Q3

Interim Report 1–9/2016

Interim Report January 1–September 30, 2016: Revenue increased, favourable development in Russia in Q3

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

Segment reporting, POC

Residential projects for consumers recognised as income in line with sales and construction[1]

July–September

- Revenue increased by 13% to EUR 443.8 (391.7) million. At comparable exchange rates, revenue increased by 14%.
- Adjusted operating profit amounted to EUR 19.0 (20.3) million and adjusted operating profit margin was 4.3% (5.2%).
- EUR -27.0 (-10.4) million adjustments were booked in the period.
- Order backlog decreased by 3% from the end of June, amounting to EUR 2,640.7 million.
- Operating cash flow after investments amounted to EUR -22.8 (11.9) million.

January–September

- Revenue increased by 7% to EUR 1,269.9 (1,182.7) million. At comparable exchange rates, revenue increased by 10%.
- Adjusted operating profit amounted to EUR 51.2 (59.4) million and adjusted operating profit margin was 4.0% (5.0%).
- EUR -27.0 (-10.4) million adjustments were booked in the period.
- Operating cash flow after investments amounted to EUR -21.7 (140.3) million.

Group reporting, IFRS

Residential projects for consumers recognised as income upon completion[1]

July–September

- Revenue increased by 15% to EUR 419.3 (363.8) million.
- Operating result amounted to EUR -20.9 (1.5) million and operating profit margin was -5.0% (0.4%).
- Adjusted operating profit amounted to EUR 6.1 (11.8) million and adjusted operating profit margin was 1.5% (3.3%).

January–September

- Revenue decreased by 6 % to EUR 1,153.2 (1,220.6) million.
- Operating result amounted to EUR -7.6 (53.2) and operating profit margin was -0.7% (4.4%).
- Adjusted operating profit amounted to EUR 19.4 (63.5) million and adjusted operating profit margin was 1.7% (5.2%).

Guidance for 2016 unchanged (segment reporting, POC)

The Group revenue growth is estimated to be in the range of 5–10% at comparable exchange rates.

The adjusted operating profit[2] is estimated to grow from the level of 2015 (2015: EUR 76.0 million).

The adjusted operating profit does not include material reorganisation costs, impairment or other items impacting comparability.

[1]In segment reporting, the revenue and profit are recognised by multiplying the percentage of completion by the percentage of sale, i.e. according to the percentage of completion method, which does not fully comply with the Group's IFRS accounting principles. According to the Group's IFRS accounting principles, revenue from residential projects for consumers is recognised upon completion. Furthermore, in Group reporting, part of the interest expenses are capitalised according to the IAS 23 standard, which causes differences in operating profit and financial expenses between segment reporting and Group reporting.

[2] Due to the new guidelines from the European Securities and Market Authority concerning alternative performance measures, the performance measure "operating profit excluding non-recurring items" is replaced with "adjusted operating profit". The content of adjustments equals items previously disclosed as non-recurring items and consist of material reorganization costs and impairment, among others. Adjusted operating profit is disclosed to improve comparability between reporting periods.

Kari Kauniskangas, President and CEO:

In September, we published the company's renewed strategy for the next three-year period. The engine for YIT's growth and profitability is urban development involving partners. Our order backlog in Finland and the CEE countries is strong, which provides a solid foundation for growth over the next three-year period. Shifting the focus towards growth is made possible thanks to a decrease in net debt during the strategy period and more capital-efficient business models.

In connection with our Capital Markets Day, we stated that the capital release programme established for the previous strategy period is coming to a close according to our objectives. In this review period, completion of the capital release program can be seen in key ratios and profitability development. However, we will continue to improve capital turnover as part of our normal business operations. According to our strategy, we aim to strengthen growth by releasing capital from Russia and investing it in urban development in Finland and the CEE countries.

In July–September, we saw the positive trend continue, with our revenue growing 13 percent year-on-year. I am especially happy that the third quarter showed favorable in the Housing Russia segment; the adjusted operating profit in the segment was positive for the first time in 2016. Our aim is to achieve positive adjusted operating profit in the second half of the year in Russia. The goal is to continue operations in all our current operating areas in Russia, but to reduce the amount of capital invested in Russia by a total of 6 billion roubles (around 80 million euros) by the end of 2018.

Revenue in the Housing Finland and CEE segment remained stable during the third quarter, with profitability improving year-on-year. Our goal in the segment is to further improve profitability by increasing consumer sales and the offering of reasonably priced apartments in growth centres. We were able to start several Smartti projects in Finland, and also started YIT Slovakia's largest area project in Bratislava.

Revenue in the Business Premises and Infrastructure segment grew in July–September by 24% year-on-year. Our goal is to improve profitability by increasing the number of projects with a long value chain in both in self-developed and tender-based business. A good example of this is Tripla, for which leasing has progressed more quickly than we had expected. During the review period, we won new significant projects that were signed after the reporting period. For example, YIT was chosen to construct Metropolia's Myllypuro campus project in Helsinki.

Key figures

Group reporting, IFRS

EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Revenue	419.3	363.8	15%	1,153.2	1,220.6	-6%	1,732.2
Operating profit	-20.9	1.5		-7.6	53.2		81.6
Operating profit margin, %	-5.0%	0.4%		-0.7%	4.4%		4.7%
Profit before taxes	-24.8	-5.1	-389%	-24.2	39.8		61.3
Profit for the review period[1]	-22.6	-4.0	-467%	-22.1	31.2		47.2
Earnings per share, EUR	-0.18	-0.03	-467%	-0.18	0.25		0.38
Operating cash flow after investments	-22.8	11.9		-21.7	140.3		183.7
Net interest-bearing debt at end of period	611.4	574.6	6%	611.4	574.6	6%	529.0
Gearing ratio at end of period, %	118.9%	106.1%		118.9%	106.1%		101.1%
Equity ratio at end of period, %	30.1%	33.1%		30.1%	33.1%		32.9%

Segment reporting, POC

EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Revenue	443.8	391.7	13%	1,269.9	1,182.7	7%	1,651.2
Housing Finland and CEE	167.0	165.8	1%	517.9	557.0	-7%	777.8
Housing Russia	76.0	63.9	19%	183.9	204.8	-10%	266.4
Business Premises and Infrastructure	203.1	164.1	24%	575.0	427.1	35%	615.6
Other items	-2.3	-2.0		-6.9	-6.2		-8.6
Operating profit	**-8.0**	**10.0**		**24.2**	**49.0**	**-51%**	**65.7**
Operating profit margin, %	**-1.8%**	**2.6%**		**1.9%**	**4.1%**		**4.0%**
Adjusted operating profit	**19.0**	**20.3**	**-7%**	**51.2**	**59.4**	**-14%**	**76.0**
Housing Finland and CEE	12.9	12.3	5%	41.5	42.6	-3%	56.0
Housing Russia	0.7	1.7	-59%	-5.1	10.2		10.9
Business Premises and Infrastructure	8.2	8.3	-2%	26.9	15.1	78%	22.7
Other items	-2.7	-2.0		-12.0	-8.5		-13.5
Adjusted operating profit margin, %	**4.3%**	**5.2%**		**4.0%**	**5.0%**		**4.6%**
Housing Finland and CEE	7.7%	7.4%		8.0%	7.7%		7.2%
Housing Russia	0.9%	2.7%		-2.8%	5.0%		4.1%
Business Premises and Infrastructure	4.0%	5.1%		4.7%	3.5%		3.7%
Adjustments	-27.0	-10.4		-27.0	-10.4		-10.4
Profit before taxes	-17.0	-0.7	over thousand %	-7.5	20.9		27.0
Profit for the review period[1]	-15.9	-0.8	over thousand %	-8.7	15.5		20.0
Earnings per share, EUR	-0.13	-0.01	over thousand %	-0.07	0.12		0.16
Return on investment (last 12 months), %	3.6%	5.1%		3.6%	5.1%		5.3%
Net interest-bearing debt at end of period	509.1	529.2	-4%	509.1	529.2	-4%	460.8
Equity ratio at end of period, %	33.8%	35.5%		33.8%	35.5%		35.5%
Order backlog at end of period	2,640.7	2,314.6	14%	2,640.7	2,314.6	14%	2,172.9

[1] Attributable to equity holders of the parent company

Accounting principles applied in the interim report

YIT reports on its operations in accordance with IFRS guidelines, where the company applies, for example, the IFRIC 15 guidelines. In group reporting, self-developed residential projects are recognised as income upon project handover. 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 part of the interest expenses are capitalised according to IAS 23 and reported as project costs above the operating profit when the project is completed. This causes differences in operating result and financial expenses between segment reporting and group reporting..

YIT Corporation's management follows the development of the company's business according to the percentage of completion based segment reporting (POC). Therefore, the company's performance is described in the explanatory statement of the interim report also according to segment reporting. The effects of the differences of the recognition principles are presented in detail in the tables to the interim report.

Group financial development, group reporting (IFRS)

Residential projects for consumers recognised as income upon completion

IFRS, EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Revenue	419.3	363.8	15%	1,153.2	1,220.6	-6%	1,732.2
Operating profit	-20.9	1.5		-7.6	53.2		81.6
Operating profit margin, %	-5.0%	0.4%		-0.7%	4.4%		4.7%
Adjusted operating profit	6.1	11.8	-49%	19.4	63.5	-70%	91.9
Adjusted operating profit margin, %	1.5%	3.3%		1.7%	5.2%		5.3%
Profit before taxes	-24.8	-5.1	-389%	-24.2	39.8		61.3
Profit for the review period[1]	-22.6	-4.0	-467%	-22.1	31.2		47.2
Earnings per share, EUR	-0.18	-0.03	-467%	-0.18	0.25		0.38
Order backlog at end of period	3,072.0	2,649.0	16%	3,072.0	2,649.0	16%	2,467.3
Effective tax rate, %	8.9%	20.8%		8.6%	22.1%		22.9%

[1] Attributable to equity holders of the parent company

July–September

The Group's IFRS revenue increased by 15% year-on-year. At comparable exchange rates, revenue increased by 18%. Revenue increased due to high number of completions in Russia and Finland.

IFRS operating result decreased year-on-year, and the Group's operating profit margin was -5.0% (7–9/15: 0.4%). The operating profit includes adjustments of EUR -27.0 million related to revaluation of the book values of plots in the Housing Russia segment.

The Group's adjusted operating profit decreased by 49%, and adjusted operating profit margin stood at 1.5 % (7–9/15: 3.3%). During the period, the margins of completed projects in Russia were at a modest level.

January–September

The Group's IFRS revenue decreased by 6% year-on-year. At comparable exchange rates, revenue decreased by 4%. Revenue decreased due to lower residential project completions.

IFRS operating result turned negative, and the Group's operating margin was -0.7% (1–9/15: 4.4%). The operating profit includes adjustments of EUR -27.0 million related to revaluation of the book values of plots in the Housing Russia segment.

