



Annual General Meeting 2018

Kari Kauniskangas, President and CEO



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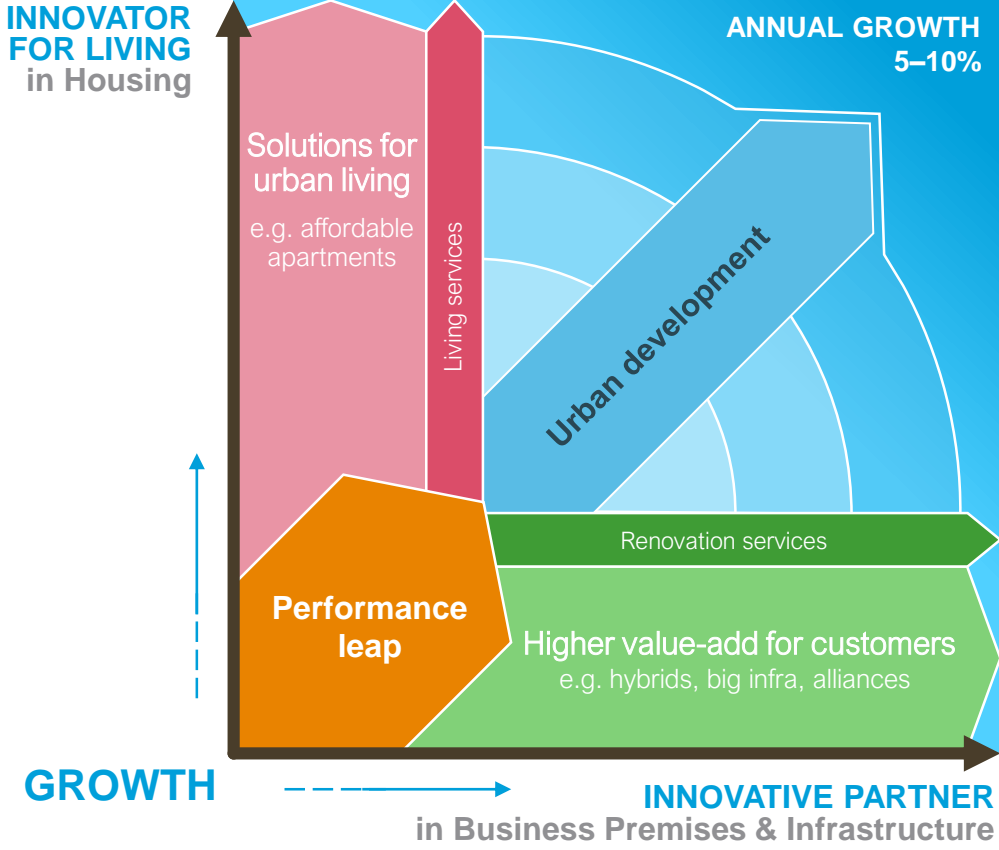


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Year 2017 in brief



Renewed strategy for 2017–2019: More life in sustainable cities



Key highlights in 2017

Preparations for the merger of YIT and Lemminkäinen

59.3%

combined illustrative gearing (IFRS) 12/2017

Strong growth in residential consumer sales in Finland and CEE

+37%

adjusted operating profit growth in Housing Finland and CEE segment in 2017

The successful completion and sale of the Kasarmikatu 21 project

56.3

EUR million, adjusted operating profit in Business Premises and Infrastructure segment in 2017

Earnings per share (EPS) multiplied

0.50

EUR, EPS in 2017 (POC)

Year 2017 was successful in many ways

Financially strong year

- Strong growth (+7%) and significant improvement in adjusted operating profit (+53%) (POC)
- Financial key ratios improved to a good level
 - Net financial expenses (POC) decreased by 45% y-o-y



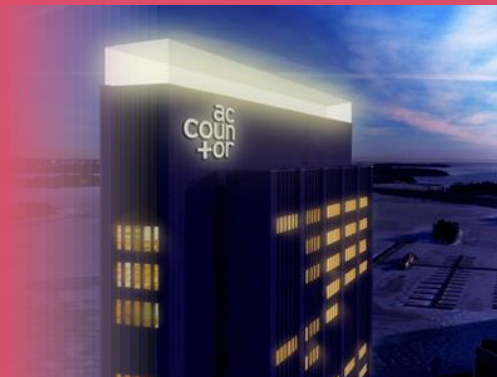
Strategic development programmes proceeded

- The acquisition of Talon Tekniikka Oy supports growth in renovation services
- Multiple successful pilots for improving performance
- Over 40,000 separate clients for Living services in Russia



Success in project development

- Good progress in mega projects
 - Occupancy rate in the Mall of Tripla over 70%
- Partnership Properties segment established
 - New projects in pipeline, such as area development project for Fortum's previous headquarters by Regenero



The most wanted employer

- Over 800 summer trainees in Finland during the year
- YIT was ranked as the most ideal employer in the construction industry for the fourth straight year in the Universum survey of university-educated professionals.



Financial targets and the outcome in 2017

Long-term financial target	Target level	2017	2016
Revenue growth	5–10% annually on average	7%	8%
Return on investment	15%	8.8%	4.7%
Operating cash flow after investments ¹	Sufficient for dividend payout	EUR 164.5 million	EUR -43.1 million
Equity ratio	40%	35.1%	35.1%
Dividend payout	40 to 60% of net profit for the period	50.0% ²	373.3%

- The revenue growth target was achieved
- Return on investment strengthened significantly
- Cash flow was strong
- Equity ratio remained on previous year's level, still being below the targeted level
- Proposal for dividend payout is EUR 0.25 per share (EUR 0.22 per share in 2017)

All figures according to segment reporting (POC).

