Financial update

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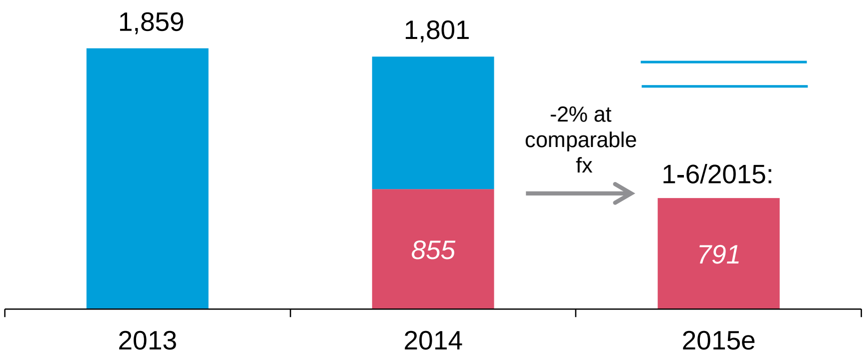
Guidance and financial targets

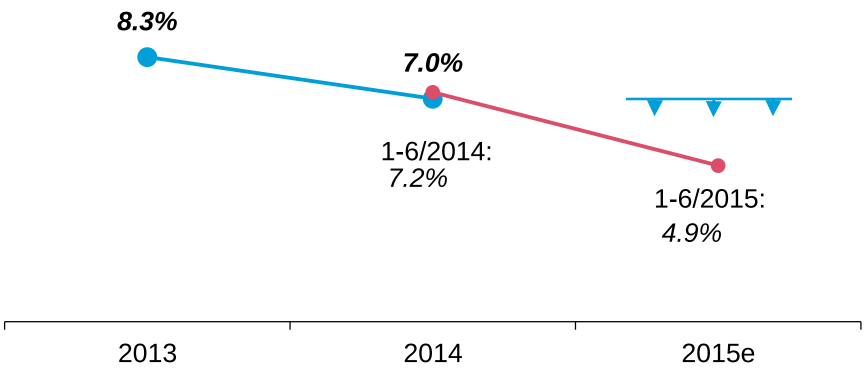
Guidance for 2015 unchanged (segment reporting, POC)

- The Group revenue growth is estimated to be in the range of -5 – 5% at comparable exchange rates
- The operating profit margin excluding non-recurring items is estimated to be below the level of 2014

Revenue, EUR million



Operating profit margin*, %



Figures based on segment reporting

*Operating profit margin excluding non-recurring items

Status regarding financial targets

	Targets set in 2014	Status in 6/2015
Revenue growth, annually on average	**Until 2016:** 0 - 5% **Long term:** 5 - 10%	LTM: -5.1% (+0.8% at comp. fx)
Return on investment (rolling 12 months)	**By the end of 2016:** 15 % **Long term:** 20%	6.4%
Cash flow	Operating cash flow after investments sufficient for dividend payout and reduction of debt	LTM: EUR 309 million
Net debt	**By the end of 2016:** Below EUR 600 million	EUR 587.3 million
Equity ratio	40%	36.0%
Dividend	Dividend payout 40 to 60% of net profit for the period	40% (2014)

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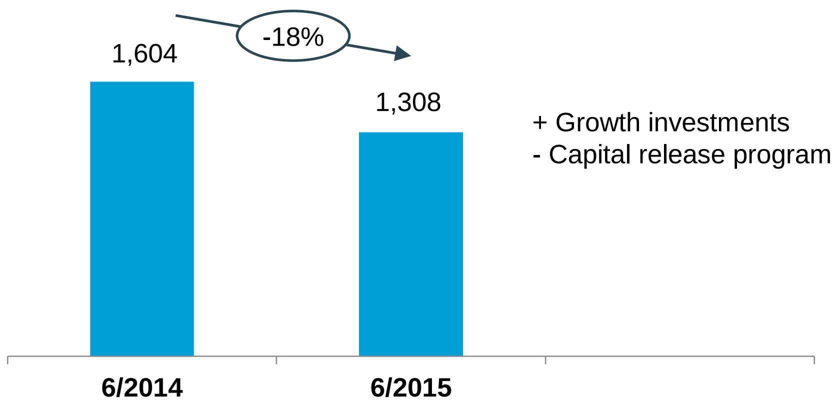
Strategic focus areas from financial perspective

