

TRIPLA PROJECT  
HELSINKI, FINLAND

Roadshow presentation

August 2019



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*All 2018 figures are restated pro forma and Q1/2019 figures are restated reported. Please see slide 35 for additional information. Figures in brackets refer to restated pro forma figures of the comparison period unless otherwise stated.*



# 1

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## YIT in a nutshell



# We are the largest Finnish and a significant North European construction and development company

Restated revenue by geography, EUR million, 2018  
Personnel figures: continuing operations

## FINLAND

Revenue: 2,300  
Personnel: 4,400



## SCANDINAVIA

Revenue: 100  
Personnel: 200



## RUSSIA

Revenue: 300  
Personnel: 1,400



## BALTIC COUNTRIES

Revenue: 300  
Personnel: 1,300



## CEE COUNTRIES

Revenue: 200  
Personnel: 300



# Our customer offering

## Continuing operations



### HOUSING

Functional homes, living services and convenience in daily life in Finland, CEE countries and Russia.



### BUSINESS PREMISES

Diverse offices, business, production and logistics premises and public spaces.



### INFRA-STRUCTURE PROJECTS

Smooth traffic flows and sustainable living environments.



### PARTNERSHIP PROPERTIES

Profitable solutions for investors and owners.

Nordic paving and mineral aggregates

# YIT to sell Nordic paving and mineral aggregates businesses to Peab



## SCOPE OF THE TRANSACTION

Paving and mineral aggregates businesses in Finland, Sweden, Norway and Denmark.

Respective assets and personnel working with the divisions.

## FINANCIAL IMPACT

Closing of the deal Jan 1, 2020 (est.).

Transaction price EUR 280 million.

Capital gain EUR 40 million.

Cash flow impact approx. EUR 240 million.

## NOT INCLUDED IN THE TRANSACTION

### **Paving in Russia**

Strategic options to divest or close the business are under evaluation.

### **Road maintenance in Finland**

Reported under Infrastructure projects segment within YIT.

### **Paving in the Baltic countries**

Continues in Infrastructure projects segment as today.

# Nordic paving and mineral aggregates

## Deal rationale

1

### ACCELERATE STRATEGY EXECUTION

- Capital allocation to urban development projects and other non-cyclical businesses, like services

2

### SHARPEN CUSTOMER AND OPERATIONAL FOCUS

- Unified business portfolio with common core
- Reduced operating model complexity

3

### FINANCIALLY SOLID TRANSACTION

- Positive impact to the group financial position and reduced earnings volatility during the year
- Several years' paving's expected cash flow in one go

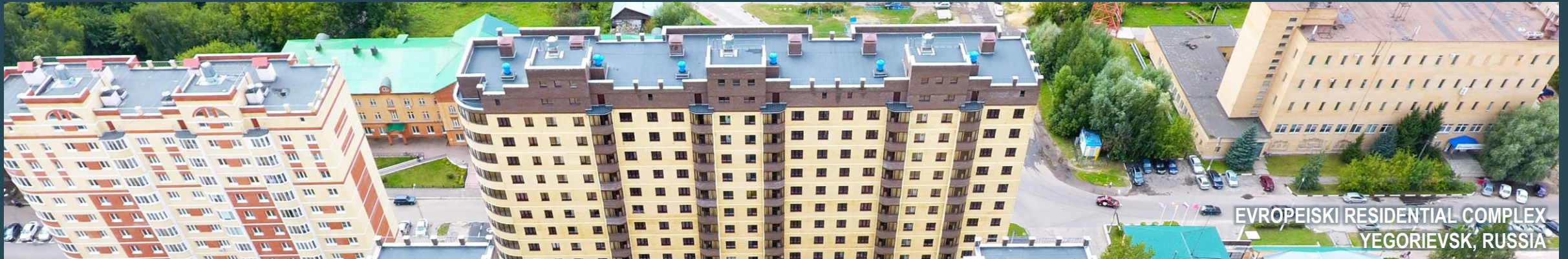
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### RESPONSIBLE INDUSTRIAL BUYER

- Paving business is in the core of Peab's business portfolio

Russia

# Significant steps to reduce capital and enhance profitability



## SCOPE OF THE ACTIONS

Discontinue residential construction in Moscow, the Moscow region and Rostov-on-Don.

Closing contracting unit.

Exit the paving business either by closing down or by selling the operations.

## FINANCIAL IMPACT

Expected positive net cash flow impact  
EUR ~50 million 2019–2021.

One-time write-off EUR 35 million on  
balance sheet values and provision of  
EUR 9 million.

Expected release of capital employed  
EUR ~100 million 2019-2021.

## FOCUS IN THE FUTURE, NOT INCLUDED IN THE ACTIONS

Residential construction business in  
St. Petersburg, Kazan, Yekaterinburg and  
Tyumen.

Living services.



# The merger of YIT and Lemminkäinen, February 1<sup>st</sup> 2018

## Merger rationale

### 1 | Strong platform for growth

- Target to become a leader in urban development
- More balanced business portfolio (housing, business premises, infrastructure projects, paving and partnership properties)
- Wider geographical presence in several economic regions

### 2 | Synergies and improved competitiveness

- Good references and wide pool of professional people
- Potential for profitability improvement
- Wider opportunities for specialisation and scale

### 3 | Improved financial position and reduced risk profile

- Counter cyclicity of businesses and geographies
- Lower financing costs
- Lower dependency on investment demand

### 4 | Enhanced investment case

- Significant market value, good liquidity of the share
- Balanced and improved risk profile
- Growing dividend expectation

# Reasons to invest - good outlook for 2019-2020; targeting annually increasing dividend per share

1

**Tangible actions taken to ensure result improvement in 2019**

- Underperformed segments showing clear profitability improvement
- Synergy actions mainly done, promised annual savings to be received
- Tripla Mall fair valuation methodology agreed

2

**Solid order backlog also for 2020**

- Order backlog EUR 4.7 billion (end 06/18 EUR 4.8 billion)
- Nr of housing completions in Finland close to 2019 figures
- Strengthened backlog in Infrastructure projects and Business premises

3

**Large project portfolio**

- 3,600,000 sqm building rights in Finland, CEE countries and Russia
- Expected value of large scale urban development projects EUR 5 billion in sales and development pipeline

4

**Strong market position**

- Won practically all urban development competitions in Finland 2018-2019
- Strong consumer brand supporting housing sales and renting
- Strongest balance sheet among construction companies in Finland

# 2

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## YIT's strategy 2019–2021



# Megatrends support growth and productivity



## Urbanisation

- Urban development
- Public transport connections
- Diverse projects



## Digitalisation

- Customer experience
- Productivity growth
- Use of data



## Sustainable development

- Circular economy and collaborative consumption
- Sustainable use of natural resources
- Revitalising urban areas

# YIT Strategy 2019-2021 - Performance through cycles

Profitable and financially stable YIT

## STRATEGIC PRIORITIES

### URBAN DEVELOPMENT

Focus in self-developed, longer value chain and negotiation based projects

### NON-CYCLICAL BUSINESSES

Annual EBIT EUR >100 million from non-cyclical businesses from 2019 on

**Unchanged.** The share of paving business is estimated to be replaced with other businesses within 3 years.



## CORNERSTONES OF SUCCESS

### TOP PERFORMANCE

- Synergies EUR 46-50 million
- Focus on productivity improvement

### CAPITAL EFFICIENCY

- Leaner operating model in Russia
- Annual free cashflow EUR +150 million

### SUCCESS WITH CUSTOMERS AND PARTNERS

- Improving customer experience and NPS
- Deeper partnerships, higher value, more speed

### HAPPY PEOPLE

- Common culture, open and involving way to lead
- Most preferred employer in the field

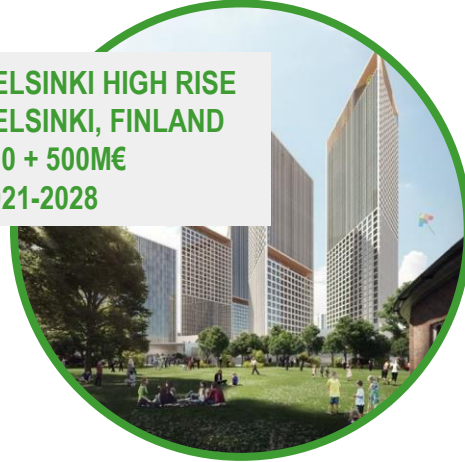
# Examples of urban development projects

## ONGOING PROJECTS

**TRIPLA**  
HELSINKI, FINLAND  
1.4BN€  
2014-2020



**HELSINKI HIGH RISE**  
HELSINKI, FINLAND  
500 + 500M€  
2021-2028



## FUTURE PROJECTS

**CAMPUS MARIA**  
HELSINKI, FINLAND  
300M€  
2021-2024



## PLANNED PROJECTS

**GARDEN HELSINKI**  
HELSINKI, FINLAND



**KEILANIEMENRANTA**  
ESPOO, FINLAND  
800M€  
2018-2023



**JOKERI LIGHT RAIL**  
HELSINKI, FINLAND  
300M€  
2019-2022



**JOKERIKORTTELI**  
HELSINKI, FINLAND

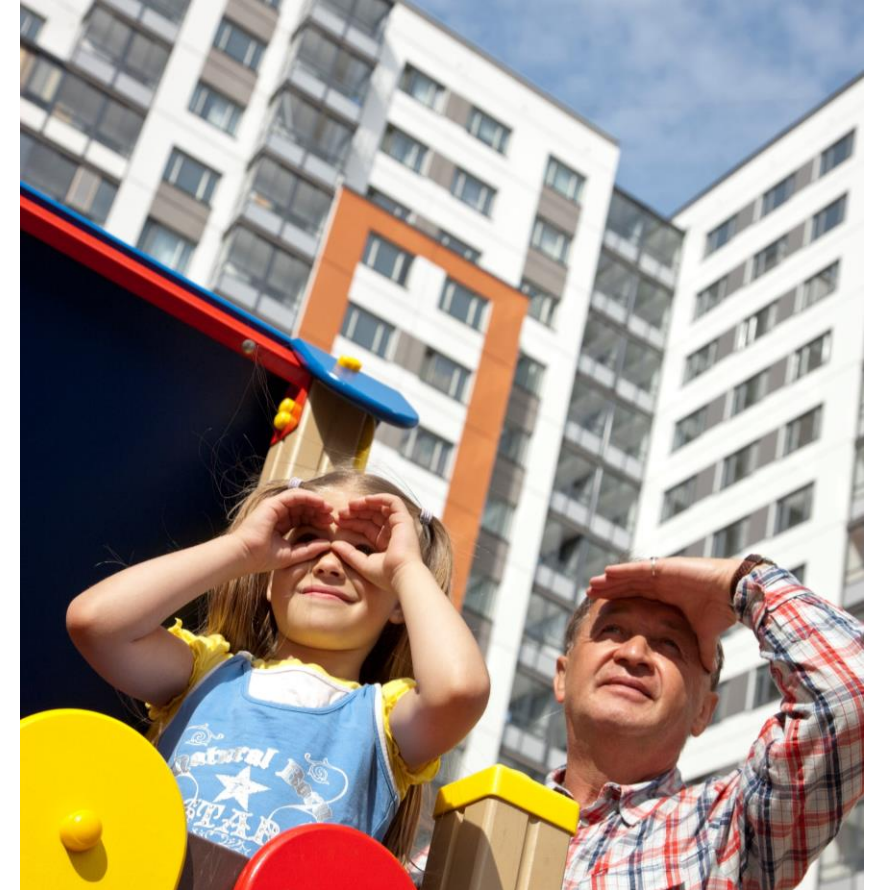


**ISTROPOLIS AREA DEVELOPMENT**  
BRATISLAVA,  
SLOVAKIA

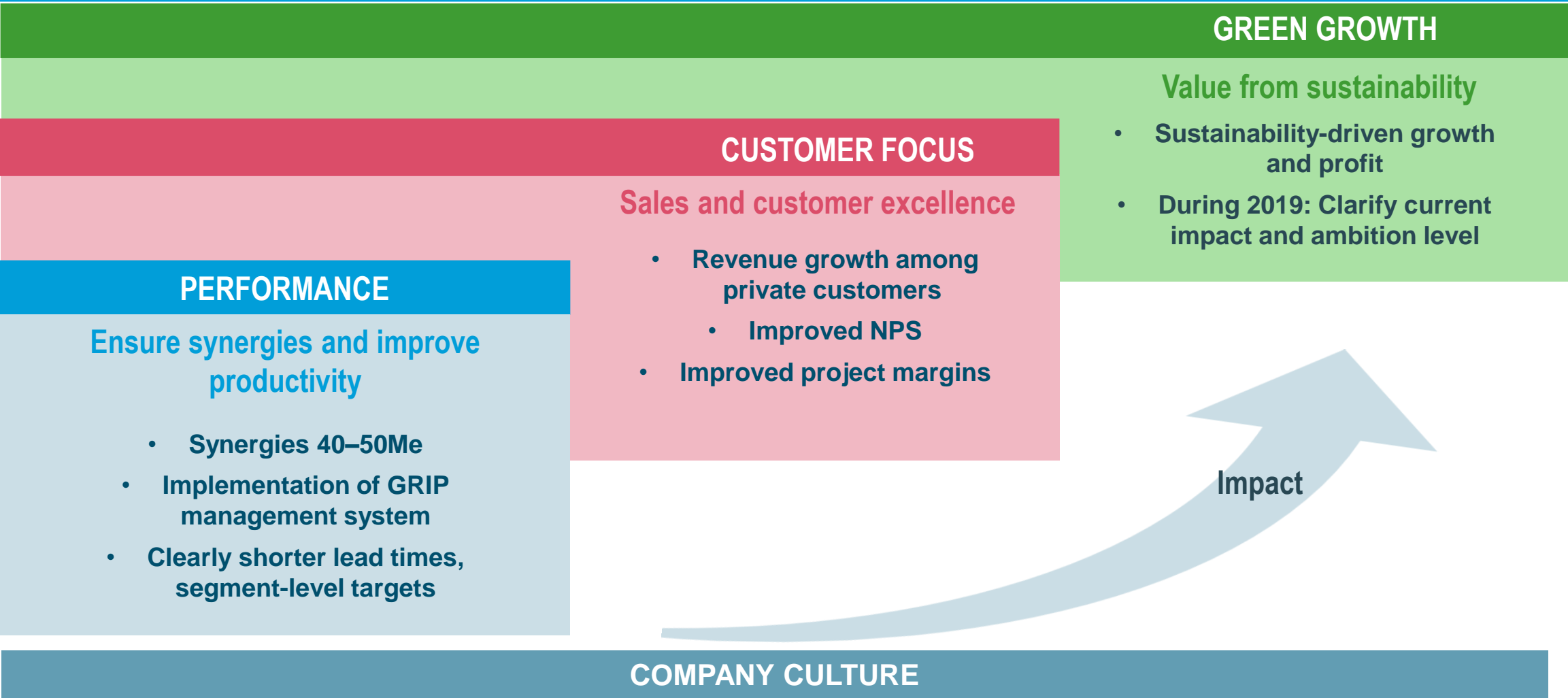


# Strategic financial targets 2019–2021

Financial target	Long-term target level
ROCE-%	>12%
Gearing	30–50%
Dividend per share	Growing annually



# Implementation through strategic development programmes



1–3 years

2–5 years

4–10 years



# KEY ELEMENTS OF YIT CULTURE

## VALUES

### RESPECT

- We care about our customers and personnel
- We look for environmentally sustainable solutions

### COOPERATION

- We are open and share knowledge
- We involve and partner to succeed

### CREATIVITY

- We trust and build a positive spirit
- We empower people to innovate and challenge

### PASSION

- We aim high with quality, expertise and results
- We work ethically and keep our promises



## LEADERSHIP PRINCIPLES

- Act as one YIT team
- Lead by example
- Welcome change and new ideas
- Be available, listen and ask
- Celebrate success and learn from mistakes

## MANAGEMENT PHILOSOPHY

- Management By Key Results, MBKR

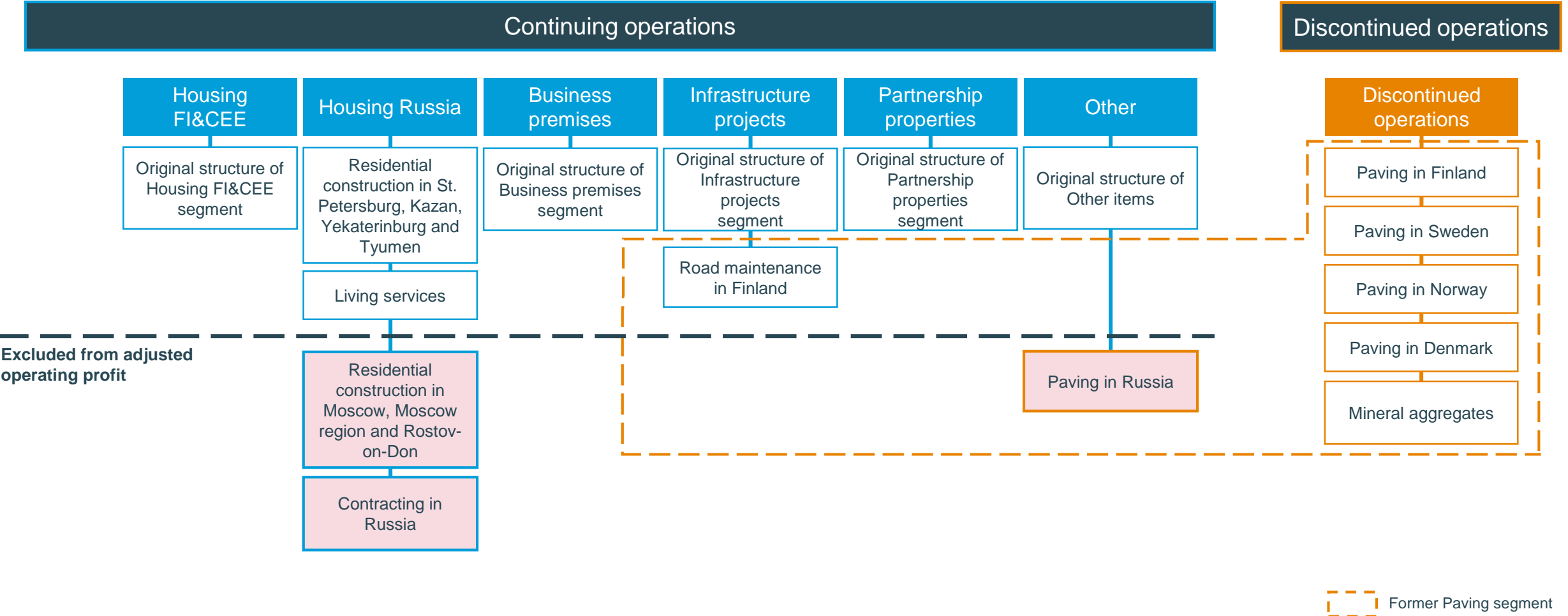
# 3

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## Group development in Q2/2019



# Recent structural changes and changes in reporting



# Q2 in brief

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**Strategic  
steps in  
Paving<sup>1</sup> and  
Russia**

**~300**

EUR million positive cash  
flow impact 2019-2021

**Strong order  
backlog**

**4.7**

EUR billion order backlog  
on June 30  
(Jun 30, 2018: 4.8)

**Strong  
profitability  
in Housing  
Finland and  
CEE**

**10.2%**

Adjusted EBIT  
margin  
(Jun 30, 2018: 9.6%)

**Good  
institutional  
investor and  
stable  
consumer  
sales in  
Finland**

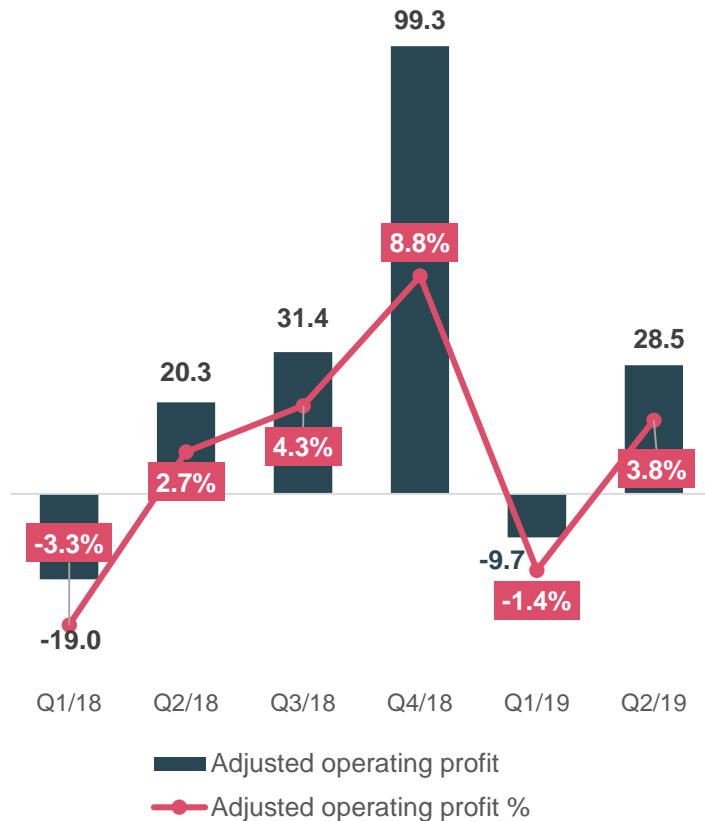
**1,481**

Sold apartments in  
Finland  
(Q2/2018: 1,018)

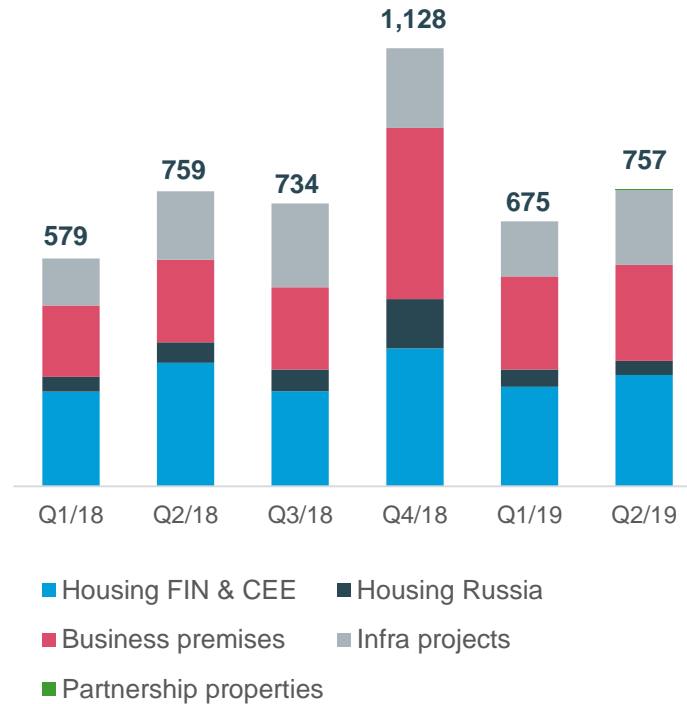
<sup>1</sup> Occurred after the review period, on July 4, 2019

# Improved operating profit and strong order backlog

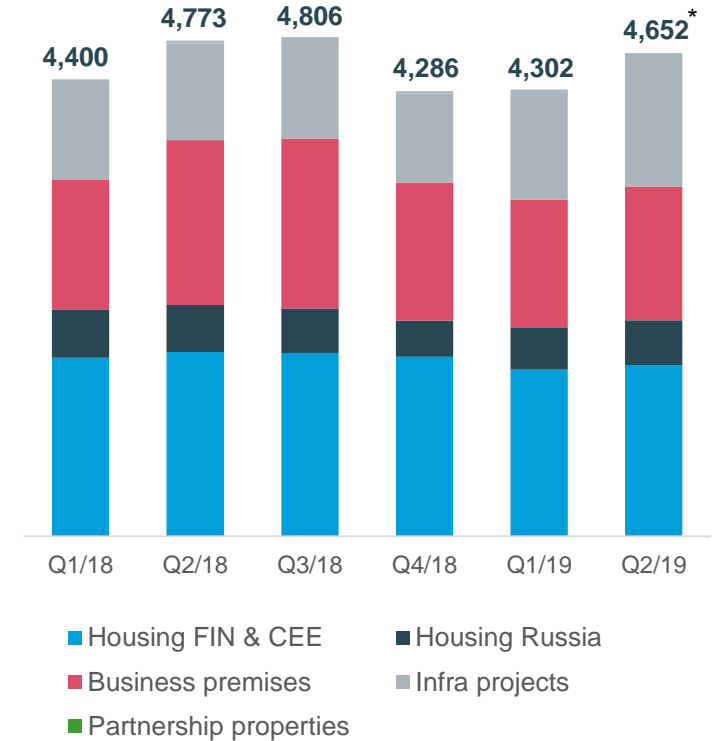
ADJUSTED OPERATING PROFIT, EUR million, %



