



Review by the President & CEO

Annual General Meeting
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Kari Kauniskangas
President & CEO



yit.fi

Contents



- Year 2014 in brief
- Financial Statements 2014
- Outlook 2015



1

Year 2014 in brief

Foundations for the new YIT



Vision	A step ahead. With care for people.							
Strategy	Wider financial operating space	Ensuring competitiveness and differentiation	Growth from self-developed and high value added projects					
Mission	Creating better living environments.							
Values	<table border="0"> <tr> <td data-bbox="1052 562 1277 773"> Care <ul style="list-style-type: none"> • Responsibility • Keeping promises • Professional pride </td> <td data-bbox="1284 562 1470 773"> A step ahead <ul style="list-style-type: none"> • Customer focus • Creativity • Courage </td> <td data-bbox="1477 562 1663 773"> Cooperation <ul style="list-style-type: none"> • Trust • Positive and open mind • Involving people </td> <td data-bbox="1671 562 1875 773"> Performance <ul style="list-style-type: none"> • Aiming high • Passion to succeed • High ethics </td> </tr> </table>				Care <ul style="list-style-type: none"> • Responsibility • Keeping promises • Professional pride 	A step ahead <ul style="list-style-type: none"> • Customer focus • Creativity • Courage 	Cooperation <ul style="list-style-type: none"> • Trust • Positive and open mind • Involving people 	Performance <ul style="list-style-type: none"> • Aiming high • Passion to succeed • High ethics
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<p data-bbox="1323 791 1613 824">Leadership principles</p> <table border="0"> <tr> <td data-bbox="1052 835 1277 936"> <ul style="list-style-type: none"> • Promote One YIT • Lead by example </td> <td data-bbox="1284 835 1470 936"> <ul style="list-style-type: none"> • Be available, listen and ask • Give and receive feedback </td> <td data-bbox="1477 835 1663 936"> <ul style="list-style-type: none"> • Respect and lead individuals • Stay close to the field </td> <td data-bbox="1671 835 1875 936"> <ul style="list-style-type: none"> • Set clear targets and responsibilities • Ensure agility </td> </tr> </table> <p data-bbox="1207 955 1729 982">Management is based on key results (MBKR)</p>				<ul style="list-style-type: none"> • Promote One YIT • Lead by example 	<ul style="list-style-type: none"> • Be available, listen and ask • Give and receive feedback 	<ul style="list-style-type: none"> • Respect and lead individuals • Stay close to the field 	<ul style="list-style-type: none"> • Set clear targets and responsibilities • Ensure agility 	
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Highlights in 2014

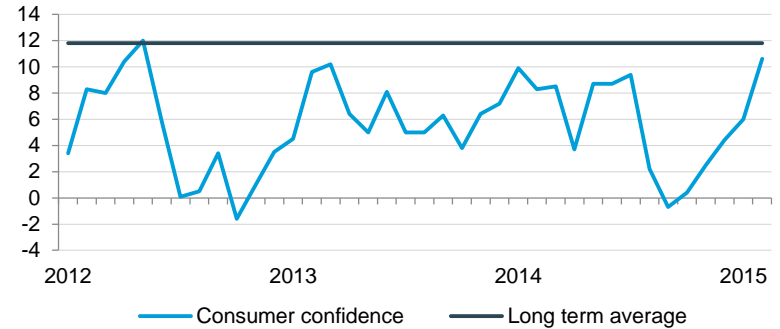
- Good progress in capital release measures and strengthening the cash flow
- Improved customer satisfaction and quality
- Record housing sales in Russia and the Baltic countries and CEE
- Success in the public voting at Housing fair Finland
- Significant successes in housing sales to investors in Finland
- The order backlog grew in the Business Premises and Infrastructure segment and the structural change sped up the improvement in competitiveness



