

APPENDIX: UNAUDITED PRO FORMA FINANCIAL INFORMATION

YIT and Lemminkäinen merged on February 1, 2018. To illustrate the effects of the merger to the results of operations and financial position of YIT and to facilitate the comparability of the combined company's financial information, YIT has prepared the following unaudited pro forma financial information. This unaudited pro forma financial information applies the new segment reporting structure and the reporting practices adopted by YIT at the effective date of the merger. The unaudited pro forma financial information is based on the historical financial information of YIT and Lemminkäinen presented in accordance with IFRS adjusted for the impact of the merger. YIT's actual results may materially differ from the assumptions applied for the purpose of this unaudited pro forma financial information. For additional information on the historical financial information of YIT or Lemminkäinen, refer to the audited historical consolidated financial statements and the unaudited interim consolidated financial information of YIT and Lemminkäinen which are all available on the YIT website at www.yitgroup.com.

Pro forma performance related key figures for the years 2017 and 2016 and the 2017 quarters

EUR million	Annual		Additional quarterly information			
	1-12/17	1-12/16	10-12/17	7-9/17	4-6/17	1-3/17
Revenue	3,862.5	3,387.0	1,123.6	1,059.5	983.4	696.0
Operating profit	77.4	73.8	37.1	60.1	32.6	-52.4
Operating profit margin, %	2.0%	2.2%	3.3%	5.7%	3.3%	-7.5%
Adjusted operating profit	138.9	89.8	60.4	66.1	39.5	-27.1
Adjusted operating profit margin, %	3.6%	2.6%	5.4%	6.2%	4.0%	-3.9%
Earnings per share – basic, EUR	0.13	0.14	0.05	0.21	0.09	-0.23
Adjusted earnings per share, EUR	0.35	0.18	0.14	0.23	0.11	-0.12
Order backlog at the end of period	4,218.3	4,313.4	4,218.3	4,378.9	4,617.1	4,655.7

Pro forma capital structure related key figures

	As at December 31, 2017
Interest-bearing net debt, EUR million	668.5
Gearing ¹ , %	59.9%
Equity ratio, %	40.2%

¹YIT has changed the definition of gearing on January 1, 2018 to include interest-bearing receivables in the calculation of this key figure. The pro forma gearing for the comparison period is given according to the new definition.

Pro forma income statement for January 1 - December 31, 2017

EUR million	YIT historical	Lemminkäinen reclassified	Merger	YIT pro forma
Revenue	1,993.8	1,887.7	-19.0	3,862.5
Other operating income	37.4	8.3	-	45.7
Change in inventories of finished goods and work in progress	-83.1	-14.9	-	-97.9
Production for own use	0.7	0.3	-	0.9
Materials and supplies	-276.8	-494.4	-5.4	-776.5
External services	-985.9	-829.3	-	-1,815.3
Personnel expenses	-275.7	-310.3	-2.5	-588.5
Other operating expenses	-309.7	-174.0	-9.4	-493.1
Share of results in associated companies and joint ventures	-0.9	0.1	-	-0.7
Depreciation, amortisation and impairment	-14.2	-31.8	-13.7	-59.7
Operating profit	85.5	41.8	-50.0	77.4
Financial income and expenses, total	-14.6	-16.0	4.0	-26.7
Result before taxes	70.9	25.7	-46.0	50.7
Income taxes	-14.3	-19.3	9.3	-24.3
Result for the period	56.6	6.4	-36.7	26.3
Attributable to				
Equity holders of the parent company	56.6	6.4	-36.7	26.3
Non-controlling interest	-	0.0	-	0.0
Earnings per share, attributable to the equity holders of the parent company				
Basic, EUR	0.45			0.13
Diluted, EUR	0.44			0.12

Pro forma income statement for January 1 - December 31, 2016

EUR million	YIT historical	Lemminkäinen reclassified	Merger	YIT pro forma
Revenue	1,678.3	1,719.7	-11.0	3,387.0
Other operating income	12.8	43.6	-	56.5
Change in inventories of finished goods and work in progress	13.0	-31.2	-	-18.3
Production for own use	0.3	0.1	-	0.4
Materials and supplies	-245.2	-426.2	7.3	-664.0
External services	-892.4	-732.8	-	-1,625.1
Personnel expenses	-250.3	-303.1	-0.1	-553.5
Other operating expenses	-281.7	-169.6	0.1	-451.3
Share of results in associated companies and joint ventures	-0.6	1.5	-	0.8
Depreciation, amortisation and impairment	-16.5	-34.5	-7.8	-58.8
Operating profit	17.7	67.6	-11.5	73.8
Financial income and expenses, total	-20.1	-18.4	8.6	-29.9
Result before taxes	-2.5	49.2	-2.9	43.9
Income taxes	-4.7	-11.2	0.6	-15.2
Result for the period	-7.1	38.0	-2.3	28.7
Attributable to				
Equity holders of the parent company	-7.1	38.0	-2.3	28.7
Non-controlling interest	-	0.0	-	0.0
Earnings per share, attributable to the equity holders of the parent company				
Basic, EUR	-0.06			0.14
Diluted, EUR	-0.06			0.14