REVENUE PER SEGMENT, EUR million



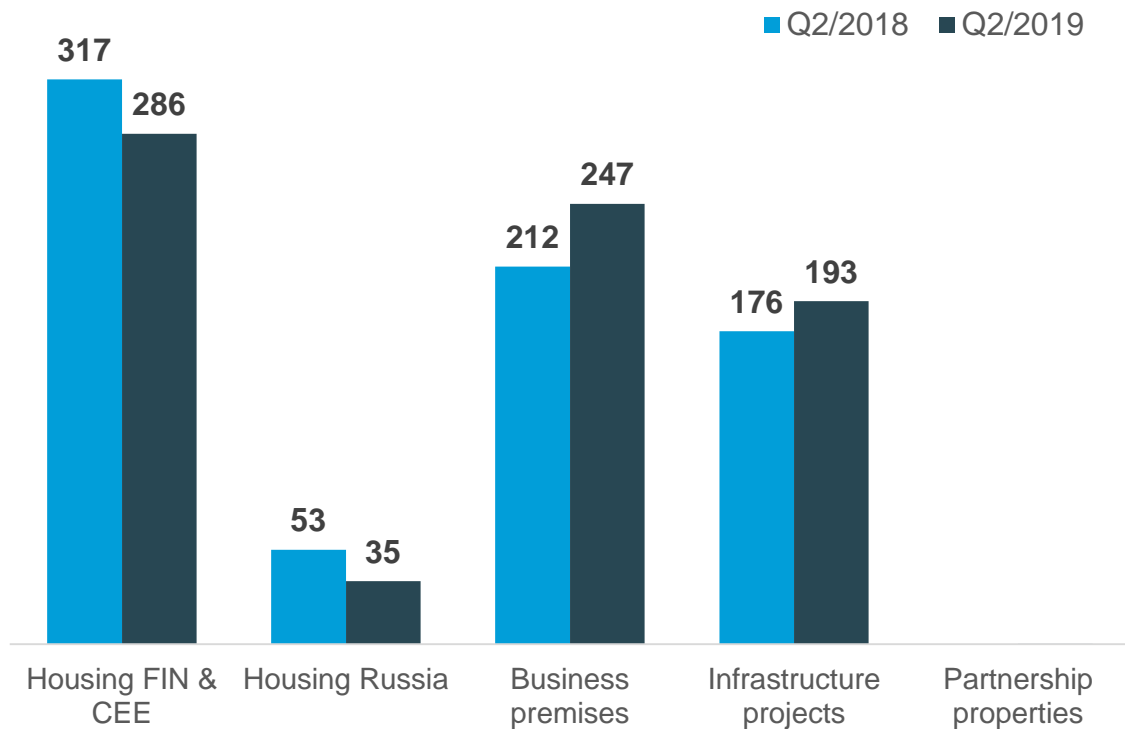
ORDER BACKLOG PER SEGMENT, EUR million



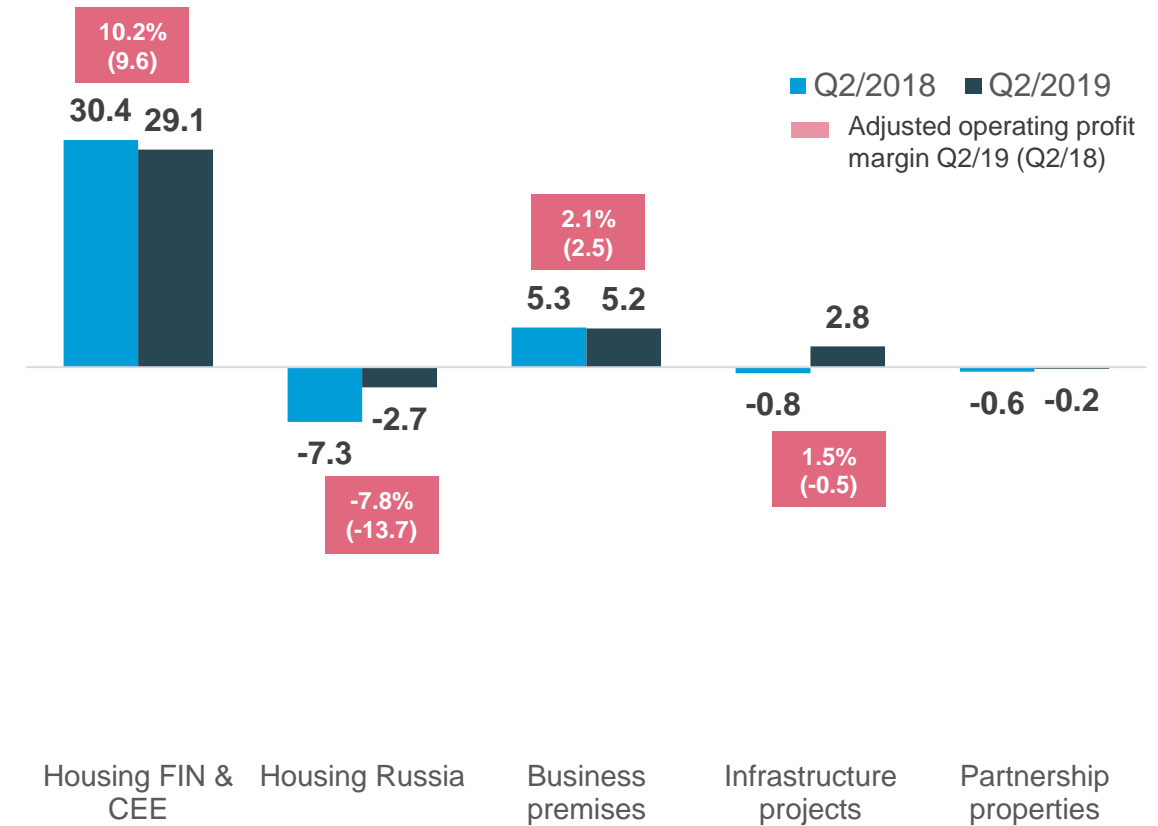
\*Order backlog of discontinued operations excluded.  
Q2/19 discontinued operations order backlog EUR 300 million (296).

# Performance by segment in Q2

## REVENUE PER SEGMENT, EUR million

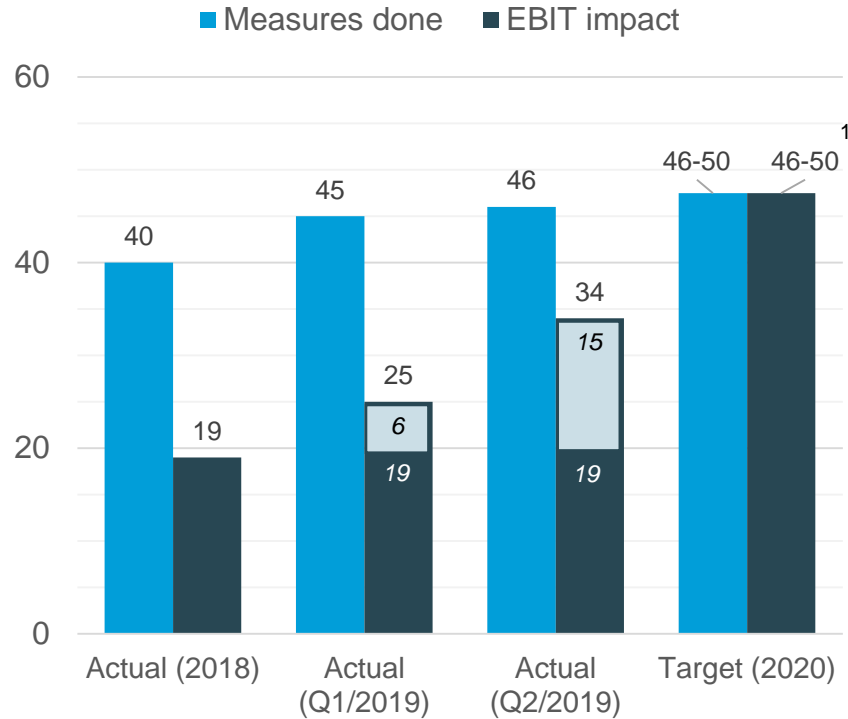


## ADJUSTED OPERATING PROFIT PER SEGMENT, EUR million, %

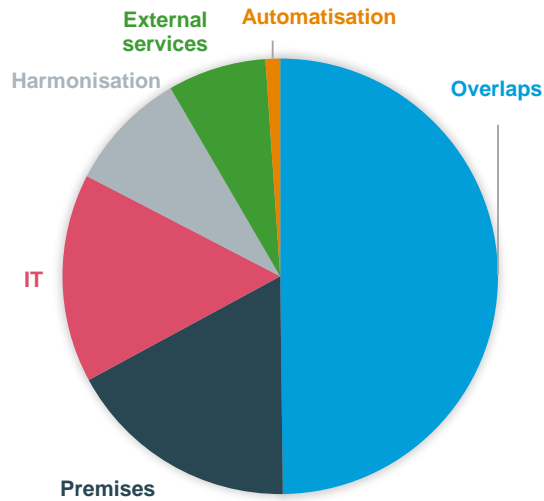


# Synergies and integration costs

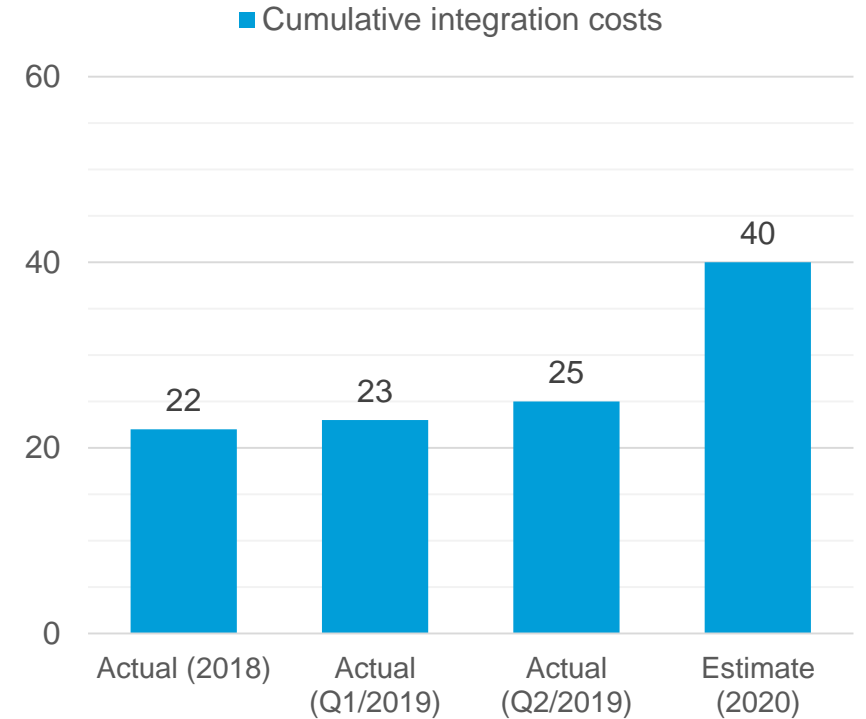
## CUMULATIVE SYNERGIES



## MAIN SOURCES OF SYNERGIES



## INTEGRATION COSTS <sup>2</sup>



**Additional synergy benefits expected from refinancing**

<sup>1</sup> According to the original target, full EBIT improvement potential per annum by the end of 2020, original target was set in June 2017. The target was raised in connection with Interim Report January–March 2018.

<sup>2</sup> Integration costs for 2017, EUR 4 million included in the cumulative figure

# Market outlook for the next 12 months

	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure projects	Partnership properties
Finland					
Russia					
<i>The CEE countries</i>					
The Baltic countries					
The Czech Republic, Slovakia, Poland					
<i>Scandinavia</i>					
Sweden					
Norway					

Weakened outlook compared to the past 12 months' development

Unchanged outlook compared to the past 12 months' development

Improved outlook compared to the past 12 months' development



# 4

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## Segment reviews



# Housing Finland and CEE

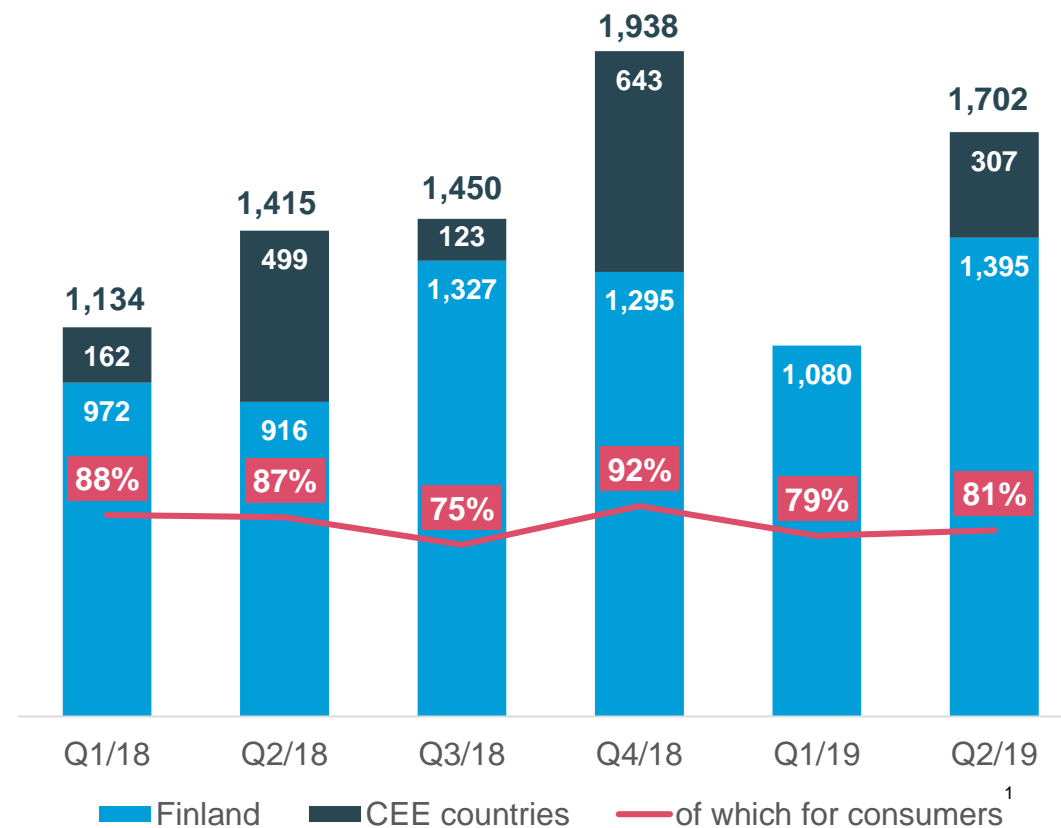
## Healthy profitability

- Profitability on healthy level 10.2% (9.6%).
- Strong institutional sales of 993 apartments.
- Consumer demand stable in Finland and good in CEE:
  - Finland, sold apartments 488.
  - CEE, sold apartments in total 343 (incl. 107 fund sales).
- Number of unsold completed units at the end of the period was in Finland 447 (03/19: 216) and 64 in CEE countries (03/19: 73).

EUR million	Q2/2019 reported	Q2/2018 pro forma, restated
Revenue	286	317
Adjusted operating profit	29.1 (10.2%)	30.4 (9.6%)
Order backlog	1,649	1,774*
Capital employed	709	518*

\* Reported

### COMPLETED APARTMENTS, units



<sup>1</sup> Includes projects in the CEE sold to YCE housing I fund that is reported in the Partnership properties segment

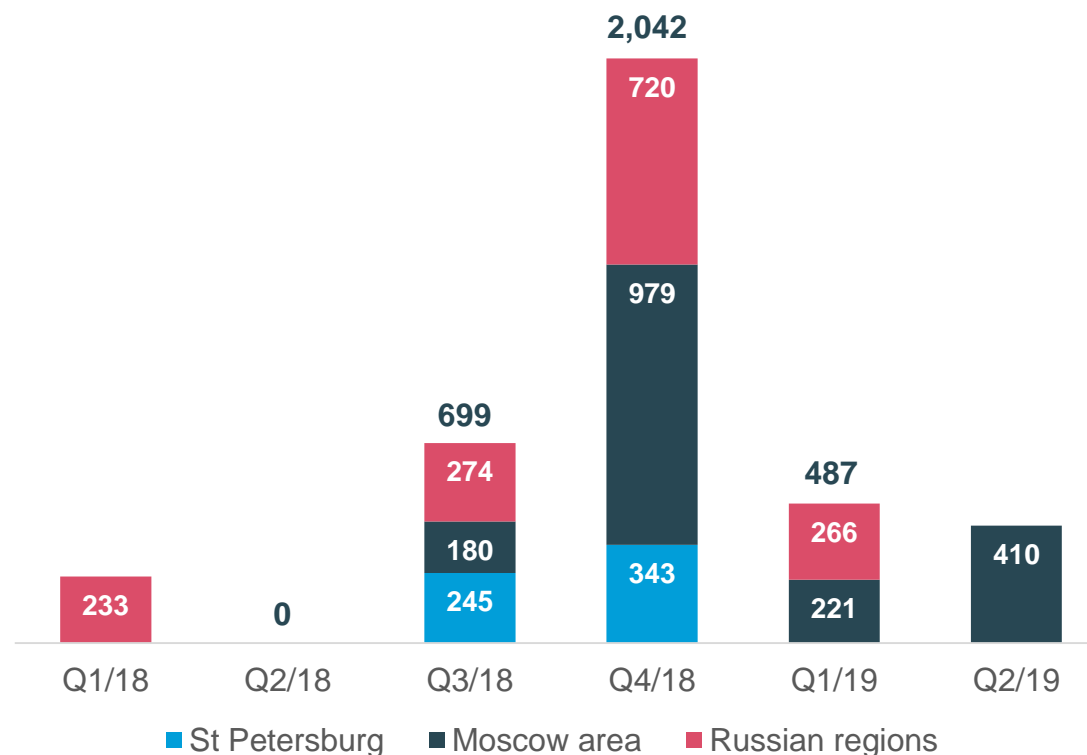
# Significant steps to reduce capital and enhance profitability

- Focus in the future on residential construction in St. Petersburg, Kazan, Yekaterinburg and Tyumen and living services.
- Discontinue residential construction in Moscow, Moscow region and Rostov-on-Don as well as contracting.
  - Expected positive net cash flow impact EUR ~50 million 2019–2021.
  - One-time write-off EUR 26 million on balance sheet values and provision of EUR 8 million.
  - Slight positive adjusted EBIT impact in Q2 and negative in full year.

EUR million	Q2/2019 reported	Q2/2018 pro forma, restated
Revenue	35	53
Adjusted operating profit	-2.7 (-7.8%)	-7.3 (-13.7%)
Order backlog	430	453*
Capital employed	280	353*

\* Reported

## COMPLETED APARTMENTS, units



## Business premises

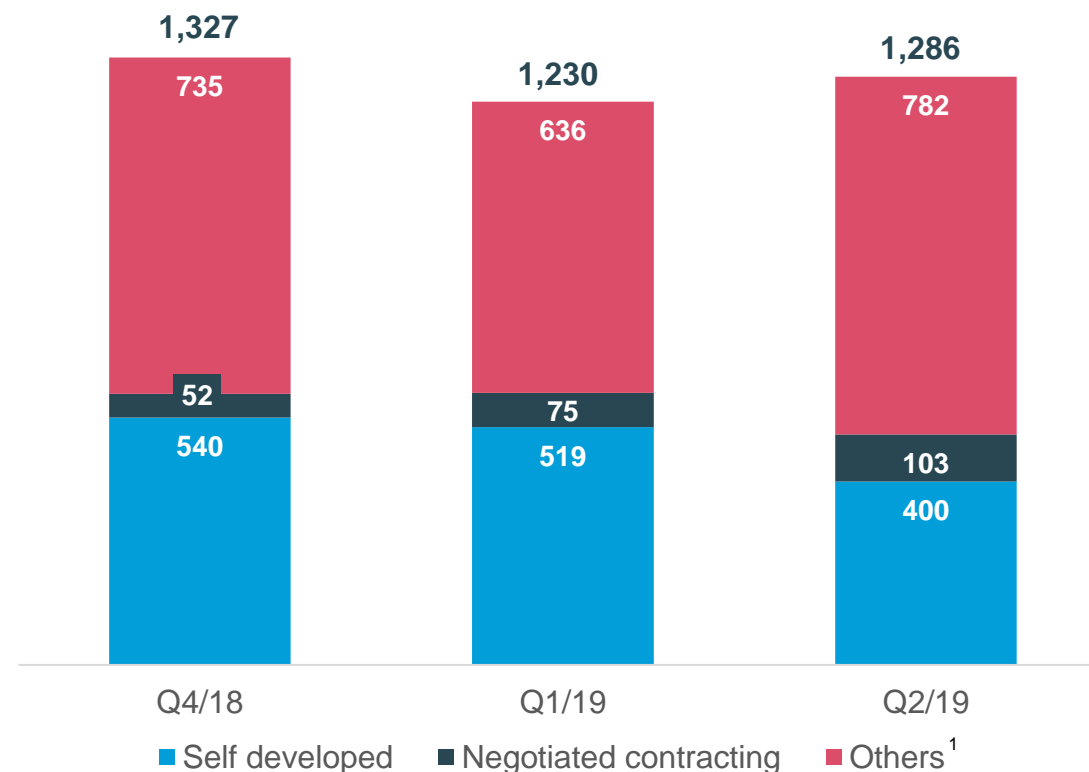
# Major projects added to order backlog

- Revenue grew and operating profit was stable.
- Several major projects added to backlog of orders during Q2, e.g. Vaasa Central Hospital, Hamburger Börs and multiple life-cycle projects.
- Announced Mall of Tripla opening day, Oct 17, 2019.
- Occupancy rates in Mall of Tripla (94%) and Tripla offices (89%) high at the end of the period.

EUR million	Q2/2019 reported	Q2/2018 pro forma, restated
Revenue	247	212
Adjusted operating profit	5.2 (2.1%)	5.3 (2.5%)
Order backlog	1,286	1,589*
Capital employed	77	104*

\* Reported

## ORDER BACKLOG BY PROJECT TYPE, EUR million



<sup>1</sup> Includes tender-based projects as well as lifecycle projects and their service agreements.

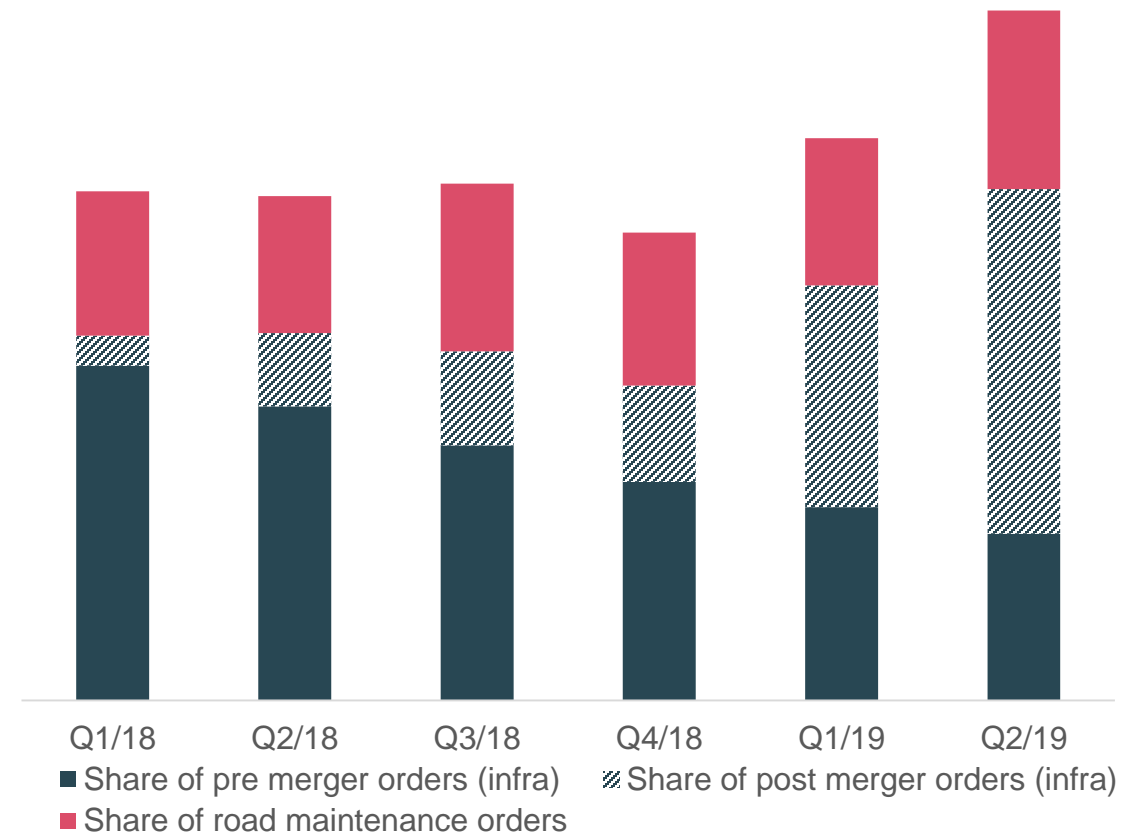
# Positive development in order backlog and margins of new projects

- Road maintenance business in Finland transferred to Infrastructure projects from Paving.
- Revenue increased due to higher year-on-year volumes.
- Operating profit increased due to improved margin quality of new contracts.
- Blominmäki wastewater treatment plant contract model changed to cost-plus-fee to avoid risks for cost overrun.
- Positive development in order backlog and margins of new projects during the quarter.
  - Several big projects added to order backlog in Q2: e.g. Raide-Jokeri light rail in Finland and Henriksdal's wastewater tunnel.

