



# Residential sales continued on good level - Profitability improving in Russia

Interim Report January – September 2012

Juhani Pitkäkoski, President and CEO | October 30, 2012



**Holmogory**  
Moscow, Russia

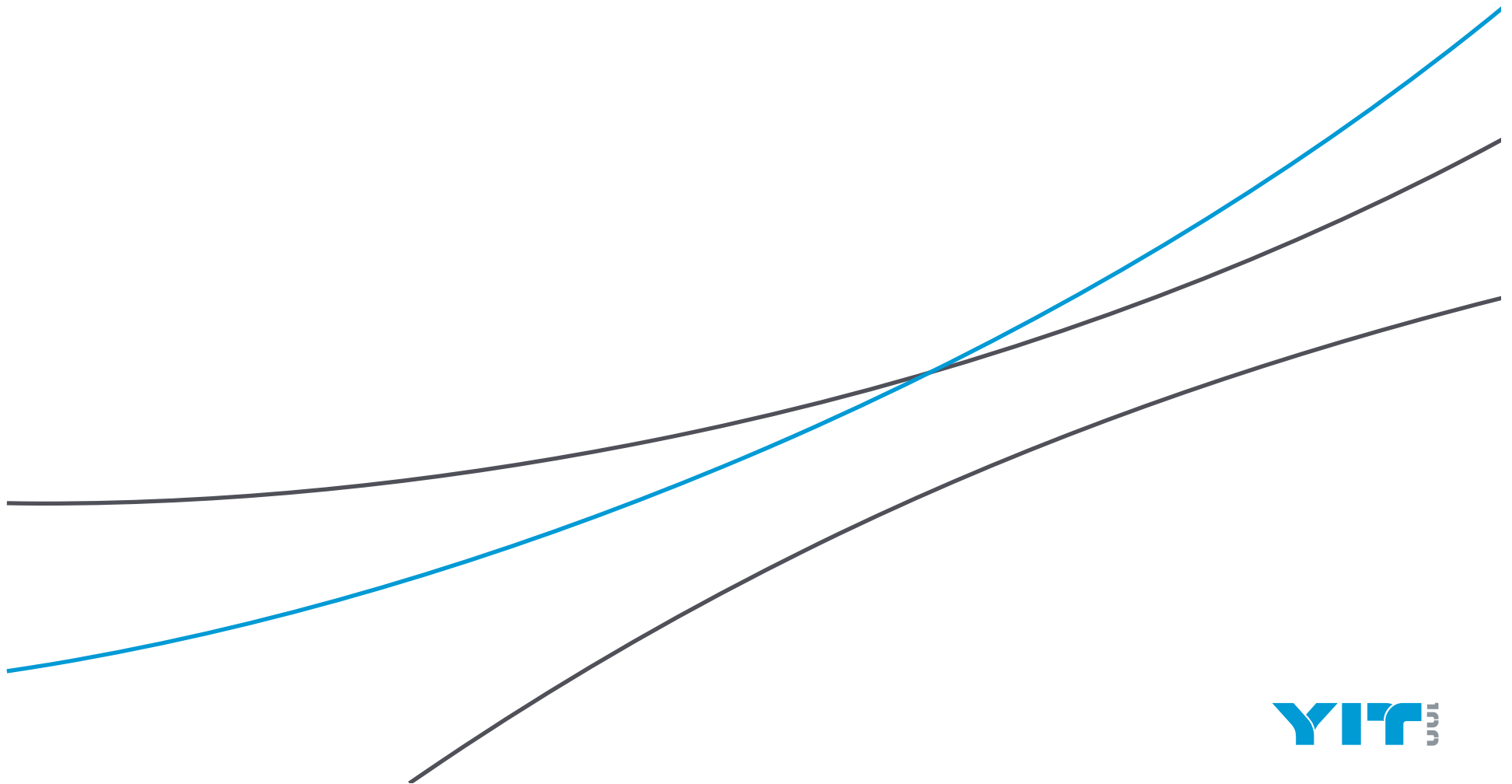
Awarded a special prize in "Best Investment  
and Construction Project 2012"

# Contents

- Group development
- Business review at segment level
- Financial position and key ratios
- Future outlook
- Appendices



# Group development





# Q3 highlights

## Profitability and sales

### Good progress especially in Russian housing

- Good residential sales continued
  - Start-ups on good level to meet the demand
- Profitability improved clearly in International Construction Services
- Profitability in Building Services clearly below expectations
  - Execution of profitability improvement programme in Building Services Northern Europe on-going
  - Focus clearly on service and maintenance in Building Services Northern Europe
  - Restructuring in Building Services Central Europe on-going

## Order backlog

### Strong order backlog (EUR 4,019 million, POC)

- Order backlog on strong level, margin at healthy level
- Versatile sales portfolio in housing: more than 8,000 apartments for sale at the end of September

## Outlook for 2012

### YIT is well positioned

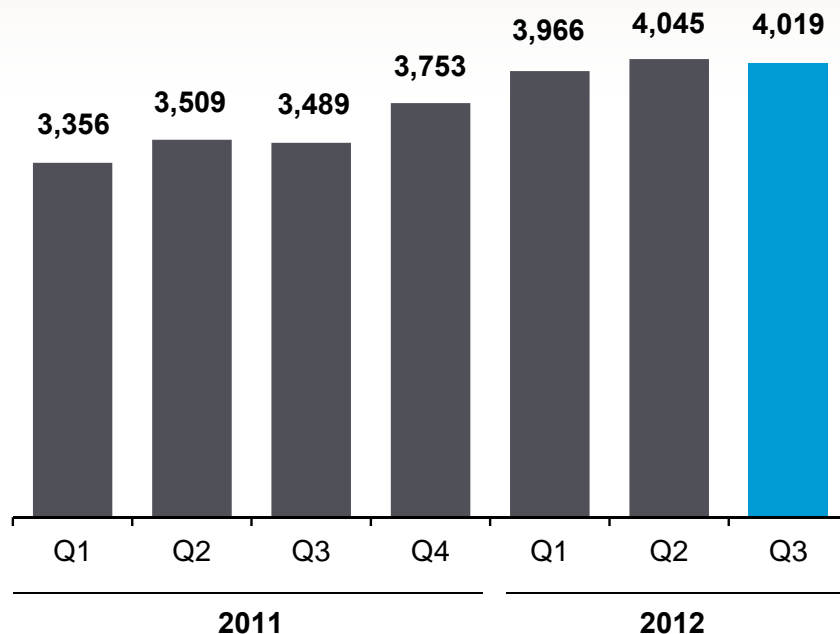
- YIT expects 2012 revenue to remain at last year's level and operating profit to grow compared to 2011\*
- Uncertainty about the general macroeconomic development is still high and impacting YIT and its customers
- YIT is well prepared for weaker times and will utilise the opportunities also in a weaker market situation



# Strong order backlog

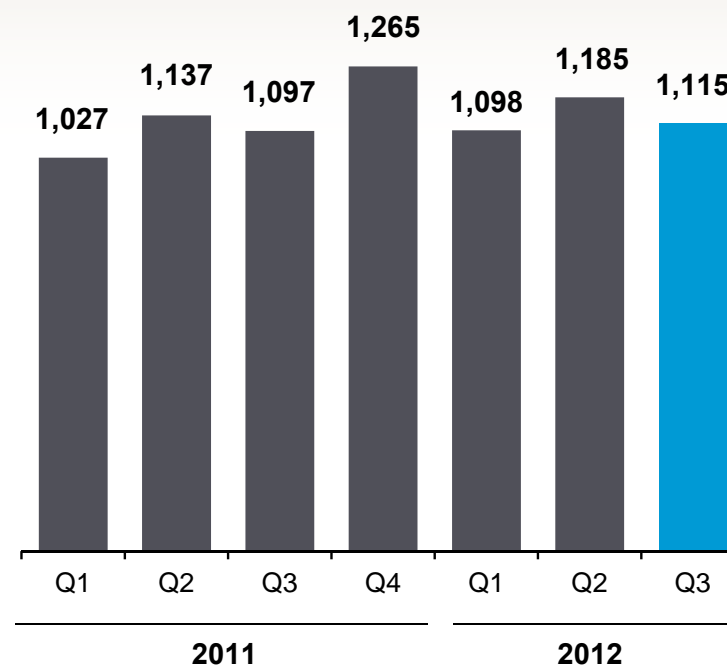
## Order backlog (EUR million)

Change Q3/11 – Q3/12: 15%



## Revenue (EUR million)

Change Q3/11 – Q3/12: 2%

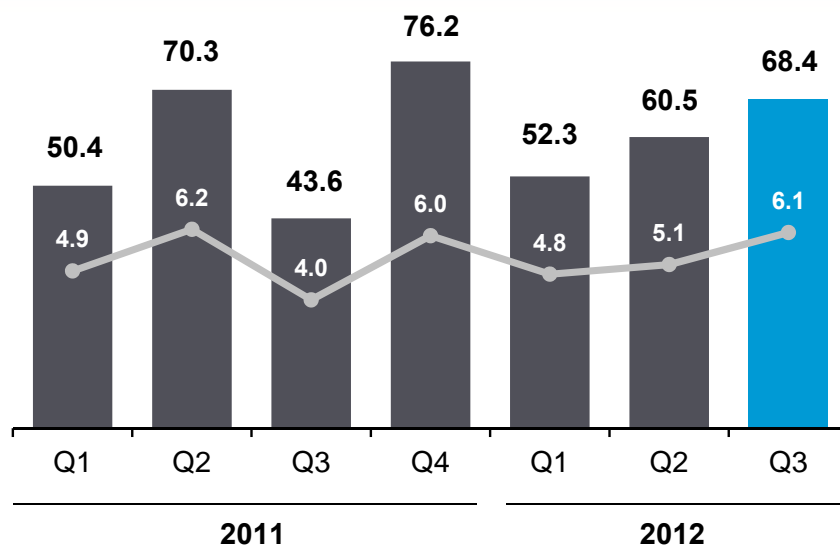


All figures according to segment reporting (POC)

# Profitability improved

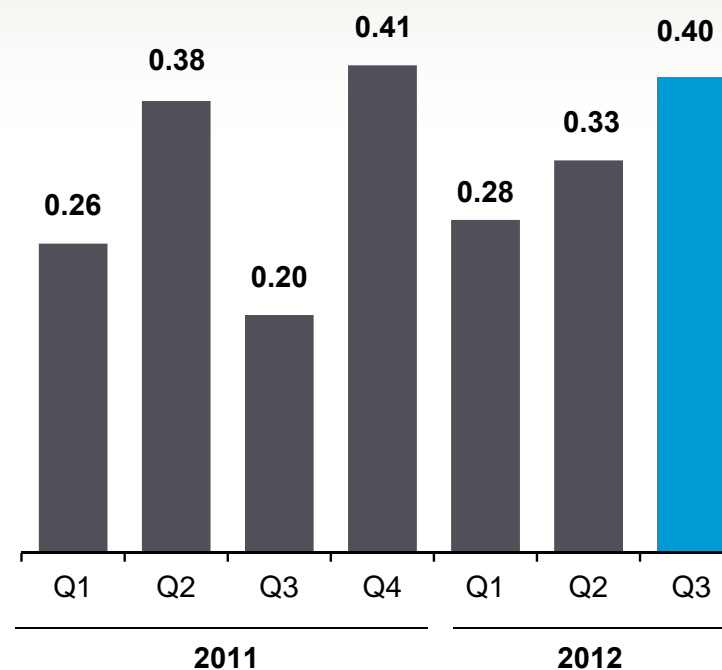
## Operating profit (EUR million)

Change Q3/11 – Q3/12: 57%



## Earnings per share (EUR)

Change Q3/11 – Q3/12: 100%



■ Operating profit —●— % of revenue

All figures according to segment reporting (POC)

EBIT in Building Services Central Europe in Q2/11 included EUR 5.0 million sales gain related to the divestment of Hungarian operations. EBIT in Building Services Northern Europe in Q2/11 decreased by EUR 3.0 million due to reservation related to a single customer project.

EBIT in International Construction Services in Q3/11 decreased by EUR 10.0 million cost provision covering costs related to the ammonia case in St. Petersburg.

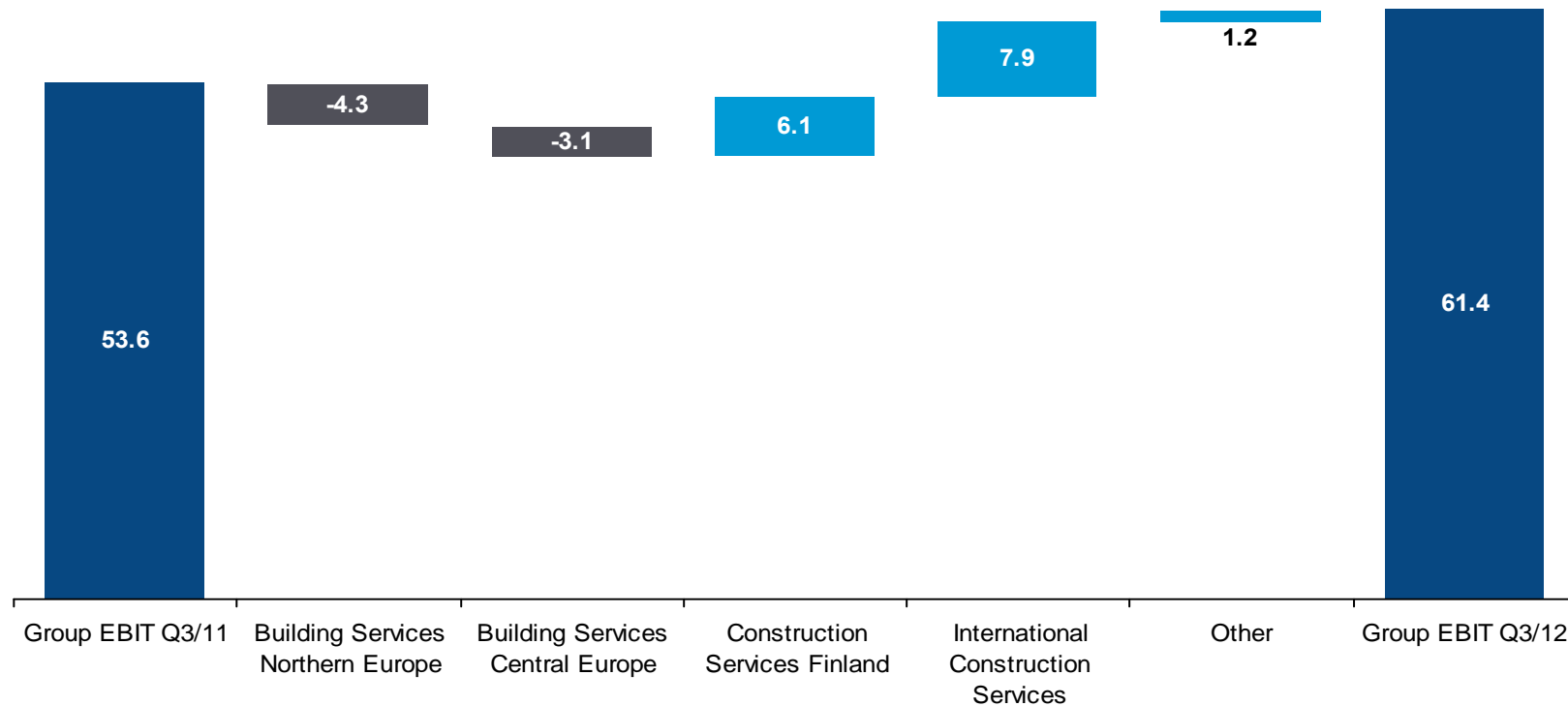
EBIT in Building Services Northern Europe in Q2/12 decreased by EUR 2.8 million due to final settlement of a single customer project.

EBIT in International Construction Services in Q3/12 increased by EUR 7.0 million due the release of the cost provision related to the ammonia case in St. Petersburg

# EBIT bridge from Q3/11 to Q3/12

## Change in operating profit by segment

EUR million



# Key figures

EUR million	7–9/12	7–9/11	Change	1–9/12	1–9/11	Change
Revenue	1,115	1,097	↑	3,398	3,260	↑
Operating profit	68.4	43.6	↑	181.2	164.3	↑
% of revenue	6.1	4.0	↑	5.3	5.0	↑
Order backlog	4,019	3,489	↑	4,019	3,489	↑
Profit before taxes	64.0	35.8	↑	165.6	147.1	↑
Profit for the review period	49.8	24.5	↑	126.1	104.9	↑
Earnings per share, EUR	0.40	0.20	↑	1.01	0.84	↑
Operating cash flow after investments	-30.5	-47.3	↑	3.1	-31.4	↑
Cash at the end of the period	150.0	224.1	↓	150.0	224.1	↓
Personnel at the end of the period	25,788	26,502	↓	25,788	26,502	↓



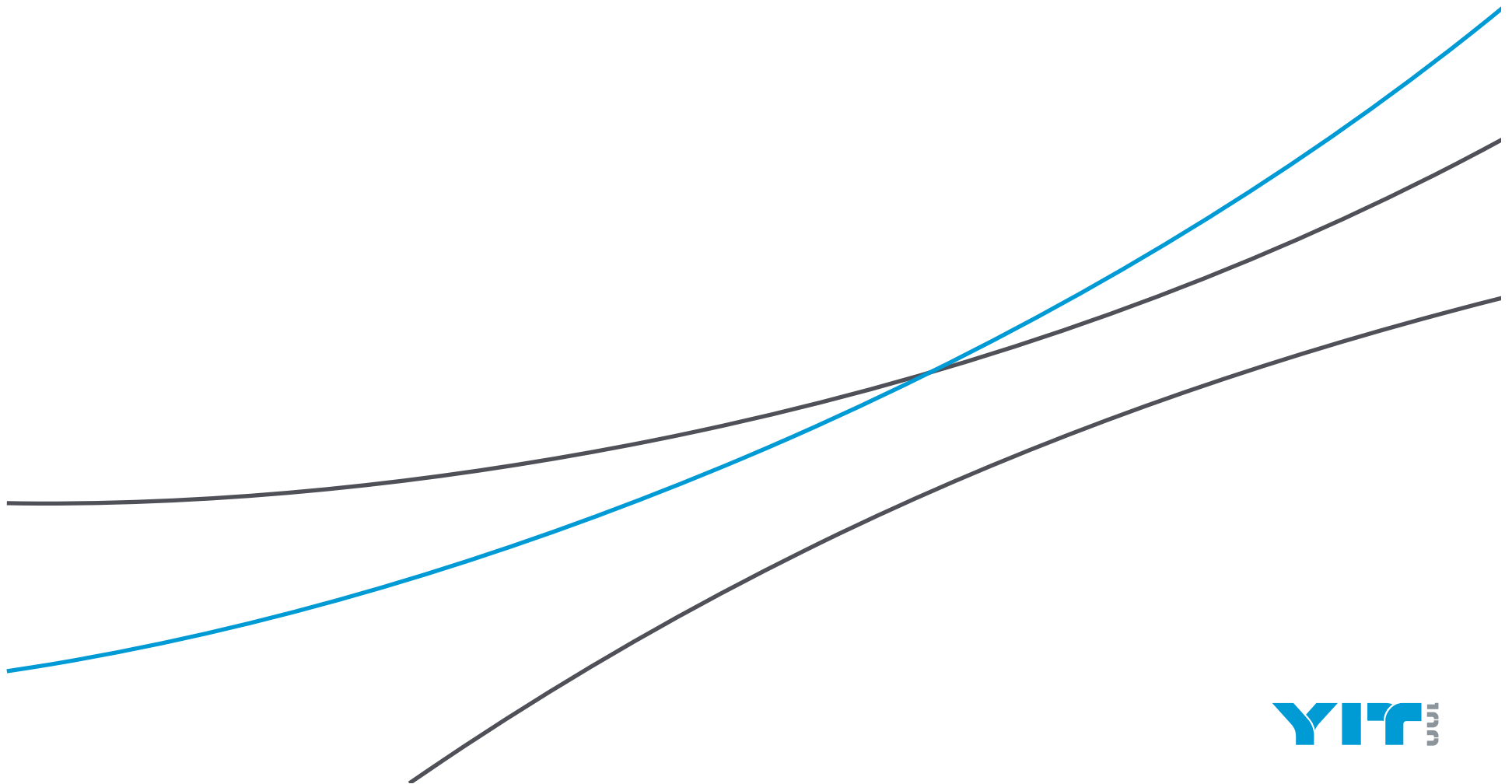
# Continuous improvement in work safety

- Declining trend in the number of work accidents: H-factor\* 1-9/12: 11 (2011: 14)
- Work safety attitude improving
- Success in work safety competitions in Russia and Finland
- Actions taken for the improvement of work safety include:
  - special campaigns among young trainees
  - risk anticipation
  - highlighting the importance of work plans
  - early intervention
  - training
  - appropriate use of equipment
  - internal auditing
  - management involvement in site visits

*\*H-factor= work accidents per million working hours*



# Building Services Northern Europe



# Slow recovery in profitability

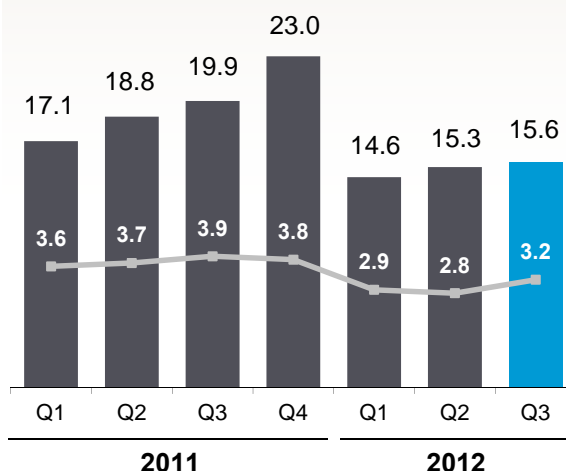
## Revenue (EUR million)

Change Q3/11 – Q3/12: -5%



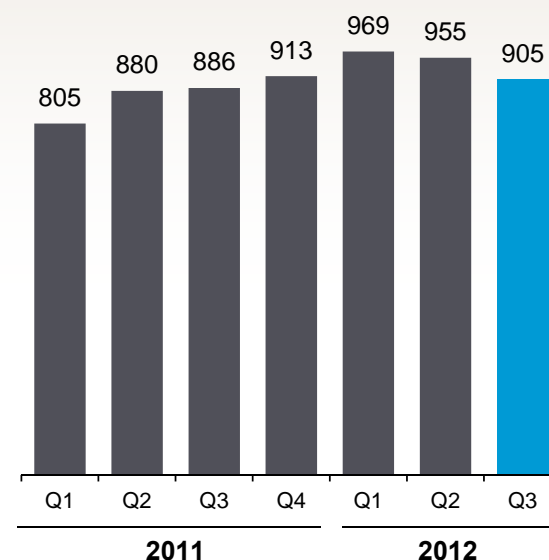
## Operating profit (EUR million)

Change Q3/11 – Q3/12: -22%



## Order backlog (EUR million)

Change Q3/11 – Q3/12: 2%



All figures according to segment reporting (POC)

■ Operating profit

—●— % of revenue

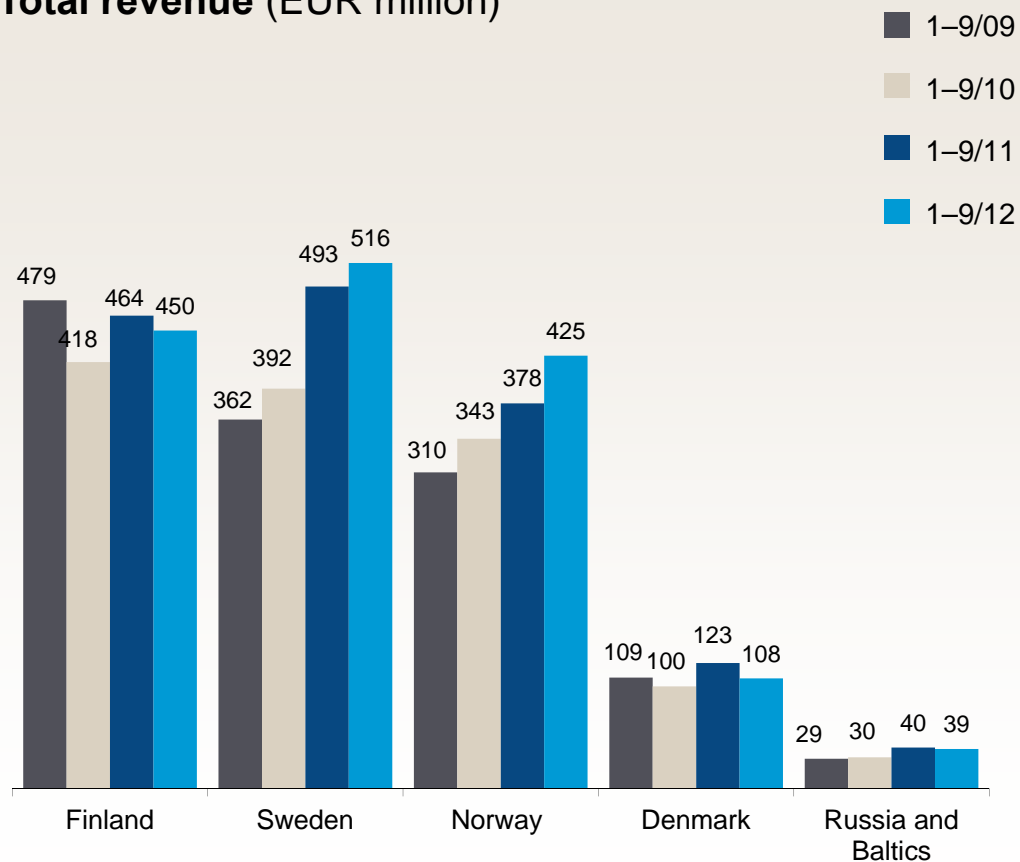
EBIT in Q2/11 decreased by EUR 3.0 million due to a reservation related to a single customer project. EBIT margin in Q2/11, excluding the reservation, would have been 4.3%.

EBIT in Q2/12 decreased by EUR 2.8 million due to a final settlement of a single customer project. EBIT margin in Q2/12, excluding the settlement, would have been 3.4%.

# Revenue development by country



**Total revenue (EUR million)**



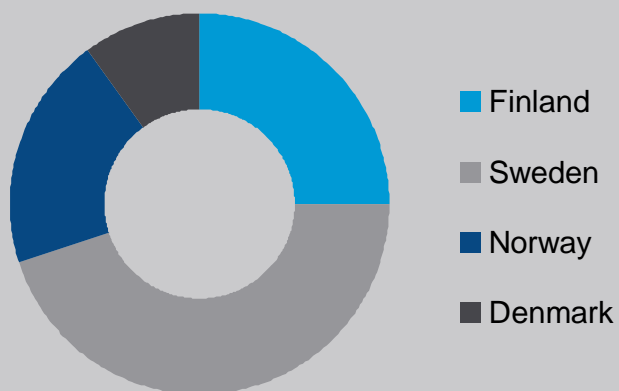
# Key activities to improve profitability

The key targets are following:

- Streamlined process for service
- Total cost savings EUR 40 million

The results will be fully realised from the beginning of 2013

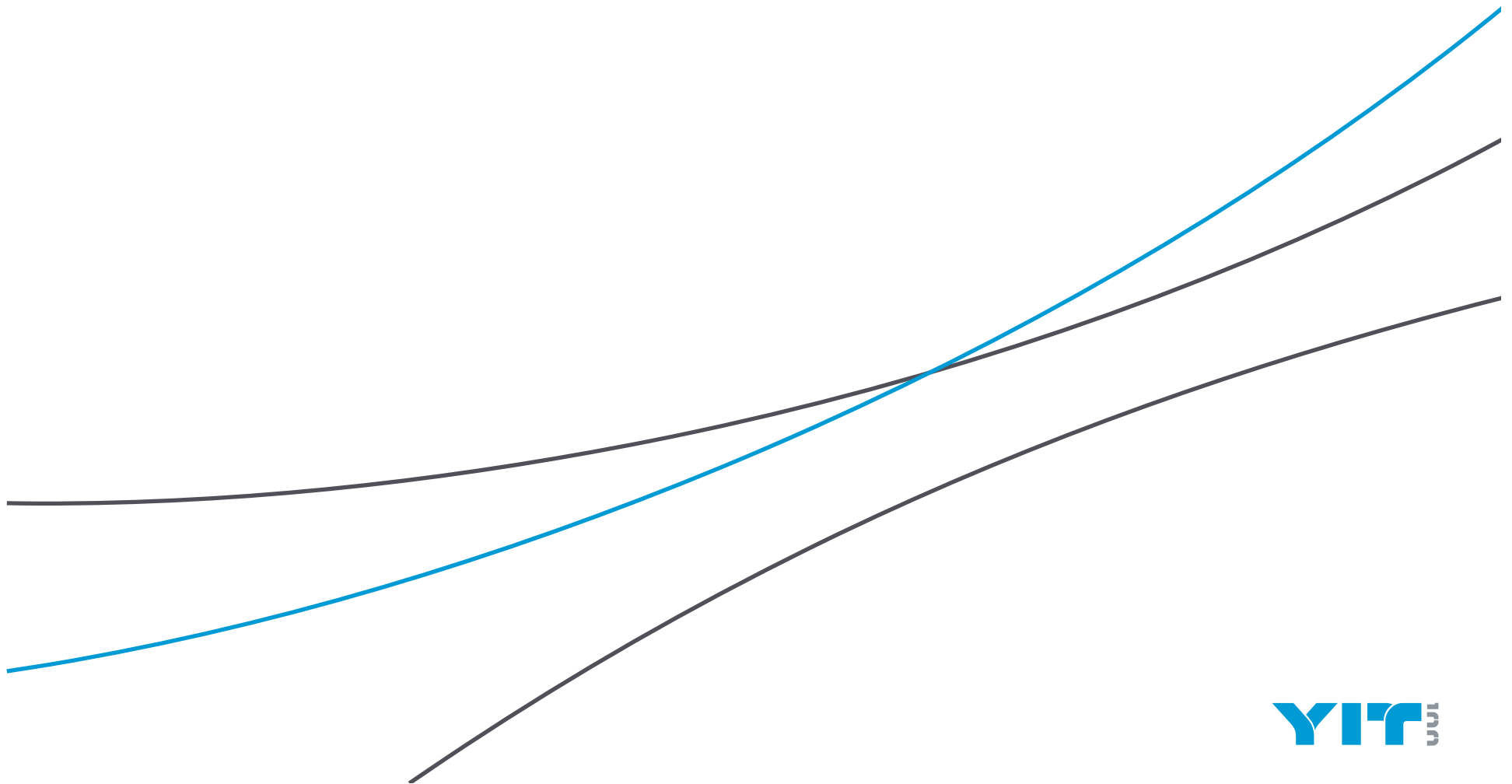
Improvement potential by operating country



- Lower organisation structure
  - Restructuring the organisation
  - Clarifying new roles and responsibilities
  - Closing or merging low performing units
  - Unit categorisation and classification of related centralised tasks
  - Higher share of blue collar workers
- Efficient service capacity planning
  - Upgraded work planning methodology and tools
  - Mobile solutions and GPS utilisation
  - Reduced travelling costs
  - Higher share of work planned vs. used work
- Procurement and material logistics
  - E-procurement
  - Improved purchase procedures and discounts
- Invoicing process
  - Improved invoicing procedure, faster invoicing



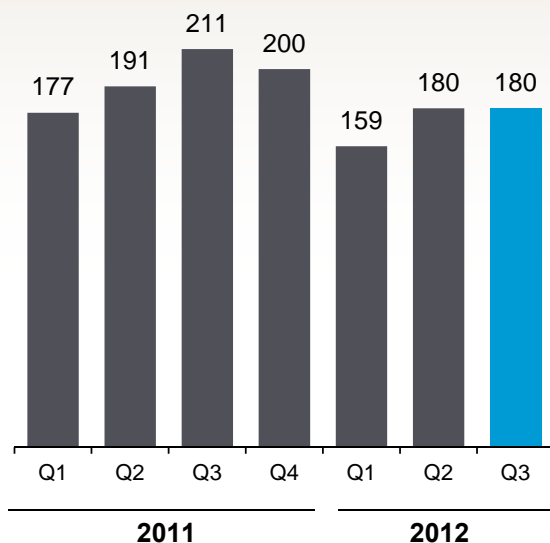
# Building Services Central Europe



# Uncertainty impacting order intake in Central Europe

## Revenue (EUR million)

Change Q3/11 – Q3/12: -15%



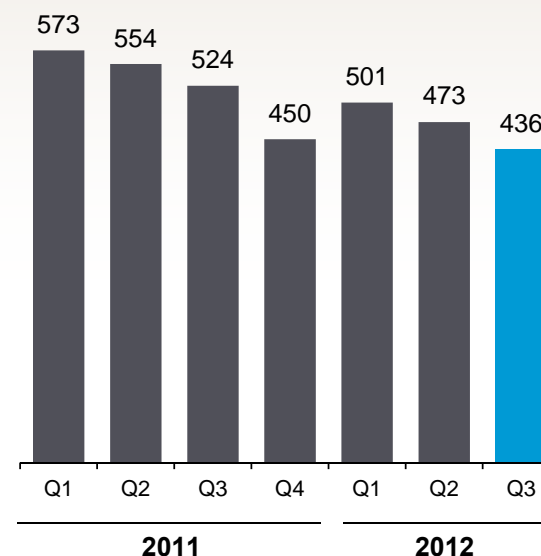
## Operating profit (EUR million)

Change Q3/11 – Q3/12: -40%



## Order backlog (EUR million)

Change Q3/11 – Q3/12: -17%



All figures according to segment reporting (POC)