The Group's adjusted operating profit decreased by 70%, and adjusted operating profit margin was 1.7% (1–9/15: 5.2%). Profitability was especially burdened by low residential project completion and the modest projects margins of completed projects in Russia.

Acquisitions and capital expenditure

IFRS, EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Gross capital expenditure on non-current assets	12.9	2.1	527%	64.0	8.5	649%	12.0
% of revenue	3.1%	0.6%		5.5%	0.7%		0.7%
Depreciation	3.4	2.9	18%	9.8	9.1	8%	12.1

YIT did not make any business acquisitions in January–September. Gross capital expenditure on non-current assets was EUR 64 million, or 5.5% of revenue. Investments in construction equipment amounted to EUR 10.9 million (1–9/15: EUR 2.6 milion) and investments in information technology totalled EUR 3.4 million (1–9/15: EUR 3.6 million). Other investments including investments in shares amounted to EUR 49.7 million (1–9/15: 2.4 million), and consisted mainly of investments in the joint ventures of the Tripla project and the Kasarminkatu office project made in the second quarter.

Cash flow and invested capital

IFRS, EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Operating cash flow after investments	-22.8	11.9		-21.7	140.3		183.7
Cash flow of plot investments	-6.2	-16.7	-63%	-72.5	-84.8	-14%	-138.1

IFRS, EUR million	9/16	9/15	Change	9/16	6/16	Change	1–12/15
Invested capital	1,192.3	1,204.1	-1%	1,192.3	1,159.6	3%	1,174.3
Return on investment (last 12 months), %	1.8%	6.6%		1.8%	3.6%		6.4%

Operating cash flow after investments in January–September was EUR -21.7 million (1–9/15: EUR 140.3 million). EUR 27.6 million of dividends were paid during the review period. Cash flow of plot investments was EUR -72.5 million (1–9/15: EUR -84.8 million).

Invested capital increased by 3% from the level of the end of June, and return on investment weakened due to modest operating profit.

Capital structure and liquidity position

IFRS, EUR million	9/16	9/15	Change	9/16	6/16	Change	12/15
Net interest-bearing debt	611.4	574.6	6%	611.4	556.6	10%	529.0
Cash and cash equivalents	66.8	88.1	-24%	66.8	71.8	-7%	122.2
Interest-bearing debt	678.1	662.6	2%	678.1	628.4	8%	651.2
Bonds	149.5	204.9	-27%	149.5	152.2	-2%	204.9
Commercial papers	69.8	64.6	8%	69.8	65.0	7%	38.8
Construction-stage financing	276.9	185.1	50%	276.9	228.0	21%	213.8
Pension loans	90.4	111.3	-19%	90.4	92.1	-2%	102.6
Bank loans	91.5	96.7	-5%	91.5	91.1	0%	91.1
Average interest rate, %	3.65%	3.94%		3.65%	3.78%		3.86%
Revolving credit facilities	300.0	300.0		300.0	300.0		300.0
Overdraft facilities	64.8	67.1	-3%	64.8	64.8	0%	63.2
Equity ratio, %	30.1%	33.1%		30.1%	33.0%		32.9%
Gearing ratio, %	118.9%	106.1%		118.9%	104.8%		101.1%

IFRS, EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Net financial expenses	-3.9	-6.6	-41%	-16.6	-13.3	24%	-20.3

At the end of September, YIT's liquidity position was strong. Cash and cash equivalents amounted to EUR 66.8 million, in addition to which YIT had undrawn overdraft facilities amounting to EUR 63.4 million. At the end of September, YIT had also an undrawn, EUR 300.0 million revolving credit facility maturing in 2018.

YIT's revolving credit facility, the bonds issued in 2015 and 2016 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 revolving credit facility and two bank loans include a covenant requiring the Group's gearing ratio based on the IFRS balance sheet to be below 150.0%.

At the end of September, the equity ratio was 30.1% and the gearing ratio was 118.9%. The deterioration of the key ratios resulted partly from a booking of an interest-bearing plot acquisition payable of EUR 33.5 million related to Tripla project's parking spaces which will be built for a third party. An interest-bearing receivable of the same amount was booked in the balance sheet related to the obligation to redeem the parking spaces in question. The booked interest-bearing receivable is not included in the net debt.

At the end of September, the total amount of interest-bearing debt was EUR 678.1 million and net interest-bearing debt was EUR 611.4 million. A total of EUR 11.7 million of long-term loans will mature during the remainder of 2016.

Net financial expenses increased year-on-year and amounted to EUR 16.6 million (1–9/15: EUR 13.3 million). Interest expenses at the amount of EUR 15.1 million (1–9/15: EUR 14.8 million) were capitalized in accordance with IAS 23. During the year, financial expenses were increased by unrealised losses on interest rate derivatives.

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 1.8 million in January–September (1–9/15: EUR 2.4 million).

At the end of September, EUR 94.6 million of the capital invested in Russia was debt investments (6/16: EUR 101.7 million) and EUR 261.8 million was equity investments or similar permanent net investments (6/16: EUR 240.2 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.

Group financial development, segment reporting (POC)

Residential projects for consumers recognised as income in line with sales and construction

Revenue

POC, EUR million	7–9/16	7–9/15	Change	Change[1]	1–9/16	1–9/15	Change	Change[1]	1–12/15
Revenue	**443.8**	**391.7**	**13%**	**14%**	**1,269.9**	**1,182.7**	**7%**	**10%**	**1,651.2**
Housing Finland and CEE	167.0	165.8	1%	1%	517.9	557.0	-7%	-7%	777.8
Housing Russia	76.0	63.9	19%	25%	183.9	204.8	-10%	3%	266.4
Business Premises and Infrastructure	203.1	164.1	24%	24%	575.0	427.1	35%	35%	615.6
Other items	-2.3	-2.0			-6.9	-6.2			-8.6

[1]At comparable exchange rates

July–September

The Group's revenue based on segment reporting increased by 13% year-on-year. At comparable exchange rates, revenue increased by 14%. Revenue grew in the Business Premises and Infrastructure segment especially due to Mall of Tripla and E18 Hamina–Vaalimaa motorway projects. Likewise, revenue developed positively in the Housing Russia segment as sales activity was strong and the completion rate of sold units was high.

January–September

The Group's revenue based on segment reporting increased by 7% year-on-year. At comparable exchange rates, revenue increased by 10%.

Revenue grew especially in the Business Premises and Infrastructure segment thanks to the closing of the Mall of Tripla investor deals. In Housing Finland and CEE, revenue decreased due to less capital release actions in Finland and the sales mix shift from investor projects to consumer sales.

Revenue by geographical area, %, POC	7–9/16	7–9/15	1–9/16	1–9/15	1–12/15
Finland	73%	73%	75%	72%	73%
Russia	17%	16%	15%	17%	16%
The CEE countries	10%	11%	10%	11%	11%

Result

POC, EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Operating profit	**-8.0**	**10.0**		**24.2**	**49.0**	**-51%**	**65.7**
Operating profit margin, %	**-1.8%**	**2.6%**		**1.9%**	**4.1%**		**4.0%**
Adjustments	**-27.0**	**-10.4**		**-27.0**	**-10.4**		**-10.4**
Adjusted operating profit	**19.0**	**20.3**	**-7%**	**51.2**	**59.4**	**-14%**	**76.0**
Housing Finland and CEE	12.9	12.3	5%	41.5	42.6	-3%	56.0
Housing Russia	0.7	1.7	-59%	-5.1	10.2		10.9
Business Premises and Infrastructure	8.2	8.3	-2%	26.9	15.1	78%	22.7
Other items	-2.7	-2.0		-12.0	-8.5		-13.5
Adjusted operating profit margin, %	**4.3%**	**5.2%**		**4.0%**	**5.0%**		**4.6%**
Housing Finland and CEE	7.7%	7.4%		8.0%	7.7%		7.2%
Housing Russia	0.9%	2.7%		-2.8%	5.0%		4.1%
Business Premises and Infrastructure	4.0%	5.1%		4.7%	3.5%		3.7%

July–September

The Group's operating result based on segment reporting turned negative, and operating profit margin was -1.8% (7–9/15: 2.6%). The operating result includes adjustments of EUR -27.0 million related to revaluation of the book values of plots in the Housing Russia segment.

Adjusted operating profit decreased by 7% to EUR 19.0 million. Adjusted operating profit margin stood at 4.3% (7–9/15: 5.2%). The Housing Finland and CEE segment's profitability improvement is explained by less capital release actions and positive development in sales mix. Also, it was encouraging that in the Housing Russia segment adjusted profit margin was positive, although profitability decreased year-on-year due to changes in projects margins.

Changes in foreign exchange rates had negative impact of EUR 0.5 million on adjusted operating profit.

January–September

The Group's operating profit based on segment reporting decreased by 51% year-on-year. Operating profit margin was 1.9% (1–9/15: 4.1%). The operating profit includes adjustments of EUR -27.0 million related to revaluation of the book values of plots in the Housing Russia segment.

Adjusted operating profit decreased by 14% to EUR 51.2 million, and adjusted profit margin was 4.0% (1–9/15: 5.0%). Profitability was burdened by the negative operating result of Housing Russia. The Business Premises and Infrastructure segment's profitability improved clearly due to the increased volume and the improved margin content of the order backlog. Profitability development was positive also in the Housing Finland and CEE segment due to less capital release actions.

Changes in foreign exchange rates had positive impact of EUR 0.4 million on adjusted operating profit.

POC, EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Profit before taxes	-17.0	-0.7	over thousand %	-7.5	20.9		27.0
Profit for the review period[1]	-15.9	-0.8	over thousand %	-8.7	15.5		20.0
Earnings per share, EUR	-0.13	-0.01	over thousand %	-0.07	0.12		0.16
Effective tax rate, %	5.9%	-11.7%		-16.3%	25.7%		25.5%

[1] Attributable to equity holders of the parent company

Order backlog

POC, EUR million	9/16	9/15	Change	9/16	6/16	Change	12/15
Order backlog	**2,640.7**	**2,314.6**	**14%**	**2,640.7**	**2 714.1**	**-3%**	**2,172.9**
Housing Finland and CEE	880.2	823.0	7%	880.2	865.7	2%	802.7
Housing Russia	451.1	599.1	-25%	451.1	495.6	-9%	508.5
Business Premises and Infrastructure	1,309.5	892.4	47%	1,309.5	1,352.8	-3%	861.6

The order backlog decreased by 3% from the end of June. At the end of September, 56% of the order backlog had been sold (6/16: 50%).

Changes in foreign exchange rates increased the order backlog by EUR 6.9 million from the end of June.

Invested capital

POC, EUR million	9/16	9/15	Change	9/16	6/16	Change	1–12/15
Invested capital	1,130.7	1,195.6	-5%	1,130.7	1,102.9	3%	1,131.5
Return on investment (last 12 months), %	3.6%	5.1%		3.6%	5.0%		5.3%

Invested capital increased by 3% from the end June. Return on investment decreased to 3.6% as operating profit decreased.

