



Review by the President & CEO

Annual General Meeting March 18, 2014

Kari Kauniskangas
President & CEO



Novo Orlovsky
St. Petersburg, Russia

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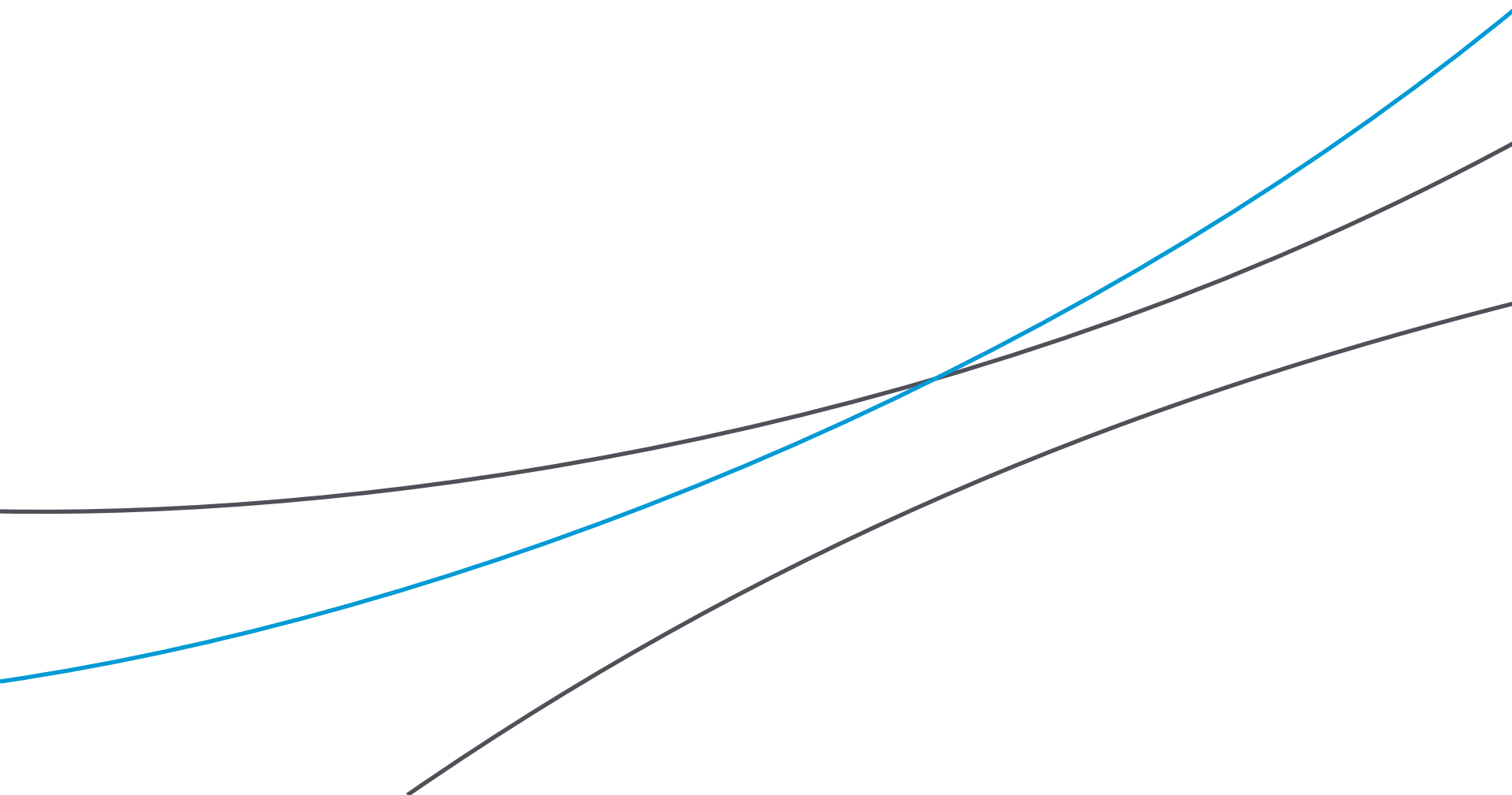
- 2013 in brief
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Note: Figures in this presentation are related to construction business ie. continuing operations, unless otherwise stated



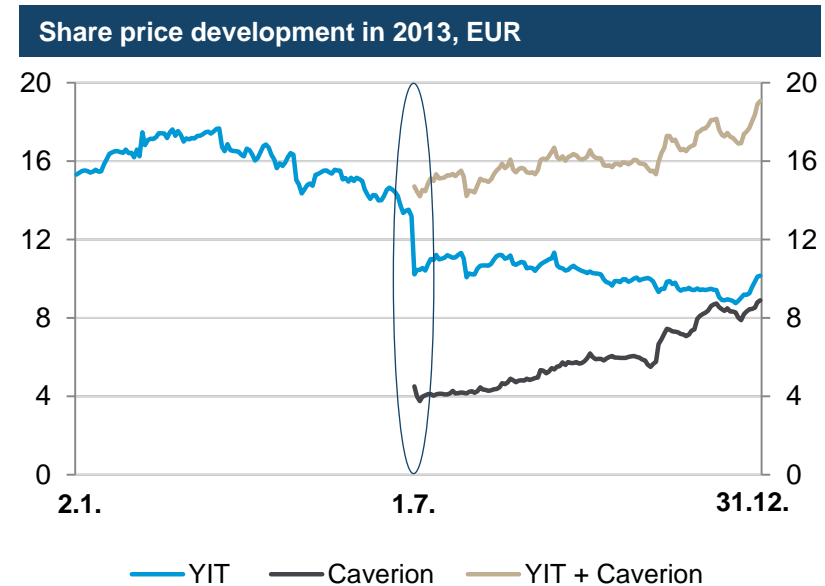
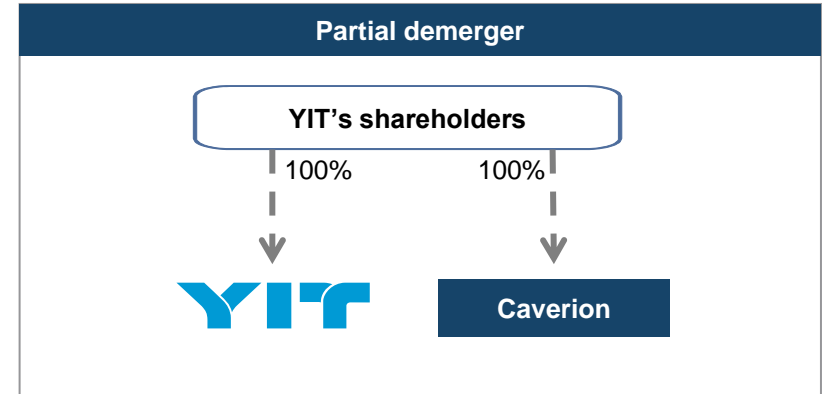
Ramenskoye
Moscow region, Russia

