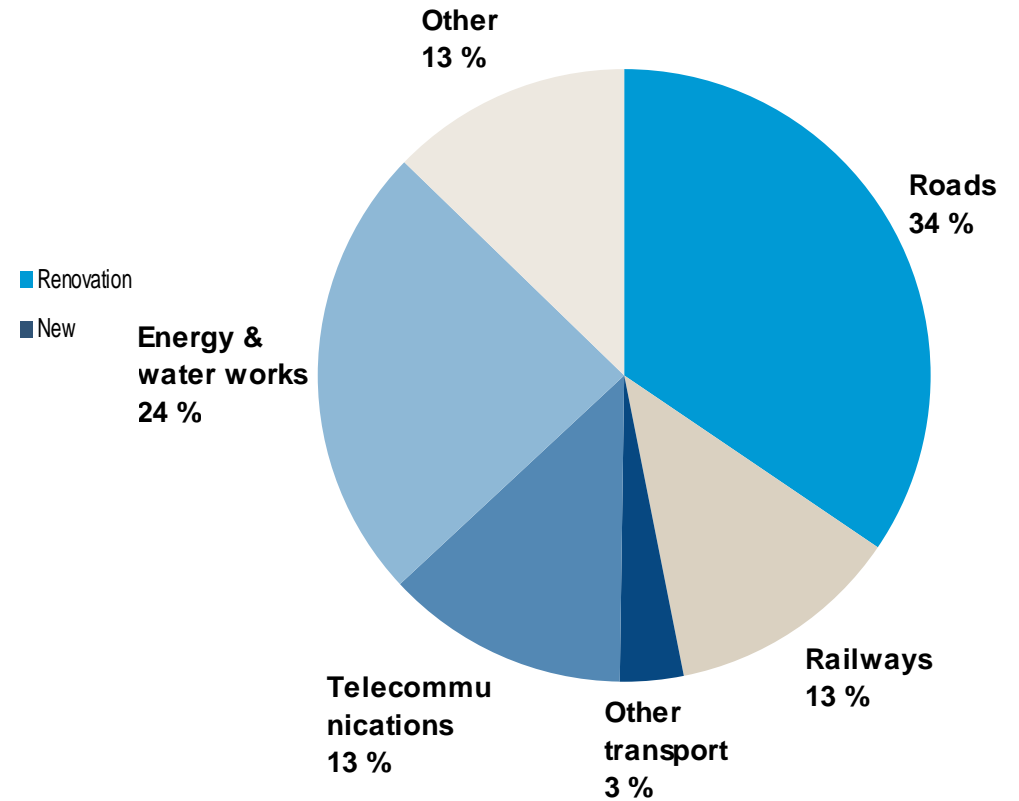


# Infrastructure construction

## Relatively stable development in Finland



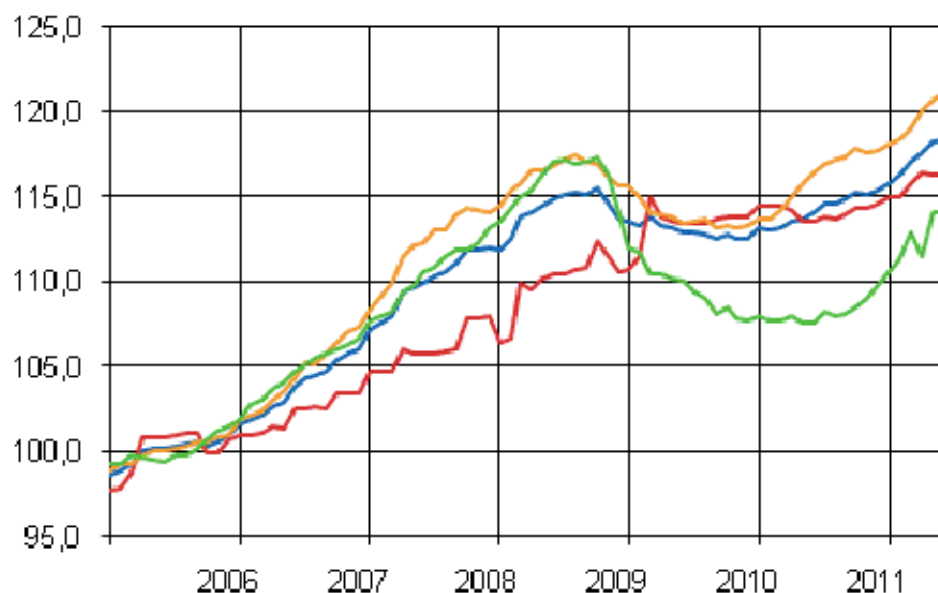
**Infrastructure sectors in Finland (2010)**



Source: Euroconstruct June 2011

# Construction costs in Finland

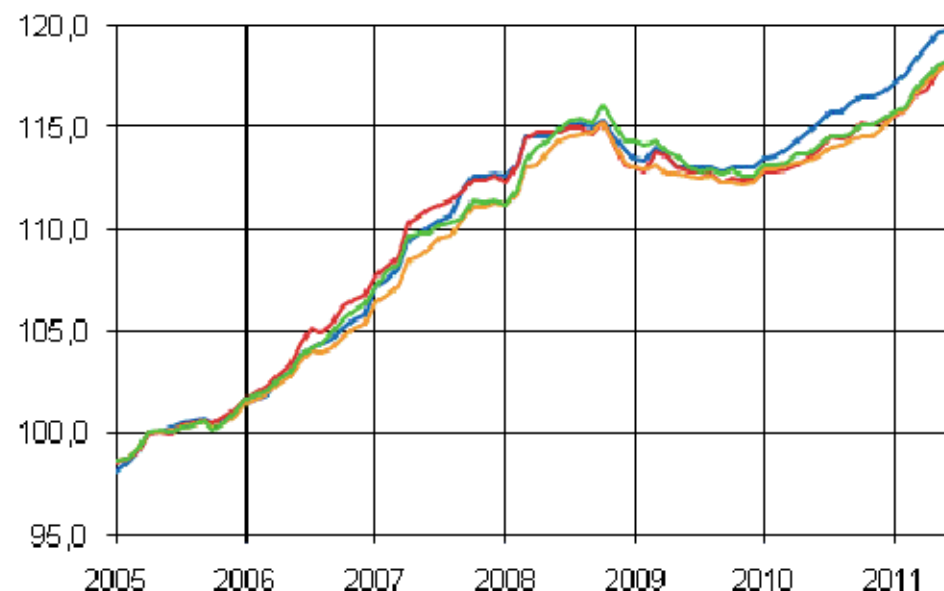
Construction costs, index 2005-2010



Total index = — Yhteensä — Työpanokset = Work contribution  
 Materials = — Tarvikepanokset — Muut panokset = Other

- Building costs were 4,1% higher in June 2011 than in June 2010
- Labour costs rose by 2,4% and prices of materials by 4,6% in the year

Construction costs by building type, index 2005-2011



Block of flat= — Asuinkerrostalo — Asuinpienalo=Detached house  
 — Toimistorakennus — Teollisuusrakennus  
 =Office building =Industrial building

Source: Statistics Finland, July 12, 2011

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