One of YIT's key focus areas is to improve capital efficiency. At Capital Markets Day held in September, YIT stated that its capital release program targeting EUR 380 million was nearly completed. In September, slow-moving assets, located in Russia and included in the capital release program, were reduced by an impairment charge of EUR 18.0 million.

The external reporting of the progress of the capital release program was ended in September at YIT's Capital Markets Day. The improvement of the capital turnover will continue as a part of normal business.

Housing Finland and CEE

Operating environment

Consumer confidence picked up in January–Septemer in Finland, which was also seen as an improvement in residential demand in the consumer segment. Investor demand remained on a good level. Demand focused especially on small, affordable apartments in growth centres.

Positive development of macroeconomy stabilised in the CEE countries, and consumer conficence remained on a good level. Residential prices stayed stable on average and demand on a good level.

Mortgage interest rates were on a low level in all operating countries and the availability of financing was good. In Finland, new drawdowns of mortgages increased year-on-year.

POC, EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Revenue	167.0	165.8	1%	517.9	557.0	-7%	777.8
Operating profit	12.9	12.3	5%	41.5	42.6	-3%	56.0
Operating profit margin, %	7.7%	7.4%		8.0%	7.7%		7.2%
Adjusted operating profit	12.9	12.3	5%	41.5	42.6	-3%	56.0
Adjusted operating profit margin, %	7.7%	7.4%		8.0%	7.7%		7.2%
Operative invested capital at end of period	432.0	457.9	-6%	432.0	457.9	-6%	437.1
Return on operative invested capital (last 12 months), %	12.3%	10.1%		12.3%	10.1%		11.0%
Order backlog at end of period	880.2	823.0	7%	880.2	823.0	7%	802.7

July–September

The segment's revenue remained close to last year's corresponding period as capital release actions decreased.

The segment's operating profit increased by 5% year-on-year, and operating profit marginal improved to 7.7% (7–9 /2015: 7.4%). Profitabillity improvement was driven by reduction in capital release actions and favourable development in sales mix.

In July–Septemer, YIT's consumer sales in Finland were on a good level. In the third quarter, YIT began to construct its first Smartti concept apartments in Lahti, Kuopio, Oulu and Tampere. In addition, start-ups included a residential project In Vantaa, consisting of almost 130 apartments.

In July–September, YIT signed agreements on the sale of 80 apartmens to investors in Finland. Also, agreement was signed on the construction of 120 apartments to investors.

In the CEE countries, unit sales were on a modest level in July–September as start of sales in certain projects were postponed to last quarter of the year.

In September, YIT started a significant area project in Bratislava, Slovakia. The first phase will consists almost 110 apartments, valued approximately EUR 13 million.

January–September

The segment's revenue decreased by 7% year-on-year. The decline in revenue is explained by reduction in capital release actions in Finland and sales mix shifting to consumers from investors.

The segment's operating profit decreased by 3% year-on-year, but the operating operating profit marginal rose to 8.0% (1–9/15: 7.7%).

During the review period, YIT aimed at shifting its customer focus in Finnish housing from investors to consumers, in line with its strategy. Consumer start-ups were increased by 46% year-on-year and the unit sales to consumers grew by 6%. The Smartti concept aimed at increasing the supply of affordable and flexible apartments in Finland was launched to support the strategy implementation. During the review period, the construction of Smartti concept apartments was started in four cities.

The strategy execution progressed as planned also in the CEE countries. In January–September, the number of start-ups increased by 58% year-on-year.

Expansion to Poland proceeded with the first plot acquisition and the project start-up. In addition, new projects were started actively also in other operating countries.

Residential construction in Finland, units	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Sold	555	718	-23%	1,872	2,533	-26%	3,192
of which initially started to consumers[1]	371	409	-9%	1,148	1,320	-13%	1,715
Start-ups	819	629	30%	2,293	2,285	0%	2,864
of which to consumers	634	320	98%	1,569	1,072	46%	1,387
Completed	742	551	35%	2,046	2,373	-14%	2,626
of which to consumers	304	231	32%	827	1,420	-42%	1,600
Under construction at end of period	3,747	3,174	18%	3,747	3,174	18%	3,500
of which sold at end of period, %	61%	70%		61%	70%		73%
For sale at end of period	1,677	1,337	25%	1,677	1,337	25%	1,259
of which completed	211	373	-43%	211	373	-43%	302
Plot reserve in the balance sheet at end of period, EUR million	163.9	147.7	11%	163.9	147.7	11%	134.0
Plot reserve at end of period[2], floor sq. m.	1,596,591	1,734,000	-8%	1,596,591	1,734,000	-8%	1,628,500
Cost of completion at end of period, EUR million	273	222	23%	273	222	23%	213

[1] Includes apartments sold to residential funds: 7–9/16: 80 units; 7–9/15: 132 units; 1–9/16: 170 units; 1–9/15: 398 units; 1–12/15: 464 units. [2] Includes pre-agreements and rental plots.

Residential construction in the CEE countries, units	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Sold	201	202	0%	637	733	-13%	1,023
Start-ups	286	344	-17%	1,091	690	58%	1,021
Completed	171	257	-33%	466	528	-12%	717
Under construction at end of period	2,070	1,300	59%	2,070	1,300	59%	1,442
of which sold at end of period, %	35%	41%		35%	41%		40%
For sale at end of period	1,471	973	51%	1,471	973	51%	1,014
of which completed	124	200	-38%	124	200	-38%	145
Plot reserve in the balance sheet at end of period, EUR million	109.8	79.7	38%	109.8	79.7	38%	112.7
Plot reserve at end of period, floor sq. m.	434,882	417,000	4%	434,882	417,000	4%	558,000
Cost of completion at end of period, EUR million	102	59	73%	102	59	73%	72

Housing Russia

Operating environment

The uncertainty of Russian economy continued to be reflected in the residential market, although some stabilisation was seen towards the end of the review period. Demand focused especially on small apartments, consumers preferring projects with high completion rate.

Residential prices remained stable on average. Consumer confidence stayed at low levels and growth in real wages was weak.

The state mortgage subsidy program for new apartments runs until the end of 2016. The mortgage interest rates for new apartments were on a level of around 12%.

POC, EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Revenue	76.0	63.9	19%	183.9	204.8	-10%	266.4
Operating profit	-26.3	-8.6	-207%	-32.1	-0.1	over thousand %	0.6
Operating profit margin, %	-34.6%	-13.4%		-17.5%	-0.1%		0.2%
Adjusted operating profit	0.7	1.7	-59%	-5.1	10.2		10.9
Adjusted operating profit margin, %	0.9%	2.7%		-2.8%	5.0%		4.1%
Operative invested capital at end of period	362.8	390.6	-7%	362.8	390.6	-7%	363.0
Return on operative invested capital (last 12 months), %	-8.4%	2.5%		-8.4%	2.5%		0.2%
Order backlog at end of period	451.1	599.1	-25%	451.1	599.1	-25%	508.5

July–September

The segment's revenue increased by 19% year-on-year. At comparable exchange rates, revenue increased by 25% supported by good residential sales and high completion rate of sold apartments.

The operating result decreased year-on-year and the operating profit margin was -34.6% (7–9/15: -13.4%).

The operating result includes EUR 27.0 million cost related to the revaluation of book values of plots located in Russia. In September, YIT recognised a EUR 18.0 million impairment charge related to the plots located in Russia and decided at the same time that the primary method of divestment of these plots is to sell them. Additionally, YIT booked a cost of EUR 9.0 million to the book value of four plots located in Moscow region so that their value relates to the current dialog with the authorities related to the changed in regulatory requirements and conflicts in the investment requirements compared to the initial investment requirements.

The adjusted operating profit was EUR 0.7 million, and the adjusted operating profit margin was 0.9% (7–9/15: 2.7%). Profitability was weighed down by changes in project margins, among other things.

Weakening of the ruble had a negative impact of EUR 0.5 million on adjusted operating profit.

In the third quarter, YIT started projects in St. Petersburg, among others. In September, A BREEAM certificate assessing ecological efficiency was granted to Sovremennik building in Kazan. It is the first of its kind for YIT in Russia.

The share of residential deals financed with mortgages was 52% (7–9/15: 56%).

At the end of June, YIT was responsible for the service and maintenance of over 24,000 apartments in Russia.

January–September

The segment's revenue decreased 10% year-on-year. At comparable exchange rates, revenue increased by 3%.

The operating result turned negative and the operating profit margin was -17.5% (1–9/15: -0.1%). In September, YIT revaluated the segment's book values of assets. YIT recognised a EUR 18.0 million impairment charge related to the plots located in Russia and decided at the same time that the primary method of divestment of these plots is to sell them. Additionally, YIT booked a cost of EUR 9.0 million to the book value of four plots located in Moscow region so that their value relates to the current dialog with the authorities related to the changed in regulatory requirements and conflicts in the investment requirements compared to the initial investment requirements.

The adjusted operating result was EUR -5.1 million and adjusted operating profit margin was -2.8% (1-9/15: 5.0%). Profitability was weighed down by the lower year-on-year revenue and changes in project margins, among other things.

Weakening of the ruble had a positive impact of EUR 0.3 million on adjusted operating profit.

The share of residential deals financed with mortgages was 52% (1–9/15: 48%).

In autumn 2015, YIT announced to revise the Housing Russia segment's residential development division structure. From the beginning of 2016, the divisions are St. Petersburg, Moscow (City and region) and Russian regions (Kazan, Tyumen, Rostov-on-Don and Yekaterinburg). The number of apartments under construction is reported with the new division structure.

Residential construction in Russia, units	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Sold	880	672	31%	2,598	2,408	8%	3,129
Start-ups	486	314	55%	1,657	1,800	-8%	2,542
Completed[1]	1,281	345	271%	1,886	2,035	-7%	4,053
Under construction at end of period	7,889	9,376	-16%	7,889	9,376	-16%	8,100
of which sold at end of period, %	49%	46%		49%	46%		40%
For sale at end of period	4,393	5,309	-17%	4,393	5,309	-17%	5,329
of which completed	366	243	51%	366	243	51%	484
Plot reserve in the balance sheet at end of period[2], EUR million	192.1	182.0	6%	192.1	182.0	6%	174.7
Plot reserve at end of period[2], floor sq. m.	2,118,000	2,242,000	-6%	2,118,000	2,242,000	-6%	2,193,000
Cost of completion at end of period, EUR million	181	276	-34%	181	276	-34%	220.0

[1] Completion of the residential projects requires commissioning by the authorities. [2] Figures include Gorelovo industrial park.

Under construction at end of period, units	9/16	9/15	Change	9/16	6/16	Change	12/15
St. Petersburg	2,956	3,794	-22%	2,956	3,211	-8%	3,211
Moscow	2,481	2,972	-17%	2,481	2,357	5%	1,736
Russian regions	2,452	2,610	-6%	2,452	3,117	-21%	3,153

Business Premises and Infrastructure

Operating environment

During the review period, investors' interest towards projects in prime locations was on a good level in the Finnish business premises market, but the competition over tenants remained intense. Investors' yield requirements and rental levels remained stable. The contracting market was active and several large projects were in the tendering phase. The volume of construction was increasing.

