



# Business Premises and Infrastructure – business update

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# 1

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Operating  
environment

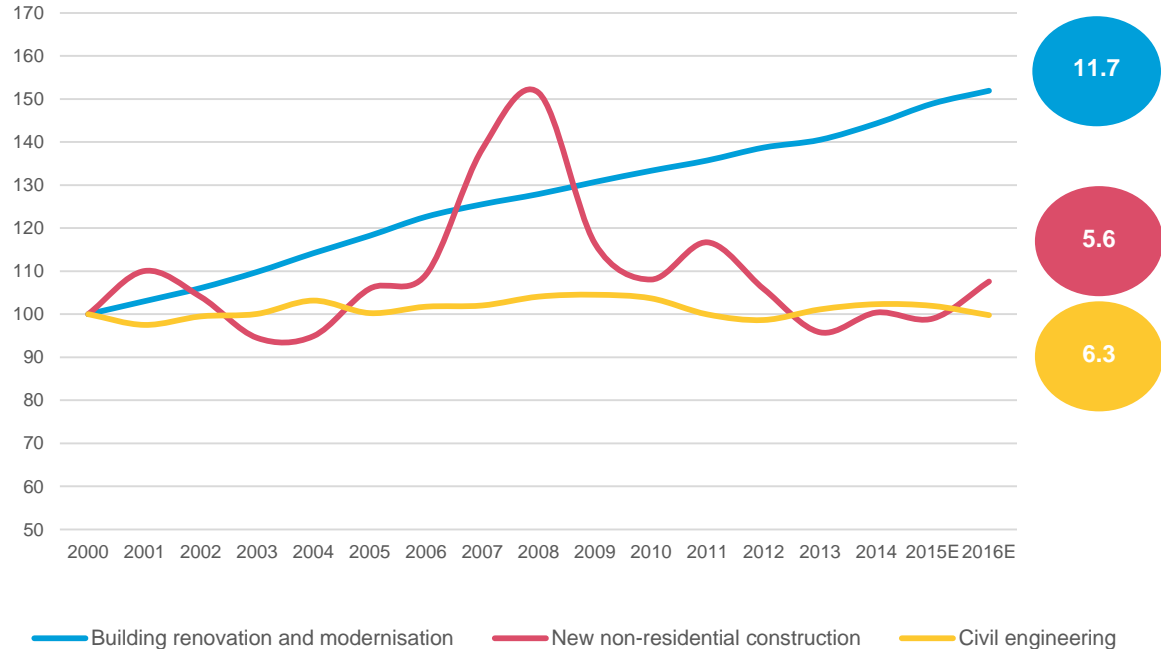




# Transforming operating environment in Finland

- New non-residential construction has suffered from weak macro
- Opportunities in hospitals, schools, industry and energy
- Renovation market continues to grow
- Infra markets rather stable – less major projects in tendering phase in the short-term
- Advanced tendering models (alliance and PPP) becoming increasingly popular

Construction volume in Finland, index 2000=100  
(Size of the ball = market size in 2014, EUR billion)

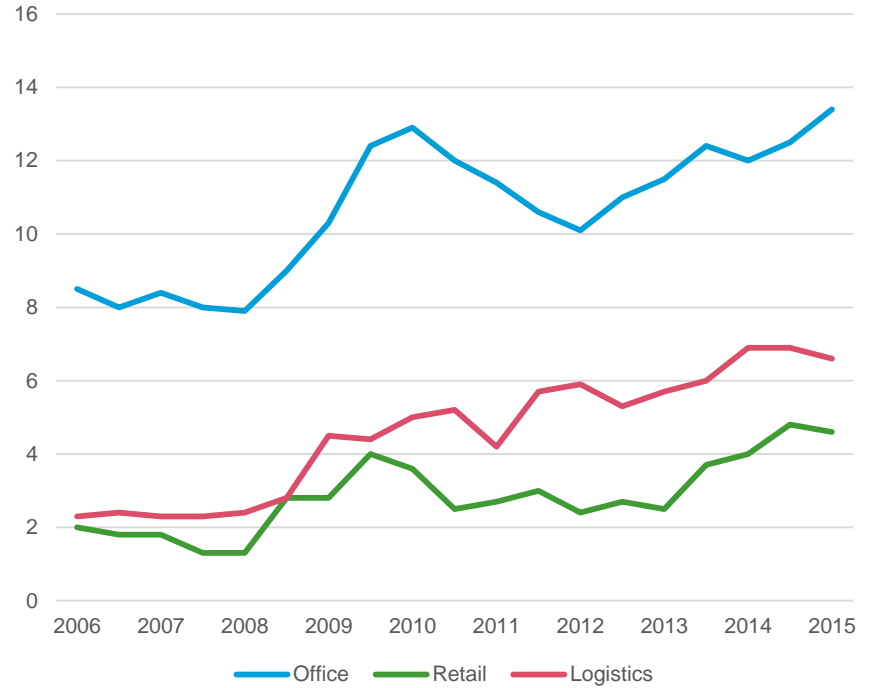


Source: Euroconstruct

## Mixed sentiment of tenants across our geography

- Business confidence remains weak in Finland
- Vacancy rates still high in Finland
- Tenants highly selective – high quality locations requested
- Positive macro outlook supports demand in CEE, especially in the capital cities