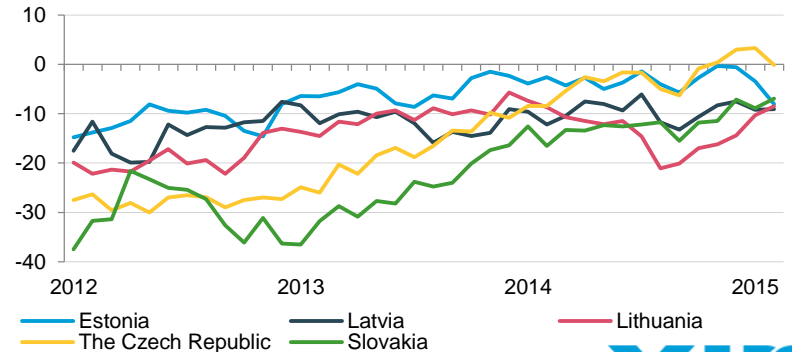
Operating environment in Finland, the Baltic countries and Central Eastern Europe

- Sluggish consumer demand for housing in Finland
- Housing and real estate investors were active
- The interest of real estate investors focused mainly on projects in prime locations in Helsinki and partly Tampere
- Public investments in construction were on a moderate level in Finland
- The macroeconomic outlook in the Baltic countries and CEE supported the housing and business premises markets

Consumer confidence in Finland



Consumer confidence in the Baltic countries and CEE



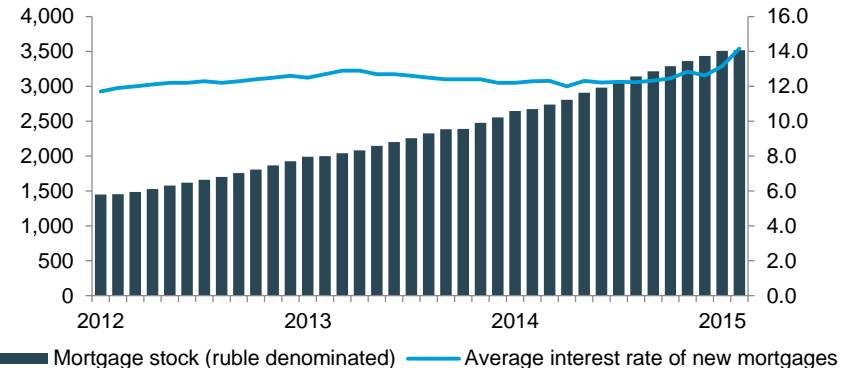
Operating environment in Russia

- The significant oil price decrease and geopolitical tensions caused substantial uncertainty in the operating environment
- The ruble weakened clearly
- After a long period of stable development, residential prices increased at the end of the year due to increased demand and inflation expectations
- The mortgage stock continued growing, but the pace moderated towards the year end
- Mortgage interest rates increased to 14.5-16.0%

EUR/RUB exchange rate



Mortgage stock and average interest rate (RUB billion, %)



We responded to the changed operating environment by changing the sales mix

- Start-ups focused on small and affordable apartments
- The risk level was reduced in Russia in Q4/2014 by lowering start-ups
- The share of apartment sales to investors in Finland increased to 48% (2013: 44%)
- The Business Premises and Infrastructure segment increased it's market share in road maintenance
- The share of self-developed business premises projects decreased, the share of contracting and cooperation projects increased
- Contracts and cooperation projects require less capital than self-developed production