Pro forma statement of financial position as at December 31, 2017

EUR million	YIT historical	Lemminkäinen historical (acquisition date)	Merger	YIT pro forma
ASSETS				
Non-current assets				
Property, plant and equipment	54.8	126.7	37.7	219.2
Goodwill	8.1	53.2	245.1	306.4
Other intangible assets	11.3	6.3	44.6	62.2
Investments in associated companies and joint ventures	120.1	4.1	-	124.2
Equity investments	0.4	1.8	-	2.3
Interest-bearing receivables	46.0	-	-	46.0
Other receivables	1.6	0.3	-	1.9
Deferred tax assets	53.2	8.2	0.1	61.5
Total non-current assets	295.6	200.6	327.5	823.7
Current assets				
Inventories	1,592.5	392.9	22.6	2,008.0
Trade and other receivables	213.5	255.8	-2.8	466.5
Income tax receivables	2.1	1.1	-	3.1
Cash and cash equivalents	89.7	21.6	-	111.3
Total current assets	1,897.8	671.4	19.8	2,589.0
Total assets	2,193.3	872.0	347.3	3,412.7
EQUITY AND LIABILITIES				
Total equity attributable to the equity holders of the parent company	564.7	254.5	297.4	1,116.6
Non-controlling interest	-	0.0	-	0.0
Total equity	564.7	254.5	297.4	1,116.6
Non-current liabilities				
Deferred tax liabilities	9.9	7.9	14.8	32.6
Pension obligations	2.1	0.3	-	2.4
Provisions	46.0	13.4	24.1	83.4
Borrowings	344.5	113.7	9.7	467.9
Other liabilities	53.7	0.0	-	53.8
Total non-current liabilities	456.2	135.3	48.6	640.1
Current liabilities				
Advances received	494.3	139.9	-	634.2
Trade and other payables	392.7	217.5	0.9	611.1
Income tax liabilities	13.0	0.5	-0.7	12.9
Provisions	26.3	13.7	-	40.0
Borrowings	246.3	110.6	1.0	357.9
Total current liabilities	1,172.5	482.2	1.3	1,656.0
Total liabilities	1,628.7	617.5	49.9	2,296.1
Total equity and liabilities	2,193.3	872.0	347.3	3,412.7

NOTES TO PRO FORMA FINANCIAL INFORMATION

Basis of presentation

Lemminkäinen merged into YIT on February 1, 2018. New shares issued to Lemminkäinen's shareholders as merger consideration were admitted to trading on Nasdaq Helsinki on February 1, 2018. YIT as the accounting acquirer of Lemminkäinen has used the acquisition method of accounting to account for the merger. The identifiable assets acquired and liabilities assumed of Lemminkäinen have been recognised at their fair values as of the merger date, with excess of the purchase consideration over the provisional fair value of identifiable net assets acquired recognised as goodwill.

The pro forma financial information reflects the application of pro forma adjustments that are based upon certain assumptions which are described in the footnote disclosures and what management believes are reasonable under the circumstances. YIT's actual results may materially differ from the assumptions applied for the purpose of this unaudited pro forma financial information.

The unaudited pro forma financial information is derived from (a) the audited consolidated financial statements of YIT for the year ended December 31, 2017 (b) the audited consolidated financial statements of Lemminkäinen for the year ended December 31, 2017 and (c) the audited closing accounts of Lemminkäinen as at and for the period ended January 31, 2018, which forms the basis for the acquisition balance sheet that YIT will use for consolidation purposes to record the merger under IFRS.

The pro forma statement of financial position is presented as if the Merger had occurred on December 31, 2017 with YIT as the accounting acquirer as if it had consolidated the acquisition balance sheet of Lemminkäinen at that date. The pro forma income statements for the year ended December 31, 2017 and for the year ended December 31, 2016 are presented as if the Merger had occurred on January 1, 2016. Pro forma adjustments that do not have a continuing impact on YIT's results are included in the pro forma income statement for the year ended December 31, 2017.

In connection with the planning of the merger of YIT and Lemminkäinen, YIT agreed a financing commitment for the EUR 240 million bridge financing agreement and a EUR 300 million revolving credit facility from Nordea and Danske Bank. The purpose of the bridge financing was to act as back-up facility to refinance certain existing debts of YIT and Lemminkäinen, if needed. YIT has evaluated its liquidity position and financial structure and as a result, cancelled the EUR 240 million bridge financing agreement on February 20, 2018 since it is no longer needed. The new EUR 300 million revolving credit facility replaces earlier YIT and Lemminkäinen credit facilities and it is currently unused.

The pro forma financial information does not reflect synergies which are estimated to be EUR 40 million per annum and realised in full by the end of 2020. The majority of the planned synergies are expected to be achieved through the decrease of administrative costs, including costs related to combined premises and external facility services, development of procurement, streamlining of the organisation and coordination of operating methods and processes. YIT estimates that it can accelerate growth due to stronger financial resources and hence improve the plot reserve turnover. The combined company will gain larger economies of scale from information system projects, among others.

The pro forma financial information has been prepared on a basis consistent with the accounting principles applied in YIT's consolidated financial statements. The adoption of IFRS 9 and IFRS 15 on January 1, 2018 did not have a material impact on YIT's consolidated financial statements. More information on the adoption of IFRS 15 and IFRS 9 can be found in the notes to the consolidated financial statements 2017 of YIT and Lemminkäinen.

All amounts are rounded and presented in millions of euros unless otherwise noted. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total amount given for that column or row.

Pro forma financial information presented in this stock exchange release is unaudited.

Reclassifications to Lemminkäinen's historical financial information

Certain presentation differences between income statements of Lemminkäinen and YIT have been aligned to ensure comparability in the pro forma financial information.

As a result of the merger Lemminkäinen has reclassified EUR 40.5 million from Revenue to Other operating expenses for the year ended December 31, 2017 and EUR 37.0 million for the year ended December 31, 2016. In addition, Use of materials and services line item reported by Lemminkäinen has been allocated to line items Materials and supplies and External services to align with YIT's presentation and line items Impairment and Depreciation and amortisation have been combined into Depreciation, amortisation and impairment. These reclassifications did not impact total operating profit for any of the periods presented in the unaudited pro forma financial information.

