

YIT Group

Interim Report 1-3/2010

Juhani Pitkääkoski
President and CEO

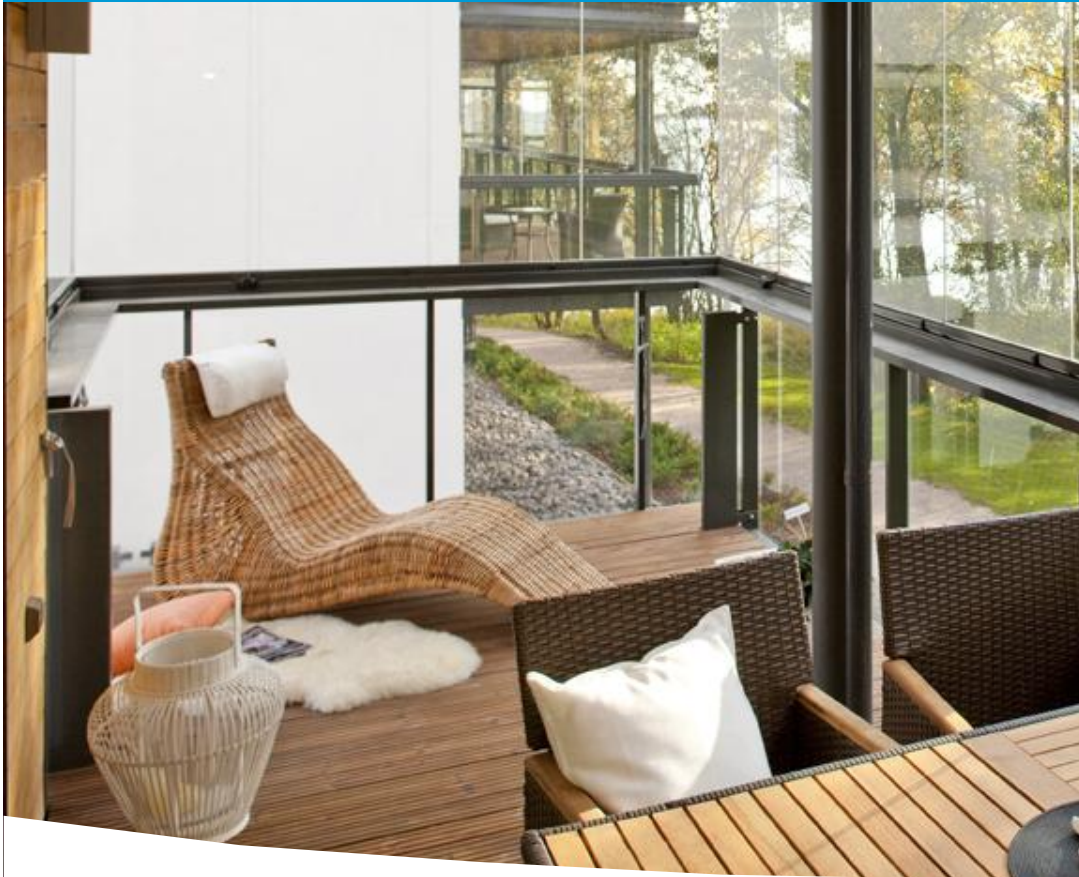
News conference for
analysts, investors and
media

April 29, 2010



Together we can do it. **YIT**

Contents



- Group development
- Segment development
- Business review
- Financial position
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 - Outlook for 2010
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Group development



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Highlights of the first quarter: Market fundamentals as forecasted

Profitability improved

- Operating profit improved compared to Q1/2009
 - Major improvement in Russia housing sales and profitability
- Operating cash flow continued to be good

Good residential sales continued

- Good residential sales to consumers in both Finland and Russia - 506 residential units sold directly to consumers in Finland and 817 in Russia
- In Finland, 570 apartments and in Russia 798 apartments started up
- In Baltic countries, first residential start-ups in two years - total of 111 apartments

The order backlog of Building and Industrial Services turned into growth

- As a result of YIT's strong market position and slight recovery of the market situation, building systems' order backlog grew in January-March and was EUR 964 million
- The development for service and maintenance business was more stable than new investments and accounted for 61% of segment revenue
- Local market position was strengthened through small acquisitions in the Nordic countries

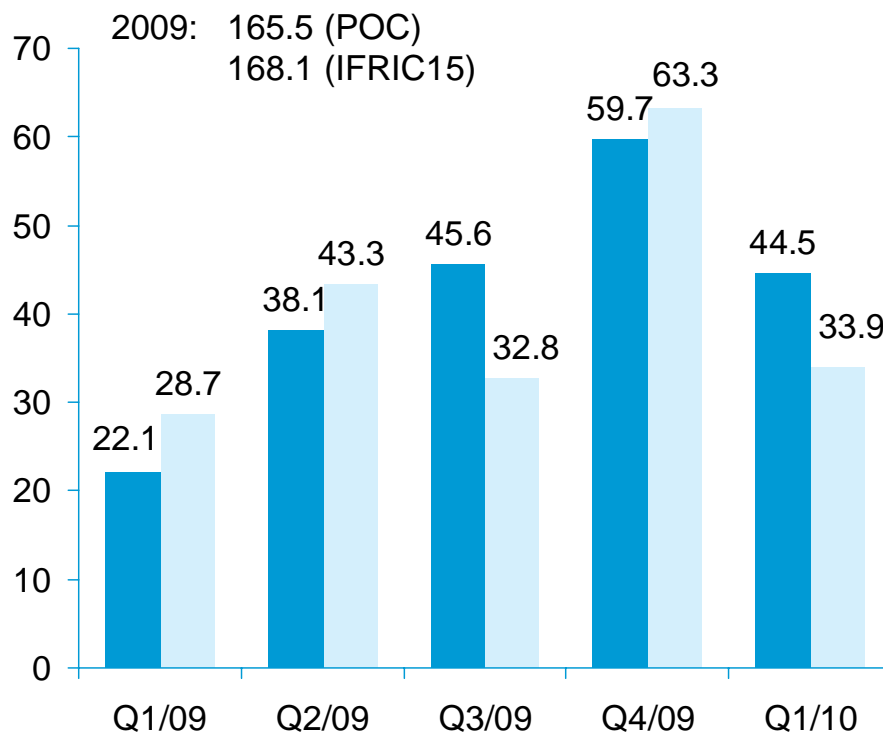
Key figures

	Segment reporting (POC)			Group reporting (IFRIC15)		
EUR million	1-3/10	1-3/09	Change	1-3/10	1-3/09	Change
Revenue	820.8	823.7	0%	765.3	843.2	-9%
Operating profit	44.5	22.1	101%	33.9	28.7	+18%
• % of revenue	5.4	2.7	-	4.4	3.4	-
Profit before taxes	-	2.2	-	26.7	8.8	+203%
Earnings per share, EUR	-	0.02	-	0.15	0.06	+150%
Return on investment, % (last 12 months)	-	14.3	-	11.3	16.5	-
Equity ratio, %	-	28.3	-	30.2	27.0	-
Operating cash flow after investments	-	10.3	-	33.8	21.2	+59%
Order backlog	2,837.0	3,045.5	-7%	3,152.5	3,256.3	-3%

Operating profit and EPS improved from Q1/2009

Operating profit

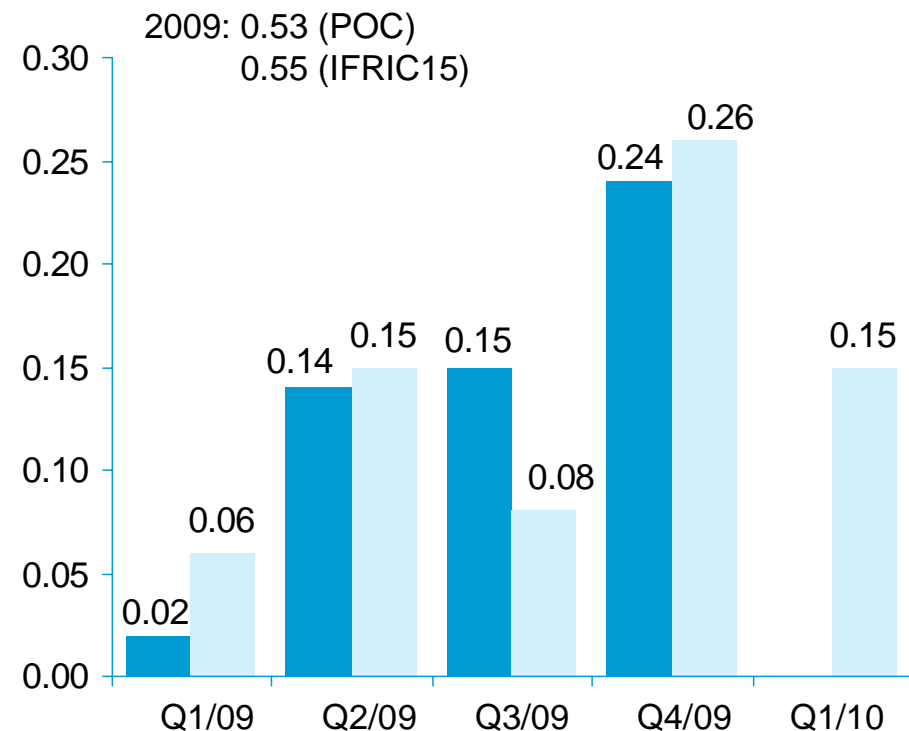
EUR million



■ Segment reporting (POC) ■ Group reporting (IFRIC15)

Earnings per share

EUR

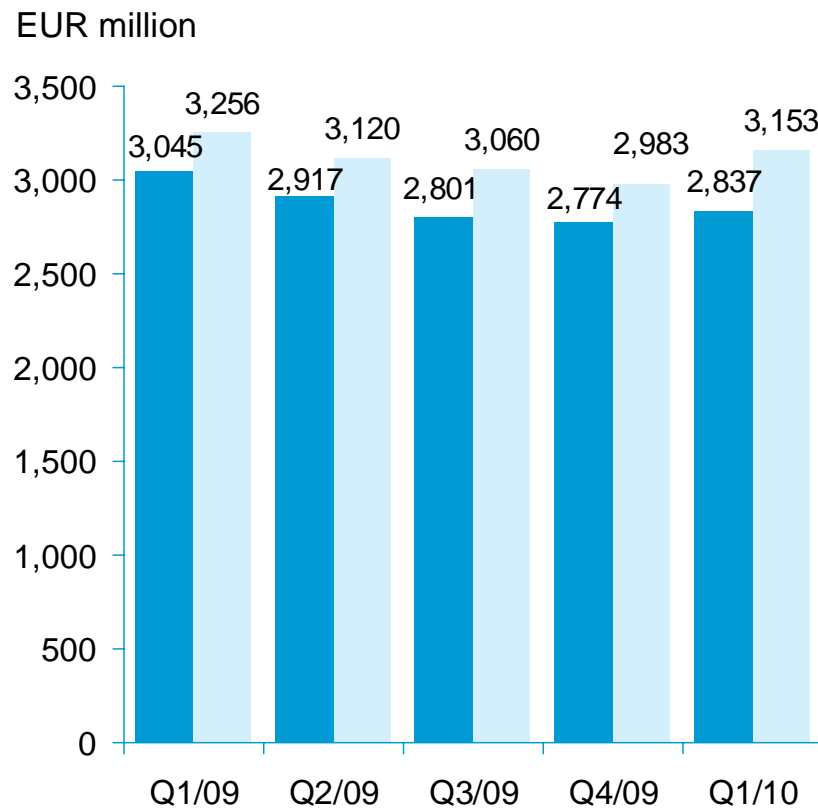


Together we can do it.

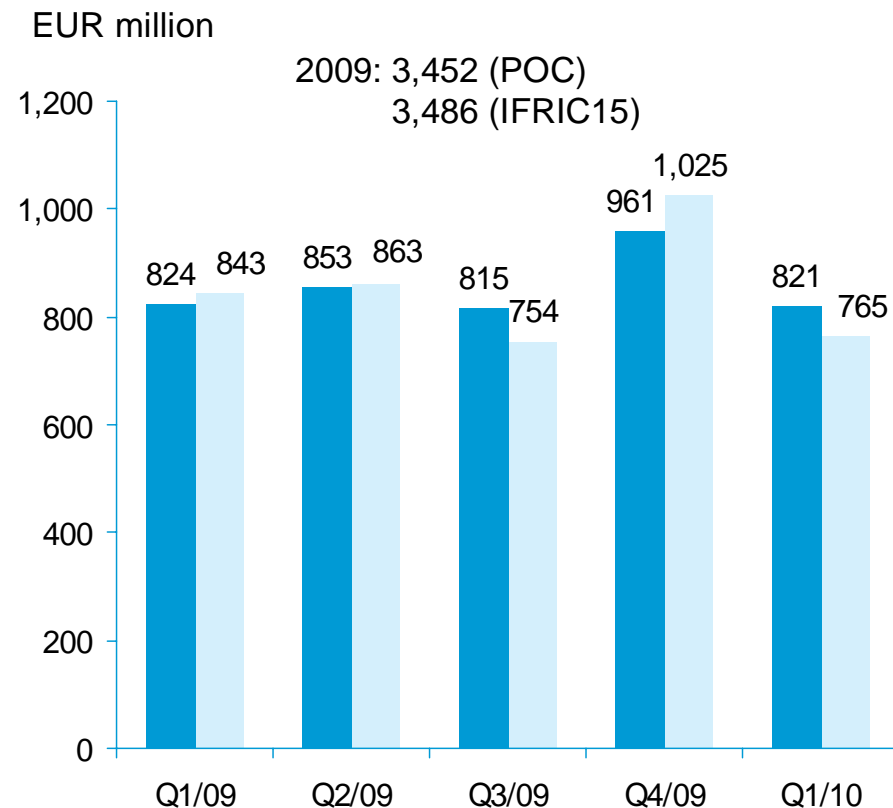


Decline in order backlog stopped, segments' revenue at Q1/2009 level

Order backlog



Revenue



■ Segment reporting (POC) ■ Group reporting (IFRIC15)

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Segment development



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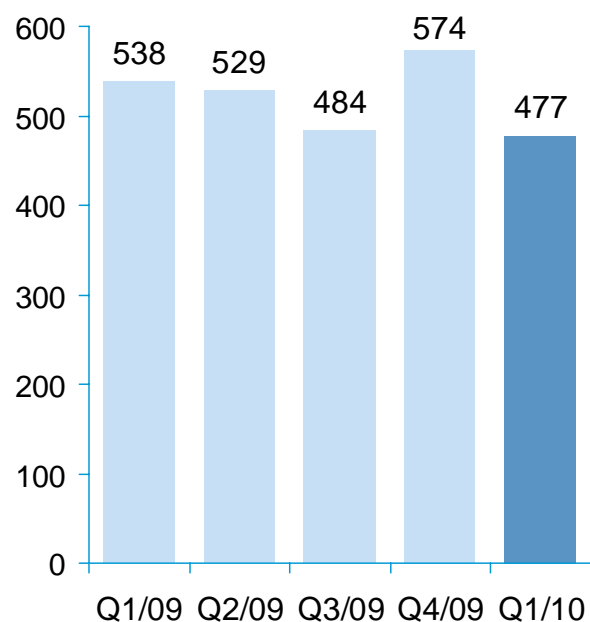
Building and Industrial Services

Order backlog turned into growth in Q1

Revenue

Change Q1/09-Q1/10: -11%

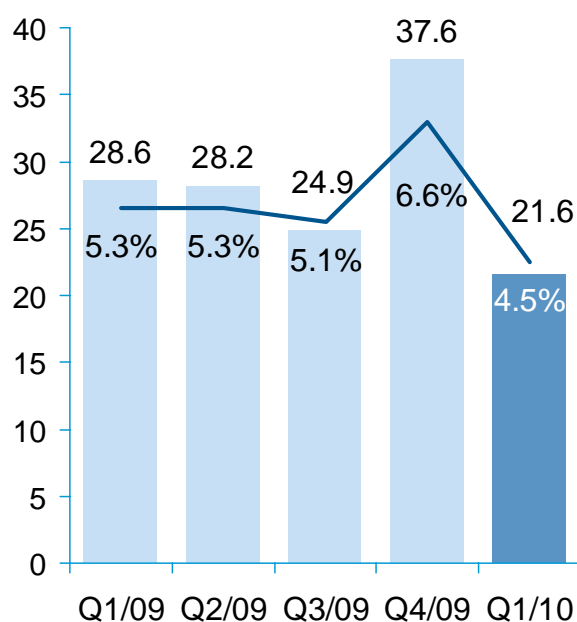
EUR million



Operating profit

Change Q1/09-Q1/10: -24%

EUR million

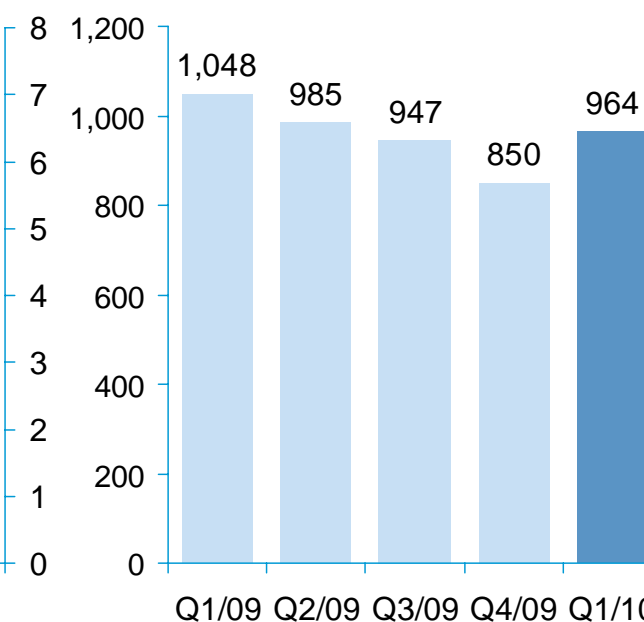


Operating profit — % of revenue

Order backlog

Change Q1/09-Q1/10: -8%

EUR million



All figures according to segment reporting (POC)

