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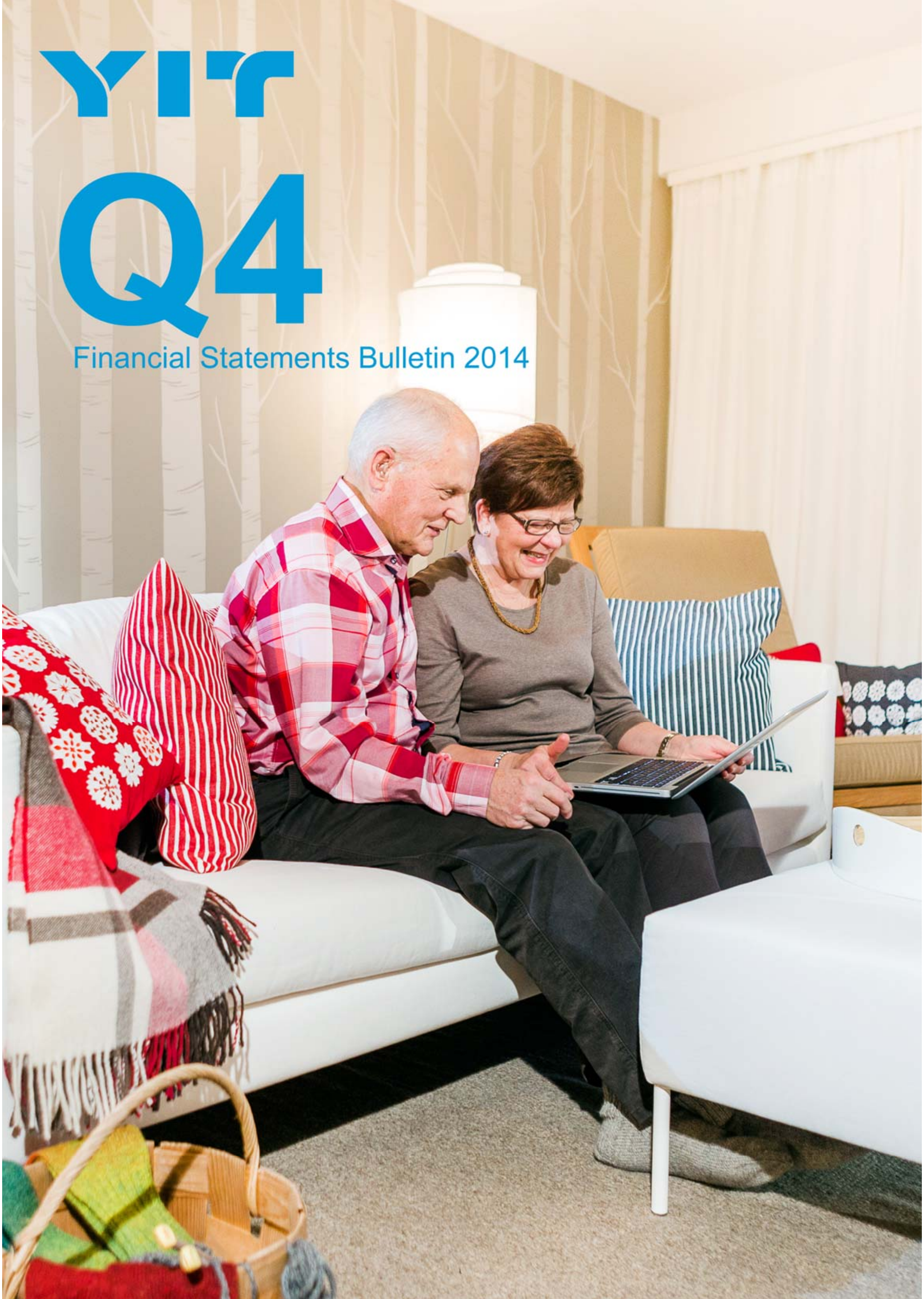
Financial Statements Bulletin 2014



Financial Statements Bulletin 2014: Strong cash flow led to a decrease in net debt

Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year.

October-December 2014 (Segment reporting, POC)

- Revenue decreased by 12% to EUR 461.0 (521.3) million. At comparable exchange rates, revenue decreased by 3%.
- Operating profit excluding non-recurring items amounted to EUR 31.4 (42.4) million and operating profit margin excluding non-recurring items was 6.8% (8.1%).
- Non-recurring items amounted to EUR -12.4 million.
- Operating cash flow after investments amounted to EUR 139.9 (76.3) million.
- Order backlog decreased by 22% from the end of September, amounting to EUR 2,125.9 million.

January-December 2014 (Segment reporting, POC)

- Revenue decreased by 3% to EUR 1,801.2 (1,858.8) million. At comparable exchange rates, revenue increased by 2%.
- Operating profit excluding non-recurring items amounted to EUR 126.4 (154.0) million and operating profit margin excluding non-recurring items was 7.0% (8.3%).
- Non-recurring items amounted to EUR -12.4 million.
- Operating cash flow after investments amounted to EUR 151.9 (-87.9) million.
- Board of Directors proposes a dividend of EUR 0.18 (0.38) per share, 40.0% (50.7%) of earnings per share.

Guidance for 2015 (segment reporting, POC)

The Group revenue growth is estimated to be in the range of -5 – 5% at comparable exchange rates.

The operating profit margin excluding non-recurring items is estimated to be below the level of 2014.

Kari Kauniskangas, President and CEO:

In spite of the turbulence in the markets, there were numerous successes in 2014. In Housing, we achieved record-high residential sales in Russia as well as in the Baltic countries and Central Eastern Europe. In Finland, active investor sales compensated for weak consumer demand. In Business Premises and Infrastructure, our order backlog grew and our competitiveness improved due to reorganization among other things. We also completed significant road projects ahead of schedule.

Improving capital efficiency and achieving positive cash flow were our key objectives heading into 2014. Our capital release program bore fruit, and by reacting to the changed operating environment we managed to improve cash flow by EUR 240 million year-on-year.

Feedback from our customers indicates that also our quality and service have improved. We focused on the development of personnel, which supported the implementation of the company's values and management principles. We also placed particular focus on occupational safety, although we cannot be fully satisfied with the results.

Our operating environment will continue to pose challenges for us in 2015. We have reduced our risk level in Russia, and we are adapting to the changed operating environment while ensuring that we maintain critical operating volume. At the same time, we will ensure our readiness to increase production when the market situation allows it.

We will continue our active efforts to improve capital efficiency and maintain strong cash flow. In business development, our focus in 2015 will be on the implementation of the competitiveness program, improving the customer experience, and personnel development.

I would like to extend my warmest thanks to all YIT employees for their uncompromising commitment to the development of our business. I also wish to thank our customers, partners and shareholders for their trust in the work that we do. We want to continue to be deserving of your trust.

Key figures

Segment reporting, POC

EUR million	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Revenue	**461.0**	**521.3**	**-12%**	**1,801.2**	**1,858.8**	**-3%**
Housing	318.9	347.7	-8%	1,200.3	1,152.2	4%
Finland, the Baltic countries and Central Eastern Europe	*189.2*	*196.0*	*-3%*	*726.5*	*656.2*	*11%*
Russia	*129.7*	*151.7*	*-14%*	*474.1*	*496.0*	*-4%*
Business Premises and Infrastructure	142.4	171.7	-17%	599.3	688.9	-13%
Other items	-0.3	1.9		1.6	17.8	
Operating profit	19.0	41.2	-54%	114.0	152.8	-25%
Operating profit margin, %	4.1%	7.9%		6.3%	8.2%	
Operating profit excluding non-recurring items	**31.4**	**42.4**	**-26%**	**126.4**	**154.0**	**-18%**
Housing	35.6	36.0	-1%	119.5	136.3	-12%
Finland, the Baltic countries and Central Eastern Europe	*17.5*	*15.4*	*13%*	*63.7*	*66.2*	*-4%*
Russia	*18.1*	*20.5*	*-12%*	*55.8*	*70.2*	*-20%*
Business Premises and Infrastructure	3.0	10.0	-70%	20.4	31.0	-34%
Other items	-7.2	-3.5		-13.5	-13.4	
Operating profit margin, % excluding non-recurring items	**6.8%**	**8.1%**		**7.0%**	**8.3%**	
Housing	11.2%	10.3%		10.0%	11.8%	
Finland, the Baltic countries and Central Eastern Europe	*9.2%*	*7.9%*		*8.8%*	*10.1%*	
Russia	*14.0%*	*13.5%*		*11.8%*	*14.1%*	
Business Premises and Infrastructure	2.1%	5.8%		3.4%	4.5%	
Profit before taxes	8.5	32.5	-74%	75.0	122.8	-39%
Profit for the review period[1]	5.5	24.3	-77%	56.6	93.9	-40%
Earnings per share, EUR	0.04	0.19	-79%	0.45	0.75	-40%
Operating cash flow after investments	139.9	76.3		151.9	-87.9	
Return on investment (last 12 months), %	7.7%	10.3%		7.7%	10.3%	
Equity ratio at end of period, %	32.4%	37.8%		32.4%	37.8%	
Net interest-bearing debt at end of period	616.6	707.6	-13%	616.6	707.6	-13%
Order backlog at end of period	2,125.9	2,713.7	-22%	2,125.9	2,713.7	-22%

[1] Attributable to equity holders of the parent company

Group reporting, IFRS

	12/14	12/13	Change	12/14	9/14	Change
Net interest-bearing debt, EUR million	696.0	781.7	-11%	696.0	817.9	-15%
Gearing ratio, %	129.9%	112.0%		129.9%	127.2%	
Equity ratio, %	29.2%	34.3%		29.2%	31.9%	
Dividend per share, EUR	0.18[2]	0.38	-53%			

[2] Board of Directors' proposal to the Annual General Meeting

Group financial development based on segment reporting

Accounting principles applied in the financial statements bulletin

YIT Corporation's management follows the development of the company's business according to the percentage of completion based segment reporting method (POC). Therefore, the explanatory statement of the financial statements bulletin focuses on describing the company's performance according to this reporting. YIT also reports on its operations in accordance with IFRS guidelines, where the company applies, for example, the IFRIC 15 guidelines. The effects of the differences of the recognition principles are presented in detail in the tables to the financial statements bulletin.

The Building Services segment was transferred to Caverion Corporation in the partial demerger of June 2013 and the comparison figures for 2013 in the explanatory statement of the financial statements bulletin concern continuing operations. The result of Building Services for January–June 2013 is reported under discontinued operations in the tables section.

Revenue, POC

EUR million	10–12/14	10–12/13	Change	Change at comparable exchange rates	1–12/14	1–12/13	Change	Change at comparable exchange rates
Revenue	**461.0**	**521.3**	**-12%**	**-3%**	**1,801.2**	**1858.8**	**-3%**	**2%**
Housing	318.9	347.7	-8%	5%	1,200.3	1152.2	4%	13%
Finland, the Baltic countries and Central Eastern Europe	*189.2*	*196.0*	*-3%*	*-3%*	*726.5*	*656.2*	*11%*	*11%*
Russia	*129.7*	*151.7*	*-14%*	*15%*	*474.1*	*496.0*	*-4%*	*15%*
Business Premises and Infrastructure	142.4	171.7	-17%	-17%	599.3	688.9	-13%	-13%
Other items	-0.3	1.9			1.6	17.8		

October-December

The Group's revenue decreased by 12% year-on-year. At comparable exchange rates, revenue decreased by 3%. Revenue grew at comparable exchange rates in the Housing segment due to the record high residential sales volume in Russia. The revenue of the Business Premises and Infrastructure segment was weighed down by the weak business premises market in Finland and the timing of the infrastructure projects.

January-December

The Group's revenue decreased by 3% year-on-year. At comparable exchange rates, revenue increased by 2% despite the demanding market situation. The Housing segment's revenue showed strong development in Finland, the Baltic countries and Central Eastern Europe, and increased also in Russia at comparable exchange rates on the back of the record high residential sales volume. The Group's revenue was also supported by the progress in the capital release program. The revenue of the Business Premises and Infrastructure segment decreased due to the weak business premises market in Finland among other things.

