

# YIT Group Interim Report 1-3/2009

Juhani Pitkääkoski  
President and CEO

Event for analysts and investors  
April 24, 2009



Austria  
Czech Republic  
Denmark  
Estonia  
Finland  
Germany  
Hungary  
Latvia  
Lithuania  
Norway  
Poland  
Romania  
Russia  
Sweden

# Contents

- Highlights of the quarter
- Business segment development
- Financial development
- Future outlook and focus areas
- Appendices
  - Ownership structure
  - Group financials
  - Market development



# Highlights of the quarter



# Variation across business segments

## Building and Industrial Services

- Steady profitability, EBIT: EUR 29 million (5.3%)
- Service and maintenance stable.
- Technical building systems focused on renovation and modernization.
- In Industrial Service, investments focused on energy industry.

## Construction Services Finland

- Profitability better than in Q4/08, EBIT: EUR 21 million (8.7%)
- Residential consumer sales picked up from Q4/08.
- In infrastructure good development continued.
- In business premises focus on completing ongoing and tender-based projects.

## International Construction Services

- Negative profitability, EBIT: EUR -24 million (-38.7%)
- Low residential sales volumes, cost overruns in certain projects.
- Residential sales continued in Russia and picked up in Feb-March.
- In Russia housing construction continued. YIT will complete all apartments under construction, maintaining credibility as a reliable partner. Huge need for apartments continues.
- In Baltics weak market situation continued. Number of unsold apartments decreased.



Together we can do it.



# Revenue and operating profit decreased

| EUR million                                     | Q1/09        | Q1/08 | Change<br>(Q1/08-<br>Q1/09) | Q4/08   | Change<br>(Q4/08-<br>Q1/09) | 2008    |
|---|--------------|-------|-----------------------------|---------|-----------------------------|---------|
| Revenue <sup>1</sup>                            | <b>823.7</b> | 927.0 | <b>-11%</b>                 | 1,050.7 | <b>-22%</b>                 | 3,939.7 |
| Operating profit <sup>2</sup>                   | <b>22.1</b>  | 78.6  | <b>-72%</b>                 | 48.4    | <b>-54%</b>                 | 260.6   |
| • of revenue                                    | <b>2.7%</b>  | 8.5%  |                             | 4.6%    |                             | 6.6%    |
| Financial income and expenses, net <sup>3</sup> | <b>-19.9</b> | -8.3  | <b>*)</b>                   | -43.1   | <b>-54%</b>                 | -67.5   |
| Profit before taxes                             | <b>2.2</b>   | 70.3  | <b>-97%</b>                 | 5.4     | <b>-59%</b>                 | 193.1   |
| Earnings per share, EUR                         | <b>0.02</b>  | 0.40  | <b>*)</b>                   | 0.03    | <b>-33%</b>                 | 1.05    |
| Return on investment, rolling 12 months         | <b>14.3%</b> | 28.1% |                             | 17.5%   |                             | 17.5    |
| Operating cash flow after investments           | <b>10.3</b>  | 51.0  | <b>-80%</b>                 | 61.3    | <b>-83%</b>                 | -19.4   |

\*) Change over 100%

1) Building Systems operations acquired from Central Europe were transferred to YIT on Aug 1, 2008.

2) Q1/2008 MEUR +3.5 (final ruling of the Supreme Court).

3) Q1/2008 MEUR +2.2 (final ruling of the Supreme Court).

1-12/2008 MEUR -25.0 (exchange rate losses mainly related to the ruble).

Together we can do it.





# Business segment development



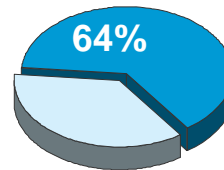
# Business segment comparison



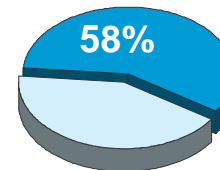
## Building and Industrial Services

Nordic countries, Central Europe, Russia, Baltics

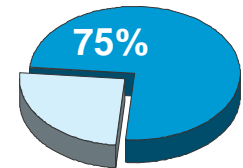
Revenue



EBIT

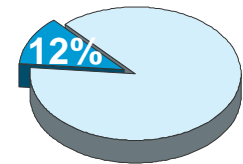
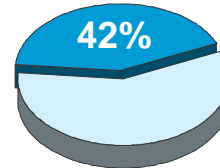
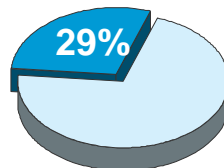


Personnel



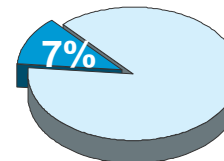
## Construction Services Finland

Finland

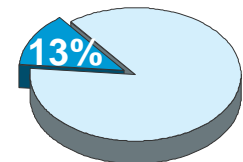


## International Construction Services

Russia, Baltics, Czech Republic



EBIT  
negative



Percentage of YIT Group in Q1/09

Together we can do it.

**YIT**

# Building and Industrial Services

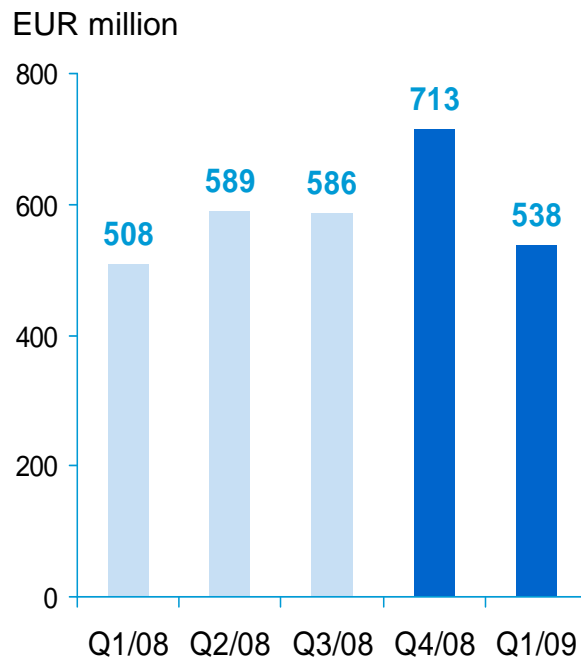




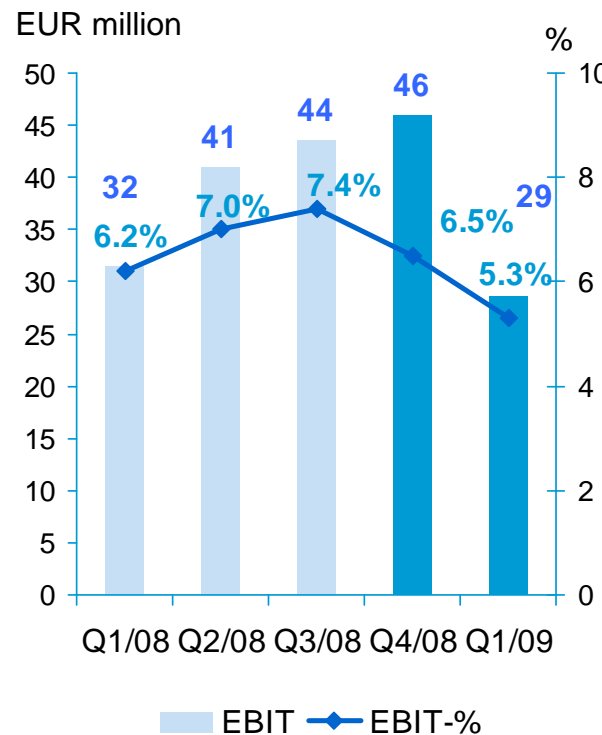
# Building and Industrial Services

## Steady profitability development

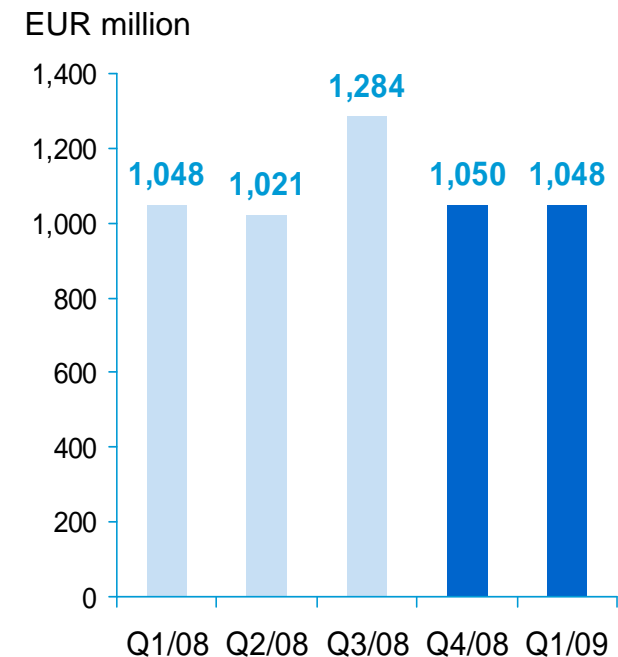
### Revenue



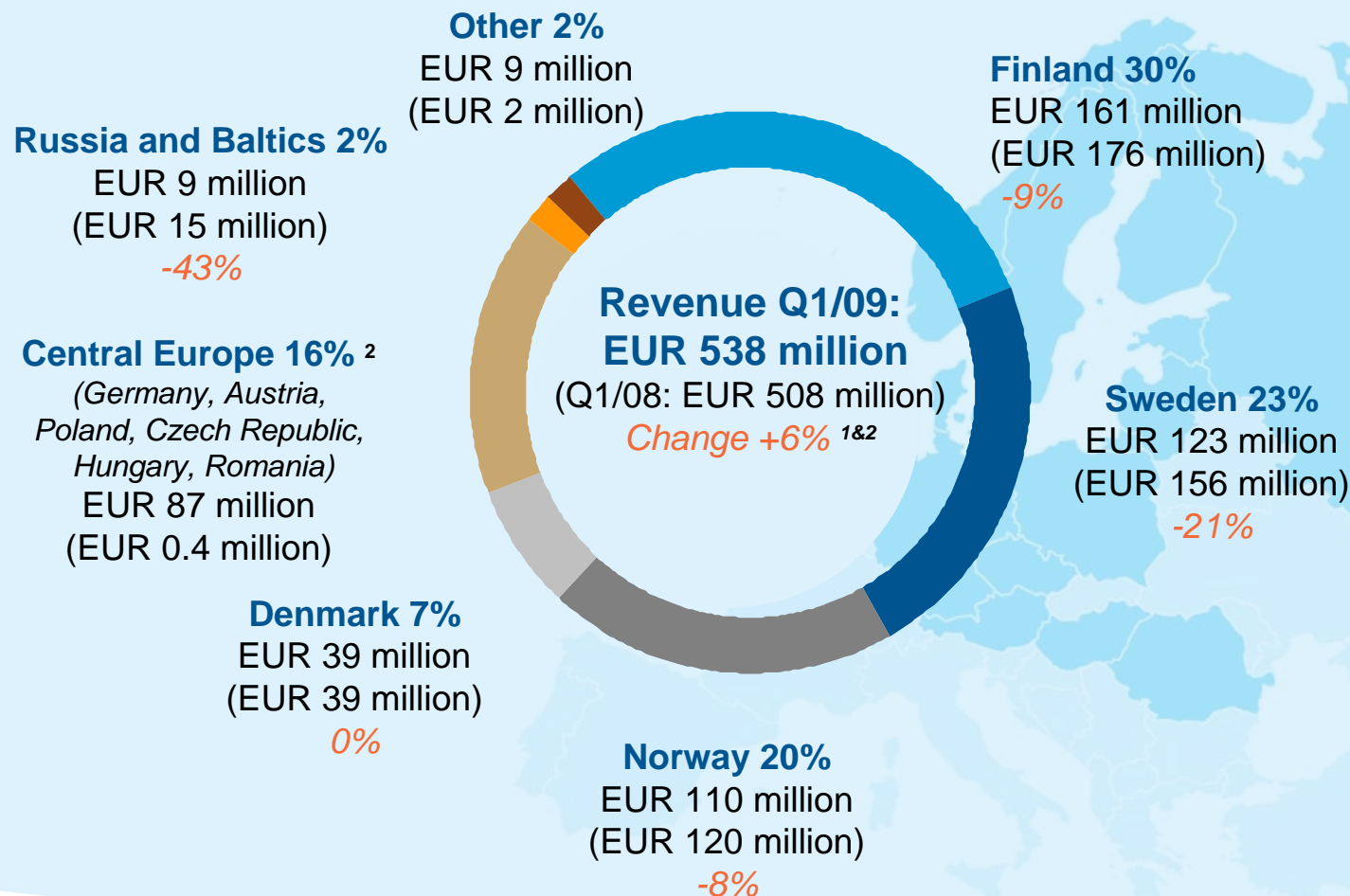
### EBIT and EBIT-%



### Order backlog



# Building and Industrial Services Revenue by country



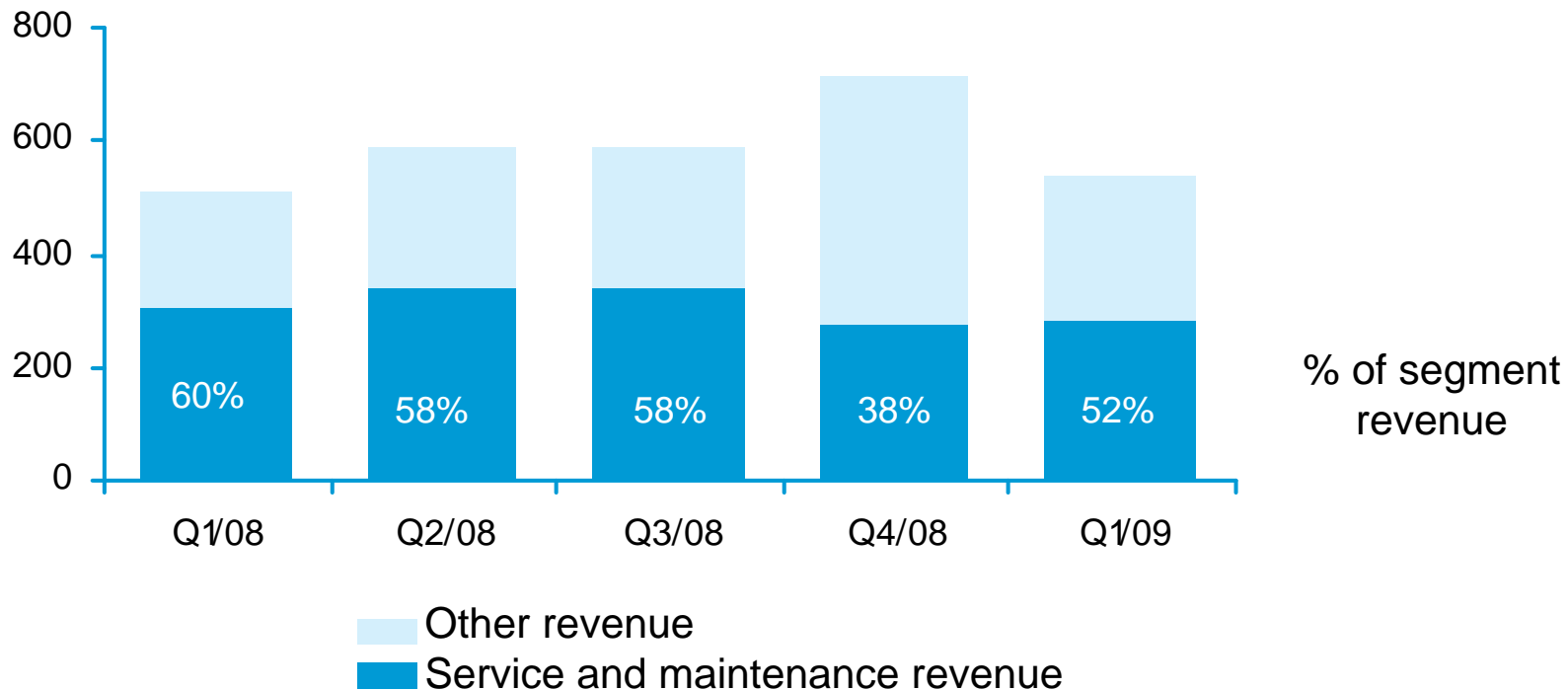
1) Calculated in local currencies, growth was 13%.