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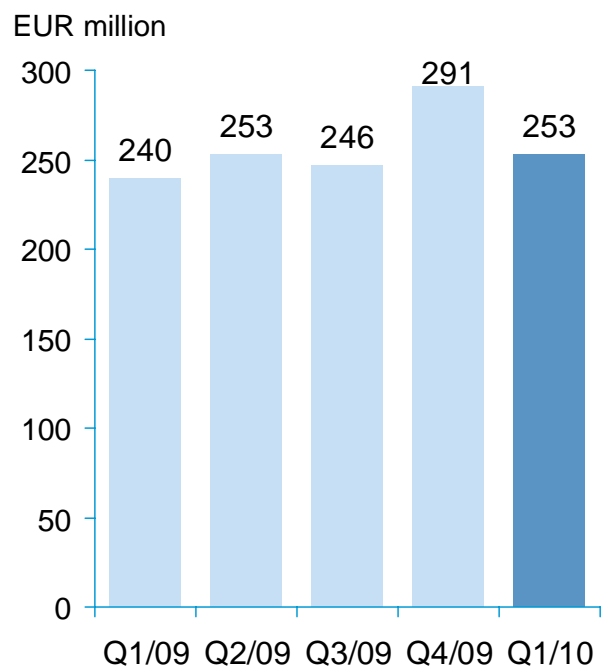


Construction Services Finland

Growth and improved profitability

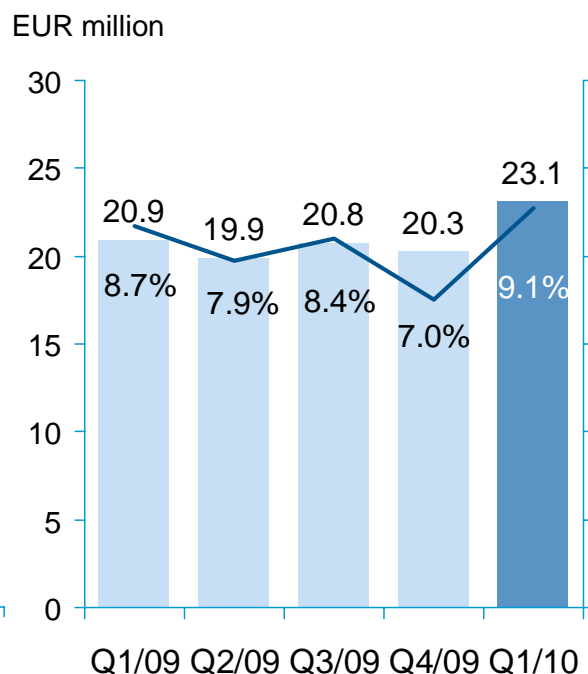
Revenue

Change Q1/09-Q1/10: +5%



Operating profit

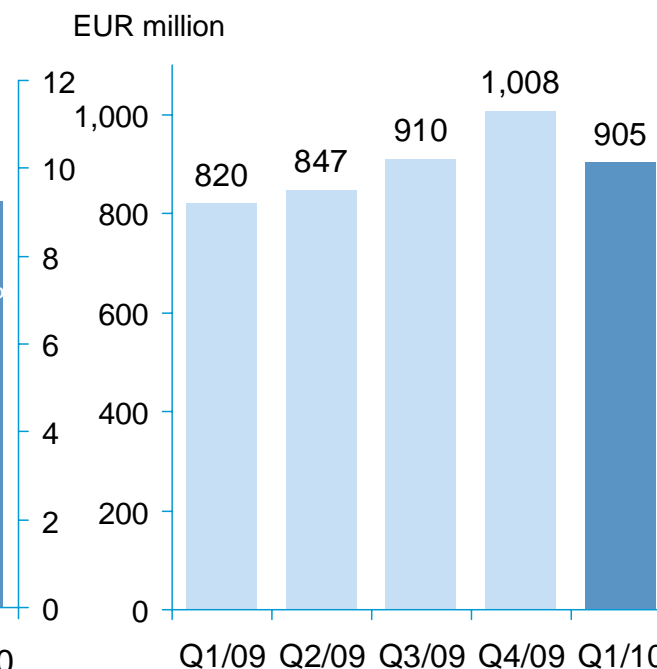
Change Q1/09-Q1/10: +11%



Operating profit — % of revenue

Order backlog

Change Q1/09-Q1/10: +10%



All figures according to segment reporting (POC)

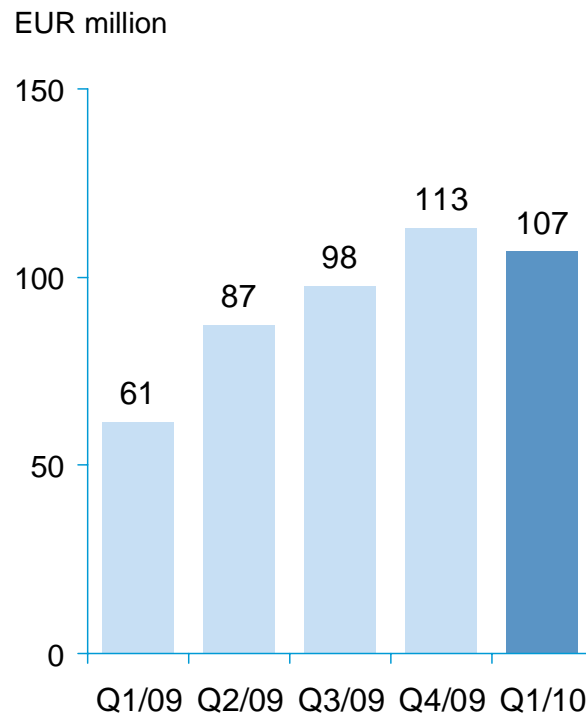
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International Construction Services

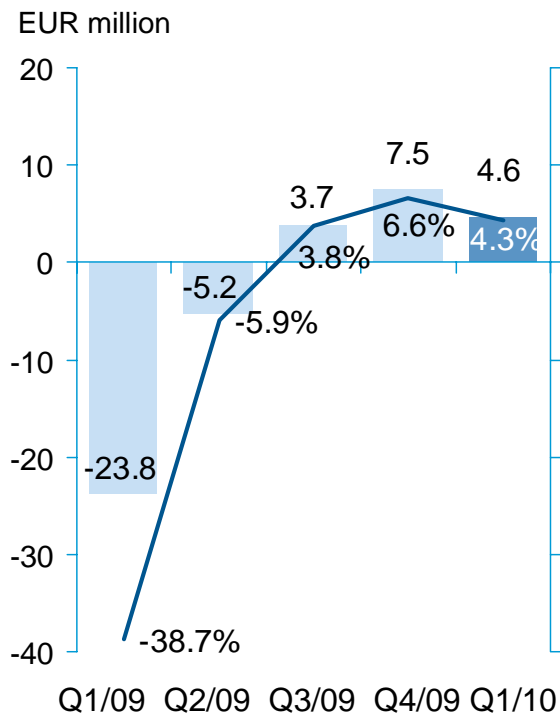
Revenue and operating profit grew

Revenue

Change Q1/09-Q1/10: +74%

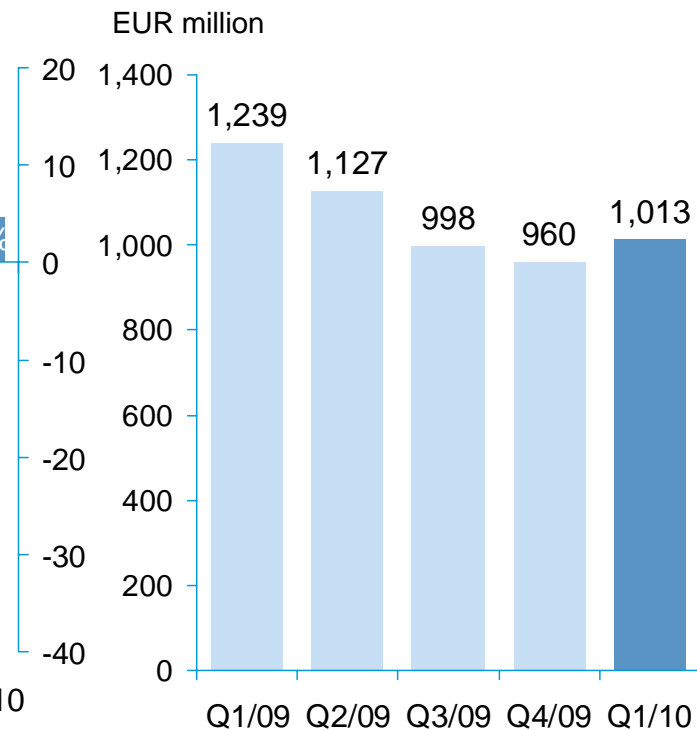


Operating profit



Order backlog

Change Q1/09-Q1/10: -18%



Operating profit — % of revenue

All figures according to segment reporting (POC)

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Business review



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Strategic focus areas

Building and Industrial Services

- Increasing market share in Nordic countries and Central Europe
- Increasing service and maintenance

Forerunner
in energy-saving
services

Construction Services Finland

- Increasing own residential development projects
- Strengthening market position in infrastructure services and business premises

The best
personnel

International Construction Services

- Ready to grow and utilise market opportunities with new start-ups
- Improving profitability and capital efficiency

Strong
service culture

Corner stones for business

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Building and Industrial Services

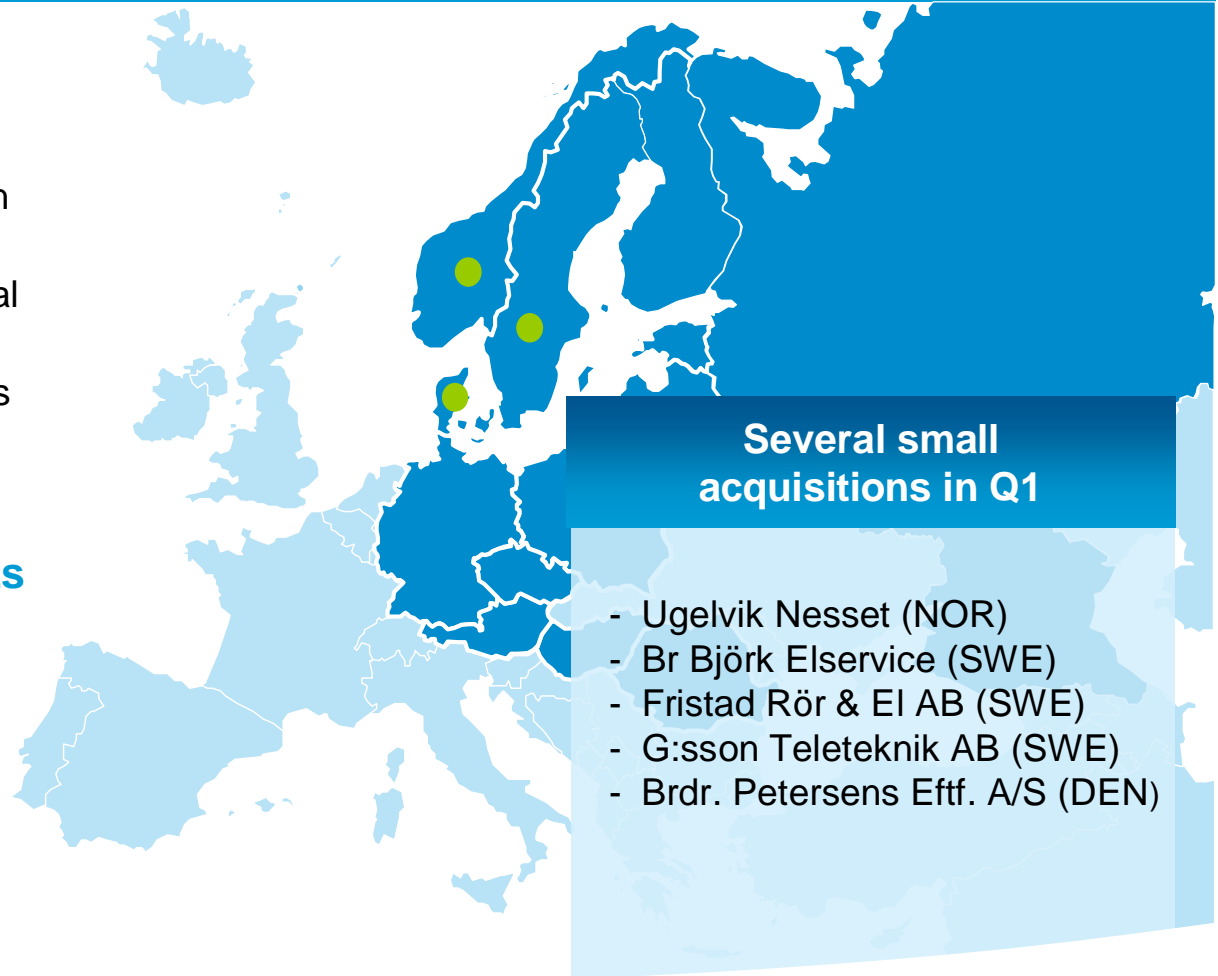
Growth through acquisitions

Targets of acquisitions

- Complement YIT's expertise and fill in discipline gaps
- Expand presence and strengthen local market position
- Open new opportunities and footholds
- Bring economy of scales (customers and suppliers)

Criteria for choosing the targets

- Strategic compatibility
- Operational synergies
- Price and payback period
- Business culture and competent personnel



Several small acquisitions in Q1

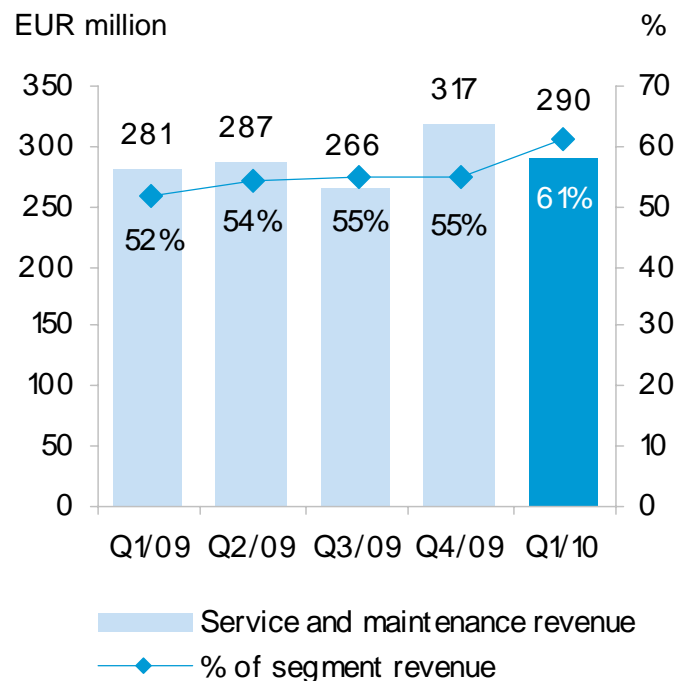
- Ugelvik Nettet (NOR)
- Br Björk Elservice (SWE)
- Fristad Rör & EI AB (SWE)
- G:sson Teleteknik AB (SWE)
- Brdr. Petersens Eff. A/S (DEN)

Building and Industrial Services

Increasing service and maintenance

Building and Industrial Services Service and maintenance revenue

Change Q1/09-Q1/10: +3%



ServiFlex - Synergy from services

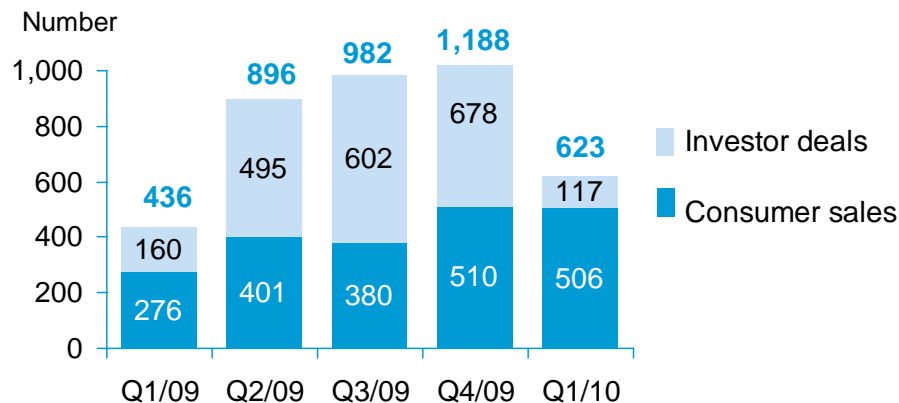
- Uniform concept for maintenance services in all YIT countries
- Extensive services in one agreement, from one contact point:
 - Total of ~80 services that can be flexibly combined
 - Covers all building systems solutions offered by YIT
- Focus on preventive maintenance and long agreements