¹ Excluding discontinued operations ² Board of Directors' proposal to Annual General Meeting

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Financial Statements 2017

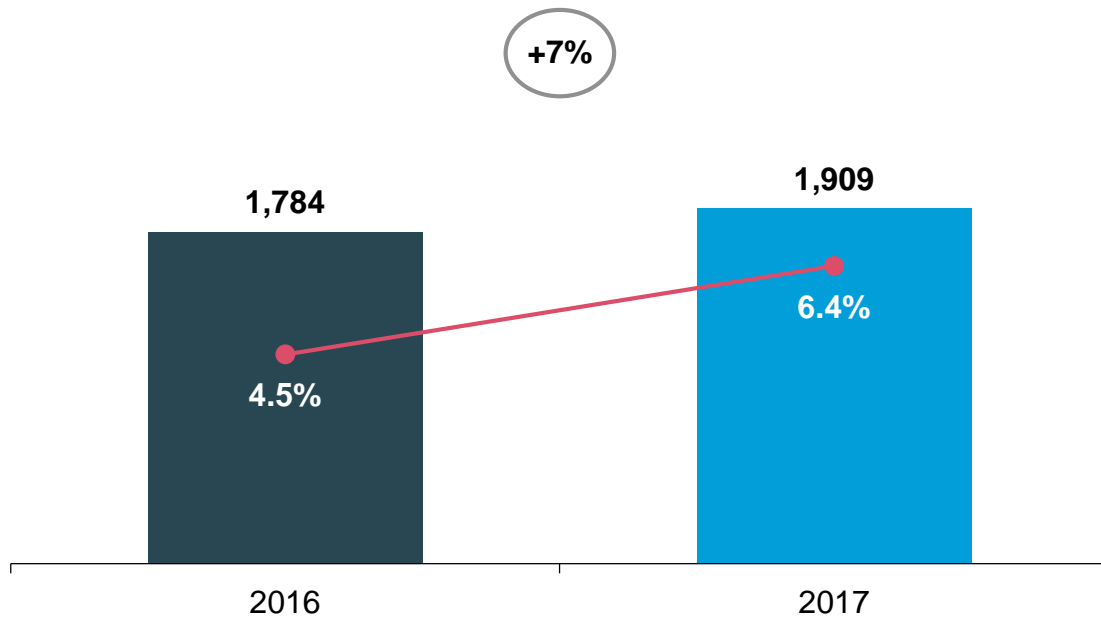


Stein II residential project
Bratislava, Slovakia

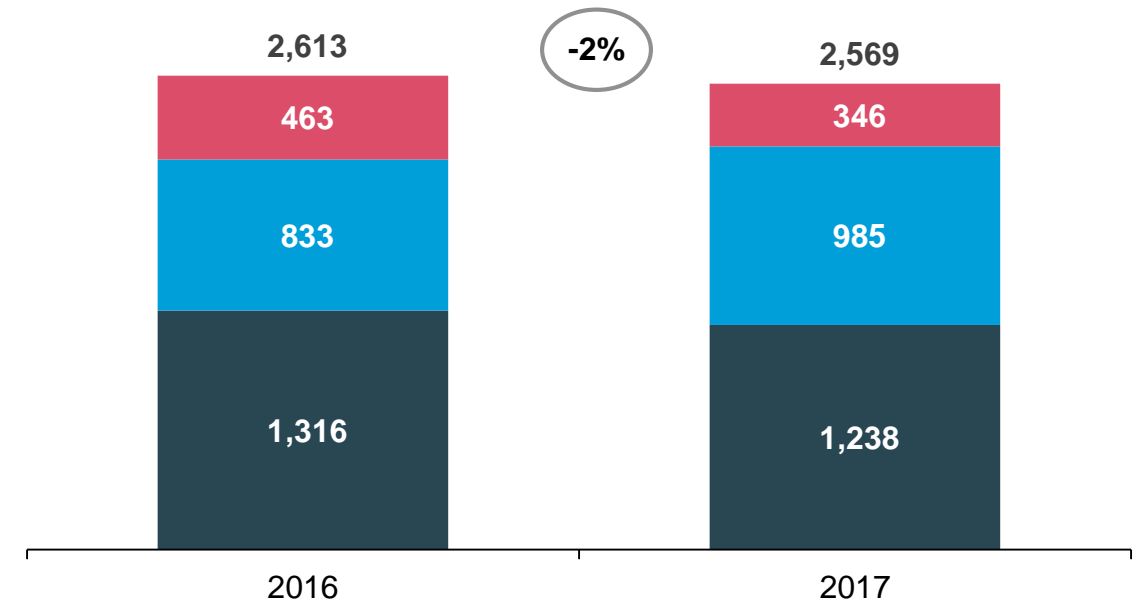
Revenue and profitability improved in 2017

- Revenue increased by 7% in 2017
- Profitability improved in all segments
- Order backlog remained stable on a high level, the weight of Russia decreased

Revenue and adjusted operating profit margin (EUR million, %)



Order backlog (EUR million)

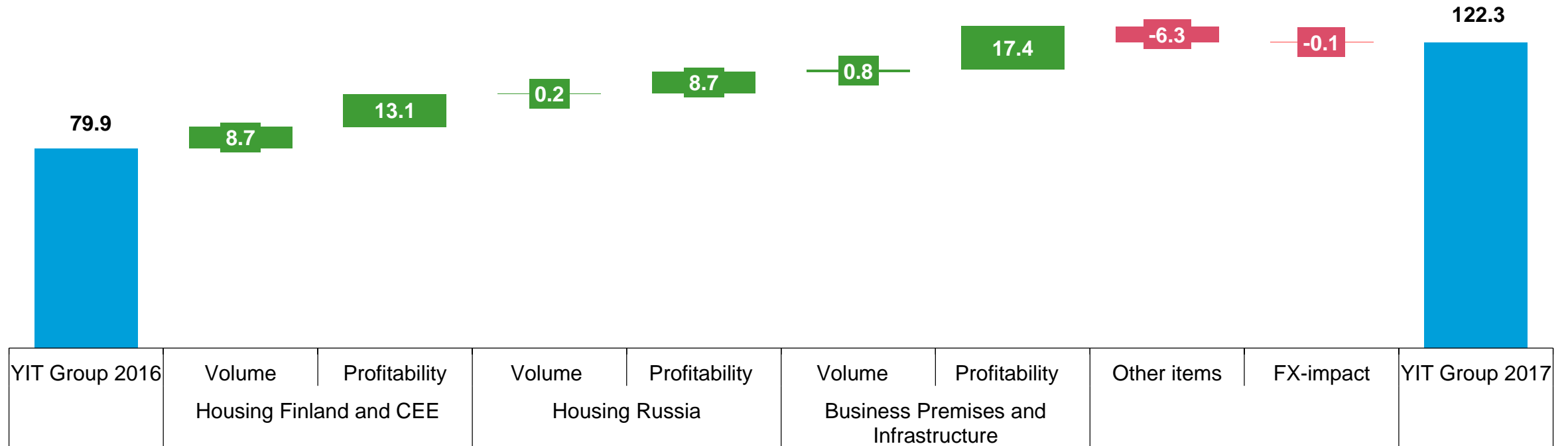


All figures according to segment reporting (POC)
 Note: The adjusted operating profit margin does not include material reorganisation costs, impairment or other items impacting comparability