Vacancy rates in Helsinki Metropolitan Area, %

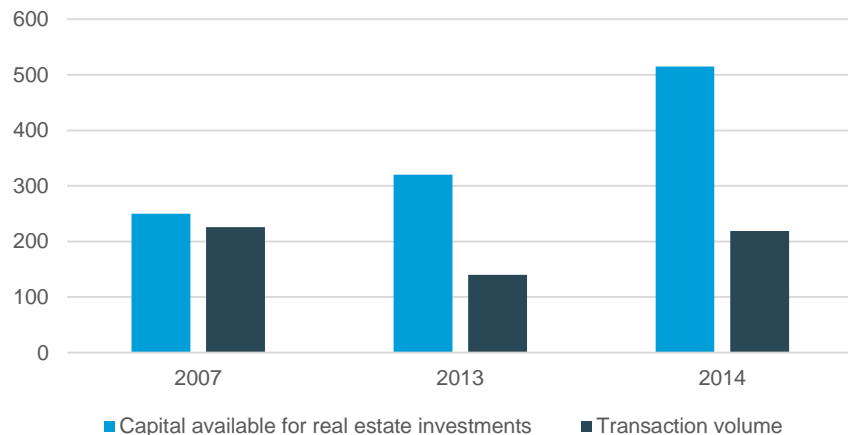


Source: Catella

# Capital flowing to real estate investments

- Investor demand boosted by high capital flows to real estate funds, driven by low interest rates
- Interest also spreading to second tier projects/locations

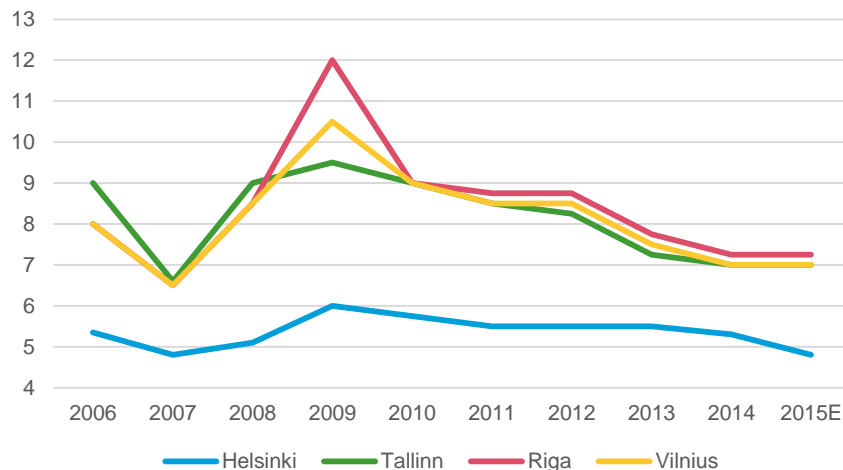
Capital available for real estate investments and transaction volume in Europe, EUR billion



Source: Catella and Newsec

- Yields decreasing in prime locations in Finland and CEE due to increased competition for good projects

Prime office yields, %



# 2

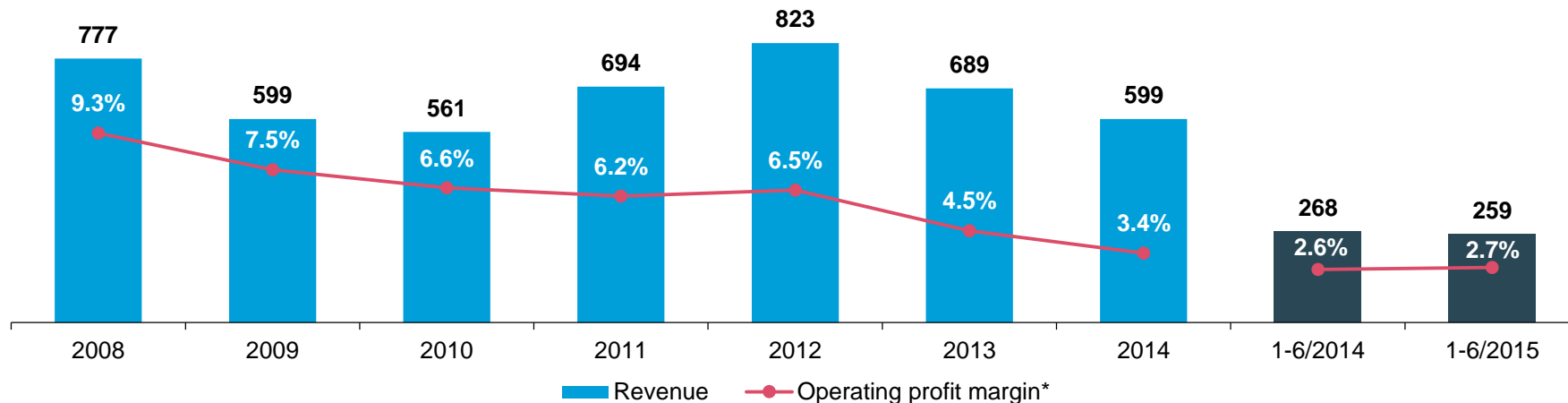
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Recap since  
CMD 2014



