



# YIT to sell its paving and mineral aggregates operations in the Nordic countries to Peab

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**KARI KAUNISKANGAS, PRESIDENT AND CEO**

# Agenda

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# 1

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## Transaction in brief and deal rationale



# Transaction in brief



## 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 1.1.2020 (est.)

Transaction price EUR 280 million

Capital gain EUR 40 million

Cash flow impact 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**

Planned to be reported under Infrastructure projects segment within YIT

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

Continues in Infrastructure projects segment as today

# 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

4

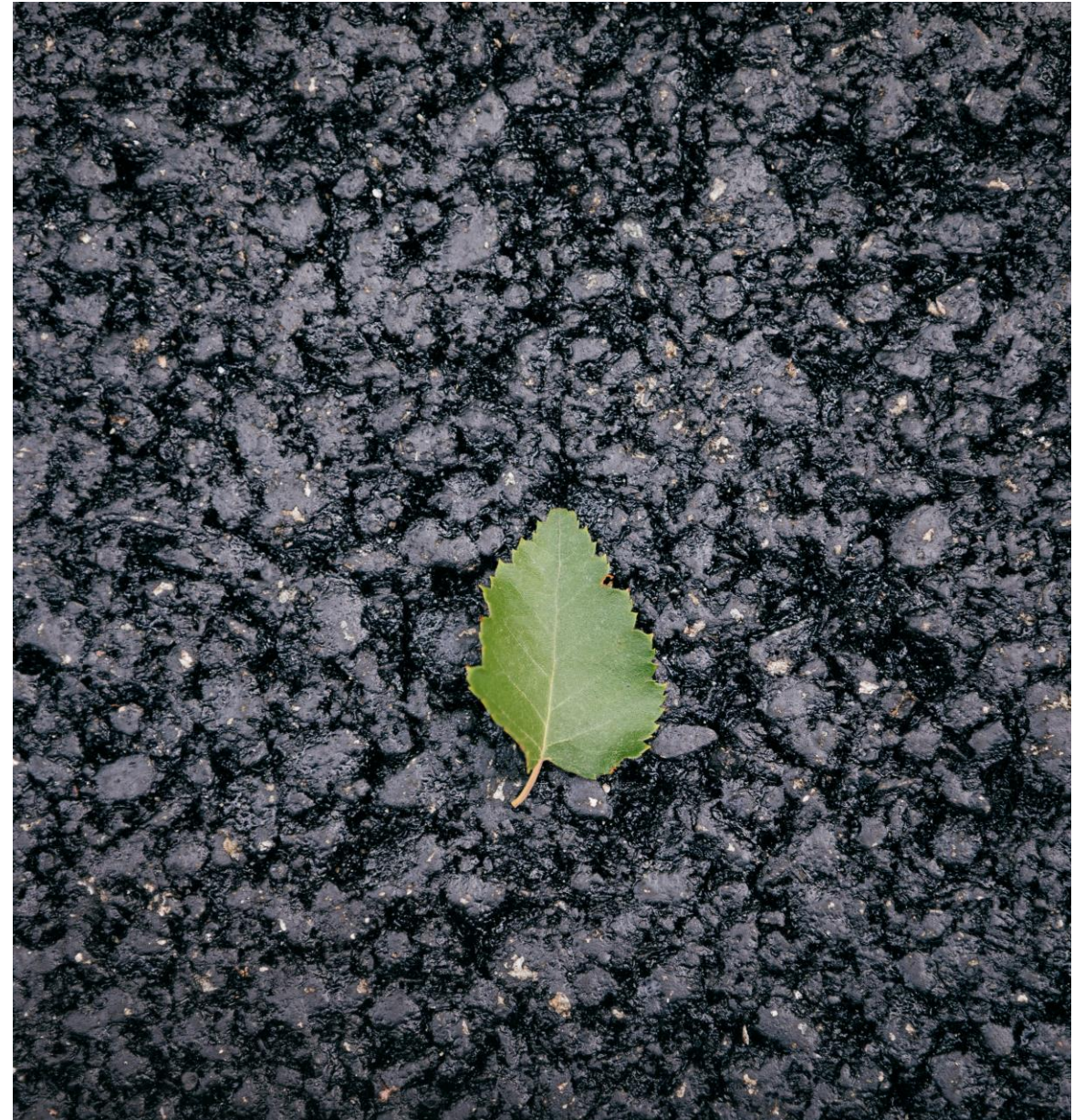
**RESPONSIBLE INDUSTRIAL BUYER**

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

# Illustrative key figures for the businesses to be sold

EUR million	Reported 1-3/2019	Combined 1-3/2018	Reported 1-12/2018	Combined 1-12/2018
Revenue	27.6	23.5	564.1	571.9
Operating profit	-19.3	-31.5	4.7	-8.3
Operating profit margin, %			0.8 %	-1.5 %
Adjusted operating profit	-19.3	-26.2	14.9	3.9
Adjusted operating profit margin, %			2.7 %	0.7 %
Order backlog, end of period	285	240	148	148
Personnel, at the end of period, average	1,421	1,536	1,672	

The combined figures include the merged Lemminkäinen Corporation's financial statements for the accounting period of January 1 – January 31, 2018. The figures above are not prepared in accordance with guidance for discontinued operations (IFRS 5).



