



Service efficiency - key driver for profitability improvement in Building Services Northern Europe

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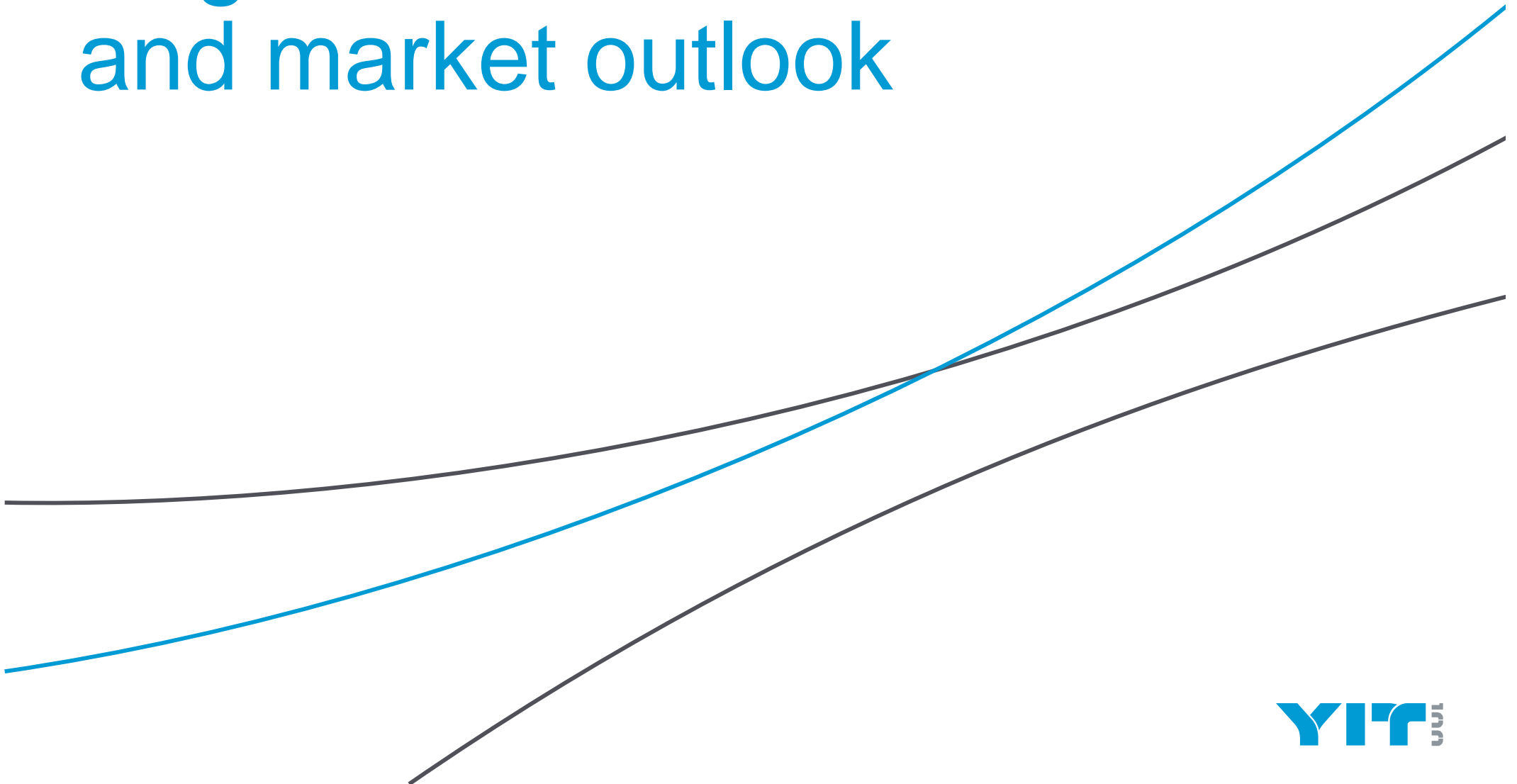
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Main achievements after Capital Markets Day 2011



- 5 companies acquired since September 2011
 - Small acquisitions are used during the strategy period to fill local discipline gaps and drive service business growth
- Service and maintenance operations increased at a faster pace than other operations
 - The share of service and maintenance 64% in January-June 2012 – the volume increased over 13%
 - Service efficiency improvement program continued as planned in all operating countries
 - New, flat organisation model established in all countries, including clarification of new roles and responsibilities
 - Execution of profitability improvement plan continuing with a personnel reduction of approximately 800 people to the end of 2012
 - Targeted annual cost savings EUR 40 million – in effect from the beginning of 2013
- eServiFlex modules of ServiFlex launched