EBIT-bridge 2016 – 2017

- Operating profit improved in all segments, growth boosted both by improved volume and profitability
- In Housing Finland and CEE, operating profit was boosted by strong sales and shift from investor sales to consumer sales
- In Housing Russia, the operating profit was positive for the whole year
- In Business Premises and Infrastructure, good profitability was supported by the sale of co-owned Kasarmikatu 21 office property

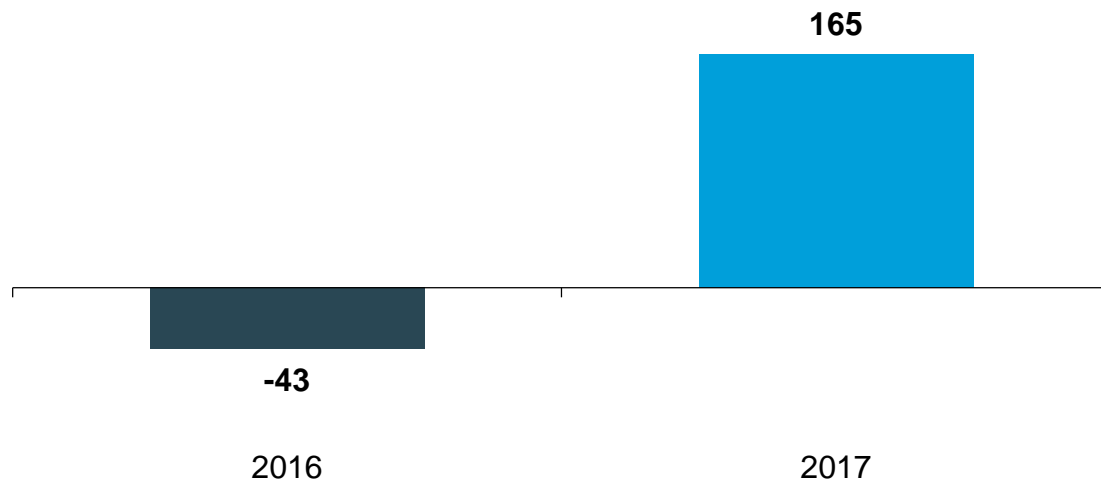
Adjusted operating profit (EUR million), change 2016–2017: 53%



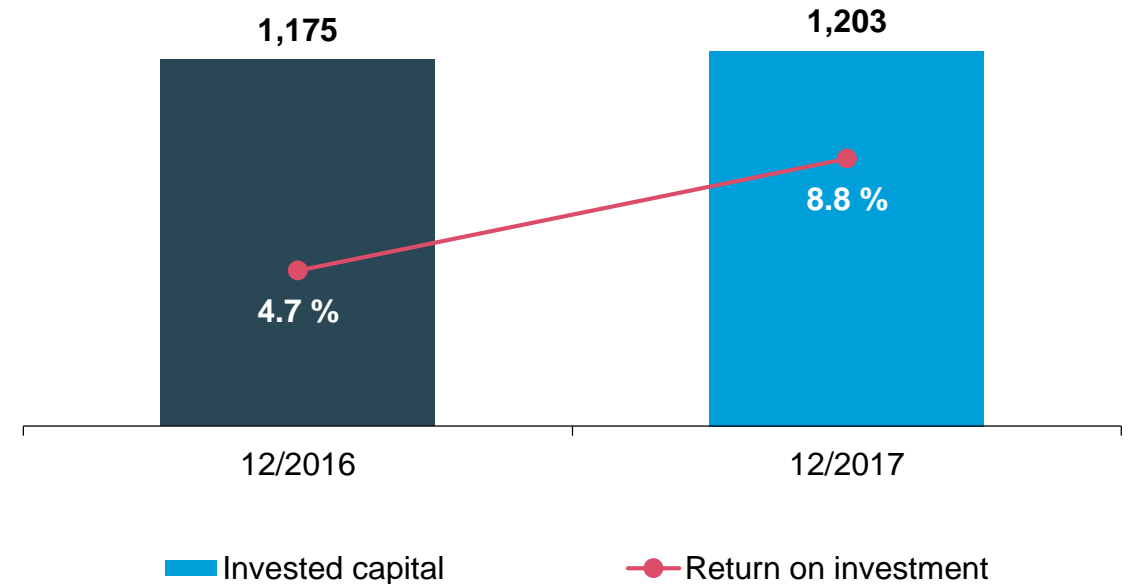
Cash flow and return on investment improved

- The positive development of operative cash flow was supported by the change in construction stage financing to meet market practice
- Invested capital remained stable, the improvement of return on investment was supported by better capital turnover and higher profitability

Operating cash flow after investments (EUR million)



Invested capital and return on investment, (EUR million and %)

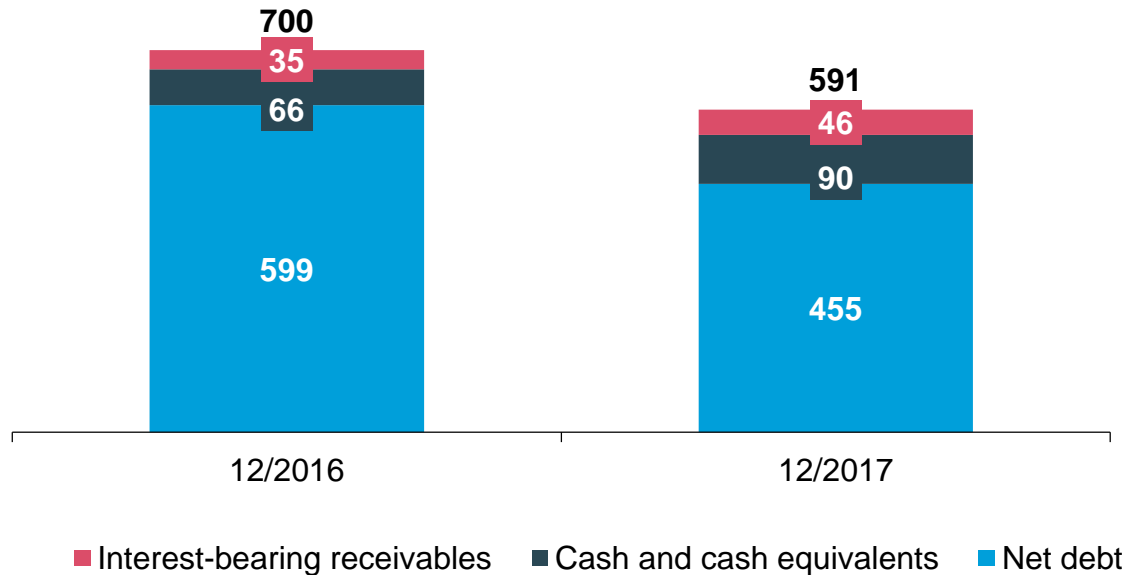


All figures according to segment reporting (POC)