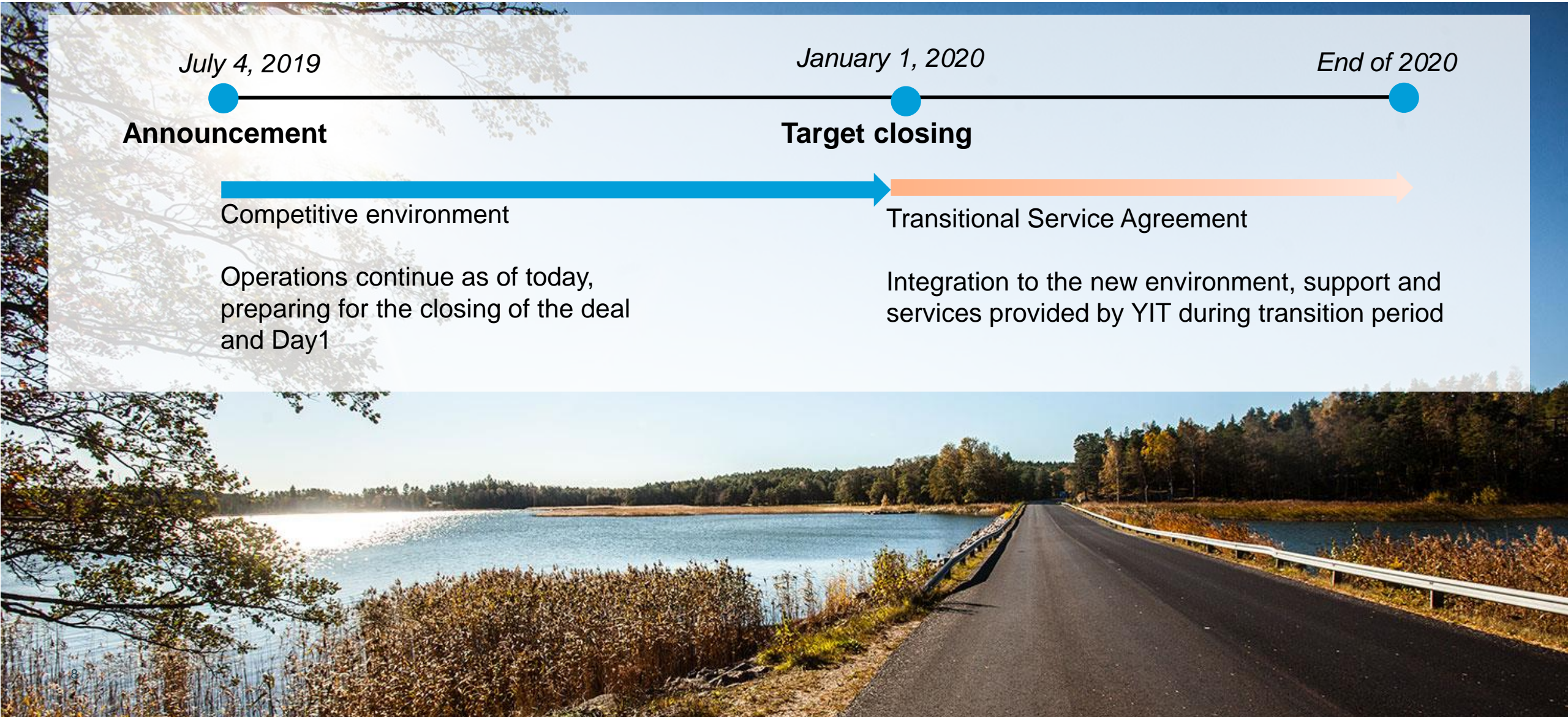
# 2

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## Timetable



# Estimated timetable



*July 4, 2019*

*January 1, 2020*

*End of 2020*

**Announcement**

**Target closing**

Competitive environment

Transitional Service Agreement

Operations continue as of today, preparing for the closing of the deal and Day1

Integration to the new environment, support and services provided by YIT during transition period



# 3

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YIT after transaction



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

REVENUE BY GEOGRAPHY  
EUR million, 2018

## SCANDINAVIA

Revenue: 120  
Personnel: 250



## FINLAND

Revenue: 2,220  
Personnel: 4,800



## RUSSIA

Revenue: 314  
Personnel: 1,700



## BALTIC COUNTRIES

Revenue: 300  
Personnel: 1,250



## CEE COUNTRIES

Revenue: 164  
Personnel: 300



# 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 45-50 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

# Guidance for 2019 updated

## UPDATED GUIDANCE

The Group revenue of continuing operations for 2019 is estimated to be in the range of +5% and -5% compared to the 2018 combined revenue of continuing operations (combined revenue of continuing operations 2018: approximately EUR 3,190 million).

