

SUSTAINABLE URBAN DEVELOPMENT DRIVING PERFORMANCE THROUGH CYCLES

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**MISSION:
WE CREATE
BETTER LIVING
ENVIRONMENTS**



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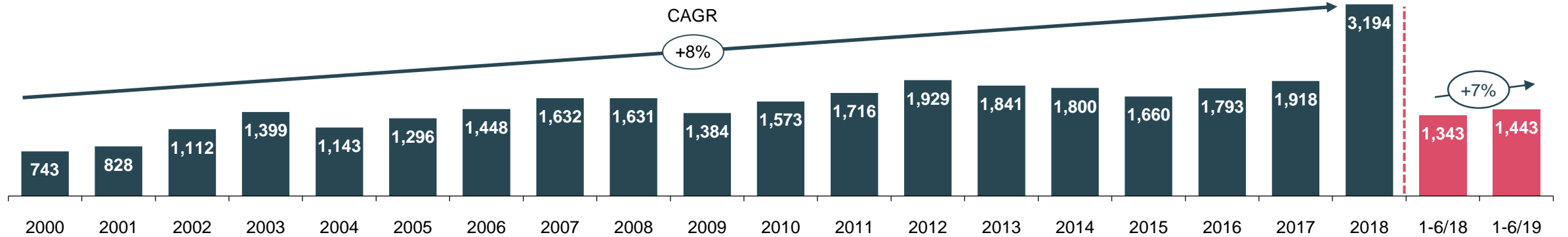
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Recap since CMD 2018
and merger

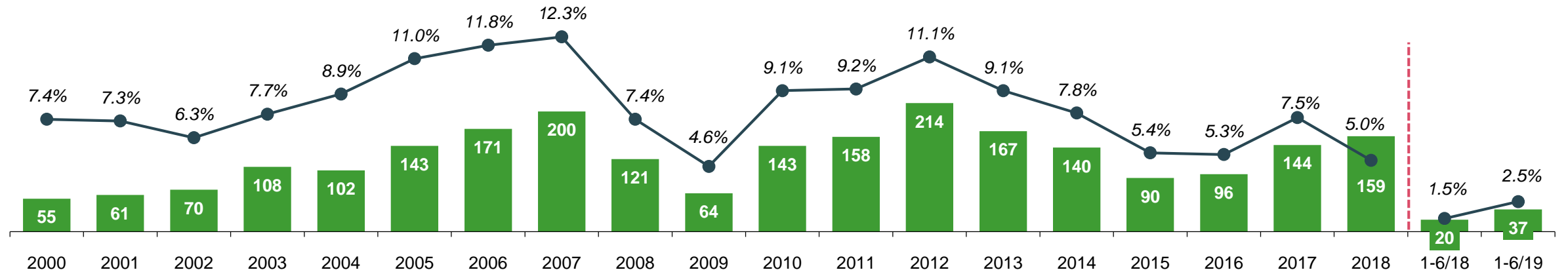


Long-term track record

Revenue development (EUR million) and y-o-y revenue growth (%)



Adjusted operating profit development (EUR million, %), excluding group costs



Note: 2000 – 2017 figures are YIT standalone and POC based. 2018 onwards figures are YIT and Lemminkäinen combined restated proforma, business segments combined, following IFRS accounting.

Key highlights during last 12 months

IMPROVED CUSTOMER EXPERIENCE

57

NPS (Net Promoter Score) level at the end of August (2018: 52).

LTIF (OCCUPATIONAL SAFETY LEVEL)

10.2

LTIF R12 level at the end of August (2018: 10.5).

GROWTH OF NON-CYCLICAL BUSINESS

+46%

H1/19 revenue growth from non-cyclical businesses year-on-year*.

PAVING TRANSACTION SIGNED

+240

EUR million expected cash flow impact upon closing of the deal, balance sheet ratios to targeted levels.

SYNERGY TARGET ACHIEVED

-40

EUR million by the end of 2019, estimated total amount EUR 48 million.

MORE STREAMLINED OPERATING MODEL

Jan 1, 19

GRIP Management System in use in all new construction sites in Finland and starting Jan 1, 2020 also group-wide.



*Figures excluding paving and mineral aggregates.