In the Baltic countries and Slovakia, rental levels for business premises and investors' yield requirements remained stable in the review period. The contracting market was most active in Slovakia and most quiet in Latvia.

The Finnish infrastructure market remained relatively stable in the review period.

POC, EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Revenue	203.1	164.1	24%	575.0	427.1	35%	615.6
Operating profit	8.2	8.3	-2%	26.9	15.1	78%	22.7
Operating profit margin, %	4.0%	5.1%		4.7%	3.5%		3.7%
Adjusted operating profit	8.2	8.3	-2%	26.9	15.1	78%	22.7
Adjusted operating profit margin, %	4.0%	5.1%		4.7%	3.5%		3.7%
Operative invested capital at end of period	197.6	214.3	-8%	197.6	214.3	-8%	168.6
Return on operative invested capital (last 12 months), %	16.7%	7.5%		16.7%	7.5%		11.7%
Order backlog at end of period	1,309.5	892.4	47%	1,309.5	892.4	47%	861.6

Business premises, EUR million	9/16	9/15	Change	9/16	6/16	Change	12/15
Plot reserve in the balance sheet	104.9	86.8	21%	104.9	74.8	40%	78.1
Plot reserve, floor sq. m.	934,000	1,035,000	-10%	934,000	922,000	1%	1,002,700
Cost of completion	30	18	67%	30	27	11%	13

July–September

The segment's revenue increased by 24% year-on-year. Revenue increase especially due to Mall of Tripla and E18 Hamina–Vaalimaa motorway projects.

Operating profit decreased 2%, and operating profit margin stood at 4.0% (7–9/2015: 5.1%).

In July, YIT signed a project management contract with the City of Helsinki regarding the construction of the Helsinki Central Library in Helsinki, Finland. The value of the project is approximately EUR 50 million and it will be completed in autumn 2018.

The construction of the large projects such as Mall of Tripla and E18 Hamina–Vaalimaa motorway proceeded as planned.

January–September

The revenue of the segment grew by 35% year-on-year. The revenues increased especially thanks to Mall of Tripla project.

Operating profit increased by 78% and operating profit margin stood at 4.7% (1–9/15: 3.5%). The improvement in profitability is explained by higher revenue and the improved margin content of the order backlog.

YIT's reporting structure was changed from the beginning of 2016. YIT's equipment business is reported as part of the Business Premises and Infrastructure segment instead of Other items. The reason behind the change is the integral role of the equipment as part of the segment's business, especially for special equipment in infrastructure construction.

During the reporting period, YIT strengthened its project development resources in-line with its strategy. In June, YIT announced to have established a joint venture with HGR property partners for new, large-scale real estate development projects in Helsinki region.

The largest ongoing self-developed business premises projects

Project, location	Value, EUR million	Project type	Completion rate, %	Estimated completion	Sold/ for sale	Leasable area, sq. m.
Mall of Tripla, Helsinki	~600	Retail	21%	2019	YIT's ownership 38,75%	85,000
Kasarmikatu 21, Helsinki	n/a	Office	23%	12/17	YIT's ownership 40%	16,000
Lauttasaari shopping centre, Helsinki	~40	Retail	93%	11/16	Sold	5,700
Dixi II, Tikkurila Railway Station, Vantaa	n/a	Office	66%	4/17	Sold	8,900
Extension of Business Park Rantatie, Helsinki	~25	Office	31%	11/17	Sold	6,000

The largest ongoing business premises and infrastructure contracts

Project	Value, EUR million	Project type	Completion rate %	Estimated completion
E18 Hamina-Vaalimaa motorway	~260	Infra	54%	12/18
Helsinki Central Library	~50	Other	0%	9/18
Naantali CHP power plant	~40	Infra	77%	9/17
Espoo's road maintenance contract	~30	Infra	40%	10/19
Töölö Parking Facility	~30	Infra	18%	5/19

Personnel

Personnel by business segment	9/16	9/15	Change	9/16	6/16	Change	12/15
Housing Finland and CEE	1,707	1,705	0%	1,707	1,849	-8%	1,719
Housing Russia	1,428	1,784	-20%	1,428	1,493	-4%	1,582
Business Premises and Infrastructure	1,955	1,894	3%	1,955	2,098	-7%	1,847
Group Services	192	191	1%	192	192		192
Personnel by geographical area	**9/16**	**9/15**	**Change**	**9/16**	**6/16**	**Change**	**12/15**
Finland	3,134	3,147	0%	3,134	3,431	-9%	3,104
Russia	1,417	1,769	-20%	1,417	1,482	-4%	1,569
The CEE countries	731	658	11%	731	719	2%	667
Group, total	5,282	5,574	-5%	5,282	5,632	-6%	5,340

In January–September, the Group employed 5,387 people on average (1–9/15: 5,675). In Russia, the number of personnel in the residential construction business was adjusted clearly, but the number of the service business personnel was increased due to strong growth in the volume of the service business.

Personnel expenses amounted to EUR 174.9 million (1–9/15: EUR 176.8 million). The cost effect of YIT's share-based incentive scheme was approximately EUR 2.5 million (1–9/15: EUR 1.7 million). The Group's accident frequency (accidents per million hours worked) was on the level of 10 (1–9/15: 11).

During the review period, changes took place in YIT Corporation's management Board. In September, YIT corporation's Board of Directors nominated M.Sc. (Econ.) Esa Neuvonen as Group's new Chief Financial Officer and as the member of the management board, replacing Timo Lehtinen. Neuvonen will start in his new position by the end of the year. M.Sc. (Tech.), D.Sc. (Adm.) Juha Kostiainen was nominated as a member of Group Management Board as of October 1, 2016. He took the lead and responsibility of sustainable urban development operations.

Strategic objectives

The YIT Board of Directors approved the company's renewed strategy for the next three-year period on September 26, 2016. The engine for growth and profitability is urban development involving partners.

The capital release programme worth EUR 380 million established for the previous strategy period will be completed, and for some sub-areas, the objectives will be exceeded. The improvement of the capital turnover will continue as a part of normal business. Starting from the beginning of next year, it is not expected to have a significant impact on the profitability development. Capital will be released from Russia and invested in growth centres in Finland and the CEE countries.

Along with the renewed strategy, the company's Board of Directors confirmed also the financial targets and specified the cash flow target. Going forward, the cash flow target is operating cash flow after investment sufficient for paying dividends. Previously, the company has communicated that the target is to have sufficient operating cash flow after investment for paying dividends and reducing debt. However, the aim is not to increase the net debt level. The surplus of cashflow will be used to accelerate the growth. At the same time, the improvement of the key figures is expected to be realised primarily through improvement of the company's profitability and operative result. Other long-term targets remain unchanged.

YIT's strategy and financial targets were described at YIT's Capital Markets Day on September 29, 2016, in Bratislava, Slovakia. The presentation materials and recordings from the Capital Markets Day are available at www.yitgroup.com/Investors.

Long-term financial targets	Target level
Revenue growth	5–10% annually on average
Return on investment	15%
Operating cash flow after investments	Sufficient for paying dividends (changed)
Equity ratio	40%
Dividend payout	40–60% of net profit for the period

The target levels are based on segment reporting (POC).

Resolutions passed at the Annual General Meeting

The Annual General Meeting of YIT Corporation was held on March 15, 2016. YIT published stock exchange releases on the resolutions passed at the Annual General Meeting and the organisation of the Board of Directors on March 15, 2016. 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 in the beginning of 2016 (2015: EUR 149,216,748.22), and the number of shares outstanding was 127,223,422 (2015: 127 223 422).

Treasury shares and authorisations of the Board of Directors

The Annual General Meeting of YIT Corporation resolved on March 15, 2016, to authorise the Board of Directors to decide on the repurchase of company shares and share issues as proposed by the Board of Directors. The authorisation is valid until March 31, 2017. The share issue authorisation also includes an authorisation to decide on the conveyance of treasury shares.

YIT Corporation held 1,644,581 treasury shares at the beginning of the year 2016. In January–September, 2 186 osaketta shares were returned to the company in accordance with the terms and conditions of the sharebased incentive scheme, after which the company held 1,646,767 treasury shares at the end of September.

Trading on shares

The opening price of YIT's share was EUR 5.12 on the first trading day of 2016. The closing price of the share on the last trading day of the review period on September 30, 2016, was EUR 7.17. YIT's share price increased by approximately 40% during the review period. The highest price of the share during the review period was EUR 7.27, the lowest EUR 4.32 and the average price was EUR 5.68. Share turnover on Nasdaq Helsinki in January–September was approximately 97.3 million (1–9/15: 124.8 million) shares. The value of the share turnover was approximately EUR 553.1 million (1–9/15: EUR 714.4 million), source: Nasdaq Helsinki.

During the review period, approximately 107.4 million (1–9/15: 77.5 million) YIT Corporation shares changed hands in alternative market places, corresponding to approximately 53% (1–9/15: 38%) of the total share trade, source: Fidessa Fragmentation Index.

YIT Corporation's market capitalisation on the last trading day of the review period on September 30, 2016 was EUR 900.4 million (September 30, 2015: EUR 614.1 million). The market capitalisation has been calculated excluding the shares held by the company.

Number of shareholders and flagging notifications

At the end of September, the number of registered shareholders was 41,144 (9/15: 42,667) and a total of 24.9% of the shares were owned by nominee-registered and non-Finnish investors (9/15: 26.4%).

During the review period YIT received the following announcements under Chapter 9, Section 5 of the Securities Markets Act: On January 12, 2016, the holding of the mutual funds managed by BlackRock, Inc. in YIT had exceeded the threshold of 5 per cent. On January 13, 2016, the holding of the mutual funds managed by BlackRock, Inc. in YIT had gone below the threshold of 5 per cent. On January 22, 2016, the holding of the mutual funds managed by BlackRock, Inc. in YIT had exceeded the threshold of 5 per cent. On January 29, 2016, the holding of the mutual funds managed by BlackRock, Inc. in YIT had gone below the threshold of 5 per cent. On February 1, 2016, the holding of the mutual funds managed by BlackRock, Inc. in YIT had exceeded the threshold of 5 per cent. On February 11, 2016, the holding of the mutual funds managed by BlackRock, Inc. in YIT had gone below the threshold of 5 per cent. On February 12, 2016, the holding of the mutual funds managed by BlackRock, Inc. had exceeded the threshold of 5 per cent. On February 15, 2016, the holding of the mutual funds managed by BlackRock, Inc. in YIT had gone below the threshold of 5 per cent. On January 25, 2016, the holding of Polaris Capital Management, LLC. in YIT had gone below 5 per cent. On February 5, 2016, the holding of Structor S.A. in YIT had gone below the threshold of 5 per cent. On

June 14, 2016, the holding of JPMorgan Chase & Co and its funds in YIT had exceeded the threshold of 5 per cent. On June 28, 2016, the holding of JPMorgan Chase & Co and its funds in YIT had gone below the threshold of 5 per cent.