2013 in brief

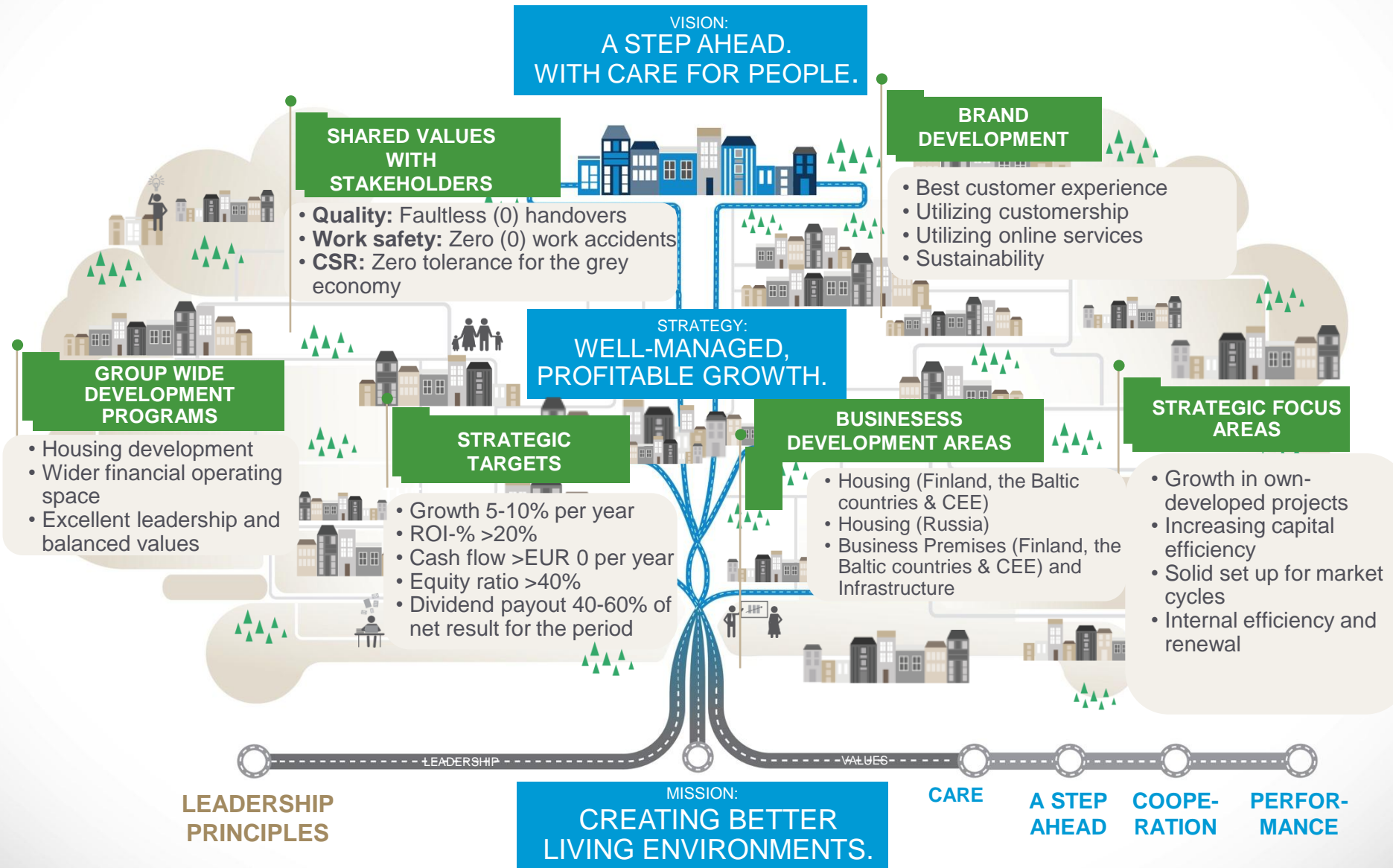


The demerger created shareholder value

- YIT demerged into two separate listed companies on June 30, 2013
 - YIT continued to provide construction services
 - Building services were transferred to a new company, Caverion
- The companies have different strategies, geography and business model, and management is now also more focused
- A lot of work was required to implement the demerger
 - Ensuring financing for both companies
 - Planning and staffing of the new organisations
 - Preparing the separation of information systems and start of implementation
- The demerger was carried out successfully and at a record pace



Uuden YIT:n strategia



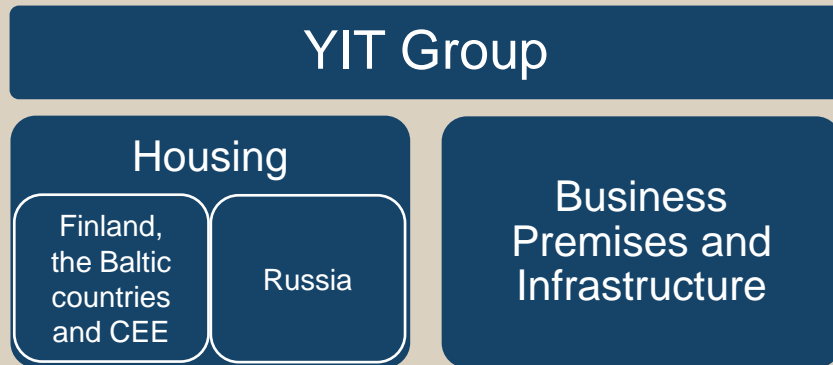
Key successes in the strategy implementation