Recent ServiFlex agreements:

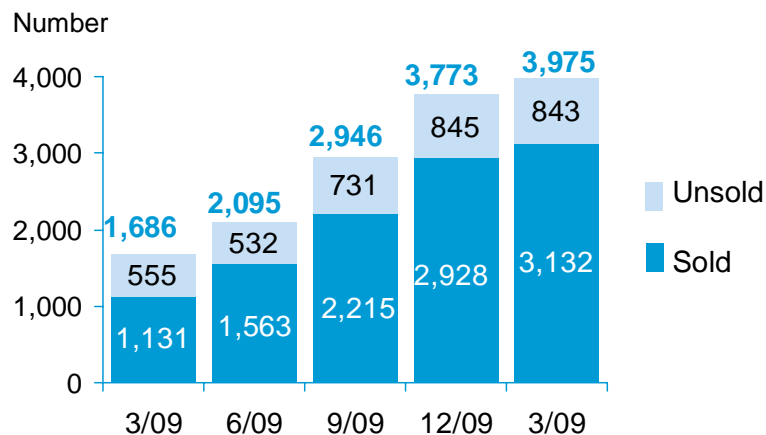
- Frame agreement on maintenance of Statoil offices (Norway)
- Service and maintenance of over 80 office buildings owned by Varma (Finland)

Own residential development projects increased in Finland

Sold apartments



Apartments under construction



At the end of the period

- Good residential sales continued, price level increasing in the market
- 570 apartments started up in Q1, production record high
- 1,011 apartments on sale at the end of Q1
- Number of completed, unsold apartments decreased from 366 in Q1/09 to 168 in Q1/10

Forerunner in residential construction:

- Increasing customer insight and improving services
- Housing concepts for different target groups:
 - Leisure housing
 - Seniors
- Strengthening the plot reserve

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Strengthening market position in business premises

Examples of YIT's projects in early 2010

Start-ups

- Avia Line II, office premises, Vantaa
- Office and warehouse premises for Instru Optiikka in Sinimäki, Espoo (renovation)
 - Premises for care services, Kilonkallio, Espoo (renovation)
- New Motonet store in Konala, Helsinki
- New office and production premises in Koskelo, Espoo
- New premises for K-citymarket in the centre of Hyvinkää

Completed

- Salmisaari wellness centre, Helsinki
- Teollisuuskatu 21: office and retail premises, Helsinki (renovation)
- Viinikkala logistics centre III, Vantaa
- New head office for Tapiola Group, Espoo

Rental activity

~8,300 m2 of building area rented out in Q1/2010 in completed or on-going projects



Rantatie Business Park in Kalasatama, Helsinki completed in spring 2010

Reinforced position in infrastructure projects and maintenance

YIT's ongoing projects

- Kehä I, Helsinki metropolitan ring road, first phase
- Savonlinna bridges, highway 14 Ruislahti-Miekkoniemi
- Aviapolis tunnel station in Ring rail line project in Vantaa



YIT's expertise in infraservices:

- Maintenance of infrastructure: Largest private maintainer of roads in Finland
 - Rock excavation
- Public utility works, service for municipalities

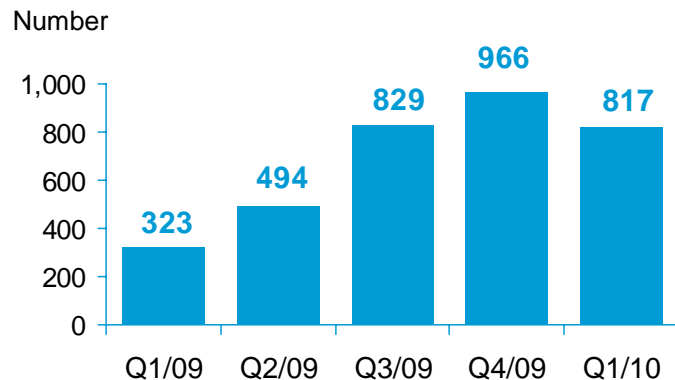
Possibilities in the market

- Large road and rail projects (Länsimetro; Ring rail line project; Hamina, Savonlinna and Vaasa bypasses; E18 highway Koskenkylä-Kotka, second rail track between Kokkola and Ylivieska)
 - Rock excavation, mining industry investments
- Outsourcing of municipal engineering

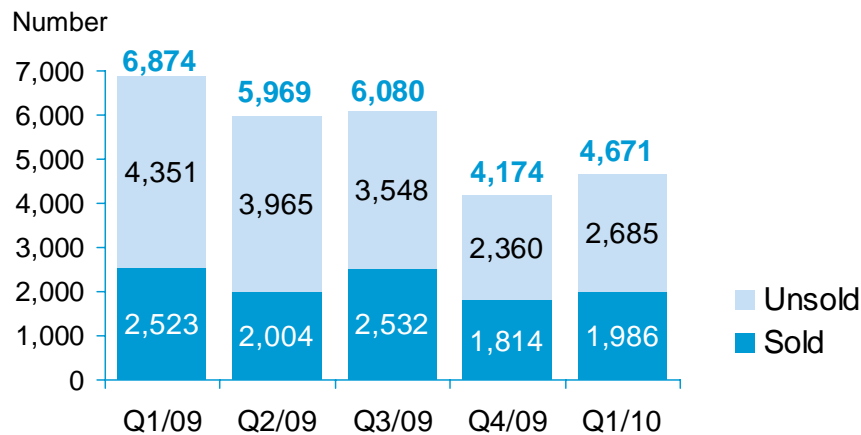
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Increasing residential production in Russia

Sold apartments



Apartments under construction



At the end of the period

- Good residential sales continued
- 43% of apartments under construction already sold at the end of Q1
- 3,585 apartments on sale, of which 900 were completed apartments
- Housing projects started up with total of 798 apartments
- YIT started to increase selling prices in all cities in the end of Q1/2010

Improving services and developing sales

- Mortgage cooperation with banks
- Maintenance services for residential buildings
- Strengthening brand and reputation
- Improvements in customer service process

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New residential and business premises projects started up in the Baltics

- First new residential start-ups in over two years:
 - Total of 111 apartments started up
- 146 apartments on sale at the end of March
- Aim to utilise opportunities provided by market recovery

New projects in business premises contracting:

- Facilities for SIA Towers Construction Management: Two towers including office, hotel and retail premises (Riga, Latvia)
- The first buildings of new university campus (Vilnius, Lithuania)
- Shopping centre in Kaunas, Lithuania



Z-Tower,
Riga, Latvia

Securing professional and satisfied personnel

Focus areas in 2010

Work safety

- Less accidents and sickness-related absences

Employer image

- The most desired employer

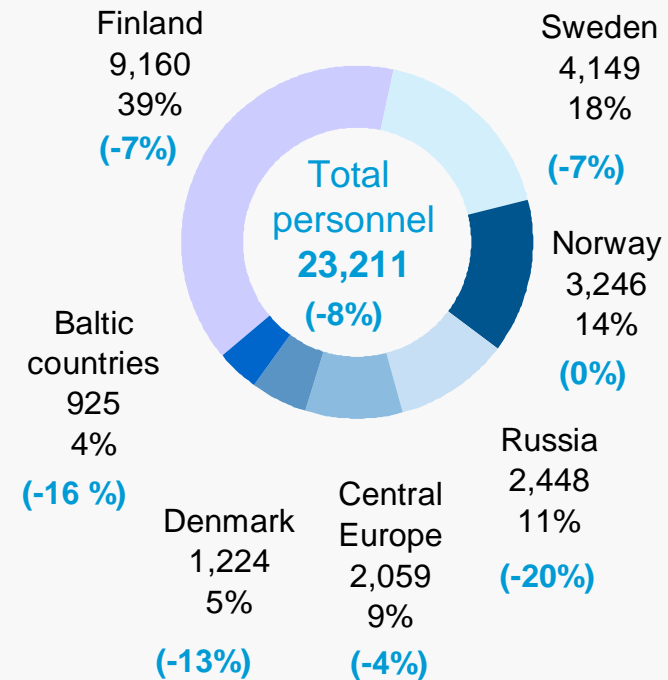
Professional development

- The best personnel in the industry



Personnel by country 3/2010

(Change from Q1/09 in brackets)



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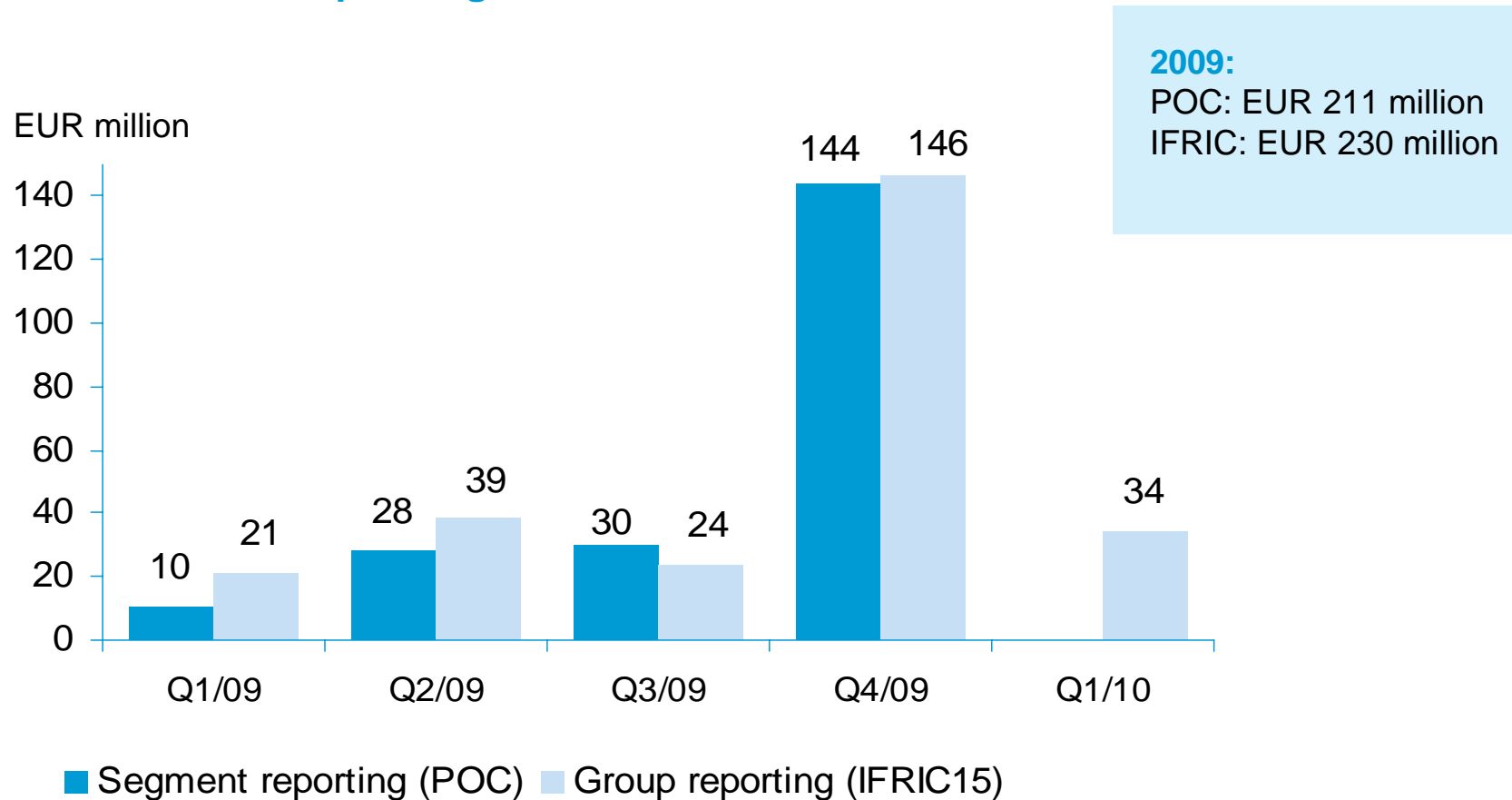
Financial position



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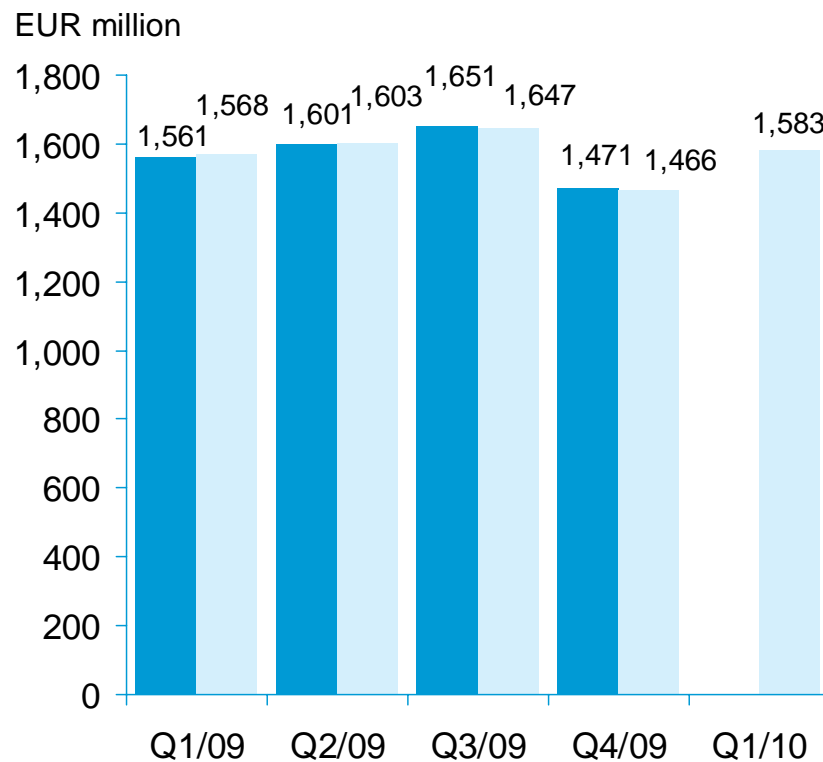
Cash flow from operations remained good

Operating cash flow after investments



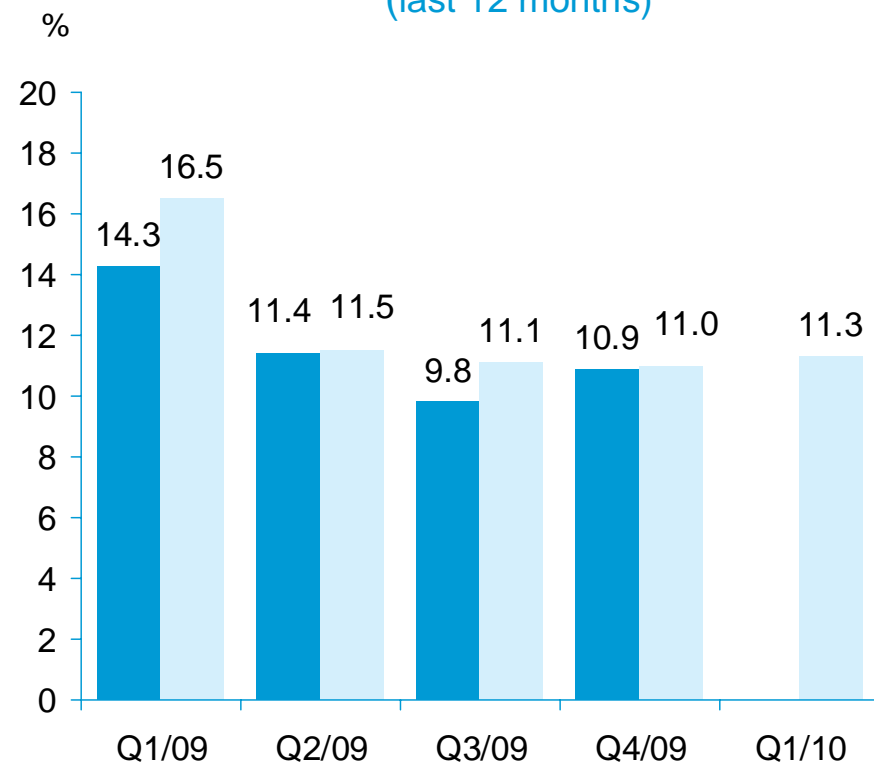
Return on investment remained weak

Group invested capital



■ Segment reporting (POC) ■ Group reporting (IFRIC)

Return on investment (last 12 months)



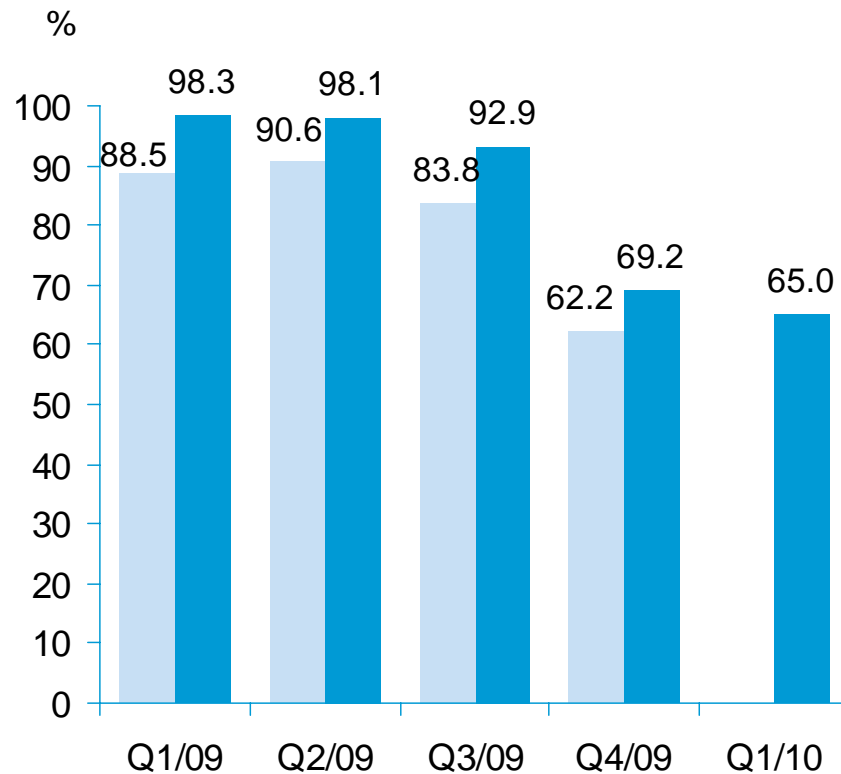
■ Segment reporting (POC) ■ Group reporting (IFRIC)

Together we can do it.