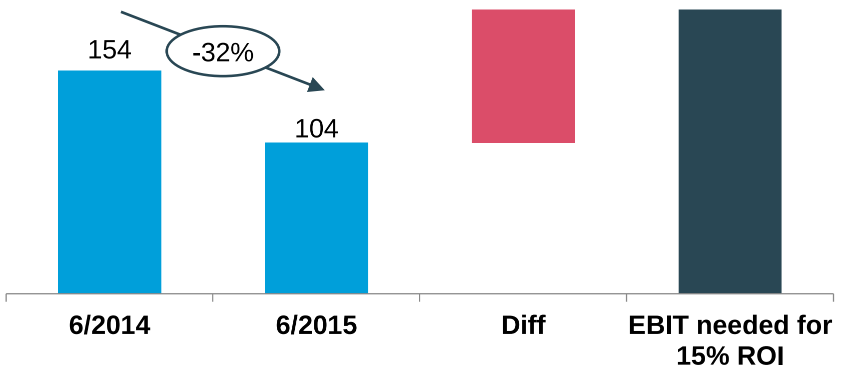
Clearly higher EBIT needed to reach the targeted ROI

- Good progress in decreasing the invested capital
- Higher revenue and clearly higher EBIT margin needed to reach the targeted ROI with current level of invested capital

Invested capital, EUR million



EBIT excluding non-recurring items, rolling 12 months, EUR million



How to bridge the EBIT gap?

Cost adjustments

+

Increasing volume and higher margin in the order backlog of Business Premises and Infrastructure

+

Optimising the business mix in housing

+

Stabilisation of real residential prices in Russia

Dependence on market development

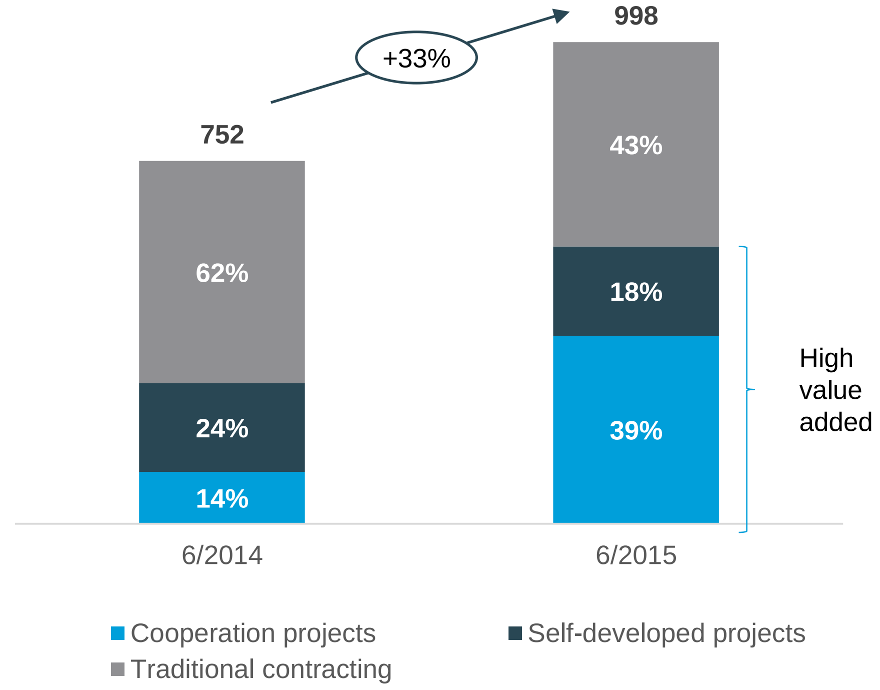
Visibility from major projects in Business Premises and Infrastructure