- In 2013, YIT succeeded in implementing its strategy in a number of operating areas
 - Winning the PasilaOne design and implementation tender with the Tripla proposal
 - Confirmation of the city plans for a number of large area development projects
 - Novo-Orlovski and Smolny in St. Petersburg, Russia
 - Ranta-Tampella in Tampere, Finland
 - A number of significant area development plot acquisitions in Finland, Russia and Slovakia
 - In infrastructure construction, own-developed projects progressed well
 - Development rights to three wind power parks
 - Pilot projects for new parking solutions
 - Very high-quality project execution
 - The E18 Koskenkylä–Kotka life cycle project was selected as “Construction Site of the Year” in Finland
 - YIT was selected as the best real estate developer for 2013 in Latvia, and YIT’s first residential development site in Slovakia was selected as the “Residential Site of the Year”



New segment structure and composition of the Group Management Board

- Group structure as of January 1, 2014



- The changes are aimed at facilitating the effective implementation of the company's strategy as well as an increasingly customer-focused operating model
- The 2013 comparison figures for the new segment structure will be published in March 2014



Kari Kauniskangas
President and CEO
Head of Housing



Tero Kiviniemi, EVP
Head of Business
Premises and
Infrastructure



Teemu Helppolainen
Head of business
area Russia



Timo Lehtinen
CFO



Juhani Nummi
Business
Development



Pii Raulo
HR



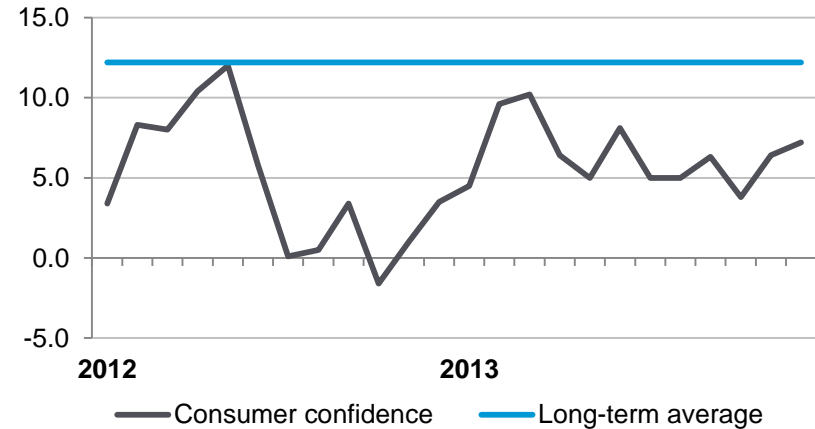
The extended management board additionally includes heads of Business Divisions:

- Jouni Forsman
- Harri Isoviita
- Matti Koskela
- Timo Lehmus
- Tom Sandvik
- Mikhail Voziyanov

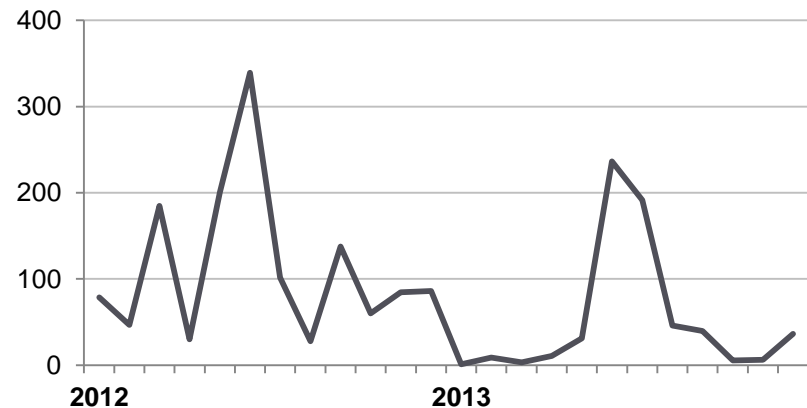
Exceptional market environment in 2013 (Finland)

- Turbulence in the Finnish residential market
 - Change in asset transfer tax caused a sales peak and sales slump in consumer sales
 - Access to and terms of financing to consumers impaired year-on-year
 - Macroeconomic weakness and negative economic news affected consumer confidence
 - Consumer sales fell a quarter short of the previous year and demand focused on apartments in blocks-of-flats
 - Investor sales compensated for the soft consumer sales (residential property funds and investors)
- The business premises market was weak throughout the year
 - Not a single office building start-up in Helsinki
 - However, tenants still need space
 - Growth in online trade has effects on the sales of consumer goods and the need for retail space
 - Investors' yield requirements have increased slightly, even though the general of interest rate level is low

Consumer confidence in Finland*



Building permits granted to offices in Finland, thousand m3*



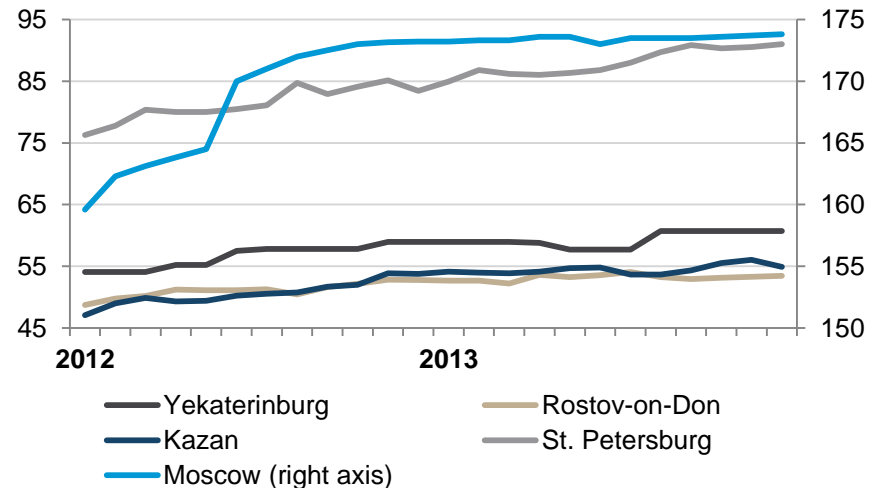
Residential sales continued well in other countries (Russia, the Baltic countries and CEE)