2) Building Systems operations acquired from Central Europe were transferred to YIT on Aug 1, 2008.

# Stable development in service and maintenance

## Building and Industrial Services: Service and maintenance revenue EUR 281 million in Q1/09

Building and Industrial Services  
total segment revenue,  
EUR million



Together we can do it.



# Service and maintenance contracts in Q1/09

- **Sweden**
  - Mondi Dynäs
  - AstraZeneca
- **Norway**
  - Norway's road administration
  - StatoilHydro
- **Finland**
  - Finnair Catering
  - TeliaSonera Finland
  - Helsingin Energia
  - Neste Oil
- **Denmark**
  - Peterson Packaging
  - Odense Steel Shipyard
- **Germany**
  - Offices in Munich



# Actions to improve competitiveness

- Increase service and maintenance
- Focus on:
  - Renovation and modernization
  - Public sector
  - Maintenance
- Improve utility rates
- Renegotiate procurement deals





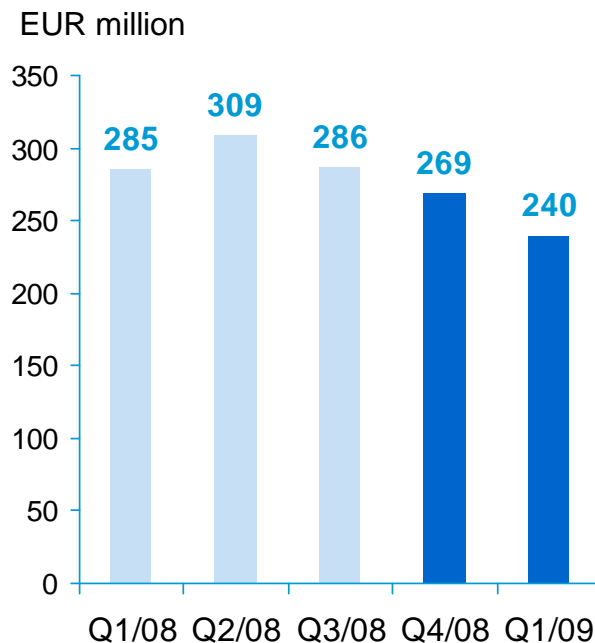
# Construction Services Finland



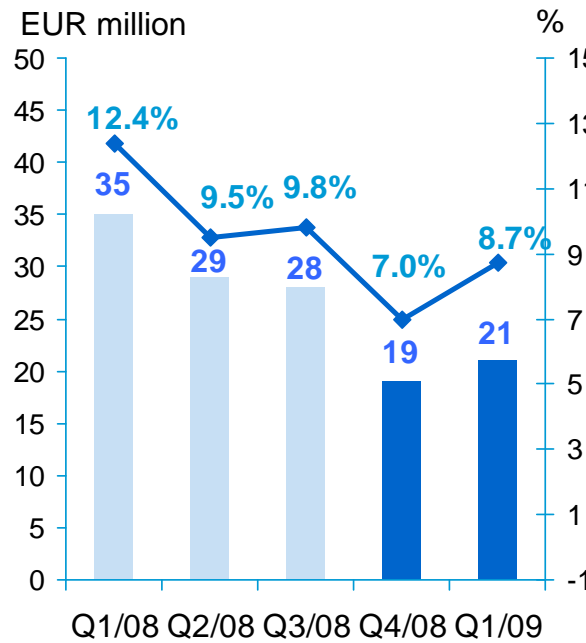
# Construction Services Finland

## Profitability better than in Q4/08

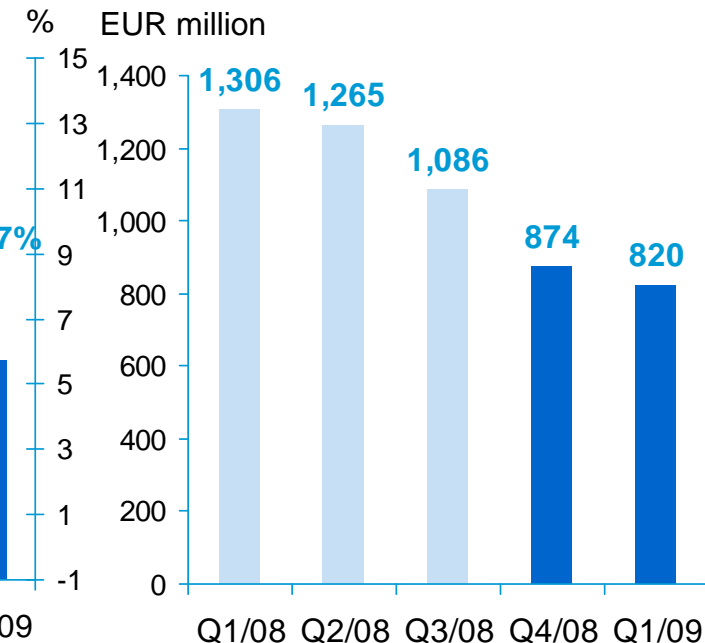
### Revenue



### EBIT and EBIT-%



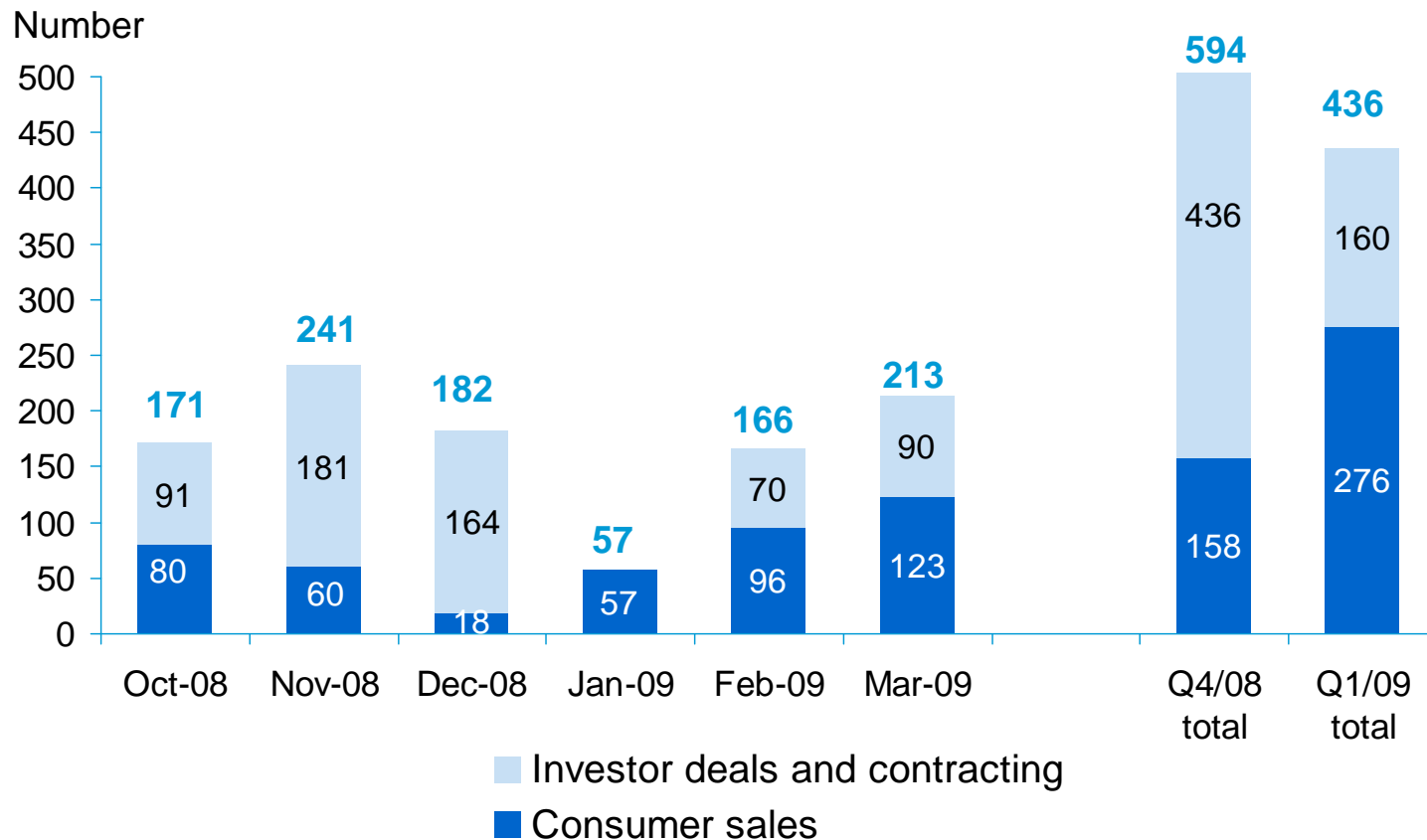
### Order backlog



■ EBIT ◆ EBIT-%

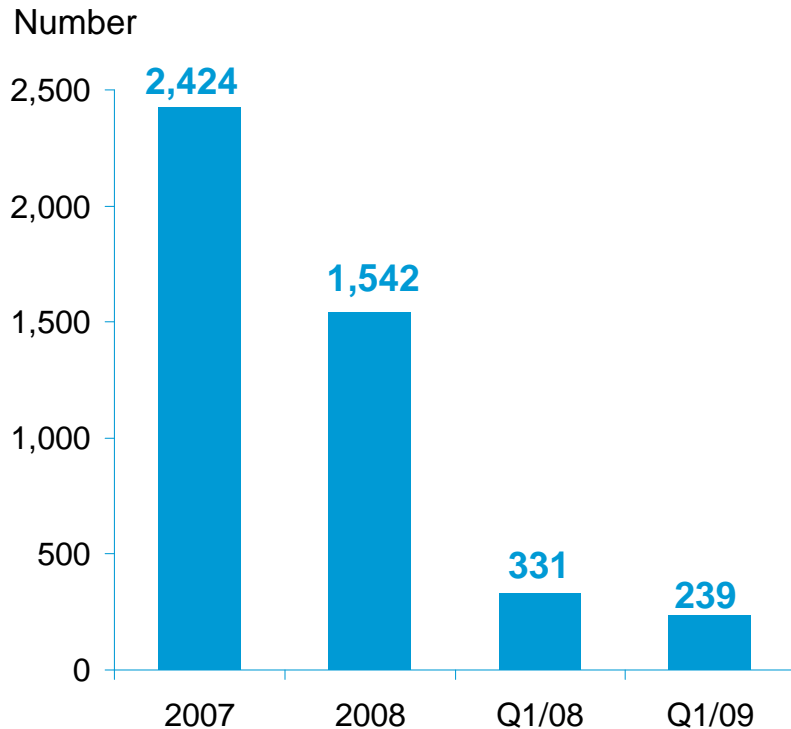
# Consumer residential sales picked up from Q4/08

## Apartments sold in Finland

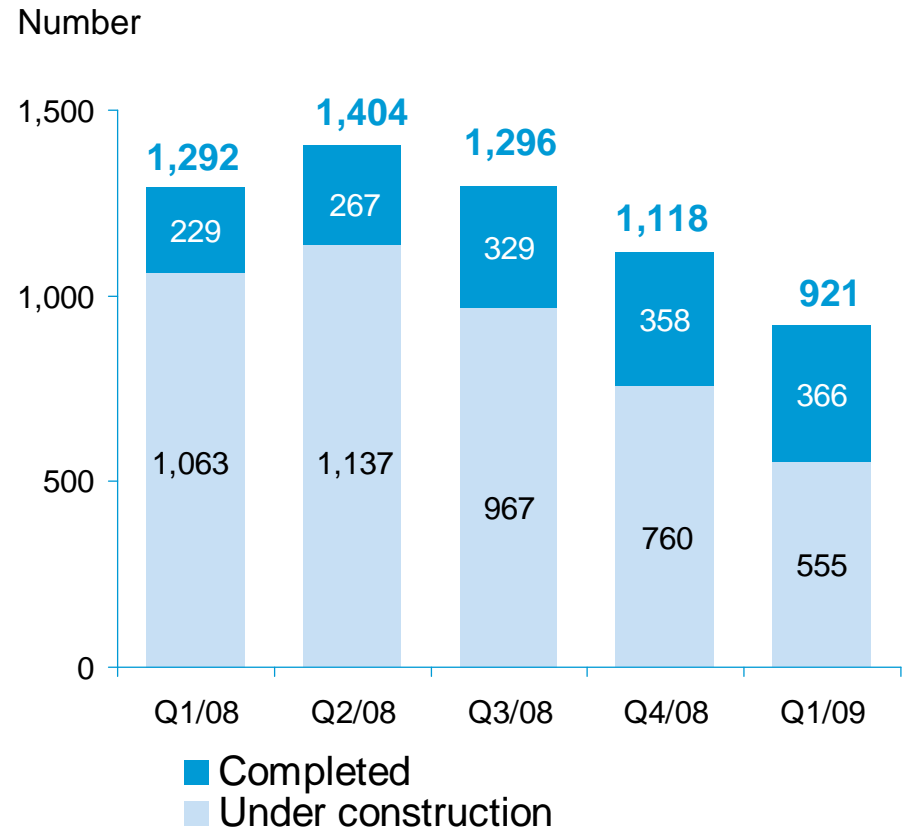


# Start-ups and inventory reduced in Finland

## Residential start-ups



## Unsold apartments



# Structural and market factors for housing in Finland

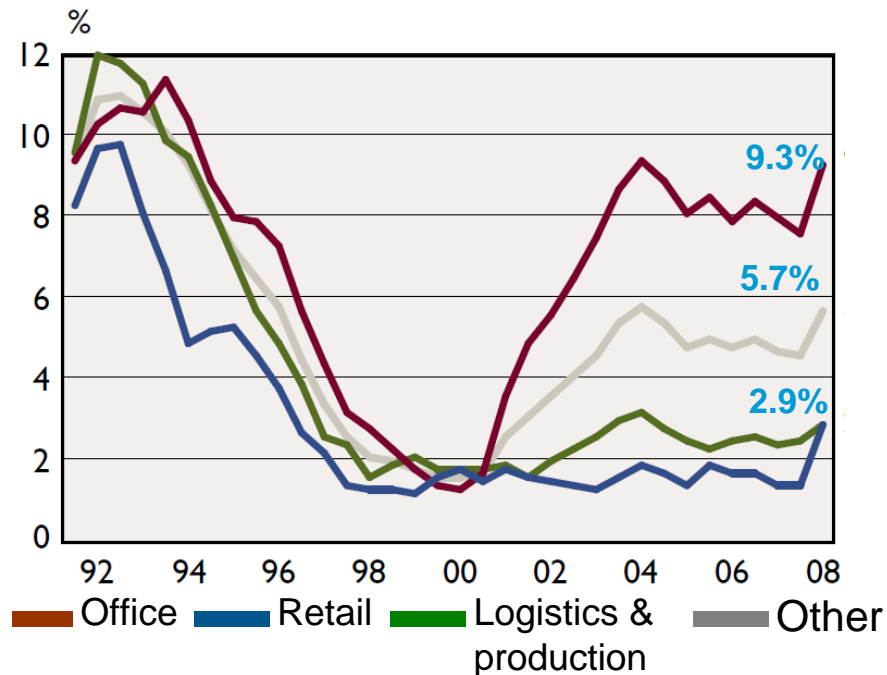
- Migration continues
  - Low urbanisation rate
- Low living space per capita
- Change in social structures
  - About 70% of households consist of 1-2 persons
- Decreased interest rates
- Increased rents
- Decreased supply of apartments



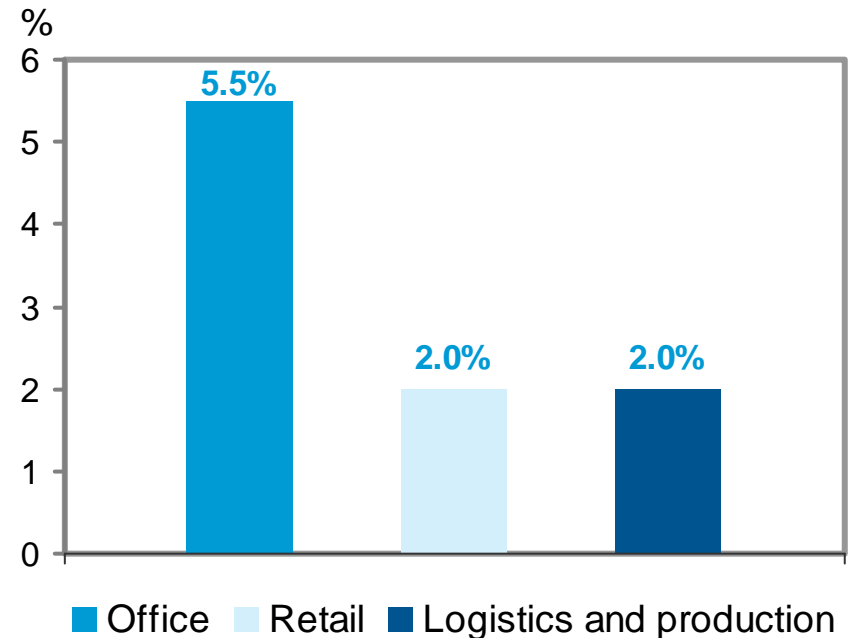


# Office construction decreases clearly, lower vacancy rates in retail and logistics

Vacancy rate of business premises  
in Helsinki metropolitan area, 1992-2008



Vacancy rate of business premises  
in major Finnish cities, at the end of 2008



\*) Average: Helsinki metropolitan area, Tampere, Turku, Oulu, Lahti, Kuopio, Jyväskylä, Vaasa

Source: Catella market review Q4/08, March 3, 2009.