Strategic development programmes: results 2018-2019

PROGRAMME	TARGETS	RESULTS
PERFORMANCE	Cost synergies Management system Shorter lead times	<ul style="list-style-type: none">• Annual cost synergies of EUR 48 million to be achieved• GRIP management system in use in all sites in Finland from Jan 1, 2019• Lead times: baselines and reporting defined; segments have several means for implementation
CUSTOMER FOCUS	Revenue growth from private customers Higher NPS Improved project margins	<ul style="list-style-type: none">• Number of private clients in slight increase• Rolling 12-month NPS improved from 52% to 57%• Average sales margin of won tenders has increased
GREEN GROWTH	Sustainability-driven growth and profit Clarify current impact and ambition level	<ul style="list-style-type: none">• Business opportunities and operating models investigated for property life-cycle services• Target levels for reducing CO₂ emissions defined, carbon calculation model developed and calculation tools in piloting• Sustainability reporting structured and expanded

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.

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

4

RESPONSIBLE INDUSTRIAL BUYER

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

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

2

Market outlook



Market outlook

Development of macro environment

GDP growth forecasts 2019-2021

FINLAND

Strong consumer confidence, but housing market has peaked. Uncertainty in private investor demand.

International investors' interest in Finnish prime real estate property market high.

Transport infrastructure volume declining, new projects depend on new government's decisions.

SCANDINAVIA

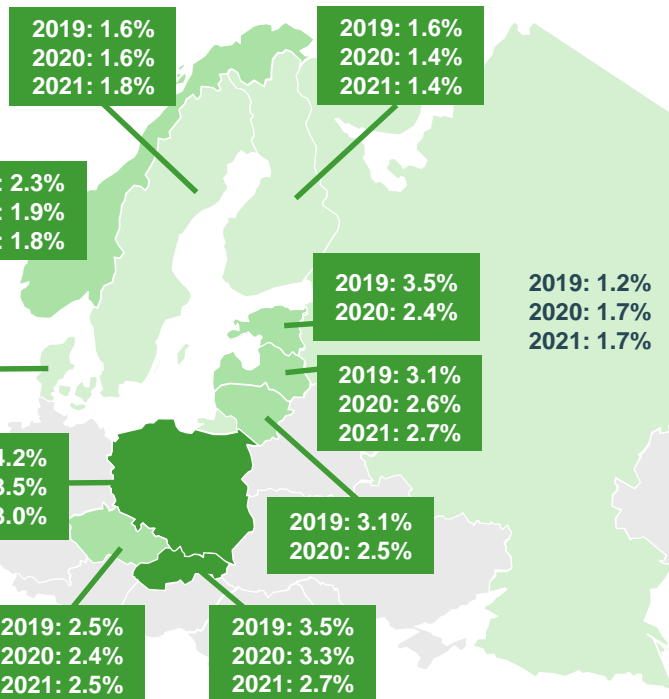
Long-term public investment programs to traffic infrastructure both in Sweden and Norway.

GLOBAL THEMES

Trade war between China and USA

Sanctions against Russia

Fear of global recession



RUSSIA

New housing legislation (law 214) has increased uncertainty in the market, likely to decrease housing volumes but increase the need of capital.

BALTICS AND CEE

Good economy in all countries, strong migration especially in Slovakia and Poland.

Traffic infrastructure growing in the Baltics, outlook dependent on EU funding (Rail Baltica 2 to start 2020).

Negative macro development in Germany a significant risk → directly impacting the CEE economies.