EUR million	Q2/2019 reported	Q2/2018 pro forma, restated
Revenue	193	176
Adjusted operating profit	2.8 (1.5%)	-0.8 (-0.5%)
Order backlog	1,270	929*
Capital employed	78	72*

\* Restated reported

## ORDER BACKLOG AND ILLUSTRATIVE SHARE OF ORDERS, EUR million



## Partnership properties

# Investment portfolio evolving

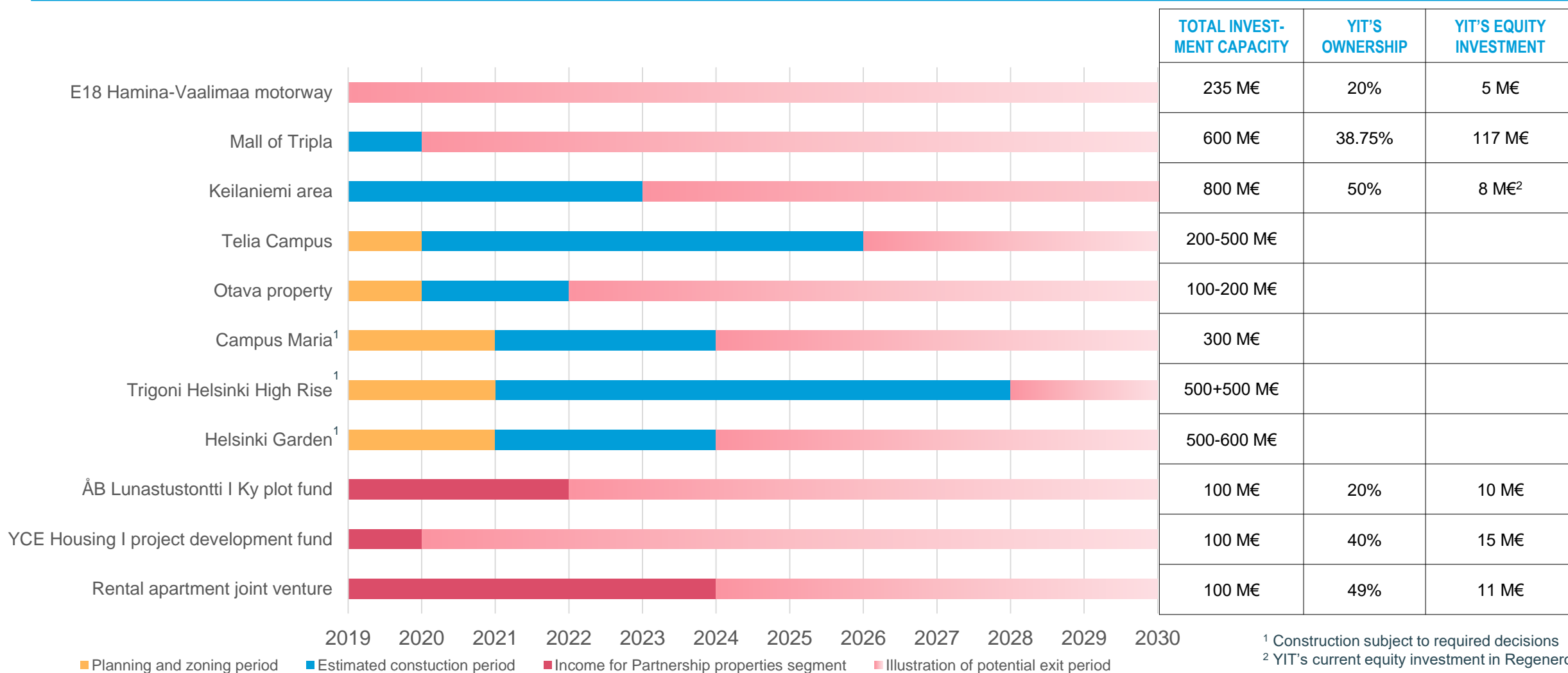
- Mall of Tripla occupancy rate 94% at the end of period.
- Investment portfolio moving to a new phase with Mall of Tripla completion and opening taking place in Q4/2019.
  - Fair valuation of investment in Mall of Tripla being prepared.

EUR million	Q2/2019 reported	Q2/2018 pro forma, restated
Revenue	0.1	
Adjusted operating profit	-0.2	-0.6
Capital employed	150	143*

\* Reported



# Partnership properties project portfolio and estimated timelines



# Mall of Tripla in a nutshell

Housing  
Completed Q1-Q3/2020

Office, Workery West  
SOLD 100% 12/2018  
Completed Q1/2020

Office, Workery East  
SOLD 100% 12/2018  
Completed Q1/2020

Office, Workery East  
SOLD 100% 12/2018  
Completed Q1/2020

Hotel, Exilion  
SOLD 100% 6/2017  
Completed Q1/2020

Pasila Station (Mall of Tripla)  
SOLD 100% 6/2016  
Opening Q4/2019

Mall of Tripla and Parking  
JV company:  
Ilmarinen 38.75%, YIT 38.75%,  
Conficap 15%, Fennia 7.5%  
Opening Q4/2019  
Occupancy rate 94% at 6/2019

## Tripla project in brief

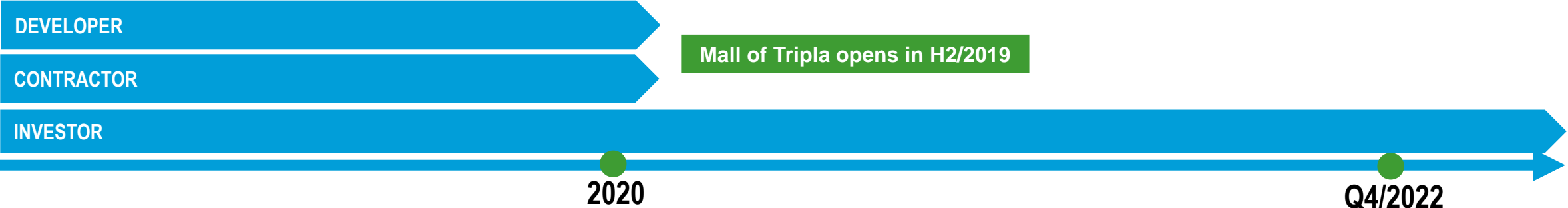
- Total cost estimate EUR 1.1 billion
- Hybrid project: offices, shopping centre, parking facilities, hotel, public transportation hub and apartments
- Total construction time 6 years
- Located in Pasila, 3.5 km away from Helsinki Central Railway Station
- Connection point for all rail traffic in Helsinki Metro Area
- Daily people flow through Pasila railway station ~80,000
- Over 30% of population live within a 30-minute drive from Tripla

The logo for Tripla, featuring the word "TRIPLA" in a stylized, colorful font. The letters are composed of various colored dots and lines, with "T" in red, "R" in orange, "I" in yellow, "P" in green, "L" in blue, and "A" in red. The letters are arranged in a slightly irregular, modern layout.



# Revenue recognition structure and timeline in Mall of Tripla

## YIT'S ROLE FROM DEVELOPER-CONTRACTOR TO INVESTOR



**CURRENT RECOGNITION**

**61.25% according to construction**

Of contract revenue and profit (in Business premises)

YIT has option to decrease YIT's ownership to **20%** (in Partnership properties)

**RECOGNITION IN Q4/2019**

**Remaining 38.75% in one recognition**

Of contract revenue and profit (in Business premises)

Fair valuation starts (in Partnership properties)

**RECOGNITION AFTER Q4/2019**

Profit generated from three sources (in Partnership properties)

- Rental income through JV ownership
- Fair value changes
- Capital gains, option to lower ownership down to 20%

**FULL PROFIT CAN BE REALISED FROM Q4/2022**

YIT is free to divest fully ownership from Q4/2022 onwards (in Partnership properties)

- Mall of Tripla JV has funding in place till Q2/2028
- Long-term funding allows YIT to divest its ownership fully at optimal time between 2023-2028

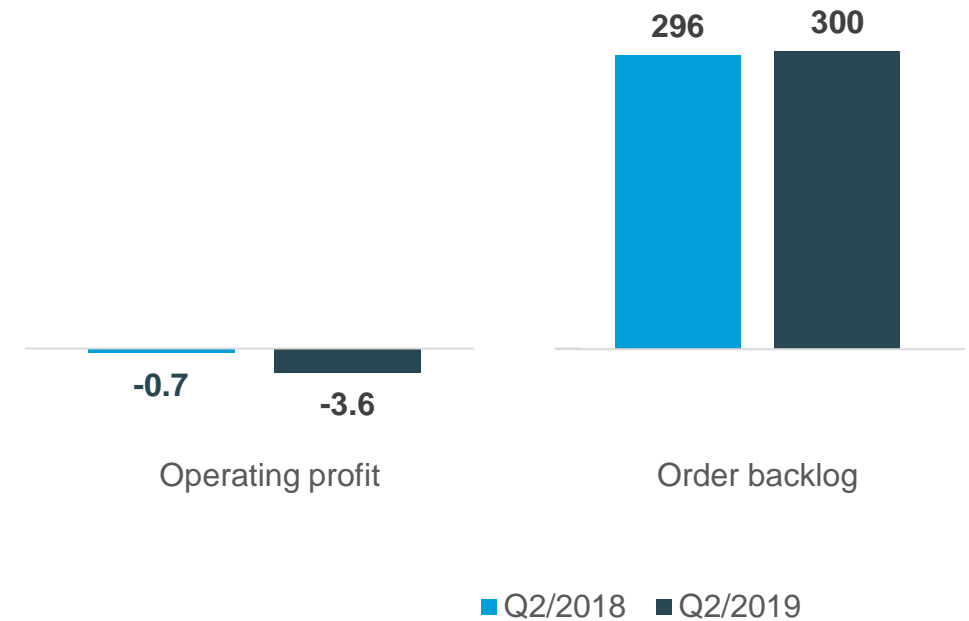
# Discontinued operations – Nordic paving and mineral aggregates businesses and related allocations

## Slow start in Finland and Denmark

- Record-high order backlog of EUR 300 million.
- Adjusted operating profit of the Nordic paving and mineral aggregates businesses were EUR 4.2 million lower year-on-year:
  - Declining demand in mineral aggregates in Finland.
  - Many significant projects postponed to Q3/19.
  - Clear improvement in performance in Norway and Sweden.
- Adjusted operating profit of former Paving segment divisions Road maintenance and Paving Russia were in line quarter-to-quarter.
- Operating profit of discontinued operations includes additional allocations effecting the operating profit (e.g. purchase price allocations from Lemminkäinen merger and transaction costs).

EUR million	Q2/2019 reported	Q2/2018 pro forma, restated
Revenue	149	149
Operating profit	-3.6 (-2.4%)	-0.7 (-0.5%)
Order backlog	300	296

### OPERATING PROFIT AND ORDER BACKLOG, EUR million



# 5

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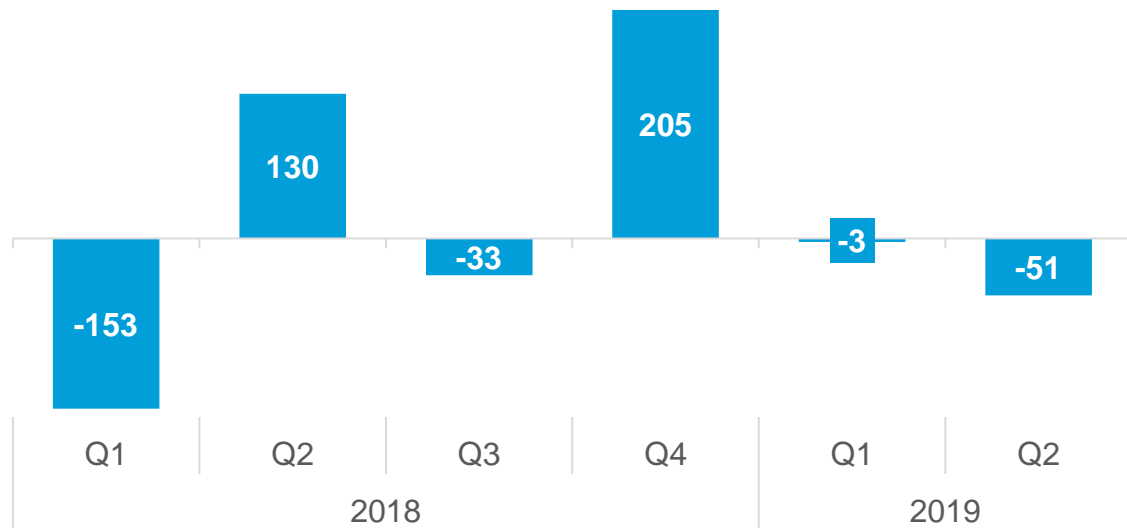
## Financial position and key ratios



# Operating cash flow negative

- Operating cash flow in Q2 after investments EUR -51.0 million (+129.9).
  - Plot investments especially in Housing Finland and CEE.
  - Comparison period supported by improved capital efficiency related to integration.
- Operating cash flow 1-6/2019 amounted to EUR -54.2 million (-22.8).

OPERATING CASH FLOW AFTER INVESTMENTS, EUR million



CASH FLOW OF PLOT INVESTMENTS AND INVESTMENTS TO ASSOCIATED COMPANIES AND JOINT VENTURES, EUR million



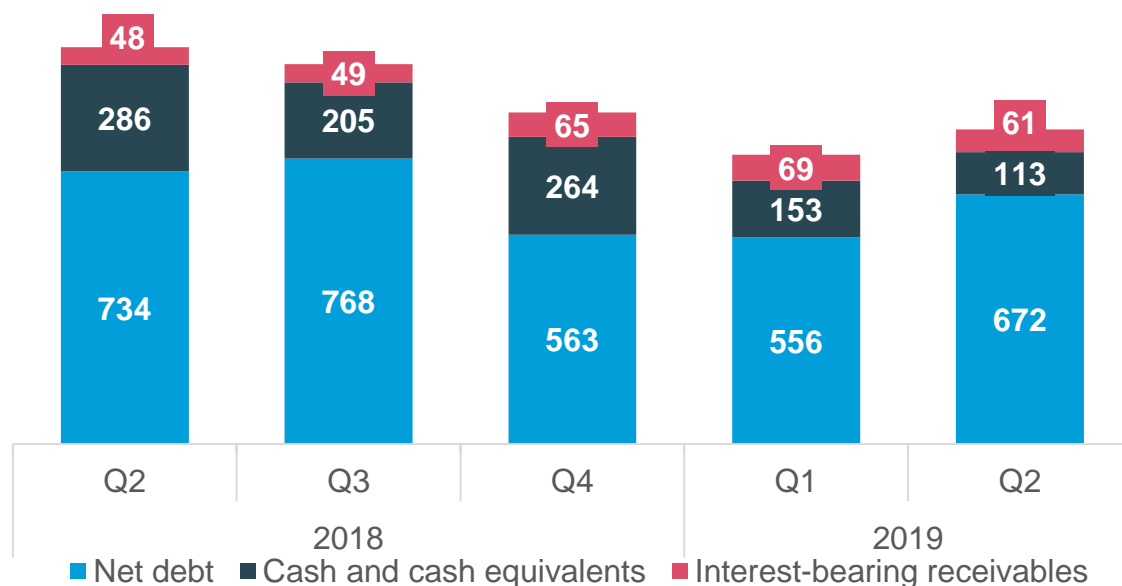
- Cash flow from investments to associated companies and joint ventures
- Cash flow from plot investments

Comparison figures are restated reported figures.

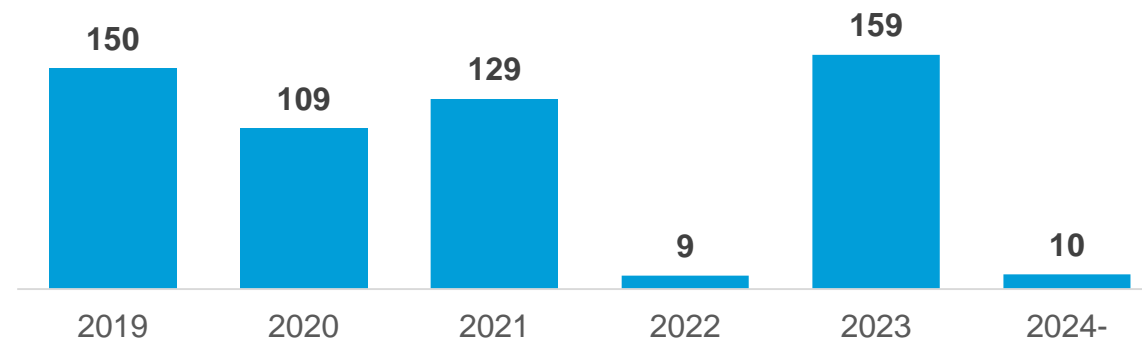
# Adjusted net debt lower than in comparison period

- Adjusted net debt EUR 672 million (734).
- In July 2019 repaid EUR 100 million unsecured senior bond, fixed rate 7.375%, on its maturity date.
- To improve comparability between quarters, IFRS 16 impact excluded from graphs below.

ADJUSTED NET INTEREST-BEARING DEBT<sup>1</sup>, EUR million



MATURITY STRUCTURE, NOMINAL AMOUNTS<sup>2</sup>, EUR million



<sup>1</sup> Excluding IFRS 16 lease liabilities, EUR 267 million. Finance lease liabilities are included in lease liabilities as of 1.1.2019.

<sup>2</sup> Excluding housing corporation loans, EUR 206 million (these loans will be transferred to the buyers of the apartments when the units are handed over), commercial papers, EUR 75 million and IFRS 16 lease liabilities, EUR 267 million

# Adjusted financial key ratios

- Strategic gearing target 30-50% estimated to be reached ahead of schedule thanks to recent corporate transactions. Impact materialising in the beginning of 2020.

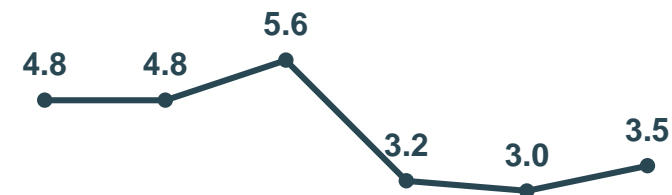
## ADJUSTED GEARING<sup>1</sup>, %



## ADJUSTED EQUITY RATIO<sup>1</sup>, %



## ADJUSTED NET DEBT<sup>1</sup> / ADJUSTED EBITDA<sup>2</sup> (multiple, x)



Q1	Q2	Q3	Q4	Q1	Q2
2018				2019	

Q1	Q2	Q3	Q4	Q1	Q2
2018				2019	

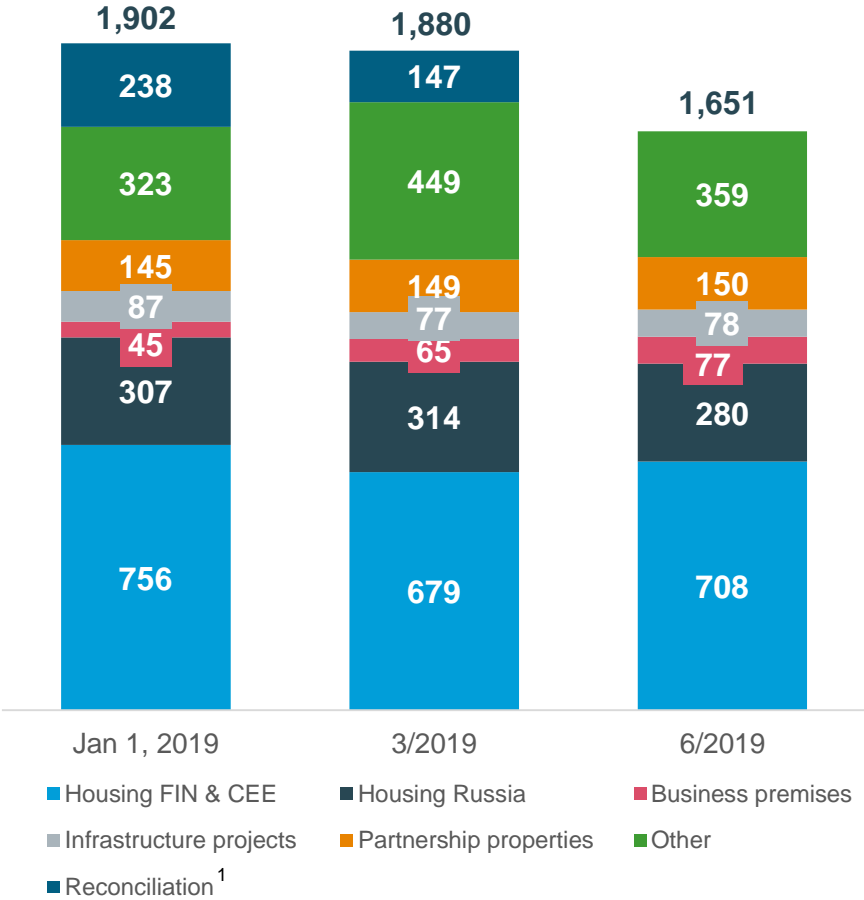
Q1	Q2	Q3	Q4	Q1	Q2
2018				2019	

<sup>1</sup> Excluding IFRS 16 impact in 2019 figures. 2018 figures are reported figures.

<sup>2</sup> 2018 figures are pro forma figures.

# Capital employed by segment

CAPITAL EMPLOYED BY SEGMENT, EUR million



<sup>1</sup> Reconciliation relates to discontinued operations not part of segment reporting.

# 6

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## Outlook and guidance





# Estimated completions of consumer apartment projects under construction

Apartments under construction in total on June 30, 2019: 14,378. Table below shows the company's current estimate of completed consumer apartment projects under construction to be completed. In Russia, all projects under construction are included, also the ones which are not included in adjusted operating profit. In addition, the company has 2,290 apartments (03/19: 2,364) that are recognised in accordance with percentage of completion. Timing of commissioning permit may deviate from the technical completion of a building, and the company cannot fully influence the reported completion date. Also other factors may influence the completion date.

	FY 2018 Actual	FY 2019 Estimate	Q1/2019 Actual	Q2/2019 Actual	Q3/2019 Estimate (Act. Q3/18)	Q4/2019 Estimate	Q1/2020 Estimate	Q2/2020 Estimate	Later
Finland <sup>1</sup>	3,657	2,734	858	1,076	300 (690)	500	400	500	1,337
CEE <sup>2</sup>	1,427	1,507	0	307	400 (123)	700	100	100	1,510
Russia <sup>3</sup>	2,974	3,897	487	410	600 (699) <sup>4</sup>	2,400 <sup>4</sup>	400	400	2,441
In total	8,058	8,038	1,345	1,793	1,300 (1,512)	3,600	900	1,000	5,288

<sup>1</sup> In Finland, the estimate of completions may deviate with tens apartments depending on the construction schedule.

<sup>2</sup> In CEE countries, the estimate of completions may vary with tens apartments, a deviation of over 100 apartments is possible depending on authorities' decisions. The figure includes projects sold to YCE housing fund I.

<sup>3</sup> In Russia, the estimate of completions may vary with hundreds apartments, a deviation of over 500 apartments is possible depending on authorities' decisions.

<sup>4</sup> Approximately 50% of the apartments to be completed are in regions where the operations are to be sold or discontinued.

# Guidance for 2019

The Group revenue of continuing operations for 2019 is estimated to be in the range of +5% and -3% compared to the 2018 combined revenue of continuing operations (pro forma, restated 2018: EUR 3,201.0 million). Previously the company estimated the revenue in 2019 to be in the range of +5% and -5% compared to 2018.

In 2019, the adjusted operating profit<sup>1</sup> of continuing operations is estimated to be EUR 160-200 million (pro forma, restated 2018: EUR 132.0 million). Previously the company estimated the adjusted operating profit of continuing operations in 2019 to be EUR 150-210 million.

## GUIDANCE RATIONALE

- The result guidance for 2019 is based, for instance, on the completion of Mall of Tripla in the last quarter, the estimated time of completion of residential projects under construction, and the company's solid order backlog. At the end of June, 77% of the order backlog had been sold.
- Significant fluctuation is expected to take place between the quarters due to normal seasonal variation, sales of business premises projects, and the time of completion of residential projects and Mall of Tripla. As in 2018, the last quarter of the year is expected to be clearly the strongest.
- The company estimates that the adjusted operating profit for the third quarter of 2019 will decrease from the comparison period (pro forma, restated EUR 31.4 million) and be clearly positive.

<sup>1</sup> The adjusted operating profit reflects the result of ordinary course of business and does not include material reorganisation costs, impairment charges or other items affecting comparability. Adjusted operating profit is disclosed to improve comparability between reporting periods. Adjusting items are defined more precisely in bulletin's the tables section.

# 7

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## Appendices



# Presentation of financial information in Q2

YIT announced on July 4, 2019 the sale of its Nordic paving and mineral aggregate businesses and on June 20, 2019 measures in Russia to reduce capital and enhance profitability.

## Continuing and discontinued operations

- The text section of this half-year report concerns continuing operations, i.e. the five reported segments listed below.
- Nordic paving and mineral aggregate businesses are classified as held-for-sale assets and reported as discontinued operations.
- Reported and pro forma income statements of comparative periods have been retrospectively restated and published on July 22nd, 2019.
- The result from discontinued operations is presented in the income statement net of tax on the line “Result for the period, discontinued operations”
- Assets and liabilities related to the discontinued operations are presented in separate line items in the balance sheet in current assets and current liabilities from June 30, 2019 onwards. Assets are reported as “Assets classified as held-for-sale” and liabilities as “Liabilities directly associated with assets classified as held-for-sale”
- The balance sheet is not restated for comparative periods.
- Cash flow statement is not restated.