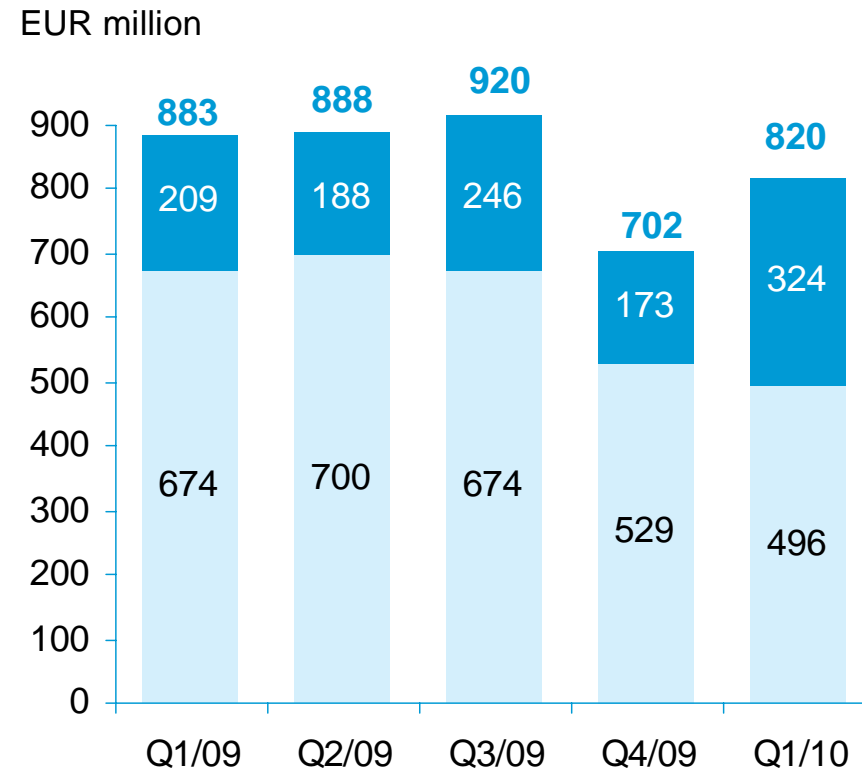
Gearing decreased

Gearing ratio



■ Segment reporting (POC)
■ Group reporting (IFRIC15)

Interest bearing debt (IFRIC15)



■ Cash and cash equivalents
■ Net debt

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Future outlook



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Market outlook

- Residential demand continues to be good
 - Russia: increasing price level, improved consumer confidence, development in mortgage market
 - Baltics: some signs of recovery in housing markets
 - Finland: stronger consumer confidence, low interest rates, increasing price level, limited supply
- Infrastructure construction relatively stable in Finland
- Non-residential new construction and new investments in building systems at a low level
- Stable increase in renovation and modernisation of buildings
- Industrial investments remaining at a low level, maintenance more stable



International
Construction
services



Construction
Services Finland



Building and
Industrial Services

Outlook for 2010

YIT estimates that in 2010 the Group revenue will increase and profit before taxes will increase significantly compared to 2009.

(The outlook has not been changed since the Financial Statements Bulletin published on February 4, 2010)



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More information

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Appendices



- IFRIC15
- Ownership
- Market development

Impacts of the new IFRS interpretation

YIT will apply the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period beginning on January 1, 2010.

As a result, the Group and segment reporting will differ:

Segment reporting (POC)	Group reporting (IFRIC 15)
<p>No change in segment figures: they are accounted using the previous accounting principles</p> <ul style="list-style-type: none">▪ Recognition of own residential development projects: Percentage of completion method (POC)▪ Recognition of own commercial real estate development projects: Percentage of completion method (POC)▪ More stable development in revenue and profitability▪ Volume changes in production will reflect on key financials faster than in Group reporting	<p>Changes in certain items of the consolidated income statement, balance sheet and cash flow statement</p> <ul style="list-style-type: none">▪ Recognition of own residential development projects: When the project is completed▪ Recognition of own commercial real estate development projects: Either when the project is completed or percentage of completion method (POC)▪ Revenue and profitability development: Greater fluctuation between quarters▪ Consolidated balance sheet total will be higher - key figures/ratios calculated from the balance sheet will weaken

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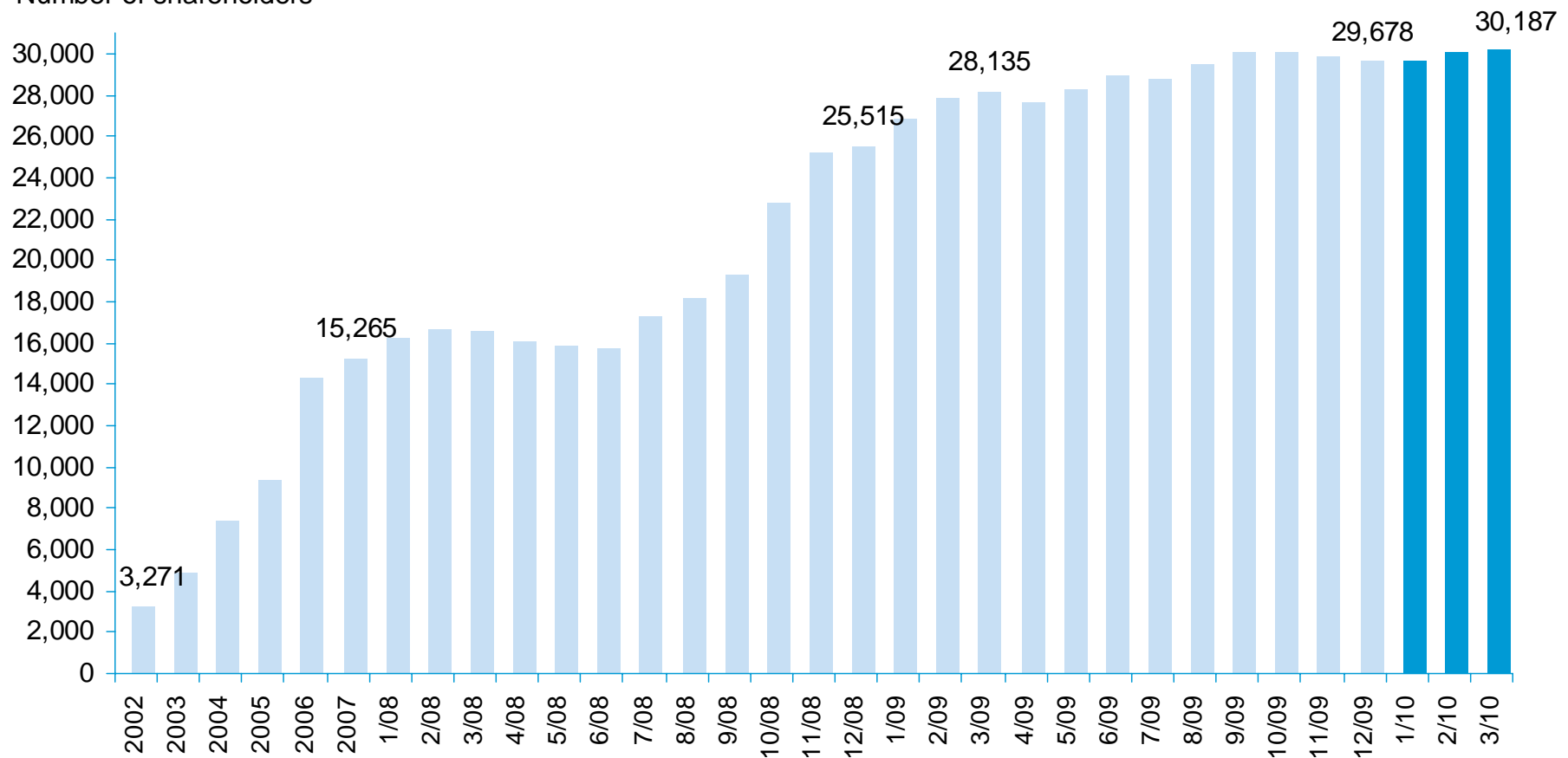
Major shareholders

	March 31, 2010	Shares	%
1	Structor S.A.	13,400,000	10.53
2	Varma Mutual Pension Insurance Company	5,815,908	4.57
3	Ilmarinen Mutual Pension Insurance Company	5,254,685	4.13
4	Mandatum Life	5,195,229	4.08
5	Suomi Mutual Life Assurance Company	3,207,959	2.52
6	YIT Corporation	2,145,000	1.69
7	Svenska Litteratursällskapet	1,874,200	1.47
8	Tapiola Mutual Life Assurance Company	1,785,000	1.40
9	OP-Delta Equity Fund	1,663,871	1.31
10	State Pension Fund	1,580,000	1.24
	Ten largest, total	41,921,852	32.94
	Others	52,444,741	41.23
	Nominee registered shares	32,856,829	25.83
	Total	127,223,422	100.0

30,187 shareholders

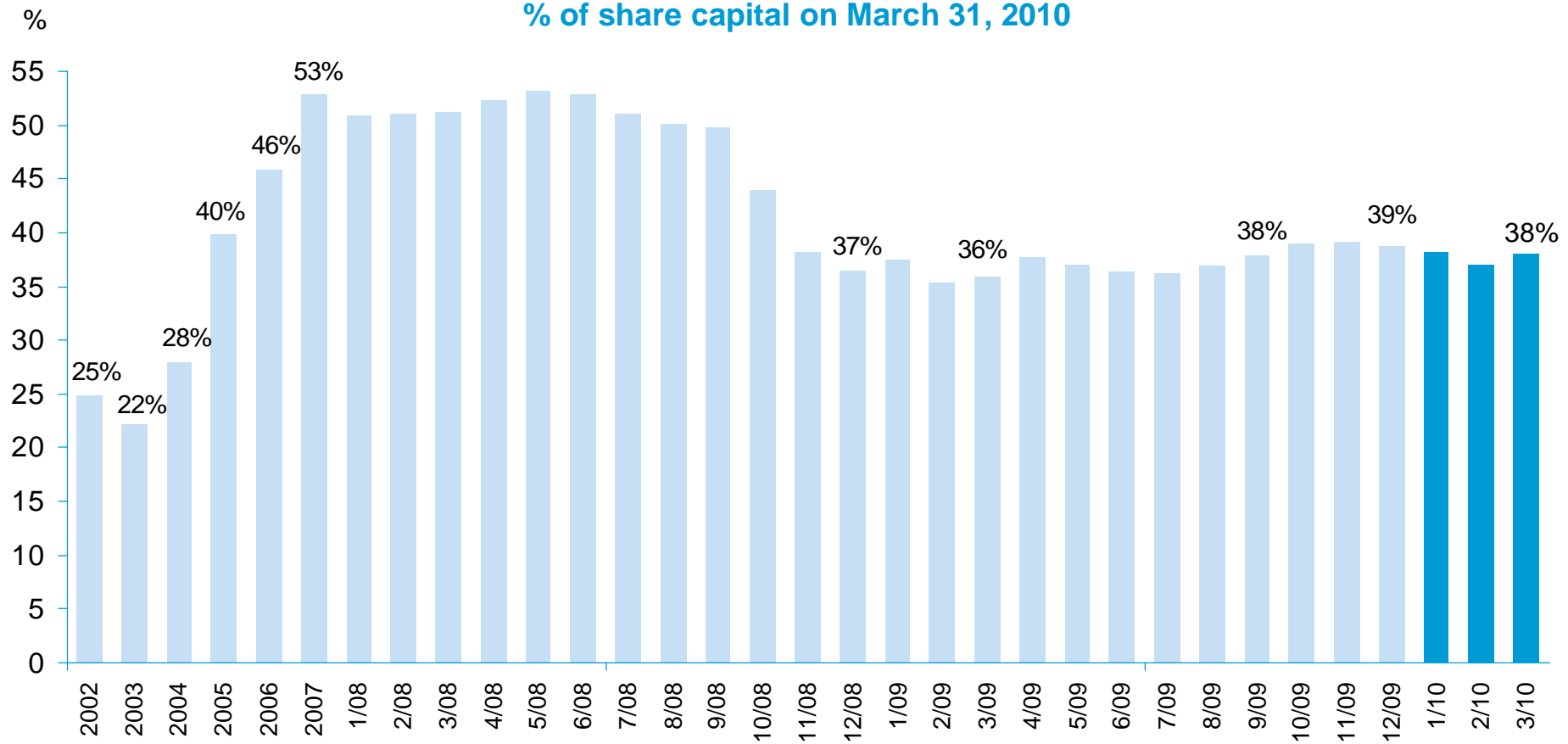
on March 31, 2010

Number of shareholders



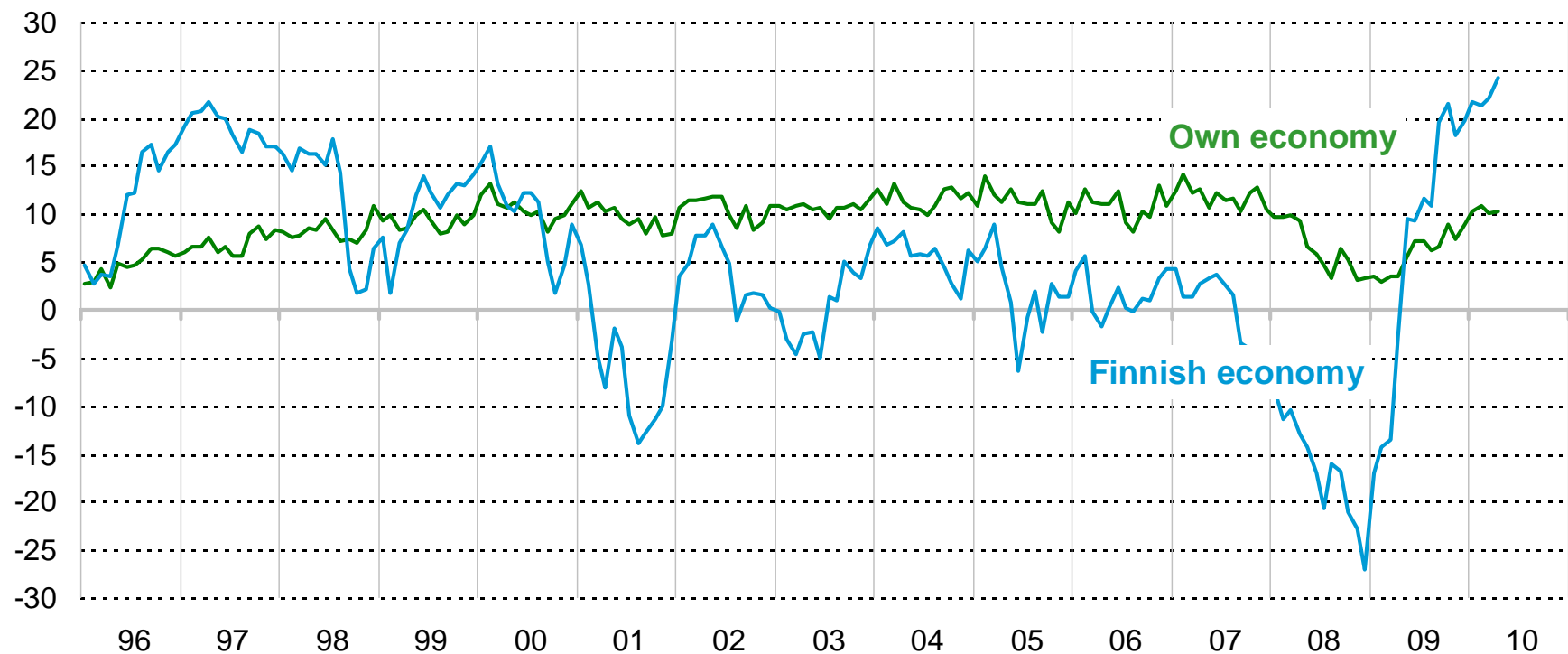
38% of shares in international ownership