Most significant short-term business risks

The general economic development, functioning of the financial markets and the political environment in YIT's operating countries have a significant impact on the company's business. Negative development in consumers' purchasing power, consumer or business confidence, the availability of financing or interest rates would likely weaken the demand for YIT's products and services. A drop in residential prices or an increase in investors' yield requirements would pose a risk for the profitability of the company, should these factors materialise.

At the moment, there is significant uncertainty related to the economic development of Russia in particular. The volatility of the oil price and the ruble, geopolitical tensions and high inflation may further weaken the demand for apartments due to a weakening in purchasing power and consumer confidence. Declining purchasing power means there is also a risk that residential prices will decrease.

In 2015, Finland accounted for 73% of the company's revenue, which highlights the significance of Finland's economic development for YIT's business. If it persists, the weakness of the Finnish economy and the indebtedness of the public sector may further weaken consumers' purchasing power and general confidence, which would have a negative impact on the demand for apartments and business premises. A persistent increase of public sector debt could also make it more difficult to finance infrastructure investments. Investors have played an exceptionally central role in YIT's Finnish business in recent years. An increase in interest rates or weakening in tenant demand on the business premises or residential market could lead to a significant decrease in investor demand.

Ensuring competitive products and services corresponding to customer demand is critical for YIT's business. Changes in customer preferences and in the offerings of competitors present risks related to the demand for the company's products and services. In Finland, the availability of the resources needed for growing the production volume might prevent increasing the production as planned. Competitors' need for resources also presents a risk of losing key personnel and expertise.

Most of the company's business is project business, meaning that successful project management plays an integral role in ensuring the company's profit. The most significant project management risks are related to factors such as pricing, planning, scheduling, cost management and, in the company's self-developed business, also the management of sales risk. YIT's major business premises and infrastructure projects in Finland, such as the Tripla project in Central Pasila and the E18 Hamina-Vaalimaa motorway, make up a significant share of the company's expected revenue in coming years, meaning that successful project management in the projects is integral.

Changes in legislation and authorities' permit processes may slow down the progress of projects or prevent them from being realised. There are uncertainty factors related to authorities' actions, permit processes and their efficiency particularly in Russia and the CEE countries.

The improvement of the capital turnover will continue as a part of normal business. Measures to release capital in a challenging market situation involve the risk of financial losses.

The most significant financial risks are the risks related to foreign exchange rate development and the availability of financing. The Group's most significant currency risk is related to ruble-denominated investments. Further information can be found in the Capital structure and liquidity position section. More information on financial risks and their management is provided in Note 30 to the financial statements.

More information on the company's risks and risk management is provided in the Annual Report 2015.

Events after the review period

In October, residential sales for consumers are estimated to be around 200 units (10/15: over 100) in Finland, around 100 units (10/15: around 80) in the CEE countries and over 300 units (10/15: around 200) in Russia.

October 10, 2016, the holding of JPMorgan Chase & Co and its funds in YIT had exceeded the threshold of 5 per cent.

October 18, 2016, the holding of JPMorgan Chase & Co and its funds in YIT had gone below the threshold of 5 per cent.

October 25, 2016 YIT signed a new EUR 200 million syndicated unsecured revolving credit facility with its core banks to refinance the syndicated EUR 300 million unsecured revolving credit facility maturing 2018. The committed credit facility matures on January 2, 2020 and has two financial covenants: equity ratio (IFRS) must be above 25.0% and gearing (IFRS) must be below 150.0%. The facility will be used as a reserve for general corporate purposes and the size of the new facility is regarded as sufficient for this purpose.

Outlook for 2016

Guidance unchanged (Segment reporting, POC)

The Group revenue growth is estimated to be in the range of 5–10% at comparable exchange rates.

The adjusted operating profit is estimated to grow from the level of 2015 (2015: EUR 76.0 million).

The adjusted operating profit does not include material reorganisation costs, impairment or other items impacting comparability.

In addition to the market outlook, the 2016 guidance is based on the following factors: At the end of September, 56% of YIT's order backlog was sold. Projects already sold and signed pre-agreements are estimated to contribute over 60% of revenue in the last quarter of the year. The rest of the revenue estimate is based on estimated new sales during 2016 and capital release actions.

In Business Premises and Infrastructure, the profit performance is expected to be on the level of the first half of 2016. The demanding market situation in Russia is expected to keep the profitability of Housing Russia on a low level. Similarly to the year 2015, the investor projects' share of revenue is estimated to remain high in Housing Finland and CEE, which will impact the segment's adjusted operating profit margin negatively. The execution of the capital release program started in autumn 2013 will continue actively in 2016, and the capital release actions are expected to have a negative effect on the adjusted operating profit margin.

Market outlook

Finland

In Finland, the macroeconomic uncertainty is estimated to affect the residential and business premises markets also in 2016.

Consumer demand is estimated to pick up slightly and the demand to focus especially on small, affordable apartments in growth centres. The investor activity is estimated remain on a good level but even more focus will be paid on the location. Residential price polarization is estimated to continue especially between growth centres and the rest of Finland. Access to mortgage financing is estimated to remain good.

In Finland, the tenants' demand for business premises is estimated to remain modest. The real estate investors' activity is expected to remain on a good level with focus on prime locations in the capital region. Business premises contracting is estimated to remain active. Political support for new infrastructure projects is estimated to revitalise the infrastructure market. High activity in the construction market has resulted in lack of resources.

Russia

The Russian economy is not expected to weaken further, but the visibility is weak and economic uncertainty is estimated to continue to have a negative impact also on the residential market. The construction cost inflation is expected to moderate. The nominal residential prices are estimated to remain stable. Demand is estimated to focus especially on small apartments.

The CEE countries

In the CEE countries, the demand in the residential and business premises markets is expected to be supported by the improved economic situation. Residential prices are estimated to increase in the Czech Republic, Slovakia and Lithuania, and to remain stable in Poland, Estonia and Latvia. The construction costs are estimated to increase slightly.

Access to mortgage financing is expected to remain good and interest rates to remain on a low level.

Interim Report January 1–September 30, 2016: Tables

The information presented in the Interim Report has not been audited.

1 Summary of Financial Statements

2 Notes, segment reporting

3 Notes, IFRS

1 Summary of Financial Statements

1.1 Consolidated income statement, IFRS

EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Revenue	419.3	363.8	15%	1,153.2	1,220.6	-6%	1,732.2
of which activities outside Finland	112.9	83.3	36%	227.7	295.4	-23%	492.1
Other operating income and expenses	-436.5	-359.3	21%	-1,150.6	-1,158.4	-1%	-1,638.5
Share of results of associated companies and joint ventures	-0.3	-0.1	-273%	-0.5	0.1		0.0
Depreciation	-3.4	-2.9	18%	-9.8	-9.1	8%	-12.1
Operating profit	-20.9	1.5		-7.6	53.2		81.6
% of revenue	-5.0%	0.4%		-0.7%	4.4%		4.7%
Financial income and expenses	-3.9	-6.6	-41%	-16.6	-13.3	24%	-20.3
Profit before taxes	-24.8	-5.1	-389%	-24.2	39.8		61.3
% of revenue	-5.9%	-1.4%		-2.1%	3.3%		3.5%
Income taxes	2.2	1.1	110%	2.1	-8.8		-14.0
Profit for the review period	-22.6	-4.0	-463%	-22.1	31.0		47.2
Equity holders of the parent company	-22.6	-4.0	-467%	-22.1	31.2		47.2
Non-controlling interest		-0.0			-0.1		0.0
Earnings per share, attributable to the equity holders of the parent company							
Undiluted, EUR	-0.18	-0.03	-467%	-0.18	0.25		0.38
Diluted, EUR	-0.18	-0.03	-465%	-0.17	0.25		0.37

1.2 Statement of comprehensive income, IFRS

EUR million	1–9/16	1–9/15	Change	1–12/15
Profit for the review period	-22.1	31.0		47.2
Items that may be reclassified subsequently to profit/loss:				
Cash flow hedges	0.4	0.2	81%	0.2
-Deferred tax	-0.1	-0.0	51%	-0.0
Change in fair value of for available for sale investments				0.0
-Deferred tax				-0.0
Change in translation differences	40.0	-3.6		-32.9
Items that may be reclassified subsequently to profit/loss, total	**40.3**	**-3.4**		**-32.7**
Items that will not be reclassified to profit/loss				
Change in fair value of defined benefit pension				-0.0
- Deferred tax				0.0
Items that will not be reclassified to profit/loss, total				**-0.0**
Other comprehensive income, total	**40.3**	**-3.4**		**-32.7**
Total comprehensive result	**18.1**	**27.6**	**-34%**	**14.5**
Attributable to equity holders of the parent company	18.1	27.7	-35%	14.5
Attributable to non-controlling interest	-0.0	-0.1	-69%	0.0

1.3 Consolidated balance sheet, IFRS

EUR million	9/16	9/15	Change	12/15
ASSETS				
Non-current assets				
Property, plant and equipment	50.9	49.7	2%	47.3
Goodwill	10.9	10.9	0%	10.9
Other intangible assets	15.3	13.4	14%	14.1
Shares in associated companies and joint ventures	48.2	0.8	over thousand %	0.7
Other investments	0.4	0.4	3%	0.4
Interest-bearing receivables	33.5			
Other receivables	6.9	3.1	119%	3.7
Deferred tax assets	59.2	46.2	28%	40.5
Current assets				
Inventories	1,695.0	1,613.3	5%	1,528.4
Trade and other receivables	232.1	236.2	-2%	198.3
Cash and cash equivalents	66.8	88.1	-24%	122.2
Total assets	**2,219.2**	**2,062.1**	**8%**	**1,966.6**
EQUITY AND LIABILITIES				
Equity				
Share capital	149.2	149.2	0%	149.2
Other equity	365.0	387.2	-6%	373.8
Non-controlling interest		0.1		0.1
Equity total	**514.2**	**536.5**	**-4%**	**523.1**
Non-current liabilities				
Deferred tax liabilities	22.1	18.6	19%	18.5
Pension liabilities	0.9	0.9	0%	0.9
Provisions	42.9	41.5	3%	40.8
Borrowings	289.9	279.3	4%	266.1
Other liabilities	54.5	15.5	253%	10.4
Current liabilities				
Advances received	513.1	431.0	19%	376.9
Trade and other payables	363.8	334.0	9%	324.7
Provisions	29.5	21.5	37%	20.2
Borrowings	388.2	383.3	1%	385.1
Liabilities total	**1,705.0**	**1,525.6**	**12%**	**1,443.5**
Total equity and liabilities	**2,219.2**	**2,062.1**	**8%**	**1,966.6**