Merger

The following table presents the provisional fair values of the acquired net assets of Lemminkäinen on the merger date February 1, 2018 ("Acquisition balance sheet"):

EUR million	Acquired assets and assumed liabilities at fair value
Property, plant and equipment	164.4
Goodwill	-
Other intangible assets	50.9
Investments in associated companies and joint ventures	4.1
Equity investments	1.8
Interest-bearing receivables	-
Other receivables	0.3
Deferred tax assets	8.2
Total non-current assets	229.7
Inventories	415.5
Trade and other receivables	255.8
Income tax receivables	1.1
Cash and cash equivalents	21.6
Total current assets	694.0
Total assets	923.7
Deferred tax liabilities	22.7
Pension obligations	0.3
Provisions	37.5
Borrowings	123.5
Other liabilities	0.0
Total non-current liabilities	183.9
Advances received	139.9
Trade and other payables	215.7
Income tax liabilities	0.5
Provisions	13.7
Borrowings	111.6
Total current liabilities	481.4
Total liabilities	665.4
Net assets acquired	258.4
Non-controlling interest	0.0
Goodwill	298.3
Purchase consideration	556.7

The purchase consideration transferred amounting to EUR 556.7 million is based on the fair value of EUR 6.62 of the YIT share on Nasdaq Helsinki on January 31, 2018 (closing price) and the aggregate number of 83,876,431 new shares issued as merger consideration. Lemminkäinen's shareholders received as merger consideration 3.6146 shares for each share they held in Lemminkäinen. The purchase consideration transferred includes a fair value element of the existing Lemminkäinen long-term share based incentive program of which EUR 1.4 million was allocated to pre-combination services representing replacement awards.

As a result of the merger a goodwill of EUR 298.3 million was recognised in YIT's statement of financial position. YIT has used an external valuation specialist to assist management in the fair valuation exercise and the following describes the provisional fair value adjustments to Lemminkäinen's property, plant and equipment, intangible assets and inventories acquired at the date of the merger:

- A fair value adjustment of EUR 37.7 million has been recorded to Property, plant and equipment to the Acquisition balance sheet as at January 31, 2018 to reflect the total fair value of EUR 164.4 million determined using either the cost or market approach. This adjustment relates mainly to industrial properties, asphalt plants and paving equipment and mineral aggregate deposits. The remaining depreciation period for the acquired fair valued Property, plant and equipment is estimated to be between 5–32 years.
- Aggregate fair value of EUR 44.6 million of intangible assets related to customer relationships, brands and order backlog were recognised in the Acquisition balance sheet. Fair values for the intangibles have been determined using appropriate valuation methods including the multi-period excess earnings method for the customer relationship, excess earnings method for the order backlog and relief from royalty method for the acquired brand portfolio. Book values for technology based acquired assets were considered to be proxies of their fair values. The amortisation periods for these intangible assets vary between 3 to 15 years.
- A fair value adjustment of EUR 22.6 million has been recorded to inventories in Acquisition balance sheet to reflect the fair value of acquired inventories of EUR 415.5 million. YIT expects that the acquired inventory will turn-over within 5 years. This adjustment will not have a continuing impact on YIT's results or financial position.

The following table summarises the fair value adjustments discussed, their estimated average useful lives and turnover as well as their impact to the amortisation and depreciation and materials and supplies of the pro forma financial information for the year 2017 and 2016. YIT will continue to adjust the impact from the fair valuation exercise for the annual depreciation and amortisation charge as described below under Pro forma segment information and Pro forma key figures.

EUR million	Fair value adjustment	Useful life/ turnover	Income statement impact	
			1-12/17	1-12/16
Property, plant and equipment	37.7	5-32 years	3.0	3.0
Customer related intangibles	16.6	5-15 years	2.5	2.5
Marketing related intangibles	18.9	15 years	1.3	1.3
Contract based intangibles	9.2	3 years	7.0	1.1
Other intangible assets total	44.6		10.7	4.8
Inventories	22.6	5 years	13.7	3.7

Lemminkäinen's hybrid bond with a EUR 35.2 million carrying value has been reported in current borrowings as at January 31, 2018. Lemminkäinen announced on January 31, 2018 that the hybrid bond will be redeemed and the redemption will be made on March 30, 2018 in accordance with the terms and conditions of the hybrid bond, and the redemption is assumed to be refinanced using YIT's available facilities with an estimated average annual interest of 1.6%. For the purpose of the preparation of this pro forma, the fair value of Lemminkäinen's hybrid bond of EUR 36.2 million includes the reclassification of the interest payable of EUR 1.0 million from

trade and other payables. The fair value of Lemminkäinen's bond of EUR 109.1 million includes a fair value adjustment of EUR 9.7 million to record the bond to its ask price as at January 31, 2018.

YIT has recognised an adjustment of EUR 20.0 million to recognise assumed contingent liabilities comprising of legal proceedings at their fair values. The adjustment reflects the fair value of the assumed contingencies taking into account a reasonable risk premium for such contingencies. This adjustment will not have a continuing impact on the combined company's results once the contingencies have been resolved or settled.

Further, YIT has recognised an adjustment of EUR 2.7 million to the assumed provisions to align the accounting policies of YIT and Lemminkäinen for the 10-year commitments related to the construction of housing and business premises in Finland. In addition, a provision of EUR 1.4 million has been recognised on assumed leases of premises.

Transactions between YIT and Lemminkäinen have been eliminated in the pro forma. These eliminations had an impact of EUR -19.0 million on revenue for the year ended December 31, 2017 and EUR -11.0 million for the year ended December 31, 2016, and an impact of EUR 8.3 million on materials and supplies for the year ended December 31, 2017 and EUR 11.0 million for the year ended December 31, 2016. The impact on operating profit was EUR -10.7 million for the year ended December 31, 2017, and there was no impact on operating profit for the year ended December 31, 2016.

