

# YIT Group Interim Report Jan-Jun/2006

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Group CEO

Event for analysts  
and investors

July 28, 2006



Together we can do it. **YIT**

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# YIT Group Interim Report Jan-Jun/2006

# Revenue and profit growth continued

- YIT Group's revenue and profit continued to grow in the first half of the year. Revenue growth was 13% and profit before taxes 17% compared to the previous year.
  - Building Systems forged ahead with improving profitability. The business segment's operating profit increased by 40% and rose to 4.7% of revenue (Jan-Jun/2005: 3.4%).
  - The revenue of Construction Services increased by 23% and its operating profit by 28%. The operating profit margin was 11.3% (10.9%).
  - Revenue rose in Industrial and Network Services, but its operating profit weakened due to the limp market within network services. The operating profit margin was 4.6% (8.4%).

# Key figures Jan-Jun/2006

- Revenue MEUR 1,586.8 (Jan-Jun/2005: MEUR 1 409.0), growth 13%.
- Operating profit MEUR 113.8 (MEUR 95.8), growth 19%. Operating profit margin 7.2% (6.8%).
- Profit before taxes MEUR 105.4 (MEUR 90.0), growth 17%.
- Earnings per share EUR 0.60 (EUR 0.55, before split 1.09), growth 10%.
- Order backlog MEUR 2,151.3 (MEUR 1,999.2), growth 8%.
- Equity ratio 34.5% (31.8%). Gearing ratio 59.5% (66.6%).
- Return on investment 28.2% (21.8%).

# Consolidated income statement

MEUR	Jan-Jun/2006	Jan-Jun/2005	Change, %	Jan-Dec/2005
<b>Revenue</b>	<b>1,586.8</b>	<b>1,409.0</b>	<b>13</b>	<b>3,023.8</b>
• of which activities outside Finland	693.0	594.7	17	1,326.6
Operating income and expenses	-1,462.0	-1 302.4	12	-2,772.9
Shares in associated companies	0.4	0.3	33	0.7
Depreciation and write-downs	-11.4	-11.1	3	-23.9
<b>Operating profit</b>	<b>113.8</b>	<b>95.8</b>	<b>19</b>	<b>227.7</b>
• as percentage of revenue	7.2	6.8	5	7.5
Financial income	1.7	0.7	*)	1.9
Exchange rate differences	-1.2	2.1	*)	2.0
Financial expenses	-8.9	-8.6	3	-16.8
<b>Profit before taxes</b>	<b>105.4</b>	<b>90.0</b>	<b>17</b>	<b>214.8</b>
• as percentage of revenue	6.6	6.4	4	7.1
Income taxes	-27.5	-23.2	19	-57.9
<b>Profit for the period</b>	<b>77.9</b>	<b>66.8</b>	<b>17</b>	<b>156.9</b>
• as percentage of revenue	4.9	4.7	4	5.2
<b>Attributable to</b>				
Equity holders of the company	75.6	67.0	13	155.5
Minority interests	2.3	-0.2	*)	1.4
<b>Earnings per share, EUR</b>	<b>0.60</b>	<b>0.55</b>	<b>10</b>	<b>1.26</b>
<b>Diluted earnings per share, EUR</b>	<b>0.60</b>	<b>0.53</b>	<b>13</b>	<b>1.23</b>

\*) Change  
over 100%



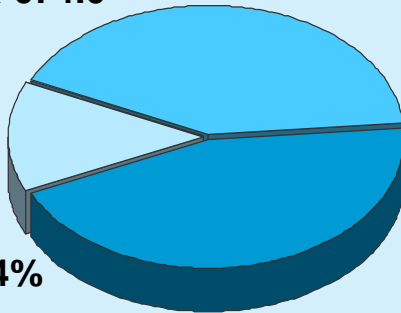
# Revenue by business segment

MEUR	Jan-Jun/ 2006	Jan-Jun/ 2005	Change, %	Jan-Dec/ 2005
Building Systems *)	674.0	667.5	1	1,398.4
Construction Services	718.9	585.8	23	1,298.3
Industrial and Network Services *)	224.6	186.3	21	398.8
Other items	-30.7	-30.6	-	-71.7
<b>YIT Group total</b>	<b>1,586.8</b>	<b>1,409.0</b>	<b>13</b>	<b>3,023.8</b>

\*) At the beginning of 2006, industrial electricity, automation and HEPAC operations were transferred to the Industrial and Network Services business segment from the Building Systems business segment. The business operations that were transferred had revenue of EUR 58.9 million in Jan-Dec/2005.

# Breakdown of revenue Jan-Jun/2006

**Building Systems 42%**  
**MEUR 674.0**



**Industrial and  
Network Services 14%**  
**MEUR 224.6**

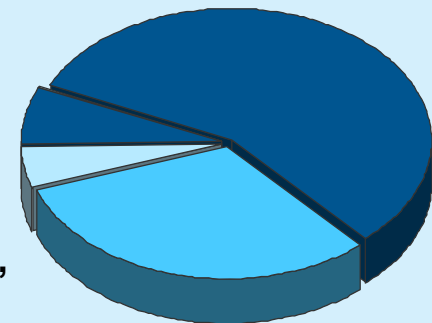
**Construction Services 44%**  
**MEUR 718.9**

**Other countries 0.2%**  
**MEUR 3.2**

**Russia 7.0%**  
**MEUR 109.6**

**Lithuania, Latvia,  
Estonia 5.0%**  
**MEUR 80.0**

**Finland 56.3%**  
**MEUR 893.8**

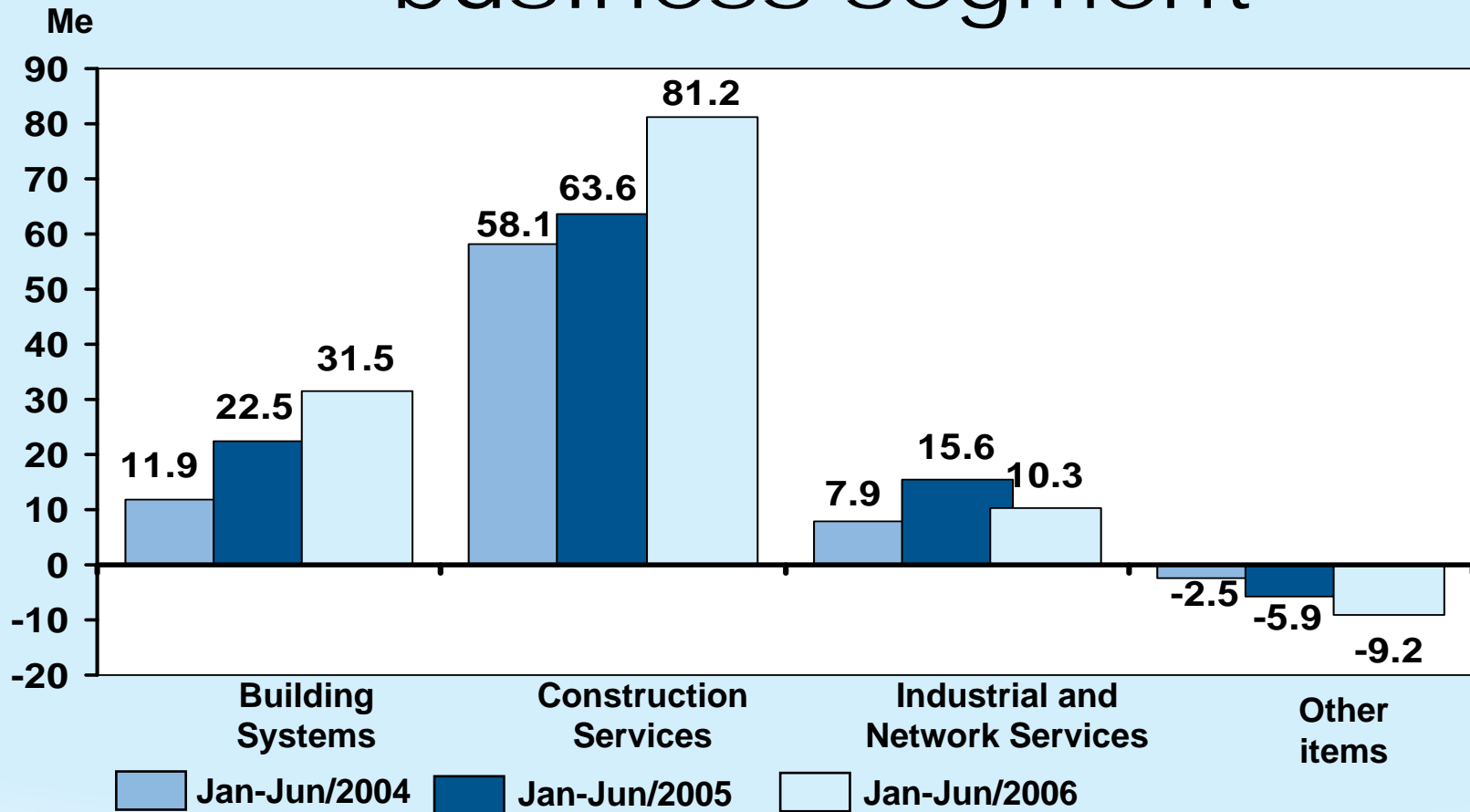


**Sweden, Norway, Denmark 31.5%**  
**MEUR 500.2**

**Total revenue MEUR 1,586.8,  
of which operations outside Finland MEUR 693.0**



# Operating profit by business segment



**Total operating profit Jan-Jun/2006 MEUR 113.8**

**Jan-Jun/2005 MEUR 95.8**

**Jan-Jun/2004 MEUR 75.4**

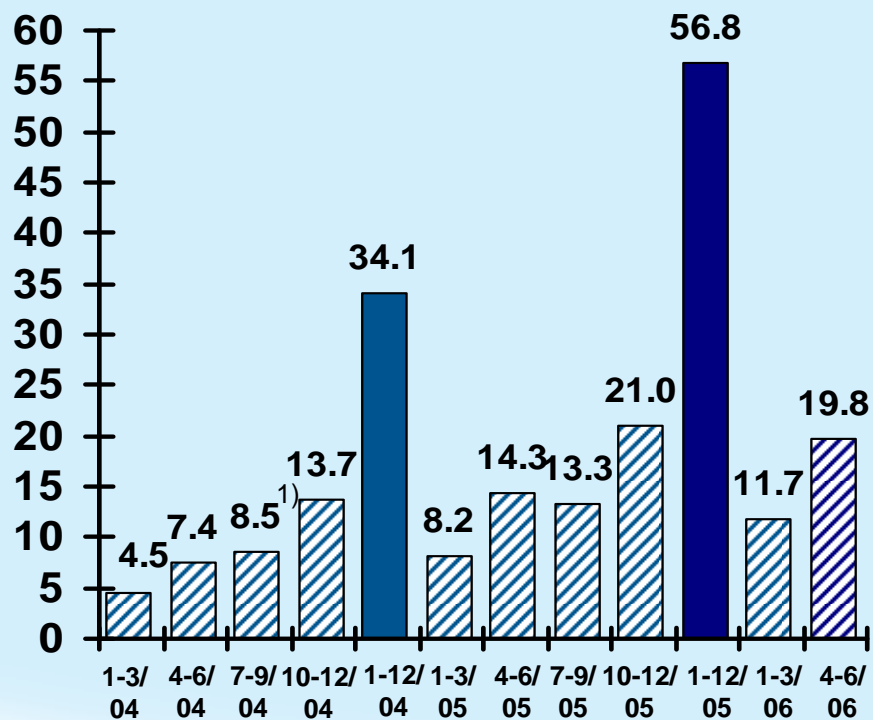
Together we can do it.



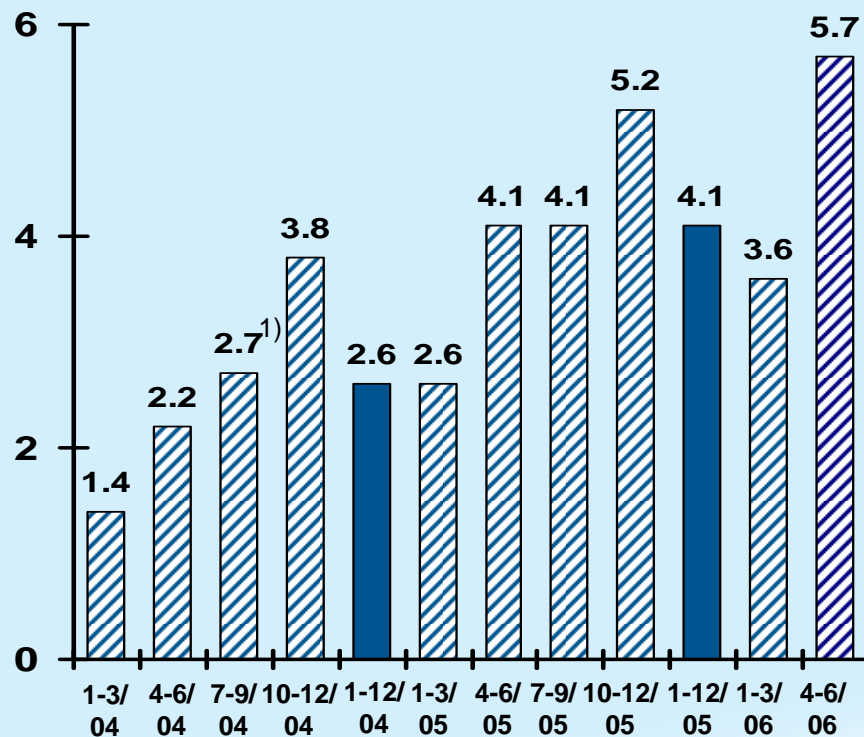
# Building Systems

## Operating profit by quarter

Operating profit, MEUR



Operating profit margin, %

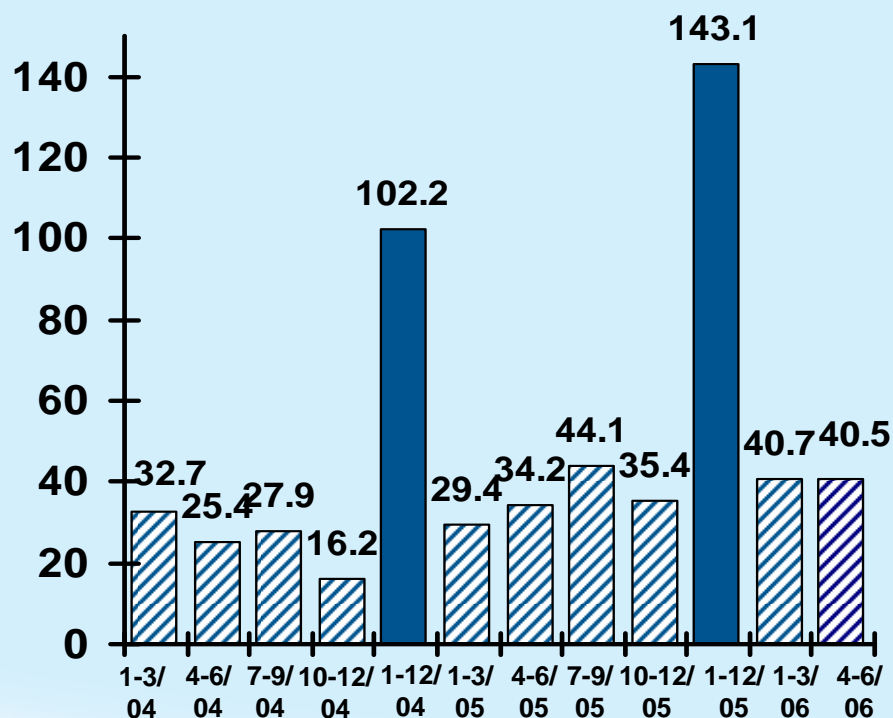


1) Includes a loss provision of EUR 4 million due to an electrification project on two ships for the Royal Danish Navy (non-recurring item).

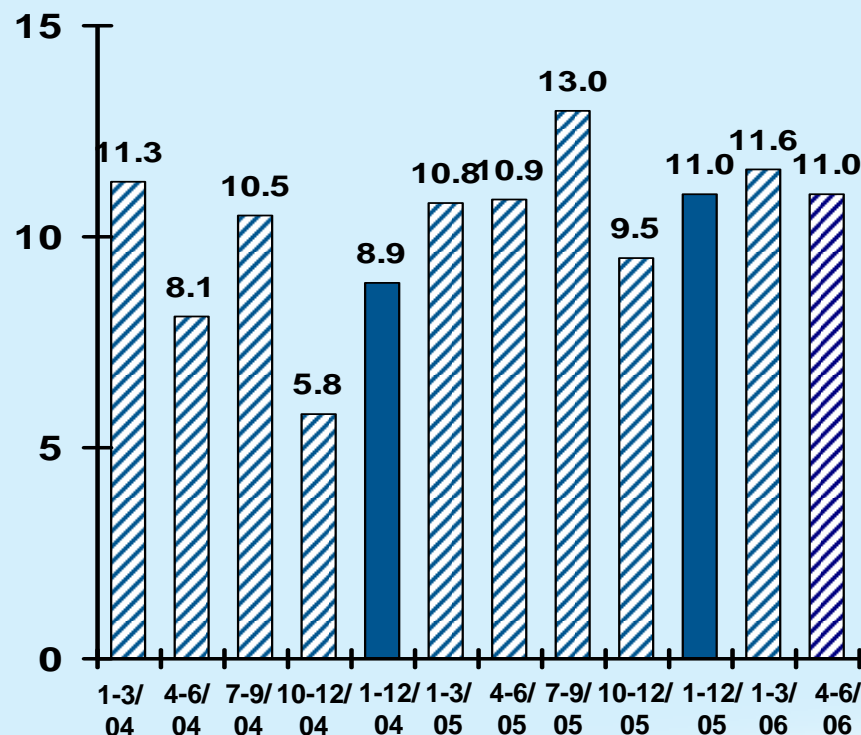
# Construction Services

## Operating profit by quarter

Operating profit, MEUR



Operating profit margin, %



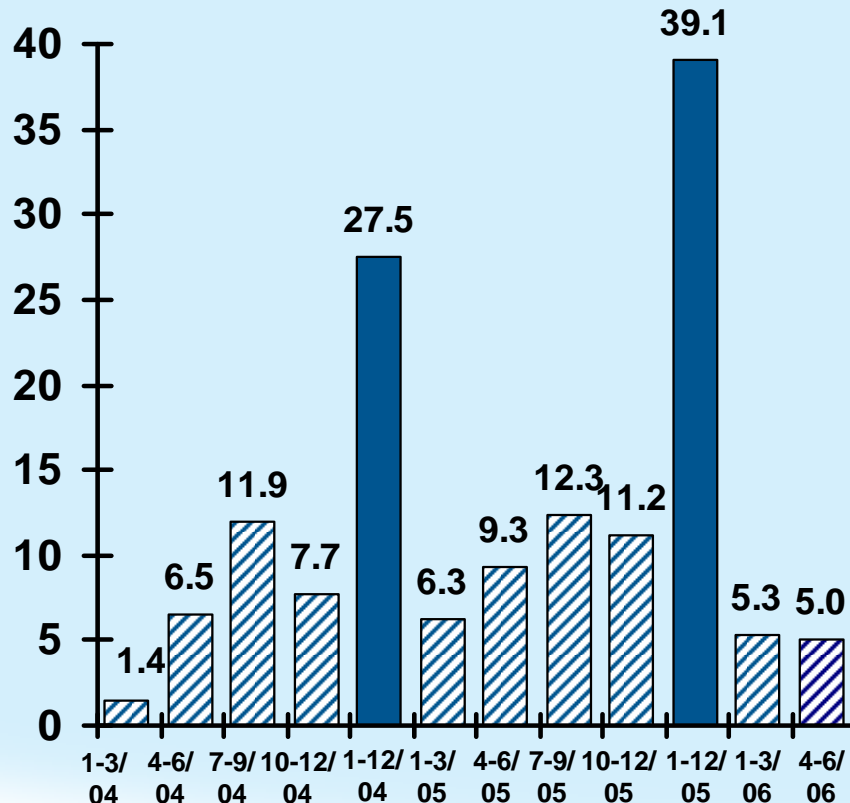
Together we can do it.



