

## Financial Statements Bulletin 2011



Picture: Prisma supermarket,  
Hyvinkää, Finland

Building Services  
Northern Europe



Picture: Swarovski Crystal World,  
Tyrol, Austria

Building Services  
Central Europe



Picture: Road maintenance,  
Kotka, Finland

Construction Services  
Finland



Picture: New Europe residential area,  
St. Petersburg, Russia

International  
Construction Services

## YIT'S FINANCIAL STATEMENTS BULLETIN FOR 2011:

**High performance in construction services – residential sales improved compared to third quarter****SEGMENT REPORTING 1–12/2011 (1–12/2010): YIT Group's revenue and operating profit increased, order backlog is strong**

- The operating profit of the segments was 5 percent higher than in the previous year, increasing to EUR 240.5 million (1–12/2010: EUR 229.1 million). Operating profit more than doubled as the result of the acquisition completed in Building Services Central Europe at the beginning of September 2010 and successful measures to improve profitability. The operating profit of International Construction Services increased, while in Construction Services Finland the operating profit was on a par with the previous year.
- The revenue of the segments was 18 percent higher than in the previous year, increasing to EUR 4,524.7 million (1–12/2010: EUR 3,847.0 million). Revenue increased across all segments. The growth of revenue was supported by an acquisition in Central Europe completed at the beginning of September 2010, the slight picking up of demand for building system services, picking up of residential sales, especially in Russia, and the revival of the infrastructure business and the business premises market in Finland.
- The order backlog of the segments was 15 percent higher than the year before, amounting to EUR 3,752.7 million (12/2010: EUR 3,250.1 million). The order backlog increased from the end of September 2011 in Building Services Northern Europe, Construction Services Finland and International Construction Services.
- The Group's profit before taxes based on segment reporting was 6 percent higher than the year before, increasing to EUR 215.8 million (1–12/2010: EUR 203.8 million).
- The Group's profit for the period based on segment reporting was 8 percent higher than the year before, increasing to EUR 156.7 million (1–12/2010: EUR 145.5 million).
- The Group's earnings per share for 2011 based on segment reporting increased by 8 percent from the year before, amounting to EUR 1.25 (1–12/2010: EUR 1.16).

**SEGMENT REPORTING 10–12/2011 (10–12/2010): Group's operating profit increased in construction services as a result of good performance**

- The operating profit of the segments was 9 percent higher than in the previous year, amounting to EUR 76.2 million (10–12/2010: EUR 69.7 million).
- The revenue of the segments was 6 percent higher than in the previous year, amounting to EUR 1,264.5 million (10–12/2010: EUR 1,187.6 million).
- The Group's profit before taxes based on segment reporting was 3 percent higher than the year before, increasing to EUR 68.6 million (10–12/2010: EUR 66.5 million).
- The Group's profit for the period based on segment reporting was 10 percent higher than the year before, increasing to EUR 51.8 million (10–12/2010: EUR 47.2 million).
- The Group's earnings per share based on segment reporting increased by 11 percent from the year before, amounting to EUR 0.41 (10–12/2010: EUR 0.37).

**GUIDANCE: Combined revenue of the segments will remain on a par with 2011 and operating profit will increase compared to 2011**

YIT estimates that in 2012, the combined revenue of the business segments will remain at the level of 2011 and that operating profit will increase compared to 2011.

The first quarter is typically the weakest due to the normal seasonal nature of the business, but with the improvement of profitability with the progress of the efficiency improvement programme, the Building Services Northern Europe business segment will support the growth of YIT's operating profit for 2012, especially during the last two quarters of the year.

The high uncertainty of the general macroeconomic development may have a negative effect also on decision-making by YIT's customers and thereby the development and performance of YIT's business operations.

The profit outlook is based on the segment-level reporting, i.e. recognition of income based on the percentage of completion.

### **DIVIDEND PROPOSAL: The Board of Directors proposes dividend increase to EUR 0.70**

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.70 per share be paid, representing 70.5 percent of the Group's net profit for the period.

### **Juhani Pitkääkoski, President and CEO, in conjunction with the review:**

Our aim has been to develop the company to withstand economic fluctuations better and increase the share of service and maintenance operations. As a result of the acquisition completed at the beginning of September 2010, the significance of Building Services Central Europe to the Group has increased clearly. We have succeeded in developing the acquired business operations and improving their profitability: the operating profit of Building Services Central Europe more than doubled in 2011.

During the fourth quarter, profitability improved in both Construction Services Finland and International Construction Services compared to the third quarter. Residential sales in Russia reached an all-time high in YIT's history during the fourth quarter, and they also increased in Finland compared to the third quarter. We are particularly proud of our successes in construction of infrastructure in Finland after a challenging first half of the year and our success in business premises operations.

During 2012, we will focus particularly on improving the profitability of Building Services Northern Europe. The prospects of the housing market are favourable, especially in our most significant countries, Finland and Russia. Our liquidity position is good, and we aim to utilise all market opportunities. The Group's solid order backlog raises visibility to the new year in spite of the macroeconomic uncertainty.

## **KEY FIGURES**

### **Development of the segments (percentage of completion, POC)**

<b>Revenue, EUR million</b>	<b>1-12/11</b>	<b>1-12/10</b>	<b>Change</b>	<b>10-12/11</b>	<b>10-12/10</b>	<b>Change</b>
Building Services Northern Europe	2,097.6	1,803.6	16%	600.1	519.2	16%
Building Services Central Europe	779.3	550.2	42%	200.3	258.7	-23%
Construction Services Finland	1,226.9	1,102.0	11%	335.7	294.2	14%
International Construction Services	489.2	470.6	4%	145.9	139.7	4%
Other items	-68.2	-79.4		-17.5	-24.2	
YIT's segments total	4,524.7	3,847.0	18%	1,264.5	1,187.6	6%

<b>Operating profit, EUR million</b>	<b>1-12/11</b>	<b>1-12/10</b>	<b>Change</b>	<b>10-12/11</b>	<b>10-12/10</b>	<b>Change</b>
Building Services Northern Europe	78.8	88.7	-11%	23.0	23.5	-2%
Building Services Central Europe	33.3	16.4	103%	9.3	8.9	4%
Construction Services Finland	111.6	108.1	3%	32.1	29.4	9%
International Construction Services	37.2	34.7	7%	17.4	13.4	30%
Other items	-20.4	-18.8		-5.6	-5.5	
YIT's segments total	240.5	229.1	5%	76.2	69.7	9%

<b>Operating profit margin, %</b>	<b>1-12/11</b>	<b>1-12/10</b>	<b>10-12/11</b>	<b>10-12/10</b>
Building Services Northern Europe	3.8	4.9	3.8	4.5
Building Services Central Europe	4.3	3.0	4.6	3.4
Construction Services Finland	9.1	9.8	9.6	10.0
International Construction Services	7.6	7.4	11.9	9.6
YIT's segments total	5.3	6.0	6.0	5.9



Order backlog, EUR million	12/11	12/10	Change		12/11	9/11	Change
Building Services Northern Europe	913.1	757.4	21%		913.1	886.1	3%
Building Services Central Europe	449.5	507.0	-11%		449.5	523.9	-14%
Construction Services Finland	1,493.6	1,173.2	27%		1,493.6	1,289.3	16%
International Construction Services	962.5	870.8	11%		962.5	850.1	13%
Other items	-66.0	-58.3			-66.0	-60.3	
YIT's segments total	3,752.7	3,250.1	15%		3,752.7	3,489.0	8%

#### Key ratios of segment reporting (percentage of completion, POC)

	1-12/11	1-12/10	Change		10-12/11	10-12/10	Change
Profit before taxes, EUR million	215.8	203.8	6%		68.6	66.5	3%
Profit for the review period, EUR million	156.7	145.5	8%		51.8	47.2	10%
Earnings per share, EUR	1.25	1.16	8%		0.41	0.37	11%

#### Development of the Group (IFRIC 15)

	1-12/11	1-12/10	Change		10-12/11	10-12/10	Change
Revenue, EUR million	4,382.1	3,787.6	16%		1,190.4	1,338.0	-11%
Operating profit, EUR million	200.0	220.1	-9%		57.5	116.4	-51%
Operating profit margin, %	4.6	5.8			4.8	8.7	
Profit before taxes, EUR million	175.2	194.8	-10%		49.9	113.2	-56%
Profit for the review period, EUR million	124.4	140.6	-11%		34.4	82.6	-58%
Earnings/share, EUR	0.99	1.12	-12%		0.27	0.65	-58%
Operating cash flow after investments, EUR million	-17.3	-61.7			14.1	-5.6	

	12/11	12/10	Change		12/11	9/11	Change
Order backlog, EUR million	4,148.6	3,535.7	17%		4,148.6	3,738.3	11%
Personnel at the end of period	25,996	25,832	1%		25,996	26,502	-2%
Return on investment (last 12 months), %	12.0	14.4			12.0	15.5	
Equity ratio, %	30.2	31.9			30.2	29.2	
Gearing ratio, %	80.4	72.6			80.4	86.8	

#### Annual General Meeting 2012

YIT Corporation's Annual General Meeting will be held on Tuesday, February 13, 2012, starting at 11:00 a.m. (Finnish time, EEST) in Finlandia Hall, Conference Wing, Hall A, located at the address: Mannerheimintie 13, Helsinki (entrance through doors M1 and K1). Full notice of the meeting, including the Board of Directors' proposals to the Annual General Meeting, will be published as a separate stock exchange release on February 2, 2012.

#### Financial information in 2012

The Annual Report, including the financial statements for 2011, will be published on YIT's website in Finnish and English on February 21, 2012. Interim Reports will be published on April 27, July 26 and October 30, 2012.

#### INFORMATION SESSION, WEBCAST AND CONFERENCE CALL

YIT will hold a news conference on the financial statements bulletin on Thursday, February 2, 2012, at 10:00 a.m. (Finnish Time, EEST). The news conference will be held in English. The news conference will be held at YIT's head office at Panuntie 11, 00620 Helsinki, Finland. The event is intended for analysts, portfolio managers and the media.

The news conference and the presentation, given by the company's President and CEO, Juhani Pitkääkoski, can be viewed live on YIT's website at [www.yitgroup.com/webcast](http://www.yitgroup.com/webcast). The live webcast will start

at 10:00 a.m. The webcast replay will be available at the same address starting at approximately 12:00 noon.

It is also possible to participate in the event through a conference call. Participants are requested to call the assigned number (+44 (0)20 7162 0077) at least five minutes before the conference call begins, at 9:55 a.m. (Finnish time, EEST) at the latest.

During the webcast and conference call, questions must be asked in English. After the session, there will also be an opportunity for the media to ask questions in Finnish.

**Schedule in different time zones:**

	<b>Financial Statements Bulletin published</b>	<b>The investor and analyst event, conference call and live webcast</b>	<b>Recorded webcast available</b>
EEST (Helsinki)	8.00	10.00	12.00
CEST (Paris, Stockholm)	7.00	9.00	11.00
BST (London)	6.00	8.00	10.00
US EDT (New York)	1.00	3.00	5.00

Financial reports and other investor information are available at YIT's website, [www.yitgroup.com/investors](http://www.yitgroup.com/investors). The materials may be ordered via the website, by sending an e-mail to [InvestorRelations@yit.fi](mailto:InvestorRelations@yit.fi) or by telephone on +358 20 433 2257.

**YIT Corporation**

Juhani Pitkääkoski  
President and CEO

**For further information, please contact:**

Timo Lehtinen, Chief Financial Officer, YIT Corporation, tel. +358 45 670 0626, [timo.lehtinen@yit.fi](mailto:timo.lehtinen@yit.fi)  
Hanna-Maria Heikkinen, Vice President, Investor Relations, YIT Corporation, tel. +358 40 826 2172, [hanna-maria.heikkinen@yit.fi](mailto:hanna-maria.heikkinen@yit.fi)

Distribution: NASDAQ OMX Helsinki, principal media, [www.yitgroup.com](http://www.yitgroup.com)

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GROUP'S FINANCIAL DEVELOPMENT

Changes in organisational structure and Group management

As a result of the acquisition completed at the beginning of September 2010, the significance of Central Europe to the Group has increased clearly. YIT's business segment structure was revised from March 1, 2011, with Building and Industrial Services being divided into two segments: Building Services Northern Europe and Building Services Central Europe. From March 1, 2011, YIT's four business segments are: Building Services Northern Europe, Building Services Central Europe, Construction Services Finland and International Construction Services. YIT's comparable figures for 2010 according to the new business segment structure were published in a separate stock exchange release on March 24, 2011.

Karl-Walter Schuster (61) was appointed as the head of Building Services Central Europe and as a member of the Group Management Board from March 1, 2011. Previously, he acted as the head of the Central Europe division within the Building and Industrial Services business segment. Matti Malmberg (51) was appointed as the head of Building Services Northern Europe and as a member of the Group Management Board from June 29, 2011. Previously, he acted as the head of building system services in Finland, Russia and the Baltic countries.

Pii Raulo (44), M.Sc. Econ., YIT Corporation's Senior Vice President, Human Resources, was appointed as a member of YIT's Management Board from December 19, 2011. Raulo joined YIT in 2004, and she was appointed as YIT Group's Senior Vice President, Human Resources, from July 1, 2011.

During the second quarter, YIT Corporation's Board of Directors established a new committee with the purpose of assisting the Board in matters related to the development of YIT's business. The members of this Working Committee are the Board of Directors' chairman Henrik Ehrnrooth (chair) and vice chairman Reino Hanhinen, as well as Michael Rosenlew, appointed by the Board of Directors from among its number.