1.4 Consolidated cash flow statement

EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Net profit for the period	-22.6	-4.0	-463%	-22.1	31.0		47.2
Reversal of accrual-based items	18.0	14.9	20%	45.2	50.3	-10%	69.1
Change in trade and other receivables	-61.6	-5.1	over thousand %	-77.2	-14.7	427%	23.7
Change in inventories	-30.9	-0.9	over thousand %	-80.4	56.7		91.4
Change in current liabilities	101.6	10.1	909%	211.6	65.0	226%	11.0
Change in working capital, total	9.0	4.1	121%	54.0	107.0	-50%	126.2
Cash flow of financial items	-12.5	0.1		-34.0	-29.3	16%	-35.9
Taxes paid	-2.7	-1.0	162%	-3.1	-9.0	-65%	-10.9
Continuing operations, total	-10.8	14.3		39.9	150.1	-73%	195.7
Discontinued operations	-0.0	-0.1	-48%	-0.1	-1.2	-88%	-1.3
Net cash generated from operating activities	**-10.8**	**14.2**		**39.7**	**148.9**	**-73%**	**194.4**
Acquisition of subsidiaries, net of cash	-0.0	-1.7	-100%	-1.0	-5.6	-83%	-6.2
Acquisition of associated companies and joint ventures	-6.9	-0.1	over thousand %	-48.1	-0.1	over thousand %	-0.1
Disposal of associated companies and joint ventures				1.0			
Cash outflow from investing activities	-6.1	-2.0	199%	-15.1	-8.4	79%	-11.6
Cash inflow from investing activities	0.8	1.4	-38%	1.4	4.3	-66%	5.8
Continuing operations, total	-12.1	-2.4	397%	-61.6	-9.8	526%	-12.1
Discontinued operations							
Net cash used in investing activities	**-12.1**	**-2.4**	**401%**	**-61.6**	**-9.8**	**527%**	**-12.1**
Continuing operations, total	-22.8	11.9		-21.7	140.3		183.7
Discontinued operations, total	-0.0	-0.1	48%	-0.1	-1.2	-88%	-1.3
Operating cash flow after investments	**-22.9**	**11.8**		**-21.8**	**139.1**		**182.3**
Change in loan receivables	0.3	-0.8		-0.1	0.7		2.6
Change in current liabilities	20.3	-44.9		59.3	-160.9		-160.5
Proceeds from borrowings				50.0	125.0	-60%	125.0
Repayments of borrowings	-4.5	-4.5	0%	-120.2	-195.2	-38%	-203.9
Payments of financial leasing debts	0.0	-0.0		-0.0	-0.1	-79%	-0.1
Dividends paid	-0.0			-27.6	-22.6	22%	-22.6
Continuing operations, total	16.1	-50.2		-38.7	-253.1	-85%	-259.5
Discontinued operations							
Net cash used in financing activities	**16.1**	**-50.2**		**-38.7**	**-253.1**	**-85%**	**-259.5**
Net change in cash and cash equivalents	-6.8	-38.4	82%	-60.5	-114.0	-47%	-77.1
Cash and cash equivalents at the beginning of the period	70.5	128.3	-45%	122.2	199.4	-39%	199.4
Change in the fair value of the cash equivalents	1.7	-2.6		3.8	1.8	113%	-0.1
Cash and cash equivalents at the end of the period	65.4	87.1	-25%	65.4	87.1	-25%	122.2

1.5 Consolidated statement of changes in equity, IFRS

	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, 2015	149.2	1.5	-0.1	-227.3	-0.8	-8.3	616.1	530.3	0.3	530.6
Comprehensive income										
Profit for the period							31.2	31.2	-0.1	31.0
Other comprehensive income:										
Cash flow hedges					0.2			0.2		0.2
- Deferred tax					-0.0			-0.0		-0.0
Translation differences				-3.6				-3.6		-3.6
Comprehensive income, total				**-3.6**	**0.2**		**31.2**	**27.7**	**-0.1**	**27.6**
Transactions with owners										
Dividend distribution							-22.6	-22.6		-22.6
Share-based incentive schemes			-0.0			-0.0	1.1	1.0		1.0
Transactions with owners, total			**-0.0**			**-0.0**	**-21.5**	**-21.6**		**-21.6**
Changes in ownership shares in subsidiaries										
Change in non-controlling interest							-0.1	-0.1	-0.1	-0.2
Changes in ownership shares in subsidiaries, total							**-0.1**	**-0.1**	**-0.1**	**-0.2**
Equity on September 30, 2015	**149.2**	**1.5**	**-0.1**	**-230.9**	**-0.7**	**-8.3**	**625.7**	**536.4**	**0.1**	**536.5**

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, 2015	149.2	1.5	-0.1	-227.3	-0.8	-8.3	616.1	530.3	0.3	530.6
Comprehensive income										
Profit for the period							47.2	47.2	0.0	47.2
Other comprehensive income:										
Cash flow hedges					0.2			0.2		0.2
- Deferred tax					-0.0			-0.0		-0.0
Change in fair value of available-for-sale assets					0.0			0.0		0.0
- Deferred tax					-0.0			-0.0		-0.0
Change in fair value of defined benefit pension							-0.0	-0.0		-0.0
- Deferred tax							0.0	0.0		0.0
Translation differences				-32.9				-32.9		-32.9
Comprehensive income, total				**-32.9**	**0.2**		**47.2**	**14.5**	**0.0**	**14.5**
Transactions with owners										
Dividend distribution							-22.6	-22.6		-22.6
Share-based incentive schemes			0.1			-0.0	1.2	1.2		1.2
Transactions with owners, total			**0.1**			**-0.0**	**-21.5**	**-21.4**		**-21.4**
Changes in ownership shares in subsidiaries										
Change in non-controlling interest							-0.4	-0.4	-0.3	-0.7
Changes in ownership shares in subsidiaries, total							**-0.4**	**-0.4**	**-0.3**	**-0.7**
Equity on December 31, 2015	**149.2**	**1.5**		**-260.2**	**-0.7**	**-8.3**	**641.4**	**523.0**	**0.1**	**523.1**

	Equity attributable to equity holders of the parent company								
EUR million	Share capital	Legal reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Equity total
Equity on January 1, 2016	149.2	1.5	-260.2	-0.7	-8.3	641.4	523.0	0.1	523.1
Comprehensive income									
Profit for the period						-22.1	-22.1	-0.0	-22.1
Other comprehensive income:									
Cash flow hedges				0.4			0.4		0.4
- Deferred tax				-0.1			-0.1		-0.1
Translation differences			40.0				40.0		40.0
Comprehensive income, total			**40.0**	**0.3**		**-22.1**	**18.1**	**-0.0**	**18.1**
Transactions with owners									
Dividend distribution						-27.6	-27.6		-27.6
Share-based incentive schemes					-0.0	1.0	0.9		0.9
Transactions with owners, total					**-0.0**	**-26.7**	**-26.7**		**-26.7**
Acquisition of non-controlling interest, no loss of control						-0.2	-0.2	-0.0	-0.3
Changes in ownership shares in subsidiaries, total						**-0.2**	**-0.2**	**-0.0**	**-0.3**
Equity on September 30, 2016	**149.2**	**1.5**	**-220.3**	**-0.4**	**-8.3**	**592.4**	**514.2**		**514.2**

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.

YIT's reporting structure was changed from the beginning of 2016 in a way that the construction equipment business is reported as part of the Business Premises and Infrastructure segment instead of Other items. The reason behind the change is the integral role of the construction equipment as part of the segment's business, especially for special equipment in infrastructure construction. The restated figures for 2015 are presented in the Q1/2016 interim report's tables section's chapter 4.

2.2 Consolidated income statement, segment reporting POC

EUR million	7–9/16	7–9/15	Change	1–9/16	1–9/15	Change	1–12/15
Revenue	443.8	391.7	13%	1,269.9	1,182.7	7%	1,651.2
of which activities outside Finland	121.0	107.3	13%	305.8	331.2	-8%	446.6
Other operating income and expenses	-448.1	-378.8	18%	-1,235.4	-1,124.6	10%	-1,573.4
Share of results of associated companies and joint ventures	-0.3	-0.1	-273%	-0.5	0.1		0.0
Depreciation	-3.4	-2.9	18%	-9.8	-9.1	8%	-12.1
Operating profit	-8.0	10.0		24.2	49.0	-51%	65.7
% of revenue	-1.8%	2.6%		1.9%	4.1%		4.0%
Financial income and expenses	-9.0	-10.7	-16%	-31.7	-28.2	13%	-38.7
Profit before taxes	-17.0	-0.7	over thousand %	-7.5	20.9		27.0
% of revenue	-3.8%	-0.2%		-0.6%	1.8%		1.6%
Income taxes	1.0	-0.1		-1.2	-5.4	-77%	-6.9
Profit for the review period	-15.9	-0.8	over thousand %	-8.7	15.5		20.1
Equity holders of the parent company	-15.9	-0.8	over thousand %	-8.7	15.5		20.0
Non-controlling interest		0.0			0.0		0.0
Earnings per share, attributable to the equity holders of the parent company							
Undiluted, EUR	-0.13	-0.01	over thousand %	-0.07	0.12		0.16
Diluted, EUR	-0.13	-0.01	over thousand %	-0.07	0.12		0.16

2.3 Consolidated balance sheet, segment reporting POC

EUR million	9/16	9/15	Change	12/15
ASSETS				
Non-current assets				
Property, plant and equipment	50.9	49.7	2%	47.3
Goodwill	10.9	10.9		10.9
Other intangible assets	15.3	13.4	14%	14.1
Shares in associated companies and joint ventures	48.2	0.8	over thousand %	0.7
Other investments	0.4	0.4	3%	0.4
Interest-bearing receivables	33.5			
Other receivables	6.9	3.1	119%	3.7
Deferred tax assets	49.7	40.6	22%	34.6
Current assets				
Inventories	1,312.7	1,316.1	0%	1,265.2
Trade and other receivables	295.1	276.5	7%	242.3
Cash and cash equivalents	66.8	88.1	-24%	122.2
Total assets	**1,890.3**	**1,799.5**	**5%**	**1,741.4**
EQUITY AND LIABILITIES				
Equity				
Share capital	149.2	149.2	0%	149.2
Other equity	405.5	423.9	-4%	399.1
Non-controlling interest		0.3		0.1
Equity total	**554.8**	**573.4**	**-3%**	**548.5**
Non-current liabilities				
Deferred tax liabilities	21.7	22.1	-1%	18.0
Pension liabilities	0.9	0.9	0%	0.9
Provisions	42.9	41.5	3%	40.8
Borrowings	289.9	279.3	4%	266.1
Other liabilities	54.5	15.5	253%	10.4
Current liabilities				
Advances received	247.2	173.3	43%	195.6
Trade and other payables	363.2	333.8	9%	324.6
Provisions	29.2	21.8	34%	19.6
Borrowings	286.0	337.9	-15%	317.0
Liabilities total	**1,335.6**	**1,226.1**	**9%**	**1,193.0**
Total equity and liabilities	**1,890.3**	**1,799.5**	**5%**	**1,741.4**