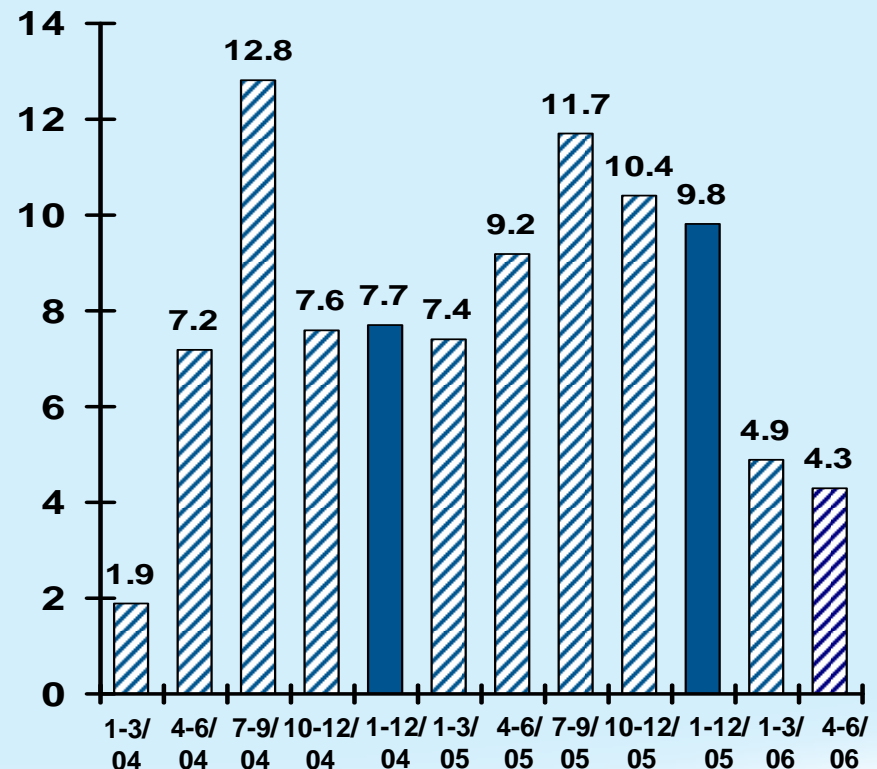
# Industrial and Network Services

## Operating profit by quarter

Operating profit, MEUR



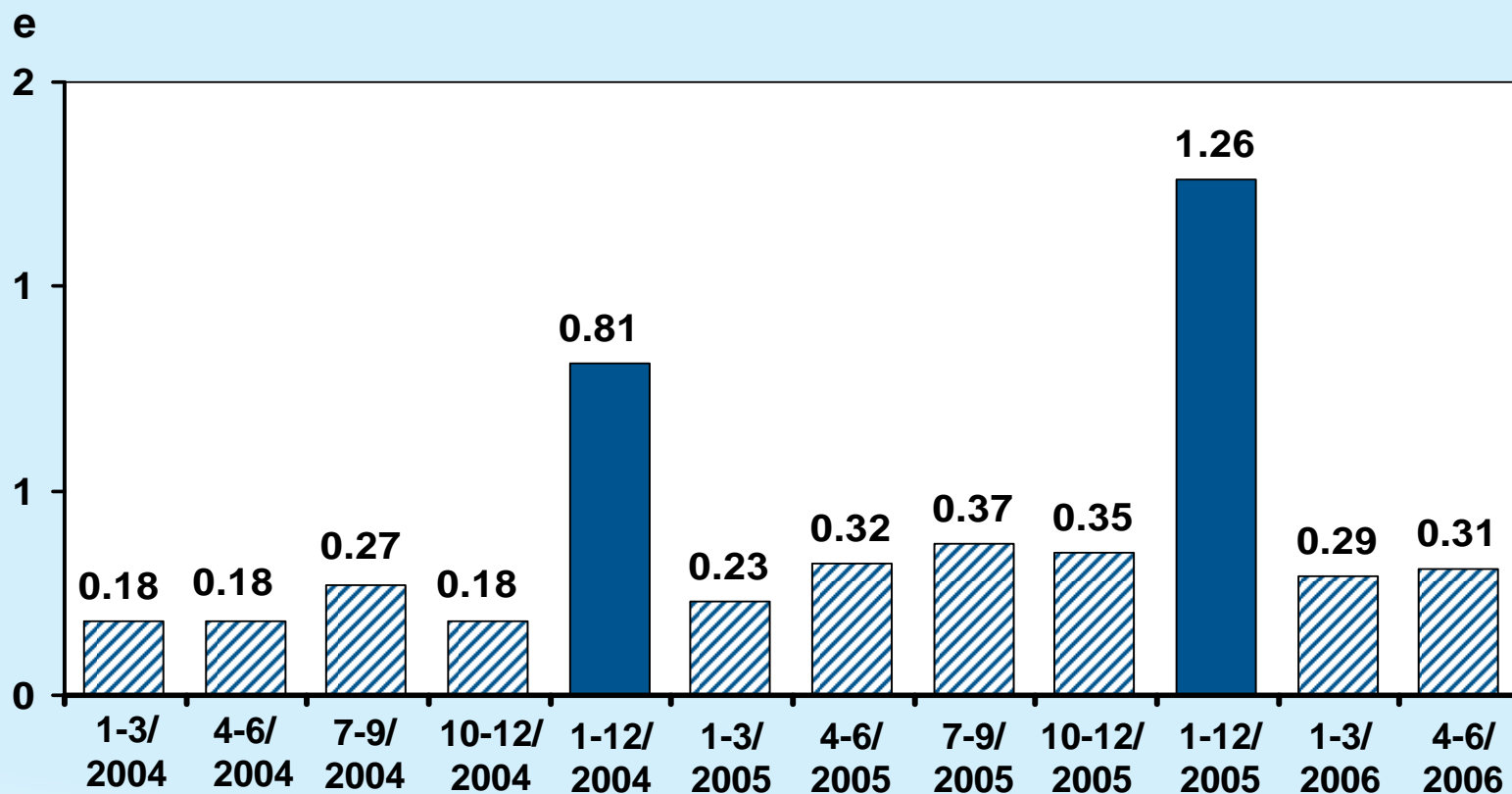
Operating profit margin, %



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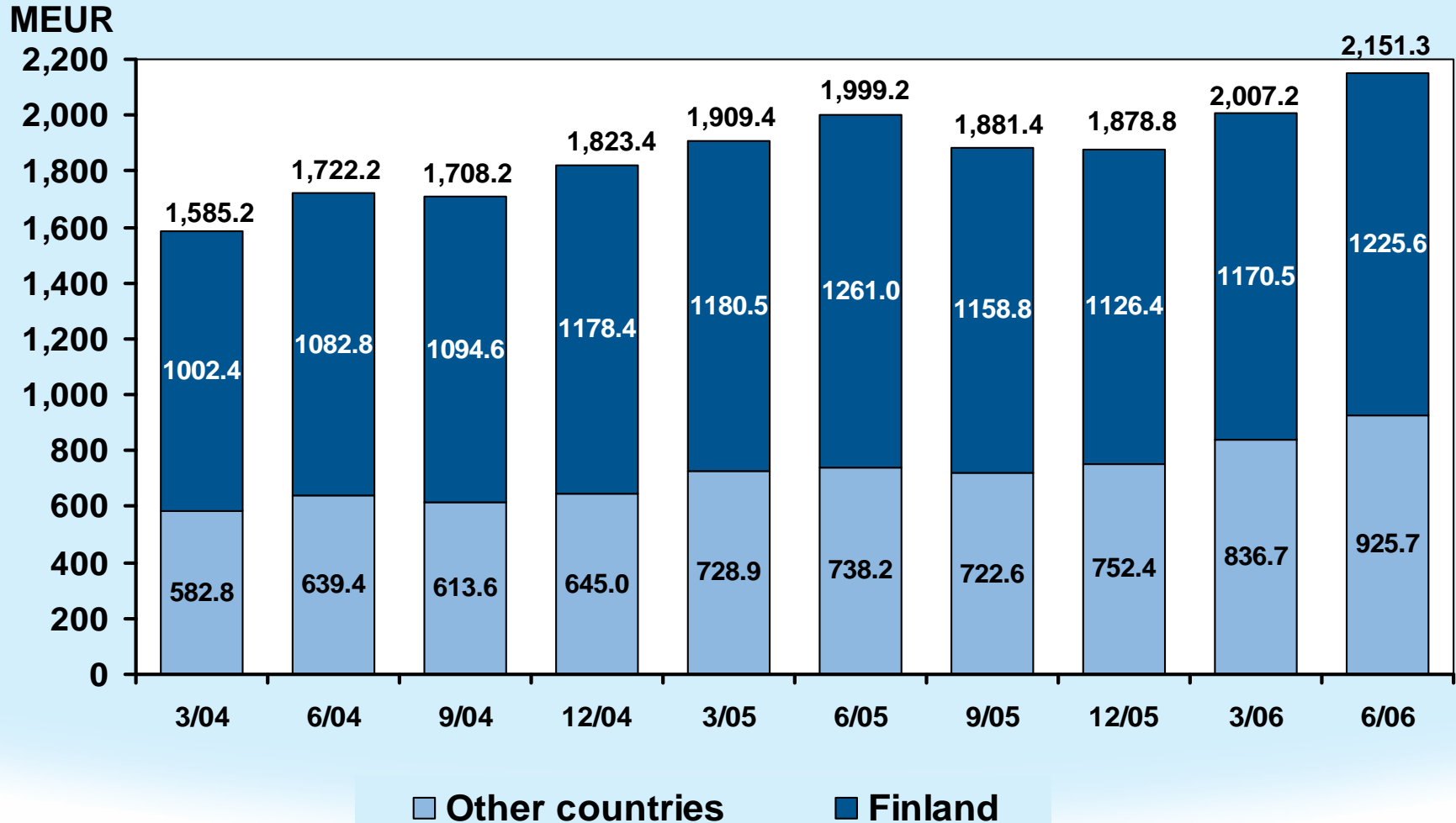


# Earnings per share per quarter



The doubling amount of shares which came into effect on March 24, 2006 (split) has been taken into account.

# Order backlog at end of period



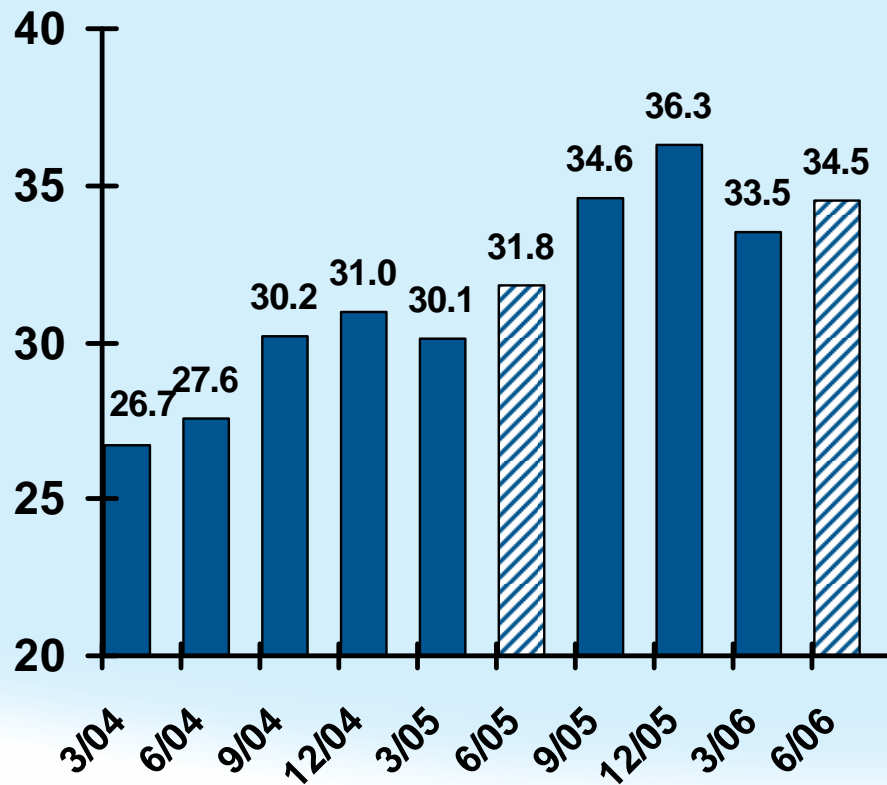
# Order backlog by business segment

MEUR	Jun/2006	Jun/2005	Change, %	Dec/ 2005
Building Systems *)	584.1	602.6	-3	492.0
Construction Services	1,391.8	1,263.3	10	1,242.6
Industrial and Network Services *)	208.4	187.3	11	173.3
Other items	-33.0	-54.0	-39	-29.1
<b>YIT Group total</b>	<b>2,151.3</b>	<b>1,999.2</b>	<b>8</b>	<b>1,878.8</b>

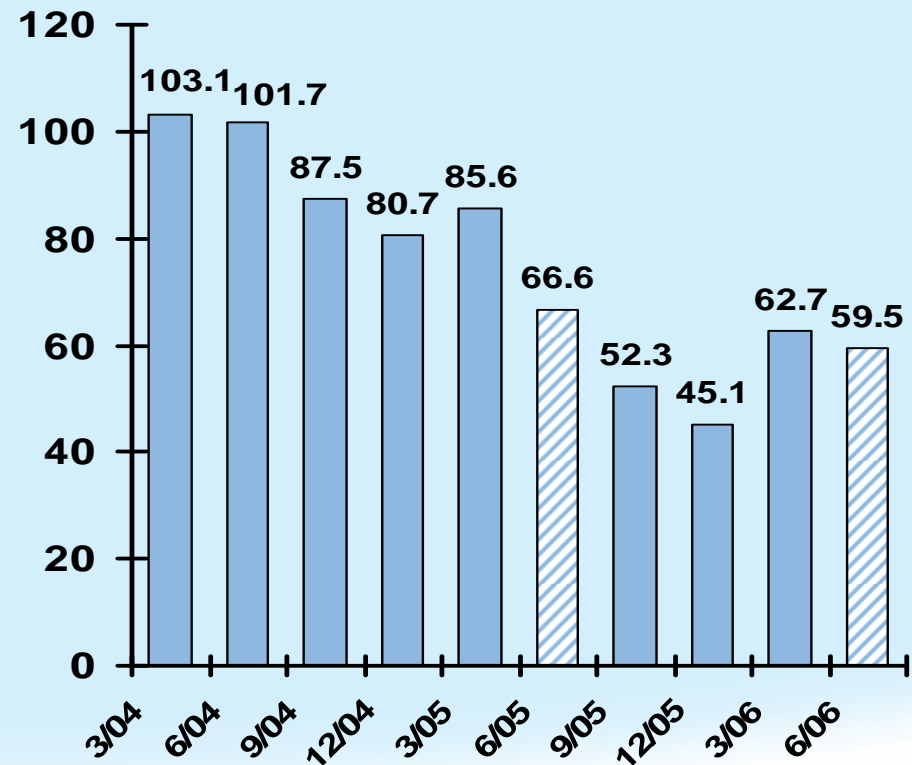
\*) At the beginning of 2006, industrial electricity, automation and HEPAC operations were transferred to the Industrial and Network Services business segment from the Building Systems business segment. The business operations that were transferred had revenue of EUR 58.9 million in Jan-Dec/2005.

# Equity ratio and gearing by quarter

Equity ratio, %

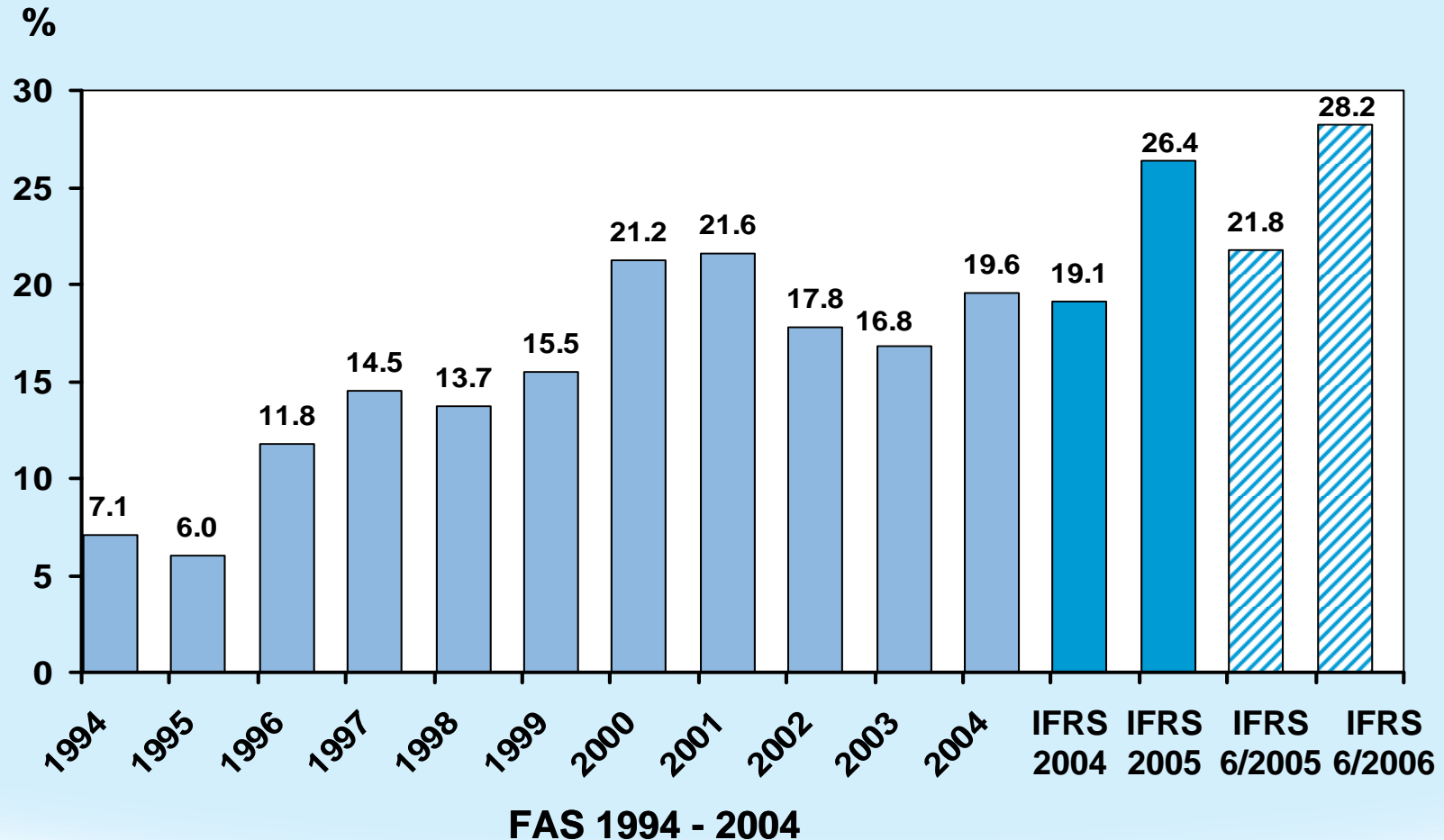


Gearing ratio, %





# Return on investment



**Strategic target level: 22%**

# Strategy and Strategic Target Levels

# YIT's strategic target levels

- **Average annual growth in revenue 10%**
- **Return on investment 22%**
- **Equity ratio 35%**
- **Dividend payout 40–60% of net profit for the year after taxes and minority interests**

# Focus areas in YIT's operations



## Consumer services 27% of revenue in Jan-Jun/2006

- Services offered directly to end-users
- YIT Home
- Leisure-time construction
- Technical field services

**Households**



## Long-term service agreements 26% of revenue in Jan-Jun/2006

- Repeated service deliveries on agreed terms
- Industrial maintenance
- Data network maintenance, repairs, deliveries
- Building systems maintenance
- Road maintenance