- Improving fixed cost absorption through upcoming major projects

- Share of high value added projects increasing

→ Higher margin content

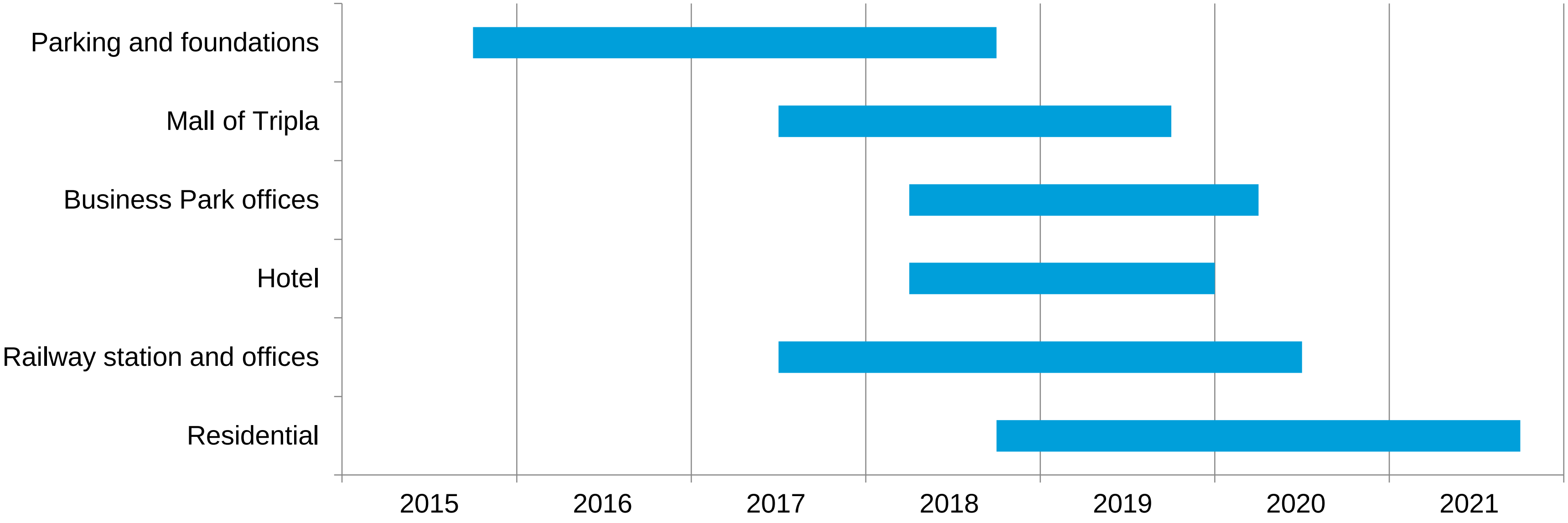
Business Premises and Infrastructure, order backlog, EUR million



Tripla project, a significant contribution to earnings growth

- EUR 1 billion project, executed in several phases

Estimated timing of the different phases

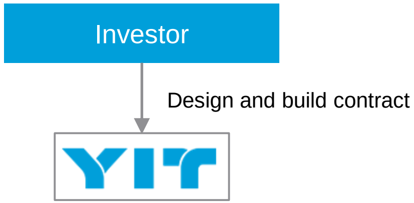


Two alternative execution models for the Mall of Tripla

- Mall of Tripla including parking represents over half of the EUR 1 billion

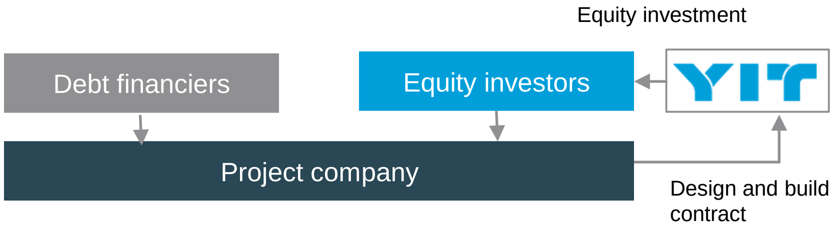
Design and build contract

- Forward funding → low invested capital
- Revenue recognition in line with leasing and progress in construction