Lemminkäinen's share-based rewards earned under the Lemminkäinen long-term incentive plan prior to the merger that had not vested will be settled with YIT's shares in accordance with the terms of the incentive plan. The portion of the fair value reflecting post-merger services has been recorded as personnel expenses over the remaining vesting period of the awards. Accordingly, a reduction of EUR 0.1 million on personnel expenses has been recorded to the pro forma income statement for the year ended December 31, 2017 and an incremental expense of EUR 0.1 million on personnel expenses for the year ended December 31, 2016.

The transaction costs of EUR 15.1 million incurred by YIT and Lemminkäinen in connection with the merger primarily comprise of financial, legal and advisory costs as well as personnel expenses directly related to the merger, and have been recorded in other operating expenses and in personnel expenses in the pro forma income statement for the year ended December 31, 2017. The costs for the issuance of the shares as merger consideration amount to EUR 1.4 million and have been deducted from equity in the pro forma statement of financial position as at December 31, 2017. The unrecognised portion of the transaction costs of EUR 1.7 million as at December 31, 2017 have been added to the trade and other payables and have been deducted from the equity (net of taxes) in the pro forma statement of financial position. These adjustments are not expected to have a continuing impact on the YIT's results or financial position.

For pro forma purposes, financial income and expenses, total has been adjusted by replacing the financial expenses recorded historically by YIT and Lemminkäinen on the revolving credit facilities with the expenses arising on the new EUR 300 million facility as if the new revolving credit facility had been in place for all periods presented. Further, the adjustment includes the fees and expenses that were incurred on the EUR 240 million bridge financing facility, which was cancelled in February 2018. The fair value adjustment recorded on the assumed Lemminkäinen bond has been recognised as a reduction of financial expenses using the effective interest rate method. For pro forma purposes, Lemminkäinen's hybrid bond is assumed to be refinanced using YIT's available facilities with an estimated annual interest of 1.6%. Accordingly, the incremental interest on the refinanced hybrid is recorded through the income statement periods presented under financial income and expenses. These adjustments, in total, had an impact of EUR 4.0 million on the financial expenses in the pro forma income statement for the year ended December 31, 2017, including a cost of EUR 0.9 million of bond solicitation fees incurred in connection with the merger, and an impact of EUR 8.6 million on the financial expenses in the pro forma income statement for the year ended December 31, 2016. The costs related to revolving credit facility and the interest adjustments of Lemminkäinen's bond and refinancing of hybrid bond have a continuing impact on YIT's financial expenses.

Income tax expense and deferred tax assets and liabilities in the unaudited pro forma financial information reflect the impact to taxes creating mainly temporary differences arising from the pro forma adjustments described above.

Pro forma earnings per share

	Annual		Additional quarterly information			
	1–12/17	1–12/16	10–12/17	7–9/17	4–6/17	1–3/17
Pro forma result for the period attributable to the equity holders of the parent company, EUR million	26.3	28.7	10.8	44.5	18.3	-47.3
Weighted average number of shares outstanding – historical, 1.000 pcs	125,730	125,577	125,730	125,701	125,643	125,577
Merger consideration shares issued to Lemminkäinen's shareholders, 1.000 pcs	83,876	83,876	83,876	83,876	83,876	83,876
Pro forma weighted average number of shares outstanding – basic, 1.000 pcs	209,606	209,453	209,606	209,578	209,519	209,453
Dilution effect – historical, 1.000 pcs	1,906	1,789	1,906	1,906	1,906	1,789
Dilution effect from Lemminkäinen's long-term incentive program, 1.000 pcs	422	422	422	422	422	422
Pro forma weighted average number of shares – diluted, 1.000 pcs	211,934	211,664	211,934	211,905	211,847	211,664
Pro forma earnings per share attributable to the equity holders of the parent company – basic, EUR	0.13	0.14	0.05	0.21	0.09	-0.23
Pro forma earnings per share attributable to the equity holders of the parent company – diluted, EUR	0.12	0.14	0.05	0.21	0.09	-0.23

Pro forma segment information

Pro forma segment information has been prepared to reflect the Group's new segment structure consisting of six reportable segments: Housing Finland and CEE, Housing Russia, Business premises, Infrastructure projects, Paving and Partnership properties. Pro forma segment information is based on historical financial information of YIT and Lemminkäinen prepared under IFRS, adjusted for changes in the composition of the segments, the established new segment Partnership properties and elimination of intercompany items between YIT and Lemminkäinen and new segments. Further, the pro forma segment information has been prepared on the IFRS reporting basis. The elected key pro forma performance measures for each segment are presented below on the basis corresponding to the segment structure to be reported to management.

Adjusted operating profit is internally defined as operating profit excluding adjusting items. Adjusting items comprise material items outside ordinary course of business such as write-down of inventories and other project related items, impairment of goodwill, integration costs related to merger, transaction costs related to merger, costs, compensations and reimbursements related to court proceedings, write-downs related to non-core businesses, gains or losses arising from the divestments of a business or part of a business, costs on the basis of statutory personnel negotiations and adaption measures, and cost impacts of the fair value adjustments from purchase price allocation, such as fair value adjustments on acquired inventory, depreciation of fair value adjustments on acquired property, plant and equipment and amortisation of fair value adjustments on acquired intangible assets relating to business combination accounting under the provisions of IFRS 3, referred to as purchase price allocation ("PPA"). The cost impacts from PPA, impairment of goodwill and transaction costs have not been allocated to operating segments' operating profit and will be reported under Other items and eliminations.

The Housing Finland and CEE segment consists of YIT's former Housing Finland and CEE segment and the Finnish residential construction business of Lemminkäinen's Building Construction Finland segment. Segment's business comprises of the development and construction of apartments, entire residential areas and leisure-time residences. The segment's main focus is on self-developed projects and YIT mainly sells the constructed apartments themselves to both consumers and investors. YIT also offers and develops different living services and concepts. The segment's geographical markets are Finland, the Czech Republic, Slovakia, Poland, Estonia, Latvia and Lithuania.