Result, POC

EUR million	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Operating profit	**19.0**	**41.2**	**-54%**	**114.0**	**152.8**	**-25%**
Operating profit margin, %	**4.1%**	**7.9%**		**6.3%**	**8.2%**	
Non-recurring items	**-12.4**	**-1.2**		**-12.4**	**-1.2**	
Operating profit excluding non-recurring items	**31.4**	**42.4**	**-26%**	**126.4**	**154.0**	**-18%**
Housing	35.6	36.0	-1%	119.5	136.3	-12%
Finland, the Baltic countries and Central Eastern Europe	*17.5*	*15.4*	*13%*	*63.7*	*66.2*	*-4%*
Russia	*18.1*	*20.5*	*-12%*	*55.8*	*70.2*	*-20%*
Business Premises and Infrastructure	3.0	10.0	-70%	20.4	31.0	-34%
Other items	-7.2	-3.5		-13.5	-13.4	
Operating profit margin excluding non-recurring items	**6.8%**	**8.1%**		**7.0%**	**8.3%**	
Housing	11.2%	10.3%		10.0%	11.8%	
Finland, the Baltic countries and Central Eastern Europe	*9.2%*	*7.9%*		*8.8%*	*10.1%*	
Russia	*14.0%*	*13.5%*		*11.8%*	*14.1%*	
Business Premises and Infrastructure	2.1%	5.8%		3.4%	4.5%	

October-December

Operating profit declined by 54% year-on-year. The operating profit margin was 4.1% (10–12/13: 7.9%).

Operating profit includes non-recurring costs of EUR 12.4 million, of which EUR 3.4 million is related to restructuring measures mainly in Russia, and EUR 9.0 million is related to write-downs of assets under the capital release program in Russia and the Baltic countries. The comparison period's operating profit includes a non-recurring cost of EUR 1.2 million.

The Housing segment's profitability was supported by the positive development in the Baltic countries and Central Eastern Europe as well as the record high residential sales volume in Russia. The weak profitability of the Business Premises and Infrastructure segment resulted from low revenue, among other things.

Changes in foreign exchange rates had a negative impact of EUR 5.1 million on operating profit.

January-December

Operating profit declined by 25% year-on-year. The operating profit margin was 6.3% (1–12/13: 8.2%).

Operating profit includes non-recurring costs of EUR 12.4 million, of which EUR 3.4 million is related to restructuring measures mainly in Russia, and EUR 9.0 million is related to write-downs of assets under the capital release program in Russia and the Baltic countries. The comparison period's operating profit includes a non-recurring cost of EUR 1.2 million.

The operating profit margin was also weighed down by actions to ensure strong cash flow, in addition to which changes in foreign exchange rates had a negative impact of EUR 11.8 million on operating profit.

EUR million	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Profit before taxes	8.5	32.5	-74%	75.0	122.8	-39%
Profit for the review period[1]	5.5	24.3	-77%	56.6	93.9	-40%
Earnings per share, EUR	0.04	0.19	-79%	0.45	0.75	-40%
Effective tax rate, %	35.2%	25.4%		24.6%	23.6%	

[1]Attributable to equity holders of the parent company

Order backlog, POC

EUR million	12/14	12/13	Change	12/14	9/14	Change
Order backlog	**2,125.9**	**2,713.7**	**-22%**	**2,125.9**	**2,736.0**	**-22%**
Housing	1,452.0	2,070.8	-30%	1,452.0	2,033.6	-29%
Finland, the Baltic countries and Central Eastern Europe	*798.5*	*970.8*	*-18%*	*798.5*	*929.8*	*-14%*
Russia	*653.5*	*1,100.0*	*-41%*	*653.5*	*1,103.8*	*-41%*
Business Premises and Infrastructure	673.9	642.9	5%	673.9	702.3	-4%

The order backlog decreased by 22% year-on-year due to the weakening of the ruble and lower residential start-ups. Changes in foreign exchange rates decreased the order backlog by EUR 401.9 million year-on-year. At the end of December, 40% of the order backlog had been sold (12/13: 34%).

During the last quarter of 2014, YIT signed a significant number of agreements and pre-agreements on construction of new residential projects for investors in Finland. These projects will strengthen the order backlog upon the start-ups.

Acquisitions and capital expenditure

EUR million	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Gross capital expenditure on non-current assets	5.0	5.4	-7%	13.9	20.2	-32%
% of revenue, POC	1.1%	1.1%		0.8%	1.1%	
Depreciation	3.0	2.8	8%	12.6	17.4	-28%

During the review period, YIT increased its ownership in its Slovakian subsidiary YIT Reding from 70% to 100% by acquiring 30% of the shares from the minority shareholder. The company did not make any other acquisitions in 2014. Gross capital expenditure on non-current assets amounted to EUR 13.9 million, or 0.8% of revenue. Investments in construction equipment amounted to EUR 2.8 million (1–12/13: EUR 6.4 million) and investments in information technology totalled EUR 5.8 million (1–12/13: EUR 6.3 million). Other investments including acquisitions amounted to EUR 5.3 million (1–12/13: EUR 7.5 million).

Cash flow and invested capital, POC

EUR million	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Operating cash flow after investments	139.9	76.3	83%	151.9	-87.9	
Cash flow of plot investments	-21.3	-40.1	-47%	-118.7	-171.4	-31%

EUR million	12/14	12/13	Change	12/14	9/14	Change
Invested capital	1,403.2	1,558.8	-10%	1,403.2	1,562.8	-10%
Return on investment (last 12 months), %	7.7%	10.3%		7.7%	9.1%	

Operating cash flow after investments in 2014 amounted to EUR 151.9 million. EUR 118.7 million was invested in plots, which was clearly less than in 2013. The company paid dividends of EUR 47.7 million for 2013 in compliance with the resolution of the Annual General Meeting.

The weakening of the ruble decreased invested capital by EUR 167.2 million year-on-year.

Return on investment declined year-on-year due to the decrease in the operating profit.

One of YIT's key focus areas is to improve capital efficiency. In 2014, capital was released by measures including apartment sales to investors, an agreement on plot cooperation worth EUR 50 million and the sale of self-developed business premises projects and slow-moving assets worth approximately EUR 75 million.

Development by business segment

Housing

EUR million	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Revenue	318.9	347.7	-8%	1,200.3	1,152.2	4%
Operating profit	23.4	35.5	-34%	107.4	135.8	-21%
Operating profit margin, %	7.3%	10.2%		8.9%	11.8%	
Operating profit excluding non-recurring items	35.6	36.0	-1%	119.5	136.3	-12%
Operating profit margin, % excluding non-recurring items	11.2%	10.3%		10.0%	11.8%	
Operative invested capital at end of period	957.9	1,225.8	-22%	957.9	1,225.8	-22%
Return on operative invested capital (last 12 months), %	9.9%	11.2%		9.9%	11.2%	
Order backlog at end of period	1,452.0	2,070.8	-30%	1,452.0	2,070.8	-30%

Housing Finland, the Baltic countries and Central Eastern Europe

Operating environment

In 2014, Finnish consumer confidence was on a low level, and consumers were cautious in their purchase decisions. Housing investors' activity compensated for weak consumer demand. The development of residential prices was polarised as prices were stable in growth centres and decreased slightly in the rest of Finland. The demand for small, reasonably priced apartments remained on a good level.

Positive macroeconomic development supported the residential markets in the Baltic countries and Central Eastern Europe, although geopolitical tensions increased the uncertainty in Latvia and Lithuania at the end of the year. During the review period, residential prices increased in the Baltic countries and were stable in the Czech Republic and Slovakia.

The interest rates on mortgages remained low in all operating countries, and access to financing was good.

EUR million	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Revenue	189.2	196.0	-3%	726.5	656.2	11%
Operating profit	11.3	14.9	-24%	57.6	65.7	-12%
Operating profit margin, %	6.0%	7.6%		7.9%	10.0%	
Operating profit excluding non-recurring items	17.5	15.4	13%	63.7	66.2	-4%
Operating profit margin, % excluding non-recurring items	9.2%	7.9%		8.8%	10.1%	
Operative invested capital at end of period	579.8	651.8	-11%	579.8	651.8	-11%
Return on operative invested capital (last 12 months), %	9.4%	10.3%		9.4%	10.3%	
Order backlog at end of period	798.5	970.8	-18%	798.5	970.8	-18%

October-December

Revenue of the Housing Finland, the Baltic countries and Central Eastern Europe business area decreased by 3% year-on-year.

The business area's operating profit excluding non-recurring items increased by 13% year-on-year, and the operating profit margin excluding non-recurring items stood at 9.2% (10–12/13: 7.9%). Profitability was supported by the positive development in the Baltic countries and Central Eastern Europe.

The reported operating profit includes non-recurring costs of EUR 6.1 million, of which EUR 5.9 million is related to write-downs of assets under the capital release program in the Baltic countries and EUR 0.2 million related to restructuring measures in Finland.

In December, YIT agreed with Ålandsbanken Housing fund on the sale of 120 mostly close to completion or completed apartments, of which 60 apartments were recorded in October-December sales and the rest will be recorded in the first quarter of 2015.

In October-December, YIT signed a significant number of agreements or pre-agreements on construction of new investor projects. Most of the start-ups take place in 2015. YIT signed, for example, an agreement with OP-Vuokratuotto non-UCITS Fund on construction of over 300 apartments in Finland. In addition, YIT signed pre-agreements on the construction of a maximum of around 880 subsidised apartments in Finland. Subsidised apartment project start-ups require municipal support and a project specific approval from The Housing Finance and Development Centre of Finland (ARA).

January-December

Revenue of the Housing Finland, the Baltic countries and Central Eastern Europe business area increased by 11% year-on-year. Of the business area's revenue, Finland accounted for 89%, Estonia, Latvia and Lithuania for 5%, and the Czech Republic and Slovakia for 6%. Revenue grew due to the positive development of housing sales in the Baltic countries and Central Eastern Europe, active investor sales in Finland and the plot sales to the Hypo Group worth nearly EUR 30 million.

The business area's operating profit excluding non-recurring items decreased by 4% year-on-year, and the operating profit margin excluding non-recurring items stood at 8.8% (1–12/13: 10.1%). Profitability was weighed down by actions to ensure strong cash flow and the higher share of investor projects in production in Finland. Profitability improved in the Baltic countries and Central Eastern Europe.

The reported operating profit includes non-recurring costs of EUR 6.1 million, of which EUR 5.9 million is related to write-downs of assets under the capital release program in the Baltic countries and EUR 0.2 million related to restructuring measures in Finland.

The order backlog of the business area decreased by 18% year-on-year. However, during the last quarter of 2014 YIT signed a significant number of agreements and pre-agreements on construction of new investor projects. These projects will strengthen the order backlog upon the start-ups.

Residential construction in Finland, units	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Sold	621	723	-14%	2,515	2,779	-9%
of which initially started to consumers[1]	449	573	-22%	1,641	2,057	-20%
Start-ups	291	369	-21%	2,112	2,483	-15%
of which to consumers	119	219	-46%	1,238	1,761	-30%
Completed	484	921	-47%	2,412	3,161	-24%
of which to consumers	350	631	-45%	1,628	2,094	-22%
Under construction at end of period	3,262	3,562	-8%	3,262	3,562	-8%
of which sold at end of period, %	65%	59%		65%	59%	
For sale at end of period	1,587	1,988	-20%	1,587	1,988	-20%
of which completed	450	513	-12%	450	513	-12%
Capital invested in the plot reserve at end of period, EUR million	165.7	197.6	-16%	165.7	197.6	-16%
Plot reserve at end of period, floor sq. m.	1,868,000	1,854,000	1%	1,868,000	1,854,000	1%
Cost of completion at end of period, EUR million	178.0	286.0	-38%	178.0	286.0	-38%

[1] Includes sales to residential property funds: 10–12/14: 84 apartments; 10–12/13: 173 apartments; 1–12/14: 285 apartments; 1–12/13: 502 apartments.