# Stable demand in infrastructure continues



## Projects starting up in 2009 in Finland

- The Ring Rail Line circular rail route of the Helsinki Metropolitan Area
- Länsimetro (new underground line)
- Kalla bridges (Highway 5)
- Main road 51 (Kirkkonummi - Kivenlahti)
- Highway 6 (Ahvenlampi - Mansikkala)
- Kehä I (ring road, second phase)
- Kehä III (ring road, Vanhakartano - Lentoasemantie)
- Highway 5 (Koirakivi - Hurus)
- Highway 6 (Joensuu)
- Highway 14 (Savonlinna city center)
- New road connection to Kilpilahti

# Actions to improve competitiveness

## Residential

- Housing start-ups according to market demand
  - Own development
  - Rental housing production

## Business premises

- Start-ups according to market demand
  - Active project development
  - Contracting

## Infrastructure

- Active in projects - projects starting up offer new business possibilities





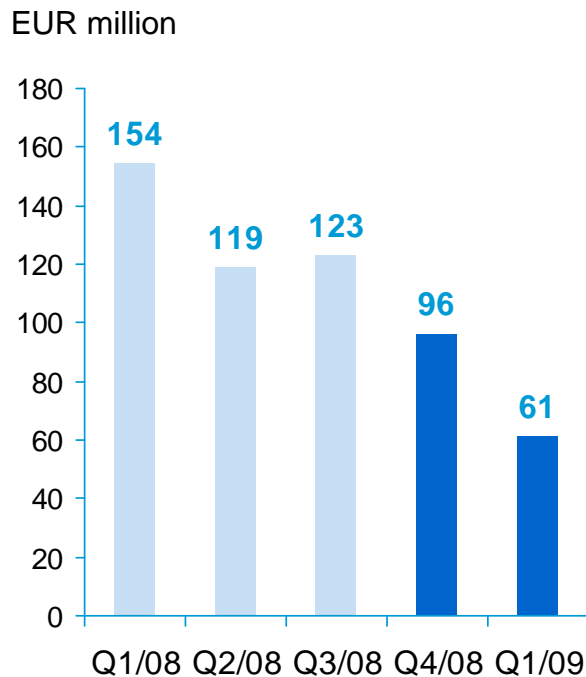
# International Construction Services



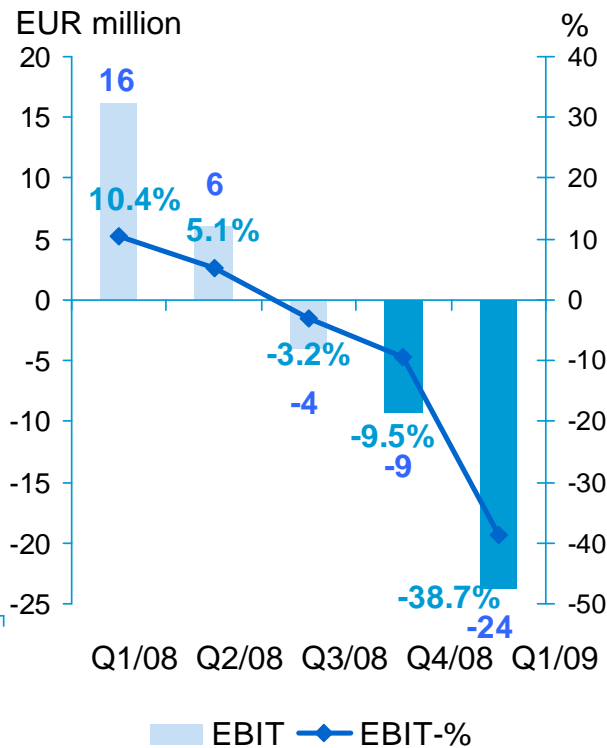
# International Construction Services

## Negative profitability

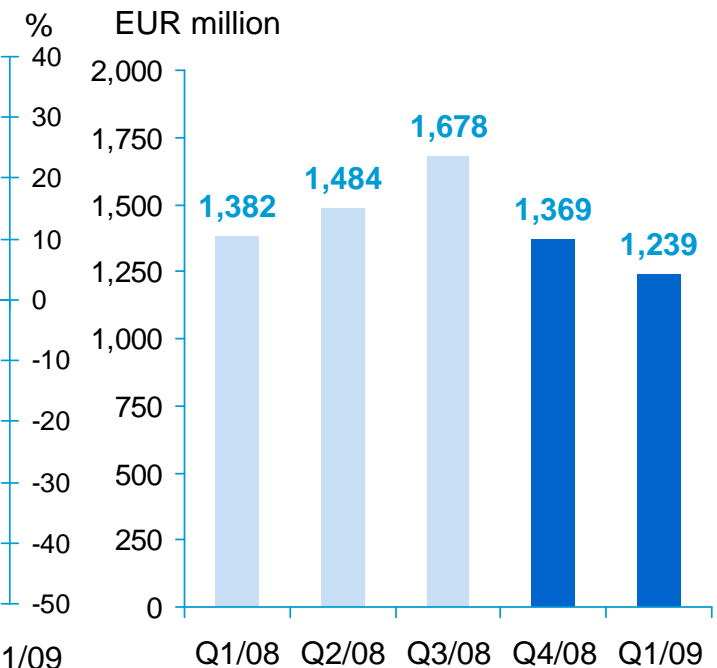
### Revenue



### EBIT and EBIT-%



### Order backlog

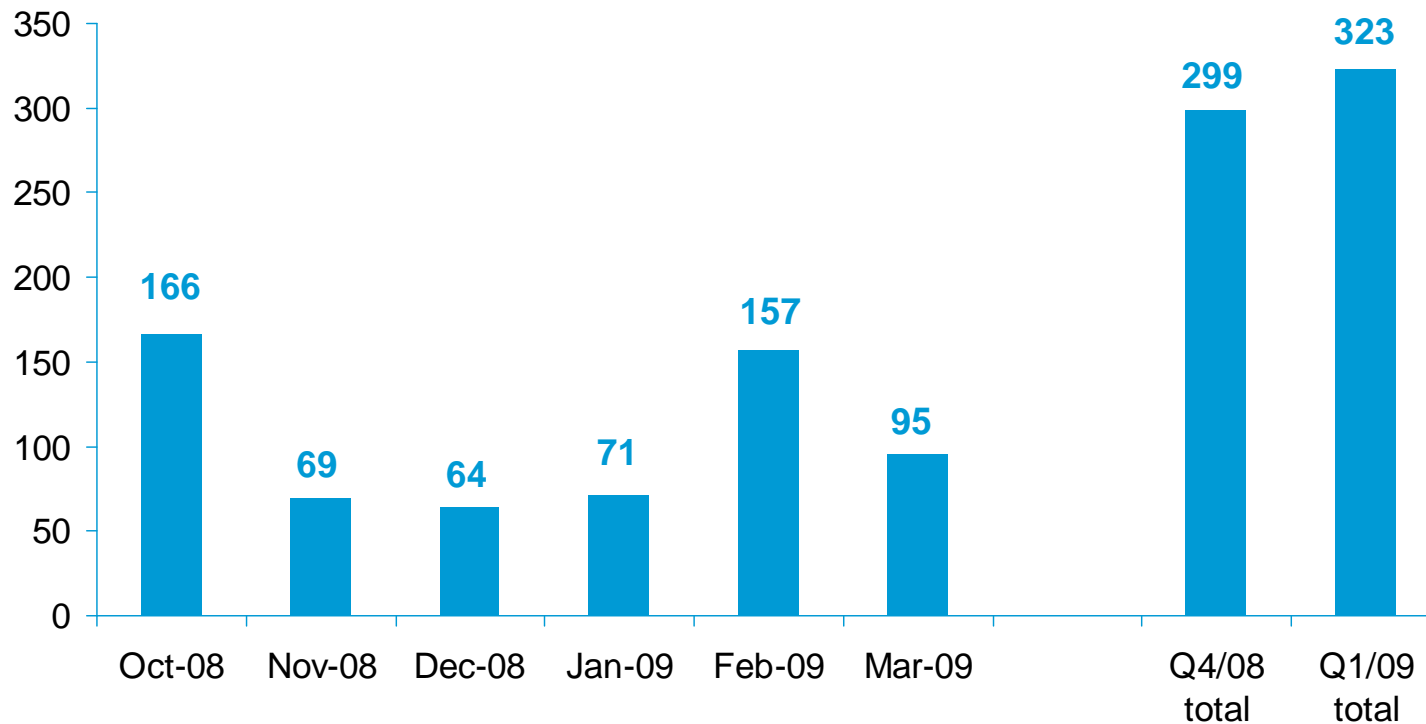




# Residential sales in Russia picked up in February-March

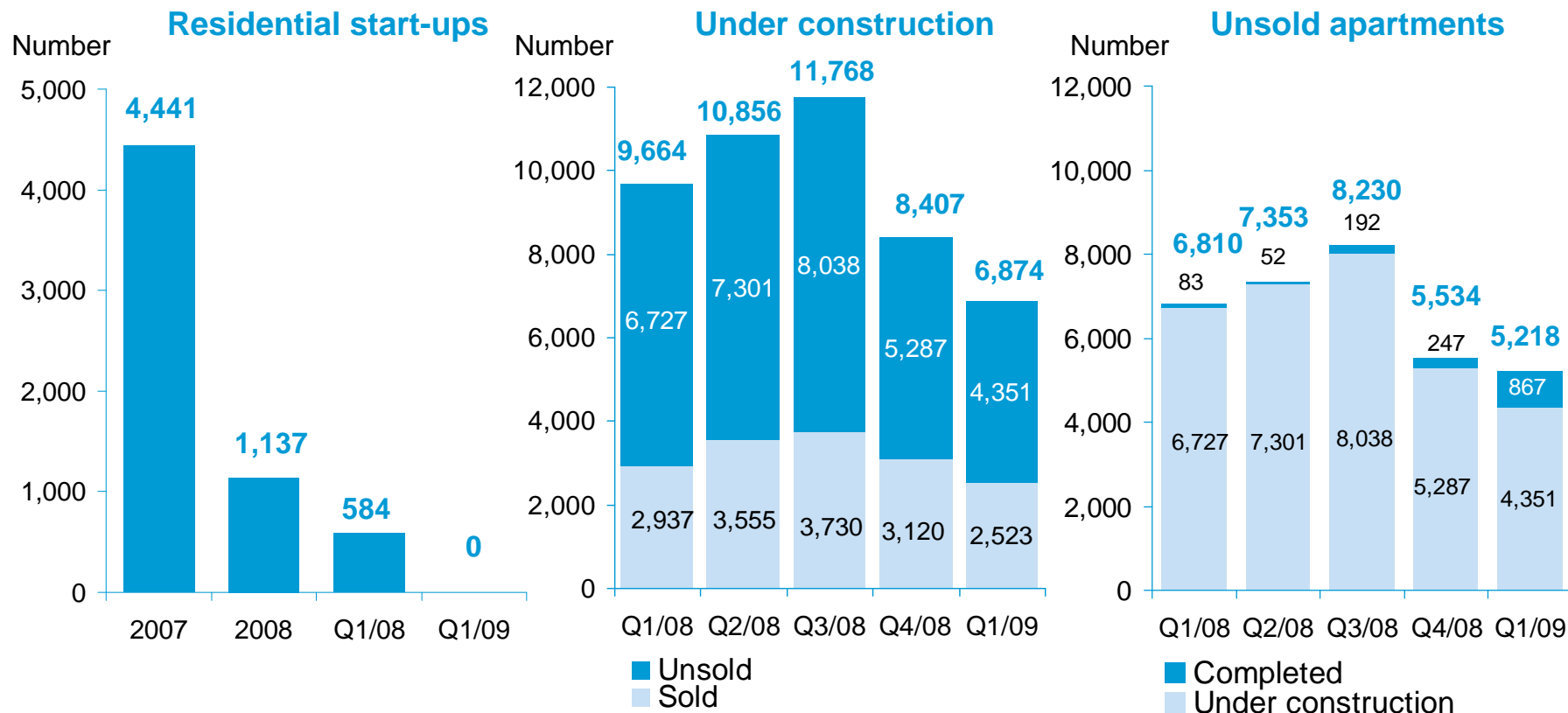
## Apartments sold in Russia

Number



# 6,874 apartments under construction in Russia

YIT completes all started production,  
construction costs estimated at EUR 325 million\*

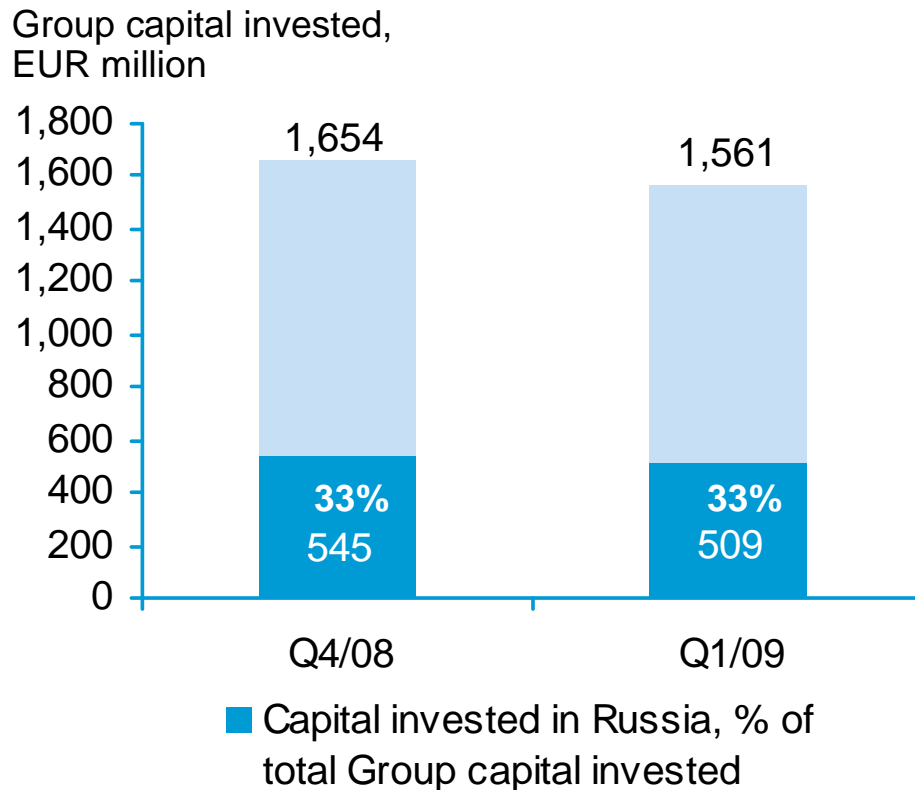


In October 2008, YIT decided to suspend the construction of 2,485 residential units in Russia. These units are not included in any of the figures.