- Strong demand for housing continued in Russia
 - Housing prices remained stable for the last 9 months (market prices increased by 8–12% in 2012)
 - YIT was not able to increase prices as planned
 - Cost inflation continued at a rate of approximately 6%
- Changes in the smoothness of permit processes
 - The permit process in St. Petersburg clarified and began functioning from YIT's point of view
 - In the Moscow Oblast, the permit process changed and slowed down as a result of the change of governor
- The Russian ruble weakened by almost 20% during the year (11% on average)
- Favourable development in the Baltic countries and Central Eastern Europe
 - Housing generated more than one half of YIT's revenue
 - GDP growth accelerated in the Baltic countries
 - The situation remained unchanged in Slovakia and the Czech Republic, with GDP growth at approximately 0%

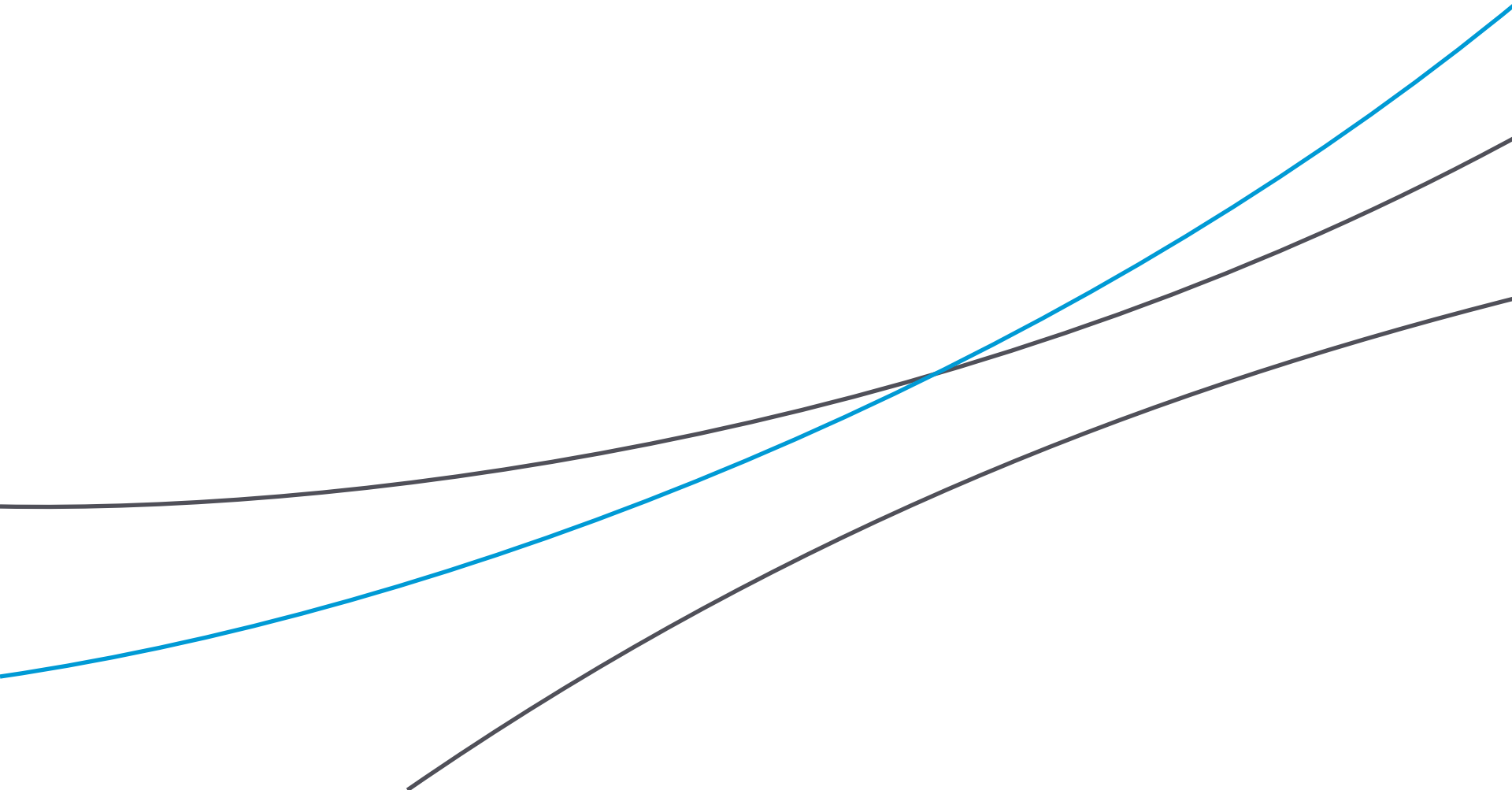
Foreign exchange rate effects in 2013 (EUR million)*

Revenue, POC	-30.6
Operating profit, POC	-4.7
Order backlog, POC	-140.1
Equity, IFRS (translation difference)	-50.3