# Last years spent building the future

Revenue and profitability of Business Premises and Infrastructure, EUR million and %



- Significant investments into future – relative share of fixed costs temporarily high
  - Tendering for large projects - alliances and PPPs
  - Preparation and planning of major hybrid projects - Lattis and Tripla
- Reorganisation of the segment to utilise opportunities and improve competitiveness

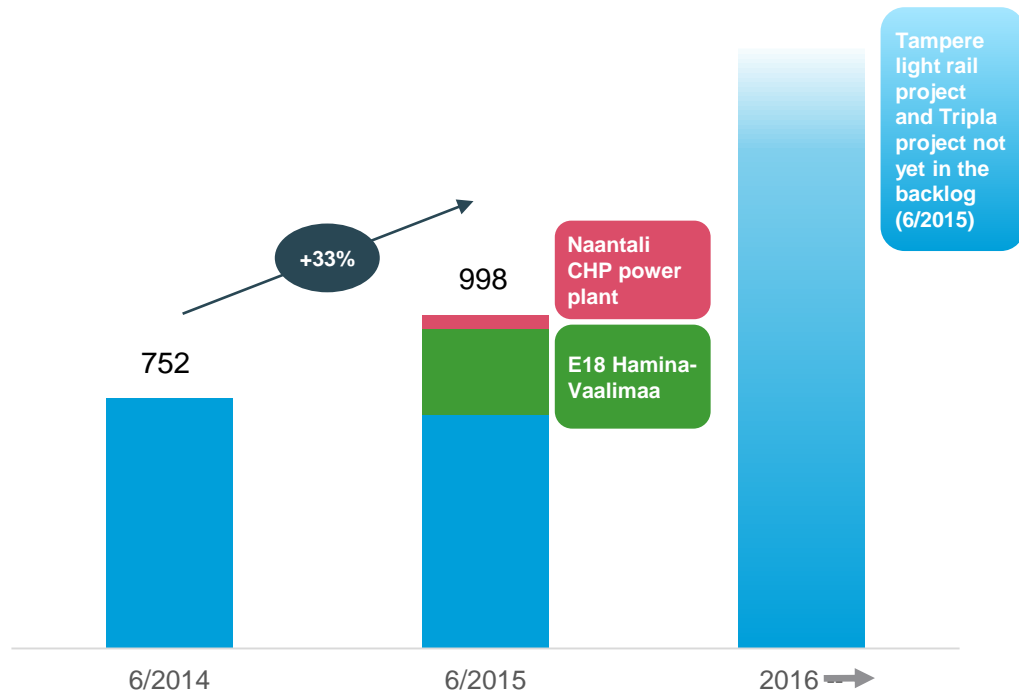
\*Excluding non-recurring items



# Solid foundation for future growth

- Strong cash flow
- Lighter balance sheet - operative invested capital -26% y-o-y
- Major high value added projects secured – E18 Hamina-Vaalimaa, Naantali CHP, Tampere light rail
- Strong growth in the order backlog in all divisions, incl. CEE countries
- Margin content on a good level

Order backlog of Business Premises and Infrastructure, EUR million



# 3

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Focus areas going  
forward



# Profitability expected to improve

- Margin content of the order backlog good
- Increasing volume improves fixed cost absorption
- More selectivity in tendering
- Further increasing the share of high value added projects - PPP, alliances, self-developed etc.
- Design management, global sourcing, excellent execution and productivity



# Solid execution of major projects



E18 Hamina-Vaalimaa motorway PPP project

- EUR 260 million\*
- Construction started 6/2015 and to be opened for traffic in 2018
- Proceeding according to the plans (planning, preparations, sourcing, construction)
- Strong experience from previous projects - E18 Koskenkylä-Kotka (PPP), Hamina bypass, Ring Road I-III



The Tripla project

- EUR ~1 billion
- Zoning confirmed and permit process progressing
- First infra works already completed successfully
- Good interest from investors and tenants
- Exceptional in-house competence - infrastructure, business premises and residential



Tampere light rail alliance project

- EUR ~100 million\*
- Development phase started in 6/2015
- Construction phase expected to start in 2016
- Strong references of the alliance members key in winning the project

\* YIT's share



# Growth opportunities



## Hybrids

Infrastructure  
+ business premises  
+ residential



## Care

Own concept



## Industrial and energy solutions

Wind Power



## Renovation

Concept development



## CEE

Tender based and RED

Customer focus, high quality and innovative concepts



## Conclusions: Bridge over troubled water



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