Housing Finland and CEE pro forma, EUR million	1–12/17	1–12/16	10–12/17	7–9/17	4–6/17	1–3/17
Revenue	1,156.2	929.4	270.7	329.1	298.2	258.3
Revenue from external customers	1,156.1	929.3	270.7	329.1	298.2	258.2
Revenue Group internal	0.1	0.1	0.0	0.0	0.0	0.0
Depreciation, amortisation and impairment	-1.6	-2.5	-0.4	-0.5	-0.4	-0.4
Operating profit	78.1	38.5	10.4	33.2	25.9	8.5
Operating profit margin, %	6.8%	4.1%	3.9%	10.1%	8.7%	3.3%
Adjusting items	4.9	-	4.9	-	-	-
Adjusted operating profit	83.0	38.5	15.3	33.2	25.9	8.5
Adjusted operating profit margin, %	7.2%	4.1%	5.7%	10.1%	8.7%	3.3%
Order backlog at the end of the period	1,580.1	1,378.5	1,580.1	1,438.8	1,521.4	1,434.1

The table below presents the segment's business according to the percentage of completion (POC) based reporting which is additional information used by the management to follow the development of the segment's business.

Housing Finland and CEE pro forma, EUR million	1–12/17	1–12/16	10–12/17	7–9/17	4–6/17	1–3/17
Revenue (POC)	1,185.9	1,045.0	299.1	278.8	281.7	326.2
Operating profit (POC)	96.6	73.5	20.1	27.3	25.8	23.4
Operating profit margin (POC), %	8.1%	7.0%	6.7%	9.8%	9.2%	7.2%
Adjusting items (POC)	4.9	-	4.9	-	-	-
Adjusted operating profit (POC)	101.5	73.5	25.0	27.3	25.8	23.4
Adjusted operating profit margin (POC), %	8.6%	7.0%	8.4%	9.8%	9.2%	7.2%
Order backlog at the end of the period (POC)	1,337.4	1,148.4	1,337.4	1,245.6	1,298.9	1,381.1

The Housing Russia segment consists of YIT's former Housing Russia segment and Lemminkäinen's residential construction and property management business in Russia. Segment's business comprises development and construction of apartments and entire residential areas in Russia. YIT has operated in Russia over 55 years. YIT pursues both self-developed projects and contracting. YIT focuses on self-developed housing construction, while the role of providing maintenance, property management and additional services has increased during the recent years, in respect of residential projects.

Housing Russia pro forma, EUR million	1-12/17	1-12/16	10-12/17	7-9/17	4-6/17	1-3/17
Revenue	421.0	287.8	200.3	45.1	107.1	68.5
Revenue from external customers	421.0	287.8	200.3	45.1	107.1	68.5
Revenue Group internal	-	-	-	-	-	-
Depreciation, amortisation and impairment	-1.1	-3.2	-0.2	-0.4	-0.2	-0.2
Operating profit	1.7	-37.6	15.3	-6.9	-1.5	-5.2
Operating profit margin, %	0.4%	-13.0%	7.6%	-15.2%	-1.4%	-7.6%
Adjusting items	3.2	30.5	3.2	-	-	-
Adjusted operating profit	4.9	-7.1	18.5	-6.9	-1.5	-5.2
Adjusted operating profit margin, %	1.2%	-2.5%	9.2%	-15.2%	-1.4%	-7.6%
Order backlog at the end of the period	448.6	702.1	448.6	576.2	585.4	729.9

The table below presents the segment's business according to the percentage of completion (POC) based reporting which is additional information used by the management to follow the development of the segment's business.

Housing Russia pro forma, EUR million	1-12/17	1-12/16	10-12/17	7-9/17	4-6/17	1-3/17
Revenue (POC)	320.3	284.1	115.2	66.2	73.3	65.6
Operating profit (POC)	1.4	-35.3	2.1	0.1	1.1	-2.0
Operating profit margin (POC), %	0.4%	-12.4%	1.8%	0.2%	1.5%	-3.0%
Adjusting items (POC)	3.2	30.5	3.2	-	-	-
Adjusted operating profit (POC)	4.6	-4.8	5.3	0.1	1.1	-2.0
Adjusted operating profit margin (POC), %	1.4%	-1.7%	4.6%	0.2%	1.5%	-3.0%
Order backlog at the end of the period (POC)	396.1	542.2	396.1	440.4	467.3	562.5

The Business premises segment consists of the business premises construction and project development businesses that were previously under YIT's Business premises and Infrastructure segment, along with the commercial construction, project development and commercial property and facilities management businesses of Lemminkäinen's Building Construction Finland segment. The majority of the revenue comes from the Finnish operations. In this segment, YIT pursues both self-developed projects and contracting. For self-developed projects YIT acquires users and tenants for the premises, and develops, constructs and divests the premises. Self-developed projects are typically offices, retail premises or logistics or care sector premises. In contracting, projects are typically public facilities, industrial properties and business premises. In addition to new construction, YIT carries out renovation projects. The segment's geographical markets are Finland, Estonia, Latvia, Lithuania and Slovakia.