In 2019, the adjusted operating profit of continuing operations is estimated to be EUR 150-210 million (combined adjusted operating profit of continuing operations 2018: approximately EUR 126 million).

## PREVIOUS GUIDANCE

*The Group revenue 2019 is estimated to be in the range of +5% – -5% compared to revenue 2018 (pro forma 2018: EUR 3,759.3 million).*

*In 2019, the adjusted operating profit is estimated to be EUR 170–230 million (pro forma 2018: EUR 134.5 million).*



2019

# Creating better living environments

We develop and build apartments, business premises, infrastructure as well as entire areas and services. Together with our customers, we create more functional, more attractive and more sustainable cities and environments.

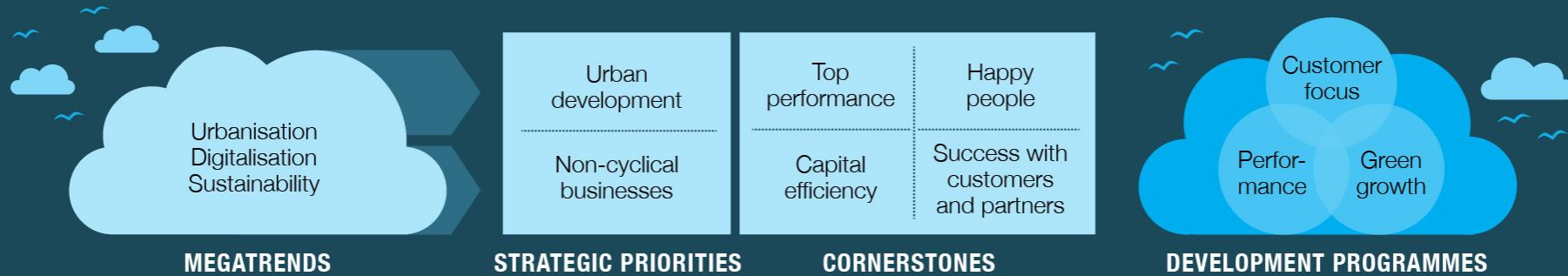


# More life in sustainable cities

STRATEGY 2019–2021:

## PERFORMANCE THROUGH CYCLES

– Profitable and financially stable YIT –



We create better living environments

### FUNDAMENTS

SAFETY FIRST  
QUALITY ALWAYS

### OUR VALUES

RESPECT      CREATIVITY  
COOPERATION      PASSION

**Together  
we can  
do it.**