2.4 Revenue by segments, segment reporting POC

EUR million	1–9/16	1–9/15	Change	1–12/15
Housing Finland and CEE	517.9	557.0	-7%	777.8
Housing Russia	183.9	204.8	-10%	266.4
Business Premises and Infrastructure	575.0	427.1	35%	615.6
Other items	-6.9	-6.2		-8.6
Revenue total, POC	1,269.9	1,182.7	7%	1,651.2
IFRS adjustment	-116.6	37.9		81.0
Revenue total, IFRS	1,153.2	1,220.6	-6%	1,732.2

2.5 Operating profit and operating profit margin by segments, segment reporting POC

Operating profit

EUR million	1–9/16	1–9/15	Change	1–12/15
Housing Finland and CEE	41.5	42.6	-3%	56.0
Housing Russia	-32.1	-0.1	over thousand %	0.6
Business Premises and Infrastructure	26.9	15.1	78%	22.7
Other items	-12.0	-8.6		-13.6
Operating profit total, POC	24.2	49.0	-51%	65.7
IFRS adjustment	-31.9	4.1		15.9
Operating profit total, IFRS	-7.6	53.2		81.6

Operating profit margin

%	1–9/16	1–9/15		1–12/15
Housing Finland and CEE	8.0%	7.7%		7.2%
Housing Russia	-17.5%	-0.1%		0.2%
Business Premises and Infrastructure	4.7%	3.5%		3.7%
Group total, POC	1.9%	4.1%		4.0%
Group total, IFRS	-0.7%	4.4%		4.7%

2.6 Segment information reconciliation

Reconciliation of profit for the review period

EUR million	1–9/16	1–9/15	Change	1–12/15
Operating profit, POC	24.2	49.0	-51%	65.7
Unallocated items:				
Financial income	1.1	1.4	-23%	1.5
Foreign exchange differences, net	-7.6	-5.6	34%	-7.5
Financial expenses	-25.2	-24.0	5%	-32.8
Financial income and expenses, total	-31.7	-28.2	13%	-38.7
Profit before taxes, POC	-7.5	20.9		27.0
Income taxes	-1.2	-5.4	-77%	-6.9
Profit for the review period, POC	-8.7	15.5		20.1
Equity holders of the parent company	-8.7	15.5		20.0
Non-controlling interest		0.0		0.0
IFRS adjustments:				
Operating profit	-31.9	4.1		15.9
Financial income and expenses	15.1	14.8	2%	18.4
Deferred taxes	3.3	-3.4		-7.2
Profit for the review period, IFRS	-22.1	31.0		47.2
Equity holders of the parent company	-22.1	31.2		47.2
Non-controlling interest		-0.1		0.0

Reconciliation of earnings per share

EUR	1–9/16	1–9/15	Change	1–12/15
Earnings per share, attributable to the equity holders of the parent company				
Undiluted, POC	-0.07	0.12		0.16
IFRS adjustment	-0.11	0.12		0.22
Undiluted, IFRS	-0.18	0.25		0.38
Diluted, POC	-0.07	0.12		0.16
IFRS adjustment	-0.11	0.12		0.21
Diluted, IFRS	-0.17	0.25		0.37

Reconciliation of invested capital

EUR million	9/16	9/15	Change	12/15
Housing Finland and CEE	432.0	457.9	-6%	437.1
Housing Russia	362.8	390.6	-7%	363.0
Business Premises and Infrastructure	197.6	214.3	-8%	168.6
Other items	24.1	27.8	-14%	21.0
Invested capital allocated to segments total, POC	1,016.4	1,090.6	-7%	989.6
Unallocated items:				
Cash and cash equivalents	66.8	88.1	-24%	122.2
Non-current receivables	35.3	3.5	916%	1.6
Tax related receivables and liabilities	28.5	24.0	19%	25.9
Periodisations of financial items	-16.3	-10.6	54%	-7.9
Invested capital group total, POC	1,130.7	1,195.6	-5%	1,131.5
IFRS adjustments:				
Inventories	382.3	297.3	29%	263.2
Other current receivables	-63.0	-40.2	57%	-44.0
Deferred tax receivables and liabilities, net	9.2	9.1	1%	5.5
Other current and non-current liabilities	-266.8	-257.6	4%	-182.0
Invested capital group total, IFRS	1,192.3	1,204.1	-1%	1,174.3

2.7 Order backlog, segment reporting POC

EUR million	9/16	9/15	Change	12/15
Housing Finland and CEE	880.2	823.0	7%	802.7
Housing Russia	451.1	599.1	-25%	508.5
Business Premises and Infrastructure	1,309.5	892.4	47%	861.6
Order backlog, POC	2,640.7	2,314.6	14%	2,172.9
IFRS adjustment	431.3	334.4		294.4
Order backlog, IFRS	3,072.0	2,649.0	16%	2,467.3

2.8 Personnel

At the end of the period	9/16	9/15	Change	12/15
Housing Finland and CEE	1,707	1,705	0%	1,719
Housing Russia	1,428	1,784	-20%	1,582
Business Premises and Infrastructure	1,955	1,894	3%	1,847
Group Services	192	191	1%	192
Personnel, total	5,282	5,574	-5%	5,340

2.9 Group figures by quarter, segment reporting POC

Revenue by segments

EUR million	7–9/16	4–6/16	1–3/16	10–12/15	7–9/15	4–6/15	1–3/15
Housing Finland and CEE	167.0	184.8	166.0	220.8	165.8	207.6	183.6
Housing Russia	76.0	58.8	49.1	61.6	63.9	69.6	71.3
Business Premises and Infrastructure	203.1	222.5	149.4	188.5	164.1	141.0	122.0
Other items	-2.3	-2.4	-2.1	-2.4	-2.0	-2.1	-2.0
Revenue total, POC	443.8	463.7	362.4	468.5	391.7	416.1	374.9
IFRS adjustment	-24.5	-67.3	-24.8	43.1	-27.9	46.8	19.0
Revenue total, IFRS	419.3	396.4	337.6	511.6	363.8	462.9	394.0

Operating profit by segments

EUR million	7–9/16	4–6/16	1–3/16	10–12/15	7–9/15	4–6/15	1–3/15
Housing Finland and CEE	12.9	15.8	12.9	13.4	12.3	16.2	14.2
Housing Russia	-26.3	-2.7	-3.1	0.7	-8.6	2.3	6.2
Business Premises and Infrastructure	8.2	12.7	6.0	7.5	8.3	3.7	3.1
Other items	-2.7	-5.6	-3.7	-5.0	-2.1	-3.6	-3.0
Operating profit total, POC	-8.0	20.2	12.1	16.6	10.0	18.6	20.5
IFRS adjustment	-12.9	-13.5	-5.4	11.7	-8.5	6.1	6.6
Operating profit total, IFRS	-20.9	6.6	6.7	28.4	1.5	24.6	27.1

Operating profit margin by segments

%	7–9/16	4–6/16	1–3/16	10–12/15	7–9/15	4–6/15	1–3/15
Housing Finland and CEE	7.7%	8.5%	7.7%	6.0%	7.4%	7.8%	7.7%
Housing Russia	-34.6%	-4.6%	-6.3%	1.2%	-13.4%	3.2%	8.7%
Business Premises and Infrastructure	4.0%	5.7%	4.0%	4.0%	5.1%	2.6%	2.5%
Group total, POC	-1.8%	4.3%	3.3%	3.6%	2.6%	4.5%	5.5%
Group total, IFRS	-5.0%	1.7%	2.0%	5.5%	0.4%	5.3%	6.9%

Key figures, segment reporting POC

	7–9/16	4–6/16	1–3/16	10–12/15	7–9/15	4–6/15	1–3/15
Profit before taxes, EUR million	-17.0	10.2	-0.8	6.1	-0.7	11.2	10.3
Profit for the review period, attributable to equity holders of the parent company, EUR million	-15.9	7.9	-0.6	4.6	-0.8	8.4	7.8
Earnings per share, undiluted, EUR	-0.13	0.06	-0.00	0.04	-0.01	0.07	0.06
Earnings per share, diluted, EUR	-0.13	0.06	-0.00	0.04	-0.01	0.07	0.06

	9/16	6/16	3/16	12/15	9/15	6/15	3/15
Equity per share, EUR	4.42	4.50	4.27	4.37	4.60	5.05	4.97
Invested capital, EUR million	1,130.7	1,102.9	1,140.6	1,131.5	1,195.6	1,308.0	1,344.0
Return on investment, from the last 12 months	3.6%	5.0%	4.7%	5.3%	5.1%	6.4%	7.5%
Equity ratio	33.8%	36.4%	34.1%	35.5%	35.5%	36.0%	35.2%
Net interest-bearing debt, EUR million	509.1	466.2	481.3	460.8	529.2	544.9	600.7
Gearing	91.8%	82.5%	89.6%	84.0%	91.5%	85.9%	96.2%
Personnel at the end of the period	5,282	5,632	5,276	5,340	5,574	5,847	5,534

Order backlog by segments

EUR million	9/16	6/16	3/16	12/15	9/15	6/15	3/15
Housing Finland and CEE	880.2	865.7	857.2	802.7	823.0	834.7	784.2
Housing Russia	451.1	495.6	508.7	508.5	599.1	740.4	701.5
Business Premises and Infrastructure	1,309.5	1,352.8	880.9	861.6	892.4	998.3	684.1
Order backlog total, POC	2,640.7	2,714.1	2,246.8	2,172.9	2,314.6	2,573.5	2,169.8
IFRS adjustment	431.3	410.1	328.4	294.4	334.4	341.1	380.3
Order backlog total, IFRS	3,072.0	3,124.1	2,575.2	2,467.3	2,649.0	2,914.6	2,550.1

Operative invested capital

EUR million	9/16	6/16	3/16	12/15	9/15	6/15	3/15
Housing Finland and CEE	432.0	441.4	442.0	437.1	457.9	490.6	567.8
Housing Russia [1)]	362.8	388.5	382.6	363.0	390.6	443.9	428.5
Business Premises and Infrastructure	197.6	173.3	194.7	168.6	214.3	205.1	235.9

Return on operative invested capital

Rolling 12 months, %	9/16	6/16	3/16	12/15	9/15	6/15	3/15
Housing Finland and CEE	12.3%	11.6%	10.8%	11.0%	10.1%	9.9%	9.0%
Housing Russia [1)]	-8.4%	-3.3%	-2.1%	0.2%	2.5%	6.2%	9.0%
Business Premises and Infrastructure	16.7%	18.3%	11.9%	11.7%	7.5%	8.4%	9.4%