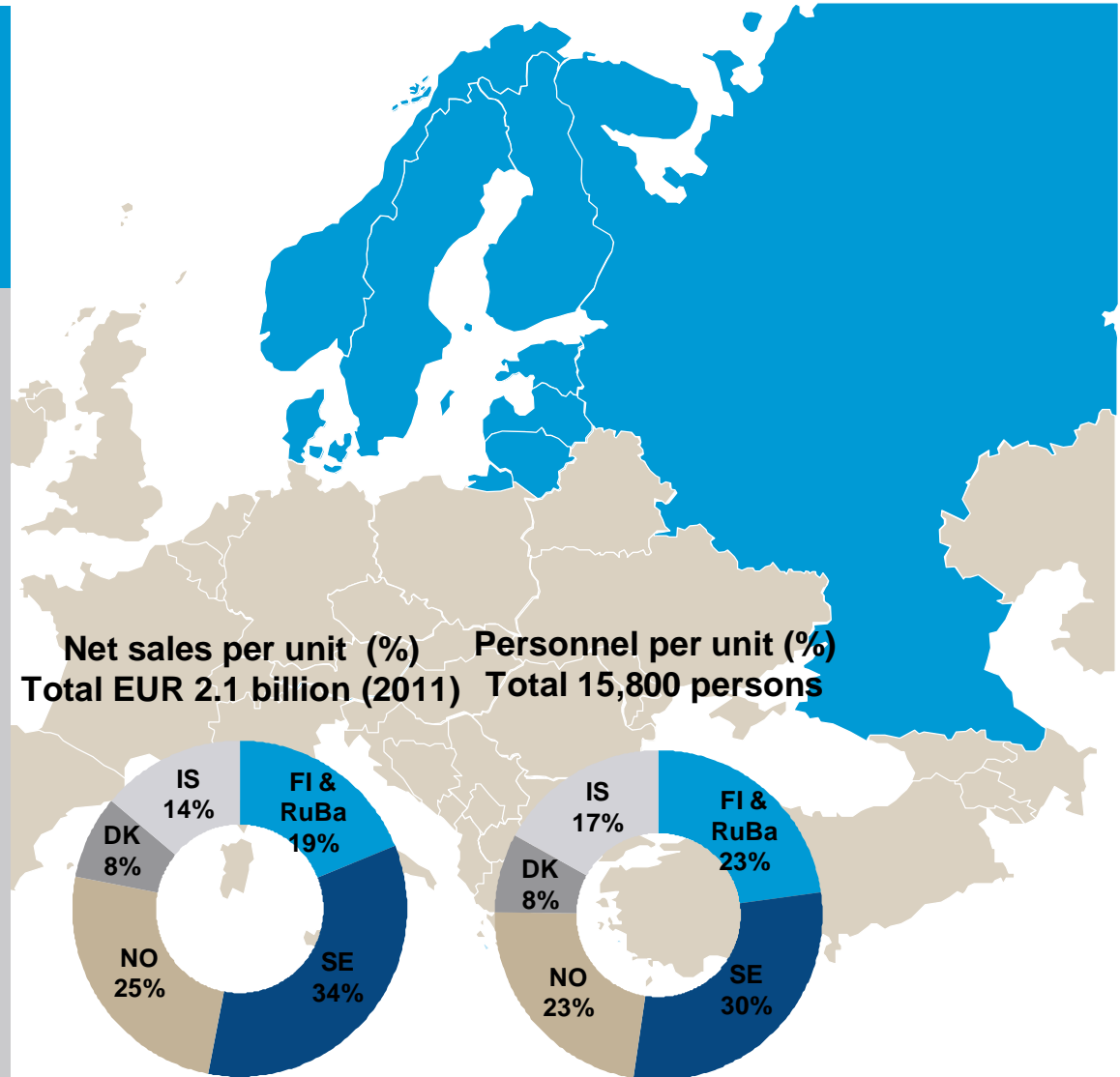
Segment overview and market outlook



Segment overview

We create and maintain desired conditions inside properties. We help industry to improve operational productivity and reliability and offer services for making energy use more efficient.

- Building systems' services and all technical building system installations
 - Heating, ventilation, piping, cooling, electrification, security, automation and fire fighting systems
- Deliveries for the whole life cycle of buildings
 - Projects
 - Service and renovation
 - Facility management
- Industrial Services
 - Project deliveries to industry
 - Piping systems, tanks, boilers, electrification, automation, ventilation, water treatment
 - Maintenance to industry
 - Energy-saving services for buildings and industry



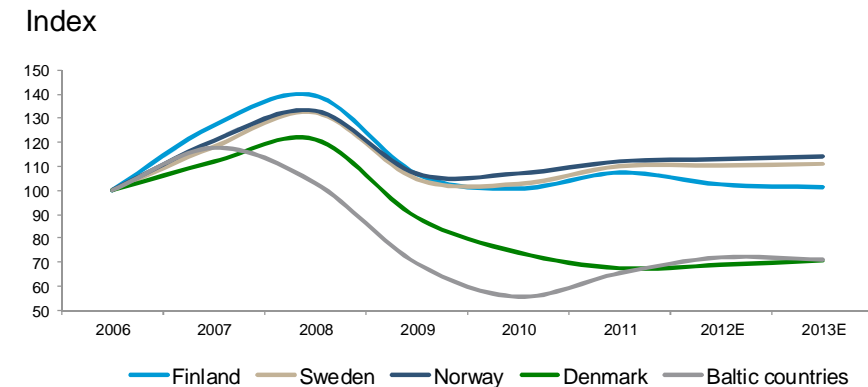
RuBa: Russia and Baltic countries

Market outlook of non-residential construction supports YIT's strategic goals

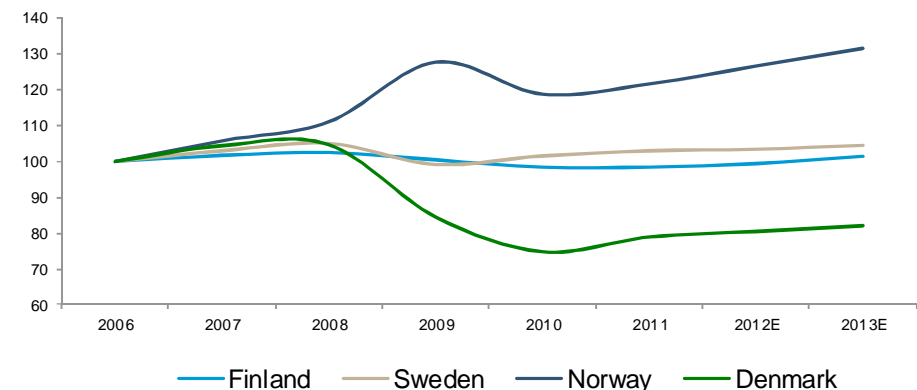
Strategic target to increase the share of service and maintenance

- The demand for service and maintenance is fairly stable
 - Balances the more volatile building services project business
- The profitability of service and maintenance is higher than in project business
- The increase in technology in buildings build up the need for services
- New non-residential investments and demand for service and maintenance forecasted to remain stable in Northern Europe in 2012-2013