Business premises pro forma, EUR million	1–12/17	1–12/16	10–12/17	7–9/17	4–6/17	1–3/17
Revenue	902.2	825.9	279.7	203.5	220.1	198.9
Revenue from external customers	894.2	818.1	278.5	201.4	217.5	196.8
Revenue Group internal	8.0	7.8	1.2	2.0	2.6	2.1
Depreciation, amortisation and impairment	-0.2	-0.2	-0.0	-0.0	-0.0	-0.0
Operating profit	45.6	27.5	28.9	8.0	6.8	1.8
Operating profit margin, %	5.1%	3.3%	10.3%	4.0%	3.1%	0.9%
Adjusting items	5.9	-	5.9	-	-	-
Adjusted operating profit	51.5	27.5	34.7	8.0	6.8	1.8
Adjusted operating profit margin, %	5.7%	3.3%	12.4%	4.0%	3.1%	0.9%
Order backlog at the end of the period	1,306.8	1,365.7	1,306.8	1,380.5	1,476.0	1,437.2

The Infrastructure projects segment consists of the Infra Services division of YIT's Business premises and Infrastructure segment, excluding the Maintenance unit, and Lemminkäinen's Infra Projects segment. The operations include construction of roads, bridges, railway and metro stations and ports and parking facilities as well as energy, water supply and industrial plants. YIT also offers wind power plant foundation solutions with related services and maintenance. YIT also quarries tunnels and mines and reinforce the soil using different methods. The segment operates in Finland, Sweden, Norway, Estonia, Latvia and Lithuania.

Infrastructure projects pro forma, EUR million	1–12/17	1–12/16	10–12/17	7–9/17	4–6/17	1–3/17
Revenue	686.0	676.6	202.7	186.2	175.2	121.9
Revenue from external customers	651.2	628.4	191.0	179.4	166.0	114.7
Revenue Group internal	34.8	48.2	11.7	6.7	9.2	7.2
Depreciation, amortisation and impairment	-13.3	-13.9	-3.2	-3.5	-3.3	-3.3
Operating profit	17.4	27.7	5.8	7.6	5.2	-1.3
Operating profit margin, %	2.5%	4.1%	2.9%	4.1%	3.0%	-1.1%
Adjusting items	-	-	-	-	-	-
Adjusted operating profit	17.4	27.7	5.8	7.6	5.2	-1.3
Adjusted operating profit margin, %	2.5%	4.1%	2.9%	4.1%	3.0%	-1.1%
Order backlog at the end of the period	471.0	467.6	471.0	471.7	553.7	549.4

The Paving segment consists of Lemminkäinen's Paving segment and YIT's Maintenance unit. The operations of the segment include paving and mineral aggregate production as well as stabilisation, milling and waterproofing. The segment's operations also include road and street network maintenance. The company cooperates with its customers to produce pavements for especially demanding works, such as airport runways with special quality demands. Approximately half of the segment's revenue originate from public procurement by states and municipalities. Paving and mineral aggregate production are capital-intensive businesses that tie capital to machinery and equipment, land areas and current assets. The Paving segment operates in Finland, Sweden, Norway, Denmark and Russia.

Paving pro forma, EUR million	1–12/17	1–12/16	10–12/17	7–9/17	4–6/17	1–3/17
Revenue	768.9	753.1	191.2	312.7	202.3	62.7
Revenue from external customers	740.3	721.2	183.2	304.7	194.8	57.7
Revenue Group internal	28.6	31.9	8.0	8.0	7.5	5.0
Depreciation, amortisation and impairment	-22.1	-21.4	-5.5	-8.8	-5.8	-2.0
Operating profit	4.7	23.9	-6.9	27.4	9.1	-25.0
Operating profit margin, %	0.6%	3.2%	-3.6%	8.8%	4.5%	-39.9%
Adjusting items	-	-	-	-	-	-
Adjusted operating profit	4.7	23.9	-6.9	27.4	9.1	-25.0
Adjusted operating profit margin, %	0.6%	3.2%	-3.6%	8.8%	4.5%	-39.9%
Order backlog at the end of the period	411.8	399.6	411.8	511.8	480.5	504.9

Partnership properties segment was established on January 1, 2018. The income for the segment derives from investments, i.e. from rental income (cash flow from rents) and increased value of the assets. Additionally, the segment will potentially have revenue from different service agreements related to managing or sourcing the assets it partially owns. Until the beginning of 2018, the income has been close to zero from the assets transferred under this segment. The adjusted operating profit amounted to EUR -0.5 million for the year ended December 31, 2017.

The object of the segment is to improve visibility on the reporting of partnership projects, improve the capability of executing large projects together with partners and to enable the creation of a project portfolio of rental cash flow. In the long run, YIT's aim is to continue its practice of divesting its holdings to final investors at the time it sees fit.

Pro forma capital employed

YIT determines segment's capital employed as property, plant and equipment, intangible assets, investments in associated companies and joint ventures, investments, inventories, trade receivables and other non-interest bearing operational receivables, excluding items associated with taxes, distribution of profit and financial items, deducted by provisions, trade payables, advances received and other non-interest bearing liabilities, excluding items associated with taxes, distribution of profit and financial items. The fair value adjustments on acquired assets and assumed liabilities relating to business combination accounting under the provisions of IFRS 3 and goodwill from the merger of YIT and Lemminkäinen have not been allocated to the segments' capital employed and these items are reported under Other items and eliminations.

The table below presents pro forma capital employed by segments.

EUR million	As at December 31, 2017
Housing Finland and CEE	526.0
Housing Russia	417.9
Business premises	82.6
Infrastructure projects	99.2
Paving	148.2
Partnership properties	116.6
Other items and eliminations	382.8
Pro forma capital employed, total	1,773.3

Quarterly pro forma income statement information for the year 2017

Quarterly financial information presented has been prepared on a basis consistent with the full year pro forma income statement information explained above.

The following table presents pro forma income statement information for each of the separate quarters for the year 2017.