**Companies  
Public sector**



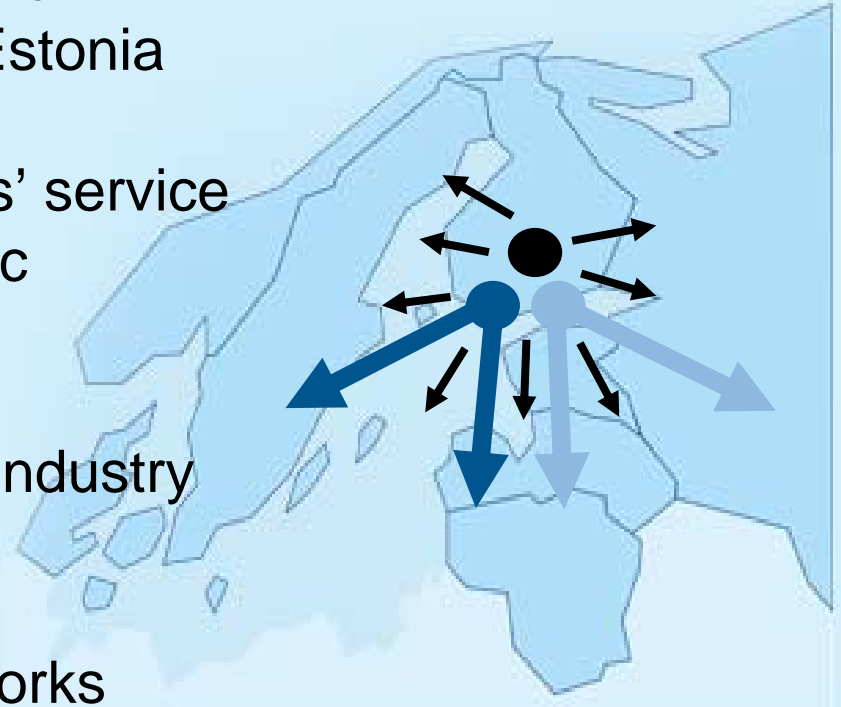
## Project development and contracting 47% of revenue in Jan-Jun/2006

- Services delivered on project-specifically agreed terms
- Construction
- Industrial and network services
- Building systems

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# Growth drivers 2006

- Increasing residential construction in Russia, Lithuania, Latvia and Estonia
- Rounding out Building Systems' service portfolio in the Nordic and Baltic countries
- Outsourcings within the forest industry and Finnish network operators
- Expanding Industrial and Networks Service's offerings in YIT's business areas



# Residential Services

## Russia, Lithuania, Latvia, Estonia

### New cities in Russia

#### Kazan

- 1.1 million inhabitants
- Oil city
- Foreign companies entered the market
- Demand for quality housing is increasing
- Low living space per inhabitant
- Typical finishing standard low
- YIT will build a total of about 1,000 residential units on the plot, start-up in 2007

- Current business locations
- Potential expansion 2007-



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# Industrial and Network Services Outsourcings

- IT help desk services for Hewlett & Packard
- Maintenance of Botnia's plants in Kaskinen
- Maintenance of Finnsementti's plant in Parainen
- Maintenance of Okmetic Oyj:s plant in Vantaa
- Project and design services of M-real Kyrö's plant in Kyröskoski
- Maintenance services for Purso's plants in Siuro
- Maintenance services for Parker Hannifin's plants in Urjala

# Acquisition criteria

- In line with strategic goals
- Competent personnel
- Operative synergies and opportunities for company development
- Business culture
- Price

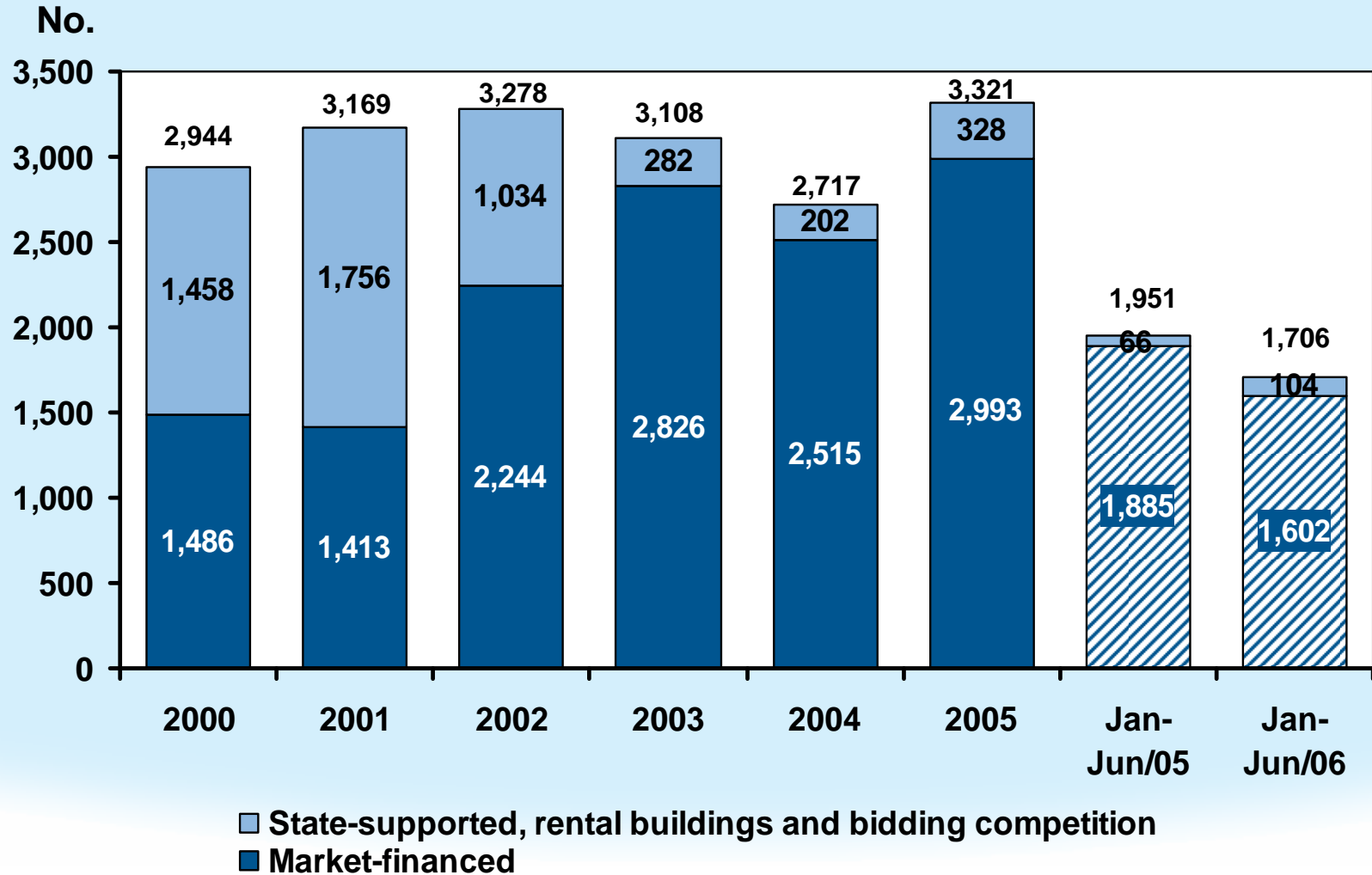


# Market and Future Outlook

# Market outlook

- The Nordic countries are still booming. In June, Euroconstruct estimated that from 2006 to 2008 the GDP of the Nordic countries will see average annual growth of 2.6 per cent, outpacing EU15 growth.
- Russia and Norway benefit from the high prices of oil. The rate of growth in Russia and the Baltic countries is twice as fast as in the Nordic countries.
- The good trend in incomes and the improving employment situation supports household consumption. The level of and the moderate growth rate of euro interest rates supports the development in investments and housing demand.
- Growth in exports and industrial output increases the need for industrial investments and maintenance in the Nordic countries.

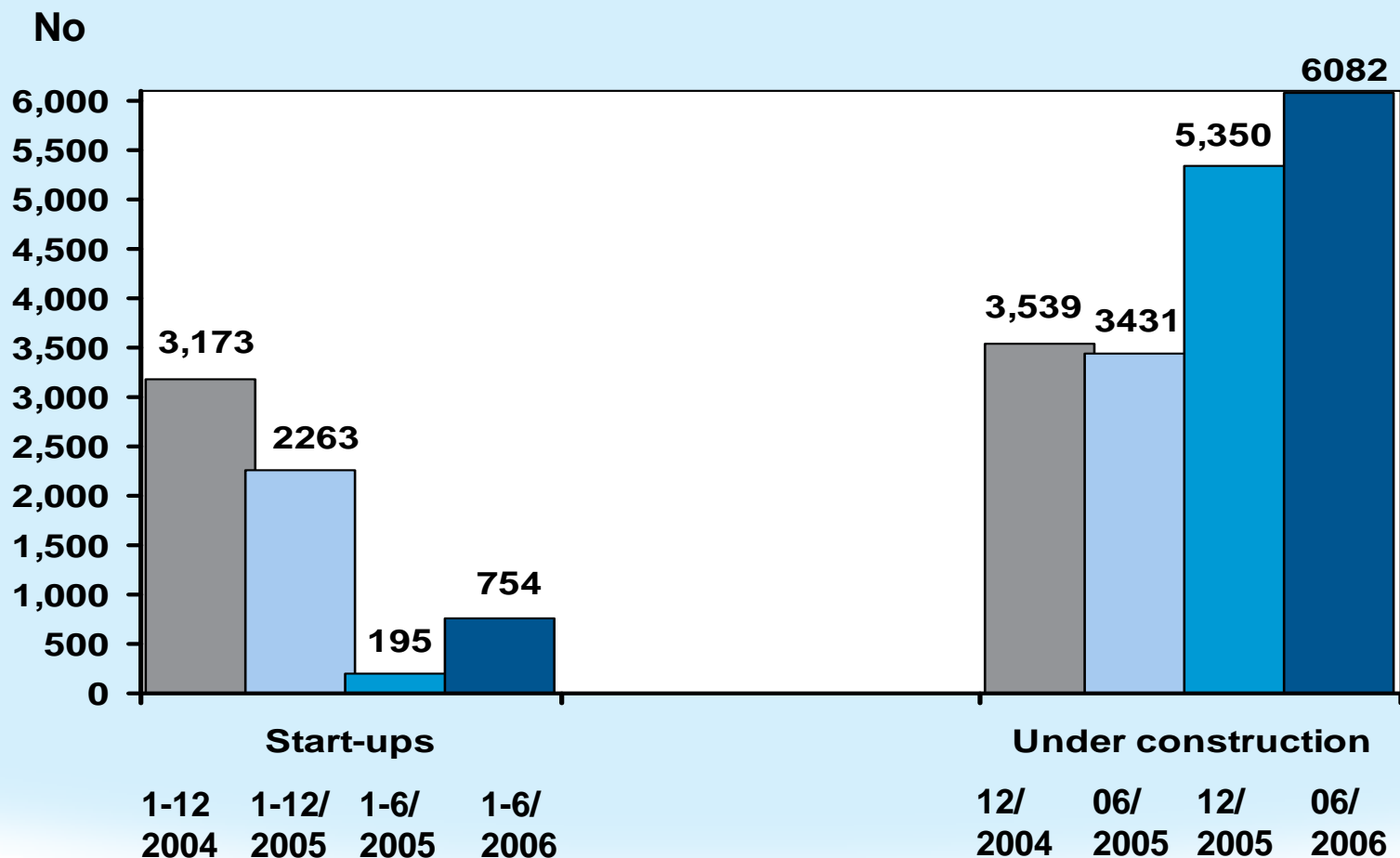
# Number of start-ups in YIT's housing production in Finland



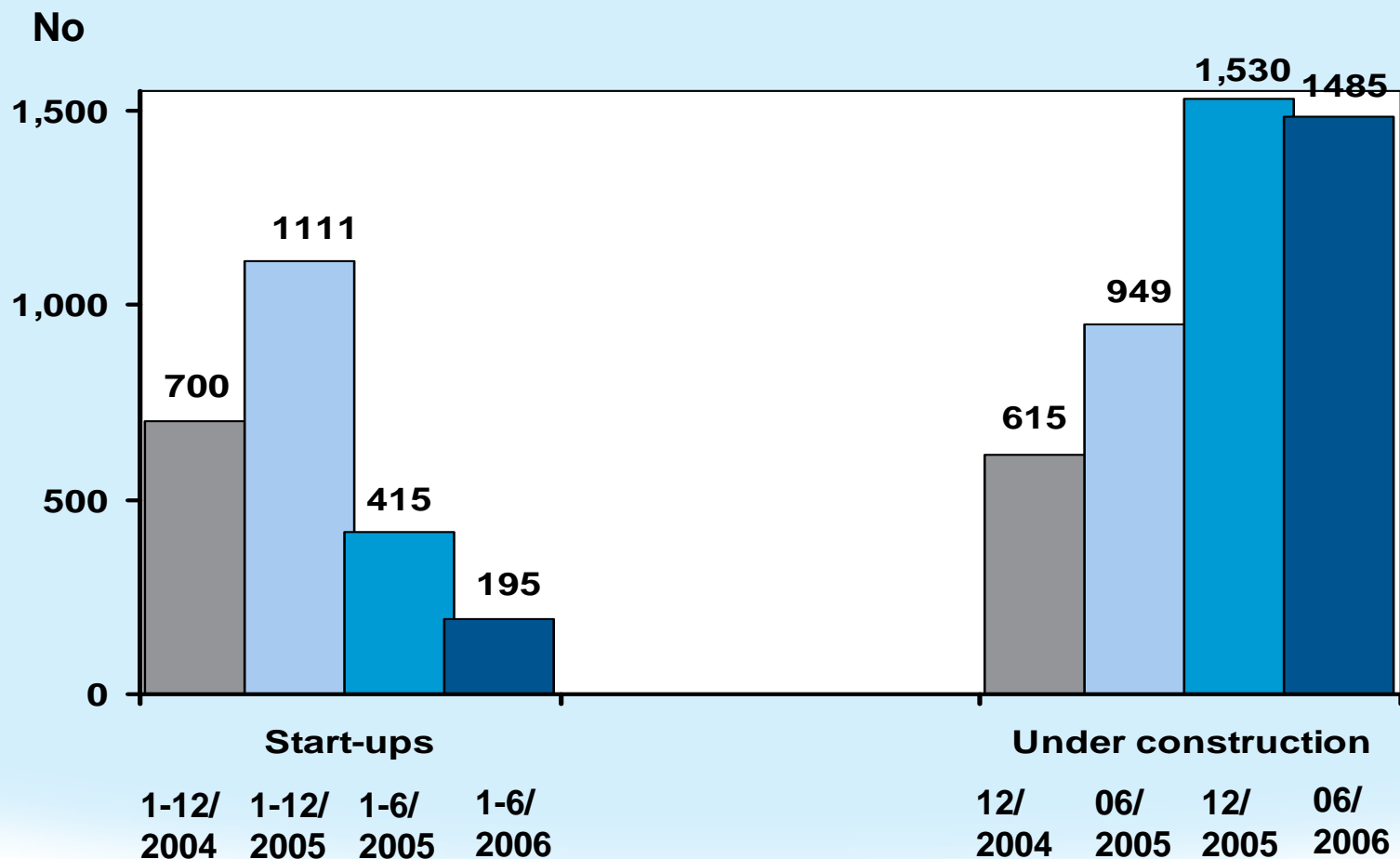
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# YIT's residential production Russia



# YIT's residential production Lithuania, Latvia, Estonia



# Outlook for 2006 in residential housing

YIT estimates its market-financed residential start-ups:

- in Finland about 3,000 (start-ups in 2005: 2,993)
- in the Baltic countries about 1,200 (1,111)
- in Russia over 2,500 (2,263)

# Outlook for 2006

- We estimate that revenue and pre-tax profit in 2006 will increase compared to the previous year.

More information on our web site

**[www.yit.fi](http://www.yit.fi)**

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# Appendices

- YIT Share
- Market Outlook
- Interim Report Jan-Jun/2006
- Strategic Target Levels

# Appendices


## YIT Share

# Principal shareholders June 30, 2006

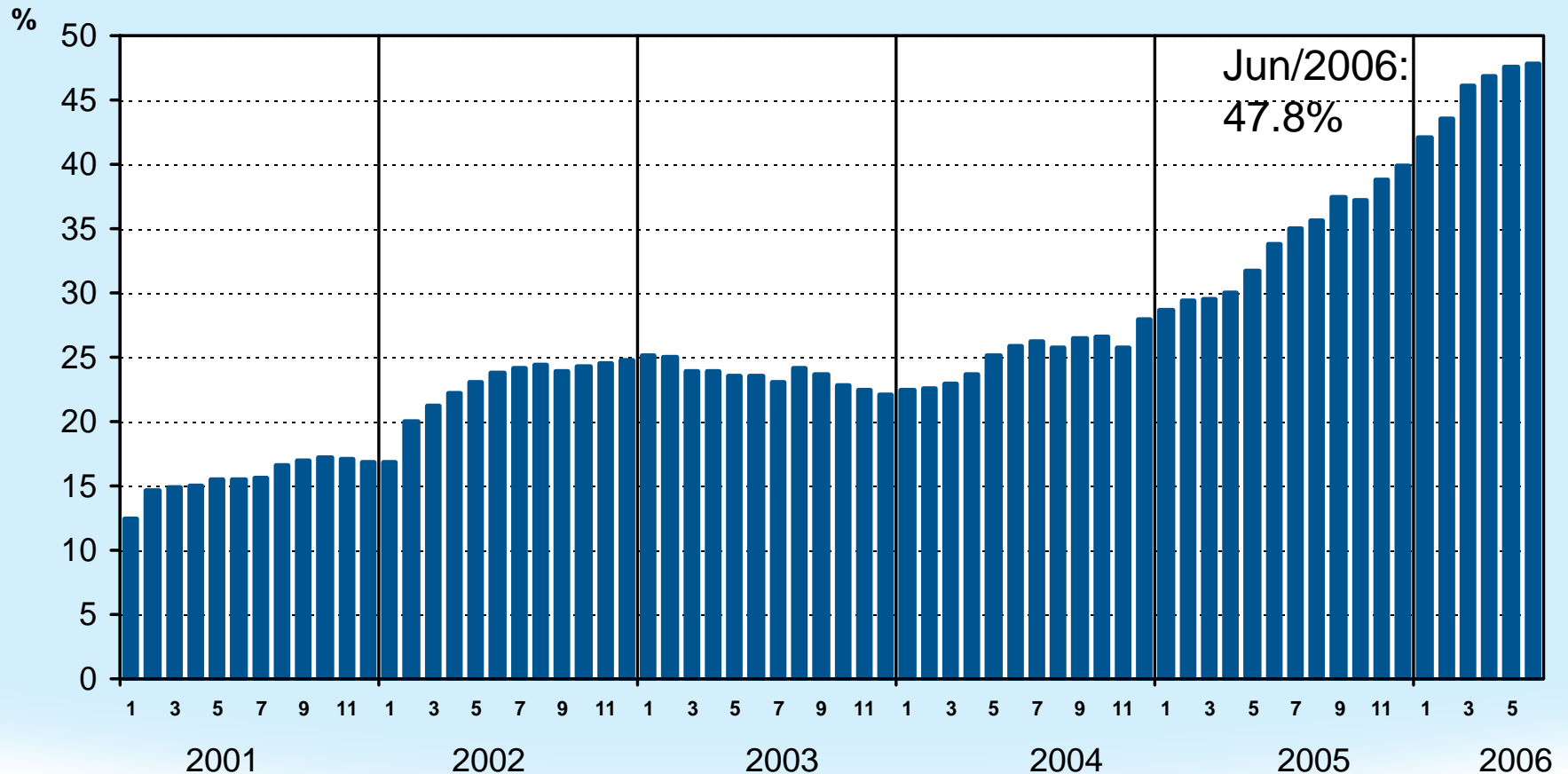
	No	%
1. Suomi Mutual Life Assur. Company	8,571,180	6.83
2. Sampo Life Insurance Company Ltd	7,706,450	6.14
3. Varma-Sampo	7,030,208	5.60
4. Ilmarinen Mutual Pension Ins.Co	3,036,795	2.42
5. Tapiola Insurance Group	2,570,680	2.05
6. Etera Mutual Pension Ins. Company	1,884,400	1.50
7. Odin Norden	1,433,556	1.14
8. Kaleva Mutual Insurance Company	1,250,000	1.00
9. Brotherus Ilkka	1,224,740	0.98
10. State Pension Fun	950,000	0.76
Nominee-registered	57,229,206	45.59
Other shareholders	32,656,013	25.99
<b>Total</b>	<b>125,543,228</b>	<b>100.00</b>

Total number of shareholders 11,340. Nominal value of the share EUR 0.50 (registered on March 24, 2006, whereby the number of shares was doubled).