\*) At the ruble rate at the end of March 2009.

# Capital invested in Russia

**Capital invested in Russia 3/2009:  
EUR 509 million, 33% of Group capital**



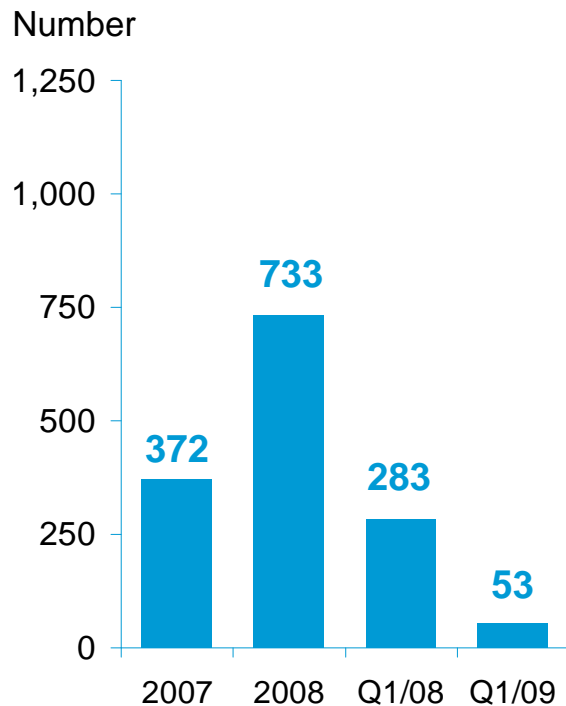
# Structural and market factors for housing in Russia

- Huge need for apartments
  - Existing stock in bad condition
  - Low living space per capita
- Mortgage market development
- Decrease of housing prices stabilised at the beginning of the year
- Decreased supply of apartments
  - Many projects suspended in the current market situation

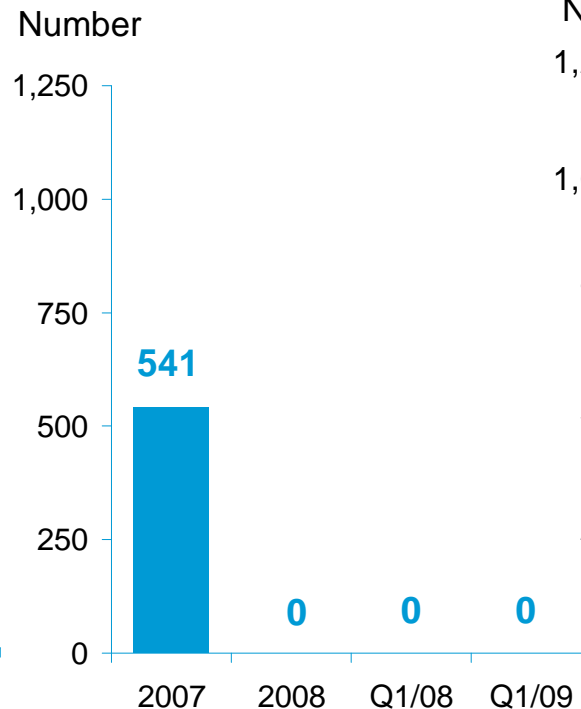


# Housing inventory reduced in the Baltics

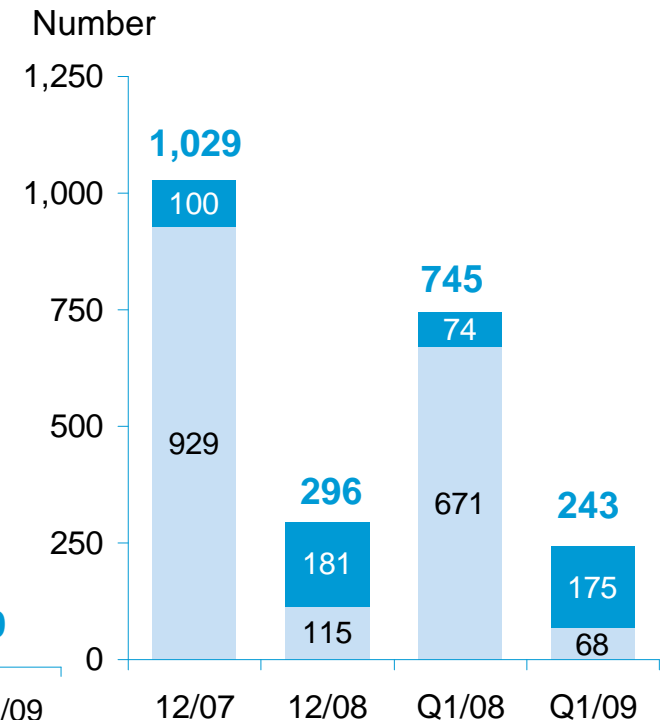
## Apartments sold



## Start-ups



## Unsold apartments



■ Under construction ■ Completed



# Actions to improve competitiveness

- Adjust operations and organization to market situation

## In Russia

- Stabilise operations
- Secure residential sales
- Complete all started production
- Maintain credibility as a reliable partner

## In the Baltics

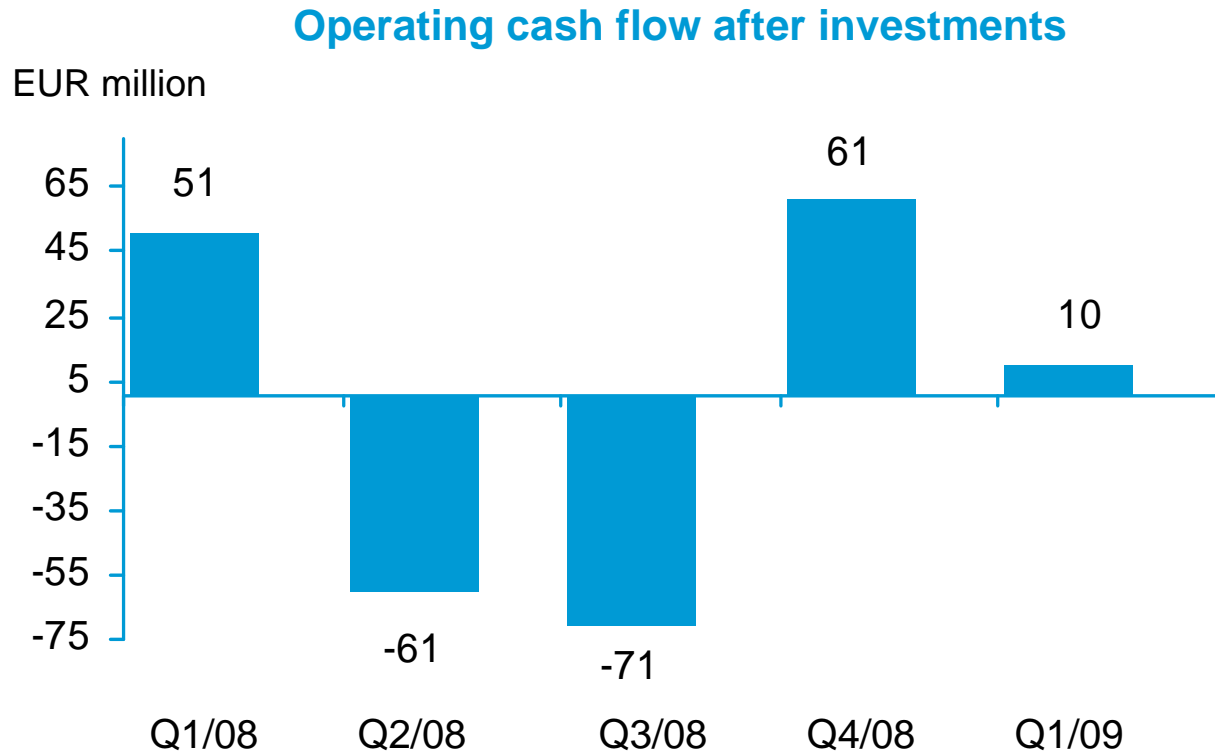
- Shift focus from residential production to contracting