## Change in the reported segments

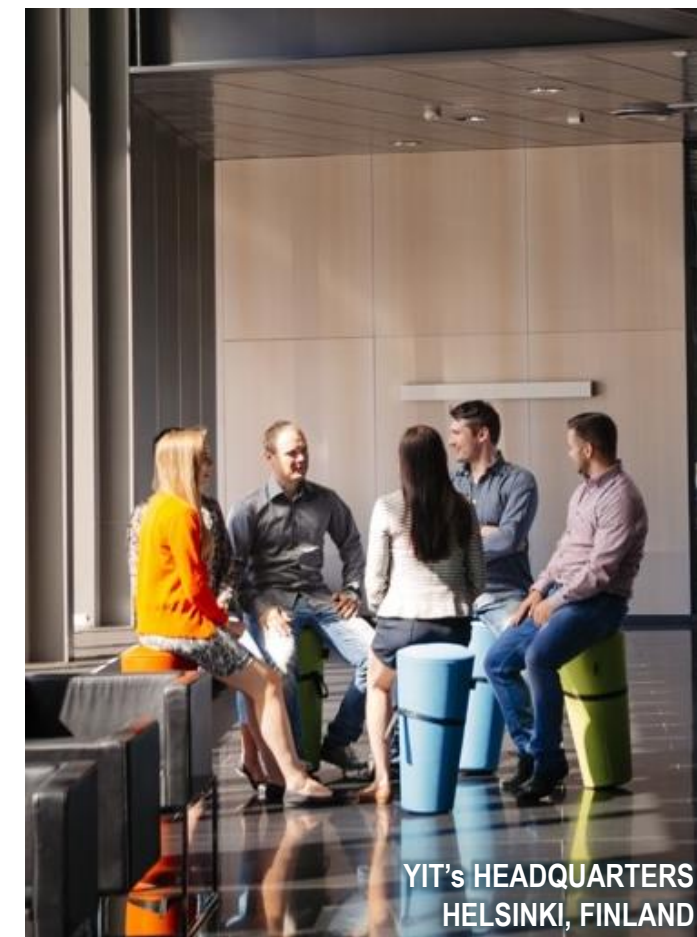
- From the second quarter of 2019 on, YIT’s continuing operations include five reported segments: Housing Finland and CEE, Housing Russia, Business premises, Infrastructure projects and Partnership properties.
- The former Paving segment is no longer reported.
- Road maintenance in Finland, previously reported in the former Paving segment, is reported as part of Infrastructure projects.
- Paving business in Russia, previously reported in the former Paving segment, are reported under “Other items” in segment reporting.
- Segment figures for comparative periods have been retrospectively restated and published on July 22.

## Restated pro forma figures

- YIT and Lemminkäinen merged on February 1, 2018.
- In this half-year report, comparison figures are pro forma figures so that the financial statements of merged Lemminkäinen for the financial period January 1–January 31, 2018, excluding above mentioned discontinued operations, are included in the pro forma figures, and are presented in the tables in the columns “Pro forma, restated 1–6/18” and “Pro forma, restated 1–12/18”.

Additional information regarding the presentation of financial information is available at the end of the explanatory statement of the half-year report.

Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year, are restated pro forma and of the same unit.



# Appendices

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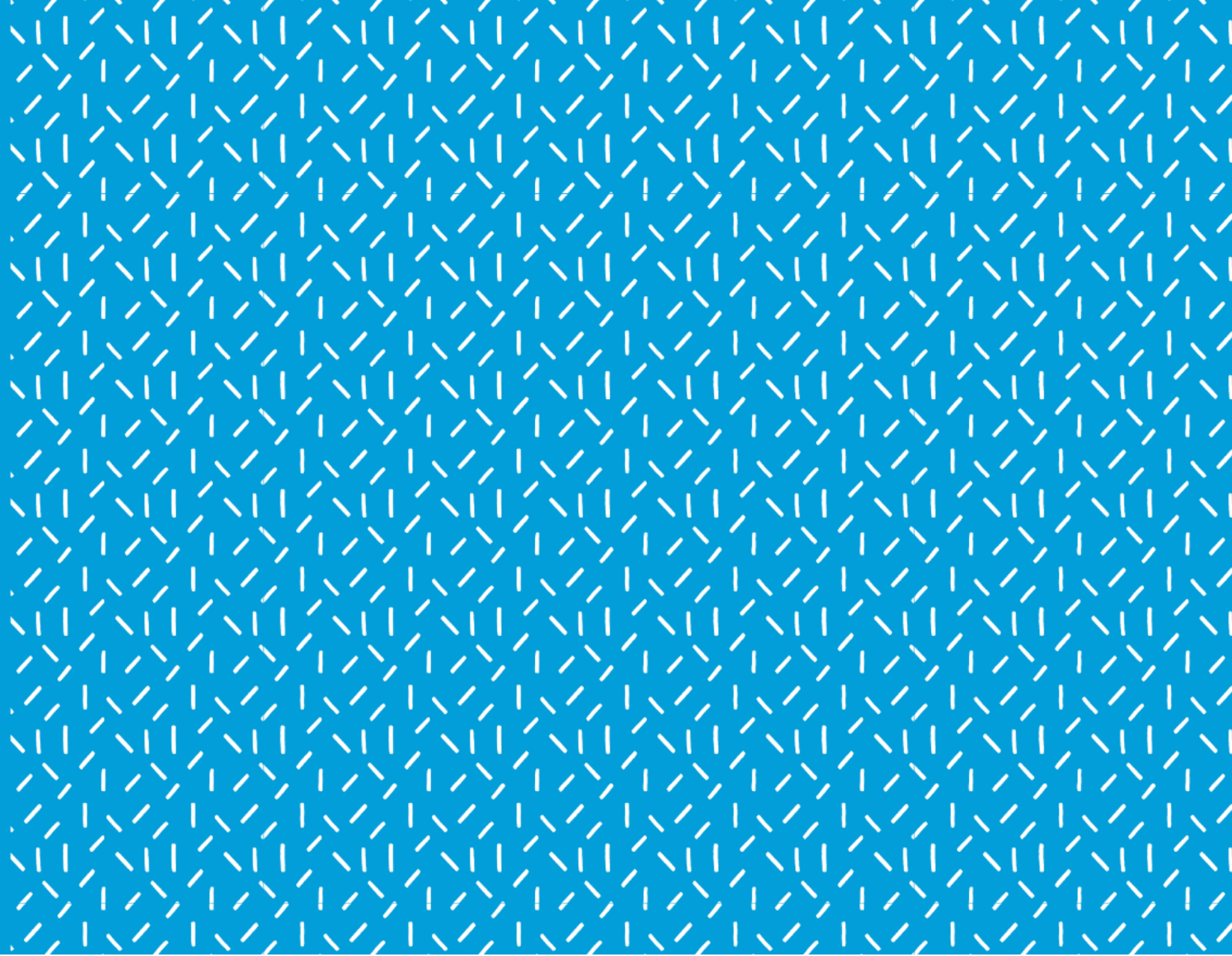
- I. Key figures and additional information about financial position
- II. Housing sales and start-ups
- III. Share ownership
- IV. General economic and construction indicators
- V. Housing indicators
- VI. Business premises, infrastructure and paving indicators





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## Key figures and additional information about financial position



# Key figures

EUR million	Reported 4-6/19	Pro forma, restated 4-6/18	Change	Reported 1–6/19	Pro forma, restated 1–6/18	Change	Pro forma, restated 1–12/18
Revenue	756.5	759.4	0%	1,431.6	1,338.8	7%	3,201.0
Operating profit	-22.8	11.8		-34.9	-8.8		104.7
Operating profit margin, %	-3.0%	1.6%		-2.4%	-0.7%		3.3%
Adjusted operating profit	28.5	20.3	40%	18.8	1.4		132.0
Adjusted operating profit margin, %	3.8%	2.7%		1.3%	0.1%		4.1%
Adjustments	51.3	8.5	500%	53.7	10.1	432%	27.2
Order backlog	4,652.1	4,772.8 <sup>3</sup>	-3%	4,652.1	4,772.8 <sup>3</sup>	-3%	4,285.6 <sup>3</sup>
Profit before taxes	-32.2	-0.5		-54.5	-27.7		71.4
Profit for the review period, continuing operations	-42.7	-2.3		-60.5	-27.5		48.7
Profit for the review period, discontinued operations	-4.2	-2.0		-24.4	-28.9		-15.4
Profit for the review period <sup>1</sup>	-46.9	-4.3	-995%	-84.9	-56.5	-50%	33.3
Earnings per share, EUR	-0.22	-0.02		-0.40	-0.27	-48%	0.16
Operating cash flow after investments, excluding discontinued operations	-51.0	129.9 <sup>2</sup>		-54.2	-22.8 <sup>2</sup>		148.6 <sup>2</sup>
Equity ratio at the end of the period, %	30.8	33.9 <sup>2</sup>	-9%	30.8	33.9 <sup>2</sup>	-9%	38.1 <sup>2</sup>
Adjusted equity ratio at the end of the period, %	33.9	n/a		33.9	n/a		n/a
Net interest-bearing debt at the end of the period	939.3	734.0 <sup>2</sup>	28%	939.3	734.0 <sup>2</sup>	28%	562.9 <sup>2</sup>
Adjusted net interest-bearing debt at the end of the period	672.1	n/a		672.1	n/a		n/a
Gearing at the end of the period, %	98.8	73.4 <sup>2</sup>	35%	98.8	73.4 <sup>2</sup>	35%	53.6 <sup>2</sup>
Adjusted gearing at the end of the period, %	70.7	n/a		70.7	n/a		n/a
Number of personnel at the end of period	7,936	8,417 <sup>3</sup>		7,936	8,417 <sup>3</sup>		7,556 <sup>3</sup>

# Balanced debt portfolio

## BONDS

Maturity	Initial amount	Issue date	Coupon
July 6, 2019 <sup>1</sup>	EUR 100 million	June 26, 2014	7.375%
June 11, 2021	EUR 100 million	June 11, 2018	3.150%
June 11, 2023	EUR 150 million	June 11, 2018	4.250%

## RCF

Maturity	Initial amount	Issue date	Status
August 2021	EUR 300 million	February 2018	Undrawn

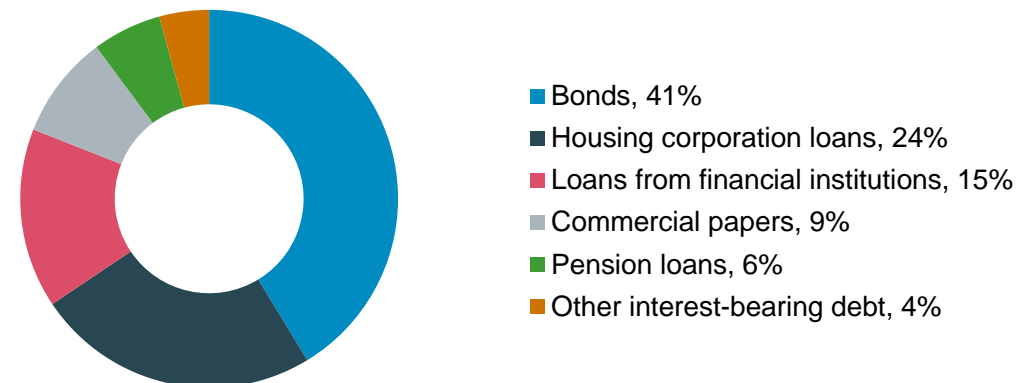
## YIT'S GENERALLY USED COVENANTS

- Gearing
- Equity ratio
- Interest cover ratio

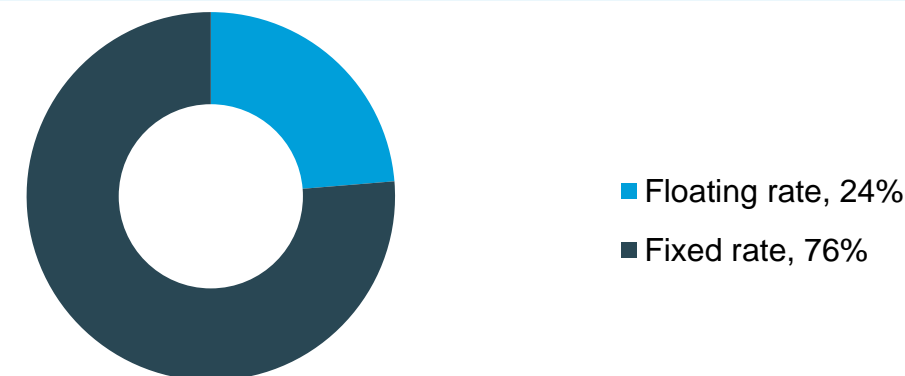
<sup>1</sup> Repaid after the review period

<sup>2</sup> Excluding IFRS 16 lease liabilities, EUR 267 million

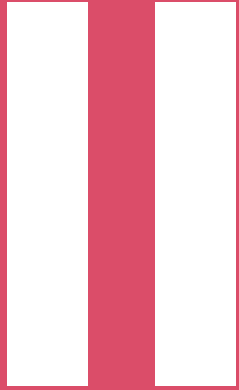
## INTEREST BEARING DEBT PORTFOLIO<sup>2</sup> AT THE END OF 6/2019, EUR 846 MILLION



## INTEREST RATE DISTRIBUTION OF INTEREST PORTFOLIO<sup>2</sup> AT END OF 6/2019







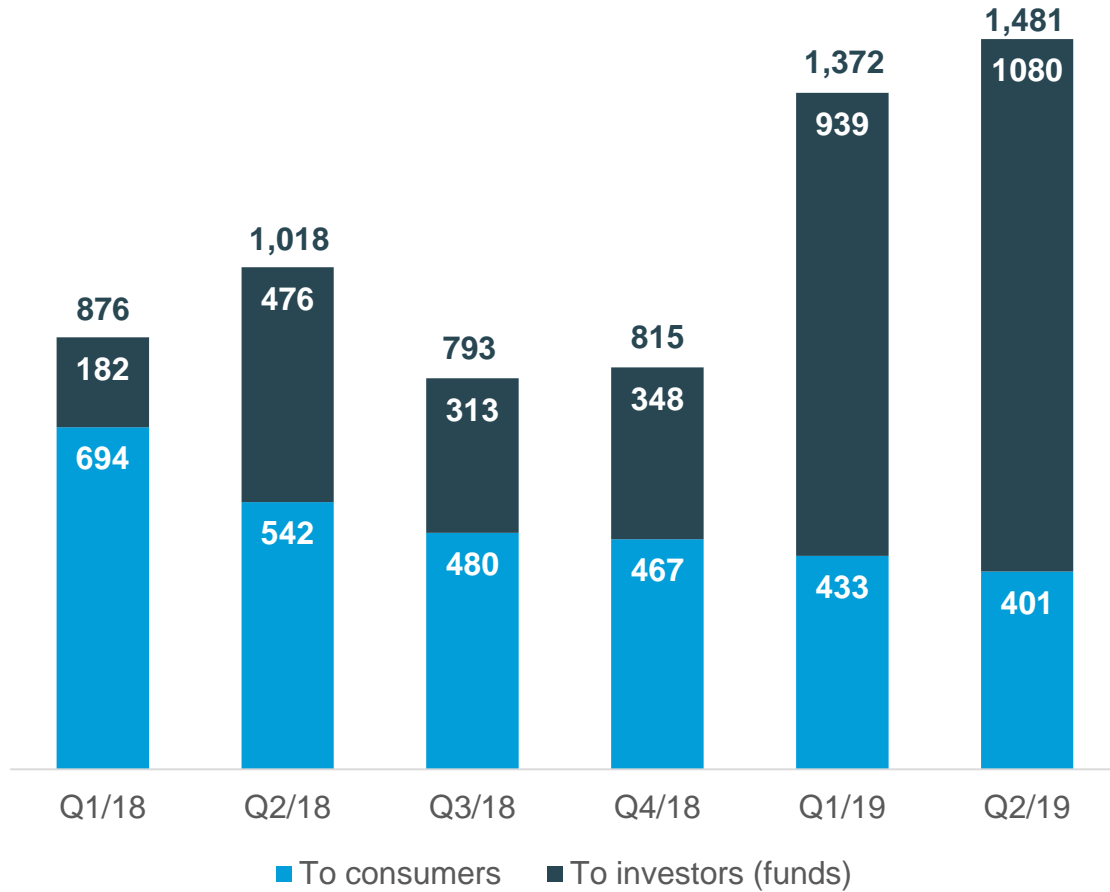
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## Housing sales and start-ups

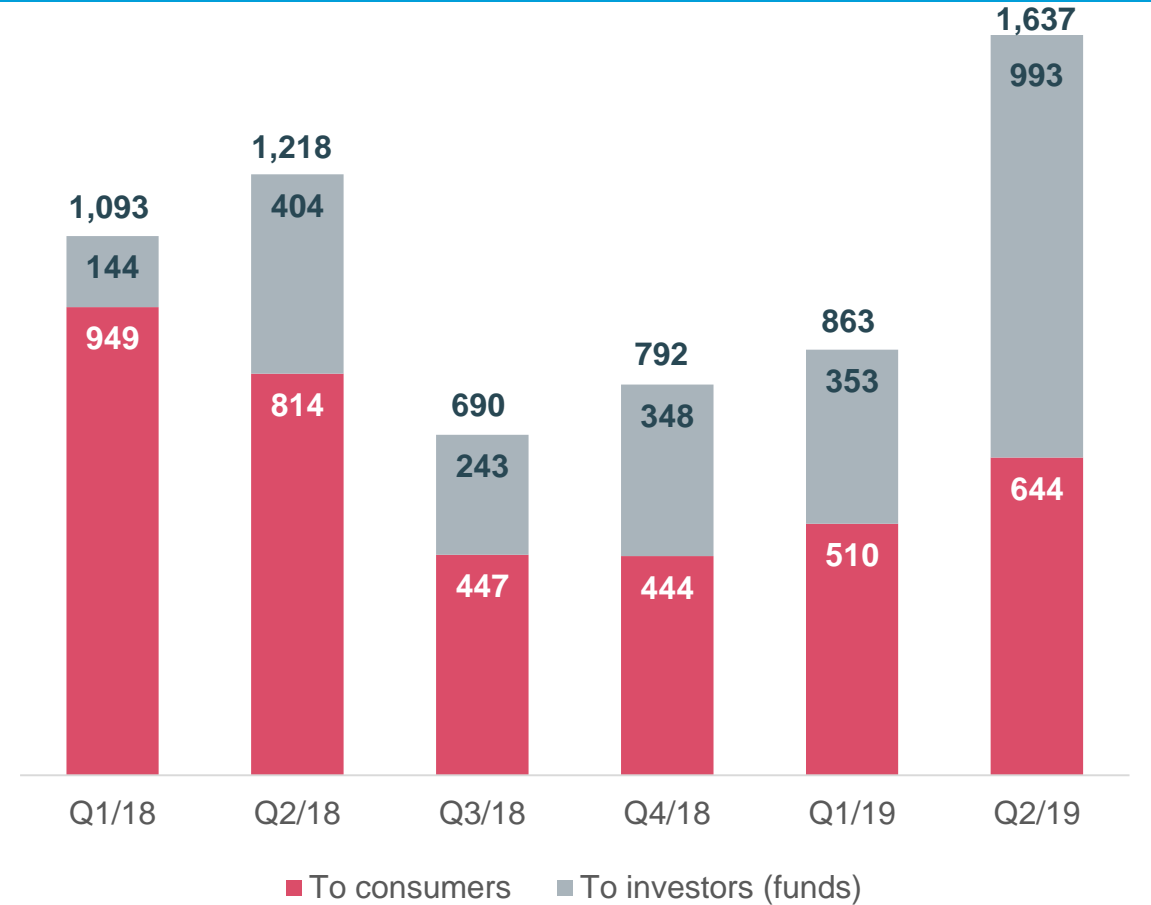
# Housing Finland

## Sales and start-ups in Q2

### SOLD APARTMENTS, units

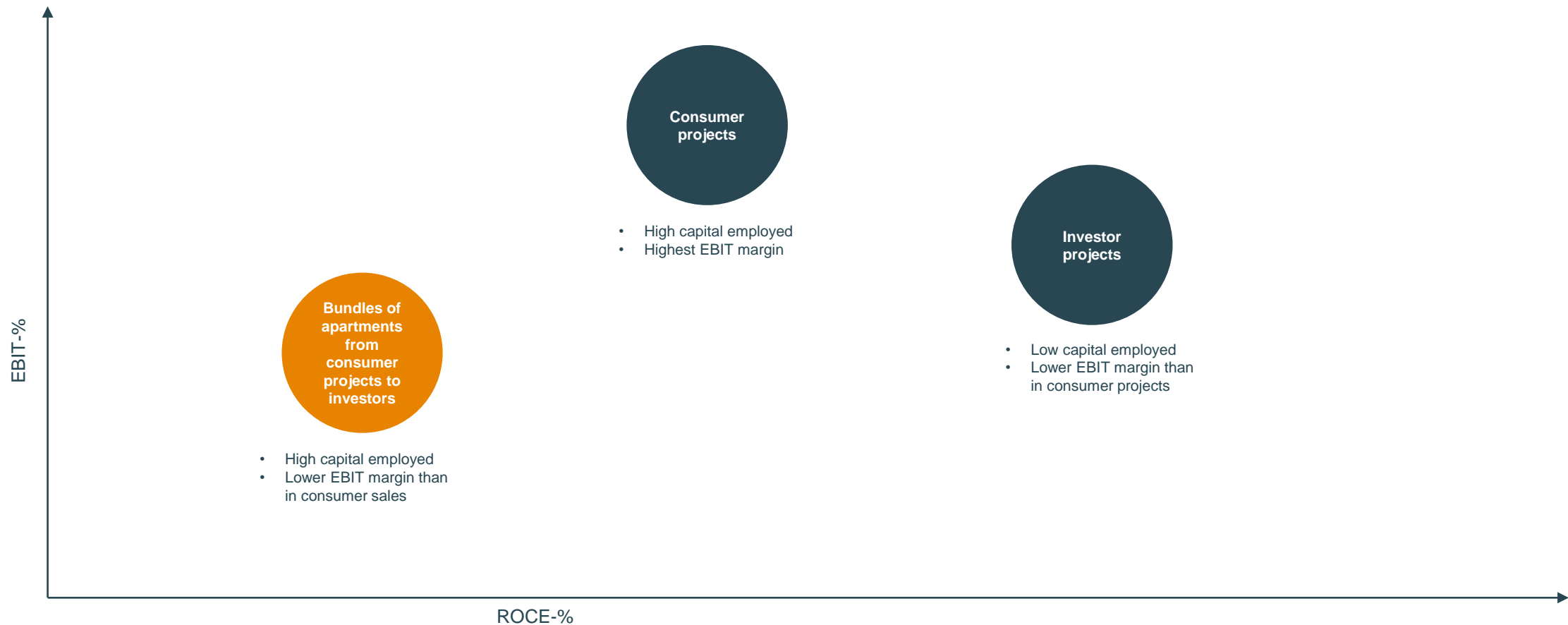


### APARTMENT START-UPS, units



# Impact of the mix in Finnish housing

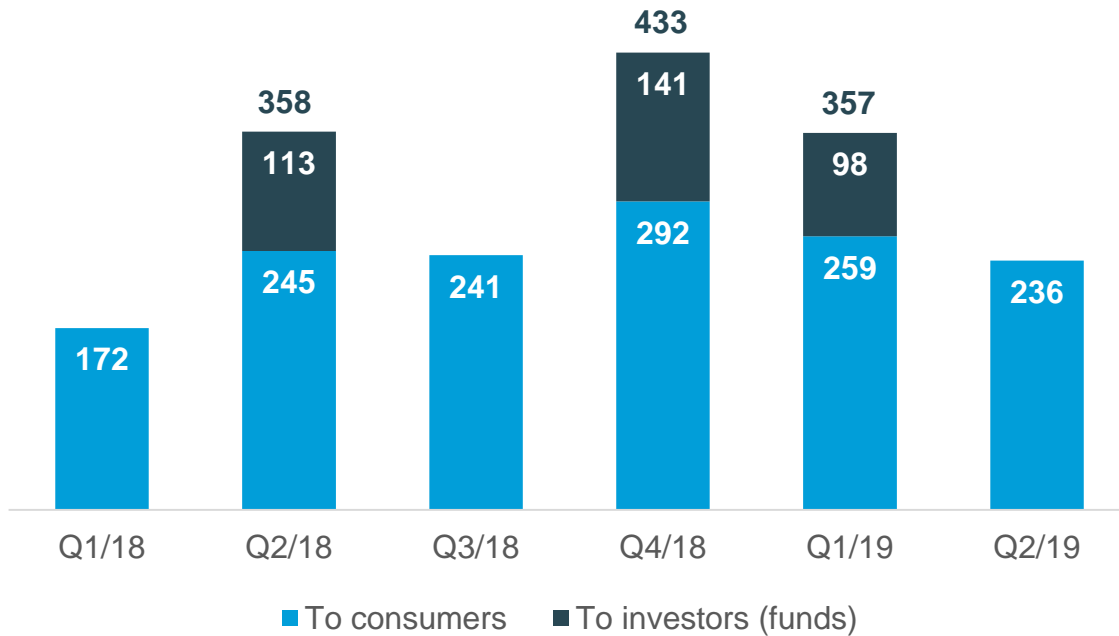
Different types of customer profiles have different EBIT-% and ROCE-% impacts