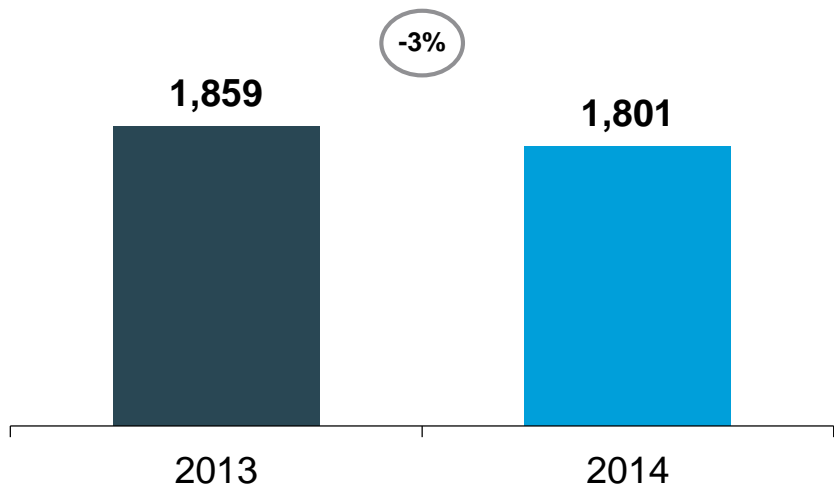
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Financial Statements 2014

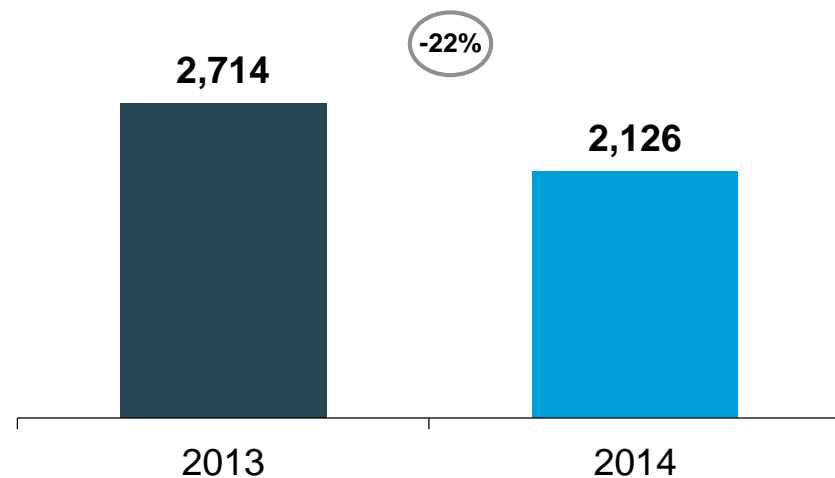
Revenue and order backlog

- Revenue grew 2% at comparable exchange rates
- The order backlog decreased due to the weakening of the ruble and low residential start-ups at year end
 - The weakening of the ruble decreased the order backlog by EUR 401.9 million