New non-residential construction volumes in Northern Europe



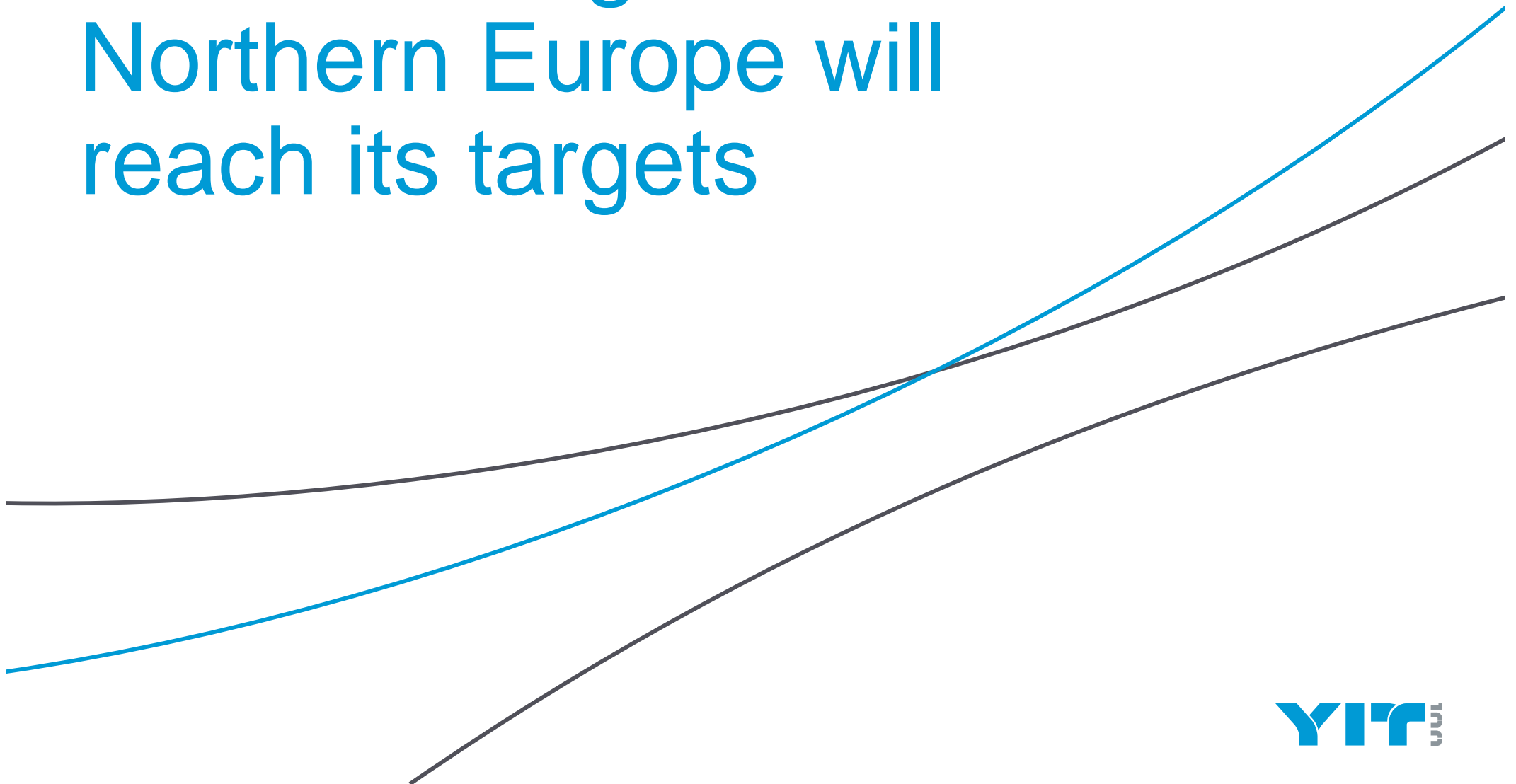
Non-residential service and renovation volumes in Northern Europe



No data for Russia is available. Baltic countries figure include both new non-residential construction and renovation.

Source: Euroconstruct June 2012

How Building Services Northern Europe will reach its targets



Key strategic targets of Building Services Northern Europe



Strategic target

- Profitability improvement and stronger cash flow
- Growth in service
- Excellence in projects
- Forerunner in energy sector

Status

- Efficiency programs for service and project business have been established
- Implementation of optimal organisational structure has been finalised
- Harmonisation of processes is ongoing

Future actions

- Improve mobility in service business with enterprise resource planning (ERP)
- Increase the share of long-term service agreements and Design&Build (D&B) and Total Technical Solution (TTS) projects
- Implement demand based services

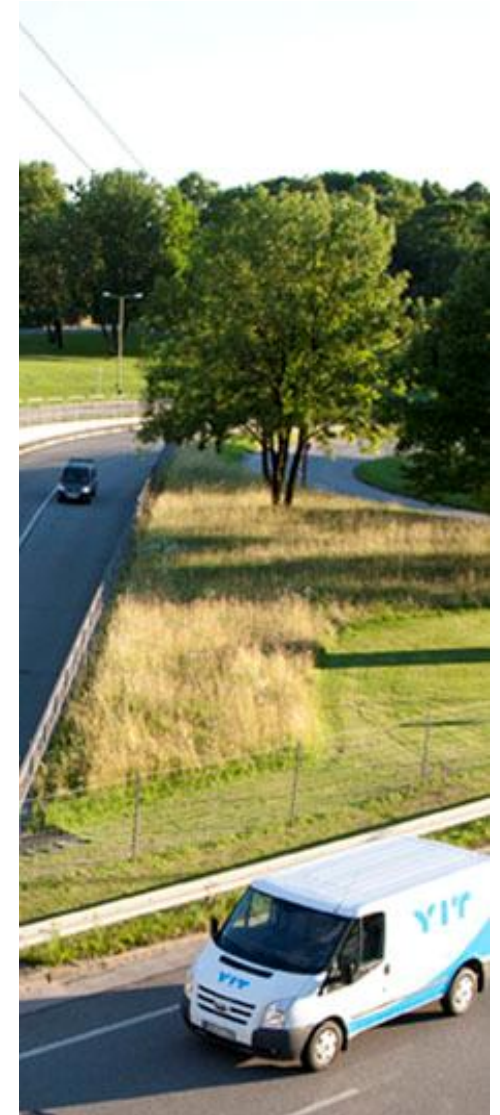
Strategic target to improve profitability and cash flow

Execution of profitability improvement plan continues

- Increase the share of services up to 70%
- Continue right-sizing of the organisation in all countries, close and merge low-performing units
- Tight cost control: focus on fixed and other variable costs
- Selectiveness in projects: keep minimum project margins
- Utilise the service technicians' mobility
- Further develop material and spare parts logistics
- Establish "Centres of Excellences" to support TTS and D&B projects

Actions to improve cash flow

- Set favourable payment schedules and advance payments in service agreements and projects
- Ensure efficient production and invoicing processes to ensure fast invoicing
- Centralise purchases to selected, core suppliers with pre-defined payment terms
- Implement efficient overdue collections