Revenue of the segments increased from the previous year

Revenue, EUR million	1-12/11	1-12/10	Change	10-12/11	10-12/10	Change
Building Services Northern Europe	2,097.6	1,803.6	16%	600.1	519.2	16%
Building Services Central Europe	779.3	550.2	42%	200.3	258.7	-23%
Construction Services Finland	1,226.9	1,102.0	11%	335.7	294.2	14%
International Construction Services	489.2	470.6	4%	145.9	139.7	4%
Other items	-68.2	-79.4		-17.5	-24.2	
YIT's segments total	4,524.7	3,847.0	18%	1,264.5	1,187.6	6%
IFRIC 15 adjustment	-142.6	-59.4		-74.1	150.4	
YIT Group total	4,382.1	3,787.6	16%	1,190.4	1,338.0	-11%

The revenue of YIT's segments increased by 18 percent in January–December compared to the previous year, amounting to EUR 4,524.7 million (1–12/2010: EUR 3,847.0 million). Revenue increased across all segments. The revenue of Building Services Central Europe increased compared to the year before, particularly as the result of the acquisition completed in September 2010. The growth in revenue was also supported by the slight picking up of demand for building system services, picking up of residential sales, especially in Russia, and the revival of the infrastructure business and the business premises market in Finland. Changes in foreign exchange rates increased the segments' revenue for 2011 by EUR 45.4 million compared to the previous year.

Following the IFRIC 15 adjustment, YIT Group's revenue increased by 16 percent from the previous year and was EUR 4,382.1 million for January–December (1–12/2010: EUR 3,787.6 million). The completion schedules of own-based property development projects affect the Group's revenue recognition, and therefore Group-level figures may fluctuate greatly between different quarters. In 2011, the number of residential units completed was slightly lower than the year before. The number of residential units completed in Russia was lower than the year before, while in Finland, the Baltic countries and Central Eastern Europe, more residential units were completed than the year before.

In January–December 2011, Finland accounted for 40 percent (38%) of the Group's revenue, Sweden for 17 percent (15%), Germany for 14 percent (10%), Norway for 12 percent (12%), Russia for 7 percent (14%), Denmark for 4 percent (4%), the Baltic countries for 2 percent (2%) and other countries for 4 percent (5%).

#### Operating profit of the segments increased from the previous year

Operating profit, EUR million	1-12/11	1-12/10	Change	10-12/11	10-12/10	Change
Building Services Northern Europe	78.8	88.7	-11%	23.0	23.5	-2%
Building Services Central Europe	33.3	16.4	103%	9.3	8.9	4%
Construction Services Finland	111.6	108.1	3%	32.1	29.4	9%
International Construction Services	37.2	34.7	7%	17.4	13.4	30%
Other items	-20.4	-18.8		-5.6	-5.5	
YIT's segments total	240.5	229.1	5%	76.2	69.7	9%
IFRIC 15 adjustment	-40.5	-9.0		-18.7	46.7	
YIT Group total	200.0	220.1	-9%	57.5	116.4	-51%

Operating profit margin, %	1-12/11	1-12/10		10-12/11	10-12/10	
Building Services Northern Europe	3.8	4.9		3.8	4.5	
Building Services Central Europe	4.3	3.0		4.6	3.4	
Construction Services Finland	9.1	9.8		9.6	10.0	
International Construction Services	7.6	7.4		11.9	9.6	
YIT's segments total	5.3	6.0		6.0	5.9	
YIT Group total	4.6	5.8		4.8	8.7	

The operating profit of YIT's segments increased by 5 percent compared to the previous year, amounting to EUR 240.5 million in January–December (1–12/2010: EUR 229.1 million). The operating profit margin calculated on the basis of the segment figures was 5.3 percent (1-12/2010: 6.0%). The operating profit of the segments for 2011 includes EUR -9.4 million (1–12/2010: EUR -3.2 million) of borrowing costs according to IAS 23. The IAS 23 standard defines the recording method of borrowing costs in long-term construction projects.

The segments' operating profit for the fourth quarter increased by 9 percent from the previous year to EUR 76.2 million (10–12/2010: EUR 69.7 million). The fourth quarter operating profit margin of Building Services Northern Europe fell short of the previous year due to strict price competition, especially in project operations, and the continued relatively low demand for new building system and industrial investments. The profitability of Building Services Central Europe improved from the previous year as a result of successful measures to improve profitability.

During the fourth quarter, the operating profit of Construction Services Finland was improved by improved residential sales, picking up of the infrastructure business and sale of the Business Park Safiiri property

project. The profitability of International Construction Services was improved by the picking up of residential sales in Russia and increasing housing prices in Russia.

In Group-level reporting, residential development projects are only recognised as income upon project delivery. Following the IFRIC 15 adjustment, the Group's operating profit decreased by 9 percent compared to the previous year, amounting to EUR 200.0 million (1–12/2010: EUR 220.1 million). Following the IFRIC 15 adjustment, the Group's operating profit margin was 4.6 (1–12/2010: 5.8%).

#### Financial expenses remained at the previous year's level

The financial expenses for the review period remained at the previous year's level, amounting to EUR 24.7 million (1–12/2010: EUR 25.3 million).

The profit before taxes based on segment reporting increased by 6 percent on the year before, amounting to EUR 215.8 million for January–December (1–12/2010: EUR 203.8 million).

The profit before taxes based on Group reporting decreased by 10 percent from the previous year to EUR 175.2 million in January–December (1–12/2010: EUR 194.8 million).

Earnings per share for 2011 based on segment reporting increased by 8 percent on the year before, amounting to EUR 1.25 (1–12/2010: EUR 1.16).

Earnings per share for 2011 based on Group reporting decreased by 12 percent to EUR 0.99 (1–12/2010: EUR 1.12).

#### Dividend proposal

YIT's target for dividend payout is 40–60 percent of net profit for the period. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.70 per share be paid, representing 70.5 percent of the Group's net profit for the period.

#### Order backlog remained strong

Order backlog, EUR million	12/11	12/10	Change		12/11	9/11	Change
Building Services Northern Europe	913.1	757.4	21%		913.1	886.1	3%
Building Services Central Europe	449.5	507.0	-11%		449.5	523.9	-14%
Construction Services Finland	1,493.6	1,173.2	27%		1,493.6	1,289.3	16%
International Construction Services	962.5	870.8	11%		962.5	850.1	13%
Other items	-66.0	-58.3			-66.0	-60.3	
YIT's segments total	3,752.7	3,250.1	15%		3,752.7	3,489.0	8%
IFRIC 15 adjustment	395.9	285.6			395.9	249.3	59%
YIT Group total	4,148.6	3,535.7	17%		4,148.6	3,738.3	11%

The order backlog of YIT's segments was EUR 3,752.7 million at the end of December (12/2010: EUR 3,250.1 million); approximately 15 percent more than at the end of December the previous year. The order backlog increased by 8 percent from the end of September 2011, at which time it stood at EUR 3,489.0 million.

The order backlog of Building Services Northern Europe increased on the previous year as the result of a slight revival in the demand for building services. The order backlog of Construction Services increased as a result of residential start-ups. In addition, the order backlog of Construction Services Finland was improved by the two-fold increase in the order backlog of infrastructure construction.

After the IFRIC 15 adjustment, YIT Group's order backlog was EUR 4,148.6 million at the end of December (12/2010: EUR 3,535.7 million).

#### Capital expenditure and acquisitions

Gross capital expenditure on non-current assets included on the balance sheet totalled EUR 48.7 million (1–12/2010: EUR 129.8 million) during January–December, representing 1.1 percent (1–12/2010: 3.4%) of



revenue. Investments in construction equipment amounted to EUR 15.5 million (1–12/2010: EUR 9.1 million) and investments in information technology to EUR 9.5 million (1–12/2010: EUR 9.5 million). Other investments, including acquisitions, amounted to EUR 23.7 million (1–12/2010: EUR 111.2 million).

When assessing acquisitions, YIT's goal is to acquire companies that support YIT's strategy of becoming the leading building system service provider in the Nordic countries and Central Europe. The acquired company's business culture, areas of competence and payback time of the purchase price of the acquired company are key criteria.

During 2011, YIT made a total of eight acquisitions, most of which were in the Building Services Northern Europe business segment. During the financial period, YIT sold its Hungarian business operations whose revenue for 2010 amounted to approximately EUR 10 million.

YIT acquired a 100 percent holding in the building management and property maintenance company OOO Upravljajushjaja Kompanija Olimp in Yekaterinburg, Russia, during the fourth quarter. The company is responsible for maintaining approximately 100,000 square metres of property, and it was consolidated in the Group as of November 1, 2011. In addition, in St Petersburg and the Moscow region, YIT has separate companies that take care of the building management and maintenance of property built by YIT.

Furthermore, YIT agreed on two acquisitions in Austria, during the last quarter, YIT agreed to purchase P&P Kälteanlagenbau GmbH, a cooling solutions and services provider, and WM Haustechnik GmbH, an HVAC solution provider. P&P Kälteanlagenbau GmbH has approximately 50 employees, and its revenue for 2010 was approximately EUR 11 million. The annual revenue of WM Haustechnik GmbH is approximately EUR 1 million. The companies acquired in Austria will be consolidated in the Group as of January 1, 2012.

A more detailed description on the acquisitions made in 2011 can be found in the tables to the financial statements bulletin.

#### **Investments in growth impaired cash flow**

The Group's operating cash flow after investments amounted to EUR -17.3 million in January–December 2011 (1–12/2010: EUR -61.7 million). The Group's operating cash flow after investments amounted to EUR 14.1 million in October–December 2011 (10–12/2010: EUR -5.6 million). Operating cash flow in the fourth quarter was affected particularly by growth in the merchandise inventory of development production in Finland and plot investments.

At the end of December, the Group's invested capital amounted to EUR 1,855.8 million (9/2011: EUR 1,838.2 million). Of the Group's invested capital, 26 percent (9/2011: 25%), or EUR 485.7 million (9/2011: EUR 465.3 million) was invested in Russia. Exchange rate changes for the ruble increased the capital invested in Russia by EUR 17.8 million in October–December.

The Group's capital invested in Russia is primarily accounted for by the International Construction Services segment. The capital invested in Russia remained almost unchanged during the fourth quarter in spite of an increase in residential production. The use of capital has been made more efficient by decreasing the size of projects, selling apartments at an earlier construction phase, improved terms of payment and increasing the share of mortgage deals.

Return on investment amounted to 12.0 percent for the last 12 months (10/2010–9/2011: 15.6%). Invested capital is calculated by deducting non-interest bearing liabilities from the balance sheet total. Only operational items are taken into account in calculating the segments' invested capital. The balance sheet total at the end of December was EUR 3,504.5 million (9/2011: EUR 3,418.6 million).

#### **The Group is also prepared for macroeconomic uncertainty, liquidity position is strong**

YIT has a diverse capital structure and a strong liquidity position. Cash reserves amounted to EUR 206.1 million (9/2011: EUR 224.1 million) at the end of December. In addition, committed credit and overdraft facilities amounting to a total of EUR 355.4 million were unutilised. New committed credit facilities amounting to a total of EUR 130 million were agreed upon in 2011. YIT has a total of EUR 280 million in committed credit facilities, of which EUR 50 million are valid until December 2013, EUR 30 million until

December 2014 and EUR 200 million until December 2015. The committed credit facilities do not include an obligation to maintain financial key ratios, i.e. covenants.

The gearing ratio decreased compared with the end of September 2011, amounting to 80.4 percent at the end of December 2011 (9/2011: 86.8%). The equity ratio increased slightly to 30.2 percent (9/2011: 29.2%). Net financing liabilities decreased from the end of September 2011 to EUR 740.4 million (9/2011: EUR 755.0 million).

Net financial expenses remained at the previous year's level and amounted to EUR 24.8 million in 2011 (1–12/2010: EUR 25.3 million), or 0.6 percent (1–12/2010: 0.7%) of the Group's revenue. The net financial expenses include EUR 12.2 million (1–12/2010: EUR 8.0 million) of capitalisations in compliance with IAS 23. The exchange rate differences included in the net financial expenses, totalling EUR -4.1 million (1–12/2010: EUR -7.3 million), were comprised almost entirely of costs of hedging debt investments in Russia. The hedged ruble exposure has decreased further. At the end of December 2011, EUR 85.7 million (9/2011: EUR 90.7 million) of the capital invested in Russia was comprised of debt investments and EUR 400.0 million (9/2011: EUR 374.6 million) was equity investments or similar fixed net investments. In accordance with YIT's hedging policy, the debt investments are hedged against exchange rate risk, while equity investments are not hedged due to their permanent nature.

Financial liabilities amounted to EUR 946.6 million (9/2011: EUR 979.1 million) at the end of December, and their average interest rate was 3.2 percent (9/2011: 3.3%). Fixed-interest loans accounted for 50 percent (9/2011: 50%) of the Group's financial liabilities. Of the loans, 41 percent (9/2011: 46%) had been raised directly from the capital and money markets, 45 percent from banks and other financial institutions (9/2011: 40%) and 13 percent from insurance companies (9/2011: 13%). The maturity distribution of long-term loans is balanced. A total of EUR 96.2 million of long-term loans will mature in 2012.

During the second quarter of 2011, YIT issued, under the company's programme for issuance of notes, a bond of EUR 100 million targeted at institutional and other selected investors. Due by June 20, 2016, the bond carries an annual fixed coupon rate of 4.750 percent and has an issue price of 99.843 percent. The effective yield of the bond is 4.786 percent.

The total amount of construction-stage contract receivables sold to financial institutions grew compared to the end of September 2011, amounting to EUR 265.6 million at the end of December (9/2010: EUR 208.3 million). Of this amount, EUR 221.8 million (9/2011: EUR 189.9 million) is included in interest-bearing liabilities on the balance sheet and the remainder comprises off-balance sheet items in accordance with IAS 39. Interest expenses on receivables sold to financing companies amounted to EUR 5.1 million (1–12/2010: EUR 2.6 million) in 2011 and these are fully included in the financial expenses of the review period.

Participations in the housing corporation loans of unsold completed residential units amounted to EUR 45.1 million (9/2011: EUR 38.7 million) at the end of December, and they are included in interest-bearing liabilities. The interest on the participations, EUR 3.0 million (1–12/2010: EUR 0.9 million), is included in housing corporation charges and is thus booked in project expenses.

YIT paid out dividends of EUR 81.3 million for 2010 during the second quarter in compliance with the resolution of the Annual General Meeting.

The Group's balanced business structure and solid financial position enable the implementation of YIT's growth strategy and the acquisitions and plot investments required by it. On the other hand, the Group has also prepared for macroeconomic uncertainty by strengthening its liquidity position.