Housing prices in Russia, RUB thousand



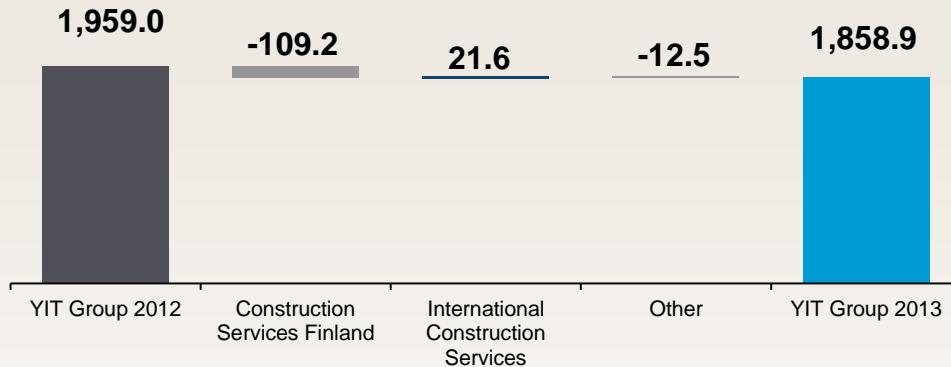
Financial Statements 2013



Revenue and operating profit declined

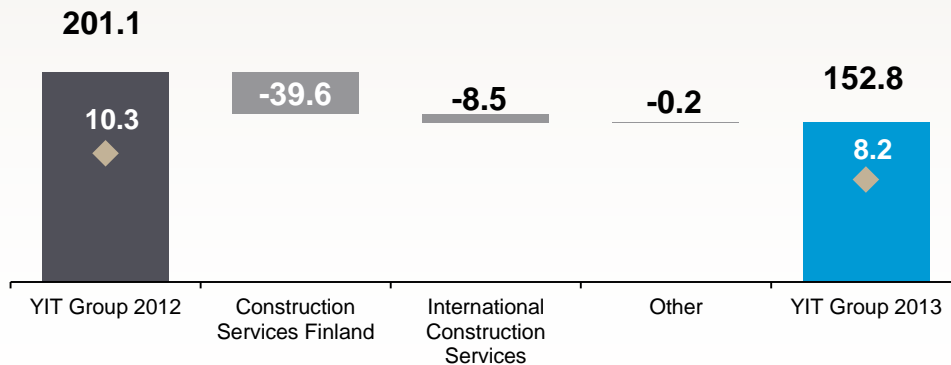
Revenue (EUR million)

Change 2012 – 2013: -5%



Operating profit (EUR million) and operating profit margin (%)

Change 2012 – 2013: -24%



◆ Operating profit margin

All figures according to segment reporting (POC)

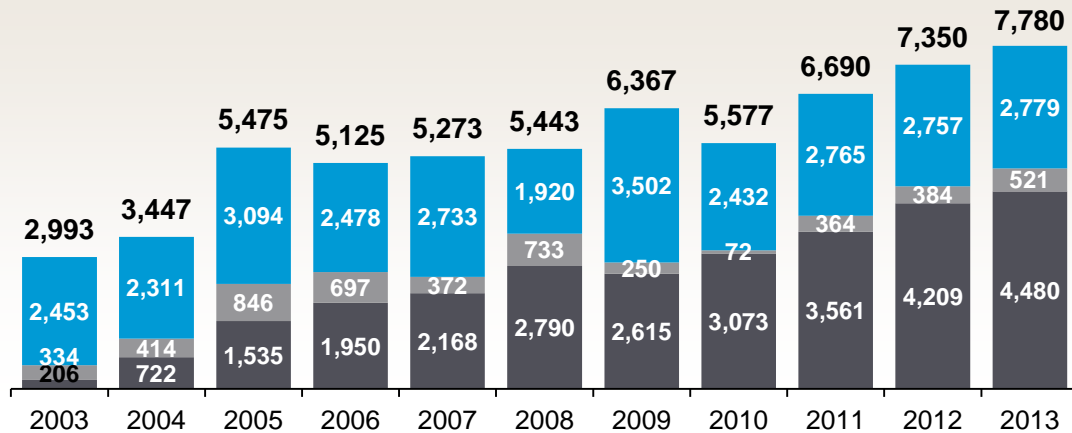
Note: A EUR 10.0 million cost provision covering costs related to the ammonia case in St. Petersburg was made in Q3/11. EUR 7.0 million of the provision was released in Q3/12.

EUR 1.2 million non-recurring restructuring costs in Q4/13, of which EUR 1.0 million allocated to Construction Services Finland

- Good results in Infra Services in Finland
- Both revenue and operating profit were negatively affected by the weak business premises market in Finland
- Consumers housing demand was sluggish
 - Investor sales, particularly to new housing funds, compensated for the weakened consumer sales volumes
- Housing sales volume continued to developed well in Russia
- Tendering volumes decreased in the Baltic countries and focus was shifted to own-developed housing production
- Weakening of the ruble affected revenue and operating profit in euros

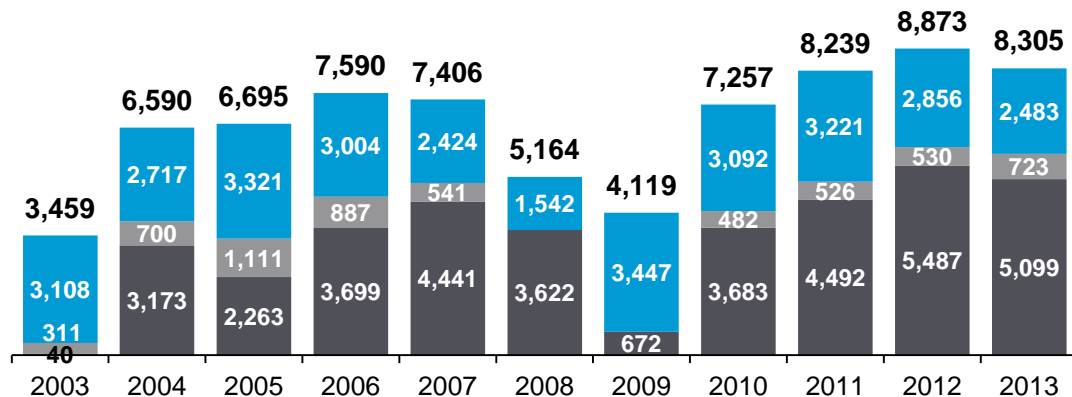
Sales volume increased – Start-ups adjusted according to demand