3

Updated strategy



YIT Strategy 2020-2022 - Performance through cycles

Improving profitability and maintaining financial stability

STRATEGIC PRIORITIES

URBAN DEVELOPMENT

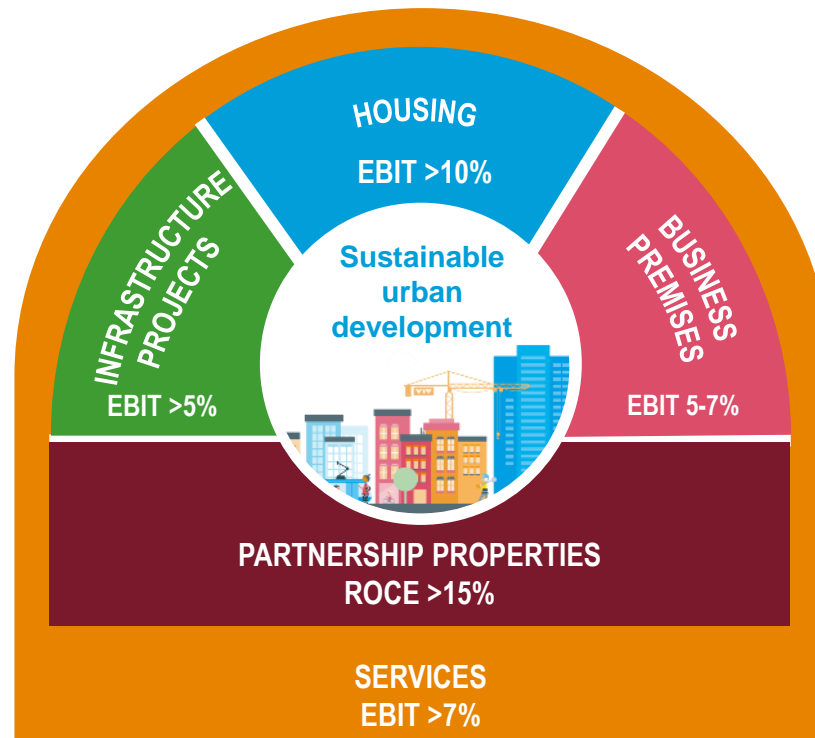
Self-developed and longer value chain projects

PARTNERSHIP PROPERTIES - UPDATED

Development, structuring, management and ownership of proprietary sourced real estate assets

SERVICES - UPDATED

Services for the owners and users of the built environment



PERCENTAGES REFLECT GOOD PERFORMANCE IN BUSINESS

CORNERSTONES OF SUCCESS

PRIORITY IN SHORT TERM

TOP PERFORMANCE

- Site productivity and good capital efficiency
- Benefit from service and process digitalisation

STEPPING UP SUSTAINABILITY - NEW

- Sustainability of own operations and products
- New business generation for lifecycle

SUCCESS WITH CUSTOMERS AND PARTNERS

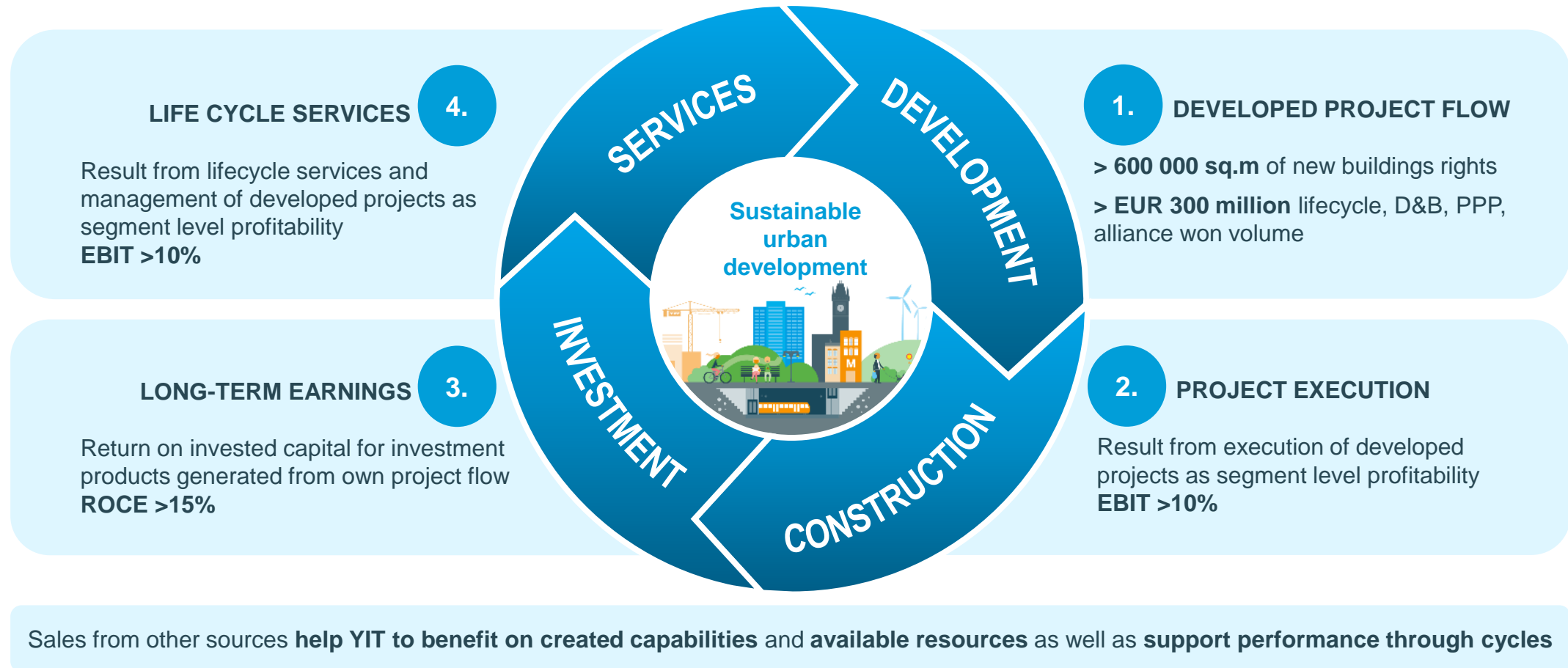
- Improving customer experience and NPS
- Deeper partnerships, higher value, more speed