■ Operating profit

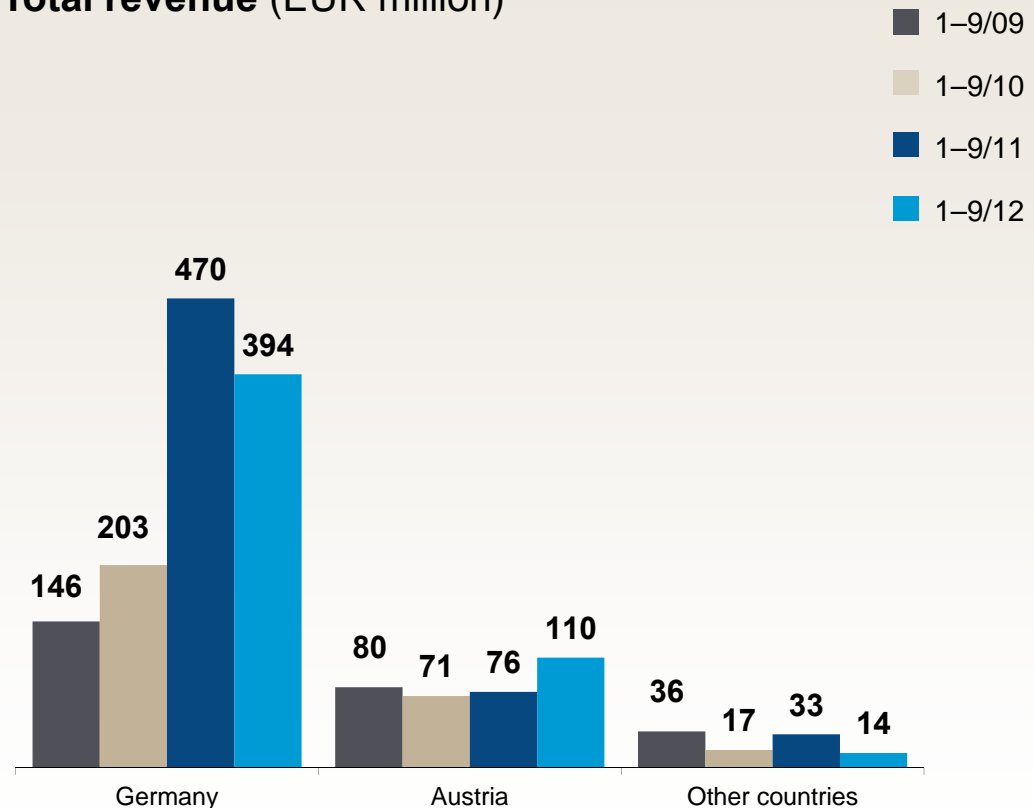
—●— % of revenue

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

- Activity in large project market in Germany was slower
- Good development in Austria
- Low profitability in other countries diluting segment profitability
- Restructuring on-going:
  - Downscaling project business in Poland
  - Closing units in Germany
- Long-term target to improve EBIT margin by one percentage point a year and strengthen the market position organically and through acquisitions

Total revenue (EUR million)



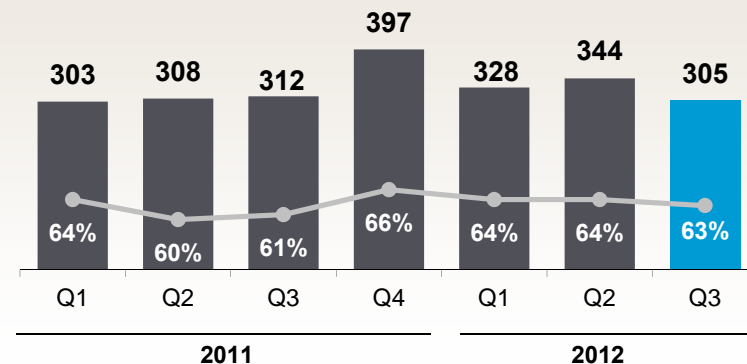
Other countries include Poland, the Czech Republic and Hungary  
Hungarian business sold in June 2011

# Good possibilities to increase service and maintenance in Central Europe

## Service and maintenance revenue in Northern Europe

EUR 977 million in 1–9/12

Change from 1–9/11: 6%

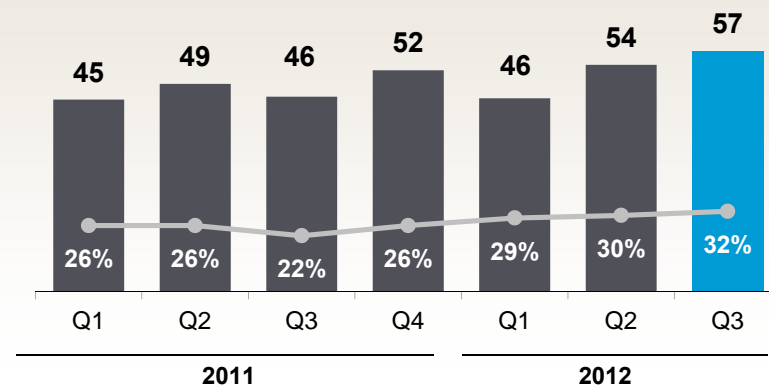


## Service and maintenance revenue in Central Europe

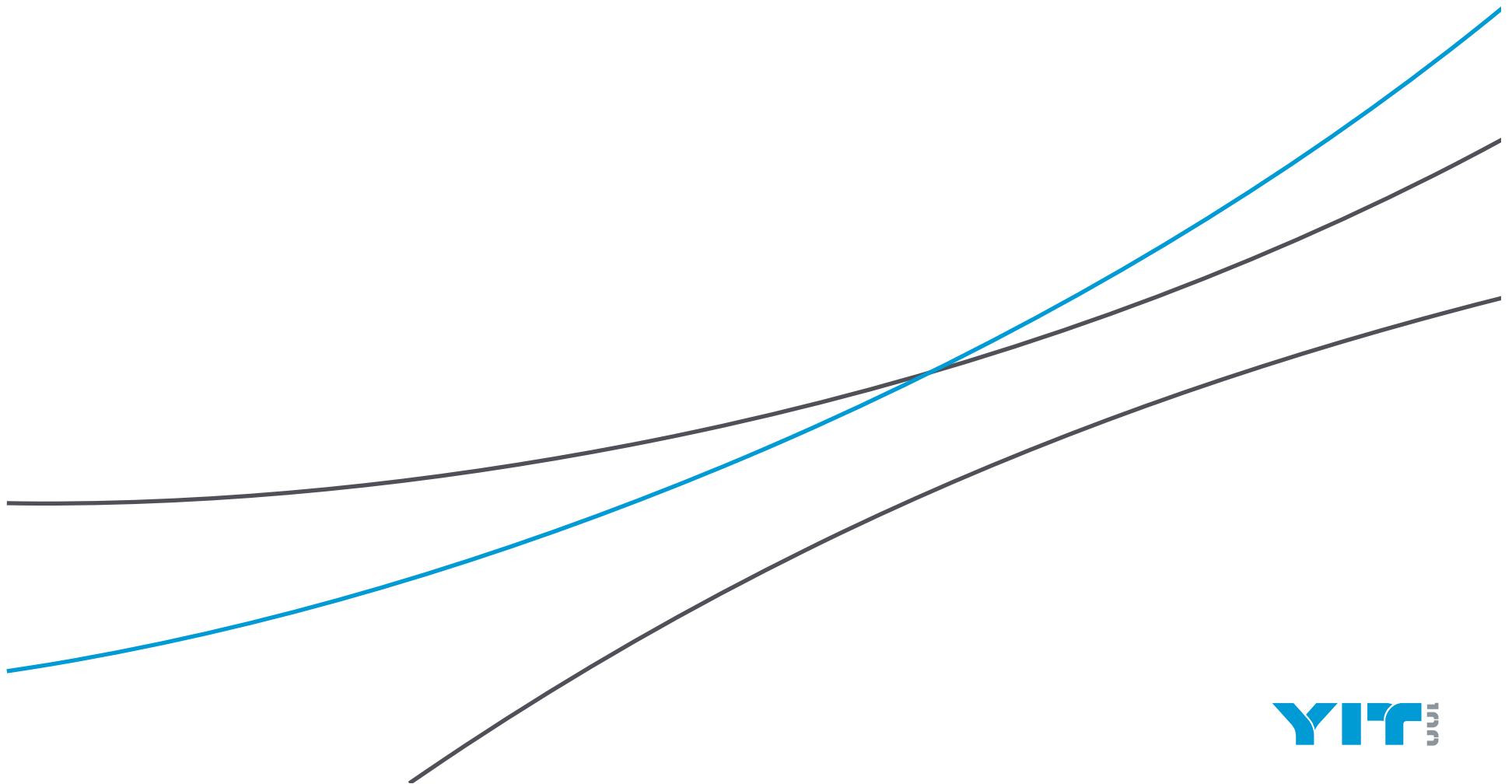
EUR 156 million in 1–9/12

Change from 1–9/11: 11%

■ Service and maintenance revenue  
—● % of segment revenue



# Construction Services Finland

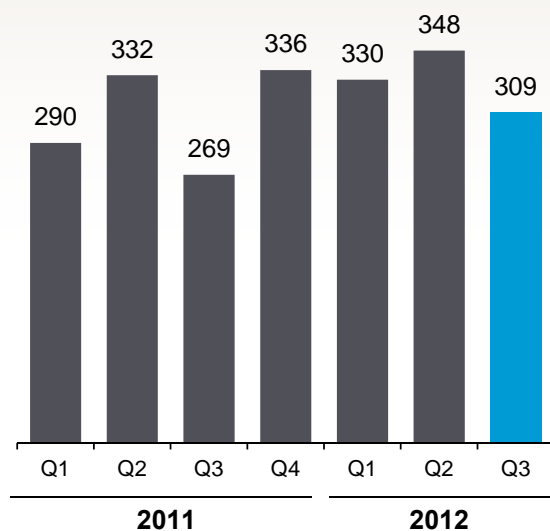




# Operating profit improved clearly from Q3/11

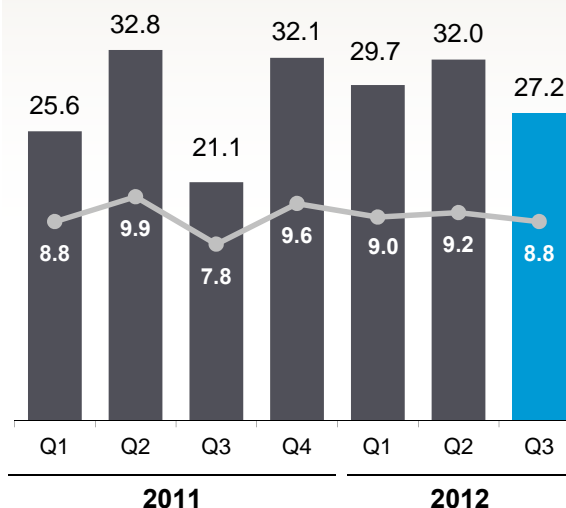
## Revenue (EUR million)

Change Q3/11 – Q3/12: 15%



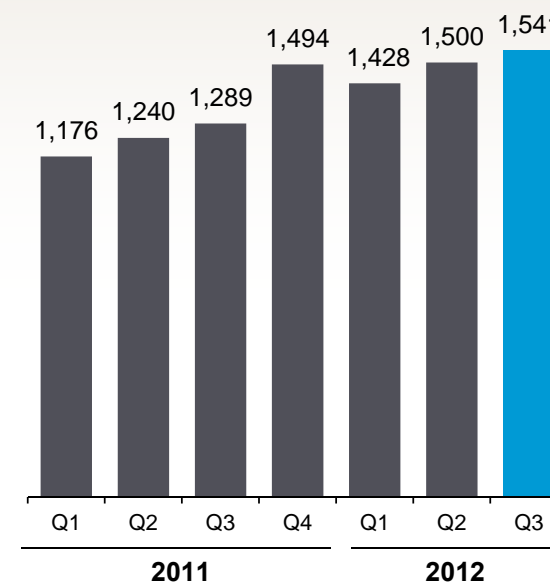
## Operating profit (EUR million)

Change Q3/11 – Q3/12: 29%



## Order backlog (EUR million)

Change Q3/11 – Q3/12: 20%



All figures according to segment reporting (POC)

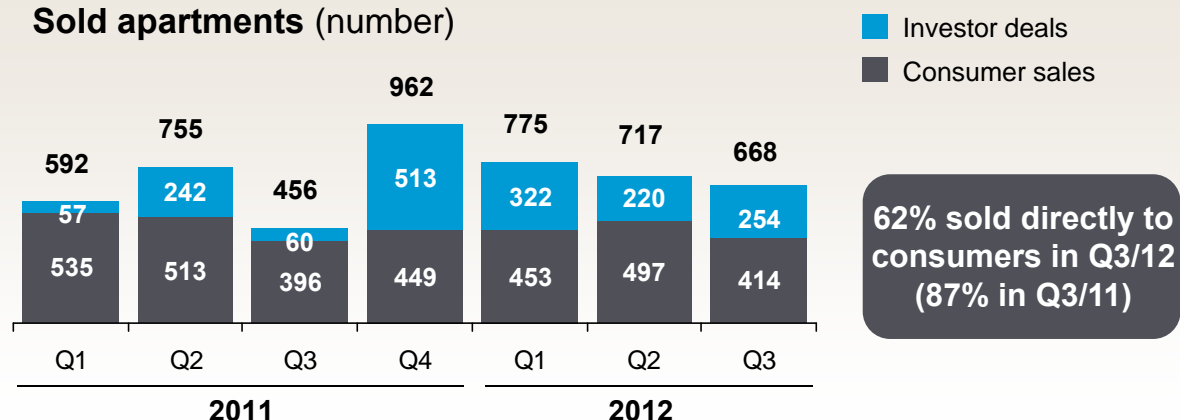
■ Operating profit

—●— % of revenue

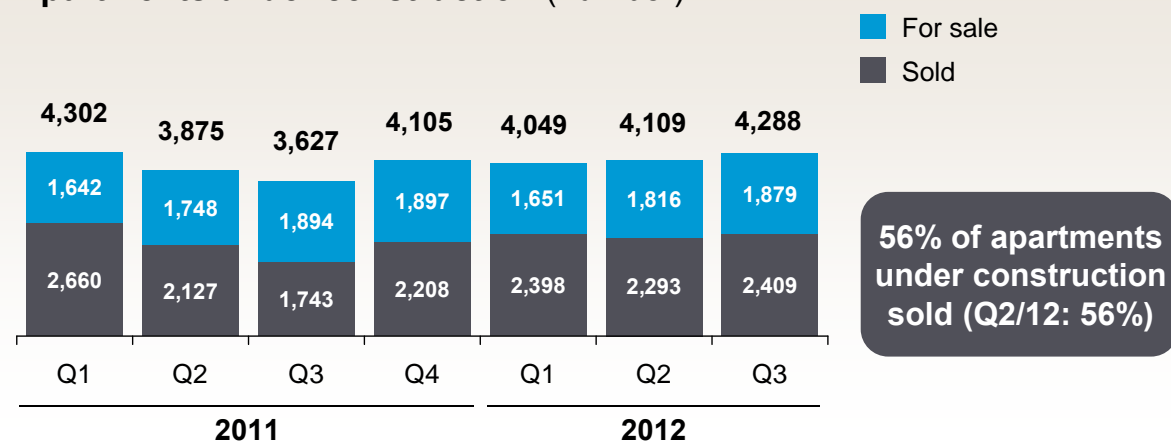
In Q3/12, the operating profit of the segment includes EUR -1.7 million of borrowing costs according to IAS 23 (Q3/11: EUR -0.9 million). EBIT margin in Q3/12 excluding these costs would have been 9.4% (Q3/11: 8.2%).

# Residential sales on good level in Q3

**Sold apartments (number)**



**Apartments under construction (number)**



- Focus on residential development
- Sales have continued at normal level in October
- Prices stable in Q3/12
- Clients' access to financing slightly weaker
- Good mix in sales inventory: more than 70% of units for sale medium-range apartments (price EUR 300,000 or less)
- 469 finished, unsold apartments at the end of September 2012
- Construction costs remaining EUR 316 million in own-developed projects
- Consumer confidence key issue in Q4

At the end of the period

# Start-ups on good level

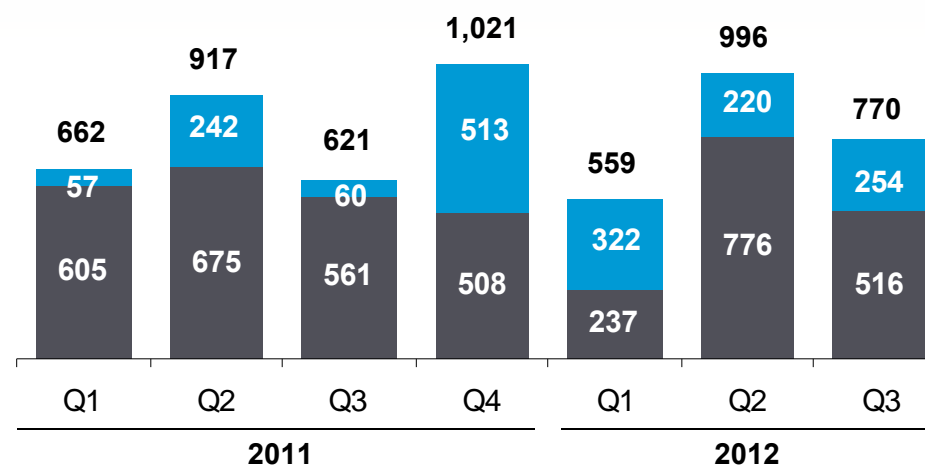


## Apartment start-ups in Finland

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

2011: Total of 3,221

2012: Total of 2,325



# Good progress continued in infrastructure construction and business premises



E18 Koskenkylä-Kotka  
Ahvenkoski, Finland

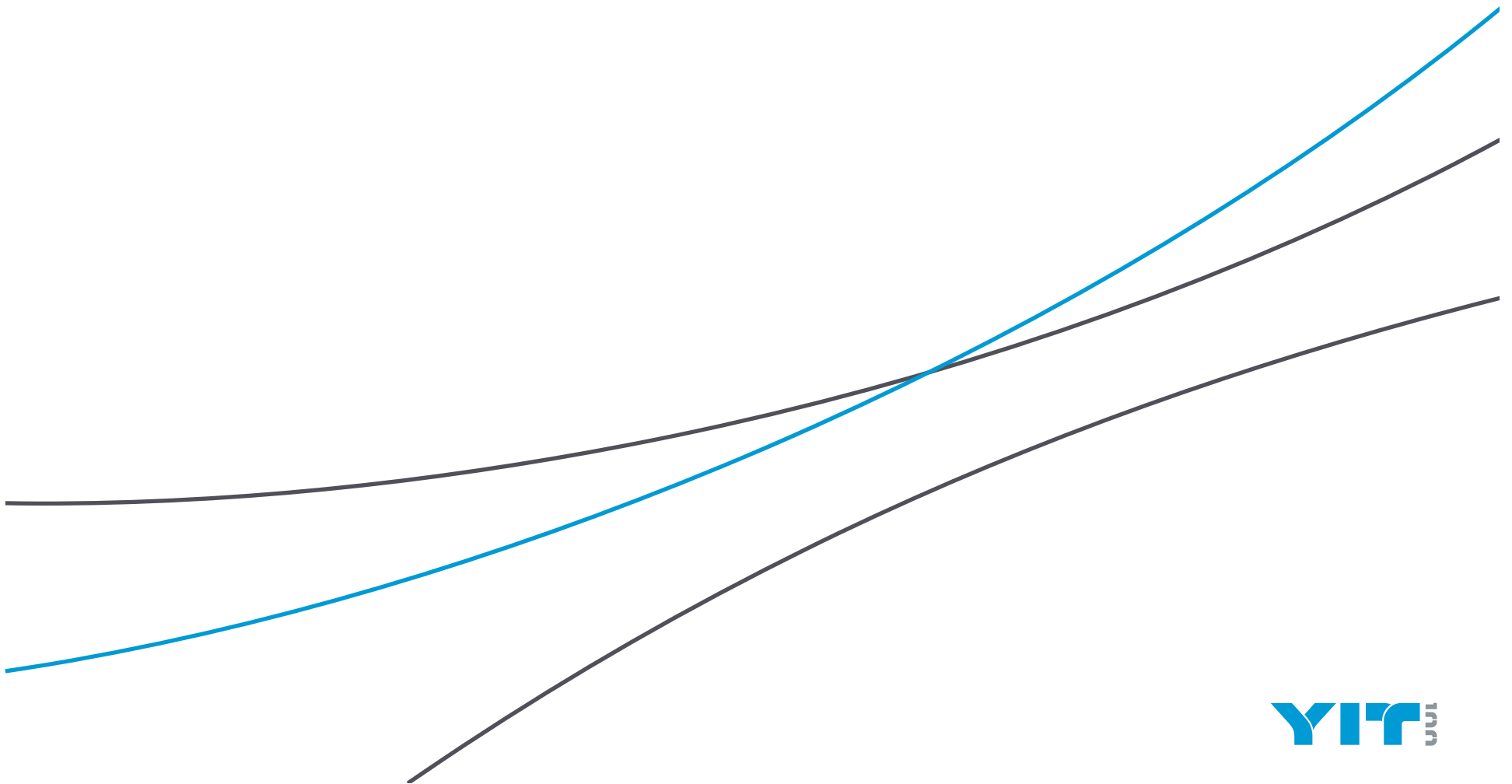
## Improved position in infrastructure construction

- Strong order backlog in infrastructure construction
  - Contracting business, i.e. no sales risk
- In Q3/12 the major road projects progressed as planned

## New start-ups in business premises

- Order backlog at good level
- YIT decided to launch the construction of a new office and retail centre adjacent to the Tikkurila railway station in Vantaa (Helsinki metropolitan area)
  - Also includes a complex of three residential buildings
  - Total value of the project is more than EUR 150 million
  - The centre will be built in several phases and is scheduled for completion in 2019
- After Q3 YIT started the construction of an office building Intelligate II in Turku
  - Total area of 6,400 m<sup>2</sup> and scheduled for completion in 2013

# International Construction Services

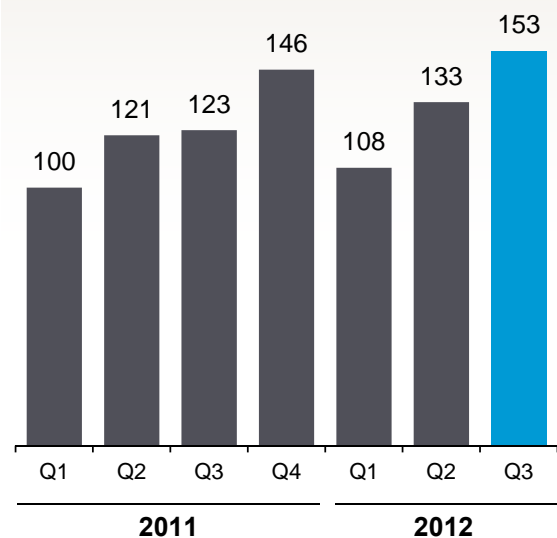




# Strongest segment performance

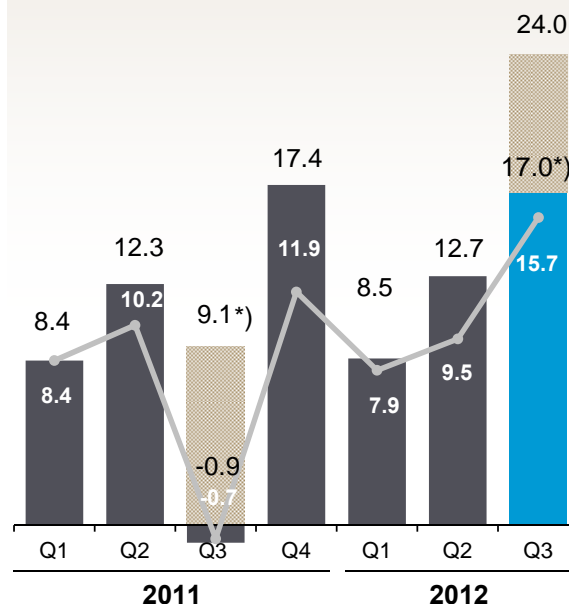
## Revenue (EUR million)

Change Q3/11 – Q3/12: 25%



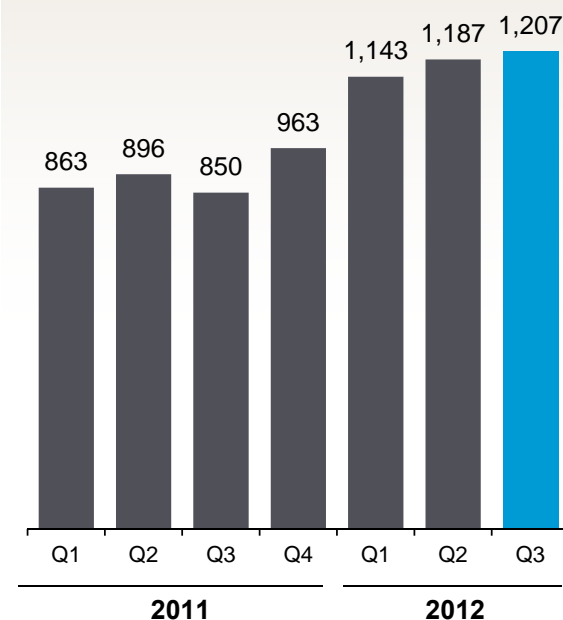
## Operating profit (EUR million)

Change Q3/11 – Q3/12: EUR 24.9 million



## Order backlog (EUR million)

Change Q3/11 – Q3/12: 42%



All figures according to segment reporting (POC)

■ Operating profit — % of revenue

\*) A EUR 10.0 million cost provision covering costs related to the ammonia case in St. Petersburg was made in Q3/11. Excluding the provision EBIT would have been EUR 9.1 million and the EBIT margin would have been 7.4%, respectively.

EUR 7 million of the provision was released in Q3/12. Excluding the release EBIT would have been EUR 17.1 million and the EBIT margin 11.1 respectively.

In Q3/12 the operating profit of the segment includes EUR -1.6 million of borrowing costs according to IAS 23 (Q3/11: EUR -0.9 million). The EBIT margin in Q3/12 excluding these costs would have been 16.7% (Q3/11: 0.4%).

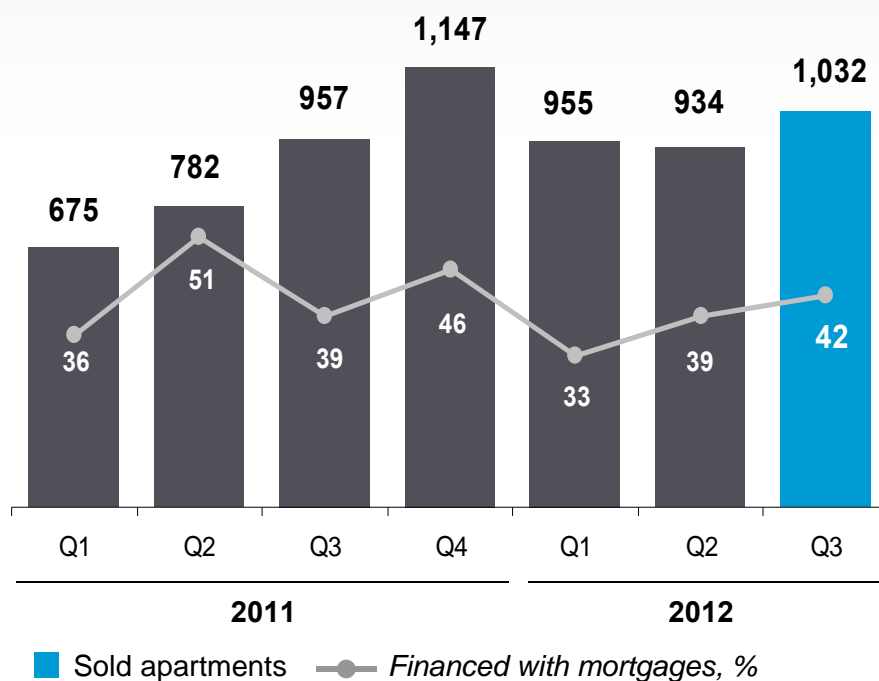
# Good residential sales in Russia

## Sold apartments in Russia

(number, %)

2011: Total of 3,561  
(43%)

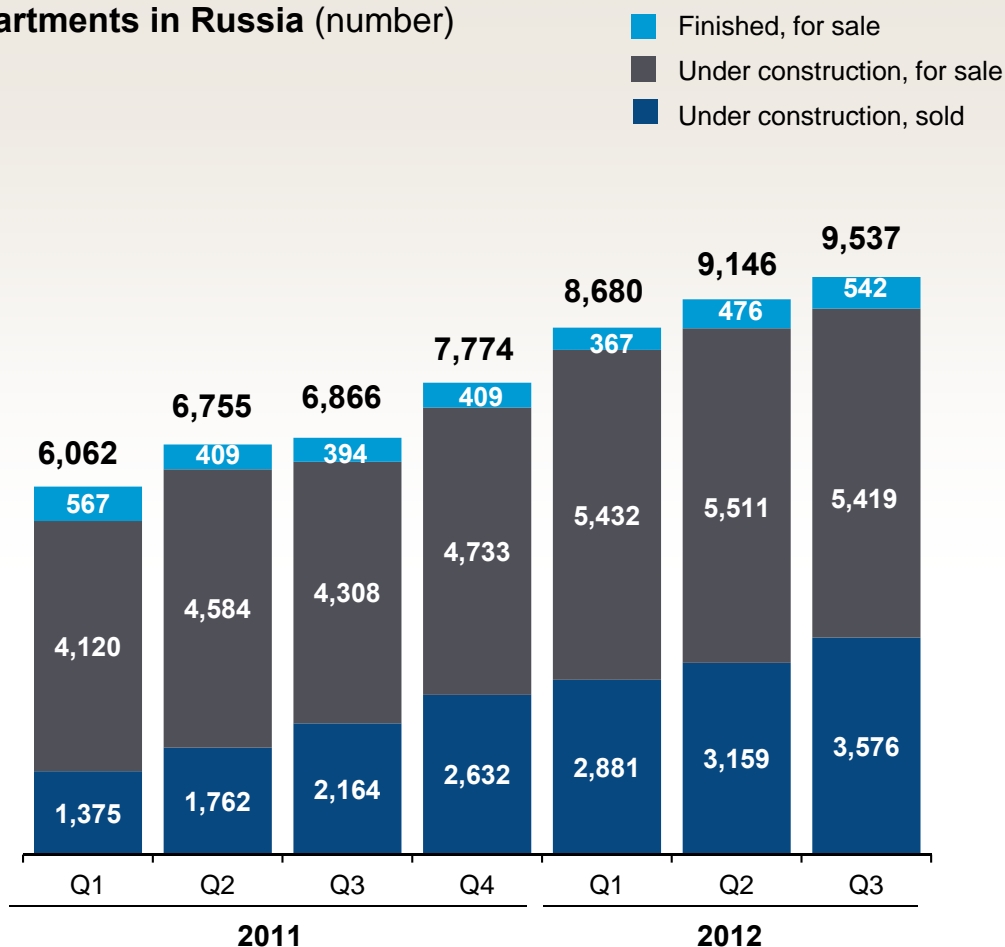
2012: Total of 2,921  
(39%)



- Sales have continued at a normal levels in October
- YIT continued slight price increases in all operating cities
- Sales supported by extensive mortgage co-operation with banks
  - YIT's customers have good access to mortgage market as 42% of apartments sold were financed with mortgages in Q3/12
  - Mortgage rates increasing, but still at reasonable levels locally

# Good potential in controlled sales portfolio

**Apartments in Russia (number)**

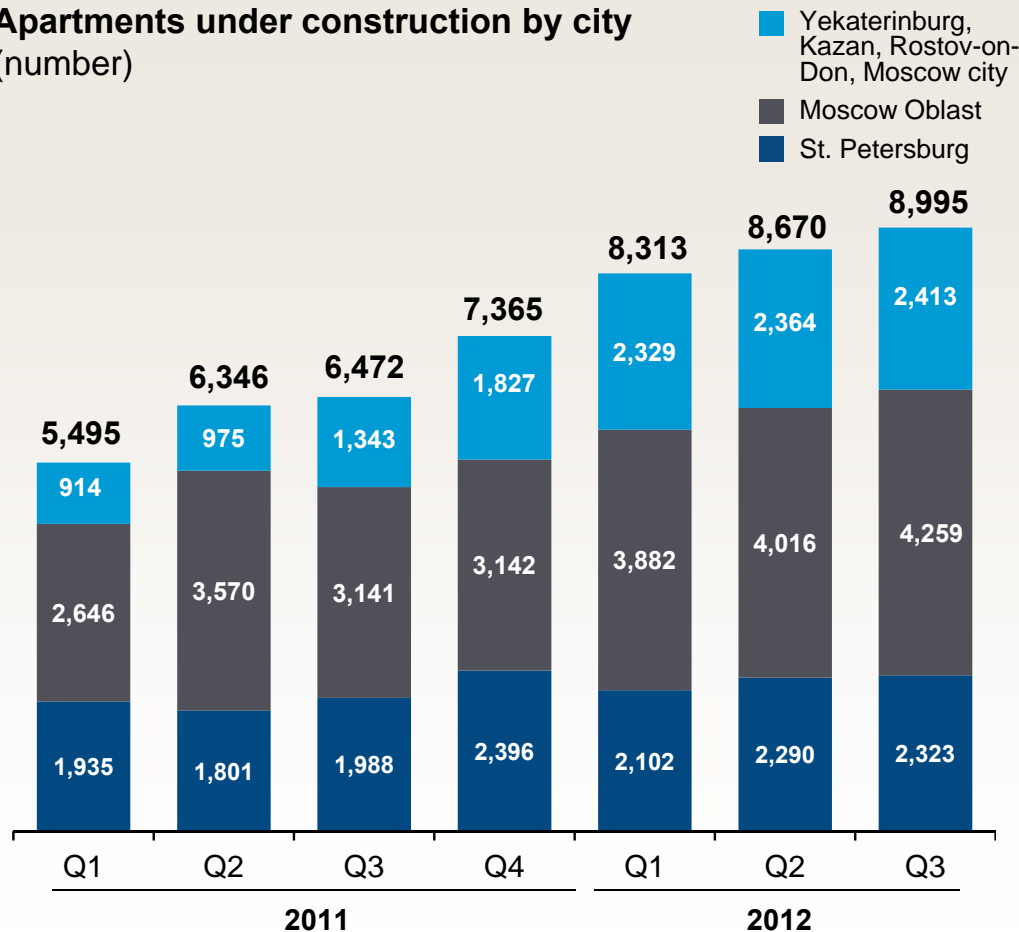


At the end of the period

- Sales inventory in Russia increased from 2011
  - 5,961 apartments for sale at the end of September (9/11: 4,702)
  - 40% of apartments under construction were sold (9/11: 33%)
    - Revenue recognition as production proceeding
- 622 apartments commissioned in Q3/12 (Q3/11: 539)