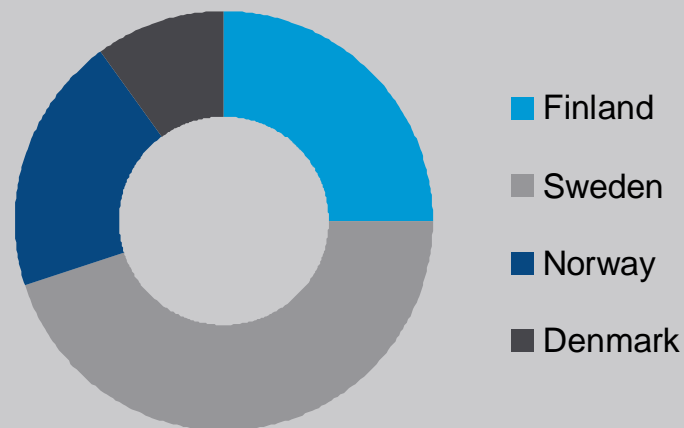
Key activities to improve profitability

The key targets are following:

- Streamlined process for service
- Total cost savings EUR 40 million

The results will be fully realised from the beginning of 2013

Improvement potential by operating country



- Lower organisation structure
 - Restructuring the organisation
 - Clarifying new roles and responsibilities
 - Closing or merging low performing units
 - Unit categorisation and classification of related centralised tasks
 - Higher share of blue collar workers
- Efficient service capacity planning
 - Upgraded work planning methodology and tools
 - Mobile solutions and GPS utilisation
 - Reduced travelling costs
 - Higher share of work planned vs. used work
- Procurement and material logistics
 - E-procurement
 - Improved purchase procedures and discounts
- Invoicing process
 - Improved invoicing procedure, faster invoicing

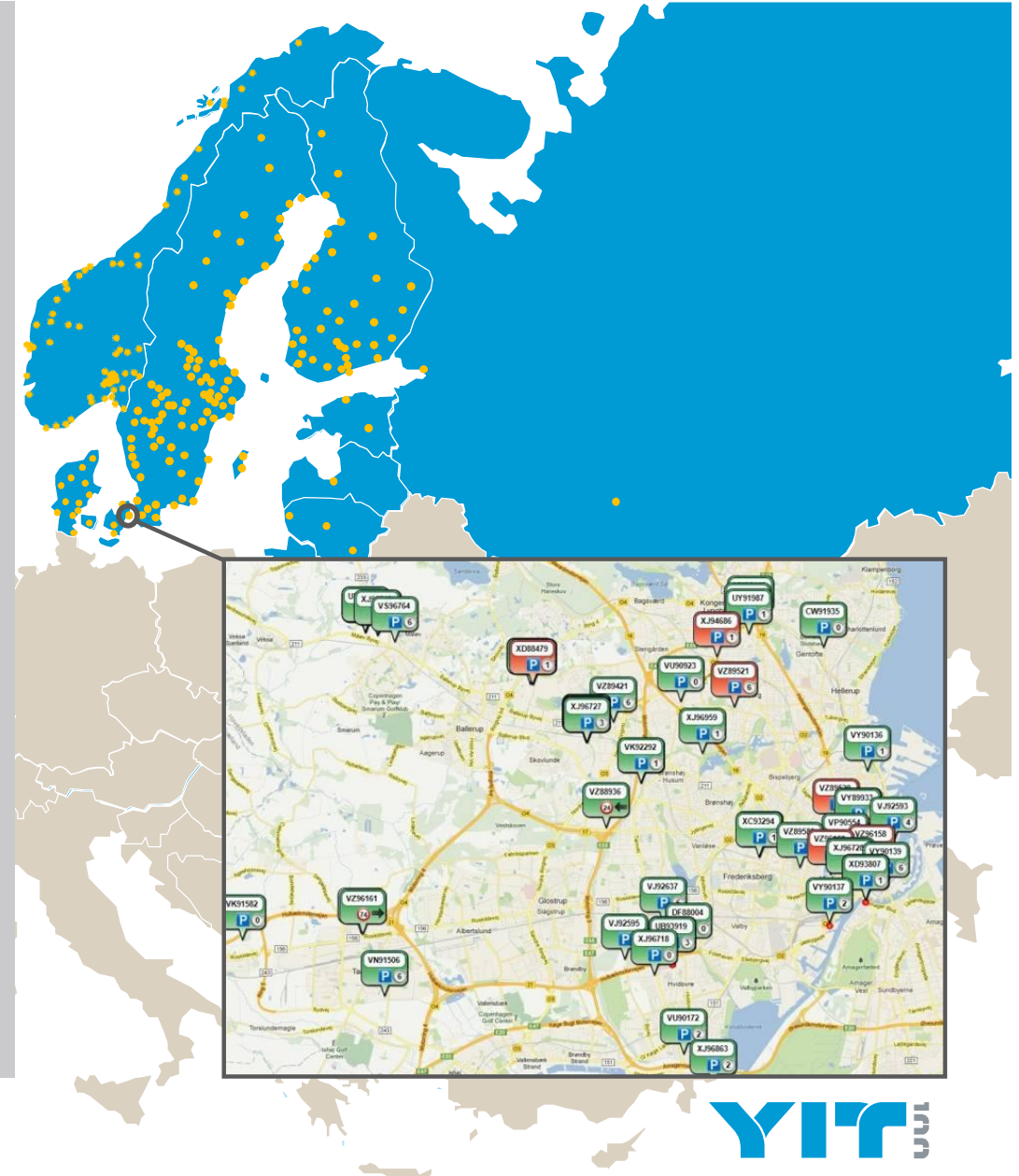
Focus areas in service efficiency



Organisation	Technician Efficiency	Planning	MOS Management Operating System	Logistics	Service Culture
<ul style="list-style-type: none"> • Implementation of a new common streamlined organisational structure with clear roles and responsibilities 	<ul style="list-style-type: none"> • Supporting the service technicians' operative daily needs • Full utilisation of available working hours • Opportunity for add-on sales 	<ul style="list-style-type: none"> • Implementation of a unified service process planning • Improvement of technicians' time utilisation through proactive work and scheduling 	<ul style="list-style-type: none"> • Implementation of an operational control and management system and meeting structures 	<ul style="list-style-type: none"> • Implementation of a model for logistics to reduce time for transports • Increasing the technicians' time at client sites • Utilisation of e-procurement tools 	<ul style="list-style-type: none"> • Creation of common commitment for change management • Ensuring the attitude of planning and efficiency in service business