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

	7–9/16	4–6/16	1–3/16	10–12/15	7–9/15	4–6/15	1–3/15
Revenue, EUR million	419.3	396.4	337.6	511.6	363.8	462.9	394.0
Operating profit, EUR million	-20.9	6.6	6.7	28.4	1.5	24.6	27.1
% of revenue	-5.0%	1.7%	2.0%	5.5%	0.4%	5.3%	6.9%
Financial income, EUR million	-0.3	1.1	0.2	0.1	0.1	0.9	0.4
Exchange rate differences (net), EUR million	-2.3	-2.3	-3.0	-1.9	-1.2	-1.5	-2.9
Financial expenses, EUR million	-1.3	-3.7	-5.0	-5.2	-5.5	-1.4	-2.2
Financial income and expenses net, EUR million	-3.9	-4.9	-7.8	-7.0	-6.6	-2.1	-4.7
Profit before taxes, EUR million	-24.8	1.8	-1.2	21.4	-5.1	22.5	22.4
% of revenue	-5.9%	0.4%	-0.3%	4.2%	-1.4%	4.9%	5.7%
Earnings per share, undiluted, EUR	-0.18	0.01	-0.01	0.13	-0.03	0.14	0.14
Earnings per share, diluted, EUR	-0.18	0.01	-0.01	0.13	-0.03	0.14	0.14
Gross capital expenditures, EUR million	12.9	48.1	2.9	3.4	2.1	4.0	2.5
% of revenue	3.1%	12.1%	0.9%	0.7%	0.6%	0.9%	0.6%

	9/16	6/16	3/16	12/15	9/15	6/15	3/15
Balance sheet total, EUR million	2,219.2	2,108.4	2,035.4	1,966.6	2,062.1	2,210.3	2,212.7
Equity per share, EUR	4.09	4.23	4.07	4.16	4.31	4.73	4.60
Average share price during the period[1], EUR	5.68	5.37	4.92	5.60	5.72	5.75	5.31
Share price at the end of the period, EUR	7.17	6.45	4.97	5.24	4.89	6.41	5.12
Weighted average share-issue adjusted number of shares outstanding, undiluted, 1,000 pcs	125,577	125,577	125,578	125,582	125,582	125,583	125,584
Weighted average share-issue adjusted number of shares outstanding, diluted, 1,000 pcs	127,366	127,366	127,367	126,773	126,773	126,774	126,774
Share-issue adjusted number of shares outstanding at the end of the period, 1,000 pcs	125,577	125,577	125,577	125,579	125,581	125,582	125,583
Market capitalisation at the end of the period, EUR million	900.4	810.0	624.1	658.0	614.1	805.0	643.0
Return on investment, from the last 12 months	1.8%	3.6%	4.9%	6.4%	6.6%	8.1%	6.8%
Equity ratio	30.1%	33.0%	31.5%	32.9%	33.1%	33.8%	32.1%
Net interest-bearing debt, EUR million	611.4	556.6	554.5	529.0	574.6	587.3	678.0
Gearing ratio	118.9%	104.8%	108.6%	101.1%	106.1%	98.7%	117.3%
Unrecognised order backlog at the end of the period, EUR million	3,072.0	3,124.1	2,575.2	2,467.3	2,649.0	2,914.6	2,550.1
-of which activities outside Finland, EUR million	1,051.5	1,072.7	963.1	898.3	1,053.0	1,194.3	1,123.2
Personnel at the end of the period	5,282	5,632	5,276	5,340	5,574	5,847	5,534
Personnel, average from the beginning of the year	5,387	5,388	5,297	5,613	5,675	5,665	5,616

[1] The calculation principle for average share price was changed from the beginning of 2016. The formula used is provided in the section 3.3. Definitions of key financial figures.

3.2 Accounting principles of the Financial Statements Bulletin

YIT Corporation's Interim Report for January 1 – September 30, 2016, has been drawn up in line with IAS 34: Interim Financial Reporting. The information presented in the Interim Report has not been audited. 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 Interim Report has been prepared in accordance with the International Financial Reporting Standards (IFRS), and the principles for preparing the Interim Report are the same as those used for preparing the financial statements 2015.

Currency exchange rates used in the Financial Statement

		Average rates			Balance sheet rates		
		1–9/16	1–9/15	1–12/15	9/16	9/15	12/15
1 EUR =	CZK	27.0360	27.3592	27.2831	27.0210	27.1870	27.0230
	PLN	4.3586	4.1559	4.1828	4.3192	4.2448	4.2639
	RUB	76.2328	66.5075	67.9899	70.5140	73.2416	80.6763

3.3 Definitions of key financial figures

The key financial figures according to segment reporting (POC) and IFRS reporting have been calculated by using the same definitions unless otherwise noted.

Return on investment (ROI, %) =	Group's profit before taxes + interest expenses + other financial expenses +/- exchange rate differences x 100 Equity + interest bearing liabilities (average)
Segment's operative invested capital =	Tangible and intangible assets + goodwill + shares in associated companies and joint ventures + 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 x 100 Equity + liabilities - advances received
Net interest-bearing debt =	Interest-bearing liabilities - cash and cash equivalents
Gearing ratio (%) =	Net interest-bearing debt x 100 Equity
Gross capital expenditures =	Investments in tangible and intangible assets, shares in subsidiaries, associated companies and joint ventures
Earnings / share (EUR) =	Net profit for the period (attributable to equity holders) 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
Average share price =	EUR value of shares traded during period Number of shares traded during period
Adjusted operating profit =	Reported operating profit – restructuring costs – impairment of assets – other adjustment items[1)] [1)] Adjustment items have been reported as non-recurring items and the more detailed definition is described in the accounting principles for the Financial Statements for year 2015.

3.4 Adjustments to operating profit

Due to the new guidelines from the European Securities and Market Authority concerning alternative performance measures, the performance measure "operating profit excluding non-recurring items" is replaced with "adjusted operating profit". The content of adjustments equals items previously disclosed as nonrecurring items and consist of material reorganization costs and impairment, among others. Adjusted operating profit is disclosed to improve comparability between reporting periods.

EUR million	1–9/16	1–9/15	Change	1–12/15
Housing Finland and CEE				
Housing Russia	-27.0	-10.3		-10.3
Business Premises and Infrastructure				
Other items		-0.1		-0.1
Group total	**-27.0**	**-10.4**		**-10.4**

In 2016 the third-quarter operating profit of Housing Russia included a cost of EUR 27.0 million, of which EUR 18.0 million were related to the impairment of land plots and EUR 9.0 million cost related to four plots located in Moscow region so that their value relates to the current dialog with the authorities.

In 2015 the third-quarter operating profit of Housing Russia included non-recurring costs of EUR 10.3 million, of which EUR 2.6 million were related to the restructuring of the Russian operations and EUR 7.7 million impairment charge related to development costs of projects in the Moscow region that YIT has decided not to implement.

In 2015 the third-quarter operating profit of Other items included non-recurring costs of EUR 0.1 million, which are related to the restructuring of the Russian operations.

Reconciliation of adjustment items

EUR million	1–9/16	1–9/15	Change	1–12/15
Operating profit, IFRS	**-7.6**	**53.2**		**81.6**
Restructuring		2.7		2.7
Impairment of land plots	18.0	7.7		7.7
Other expenses	9.0			
Adjusted operating profit, IFRS	**19.4**	**63.5**	**-70%**	**91.9**
IFRS adjustments	31.9	-4.1		-15.9
Adjusted operating profit, POC	**51.2**	**59.4**	**-14%**	**76.0**

3.5 Business combinations and disposals

There have been no acquisitions or disposals in year 2016.

3.6 Property, plant and equipment

EUR million	9/16	9/15	Change	12/15
Carrying value at the beginning of the period	47.3	55.4	-15%	55.4
Translation difference	0.7	-0.0		-0.5
Increase	11.7	5.0	134%	6.6
Decrease	-0.9	-2.5	-63%	-3.8
Depreciation and value adjustments	-7.9	-7.8	2%	-10.3
Reclassifications	0.0	-0.4		-0.1
Carrying value at the end of the period	**50.9**	**49.7**	**2%**	**47.3**

3.7 Inventories

EUR million	9/16	9/15	Change	12/15
Raw materials and consumables	5.3	7.4	-29%	8.5
Work in progress	895.0	821.1	9%	749.9
Land areas and plot owning companies	570.7	496.1	15%	499.6
Shares in completed housing and real estate companies	165.4	211.2	-22%	203.8
Advance payments	56.2	76.7	-27%	66.0
Other inventories	2.4	0.8	211%	0.6
Total inventories	**1,695.0**	**1,613.3**	**5%**	**1,528.4**

3.8 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, 2016	125,578,841	149.2	-8.3
Return of treasury shares January 1 – March 31, 2016	-2,186		-0.0
Return of treasury shares April 1 – June 30, 2016			
Return of treasury shares July 1 – September 30, 2016			
Shares outstanding on September 30, 2016	**125,576,655**	**149.2**	**-8.3**

3.9 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 the year 2015.

3.10 Borrowings and fair value

Borrowings which have different fair value and carrying value

EUR million	9/16 Carrying value	9/16 Fair value	12/15 Carrying value	12/15 Fair value
Non-current liabilities				
Bonds	149.5	152.2	99.5	100.5
Loans from credit institutions	37.5	36.3	84.9	85.4
Pension loans	69.4	64.7	81.6	76.6
Non-current liabilities, total	**256.4**	**253.2**	**266.0**	**262.5**
Current liabilities				
Bonds			105.4	107.5

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 closing date. It consists of risk free market rate and company and maturity related risk premium 2.60-4.14% (2.51-3.97% on December 31, 2015) 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	9/16 Level 1	9/16 Level 2	12/15 Level 1	12/15 Level 2
Available-for-sale investments	0.1		0.1	
Derivatives (hedge accounting not applied)		0.3		6.2
Total assets	**0.1**	**0.3**	**0.1**	**6.2**

Liabilities, EUR million	9/16 Level 1	9/16 Level 2	12/15 Level 1	12/15 Level 2
Derivatives (hedge accounting not applied)		12.4		6.3
Derivatives (hedge accounting applied)		0.5		0.9
Total liabilities		**12.9**		**7.2**

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

3.11 Change in contingent liabilities and assets and commitments

EUR million	9/16	9/15	Change	12/15
Collateral given for own commitments				
Corporate mortgages				
Guarantees on behalf of its associated companies	5.0	5.0		5.0
Other commitments				
Repurchase commitments	309.4	453.0	-32%	396.5
Operating leases	106.7	133.2	-20%	126.9
Rental guarantees for clients	4.8	4.6	4%	7.1
Liability under derivative contracts				
Value of underlying instruments				
Interest rate derivatives	337.5	342.5	-1%	340.0
Foreign exchange derivatives	59.9	62.4	-4%	86.4
Commodity derivatives				
Fair value				
Interest rate derivatives	-8.7	-6.5	34%	-7.1
Foreign exchange derivatives	-3.9	0.1		6.1
Commodity derivatives				
YIT Corporation’s guarantees on behalf of its subsidiaries	1,284.5	997.9	29%	1,058.5

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 on September 30, 2016 EUR 39.3 million (on September 30, 2015: EUR 82.1 million).

3.12 Transactions with associated companies and joint ventures

EUR million	1–9/16	1–9/15	Change	1–12/15
Sales	159.2	13.3	over thousand %	32.3
Purchases				

EUR million	9/16	9/15	Change	12/15
Trade and other receivables	17.0	0.1	over thousand %	0.1
Trade and other liabilities				2.3

Together we can do it.

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