# Geographically balanced production in Russian residential

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

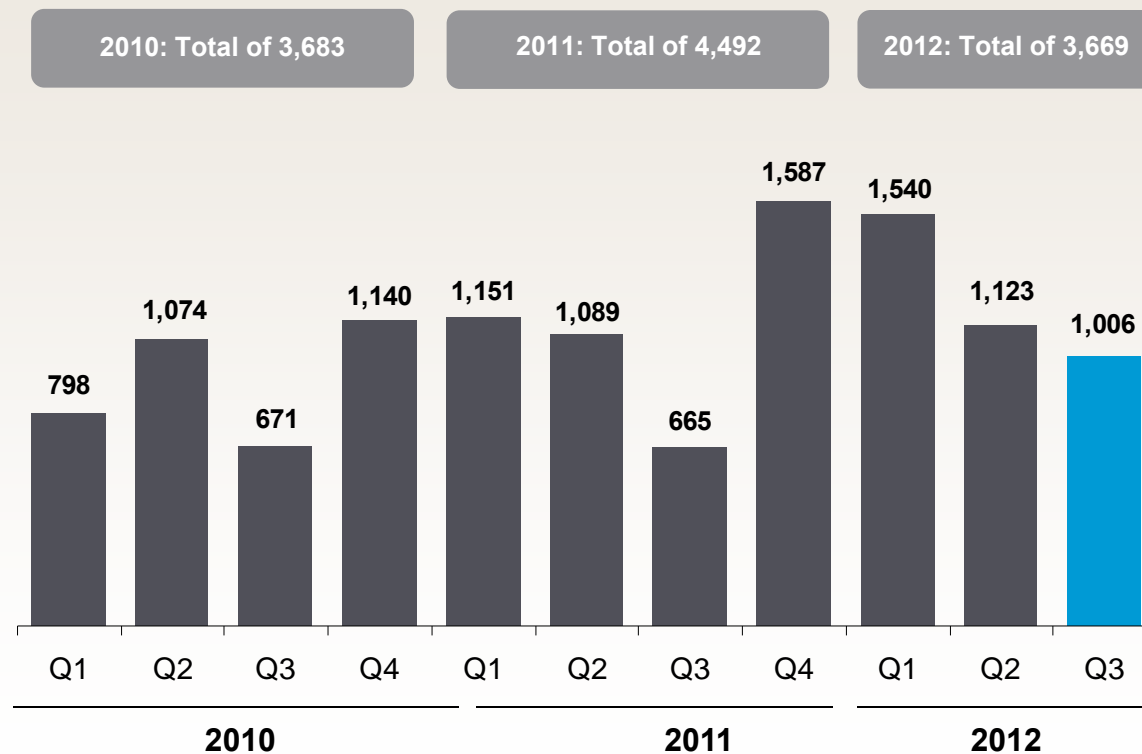


At the end of the period

- Apartments under construction have increased especially in the Moscow region
- Construction costs remaining in ICS EUR 482 million

# Good level of start-ups supported by good demand

Apartment start-ups in Russia (number)



- In Q3/12 housing start-ups took place in St. Petersburg, Moscow region, Rostov-on-Don and Yekaterinburg
- Plot acquisitions made in Q3/12 in Moscow region, Rostov-on-Don, Yekaterinburg and Kazan
- Diverse plot portfolio: good geographical distribution, apartments for targeted customer segments



# Financial impact of ammonia clearly smaller than estimated



## Background and consequences

- In September 2011, odour caused by above the norm ammonia concentrations was found in St. Petersburg
- Key reason was the use of improper additives in concrete by YIT's suppliers
- Direct cumulative costs have so far been less than EUR 1.5 million
- YIT made a cost provision of EUR 10.0 million related to the issue in Q3/11 and in Q3/12 released EUR 7.0 million of the provision
- YIT has also negotiated with insurance companies and material suppliers and it looks likely, that they will compensate additional costs occurred

## Preventive and future actions

- Improved instructions have been established for YIT in winter concreting, for concrete purchasing and subcontractor controlling
- Negotiations have been held with concrete providers for agreeing new control methods and responsibilities

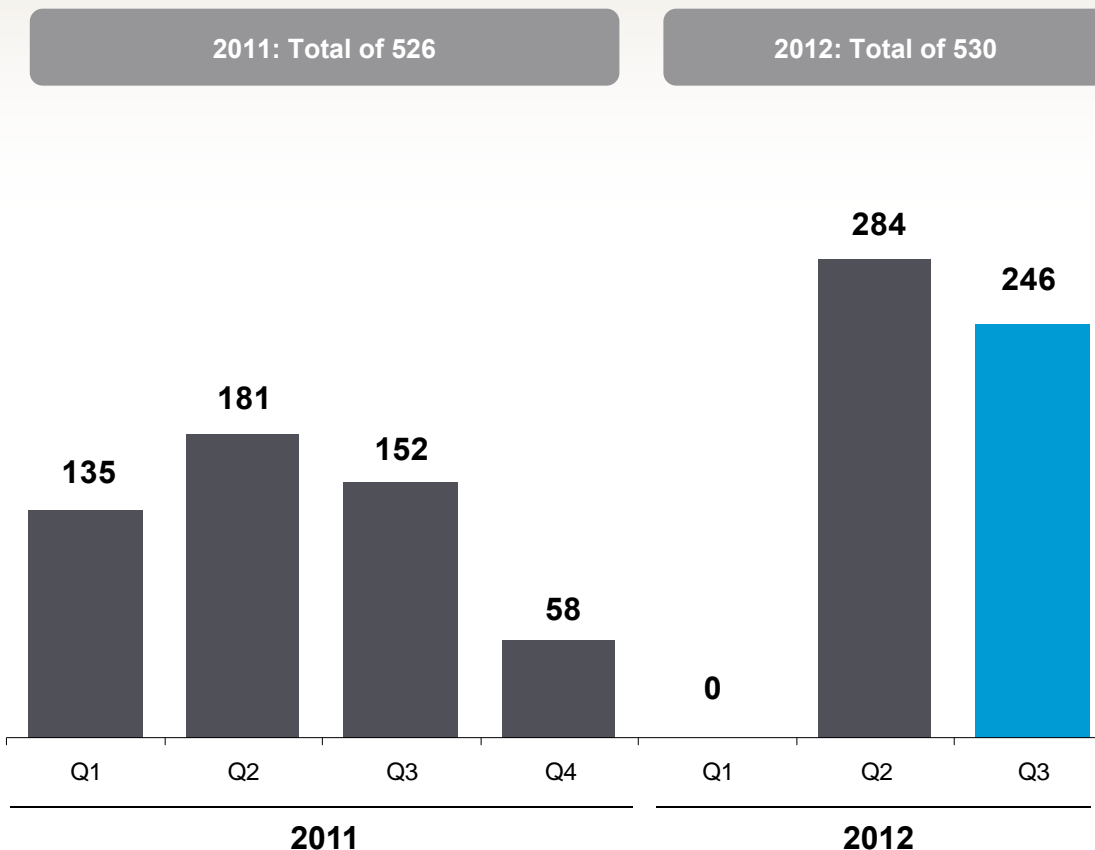
# YIT has expanded to 7 new cities in Moscow Oblast



- In 2012, YIT has started operations in seven new cities in the Moscow region
- Plot acquisitions made
- In five of the cities, construction has been started

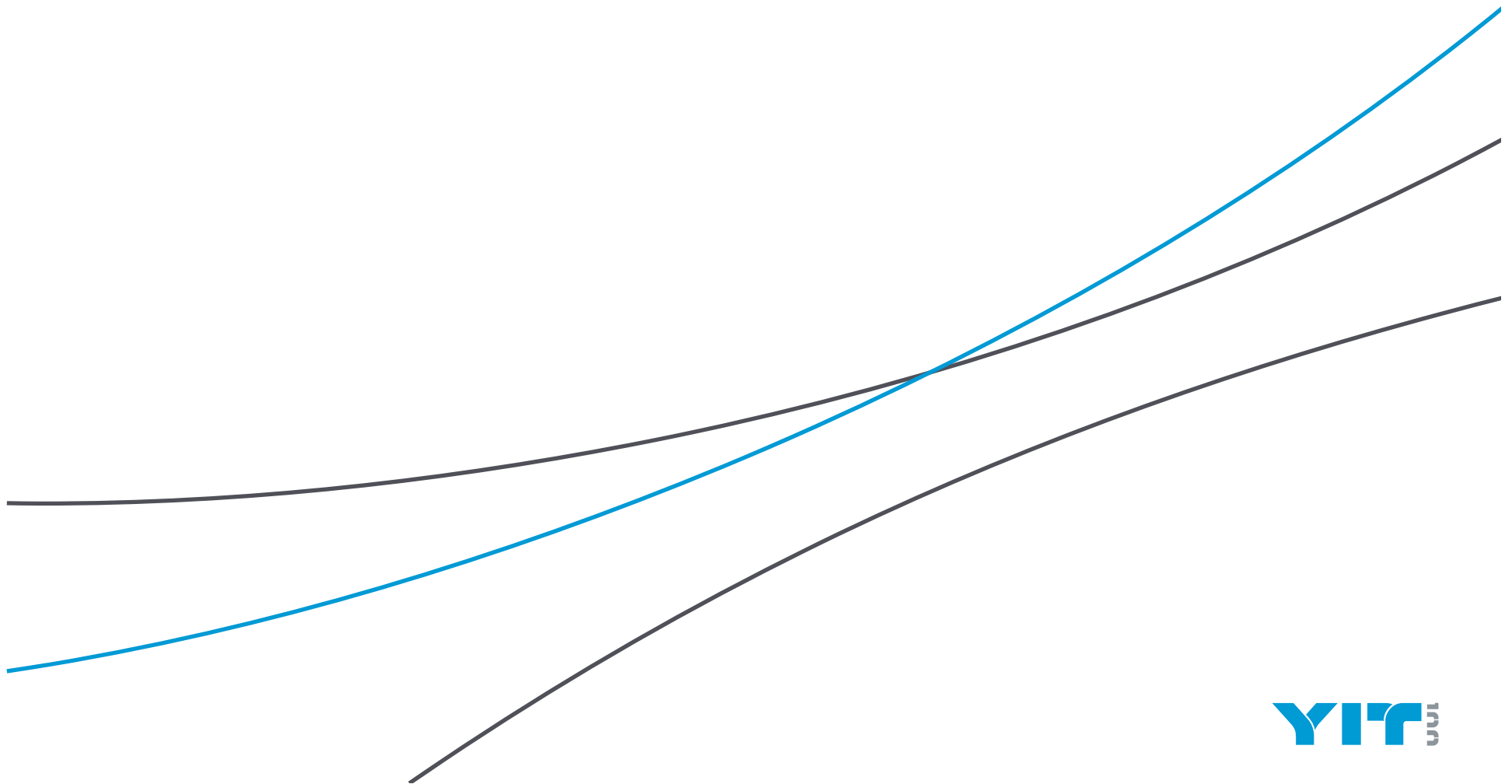
# Increasing volumes in the Baltic countries, the Czech Republic and Slovakia

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



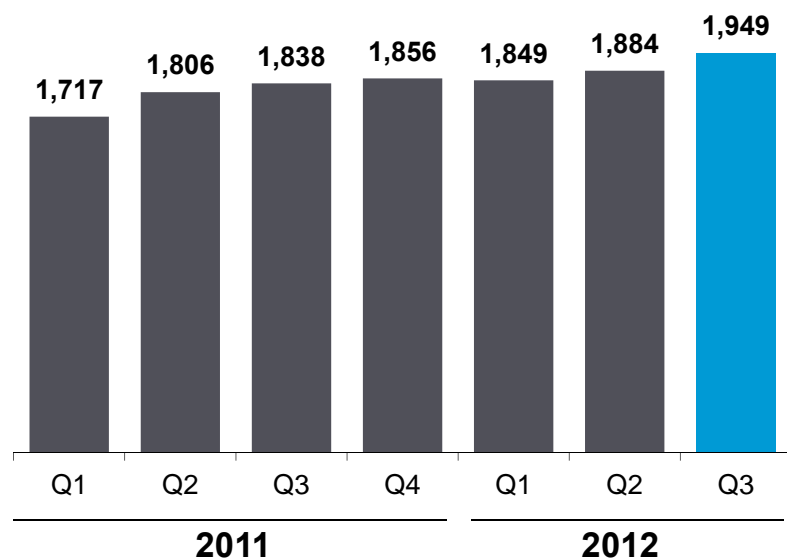
- In Q3/12 YIT sold 99 apartments (Q3/11: 111)
- YIT's market position in the area has strengthened
- Housing start-ups in all the countries except in Lithuania
- Housing prices stable
- Profitability is clearly below segment average
- Large share of contracting especially in the Baltic countries hurt the segment's profitability in Q3

# Financial position and key ratios



# Further opportunities to increase operating profit and capital efficiency

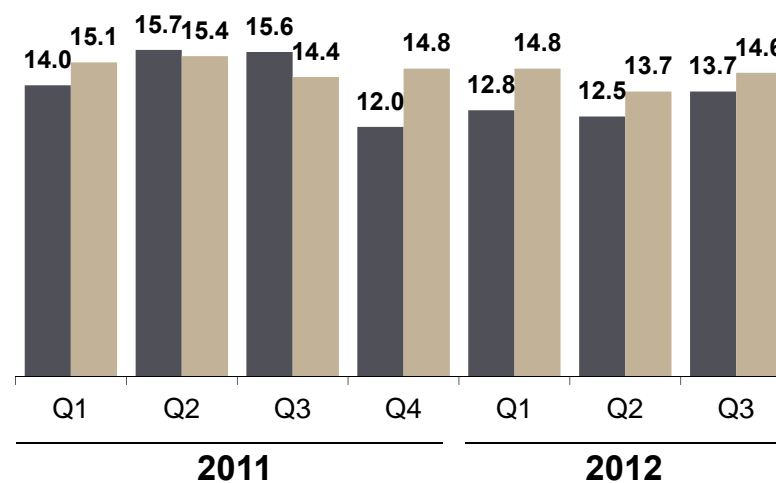
**Invested capital**  
EUR million



According to group reporting (IFRIC 15)

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

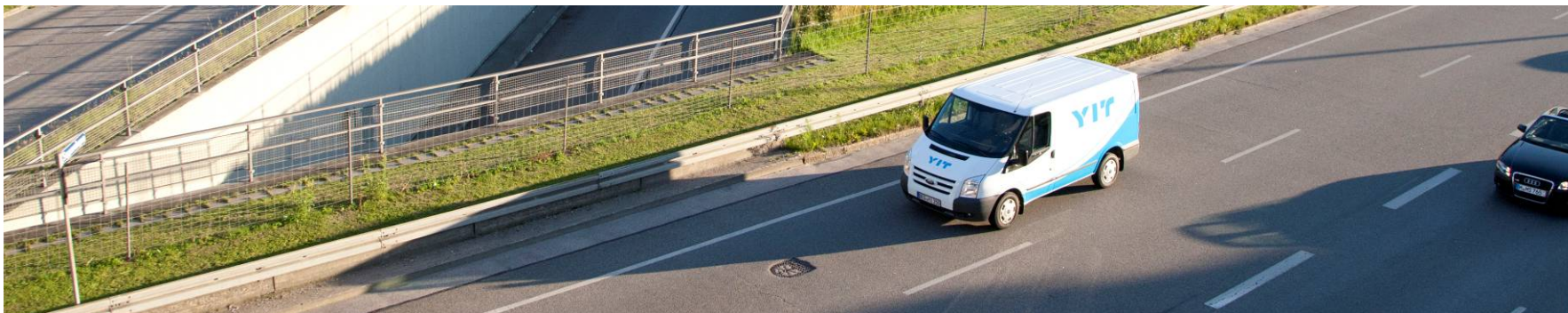
Strategic target:  
Return on investment 20%



■ According to group reporting (IFRIC 15) ■ According to segment reporting (POC)

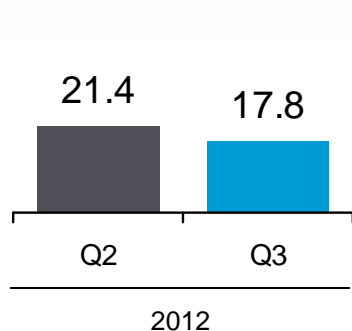


# Target of 20% return on investment in all segments

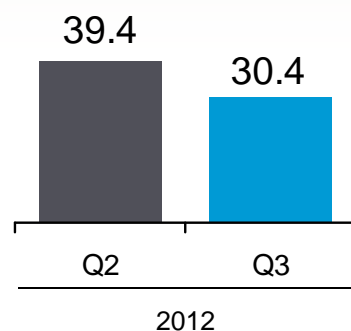


## Building Services Northern Europe

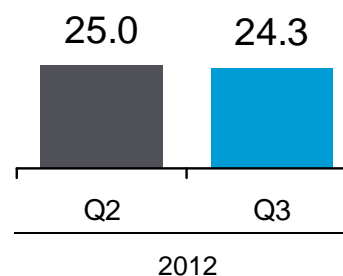
Return on investment (ROI)  
Last 12 months



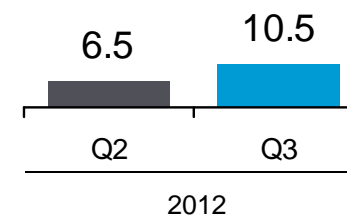
## Building Services Central Europe



## Construction Services Finland



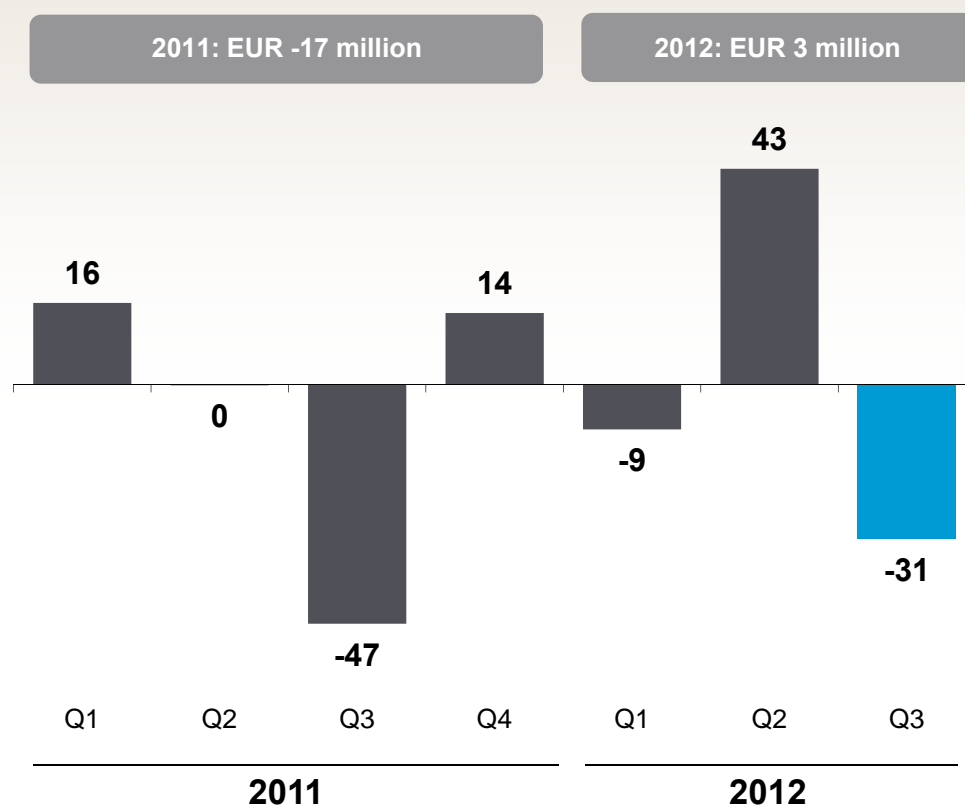
## International Construction Services





# Plot investments impacted cash flow in Q3

Operating cash flow after investments (EUR million)

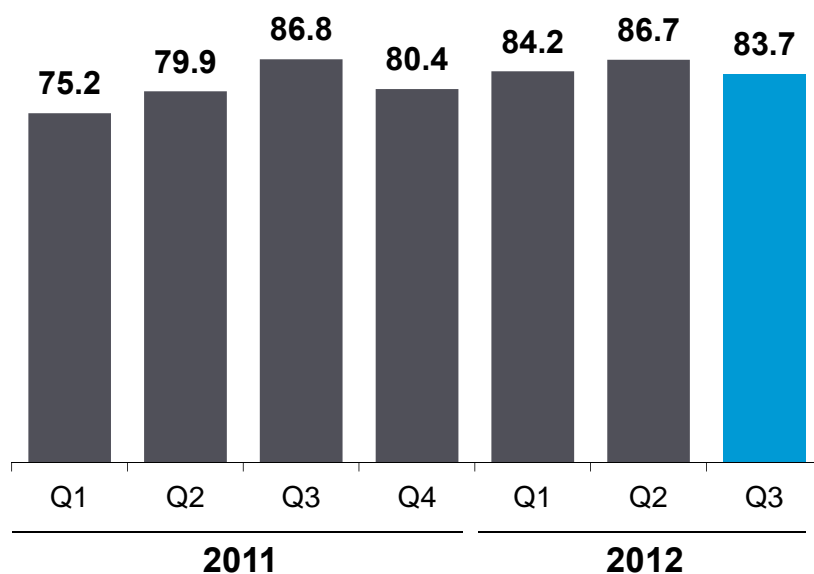


- Positive cash flow in Construction Services Finland
- Plot investments continued in International Construction Services
- Increased working capital in Building Services weakened cash flow

All figures based on group reporting (IFRIC 15)

# Improvement in equity ratio

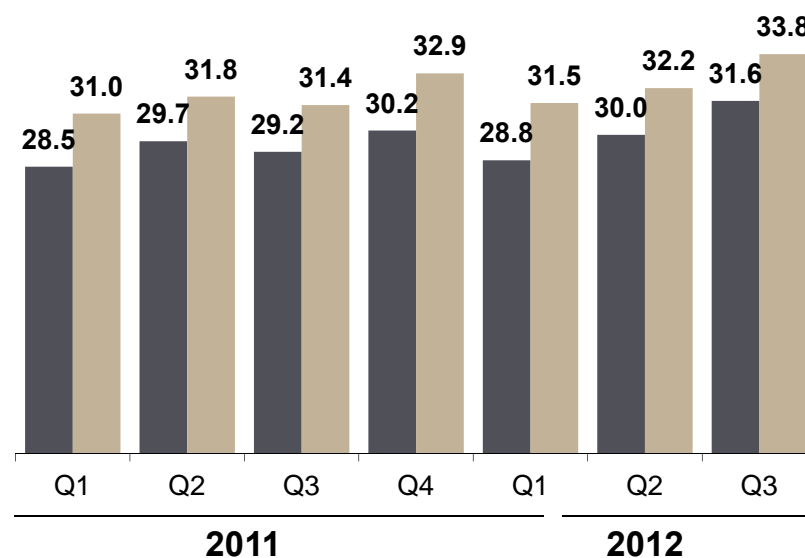
**Gearing ratio**  
Percent



According to group reporting (IFRIC 15)

**Equity ratio**  
Percent

Strategic target: Equity ratio 35%

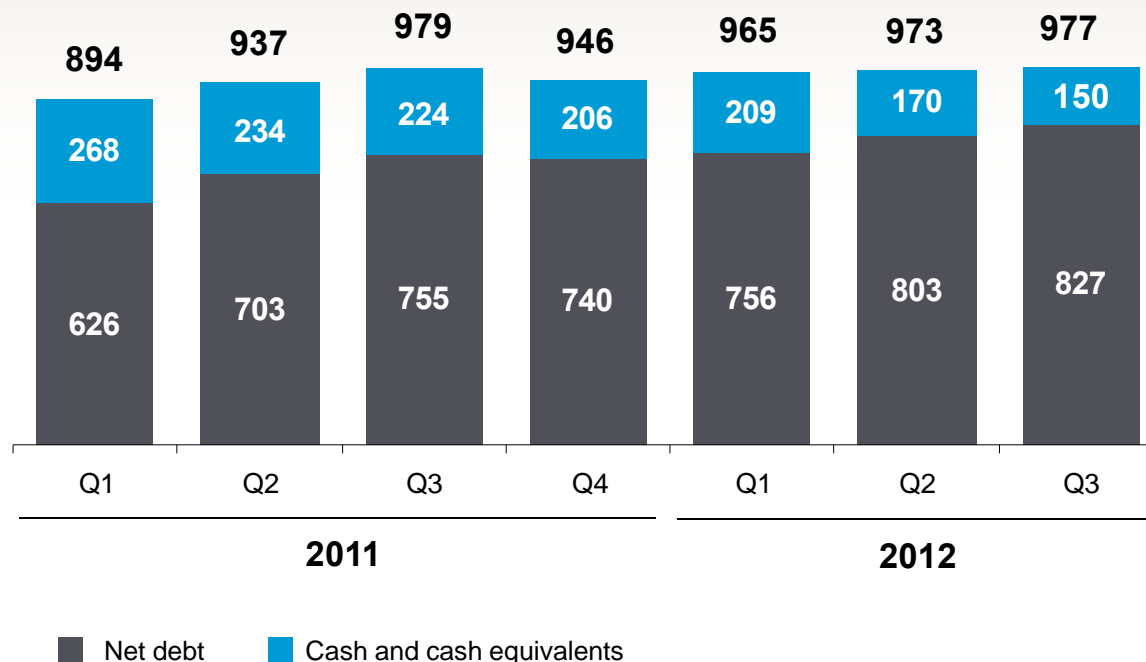


■ According to group reporting (IFRIC 15) ■ According to segment reporting (POC)

# Solid financial position

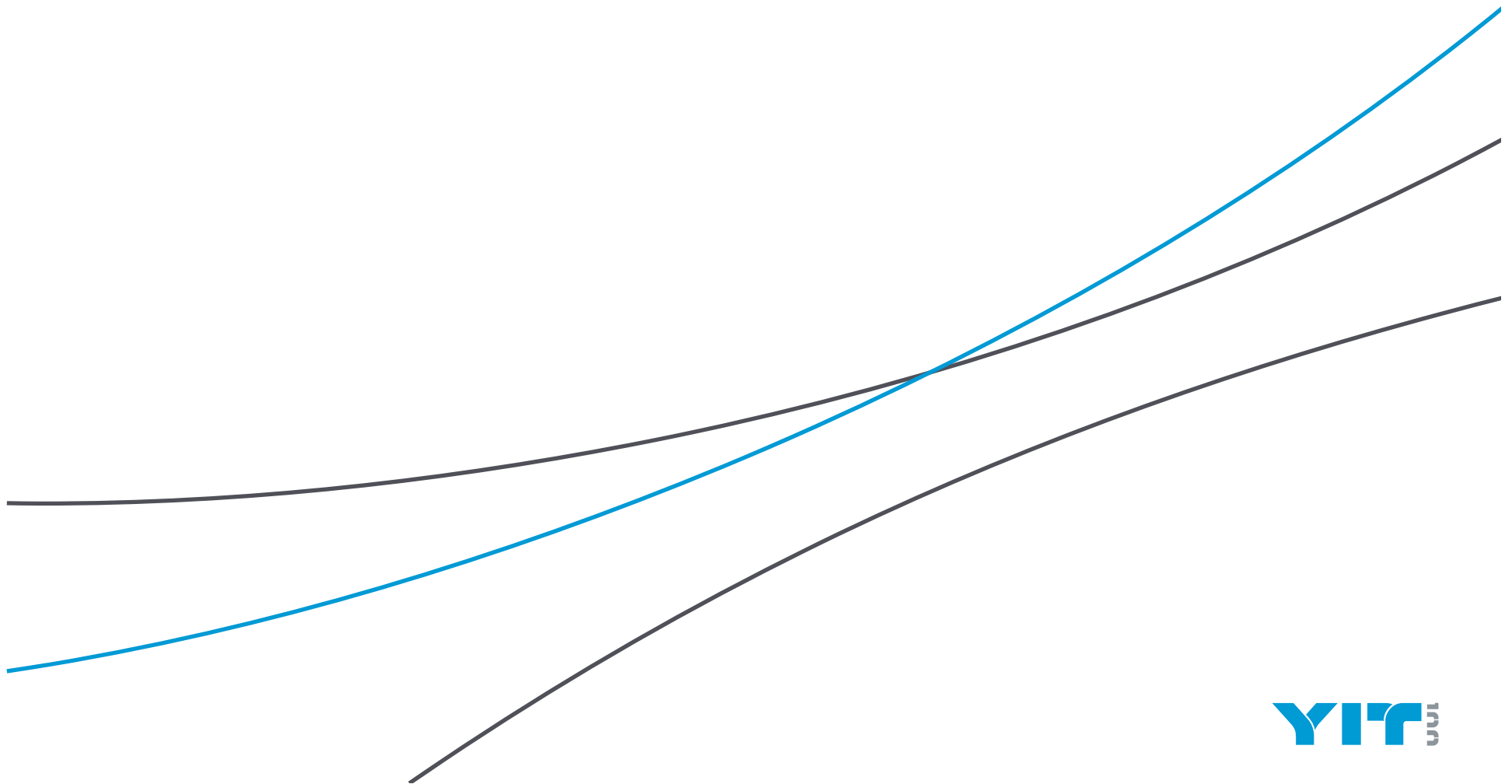
## Diverse financing sources, stable maturity structure

Interest-bearing debt (EUR million)



- Construction costs remaining 9/12 in total EUR 798 million (9/11: EUR 650 million)
- Average interest rate in 9/12 3.0% (6/12: 3.1%)
- Long-term debt maturing during the fourth quarter in 2012 EUR 14.3 million
- Committed undrawn facilities EUR 359.0 million in total
  - No financial covenants
- Dividend EUR 88 million paid in April

# Future outlook





# Market outlook 2012

## Building Services Northern Europe



Control Room  
Vantaa, Finland

### **Service and maintenance market expected to grow slightly**

- Good opportunities in all countries in service and maintenance
- New investments in building systems are expected to increase reasonably in Sweden and Norway
- Public sector investments in new buildings will be weaker as governments are rebalancing their budgets
- High energy prices and tightening legislation support the demand for energy saving solutions
- Industrial investments expected to grow slightly in Finland (Confederation of Finnish Industries)



# Market outlook 2012

## Building Services Central Europe

### Slight weakening in building systems markets in Central Europe

- Service and maintenance market expected to increase moderately
- Increased uncertainty has caused delays in investment decisions and postponements in new investments

### Energy efficiency and energy management services are expected to grow

- High energy prices and tightening environmental legislation support the demand, particularly in Germany and Austria

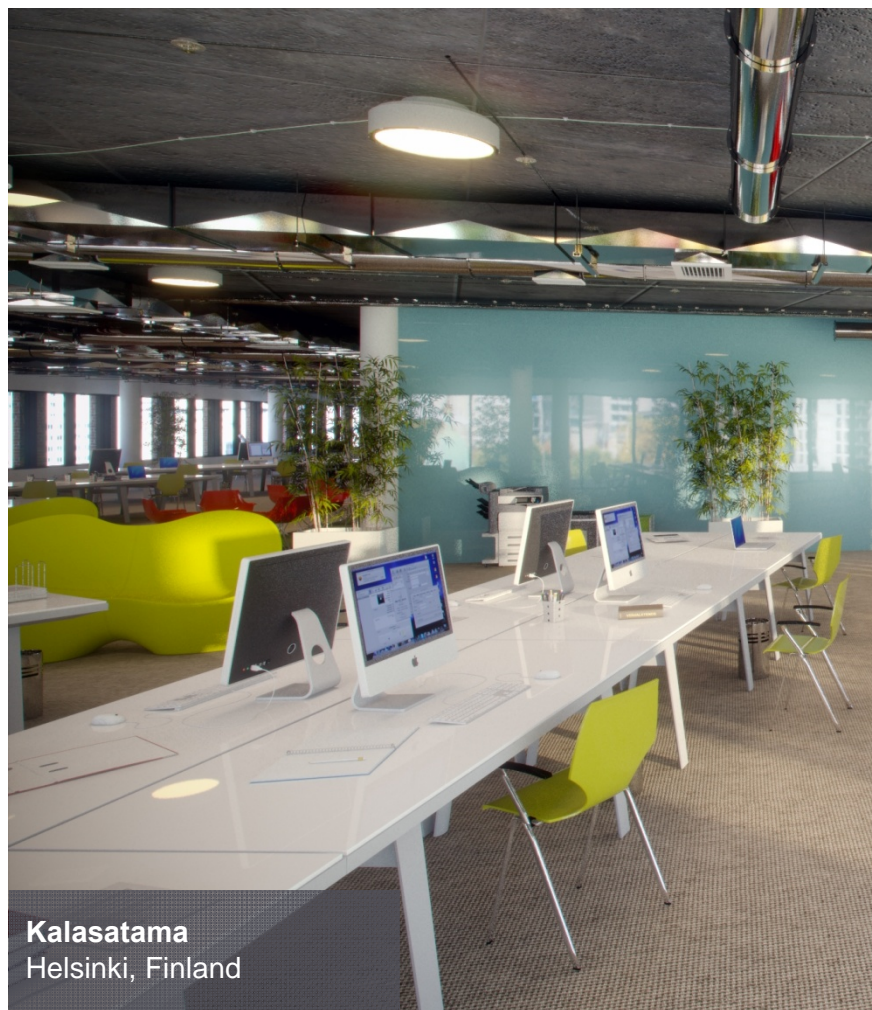


**THE SQAIRE**  
Frankfurt am Main, Germany



# Market outlook 2012

## Construction Services Finland



**Kalasadama**  
Helsinki, Finland

### Residential Construction

- Forecasted housing start-ups 27,000 units in Finland in 2012 (Confederation of Finnish Construction Industries, October 2012) while the estimated long-term annual need is 24,000-29,000 units (VTT Technical Research Centre of Finland, January 2012)
- Housing demand is supported by migration, demographic factors and low interest rates
- Housing prices expected to remain stable
- Moderate increase in construction costs mainly due to changes in energy norms

### Business Premises Construction

- Office construction is expected to decrease by 8-9% (VTT Technical Research Centre of Finland)
- Vacancies in the office sector high, but the demand will focus on modern and energy-efficient office premises

### Infra Services

- Infra construction forecasted to remain stable (VTT Technical Research Centre of Finland, June 2012)
- Rail and metro construction works will increase and the market for rock engineering will remain favourable



# Market outlook 2012

## International Construction Services



YIT Home showroom  
St. Petersburg, Russia

### Russia

- Huge long-term need for housing
- Housing construction is estimated to increase
- Housing prices expected to increase in 2012
- Mortgage market development supports demand, though increase seen in interest rates

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

- Long-term need to improve living conditions
- Housing construction volumes increasing from low levels in the Baltic countries
- Housing start-ups expected to increase in the Baltic countries and to remain stable in the Czech Republic and Slovakia



# Guidance for 2012

YIT estimates revenue to remain at last year's level and operating profit to grow in 2012

Uncertainty about the general macroeconomic development is still high and may have an impact on YIT's operations

Guidance, which is based on segment reporting (POC = percentage of completion), has not been updated since February 2, 2012

YIT Office  
Munich, Germany



# Priorities in 2012



Nordkalk  
Köping, Sweden

- 1 Profitability potential**
  - Execution of profitability improvement programme in Building Services Northern Europe
  - Restructuring in Central Europe
- 2 Risk management**
  - Managing sales portfolio potential and risk
  - Securing cash flow
  - Good liquidity position: extra reserves secured
- 3 Utilise opportunities in all market situations**
  - Ability and good track record for increasing start-ups
  - Plots and M&A activities