Network supporting our business

- Segment has wide network consisting of strategically located offices and mobile units
 - Segment has over 170 locations in 8 different countries, main part of the locations is capable to offer multi-discipline services
 - Totally we have almost 5,000 mobile units serving our customers
- Service network is the key for the service and efficiency
 - Typical service order takes approximately 2-5 hours and short transportations are essential because of cost and efficiency
 - In project business some degree of locality is needed, but the main concern is to have sufficient level of competences in each project unit
- YIT develops its office network
 - Keep service locations, but centralise administrative and managerial tasks
 - Utilise new technology to support mobile units
 - Create regional Centres of Excellence for projects to ensure adequate level of competences in project management and technologies



Importance of business lines

Countries' importance for the whole Segment's business

	Finland	Sweden	Norway	Denmark
Market position	market leader	TOP 2	market leader	TOP 2
Service	Net Sales	medium	high	low
	EBIT	medium	high	low
Projects	Net Sales	high	medium	low
	EBIT	medium	low	low

↑ Planned tendency



Customer expectations drive the change



The evolution of built environment

Buildings yesterday/today

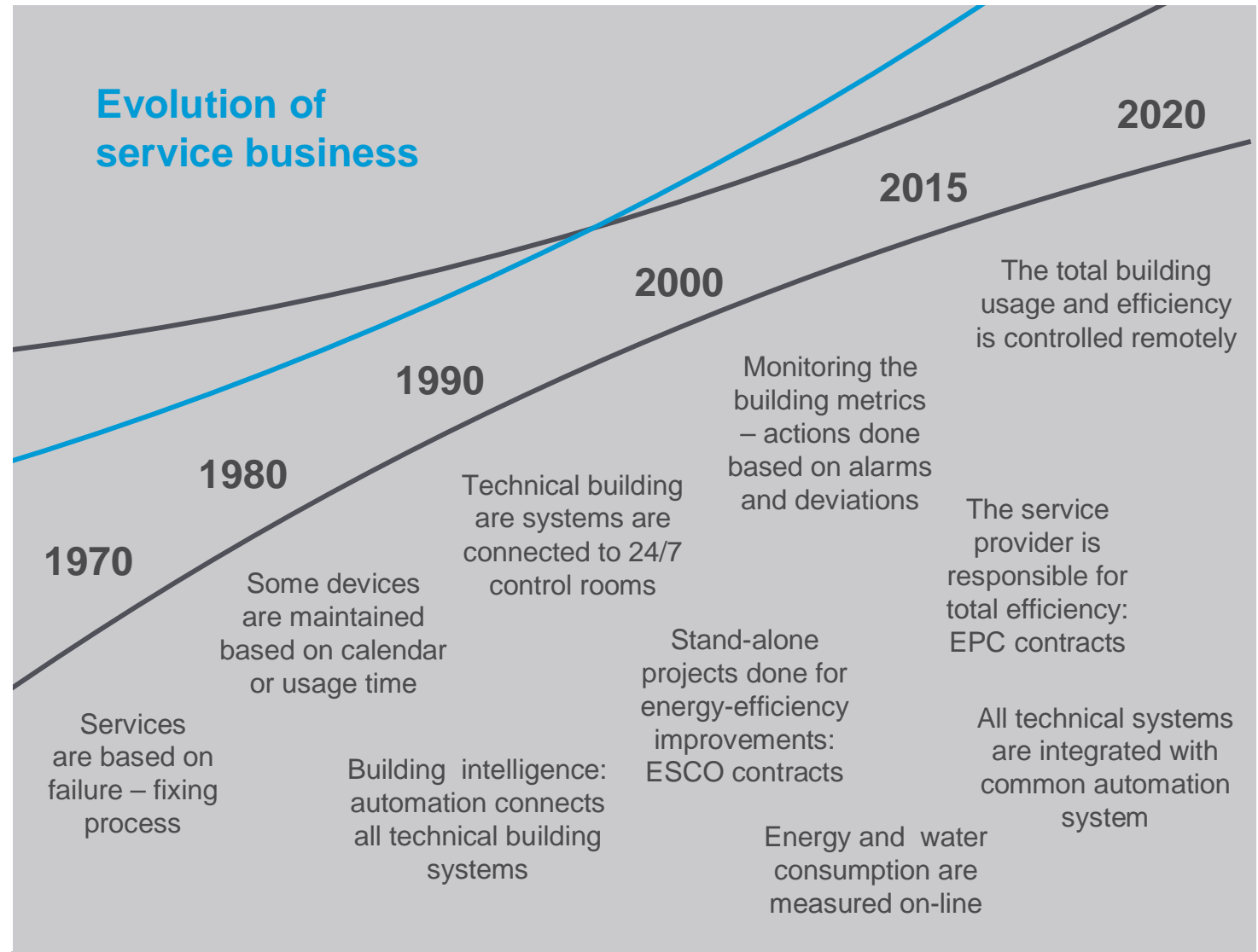
- Low energy price
- More liberal regulations
- Sustainability not yet in the agenda
- Measurements are not well utilised
- Buildings' share from energy use and carbon dioxide emissions is 40%
- Failure fixing and calendar-based maintenance