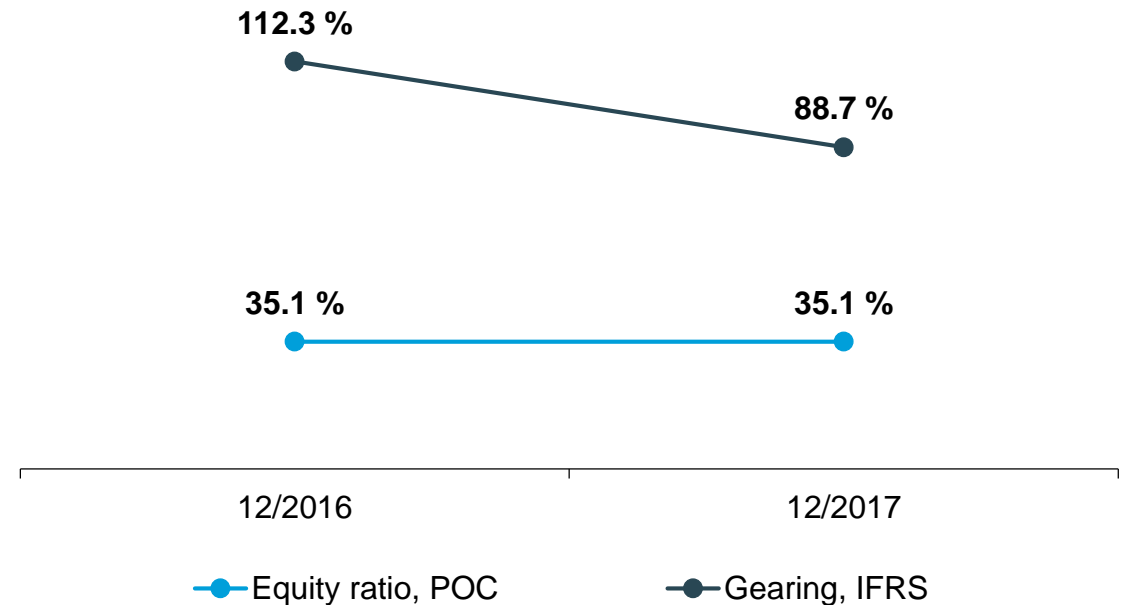
Net debt and financial key figures

- Net debt decreased due to positive operating cash flow and change in construction stage financing to meet market practice
- All key ratios were positively impacted by the decrease in net debt

Interest-bearing debt (EUR million), IFRS



Equity ratio and gearing, %

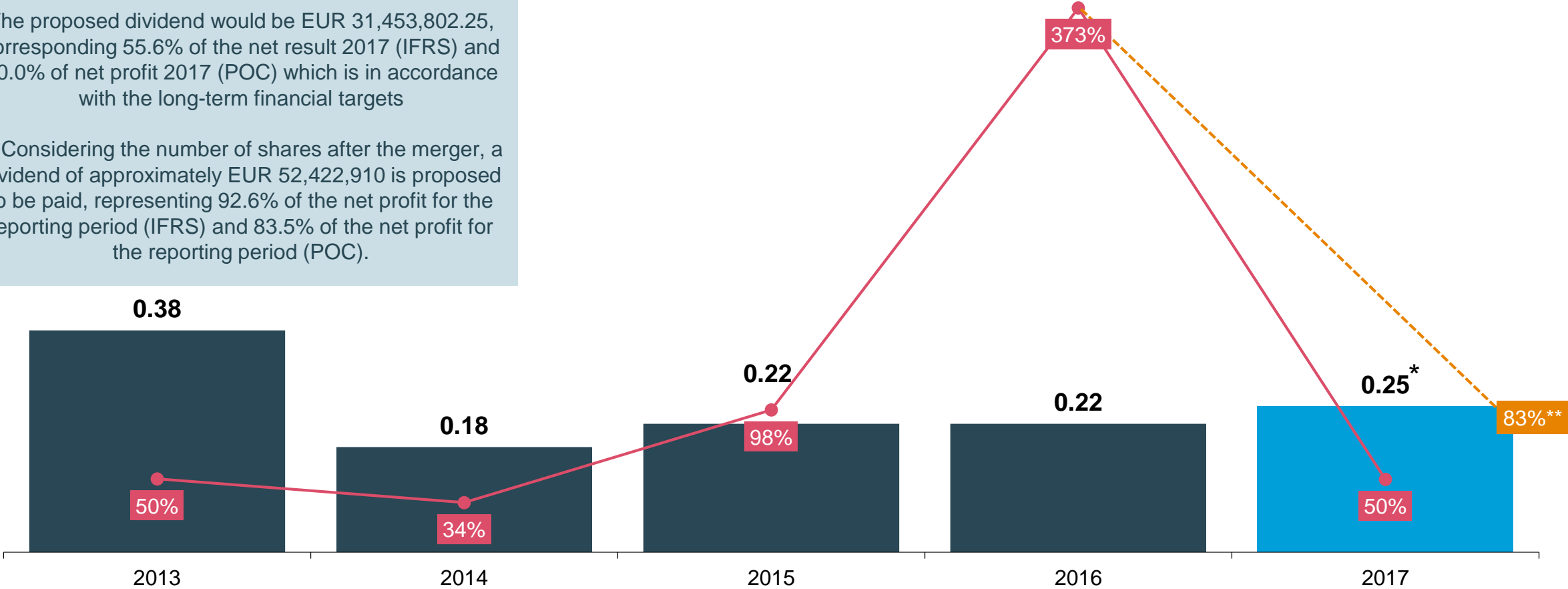


Proposal to AGM: Dividend of EUR 0.25 per share

Dividend / share (EUR)

The proposed dividend would be EUR 31,453,802.25, corresponding 55.6% of the net result 2017 (IFRS) and 50.0% of net profit 2017 (POC) which is in accordance with the long-term financial targets

** Considering the number of shares after the merger, a dividend of approximately EUR 52,422,910 is proposed to be paid, representing 92.6% of the net profit for the reporting period (IFRS) and 83.5% of the net profit for the reporting period (POC).