Sold apartments (pcs)



Start-ups (pcs)

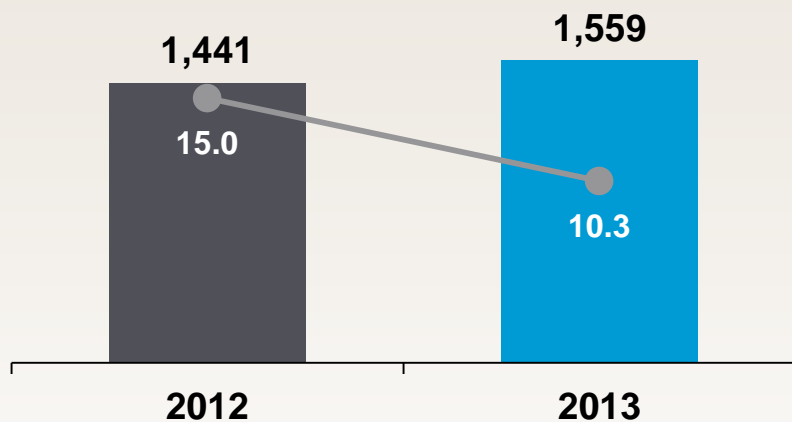
■ Russia ■ The Baltic countries and CEE ■ Finland



- Housing sales increased 6% y-o-y
- Investor deals compensated for sluggish consumer sales in Finland
- Amount of housing sales financed with mortgages remained on a good level in Russia (44%)
- Start-ups declined slightly y-o-y
 - Start-ups in Finland were adjusted to weaker consumer demand
 - Delays in the authorities permitting process affected the number of start-ups in Russia
 - Start-ups increased in the Baltic countries and CEE according to demand

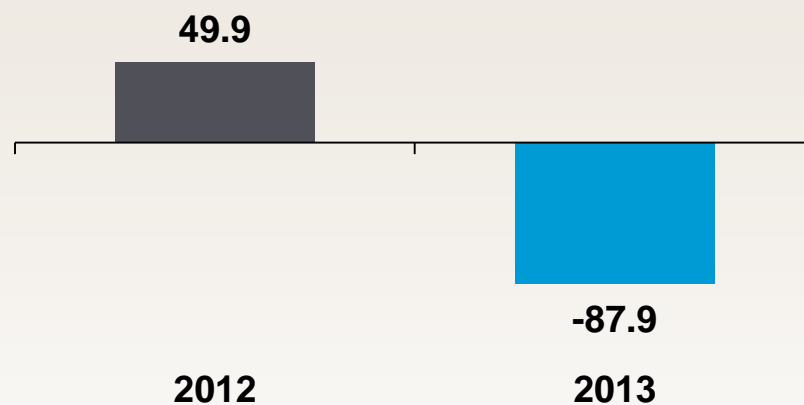
Capital was tied up in own-developed projects especially in Finland

Invested capital and ROI
(EUR million, %)



- ROI was negatively affected by the increase in invested capital and the y-o-y lower operating profit

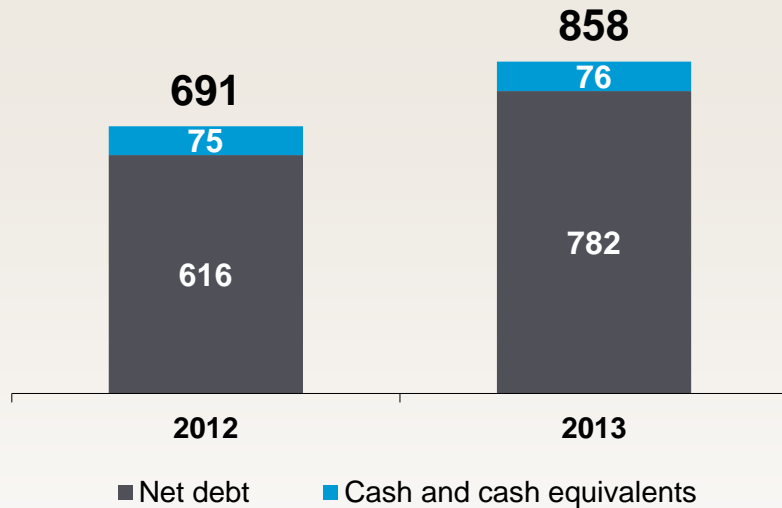
Operating cash flow after investments
(EUR million)



- Working capital increased as capital was tied up in ongoing and completed production
 - Growth was attributed especially to Finnish housing and own-developed business premises projects
- Cash flow of plot investments EUR 171 million in 2013
- Strong cash flow in Q4: thanks to active sales measures

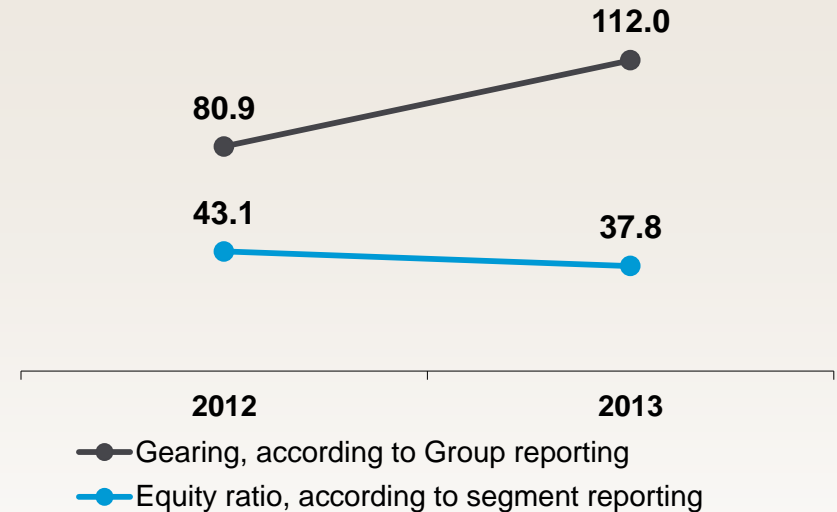
Debt increased in 2013 – Liquidity position remained strong