EUR million	10-12/17	7-9/17	4-6/17	1-3/17
Revenue	1,123.6	1,059.5	983.4	696.0
Other operating income	30.4	5.5	5.6	4.1
Change in inventories of finished goods and work in progress	-72.1	-43.0	-4.2	21.4
Production for own use	0.2	0.1	0.4	0.2
Materials and supplies	-212.2	-207.6	-240.0	-116.7
External services	-513.2	-481.1	-449.3	-371.7
Personnel expenses	-161.6	-144.9	-156.6	-125.4
Other operating expenses	-142.2	-111.3	-90.7	-148.9
Share of results in associated companies and joint ventures	-0.8	1.0	-0.4	-0.5
Depreciation, amortisation and impairment	-15.0	-18.2	-15.5	-11.0
Operating profit	37.1	60.1	32.6	-52.4
Financial income and expenses, total	-6.2	-5.4	-9.3	-5.7
Result before taxes	30.8	54.7	23.3	-58.1
Income taxes	-20.0	-10.2	-5.0	10.8
Result for the period	10.8	44.5	18.3	-47.3
Attributable to				
Equity holders of the parent company	10.8	44.5	18.3	-47.3
Non-controlling interest	0.0	0.0	0.0	-0.0
Earnings per share, attributable to the equity holders of the parent company				
Basic, EUR	0.05	0.21	0.09	-0.23
Diluted, EUR	0.05	0.21	0.09	-0.23

PRO FORMA KEY FIGURES

YIT presents certain key figures elsewhere in this release related to the combined company's business performance on a pro forma basis to give effect to the Merger as if it had taken place at an earlier date.

Certain of these key figures are not accounting measures defined or specified under IFRS and therefore are considered as alternative performance measures. YIT presents these alternative performance measures as additional information to the financial measures presented in the pro forma information prepared in accordance with IFRS. Management believes that these key figures provide meaningful supplemental information on the combined company's pro forma results of operations and financial position, and are widely used by analysts, investors and other parties and provide additional information to analyse the combined company's performance and capital structure.

Alternative performance measures should not be viewed in isolation or as a substitute to measures presented in the pro forma information prepared in accordance with IFRS. Companies do not calculate alternative performance measures in a uniform way, and therefore YIT's alternative performance measures may not be comparable with similarly named measures presented by other companies. Reconciliations of key figures to the unaudited pro forma financial information prepared in accordance with IFRS is presented in the following tables.

Pro forma interest-bearing net debt as at December 31, 2017

EUR million	YIT historical	Lemminkäinen historical (acquisition date)	Merger	YIT pro forma
Assets				
Interest-bearing receivables	46.0	-	-	46.0
Cash and cash equivalents	89.7	21.6	-	111.3
Liabilities				
Non-current borrowings	344.5	113.7	9.7	467.9
Current borrowings	246.3	110.6	1.0	357.9
Interest-bearing net debt	455.0	202.7	10.7	668.5

Pro forma gearing as at December 31, 2017

EUR million	YIT historical ¹	Lemminkäinen historical (acquisition date)	Merger	YIT pro forma
Interest-bearing debt	590.7	224.3	10.7	825.8
Cash and cash equivalents	89.7	21.6	-	111.3
Interest-bearing receivables	46.0	-	-	46.0
Total equity	564.7	254.5	297.4	1,116.6
Gearing, %	80.6%	79.6%		59.9%

¹YIT has changed the definition of gearing on January 1, 2018 to include interest-bearing receivables in the calculation of this key figure.

Pro forma equity ratio as at December 31, 2017

EUR million	YIT historical	Lemminkäinen historical (acquisition date)	Merger	YIT pro forma
Total equity	564.7	254.5	297.4	1,116.6
Total assets	2,193.3	872.0	347.3	3,412.7
Advances received	494.3	139.9	-	634.2
Equity ratio, %	33.2%	34.8%		40.2%

Reconciliation of pro forma adjusted operating profit

EUR million	Annual		Additional quarterly information			
	1-12/17	1-12/16	10-12/17	7-9/17	4-6/17	1-3/17
Operating profit (IFRS)	77.4	73.8	37.1	60.1	32.6	-52.4
Adjusting items						
Write-down of inventories	14.0	24.6	14.0	-	-	-
Impairment of goodwill	-	2.4	-	-	-	-
Transaction costs related to merger	15.1	-	-	-	-	15.1
Integration costs related to merger	3.8	-	2.4	1.3	-	-
Costs, compensations and reimbursements related to court proceedings	1.4	-27.4	0.1	-2.2	0.1	3.4
Write-downs related to non-core businesses	-	4.9	-	-	-	-
Inventory fair value adjustment from PPA ¹	13.7	3.7	3.4	3.4	3.4	3.4
Depreciation and amortisation expenses from PPA ¹	13.7	7.8	3.4	3.4	3.4	3.4
Adjusting items, total	61.5	16.0	23.3	6.0	6.9	25.3
Adjusted operating profit	138.9	89.8	60.4	66.1	39.5	-27.1

¹PPA refers to merger related fair value adjustments

Pro forma adjusted earnings per share

EUR million, unless otherwise noted	Annual		Additional quarterly information			
	1–12/17	1–12/16	10–12/17	7–9/17	4–6/17	1–3/17
Pro forma result for the period attributable to the equity holders of the parent company, EUR million	26.3	28.7	10.8	44.5	18.3	-47.3
Adjusting items, total (included in operating profit)¹	61.5	16.0	23.3	6.0	6.9	25.3
Adjusting items related to merger included in financial expenses						
Bond consent solicitation fees in the income statement	0.9	-	-	-	-	0.9
Fees and expenses related to bridge financing facility	1.4	-	-	-	-	1.4
Arrangement fee from the old revolving credit facility	0.7	-	-	-	-	0.7
Reduction of financial expenses due to the Lemminkäinen bond fair value adjustment	-4.7	-5.0	-1.2	-1.2	-1.2	-1.2
Adjusting items related to merger included in financial expenses, total	-1.8	-5.0	-1.2	-1.2	-1.2	1.7
Adjusting items, total (included in operating profit)¹ and Adjusting items related to merger included in financial expenses, total	59.7	11.0	22.1	4.8	5.7	27.0
Tax impact	-11.8	-2.4	-4.4	-1.4	-1.2	-4.8
Pro forma adjusted result for the period attributable to the equity holders of the parent company, EUR million	74.3	37.3	28.5	47.9	22.8	-25.0
Pro forma weighted average number of shares outstanding – basic, 1.000 pcs	209,606	209,453	209,606	209,578	209,519	209,453
Pro forma adjusted earnings per share attributable to the equity holders of the parent company – basic, EUR	0.35	0.18	0.14	0.23	0.11	-0.12

¹Adjusting items, total (included in operating profit) are presented in the table Reconciliation of pro forma adjusted operating profit.