## **STRATEGIC OBJECTIVES**

YIT Corporation's Board of Directors confirmed the Group's strategy for 2012–2014 on September 21, 2011. The key strategic objective is balanced and profitable growth. The Group's other strategic long-term target levels remain unchanged: average annual revenue growth of more than 10 percent, return on investment of 20 percent, operating cash flow after investments sufficient for dividend payout and reduction of debt, equity ratio of 35 percent and dividend payout of 40–60 percent of net profit for the period. When determining the target levels, the assumption was made that economic growth in YIT's market areas will continue.

In terms of business operations, the focus areas of YIT's growth continue to be building systems service and maintenance operations and residential construction. Growth is sought both through acquisitions and organically. Building system services will be increased in the Nordic countries and Central Europe, and residential construction in Finland, Russia, the Baltic countries and Central Eastern Europe. The Group's potential new market areas are Switzerland in building system services and Poland in construction services. Particular focus areas for growth include residential construction in Russia and building system services in Germany.

YIT published a stock exchange release on the confirmation of the strategy and materials for the Capital Market Day focusing on the strategic focus areas on September 22, 2011.

## DEVELOPMENT BY BUSINESS SEGMENT

The development by business segment is presented using figures compliant with segment reporting.

### BUILDING SERVICES NORTHERN EUROPE

#### Key figures

	1-12/11	1-12/10	Change		10-12/11	10-12/10	Change
Revenue, EUR million	2,097.6	1,803.6	16%		600.1	519.2	16%
Operating profit, EUR million	78.8	88.7	-11%		23.0	23.5	-2%
Operating profit margin, %	3.8	4.9	-24%		3.8	4.5	-15%
Return on operative invested capital (last 12 months), %	23.8	35.9			-	-	

	12/11	12/10	Change		12/11	9/11	Change
Operative invested capital, EUR million	372.9	289.2	29%		-	-	
Order backlog, EUR million	913.1	757.4	21%		913.1	886.1	3%

Revenue, EUR million	1-12/11	1-12/10	Change		10-12/11	10-12/10	Change
Finland	637.2	571.8	11%		173.1	153.3	13%
Sweden	706.5	566.4	25%		213.9	174.0	23%
Norway	528.6	480.8	10%		150.7	137.6	10%
Denmark	170.6	141.3	21%		47.7	41.3	15%
Russia and the Baltic countries	54.7	43.3	26%		14.7	12.9	14%
Total	2,097.6	1,803.6	16%		600.1	519.2	16%

The revenue of Building Services Northern Europe increased by 16 percent in January–December compared to the previous year, amounting to EUR 2,097.6 million (1–12/2010: EUR 1,803.6 million). Revenue for the fourth quarter increased by 16 percent to EUR 600.1 million (10–12/2010: EUR 519.2 million). Changes in foreign exchange rates increased the revenue for January–December by EUR 51.7 million compared to the previous year. The increase in revenue was widespread: revenue increased in all countries.

The segment's operating profit fell short of the previous year. This was due to strict price competition, especially in project operations, and the demand for new building system and industrial investments remained relatively low. The segment's profitability turned to a slight increase during the second half of the year, thanks to efficiency improvement measures, but was still lower than YIT's objectives. Profitability improved during the fourth quarter in Denmark in particular as operations have become more efficient, but the profitability of industrial services still remained very weak.

The restructuring of operations underway in all countries where Building Services Northern Europe operates proceeded according to plans during the review period. During the review period, decisions were made on the reduction of a total of approximately 800 employees as the result of the restructuring efforts. The efforts are estimated to result in annual savings of approximately EUR 40 million from 2013 onwards. Of the personnel reduction in industrial services, 270 were made during the second half of the year. The

aim is to improve the segment's profitability also through rearrangements of the branch office network, more selective project acquisition and making procurement more efficient. In addition, material logistics, invoicing process and servicing capacity planning will be made more efficient, the service culture will be strengthened and the organisation structure will be adjusted to make servicing activity more efficient.

The order backlog at the end of December increased by 21 percent on the previous year, amounting to EUR 913.1 million (12/2010: EUR 757.4 million). Large, long-term energy-saving projects in particular increased their share of the order backlog during the fourth quarter.

### **Service and maintenance revenue continued to increase during the fourth quarter**

YIT aims to be the leading provider of energy-efficient technical systems, solutions and life-cycle services in the Nordic countries and in Central Europe. The target is to increase service and maintenance operations at a faster rate than other operations. Service and maintenance operations generated EUR 1,319.3 million (1–12/2010: EUR 1,228.9 million), or 63 percent (1–12/2010: 68 %) of the segment's total revenue. Service and maintenance operations generated EUR 396.5 million (10–12/2010: EUR 352.5 million), or approximately 66 percent of the segment's revenue for the fourth quarter (1–12/2010: 68%).

YIT has improved the offering of service and maintenance operations by developing a ServiFlex concept where customers can agree on extensive service entities in a single contract. The iServiflex service was launched in industrial services during the first quarter of 2011. In 2012, the service will be complemented with the eServiFlex service with which YIT will deliver energy-saving services to the customer's existing buildings.

### **New investments still relatively low**

New investments in building systems recovered slightly during the review period, but still remained at a relatively low level. Also, demand among industrial customers focused on service and maintenance.

In Denmark, YIT launched a significant energy-saving project in Helsingør, north of Copenhagen, during the fourth quarter. The project covers 90 buildings with a total floor area of approximately 164,000 square meters. The value of the agreement for the first phase of the project is approximately EUR 2.8 million, and it covers the energy renovation of seven buildings.

YIT and Torsby municipality expanded their energy efficiency agreement, the most extensive in Sweden, during the fourth quarter. Torsby municipality is investing over EUR 8 million in its properties to increase their cost-efficiency and environmental friendliness. During the fourth quarter, YIT and Kalmar municipality in Sweden signed an agreement in order to improve the energy efficiency of the municipality's properties by 20 percent by 2013. The agreement provides more than 20 full-time positions over two years.

In Norway, YIT entered into a framework agreement with the Norwegian Armed Forces during the fourth quarter. In accordance with the agreement, YIT will deliver electronic safety equipment, such as monitoring and access control equipment to the Armed Forces' properties in Norway. As a result of the agreement, YIT has a total of six service agreements with the Norwegian Armed Forces. Furthermore, YIT will provide the electrical and demolition work for the new Deloitte premises in Bjørnvika, Norway.



## BUILDING SERVICES CENTRAL EUROPE

### Key figures

	1-12/11	1-12/10	Change		10-12/11	10-12/10	Change
Revenue, EUR million	779.3	550.2	42%		200.3	258.7	-23%
Operating profit, EUR million	33.3	16.4	103%		9.3	8.9	4%
Operating profit margin, %	4.3	3.0			4.6	3.4	
Return on operative invested capital (last 12 months), %	53.8	46.4			-	-	

	12/11	12/10	Change		12/11	9/11	Change
Operative invested capital, EUR million	72.0	51.6	42%		-	-	
Order backlog, EUR million	449.5	507.0	-11%		449.5	523.9	-14%

Revenue, EUR million	1-12/11	1-12/10	Change		10-12/11	10-12/10	Change
Germany	633.2	408.2	55%		162.8	205.4	10%
Austria	107.0	100.1	7%		31.4	28.7	13%
Poland, the Czech Republic, Hungary and other countries *)	39.1	41.9	-7%		6.1	24.6	-57%
Total	779.3	550.2	42%		200.3	258.7	5%

\*) YIT divested its Hungarian operations during the second quarter of 2011.

Building Services Central Europe's revenue increased significantly in January–December compared to the previous year, mainly as the result of an acquisition that took effect at the beginning of September 2010. Revenue for the fourth quarter decreased by 23 percent to EUR 200.3 million (10–12/2010: EUR 258.7 million). The factors contributing to the decrease in revenue and order backlog included the postponement of the customers' investment decisions in a few large-scale projects in Germany, the low level of activity in Central Europe due to market uncertainty and the discontinuation of international projects.

The revenue for January–December increased by 103 percent compared to the year before, with the German operations improving their performance in particular. Operating profit for 2011 was EUR 33.3 million (1–12/2010: EUR 16.4 million). In spite of the decrease in revenue, operating profit for the fourth quarter remained on a par with the corresponding period the previous year, amounting to EUR 9.3 million (10–12/2010: EUR 8.9 million).

The order backlog at the end of December decreased by 11 percent from the previous year, amounting to EUR 449.5 million (12/2010: EUR 507.0 million).

### Acquisition that took effect in September 2010 increased business volume in Central Europe

YIT aims to offer building system services, especially those requiring technical expertise, close to its customers. The goal is to reinforce the local market position organically and through acquisitions.

An acquisition whereby YIT acquired a company offering technical building system services in Central Europe was completed at the beginning of September 2010. The profitability of the acquired company was below YIT's average profitability, and YIT aims to improve the operating profit margin of the acquired operations by one percentage point per year. The development of the acquired business has proceeded as planned.

### Service and maintenance revenue grew

Service and maintenance operations generated EUR 191.7 million (1–12/2010: EUR 126.1 million), or 25 percent (1–12/2010: 23%) of the segment's total revenue. Service and maintenance operations generated EUR 52.2 million (10–12/2010: EUR 52.0 million), or approximately 26 percent of the segment's revenue for the fourth quarter (1–12/2010: 20%).

During 2011, the share of service and maintenance was significantly lower in Building Services Central Europe (25%) than in Building Services Northern Europe (63%), and therefore the opportunities for increasing it in Building Services Central Europe are good.

YIT concluded several long-term maintenance agreements, agreement expansions and extensions during the fourth quarter. In Germany, YIT signed agreements on the maintenance of the ADAC centre in Munich and the head offices of the insurance companies Barmenia and DEVK Versicherungen. YIT's agreements on the maintenance of O2's head office, the m.pire office complex, the technical university in Garching and the Jenoptik buildings were extended during the fourth quarter.

In Poland, YIT is responsible for the maintenance of two Decathlon sports shops, the Goodman and Pannatton logistics centres and the parking facilities of the City of Warsaw in accordance with agreements signed during the fourth quarter. In Austria, the fourth quarter saw YIT enter into service and maintenance agreements with Wiener Linien, Coca Cola and General Motors, among others.

YIT's ServiFlex concept is in use in all countries where Building Services Central Europe operates. Several service and maintenance agreements pursuant to the concept were concluded during the fourth quarter, particularly in Austria, in addition to which also old agreements were converted to the ServiFlex model.

### Delays in customers' decision-making towards the end of the year

Demand for new building system investments remained at a relatively favourable level in Germany and Austria during the fourth quarter, while price pressure increased. In Poland, infrastructure investments in particular remained at a favourable level, while in the Czech Republic the volume of new investments was low during the review period.

During the fourth quarter, YIT concluded several agreements that require state-of-the-art technology. In Germany, YIT will deliver the building system services to the new BioCube R&D centre, Jenoptik's production plant and Robert-Koch institute as well as automation and air conditioning work to the department of molecular biology at the University of Tübingen. YIT will also deliver the heating, cooling and sprinkler work to the Berlin state opera, originally built in 1743, and the national library in Berlin. Furthermore, in accordance with an agreement signed during the fourth quarter, YIT will deliver the cooling and heating solutions for the Vodafone campus, covering approximately 110,000 square metres.

In Austria, YIT will implement the large-scale renovation of the Vienna sickness insurance company, converting the facilities to comply with high hygiene and energy efficiency requirements.

In Poland, YIT concluded an agreement on the delivery of the modernisation work of the Krakow hospital and the building system services of a logistics centre in Myslowice.

## CONSTRUCTION SERVICES FINLAND

### Key figures

	1-12/11	1-12/10	Change		10-12/11	10-12/10	Change
Revenue, EUR million	1,226.9	1,102.0	11%		335.7	294.2	14%
Operating profit, EUR million	111.6	108.1	3%		32.1	29.4	9%
Operating profit margin, %	9.1	9.8			9.6	10.0	
Return on operative invested capital (last 12 months), %	24.0	28.1			-	-	

	12/11	12/10	Change		12/11	9/11	Change
Operative invested capital, EUR million	558.4	419.3	33%		-	-	
- of which plot reserves, MEUR	294.6	285.7	4%		-	-	
Order backlog, EUR million	1,493.6	1,173.2	27%		1,493.6	1,289.3	16%

Revenue increased in January–December by 11 percent from the previous year as the volume of residential and business premises construction was at a good level. The revenue for the fourth quarter increased by 14 percent from the previous year to EUR 335.7 million (10–12/2010: EUR 294.2 million).

The volume of infrastructure services was good in the fourth quarter, and YIT agreed on several significant orders.

The operating profit for 2011 increased slightly on the previous year. The operating profit of the segment for 2011 includes EUR -5.7 million (1–12/2010: EUR -2.5 million) of borrowing costs according to IAS 23. The operating profit margin for 2011 decreased slightly on the previous year. The operating profit for the fourth quarter increased by 9 percent from the previous year to EUR 32.1 million (10–12/2010: EUR 29.4 million). The operating profit for the fourth quarter includes EUR -1.7 million (10–12/2010: EUR -0.9 million) of borrowing costs according to IAS 23. During the fourth quarter, the operating profit was improved by improved residential sales, picking up of the infrastructure business and sale of the Business Park Safiiri property project.

The order backlog amounted to EUR 1,493.6 million at the end of December (12/2010: 1,173.2). The order backlog increased by 27 percent from the previous year, especially due to residential start-ups and the two-fold increase in the order backlog of infrastructure construction. Compared to the end of September 2011, the order backlog increased by 16 percent (9/2011: EUR 1,289.3 million).

The segment's capital tied to plot reserves totalled EUR 294.6 million (12/2010: EUR 285.7 million) at the end of December. The plot reserves included 1,624,000 (12/2010: 1,639,000) m<sup>2</sup> of floor area of residential plots and 721,000 (12/2010: 857,000) m<sup>2</sup> of floor area of plots for business premises.