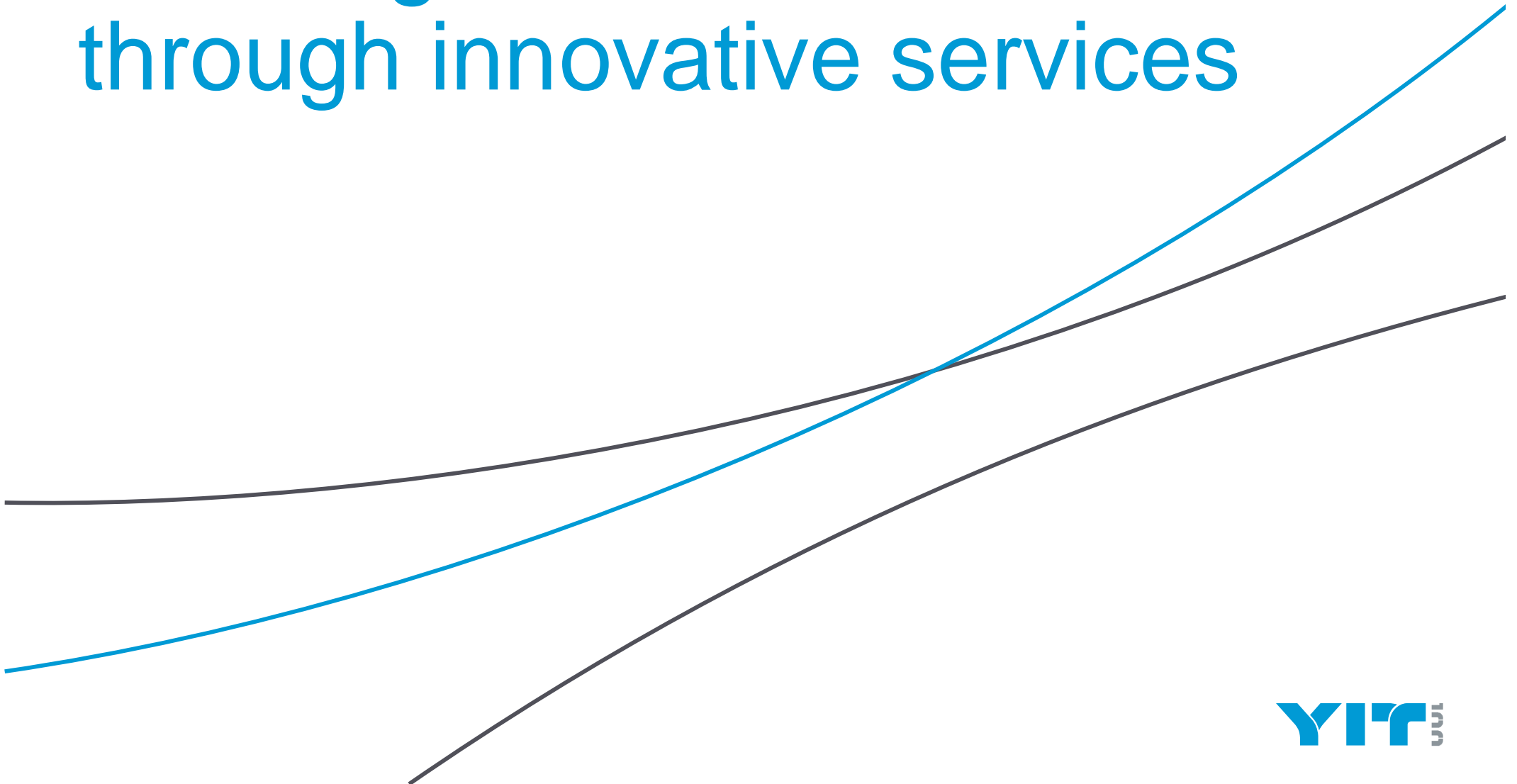
Buildings tomorrow

- Rapid return on the investment
- Meeting the requirements of directives and legislation
- Higher energy efficiency
- Better environmental company image
- Better resale value
- Better maintenance and working environments
- Smaller carbon footprint
- Maintenance based on need

Customer needs change continuously



Creating value for customers through innovative services



Condition-based maintenance



The main building systems are monitored with remote connection in YIT 24/7 control room. The monitoring may cover

- The main building systems: ventilation units, heating and cooling equipment, security systems and electricity networks
- Indoor conditions: temperature, humidity, carbon dioxide level
- Energy consumption

Active remote monitoring will reduce unnecessary site visits and increase service efficiency

- Major part of the actions will be done remotely and calendar-based site visit is not needed
- Failure can be detected in advance and the service visit can be pre-planned
- The maintenance frequency is always correct: repair is based on the real conditions, not an estimated or pre-decided maintenance interval

Condition-based maintenance gives a possibility for additional sales

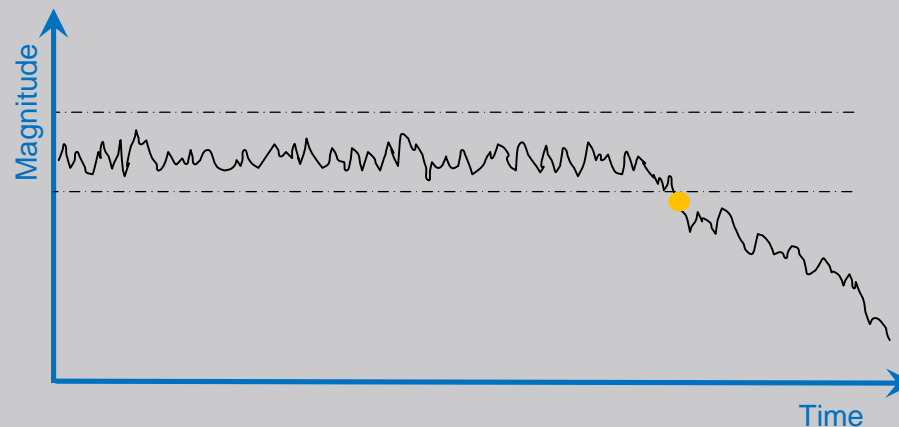
- YIT provides energy efficiency based investment and development proposals including profitability (ROI), pay-back and environmental impact calculations
- The goal is to increase the building value for the customer.