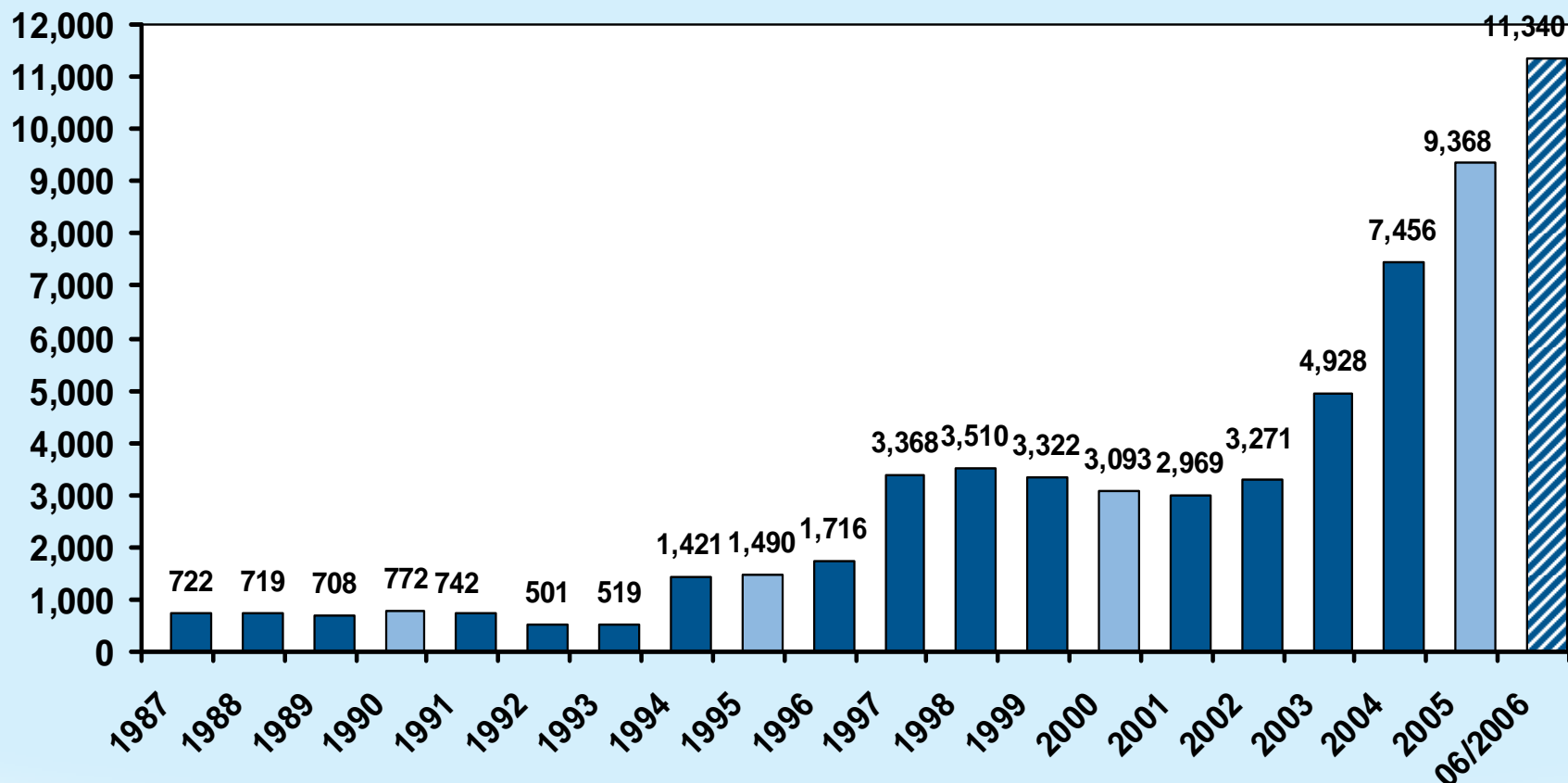
Share capital EUR 62,771,614.

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# Nominee-registered shareholders + other international ownership as percentage of equity



# Number of shareholders at end of period

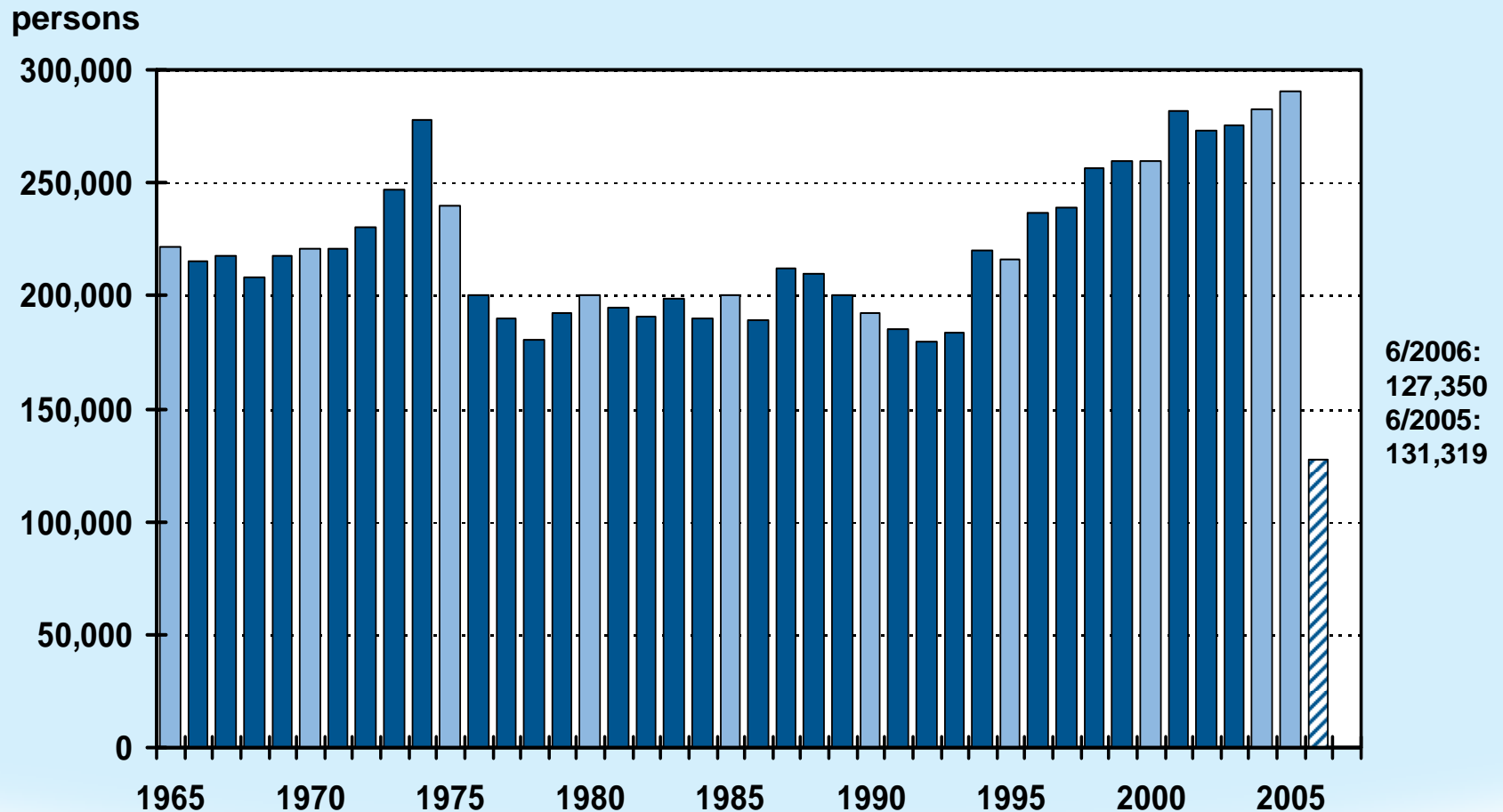


YIT Corporation was formed on September 2, 1987. YIT's share has been quoted on Helsinki Exchanges since September 4, 1995.

# Appendices

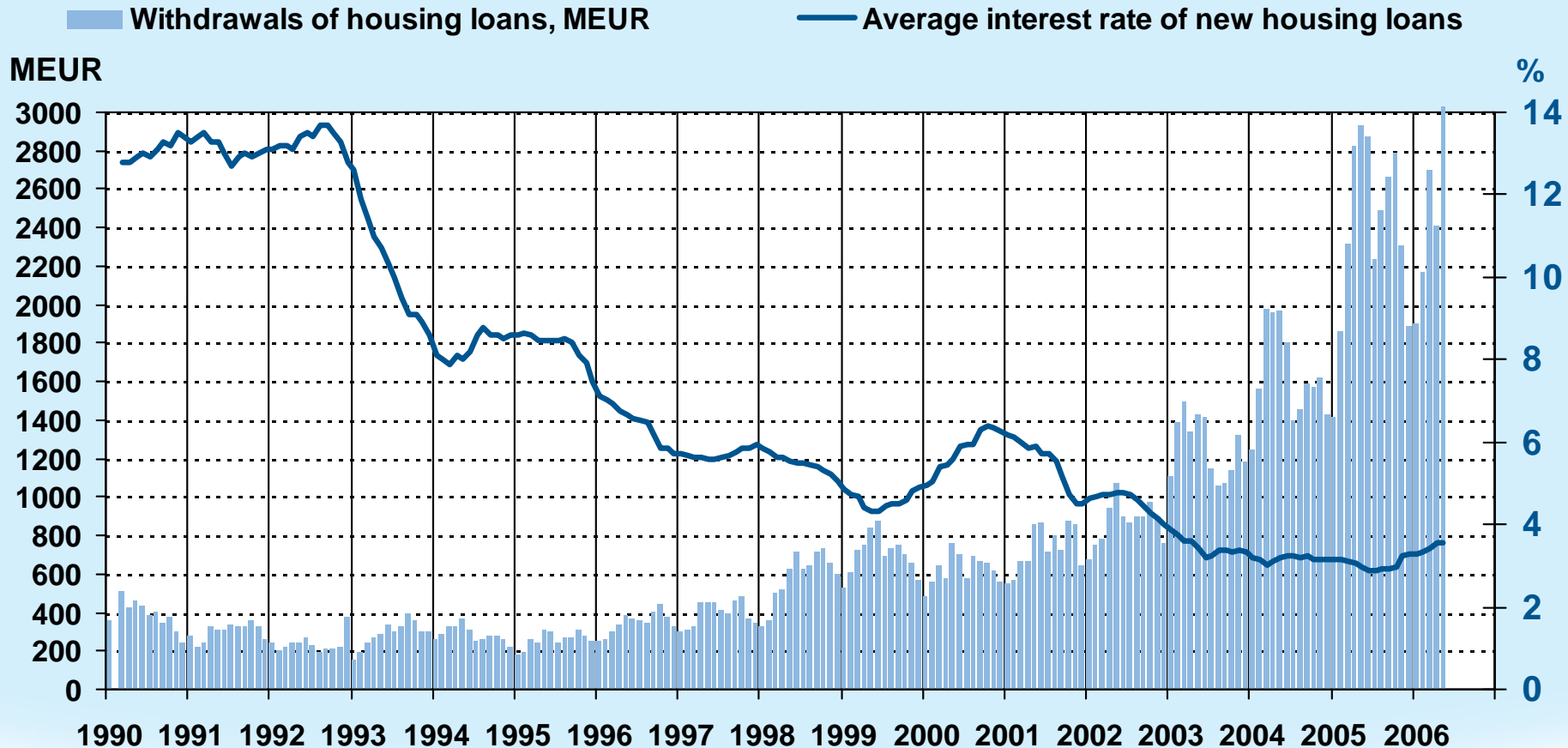
## Market outlook

# Migration between municipalities in Finland



Source: Statistics Finland, July 20, 2006

# Housing loans and interest rates in Finland

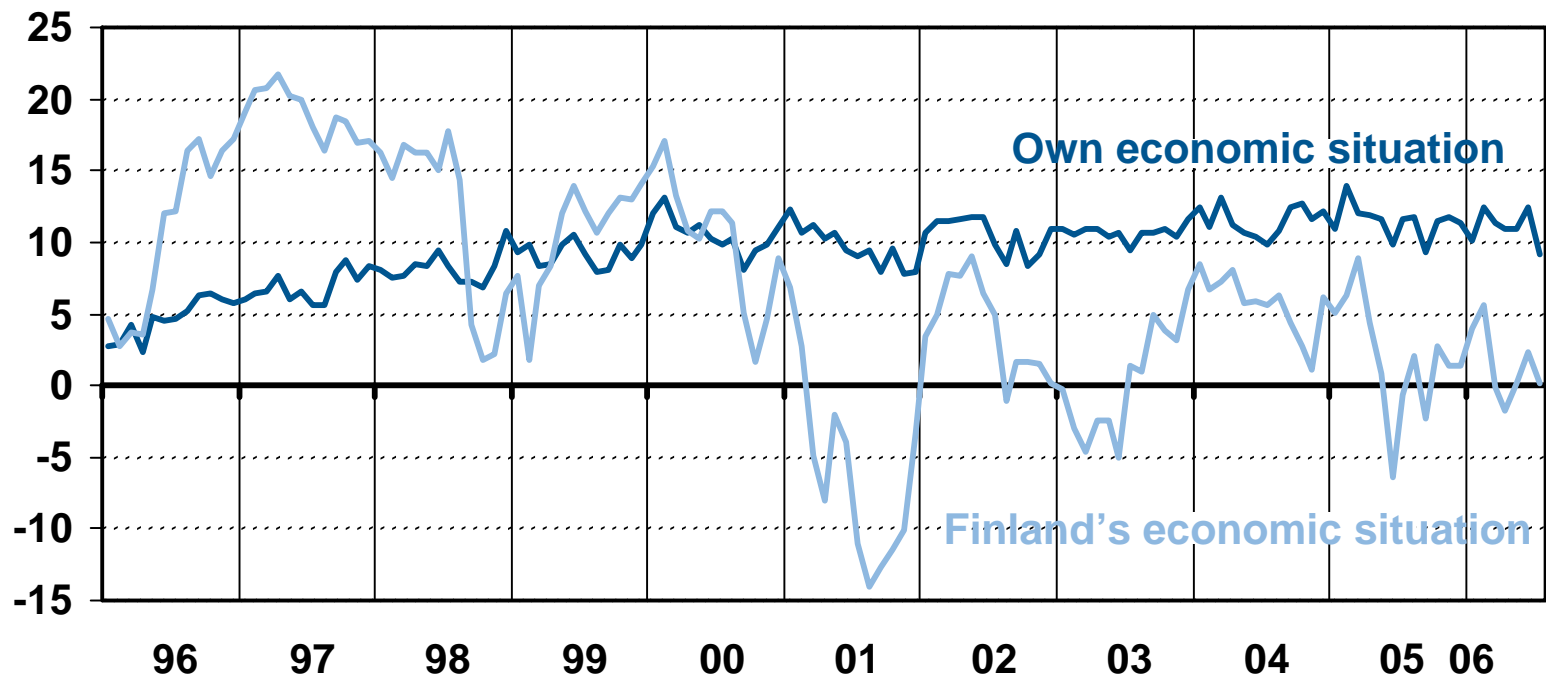


Source: Bank of Finland, June 30, 2006



# Consumers' confidence in their own household's and Finland's economy within next 12 months

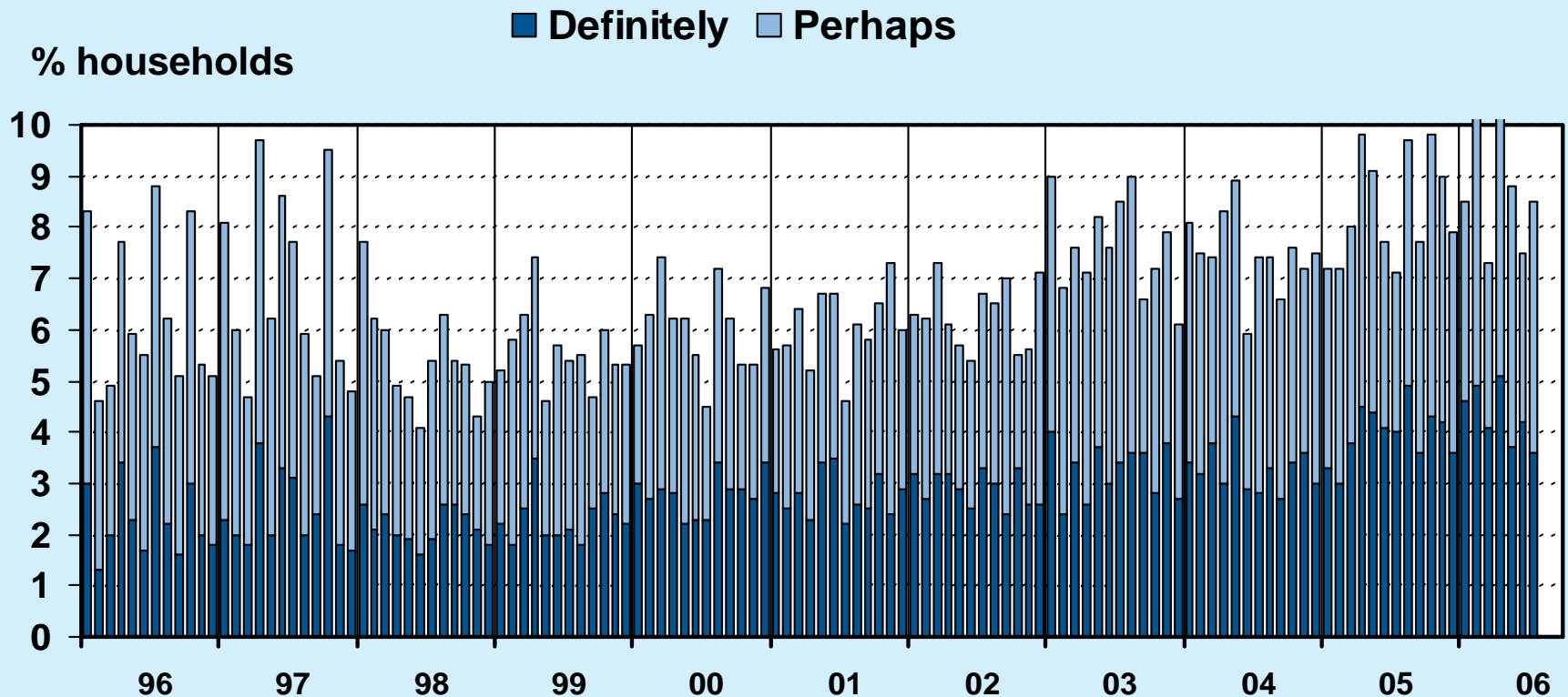
**Saldo (%-share of positive answers – %-share of negative answers)**