# More information



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Tel. +358 2043 32 635

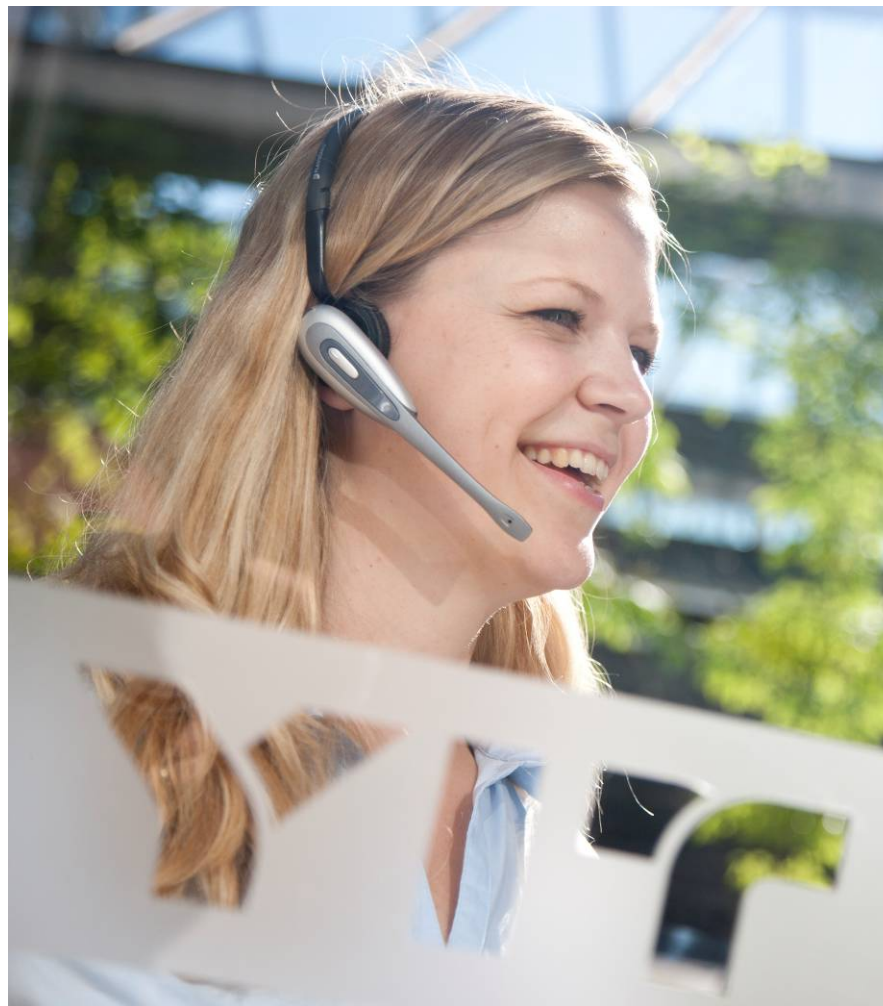
Mobile +358 40 82 62 172

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

# Appendices

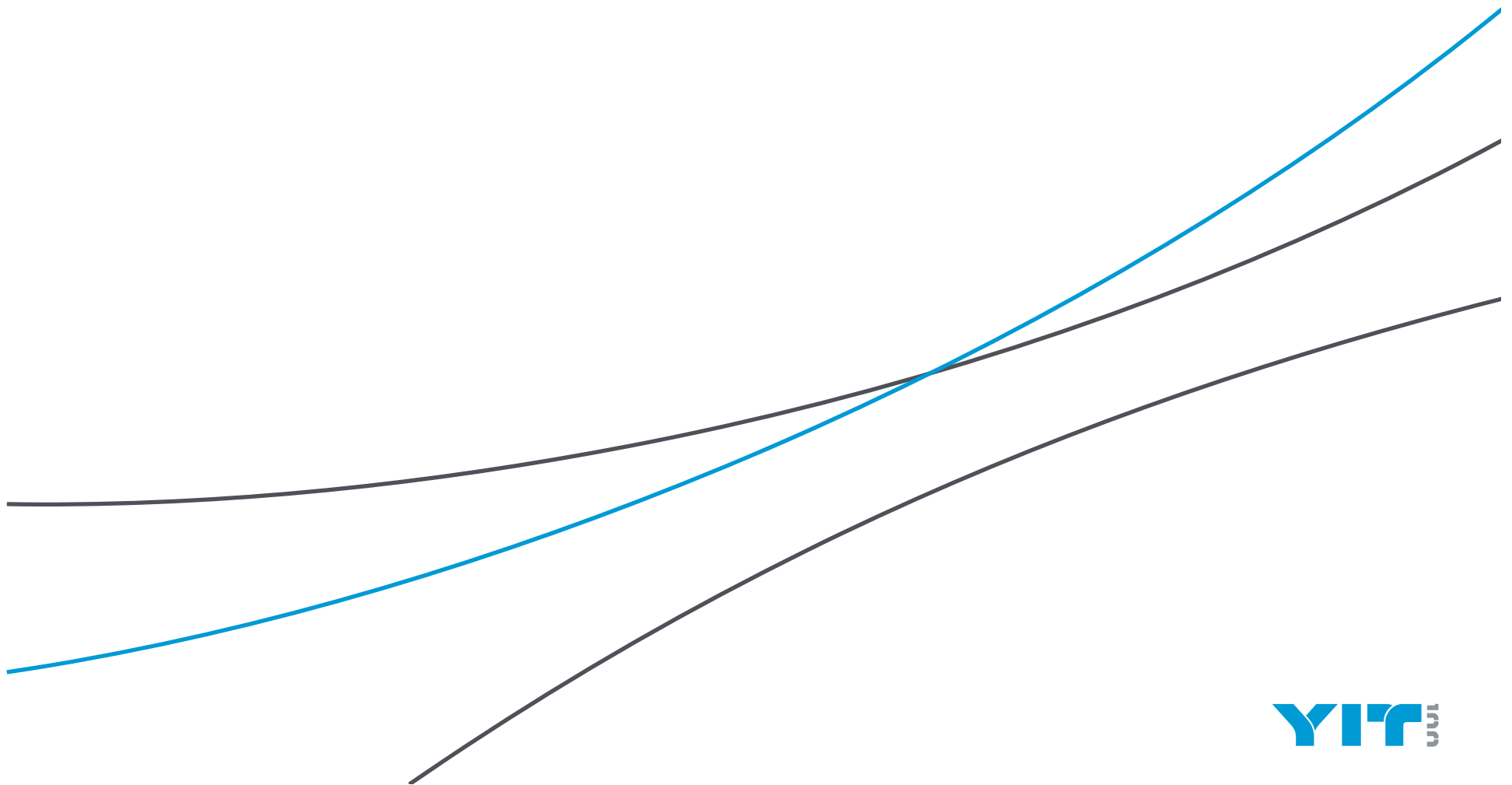
## Appendices

- Financial position
- Ownership
- General economic indicators
- Housing indicators: Finland, Russia and Eastern Europe
- Business premises indicators: Finland and Russia
- Infrastructure construction in Finland and construction costs in Finland and Russia
- Building Services Northern Europe indicators
- Industrial indicators in Finland
- Building Services Central Europe indicators





# Financial position

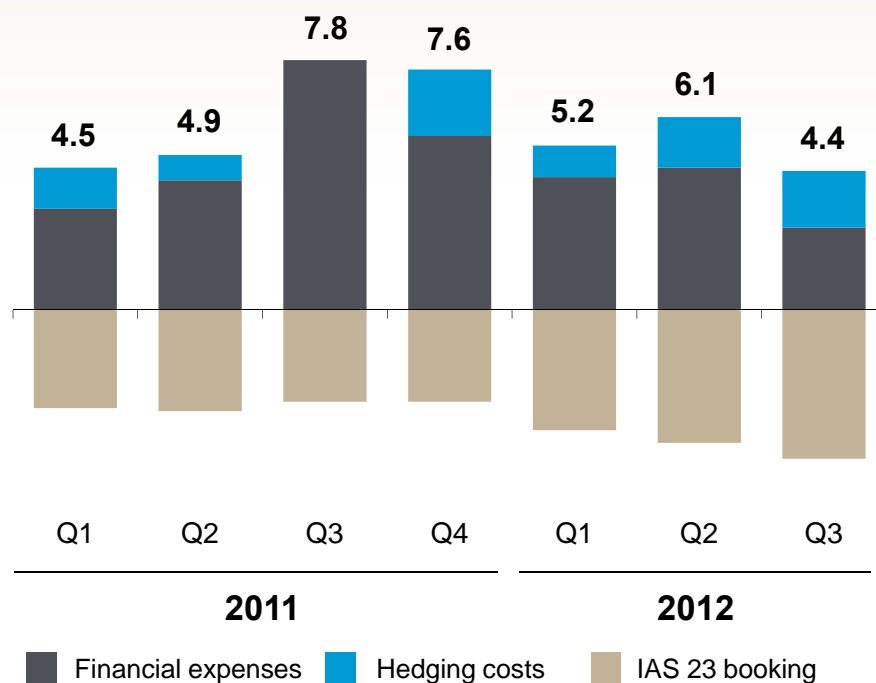


# Net financial expenses decreased in Q3/12

## Net financial expenses EUR million

2011: EUR 24.8 million

1-9/2012: EUR 15.7 million



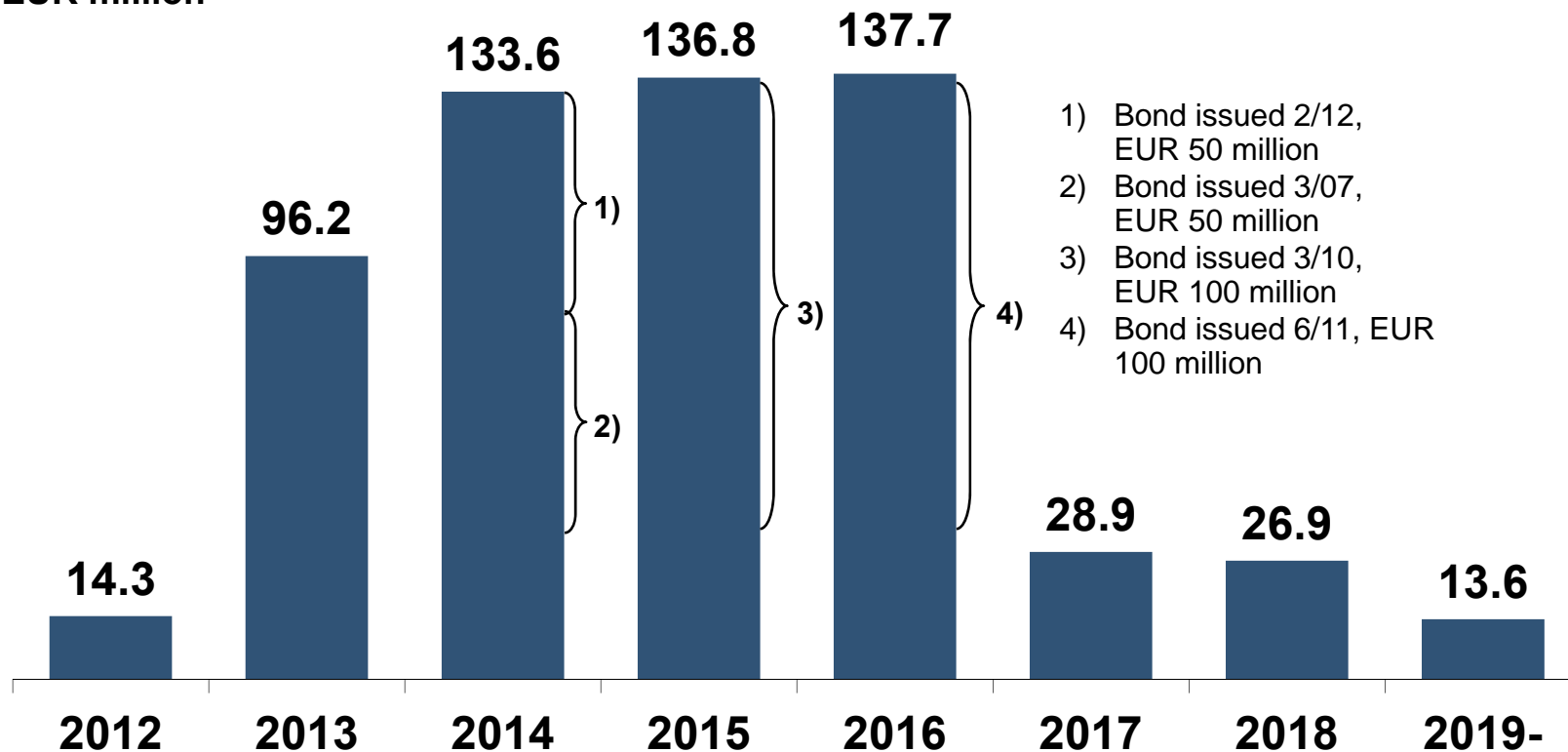
## Main factors impacting net financial expenses

- Lower market interest rates
- Increased IAS 23 booking
- Increased net debt position
- Increased ruble hedging costs in Q3/12

# Well-managed maturity structure

## Maturity structure for long-term debt 9/12

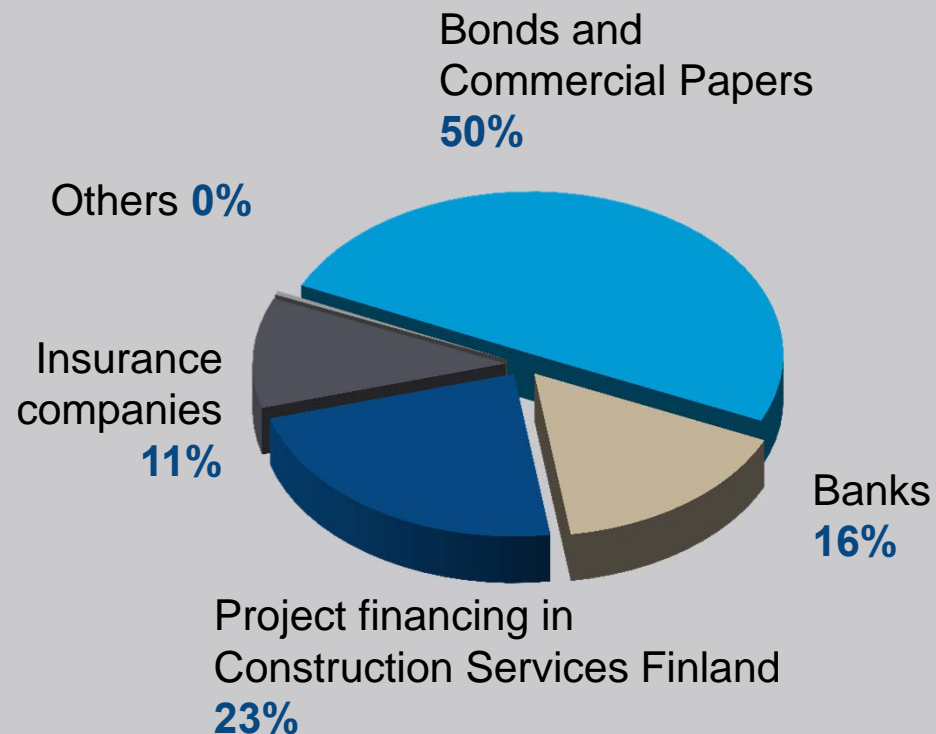
EUR million



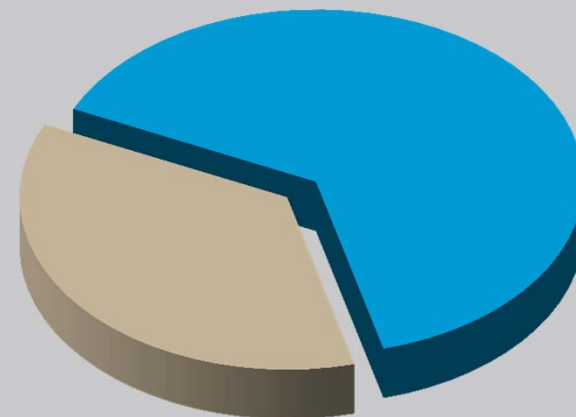
# Balanced debt portfolio

**Debt portfolio 9/12, total EUR 977 million (6/12: 973 million)**

*Average interest rate 3.0% (6/12: 3.1%)*



Fixed interest rate **64%**  
*Average interest rate 3.5%*



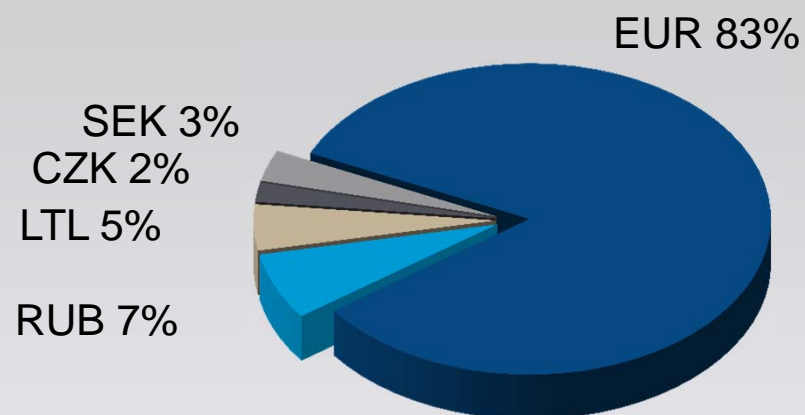
Floating interest rate **36%**  
*Average interest rate 2.0%*

# Currency risk for debt portfolio fully hedged

## Principles of managing currency risks

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

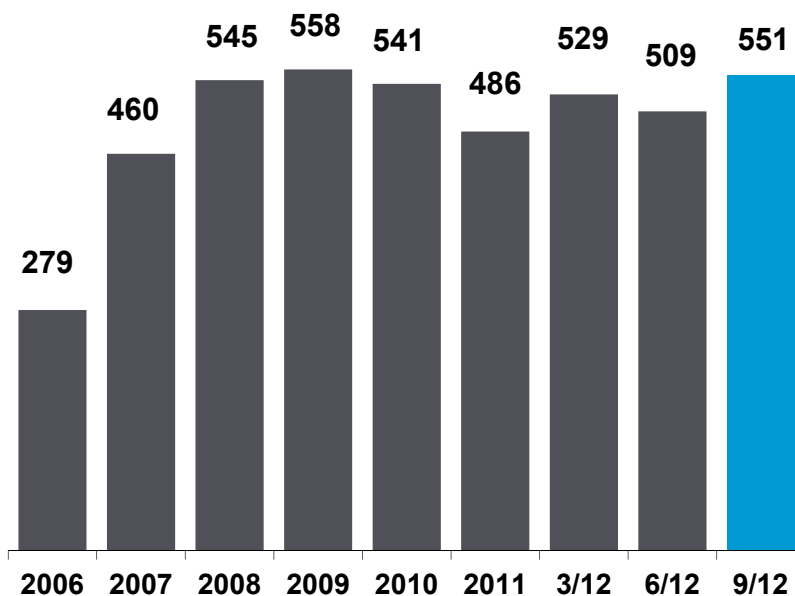
## Currency split of the debt portfolio after taking into account forward agreements 9/12



# Capital invested in Russia

## Capital invested in Russia 2006–9/2012

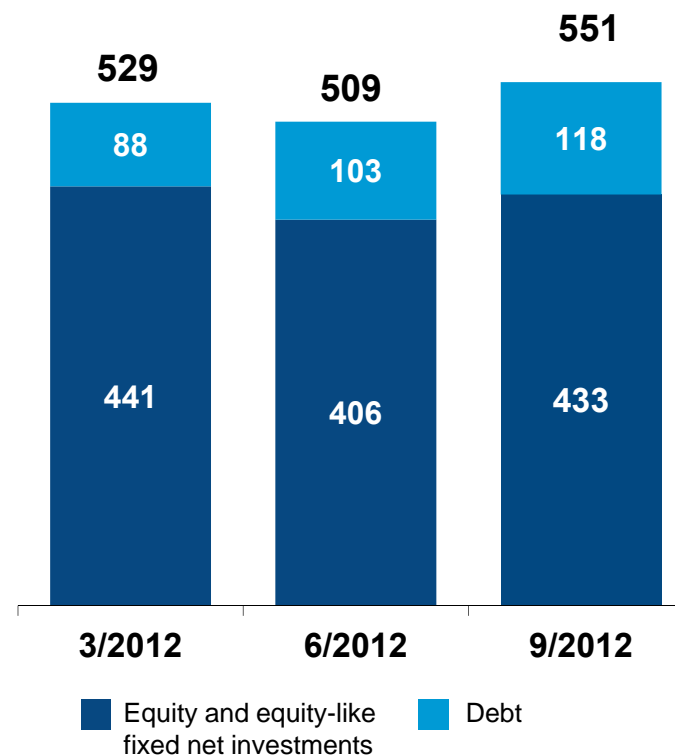
EUR million



2006–2008: according to POC, 2009–2012: according to IFRIC 15

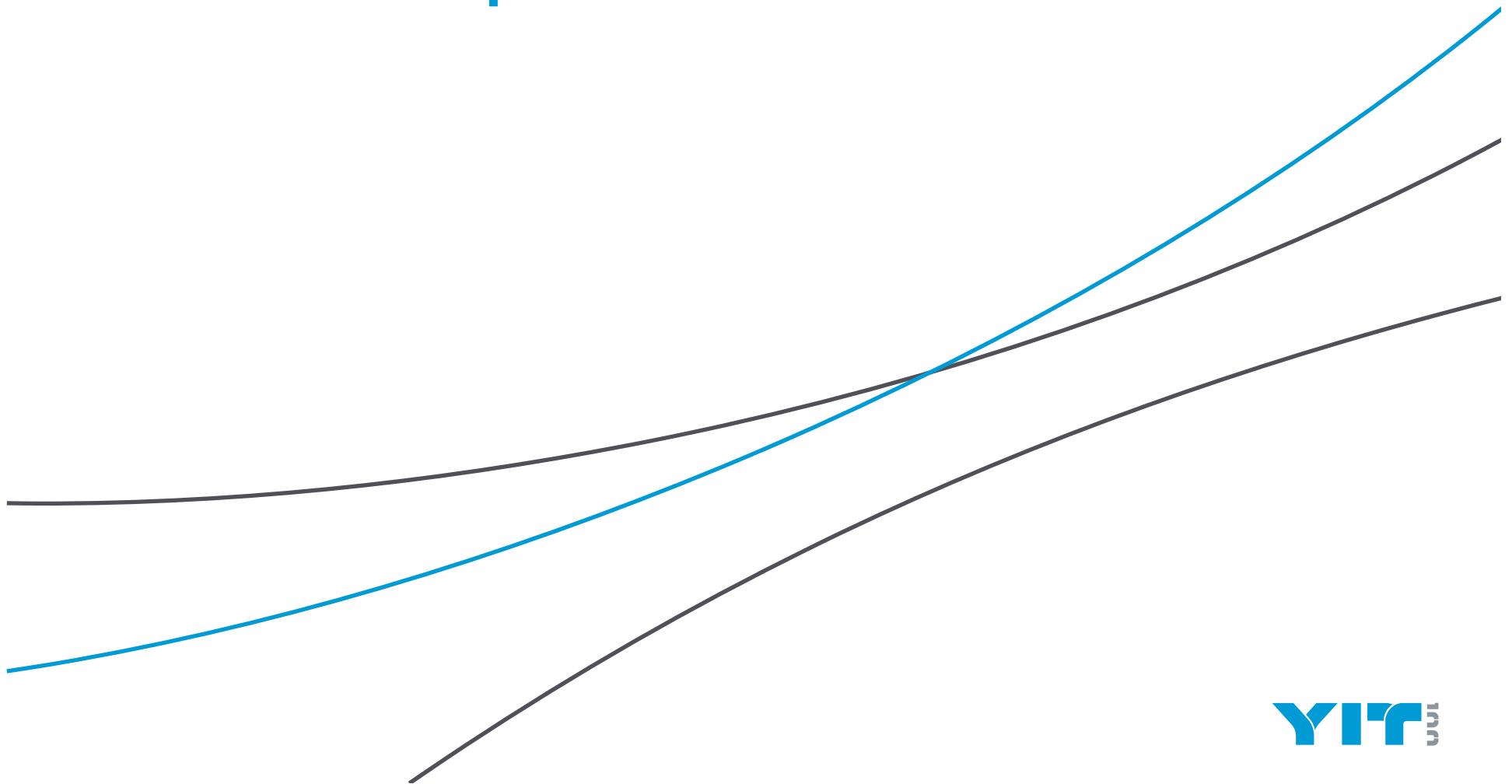
## Capital invested in Russia

EUR million



According to IFRIC 15

# Ownership



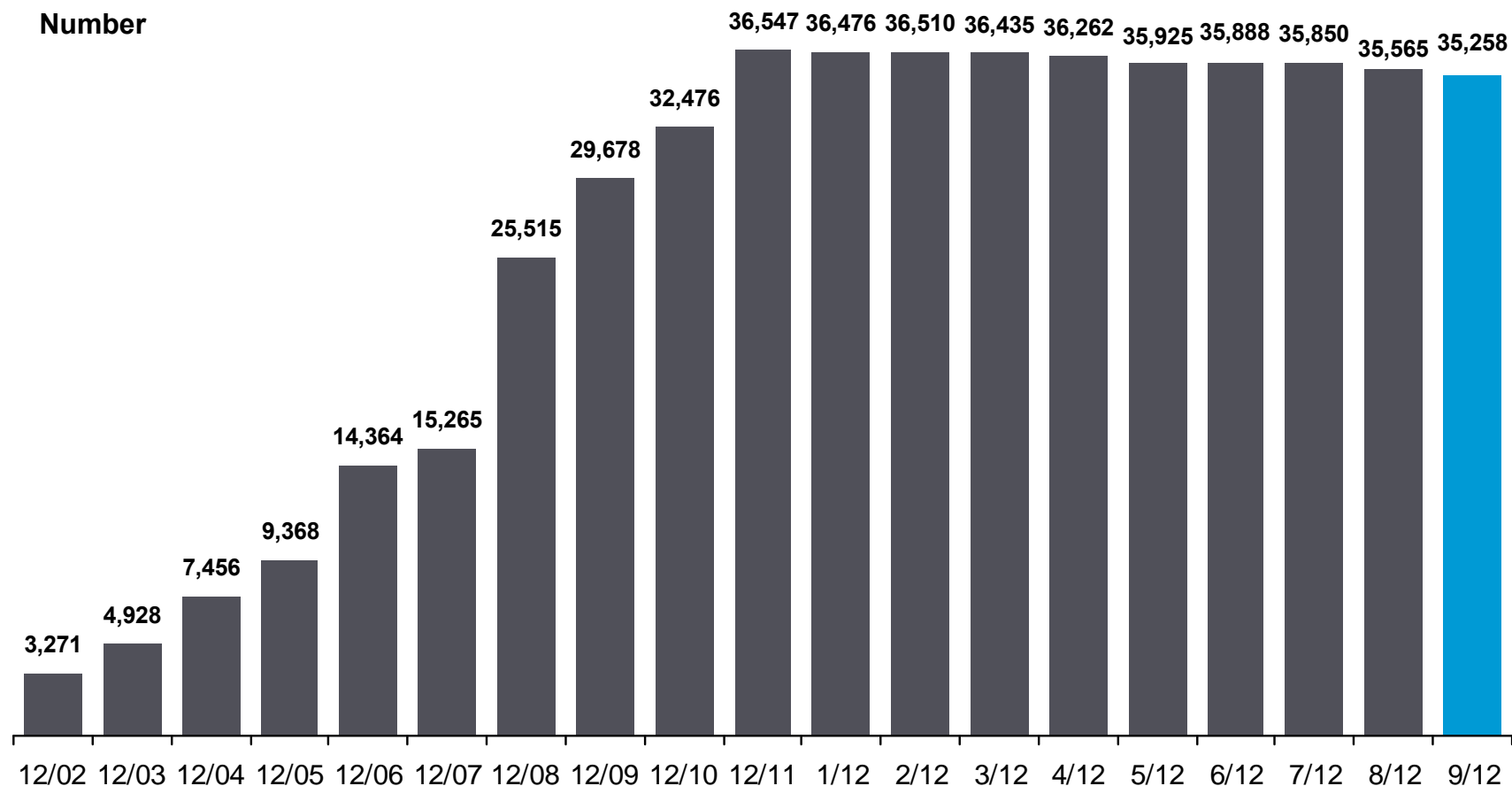


# YIT's major shareholders

## on September 30, 2012

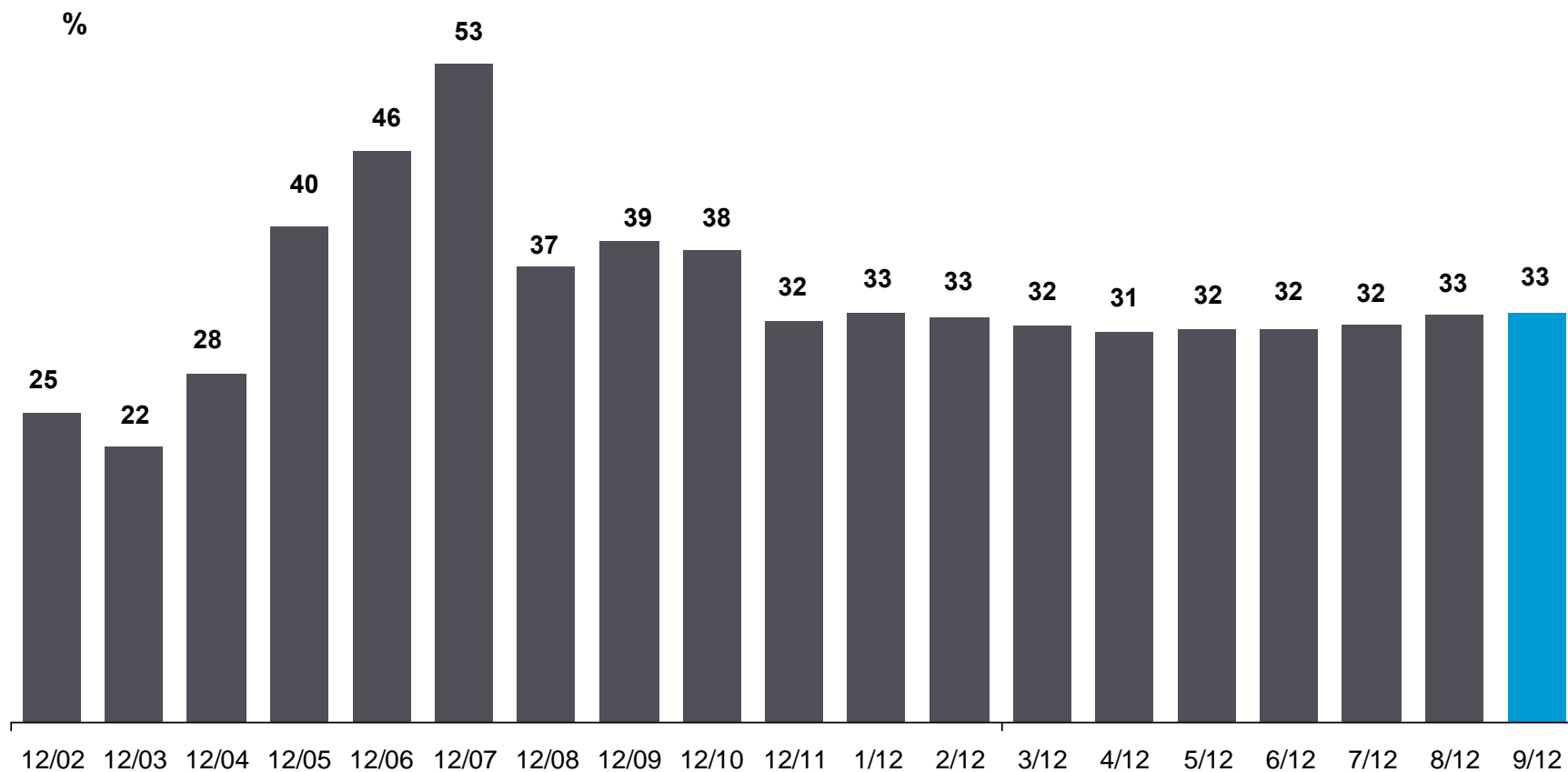
Shareholder	Shares	% of share capital
1. Structor S.A.	15,430,000	12.13
2. Varma Mutual Pension Insurance Company	10,000,000	7.86
3. Mandatum Life Insurance Company Limited	5,958,449	4.68
4. Ilmarinen Mutual Pension Insurance Company	5,074,936	3.99
5. Svenska Litteratursällskapet i Finland r.f.	1,880,400	1.48
6. YIT Corporation	1,837,314	1.44
7. Odin funds	1,803,611	1.42
8. Danske Invest funds	1,789,181	1.41
9. Tapiola Mutual Pension Insurance Company	1,685,541	1.32
10. Nordea funds	1,593,064	1.25
Ten largest total	47,052,496	36.98
Nominee registered shares	23,979,100	18.85
Other shareholders	56,191,826	44.17
Total	127,223,422	100.00