Non-Finnish ownership,
% of share capital on March 31, 2010



Finnish consumer confidence has gained strength

Views on economic situation after one year
balance figure (percentage of positive answers - negative answers)

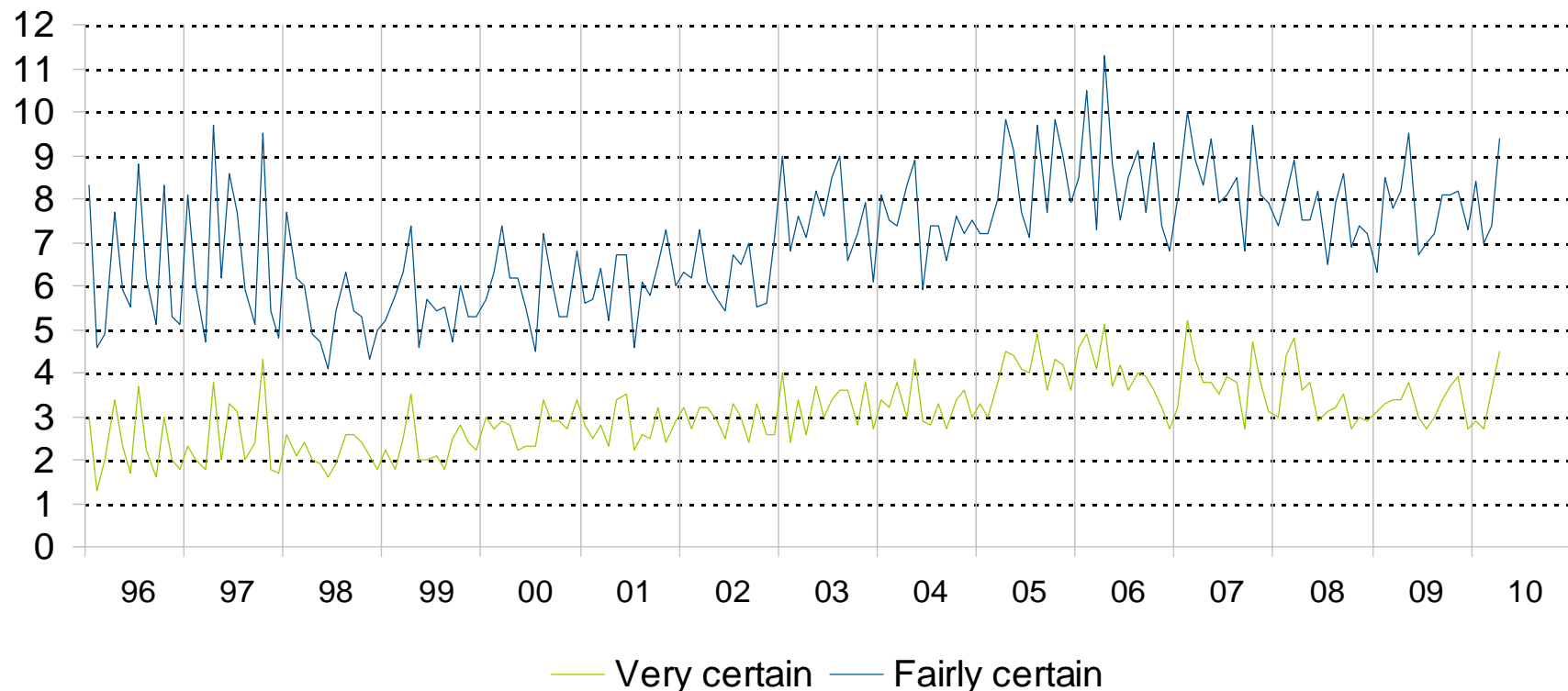


Source: Statistics Finland, Consumer survey, April 27, 2010

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9% of Finnish households planning to buy a dwelling within a year

Finnish households' plans to purchase dwelling in next 12 month
balance figure (percentage of positive answers - negative answers)

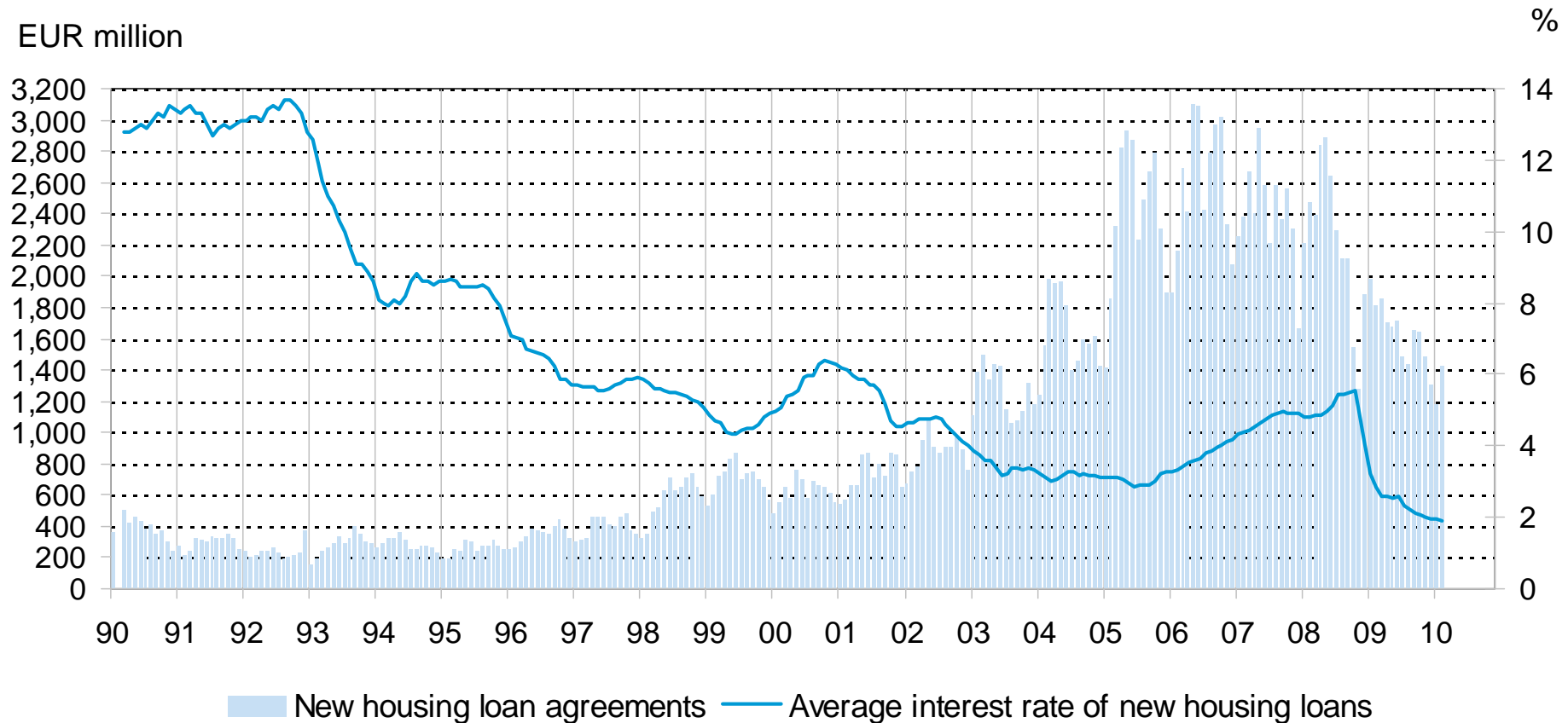


Source: Statistics Finland, Consumer survey, April 27, 2010

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Residential market in Finland

Interest rates at low level



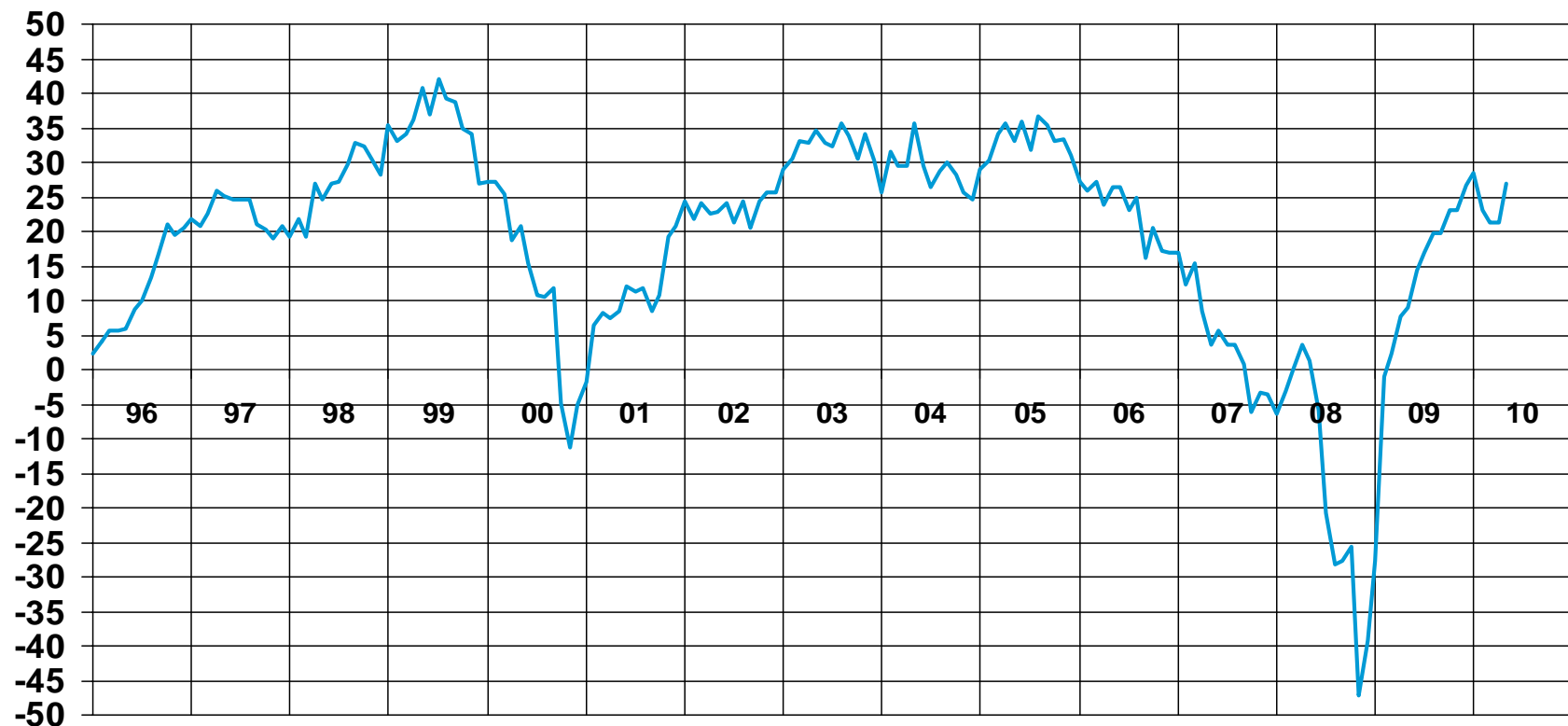
Source: Bank of Finland, March 31, 2010

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70% of Finnish consumers regard the time good for raising a loan

View on feasibility of borrowing in Finland

Balance figure (percentage of positive answers – percentage of negative answers)



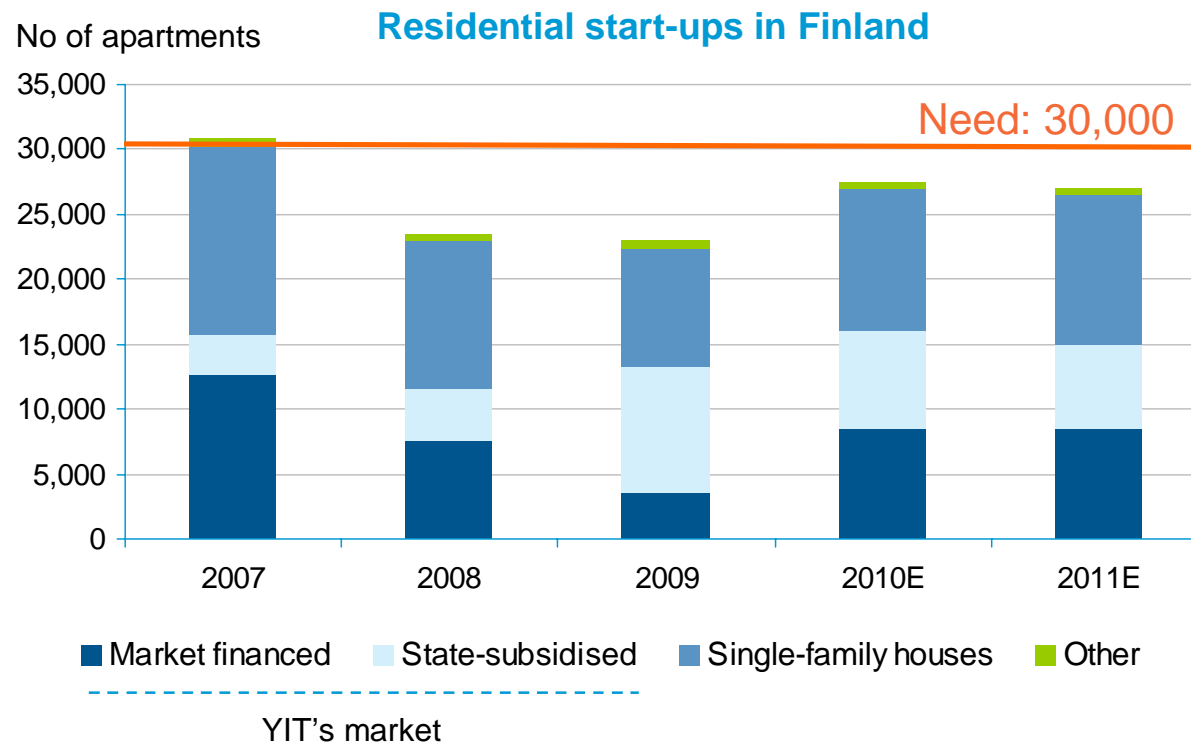
Source: Statistics Finland, April 29, 2010

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Residential market in Finland

Start-ups estimated to increase in 2010

Production still at a low level compared to need



VTT:

Estimated average need for new apartments 30,000 annually until 2015

RT:

Estimated start-ups in 2010: 27,500

Focus shifting back to market financed housing

Low number of completed, unsold apartments

VTT = VTT Research Centre in Finland

RT = The Confederation of Finnish Construction Industries

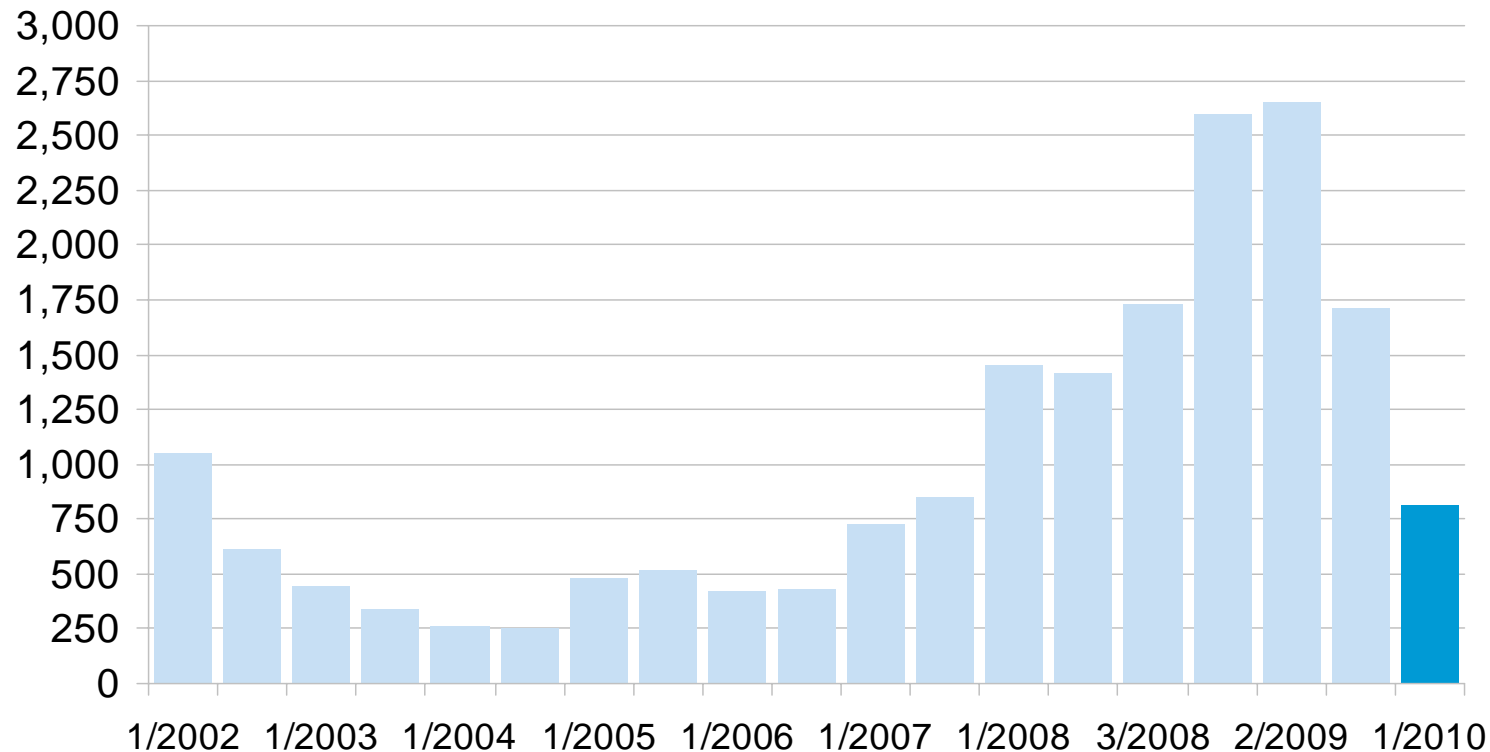
Source: The Confederation of Finnish Construction Industries (RT), April 19, 2010