Source: Statistics Finland's Consumer Survey, July 27, 2006

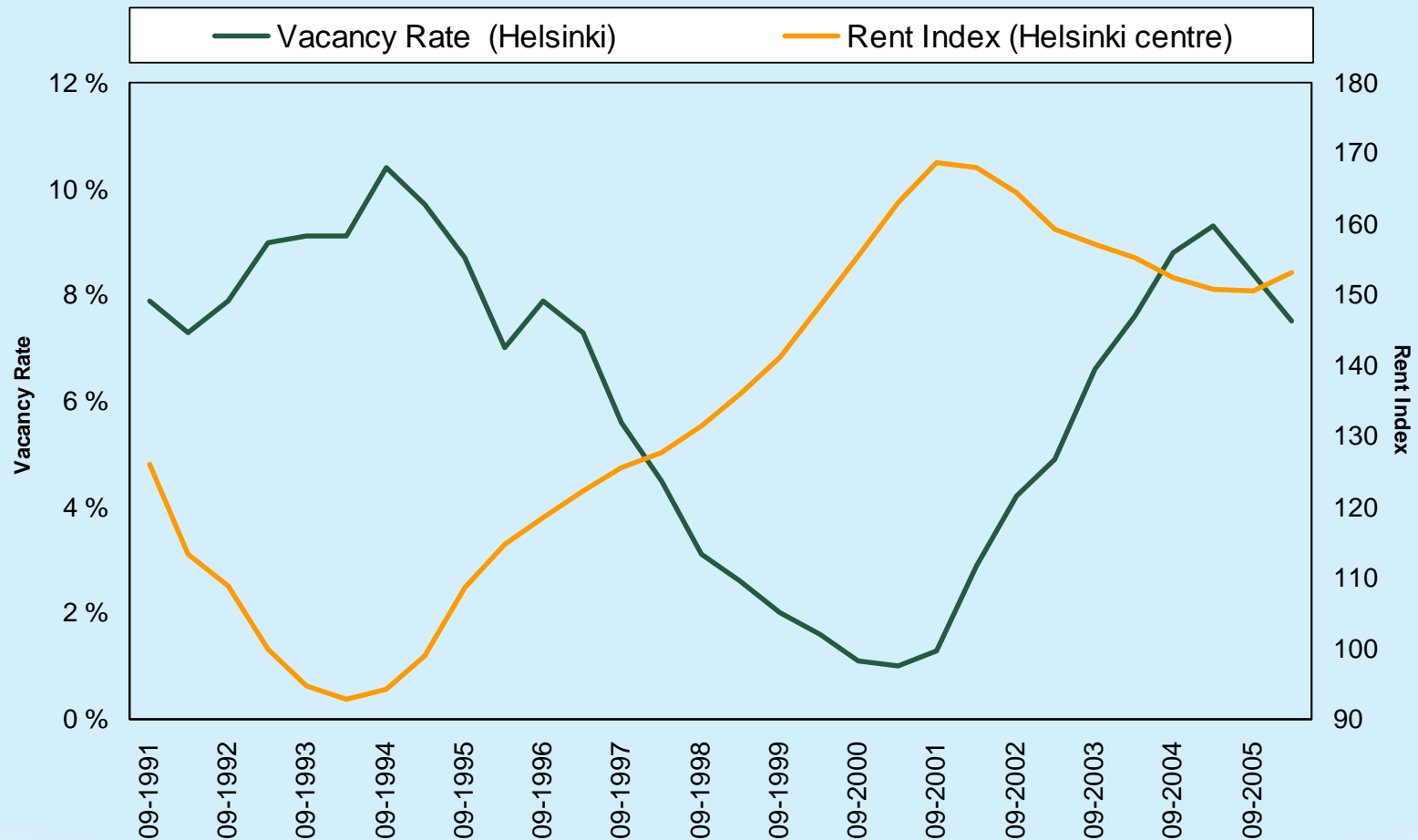
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# Households' intentions to acquire an owner-occupied flat during the next 12 months



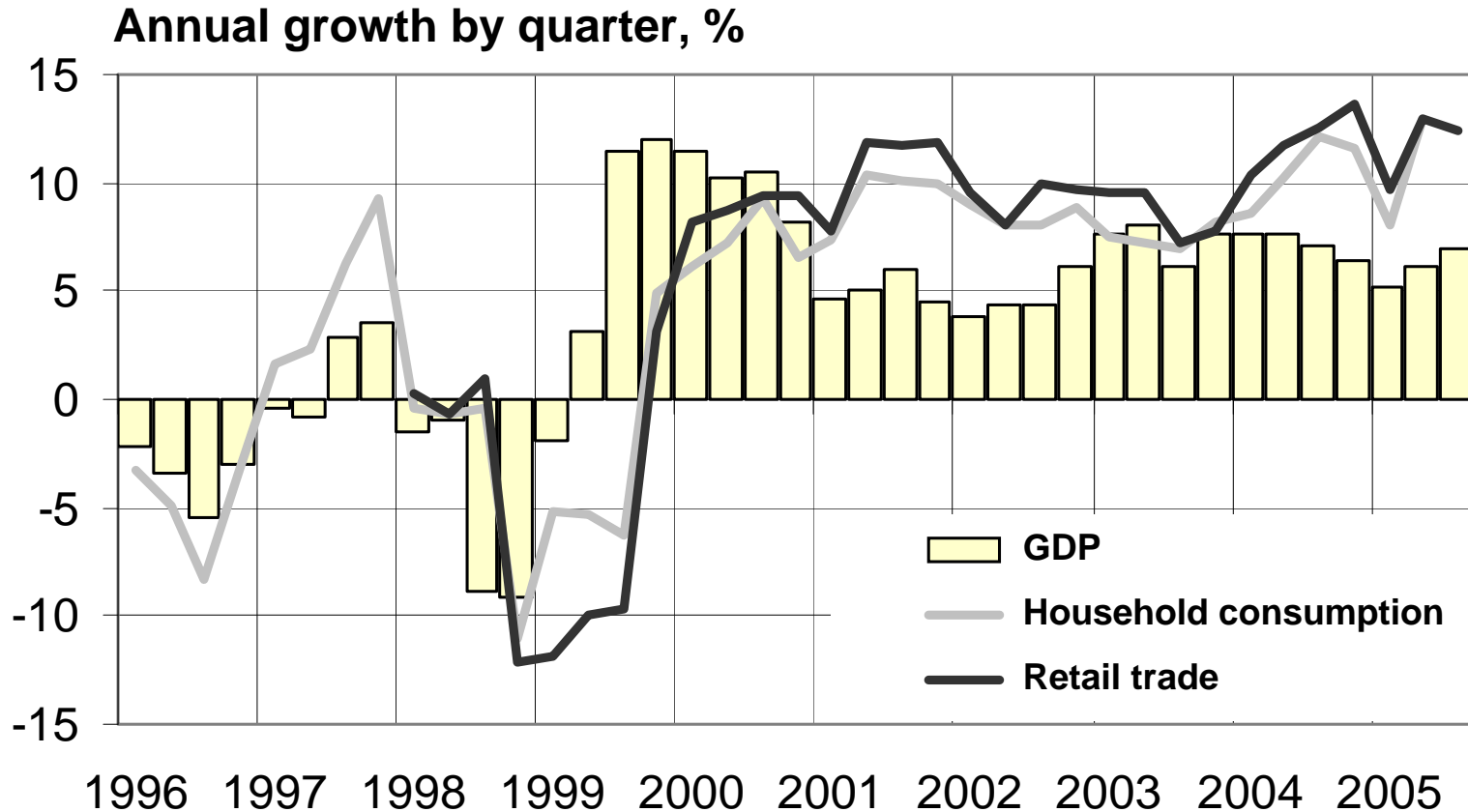
Source: Statistics Finland, July 27, 2006

# Office rent index and vacancy rate



Source: KTI and Catella Property Group

# Consumption and retail trade in Russia



Source: Rosstat

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# Building Systems Market trends

- Total market for Installation works in each Nordic country is about EUR 4 - 6 billion
- Building services will involve a greater amount of technological content both in investments and life cycle costs
- EU directives guide technical solutions (incl. energy conservation). Increasing energy prices (electricity and oil)
- There is a growing interest in life cycle services within the public sector
- There is a growing interest in security services
- Consumers are willing to buy more and more services
- Need for renovations increasing in all customer segments
- Need for skilful people within plumbing increasing
- Need for life cycle services increasing in Lithuania, Latvia, Estonia and Russia

# Building Systems market by work types and YIT's market shares

**Norway ~EUR 2.8 bill. (10%)**

- **Heating, plumbing, sewage** 0.9 bill. (0%)
- Ventilation 0.7 bill. (12%)
- Electricity 1.2 bill. (15%)

**Sweden ~EUR 5.6 bill. (9%)**

- Heating, plumbing, sewage 1.6 bill. (10%)
- Ventilation 1.0 bill. (8%)
- Electricity 3.0 bill. (5%)

**Finland ~EUR 3.6 bill. (12%)**

- Heating, plumbing, sewage 1.5 bill. (5%)
- Ventilation 0.7 bill. (20%)
- Electricity 1.3 bill. (8%)

**Denmark ~EUR 4.7 bill. (3%)**

- **Heating, plumbing, sewage** 1.7 bill. (0%)
- Ventilation 0.3 bill. (9%)
- Electricity 2.7 bill. (4%)

**Baltic countries ~EUR 0.7 bill. (4%)**

- Lithuania 0.2 bill. (10%)
- **Latvia 0.2 bill. (1%)**
- **Estonia 0.2 bill. (1%)**

Contents of the different work types vary between the countries.

Electricity includes automation and data networks in properties.

# Industrial and Network Services

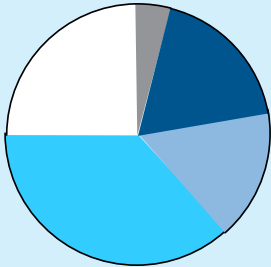
## Market trends

- Forest industry continues to open up to outsourcing
- Forest industry invests outside of Finland
- Growth in industrial investments comprises mainly of large projects (OL3, Neste Oil)
- In Finland, production facility modernizations and large renovations continue
- Marine industry still growing
- Demand for industrial project deliveries growing in Russia
- Competition between network operators continues severe, which is fully seen in the demand of field services. The number of landline phones and related works declined, as was the case in previous years.
- Demand for broadband deliveries has calmed down
- IT Field Service markets opening up gradually

# Industrial maintenance market

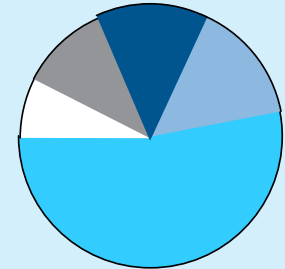
**Norway MEUR 2,500**

- outsourced MEUR 100 (4%)



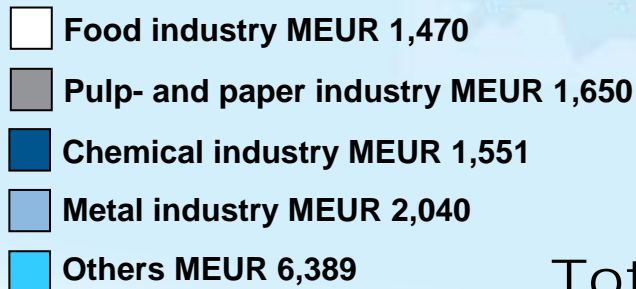
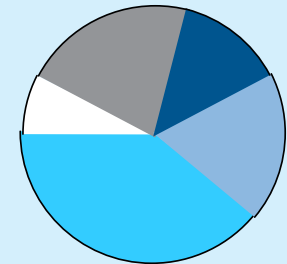
**Sweden MEUR 6,600**

- outsourced MEUR 500 (8%)



**Finland MEUR 4,000**

- outsourced MEUR 1,000 (25%)



**Total market MEUR 13,100**  
- of which outsourced MEUR 1,600 (12%)

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# Appendices

## Interim Report Jan-Jun/2006

# Key figures

	Jun/2006	Jun/2005	Change, %	Dec/2005
Earnings per share, EUR *)	0.60	0.55	10	<b>1.26</b>
Diluted earnings per share, EUR *)	0.60	0.53	13	<b>1.23</b>
Equity per share, EUR *)	4.54	3.77	21	<b>4.49</b>
Share price at end of period, EUR *)	19.17	13.80	39	<b>18.07</b>
Market capitalization at end of period, MEUR	2,406.7	1,711.2	41	<b>2,254.4</b>
Net interest-bearing debt at end of period, MEUR	342.5	313.6	9	<b>254.4</b>
Return on investment, % 1)	28.2	21.8	29	<b>26.4</b>
Equity ratio, %	34.5	31.8	8	<b>36.3</b>
Gearing ratio, %	59.5	66.6	-11	<b>45.1</b>
Gross capital expenditures, MEUR	18.7	14.1	33	<b>30.1</b>
Order backlog at end of period, MEUR 2)	2,151.3	1,999.2	8	<b>1,878.8</b>
- of which order backlog outside Finland	925.7	738.2	25	<b>752.4</b>
Average personnel	21,346	21,153	1	<b>21,194</b>

1) Last 12 months.

2) Portion of binding orders not recognized as income.

\*) The doubling amount of shares which came into effect on March 24, 2006 (split) has been taken into account.

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# Consolidated balance sheet

MEUR ASSETS	Jun/2006	Jun/2005	Change, %	Dec/2005
<b>Non-current assets</b>				
Tangible assets	82.8	78.3	6	77.1
Goodwill	248.8	248.8	-	248.8
Other intangible assets	15.0	12.5	20	13.4
Shares in associated companies	2.2	1.3	69	1.8
Other investments	3.0	2.8	7	3.0
Receivables	11.0	9.1	21	9.4
Deferred tax receivables	21.9	21.3	3	23.6
<b>Current assets</b>				
Inventories	797.4	685.4	16	685.2
Trade and other receivables	637.8	517.3	23	545.2
Cash and cash equivalents	27.3	35.4	-23	80.6
<b>Total assets</b>	<b>1,847.2</b>	<b>1,612.2</b>	<b>15</b>	<b>1,688.1</b>

\*) Change over 100%

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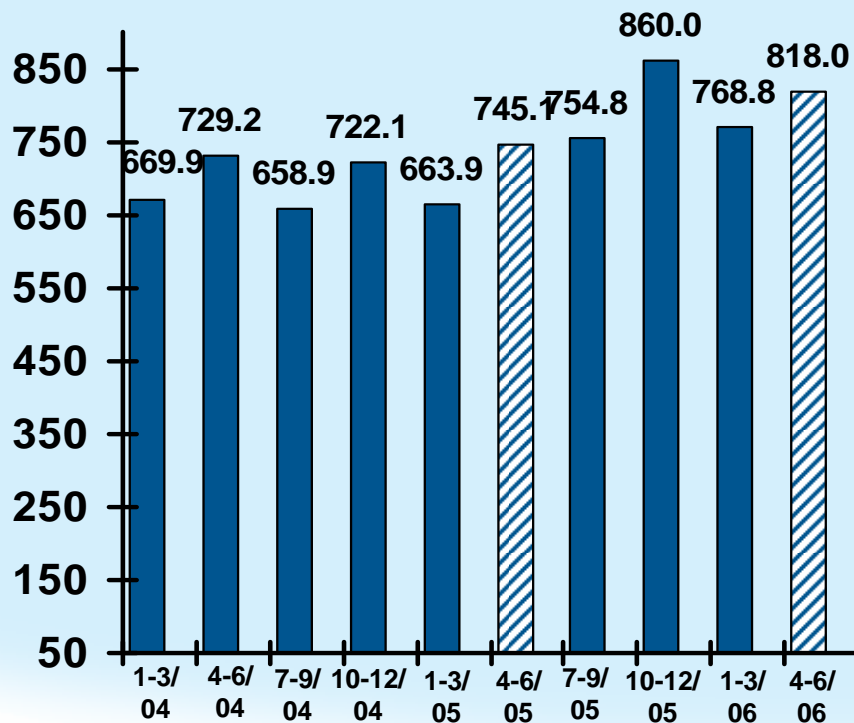
# Consolidated balance sheet

MEUR EQUITY AND LIABILITIES	Jun/2006	Jun/2005	Change, %	Dec/2005
<b>Equity attributable to equity holders of the company</b>				
Share capital	62.8	62.0	1	62.4
Other equity	507.5	404.7	25	497.4
Minority interests	5.8	3.9	49	3.7
<b>Total equity</b>	<b>576.1</b>	<b>470.6</b>	<b>22</b>	<b>563.5</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	40.0	23.3	72	36.5
Pension liabilities	11.0	10.0	10	11.6
Provisions	33.3	33.0	1	30.1
Interest-bearing liabilities	166.7	177.1	-6	172.4
Other liabilities	13.8	3.9	*)	4.4
<b>Current liabilities</b>				
Trade and other payables	786.9	711.1	11	691.2
Provisions	16.3	11.3	44	15.8
Interest-bearing current liabilities	203.1	171.9	18	162.6
<b>Total equity and liabilities</b>	<b>1,847.2</b>	<b>1,612.2</b>	<b>15</b>	<b>1,688.1</b>

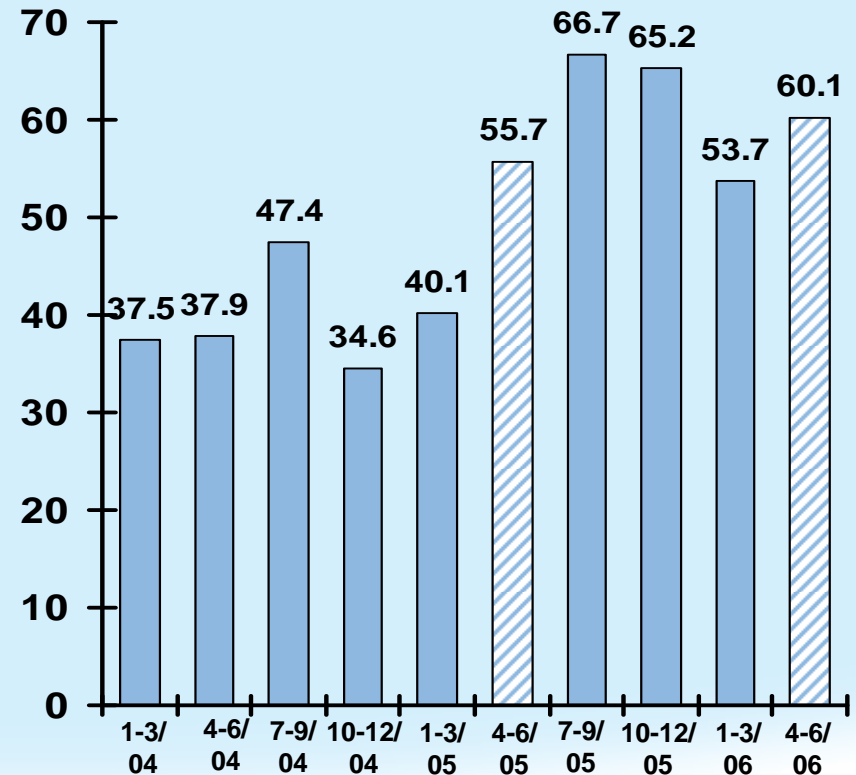


# Revenue and operating profit by quarter 2004 - Q2/2006

## Revenue, MEUR



## Operating profit, MEUR



Together we can do it.