# Over 35,000 shareholders on September 30, 2012

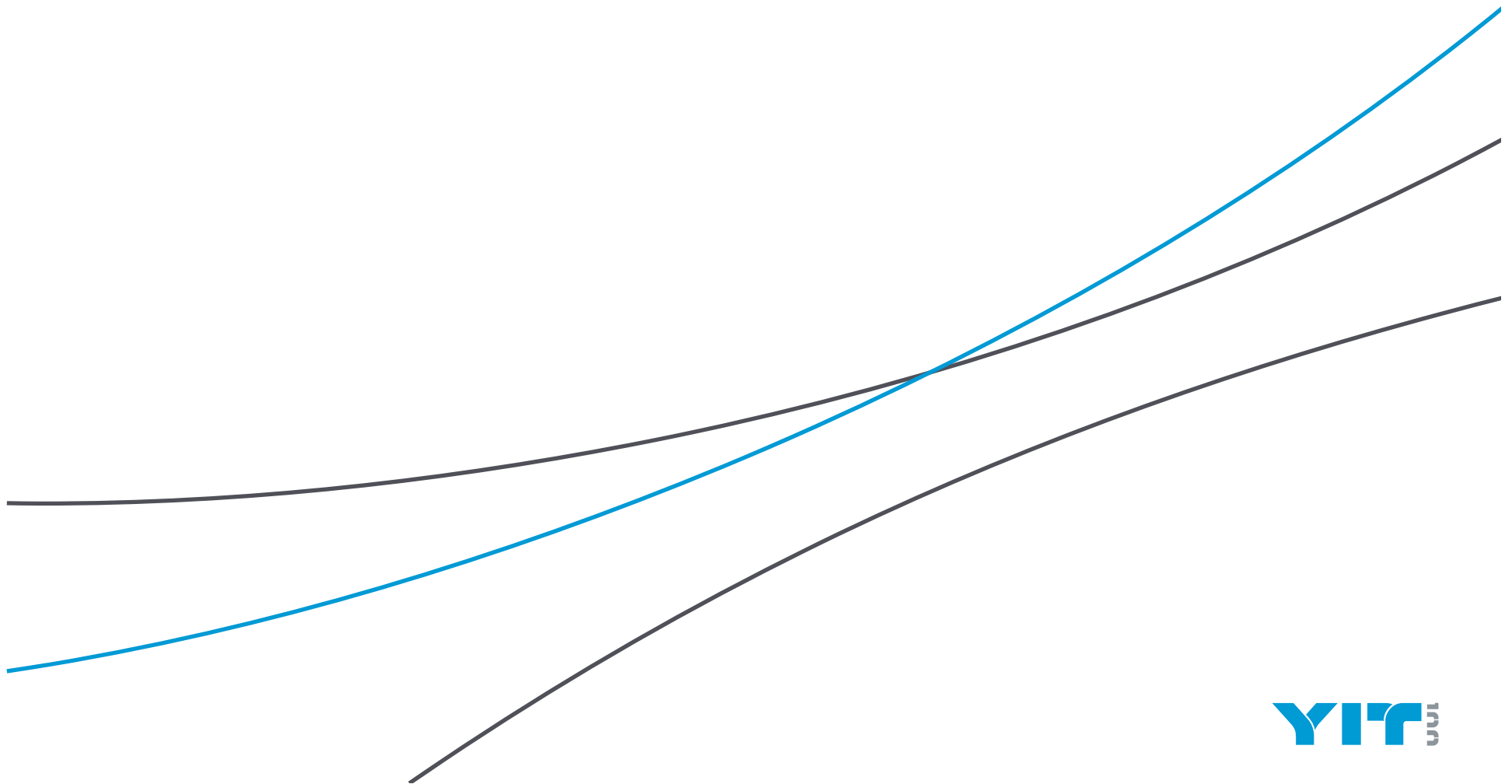


# Approximately 33% of shares in international ownership

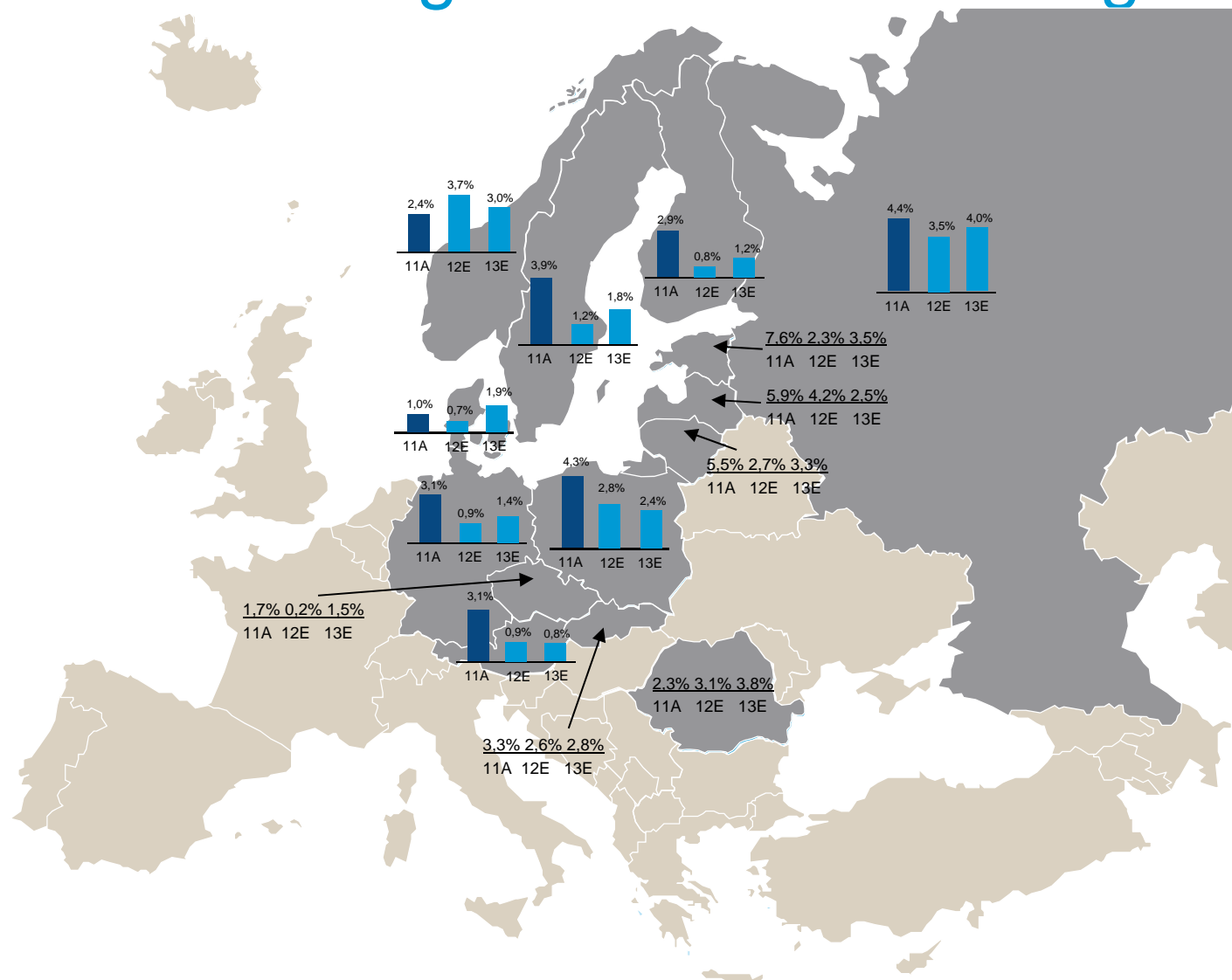
Non-Finnish ownership, % of share capital on September 30, 2012



# General economic indicators

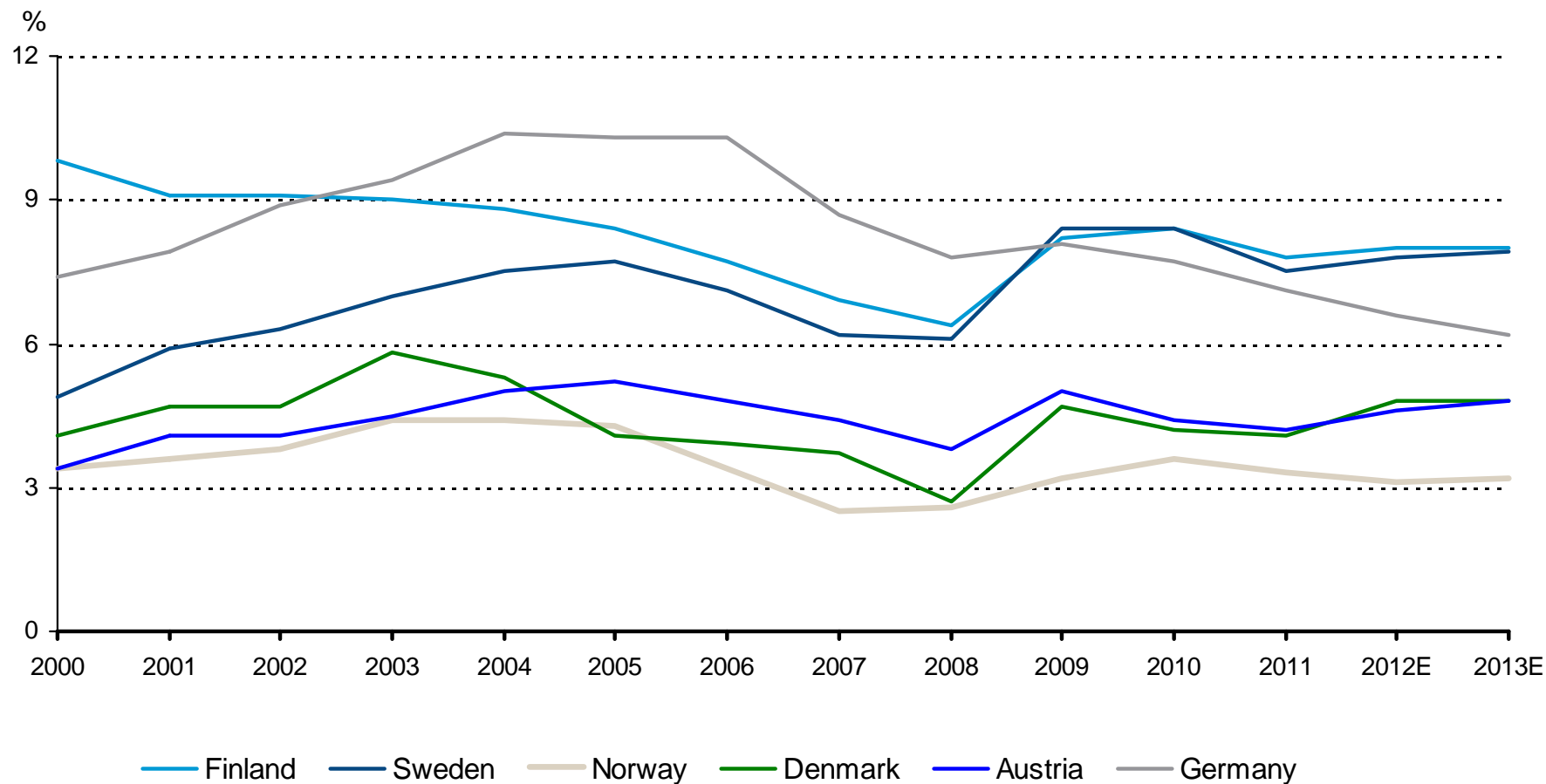


# GDP forecasts for YIT's operating countries: Economic growth is decelerating



# Unemployment in Northern and Central Europe is estimated to remain stable in 2012

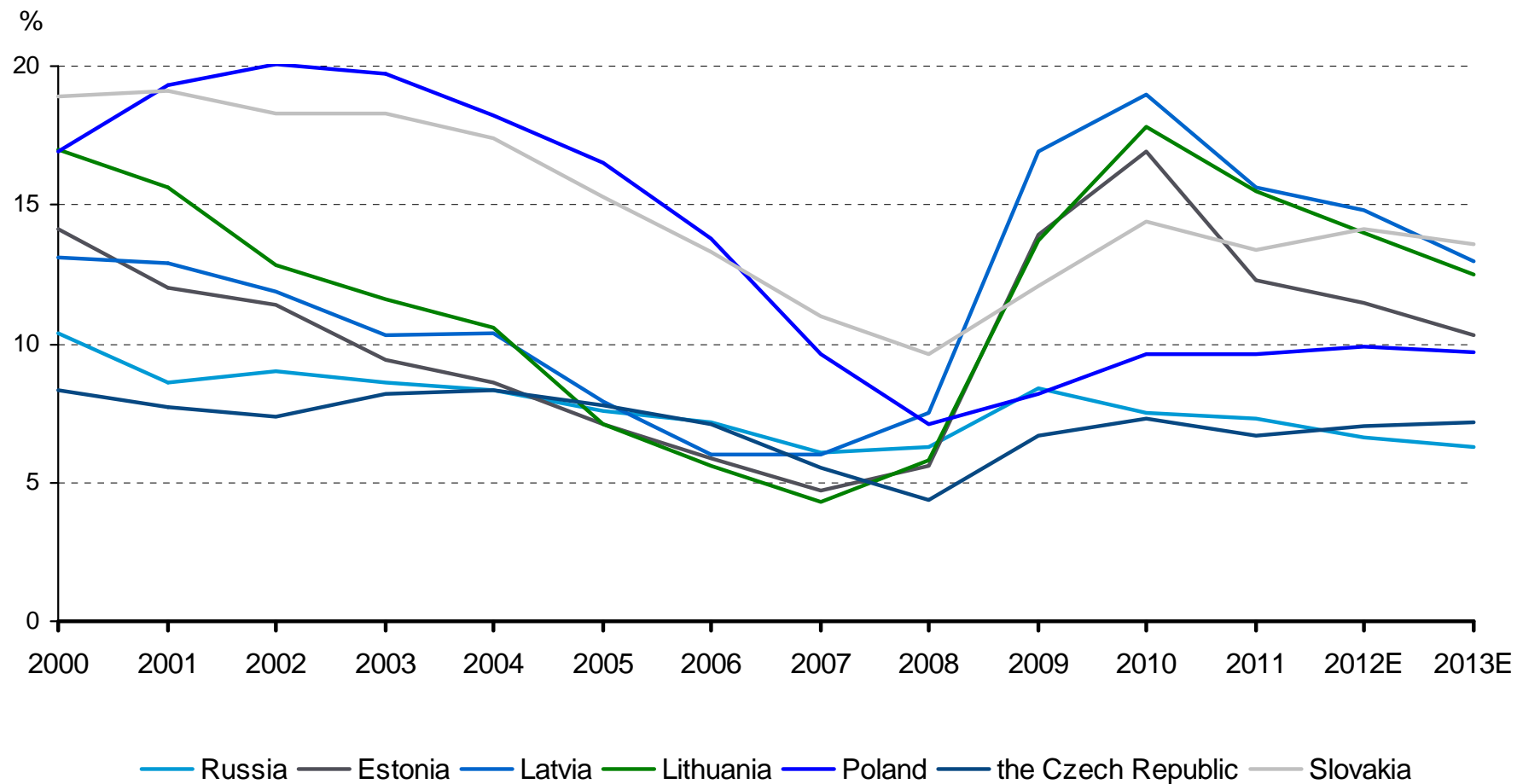
## Unemployment rate % in Western European countries





# Unemployment is expected to decrease slightly in Russia and in the Baltic countries

Unemployment rate % in Russia and Eastern European countries



# Housing indicators

Finland

Russia

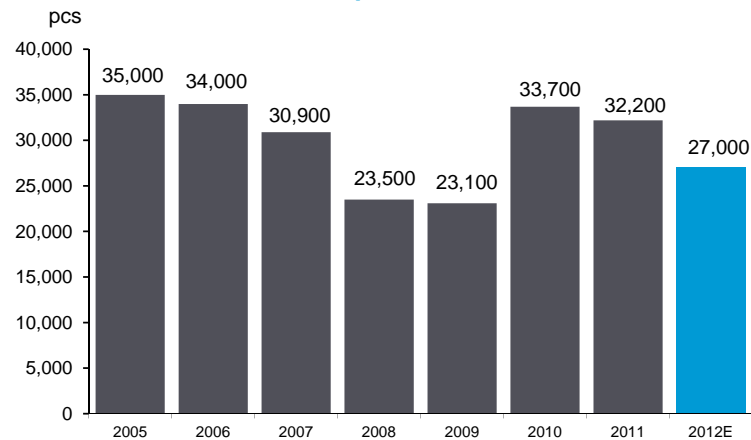
Eastern Europe



# Finland

## House prices of new dwellings have increased in 2012

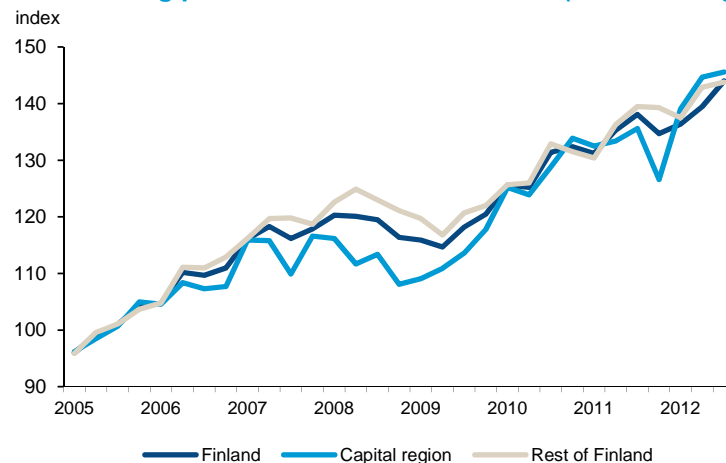
Residential start-ups are estimated to decrease



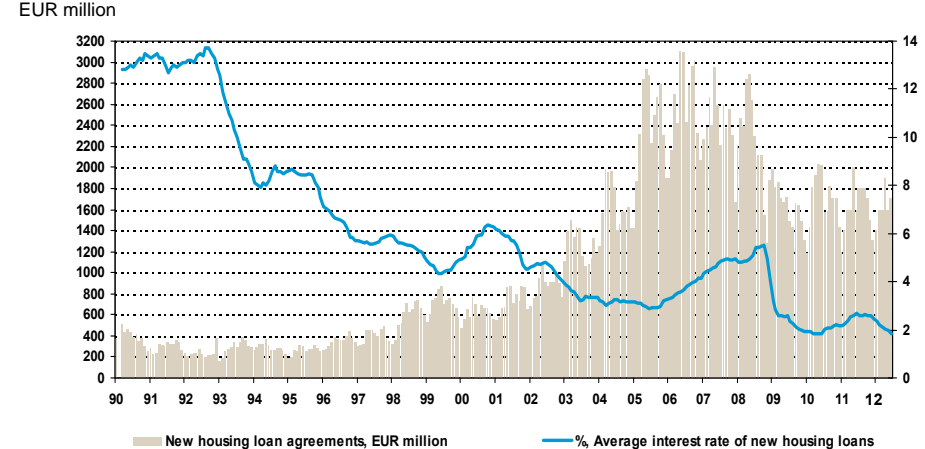
Views on economic situation in a year



Housing prices have increased in 2012 (new dwellings)



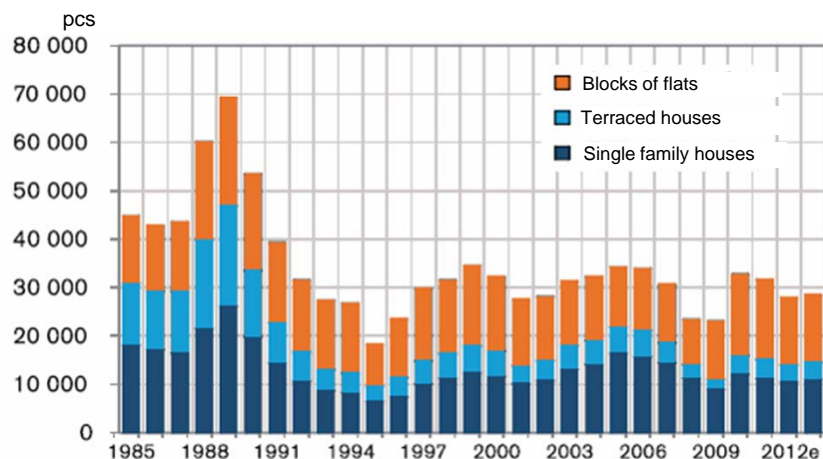
Interest rates will remain at low level in 2012



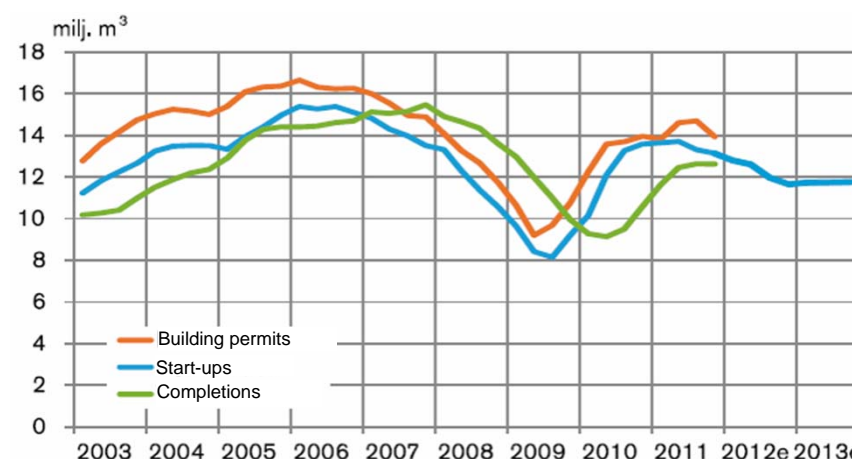
# Finland

## Housing indicators have remained stable

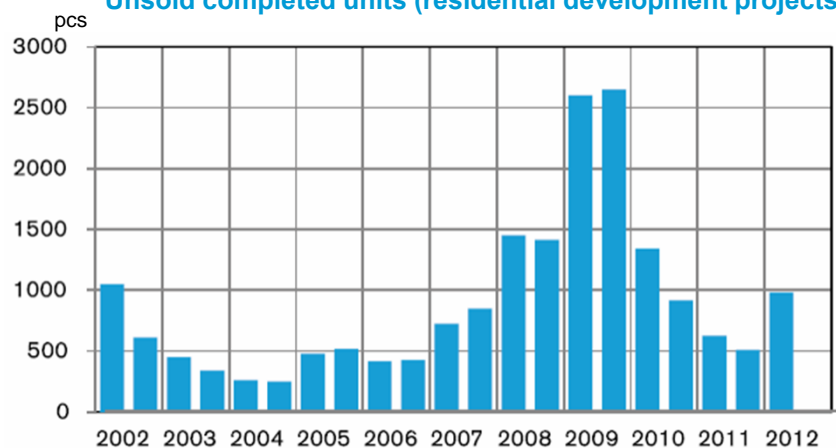
Housing start-ups by building type



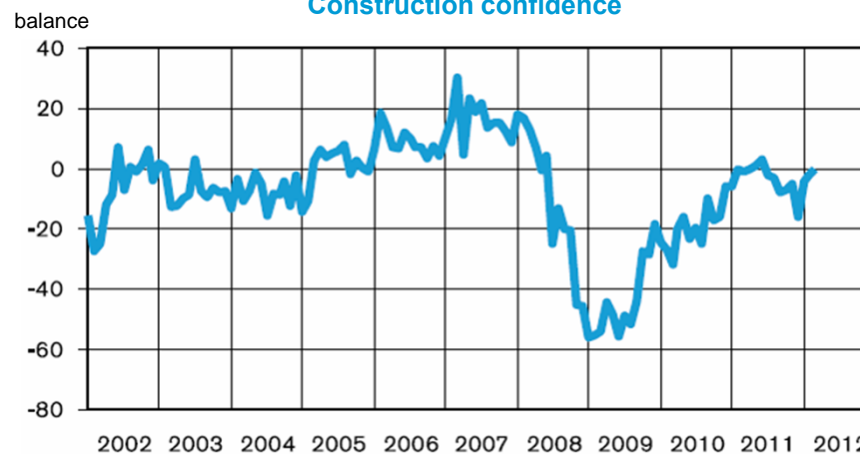
Housing: building permits, start-ups and completions



Unsold completed units (residential development projects)



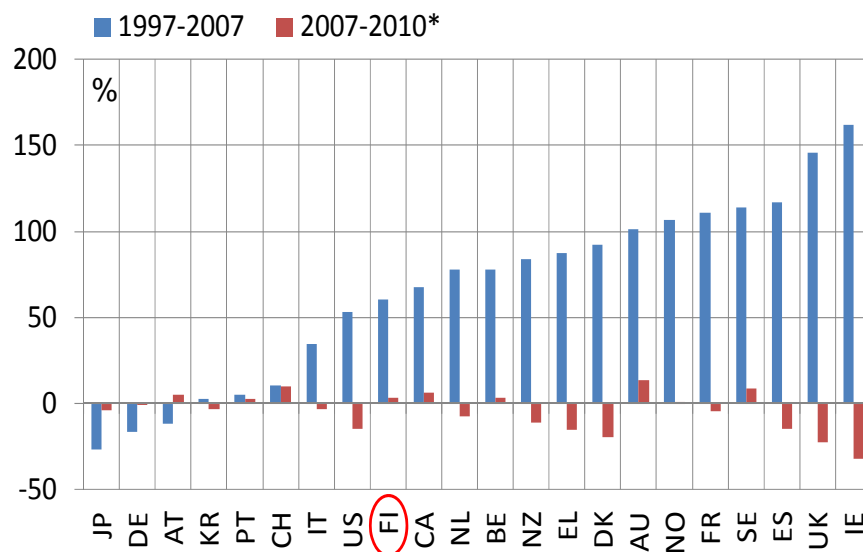
Construction confidence



# Finland

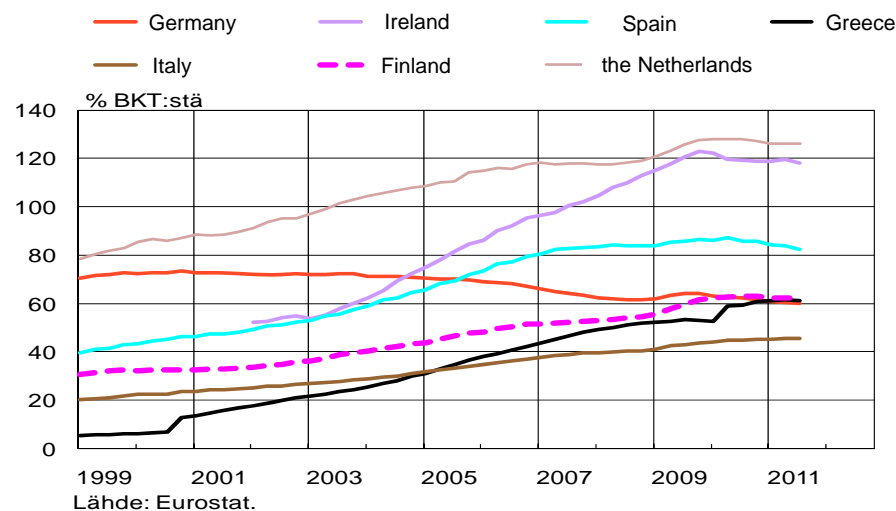
## Household debt relatively low in Finland

House prices in different countries



\*) NL ja JP: 2007-2009. Lähteet: Eurostat ja OECD.

Households debt against GDP (%)

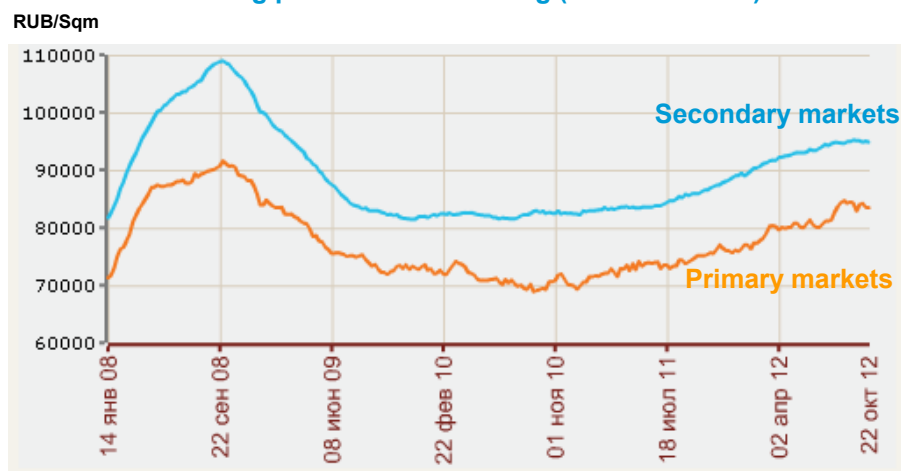


Lähde: Eurostat.

# Russia

## Housing indicators support the demand

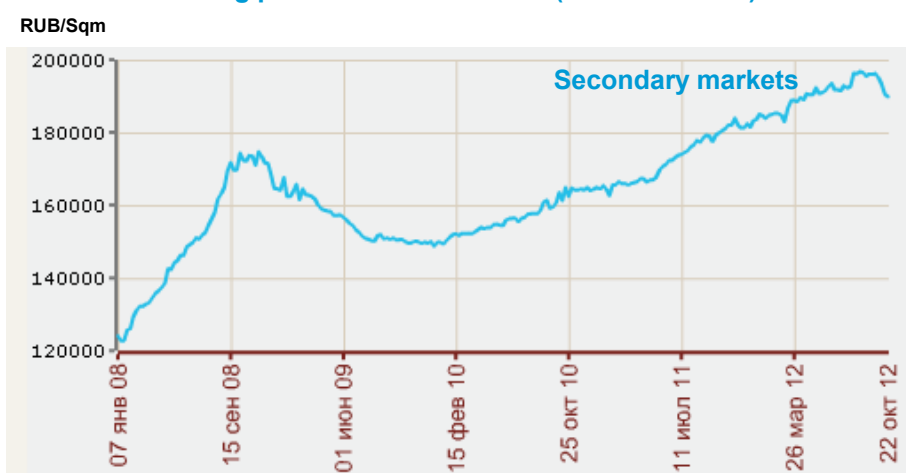
Housing prices: St. Petersburg (1/2008-10/2012)



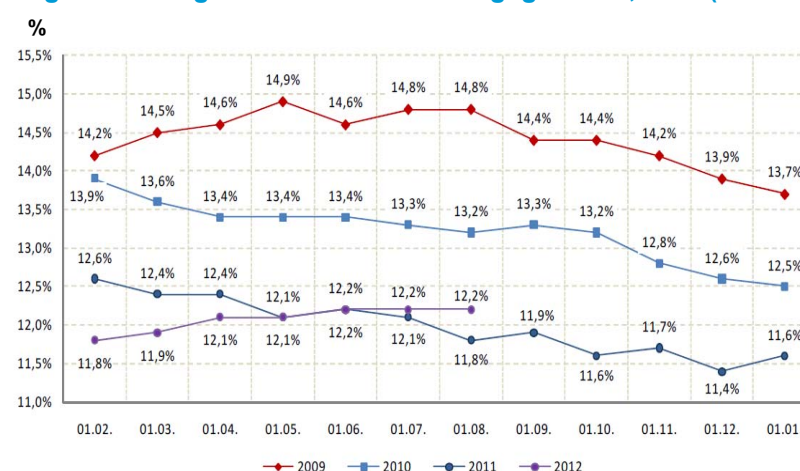
Price of Urals oil in Russia (1/2008-10/2012)



Housing prices: Moscow Oblast (1/2008-10/2012)



Weighted average interest rate on mortgage loans, RUB (2009-2012)

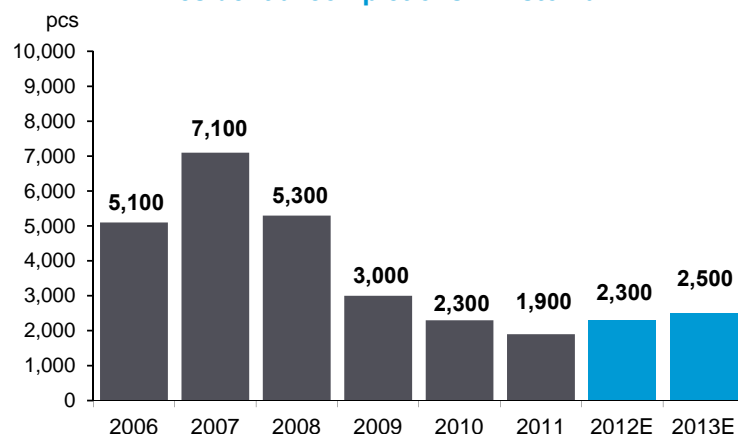




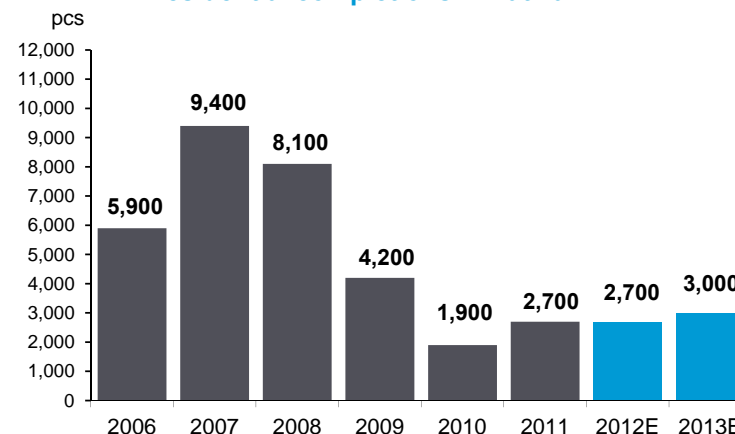
# The Baltic countries

## There is expected moderate growth in residential construction

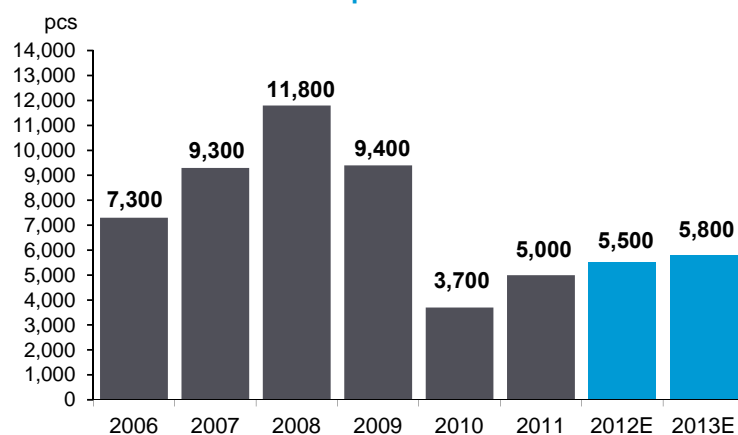
Residential completions in Estonia



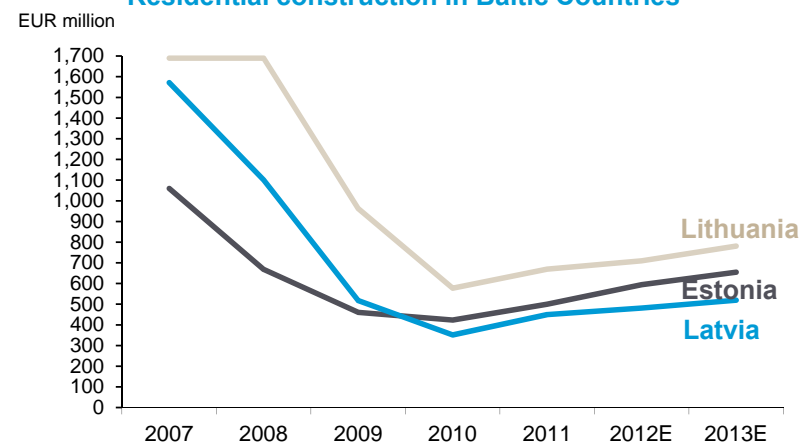
Residential completions in Latvia



Residential completions in Lithuania



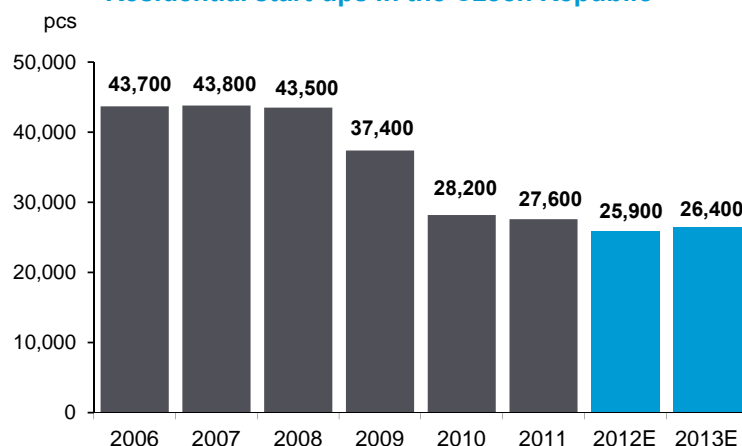
Residential construction in Baltic Countries