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Low number of new, completed apartments on sale in Finland

Number of apartments



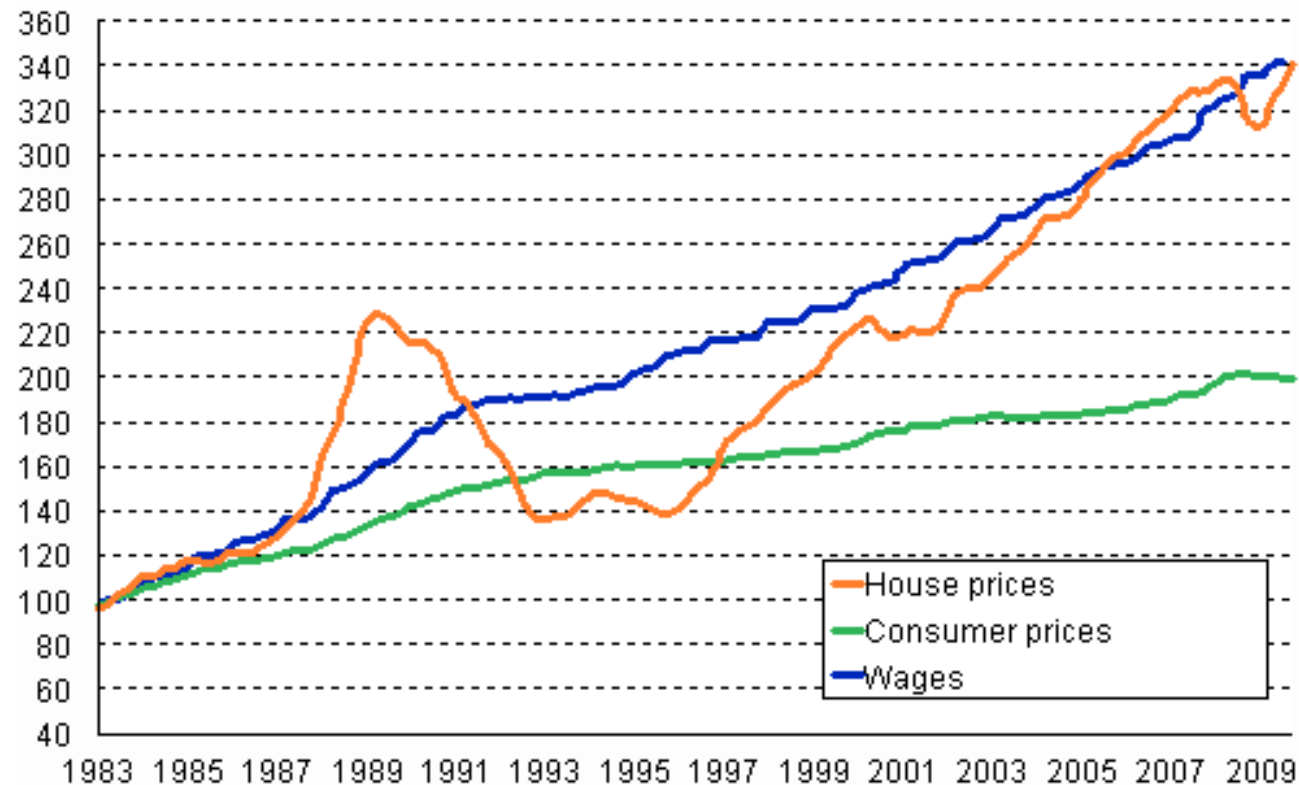
Source: The Confederation of Finnish Construction Industries (RT), April 19, 2010

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Residential market in Finland

Moderate increase in housing prices

Changes in house prices, wages and consumer prices
index 1983=100

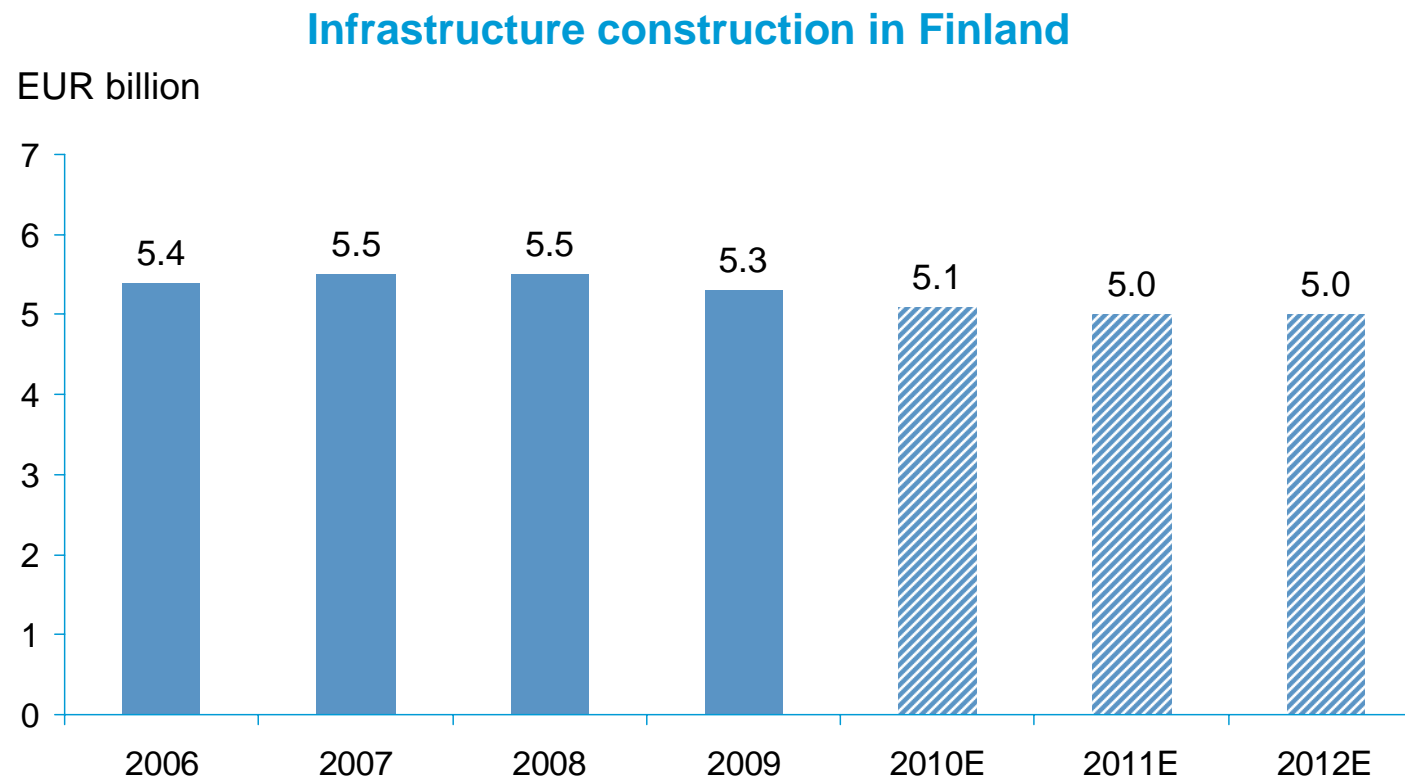


Preliminary data for year 2009

Source: Statistics Finland, January 29, 2010

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Infrastructure construction relatively stable in Finland



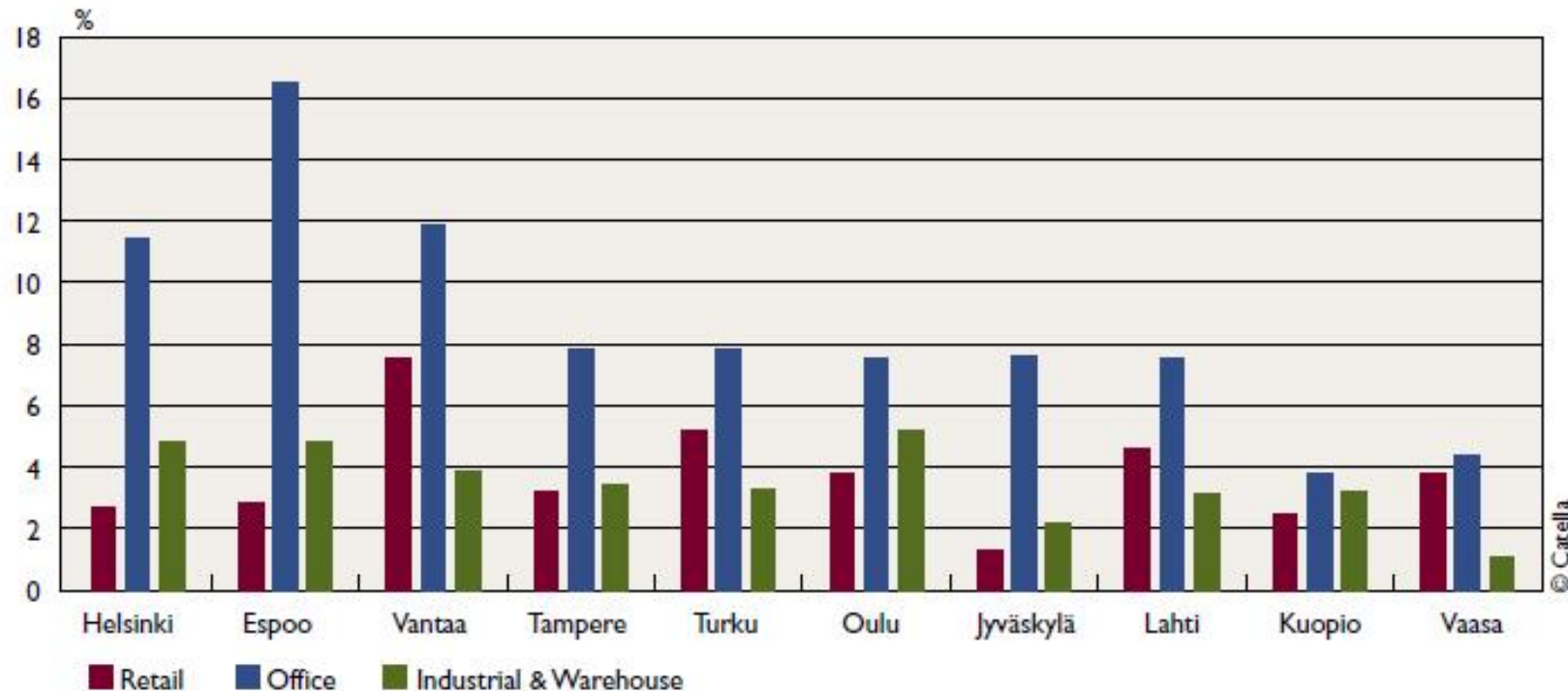
Source: Euroconstruct ja Infra ry, March 22, 2010

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Vacancy rates increasing in office premises

Higher occupancy in retail, industrial and warehouse space

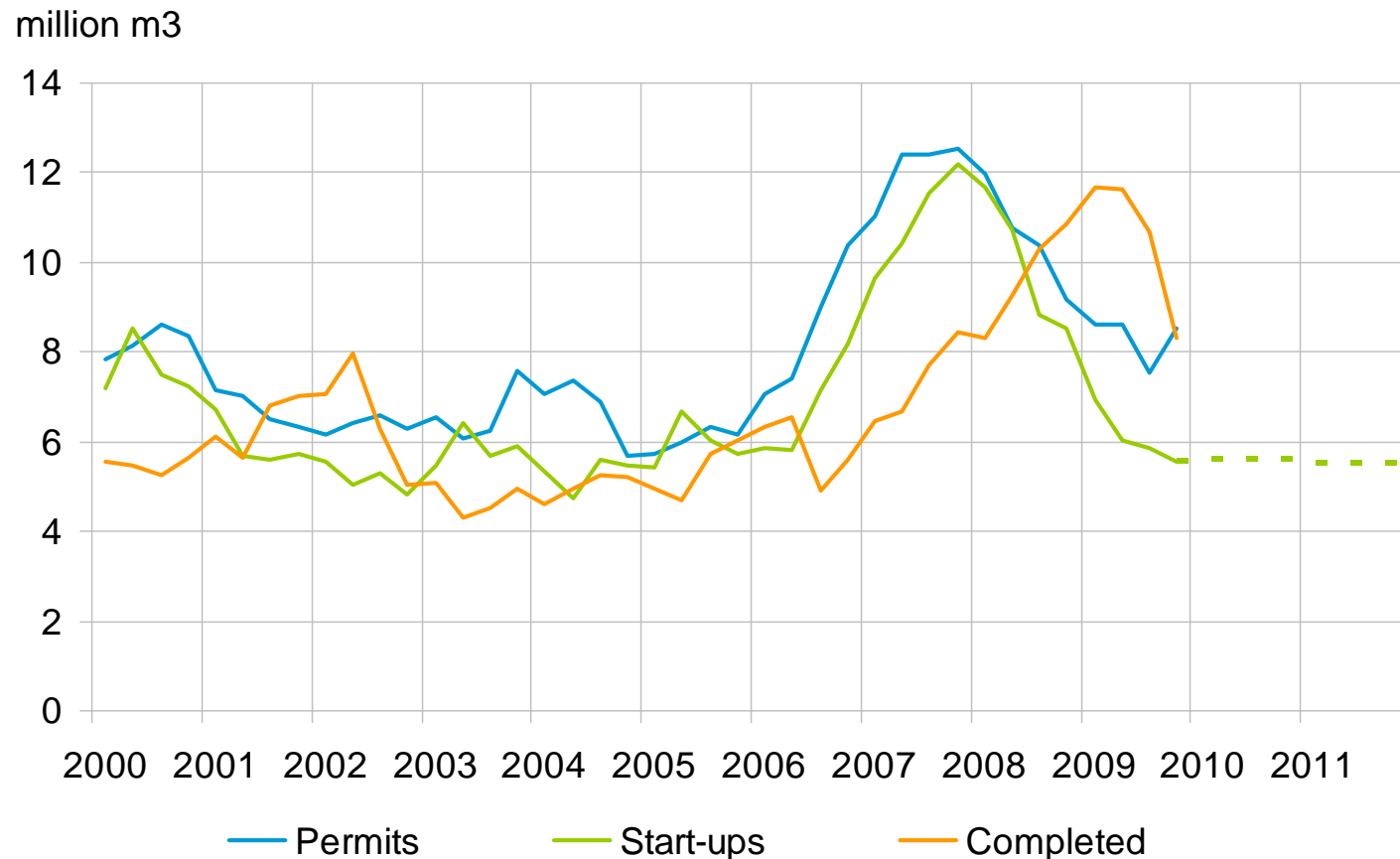
Vacancy rates (%) in Finland Q4 2009



Source: Catella, March 4, 2010

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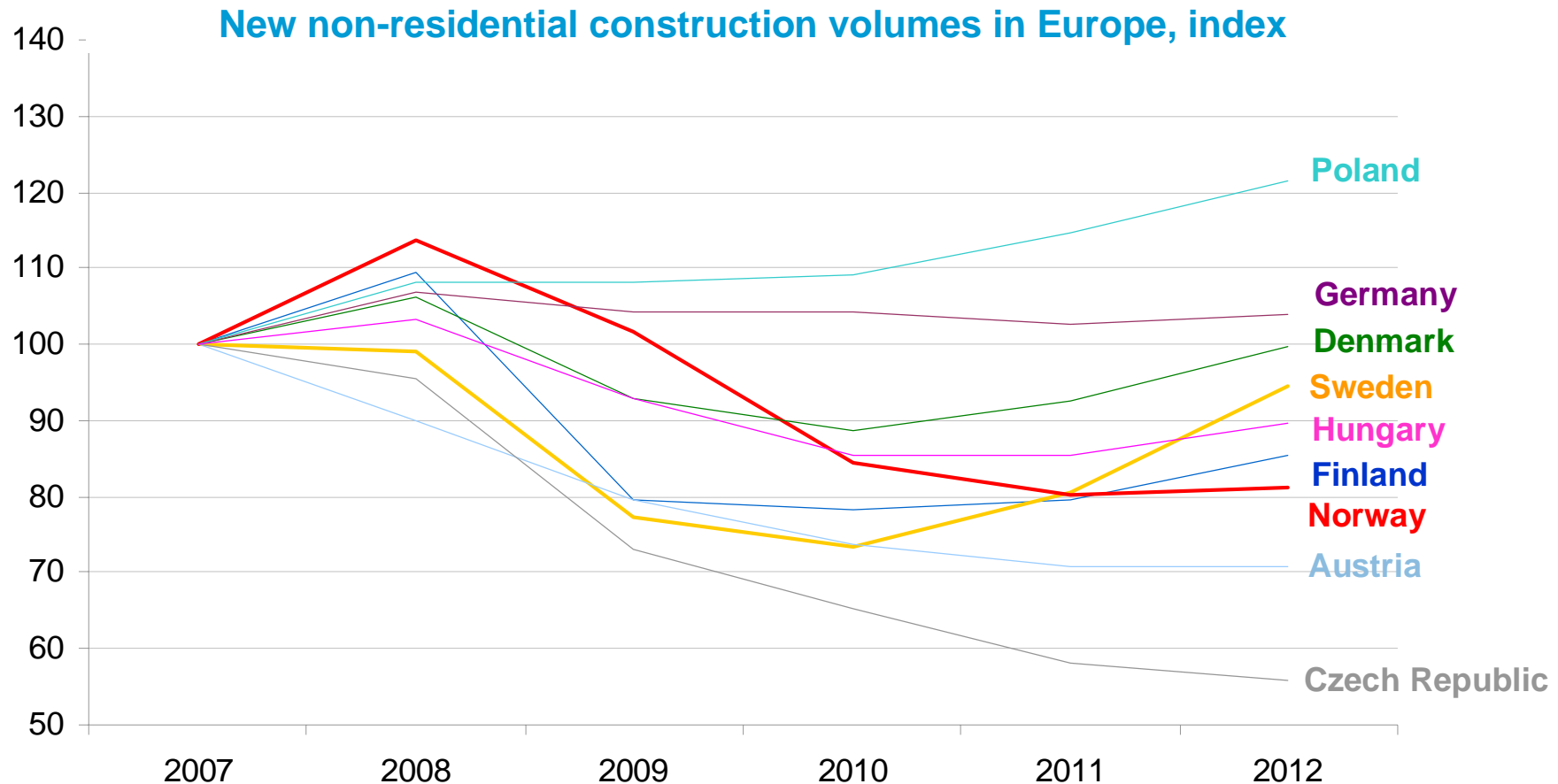
Construction volumes of new business premises stabilising in Finland