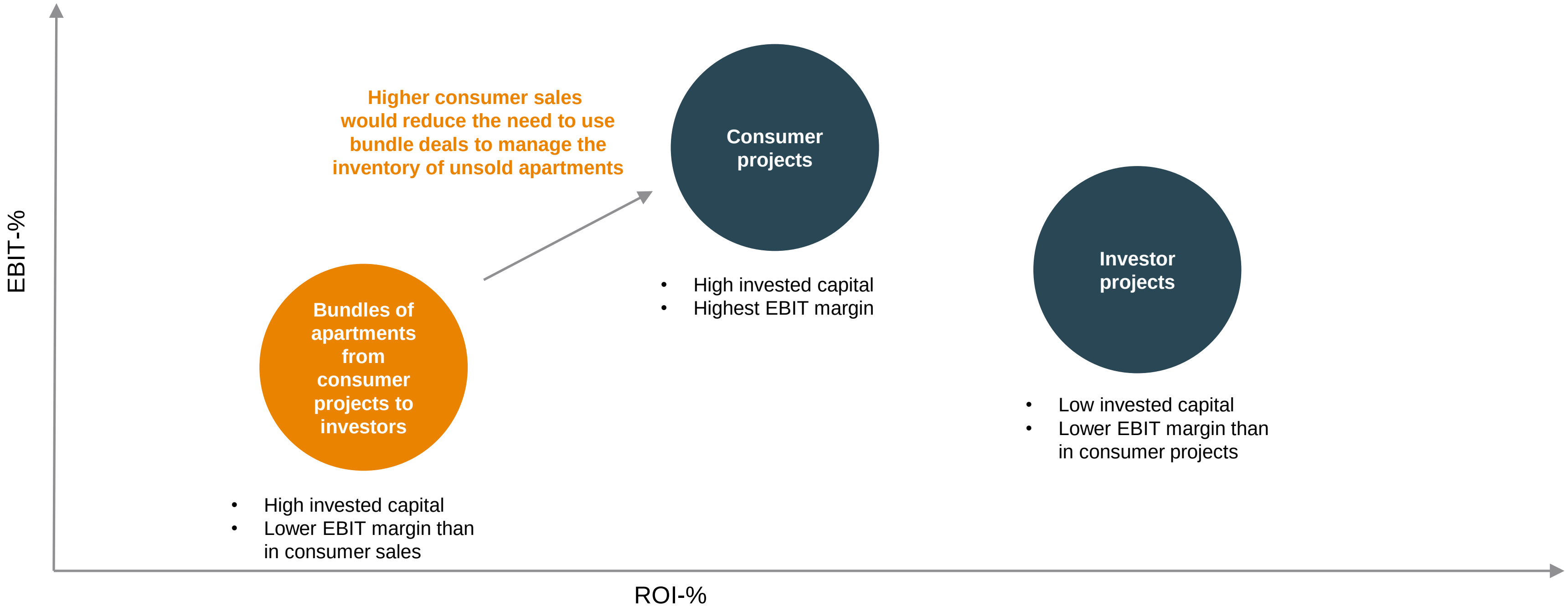
Joint Venture

- Limited capital requirement through a <50% equity stake
    - YIT's total investment max. EUR 150 million
- Project financing on project company level
- A good part of the revenue and profit recognised when YIT sells its stake after the completion