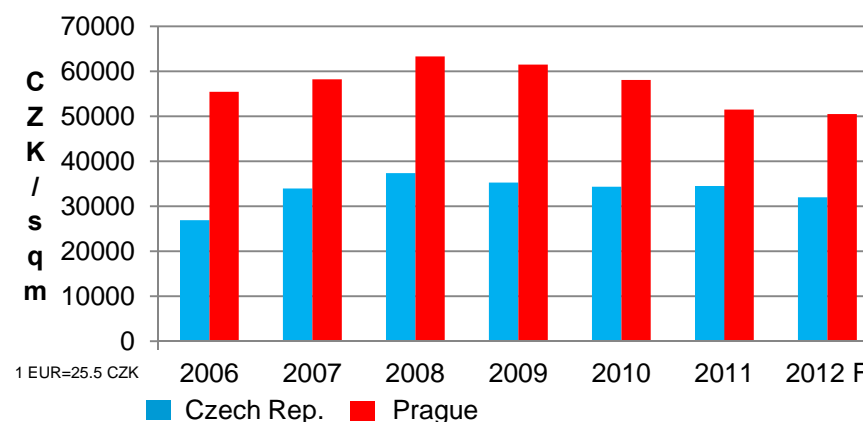
# The Czech Republic and Slovakia

## Start-ups forecasted to remain relatively low level

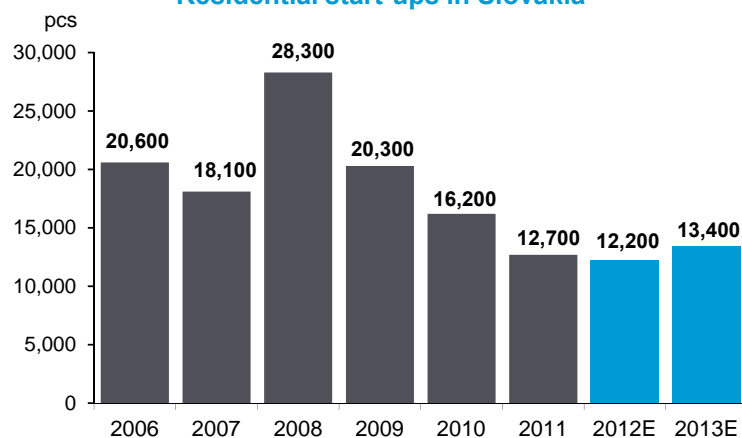
Residential start-ups in the Czech Republic



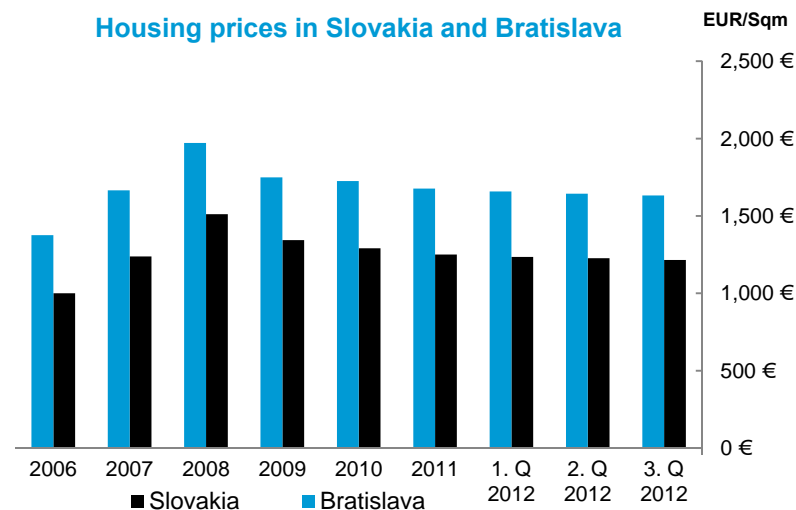
Housing prices in the Czech Republic and Prague



Residential start-ups in Slovakia



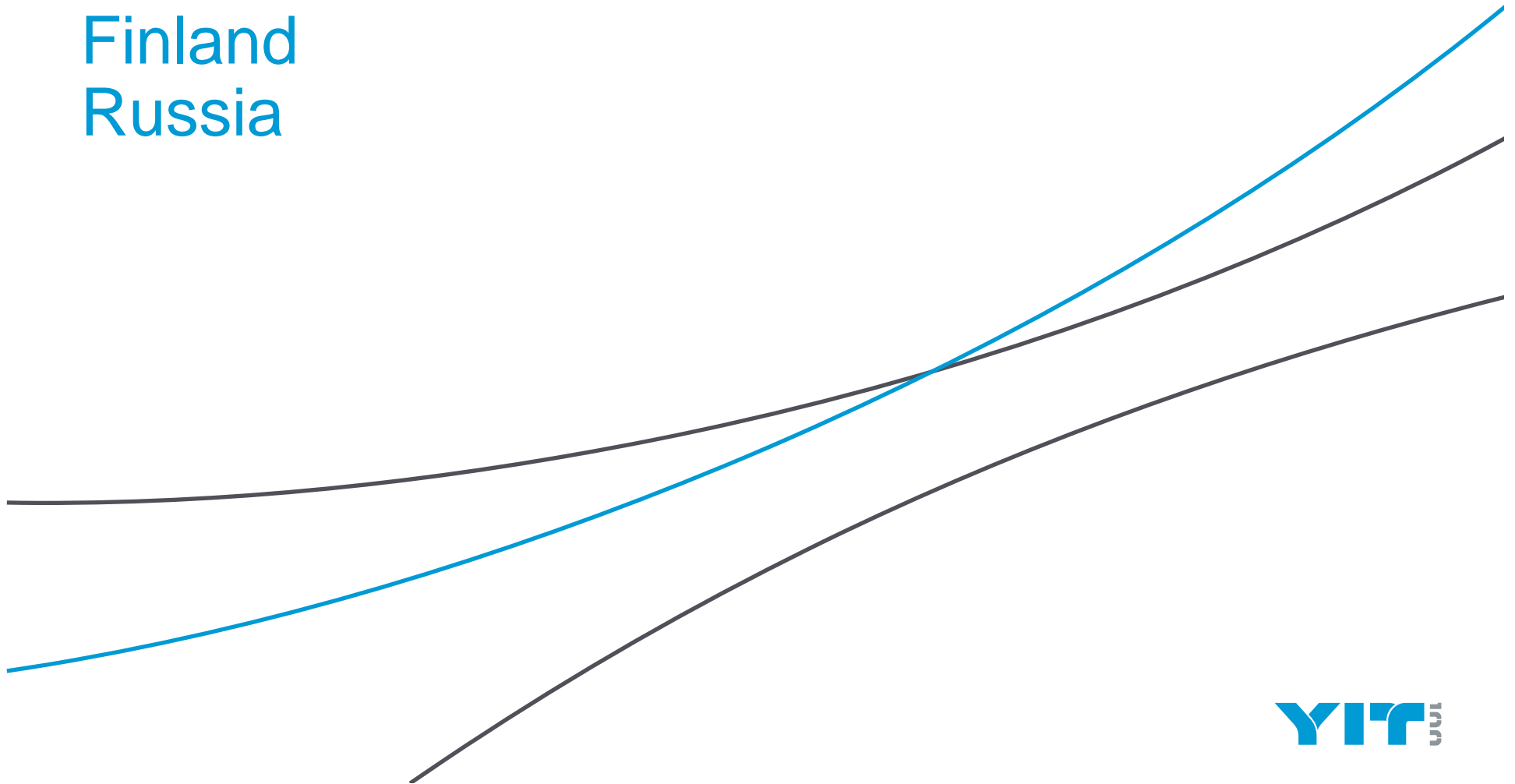
Housing prices in Slovakia and Bratislava



# Business Premises

Finland

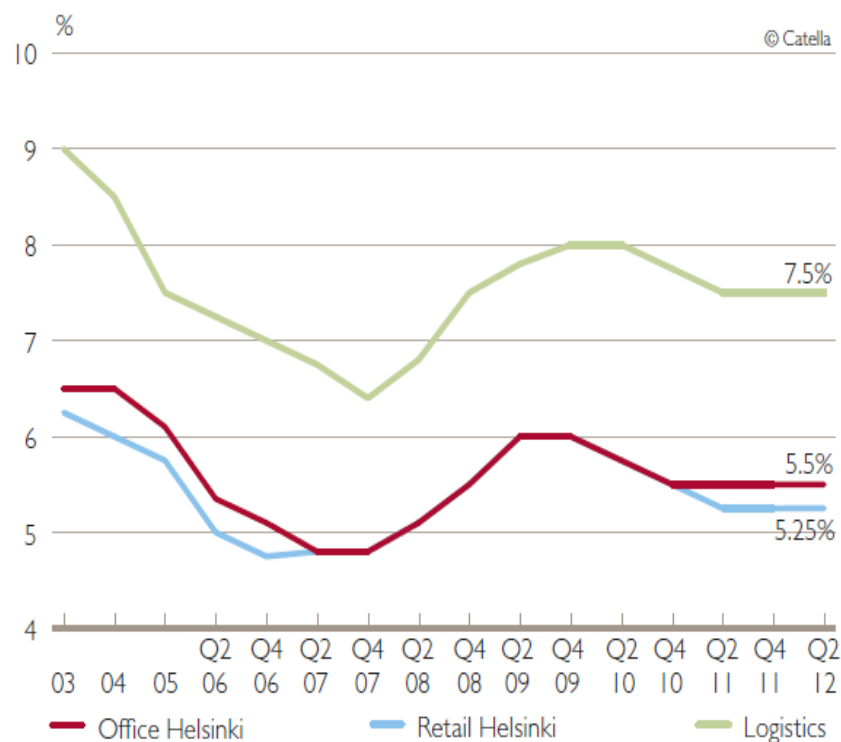
Russia



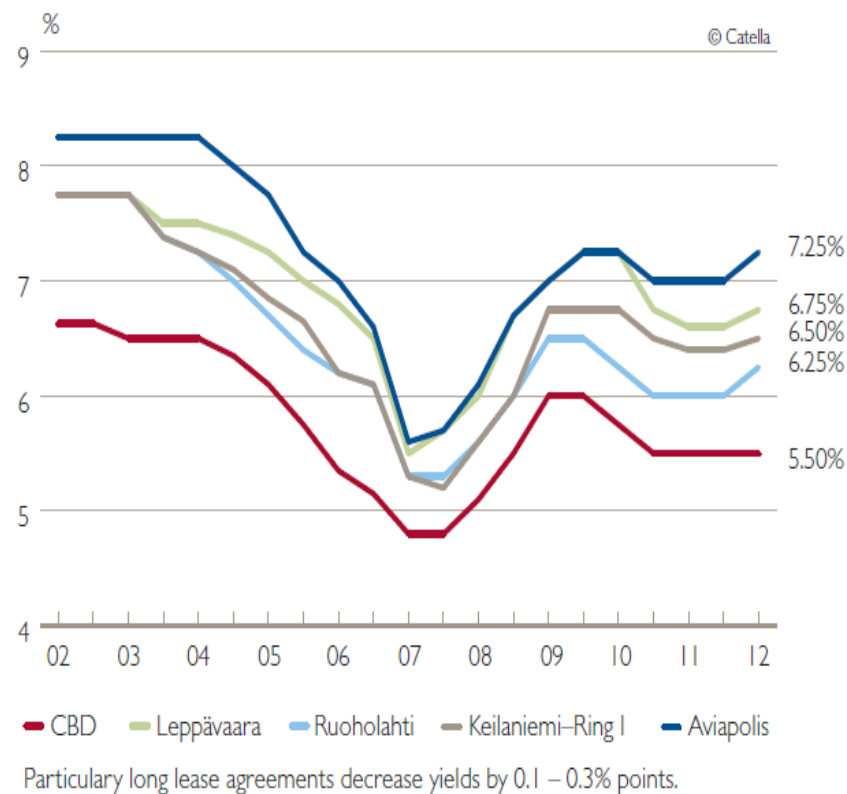
# Finland

## Yields have remained stable

Prime yields in Helsinki Metropolitan Area Q2 2012



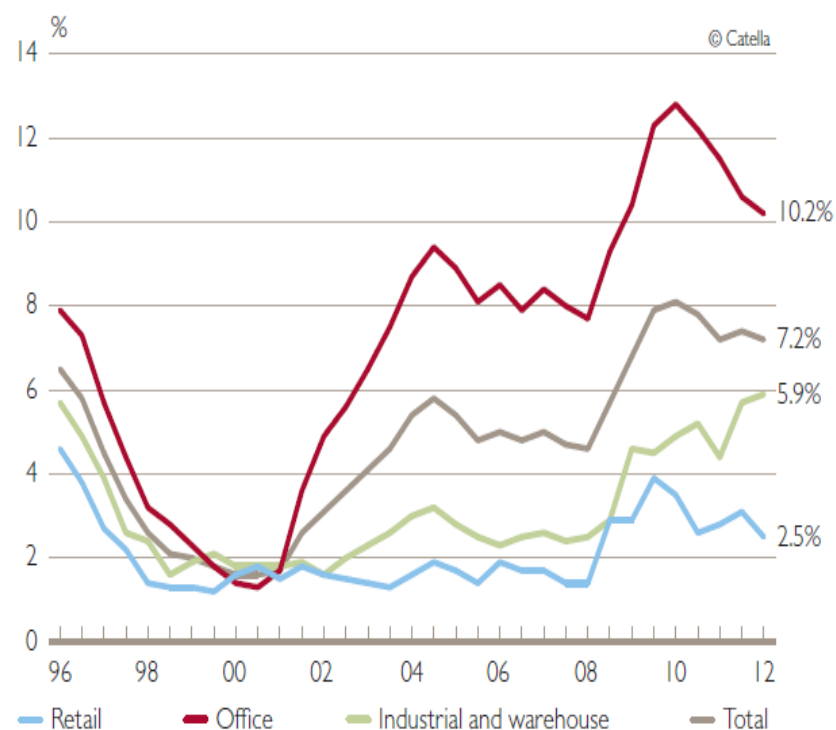
Office yields in Helsinki Metropolitan Area Q2 2012



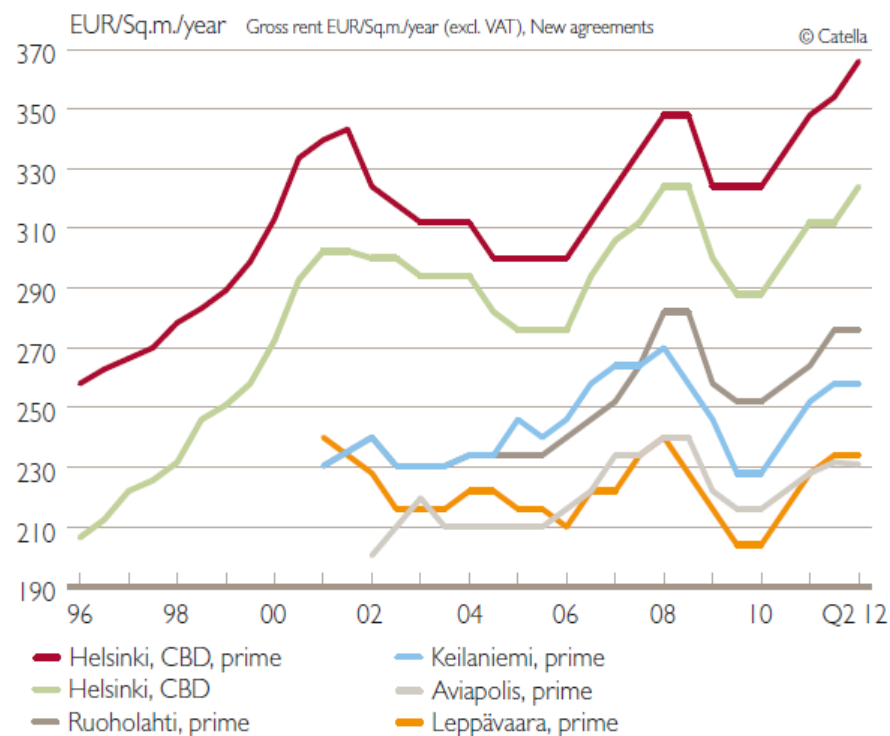
# Finland

## Vacancy rates vary between sub-sector

Vacancy rates in Helsinki Metropolitan Area Q2 2012



Rental levels of office premises Q2 96 – Q2 12

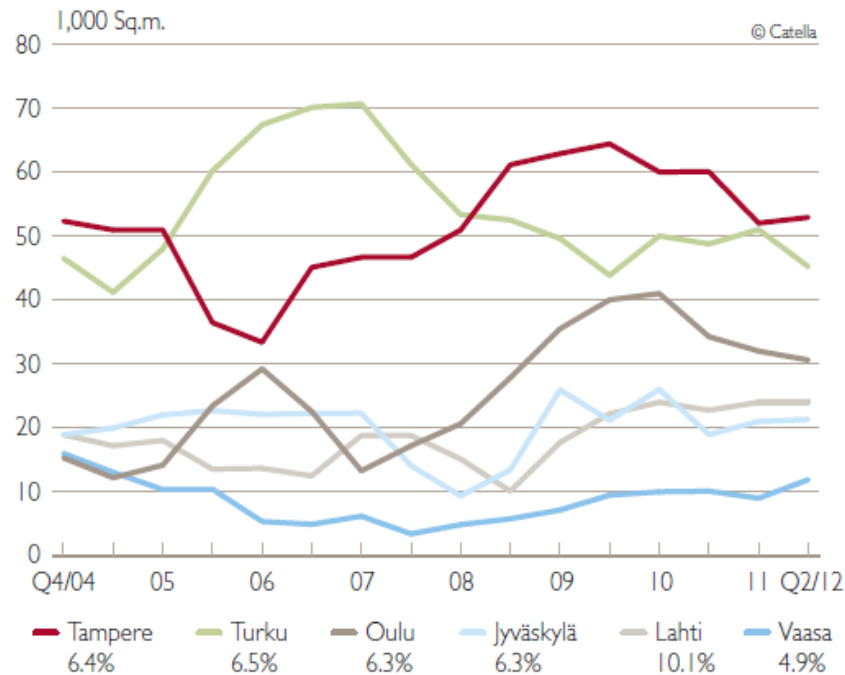




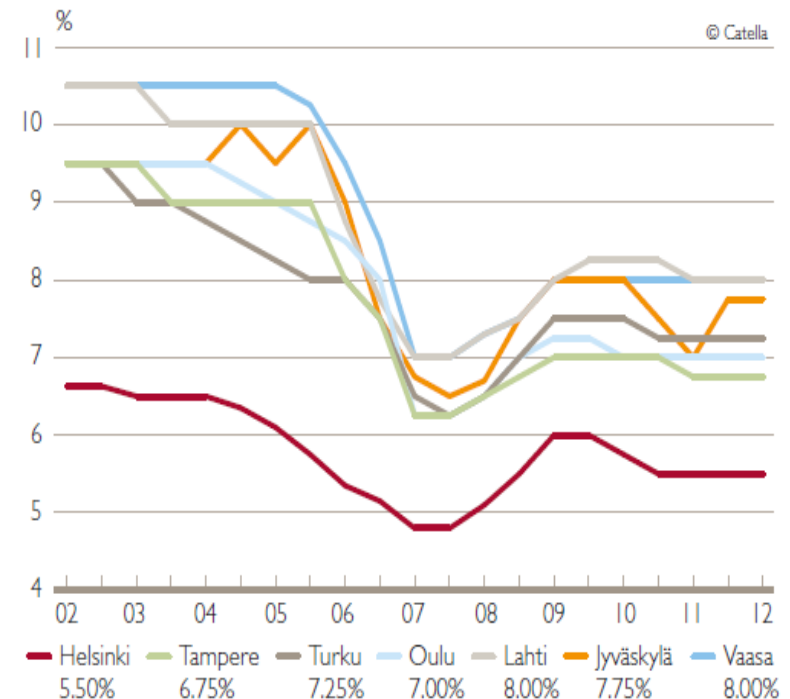
# Finland

## Key business premises indicators in Finnish growth centres

Vacant office space in growth centres and the vacancy rate (%) Q2 2012



Prime office yields in Finland Q2 2002 – Q2 2012

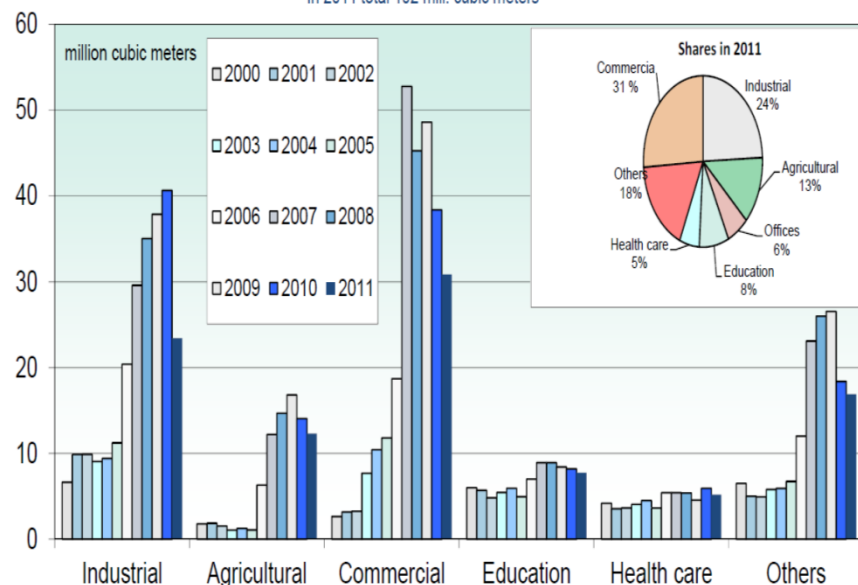


# Russia

## Growth potential in business premises market

### Commissioned Non-residential Buildings in Russia

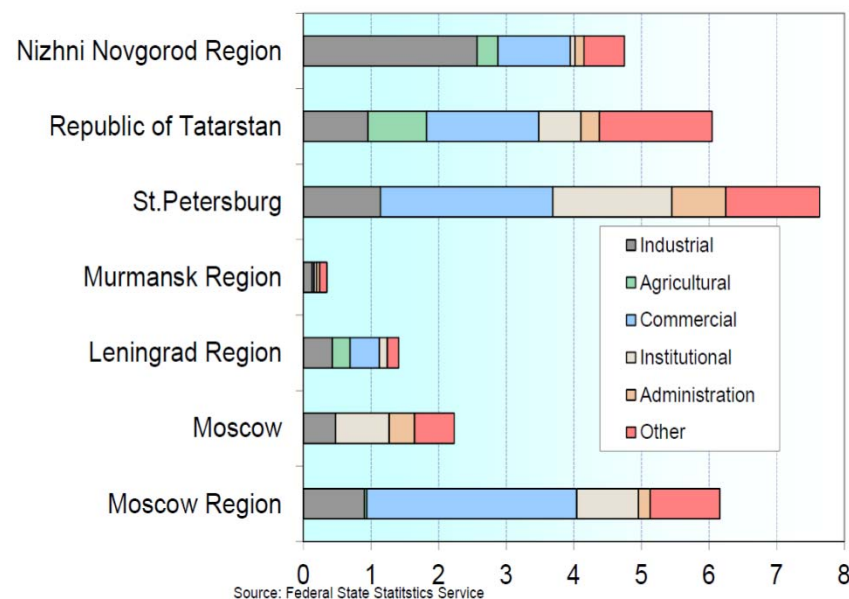
including new and reconstructed non-residential buildings  
In 2011 total 102 mill. cubic meters



Source: Federal State Statistics Service

### Non-residential Construction in 2011

million m<sup>3</sup>



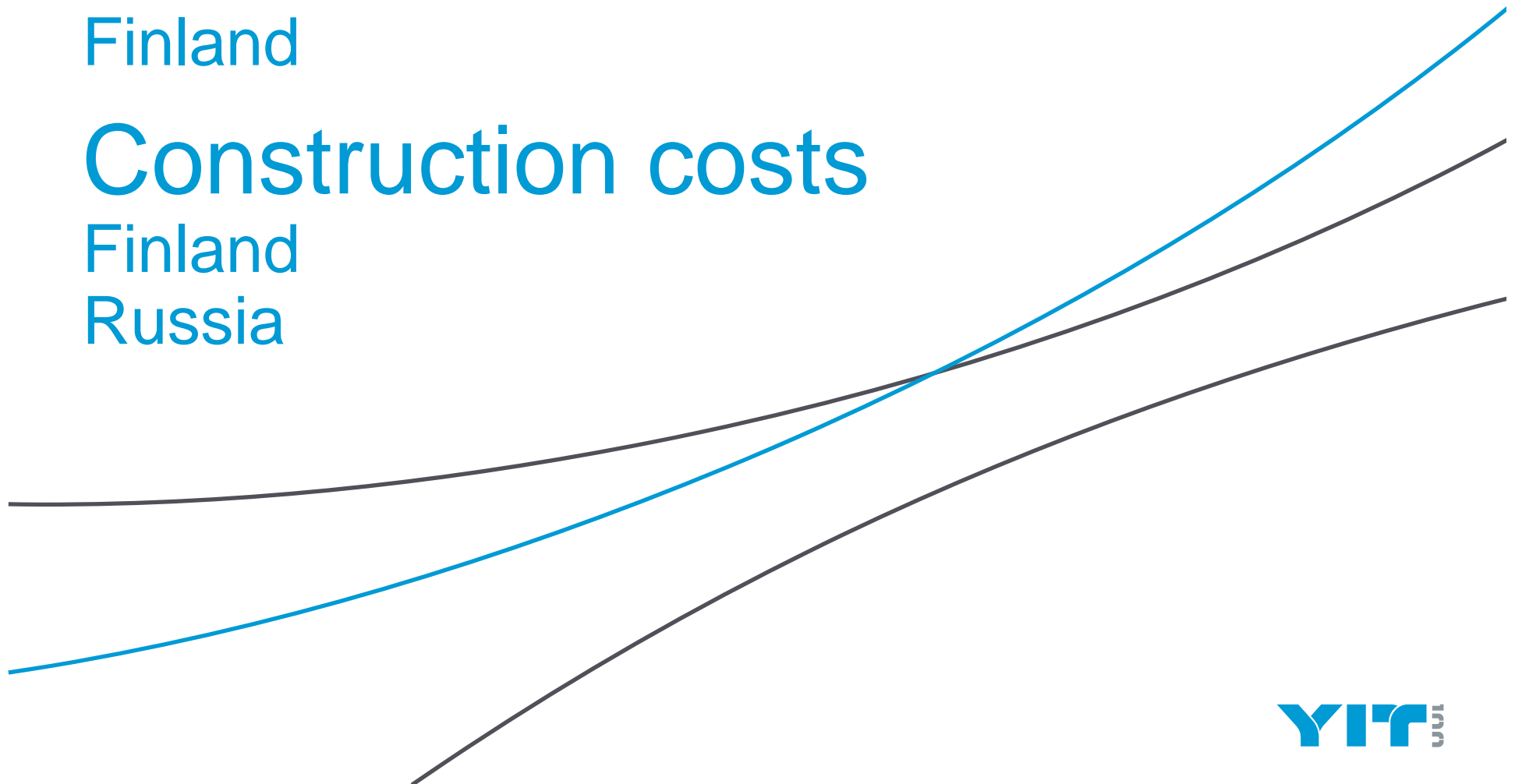
# Infrastructure construction

Finland

## Construction costs

Finland

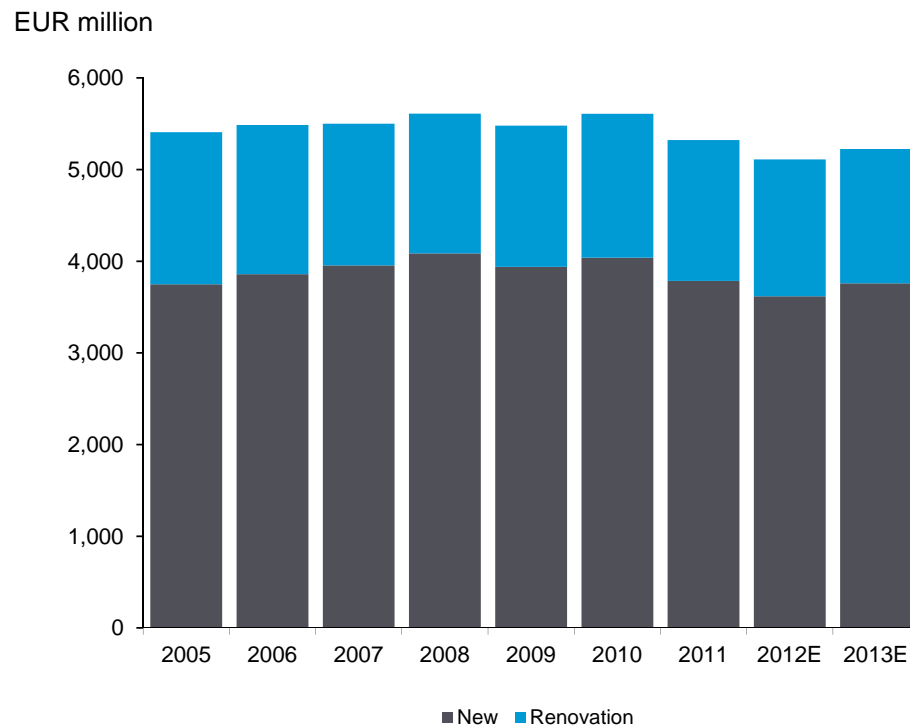
Russia



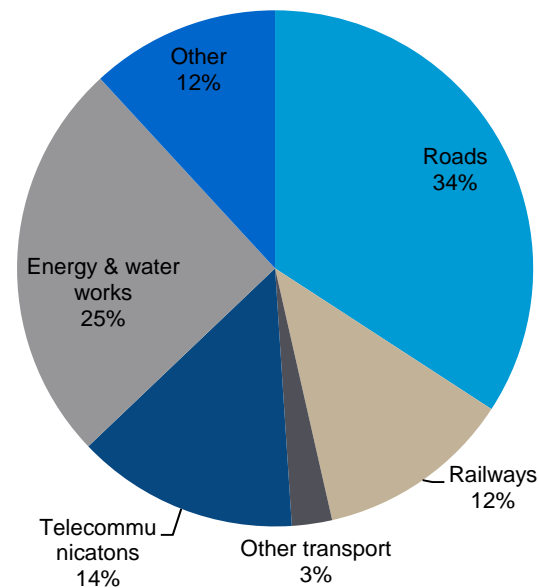
# Infrastructure construction

## Market estimated to remain stable in 2012

Infrastructure market in Finland



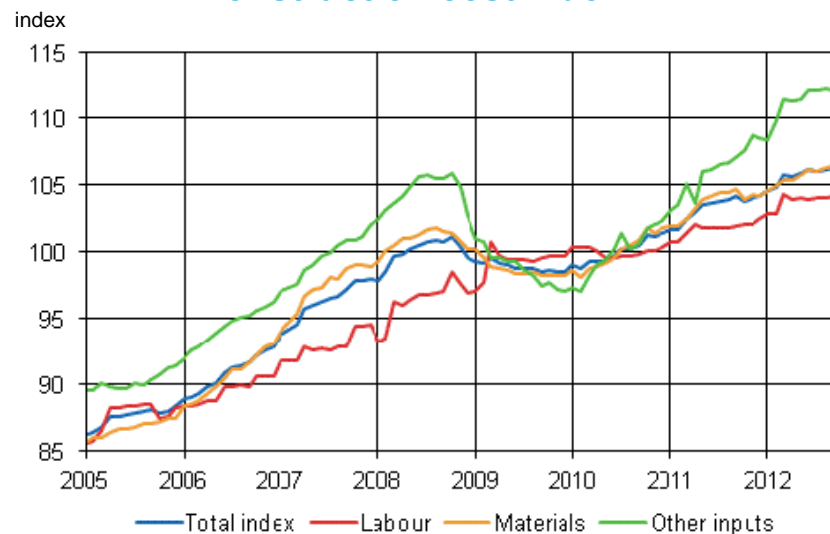
Infrastructure sectors in Finland (2011)



# Finland

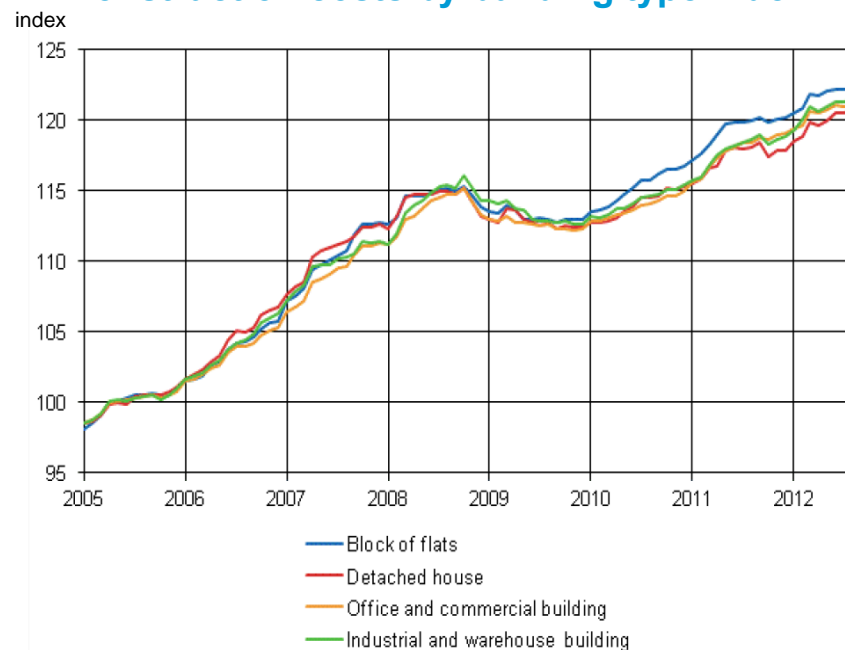
## Construction costs have followed inflation

### Construction cost index



- Building costs were 2.1% higher in September 2012 than in September 2011.
- Labour costs rose by 2.1% and prices of materials by 1.5% compared to year ago. Other costs increased by 4.7% from one year ago.
- From August to September total index of construction costs rose by 0.1%.