### **Residential sales to consumers on a par with previous year, increase in sales to investors**

YIT's goal is to strengthen its position as the largest housing developer in Finland. Residential sales picked up and reached a moderate level in the fourth quarter. During 2011, YIT sold a total of 1,893 residential units (1–12/2010: 1,890) directly to consumers, of which 449 were sold in the fourth quarter (10–12/2010: 478). Residential prices remained stable during the fourth quarter. Residential sales continued at a good level in January.

The focus of YIT's housing construction is on residential development projects aimed directly at consumers in accordance with market demand. In 2011, YIT started the construction of a total of 2,349 (1–12/2010: 2,550) residential units aimed directly at consumers. Of the start-ups, 508 took place in October–December (10-12 /2010: 547). During the fourth quarter, YIT started up the construction of approximately 500 investor residential units as well. YIT has actively replenished its plot reserves by acquiring plots and making preliminary agreements on plots in order to ensure good opportunities for residential start-ups also in the future.

The merchandise inventory has been strengthened further through new residential start-ups: at the end of December, YIT had 2,180 (12/2010: 1,724) residential units for sale to consumers. The number of completed, unsold residential units has remained at a relatively low level, amounting to 283 (12/2010: 112) at the end of December. Of the residential units under construction, 54 percent (12/2010: 65%) have been sold, which decreases YIT's sales risk. The merchandise inventory is focused on medium-priced residential production: approximately 77 percent of the residential units for sale are priced at less than EUR 300,000.

YIT is well prepared to adjust its residential production according to the market situation. The costs of completing the current residential and business premises development projects for sale amounted to EUR 346.4 million at the end of December 2011.

## Residential construction in Finland, number of residential units

	1-12/11	1-12/10	Change	10-12/11	7-9/11	4-6/11	1-3/11
Sold	2,765	2,432	14%	962	456	755	592
- of which directly to consumers	1,893	1,890	0%	449	396	513	535
Start-ups	3,221	3,092	4%	1,021	621	917	662
- of which directly to consumers	2,349	2,550	-8%	508	561	675	605
Completed	3,674	2,249	63%	543	869	1,344	918
- of which directly to consumers	2,477	857	189%	543	580	791	563
Under construction at the end of the period	4,105	4,559	-10%	4,105	3,627	3,875	4,302
- of which sold at the end of the period	2,208	2,947	-25%	2,208	1,743	2,127	2,660
For sale at the end of the period	2,180	1,724	26%	2,180	2,121	1,956	1,794
- of which completed	283	112	153%	283	237	208	152

Changes in the number of residential units may take place after the start of construction due to the division or combination of residences.

### Positive development of the business and office premises market continued

The positive development of the business and office premises market continued also during the fourth quarter, and the order backlog of YIT's business and office premises operations remained at a favourable level. The leasing of business and office premises under construction proceeded moderately during the fourth quarter: lease agreements were signed on approximately 16,600 m<sup>2</sup> of premises. Business premises rents and investors' yield requirements remained unchanged in the fourth quarter. Interest in Finland among international property investors increased from the previous year.

During the fourth quarter, YIT sold the Business Park Safiiri, located in Matinkylä, Espoo, to a German fund. When finished, the size of the entire Business Park Safiiri will be approximately 14,000 m<sup>2</sup>, and the value of the agreement was approximately EUR 50 million. Outotec will lease approximately 75 percent of the facilities. In addition, Hospital district of Helsinki and Uusimaa and smaller-scale tenants will be located at Safiiri. The construction of Safiiri was started in October 2010, and will be completed in two parts. The first phase covers approximately 8,800 m<sup>2</sup> and is estimated to be completed during spring 2012. The second phase of approximately 5,300 m<sup>2</sup> will be started in March 2012 and is estimated to be completed during spring 2013.

### Infrastructure construction picked up

Demand for infrastructure construction picked up towards the end of 2011, but competition in the field continued to be tight. Investments have decreased in the municipal sector and decision-making has been postponed.

The order backlog of YIT's infrastructure services consolidated due to projects secured during the fourth quarter. Tieyhtiö Valtatie 7 Oy, a project company with YIT, Destia, Meridiam Infrastructure Projects S.á.r.l and Ilmarinen Mutual Pension Insurance Company as the shareholders, entered into a service agreement with the Finnish Transport Agency (FTA) on the implementation of the E18 Koskenkylä–Kotka motorway. Construction work on the road has begun, and it is estimated to be completed in 2015. The total value of the agreement is approximately EUR 623 million. YIT is jointly responsible for the construction and maintenance of the motorway with Destia. The project will have an effect of approximately EUR 190 million on YIT's order backlog, and it will have a significant impact on employment for YIT in the next few years.

In addition, the Haminan Kehä consortium, founded by YIT and Kesälahden Maansiirto Oy, signed a contract with the Finnish Transport Agency to implement the first construction phase of the E18 Hamina Bypass Road (Vt7) in the fourth quarter. The value of the contract is about EUR 120 million, and YIT's share of this is approximately EUR 60 million. Construction of the road section was begun in December 2011, and it is scheduled for completion by 2015.



## INTERNATIONAL CONSTRUCTION SERVICES

### Key figures

	1-12/11	1-12/10	Change		10-12/11	10-12/10	Change
Revenue, EUR million	489.2	470.6	4%		145.9	139.7	4%
Operating profit, EUR million	37.2	34.7	7%		17.4	13.4	30%
Operating profit margin, %	7.6	7.4			11.9	9.6	
Return on operative invested capital (last 12 months), %	6.5	5.3			-	-	

	12/11	12/10	Change		12/11	9/11	Change
Operative invested capital, EUR million	602.2	661.0	-9%		-	-	
- of which plot reserves, MEUR	349.2	303.6	15%		-	-	
Order backlog, EUR million	962.5	870.8	11%		962.5	850.1	13%

In International Construction Services, residential demand remained at a good level in the review period, and residential sales in Russia increased to a record-high level in the fourth quarter. Revenue for 2011 increased by 4 percent to EUR 489.2 million (1–12/2010: EUR 470.6 million). Revenue for the fourth quarter increased by 4 percent from the previous year to EUR 145.9 million (10–12/2010: EUR 139.7 million).

The operating profit for 2011 increased by 7 percent from the previous year to EUR 37.2 million (1–12/2010: EUR 34.7 million). The operating profit of the segment includes EUR -3.7 million (1–12/2010: EUR -0.7 million) of borrowing costs according to IAS 23. The sale of projects at an even earlier stage of construction than before had an effect on the recognition of revenue and operating profit: only a limited amount of revenue is recognised at the time of the sale for projects that are sold in their early stage of construction. In addition, the segment's profitability for 2011 was impaired by the costs of rectifying the ammonia issue in residential units constructed by YIT in St. Petersburg. The company made a cost provision of EUR 10 million in the third quarter to cover these costs.

The operating profit for the fourth quarter increased by 30 percent from the previous year to EUR 17.4 million (10–12/2010: EUR 13.4 million). The operating profit for the fourth quarter includes EUR -1.5 million (10–12/2010: EUR -0.5 million) of borrowing costs according to IAS 23. The operating profit was improved by the picking up of residential sales and the increase in housing prices in Russia.

Owing to residential start-ups in the fourth quarter, the order backlog at the end of December increased by 11 percent from the previous year and 13 percent from the end of September 2011. The segment's order backlog was decreased by the weakening of the ruble, which had an impact of EUR -22.5 million in January–December. The order backlog includes two housing projects whose construction was halted in Russia in October 2008 due to market uncertainties. At the end of December 2011, the value of projects that were still suspended amounted to EUR 86.5 million (12/2010: EUR 137.1 million). Restarting the suspended projects will not increase the order backlog.

The costs of completing the current residential and business premises development projects for sale amounted to EUR 350.0 million at the end of December 2011.

The segment's capital tied into plot reserves totalled EUR 349.2 million (12/2010: EUR 303.6 million) at the end of December. The plot reserves included 2,625,000 (12/2010: 2,498,000) m<sup>2</sup> of floor area of residential plots and 695,000 (12/2010: 712,000) m<sup>2</sup> of floor area of plots for business premises in Russia, the Baltic countries, the Czech Republic and Slovakia.

### Strong residential sales volume continued in Russia

Russia generated 80 percent (1–12 /2010: 83%) of the revenue of International Construction Services for January–December. Revenue generated in Russia remained on a par with the previous year, amounting to EUR 393.2 million (1–12/2010 EUR 390.2 million).

The capital tied into plot reserves in Russia totalled EUR 269.3 million (12/2010: EUR 223.6 million) at the end of December. The plot reserves included 2,293,000 (12/2010: 2,124,000) m<sup>2</sup> of floor area of residential plots and 552,000 (12/2010: 563,000) m<sup>2</sup> of floor area of plots for business premises.

### Residential construction in Russia, number of residential units

	1-12/11	1-12/10	Change		10-12/11	7-9/11	4-6/11	1-3/11
Sold	3 561	3,073	16%		1,147	957	782	675
Start-ups	4,492	3,683	22%		1,587	665	1,089	1,151
Completed 1)	1,576	3,426	-54%		694	539	238	105
Under construction at the end of the period 2)	7,365	4,457	65%		7,365	6,472	6,346	5,495
- of which sold at the end of the period	2,632	1,051	150%		2,632	2,164	1,762	1,375
For sale at the end of the period	5,142	4,211	22%		5,142	4,702	4,993	4,687
- of which completed	409	805	-49%		409	394	409	567

Under construction at the end of the period 2)	1-12/11	1-12/10	Change		10-12/11	7-9/11	4-6/11	1-3/11
St. Petersburg	2,396	1,615	48%		2,396	1,988	1,801	1,935
Moscow region	3,142	2,366	33%		3,142	3,141	3,570	2,646
Yekaterinburg, Kazan, Rostov-on-Don and Moscow	1,827	476	284%		1,827	1,343	975	914

1) Completion of the projects requires commissioning by the authorities.

2) At the end of December 2011, YIT had 365 (12/2010: 685) residential units at Russian sites whose construction was suspended in the autumn of 2008. These residential units are not included in the figure for residential units under construction shown in the table. Changes in the number of residential units may take place after the start of construction due to the division or combination of residences.

In Russia, the focus of operations is on residential development projects in St Petersburg, Moscow and cities in the Moscow region, Yekaterinburg, Rostov-on-Don and Kazan. During the fourth quarter, YIT made plot investments in the Moscow region, Yekaterinburg and Rostov-on-Don and expanded its operations to Egorevsk, Bronnitsy and Lytkarino in the Moscow region.

During 2011, YIT sold a total of 3,561 residential units (1–12/2010: 3,073) in Russia, of which 1,147 were sold in the fourth quarter (10–12/2010: 857). Residential sales focused increasingly on projects at an early stage of construction in Russia during the review period, meaning that at the time of the sale only a smaller amount of revenue is recognised for the sold residential units. Residential sales continued to be at the normal level in Russia in January. Typically, the segment's first quarter is the softest in the year due to the Russian holiday season at the beginning of the year.

Residential sales have been supported by YIT's established position as a reliable construction company in Russia, YIT's diverse housing offering, YIT's own marketing and promotion measures and extensive housing loan cooperation with banks. The significance of loan financing has increased in Russia and, in the fourth quarter, the customer has taken out a housing loan in 46 percent of YIT's residential sales. Residential sales were also supported by the piling up of the demand for new housing, continued favourable consumer confidence and oil price and moderate interest rates of mortgages.

Housing prices increased at a moderate rate during the review period in Russia, and YIT increased the prices of its residential units slightly throughout Russia.

As a result of the favourable demand, YIT has actively started up new residential projects in Russia, and in 2011 YIT started up the construction of a total of 4,492 residential units (1–12/2010: 3,683). Of the start-ups, 1,587 took place in the fourth quarter (10–12/2010: 1,140). Start-ups took place in St. Petersburg, the Moscow region, Rostov-on-Don and Yekaterinburg.

The number of residential units for sale was carefully increased during the year, and the geographically balanced merchandise inventory amounted to 5,142 at the end of December (12/2010: 4,211). The number

of completed, unsold residential units decreased from the previous year, amounting to 409 at the end of December (12/2010: 805). Of the residential units under construction, 36 percent had been sold (12/2010: 24%).

A total of 1,576 residential units (1–12/2010: 3,426) were completed in Russia during 2011. After the handover of residential projects, YIT offers its customers service and maintenance. At the end of 2011, YIT was responsible for the service and maintenance of approximately 10,200 residential units.

YIT won several housing quality awards in Russia in the autumn 2011. YIT's Prozorovskoye – Golitsino cottage village won the "New format" category in the national RREF AWARDS 2011 competition. YIT's Trinity housing estate won "the best residential project" series in the "Quality Leader in Construction 2011" competition in St. Petersburg. In addition, Toreza 44, a residential estate built by YIT in St. Petersburg, was ranked among the nine best projects that will be nominated for the international FIABCI Prix d'excellence awards in May 2012. YIT's subsidiary YIT Moskovia won the High Reliability category of the Company of the Year 2011 awards in Russia in the fourth quarter. As its name suggests, YIT Moskovia operates in the Moscow region.

### Volume of business premises construction continues to be low in Russia

YIT's volume in the Russian business premises market was at a low level during the review period. Marketing of the Gorelovo industrial park close to St. Petersburg was continued also in the fourth quarter. The competitive advantages of the area are its good location and completed infrastructure connections, and customers' interest in the area continued.

### Revival of the residential market is slower in the Baltic countries and Central Eastern Europe

YIT's aim is to increase its residential production in the Baltic and Central Eastern European countries according to the market situation. YIT's residential production volume increased in these countries during 2011. Estonia, Latvia, Lithuania, the Czech Republic and Slovakia accounted for 20 percent (1–12/2010: 11%) of the revenue of International Construction Services for January–December. Revenue generated in these countries increased by 64 percent compared to the year before to EUR 96.0 million (1-12/2010: EUR 58.6 million). The capital tied to plot reserves in the Baltic countries, the Czech Republic and Slovakia totalled EUR 79.8 million (12/2010: EUR 80.0 million) at the end of December. The plot reserves included 332,000 (12/2010: 374,000) m<sup>2</sup> of floor area of residential plots and 143,000 (12/2010: 149,000) m<sup>2</sup> of floor area of plots for business premises.