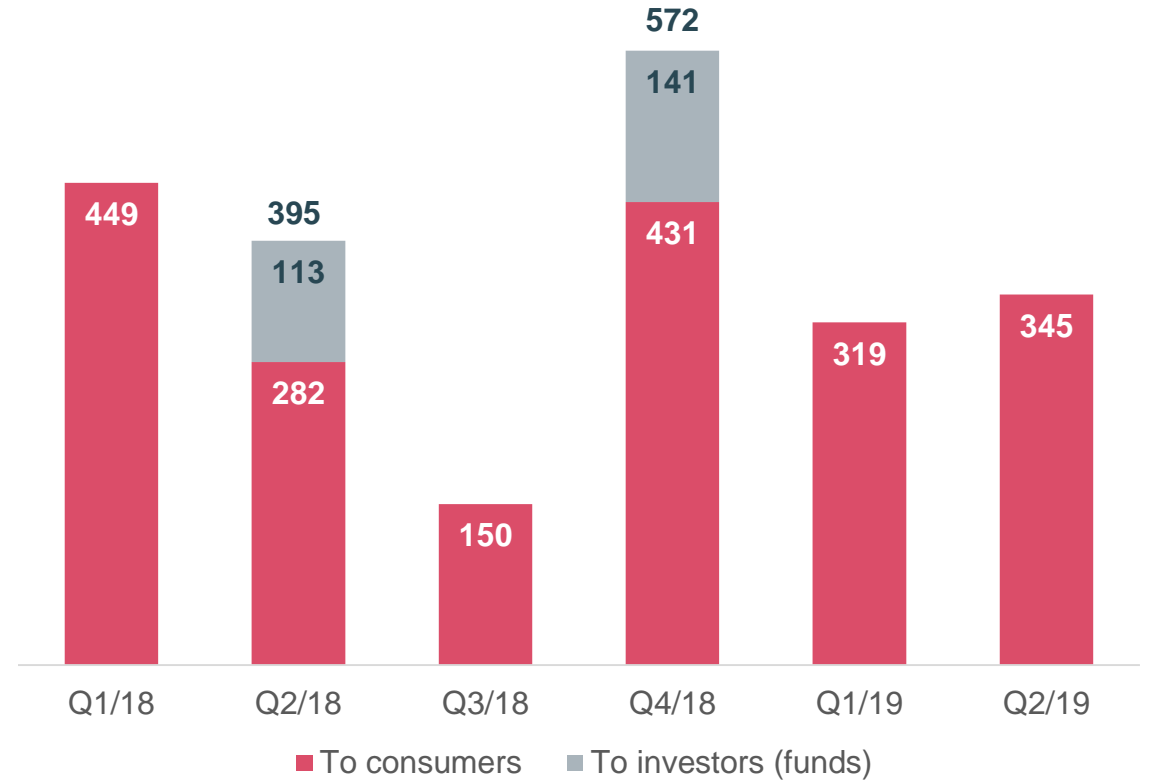
# Sales and start-ups in Q2

## SOLD APARTMENTS, units

*Of projects earlier sold to YCE Housing I fund or a JV, and recorded as investor sales, YIT sold 107 apartments further to consumers (Q2/2018: 141)*



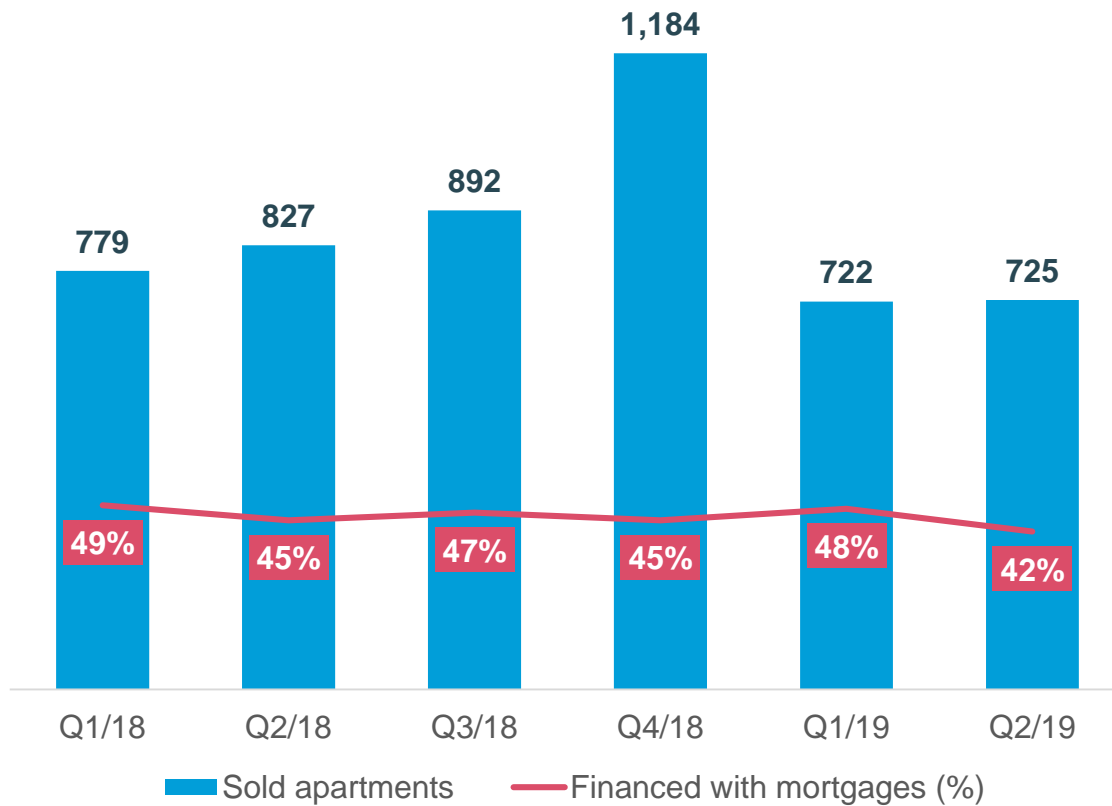
## APARTMENT START-UPS, units



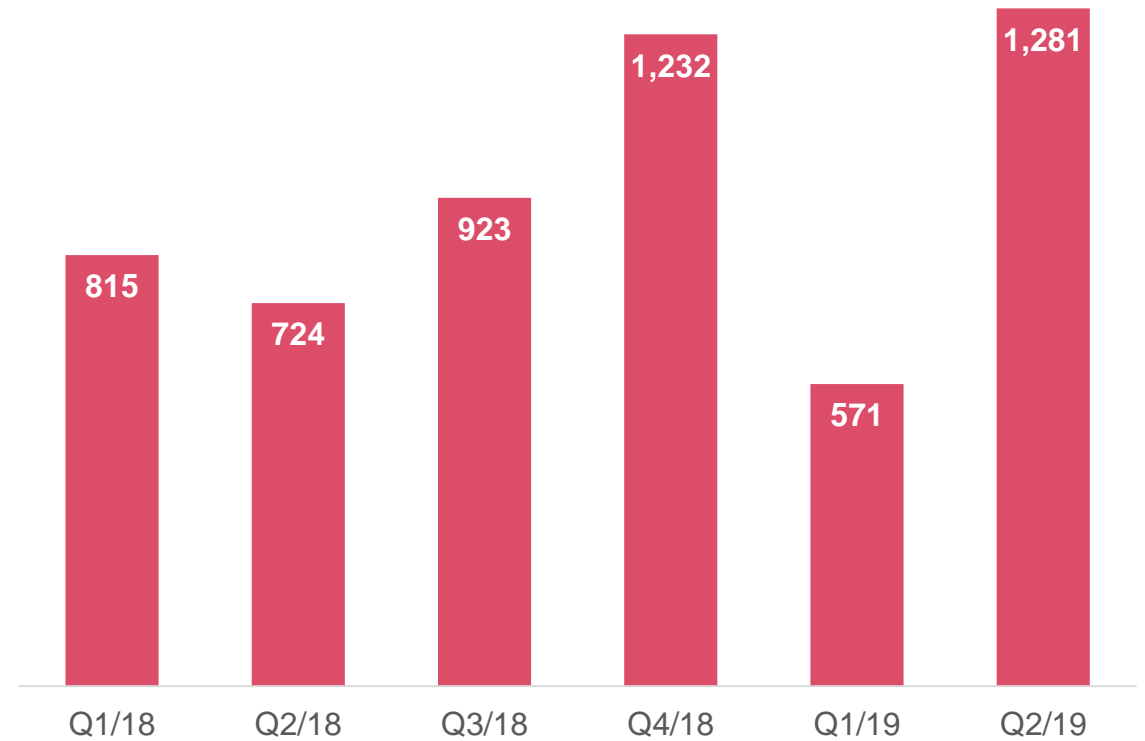
# Housing Russia

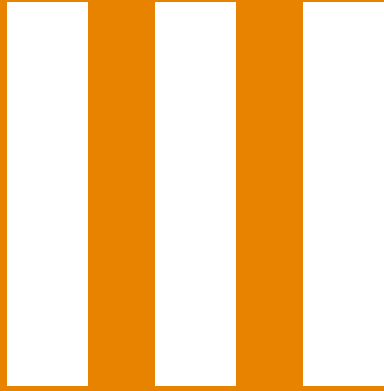
## Sales and start-ups in Q2

### SOLD APARTMENTS, units



### APARTMENT START-UPS, units





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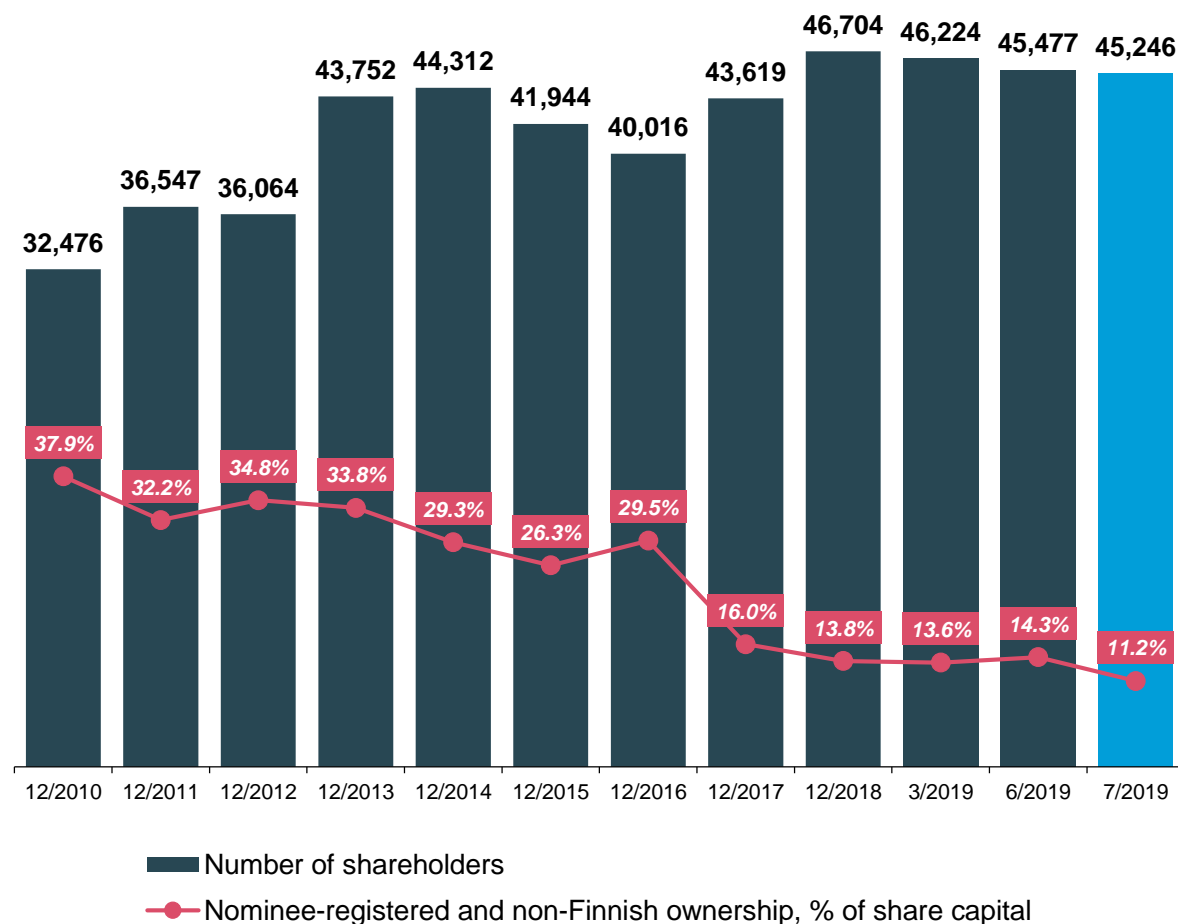
## Share ownership

# YIT's shareholders

## MAJOR SHAREHOLDERS ON JULY 31, 2019

Shareholder	Shares	% of share capital
1. Tercero Invest AB	24,225,000	11.48
2. Varma Mutual Pension Insurance Company	15,945,975	7.55
3. PNT Group Oy	15,296,799	7.25
4. Conficap Invest Oy	8,886,302	4.21
5. Pentti Heikki Oskari Estate	8,146,215	3.86
6. Ilmarinen Mutual Pension Insurance Company	5,610,818	2.66
7. Forstén Noora Eva Johanna	5,115,529	2.42
8. Herlin Antti	4,710,180	2.23
9. Elo Mutual Pension Insurance Company	3,916,587	1.86
10. Pentti Lauri Olli Samuel	3,398,845	1.61
Ten largest total	95,252,250	45.12
Nominee registered shares	23,705,636	11.23
Other shareholders	92,141,967	43.65
<b>Total</b>	<b>211,099,853</b>	<b>100.00%</b>

## NUMBER OF SHAREHOLDERS AND SHARE OF NOMINEE-REGISTERED AND NON-FINISH OWNERSHIP, JULY 31, 2019



# Board of Directors as of March 12, 2019

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**Harri-Pekka  
Kaukonen**  
Chairman of the  
Board



**Eero Heliövaara**  
Vice Chairman of  
the Board



**Alexander  
Ehrnrooth**  
Member of the  
Board



**Frank Hyldmar**  
Member of the  
Board



**Olli-Petteri  
Lehtinen**  
Member of the  
Board



**Kristina  
Pentti-von  
Walzel**  
Member of  
the Board



**Barbara  
Topolska**  
Member of  
the Board



**Tiina Tuomela**  
Member of the  
Board



# Group Management Team as of November 1, 2018

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**Kari Kauniskangas**  
President and CEO



**Ilkka Salonen**  
CFO  
Deputy to CEO



**Teemu Helppolainen**  
EVP, Housing Russia



**Antti Inkilä**  
EVP, Housing  
Finland and CEE



**Harri Kailasalo**  
EVP, Infrastructure  
projects



**Juha Kostianen**  
EVP, Urban  
development



**Esa Neuvonen**  
EVP, Business  
premises and  
Partnership  
properties



**Juhani Nummi**  
EVP, Strategy and  
development,  
integration



**Pii Raulo**  
EVP, Human  
resources



**Heikki Vuorenmaa**  
EVP, Paving

# The merger of YIT and Lemminkäinen, February 1<sup>st</sup> 2018

**YIT**



Revenue: EUR 1,909 million  
Adjusted EBIT: EUR 122.3 million  
Personnel: 5,427

YIT creates more attractive and sustainable urban environments by building housing, business premises, infrastructure and entire areas.

**Lemminkäinen**



Revenue: EUR 1,847 million  
Adjusted EBIT: EUR 46.6 million  
Personnel: 4,632

An expert in complex infrastructure construction and building construction in northern Europe and one of the largest paving companies in our market area.

## 2018 - MERGER

*YIT is the largest Finnish and significant North European construction company. We develop and build apartments, business premises and entire areas.*

*We are also specialised in demanding infrastructure construction and paving. Together with our customers our 10,000 professionals are creating more functional, more attractive and more sustainable cities and environments.*

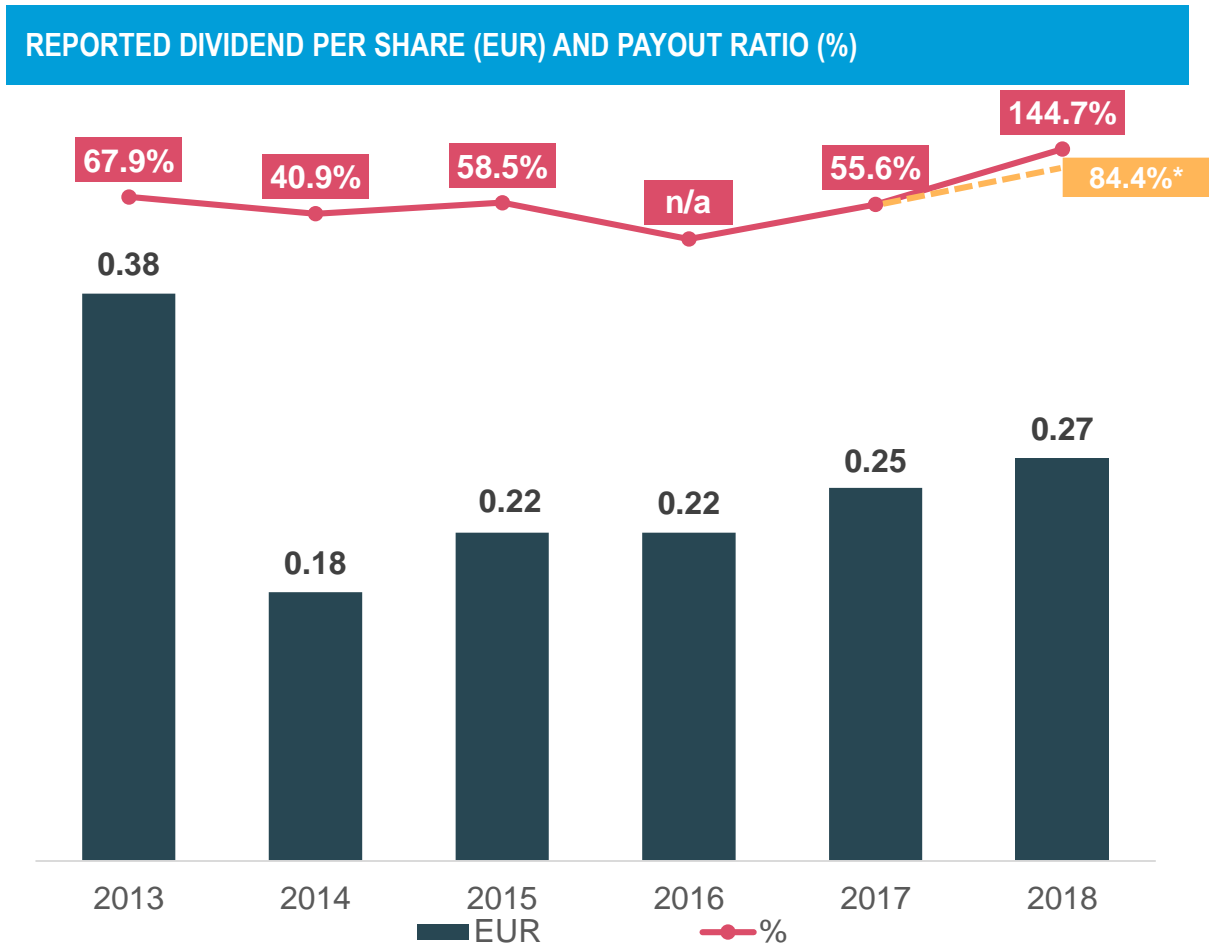
*We work in 11 countries: Finland, Russia, Scandinavia, the Baltic States, the Czech Republic, Slovakia and Poland.*

Target to become together the leading urban developer in Northern Europe

\* Revenue, adjusted EBIT and personnel at the end of period in 2017. YIT's figures according to POC (percentage-of-completion) and Lemminkäinen figures according to IFRS.

# Dividend payout

- A dividend of EUR 0.27 per share (0.25) was paid for 2018
- The dividend was 84% of the adjusted pro forma EPS of the year
- Adjusted pro forma earnings per share were EUR 0.32 (0.35) and reported earnings per share EUR 0.19 (pro forma 0.13).
- According to YIT's new strategy, the company's target is an annually growing dividend per share; the dividend payout for 2018 is in line with this



\* Calculated with the adjusted pro forma EPS

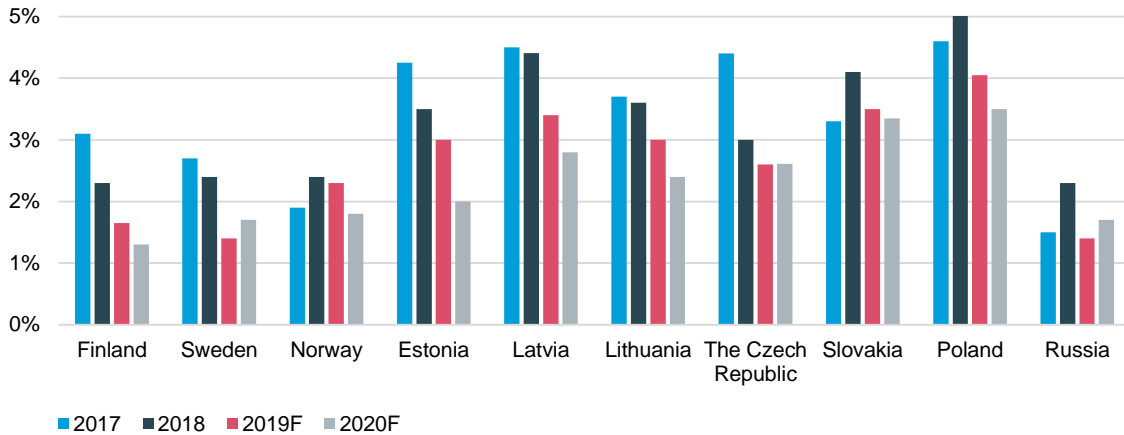
# IV

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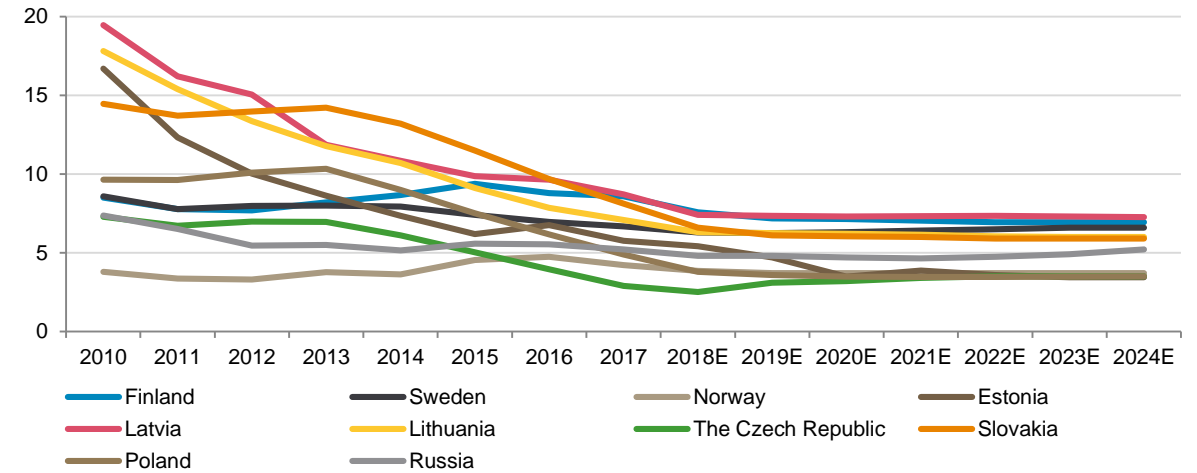
## General economic and construction indicators

# General economic and construction indicators

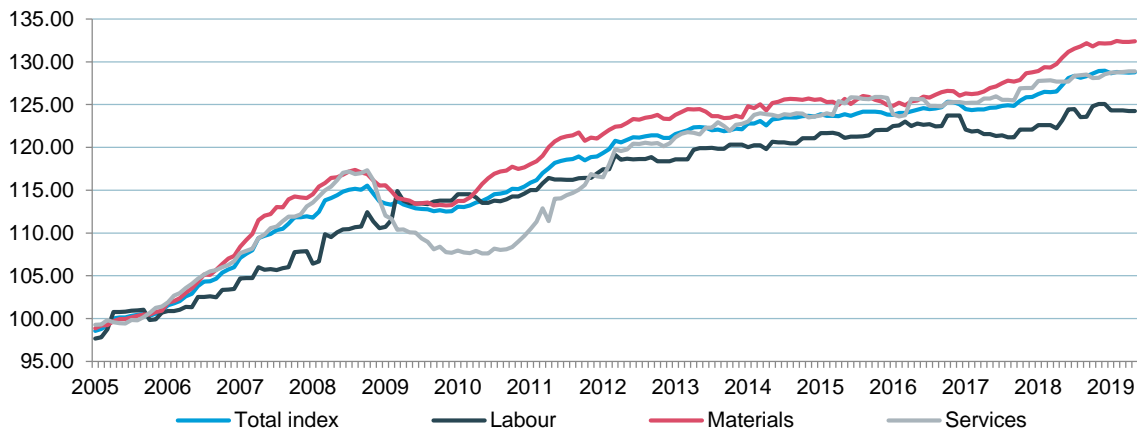
## GDP GROWTH IN YIT'S OPERATING COUNTRIES, %