# Financial development

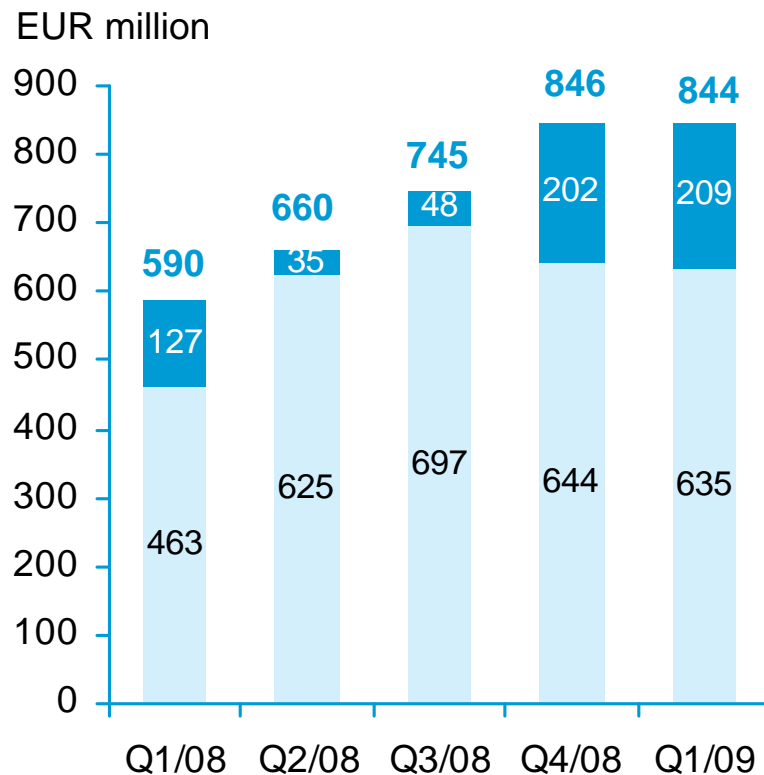


# Positive operating cash flow in Q1/09

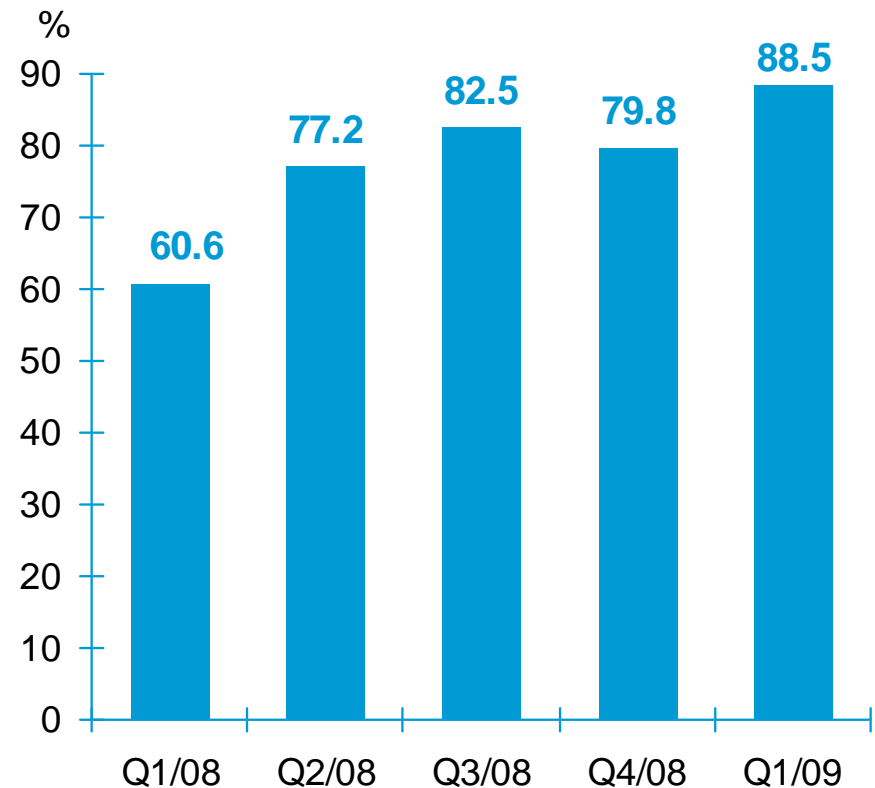


# Financial position remained stable

## Interest-bearing debt



## Gearing ratio



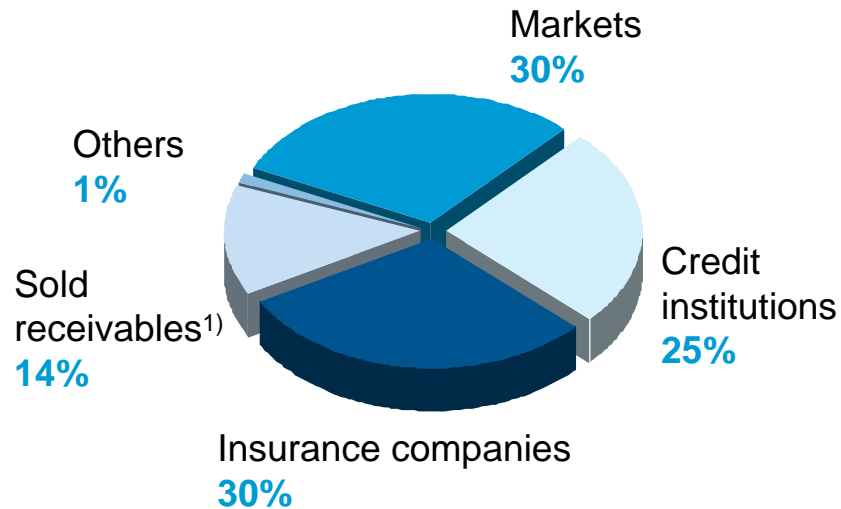
Net debt    Cash and cash equivalents

# Stable maturity structure

## Debt portfolio 3/2009

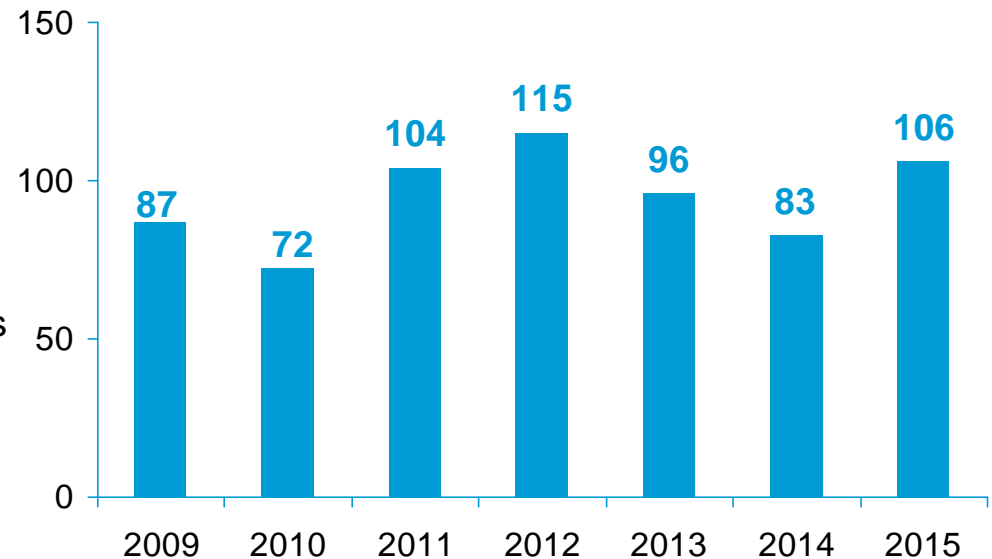
Total EUR 844 million

Average interest rate 4.9 %



## Maturity structure of long-term debt 3/2009

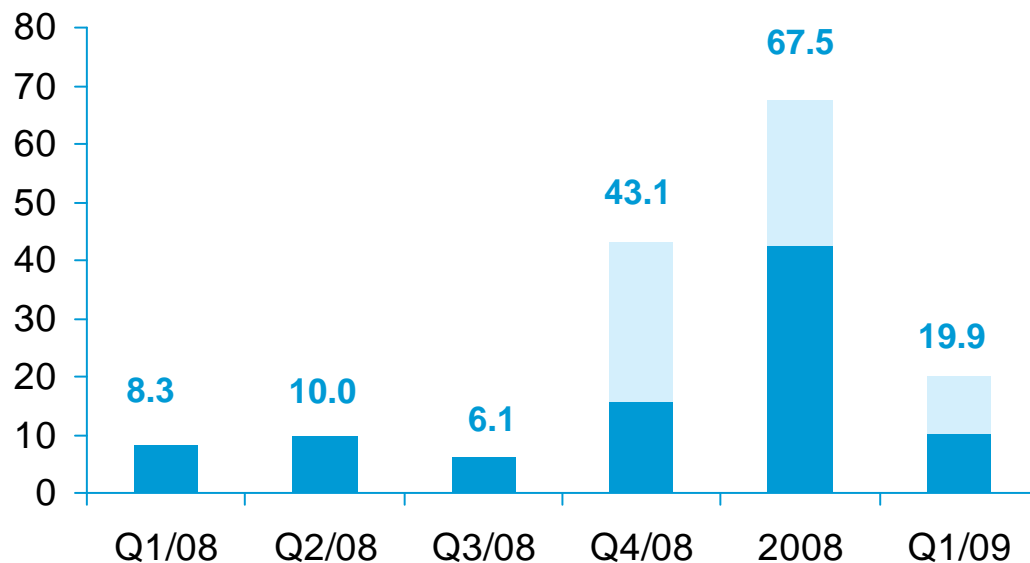
EUR million



<sup>1)</sup> Developer contracting liabilities

# Net financial costs increased

EUR million



Increase in Q1/09 mainly due to exchange rate losses from the ruble

■ Exchange rate losses

Exchange rate losses mainly due to the ruble:

In Q1/09: EUR 9.6 million

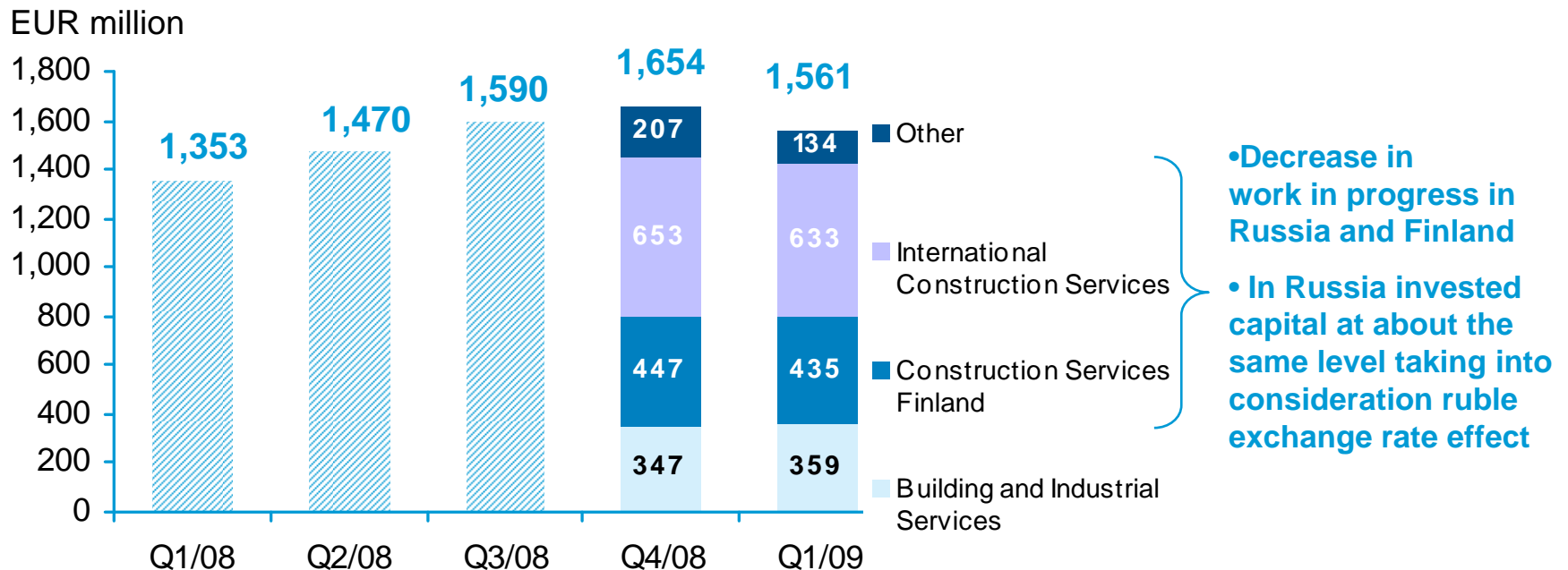
In Q4/2008: EUR 25.0 million

Together we can do it.



# Invested capital decreased from Q4/08

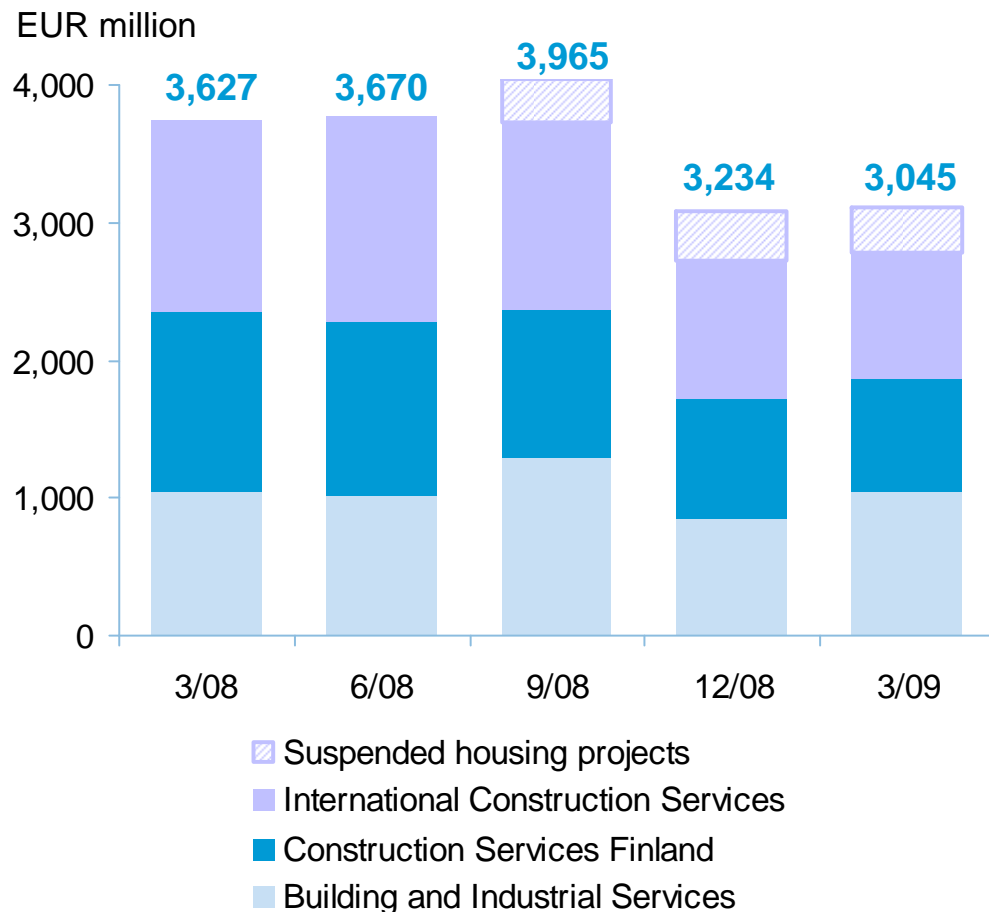
YIT Group invested capital EUR 1,561 million in Q1/09



Invested capital = Balance sheet total - non-interest bearing debt



# Order backlog EUR 3 billion



## Factors impacting the backlog

### Operative

- Backlog with normal margin
- Residential and commercial real estate with sales risk

### Currency effects

- Ruble
- SEK, NOK

### Suspended projects

The backlog of International Construction Services includes 2,485 residential units suspended in Russia, accounting for ~EUR 322 million at the end of 3/09.

# Future outlook and focus areas



# Outlook for 2009

## by business segment

### Building and Industrial Services



**Revenue and operating profit estimated to decrease and profitability to weaken somewhat.**

- Service and maintenance demand to develop relatively steadily in spite of the uncertain market conditions.
- Target to increase service and maintenance.
- The demand for renovation will continue to grow.
- Investments in industry and commercial real estate will decrease.

### Construction Services Finland



**Revenue and operating profit estimated to decrease clearly. Profitability at moderate level.**

- Residential construction estimated to decrease, and focus will be on interest-subsidized and market-financed rental housing production.
- Decreased interest rates, higher rents and piled up need due to reduced supply support demand for owner-occupied housing.
- Construction of new business premises estimated to decrease clearly.
- The number of infrastructure projects will be stable or grow as a result of public sector stimulus measures.

### International Construction Services

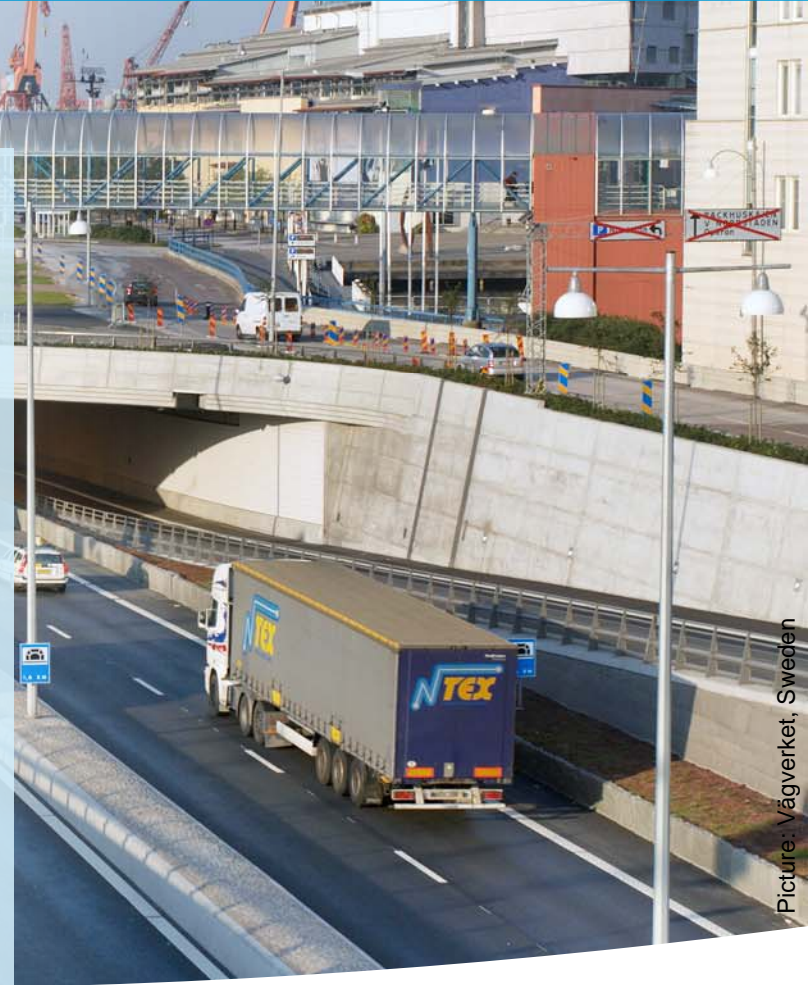


**Revenue estimated to decrease clearly and operating profit to be negative.**

- Target to stabilise operations.
- Consumer demand estimated to remain unchanged in Russia, provided that the price of oil and ruble rate stay at current levels, at minimum.
- The decreased supply, as several constructors have suspended their projects, may decrease the pressure to lower selling prices.
- Devaluation of ruble brings down the costs of completing apartments under construction and has an effect on YIT's revenue and earnings development in euro terms.
- In Baltics, weak market situation will continue.

# Outlook for 2009

YIT estimates that in 2009 the Group revenue will decrease clearly but profit before taxes will be positive.