HAPPY PEOPLE

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

Sustainable urban development as core of YIT's business model

Source of volume, growth and profitability for all businesses



Strategic financial targets intact

Financial target	Long-term target level
ROCE	>12%
Gearing	30-50% ¹
Dividend per share	Growing annually ²



¹ Including the impact of IFRS 16 by the end of the strategy period.

² The Board of Directors has decided to propose to the AGM a change in dividend payment to be done in two tranches starting with the dividend paid for the year 2019.

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Strategy execution



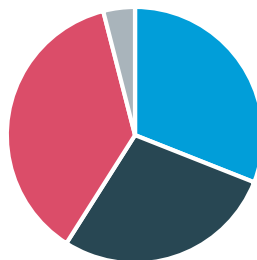
Strategy execution

Profitability improvement – Priority in short term

1 ADJUST BUSINESS MIX	2 HEALTHY SALES PRICES	3 IMPROVE PRODUCTIVITY	4 GRIP ON PROJECT MANAGEMENT
<ul style="list-style-type: none"> Focus on urban development Careful project selection; D&B, lifecycle and alliances Growth in services Selling/closing down underperforming businesses 	<ul style="list-style-type: none"> Dynamic pricing Value-add through concepting Sustainability focus Global buyers and partners Strengthen profit-driven culture 	<ul style="list-style-type: none"> Lean principles in use BIM, logistics, prefabrication Global sourcing Process re-design and user-friendly digitalisation 	<ul style="list-style-type: none"> Tender process with risk analysis and realistic reservations Contract and risk management Uniform project management practices on-site