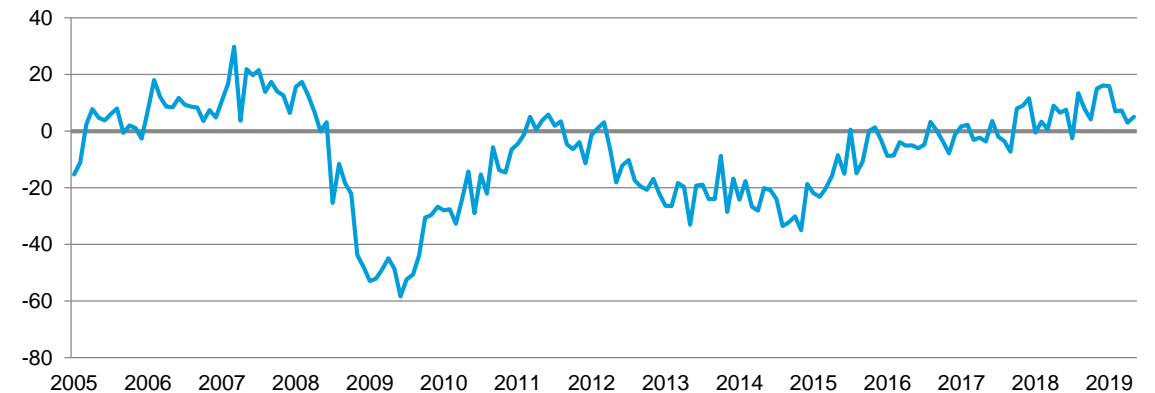
## UNEMPLOYMENT RATE IN YIT'S OPERATING COUNTRIES, %



## CONSTRUCTION COST INDEX IN FINLAND (index 2005=100)



## CONSTRUCTION CONFIDENCE IN FINLAND (balance)

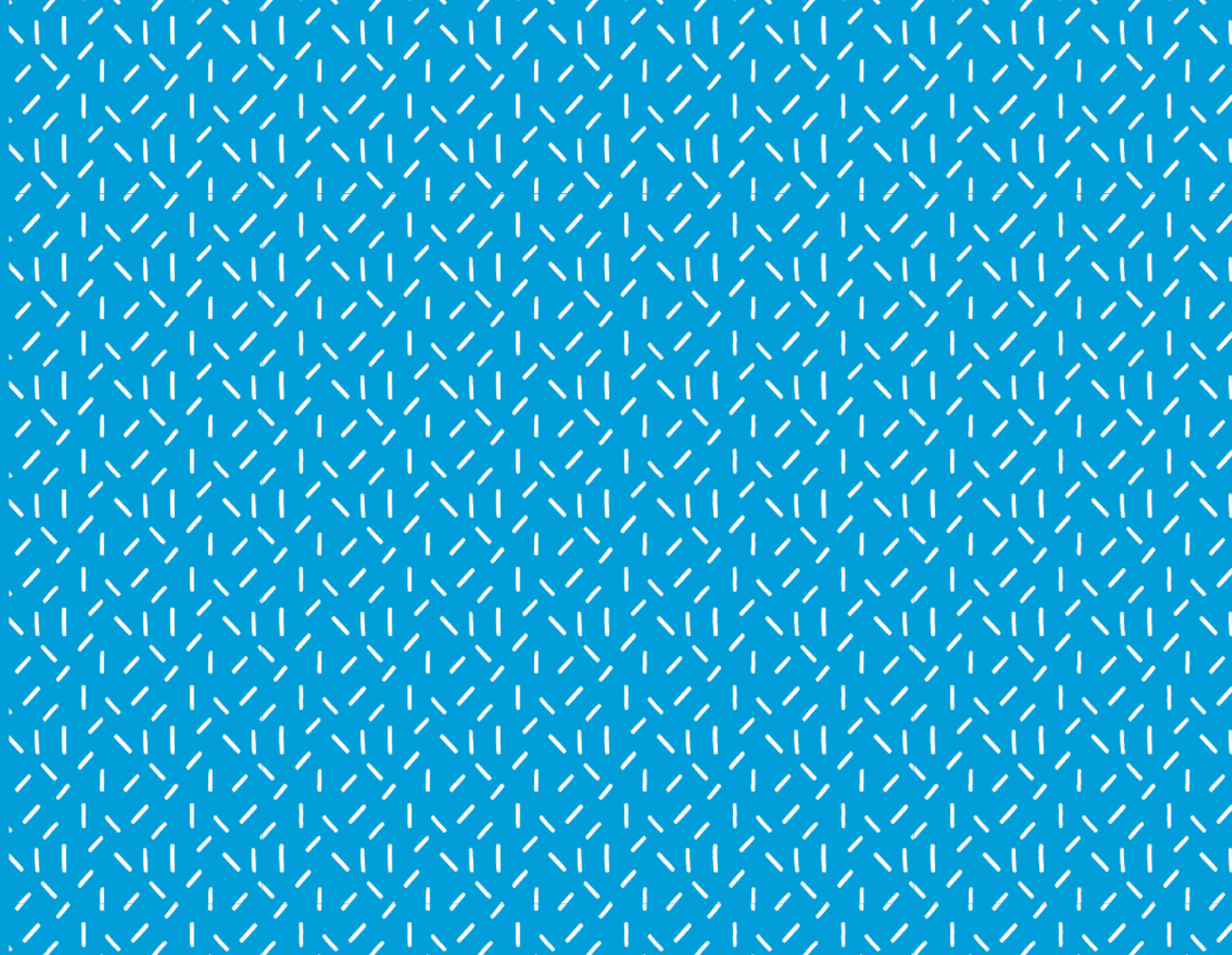


Sources: GDP growth: Bloomberg consensus June 2019; Unemployment: IMF, Construction cost index: Statistics Finland; Construction confidence: Confederation of Finnish Industries EK

# V

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## Housing indicators



# Group

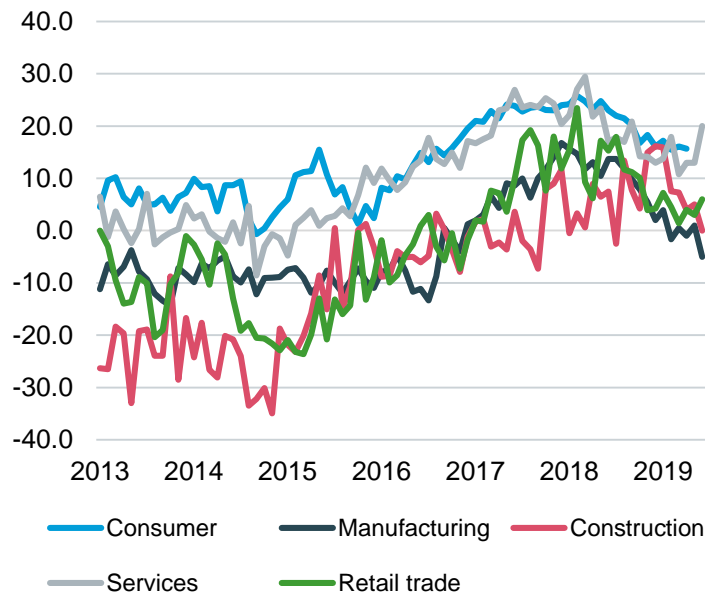
## Operating environment for housing in Q2

- In Finland, consumer demand was on a good level, supply on a high level.
- Residential demand of private investors remained at a low level.

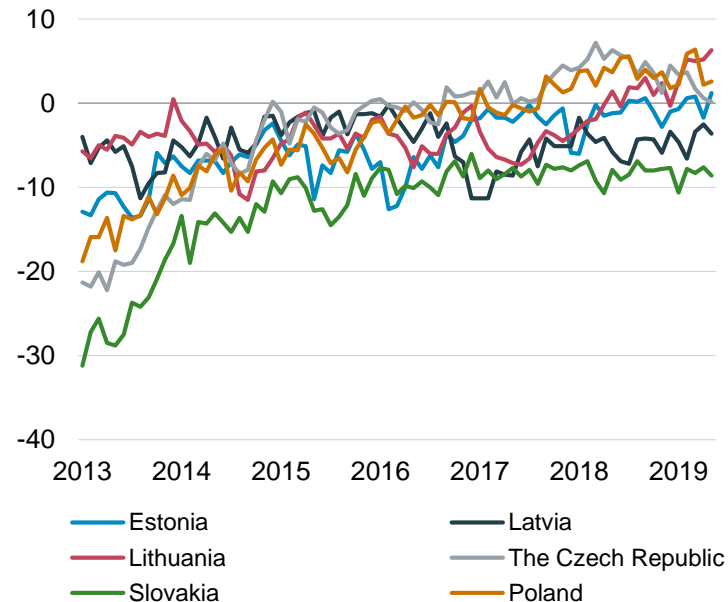
- Consumer demand was brisk in all CEE countries.
- Due to increased construction volume, shortage of resources caused cost pressure.

- In Russia, consumers were cautious with their apartment buying decisions.
- Demand and prices remained stable.
- The changes of the housing sales legislation that came into force in the beginning of July caused uncertainty in the residential market.

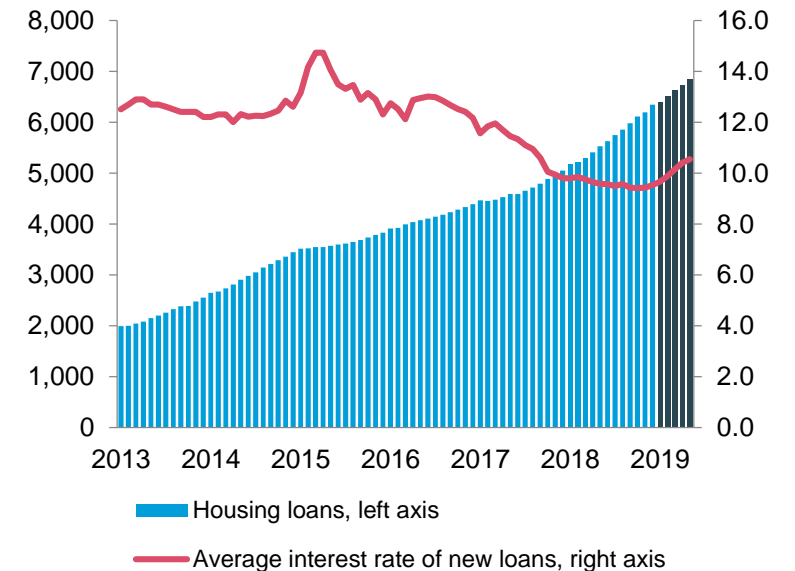
### CONFIDENCE INDICATORS IN FINLAND



### CONSUMER CONFIDENCE IN CEE COUNTRIES



### HOUSING LOANS AND AVERAGE INTEREST RATE IN RUSSIA (RUB billion, %)

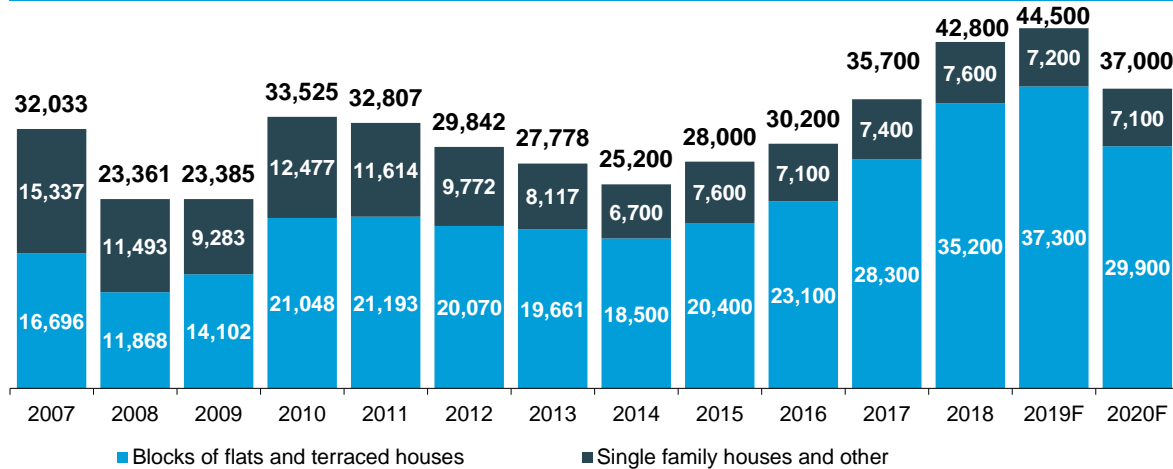


Sources: Statistics Finland and Confederation of Finnish Industries, EK; European Commission; Central Bank of Russia

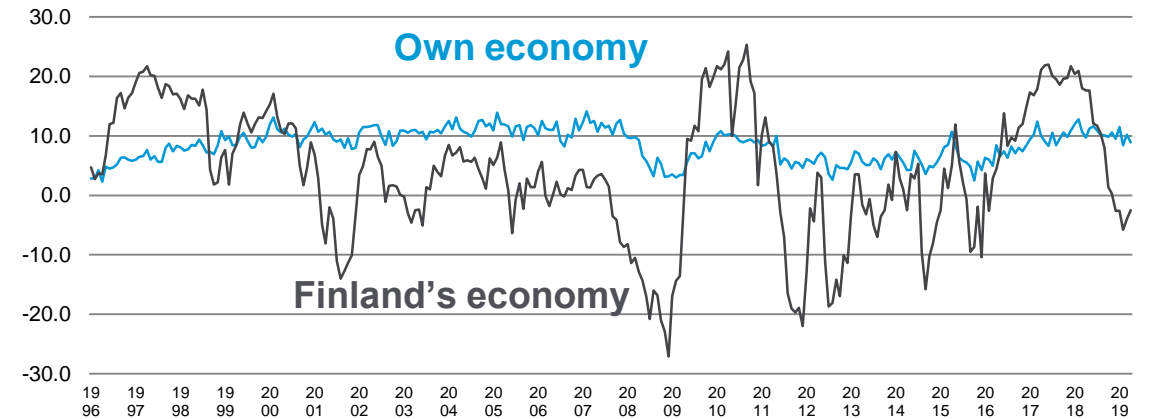
# Finland

## Start-ups expected to decrease in 2020

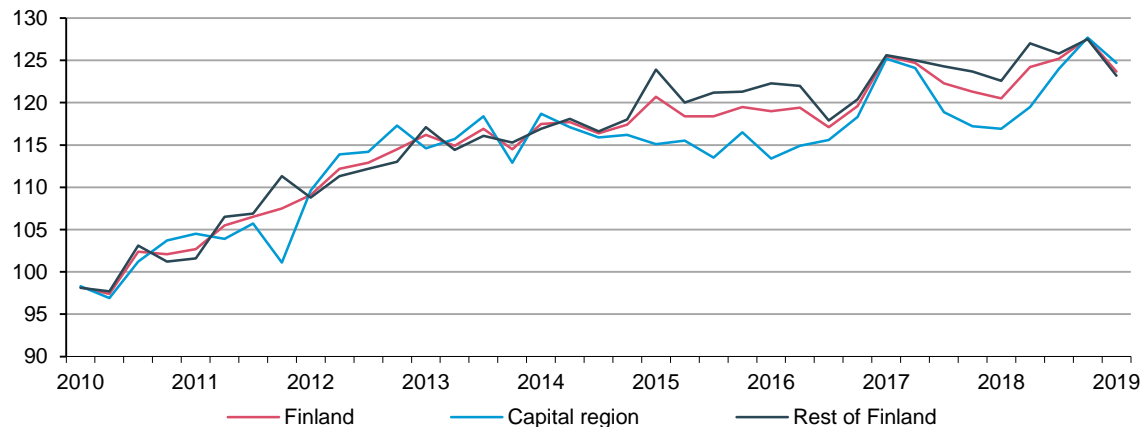
### RESIDENTIAL START-UPS (units)



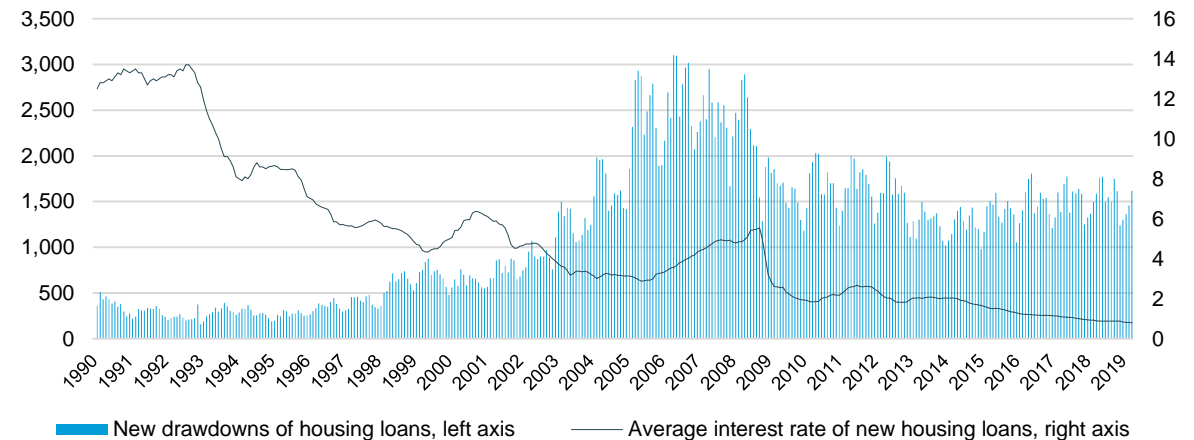
### CONSUMERS' VIEWS ON ECONOMIC SITUATION IN 1 YEAR'S TIME (balance)



### PRICES OF NEW DWELLINGS (index 2010=100)



### VOLUME OF NEW MORTGAGES AND AVERAGE INTEREST RATE (EUR million, %)



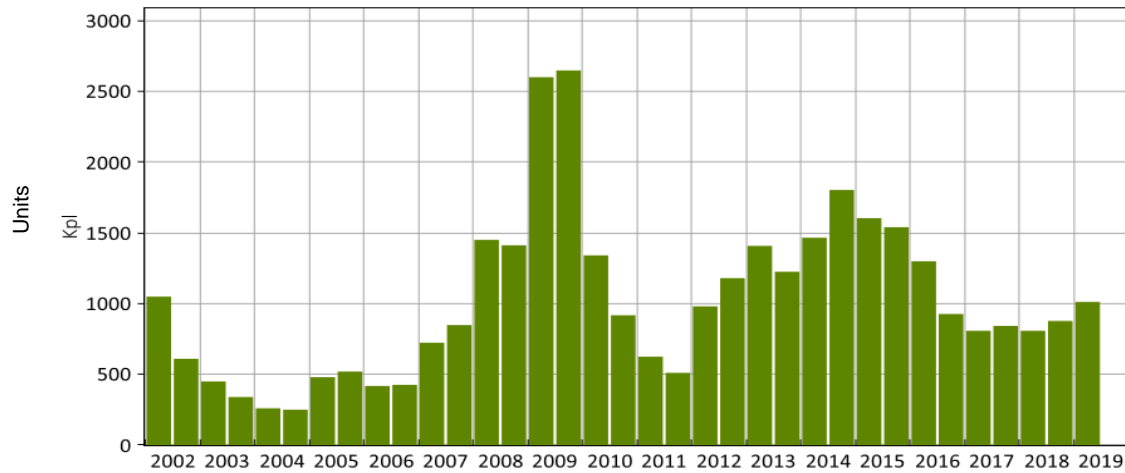
Sources: Residential start-ups: 2006-2013 Statistics Finland; 2015 – 2020F Euroconstruct, November 2018; Consumer confidence and Residential prices: Statistics Finland; Loans and Interest rates: Bank of Finland



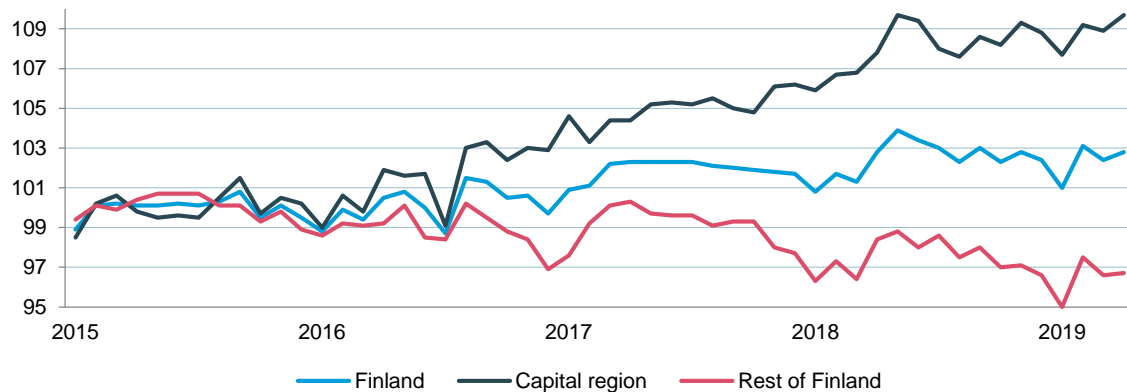
# Finland

## Construction indicators

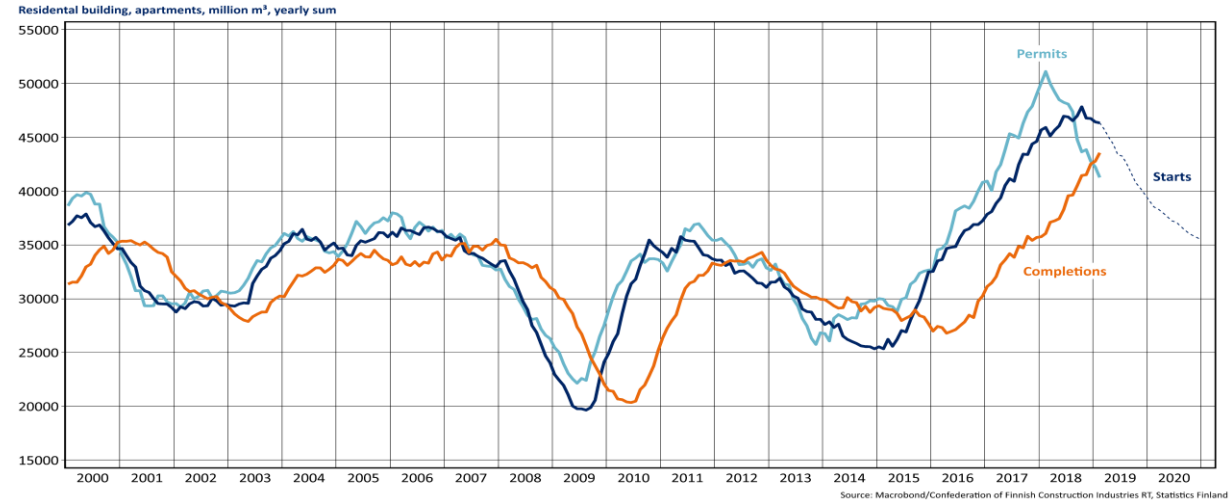
### UNSOLD COMPLETED UNITS, RESIDENTIAL DEVELOPMENT PROJECTS (units)



### PRICES OF OLD APARTMENTS IN FINLAND (index 2015=100)



### RESIDENTIAL BUILDING PERMITS, START-UPS AND COMPLETIONS (million ,m<sup>3</sup>)

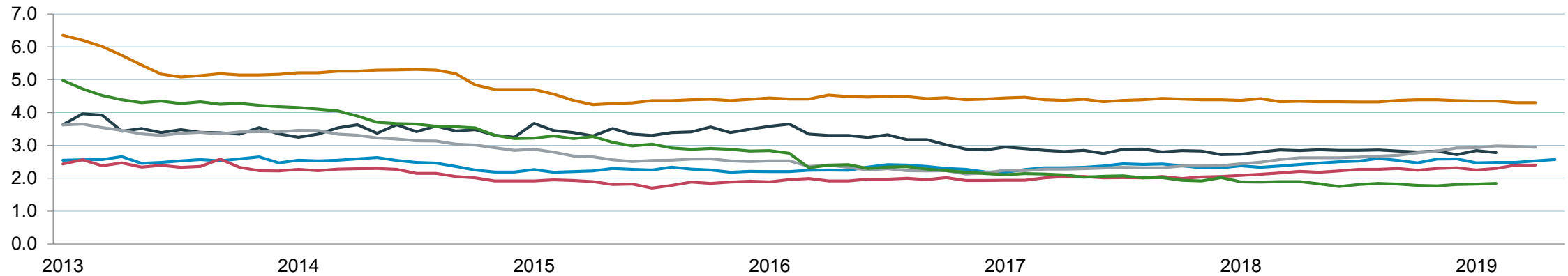


Sources: Unsold completed units, Residential building permits, Start-ups and completions: Confederation of Finnish Construction Industries RT May 2019; Prices of old apartments in Finland: Statistics Finland