* Proposal by the Board of Directors

** Dividend payout ratio considering the number of shares after the merger



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The merger of
YIT and
Lemminkäinen

YIT

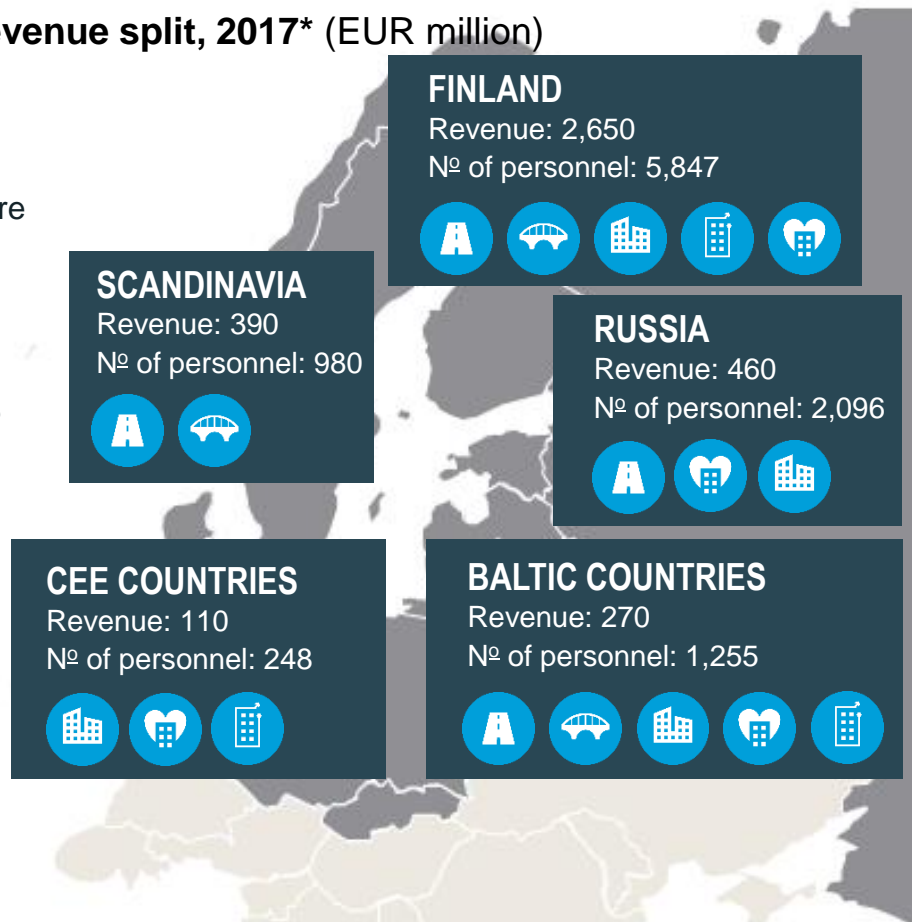
Lemminkäinen



Combined portfolio 2017 (IFRS)

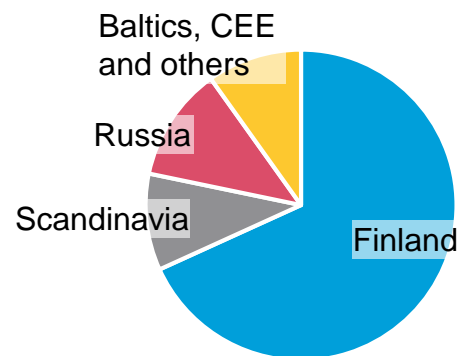
Geographic revenue split, 2017* (EUR million)

-  Paving
-  Infrastructure projects
-  Business premises
-  Partnership properties
-  Housing