Impact of the mix in Finnish housing

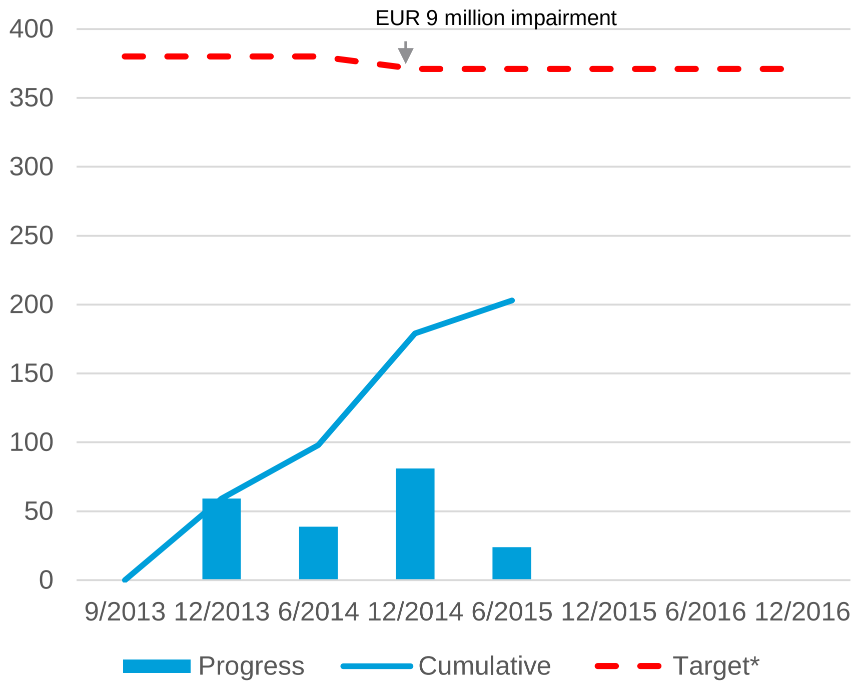
- Target to increase the share of consumer sales by improving affordability of the apartments



Capital release program continues to burden profitability still in 2016

- Normalising the inventory and divesting slow-moving assets improves the ROI in longer term, but dilutes EBIT margin in the short term
- Impact on the EBIT margin in H1/2015 around -1.3 percentage points
- With EUR/RUB of 75, around EUR 140 million still left to do

Cumulative progress in the capital release program, EUR million



* Target set at the balance sheet rate at 9/2013: EUR/RUB 43.8240, cumulative progress calculated using the same EUR/RUB rate.

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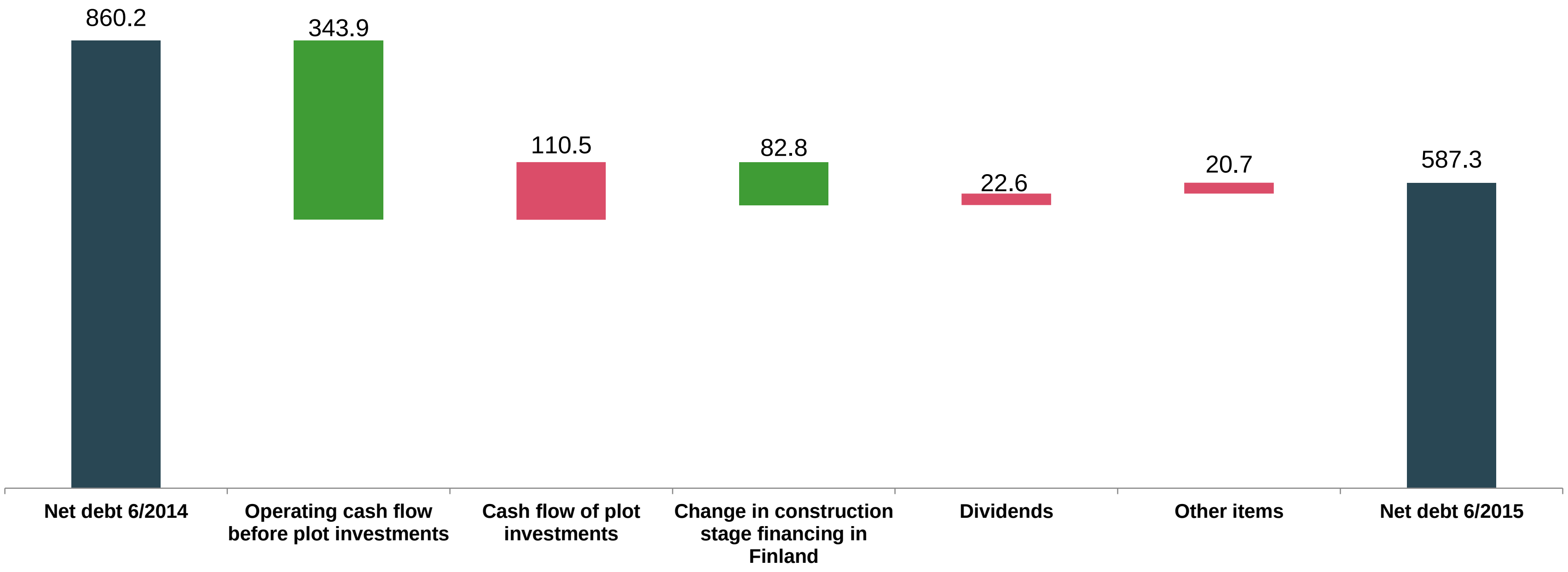
Financing update