The weaker profitability of competitive tendering compared to residential development projects and its continued high share of the revenue in the Baltic countries continued to impair the segment's profitability in the fourth quarter. YIT aims to shift the focus of its operations further from contract production to residential development projects with new residential start-ups.

### Residential construction in the Baltic countries and Central Eastern Europe, number of residential units

	1-12/11	1-12/10	Change		10-12/11	7-9/11	4-6/11	1-3/11
Sold	364	73	399%		97	111	99	57
Start-ups	526	482	9%		58	152	181	135
Completed	288	106	172%		147	60	0	81
Under construction at the end of the period	614	376	63%		614	698	611	430
- of which sold at the end of the period	171	43	298%		171	183	108	47
For sale at the end of the period	611	449	36%		611	645	609	527
- of which completed	168	116	45%		168	130	106	144

The construction of 526 (1–12/2010: 482) residential units was started in Estonia, Latvia, Lithuania, the Czech Republic and Slovakia during 2011. YIT started the construction of a total of 58 residential units in Lithuania and the Czech Republic during the fourth quarter (10–12/2010: 153). At the end of December,

there were 614 (12/2010: 376) residential units under construction. During the review period, housing prices increased slightly in the Baltic countries and remained stable in the Czech Republic and Slovakia.

YIT's residential sales inventory has grown in the Baltic countries, the Czech Republic and Slovakia, and YIT aims to increase the number of residential units for sale in accordance with demand. In January–December, a total of 364 (1–12/2010: 73) residential units were sold in these countries, of which 97 were sold in October–December (10–12 /2010: 40). At the end of December, there were 611 (12/2010: 449) residential units for sale, 168 of these (12/2010: 116) were completed. The number of residential units completed during 2011 was 288 (1–12/2010: 106).

## ENVIRONMENT AND ENERGY

Material and energy usage, waste management and emissions from service vehicles and transportation are significant environmental issues in YIT's operations. YIT aims to continuously reduce the environmental impacts of operations and improve energy efficiency. All waste generated is managed appropriately, and the aim is to minimise material wastage. The realisation of these objectives is taken into account in production chain supervision and the training of subcontractors. The prevention of environmental damage is part of the quality and safety work. In 2011, ISO 14001-certified business operations covered 47 percent of the Group's revenue (2010: 42%). The certificate helps in developing environmental management and improving the level of environmental protection within the company.

The most significant environmental business services offered to customers include energy-efficient homes, business and commercial premises as well as services to boost energy efficiency in buildings and industry. In addition, YIT offers solutions for area- or building-specific energy production and area-specific waste collection. YIT also participates in the construction of energy production plants. In 2011, YIT created a three-part action programme aimed at maintaining its position as a leader in constructing and maintaining sustainable living and working environments. YIT also established a new business unit, focusing on the development of infrastructure services related to wind power. During 2011, YIT implemented several energy-efficiency projects extensively in the countries where it operates for private as well as public sector customers.

In addition to the development of its in-house products and services, YIT is active in networks related to environmentally friendly construction. The global World Green Building Council is comprised of country-specific local networks in which YIT is a member in Finland, Sweden, Norway, Germany and Russia. The networks bring together parties involved in sustainable construction activity, offer tools and arrange training in the subject matter. As a pioneer in the field, YIT participates in various research programmes to develop environmental aspects in construction in several countries. Furthermore, YIT has an in-house research and development centre in Aachen, Germany, developing, among other things, new solutions to promote the energy-efficiency of business premises.

## PERSONNEL

In 2011, the Group employed 26,254 (1–12/2010: 24,317) people on average. At the end of the year, the Group employed 25,996 (12/2010: 25,832) people. YIT employed approximately 1,200 summer employees during the summer of 2011. At the end of 2011, 88 percent (2010: 88%) of the Group's personnel were male and 12 percent (2010: 12%) female. The personnel expenses for 2011 amounted to a total of EUR 1,357.2 million (1–12/2010: EUR 1,175.0 million).

The cost effect of YIT's share-based incentive scheme was about EUR 3.4 million in January–December (1–12/2010: EUR 3.9 million).

Personnel by business segment	12/11	12/10	Change		12/11	9/11	Change
Building Services Northern Europe	15,900	15,844	0%		15,900	16,273	-2%
Building Services Central Europe	3,506	3,767	-7%		3,506	3,569	-2%
Construction Services Finland	3,429	3,209	7%		3,429	3,416	0%
International Construction Services	2,753	2,656	4%		2,753	2,837	-3%
Corporate Services	408	356	15%		408	407	0%
YIT Group total	25,996	25,832	1%		25,996	26,502	-2%



Personnel by country	12/11	12/10	Change		12/11	9/11	Change
Finland	9,165	9,209	0%		9,165	9,377	-2%
Sweden	4,770	4,429	8%		4,770	4,790	0%
Norway	3,602	3,505	3%		3,602	3,623	-1%
Germany	2,627	2,816	-7%		2,627	2,677	-2%
Russia	2,498	2,390	5%		2,498	2,516	-1%
Denmark	1,218	1,386	-12%		1,218	1,370	-11%
Baltic countries	1,067	983	9%		1,067	1,092	-2%
Other countries (Central Europe excluding Germany)	1,049	1,114	-6%		1,049	1,057	-1%
YIT Group total	25,996	25,832	1%		25,996	26,502	-2%

YIT wants to take care of its personnel and be a desired employer in the future as well. The most important targets for development with regard to its personnel have been YIT's culture, competence management and administration, supervisor training, the well-being of employees and induction of new employees in the field. YIT's culture means, above all, everyday operations guided by the Group's strong values and ethical guidelines. All of these are promoted across different functions and countries in accordance with each unit's needs and development phases.

Occupational safety was a key focus area for YIT in 2011. Efforts to improve occupational safety have included harmonised guidelines, additional training and focus on preventive efforts. YIT's management monitors the development of occupational safety comprehensively. Occupational safety is measured using a common indicator (number of accidents per one million hours worked), and the results have improved. In 2011, the accident frequency rate was 14 (2010: 19). Efforts will be made to improve occupational safety in 2012 as well.

## RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

YIT Corporation's Annual General Meeting was held on March 11, 2011. The Annual General Meeting adopted the 2010 financial statements, discharged the members of the Board of Directors and the President and CEO from liability, confirmed the dividend as proposed by the Board of Directors, decided on the Board of Directors' fees and elected the auditor. The Annual General Meeting confirmed the composition of the Board of Directors: Henrik Ehrnrooth (Chairman), Reino Hanhinen (Vice Chairman), Kim Gran, Eino Halonen, Antti Herlin and Satu Huber were re-elected as Board members. In addition, Michael Rosenlew was elected as a new Board member.

In its organisational meeting on March 11, 2011, the Board elected the chairmen and members of the Audit Committee and the Nomination and Rewards Committee from among its number.

YIT Corporation published stock exchange releases on the resolutions passed at the Annual General Meeting and the organisation of the Board of Directors on March 11, 2011. The stock exchange releases and a presentation of the members of the Board of Directors are available at YIT's website: [www.yitgroup.com](http://www.yitgroup.com).

## SHARES AND SHAREHOLDERS

The company has one series of shares. Each share carries one vote and confers an equal right to a dividend.

### Share capital and number of shares

YIT Corporation's share capital and the number of shares outstanding did not change during 2011. YIT Corporation's share capital was EUR 149,216,748.22 at the beginning of 2011 (2010: EUR 149,216,748.22), and the number of shares outstanding was 127,223,422 (2010: 127,223,422).

### Treasury shares and authorisations of the Board of Directors

In accordance with the Limited Liability Companies Act, the General Meeting decides on the buyback and conveyance of shares, as well as any decisions leading to changes in the share capital. The Annual General Meeting of YIT Corporation resolved on March 11, 2011, to authorise the Board of Directors to purchase the company's shares as proposed by the Board of Directors. In addition to this, the Board of Directors has a valid share issue authorisation issued by YIT's Annual General Meeting on March 10, 2010. The share issue authorisation also includes an authorisation to decide on the conveyance of treasury shares.

YIT Corporation held 2,145,000 treasury shares at the beginning of the review period, purchased on the basis of the authorisation given by the General Meeting of October 6, 2008.

YIT Corporation's Board of Directors confirmed the rewards for the 2010 earning period under the share-based incentive scheme for YIT's management on April 28, 2011, which were conveyed as a directed share issue without consideration during the review period. In the share issue, 196,910 YIT Corporation shares were issued and conveyed without consideration to the key persons participating in the Share Ownership Plan according to the terms and conditions of the plan. By the end of 2011, 4,324 shares had been returned to YIT. At the end of the year, the company held 1,952,414 own shares. During 2011, no shares in the parent company were owned by subsidiaries.

At year end, the parent company's Board of Directors did not have authorisations to issue convertible bonds or bonds with warrants.

### **Trading in shares**

The price of YIT's share was EUR 18.65 at the beginning of the year (January 1, 2010: EUR 14.44). The closing rate of the share on the last trading day of 2011 was EUR 12.38 (December 30, 2010: EUR 18.65). YIT's share price decreased by approximately 34 percent during 2011. The highest price of the share in 2011 was EUR 21.92 (1–12/2010: EUR 19.00), the lowest was EUR 10.04 (1–12/2010: EUR 12.98) and the average price was EUR 15.28 (1–12/2010: EUR 16.35). Share turnover on Nasdaq OMX in January–December amounted to 151,023 thousand shares (1–12/2010: 127,537 thousand). The value of turnover was EUR 2,314.0 million (1–12:2010: EUR 2,085.0 million), source: Nasdaq OMX.

In addition to the Helsinki Stock Exchange, YIT shares are also traded on other market places, such as Chi-X, BATS and Turquoise. During 2011, the alternative market places increased their share of the annual trade volume in the YIT share. During January–December, 40,504 thousand YIT Corporation shares changed hands in alternative market places (1–12/2010: 21,580 thousand), corresponding to approximately 21 percent of the total share trade (1–12/2010: 14%). Of the alternative market places, YIT shares changed hands particularly in Chi-X, which accounted for approximately 12 percent of the full-year total trading volume (1–12/2010: 9%). Also, 240 thousand YIT Corporation shares also changed hands in OTC transactions (1–12/2010: 62 thousand), source: Nasdaq OMX.

YIT Corporation's market capitalisation at the end of the review period was EUR 1,550.9 million (12/2010: EUR 2,332.7 million). The market capitalisation has been calculated excluding the shares held by the company.

### **Number of shareholders and flagging notifications**

At the end of December 2011, the number of registered shareholders was 36,547 (12/2010: 32,476). The number of private investors increased by approximately 3,500 during 2011. At the end of December, a total of 32.2 percent (12/2010: 37.9%) of the shares were owned by nominee-registered and non-Finnish investors.

During 2011, the company received no "flagging notifications" of change in ownership in YIT Corporation in accordance with Chapter 2, section 9 of the Securities Market Act.

## **MAJOR SHORT-TERM BUSINESS RISKS AND RISK MANAGEMENT**

YIT has specified the major risk factors and their management from the point of view of the Group as a whole, taking the special characteristics of YIT's business operations and environment into consideration. Risks are divided into strategic, operational, financial and event risks.

YIT has developed the Group's business structure to be balanced and more tolerant of economic fluctuations. The share of steadily developing service and maintenance operations has been increased. Cash flow-generating (building system and industrial services, contracting) and capital-intensive business operations (residential and commercial development production) balance the risks related to business operations and the use of capital and enable better risk management at the Group level.

Operations have been expanded geographically so that economic fluctuations impact operations at different times in different markets. Continuous monitoring and analysis as well as alternative scenarios and action plans based on them make it possible to react quickly to changes in the operating environment and also to utilise the business opportunities provided by the changes.

The Group's aim is to grow profitably, both organically and through acquisitions. The building services operations in Central Europe have grown as the result of the acquisition completed at the beginning of September 2010. The integration and development of the acquired companies has proceeded as planned.

YIT's typical operational risks include risks related to plot investments, sales risk of residential and commercial development projects and risks related to contract tenders, service agreements, project management and personnel. YIT manages sales risk by matching the number of housing start-ups with the estimated residential demand and the number of unsold residential units (the figures for residential production are presented under Development by business segment) and by normally securing key tenants and/or the investor prior to starting a business premises project. A strong increase in interest rates and changes in the availability of housing loans and property financing are key risks related to the demand for residential units and business premises.

YIT tests the value of its plots as required by IFRS accounting principles. Plot reserves are measured at acquisition cost and the plot value is impaired when it is estimated that the building being constructed on the plot will be sold at a price lower than the sum of the price of the plot and the construction costs. No write-offs were made to plots during 2011.

Financing and financial risks include liquidity, credit and counterparty, interest rate and currency risks and risks related to the reporting process. Financing and financial risks are managed through accounting and financing policies, internal control as well as internal and external audit.

YIT's most significant currency risk is related to investments in ruble terms. Capital invested in Russia totalled EUR 485.7 million (9/2011: EUR 472.7 million) at the end of the period. The amount of net equity investments at the end of the period was EUR 400.0 million (9/2011: EUR 374.6 million). The net investments in the Russian subsidiaries are unhedged in accordance with the treasury policy, and a potential devaluation of the ruble would have a negative impact equal to the amount of equity on the Group's shareholders' equity. Debt investments amounted to EUR 85.7 million (9/2011: EUR 90.7 million) at the end of the period, and this exposure was hedged in full. The differences in the interest rates between the euro and ruble have an effect on hedging costs and therefore net financial expenses.

Possible event risks include accidents related to personal or information security and sudden and unforeseen material damage to premises, project sites and other property, resulting from, for example, fire, collapse and theft. YIT complies with a group-wide security policy covering the different areas of security.

A more detailed account of YIT's risk management policy and the most significant risks will be published in the Annual Report 2011. Financing risks are described in more detail in the notes to the Financial Statements for 2011.

## **OUTLOOK FOR 2012**

YIT estimates that in 2012, the combined revenue of the business segments will remain at the level of 2011 and that operating profit will increase compared to 2011.