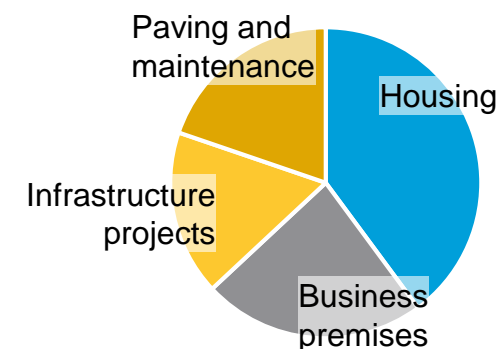


Illustrative combined revenue splits 2017*

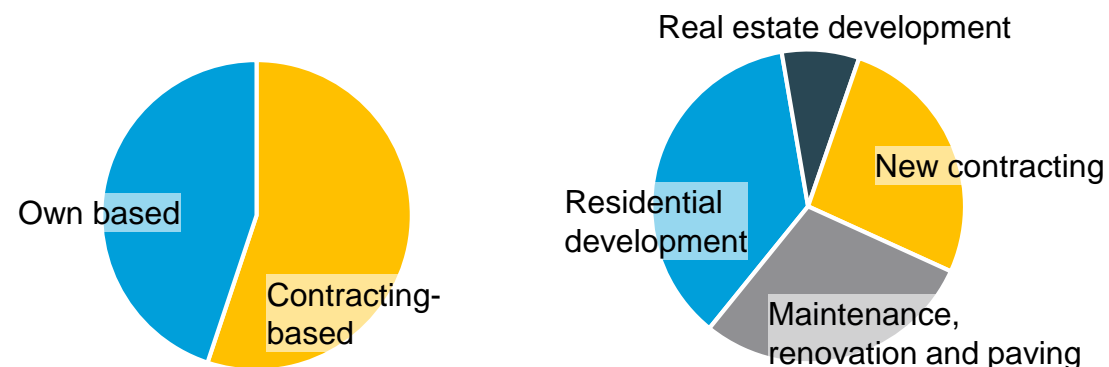
Geographic split*



Operational split*



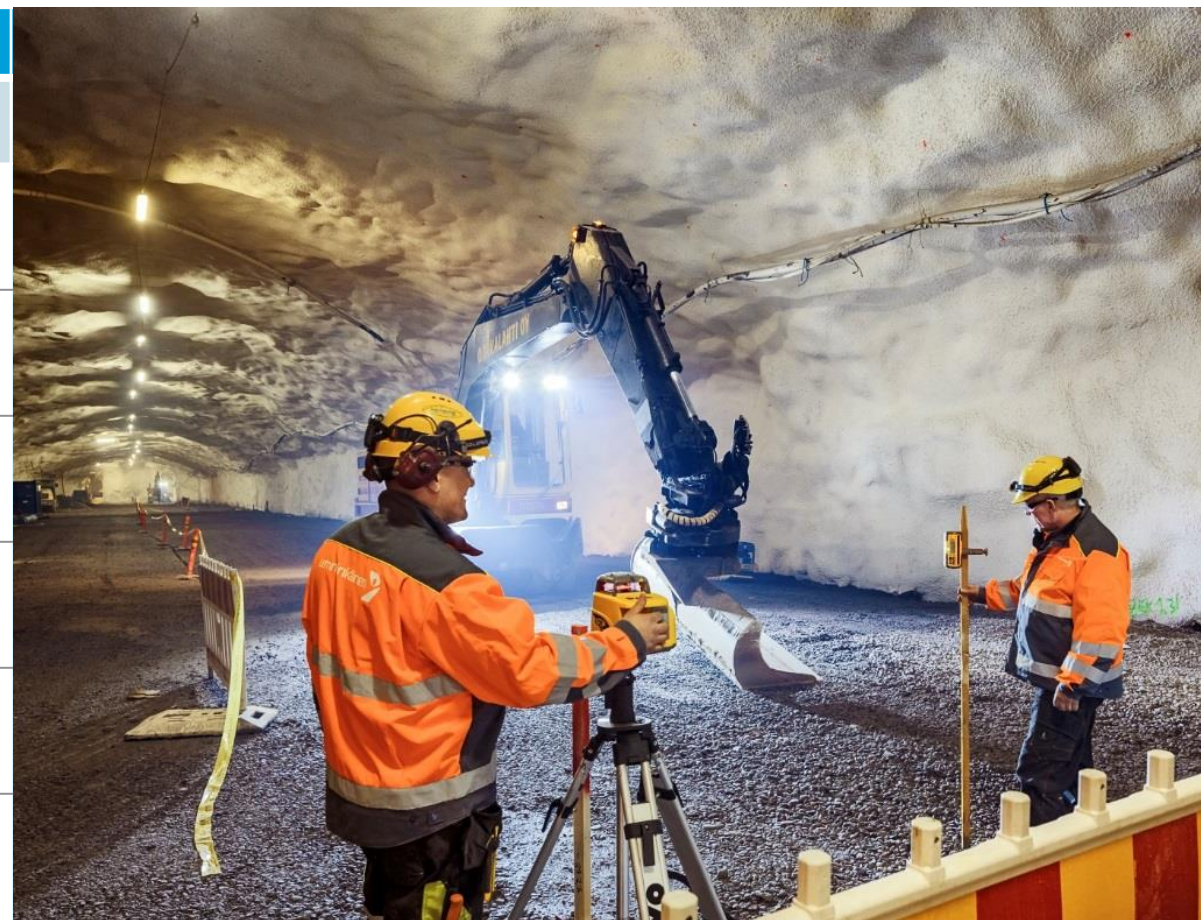
Business logic split (illustrative)*



* Preliminary combined high level illustrative estimates for the geographical, operational and business logic splits reflect the external and internal reporting of YIT and Lemminkäinen prepared under IFRS principles for the year 2017. Illustrative high level estimates of splits presented are based on a hypothetical situation and are not intended to project the revenue split of the Combined entity in the future. The illustrative information should not be viewed as pro forma information.

Combined income statement information (IFRS)

IFRS EUR million	1-12/2017		
	Combined	YIT	Lemminkäinen
Revenue	3,841.0	1,993.8	1,847.2
Adjusted operating profit	152.2	105.6	46.6
Adjusted operating profit % of revenue ¹	4.0%	5.3%	2.5%
Gearing %	59.3%	88.7%	40.0%
Order backlog	4,218.3	2,912.7	1,305.6
Average number of personnel 2017 ²	10,431	5,233	5,198