Revenue, EUR million



Order backlog, EUR million

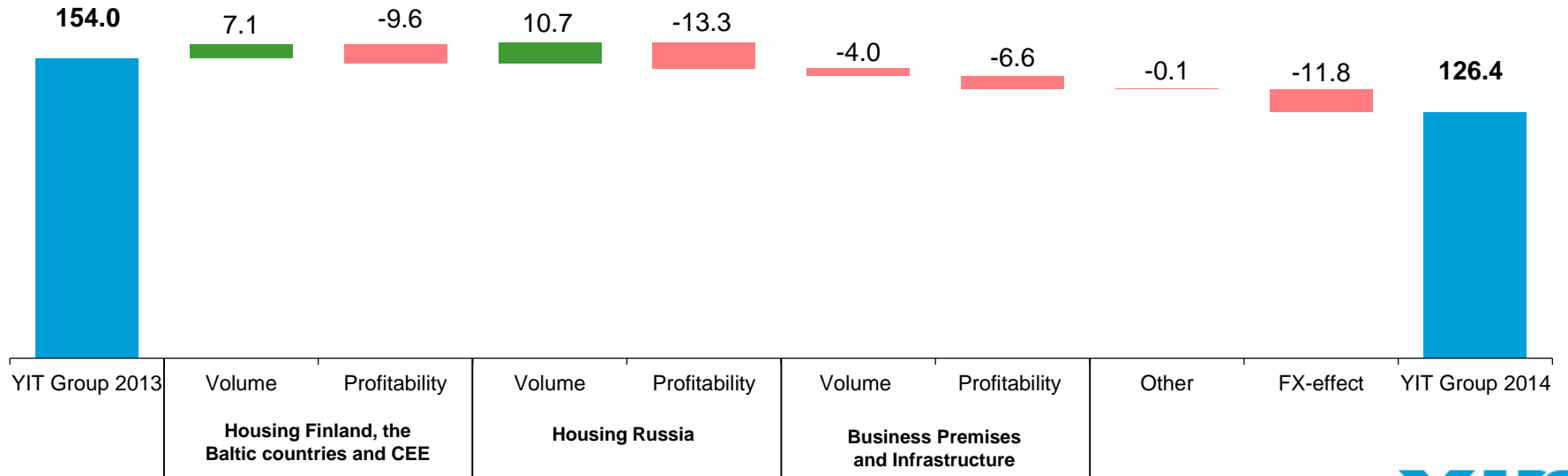


All figures according to segment reporting (POC)

EBIT-bridge 2013 – 2014

- Profitability was burdened by actions to ensure strong cash flow in a demanding market environment

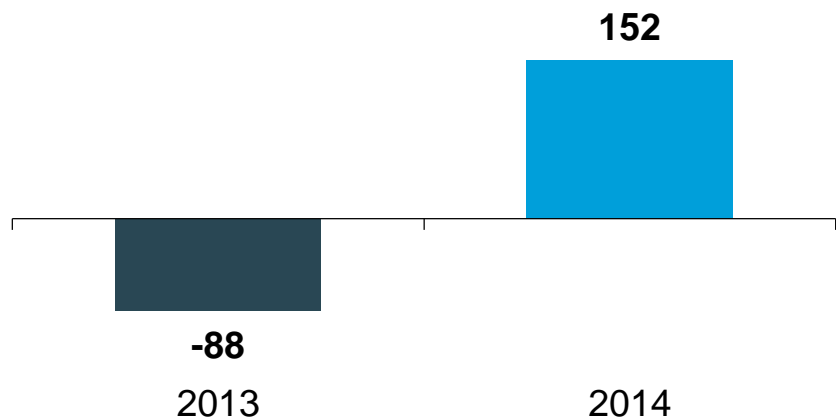
EBIT, excluding non-recurring items (EUR million), change 2013 –2014: -18%



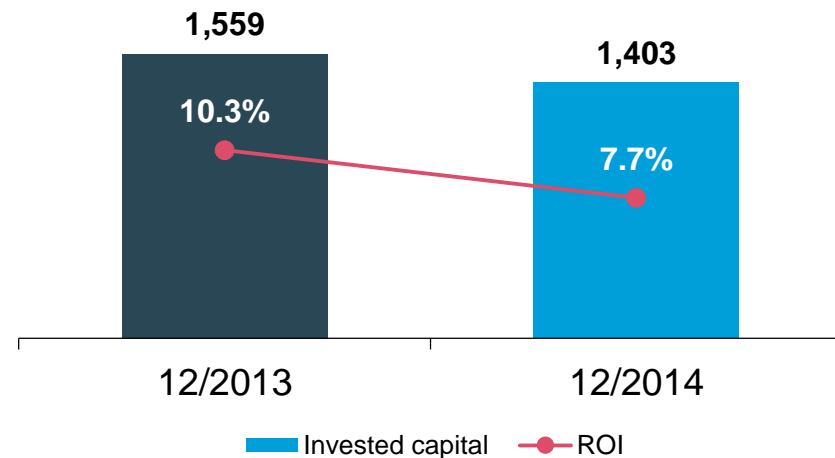
Strong cash flow after investments in 2014

- The targets for strengthening cash flow were reached
- Return on investment at an unsatisfactory level