Source: The Confederation of Finnish Construction Industries (RT), April 19, 2010 and Statistics Finland

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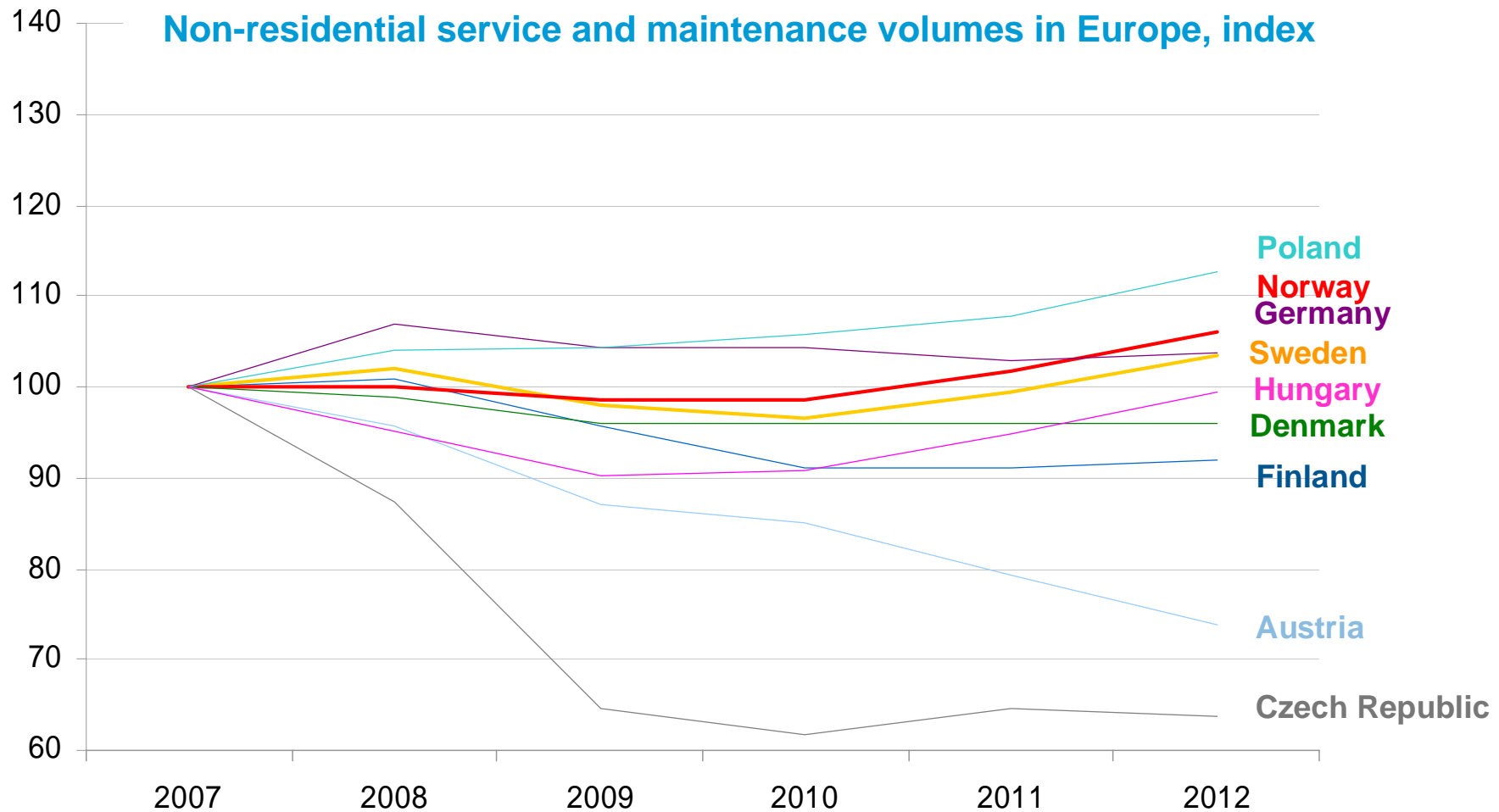
New investments in building systems decreasing



Source: Euroconstruct November 2009

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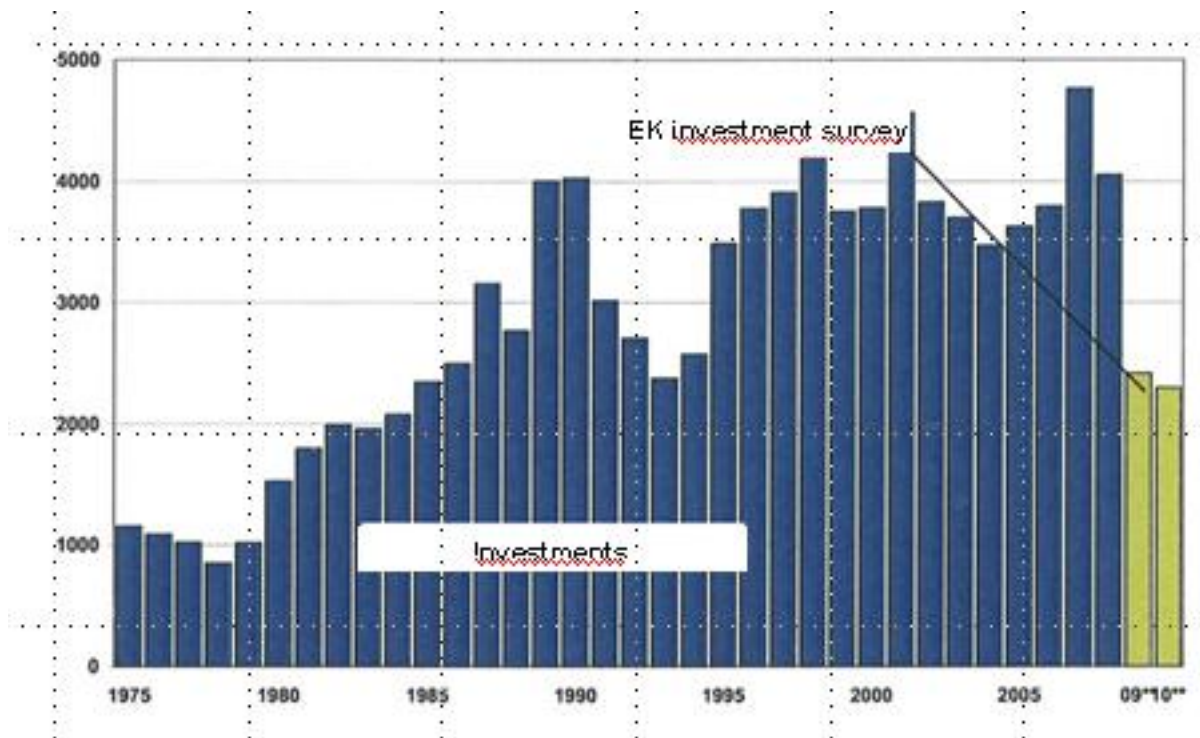
More stable demand in service and maintenance



Source: Euroconstruct, November 2009

Industrial investments in Finland still slightly down in 2010

Industrial sector fixed investments in Finland (EUR million)



Source: Confederation of Finnish Industries EK, January 2010

Consumer confidence in Russia keeps improving

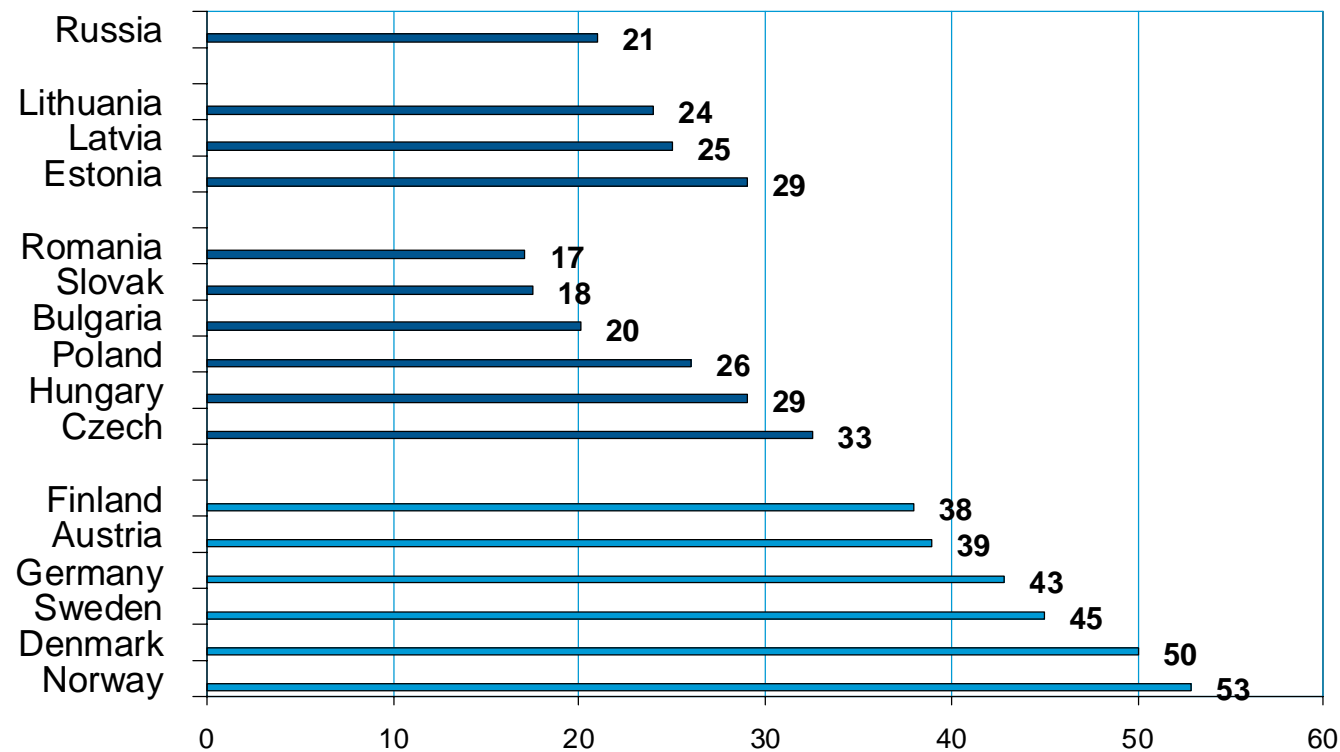


Source: Rosstat, April 7, 2010

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Living space per capita

Living space per capita, sq. m

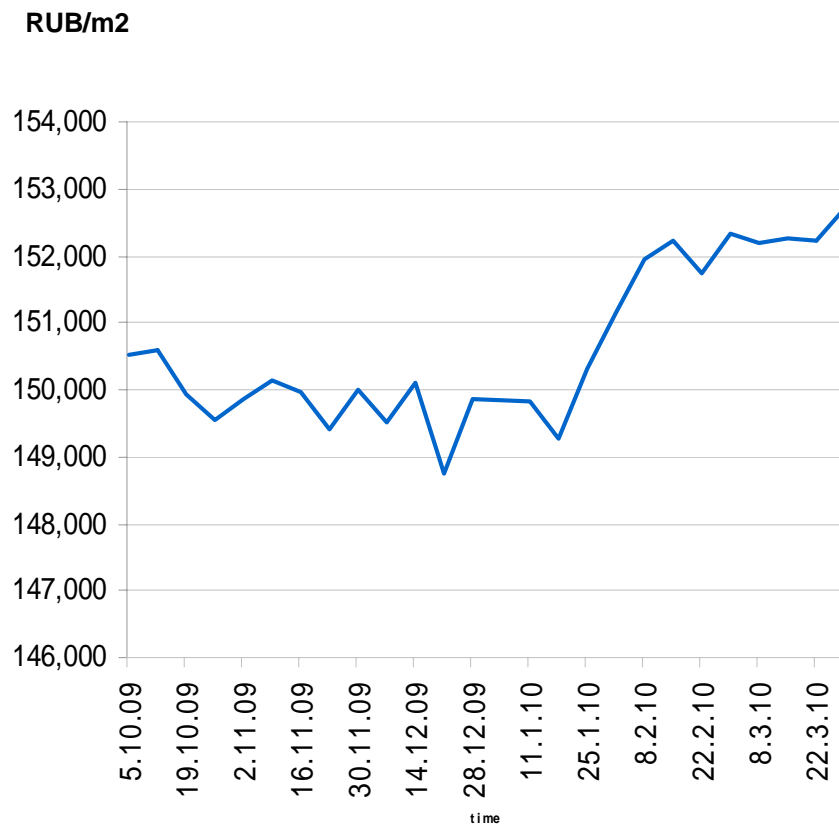


Source: Statistical authorities of the countries, 2009

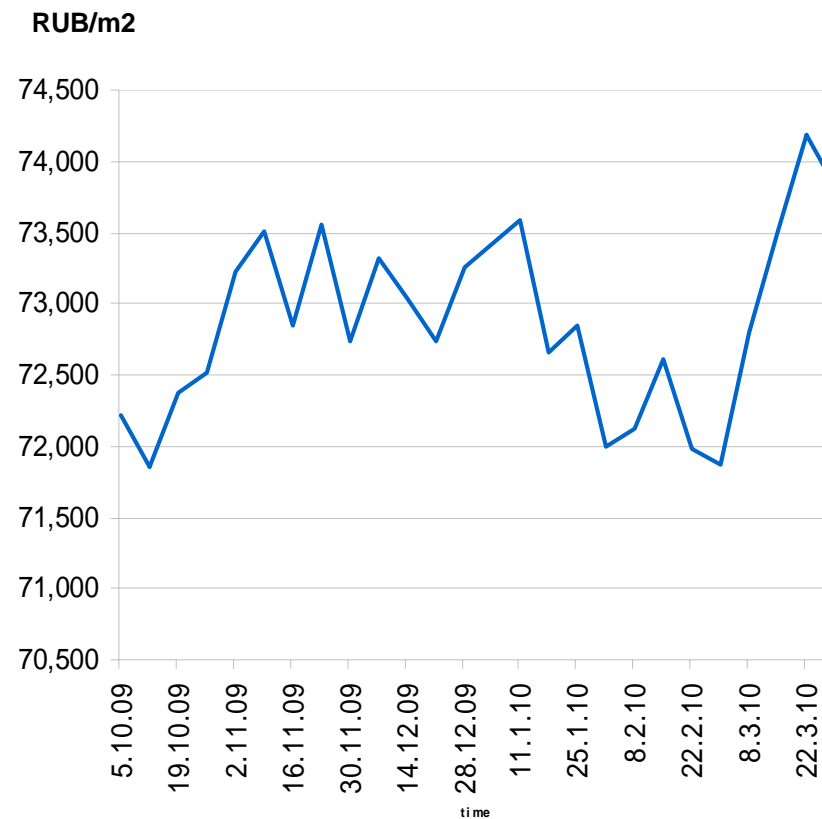
The price development of new apartments in Russia