### Construction costs by building type index

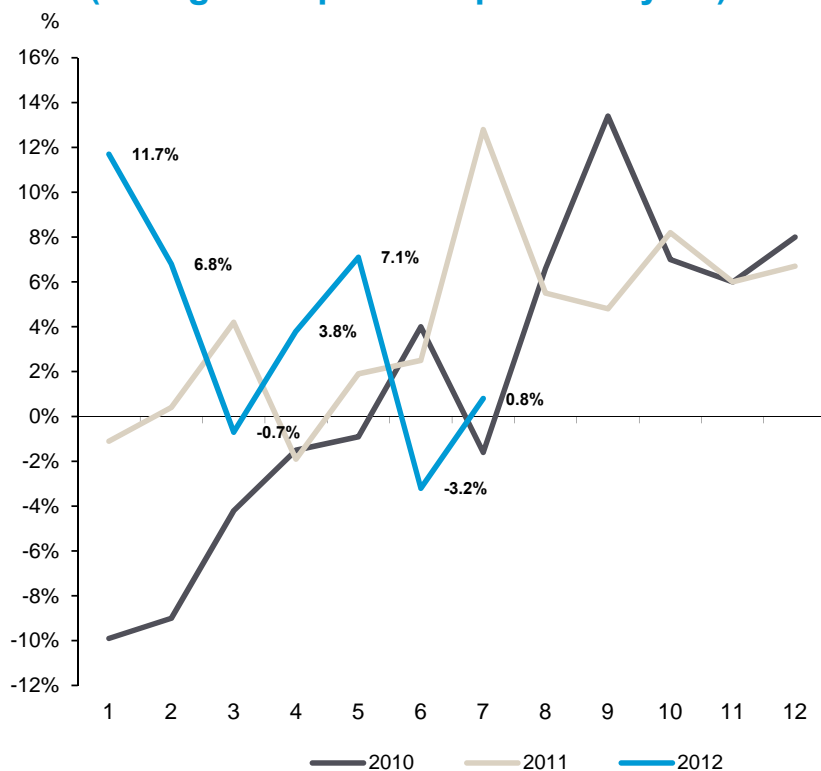




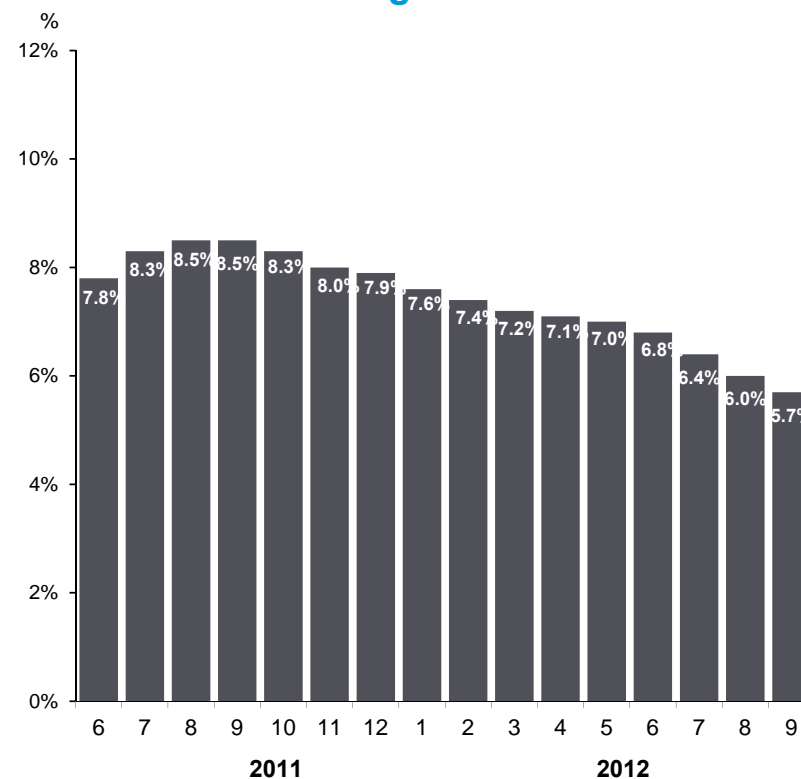
# Russia

## Construction output and construction costs

**Construction output 1/2010-8/2012**  
(change compared to previous year)

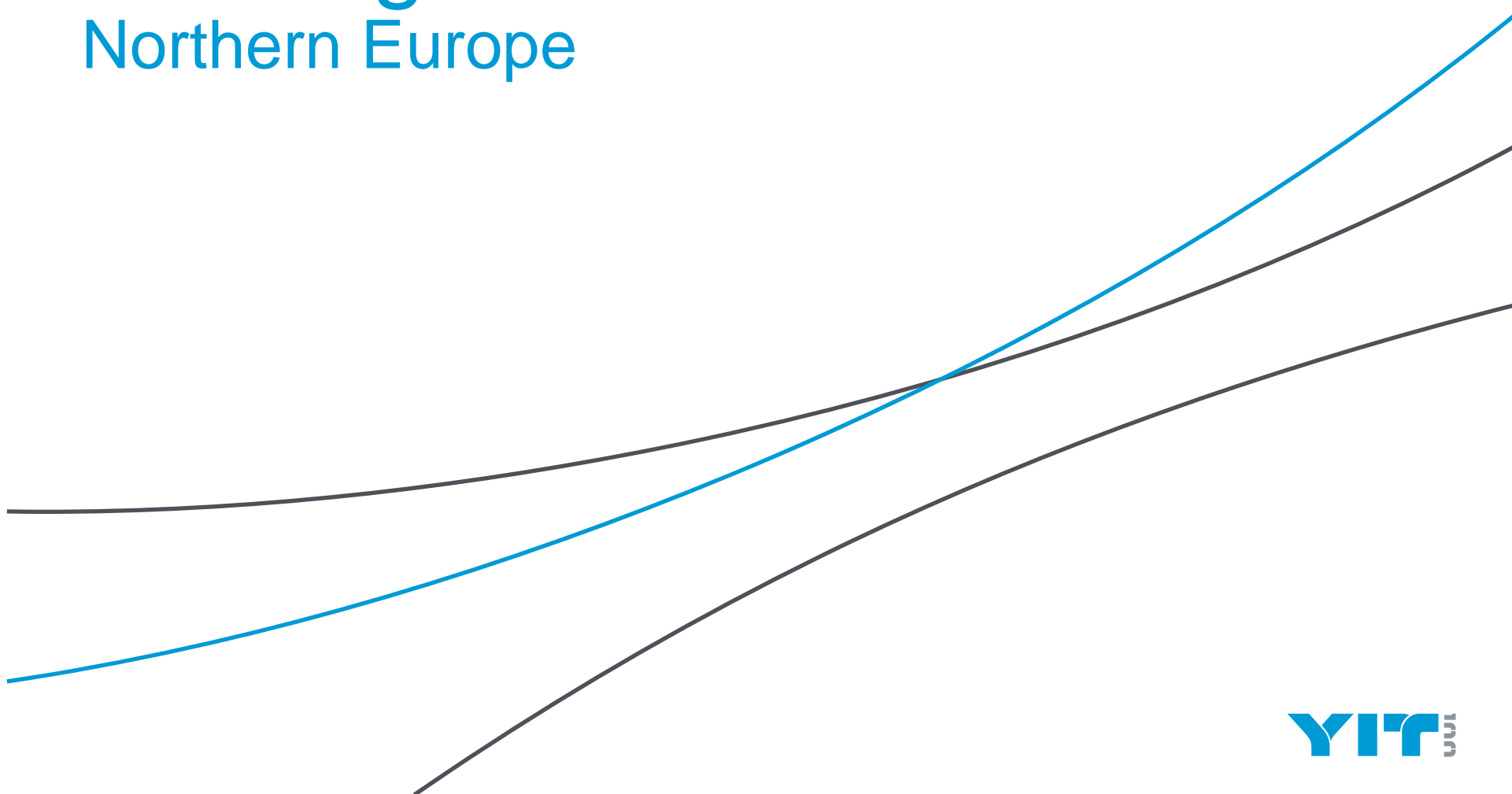


**Construction costs:**  
**Inflation in building materials 6/2011-9/2012**



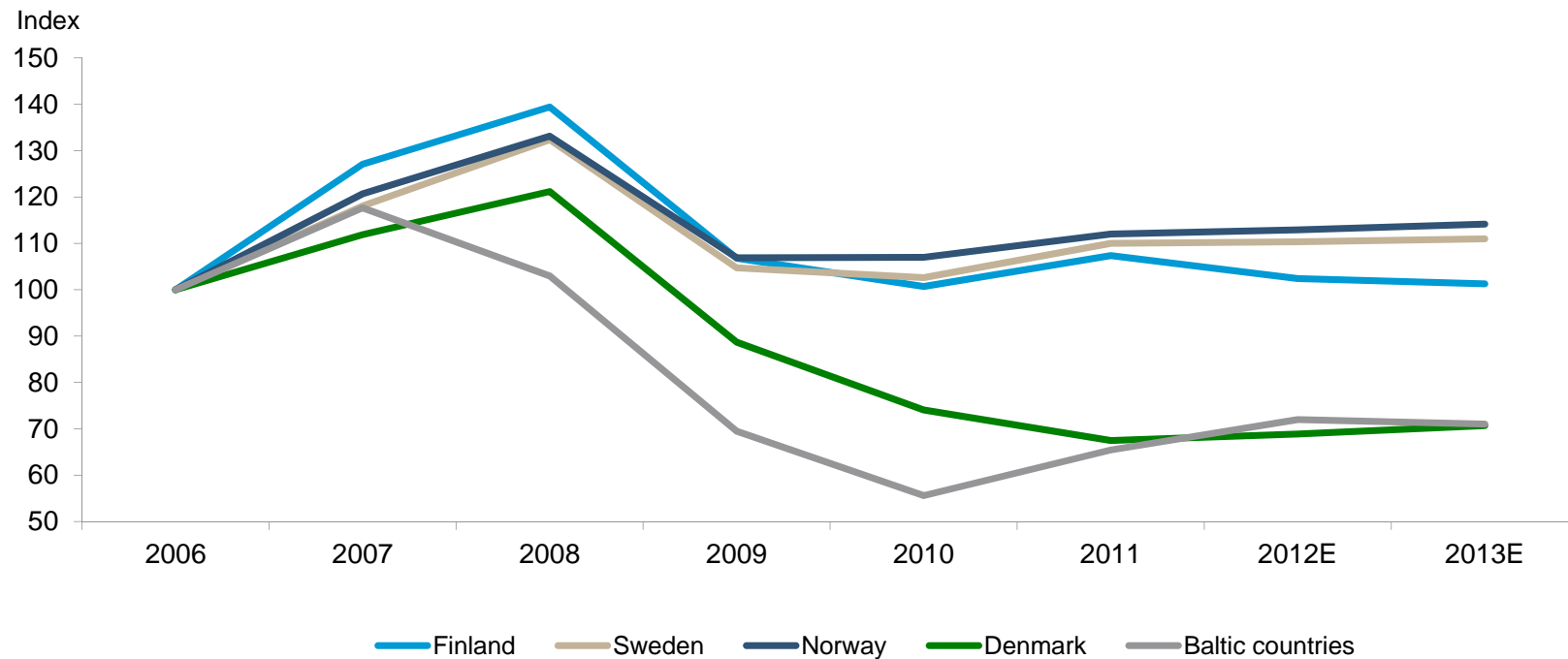
# Building Services

## Northern Europe



# New non-residential investments forecasted to remain stable in Northern Europe in 2012-2013

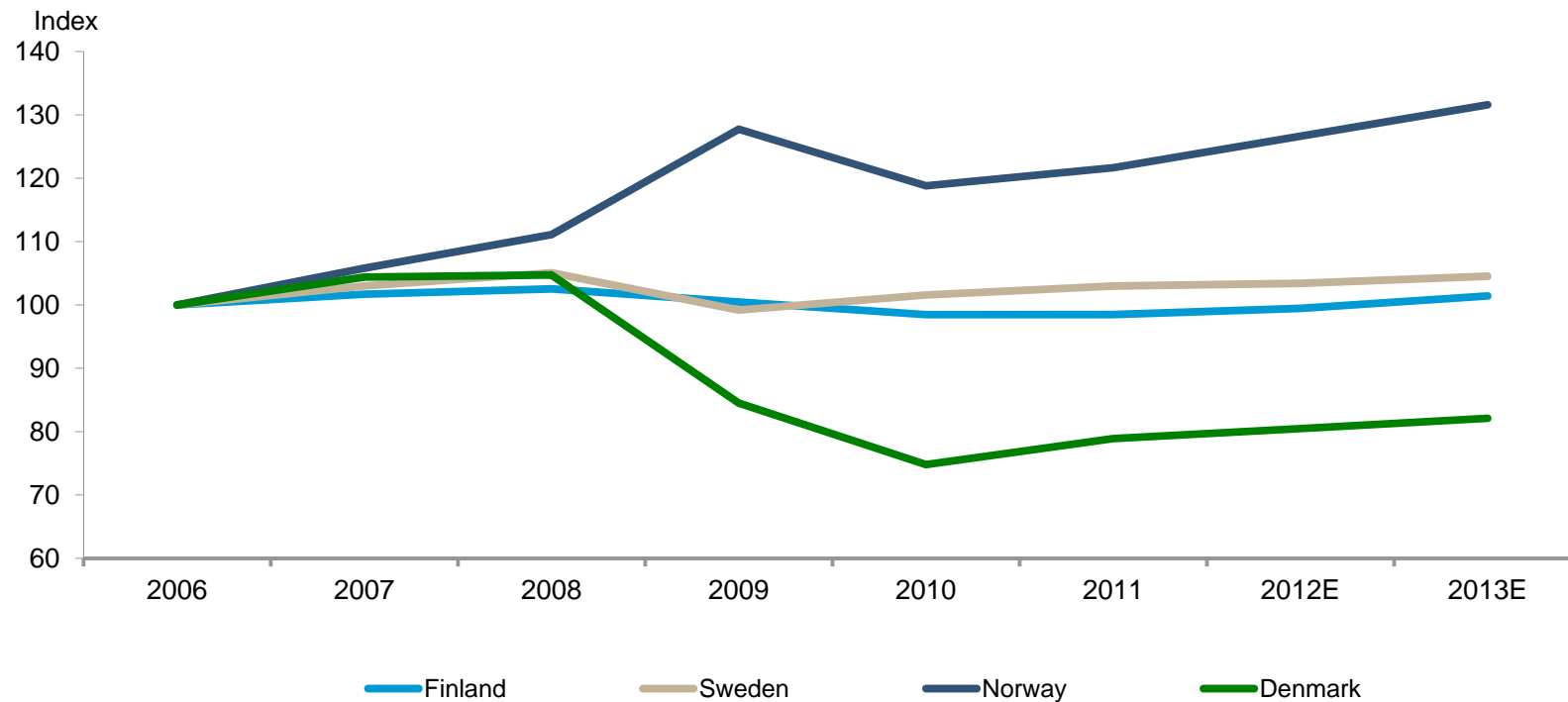
New non-residential construction volumes in Northern Europe, index



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

# Stable demand estimated for service and maintenance during 2012-2013

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

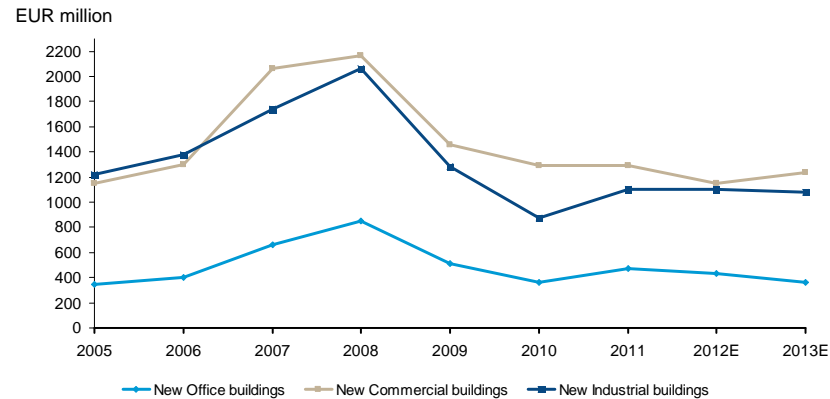


No data for Russia or Baltic countries is available.

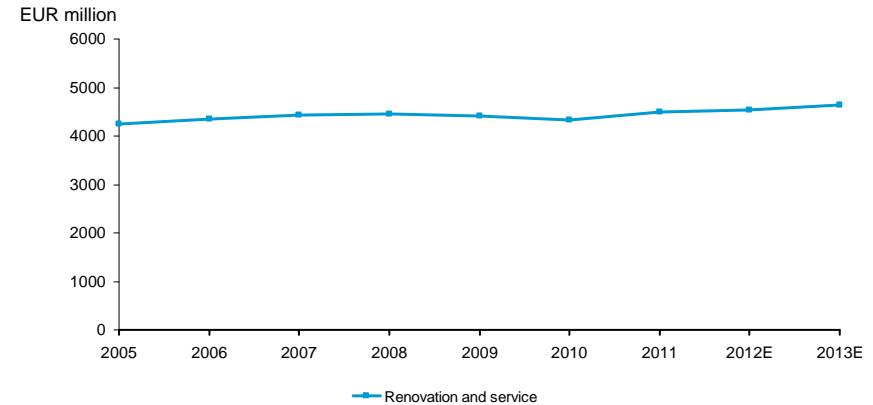
# Finland

## Non-residential construction is expected to remain weak

New non-residential construction by key sector

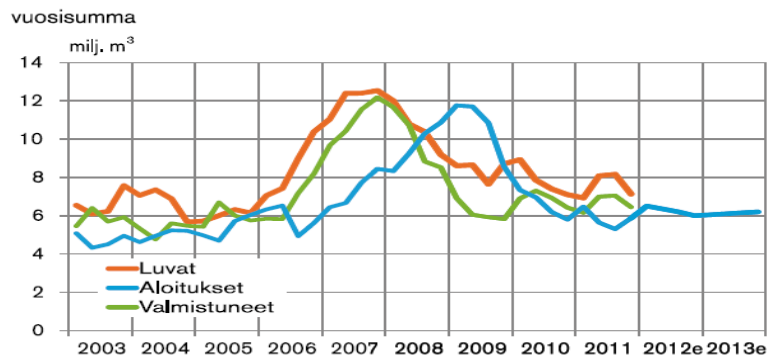


Non-residential renovation and service



Construction of commercial and office buildings in Finland

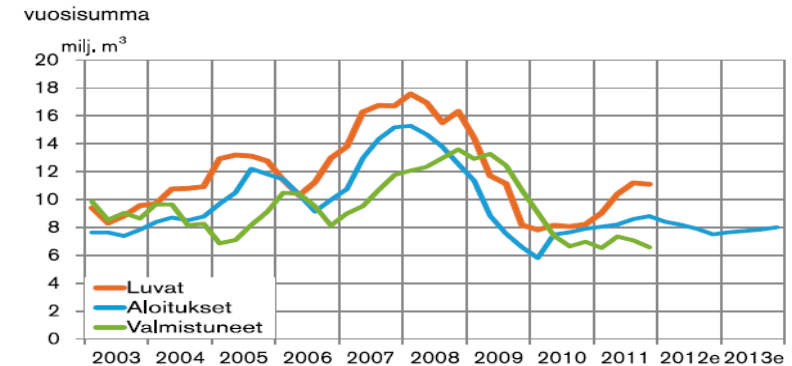
### Liike- ja toimistorakennukset



Lähde: Tilastokeskus, RT

Construction of industrial and warehouse buildings in Finland

### Teollisuus- ja varastorakennukset



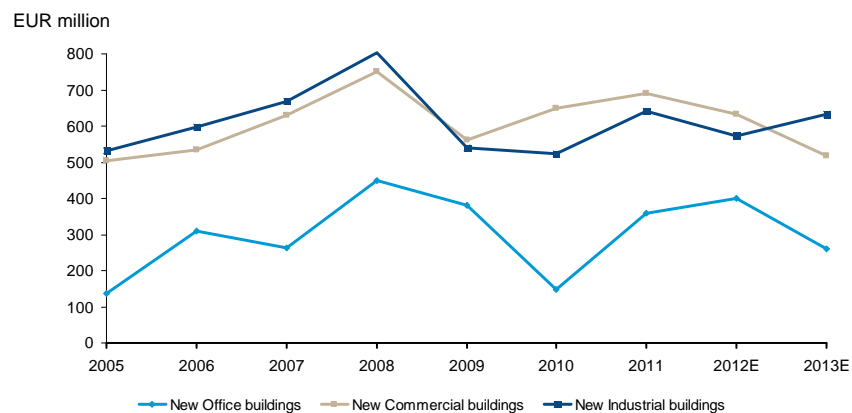
Lähde: Tilastokeskus, RT



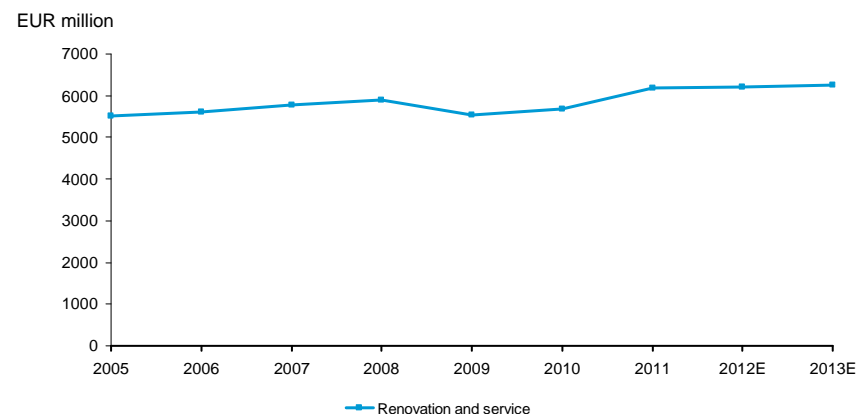
# Sweden

## Non-residential market is expected to decline

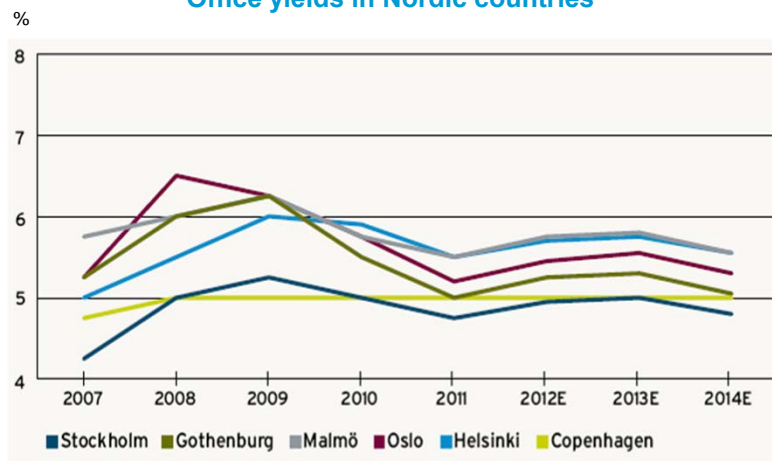
New non-residential construction by key sector



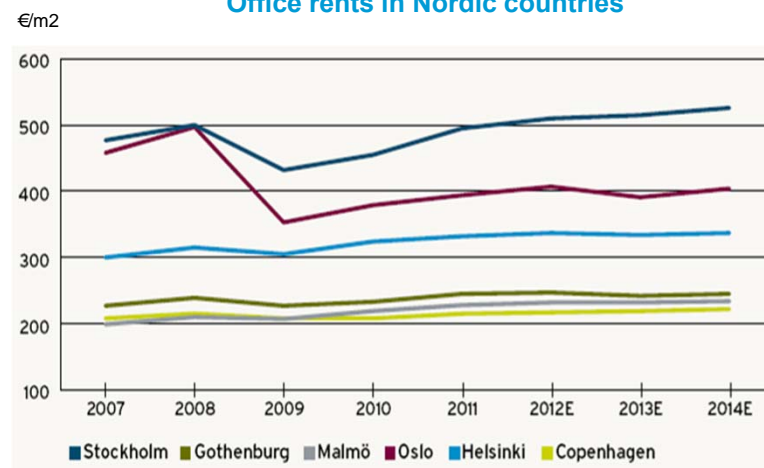
Non-residential renovation and service



Office yields in Nordic countries



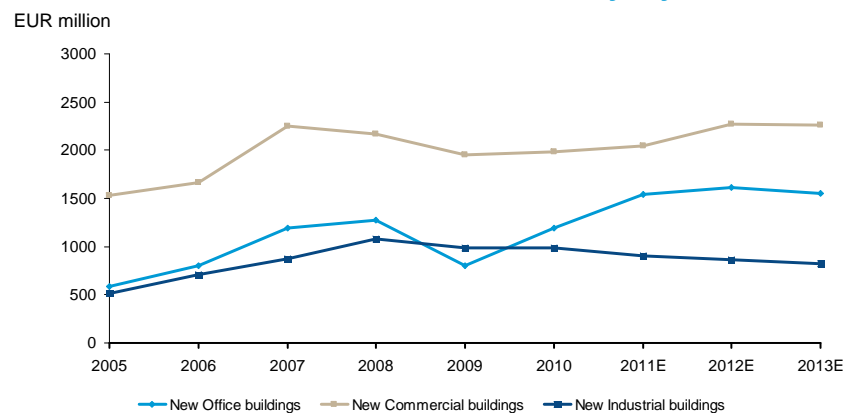
Office rents in Nordic countries



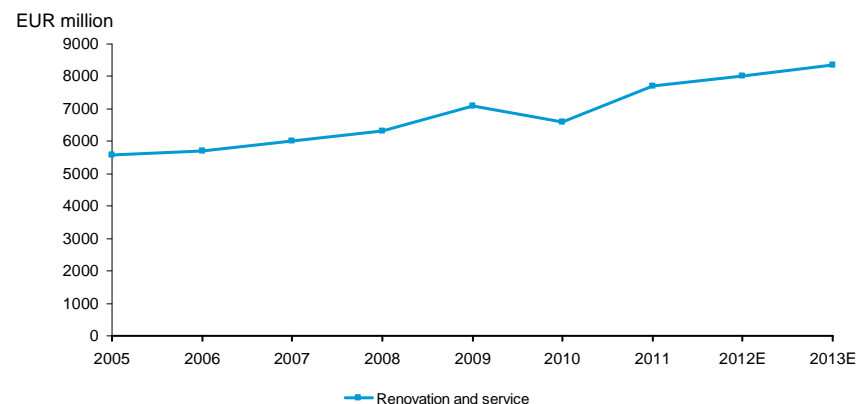
# Norway

## Market is forecasted to remain relatively stable

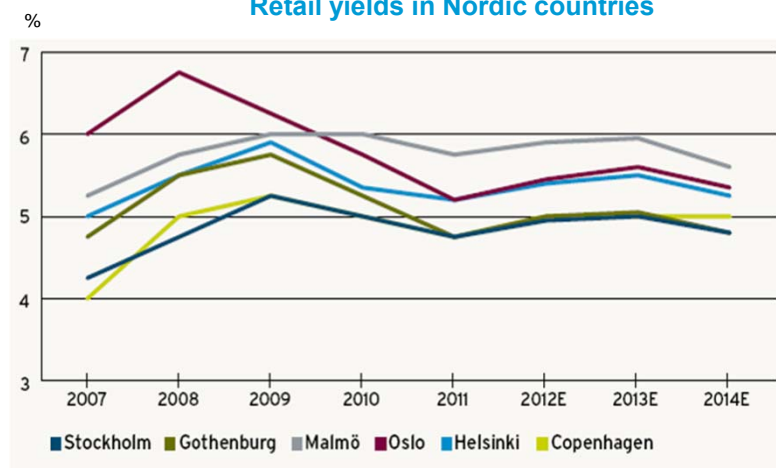
New non-residential construction by key sector



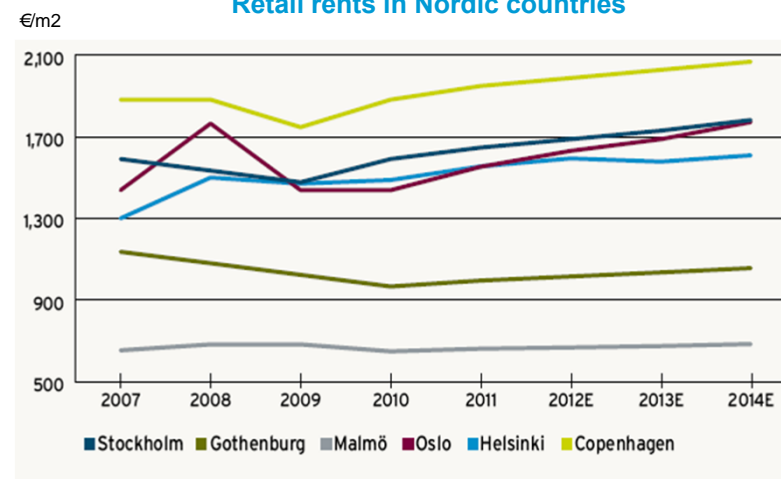
Non-residential renovation and service



Retail yields in Nordic countries



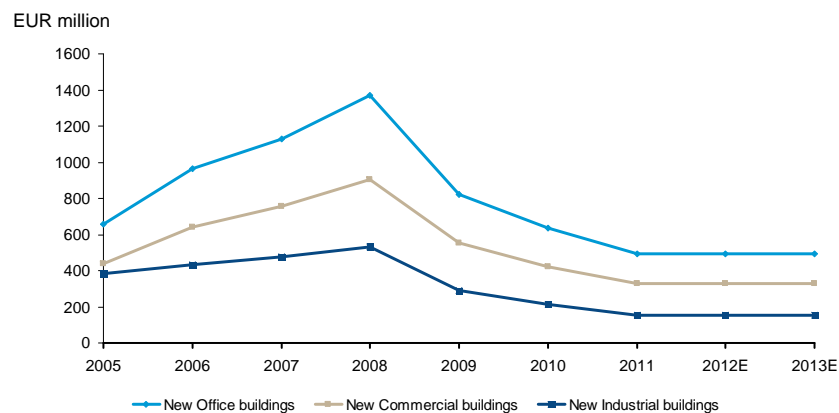
Retail rents in Nordic countries



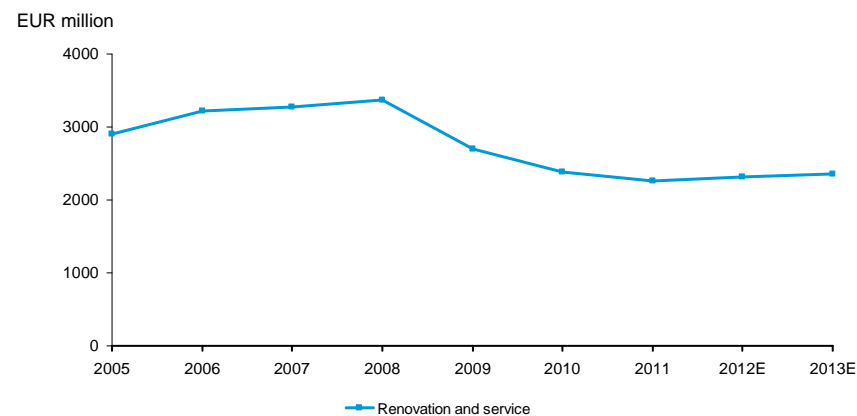
# Denmark

## Non-residential market remains at low level

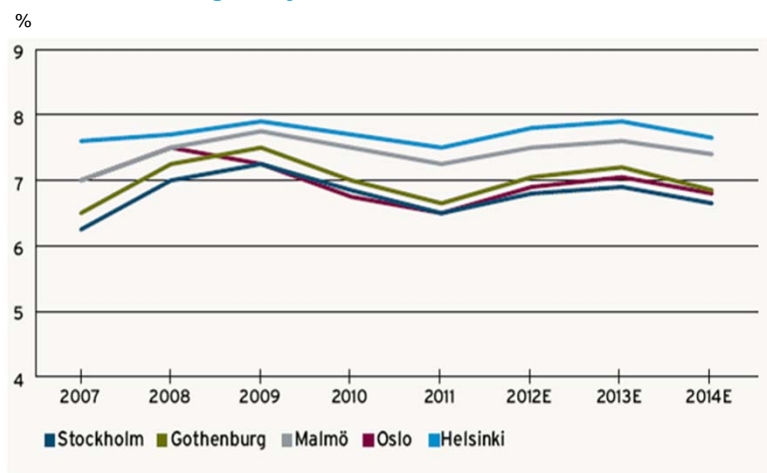
### New non-residential construction by key sector



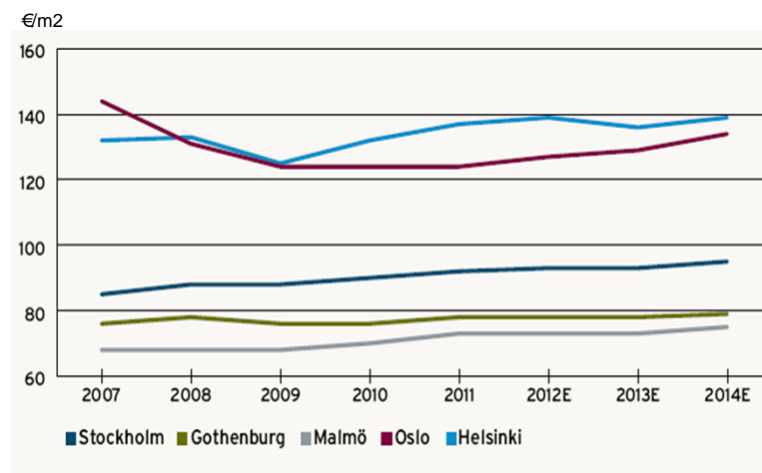
### Non-residential renovation and service



### Logistic yields in Nordic countries



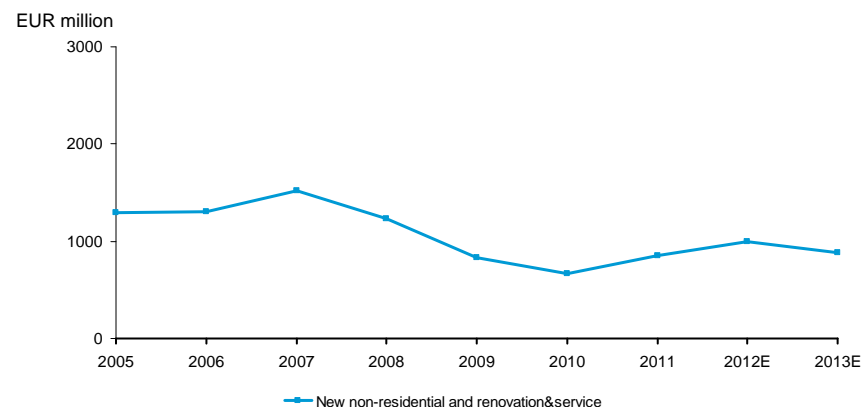
### Logistic rents in Nordic countries



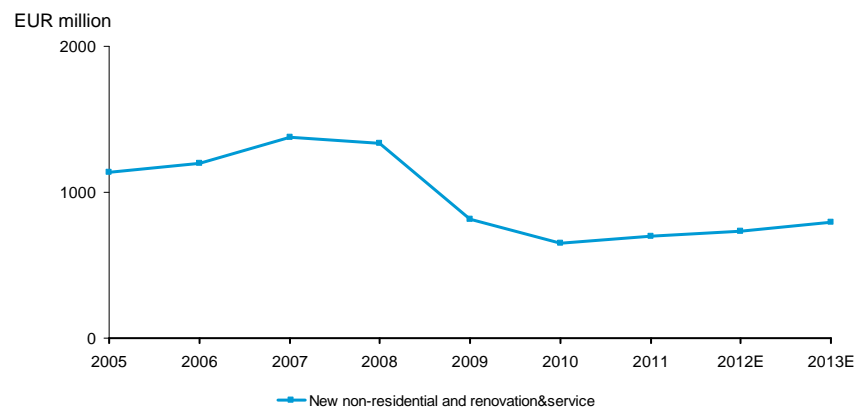
# The Baltic Countries

## Non-residential construction forecasted to pick up slightly

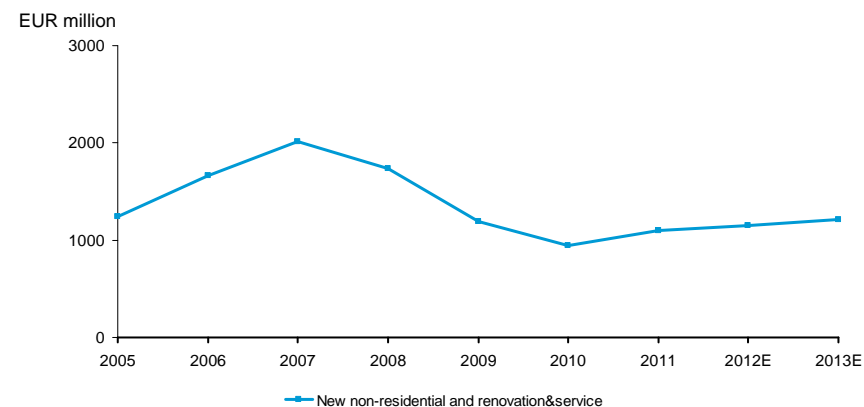
New non-residential and renovation & service in Estonia