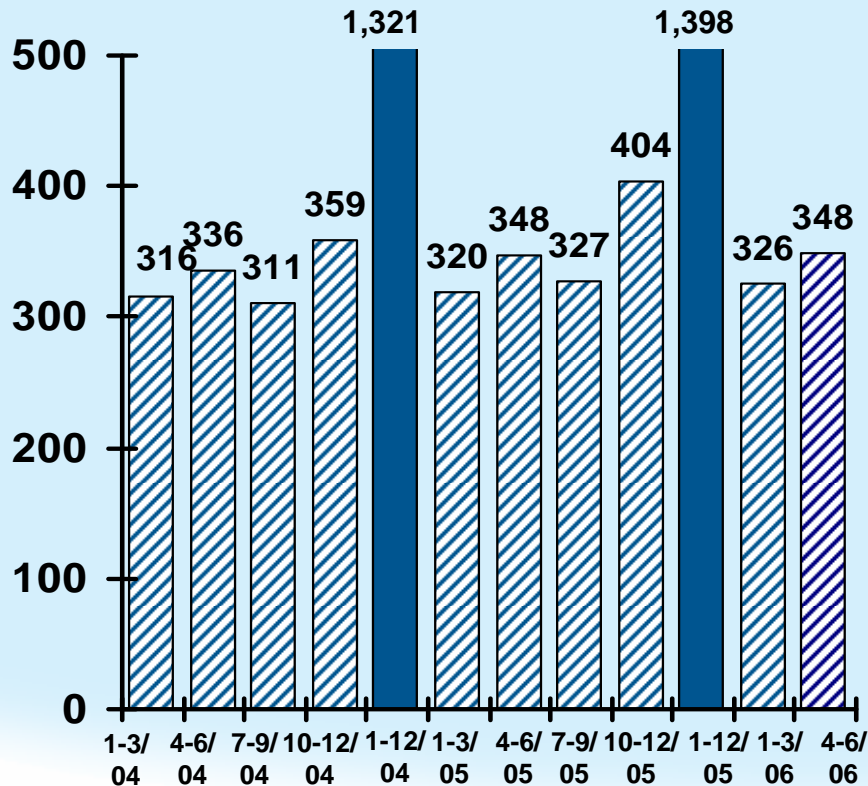
# Operating profit by business segment

MEUR	Jan-Jun/ 2006	Jan-Jun/ 2005	Change, %	Jan-Dec/ 2005
Building Systems	31.5	22.5	40	<b>56.8</b>
Construction Services	81.2	63.6	28	<b>143.1</b>
Industrial and Network Services	10.3	15.6	-34	<b>39.1</b>
Other items	-9.2	-5.9	56	<b>-11.3</b>
<b>YIT Group total</b>	<b>113.8</b>	<b>95.8</b>	<b>19</b>	<b>227.7</b>

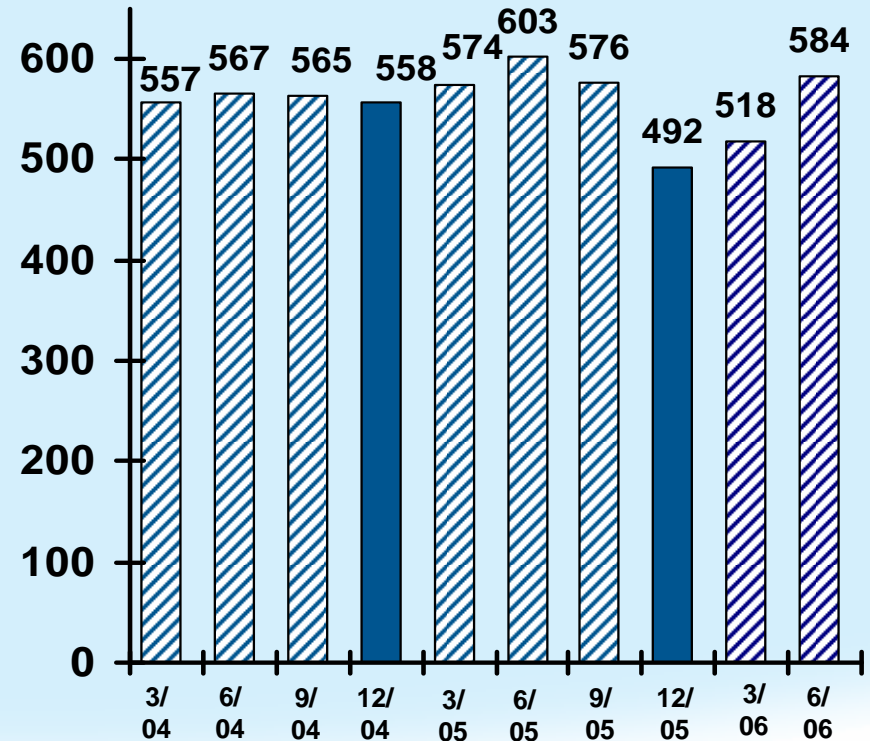
# Building Systems

Revenue and order backlog by quarter 2004 - Jun/2006

## Revenue, MEUR



## Order backlog, MEUR



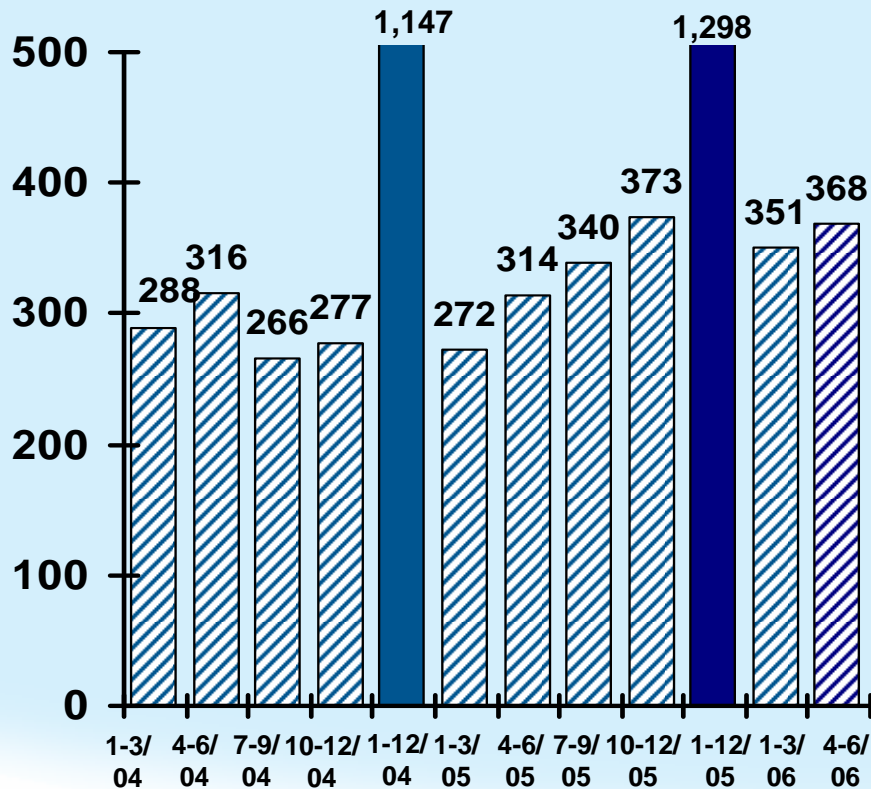
Together we can do it.