BUSINESS MIX 2018 AND STRATEGIC CHOICES

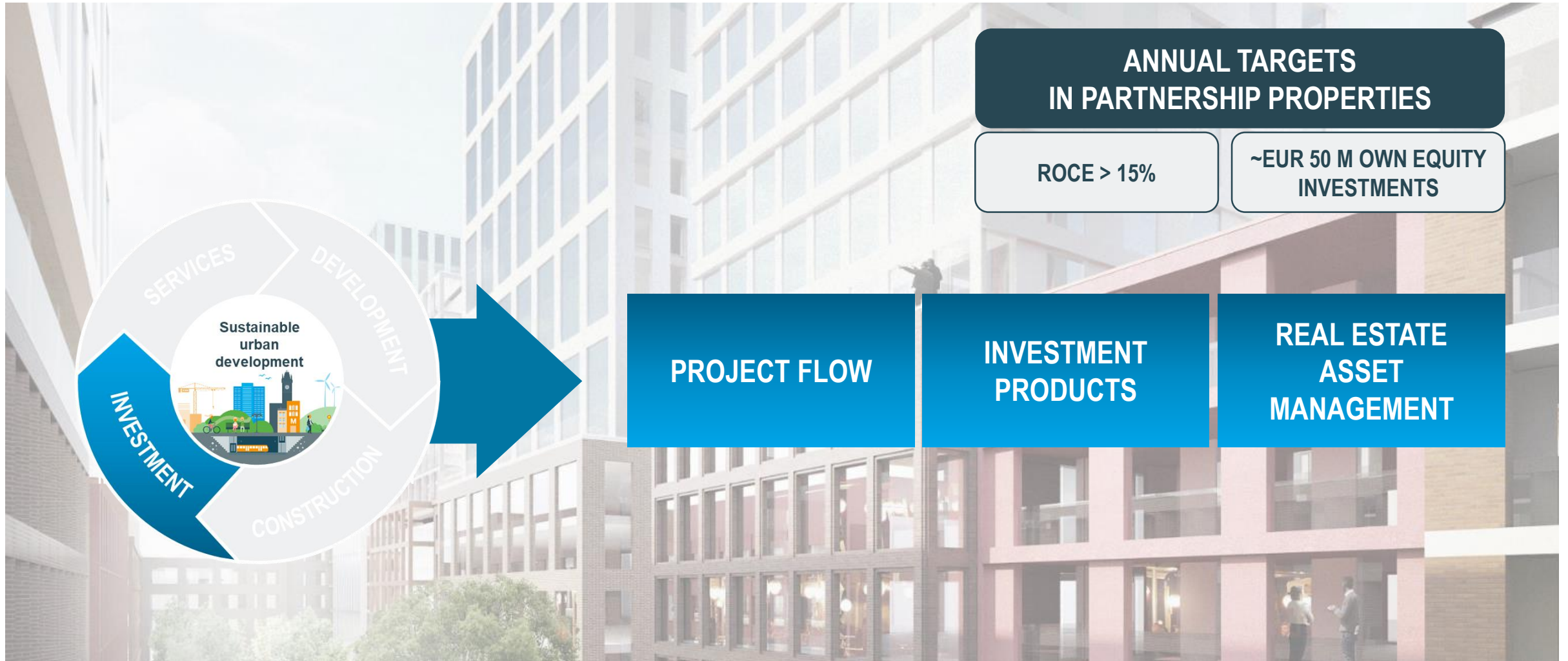
SHARE OF REVENUE



BUSINESS	SHARE OF ADJ. EBIT	STRATEGY
Contracting	-15%	↓
D&B / PPP / Lifecycle	15%	↑
Self-developed	80%	↑
Services	2%	↑
Partnership properties	20%	↑