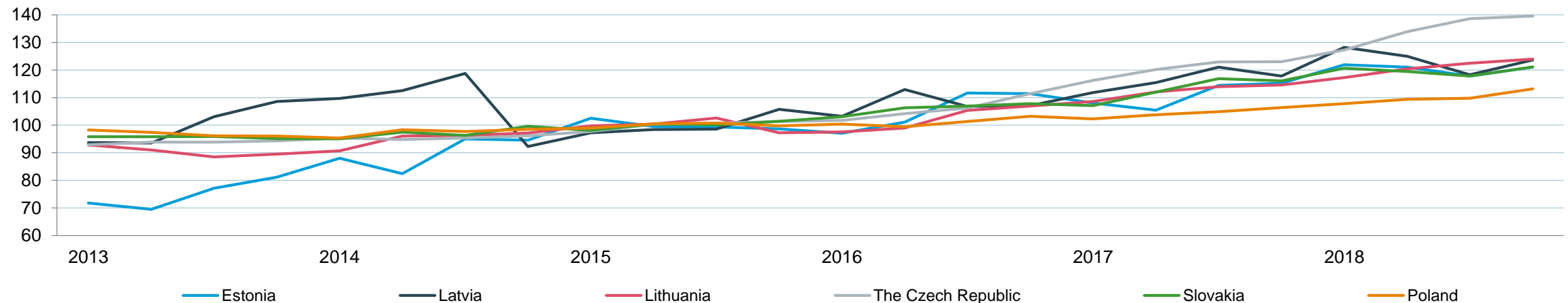
# CEE

## Operating environment in CEE

### AVERAGE INTEREST RATE OF MORTGAGES IN CEE COUNTRIES (%)



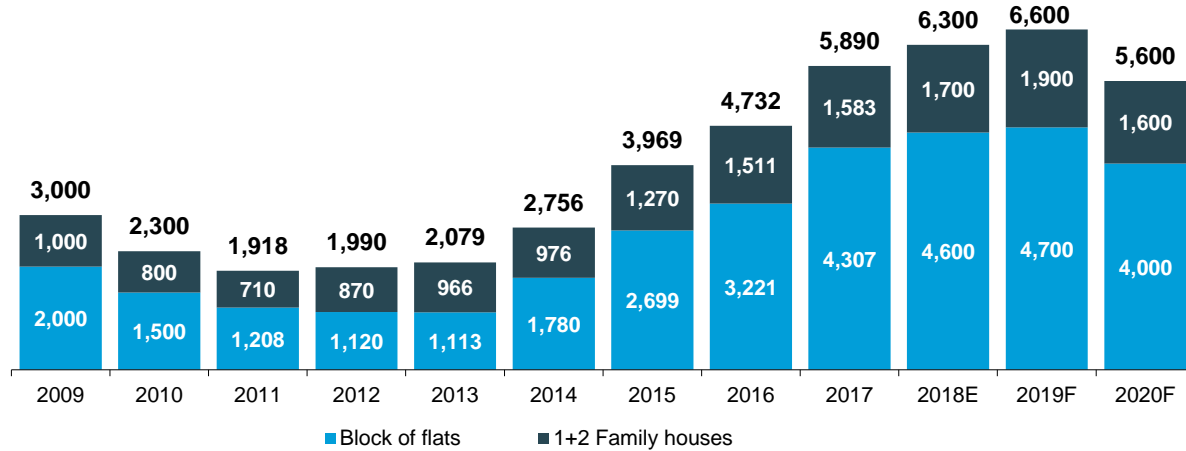
### HOUSE PRICE INDEX, NEW DWELLINGS IN CEE COUNTRIES (2015=100)



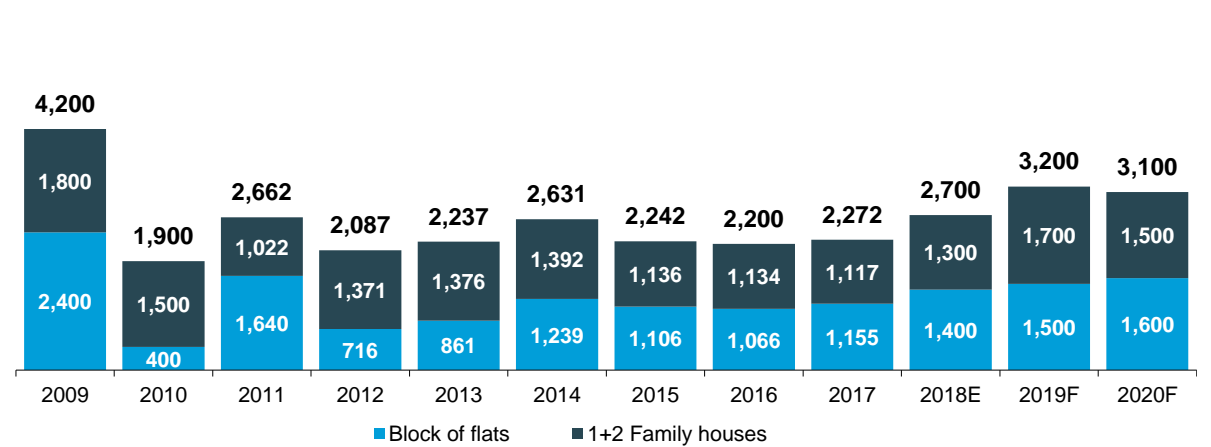
Sources: National Central Banks, Eurostat

# Residential construction expected to level off

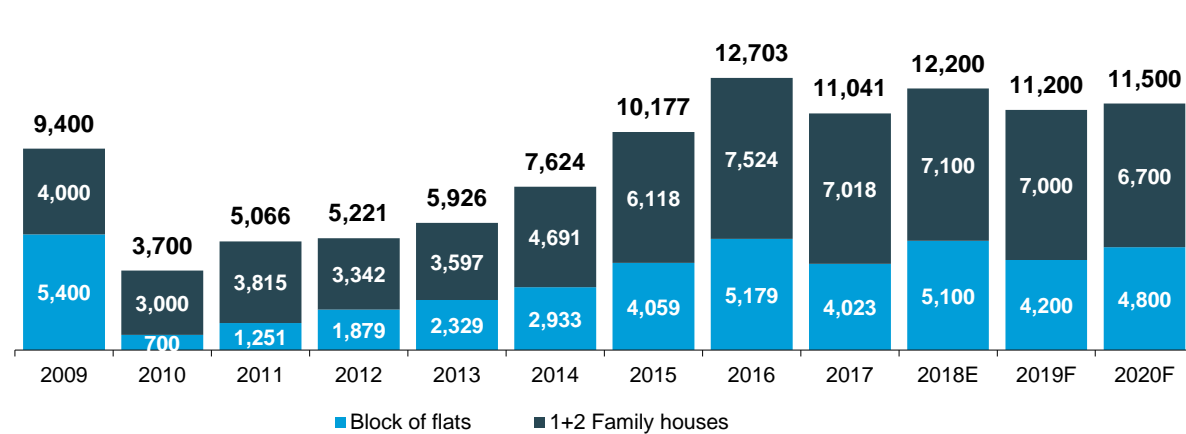
RESIDENTIAL COMPLETIONS IN ESTONIA (UNITS)



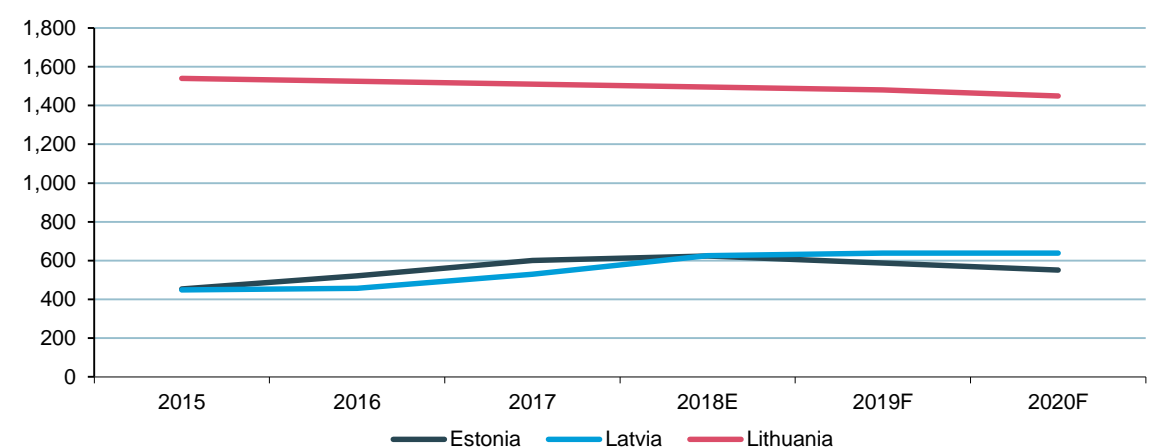
RESIDENTIAL COMPLETIONS IN LATVIA (UNITS)



RESIDENTIAL COMPLETIONS IN LITHUANIA (UNITS)



NEW RESIDENTIAL CONSTRUCTION VOLUME (EUR M at 2017 prices, excl. taxes)

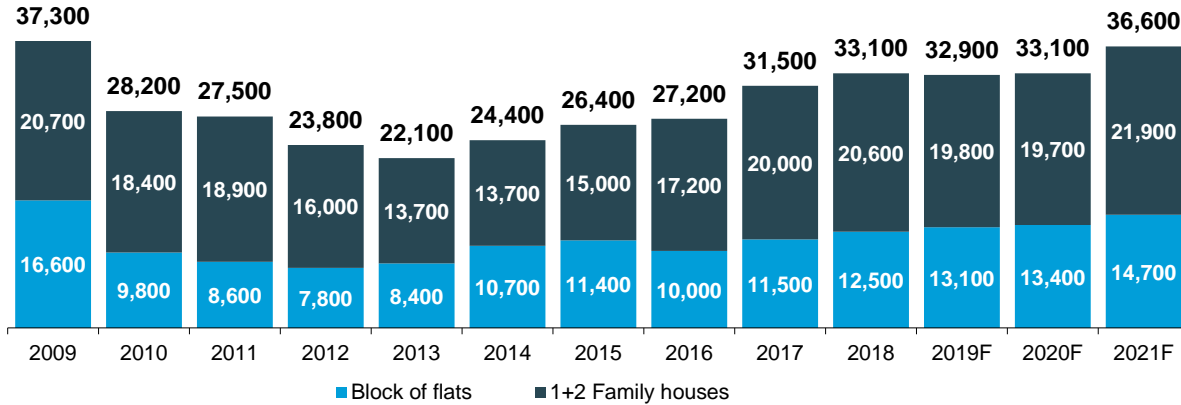


Source: Forecon, December 2018

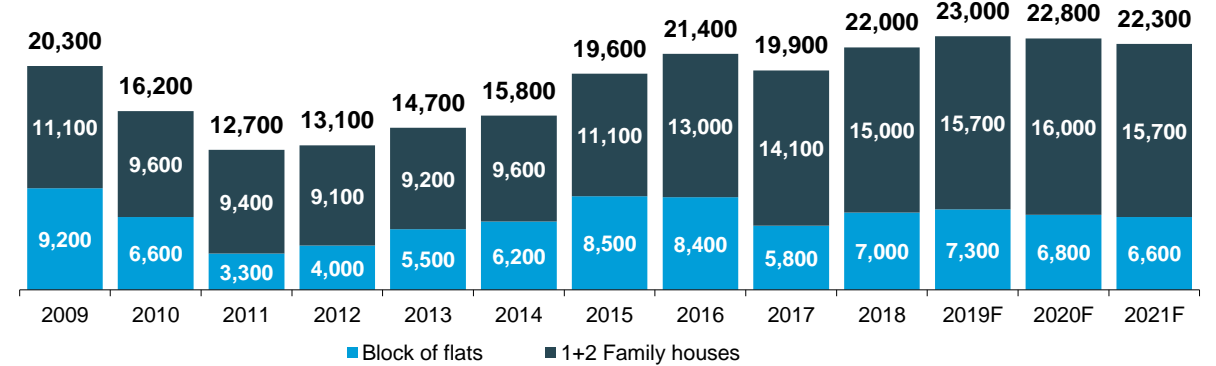
# The Czech Republic, Slovakia and Poland

## Start-ups forecasted to grow in the Czech Republic

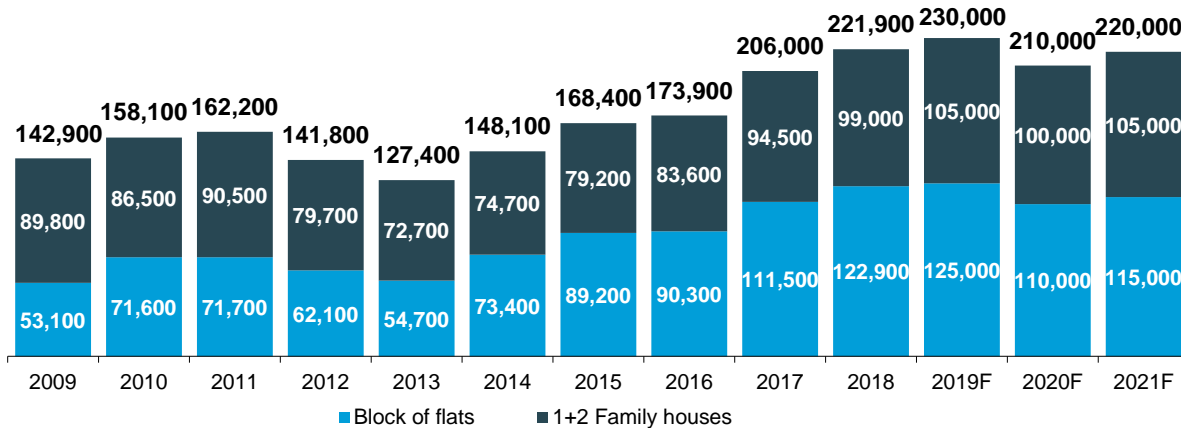
### RESIDENTIAL START-UPS IN THE CZECH REPUBLIC (UNITS)



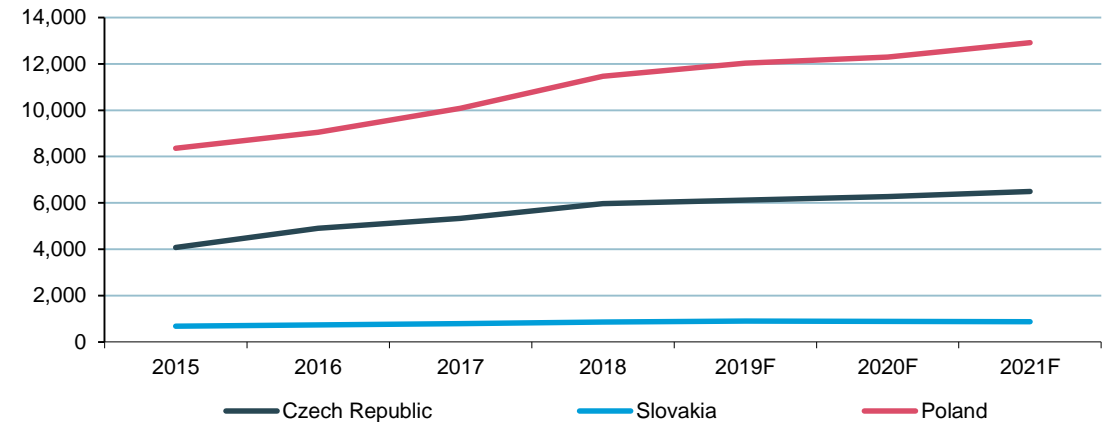
### RESIDENTIAL START-UPS IN SLOVAKIA (UNITS)



### RESIDENTIAL START-UPS IN POLAND (UNITS)



### NEW RESIDENTIAL CONSTRUCTION VOLUME (EUR MILLION at 2018 prices)



Source: Euroconstruct, November 2018

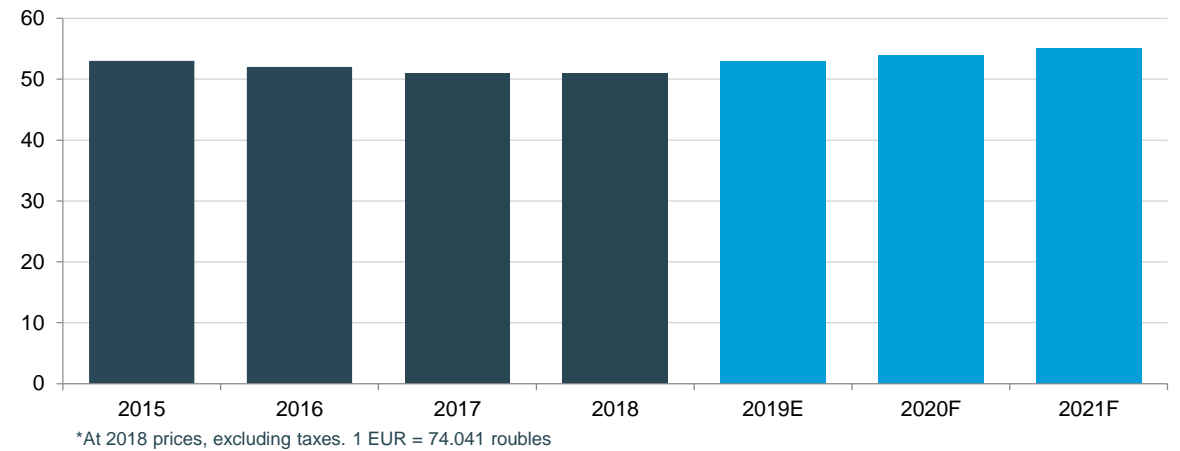
# Russia

## EUR/RUB exchange rate and housing indicators

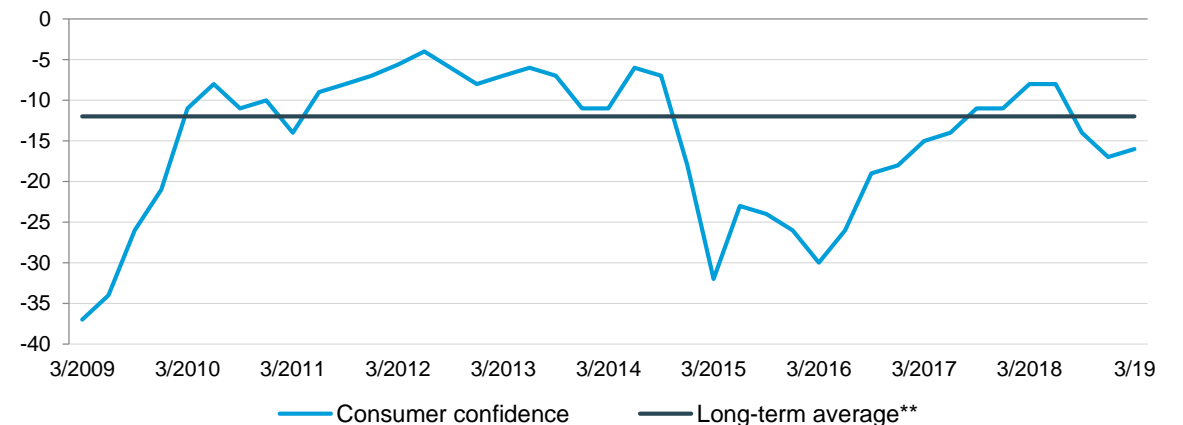
### EUR/RUB EXCHANGE RATE



### NEW RESIDENTIAL CONSTRUCTION VOLUMES (EUR billion\*)



### CONSUMER CONFIDENCE



Sources: EUR/RUB exchange rate: Bloomberg; New residential construction volume: Forecon, July 2018; Consumer confidence: Bloomberg

\*\*Average 12/1998-12/2018

# VI

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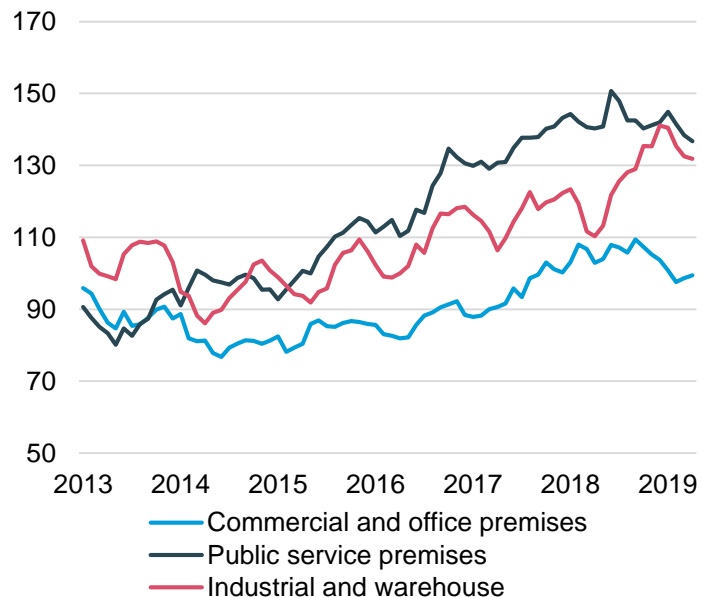
Business premises,  
infrastructure and paving  
indicators

## Group

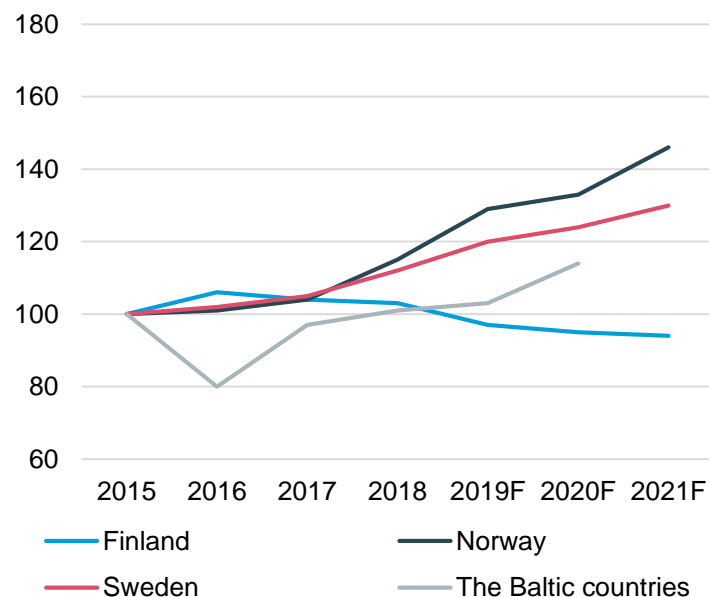
# Operating environment for business premises and infrastructure projects in Q2

- The good market in Finland continued to support public and private investments. The volume of construction on a high level.
- The rental levels remained on a good level in Finland and in the Baltic countries.
- In the Baltic countries and in Slovakia, investor demand for business premises was good.
- In Sweden and Norway, the infrastructure market remained strong, and there are several major infra projects and industrial investments ongoing or planned in both countries.
- In Finland, the infrastructure construction outlook has improved following the new government policy and the additional state budget approved in June.