Primary markets,
10/09-3/10

Moscow



St. Petersburg



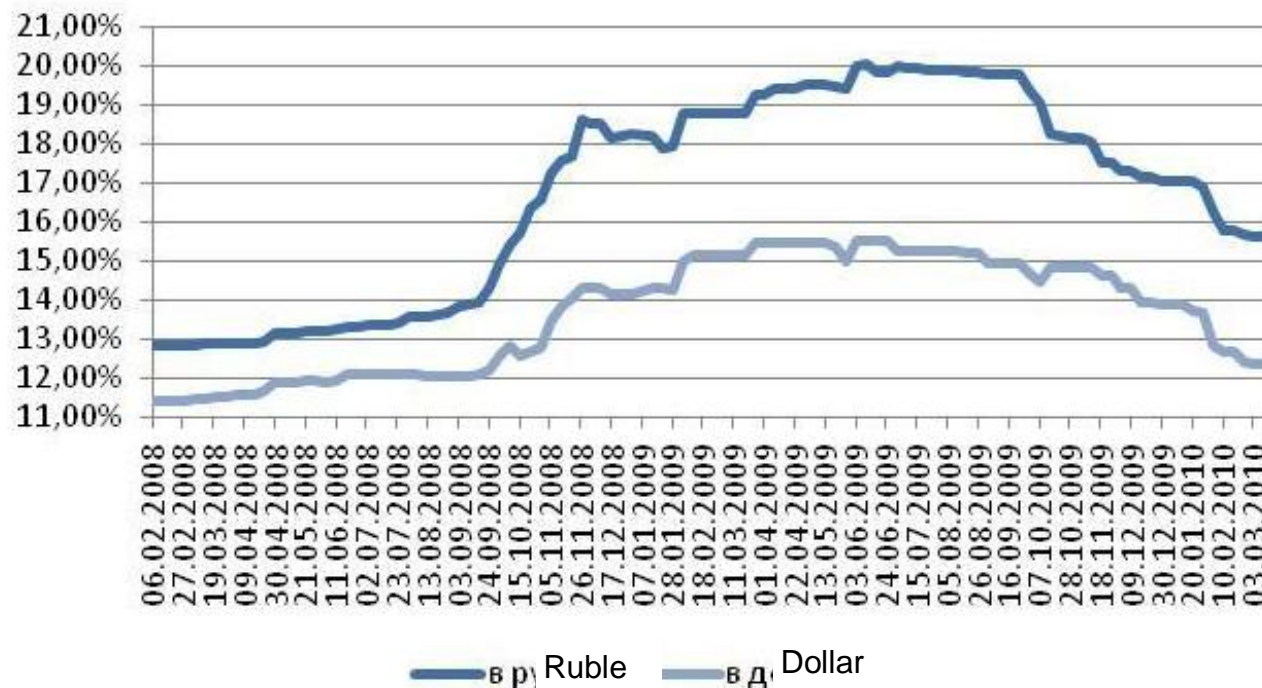
Source: www.bn.ru

Together we can do it.



Housing loan interest rates decreasing in Russia

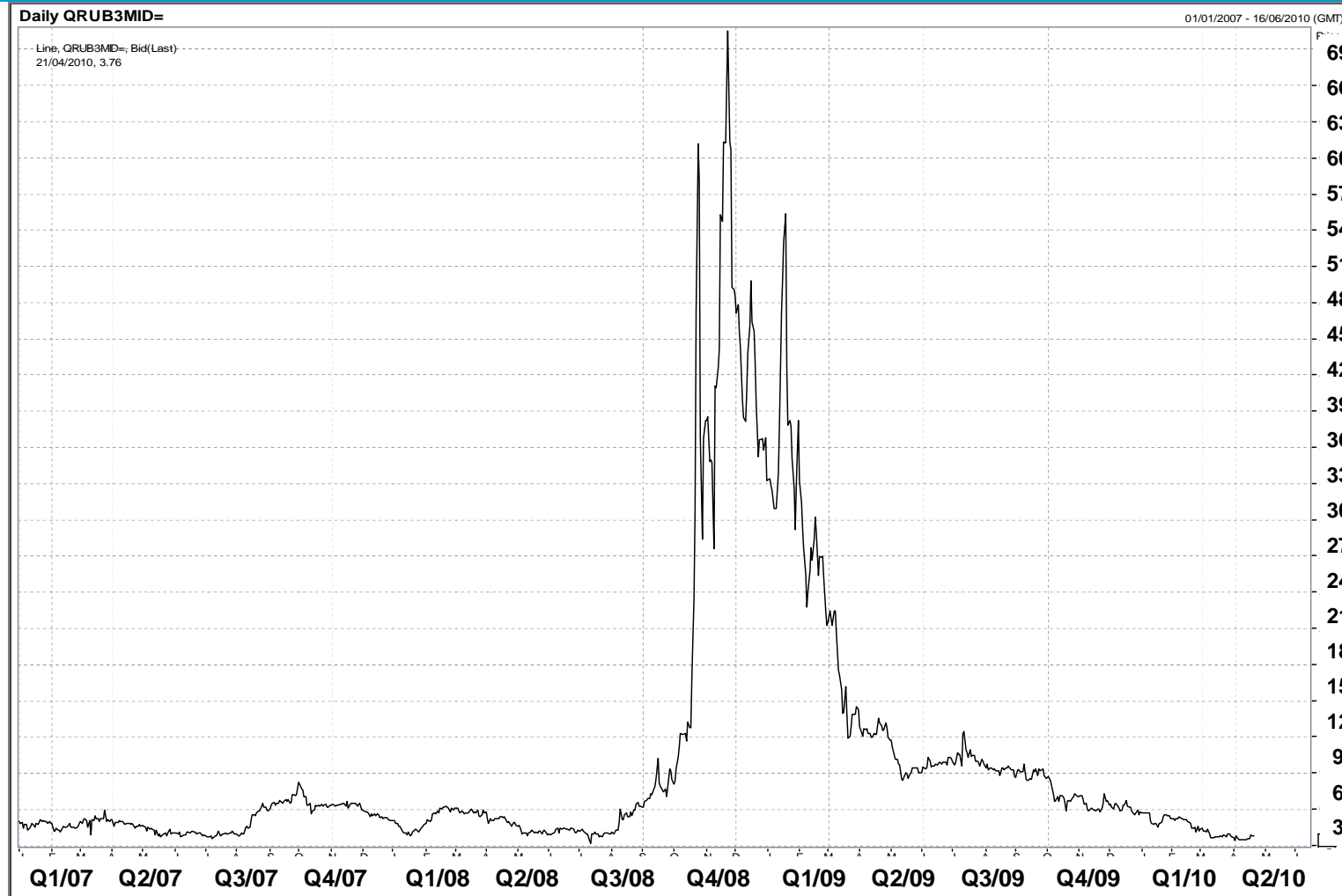
Weighted average fixed “Rate Offered”
mortgage interest



Source: www.ahml.ru, March 2010

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Development of ruble interest rate impacts financing and hedging costs

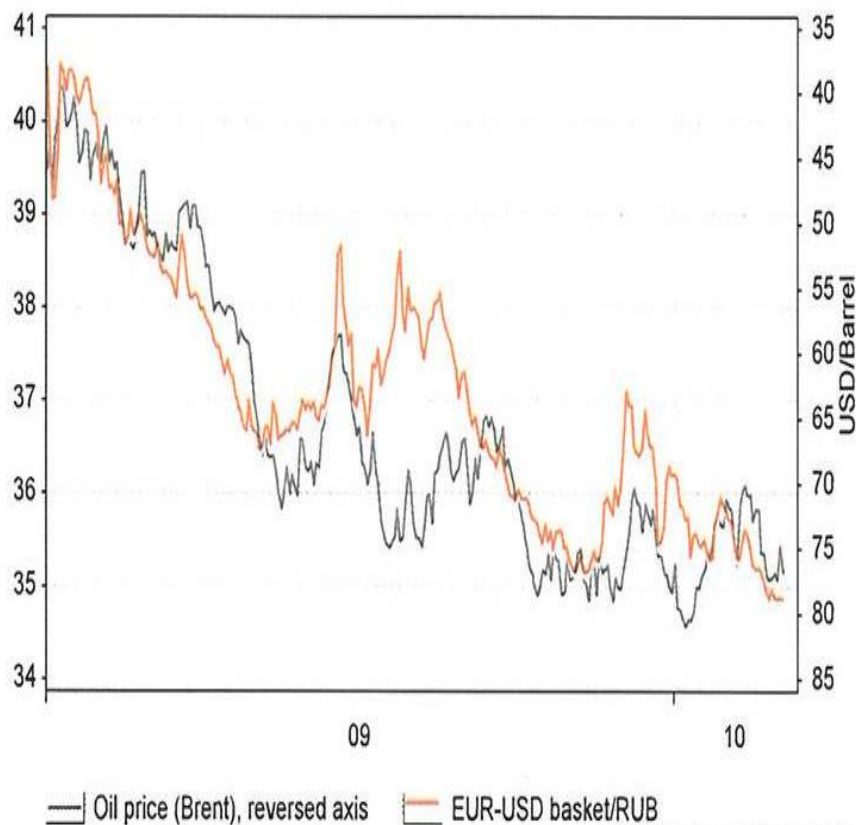


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Ruble follows the oil price development

Development of ruble and oil price



EUR/RUB 2005-2010

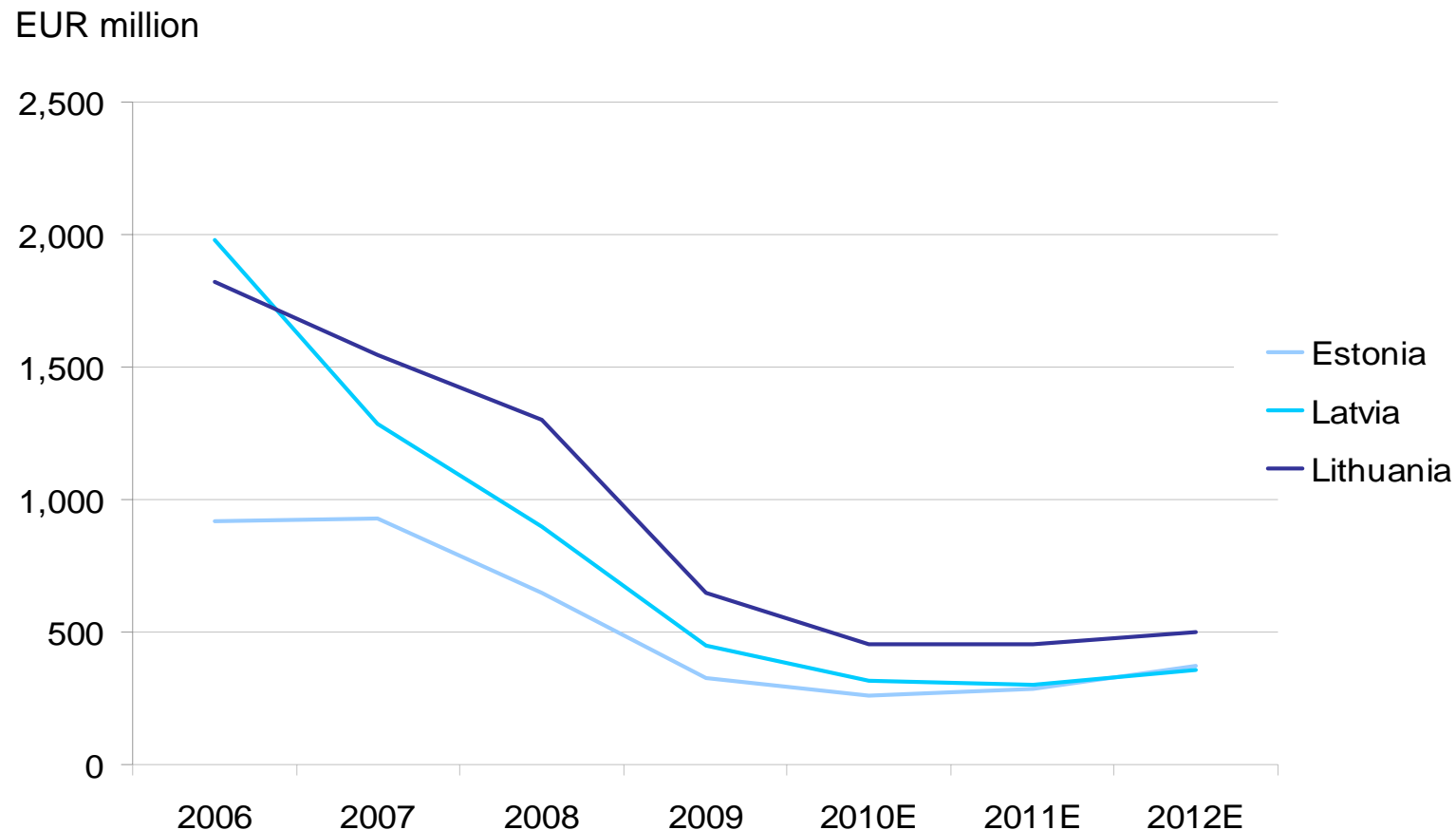


EUR/RUB 39,409 on 26 March 2010

Source: Kauppalehti

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Residential sales volume decrease stabilising in the Baltic countries

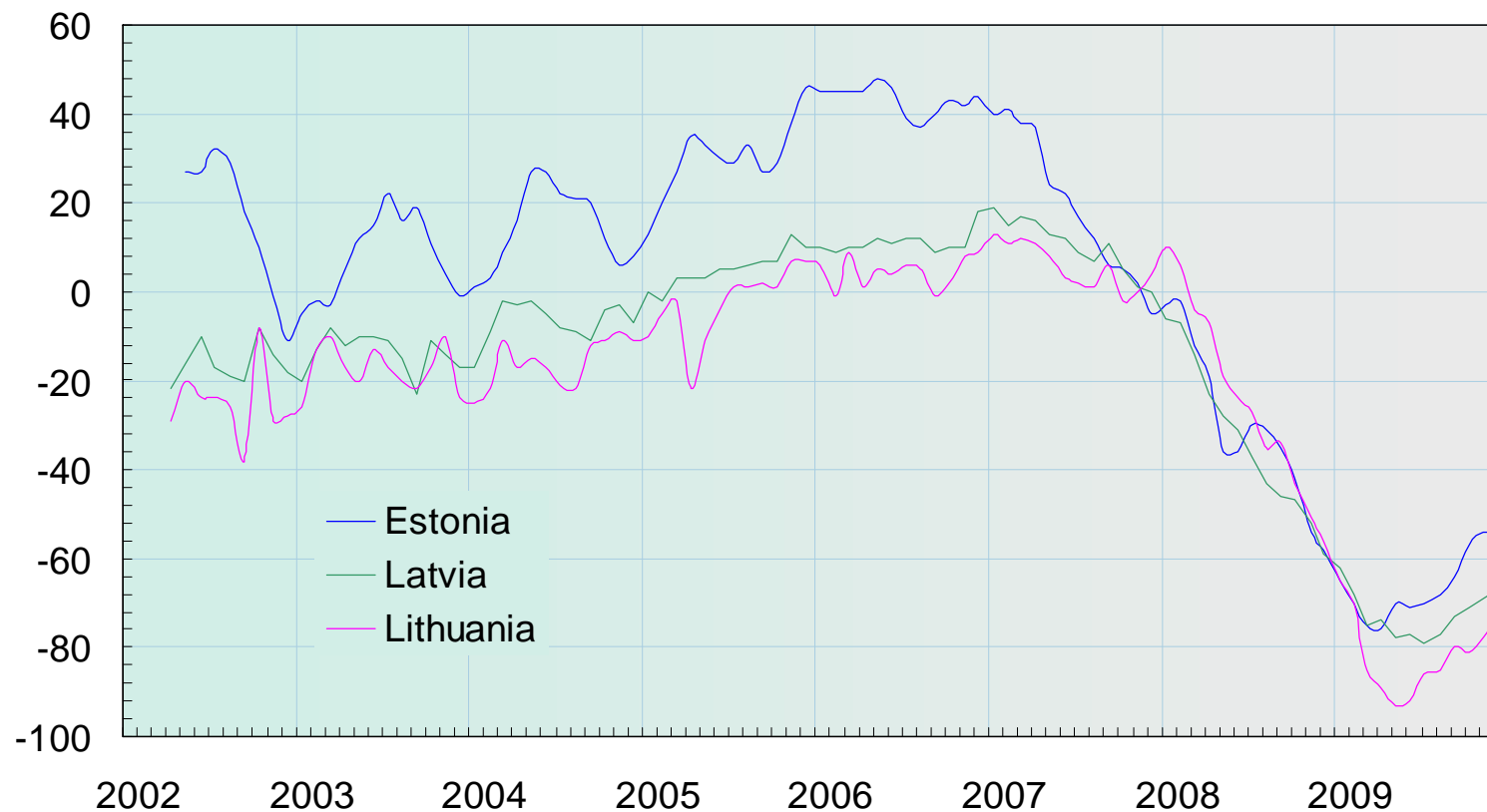


Source: VTT Research Centre in Finland, November 2009

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Residential market in the Baltics showing signs of recovery

Construction confidence in Baltic countries
Balance figure



Source: European Commission, December 2009

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