Residential construction in the Baltic countries and Central Eastern Europe, units	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Sold	189	145	30%	734	521	41%
Start-ups	95	189	-50%	789	723	9%
Completed	242	97	149%	724	382	90%
Under construction at end of period	1,134	1,062	7%	1,134	1,062	7%
of which sold at end of period, %	22%	21%		22%	21%	
For sale at end of period	1,012	950	7%	1,012	950	7%
of which completed	129	111	16%	129	111	16%
Capital invested in the plot reserve at end of period, EUR million	65.9	70.0	-6%	65.9	70.0	-6%
Plot reserve at end of period, floor sq. m.	348,000	361,000	-4%	348,000	361,000	-4%
Cost of completion at end of period, EUR million	45.0	43.4	4%	45.0	43.4	4%

Housing Russia

Operating environment

In 2014, geopolitical tensions and high volatility of the ruble impacted the residential market. As a result of the ruble weakening, consumers transferred their assets to fixed property, which was seen as strong residential sales volume especially in the beginning and at the end of the year.

After the modest residential price development in the beginning of the year the prices increased due to the demand spike and inflation expectations towards the end of the year. The interest rates on mortgages rose at the end of the year, but the increase was more moderate than the key rate hikes of the Central Bank of Russia. At the turn of the year the interest rates on new mortgages were in the range of 14.5-16.0%. Access to mortgage financing was on a reasonable level.

EUR million	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Revenue	129.7	151.7	-14%	474.1	496.0	-4%
Operating profit	12.1	20.5	-41%	49.8	70.2	-29%
Operating profit margin, %	9.3%	13.5%		10.5%	14.1%	
Operating profit excluding non-recurring items	18.1	20.5	-12%	55.8	70.2	-20%
Operating profit margin, % excluding non-recurring items	14.0%	13.5%		11.8%	14.1%	
Operative invested capital at end of period	378.1	574.0	-34%	378.1	574.0	-34%
Return on operative invested capital (last 12 months), %	10.5%	12.3%		10.5%	12.3%	
Order backlog at end of period	653.5	1,100.0	-41%	653.5	1,100.0	-41%

October-December

Revenue of the Housing Russia business area decreased by 14% year-on-year. At comparable exchange rates, revenue increased by 15%. The increase is attributable to the speed up in residential sales resulting from the ruble weakening.

The business area’s operating profit excluding non-recurring items decreased by 12%, and the operating profit margin excluding non-recurring items stood at 14.0% (10–12/13: 13.5%). Profitability was supported by the record high residential sales volume and the price increases at the end of the year.

The reported operating profit includes non-recurring costs of EUR 6.0 million, of which EUR 3.1 million is related to restructuring measures and EUR 2.9 million to write-downs of assets under the capital release program.

YIT completed several large projects towards the end of the year and started a significantly lower number of new projects compared to previous quarters. These factors together resulted in a decrease in the production volume. The residential sales volume was record-high. In October-December, consumers used mortgages in 36% of YIT’s residential deals. At the end of 2014, YIT was responsible for the service and maintenance of over 18,000 apartments in Russia.

The weakening of the ruble decreased the business area’s order backlog by EUR 305.5 million, capital invested in the plot reserve by EUR 83.6 million and operative invested capital by EUR 171.5 million quarter-on-quarter.

January-December

Revenue of the Housing Russia business area decreased by 4% year-on-year. At comparable exchange rates, revenue increased by 15%.

The business area’s operating profit excluding non-recurring items decreased by 20%, and the operating profit margin excluding non-recurring items stood at 11.8% (1–12/13: 14.1%). Profitability was burdened by residential price development being more modest than the year before and higher share of lower-margin projects, among other things.

The reported operating profit includes non-recurring costs of EUR 6.0 million, of which EUR 3.1 million is related to restructuring measures and EUR 2.9 million to write-downs of assets under the capital release program.

Due to the increased uncertainty, a lower number of new projects were started compared to the previous year, with the aim to maintain a critical production volume in all operating cities. Yet the target is to retain good readiness to increase the production when the operating environment allows it. A new record-high level was reached in the residential sales volume. In 2014, consumers used mortgages in 41% of YIT’s residential deals with consumers in Russia. The residential production volume decreased and the sales rate increased which reduced the risk level in Russia.

The weakening of the ruble decreased the business area's order backlog by EUR 401.5 million, capital invested in the plot reserve by EUR 109.9 million and operative invested capital by EUR 225.3 million year-on-year.

Residential construction in Russia, units	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Sold	1,641	1,392	18%	4,817[1]	4,480	8%
Start-ups	217	1,906	-89%	3,545	5,099	-30%
Completed[2]	2,171	1,024	112%	4,713	2,976	58%
Under construction at end of period	9,611	10,780	-11%	9,611	10,780	-11%
of which sold at end of period, %	43%	37%		43%	37%	
For sale at end of period	5,913	7,177	-18%	5,913	7,177	-18%
of which completed	403	416	-3%	403	416	-3%
Capital invested in the plot reserve at end of period[3], EUR million	184.4	320.1	-42%	184.4	320.1	-42%
Plot reserve at end of period[3], floor sq. m.	2,466,000	2,798,000	-12%	2,466,000	2,798,000	-12%
Cost of completion at end of period, EUR million	319.0	540.0	-41%	319.0	540.0	-41%

[1] Includes a bundle deal of 177 apartments.

[2] Completion of the residential projects requires commissioning by the authorities.

[3] Figures include Gorelovo industrial park.

Under construction at end of period, units	12/14	12/13	Change	12/14	9/14	Change
St. Petersburg	3,776	3,267	16%	3,776	4,136	-9%
Moscow region	3,021	4,309	-30%	3,021	3,558	-15%
Kazan, Moscow, Rostov-on-Don, Tyumen and Yekaterinburg	2,814	3,204	-12%	2,814	3,918	-28%

Business Premises and Infrastructure

Operating environment

The Finnish business premises market remained weak in 2014, especially in office and commercial construction. End-users were cautious in renting new business premises; investor interest in prime locations in Helsinki and Tampere remained on a good level, but elsewhere in Finland the demand was subdued. The transaction volume was high in the real estate market, but the activity focused on old, already leased premises. The activity in the contracting market improved towards the end of the year.

The positive macroeconomic outlook supported the business premises markets in the Baltic countries and Central Eastern Europe.

The infrastructure market in Finland remained relatively stable in the review period, and private equity investors were active in M&A in the sector.

EUR million	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Revenue	142.4	171.7	-17%	599.3	688.9	-13%
Operating profit	2.8	9.5	-71%	20.1	30.5	-34%
Operating profit margin, %	1.9%	5.5%		3.4%	4.4%	
Operating profit excluding non-recurring items	3.0	10.0	-70%	20.4	31.0	-34%
Operating profit margin, % excluding non-recurring items	2.1%	5.8%		3.4%	4.5%	
Operative invested capital at end of period	181.9	189.8	-4%	181.9	189.8	-4%
Return on operative invested capital (last 12 months), %	10.8%	20.6%		10.8%	20.6%	
Order backlog at end of period	673.9	642.9	5%	673.9	642.9	5%

Business premises, EUR million	12/14	12/13	Change	12/14	9/14	Change
Capital invested in the plot reserve	93.2	93.5	0%	93.2	95.4	-2%
Plot reserve, sq. m.	1,071,000	1,125,000	-10%	1,071,000	1,111,536	-4%
Cost of completion	47.5	21.2	124%	47.5	55.1	-14%

October-December

The segment's revenue decreased by 17% year-on-year. Revenue was weighed down by the weak business premises market in Finland and the timing of the infrastructure projects, among other things.

Operating profit excluding non-recurring items decreased by 70% year-on-year, and the segment's operating profit margin excluding non-recurring items was 2.1% (10–12/13: 5.8%). The negative development in profitability was mainly attributable to low revenue.

The reported operating profit includes non-recurring costs of EUR 0.2 million, of which EUR 0.1 million is related to write-downs of assets under the capital release program in the Baltic countries and EUR 0.1 million related to restructuring measures in Finland. The segment's organisation was refocused in order to ensure competitiveness in the changed operating environment.

In October-December, YIT signed agreements on renovating an office building into an apartment hotel in Espoo and selling a retail premise to be constructed in Vuosaari, Helsinki, among other things. YIT was chosen as the constructor of a shopping centre in Vilnius, Lithuania, in addition to which the company won new contracts in all operating countries of the segment. YIT also signed agreements and pre-agreements on care facilities with different parties.

E18 Hamina bypass was completed and opened for traffic in line with the schedule in December.

January-December

The segment's revenue decreased by 13% year-on-year. Revenue was weighed down particularly by the weak business premises market in Finland.

Operating profit excluding non-recurring items declined by 34% year-on-year, and the segment's operating profit margin excluding non-recurring items was 3.4% (1–12/13: 4.5%). Profitability was weakened by low revenue.

The reported operating profit includes non-recurring costs of EUR 0.2 million, of which EUR 0.1 million is related to write-downs of assets under the capital release program in the Baltic countries and EUR 0.1

million related to restructuring measures in Finland. The segment's organisation was refocused in order to ensure competitiveness in the changed operating environment.

The order backlog developed positively. YIT was awarded the contract to upgrade Ring Road III between the Lahdenväylä and Porvoonväylä, and the company was chosen to construct a new CHP power plant for Turun Seudun Energiatuotanto with the alliance model. In addition, YIT succeeded in increasing its market share in road maintenance.

The Tripla-project in Central Pasila proceeded as planned. In January, an implementation agreement, the preliminary agreement on the real estate transaction and a turnkey contract on the public sections were signed. Infrastructure works were started in the summer, and a launch event organised for potential tenants in November received a good reception. Also the feedback from potential investors has been positive. Helsinki City Council approved the city plan in January 2015. The city plan is expected to be confirmed at the end of February.

The largest ongoing self-developed business premises projects

Project, location	Value, EUR million	Project type	Completion rate, %	Estimated completion	Sold/unsold	Leasable area, sq. m.
Business centre in Suomalaistentie, Espoo	~15	Retail	86%	5/15	Sold	9,100
Osmontie 38, Helsinki	n/a	Office	32%	10/15	Sold	3,600
Lauttasaari shopping centre, Helsinki	-	Retail	6%	11/16	Unsold	5,700
BW Tower, Lahti	-	Office	36%	10/15	Unsold	7,500
Aleksanterinkatu 11 Koy, Lahti	-	Retail	79%	6/15	Unsold	6,700

The largest ongoing business premises and infrastructure contracts

Project	Value, EUR million	Project type	Completion rate, %	Estimated completion
E18 Pulteri	~190	Infra	99%	9/15
Ring Road III junction	~40	Infra	56%	12/16
Naantali CHP power plant	~40	Infra	1%	9/17
Espoo's road maintenance contract	~30	Infra	6%	10/19
Kemi's road maintenance contract	~25	Infra	75%	10/16

Group financial development based on group reporting (IFRS)

EUR million	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Revenue	529.3	497.3	6%	1,778.6	1,743.0	2%
Operating profit	35.2	29.0	21%	94.8	104.0	-9%
Operating profit margin, %	6.7%	5.8%		5.3%	6.0%	
Operating profit excluding non-recurring items	47.6	30.2	58%	107.3	105.2	2%
Operating profit margin, % excluding non-recurring items	9.0%	6.1%		6.0%	6.0%	
Profit before taxes	30.7	27.8	10%	74.3	95.0	-22%
Profit for the review period[1]	22.4	17.8	26%	55.9	70.3	-20%
Earnings per share, EUR	0.18	0.14	29%	0.44	0.56	-21%
Operating cash flow after investments	139.9	76.3		151.9	-87.9	
Order backlog at end of period	2,507.1	3,184.6	-21%	2,507.1	3,184.6	-21%
Invested capital at end of period	1,431.0	1,556.2	-8%	1,431.0	1,556.2	-8%
Return on investment (last 12 months), %	6.4%	7.0%		6.4%	7.0%	
Effective tax rate, %	27.1%	36.2%		24.9%	26.1%	

[1] Attributable to equity holders of the parent company

October-December

The Group's revenue increased by 6% year-on-year after IFRS adjustments. At comparable exchange rates, revenue increased by 17%. The increase in revenue was due to clearly higher apartment completions in self-projects in Russia.

After IFRS adjustments, the Group's operating profit increased by 21% year-on-year, and the Group's operating profit margin was 6.7% (10–12/13: 5.8%). Operating profit excluding non-recurring items increased by 58%. The improved profitability is attributable to higher revenue, and increased share of revenue from Housing Russia.