Operative cash flow after investments, EUR million



Invested capital and ROI, EUR million and %

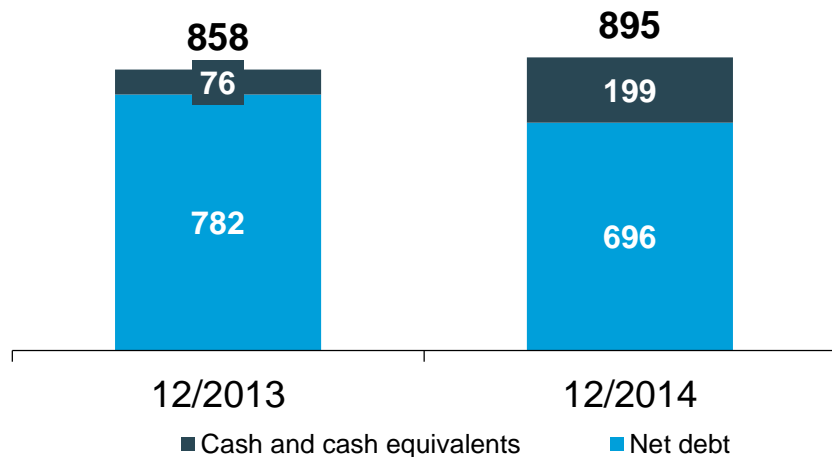


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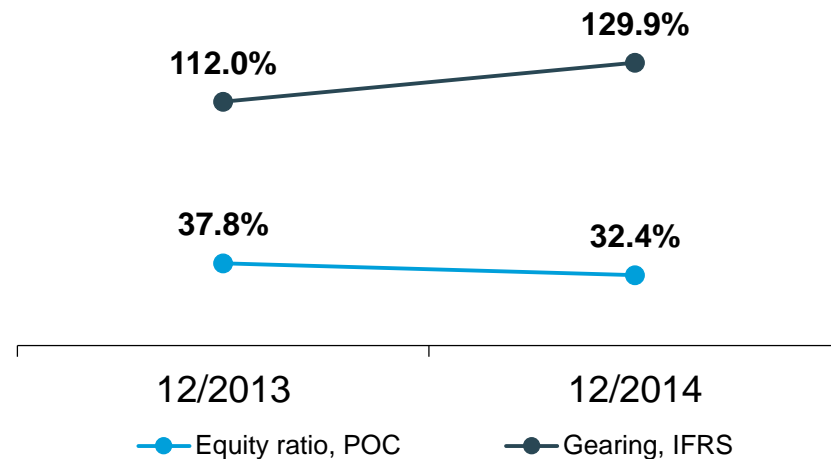
Net debt decreased, weakening of the ruble impacted the balance sheet key figures

- Very strong cash flow decreased net debt
 - Target to decrease net debt to below EUR 600 million by the end of 2016

Interest bearing debt (EUR million), IFRS

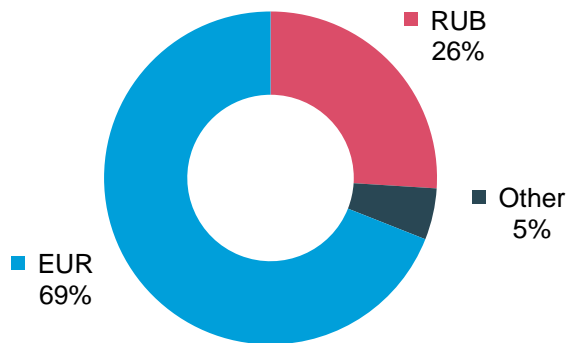


Equity ratio and gearing, %



Weakening of the ruble impacted the 2014 figures significantly

Revenue split 2014



Impact of changes in foreign exchange rates (EUR million)

	1-12/2014
Revenue, POC	-99.0
EBIT, POC	-11.8
Order backlog, POC (comp. 12/2013)	-401.9
Equity, IFRS (translation difference)	-166.9