Interest bearing debt, IFRS (EUR million)



- Debt increased as capital was tied up in Finland
 - Ongoing own-developed business premises projects
 - Completed unsold apartments
- Trend turned in Q4 with own active measures that continue

Gearing and Equity ratio (%)



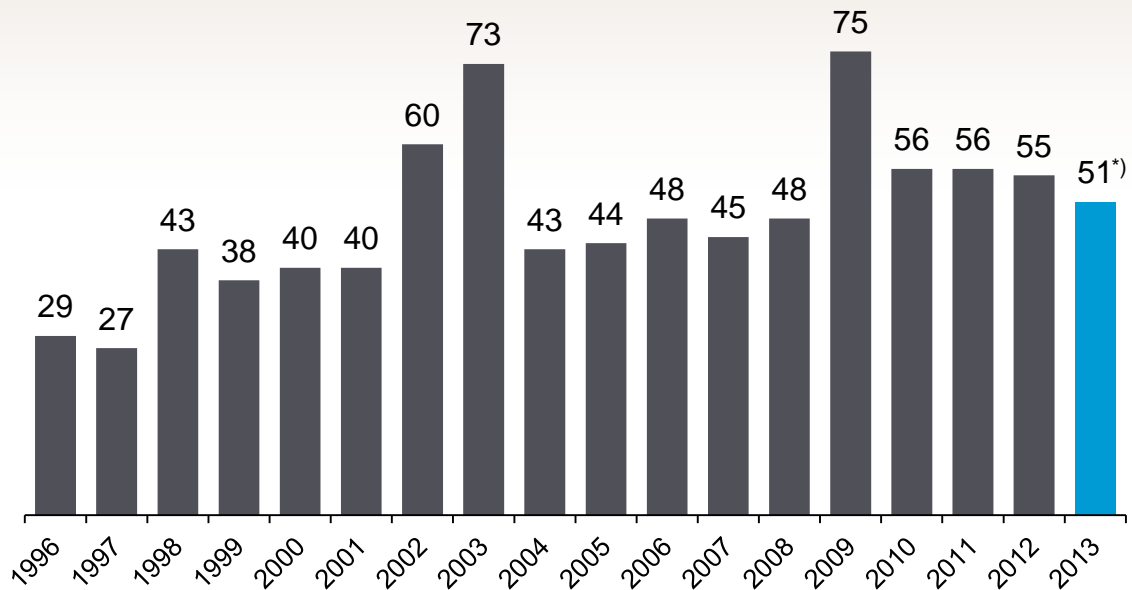
- Liquidity secured
 - Liquidity buffer EUR 365 million and cash and cash equivalents EUR 76 million (12/13)
 - New loan agreement signed in January 2014, undrawn amount EUR 62 million
- Decreasing gearing is an important target