Operating profit includes non-recurring costs of EUR 12.4 million, of which EUR 3.4 million is related to restructuring measures mainly in Russia, and EUR 9.0 million is related to write-downs of assets under the capital release program in Russia and the Baltic countries. The operating profit of the comparison period includes a EUR 1.2 million non-recurring cost.

January-December

The Group's revenue increased by 2% year-on-year after IFRS adjustments. At comparable exchange rates, revenue increased by 7%.

After IFRS adjustments, the Group's operating profit decreased by 9% year-on-year, and the Group's operating profit margin was 5.3% (1–12/13: 6.0%). Operating profit excluding non-recurring items increased by 2%

Operating profit includes non-recurring costs of EUR 12.4 million, of which EUR 3.4 million is related to restructuring measures mainly in Russia, and EUR 9.0 million is related to write-downs of assets under the capital release program in Russia and the Baltic countries. The operating profit of the comparison period includes a EUR 1.2 million non-recurring cost.

In group reporting, self-developed residential projects are only recognised as income upon project handover. In Russia, revenue recognition of a project requires commissioning by the authorities. The timing of completion of self-developed projects thus affects the Group's revenue recognition, and therefore group figures may fluctuate greatly between different quarters. In addition, in group reporting the interest expenses are capitalised according to IAS 23, which causes differences in operating profit and financial expenses between segment reporting and group reporting.

Capital structure and liquidity position

IFRS, EUR million	12/14	12/13	Change	12/14	9/14	Change
Net interest-bearing debt	696.0	781.7	-11%	696.0	817.9	-15%
Cash and cash equivalents	199.4	76.3	161%	199.4	90.9	119%
Interest-bearing debt	895.4	858.0	4%	895.4	908.8	-1%
From the capital and money markets	482.0	451.8	7%	482.0	343.9	40%
From banks, financial institutions and insurance companies	149.0	132.9	12%	149.0	292.2	-49%
Construction-stage contract receivables sold to financial institutions	176.3	181.4	-3%	176.3	167.0	6%
Participations in the housing corporation loans of completed apartments	88.1	91.4	-4%	88.1	105.7	-17%
Other loans		0.5				
Average interest rate, %	2.92%	2.73%		2.92%	3.04%	
Revolving credit facilities	300.0	330.0	-9%	300.0	330.0	-9%
Overdraft facilities	57.9	65.1	-11%	57.9	59.7	-3%
Net financial expenses, cumulative	-20.5	-9.0	129%			
Costs of hedging, cumulative	-6.0	-1.5	300%			
Equity ratio, %	29.2%	34.3%		29.2%	31.9%	
Gearing ratio, %	129.9%	112.0%		129.9%	127.2%	

At the end of 2014, YIT's liquidity position was strong. Cash and cash equivalents amounted to EUR 199.4 million, in addition to which YIT had undrawn overdraft facilities amounting to EUR 57.9 million. In October, YIT signed a EUR 300 million syndicated unsecured revolving credit facility to replace the bilateral revolving credit facilities previously granted by the same group of banks. The revolving credit facility matures on January 2, 2018.

YIT Corporation's revolving credit facilities and bank loans include a covenant requiring the Group's equity ratio based on the IFRS balance sheet to be higher than 25.0%. In addition, the new revolving credit facility includes a covenant requiring the Group's gearing ratio based on the IFRS balance sheet to be below 150.0%. The covenant concerning gearing ratio (IFRS) will be removed if YIT's gearing ratio is below 100.0% for two consecutive quarters. The same gearing ratio covenant was added to one of the company's bank loan agreements in December according to original agreement. At the end of 2014, the equity ratio was 29.2% and the gearing ratio was 129.9%.

YIT has ensured the availability of the undrawn EUR 300 million revolving credit facility by agreeing with the bank syndicate that the banks waive the gearing covenant until February 28, 2015. Also the counterparty bank of the bank loan agreement waived the gearing covenant until the above-mentioned date. The reason for the temporary amendment of the terms was the remarkable volatility of the ruble exchange rate in December.

The total amount of interest-bearing debt was EUR 895.4 million at the end of 2014 and net interest-bearing debt decreased to EUR 696.0 million thanks to strong cash flow. A total of EUR 208.6 million of long-term loans will mature in 2015.

Net financial expenses increased year-on-year and amounted to EUR 20.5 million (1–12/13: EUR 9.0 million). Interest expenses at the amount of EUR 18.5 million (1–12/13: EUR 21.0 million) were capitalized in accordance with IAS 23.

The interests on participations in housing corporation loans are included in housing corporation charges and are thus booked in project expenses. Interests on the participations amounted to EUR 3.3 million in 2014 (1–12/13: EUR 2.9 million).

At the end of 2014, EUR 70.9 million of the capital invested in Russia was comprised of debt investments (12/13: EUR 139.4 million) and EUR 246.0 million was equity investments or similar permanent net investments (12/13: EUR 407.7 million). 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. In 2014, changes in foreign exchange rates decreased the Group's equity by EUR 166.9 million through translation difference.

Research and development

In 2014, YIT engaged in active development work through development projects on themes derived from the strategy, and as part of the development of self-developed projects.

The three Group-wide development programs launched in 2013 continued. The aim of the *Best Living Experience* programme is to support the forerunner position and profitability in the Housing segment in all operating countries. Efficient capital allocation, fast capital turnover and working capital management are the key areas of development within the *Increasing Financial Flexibility* programme. The *Excellent Leadership and Balanced Values* programme progressed also according to plan.

YIT engaged in the development of affordable and accessible product concepts in all business areas. The development and implementation of the area development concept was a common focus area in the Housing segment. Concept development in the housing maintenance business and development of the Safe Home concept continued in Russia. The first low-rise apartment building projects in Russia were successful.

YIT Plus, a new online service for customers who have bought a YIT Home, was launched in autumn 2014. YIT Plus makes the daily life easier through services for residents as well as housing companies. New information management solutions were developed for business planning and analysis as well as project management. The solutions will be implemented during 2015.

Other Group-wide development themes in 2014 were occupational safety, quality and responsibility. YIT's brand renewal reached the implementation stage.

The Group's research and development costs in 2014 amounted to EUR 14.5 million (1–12/2013: EUR 15.0 million), representing 0.8% (1–12/2013: 0.9%) of the revenue based on group reporting.

Personnel

Personnel by business segment	12/14	12/13	Change	12/14	9/14	Change
Housing	3,763	3,818	-1%	3,763	3,848	-2%
Finland, the Baltic countries and Central Eastern Europe	*1,783*	*1,832*	*-3%*	*1,783*	*1,839*	*-3%*
Russia	*1,980*	*1,986*	*0%*	*1,980*	*2,009*	*-1%*
Business Premises and Infrastructure	1,814	2,037	-11%	1,814	1,877	-3%
Group Services	304	317	-4%	304	307	-1%
Personnel by country	**12/14**	**12/13**	**Change**	**12/14**	**9/14**	**Change**
Finland	3,210	3,515	-9%	3,210	3,332	-4%
Russia	1,963	1,968	0%	1,963	1,992	-1%
The Baltic countries and Central Eastern Europe	708	689	3%	708	708	0%
Group, total	**5,881**	**6,172**	**-5%**	**5,881**	**6,032**	**-3%**

In 2014, the Group employed 6,116 people on average (1–12/13: 6,575). Personnel expenses totalled EUR 264.3 million (1–12/13: EUR 286.9 million).

In autumn 2014, the Business Premises and Infrastructure segment's competitiveness was strengthened through an organisational change where Real Estate Development division was established to better serve the entire business segment.

During the remainder of the year, the company made decisions on refocusing the business operations in order to ensure competitiveness in a changed operating environment. In November 2014, the company launched cooperation negotiations in Finland. As a result, the number of white-collar employees was reduced by approximately 30, of which approximately half as lay-offs, and the rest with internal transfers to projects or other measures. In addition, it was decided to adjust the Russian operations due to the decrease in the production volume. The number of employees is estimated to decrease by 300. The costs of EUR 3.4 million incurred for the restructuring are recognised in the 2014 financial statements.

The Board of Directors decided on March 18, 2014, on a new share-based incentive scheme for key persons, comprising three earnings periods (2014–2016). The scheme was launched successfully. The cost effect of YIT's share-based incentive scheme for earnings periods 2010–2012 was approximately EUR 1.3 million (1–12/13: EUR 2.0 million).

During 2014, the training path was renewed to better support the strategic areas of competence. The first training courses under the renewed concept for superiors and managers were successfully carried out in international groups for a total of around 70 persons.

YIT is a significant employer of young people. In 2014, YIT employed over 800 trainees in all operating countries combined through summer jobs, work training or thesis work. YIT is engaged in diverse co-operation with two Finnish universities, six universities of applied sciences and five vocational institutions. With student co-operation the aim is to find future talents and to strengthen the positive employer image.

Occupational safety was a key focus area for YIT in 2014. The level of the company's occupational safety is monitored by the same indicators in all countries, and occupational safety co-operation is tight. "Stop - Shape Up" discussions were carried out by widely engaging personnel. In Finland, accident frequency (accidents per million hours worked) decreased after the campaign during the fourth quarter to a record-low level. In 2014, the Group's accident frequency was 12 (1–12/13: 11).

Matters related to well-being at work developed positively. The average retirement age has increased and the number of new long-term (over 30 days) sick leaves has decreased in Finland.

Corporate responsibility

In 2014, the company engaged in extensive discussions with different stakeholders to survey their views regarding YIT's business operations and their responsibility. As a result of these discussions, the company's approach to responsibility was developed and the themes identified as material were emphasised further.

A particular area of focus in responsibility development efforts throughout the year was the perspective of producing added value, or the *Sustainable urban environments* approach, which was also identified by stakeholders as the most important component of responsibility. In business operations, this means applying the principles of sustainable development in construction projects in order to promote environmental, social and economic sustainability in the urban environment. In practice, the company seeks to develop convenience and comfort in everyday living in residential neighbourhoods, as well as to utilise new and more environmentally friendly energy and waste solutions.

The comfort of residential neighbourhoods can be increased by public art, for example. In Joensuu's Penttilänranta district, YIT implemented an "artistic project" when the facade, lobby and balconies of an apartment building were utilised to make art part of the building. Meanwhile in Mikkeli, the company is involved in Finland's first BREEAM area development project in co-operation with the city. The project takes the principles of sustainable development into consideration in a unique way, starting from zoning.

The company has developed its responsibility reporting in the direction of integrated reporting, emphasising value creation and a future-oriented perspective.

Strategic objectives and the outcome in 2014

At its meeting on September 11, 2014, YIT Corporation's Board of Directors decided to keep the company's strategic focus areas unchanged. The weakened macroeconomic outlook in Russia and Finland underlines the importance of sufficient financial operating space. In the Housing segment, YIT pursues growth through self-developed projects. In the Business Premises and Infrastructure segment, the aim is to increase the share of projects where the added value produced by YIT for the customer is as high as possible. In order to even out cyclicality, the weighting of Central Eastern Europe will be increased as the third geographic pillar in parallel with Finland and Russia.

The implementation of the strategy and reaching the financial targets is supported by the launch of a Group-wide competitiveness program, under which short-term targets have been defined for 2015 and 2016. The long-term financial targets remain unchanged.

YIT's strategy and financial targets were described at YIT's Capital Markets Day on September 25, 2014, in Helsinki, Finland. The presentation materials and recordings from the Capital Markets Day are available at www.yitgroup.com/investors.

In 2014, cash flow exceeded the targeted level clearly and also the proposed dividend payout is in line with the dividend policy. However, in the demanding market environment, the targets for revenue growth, return on investment and equity ratio were not reached.