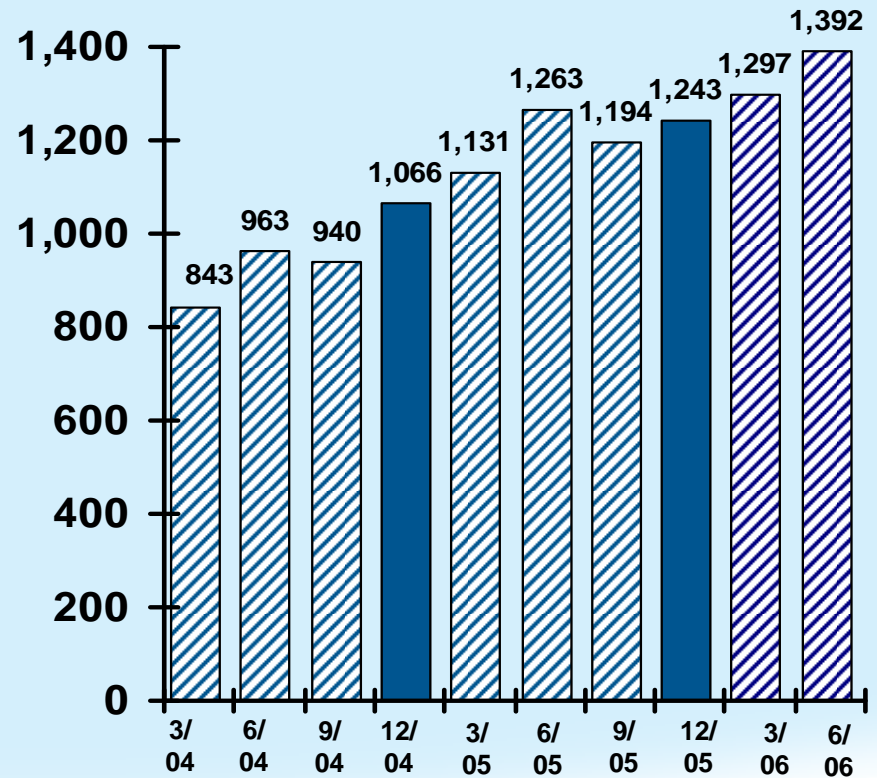
# Construction Services

Revenue and order backlog by quarter 2004 - Jun/2006

## Revenue, MEUR



## Order backlog, MEUR

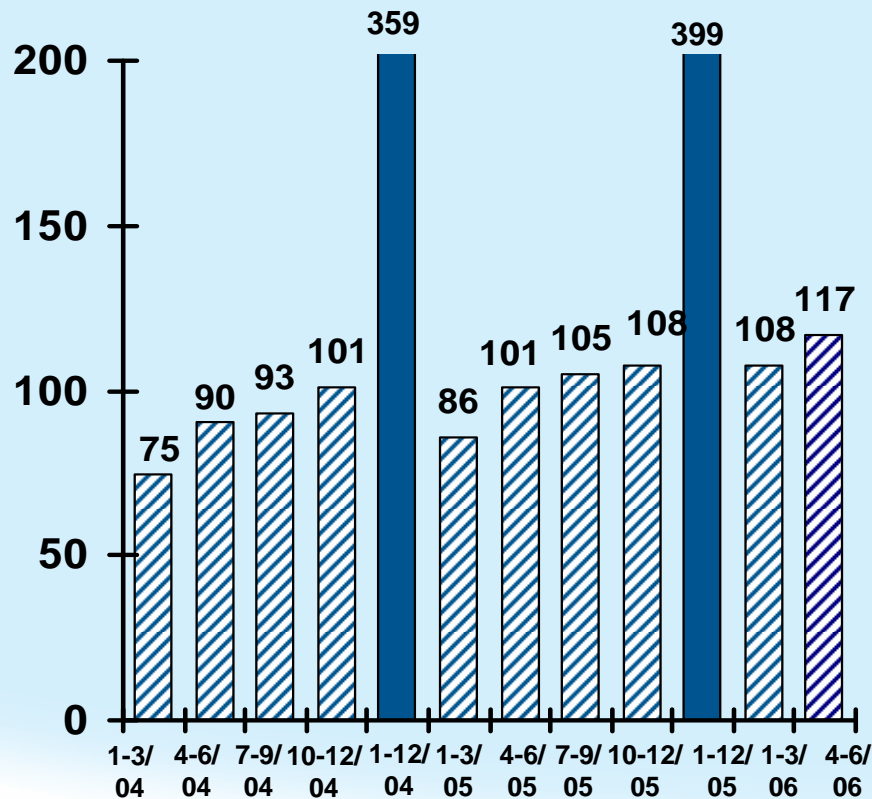




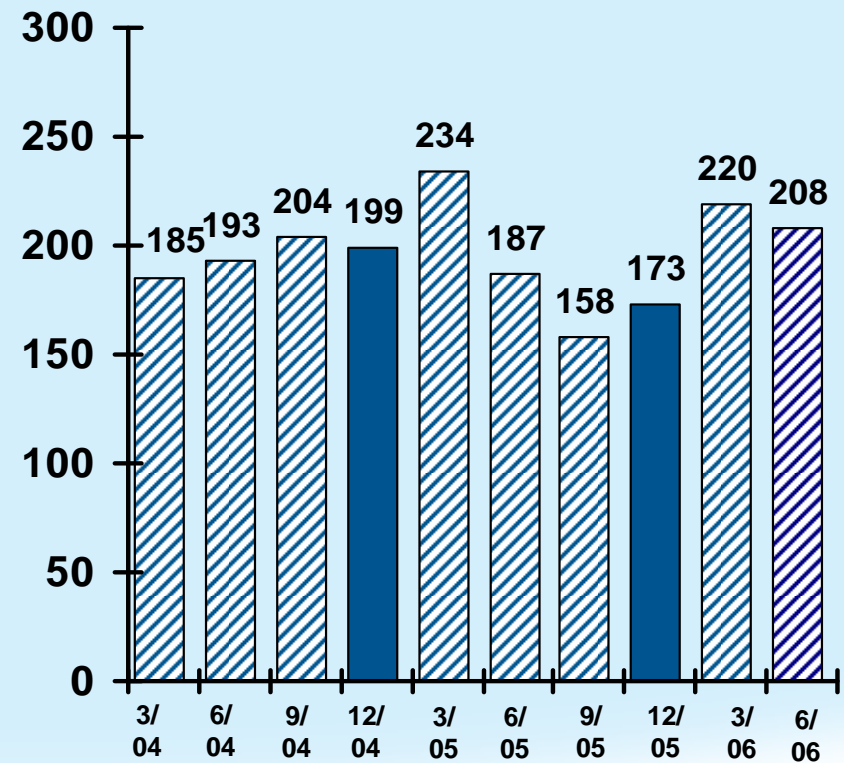
# Industrial and Network Services

## Revenue and order backlog by quarter 2004 - Jun/2006

### Revenue, MEUR

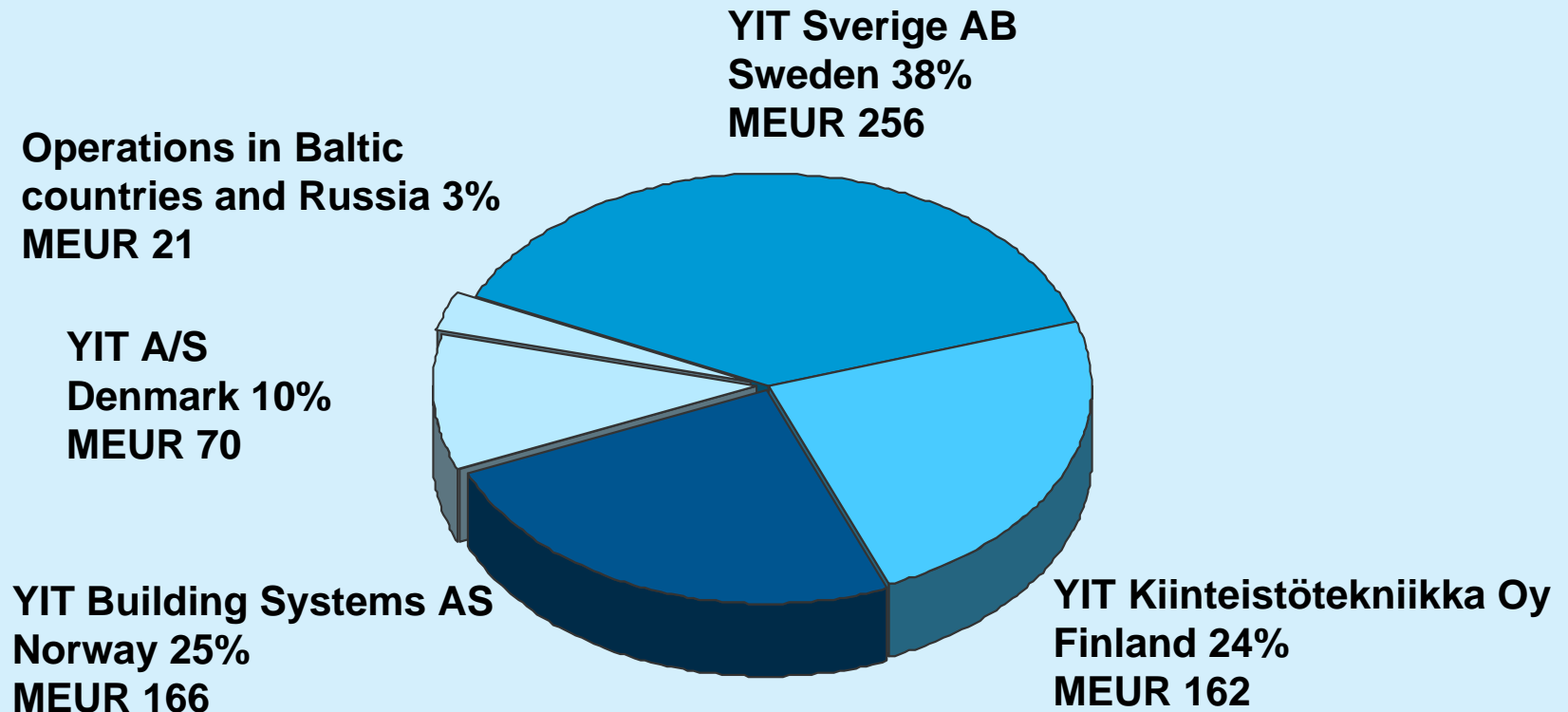


### Order backlog, MEUR



# Building Systems

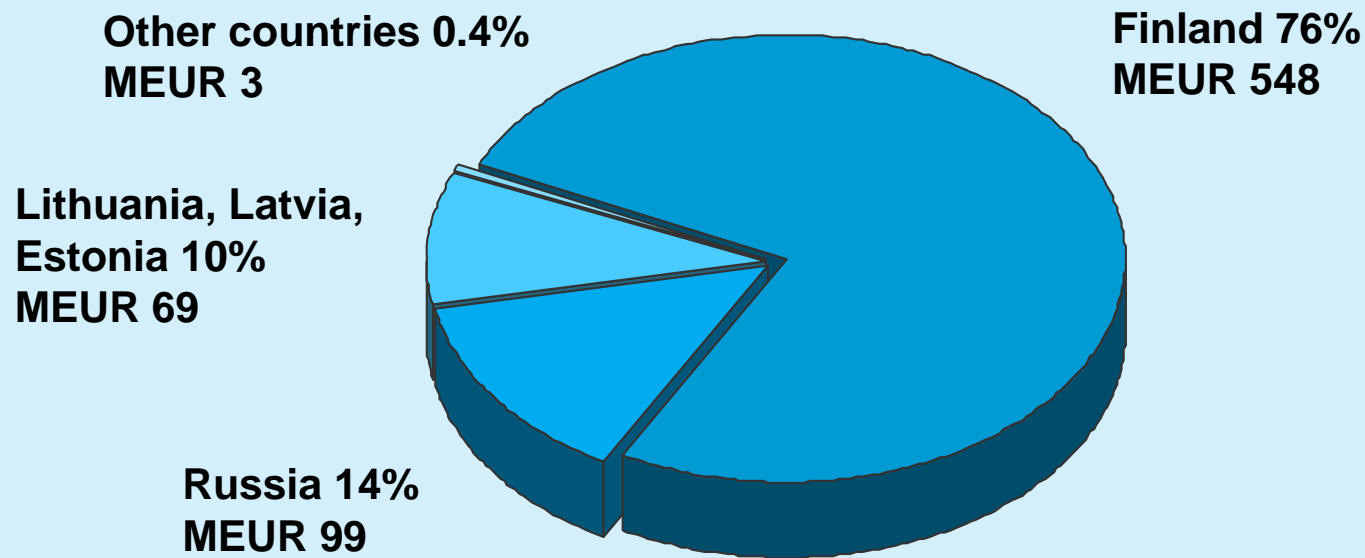
## Breakdown of revenue Jan-Jun/2006



**Total revenue Jan-Jun/2006**  
**MEUR 674**

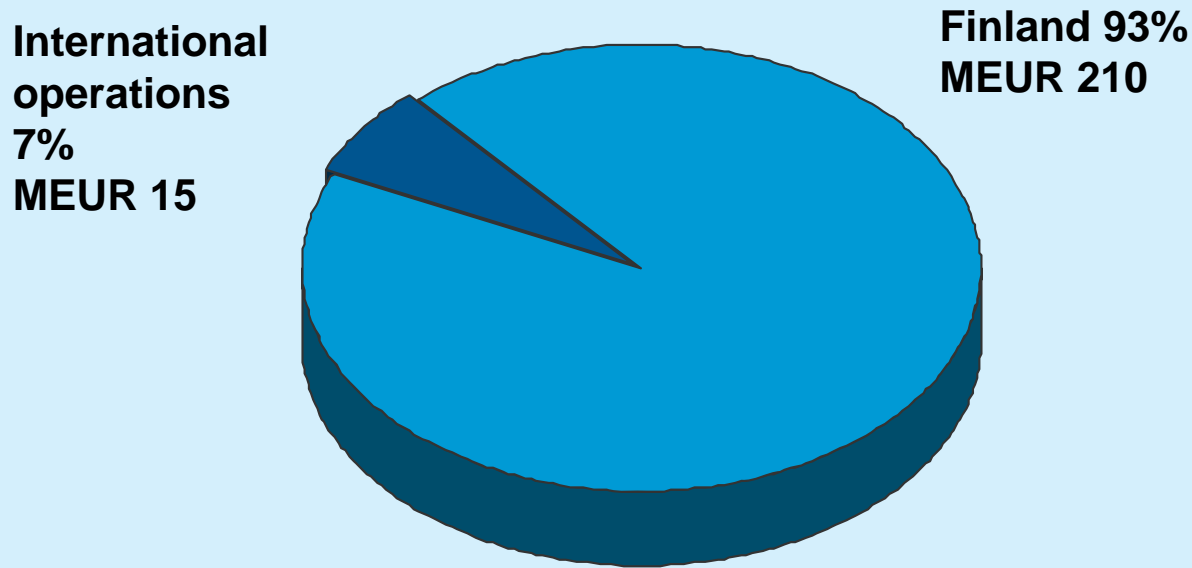
# Construction Services

## Breakdown of revenue Jan-Jun/2006



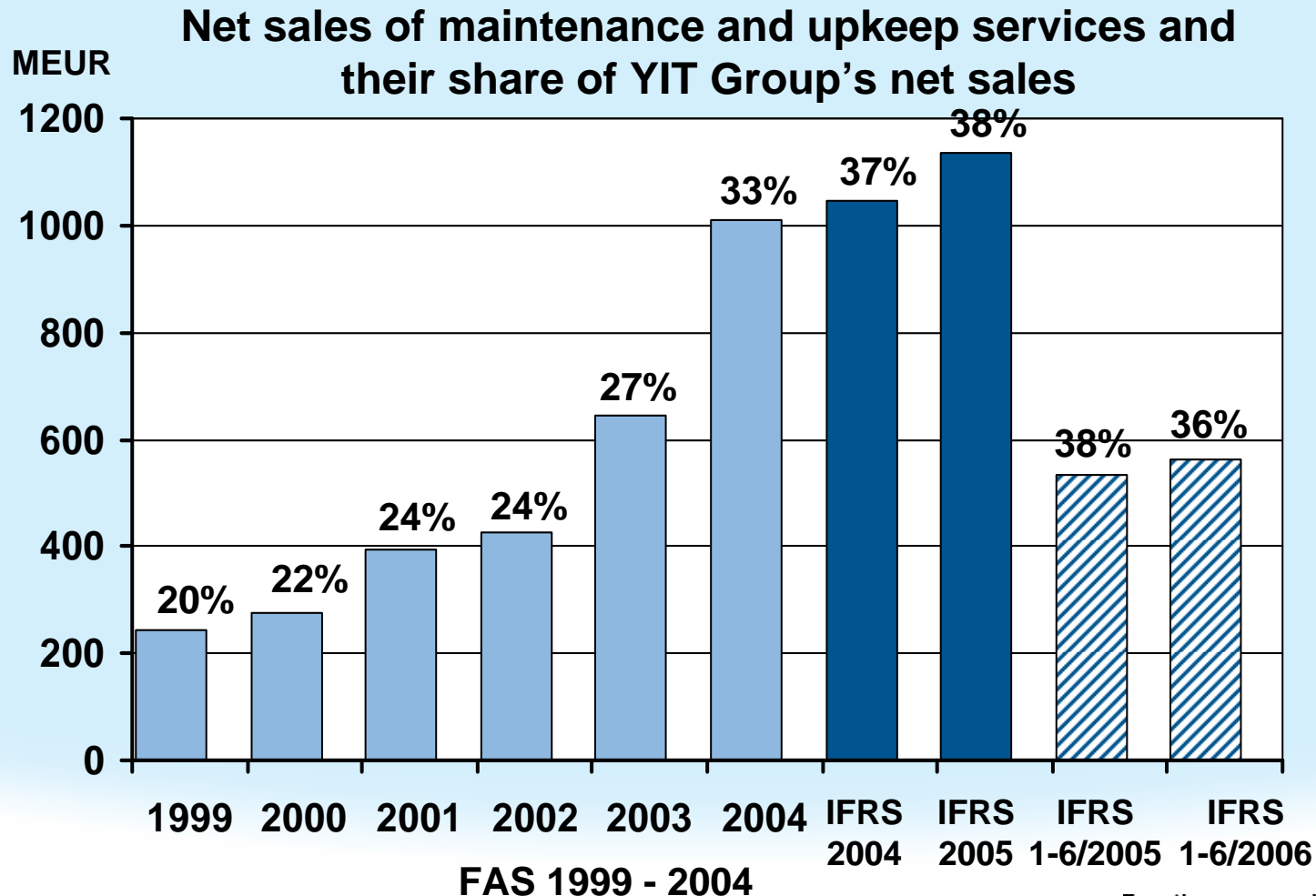
**Total revenue Jan-Jun/2006**  
**MEUR 719**

# Industrial and Network Services Breakdown of revenue Jan-Jun/2006



**Total revenue Jan-Jun/2006  
MEUR 225**

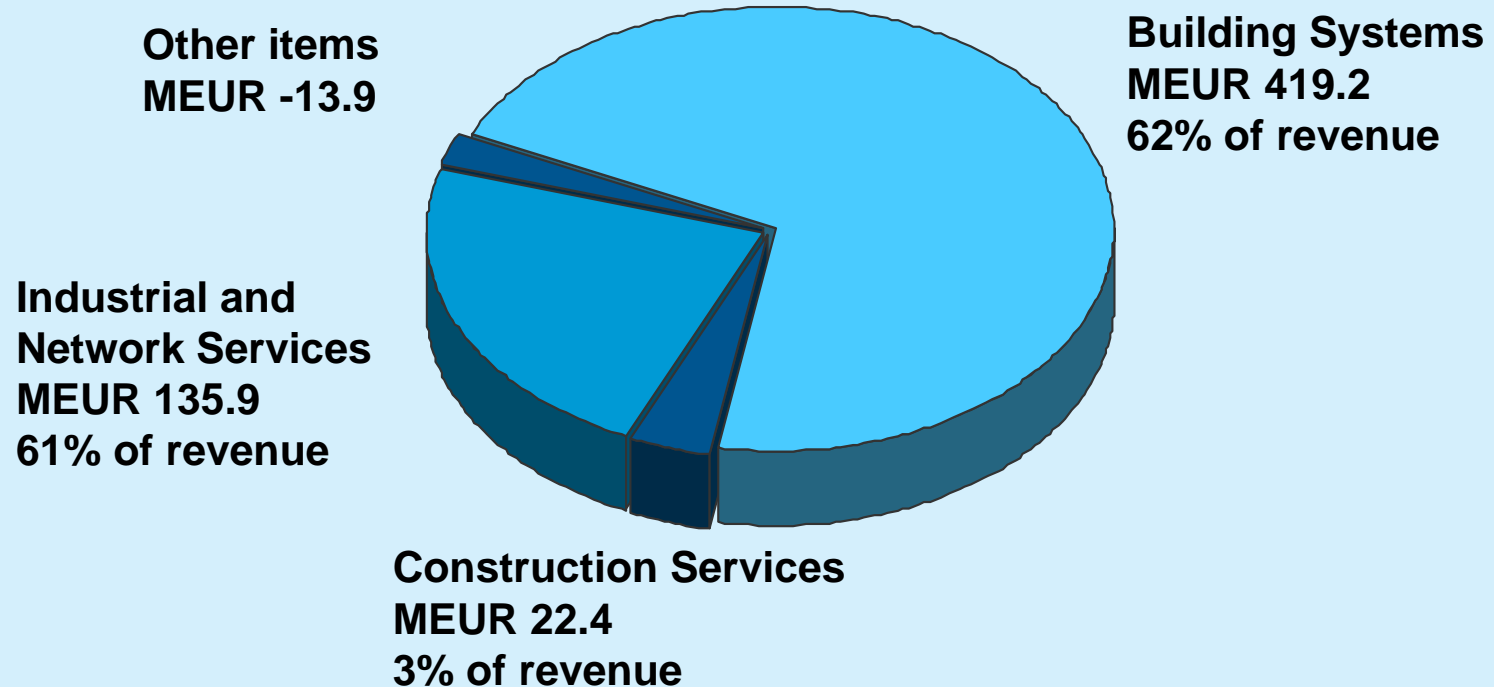
# Expanding maintenance services



Together we can do it.

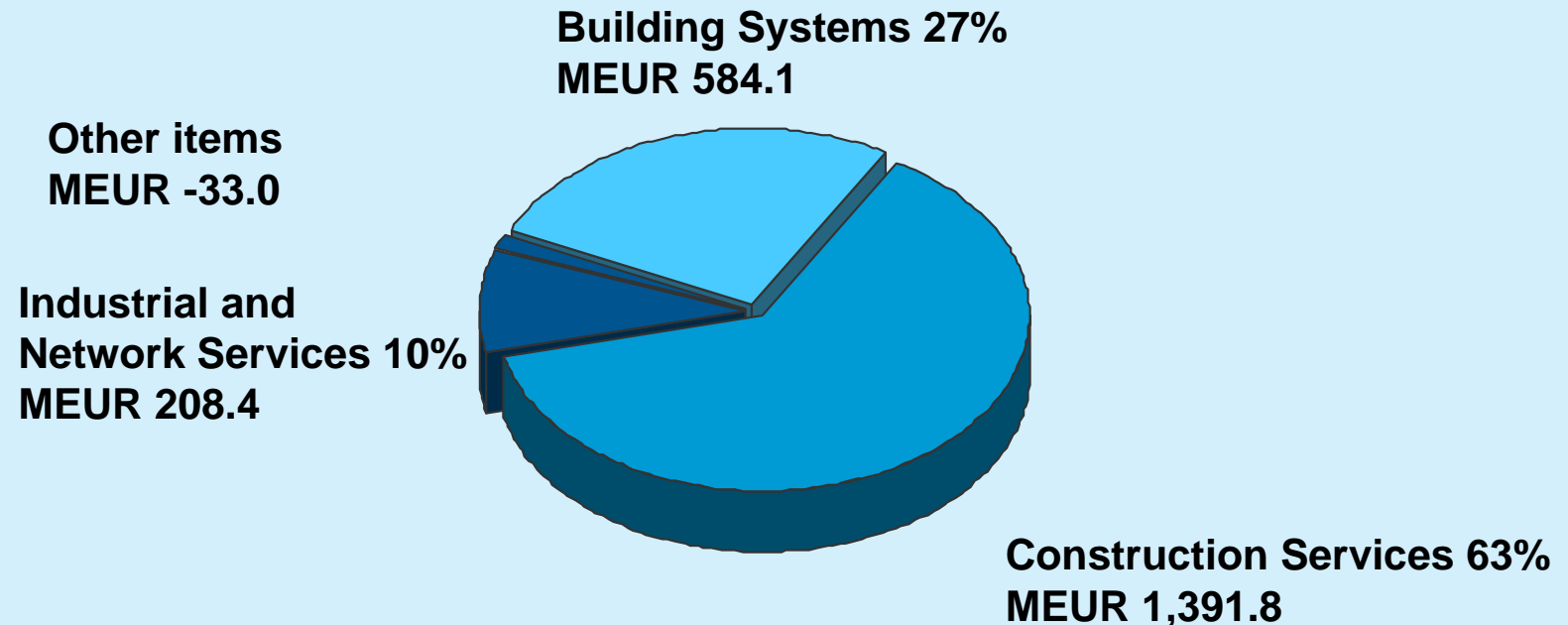


# Maintenance and upkeep services by business segment Jan-Jun/2006



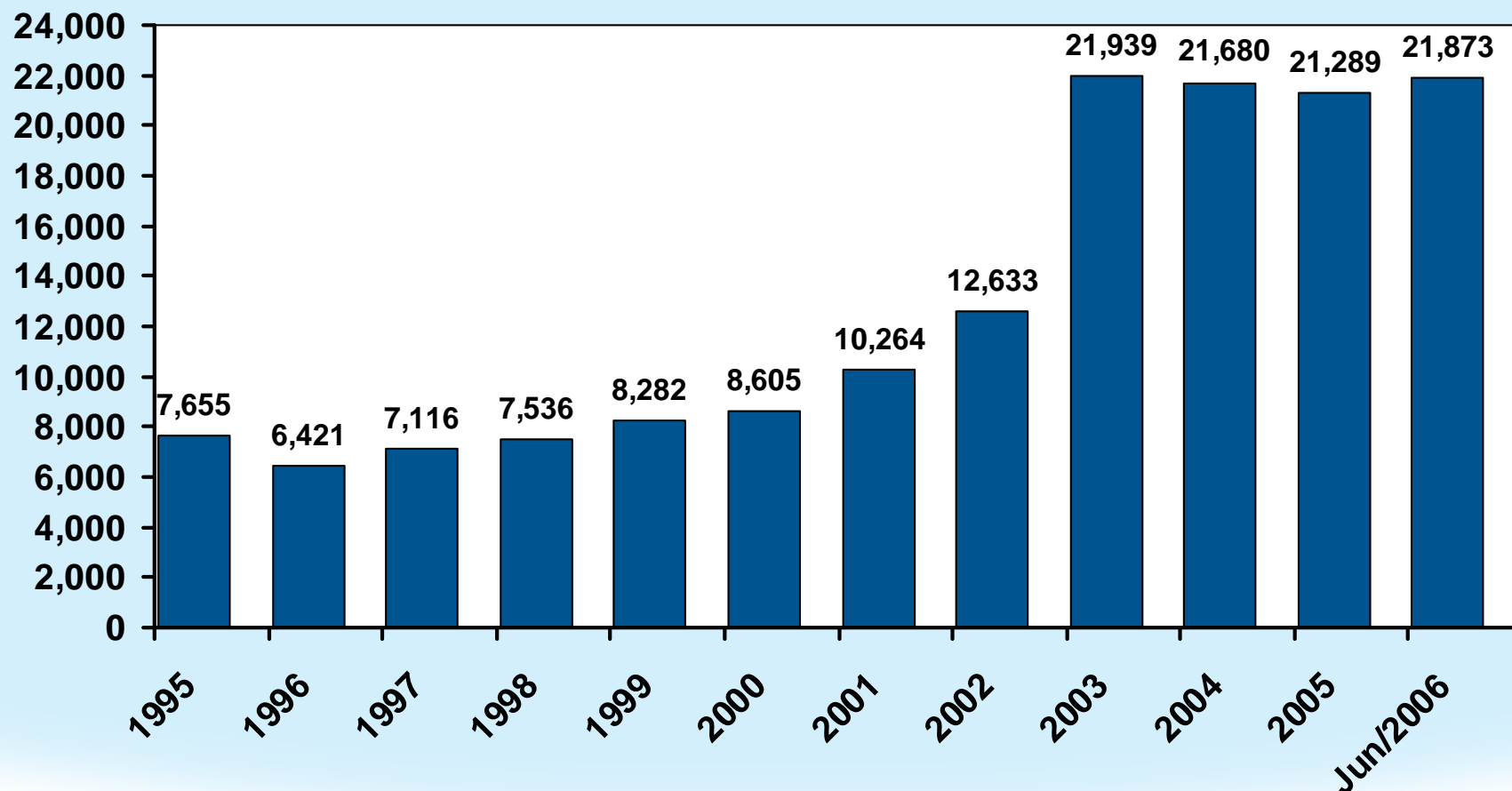
**Maintenance and upkeep services**  
**YIT Group total MEUR 563,6**  
**36% of revenue**

# Order backlog by business segment Jun/2006



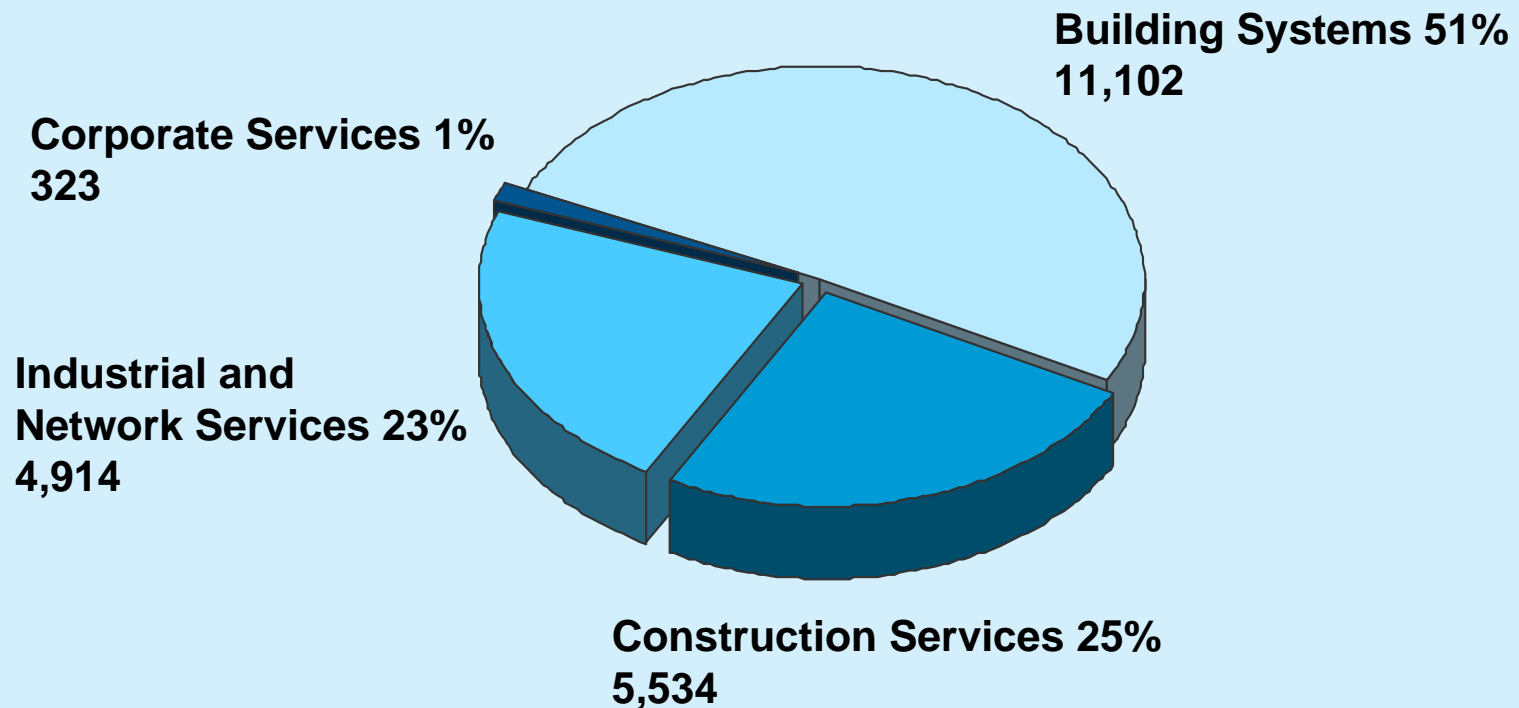
**Total order backlog Jun/2006**  
**MEUR 2,151.3**