Condition measurement as a competitive edge



Today YIT has 500 sites connected to condition measurement

- Buildings will be equipped with integrated automation system and several measuring points – the automation system has on-line connection to YIT control room
- The collected data will be analysed automatically, and when the data is outside the allowable limits, it indicates failure (e.g. water leakage) in building systems and will launch a service action
- The procedure requires wide knowledge, but it will offer significant cost savings for customers and YIT by eliminating unnecessary service visits and spare part costs
- Condition measurement is an essential part of YIT's multi-discipline offering



YIT ServiFlex is all about service

ServiFlex for building services

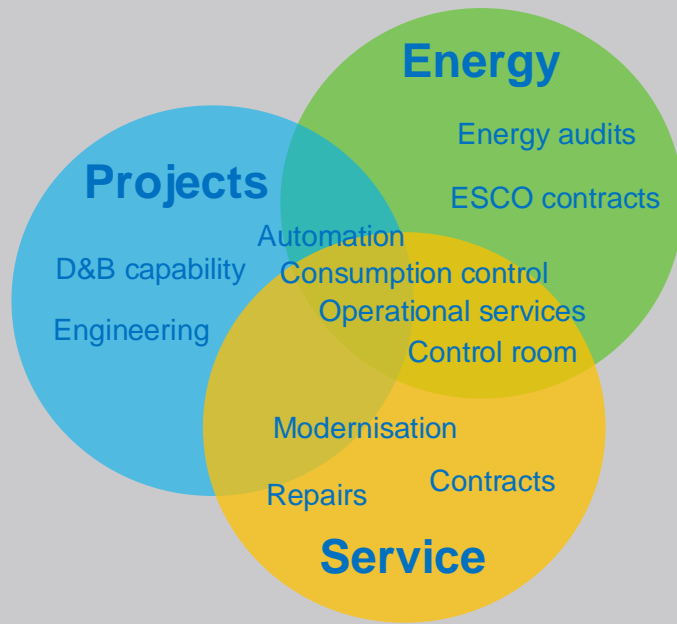
- YIT can provide in total more than 100 specific services in more than 20 areas of expertise
- Flexible service contract that can be tailored to each customer's requirements
- Service as expected:
 - **One** customer representative for all professions
 - **Clear** description of what is included in the supply of services
 - A **standardised** service process for maintenance
 - YIT can take **responsibility** of all the legal requirements
 - **Predictable** costs of operations

eServiFlex for energy saving

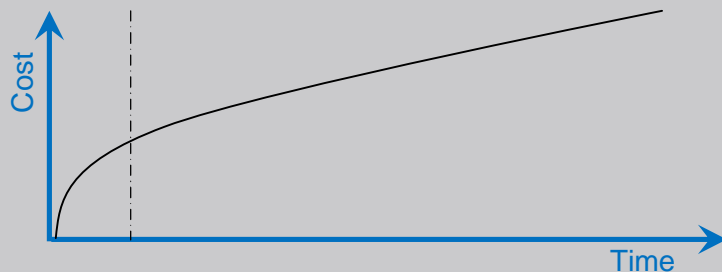
- YIT's multidiscipline energy-efficient solutions already consume less energy than required by the authorities
- Today we can offer eServiFlex to our customers more than 30 specific services, including:
 - Energy Inspection
 - Building Certifications
 - Energy Optimisation
 - Energy Retrofit
 - Energy Controlling
 - District Heat Optimisation
 - Continuous Performance Optimisation
 - Energy Saving Contracting (ESCO)



Covering the full life cycle and providing savings to building owners



The costs are cumulated rapidly in a investment phase, but the maintenance and operating costs exceed the investment costs during the building life cycle



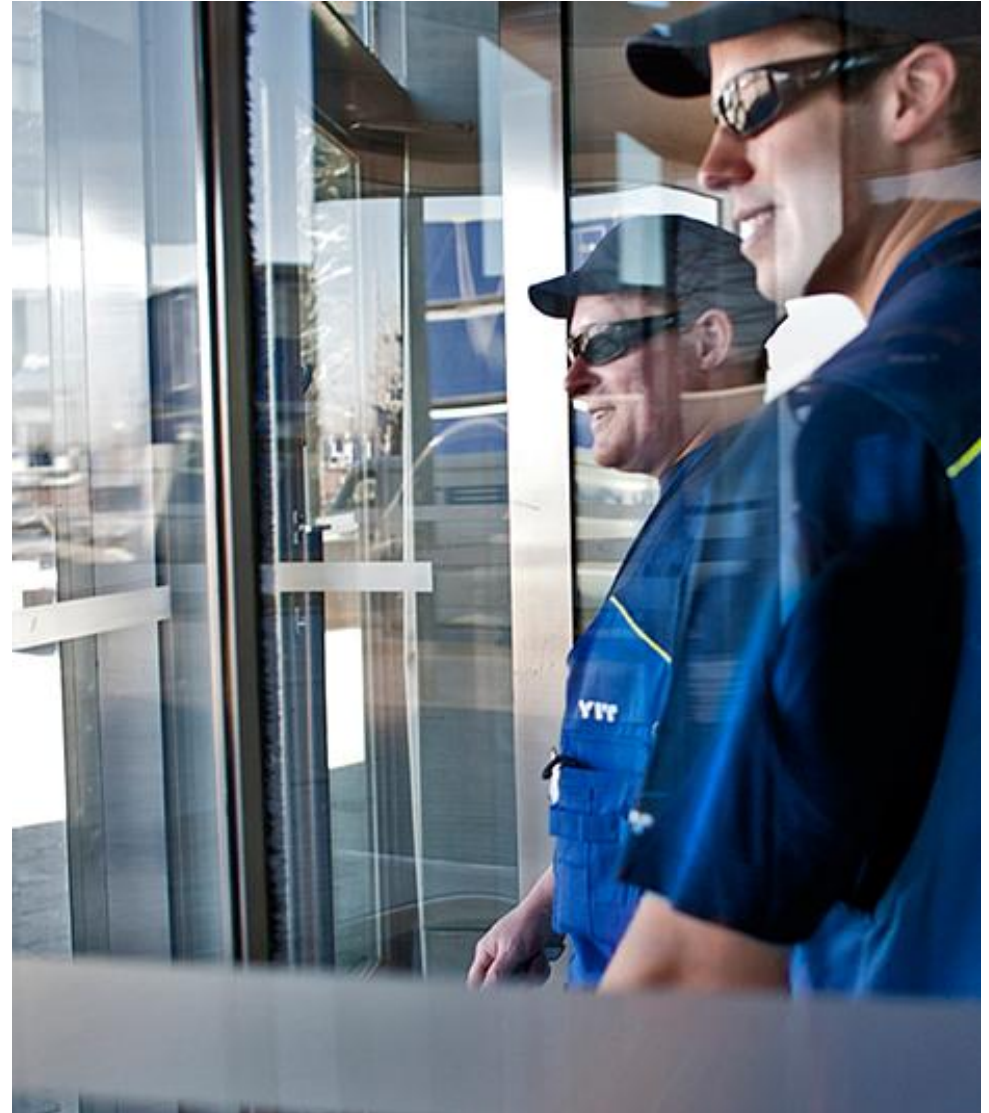
Total savings to building owners are gained through controlling, adjustments and energy investments

- By controlling and adjustments it is possible to gain 3–5% savings in total energy consumption
- In addition, energy investments will provide 5–10% savings annually
- In some specific systems the total saving can be even 20–50%

YIT integrates project execution, traditional building system services and energy monitoring & consumption optimisation to one package to cover the full life cycle of the customer premises.