- The Russian ruble was 17% weaker in 2014 on average compared to 2013
- Debt investments in Russia are hedged (12/2014: EUR 70.9 million)
 - Currency positions affecting the income statement
- Equity and equity-like investments in Russia are unhedged (12/2014: EUR 246.0 million)
 - Considered to be of permanent nature
 - Hedging costs would have a substantial effect on the result and cash flow

Financial targets

- In 2014 the focus was on improving cash flow
- In September 2014 new short term targets were set
- Long term targets unchanged

Financial targets	2014
Revenue growth of 5-10% annually on average	-3%, 2% at comparable exchange rates
Return on investment 20%	7.7%
Operating cash flow after investments sufficient for dividend payout and debt reduction	EUR 152 million
Equity ratio 40%	32.4%
Dividend payout 40–60% of net profit for the period	40.0%*

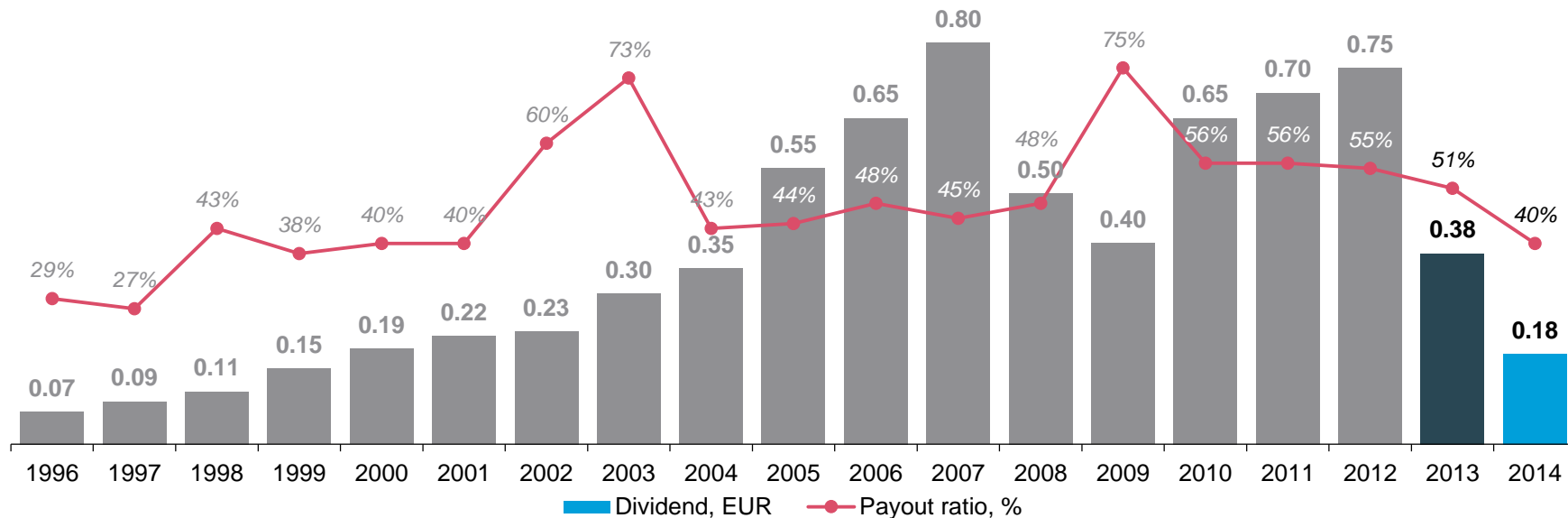
* Board proposal to the AGM

Financial targets 2015 and 2016	Target levels
Revenue growth	0-5% annually
Return on investment	15%
Net debt (IFRS)	Below EUR 600 million

Proposal to the AGM: Dividend of EUR 0.18 per share

Dividend / share (EUR)