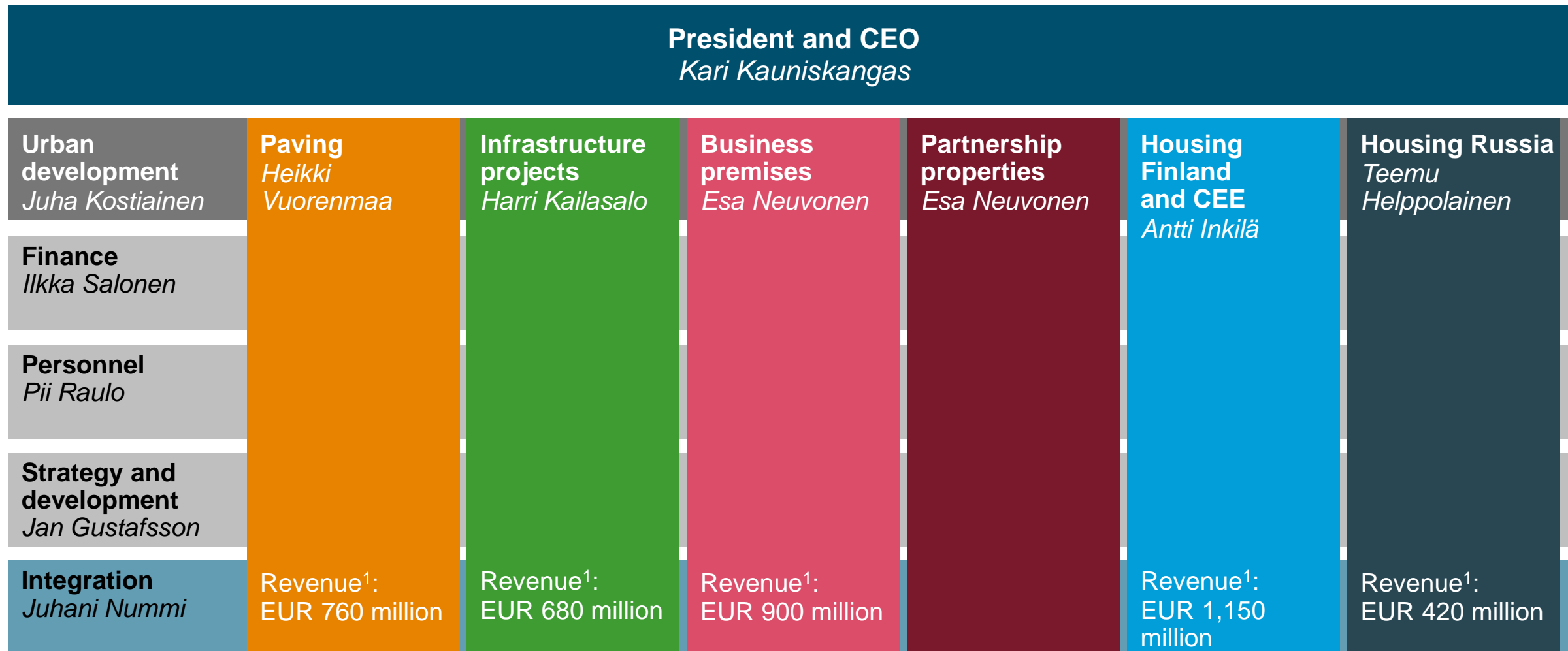


The combined illustrative financial information is presented for illustrative purposes only and they should not be regarded as pro forma financial information. The combined illustrative income statement information and key figures are presented as if the business operations would have been in the same Group starting from the beginning of the year 2017.

1) Adjustments in the Combined adjusted operating profit are based on YIT's and Lemminkäinen's published financial statement information.

2) Number of personnel varies somewhat during a year due to the seasonal nature of the businesses.