Net debt has decreased due to strong operating cash flow

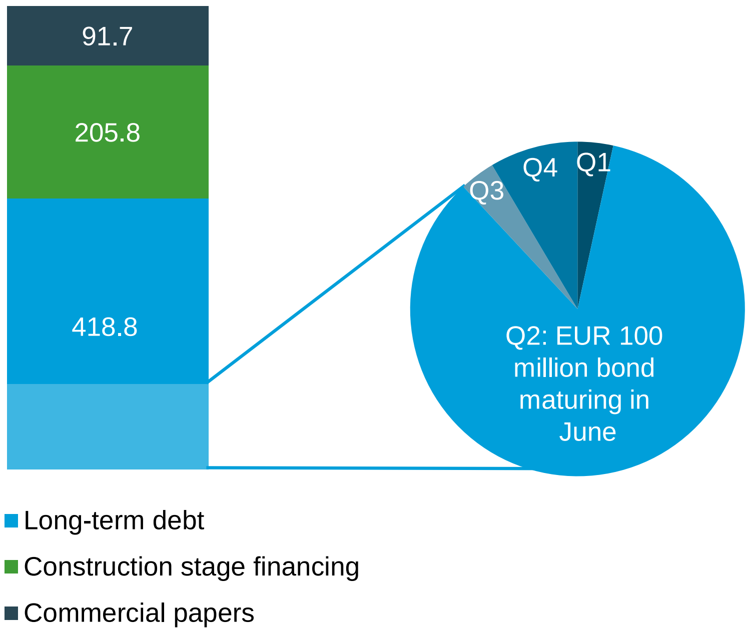
Net debt (IFRS), EUR million



Refinancing needs

Interest-bearing debt 6/2015: EUR 716 million

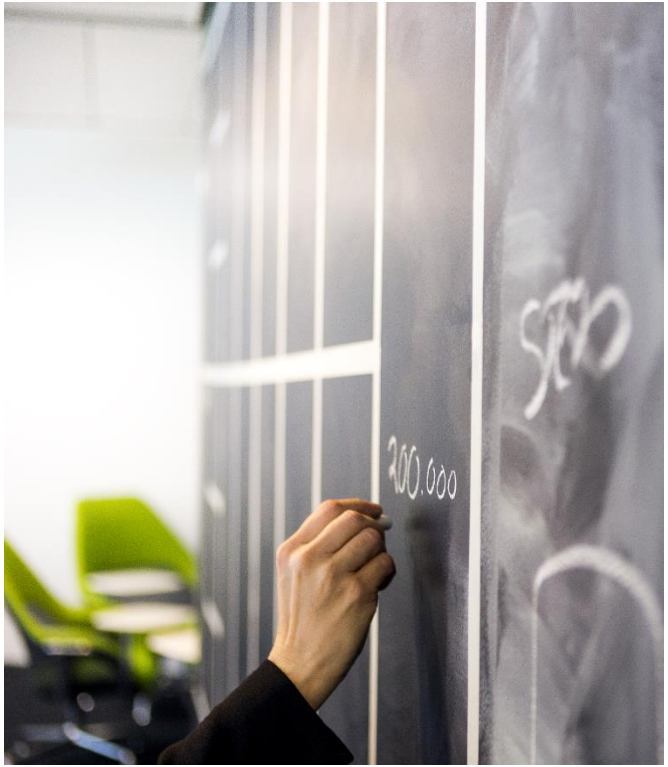
Long-term debt maturing in 2016: EUR 132 million



- Limited refinancing risk in construction stage financing (sold receivables and housing corporation loans):
  - Included in current borrowings as they are linked to current assets
  - Receivables sold to banks for the duration of each residential project in Finland. Paid back with customer payments and housing corporation loans drawn upon completion
  - Housing corporation loans have typically +20-year maturities

Financing of the growth initiatives

- Capital release program continues ensuring in its part financing of the growth initiatives