Note: Historical figures prior to 2013 are YIT Group pre demerger



All figures according to segment reporting (POC)

3

Outlook for 2015

Strategy for 2015-2017: Solid foundation for future growth



Wider financial operating space



Ensuring competitiveness and differentiation



Growth from self-developed and high value added projects

Key priorities in 2015



1 Maintaining strong cash flow

- Cash flow focus in sales
- Capital release continues

2 Competitiveness program

- Excellent execution
- Cost efficiency in design and operations

3 Best customer experience

- Development of concepts and affordable products continues
- Improved personal and online services

4 Inspired personnel

- Strengthening key competences
- Commitment to safety and quality

Operative plan for 2015



Growth opportunities

- CEE
- The Tripla-project
- Wind parks
- Investor deals in Finnish housing
- Contracting and co-operation projects

Start-up and investment plan for 2015, Housing

Finland

- Start-ups according to sales
- Investor projects' share of production volume to increase

Russia

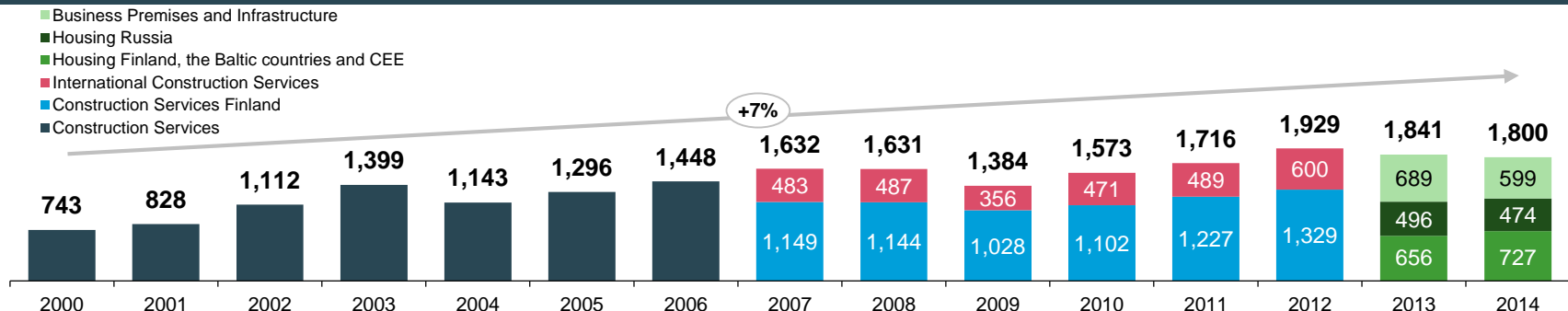
- Plot investments and start-ups to maintain at least critical volume in all current operating cities
- Sustaining readiness to ramp up the start-ups

CEE

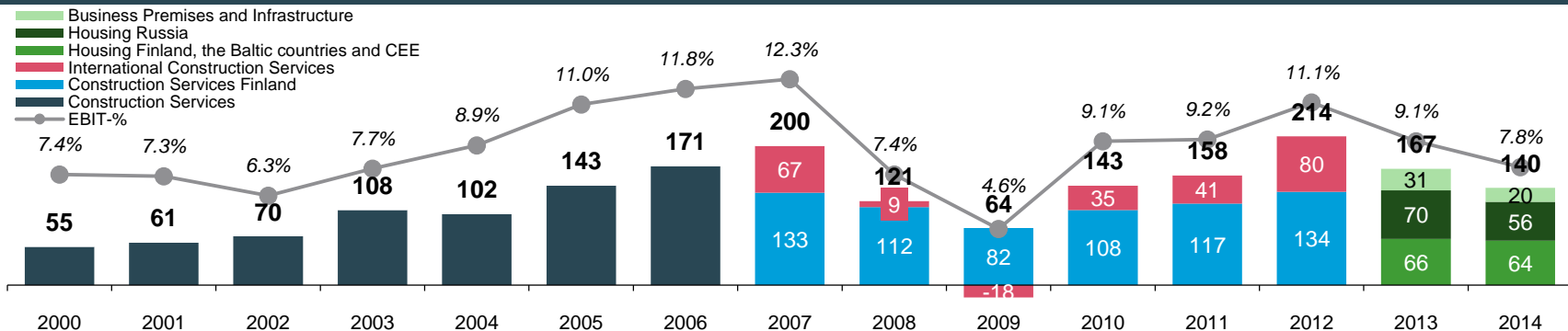
- Active search for new plots
- Continue to increase the production volume in line with improving demand