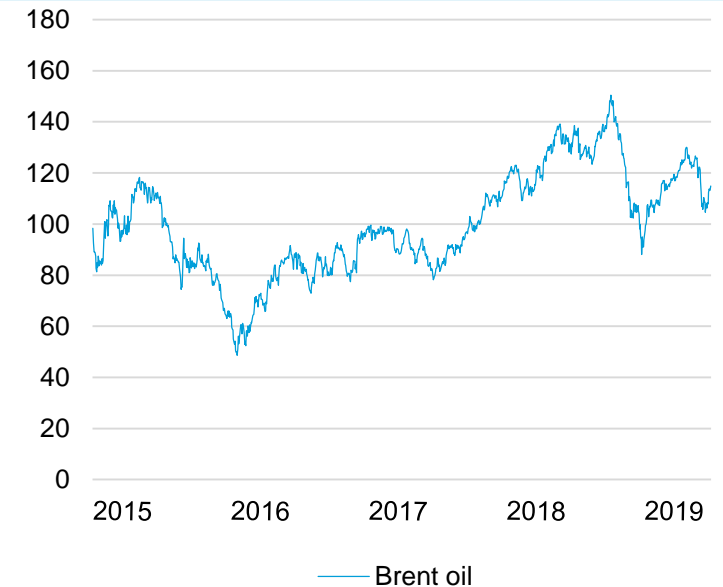
### VOLUME OF NEW CONSTRUCTION IN FINLAND (index 2010=100)



### INFRASTRUCTURE MARKET (index 2015=100)



### BRENT OIL PRICE DEVELOPMENT (index 2015=100)

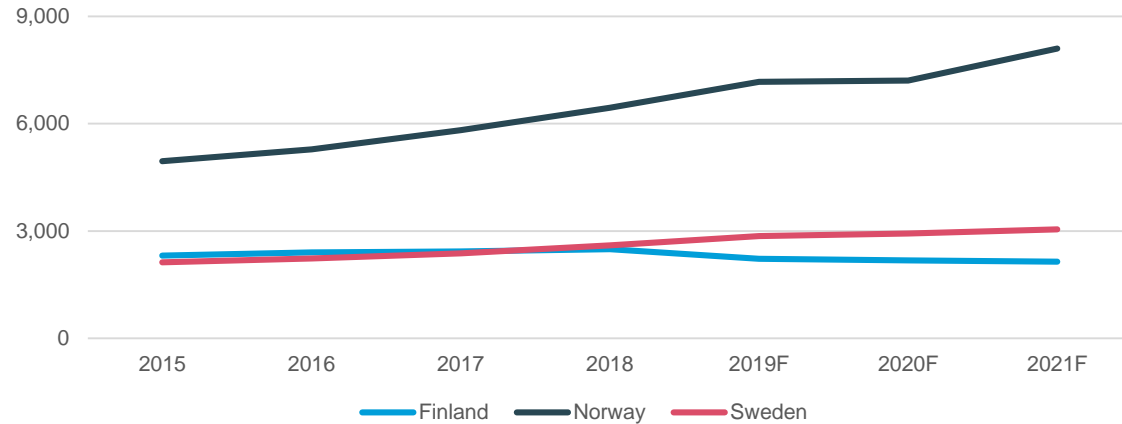


Sources: Statistics Finland, Euroconstruct, November 2018, Bloomberg

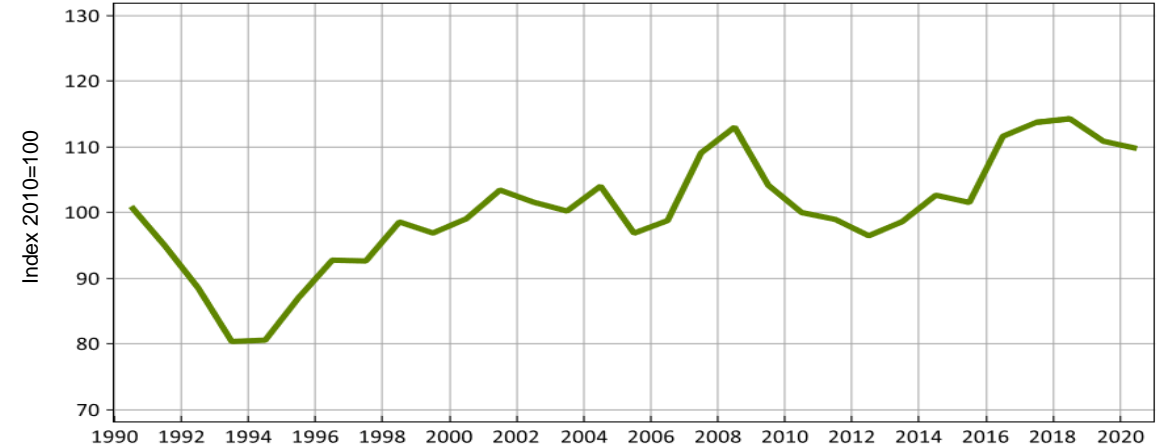
# Infrastructure and business premises

## Operating environment

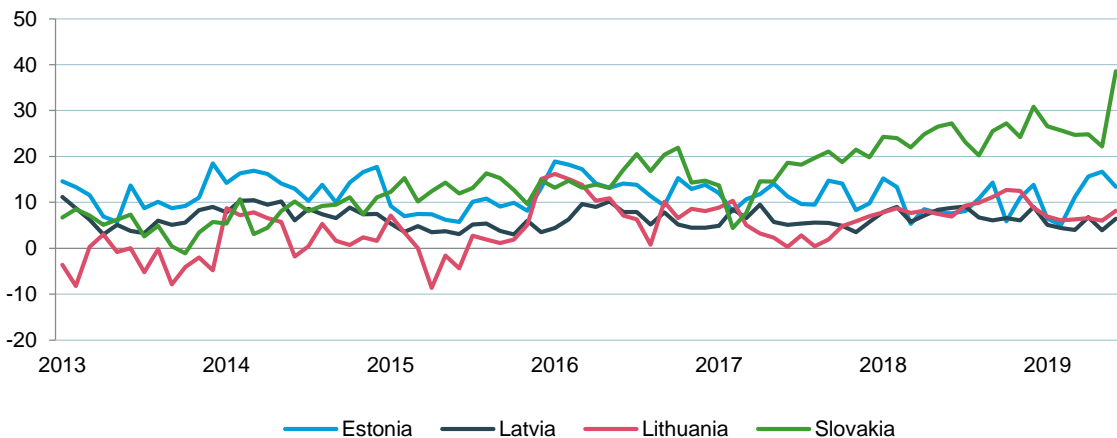
### TRANSPORT INFRASTRUCTURE, ROADS (EUR million at 2018 prices)



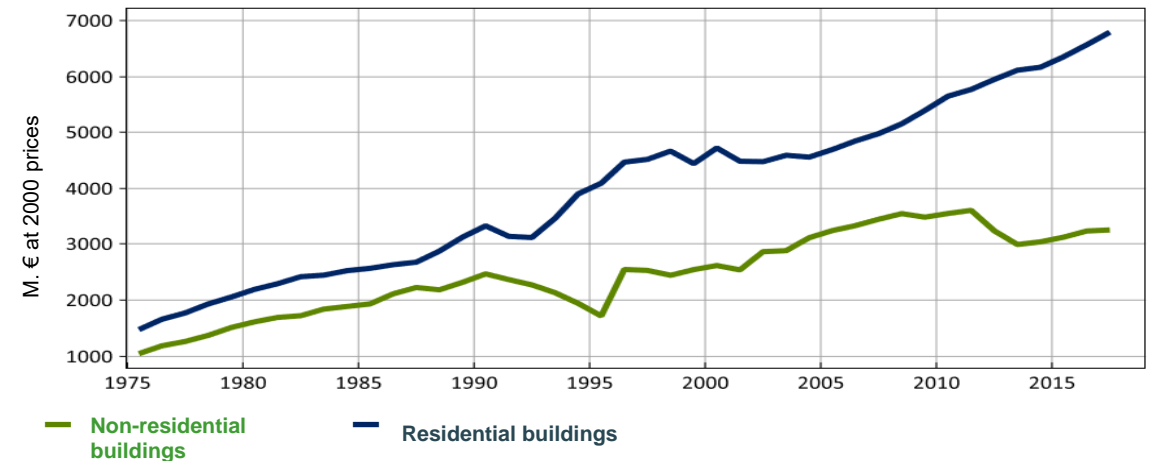
### CIVIL ENGINEERING INVESTMENT VOLUME IN FINLAND



### RETAIL TRADE CONFIDENCE IN BALTIC COUNTRIES AND SLOVAKIA



### RENOVATION AND MODERNISATION OF BUILDING CONSTRUCTION IN FINLAND



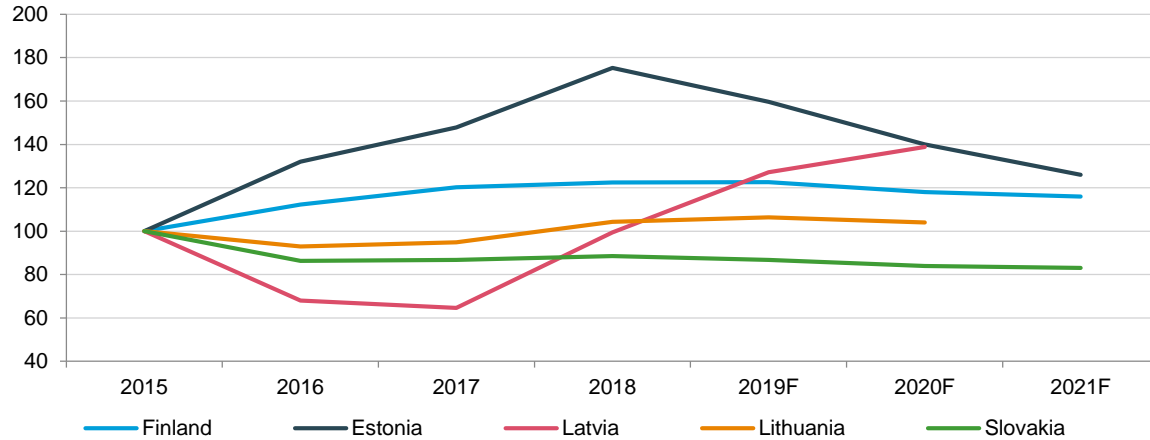
Sources: Euroconstruct June 2019, Civil engineering investment volume and renovation: Confederation of Finnish Construction Industries RT April 2019, Retail trade; European commission



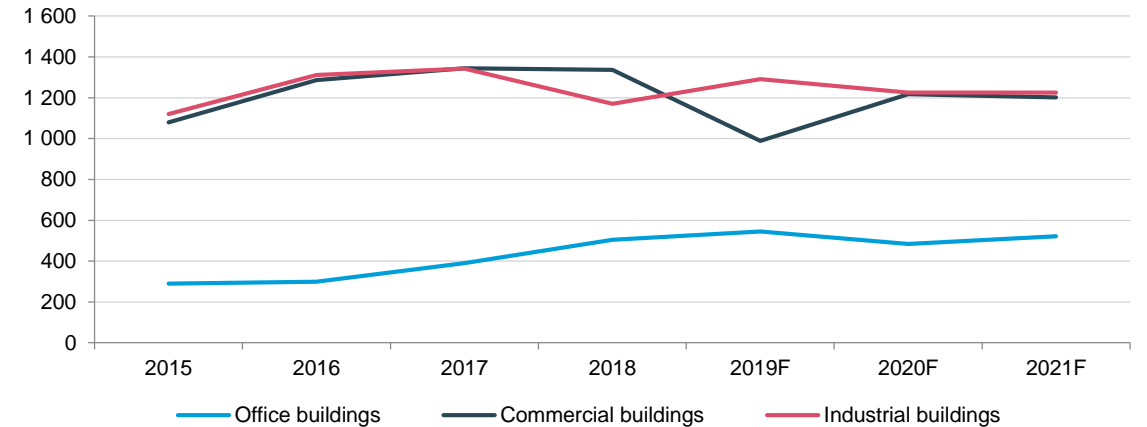
# Finland, Baltic countries and Slovakia

## Non-residential construction volumes

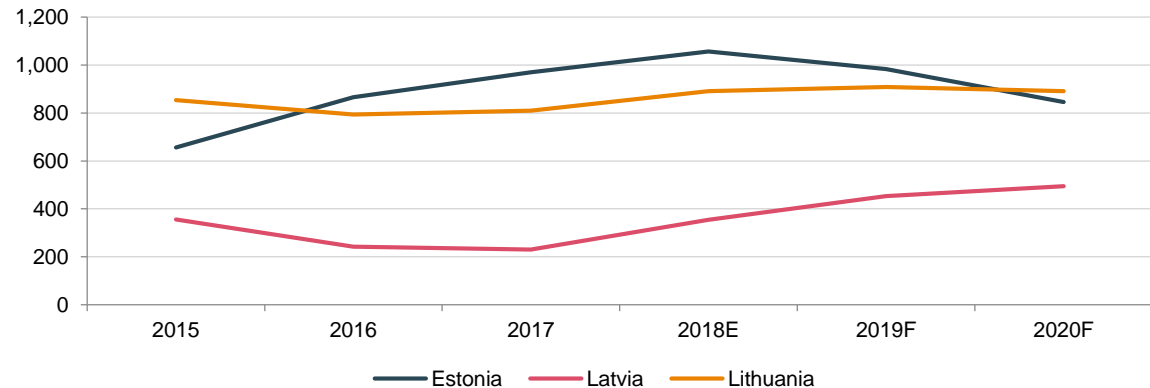
### NEW NON-RESIDENTIAL CONSTRUCTION VOLUMES (index 2015=100)



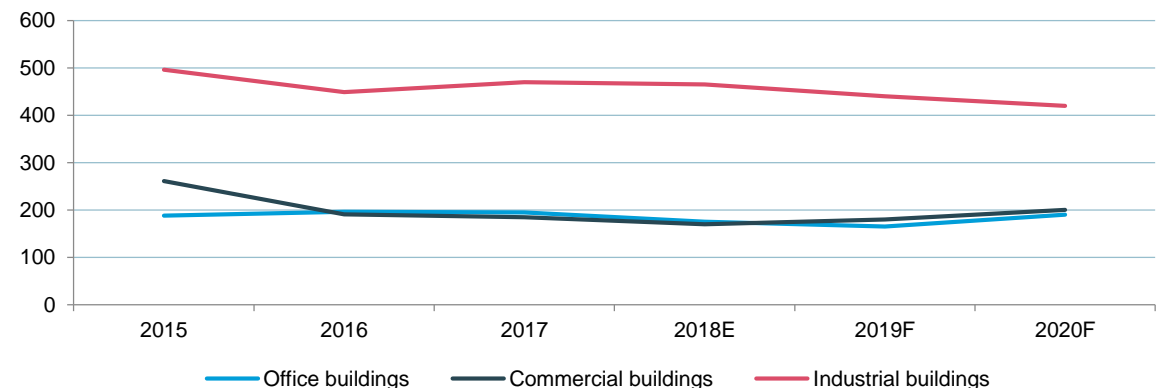
### NEW NON-RESIDENTIAL CONSTRUCTION IN FINLAND (EUR million at 2018 prices)



### NEW NON-RESIDENTIAL CONSTRUCTION IN BALTIC COUNTRIES (EUR million at 2017 prices)



### NEW NON-RESIDENTIAL CONSTRUCTION IN SLOVAKIA (EUR million at 2017 prices)

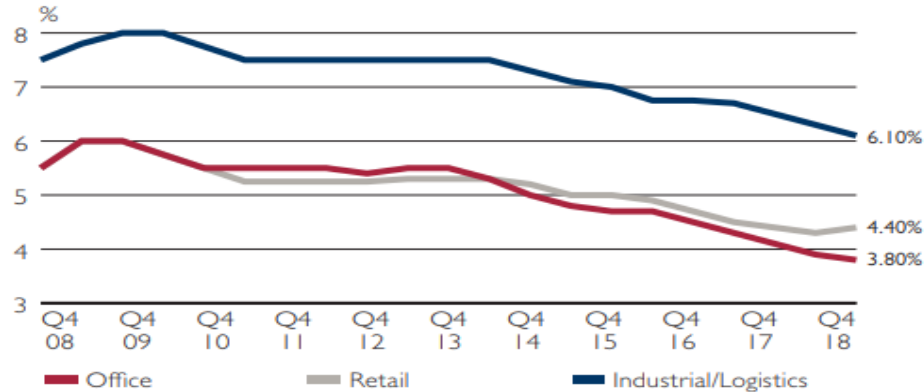


Sources: Euroconstruct, June 2019 and Forecon, June 2019

# Finland

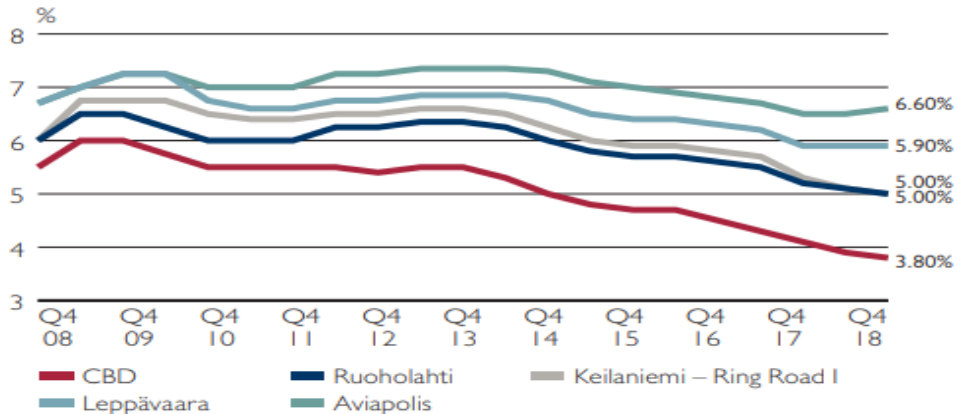
## Yields and transaction volumes in Finland

### PRIME YIELDS IN THE HELSINKI METROPOLITAN AREA (%)



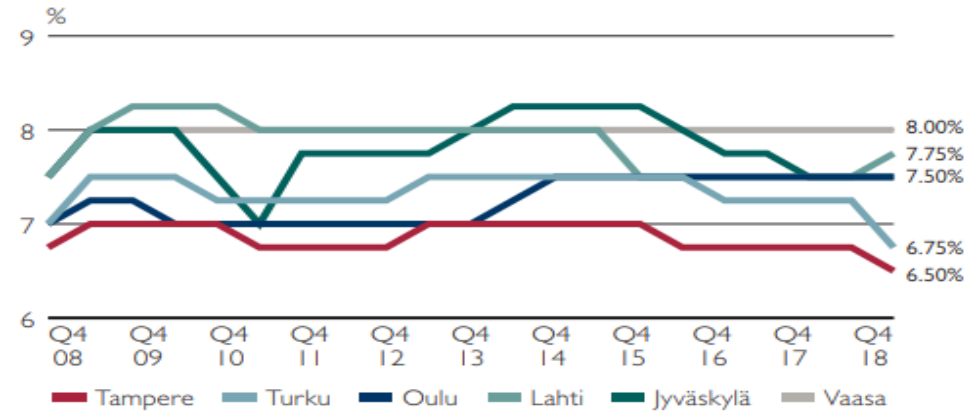
Particularly long lease agreements currently decrease yields by approximately 0.1–0.5% points in the Helsinki CBD and 0.1–0.7% points in other submarkets.

### OFFICE YIELDS IN THE HELSINKI METROPOLITAN AREA, (%)



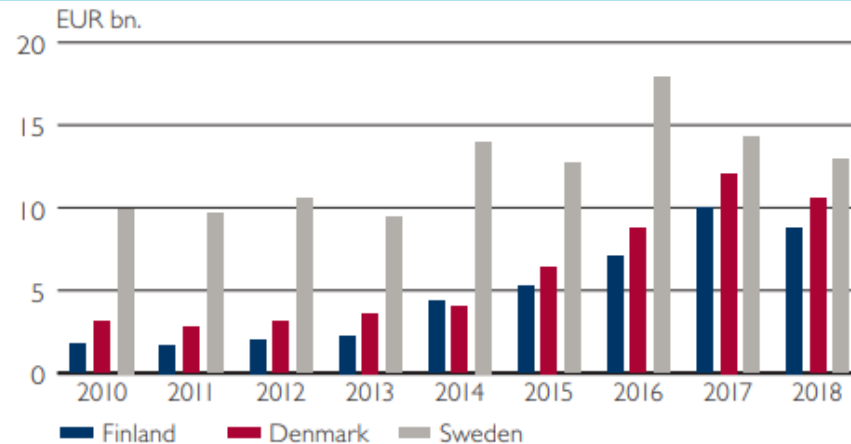
Particularly long lease agreements currently decrease yields by approximately 0.1–0.5% points in the Helsinki CBD and 0.1–0.7% points in other submarkets.

### PRIME YIELDS IN GROWTH CENTRES, (%)



Particularly long lease agreements currently decrease yields by 0.1–0.7% points.

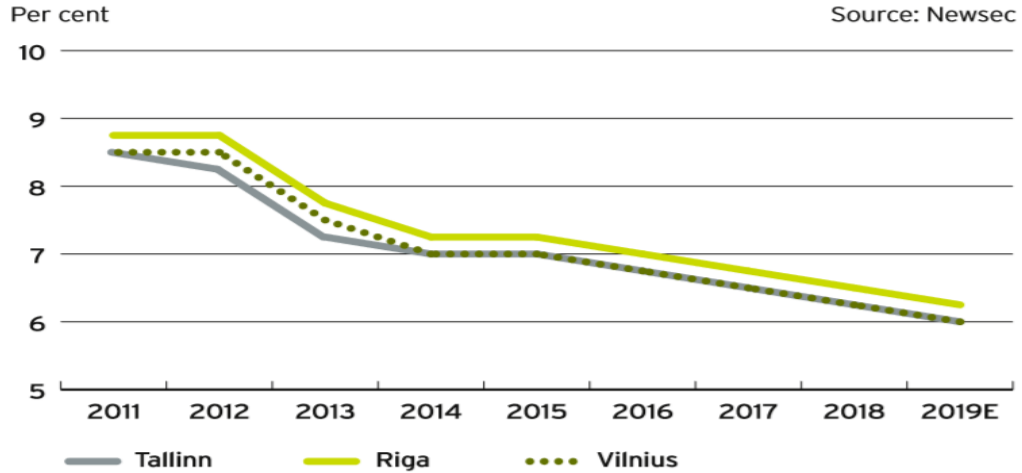
### TRANSACTION VOLUME IN FINLAND, DENMARK AND SWEDEN, (EUR bn)



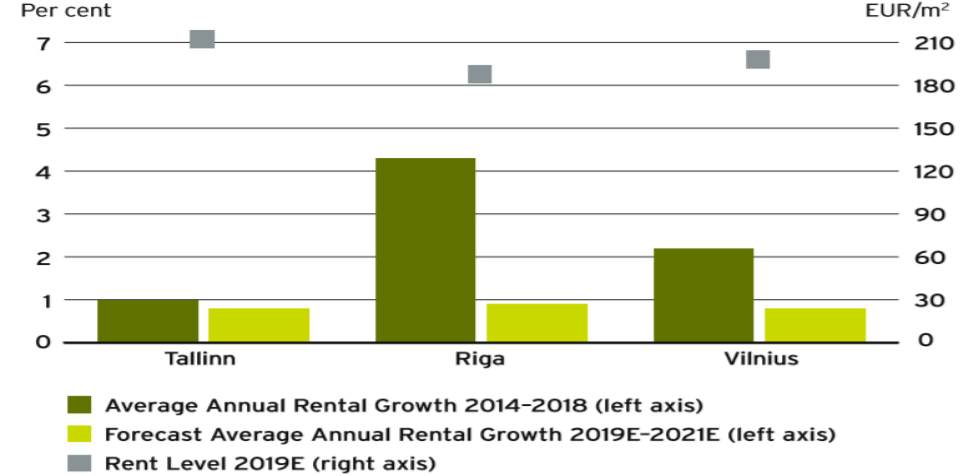
# Baltic countries

## Yields expected to decrease slightly

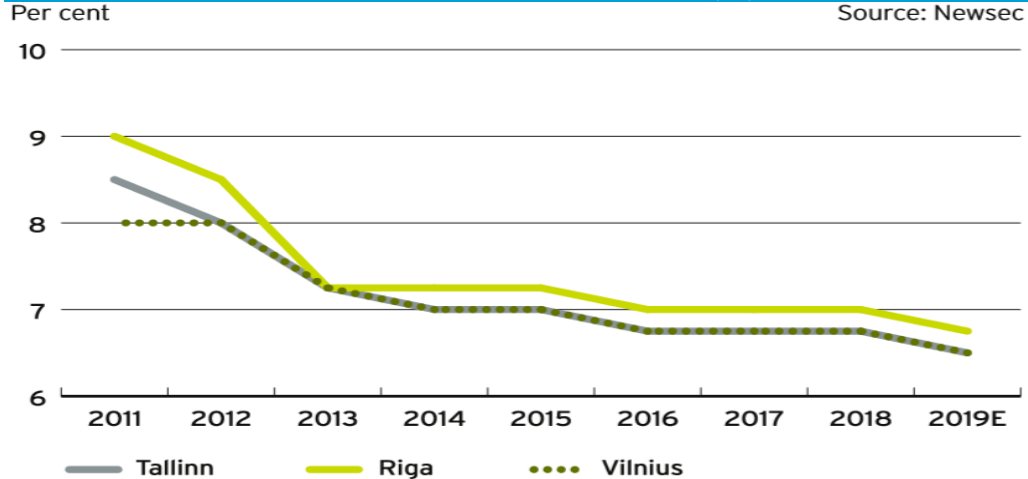
### PRIME OFFICE YIELDS IN BALTIC COUNTRIES (%)



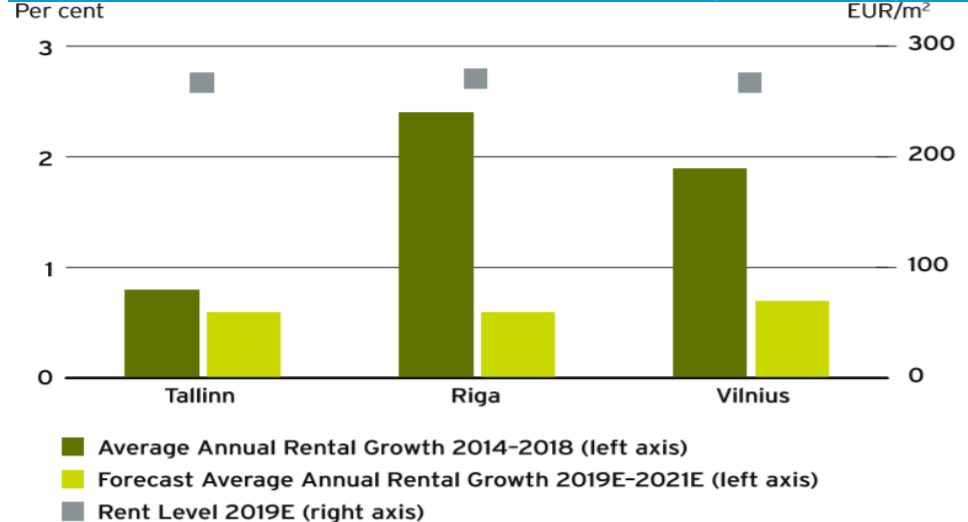
### PRIME OFFICE RENTS IN BALTIC COUNTRIES (% , EUR/sq.m)



### PRIME RETAIL YIELDS IN BALTIC COUNTRIES (%)



### PRIME RETAIL RENTS IN BALTIC COUNTRIES (% , EUR/sqm)



# Additional information

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