The first quarter is typically the weakest due to the normal seasonal nature of the business, but with the improvement of profitability with the progress of the streamlining programme, the Building Services Northern Europe business segment will support the growth of YIT's operating profit for 2012 during the last two quarters of the year.

The high uncertainty of the general macroeconomic development may have a negative effect also on decision-making by YIT's customers and thereby the development and performance of YIT's business operations.

The profit outlook is based on the segment-level reporting, i.e. recognition of income based on the percentage of completion.

### **Building Services Northern Europe**

In the Nordic countries, the market situation for building services varies by country. According to an estimate by the construction industry's Euroconstruct expert network, the service and maintenance market is estimated to grow slightly in all Nordic countries in 2012 (November 2011 report). The increase in technology in buildings increases the need for new services. The demand for energy efficiency services is expected to remain stable. The public sector is expected to continue the outsourcing of real estate services.

According to the Euroconstruct forecast, the building system project market in Finland and Denmark is expected to remain soft in 2012. New investments have not increased much due to the continued low level of construction of business premises and offices. According to an estimate by Prognoscentret, the project market in Sweden and Norway will increase at a reasonable rate in 2012. The construction of business premises is estimated to increase both in Sweden and Norway, which will open up new opportunities for YIT. The building system market is, however, post-cyclic by nature. The public sector will invest less in new buildings than the year before, with governments aiming to balance their budgets.

In the Baltic countries and Russia, both the project and service market is estimated to develop and grow at a steady rate.

An investment survey by the Confederation of Finnish Industries EK, manufacturing industry and energy sector investments in Finland will increase slightly in 2012. The investments are mainly made to replace capacity, and the amount of expansion investments is estimated to remain low. The industrial maintenance market is estimated to remain stable.

### **Building Services Central Europe**

In Building Services Central Europe, the service and maintenance market as well as the project market, which is dependent on new investments, are expected to grow at the same rates. The opportunities for growth in service and maintenance are favourable, particularly in Germany and Austria. The building system services market in Central Eastern Europe (Poland, the Czech Republic and Romania) is developing.

New investments in building systems have recovered to a relatively good level in the countries where YIT operates in Central Europe, but especially in Germany, Austria and Poland. In spite of market uncertainty, new investments in building systems are expected to increase by 1–2 percent in 2012.

Growth in the demand for energy-efficiency services is possible over the next few years with high energy prices and tightening environmental legislation, particularly in Austria and Germany. Investments by industrial customers are at a good level, and the demand for business premises has also increased in 2011. During the most recent slump, the building system services market in Central Eastern Europe decreased significantly due to a decrease in foreign investments and low domestic demand. In Poland, the market is expected to continue to recover, but in the Czech Republic the market is expected to improve slowly.

There are many small companies operating in the technical building system market, and the consolidation of the market will provide opportunities for acquisitions. YIT's strength is its extensive service portfolio and possibility to guarantee a high level of service for its customers. YIT's goal is to be the leading provider of technical system maintenance in the Nordic countries and Central Europe.

### **Construction Services Finland**

The weakening of the European economic outlook has resulted in increasing uncertainty in the Finnish construction market. According to VTT Technical Research Centre of Finland's estimate, construction will decrease by approximately 2 percent in 2012. According to the construction industry's estimate,



construction will remain at a relatively favourable level during the first months of the year due to projects that have already started up. However, construction may decline towards the end of the year.

According to the construction industry's forecast, the construction of 27,000 residential units will start in Finland during 2012 (2011: 30,500). The number of completed but unsold residential units is still relatively low. According to a report published by VTT Technical Research Centre of Finland in January, the annual need for the production of new residential units amounts to 24,000–29,000 residential units in the long term. YIT's goal is to strengthen its position as the leading housing developer in Finland.

Residential demand continues to be supported by low interest rates, the relatively stable employment situation and migration to growth centres. Interest rates are estimated to decrease slightly in 2012. Migration will continue to be strong in Finland, with people increasingly moving to growth centres. Furthermore, the population and the number of household-dwelling units will increase with continued immigration and the increasing number of one-person households.

YIT estimates that housing prices will remain stable in 2012. The increase in construction costs is estimated to level off in 2012.

According to VTT's estimate, the volume of office construction will decrease by approximately 8 to 9 percent during 2012. Underutilisation rates of offices continue to be rather high after the last recession, with the building stock also including old office premises. YIT estimates that the demand will focus on modern and energy-efficient offices. According to the VTT estimate, the volume of business premises construction will begin to decrease. The shift of the retail trade towards larger and larger business properties and the expansion of foreign retail chains in Finland maintain the volume of construction. Underutilisation rates of business premises are rather low. The decrease in the willingness to take risks due to the European credit crunch may be reflected in the level of new investments in the business premises market in 2012.

Infrastructure construction is estimated to begin to increase moderately in 2012, and especially the volume of road construction is estimated to pick up. Rail and metro construction is expected to continue to increase, at least during 2012 and 2013. The market situation of rock construction is expected to remain favourable due to mine investments and underground rock excavation projects. The road maintenance market is expected to remain stable, and new tenders will open opportunities for YIT to strengthen its market share.

### **International Construction Services**

The volume of residential construction is estimated to increase in Russia in 2012. According to an estimate by the Russian government, residential construction in Russia will amount to approximately 67 million square metres, showing an increase of approximately 5 percent on the previous year.

Moscow, the Moscow region and St. Petersburg make up the largest residential market in Russia: these areas account for approximately one-fifth of all residential construction. Even though the volume of residential construction has been increasing during the past few years, there is still a shortage of new residential units in certain areas. Residential demand has remained favourable due to strong economic development in Russia, good consumer confidence and favourable development in the housing loan market. However, housing loan interest rates began to increase at the end of 2011.

The future outlook for Russian residential construction is good. Living space per person is still clearly lower than in Western Europe and the housing is in poor condition, which creates the need for new, high-quality housing. Furthermore, the number of household-dwelling units is expected to increase, and the middle class to increase as a share of the population. The development of the housing loan market in Russia has also contributed to the demand for new residential units. YIT has promoted the availability of loans to consumers through extensive cooperation with banks. YIT expects housing prices to increase in Russia in 2012. YIT is the largest Western residential developer in Russia, and its aim is to strengthen its market position further in the selected YIT cities.

Construction of business premises is expected to grow at a moderate rate in 2012. The largest individual market is St. Petersburg, where YIT will continue the marketing and sales of the Gorelovo industrial park.

In the Baltic countries, residential demand has been increasing as a result of improved consumer confidence and the employment situation. VTT estimates that the number of residential units completed in 2012 will increase to 11,200 or by approximately 9 percent from the previous year.

According to VTT's forecast, the number of residential start-ups in the Czech Republic is expected to be on a par with the previous year in 2012. Interest and unemployment rates are increasing, which typically decreases the demand for residential units. Residential prices have remained stable in Slovakia. VTT estimates that residential start-ups will remain low in 2012 due to the high stocks of unsold residential units. The residential market is supported by the favourable economic growth in Slovakia and the interest rates remaining low.

## **EVENTS AFTER THE FINANCIAL PERIOD**

In December, YIT agreed on two acquisitions in Austria, during the last quarter. YIT agreed to purchase P&P Kälteanlagenbau GmbH, a cooling solutions and services provider, and WM Haustechnik GmbH, an HVAC solution provider. P&P Kälteanlagenbau GmbH has approximately 50 employees, and its revenue for 2010 was approximately EUR 11 million. The annual revenue of WM Haustechnik GmbH is approximately EUR 1 million. The companies acquired in Austria will be consolidated in the Group as of January 1, 2012.

YIT has acquired the entire share capital of Elektriska Installationer i Finspång AB and Kraftmontage i Finspång AB in January 2012. The companies have approximately 20 employees and their combined annual revenues amount to approximately EUR 2 million.

The estimated acquisition price of the companies is approximately EUR 3.4 million. The acquisitions are not expected to result in goodwill.

## BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF DISTRIBUTABLE EQUITY

The distributable equity of YIT Corporation on December 31, 2011 is:

Retained earnings	208,652,040.26
Profit/loss for the period	98,200,896.78
Retained earnings, total	306,852,937.04
Reserve of unrestricted equity	2,825,024.41
Distributable equity, total	309,677,961.45

The Board of Directors proposes to the Annual General Meeting that the distributable equity be disposed of as follows:

Payment of a dividend to shareholders EUR 0.70 per share, or	87,689,705.60
Remains in distributable equity	221,988,255.85

No significant changes have taken place in the company's financial position after the end of the financial year. The company's liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not jeopardise the company's solvency.

Helsinki, February 1, 2012

Henrik Ehrnrooth  
Chairman

Reino Hanhinen  
Vice Chairman

Kim Gran

Eino Halonen

Antti Herlin

Satu Huber

Michael Rosenlew

Juhani Pitkäläkoski  
President and CEO

## **FINANCIAL STATEMENT BULLETIN JAN 1 - DEC 31, 2011: TABLES**

The information presented in the Financial Statements bulletin has not been audited.

### **1. Key figures of YIT Group**

Key figures

YIT Group figures by quarter

Segment information by quarter

### **2. Consolidated financial statements Jan 1 - Dec 31, 2011**

Consolidated income statement January 1 - Dec 31, 2011

Statement of comprehensive income January 1 - Dec 31, 2011

Consolidated income statement Oct 1 - Dec 31, 2011

Consolidated balance sheet

Consolidated statement of changes in equity

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### **3. Notes**

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## 1. KEY FIGURES OF YIT GROUP

### KEY FIGURES (GROUP REPORTING, IFRIC 15)

	12/11	12/10	Change
Earnings per share, EUR	0.99	1.12	-12%
Diluted earnings per share, EUR	0.99	1.12	-12%
Equity per share, EUR	7.33	7.04	4%
Average share price during the period, EUR	15.28	16.35	-2%
Share price at the end of period, EUR	12.38	18.65	-34%
Market capitalization, MEUR	1,550.9	2,332.7	-34%
Weighted average share-issue adjusted number of shares outstanding, thousands	125,210	125,078	0%
Weighted average share-issue adjusted number of shares outstanding, thousands, diluted	125,210	125,078	0%
Share-issue adjusted number of shares outstanding at end of period, thousands	125,271	125,078	0%
Net interest-bearing debt at the end of period, MEUR	740.4	640.9	16%
Return on investment, from the last 12 months, %	12.0	14.4	-17%
Equity ratio, %	30.2	31.9	-5%
Gearing ratio, %	80.4	72.6	11%
Net debt / Operating profit before depreciations and impairments	3.0	2.5	20%
Gross capital expenditures, MEUR	48.7	129.7	-62%
% of revenue	1.1	3.4	
Unrecognised order backlog at the end of period, MEUR	4,148.6	3,535.7	17%
of which order backlog outside Finland	2,066.9	1,857.7	11%
Average number of personnel	26,254	24,317	8%



## YIT GROUP FIGURES BY QUARTER (GROUP REPORTING, IFRIC 15)

	10-12/11	7-9/11	4-6/11	1-3/11	10-12/10	7-9/10	4-6/10	1-3/10
Revenue, MEUR	1,190.4	1,084.8	1,137.2	969.7	1,338.0	829.6	854.8	765.3
Operating profit, MEUR	57.5	35.4	67.9	39.2	116.4	33.9	35.9	33.9
% of revenue	4.8	3.3	6.0	4.0	8.7	4.1	4.2	4.4
Financial income, MEUR	1.4	0.0	0.3	2.4	0.7	1.1	1.1	0.7
Exchange rate differences, MEUR	-2.1	0.0	-0.8	-1.3	-0.8	-2.3	-1.9	-2.3
Financial expenses, MEUR	-6.9	-7.8	-4.4	-5.6	-3.1	-5.7	-7.2	-5.6
Profit before taxes, MEUR	49.9	27.6	63.0	34.7	113.2	27.0	27.9	26.7
% of revenue	4.2	2.5	5.7	3.6	8.5	3.3	3.3	3.5
Balance sheet total, MEUR	3,504.5	3,418.6	3,387.4	3,274.8	3,117.1	3,234.6	3,067.9	2,994.8
Earnings per share, EUR	0.27	0.15	0.37	0.20	0.65	0.16	0.16	0.15
Equity per share, EUR	7.33	6.93	7.00	6.64	7.04	6.30	6.35	6.08
Share price at end of period, EUR	12.38	11.33	17.24	20.92	18.65	17.39	14.78	17.10
Market capitalization, MEUR	1,550.9	1,419.3	2,159.7	2,616.6	2,332.7	2,175.1	1,848.7	2,138.8
Return on investment, from the last 12 months, %	12.0	15.6	15.7	14.0	14.4	10.6	10.7	11.3
Equity ratio, %	30.2	29.2	29.7	28.5	31.9	29.2	31.8	30.2
Net interest-bearing debt at the end of period, MEUR	740.4	755.0	702.7	626.1	640.9	636.6	514.8	496.0
Gearing ratio, %	80.4	86.8	79.9	75.2	72.6	80.5	64.7	65.0
Gross capital expenditures, MEUR	7.1	18.3	14.6	8.7	30.7	81.0	8.7	9.4
Order backlog at the end of period, MEUR	4,148.6	3,738.3	3,796.9	3,699.0	3,535.7	3,727.5	3,329.2	3,152.5
Personnel at the end of period	25,996	26,502	26,807	25,748	25,832	25,943	23,877	23,211

## SEGMENT INFORMATION BY QUARTER (SEGMENT REPORTING, POC)

### Revenue by business segment (EUR million)

	10-12/11	7-9/11	4-6/11	1-3/11	10-12/10	7-9/10	4-6/10	1-3/10
Building Services Northern Europe	600.1	511.9	509.4	476.2	519.2	416.8	460.8	406.8
Building Services Central Europe	200.3	210.8	191.1	177.1	258.7	134.2	86.9	70.4
Construction Services Finland	335.7	269.4	332.3	289.5	294.2	279.7	275.2	252.9
International Construction Services	145.9	122.5	120.5	100.3	139.7	111.9	112.1	106.9
Other items	-17.5	-18.1	-16.4	-16.2	-24.2	-18.4	-20.7	-16.2
YIT's segments total	1,264.5	1,096.5	1,136.9	1,026.9	1,187.6	924.2	914.3	820.8
IFRIC 15 adjustments	-74.1	-11.6	0.3	-57.2	150.4	-94.6	-59.6	-55.5
YIT Group total	1,190.4	1,084.9	1,137.2	969.7	1,338.0	829.6	854.7	765.3