Picture: Vägverket, Sweden



# Improve competitiveness in challenging market situation

## Focus areas

Accelerate sales

Reduce production costs

Improve capital efficiency

Strengthen cash flow



# YIT

Together we can do it. **YIT**

# More information

Sakari Ahdekivi  
*Chief Financial Officer*

tel. +358 20 433 2258

e-mail: sakari.ahdekivi@yit.fi

Petra Thorén  
*Senior Vice President,  
Investor Relations*

tel. +358 20 433 2635

Mob. +358 40 764 5462

e-mail: petra.thoren@yit.fi



# Appendices



# Ownership structure

- Principal shareholders
- Number of shareholders
- Share of non-Finnish ownership



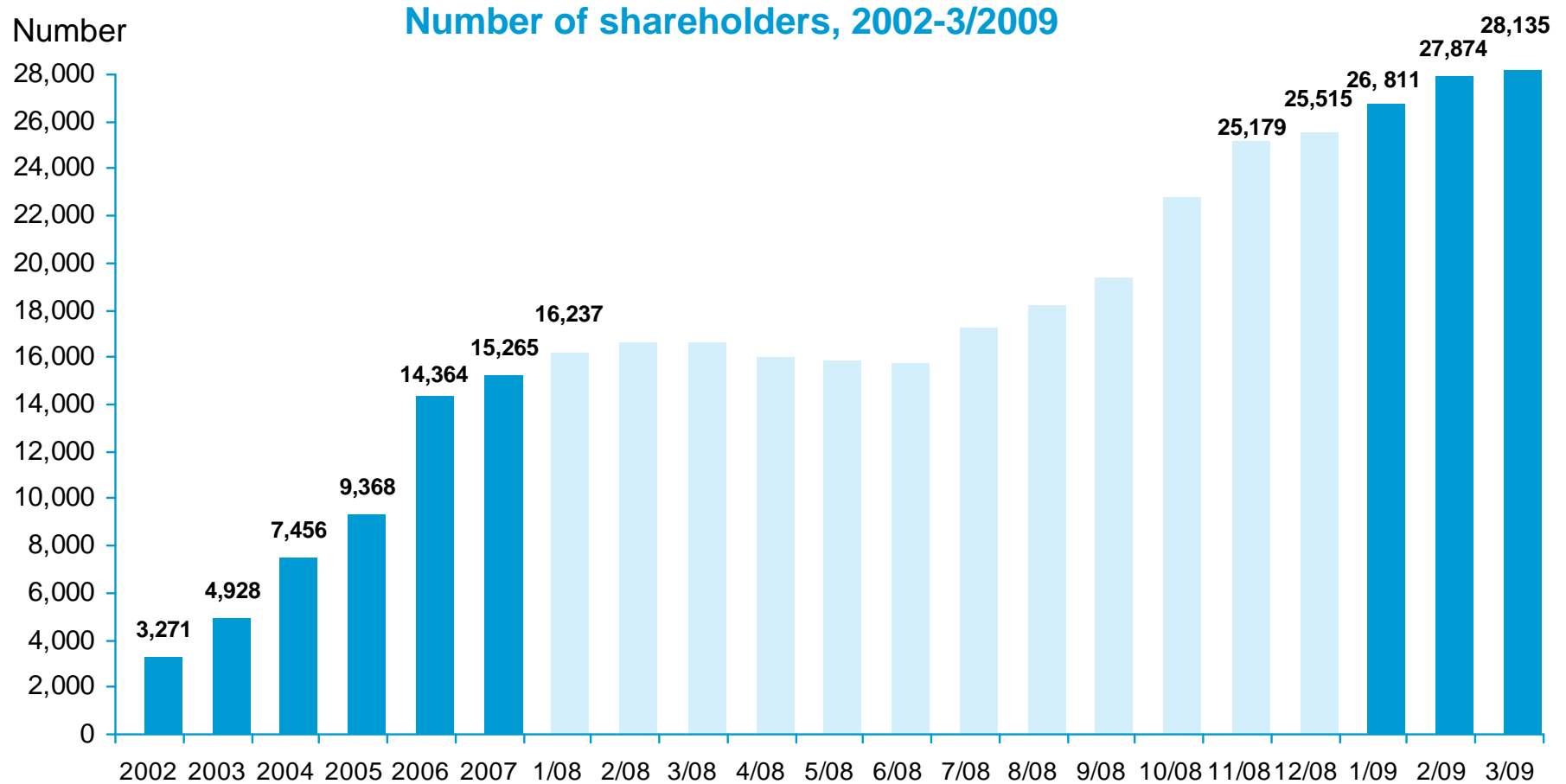
# Principal shareholders

## Owners on March 31, 2009

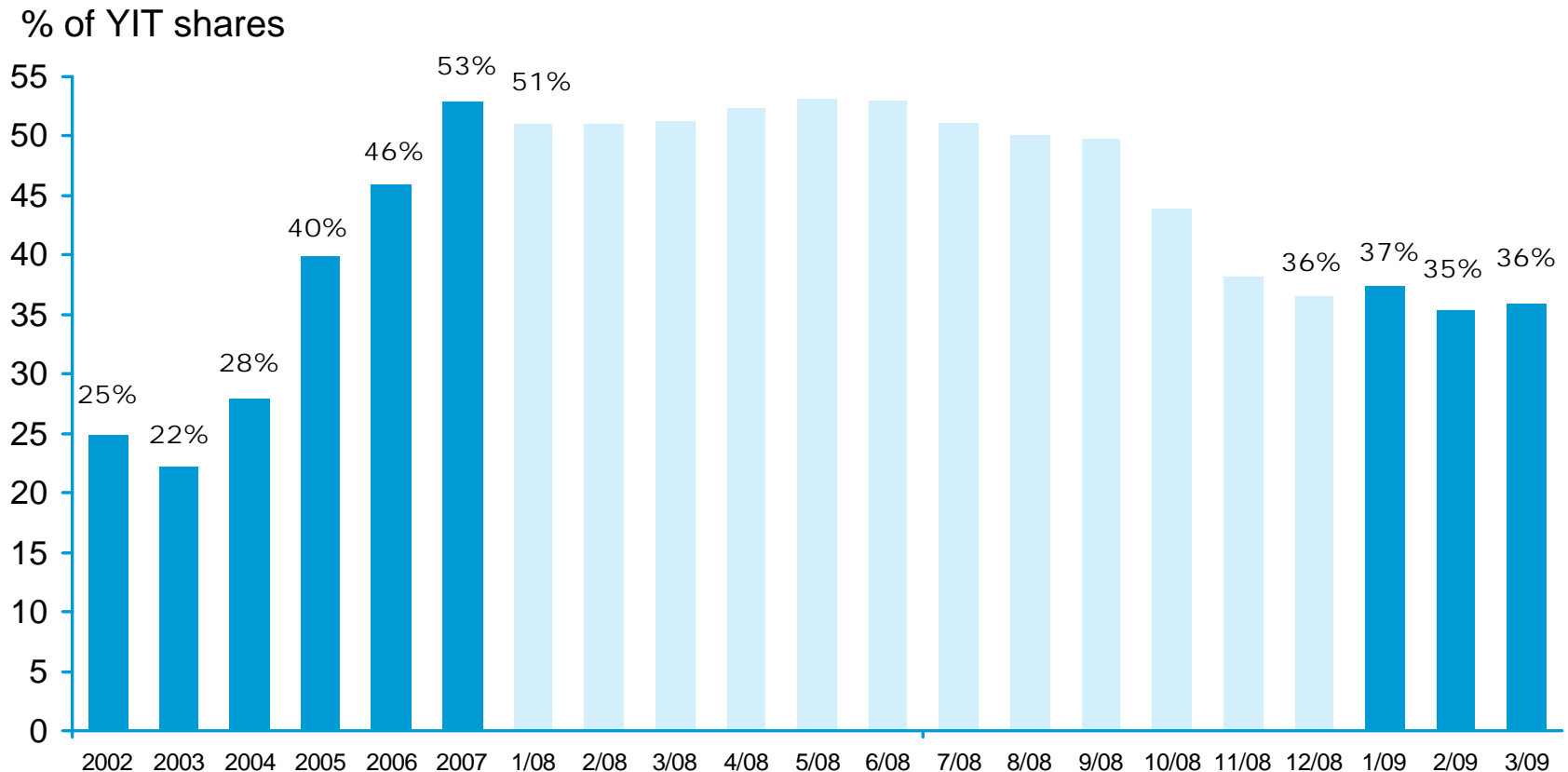
|  | Shares             | %             |
|--|--------------------|---------------|
| 1 Structor S.A.                              | 13,100,000         | 10.30         |
| 2 Suomi Mutual Life Assurance Company        | 6,414,919          | 5.04          |
| 3 Mandatum Life Insurance Company Limited    | 5,507,004          | 4.33          |
| 4 Varma Mutual Pension Insurance Company     | 3,549,804          | 2.79          |
| 5 Ilmarinen Mutual Pension Insurance Company | 3,479,530          | 2.73          |
| 6 YIT Corporation                            | 2,145,000          | 1.69          |
| 7 Svenska Litteratursällskapet i Finland     | 1,865,000          | 1.47          |
| 8 State Pension Fund                         | 1,700,000          | 1.34          |
| 9 Etera Mutual Pension Ins. Company          | 1,484,400          | 1.17          |
| 10 Odin Norden C/O Odin Forvaltning As       | 1,425,466          | 1.12          |
| Others                                       | 56,928,479         | 44.74         |
| Nominee registered shares total              | 29,623,820         | 23.28         |
| <b>Total</b>                                 | <b>127,223,422</b> | <b>100.00</b> |

# 28,135 shareholders

at the end of March 2009

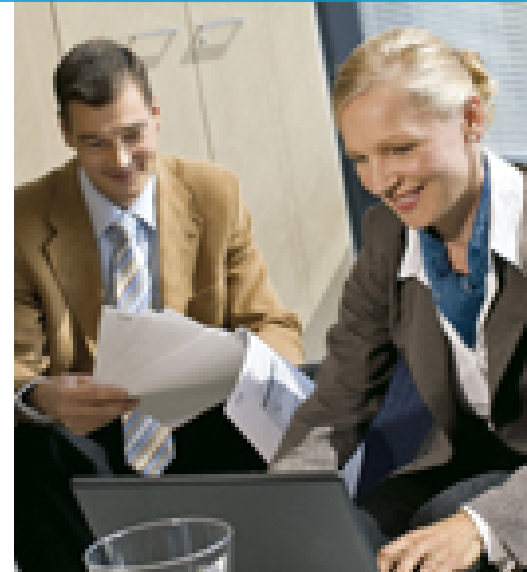


# Share of non-Finnish ownership 36% at the end of March 2009



# Group financials

- Strategic target levels
- Revenue and order backlog
- Revenue by segment
- Revenue by geographical area
- Operating profit (EBIT) and EBIT-%
- Operating profit (EBIT) by segment
- Earnings per share
- Personnel at the end of period
- Personnel by segment and country



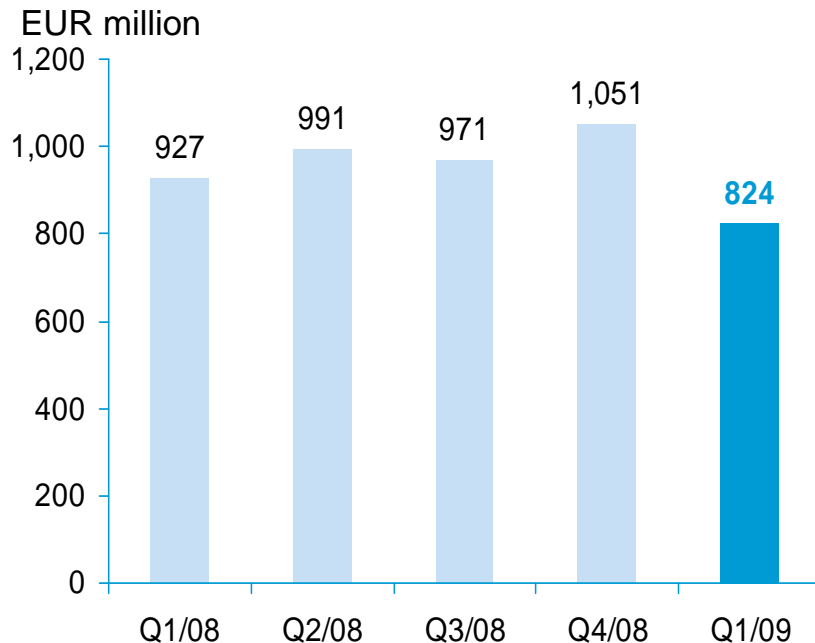


# YIT's strategic target levels

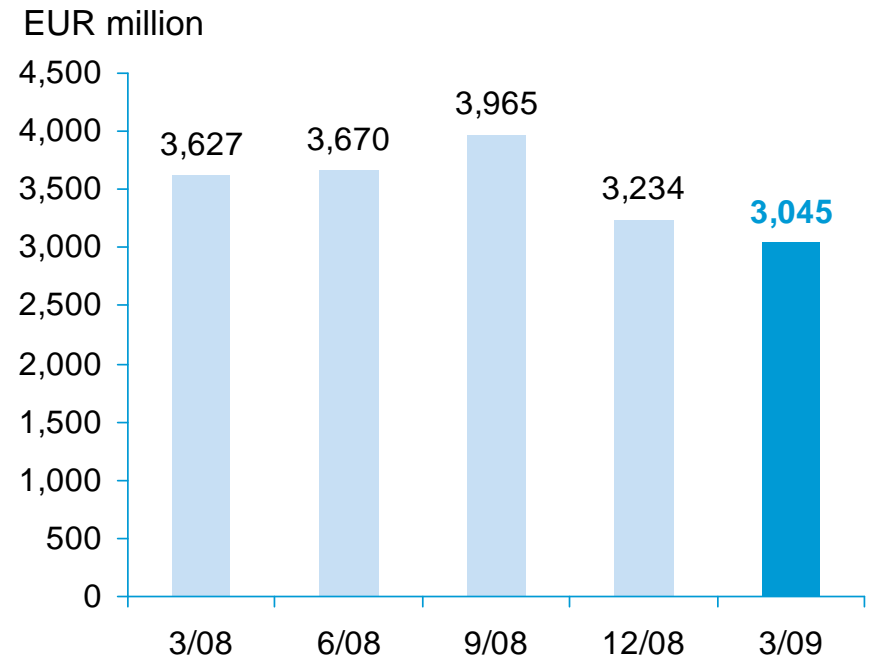
- Positive revenue growth
- Return on investment 20%
- Operating cash flow after investments sufficient for dividend payout and debt reduction
- Equity ratio 35%
- Dividend payout 40-60% of net profit for the period

# Revenue and order backlog

## Revenue



## Order backlog

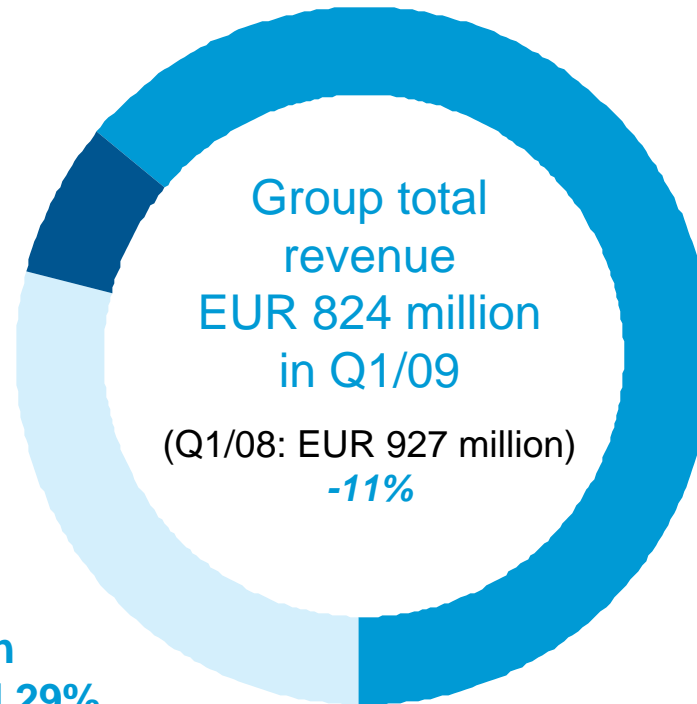


# Revenue by segment

**International  
Construction  
Services 7%**  
EUR 61 million  
(EUR 154 million)  
**-60%**

**Building and  
Industrial  
Services 64%**  
EUR 538 million  
(EUR 508 million)  
**+6%**

**Construction  
Services Finland 29%**  
EUR 240 million  
(EUR 285 million)  
**-16%**



Percentage of YIT Group in Q1/09

# Revenue

## by geographical area, Q1/09

### Other countries

EUR 9 million  
(EUR 4 million)

*Change +125%*

### Baltics 3%

EUR 21 million  
(EUR 55 million)

*Change -62%*

### Russia 6%

EUR 49 million  
(EUR 110 million)

*Change -55%*

### Central Europe 11%

EUR 89 million\*

**Revenue Q1/09:**  
**EUR 824 million**  
(Q1/08:EUR 927 million)

*Change -11%*

### Finland 47%

EUR 384 million  
(EUR 444 million)

*Change -14%*

### Sweden, Norway, Denmark 33%

EUR 271million  
(EUR 314 million)