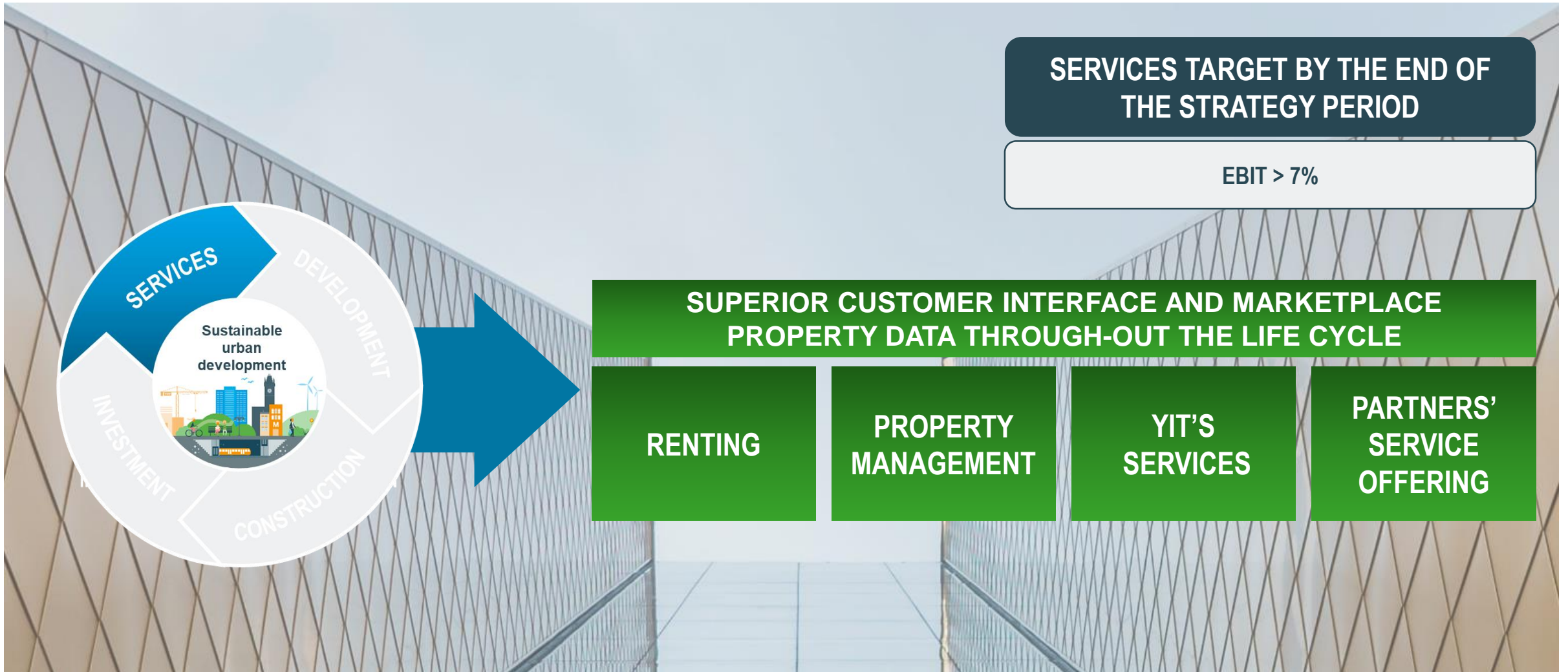
Strategy execution – Partnership properties

Attractive earnings opportunities from project flow also for partners



Strategy execution – Services development

Services take lifecycle responsibility of the developed properties



Strategy execution

New strategic development programme launched

GREEN GROWTH 2019-2021

SERVICES DEVELOPMENT 2020-

CUSTOMER FOCUS 2019-2021

PERFORMANCE 2019-2021

Sales and customer excellence

Growth in services

Value from sustainability

Reduce CO₂ emissions 50% by 2030

Enable carbon neutral lifestyle

Local energy services business

24/7 service platform
Creation of service ecosystem

Strong internal service
development: property
management, rental services

Revenue growth among
private customers

Improved NPS

Improved average project
margins

Ensure synergies and improve
productivity

Implementation of GRIP

Clearly shorter lead times, segment targets

Performance improvement of business

Impact

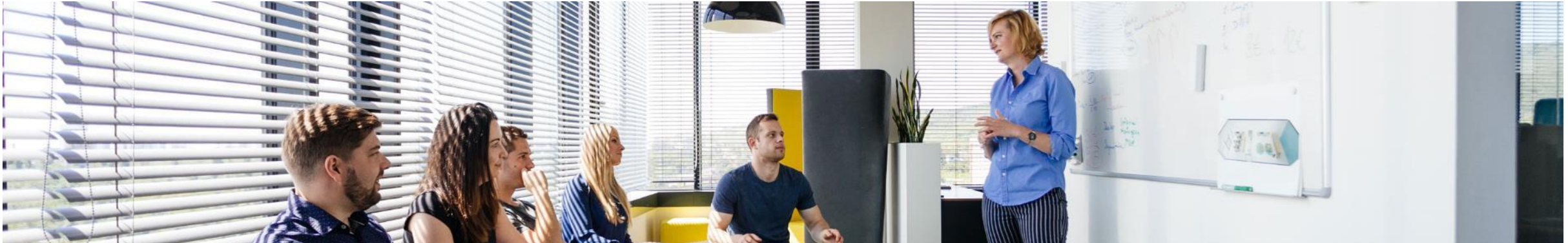
COMPANY CULTURE

1-3 years

2-5 years

4-10 years

Happy people – our most valuable asset



VALUES & CULTURE

- Open and involving leadership
- Clear management by key results

RESOURCES

- Rotation to support growth, renewal and lower risk
- Excellent trainee paths

PEOPLE DEVELOPMENT

- Building selected key competences to ensure success also in the future
- Developing management and leadership capability