YIT's long-term financial targets	Target level
Revenue growth	5–10% annually on average
Return on investment	20%
Operating cash flow after investments	Sufficient for dividend payout and reduction of debt
Equity ratio	40%
Dividend payout	40–60% of net profit for the period

YIT's short-term targets for years 2015 and 2016	Target level
Revenue growth	0–5% annually on average
Return on investment	15%
Net debt (IFRS)	Below EUR 600 million

The target levels excluding the net debt target are based on segment reporting method (POC)

Resolutions passed at the Annual General Meeting

YIT published stock exchange releases on the resolutions passed at the Annual General Meeting and the organisation of the Board of Directors on March 18, 2014. The stock exchange releases and a presentation of the members of the Board of Directors are available on YIT's website at 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 the review period. YIT Corporation's share capital was EUR 149,216,748.22 at the end of 2014 (2013: EUR 149,216,748.22), and the number of shares outstanding was 127,223,422 (2013: 127,223,422).

Treasury shares and authorisations of the Board of Directors

The Annual General Meeting of YIT Corporation resolved on March 18, 2014, 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 maintains a valid share issue authorisation issued by YIT's Annual General Meeting on March 10, 2010. The authorisation is valid for five years after the date it was granted. The share issue authorisation also includes an authorisation to decide on the conveyance of treasury shares.

YIT Corporation held 1,633,286 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. During the review period, 6,144 shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme, after which the company held 1,639,430 treasury shares at the end of the year.

Trading on shares

The price of YIT's share was EUR 10.17 at the beginning of the year. The closing price of the share on the last trading day of the review period on December 30, 2014, was EUR 4.27. YIT's share price decreased by approximately 58% during the review period. The highest price of the share during the review period was EUR 10.70, the lowest EUR 4.17 and the average price was EUR 7.35. Share turnover on Nasdaq Helsinki during the review period was approximately 144 million shares. The value of the share turnover was approximately EUR 1,029 million.

During the review period, approximately 99 million YIT Corporation shares changed hands in alternative market places, corresponding to approximately 41% of the total share trade, source: Fidessa Fragmentation Index.

YIT Corporation's market capitalisation on the last day of the year, was EUR 536.2 million. The market capitalisation has been calculated excluding the shares held by the company.

Number of shareholders and flagging notifications

At the end of 2014, the number of registered shareholders was 44,312 (12/13: 43,752). At the end of the year, a total of 29.3% of the shares were owned by nominee-registered and non-Finnish investors (12/13: 33.8%).

During the review period, 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

Most significant short-term business risks and risk management

Risk management is an integral part of business control, monitoring, reporting and continuous development under YIT's management system. Risk management covers the identification and assessment of risks and contingency plans for strategic, operational, financial and event risks. A strategic risk assessment is carried out at Group level once a year in connection with the review of the strategy. The nature and probability of strategic risks is continuously monitored and reported on.

Changes in economic, demographic, technological and political factors have an effect on YIT's business. Changes in consumer and business confidence and the availability of mortgages and real estate financing are key risks related to the demand for apartments and business premises. YIT aims to mitigate political risk and to manage cyclicality through geographical diversification. Large area development projects and tender-based projects also enable planned flexibility in different market situations. In operations subject to sales risk, it is key to ensure that the offering matches demand, taking different customer segments into consideration. Agility in moving between different project types is also crucial.

YIT's typical operational risks include risks related to plot investments, the sales risk of self-developed residential and business premises projects, and risks related to contract tenders, service agreements, project management and personnel. In project management, the key considerations are the accuracy of estimated costs and schedules, as well as competence in pricing. Third-party decisions regarding matters such as legislation, norms, zoning and construction permits also constitute a key operational risk. YIT manages sales risk by engaging in active pre-marketing, adjusting the number of residential start-ups according to estimated residential demand and the number of unsold apartments, and by typically securing anchor tenants prior to starting a business premises project and the investor in an early phase of construction. Risk management is an inseparable part of the preparation and implementation of projects and their phases. The management of large projects is supported by control practices including the method of organisation. Proactive communication with various stakeholders improves the predictability of projects and promotes smooth co-operation.

One of YIT's strategic focus areas is increasing financial flexibility, and targets pertaining to the release of capital have been set accordingly. Measures to release capital in a challenging market situation involve the risk of financial losses.

Financial risks include risks related to the sufficiency of financing, currency and interest rates, credit and counterparty risks and risks related to the reporting process. The Group's most significant currency risk is related to ruble-denominated investments. Financial risks are managed through accounting and treasury policies, internal control as well as internal and external auditing. More information on financial risks and their management is provided in Note 30 to the financial statements.

Possible event risks include personal damage, property damage and damage pertaining to information security, environmental damage and accidents, as well as sudden and unforeseen damage to property and premises related to project sites and other property, such as fire, collapse or theft. The primary objective of the management of event risks is the prevention of damage. Event risks are additionally managed through contingency plans as well as a Group-wide insurance policy and programmes. YIT also complies with a Group-wide security policy covering the different areas of security. Extensive training is provided for occupational safety-related matters, and its development is monitored from unit level to the Group's Management Board and Board of Directors. The IT infrastructure and practices are managed through IT policies. In order to ensure compliant and ethical operations, the Group has common Business Principles and effective methods for reporting and processing any misdemeanours. The Business Principles are reviewed on a regular basis, and compliance is supervised by means of internal and external auditing. The compliance of subcontractors' operations is ensured through services related to guidance and internal audits.

Other important events during the review period

YIT lowered its guidance for 2014 on October 14, 2014. According to the updated guidance, the Group revenue based on segment reporting was estimated to grow by 0–5% at comparable exchange rates, and the operating profit margin to be in the range of 6.5–7.3% excluding non-recurring items. Previously, the company had estimated the operating profit margin to be in the range of 7.5–8.0% excluding non-recurring items

The reason for the lowered guidance was that the sales volume in 2014 was estimated to fall below the previously projected level in business area Housing Russia. In addition, actions that ensure strong cash flow were estimated to weigh on the operating profit margin.

Events after the review period

YIT changed its segment structure as of the beginning of 2015. The former Housing segment was split into Housing Finland and CEE and Housing Russia segments. The Housing Finland and CEE segment is equivalent to the former Housing Finland, the Baltic countries and Central Eastern Europe business area. The Business Premises and Infrastructure segment remained as before.

Reporting under the new segment structure will begin from the January–March 2015 interim report. The 2014 comparison figures for the new segment structure will be published in March 2015.

In January, YIT sold to consumers around 80 apartments in Finland, around 40 apartments in CEE and around 370 apartments in Russia. The strong sales in January in Russia is a result of consumers' transferring assets to fixed property due to increased uncertainty.

Outlook for 2015

Guidance (segment reporting, POC)

The Group revenue growth is estimated to be in the range of -5 – 5% at comparable exchange rates.

The operating profit margin excluding non-recurring items is estimated to be below the level of 2014.

In addition to the market outlook, the guidance is based on the following factors: At the end of 2014, 40% of YIT's order backlog was sold, in addition to which the company has signed a significant number of pre-agreements. Projects already sold and signed pre-agreements are estimated to contribute over one third of the total revenue in 2015. The rest of the revenue estimate is based on the 2015 sales volume estimate and capital release actions.

Operating profit margin excluding non-recurring items will be burdened by the following factors, in addition to the demanding market situation: The share of Housing Russia segment of the Group revenue is estimated to decrease due to the weakening of the ruble and the decline in the production volume, which will impact the operating profit margin negatively. In addition, investor sales which has lower margin than consumer sales and contracting are estimated to increase their share of revenue in Finland. Approximately half of the over EUR 380 million capital release program, started in autumn 2013, was carried out by the end of 2014. The execution of the program will be continued actively in 2015, and the capital release actions are estimated to have a negative effect on the operating profit margin.

Market outlook

Finland

In Finland, the macroeconomic uncertainty is estimated to affect the residential and business premises markets also in 2015.

Consumers are cautious, and the demand is expected to focus on small apartments in growth centres, whereas the investor demand is expected to remain good. Residential price development is estimated to be polarized especially between small and large apartments. Access to mortgage financing is estimated to remain good.

In Finland, the demand for business premises is estimated to remain modest and the real estate investors' interest to focus on prime locations in the capital region. Tendering process is ongoing in several major route projects, and opportunities are also seen in business premises contracting.

Russia

The visibility is exceptionally weak in Russia. Economic uncertainty is estimated to have a negative impact also on the residential market. Consumers' purchasing power is estimated to weaken, and the increasing inflation to increase the construction costs. At the same time, residential prices are expected to increase along with inflation. The demand is estimated to focus especially on small, either close to completion or completed apartments.

Access to mortgage financing is estimated to weaken, but the mortgage rates are expected to remain stable.

CEE-countries

In CEE-countries the residential and business premises markets are expected to be supported by the improved economic situation. However, the geopolitical tensions may have a negative impact especially in Latvia and Lithuania.

Access to mortgage financing is estimated to remain good and residential prices to increase moderately.

Board of Directors' proposal for the distribution of distributable equity

The parent company's distributable equity on December 31, 2014 is EUR 321,945,443.39, of which the net loss for the financial year is EUR 467,226.57.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.18 per share be paid, resulting in a total amount of proposed dividends of EUR 22,605,118.56.

After the distribution of dividends, the remaining profits will be left in the company's distributable assets.

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.

Annual General Meeting 2015

YIT Corporation's Annual General Meeting will be held on Wednesday, March 18, 2015 starting at 10 a.m. in the congress wing of Finlandia Hall, Helsinki.

The notice of the General Meeting, which contains the Board of Directors' proposals to the Annual General Meeting, will be published in its entirety as a separate stock exchange release on February 5, 2015.

Financial Statements Bulletin January 1 – December 31, 2014: Tables

The Financial Statements Bulletin is based on the audited financial statements for 2014.

1 Summary of Financial Statements

2 Notes, segment reporting

3 Notes, IFRS

1 Summary of Financial Statements

1.1 Consolidated income statement, IFRS and segment reporting POC

EUR million	10–12/14 IFRS	10–12/13 IFRS	Change IFRS	10–12/14 POC	10–12/13 POC	Change POC
Revenue	529.3	497.3	6%	461.0	521.3	-12%
of which activities outside Finland	247.0	139.8	77%	177.6	192.5	-8%
Other operating income and expenses	-491.2	-465.5	6%	-439.1	-477.3	-8%
Share of results of associated companies and joint ventures	0.1	0.0	77%	0.1	0.0	77%
Depreciation	-3.0	-2.8	8%	-3.0	-2.8	8%
Operating profit	35.2	29.0	21%	19.0	41.2	-54%
% of revenue	6.7%	5.8%		4.1%	7.9%	
Financial income and expenses	-4.5	-1.2	269%	-10.4	-8.7	20%
Profit before taxes	30.7	27.8	10%	8.5	32.5	-74%
% of revenue	5.8%	5.6%		1.8%	6.2%	
Income taxes	-8.3	-10.0	-17%	-3.0	-8.3	-64%
Profit for the review period	22.4	17.7	26%	5.5	24.3	-77%
Equity holders of the parent company	22.4	17.8	26%	5.5	24.3	-77%
Non-controlling interest	0.0	-0.1	-89%	-0.0	-0.1	-90%
Earnings per share, attributable to the equity holders of the parent company, diluted and undiluted, EUR	0.18	0.14	29%	0.04	0.19	-79%

EUR million	1–12/14 IFRS	1–12/13 IFRS	Change IFRS	1–12/14 POC	1–12/13 POC	Change POC
Continuing operations						
Revenue	1,778.6	1,743.0	2%	1,801.2	1,858.8	-3%
of which activities outside Finland	616.1	488.4	26%	637.2	622.9	2%
Other operating income and expenses	-1,671.5	-1,621.6	3%	-1,674.9	-1,688.7	-1%
Share of results of associated companies and joint ventures	0.3	0.0	633%	0.3	0.0	633%
Depreciation	-12.6	-17.4	-28%	-12.6	-17.4	-28%
Operating profit	94.8	104.0	-9%	114.0	152.8	-25%
% of revenue	5.3%	6.0%		6.3%	8.2%	
Financial income and expenses	-20.5	-9.0	129%	-39.0	-30.0	30%
Profit before taxes	74.3	95.0	-22%	75.0	122.8	-39%
% of revenue	4.2%	5.5%		4.2%	6.6%	
Income taxes	-18.5	-24.8	-26%	-18.5	-29.0	-36%
Profit for the review period	55.8	70.2	-20%	56.5	93.8	-40%
Equity holders of the parent company	55.9	70.3	-20%	56.6	93.9	-40%
Non-controlling interest	-0.1	-0.1	-23%	-0.0	-0.1	-59%
Discontinued operations						
Profit for the review period		287.5			287.5	
Equity holders of the parent company		287.5			287.5	
Non-controlling interest						
Continuing and discontinued operations, total						
Profit for the review period	55.8	357.6	-84%	56.5	381.3	-85%
Equity holders of the parent company	55.9	357.7	-84%	56.6	381.3	-85%
Non-controlling interest	-0.1	-0.1	-23%	-0.0	-0.1	-59%
Earnings per share, attributable to the equity holders of the parent company, diluted and undiluted, EUR						
Continuing operations	0.44	0.56	-21%	0.45	0.75	-40%
Discontinued operations		2.29			2.29	
Continuing and discontinued operations, total	0.44	2.85	-85%	0.45	3.04	-85%