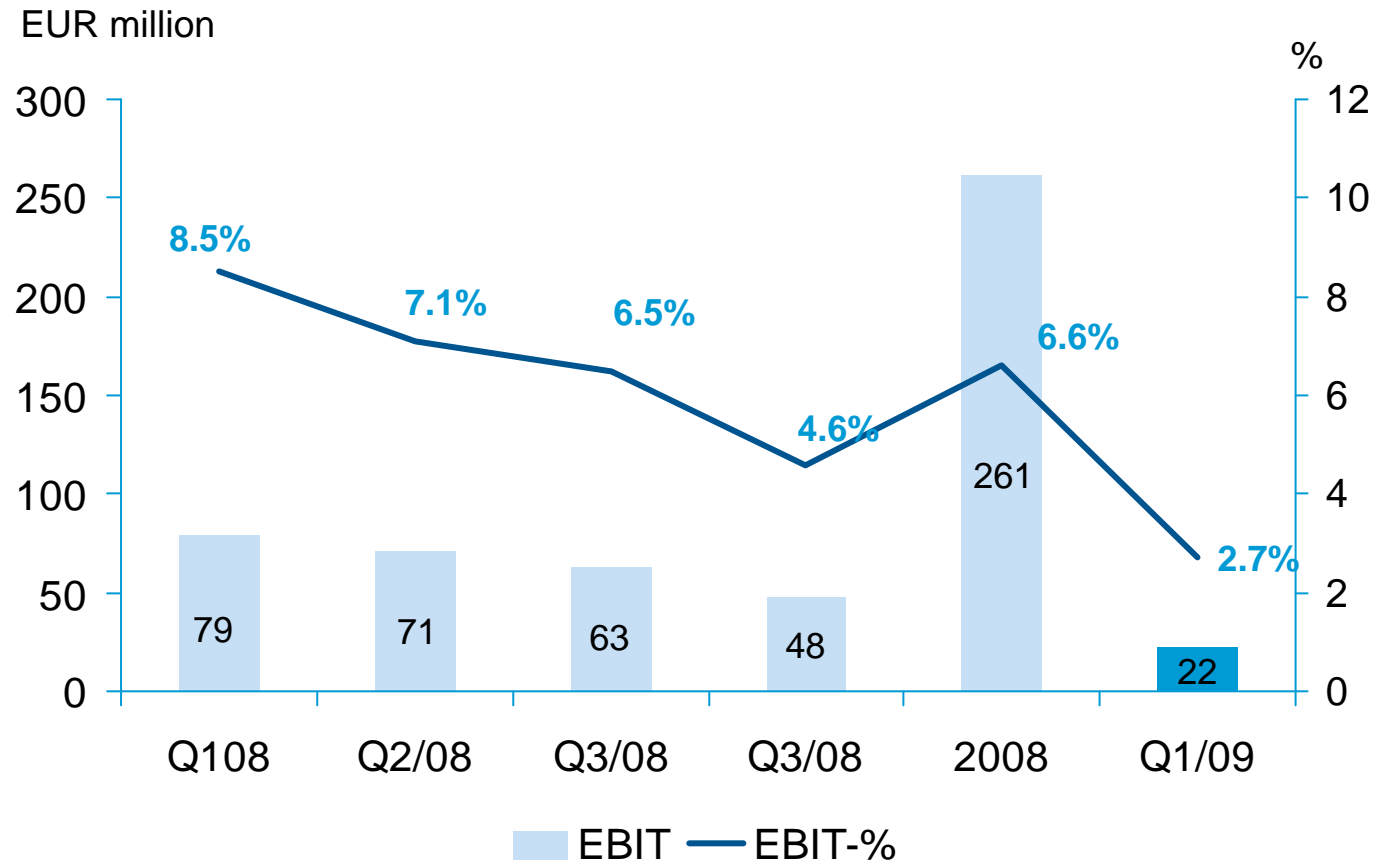
*Change -14%*

\*) Operations acquired from Central Europe were transferred to YIT on August 1, 2008.

Together we can do it.



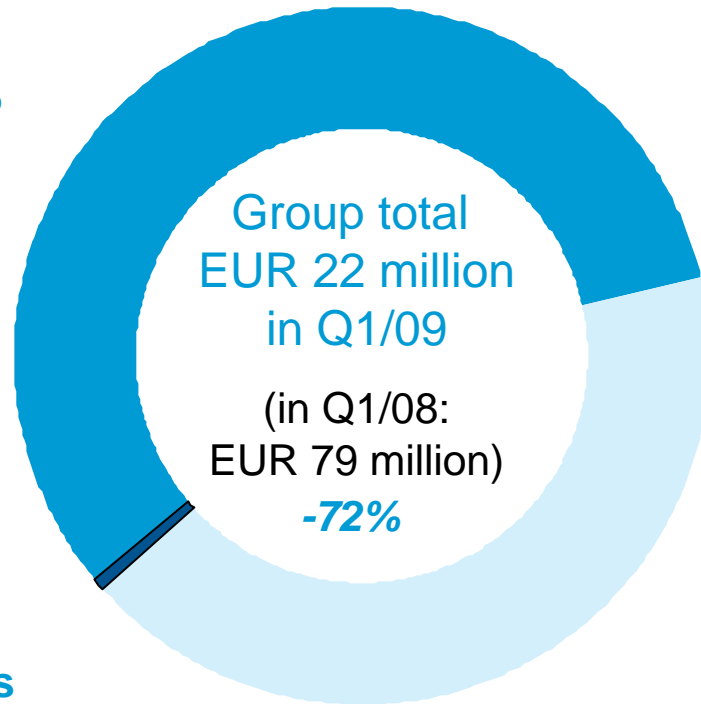
# Operating profit (EBIT) and EBIT-%



# Operating profit (EBIT) by segment

**Building and  
Industrial Services 58%**  
EUR 29 million  
(EUR 32 million)  
**-9%**

**International  
Construction Services**  
EUR -24 million  
(EUR 16 million)

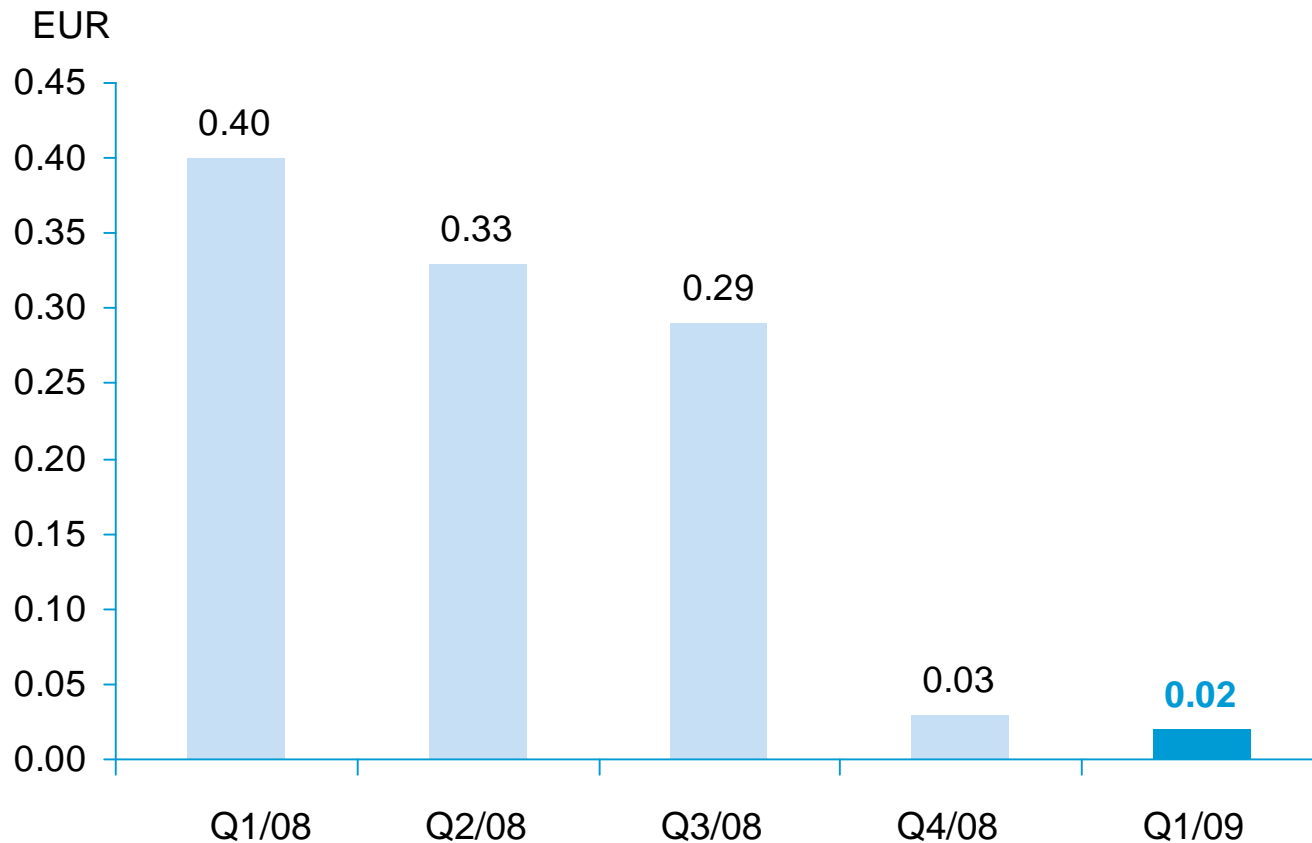


**Construction  
Services Finland 42%**  
EUR 21 million  
(EUR 35 million)  
**-41%**

Percentage of YIT Group in Q1/09

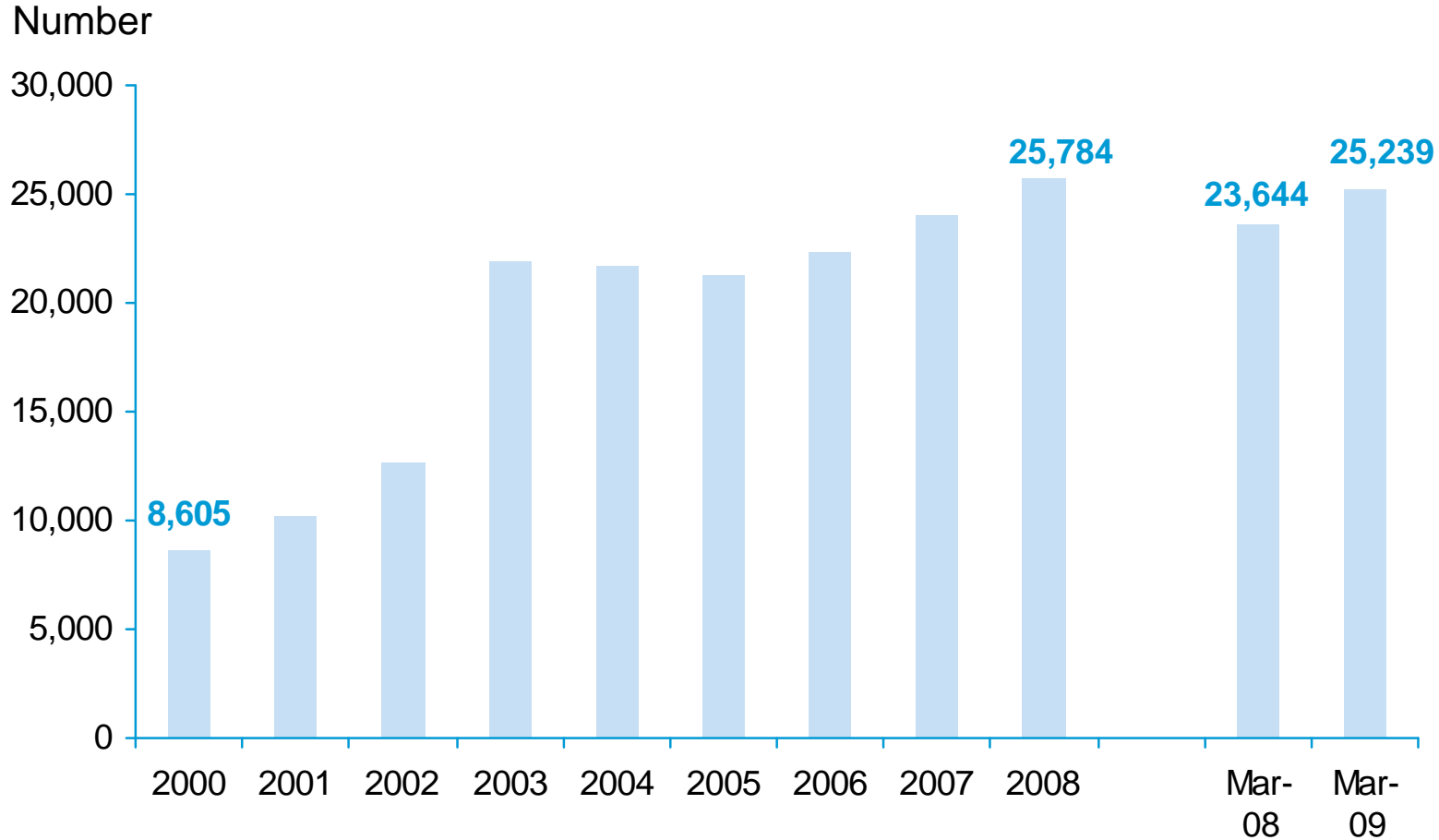


# Earnings per share



# Personnel

## at the end of March: 25,239

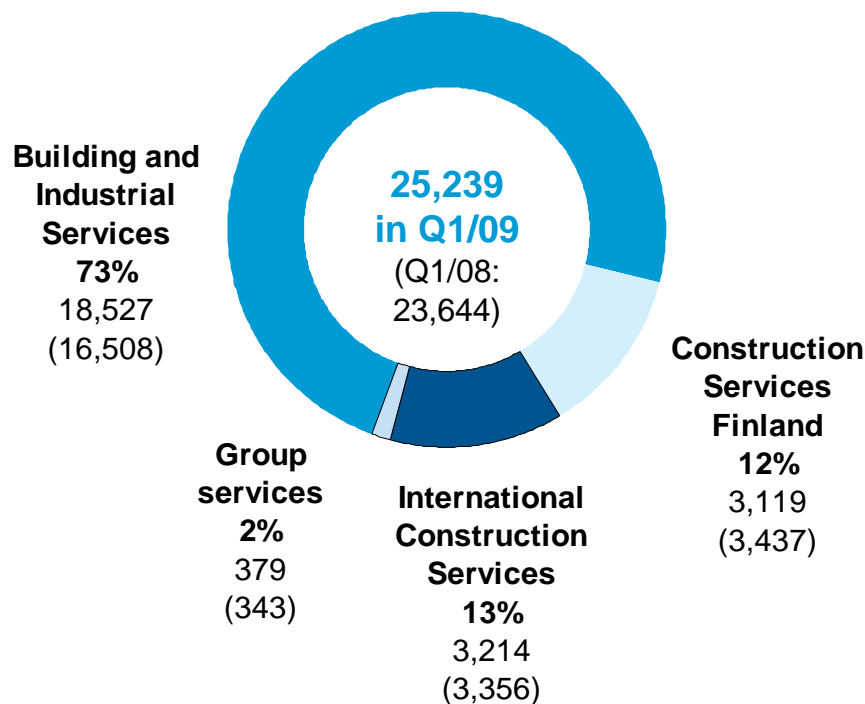


Together we can do it.