# Personnel at end of period



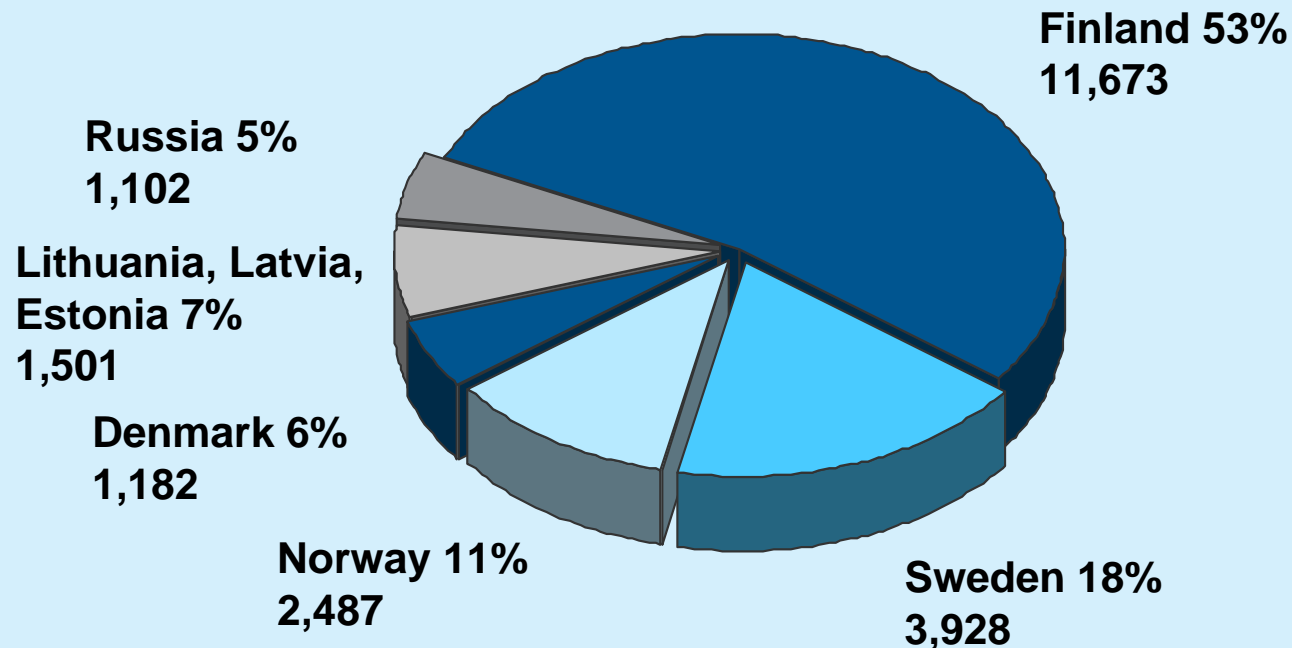


# Personnel by business segment Jun/2006



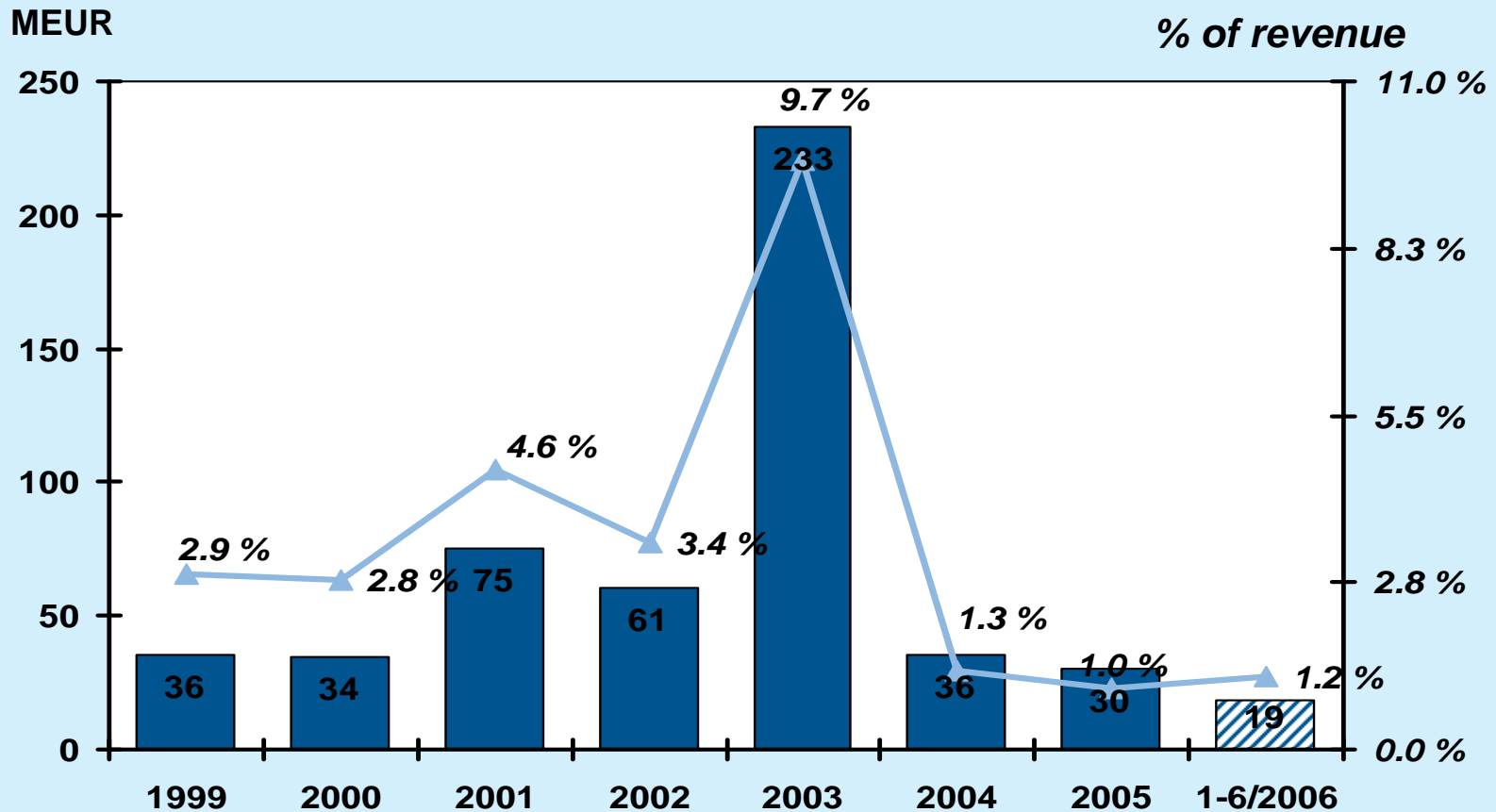
**Total number of employees Jun/2006**  
**21,873 persons**

# Personnel by country Jun/2006



**Total number of employees Jun/2006**  
**21,873 persons**

# Gross capital expenditure 1999 – Jan-Jun/2006



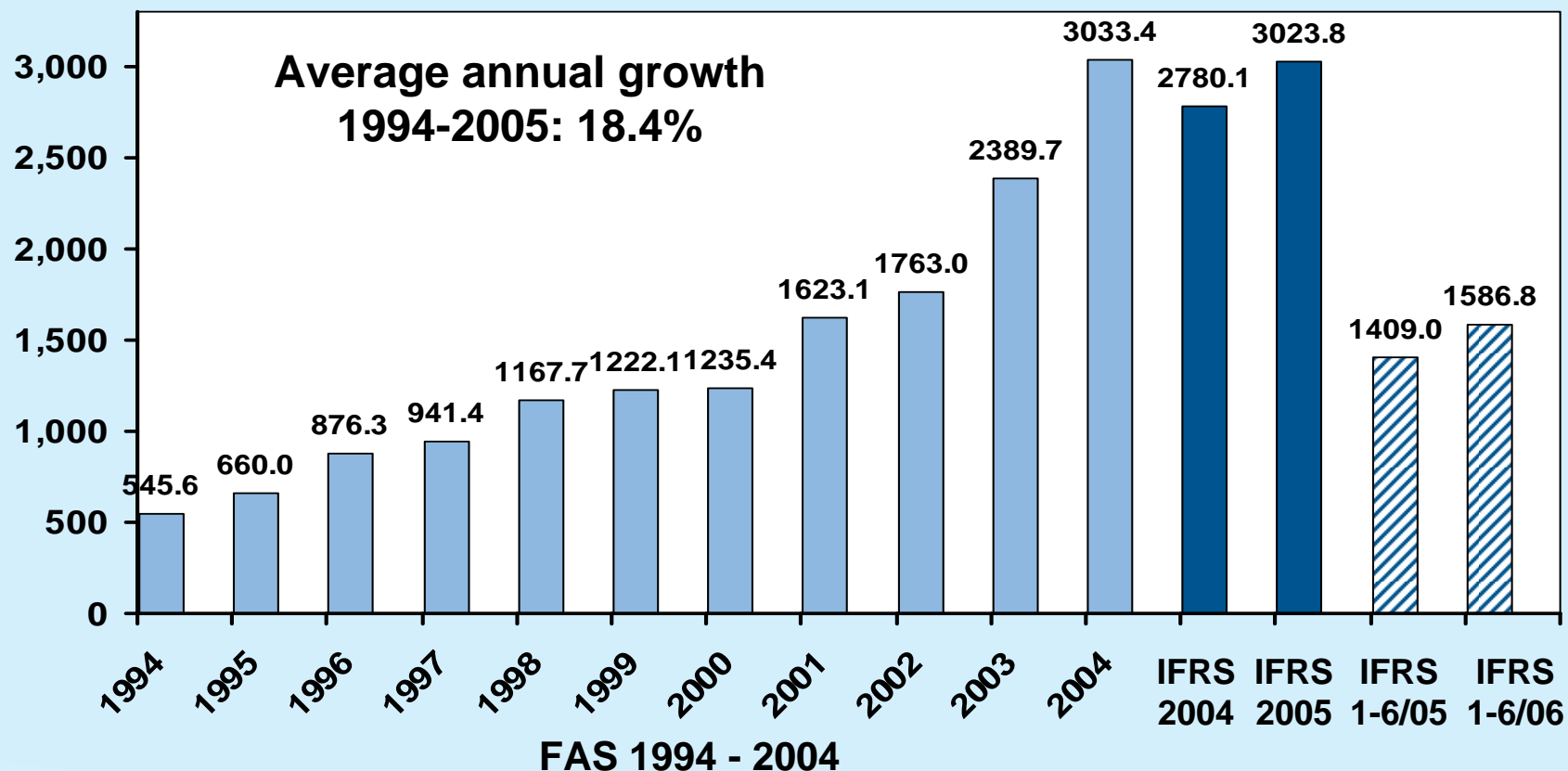
Major acquisitions: YIT Calor (2001), YIT Primatel (2002) and YIT Building Systems (2003).

# Appendices

## Strategic Target Levels

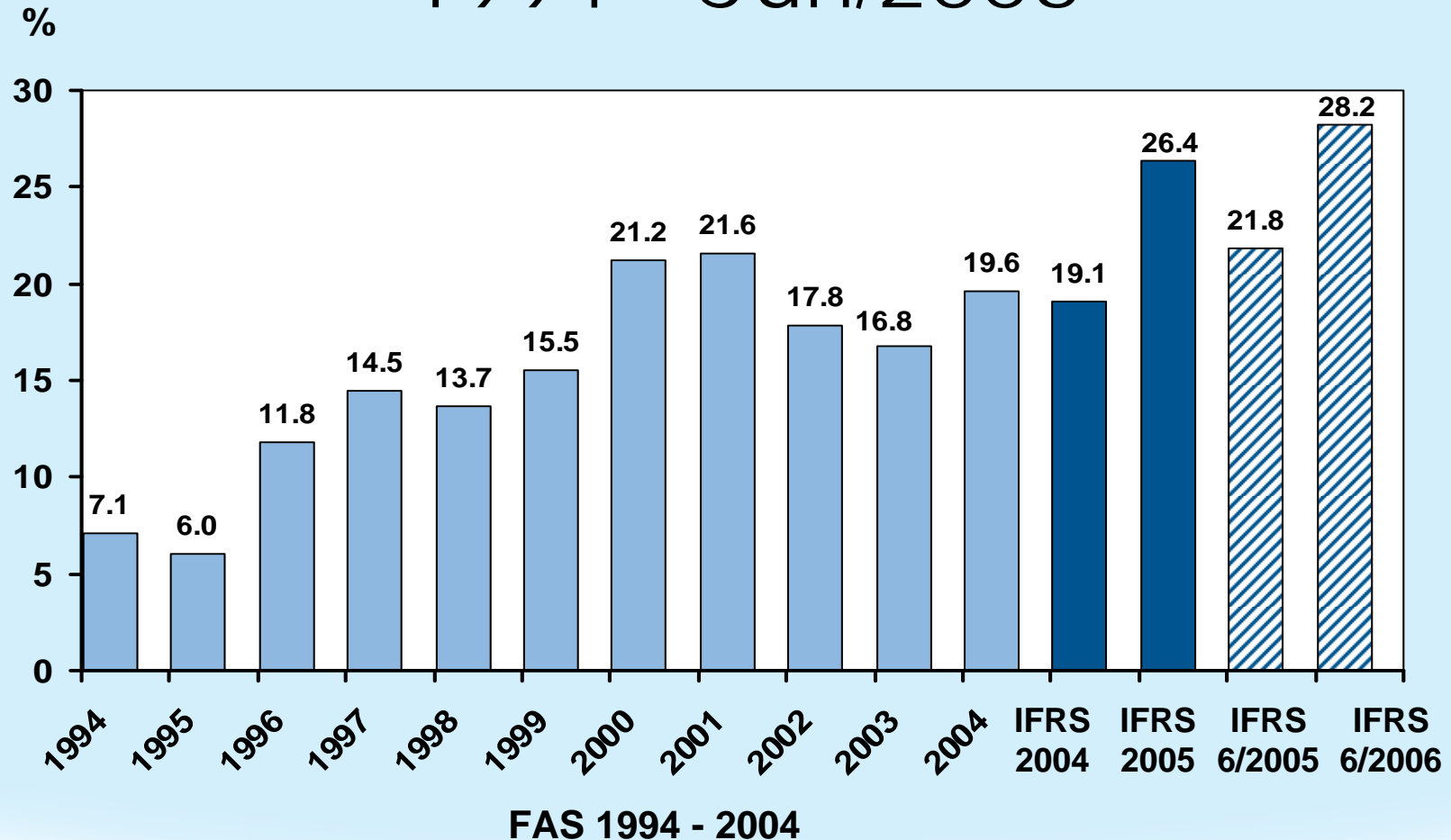
# Revenue 1994 - Jan-Jun/2006

Me



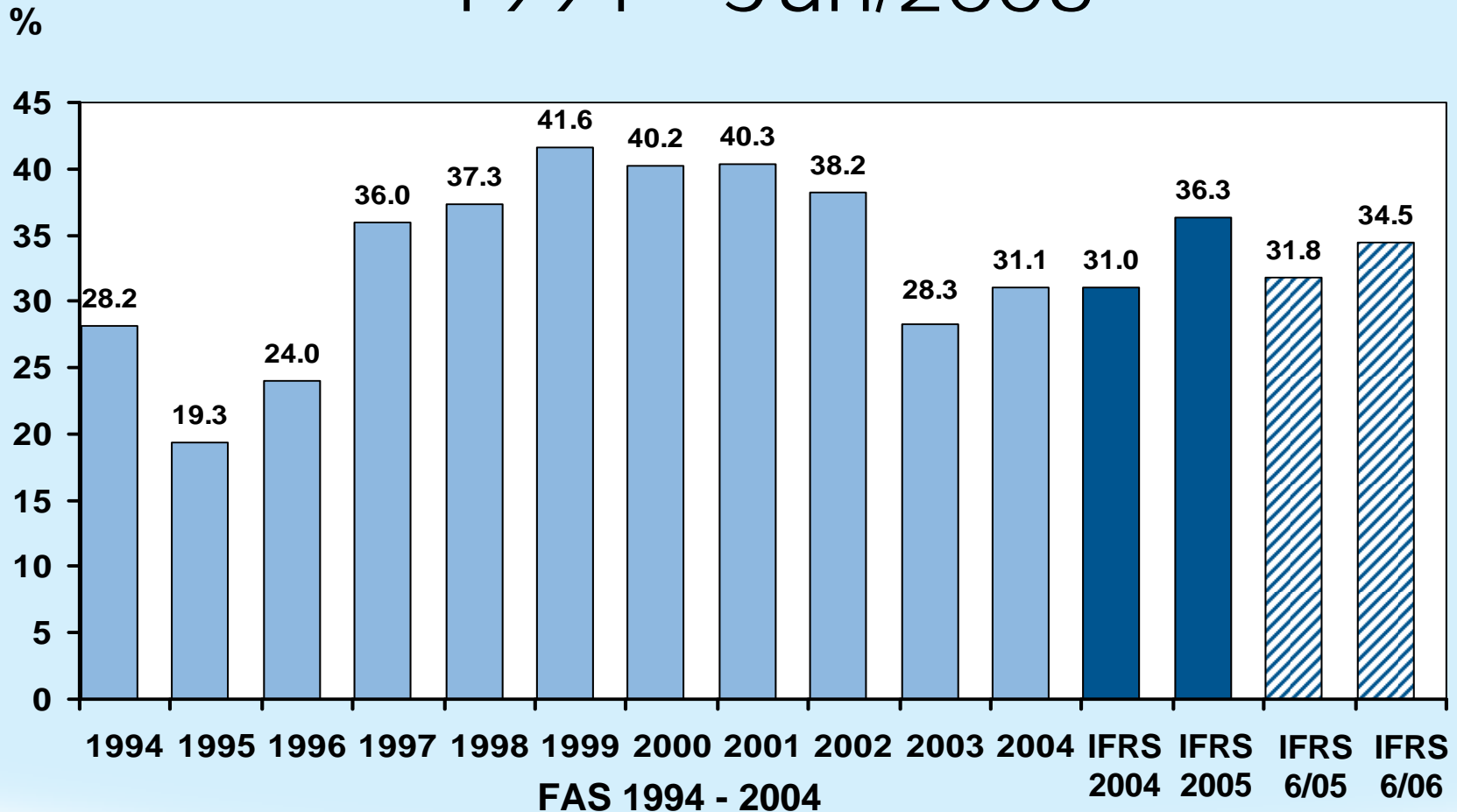
**Strategic target level: growth 10% per year on average**

# Return on investment 1994 – Jun/2006



**Strategic target level: 22%**

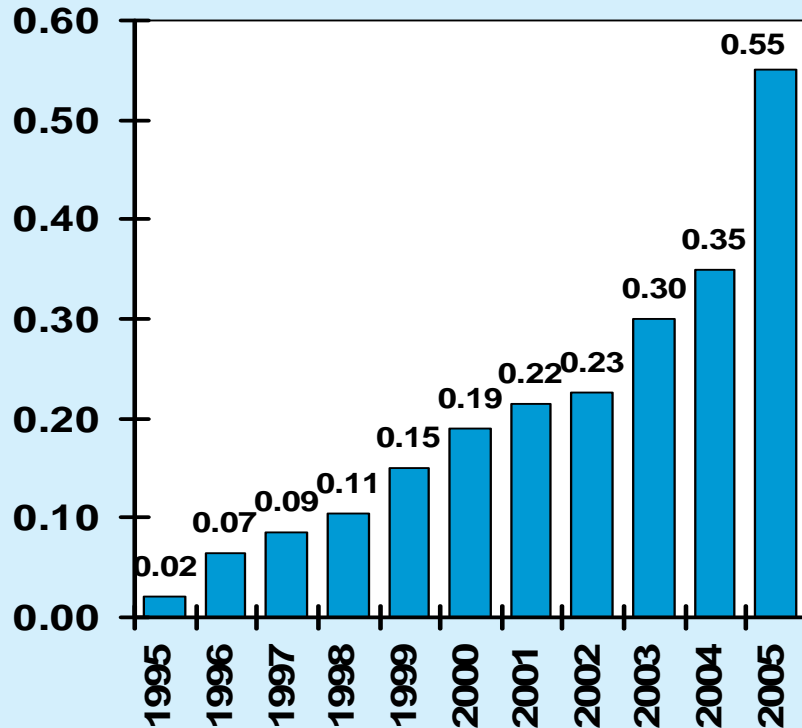
# Equity ratio 1994 – Jun/2006



**Strategic target level: 35%**

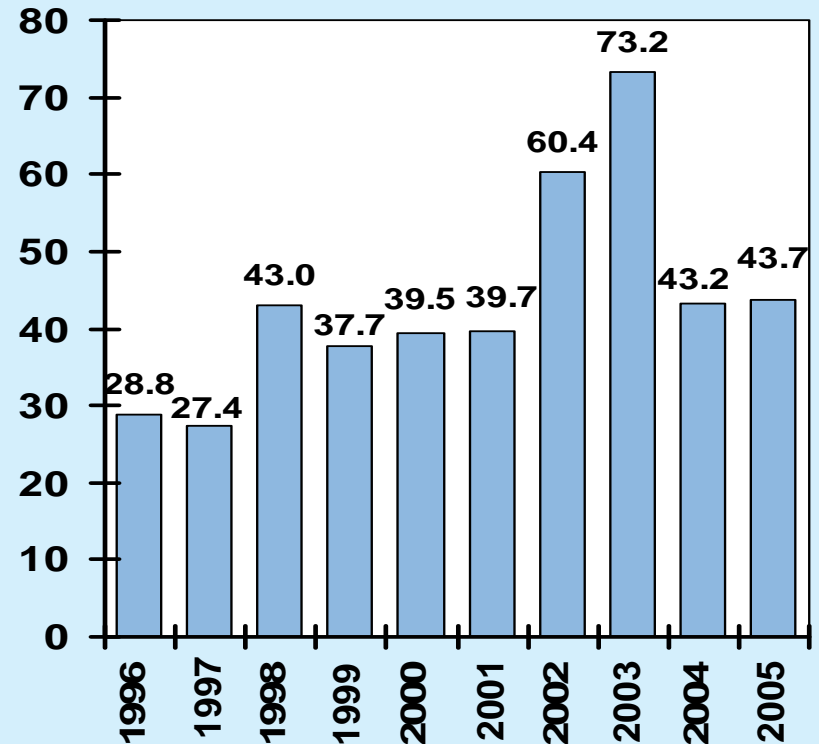
# Dividend payout 1995-2005

## Dividend/share, EUR



The doubling amount of shares which came into effect on March 24, 2006 (split) has been taken into account. Year 2004 and 2005 are IFRS numbers.

## Dividend/earnings, %



YIT's dividend policy: 40-60% of the annual profit after taxes and minority interests

Together we can do it. **YIT**