### Operating profit by business segment (EUR million)

	10-12/11	7-9/11	4-6/11	1-3/11	10-12/10	7-9/10	4-6/10	1-3/10
Building Services Northern Europe	23.0	19.9	18.8	17.1	23.5	20.2	25.1	19.9
Building Services Central Europe	9.3	7.9	12.1	4.0	8.9	2.7	3.1	1.7
Construction Services Finland	32.1	21.1	32.8	25.6	29.4	29.3	26.4	23.1
International Construction Services	17.4	-0.9	12.3	8.4	13.4	9.2	7.6	4.6
Other items	-5.6	-4.4	-5.7	-4.7	-5.5	-3.4	-5.1	-4.8
YIT's segments total	76.2	43.6	70.3	50.4	69.7	57.9	57.1	44.5
IFRIC 15 adjustments	-18.7	-8.2	-2.4	-11.2	46.7	-24.0	-21.2	-10.6
YIT Group total	57.5	35.4	67.9	39.2	116.4	33.9	35.9	33.9

### Operating profit margin by business segment (%)

	10-12/11	7-9/11	4-6/11	1-3/11	10-12/10	7-9/10	4-6/10	1-3/10
Building Services Northern Europe	3.8	3.9	3.7	3.6	4.5	4.8	5.4	4.9
Building Services Central Europe	4.6	3.7	6.3	2.3	3.4	2.0	3.6	2.4
Construction Services Finland	9.6	7.8	9.9	8.8	10.0	10.5	9.6	9.1
International Construction Services	11.9	-0.7	10.2	8.4	9.6	8.2	6.8	4.3
YIT's segments total	6.0	4.0	6.2	4.9	5.9	6.3	6.2	5.4
YIT Group total	4.8	3.3	6.0	4.0	8.7	4.1	4.2	4.4

International Construction Services segment's operating profit is weakened by a provision of EUR 10 million related to the rectifying of the ammonia problem booked in the third quarter of 2011. In the second quarter 2011, a EUR 3.0 million provision booked affects negatively Building Services Northern Europe's operating profit and a EUR 5.0 million gain on the sale of Hungarian businesses affects positively Building Services Central Europe's operating profit.

In 2010, the operating profit of Building Systems segment included EUR 6.3 million non-recurring expenses related to acquisitions made during the year. Of the non-recurring items, EUR 1.4 million was recognised in the third quarter of the year in Building Services Northern Europe and EUR 1.9 million in Building Services Central Europe. EUR 3.0 million of non-recurring expenses were booked in Building Services Central Europe in the fourth quarter.

### Order backlog by business segment at end of period (EUR million)

	12/11	9/11	6/11	3/11	12/10	9/10	6/10	3/10
Building Services Northern Europe	913.1	886.1	879.5	804.9	757.4	743.0	748.5	697.9
Building Services Central Europe	449.5	523.9	554.1	573.2	507.0	589.1	276.8	266.3
Construction Services Finland	1,493.6	1,289.3	1,239.5	1,176.0	1,173.2	1,205.2	1,154.7	905.4
International Construction Services 1)	962.5	850.1	896.4	862.7	870.8	884.8	946.8	1,013.2
Other items	-66.0	-60.3	-60.2	-61.2	-58.3	-55.2	-59.4	-45.8
YIT's segments total	3,752.7	3,489.0	3,509.4	3,355.6	3,250.1	3,366.9	3,067.4	2,837.0
IFRIC 15 adjustments	395.9	249.3	287.5	343.4	285.6	360.6	261.8	315.5
YIT Group total	4,148.6	3,738.3	3,796.9	3,699.0	3,535.7	3,727.5	3,329.2	3,152.5

1) At the end of December 2011, the value of projects that were still suspended amounted to EUR 86.5 million (12/10: EUR 137.1 million).

## Key figures of segment reporting by quarter (POC)

	10-12/11	7-9/11	4-6/11	1-3/11	10-12/10	7-9/10	4-6/10	1-3/10
Profit before taxes, EUR million	68.6	35.8	65.5	45.9	66.5	50.9	49.1	37.3
Profit for the review period, EUR million	51.8	24.5	47.6	32.7	47.2	36.4	35.5	26.4
Earnings per share, EUR	0.41	0.20	0.38	0.26	0.37	0.29	0.29	0.21

## 2. CONSOLIDATED FINANCIAL STATEMENTS JAN 1 - DEC 31, 2011 (GROUP REPORTING, IFRIC 15)

### CONSOLIDATED INCOME STATEMENT JAN 1 - DEC 31, 2011 (EUR million)

	1-12/11	1-12/10	Change
Revenue	4,382.1	3,787.6	16%
of which activities outside Finland	2,607.7	2,343.6	
Other operating income and expenses	-4,142.9	-3,531.1	17%
Share of results of associated companies	0.4	-0.5	-180%
Depreciation and impairments	-39.6	-35.9	10%
Operating profit	200.0	220.1	-9%
% of revenue	4.6	5.8	
Financial income	4.2	3.7	14%
Exchange rate differences	-4.1	-7.3	-44%
Financial expenses	-24.8	-21.7	14%
Profit before taxes	175.3	194.8	-10%
% of revenue	4.0	5.1	
Income taxes	-50.2	-54.2	-7%
Profit for the report period	125.1	140.6	-11%
% of revenue	2.9	3.7	
Attributable to			
Equity holders of the parent company	124.5	140.3	-11%
Minority interests	0.6	0.3	100%
Earnings per share attributable to the equity holders of the parent company			
Earnings per share, EUR	0.99	1.12	-12%
Diluted earnings per share, EUR	0.99	1.12	-12%

**STATEMENT OF COMPREHENSIVE INCOME JAN 1 - DEC 31, 2011 (EUR million)**

	1-12/11	1-12/10	Change
Profit for the report period	125.1	140.6	-11%
Other comprehensive income			
Cash flow hedges	-2.0	-1.0	100%
- Deferrred tax	0.4	0.3	33%
Change in fair value for available for sale investments	0.5		
- Deferrred tax	-0.1		
Change in translation differences	-8.4	29.2	-129%
Other change	0.1	0.0	
Other comprehensive income, total	-9.7	28.5	-134%
Total comprehensive result	115.4	169.1	-32%
Attributable to			
Equity holders of the parent company	114.5	168.7	-32%
Non-controlling interest	0.9	0.4	125%

**CONSOLIDATED INCOME STATEMENT OCT 1 - DEC 31, 2011 (EUR million)**

	10-12/11	10-12/2010	Change
Revenue	1,190.3	1,338.0	-11%
of which activities outside Finland	734.5	962.2	-24%
Other operating income and expenses	-1,123.3	-1,211.5	-7%
Share of results of associated companies	0.5	-0.2	-350%
Depreciation and impairments	-10.0	-9.9	1%
Operating profit	57.5	116.4	-51%
% of revenue	4.8	8.7	
Financial income	1.4	0.7	100%
Exchange rate differences	-2.1	-0.8	163%
Financial expenses	-6.9	-3.1	123%
Profit before taxes	49.9	113.2	-56%
% of revenue	4.2	8.5	
Income taxes	-14.9	-30.6	-51%
Profit for the report period	35.1	82.6	-58%
% of revenue	2.9	6.2	
Attributable to			
Equity holders of the parent company	34.9	81.5	-57%
Minority interests	0.2	1.1	-82%
Earnings per share attributable to the equity holders of the parent company			
Earnings per share, EUR	0.27	0.65	-58%
Diluted earnings per share, EUR	0.27	0.65	-58%

## CONSOLIDATED BALANCE SHEET (EUR million)

	12/11	12/10	Change
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	110.8	106.7	4%
Goodwill	347.5	350.9	-1%
Other intangible assets	54.1	50.5	7%
Shares in associated companies	3.1	2.7	15%
Other investments	3.8	3.4	12%
Other receivables	18.8	15.9	18%
Deferred tax assets	60.3	44.7	35%
Current assets			
Inventories	1,672.6	1,484.9	13%
Trade and other receivables	1,027.3	889.3	16%
Cash and cash equivalents	206.1	148.3	39%
Assets held for sale		19.8	
<b>Total assets</b>	<b>3,504.5</b>	<b>3,117.1</b>	<b>12%</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent company			
Share capital	149.2	149.2	
Other equity	769.5	730.8	5%
Non-controlling interest	2.5	2.9	-14%
<b>Total equity</b>	<b>921.1</b>	<b>882.9</b>	<b>4%</b>
Non-current liabilities			
Deferred tax liabilities	88.3	77.2	14%
Pension liabilities	26.5	26.9	-1%
Provisions	54.1	49.5	9%
Borrowings	522.9	504.6	4%
Other liabilities	47.9	10.3	365%
Current liabilities			
Advances received	458.3	349.3	13%
Trade and other payables	909.3	869.5	5%
Provisions	52.3	45.1	16%
Current borrowings	423.6	284.6	49%
Liabilities of assets held for sale		17.2	
<b>Total equity and liabilities</b>	<b>3,504.5</b>	<b>3,117.1</b>	<b>12%</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR million)

	Attributable to equity holders of the parent company								Non-controlling interest	Total equity
	Share capital	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Treasury shares	Retained earnings	Total		
Equity on January 1, 2011	149.2	2.0	0.0	-14.2	-2.4	-10.6	756.1	880.1	2.8	882.9
Comprehensive income										
Profit for the period							124.5	124.5	0.6	125.1
Other comprehensive income:										
Change in the fair value of interest derivatives					-2.0			-2.0		-2.0
- Deferred tax asset					0.4			0.4		0.4
Change in fair value					0.5			0.5		0.5
- Deferred tax					-0.1			-0.1		-0.1
Change in translation differences				-9.1			0.4	-8.7	0.3	-8.4
Other change		-0.1						-0.1		-0.1
Comprehensive income, total	0.0	-0.1	0.0	-9.1	-1.2	0.0	124.9	114.5	0.9	115.4
Transactions with owners										
Dividend paid							-81.3	-81.3	-0.2	-81.5
Share-based incentive scheme			2.8			0.9	0.7	4.4		4.4
Transactions with owners, total	0.0	0.0	2.8	0.0	0.0	0.9	-80.6	-76.9	-0.2	-77.1
Changes in ownership shares in subsidiaries										
Changes in group ownership shares in subsidiaries - no loss of control							1.0	1.0	-1.0	0.0
Changes in ownership shares in subsidiaries, total	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	-1.0	0.0
Equity on December 31, 2011	149.2	1.9	2.8	-23.4	-3.6	-9.7	801.5	918.7	2.5	921.1

	Attributable to equity holders of the parent company								Non-controlling interest	Total equity
	Share capital	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Treasury shares	Retained earnings	Total		
Equity on January 1, 2010	149.2	1.7	11.6	-42.4	-1.7	-10.6	654.1	761.9	2.2	764.1
Comprehensive income										
Profit for the period							140.3	140.3	0.3	140.6
Other comprehensive income:										
Change in the fair value of interest derivatives					-1.0			-1.0		-1.0
- Deferred tax asset					0.3			0.3		0.3
Change in translation differences				28.2			0.9	29.1	0.1	29.2
Comprehensive income, total				28.2	-0.7		141.2	168.7	0.4	169.1
Transactions with owners										
Dividend paid							-50.5	-50.5	-0.8	-51.3
Purchase of treasury shares			-11.6				11.6	0.0		0.0
Transfer from retained earnings		0.3					-0.3	0.0		0.0
Share incentive scheme							0.9	0.9		0.9
Transactions with owners, total	0.0	0.3	-11.6	0.0	0.0	0.0	-38.3	-49.6	-0.8	-50.4
Changes in interests in subsidiaries										
Changes in holdings in subsidiaries - no loss of control							-1.0	-1.0	1.0	0.0
Non-controlling interests from business combinations									0.1	0.1
Changes in interests in subsidiaries							-1.0	-1.0	1.1	0.1
Balance at 31 December 2010	149.2	2.0	0.0	-14.2	-2.4	-10.6	756.1	880.1	2.9	882.9

## CONSOLIDATED CASH FLOW STATEMENT (EUR million)

	1-12/11	1-12/10	Change
Cash flows from operating activities			
Net profit for the period	125.1	140.6	-11%
Reversal of accrual-based items	143.5	130.3	10%
Change in working capital			
Change in trade and other receivables	-159.2	-77.3	106%
Change in inventories	-196.3	60.3	-426%
Change in current liabilities	189.4	-135.4	-239%
Change in working capital, total	-166.1	-152.4	9%
Interest paid	-34.3	-27.5	25%
Other financial items, net	-5.3	-37.2	-86%
Interest received	4.1	3.5	17%
Taxes paid	-49.6	-50.5	-2%
Net cash generated from operating activities	17.4	6.8	146%
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash	-8.8	-45.4	-81%
Purchase of property, plant and equipment	-30.0	-19.9	51%
Purchase of intangible assets	-8.9	-8.4	6%
Increases in other investments	-0.1	-1.3	-92%
Disposal of subsidiaries, net of cash	5.9		
Proceeds from sale of fixed assets	4.5	6.5	31%
Proceeds from sale of other investments	2.7	0.0	
Net cash used in investing activities	-34.7	-68.5	-49%
Operating cash flow after investments	-17.3	-61.7	-72%
Cash flow from financing activities			
Change in current liabilities	139.4	34.2	308%
Proceeds from borrowings	175.0	100.0	75%
Repayments of borrowings	-157.4	-50.4	212%
Payments of financial leasing debts	-0.9	-0.1	800%
Dividends paid and other distribution of assets	-81.5	-51.2	59%
Net cash used in financing activities	74.6	32.5	130%
Net change in cash and cash equivalents	57.3	-29.3	-296%
Cash and cash equivalents at the beginning of the period	147.6	173.1	-15%
Change in the fair value of the cash equivalents	-0.2	3.8	-100%
Cash and cash equivalents at the end of the period	204.7	147.6	39%

### 3. NOTES

#### ACCOUNTING PRINCIPLES OF THE INTERIM REPORT

YIT Corporation's financial statements bulletin for January 1 - December 31, 2011 has been drawn up in line with IAS 34: Interim Financial Reporting. The consolidated financial statement have been prepared in compliance with the International Financial Reporting standards, and IAS/IFRS standards approved the EU Commission by Decemembr 31, 2011 and SIC and IFRIC interpretations have been complied with in the drafting of the financial statements for 2011.