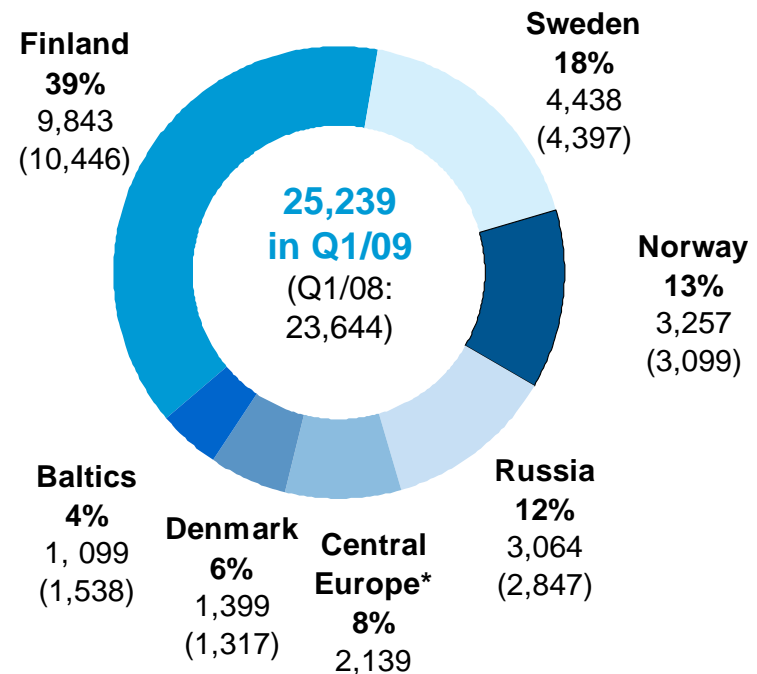


# Personnel by segment and country

Personnel by segment



Personnel by country



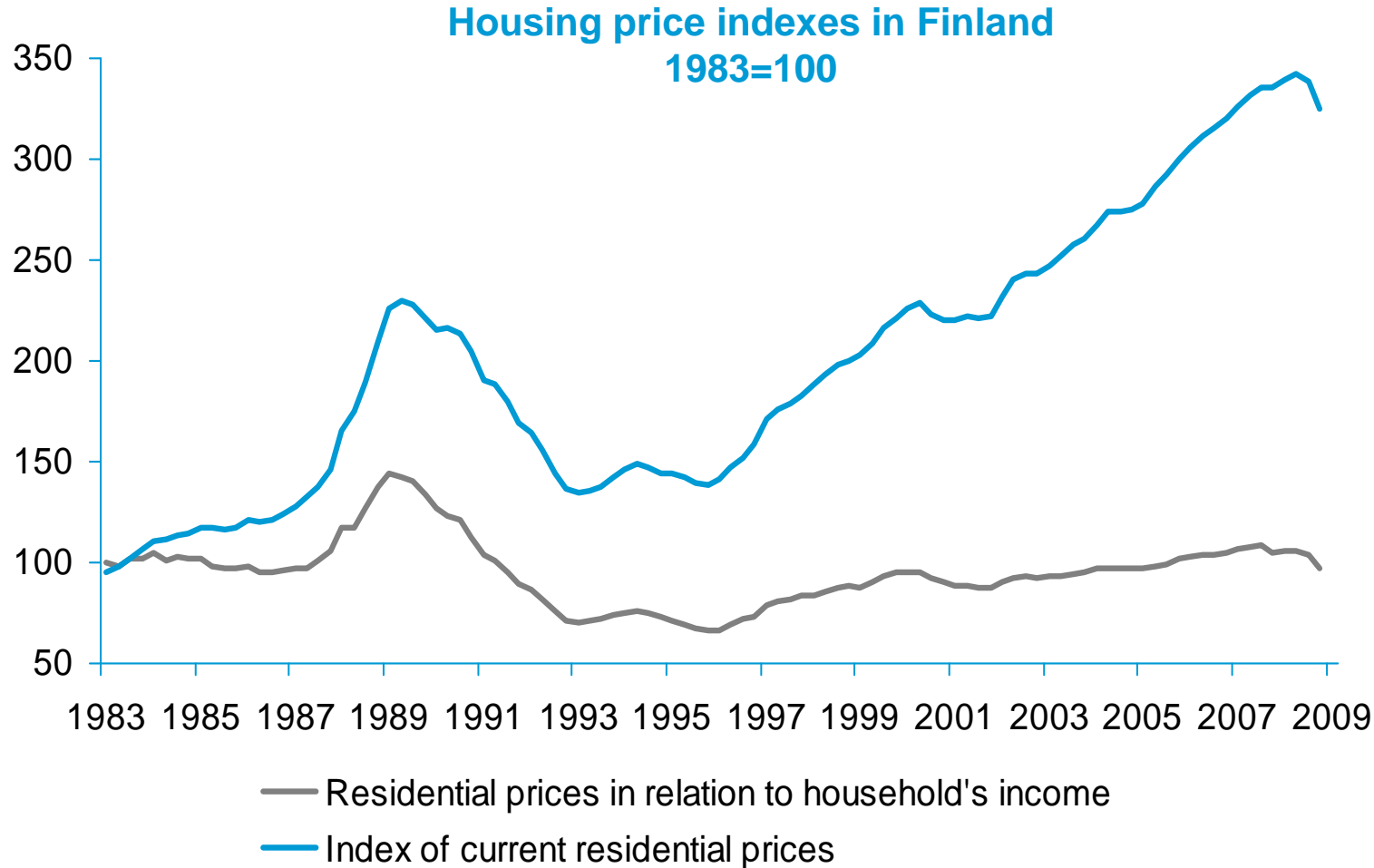
\*) Operations acquired from Germany, Austria, Czech Republic, Hungary and Romania were transferred to YIT on August 1, 2008. Approximately 2,100 employees were then transferred to YIT.

# Market development

- Apartment price development in Finland
- Finnish consumers' view on feasibility of borrowing
- Living space
- Migration in Finland



# Housing price in relation to consumer income



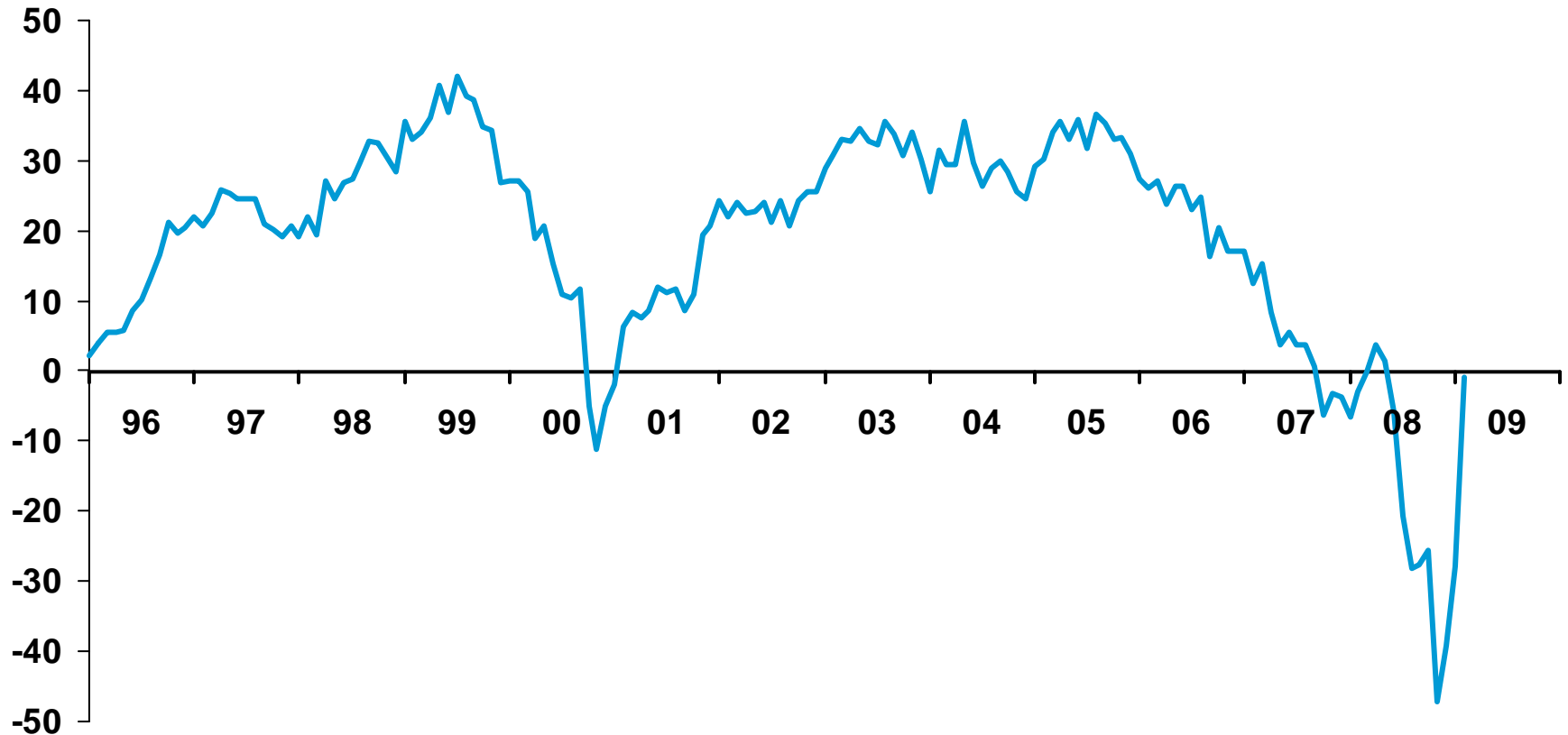
Source: Statistics Finland

Together we can do it.



# View on feasibility of borrowing

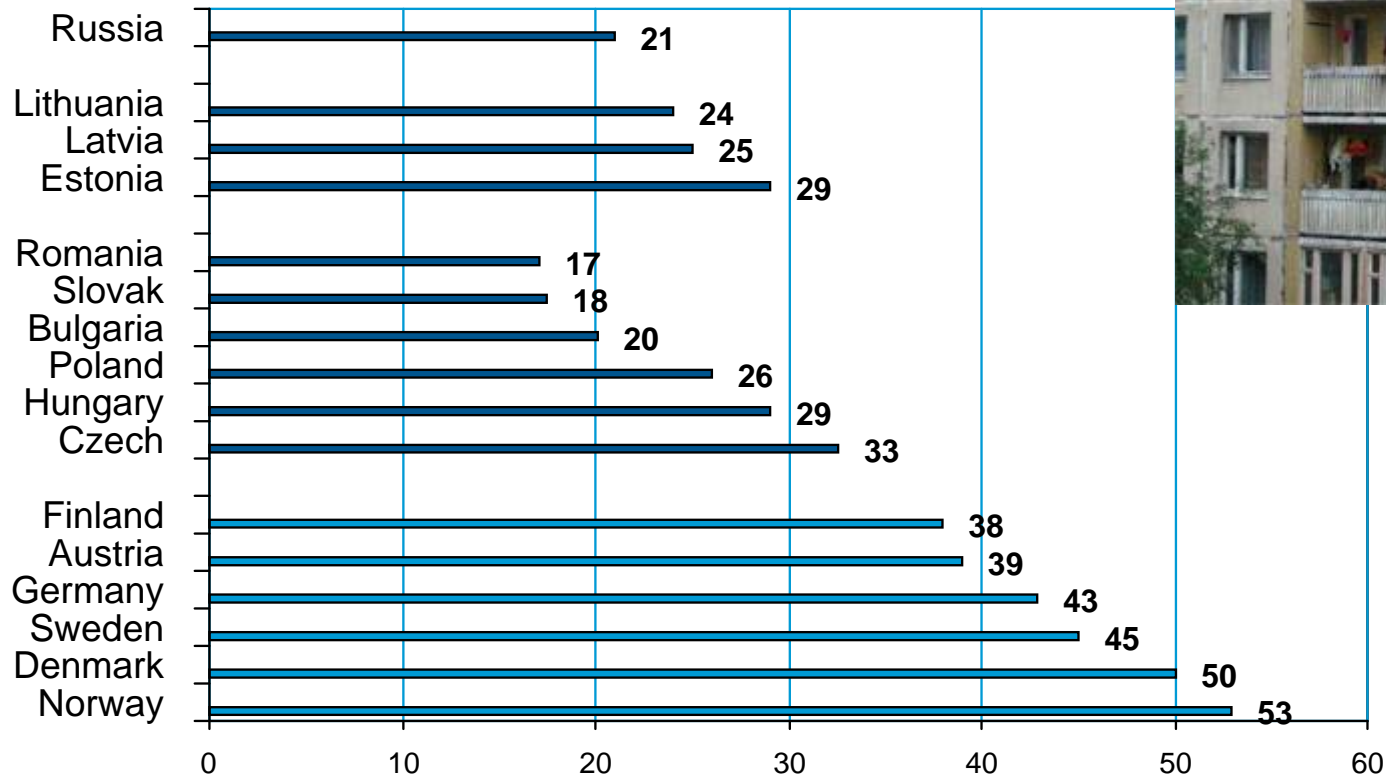
(Percentage of positive answers – percentage of negative answers)



Source: Consumer barometer by Statistics Finland on January 27, 2009.

# Need for apartments in the long run

Living space / person, m2

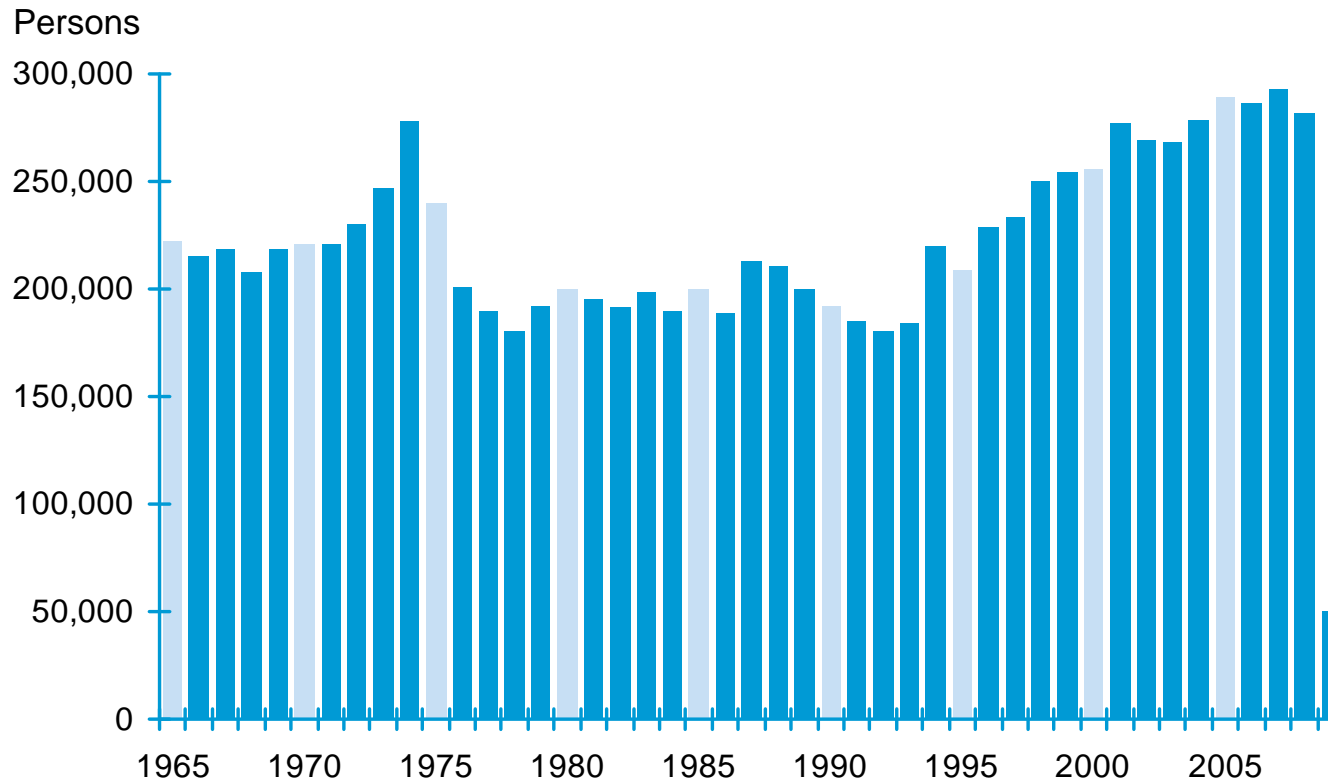


Source: Statistics offices of the respective countries



# Migration maintains demand for residential construction

Migration between municipalities in Finland



**Migration in 3/2009:**  
**50,301 persons**

(In 3/2008: 57,101)

Source: Statistics Finland, April 17, 2009

Together we can do it.