Pro forma Revenue (POC) and Adjusted operating profit (POC) reconciliation

Under IFRS, revenue from residential development projects in Housing FI and CEE segment and Housing Russia segment is recognised when control is transferred to the customer. To illustrate the degree of completion and the degree of sale, YIT is presenting alternative measures of revenue and adjusted operating profit as if revenue would be recognised over time using the percentage of completion method. In addition, in adjusted operating profit (POC), interest expenses are not capitalised which causes a further difference between adjusted operating profit (POC) and adjusted operating profit (IFRS).

Housing Finland and CEE pro forma, EUR million	1–12/17	1–12/16	10–12/17	7–9/17	4–6/17	1–3/17
Revenue (IFRS)	1,156.2	929.4	270.7	329.1	298.2	258.3
POC adjustments	29.7	115.5	28.5	-50.3	-16.5	67.9
Revenue (POC)	1,185.9	1,045.0	299.1	278.8	281.7	326.2
Operating profit (IFRS)	78.1	38.5	10.4	33.2	25.9	8.5
Adjusting items	4.9	-	4.9	-	-	-
Adjusted operating profit (IFRS)	83.0	38.5	15.3	33.2	25.9	8.5
POC adjustments	18.5	34.9	9.7	-6.0	-0.1	14.9
Adjusted operating profit (POC)	101.5	73.5	25.0	27.3	25.8	23.4

Housing Russia pro forma, EUR million	1–12/17	1–12/16	10–12/17	7–9/17	4–6/17	1–3/17
Revenue (IFRS)	421.0	287.8	200.3	45.1	107.1	68.5
POC adjustments	-100.7	-3.7	-85.1	21.1	-33.7	-2.9
Revenue (POC)	320.3	284.1	115.2	66.2	73.3	65.6
Operating profit (IFRS)	1.7	-37.6	15.3	-6.9	-1.5	-5.2
Adjusting items	3.2	30.5	3.2	-	-	-
Adjusted operating profit (IFRS)	4.9	-7.1	18.5	-6.9	-1.5	-5.2
POC adjustments	-0.3	2.2	-13.2	7.0	2.6	3.3
Adjusted operating profit (POC)	4.6	-4.8	5.3	0.1	1.1	-2.0

The definitions of financial key performance indicators are described below:

Key figure	Definitions	Reason for use
Operating profit	Result for the period before taxes and finance expenses and finance income equaling to the subtotal presented in the consolidated income statement.	Operating profit shows result generated by operating activities excluding finance and tax related items.
Adjusted operating profit	Operating profit excluding adjusting items.	
Adjusting items	Adjusting items are material items outside ordinary course of business such as write-down of inventories, impairment of goodwill, integration costs related to merger, transaction costs related to merger, costs, compensations and reimbursements related to court proceedings, write-downs related to non-core businesses, gains or losses arising from the divestments of a business or part of a business, costs on the basis of statutory personnel negotiations and adaption measures, and cost impacts of the fair value adjustments from purchase price allocation, such as fair value adjustments on acquired inventory, depreciation of fair value adjustments on acquired property, plant and equipment and amortisation of fair value adjustments on acquired intangible assets relating to business combination accounting under the provisions of IFRS 3, referred to as purchase price allocation ("PPA").	Adjusted operating profit is presented in addition to operating profit to reflect the underlying core business performance and to enhance comparability from period to period. Management believes that this alternative performance measure provides meaningful supplemental information by excluding items not part of YIT's core business operations thus improving comparability from period to period.
Interest-bearing debt	Non-current borrowings and current borrowings	Interest-bearing debt is a key figure to measure YIT's total debt financing.
Interest-bearing net debt	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables	Interest-bearing net debt is an indicator to measure YIT's net debt financing.
Equity ratio, %	Total equity / total assets less advances received	Equity ratio is one of YIT's key long-term financial targets and is a key figure to measure the relative proportion of equity used to finance YIT's assets.
Gearing, %	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables / total equity (YIT has changed the definition of gearing on January 1, 2018 to include interest-bearing receivables in the calculation of this key figure.)	Gearing ratio helps to understand how much debt YIT is using to finance its assets relative to the value of its equity.
Revenue (POC)	In revenue (POC), revenue is recognised in housing segments by multiplying the degree of completion and the degree of sale, i.e. according to the percentage of completion method.	Revenue (POC) and adjusted operating profit (POC) are used as additional information by the management in housing segments. Management believes that revenue (POC) and adjusted operating profit (POC) provide meaningful supplemental information to the financial measures presented in the segment information prepared in accordance with IFRS.
Adjusted operating profit (POC)	Adjusted operating profit (POC) is measured according to the percentage of completion method. In addition, in adjusted operating profit (POC), interest expenses are not capitalised which causes a difference between adjusted operating profit (POC) and adjusted operating profit (IFRS).	

Adjusted earnings per share	Earnings per share excluding adjusting items included in the operating profit and adjusting items related to merger included in financial expenses including tax impact.	Adjusted earnings per share is presented in addition to earnings per share in order to enhance comparability from period to period. Management believes that this alternative performance measure provides meaningful supplemental information by excluding items not part of YIT's core business operations thus improving comparability from period to period.
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