1.2 Statement of comprehensive income, IFRS

EUR million	1–12/14	1–12/13	Change
Continuing operations			
Profit for the review period	**55.8**	**70.2**	**-20%**
Items that may be reclassified subsequently to profit/loss:			
Cash flow hedges	0.4	3.0	-86%
-Deferred tax	-0.1	-0.8	-90%
Change in fair value of for available for sale investments	0.0	0.0	
-Deferred tax	0.0	0.0	
Change in translation differences	-166.9	-49.7	236%
Other items	0.2		
Items that may be reclassified subsequently to the statement of income, total	**-166.4**	**-47,5**	**250 %**
Items that will not be reclassified to the statement of income:			
Change in fair value of defined benefit pension	-0.2		
- Deferred tax asset	0.0		
Items that will not be reclassified to the statement of income, total	**-0.2**		
Other comprehensive income, total	**-166.5**	**-47.5**	**251%**
Total comprehensive result	-110.7	22.7	
Attributable to equity holders of the parent company	-110.7	22.8	
Attributable to non-controlling interest	-0.1	-0.1	-23%
Discontinued operations			
Total comprehensive result		287.5	
Attributable to equity holders of the parent company		287.5	
Attributable to non-controlling interest			
Continuing and discontinued operations total			
Total comprehensive result	-110.7	310.1	
Attributable to equity holders of the parent company	-110.7	310.2	
Attributable to non-controlling interest	-0.1	-0.1	-23%

1.3 Consolidated balance sheet, IFRS and segment reporting POC

EUR million	12/14 IFRS	12/13 IFRS	Change IFRS	12/14 POC	12/13 POC	Change POC
ASSETS						
Non-current assets						
Property, plant and equipment	55.4	65.2	-15%	55.4	65.2	-15%
Goodwill	10.9	10.9	0%	10.9	10.9	0%
Other intangible assets	11.3	7.1	59%	11.3	7.1	59%
Shares in associated companies and joint ventures	0.8	0.5	66%	0.8	0.5	66%
Other investments	0.8	0.8	1%	0.8	0.8	1%
Other receivables	2.9	0.6	396%	2.9	0.6	396%
Deferred tax assets	40.3	42.4	-5%	32.3	34.1	-5%
Current assets						
Inventories	1,688.9	2,055.8	-18%	1,370.2	1,668.0	-18%
Trade and other receivables	227.7	288.0	-21%	284.2	342.8	-17%
Cash and cash equivalents	199.4	76.3	161%	199.4	76.3	161%
Total assets	**2,238.4**	**2,547.5**	**-12%**	**1,968.3**	**2,206.3**	**-11%**
EQUITY AND LIABILITIES						
Equity						
Share capital	149.2	149.2	0%	149.2	149.2	0%
Other equity	386.1	543.5	-29%	437.6	620.2	-29%
Non-controlling interest	0.3	0.4	-25%	0.4	0.5	-18%
Equity total	**535.6**	**693.1**	**-23%**	**587.2**	**769.8**	**-24%**
Non-current liabilities						
Deferred tax liabilities	15.6	14.4	8%	20.0	25.1	-21%
Pension liabilities	0.9	0.7	37%	0.9	0.7	37%
Provisions	40.6	42.5	-4%	40.6	42.5	-4%
Borrowings	275.2	305.1	-10%	275.2	305.1	-10%
Other liabilities	22.9	35.0	-35%	22.9	33.1	-31%
Current liabilities						
Advances received	402.8	514.3	-22%	155.8	161.9	-4%
Trade and other payables	304.4	370.5	-18%	304.1	370.1	-18%
Provisions	20.2	19.0	6%	20.7	19.1	8%
Borrowings	620.2	552.9	12%	540.8	478.8	13%
Liabilities total	**1,702.8**	**1,854.4**	**-8%**	**1,381.0**	**1,436.4**	**-4%**
Total equity and liabilities	**2,238.4**	**2,547.5**	**-12%**	**1,968.3**	**2,206.3**	**-11%**

1.4 Consolidated cash flow statement

EUR million	10–12/14	10–12/13	Change	1–12/14	1–12/13	Change
Net profit for the period	22.4	17.7	26%	55.8	70.2	-21%
Reversal of accrual-based items	25.2	12.6	99%	70.7	61.3	15%
Change in trade and other receivables	60.7	11.6	422%	30.6	-42.8	
Change in inventories	71.2	-53.6		17.0	-296.8	
Change in current liabilities	-56.9	96.1		-10.2	186.9	
Change in working capital, total	75.0	54.2	38%	37.4	-152.7	
Cash flow of financial items	18.8	-0.9		1.4	-27.6	
Taxes paid	0.5	-6.2		-5.8	-43.7	-87%
Continuing operations, total	141.9	77.4	83%	159.5	-92.5	
Discontinued operations	-1.7	-1.8	-5%	-4.7	-30.7	-85%
Net cash generated from operating activities	**140.1**	**75.6**	85%	**154.8**	**-123.2**	
Acquisition of subsidiaries, net of cash		-0.3		-0.5	-4.9	-91%
Cash outflow from investing activities	-2.9	-4.7	-37%	-11.8	-15.1	-22%
Cash inflow from investing activities	1.0	3.8	-75%	4.6	24.7	-81%
Continuing operations, total	-2.0	-1.1	76%	-7.6	4.7	
Discontinued operations					-17.2	-100%
Net cash used in investing activities	**-2.0**	**-1.1**	**76%**	**-7.6**	**-12.5**	**-39%**
Operating cash flow after investments	**138.2**	**74.5**	85%	**147.2**	**-135.7**	
Change in loan receivables	-0.5	3.7		5.0	5.1	-3%
Change in current liabilities	-4.0	-30.6	-87%	-32.1	133.2	
Proceeds from borrowings				177.4	27.7	540%
Repayments of borrowings	-11.2	-19.7	-43%	-109.8	-132.9	-17%
Payments of financial leasing debts	-0.1	-0.3	-71%	-0.3	-0.3	13%
Dividends paid				-47.7	-94.0	-49%
Continuing operations, total	-15.9	-46.9	-66%	-7.5	-61.2	-88%
Discontinued operations					147.2	
Net cash used in financing activities	**-15.9**	**-46.9**	-66%	**-7.5**	**86.0**	
Net change in cash and cash equivalents	122.3	27.6	342%	139.7	-49.7	
Cash and cash equivalents at the beginning of the period	90.9	51.2	77%	76.3	174.6	-56%
Cash and cash equivalents transferred in demerger					-43.8	
Change in the fair value of the cash equivalents	-13.8	-2.5	454%	-16.8	-4.7	256%
Cash and cash equivalents at the end of the period	199.4	76.3	161%	199.4	76.3	161%

1.5 Consolidated statement of changes in equity, IFRS

In the interim report Q3/2014, an error pertaining to previous financial periods was corrected. In accordance with retrospective accounting for errors pursuant to IAS 8, the overvaluation of work-in-progress inventory resulting from the error has been corrected in the opening balance equity for 2013. The effect of correcting the error retrospectively in the opening balance equity for 2013 was EUR -5.7 million.

	Equity attributable to equity holders of the parent company									
EUR million	Share capital	Legal reserve	Other reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Equity total
Equity on January 1, 2013	149.2	1.9	3.8	-6.1	-3.4	-9.2	869.8	1,005.9	3.3	1,009.2
Correction of prior financial period error							-5.7	-5.7		-5.7
Adjusted equity on January 1, 2013	149.2	1.9	3.8	-6.1	-3.4	-9.2	864.1	1,000.2	3.3	1,003.5
Comprehensive income										
Profit for the period							357.7	357.7	-0.1	357.6
Other comprehensive income:										
Cash flow hedges					3.0			3.0		3.0
- Deferred tax asset					-0.8			-0.8		-0.8
Change in fair value of available-for-sale assets					0.0			0.0		0.0
- Deferred tax asset					0.0			0.0		0.0
Translation differences				-49.7				-49.7		-49.7
Comprehensive income, total				**-49.7**	**2.2**	**0.0**	**357.7**	**310.2**	**-0.1**	**310.1**
Transactions with owners										
Dividend distribution							-94.0	-94.0		-94.0
Share-based incentive schemes			-3.8			1.0	4.5	1.7		1.7
Assets transferred in the demerger, fair value							-515.2	-515.2		-515.2
Demerger effect		-0.4		-7.7	0.1			-8.0	-0.6	-8.6
Transactions with owners, total		**-0.4**	**-3.8**	**-7.7**	**0.1**	**1.0**	**-604.7**	**-615.7**	**-0.6**	**-616.3**
Changes in ownership shares in subsidiaries										
Acquisition of non-controlling interest, no loss of control							-2.2	-2.2	-2.2	-4.4
Changes in ownership shares in subsidiaries, total							**-2.2**	**-2.2**	**-2.2**	**-4.4**
Equity on December 31, 2013	**149.2**	**1.5**	**0.0**	**-63.5**	**-1.2**	**-8.2**	**614.9**	**692.7**	**0.4**	**693.1**

EUR million	Share capital	Legal reserve	Other reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Equity total
	Equity attributable to equity holders of the parent company									
Equity on January 1, 2014	149.2	1.5	0.0	-63.5	-1.2	-8.2	614.9	692.7	0.4	693.1
Comprehensive income										
Profit for the period							55.9	55.9	-0.1	55.8
Other comprehensive income:										
Cash flow hedges					0.4			0.4		0.4
- Deferred tax asset					-0.1			-0.1		-0.1
Change in fair value of available-for-sale assets					0.0			0.0		0.0
- Deferred tax asset					0.0			0.0		0.0
Change in fair value of defined benefit pension							-0.2	-0.2		-0.2
- Deferred tax asset							0.0	0.0		0.0
Translation differences				-166.9				-166.9		-166.9
Other change							0.2	0.2		0.2
Comprehensive income, total				**-166.9**	**0.3**		**55.9**	**-110.7**	**-0.1**	**-110.7**
Transactions with owners										
Dividend distribution							-47.7	-47.7		-47.7
Share-based incentive schemes			-0.1			0.0	1.1	1.0		1.0
Transactions with owners, total			**-0.1**			**0.0**	**-46.6**	**-46.8**		**-46.8**
Equity on December 31, 2014	**149.2**	**1.5**	**-0.1**	**-230.3**	**-0.8**	**-8.3**	**624.1**	**535.3**	**0.3**	**535.6**

2 Notes, segment reporting

2.1 Segment reporting accounting principles

In reporting to the management the revenue from own residential and commercial development projects is recognised by multiplying the degree of completion and the degree of sale, i.e. according to the percentage of completion method, which does not fully comply with Group's IFRS accounting principles. According to the Group's IFRS accounting principles revenue from own residential construction projects is recognised on completion and the commercial 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. 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 own commercial development projects to investors either prior to construction or during an early phase. The impact of the difference in reporting principles is shown in the line IFRS adjustment. As a result of the accounting policy, Group figures can fluctuate greatly between quarters.

In addition in group reporting the interest expenses are capitalized according to IAS 23 standard, which causes differences in operating profit and financial expenses between segment reporting and group reporting.

The chief operating decision-maker is the YIT Group's Management Board, which reviews the Group's internal reporting in order to assess performance and allocate resources to the segments.