- Improving the capital efficiency of the business model limits the need for financing
  - Tripla project financed either by forward funding or a joint venture with limited equity investment from YIT
  - Other major projects in Business Premises and Infrastructure do not burden YIT’s balance sheet notably
  - Increasing use of partnerships also in residential investments
- Financing needs mostly in CEE



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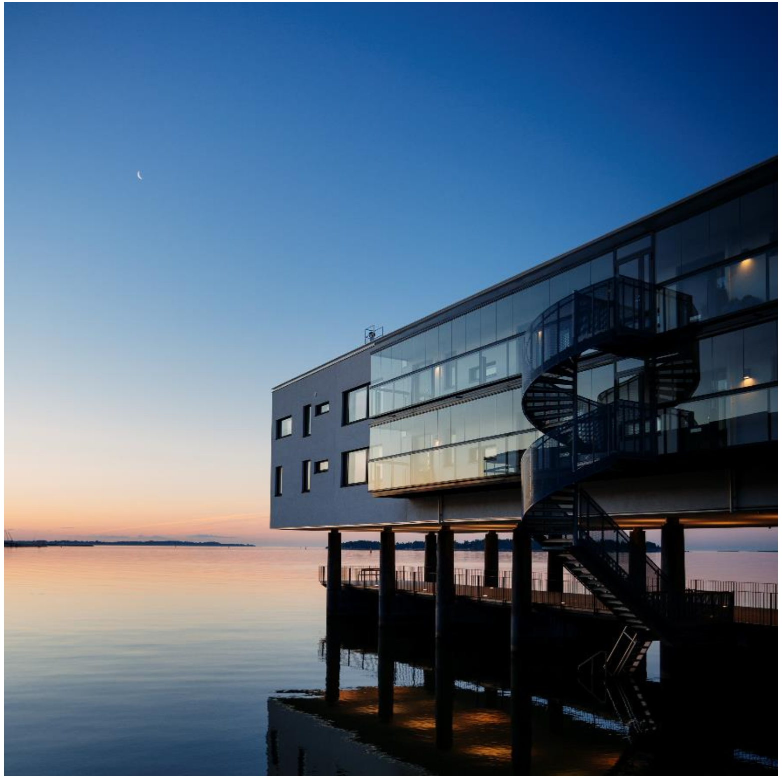
Conclusions

Conclusions

- A clear improvement in EBIT required to reach the ROI target, contribution needed from all segments
- Capital release program continues to burden profitability in the short term
- Next major refinancing needs in Q2/2016
- Limited financing needs from the growth initiatives



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