The Board's proposal to AGM: Dividend of EUR 0.38 per share

Payout ratio

Percent

Note: Historical figures are YIT Group pre demerger

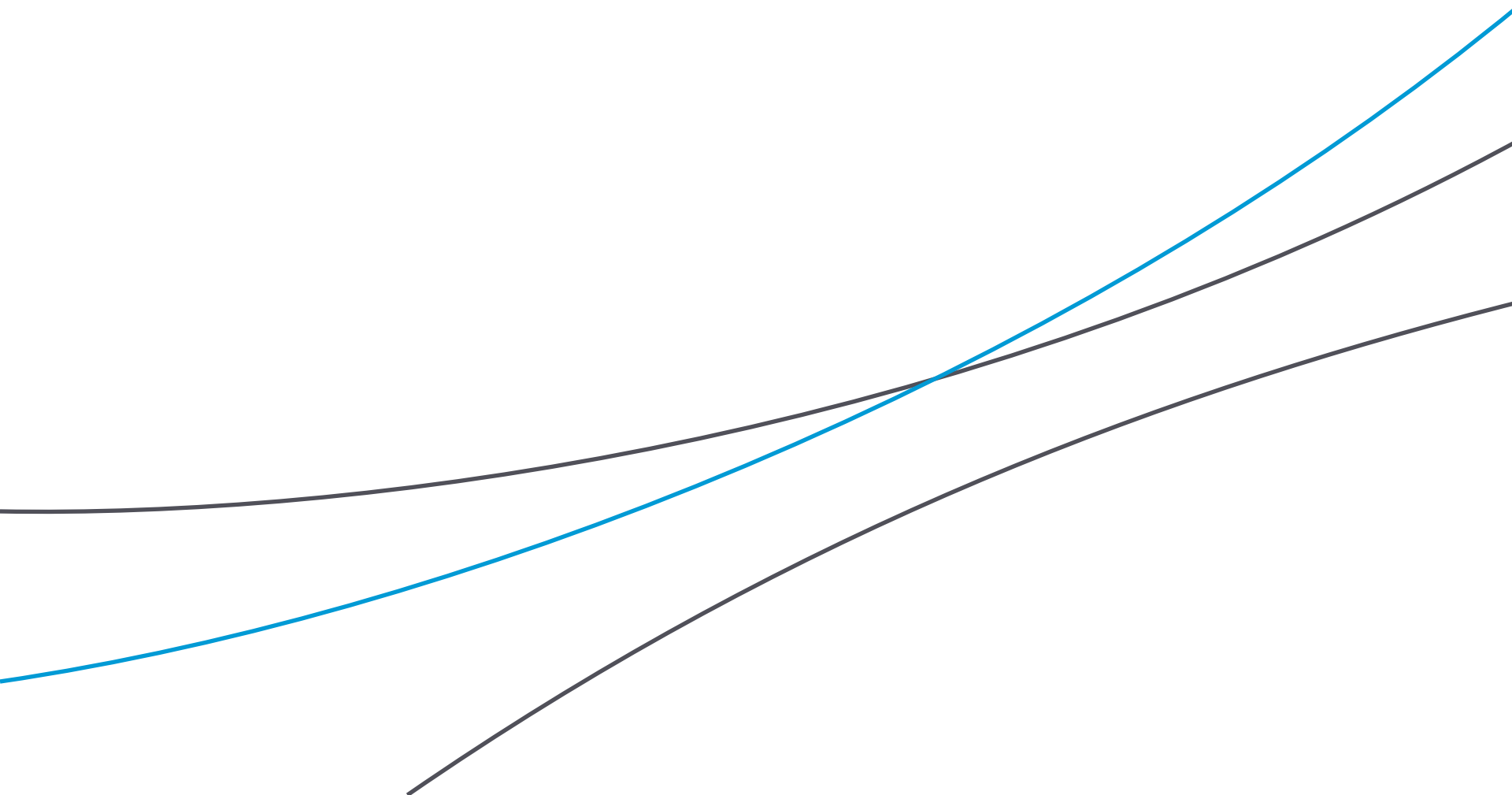


^{*)} Proposed by the Board

**Strategic target: Dividend payout
40-60% of net result**

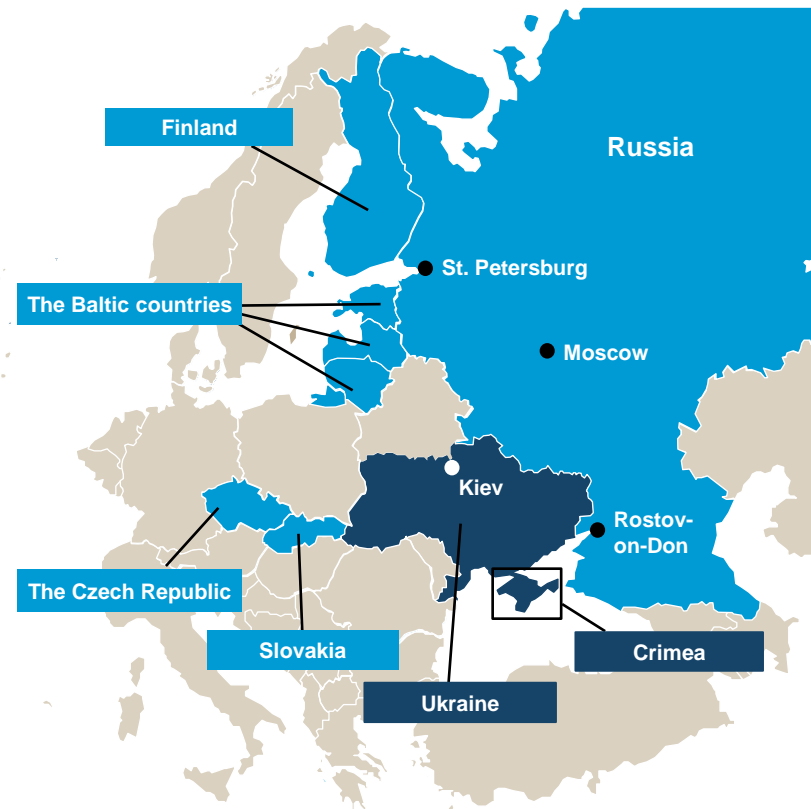


Outlook 2014



Impacts of the Ukrainian crisis for YIT

- Effects of the crisis
 - Increased uncertainty
 - The ruble exchange rate (RUB:EUR) has weakened clearly
 - The Central Bank of Russia has increased its benchmark interest rate
 - It is apparent that sanctions, incl. economic sanctions, will be set
- Immediate effects on YIT
 - The devaluation of the ruble decreases YIT's euro-denominated revenue, profit, balance sheet and equity (no impact on profitability)
 - Hedging costs for Russian investments have risen as the interest rate difference has increased
 - Mortgage interest rates for our customers in Russia have so far remained unchanged (ca 11.5–12.0%)
 - So far, the crisis has not had a negative effect on YIT's residential sales in Russia
 - Impacts of the potential sanctions are unpredictable
 - It is apparent that if the crisis continues it will affect YIT's business operations



Key priorities in 2014

1 Customer focus

- Faultless handover
- Improving the customer experience
- Online services
- Concept development

2 Cost efficiency

- Development of reasonably priced products
- Improving internal processes
- Continuous education of design management in all operating countries
- Tighter cross-border cooperation in sourcing

3 Cash flow and capital efficiency

- Reducing the number of completed unsold apartments
- Executing sales of Business Premises projects
- Utilizing off-balance sheet partnerships in plot acquisitions
- Releasing capital from slow-moving assets



Konepaja residential area
Helsinki, Finland

Market outlook 2014

Housing (Russia)

- Housing construction is estimated to increase slightly
- Housing prices and mortgage rates are expected to be stable
- GDP growth estimates have been cut recently and the ruble has weakened against the euro
- The Ukrainian crisis has for the time being not affected housing demand
- Macroeconomic weakness might impact the residential market

Housing (Finland, the Baltic countries and CEE)

- Housing start-ups expected to decrease in Finland
- Macro uncertainties and below-average consumer confidence continue to impact the residential market in Finland
- Housing construction volumes are expected to grow in the Baltic countries and start ups to decrease slightly in The Czech republic and Slovakia
- Housing prices are expected to remain stable in Finland
- Mortgage rates are expected to remain low

Business Premises (Finland, the Baltic countries and CEE)

- Business Premises market expected to remain weak in Finland
- New non-residential construction is expected to grow in the Baltics countries and decline in Slovakia

Infrastructure (Finland)

- Infrastructure construction forecasted to decrease slightly
- Increased competition for smaller contracts



Guidance for 2014

The Group revenue based on segment reporting is estimated to grow **by 0-10%** at comparable exchange rates.

The operating profit margin based on segment reporting is estimated to be **in the range of 7.5-8.5%** excluding non-recurring items.

Continuing uncertainty over the general macroeconomic development impacts YIT's business operations and customers.



Kirovogradskaja
Moscow, Russia

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we can
do it.**