YIT Group organisation as of February 1, 2018



¹ Approximate revenue estimates (IFRS) in 2017

Group Management Team as of February 1, 2018



Kari Kauniskangas
President and CEO



Ilkka Salonen
CFO
Deputy to CEO



Jan Gustafsson
EVP, Strategy and development



Teemu Helppolainen
EVP, Housing Russia



Antti Inkilä
EVP, Housing Finland and CEE



Harri Kailasalo
EVP,
Infrastructure projects



Juha Kostainen
EVP, Urban development



Esa Neuvonen
EVP, Business premises and Partnership properties



Juhani Nummi
EVP, Integration



Pii Raulo
EVP, Human resources

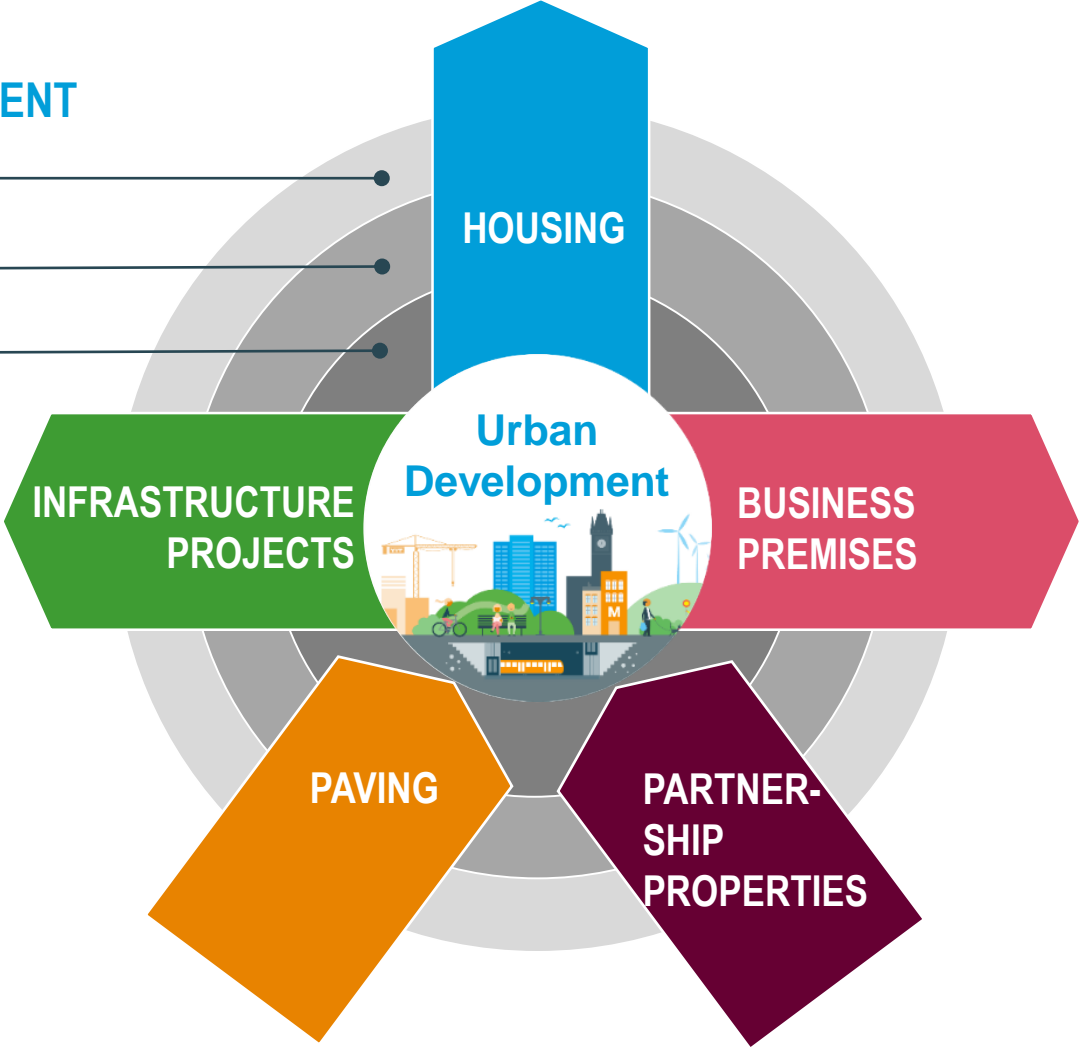


Heikki Vuorenmaa
EVP, Paving

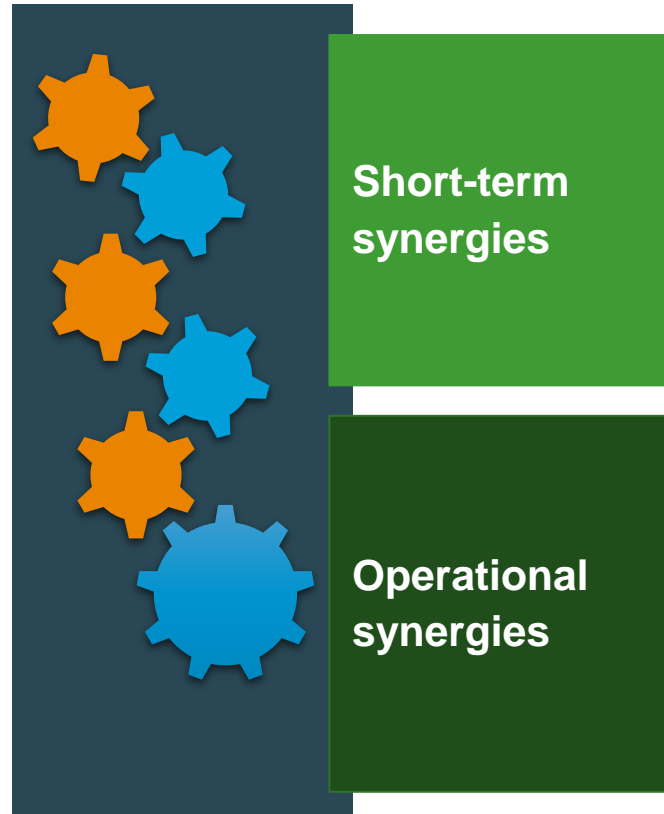
Urban development boosts the growth of balanced business portfolio

ASPECTS OF URBAN DEVELOPMENT

- Project development
- Execution
- Ownership and services



Synergy development to be disclosed starting from Q1 Interim Report



Description

- One top management and Group administration, savings from being one stock listed company
 - Lowered financing costs based on improved key figures
 - Harmonizing the IT systems and diminishing the number of systems
 - Combined premises
 - Unified operations and functions in overlapping areas
 - Economies of scale in indirect and direct sourcing
-
- The improved turnover of the plot portfolio and enhancement of development capabilities by increasing self developed business
 - Best practices from both sides, common processes and tools
 - Economies of scale in using digitalisation
 - Better use and higher volume of international sourcing

Full EBIT improvement potential per annum EUR 40 million by the end of 2020, target set in June 2017

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Outlook



Market outlook stable in the next 12 months

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

● 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

Outlook for 2018

- Due to the merger of YIT and Lemminkäinen, YIT does not issue numerical guidance for the Group but is issuing a general outlook that describes future development instead.
- YIT's outlook is based on assumptions and the management's estimates of the development of demand in the Group's operating environment and segments.
- The Board of Directors will assess, and later announce, whether it is appropriate to issue numerical guidance for the merged company.

Housing Finland and CEE

Consumer demand for apartments is expected to remain at a good level. Activity among large residential investors is expected to be lower than in the previous years.

Business premises

The rental demand for business premises is expected to remain at the previous year's level in growth centres. The contracting market is expected to remain active, but contract sizes are expected to decrease on average.

Paving

The total volume of the paving market is expected to grow slightly in YIT's operating area

Housing Russia

The demand for apartments is expected to remain at the same level as seen on average in the second half of 2017. Residential prices are expected to remain low.

Infrastructure projects

Infrastructure construction market is expected to continue to grow slightly from the level of the year 2017.

Partnership properties

Activity among property investors is expected to remain at a good level, particularly for centrally located projects in the Helsinki metropolitan area and in major growth centres.

The adjusted operating profit¹ is expected to fluctuate significantly between the quarters. The adjusted operating profit for the first quarter of 2018 is expected to be low due to normal seasonal variation of the combined company.

¹Adjusted operating profit reflects the result of ordinary course of business and it 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 the tables in the Financial Statements Bulletin 2017.

Highlights from past months

- Significant tenancy agreements signed
 - 11,000 sq.m. office premises in Keilaniemi, Finland to Accountor
 - 11 000 sq.m. business premises in Otaniemi, Finland to the City of Espoo
 - The occupancy rate of the Mall of Tripla rose already to almost 70%
- Won contracts (agreements to be signed during the beginning of the year)
 - Construction work for Blominmäki waste water treatment plant (EUR ~206 million)
 - Construction of a track and field stadion and a sports field in Valmiera, Latvia (EUR ~18 million)
 - Hiltulanlahti school and kindergarten life cycle project in Kuopio, Finland (EUR ~26 million)
 - H building at Vaasa Central Hospital through alliance contracting (30,000 sq.m)
- Signed project agreements
 - YIT, Pöyry and VR Track signed an alliance contract on the development phase of the second part of the Tampere light rail project
 - Combined ice stadium and swimming pool project "Kuntolaakso" in Kuopio, Finland (EUR ~36 million)
 - Implementation of local service centre Hertsu in Helsinki (20,000 sq.m.)
- Residential sales have continued on a good level in Finland and the CEE countries and improved in Russia from the comparison period.
- Many new residential projects started up



Together we aim to be the leading urban developer in Northern Europe

YIT:
Vuorimiehenkatu 1,
the conversion of Jugendstil
building on premium housing

YIT:
Renovation of the
Suomenlinna tunnel

YIT:
Kasarminkatu 21, LEED
certified office complex

LEMMINKÄINEN:
Renovations of the
Parliament House of
Finland

YIT:
UPM head office
for 400 employees

LEMMINKÄINEN:
Alma Media head office,
next to the rail tracks

YIT:
Large-scale extension
of Finlandia Hall

YIT:
Extension to the Finnish
Parliament building

LEMMINKÄINEN:
Adaptable office building
for Ernst & Young

YIT:
Oodi, Unique Helsinki
Central Library

LEMMINKÄINEN:
P-Finlandia parking facility
and air raid shelter.

LEMMINKÄINEN:
52 premium homes and
apartments

LEMMINKÄINEN:
KPMG's colourful, eye-
catching office building

LEMMINKÄINEN:
Paving and stone works
of Töölönlahti park



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