COMMITMENT

- Transparent remuneration policy
- Smart ways of working

WORK SAFETY, HEALTH & WELL-BEING

- Respect for life - attitude
- Health and workability management best in class in our field

Key implications and targets

Housing Finland and CEE and Housing Russia



HOUSING FINLAND AND CEE



- Wide portfolio of homes for sale and renting for several client segments
- Service-minded culture, steps towards service business
 - Rental brokerage, home upgrades and living services
 - Customer journey development and digitalising
- Continue industrialisation and digitalisation
 - BIM, Prefabs, Modules, Tact time and Logistics
- Sustainable lifestyle (reducing CO₂ footprint)

Good performance level
EBIT >10%



HOUSING RUSSIA



- Focus on plot acquisitions and project development in remaining units
- Finalising implementation of new operating model
 - Centralised competence centers, standardised products
- Growth in Living services
- Implementing closing of selected business units without delays

Good performance level
EBIT >12%

Key implications and targets

Business premises and Infrastructure projects



BUSINESS PREMISES



- Profitable pipeline of self-developed projects
- Active and systematic customer work to get tenants, plots for development and negotiation based projects
- Controlled tendering and execution of contracting
- Design driving for industrialisation in projects with design responsibility
 - Standardisation and prefabrication
- Sector forerunner in sustainability

Good performance level
EBIT 5-7%





INFRASTRUCTURE PROJECTS



- Improve profitability
 - Adjust project mix by focused project selection and sales
 - Ensure risk management practices in tender stage and construction
 - Secure rate of control (GRIP) and uniform project management in all projects
- Invest in project development capabilities
- Understand own carbon footprint and measures to improve

Good
performance
level
EBIT >5%

Business development by segment

	2018	2019	2020
Housing Finland and CEE			
Housing Russia			
Infrastructure projects			
Business premises			
Partnership properties			

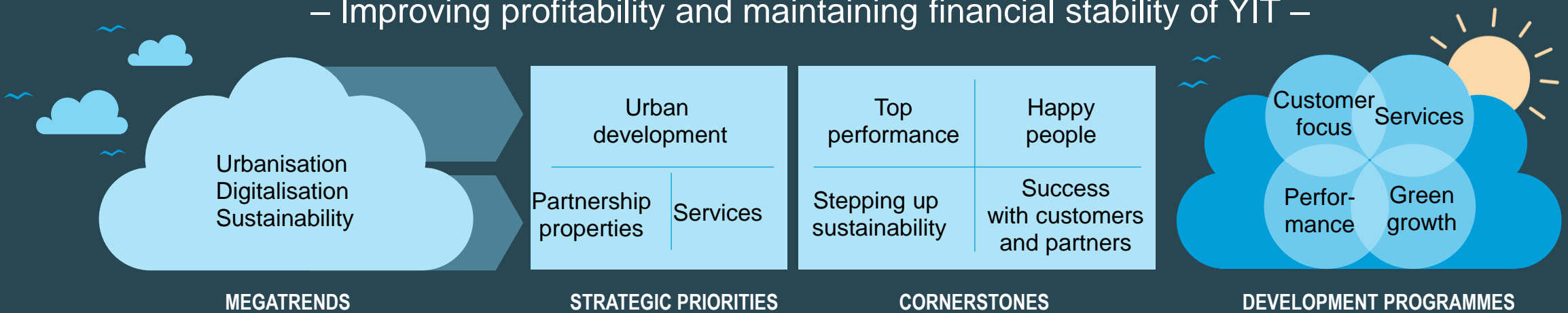
Development estimates are based on 1) current market environment, 2) current backlog of orders, 3) executed restructuring, reorganising and performance improvement actions and 4) estimated schedules of urban development projects and their impact on sales and operating profit.

More life in sustainable cities

STRATEGY 2020–2022:

PERFORMANCE THROUGH CYCLES

– Improving profitability and maintaining financial stability of YIT –



We create better living environments

FUNDAMENTS

SAFETY FIRST
QUALITY ALWAYS

OUR VALUES

RESPECT
COOPERATION
CREATIVITY
PASSION



**VISION:
MORE LIFE IN
SUSTAINABLE
CITIES**



**Together
we can
do it.**