High customer satisfaction with YIT's ServiFlex

- The customer Malling & Co is a leading provider of services related to commercial real estate
- YIT started providing Malling & Co with a flexible ServiFlex agreement three years ago
 - One discipline for one building
- Now we have increased to 15 buildings and 10 disciplines – and we are in process of increasing this further
 - The value of the contract is approx. EUR 60 thousand annually
- The customer appreciates especially
 - Only one contact person within YIT for all the different disciplines
 - YIT's work is regarded of high quality within tenants
 - YIT arranges regular status meetings with their customers to improve service even further

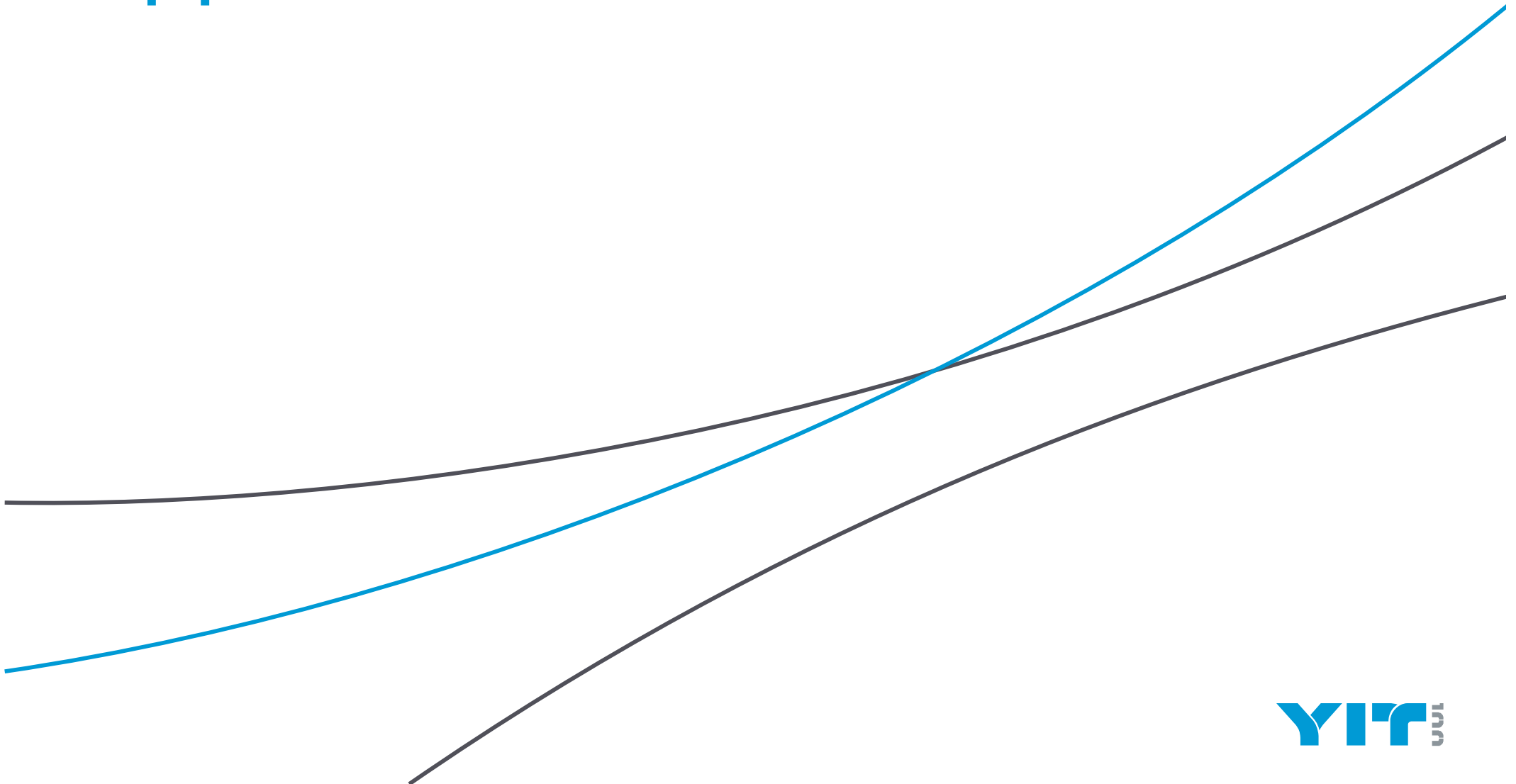


Summary



- Building Services Northern Europe has clear profitability improvement potential:
 - The program will provide EUR 40 million savings from the beginning of 2013
 - With the service efficiency program segment will streamline its service process and organisation to support the cost savings
- The business will be developed towards more profitable business mix: increase the share of services and focus on D&B and TTS projects
- Continuous development of innovative services for the building's life cycle creates value for YIT's customers and owners

Appendices



Balanced offering

Services

Ad-hoc Services

Often based on frame agreements with customers, but sold also separately

Typically hourly-based pricing

Planned Preventive Maintenance

Maintenance frequency is based on existing knowledge and estimates and planned by YIT

Often part of FM contract, fixed price task or time period based pricing

Condition-based Maintenance

The main systems of building monitored with remote connection

Service order created in lowered performance situation, not based on failure or pre-scheduling



Projects

Design & Build Projects

YIT participating to planning process at very early stage – possibility to effect to decisions in final solutions and design.

Long-lasting and demanding process do not attract smaller competitors – provides significantly better margins.

Tender-based Projects

One- or multi-discipline (TTS) projects tendered based on buyer's call for bids. Buyer often provides complete drawings and sometimes even material lists.

Low profit: relatively easy and low-risk also for smaller and one-discipline entrepreneurs

Buyer can split different disciplines and/or materials and labour

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