Continuous profitable growth as target – the business cycle phase affects YIT's profitability

Revenue development by business segment, EUR million



Operating profit (EBIT) development (EUR million) by business segment, excluding group costs and non-recurring items

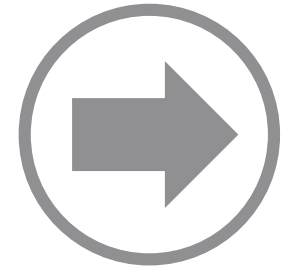


Note: Segment level figures (POC), i.e. sum of Construction Services related segment figures in YIT financial reporting and thus excluding effect of other items.

Market outlook, expectations for 2015

Finland

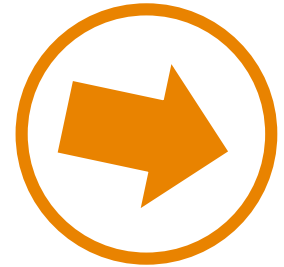
- Consumers cautious and investors active in the residential market, demand to focus on small apartments in growth centres
- Price polarisation, especially between small and large apartments
- Availability of mortgages good
- Modest demand for business premises, investors' focus on prime locations in the Capital region
- Tendering process ongoing in several major route projects
- Opportunities in contracting in business premises
- Several significant infrastructure projects at the tender phase



Market outlook, expectations for 2015

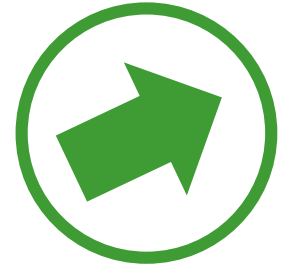
Russia

- Weak visibility
- Consumers' purchasing power to decrease
- Construction costs to increase
- Residential prices to increase
- Residential demand to focus on small apartments that are completed or close to completion
- Access to mortgages to tighten, mortgage rates to remain stable



CEE

- The improved economic situation to support residential and business premises demand
- Uncertainty from geopolitical tensions in Latvia and Lithuania
- Access to financing to remain good
- Residential prices to increase moderately



Guidance for 2015 (segment reporting, POC)

The Group revenue growth is estimated to be in the range of **-5 – 5%** at comparable exchange rates

The operating profit margin excluding non-recurring items is estimated to be **below the level of 2014**

The 2015 guidance is based on the following:

- Demanding market outlook
- Over 1/3 of revenue from sold projects and pre-agreements signed in 2014, the rest from 2015 sales and capital release
- Housing Russia's share of revenue to decrease
- Share of investor projects and contracting to increase in Finland
- Capital release dilutes the operating profit margin



We proceed according to our strategy – successes so far in 2015



- Success in tenders and life-cycle projects
 - Life-cycle projects: E18 Hamina-Vaalimaa, Torkinmäki and Päivänkehrä schools
 - Senior centre in Helsinki, Estonian national archive, shopping centre Nørdika in Lithuania, parking facility in Espoo (EUR ~50 million)
- Good activity in investor sales
 - Over 550 apartments to LocalTapiola (EUR ~100 million)
- Approval for the city plan of Pasila's Central Block, proceeding with the Tripla-project mainly up to YIT

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we can
do it.**