2.2 Revenue, segment reporting POC

Continuing operations, EUR million	1–12/14	1–12/13	Change
Housing	1,200.3	1,152.2	4%
Finland, the Baltic countries and Central Eastern Europe	*726.5*	*656.2*	*11%*
Russia	*474.1*	*496.0*	*-4%*
Business Premises and Infrastructure	599.3	688.9	-13%
Other items	1.6	17.8	
Revenue total, POC	1,801.2	1,858.8	-3%
IFRS adjustment	-22.6	-115.9	
Revenue total, IFRS	1,778.6	1,743.0	2%

2.3 Operating profit and operating profit margin, segment reporting POC

Operating profit

Continuing operations, EUR million	1–12/14	1–12/13	Change
Housing	107.4	135.8	-21%
Finland, the Baltic countries and Central Eastern Europe	*57.6*	*65.7*	*-12%*
Russia	*49.8*	*70.2*	*-29%*
Business Premises and Infrastructure	20.1	30.5	-34%
Other items	-13.5	-13.6	
Operating profit total, POC	114.0	152.8	-25%
IFRS adjustment	-19.2	-48.8	
Operating profit total, IFRS	94.8	104.0	-9%

Operating profit margin

Continuing operations,%	1–12/14	1–12/13
Housing	8.9%	11.8%
Finland, the Baltic countries and Central Eastern Europe	*7.9%*	*10.0%*
Russia	*10.5%*	*14.1%*
Business Premises and Infrastructure	3.4%	4.4%
Group total, POC	6.3%	8.2%
Group total, IFRS	5.3%	6.0%

Profit before taxes

Continuing operations, EUR million	1–12/14	1–12/13	Change
Profit before taxes, POC	75.0	122.8	-39%
IFRS adjustment	-0.7	-27.8	
Profit before taxes, IFRS	74.3	95.0	-22%

2.4 Order backlog, segment reporting POC

Continuing operations, EUR million	12/14	12/13	Change
Housing	1,452.0	2,070.8	-30%
Finland, the Baltic countries and Central Eastern Europe	*798.5*	*970.8*	*-18%*
Russia	*653.5*	*1,100.0*	*-41%*
Business Premises and Infrastructure	673.9	642.9	5%
Order backlog, POC	2,125.9	2,713.7	-22%
IFRS adjustment	381.1	470.9	
Order backlog, IFRS	2,507.1	3,184.6	-21%

2.5 Personnel

At the end of the period	12/14	12/13	Change
Housing	3,763	3,818	-1%
Finland, the Baltic countries and Central Eastern Europe	*1,783*	*1,832*	*-3%*
Russia	*1,980*	*1,986*	*0%*
Business Premises and Infrastructure	1,814	2,037	-11%
Group Services	304	317	-4%
Personnel, total	5,881	6,172	-5%

2.6 Group figures by quarter, segment reporting POC

Revenue by segments

Continuing operations, EUR million	10–12/14	7–9/14	4–6/14	1–3/14	10–12/13	7–9/13	4–6/13	1–3/13
Housing	318.9	296.4	303.8	281.3	347.7	270.4	247.9	286.2
Finland, the Baltic countries and Central Eastern Europe	*189.2*	*177.4*	*187.0*	*172.9*	*196.0*	*140.0*	*131.6*	*188.6*
Russia	*129.7*	*119.0*	*116.8*	*108.5*	*151.7*	*130.4*	*116.3*	*97.6*
Business Premises and Infrastructure	142.4	188.8	147.0	121.1	171.7	181.4	177.0	158.8
Other items	-0.3	0.5	0.6	0.7	1.9	2.8	6.1	7.0
Revenue total, POC	461.0	485.7	451.4	403.1	521.3	454.7	430.9	452.0
IFRS adjustment	68.3	6.8	-97.7	0.0	-24.0	-91.7	6.2	-6.4
Revenue total, IFRS	529.3	492.4	353.7	403.2	497.3	363.0	437.1	445.6

Operating profit by segments

Continuing operations, EUR million	10–12/14	7–9/14	4–6/14	1–3/14	10–12/13	7–9/13	4–6/13	1–3/13
Housing	23.4	25.1	30.0	28.9	35.5	34.8	30.6	35.0
Finland, the Baltic countries and Central Eastern Europe	*11.3*	*13.3*	*16.2*	*16.8*	*14.9*	*14.7*	*13.7*	*22.4*
Russia	*12.1*	*11.7*	*13.8*	*12.2*	*20.5*	*20.1*	*17.0*	*12.6*
Business Premises and Infrastructure	2.8	10.3	6.9	0.2	9.5	8.0	9.9	3.1
Other items	-7.2	-1.8	-2.1	-2.3	-3.8	-5.4	-2.2	-2.2
Operating profit total, POC	19.0	33.5	34.7	26.9	41.2	37.4	38.3	35.9
IFRS adjustment	16.3	-5.4	-26.3	-3.7	-12.2	-25.7	-6.0	-4.9
Operating profit total, IFRS	35.2	28.1	8.3	23.2	29.0	11.7	32.3	31.0

Operating profit margin by segments

Continuing operations,%	10–12/14	7–9/14	4–6/14	1–3/14	10–12/13	7–9/13	4–6/13	1–3/13
Housing	7.3%	8.5%	9.9%	10.3%	10.2%	12.9%	12.3%	12.2%
Finland, the Baltic countries and Central Eastern Europe	*6.0%*	*7.5%*	*8.6%*	*9.7%*	*7.6%*	*10.5%*	*10.4%*	*11.9%*
Russia	*9.3%*	*9.9%*	*11.8%*	*11.2%*	*13.5%*	*15.4%*	*14.6%*	*12.9%*
Business Premises and Infrastructure	1.9%	5.4%	4.7%	0.2%	5.5%	4.4%	5.6%	1.9%
Group total, POC	4.1%	6.9%	7.7%	6.7%	7.9%	8.2%	8.9%	7.9%
Group total, IFRS	6.7%	5.7%	2.4%	5.8%	5.8%	3.2%	7.4%	7.0%

Key figures, segment reporting POC

	10–12/14	7–9/14	4–6/14	1–3/14	10–12/13	7–9/13	4–6/13	1–3/13
Profit before taxes, EUR million	8.5	22.6	25.7	18.2	32.5	29.9	29.8	30.6
Profit for the review period, attributable to equity holders of the parent company, EUR million								
-continuing operations	5.5	16.8	20.0	14.3	24.3	23.1	23.0	23.4
-discontinued operations					-0.9	0.0	286.2	2.2
-continuing and discontinued operations total	5.5	16.8	20.0	14.3	23.3	23.1	309.2	25.6
Earnings per share, diluted and undiluted, EUR								
-continuing operations	0.04	0.13	0.16	0.11	0.19	0.18	0.18	0.19
-discontinued operations					-0.01		2.29	0.01
-continuing and discontinued operations, total	0.04	0.13	0.16	0.11	0.18	0.18	2.47	0.20
	12/14	**9/14**	**6/14**	**3/14**	**12/13**	**9/13**	**6/13**	**3/13**
Equity per share, EUR	4.67	5.81	5.98	5.63	6.17	6.10	6.01	6.23
Invested capital, EUR million	1,403.2	1,562.8	1,603.8	1,553.7	1,558.8	1,592.8	1,492.5	1,443.4
Return on investment, from the last 12 months	7.7%	9.1%	9.6%	10.2%	10.3%	12.3%	13.9%	15.0%
Equity ratio	32.4%	35.8%	36.4%	35.0%	37.8%	37.0%	38.5%	40.7%
Net interest-bearing debt, EUR million	616.6	741.6	776.3	766.6	707.6	774.4	688.1	597.5
Gearing	105.0%	101.5%	103.2%	108.4%	91.3%	101.1%	91.2%	76.4%
Personnel at the end of the period	5,881	6,032	6,358	6,076	6,172	6,384	6,904	6,689

The balance sheet-based key figures presented in the table have been calculated on the basis of the balance sheet according to segment reporting. The comparison periods exclude the assets and liabilities related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger that took place on June 30, 2013.

Order backlog by segments

Continuing operations, EUR million	12/14	9/14	6/14	3/14	12/13	9/13	6/13	3/13
Housing	1,452.0	2,033.6	2,172.0	2,027.3	2,070.8	2,115.7	2,092.7	1,996.4
Finland, the Baltic countries and Central Eastern Europe	*798.5*	*929.8*	*953.2*	*956.7*	*970.8*	*1,053.9*	*1,080.0*	*890.7*
Russia	*653.5*	*1,103.8*	*1,218.8*	*1,070.6*	*1,100.0*	*1,061.8*	*1,012.7*	*1,105.7*
Business Premises and Infrastructure	673.9	702.3	751.9	669.4	642.9	697.7	718.0	713.8
Order backlog total, POC	2,125.9	2,736.0	2,923.9	2,696.7	2,713.7	2,813.4	2,810.8	2,710.2
IFRS adjustment	381.1	542.6	556.5	449.7	470.9	446.1	365.2	335.7
Order backlog total, IFRS	2,507.1	3,278.5	3,480.3	3,146.4	3,184.6	3,259.5	3,176.0	3,045.9

Operative invested capital

Continuing operations, EUR million	12/14	9/14	6/14	3/14	12/13	9/13	6/13	3/13
Housing	957.9	1,177.0	1,223.5	1,198.2	1,225.8	1,243.9	1,182.0	1,175.8
Finland, the Baltic countries and Central Eastern Europe	*579.8*	*613.0*	*621.9*	*649.0*	*651.8*	*671.5*	*617.3*	*586.2*
Russia[1)]	*378.1*	*564.0*	*601.6*	*549.2*	*574.0*	*572.4*	*564.8*	*575.4*
Business Premises and Infrastructure	181.9	229.3	233.2	208.8	189.8	215.9	176.9	146.3

Return on operative invested capital

Continuing operations, Rolling 12 months, %	12/14	9/14	6/14	3/14	12/13
Housing	9.9%	9.9%	10.7%	10.9%	11.2%
Finland, the Baltic countries and Central Eastern Europe	*9.4%*	*9.5%*	*10.1%*	*9.7%*	*10.3%*
Russia[1)]	*10.5%*	*10.2%*	*11.4%*	*12.4%*	*12.3%*
Business Premises and ıfrastructure	10.8%	12.1%	12.0%	15.6%	20.6%

Only operational items are taken into account in calculating the segments' invested capital.
[1)] Includes the Gorelovo industrial park.

3 Notes, IFRS

3.1 Group figures by quarter, IFRS

	10–12/14	7–9/14	4–6/14	1–3/14	10–12/13	7–9/13	4–6/13	1–3/13
Revenue, EUR million	529.3	492.4	353.7	403.2	497.3	363.0	437.1	445.6
Operating profit, EUR million	35.2	28.1	8.3	23.2	29.0	11.7	32.3	31.0
% of revenue	6.7%	5.7%	2.4%	5.8%	5.8%	3.2%	7.4%	7.0%
Financial income and expenses net, EUR million	-4.5	-6.7	-4.8	-4.4	-1.2	-2.9	-4.1	-0.7
Profit before taxes, EUR million	30.7	21.3	3.5	18.8	27.8	8.8	28.2	30.3
% of revenue	5.8%	4.3%	1.0%	4.7%	5.6%	2.4%	6.4%	6.8%
Earnings per share, EUR								
-continuing operations	0.18	0.13	0.02	0.12	0.14	0.06	0.18	0.18
-discontinued operations					-0.01		2.28	0.02
-continuing and discontinued operations total	0.18	0.13	0.02	0.12	0.13	0.06	2.46	0.20
Gross capital expenditures, EUR million	5.0	3.2	3.6	2.0	5.4	0.9	5.2	9.6
% of revenue	0.9%	0.7%	1.0%	0.5%	1.1%	0.3%	1.2%	0.9%