The standards and interpretations that have been applied as of January 1, 2011 have minor effects on YIT during the report period. The effects are described in the accounting principles of financial statements for the year 2011.

### Currency exchange rates used in the financial statements bulletin

		Average rate 1-12/11	Balance sheet rate Dec 31, 2011	Average rate 1-12/10	Balance sheet rate Dec 31, 2010
1 EUR =	CZK	24.5910	25.7870	25.2910	25.061
	DKK	7.4506	7.4342	7.4471	7.4535
	EEK			15.6466	15.6466
	HUF	279.78	314.58	275.34	277.95
	MYR	4.2555	4.1055	4.1896	4.0950
	NOK	7.7929	7.7540	8.0056	7.8000
	PLN	4.1196	4.4580	3.9951	3.9750
	RUB	40.8816	41.7650	40.2718	40.82
	SEK	9.0289	8.9120	9.5447	8.9655
	SGD	1.7490	1.6819	1.7640	1.7136
	USD	1.3918	1.2939	1.3463	1.3362
	LTL	3.4528	3.4528	3.4528	3.4528
	LVL	0.7028	0.7028	0.7028	0.7028

### FINANCIAL RISK MANAGEMENT

Financial risks include liquidity, interest rate, currency and credit risk, and their management is a part of the Group's financing policy. The Board of Directors has approved the Corporate Finance Policy. The Group's Finance Department is responsible for the practical implementation of the policy in association with the business segments and units.

The Group's strategic financial targets guide the use and management of the Group's capital. Achieving the strategic targets is supported by maintaining an optimum Group capital structure. Capital structure is mainly influenced by controlling the investments and the amount of working capital tied to business operations.

A more detailed account of financial risks has been published in the notes to the financial statements for 2011.

### SEGMENT INFORMATION

The chief operating decision-maker has been identified as the YIT Group's Management Board, which review the Group's internal reporting in order to assess performance and allocate resources to the segments.

Building Services Northern Europe and Building Services Central Europe segments' reporting to YIT Group's management board is based on YIT Group's accounting principles. Construction Services Finland and International Construction Services segments' reporting to the Management board do not apply Group's accounting principles in revenue recognition of own residential and commercial real estate development projects. The revenue from own residential and commercial development projects is recognised on the basis of the percentage of degree of completion and the degree of sale, using percentage of completion method. According to Group's accounting principles revenue from own residential and commercial development projects is recognised at the completion. In the case of YIT's commercial real estate development projects, the recognition practice will be evaluated on a case-by-case basis and in accordance with the terms and conditions of each contract. Sold projects are recognised either when the construction work has started or when the project is complete. The share of income and expenses to be recognised is calculated by multiplying the percentage of completion by the percentage of sale multiplied by the occupancy rate. YIT usually sells commercial real estate development projects to investors either prior to construction or during an early phase. The impact on revenue and operating profit

of two revenue recognition principles is shown in the line IFRIC 15 - adjustment. As a result of the accounting policy, Group figures can fluctuate greatly between quarters.

#### Revenue by business segment (EUR million)

	1-12/11	1-12/10	Change
Building Services Northern Europe	2,097.6	1,803.6	16%
- Group internal	-63.2	-71.0	
- external	2,034.4	1,732.6	17%
Building Services Central Europe	779.3	550.2	42%
- Group internal	-0.3	-0.5	
- external	779.0	549.6	42%
Construction Services Finland	1,226.9	1,102.0	11%
- Group internal	-1.9	-1.9	
- external	1,225.0	1,100.1	11%
International Construction Services	489.2	470.6	4%
- Group internal	-4.2	-7.1	
- external	485.0	463.5	5%
Other items	1.5	1.2	
YIT's segments total	4,524.7	3,847.0	18%
IFRIC 15 adjustments	-142.6	-59.4	
YIT Group total - external	4,382.1	3,787.6	16%

#### Operating profit by business segment (EUR million)

	1-12/11	1-12/10	Change
Building Services Northern Europe	78.8	88.7	-11%
Building Services Central Europe	33.3	16.4	103%
Construction Services Finland	111.6	108.1	3%
International Construction Services	37.2	34.7	7%
Other items	-20.4	-18.8	
YIT's segments total	240.5	229.1	5%
IFRIC 15 adjustments	-40.5	-9.0	
YIT Group total	200.0	220.1	-9%

International Construction Services segment's operating profit is weakened by a provision of EUR 10 million related to the rectifying of the ammonia problem booked in the third quarter of. In the second quarter 2011, a EUR 3.0 million provision booked affects negatively Building Services Northern Europe's operating profit and a EUR 5.0 million gain on the sale of Hungarian businesses affects positively Building Services Central Europe's operating profit.

In 2010, the operating profit of Building Systems segment included EUR 6.3 million non-recurring expenses related to acquisitions made during the year. Of the non-recurring items, EUR 1.4 million was recognised in the third quarter of the year in Building Services Northern Europe and EUR 1.9 million in Building Services Central Europe. EUR 3.0 million of non-recurring expenses were booked in Building Services Central Europe in the fourth quarter.

### Order backlog by business segment at end of period (EUR million)

	1-12/11	1-12/10	Change
Building Services Northern Europe	913.1	757.4	21%
Building Services Central Europe	449.5	507.0	-11%
Construction Services Finland	1,493.6	1,173.2	27%
International Construction Services 1)	962.5	870.8	11%
Other items	-66.0	-58.3	
YIT's segments total	3,752.7	3,250.1	15%
IFRIC 15 adjustments	395.9	285.6	
YIT Group total	4,148.6	3,535.7	17%

1) At the end of December 2011, the value of projects that were still suspended amounted to EUR 86.5 million (12/10: EUR 137.1million)

### Key figures of segment reporting (POC)

	1-12/11	1-12/10	Change
Profit before taxes, EUR million	215.8	203.8	6%
Profit for the review period, EUR million	156.7	145.5	8%
Earnings per share, EUR	1.25	1.16	8%

### UNUSUAL ITEMS AFFECTING OPERATING PROFIT (EUR million)

	1-12/11	1-12/10
Building Services Northern Europe	-3.0	-1.4
Building Services Central Europe	5.0	-4.9
International Construction Services	-10.0	
YIT Group total	-8.0	-6.3

International Construction Services segment's operating profit is weakened by a provision of EUR 10 million related to the rectifying of the ammonia problem booked in the third quarter of. In the second quarter 2011, a EUR 3.0 million provision booked affects negatively Building Services Northern Europe's operating profit and a EUR 5.0 million gain on the sale of Hungarian businesses affects positively Building Services Central Europe's operating profit.

In 2010, the operating profit of Building Systems segment included EUR 6.3 million non-recurring expenses related to acquisitions made during the year. Of the non-recurring items, EUR 1.4 million was recognised in the third quarter of the year in Building Services Northern Europe and EUR 1.9 million in Building Services Central Europe. EUR 3.0 million of non-recurring expenses were booked in Building Services Central Europe in the fourth quarter.

### BUSINESS COMBINATIONS AND DISPOSALS (EUR million)

Building Services Northern Europe - segment acquired during the review period in Sweden NNE Pharmaplan AB in January, Orab I Sydost AB specialising in industrial pipe works in April and Johnson Control's Commercial Refrigeration - businesses, Frisk Ventilation AB a supplier of ventilation - related services in May, MISAB Sprinkler & VVS AB and Sakari Timonen business operations in July and Mercur VVS group in September. In October International Construction Services acquired 100 percent holding in the building management and property maintenance company OOO Upravljajushjaja Kompanija Olimp in Yekateringburg, Russia. Total acquisition price amounted to EUR 9,5 million. With these local acquisitions YIT strengthen the market share and the acquisition price over the net assets acquired will be allocated to customer base.



## Composition of acquired net assets and goodwill (EUR million)

	1-12/11
Consideration	
Cash	9.5
Total consideration	9.5
Acquisition -related costs, recognised as other operating expenses	0.3
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	<b>12/11</b>
Cash and cash equivalents	0.6
Tangible assets	0.9
Customer relations	11.7
Inventories	0.5
Trade and other receivables	10.6
Deferred tax liabilities, net	-1.1
Trade and other payables	-13.6
Total identifiable net assets	9.5
Non-controlling interest (minority share)	
Goodwill	
Total entity value	9.5

Building Services Central Europe - segment disposed its businesses in Hungary by selling three subsidiaries in Hungary at May 31, 2011. The companies were included in the acquisitions in years 2008 and 2010 in Central Europe. The goodwill related to Central Europe were reduced by EUR 1.4 million in Hungarian business divestment.

## Disposals (milj. e)

<b>Effect on revenue and net profit:</b>	<b>1-12/11</b>
Revenue	4.7
Operating expenses	-4.1
Profit before taxes	0.6
Taxes	-0.1
Net profit	0.5
<b>Effect on balance sheet assets and liabilities:</b>	<b>12/11</b>
Property, plant and equipment	0.1
Goodwill	1.4
Inventories	0.2
Trade receivables	3.4
Cash and cash equivalents	5.7
Trade and other liabilities	-4.2
Interest bearing liabilities	0.0
Net assets	6.6
<b>Effect on cash flow:</b>	<b>12/11</b>
Received in cash	12.2
Direct costs related to disposals	-0.6
Cash and cash equivalents in disposed entity	-5.7
Cash flow on disposals	5.9

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT (EUR million)

	1-12/11	1-12/10	Change
Carrying value at the beginning of period	106.7	99.8	7%
Increase	30.1	24.4	23%
Increase through acquisitions	1.1	12.4	-91%
Decrease	-3.7	-6.1	-39%
Decrease through disposals	-0.1		
Depreciation and value adjustments	-23.9	-23.9	0%
Other changes	0.6	0.1	500%
Carrying value at the end of period	110.8	106.7	4%

## INVENTORIES (EUR million)

	1-12/11	1-12/10	Change
Raw materials and consumables	27.6	26.4	5%
Work in progress	792.8	639.0	19%
Land areas and plot owing companies	643.8	589.3	9%
Shares in completed housing and real estate companies	158.2	181.2	6%
Advance payments	49.5	48.2	3%
Other inventories	0.7	0.9	-22%
Total inventories	1,672.6	1,484.9	13%

## NOTES ON EQUITY (EUR million)

Share capital and share premium reserve	Number of shares	Share capital (EUR million)	Treasury shares (EUR million)
Shares outstanding on January 1, 2011	125,078,422	149.2	-10.6
Transfer of treasury shares May 27, 2011	196,910		0.9
Return of treasury shares June 30, 2011	-1,524		0.0
Return of treasury shares September 30, 2011	-1,778		
Return of treasury shares December 31, 2011	-1,022		
Shares outstanding on December 31, 2011	125,271,008	149.2	-9.7

## BORROWINGS (EUR million)

		Fair value	Carrying value	Nominal value
Bonds in financial statements December 31, 2010		285.4	292.6	292.9
Valuation of the above bonds on December 31, 2011		230.9	235.5	235.7
Bonds raised during the review period:				
Fixed-rate bonds				
1/2011 -2016, interest rate 4,75 % 1)	EUR	99.9	99.6	100.0
Total bonds on December 31, 2011		330.8	335.1	335.7

Terms of the bonds raised during the revenue period in brief:

1) Loan period June 20, 2011 - June 20, 2016, interest payments in arrear at June 20. The bond is unsecured. ISIN code FI4000026653.

## CHANGE IN CONTINGENT LIABILITIES AND ASSETS AND COMMITMENTS (EUR million)

	12/11	12/10	Change
Collateral given for own commitments			
- Corporate mortgages	31.2	29.8	5%
- Other pledged assets	0.9	0.1	800%
Other commitments to associated companies	7.0	0.2	100%
Other commitments			
- Repurchase commitments	293.1	141.0	108%
- Operating leases	330.7	322.5	3%
- Rental guarantees for clients	4.1	8.0	-49%
- Other contingent liabilities	1.5	4.2	-64%
- Guarantees given			
Liability under derivative contracts			
- Value of underlying instruments			
-- Interest rate derivatives	329.4	304.6	8%
-- Foreign exchange derivatives	194.1	203.2	-4%
-- Commodity derivatives		0.5	-100%
- Market value			
-- Interest rate derivatives	-11.9	-7.7	-55%
-- Foreign exchange derivatives	1.1	0.3	267%
-- Commodity derivatives		0.1	-100%
YIT Corporation's guarantees on behalf of its subsidiaries	1,515.4	1,207.7	25%

## TRANSACTIONS WITH ASSOCIATED COMPANIES (EUR million)

	1-12/11	1-12/10	Change
Sales to associated companies	1.5	1.5	0%
Purchases from associated companies	0.1	0.2	-50%
Trade and other receivables	0.0	0.0	
Trade and other liabilities	0.0	0.0	

## EVENTS AFTER BALANCE SHEET DATE

In December, YIT agreed on two acquisitions in Austria, during the last quarter,. YIT agreed to purchase P&P Kälteanlagenbau GmbH, a cooling solutions and services provider, and WM Haustechnik GmbH, an HVAC solution provider. P&P Kälteanlagenbau GmbH has approximately 50 employees, and its revenue for 2010 was approximately EUR 11 million. The annual revenue of WM Haustechnik GmbH is approximately EUR 1 million. The companies acquired in Austria will be consolidated in the Group as of January 1, 2012.

YIT has acquired the entire share capital of Elektriska Installationer i Finspång AB and Kraftmontage i Finspång AB in January 2012. The companies have approximately 20 employees and their combined annual revenues amount to approximately EUR 2 million.

The estimated acquisition price of the companies is approximately EUR 3.4 million. The acquisitions are not expected to result in goodwill.