New non-residential and renovation & service in Latvia

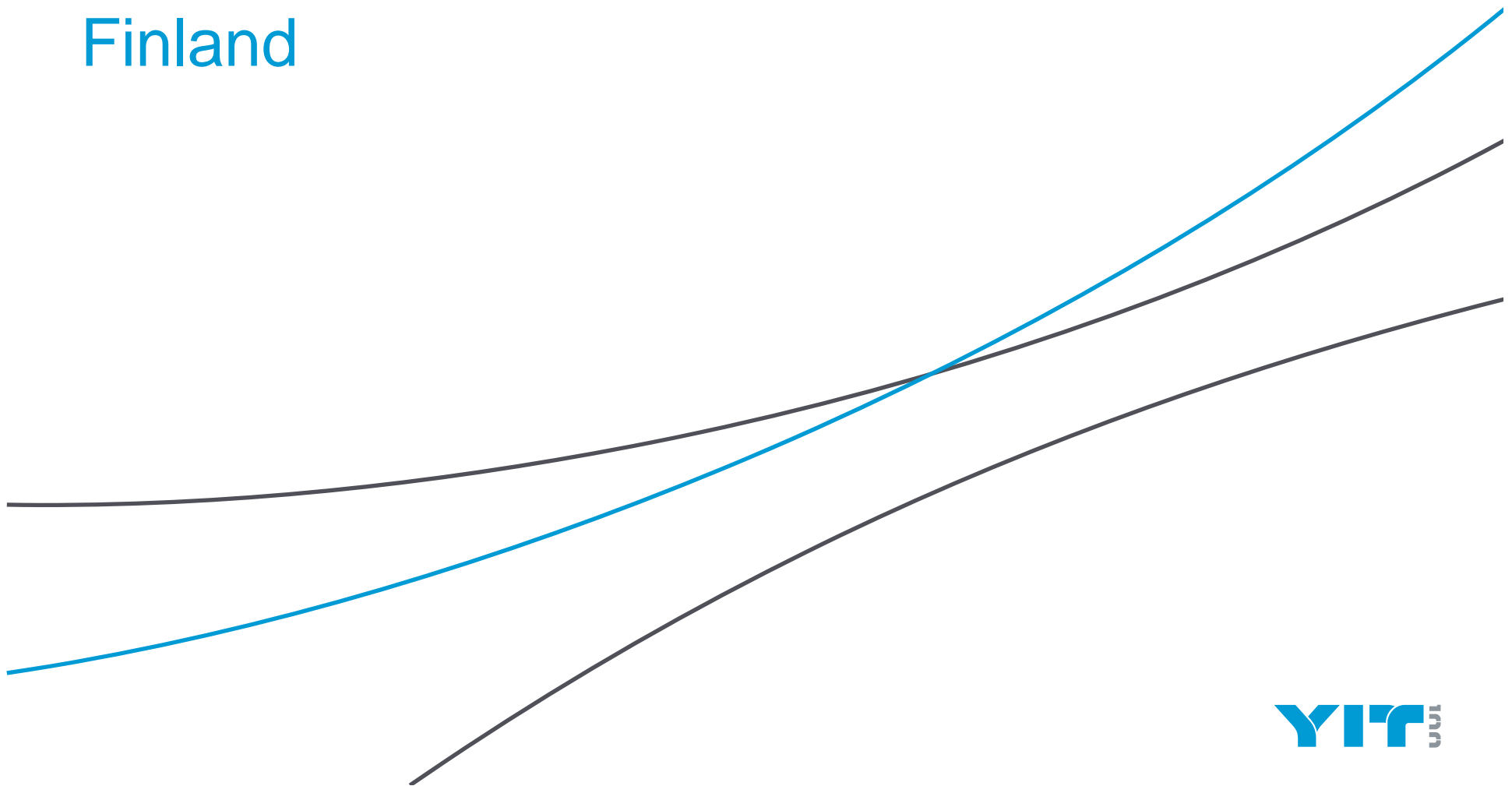


New non-residential and renovation & service in Lithuania



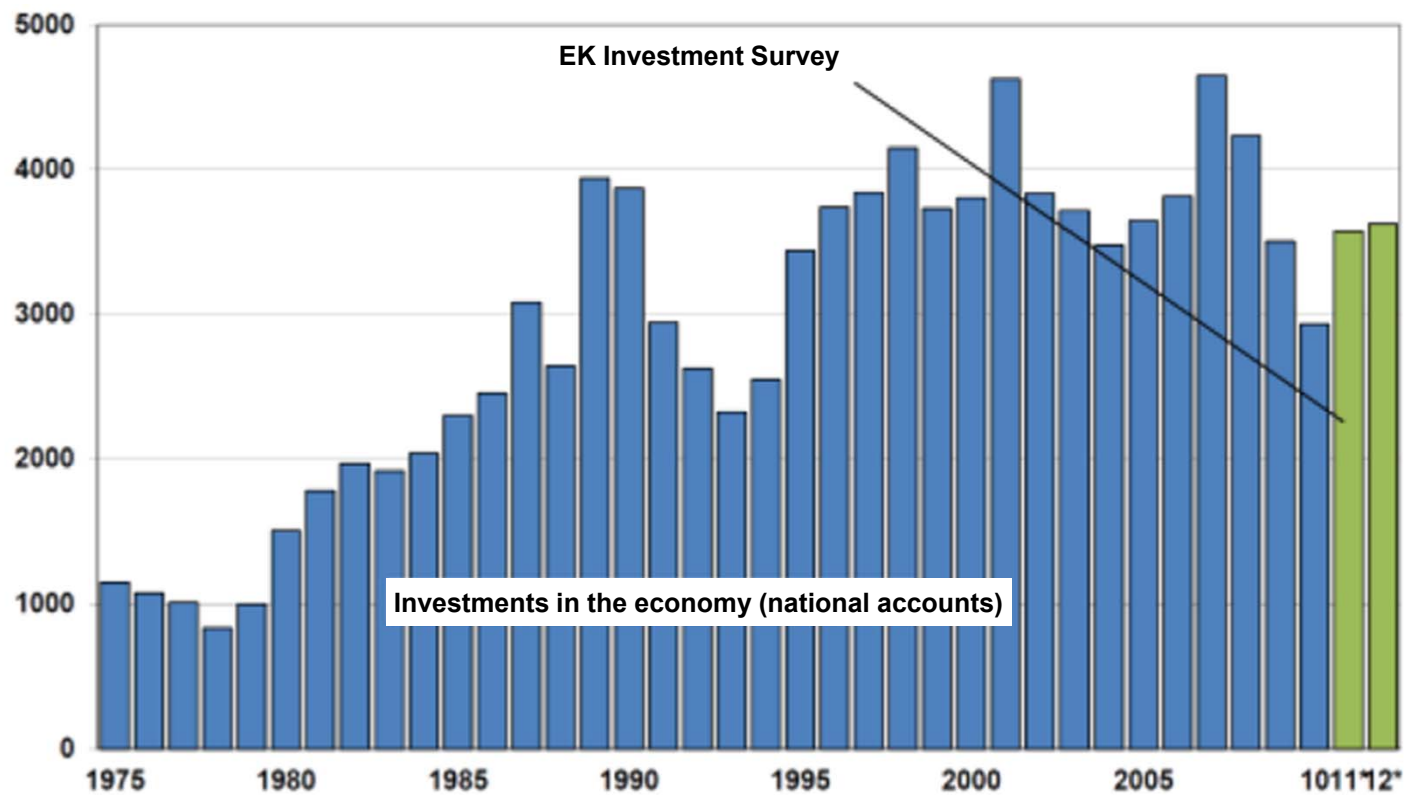
# Industrial indicators

## Finland



# Industrial investments are estimated to increase slightly in Finland

## Manufacturing sectors' fixed investments in Finland





# Industrial confidence and production expectations still at low level in Finland

## Industrial confidence

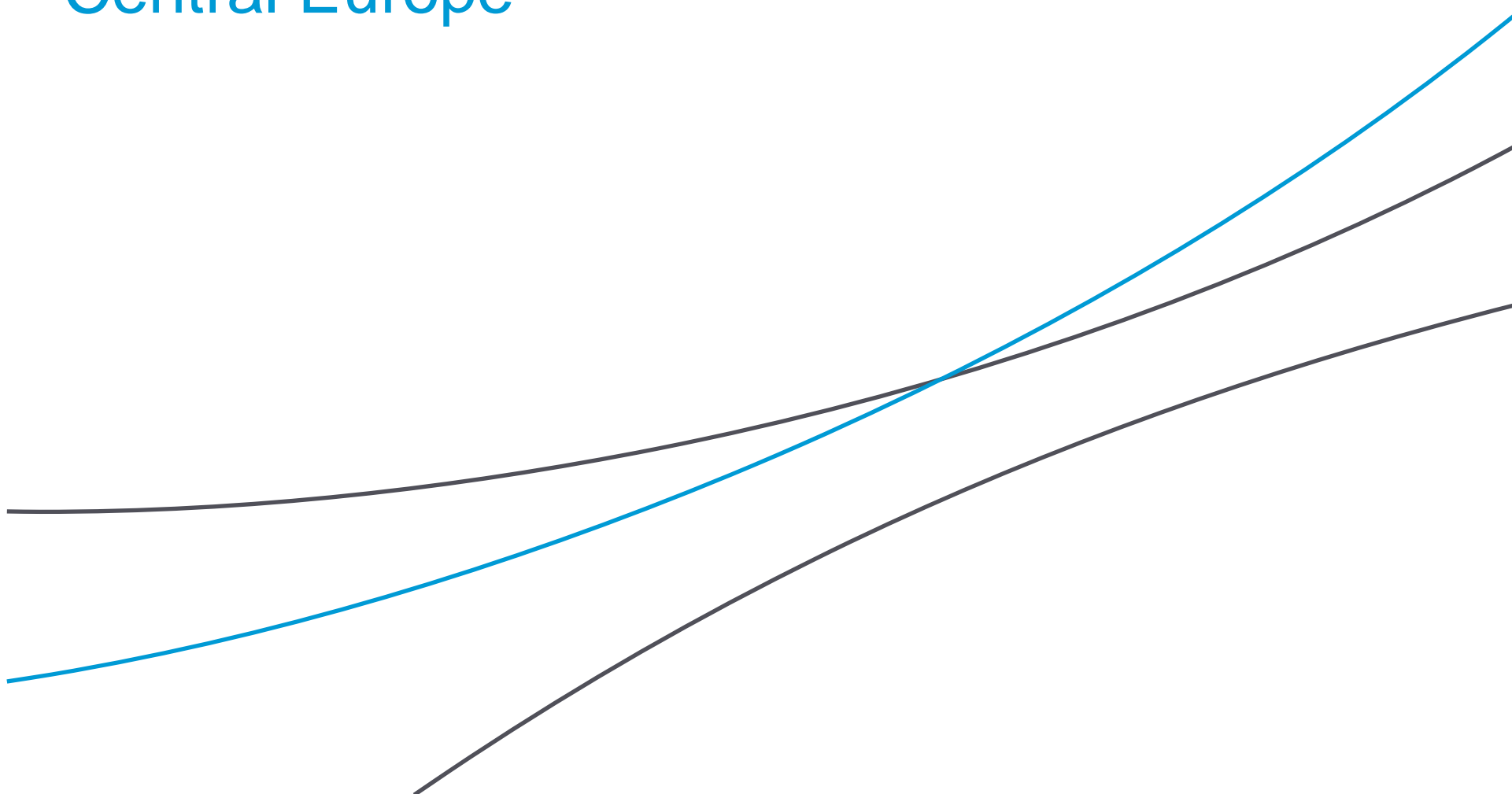


## Industrial production expectations



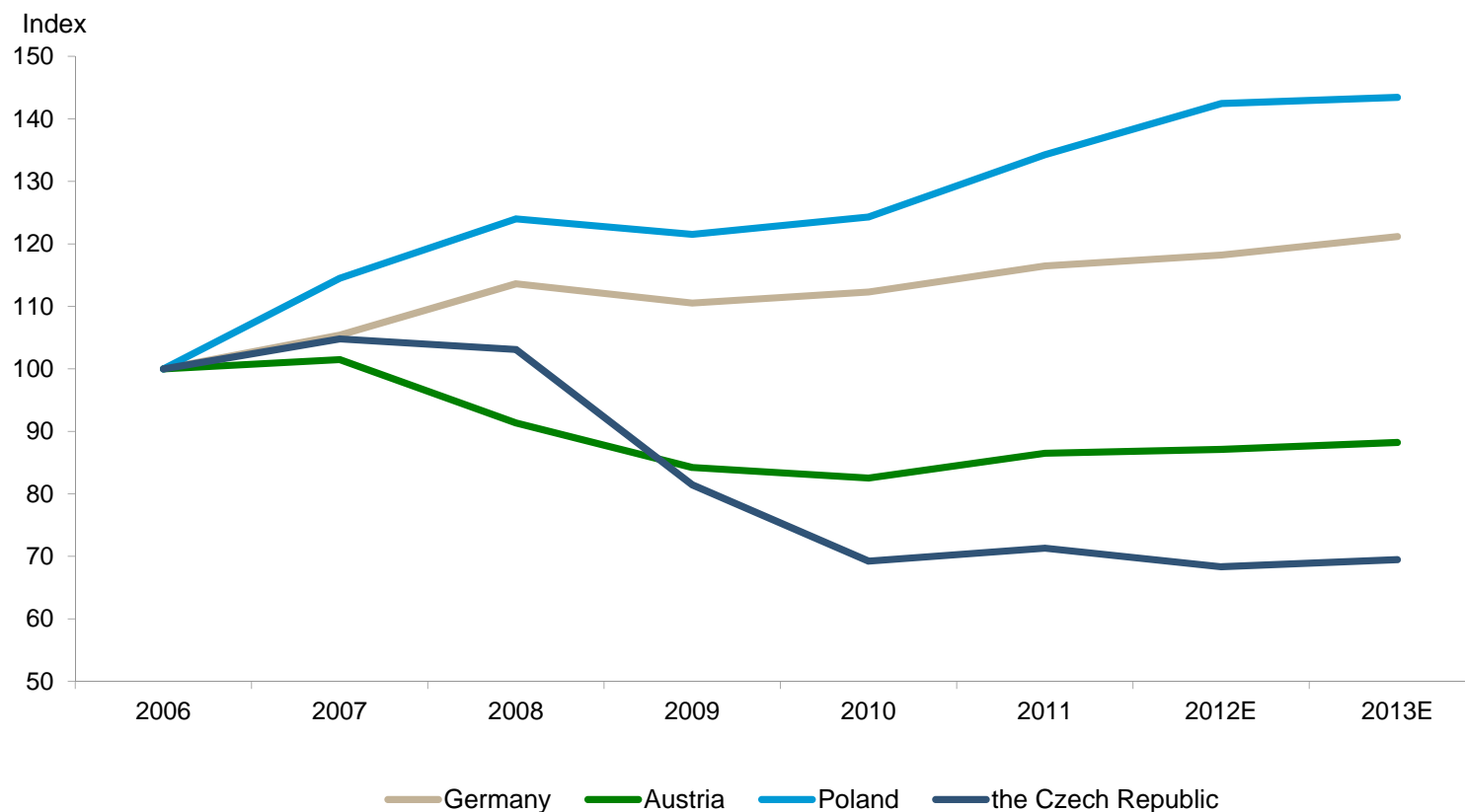
# Building Services

## Central Europe



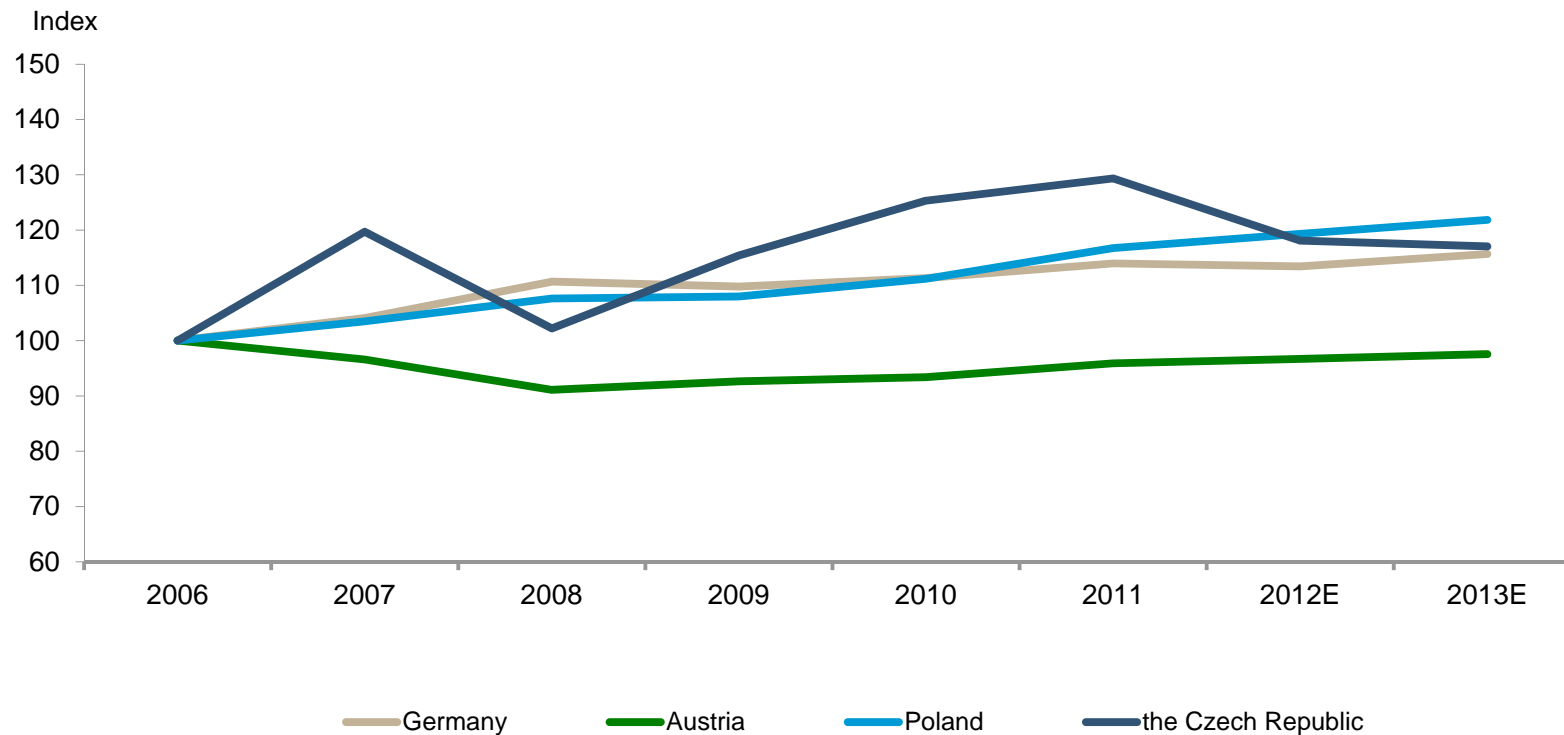
# New non-residential investments forecasted to increase slightly in Germany and Poland in 2012-2013

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



# Stable demand in service and maintenance continues in 2012-2013

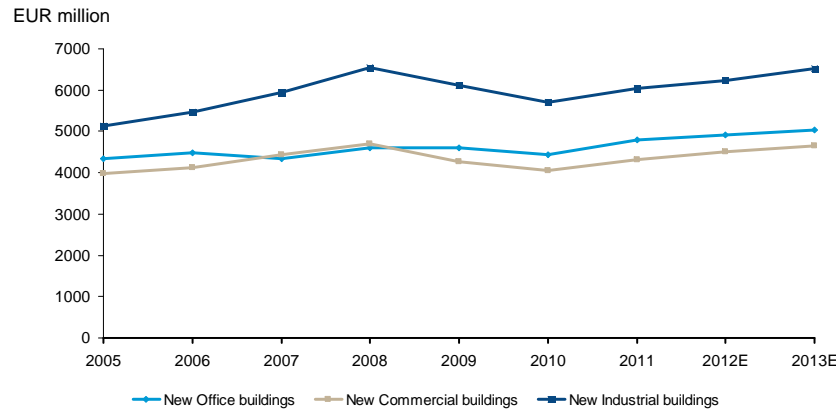
## Non-residential service and renovation volumes in Central Europe, index



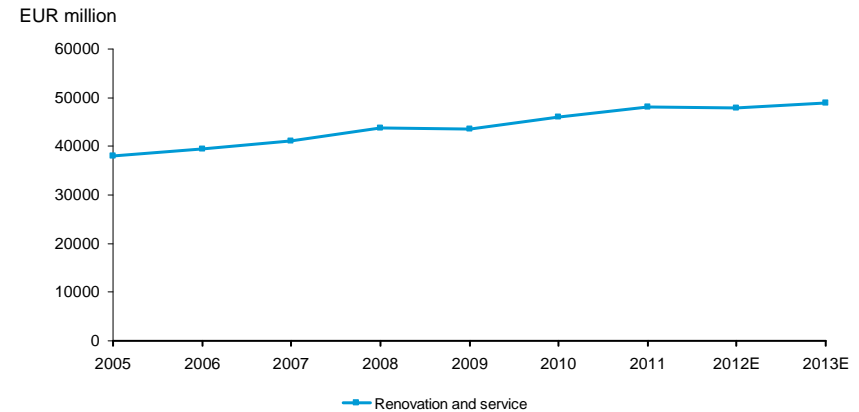
# Germany

## Market demand is relatively stable

New non-residential construction by key sector



Non-residential renovation and service



IFO Business climate in Germany



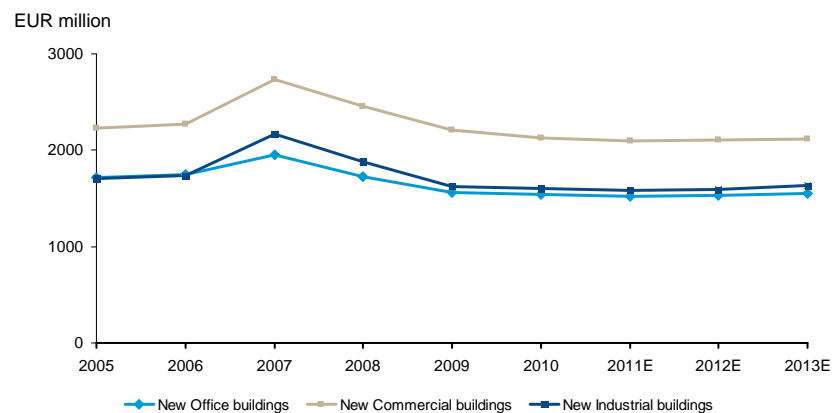
ZEW index in Germany



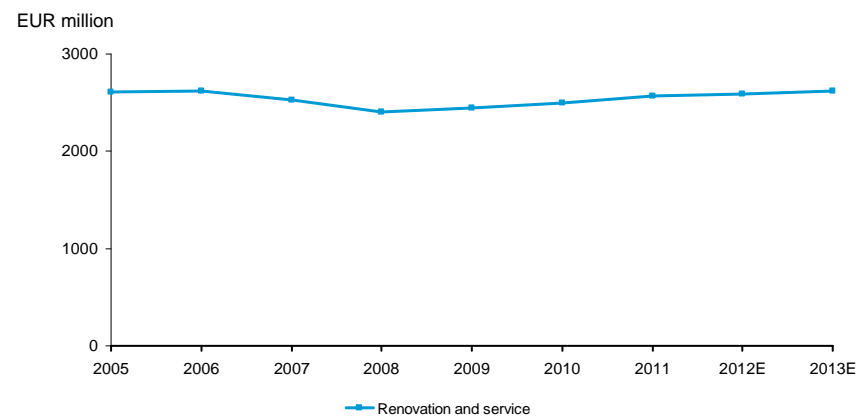
# Austria

## Markets are recovering slowly

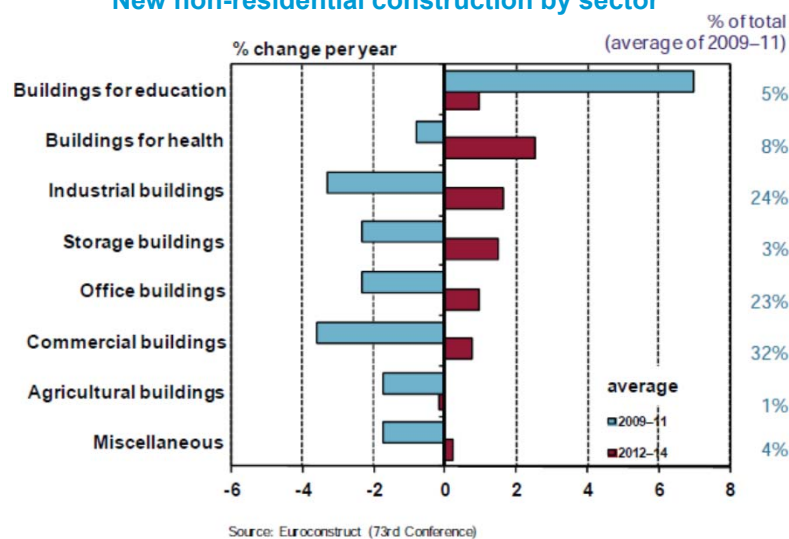
New non-residential construction by key sector



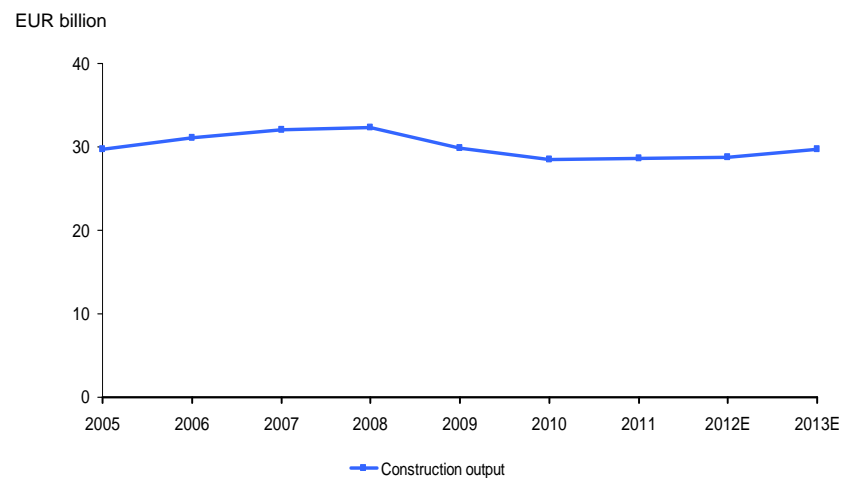
Non-residential renovation and service



New non-residential construction by sector



Total construction output

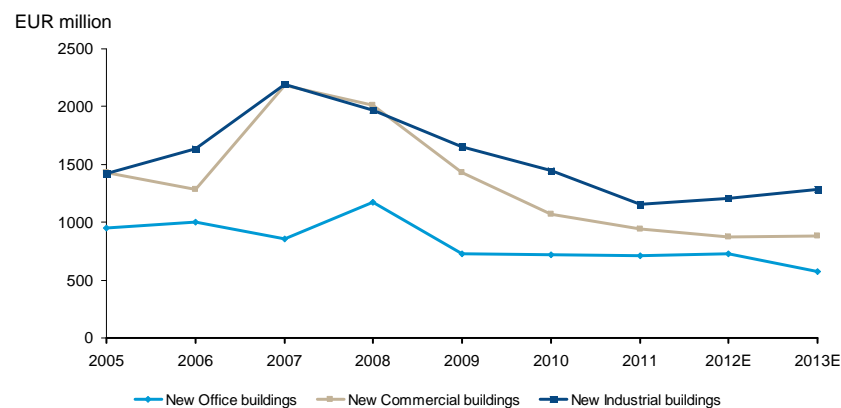




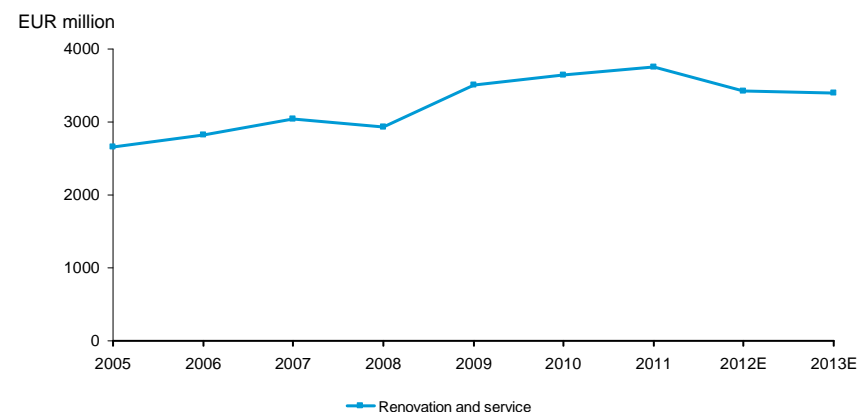
# The Czech Republic and Slovakia

## Challenging market situation continues

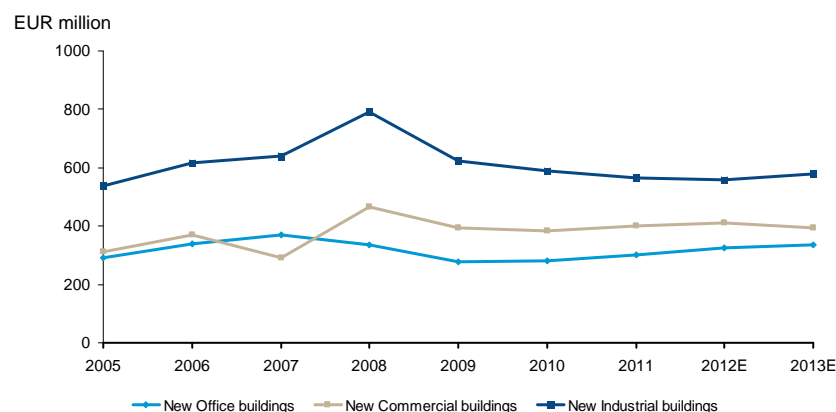
New non-residential construction by key sector in the Czech Republic



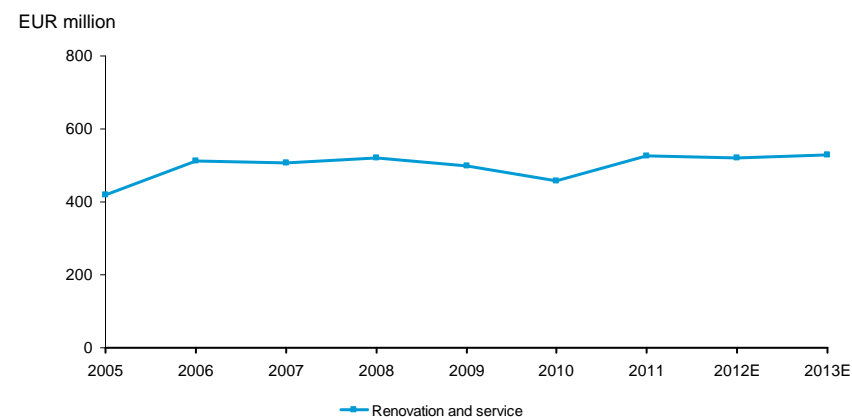
Non-residential renovation and service in the Czech Republic



New non-residential construction by key sector in Slovakia



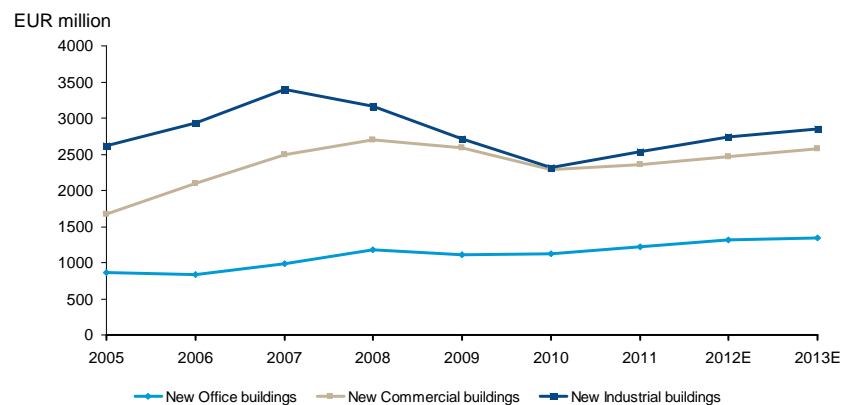
Non-residential renovation and service in Slovakia



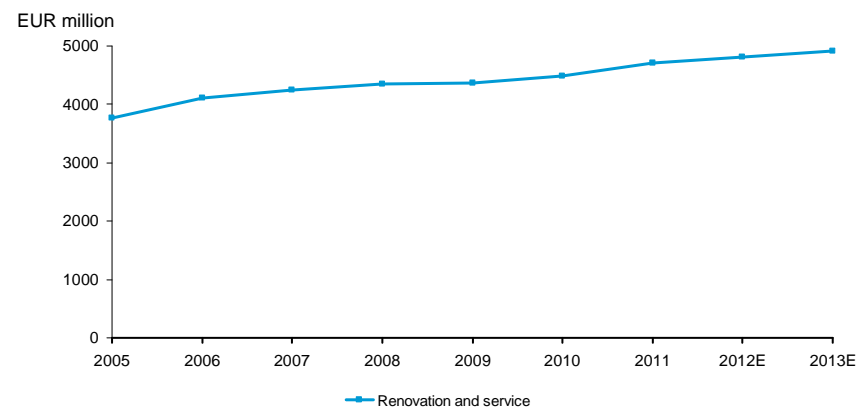
# Poland

## Market situation has slightly weakened

New non-residential construction by key sector in Poland



Non-residential renovation and service in Poland



Poland's quarterly GDP growth 2007-2012



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