	12/14	9/14	6/14	3/14	12/13	9/13	6/13	3/13
Balance sheet total, EUR million	2,238.4	2,567.8	2,633.4	2,509.9	2,547.5	2,534.8	2,421.5	3,638.6
Equity per share, EUR	4.26	5.12	5.25	5.06	5.56	5.52	5.54	7.52
Average share price during the period, EUR	7.35	8.02	8.37	8.88	13.01	14.11	15.75	16.74
Share price at the end of the period, EUR	4.27	6.11	8.41	7.73	10.16	10.29	13.19	16.25
Weighted average share-issue adjusted number of shares outstanding, diluted and undiluted, 1,000 pcs	125,587	125,588	125,589	125,590	125,529	125,507	125,462	125,383
Share-issue adjusted number of shares outstanding at the end of the period,1,000 pcs	125,584	125,585	125,586	125,588	125,590	125,591	125,596	125,380
Market capitalisation at the end of the period, EUR million	536.2	767.3	1,056.2	970.8	1,276.0	1,292.3	1,656.6	2,037.4
Return on investment, from the last 12 months	6.4%	6.1%	5.2%	6.1%	6.1%	8.3%	10.7%	10.5%
Equity ratio	29.2%	31.9%	32.2%	31.6%	34.3%	33.6%	34.9%	31.1%
Net interest-bearing debt, EUR million	696.0	817.9	860.2	840.3	781.7	857.3	764.4	839.0
Gearing ratio	129.9%	127.2%	130.4%	132.1%	112.0%	123.7%	109.8%	88.9%
Unrecognised order backlog at the end of the period, EUR million	2,507.1	3,278.5	3,480.3	3,146.4	3,184.6	3,259.5	3,176.0	3,045.9
-of which activities outside Finland, EUR million	1,061.4	1,697.3	1,838.2	1,568.3	1,617.8	1,548.5	1,462.1	1,506.7
Personnel at the end of the period	5,881	6,384	6,358	6,076	6,172	6,384	6,904	6,689
Personnel, average from the beginning of the year	6,116	6,172	6,169	6,102	6,575	6,682	6,692	6,658

The balance sheet-based key figures presented in the table have been calculated on the basis of the official balance sheet for the comparison periods, the balance sheet 3/13 includes the assets and liabilities related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger that took place on June 30, 2013. Also the business operations of Caverion Corporation were included in the YIT share and its value until June 30, 2013. For these reasons, pre-demerger figures are not comparable to the figures after the demerger.

3.2 Accounting principles of the Financial Statements Bulletin

YIT Corporation's Financial Statements Bulletin for January 1 – December 31, 2014, has been drawn up in line with IAS 34: Interim Financial Reporting. The Financial Statements Bulletin is based on audited financial statements for 2014.

In the Financial Statement the figures are presented in million euros doing the rounding on each line, which may cause some rounding inaccuracies in column and total sums.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). All of the IAS/IFRS standards and SIC/IFRIC interpretations approved by the EU Commission by 31 December 2014 have been complied with. The accounting principles are described in more detail in the accounting principles for the 2014 financial statements.

In the interim report Q3/2014, an error pertaining to previous financial periods was corrected. The error was due to the incorrect processing of value added tax in the project reporting of one of YIT's Russian subsidiaries. In accordance with retrospective accounting for errors pursuant to IAS 8, the overvaluation of work-in-progress inventory resulting from the error has been corrected in the opening balance equity for 2013. The effect of correcting the error retrospectively in the opening balance equity for 2013 was as follows: work-in-progress inventory EUR -7.1 million, deferred tax assets EUR +1.4 million, and equity EUR -5.7 million. The error did not have any effect on the result for 2013 and 2014, nor did it have any cash flow effect. Correcting the error has only a minor effect on the key figures for previous periods presented in annual report and they have therefore not been adjusted.

Currency exchange rates used in the Financial Statement

		Average rate 1–12/14	Average rate 1–12/13	Balance sheet rate 12/14	Balance sheet rate 12/13
1 EUR =	CZK	27.5364	25.9904	27.7350	27.4270
	PLN	4.1843	4.1971	4.2732	4.1543
	RUB	51.0378	42.3362	72.3370	45.3246
	LTL	3.4528	3.4528	3.4528	3.4528

3.3 Definitions of key financial figures

Return on investment (ROI, %) =	Group's profit before taxes + interest expenses + other financial expenses +/- exchange rate differences x 100 Balance sheet total - non-interest bearing liabilities (average)
Segment's operative invested capital =	Tangible and intangible assets + goodwill + shares in associated companies + investments + inventories + trade receivables + other non-interest bearing operational receivables *) - provisions - trade payables - advances received – other non-interest bearing liabilities *) *) excluding items associated with taxes, distribution of profit and financial items
Return on operative invested capital (%) =	Segment's operating profit Segment's operative invested capital (average)
Equity ratio (%) =	Equity + non-controlling interest x 100 Balance sheet total - advances received
Gearing ratio (%) =	Interest-bearing liabilities - cash and cash equivalents x 100 Shareholders' equity + non-controlling interest
Segment reporting, earnings / share (EUR) =	Net profit for the period (attributable to equity holders), segment reporting Share issue-adjusted average number of outstanding shares during the period
Group IFRS reporting, earnings / share (EUR) =	Net profit for the period (attributable to equity holders), group reporting Share issue-adjusted average number of outstanding shares during the period
Equity/share (EUR) =	Equity Share issue-adjusted number of outstanding shares at the end of the period
Market capitalisation =	(Number of shares - treasury shares) x share price on the closing date by share series

3.4 Unusual items affecting operating profit

EUR million	1–12/14	1–12/13	Change
Housing	-12.2	-0.5	over thousand
Business Premises and Infrastructure	-0.2	-0.5	-50%
Other items		-0.2	
Group total	**-12.4**	**-1.2**	934%

At the end of 2013, the company made decisions to change the business control structure and make rearrangements in shared services. In addition, it was decided to adjust the organisation of Finnish business operations to the current market situation. In December 2013, the company launched cooperation negotiations concerning fixed salaried employees. A total of 750 salaried employees fell within the sphere of the negotiations. The negotiations were completed in January 2014, and approximately 50 dismissals were carried out. The costs amounted EUR 1.2 million incurred for the restructuring are recognised in the last quarter of year 2013.

Operating profit of Housing includes non-recurring costs of EUR 12.2 million, of which EUR 3.3 million is related to restructuring measures mainly in Russia, and EUR 8.9 million is related to write-downs of assets under the capital release program in Russia and the Baltic countries.

Operating profit of Business Premises and Infrastructure includes non-recurring costs of EUR 0.2 million, of which EUR 0.1 million is related to restructuring measures in Finland, and EUR 0.1 million is related to write-downs of assets under the capital release program in the Baltic countries.

3.5 Business combinations and disposals

There have been no acquisitions or disposals in year 2014.

3.6 Discontinued operations

The profit of the discontinued operations and profit recognised from asset valuation of assets held for sale are as follows:

EUR million	1–12/14	1–12/13
Revenue		1,260.6
Other income and expenses		-1,249.8
Profit before taxes		10.8
Taxes		-3.0
Profit of business transferred to Caverion after taxes		7.8
Recognised profit from asset valuation of discontinued operations		293.0
Demerger costs		-18.0
Taxes related to demerger costs		4.5
Profit for the review period, discontinued operations		**287.5**

3.7 Property, plant and equipment

EUR million	12/14	12/13	Change
Carrying value at the beginning of the period	65.2	110.6	-41%
Translation difference	-3.7	-1.6	131%
Increase	6.5	8.1	-20%
Decrease	-2.3	-9.3	-75%
Discontinued operations		-29.9	
Depreciation and value adjustments	-11.5	-13.5	-15%
Reclassifications	1.2	0.8	41%
Carrying value at the end of the period	**55.4**	**65.2**	**-15%**

3.8 Inventories

EUR million	12/14	12/13	Change
Raw materials and consumables	6.0	10.2	-42%
Work in progress	874.0	1,047.1	-17%
Land areas and plot owning companies	509.1	681.2	-25%
Shares in completed housing and real estate companies	223.8	235.7	-5%
Advance payments	73.3	81.0	-10%
Other inventories	2.7	0.4	588%
Total inventories	**1,688.9**	**2,055.8**	**-18%**

3.9 Notes on equity

Share capital and share premium reserve	Number of outstanding shares, pcs	Share capital, EUR million	Treasury shares, EUR million
Shares outstanding on January 1, 2014	125,590,136	149.2	-8.2
Return of treasury shares			
January 1 - March 31, 2014	-2,208		
April 1 – June 30, 2014	-1,852		
July 1 – September 30, 2014	-1,332		
October 1 – December 31, 2014	-752		0.0
Shares outstanding on December 31, 2014	**125,583,992**	**149.2**	**-8.3**

3.10 Financial risk management

The main financial risks include liquidity risk, credit risk and market risks, such as currency and interest rate risk, and their management is a part of the Group's treasury policy. The Board of Directors has approved the Corporate Treasury Policy. The Group Treasury is responsible for the practical implementation of the policy in association with the business 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 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 2014.

3.11 Borrowings and fair value

Borrowings which have different fair value and carrying value

EUR million	12/14 Carrying value	12/14 Fair value	12/13 Carrying value	12/13 Fair value
Non-current liabilities				
Bonds	105.3	109.6	210.5	218.9
Loans from credit institutions	67.3	63.7	20.0	21.0
Pension loans	102.5	95.3	73.6	72.8
Other loans			0.6	0.6
Non-current liabilities. total	275.1	268.6	304.8	313.3
Current liabilities				
Bonds	105.4	106.6	83.8	83.9

The fair values of bonds are based on the market price at the closing date. The fair values of other non-current loans are based on discounted cash flows. Discount rate is defined to be the rate YIT Group was to pay for equivalent external loans at the year-end. It consists of risk free market rate and company and maturity related risk premium 2.12-4.08% (1.60-3.30% on December 31, 2013) p.a.

Fair value estimation

Group measures the fair value measurement hierarchy as follows:

Level 1: The fair values of financial instruments are based on quoted prices in active markets. A market can be considered active if quoted prices are regularly available and the prices represent the actual value of the instrument in liquid trading.
Level 2: Financial instruments are not traded in active and liquid markets. The value of a financial instrument can be determined based on market value and potentially partially derived value measurement. If, however, the factors affecting the fair value of the instrument are available and observable, the instrument belongs to level 2.
Level 3: The valuation of a financial instrument is not based on observable market data, and other factors affecting the fair value of the instrument are not available and observable. The following table presents the Group's assets and liabilities that are measured at fair value and their levels. Following table presents the group's assets and liabilities that are measured at fair value and their levels.

Assets, EUR million	12/14 Level 1	12/14 Level 2	12/13 Level 1	12/13 Level 2
Available-for-sale investments	0.1		0.1	
Derivatives (hedge accounting not applied)		2.4		1.8
Total assets	**0.1**	**2.4**	**0.1**	**1.8**

Liabilities, EUR million	12/14 Level 1	12/14 Level 2	12/13 Level 1	12/13 Level 2
Derivatives (hedge accounting not applied)		4.9		1.7
Derivatives (hedge accounting applied)		1.1		1.5
Total liabilities		**6.0**		**3.2**

There were neither transfers between level 1 and 2 nor assets categorised at level 3.

3.12 Change in contingent liabilities and assets and commitments

EUR million	12/14	12/13	Change
Collateral given for own commitments			
Corporate mortgages			
Guarantees on behalf of its associated companies	6.8	6.8	
Other commitments			
Repurchase commitments	490.9	319.0	54%
Operating leases	142.2	165.0	-14%
Rental guarantees for clients	1.4	1.6	-14%
Other contingent liabilities			
Guarantees given			
Liability under derivative contracts			
Value of underlying instruments			
Interest rate derivatives	318.0	338.0	-6%
Foreign exchange derivatives	62.2	146.5	-58%
Fair value			
Interest rate derivatives	-6.0	-2.4	150%
Foreign exchange derivatives	2.4	1.3	85%
YIT Corporation’s guarantees on behalf of its subsidiaries	961.9	956.7	1%

As a result of the partial demerger registered on June 30, 2013, YIT Corporation had secondary liability for guarantees transferred to Caverion Corporation, with a maximum total amount of EUR 114.8 million on December 31, 2014 (EUR 140.1 million on December 31, 2013).

3.13 Transactions with associated companies and joint ventures

EUR million	1–12/14	1–12/13	Change
Sales	26.7	74.6	-64%
Purchases		0.0	
EUR million	**12/14**	**12/13**	**Change**
Trade and other receivables	0.0	0.0	33%
Trade and other liabilities		0.0	

Together
we can
do it.